

AUTO DATA



The FCA is very well by itself. We're not for sale.
Sergio Marchionne



EXCLUSIVE

CAOA UNVEILS PLANS TO MAKE CHERY A NATIONAL AUTOMAKER

ESSAYS 2025

**THE
ELECTRICAL
SUPPLY
DILEMMA**



**YOUNG PEOPLE DO NOT
WANT TO HAVE A CAR.
BUT THEY WANT A CAR.**



TRUCKS: Market already works with projection above the Anfavea. Well above.

AutoData Seminar

REVISION OF THE PERSPECTIVES 2018

JUNE 25

08h00 to 17h30
WTC São Paulo



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ESSAYS 2025
CONSUMER OF THE FUTURE

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Young people no longer want to own a car, but they do not give up the facilities that the car offers.

Finding out how to rebalance this balance and giving shelter to the change it will require in the sales process will be critical to the future of the industry

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INVESTMENTS
JAC MOTORS

The Jac Motors factory in Camaçari should have been inaugurated in 2014, but after four years it is still not known exactly where, how and when it will be - Sérgio Habib says that now the address has changed to Goiás, but almost nobody wants to mention that subject

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The automotive sector is at the forefront of a crossroads, a kind of dilemma of who came first, the egg or the chicken, modern: for the electric vehicles what comes first: the infrastructure network or the demand for vehicles with this technology?

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SUPPLIERS
RECOGNITION

Hyundai awarded its best suppliers in an event held in the city of Piracicaba, Interior Paulista, the same land of its plant. The manufacturer says recognition since 2014 has helped improve quality indices, including those that were already the best

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After two extremely negative years finally the truck segment, especially the heavy truck segment, receives real signs of a resumption of sales. Although the base is very low, it is possible to say that the projection of the Anfavea for the year is pessimistic

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Mercedes-Benz spent half of its latest investment cycle in Brazil to create an entirely new truck assembly line at the São Bernardo do Campo plant at ABC Paulista. It was worth it: it is now the most modern in the world.

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Presidents of Anfavea, Abeifa, Sindipeças, SAE Brasil and other executives took to the seminar stage promoted by AutoData Editora to address the megatrends of the industry. Items of concern were not lacking: ranging from energy policy to risk of missing parts.

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ANNIVERSARY
VOLKSWAGEN

Volkswagen celebrated its first 65 years in the country increasing the expectation for its biggest offensive in products of history: it showed the new Tiguan, which will be only the third in a list of twenty launches scheduled for the national market by 2020

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LENSES

The backstage of the automotive industry. And the situations in the hornet's nest that nobody pokes.

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FROM THE TOP

Carlos Alberto Oliveira Andrade, the Caoa, tells us all about the agreement he signed with Chery

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We choose a theme monthly and invite a specialist to respond

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Executive moves and other news from the Brazilian automotive industry

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END OF CHAT

The most relevant and irrelevant headlines of the month, handpicked by our editors

What about the customer?

By Marcos Rozen, editor

One of these days a disturbing suggestion was sent to our Newsroom: the press officer offered an interview with a lawyer whose office had obtained a decision favorable to a concessionaire - that the dealer was not in a position to resell passive solidarity, a piece that should have been sent by the factory and was not. The case caused the client's vehicle to be stopped for three months in the garage.

Regardless of the court ruling involving the case, as well as the hard work of the law firm and its helpful press office, it seems that someone has forgotten to ask a question: and the consumer in this story, what about it?

Well, the customer, of course, stayed on foot and with a problem to solve, considering that the court ruled that the dealership can not do anything and that the owner of the car can not go directly to the factory to complain, because whoever plays the role to connect the assembler with the buyer is the dealership.

Perhaps not knowing about this case, though in a nano sphere within the automotive universe, it serves as an exceptional example of what must change in our industry going forward. While store and car maker struggled to see which one was right the consumer problem itself was minimized. Almost forgotten.

This example, combined with so many and so many others, may help to explain the reason for the enormous discouragement of youth in buying cars. Just a car, that was so swarming the imagination and the priorities of those who came to the edge of the 18 years some time ago.

This is what one of our main features in this issue is about: the consumer of the future, rather than demanding new technologies, clean or dirty, will change various understandings of the industry about itself - and it will certainly serve them in the name of their own survival. It will be a total inversion of values.

We should also point out another scenario construction that we are trying to anticipate towards 2025, as it relates to how electricity would be supplied, after all, a discussion more important and relevant today than the cars themselves, certainly.

We also draw your attention to the revealing interview of Carlos Alberto Oliveira Andrade, the Caa, who told us all about how and what will be Chery. He received us at his house - and had not opened these doors to the press for four years. It's because of our relevance, my friends. And who knows, also, by our good humor...



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SLOW MOTION



Charlinho Marzanasco, sometimes, reminds me of a version of Dr. Jekyll and Mr. Hide in the universe of journalists dedicated to the automotive sector in Brazil: amazing creativity, insane mind, plugged in all the time. He left militant journalism aside for many years, even before joining Audi's very first phase in Brazil - and now, 24 and a half years later, on March 1, he announced his departure from the brand he helped build here and that, in a certain way, he set himself up in that solitary battle outside the office of the press office. I witnessed this process - I witnessed the evolution of Charleta's career since I joined Quatro Rodas in 1980.

SLOW MOTION 2

When I came to the magazine his best fame was that he had burned the carpet in his living room while preparing fondue for his girls. But he soon won an Abril Prize service report that tested the effectiveness of tire pressure gauges. With Robertinho Ferreira he managed to put me in a single seat of the old South American Formula 2 to prove that a street driver, like me, could tame that beast. The coverage of the TransChaco Rally in Paraguay for him was less important than entering the Morumbi lawn wearing his team's jersey in the final championship game. Even for 1 short minute.

SLOW MOTION 3

Charleta was the youngest on a team of Quatro Rodas that almost had only illustrious figures - and was the most rigid of all, of course. When he started getting big he accepted the challenge of becoming Audi's press advisor, thanks to his strong connection with the best of all, Ayrton Senna. He even had fun when Ayrton called him the Foot of Breque (a Brazilian slang for slow motion) in front of witnesses. And abused this mercy and his own creativity - healthy insanity? -, he coordinated memorable events, hung cars on cranes, used unpublished highways for test drives. Even in the, rare, case of fiasco, it even seemed that everything was fine. Long live the Charleta on the paths he chooses!

LET IT BE POSSIBLE

In the edition 341 of this AutoData, here too, in the Lenses space, I wrote without shame about Abac piloting a black box in the form of confusing data. Cláudio Licciardi's press officer was graciously willing to guide me through some of the ways of this consortium management company, and he also discovered that I had never mentioned his work in a dubious way. The truth is that 1. there is a delay of three months in the release of data from the Central Bank, 2. Abac can not make it possible to have up-to-date data according to the dynamics of its associates, 3. Bacen, Abac and Bolsa Cetip use different filters to present

their numbers and indexes, 4. there are numbers considered impossible to obtain. Confusion is therefore institutional.

LET IT BE POSSIBLE 2

What interests me, with the Caixa Preta notes, is that, from the world of the consortia, data as reliable as those of Anfavea and those referring to Renavam, released by Fenabrave, so that economic information becomes the best possible. And that the consortium sector becomes, after all, its importance and the volumes of money it handles, generating a true indicator of economic information. I hope that this is possible at the cost of some good will.

WHICH CLOTHES?

I hear, and deafen myself, that the future belongs to the autonomous vehicles, certainly driven by some kind of energy - and I believe so too. I believe that this is going to happen, another revolution in the way that man has moved since when he was still running all over the plains of Africa today. Here in these



Disclosure/Alvo

Brazilian lands there are those who anticipate the novelty arriving early tomorrow, or so briefly that we must prepare ourselves immediately. And some say that all the knowledge obtained so far can be thrown out: everything has changed, they argue. Everything is different now, they say.

WHICH CLOTHES? 2

I do not like the idea that accumulated knowledge will be replaced like this, so suddenly. Whoever threw away knowledge was that person described by the film *Fahrenheit 451*, of 1966, work of François Truffaut from the original of Ray Bradbury. But they say that, in the light of the wonderful future that unfolds there, we are just ignorant. And they say, you see, that the masters of knowledge are those of youth: they are the ones who now hold the keys to the gates of eternity and the breath always mentholated at the expense of their consumption... habits.

WHICH CLOTHES? 3

I prefer less fussy reasoning. Everything will happen, yes, but the pace of news in countries above the Equator line, except portions of Central and Eastern Europe, Africa and Asia, will be much faster than in the others - clearly located above the Equator the rich countries and, below, the poor ones. Us.

WHICH CLOTHES? 4

Autonomous vehicles imply the radical transformation of the roads,

boulevards or alleys, autobahns or the shorty road that arrives in Rio das Pedras, SP. Traffic signs, traffic lights, the white stripes of asphalt play a fundamental role so that the autonomous ones exist, along with sensitive sensors, very powerful trackers and a whole dance of alphabet soups so that a vehicle leaves from here and arrives there without human control beyond that human control unless the one exercised on our smartphones. In other words: the necessary infrastructure corresponds to the same as the first world, the world of rich countries.

WHICH CLOTHES? 5

Unofficial calculations expose that to transform only the state of California into territory of 100% autonomous possibilities dollars will be required at least to the amount of a hundred billion. That is to say: the transformation is really expensive, including in the first world. So tell me which clothes we'll wear to use the autonomous around here? Here, they seem to ignore it, just rain so that the conventional traffic light on the corner goes down and stay three weeks waiting for maintenance.

WHICH CLOTHES 6

There is, of course, another discussion that can be vital: does the Brazilian society even require autonomous vehicles for tomorrow? And at the price of what? Probably, say some scientist friends, if all goes well with the country - with its technological evolution, with the formation of thousands and thousands of engineers and physicists, skilled people, with a fair distribution of wealth that eliminates poverty - something about two generations we have some condition of being autonomous with respect to mobility. In the meantime we'll use hybrids with alcohol and electric plug-ins - and we'll be pretty in the parade according to our possibilities.



By Vicente Alessi, filho

Suggestions, criticisms, comments, offenses and the like for this column can be directed to the email vi@autodata.com.br

The greatest operation of Doctor Carlos

The doctor Carlos Alberto Oliveira Andrade, or simply Caoa, an acronym that names his own company, is one of the most known and controversial figures in the Brazilian automotive industry. And, no doubt, today he is also the most successful entrepreneur in his activity when placed side by side with other contemporaries, such as José Luiz Gandini, Eduardo Souza Ramos and Sérgio Habib.

The four traced very similar paths: they were born in the distribution and then looked for ways to become manufacturers. At some point or somehow all four seriously pursued the dream of giving birth to a legitimately national assembler, even from the technology of global brands. And Caoa guarantees that with the partnership closed with Chery this dream will be realized.

In this interview with **AutoData**, granted exclusively in his own residence, in the Jardins neighborhood, in São Paulo, something very rare - the last one in 2014, for Exame magazine, of Editora Abril - he openly told the whole story of how they unfolded the long and tense negotiations with the Chinese automaker, revealing how their relations are at the moment with Hyundai and much more.

How did the conversations with Chery begin?

I've been looking for a Chinese brand to join me since 2010, 2011, when Hyundai decided to build a factory here in Brazil and I realized that business would be divided. I had to prepare myself for the future. The first conversations were with BYD, and we came to very advanced negotiations. I met the owner of BYD, I went to his house in China. He is a fantastic comrade, he really liked me and I really liked him, but they are very connected to the electric car issue and it was not the time, they were more expensive cars, it did not work. Then I talked to Great Wall and we also evolved a lot in the conversations, they were small but they were growing, setting up two factories of 800 thousand cars each, side by side, part of the plan to reach 2,5 million units produced in 2015. And at the same time

we talked to Foton, which also wanted to do business with us.

And why was there no deal with Great Wall?

The business has evolved a lot, but then they had problems in Europe and had to back down. In China they were well accepted, so they focused more on the domestic market itself. Then I went to BAIC, which has a joint venture with Hyundai in China. They wanted to make a factory in Brazil with us, 50% - 50%, with joint development, would be very good. But when we talked to Hyundai about it they answered 'no way'.

And did Hyundai offer something in return?

Yes, it was when I made a stronger agreement with them, to raise the volume of production in Annapolis. They said they

AT HOME
For the first time
Caoa revealed to
a press agency
the whole history
of the Chery deal.
Four more Chinese
factories were in
the game.



wanted to grow with us. The original plan was to do a joint venture with us, but at one point they said 'you have to continue with your business and we have to do ours'. That's when they decided to build their factory [the Hyundai unit in Piracicaba, SP], but at the same time they wanted to strengthen my factory as well.

In this original plan CAO A would produce the HB20 model?

In theory, yes. Things were moving but, as time went on, they did not go the way I expected. Hyundai wanted to be the third brand in the Brazilian market and they asked me how many units would be necessary for that. I answered that if CAO A reached 150 thousand/year and Hyundai 250 thousand/year we would quietly be the second or third. They said, 'That's what we want and that's what we're going to do'. I was very excited, but nothing happened in practice.

Was it where Chery got into the story?

Yes. We had talked before, they had come to me once because they wanted me to distribute the products from their factory [Jacareí, São Paulo], but it did not happen. I was already upset about the whole thing with Hyundai, and they came here quite willing to negotiate, offering society. They said 'We accept everything, if you want to send in the factory can, if you want to be major, we accept' etc. The conversations were evolving and the subject became very serious. So I told Hyundai I'd do business with them.

And how was the reaction?

It was good, it was not bad, they said 'Alright'. At first they reasoned that with this they could take care of everything of the operation here, but as the thing went on they realized the reality, they discovered what Chery was developing... then they made a letter authorizing me to do the business, because they did not had another way out, but with various restrictions.

"I read the contract in depth and said 'No I do not sign it, no'. Chery's people went crazy because they never leave China and they came from there to do business."

How was the process of signing the contract with Chery?

At the time I still wanted to think a little more. In October of 2016 I went to China and also scheduled a meeting in Korea with Hyundai. Chery started wanting to do business anyway, 50% - 50%. We got the presidency and they got the money, or we could trade. All executives would be chosen by mutual agreement, it was a very interesting business model with no chance of friction. In March 2017 Chery's people came to Brazil to close the deal. But when I read the contract there were a number of things I did not agree to. I read it all and said, 'No, I do not sign it, no'. And Chery's people went crazy because they never leave China, they came from there and I did not sign it. There was a huge stress. They still gave in a lot at the moment, but not everything I wanted. The next day we scheduled a meeting at CAO A and they did not show up. I went to the hotel where they were and we talked. They said they understood my arguments, but that the terms should have been seen before. I said, 'Look, I'm willing to do business with Chery but not under these conditions', and they said, 'If we do not do business now, we will never do it again'. Then I just said, 'Then we will never do it, that's the end of it'.

What bothered you on the terms of that contract?

I wanted to strengthen my factory in Anapolis with products, and at the same

time strengthen the one in Jacareí. The two factories have to be strengthened, and in this model initially proposed was not like that, it did not strengthen Anápolis, there was only one product planned there.

And how did business happen even on that terms?

Some time later Chery came to me again, I reaffirmed that I would close the deal only if the business model changed completely. And we came to a wonderful, spectacular settlement. There was still a deadlock in the end, I was already in China to sign the contract and asked to include one more clause. It was a tremendous rush of lawyers there and here, with time zone and everything, and in the end they added it. The contract was ready one hour before the scheduled closing time for the meeting. Then I went with my heart open, signed it and that was it. It was a beautiful reception, very luxurious, which I never imagined, all the Chery executives were there.

So that Hyundai list did not contain any kind of restrictions on the production of another brand in Anápolis?

No, but it can be done only if it is separated. We are modeling in a way that productive operations do not mix, do not communicate. People who will produce Chery do not have access to Hyundai and vice versa. It's all separate.

Even in the painting shop?

Not in the painting shop. It will be common.

One propaganda of yours says that a great country needs a national automaker. Why do you believe this business model with Chery really represents that?

This business model will make that everything be developed for Brazil, within Brazil and for Brazil. In the first version of the contract, the one I did not sign, it

did not contain that term. The cars will be developed together, and they will be very interesting cars. The engineers will work together in both factories. This only happened because Xi Jinping [president of China, recently re-elected] wants to support and develop the BRICs. He realized that the United States is holding China, and so this is the model he wants, in support of developing countries. It is making a 100% national factory viable. It's the thought of him, and if it was not that it would not have happened. That is why Chery has opened up so much to CAO, to the point of making an agreement for a factory that is truly national.

But still it is a 50% - 50% agreement, isn't it?

In Jacareí, yes. But in Anápolis it is 100% CAO. And they're giving everything for us, to develop cars there, in Goiás.

And the distribution of CAO-Chery models will be under the responsibility of who?

We need to be careful about that. We are distributors in theory, the company that will distribute is another one. I'll give the concession.

We're talking about how much time for these CAO-Chery models developed here to hit the market?

Around 2019, 2020. The Tiggo 2 already has a lot of Brazilian things, but not in its origin, our business with Chery started now.

“The business model with Chery will make that everything be developed for Brazil, within Brazil and for Brazil. They'll be very interesting cars.”

How long will the CAO A contract with Hyundai go?

Our contract is a partnership thing, it has no deadline, it's a very strong business, very solid.

So you do not want to get rid of the partnership with Hyundai?

Never, I want to grow with both brands. Hyundai is looking forward to growing with CAO A even after Chery. The company wants to grow with us, and we will soon have big decisions involving Hyundai.

In Piracicaba they are already at maximum capacity...

Perfectly, and they want to grow.

What is CAO A-Chery's total production capacity?

From 150 thousand to 200 thousand cars/year, the two factories together. Both Jacaré and Anápolis can be expanded, but Jacaré can reach 200 thousand/year easily, with little investment.

Like CAO A, there are companies, including global ones, such as FCA, that invest in a multibrand productive model. Do you understand that this is the future of the automotive industry, industrially speaking?

Anápolis can produce cars of any brand, and this did not happen by chance. It was a studied thing. I started to think that this could happen and wanted us to be able to manufacture products of any brand. When we went to open the company there was Mitsubishi, which Eduardo [Souza Ramos] did, but I did not want it to be that way, I did not want it to be a Hyundai Motors. I did not want to put their name, I wanted CAO A Automaker, using license to make any brand, choosing the brand I wanted. I already represented Subaru, and by 2004, 2005, we had very advanced negotiations with them to manufacture the Forester here. I thought, 'If I can make Subaru I can

make Hyundai'. Our contract with them allowed this, that we had another brand, unless they gave me enough cars to fill the whole factory. When Hyundai came to Brazil and changed our model with them, I had the responsibility to produce another brand and so I started looking for the Chinese. I believe in this business model because the factory is not inactive.

What will be the main focus of CAO A-Chery in the domestic market in terms of product?

Brazil is SUV, for sure. The sedans are losing market, the SUV is the national preference. There is still room for sedans and hatches, but we see the SUV market growing. And not only in Brazil, but in the whole world.

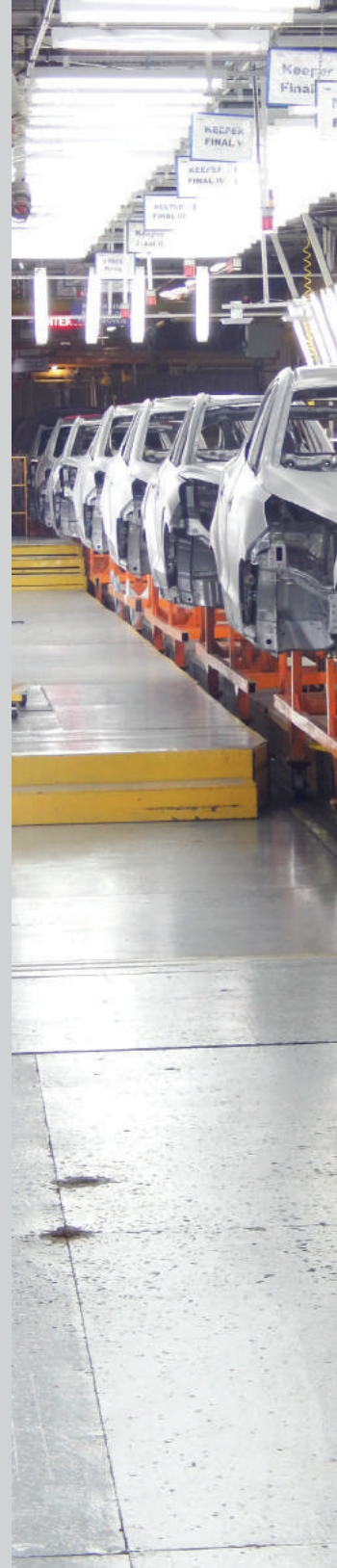
What is your estimate for the total domestic market in Brazil in 2018?

The growth is happening. If nobody commit any foolishness, we can reach 20% in 2018. If the pension reform was approved, I am absolutely sure that the auto market would increase by 25% to 30% this year.

What about Rota 2030? Do you see any chance of it being approved?

I think it needs to be. Marcos Pereira [former Minister of Industry, Foreign Trade and Services] wanted it, it is important because the industry out there is much more evolved than ours today. Brazil has a lot of things that makes the car expensive, if there is no incentive to the industry we will become an Australia, we will be just importers. Meirelles [Henrique Meirelles, Minister of Finance] understood what the automobile industry is, that it is a fantastic thing, there is the whole chain, it provokes real job opportunities. You have to think about it, it's good for the country.

CAO A has a research and development center in Anápolis. It will play an important role within the CAO A-Chery?





“If the pension reform had been approved I am absolutely sure that the auto market would increase by 25% to 30% this year”

No doubt. The P&D center and also the fuel laboratory we have in Goiás influenced a lot so Chery wanted to do business with us. It showed our seriousness, it generated confidence.

Do you think of producing electric or hybrid cars in Brazil?

Electric car is something that we need to look with great affection. We want to bring Nexo [Hyundai's SUV powered by a fuel cell powered by hydrogen]. The problem is to bring the hydrogen pump to fuel the car, it will depend on that. If we can solve this we will bring it. The Hydrogen, the fuel cell, is the future. More than the electric ones.

Do you see alternatives to Brazil from ethanol?

The ideal for Brazil is ethanol, there is no doubt about it. The problem with electricity is how to fuel the vehicles. 1, 2 million cars, fine, but the world production is 90 million cars per year. How to fuel that? Where's the electricity? There isn't. And there are no conditions to get there anytime soon. I am absolutely certain that China will be a pioneer in new technologies in this field.

What is the reason for such certainty?

China registered 27 million cars last year, it's 30% of the world's total. They have scale, and no one else has it in the world, a market this size. And, moreover, they are a totalitarian country: they sell the car they want there, it is easier to work in that way. When I went to China and saw the team that Chery has there I convinced myself to do business with them. I saw that they have a future, that they are really looking for cutting-edge technology and quality. They hired the best in the world and took them there. They have Belgian, German, Portuguese, American, Indian engineer... and they still have the market. That's why there are a lot of people worried: they saw that I did business with the brand that has the greatest future in the world. ■

To have or not to have, that is the question

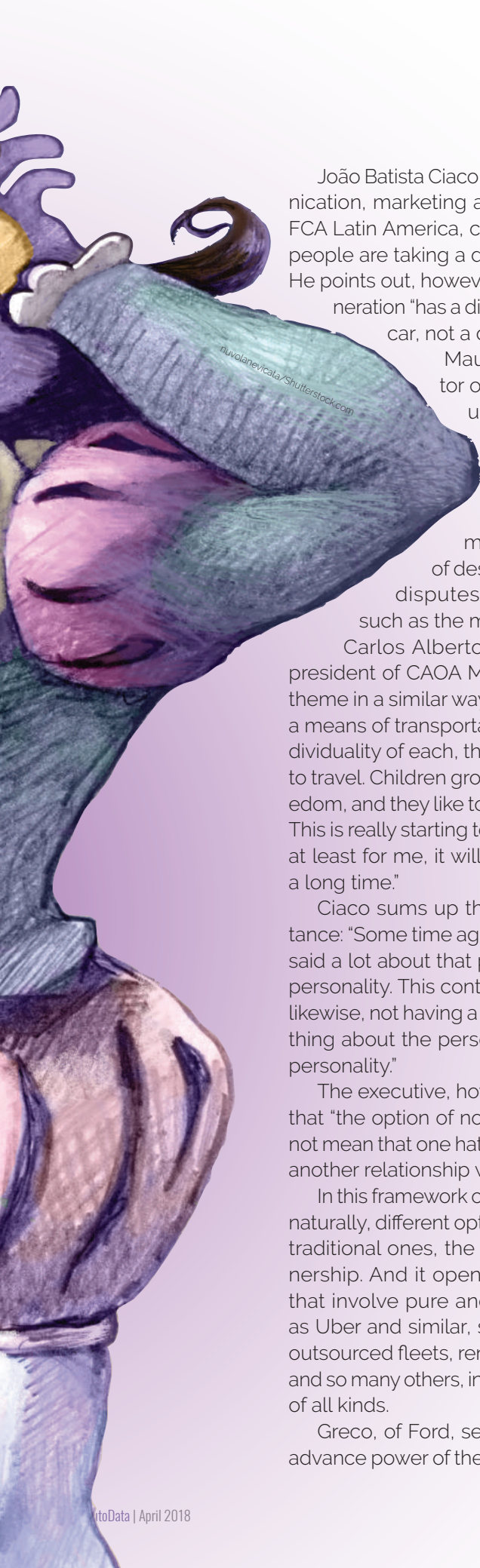
The consumer and how to buy and sell cars will change more than the vehicles themselves by 2025. Following this movement is a matter of survival for the industry

There is a widespread affliction in the automotive sector every time a young man blows birthday cake candles with the numbers 1 and 8 incandescent: does he or she now want a car?

The answer is, more and more, no.

Does this mean the end of the world for the automotive sector until 2025? No. Because at some point he or she will change their response to an affirmative, although perhaps already in adulthood. But a lot in that process until then will be completely different, no doubt.





João Batista Ciaco, director of communication, marketing and sustainability at FCA Latin America, confirms that "young people are taking a driver's license later." He points out, however, that the new generation "has a different interest in the car, not a disinterest".

Mauricio Greco, director of marketing at Ford, understands that "the dream of having a car is still strong". Ciaco agrees and adds that the car maintains the status of desire object, but "now disputes with other items, such as the mobile."

Carlos Alberto Oliveira Andrade, president of CAO A Montadora, sees the theme in a similar way. "The car is not just a means of transportation. It gives the individuality of each, the freedom to leave, to travel. Children grow up, they want freedom, and they like to have a car, to drive. This is really starting to change a little, but at least for me, it will still be this way for a long time."

Ciaco sums up the current circumstance: "Some time ago every person's car said a lot about that person, the identity, personality. This continues, but now, and likewise, not having a car also says something about the person, the identity and personality."

The executive, however, understands that "the option of not having a car does not mean that one hates cars. She just has another relationship with them."

In this framework of other relationships, naturally, different options come from the traditional ones, the most linked to ownership. And it opens the way to those that involve pure and simple use, such as Uber and similar, sharing, hitchhiking, outsourced fleets, rent for longer periods and so many others, including applications of all kinds.

Greco, of Ford, sees with caution the advance power of these news. "For Brazil,

these trends still need to be solidified. The Brazilian is a little conservative." He recalls, for example, leasing, financing option with smaller installments but is not always well accepted only because the vehicle belongs to the bank, not to the buyer.

Of course there is no exact formula, he adds - after all Brazil is a huge country with extreme variations in several aspects. "Initially this trend of detachment, from exchange of ownership through use, must find a larger audience in the big cities and in the upper range of the social pyramid."

Caoa is straightforward: "This sharing thing is still new, no one knows yet whether it will take revenge or not. Anyway, the car, as a vehicle, continues. The whole question revolves around independence. Uber is interesting in São Paulo, for example, it solves some issues, such as parking difficulty. But what if the person wants to travel? In the background this person wants the independence of the car."

The car seems to have a guaranteed future in Brazil, and certainly well beyond 2025, in all age groups, for two fundamental reasons: the first is the extreme difficulty at any angle that involves collective transportation of some kind, which does not even follow the real need of the population - something that has happened for several decades and without any indication of change or improvement. And the second is the continental proportions of the national territory, an important and very different aspect of what happens, for example, in Europe: there will always be a need for a more distant or personalized displacement, since there are people here everywhere, after all, either in the capitals or in the Interior.

GADGETS ON WHEELS

Obviously the automotive industry as a whole, and also in Brazil, not only watches with the future trends of consumption with extreme attention as it does what is necessary to adapt.

In this way, and remembering the quote from Ciaco, of FCA, about the division of

desires, it is already crystalline that the industry preferred to bring the smartphone into the car, almost making it an extension of it with wheels, than to fight for the preference of the customer by one or the other - which would certainly be a deadly blow to the automotive industry. So what we see today are gadgets on board, how the cell phone works with the multimedia center, smartphone battery charging by induction, opening of doors by the cell phone and many others to come.

This demonstrates how much the industry knows how to adapt and always make its product desirable and attractive, reviving the desire to have a car. Inclusive and especially for the new generation.

This is exactly where the greatest revolution will be by 2025: it will not be in the car itself, even if new technologies such as hybrids, electric and even autonomous will come to appear, but in the way of buying and selling cars. That will be the biggest change, for sure. That is what will keep people going, yes, wanting cars, and therefore buying them.

Definitely many individuals will still buy cars in 2025, yes, but mostly because the way they buy and sell cars will change brutally. And this will not happen from now on: it's already happening.

A survey commissioned by Facebook with 218 Brazilians aged 18 - 65 who actually intended to buy cars showed their expectations and preferences in this process. No less than 98% used Facebook or Instagram in this trajectory, almost always with the cell phone, and in a third of cases these were the only contact platforms with the sellers.

For Facebook the current road to selling cars can be defined as "a short but winding road". The survey concludes that Brazilians use their cell phones all day long - from the beginning to the end of the purchase process, people accessed Facebook and Instagram 488 times, spending 52.5 hours on both platforms.

More: the internet was used by these people to evaluate several factors that



Disclosure/FCA

involved the purchase, directly and indirectly, as insurance and alternative value for a new vehicle, for example. In addition, 0 KM models of five brands were searched online.

This path, of course, shortened the off-line process in favor of online. "Before the client had to peregrinate from concessionaire to concessionaire, evaluate the technical characteristics, discuss price, payment condition etc. Today he already arrives at the store with all this practically solved", affirms Ciacio, of the FCA.

Ford's Greco adds that ten years ago a customer visited, on average, four dealerships before closing the deal. Today this average fell to 1.65.

What happens now is that online and offline processes are still in very distant worlds - a concessionaire these days works practically in the same molds and parameters of 50 years ago. This link will be the main target of the change.

ASTRONAUTRUCK

Fenabreve itself, association of distributors, recognizes that the role of the concessionaire will - and must - change. Its president, Alarico Assumpção Jr., believes that "the way of selling will have to be different. Currently the customer already mounts the car he wants in the configurator of the manufacturer's website and has it delivered at home."

For the leader, from the moment these profound changes actually begin to happen the process will be reasonably fast. "What we did in a hundred years we will do in ten. And what we did in ten we'll do in one."

He does not see, however, a risk of the role of the concessionaire simply ceasing to exist, with the factory occupying all spaces today in the hands of the distributors. "A dentist is a dentist and a butcher is a butcher. You can not play the role of the other. The mode of sales will probably change, we should have more direct sales and internet. But even if you change the type of customer the vehicle will be

placed there and you will need assistance. And there we go. We are service providers, and factories can not do that."

Even in the matter of service a huge evolution is ahead, admits Assumpção Jr., who summarizes: "We had mechanic in the workshop before, and now we have mechatronic. Soon we will not have a truck driver anymore, we will have a truck driver."

The biggest border to be overcome, however, is actually in the showroom. And there are good clues in the exterior of how a dealership should be around here by 2025. The change is so brutal that it will possibly instigate young people to at least rethink the option of not buying a car.

ANGELS

Tesla, for example, revolutionized not only the propulsion technology of its cars but also the sales system itself. Their stores are in malls, there are few cars on display and sellers are not sellers - they work as

advisors who are there to assist with some technical or buying process. Importantly important, they do not earn commission on sales.

It is a format very similar to the one adopted by Apple for its physical stores, respecting, of course, the circumstances of the difference of the products.

It can be argued, for some reason, that this format works for Tesla because of its very specific products with differentiated target audience, production volumes and distribution logic distinct from larger factories. That may be true, but Hyundai decided to take the test.

In partnership with the British company Rockar the South Korean automaker opened two stores in London malls, one at the end of 2014 and another one a year later. In an environment that refers much more to a modern clothing store than a dealership, the customer can purchase a vehicle in three minutes using touch

Shopping mall in London, England: clothing stores, cars, beauty products, cell phones ... Wait: Did you say cars?



Disclosure/Hyundai

terminals. Sellers have been replaced by professionals called 'angels', who are just there to help the client - and only if and in what the client asks.

As in the case of Tesla, the 'angels' receive no commission. And their previous experiences with customer service in commerce came from electronics stores, clothing, glasses, watches.

In three years the two stores together received one million visitors. Tony Whitehorn, president of local Hyundai, said: "Stores have brought a new shopping experience and consumer satisfaction as key elements. The main concept was to go to the consumer rather than make it come to us."

Practical results: 94% of buyers were new to the brand, 54% of them women. The average age of clients has dropped to 39 years. In the regional area of the two malls Hyundai's market share jumped from 1.7% to 12%. And the customer experience received an average rating of 4.9 stars out of five possible.

By analyzing the numbers Hyundai had no doubt and earlier this year bought the entire operation, leaving Rockar in the role of consultant. And more: it delivered the stores to its biggest dealer in that country, so he would learn how to do it - service professionals, the 'angels', were kept without any change.

NATIONAL EXAMPLES

In Brazil there are still no Tesla or Rockar houses, but not for that there are no experiments to refresh traditional sales and customer relations.

Ford has a recent and extremely significant sample inside the house that involves both the desire for cars and an indication of the brutal change in the process that comes around: it has closed commercialization for 250 units of the Mustang in pre-sale system, which required large R\$ 30 thousand reserve - 10% of the value of the car.

All of them were made 100% online, including WhatsApp, and involved in some cases even newcomers who entered the



Rivals, BMW and Daimler have teamed up to offer mobility services, which for them will help reduce the number of cars on the streets. Yes, that's right



business, valued at dealerships.

In addition at the end of March the manufacturer launched in Brazil the FordPass, a mobile application that can be used even by those who do not have a car of the brand. Services such as locating and comparing prices of fuel stations, parking lots, researching points of interest such as restaurants, entertainment and health are offered, and of course, access to the brand's 24-hour assistance and online services at distributors scheduling.

FCA in turn is not far behind: through the My Fiat site the customer can make the entire purchase process through the internet and receive the car at home. In practice, the sale is made by the concessionaire, but the complete intermediation is of the FCA itself, which has an exclusive department dedicated to the digital service to the interested customer.

Ciaco points out that the manufacturer has already made several experiments

involving models of renewal of the sales process, such as the Fiat Store in 2013, in which the customer had a virtual tour in real time on video. "We need to test to see what works. And not always what works for Fiat will necessarily work for others."

IT'S THE MODEL

Obviously the change will not only focus on the form of buying and selling itself: the entire business model will have to adapt to the new reality of 2025, which already knocks on the door.

According to a global survey by McKinsey consulting 73% of automotive manufacturers' revenues are concentrated on the straightforward sale of vehicles with internal combustion engines or hybrids today, in the traditional format, via distribution network. By 2030, however, this rate should drop to 40%. Worse: the aftermarket, owner of 25% today, will drop to 19%.

The difference, of an impressive 41%, is expected to be covered by new businesses such as autonomous and electric vehicles, with 10%, aftermarket for this segment, 1%, sharing services, 7%, fleet operations, 13%, and digital and correlates, 10%. Today, in addition, all these items represent 2% of total billing.

As you see the whole business logic will have to go through a deep transformation, which McKinsey simply calls disruptive - and there does not seem to be a better definition, in fact.

Best example: at the end of March the German rivals BMW and Daimler signed an agreement to jointly offer mobility services such as sharing, personalized taxi, parking, recharging and others. Pasme: in a joint statement, they considered that the initiative will "collaborate for a smarter and less displaced vehicle on the streets (!!!!!)".

So, my friend, meeting the yearnings and wishes of the consumer of the future will make the question of having a car or not meaningless. The case is that the industry will transform so that the car remains present in people's lives, including... young people. ■

The egg or the chicken, electric version

Electric vehicle manufacturers and loading systems try to solve the dilemma of what comes first: demand or supply infrastructure?

There is no other word: the future is electric vehicles. And period. The arguments are blunt. Automotive companies, traditional or neophyte, bet on radical transformation of the world fleet in the coming years, reaching 2025 in proportion to a purely electric for every six vehicles sold in the world. The turning point will be sometime until 2030, when sales of 44 million electric vehicles are projected annually.

However this path has many traps - and the first one begins to question the

plans of what has been called automotive electrification. Will there be a structure to supply all these vehicles?

Other issues such as the need to create a clean energy matrix, autonomy and reliability of electric propulsion technology in severe operations, battery and vehicle recycling and even the emissions caused by an electric car during its life cycle are



other obstacles little debated so far, and that may short-circuit such global electrification.

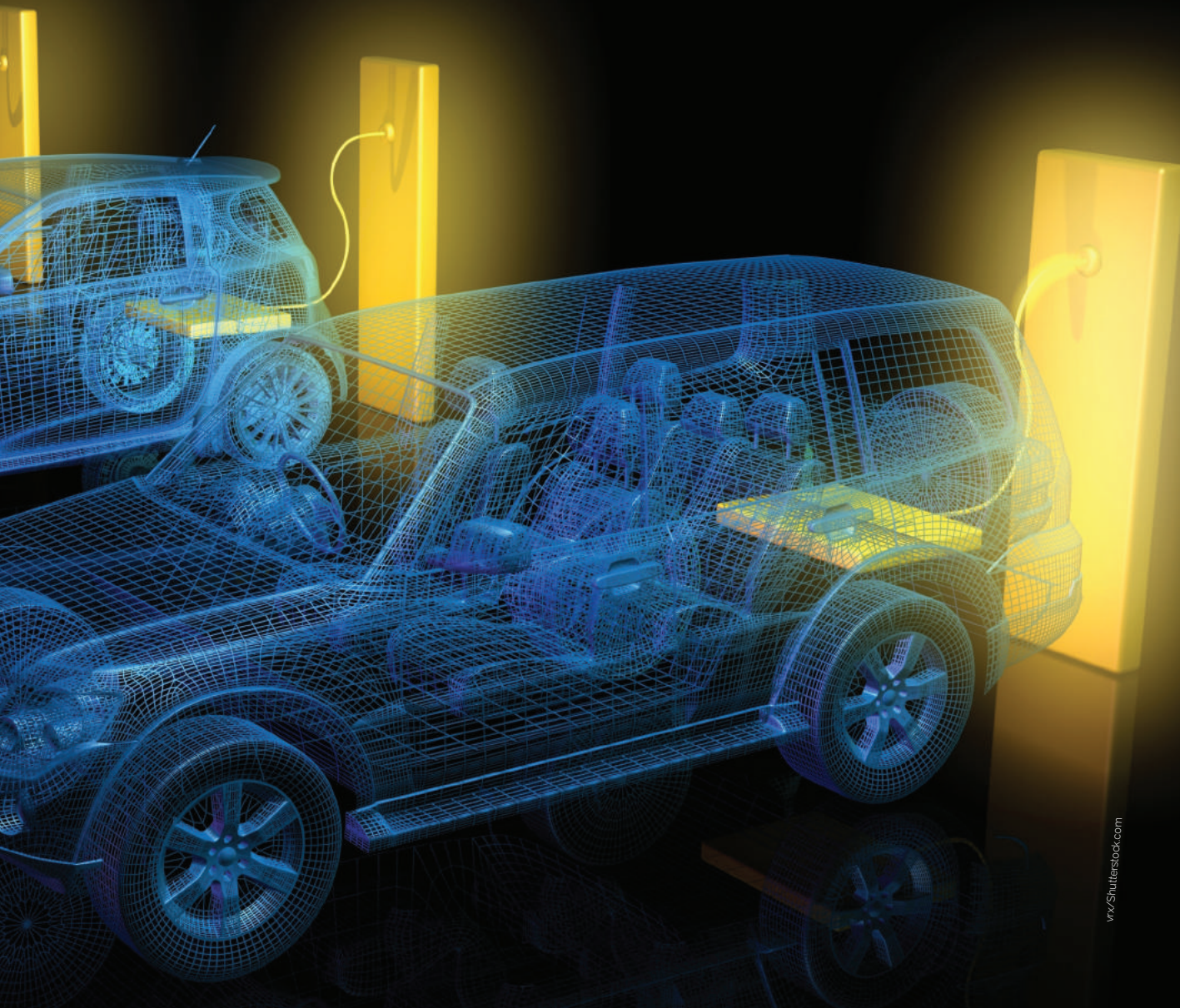
The most urgent issue, however, is the necessary infrastructure and the important advances in this area to meet demand that begins to require its first kilowatts. For experts working on the construction of this new business model, linked to the distribution and supply structure of electric cars, months ago a major clash that paralyzed the evolution of electrification ended: after all, who came first, the egg or the chicken?

For Reiner Schoenrock, Asea Brown Boveri's vice president of communication for technology and innovation, better known by the abbreviation ABB, "in the

last decade the biggest challenge in the market was to define who would arrive first, the demand for electric cars or the infrastructure".

The century-old Swedish company uses its knowledge and expertise in a number of industries - electrical network infrastructure, for example - and it is intensifying the distribution of its portfolio of electric vehicle chargers, including portable, fast-charging models. A good example is the loading system installed at a final bus stop in Norway, which started operating in February.

The results so far have reached 6 thousand 500 loading stations traded in 57 countries, which for ABB shows that the discussion about the egg and the chicken is over and the moment is now the birth of a new business. Or several new ones.



Brazil has the opportunity in the next five years to create a public-private partnership model capable of meeting the demand of electric vehicles

STARTING IN 2020

In countries with their large cities needing to drastically reduce CO2 emissions to meet the prerogatives of the 2015 Paris Accord - whose targets for reduction start to apply in 2020 - zero-emission mobility has become Plan A. So, in these regions energy supply companies had time to adapt their structures while electric cars took their first turns through the beautiful cities of Europe, the exuberant metropolis of China and in the United States, especially in the state of California.

Now the scenario is one of consolidation, because electric cars are more reliable, have similar sales prices similar to those of internal combustion engine models in many markets, and the maintenance and durability of the system no longer appear as rejection points in consumer surveys, according to ABB.



Disclosure/Formula E

In Brazil, egg

The distribution and structure initiatives for the supply of electric vehicles in Brazil are still shy. Slowly the sale of purely electric cars in the country should boost the business around, repeating models already advanced in other markets.

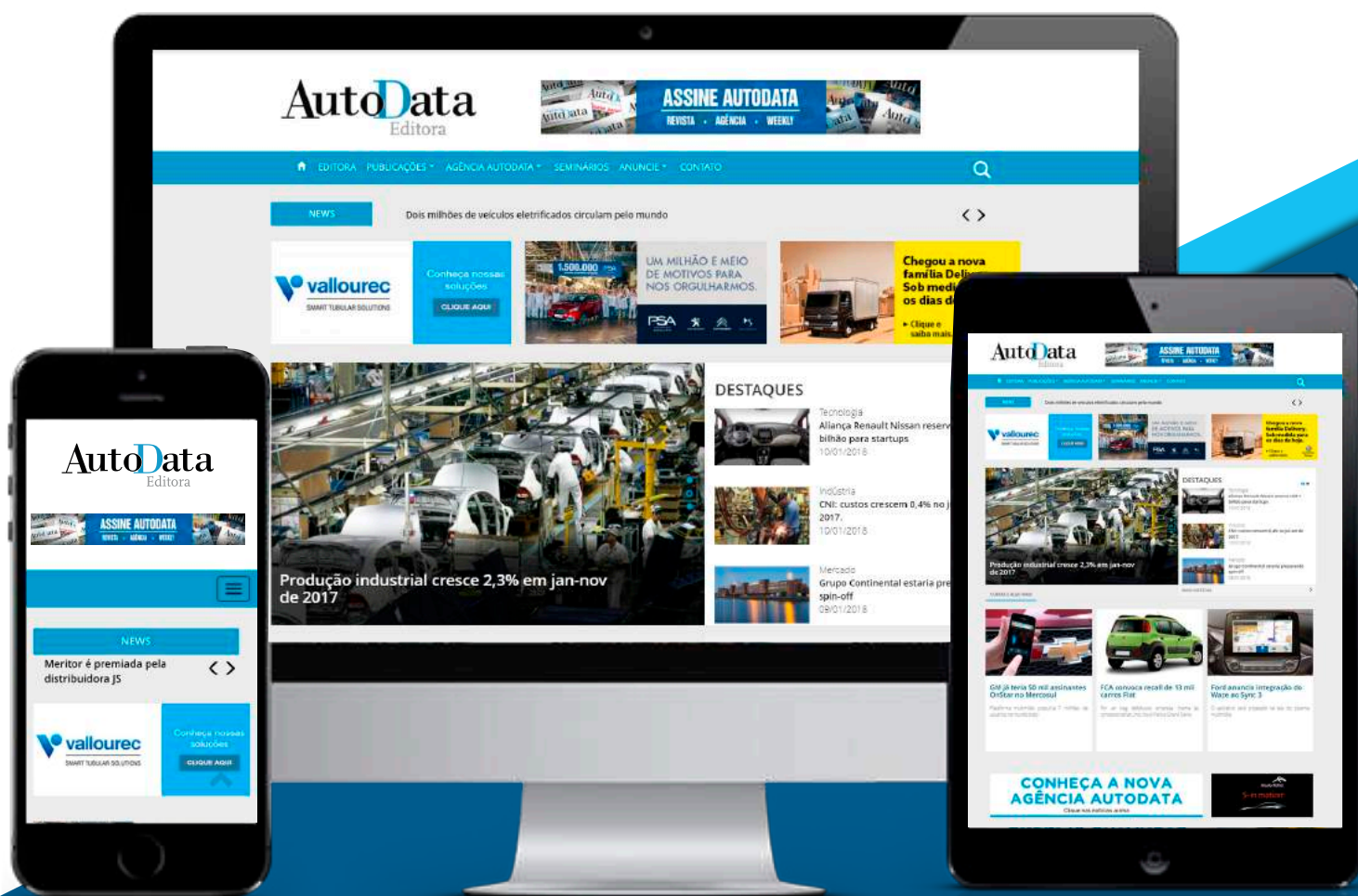
"Comparing with Europe, Brazil is still at an earlier stage in the development of loading points. But of course the country will be the main market in South America", says Paolo Pescali, manager of ABB's Electric Power division in the region. For him the country has an opportunity in the next five years to create a public-private partnership model capable of meeting the demands of a supposedly growing electric vehicle market, especially in large centers.

The current moment is for sectoral discussions that involve not only the regulation of a new business model, but also projects that may arise in 2018: "We have been keeping talks with an investor to create an electric recharge structure."

The first project is already getting of the paper: Paraná will win the country's first electro-road, with ten refueling stations along seven hundred kilometers of BR-277, cutting the State from East to West, Paranaguá to Foz do Iguaçu. The initiative is a partnership between Itaipu Binacional and Companhia Paranaense de Energia, Copel. The first electroposto was inaugurated at the end of March in Curitiba, at kilometer three of the highway. The charger was supplied by ABB.

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And so the new vehicle refueling business began to emerge. "We have enough people using electric mobility to justify all the necessary investment in infrastructure. This is happening today, and not in the future", said Schoenrock during a visit to the ABB booth installed in the beautiful Balmaceda Park in the center of Santiago, Chile, during the local stage of Formula E, the new and main competition category of electric vehicles - and of which ABB is now the largest sponsor.

COMING SOON

It must be recognized: the speed of the advance of electric propulsion technology is similar to that of Formula E cars, where the average speed is 135 km/h in urban streets and a car exchange occurs in the middle of the race on account of the charge the battery. As a comparison with Formula 1, with its hybrid engines, runs the average per race generally around 200 km/h on closed lanes. And a pit stop of just a few seconds is enough to fill the tank.

In other words: waiting eight hours for your electric car to become available for use is, in a sense, the same as piloting a Formula E dreaming about the performance and practicality of a Formula 1.

The next generation of loaders, called high performance, aims to speed things up. Systems already available in the market offer voltage from 400 to 800 Volts generating power of up to 350 KW, which is enough to charge the battery of an electric car in four minutes for one hundred kilometers of autonomy. This means that in twelve minutes it will be possible to charge the batteries to run three hundred kilometers.

It is a reasonable waiting time and much lower in the stopwatch to the systems used today in malls, dedicated stations in cities or roads, among other initiatives.

And there is still room to evolve in the short term, warns Schoenrock:

"This quick operation depends on the ambient temperature and the vehicle's technology, because during the process the battery becomes hot and the software

No need to wait all night, lady: the new high-performance chargers can deliver up to 300km in just 12 minutes

that charges the station reduces the load from 350 KW to 200 KW."

The near future presents the possibility of anabolizing the distribution systems offering greater support for the passage of electric current. In this way the operation of full recharge of the battery could even take the same time of the supply of the traditional vehicles, in the stations of fuels:

"This will happen: with the technology available. There is no problem to increase the battery voltage to 1.2 thousand W and

then at the same time increase the electrical current which, in the end, can generate power from 600 to 700 KW".

ABB's vice president of communication for technology and innovation, two areas involved in building this new momentum towards zero-emission mobility, believes that in the next five years there will be consumer awareness of the supply of products and services through technologies more robust, reliable and adaptable to people's needs. That they are already there. ■

Ah, the electric induction

Walking through the Formula E paddock is exciting. Not because of the glamour that can suggest the transmissions sponsored by the FIA, the International Federation of Automobilmism, of this new category in the TV. At the Santiago, Chile stage, it was possible to learn a lot about the vanguard of electric cars.

There you can find, for example, that Williams is the supplier of the batteries of all forty racing cars used in Formula E. And that McLaren will provide a new generation of these batteries next season, with enough autonomy to reduce to twenty the number of cars used in the race - that is, eliminating the car exchange that currently happens because the battery charge lasts only half a GP. Yes, they are the same Williams and McLaren Formula 1 teams. And with the full support of Jean Todt, the French president of the FIA, who was happily walking on the starting grid in Santiago. No wonder, the

professionals who have worked for years at the cutting edge of automotive technology, which Formula 1 has always been a protagonist, must know that participating in the future of mobility is always a good business.

During the tour of the pits it was possible to see an unsuspecting man who almost stepped on a metal plate while the exuberant BMW i8 Safety Car of Formula E maneuvered to position itself just above it - which made it clear how some new businesses that Formula E live with are still unknown to many.

The plate was the Chargemaster Qualcomm, an induction power transfer system that makes the Safety Car Hybrid plug-in be charged without cables. Just park the car underneath it and the system does the rest alone. The induction technology applied in this system allows 80% of the vehicle's battery to be available in just one hour of



Disclosure/Formula E

charging.

Recently used to power smartphones - induction chargers are available in some vehicles like the Chevrolet Equinox and Peugeot 3008, but only for Android systems - the Qualcomm prototype shows how much the speed has increased in introducing new solutions to the challenges of electrification .



Sergio Marchionne, of FCA

FCA's all-powerful Sergio Marchionne was in Brazil at the end of March to inaugurate the third shift of the Jeep factory in Goiana, PE, according to him the most modern of the Group in the world, and that will spend the next twelve months operating in its capacity maximum of 250 thousand units.

Humorous, the CEO of FCA since 2009 - started at Fiat in 2004 - is about to complete ten years in the top position of global leadership of his company, which he will leave in 2019 to remain only in Ferrari. And, playfully, he says that after that he intends to dedicate himself to... journalism.

1

We have heard of possible FCA partnerships with several companies. Is it true?

I never said that the FCA was for sale. We are not after this, we do not want this. We were very clear that GM was not interested, but there were rumors about the Germans and the Chinese. The house is not looking to be sold. We have spent a considerable amount of time in the last fifteen years and, more importantly, in the last five years, to build a great global business. We are now in the final stage of a five-year plan that will be closed in 2018. On June 1 we will announce another plan that will lead us to 2022. I think the combination of all of this suggests that we are happy alone.

2

What are your expectations regarding Brazil? What are the main bottlenecks of the Brazilian economy?

It is easy to come out and criticize the government. We have to remember that we have been participants of the local game for more than 40 years. Looking from the outside, we understand the problem. With our experience and what we have witnessed, Brazil handled it incredibly well and now we are starting to see at least the beginning of an economic recovery.

3

What is the role of the region in the growth projected by you until 2022?

We continue to believe in the opportunity that exists here in Latin America. Trade flows are now shaping up in relation to the position that has been taken by the United States in terms of free trade agreements. The relationship with Mexico has developed and seems to be a significant change in economic terms. I think there is an opportunity for places like Latin America, particularly Brazil, to fill the void that was created by a kind of lack of international trade.

4

Are you worried about the idea of investing here again?

I was confident enough to apply more than R\$ 20 billion to build Goiana, and this is not inconsequential investment. There are many reasons to invest here. We could not have done this unless we believed in the long-term process. So I think we should have more faith in our own country. We will get out of this. Have faith and everything will be ok.

5

Are you preparing the company so it can maintain its size, global position and profitability in the face of a whole new industry scenario?

Yes. There are significant challenges in the automotive sector and FCA is not immune to these changes.

6

Is the FCA today more American or more Italian?

I do not know ... I'm in Brazil: Fiat here is Brazilian. I see Brazilians, locals. The Jeep made here is a Brazilian Jeep and not American. We identify ourselves with the local challenges and that says a lot about us. We were able to do that in the United States. Everywhere we try to stay loyal to brands. And we are very good at adapting to local requirements.

7

Is Stefan Ketter part of your list of substitutes in 2019?

I think everyone is on the list, including you [laughing]! We must be fair, the choice must be internal. I have no predictions about who will succeed me but I understand it's time for a new CEO in 2019. Stefan and I have been together for 15 years, a long time ago. We went through many things, both of us. We saw that we were involved in the reestablishment of the company in 2004 and we did it again in 2009 at Chrysler.

8

Do you intend to step aside until the end of the year?

I plan to end the 2018 plan together with my colleagues and present the plan for 2022. Then I will do something else. I am responsible for Ferrari now and intend to continue in 2019. I have been a very busy guy.

9

What are your retirement plans?

I want to become a journalist. I like your work, I like it very much. I do not care about money and I think it's a lot more fun! After all, you can ask any questions you want ...

Loads of optimism

After a good start to the year the truck industry believes that the crisis in the sector has been left behind: expectation is already growing above the projection of Anfavea.

The black clouds with lightning and storms were left behind. At the front of the booth executives of the Brazilian truck market still see some clouds in the sky and holes in the road, but they are insufficient to take the optimism of the segment regarding the perspectives that are created.

The result of the first two months brought encouraging figures: a 54.7% increase in truck licenses to 8 thousand 600 units, with some segments more than 80% higher than the sales volumes of the first two months of last year, such as of heavy goods.

The performance was well above, even, the Anfavea's projections for the year, a 24.7% increase that would take the sector to 79.5 thousand units sold of commercial vehicles in 2018 - added bus chassis and

trucks. Isolated, the segment of trucks, estimates the association, would grow the same 24.7%, to something around 63 thousand units.

The comparison of the first two months, however, occurs on an extremely low base, a point made by all the executives consulted. From January to February last year, 5 thousand 600 trucks were licensed, the lowest volume of the last ten years - according to Anfavea, in this period the sector recorded an average of 16.5 thousand trucks sold in the first two months. The result of 2018 is still, therefore, half of the average index from 2008 to 2017.

In any case, the truck industry had not been so optimistic. "Fenatran was a mi-





Disclosure/Volvo

"We can say that we will have growth in the range of 30%, provided that the current conditions are maintained"

Bernardo Fedalto, of Volvo

Roberto Leoncini, vice president of sales, marketing, parts and services for trucks and buses at Mercedes-Benz, explains that the recovery of the market could be felt just before the fair. According to him last year's crop, combined with positive economic factors such as controlled inflation and falling interest rates, have created a scenario of optimism in the fleet.

"The businessmen realized that it was not fire of straw. The economy got under control and took off from politics. The supersafrá came and pulled the trigger: it was time to invest and there was the need for it", argues the executive, adding that Fenatran was the apex of this new trend.

According to José Ricardo Alouche, vice president of sales, marketing and after sales at MAN Latin America, the economic scenario coincided with the moment when the businessman renewed his fleet.

He argues that many customers last traded their trucks when there was the domestic market explosion, the Finame's interest rates were below inflation and the vehicles still did not offer pollutant emission technology equivalent to Euro 5 standards.

lestone," says Oswaldo Ramos, director of sales, marketing and services for Ford's truck operation, citing the latest edition of the International Freight Transport Fair, held last October. "That's when we realized the market was motivated. We sell many trucks at Fenatran itself."

Scania's vice president of commercial operations in Brazil, Roberto Barral, says that Scania's result at the fair was very positive. "All the negotiations at Fenatran have been confirmed. But since a little before, in August or September, contacts have been resumed and requests have begun to arrive."



Disclosure/MAN

"There are trucks with six, seven years of operation. It is past time to change them."

José Ricardo Alouche, from MAN



Disclosure/Scania

“Since August 2017 contacts have resumed and requests have begun to arrive”

Roberto Barral, of Scania

“They are trucks with six, seven years of operation. It’s past time to change. Many were waiting for the moment to renew the fleet and now they can not postpone it, even because it begins to devalue the patrimony.”

Before the requests, consultations and contacts that help to design the scenario for the next months, the official projection of Anfavea, released at the beginning of the year, was small.

30% GROWTH

Bernardo Fedalto, Volvo’s commercial truck director, is already foresees more than 30% in the market slices where the manufacturer competes - heavy and light heavy.

“Passado esse primeiro trimestre ficamos mais otimistas e podemos dizer que teremos um crescimento na faixa dos 30% alto, desde que mantidas as condições atuais.”

“After this first trimester we are more optimistic and we can say that we will have growth in the 30% range as long as the current conditions are maintained.”

Barral, of Scania, also believes in a 30% increase in the heavy-duty segment, as well as Mercedes-Benz’s Leoncini - with the difference that the executive of the company of German origin involves all segments, from light to heavy. “Reaching seventy thousand trucks sold in the year is not much off the curve.”

Ramos, of Ford, and Alouche, of MAN still prefer to work with the official Anfavea number - which does not mean they are less optimistic. “We are with a newly launched line and entering a new segment, the

additional volume of which will increase sales”, Alouche explained, projecting sales of the MAN and Volkswagen lines above the market average.

Winning the market is also in the plans of Luis Gambim, commercial director of DAF Trucks of Brazil. “In January and February we registered 224 trucks, 128% more than the same period of 2017. We aim to maintain this average, always growing above the market and increasing our participation”, says the executive, whose brand also has just entered in another segment, off-road, and extend the road application with a new model. “This allows us to gain even more share in the segment over 40 tons”.

STONES ON THE WAY

While executives believe that the still-troubled Brazilian political landscape has finally taken off the economy, the presidential election in October is a factor that can make the truck market shake. “We are in an election year, with an unforeseeable political scenario and a sensitive moment of the Brazilian economy that has just emerged from the worst phase of its crisis”, Gambim said.

“It is important to maintain the current economic policy”, says Volvo’s Fedalto. He fears the possibility of some radical candidate, whether right or left, to win the election and prejudice the economic stability.

For the executive of Volvo whoever wins the election should be concerned about continuing the reforms of the pension and tax. “Sweden, some years ago, had to deal



Disclosure/DAF

“We registered 128% more license plates in the first two months. We want to keep that average.”

Luis Gambim, of DAF



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"It is necessary that the participation of commercial banks grow to meet the demand of the segment"

Roberto Leoncini, of Mercedes-Benz

with pensions. The new government will have to do this here too", he explains, citing, as an example, the country where the manufacturer's headquarters is based.

Another point of concern, especially for the vice president of Mercedes-Benz, is the financing. "We need to know if commercial banks are hungry, whether they will be attracted to this segment", Leoncini says.

He estimates that 40% to 50% of the brand's truck sales are serviced by Mercedes-Benz Bank. The rest is the responsibility of commercial banks. "It is necessary that the participation of the commercial banks grow to meet the demand of the segment. Otherwise the market may get stuck".

According to the executives, who closely monitor the automakers' banks, liquidity exists but there is also a major restriction on the approval of chips due to delinquency. The good news is that the rate of payment delays is on a downward trajectory: "With delinquency falling credit availability gets bigger and banks are more open to negotiations", says Alouche, of MAN.

EXPORTS

The escape valve that reduced the da-

mage of the truck industry during the crisis promises to be better taken care of from now on. The executives of the automakers do not want to repeat the mistake of years ago when they stopped paying attention to foreign markets and had to work hard in recent times to regain the space.

In Mercedes-Benz, exports reached only 10% of production in 2012. "In an effort to meet the domestic market, we have closed the door to the outside. Let's not repeat that mistake. We put the folder under our arm, we open new doors and we will not let it close", Leoncini says. The actions were successful last year, when 40% of production went to other countries.

"A 30% to 40% level [of export production], which is what we have achieved in recent years, is good", estimates Ramos, of Ford. Alouche, of MAN, considers a healthy level of 15% to 30%. "Latin American markets, such as Argentina, Chile and Mexico, are demanding many products. Our projection is to grow substantially in exports", says the company executive with a plant in Resende, RJ.

Volvo's situation is different. Fedalto says that upon arriving in Brazil, the company has committed to export 30% of its production every year. "That's why we always end up looking a lot at export, regardless of the situation of the internal market or the exchange rate. The channel always keeps itself open."

In the boom years of the Brazilian market, pulled by PSI, the Investment Support Program developed by the government with BNDES support, the brand's average exports reached close to 20%. Last year, however, hit 45%. "This year we should lower slightly in percentage, but we will maintain the volume of 2017."

DAF's situation is also different: the factory in Ponta Grossa, PR, still does not export. "Our strategy is focused on the local market. But we have already started the homologation process of our products in some Mercosur markets", explains Gambim. Plans for local operation, however,



Disclosure/Ford Caminhões

"We realized the market motivated at Fenatran. We sell lots of trucks at the event itself."

Oswaldo Ramos, of Ford Trucks

are ambitious. "We are preparing to be the major DAF exporter in the region."

Meanwhile, the company concentrates its efforts on the Brazilian market. But what is the size of this market? Does it return to the 100 thousand house? When? Ramos, of Ford, believes that at the beginning of the next decade. "Maybe those peaks of the anticipation of purchases of the Euro 5 do not repeat themselves. But I think our market has a size of 100 thousand to 120 thousand trucks a year."

The MAN executive is more optimistic:

"We think that the 150 thousand trucks a year will be repeated, it was not a bubble. The Brazilian market is bigger than this, just compare with the United States, China and other countries. Combining some factors such as infrastructure investment, we can sell up to 200 thousand trucks in a year", Alouche believes.

As it can be seen, the pessimism in this extremely important truck market is finally diminishing and becoming, at the beginning of this year, a tiny dot in the rearview mirror. ■

Full package

During the crisis, a trend that was already emerging in the truck sector was strengthened: the sale of packages added to the vehicles, whether scheduled maintenance, telemetry or other technologies that help the day-to-day operation of the fleet owners. Previously timid, sales figures for 0 KM models with these packages currently outnumber the two-digit house in most automakers.

"From the basic package to the most elaborate 80% of our sales come out with some after-sale plan", says Bernado Fedalto, of Volvo. "In this resumption we started to sell the full package. The trend is that 100% of our sales will have some added package."

Oswaldo Ramos, of Ford, says that plans have gained ground in recent years. "The operators are outsourcing the workshop to the factory. They eliminate cost, risk and can predict how much they will spend on

maintenance", he explains. He says the percentage of new models sales with the Ford Service, maintenance package offered to the brand's trucks, has doubled from 2016 to 2018. "This tendency for us is already a reality", says Roberto Barral of Scania. The company invested heavily in after-sales, connectivity and flexible maintenance plans. The investment extended to the network: "It was all standardized. The customer now saves 70% of the time when scheduling services at the dealership." Luis Gambim, from DAF, explains that the company's culture plans to make the concessionaire a major service center - so much so that it offers its network of spare parts for multibrands in its network. "The customer can take their entire fleet out of warranty, from DAF trucks or other brands, to do maintenance at one of our dealerships." Mercedes-Benz bets

on Fleetboard, a fleet management system. All of the Axor, Atego and Actros trucks come with it installed and the new owners gain a year of free testing. "In total there are over 5.6 thousand vehicles with Fleetboard activated in Brazil. Only in January to February about six hundred vehicles activated the system", says Roberto Leoncini, who also sees growth in sales of maintenance packages: "More customers are asking us to take over their shop". At MAN, scheduled maintenance packages already account for 20 to 30% of sales. The brand also bets on operating leasing - very common in Europe, but still crawling around here. José Ricardo Alouche says that his clients value the profit of every penny. "Many people tell me 'I need to win even in the second house after the comma'. If you do not take care of yourself, the fleet owner will break."

All actors on the same stage



Seminar AutoData Megatrends brought together presidents of Anfavea, Sindipeças, Abeiva and SAE Brasil along with several executives in São Paulo. The concern is general - and themes for that were not lacking.

The automotive sector was meeting in early March to attend the AutoData Seminar Megatrends of the Automotive Sector - The Challenges of 2018 With or Without Rota 2030, held in São Paulo, Capital. The rapid changes in the automotive sector were at the center of the themes discussed at the event.

As was to be expected, the lack of definition of Rota 2030 was a fundamental part of the debates. For Anfavea's president Antonio Megale, without the definition of a specific industrial policy, the country risks losing investments in the automotive industry, even those already announced. For him, the approval of the program is

critical for manufacturers to continue investing in technology. "Since Inovar-Auto the automotive industry has done its part to reduce the emission of pollutants with investments in technology. But if the market is not open to further advances this may lead the parent companies to rethink their investments here."

In his presentation, the manager of Anfavea also mentioned the case of the premium segment automakers, which without specific rules for low volume production could also revise their plans with respect to Brazil.

According to José Luiz Gandini, president of Abeifa, the Brazilian Association of Importers and Manufacturers of Automotive Vehicles, the publication of the regime may even be for the next government: "We believe that it is as short as possible, but I believe it will not be released this year". Abeifa, according to its leader, definitely supports the program: "We participated in almost 100 meetings in Brasilia on the subject, but it is important that it be given with an isonomic treatment for all participants in the chain".

AUTO PARTS

Another clear concern raised during the event is the possibility of missing auto parts to meet demand, a theme also discussed in the AutoData 342 edition AutoData. Mercedes-Benz's director of purchases, Erodes Berbetz, said: "There may be a bottleneck in the supply of parts if commercial vehicle sales increase above the 30% forecast for this year. According to him, importing components can be a one-time resource to support this volume increase".

"Some suppliers, and not all of them, are working within a margin to meet just that demand for 30% production increase. But we have the philosophy of staying very close to the suppliers. So we can foresee those movements."

FCA's purchasing director, Antonio Filosa - now named the presidente of FCA, replacing Stefan Ketter - who split the panel with his colleague of M-B, does not see this risk: "Our suppliers are already prepared for growth. In any case, if we happen to notice that there is some risk of shortages, we can help them accelerate some kind of productive investment".

Filosa, who will be replaced by Luís Santamaria in the manufacturer's purchasing directorate, pointed out that, like M-B, FCA maintains constant monitoring and relationship with suppliers. There are two programs in the company aimed at improving the competitiveness of partners and, consequently, the company itself: Value Optimization Product Center, VOP, and Supplier Integration Management, SIM.

"Our goal is to expand these programs to more suppliers and other automotive hubs. We want to take the good things in these models to all regions", said the executive, adding that in Goiana, PE, at the Jeep Automotive Hub, 88 suppliers are already participating in the VOP.

At Mercedes-Benz, the practice is similar, according to Berbetz: closely monitoring the financial health and management of partners "is a prime work".

For Sindipecas, the auto parts sector is prepared to support the growth of vehicle production this year. According to Sindipecas president, Dan Ioschpe, including

the weakest links in the chain, Tier 3 down, have invested in recent years to serve production well over three million vehicles.

"What can happen is that Tier 3 vendors may take longer to meet the automakers' schedules if orders increase. They have a longer response time. But I do not see it as a bottleneck. This deterioration of which some speak does not seem evident to us. In the year 2017, for example, we saw more companies coming to Sindipeças than leaving. We grew 4% in the number of associates."

The president of Sindipeças also stressed that the proof that the segment is prepared to meet a probable increase in the production of vehicles is the use of installed capacity, which now stands at 70%. "We are on the same level as in 2015, not a high number. Auto parts, as well as automakers, have also prepared for a production of five million to six million vehicles five years ago. This was the scenario foreseen at that time. So for a production of three million units, we are qualified."

REVIEW UP

Sindipeças estimates an 11% growth in the volume of vehicles manufactured this year in Brazil - this index, however, should be revised up soon. According to Ioschpe the orders of the automakers were higher than estimated in the first months of this year. "The 11% growth forecast was a scenario last year. This number should surely reach the 20% mark. And we will be ready to meet that demand."

Ioschpe also said that the Rota 2030 program, which was originally scheduled for the end of last year, could have

some points already edited this year to give more predictability to the automotive sector. "Points that are already set could be published earlier, such as energy efficiency and safety. This is because the market can be invaded by a range of products with technology level lower than that determined by Inovar-Auto. But government is a complex entity."

A theme also intensely debated during the seminar promoted by AutoData Publishing was the competitiveness in the sector. For Fernando Magri, director of Thompson Reuters, how to be competitive in the future is an issue that all companies involved in the automotive sector must be faced and discussed. He stressed that companies will need to adapt to the changes that will come in the coming years:

"The automotive industry is one of the few in which the industry is global. A car receives components that are made in many countries of the world, and with that, optimizing the logistics is a question that will make a difference in the future. But it is necessary to understand how this can be done."

According to the speaker in Brazil there are fourteen special customs regimes that are little explored by companies and that could improve the competitiveness of local products abroad. This is the case of Recof, which allows the importation of inputs without tax cost. "There are already mechanisms in Brazil to increase the competitiveness of companies, but many do not explore special regimes."

A SHOT IN THE FOOT

Regarding trade barriers Magri understands that they have come to stay and will be more and more present, such as the surcharge for importing steel in the United States. For the speaker, however, this can be "a shot in the foot", because instead of leveraging the US steel industry can make the importation of a ready vehicle is cheaper than local production. Britain's exit from the EU bloc should also become a trade barrier in the future, he added.

"I believe that in the future the compa-

According to Dan Ioschpe, president of Sindipeças, orders from automakers were higher than estimated in the first months of this year

For Marco Silva, president of Nissan, although electric vehicles represent a trend there is no single answer to the issue of propulsion technologies

nies that will lead the way will be those that can make the technological innovations accessible to the consumer, without major ruptures with their past."

In a panel named Engines/Electrification, the topic was the need for Brazil to define, therefore, its public policies for energy efficiency so as not to lose the technological tram. The president of Unica, Sugar Cane Industry Union, Elizabeth Farina, recalled that "congress has already approved 43% reduction in CO² levels by 2030. There is a timetable for this. So we already know where we want to go. Now we have to define what will be the energy matrix for land use, electric energy and fuels. And ethanol can contribute to these three areas. I hope that Brazil can seize this opportunity: we need to define public policies".

The President of CAO A Montadora and SAE Brasil, Mauro Correia, said that predictability and rules in public policies are necessary for the development of new technologies in Brazil. "Brazil needs to choose how it wants to enter this global game. In the process of deciding investments in research and development, companies think of the market as a whole, to gain scale, not individual solutions for each region."

Bosch's president for Latin America, Besaluel Botelho, understands that the development of electrification technology is accelerating in the world but is not necessarily a viable solution for all regions: "Brazil has taken an important step in this fuel issue. We have to make noise. We already have a viable alternative, which is ethanol. We need to define what our energy matrix will be."

Marco Silva, president of Nissan in Brazil, added that today there is no single answer regarding vehicle propulsion technologies that each region of the world should develop. The executive believes that electrification is a trend, but it is necessary to define the best solution for Brazil:

"Electric motor is a trend, but we do not know which is the most viable for Brazil. It may be, for example, a hybrid that uses ethanol. There is no single answer for propulsion technologies."

GLOBAL SEARCH

A study carried out by the KPMG consultancy and presented during the seminar brought clues as to how the industry evaluates its own future, according to director Ricardo Bacellar: "The opinion of industry executives has changed in the last three years. Most of the respondents now bet on the fuel cell as the flagship of the future of motorization, 33% and, no longer in the electric, 22%."

In the opinion of the interviewees of the global survey, the main obstacle to the electric will be the infrastructure, an issue that is little discussed if compared to the subject of the vehicles themselves - and that nobody knows for sure how to solve it. In the view of the interviewees, both executives and consumers, the automakers should be responsible for the infrastructure of recharging stations.

Bacellar points out that the growing confidence in fuel cell engines is an excellent opportunity for Brazil to show that ethanol can be used instead of hydrogen, with the advantage of the country dominating the entire production cycle of the raw material that will be used.

"We have the solution ready and this will be a very good business opportunity for us."

He stated that "in the future all power technologies will have space, one will not kill the other. It's not a race to bet on a single horse". The survey data show that by 2040 the annual market will be of 140.5 million vehicles, 25% fuel cell driven, 26% electric, 24% hybrid and 25% internal combustion. ■



Disclosure/Jac Motors

Neither a goat nor a baby goat

After fifteen changes of plan in seven years the local Jac Motors factory continues to skid in a quagmire of undefinitions

Jac Motors plant foundation stone ceremony in Camaçari, BA, November, 2012: the mayor defines the event with the popular local saying "The more goat, the more baby goat", that is: one thing pulls another, raising the importance of the original fact.

More than five years later, we have not seen a single goat's hair, much less a baby goat. And the scenario so far does not point to something very different from that.

The Jac Motors factory in Brazil is in-

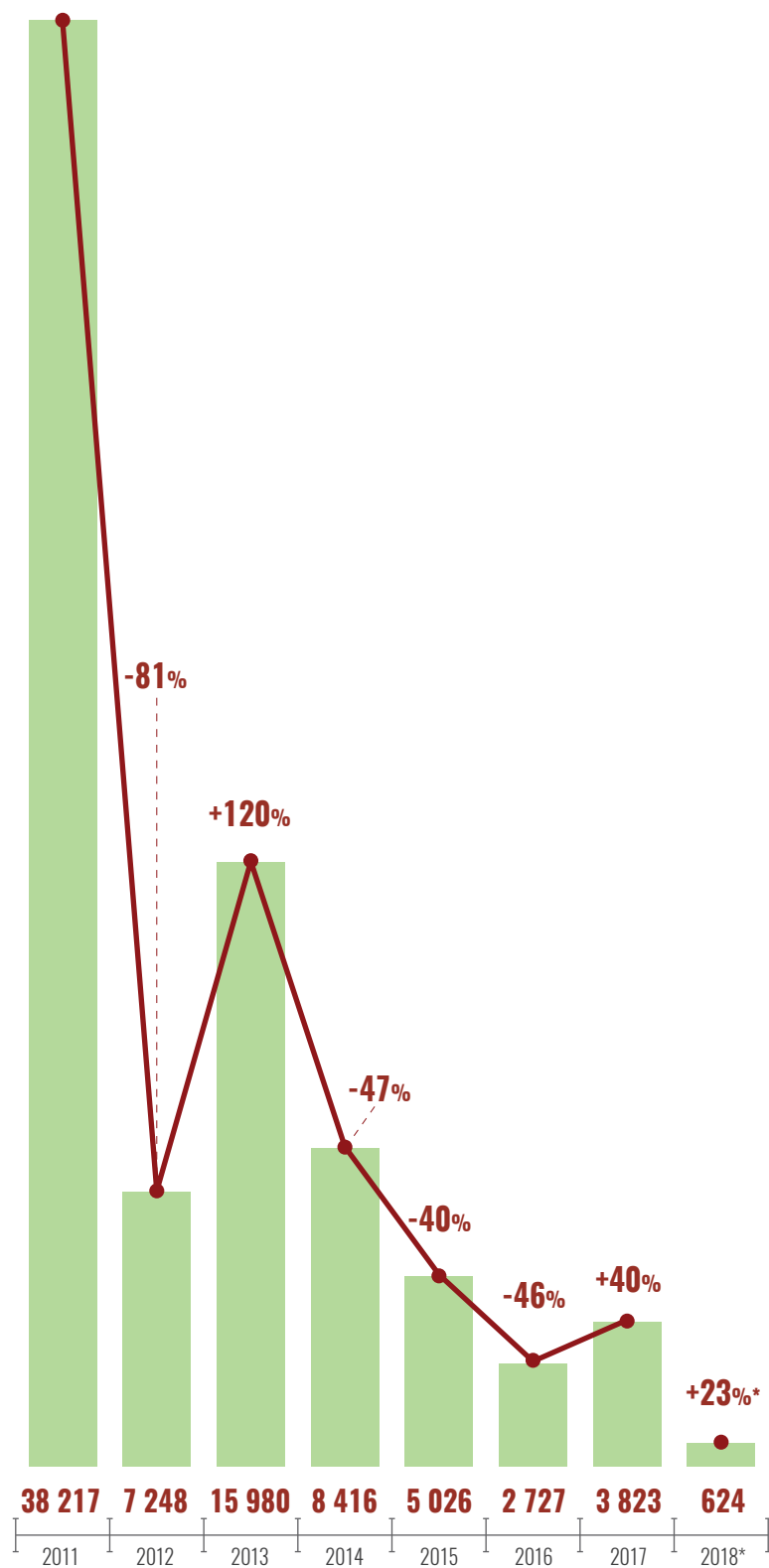
volved in a real imbroglio, a seemingly complicated solution. And it all gets more blurred by its local representative, Grupo Sherpa, by Sérgio Habib, to have changed the plans in a representative way no less than fifteen times in this period (see table on page 42).

Those changes have led to the collection of two debts which the amount is unknown, but certainly large. The Federal Government and the State of Bahia charge Jac Motors for the return of incentives

Jac Motors: factory effect.

Sales of 2017 were only 10% of those of 2011, year of debut

*First two months. Calculation on the first two months of 2017. In units. Source: Abelfa



received and from which the combined counterparts did not occur.

The most recent chapter of the story occurred in December last year: Jac Motors announced that the factory will be in Goiás, investing R\$ 200 million to produce two SUVs, one of them the T40, within 24 months. The factory will have, or would have, "eight steps of productive process already in the first year of activities", according to company statement released at the time.

In the same informative Jac stated that the city of Goiás that would receive the plant was not yet chosen "despite great options". But the protocol of intent signed by Habib and the governor of Goiás pointed to Itumbiara as the headquarters of the unit, more specifically area that had been used by HPE, former MMC, to produce the Suzuki Jimny utility, transferred in 2015 to the company's unit in Catalão, in the same Goiás. The municipality of Itumbiara published press release celebrating the "arrival of Jac Motors".

BAHIA CHARGES IT

The businessman and the city council of Itumbiara were searched by AutoData to talk about the subject, but did not respond to the requests of the report. A source close to the talks said Habib is still talking to HPE about talks involving a possible space lease.

There is, therefore, no hammer beaten definitively as to the choice of a place to host the factory. And so it is obvious, much less works or installation of machinery of any kind.

The reaction from Bahia to Jac's announcement in Goiás was immediate. In an interview with local newspaper A Tarde, the governor of Bahia said that he would send a statement to the Chinese government stating that his partner in Brazil is "inidôneo" and that he caused financial losses to the State.

In exchange for building the plant in Camaçari, Jac Motors received, in addition to its own land and its basic infrastructure works such as earthmoving, exemptions from the ICMS. The local government pro-



The J3 Time Capsule has not understood anything until now: containing several items from 2012 for revelation only in 2032, it was unearthed 15 years before

mises to charge the amount not collected in court. "What he [Habib] got there in Goiás I do not know, but I know he will have a lot of work to materialize this announcement", the governor warned.

On that day of 2012, the one of goats and baby goats, Jac Motors buried in the same area of the Camaçari factory a J3 that would be unearthed as a time capsule in 2032, twenty years later. Neither did it work: given the litigation with the Bahian government the vehicle was already dug up last year. It is still in the company's possession, but its fate is uncertain.

In Parallel Jac Motors still has to deal with another serious charge, of MDIC, Ministry of Industry, Foreign Trade and Services. That's because in 2013 the company became Inovar-Auto as an investor and thus received a quota of half the factory's capacity to import J3 and J2 - using the same model platform that would be manufactured here - without the incidence

of IPI increased by 30 percentage points.

Faced with the changes in Jac Motors' plans, MDIC did not renew the license for 2014 and canceled it definitively in 2016. It charges, in addition to the increased IPI for each car that entered the country with exemption, fines.

Asked by AutoData, the MDIC revealed in a note that "Jac Motors filed a writ of mandamus with the Superior Court of Justice, STJ, which suspended, until a final decision, the effects of the Ministry's decree dealing with the collection of tax benefits received under the Inovar-Auto Program. The final decision has not yet been handed down".

AU REVOIR

While debating the two debts involving Jac Motors at SHC, this March saw its long-term partnership with PSA Peugeot Citroën end. So, Habib will no longer commercialize vehicles of the French brands - he was the first representative of Citroën in Brazil, at the time by his company denominated XM.

According to Grupo SHC, the twelve Citroën and two Peugeot stores still in their hands will receive the Jac Motors flag.

PSA confirmed in a statement that it is analyzing how it will now serve the places where the SHC Group was active. According to the manufacturer there is no intention to reduce the size of the network after the disruption, "taking into account the recovery of the Brazilian market". New stores, therefore, should be delivered to other groups to occupy the space left by Habib.

The partnership made by SHC and Citroën started in 1991. Sérgio Habib managed to own a third of the manufacturer's network in the country and held the company's presidency from 2000 to 2008.

Faced with this complex picture, therefore, many doubts remain as to where and how the grass would be planted which could feed the goats and baby goats of Jac Motors. The risk is that the time passes so long that, by then the baby goat may have already become a huge goat.



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Erratic trajectory of the Jac Motors factory in Brazil

August 2011

Habib announces investment of US\$ 600 million for the Jac Motors plant in Brazil: 100 thousand units/year, development center and test track, generating 3.5 thousand direct jobs and 10 thousand indirect jobs. Inauguration in 2014.



November 2011

Faced with an increase in the IPI for imported models announced by the federal government, Habib warns that "the plans have unfortunately changed", because "provisional measure 7 567 does not allow us to continue with the investment plan previously announced".

December 2011

Habib says that the investment is maintained with 80% of his responsibility, as a local partner, and announces Camaçari as chosen city. He adds that the factory will be even more complete, including design center and pollution control laboratories. Inauguration in 2014 confirmed.

July 2012

Habib says that the investment is suspended because of "uncertainties from the government regarding the regulation of the new automotive regime, allied to the current business environment".



November 2012

Jac Motors holds a foundation stone laying ceremony in the area that would receive the future factory in Camaçari. Habib then announces a change in its corporate structure, which becomes 66% of the SHC Group and 34% of Jac Motors. And warns that the model to be produced there is a new generation of J3, with aesthetic and technical details unique to the Brazilian market. Inauguration planned now for the end of 2014.

January 2013

Grupo SHC reveals that the investment was raised by US\$ 100 million, or US\$ 700 million, to include light trucks in the project, giving the VUC T140 the primacy of production in the unit to the detriment of the national J3. Capacity passes to 100 thousand cars and 10 thousand trucks/year.

June 2013

Jac Motors receives definitive authorization from Inovar-Auto as an investor, which allows it to import twenty thousand J2 and J3 vehicles without an increased IPI.

August 2013

Jac Motors announces that Valeo and Usiminas will be suppliers of the plant. Inauguration goes to the first trimester of 2015.

September 2013

Jac Motors announces that it already has seven local suppliers with a signed contract, who will jointly invest R\$ 120 million in expansion of current production lines or new plants, generating in all about 450 jobs.

May 2014

Habib announces that the investment ratio, now estimated at R\$ 1 billion, has reversed, to 66% for the Chinese and 34% for the SHC Group. Inovar-Auto's annual license is not renewed by the MDIC.

November 2014

Inauguration begins in the first half of 2016. Until then civil works in Camaçari have not even begun.

December 2014

Habib gives up the trucks and announces that the factory will first produce the national version of the J3 and then a compact sports utility.

April 2015

Inauguration goes to "end of 2016 or beginning of 2017", says Habib. Line to be produced passes the national J3 and then two SUVs, T3 and T5.



February 2016

Habib says he will run the factory without the Chinese partners, paying for technology transfer. The product becomes only the T5, mounted in CKD, the productive capacity drops to 20 thousand units/year and investment drops to R\$ 200 million. Inauguration begins at the beginning of 2017.

March 2016

Habib says that the factory will no longer be installed on the land in Camaçari but in a shed already leased in the same city. Prediction of commercialization of the national T5 for the first trimester of 2017.

April 2016

Government of the State of Bahia resumes the land that had yielded to Jac Motors and transfers it to another industrial enterprise outside the automotive sector.

May 2016

MDIC announces that the authorization of Jac Motors has been definitively canceled, which implies in the collection of the IPI plus 30 percentage points plus a fine.

December 2017

Habib announces that the factory will be built in Goiás. Investment kept at R\$ 200 million to produce two SUVs, one of them the T40, within 24 months. The government of Bahia says it will collect in court the tax incentives granted.



Hyundai: the best even better.



Disclosure/Hyundai

Manufacturer sees evolution in quality of supply over the last few years

Hyundai Motor awarded the companies that achieved the best performance in parts supply and services in 2017. The Hyundai Suppliers of the Year event has started taking place annually five years ago and in this edition seven companies were honored during an event held in Piracicaba, SP, hometown of HB20 and Creta.

The event, held at the Teatro Erotides de Campos, hosted more than 200 sup-

pliers and partner companies, as well as top Hyundai executives. The program included a debate on the Rota 2030 automotive regime, whose entry into force remains undefined, and a forum with the participation of the automaker's management and representatives of the commercial partners.

According to Ivan Carvalho, general manager of purchases, the award is a way of remembering established goals with partners and also, in some cases, cor-

recting directions: "Performance reports are constantly passed on to our partners throughout the year. We believe that the meeting narrows the relations that the company maintains with its suppliers".

In the manufacturer there is a belief that the annual awards meeting helps in the exchange of information in order to improve processes. So the supply chain can plan, develop and manage its business more efficiently, sharing stability with Hyundai.

SEWING BUSINESS

Another objective of the event, according to the executive, is to create an environment conducive to sewing new business globally and locally. Carvalho points to the event as "important to eliminate doubts about what is expected of the supply chain in its main indicators, motivating everyone to obtain good results that, in the end, benefit customers".

Recognition is also working to promote evolution in terms of parts quality and other factors: "Quality indicators and purchased materials, warranty costs, agility in the location of parts and others that depend on our suppliers have improved considerably since the first edition of the award in 2014".

This year HMB recognized partners who excelled in the areas of innovation in cost reduction, logistics management and deliveries, quality, intelligent increase of local content, foreign trade services and also better performance by the supply of direct and indirect items. The winners were Dymos, TI Automotive, Grupo Antolin (Trimtec), Sogefi, DSE Logistics, PPG and Movitec respectively. ■



Suppliers of the Year Hyundai 2018

Foreign Trade Services

•DSE Logistics

Advice and customs clearance

General Direct Purchases

•PPG Industrial

Paints and chemicals

Indirect General Purchases

•Movitec

Industrial equipment

Quality

•Grupo Antolin (Trimtec)

Interior finishes

Logistics and Delivery Management

•TI Automotive

Clutch, Fuel and Brake Systems

Increase Local Content

•Sogefi Brasil

Suspension systems

Innovation in Cost Reduction

•Dymos

Seats



Disclosure/MBB

FIVE HUNDRED TO GET TO FOUR

The Mercedes-Benz factory at ABC, which opened in 1956, now has nothing less than the world's most modern truck assembly line

Mercedes-Benz has officially started new assembly line operations at the São Bernardo do Campo plant, São Paulo, fully designed under the precepts of Industry 4.0.

The area is considered by Philipp Schiemer, president of Mercedes-Benz Brazil and CEO of Latin America, as nothing less than the most modern company in the world. And it will help sustain 30% growth in projected production for the year, based on increased domestic demand and exports.

For that, the company also hired 250 employees for the São Paulo unit and eighty for the Juiz de Fora, MG unit.

The investment required by the new line gives the tone of its importance: it consumed no less than half of the company's last investment cycle in the country - or R\$ 500 million of a total of R\$ 1 billion applied from 2013 to 2017.

For Schiemer "it is natural that every newest line in the Group is the most modern. And this one of São Bernardo do Campo counted on the collaboration of teams of other units". He also considered that the new ABC line is a "gigantic and historic step towards the implementation of the concept of Industry 4.0 in Brazil".

It was three years of construction of a totally new building, where the logistics area used to be. There were concentrated the assembly of all the trucks, from light to heavy, and the logistics of parts. Before the production occurred in two lines, divided by category.

According to Mercedes-Benz, the new truck assembly line is 15% more efficient in terms of production than the previous one - the time needed to manufacture a vehicle fell from one hundred to eighty-five hours - as well as offering another 20% of logistic efficiency gain: the warehouses of parts were reduced from 53 to six. The delivery rate of parts directly on the line increased from 20% to 45% and the component storage time fell from ten days to a maximum of three.

There are several technological resources, such as a mobile application that allows to follow 100% of the production process. The app is still connected to other factories, such as Juiz de Fora. MG, and also abroad, as well as several related areas in São Bernardo do Campo.

With highlight to sixty AGVs, a hundred electronic screwdrivers, forty TV monitors that dispense paper in orientation to assemblers at each workstation and 3D printers. It is also planned to adopt augmented reality glasses.

In the parts logistics there are new forklifts with cameras and the stock shelves have light sensors that monitor the entry and exit of materials.

Despite the wide adoption of new electronic equipment Mercedes-Benz was able to reduce energy consumption by 56%: the secret was to use LED bulbs in 100% of the line.

The manufacturer's investments in technologies for Industry 4.0 will continue, now consuming a portion of the R\$ 2.4 billion investment programmed up to 2022. The idea is to expand the concept to all production processes, including what the company calls aggregates - engines, exchanges and axles - and manufacture of bus chassis in São Bernardo do Campo, besides the unit of Juiz de Fora.

ONE SHIFT

Although it foresees a bigger volume of sales for the year Schiemer considers that "in one shift we were able to attend to the volume of orders that we have nowadays, because with the refurbished factory we improved the levels of production. Capacity is not a problem. To open a second shift, you have to wait and see how the market will behave".

But he does not totally rule out this possibility: "If you confirm a growth rate that guarantees the projected 30% a new turn can happen from July".

Currently, both the ABC and Minas Ge-



"The new ABC line is a gigantic and historic step towards the adoption of the Industry 4.0 concept in Brazil"

Philipp Schiemer, president and CEO AL

rais plants, where Actros is produced and the cab welding and painting operations, operate in a single shift. Together they can produce 40 thousand vehicles/year, in a mix made up of 70% of trucks and 30% of bus chassis.

The hirings began this April and with them the factory of São Bernardo do Campo becomes the figure of eight thousand employees, which add up to seven hundred in Minas Gerais. In addition to the new openings, 350 employees who were in lay-offs in the two factories returned to work.

With the new line M-BB hopes to see facilitated rite of passage for the technology of engines Euro 6 and still stimulate the increase of exports. "Investing in modernity raises the standard of vehicle quality".

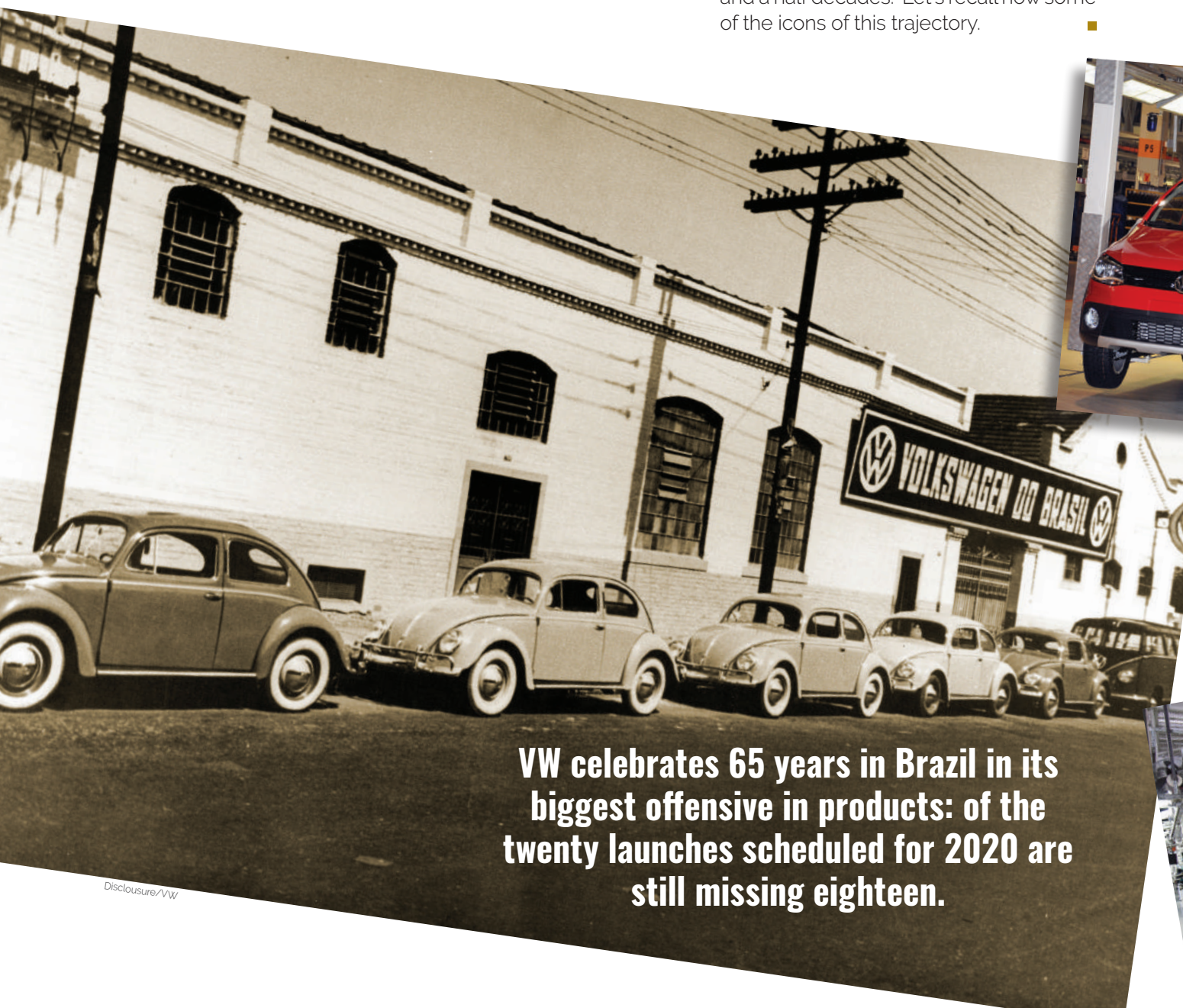
40% of production is expected to follow the foreign market in 2018, similar to that registered in 2017. In 2014 the share of exports in M-B production was 10%. Argentina is the main destination for the vehicles produced here, while Germany and the United States buy Made in Brazil engines.

There is an ongoing work to search for new markets, which involves regions in Latin America, Asia and the Middle East itself: "We need to get back opportunities abroad, but we must first reduce the share of companies that have been in these markets for some time, as is the case of Chinese companies in the Middle East, for example".

AT 65, WAITING FOR THE EIGHTEEN

Volkswagen celebrated on March 23 the expressive mark of 65 years in Brazil. In an event at the historic Anchieta factory, São Bernardo do Campo, SP, took the anniversary to show the New Tiguan, imported from Mexico with capacity for seven occupants - the first SUV of the brand with such characteristic sold here.

The New Tiguan is just the first of five SUVs that VW will launch in the country by 2020, which will add up to another thirteen new features in the next two years, its biggest offensive in product terms of these six and a half decades. Let's recall now some of the icons of this trajectory.



VW celebrates 65 years in Brazil in its biggest offensive in products: of the twenty launches scheduled for 2020 are still missing eighteen.



Above, on the left, the sporty SP-2, a laughable subject at that time and today adored in Europe. On the right is Kombi, nicknamed the little owl, which is now on its way to Germany. And in the center Gol, the best selling car in the history of VWB



From the old shed rented on Manifesto Street, in São Paulo, on the next page, to the manufacture of Virtus in Anchieta, below: VW has been an example of productive modernity in Brazil for several times.



Disclosure/Randon

**RANDON 1**

Alexandre Randon was named chairman of the board of directors of Randon

Implementos e Participações, succeeding founder Raul Anselmo Randon, who died on March 3. On an interim basis, he holds the position of vice president and will have a term until April 2019, when a new president will be elected at an ordinary general meeting.

RANDON 2

For the position of vice president, Randon chose to seek an external professional, who will be submitted to the board of directors and announced as soon as elected. They complete the composition of the board Ruy Lopes Filho, Pedro Ferro Neto and Derci Alcântara.

RANDON 3

David Randon continues as CEO of Empresas Randon, a position he has held since April 2009, and continues to head the non-statutory executive committee, the main executive decision of Empresas Randon.

RANDON 4

In the same way Daniel Randon remains as vice president of the board, directing the financial, human resources, purchasing and services areas. The executive committee is still composed of Alexandre Gazzi, COO of the automotive division, and Sérgio de Carvalho, COO of the auto parts division.

5008

Peugeot launches in Brazil the SUV 5008: Griffe and GriffePack versions, 1.6 THP engine of 165 hp, seven seats, automatic emergency braking, correction and alert of stay in range, speed reader and others. From R\$ 153 thousand to R\$ 162 thousand.



Disclosure/Peugeot

MAN IN AR

MAN Latin America enters the light truck market in Argentina with VW Delivery models 9,170 and 11,180.

FILED

Cade has filed suit against VW, Fiat and Ford for allegedly anti-competitive practice of abuse of intellectual property rights over industrial designs in the aftermarket auto parts market. The representation was made in 2007 by Anfape, National Association of Manufacturers of Autoparts.



Disclosure/Nissan

LEAF IN BRAZIL

Nissan announced that it will sell in Brazil the new generation of the electric Leaf. In addition to Brazil, the model will reach Argentina, Chile, Colombia, Costa Rica, Ecuador, Uruguay and Puerto Rico.

EXCLUSIVE

In an exclusive interview with Agência AutoData Edson Brasil, vice president of Ardeb, stated that the company's debt is equated and that it works with projection of a 10% increase in business in 2018. Ardeb filed for judicial recovery in early 2016

RENTAL COMPANIES 1

Fiat was the top-selling car manufacturer to reental companies in 2017: 169 thousand, or nearly 24% of all business to the segment last year.

RENTAL COMPANIES 2

In second place in the ranking of sales for rental companies in 2017 was GM, 17.5% of participation, followed closely by VW, in third with 17.2%. Renault with 14.3% and Ford with 12.4% complete the top five.

SINGLE PASSAT

VW restructured the Passat's offer for the 2018 line: now in a single version, Highline, 2.0 TSI 220 hp engine, programmable digital panel, adaptive suspension control, emergency braking, infotainment system with gesture control and more. For R\$ 164.6 thousand, a reduction of R\$ 13 thousand against 2017 model.



Disclosure/VW



Disclosure/Volvo CE

CHUEIRE

Afrânio Chueire leaves the position of president of Volvo Construction Equipment Latin America in April. And so he says goodbye to the Volvo Group after 18 years, for retirement.



Disclosure/Wabco Holdings

FIORONI

Wabco Holdings announced Roberto Fioroni for the position of Chief Financial Officer, CFO, from June 6. He has 20 years of financial management experience in companies such as Goodyear and GE.



Simão Salomão

GANDINI

José Luiz Gandini was reelected president of Abeifa, Brazilian Association of Importers and Manufacturers of Automotive Vehicles. Sixth mandate, for the biennium 2018-2019. Paulo Ferreira, of Via Itália, vice president, and Sara Bonadio, of JLR, financial director.



Disclosure/Rolls-Royce

FRITSCHES

Martin Fritsches was named Rolls-Royce's vice president of sales for the Americas region, the company's largest market in the world. He left the sales directorate of BMW Brazil, which he held since 2012. Renato Fabrini, general sales manager, takes over temporarily.



Disclosure/KSPG no Brasil

HEYDEBRECK

Claus von Heydebreck took over the presidency of KSPG in Brazil. Formerly CEO of Motorservice Brasil, aftermarket division that deals with the commercialization of the brands Kolbenschmidt-KS, Pierburg and BF.



Disclosure/MIAU

CORCEL 50 YEARS

The MIAU - Automotive Press Museum promotes the exhibition Corcel 50 Anos. It tells the story of the Ford icon through photos, magazines, catalogs, press releases and the like. The show involves all variations and evolutions of the family: Corcel, Belina, Corcel II, Del Rey and Pampa. Highlight for vehicle Del Rey Scala 1983 that plays the role of cinema for documentary show that reveals the development of the vehicle, 1968. On Saturdays, Sundays and holidays. Additional information on www.miaumuseu.com.br.

MOURA

Grupo Moura received the international certification Great Place To Work. Conducted earlier this year, a survey that examined the work environment was attended by 86% of the company's staff. The result was 82% satisfaction, certifying Grupo Moura in the list of the best companies to work for.

BMW AFTERMARKET

BMW Group Brazil announced an additional investment of R\$ 2.5 million in the global program of certification and audit in shop and paint in the dealership network. Total contribution in the area totals R\$ 7.5 million since 2014.

AFTER SALES BMW 2

The BMW program will now be certified by the MBI concessionaires of Campinas, SP, Euroville, Belo Horizonte, MG, Agulhas Negras, São Paulo Capital and São Bernardo do Campo, SP, and PG Prime, João Pessoa, Paraíba.



Disclosure/CNH Industrial

SISTO

Carlo Alberto Sisto became Chief Financial Officer, CFO, of CNH Industrial Latin America. Mariano Pizzorno, the new world leader in the financial area of the Iveco brand and the commercial vehicle segment, succeeds.



Disclosure/CNH Industrial

GOÉS

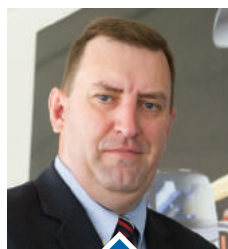
Still at CNH Industrial Heberson, Góes becomes responsible for the area of Financial Services in Latin America, which controls the operations of Banco CNH Industrial in the region.



Disclosure/Volvo Cars

SAMUELSSON

Hakan Samuelsson, CEO of Volvo Cars, was named the Automotive Personality of the Year 2018 by the jury of the World Car of the Year Award, won by the Volvo XC60. The honors were given at the Geneva Motor Show in Switzerland.



Disclosure/Marcopolo

PIKUSSA

Rodrigo Otavio Pikussa assumes the position of director of the Bus Business of Marcopolo S.A. and becomes the direct responsible for the commercial area for the Brazilian market. Until then executive manager of International Business of Region Americas.



Julio Soares

CORSO

Still at Marcopolo, Paulo Corso left the company after 39 years. He was the director of commercial operations and director of marketing for the domestic market.

BLACK EDITION

Audi launches in Brazil special series for the SUV Q3, the Black Edition. Aluminum interior finish, panoramic sunroof, electric opening and closing of the trunk, Bose sound and others, added with a sports kit for the body. For R\$ 185 thousand.



Disclosure/Audi



Disclosure/Mini

HOMAGE OR HERESY?

Mini presented at the New York Motor Show, in the United States, a classic Cooper model that had its original mechanics replaced by 100% electric motorization. According to the company, it is a single prototype that "demonstrates its desire to use purely electric driving as a new approach to an icon".

FORD CREDIT

Ford Credit Brasil ranked first in the Great Place to Work Women award, which recognizes companies that offer greater career opportunities and career advancement for women. Ford Credit was honored in the midsize business category by presenting the highest grade in gender management practices.

Disclosure/FCA



FILOSA

Antonio Filosa is the new president of FCA Fiat Chrysler Automobiles for Latin

America. He succeeds Stefan Ketter, who returns to Europe, where he will continue as FCA Chief Manufacturing Officer and member of GEC, Group Executive Council, the company's highest executive body.

At age 44, born in Naples, Italy, Filosa graduated as an engineer from the Polytechnic Institute of Milan and completed training in management at the Dom Cabral Foundation in Minas Gerais. He joined the Fiat Group in 1999 and since then has worked in several areas such as manufacturing, purchasing and supply chain, new products, marketing and project management. He has held positions in Spain, the United States, Italy, Argentina and Brazil.

The executive arrived at the Fiat plant in Betim, MG, in 2006, where he was the manager of internal logistics, strategic planning and purchasing, and deputy director of manufacturing. He has also been Purchasing Director for Latin America and is currently the Managing Director of FCA Argentina.

As a new position, Filosa also joins the GEC of FCA

40%

It is the percentage that Citroën expects to increase sales of the C4 Lounge with the launch of its new version in Brazil.

27

thousand units was the total sales of FCA in Latin America in 2017, excluding Mercosur.

100

thousand units is the FCA target for 2020 in the same analysis.

“Elon Musk is the Henry Ford of the present day. And this is not good.”

Edward Niedermeyer, an American Bloomberg columnist, in an article.

“Uber has decided not to renew its standalone car test license with the California Department of Transportation for understanding that our vehicles of this type will not operate on public roads in the immediate future.”

Press release from Uber distributed to the press after the first fatal accident involving a stand-alone vehicle in history, which occurred in March in the United States with a Volvo XC90 operated by the company.

“This accident may have killed the entire industry.”

Li Shufu,
chairman of Volvo Cars

“Saying no to technology may be the wrong answer.”

Hakan Samuelsson,
CEO of Volvo Cars

“No one knows yet how we will drive in the future - except that the experience will be radically different from the current one.”

Maurice Turrettini, president of the Geneva International Fair.

“There are countless automobile accidents caused by cigarette ashes.”

From a federal deputy for Goiás who created law project 8709/17, which prohibits drivers from smoking while driving. The PL processes conclusively and will be analyzed by the Commissions of Transport and Transportation and of Constitution and Justice and Citizenship of the Chamber of Deputies in Brasília, DF.

60

days was the deadline decided by Denatran, National Department of Traffic, to suspend its own resolution determining the beginning of the use of Mercosur common vehicular plates in Brazil as of 1st. of September this year. The deadline can still be extended by another 60 days.

16

days passed between the publication of the resolution and its suspension.

13

days passed for Denatran to revoke another of its own resolutions, which determined changes in the processes of obtaining and renewing a driver's license. This is definitive.