

# Ralf Brandstätter

## 贝瑞德

Member of the Board of Management, Volkswagen Group  
Chairman & CEO of Volkswagen Group China  
大众汽车集团（中国）董事长兼首席执行官

China today is by far the biggest market – and continues to expand its leading position in the New Energy Vehicle transformation

NEV sales in mn

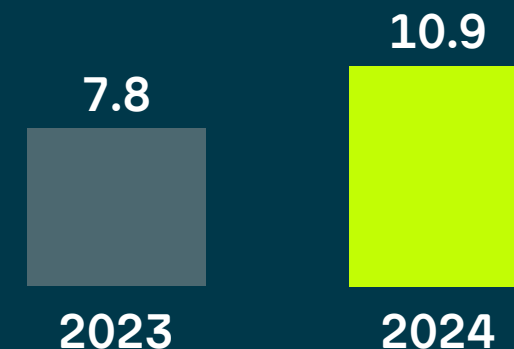
NEV growth (2023 vs. 2024)



+ 17% ↗



- 3%<sup>1</sup> ↘



+ 41% ↗



In the China total market, already more NEV vehicles were sold than ICE cars in Q4/2024 - driven by strong EREV/PHEV momentum



> **50%**

**NEV share  
in Q4/2024**



+ **41%**

**NEV growth  
2023 - 2024**



+ **75%**

**PHEV/EREV growth  
2023 - 2024**

Despite a challenging market with extreme discounts, we achieved our business goals in 2024

22%

ICE market share record  
since 2005

2.9<sub>mn</sub>

VGC sales volume  
within expectations

1.7<sub>bn €</sub>

JV prop. operating profit  
within CM guidance  
1.5 – 2.0bn €

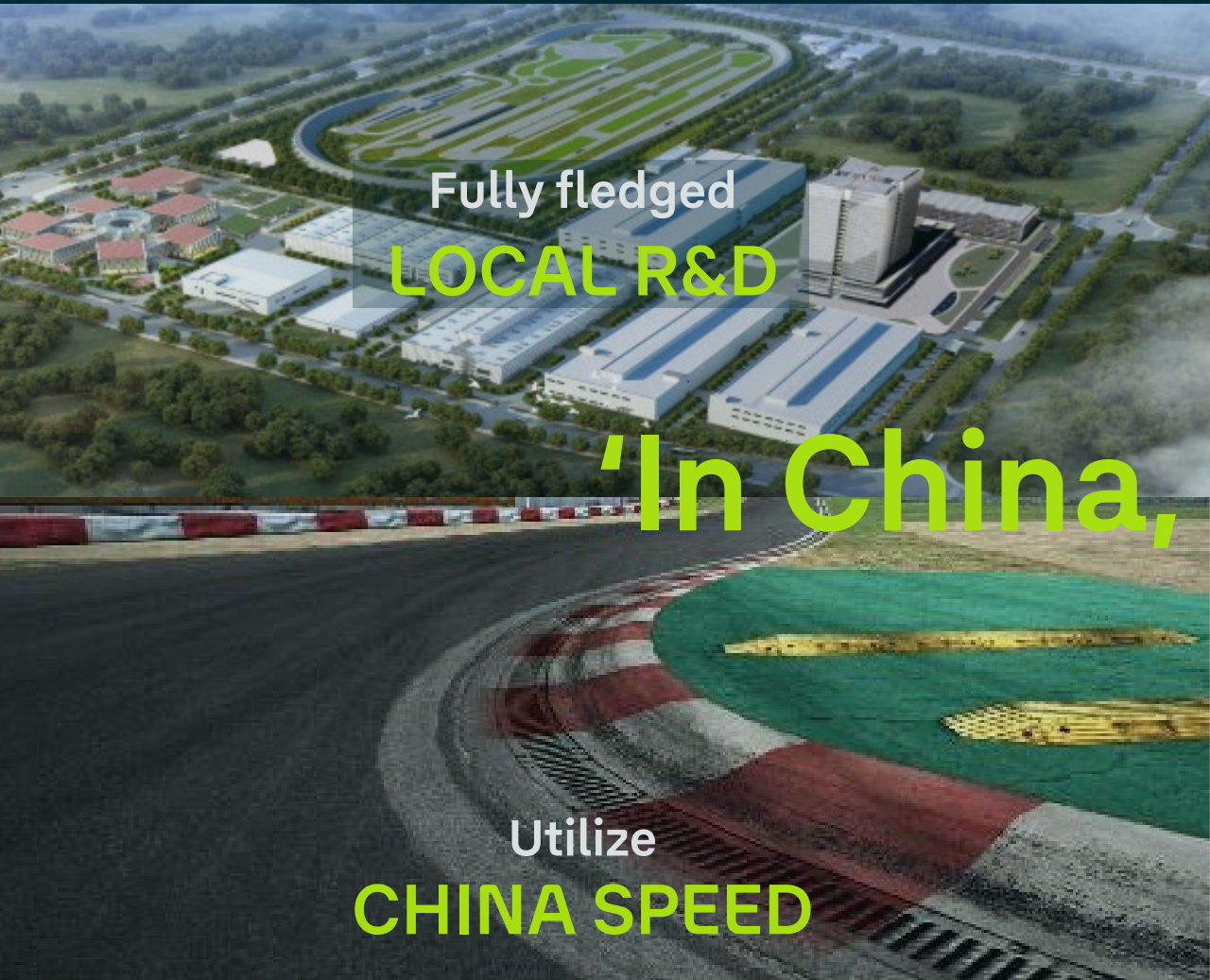


In April 2024 we conducted the Capital Market Day China  
– for the first time in Beijing, China



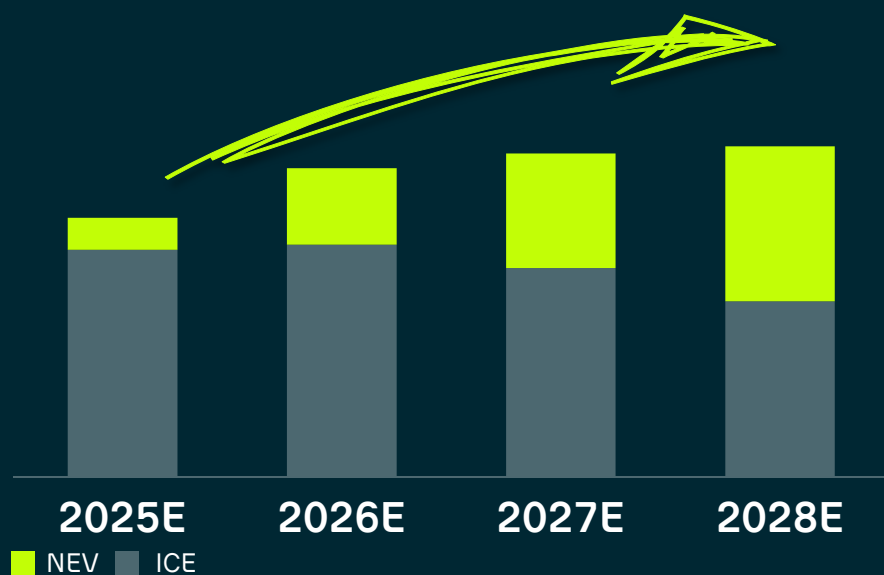


Implementation of our 'In China, for China' strategy continuously executed



Our significantly enlarged local footprint will fuel our NEV growth phase from 2026 onwards

## NEV GROWTH PHASE 2026 onwards



*Illustrative sales volume*

- » Reduced time-to-market by 30% and material costs by 40%
- » One zonal E/E architecture across all VW brand platforms
- » VW A Main (CMP) & VW B-vehicles
- » AUDI B/C ICV products in both JVs

Today, we update on the progress of our 'In China, for China' strategy execution and provide insights into our tech roadmap

## Strategy Implementation Update

01

02

+

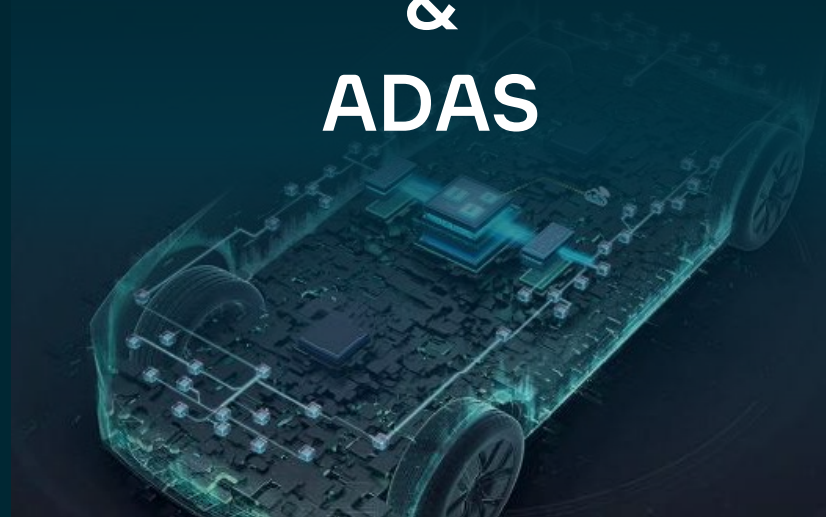
03

## Outlook

Speed  
&  
Cost Efficiency



Architecture  
&  
ADAS



Drivetrain Flexibility  
&  
Product Roadmap





Great progress made in increasing time-to-market and improving cost efficiency

## Strategy Implementation Update

01

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+

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Drivetrain Flexibility  
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Product Roadmap





The central element of our strategy is the local development of technology – VCTC is fully operational



VCTC as an important pioneer  
for 'in China, for China'

CEA

CMP



Cooperations

VCTC fully ramped up

**~3,000**

*employees by end of 2024*

China Speed

**24-34 months**

*time to market*

Together with partners, we developed new models in very short time

## NEW MODELS TOGETHER WITH PARTNERS



**24** months

Extended SAIC partnership



**30** months

XPENG partnership

## NEW VCTC TECH DEVELOPMENT



**34** months

Compact Main Platform (VW)  
*further reduction down to 30 months possible*



AUDI will launch a new generation of ICVs from 2025 – starting with the E5 Sportback this summer!

from **2025**



**3**



**24 months**  
time to market

**579 kW**  
0-100km/h in 3.4s

**Premium quality**  
testing in CN & EU

Audi will launch 3 new PPE vehicles in China from 2025 onwards with our partner FAW

2025



FAW GROUP

3



e-range >700 km  
(CLTC)

800V tech

Best in class  
ADAS (L2+ to L2++)



In cooperation with XPENG, Volkswagen will introduce two ICVs for the B segment in 2026 - developed at 'China Speed'

2026



2



30 months  
time to market

800V tech  
supercharging

Advanced  
ADAS L2++



Four new models on the Compact Main Platform (CMP) transfer the strength of Volkswagen brand in the A segment into the electric age

2026



4



34 months  
time to market

New local electric  
platform (CMP)

China tailored zonal  
E/E architecture (CEA)

The A segment is by far the largest segment in China and *the natural home* of Volkswagen brand since decades

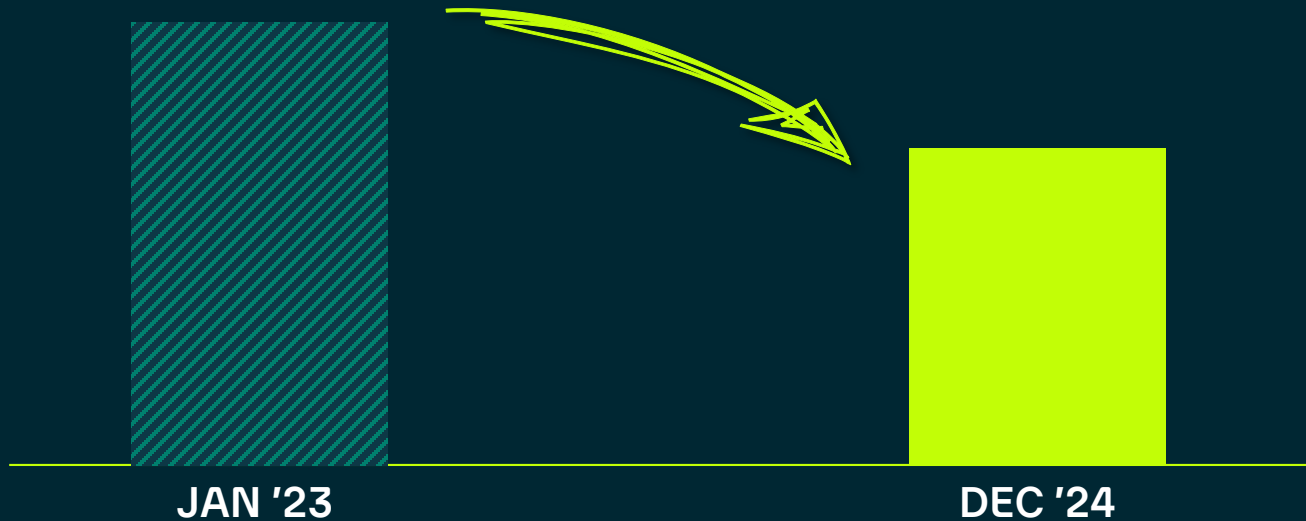




Competition and price pressure is fiercest in this segment therefore, we need smart and cost-efficient solutions

# -20%

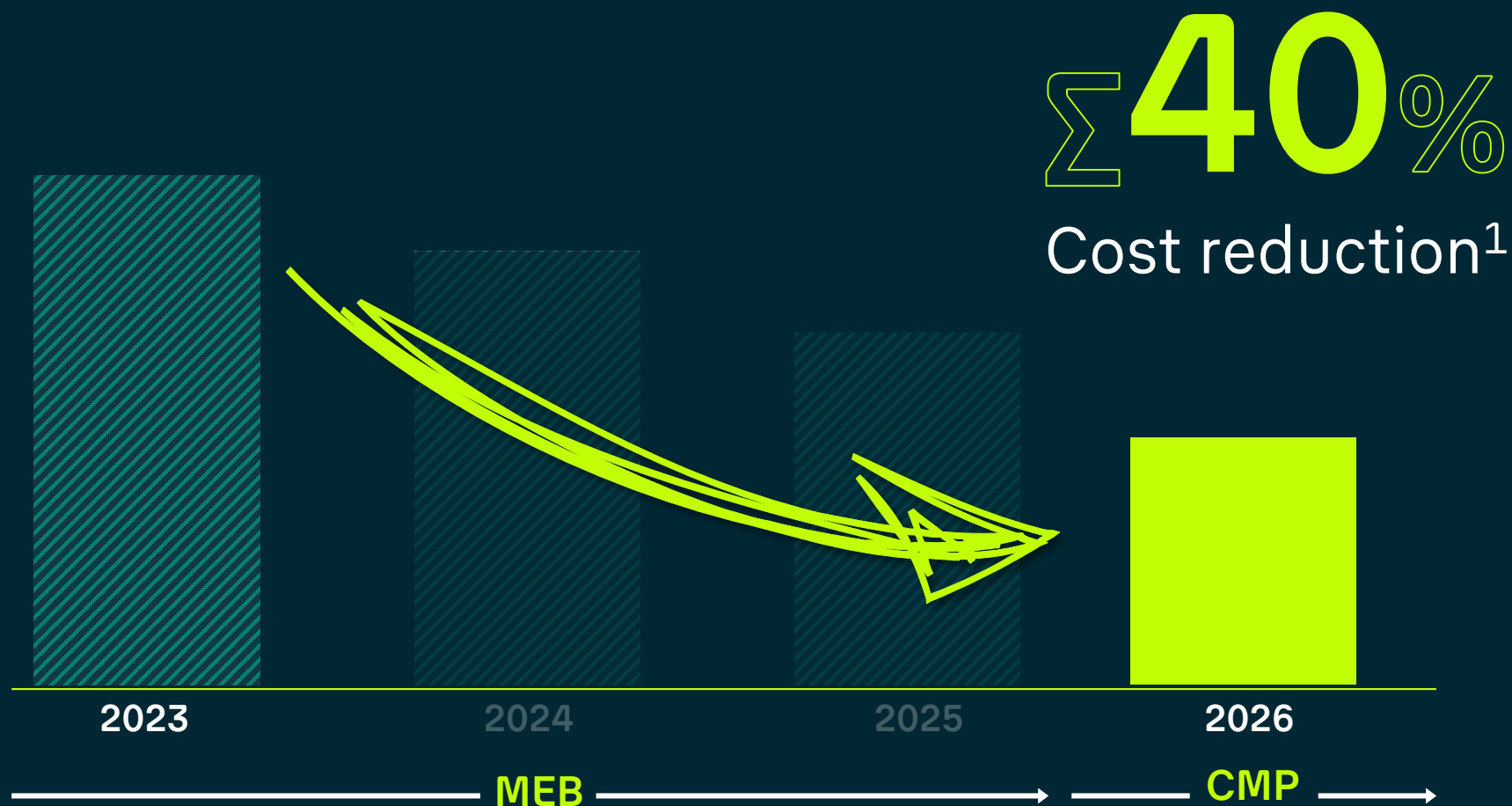
A BEV segment price development<sup>1</sup>



Therefore,  
we adjust our  
**cost structure**

Source: CPCA (China Passenger Car Association), LatePost. | 1. Volume Weighted BEV Transaction Price Movement in A segment

Compact Main Platform (CMP) developed locally in China, with the goal to reduce costs by 40%

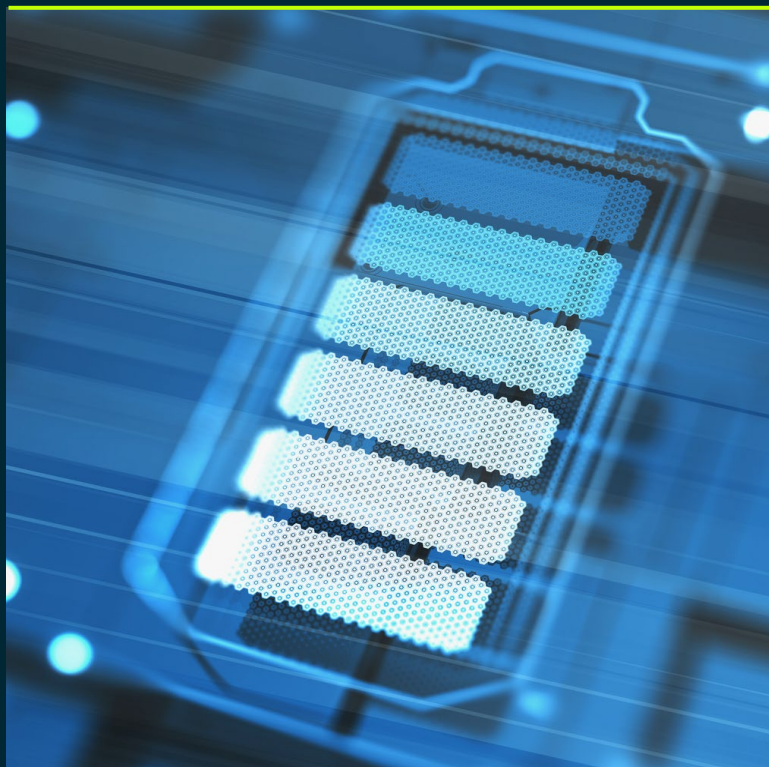


1| 40% material cost reduction in 2026

Cost advantages are mainly driven by market-tailored development, battery and a local zonal E/E architecture



**Local  
development**



**HV-Battery with LFP  
& Cell-to-pack**



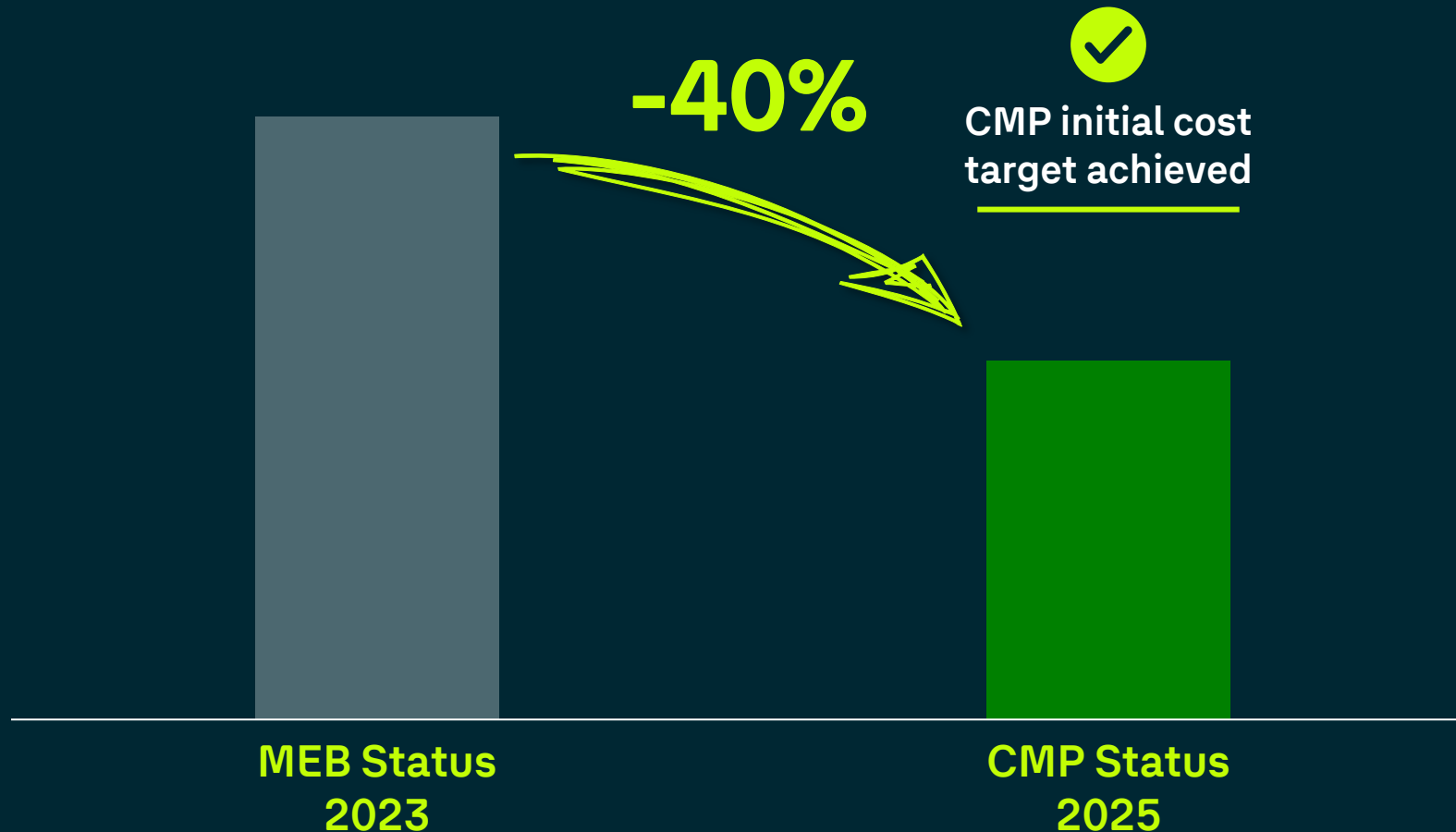
**Central / Zonal  
E/E architecture**



Compared to MEB status in 2023, we have already achieved 40% cost reduction with our CMP project as of today

## PROOF POINT

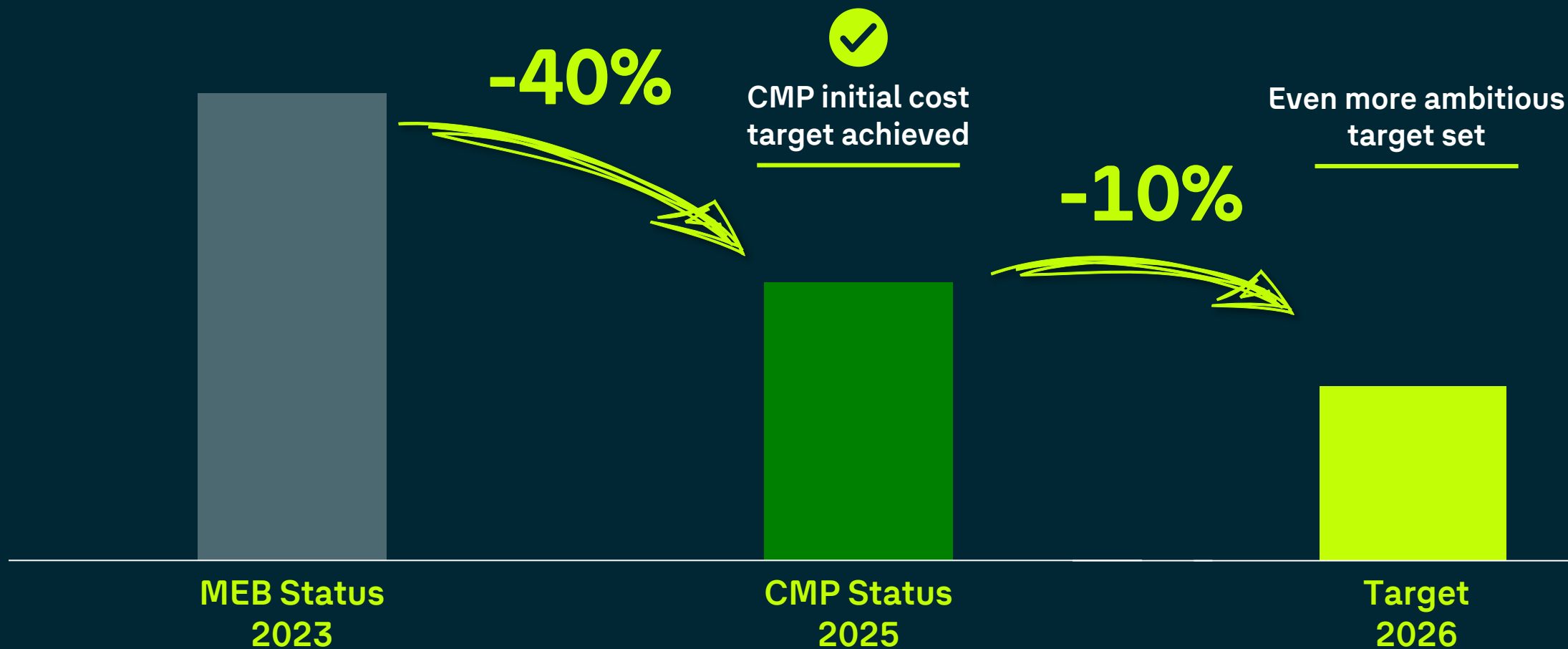
## CMP COST SAVING PROGRESS IN K EUR



Competition is moving fast! Therefore, we've set an even more ambitious target to further reduce costs by another 10% in 2026

## PROOF POINT

## CMP COST SAVING PROGRESS IN K EUR



By 2026, local development and a switch to LFP reduces HVB costs by 50% and fast charging performance enhances competitiveness

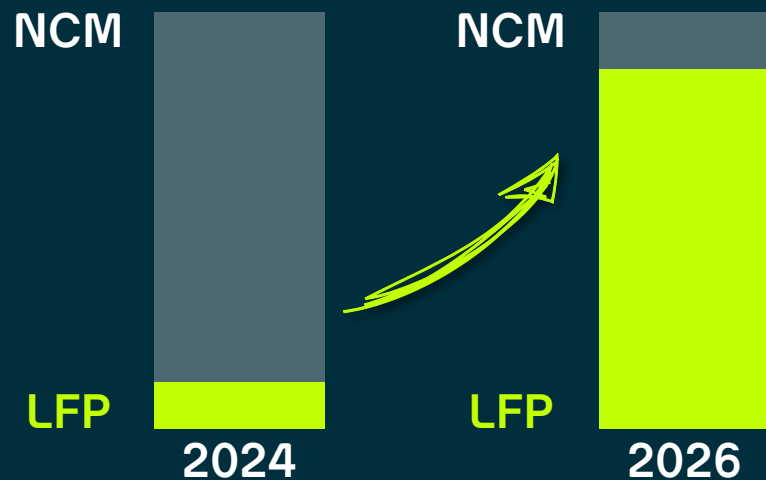
## PROOF POINT

ILLUSTRATIVE

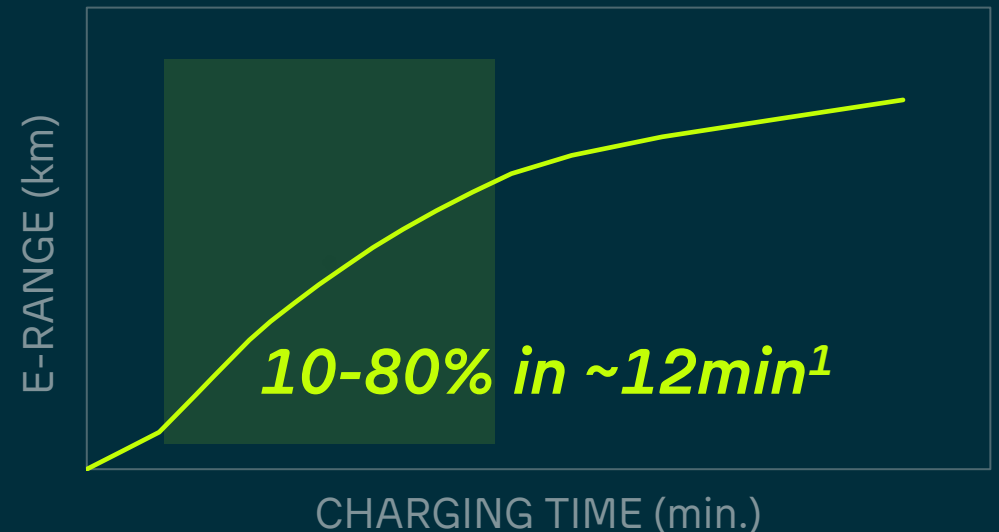
## HIGH VOLTAGE BATTERY

**~50% cost reduction**

local R&amp;D and switch to LFP



## FAST CHARGING

**1<sup>st</sup> 100km in <2 min**

1 | Roll out starting with XPENG Partnership based vehicles

We have also enhanced our tech competitiveness in E/E architecture & ADAS via increased localization

## Strategy Implementation Update

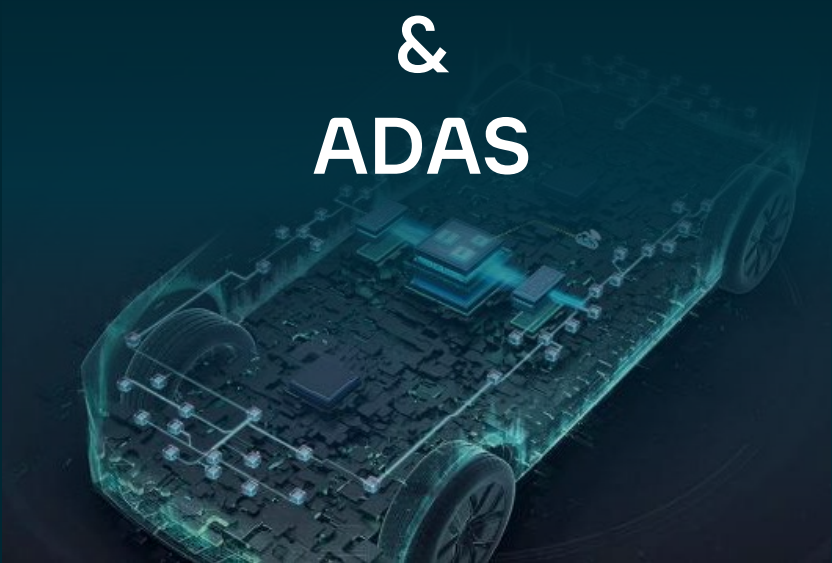
01

Speed  
&  
Cost Efficiency



02


Architecture  
&  
ADAS



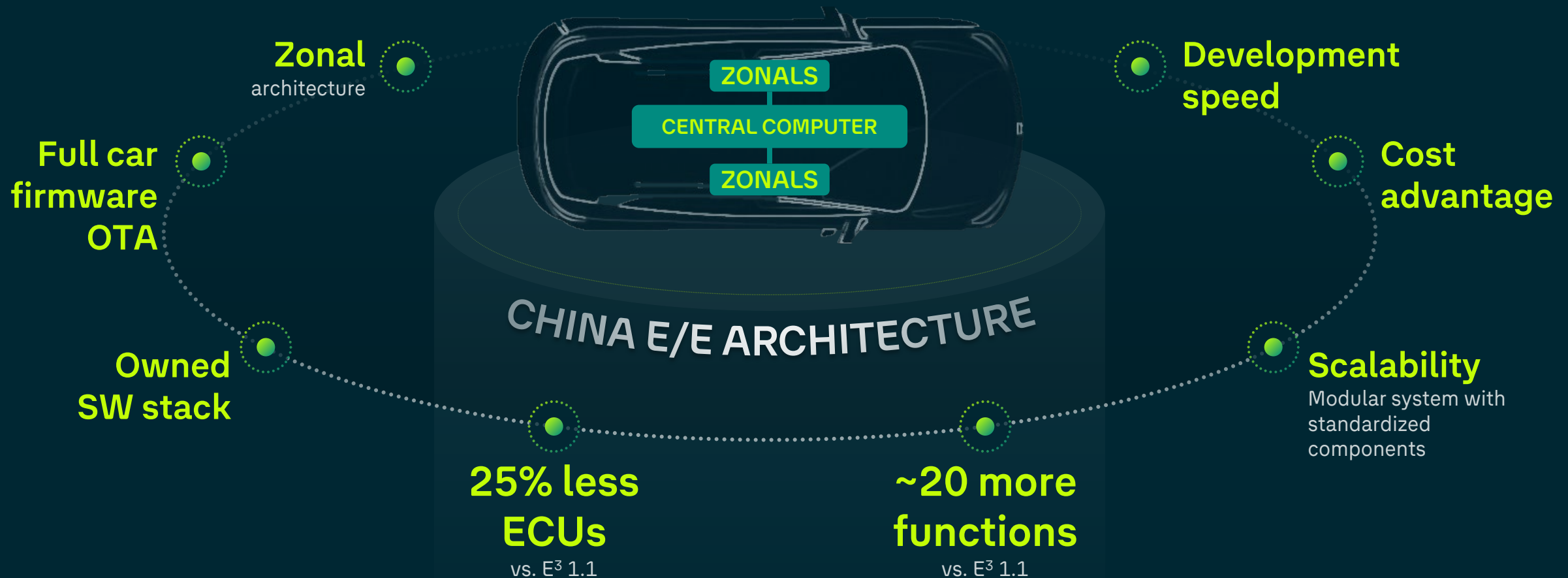
## Outlook

03

Drivetrain Flexibility  
&  
Product Roadmap



Our China Electronic Architecture (CEA) is key lever to realize our cost targets while significantly improving product substance





We have successfully established a project house with XPENG, internalized the code, and prepared our CEA for roll-out this year



**Implementation on track  
and ahead of schedule**



**>10 mn. lines of source code  
gained and self-controlled**



**1st CMP test vehicles  
incl. new CEA on the road**

Our competitive in-house architecture and ADAS stack are key enablers to improve our product substance

01

## ARCHITECTURE



02

## ADAS



**IN-HOUSE**  
**CHINA ELECTRONIC ARCHITECTURE**

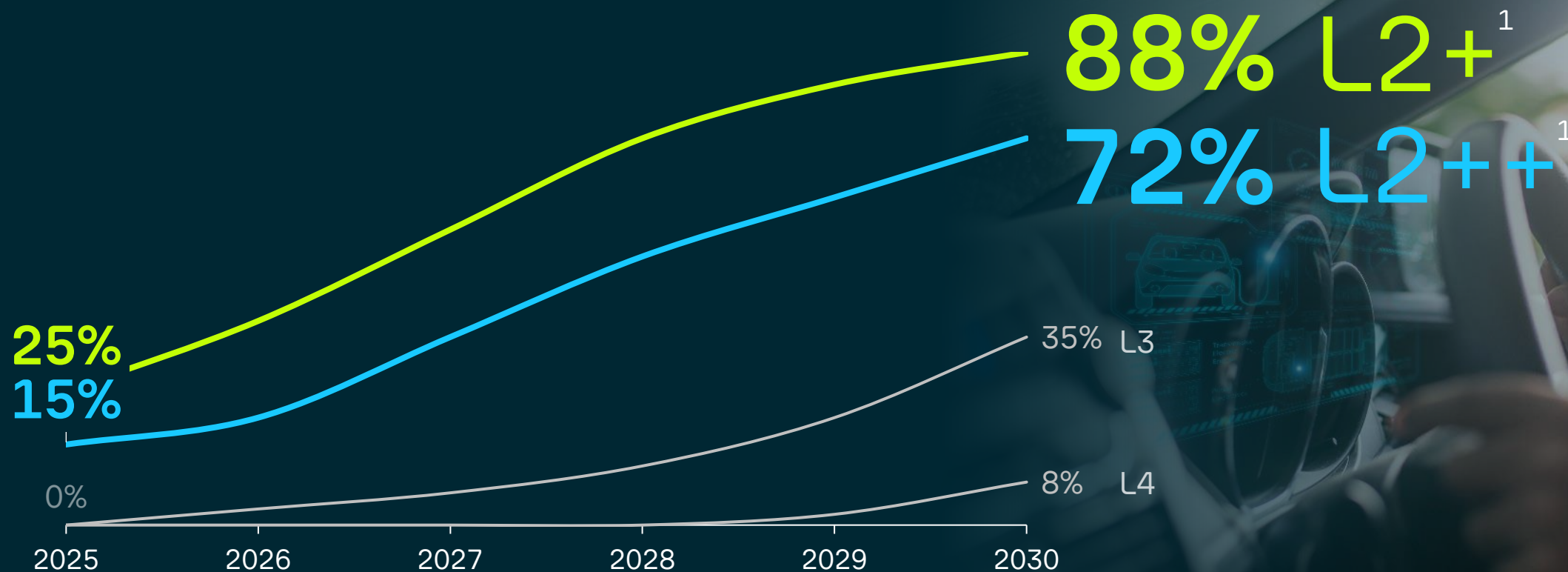


**IN-HOUSE**  
**CARIZON SOLUTION**

Customer expectations are driving L2++ adoption rate from 15% already today to ~70% by 2030

## TOTAL MARKET

### ADAS FEATURE PENETRATION RATE



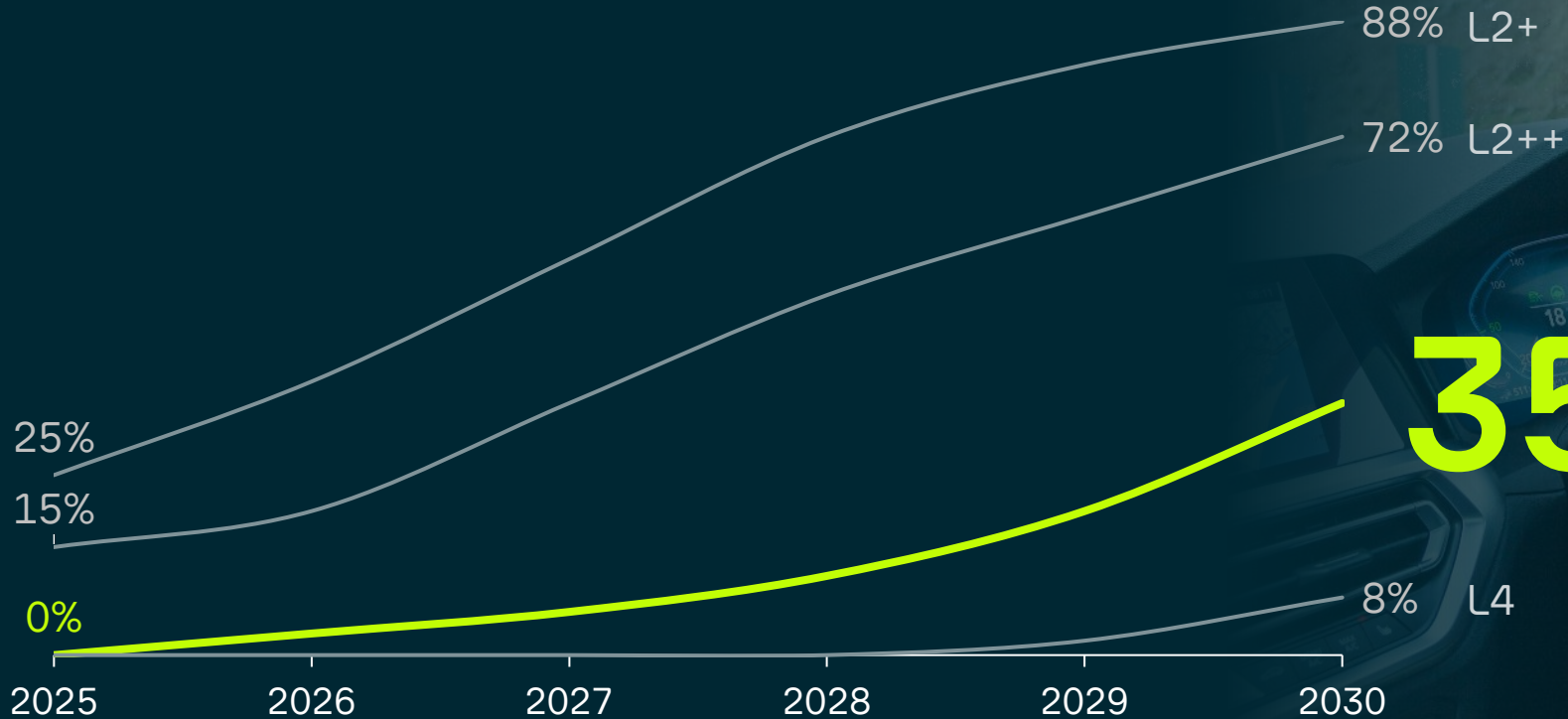
1 | Penetration rates as of cumulative penetration rates from L2+ / L2++ above.



We expect L2++ to become standard feature by 2030 and L3 to become a significant customer purchase criterion

## TOTAL MARKET ADAS FEATURE PENETRATION RATE

"Customer adoption for ADAS may come faster than expected!"



1 | Penetration rates as of cumulative penetration rates from L3 above, as of SAE Technology Roadmap 3.0 (Draft)

To address this trend, we are building up an in-house ADAS stack with CARIZON - enabled by our CEA

## IN-HOUSE ADAS + CEA

Deep-dive later!

CEA >>

CARIZON  
L2+

CARIZON  
L2++

CARIZON  
L3 readiness

2025

2026

2027

...

Drivetrain flexibility and execution of our product roadmap is aligned with our partners & drives our NEV volume ramp-up

## Strategy Implementation Update

01

Speed  
&  
Cost Efficiency



02

Architecture  
&  
ADAS



## Outlook

03

Drivetrain Flexibility  
&  
Product Roadmap

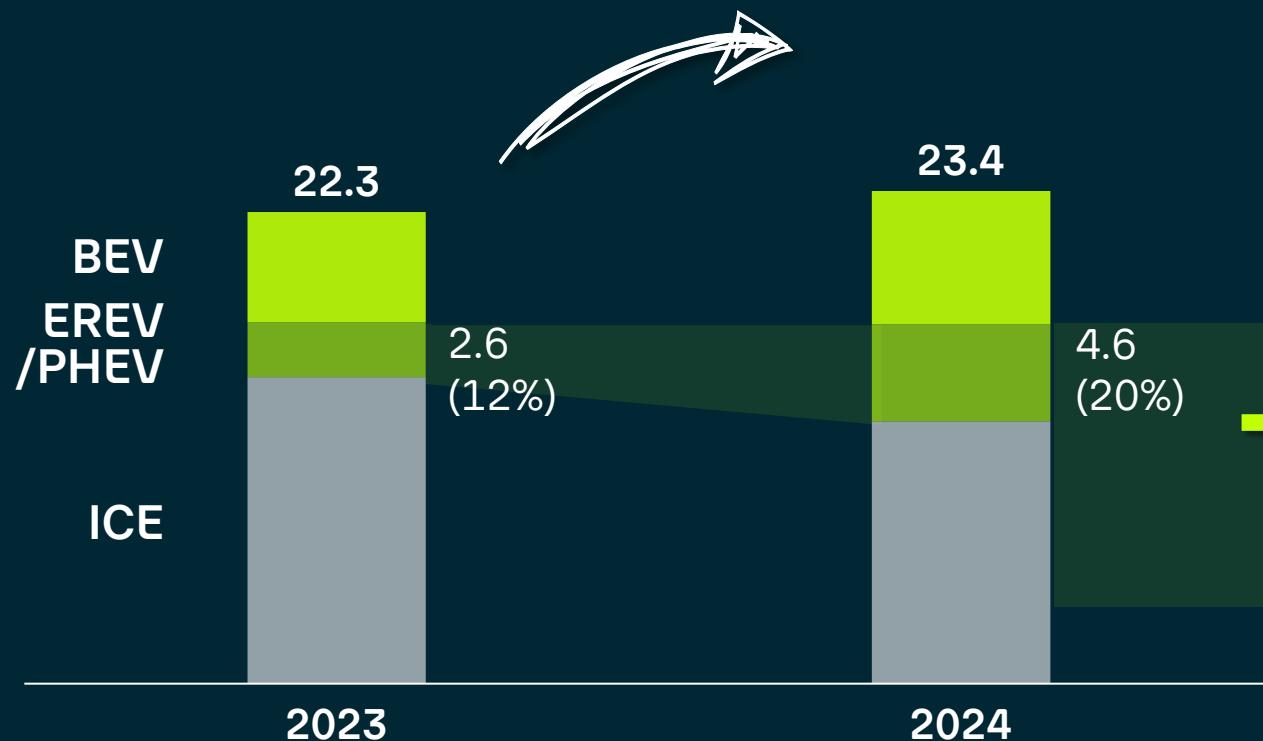




EREV/PHEV vehicles have been a major accelerator,  
contributing to an overall strong NEV growth momentum

## CHINA TOTAL MARKET

[in mn. vehicles]



» NEVs with strong  
growth momentum

**+75% EREV/ PHEV  
as accelerator**

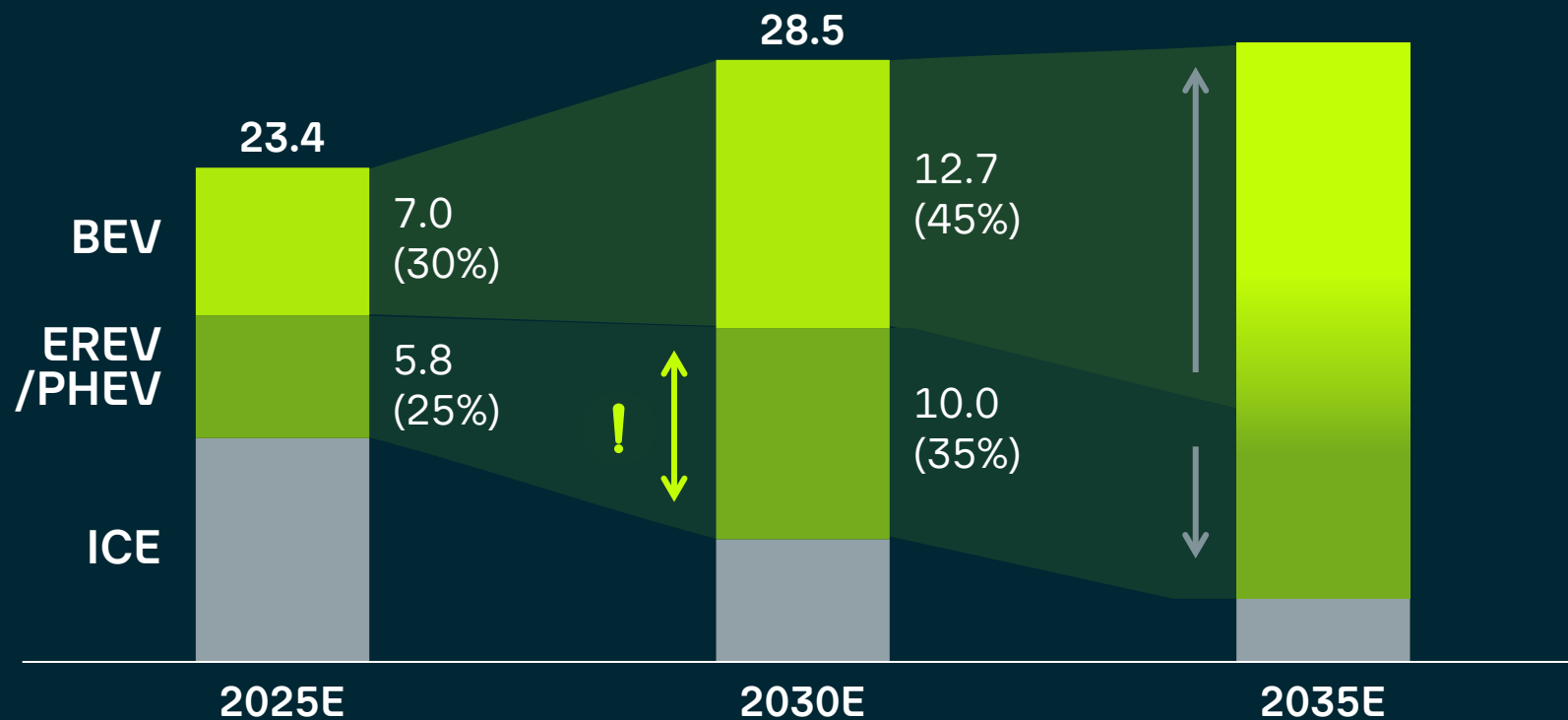


Source: CPCA (China Passenger Car Association), LatePost

The EREV/PHEV growth trend is expected to last for a vehicle generation

## CHINA TOTAL MARKET SHIFT

[in mn. vehicles]



## Key takeaways

- > Composition of the NEV market remains dynamic
- > Strategic drivetrain flexibility in BEV & PHEV/EREV is key!

We capitalize on this trend with our new China Scalable Platform (CSP) – the next generation of 'In China, for China' Group tech



Note: CSP picture only illustrative



Our CMP and CSP platforms enable us to retain drivetrain flexibility while ensuring portfolio efficiency

NEW!

CMP

CSP

1  
Hat



2  
Drivetrains



With the introduction of our CSP platform, we cover all relevant NEV segments with 'In China, for China' technology

SEGMENT

A

B

C

CMP



CSP



NEW!

Partnership



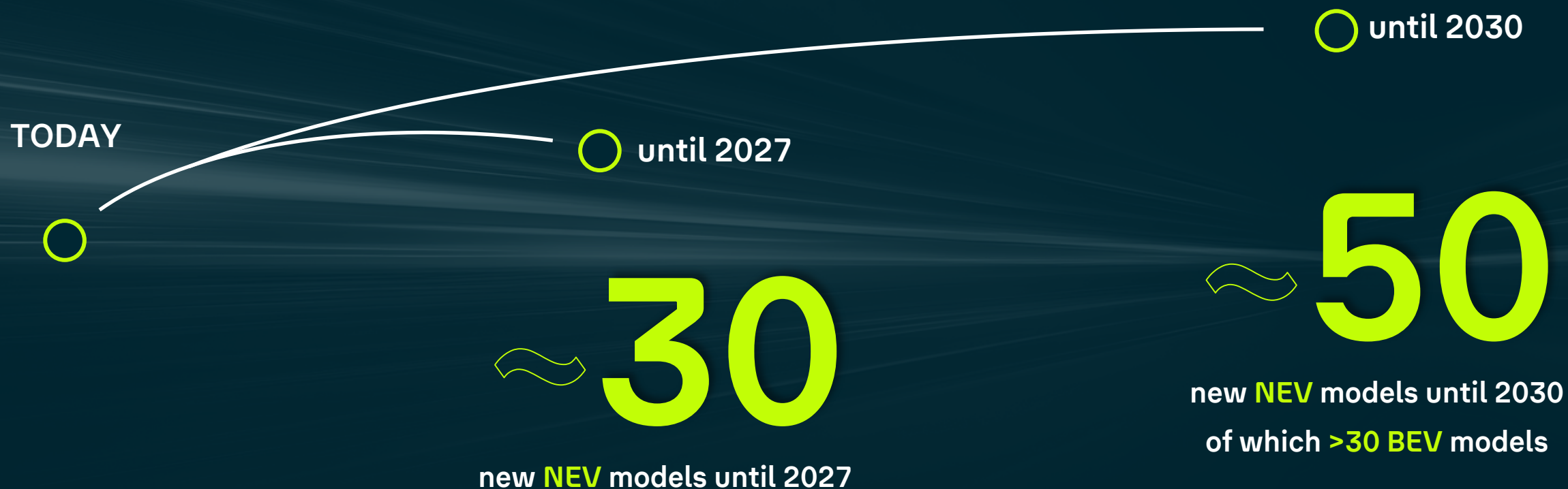
Partnership



PPE / SSP

GLOBAL  
PLATFORMS

We ramp up our NEV volume with a firework of products, starting this year

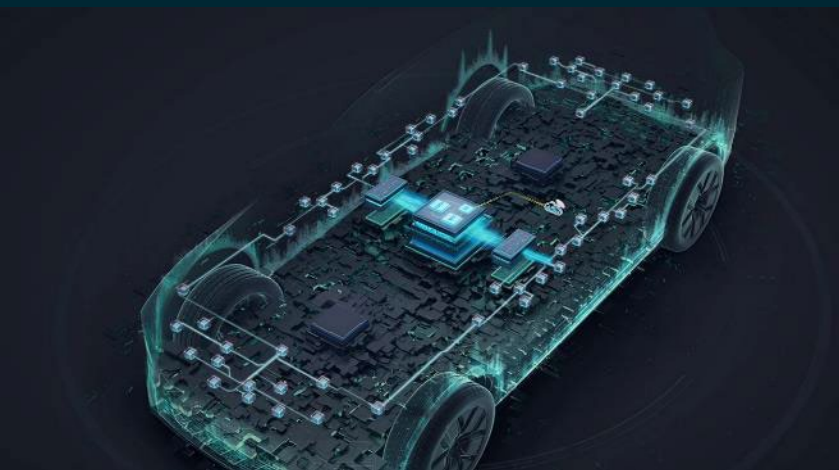




In sum, we realize our Target Picture 2030 ambition via 3 levers

01

**IN-HOUSE  
CEA & ADAS**



**CEA & CARIZON stack**

*increases product substance*

02

**STRATEGIC  
DRIVETRAIN FLEXIBILITY**



**1 hat, 2 drivetrains**

*enhances portfolio efficiency*

03

**LOCAL TECH  
'IN CHINA, FOR CHINA'**



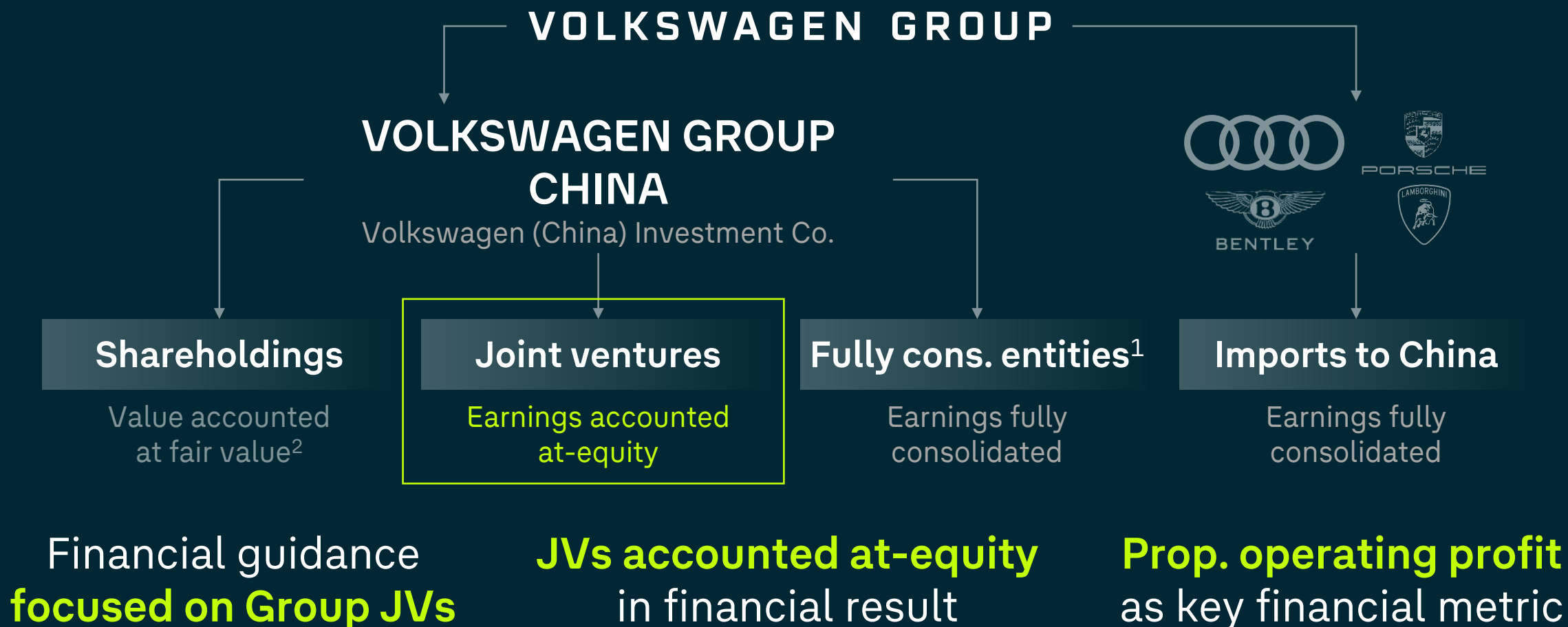
**Key NEV segment coverage**

*enables fast NEV volume ramp-up*

We are executing our  
'In China, for China' strategy  
to achieve our  
financial ambitions



# Resilient structure of Volkswagen Group in China

SELECTED  
EXAMPLES

1 | Includes Volkswagen (China) Investment Company (VCIC), Volkswagen (Anhui) Automotive Company Limited, Volkswagen Group (China) Technology Company (VCTC), Volkswagen Group China's Digital Sales and Services Company (DSSO), Volkswagen Automatic Transmission (Dalian) (ATD), Volkswagen Automatic Transmission (Tianjin) (ATJ), Volkswagen Group Import Company (VGIC); 2 | At cost only for smaller shareholdings due to materiality reasons; at-equity accounting for Gotion High Tech



In Region China, we implement a risk mitigation approach via non-consolidated investments

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

Joint ventures (e.g. SVW,  
FAW-VW...) are  
**not consolidated into VWAG**



Non-consolidated JVs  
SVW & FAW-VW with  
**self-funded investment plan**

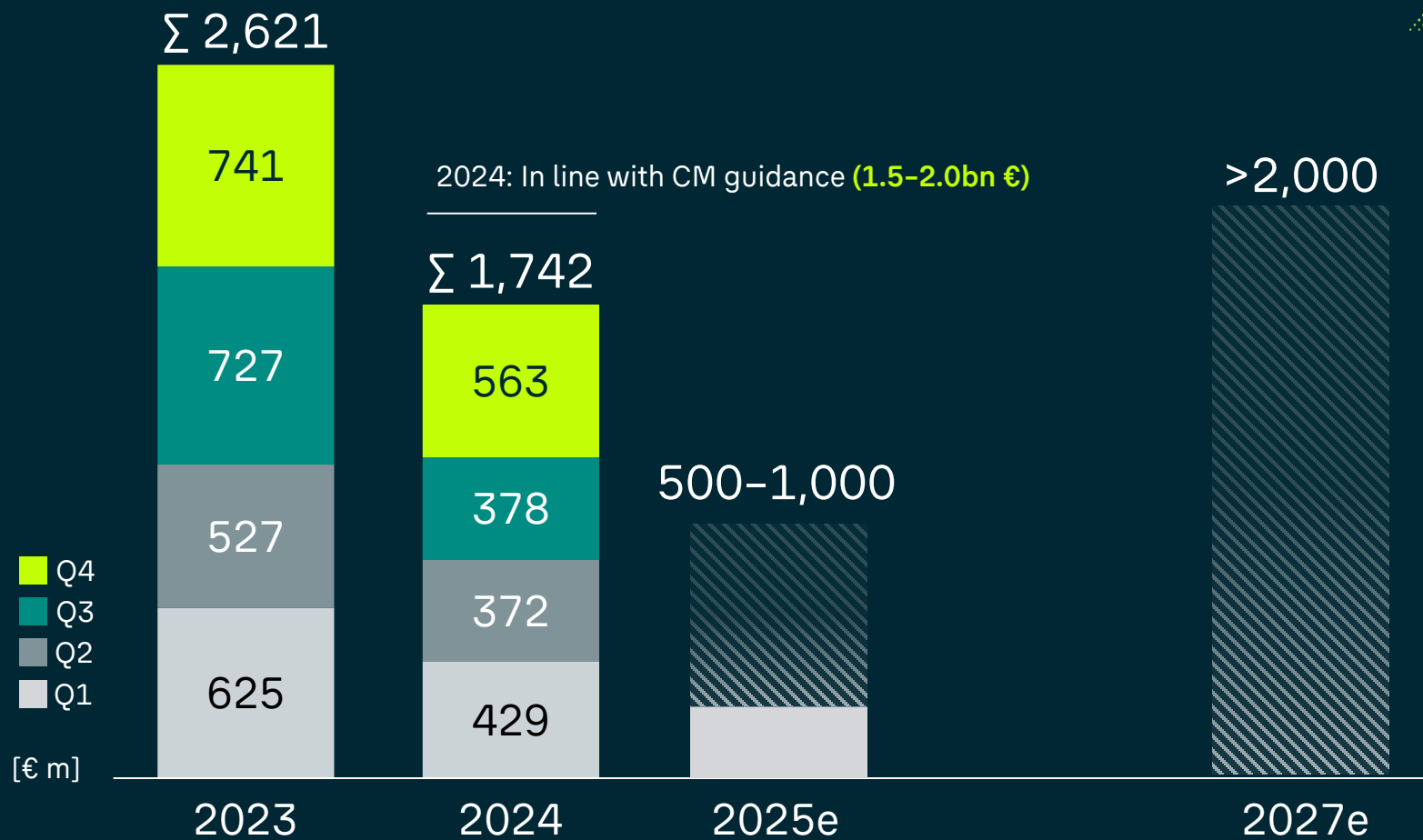


...

Efficient capital usage  
by additional  
**smart partnerships**

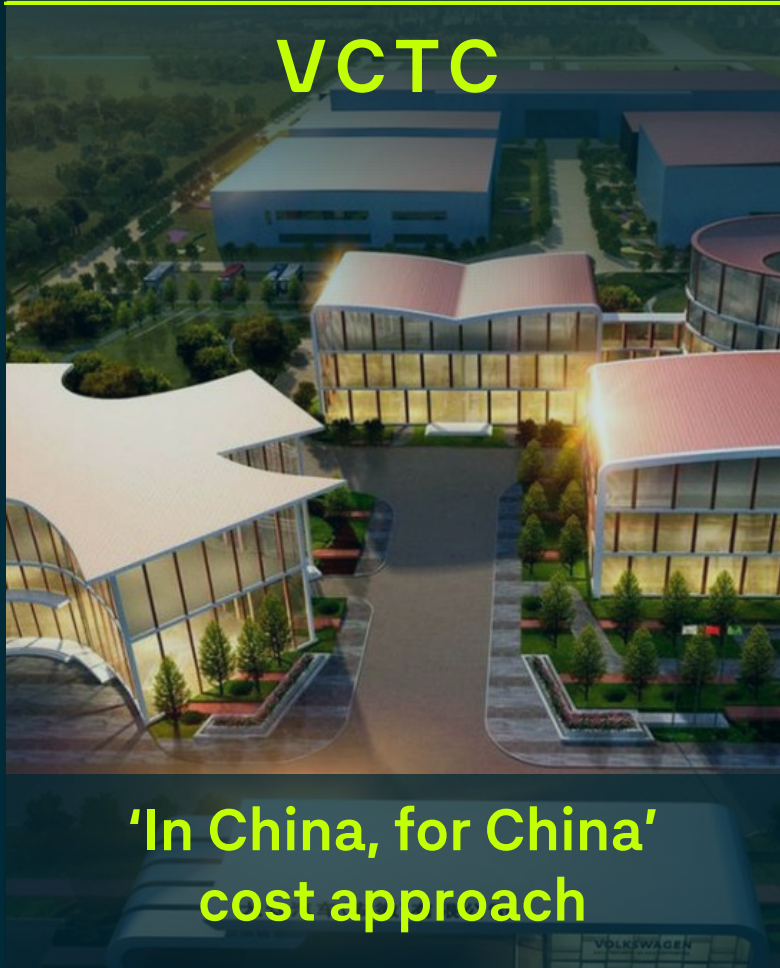
# China Joint Ventures: Proportionate Operating Result

## Key milestones reached to achieve turnaround

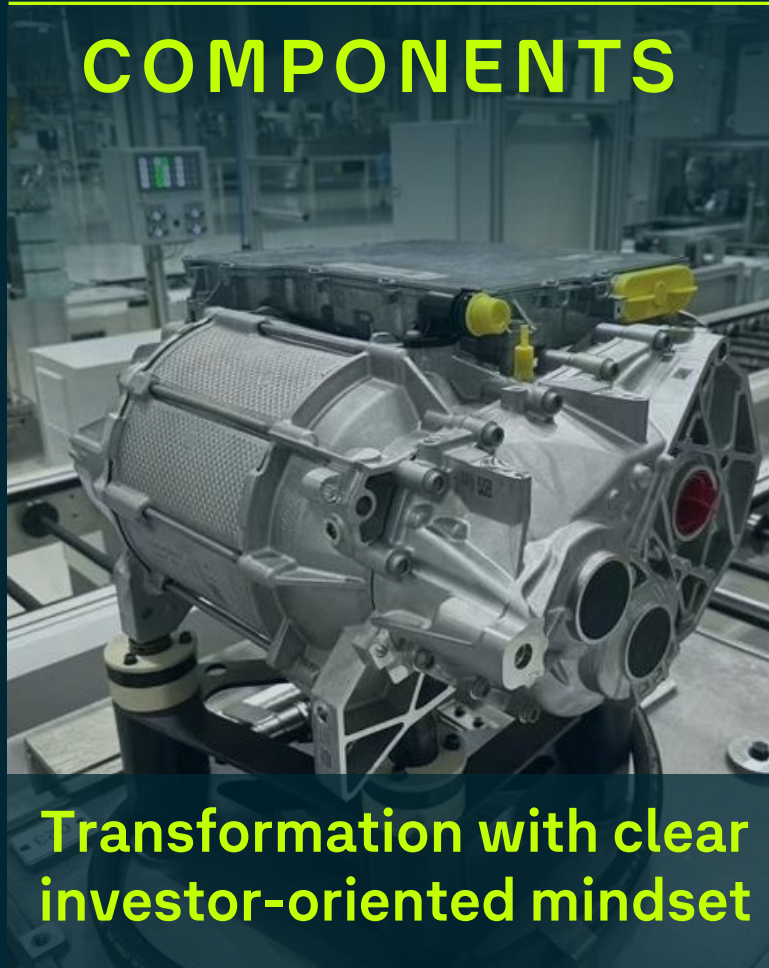


We execute measures with a strong focus on capital efficiency by optimizing investments, existing assets and capital structure

## VCTC



## COMPONENTS



## JOINT VENTURES



Progressive efficiency  
& fixed cost programs



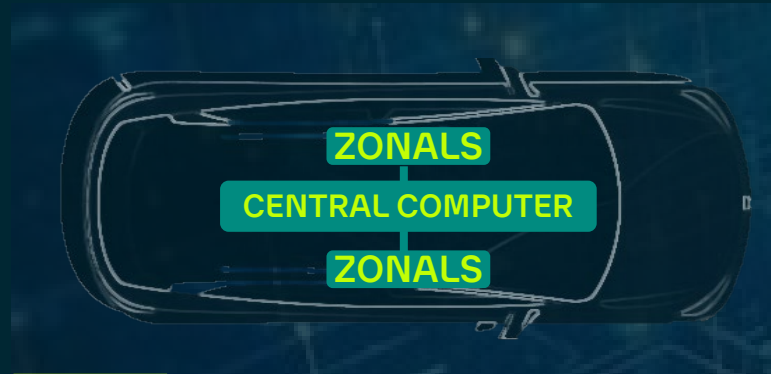
# Starting this year, we switch to Delivery Mode

WE ARE  
**FAST**



**24 – 30** months  
time to market

WE ARE  
**SMART**



1<sup>st</sup> **locally developed** zonal  
architecture + **in-house**  
**developed** ADAS L2++

WE  
**STAY ON COURSE**



We maintain **profitability** and  
contribute to Group results

# Our transformation is in full swing

- 01 **We are pushing Volkswagen's biggest ICV offensive**  
with the next-Gen ICVs, entirely developed 'In China, for China'  
and tailored to the needs of Chinese customers
- 02 **Our technology is cutting edge**  
with in-house developed, next level E/E architecture and advanced  
& safe ADAS solutions
- 03 **We are covering all NEV segments with drivetrain flexibility**  
incl. BEV, PHEV and EREV models
- 04 **Re-acceleration of profitability in sight**  
after two years of consequent 'In China, for China' cost approach and  
progressive fixed cost program execution



**We make smart cars our Chinese customers want!**