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The Kwid is Renault's flagship car

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The Kwid is Renault's flagship car

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“We should reach an 8% market share in the coming months and we expect to exceed that ratio with the Kwid.”

The certainty of the model's good performance in the upcoming numbers of new vehicle license registrations is supported in the product's launch strategy, which assigned priority to price. The more simple version of the Kwid starts at R\$ 29,900, closing with the top-of-the-line version at R\$ 39,900 - well below the prices of its direct competitors, the Volkswagen up! and the Fiat Mobi.

VW has bet on the modernity, efficiency and sportiness of its subcompact, but the car is priced from R\$ 35,000 to R\$ 56,000. Fiat differentiated its model with attributes such as joviality and connectivity, however, as in the case of VW model, its less expensive version hits the market at R\$ 33,000.

The Kwid pre-sales phase, which began June 9, surprised even the most optimistic Renault executives. According to the company's president for Brazil, Luiz Petrucci, the volume sold during the campaign that ended July 31, was four times the company's estimate: "A total of 83% of sales were to customers of other brands. If all of the requests are confirmed, we will be able to improve our market position significantly."

He said that deliveries for those who had reserved the Kwid will begin this month and should extend until September. In October and November the cars purchased from now on will start being delivered: "It is important to note that they will have the same pre-order prices. The internet shopping channel will also be maintained, for now. There will be no inventory at the dealers.

The 300 Renault dealers across the country have two models available: one to test drive and one for display. Requests may be made by the client at the dealers, over the internet. According to Petrucci, this form of selling will arrive by the end of the year: "That's not news for Renault. We've conducted this type action before, with the Clio, a few years ago, and had great success."

All this planning has a reason: Renault is starting the third production shift at the plant in São José

dos Pinhais, PR, to receive the new model. According to the president, 1300 employees were hired, 700 in May, and 600 in August: “We will soon reach 60 cars/hour. Right now, we are starting up the line.”

Today, the Renault facility has an annual production capacity of 320,000 cars and 60,000 SUVs.

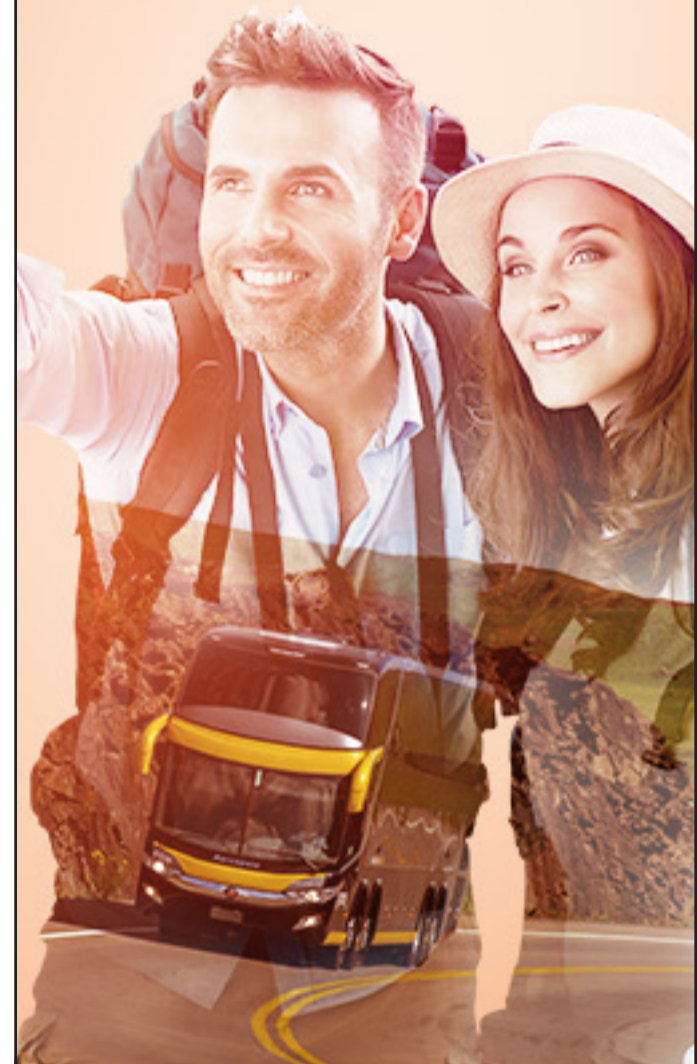
The plant, according to Antônio Fleischmann, Project Director of Renault for the Americas region, received investments to adapt the line to the Kwid: “As we have a single-flow line, we implemented a few modifications to also enable the Kwid to go through this line.”



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This whole process is part of the company's R\$ 1.5 billion investment plan for Brazil, which should last from 2011 to 2019, "but the resources ended with the launch of the Kwid." Without revealing numbers, Fleischmann ensured that the investments made to the entire development process of the model were substantial.

Suppliers - Fleischmann noted that the reduction in costs was a target since the project began, the first in conjunction with Nissan dedicated to Brazil: the Kwid has the same platform as the Datsun redi-GO, but has been designed and developed for the Brazilian market.

According to him, 290 Brazilian engineers participated in the project to adapt the car to suit the consumer:

"We have been working on this project since 2012. We created a platform that was first used by Nissan, through its Datsun brand, then by Renault, with the Kwid in India, and now with the same model in Brazil. But, from the beginning, it was thought for markets where it would be sold. It is a dedicated project."

The Brazilian Kwid has 80% of its content composed of new parts, developed by RTA, Renault Technology Americas, from the structure and mechanical characteristics to the comfort, connectivity and safety equipment: "We developed suppliers with the idea to lower the costs of the project. We will have between 50 and 60 partners for the Kwid, including 40% that are new suppliers. This was done to reach the guidance of the project's costs."

Those who have become supplier partners to the Renault Kwid are suspension, metallic structure and electronic equipment producers. The executive added that more than 70% of the parts that equip the Kwid are from suppliers located in Brazil and in Argentina.

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GM attracts systems suppliers to Rio Grande do Sul

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The announcement of a R\$ 1.4 billion investment by General Motors in its Gravataí plant, in the state of Rio Grande do Sul, for the production of new family vehicles that is scheduled to arrive in 2020, attracted the attention of its suppliers to that city. According to the State Government “six multinational companies” that would be involved in the development of these vehicles have advanced projects to settle in the city.

According to the Secretariat of Economic Development, Science and Technology, during the year and a half in which GM articulated new investments in the region, in partnership with the state

government, the new suppliers sought land next to its industrial complex. There are doubts about whether they will locate within the industrial condominium or its surroundings.

The secretary said that some of these companies are considering supplying to systems suppliers as Tier 2 or 3 - something that cannot happen inside GM spaces: "The State maintains an incentive program for certain supply chains, including auto parts. This drove some of the companies interested in locating here to study the possibility of supplying to more than one company."

Independent of exact location, the Fundopem RS, the state's main development program, was responsible for attracting them. The program, when resources are not made available for the projects, allows companies to finance the incremental monthly ICMS tax from their operation. This year, the government launched the Mult Program, with specific incentive packages for the automotive sector. Companies that invest in the expansion of suppliers or to locate in the State should benefit from this program.

The Gravataí industrial condominium was inaugurated in 2000 and began with sixteen suppliers installed around the GM lines. There are currently 21 companies that provide components for the Prisma and Onyx – the latter was the best-selling car in Brazil during the first semester, with 98,469 units. The runner-up, the Hyundai HB20, sold 60,460 units, according to Fenabrave.

The investment announced on Thursday, 3, is part of the company's plan to invest R\$ 13 billion in Brazil between 2014 and 2019. During the first seven months of the year, output from the Gravataí plant accounted for 73% of the 185,000 Chevrolet brand cars licensed in the country. Currently, the unit has 2800 employees.

The company did not reveal how many new jobs will be created, but the expectation, according to the State Government, is that the new vehicles should require new job openings at the new suppliers, although the trend is that the new line should absorb employees who already work there.

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Renault announces another R\$ 750 for Brazil

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Renault announced on Tuesday, 1, R\$ 750 million investment in a new aluminum injection plant and the expansion of its engine unit in São Jose dos Pinhais, PR. The memorandum of understanding was signed by the State Governor and the president of Renault Latin America, Olivier Murguet, and the president of Renault Brazil, Luiz Pedrucci.

Olivier Murguet, of the Renault Latin America, end governor of the Paraná



The last investment cycle, R \$500 million, should have been applied up to 2019, but was consumed with the completion of the development of the Kwid.

According to Renault, the aluminum injection plant will begin production in January. There will be one line dedicated to the production of engine blocks and another for cylinder heads. The investment includes R\$ 350 million for the new aluminum injection plant, which should generate 150 direct jobs in three production shifts, and the remaining R\$ 400 million will arrive for the expansion of the engine production unit, which will have new machining lines for the aluminum heads. With the investment, Renault will benefit from the Paraná Competitivo program through the deferment of payment of the ICMS tax on electricity and natural gas bills at its plant for a period of 48 months.

The engine plant will be expanded to the production of more efficient equipment, according to Olivier Murguet. Another factor that motivated the investment was sales growth in Latin America: “Our investments reinforce the strategic importance of Brazil. Last year, 35% of our production was exported. In the first half of this year, we increased our exports by 60% with respect to last year. We hired 700 people three months ago for the third shift, and we are operating very close to our maximum capacity.”

Renault can produce 380,000 vehicles per year in Paraná.

The executive added that the company will increase the local content ratio of its components and foresees the launch of a new generation of engines. Inaugurated in 2001, the engine plant has already produced approximately 3.5 million units. Approximately 40% of this production was shipped abroad, mainly to Argentina. Renault, which began producing in Brazil in 1998, employs 6300 people directly, and generates approximately 25,000 indirect jobs. The Ayrton Senna Complex, in São José dos Pinhais, is composed of three manufacturing facilities: cars, light commercial vehicles and engines.

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Neo Rodas increases capacity

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Neo Rodas plans to increase production of aluminum wheels by 1000 units per day with its new machining cell, which will begin operating this month. Today, production is at 3000 units daily. The machine, IMT, is the only one of its kind in Brazil and is fully automated, which will improve product quality and should increase the company's competitiveness level.

Acquired for R\$ 5 million, this has been the company's biggest acquisition this year, when the company intends to invest R\$ 15 million in lab equipment, melting furnaces, foundry machines and plant infrastructure. Next year, the company plans to invest R\$ 18 million.

The company's current annual production capacity stands at 1.2 million wheels/yr. In the first semester, production volume totaled 330,000 wheels, which represented an increase of 33% over the same period last year. During the second semester, production is expected to increase by a minimum of 40%. Much of that growth should be derived from launches of new vehicles, such as the Fiat Argo, Mitsubishi ASX, Lifan X60 and the new Volkswagen Polo and Virtus.

The focus of the company - which today occupies the third position in the ranking, behind Maxion Wheels and Mangels - is to reach the second position in the ranking of aluminum wheels suppliers in Brazil in 2019, according to the CEO, Alexandre Abage:

"We want to boost growth with new business. We are in negotiations with automakers installed here and we have worked hard to increase our exports to South America and Europe. Our investments are made with our own capital, which gives a very big guarantee to our customers."

The idea of Neo Rodas is to remain as an OEM supplier. In Brazil, the company produces for BYD, FCA, Hyundai CAO, Mitsubishi and Volkswagen. Exports of its products are carried out by General Motors, to Chile and Argentina, and by Volkswagen, to Argentina, and Lifan, to Uruguay. **WE**