

PORSCHE

AUTOMOTIVE INVESTMENT GMBH

CHINA BRANCHES

China & Chinese Automotive Market

CONTENTS

- China in a nutshell
- China Automotive Market
- Social Media Marketing
- Q&A

China Economy Development Last 30 Years

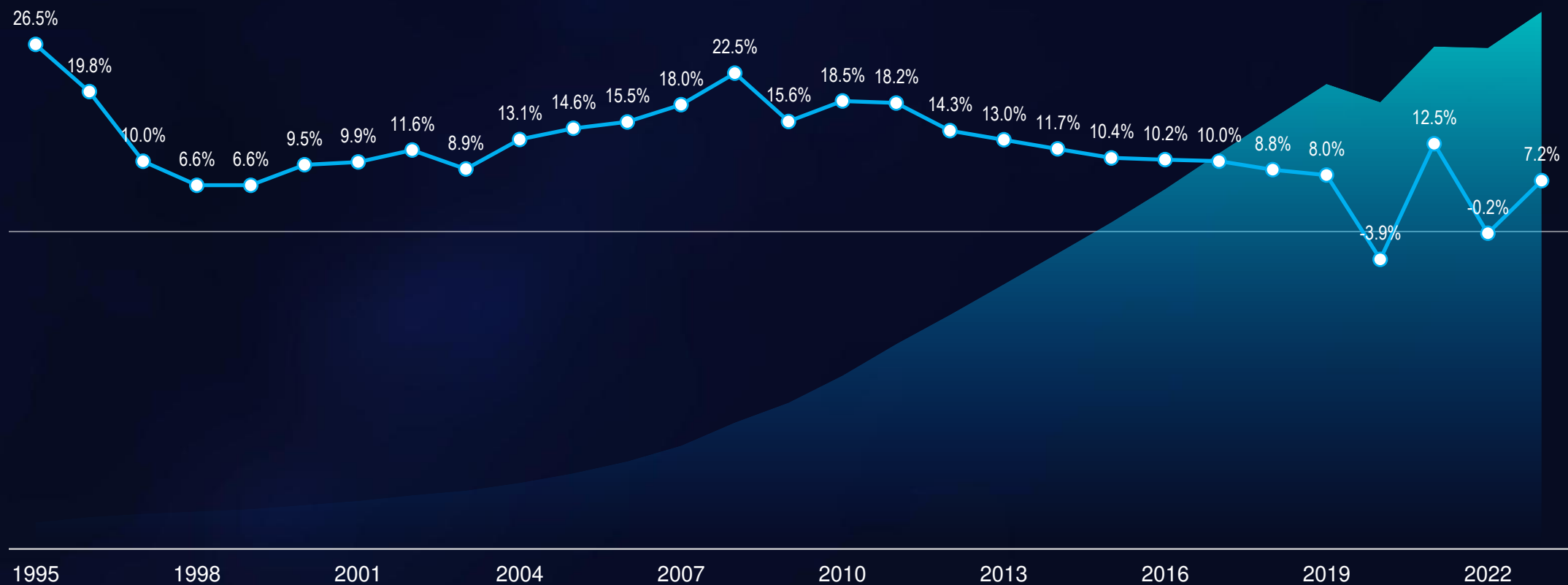
GDP and GDP Growth % last 30 Years



Source: [National Bureau of Statistic](#) – monthly data, annual data

China Economy Development Last 30 Years

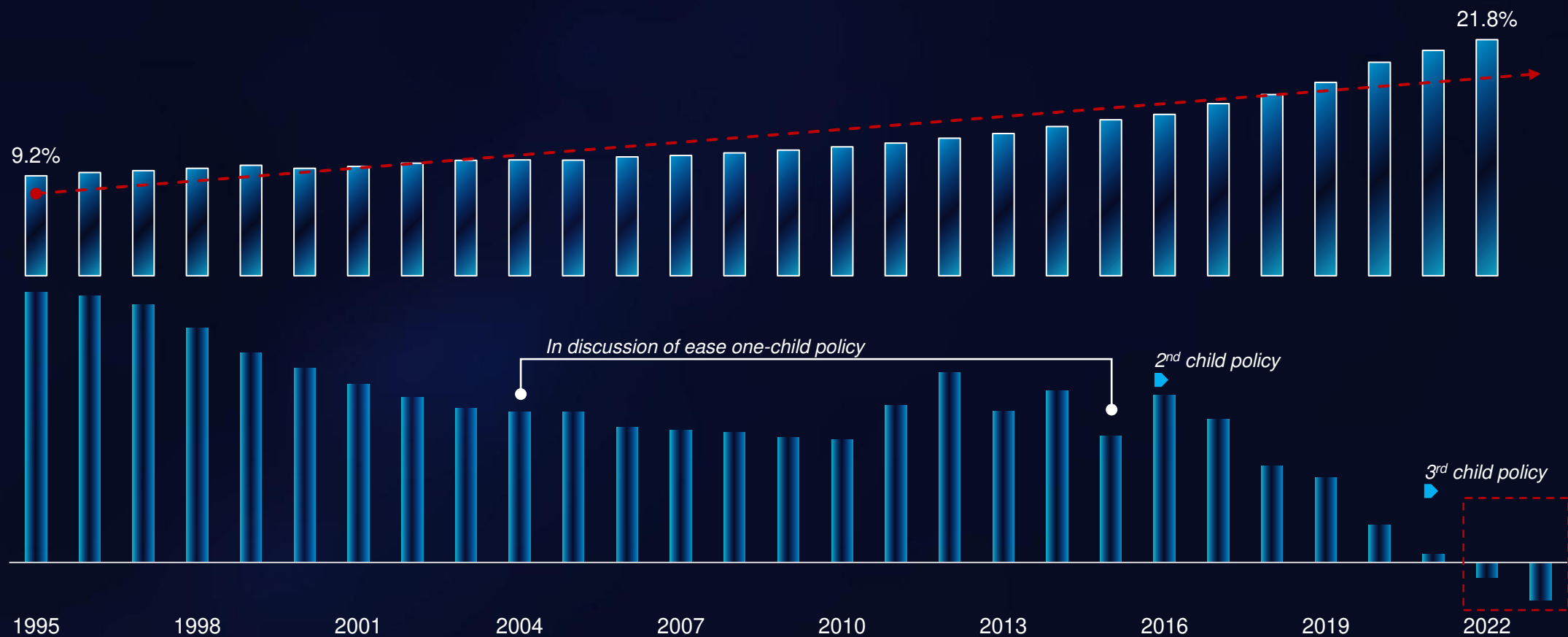
Retail Consumption (Goods) Revenue and Growth Ratio in %



Source: [National Bureau of Statistic](#) – monthly data, annual data

China Economy Development Last 30 Years

Population Growth (bottom chart) & Old-age Dependency Ratio (up-chart)



Source: [National Bureau of Statistic](#) – monthly data, annual data

China Economy in a Nutshell

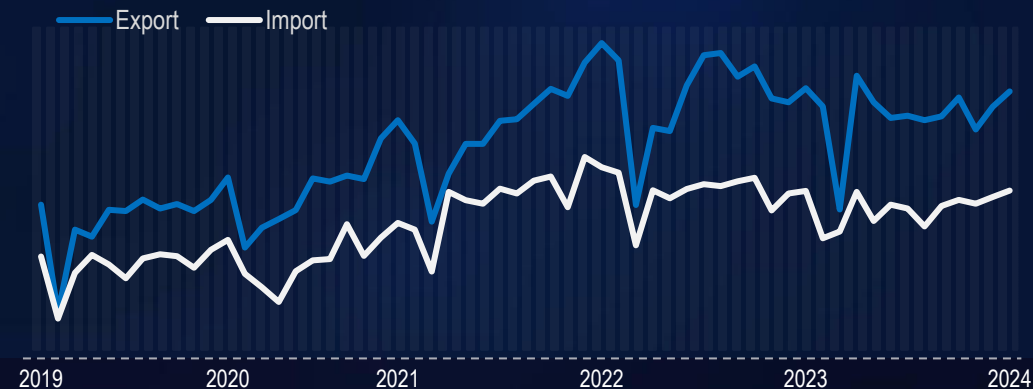
CPI (Consumer purchase index)



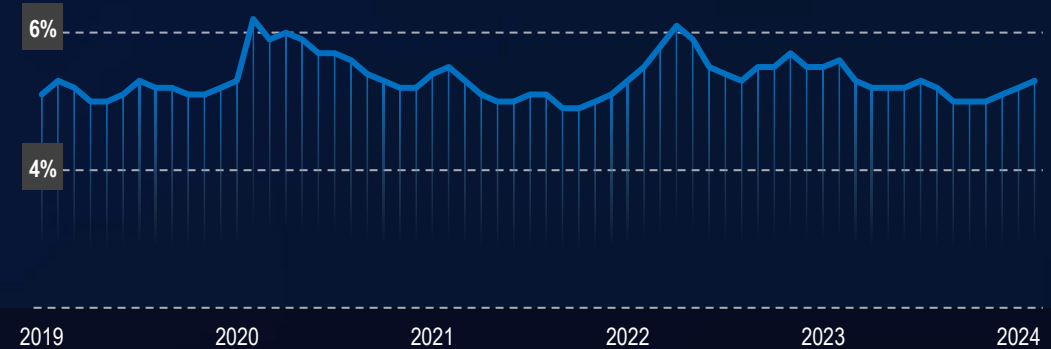
CCI (Consumer confidence index)



Import, Export

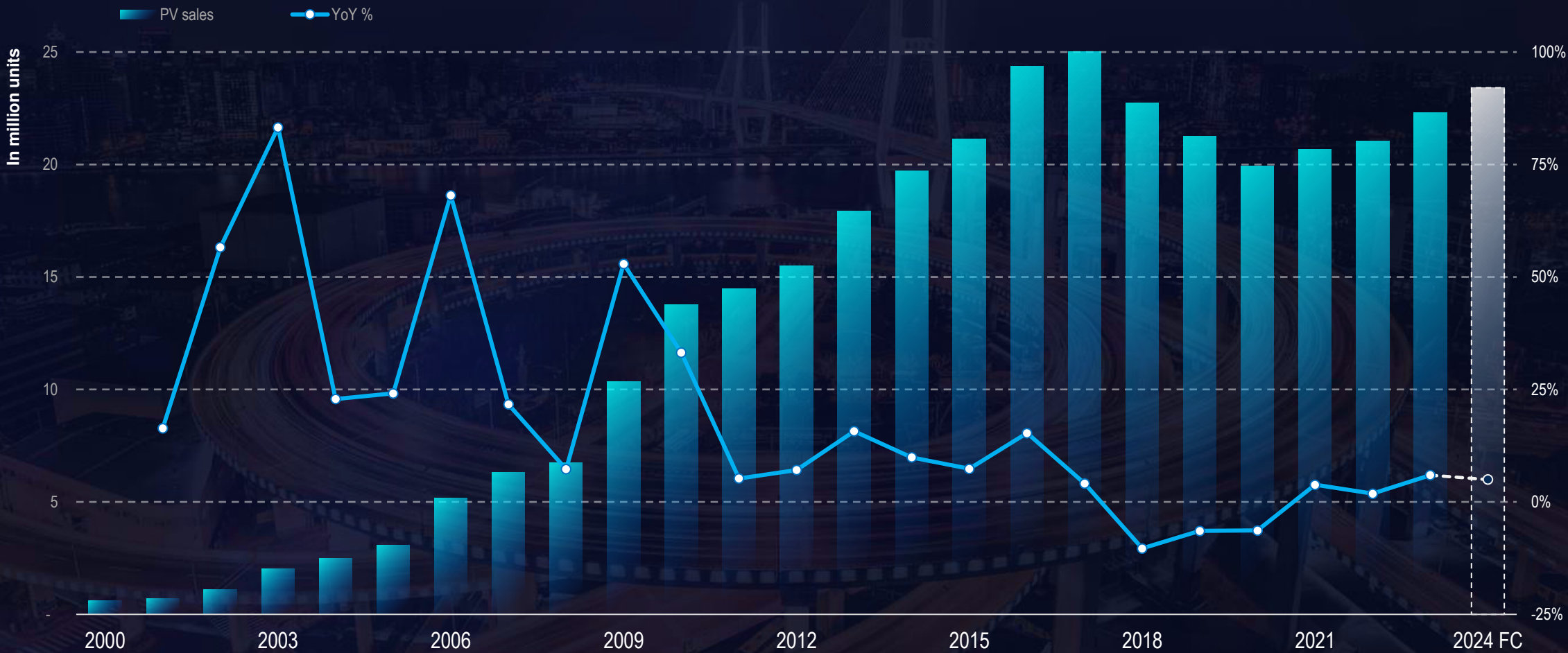


Unemployment



Source: [National Bureau of Statistic](#) – monthly data, annual data

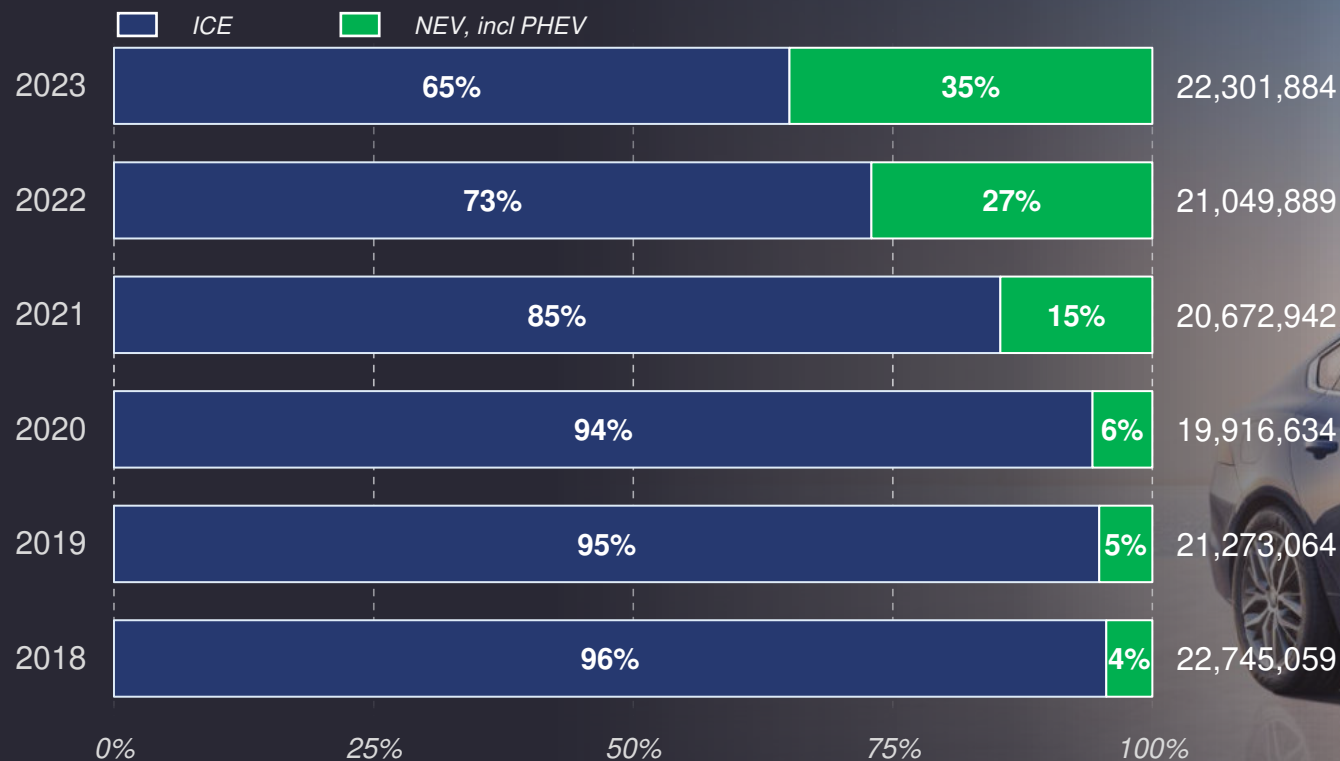
China Automotive Market “Passenger Vehicles”



Source: VGC Market Database

China Automotive Market - NEV

- Stable car market with very fast growth in new energy vehicle segment



Source: VGC Market Database

2023 Chinese Passenger Car Market



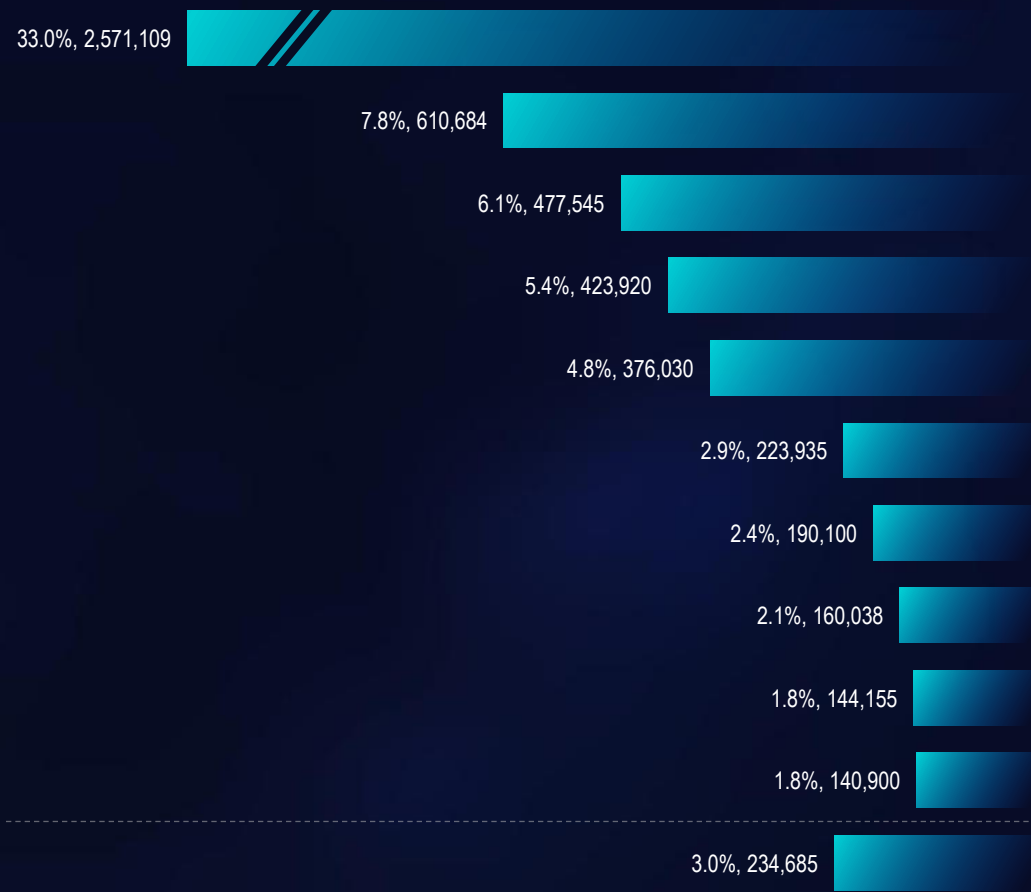
Source: VGC Market Database

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PMBA Mobility Management | April 2024 | Internal usage only

NEV by Brand 01-12/2023

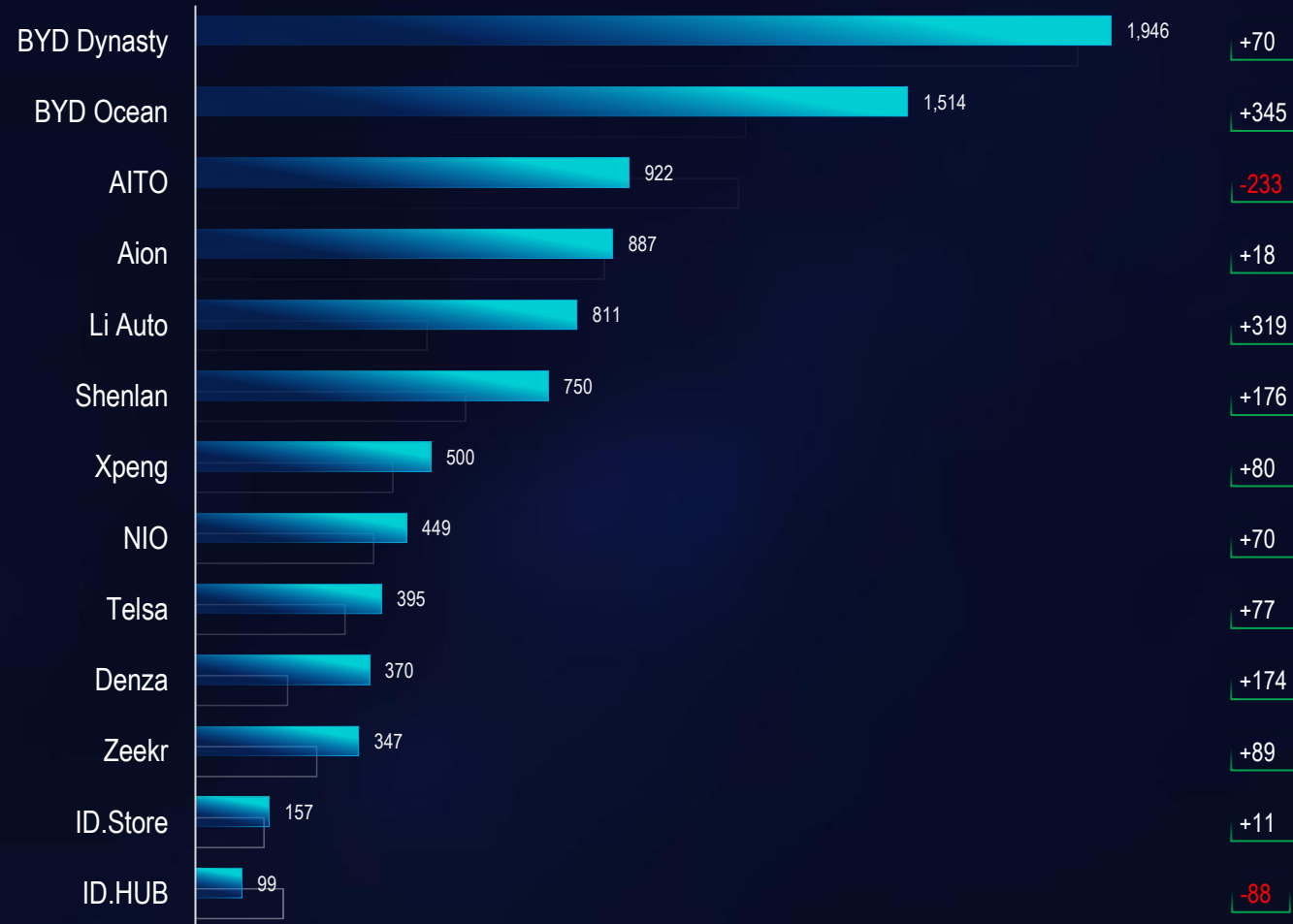
Market share %; Sales volume in units



BRAND	MS change % p	Volume change vs LY in units
BYD	+1.6% p	451,140
Tesla	+0.1% p	170,914
Aion	+1.3% p	203,788
Wuling	-1.7% p	16,877
Lixiang	+2.5% p	242,784
Chang'an	-0.4% p	38,741
VW	-0.7% p	9,457
NIO	-0.1% p	37,553
Leapmotor	-0.1% p	32,987
Xpeng	-0.3% p	20,143
VW Group	-0.6% p	28,759

Source: VGC Market Database

NEV Network | Year-End 2023 vs YE 2022



- Increase in most brands

Network structure optimization

- Less experience centers in shopping malls
- More centers incl. sales and aftersales functions
- Eliminate low performance stores
- Expand network to tier 3, 4, 5 cities

Source: LandRoads 2023 NEV Brand Sales Channel Analysis_2024.02.05

NEV Brand Health Tracking Index Top 5 | 2HY 2023



Source: LandRoads H2 2023 NEV Brand Health Tracking (BHT) Study_2024.01.24

BYD - Build Your Dreams

Business scope

Passenger vehicles



Rail Transit



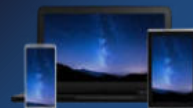
Batteries



Commercial vehicles



Electronics



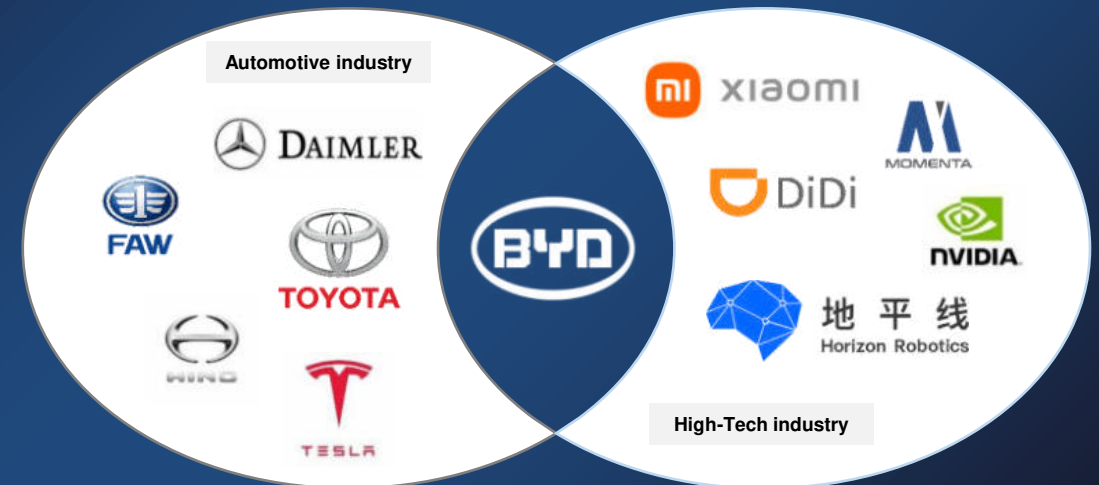
Whole automotive industry chain layout

several subsidiaries for independent R&D and production of core technologies, to reduce supply chain risk & leverage cost advantages.

Fudi Battery

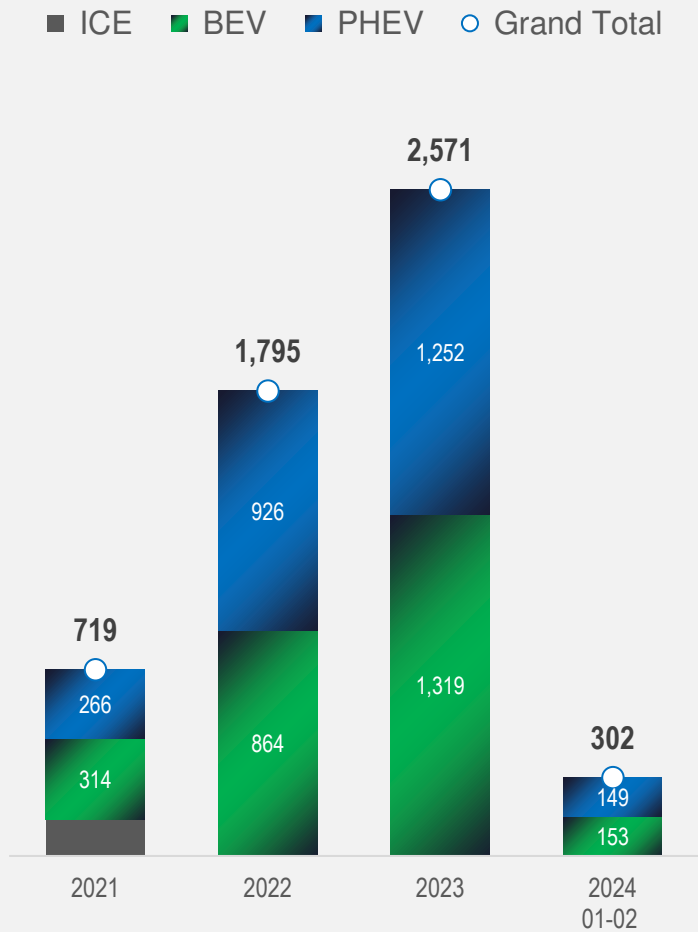
BYD Semi-Conductor

Business Cooperation



BYD - Build Your Dreams

Sales Performance



Source: VGC Market Database

Comprehensive product matrix

BYD Dynasty, BYD Ocean, Denza, Yangwang, Fangchengbao

海洋 OCEAN		Fangchengbao		
Seagull	e2	Dolphin EV	Seal	N8
	Destroyer 05		Frigate 07	N7
王朝 DYNASTY				D9
Song Pro DM-i		Song Max DM-i	Song L	U7
Qin Plus DM-i	Song Plus DM-i	Song Plus EV	Tang EV	U9
Yuan Pro	Qin Plus EV	Tang DM-i	Han DM-i	U8
Yuan UP	Yuan Plus	Han EV		

Price: 100 200 350 350+ '000RMB

Source: Brand official websites

Chinese Manufacturers – Multi-Brand Strategy



“GO Premium” Strategy



YANG
WANG

- Delivery estimated in September 2023
- Price: 1,098K~1,680 K CNY
- Model: U8, U9
- Sales 2023: 2,001



阿维塔
AVATR

- Delivery started in Dec 2022
- Price: 300K~600K CNY
- Model: 11, 12, 011 *limited edition*
- Sales 2023: 23,485



GEELY

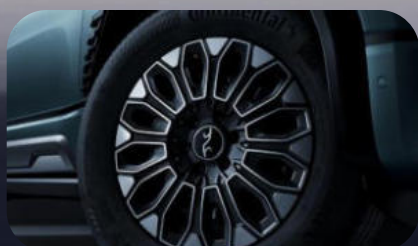


ZEEKR

- Delivery started in October 2021
- Price: 180K~500K CNY
- Model: X, 001, 007, 009
- Sales 2023: 118,685



YANG WANG



U8 Off-road SUV

- MSRP: 1,098,000 RMB
- Launch in Apr. 2023
- First delivery in Nov. 2023
- Sold units: 4,433 10/2023-02/2024



仰望 U8

U9 Supercar

- MSRP: 1,680,000 RMB
- Launch in Feb. 2024
- Delivery starts in Mid-2024



仰望 U9

U7 Sedan



仰望 U7

DENZA



2,221

6,437

110,550



MSRP: 319,800~326,800 RMB



MSRP: 301,800~379,800 RMB



MSRP 339,800~449,800 RMB

2011

Founded in Shenzhen

Joint Venture

90% BYD
10% Daimler-Benz

Direct sales

Operation model

370 POS

Experience store
Denza Center

127,253

2023 sold units









China Automotive Market - NEV Brands





























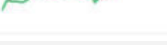



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China Automotive Market - NEV Brands

Brand				
Rank by Market Cap¹⁾	1	17	34	35
Price (30 days)				
Sales in units²⁾	610,684	376,030	160,038	140,900
Automotive margin ratio³⁾	19.5%	21.5%	9.5%	-1.6%
Total revenue³⁾ in Mio CNY	684,151 ⁴⁾	123,851	55,617	30,676
Net earning / loss ratio³⁾	15.5%	9.5%	-37.2%	-17.9%

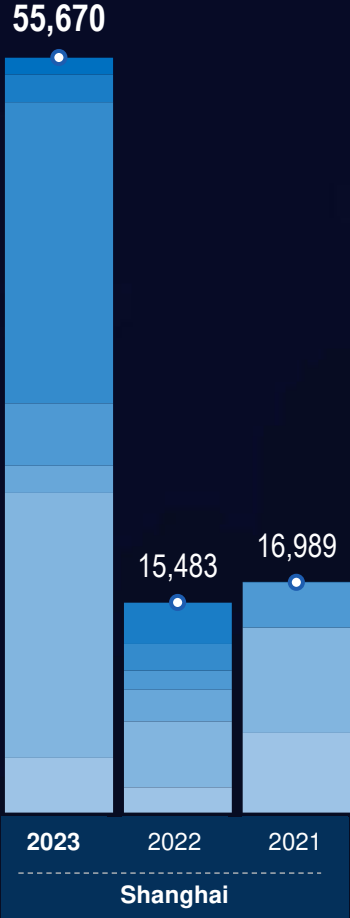
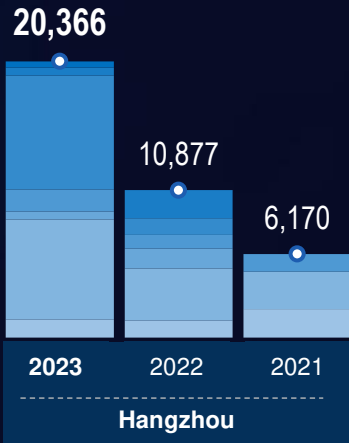
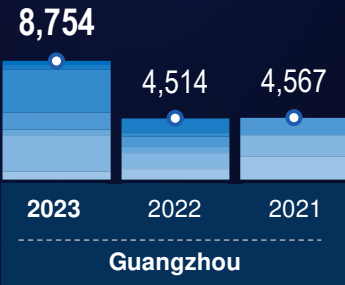
Largest automakers by market capitalization ¹⁾						
		Company: 63		Total market cap: \$ 2.186 T		
Rank	Name	Market Cap	Price	Today	Price (30 days)	Country
1	 Tesla TSLA	\$572.72 B	\$179.83	▲ 1.22%		 USA
2	 Toyota TM	\$342.68 B	\$252.15	▼ 0.62%		 Japan
3	 Porsche P911.DE	\$92.27 B	\$101.29	▲ 0.75%		 Germany
4	 Stellantis STLA	\$87.26 B	\$28.99	▲ 1.01%		 Netherlands
▲ 1 5	 Mercedes-Benz MBG.DE	\$85.21 B	\$79.58	▲ 0.10%		 Germany
▼ 1 6	 BYD 002594.SZ	\$80.49 B	\$28.93	▼ 1.39%		 China
7	 Ferrari RACE	\$79.20 B	\$439.16	▲ 0.27%		 Italy
8	 BMW BMW.DE	\$75.43 B	\$114.90	▼ 0.38%		 Germany
9	 Volkswagen VOW3.DE	\$72.33 B	\$131.79	▲ 0.41%		 Germany
10	 Honda HMC	\$60.74 B	\$37.32	▲ 0.11%		 Japan

Note: 1) Source: <https://companiesmarketcap.com/> on 2024-03-28; 2) source: VGC Market Database; 3) brand annual reports; 4) average 2023 FX USD-CNY 7.07

NIO sales units

2021-2023 Sales in Top Tier Cities¹⁾

- EC6
- ES6
- ES7
- ES8
- ET5
- ET7
- EC7
- Grand Total



Note: 1) VGC Market Database; 2) Price per model is the entry price of the model based on NIO website

NIO Models ²⁾



498,000 CNY



458,000 CNY



438,000 CNY




428,000 CNY



358,000 CNY



338,000 CNY



298,000 CNY

NIO delivery center | Shanghai Jiading Nanxiang

Area size: approx. **50,000 m²**
Operation starts: Jan 2023
Opening hour: 08:30-17:30

1
Delivery center

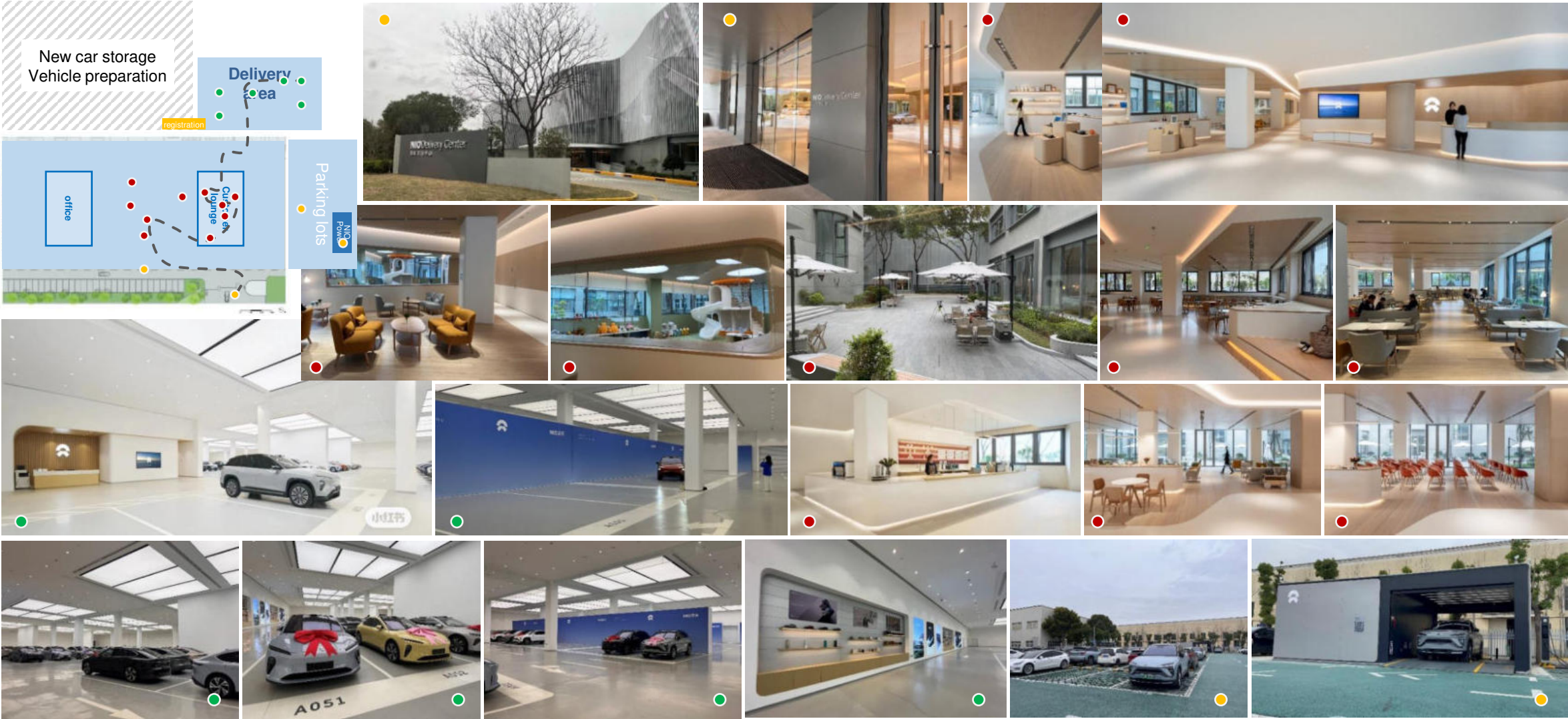
11
NIO House

25
NIO Space/
Experience Center

16
Service centers

150
Swap stations

Onsite View



Xpeng



X9



359,800 RMB~419,800
702KM

G9



266,900~359,900 RMB
570KM

P7i



223,900~289,900 RMB
702KM

P7



239,900 RMB
586KM

G6



209,900~276,900 RMB
580KM

P5



156,900~ RMB
500KM

Charging Network



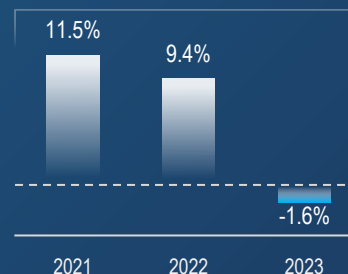
Sales Network



Sales Units



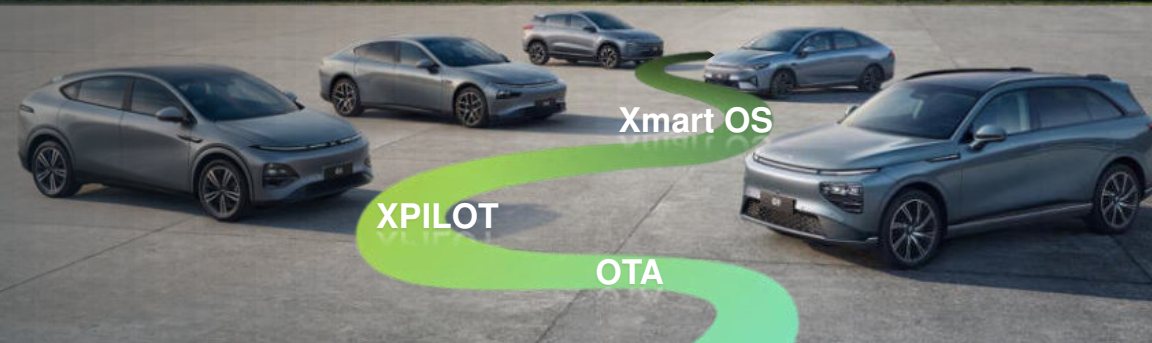
Vehicle Margin %



Revenue & Net Loss
In Million RMB



- **More than 10 brand new models** to launch in next 3 years
- **Lead the innovation of autonomous driving technology**
 - ✓ Make it affordable and accessible to a much broader customer base
 - ✓ Further accelerate the commercialization of industry leading technologies
- Make market entry into more **international markets**



Volkswagen “VCTC” + XPENG since July 2023

- Strategic minority investment of approx. **4.99%** of XPENG Motors
- Strengthening “**in China for China**” Strategy
- Optimize **cost base** with focus on **B-segment BEVs**
- **2 smart e-cars** launches starting early 2026
- **Technical collaboration** for the Chinese market
- Leveraging latest **tech platform, connectivity & ADAS software**
- **Joint development** of next ICV generations



2026
VW/ XPENG I



2027
VW/ XPENG II

Volkswagen Group in China

	Brands Volkswagen passenger car brands, Audi, SKODA, JETTA, Porsche, Bentley, Lamborghini, Volkswagen Commercial Vehicles, MAN, Scania and Ducati										Other Brands	
OEM	VW Anhui 75:25 VCIC - Anhui Jianghuai	FAW-VW 60:40 FAW – VW (VW AG 20%, Audi AG 10%, VCIC 10%)	SAIC-VW 50:50 SAIC – VW (VW AG 38%, VCIC 10%, Audi AG 1%, SKODA 1%)	VGIC 100% VCIC VW import Bentley China Lamborghini China			FAW-Audi 60:40 FAW-(VW AG, VCIC, AGC, Audi AG)	Audi-FAW PPE 60:40 (Audi AG 55%, VCIC 5%) - FAW	Audi AG	SAIC Audi 50:50 SAIC-(VW AG, Audi AG)		PCN 100% Porsche HK limited
Brand	Volkswagen Passenger Car Brands				Bentley	Lamborghini	Audi			Porsche		
Products	R&D Electric vehicles EV batteries EV core components	Local production FAW-VW	Local production SAIC-VW	Import VW import	Import	Import	Local production FAW-VW Audi	Audi-FAW NEV [Premium Platform Electric]	Import	Local production SAIC Audi		Import
Sales Company	DSSO	FAW-VW Sales Co., Ltd 100% FAW-VW	SAIC-VW Sales Co., Ltd 100% SAIC-VW	VW (China) Sales Co., Ltd	VW (China) Sales Co., Ltd	VW (China) Sales Co., Ltd	FAW-VW Audi Sales Division (ASD) Local production BEV Import		SAIC Audi Sales Co., CKD in SAIC VW	PCN		
Network	VW Anhui Network	FAW-VW Network	SAIC-VW Network	VGIC Network	BMC Network	Lamborghini China Network	FAW-VW ASD Dealer Network FAW-Audi Network 4S+ City Showroom		SAIC Audi Network Showroom only for sales	PCN Network		

Other Brands

Deepened & differentiated partnership of Audi

- **Broaden** existing premium portfolio
- Strengthening “**in China for China**” Strategy
- **Model** launches starting in 2025
- **FAW:**
 - ✓ **Audi FAW NEV Company on track starting end of 2024**
 - ✓ **Focus on PPE platform**
- **SAIC**
 - ✓ **Portfolio focusing on upper mid-size segment & above**
 - ✓ **Joint development of next ICV generation**



MINI – Agency Model

Discount



National Sales



COMMISSION
Max. 6.1%

- Changes of % on sales volume
1.1% → 1.6% → 2.0%

PROs



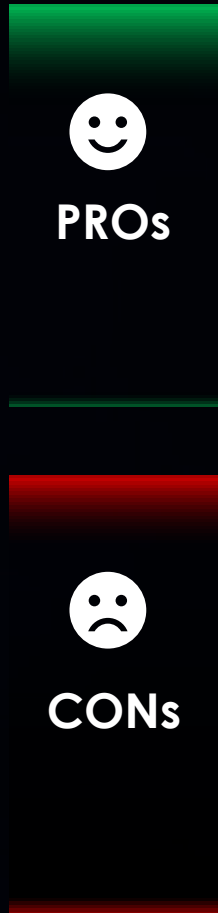
- Less working capital in inventories
- Positive new car margin
- High RoS

CONs



- No flexibility in NC pricing → lower sales and GP
- Less opportunities in AVB and F&I business
- Highly depend on OEM commission policy

MINI – Agency Model




PROs


CONS

Learnings

Location

Becomes very important factor

Customer Service

remains as one major focus

Pricing

is one of the main driver and pain points in the sales management

Leads follow up

remains as one major focus

Sell more

to reach higher level commission policy

Process

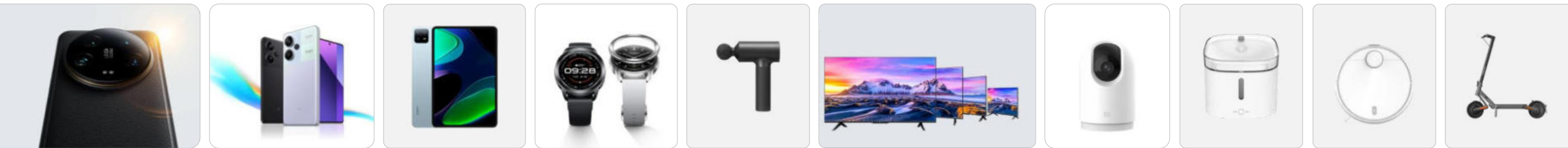
Fast adaption through employee training is essential

MINI Team

Less engagement and less resource due to lower volume



's Ecosystem



「Human x Car x Home」

XIAOMI SU7



Everything about your favorite products

2021.09.01

Founded in Beijing

Direct sales

Operation model

Network

59 Xiaomi Home / 2S Store
29 Cities

2024.03.28

Launch 1st model
XIAOMI SU7

50,000 Orders

within 27 minutes
after price released



xiaomi

xiaomi su7

215,900+ *basic*

MSRP

245,900+ *Pro*

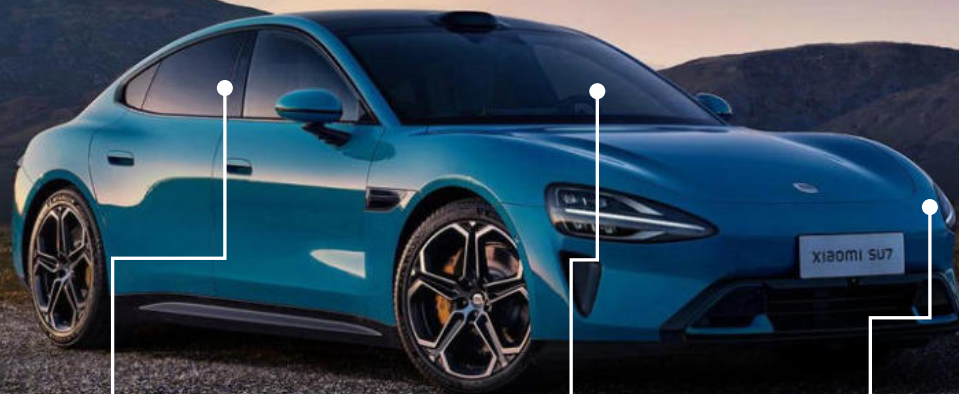
299,900+ *Max*

800KM

Recharge range

800v

Super charge



CORE TECHNOLOGY

Xiaomi
HV Platform



Xiaomi
Hyper Engine



Xiaomi
Hyper Casting



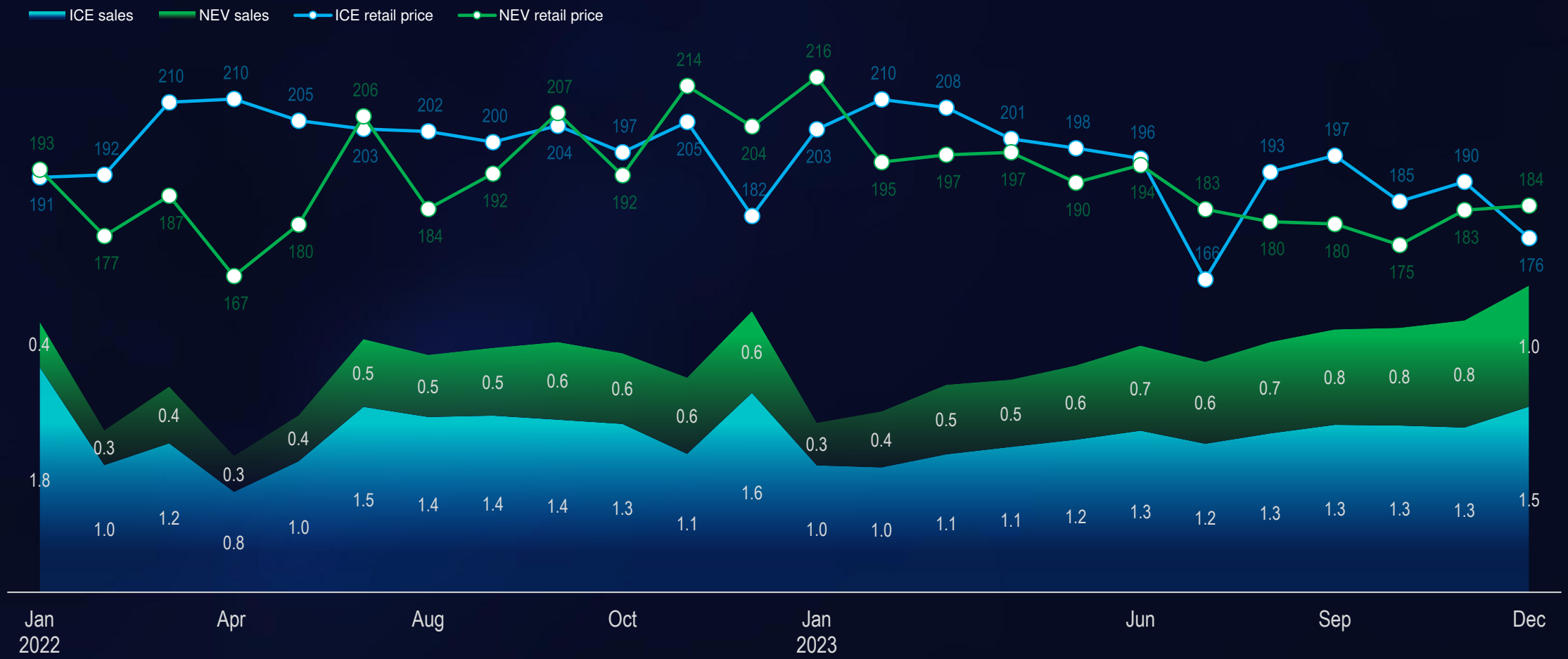
Xiaomi Pilot



Xiaomi Hyper OS
Intelligent Cockpit



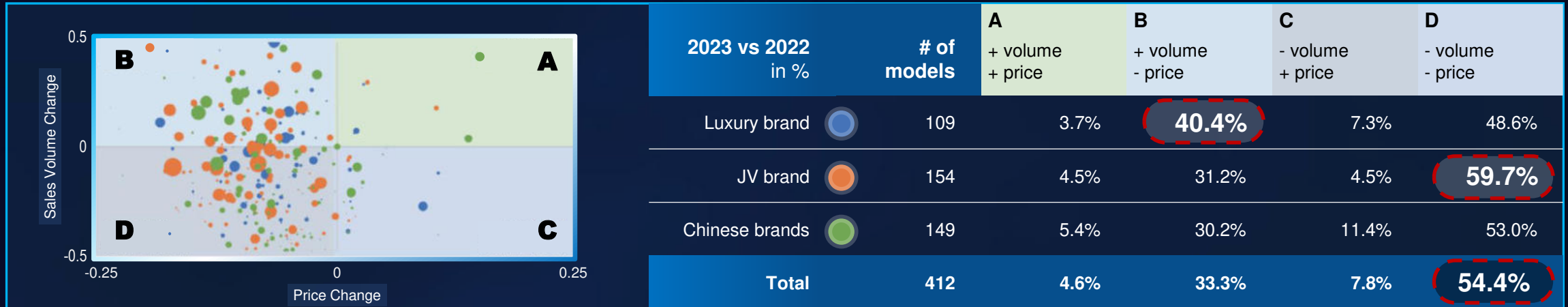
Retail Volume vs Retail Price Trends



Source: "Win price war" – volume & price trends of China passenger vehicle and pricing strategy analysis report by AutoHome Research Institute & Roland Berger_ 1st Edition Trends 2024

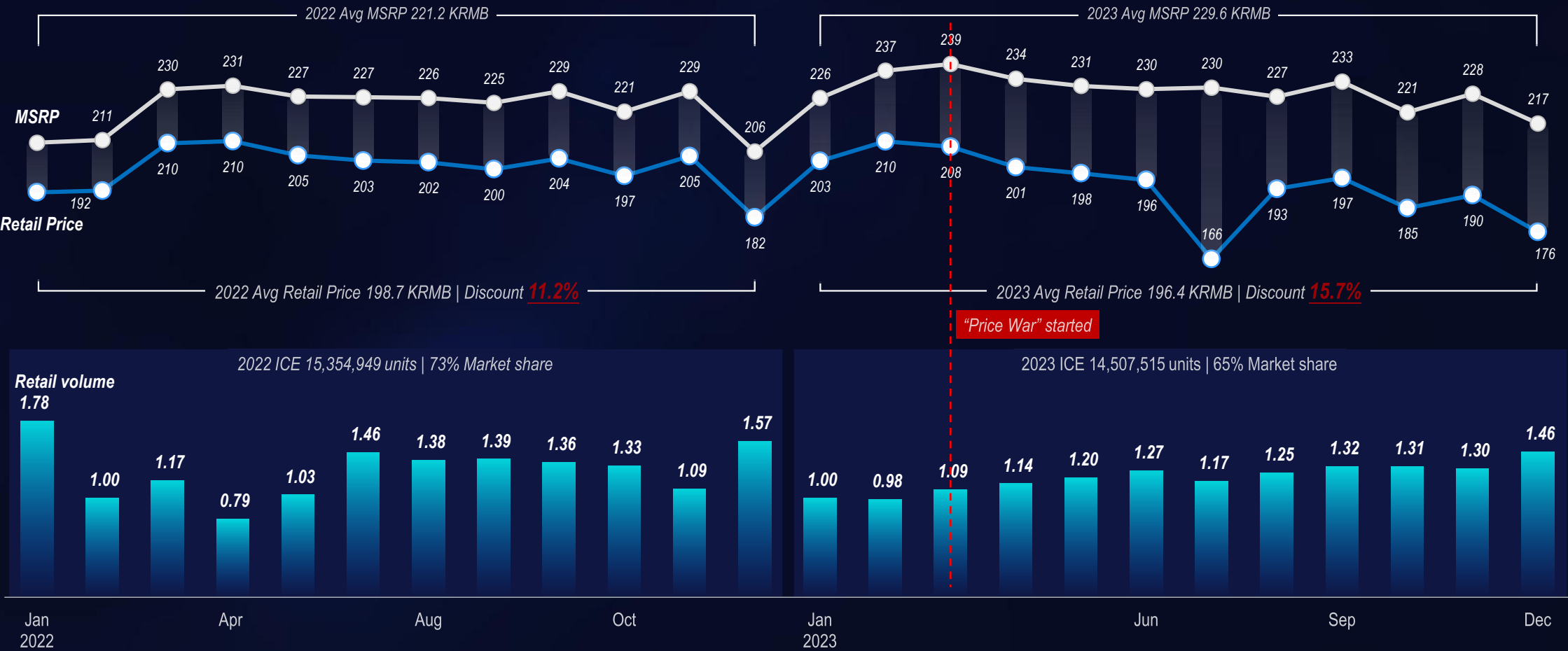
Retail Volume vs Retail Price by Brand

Note data source - AutoHome, analysis only covers the models with sales volume >1,000 units



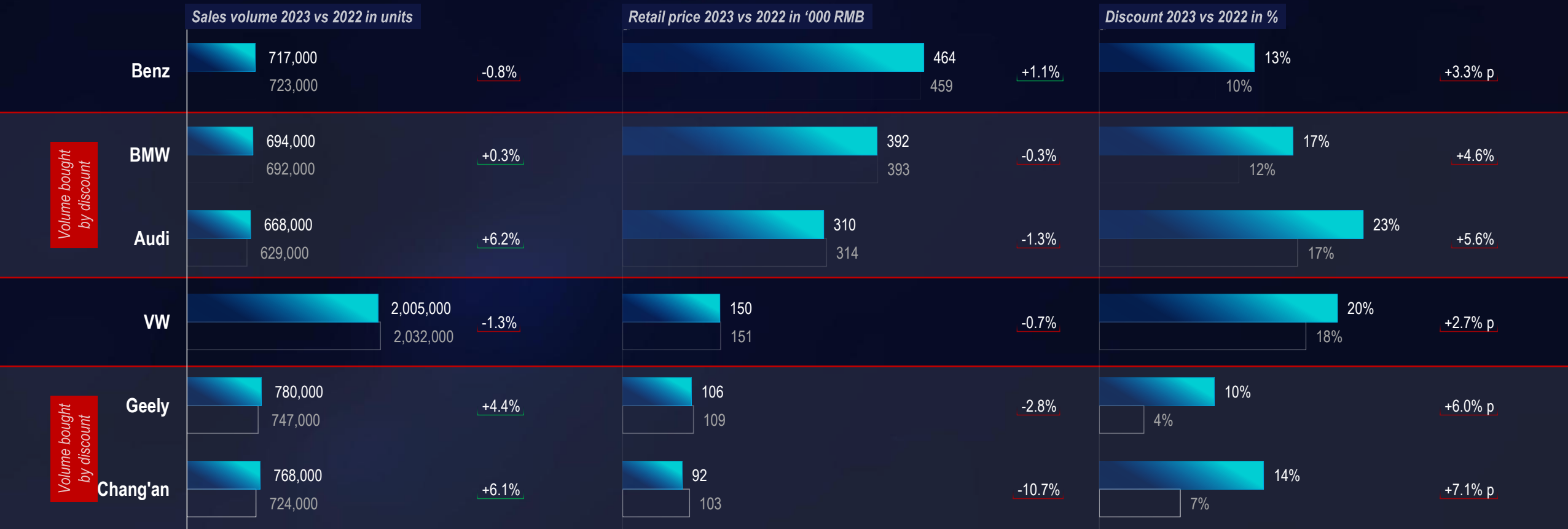
Source: "Win price war" – volume & price trends of China passenger vehicle and pricing strategy analysis report by AutoHome Research Institute & Roland Berger_ 1st Edition Trends 2024

Retail Volume vs Retail Price - ICE



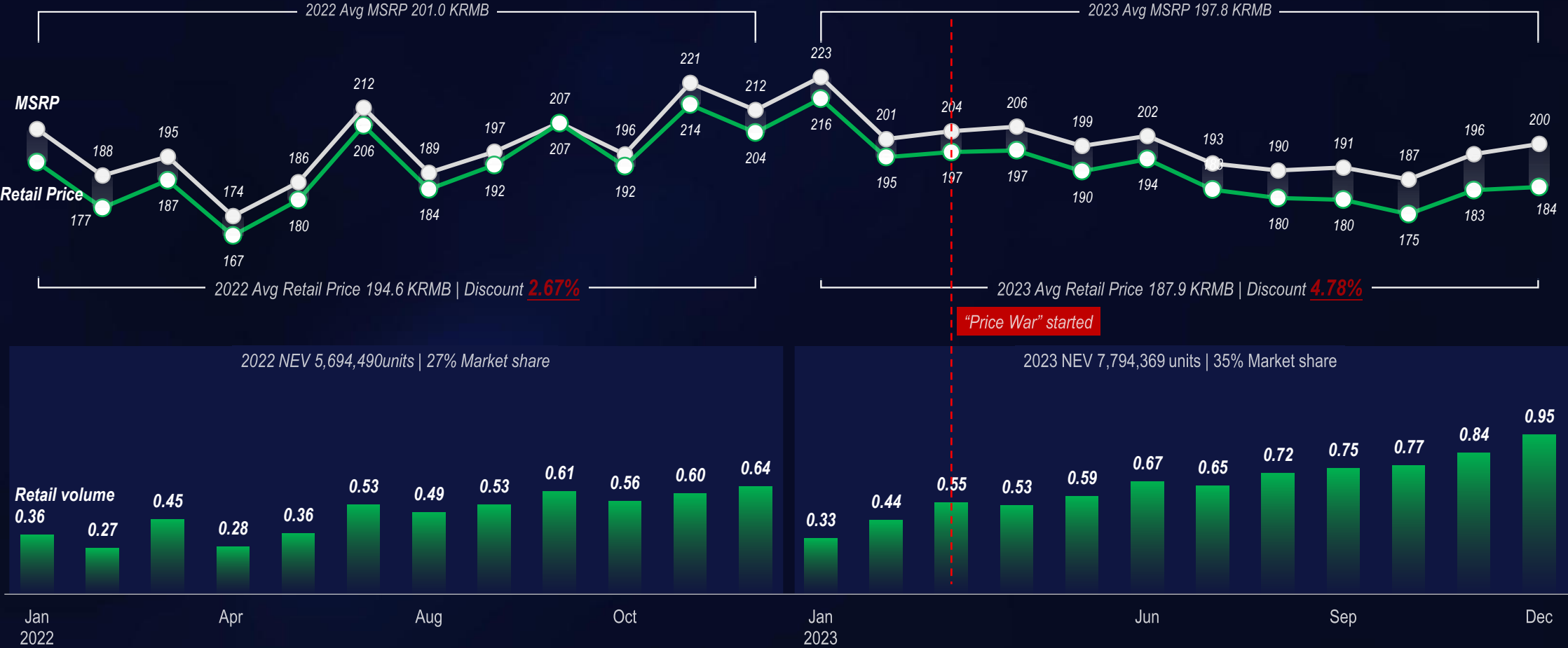
Source: "Win price war" – volume & price trends of China passenger vehicle and pricing strategy analysis report by AutoHome Research Institute & Roland Berger_ 1st Edition Trends 2024

Retail Volume vs Retail Price - ICE by Selected Brand



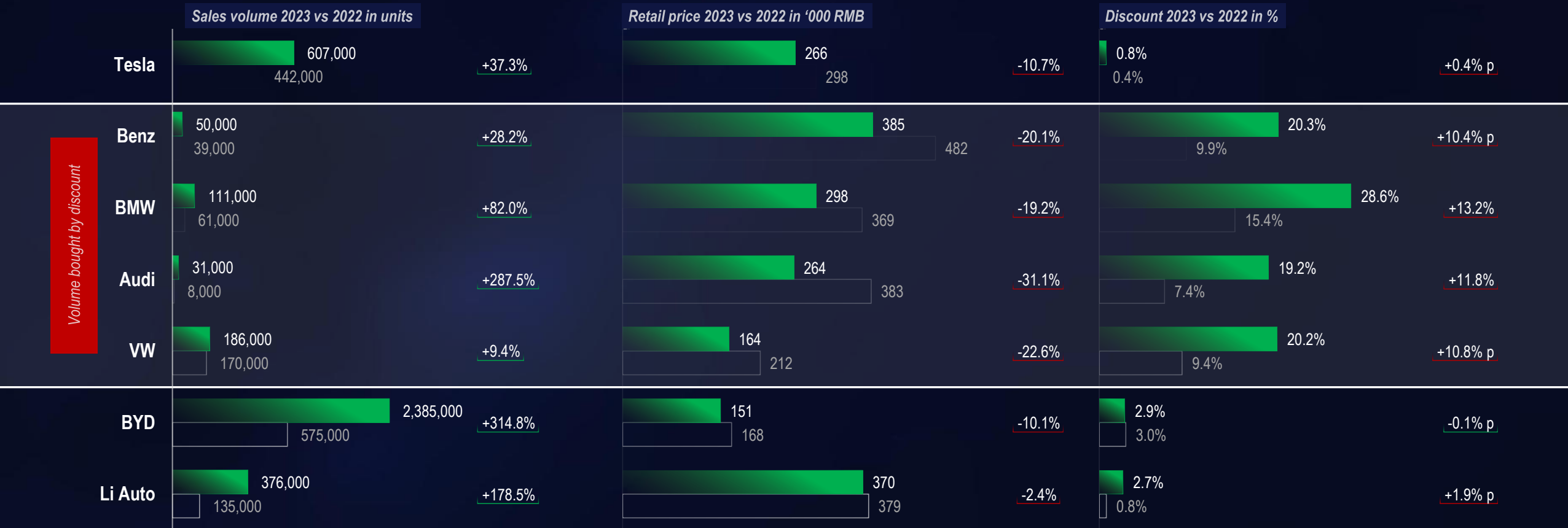
Source: "Win price war" – volume & price trends of China passenger vehicle and pricing strategy analysis report by AutoHome Research Institute & Roland Berger_ 1st Edition Trends 2024

Retail Volume vs Retail Price - NEV, incl. PHEV



Source: "Win price war" – volume & price trends of China passenger vehicle and pricing strategy analysis report by AutoHome Research Institue & Roland Berger_ 1st Edition Trends 2024

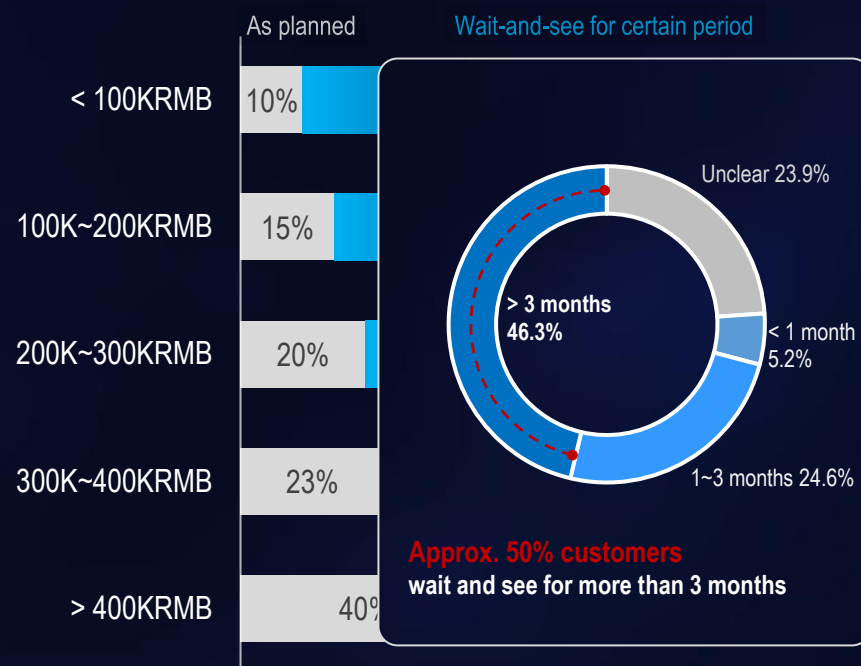
Retail Volume vs Retail Price - NEV by Selected Brand



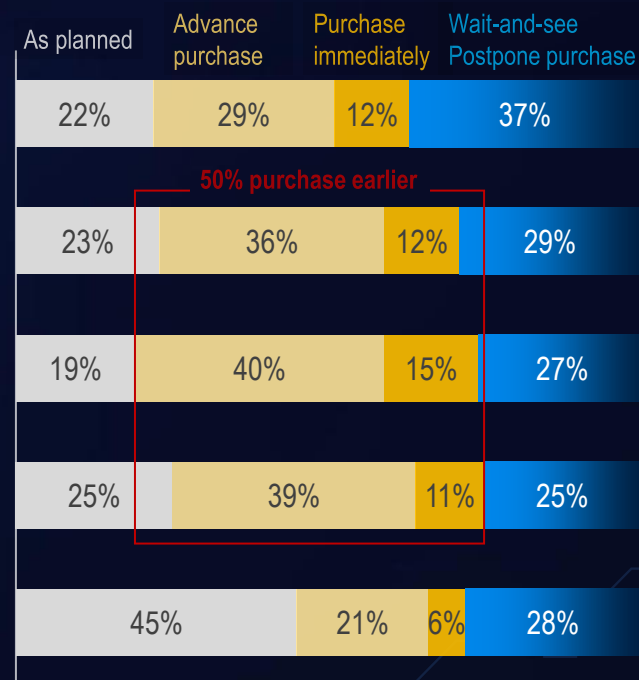
Source: "Win price war" – volume & price trends of China passenger vehicle and pricing strategy analysis report by AutoHome Research Institute & Roland Berger_ 1st Edition Trends 2024

Price Cut's impact on Customers' Decision

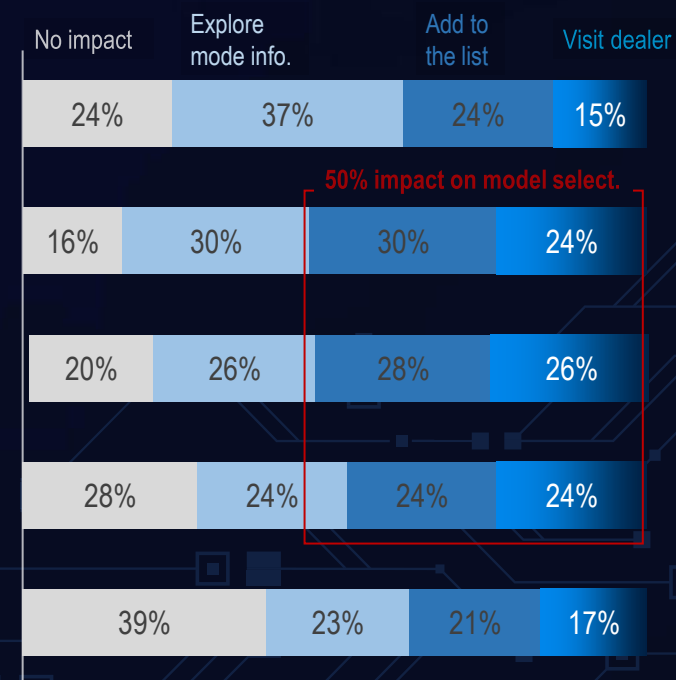
NO Price cut for preferred models



Price cut for preferred models

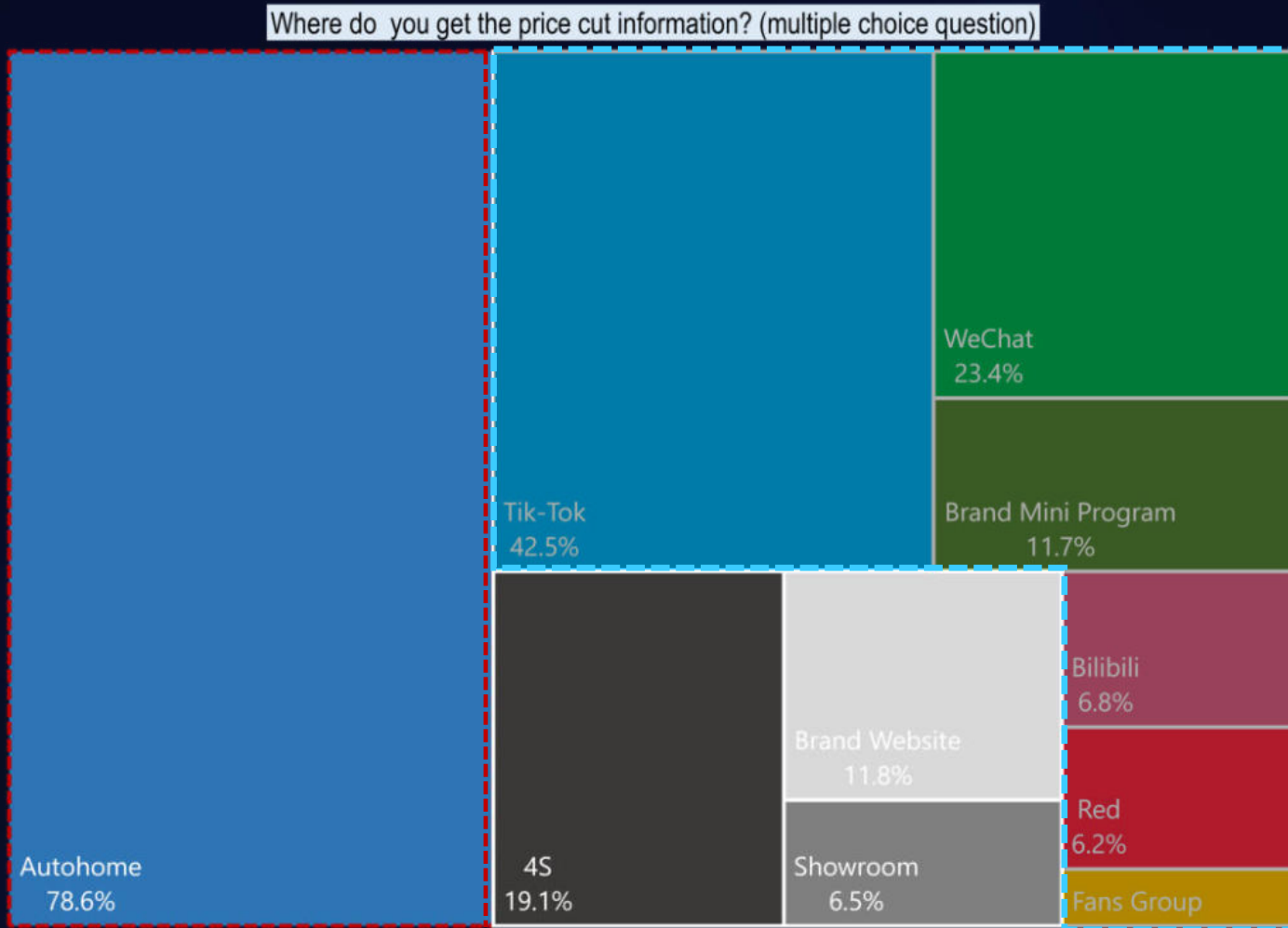


Price cut for non-preferred models



Source: "Win price war" – volume & price trends of China passenger vehicle and pricing strategy analysis report by AutoHome Research Institute & Roland Berger_ 1st Edition Trends 2024

Main Channels with Price Cut Info.



Major information are shared through the **vertical websites** and **Social media platforms**.

Source: "Win price war" – volume & price trends of China passenger vehicle and pricing strategy analysis report by AutoHome Research Institute & Roland Berger_ 1st Edition Trends 2024

Ecosystem for online Marketing around the Customers



Digital Sales Strategy with Social Media



- Instant chat (text, audio, video)
- Official account
- Moment
- Video account
- Private traffic
- Information stream



- Live streaming
- Short-video
- E-mail
- Generating leads

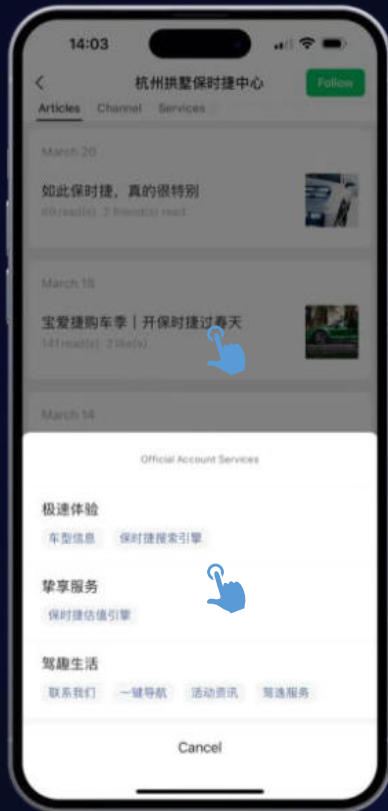


- Photo/video
- Dealer real photo share
- KOC (Key Opinion customer) real experience sharing
- Delivery notes
- Test-drive vlog, etc.



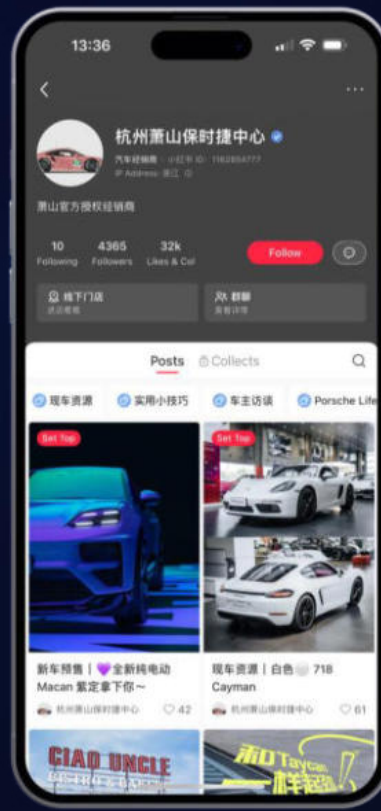
- Text/photo
- KOL (Key Opinion Leader) professional opinion sharing
- Performance test posting
- Automobile news, etc.

PAIG Digital Marketing - example



WeChat Official Account

Embedded service functions, seasonal promotions, event post.



Red Book Account:

Seasonal promotion, Tips, Customer interview, Lifestyle

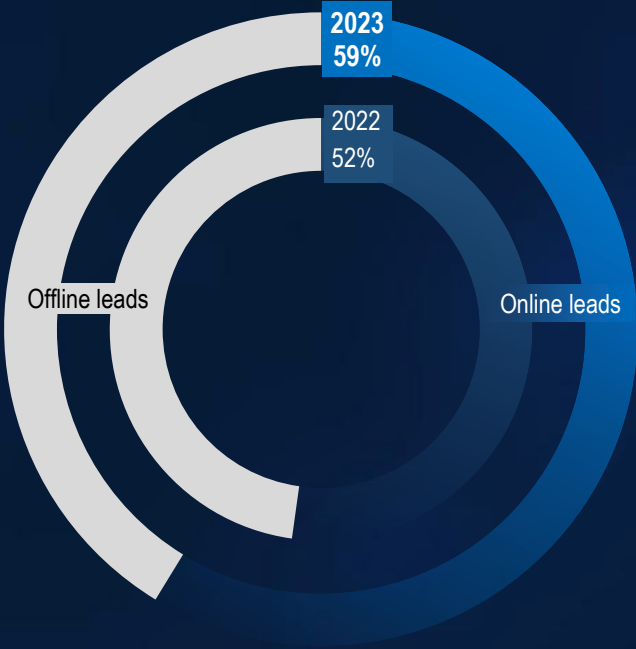


Tik-Tok Account:

Livestreaming, video post

PAIG Digital Marketing Performance

50%+ leads
coming from Online Platforms

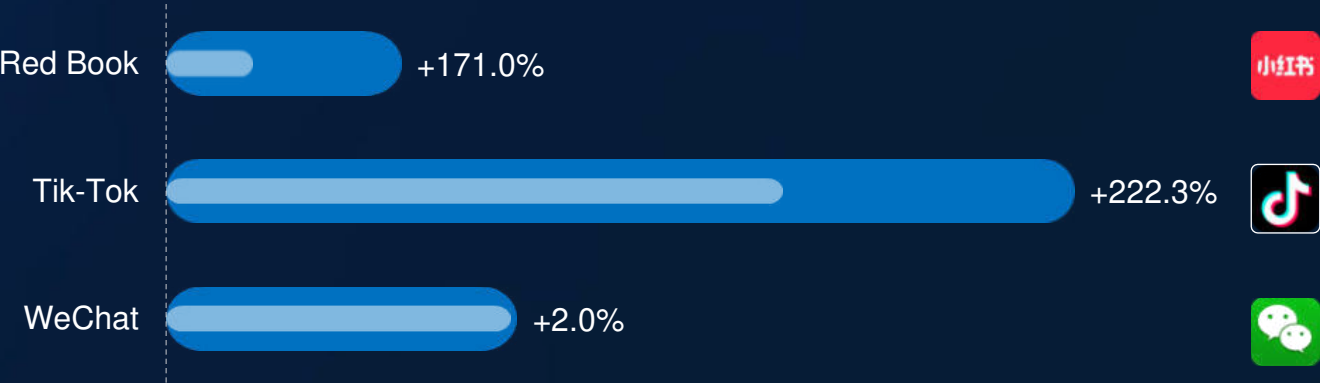


762,667
Leads
vertical website in 2023

60,600
Leads
social media in 2023



Major growth drivers



Main Social Media Platforms in China

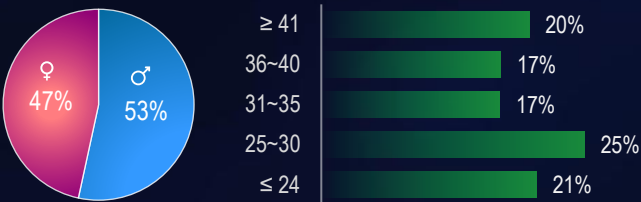


Source: 2023 China Social Media Guideline, and 2024-KAWO-China-Social-Media-Cheatsheet by KAWO

Main Social Media Platforms in China



Launch 2011	Investor Tencent
Monthly Active User 1.34 Billion 12/2023	



Launch 2013	Investor Private, Tencent, Alibaba
Monthly Active User 260 Million 06/2023	



Launch 2016	Investor Byte Dance
Monthly Active User 743 Million 09/2023	



Source: Marketing insights – New media matrix for companies by Newranking.cn

WeChat Functions support Brands

Source: 2024 China Social Media Whitepaper by Double V Consulting & RETEX



WeChat Official account

- The official website on mobile phone
- Interact & engage with followers
- **Build brand image**, tell brand story
- Publish company news and organize official **marketing campaigns**



WeChat Channel

- Launch marketing activities by **short video / live streaming**
- Build brand image, tell brand story
- Direct to channel stores for sales



WeChat Mini-Program

- E-commerce channel
- Unlike T-mall/JD, all the **consumer data on mini-program belongs to brands**; brands can analyze these data and implement SCRM
- Connect mini-program with other **offline marketing activities**



WeChat Pay

One of the most common payment method in China



Moments

Share ideas, photos and videos with friends



WeCom

- Communicate with end-user customers. **Contact remains even if the employee leaves the company**
- **Tag end-user customers** and set-up **SCRM**
- Provide pre-sales consultation and aftersales customer service
- Direct to mini-program for e-commerce
- Communicate/ collaborate with team members



WeChat Pay



WeChat Official account



Mini Program



WeChat Channel



WeChat Moments



WeChat Game



WeChat Store



WeCom



WeChat Search



WeChat Emoji



WeChat Community



WeChat Academy



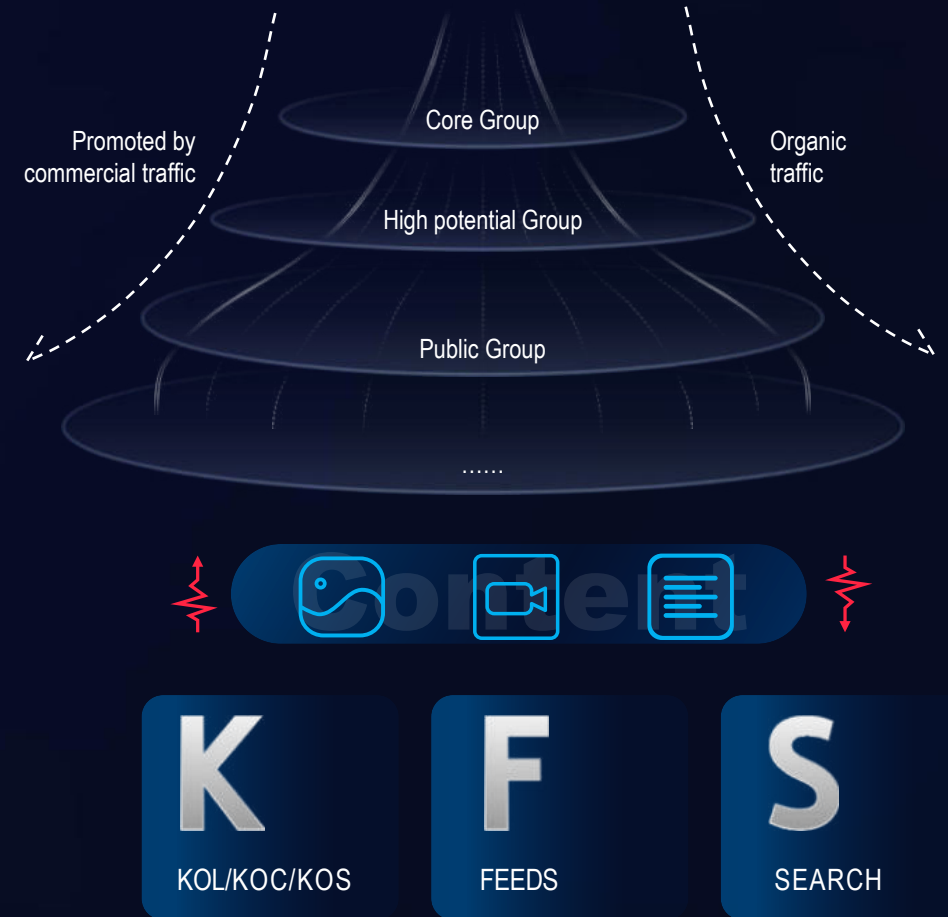
WeChat Service

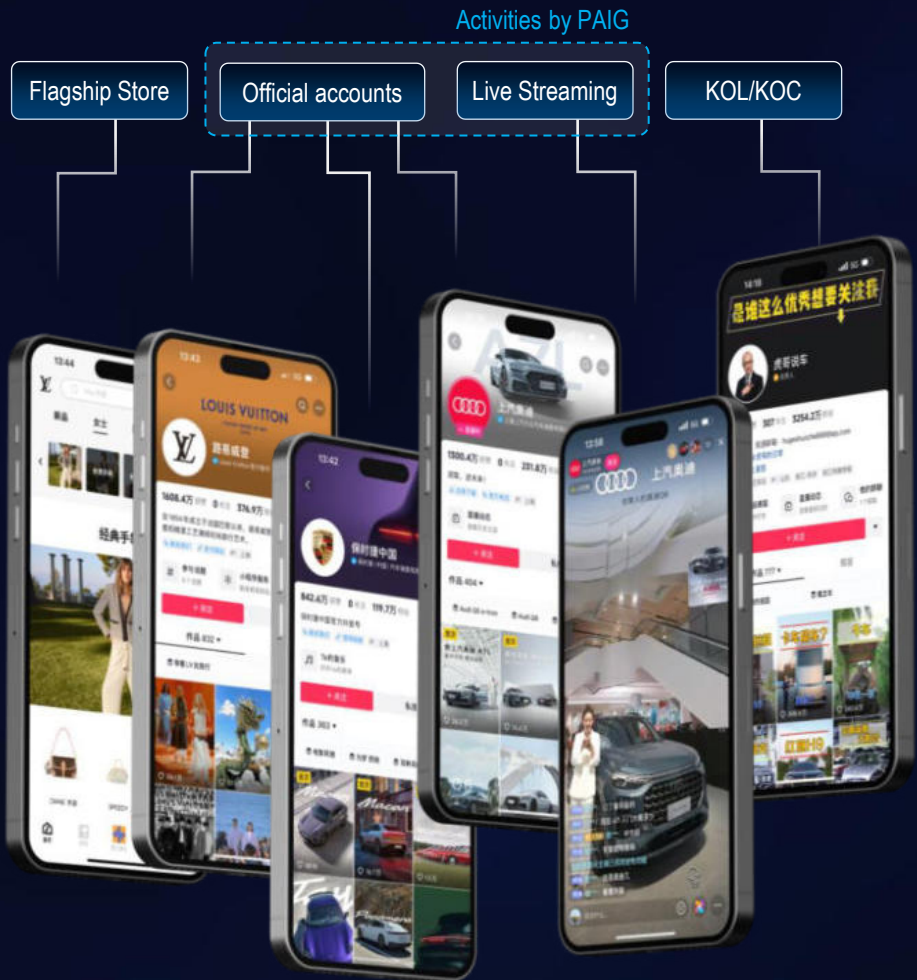


Red Book



Source: 2024 Platform marketing strategy by XIAOHONGSHU





Source: 2023 Ocean Engine Local Life – creative marketing and operation whitepaper by Ocean Insights_2024.03.18