引领变革

Dr. Stephan Wöllenstein
CEO, Volkswagen Group China

CAPITAL MARKETS DAY 2019
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1 REVIEW 2018 & OUTLOOK 2019

2 LOOKING INTO THE FUTURE
CHINA: 22.7 MILLION PASSENGER CARS SOLD IN THE WORLDWIDE BIGGEST MARKET IN 2018

Total market development
(in ‘000 units)

<table>
<thead>
<tr>
<th>2018 vs. 2017</th>
<th>Q1: +6.7%</th>
<th>Q2: +3.9%</th>
<th>Q3: -7.5%</th>
<th>Q4: -16.3%</th>
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Source: CPCA, Insurance data
ALL BRANDS OUTPERFORMED THE MARKET IN A CHALLENGING ENVIRONMENT

Volkswagen Group: +0.5%
Total Market: -4.6%
VGC Outperformance: +5.1pp

1) incl. Hong Kong, excl. Ducati. Group numbers incl. MAN and Scania. All figures are rounded.
EXCLUDING THE NEGATIVE CURRENCY EFFECT THE OPERATING RESULT WAS ON LAST YEAR’S LEVEL

Proportionate operating profit of Chinese Joint Ventures (in € million)

\[
\begin{align*}
\text{2017: } & 4,746 \\
\text{Flat y-o-y: } & \text{Volume & Mix effect (e.g. Teramont & Audi situation)} \\
& + \text{Material cost improvements} \\
& + \text{Cost efficiency programs} \\
& - \text{Competitive market environment} \\
& - \text{Fix cost increase (new factories)} \\
\text{2018 excl. currency effect: } & 4,627 \\
\text{2018: } & -119 \text{ - Currency effect (e.g. currency)} \\
\end{align*}
\]
### JOINT VENTURE FINANCIALS 2018 – HIGHLIGHTS ON 100% LEVEL
**DOUBLE-DIGIT PRE-TAX PROFIT MARGINS SUSTAINED**

<table>
<thead>
<tr>
<th></th>
<th>FAW-VOLKSWAGEN</th>
<th>SAIC VOLKSWAGEN</th>
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<tbody>
<tr>
<td>Deliveries to customers (in '000 units)</td>
<td>1,992 (+2.2%)</td>
<td>2,019 (-1.3%)</td>
</tr>
<tr>
<td>of which 1,391 Volkswagen and 601 Audi(^2)</td>
<td></td>
<td>of which 1,678 Volkswagen and 341 ŠKODA</td>
</tr>
<tr>
<td>Sales revenue (in € million)</td>
<td>41,607 (+1.9%)</td>
<td>28,862 (+0.3%)</td>
</tr>
<tr>
<td>Pre-tax profit (in € million)</td>
<td>4,851 (-1.1%)</td>
<td>4,588 (+0.7%)</td>
</tr>
<tr>
<td>Pre-tax profit margin (in %)</td>
<td>11.7% (-0.1pp)</td>
<td>15.9% (+0.1pp)</td>
</tr>
</tbody>
</table>

\(^1\) SAIC Volkswagen financials do not include the SAIC Volkswagen Sales Company.  
\(^2\) Excluding deliveries of imported cars.
1. **Start of production in 4 new factories**

2. **Increase of SUV offering** from 6 to 14 locally produced SUVs

3. **Reduction of fleet consumption** to 6.1l/100km\(^1\)) and **factory CO\(_2\) output** -13%

4. **JAC and SEAT step forward as partners** to intensify e-mobility development

5. **Ground breaking for MEB production** in China

\(^{1)}\) FAW-Volkswagen and SAIC VOLKSWAGEN locally produced vehicle fleet.
## VOLKSWAGEN GROUP CHINA LOOKS FORWARD TO A SUCCESSFUL YEAR 2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td><strong>Total Market Growth</strong></td>
<td>22.7m (-4.6%)</td>
<td></td>
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<tr>
<td><strong>Volkswagen Group China Deliveries</strong></td>
<td>4.2m (+0.5%)</td>
<td></td>
</tr>
<tr>
<td><strong>Prop. Operating Profit</strong></td>
<td>€ 4.6bn (-2.5%)</td>
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</table>

We, together with our Joint Venture partners, plan investments of more than **EUR 4 billion in 2019!**
1 REVIEW 2018 & OUTLOOK 2019

2 LOOKING INTO THE FUTURE
CHINESE MARKET SHOWS A NORMALIZATION AND OFFERS SUBSTANTIAL GROWTH POTENTIAL

Passenger vehicle market

- CAGR: +29%
- CAGR: +11%
- CAGR: +2.7%

Source: Forecast by IHS (as of Jan 2019)
MAJOR OPPORTUNITIES FOR THE FUTURE

Body style trend - SUV

Entry segment

New Energy Vehicles

New technologies

Mobility services

Autonomous driving
WE CONTINUE WITH OUR SUV OFFENSIVE TO INCREASE OUR PRODUCT MIX AND SECURE PROFITS

Volkswagen Group deliveries by body style in China (in '000 units)

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<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2020</th>
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<tbody>
<tr>
<td>Hatchback</td>
<td>3,972</td>
<td>4,184</td>
<td>4,207</td>
<td>&gt;40%</td>
</tr>
<tr>
<td>Sedan</td>
<td>69%</td>
<td>66%</td>
<td>67%</td>
<td>&gt;40%</td>
</tr>
<tr>
<td>SUV</td>
<td>14%</td>
<td>14%</td>
<td>11%</td>
<td>2%</td>
</tr>
</tbody>
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In 2018 Volkswagen Group China increased SUV deliveries by 12% to a SUV share of 20%.

In 2019 we will launch 8 SUV – 5 locally produced.

We expect that in the year 2020 at least 40% of all Volkswagen Group vehicles sold in China will be SUVs.
JETTA – THE NEW BRAND WITH OUTSTANDING PRICE-VALUE-RATIO FOR THE YOUNG, ASPIRING CHINESE CAR BUYER

• Born from Volkswagen and built in China
• Part of FAW-Volkswagen
• Increase of market coverage
• Entrance to individual mobility
• Focus on Chinese entry market segment and first-time car buyers
• 2 SUVs and 1 Sedan
• Market launch in 3rd quarter

Chinese total market 2018 by segment

- Premium: 11%
- Volume: 56%
- Entry: 33%

First-time car buyers per segment

- Premium: 30%
- Volume: 65%
- Entry: 81%
**VOLKSWAGEN GROUP CHINA STARTS ITS NEV OFFENSIVE IN 2019**

New Energy Passenger Vehicles Market (in '000 units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Battery Electric Vehicles</th>
<th>Plug-in Hybrid Electric Vehicles</th>
</tr>
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<tbody>
<tr>
<td>2016</td>
<td>310</td>
<td>76% 24%</td>
</tr>
<tr>
<td>2017</td>
<td>555</td>
<td>81% 19%</td>
</tr>
<tr>
<td>2018</td>
<td>1,007</td>
<td>75% 25%</td>
</tr>
<tr>
<td>2020e</td>
<td>~2,000</td>
<td>2/3 1/3</td>
</tr>
<tr>
<td>2025e</td>
<td>&gt;6,000</td>
<td>4/5 1/5</td>
</tr>
</tbody>
</table>

**Volkswagen Group China**

**In 2020**
- Target **>400,000** NEV sales
- **>30** NEV models of all our brands
- **50%** of them locally produced

**In 2025**
- Almost **40** locally produced NEV models
- Prepared to deliver **1.5 million** NEVs

Source for data: CPCA, Insurance Data
VOLKSWAGEN GROUP WILL FURTHER STRENGTHEN THE RESEARCH & DEVELOPMENT CAPABILITIES IN CHINA

- Approx. 4,200 engineers in R&D in China
- About 90% are Chinese employees

More competencies in China
Development in China together with Europe
Future Center China
Strong skill set in new technologies
Encourage exchange
WE ESTABLISHED MOBILITY ASIA AS 100% VOLKSWAGEN GROUP ENTITY TO DRIVE THE TRANSFORMATION TOWARDS A LEADING PROVIDER OF SUSTAINABLE MOBILITY

Connectivity

Smart mobility eco-system

Services/Data Monetization

Autonomous projects

Smart infrastructure ecosystem
WE HEAVILY FOCUS IN-HOUSE AND TOGETHER WITH STRONG PARTNERS ON AUTONOMOUS DRIVING

In-house focus

- Audi, Volkswagen brand and Group R&D work together
- Test licenses for Level 4 highly automated driving received

Strong partners e.g. Apollo project

- Audi and Volkswagen joining Baidu’s open-source-project
- >100 global members
- 1st project: automated parking service, Valet parking
VOLKSWAGEN GROUP CHINA IS WELL ON TRACK TO TACKLE THE TRANSFORMATION IN CHINA

1. Improve the core business & secure funding
2. Transform towards more electrification
3. Strengthen innovation power
4. Build mobility solution business