Volkswagen Group Capital Markets Day 2017
Volkswagen Group China

Prof. Dr. Jochem Heizmann
Board of Management, „China“

Capital Markets Day, 14th of March 2017
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1 Review 2016

2 Regulatory environment

3 Strategy and Targets
Strong market growth of +17.9% to 22.9m units in 2016

Total market development 2016 vs. 2015 (in ‘000 units)

Q1: +8.8%
Q2: +12.0%
Q3: +27.8%
Q4: +23.1%

Key market driver: tax reduction on vehicles ≤1.6l

Source: CPCA, Insurance data
Volkswagen Group China deliveries to customers grew by 12.2% in 2016

1) incl. Hong Kong, excl. Ducati. Group numbers incl. MAN and Scania

Volkswagen Group China deliveries to customers grew by 12.2% in 2016 compared to 2015.

- Volkswagen: +12.2%
- Skoda: +14.0%
- Seat: +3.6%
- Porsche: +12.6%
- Commercial Vehicles: +12.5%
- Bentley: -13.3%
- Lamborghini: -1.2%
- Bugatti: +3.1%

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Financials 2016 – on 100% level

<table>
<thead>
<tr>
<th></th>
<th>FAW-VOLKSWAGEN</th>
<th>SAIC VOLKSWAGEN</th>
</tr>
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<tbody>
<tr>
<td>Deliveries to customers (in ‘000 units)</td>
<td>1,854 (+13.5%)</td>
<td>1,949 (+12.3%)</td>
</tr>
<tr>
<td>of which</td>
<td>1,315 Volkswagen and 539 Audi</td>
<td>1,632 Volkswagen and 317 ŠKODA</td>
</tr>
<tr>
<td>Sales revenue (in EUR bn)</td>
<td>40,875 (+1.0%)</td>
<td>26,064 (+0.2%)</td>
</tr>
<tr>
<td>Pre-tax profit (in EUR bn)</td>
<td>5,546 (-10.1%)</td>
<td>4,589 (+4.1%)</td>
</tr>
<tr>
<td>Margin</td>
<td>13.6%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>
Regulatory environment in China

**CAFC - Fuel consumption target**

- **Requirement 2016**: 6.7 l/100 km or 157 g CO₂/km
- **Legal requirement**
- **Requirement 2020**: 5.0 l/100 km or 117 g CO₂/km

**China 6 regulation**

- Emission regulation China 6 for gasoline engines
- Implementation on national level for **C6a** from **July 2020**, for **C6b** from **July 2023**
- Beijing and Shanghai may start with similar regulation in **2018** and other key regions in **2019**

**MIIT proposal for NEV credit system**

- **NEV credit point ratio**
  - 2017: None
  - 2018: 8%
  - 2019: 10%
  - 2020: 12%

- **NEV Credit Point Attribution per NEV Type**

<table>
<thead>
<tr>
<th>Type</th>
<th>BEV</th>
<th>PHEV</th>
<th>FCEV</th>
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<tbody>
<tr>
<td>E-Range (in km)</td>
<td>80-150</td>
<td>150-250</td>
<td>250-350</td>
</tr>
<tr>
<td>Credit Point</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**NEV subsidies scheme**

- **New Requirement** on national subsidies for NEVs
  - raise the entry threshold
  - may be adjusted dynamically

- **Direct national subsidy (20% reduced in 2017)**
  (up to 44,000 RMB for BEV and 24,000 RMB for PHEV)

- **Additional subsidies from local provinces**
  (≤50% of national subsidy)
Fast growing NEV market expected

New Energy Passenger Vehicles (in ‘000 units)

Source for data 2015-2016: CPCA

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We will be prepared to deliver around 400,000 NEVs by 2020 and 1,500,000 by 2025

**Introduction of locally produced NEV**

**Phase 1**
- Plug-in hybrids based on current toolkits

**Phase 2**
- Pure electric vehicles based on current toolkits

**Phase 3**
- Pure electric vehicles based on scalable electric toolkit

**Mass market BEV cooperation**
Goal: transformation from car manufacturer to leading mobility provider

<table>
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<tr>
<th>Ride-hailing</th>
<th>Pre-owned car market</th>
<th>Car-sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Didi Chuxing</td>
<td>Youxin</td>
<td>Shouqi</td>
</tr>
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Announced agreements for potential strategic partnerships
New product offering with an expanded SUV offering ¹)

Body style trends until 2020²)

- Rest: 40% in 2016, 46% in 2020e
- SUV: 53% in 2016, 47% in 2020e
- MPV: 53% in 2016, 47% in 2020e

New vehicle launches 2017 and to follow²)

- **SUV**
  - Teramont
  - Q5
  - KODIAQ
  - Tiguan LWB
  - YETI

- **Others**
  - Panamera Turbo
  - A5 Coupé
  - TT
  - Phideon PHEV
  - Lavida
  - Q7 e-tron
  - R8 Spyder
  - Panamera LWB
  - Variant GTE
  - Bora

¹) Source: IHS ²) Schematic overview – does not show all models

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Outlook 2017 – Volkswagen Group China Targets

Deliveries to customers

Sales revenue

Pre-tax profit

Our Joint Venture companies plan investments of around EUR 4 billion in 2017!
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