

– Check against delivery –

**Prof. Dr. Martin Winterkorn**  
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– Part I –

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Good morning, Ladies and Gentlemen,  
And a warm welcome from me as well today in Berlin.

At the moment, there are plenty of opportunities for you to encounter the Volkswagen Group and its innovative power – apart from the film you have just been watching.

- We are presenting the full spectrum of “green” mobility in Geneva.
- At CeBIT in Hanover, we are giving an insight into the “intelligent car” of the future.
- And here in Berlin, we are inviting people to get to know our new electric fleet. I hope that you, too, have had the chance to do this.

These examples show that we are working flat out on innovative and forward-looking cars.

**I. Summing up 2013: The Volkswagen Group has set new standards**

The same goes for the entire company.

- Our strong financials are compelling.
- But what we’ve achieved in areas that can’t be expressed so easily in figures alone is equally impressive.

For example our progressive production systems, our brand management philosophy and key innovations such as the plug-in hybrid.

Setting standards is what we aim to do. And I'm convinced that, once again, we achieved this objective last year.

- With the world's first one-liter car, our XL1.
- With an unparalleled range of electric vehicles – from small cars to luxury saloons, from plug-in hybrids to pure-play electric drives.
- With seven new vehicle plants in China, Russia and Mexico.
- And with our leading ranking in the Dow Jones Sustainability Index, underlining our expertise in the field of sustainability.

Setting standards is also something we achieved in our business operations.

2013 was an extremely challenging year for European automakers in particular. We weren't helped either by our home market or by exchange rates. Quite the contrary.

That's why it's all the more encouraging to be able to tell you that the Volkswagen Group delivered on its promises notwithstanding – and met or even beat its targets for 2013.

- For the first time, we delivered more than 9.7 million vehicles worldwide – a year-on-year increase of almost five percent.
- We increased our sales revenue to €197 billion.
- And we also maintained our operating profit at a high level: At €11.7 billion, we even notched it up slightly compared with last year's strong showing.

At this point, I'd like to clear up a misunderstanding that is common even among the experts: The Group delivery figures of course include all the vehicles we build and sell in China. That was over 3 million last year.

By contrast, Group sales revenue and operating profit do not include both of our Chinese joint ventures.

This is due to accounting methods: the business of our Chinese joint ventures has always been accounted for using the equity method, so it is reflected solely in the Group financial result and not included in the Group operating profit.

What that means for our financial performance is that our successful Chinese business is largely on top of the figures I've already cited. For example, the proportionate operating profit in China was approximately €4.3 billion in 2013. So you can see that what's "on top" here is really quite substantial. And if you were to factor that into the calculation, the Group's profit per vehicle would of course be significantly higher.

Ladies and Gentlemen,

To sum up, we can say that the Volkswagen Group put up a strong showing despite the difficult conditions.

One main reason for this is our broad global footprint.

We recorded further growth in almost all areas of the world last year. The exception was South America, where market weakness and the forthcoming upgrading of our model range left their mark.

By contrast, we recorded growth in other regions such as North America or even bucked the market trend, like we did in Europe. Growth was particularly dynamic in Asia-Pacific, where we increased our deliveries by 14.7 percent.

A look at the Group's brands is equally encouraging. Porsche, SEAT and Bentley posted double-digit growth. And both Volkswagen Passenger Cars and Audi also held their ground, in spite of headwinds.

Only ŠKODA was down slightly year-on-year – due largely to the change in its core Octavia model – but it has now picked up again significantly.

The volatile economic situation made itself clearly felt in the commercial vehicles area. Nevertheless, MAN still recorded growth of 4.5 percent, while Scania grew by an impressive 19.4 percent.

I'd now like to look at some milestones in the individual segments.

Let's start with passenger cars.

- Last year, the Volkswagen Passenger Cars brand delivered almost 6 million vehicles worldwide. It also underpinned its role as a technology pioneer with new models such as the e-up!, the e-Golf and the Golf GTE.
- ŠKODA continued the largest new model rollout in the company's history. With a total of eight new models, the brand has now returned to a strong growth path.
- SEAT is also reaping the rewards of a young, attractive model portfolio. With the new LEON ST, SEAT has also moved into the compact estate segment.
- New models helped Ducati underpin its cult status. Bikes such as the Hypermotard SP and the 899 Panigale contributed to increased delivery figures in 2013.

Volkswagen has mastered the balance between volume and premium models like no other automotive group.

Together, Audi, Porsche, Bentley, Lamborghini and Bugatti already stand for the best that the automotive industry has to offer today.

- Audi reached its goal of delivering 1.5 million vehicles two years ahead of schedule. With new models such as the A3 saloon, together with the expansion of production capacity in Győr and Foshan, the brand has also set the stage for further growth.
- Porsche is growing in every respect – from profitability through innovative power down to its model portfolio. The poster child for this is the new Macan, which is rolling off the production line in Leipzig: A true Porsche, and at the same time a clear commitment to Germany as an industrial location.

- Lamborghini and Bentley have proven once again that there will always be a place for something really special in the automotive world, with exciting new models such as the Huracán, and a new delivery record at Bentley.

The commercial vehicles business is increasingly evolving into a second strong pillar for the Group.

- Volkswagen Commercial Vehicles is successfully driving forward its internationalization: The brand recorded significant growth in North and South America, as well as in Asia.
- Scania remains highly profitable despite headwinds. Moreover, the brand has positioned itself well for the new Euro 6 standard: With an impressive 15 different Euro 6 engines, Scania is one of the technology leaders here.
- MAN is also investing in innovations. The brand launched new Euro 6 engines in all of its series in 2013. And the world's largest solar power plant in Abu Dhabi also relies on technology made by MAN.

Financial services are the Volkswagen Group's third strong pillar.

They not only help the Group's brands win new customers and safeguard long-term customer loyalty all over the world. They are also a major earnings contributor.

- Last year, Volkswagen Financial Services signed a total of 4.3 million new leasing, financing and service contracts – an increase of more than 13 percent.
- The division's operating profit even grew by an impressive 14.6 percent to a new record of €1.6 billion.

Furthermore, our Financial Services operations are also supporting the introduction of alternative technologies with exciting new services. Volkswagen Bank, for example, is cooperating with German energy utilities to offer eco-friendly electricity from renewable sources for the Group's electric models.

Ladies and Gentlemen,

You can see that 2013 was a good year, a successful year for the Volkswagen Group.

I would like to take this opportunity to express my sincere thanks to our more than 570,000 employees worldwide.

Their skills, their ideas and their commitment are the driving force behind our success.

Good work should be well rewarded – in all respects. This is one of Volkswagen's core principles. For Volkswagen AG's employees in Germany, for example, this means that they will again receive a substantial profit share of €6,200 each as a reward for their performance last year.

## **II. Strategy 2018: We are focusing on qualitative growth**

Ladies and Gentlemen,

Let's now turn our attention to the future. What can you expect from us in the years to come?

The Volkswagen Group will systematically continue on its way to the top of the automotive industry.

Our starting position is as sound as it is promising:

- We have 12 fascinating brands and more than 310 models that meet almost all conceivable customer wishes and needs.
- We have a global presence and a leading position in many key regions.
- We can build on the technological expertise and innovative power of more than 40,000 engineers in development.

- We have the necessary financial solidity and strength – and a convincing strategy for the future.

In short: The Volkswagen Group has everything it needs to achieve its ambitious goals.

You will recall we have set ourselves the target of delivering at least 10 million vehicles per year by 2018. But that is only one of many elements in our strategy. We also want to achieve the most satisfied customers, the most motivated employees and a strong return before tax of at least eight percent.

As far as our volume target is concerned, there's a good chance that we will already exceed the ten million deliveries mark this year – four years earlier than originally planned.

That would be an important milestone – and an additional motivation for us on our way towards 2018.

Of course that doesn't mean that we're just ticking off the subject of "volume growth". We want to and will further increase our deliveries.

But we're now focusing even more strongly on the qualitative goals in our Strategy 2018. That's why, more than ever before, our objective, the objective of the Volkswagen Group, is "qualitative growth". And that's linked to our ambition of upping the pace again appreciably on our way towards becoming the world's best automaker. What does this mean in concrete terms?

You know Volkswagen: The issue of quality is of outstanding importance both for us and for me personally.

- Uncompromising dedication to our products.
- Precision down to the last detail.
- Our zero error tolerance – all this is part of the DNA of our Group.

It's this concept of quality that we embody in our vehicles. And it's this same concept of quality that we're now transferring to all areas of the Company. To achieve this, we have launched a major corporate quality initiative in the Group. I'd like to put the spotlight on three focus areas today:

- First: Earnings quality.
- Second: Development quality.
- And third: People quality.

The first of these focus areas is earnings quality.

Our modular toolkits mean that we already hold in our hands the key to sustainably strengthening our earnings quality. That's because rolling out the toolkit strategy across the Group in the coming years will be a unique success in the automotive industry – both technically and financially.

We're working on this – at full speed but also with the necessary patience.

- We delivered around one million vehicles built using the Modular Transverse Toolkit in 2013 – and the first positive effects are already being felt.
- This figure will be around two million this year.
- And the number of vehicles based on the Modular Transverse Toolkit will rise towards the 4 million mark in 2016.

By then, the Modular Transverse Toolkit will be deployed in more than 20 plants in 12 countries worldwide – from Germany to China, and from Mexico to Brazil. And you can be sure that, as volumes grow and new models are added, we will also see increasingly positive earnings effects.

Above and beyond this, we are successively leveraging the potential synergies in our group of companies – in both the passenger cars and the commercial vehicles business.

- Take the example of Porsche, where we can point to extremely positive growth in cooperation in the fields of development, procurement, production, finance and distribution. We will achieve considerably greater synergies than previously assumed. Instead of €700 million a year, we are now anticipating mid-term synergies of more than €1 billion a year in the Group.
- Take the example of our commercial vehicles business: Our plan to acquire all shares of Scania is the next logical step on the way towards an integrated commercial vehicles group made up of Scania, MAN and Volkswagen Commercial Vehicles. This will allow us to further enhance the capabilities, efficiency and flexibility of our commercial vehicles business, for example by developing a dedicated modular toolkit strategy.

Ladies and Gentlemen,

If our offer is successful we can expect an average long-term synergy potential of at least €650 million in operating profit per year – in addition to the already announced synergies of €200 million we will be leveraging by the end of 2014.

One thing, though, definitely remains unchanged: Scania will stay Scania!

- We are totally committed to Scania's workforce and Scania's jobs.
- We are committed to Scania's plants and development centers.
- We are committed to Scania's headquarters staying in Södertälje.
- And we are committed to Scania's very special corporate culture, which makes this brand so strong.

Scania will continue along its successful path without restriction under the leadership of Martin Lundstedt.

I believe that the Volkswagen Group has frequently demonstrated how strong brands can be successfully integrated – while at the same time letting them have the necessary freedom and independence. Porsche is a good example here.

That's why I'm convinced that everybody will benefit from the integrated commercial vehicles group – and in particular the Scania brand, its employees and its customers.

But let's get back to earnings quality.

It goes without saying that we are continuing to ensure our extremely disciplined cost and investment management.

We're not great fans of hastily implemented savings programs. At Volkswagen, a disciplined approach to investments and costs was, is, and will continue to be a permanent feature. Our focus is on:

- Even more synergies in our worldwide Group of companies.
- Even leaner internal processes.
- And our clear policy of implementing only those vehicle projects that will meet the relevant return requirements.

Of course we, too, are part of the world we live in. And, in the coming years, a lot of things in our industry will depend on how the economy and the markets evolve.

But I'm convinced that the measures I have outlined will have a sustainably positive effect on our earnings quality.

At any rate, we have certainly done everything we need to reach our target return of over eight percent by 2018 at the latest.

And now to our second focus area: Development and innovation quality. Today, the Volkswagen Group is already an innovation engine for the entire automotive industry.

- The Volkswagen idea factory is running at full speed – we filed around 6,000 patent applications in 2013 alone.
- No other manufacturer spends more money on research and development. For the first time, we spent more than €10 billion last year.
- And no other manufacturer is working so systematically on the issue of sustainability. We already offer the largest fleet of efficient vehicles in the world, with 54 model variants alone below 100 grams CO<sub>2</sub>/km.

Going forward, we will rev up this innovation engine even higher: With numerous technological developments and ideas that we will roll out even faster in even more brands and models.

Our toolkits are evolving into a core innovation platform:

- They allow us to bring model variants, technologies and innovations into series production rapidly and flexibly.
- And they help us tailor our vehicles even more flexibly and more precisely to the wishes of our customers all over the world.

For example, we will offer more and more models with the entire range of state-of-the-art drive technologies:

- From highly efficient diesel and petrol engines,
- through natural gas-powered engines,
- down to pure-play electric vehicles and plug-in hybrids.

This means that we can offer our customers the freedom to choose which model they want to have with which drive. To start with, we are offering this 100 percent package for the Golf this year. And many more models will follow.

Thanks to the toolkits, we are also in a position to respond quickly and flexibly at any time to new market trends or shifts in demand. In our development activities and in production. In our Group, for example, electric cars aren't built at separate plants, but leave the same assembly lines bumper to bumper with diesel or petrol models.

Ladies and Gentlemen: I'm convinced that our customers will be the real winners of this innovation campaign.

- Take plug-in hybrids as an example: This technology allows us to meet three key customer wishes at the same time – emission-free e-mobility, a full range for long-distance driving and, not least, 100% dynamic performance and driving pleasure.
- Take the example of digitalization: We're not only researching into technologies of the future such as automatic driving or comprehensive vehicle networking, we're already getting them ready for incorporation in our series models. In the e-up!, drivers can already monitor and manage a range of functions using a smartphone app – from battery charging through the vehicle's parking location down to its air conditioning system.
- Take the example of regional models: We will systematically expand this tried-and-tested Volkswagen principle so that we can respond even more specifically to differing regional customer wishes. For example, the up! specifically tailored to the Brazilian market is about to start appearing at dealers there. And in the USA, we are reinforcing our model portfolio with a new midsize SUV that will be built using the Modular Transverse Toolkit. We're also working on a sporty coupé and a large saloon for the Chinese market, among other things.

So you can see that we are devoting our entire innovative power to serve our customers. And that's what lies at the heart of our quality campaign in the field of development.

The "Future Tracks" initiative, which we launched just a short while ago in Geneva, shows that we're looking even further into the future.

I'm convinced that in the years to come, our industry will be facing one of the greatest upheavals since the invention of the automobile.

- We are experiencing a fundamental transformation in what people expect from mobility.
- What they demand from their own cars is changing faster and faster all over the world.
- And digitalization in particular will usher in revolutionary changes – for automobiles and for the industry as a whole.

Our aspiration, the Volkswagen Group's aspiration, is to be the engine of this change.

We want to shape the future of our industry ourselves and to boldly drive it forward. That's also what we mean when we talk about qualitative growth. And that's also the reason why we have to spend a lot of time today thinking about what the automotive world will look like the day after tomorrow: How we'll develop, plan and build our vehicles in the future.

- How can we shorten existing model cycles and make them considerably more flexible in the interests of our customers?
- How can we consistently create additional added value for our customers – independently of new models?
- How we can offer our customers even greater choice through entirely new designs, body variants, or additional customization options?
- How do we leverage the enormous potential that lies in our toolkits to even greater effect so that automobiles retain their attraction and fascination, even for those who live in large cities?

We are asking ourselves these and many other urgent questions about the future. Our Future Tracks initiative brings together the best experts and thought leaders in the Volkswagen Group to provide answers to all these questions. The first project meetings will be held shortly in Wolfsburg.

Essentially, what we're seeking is even greater flexibility, an even more pronounced spirit of innovation and, above all, an even closer relationship with our customers. I'm convinced that this is the development quality that we need in the automotive industry.

Finally, let me turn to our third focus area: the quality of our people.

For years now, the Volkswagen Group and its brands have been attracting the best brains in the industry. Another outstanding individual who will soon be coming to Wolfsburg is Andreas Renschler. He will play a major role in continuing the successful work done by Leif Östling and will lead our commercial vehicles business to pole position in the industry.

In all other areas as well, we are laying the human resources groundwork for further quantitative and qualitative growth.

- Last year alone, we created 23,000 new jobs. This figure includes around 5,300 temporary workers who were offered permanent employment at our German locations.
- And the number of jobs will continue growing in the period up to 2018 – especially in China, but also here in Germany.

In total, we expect then to be a company with more than 600,000 highly qualified, committed employees.

The expertise and knowledge of all these people is our most valuable asset. And we want to safeguard this asset, to build on it and, above all, to hand it on to the next generation.

For us, enhancing people quality therefore means in particular increasing knowledge transfer.

To do this, we will further expand and internationalize our dual training and education programs. Today, our Group is already training more than 20,000 young men and women worldwide, including more than 7,000 outside Germany.

Of course I'm aware that "knowledge transfer" is a highly abstract topic that doesn't exactly grab the headlines. Nevertheless, it's still close to my heart – and its importance extends far beyond our own Company. This is why I'd like to explain our approach using three examples.

- First: the Volkswagen Group Academy. Over the years, we have developed an innovative Group-wide training and education system. The whole thing functions like a massive "learning factory": from sales, through production, down to procurement, each function has its own faculty. With around 90,000 participants each year, we are now the world's largest "automotive university".
- Second: the "Top X Program".  
In this program, each of our top talents is assigned a mentor from management. In the course of an entire year, this tandem arrangement is used to systematically pass on technical expertise and know-how. Our past experience with this program has been so successful that we are now placing it on a much broader footing.
- Third: our exchange with universities and research institutes. We not only drive forward knowledge transfer within the company, but also outside the factory gates, for example on topics such as battery research and automatic driving. Today, the Volkswagen Group is already working together with more than 280 universities and research institutes worldwide – a figure that is increasing.

Sharing knowledge leads to new, additional, knowledge – this very topical idea is increasingly becoming one of Volkswagen's hallmarks. Because it enables us to secure our technology leadership and business success in the future as well.

### **III. Outlook: The Volkswagen Group offers excellent prospects**

Ladies and Gentlemen,

Even more earnings quality, even greater development quality and even better people quality – that is our roadmap for the next few years.

We are devoting a lot of energy, expertise and money to achieving it: In the period up to 2018, the Volkswagen Group will be investing approximately €84 billion in plants, products and technologies in the Automotive Division. Our joint ventures in China will be adding more than €18 billion on top – financed from their own cash flow.

This 100 billion program sends a clear signal: We are fully committed to driving forward our Strategy 2018!

For our employees and business partners, our shareholders and investors, and above all for our customers, this means: The Volkswagen Group continues to offer excellent perspectives.

We want to – and we will – achieve our goals by 2018 at the latest.

2014 will definitely be one of the particularly challenging stages on our way towards achieving this.

- The continued high risks to the global economy.
- The expected slowdown in growth in the global automotive market.
- The emerging – but still modest – uptick in the European automotive market.
- And the growing headwinds in some emerging economies – all of these factors will put the automotive industry to the test.

By contrast, China will remain the engine of growth – for us and for our industry as a whole.

In light of the uncertainties I have outlined, our forecast for 2014 is comparatively cautious.

- We are expecting a moderate increase in deliveries.
- We expect the Group's sales revenue to move within a range of three percent around the prior-year figure.
- And we're expecting an operating return on sales in the Group of between 5.5 percent and 6.5 percent.

It's important for me to emphasize here that the Volkswagen Group has never been satisfied with just achieving the minimum.

Our forthcoming new product initiative is evidence of this. This year and next year, we will be launching more than 100 new models, successors and product enhancements. These include such important models as:

- The new Passat.
- The Audi A4 and Q7.
- The Porsche Macan and the plug-in hybrid version of the Cayenne.
- The new ŠKODA Fabia and Superb.
- As well as the new SEAT Ibiza.

As you can see, the Volkswagen Group and its brands are keeping up the pace. Both technically and economically.

This is illustrated among other things by the current delivery figures:

We recorded a healthy start to 2014.

- In January and February, the Volkswagen Group delivered around 1.5 million passenger cars and light commercial vehicles worldwide.
- And with an increase of 4.7 percent, we again recorded strong growth.

Ladies and Gentlemen,

We want to and we will grow further in the coming years – including and above all at a qualitative level.

And I'm convinced that, this time next year, we will already be able to say that the Volkswagen Group has again become a whole lot stronger and, above all, better.

Many thanks for your attention.

Mr. Pötsch will now explain our key financial figures to you in detail.