

# VOLKSWAGEN

GROUP OF AMERICA



## **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

## Disclaimer

**This presentation contains forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast.**

**Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.**

**If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.**

**We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.**

## Agenda

**Volkswagen Group sales update**

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

## **Agenda**

**Volkswagen Group sales update**

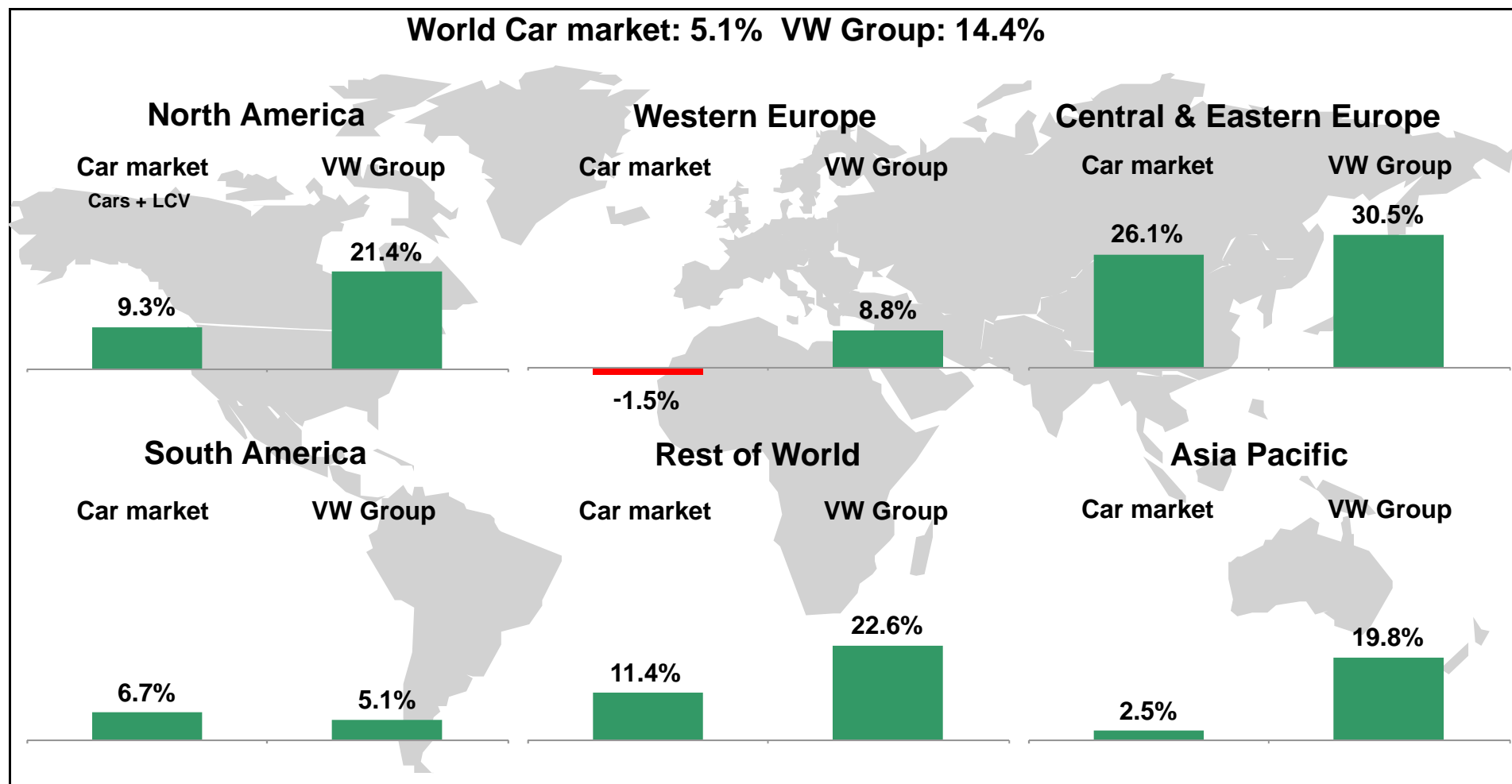
**Volkswagen's profitable growth in the U.S. market**

# VOLKSWAGEN

GROUP OF AMERICA

## 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)

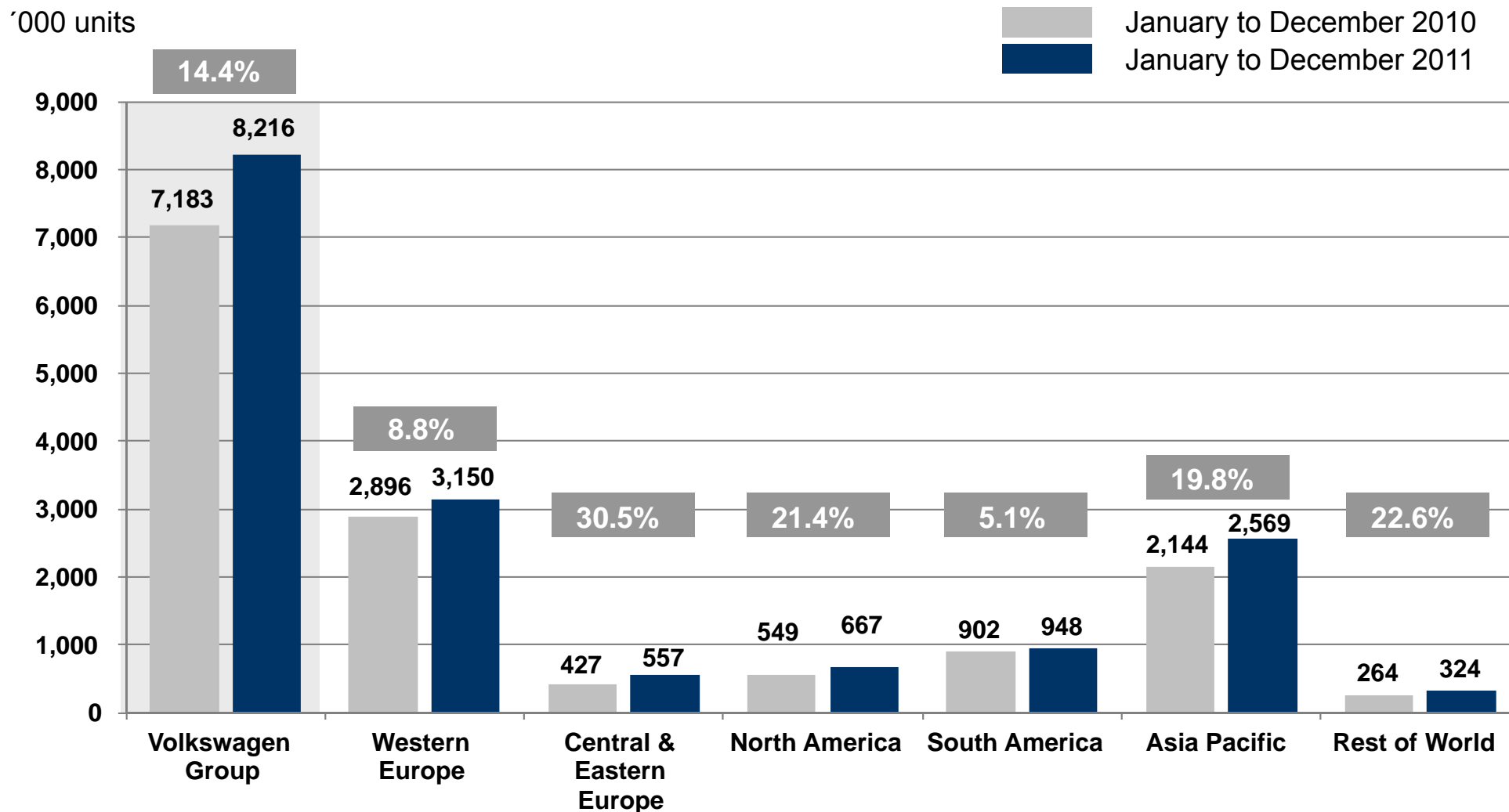
<sup>2)</sup>preliminary figures

# VOLKSWAGEN

GROUP OF AMERICA

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

January to December 2011 vs. 2010



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

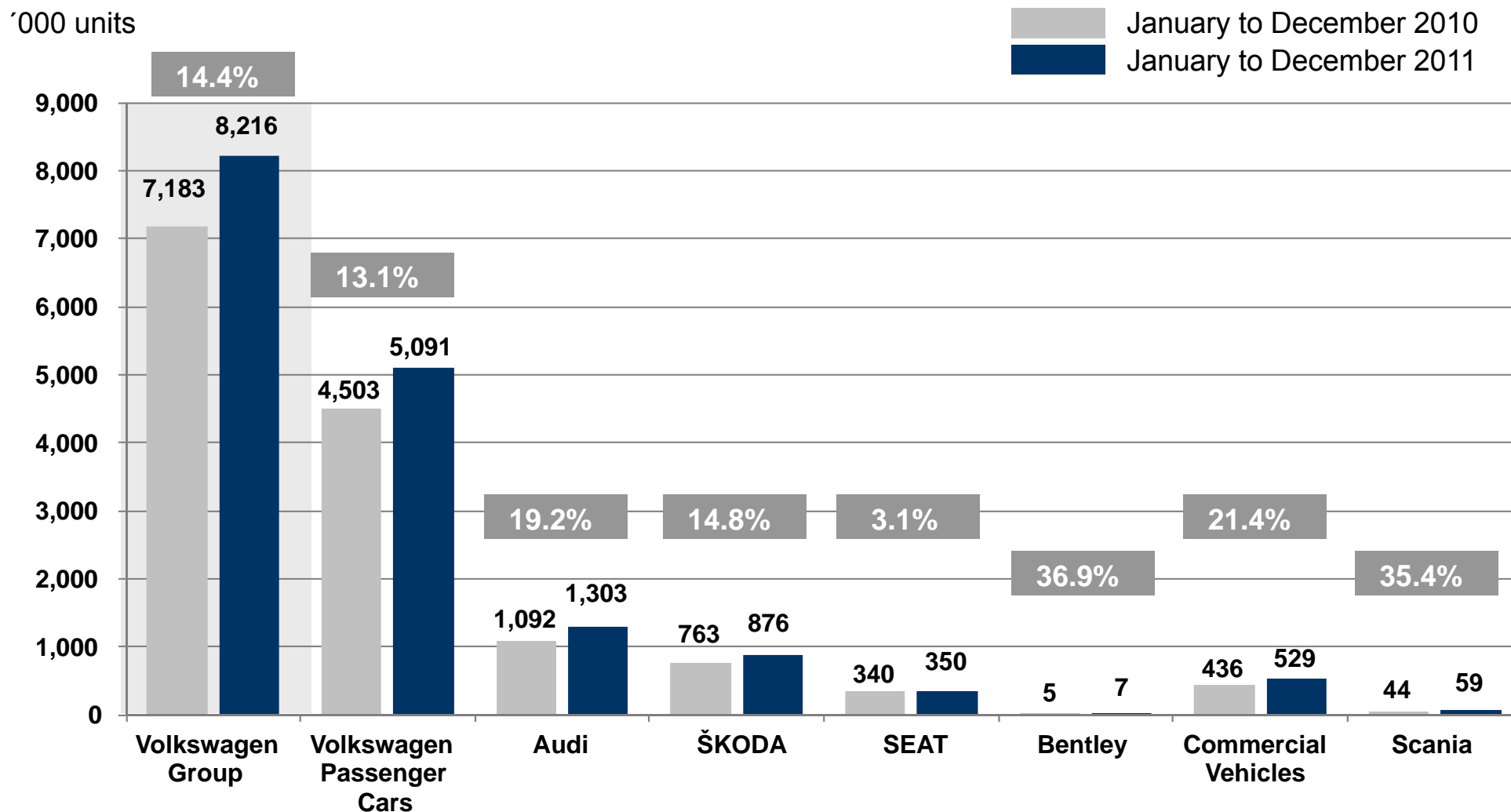
<sup>2)</sup> preliminary figures

# VOLKSWAGEN

GROUP OF AMERICA

## 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**



# VOLKSWAGEN

GROUP OF AMERICA

## Volkswagen Group of America – Overview

### Brands

#### VOLKSWAGEN

GROUP OF AMERICA



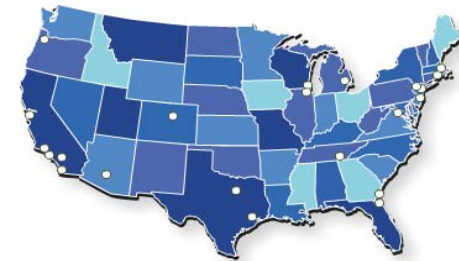
Truth in Engineering

Audi



- 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:

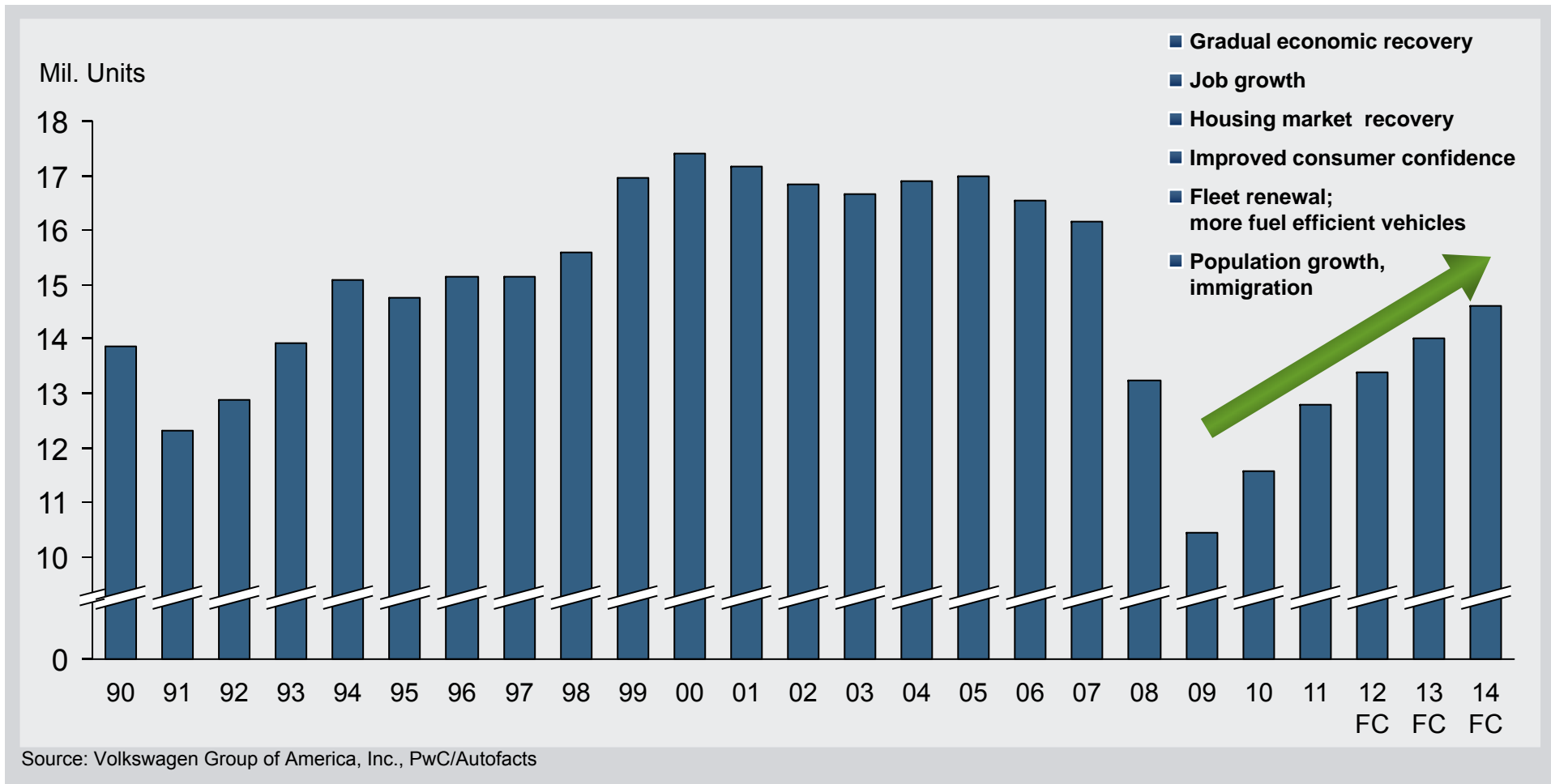
- Corporate Headquarters in Herndon, Virginia
- Group Quality/Technical Facilities Auburn Hills, MI
- New factory in Chattanooga, Tennessee
- Corporate Design Center and Electronic Research Laboratory (ERL) in California
- Ports and post production facilities in California, Georgia, Rhode Island and 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

# VOLKSWAGEN

GROUP OF AMERICA

## 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

# VOLKSWAGEN

GROUP OF AMERICA

## Volkswagen in America – Then and ...

Flashback to the 1960s...



Then to the 1990s...



## Key Messages

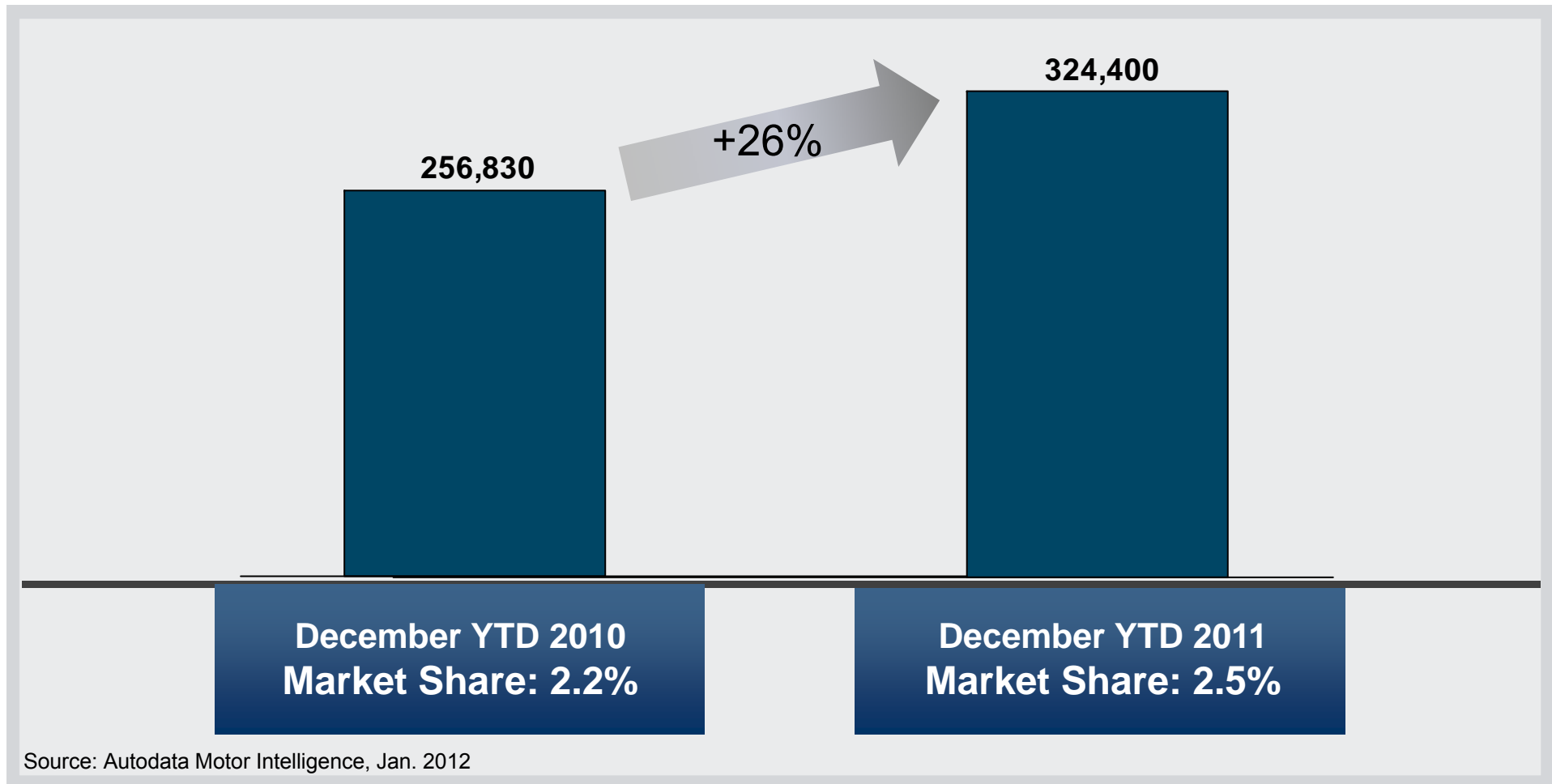


- U.S. car market is recovering, but at a slower pace
- Executing 2018 Growth Strategy
- Broad-based Momentum established
- Volkswagen brand improvements beginning to emerge across Business
  - Brand, Quality, Customer Experience
  - Financial – move towards Break-even

# VOLKSWAGEN

GROUP OF AMERICA

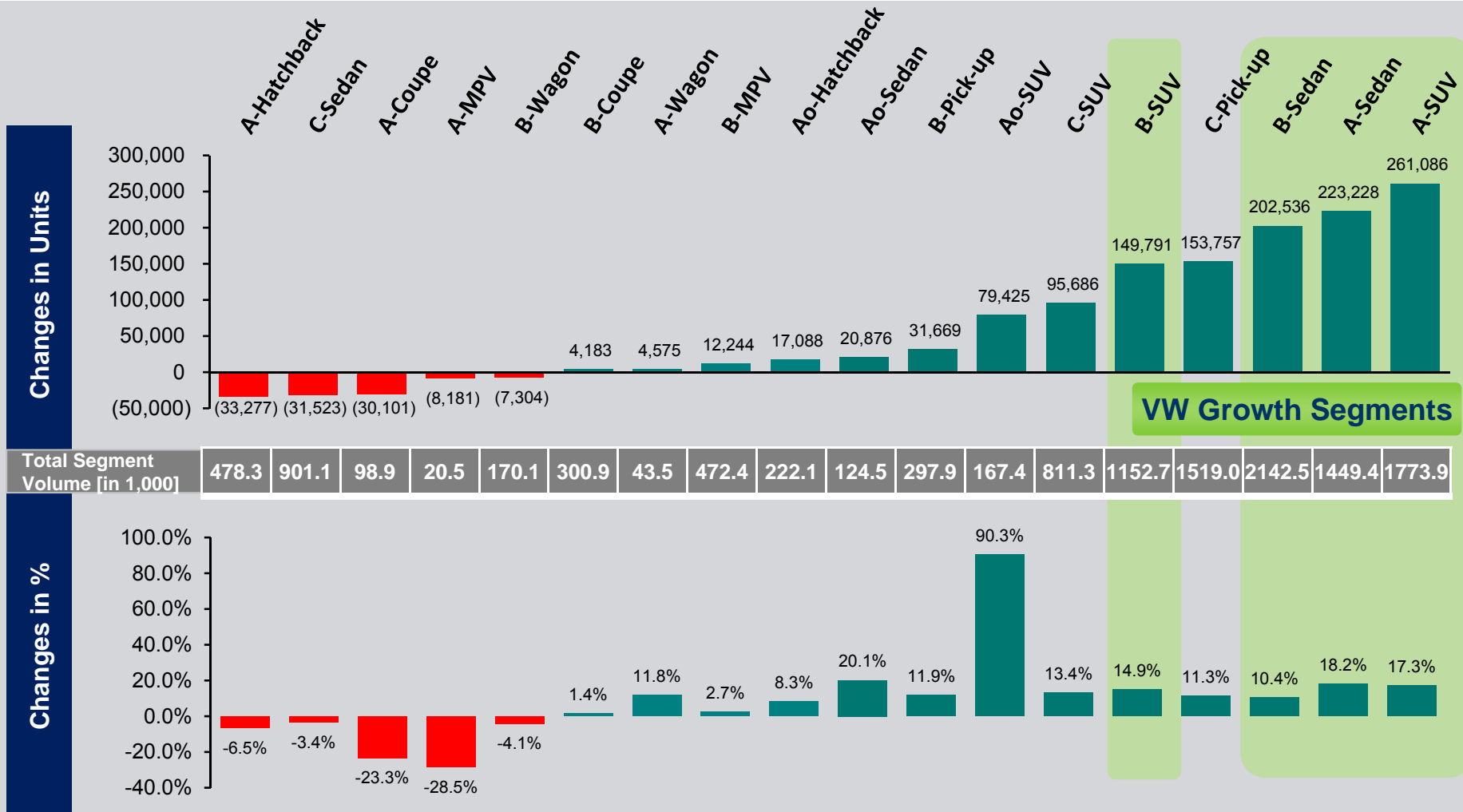
## U.S. Volkswagen Brand Sales Development 2010-2011



# VOLKSWAGEN

GROUP OF AMERICA

## Total Market Segmentation 2011 vs. 2010



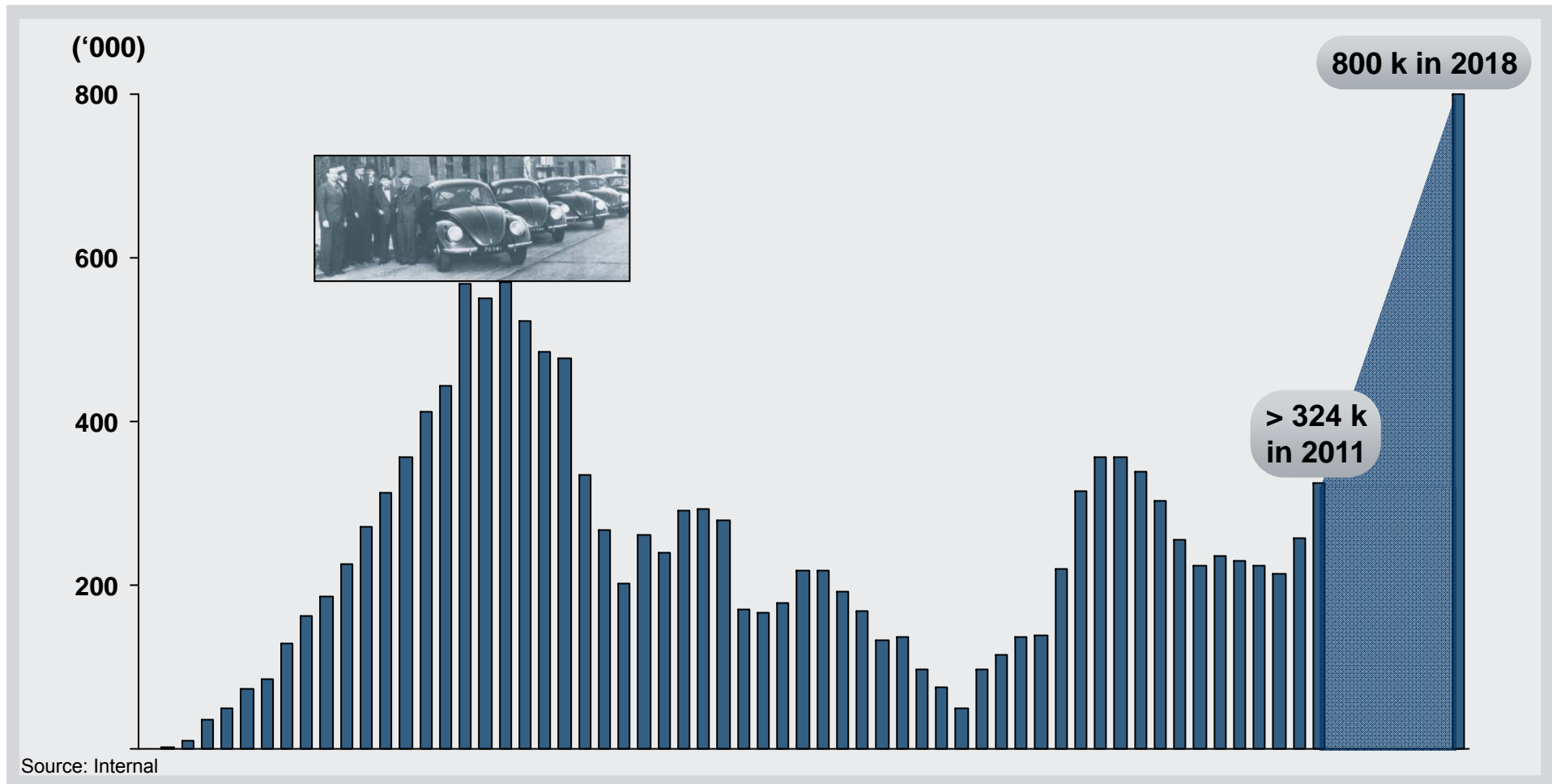
Source: Autodata Motor Intelligence, Jan. 2012



# VOLKSWAGEN

GROUP OF AMERICA

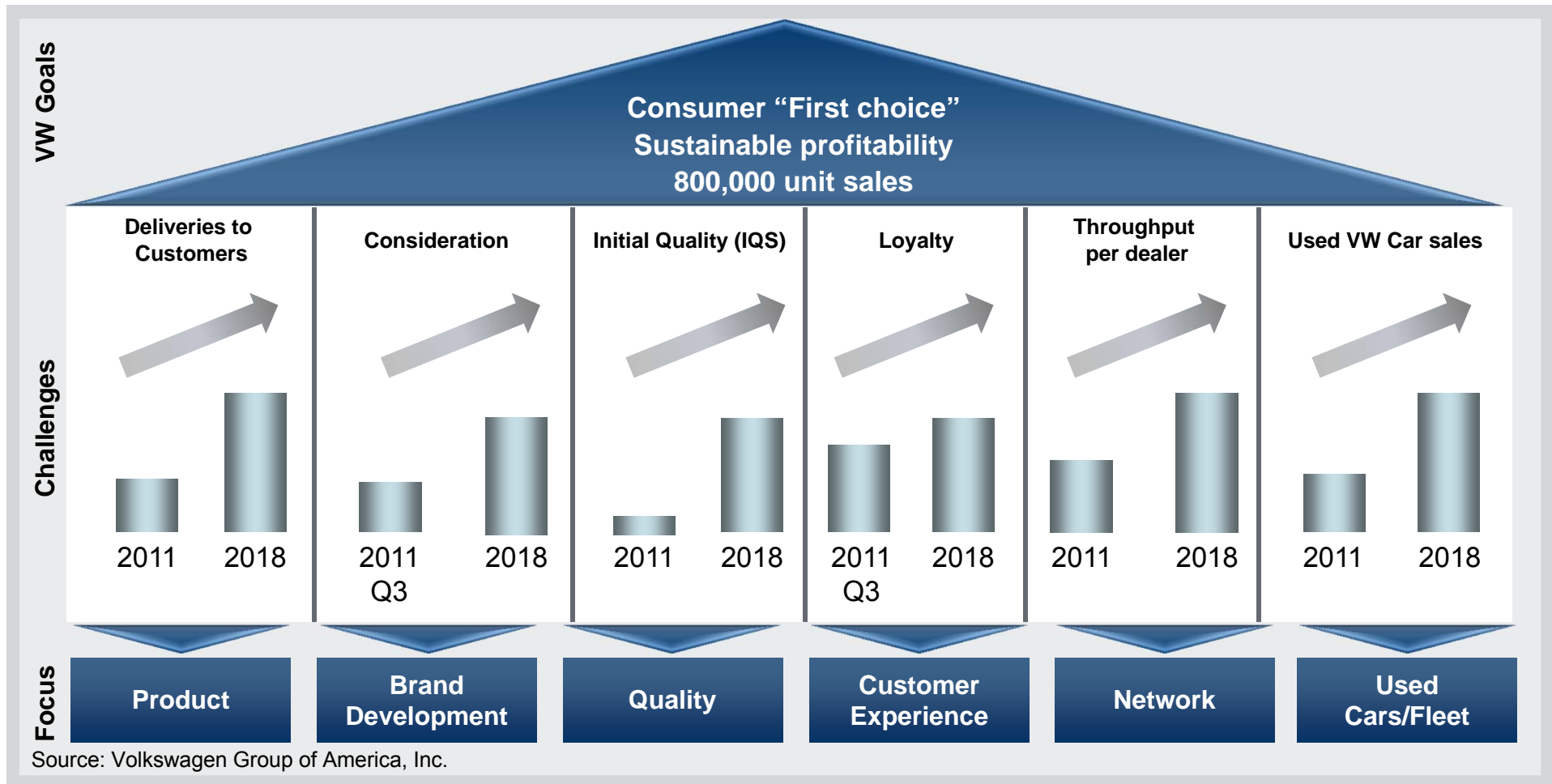
## Volkswagen U.S. Sales Development 1952 - 2011 & Target



# VOLKSWAGEN

GROUP OF AMERICA

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



# VOLKSWAGEN

GROUP OF AMERICA

## Product Portfolio Continues to Develop

**Passat**



**Beetle**



**Jetta GLI**



**Golf R**



**Tiguan**



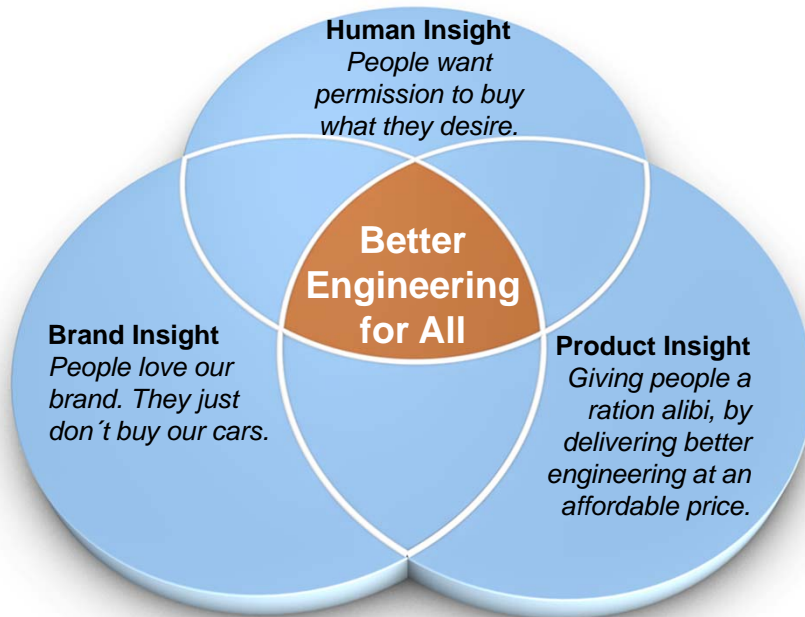
**CC**



## 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*

# VOLKSWAGEN

GROUP OF AMERICA

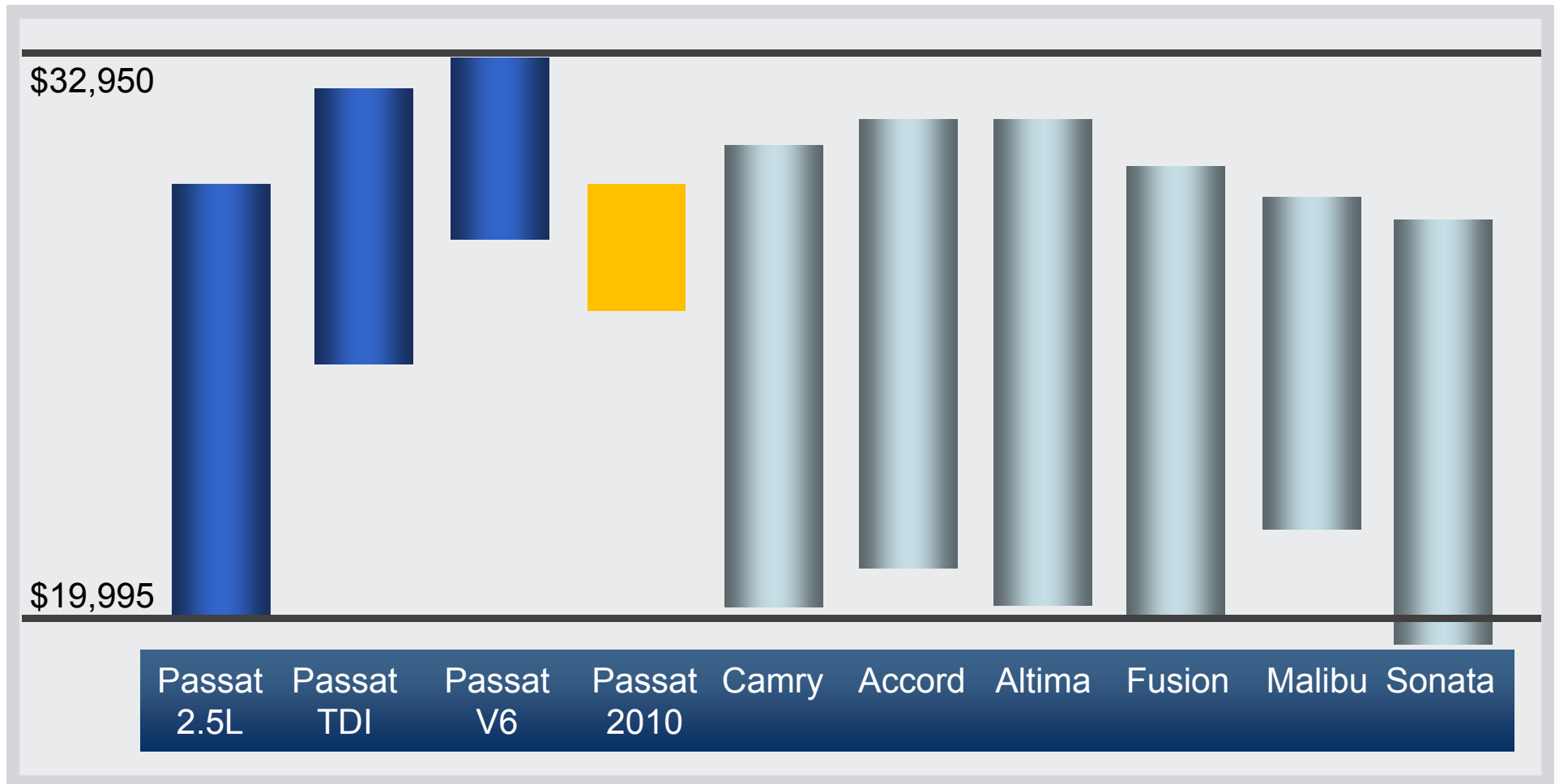
## Creating Brand Momentum Prior to the Passat Launch Key 2011 Brand Momentum Moments



# VOLKSWAGEN

GROUP OF AMERICA

## Passat – Priced for the Market



# VOLKSWAGEN

GROUP OF AMERICA

## 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



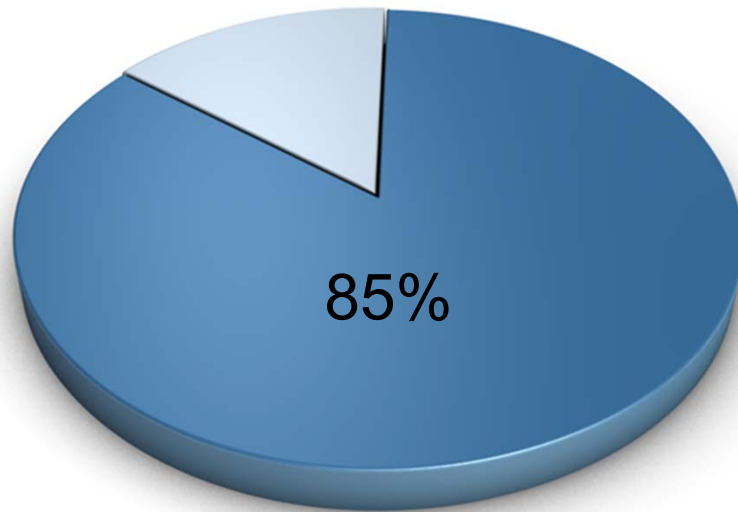


## Financial Highlights 2011

- 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

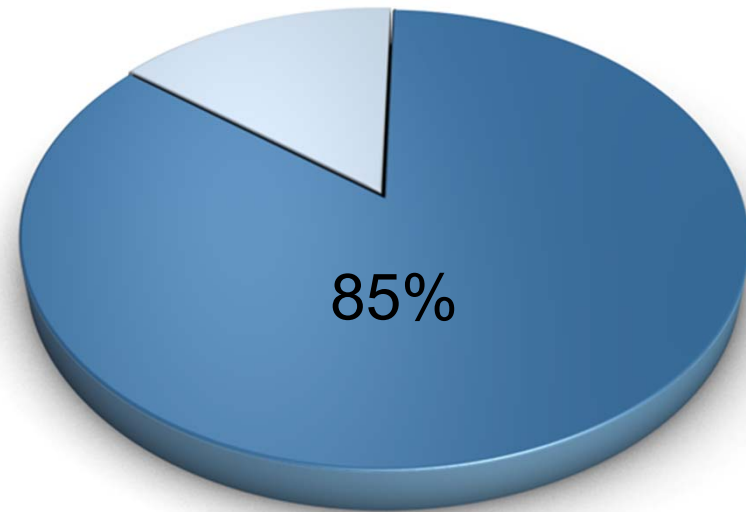
## Local Content of Passat, Jetta, Beetle

### Passat



■ Local Content

### Jetta / Beetle



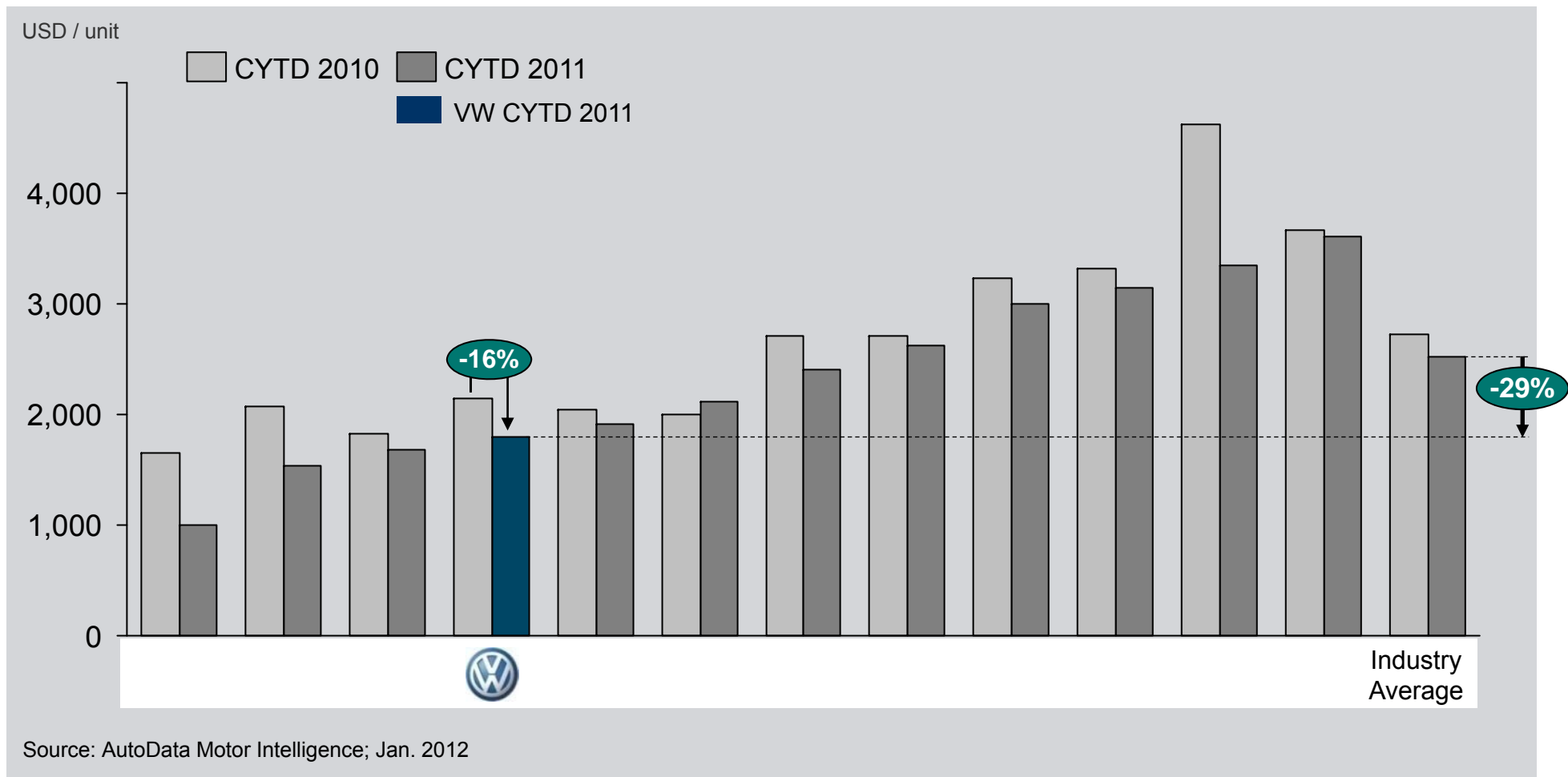
■ Local Content

Sourcing in North America

# VOLKSWAGEN

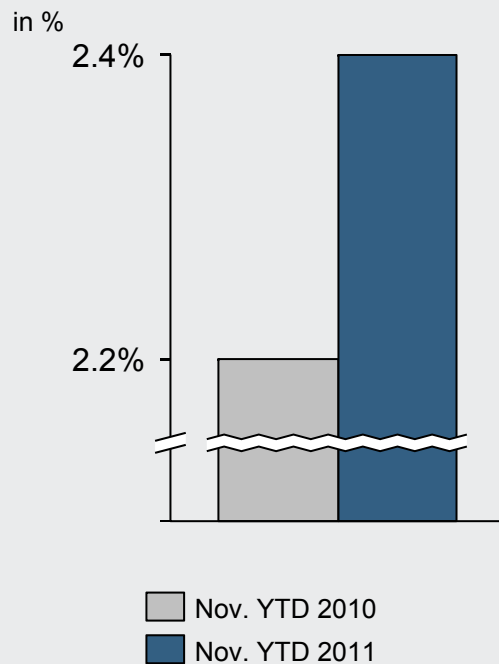
GROUP OF AMERICA

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

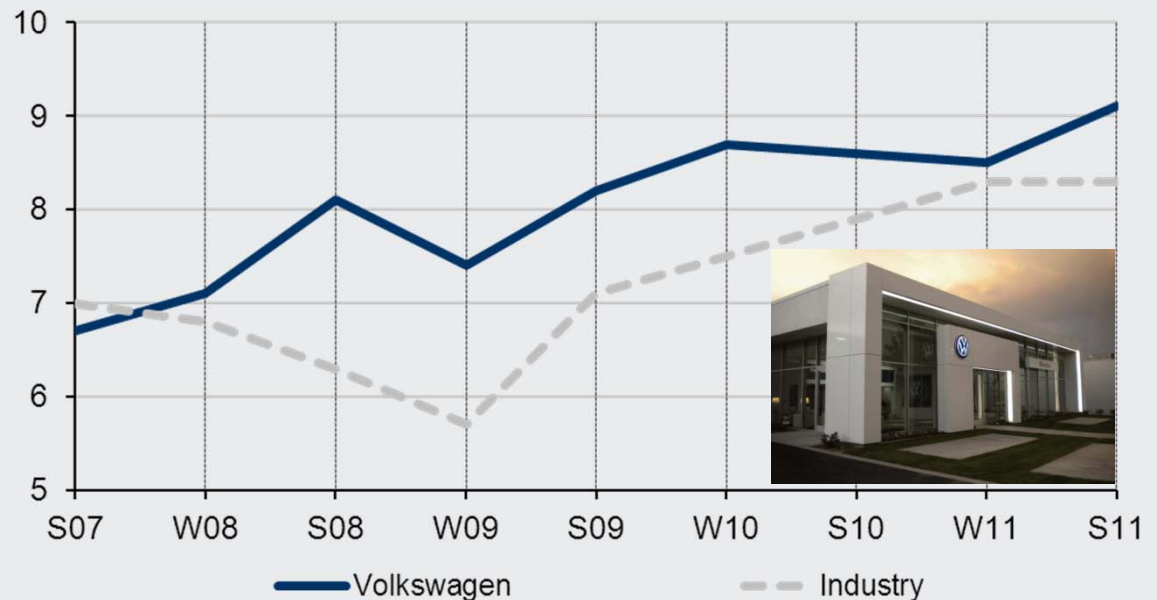


## Dealer Profitability & Value of the Volkswagen Brand Franchise

### 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

# VOLKSWAGEN

GROUP OF AMERICA



## **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