To Investment Team

From Your Name

Date Todays Date

Subject Volkswagens Revised Global Delivery Forecast and Strategic Moves in China

### Overview

Volkswagen (VW) has revised its global delivery forecast for 2023, citing a decline in sales in China, its largest market. Despite robust sales in Europe and North America, a 1 drop in Chinese car deliveries during the first half of the year has led VW to lower its global delivery target from 9.5 million to approximately 9 million units. This adjustment underscores the challenges VW faces in the Chinese market, particularly in the electric vehicle (EV) segment.

### Key Events and Strategic Moves

1. Revised Global Delivery Forecast

* VW has reduced its global delivery target for 2023 from 9.5 million to about 9 million units due to a 1 decline in Chinese car deliveries in the first half of the year.

1. Investment in Xpeng

* VW announced a 700 million investment in Chinese electric car manufacturer Xpeng, acquiring a 5 stake. This strategic move aims to enhance VWs market share in the Chinese EV segment.
* The partnership will initially focus on jointly developing two VW-branded electric vehicles, with one expected to launch in China by 2026.
* VW will also gain an observer role on Xpengs board, potentially providing strategic insights and influence.

1. Focus on China Strategy

* VWs next capital markets day will be held in Beijing in April, emphasizing the importance of the Chinese market to the companys future strategy.
* VWs market share in China for combustion engine vehicles stands at 19, but only 4 in the EV segment, highlighting the need for a stronger presence in the rapidly growing battery vehicle market.

1. Competitive Landscape

* Renault reported record profits in the first half of the year, driven by higher prices, new car models, and cost-cutting measures.
* Mercedes-Benz raised its full-year guidance, focusing on selling more premium cars.

### Conclusions and Action Items

1. Monitor VWs Partnership with Xpeng

* Closely track the development of the two VW-branded electric vehicles and their market reception in China.
* Evaluate the strategic benefits of VWs observer role on Xpengs board and any potential influence on Xpengs strategic decisions.

1. Assess Impact on VWs Market Position

* Analyze how the investment in Xpeng and the revised delivery forecast impact VWs overall market position and financial performance.
* Consider the potential long-term benefits of VWs increased focus on the Chinese EV market.

1. Competitive Analysis

* Compare VWs strategic moves with those of its competitors, such as Renault and Mercedes-Benz, to identify potential opportunities and threats.
* Evaluate the effectiveness of VWs restructuring efforts under CEO Oliver Blume and their impact on the companys competitiveness.

1. Strategic Recommendations

* Recommend potential strategic initiatives VW could undertake to strengthen its position in the Chinese EV market, such as further collaborations, product innovations, or marketing strategies tailored to Chinese consumers.
* Suggest ways to leverage VWs existing strengths in the combustion engine market to support its transition to electric vehicles.

By closely monitoring these developments and assessing their implications, we can better understand VWs strategic direction and identify potential investment opportunities or risks.

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Your Name

Your Position

Your Contact Information