

## Questions & Answers

### Online Expert Talk Consequences of the corona crisis in the automotive and supply Industry?"

#### Questions to Dr. Tostmann

- **Chinese OEMs are slowly penetrating to EU with their electric cars, do you have the plan to fight with this attack? Could you discover it to us?**

Competition is one of the key drivers for innovation and the basis for our global economy. China today sets the automotive trend of the future - and a highly competitive market. And Volkswagen is the most popular car brand on the Chinese market. Our electromobility strategy, which is tailored to the Chinese market, stipulates that the joint ventures of the Volkswagen Group will successively launch 40 new locally produced plug-in hybrids and electric vehicles by 2025, in addition to existing and other import models. The e-car for everyone – that is the core of the Volkswagen Group's e-offensive. Depending on market trends, Volkswagen overall intends to build and sell up to 3 million pure electric cars per year by 2025. More than 70 new, electrified Group models are due to come onto the market, including 50 purely electric vehicles. Volkswagen Group is investing heavily in the mobility of the future for the e-offensive: more than 30 billion euros are to flow by the end of 2022. The joint ventures in China will invest a further 15 billion euros in this over the coming years. First and foremost, the Volkswagen brand wants to put attractive models on the road at affordable prices and help give the e-car market its worldwide breakthrough. So in a nutshell: We know how to build and how to sell cars which to our customers around the globe and we always welcome competition.

**The most problematic issue is "the way back" to full capacity. There is no official forecasting from the end producers (car makers). That is the problem for planning through supply chain: car makers -> Tier 1 -> Tier 2 -> Tier 3.**

**So, the question is, how trustful is today's new open orders for next 6 months in EDI call of system?**

The key question is: how fast will the markets recover. As I stated on Skype we see a mixed blessing in different regions. E.g. China recovered really, really fast and sales already reached the same surpassed the level from 2019. For the whole Volkswagen Group, we saw a growth of +5.7% in May compared to last year. The recovery in other markets also depends on stimulus packages and incentive programs in various countries and in order to avoid a deep recession. So I'm afraid all of us will have to cope with some uncertainty over next couple of weeks or months.

**Are there concrete plans from the German government to help boost domestic auto sales with programs such as scrappage? Gov't subsidy for return to locally sourced parts production from overseas suppliers? Possible bailouts for financially strapped OEMs?**

I had already mentioned the plans of the German government and others, such as France. We welcome these packages. And already we see many supporting measures for OEM's and suppliers all across Europe.

When it comes to the supply chains - from a company's perspective there are no changes required. Some parts are delivered just in time. These parts are already today sourced from locations close to our plants anyway. And moreover the production had not to stop so much because of missing parts but to other reasons like missing demand, official requirements and the protection of the health of our employees. And for us, it was even an advantage to be able to have a strong footprint both in China and in Europe - since we were able to stabilize production in both directions when the crisis first hit China and afterwards halted our production in Europe.

- **Today's crisis could bring potentially a new approach for the Tier 2 supplier qualification/release as a new Tier 1 supplier. There are not only cost reasons but also innovative approaches and so on. This standard qualification today is a complicated and pretty impossible process from many reasons. Does VW Group think to change this process a bit?**

Our standardized processes have proven to be a stability anchor in the crisis. They not only ensure the reliability of production and the quality of our products, but also give the suppliers security. All of our suppliers, both tier 1 and tier 2 meet our standards. The order in the supply chain is based on a variety of factors that have not been changed by the crisis.