Volkswagen Group China

The Volkswagen Group generated record highs again in China, its largest single market, and continued its new model rollout there: five new facilities opened in the reporting period alone. They meet the highest standards in terms of resource-friendly and particularly environmentally responsible production.

BUSINESS DEVELOPMENT

In the reporting period, Volkswagen celebrated 30 years since it entered the Chinese market. The first vehicle – a Santana – rolled off the production line in Shanghai in April 1983; Chinese streets today are still full of this model. The joint venture Shanghai-Volkswagen reached a milestone in November 2013, when the ten-millionth vehicle rolled off the production line. As planned, the Volkswagen Group expanded its production network in China in the reporting period and five new facilities went into operation: Shanghai-Volkswagen played a pioneering role at the new location in Urumqi in western China – the vehicle plant is the first in a region where purchasing power is expected to rise sharply over the coming years. At the new location in Ningbo in southeastern China, production of the new ŠKODA Superb began in October 2013. With the opening of the Foshan site, our joint venture FAW-Volkswagen simultaneously launched local production of the new Golf, the first vehicle to be based on the Modular Transverse Toolkit in China. The Changchun engine plant opened in August 2013. It produces the latest generation of drivetrains for Volkswagen Passenger Cars and Audi brand models. The new components plant in Foshan also started producing components at the end of 2013. Our capacity in China now comprises a total of 17 locations for vehicle and components production. Volkswagen in China stands for both environmentally friendly mobility and sustainable growth.

The Volkswagen Group’s presence in the Chinese passenger car market comprises over 60 models from its Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, ŠKODA, SEAT, Lamborghini, Bentley, Porsche and Bugatti brands. The Volkswagen Group delivered 3.3 million vehicles (including imports) to customers in China in the reporting period, a 16.2% increase year-on-year that strengthened our good market position in China. The Volkswagen Lavida, New Passat, Magotan, Jetta and Tiguan, ŠKODA Octavia, Audi A6 and Audi Q5 models were particularly popular with Chinese customers.
In fiscal year 2013, our joint ventures sold 3.0 million locally produced vehicles, recording growth of 16.4%. In addition to established Group models and models that have been modified for the Chinese market (with a longer wheelbase, for example), the joint venture companies also produce vehicles specially designed for Chinese customers; examples of these include the Volkswagen Lavida, New Bora and Santana models.

The joint ventures produced a total of 3.1 million vehicles in the reporting period, a year-on-year increase of 18.6%. The goal is to increase Volkswagen’s annual capacity in China to over four million vehicles by 2018. The joint venture companies are expected to invest a total of around €18.2 billion in new production facilities and products in China between 2014 and 2018. These investments will be financed entirely by the companies’ cash flows.

The joint ventures generated a proportionate operating profit of €4.3 billion in fiscal year 2013, an increase of €0.6 billion on the prior-year figure. This positive development is due to significantly higher volumes, lower material costs and improvements in the mix.

The Chinese joint venture companies’ figures are not included in Group earnings as they are accounted for using the equity method. Their profits are included solely in the Group’s financial result on a proportionate basis.