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Tələbə: Hüseynov Rəhim

Kurs: 4

Qrup: 1024

Elmi rəhbəri: Aqil Əzizov

Kafedra müdiri: Altay İsmayilov

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VOLKSWAGEN’S FINANCIAL PERFORMANCE***

Author: Huseynov Rahim

Supervisor: Agil Azizov

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Abstract

In this research paper, we will make financial analysis of Volkswagen Automobile Group deeply on before Diesel Scandal, on scandal year and next year. Financial and Sales figures and Marketing Strategies of each brand after diesel scandal to recover performance will be analysed.

We will clarify and enlighten the market goals, Volkswagen's strategies and future plans after Diesel Scandal. Report will intend extensive SWOT analysis of Volkswagen Automobile Group also to analyse market position of Volkswagen after Diesel Scandal.

Introduction

(Paragraph 1)

Brief History and Formation of Company

Volkswagen - German car brand, belonging to the same-name concern with headquarters in Wolfsburg. He is engaged in the manufacture of cars and commercial vehicles, trucks, minibuses, as well as auto parts.

Company history began from 1930s, when the German auto industry offered mostly luxurious models, and the average German could not afford to buy anything other than a motorcycle. In an effort to occupy an empty segment, automakers led developments in the field of creating a mass car, among which were Mercedes 170H, Adler AutoBahn, Steyr 55, Hanomag 1.3 and others.

Ferdinand Porsche, a famous designer of powerful and racing cars, for many years worked on a project of a small vehicle that would fit most Germans as a family car. At that time, small cars were cut-back big cars, but Porsche wanted to build a new design from scratch.

In 1931 he created such a car and called it Volkswagen, from the word "volk" – people and “wagen”-wagon,auto. Many of the ideas that Porsche applied to the development of the car were "in the air" and were also used by other automakers, and some of the developments were unique. The machine was equipped with a rear-mounted air-cooled engine, a torsion suspension and a rounded body shape resembling a beetle that improved aerodynamics.

In 1933, Adolf Hitler demanded the creation of a cheap car, capable of carrying two adults and three children, who could accelerate to 100 km / h. He wanted cars in Germany to be also available, like in the US, so the price for it should not exceed 990 Reichsmarks (about 396 dollars).

Despite the pressure, it soon became clear that companies privately owned could not produce cars at a retail price of 990 Reichsmarks. Then Hitler decided to sponsor the construction of a new enterprise owned by the state and collect cars there using Ferdinand Porsche's developments with some constructive limitations.

The first prototypes of cars under the name KDF-Wagen appeared in 1936. They retained the rounded form of the body, the air-cooled engine and the rear engine arrangement. Prefix Volks- at that time was applied not only to cars, but also to other products in Germany, available to a wide range of people.

On May, 28th, 1937 the company Gesellschaft zur Vorbereitung des Deutschen Volkswagens mbH which on September, 16th, 1938 has received the name Volkswagenwerk GmbH has been created.

While the plant was under construction, test lots of KDF-Wagen were assembled at Daimler-Benz enterprises. In the final version, a model with a reinforced flat bearing base replacing the frame was produced with a four-cylinder opposed engine with a volume of 985 cm³. and an independent torsion suspension of all wheels. As was customary throughout Nazi Germany, during the war Volkswagen factories used unpaid labor of

prisoners. In 1998, the company admitted that at that time it used about 15,000 slaves. In this regard, Volkswagen created a voluntary restitution fund.

After the war, the factories of the company were badly hit by bombing and fell into the occupation zone of the British. They organized repair and maintenance of military equipment on the remaining facilities. The enterprise had to be destroyed, since it was engaged in the production of military products and used slave labor. However, one of the officers of the British Army drew a civil car produced at the enterprise and showed it at the headquarters of the British Army. Thanks to this, the British government placed an order for 20,000 cars, and the assembly started.

In 1949, Volkswagen begins sales in the US, but in the first year only two cars were sold. The company took steps to standardize sales and services in America, in the end to become the best-selling foreign brand.

Volkswagen acquired Auto Union and NSU Motorenwerke AG, merged them into one division, which began to produce luxury cars under the brand Audi. This deal was a turning point in the history of the company, as both automakers enlarged the Volkswagen technological knowledge base, whose air-cooled engines were morally outdated.

In the 1980s, sales of Volkswagen in the United States and Canada plummeted as the Japanese and Americans were able to compete with similar products at lower prices. Then the brand chooses a different direction, focusing on growing markets. Under the same strategy, Volkswagen in 1982 begins cooperation with Seat, gradually buying shares of the Spanish automaker, while in 1990 it does not buy it fully.

Today Volkswagen is the founder of the Volkswagen Group, a large international corporation that owns the brands Audi, Seat, Lamborghini, Bentley, Bugatti, Scania, and Škoda. It is recognized as the largest European car manufacturer. Volkswagen plants are located in Germany, Mexico, Brazil, USA, India, China, Indonesia, Slovakia, Poland, Spain, Czech Republic, Russia, South Africa and other countries.

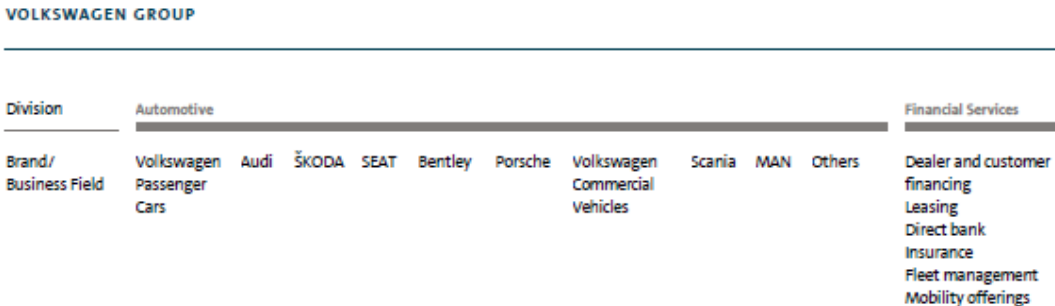
Framework

Preliminary to Volkswagen Group

(Paragraph 2)

The Volkswagen Group comprises of two divisions: the Automotive Division and the Financial Services Division. The Automotive Division includes the Passenger Cars, Commercial Vehicles and Power Engineering Business Areas. Firm give an account of the Passenger Cars fragment and the compromise in the Passenger Cars Business Area. The Commercial Vehicles Business Area and Power Engineering Business Area relate to the portions of a similar name. As needs be, the exercises of the Automotive Division contain the improvement of vehicles and motors, the creation and offer of traveler autos, light business vehicles, trucks, transports and bikes, and additionally the veritable parts, vast bore diesel motors, turbomachinery, exceptional rigging units, impetus segments and testing frameworks organizations. The Ducati mark is distributed to the Audi brand and accordingly to the Passenger Cars Business Area. The Financial Services Division, which relates to the Financial Services portion, consolidates merchant and client financing, renting, keeping money and protection exercises, armada administration and the versatility offerings.

FIGURE 1



In this section, organization exhibit the key volume and money related information identifying with the Group marks and to Volkswagen Financial Services. In light of the extensive significance of the improvement of business in China for the Volkswagen Group and the proceeding with development on the planet's biggest single market, firm likewise give an account of business advancements and the aftereffects of exercises in

China in this chapter. The creation figures and conveyances to clients are exhibited independently by mark and their models, by product offering. Unit deals figures allude to models sold by the different brand organizations, including vehicles from other Group brands. Now and again, there are stamped contrasts between conveyance figures and unit deals because of business improvement in China. In expansion, organization clarify unit deals and deals income in the Europe/Other markets, North America, South America and Asia-Pacific districts. Year 2016 was influenced particularly by the diesel issue. Specifically, charges because of legitimate dangers prompted extraordinary things totaling €– 7.5 (– 16.9) billion. At €14.6 (12.8) billion, the working benefit before unique things was up on the earlier year level.

The market stayed hard for the Volkswagen Group in the 2016 year, and rivalry was great. Unit sales achieved another record of 10.7 (10.0) million vehicles. Income ascended by 1.8% to €218.3 billion. In the Europe/Other markets locale, organization sold 4.5 million vehicles. This was 2.6% more than in the earlier year. Because of volume and mixing impacts, deals income ascended by 4.2% to €138.1 billion. Exchange rate impacts had a negative influences. In North America, higher request in Mexico lifted offers of Group vehicles by 2.8% to 1.1 million units. Because of conversion standard improvements, deals income fell by 0.2% year-on-year to €35.5 billion. The financial condition in the business sectors of the South America district stayed troublesome in the revealing year. The Volkswagen Group sold 0.5 million vehicles there (– 22.1%). The lower volume was joined with negative exchange rate impacts, bringing about a 22.4% fall in deals income to €8.1 billion. In the Asia-Pacific area, offers of Group models – including the Chinese joint venture – in year 2016 added up to 4.5 (4.1) million vehicles. At €35.9 billion, deals income surpassed the earlier year figure by 1.5%. Cash impacts had a negative effects. This figure does exclude the business income produced by Chinese joint venture, since these are represented utilizing the value technique.

Figure 2

KEY FIGURES BY BRAND AND BUSINESS FIELD¹

Thousand vehicles/€ million	VEHICLE SALES		SALES REVENUE		SALES TO THIRD PARTIES		OPERATING RESULT	
	2016	2015	2016	2015	2016	2015	2016	2015
Volkswagen Passenger Cars	4,347	4,424	105,651	106,240	69,523	70,939	1,869	2,102
Audi	1,534	1,529	59,317	58,420	37,460	37,605	4,846	5,134
ŠKODA	814	800	13,705	12,486	6,606	6,128	1,197	915
SEAT	548	544	8,894	8,572	3,967	3,570	153	-10
Bentley	11	11	2,031	1,936	1,590	1,379	112	110
Porsche ²	239	219	22,318	21,533	20,166	19,663	3,877	3,404
Volkswagen Commercial Vehicles	478	456	11,120	10,341	5,527	4,813	455	382
Scania ²	83	78	11,303	10,479	11,291	10,479	1,072	1,027
MAN Commercial Vehicles	102	102	10,005	9,958	9,275	9,700	230	-4
MAN Power Engineering	-	-	3,593	3,775	3,590	3,769	194	283
VW China ³	3,873	3,456	-	-	-	-	-	-
Other	-1,638	-1,608	-58,225	-56,349	23,646	21,922	-1,486 ⁴	-2,440 ⁴
Volkswagen Financial Services	-	-	27,554	25,901	24,625	23,326	2,105	1,921
Volkswagen Group before special items	-	-	-	-	-	-	14,623	12,824
Special items	-	-	-	-	-	-	-7,520	-16,893
Volkswagen Group	10,391	10,010	217,267	213,292	217,267	213,292	7,103	-4,069
Automotive Division ⁵	10,391	10,010	186,016	183,936	189,384	186,869	4,668	-6,305
of which: Passenger Cars Business Area	9,729	9,374	150,343	149,716	160,409	158,716	4,167	-7,013
Commercial Vehicles Business Area	662	636	32,080	30,445	25,385	24,383	718	586
Power Engineering Business Area	-	-	3,593	3,775	3,590	3,769	-217	123
Financial Services Division	-	-	31,251	29,357	27,883	26,424	2,435	2,236

Figure 3

KEY FIGURES BY MARKET¹

Thousand vehicles/€ million	VEHICLE SALES		SALES REVENUE	
	2016	2015	2016	2015
Europe/Other markets	4,635	4,524	138,079	132,535
North America	968	941	35,454	35,384
South America	421	540	7,973	10,148
Asia-Pacific ²	4,367	4,005	35,761	35,225
Volkswagen Group²	10,391	10,010	217,267	213,292

Red Sign for Volkswagen: Diesel Scandal

(Paragraph 3)

Volkswagen was in the center of the scandal in the US: it turned out that the automaker was forging the results of testing cars with a diesel engine for emissions of harmful gases into the atmosphere. The investigation ended for the German company by recalling thousands of cars, a colossal fine and a series of lawsuits from consumers

German automaker Volkswagen forced to pay about \$ 14.7 billion for violation of environmental standards in the US.

According to the agency, the concern spent about \$ 10 billion to repair or buy out about 475,000 cars sold in the US, the software of which allowed to bypass strict requirements for the content of harmful substances in the exhaust. Owners of diesel Volkswagen given choice from two options: return the machine to the manufacturer or return it to repair to eliminate technical problems.

In addition, Volkswagen paid each of those who purchased such cars in the US, from 5.1 to 10 thousand dollars. The settlement also includes \$ 2.7 billion in compensation for environmental damage and \$ 2 billion for developing technologies with zero emissions.

The agreement between Volkswagen and the US authorities was under consideration by the federal court in San Francisco, California. The court held hearings on which it can preliminarily approve an agreement on settling the "diesel scandal".

Media claimed that the concern reserved for these purposes about 10 billion dollars.

Investigation of the scandal conducted by the USA, Germany and France. In the third quarter of 2015, against the backdrop of the problems, Volkswagen received for the first time in 15 years an operating loss of 3.48 billion euros. For nine months, VW managed to maintain operating profit at the level of 3.34 billion euros. Nevertheless, it was almost three times less than last year.

In September 2015 Volkswagen was in the center of the scandal, the largest in the history of the concern. It was found out that more than 11 million diesel cars of this brand were equipped with special software that deceives the measuring equipment during the tests for compliance with environmental standards. Therefore, VW changes its strategy and

prefers a pre-trial settlement, so as not to sue and not lose the process in a higher instance.

In conclusion, it must be said that the scandal has seriously damaged the image of VW in Germany, Europe and the world as a whole. Of course, every owner of a "manipulated" machine feels deceived. But not everyone is ready to sue a large concern. We have analysed positive sides and and successes of Volkswagen in previous paragraphs. In current chapter we looked at negative behaviours and decisions of Volkswagen. Therefore, it is time to investigate on how Diesel Scandal affected strategy and objectives, market position of company.

Comprehensive Financial Analysis of Volkswagen AG After Diesel Scandal

Paragraph 4

Now it is time to comprehensively analyse financial status of Volkswagen Automobile Group after Diesel Scandal. In this part, I will compare financial indicators of Volkswagen AG in 2015 and 2016 years. Following analysis will be investigated :

1. Return On Equity : DuPont Analysis

- Net Profit Margin
- Asset turnover
- Equity Multiplier

2. Return on Asset

3. Current Ratio

4. Acid Test Ratio

Financial Statements like Income Statement and Balance Sheet will be used to calculate above indicators and ratios:

Balance Sheet of the Volkswagen Group as of December 31, 2016	
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€ million	Note	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Assets				
Noncurrent assets				
Intangible assets	12	62.599	61.147	59.935
Property, plant and equipment	13	54.033	50.171	46.169
Lease assets	14	38.439	33.173	27.585
Investment property	14	512	504	485
Equity-accounted investments	15	8.616	10.904	9.874
Other equity investments	15	996	974	3.683
Financial services receivables	16	68.402	63.185	57.877
Other financial assets	17	8.256	6.730	6.498
Other receivables	18	2.009	1.340	1.654
Tax receivables	19	392	395	468
Deferred tax assets	19	9.756	8.026	5.878
		254.010	236.548	220.106
Current assets				
Inventories	20	38.978	35.048	31.466
Trade receivables	21	12.187	11.132	11.472
Financial services receivables	16	49.673	46.888	44.398
Other financial assets	17	11.844	10.043	7.693
Other receivables	18	5.130	5.367	5.080
Tax receivables	19	1.126	1.029	1.010
Marketable securities	22	17.520	15.007	10.861
Cash, cash equivalents and time deposits	23	19.265	20.871	19.123
		155.722	145.387	131.102
Total assets		409.732	381.935	351.209
Equity and Liabilities				
Equity	24			
Subscribed capital		1.283	1.283	1.218
Capital reserves		14.551	14.551	14.616
Retained earnings		70.446	69.039	71.197
Other reserves		-1.158	-4.374	-2.081
Equity attributable to Volkswagen AG hybrid capital investors		7.567	7.560	5.041

Equity attributable to Volkswagen AG shareholders and hybrid capital investors		92.689	88.060	89.991
Noncontrolling interests		221	210	198
		92.910	88.270	90.189
Noncurrent liabilities				
Financial liabilities	25	66.358	73.292	68.416
Other financial liabilities	26	4.488	5.901	3.954
Other liabilities	27	5.664	4.905	4.238
Deferred tax liabilities	28	4.745	4.433	4.774
Provisions for pensions	29	33.012	27.535	29.806
Provisions for taxes	28	3.556	3.940	3.215
Other provisions	30	21.482	25.170	15.910
		139.306	145.175	130.314
Current liabilities				
Put options and compensation rights granted to noncontrolling interest shareholders	31	3.849	3.933	3.703
Financial liabilities	25	88.461	72.313	65.564
Trade payables	32	22.794	20.460	19.530
Tax payables	28	500	330	256
Other financial liabilities	26	9.438	10.350	7.643
Other liabilities	27	15.461	14.014	14.143
Provisions for taxes	28	1.301	1.301	2.791
Other provisions	30	35.711	25.788	17.075
		177.515	148.489	130.706
Total equity and liabilities		409.732	381.935	351.209

Income Statement of the Volkswagen Group for the Period January 1 to December 31, 2016				
€ million	Note	2016	2015	2014*
Sales revenue	1	217.267	213.292	202.458
Cost of sales	2	- 176.270	- 179.382	-165.934
Gross profit		40.997	33.911	36.524
Distribution expenses	3	-22.700	-23.515	-20.292
Administrative expenses	4	-7.336	-7.197	-6.841
Other operating income	5	13.049	12.905	10.298

Other operating expenses	6	-16.907	-20.171	-6.992
Operating result		7.103	-4.069	12.697
Share of profits and losses of equity-accounted investments	7	3.497	4.387	3.988
Finance costs	8	-3.247	-2.393	-2.658
Other financial result	9	-61	773	767
Financial result		189	2.767	2.097
Earnings before tax		7.292	-1.301	14.794
Income tax income/expense	10	-1.912	-59	-3.726
Current		-3.273	-2.859	-3.632
Deferred		1.361	2.800	-94
Earnings after tax		5.379	-1.361	11.068
of which attributable to				
Noncontrolling interests		10	10	84
Volkswagen AG hybrid capital investors		225	212	138
Volkswagen AG shareholders		5.144	-1.582	10.847
Basic earnings per ordinary share in €	11	10,24	-3,20	21,82
Diluted earnings per ordinary share in €	11	10,24	-3,20	21,82
Basic earnings per preferred share in €	11	10,30	-3,09	21,88
Diluted earnings per preferred share in €	11	10,30	-3,09	21,88

Based on Income Statements and Balance Sheets of 2015 (Diesel Scandal Year) and 2016 (Next Year), I will analyse effect of Diesel Scandal on financial performance of Volkswagen Automobile Group:

1) DuPont Analysis.

DuPont analysis is enhanced model on Return on Equity Calculation. It separate ROE to 3 driving metrics and allows to understand which factor heavily trigger change in ROE :

- Net Profit Margin = $\frac{\text{Net Income}}{\text{Revenue Sales}}$
- Asset Turnover = $\frac{\text{Revenue Sales}}{\text{Average Total Assets}}$

- $\text{Equity Multiplier} = \frac{\text{Average Total Assets}}{\text{Average Shareholder Equity}}$

DuPont Analysis=Net Profit Margin×Asset Turnover×Equity Multiplier

For the 2014 year,

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Revenue}} = \frac{11,068}{202,458} = 0,05$$

$$\text{Asset Turnover} = \frac{\text{Sales}}{\text{Average Total Assets 2014}} = \frac{202,458}{337,5} = 0,59$$

$$\text{Equity Multiplier} = \frac{\text{Average Total Assets 2014}}{\text{Average Shareholder Equity}} = \frac{337,5}{90,1} = 3,75$$

ROE= Net Profit Margin×Asset Turnover×Equity Multiplier=

$$= 0,05 \times 0,59 \times 3,75 = 0,11 = 11\%$$

For the 2015 year,

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Revenue}} = \frac{-1,361}{213,292} = -0.006$$

$$\text{Asset Turnover} = \frac{\text{Sales}}{\text{Average Total Assets 2015}} = \frac{213,292}{366,5} = 0,58$$

$$\text{Equity Multiplier} = \frac{\text{Average Total Assets 2015}}{\text{Average Shareholder Equity}} = \frac{366,5}{89,3} = 4,11$$

ROE= Net Profit Margin×Asset Turnover×Equity Multiplier=

$$= -0.006 \times 0,58 \times 4,11 = -0.014 = -1\%$$

For the 2016 year,

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Revenue}} = \frac{5,379}{217,267} = 0,02$$

$$\text{Asset Turnover} = \frac{\text{Sales}}{\text{Average Total Assets 2016}} = \frac{217,267}{395} = 0,54$$

$$\text{Equity Multiplier} = \frac{\text{Average Total Assets 2016}}{\text{Average Shareholder Equity}} = \frac{395}{90} = 4,38$$

Now we are ready to calculate ROE for 2016

$$\text{ROE} = \text{Net Profit Margin} \times \text{Asset Turnover} \times \text{Equity Multiplier} =$$

$$= 0,02 \times 0,59 \times 3,85 = 0,08 = 8\%$$

2) Return on Asset.

Return on Assets shows profitability of company related to its assets. It is typically gives idea about how good company manage to use its assets to make profit. Return on Assets is one of the popular indicator used by investors:

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total Assets}}$$

For the 2014 year,

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total Assets}} = \frac{11,068}{351,209} = 0,031 = 3\%$$

For the 2015 year,

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total Assets}} = \frac{-1,361}{381,935} = -0,004 = -0,4\%$$

For the 2016 year,

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total Assets}} = \frac{5,379}{409,732} = 0,013 = 1,3\%$$

3) Current Ratio.

To show the ability of the company to manage the liquidity rate based on proportions of its Assets and Liabilities, Current Ratio is one of the useful instruments that will help us. It also shows company ability to cover it is short-term obligations:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

For the 2014 year,

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{131,102}{130,706} = 1,003$$

For the 2015 year,

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{145,4}{148,5} = 0,979$$

For the 2016 year,

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{155,7}{177,5} = 0,877$$

4) Acid-Test Ratio.

Quick Ratio, Working Capital Ratio or Acid-Test Ratio is useful tool to analyse ability of the company to meet its short term liabilities with its short term assets-most liquid assets.

$$\text{Acid-Test Ratio.} = \frac{\text{Cash+Marketable Securities +A/R}}{\text{Current Liabilities}}$$

For the 2014 year,

$$\text{Acid-Test Ratio.} = \frac{\text{Cash+Marketable Securities +A/R}}{\text{Current Liabilities}} = \frac{19,1+10,9+55}{130,706} = 0,65$$

For the 2015 year,

$$\text{Acid-Test Ratio.} = \frac{\text{Cash+Marketable Securities +A/R}}{\text{Current Liabilities}} = \frac{20,9+15+57,9}{148,5} = 0,63$$

For the 2016 year,

$$\text{Acid-Test Ratio.} = \frac{\text{Cash+Marketable Securities +A/R}}{\text{Current Liabilities}} = \frac{19,3+17,5+61,7}{177,5} = 0,56$$

Marketing and Performance of each brand after Diesel Scandal

Paragraph 5

Volkswagen

Market strategy and Financial performance of brand After diesel scandal

The Volkswagen Passenger Cars mark created a buzz at the Paris Motor Show with the I.D. idea vehicle. The show auto speaks to another age of every single electric vehicle and another car time of electric-controlled, associated, independent autos. Another show auto pulling in media enthusiasm for the detailing year was the BUDD-e, whose appearance is motivated by the amazing VW campervan. The two vehicles depend on another future-arranged stage for electric vehicles – the Modular Electric Toolkit (MEB). A year ago, the brand likewise commended the 40th birthday celebration of the Golf GTI. The Volkswagen mark is totally repositioning itself with the TRANSFORM 2025+ methodology. The attention here is on fortifying the market position over the locales and portions, flanked by a huge increment in effectiveness and profitability. In the meantime, the brand will put resources into e-mobility and network. Moreover, in the revealing time frame, the Board of Management and the General Works Council at Volkswagen made a settlement for the future, which is gone for starting the arrival of the Volkswagen brand to a gainful course for development. The program at areas in Germany with around 120,000 workers is expected to altogether build intensity, notwithstanding guaranteeing that the organization is sufficiently secure to address future difficulties. It makes the essentials for the change from an unadulterated car producer to an effective portability supplier in the time of digitalization and expanding e-mobility. At 6.1 million vehicles, conveyances by the Volkswagen Passenger Cars mark in the announcing time frame surpassed the earlier year figure by 2.5%. While deals in Brazil and Russia declined

facilitate in a troublesome monetary condition, there were considerable increments especially in Italy (+14.9%), the Czech Republic (+14.7%), Poland (+18.6%), Mexico (+14.8%) and China (+13.9%). The new Tiguan was generally welcomed by the market. Unit sales by the Volkswagen Passenger Cars mark were somewhat down on the earlier year at 4.3 (4.4) million vehicles. The Polo, the new Tiguan and the Touran models were sought after. The distinction amongst conveyances and unit deals is for the most part because of the way that the vehicle-creating joint ventures in China are not considered Volkswagen Passenger Cars mark companies. The Volkswagen Passenger Cars mark delivered 6.1 million vehicles in 2016; this was 3.0% more than 2015. 6.0 million vehicles conveyed in 2016. Sales income at the Volkswagen Passenger Cars mark declined by 0.7% year-on-year in the revealing time frame to €106.7 billion. Revenue before extraordinary things tumbled to €1.9 (2.1) billion. The decrease was principally owing to volume, mixing and money related impacts and higher business costs because of the diesel issue. Cost funds had a positive effect. The profit for deals before extraordinary things was 1.8 (2.0)%. The diesel issue specifically offered ascend to exceptional things of €– 5.2 billion contrasted and €– 16.4 billion in the earlier year.

FIGURE 4

PRODUCTION

Units	2016	2015
Golf	982,495	1,095,553
Jetta/Sagitar	968,135	844,907
Polo	794,388	754,546
Passat/Magotan	711,878	724,018
Tiguan	548,687	501,712
Lavida	547,187	462,748
Santana	312,177	279,583
Bora	236,427	202,964
up!	169,970	172,345
Touran	164,248	120,507
Gol	160,130	192,841
Lamando	146,285	103,573
Beetle	61,940	64,035
Fox	50,273	85,161
Touareg	47,495	59,190
Saveiro	47,460	75,397
CC	44,091	56,796
Sharan	41,949	53,423
Suran	20,163	24,691
Scirocco	11,963	16,251
Phideon	5,131	-
Phaeton	452	2,924
Atlas/Teramont	386	-
Eos	-	4,559
XL1	-	59
	6,073,310	5,897,783

VOLKSWAGEN PASSENGER CARS BRAND

	2016	2015	%
Deliveries (thousand units)	5,980	5,823	+2.7
Vehicle sales	4,347	4,424	-1.7
Production	6,073	5,898	+3.0
Sales revenue (€ million)	105,651	106,240	-0.6
Operating result before special items	1,869	2,102	-11.1
as % of sales revenue	1.8	2.0	

Europe/Other Markets	31.6
North America	9.7
South America	5.6
Asia-Pacific	53

Audi

Formation and Volkswagen's post-merger **MARKETING STRATEGIES** on company

Audi AG is a German automaker, which deals with the design, construction, manufacture and sale of luxury cars. The company's headquarters is in Ingolstadt, Germany. Audi AG owns the brands Lamborghini and SEAT, and itself since 1966 belongs to the concern Volkswagen AG. The brand is among the top three German manufacturers of premium

cars with the largest sales volumes in the world. Its name from Latin means "Listen" and appeared after the translation of the name of its founder - Horch.

August Horch was a talented engineer who, after graduating from the Technical University, took up employment at the Karl Benz factory. First he worked in the engine development department, and later headed the department responsible for the production of cars.

In 1899 August Horch founded his own firm Horch & Cie. Motorwagen Werke in Ehrenfeld. Three years later he moved to Reichenbach im Vogtland, and in 1904 turned his company into a joint stock company headquartered in Zwickau.

In 1965, a controlling stake in the automaker moved to Volkswagen AG. First, the new bosses did not want engineers from Ingolstadt to work on their own models. They were going to use the plant's capacity for the Volkswagen Beetle production, which was manufactured in Ingolstadt immediately after the purchase. However, the head of the design department continued to develop the Audi car secretly from the management. When the project was presented to the head of the concern Heinrich Nordhoff, he was so impressed that he immediately sent the novelty to production. So there was a legendary model Audi 100, which opened a new page in the history of the brand.

The car was offered in the body of a 2- and 4-door sedan and fastback. He became the ancestor of a whole family of cars, all of whose representatives have retained the front-wheel drive system and the longitudinal layout of the engine. These cars were very popular in the USSR, where they were imported in huge numbers, especially after the second generation. The model was characterized by excellent dynamic characteristics, practicality and high comfort. In 1969, Auto Union GmbH and NSU Motorenwerke AG merged. The new company was named Audi NSU Auto Union AG, and its headquarters was located in Neckarsulm. The main goal of the company was the introduction of innovative technologies, which found its embodiment in the slogan "The Excellence of High Technologies". In 1972, the Audi 80 came out - a compact car that shared the

platform with the Volkswagen Passat and offered a sedan or station wagon. Later came out a luxury version of the car - Audi 90.

The model received a front suspension "MacPherson" and telescopic shock absorbers. It was offered with a line of gasoline engines with a capacity from 54 to 100 hp. In 1973, the model was named the "European car of the year", leaving behind Alfa Romeo Alfetta and Renault 5.

Now the company Audi AG has plants in Germany, Hungary, Belgium, India and China, which employs about 60,000 workers. Her cars are represented in all key automobile markets of the planet, and in the future she intends only to increase her presence in the segment of luxury cars.

Market strategy and Financial performance of brand After diesel scandal

Conveyances by the Audi mark remained at 1.9 million vehicles in 2016, outperforming the earlier year's record. The brand exhibited energizing new models: the Audi Q2, Audi A5 Coupé and Audi Q5. Another generation plant opened in San José Chiapa, Mexico. The brand with the four rings displayed the new Audi Q2 amid the announcing time frame. This urban vehicle exceeds expectations with its blend of energetic appeal and cutting edge highlights, awing both in ordinary driving and go dirt road romping. With the world debut of the new Audi A5 Coupé and the new Audi Q5, Audi by and by fortified its situation at the highest point of the top notch portion. In September 2016, Audi opened its new plant in San José Chiapa in the province of Puebla, Mexico, to create the new Q5. The Audi mark outperformed the earlier year's business record in year 2016, conveying 1.9 million vehicles (+3.6%). Audi saw empowering development in Western Europe (+7.0%), North America (+5.3%) and China (+3.6%). At 1.5 million vehicles, unit sales surpassed the earlier year figure by 0.3%. The Chinese JW FAW-Volkswagen sold a further 536 thousand Audi vehicles. The Q3 SUV show and the new ages of the A4 and Q7 demonstrated especially mainstream around the world. Automobili Lamborghini S.p.A. sold 3,465 (3,433) vehicles. The Huracán Spyder was particularly well known among customers. Audi created 1.9 million models worldwide in 2016, 3.9% more than

in the earlier year. Lamborghini delivered 3,579 (3,707) vehicles in the detailing time frame. Last year brand conveyed 1.9 million vehicles. At €58.3 billion, the Audi brand's business income surpassed the earlier year figure by €0.8 billion. The benefit before extraordinary things was €4.9 (5.0) billion. The business incline and the progressing enhancement of procedures and expenses had a positive effect. The "SPEED-UP!" slogan propelled in year 2016 additionally started to hold up under organic product. Profit were contrarily influenced by exchange rates impacts, extreme rivalry, pre-expenses use for new items and advances and the extension of the global creation organize, which prompted expanded devaluation and amortization energizes and begin costs. The brand accomplished a working profit for deals before extraordinary things of 8.3 (8.6)%. The diesel issue specifically brought about exceptional things of €– 1.8 (– 0.3) billion. The KPI for the Lamborghini and Ducati brands are incorporated into the money related figures for the Audi mark.

FIGURE 5

PRODUCTION

Units	2016	2015
Audi		
A3	361,983	370,144
A4	357,999	318,788
Q5	297,750	267,861
A6	276,211	293,960
Q3	231,452	205,445
A1	105,252	116,250
Q7	103,344	82,340
A5	65,117	79,133
TT	26,886	35,510
A7	26,308	29,158
A8	24,179	27,065
Q2	19,419	67
R8	3,688	2,074
	1,899,588	1,827,795
Lamborghini		
Huracán Coupé	1,315	2,559
Huracán Spyder	1,104	69
Aventador Coupé	587	666
Aventador Roadster	573	413
	3,579	3,707
Audi brand	1,903,167	1,831,502
Ducati, motorcycles	56,978	55,551

AUDI BRAND

	2016	2015	%
Deliveries (thousand units)	1,871	1,806	+3.6
Audi	1,868	1,803	+3.6
Lamborghini	3	3	+6.5
Vehicle sales	1,534	1,529	+0.3
Production	1,903	1,832	+3.9
Sales revenue (€ million)	59,317	58,420	+1.5
Operating result before special items	4,846	5,134	-5.6
as % of sales revenue	8.2	8.8	

Europe/Other Markets	48.6
North America	13.7
South America	1.2
Asia-Pacific	36.4

SKODA

Formation and Volkswagen's post-merger MARKETING STRATEGIES on company

ŠKODA Auto as is a Czech automaker with headquarters in Mlada Boleslav. It produces cars and commercial vehicles under the same name brand. It is part of the Volkswagen Group.

The history of the company began at the end of the 19th century and includes a chronology of the development of two firms - the foundry and engineering factory in Pilsen, as well as the small car manufacturer Laurin & Klement Co.

In 1869, Emil Skoda, a talented entrepreneur, acquired the Pilsen factory of Count Wallenstein-Wartenberk, which produced equipment for breweries, sugar mills, mines, as well as parts for metal bridges and railway structures, steam engines and boilers. Soon the company ŠKODA turned into a huge enterprise specializing in casting and forging for passenger and warships. Sugar mills were the backbone of the company's exports.

In 1899, the factory was turned into a joint-stock company, and on the eve of the First World War ŠKODA was the largest producer of weapons in Austria-Hungary. In addition, ŠKODA was a supplier of pipelines at Niagara Falls, as well as a gateway to the Suez Canal.

During the First World War, the company focused on the production of products for the army. By that time, not one company had been built abroad, but only in Pilsen the staff numbered 35,000 workers. After the end of the war, the company becomes multidisciplinary, producing locomotives, cars, airplanes, ships, machines, steam turbines, equipment for power plants, etc.

By April 1991, ŠKODA is part of the German auto concern Volkswagen. The first jointly released model was Felicia, which received new engines, followed by a station wagon and a pickup.

In 1996, Octavia appeared with a liftback body, and two years later the premiere of the model in the Combi body was held. In 1999, Fabia replaced Felicia. The car was based on the Volkswagen A04 platform, the first of all models of the Czech automaker. ŠKODA Fabia became very successful, in part because all the mechanical parts were developed

by Volkswagen, and the price of the car was less than the German counterparts. Since 2001, a simplified version of the Fabia Junior and a cargo-and-passenger Fabia Praktik, manufactured on the basis of the station wagon, have been produced. In 2003, the sports Fabia RS appeared with a 130-horsepower engine. Thanks to the modernization of the chassis and aerodynamic package, the car was accelerated to 206 km / h.

In 2001, the lineup of the brand was enlarged by the luxurious Superb limousine created on the basis of the Volkswagen Passat. In 2006, the car was modernized, resulting in a new radiator grille, front lights and tail lights, as well as the interior. In 2008, the second generation of the car with a unique tailgate, created using Twin-Door technology, was launched. It provides the possibility of opening the door with or without a rear window. The third generation of the model is presented in 2015. In 2009, the production of the compact crossover ŠKODA Yeti started, which was named the "Family Car of the Year" by the famous Top Gear Magazine, and also won the 4th place in the "European Car of the Year" competition in 2010. The car quickly became popular: in June 2011, the brand celebrated the release of a one hundred thousandth copy. Yeti is built on the Volkswagen A5 platform, which underlies the Volkswagen Tiguan. Among the innovative solutions are Vario Flex rear seat conversion system, panoramic roof with electric curtain and sliding sunroof, fog lights with corner lighting system, all-wheel-drive connected with Haldex IV generation clutch and much more.

In 2014, at the Geneva Motor Show ŠKODA showed the concept car VisionC, which defines a new direction of the brand design development. The car is built on the MQB platform developed by Volkswagen and became the first representative of the brand in the new segment, where Audi A5 Sportback and VW Passat CC have already established themselves. Under the hood of the novelty is a 1.4-liter engine, which can work both on gasoline and on natural gas.

In 2014, the brand's sales reached 1,037,200 units, while operating profit was 817 million euros. The company is implementing a new development strategy that should substantially increase sales worldwide, especially in emerging markets.

Market strategy and Financial performance of brand After diesel scandal

The Czech brand has been a piece of the Volkswagen Group for a long time, contributing with its astute vehicle plans to the Group's prosperity. ŠKODA displayed another arrangement in the detailing time frame: the new Kodiaq SUV. ŠKODA past its 25th commemoration as a major aspect of the Volkswagen Group in 2016. Amid this time, the Czech brand has advanced from a provincial supplier into a universally effective vehicle producer. Today, ŠKODA offers a broad model portfolio extending from the little Citigo to the lead Superb. Another arrangement was included amid the revealing year, when ŠKODA displayed the new Kodiaq at the Paris Motor Show. The confident, intense SUV consolidates all characteristics of the ŠKODA mark: an outstanding measure of room, solid outline, numerous functional highlights and magnificent incentive for cash. The top rated ŠKODA Octavia realised its twentieth birthday celebration in 2016. Five million Octavias have been sold to date, more than some other ŠKODA model. The ŠKODA mark conveyed 1.1 million vehicles to clients worldwide in the detailing year, beating 2015—the past record year — by 6.7%. China was indeed the brand's biggest single market (+12,6%). Request expanded in every single key market in Western, Central and Eastern Europe, and ŠKODA additionally announced significant development in Turkey (+30.0%). At 814 (800) thousand vehicles in 2016, ŠKODA's deals were marginally up on the earlier year level. The new Fabia and the Octavia family models were in particularly popularity. The contrast between figures for conveyances and unit deals is chiefly because of the way that the vehicle-delivering joint ventures in China are not considered ŠKODA mark companies. The number of ŠKODA mark vehicles created overall expanded year-on-year to 1.2 (1.0) million units crosswise over seven arrangement. The 19 millionth vehicle fabricated by ŠKODA since its development moved off the generation line at the organization's base in Mladá Boleslav in the detailing time frame. The ŠKODA brand's business incomes expanded by 9.7% in the revealing time frame to €13.5 billion. Positive volume and the enhancement of item costs expanded

benefit by 31.1% to €1.3 billion. Profit for sales ascended from the earlier year's 7.3% to 8.7%.

FIGURE 6

PRODUCTION			ŠKODA BRAND			
Units	2016	2015		2016	2015	%
Octavia	445,415	425,629	Deliveries (thousand units)	1,126	1,056	+6.7
Rapid	216,603	189,187	Vehicle sales	814	800	+1.7
Fabia	203,308	195,349	Production	1,152	1,037	+11.1
Superb	148,880	84,550	Sales revenue (€ million)	13,705	12,486	+9.8
Yeti	95,417	89,890	Operating result	1,197	915	+30.9
Citigo	41,247	41,280	as % of sales revenue	8.7	7.3	
Kodiaq	1,167	-				
Roomster	-	11,166				
	1,152,037	1,037,051				

Europe/Other Markets	69.7
North America	0
South America	0.1
Asia-Pacific	30.2

Seat

Formation and Volkswagen's post-merger **MARKETING STRATEGIES** on company

May 9, 1950 at the cradle of the "baby" was quite a lot of interested persons. Their interest was not idle: 600 thousand pesetas were invested in the opening of the company for the production of cars. A part of the money (51%) was contributed by the national institute of industry in Spain, the other (42%) provided six banks, and the missing 7% came from the notorious FIAT company, whose cars the new company from Barcelona started to

produce. The full name of the new car manufacturer sounded like Sociedad Espanola de Automoviles de Turismo, but now the whole world designates this brand of cars with a simple set of letters - SEAT.

By the 86th Volkswagen buys a controlling stake in SEAT, which makes the Spanish automaker the third major brand of the VW Group. Later, by the end of the same year, the share of VW Group in SEAT increased to 75%. In 1989, the brand launches an ambitious project to build a new factory in Martorell, and by the beginning of next year VW Group is actually the sole owner of SEAT with a 99.9% stake. In 1990, the new headquarters of the SEAT Sport division in Martorell opened, where a large-scale construction of another brand plant begins. 1991 is associated in the history of the brand with the presentation in Geneva of the Proto TL model, but more importantly, the first joint model with the VW Group, the SEAT Toledo model. The following year brings the Spanish manufacturer glory as an official partner and sponsor of the XXV Olympic Games in Barcelona. In 1993, VW Group President Ferdinand Pich and King Juan Carlos I of Spain lead the inauguration of the SEAT plant in Martorell, with a production capacity of 2,000 cars per day. In the same year, the Spaniards represent another popular model - SEAT Ibiza. Even 530 copies of Ibiza, produced daily, barely manage to cope with the high demand for a car. September 1996 is associated with a big event in the history of the brand - with the release of a 10 millionth car. At the same time, the production of the new Inca car begins. By 1997, the automaker produces 1 million cars. The successful model SEAT Cordoba Vario debuted. This period is connected with the large production successes of the brand SEAT: the production and the number of different bodies are doubled. Also, the 1997th year is linked to the sports division of SEAT with a victory in the San Remo rally. On the crest of success, SEAT Sport wins first place in Australia and second place in England. 1998 of year Debuts SEAT Cordoba WRC, which takes part in the World Rally Car. In 1999, new generations of Cordoba and Ibiza are introduced, as well as a brand new car - Leon, which has become one of the most successful projects of the brand (thanks to him the largest segment of the European market - compact cars - has opened for the brand). SEAT Leon was unique in every sense:

it had a four-wheel drive, a 180-horsepower engine and a "full mincemeat" of that time. Another novelty of the outgoing 1999 was Arosa, which spent less than three liters per 100 km of track. SEAT became the first automaker in Western Europe, which produced such an economical car. By the beginning of the new century, 14,000 people worked at SEAT enterprises. The dealer network is expanding to 3,600 enterprises around the world.

Market strategy and Financial performance of brand After diesel scandal

The Spanish brand SEAT propelled its new Ateca design in the finalising time frame of year. As the primary SUV in the organization's history, it made a noteworthy commitment to SEAT's record brings about 2016. 2016 saw the SEAT mark unwrap its first-since forever SUV. The new Ateca is a blend of particular plan, dynamic driving fun, urban adaptability and high client esteem. Its productive oil and diesel motors have control yields of between 80 kW (113 PS) and 130 kW (180 PS). The great exhibit of uncommon highlights reaches out from full-LED headlamps through an assortment of help frameworks, for example, the imaginative Traffic Jam Assist and the new Emergency Assist, to a bundle of most recent age infotainment frameworks with prevalent availability. With its noteworthy deals figures, the Ateca assumed a critical part in the brand's accomplishment in the detailing year.

SEAT expanded conveyances to clients by 2.1% to 403 thousand vehicles in year 2016. The brand's business figures expanded year-on-year in all business sectors; empowering rates were accomplished particularly in Germany (+2.6%), Poland (+21.9%), Turkey (+41.0%) and Austria (+12.6%). The Ateca, Leon and Alhambra models were particularly mainstream with clients, recording new deals records.

SEAT sold 548 thousand vehicles in the announcing time frame, 0.8% more than in the earlier year. The Q3 delivered for Audi is incorporated into this figure. SEAT created 414 thousand vehicles in 2016, up 0.6% on the earlier year. Company achieved 151 EUR

million working benefit last year. SEAT accomplished a record deals income and working benefit in year 2016: At €8.6 billion, deals income surpassed the earlier year figure by 3.6%. SEAT came back to benefit in the revealing year with a working benefit of €152 (– 10.1) million.

Cost diminishments and upgrades in the blend, especially because of the accomplishment of the new Ateca, more than adjusted for negative conversion scale impacts. The SEAT brand's working profit for deals was +1.8 (– 0.2)%.

FIGURE 7

PRODUCTION			SEAT BRAND			
Units	2016	2015		2016	2015	%
Leon	163,228	169,455	Deliveries (thousand units)	409	400	+2.2
Ibiza	149,988	160,451	Vehicle sales	548	544	+0.8
Ateca	35,833	–	Production	417	415	+0.5
Alhambra	31,214	27,925	Sales revenue (€ million)	8,894	8,572	+3.8
Mii	18,720	24,516	Operating result	153	–10	x
Altea/Toledo	18,029	32,729	as % of sales revenue	1.7	–0.1	
	417,012	415,076				

Europe/Other Markets	93.8
North America	6
South America	0.2
Asia-Pacific	0

Bentley

Formation and Volkswagen's post-merger MARKETING STRATEGIES on company

Bentley Motors Ltd. - British manufacturer of premium cars, headquartered in Crewe. It is part of the German auto concern Volkswagen Group.

The company was founded on January 18, 1919 by Walter Owen Bentley. He had been interested in mechanisms since childhood, and for 16 years already worked as an assistant at a locomotive factory in Doncaster. Then he studied engineering theory at King's College, London. In addition to trains and the railway, he was passionately carried away by motorcycles and cars, so he took part in motorcycle races and rallies for long distances.

In July 1998, Rolls-Royce Motor Car moved to the Volkswagen AG concern. At the same time, BMW buys out the rights to use the Rolls-Royce brand, since January 1, 2003 Bentley and Rolls-Royce have become independent companies. Despite persistent rumors about the death of the brand, Volkswagen invests in it 500 million pounds sterling, modernizes production in Crewe and develops new models. Already in 1999, the Bentley Arnage Red Label comes out with a 6.75-liter V8 engine. Since 2000, Bentley again participates in the Le Mans races. In 2002, one of the most significant cars in the history of the brand - Continental GT - was introduced. At an automobile exhibition in Great Britain, he received an award from the Institute of Automotive Engineers in the nominations "Best Luxury Car" and "Best Exhibition Car". It is equipped with a 12-cylinder engine in volume of 6 liters and a capacity of 575 hp. with a fuel consumption of 26.5 l / 100 km.

At this car, the Finnish rally driver Juha Kankkunen set a world speed record on the ice, accelerating the car to 321.65 km / h. The next novelties presented by the brand were the coupe with a convertible Azure, the Coupe Brooklands, Azure T, the fastest among the serial models of Continental Super Sports, the new flagship in the Grand Tourer Mulsanne class.

In 2012 at the Geneva Motor Show debuted the concept car Bentley EXP 9F SUV, a serial version of which under the name Bentayga promises to come out in 2015. In 2013, the world's fastest four-seater convertible Continental GT Speed Convertible is shown. It is completed with a 616-horsepower W12 engine and an eight-speed gearbox.

Market strategy and Financial performance of brand After diesel scandal

In 2016, the Bentley mark introduced the up and coming age of the Mulsanne design, including the Mulsanne Speed and Mulsanne Extended Wheelbase. The new Bentayga extravagance SUV was popular and made a noteworthy commitment to record marketing. In 2016, Bentley praised the world debut of the new age of its Mulsanne arrangement, which thrills clients with upgraded help and infotainment capacities and on the outside specifically with its considerably all the more forcing radiator grille. Notwithstanding the extravagance Mulsanne with its 378 kW (511 PS) motor, Bentley offers the especially effective Mulsanne Speed with a power yield of 396 kW (538 PS) and the exceedingly rich Mulsanne Extended Wheelbase. Constrained to 50 vehicles, the First Edition brags select highlights including a Mulliner-styled eating area and a facade created from the finest English walnut. The Bentley Bentayga, the Group's first extravagance SUV, commended its effective market debut in 2016 and quickly turned into the brand's top of the line display in its first year.

In the announcing year, the Bentley mark expanded conveyances to clients to 11,020 (10,900) vehicles, denoting another business record. Around a fourth of Bentley's vehicles were indeed conveyed to the USA. The brand likewise accomplished high development rates particularly in Western Europe (+26.7%) and in Central and Eastern Europe (+66.5%). The Bentley mark sold 11,293 vehicles worldwide in 2016, 6.6% more than in the earlier year. The expansion was principally inferable from the achievement of the Bentayga. The Bentley mark delivered 11,812 vehicles in 2016, up 8.3% on the earlier year. Bentley conveyed 11.2 thousand vehicles on 2016. Bentley produced income of €2.1 billion, surpassing the proportionate earlier year figure by 4.9%. In spite of an adjustment in economic situations and the start-up costs for the Bentayga, positive exchange rate

impacts and cost diminishment implied that the working benefit stayed on a standard with the earlier year at €111 (111) million. The working profit for deals fell marginally to 5.6 (5.8)%.

FIGURE 8

PRODUCTION			BENTLEY BRAND			
Units	2016	2015		2016	2015	%
Bentayga	5,586	96	Deliveries (units)	11,023	10,100	+9.1
Continental GT Coupé	2,272	3,997	Vehicle sales	11,298	10,616	+6.4
Flying Spur	1,731	3,660	Production	11,817	10,888	+8.5
Continental GT Convertible	1,600	2,216	Sales revenue (€ million)	2,031	1,936	+4.9
Mulsanne	628	919	Operating result	112	110	+1.5
	11,817	10,888	as % of sales revenue	5.5	5.7	

Europe/Other Markets	50.5
North America	25.2
South America	0.1
Asia-Pacific	24.2

PORSCHE

Formation and Volkswagen's post-merger **MARKETING STRATEGIES** on company

Dr. Ing. hc F. Porsche AG is a German manufacturer of premium sports cars, sedans and SUVs, founded by the legendary designer Ferdinand Porsche. It is part of the Volkswagen Group. The headquarters is in Stuttgart.

The founder of the company, Ferdinand Porsche, was born on September 3, 1875 in the town of Maffersdorf, Bohemia, in the family of the owner of the repair shop. He was the third child in the family, and after the death of his eldest son he became the heir to the

cause of his father. From the age of 15, Ferdinand worked in the workshop, and after finishing elementary school went to a technical school.

The rights of ownership Porsche AG taken by VW AG since 2011 by bilateral agreement. After that in January, the main novelty of Detroit is the concept Porsche 918 RSR, which became the further development of the 918 Spyder Concept. The model pleases not only its effective appearance, but also technical perfection. In motion, the new "Spyder" brings the petrol engine V8 with a working volume of 3.4 liters with a reserve of power of 500 hp. As before, his partners are two electric motors with a total capacity of 218 hp. The huge torque of the electric motors allows the 918 RSR to accelerate to 100 in 3.2 seconds. The Geneva Motor Show becomes the place of presentation of the second serial hybrid in the Porsche range - the Panamera S Hybrid. Just like the hybrid Cayenne, the role of the main violin still goes to the gasoline 3.0-liter V6 compressor engine, which develops 333 hp. The electric motor of 47 hp replenishes this "violin". The engines can work both together and separately, although on one electric power reserve is only 2 km (with the prospect of acceleration to a maximum of 165 km / h). In sum, the hybrid Panamera S Hybrid develops 380 hp, so that its maximum speed reaches 270 km / h, and acceleration to a hundred takes 6.0 seconds. The average fuel consumption declared by the manufacturer is 6.8 liters of fuel per 100 km. Sales of the Porsche Panamera S Hybrid start in the summer. In April, passes the official presentation of one of the fastest cars Porsche - 911 GT3 RS 4.0., Which comes in the number of 600 copies. Yes, the most powerful exclusive did not work, but its 4.0-liter, 500-horsepower unit was enough to make it an enviable sport car. The four-liter unit in the 911 GT3 RS 4.0 is called the largest engine ever used in the production model 911. Moreover, it achieves the highest power among atmospheric engines - 125 hp. per one liter of working volume. The power reserve gave the dynamics of acceleration from place to 100 km / h in 3.9 seconds.

As May, in the lenses of photo spies comes a new generation of Cayman on road tests. "Boxster" platform plan to show in 2012th. At the end of May Porsche seeks to create an eco-friendly image for which the concept of the electric Boxster E, developing 121 hp, is being created. The conceptual model accelerates to 100 km / h for an eternity -

9.8 seconds, which is very mediocre even for the golf class. The maximum speed is generally discouraging - only 150 km / h. The Germans are resolutely declaring their plans to replenish their model range with a worthy electric vehicle in the coming years.

Market strategy and Financial performance of brand After diesel scandal

The Porsche mark introduced the second era of the Panamera in 2016. Its half and half form, the Panamera 4 E-Hybrid, joins execution. New income and benefit records were accomplished. Like never before, the new age of the Porsche Panamera offers both the execution of a coupe auto and the softness of an extravagance interior. The new twin-turbo motors are all the more capable, and on account of the new eight-speed double grasp transmission they are up to 17% more fuel-proficient than those in the Panamera's antecedent. Numerous new help frameworks upgrade ride comfort and also security. The Porsche Communication Management offers a completely new scope of network with its canny advanced capacities and online administrations. The Panamera 4 E-Hybrid stands for practical versatility without trading off execution. The vehicle has a framework control yield of 330 kW (458 PS) and a most extreme speed of 268 km/h. It conveys a framework torque of 700 Nm from stationary decisively. The Panamera 4 E-Hybrid breaks the 100 km/h obstruction in only 4.4 seconds. Other item features in the revealing year incorporated the new 718 Boxster and 718 Cayman models and the Targa and Turbo variants of the 911. The Porsche mark conveyed 235 thousand games autos in the detailing year, 5.4% more than in 2015. China remained the biggest single market for Porsche with conveyances of 65,240 vehicles (+12.3%). The brand sold 54,285 vehicles in the USA (+4.4%). Porsche's deals in 2016 remained at 235 thousand vehicles, an expansion of 9.0% year-on-year. The Macan, 911 and 718 Boxster/Cayman models were particularly popular. Porsche delivered 244 thousand vehicles in the revealing year, up 2.1% on the figure for 2015. Porsche made 17.5% profit last year. The Porsche mark set records again in year 2016. At €22.2 (21.4) billion, income surpassed the earlier year figure by 3.5%. Working benefit ascended by 13.6% to €3.7 billion, fundamentally because of

volume, cash related impacts and a relatively minimal effort development notwithstanding consumptions on digitalization and new business fields. The profit went up to 17.5 (15.6)%.

FIGURE 9

PRODUCTION			PORSCHE BRAND			
Units	2016	2015		2016	2015	%
Macan	97,177	86,016	Deliveries (thousand units)	238	225	+5.6
Cayenne	71,693	79,700	Vehicle sales	239	219	+9.2
911 Coupé/Cabriolet	31,648	31,373	Production	240	234	+2.2
718 Boxster/Cayman	24,882	21,978	Sales revenue (€ million)	22,318	21,533	+3.6
Panamera	14,218	15,055	Operating result	3,877	3,404	+13.9
918 Spyder	-	375	as % of sales revenue	17.4	15.8	
	239,618	234,497				

Europe/Other Markets	36.2
North America	26.4
South America	1.2
Asia-Pacific	36.2

Scania

Formation and Volkswagen’s post-merger **MARKETING STRATEGIES** on company

Scania is a world-famous Swedish brand - the world leader in the production of trucks, comfortable buses, as well as the most economical industrial and marine diesel engines. For more than 100 years of its history, Scania products have become synonymous with efficiency, reliability and durability.

The history of SCANIA CV AB began more than 120 years ago with the formation and subsequent merger of two Swedish competing companies Scania and Vabis.

In 1891 in Sweden, in the city of Södertälje, a company was established for the production of rail cars Vagnfabriks Aktie-Bolaget i Södertelge or abbreviated Vabis . Working in the oversaturated wagon market, the company's management began to consider new areas of development. In 1897 year the designer Gustav Erikson was created prototype of the first Swedish car Vabis A-car.

In 2008 Volkswagen became Scania's main owner, receiving 68.6% of the voting shares and 37.73% of shares giving the right to manage the company. In 2010, the trucks of the Scania R series win the prestigious title "Truck of the Year 2010". In this same 2010 launched production of a new range of Scania V8 , led by the most powerful engine on the market - 730 hp and a torque of 3500 Nm. Especially for this series, the company developed interior and exterior design emphasizing the high status and prestige of the V8 line. In 2010, a licensed Skania-Peter plant for the production of dump trucks and cargo chassis for various purposes of trucks was launched near St. Petersburg , designed for the annual assembly of 6,500 vehicles. AT further production of Scania tractors is also planned. In 2011, Scania offered a line of automotive diesel engines that meet the strictest Euro-6 standards . In 2012, on the basis of the newest line of automotive diesel engines, the company introduced an updated series of unsurpassed industrial diesel engines Scania , meeting the latest European and US environmental requirements of EU Stage IV, US Tier 4f. This line includes:

- 9- liter 5- cylinder in-line engine Scania DC9 EMS (202-294 kW, 275-400 hp),
- 13- liter 5- cylinder in-line engine Scania DC13 EMS (294-405 kW, 400-550 hp),
- 16- liter 8-cylinder V-shaped engine Scania DC16 EMS (405-566 kW, 550-770 hp).

As always, the pride of the company is the unparalleled fuel economy of Scania diesel engines, which provides enormous savings in the operation of diesel generators.

In addition, Scania introduced an updated line of 9, 13 and 16- liter marine engines with a capacity of up to 1,000 horsepower , which gained great popularity due to its trouble-free, unpretentiousness, ease of maintenance and fuel efficiency.

To date, the international concern SCANIA CV AB represents three main product lines in the world market:

- trucks (series P, G, R, a series of Griffin tractors, specialized heavy trucks for various tasks: log trucks, mining equipment, fire, rescue vehicles, garbage trucks, etc.);
- urban, suburban, intercity, tourist buses on the chassis of the series F, K, N;
- industrial and marine diesel engines of 9, 13 and 16 liters.

Since its founding, Scania has produced more than 1.4 million trucks for heavy transport operations, as well as buses . At Scania plants around the world has about 38,600 employees . Of these, about 3300 are engaged in research activities in the field of development and application of new technologies. Models of any product line of the company is characterized by unsurpassed reliability and economy of ownership, meet the most modern requirements of environmental safety.

Market strategy and Financial performance of brand After diesel scandal

In 2016 Scania past its 125th commemoration. The Swedish brand has established innovative benchmarks for effectiveness and client center with its new age of trucks. Conveyances expanded year-on-year. In 2016, Scania thought back on its 125-year history as a business vehicles producer and exhibited its new age of trucks. Devouring 5.1% less fuel by and large, the new vehicles enhance clients' benefit and decrease CO2 emanations. When the forms and designs have been propelled, clients will have the capacity to look over 23 changed interior models offering bespoke setup. The side airbags consolidated in the rooftop are a first for the truck advertise. The new age was granted the title "Worldwide Truck of the Year 2017," incompletely in acknowledgment of the vehicles'

wellbeing and driver comfort. Scania's truck got the "Green Truck Future Innovation 2016" natural award in the promising advancements classification. The vehicle lessens fuel utilization by up to 17% contrasted and a vehicle running on standard diesel. It can work on electric power alone or utilizing biodiesel. The enter figures exhibited in this part incorporate Scania's truck and transport, mechanical and marine motors and monetary administrations businesses. Scania got orders for 85 thousand vehicles in year 2016. This was 10.5% more than in 2015. Requests were up in Western Europe, principally because of Scania's driving position in Euro 6 motors, its numerous times of involvement with utilization upgraded vehicles and its extensive variety of several choice drive frameworks. At 81 (77) thousand vehicles, worldwide conveyances were up on the earlier year. Development in Europe made up for falling interest in Turkey and Brazil. Transport conveyances expanded to 9 (8) thousand vehicles. Interest for administrations and new parts and for Scania Financial Services was higher in 2016 than in the past year. In the 2016 year, the Scania mark delivered 83 (78) thousand business vehicles (+5.9%), including 9 (8) thousand transports. At €11.2 (10.3) billion, income for the Scania mark in year 2016 surpassed the earlier year figure by €0.8 billion. Benefit before exceptional things rose to €1,068 (1,031) million, as negative conversion scale impacts were more than balance by higher vehicle deliveries and an extension of the administration business. In the announcing time frame, the working profit for deals before extraordinary things added up to 9.4 (9.7)%. Legitimate dangers regarding the business vehicle antitrust procedures propelled by the European Commission offered ascend to extraordinary things of €– 0.3 billion.

FIGURE 10

PRODUCTION

Units	2016	2015
Trucks	75,452	72,382
Buses	8,488	6,964
	83,940	79,346

SCANIA BRAND

	2016	2015	%
Orders received (thousand units)	86	77	+10.9
Deliveries	81	77	+6.2
Vehicle sales	83	78	+6.3
Production	84	79	+5.8
Sales revenue (€ million)	11,303	10,479	+7.9
Operating result before special items	1,072	1,027	+4.4
as % of sales revenue	9.5	9.8	

Europe/Other Markets	78.3
North America	1.1
South America	10.4
Asia-Pacific	10.2

MAN

Formation and Volkswagen's post-merger **MARKETING STRATEGIES** on company

MAN Group is a German holding company that produces trucks, buses and engines. The headquarters is located in Munich. The company consists of three divisions:

- MAN Truck & Bus - one of the leading manufacturers of commercial vehicles in Europe. It produces trucks MAN, ERF, STAR, as well as Neoplan buses;
- MAN Diesel & Turbo - manufactures diesel engines, industrial turbines and compressors;
- MAN Ferrostaal AG - a division that deals with the design and construction of high-tech manufacturing enterprises.

55.9% of the company's shares belong to the Volkswagen Group.

MAN Group dates back to the 18th century, when in 1758 in the Ruhr region of Germany the first heavy industry enterprise of the region was founded - the St. Anthony ironworks. In 1808, three plants merged: St. Antony, Gute Hoffnung and Neue Essen. In 1814 the new enterprise produces the first steam engine. In 1840, an engineering plant was established in Augsburg, and a year later Klett & Comp was formed in Nuremberg. Augsburg Machine Building Plant closely cooperated with Rudolf Diesel, who in 1893-1897 creates the world's first diesel engine at the plant. In 1898, the companies from Augsburg and Nuremberg merged, forming the firm Maschinenfabrik Augsburg-Nurnberg AG with the abbreviation MAN. Since 1904 the new enterprise produces turbines, hydraulic pumps, steam boilers, hydraulic pumps, trams, railway cars. In 1915, the first MAN Saurer truck appeared. It was a five-ton, equipped with a four-cylinder gasoline engine capacity of 45 hp, which was aggregated with a four-speed transmission and a chain drive. In 1916 the assembly of trucks moved to Nuremberg. In 1918 there were already 1000 cars produced. A year later, the plant launched the release of models 2Zc and 3Zc with a carrying capacity of 2.5 and 3.5 tons respectively. They could work on gasoline, kerosene or benzene. In 1924 at the Berlin Motor Show, the 3Zc model was presented with an updated four-cylinder engine with a volume of 6.3 liters with direct fuel injection. At 1050 rpm, it produced 45 hp. Soon comes five-ton ZK5 with 8.1 liters diesel engine in volume of 8.1 liters. In 1926, the company began production of the world's first triaxial six-ton diesel truck S1H6 with a six-cylinder engine rated at 80 hp. and a volume of 9.4 liters.

After merging of Volkswagen Automobile Group in 2011 and 2012, we can see deficits and declines in sales rates of MAN SE trucks. Revenues of commercial vehicles diminished to 12,020 from 13,093 in comparison with previous year. This deficit naturally resulted decline to all company profit nearly 2 billions. Whenever, the sales revenue of 2012 was 17,145, this number slope to 15,889 for the control year of Volkswagen Automobile Group. Considering that, this type of fluctuations is not untraditional for MAN SE, it is easy to observe this decline of profit can not be taken end of the

world. Moreover, when we explore the sales revenues from past five year, we see familiar cases:

MAN SE Sales Revenue Trend:

2008	14 Bn.
2009	9.9 Bn
2010	15.1 Bn.
2011	17.1 Bn.
2012	15.9 Bn.

Market strategy and Financial performance of brand After diesel scandal

MAN displayed its new ad vehicles and motors amid the revealing year, including its first since forever van, the MAN TGE. MAN's new future program, propelled in 2015, is making a considerable commitment to the brand's prosperity. In 2016, MAN exhibited the new arrangement vehicles with upgraded powertrains. The D series motors offer expanded torque and an additional 23 PS of energy yield while likewise diminishing fuel utilization. The 470 kW (645 PS) top-of-the-run adaptation of the new D38 motor, which was beforehand saved for overwhelming obligation vehicles, is currently accessible for all forms of the MAN TGX D38. It creates up to 3,000 Nm of torque even at low revs. With the world debut of the MAN TGE, the since quite a while ago settled, Munich-based brand has entered the van showcase. From 2017, this will make MAN a far reaching supplier for all vehicle needs from 3.3 to 255 tons. The recently divulged NEOPLAN Tourliner adjusts off MAN's transport portfolio with a passage format for the top section. The Power Engineering Business Area dispatched a gas-burning control station in China and a diesel control plant in Africa amid the announcing year. An exhaustive bundle of measures was started to shield the future feasibility of the business region.

The financial condition stayed hard for MAN in the 2016 year. In South America, request was down on the unsuccessful earlier year level. In the mean time, the European business vehicle showcase kept on recuperating. Requests got by MAN were 2.2% down on 2015 at 103 thousand vehicles. Conveyances stayed on a standard with the earlier year at (103) thousand business vehicles, of which (10.1) thousand were buses. MAN delivered 103 (102) thousand business vehicles in 2016, of which (10.1) thousand were buses. Incoming orders in the Power Engineering Business Area tumbled to €3.4 (3.5) billion because of the proceeded with troublesome circumstance in the transportation business, monetary challenges in creating nations and developing markets and the low cost of oil. 102 thousand business Vehicles conveyed in 2016 .

MAN Commercial Vehicles' business income in 2016 remained at €10.1 billion, up 0.4% on the earlier year. Benefit before unexpected expenses rose to €232 (– 4.1) million. The working profit for deals before unique things was 2.1 (0.0)%. Volume impacts, enhanced edges in Europe and the future projects presented had a constructive outcome. Rebuilding measures in South America prompted unexpected expenses of €– 0.11 billion; in the earlier year, unique things of €– 0.23 billion were caused for rebuilding measures in Europe. Sales income in the Power Engineering section added up to €3.41 (3.76) billion. There was a volume decrease in benefit before unexpected expenses to €194 (283) million. The profit for deals before unexpected expenses was 5.3 (7.4)%. Rebuilding measures prompted unexpected expenses of €– 0.1 billion.

FIGURE 11

PRODUCTION

Units	2016	2015
Trucks	91,902	90,581
Buses	10,225	10,244
	102,127	100,825

MAN BRAND

	2016	2015	%
Commercial Vehicles			
Orders received (thousand units)	105	108	-2.3
Deliveries	102	102	-0.2
Vehicle sales	102	102	-0.2
Production	102	101	+1.3
Sales revenue (€ million)	10,005	9,958	+0.5
Operating result before special items	230	-4	x
as % of sales revenue	2.3	0.0	
Power Engineering			
Sales revenue (€ million)	3,593	3,775	-4.8
Operating result before special items	194	283	-31.4
as % of sales revenue	5.4	7.5	

Europe/Other Markets	74.4
North America	1.7
South America	18.1
Asia-Pacific	5.8

Objectives and Strategies for recovery after Diesel Scandal

We will investigate on Objectives & Strategies and their affected sites after Diesel Scandal below. To encapsulate, how Volkswagen manipulated and redefined Objectives & Strategies to heal its damaged image.

(Paragraph 6)

With its future program TOGETHER – Strategy 2025, the Volkswagen Group has propelled the greatest change process in its history which named TOGETHER – Strategy 2025, establishing the frameworks for enduring accomplishment in current market of portability and for its advancement into a comprehensively driving supplier.

The car world is in a condition of change, and self-driving, e-programmes and associated vehicle ideas are the actual patterns. Innovations are affecting client needs and plans of action; new rivals are entering the market from different markets and segments; shorter development cycles and the foundation of new center skills are requiring higher investment on; stricter pollution benchmarks and expanded market instability are prompting more intricate basic conditions. This stances new difficulties for VW as a vehicle manufacturer. Against this Volkswagen Group implemented June 2016 to dispatch the future program TOGETHER – Strategy 2025, the greatest development plan in Volkswagen's history. VW need to make an unequivocal commitment to molding the present portability, as well as tomorrow's as well. That is the reason the Group has reformailed itself, guided by the vision of getting to be one of the world's driving suppliers of versatile practicality. With the future program, VW are making the Volkswagen Group more engaged, productive, imaginative, client arranged and reasonable, and all the more methodically outfitted to creating gainful growth. Experts from all parts of the Company took a shot at this growing strategy, which expands on the proved Strategy 2018. The procedure emerged at the center of the Company and joins the learning, background and vision of the VW Group and its workers. The period until 2025, which includes in name, remains for long period, future-arranged idea and activity. The term TOGETHER portrays the mentality that will be considerably more imperative to the Volkswagen Group's long period achievement going ahead. Organization's goal with the new Group procedure is for everybody in the Volkswagen Group to join VW in delivering captivating vehicles and forward-looking, tailor-made arrangements that will keep on inspiring organization's clients, meeting their differing needs with an arrangement of solid brands. Consistently, VW effectively accept and practice accountability in connection to nature, society and wellbeing, and VW wish to be a good example in these regions. Uprightness, authenticity, quality and energy frame the core for organization's work. The realignment will empower VW to keep up organization's innovative administration in the business and simultaneously guarantee organization's revenue in market. Volkswagen

will in this way remain an lure external capital and, likewise, raidant, authentic and secure employers. TOGETHER – Strategy 2025 makes the system and lays the fundamentals for the advancement of the Group, with its solid brands, its global generation destinations and its talented, devoted workforce. The Code of Collaboration defined as a component of program is the establishment on which the Group plans built on. The Code portrays how joint effort occur inside the Group and between people in their everyday work. Its center esteems are exemplified in the expressions "transparent", "uncomplicated", "without bias", "on an equivalent balance" and "for each other". The change procedure is supplemented by the comparing methodologies of the brands and practical territories.

Management and Strategy of Volkswagen Automobile Group

Organization's vision of getting to be one of the world's main suppliers of practicality. For this reason, VW have characterized four target measurements which are intended to enable VW to develop sustainably. Nevertheless these objective measurements apply all through the Group, the key KPIs that VW will use to quantify how well VW have actualized Company's Group technique will rely upon the situation. The model for organization's passenger auto brands is hence unsame from that of organization's truck and transport brands. Below I will explore the Group's vital aims connected to these objectives. The key key performance indicators of the profit target measurement have been characterized and secured consistently in the Group. As the new Group technique presently can't seem to be indicated in detail, the substance of the vital key performance indicators in alternate targets is as yet being resolved.

First Objective

This objective measurement centers around the different needs of organization's clients and on tailor-made portability arrangements. VW try to surpass organization's clients desires, creating greatest advantage for them. That calls not just for the best items, the most effective arrangements and the best administration, yet additionally for immaculate quality and a remarkable picture. VW need to energize organization's current clients, prevail upon new ones and hold their reliability in the long time period – in light of the fact that stable clients will prescribe VW to others. The KPIs contain, for instance, the devotedness level, success rate and inclines.

Second Objective

Gifted and devoted workers are one of the keys to radiant achievement. VW wish to increase their enthusiasm and inspiration by methods unique rights, a cutting edge and alluring workplace, and a forward-looking work association. A model superior board and corporate culture shapes the establishment for this, empowering VW to hold organization's center workforce and draw in new ability.

The key performance indicators of this objective measurement incorporate the Group's allure as a business as decided inside by methods for the sentiment overview and the uniformity issue.

Third Objective

Consistently, VW at the Volkswagen Group accept and practice accountability in connection to the earth, wellbeing and society. This awareness of other's expectations illuminates every one of organization's considerations and activities affect every one of the choices VW make.

VW give careful consideration to pollution of organization's item portfolio and in addition those of organization's areas and plants, with the objective of persistently decreasing organization's carbon impression and bringing down contamination discharges. Through organization's developments and exceptional quality, VW offer organization's clients most extreme item safety. VW need to recover and reinforce the trust of organization's clients and reestablish the Group's sure open picture. The most critical standards in this procedure incorporate consistence with laws and requirements, the foundation of secure procedures, and accepting straightforwardly with botches so they can be maintained a strategic distance from or amended later on. In addition to these points, Volkswagen plans to be example for an advanced, straightforward and effective company. The KPIs of this objectives' measurements incorporate the decarbonization and pollution figures, and in addition compliance, process authenticity and a failure control culture.

Fourth Objective

Shareholders judge VW by whether company can meet expectations as respects dividends and compensations. As shareholders, they expect sufficient profits and constant growth on their share values. VW make speculations with a view to accomplishing gainful development and developing organization's potentness, in this manner keeping the Volkswagen Group on a firm balance and guaranteeing it remains an alluring external capital. The objectives VW have set are to accomplish operational perfection in all business forms and formalize the benchmark for the whole industry. The key performance indicators are operationalized for inner administration purposes.

SWOT Analysis of Volkswagen AG

In this paragraph,I will analyse market position and their affected sites after Diesel Scandal.In a nutshell,how Volkswagen manipulated and set goals to heal its damaged image.

(Paragraph 7)

Strengths of Volkswagen Automobile Group

Superior Place at Market

Company every day produces 25,500 cars per day which is really big rate for car market.of course this production is due to existing demand for Volkswagen AG cars.Volkswagen is the 57th worhiest brand in world,which is really great result in year 2016.Now the net woth of company is 19B.VW group has placed at 19th.The main reason of incline is emission scandal.

Great management Structure

As we mentioned company poducing roughly 26.000 cars per day.It means management of big bunch of laborforce,supply chain,technical department,software management and so.In germany.nearly some little geographcial areas wholly emplyed by Volkswagen.Volkswagen AG has succesfull joint venture relationships,mutual invesments and acquisitions ,hence is the harvest of management sources of company.

R&D Deparment Of Volkswagen

Volkswagen Automobile Group cars always known for it s features of high tech and mobility,durability and innovations.R&D deparment is the one of the core issues on Volkswagen Automobile Group

Which leads them to such a big higher market share and competitiveness ability in today's challenging market. Hybrid cars and motorcycles can be basic examples of how the company is prevailing.

Weaknesses of Volkswagen Automobile Group

Legal Problems: Diesel Scandal

When the emission scandal arose in the US, it brought to Volkswagen Automobile Group

problems such as a big failure on financial budget with returning of nonproper cars. Nearly 5 million vehicles returned to the company because of this issue. Moreover, the trustworthiness of Volkswagen Automobile Group was damaged in a solid way by both governmental bodies and its loyal customers.

Price wars: Losing on Margin

The growing market and increasingly lower price rates tend to lower profitability for big brands which are producing relatively higher quality cars. This Price War is good for customers and market growth because of versatile choices and different price opportunities. But such a dilemma makes such brands and also Volkswagen Automobile Group whether to decrease the quality and cost or accepting losing in profit margin.

Lack of Investment on Origin Company

Volkswagen Automobile Group are parent company of big brands such as Bugatti, Bentley, Porsche, Audi and so, which is settled for luxury segment and demands great investment funds on promotions and advertisement constantly due to formalising Brand Image. In this case, the own cars of Volkswagen suffer from "lack of care" on this issues. Volkswagen Automobile Group has spented on earlier production and development costs of its Passat model for instance. But model obviously need more investment on advertising. Beetle model also can be example for such case.

Opportunities of Volkswagen Automobile Group

The Growth of Market

The Growth of Market is remaining increasing each year. Whenever, buying cars was the luxury or very hard for people, today it is type of necessity on life. Vehicles has contributed from far thing to own to common daily use needing. Additionally, financial help programs such as leasing, credits on cars and etcetera is also supplement for the growth of car market. Naturally, this growing prevalence tend to new higher levels of profitabilty and sold out ratio for car manufcaturers.

Opportunity to Expand Market

Expanding market comprehensively to emerging countries and markets is the another way of increasing sales volumes for Volkswagen Automobile Group. There are a lot of emerging markets on Asia, Middle East and such zones that Volkswagen Automobile Group is not prevailing figure due to lack of advertisement and unknownness of brand. Volkswagen also need to keep in consisderation during the process of production and design the factors and traditions of local countries.

Chance for New Lines

Currently and by the scope of future, there is opportunity for brands to develop their productions based on future models of "Fuel Efficient", "Self Controlled Cars" and "Hybrid Cars". Because Volkswagen Automobile Group has traditional experiment on R&D and engineering, it is likely to be, Volkswagen Automobile Group will be one of debutants in this oportunitive lines, which promise future ability to compete in market.

Threats of Volkswagen Automobile Group

Damaged Brand Image

Emission scandal has damaged the opinion, customer loyalty and truthfulness of Volkswagen Automobile Group, hence nearly 5 Million sold out cars has returned to company. It is a great question that will the customers be ready to buy and take their comfort under the question for the fraud of Volkswagen? It looks, Volkswagen Automobile Group (including AUDI, SEAT and Volkswagen mainly) will have to spend a lot of capital to reformulate brand image.

Innovative Competition

The new trends on car industry is demanding being more agile and nimble. Hybrid cars generations first successful debut had already been made by Tesla. They are also debutant and prevailing for self controlling system cars and made great distance between other competitors. Moreover, Volkswagen Automobile Group needs to invest more on such sectors to avoid failure on future market.

Increasing Level of Competitiveness

As we emphasized, car market are growing and expanding year-by-year, and it means there is no chance that it will be easier to maintain position on market. It is likely that, company will have to invest more attention and effort to maintain its rates of sales and position.

Summary on All Financial analyses

(Paragraph 8)

Figures we got from calculation of Return on Equity based on DuPont analysis,

1. 11% ROE on 2014
2. -1% on 2015
3. 8% on 2016

With the penalties of Diesel Scandal to Volkswagen Automobile group, company experienced sharp decrease in ROE in from year 2014 to scandal year 2015 with 12% reduction. Whereas, company was managed to recover the damage partly without too much time. 9% increase recorded on next year figures, that result of strategy Volkswagen took after diesel scandal to recover company. Sharp decrease in prices of shares and net profit was the key driving factors of decrease.

As we see, familiar case happened with ROA:

1. 3% ROA on 2014
2. -0,4 % on 2015
3. 1,3 % on 2016

Sharp decrease in assets(triggered by penalties) and in the rate of income (which triggered by the decrease in the sales was one of the main causes of decrease in ROA.

As the Current Ratio and Acid Ratio is quite similar indicators with slight difference, both indicators has showed same rotations in figures between years.

Current Ratio

1. 1,003 on 2014
2. 0,979 on 2015
3. 0,877 on 2016

Acid Ratio

1. 0,65 on 2014
2. 0,63 on 2015
3. 0,56 on 2016

As the the average ratio for the automobile sector for Current Ratio is around 2,5 and for the Acid Ratio is more than 1, we could say that Volkswagen Automobile Group is not in its best condition by figures we got. But, it is obvious that, Diesel Scandal had great affect on decreases on consecutive years. While the rates of Current Ratio decreased year by year largely, decrease on Current Liabilities was the main driving factor, because of the sentenced penalties by government to Volkswagen Automobile Group. To go forward, as Acid Ratio is mainly driving by only most liquid assets like A/R, Marketable Securities and Cash, consecutive decrease in Acid Ratio can be explained by decrease in Income and increase in Liabilities, which also explained mostly by penalties that company sentenced.

Conclusion

Summarising is one of the core parts of investigation. To conclude our observations, I will briefly look through what we past on our paper.

Financial analysis of Volkswagen Automobile Group has analysed deeply on before Diesel Scandal, on scandal year and next year. Financial and Sales figures and Marketing Strategies of each brand after diesel scandal to recover performance has analysed.

I have investigated short story of Volkswagen initially. Then how Volkswagen turned to Volkswagen Automobile Group. Afterwards, I explored short story of post-merger operations made by Volkswagen Automobile Group on each brand. How this merger affected their public and market image, their sales rates, profit and revenue scales. Which innovations Volkswagen Automobile Group brought to this brands to keep in hand market and customers. Second part of report includes the failure of company: Diesel Scandal and fraud about legal governencies, How they affected brand image of Vokswagen, their goals and objectives and market position. I can conclusively say that Volkswagen Automobile Group had succeeded on most of its mergers and acquistions. Solely Man SE, we can say that not succeeded at leastly in first post-merger years. In paper we analysed Objectives and Internal Management of Volkswagen Automobile Group after Diesel scandal. Subsequently with comprehensive SWOT analysis, I have supported position analysis after violation and internal situation of Volkswagen Automobile Group.

To encapsulate, this paper includes general information about Volkswagen Automobile Group, meanwhile its brands as well. Aftermath of post-merger period, current financial situation analysis and Goals and Strategy of Volkswagen Automobile Group after Diesel Scandal observed and scrutinized in solid way.

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