



WEEKLY Edition



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Volvo wants to be leader again

pg. 4

The first half in April shows a strong sales performance

pg. 6

Negotiation to reduce import tax moves on

pg. 7

CNH Industrial estimates R\$ 5 billion in purchases in the region

pg. 8



Photo: Publicity

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Despite the fact that for over a year it was the Prius, the highest selling hybrid model in the world, that was used as a prototype in the test with this technology, Toyota in Brazil has opted for starting the commercial operation of models featuring an electric motor combined with a flex fuel model with the Corolla, the highest selling car in the Brazilian market – with more than 1 million units in the streets.

The hybrid flex technology was developed by a joint effort between the engineering areas of Brazil and Japan, in a project started almost four years ago, in mid-2015. The Japanese side contributed with their knowledge of the hybrid technology, whereas the Brazilians provided mainly the knowledge of flex technology. The Prius prototype was tested in different kinds of roads and climates so as to evaluate the performance of the electric technology combined specifically with ethanol fuel.

**The model will
hit the dealerships
in October**

To produce the Corolla hybrid flex – the first ever hybrid model made in Brazil – of the twelfth generation of this model, the company has invested R\$ 1 billion in the Indaiatuba plant; this amount would entitle it, it is assumed, to receive the benefit of the IncentivAuto, a program by the São Paulo government to stimulate the auto industry, whose regulation is about to be published.

The new platform, TNGA, is the same one used in the assembly of the Prius, of the SUV compact C-HR and of the Camry sedan abroad. It is the most modern within the Toyota group in the world.

Besides serving the Brazilian market, the Corolla will be exported to Argentina, Paraguay, Uruguay, Chile, Peru, and Colombia, starting the first half of next year. ■

Volvo wants to be leader again

I tu, SP – Volvo is aiming at the top spot in the heavy segment, a position taken in the last couple of years by rival Mercedes-Benz. To this end, it discarded deeper changes in the heavy model FH, its entry in this segment of the market, and joins the fray with a vehicle that has gone through specific alterations in the powertrain to address diesel consumption. This choice saved the company time and it was made possible because the FH, in its present form, is the top-selling model in its category in the country.

Tuesday 16, the company announced the new configuration of the truck developed for countries where the Euro 5 is the norm in place concerning emissions. A software that electronically calculates the required fuel consumption so as to use only the necessary fuel to overcome upward or downward gradients was applied. During bench and field tests, a reduction of as much as 10% in consumption was observed.

The company implements changes in the FH line to claim back leadership in the heavy segment

To Alcides Cavalcanti, commercial director for trucks, the core of the competition by the main players in the heavy category resides in the field of energetic efficiency. "Volvo's current cabin is relatively new; we still have room to improve its technical characteristics.

However, we notice that fleet owners who went to the marketplace in search of a renewal of their fleets define the purchase based on fuel consumption. Taking it from there, we decided to develop new technology and act faster on the changes demanded by the client".

The fast response indicated by the exec comes at a moment when Scania, one leg of the stool that dominates sales of the heavy segment, is ripening in the market its new generation of trucks, introduced last year. Cavalcanti does not draw the comparison, but he believes that when events such as this one come up it is important to offer the fleet owners relevant alternatives: "The segment for heavy trucks is the fastest-growing one in the country as a result of the demand of the agribusiness. In a situation of fierce competitiveness, which coincides with fleet renovation,

the ideal position to be is to present an updated line".

Once the renovation is achieved, the company expects to record growth of up to 30% in the sales of heavy trucks, even though the economy has not put in place the foundations for the companies to feel comfortable in making forecasts. Numbers put forth by Anfavea show that Volvo recorded last year 9 thousand 138 licenses, an increase of 81%, which made it close the period in second place in terms of sales. In the quarter the licenses reached 2 thousand 906 units of heavy models, a full 80% over the (low base) of the first quarter of 2018.

Cavalcanti said that the offer of credit to the consumer and the availability of credit lines in private banks have improved the spirits of investors, but the overall picture is marred by a perceived appreciation of the exchange rate. This makes the sales of these trucks with the content of imported supplies more expensive, and we also have the prevailing climate of uncertainty around the approval of the social security reform. "The current scenario inhibits sales to clients in expansion, not of those clients with plans for fleet renewal, which at a point in time were buying trucks with upfront payment. For those in expansion economic and social factors impact purchase decisions".

A key factor in Volvo's decision to maintain the FH with specific changes was the fact that the model has a strong presence in the market, said Alcides Cavalcanti. It closed the quarter as the top-ranking model in sales in the Brazilian market, as indicated by Fenabrave in its release: up to March, 1 thousand 431 units of the FH540 were licensed, which means a share of 13.4% of the heavy trucks segment. Other companion models in the line, FH 460 and FH 500 are also present in the list of the ten best-selling models in the quarter.

The new vehicle hits the market with a price increase of more than 8% in comparison with its previous version, around R\$ 550 thousand. The price increase is a function of the increase in demand for the heavy trucks in the internal market, which led suppliers to charge more for pieces and components in the Volvo FH line. This does not lower the company's sales forecasts for this year: "The fleet owner noticed that the increase can be absorbed in his operation down the road. The FH has an interesting resale value, and there is also the reduction in fuel consumption".

The development of the new Volvo FH took up a chunk of the R\$ 250 million announced by the company to the factory in Curitiba, PR. The current version, besides the new electronic system, has new cylinder liners and a new turbocharger. The technology is different from the one utilized by model FH produced in Europe to serve that market and that of the United States. ■

The first half in April shows a strong sales performance

São Paulo – In the first eleven working days of April, 111 thousand 187 cars, light commercial vehicles, trucks, and bus chassis were licensed, according to preliminary data obtained by AutoData Agency from Renavam. This is the best result for the first half of the month in 2019, with an average of 10.1 thousand units licensed by working day.

In March the average for the first half of the month reached 9.3 thousand/day, above the average in the first half of February at 8.9 thousand/day and 8.8 thousand/day in January.

**A total of
111.2 units
were licensed**

Should this pace hold in the next ten working days of the month, the market would total 212 thousand units. However, dealers' expectations are higher: a source told this reporter that current projections point to a market in the range of 225 thousand to 230 thousand units, for typically there is an upswing in licenses issued in the last days of the month, even though the Easter holiday falls in this period.

Should this estimate of 230 thousand units prove valid, April would be the best month in sales volume this year and would record a volume 6% higher than last year's April, when Brazilians purchased 217.3 thousand vehicles.

Models – Chevrolet Onix maintains the headway in the ranking of models, with 7.3 thousand licenses up to Monday 15. The Hyundai HB20 held on to the second spot, with 5.2 thousand units licensed in the fortnight, followed by the Ford Ka, with 4.5 thousand licenses. ■

Negotiation to reduce import tax moves on

São Paulo – Sectors in the industry are negotiating with the federal government the reduction of the import duties on vehicles, currently hovering at about 35%. Companies leading the effort in Brasília, DF, seek to take advantage of the current administration's proclivity to the opening up of the market, so as to expand the availability of models in the automobile and truck segments in the country.

Last week the president of Abeifa, José Luiz Gandini, said that the information concerning tax reduction has been making the rounds in government offices. According to him, the tariff would go down to 15% and could become effective as early as the first half of the year.

Truck manufacturers have been keeping this discussion alive in Brasilia far longer. According to Marco Saltini, vice president of Anfavea, the opening up of the market should be a gradual process – but the issue generates opposing views within the segment: some manufacturers are discussing the reduction of taxes on the components; others are in favor of the reduction of taxes on the assembled vehicle.

This would bring more models to Brazil and could make assembly of CKD viable.

A source accessed by AutoData says that there are lobbying groups in Brasilia demanding the reduction of taxes so as to make viable the assembly of commercial vehicles by means of CKD kits imported from Asia. Conversations are underway with the São Paulo state government to the effect of adopting an installation.

Importers have of late been adversely affected by government decisions, especially during the period of the Inovar Auto program. Despite maintaining at 35% the vehicle import taxes, the previous automotive structure placed a surcharge of 30 percentage points on the IPI of imported products. There was a quota for importers, who had to balance their operations within this quota.

At the end of 2017, the Inovar Auto program was discontinued and import taxes went back to previous levels. ■

CNH Industrial estimates R\$ 5 billion in purchases in the region

Belo Horizonte, MG – CNH Industrial will buy, this year, R\$ 5 billion in parts and components in South America, which is 10% higher than last year's. According to its purchasing director for the region, Carlo Martorano, the increase in purchases reflects the performance of the domestic market, which makes up for the softer demand in Argentina and other Latin America markets.

With the new structure in CNH Industrial organization announced earlier this year the South America Region, despite this name, is also responsible for the rest of the countries in Latin America and the Caribbean. In many of these the GDP is growing, but some of the areas in which the company operates, such as construction and transport, are not doing as well. The agribusiness goes in the opposite direction, particularly in Brazil and Argentina.

Brazil is an exception, though: it grows in all of the segments, albeit still at a slower pace than expected by the company. It is not enough, additionally, to recoup the losses of the last couple of years - something that reflects the performance of some of the suppliers, according to Martorano.

"This is our main bottleneck: the investments put in place in 2013-2014, in anticipation of a demand that never materialized, are yet to pay back. Many companies are in debt, without the expected return on the investment, facing a slow recuperation even in comparison with a low basis".

The costs, especially in raw materials, are another problem the sector is facing. According to Martorano, Brazil is in a situation where for three consecutive years steel prices have gone up; the companies just cannot pass these increases on to the final client: "This ends up reflecting in supplier margins and in our margins; if we push too hard, the supplier cannot take it."



The amount exceeds by 10% last year's cost, according to director Carlo Martorano

To help avoid the dismantling of the supply chain, CNH Industrial offers its suppliers both programs and tools so as, in some way, try to soften the financial problems. In the case of steel, it created a pool of suppliers that buy the raw material directly from the steel mill, at lower prices and with easier availability of financing. The material is then manipulated by a different supplier, who delivers the steel plates in the required size.

Another tool, a true and tried one, is WCM, or World Class Manufacturing, a methodology for process improvement that identifies potential gains of efficiency in the plant. In the last couple of years alone, the company achieved gains in efficiency of 8% to 10% with the program – which, in the case of some suppliers, could mean salvation.

“But, for reasons I do not fully understand, the supplier won't use it”, complains Vitor Fistarol, president of CNH Industrial for South America. “We offer free consulting and yet we encounter resistance”.

To solve the internal problems is fundamental for the supplier to maintain the partnership with CNH Industrial, says Martorano. He who adapts, invests and offers products with state-of-the-art technology will be able to overcome the borders of South America: “In localizing components, the supplier has the opportunity to export to other plants of CNH Industrial throughout the world”.

This scenario is still more encouraging: in 2019 alone, the group aims at an amount of over R\$ 50 billion in purchases, on a worldwide scale. ■

Ford kicks off a Voluntary Program to stimulate employees to leave the company

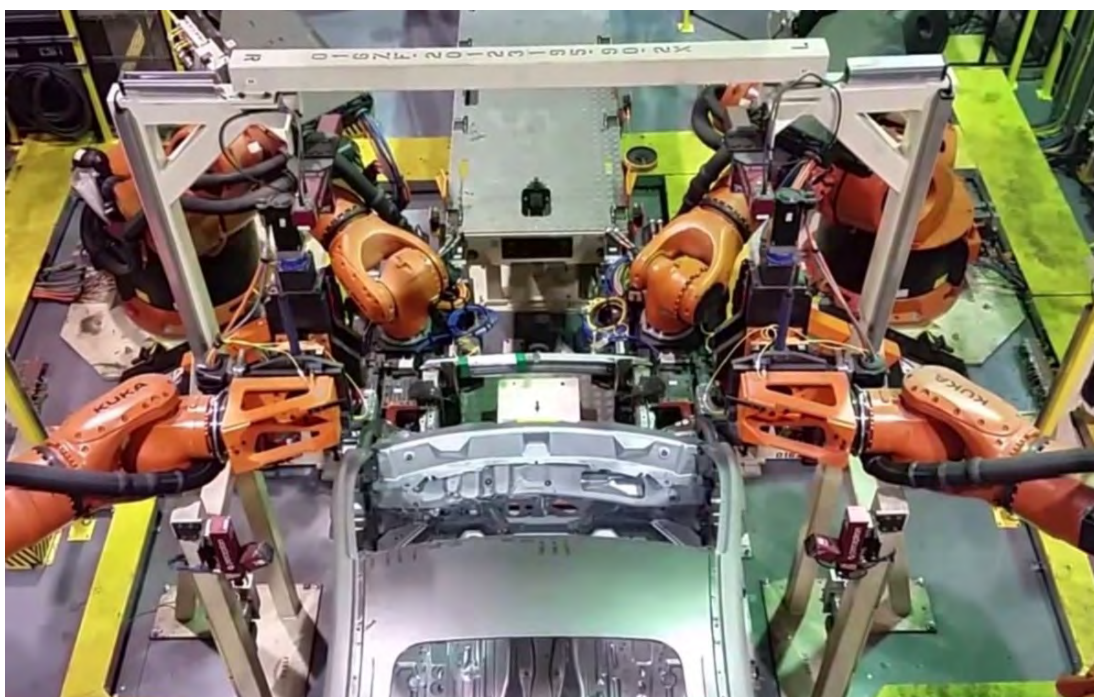


Photo: Publicity

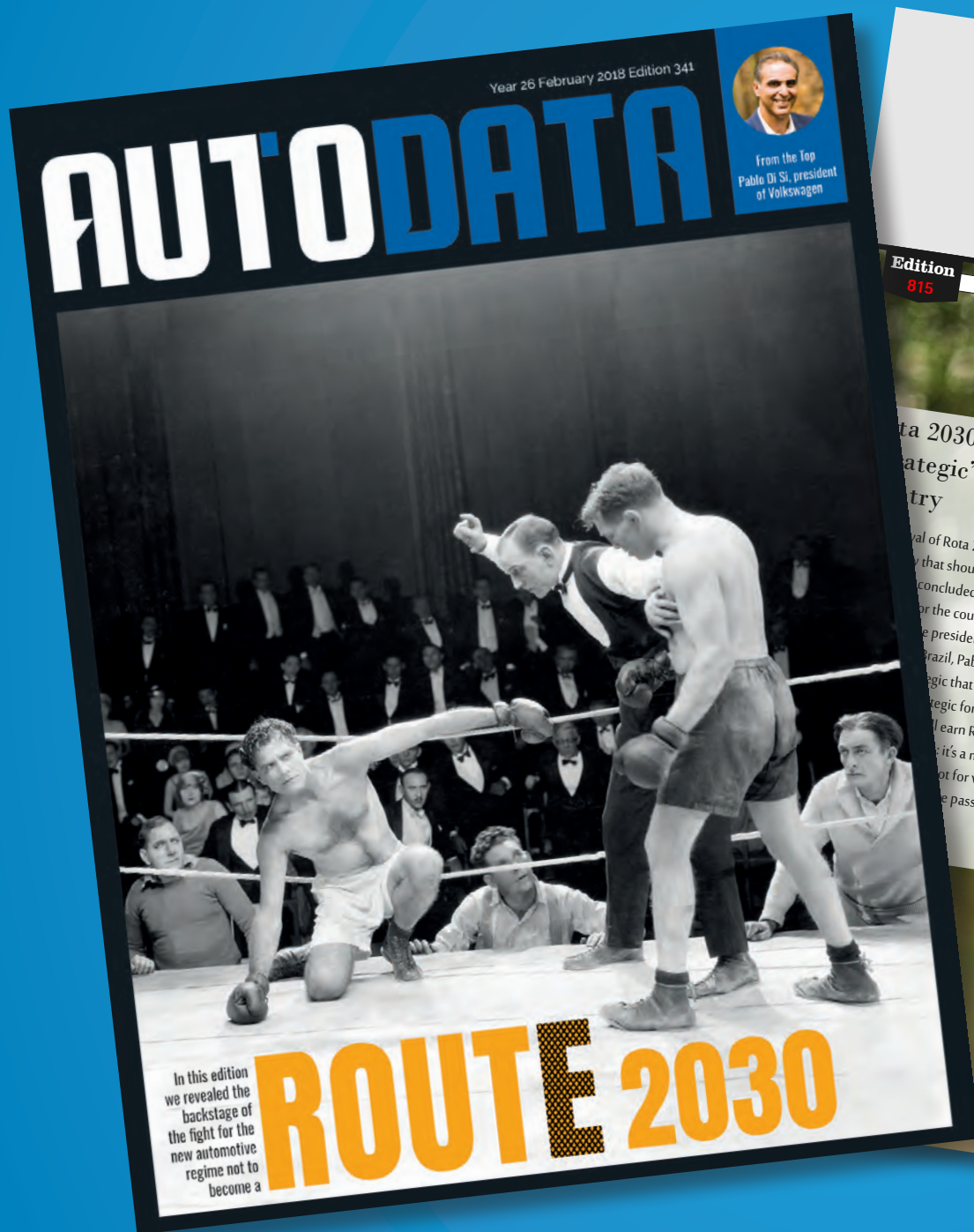
The objective is to adjust the number of employees to current needs

São Paulo – Ford started a so-called PDV, a plan that offers employees incentives to voluntarily leave the company, in the unit of Camaçari, BH. The company confirmed the information on Tuesday 9: employees interested in joining the program must sign in until the 26 of this month. Through a note, the company stated that the initiative “is intended to adjust the number of employees to current market demand”.

According to Júlio Bonfim, president of the local metalworkers union, the company offers R\$ 35 thousand to employees adhering to the program, beyond law-mandated job termination entitlements. In this particular unit, the hatch and sedan versions of Ford Ka and the compact SUV EcoSport are produced. The workforce is 8.2 thousand employees, says the union.

Bonfim also disclosed that the termination plan is part of the scheme of personnel adjustment in the Camaçari plant; there is no correlation with production: “The plant is producing normally. We have an agreement on job stability that goes through April 2020. That is why management opted for the PDV to promote these adjustments in the workforce”.

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The sedan will be the first global Onix to be sold in Brazil

Indaiatuba, SP - The performance of the Onix model in the Brazilian market, market leader since 2015, served as the stamp on the global passport on account of the reputation the hatch has built for itself around here. More than that: soon enough, Onix will also be the name of the sedan of the new family of global compact models to be sold in over 40 countries. This is the wager in the next decade for the Chevrolet brand, which will present next week in the Shanghai Car Show, China, the brand-new version of the Onix sedan.

The chief engineer for this project, Brazilian Gregorio Del Rio, was in the Cruz Alta proving ground, in Indaiatuba, SP, to allow a peek, a very small one, of the new global sedan that will hit the domestic market in the second half of the year.

It was a typical General Motors presentation, which shows something, such as a camouflaged vehicle like the one in the photo above, but does not



Photo: Publicity

confirm officially much. Maybe the two most relevant news is the tendency to utilize a three-cylinder turbo engine and the larger dimensions of this new sedan as compared to the current Prisma – which seems poised to lose its name to the global brother to be disclosed in Shanghai.

“There are 1 thousand 800 specialists located in fourteen different countries, who are responsible for the development of this global sedan, the first one of a new family to be launched in Brazil this very year”, highlights Del Rio, the leader of the project, currently living in Shanghai as GM's main development center for compact vehicles is concentrated in China.

The opportunity this Thursday 11 in Cruz Alta was not only to deny - even though confirming between the lines, and keeping the suspense until the Shanghai Show – that the very Brazilian Onix will be the global nameplate of the sedan. It also highlighted the importance of the Cruz Alta proving ground in the development of what is fondly called “Baby” by execs and engineers involved in the conception of the new global family of GM vehicles.

The camouflaged sedan and several others like it from this new global project have already run over 800 thousand kilometers in the Cruz Alta tracks so as, according to Gregorio Del Rio, “to overcome expectations and establish a new level of quality, maneuverability, and performance with these new products”.

The importance of Cruz Alta and the leadership of Del Rio in this global project demonstrate the relevance of Brazilian engineering in all phases of this project “which started with the first meetings in 2014”, recalls the chief engineer.

“The technical diversity of this team and the utilization of labs and tools available in the company throughout the world, such as advanced programs of virtual simulation, will help us attain a significant leap in the conception of these new global vehicles”, says Gregorio Del Rio.

Based on the architecture of the Onix sedan and the Onix hatch – which should be introduced in Brazil before year-end – several other vehicles will be conceived, in up to five different configurations of different bodies.

During the event for newspaper personnel, even without any info on the production of the camouflaged vehicle presented, it is known that it will be produced in the GM plant in Gravataí, RS. ■

An original model, which to us is the evolution of the Prisma, will be first exhibited in the Shanghai Car Show. Onix reaches global status after demonstrating that it is a favorite in Brazil

VWCO PROJECTS HIGHER MONTHLY SALES FOR THE DELIVERY EXPRESS

Objective disclosed by vice president Ricardo Alouche is to conquer a 35% share of the segment.

São Paulo – To sell 689 units of the Delivery Express, a volume that translates into a 28% share and the leadership of the semi-light segment was not enough for Ricardo Alouche, vice president of sales, marketing and aftersales for Volkswagen trucks and buses. The executive has the objective of raising the level of monthly sales throughout the year.

According to Alouche the projection for the year is to reach a 35%, with over 3 thousand Delivery Express sent to the market – it will exceed the current monthly average, of 250 units, reaching 300 vehicles a month. “We use as a base the numbers provided by Anfavea that projects growth of at least 15% for the truck market, and we want to take advantage of this increase to sell more Delivery Express units”.

The executive highlighted that the leadership the company seeks is in the sale of semi-light chassis-cabin vehicles, excluding the passenger vans and the cargo vans, which he considers to be in a different category. Even though fighting for the top spot, Alouche made it clear that the company will not engage in price wars to obtain new sales contracts:

“Production costs have gone up during the crisis and the price of trucks did not rise accordingly. So we will not reduce our margins to woo new clients: we will demonstrate to prospects that we have the best option in the market, regardless of price”.

Main competitors to the Delivery Express are the IVECO Daily and the Mercedes-Benz Sprinter, but products such as Hyundai HR and Kia Bongo are also in the game.

Main buyers are small entrepreneurs with small fleets, from one to five units, which operate in segments such as landscaping and trade and use the vehicles to transport their products and work tools. "These are entrepreneurs that used to drive pick-ups for the job, and now, with the growth in demand and the professionalization of their business, increasingly opt for our vehicle".

Another typical buyer is that of large companies, such as Panco, which uses the vehicle without any restraints for deliveries in urban centers. To Alouche the truck stands out in the market for the maneuverability, comparable to that of a passenger car so that a person with a driving license category B can drive it; for the cargo capacity; and for the comfort in the cabin.

Photo: Publicity



Motorcycle industry reviews projections for 2019



Photo: Publicity

São Paulo – Motorcycles manufacturers have revised upwards their projections for the market in 2019. Their new take on the market is that production will increase by 6%, rather than 4%, in comparison to the volume that rolled off production lines last year, which would take the total market to 1.1 million units. In the case of sales to the dealerships, the new scenario is that they will be 10.7% higher than those achieved in 2018, reaching 1 million 60 thousand units. The previous projection was that the market, until December, would sell 7.7% more.

To the retail, the new projection for the industry announced by Abraciclo on Wednesday 10 points to an increase of 8.5% compared to 2018, which by year-end will represent – should the projections prove accurate -- 1 million 20 thousand licensed motorcycles. Previously, the entity called for 998 thousand units for sales that were 6.2% higher than the 940.1 thousand units of the previous year.

Expectations are higher for production and sales, with a reduction in exports

In exports, though, the revision was downwards: from minus 28% to minus 45% or 40 thousand shipments.

According to Marcos Fermanian, president of Abraciclo, the positive projections for sales and production demonstrate that the internal market did make up for the losses that the industry recorded in the external market. "The motorcycles that we did not export ended up being shipped to the dealerships, which saw their sales increase as a result of the bank credit scenario and promotions in the consortiums".

As for the sharp reduction in the export, Fermanian cites the crisis in the Argentinian market as responsible.

Results. Thursday Abraciclo disclosed data concerning the performance of the industry in the quarter. Until March, the country produced 276 thousand 835 motorcycles, for an increase of 6.6% in comparison to the first quarter of last year. The volume was positive even though in March, the month of Carnival with 19 working days, production was smaller than March of last year, reaching 91 thousand 537 units, which translates to a reduction of 3.3%.

Wholesale sales, in the quarter, reached 270 thousand 641 units, or an increase of 15.7%. In March, a total of 93 thousand 559 units were sold to the dealerships or 7.2% more than March of last year. Licenses in the quarter, meanwhile, reached 258 thousand 652 units, an increase of 17.9% compared to January-March of 2018. In March 83 thousand 798 licenses were attained, or 5.6% more than the volume registered in the same month of last year.

In the three first months of the year, 11 thousand 382 motorcycles were exported, a reduction of 51.2% compared to the same period of 2018 when 23 thousand 320 units were shipped. In March the volume shipped was 3 thousand 525 units, a reduction of 54.5% in comparison to the same month of last year. Argentina was the main destination of the Brazilian export of motorcycles, with 3 thousand 832 units, or 37.7% of total exports. The United States and Canada make up the three main destinations. ■