

# VOLKSWAGEN

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## **Volkswagen in the U.S.: An Evolving Growth Story** **Deutsche Bank Global Auto Industry Conference**

**Michael Lohscheller** – EVP & CFO, Volkswagen Group of America, Inc.  
Detroit, 10 January 2012

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## Agenda

**Volkswagen Group sales update**

**Volkswagen's profitable growth in the U.S. market**

## **Agenda**

**Volkswagen Group sales update**

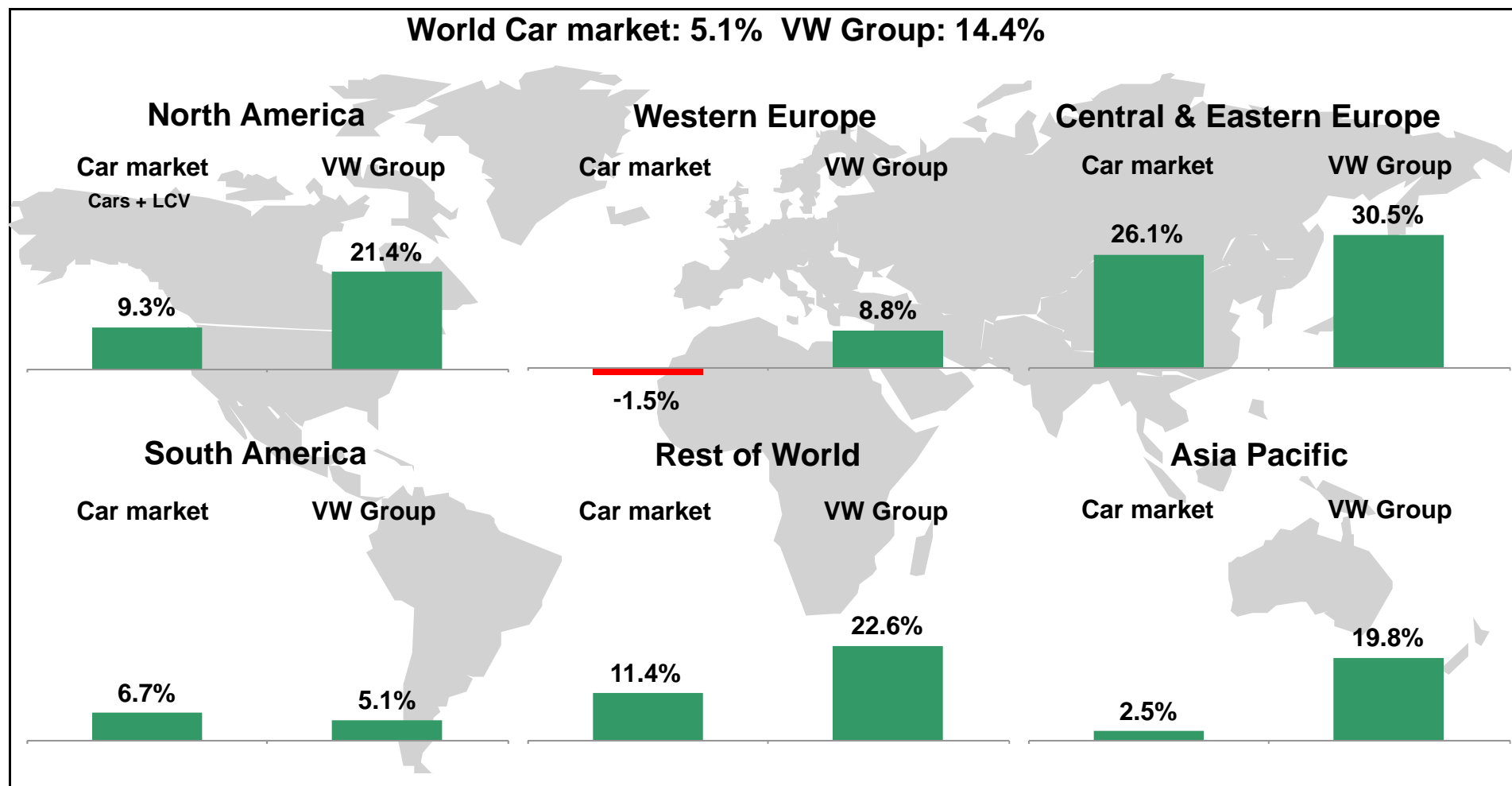
**Volkswagen's profitable growth in the U.S. market**

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## World car markets and Volkswagen Group deliveries to customers<sup>1,2)</sup>

January to December 2011 vs. 2010



<sup>1)</sup>incl. Scania (Jan-Sept)

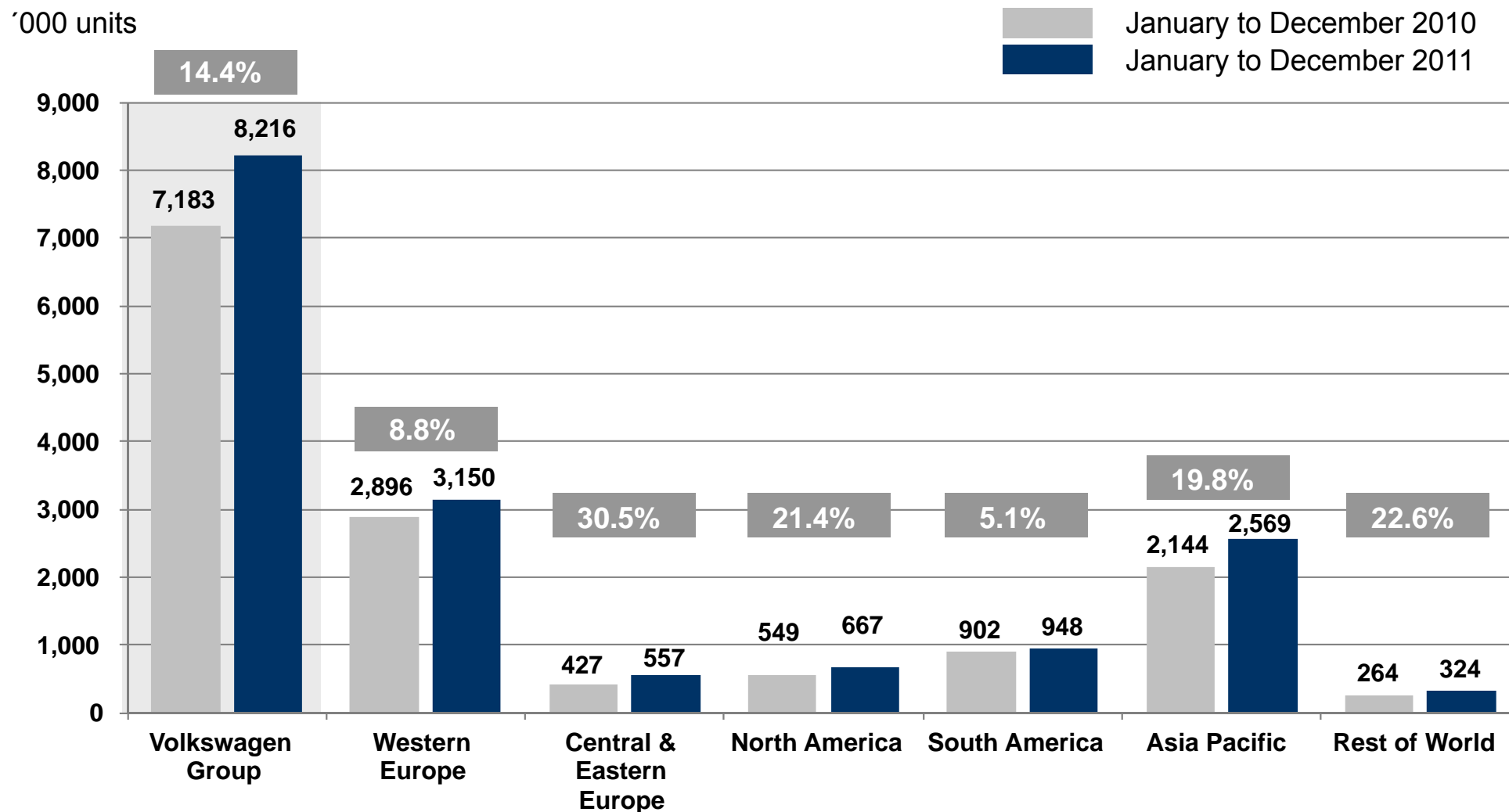
<sup>2)</sup>preliminary figures

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## Volkswagen Group – deliveries to customers by market<sup>1,2)</sup>

January to December 2011 vs. 2010



<sup>1)</sup> incl. Scania (Jan-Sept)

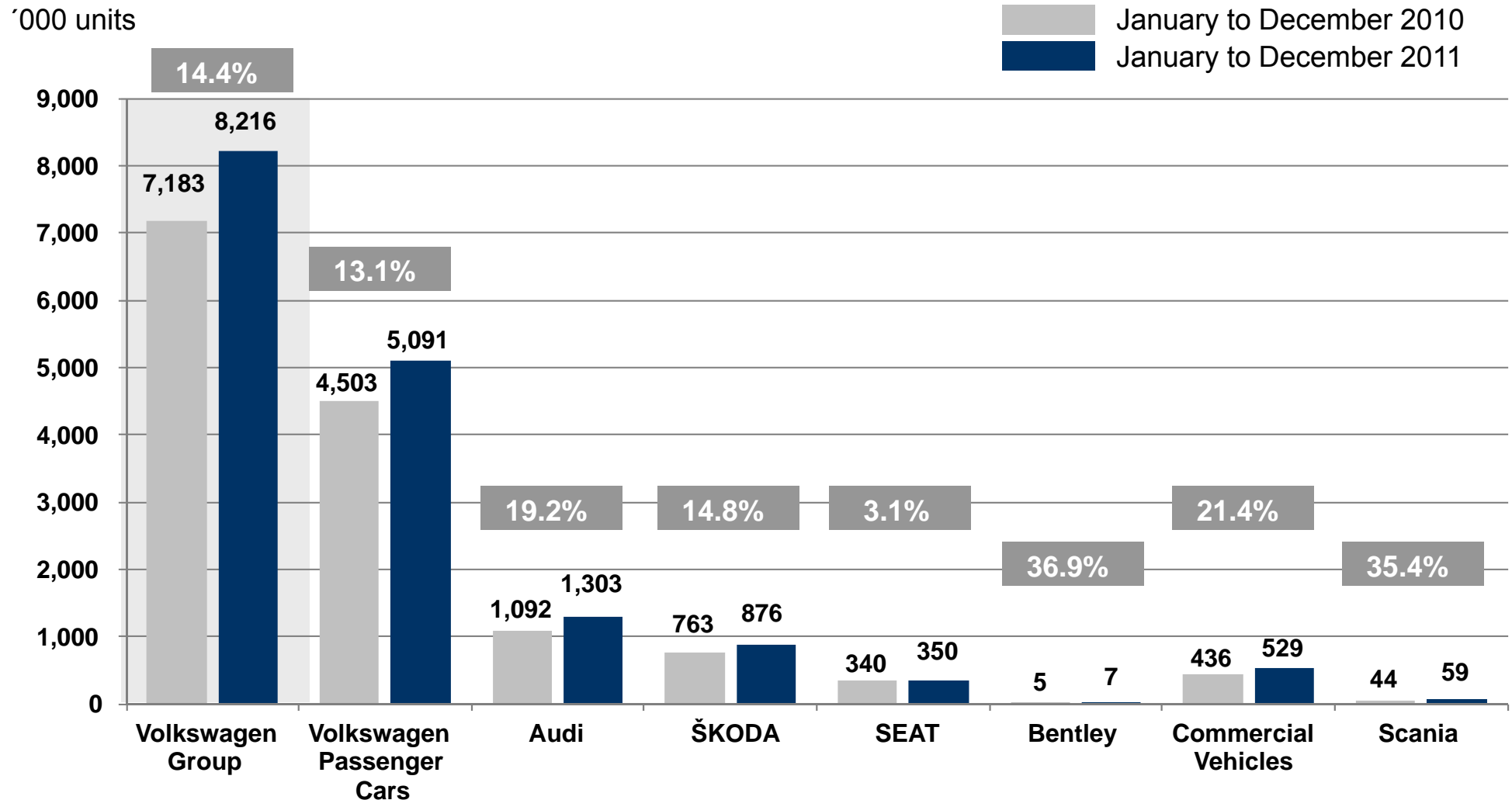
<sup>2)</sup> preliminary figures

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## Volkswagen Group – deliveries to customers by brands<sup>1,2)</sup>

January to December 2011 vs. 2010



<sup>1)</sup> incl. Scania (Jan-Sept)

<sup>2)</sup> preliminary figures

## Agenda

**Volkswagen Group sales update**

**Volkswagen's profitable growth in the U.S. market**

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## Volkswagen Group of America – Overview

### Brands

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Truth in Engineering

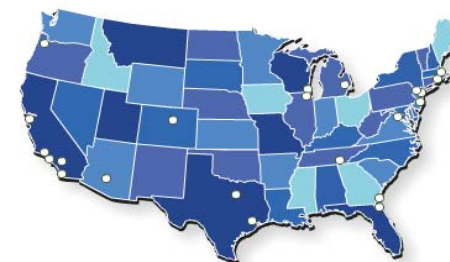
Audi



BENTLEY

- Group Sales 2011: > 444,000 units in USA / + 23 % vs. YTD 2010<sup>1</sup>
- Group Market share YTD 2011: 3.5% in USA / + 0.4 percentage points vs. YTD 2010<sup>1</sup>
- Over 4,300 employees
- Finance company: VW Credit, Inc.

### Locations



#### Locations in USA:

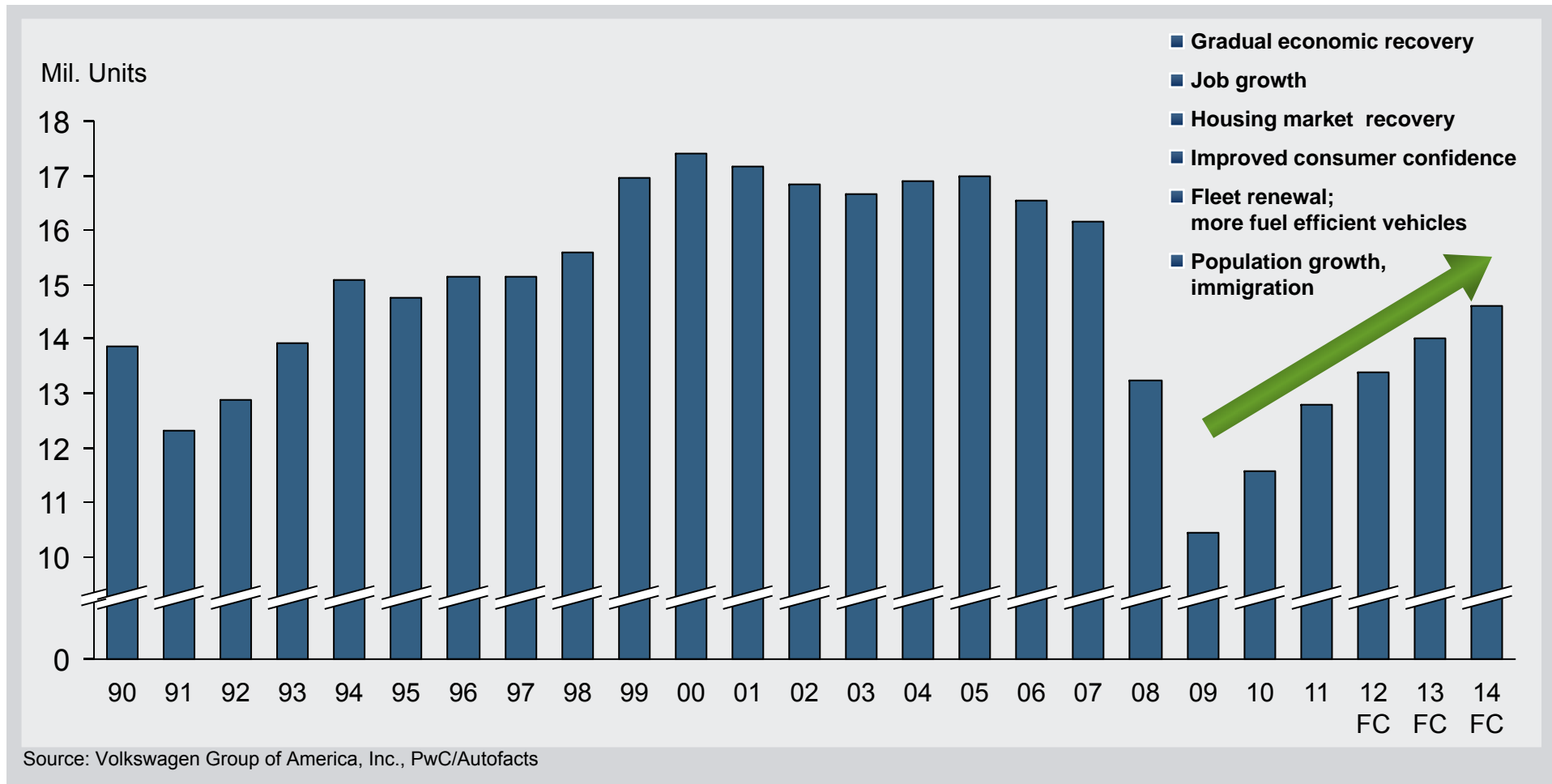
- Corporate Headquarters in Herndon, Virginia
- Group Quality/Technical Facilities Auburn Hills, MI
- New factory in Chattanooga, Tennessee
- Corporate Design Center and Electronic Research Laboratory (ERL) in California
- Ports and post production facilities in California, Georgia, Rhode Island and Texas
- Parts distribution centers in California, Florida, New Jersey, Texas and Wisconsin
- Financial Service Center in Auburn Hills (Remarketing & Auction) as well as in Illinois and Oregon

Source: <sup>1</sup>Autodata Motor Intelligence, Jan. 2012

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## Expected Overall U.S. Market Development



## Business Objectives 2012



- Build on fundamentals that contribute to sustainable and profitable growth
- Out-perform market with double-digit growth
- Volkswagen Group of America to continue sales momentum in 2012 and aim to sell over 500,000 units – the first time in 39 years.
- Market forecast between 13.5 – 14 million units in 2012 depending on economic conditions.
- Achieve profit at an operating level in 2012 for the second consecutive year for U.S. Sales Operations
- Passat and Beetle with first full-year of sales. Refreshed CC to hit the market this spring, followed later by the all-new Jetta Hybrid.

## Volkswagen Group in America – Writing a New Chapter



- Clear global vision
- New chapter in U.S. story
- Product, technologies and people



<sup>1</sup> Global Volkswagen Group Targets

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## Volkswagen in America – Then and ...

Flashback to the 1960s...



Then to the 1990s...



## Key Messages

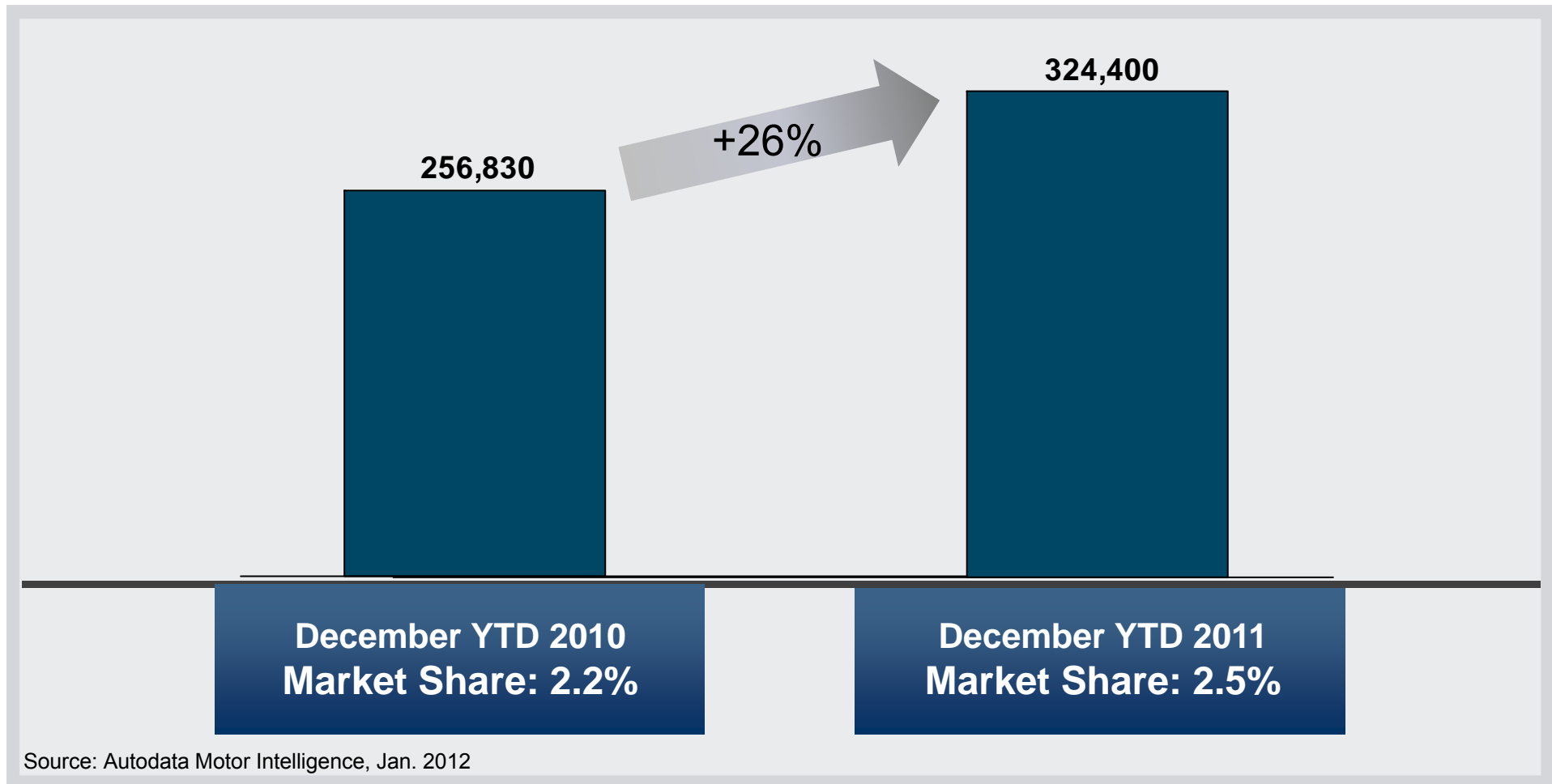


- U.S. car market is recovering, but at a slower pace
- Executing 2018 Growth Strategy
- Broad-based Momentum established
- Volkswagen brand improvements beginning to emerge across Business
  - Brand, Quality, Customer Experience
  - Financial – move towards Break-even

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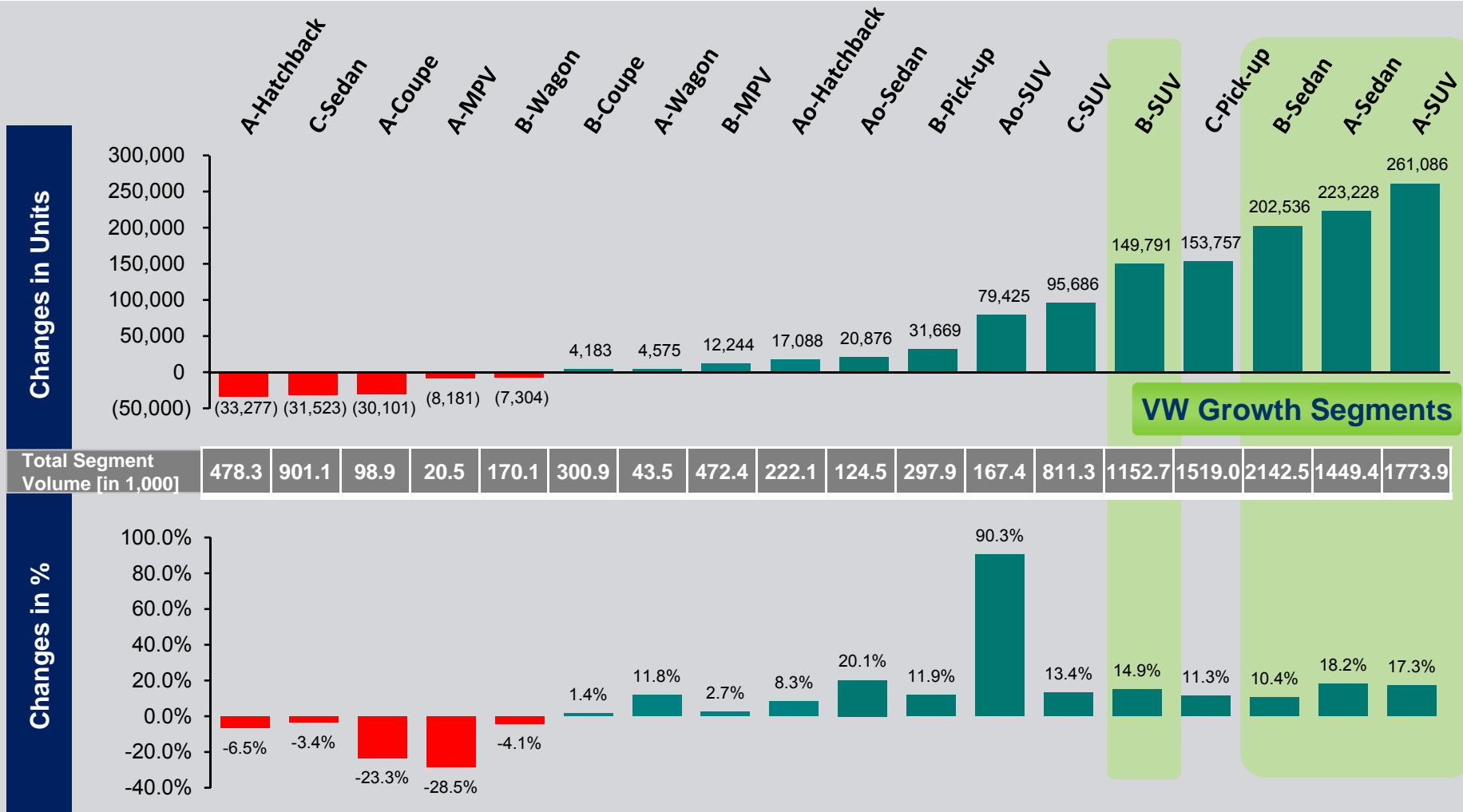
## U.S. Volkswagen Brand Sales Development 2010-2011



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## Total Market Segmentation 2011 vs. 2010

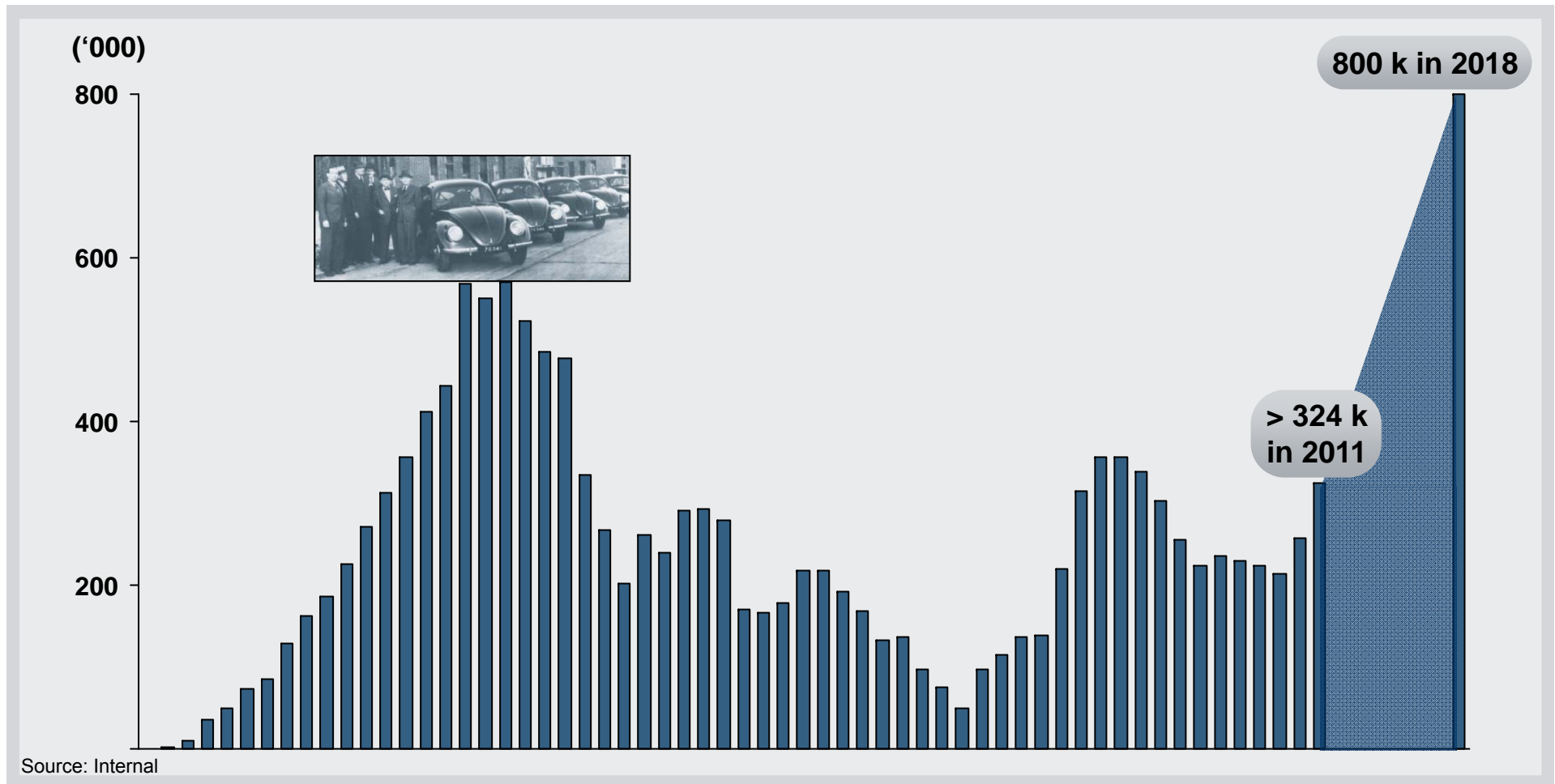


Source: Autodata Motor Intelligence, Jan. 2012

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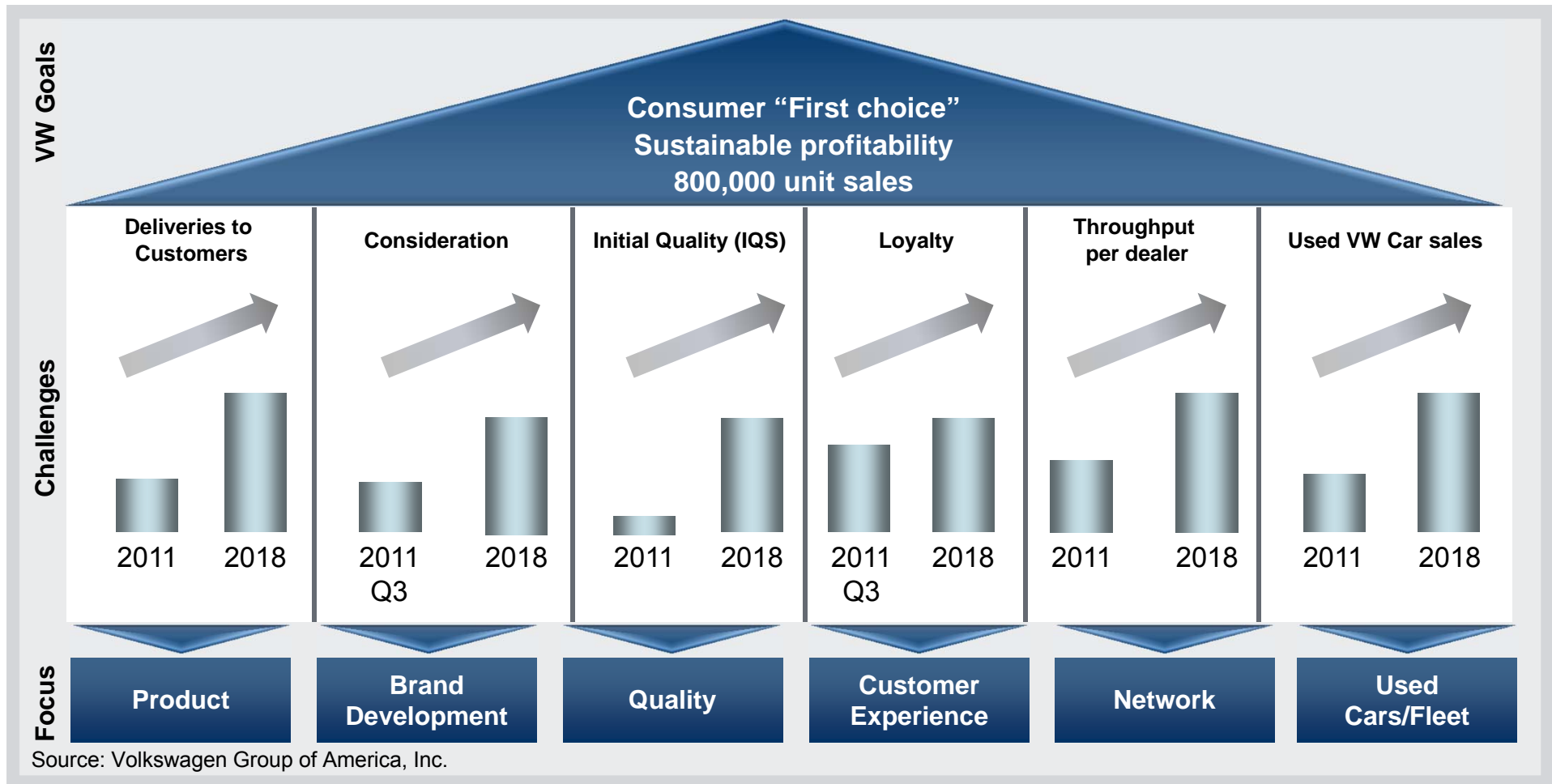
## Volkswagen U.S. Sales Development 1952 - 2011 & Target



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## Foundations to Fix Underperformance in U.S. Market



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## Product Portfolio Continues to Develop

**Passat**



**Beetle**



**Jetta GLI**



**Golf R**



**Tiguan**



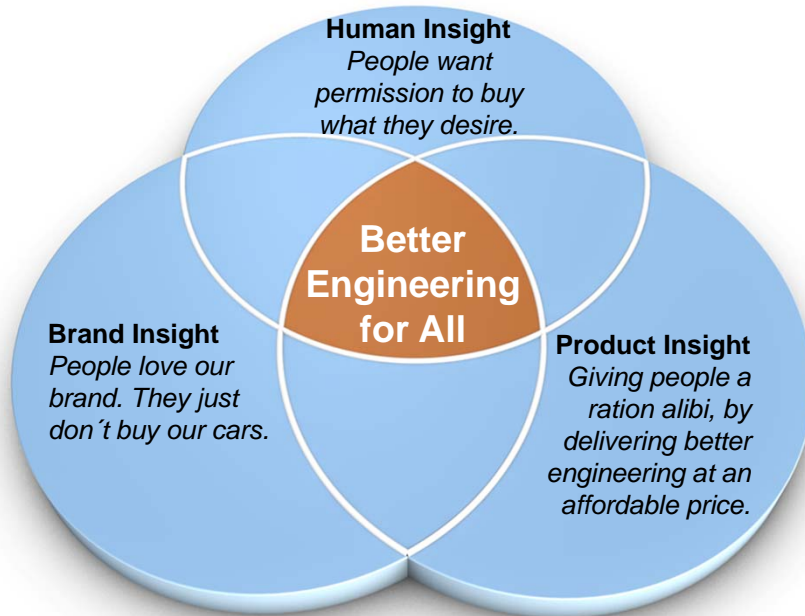
**CC**



## Passat Delivers Volkswagen Core Values



### Brand Positioning



### Core Tenets

- Elevating Every Segment
  
  - Committed to Delivering „Better“
    - Engineering
    - Technology
    - Fit and Finish
    - Handling and Driver Experience
- ...Priced within Reach*

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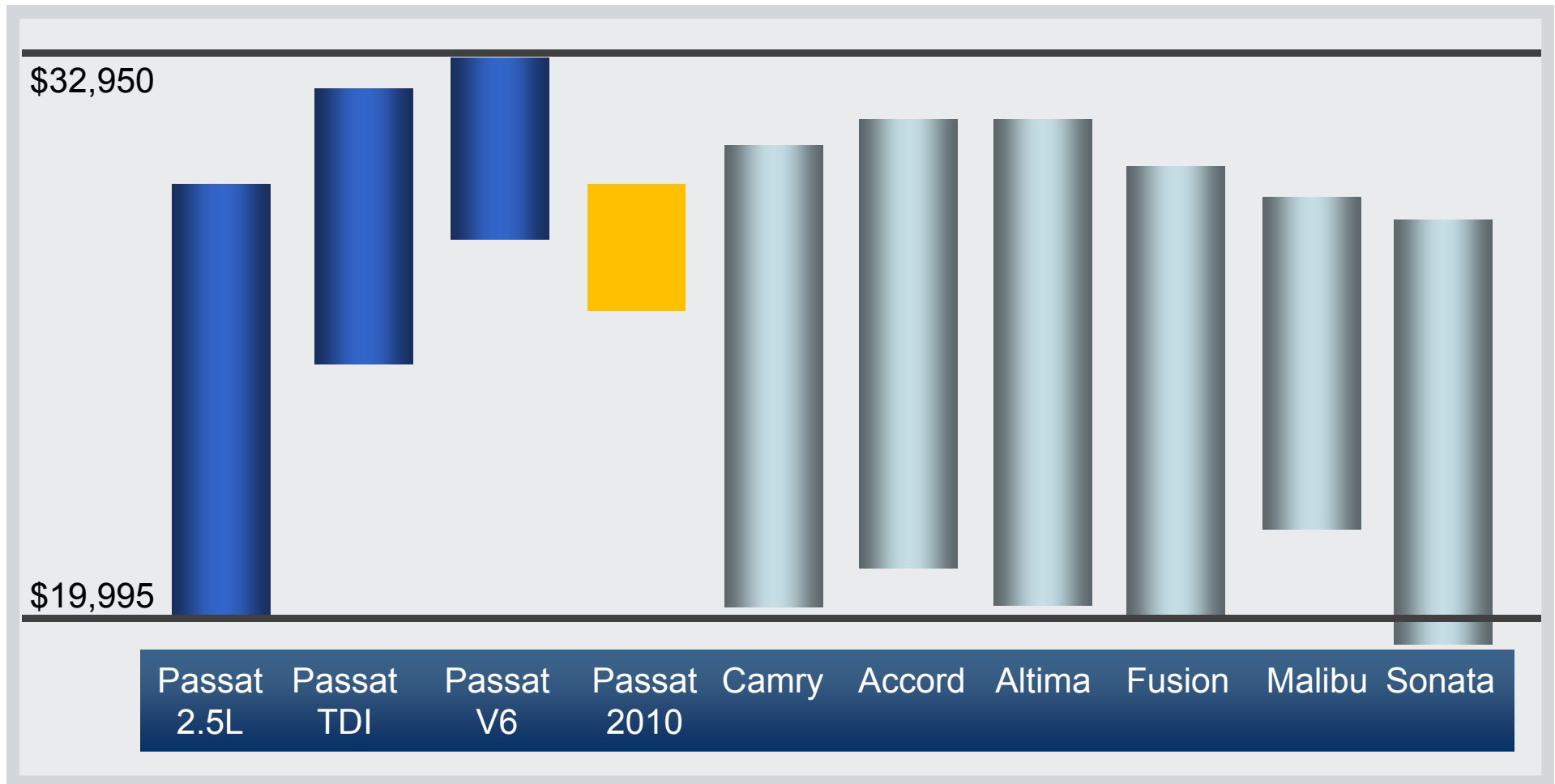
## Creating Brand Momentum Prior to the Passat Launch Key 2011 Brand Momentum Moments



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## Passat – Priced for the Market



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## Quality & Safety Awards



- Best Full-line Manufacturer
- Small Multi-Function — Golf
- Mid-Size Car — Jetta
- Entry Utility — Tiguan



- Volkswagen ranks 2<sup>nd</sup> among Volume Makes
- Compact Sporty Car — GTI & EOS
- Compact Car — Golf & Jetta
- Compact Crossover SUV — Tiguan
- Entry Premium Car — CC
- Mid-Size Premium Crossover SUV — Touareg



- IIHS Top Safety Pick Award:  
**2012 Volkswagen Passat**

## Key Profit Drivers

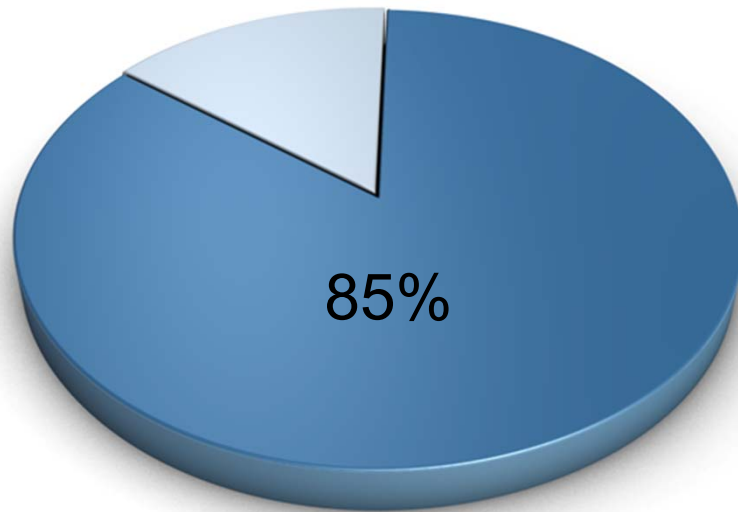


## Financial Highlights 2011

- Jetta Success
- Passat and Beetle Launch
- Revenue per Car Increase
- Incentive Reduction
- Marketing Efficiencies
- Parts Business
- Increase of Used Car Proceeds
- Successful Local Funding
- Improved Dealer Profitability

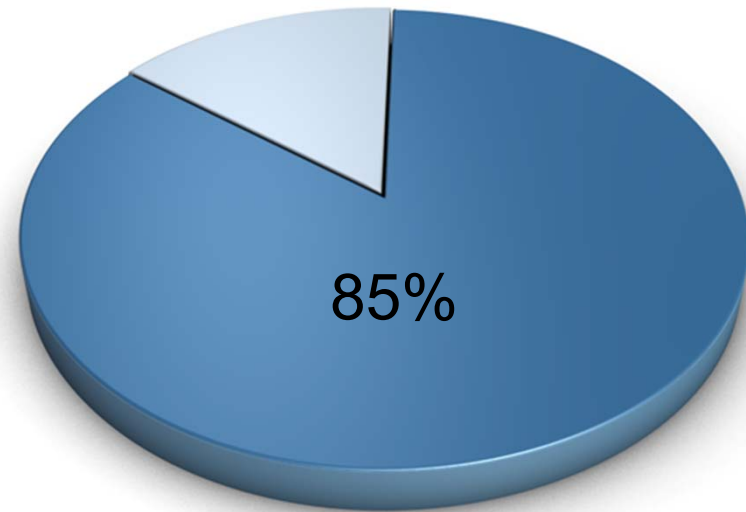
## Local Content of Passat, Jetta, Beetle

### Passat



■ Local Content

### Jetta / Beetle



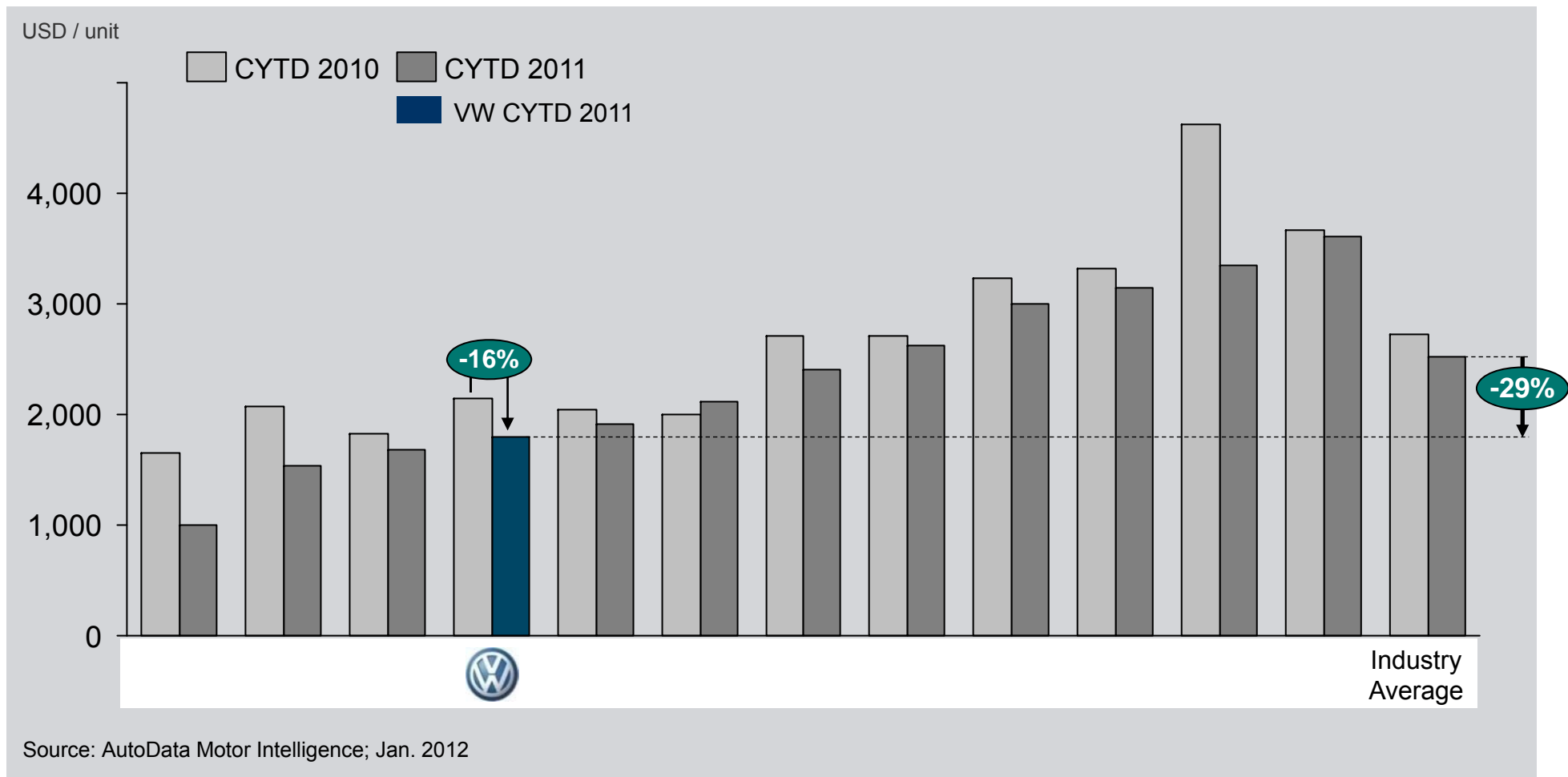
■ Local Content

Sourcing in North America

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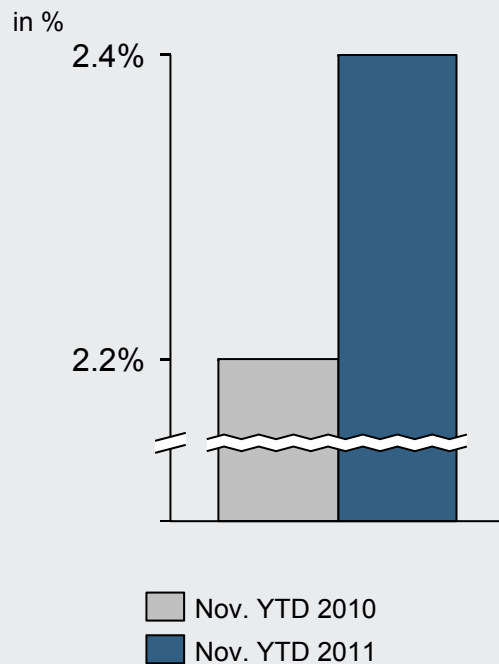
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## Volkswagen incentives are 16% lower year over year and 29% below the industry average (December YTD)

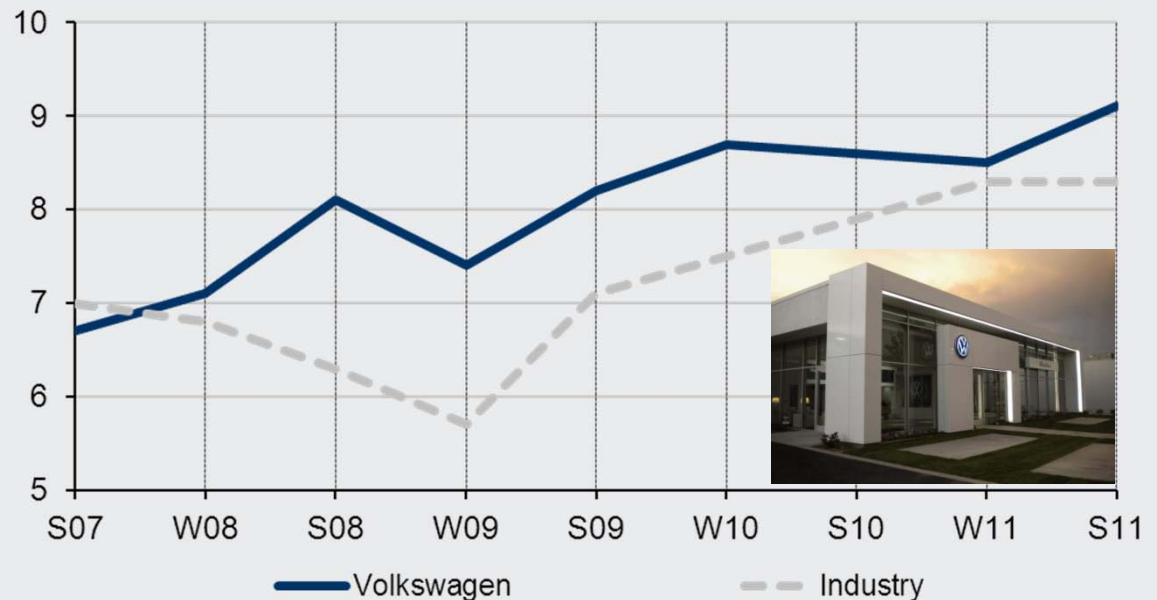


## Dealer Profitability & Value of the Volkswagen Brand Franchise

### Return on Sales VW National '10 vs. '11



### Volkswagen brand ranks 3 in dealer confidence in the value of the franchise (next 12 months)



Source: Volkswagen Group of America, Inc.; National Automobile Dealers Association, 2011

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