

VOLKSWAGEN

GROUP SOUTH AFRICA

MEDIA RELEASE

29 August 2011

Volkswagen Group South Africa takes stock

As Volkswagen Group South Africa readies to celebrate its 60th anniversary in the country on Wednesday (31 August 2011), it took stock of its position in the industry in Centurion today.

Volkswagen Group South Africa Managing Director, David Powels, spoke at the opening of the Company's new Training Academy at its Centurion site in Gauteng.

Year-to-date, the world market has grown by 5.5%. The Volkswagen Group, however, has however been able to grow by its market share by 14.4%.

The importance and relevance of the Group Brands in South Africa for the Volkswagen Group globally is underlined by the fact that Volkswagen is ranked 13th in global sales whilst the Audi Brand in 16th place. In terms of market share VW is in third position whilst Audi is in eighth place.

Closer to home, Powels said that although there would be growth in the market this year, it would not be at as high a rate as anticipated at the beginning of 2011. "Whilst growth in the first half of the year came in at 19%, we anticipate a slowdown in the rate of growth from the third quarter of the year, and we see that continuing for the balance of the year. The total passenger market full-year forecast of 385 000 vehicles is still up by 14% over 2010. On the Volkswagen passenger side, we anticipate a nearly 23% year-on-year growth for our VW and Audi Brands. If we factor our Commercial Vehicles Brand into this equation, as a Group we should see year-on-year growth of some 40%," he said.

Referring to the Company's position in the industry, Powels noted, "Even though the number of Brands in the country had increased from 17 in January 1994 - shortly before the introduction of the Motor Industry Development Plan (MIDP) - to 60 in June this year, VWSA had, since 1998, maintained and even grown its market share to 23% currently. That's even more surprising, considering that the number of models have increased from 192 to 1 287 over the last 16 years."

The MIDP, introduced in September 1995, was aimed at ensuring that the local motor industry was integrated into the larger global automotive industry. It further sought to make the motor industry more competitive by reducing import duties, thus allowing international companies to sell their vehicles locally.

As at the end of July, Volkswagen was leading the passenger market segment with a 23.3% share – a 1.7% increase on the same time last year. Dissected, the Volkswagen Brand had increased from 18% to 18.9% YTD, while Audi measured a 0.8% increase from 3.6% to 4.4%.

Audi, positioned in the premium segment of the market, has had a gain of some 1.1% from 20.4% to 21.5% YTD. "Due mostly to the introduction of initially the Amarok one-ton double cab, and then the single cab into the market last month, our Commercial Vehicles Brand has made the most significant strides. It has grown its sales by a staggering 259% year-on-year," said Powels.

“We have increased our overall share in the total market YTD by 2.6% to 17.7%, and are currently a close second behind Toyota. As a Group, we have also been the total market leader for four months of the year so far,” said Powels.

“On the export side, we anticipate that by year-end, we would have shipped some 80 000 vehicles worldwide – an increase of 179% on the 2009 total of 30 000. Our component export program is also doing well – as we continue to export engines to Germany, India and China.”

He also re-iterated that VWSA retained its Level 4 B-BBEE rating, and became the first motor company in SA to be awarded this level in 2011. That’s up from a Level 8 rating only four years ago. This equates to a 100% recognition level, which means that for each rand that a client spends on VWSA, 100 cents will count towards Broad-Based Black Economic Empowerment (B-BBEE) procurement on that client’s B-BBEE scorecard. “This achievement cements the Company’s position as the benchmark for B-BBEE in the automotive sector for the 2010/11 financial year,” said Powels.

Looking into the future, he outlined the Company’s long-term vision: to be the most profitable and fascinating automotive group in South Africa. “This means leading in customer satisfaction and quality, achieving benchmark returns, being a top employer and finally – total market leadership, aiming towards 100 000 units per annum,” he concluded.

Ends

Matt Gennrich

General Manager: Communications

Volkswagen Group South Africa

Telephone: 011 203 2789

Mobile: 082 570 5761

E-mail: gennrich@vwsa.co.za