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GAC FCA Joint Venture Establishes Automotive Sales Company to Support China Growth Strategy

- New sales company signals forward progress in overall joint venture, indicating the further deepening of the partnership between GAC and FCA
- GAC Fiat Chrysler Automobiles Co., the existing joint venture company of FCA and GAC, expects to begin local production of Jeep® Cherokee by end of 2015 and localized production of two additional new Jeep brand models by end of 2016
- By 2018, Jeep brand in China expects to offer a full SUV product portfolio, from B to E Segment, forming the most complete SUV lineup in China in the industry
- Joint venture appoints FCA's Daphne Zheng as CEO and GAC's Chen Daohong as Executive Vice President of new sales company
- Existing dealers from Jeep, Chrysler and FIAT brand networks will form backbone of this new cooperation, and new sales company will lay foundation for aggressive dealer network expansion to support growth of SUV and passenger car portfolio
- Locally produced vehicles in China will follow the same World Class Manufacturing protocols that FCA uses throughout its global manufacturing facilities; combined capacity of manufacturing bases in Changsha and Guangzhou expected to reach 700,000 units by 2018

July 16, 2015, Shanghai, China - Today, GAC Fiat Chrysler Automobiles Co., Ltd. (GFC), the existing joint venture company of Fiat Chrysler Automobiles N.V. (FCA) and Guangzhou Automobile Group Co., Ltd. (GAC), announced its intention to form a new wholly owned sales company, GAC Fiat Chrysler Automobiles Sales Co., Ltd.

Daphne Zheng will serve as the sales company's Chief Executive Officer, assuming overall responsibility for all relevant matters of the sales company, and Chen Daohong will serve as its Executive Vice President. The sales company will support GFC's upcoming sales activities in China. Today's announcement marks a new milestone in the efforts to further expand the Jeep brand portfolio offerings in China. GFC's Guangzhou manufacturing base will be put into operation in the first half of 2016. By 2018, GFC expects to locally produce eight competitive vehicles in China.

GFC has made a breakthrough in terms of its operational model. GAC and FCA have assigned the major managerial positions in the new sales company, adopting a fully authorized management model for the joint venture. This bold move reflects the determination of both GAC and FCA to build a market-oriented partnership using efficient performance metrics.

When commenting on the new GAC Fiat Chrysler Automobiles Sales Co., GAC General Manager Zeng Qinghong said: "The formation of the GAC Fiat Chrysler Automobiles Sales Co. marks a new milestone in the development of the GAC-FCA partnership and a new extension of the depth and breadth of the relationship between the two groups. The localized production of Jeep, the No. 1 SUV brand in the world, will enable us to provide high-quality products as well as satisfied experiences and services for the Chinese consumers. GAC adopts a three-pronged strategy â^' to produce vehicles of its own brands; vehicles of the joint ventures with European and U.S. automakers; and vehicles of the joint ventures with Japanese automakers. By 2020, the sales of GAC will reach 3 million units, and the partnership with FCA will be an important part of the strategy."

"This move represents a major landmark in the successful progress of our brand, our business and our partnership

here in China," said Mike Manley, President and CEO – Jeep Brand, FCA - Global. "Jeep sales in China saw an increase of nearly 50 percent in 2014, and China has now grown into the number one Jeep market outside of the United States.

"Local production of Jeep vehicles will improve our competitive position in the market and will allow us to bring the legendary Jeep capability and spirit to more customers in what is now the largest automotive market in the world," he added.

GAC and FCA expect to begin producing the Jeep Cherokee in China by the end of the year, with localized production of two additional Jeep SUVs expected by the end of 2016. In addition to local Jeep production, FCA and GAC also have agreed to localize a Chrysler brand product, expanding the current passenger car lineup for the FIAT and Chrysler brands in China.

Under the new structure, GFC will retain responsibility for the localized manufacture of Jeep, Chrysler and FIAT brand vehicles. The new sales company, GAC Fiat Chrysler Automobiles Sales Co. will handle sales management, marketing, product planning and aftersales for all models in the Jeep, Chrysler and FIAT brand portfolios.

Locally produced vehicles in China will follow the same World Class Manufacturing (WCM) protocols that FCA uses throughout its global manufacturing facilities, including those in North America and Europe. WCM is a methodology that focuses on reducing waste, increasing productivity and improving quality and safety in a systematic and organized way, with the goal of providing top-quality products to customers, including those in China.

All existing Jeep, Chrysler and FIAT brand dealers will have an opportunity, based upon excellent performance, to play a role in the new sales network. In addition, the joint venture will expand its China footprint by looking for new dealer partners, striving to provide the most convenient, efficient and satisfactory services for its Chinese customers.

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