



Weekly Car Dealers Newsletter

June 26, 2009

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources. For more information please call our Edmonton office.

Week of June 22, 2009

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GM SELLS SAAB TO SWEDISH AUTOMAKER
[FIAT CEO SETS NEW TONE AT CHRYSLER](#)
GM TO END PONTIAC VIBE PRODUCTION AT PLANT SHARED WITH TOYOTA
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VW BUCKS GLOBAL SLUMP, POSTS MAY SALES GAIN

A rejuvenated model range led by its new sixth-generation Golf helped Volkswagen AG outperform its competitors in May and grab more share of the world's car market, Europe's largest automaker said on Friday. Led by massive gains in Germany and China -- its two biggest markets -- group vehicle sales rose over last year's comparable month for the first time in 2009, gaining 1.5 percent to 556,700 units.

The group's core VW brand contributed substantially with a 10 percent gain in deliveries in May helped Volkswagen AG outperform its competitors in May and grab more share of the world's car market, Europe's largest automaker said on Friday. Led by massive gains in Germany and China -- its two biggest markets -- group vehicle sales rose over last year's comparable month for the first time in 2009, gaining 1.5 percent to 556,700 units. The group's core VW brand contributed substantially with a 10 percent gain in deliveries in May because of strong demand for its Tiguan medium SUV and Golf compact, as well as models sold in China such as the Lavida and Passat Lingyu. "We have to some extent been able to uncouple ourselves from an overall market that remains very weak thanks to our strong, young product range plus the additional sales advantage that comes from the comparatively high residual value of our used cars," VW sales chief Detlef Wittig said in a statement.

Troubles continue

"However, with the exception of China, global passenger car markets are not showing any signs of recovery. It is not clear whether the markets have hit rock bottom yet." Government scrapping incentives in Germany have artificially boosted the market for low-priced models, helping VW's group deliveries in Germany rise 36 percent.

The group's Czech brand Skoda saw sales drop 7.3 percent in May due to an overall slump in key central and western European markets, while Seat posted a 10 percent decline in volume last month as the automaker's home market of Spain continued to suffer an overall decline in new-car sales.

While the global market fell by about 20 percent in the first five months, Volkswagen group sales fell by just 7.0 percent to 2.49 million vehicles. - *Source:Reuters*

GM SELLS SAAB TO SWEDISH AUTOMAKER

[General Motors](#) announced Tuesday that it had agreed to sell its Swedish unit, [Saab Automobile](#), to a consortium led by the sports car maker, Koenigsegg Automotive. The companies said a deal was contingent on \$600 million of financing from the European Investment Bank that is to be guaranteed by the Swedish government. They did not release further financial details of the deal, which is expected to close in the third quarter.

Saab sold 93,000 cars last year, and it has not turned a profit in years. With a narrow, though loyal, customer base focused on Sweden, Britain and the American Northeast, it proved too small to lure the world's big automakers, many of which are seeking tie-ups to increase economies of scale.

Koenigsegg, an unlisted company with 45 employees based in Angelholm, Sweden, turns out just a few "supercars" — high-performance sports cars costing more than \$1 million each — a year. It was founded by Christian von Koenigsegg; a Norwegian entrepreneur, Bard Eker, holds a 49 percent stake.

"I'm struggling to see the point of this deal," said Philippe Houchois, head of European auto industry research at [UBS](#) in London. "Is it to ensure the survival of Saab, to save jobs? It looks like a short-term solution that doesn't resolve the core issues." Saab, he added, is too small to make money in the long term. With its American parent in restructuring and the Swedish government taking a hard line, Saab filed for reorganization on Feb. 20. General Motors itself sought protection from creditors on June 1. [GM](#)'s filing did not include [its European operations](#), which also include the British brand Vauxhall and [Opel](#), both of which it is pooling under the Adam Opel unit in Germany. General Motors will retain a 35 percent stake in that business, which is being sold to [Magna International](#), a Canadian auto parts maker, and Sberbank, a Russian lender, with support from the German government. In addition to Saab and Opel, GM is selling or eliminating three other brands. About two weeks ago, GM reached a preliminary agreement for the [sale of Hummer](#) to a machinery company in western China, Sichuan Tengzhong Heavy Industrial Machinery Company. Last week, GM [agreed to sell Saturn](#) to the [Penske Automotive Group](#), whose chairman is Roger Penske, 72, one of the nation's biggest automobile dealers. It also plans to eliminate the Pontiac brand in 2010. "This is yet another significant step in the reinvention of G.M. and its European operations," the GM Europe president, Carl-Peter Forster, [said in a statement](#), and the deal represents "the best chance for Saab to emerge a stronger company."

GM will provide Saab with some parts and technology, and Saab will keep production of its new 9-5 model at its facility in Trollhattan, Sweden, as opposed to the Rüsselsheim, Germany, plant where it makes the current version. G.M. and Koenigsegg will jointly finance the introduction of some products in the pipeline. Jan Ake Jonsson, managing director of Saab automobile, hailed

the deal in the statement as “great news” for Saab’s customers, dealers, suppliers and employees. Saab’s union employees also backed the deal. Saab has said it would need about \$1 billion to carry out its business plans. It got \$150 million of that from GM in February. Mr. Houchois said the \$600 million that the Swedish government is being asked to guarantee is “a big chunk of money, given the uncertainty about sustainability of the business.” The government is ready to open talks with the European Investment Bank on that financing, Bloomberg News reported.

Halldora von Koenigsegg, executive manager at Koenigsegg Automotive, said she could not comment on negotiations over the financing. She also declined to identify the other members of the consortium, which is called the Koenigsegg Group. Jan Ake Jonsson, managing director of Saab automobile, hailed the deal in the statement as “great news for Saab’s current and future customers, dealers, suppliers and employees around the globe.” – *Source: The New York Times*

FIAT CEO SETS NEW TONE AT CHRYSLER

Marchionne Shuns Executive Suite for Office Near Engineers; 2010 Jeep Model Highlights Challenges

Just hours after taking over as chief executive of Chrysler Group LLC last week, Sergio Marchionne settled into a new office at the company's Auburn Hills, Mich., headquarters -- and signaled that he is setting a different tone at the struggling car maker. Rather than take the top-floor suite that his predecessors occupied in the company's 15-floor executive tower, Mr. Marchionne opted for a fourth-floor office in its adjoining technical center, people familiar with the matter said. A big part of Mr. Marchionne's prescription for the company is a rapid flattening out of its management ranks to speed decision-making and move top executives closer to the business of making and selling cars and trucks. - *Source: [The Wall Street Journal](#)*

GM TO END PONTIAC VIBE PRODUCTION AT PLANT SHARED WITH TOYOTA

[General Motors Corp.](#), shrinking its operations in bankruptcy, said it will halt production of the Pontiac Vibe hatchback by the end of August at the California plant it shares with [Toyota Motor Corp.](#) The decision is part of plans to phase out the Pontiac brand, [Troy Clarke](#), president of GM's North American operations, said today in a statement. GM hasn't decided on a replacement for the Vibe, built at the [New United Motor Manufacturing Inc.](#) facility jointly run with Toyota in Fremont, California.

The end of production will come earlier than GM Chief Executive Officer [Fritz Henderson](#) indicated in April, when he said Vibe output might continue into next year. The future of the factory, known as Nummi, was called into question by GM's June 1 bankruptcy. The two companies “remain in active discussions” regarding the plant, GM said today. “Nummi will continue to produce the Toyota Tacoma and Toyota Corolla,” said [Lance Tomasu](#), a plant spokesman. The factory will “focus on



building high-quality vehicles and work on lowering its costs while GM and Toyota discuss Nummi's future direction.”

The Vibe is a modified version of Toyota's Matrix. U.S. sales of the Pontiac vehicle fell 35 percent this year through May, while GM's total dropped 42 percent.

GM's bankruptcy plan includes idling 12 more plants by the end of 2011 under an accelerated plan to shutter 30 percent of its U.S. assembly sites. Toyota, after shelving plans to build Prius hatchbacks at a factory in Mississippi, is considering making the hybrid at Nummi, two people familiar with the plan said this week. Tomasu and Toyota's [Jim Wiseman](#) said they are unaware of any such plan. "Toyota's obviously considered what they want to do with Prius production, but they haven't consulted with us in that regard," Henderson said yesterday in Detroit. U.S. sales operations for Toyota City, Japan-based Toyota, are in Torrance, California. Toyota is the world's largest automaker, after passing GM last year. – *Source: Bloomberg*

TOYOTA BOOKS 180,000 PRIUS ORDERS MONTH AFTER DEBUT

Toyota Motor Corp., Japan's biggest automaker, said it booked 180,000 domestic orders for the new Prius gasoline-electric hybrid within a month of the car's debut. The company had set a sales target of 10,000 units a month in Japan, it said in a statement today. The tally includes 80,000 orders placed before the car went on sale on May 18. Customers placing orders for a Prius as of today face a seven-month wait before taking delivery, Paul Nolasco, a spokesman for the Toyota City, Japan-based company said today. - *Source: [Bloomberg](#)*
