

# THE RESURGENCE OF CADILLAC

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BARCLAYS GLOBAL AUTOMOTIVE CONFERENCE

NOVEMBER 20, 2014



# FORWARD-LOOKING STATEMENTS

In this presentation and in related comments by our management, our use of the words “plans,” “expect,” “anticipate,” “possible,” “potential,” “target,” “believe,” “commit,” “intend,” “continue,” “may,” “would,” “could,” “should,” “project,” “appears,” “potential,” “projected,” “upside,” “positioned,” “outlook” or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors may include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls and the cost and effect on our reputation of product recalls; our ability to maintain adequate financing sources, including as required to fund our planned significant investment in new technology; our ability to successfully integrate Ally Financial’s International Operations; the ability of our suppliers to timely deliver parts, components and systems; our ability to realize successful vehicle applications of new technology; overall strength and stability of our markets, particularly outside of North America and China; costs and risks associated with litigation and government investigations including those related to our recent recalls; our ability to remain competitive in Korea and our ability to continue to attract new customers, particularly for our new products.

GM’s most recent annual report on Form 10-K and quarterly reports on Form 10-Q provides information about these and other factors, which we may revise or supplement in future reports to the SEC.



# CADILLAC ASSESSMENT

# CURRENT ASSESSMENT

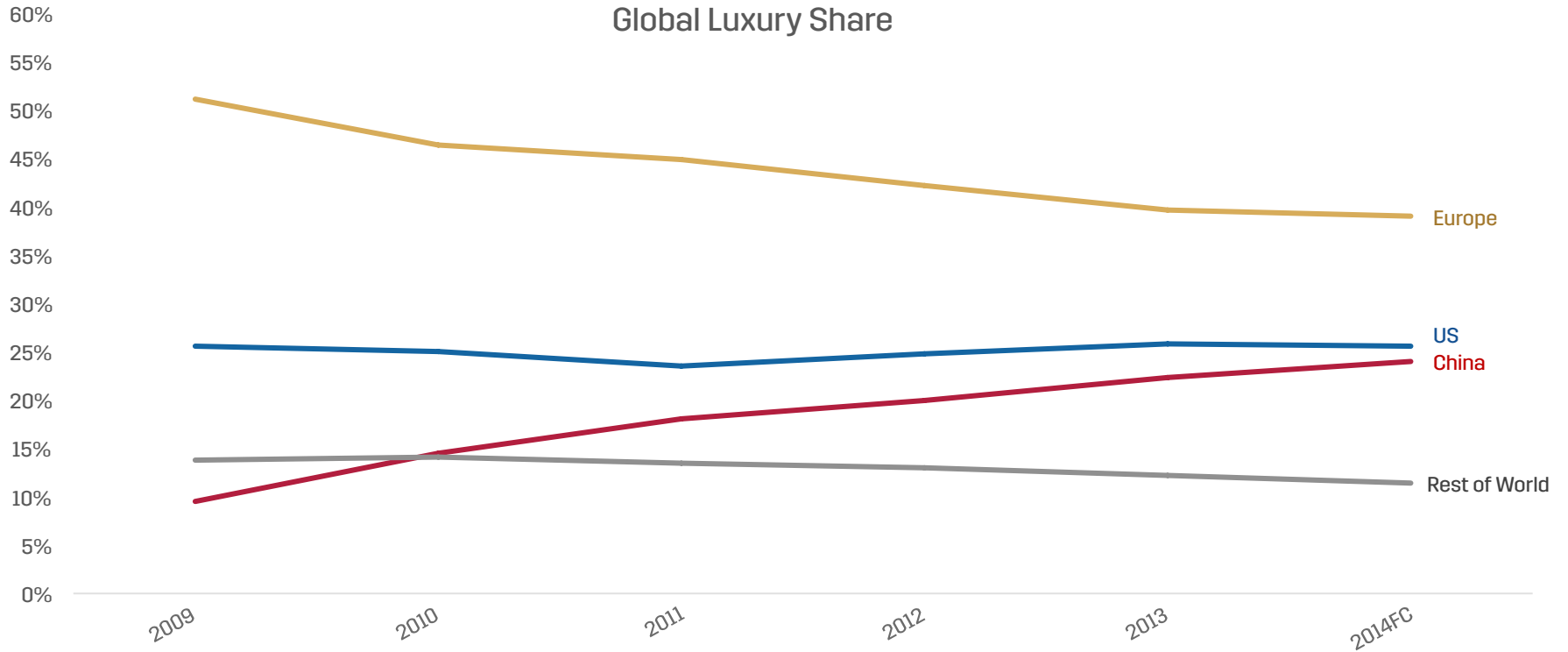
<b>INVENTORY</b>	Dealer inventory excessive
<b>RESIDUALS</b>	Weakening residual values significantly increase leasing costs
<b>PRICING</b>	Cadillac pricing power trails product substance
<b>ORGANIZATION</b>	Cadillac heavily “matrixed” with GM corporation
<b>BRAND HEALTH</b>	Cadillac brand health trails segment competitors on every key metric
<b>NETWORK</b>	Network quality in U.S. is a major brand image impediment  Volume per outlet significantly lower than that of German competitors, ROS for exclusive stores lower than multi-line stores

## CHALLENGES:

- Brand image
- Brand relevance
- Pricing power trails product substance
- Residual values
- Incentive spend
- Network size
- Network profitability
- Customer demographics
- Structure
- Product portfolio
- Powertrain

# SIZE OF THE OPPORTUNITY

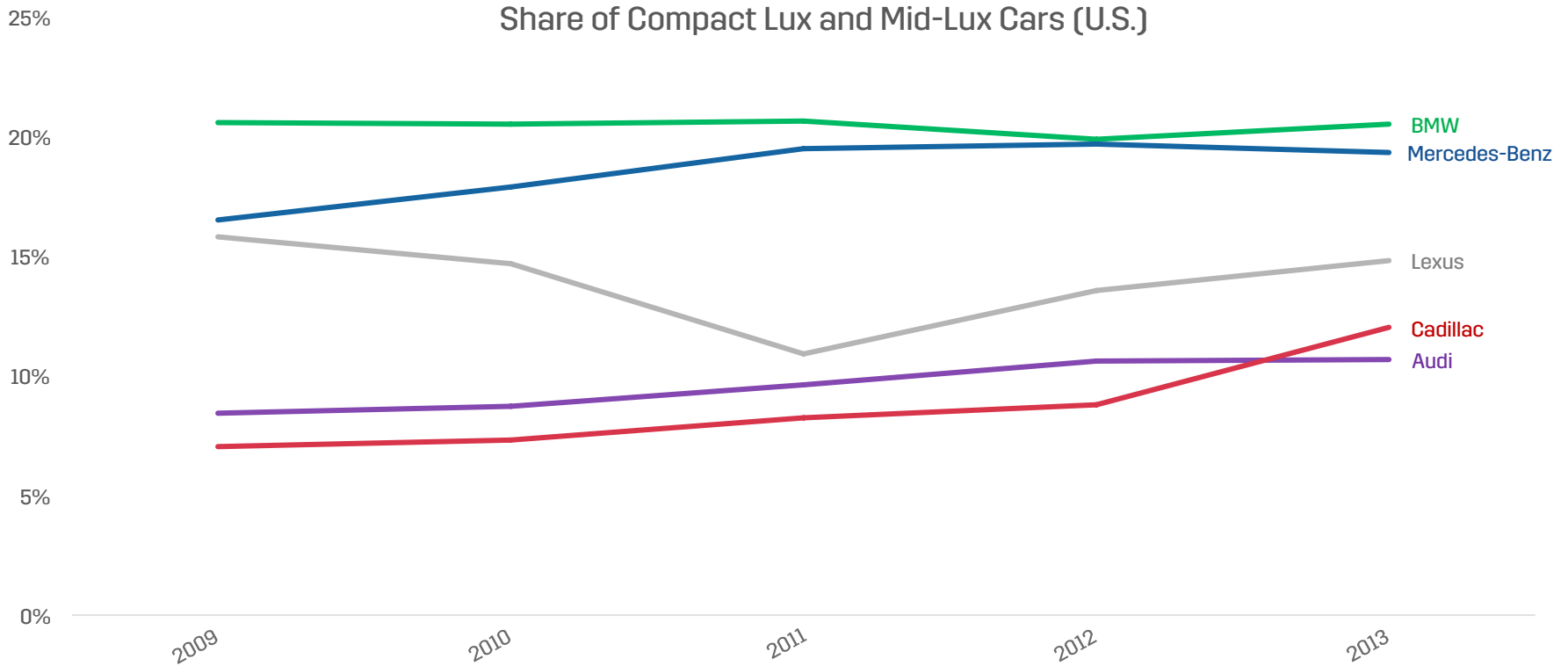
# SHIFT IN GLOBAL LUXURY MARKETS



Source: total global sales, GM Global Sales cube



# CADILLAC GROWTH IN COMPACT LUX AND MID-LUX CARS

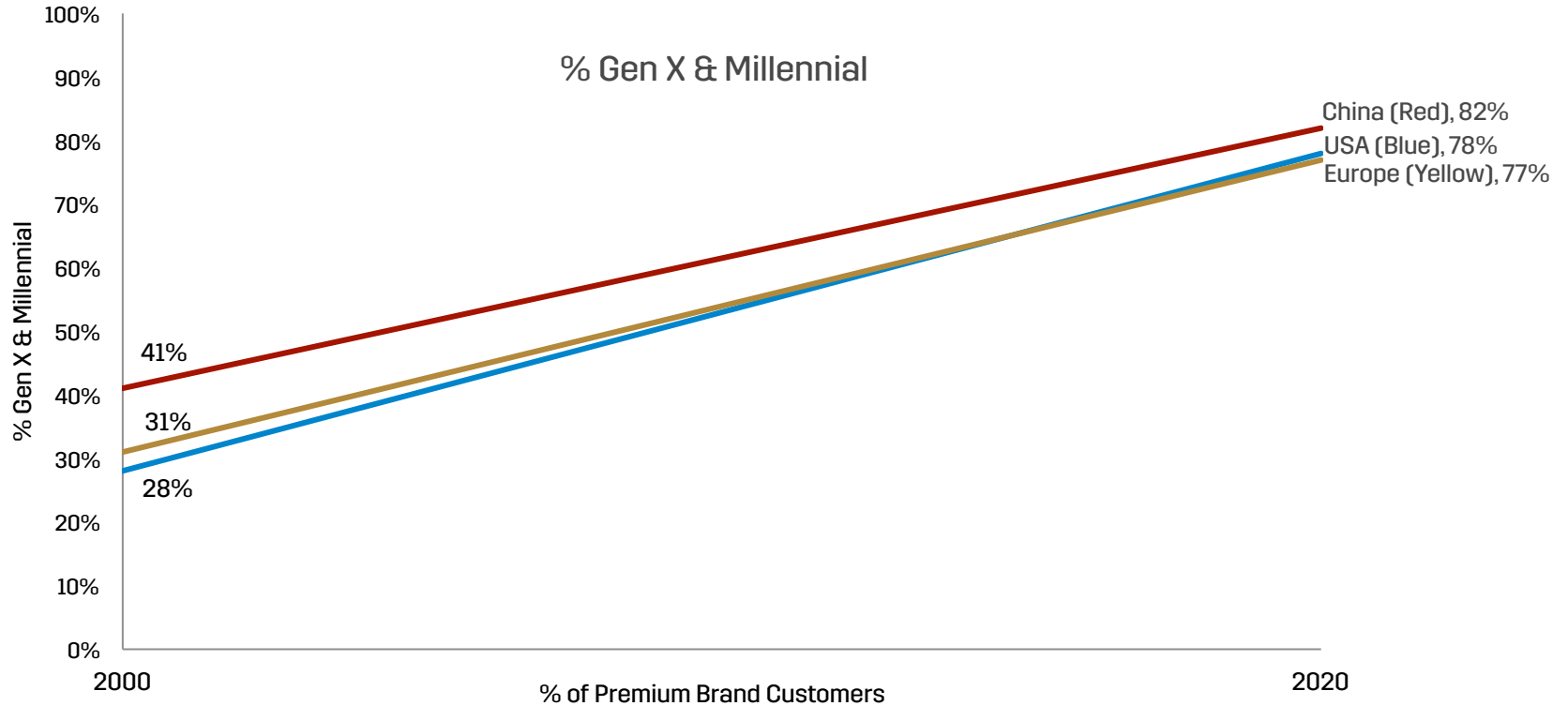


Source: total US sales, manufacturer reported



# WHO IS OUR TARGET CUSTOMER?

*Relevance to Gen X & Millennials is Critical*



# VISION & MISSION

# VISION & MISSION



## OUR VISION

To be a leading, iconic, global premium brand, which sets standards for aspirational appeal — beyond the boundaries of our industry

## OUR MISSION

To deliver profitable and sustainable growth, with a long-term commitment to brand development

## OUR GOALS

1. Rejuvenate the brand and re-establish relevance for luxury brand consumers
2. Develop China as a second volume hub for the brand, expand presence in Middle East/  
Eastern Europe and maintain boutique status in Western Europe
3. Exceed 500,000 units globally by 2020

# CADILLAC STRATEGY OVERVIEW

## VISION

To be a leading, iconic, global premium brand,  
which sets standards for aspirational appeal  
— beyond the boundaries of our industry.

## MISSION

To deliver profitable and sustainable growth,  
with a long-term commitment to brand development.

### Key Strategic Pillars

BRAND  
MANAGEMENT

PRODUCT  
PORTFOLIO

DRIVER  
PROFILE

PRICING  
DISCIPLINE

DEALER  
NETWORK

RESIDUAL VALUE  
MANAGEMENT

PRODUCT SUBSTANCE & QUALITY

DEDICATED ORGANIZATION

# THE CADILLAC ORGANIZATION

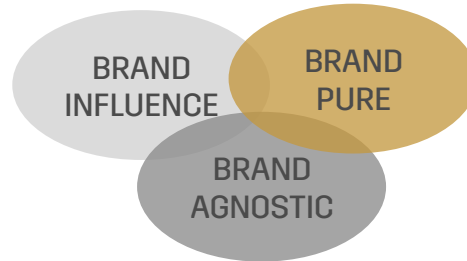
## BALANCING SYNERGY AND BRAND SPECIALIZATION

### OBJECTIVE

Secure 100% mindshare (and resource dedication) for Cadillac in mission-critical areas.

### ORGANIZATIONAL STRUCTURE

Top-down and bottom-up organization design



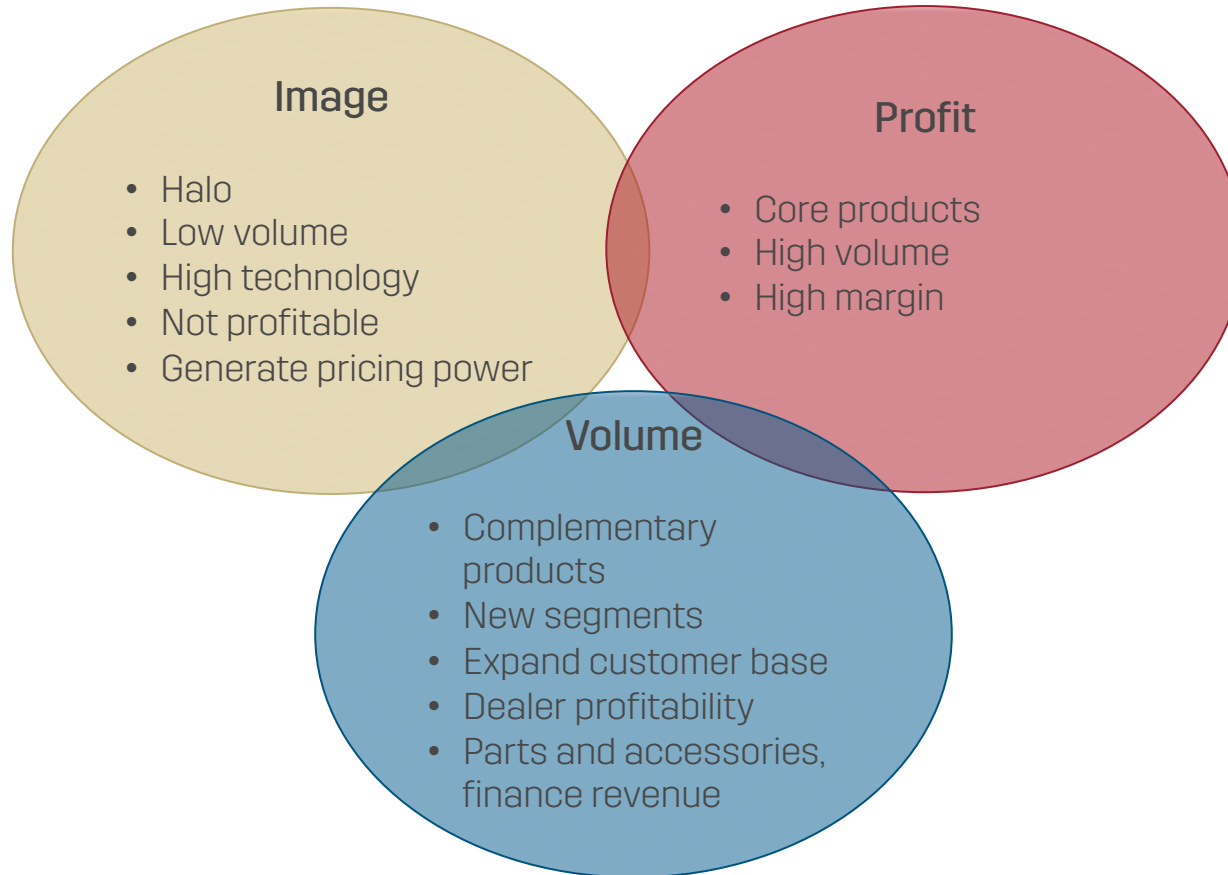
### EMOTIONAL AND GEOGRAPHIC SEPARATION

- ✓ Establish Cadillac HQ in New York
- ✓ Immersion in premium environment
- ✓ Attract top talent
- ✓ Force new processes, attitudes









PRODUCT













# PORTFOLIO APPROACH TO PRODUCT STRATEGY



# CADILLAC COVERAGE OF LUXURY SEGMENT — TODAY

SMALL LUX CAR	COMPACT LUX CAR	MID LUX CAR	LARGE LUX CAR	LUXURY SPORT	SMALL LUX SUV	COMPACT LUX SUV	MID LUX SUV	LARGE LUX SUV
	 ATS	 CTS					 SRX	 Escalade
	 ELR	 XTS						

# CADILLAC COVERAGE OF LUXURY SEGMENT — FUTURE

SMALL LUX CAR	COMPACT LUX CAR	MID LUX CAR	LARGE LUX CAR	SPECIALITY	SMALL LUX SUV	COMPACT LUX SUV	MID LUX SUV	LARGE LUX SUV
		   						 



# PRICE POSITIONING

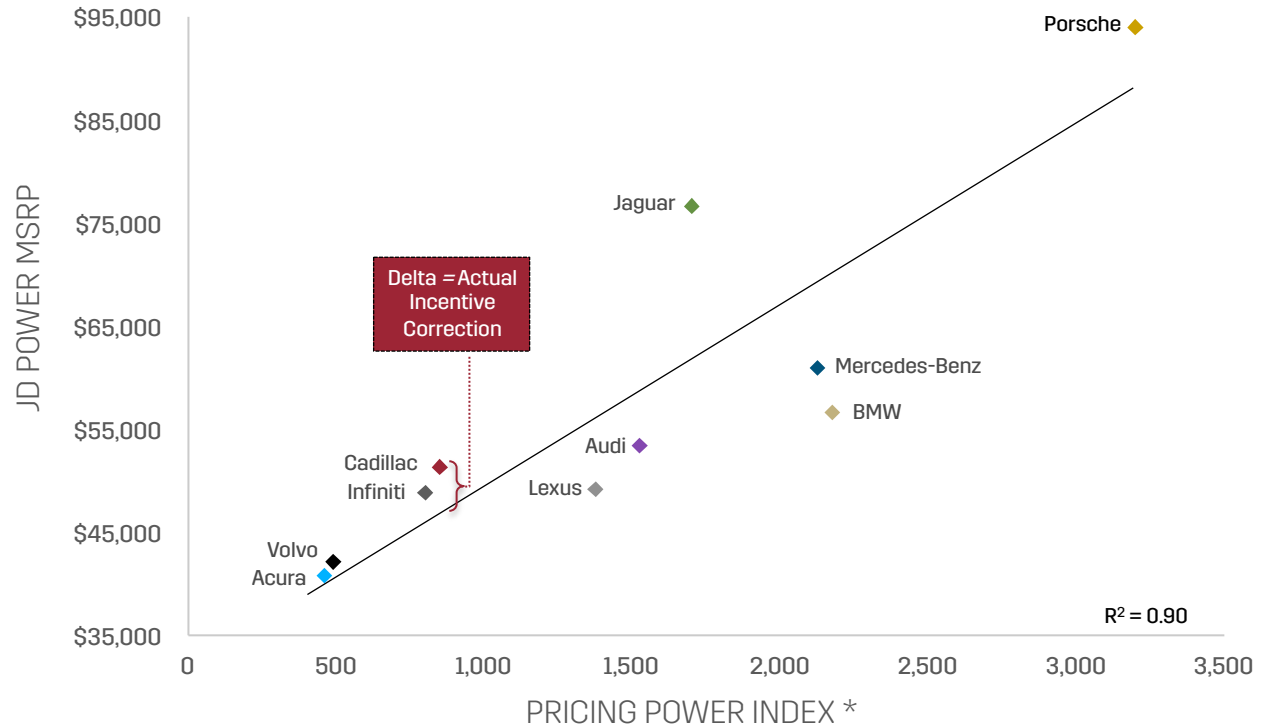
# PRICING POWER

*Product substance drives costs — instant repositioning*

*Brand appeal drives pricing power — gradual repositioning*

- Six brand and product metrics drive ~90% of pricing power
- Brands above the line are priced above perceived value
- Brands below the line have higher perceived value

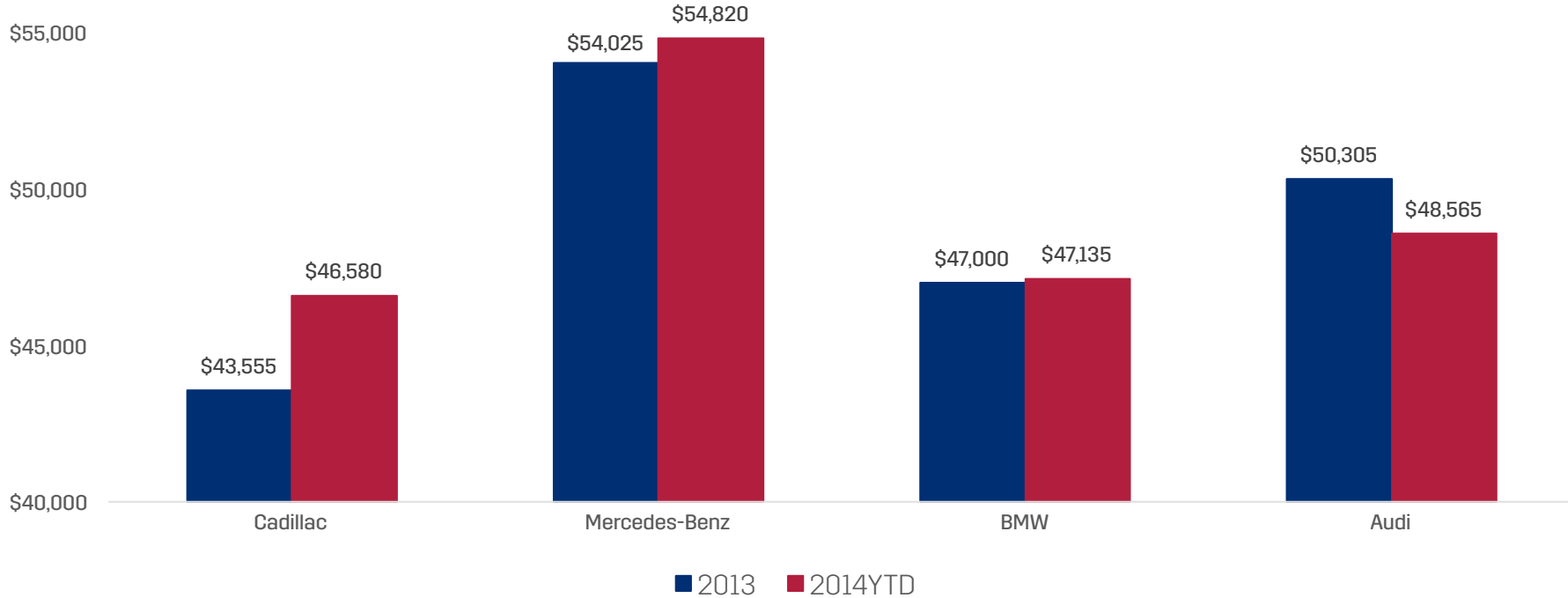
## PRICING POWER MODEL



\*Based on Brand Prestige and Product Attractiveness metrics found to be statistically significant drivers of price

# GROWTH IN TRANSACTION PRICE

## Average Transaction Price – Year over Year



Source: PIN



# RETAIL NETWORK

# RETAIL NETWORK DISTRIBUTION

An aerial photograph of a winding asphalt road through a mountainous, forested landscape. A dark-colored SUV is driving on the road, moving away from the viewer. The terrain is rugged with green vegetation and rocky outcrops. The lighting suggests late afternoon or early morning, with long shadows and a warm glow.

- Engage dealers as partners
- Dealer profitability essential
- Increase margin retention, throughput per store
- Implement revised facility standards and operating standards
- Business model linked to performance-driven, high-reward margin and bonus system
- Engagement with CPO program as fourth revenue stream for franchise, boost residuals
- Long-term target of 30 days supply to reduce incentives, reduce working capital, increase retained margin, etc.

# DEFINING THE BRAND

# A CHALLENGE OF RELEVANCE

- Cadillac lacks brand relevance, not product substance
  - “Does not fit my lifestyle”
  - “Is not a brand for me”
- Lacking relevance can only be overcome by increasing brand appeal to wider audiences
- As long as the brand is not relevant, prospects do not respond to the usual marketing activities



# CADILLAC BRAND IDENTITY



# CADILLAC BRAND WORLD

Our world burns brightest for those who fly highest. For those for whom the life worth living exists just beyond one's limits, Cadillac is the **co-conspirator in their irrepressible pursuit of life.**



# STRATEGY FOR GROWTH

# GLOBALIZATION / EXPANDING GEOGRAPHIC FOOTPRINT TO BUILD BRAND PROWESS AND ACHIEVE ECONOMIES OF SCALE

## STRATEGY

- Enter new market segments to expand customer base
- Powertrain strategy to reflect global aspirations
- From inhibitor to facilitator

## MARKETS

- Expansion of geographic footprint:
  - **China:** key strategic focus
  - **Middle East:** high potential
  - **Russia and Eastern Europe:** wait and see
  - **Western Europe:** high-value, high-performance boutique brand, attack when strong
  - **South America:** under study

→ RHD, diesel = segment requirement, cost of entry



# CONCLUSION

# CORNERSTONES OF CADILLAC STRATEGY

## BUSINESS PHILOSOPHY

- Quality of business prioritized over quantity of business
- Brand development prioritized over volume development

## BRAND SEPARATION

- Dedicated Cadillac organization

## PRODUCT

- Apply portfolio approach to vehicle projects
- Expanded crossover/SUV line-up to support volume growth and profit
- Expanded passenger car line to create segment-leading cars to support brand credibility and image development

## SUSTAINABLE GROWTH

- Geographic expansion and new segment entries to deliver sustainable global growth

