

VOLKSWAGEN

GROUP CHINA



Volkswagen Group Capital Markets Day 2017

Volkswagen Group China

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Board of Management, „China“

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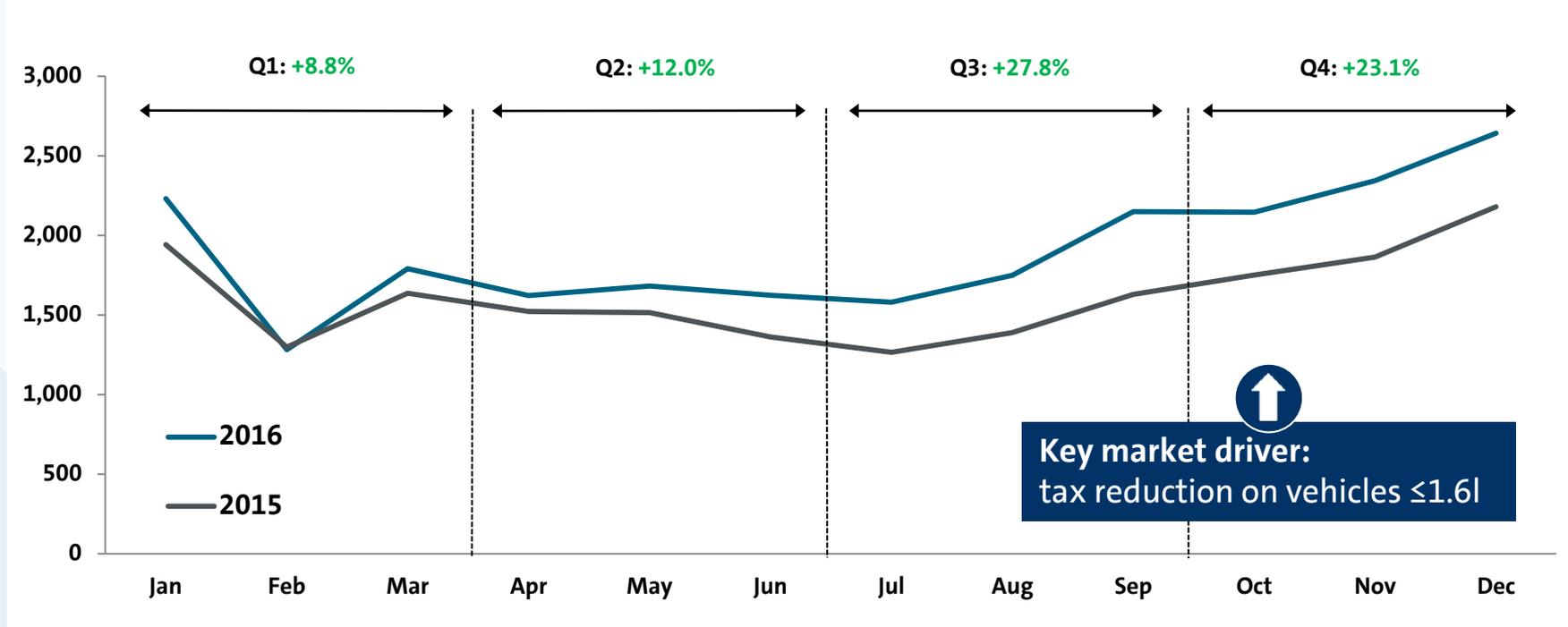
1 Review 2016

2 Regulatory environment

3 Strategy and Targets

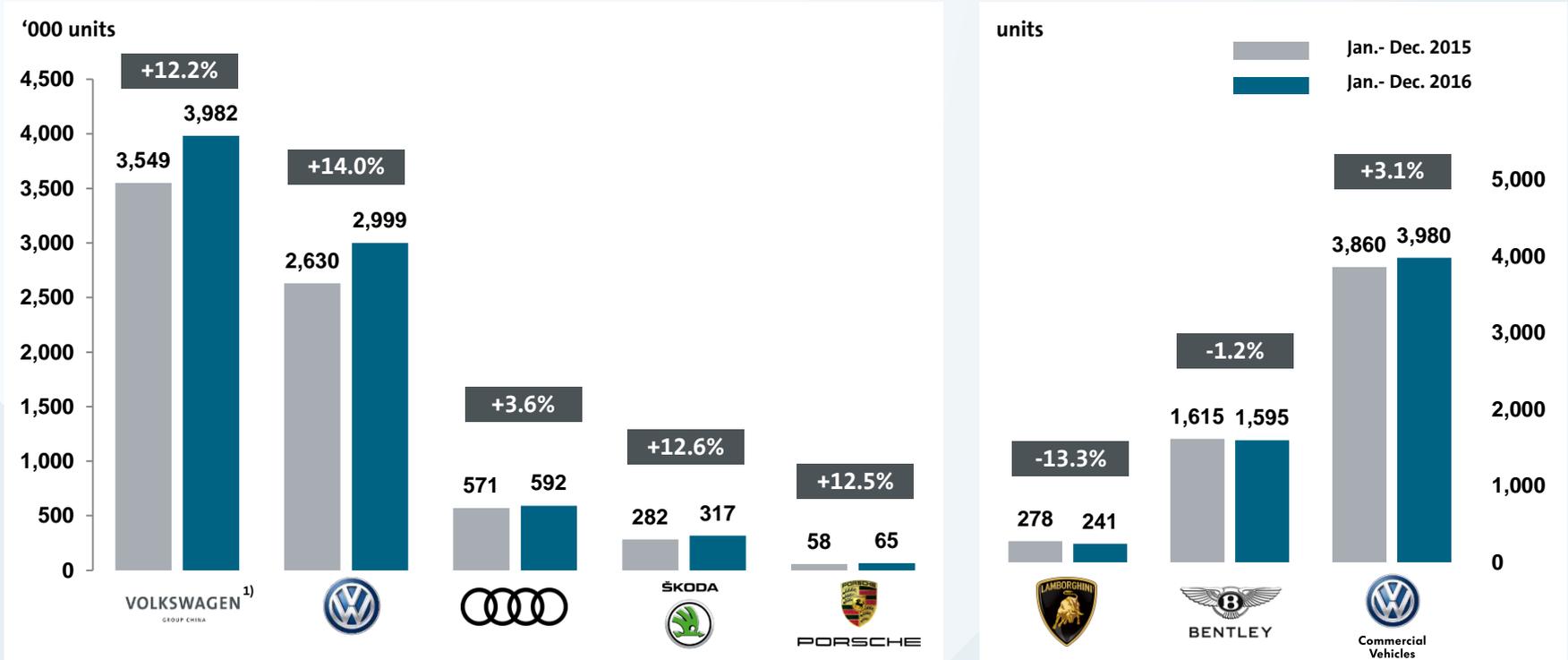
Strong market growth of +17.9% to 22.9m units in 2016

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



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

Financials 2016 – on 100% level



Deliveries to customers
(in '000 units)

1,854 (+13.5%)

of which 1,315 Volkswagen and 539 Audi

1,949 (+12.3%)

of which 1,632 Volkswagen and 317 ŠKODA

Sales revenue
(in EUR bn)

40,875 (+1.0%)

26,064 (+0.2%)

Pre-tax profit
(in EUR bn)

5,546 (-10.1%)

4,589 (+4.1%)

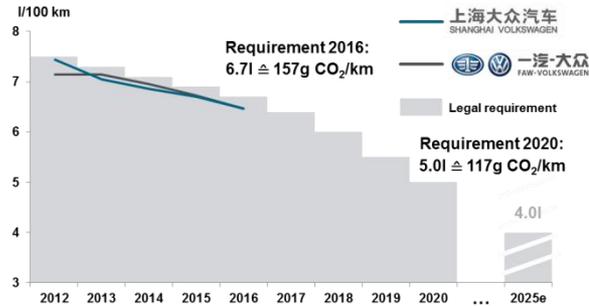
Margin

13.6%

17.6%

Regulatory environment in China

CAFC - Fuel consumption target



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	2018	2019	2020
	None	8%	10%	12%

NEV Credit Point Attribution per NEV Type

E-Range (in km)	BEV				PHEV	FCEV	
	80 - 150	150 - 250	250 - 350	>350	>50	250 - 350	>350
Credit Point	2	3	4	5	2	4	5

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)

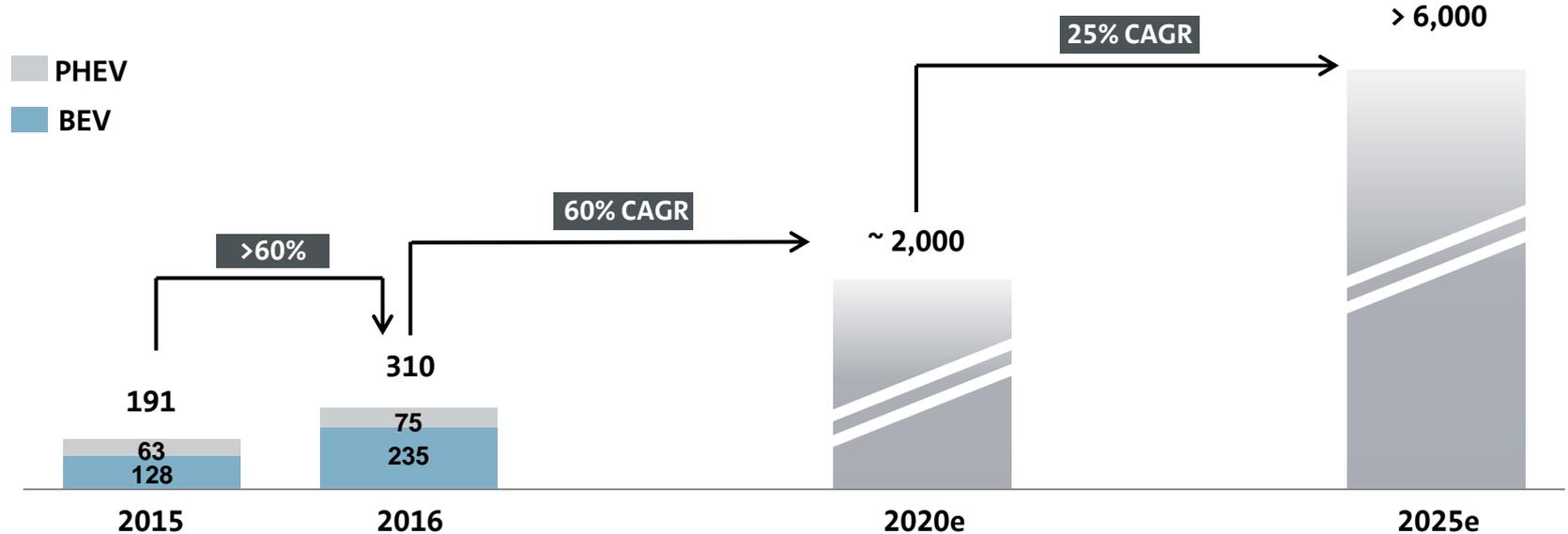
(up to 44,000 RMB for BEV and 24,000 RMB for PHEV)

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

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

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JAC 江淮汽车



Goal: transformation from car manufacturer to leading mobility provider

Announced agreements for potential strategic partnerships

Ride-hailing



滴滴出行
滴滴一下 美好出行

Didi Chuxing

Pre-owned car market



Youxin

Car-sharing

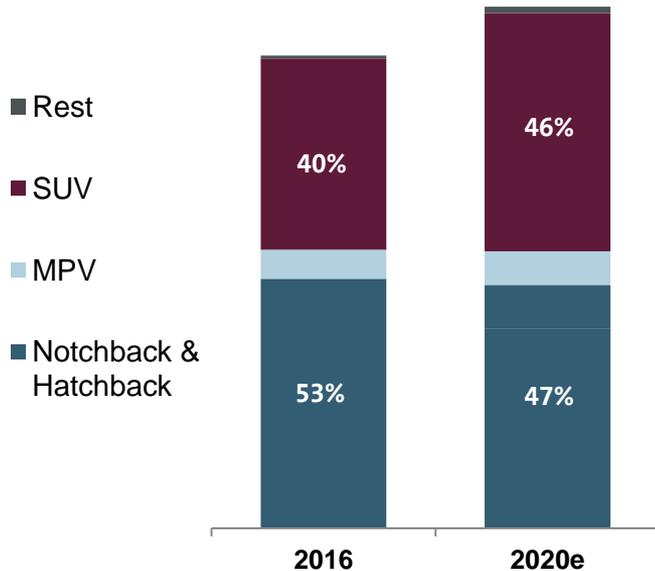


Shouqi



New product offering with an expanded SUV offering ¹⁾

Body style trends until 2020¹⁾



New vehicle launches 2017 and to follow²⁾

SUV



Others

imported

locally produced



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

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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