

# European Affordable-BEV Market Defense Strategy

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Lumi<sup>u</sup>

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# Volkswagen should execute a tightly targeted, payment-led defense against BYD in Europe's affordable-BEV bands, avoiding a pan-European price war while bridging the sub-€25k gap until ID.2-class launches land from 2026.

## Context: VW vs BYD in European affordable BEVs (2024-2030)

- **Volkswagen Passenger Cars** operates with a thin **2.9%** 2024 operating margin and an agreed **~100 bps** acceptable EBIT-erosion guardrail, limiting scope for broad BEV discounting across **EU27+UK+EFTA [Volkswagen Group 2024]**.
- **BYD** has established a structural price-to-value edge in Europe's affordable BEVs, already reaching **128,827** registrations in **EU27+UK+EFTA** in **2025** (up to **187,112** in a broader-Europe sensitivity) and expanding dealer networks rapidly in the **UK, France, Spain** and other markets.
- The critical structural gap for **Volkswagen Group** is the sub-€25k BEV band: **BYD Dolphin Surf** is live below **€25,000** in **Germany** and **France**, while **Volkswagen ID.3** sits around **€33,995** and **ID.2-class** products only arrive from **2026**, leaving a 24-36 month exposure window.
- Affordable-BEV exposure is concentrated in a few nameplates-**ID.3 (54,531 units in 2024)**, **ID.4 (64,756)**, **Škoda Enyaq (68,874)**, **CUPRA Born (41,231)**-and in must-defend markets **Germany** and the **UK**, plus selected fleet-heavy pockets in **France** and the **Nordics**.
- Customer switching is primarily affordability-driven: **41%** of European new-car buyers rank purchase price among their top four factors, median BEV willingness-to-pay is around **€20,000**, and BEVs still hold only **13.6%-16.9%** share versus **30.9%-34.6%** for hybrids and **33.3%-36.1%** for petrol/diesel, so many shoppers can still substitute away from BEVs if value is not compelling.

## Key Evidence

- In **Germany's** entry band, **BYD Dolphin Surf** launched at **€22,990** list and **€19,990** promotional price with **220 km WLTP** range and **65 kW DC** charging, while **Volkswagen ID.3/ID.3 Neo** starts around **€33,330-€33,995** with roughly **425 km** range and **120-125 kW DC** charging, leaving a live sub-€25k access point **Volkswagen** does not match today.
- Despite the EU's definitive **17.0%** countervailing duty on China-made BEVs from **30 October 2024** (adding roughly **€7,650-€11,450** per imported **BYD** unit in the **€25k-€35k** band including shipping), **CEPR/VoxEU** reports **BYD Seal U** EU prices fell **9%** post-tariff while **Rhodium Group** still finds a profit premium, and **BYD's Hungary plant** will localize **150,000-200,000** units from **2026**, preserving a structural cost edge versus **Volkswagen**.
- **BYD** is scaling route-to-market aggressively: in the **UK** it grew from **4** dealer groups at launch (**Jan 2023**) to **67** dealerships by end-2024 and **100** franchised sites by **Sep 2025** (a **25.0x** increase); in **Spain** it expanded from **10** dealers in **2023** to **27** in **2024** and **100** in **2025**, supported by **22** dealer groups and a parts hub in **Guadalajara**.
- Elasticity and substitution amplify the threat where **BYD** is cheapest: **Germany's** BEV registrations fell from **524,219** (**2023**) to **380,609** (**2024**) (a **27.4%** drop) after the **Umweltbonus** ended, while **Spain's** EV registrations rose **48%**, **60%** and **68.8%** year-on-year in **Jan-Mar 2025** after **MOVES III** continuity, showing that incentive and price shocks rapidly shift BEV demand toward lower-cost entrants.
- Payment evidence shows defense is possible without list-price cuts: in **Germany**, **Volkswagen Financial Services** advertised **ID.3** at **€249/month** over **48** months, **10,000 km/year** with **€890** down, while **BYD Germany** advertised **Dolphin Comfort** at **€224/month** but with **€6,000** down; in the **UK**, **BYD Dolphin Surf** **0% APR PCP** at **£219-£259/month** competes with **Volkswagen ID.3** at **£319.18/month** with a **£4,629** customer deposit and **£4,500** VW contribution, indicating that APR/deposit engineering can narrow visible affordability gaps more efficiently than broad price cuts within the **~€3.247bn** EBIT headroom implied by a **100 bps** guardrail on **€324.7bn** Group revenue.

## Recommendation: Targeted, payment-led defense within EBIT guardrails

- Adopt a defend/bridge/yield map for **2024-2030**: defend **Germany** and **UK €25k-€35k** retail and fleet, **France** fleet-visible mass-market pockets, and **Nordic** leasing; bridge but do not over-defend sub-€25k until **ID.2**, **Škoda Epiq** (from **€24,950** in **July 2026 UK**) and **CUPRA Raval** (**~€22,785-€24,000** in **2026**) arrive; yield **Italy** entry BEV, **Norway** retail and rental-heavy **Spain** pockets where economics are unattractive.
- Use brand roles to cover affordability without turning **Volkswagen** into a discount badge: keep **Volkswagen** as the mainstream trust anchor in the **€25k-€35k** band (e.g., **ID.3** at **€33,995** in **Germany**, **€34,990** in **France**), position **Škoda Epiq** as the value bridge for sub-€25k family buyers, and deploy **CUPRA Raval** for style-led urban conquest, while keeping **SEAT** non-core until its electrification strategy is confirmed.
- Prioritize payment-led levers over list-price cuts in must-defend pockets: scale **APR support**, lower deposits, matched-term offers and targeted lease-rate support (especially for **>25,000 km/year** fleet drivers) to move customer economics by roughly **€33-€42/month** via financing, equipment, warranty and service bundles, while reserving list-price cuts (which can shift **€21-€63/month** but damage residuals) as escalation-only tools.
- Operationalize a seven-action, trigger-based playbook: (1) freeze the defend/bridge/yield map and four-brand charter, (2) launch payment-parity retail campaigns in **Germany/UK**, (3) deploy fleet-defense packages in **Germany, UK, France, Sweden**, (4) tighten residual-value management as **Autovista** forecasts **9.9%** BEV RV declines and **36.7%** 36-month/60,000 km retention, (5) accelerate Europe-for-Europe affordable-BEV localization around **Spain** (e.g., **Martorell, Valencia**), (6) monitor **BYD** network and localization progress, and (7) pre-authorize escalation only if structural-threat triggers are breached.
- Set explicit escalation triggers tied to **BYD** performance and **VW** economics: activate stronger measures (including selective list-price cuts or enhanced incentives) only if **BYD** gains **>=1.5 percentage points** share over two consecutive quarters in defended pockets, **3+** major repeat-fleet losses occur in two quarters, BEV residuals underperform country baselines by **>=2 points** for two quarters, **BYD** route-to-market or **Hungary** localization scales faster than assumed, or **ID.2-class** availability slips beyond the **36-month** window.

## CORE CONCLUSION:

Within a constrained ~100 bps EBIT guardrail, Volkswagen should defend only the most exposed €25k-€35k European BEV pockets with payment-led, brand-architected actions while bridging the sub-€25k gap until ID.2-class launches, rather than engaging BYD in a pan-European price war.

# BYD's price-to-value edge in Europe's affordable BEVs is structurally durable over the next 3-5 years

## BYD already offers superior value-per-euro in key affordable hatchback bands versus Volkswagen:

- In Germany's entry battlefield, BYD Dolphin Surf Active lists at €22,990 with 220 km WLTP range and 65 kW DC charging, and launched at €19,990, while Volkswagen's nearest current hatchback BEV reference, the ID.3, starts around €33,995, leaving a live sub-€25k access point Volkswagen does not currently match based on the client affordable\_price\_definition [1][2][3].
- Within the €25k-€35k mass hatchback band, BYD Dolphin 60.4 kWh (MY24) is listed at €32,990 in Germany (MY25: €34,640) with 427 km WLTP range and 100 kW DC charging, versus €33,330 for Volkswagen ID.3 Pure and about €33,995 for the ID.3 Neo entry reference with roughly 425 km range and 120-125 kW DC charging, implying similar price and range but a BYD disadvantage on charging speed [4][5][3][6][7].
- BYD offsets part of the charging-speed gap with a stronger battery warranty of 8 years/250,000 km on Dolphin versus Volkswagen's 8 years/160,000 km with 70% retention on ID.3, while both models hold five-star Euro NCAP ratings, indicating parity on headline safety [4][7][8][9][10].
- Review evidence from Top Gear, Auto Express, Winton's World, Carwow UK and Changing Lanes consistently credits BYD Dolphin for equipment richness and cabin value, while Volkswagen ID.3 is still rated higher on software maturity, ergonomics and long-distance usability, making BYD's advantage structural in entry BEVs and meaningful but not absolute in the mass hatchback band [31][32][33][34][35].

## Tariffs compress but do not erase BYD's cost advantage, and Hungary localisation restores economics:

- The EU's definitive countervailing regime applies a 17.0% duty to BYD's China-made BEVs from 30 October 2024 for five years, and Lumiu analysis using Rhodium's "just under €10,000" China-Germany cost gap plus €900-€2,000 RoRo shipping suggests imported BYD vehicles in the €25k-€35k band lose roughly €7,650-€11,450 per unit from duties plus shipping, materially narrowing but not automatically eliminating the cost edge [11][12][13].
- Despite this duty shock, CEPR/VoxEU reports that the BYD Seal U's EU price fell 9% after tariffs rather than rising, and Rhodium's model-level work indicates BYD still retained substantial EU profit premium on Seal U even under higher-duty scenarios, implying room to keep pricing aggressive while absorbing part of the tariff burden [14][15].
- BYD's Hungary plant provides the structural bridge: Electrive reports trial production of passenger cars in Hungary from February 2026 with 200,000 vehicles per year cited, while Reuters reports delayed mass production with 150,000 initial capacity and up to 300,000 eventual capacity, making 150,000-200,000 units the practical initial-capacity anchor for the next 24-36 months [16][17].
- Once localized volume from Hungary replaces China imports for core models, BYD will remove the 17.0% duty and most finished-vehicle shipping cost on those units, preserving a meaningful residual cost edge even if European production absorbs part of the original China advantage, whereas Volkswagen Passenger Cars' 2.9% 2024 operating margin limits its ability to respond with broad price-led defense [11][12][13][16][17][46].

## BYD's scaling route-to-market and unique challenger stack make its threat enduring, not tactical:

- In the UK, BYD expanded from four dealer groups at launch in January 2023 to 67 dealerships by end-2024 and 100 franchised retail sites by September 2025, a 25.0x increase that demonstrates the ability to build dense coverage rather than a theoretical network [16][36][37].
- France and Spain show similar scaling: BYD targeted 15-20 French sales and aftersales outlets in 2023 and 100 dealerships by 2025, with financing extended across more than 50 French points of sale including fleets, while Spain grew from 10 dealers in 2023 to 27 in 2024 and 100 in 2025, supported by 22 dealer groups and a spare-parts logistics center in Guadalajara [18][19][20][38].
- Germany remains less mature after BYD restructured away from Hedin Mobility Group's distribution in 2024, moving from a launch network of seven dealer partners to transferred pioneer stores and direct sales points under a new operating model, indicating execution risk but not an absence of footprint [21][22].
- BYD has already reached 128,827 registrations in the client-defined EU27+UK+EFTA geography in 2025 (versus a 187,112 broader-Europe sensitivity), and is the only challenger in this factbase that combines sub-€25k access via Dolphin Surf, mass-band coverage via Dolphin, meaningful current European scale, a visible Hungary localisation path, and expanded leasing support through Ayvens into 11 markets, making its affordable-BEV threat structurally sharper than Renault, Stellantis, Hyundai-Kia, Dacia or MG alone [1][4][16][17][23][24][39][40].

# Volkswagen should defend selectively where affordability-driven switching to BYD is structurally most likely

## Retail switching is dominated by affordability, with charging practicality and trust only deciding close calls:

- Across Germany, France, Italy, the UK and pan-European studies, purchase price or monthly affordability is the primary decision driver for BEV retail buyers, with charging access and range forming the second layer of decision-making rather than brand or software attributes [1][2][3][4][5][6].
- Pan-European evidence shows 41% of new-car buyers rank purchase price among their top four buying factors, 34% do not expect to pay an EV premium, and median willingness to pay for a BEV is around €20,000, below much of today's BEV market pricing [1][6].
- In the client-defined entry band below €25k, BYD Dolphin Surf launched in Germany at €22,990 list and €19,990 promotional price, while Volkswagen's nearest VW-branded BEV comparator remains around €33,330-€33,995, creating a visible affordability gap that strongly incentivizes switching when minimum range and charging needs are met [16][17][18][19].
- In the €25k-€35k band, affordability still leads but Volkswagen can defend more effectively because charging speed, software maturity, ride quality, and incumbent trust become more important once multiple credible BEVs exist, reducing pure price-driven switching to BYD [17][20][21][22][23][24].

## Fleet/B2B switching hinges on lease-rate and TCO economics, enabling defense via finance rather than list-price cuts:

- Public fleet evidence shows fleet buyers prioritize monthly lease cost and tax-adjusted TCO first, residual-value confidence second because it drives lease pricing, and service uptime third because downtime destroys operating economics [7][8][9][10].
- Transport & Environment's business-driver case (27,000 km/year over four years) finds BEVs already the cheapest option for business drivers in many European contexts, while Arval reports total fleet costs rose 27% from 2020 to 2025 even as BEV economics improved structurally, underscoring the importance of TCO-led decisions over sticker price [7][8].
- Germany is the clearest defensible fleet market because BEV company cars up to €100,000 list price are taxed at 0.25% of list price per month versus 1% for ICE, with additional charging-related tax support, while the UK and France also offer company-car tax regimes that materially favor EVs and fleet-heavy channels [9][10][25][26].
- Live German lease offers illustrate why Volkswagen should defend through finance engineering: Volkswagen Financial Services advertised ID.3 at €249/month (48 months, 10,000 km/year, €890 down payment), while BYD Germany advertised Dolphin Comfort at €224/month but with a €6,000 down payment, indicating BYD's apparent monthly advantage narrows once upfront cash is normalized [27][28].

## Country-specific elasticity and substitution mean Volkswagen should avoid pan-European price cuts and focus defense where BEV share loss is structural:

- Germany is the clearest high-elasticity market, with BEV registrations falling from 524,219 in 2023 to 380,609 in 2024 after the abrupt end of the Umweltbonus, a 27.4% decline, indicating that affordability shocks can rapidly shift BEV demand and amplify switching risk to cheaper entrants like BYD [11][12][31].
- Spain appears highly price-elastic, with EV registrations rising 48% in January, 60% in February, and 68.8% in March 2025 after MOVES III continuity was restored, while France and the UK show medium elasticity driven by eligibility rules and fleet/mandate mechanisms rather than pure retail sticker-price sensitivity [10][32][33][34][35][36].
- In 2024, BEVs represented only 13.6% of EU registrations versus 30.9% for hybrids and 33.3% for petrol, and by Jan-Nov 2025 BEVs were 16.9% across EU+EFTA+UK while HEVs held 34.6% and petrol plus diesel 36.1%, confirming that many retail shoppers can still substitute into ICE/HEV/PHEV rather than remain in the BEV funnel [13][14].
- BYD's threat is intensifying despite substitution: Chinese-brand PHEV registrations in Europe rose from 1,493 in April 2024 to 9,649 in April 2025 (6.5x increase), and BYD has already outsold Tesla in Europe in April 2025, so defending every retail BEV sale with broad price cuts would be economically unjustified given Volkswagen Passenger Cars' 2.9% operating margin in 2024 and the client's ~100 bps acceptable EBIT erosion base [15][38][39].

# Volkswagen should pursue concentrated, payment-led defense in exposed BEV pockets while avoiding broad price cuts

## Exposure is material but concentrated in a few affordable-BEV nameplates and markets:

- Volkswagen Group\_x0019\_s highest immediate affordable-BEV exposure sits in Volkswagen ID.3, CUPRA Born, \_x0001\_koda Elroq and \_x0001\_koda Enyaq, with Germany the clearest pressure point given large installed BEV bases and aggressive BYD pricing with visible fleet relevance [1][2][3][4][5][6][7][8].
- In Europe in 2024, ID.3 registered 54,531 units, Enyaq 68,874, Born 41,231 and ID.4 64,756, confirming that the threatened nameplates are commercially material rather than niche [1].
- In Germany, ID.3 Neo starts at \_x0000\_833,995, while BYD Dolphin Surf is advertised at \_x0000\_822,900 regular and \_x0000\_819,900 launch, with promotional communication as low as \_x0000\_812,990 after bonuses; BYD Dolphin Comfort is advertised at \_x0000\_825,990 before bonuses and \_x0000\_819,990 including bonuses, anchoring a much cheaper consumer-visible proposition than ID.3 [2][3][4].
- Germany matters disproportionately because ID.3 was the largest BEV nameplate in the German fleet at 116,053 vehicles as of 1 January 2026, while CUPRA Born reached 60,256 and grew 36.3% year on year, concentrating replacement-cycle and fleet exposure in compact hatchbacks [5].

## The critical structural gap is sub-\_x0000\_825k today, with 2026 ID.2-class launches only bridging later:

- BYD already occupies the entry battlefield in Germany, France and the UK, while there is no evidenced live Volkswagen Group volume-brand BEV below \_x0000\_825k today, based on the client\_x0019\_s affordable\_price\_definition [3][11][12][13][22].
- In Germany, BYD Dolphin Surf is listed at \_x0000\_822,990 before temporary bonus-led reductions versus Volkswagen ID.3 Neo at \_x0000\_833,995, leaving Volkswagen absent from the sub-\_x0000\_825k band [3][12].
- In France, BYD Dolphin Surf appears at \_x0000\_819,990 on the official model page and \_x0000\_823,990 on an official offer page; for the strategic question of entry-band occupation, the \_x0000\_819,990 anchor confirms BYD\_x0019\_s presence below \_x0000\_825k [11][13].
- Volkswagen\_x0019\_s closure path is announced but not yet live: Volkswagen positioned ID.2 at under \_x0000\_825,000 with production timing shifted to 2026, \_x0001\_koda Epiq is reported from \_x0000\_a324,950 for a July 2026 UK launch, and CUPRA Raval is reported for 2026 at roughly \_x0000\_a322,785\_x0013\_x0000\_a324,000, meaning the sub-\_x0000\_825k gap remains open through most of the next 36 months under the assumed id2\_availability\_assumption [12][22][23][24][25].

## Only targeted financing and lease support fit within the ~100bps EBIT guardrail; broad list-price cuts do not:

- Volkswagen Passenger Cars reported a 2.9% operating margin in 2024, while Volkswagen Group reported \_x0000\_83324.7 billion of revenue and \_x0000\_8319.1 billion of operating result; Lumiu analysis implies that a 100bps blended EBIT guardrail corresponds to about \_x0000\_833.247 billion of economic headroom, leaving limited room for blunt price-led defense [14][15].
- In Germany, Volkswagen Financial Services advertised an ID.3 lease at \_x0000\_82249 per month on 48 months and 10,000 km/year with an \_x0000\_82890 down payment, while BYD Germany advertised Dolphin Comfort at \_x0000\_82224 per month but with a much larger \_x0000\_826,000 down payment, illustrating that financing structure can narrow visible affordability gaps without changing list prices [16][18].
- In the UK, BYD offered 0% APR PCP on Dolphin Surf at \_x0000\_a3219\_x0013\_x0000\_a3259 per month, while a Volkswagen ID.3 PCP example showed \_x0000\_a3319.18 per month with a \_x0000\_a34,629 customer deposit and \_x0000\_a34,500 Volkswagen contribution, again highlighting monthly-payment pressure that can be addressed via APR/deposit support rather than sticker cuts [17][19].
- Lumiu analysis indicates list-price cuts can move customer economics by roughly \_x0000\_8321\_x0013\_x0000\_8363 per month but carry the highest residual-value risk, whereas financing support, targeted lease support, equipment changes and warranty or service offers can move customer economics by roughly \_x0000\_833\_x0013\_x0000\_8342 per month with materially lower residual-value damage; this supports concentrating on payment-led tools in exposed pockets to stay within the acceptable\_ebit\_erosion\_base [14][15][16][17][18][19][20][33][34][35][36].

# Volkswagen should execute a tightly targeted 3-5 year defense, avoiding a pan-European BEV price war

## Concentrated geographic and channel defense contains risk while protecting strategically visible pockets:

- Volkswagen Passenger Cars' 2024 operating margin of 2.9% constrains room for broad discounting, reinforcing the client's ~100bps acceptable EBIT erosion guardrail and the need to avoid pan-European price cuts as a base case [1].
- BYD has already reached 128,827 registrations in the client-defined EU27+UK+EFTA theater in 2025, making the threat material and justifying a focused defend/bridge/yield posture rather than inaction [2].
- Germany and the UK are designated must-defend markets, with Germany as Volkswagen's home market and the largest EU passenger-car market at 2.82 million registrations in 2024, and the UK at 1.95 million registrations with fleet representing 59.6% of registrations and EVs at 19.6% of the market [6][7][8][9].
- The defend map prioritizes Germany and UK €25k-€35k retail and fleet, France fleet-visible mass-market pockets, and Sweden/Nordic leasing, while yielding Italy entry BEV, Norway retail, and rental-heavy Spain pockets where economics are unattractive, keeping intervention limited to strategically visible and economically reversible pockets [3][4][12][13][14].

## Brand architecture and payment-led levers defend affordability without eroding residual values:

- Volkswagen should remain the mainstream trust anchor in the €25k-€35k band, where ID.3 list prices are €33,995 in Germany and €34,990 in France, and avoid becoming the Group's permanent sub-€25k discount badge, instead treating most sub-€25k gaps as bridgeable based on the ID.2-class availability assumption [16][17][19][20].
- Škoda Epiq is explicitly positioned as Škoda's most affordable EV and entry point to its electric portfolio, making Škoda the cleanest value bridge, while CUPRA Raval is framed as an accessible but emotional urban EV around €26,000 with a 2026 launch path, supporting CUPRA's role in style-led urban conquest rather than fleet discounting [17][18][21][22].
- Germany illustrates why payment-led defense is preferable: Volkswagen Financial Services advertised an ID.3 lease at €249 per month over 48 months and 10,000 km/year with €890 down payment, while BYD Germany advertised Dolphin Comfort at €224 per month over 48 months and 10,000 km/year but with a much larger €6,000 down payment, enabling Volkswagen to compete on monthly cost without headline price cuts [25][26].
- Autovista expects European BEV residual values to fall 9.9% in 2025 and reports average retained value of only 36.7% after 36 months and 60,000 km, so broad list-price cuts are reserved as escalation-only levers, with financing support, lease support, equipment, warranty and service bundles prioritized as residual-safe tools [1][5][32].

## A seven-action, trigger-based playbook operationalizes defense within clear guardrails:

- The playbook begins by freezing a defend/bridge/yield map by country, price band and channel-defending Germany and UK mass-market pockets, France fleet and Nordic leasing, and yielding Italy entry BEV, Norway retail and tactical rental-heavy channels-then locking a four-brand role charter where Volkswagen owns mainstream defense, Škoda the value bridge, CUPRA style-led urban conquest, and SEAT remains non-core pending strategy confirmation [3][4][14][23][24].
- Payment-parity retail campaigns in Germany and the UK will use APR support, lower deposits and matched-term offers without list-price changes, while fleet-defense packages in Germany, the UK, France and Sweden will combine lease-rate support, maintenance inclusion, replacement mobility and tightly capped tender concessions, especially above the 25,000 km/year TCO threshold [7][9][12][25][27][28][29].
- Volkswagen will accelerate Europe-for-Europe affordable-BEV localization around Spain, where four affordable EV models are publicly tied to Spanish production and battery expansion, including Martorell and Valencia, reinforcing a local industrial response to BYD over the medium term [33][34].
- Escalation is pre-authorized only if structural-threat triggers are breached, including sustained BYD share gains of at least 1.5 points over two consecutive quarters in defended pockets, three major repeat fleet losses in two quarters, an additional 2-point residual-value underperformance versus country baseline for two consecutive quarters, faster-than-assumed BYD route-to-market scale, or any slip beyond the assumed 36-month ID.2 availability window [2][19][20][35][36].

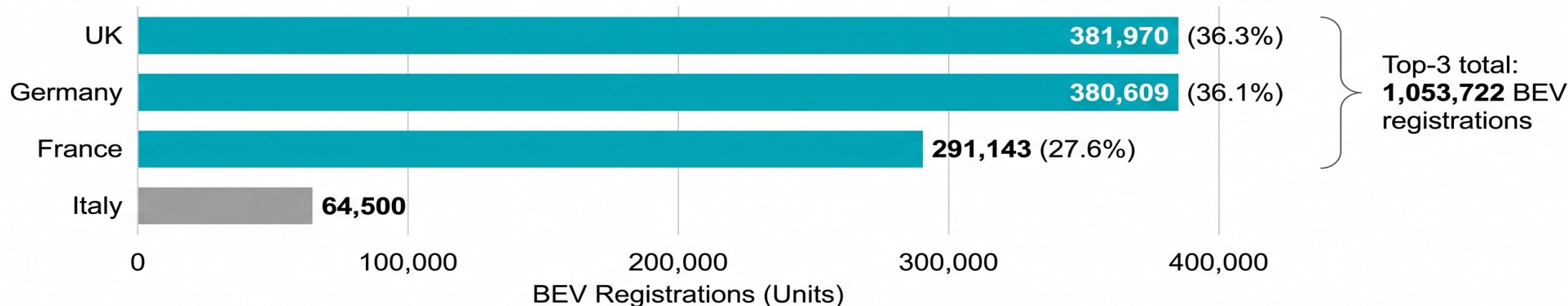
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## Germany, UK and France Affordable-BEV Market Defense

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# Germany, the UK and France already concentrate the majority of Volkswagen's observable affordable-BEV risk and should anchor the must-defend market set.

## 2024 BEV SCALE IN TOP-3 VS. ITALY



## IMPLICATIONS FOR DEFENSE SCOPE



**Germany, the UK and France** are the only markets with both large BEV scale and sufficiently evidenced BYD-versus-Volkswagen overlap to support immediate prioritization.



The success criterion of isolating **60–80% of the volume-at-risk** is directionally met by concentrating on these three markets first.



The broader-Europe BYD upside case raises urgency by **+45.2%** but does **not change** the market ranking; uplift is partly outside the core geography.



Broad pan-European price defense would be hard to absorb given Volkswagen Passenger Cars' **2.9% operating margin** in 2024; aggressive defense must focus on areas of structural share loss.

Note: Spain and Nordics remain strategically relevant but are conditional overlays subject to confirming affordable-model and channel splits.

# Volkswagen's immediate structural threat is the €25k-€35k hatchback band, while BYD's sub-€25k first-mover position creates the next wave of affordable-BEV risk.

## LIVE PRICE-BAND BATTLEFIELD (BYD VS. VOLKSWAGEN GROUP)

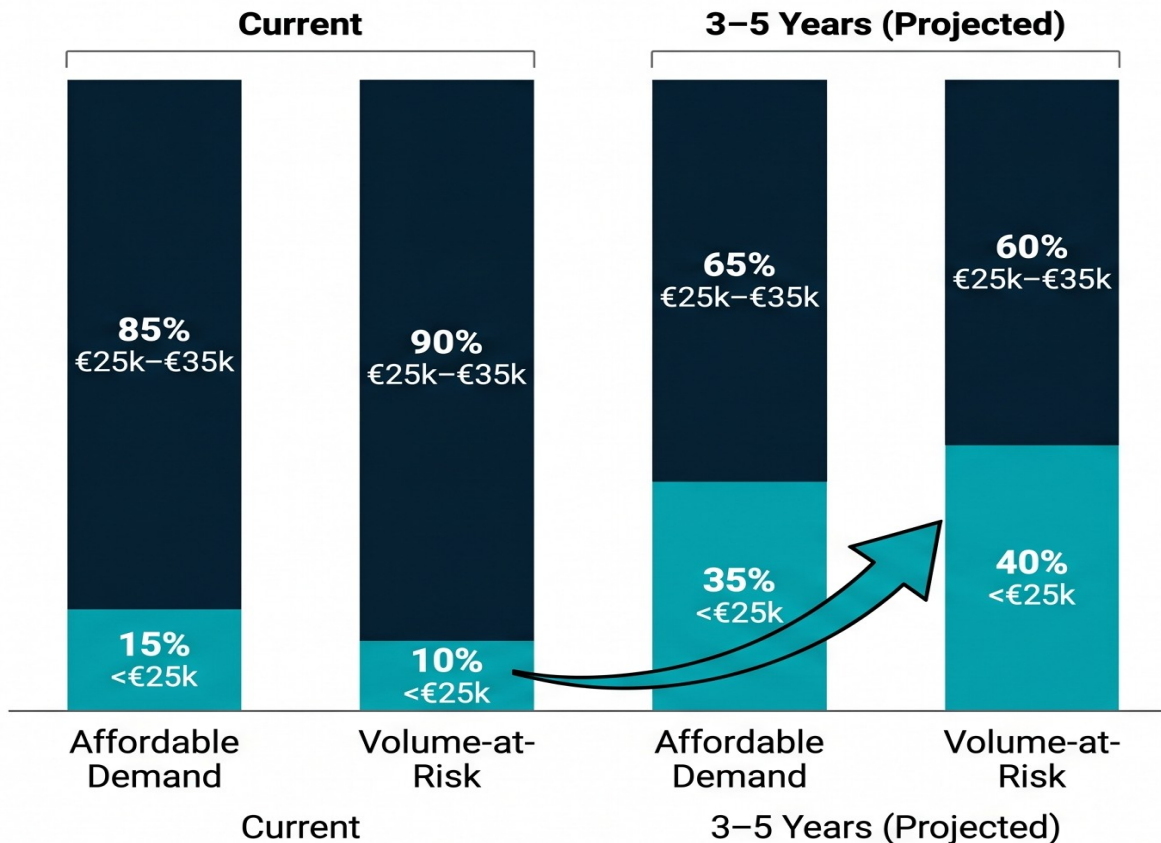
Price band	BYD live offer	Volkswagen Group live offer	Structural implication
<€25k	BYD Dolphin Surf ( <b>€22,990</b> Germany; <b>£18,650</b> UK)	No in-scope Volkswagen, Škoda, CUPRA or SEAT BEV evidenced below this threshold today	BYD first-mover gap
€25k-€35k	BYD Dolphin (~ <b>€30,205</b> Europe; <b>€34,640</b> Germany)	Volkswagen ID.3 ( <b>€33,995</b> Germany; <b>€34,990</b> France)	Live direct overlap
€25k-€35k crossover adjacency	BYD Atto 2 (~ <b>€30,875</b> Europe)	Škoda Elroq mostly above core band	Partial overlap today

## CURRENT AFFORDABLE-BEV STRUCTURE AND IMPLICATIONS

- 🏷️ Public pricing and overlap evidence show that the only affordable pool with meaningful current scale is **€25k-€35k**, not sub-€25k.
- 🚗 EV Database lists a dense cluster of in-scope BEVs between roughly **€28,599 and €33,060**, including **Peugeot e-208 at €28,650, Jeep Avenger Electric at €28,599, Volkswagen ID.3 Neo at €30,000, BYD Dolphin at €30,205, BYD Atto 2 at €30,875 and Kia EV3 at €31,555.**
- ⚠️ In Germany and France, **Volkswagen ID.3** is priced at **€33,995 and €34,990** respectively, while **BYD Dolphin** sits in the same affordability zone, creating live direct overlap today.
- ✅ **BYD Dolphin Surf** is already live below **€25k at €22,990** in Germany and **£18,650** in the UK, while no in-scope Volkswagen, Škoda, CUPRA or SEAT BEV is evidenced below that threshold today.
- 📈 The immediate share-defense problem is the **€25k-€35k hatchback battlefield**, while the **strategic vulnerability** is that **BYD** has occupied the **entry gap** before **Volkswagen Group's** response arrives.

# Volkswagen should adopt a two-band defense: protect today's €25k-€35k volume while preparing for a 4x increase in sub-€25k affordable-BEV risk over the next 3-5 years.

## CURRENT VS. 3-5 YEAR AFFORDABLE DEMAND AND VOLUME-AT-RISK MIX



## DRIVERS OF ENTRY-BAND EXPANSION AND DECISION IMPLICATIONS

- 🕒 The 10% (current) vs. 40% (3-5 year) sub-€25k figures are not conflicting; they refer to different periods, reflecting expected entry segment expansion from a small base.
- 💰 Transport & Environment argues €25k small EVs can be profitable by 2025, potentially adding ~1 million EVs per year in Europe.
- 🚗 Public launches reinforce entry band growth: Citroën ë-C3 (€18,947), Dacia Spring (€19,990), Renault 5 E-Tech (€24,990).
- 🏭 VW pointed to ID.2all under €25k, with later reporting refining production ramp-up to 2026; 2026 timing is the relevant anchor for market availability.
- 🎯 **Decision implication:** Adopt a two-band defense—immediate €25k-€35k protection (subject to confirming affordable-model counts) plus a parallel sub-€25k response track for 2026-2028 (subject to confirming launch timing and availability).

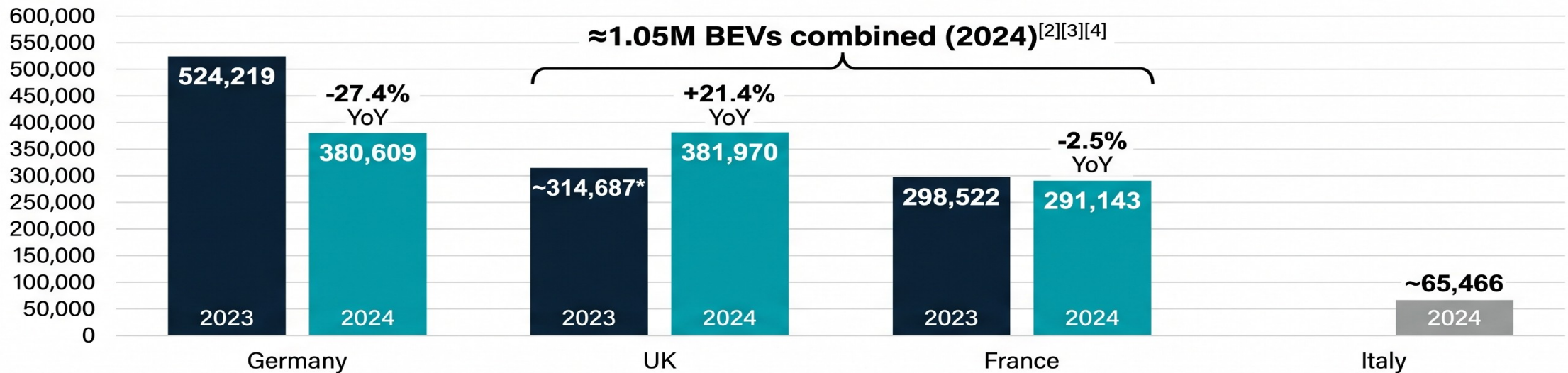
# 1.1

## Affordable-BEV Market Segmentation by Country, Price Band and Channel

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# Germany, the UK and France already dominate observable BEV volumes, defining the primary affordable-BEV battleground ahead of price and channel filtering.

## CORE EUROPEAN BEV MARKETS – ABSOLUTE VOLUMES AND GROWTH (2023–2024)



## MARKET CONCENTRATION AND PRIORITISATION IMPLICATIONS



Germany remained the largest BEV market among the core continental countries in **2023** at **524,219** registrations <sup>[1]</sup>.



Germany's 2024 BEV registrations fell **27%** after environmental bonus cancellation, and uptake increased again in the first half of **2025**, so **2024** should not be treated as a new steady-state <sup>[2][11]</sup>.



ACEA reported EU battery-electric share rising from **13.6%** in **2024** to **17.4%** in **2025**, reinforcing a broader recovery backdrop <sup>[12][13]</sup>.



The first-order affordable-BEV opportunity is not evenly distributed across Europe: Germany, the UK and France dominate the addressable battlefield before price-band filtering, with Italy as a second-tier pool <sup>[1][2][3][4][5][6]</sup>,



Spain, Sweden, Denmark, Finland and Norway remain conditionally sized for affordable pools pending confirmation of model-level affordable coverage and country-specific retail/fleet splits <sup>[10][14][15][16]</sup>.






# The affordable-BEV battlefield today is concentrated in the €25k-€35k band, with sub-€25k volumes still structurally constrained and tied to future launches.

## CURRENT AFFORDABLE-BEV PRICE LANDSCAPE (SELECTED MODELS ≤€35k)

Model	Listed price (€)	Price band: €25k-€35k
Fiat 500e Cabrio	€26,995	€25k-€35k
Peugeot e-208 51 kWh	€28,650	€25k-€35k
Jeep Avenger Electric	€28,599	€25k-€35k
Volkswagen ID.3 Neo 50 kWh	€30,000	€25k-€35k
BYD Dolphin 60.4 kWh	€30,205	€25k-€35k
BYD Atto 2 51.1 kWh	€30,875	€25k-€35k
Renault Megane E-Tech EV60	€31,295	€25k-€35k
Kia EV3 Standard Range	€31,555	€25k-€35k
Volvo EX30 P5	€33,060	€25k-€35k

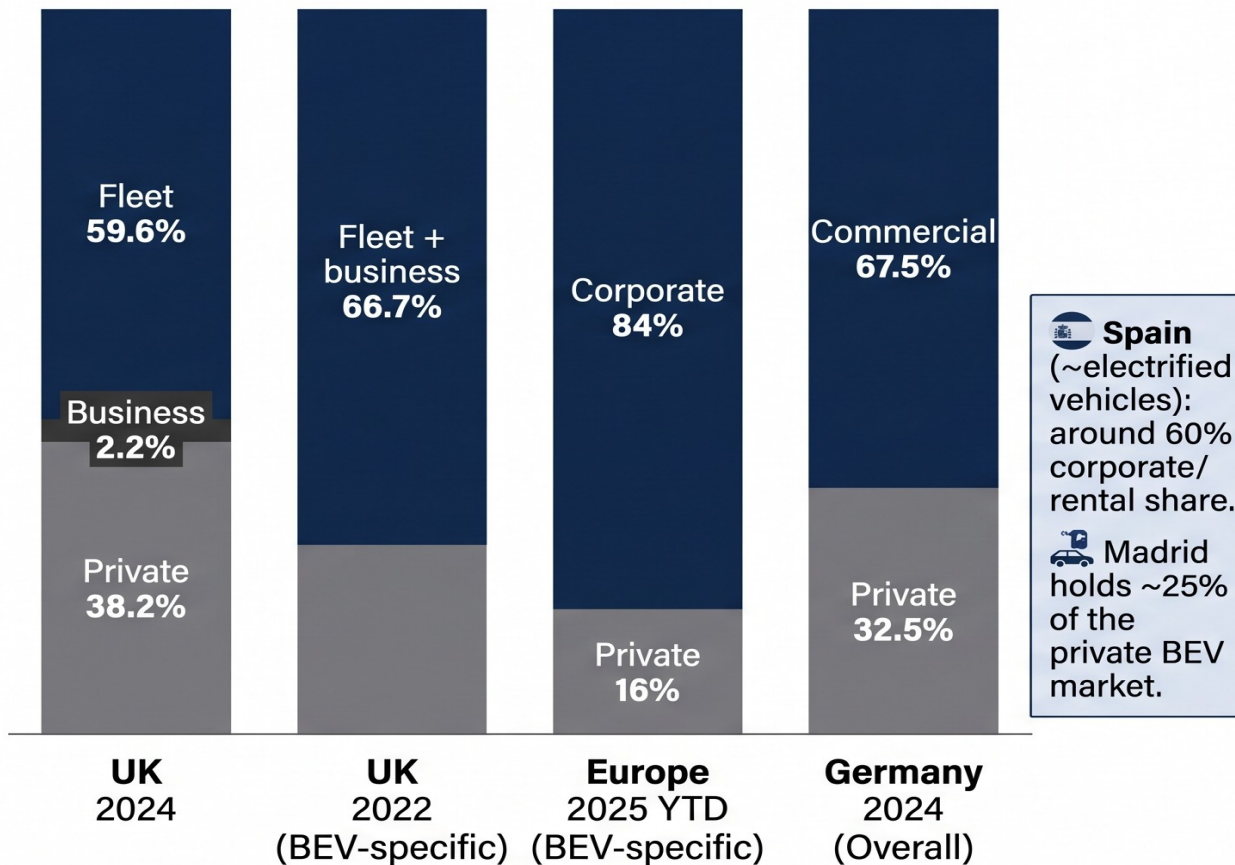
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#### STRUCTURAL GAP BELOW €25k AND STRATEGIC IMPLICATIONS





-  Verified public evidence shows very few clearly established current-market BEVs **below €25,000** before incentives; the visible list bottoms out at **€26,995** for Fiat 500e Cabrio.
-  The **€25k-€35k** band is the only publicly evidenced affordable pool with meaningful current scale; the sub-€25k pool is still structurally supply-constrained.
-  Any conclusion that **Volkswagen** faces immediate large-scale sub-€25k share loss over the next **3-5 years** depends on future launches rather than current registrations, based on the assumed affordable\_price\_definition and time\_horizon.
-  Practical implication: **Volkswagen's** near-term defense should focus on C/B-segment **€25k-€35k** pools where volume already exists.
-  Sub-€25k should be treated as an emerging pool tied to upcoming launches such as **ID.2-class** products, based on the assumed id2\_availability\_assumption (meaningful ID.2-class availability within **36 months**).

# Fleet and corporate channels dominate BEV adoption in key markets, implying that affordable €25k-€35k pools will be structurally fleet-heavy over the next 3-5 years.

## CHANNEL MIX EVIDENCE IN KEY MARKETS (UK, EUROPE, GERMANY, SPAIN)



## IMPLICATIONS FOR AFFORDABLE-BEV POOLS AND MARKET PRIORITISATION

- 
**Fleet and corporate channels** are likely to dominate affordable-BEV pools in the largest markets, but country-level channel precision is uneven outside the UK.
  
- 
**Highest-risk affordable pools** are likely €25k-€35k **fleet-heavy pools** in the UK and Germany first, then France and selected urban Spain/Nordic submarkets, **subject to confirmation**.
  
- 
**Nordic** high shares but higher prices (e.g., Norway's average new-car price ~€48,000) weaken **direct comparability** to **≤€35k affordable** scope.
  
- 
**Spain and the Nordics** are **under-evidenced** for exact **affordable-BEV pool sizing**; data sources are stronger on shares than on counts.

Sources: [2] Kraftfahrt-Bundesamt (2025). "Fahrzeugzulassungen im Dezember 2024 - Jahresbilanz". KBA. <[https://www.kba.de/DE/Presse/Pressemitteilungen/Fahrzeugzulassungen/2025/pm01\\_2025\\_n\\_12\\_24\\_pm\\_komplett.html](https://www.kba.de/DE/Presse/Pressemitteilungen/Fahrzeugzulassungen/2025/pm01_2025_n_12_24_pm_komplett.html)> [4] Society of Motor Manufacturers and Traders (2025). "Record EV market share but weak private demand frustrates ambition". SMMT. <<https://www.smmt.co.uk/record-ev-market-share-but-weak-private-demand-frustrates-ambition>> [8] Society of Motor Manufacturers and Traders (2023). "SMMT New Car Registrations". AFIA. <[https://afia.pt/wp-content/uploads/2023/01/uk\\_smmt\\_salescars\\_dec2022\\_trt5.pdf](https://afia.pt/wp-content/uploads/2023/01/uk_smmt_salescars_dec2022_trt5.pdf)> [9] International Council on Clean Transportation (2025). "European Market Monitor: Cars and Vans (November 2025)". ICCT. <<https://theicct.org/publication/european-market-monitor-cars-and-vans-nov-2025>> [10] ANFAC (2023). "Veh\_x0000\_edculo electrificado". ANFAC. <[https://anfac.com/wp-content/uploads/2023/04/2022\\_Informe\\_electrificados-Anual.pdf](https://anfac.com/wp-content/uploads/2023/04/2022_Informe_electrificados-Anual.pdf)> [14] International Council on Clean Transportation (2025). "Europe's electric vehicle market leaders: Denmark, Sweden, and Finland". ICCT.

# 1.2

## BYD and Volkswagen Group Competitive Overlap in Europe



# BYD already overlaps Volkswagen Group in the €25k-€35k C-hatch band while opening a first-mover sub-€25k urban EV gap across Germany, UK and France within the 36-month response window.

Country/Definition	BYD Dolphin price/positioning	Volkswagen ID.3 price/positioning	Overlap classification
Germany	BYD Dolphin cited at <b>€34,640</b>	Volkswagen ID.3 Neo from <b>€33,995</b>	Both in <b>€25k-€35k C-hatch pocket</b> ; <b>Direct overlap</b>
France	BYD Dolphin referenced at about <b>€30,205</b>	Volkswagen ID.3 listed from <b>€34,990</b>	Both in <b>€25k-€35k affordable band</b> ; <b>Direct overlap</b>
UK	BYD Dolphin priced at <b>£26,205-£31,730</b>	Volkswagen ID.3 confirmed as grant-eligible under <b>£42,000</b> cap	Treated as <b>direct overlap</b> by segment; Price gap not pinned
<b>Affordable price definition</b>	New BEVs <b>≤€35k</b> pre-incentives; entry <b>&lt;€25k</b> ; mass <b>€25k-€35k</b>		Used to classify direct overlap pockets

## EMERGING SUB-€25k URBAN EV GAP (NEXT 36 MONTHS)

-  **BYD Dolphin Surf** already live below **€25k: €22,990** in Germany and **£18,650** in the UK; France likely live after May 2025 launch with **£19,610** equivalent, price not pinned.
-  No in-scope Volkswagen, Škoda, CUPRA or SEAT volume-brand BEV evidenced below **€25k** today in Germany, France or the UK – creating a timing gap.
-  ID.2-class availability assumption: Volkswagen's **ID.2** production and meaningful market availability within **36 months** used as anchor to judge gap closure.
-  Within 36 months, **ID.2-**, **Škoda Epiq-** and **CUPRA Raval-**class products expected to target lower-price urban EV battlefield (**Raval** from **€26,000**; **Epiq** targeted below **£25,000**).

# Germany and the UK already show a two-layer pattern where BYD leads in sub-€25k entry EVs while live overlap with Volkswagen Group exists in €25k-€35k hatchbacks and is forming in crossovers.

## GERMANY: LIVE HATCHBACK OVERLAP AND ENTRY GAP, PARTIAL CROSSOVER OVERLAP






Model/Theme	Brand	Price	Segment/Status	Overlap classification
<b>BYD Dolphin Surf</b>	<b>BYD</b>	<b>€22,990</b>	Entry battlefield below €25k	BYD leads; No VWG offer
No VWG volume BEV below €25k	Volkswagen Group	N/A	Entry battlefield below €25k	No current in-scope VWG volume-brand BEV below €25k
<b>Volkswagen ID.3 Neo</b>	Volkswagen	<b>€33,995</b>	C-hatch	VWG offer
<b>CUPRA Born</b>	CUPRA	<b>€39,990</b>	C-hatch	VWG offer
<b>Škoda Elroq 60</b>	Škoda	<b>€37,390</b>	C-hatch	VWG offer
<b>Hatchback Overlap: Dolphin vs ID.3 Neo</b>	BYD / Volkswagen	BYD: €34,640; VWG: from €33,995	€25k-€35k C-hatch pocket	Live direct overlap
<b>Crossover Adjacency: Atto 2 vs Elroq 60</b>	BYD / Škoda	BYD: ~€30,875; Škoda: €37,390	Compact Crossover	Similar segment, materially higher VWG price; Partial overlap today
<b>36-Month Response</b>	Volkswagen Group	ID.2 (<€25k), Raval (from €26k, 2026), Epiq (<€25k, 2026)	Entry battlefield below €25k	VWG targets entry gap; subject to availability assumptions

## UK: LIVE ENTRY ADVANTAGE, HATCHBACK OVERLAP, AND FORMING CROSSOVER OVERLAP

Model/Theme	Brand	Price	Segment/Status	Overlap classification
<b>BYD UK Lineup &amp; Network</b>	<b>BYD</b>	N/A	Multiple segments	Dolphin, Dolphin Surf, Seal, Atto 3, Sealion 7; Atto 2 due Sep; Network expanding to 90
<b>BYD Dolphin Surf</b>	<b>BYD</b>	<b>£18,650</b>	Sub-£20k urban EV	BYD leads; No VWG offer
No VWG volume BEV below £20k	Volkswagen Group	N/A	Sub-£20k urban EV	No in-scope VWG volume-brand BEV in same price pocket today
<b>Hatchback Overlap: Dolphin vs ID.3</b>	BYD / Volkswagen	BYD: £26,205-£31,730; VWG: Grant-eligible <£42k cap	Affordable Hatchback	Direct overlap by segment and affordable-band placement
<b>Crossover Overlap: Atto 2 vs Elroq</b>	BYD / Škoda	BYD: Atto 2 expected Sep; Škoda: £31,710-£46,170	Compact Crossover	Direct or near-direct overlap forms quickly once Atto 2 lands
<b>36-Month Response</b>	Volkswagen Group	ID.2-, Epiq-, Raval-class products	Entry battlefield	VWG should close entry gap; BYD has first-mover window now

# France confirms live Dolphin-ID.3 overlap while highlighting conditional entry-band conclusions and a VWG defense map centred on ID.3, Elroq and future ID.2/Epiq/Raval rather than SEAT today.

## FRANCE: LIVE HATCHBACK OVERLAP, DIRECTIONAL ENTRY AND CROSSOVER GAPS

-  **Volkswagen ID.3** from **€34,990**, placing it at the top end of the **€25k–€35k affordable band**.
-  **BYD Dolphin** referenced in Europe at about **€30,205**, placing it in the same C-hatch affordability zone and supporting a **live overlap conclusion today**.
-  **BYD Dolphin Surf** launched in Europe in **May 2025** across 15 European countries with a starting price of £19,610 equivalent, but a France-specific list price was not pinned – France sub-€25k overlap conclusion is therefore directional (**likely live/rolling**) rather than fully confirmed.
-  **BYD Atto 2** at about **€30,875** suggests an affordable crossover offer ahead of Volkswagen Group's lower-cost crossover response, but **no strong current Volkswagen Group sub-€35k crossover anchor** was captured for France.
-  Within **36 months**, French overlap should broaden as **ID.2 targets under €25,000**, **CUPRA Raval launches in 2026 from €26,000**, and **Škoda Epiq** is positioned as an affordable urban SUV for **2026**.

## CROSS-COUNTRY DEFENSE MAP AND CRITICAL NUANCES

-  Affordable band definition: The **€25k–€35k band** is the **only affordable pool with meaningful current scale**, and this is where BYD Dolphin and Volkswagen ID.3 already collide in the largest markets.
-  **SEAT does not appear** as a meaningful current BEV overlap brand; today's practical Volkswagen Group defense map is **Volkswagen ID.3** for hatchbacks, **Škoda Elroq** for crossover adjacency, and **future ID.2/Epiq/Raval** for the entry gap.
-  **Immediate structural threat**: BYD combines a **live C-hatch offer** with an already-launched **sub-€25k urban EV**, while Volkswagen Group's volume-brand answer to that lower band is still pending.
-  Country evidence is uneven: **Germany, France and the UK** are sufficiently evidenced to support live-overlap and BYD-first narratives, while **Spain, Italy and the Nordics** lack enough country-specific configurator pricing and launch timing to claim the same precision.
-  **CUPRA Born** and **Škoda Elroq** are mostly priced **above the core €25k–€35k overlap zone**, limiting their role as direct current counters to BYD's cheapest offers.
-  **Key timing nuance**: Volkswagen's 2023 newsroom presented **ID.2** at **under €25,000 for 2025**, while later reporting clarified production launch in **2026 with ramp-up not before May 2026**; for a 36-month response window, the **2026 availability anchor** is more appropriate.
-  **CUPRA Raval** (from €26,000) and **Škoda Epiq** (targeted below £25,000) are the first clearly evidenced Volkswagen Group volume-brand responses aimed at the **lower-price urban EV battlefield**.
-  **France entry-band overlap is less certain** than Germany and the UK because Dolphin Surf's France-specific list price was not pinned; **UK ID.3 pricing is under-evidenced**, with only grant eligibility under £42,000 confirmed.

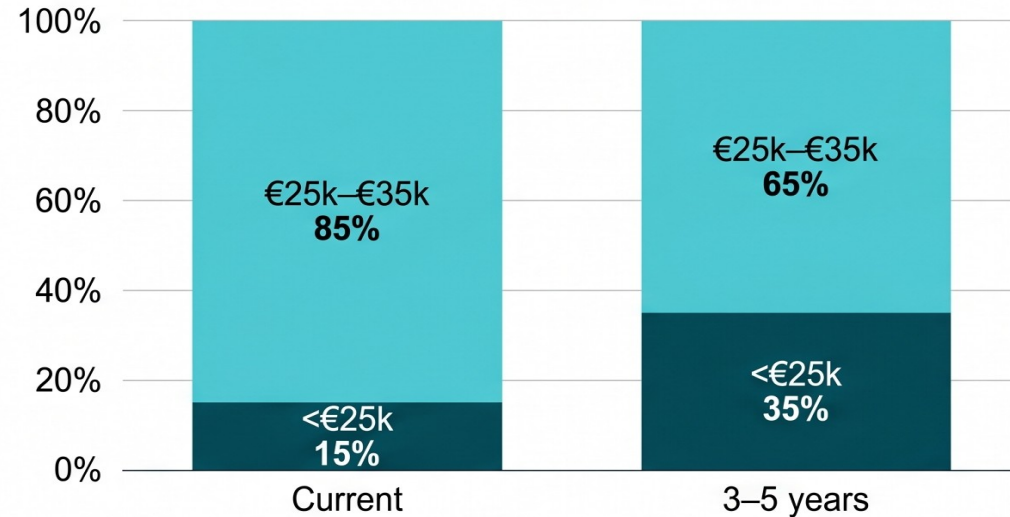
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## Two-Band Defense for Affordable BEVs

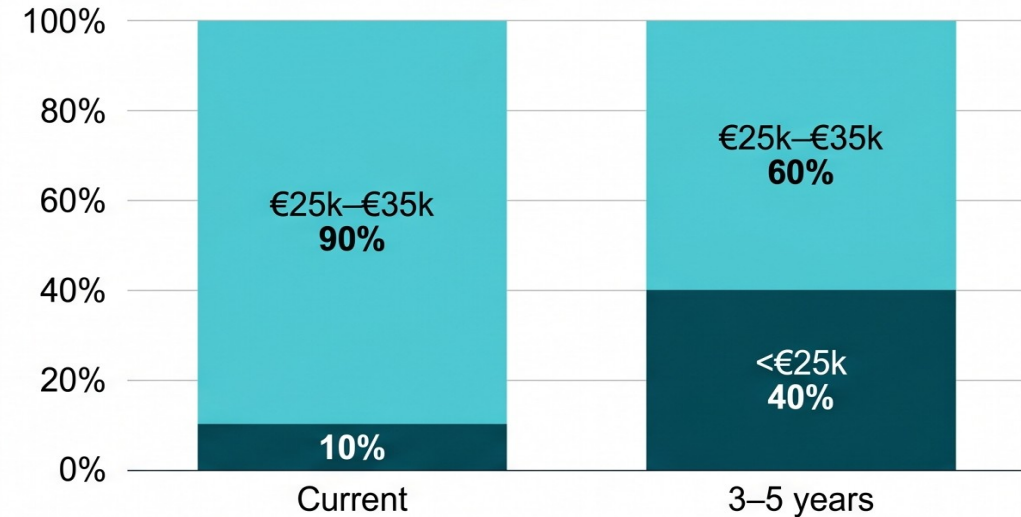


# Affordable-BEV demand and risk are structurally centered in €25k-€35k today, but sub-€25k expands enough over 3-5 years to require a deliberate two-band defense.

## Affordable demand mix by price band



## Volume-at-risk mix by price band



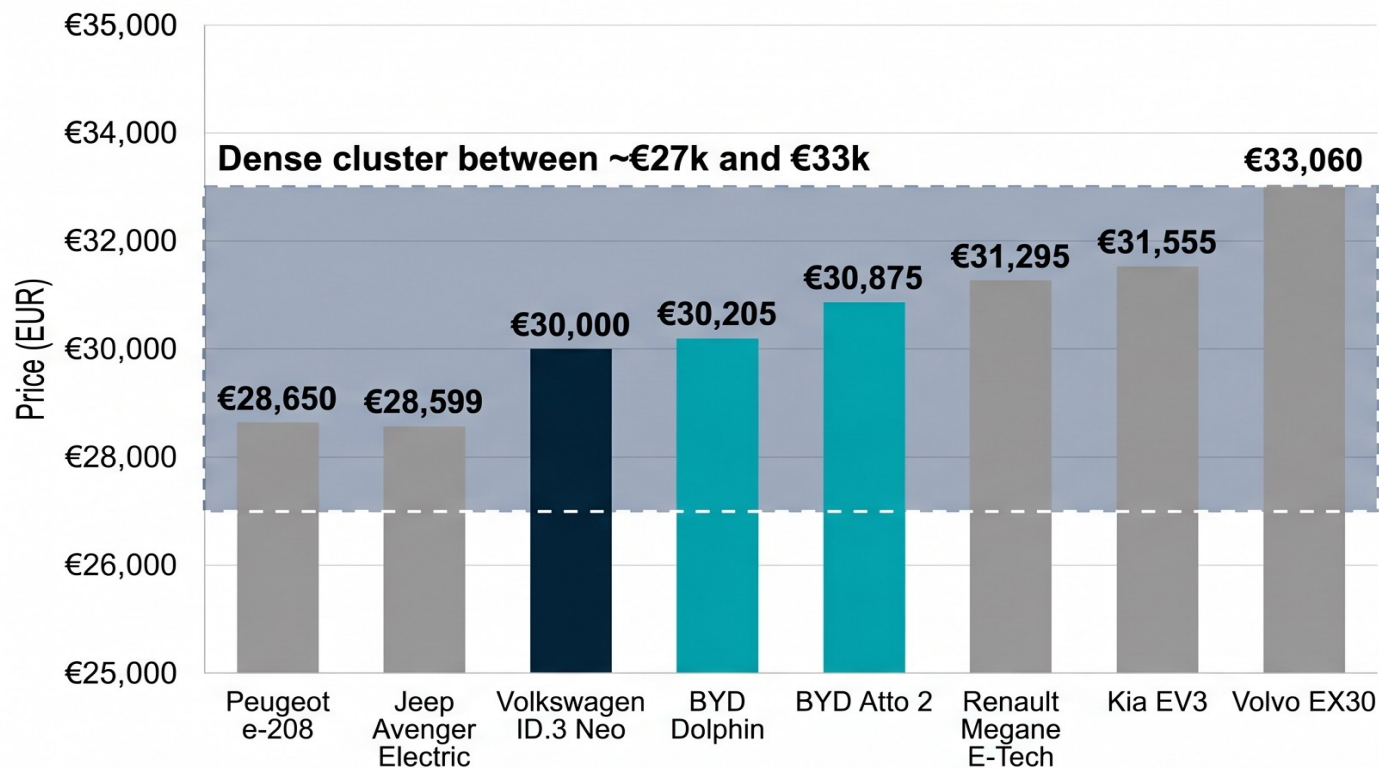
**Affordable price definition:** New BEVs ≤€35k pre-incentives; entry <€25k; mass €25k-€35k — Client-defined segmentation used to classify demand and risk pools.

## IMPLICATION FOR DEFENSE POSTURE

- ⚙️ The best available public evidence indicates that today's affordable-BEV demand mix is still dominated by the €25k-€35k band, with Lumiu analysis estimating roughly **85% of current** affordable demand and **90% of current** volume-at-risk in that band, versus **15%** and **10%** respectively below €25k.
- ➔ Over the next 3-5 years, Lumiu analysis indicates the sub-€25k share could rise to about **35% of affordable demand** and **40% of volume-at-risk**, leaving €25k-€35k still the larger pool at about **65%** of demand and **60%** of risk.
- 🛡️ That means the data does not support a single-band defense; it supports defending the **€25k-€35k band first**, while building a parallel entry-band response based on the assumed id2\_availability\_assumption and subject to confirming actual country-by-country launch timing and pre-incentive list prices.

# Current affordable-BEV risk is mass-band led because today's model and overlap landscape is densely clustered in €27k-€33k, with limited live sub-€25k coverage.


## CURRENT AFFORDABLE-BEV PRICE CLUSTERING (MODEL EXAMPLES)




EV Database pricing cited in the country-pool work showed a dense cluster of current affordable models between roughly €27,000 and €33,000.

## MODEL AVAILABILITY AND WILLINGNESS-TO-PAY EVIDENCE

 The IEA separately reported that in **Europe in 2025**, fewer than **10%** of BEV models were priced below **USD 30,000**, up only modestly from about **5%** in 2024.

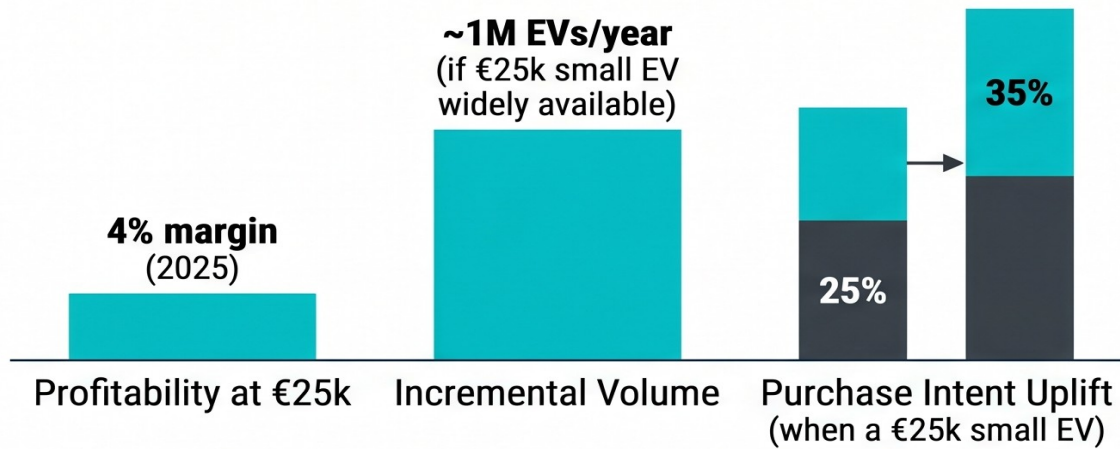
 Consumer median willingness to pay was around **€20,000**, confirming that true entry-price supply remains scarce relative to demand.

 Consistent with that supply picture, **Lumiu analysis** estimates the current affordable-demand mix at **15% below €25k** and **85% in €25k-€35k**, with current volume-at-risk even more concentrated at **10%** versus **90%** because **BYD-Volkswagen** overlap is already live in the **€25k-€35k** hatchback band while **Volkswagen** has little evidenced live **sub-€25k** coverage today.

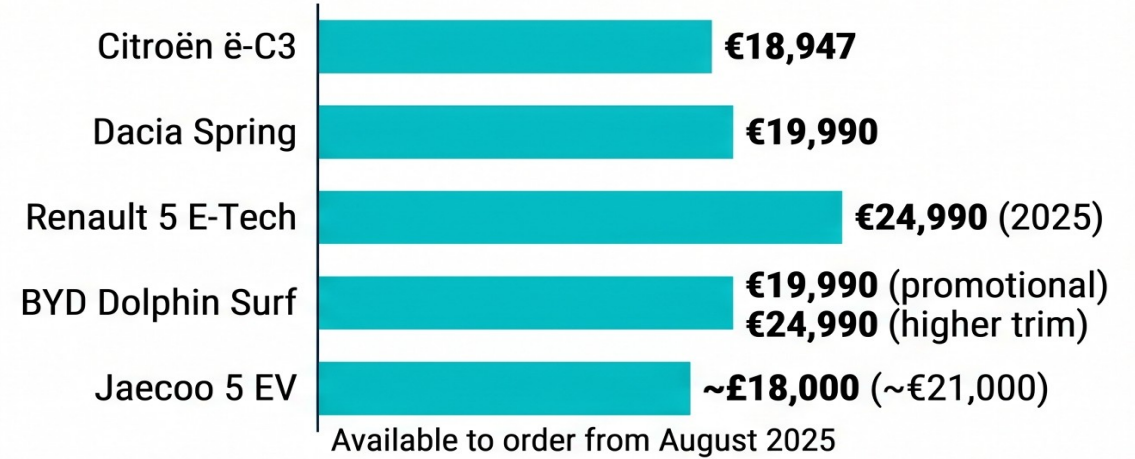
**KEY TAKEAWAY: Limited sub-€25k supply plus dense €27k-€33k clustering explains why current risk is mass-band led.**

# Entry-band BEVs are moving from hypothetical to real, with BYD's sub-€25k first-mover advantage and Volkswagen's ID.2 timing creating a 2025-2026 exposure window in key countries.

## ENTRY-BAND ECONOMICS AND DEMAND UPLIFT



## SUB-€25k MODELS AND PRICING



## BYD-VOLKSWAGEN OVERLAP AND TIMING IN PRIORITY COUNTRIES

Model	Germany Price	France Price	UK Price Range	Band Classification	Timing
BYD Dolphin	€34,640 (DE)	€34,640 (FR)	£26,205–£31,730	€25k–€35k	Available Now
BYD Dolphin Surf	€22,990 (DE)	N/A	£18,650	<€25k	Available Now
Volkswagen ID.3	€33,995 (DE)	€34,990 (FR)	£26,205–£31,730	€25k–€35k	Available Now
Volkswagen ID.2all	<€25k (Intent)	<€25k (Intent)	<£25k (Intent)	<€25k	2025 Intent (<€25k) → May 2026 Ramp-up

Germany, France, UK ≈1.05M BEV registrations in 2024; EU BEV share 13.6% (2024) → 16.9% YTD Nov 2025; 1,662,399 BEV registrations; 62% in four largest markets.

Sources: [1] International Energy Agency (2026). "Trends in electric cars". Global EV Outlook 2026. <https://www.iea.org/reports/global-ev-outlook-2026/trends-in-electric-cars> [2] Transport & Environment (2024). "€25k small electric cars on track to be profitable by 2025 - analysis". Transport & Environment. <https://www.transportenvironment.org/articles/e25k-small-electric-cars-on-track-to-be-profitable-by-2025-analysis> [3] EV Database (n.d.). "Price of electric vehicles cheatsheet". EV Database. <https://ev-database.org/uk/cheatsheet/price-electric-car> [4] Electra (2025). "Best Value for Money for Electric Cars in 2025". Electra. <https://www.go-electra.com/en/newsroom/best-value-price-for-money-cars-in-2025> [5] Electra (2025). "New E-Car Generation 2025/2026: 800V Technology for Everyone". Electra. <https://www.go-electra.com/en/newsroom/new-e-car-generation> [6] EV Database (n.d.). "Newest and upcoming electric cars in 2025 and 2026 in Europe". EV Database. <https://ev-database.org/compare/newest-upcoming-electric-vehicle> [7] BYD Europe (n.d.). "BYD brings fun, future-ready DOLPHIN SURF to European customers". BYD Europe.

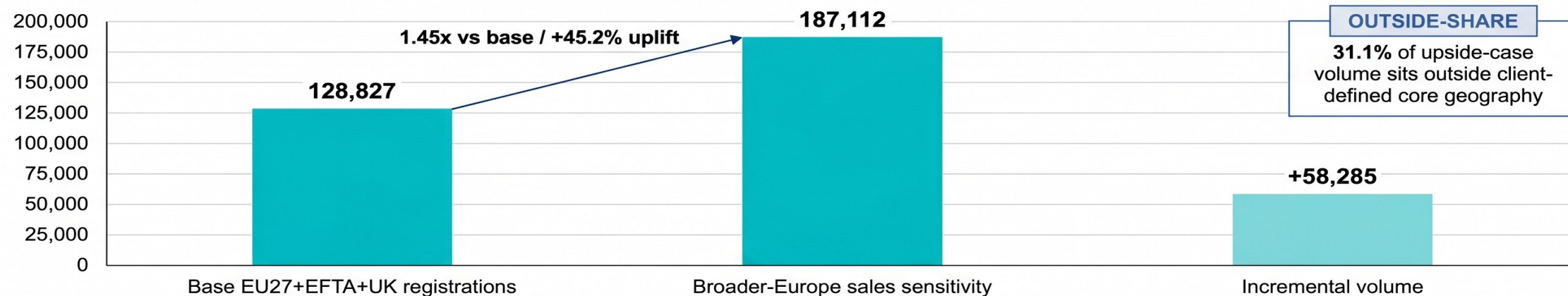
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## Broader-Europe BYD Upside Case: Threat Scale and Defense Implications

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# The broader-Europe upside case lifts BYD's apparent European scale by ~45%, but non-core markets and methodology mismatches mean EU27+UK+EFTA registrations must remain the primary decision anchor.

## BYD 2025 SCALE: BASE VS BROADER-EUROPE



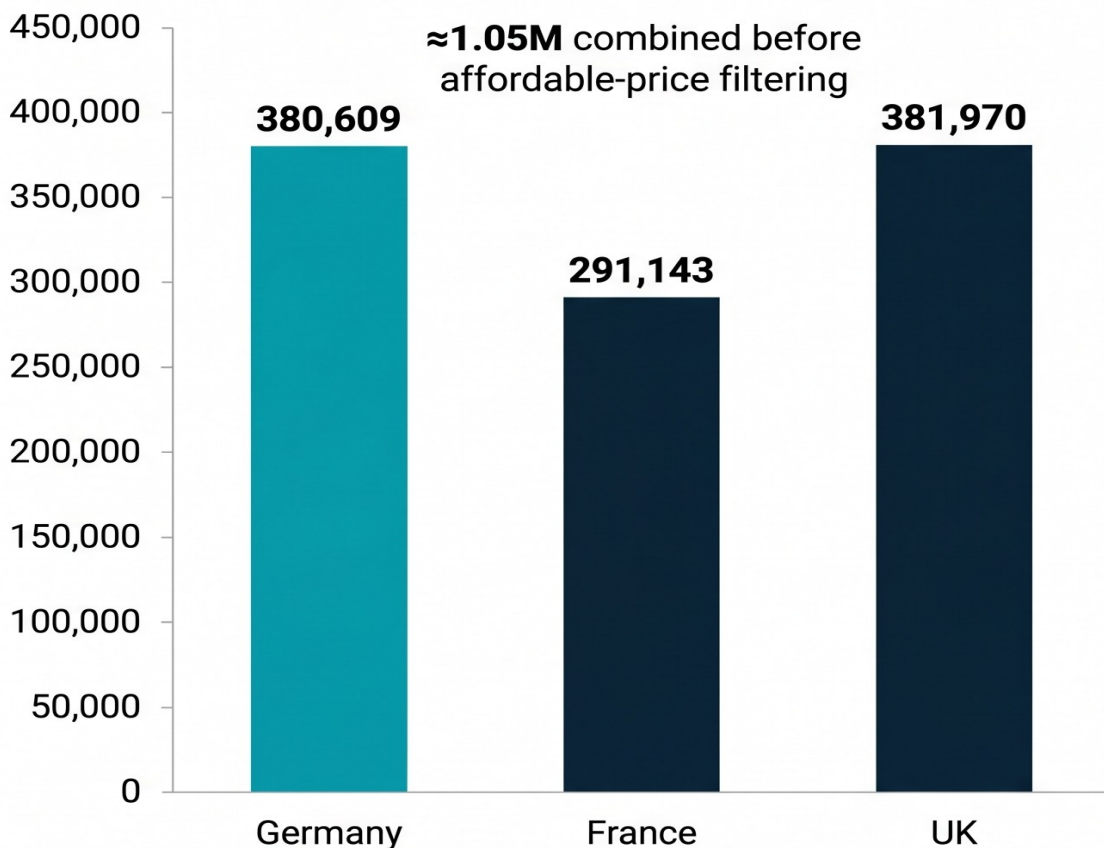
## METHODOLOGY & SCOPE RECONCILIATION

Use broader-Europe only as escalation overlay, not as primary market-share denominator

Metric	Base anchor	Upside anchor	Comment
Metric definition	128,827 framed as <b>EU registrations</b> aligned to EU27+UK+EFTA geography	187,112 framed as <b>broader-Europe EV sales</b> , not fully like-for-like with registrations	Mismatch in metric (registrations vs sales)
Volume figure	<b>128,827</b> units	<b>187,112</b> units	Broader-Europe figure should be interpreted as an <b>upper-bound momentum signal</b>
Alternative registration datapoint	N/A	<b>187,657</b> for EU+EFTA+UK registrations (same metric)	Provides like-for-like comparison to base anchor
Difference (units / %)	N/A	Gap between 187,657 and 187,112 is <b>545 units</b>	<b>≈0.3% difference</b> , not decision-material
Decision anchor	<b>EU27+UK+EFTA registrations</b> remain primary	Used only as upper-bound momentum sensitivity	Correct decision anchor under assumed <b>data_anchor_selection</b>

# The broader-Europe upside case intensifies but does not relocate the affordable-BEV battlefield, keeping Germany, the UK and France as must-defend markets while Italy, Spain and the Nordics remain secondary.

## 2024 BEV registrations in core markets (pre price filter)



## DEFENSE RANKING UNDER UPSIDE CASE

Upside case changes intensity, not ranking; BYD perimeter scaling raises timing risk, not new top-tier markets.



### KEY TAKEAWAY

The broader-Europe upside case intensifies but does not relocate the affordable-BEV battlefield, keeping Germany, the UK and France as must-defend markets while Italy, Spain and the Nordics remain secondary.

# The broader-Europe upside case amplifies band-specific risk and tightens Volkswagen's margin-based escalation thresholds, reinforcing a two-band defense with earlier, more concentrated actions in core markets.

## AFFORDABLE-BEV RISK MIX & SCALED RISK INDICES (UPSIDE CASE)

Risk lens	<€25k	€25k–€35k
Current at-risk mix (base)	10%	90%
Future at-risk mix (3–5 years)	40%	60%
Current scaled risk index in upside case	0.15	1.31
Future scaled risk index in upside case	0.58	0.87

Note: BYD scale factor 1.45x applied; mass band remains larger but entry risk grows materially over 3–5 years.

### Acceptable EBIT erosion base

≈ **100bps**  
blended EBIT erosion




### VW Passenger Cars 2024 operating margin

**2.9%**




### BYD threat signal

**+45.2%↑**  
in upside case vs base

## BAND DEFENSE IMPLICATIONS

-  Recommendation remains a **two-band defense** (mass €25k–€35k and entry <25k), not a pivot to entry-only defense.
-  Immediate commercial threat still sits mainly in **€25k–€35k** battlefield where BYD Dolphin and Volkswagen ID.3 already overlap.
-  Broader-Europe upside case makes it more costly to delay closure of **sub-€25k entry-band gap** because BYD's first-mover position compounds over time.

## TIMING & ESCALATION

-  **ID.2 availability assumption:** meaningful ID.2-class availability within 36 months.
-  If response slips beyond **36 months**, sub-€25k threat becomes more severe than shown.
-  Base-case tolerance: about **100bps** blended EBIT erosion; under upside case, triggers for moving from monitoring to intervention in **Germany, UK and France** should be lower.

# 2

## BYD Price-to-Value Advantage in Europe's Affordable-BEV Market






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# BYD structurally outperforms Volkswagen on price-to-value in Europe's affordable hatchback BEV battlegrounds, especially below €25k.

## ENTRY & MASS HATCHBACK COMPARISON – BYD VS VOLKSWAGEN (GERMANY)

Model	Price (€)	WLTP range (km)	Max DC charge (kW)	Battery warranty	Positioning read
BYD Dolphin Surf Active	€22,990	220	65	n/a in cited launch source	✓ Live sub-€25k entry point
BYD Dolphin Surf Boost	€24,990	322	85	n/a in cited launch source	Upper entry-band offer
BYD Dolphin 60.4 kWh (MY24)	€32,990	427	100	8 years / 250,000 km	✓ Mass-band value benchmark
Volkswagen ID.3 Pure	€33,330	~425	120–125	8 years / 160,000 km, 70% retention	Closest current VW mass-band comparator
Volkswagen ID.3 Neo / entry reference	€33,995	~425	120–125	8 years / 160,000 km, 70% retention	Higher-priced current VW hatchback anchor

## STRUCTURAL VALUE-PER-EURO EDGE

-  **BYD Dolphin Surf** enters the client-defined entry battlefield at **€22,990** list and **€19,990** launch promotion in Germany, while **Volkswagen's** nearest current hatchback BEV reference, the **ID.3**, starts around **€33,995**.
-  In the €25k–€35k mass hatchback segment, **BYD Dolphin** is listed at **€32,990** for MY24 and **€34,640** for MY25 in Germany, versus **€33,330** for **ID.3 Pure** and about **€33,995** for the **ID.3 Neo** entry reference.
-  **BYD Dolphin** offers **427 km** WLTP range and **100 kW** DC charging against **Volkswagen's** roughly **425 km** family reference and **120–125 kW** DC charging.
-  **BYD** offsets its charging-speed disadvantage with stronger battery-warranty mileage at **8 years/250,000 km** versus **Volkswagen's** **8 years/160,000 km with 70% retention**.
-  Review evidence credits **BYD** for equipment richness and cabin value, while **Volkswagen** is stronger on software maturity, ergonomics and long-distance usability.

# Tariffs significantly erode BYD's imported cost advantage, but localisation from 2026 restores a meaningful structural edge in Europe's affordable-BEV bands.

## TARIFF & SHIPPING IMPACT ON BYD IMPORT ECONOMICS

**17.0%**

EU definitive countervailing duty on BYD's China-made BEVs (from 30 Oct 2024 for five years)

**€900 – €2,000**

Shipping proxy range per vehicle for finished-vehicle logistics

**JUST UNDER €10,000**

Rhodium estimate: Chinese production cheaper than German (small BEVs)

**€7,650 – €11,450**

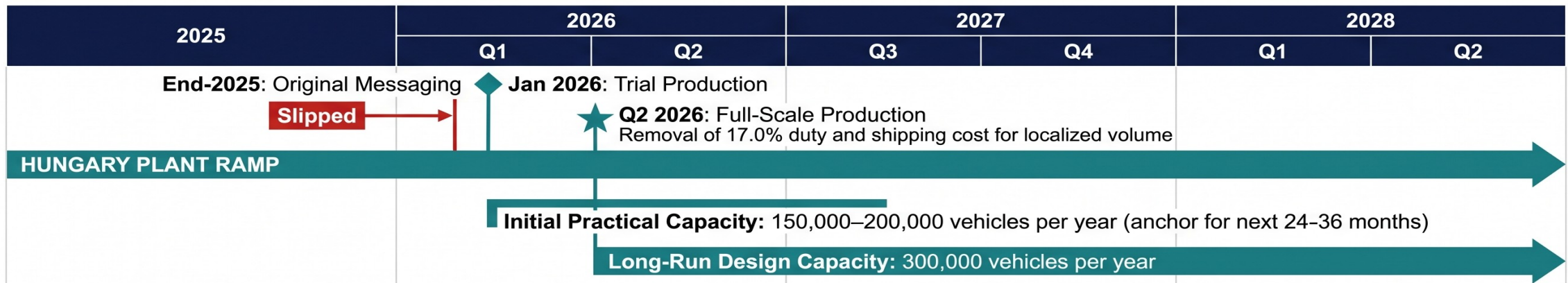
Lumiu analysis: Per-unit loss from duties plus shipping in the €25k–€35k band

## DUTY + SHIPPING PENALTY VS RESIDUAL ADVANTAGE (ILLUSTRATIVE BRIDGE)

		Shipping Cost		
		€900	€1,500	€2,000
Vehicle ASP	€25,000	Duty + Shipping Penalty: €7,650; <b>Net Residual Advantage: €2,350</b>	Duty + Shipping Penalty: €8,250; <b>Net Residual Advantage: €1,750</b>	Duty + Shipping Penalty: €8,750; <b>Net Residual Advantage: €1,250</b>
	€30,000	Duty + Shipping Penalty: €9,000; <b>Net Residual Advantage: €1,000</b>	Duty + Shipping Penalty: €9,600; <b>Net Residual Advantage: €400</b>	Duty + Shipping Penalty: €10,100; <b>Net Residual Advantage: -€100</b>
	€35,000	Duty + Shipping Penalty: €10,350; <b>Net Residual Advantage: -€350</b>	Duty + Shipping Penalty: €10,950; <b>Net Residual Advantage: -€950</b>	Duty + Shipping Penalty: €11,450; <b>Net Residual Advantage: -€1,450</b>

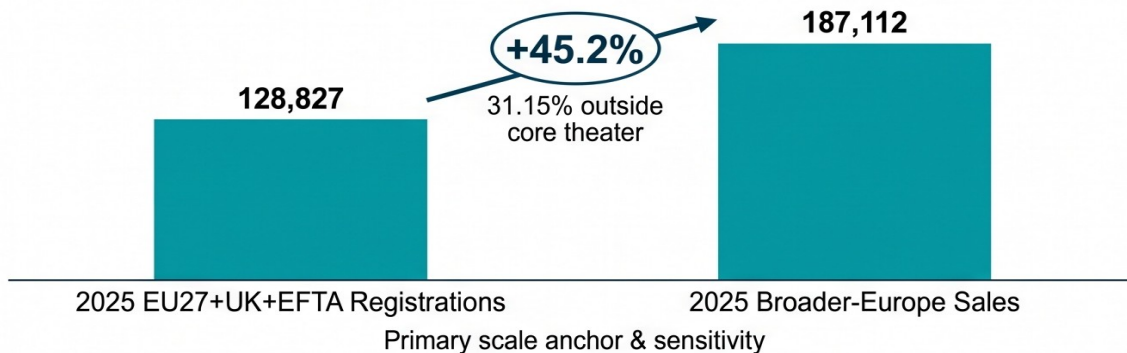
■ Positive Residual Advantage (Teal) ■ Negative Residual Advantage (Amber)

## LOCALISATION TIMELINE & CAPACITY – HUNGARY PLANT

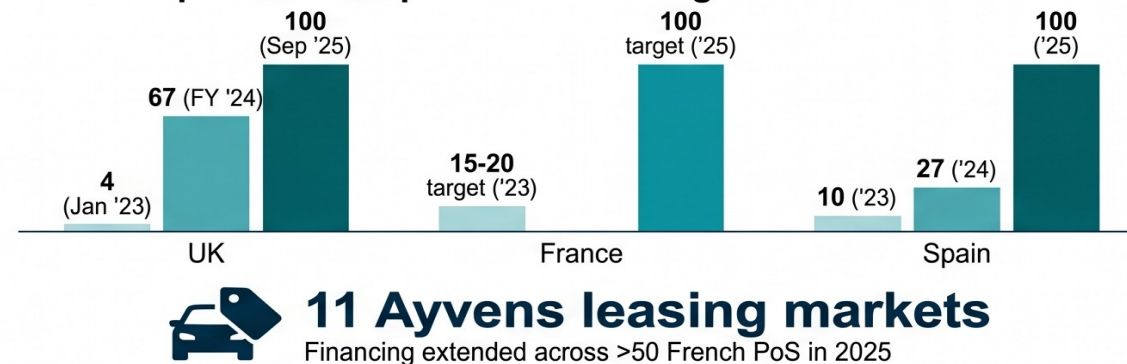


# BYD's growing European scale, route-to-market build-out, and unique sub-€25k coverage make it the sharpest affordable-BEV challenger in a broader market affordability reset.

## BYD SCALE & CHANNEL BUILD-OUT IN EUROPE



## Dealership Network Expansion & Leasing



## AFFORDABLE-BEV CHALLENGER LANDSCAPE & LOCALISATION

Challenger / Model	Entry Price Evidence	Band Coverage	Localisation Evidence	Strategic Read
BYD Dolphin Surf / Dolphin	€22,990 Surf; €32,990-€34,640 Dolphin	Entry + Mass	Hungary passenger-car plant ramping from 2026	<b>Broadest current affordability + scale stack</b>
Renault 5 E-Tech	~€24,900-€25,000 entry; €32,900 higher-spec	Entry + Lower Mass	Built in Douai, France	Strong incumbent local counterweight
Citroën ë-C3	€23,300 base; €19,990 planned lower-range	Entry	Produced in Trnava, Slovakia	Mainstream incumbent affordability reset
Fiat Grande Panda EV	<€25,000; €24,990 DE	Entry	European Stellantis production program	Another incumbent sub-€25k pressure point
Hyundai Inster	€23,900 DE	Entry	No Europe manufacturing evidence	Strong product-value entrant
Dacia Spring	€18,700 DE	Entry only	No localisation edge established	Lowest-price benchmark with weaker specs
MG4	€28,420 DE; €28,990 FR	Mass	No Europe localisation evidence	Strong mass-band value rival

## STRATEGIC IMPLICATIONS & VW DEFENSE CONSTRAINTS

### VW Passenger Cars Operating Margin 2024: 2.9%

Limited room for broad price-led defense



BYD is the **only challenger** combining **sub-€25k access, mass-band coverage, meaningful current scale** (128,827 registrations in 2025), and a **visible European localisation path**



Broader **affordability reset** includes Renault, Stellantis, Hyundai-Kia, and MG, with multiple models priced between €18,700 and ~€25,000



**Concentrate active defense on Germany, UK and France** first; treat Spain as a fast-rising second-wave priority; avoid broad pan-European price defense



Defend **€25k-€35k overlap** immediately; close sub-€25k gap through accelerated ID.2-class readiness



**Stress-test selective price defense** in €25k-€35k pool in Germany, UK and France against BYD Dolphin and MG4; ring-fence action to avoid excessive blended EBIT erosion



Stand up a monthly Hungary localisation tracker to detect when BYD's tariff burden begins to fall structurally

Sources: [1] Carwow Germany (2025). "BYD Dolphin Surf Test 2026 | Konfigurator & Preise". Carwow. <https://www.carwow.de/byd/dolphin-surf> [4] EV Database (2023). "BYD DOLPHIN 60.4 kWh (MY24) (2023-2025) price and specifications". EV Database. <https://ev-database.org/car/1919/BYD-DOLPHIN-604-kWh> [16] electrive (2026). "BYD begins trial production of passenger cars in Hungary". electrive.com. <https://www.electrive.com/2026/02/02/byd-begins-trial-production-of-passenger-cars-in-hungary> [17] Reuters (2025). "BYD to delay mass production at new Hungarian plant, make fewer EVs, sources say". Reuters. <https://www.reuters.com/business/autos-transportation/byd-delay-mass-production-new-hungarian-plant-make-fewer-evs-sources-say-2025-07-22> [18] BYD Europe (2023). "BYD unveils five pure electric vehicles in France". BYD Europe. <https://www.byd.com/eu/news-list/byd-unveils-five-pure-electric-vehicles-in-france.html> [19] Automobile Propre (2025). "Avec cette nouvelle offre de financement, BYD vise aussi le marché des flottes en France". Automobile Propre. <https://www.automobile-propre.com/articles/avec-cette-nouvelle-offre-de-financement-byd-vise-aussi-le-marche-des-...>

# 2.1

## BYD Value Proposition in Affordable Hatchbacks







# BYD holds a clear value-per-euro lead in Germany's sub-€25k BEV hatchback segment by opening a price band Volkswagen ID.3 does not serve today.

## GERMANY ENTRY BEV HATCHBACK COMPARISON (<€25K LIST)

Model	Country	List price	Promo price	WLTP range	Battery usable	Max DC charge
<b>BYD Dolphin Surf Active</b>	Germany	<b>€22,990</b>	<b>€19,990</b> (launch through June 2025)	<b>220 km</b>	<b>30 kWh</b>	<b>65 kW</b>
<b>BYD Dolphin Surf Boost</b>	Germany	<b>€24,990</b>	N/A	<b>322 km</b>	<b>43.2 kWh</b>	<b>85 kW</b>
<b>BYD Dolphin Surf Comfort</b>	Germany	<b>€30,990</b>	N/A	<b>~310 km</b>	<b>43.2 kWh</b>	<b>85 kW</b>
Volkswagen ID.3 Neo / entry ID.3	Germany	<b>€33,995</b>	<b>~€29,995</b> (after temp. €4k bonus)	<b>~425 km</b>	<b>52 kWh usable / 58 kWh pack</b>	<b>120–125 kW</b>

## BYD SURF VS ID.3: PRICE BAND ACCESS AND EQUIPMENT HIGHLIGHTS

-  BYD Dolphin Surf launch offer at **€19,990 sits directly** inside client-defined entry battlefield of new BEVs below **€25k**, while ID.3 list price of **€33,995** is more than **€11,000** above Surf list and roughly **€14,000** above Surf launch offer in Germany.
-  Volkswagen currently has no verified in-market VW-branded **sub-€25k** BEV hatchback in the factbase; ID.3 is the nearest current VW hatchback BEV comparator.
-  The price gap between Dolphin Surf and ID.3 is too large to explain away through modest differences in range or charging, meaning BYD creates access to a price band Volkswagen does not currently serve in Germany.

-  Standard Surf safety/convenience equipment includes **adaptive cruise control, lane-keeping assist, autonomous emergency braking, rear camera or parking aids** depending on trim, **wireless charging** on higher trims, and **three Isofix points**.


# In the €25k-€35k mass hatchback segment, BYD Dolphin trades similar range and stronger battery warranty for weaker DC charging versus Volkswagen ID.3 at broadly comparable German prices.


## GERMANY MASS-BEV HATCHBACK SPECIFICATION COMPARISON (€25K-€35K)


MODEL	COUNTRY	PRICE	WLTP RANGE	USABLE BATTERY	MAX DC CHARGE	BATTERY WARRANTY	EURO NCAP
BYD Dolphin 60.4 kWh (MY24)	Germany	€32,990	427 km	60.5 kWh	100 kW	8 years / 250,000 km	5-star
BYD Dolphin 60.4 kWh (MY25)	Germany	€34,640	427 km	60.5 kWh	100 kW	Not restated	5-star
Volkswagen ID.3 Pure	Germany	€33,330	~425 km*	52.0 kWh	120-125 kW	8 years / 160,000 km (70%)	5-star
Volkswagen ID.3 Neo entry	Germany	€33,995	~425 km*	52.0 kWh / family ref	120-125 kW	8 years / 160,000 km (70%)	5-star


\*WLTP for ID.3 depends on battery/variant family source; 58 kWh family reference is 420-425 km.


## VALUE-PER-EURO TRADE-OFFS: RANGE, CHARGING, WARRANTY, SAFETY

- 

BYD Dolphin MY24/MY25 offers **427 km** WLTP range versus **~425 km** for ID.3 entry variants, implying near-parity.
- 

BYD Europe states **100 kW DC charging** and **30-80% in 29 minutes** for Dolphin, versus Volkswagen's **120-125 kW** DC capability for ID.3, giving VW a charging-speed advantage.
- 

German list prices place BYD Dolphin at **€32,990-€34,640** versus roughly **€33,330-€33,995** for entry ID.3 variants, indicating broadly comparable pricing.
- 

BYD Dolphin battery warranty: **8 years or 250,000 km**, compared with Volkswagen ID.3 battery warranty of **8 years or 160,000 km** with 70% capacity retention guarantee.
- 

Both BYD Dolphin and Volkswagen ID.3 hold five-star Euro NCAP ratings; ID.3 scored **87% adult, 89% child, 71% vulnerable road users**, and **88% safety assist** in its 2021 assessment, while BYD Dolphin is a five-star 2023 Euro NCAP car.

**KEY TAKEAWAY: BYD Dolphin trades similar range and stronger battery warranty for weaker DC charging versus Volkswagen ID.3 at broadly comparable German prices.**

# BYD's value-per-euro edge relies on strong equipment and battery warranty but is conditional on transaction prices, usability perceptions, and market-specific trims.

## CUSTOMER PROPOSITION DIMENSIONS BEYOND PRICE



**BYD Dolphin** is repeatedly described as roomy for its footprint, visually appealing inside, and well equipped for the money, with features such as **powered and heated front seats, a large rotating central screen,** and strong perceived spec value versus mainstream rivals



**Volkswagen ID.3** review evidence notes that early software and material-quality criticism has eased after updates and facelift changes, with softer-materials, **OTA capability, wireless smartphone integration, good ride comfort,** quietness, and improved infotainment responsiveness cited



Multiple sources flag BYD Dolphin software and ergonomics issues: menu navigation described as messy or hostile, some functions buried in touch menus, voice control inconsistent, and one review explicitly calling highway behavior weak



Volkswagen retains a credible advantage in interface maturity, ride refinement consistency, and long-trip confidence, while BYD offers better visible hardware value and often richer standard equipment

## RISKS, NUANCES, AND EXECUTION PARAMETERS FOR VALUE-PER-EURO ASSESSMENT



German **ID.3** temporary **€4,000 purchase bonus** narrows the apparent price gap versus **BYD**, while **BYD's €19,990 Surf launch price** is promotional rather than steady-state, making transaction-price analysis critical



Some **BYD warranty** evidence is battery-focused and not always restated on current OEM country pages; practical customer takeaway should be framed as battery-coverage advantage rather than blanket whole-vehicle superiority



**Euro NCAP** comparability is imperfect: **BYD Dolphin** is confirmed as five-star but lacks full category-score detail, while **ID.3** has detailed percentages; safe conclusion is parity at headline safety-rating level, not proven **BYD** superiority



**Time-base mismatch:** **BYD Dolphin Surf** is a **2025** launch product, while several **ID.3** references are **MY24-26** or **2026** entry-price updates; decision anchor should remain current in-market affordable hatchbacks



Analysis uses public list-price and review proxies only and excludes dealer discounts, lease subvention, and residual-value support, which can materially alter customer proposition in fleet-heavy markets



**Affordable BEV** definition: new BEVs **≤€35k** pre-incentives; entry **<€25k**; mass **€25k-€35k**, used to determine which models count as directly contested



**Commercial trigger:** treat **BYD** as structurally stronger only where it combines **≥5%** lower effective transaction price with parity on range/safety and no major usability deficit

## IMMEDIATE NEXT STEPS TO OPERATIONALISE VALUE-PER-EURO COMPARISON

### STRATEGY TEAM

build a four-country transaction-price tracker (**Germany, UK, France, Spain**) using OEM offers, broker listings, and finance examples for **BYD Dolphin Surf, BYD Dolphin, VW ID.3, Renault 5,** and **MG4**, confirming retail discounts and lease subvention by market within **2 weeks**

### PRODUCT MARKETING

create a minimum-common-equipment comparison sheet for entry trims covering **ADAS, infotainment, seats, camera/sensors, heat pump, and warranty terms,** confirming country-specific trim content within **10 days**

### COMMERCIAL FINANCE

model customer-value sensitivity for **Germany** and **UK** using list price, promo price, charging speed, and warranty mileage to identify where **VW** can defend without exceeding acceptable margin envelope, subject to confirming real transaction prices and residual-value assumptions within **2 weeks**

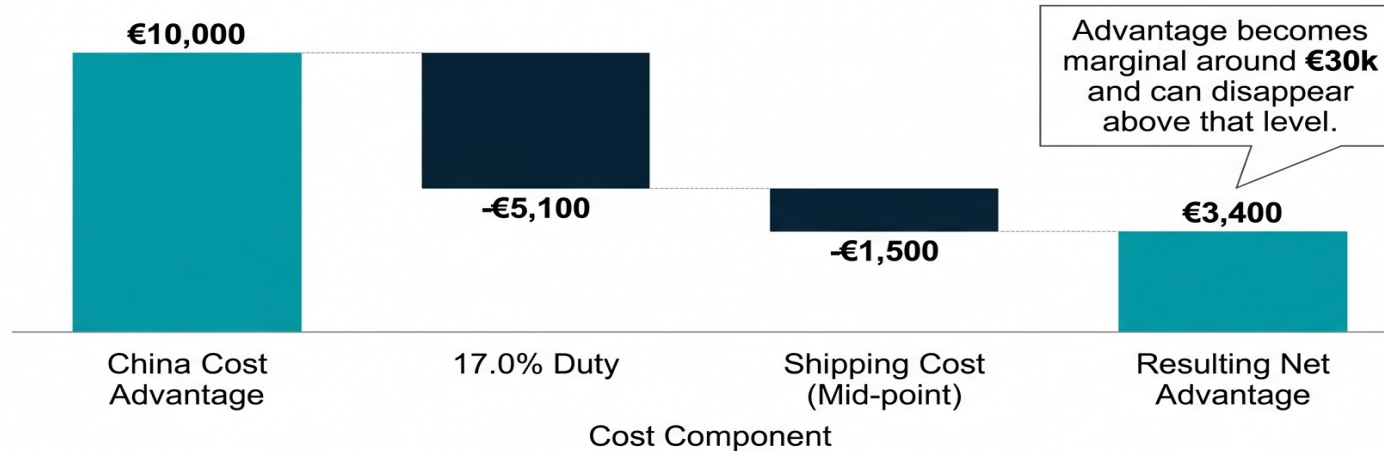
# 2.2

## BYD European Pricing Landscape and Localisation

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# EU countervailing duties and shipping costs materially erode BYD's China-export cost advantage for €25k-€35k BEVs in Europe.

## IMPACT OF EU DUTY AND SHIPPING ON BYD IMPORT ECONOMICS (FOR REPRESENTATIVE €30K BEV)



## KEY DUTY PARAMETERS & SHIPPING COST RANGE

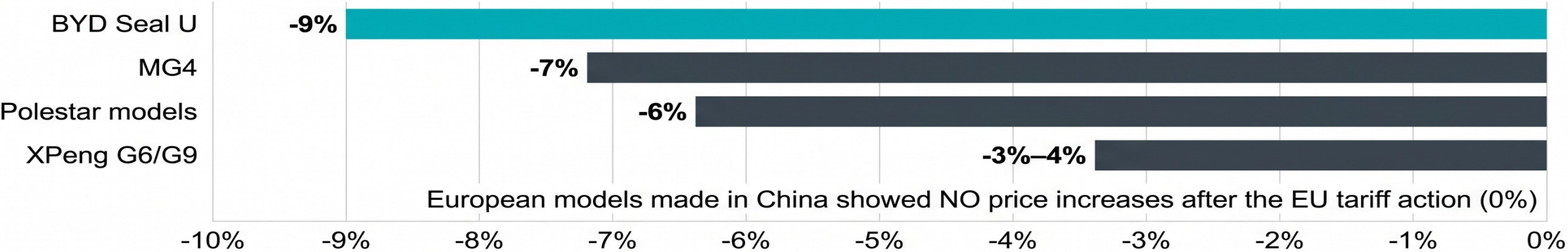
- **BYD** producer-specific duty: **17.0%**
- **SAIC** duty rate: **35.3%**
- **Other cooperating companies** duty rate: **20.7%**
- Effective from: **30 October 2024**
- Duration: **5 years**
- Shipping proxies indicate finished-vehicle ocean transport costs of roughly **€900–€2,000 per vehicle**.

## IMPORT PENALTY SENSITIVITY BY ASP AND SHIPPING COST

ASP (€)	Shipping (€/vehicle)	Import Penalty (€/vehicle)	Net Advantage vs €10,000 Gap (€)
25,000	900	7,650	2,350
25,000	1,500	8,250	1,750
25,000	2,000	8,750	1,250
30,000	900	9,000	1,000
30,000	1,500	9,600	400
30,000	2,000	10,100	-100
35,000	900	10,350	-350
35,000	1,500	10,950	-950
35,000	2,000	11,450	-1,450

# Observed pricing and profitability evidence shows BYD has absorbed tariffs to defend EU competitiveness, retaining substantial margin headroom.

## POST-TARIFF PRICE MOVES FOR CHINESE EVS IN EUROPE



Note: Prices generally fell after the EU tariff action despite duties, implying margin room.

## BYD SEAL U PROFITABILITY GAP: EUROPE VS CHINA

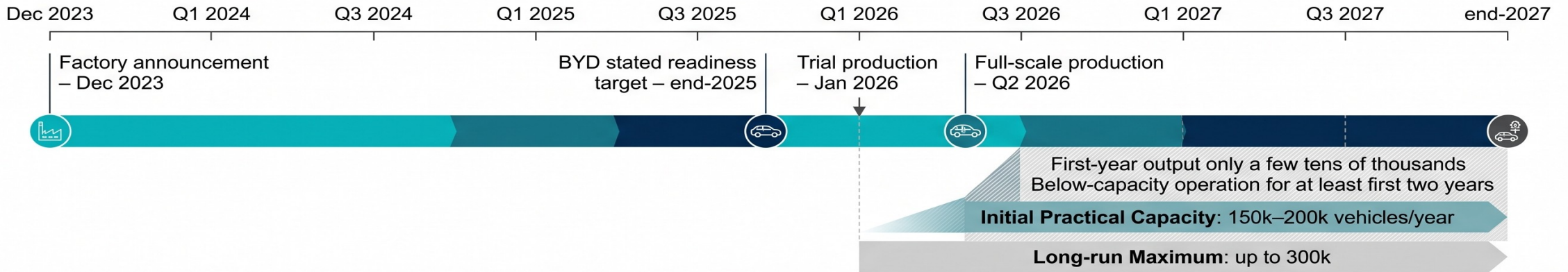


**KEY TAKEAWAY:** BYD entered Europe with enough gross margin headroom to defend retail pricing even after duties, as tariffs hurt but do not fully erase BYD’s ability to price aggressively.

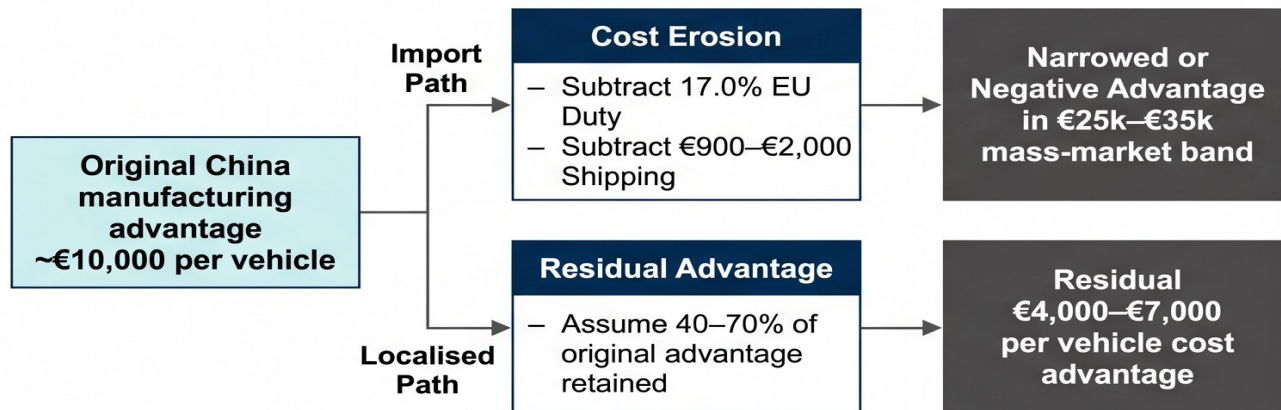
Sources: [4] CEPR (2025). "Don't swap tariffs for minimum prices on Chinese electric vehicles". VoxEU. <<https://cepr.org/voxeu/columns/dont-swap-tariffs-minimum-prices-chinese-electric-vehicles>> [8] Rhodium Group (2024). "Ain't No Duty High Enough". Rhodium Group. <<https://rhg.com/research/aint-no-duty-high-enough>>

# Hungary localisation will gradually restore part of BYD's structural cost advantage, creating a two-stage threat over the next 24-36 months.

## BYD HUNGARY LOCALISATION RAMP (SZEGED)



## COST ADVANTAGE EVOLUTION WITH LOCALISATION



## TWO-STAGE THREAT PROFILE (24–36 MONTHS)

- **Near Term:** EU duties and shipping narrow BYD's effective cost advantage sharply in the €25k–€35k mass-market band.
- **Later (24–36 months):** Hungary production begins to offset that compression by removing duty exposure and reducing logistics cost for at least some European volume.
- **Affordable BEV Segment Focus:** ≤€35k pre-incentives; entry <€25k; mass €25k–€35k.
- **Execution timing** is the main uncertainty, with Hungary timeline slipping from end-2025 to 2026.

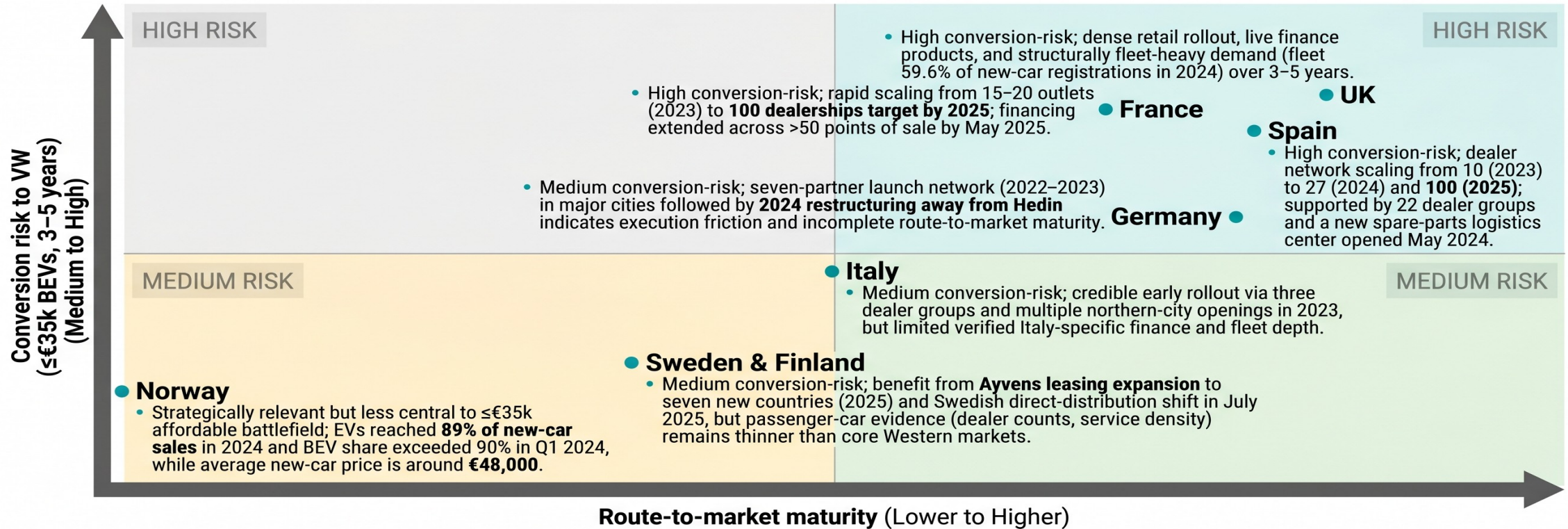
## 2.3

# BYD European Route-to-Market Readiness and Conversion Risk

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# BYD has built a credible but uneven European route-to-market, creating high conversion risk in the UK, France and Spain and medium risk in Germany, Italy and the Nordics over the next 3-5 years.

## EUROPEAN ROUTE-TO-MARKET READINESS & CONVERSION-RISK CLASSIFICATION



### KEY TAKEAWAY

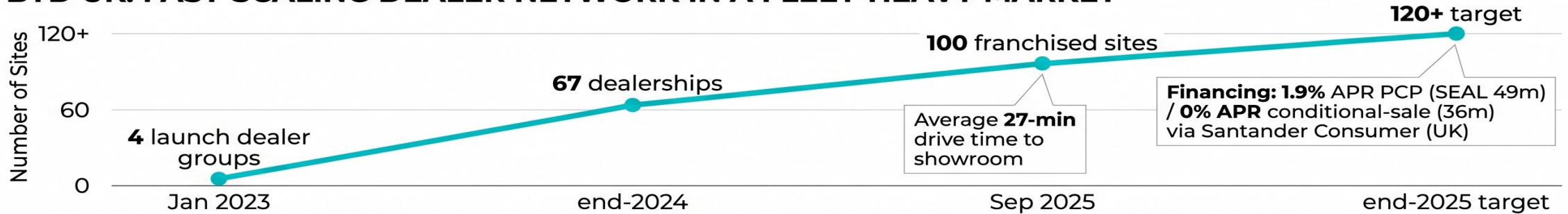
BYD has built a credible but uneven European route-to-market, creating high conversion risk in the UK, France, and Spain and medium risk in Germany, Italy, and the Nordics over the next 3-5 years. Germany, France, and the UK together represented about **1.05 million BEV registrations in 2024** before affordable-price filtering.

**KEY ASSUMPTIONS:** time\_horizon: 3-5 years; affordable\_price\_definition: New BEVs ≤€35k pre-incentives (entry <€25k; mass €25k-€35k); public\_info\_only: Analysis based on dealer announcements, finance offers, and leasing partnerships as proxies for readiness.

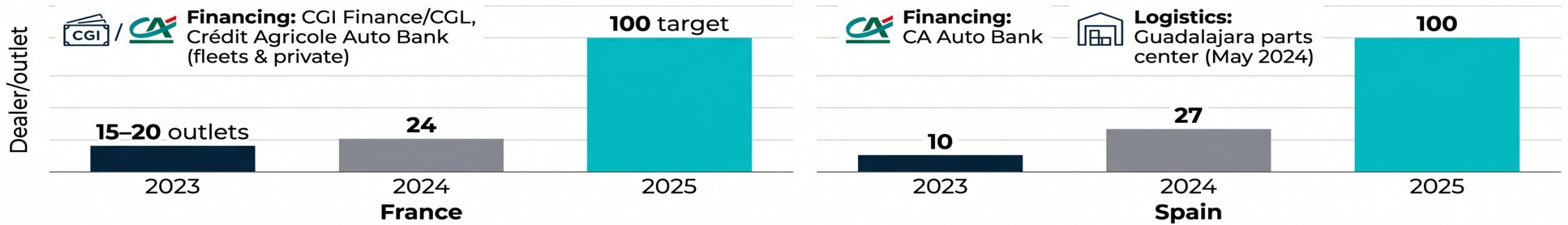
Sources: [4] BYD Europe (2023). "BYD unveils five pure electric vehicles in France". BYD Europe. <https://www.byd.com/eu/news-list/byd-unveils-five-pure-electric-vehicles-in-france.html> [5] Automobile Propre (2025). "Avec cette nouvelle offre de financement, BYD vise aussi le marché des flottes en France". Automobile Propre. <https://www.automobile-propre.com/articles/avec-cette-nouvelle-offre-de-financement-byd-vise-aussi-le-marche-des-flottes-en-france> [6] BYD España (2025). "BYD alcanza 100 concesionarios en España y amplía su red". BYD España. <https://www.byd.com/es-es/news-list/byd-alcanza-100-concesionarios-y-amplia-su-red> [7] electric-vehicles.com (2026). "BYD Reaches 40,000 Vehicles Sold in Spain, Eyes Record Month in March". electric-vehicles.com. <https://electric-vehicles.com/byd/byd-reaches-40000-vehicles-sold-in-spain-eyes-record-month-in-march> [8] BYD Europe (2022). "BYD Car Dealer Network in Germany Announced at the Paris Motor Show". BYD Europe. <https://www.byd.com/eu/news-list/BYD-Car-Dealer-Network-in-Germany-Announced-at-the-Paris-Motor-Show.html> [9] Nasdaq / Hedin Mobility Group (2024). "BYD and Hedin Mobility Group reach an agreement on the sale

# The UK, France and Spain demonstrate BYD's ability to scale dealer networks and financing rapidly, creating high near-term conversion risk in mainstream segments.

## BYD UK: FAST-SCALING DEALER NETWORK IN A FLEET-HEAVY MARKET



## FRANCE & SPAIN: RAPID CHANNEL BUILD-OUT WITH LIVE FINANCING & LOGISTICS



## VERIFIED FOOTPRINT TIMELINE ACROSS CORE HIGH-RISK MARKETS


Market	Earliest Verified Footprint	Latest Verified Footprint	Timing Anchor
UK	4 launch dealer groups	100 franchised sites	Jan 2023 to Sep 2025
Spain	10 dealers	100 dealers	2023 to 2025
France	15-20 outlets target	100 dealerships target / 50+ points of sale financed	2023 to 2025


Sources: [1] electrive (2023). "BYD reveals dealership network plans for the UK". electrive.com. <https://www.electrive.com/2023/01/17/byd-reveals-dealership-network-plans-for-the-uk> [2] Total Loss GAP (2024). "BYD Electric Cars: UK Dealer Network to Nearly Double by End of 2025". Total Loss GAP. <https://totallossgap.co.uk/blog/post/byd-electric-cars-uk-dealer-network-to-nearly-double-by-end-of-2025/607> [3] AM Online (2025). "BYD hits 100 UK retail sites in just 29 months". AM Online. <https://www.am-online.com/news/byd-hits-100-uk-retail-sites-in-just-29-months> [4] BYD Europe (2023). "BYD unveils five pure electric vehicles in France". BYD Europe. <https://www.byd.com/eu/news-list/byd-unveils-five-pure-electric-vehicles-in-france.html> [5] Automobile Propre (2025). "Avec cette nouvelle offre de financement, BYD vise aussi le marché des flottes en France". Automobile Propre. <https://www.automobile-propre.com/articles/avec-cette-nouvelle-offre-de-financement-byd-vise-aussi-le-marche-des-flottes-en-france> [6] BYD España (2025). "BYD alcanza 100 concesionarios en España y amplía su red". BYD España. <https://www.byd.com/es-es/news-list/byd-alcanza-100-concesionarios-y-...>

# Germany, Italy and the Nordics are medium conversion-risk markets where BYD must still prove distribution stability, service capacity and fleet readiness despite large BEV pools and leasing partnerships.


## GERMANY: LARGE BEV PRIZE BUT DISTRIBUTION RESTRUCTURING AND LIMITED FLEET EVIDENCE

 **Germany BEV registrations:** 524,219 in 2023 and 380,609 in 2024, making it one of Europe's largest affordable-BEV battlegrounds.

 **BYD launch footprint:** seven dealer partners named across Munich, Berlin, Hamburg, Stuttgart, Frankfurt, Cologne and Ravensburg; nationwide dealership network with partners including Hedin, Reisacher, Reiss, Senger, Stern Auto, Stern Partner and Torpedo.


 **2024 reset:** In August 2024, BYD Automotive GmbH agreed to acquire the German distribution business from Hedin Mobility Group, transferring Hedin Electric Mobility GmbH and two pioneer stores in Stuttgart and Frankfurt, while BYD Automotive GmbH would operate three sales points in Mannheim, Kaiserslautern and Saarbrücken.


Clarification: seven-partner launch network vs three direct sales points plus two transferred pioneer stores describe different layers of the channel and are not a >50% same-metric discrepancy requiring reconciliation.

 **Financing:** evidence mainly via promotional retail offers through CA Auto Bank in Germany, including 0% examples on selected models and dealer-linked participation, rather than a clearly documented broad fleet-leasing ecosystem.


Implication: Germany classified as medium conversion risk today; BYD must show that direct control delivers denser service, smoother financing and stronger fleet confidence over the 3–5 year time horizon.


## ITALY & NORDICS: CREDIBLE SECOND WAVE BUT THINNER PASSENGER-CAR PROOF

 **Italy launch June 2023:** three dealer groups—Autotorino, Barchetti and Intergea via Theorema and Car Village—covering initial stores in Milan, Brescia, Verona, Turin and Florence, with expansion planned to Como, Bergamo, Udine, Modena, Trento and Bolzano in July 2023.

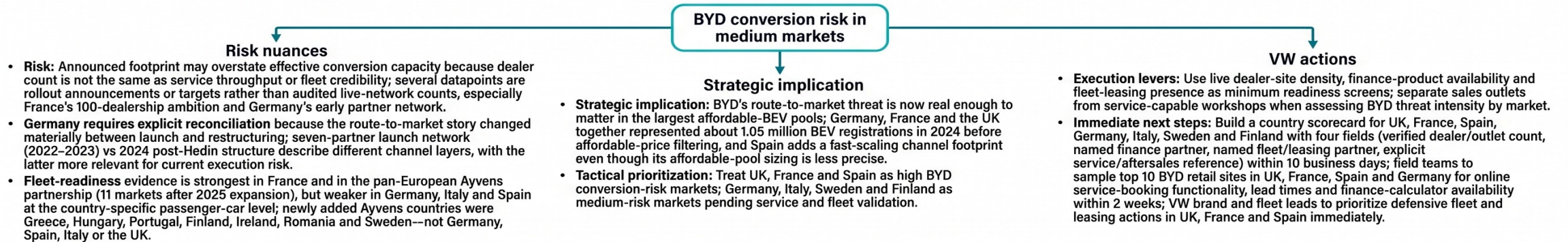
 **Italy:** BYD and Autotorino opened the first Italian Pioneer Store in Milan's Piazza del Duomo on 31 July 2023. **Italy:** Verified factbase does not yet provide equivalent Italy-specific retail-finance or fleet-leasing evidence compared with the UK, France or Spain.

 **Nordics:** BYD-Ayvens leasing partnership expanded in 2025 to seven new countries including Sweden and Finland, bringing total European markets covered to 11; newly added countries were Greece, Hungary, Portugal, Finland, Ireland, Romania and Sweden—not Germany, Spain, Italy or the UK.

 **Sweden:** Distribution moved to direct under BYD Sweden AB in July 2025 while retaining Hedin Automotive Sweden as an authorized retailer. **Sweden:** Verified sources do not provide Sweden-specific

 dealer counts, service-site density or broad retail-finance detail beyond isolated pricing and financing references; passenger-car route-to-market evidence remains thinner than in core markets. **Norway:** EVs at 89% of new-car sales in 2024 and BEV share above 90% in Q1 2024, but average new-car price around €48,000 reduces direct overlap with the ≤€35k affordable battlefield. **Conclusion:** Italy, Sweden and Finland screen as medium conversion-risk markets, while Norway is strategically relevant but less central to the ≤€35k mainstream threat, based on affordable price definition and time horizon.

## RISKS, NUANCES & TACTICAL IMPLICATIONS FOR VW



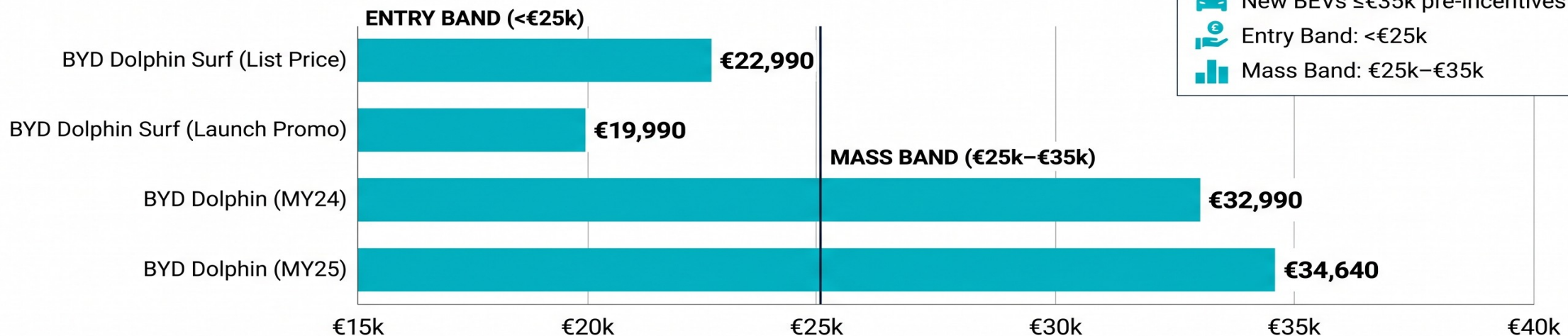
## 2.4

### BYD Competitive Position in Europe's Affordable BEV Segment

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# BYD is a uniquely dangerous affordable-EV challenger because it combines cross-band price coverage, strong product specs, current European scale, and visible localisation momentum.

## BYD PRICE BANDS AND PRODUCT SPECIFICATIONS (GERMANY)



**AFFORDABLE BEV BAND DEFINITION**

- New BEVs ≤€35k pre-incentives
- Entry Band: <€25k
- Mass Band: €25k-€35k

BYD Dolphin Range: 427 km (WLTP-equivalent), 100 kW DC fast charging; BYD Dolphin Surf Range: up to 322 km (WLTP depending on trim)

## BYD SCALE AND LOCALISATION ADVANTAGE

**BYD EU27+UK+EFTA REGISTRATIONS (2025)**

**128,827**

Broader-Europe sales (2025 sensitivity case): 187,112

**HUNGARY (SZEGED) PLANT CAPACITY**

**200,000**

Vehicles per year; series production targeted 1H 2026

**LOCALISATION MOMENTUM**

Hungarian commercial-vehicle footprint expanding

**No other challenger in this factbase combines sub-€25k access, €25k-€35k coverage, large current European scale, and visible localisation momentum simultaneously.**

Sources: [1] Provided factbase / public registration series (2025). "BYD EU registrations in 2025". \*Public registration series\* [2] Provided factbase / public sales series (2025). "BYD broader-Europe sales in 2025". \*Public sales series\* [3] Carwow Germany (2025). "BYD Dolphin Surf Test 2026 | Konfigurator & Preise". \*Carwow\*. <https://www.carwow.de/byd/dolphin-surf> [4] EV Database (2023). "BYD DOLPHIN 60.4 kWh (MY24) (2023-2025) price and specifications". \*EV Database\*. <https://ev-database.org/car/1919/BYD-DOLPHIN-604-kWh> [5] EV Database (2025). "BYD DOLPHIN 60.4 kWh (MY25) (2025-2026) price and specifications". \*EV Database\*. <https://ev-database.org/car/3297/BYD-DOLPHIN-604-kWh> [6] EV Database (2025). "BYD DOLPHIN SURF 43.2 kWh Comfort (2025-2026) price and specifications". \*EV Database\*. <https://ev-database.org/car/3195/BYD-DOLPHIN-SURF-432-kWh-Comfort> [7] Electrive (2024). "Electric Renault 5 starts at 32900 euros". \*Electrive\*. <https://www.electrive.com/2024/05/21/electric-renault-5-starts-at-32900-euros> [9] Citroën / Stellantis Media (2024). "CITROËN REVEALS THE ALL-NEW É-C3, THE FIRST EUROPEAN AFFORDABLE ELECTRIC CAR". \*Stellantis Media\*.

# Europe's affordable-BEV reset is broader than BYD, with incumbents and Asian challengers now filling sub-€25k and low-€30k gaps across price, range and localisation.

## AFFORDABLE-BEV COMPETITOR PRICE BANDS AND SPECS

Model	Key Price Points By Market (€, £)	Battery / Range (km or miles)	Charging (AC/DC kW)	Localisation / Production Notes
<b>Dacia Spring Electric 100</b>	<b>€18,700 DE; £16,990 UK</b>	<b>24.0 kWh</b> usable; <b>225 km WLTP-class</b>	<b>40 kW DC</b>	Refreshed Electric 100 version
<b>Citroën ë-C3</b>	<b>€23,300</b> base; planned <b>€19,990</b> version	<b>200 km / 320 km</b> variants	Up to <b>97 kW DC</b>	Trnava, Slovakia production
<b>Fiat Grande Panda EV</b>	<b>&lt;€25,000</b> Europe; <b>€24,990 DE; UK ~£20,995–£21,035</b>	<b>44 kWh; 199 miles</b> WLTP	<b>100 kW DC</b>	European Stellantis production program
<b>Renault 5 E-Tech</b>	<b>€24,900–€25,000</b> entry; <b>€32,900</b> higher-spec	<b>312–412 km</b> WLTP	<b>100 kW DC</b>	Douai, France production
<b>Hyundai Inster</b>	<b>€23,900 DE; €24,295 NL</b>	<b>39.0 kWh</b> usable; <b>255 km EVDB</b> real range	<b>11 kW AC; 73 kW DC;</b> battery preconditioning	-
<b>MG4</b>	<b>€28,420 DE; €28,990 FR</b>	<b>51 kWh;</b> up to <b>350 km</b> WLTP	<b>117–135 kW DC</b>	-

### MARKET-WIDE REPRICING OF AFFORDABLE BEVs

#### PRICE-FLOOR AND MASS-BAND ANCHORS



##### ENTRY-BAND PRICE FLOOR

- Dacia Spring is the outright price floor in Germany at **€18,700** and in the UK at **£16,990** for the refreshed Electric 100.
- Citroën ë-C3 positioned as “the first European affordable electric car” with **€23,300** base and **€19,990** planned lower-range version.



##### MASS-BAND ANCHORS

- Fiat Grande Panda and Hyundai Inster add further sub-**€25k** pressure points in Germany and broader Europe.
- MG4 continues to anchor the **€28k–€29k** mass hatchback zone in Europe.

# Volkswagen faces a two-front affordability challenge: BYD's superior proposition and scale, and a wider field of localised challengers, constrain pricing power over the next 24-36 months.

## STRUCTURAL PRESSURE ON VW ECONOMICS AND PRICING

KPI scorecard

**2.9%**

**VW Passenger Cars 2024 operating margin**

limiting room for broad-based price defense

**≈100 bps**

**Acceptable blended EBIT erosion base case**

framing why broad price-led defense is risky

**UP TO 35.3%**

**EU countervailing duties on China-made BEVs**

affecting BYD and MG economics

🕒 Time horizon: 3–5 years client-defined strategic window; decision anchor: next 24–36 months.

## LOCAL INCUMBENT RESPONSES THAT ERODE BYD'S UNIQUE EDGE

### Renault Localisation (Douai, France)



- **Renault 5** manufactured at Douai; **100,000 Renault 5** E-Tech EVs built by Dec 2025.
- Reports around **900 vehicles per day** at Douai.
- **Renault 5** accounts for roughly **two-thirds of output**.



### Stellantis Localisation (Trnava, Slovakia)

- **Citroën ë-C3** localised in Trnava with €23,300 base pricing.
- **€19,990** lower-range version planned for 2025.
- Localised offers can neutralise BYD's "cheap imported outsider" narrative.

## TACTICAL EXECUTION LEVERS FOR VW

### 1. Competitive framing

Benchmark all affordable-BEV actions against challenger basket (BYD Dolphin Surf/Dolphin, Renault 5, Citroën ë-C3, Fiat Grande Panda, Hyundai Inster, Dacia Spring, MG4).

### 2. Country-price architecture

Track entry-band (<€25k) and mass-band (€25k–€35k) list and promotional pricing monthly in DE/FR/UK/ES/IT on minimum-common-equipment basis.

### 3. Localisation and timing trigger

Escalate defensive actions if BYD Hungary passenger-car output ramps in 1H 2026 while VW lacks meaningful ID.2-class availability within 36 months.

### 4. Margin-defense sensitivity

Test 0%, 3% and 5% effective price-gap scenarios versus challenger basket and flag where defense exceeds acceptable EBIT envelope (within 2 weeks).







# 3

## Affordable BEV Switching Risk: Retail and Fleet Context

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# Volkswagen's affordable-BEV switching risk is concentrated in a few price- and practicality-led variables, requiring selective country- and channel-specific defense rather than a pan-European price war.

## SWITCHING DRIVERS AND COUNTRY/CHANNEL RISK PATTERN

-  • **Retail:** Monthly payment or upfront price, charging access, usable range as key switching variables
-  • **Brand trust/software/warranty** as tie-breakers
-  • **Fleet:** Monthly lease cost, tax-adjusted TCO, residual-value confidence, service uptime
-  • **Germany:** Clearest **high-risk** market for switching
-  • **Spain:** Likely **next-highest risk**, less-evidenced classification
- **France and UK:** **Medium-elastic** markets for different reasons
- **Italy:** Mixed, with stronger **retail affordability sensitivity** than fleet defensibility
-  • **ICE and PHEV substitutes** weaken economics of defending every retail BEV shopper
- Analysis exclusively from **public sources**, based on public\_info\_only constraint
- Conclusions use **3–5 year time horizon**
- Duration of entry-band exposure depends on **id2\_availability\_assumption**
- **Volkswagen Passenger Cars' 2024 operating margin: 2.9%**, forming base for defense decision

## CLIENT-DEFINED DEFENSE PARAMETERS AND ASSUMPTIONS

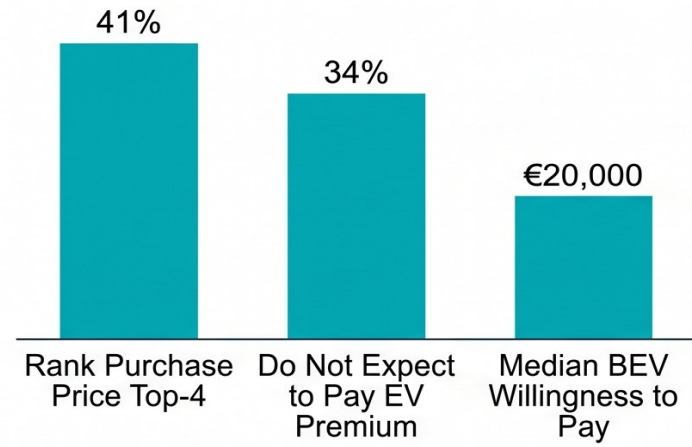
- ≤€35k**  
**Affordable price definition**  
(new BEVs pre-incentives; entry <€25k; mass €25k–€35k)
- 3–5 years**  
**Time horizon**  
(client-defined decision window)
- 36 months**  
**ID.2 availability assumption**  
(ID.2-class production and availability)
- ≈100 bps**  
**Acceptable EBIT erosion base**  
(blended erosion acceptable; >100bps requires evidence of loss)
- 25,000 km/year**  
**Fleet utilization TCO threshold**  
(BEV operating-cost advantages are materially stronger)
- Public sources only**  
**Public-information-only evidence base**  
(excludes proprietary dealer transaction data)

## KEY TAKEAWAY

**Selective, country- and channel-specific defense** is recommended rather than a pan-European price war, given Volkswagen's **2.9% operating margin** which forms a base against margin-destructive actions.

# Retail switching to BYD is primarily affordability-led, with Germany, France, Italy, UK, and Spain showing consistent price-first driver hierarchies and acute exposure in the <€25k band where BYD undercuts Volkswagen.

## AFFORDABLE-BEV RETAIL DECISION HIERARCHY AND PAN-EUROPEAN WILLINGNESS TO PAY



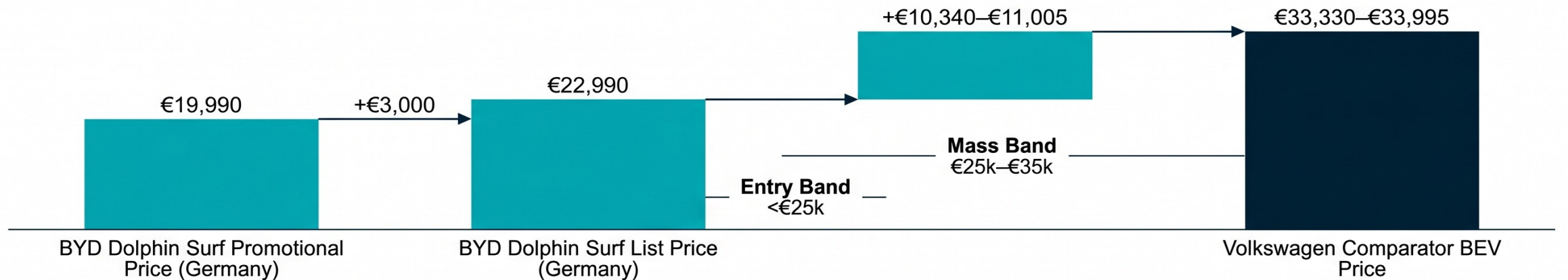
- **Germany:** Too expensive, insufficient range, inadequate charging infrastructure as main barriers. Incentives materially affect purchase intent.
- **France & Italy:** Cost, lack of private charging, insufficient public charging, and range concerns consistently rank above softer attributes.

## COUNTRY RETAIL DRIVERS AND VW EXPOSURE VS BYD

Country	Retail Driver 1	Retail Driver 2	Retail Driver 3	VW Exposure vs BYD
Germany	Price / monthly payment	Charging access	Range	High
France	Price	Private/public charging	Range	High
Italy	Price	Charging access	Range	High
UK	Monthly payment / upfront cost	Home/public charging	Battery confidence	High
Spain	Incentive-adjusted affordability	Infrastructure practicality	Range	Medium-High
Pan-Europe	Purchase price	Range	Brand/environmental openness	Medium-High

■ High Exposure ■ Medium-High Exposure

## ENTRY-BAND PRICE GAP: BYD DOLPHIN SURF VS VW ID.3-CLASS BEV



Entry band below €25k is structurally most acute for Volkswagen where BYD presents a simple affordability story. In the €25k–€35k band, switching is still affordability-led, but charging speed, software maturity, ride quality, and incumbent trust matter more.

Sources: [1] Escalent (2023). "One in Three Europeans Does Not Want To Pay Such a High Premium for Electric Vehicles, New Study Reveals". Escalent. [2] European Alternative Fuels Observatory (2024). "Consumer Monitor 2023 Country Report: Germany". EAFO. [3] European Alternative Fuels Observatory (2024). "Consumer Monitor 2023 Country Report: France". EAFO. [4] European Alternative Fuels Observatory (2024). "Consumer Monitor 2023 Country Report: Italy". EAFO. [5] McKinsey & Company (2025). "E-Autos werden beliebter - dennoch wollen 52% der Käufer:innen einen Verbrenner". McKinsey Germany Press. [6] International Energy Agency (2026). "Trends in electric cars". Global EV Outlook 2026. [16] Carwow Germany (2025). "BYD Dolphin Surf Test 2026 | Konfigurator & Preise". Carwow. [17] EV Database (2024). "Volkswagen ID.3 Pure (MY24-26)". EV Database. [18] electrive (2026). "Germany: VW ID.3 Neo starts at 33,995 euros". electrive.com. [19] BYD Deutschland (2026). "BYD Angebote & Aktionen 2026". BYD Deutschland. [20] BYD Europe (n.d.). "BYD DOLPHIN: Agile and Versatile Hatchback". BYD Europe. [21] InsideEVs (2019). "Volkswagen Reveals ID.3 Charging Power, Battery Warranty". InsideEVs.

# Fleet and market-behavior evidence show Germany as the highest-elasticity, most defensible TCO-led market, with Spain, France, UK, and Italy requiring differentiated affordability and substitution-aware defenses against BYD.

## FLEET/B2B SWITCHING ECONOMICS AND COUNTRY DEFENSIBILITY

**Fleet buyers switch on economics they can model:** monthly lease cost and tax-adjusted TCO first, residual-value confidence second, service uptime third.

**Germany live lease offers:** Volkswagen Financial Services advertised ID.3 at **€249/month** on **48 months**, **10,000 km/year**, **€890** down payment.

**Transport & Environment business-driver case:** uses **27,000 km** per year over four years and finds BEVs already the cheapest option for business drivers in many European contexts.

**Germany live lease offers:** BYD Germany advertised Dolphin Comfort at **€224/month** with **€6,000** down payment.

**Arval:** BEV economics improving structurally even as total fleet costs rose **27%** from 2020 to 2025.

Those offers are not directly comparable, but BYD's headline monthly advantage is narrower than sticker-price optics suggest once upfront cash is normalized.

**Germany:** BEV company cars up to **€100,000** list price taxed at **0.25%** of list price per month vs **1%** for ICE, with additional charging-related tax support.

**Spain and Italy:** less clean TCO-defense markets because public tax signal is weaker or less complete; stronger pricing or product intervention more likely needed.

**UK and France:** defensible because fleet-heavy channels and company-car tax treatment materially favor EVs.

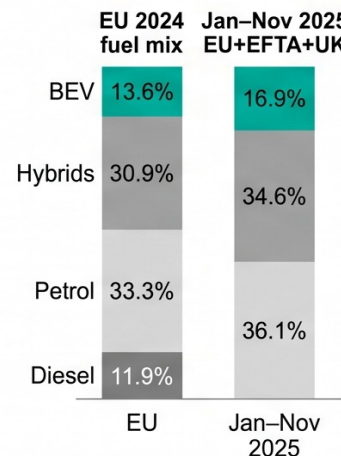
Conclusions depending on high-mileage fleet economics apply based on the assumed fleet\_utilization\_tco\_threshold of 25,000 km/year.

## FLEET DRIVER TABLE: WHERE VW CAN DEFEND MAINLY THROUGH TCO/RESIDUALS

Country	Fleet driver 1	Fleet driver 2	Fleet driver 3	VW can defend mainly through TCO/residuals?
Germany	Lease cost / BIK	Residual values	Service uptime	✓ Yes
UK	Lease cost / BIK	Residual values	Service uptime	✓ Yes
France	Tax-adjusted TCO	Lease cost	Residual values	✓ Yes
Spain	Incentives / lease cost	TCO	Service support	✓ Partly
Italy	Lease cost	TCO	Product/pricing	✓ Partly

■ Yes ■ Partly

## MARKET ELASTICITY, SUBSTITUTION, AND DEFENSE POSTURE BY COUNTRY



<b>Germany</b>	<b>27.4% decline</b> BEV* (from 524,219 to 380,609)	<b>High Elasticity</b> Strong tactical affordability + fleet defense
<b>Spain</b>	<b>+48% / +60% / +68.8%</b> Jan/Feb/Mar 2025	<b>High elasticity (conditional)</b> Selective affordability support
<b>Italy</b>	BEV registrations up materially	<b>Medium-High elasticity</b> Selective affordability + product support
<b>UK</b>	BEV growth with fleet-heavy channel	<b>Medium elasticity</b> Lease/TCO-led defense
<b>France</b>	Limited total-volume change	<b>Medium elasticity</b> Eligibility-aware, monthly-payment-led defense
<b>Chinese-brand PHEVs</b>	<b>6.5x increase</b> (1,493 to 9,649) April 2024 to 2025	<b>Rising substitution intensity</b>

**KEY TAKEAWAY** Fleet and market-behavior evidence show Germany as the highest-elasticity, most defensible TCO-led market, with **Spain, France, UK, and Italy** requiring differentiated affordability and substitution-aware defenses against BYD.

# 3.1

## Volkswagen BEV Retail Exposure by Country and Price Band



# Affordable-BEV buyers across Europe are led by price first, then charging and range, making Volkswagen's retail defense fundamentally affordability-constrained by band and country.

## AFFORDABILITY & RANGE AS PRIMARY EUROPEAN BEV RETAIL DRIVERS



## QUALITATIVE HIERARCHY OF DRIVERS

- Across priority countries, upfront price or monthly affordability is the primary retail switching trigger, with charging access and usable range as the second decision layer.
- Brand trust, software/usability, warranty, and design serve as tie-breakers in the affordable battlefield.
- At a pan-European level, affordability is the primary barrier, with median willingness to pay around €20,000 and few models priced below €30,000.

COUNTRY & BAND	RANKED DRIVERS & VW VS BYD EXPOSURE	
Germany entry <€25k	1 Price/monthly payment, 2 Charging access, 3 Minimum range, 4 Brand trust, 5 Software/usability	High
Germany mass €25k–€35k	1 Price/monthly payment, 2 Range, 3 Charging speed/access, 4 Software/usability, 5 Brand trust/warranty	Medium-High
France entry <€25k	1 Price, 2 Private charging, 3 Public charging, 4 Range, 5 Brand/warranty	High
France mass €25k–€35k	1 Price, 2 Range, 3 Charging access, 4 Warranty, 5 Brand trust	Medium
Italy entry <€25k	1 Price, 2 Public charging, 3 Private charging, 4 Range, 5 Brand/warranty	High
Italy mass €25k–€35k	1 Price, 2 Charging access, 3 Range, 4 Warranty, 5 Brand trust	Medium
UK entry <€25k	1 Monthly payment / upfront cost, 2 Home charging, 3 Public charging, 4 Battery confidence, 5 Brand trust	High
UK mass €25k–€35k	1 Monthly payment, 2 Charging access, 3 Battery confidence/range, 4 Software/usability, 5 Brand trust	Medium
Spain entry <€25k	1 Incentive-adjusted affordability, 2 Infrastructure practicality, 3 Range, 4 Brand, 5 Design	Medium-High
Spain mass €25k–€35k	1 Incentive-adjusted affordability, 2 Infrastructure, 3 Range, 4 Brand, 5 Design/usability	Medium

### EVIDENCE LIMITATIONS & ASSUMPTIONS ON DRIVER SPLIT

- ⚠ Country-level driver rankings rely on broad EV-consumer studies and EAFO reports rather than surveys isolated to affordable-BEV retail buyers; the band split is inferred from willingness-to-pay, model availability, and offer structures rather than directly observed segmentation.
- ⚠ Spain's driver ranking is built from incentive and market-behavior proxies rather than a directly comparable consumer-driver survey, making its exposure assessment less evidenced than Germany, France, and Italy.
- ⚠ The band-specific driver split—entry band more affordability led; mass band more balanced across affordability, range, charging, and usability—is an assumption inferred from the factbase rather than directly measured in a single survey.

# Volkswagen faces its sharpest structural retail exposure in the sub-€25k entry band, where BYD's Dolphin Surf undercuts on price and monthly payment while meeting minimum range and charging thresholds.

## ENTRY-BAND AFFORDABILITY CONTEXT & VW STRUCTURAL GAP



**Affordability:** Median willingness to pay ~**€20,000**; fewer than **10%** of BEV models <€30,000. Sub-€25k is center of mass-market.



**Product gap:** Volkswagen lacks a true in-market VW-branded answer in the **sub-€25k** entry band.



**Price disadvantage:** Volkswagen is disadvantaged on upfront price and likely disadvantaged on monthly-payment headline.



**Brand/software advantage:** Volkswagen is **advantaged** on software/usability maturity and likely advantaged on brand trust among mainstream buyers.

Note: This analysis depends on future Volkswagen entry-band availability; without that, sub-€25k exposure would be more severe for longer.

## GERMANY ENTRY-BAND OFFER COMPARISON: BYD DOLPHIN SURF VS VW ID.3

Model	Country	Price/offer	WLTP range (km)	Max DC charge (kW)	Retail implication
BYD Dolphin Surf Active	Germany	€22,990 list; €19,990 launch promo	220 km	65 kW	Inside entry band; clears affordability threshold
BYD Dolphin Surf Boost	Germany	€24,990	322 km	85 kW	Upper entry band; stronger utility
BYD Surf private lease	Germany	€124/month + €6,000 upfront; 48m; 5,000 km/yr	N/A	N/A	Very strong headline monthly affordability
Volkswagen ID.3 Pure / Neo	Germany	€33,330–€33,995	~388–425 km	120–125 kW	Outside entry band; cannot defend on price alone

## ENTRY-BAND DRIVER PRIORITY & FINANCE-OFFER NUANCES

**Entry-band buyer:** most price-sensitive; affordability dominates

**BYD Surf lease headline:** €124/month, €6,000 upfront, 48m, 5,000 km/yr

**VW response:** focus on monthly-payment competitiveness, not list-price cuts

# In the €25k-€35k mass band, Volkswagen's exposure shifts from core vehicle capability to monthly payment, equipment value, and warranty, with country-specific intensity and rising Chinese-brand openness.

## GERMANY MASS-BAND PROPOSITION: BYD DOLPHIN VS VW ID.3



Metric	BYD Dolphin (MY24/MY25)	VW ID.3 (Pure/Neo)
Price (MY24 / MY25)	€32,990 / €34,640	€33,330 / ~€33,995
WLTP Range	427 km	388–425 km
Usable Battery	60.5 kWh	Various (implied by range)
DC Charging Speed	100 kW, 30–80% in 29 min	120–125 kW peak
Battery Warranty	8-year/250,000 km	8-year/160,000 km (70% retention)

## MASS-BAND ATTRIBUTE COMPARISON & UK MONTHLY-PAYMENT PROXIES

Key Driver	BYD vs VW Outcome		VW Exposure	VW Rating (Harvey Ball)
	<span style="color: green;">■</span> Advanced <span style="color: lightgreen;">■</span> Good <span style="color: orange;">■</span> Basic <span style="color: grey;">■</span> Limited			
Sticker price	BYD slight advantage / parity depending on model year		Disadvantaged to parity	●
Monthly payment proxy	BYD advantage in public offers		Disadvantaged	●
WLTP range	Broad parity / slight BYD edge		Parity	●
DC charging speed	<b>VW advantage</b> (120–125 kW vs 100 kW)		<b>Advantaged</b>	●
Equipment value	BYD advantage in reviews		Disadvantaged	●
Battery warranty mileage	BYD advantage (250,000 km vs 160,000 km)		Disadvantaged	●
Software / usability	<b>VW advantage</b> in reviews		<b>Advantaged</b>	●
Ride / long-trip confidence	<b>VW advantage</b> in reviews		<b>Advantaged</b>	●
Safety headline	Both 5-star Euro NCAP		Parity	●
Brand trust proxy	VW incumbent advantage; Chinese-brand trust rising but still lower		<b>Advantaged but eroding</b>	●

**UK Monthly-Payment Proxies:** BYD Dolphin private lease examples cluster around **£277–£285** per month over 48 months, while Dolphin Surf examples cluster around **£254–£287** per month over 48 months, and BYD UK PCP offers show Surf at **£219–£259** per month with 0% APR and low deposits on 49-month terms.

## COUNTRY-SPECIFIC MASS-BAND RISK INTENSITY & STRATEGIC IMPLICATIONS

<p> <b>Germany:</b> 19% interested in Chinese brands, 16% buy without price advantage, 51% see Chinese manufacturers as leading in BEVs; brand relevance rank 15 (BEV) vs 7 (ICE).</p> <p>• <b>France:</b> Only 13 BEV models in €20k–€35k, ~5% of BEV models, avg range 217 km.</p> <p>• <b>Italy:</b> 43% expect to buy within 0–5 years, 16% not considering BEVs.</p>	<p> <b>UK:</b> 60% cite purchase price barrier, 33% nowhere to charge, 25% short battery life, 56% recharging concerns.</p> <p>• <b>Spain:</b> Private BEV sales reached <b>50,464</b> in 2024.</p> <p>• <b>Conclusion:</b> Across all five markets, Volkswagen's exposure is highest where BYD can present a simple affordability story and lowest where the buyer has already accepted the BEV price premium and starts to care more about software polish, charging speed, and trust in daily use.</p>
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Sources: [1] Escalent (2023). "One in Three Europeans Does Not Want To Pay Such a High Premium for Electric Vehicles, New Study Reveals". \*Escaleant\*. <<https://escalent.co/news/one-in-three-europeans-does-not-want-to-pay-such-a-high-premium-for-electric-vehicles-new-study-reveals>> [3] European Alternative Fuels Observatory (2024). "Consumer Monitor 2023 Country Report: France". \*EAFO\*. <<https://alternative-fuels-observatory.ec.europa.eu/system/files/documents/2024-07/FR%20Report%20EC%20LAYOUT-FINAL.pdf>> [5] McKinsey & Company (2025). "E-Autos werden beliebter - dennoch wollen 52% der Käufer:innen einen Verbrenner". \*McKinsey Germany Press\*. <<https://www.mckinsey.de/news/presse/2025-05-06-consumer-survey>> [6] European Alternative Fuels Observatory (2024). "Consumer Monitor 2023 Country Report: Italy". \*EAFO\*. <[https://alternative-fuels-observatory.ec.europa.eu/system/files/documents/2024-06/Country%20Report%202023%20Italy\\_1.pdf](https://alternative-fuels-observatory.ec.europa.eu/system/files/documents/2024-06/Country%20Report%202023%20Italy_1.pdf)> [7] ERM for the UK Climate Change Committee (2025). "Understanding the tail of the electric vehicle transition". \*Climate Change Committee\*. <<https://www.theccc.org.uk/wp>>

## 3.2

### Fleet-Defense Framework: TCO, Lease-Rate Support, Tax Advantages and Uptime

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# Volkswagen should prioritize a fleet-defense strategy built on TCO, lease economics and tax asymmetries in Germany, UK and France rather than pan-European list-price cuts.

## WHY FLEET DEFENSE MUST BE TCO- AND LEASE-LED, NOT PRICE-LED

### CONTEXT: FINANCIAL CONSTRAINTS

- Volkswagen passenger-car operating margin was only **2.9%** in 2024, leaving limited room for broad list-price reductions.

### CONTEXT: TCO DYNAMICS

- Total fleet TCO rose **27%** between 2020 and 2025, peaking around **~30%** in 2023, yet BEV economics improved relative to ICE as residual values strengthened and electrification matured.

### CONTEXT: BEV BUSINESS CASE

- Transport & Environment uses a **27,000 km/year**, four-year case and concludes BEVs are already the cheapest option for business drivers in most European contexts, explicitly incorporating charging installation, financing and residual value assumptions

### CONTEXT: TIME & UTILIZATION

- Analysis framed over a **3–5 year** time horizon, with BEV operating-cost advantages assumed materially relevant above a directional **25,000 km/year** fleet-utilization TCO threshold

## KEY FLEET/B2B DECISION DRIVERS

**MONTHLY LEASE & EMPLOYEE TAX BURDEN**

**RESIDUAL-VALUE CONFIDENCE**

**SERVICE UPTIME & CHARGING SUPPORT**  
because downtime destroys fleet economics

### OUTCOME:

**DEFEND FLEET SHARE VIA TCO/LEASE, NOT LIST-PRICE CUTS**

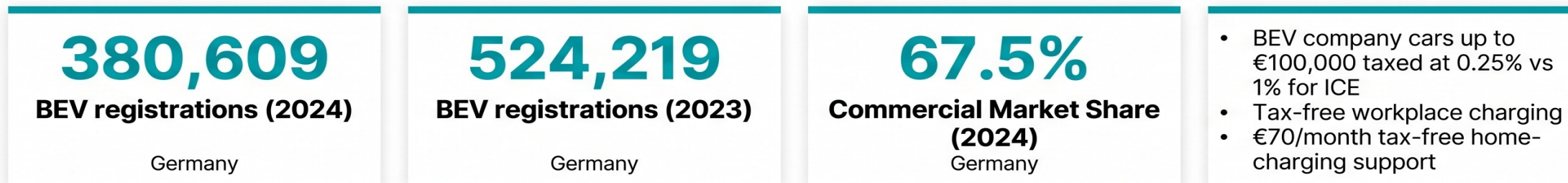
COUNTRY	KEY FLEET/B2B DECISION DRIVERS (PUBLIC EVIDENCE)	VW DEFEND MAINLY THROUGH TCO/RESIDUALS?	DIRECTIONAL READ
UK	Fleet-heavy channel, company-car tax pull, lease affordability and residuals.	Mainly through TCO/residuals	Strong TCO/lease defense market
Germany	Large fleet channel, favorable EV company-car tax, lease-rate competition and service trust.	Mainly through TCO/residuals	Strong TCO/residual defense market
France	Strong EV tax treatment, fleet uptake and TVS/ownership-tax advantages.	Mainly through TCO/residuals	Strong TCO/tax defense market
Spain	Incentives and some tax relief but weaker company-car tax steering.	Partly through TCO/residuals	Needs sharper pricing/offer support
Italy	Lower BEV penetration and less clear fleet-tax asymmetry.	Partly through TCO/residuals	Mixed; product/pricing still matters
Norway	Very high EV adoption but EV-specific company-car tax edge reduced since 2023.	Partly through TCO/residuals	Competitive on product/operations, not tax edge alone
Sweden	High EV adoption and some tax deductions for charging/benefit value.	Partly through TCO/residuals	Defendable, but smaller volume pool
Finland	€170/month taxable-value reduction for BEV company cars through 2025.	Mainly through TCO/residuals selectively	Policy-supportive but smaller volume pool
Denmark	High EV adoption with standard company-car tax formula plus environmental supplement.	Partly through TCO/residuals	Lease competitiveness critical, not tax edge alone

Note: Strategic conclusions are framed over a 3–5 year time horizon. BEV operating-cost advantages assumed to become materially relevant above a directional **25,000 km/year** fleet-utilization TCO threshold.

# Germany provides the clearest proof that Volkswagen can defend affordable-BEV fleet share via lease-rate engineering and service confidence rather than matching BYD's sticker prices.

KPI SCORECARD

## GERMANY: SCALE, FLEET RELEVANCE AND EV-FRIENDLY TAX REGIME



### Germany: Live Lease Offers – VW ID.3 vs BYD Dolphin

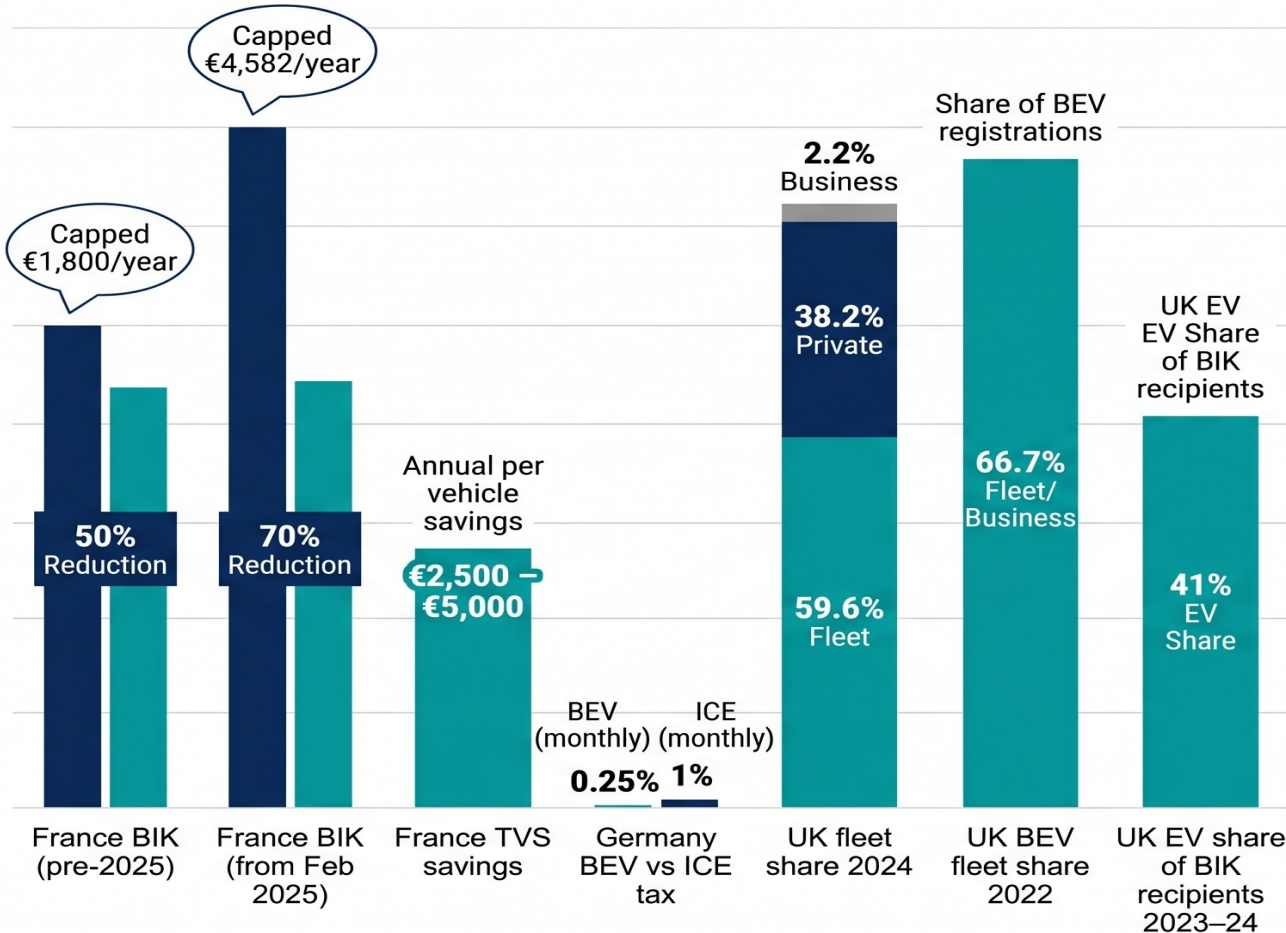
**Annotation:** BYD's apparent monthly advantage shrinks after adjusting for €6,000 vs €890 down payments and mileage.

Model / offer source	Term (months)	Annual km	Down payment	Monthly rate	Notes
<b>VW ID.3 Pro</b> (Volkswagen Financial Services, Germany, Jan–Feb 2025)	48	10,000	<b>€890</b>	<b>€249</b>	Private lease promo
<b>VW ID.3 Neo</b> (Volkswagen Germany leasing page)	Not specified	Not specified	Not specified	<b>€268</b>	Plus special payment
<b>BYD Dolphin Comfort</b> (BYD Germany 2026)	48	10,000	<b>€6,000</b>	<b>€224</b>	Including VAT
<b>BYD Dolphin Surf Active</b> (BYD Germany 2026)	48	5,000	<b>€6,000</b>	<b>€124</b>	Entry model, lower mileage
<b>VW ID.3 market offers</b> (LeasingMarkt.de)	Varying	Varying	Varying	<b>€209–€923</b>	Varying terms, mileage and down payments

Sources: [2] Kraftfahrt-Bundesamt (2024). "Fahrzeugzulassungen im Dezember 2023 - Jahresbilanz". KBA. <[https://www.kba.de/DE/Presse/Pressemitteilungen/Fahrzeugzulassungen/2024/pm01\\_2024\\_n\\_12\\_23\\_pm\\_komplett.html](https://www.kba.de/DE/Presse/Pressemitteilungen/Fahrzeugzulassungen/2024/pm01_2024_n_12_23_pm_komplett.html)> [5] International Council on Clean Transportation (2025). "European Market Monitor: Cars and Vans (November 2025)". ICCT. <<https://theicct.org/publication/european-market-monitor-cars-and-vans-nov-2025>> [18] European Alternative Fuels Observatory (n.d.). "Incentives and Legislation | Germany". EAFO. <<https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/germany/incentives-legislations>> [20] Volkswagen Financial Services AG (2025). "Drive electric - drive ID.3". Volkswagen Financial Services. <<https://www.vwfs.com/en/media/press-releases/2025/Drive-electric---drive-ID-3.html>> [21] Volkswagen Deutschland (n.d.). "Leasing Privatkunden | Angebote und Produkte". Volkswagen Deutschland. <<https://www.volkswagen.de/de/angebote-und-produkte/leasing.html>> [25] BYD Deutschland (2026). "BYD Angebote & Aktionen 2026". BYD Deutschland. <<https://www.byd.com/de/angebot-2026>> [27] LeasingMarkt.de (2026). "VW ID.3 Leasing Angebote: Günstig & ohne

# Tax advantages, residual-value dynamics and service uptime are the critical non-price levers for defending BEV fleet share in the UK, France and Spain/Italy.

## TAX & FLEET PULL – UK AND FRANCE



## SPAIN/ITALY TAX SIGNALS AND RESIDUAL-VALUE & SERVICE LEVERS

**TAX** Spain offers incentives (MOVES III, Programa Auto+) but tax rules do not sufficiently favor ZEVs over fossil alternatives.

**Italy** remains secondary market with lower BEV penetration; weaker evidence on company-car tax asymmetry implies need for stronger pricing/product intervention.

**Autovista 2025 outlook:** BEV RVs fell in 2024 across Italy, France, Austria, Switzerland, Germany; Spain and UK more stable. 2027 expected to decline ~1% average across Europe.

BYD expanded Ayvens leasing partnership to 11 European countries; advertises three parts warehouses in Netherlands, Sweden, UK.

BYD provides remote diagnostics through FleetLink. Verified factbase lacks quantified service-center density or uptime metrics.

Sources: [3] Society of Motor Manufacturers and Traders (2025). "Record EV market share but weak private demand frustrates ambition". SMMT. <https://www.smmt.co.uk/record-ev-market-share-but-weak-private-demand-frustrates-ambition> [4] UNRAE (2025). "Mercato auto 2024: 1.558.704 immatricolazioni (-0,5%)". UNRAE. <https://unrae.it/sala-stampa/autovetture/6997/mercato-auto-2024-1558704-immatricolazioni-05> [9] European Alternative Fuels Observatory (n.d.). "Incentives and Legislation | France". EAFO. <https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/france/incentives-legislations> [10] FRADECO (2025). "New Rules for the Valuation of Company Cars in France". FRADECO. <https://en.fradeco.fr/new-rules-for-the-valuation-of-company-cars-in-france> [17] Beev (n.d.). "Tout sur les avantages en nature pour les véhicules électriques". Beev. <https://www.beev.co/en/avantages-en-nature> [18] European Alternative Fuels Observatory (n.d.). "Incentives and Legislation | Germany". EAFO. <https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/germany/incentives-legislations> [19] GOV.UK (2025). "Benefit in kind statistics"

# 3.3

## European Affordable-BEV Market Elasticity by Country



# Germany and Spain are the most price-elastic affordable-BEV markets, with Italy next, the UK and France medium, and Norway structurally low elasticity for a BYD-led price attack.

## AFFORDABLE-BEV ELASTICITY RANKING AND OBSERVED DEMAND RESPONSE BY COUNTRY

Country	Observed demand response	Elasticity class	Why it matters for BYD
Germany	BEV registrations <b>524,219</b> (2023) to <b>380,609</b> (2024), <b>-27.4%</b>	High	Clear subsidy-removal shock shows buyers react strongly to affordability
Spain	EV registrations Jan <b>+48%</b> , Feb <b>+60%</b> , Mar <b>+68.8%</b> YoY in <b>2025 after MOVES III continuity</b>	High	Incentive continuity appears to unlock rapid demand acceleration
Italy	BEV registrations <b>64,500</b> (2024) to <b>94,973</b> (2025), <b>+47.2%</b>	High-Medium	Demand responds strongly when affordability support improves
UK	BEV registrations <b>~314,687</b> (2023) to <b>381,970</b> (2024), <b>+21.4%</b>	Medium	Growth is real but heavily fleet- and mandate-mediated
France	BEV registrations <b>298,522</b> (2023) to <b>291,143</b> (2024), <b>-2.5%</b>	Medium	Policy changes shifted eligible demand and origin mix more than total volume
Norway	BEV share <b>82%</b> (2023) to <b>89%</b> (2024), <b>+7 pp</b>	Low	Mature EV market remained resilient despite tax tightening

## TACTICAL PRIORITISATION BY ELASTICITY TIER

### Tier 1 tactical affordability markets: Germany and Spain

- High elasticity: visible monthly-payment support and tactical entry-price actions

### Tier 2 selective affordability markets: Italy and UK

- Medium elasticity: lease/TCO support and targeted promotions

### Tier 3 differentiation-led market: France

- Low elasticity: brand, software, service, and residual-value defense

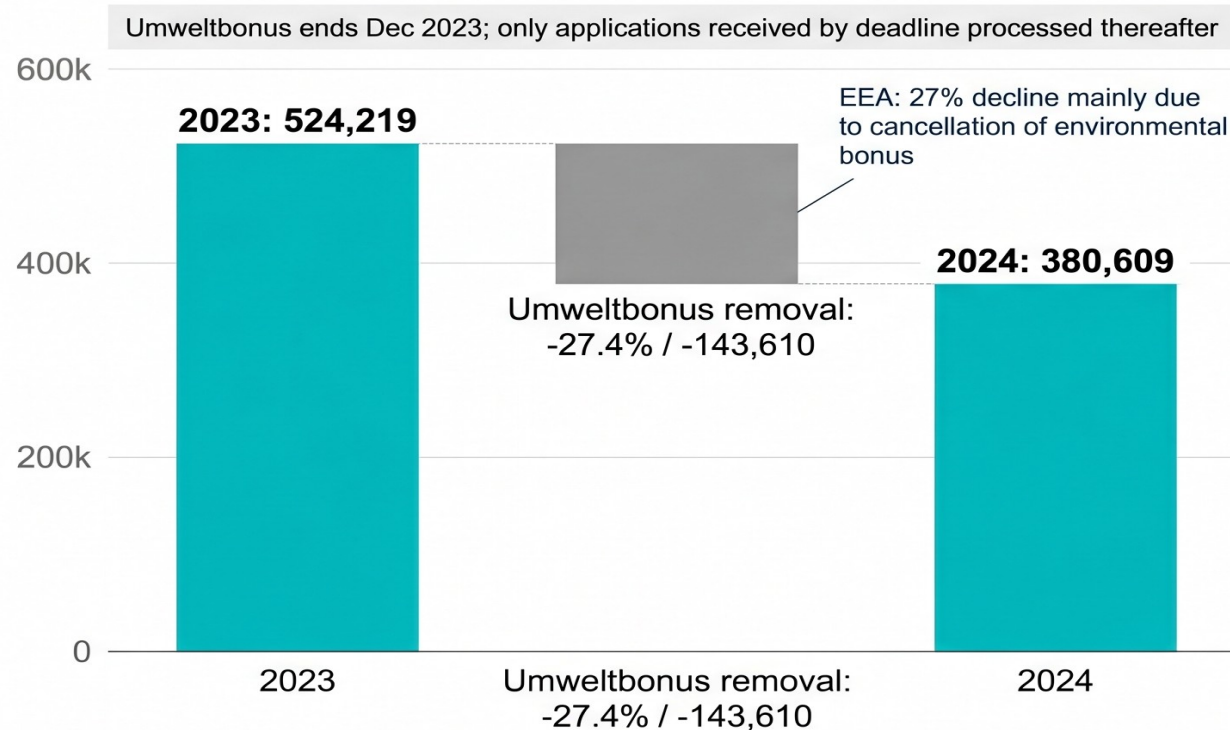
### Low-priority affordability market: Norway

- Low elasticity: brand, software, service, and residual-value defense

Note: Norway is structurally low elasticity.

# Germany provides the clearest high-elasticity proof point, with a 27.4% BEV registration drop after Umweltbonus removal, making it Volkswagen's top tactical affordability battleground.

## GERMANY'S BEV DEMAND SHOCK AFTER UMWELTBONUS REMOVAL



## GERMAN CONSUMERS REMAIN HIGHLY AFFORDABILITY-SENSITIVE



EAFO lists BEVs being too expensive among the top disadvantages for German buyers



McKinsey identifies high purchase prices and incentives as major determinants of BEV choice in Germany



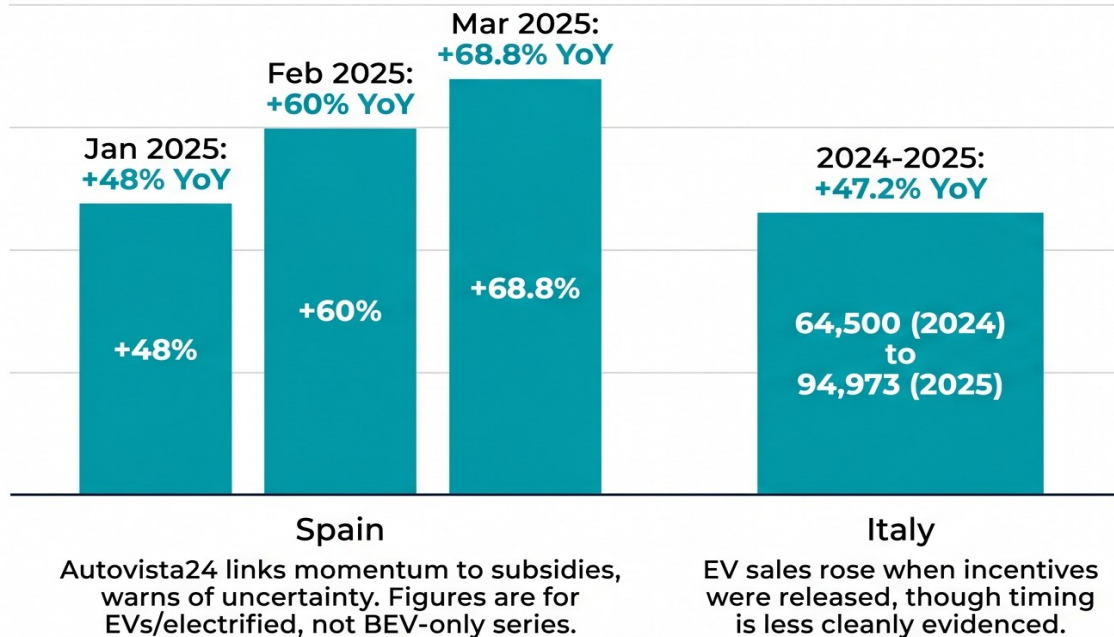
Germany is also one of the largest affordable-BEV pools in Europe, making observed elasticity highly material for Volkswagen

**KEY TAKEAWAY: Germany provides the clearest high-elasticity proof point, making it Volkswagen's top tactical affordability battleground.**

# Spain, Italy, the UK, France, and Norway show distinct elasticity patterns and evidence gaps that should shape Volkswagen's country-specific affordable-BEV playbook.

## SPAIN AND ITALY: HIGH / HIGH-MEDIUM ELASTICITY WITH EVIDENCE NUANCES

Spain MOVES III parameters: €400m funding, grants up to €7,000, charging support up to 70%



## UK, FRANCE, NORWAY: MEDIUM VS LOW ELASTICITY DRIVERS



### UK

BEV registrations grew ~**21.4%** (2023-2024), from inferred ~314,687 to **381,970** (+67,283 units).  
Fleet: **59.6%** of all new-car registrations (2024), **66.7%** of BEV registrations (2022).  
Growth heavily fleet/mandate-mediated.



### France

BEV registrations declined **-2.5%** (298,522 in 2023 to **291,143** in 2024), showing resilient volume.  
Ecological-bonus redesign excluded low-score vehicles; extra-European EV share would have been +3.5 pp higher without social leasing.



### Norway

BEV share rose from **82%** (2023) to **89%** (2024).  
Government reports **88%** EV share in new passenger cars by end-2024. Weight-based tax & VAT VAT above NOK 500,000 threshold applied.  
**Average new-car price ~€48,000** in 2024, largely above ≤€35k affordable definition.

## KEY TAKEAWAY

Evidence gaps (e.g., Spain's lack of a harmonized official BEV-only series, inferred UK 2023 baseline) and their implications (e.g., Norway's prices above affordable definition) must shape Volkswagen's country-specific affordable-BEV playbook.

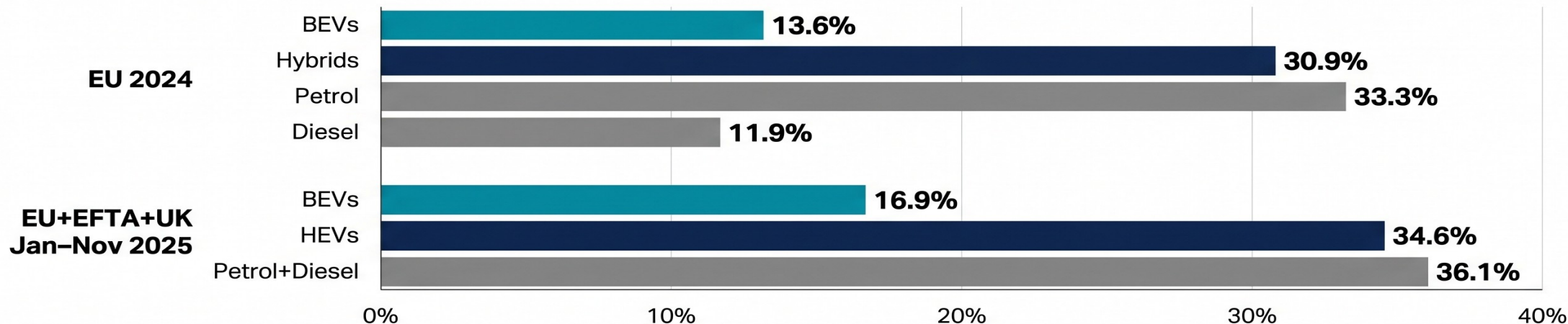
# 3.4

## Market- and Channel-Specific BEV Defense Intensity



# Non-BEV substitution materially shrinks the affordable-BEV prize pool but does not neutralize BYD's growing threat, requiring calibrated rather than indiscriminate defense.

## EU POWERTRAIN MIX SHOWS PERSISTENT NON-BEV SUBSTITUTION (RETAIL CONTEXT)



Retail affordability and charging anxiety mean ICE and PHEV remain credible substitutes in Germany, France, Italy, Spain and parts of the UK. Many entry and mass-market shoppers can still exit the BEV funnel entirely if Volkswagen forces BEV conversion without a compelling affordability case.

## BYD IS GAINING SCALE INSIDE EUROPE'S EV POOL DESPITE SUBSTITUTION

**187,112**

EV units, FY2025 Europe

**4.8% EV share**

vs 1.7% in 2024

↗ 271.8% YoY growth

**>40%**

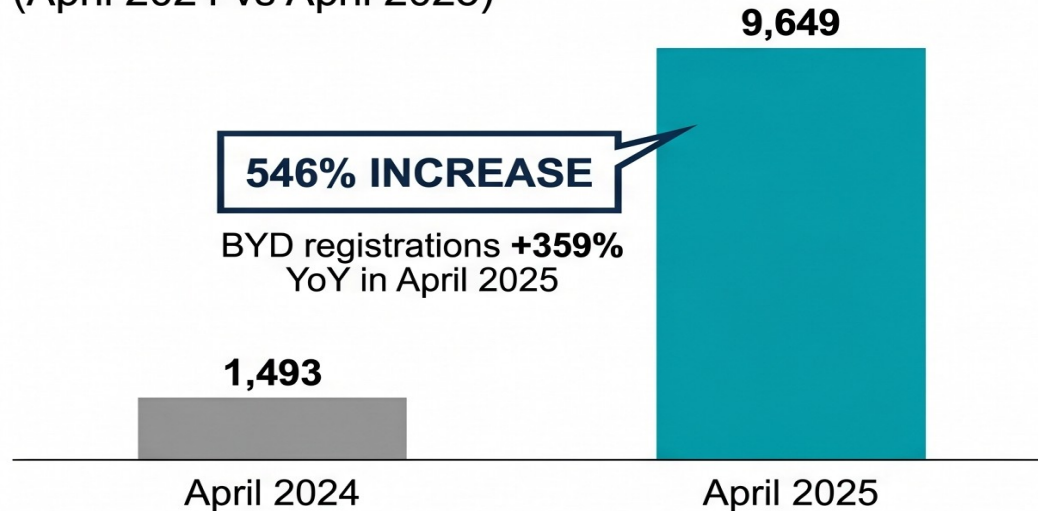
H1 2025 vs FY2024 volumes driven by Seal U PHEV

Substitution shrinks the BEV pool but BYD is still scaling.

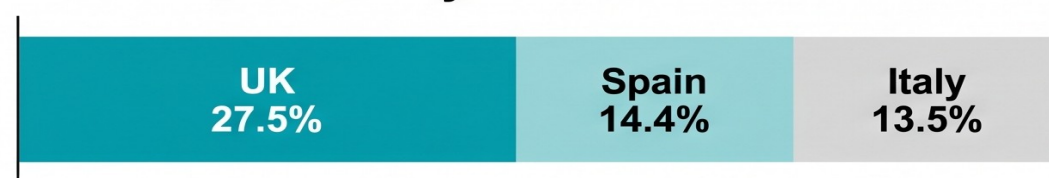
# PHEVs both intensify BYD's expansion and vary substitution risk by country, so Volkswagen cannot treat them as a natural shield in affordable BEVs.

## PHEVs AS BYD EXPANSION LEVER RATHER THAN PURE SUBSTITUTE

Chinese-brand PHEV registrations in Europe  
(April 2024 vs April 2025)



## BYD H1 2025 Country Mix



## COUNTRY-SPECIFIC SUBSTITUTION RISK IN FLEET CHANNELS

	BEV tax treatment	PHEV tax treatment	ICE / comparator
<b>Germany</b>	0.25% of list price per month (up to €100k)	0.5% only if >=80 km electric range or <=50 g/km CO2	1% of list price per month
<b>UK</b>	3% benefit-in-kind in 2025–2026	3% to 15% for hybrids at 1–50 g/km (depending on range)	16%+ above 50 g/km CO2
<b>France</b>	More generous post-Feb 2025 framework; more favored than PHEVs and ICE	Less favored than BEVs	Least favored
<b>Italy</b>	10% or 25%*	20% or 35%*	50% base treatment or 60%*
<b>Spain</b>	Stronger on incentives/quotas	Count partly toward quotas until 2029	Evidence stronger on incentives/quotas than explicit company-car benefit rules

\*Fringe-benefit structures vary by source (legal summary vs. fleet-oriented)

# Given thin margins and asymmetric substitution, Volkswagen should concentrate BEV defense on fleet-heavy BEV-favorable markets and apply selective, channel-specific intensity in retail.

## STRUCTURAL AND FINANCIAL CONSTRAINTS ON BROAD BEV DEFENSE

<p><b>2.9% operating margin</b> Volkswagen Passenger Cars 2024</p>	<p><b>≈100 bps</b> assumptions acceptable blended EBIT erosion base</p>	<p><b>3–5 years</b> time horizon</p>
<p><b>ID.2 availability within 36 months</b></p>	<p><b>Affordable BEVs</b> ≤€35k pre-incentives (entry &lt;€25k; mass €25k–€35k)</p>	<p><b>Public-information-only</b> evidence base</p>

## RECOMMENDED DEFENSE INTENSITY BY COUNTRY AND CHANNEL

	Germany	UK & France	Italy & Spain	<b>SUBSTITUTION RISK LEVELS</b> <ul style="list-style-type: none"> <li><span style="color: teal;">●</span> <b>Low</b> (Germany, UK, France)</li> <li><span style="color: orange;">●</span> <b>Moderate</b> (Italy)</li> <li><span style="color: red;">●</span> <b>Moderate-High</b> (Spain)</li> </ul> <p>Tactical levers: focus on lease-rate support and uptime SLAs. Substitution-screening: prioritize shoppers inside BEV consideration set.</p>
<b>Fleet/ company-car</b>	<b>High fleet defense</b> via lease-rate engineering; justify active defense over list-price cuts.	<b>Meaningful defense</b> ; tax structures favor BEVs.	<b>Moderate defense</b> ; use lease-rate support, residual-value protection.	
<b>Retail</b>	<b>Selective defense</b> ; high affordability pressure, aggressive entry offers.	<b>Selective defense</b> , monthly-payment-led.	<b>Moderated defense</b> ; substitution to ICE/PHEV credible, less decisively BEV-only.	

Sources: [3] Escalent (2023). "One in Three Europeans Does Not Want To Pay Such a High Premium for Electric Vehicles, New Study Reveals". \*Escalent\*. <https://escalent.co/news/one-in-three-europeans-does-not-want-to-pay-such-a-high-premium-for-electric-vehicles-new-study-reveals> [4] International Energy Agency (2026). "Trends in electric cars". \*Global EV Outlook 2026\*. <https://www.iea.org/reports/global-ev-outlook-2026/trends-in-electric-cars> [5] European Alternative Fuels Observatory (n.d.). "Incentives and Legislation | Germany". \*EAFO\*. <https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/germany/incentives-legislations> [6] European Alternative Fuels Observatory (n.d.). "Incentives and Legislation | France". \*EAFO\*. <https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/france/incentives-legislations> [7] Volkswagen Group (2025). "Annual Report 2024". \*Volkswagen Group\*. <https://www.volkswagen-group.com/en/publications/more/annual-report-2024-2843> [8] McKinsey & Company (2025). "E-Autos werden beliebter - dennoch wollen 52% der Käufer:innen einen Verbrenner". \*McKinsey Germany

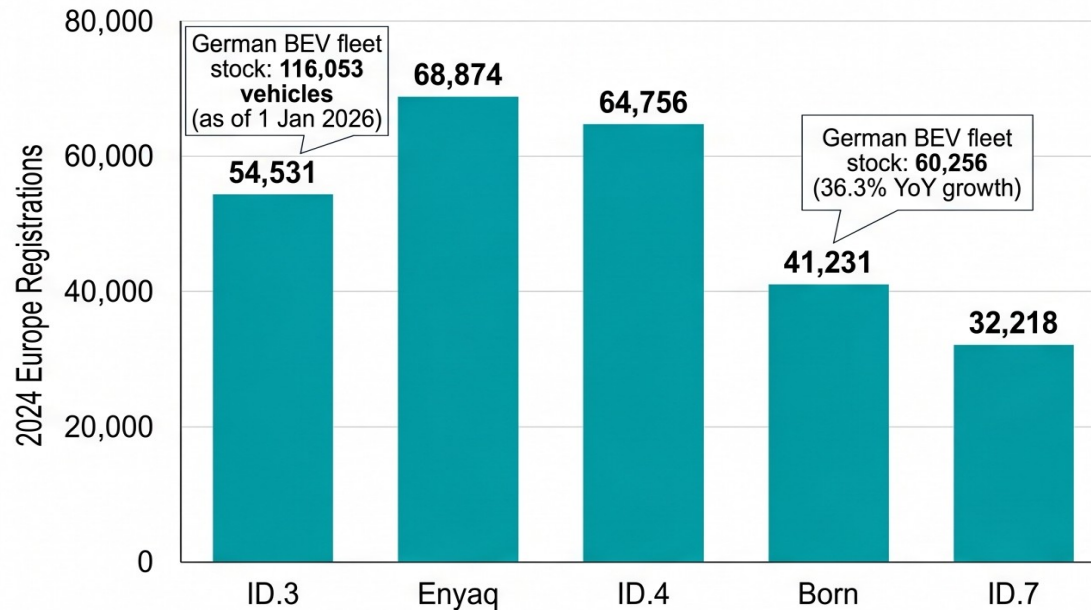
# 4

## Volkswagen Affordable-BEV Defense and Bridge Strategy

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# Volkswagen's affordable-BEV risk is concentrated in a few nameplates and markets, supporting a defend-first strategy in Germany hatchbacks and UK/France crossovers rather than a broad price war.

## EUROPE 2024 BEV REGISTRATIONS & FLEET EXPOSURE



## PRICE POSITIONING VS BYD & ŠKODA CROSSOVERS

Market/model	Brand	Key price points	Strategic note
Germany: ID.3 Neo vs Dolphin	Volkswagen vs BYD	ID.3 Neo: €33,995; BYD Dolphin Surf: €22,900 (regular), €19,900 (launch), €12,990 (promo w/ bonuses); Dolphin Comfort: €25,990 (list), €19,990 (w/ bonuses)	Significant price pressure; Dolphin Surf listed at €22,990 before temp reductions
France: Elroq & Enyaq	Škoda	Elroq starts at €35,590; Enyaq: €46,400–€46,950	Direct affordable crossover overlap with Elroq
UK: Elroq & Enyaq	Škoda	Elroq starts at £31,500; Enyaq: £39,000	Direct affordable crossover overlap with Elroq
Spain: Elroq	Škoda	Elroq starts at €28,250	Direct affordable crossover overlap
France: Dolphin Surf	BYD	Official model page: €19,990; Official offer page: €23,990	Prices differ by 20%, not more than 50%

## RANKED EXPOSURE BY NAMEPLATE (QUALITATIVE SUMMARY)

- 
**1 – Volkswagen ID.3 (Hatchback): 54,531** Europe registrations in 2024; Germany starting price €33,995; German BEV fleet stock 116,053
- 
**2 – Škoda Elroq (Crossover): France €35,590; UK £31,500; Spain €28,250;** direct affordable crossover overlap
- 
**3 – CUPRA Born (Hatchback): 41,231** Europe registrations in 2024; German BEV fleet stock 60,256
- 
**4 – Škoda Enyaq (Crossover): 68,874** Europe registrations in 2024; France €46,400–€46,950; UK £39,000
- 
**5 – Volkswagen ID.4 (Crossover): 64,756** Europe registrations in 2024; less directly in ≤€35k battlefield
- 
**6 – Volkswagen ID.7 (Sedan/Crossover): 32,218** Europe registrations in 2024; largely outside affordable-BEV scope

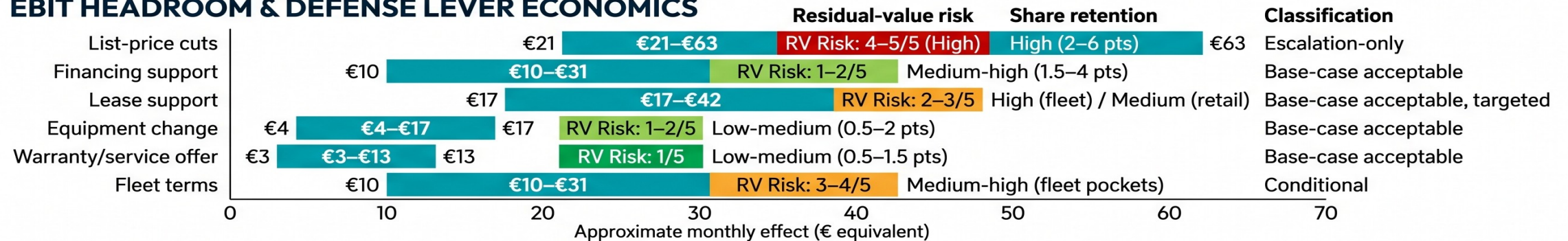
Sources: [1] InsideEVs (2025). "The 20 Best-Selling EVs Of 2024 In Europe". InsideEVs. <https://insideevs.com/news/749421/best-selling-evs-europe-2024> [2] Volkswagen Deutschland (2026). "Der neue ID.3 Neo: Jetzt konfigurieren". Volkswagen Deutschland. <https://www.volkswagen.de/de/modelle/der-neue-id3-neo.html> [3] BYD Deutschland (2026). "BYD Angebote & Aktionen 2026". BYD Deutschland. <https://www.byd.com/de/angebot-2026> [4] Elektroauto-News.net (2026). "BYD Dolphin Surf bis Ende März ab 12.990 Euro erhältlich". Elektroauto-News.net. <https://www.elektroauto-news.net/news/byd-dolphin-surf-unter-13000-euro> [5] electrive (2026). "VW ID.3 now Germany's most popular battery-electric car". electrive. <https://www.electrive.com/2026/04/28/vw-id-3-now-germanys-most-popular-battery-electric-car> [6] Škoda France (2026). "Škoda Elroq : le SUV compact 100% Électrique au Design Innovant". Škoda France. <https://www.skoda.fr/gamme/elroq/elroq> [7] Škoda UK (2025). "Škoda Elroq: Czech carmaker powers up production of its most affordable all-electric model". Škoda UK. <https://www.skoda.co.uk/news/details/skoda-elroq-czech-carmaker-powers-up-production-of-its-most-affordable-all-electric-model>

# Volkswagen faces a structural sub-€25k BEV gap until 2026, while payment-led tools can defend the €25k-€35k battlefield within a ~100bps EBIT guardrail if applied selectively.

## STRUCTURAL ENTRY-BAND GAP AND 2026 BRIDGE PRODUCTS

Market/model	Brand	Status	Entry price	Strategic read
Dolphin Surf (DE)	BYD	Live	€22,990 (pre-bonus)	Below €25k threshold, price pressure
Dolphin Surf (FR)	BYD	Live	€19,990 / €23,990	Aggressive entry pricing, 20% diff list vs offer
Dolphin Surf (UK)	BYD	Live	£21,975-£23,975 (OTR implied)	Undercuts all live VW Group equivalents
ID.3 Neo (DE)	Volkswagen	Live	€33,995	Mass market pricing, significant gap to entry band
ID.2	Volkswagen	Pipeline (2026)	<€25,000 (target)	Delayed bridge product, practical availability ~2026
Škoda Epiq	Škoda	Pipeline (Jul 2026)	from £24,950	Planned entry-band competitor, delayed
CUPRA Raval	CUPRA	Pipeline (2026)	~€22,785-€24,000	Performance-oriented entry-band, delayed

## EBIT HEADROOM & DEFENSE LEVER ECONOMICS



## PAYMENT-LED COMPETITIVE OFFERS (GERMANY & UK)

Germany Offers	Volkswagen ID.3	BYD Dolphin Comfort	UK Offers	BYD Dolphin Surf	Volkswagen ID.3
Monthly payment	€249	€224	Monthly payment	£219-£259	£319.18
Terms	48 months	n/a	APR	0% APR	n/a
Mileage	10,000 km/year	n/a	Customer Deposit	n/a	£4,629
Down payment	€890	€6,000	VW Contribution	n/a	£4,500

**Autovista Residual Value Metrics:** BEV RVs in Europe expected to fall **9.9%** in 2025; June snapshot shows BEVs retaining only **36.7%** of original list price after **36 months/60,000 km**

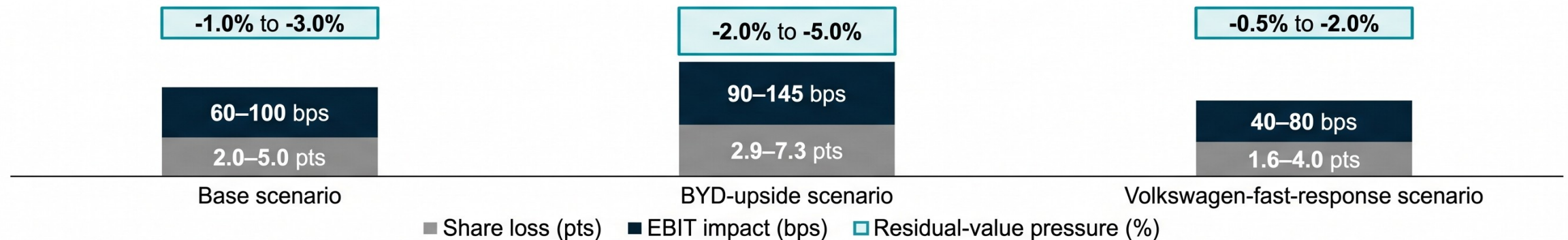
Sources: [3] BYD Deutschland (2026). "BYD Angebote & Aktionen 2026". BYD Deutschland. <https://www.byd.com/de/angebot-2026> [11] BYD (2025). "BYD Dolphin Surf 2025 - Petite citadine 100% électrique". BYD France. <https://byd-automobiles.com/fr/dolphin-surf> [12] Volkswagen Newsroom (2023). "World premiere of the ID.2all concept: the electric car from Volkswagen costing less than 25,000 euros". Volkswagen Newsroom. <https://www.volkswagen-newsroom.com/en/press-releases/world-premiere-of-the-id-2all-concept-the-electric-car-from-volkswagen-costing-less-than-25000-euros-15625> [13] BYD France (2026). "BYD DOLPHIN SURF | Offres du moment". BYD France. <https://www.byd.com/fr/offres-du-moment/dolphin-surf> [14] Volkswagen Group (2025). "Annual Report 2024". Volkswagen Group. <https://www.volkswagen-group.com/en/publications/more/annual-report-2024-2843> [15] Volkswagen Group (2025). "Annual Report & Full Year Results 2024". Volkswagen Group. <https://www.volkswagen-group.com/en/annual-report-and-full-year-results-2024-19005> [16] Volkswagen Financial Services AG (2025). "Drive electric - drive ID.3". Volkswagen Financial Services.

# Scenario analysis shows the base case already consumes most of Volkswagen's ~100bps EBIT tolerance, with BYD-upside the only case clearly breaching the guardrail and faster response reducing both share and residual-value damage.

## VOLUME AT RISK BY SCENARIO



## SHARE LOSS, EBIT IMPACT, AND RESIDUAL-VALUE PRESSURE



## CONDITIONAL DECISION RULE & EXECUTION GUARDRAILS

- Base-case pressure already absorbs most of the ~100bps EBIT tolerance at **60–100bps**; BYD-upside can exceed it at **90–145bps**; faster Volkswagen response reduces burden to **40–80bps**.
- Residual-value pressure pattern: base **-1.0% to -3.0%**; BYD-upside **-2.0% to -5.0%**; fast-response **-0.5% to -2.0%**. Autovista baseline for Europe 2025 expects **-9.9%** fall, with BEVs retaining **36.7%** of original list price.
- Stronger intervention justified only selectively in base and more broadly in escalation pockets under BYD-upside; faster affordable-product timing is the cleanest way to reduce both share and residual-value damage.
- Analysis built exclusively from public sources (public\_info\_only). Conclusions on entry-band gap closure depend on ID.2-class timing assumptions; conclusions on base-case tolerability depend on acceptable ~100bps EBIT erosion base.

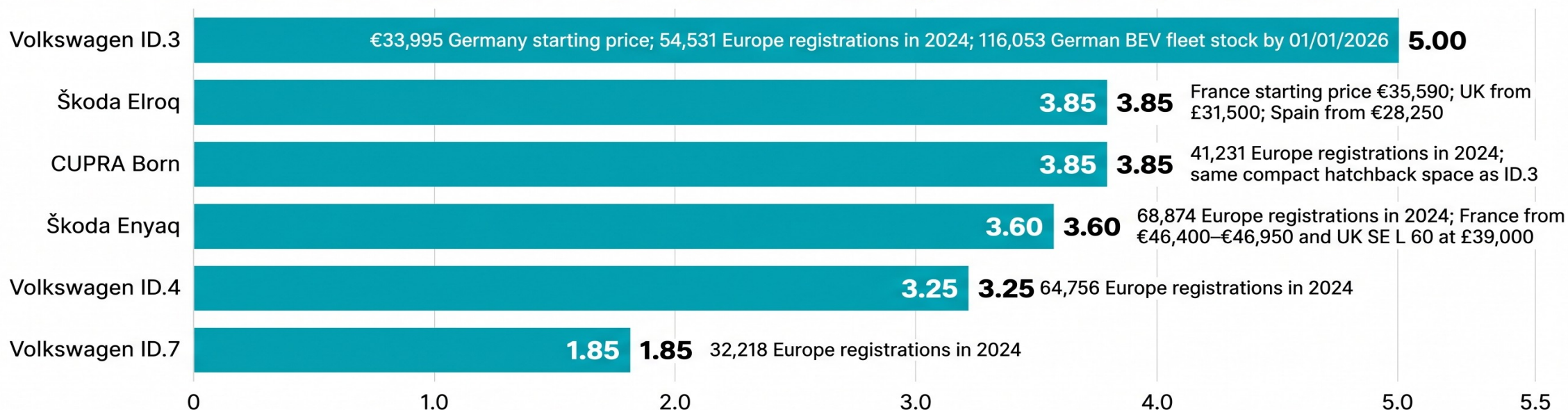
# 4.1

## BYD Exposure Across Volkswagen Group Models



# Volkswagen Group's immediate BYD exposure is concentrated in a small set of affordable BEVs, led by ID.3, Elroq, Born, and Enyaq rather than across the full volume-brand portfolio.

## MODEL-LEVEL BYD EXPOSURE RANKING (DIRECTIONAL, AFFORDABLE-BEV FOCUS)



### AFFORDABLE-BEV BATTLEFIELD & DECISION WINDOW ASSUMPTIONS

**affordable\_price\_definition:** New BEVs ≤€35k pre-incentives; entry <€25k; mass €25k–€35k — Client-defined segmentation used to determine whether a model sits in the immediate affordable-BEV battlefield.

**time\_horizon:** 3–5 years — Client-defined decision window for assessing structural threat and immediate exposure prioritization.

**data\_anchor\_selection:** EU27 + UK + EFTA registrations as primary anchor; broader-Europe only for sensitivity — Client-defined anchor for scale and exposure comparisons.



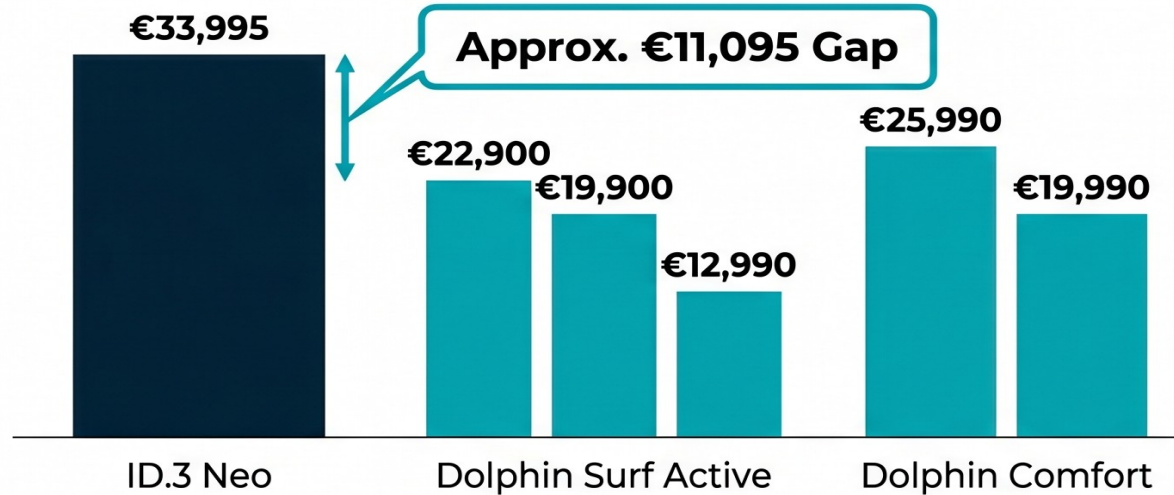
Volkswagen Group's highest immediate BYD exposure sits in a narrow set of affordable-BEV pockets rather than across the whole volume-brand portfolio. The most exposed models are **Volkswagen ID.3**, **CUPRA Born**, **Škoda Elroq**, and **Škoda Enyaq** because they combine direct overlap with BYD's Dolphin/Dolphin Surf and, in some markets, Atto 3; visible price disadvantage or weak price parity; and meaningful current volume or fleet relevance.



This ranking should be treated as directional, not definitive, because public sources do not consistently disclose model-level registrations by country or fleet-channel splits across all priority markets; **conclusions on the 3–5 year decision window** therefore remain conditional based on the assumed time\_horizon and subject to confirming actual country-model mix and fleet exposure.

# Volkswagen ID.3 and CUPRA Born face the most acute immediate BYD pressure due to Germany price gaps, large installed bases, and compact-hatchback overlap.

## ID.3 VS BYD DOLPHIN/DOLPHIN SURF – GERMANY PRICE GAP & FLEET SCALE



## ID.3 FLEET & REGISTRATIONS

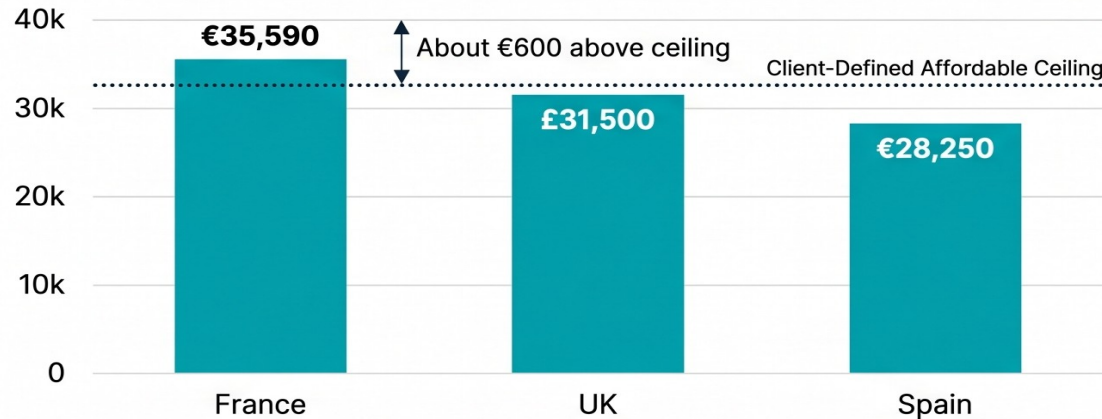


## CUPRA BORN – HIGH EXPOSURE WITH INCOMPLETE PRICING EVIDENCE

- Europe 2024 Registrations:** 41,231 units (Twelfth among BEVs)
- Germany Fleet Stock (Jan 2026):** 60,256 vehicles (Eighth overall, 36.3% YoY growth)
- Germany Q1 2026 Registrations:** Seat Born: 3,887 units (Tenth among BEVs); Seat/Tavascan: 3,224 units (Top 15)
- Incomplete Pricing Evidence:** Definitive current official Germany list price not captured in public sources; exposure ranking relies on segment overlap, installed base, and platform adjacency to ID.3 rather than fully evidenced price-gap calculation.

# Škoda's Elroq and Enyaq create two distinct BYD exposure pockets, with near-threshold Elroq pricing and higher-priced but fleet-visible Enyaq across key markets.

## ELROQ – AFFORDABLE CROSSOVER BATTLEGROUND NEAR CLIENT THRESHOLD



Elroq's €28,250 entry price in Spain places it directly in the same consideration zone as BYD Dolphin Surf and below many incumbent C-segment BEVs. Elroq is the more immediate affordable-BEV battleground because official starting prices are close enough to the client-defined ceiling to overlap directly with BYD's mass-market offer set.





## ENYAQ – FLEET-VISIBLE INCUMBENT ABOVE AFFORDABLE THRESHOLD

Enyaq Europe 2024 registrations: **68,874 units (4<sup>th</sup> among BEVs)**

Country	Elroq Starting Price	Enyaq Starting Price(s)	Key Gap
France	€35,590	€46,400–€46,950	Wide internal ladder, BYD opening below Enyaq
UK	£31,500	SE L 60: £39,000 / Edition 60: £40,100	£7,500 internal ladder gap (vs SE L 60)
Spain	€28,250	€31,700	Narrower gap, both exposed to BYD

Enyaq is less affordable by sticker price but still strategically exposed because it is a large-volume Volkswagen Group BEV and highly visible in fleet-heavy markets.

## COUNTRY POCKETS & BYD BEACHHEADS

- 
**Germany is the highest-risk immediate pocket.** Volkswagen Group has large BEV installed bases. BYD shows aggressive advertised pricing: ID.3 at €33,995 vs BYD Dolphin/Dolphin Surf ranging from €22,900 regular to €19,900 launch and €12,990 after bonuses in promotional communication.
  - 
**France is the next key pocket for Škoda crossover defense.** Elroq starts at €35,590 (near affordable threshold), while Enyaq starts around €46,400–€46,950, leaving a wide internal ladder and clear opening for BYD.
  - 
**The UK is similarly exposed in fleet and salary-car channels.** Elroq starts at £31,500 while Enyaq SE L 60 starts at £39,000, a £7,500 step-up before options.
  - 
**Spain is the clearest BYD retail beachhead.** BYD Dolphin Surf sold 3,484 units in 2025, BYD Atto 3 sold 2,319 (both in top-eight BEV ranking). Elroq entered from €28,250 and Enyaq from €31,700.
- Across the board, the immediate volume-at-risk is concentrated in compact hatchback and compact crossover BEVs rather than larger D-segment products.

## 4.2

### Volkswagen Group Affordable BEV Gaps (36-Month Window)



# Volkswagen Group faces a structural sub-€25k BEV gap today that is only bridgeable if 2026 ID.2-class launches achieve meaningful availability within the 36-month window.

## LIVE SUB-€25K ENTRY-BAND GAP VS BYD (GERMANY, FRANCE, UK)

Market / model	Brand	Status	Entry price	Price band
Germany Dolphin Surf	BYD	Live	€22,990	<€25k
France Dolphin Surf Active	BYD	Live	€19,990	<€25k
UK Dolphin Surf Boost	BYD	Live	£21,975	<£25k equivalent entry pocket
ID.3 Neo Germany	Volkswagen	Live	€33,995	€25k–€35k

- Volkswagen Group has no evidenced live volume-brand BEV below €25k today in the verified factbase, while BYD already does.
- In Germany, BYD Dolphin Surf is listed at €22,990 before temporary bonus-led reductions, with promotional pricing as low as €12,990 including bonuses; Volkswagen ID.3 Neo starts at €33,995 in Germany.
- In France, BYD Dolphin Surf is listed from €19,990 on the official model page and €23,990 on an official offer page, while Volkswagen France lists ID.3 from €34,990.
- These French Dolphin Surf figures differ by 20% for the same model and country; €19,990 appears to be the base Active trim list anchor, while €23,990 is the promoted offer/finance anchor for a higher or offer-specific configuration.
- For the decision at hand, €19,990 is the more appropriate anchor for mapping price-band coverage because the subproblem is about whether BYD occupies the entry band at all, not about financed monthly affordability.
- In the UK, BYD Dolphin Surf PCP pricing implies on-the-road prices of £21,975 for Boost and £23,975 for Comfort, while no in-scope Volkswagen Group volume-brand BEV is evidenced in the same entry pocket today.

## ANNOUNCED ID.2-CLASS RESPONSES AND BRIDGEABILITY (ASSUMED 36-MONTH WINDOW)

ID.2 Europe		Škoda Epiq UK		CUPRA Raval UK Origin	
Brand	Volkswagen	Brand	Škoda	Brand	CUPRA
Status	Announced for 2026	Status	Announced for Jul-2026	Status	Announced for 2026
Indicative Launch Timing	2026	Indicative Launch Timing	Jul-2026	Indicative Launch Timing	2026
Entry Price	<€25,000	Entry Price	£24,950, around €25,000	Entry Price	~£24,000 / £22,785

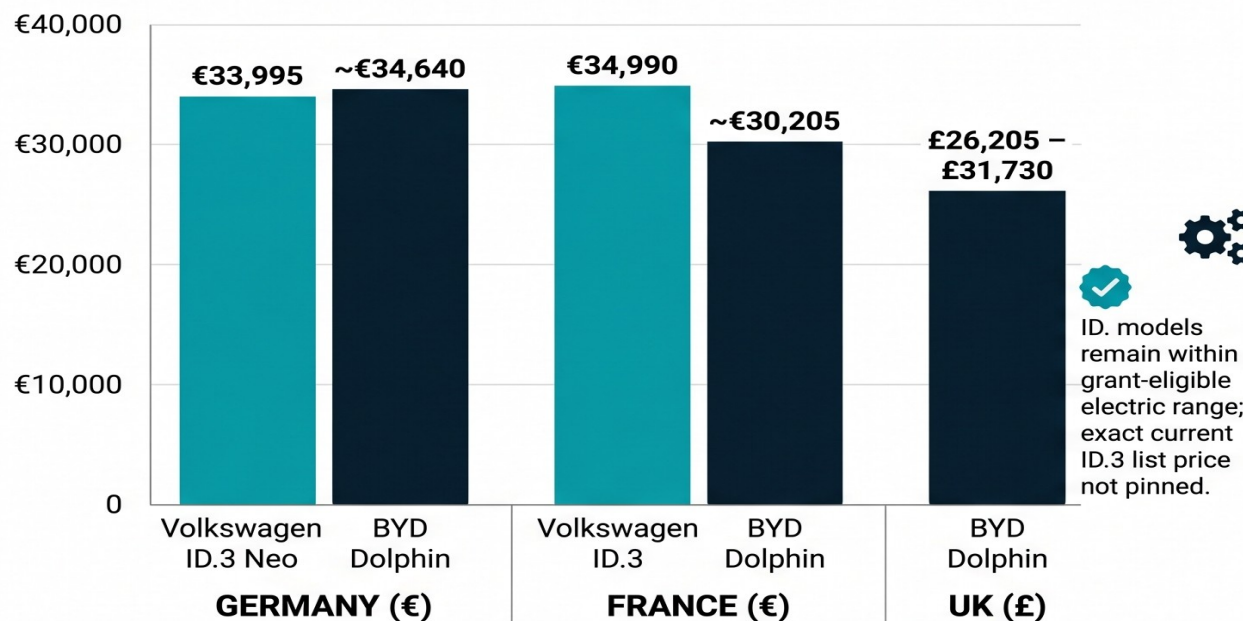
- The entry-car hole is bridgeable within 36 months based on the assumed id2\_availability\_assumption, because ID.2, Škoda Epiq and CUPRA Raval are all publicly positioned for 2026 launches at roughly €25k or below/near-below thresholds.
- This makes the entry gap bridgeable within 36 months based on the assumed id2\_availability\_assumption, but structurally open until those launches achieve meaningful availability based on the assumed id2\_availability\_assumption.

**\*\*ID.2 availability assumption:** ID.2-class production and meaningful market availability within 36 months — Client-selected moderate timing case used to judge whether Volkswagen Group can close the current entry-band gap within the response window.

# In the €25k-€35k hatchback band Volkswagen Group already has product presence, but BYD holds a timing-and-pricing edge that is commercially, not structurally, driven.

## AFFORDABLE HATCHBACK PRICE POSITIONING VS BYD (GERMANY, FRANCE, UK)

The €25k–€35k hatchback battlefield is contested, not a structural absence gap.



## COMMERCIAL CONSTRAINTS AND EXECUTION IMPLICATIONS



**Defend value perception** and transaction price over the next 36 months, rather than overusing discounts, as the issue is less about missing product.



**Volkswagen Passenger Cars reported only a 2.9% operating margin in 2024**, limiting room for broad price-led defense.



**Manage pricing, trim walk, financing and channel mix** more precisely than in the entry band, as the gap is bridgeable commercially rather than structurally.



**Use selective financing and trim-value support** in the €25k–€35k band rather than broad list-price cuts.



**Build a country-level transaction-price tracker** for Dolphin, Dolphin Surf, ID.3, Elroq and any announced pre-order pricing (within 10 business days).

### KEY TAKEAWAY

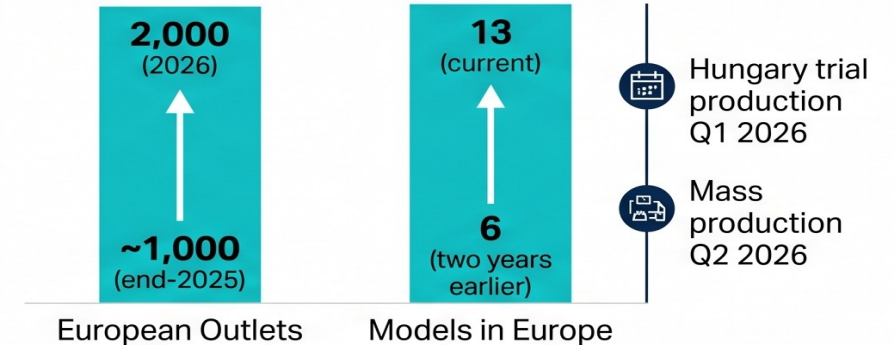
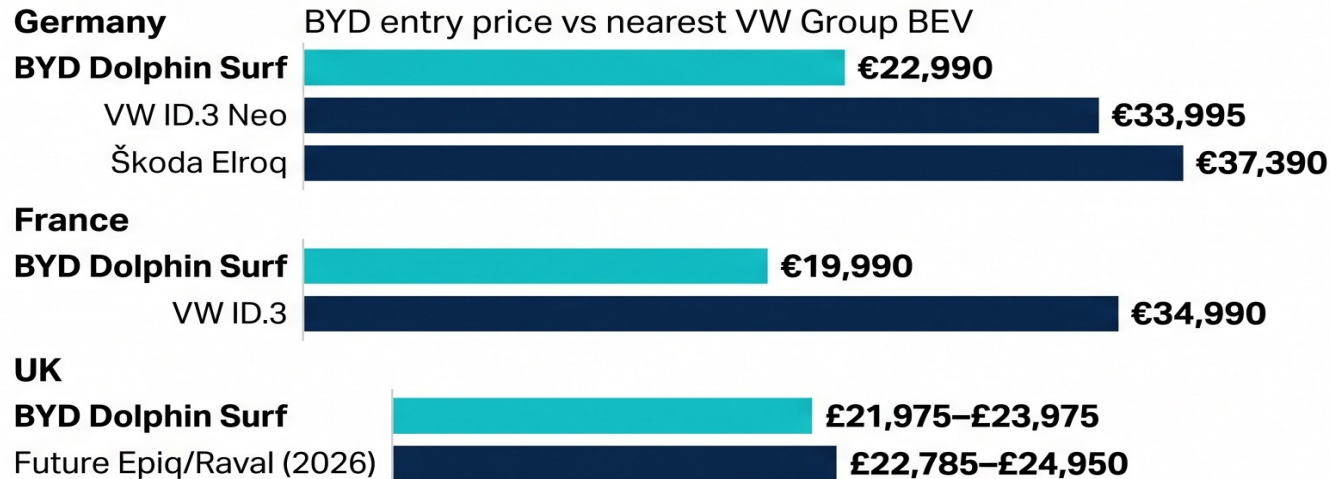
The gap is commercially bridgeable rather than structural: Volkswagen already has the product, but it must manage pricing, trim walk, financing and channel mix more precisely than in the entry band.

# Volkswagen Group's low-€30k crossover gap and Germany-led structural warning are amplified by BYD's rapid European expansion and localisation over the next 36 months.

## LOW-€30K CROSSOVER GAP VS BYD ATTO 2



## GERMANY, FRANCE, UK STRUCTURAL WARNING & BYD EXPANSION



**KEY TAKEAWAY:** The low-price crossover gap is **more structural** than the hatchback gap and is **amplified** by BYD's improving **route-to-market** and **localisation support**.

Sources: [2] BYD (2025). "BYD Dolphin Surf 2025 - Petite citadine 100% électrique". BYD France. <https://byd-automobiles.com/fr/dolphin-surf> [4] BYD UK (2026). "BYD DOLPHIN SURF Finance & PCP Offers". BYD UK. <https://www.byd.com/uk/purchase/dolphin-surf-pcp> [7] Carwow Deutschland (2026). "Skoda Elroq Test 2026 | Konfigurator & Preise". Carwow. <https://www.carwow.de/skoda/elroq> [8] Automobilsalon Bellemann (2026). "Skoda Elroq Preis 2026 Deutschland: was er wirklich kostet". Automobilsalon Bellemann. <https://automobilsalon-bellemann.de/news/skoda-elroq-preis-2026-deutschland> [9] Volkswagen Deutschland (2026). "Der neue ID.3 Neo: Jetzt konfigurieren". Volkswagen Deutschland. <https://www.volkswagen.de/de/modelle/der-neue-id3-neo.html> [11] Volkswagen France (2026). "ID.3 - La compacte 100% électrique à partir de 34 990€". Volkswagen France. <https://www.volkswagen.fr/fr/modeles-et-configurateur/id-3.html> [15] AM Online (2026). "Skoda Epiq EV priced from £24,950 for UK launch". AM Online. <https://www.am-online.com/news/skoda-epiq-ev-to-launch-below-25-000> [16] Car Division (2024). "New Skoda Epiq: A \$29,700 Electric SUV with

# 4.3

## Defensive Levers for EV Pricing and Residual-Value Management

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# Volkswagen must defend affordable-BEV share within a tight ~100bps EBIT guardrail by prioritising payment-led, residual-aware levers over broad list-price cuts.

## KPI SCORECARD

### FINANCIAL STARTING POINT AND EBIT HEADROOM CONSTRAINT

VW Passenger Cars operating margin 2024

**2.9%** [11][12]

Group operating return on sales 2024

**5.9%** [11][12]

Revenue 2024

**€324.7bn** [11][12]

Operating result 2024

**€19.1bn** [11][12]

EBIT guardrail

**~100bps** [11][12][13][14][15][16][17][18]

EBIT headroom at guardrail

**€3.25bn** [11][12][13][14][15][16][17][18]

Decision constraint

## EXPOSURE CONTEXT AND DEFENSE MIX PRINCIPLES



Most exposed pockets: Volkswagen ID.3, CUPRA Born, Škoda Elroq/Enyaq in Germany, the UK, France and Spain [1][2][3][4][5][6][7][8][9][10]



BYD is winning attention primarily through affordability and monthly-payment optics, not clear superiority in charging, software or service confidence [1][2][3][4][5][6][7][8][9][10]



Financing support, selective lease support, equipment actions and warranty/service offers can move monthly customer cost by roughly €3-€42 per month with materially lower residual-value damage than list-price cuts [1][12][13][14][15][16][17][18]



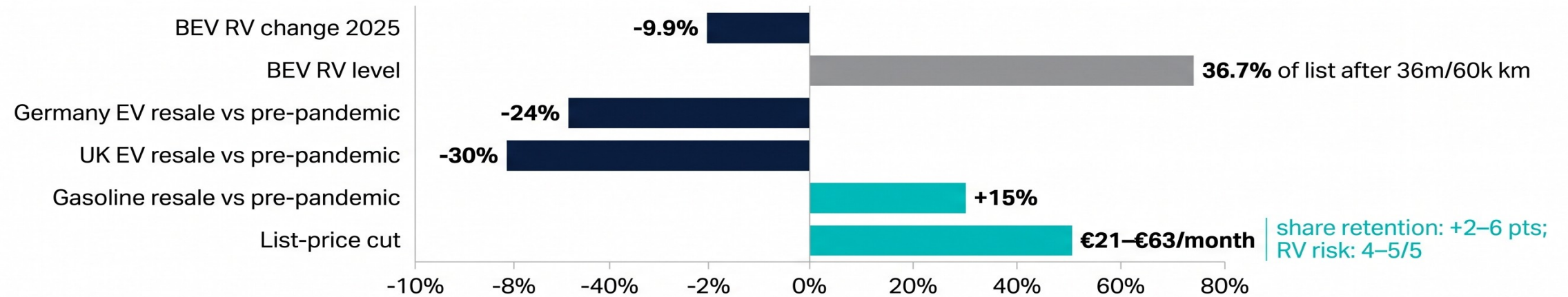
Broad list-price cuts create the highest residual-value and brand risk for only incrementally better share retention in the most exposed pockets [1][12][13][14][15][16][17][18]



Classification: financing support and targeted lease support = base-case acceptable; equipment and warranty/service = low-risk complements; fleet terms = conditional by channel; list-price cuts = escalation-only, based on assumed acceptable\_ebit\_erosion\_base [1][12][13][14][15][16][17][18]

# Broad list-price cuts are escalation-only because they consume scarce margin headroom and create the highest residual-value damage for limited incremental share retention.

## RESIDUAL-VALUE PRESSURE AND PRICE-CUT IMPACT



## DEFENSE LEVER COMPARISON: MONTHLY EFFECT, SHARE RETENTION, RESIDUAL RISK, CLASSIFICATION

DEFENSE LEVER	APPROX. CUSTOMER MONTHLY EFFECT (€)	DIRECTIONAL SHARE RETENTION (PTS)	RESIDUAL-VALUE RISK (1-5/5)	BASE-CASE CLASSIFICATION
List-price cut	€21-€63	High (2-6 pts in defended pocket)	High (4-5/5)	Escalation-only
Financing support	€10-€31	Medium-High (1.5-4 pts)	Low-Medium (1-2/5)	Base-case acceptable
Lease support	€17-€42	High in fleet / Medium in retail (2-5 pts fleet; 1-3 pts retail)	Medium (2-3/5) if captive-supported	Base-case acceptable, targeted
Equipment change	€4-€17	Low-Medium (0.5-2 pts)	Low-Medium (1-2/5)	Base-case acceptable
Warranty / service offer	€3-€13	Low-Medium (0.5-1.5 pts)	Low (1/5)	Base-case acceptable
Fleet terms	€10-€31	Medium-High in fleet pockets (1-4 pts)	Medium-High (3-4/5) if remarketing-heavy	Conditional

# Financing, targeted lease support, and equipment/warranty offers are the most efficient base-case levers to shift monthly affordability while protecting residual values and list-price integrity.

## RETAIL FINANCING: VW VS BYD EXAMPLES

Market	Model/offer	Term (months)	Mileage (km/year)	Monthly payment	Down payment / deposit	APR / contribution / discount
Germany	ID.3 Pro	48	10,000	€249	€890	-
Germany	ID.3 Neo	-	-	€268 + special payment	-	-
Germany	BYD Dolphin Comfort	48	10,000	€224	€6,000	-
UK	BYD Dolphin Surf	49	-	£219–£259	Low deposit	0% APR PCP; Retailer discount £1,505–£1,644
UK	VW ID.3 Pure Essential 52kWh	48	-	£319.18	£4,629	VW contribution £4,500

**Financing support impact:** Shifts customer economics by roughly €10–€31 per month; retains about 1.5–4 share points in defunded pockets with **low-to-medium** residual-value risk.

## FLEET LEVERS: LEASE SUPPORT AND FLEET TERMS



Germany market context: 67.5% commercial share in 2024; BEV company cars (up to €100k) taxed at 0.25% vs 1% for ICE, plus charging support.

<b>BYD BATTERY WARRANTY</b> <b>8 years / 250,000 km</b> Extended warranty in Europe	<b>VW ID.3 BATTERY WARRANTY</b> <b>8 years / 160,000 km</b> Reference for ID.3 model	<b>EQUIPMENT CHANGE VALUE</b> <b>€4–€17</b> Per month perceived customer value	<b>WARRANTY/SERVICE VALUE</b> <b>€3–€13</b> Per month perceived customer value; <b>lowest</b> residual-value risk
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Sources: [2] Escalent (2023). "One in Three Europeans Does Not Want To Pay Such a High Premium for Electric Vehicles, New Study Reveals". \*Escalent\*. <https://escalent.co/news/one-in-three-europeans-does-not-want-to-pay-such-a-high-premium-for-electric-vehicles-new-study-reveals> [3] European Alternative Fuels Observatory (2024). "Consumer Monitor 2023 Country Report: France". \*EAFO\*. <https://alternative-fuels-observatory.ec.europa.eu/system/files/documents/2024-07/FR%20Report%20-EC%20LAYOUT-FINAL.pdf> [4] European Alternative Fuels Observatory (2024). "Consumer Monitor 2023 Country Report: Germany". \*EAFO\*. <https://alternative-fuels-observatory.ec.europa.eu/system/files/documents/2024-06/Country%20Report%202023%20Germany\_1.pdf> [5] European Alternative Fuels Observatory (2024). "Consumer Monitor 2023 Country Report: Italy". \*EAFO\*. <https://alternative-fuels-observatory.ec.europa.eu/system/files/documents/2024-06/Country%20Report%202023%20Italy\_1.pdf> [6] ERM for the UK Climate Change Committee (2025). "Understanding the tail of the electric vehicle transition". \*Climate Change Committee\*.

# 4.4

## BYD-Volkswagen Affordable-BEV Scenario Analysis



Across scenarios, Volkswagen faces 103k-187k affordable-BEV units at risk, with base and BYD-upside cases pushing against or beyond the ~100bps EBIT guardrail while a fast response materially reduces pressure.

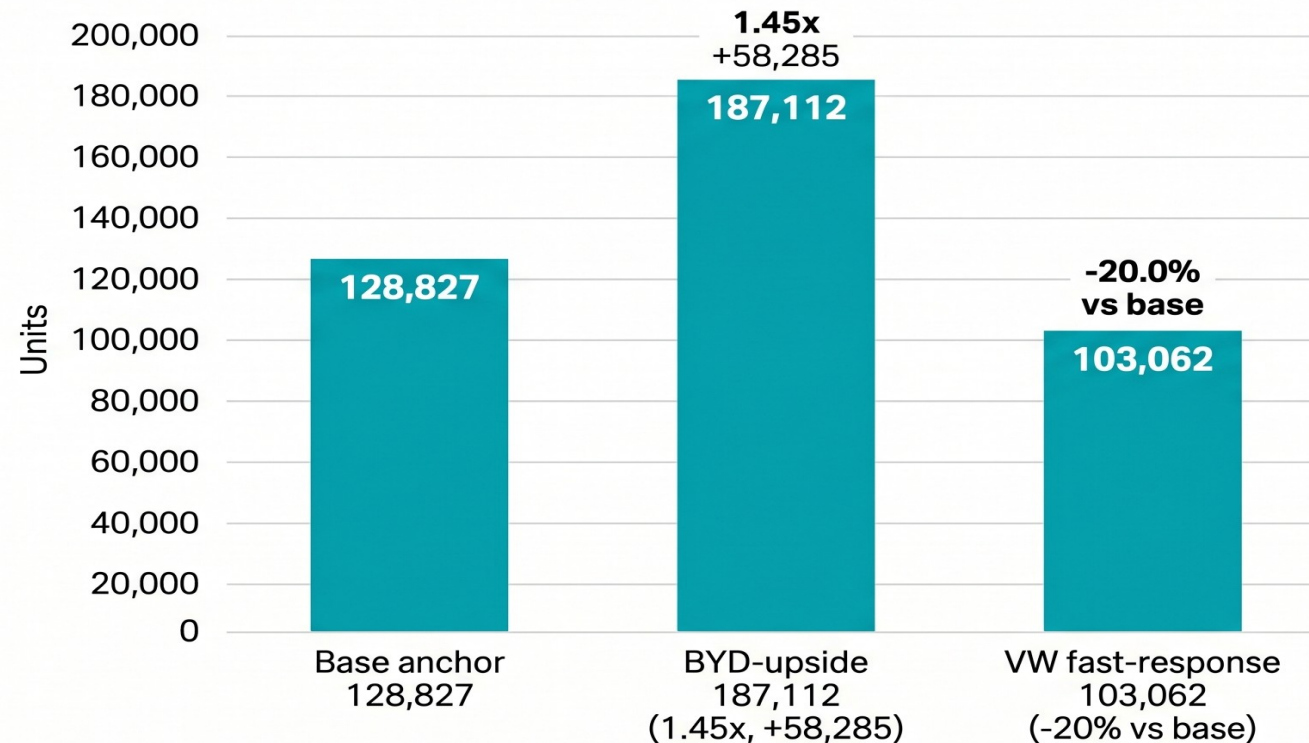
Directional volume at risk, share loss and EBIT pressure **under three scenarios**

Scenario	BYD scale / defended exposure proxy (units)	Change vs base (%)	Share loss (points)	EBIT impact (bps)	Residual-value pressure (%)
Base	128,827	-	2.0–5.0	60–100	-1.0% to -3.0%
BYD-upside scenario	187,112	+45.2%	2.9–7.3	90–145	-2.0% to -5.0%
Volkswagen-fast-response scenario	103,062	-20.0%	1.6–4.0	40–80	-0.5% to -2.0%

**KEY TAKEAWAY:** Base case already consumes most of the ~100bps EBIT guardrail; BYD-upside can exceed it, while Volkswagen-fast-response keeps outcomes inside the guardrail.

Scenario spread changes urgency, not the core battlefield, with Germany, UK and France remaining must-defend markets as BYD exposure scales 1.45x in the upside case and falls ~20% in a fast-response case.

## BYD scale and volume-at-risk anchors



## GEOGRAPHIC FOCUS AND MARKET CONTEXT



**Germany, the UK and France** remain the must-defend markets because they combine the largest BEV pools with the clearest live BYD-versus-Volkswagen overlap in the affordable bands.



The broader-Europe BYD figure includes scope and methodology differences versus the primary EU27+UK+EFTA registration anchor and therefore supports escalation planning rather than a wholesale reset of the base anchor. **128,827** remains the operating anchor and **187,112** an escalation sensitivity.



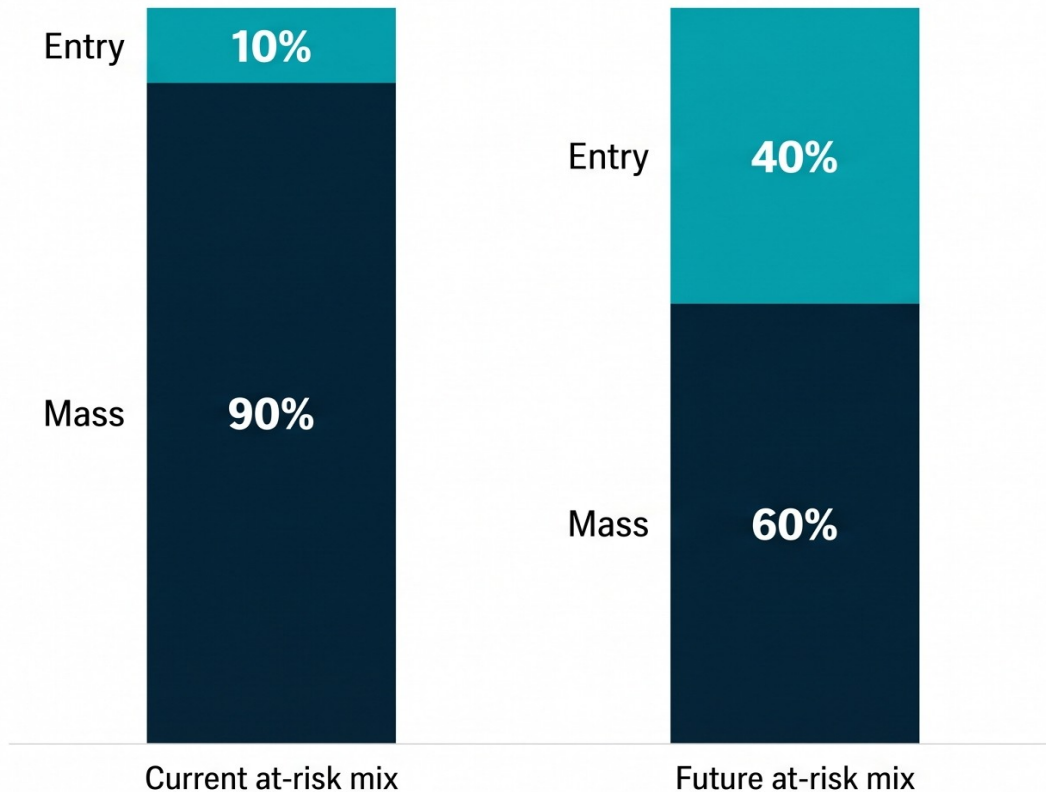
The upside sensitivity raises the probability that pressure intensifies sooner in the same core markets rather than creating a new priority market inside EU27+UK+EFTA.

**KEY TAKEAWAY** Scenario spread changes intensity but not geography; Germany, UK, France remain the must-defend markets.

# Volkswagen's sub-€25k gap and timing of ID.2-class launches drive front-loaded risk in the €25k-€35k band and a shift toward 40% entry exposure over time, making the BYD-upside case the key escalation trigger and fast response economically attractive.

## CURRENT GAP, TIMING ANCHORS AND RISK MIX SHIFT

Volkswagen Group's biggest current affordable-BEV weakness is the live **sub-€25k hole**. 2023 newsroom indicated a 2025 presentation at under €25,000, while later reporting points to a launch in 2026 with ramp-up not before May 2026. The 2026 availability anchor is used for this decision to reflect production ramp timing.



## BYD-UPSIDE ESCALATION AND RESIDUAL-VALUE CONTEXT

SCENARIO	UNITS EXPOSURE	SHARE LOSS (pts)	EBIT PRESSURE (bps)	RESIDUAL-VALUE RANGE
Base Case	128,827	[Base Loss]	[Base Pressure]	-1.0% to -3.0%
<b>BYD-Upside Case</b>	<b>187,112</b>	<b>2.9-7.3</b>	<b>90-145</b>	<b>-2.0% to -5.0%</b>
Fast-Response Case	103,062	1.6-4.0	40-80	-0.5% to -2.0%

Note: The upper range of 90-145bps EBIT pressure exceeds the ≈100bps base-case tolerance guardrail.

## ANCHORS, ASSUMPTIONS AND EXECUTION NEXT STEPS

### KEY ASSUMPTIONS & ANCHORS

- ID.2 availability: meaningful production within **36 months**.
- Acceptable EBIT erosion base: **≈100bps** guardrail.
- Data anchor: **EU27+UK+EFTA** registrations.
- Current volume-at-risk mix: **10% entry / 90% mass**.
- Future volume-at-risk mix: **40% entry / 60% mass**.

### IMMEDIATE NEXT STEPS

- **[Strategy Team]**: Refresh three-scenario dashboard for Germany, UK, France using 128,827 (base), 187,112 (upside), and 103,062 (fast-response) exposure within **5 business days**.
- **[Commercial Analytics]**: Translate scenario share-loss ranges into model-country exposure within **1 week**.
- **[Product Planning Office]**: Reclassify fast-response scenario to executable case only if public evidence confirms meaningful 2026 launch availability, **immediately**.
- **[Finance and Captive Leasing]**: Stress-test residual-value and EBIT outcomes against BYD-upside case within **10 business days**.

# 5

## Volkswagen Affordable-BEV Defense and Differentiation Playbook

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# Volkswagen should pursue a selective defend-bridge-yield footprint to protect core affordable-BEV positions while staying within its ~100bps EBIT guardrail and avoiding a pan-European price war.

## KPI SCORECARD

### MARKET EXPOSURE, PROFIT CONSTRAINTS AND BYD THREAT LEVEL

**2.9%**

Volkswagen Passenger Cars' operating margin 2024 (limited room for blunt discounting)

**128,827**

BYD registrations in client-defined EU27+UK+EFTA theater 2025 (material, not hypothetical threat)

**≈100bps**

Client acceptable EBIT erosion base (blended EBIT erosion acceptable in base case)

### DECISION LOGIC

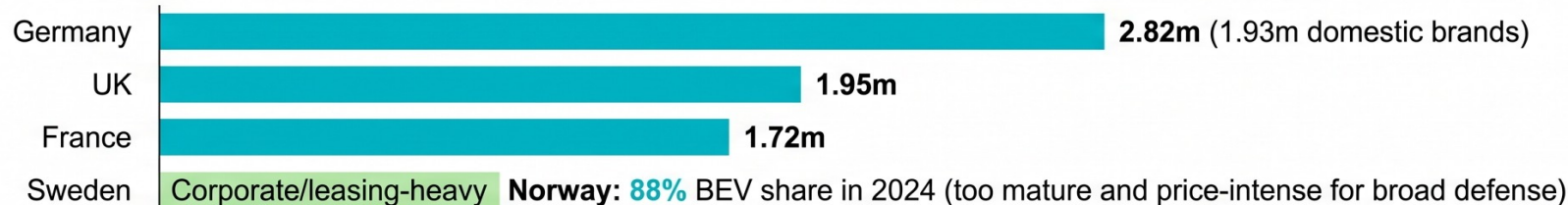
- explore concentrated defense only where economics fit within ≈100bps EBIT guardrail
- avoid broad intervention unless structural-threat triggers are breached

### COUNTRY / POCKET DEFEND-BRIDGE-YIELD POSTURE

Country / Pocket	<€25k Retail	<€25k Fleet	€25k–€35k Retail	€25k–€35k Fleet/leasing	Strategic implication
Germany	Bridge	Bridge	Defend	Defend	Home market; highest visibility
UK	Bridge	Defend	Defend	Defend	Fleet-heavy, high EV adoption
France	Bridge	Bridge	Bridge	Defend	Large market; selective economics
Italy	Yield	Yield	Bridge	Bridge	Low BEV urgency
Spain	Bridge	Yield	Bridge	Bridge	Tactical/rental-heavy mix
Norway	Yield	Yield	Yield	Bridge	Hyper-BEV; poor price-war economics
Sweden	Bridge	Defend	Bridge	Defend	Corporate/leasing-heavy
Other Nordics / EFTA	Yield	Bridge	Bridge	Defend	Leasing visibility matters most

■ Defend ■ Bridge ■ Yield

### VOLUME AND CHANNEL CONTEXT IN DEFENDED POCKETS



### KEY CHANNEL METRICS





**UK:** Fleet 59.6%, EVs 19.6% of market  
**Sweden:** Corporate buyers 65%, 58% of new cars leased  
**Norway:** 88% BEV share

# Volkswagen should deploy a four-brand architecture to cover the affordable-BEV ladder, keeping Volkswagen as the €25k-€35k defend anchor while Škoda bridges value, CUPRA targets style-led entry, and SEAT remains non-core.

## PRICE BANDS, BRAND ROLES AND CHANNEL FOCUS

	<€25k entry band	€25k-€35k mass band	Primary role	Best-fit channels
<b>Volkswagen</b>	Bridge until ID.2-class availability	<b>Core defend anchor</b>	Mainstream, trusted, practical	Retail + fleet/leasing
<b>Škoda</b>	<b>Core value bridge / entry</b> EV anchor	<b>Strong value alternative</b>	Practical, spacious, value-for-money	Retail + family + fleet value
<b>CUPRA</b>	Selective <b>style-led</b> entry offer	<b>Emotional alternative</b>	Sporty, expressive, youthful	Urban retail + conquest + salary sacrifice
<b>SEAT</b>	Minimal role pending strategy clarity	<b>Minimal BEV role</b>	Transition / legacy support only	Selective channel support

## ANCHOR PRODUCTS, POSITIONING AND TIMING

-  **Volkswagen ID.3** (live): €33,995 (DE) / €34,990 (FR); Mainstream trust anchor in €25k-€35k band.
-  **Škoda Epiq**: Most affordable EV; Entry point to electric portfolio, emphasizing accessibility and value-for-money.
-  **CUPRA Raval**: Accessible but emotional urban EV; Public pricing around €26,000; 2026 launch path.
-  **SEAT**: Should **not** carry core affordable-BEV defense; Primary sources emphasize CUPRA as growth engine.
- Volkswagen** should **not** become the Group's permanent sub-€25k discount badge.
- Sub-€25k gap bridged based on ID.2 availability.
- Škoda** positioned as the cleanest value bridge and entry point.
- CUPRA** targets style-led urban demand, not fleet-heavy value defense.
- SEAT** role minimal pending strategy clarity.

## STRATEGIC ASSUMPTIONS AND GUARDRAILS

<p><b>Affordable price definition</b></p> <p><b>New BEVs ≤€35k pre-incentives; entry &lt;€25k; mass €25k-€35k</b></p> <p>Client-defined segmentation used to classify defend/bridge/yield pockets and brand roles.</p>	<p><b>ID.2 availability assumption</b></p> <p><b>ID.2-class production &amp; market availability within 36 months</b></p> <p>Used to classify most sub-€25k pockets as bridgeable rather than structural gaps.</p>	<p><b>Time horizon</b></p> <p><b>3-5 years</b></p> <p>Client-defined strategic horizon for the defend-or-differentiate plan.</p>	<p><b>Acceptable EBIT erosion base</b></p> <p><b>≈100bps blended EBIT erosion acceptable in base case</b></p> <p>Guardrail used to reject broad price cuts and limit base-case intervention.</p>
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Source: KPI footnotes

Sources: [1] Volkswagen AG (2025). "Annual Report 2024". Volkswagen Group Investor Relations. <https://www.volkswagen-group.com/en/publications/more/annual-report-2024-2791> [17] Volkswagen Deutschland (2026). "Der neue ID.3 Neo: Jetzt konfigurieren". Volkswagen Deutschland. <https://www.volkswagen.de/de/modelle/der-neue-id3-neo.html> [18] Volkswagen France (2026). "ID.3 - La compacte 100% électrique à partir de 34 990€". Volkswagen France. <https://www.volkswagen.fr/fr/modeles-et-configurateur/id-3.html> [19] Volkswagen Newsroom (2023). "World premiere of the ID.2all concept: the electric car from Volkswagen costing less than 25,000 euros". Volkswagen Newsroom. <https://www.volkswagen-newsroom.com/en/press-releases/world-premiere-of-the-id-2all-concept-the-electric-car-from-volkswagen-costing-less-than-25000-euros-15625> [20] electrive (2024). "VW to delay ID.2 production ramp-up to 2026". electrive.com. <https://www.electrive.com/2024/01/03/vw-to-delay-id-2-production-ramp-up-to-2026> [21] CUPRA (2025). "CUPRA Unveils Raval at IAA Mobility 2025". CUPRA. <https://www.cupra.com/en/brand/tribe/cupra-unveils-raval-iaa-mobility-2025> [22]

# Volkswagen should defend share primarily through payment-led, residual-safe commercial levers and a trigger-based escalation playbook, avoiding broad list-price cuts amid falling BEV residual values.

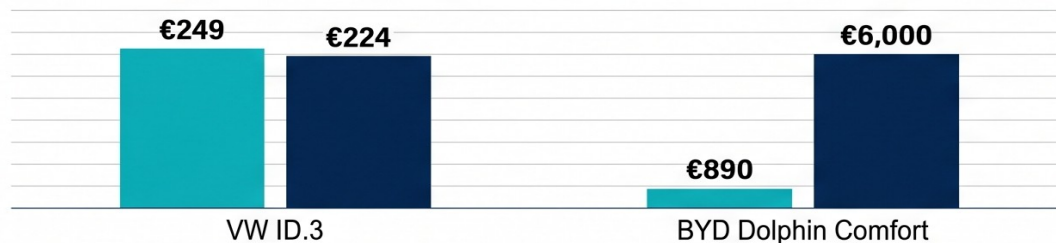
## COMMERCIAL DEFENSE LEVERS: MONTHLY IMPACT, SHARE RETENTION AND RESIDUAL RISK

Defense lever	Approx. customer monthly effect	Directional share retention	Residual-value risk (1–5)	Recommended use
Financing support	€10–€31	1.5–4 pts	Low-Medium (1–2/5)	First retail lever
Lease support	€17–€42	2–5 pts in fleet	Medium (2–3/5)	First fleet lever
Equipment change	€4–€17	0.5–2 pts	Low-Medium (1–2/5)	Bundle In defended trims
Warranty / service offer	€3–€13	0.5–1.5 pts	Low (1/5)	Standard reassurance layer
Fleet terms	€10–€31	Medium-High in fleet	Medium-High (3–4/5)	Tender-specific only
List-price cut	€21–€63	2–6 pts	High (4–5/5)	Escalation-only

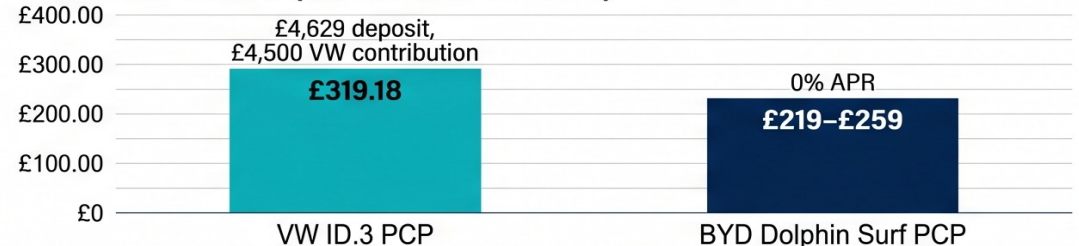
■ Low/Low-Medium Risk ■ Medium/Medium-High Risk ■ High Risk

## PAYMENT-LED COMPETITIVE EXAMPLES IN GERMANY AND UK

### GERMANY PAYMENT EXAMPLES (LEASE/MONTH & DOWN PAYMENT)



### UK PCP EXAMPLES (MONTHLY PAYMENTS)



**Fleet defense focus:** captive-backed lease-rate support in Germany, the UK, France and Sweden, especially above the 25,000 km/year threshold where BEV TCO improves materially.

## RESIDUAL-VALUE CONTEXT, WARRANTY BENCHMARKS AND ESCALATION TRIGGERS

**-9.9%↓**  
Expected European BEV residual value fall in 2025

**36.7%**  
Average retained value after 36 months / 60,000 km (June snapshot)

### Warranty Benchmarks:

- ✓ BYD Europe battery warranty: **8-year/250,000 km**
- ✓ Volkswagen ID-family battery coverage: **8 years/160,000 km**

### Escalation Triggers:

- ▲ Sustained BYD share gains of at least **1.5 points** over two consecutive quarters in defended pockets
- ▲ Three major repeat fleet losses in two quarters
- ▲ An additional **2-point** residual-value underperformance versus country baseline for two consecutive quarters
- ▲ Faster-than-assumed BYD route-to-market scale
- ▲ Any slip beyond the assumed 36-month ID.2 availability window

BYD broader-Europe sales 2025: **187,112** — Sensitivity anchor for upside-risk testing outside the primary geographic scope.







# 5.1

## Pocket-Level Price-Value Defense Framework

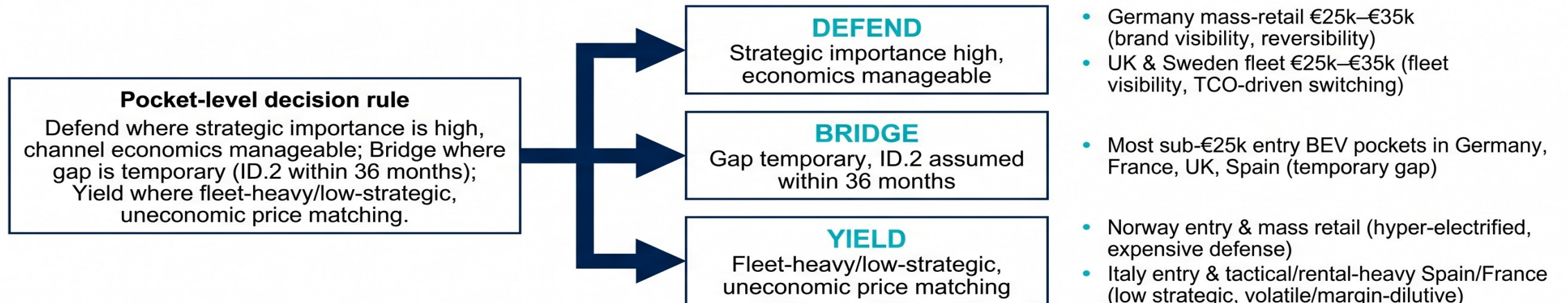
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# Volkswagen must adopt a selective defend/bridge/yield posture in affordable BEVs given thin margins and a still-uneven BYD threat across EU27+UK+EFTA pockets.

## ECONOMIC CONSTRAINTS AND COMPETITIVE SCALE ANCHORS

 <b>Volkswagen Passenger Cars operating margin 2024</b> (limits room for discounting)  <h1>2.9%</h1>	 <b>Acceptable blended EBIT erosion base</b> (manageable direct price defense)  <h1>≈100 bps</h1>	 <b>BYD EU27+UK+EFTA registrations 2025</b> (threat real but uneven)  <h1>128,827</h1>
 <b>Geographic scope</b> EU27 + UK + EFTA (defined theater)	 <b>Affordable BEV definition</b> ≤€35k pre-incentives (entry <€25k; mass €25k–€35k)	 <b>ID.2 availability</b> meaningful availability within 36 months (underpins Bridge)

## DECISION RULE AND POSTURE BY POCKET TYPE



**Practical rule:** Defend where share loss is visible and reversible; Bridge where the gap closes within 36 months; Yield where low-quality volume would force an uneconomic response.




# Country-level market size, channel mix, and BEV penetration show where Volkswagen should defend, bridge, or yield in affordable-BEV pockets.

## 2024 MARKET SCALE AND CHANNEL/EV PROXIES BY COUNTRY

MARKET	2024 PASSENGER-CAR REGISTRATIONS	KEY CHANNEL / EV PROXY	IMPLICATION
Germany	2,817,300	domestic brands 1,926,900, September 2024 commercial share 67.0%	highest strategic visibility; defend selectively
UK	1,952,778	fleet 59.6%; EV share 19.6%	fleet-heavy battlefield; defend in fleet-visible pockets
France	1,718,416	53% of registrations attributed to legal entities	important, but economics more selective
Italy	Market down 0.5% YoY	BEV share 4.2%, retail 54.6%, fleet 30.4%, business 15.0% in YTD Apr-24	lower BEV urgency; avoid broad defense
Spain	1,016,885	particulares 456,993; empresas 373,826; alquiladores 186,126	rental/tactical channel large; selective defense only
Norway		BEV share 88% of 2024 car sales	BEV lead market; poor economics for price war
Sweden	~270,000	corporate 65%; leased 58%	fleet and leasing visibility justify targeted defense

■ Advanced/Strong 
 ■ Good/Partial 
 ■ Basic/Limited 
 ■ Absent/No

### SOURCE DISCREPANCIES AND DATA CONFIDENCE

- 
**UK** 2024 registrations discrepancy: **GOV.UK** reports 2.0 million new car registrations in rounded thousands, Business Car/SMMT **1,952,778**, AM Online **1,953,696** — ~1-2% gap explainable by rounding; **1,952,778** is the better anchor for channel analysis.
- 
**France** 2024 registrations discrepancy: **1,718,416** vs. **1,755,167** passenger-car registrations — ~2% difference; **1,718,416** preferred as it is directly tied to **CCFA** passenger-car reporting.
- 
**Italy** channel data: retail/fleet/business mix (**54.6%/30.4%/15.0%**) only available for YTD April 2024 — **Italy** pocket classifications are lower-confidence directional calls.

Note: Several conclusions depend on the assumed id2\_availability\_assumption and acceptable\_ebit\_erosion\_base — client-stated assumptions, not observed facts.

# Pocket-level defend/bridge/yield classifications by price band and channel translate the framework into concrete country actions and implementation steps.

## POCKET-LEVEL CLASSIFICATION MATRIX BY COUNTRY, PRICE BAND, AND CHANNEL

Country	<€25k Retail	<€25k Fleet	€25k–€35k Retail	€25k–€35k Fleet/leasing
Germany	Bridge	Bridge	Defend (Teal) - strategic home market; high visibility; fleet sizable; avoid broad entry-price war before ID.2-class arrival.	Defend (Teal) - strategic home market; high visibility; fleet sizable; avoid broad entry-price war before ID.2-class arrival.
UK	Bridge	Defend (Teal) - fleet-dominant market; EV adoption high enough for TCO-led switching	Defend (Teal) - fleet-dominant market; EV adoption high enough for TCO-led switching	Defend (Teal) - fleet-dominant market; EV adoption high enough for TCO-led switching
France	Bridge	Bridge	Bridge (Amber) - large market, but channel economics more selective; legal-entity share high	Defend (Teal) - large market, but channel economics more selective; legal-entity share high
Italy	Yield	Yield	Bridge (Amber) - BEV share only 4.2%; lower urgency and weaker economics for direct BEV price fight	Bridge (Amber) - BEV share only 4.2%; lower urgency and weaker economics for direct BEV price fight
Spain	Bridge	Yield	Bridge (Amber) - large enough to matter, but rental/tactical mix reduces attractiveness of hard defense	Bridge (Amber) - large enough to matter, but rental/tactical mix reduces attractiveness of hard defense
Norway	Yield	Yield	Yield - hyper-BEV market; defend only where leasing visibility matters	Bridge (Amber) - hyper-BEV market; defend only where leasing visibility matters
Sweden	Bridge	Defend (Teal) - corporate/leasing-heavy market with high signaling value	Bridge (Amber) - corporate/leasing-heavy market with high signaling value	Defend (Teal) - corporate/leasing-heavy market with high signaling value
Other Nordics / EFTA	Yield	Bridge	Bridge (Amber) - fleet-led electrification pockets matter more than retail scale	Defend (Teal) - fleet-led electrification pockets matter more than retail scale

## TACTICAL EXECUTION LEVERS, TIMELINES, AND PARAMETERS

	0	within 2 weeks	within 30 days
European Pricing Team	Build a country-pocket pricing file for Germany, UK, France, Sweden, Italy and Spain quantifying list-price, lease-rate and incentive gaps in <€25k and €25k–€35k bands, subject to confirming Volkswagen and BYD model overlap by country		
Fleet Sales Leadership	Prioritize retention offers for UK and Swedish fleet/leasing accounts above the 25,000 km/year TCO threshold, subject to confirming contract renewal timing and residual-value support needs		
Brand CFO / Commercial Finance	Set pocket-level walk-away rules that block tactical discounting in Italy entry BEV, Norway retail and Spain rental-heavy channels, subject to confirming contribution margin by channel		

**Country-pocket prioritization:** concentrate direct price-value defense on Germany and UK €25k–€35k retail/fleet plus Sweden fleet/leasing; avoid pan-European matching.

**Entry-BEV response:** use Bridge actions in sub-€25k pockets for up to 36 months based on the assumed id2\_availability\_assumption.

**Margin guardrail:** keep blended response within ≈100 bps EBIT erosion based on the assumed acceptable\_ebit\_erosion\_base.

**Fleet utilization TCO threshold:** 25,000 km/year.

**ID.2 availability timing:** meaningful ID.2-class availability within 36 months. **Acceptable EBIT erosion base:** ≈100 bps blended EBIT erosion.

**Note:** The analysis uses system-inferred pocket-level overlap logic not yet confirmed by the client.

**Note:** The analysis uses system-inferred pocket-level overlap logic not yet confirmed by the client.

# 5.2

## VW Group Affordable-BEV Brand Architecture

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# Volkswagen Group should adopt a four-brand, role-based affordable-BEV ladder to defend €25k-€35k profitably while bridging the sub-€25k gap without diluting brand equity.

Brand	<€25k entry band	€25k-€35k mass band	Primary design/performance role	Best-fit channels	Cannibalisation rule
<b>Volkswagen</b>	Bridge until <b>ID.2-class</b> availability in <€5k entry band; limited direct defense.	Core defend anchor in <b>€25k-€35k</b> mass band.	Mainstream, trusted, high-quality, practical design/performance role.	Best-fit channels are retail + fleet/leasing.	Do not use VW as permanent lowest-price badge.
<b>Škoda</b>	Core value bridge and eventual entry-point EV anchor in <€5k entry band.	Strong value alternative to VW in <b>€25k-€35k</b> mass band.	Practical, spacious, value-for-money design/performance role.	Best-fit channels are retail + family + fleet value buyers.	Allow overlap with VW only where specs/body style differ clearly.
<b>CUPRA</b>	Selective entry offer via <b>Raval</b> for style-led urban buyers in <€5k entry band.	Emotional/performance-led alternative in <b>€25k-€35k</b> mass band.	Sporty, expressive, youthful design/performance role.	Best-fit channels are urban retail, conquest, salary-sacrifice style buyers.	Avoid fleet-heavy tactical discounting against VW/Škoda.
<b>SEAT</b>	Minimal role; selective legacy/transition support only in <€5k entry band.	Minimal BEV role in <b>€25k-€35k</b> mass band unless strategy changes.	Youthful-accessible legacy badge, not core BEV spearhead.	Best-fit channels are tactical retail/channel support only.	Avoid launching overlapping core affordable BEVs until role is confirmed.

## ARCHITECTURE PRINCIPLES AND CLIENT GUARDRAILS



**Affordable price definition:** New BEVs **≤€35k** pre-incentives; entry **<€25k**; mass **€25k-€35k** — client-defined segmentation used to assign brand roles by price band.



**Geographic scope:** **EU27 + UK + EFTA** — client-defined theater for affordable-BEV architecture.



**Brands in scope:** **Volkswagen, Škoda, CUPRA, SEAT** — client-defined volume-brand perimeter for the architecture recommendation.



**Time horizon:** **3-5 years** — client-defined strategic horizon for role allocation and launch anchoring.



**ID.2 availability assumption:** ID.2-class production and meaningful market availability **within 36 months** — used to classify the sub-€25k gap as bridgeable rather than permanently structural.



**Acceptable EBIT erosion base:** **≈100 basis points** blended EBIT erosion acceptable in base case — client guardrail reinforcing the recommendation to avoid broad Volkswagen-brand discounting.

# Volkswagen should anchor the €25k-€35k mass band while bridging sub-€25k until ID.2-class availability, avoiding discount-led erosion of its 2.9% operating margin.

## VOLKSWAGEN ROLE AND ECONOMIC CONSTRAINTS



Volkswagen Passenger Cars' 2024 operating margin was **only 2.9%**, which limits room for sustained discount-led defense.



Volkswagen's **ID.2all** is positioned with a target starting price **under €25,000**, a production version originally framed for **2025**.



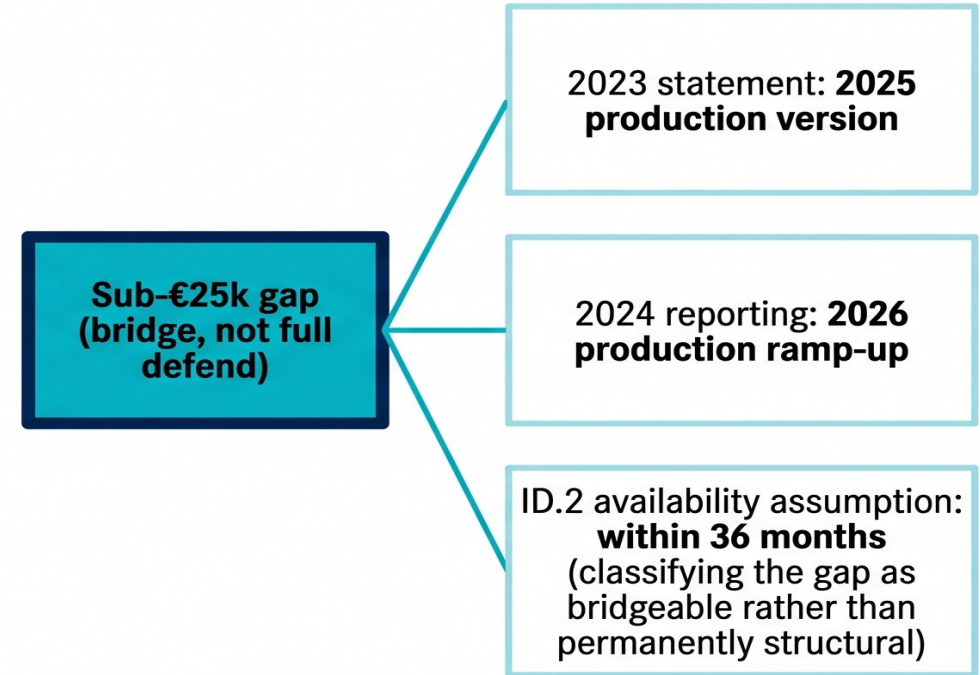
Volkswagen's current live affordable-BEV anchor is the **ID.3**, which starts at **€33,995** in Germany.



Volkswagen's current live affordable-BEV anchor is the **ID.3**, which starts at **€34,990** in France.

- Volkswagen is therefore squarely in the client-defined **€25k–€35k mass band** rather than the entry band.
- Volkswagen should defend **€25k–€35k retail and fleet pockets** in Germany, the UK, and fleet-visible Nordic markets, while bridging **the sub-€25k gap** until ID.2-class products arrive based on the assumed id2\_availability\_assumption.
- Volkswagen should be the Group's **mainstream trust-and-scale brand** for affordable BEVs, not the vehicle for emergency price matching below €25k.
- Avoid forcing Volkswagen into persistent entry-price discounting that would erode residual values and brand equity, consistent with the **≈100 basis points** acceptable EBIT erosion base.






## ID.2 TIMING AND SUB-€25K GAP







The biggest current product hole is below €25k, where **BYD is already live** while Volkswagen Group's main answers **arrive from 2026 onward** based on the assumed id2\_availability\_assumption, making the 2026 anchor more appropriate for defense over the **next 3–5 years**.

# Skoda should own the value-for-money bridge across both affordable bands, while CUPRA covers ~€26,000 style-led urban demand and SEAT remains a conditional, transition-only badge.

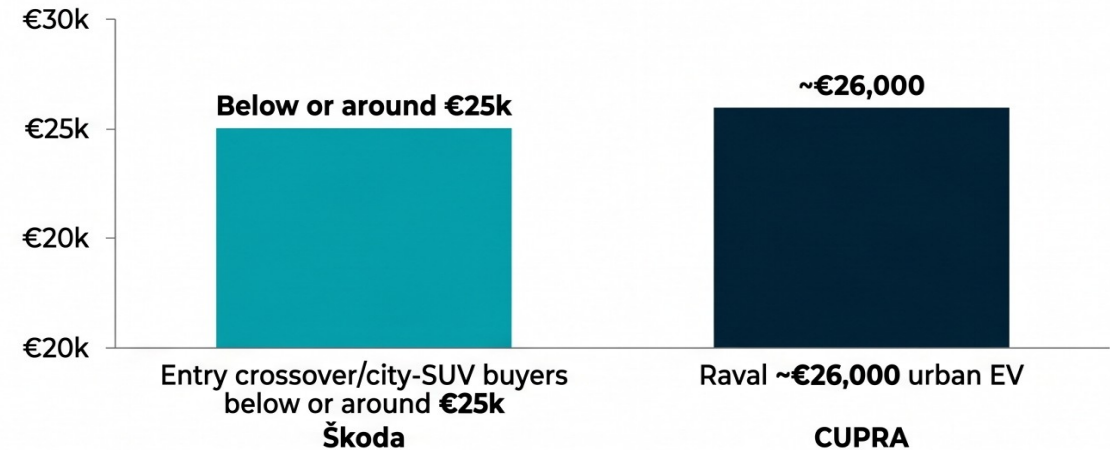
## ŠKODA AS VALUE BRIDGE AND ENTRY ANCHOR

-  Škoda Epiq is explicitly positioned as **Škoda's** most affordable fully electric model and the entry point to its all-electric portfolio.
-  Management states that in many markets the base version of Epiq reaches price parity with the **Kamiq**.
-  Klaus Zellmer describes Epiq as “compact, confident, unmistakably **Škoda**” and designed to deliver “exceptional value for money,” bringing technologies from higher categories into an accessible package.
-  Earlier communications frame Epiq and Peaq as central to making electric mobility more accessible and to doubling **Škoda's** electric portfolio by **2026**.
-  **Škoda** should own practical-value across both affordable bands: entry crossover/city-SUV buyers below or around **€25k**, and rational family/fleet buyers in the **€25k–€35k** zone.





## CUPRA RAVAL: DEMOCRATIZING THROUGH EMOTION

-  **CUPRA Raval** is framed as a gamechanger for democratizing electric mobility in Europe through **CUPRA's** sporty, emotional DNA rather than generic low-price messaging.
-  Public sources place Raval around **€26,000**, produced in **Martorell**, and positioned as an accessible urban EV for a new generation of buyers.
-  Some UK-oriented reports cited in the upstream factbase place Raval nearer the low-£20k range; the gap is explainable by market, trim, and currency framing, and for European architecture the **~€26,000** anchor is the better positioning reference.
-  In practice, Raval should anchor defense in urban retail, salary-sacrifice, and image-sensitive channels, while Volkswagen and **Škoda** carry heavier fleet and family-value missions.

## CUPRA RAVAL POSITIONING AROUND ~€26,000



## SEAT AS CONDITIONAL, TRANSITION-ONLY BADGE

-  Official **SEAT/CUPRA** communications strongly emphasize **CUPRA** as the electrification growth engine, **Martorell** as the production base for the Electric Urban Car family, and Spain as a European electromobility hub.
-  Public sources indicate that **CUPRA** is leading the electric offensive, while **SEAT's** current public electric references are limited and include legacy mentions such as **Mii electric** and **el Born** rather than a clear future affordable-BEV roadmap under the **SEAT** badge.
-  A third-party source states that the **SEAT badge would be phased out for future passenger cars by 2030**, but this is not confirmed in the stronger primary-source set and should not be treated as established fact.
-  The prudent recommendation is to assign **SEAT** no primary affordable-BEV role for now and use it only for selective transition support in legacy channels or markets where the badge still carries retail relevance, subject to confirming the long-term passenger-car role of **SEAT**.

# 5.3

## Defensive Commercial Levers for BEV Market Share



# Volkswagen should prioritize a payment-led, residual-safe defense of BEV share by market and channel before considering broad list-price cuts.

## COMMERCIAL CONTEXT AND DEFEND/BRIDGE/YIELD FOCUS



Volkswagen Passenger Cars operating margin: **2.9%** in 2024, limiting room for blunt price-led defense.



Competitive battle is concentrated in **monthly payment, deposit structure, mileage terms, and reassurance features** across **Germany, UK, France, and Spain**, not list price alone.



Defend directly in: **Germany mass retail and fleet, UK mass retail and fleet, France fleet, Sweden fleet/leasing**, and selected **Spain retail pockets**.



**Bridge** most **sub-€25k retail gaps** based on the assumed availability; avoid hard defense in low-quality tactical channels.



Analysis and recommendations are based on public-source proxies only, reflecting the assumed public-info-only constraint and non-normalized live offers.

### KEY TAKEAWAY

Volkswagen should prioritize a **payment-led, residual-safe defense** of BEV share by market and channel before considering broad **list-price cuts**.

Analysis and recommendations are condition-dependent and based on public-source proxies only.

## LEVER RANKING AND EBIT / RESIDUAL-VALUE RISK

### FINANCING SUPPORT

Can improve customer economics by roughly **€10-€31 per month** and retain about **1.5-4 share points** in defended pockets, with materially lower residual-value risk than list-price cuts.

### TARGETED LEASE SUPPORT

Can shift customer economics by roughly **€17-€42 per month** and retain **2-5 share points** in fleet pockets; fleet-term concessions can add another **€10-€31 per month** equivalent but with higher residual-value risk if they leak into remarketing-heavy channels.

### EQUIPMENT & WARRANTY/SERVICE BUNDLES

Equipment changes create roughly **€4-€17 per month** of **perceived value** and **warranty/service** offers another **€3-€13 per month**, both with the lowest residual-value risk in the lever set (Risk: **1** out of 5).

### LIST-PRICE CUTS

Deliver **€21-€63 per month** of customer benefit but are classified as the **highest residual-value-risk lever** at **4-5 out of 5**, versus 1-2 out of 5 for financing support and **1 out of 5** for warranty/service offers.

### RESIDUAL-VALUE CONTEXT

Autovista expects European BEV residual values to **fall 9.9% in 2025**, with BEVs retaining only 36.7% of original list price after 36 months and 60,000 km. EV resale values are cited at **24% below pre-pandemic levels** in Germany and **30% below pre-pandemic levels** in the UK by mid-2024.

# Financing support should be Volkswagen's first retail defense lever, using APR and deposit engineering to close BEV affordability gaps without cutting list price.

## RETAIL FINANCE BENCHMARKS VS BYD BY MARKET

Market	Volkswagen public offer	BYD public offer	Key commercial implication
Germany (ID.3 Pro)	<b>ID.3 Pro lease: €249/month</b> , 48 months, 10,000 km/year, <b>€890 down payment</b> .	<b>BYD Dolphin Comfort: €224/month</b> , 48 months, 10,000 km/year, <b>€6,000 down payment</b> .	<b>Affordability gap</b> exists, BYD requires significantly <b>higher down payment</b> .
Germany (ID.3 Neo)	<b>ID.3 Neo: €268/month</b> plus special payment.	<b>BYD Dolphin Comfort: €224/month</b> , 48 months, 10,000 km/year, <b>€6,000 down payment</b> .	VW monthly slightly higher, but BYD has high upfront cost.
UK	<b>ID.3 PCP: £319.18/month</b> , 48 months, <b>£4,629</b> customer deposit, £4,500 Volkswagen contribution.	<b>BYD Dolphin Surf PCP: £219-£259/month</b> , <b>0% APR</b> , low deposits.	BYD offers <b>lower monthly and 0% APR</b> , presenting strong pressure.
France (Proxy)	<b>ID.3 LOA/LLD offers from €202-€332/month</b> depending on variant and mileage; some offers advertised sans apport (no deposit).	<b>BYD Dolphin used LOA/LLD from €302/month</b> .	VW offers competitive monthly rates and flexibility with sans apport options.
France (BYD Surf)	<b>ID.3 LOA/LLD offers from €202-€332/month</b> .	<b>BYD France Dolphin Surf LLD €199/month</b> , 49 months, 40,000 km, <b>€1,500 upfront</b> .	BYD offers a very competitive low monthly with moderate upfront cost.
Spain	<b>VW Spain promotes up to €4,500 Plan Auto+ aid</b> and financing up to 100% of vehicle plus accessories.	<b>No directly comparable verified BYD Spain retail finance datapoint</b> in factbase.	VW leverages <b>state aid and full financing</b> to address affordability.
Spain (Financing)	<b>VW Spain financing up to 100% of vehicle plus accessories</b> .	<b>No directly comparable verified BYD Spain retail finance datapoint</b> in factbase.	VW uses financing as a key lever in the absence of direct BYD data.

**KEY TAKEAWAY:** For Spain, prioritize **subsidy capture** and **full-finance messaging** as the primary lever before considering price cuts.

### IMPACT OF FINANCING SUPPORT VS LIST-PRICE CUTS



**Retail buyers** in priority markets screen first on **affordability** and **visible monthly outlay**, making **APR support, deposit support, and payment-shaping** the cleanest first response.



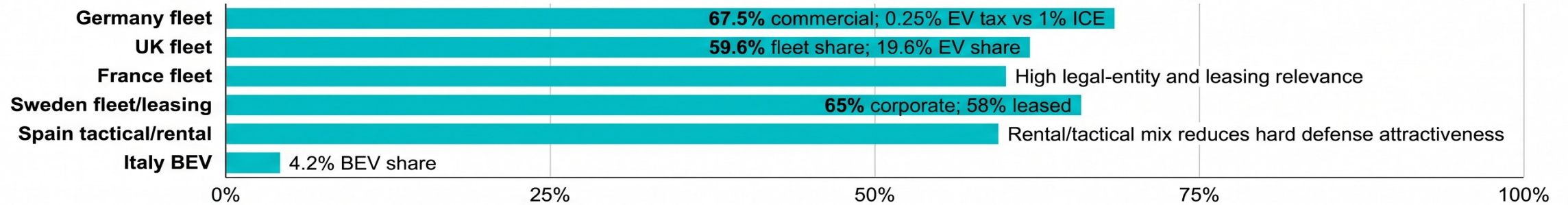
**Financing support** can improve customer economics by roughly **€10-€31 per month** and retain about **1.5-4 share points** in defended pockets. **List-price cuts** can improve customer economics by **€21-€63 per month** but with materially **higher residual-value risk**.



**Public finance offers** are not fully normalized across markets (deposit, mileage, term, OEM vs dealer vs aggregator), so the decision-relevant conclusion is **relative affordability pressure** rather than exact payment parity.

# Targeted lease support and value bundles should anchor Volkswagen's fleet and service-led defense in BEVs, while broad list-price cuts remain escalation-only.

## FLEET AND LEASING MARKET CONTEXT BY COUNTRY



## LEASE SUPPORT AND VALUE-BUNDLE LEVERS

Lever / Offer	Key parameters
Targeted lease support	€17-€42 per month shift; retains 2-5 share points; €10-€31 concessions (higher residual-value risk)
BYD France professional offers	49 months, 40,000 km, €0 upfront, €419 per month (Dolphin)
BYD France retail Dolphin Surf LLD	€199 per month, 49 months, 40,000 km, €1,500 upfront
BYD Europe battery warranty	8-year/250,000 km
Volkswagen ID-family battery coverage	8 years/160,000 km with a 70% capacity threshold
Volkswagen maintenance contracts (Germany)	Includes one day of replacement mobility per maintenance; reimbursement up to €35 net per maintenance
WartungPlus-style packages	Includes maintenance, wear items, and towing to nearest workshop without extra cost
UK small-business fleet support	Highlights 24/7 Driverline, roadside assistance, maintenance, repairs, accident management, service booking
Equipment & Warranty perceived value	Equipment changes create €4-€17 per month; Warranty/service offers create €3-€13 per month

## EXECUTION PARAMETERS AND ASSUMPTIONS

### Now-7 business days

- Build country-model commercial defense sheet for ID.3, Born, Elroq, Enyaq across Germany, UK, France, Spain, Sweden comparing monthly payment, deposit, term, mileage, warranty, service vs. BYD offers.
- Prioritize renewals above 25,000 km/year threshold.

### Within 2 weeks – Retail finance

- Captive Finance Team to launch matched-term APR and deposit-support counteroffers for Germany and UK ID.3-class retail products with no headline list-price change.

### Within 2 weeks – Fleet defense

- Fleet Sales Leadership to deploy a fleet-defense package for Germany, UK, France, Sweden combining lease-rate support, maintenance, replacement mobility, controlled tender concessions for renewals above 25,000 km/year.
- Acceptable EBIT erosion base ≈100 bps used to reject broad price cuts.

### Within 3 weeks – Value bundles

- Brand & Aftersales to add market-specific value bundles on defended trims in Germany, UK, France including service plans, battery-confidence messaging, and workshop replacement-mobility commitments.

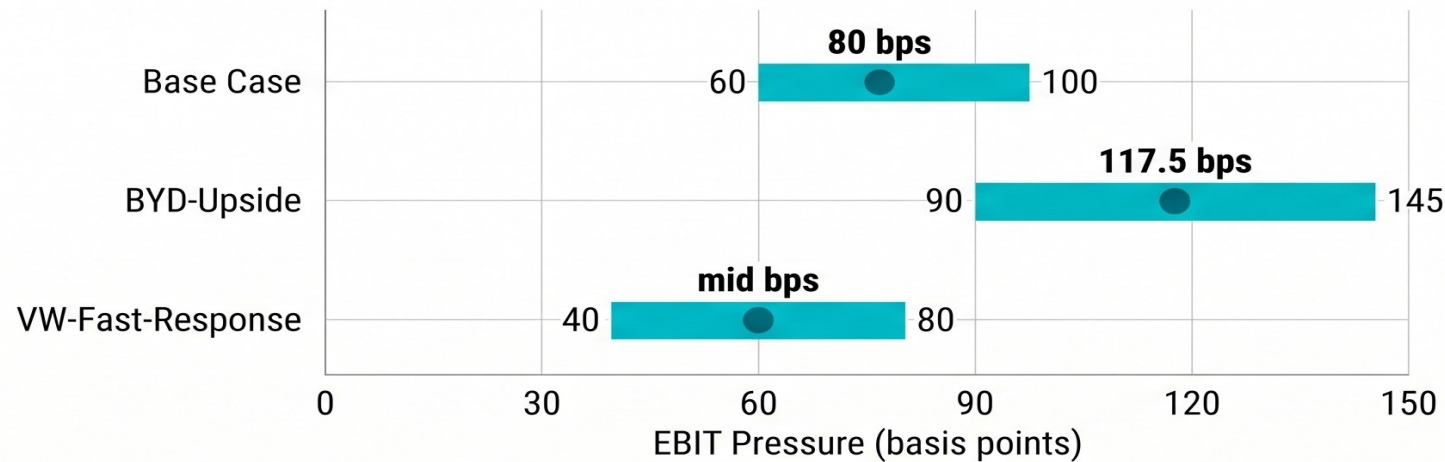
# 5.4

## Volkswagen Defense Escalation Triggers and Monitoring Framework

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# Stronger intervention is only justified when live indicators show Volkswagen drifting from the base case toward the BYD-upside path and breaching the ~100bps EBIT guardrail.

## SCENARIO-BASED EBIT AND SHARE-LOSS RISK ANCHORS



Midpoint Share-Loss (points) ↗

**3.5 pts (Base) →**  
**5.1 pts (BYD-Upside)**

Residual-Value Pressure (%) ↓

**-2.0% (Base) →**  
**-3.5% (BYD-Upside)**

## DECISION RULE AND GEOGRAPHIC FOCUS FOR ESCALATION



Escalation warranted only when evidence shows **structural share loss risk** rather than temporary market noise.



Stronger intervention justified only when live indicators show Volkswagen drifting from **base path toward BYD-upside path** in defended pockets.



**Highest-signal defended pockets:** Germany, UK, France and fleet-visible Nordic channels (including Swedish leasing).



Analysis and timing conclusions are based on the assumed **id2\_availability\_assumption** and **acceptable\_ebit\_erosion\_base**.

Note: Conclusions are based on the assumed id2\_availability\_assumption and acceptable\_ebit\_erosion\_base.

# A five-trigger dashboard, anchored on defended pockets, is sufficient to distinguish manageable pressure from structural threat and to govern escalation beyond the ~100bps EBIT guardrail.

TRIGGER CATEGORY	METRIC	ESCALATION THRESHOLD	CADENCE/LAG	RESPONSE IMPLICATION
<b>Market share</b>	BYD share gain in defended pockets	<b>+1.5 pts</b> or more over 2 consecutive quarters, or <b>+2.0 pts</b> in any 6-month period	Monthly/quarterly	Consider stronger intervention, subject to confirming pocket-level VW losses.
<b>Fleet channel</b>	Fleet / leasing tender losses to BYD	<b>3 major repeat losses</b> in 2 quarters in UK/Sweden/France/Germany defended fleets	Quarterly / event-driven	Consider stronger intervention, subject to confirming contract size and renewal pattern.
<b>Residual value</b>	VW affordable-BEV RV underperformance vs market	Additional <b>-2 pts</b> vs country baseline for 2 consecutive quarters, or total pressure reaches downside case band	Quarterly	Consider stronger intervention, subject to confirming captive exposure.
<b>Route-to-market</b>	BYD outlet and localisation scale vs assumed path	<b>&gt;2,000 outlets</b> by end-2026 on track plus Hungary <b>Q2 2026</b> SOP and further local expansion ahead of plan	Quarterly	Consider stronger intervention, subject to confirming active coverage in defended countries.
<b>VW execution</b>	ID.2-class meaningful availability slips beyond assumed <b>36 months</b> or volumes remain non-meaningful in defended markets	Any confirmed slip beyond assumed window, or launch without broad availability in core markets	Monthly / milestone-based	Consider stronger intervention, subject to confirming actual dealer-order and production timing.

## DATA SOURCES, GEOGRAPHIC FOCUS AND MONITORING CADENCE



- Defend/bridge/yield work narrows battlefield to defended pockets: **Germany** and **UK** mass retail/fleet, **France** fleet-visible pockets, and **Swedish** or broader Nordic leasing channels as highest-signal areas.
- Implementation cadence: run **monthly** market/execution checks and **quarterly** fleet/RV reviews with rolling 2-quarter thresholds [Tactical Execution Plan].



- ACEA** publishes **monthly** passenger-car registration releases and confirms current-year figures are provisional.
- National authorities such as **KBA** publish **monthly** registration data on the fourth working day of each month.
- Residual-value trackers such as **Autovista** publish recurring market updates and annual outlooks, slower than registrations but decision-useful for **quarterly** escalation checks.
- BYD localisation and network milestones: plan to expand from about **1,000** European outlets by end-2025 to more than **2,000** by end-2026, plus **Hungarian** trial production in **January 2026** and full-scale production planned for **Q2 2026**.

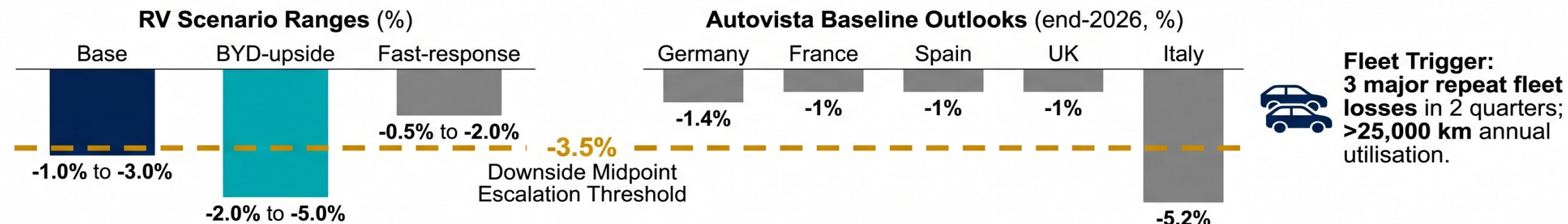
Escalation beyond the ~100bps EBIT guardrail should be triggered by sustained BYD share gains in defended pockets, confirmed by fleet losses, residual-value deterioration, BYD route-to-market acceleration, and Volkswagen launch slippage.

## KPI SCORECARD: PRIMARY SHARE TRIGGER AND BYD VOLUME ANCHORS



ACEA monthly/provisional data and national releases monitor this trigger with acceptable lag.

## CONFIRMING FLEET AND RESIDUAL-VALUE TRIGGERS



## EXECUTION TRIGGERS: BYD ROUTE-TO-MARKET AND VW ID.2 AVAILABILITY



**!** Slippage >36 months or lack of meaningful defended-market volume reclassifies bridge pockets as structural gaps. Fast-response reduces midpoint EBIT pressure to **60bps** (vs 80bps base, 117.5bps BYD-upside).

Sources: [1] CnEVPost (2026). "BYD's European registrations surge 270% in 2025 while Tesla slips". \*CnEVPost\*. <https://cnevpost.com/2026/01/27/byd-european-registrations-surge-in-2025-tesla-slips> [2] Volkswagen Group (2025). "Annual Report 2024". \*Volkswagen Group\*. <https://www.volkswagen-group.com/en/publications/more/annual-report-2024-2843> [3] Volkswagen AG (2025). "Annual Report 2024". \*Volkswagen Group Investor Relations\*. <https://www.volkswagen-group.com/en/publications/more/annual-report-2024-2791> [4] European Automobile Manufacturers' Association (ACEA) (n.d.). "Frequently asked questions about ACEA statistics". \*ACEA\*. <https://www.acea.auto/frequently-asked-questions-about-statistics> [5] MQL5 / Kraftfahrt-Bundesamt data summary (2026). "Germany New Car Registrations m/m 2026". \*MQL5 Economic Calendar\*. <https://www.mql5.com/en/economic-calendar/germany/new-car-registrations-mm> [6] Autovista24 (2025). "2026 residual value outlook: Regional shifts and trends". \*Autovista24\*. <https://autovista24.autovistagroup.com/news/2026-residual-value-outlook-regional-shifts-and-trends> [7] Auto Recycling World (2025). "2026 Residual Values Set To