

A red Volkswagen Jetta is shown from a front-three-quarter view, parked on a wet surface in front of a white building with arched windows. The car is the central focus of the image.

Stronger logistics accelerate Mexico's recovery

Volkswagen de México | Peter Koltai | 16.11.2022

Geheimnisklasse: Public



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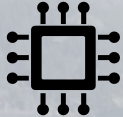
Geheimnisklasse: Public



Global influencing factors



Covid-19



Semiconductor



Ukraine / Russia



Taiwan / China



Transport situation



**Lost of
production**



**Lost of
production**



**Increased
costs**



**Uncertainty /
increased
cost**



**Lack of
capacity /
increased
cost**



**Some 10,000
between 2020
and 2022**



**More than 20
% vs. plan 2021
- 2022**



**200 %
Airfreights**



**15 % Transport
cost**



60 % average



Continental influencing factors



US inflation rate



Lack of drivers



Border control



Less competition



Electrification US



Sustainability

Increased costs

Lower service degree in transport / production interruption

Delays in transportation / production interruption

Decreasing service level / increased costs

Changing future master plan of Logistics

Changing future master plan of Logistics

8.2 % annual inflation rate 2022 (so far)

*U.S. Inflation Calculator 27.10.22

"...trucking companies in the United States suffered a record deficit of 80,000 drivers..."

*The New York Times 09.02.2022

"Trucks are facing lengthy delays along the Texas-Mexico border..."

*U.S. Customs and Border Protection Newsroom 12.04.2022

Only 2 technically approved offers in the last tender

"Electrify America Registers 1.45 million Customer Electric Vehicle Charging Sessions in 2021 Compared to 268,000 Sessions in 2020"

*Electrify America 02.05.2022

Compliance with CO2 requirements



Mexican influencing factors



Crime / insecurity



Supplier base



Few transport concept
alternatives



New container Port of
Veracruz



Flexible /motivated
employees



Production
interruption /
Service
limitation

Production
interruption /
too many
surprises

Higher cost and
mayor capacity
restrictions

Very stable 24/7
operation /
highly
appreciated

Very flexible
and fast
problem solving



Increasing
number of
kidnapped
trucks lately

Approx. 20% of our
suppliers in our
Warning list

Very low
competition
between road and
rail transport

State of the art
operation!

Unique!

Who are we?



Short movie

What you might know about the North American Region of the Volkswagen Group



6 different segments on 3 vehicle production sites -
VW Chattanooga (2), VW Puebla (3), Audi MX (1)



VWM Silao engine plant



Other VW AG brand plants in the region – Navistar, VW Caminhões e Ônibus

What you might know about Volkswagen de México



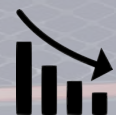
Second biggest Volkswagen factory



Top paying OEM in Mexico for workers



Very loyal workforce – average of 20 (technicians) & 15 (employees) years of service



High loss rate as a result of the crisis as a volume manufacturer



Big development opportunities

Synergy and growth potential in the North American Region



Technology from Europe and China from the VW Group



Processes and know-how from the VW group



Extremely high experience from global productions



Transformation of VW into the electric vehicle era



How does the logistics of VWM reacts on the challenges?

**We do things that no OEM would have done 5 years ago =
Extreme increase of flexibility**



**Manufacture of vehicles based
on shortage availability**



**Buildability / parts availability
changes programs and
production**



**Supply chains were emptied and
alternative supplies set up
without security**



**REACTION has mainly influenced
operation but remained
production**

A silver Volkswagen ID.Buzz Cargo van is shown from a front-three-quarter perspective. The vehicle is parked on a highly reflective surface, creating a clear mirror image below it. The background is a solid, light blue color. The van features a modern, boxy design with large windows and distinctive multi-spoke alloy wheels. The text "... What can we do even better in the future?" is overlaid in a large, black, sans-serif font across the middle of the image.

... What can we do even better in the future?



Synergies NAR



NAVISTAR



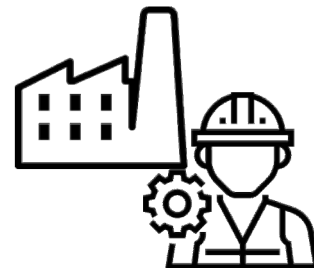
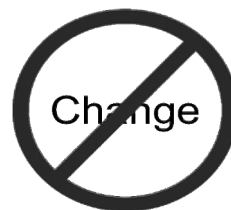
**Camiones
Buses**



Synergies NAR



Act instead of react





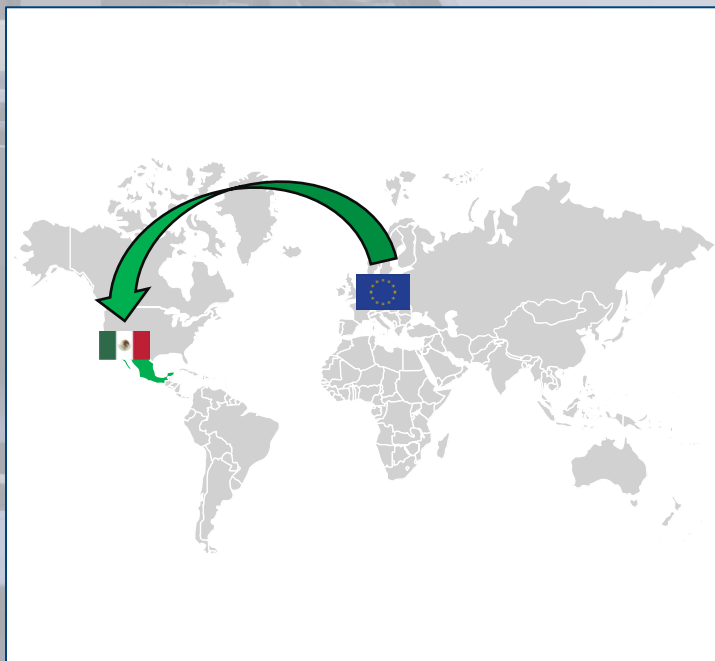
Synergies NAR



Act instead of react



Localization





Synergies NAR



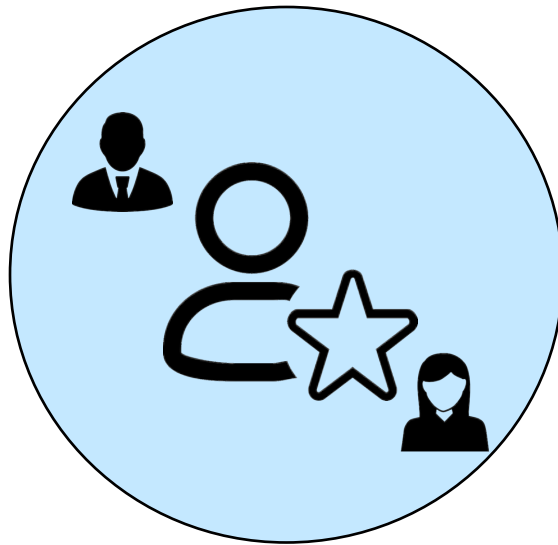
Act instead of react



Localization



Breaking down hierarchies





Synergies NAR



Act instead of react



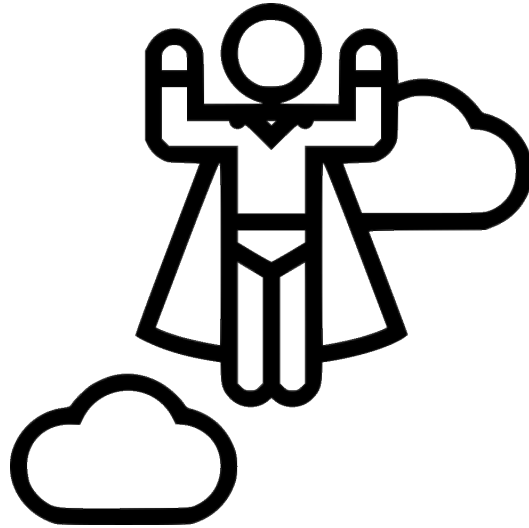
Localization



Breaking down hierarchies



**Flexibility and commitment of
the employees**





Synergies NAR



Act instead of react



Localization



Breaking down hierarchy



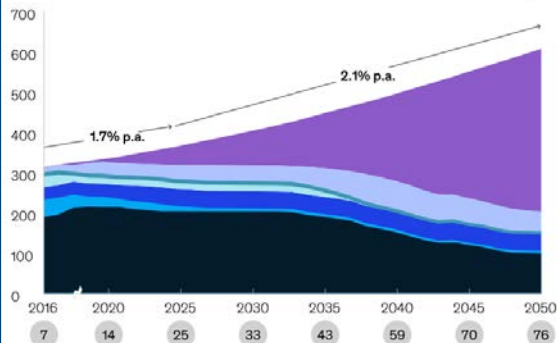
Flexibility and commitment
the employees

Renewables could generate more than 75 percent of Mexico's power by 2050.

Mexico's energy sector investment requirements by 2030, \$ billion

■ Solar ■ Wind ■ Nuclear ■ Coal ■ Hydro ■ Other¹ ■ Gas * % share of renewable sources²

Mexico's reference case, TWh



2016-50
CAGR, %



¹ Primarily includes oil, biomass, and geothermal.
² Including biomass, geothermal, hydro, solar, and wind.
Source: McKinsey analysis

McKinsey
& Company

Source: McKinsey & Company: [Mexico energy perspective: How the country can harness its energy abundance](#) | [McKinsey](#)



Possible clean energy benefits of
Mexico



Synergies NAR



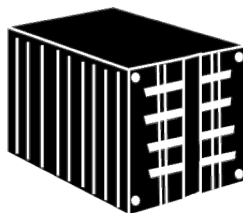
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Breaking down hierarc



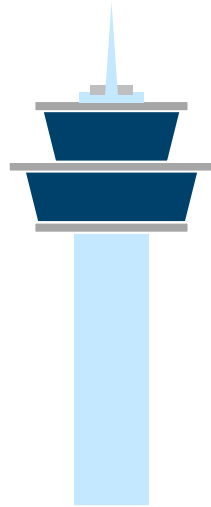
Possible clean energy benefits of Mexico



Flexibility and commitment
the employees



Short-term use of alternative
transport concept



Control Tower



Localization



Possible clean energy benefits of Mexico



Flexibility and commitment of the employees



Transparent and simple supply chains with early warning



Short-term use of alternative transport concept



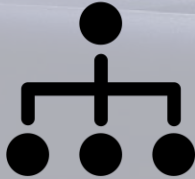
Synergies NAR



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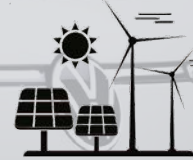
Localization



Breaking down hierarchies



**Integrate technologies from
Europe quickly if the concepts
match**



**Possible clean energy benefits of
Mexico**



**Flexibility and commitment of
the employees**



**Transparent and simple supply
chains with early warning**



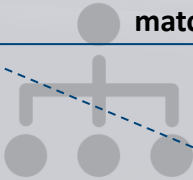
**Short-term use of alternative
transport concept**

NAR
North American Region

Synergies



Integrate technologies from Europe quickly if the concepts match



Breaking down hierarchies



Flexibility and commitment of the employees



Transparent and simple supply chains with early warning

Short-term use of alternative transport concept



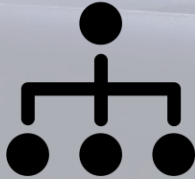
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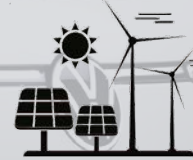
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**Integrate technologies from
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**Possible clean energy benefits of
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**Flexibility and commitment of
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**Transparent and simple supply
chains with early warning**



**Short-term use of alternative
transport concept**

Thank you!



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Production control VWM Puebla

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