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Dr. Arno Antlitz, CFO Volkswagen Brand
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Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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Operating performance from January to March 2019

**SALES**

- **2018:** 0.9 million vehicles
- **2019:** 0.9 million vehicles (0% growth)

**SALES REVENUE**

- **2018:** €21.5 billion
- **2019:** €21.5 billion (+7% growth)

**OPERATING PROFIT**

- **2018:** €0.9 billion
- **2019:** €0.9 billion (+5% growth)

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1) These figures do not include sales of our Chinese joint ventures.
## Development of operating profit from January to March 2019

### OPERATING PROFIT [€ billion]

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Volume/Mix/Prices</th>
<th>Currency Pricing</th>
<th>Exchange Rates</th>
<th>Product Costs</th>
<th>Fixed Costs, others</th>
<th>Q1 2019 (before special items)</th>
<th>Special Items</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.9</td>
<td>(0.2)</td>
<td>0.3</td>
<td>(0.2)</td>
<td>0.1</td>
<td>0.2</td>
<td>0.9</td>
<td>(0.4)</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Incl. environmental incentive program

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
R&D costs from January to March 2019

€ billion/percentage of sales revenue

strategic target ~4%

<table>
<thead>
<tr>
<th></th>
<th>Total R&amp;D Costs</th>
<th>of which capitalized</th>
<th>amortization</th>
<th>Recognized in the income statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.-Mar. 2018</td>
<td>0.8</td>
<td>0.3</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>3.6%</td>
<td>30%</td>
<td>(0.2)</td>
<td></td>
</tr>
</tbody>
</table>

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
### Solid cash flow generation from January to March 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashflow from operating activities(^1)</td>
<td>1.6</td>
</tr>
<tr>
<td>Investing activities(^1)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Net operating cash flow</td>
<td>0.6</td>
</tr>
<tr>
<td>Special Items mainly Diesel</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>0.5</td>
</tr>
</tbody>
</table>

\(^1\) Before special items

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
Key levers for improving the result: Status update

PRODUCT OFFENSIVE

Achievements 2018:
• SUV portfolio widened: T-Roc, Tiguan, Tiguan Allspace, Touareg, Atlas
• Increase of MQB share to 60%

Outlook 2019:
• More SUVs coming: T-Cross, 5-seater B-SUV (US)
• Increase of MQB share to 80%

ZUKUNFTSPAKT

Achievements 2018:
• Realized cost improvements of more than €2.4 billion
• > 9,000 early retirement contracts
• Headcount reduction ahead of target

Outlook 2019:
• Further improvements on costs and productivity

TURNAROUND IN THE REGIONS

Achievements 2018:
• Positive result in Russia maintained
• NAR better than 2017
• SAM with strong progress

Outlook 2019:
• SAM expected to break even
• Further improvements in NAR, Turnaround planned for 2020
Product Offensive – SUV share on the rise
January to April 2019 vs. FY 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>Other</td>
<td>SUV</td>
</tr>
<tr>
<td></td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>Europe</td>
<td>Other</td>
<td>SUV</td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td>11%</td>
</tr>
<tr>
<td>NAR</td>
<td>Other</td>
<td>SUV</td>
</tr>
<tr>
<td></td>
<td>41%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Further increase in MQB volume creates larger economies of scale

Total Volkswagen Brand MQB production volume/
MQB penetration in % (of total brand production)
Zukunftspakt – On track to deliver as of April 2019

Cost Savings (2018 full year effect)

€ 2.4bn
Target 2018 of more than € 2.2 bn overachieved
(2020 target for Germany: € 3 bn)

(Net) Headcount reduction
~ 7,000
Since the start of the Zukunftspakt headcount has been reduced by around 7,000 people

Early retirements (contracts signed)

> 9,000
More than 9,000 people signed early retirement contracts and will leave the company by 2020 at latest

New jobs

> 3,200
Headcount increase in future oriented business areas (e.g. software development, connectivity, new mobility solutions) on target
Regions – Positive development continues

**NAR**
- US Deliveries Jan.-May 2019: +6.2%
- **SUV share** increased in 2 years from 14 to 53%
- Profit: **Improved vs. Q1 2018**
- Break-even expected in 2020

**SAM**
- Deliveries Jan.-Apr. 2019: +0.7%
- Product highlights: New Polo, Tiguan and Virtus
- Profit: **Flat vs. Q1 2018**; difficult macroeconomic situation in Argentina fully compensated
- Break-even expected in 2019

**Russia**
- Deliveries Jan.-Apr. 2019: +4.7%
- Products highlights: Tiguan Allspace and new Touareg, Polo
- Profit: further **substantial improvement vs. Q1 2018**
Further efforts required to prepare Volkswagen for the future

Compensating additional costs

Increasing investment needs

CO₂ Compliance

<table>
<thead>
<tr>
<th>gCO₂/km</th>
<th>Target curve</th>
</tr>
</thead>
<tbody>
<tr>
<td>140</td>
<td></td>
</tr>
<tr>
<td>120</td>
<td></td>
</tr>
<tr>
<td>100</td>
<td></td>
</tr>
<tr>
<td>80</td>
<td></td>
</tr>
<tr>
<td>60</td>
<td></td>
</tr>
</tbody>
</table>

2018 2019 2020

1. Electrification
2. New Mobility
3. Connectivity
4. Autonomous Driving

Disruption automotive industry
Ramping up new businesses to enrich the digital ecosystem

@myCar

- Guide & Inform
- Security & Service
- Streaming & Internet

We Connect

Around the car

- Convenience Services
- Smart Infrastructure

- eMobility services

We Charge

- Device Platform
- Group IT Cloud
- WirelessCar

eMobility services

- Customer Data Management
- Vehicle Connectivity
- Dig. Business Enablement
- Customer Experience Mgmt.

Intermodality

Digital Platform (ODP)
Profit improvement initiatives to secure 6% operating margin in 2022

Main levers

- Margin improvement: € 2.9bn
- Material cost: € 3bn
- Cost improvement overhead
- Productivity improvements in the plants

Profit Improvement Initiatives

Operating profit in € billion/Return on sales in %
<table>
<thead>
<tr>
<th></th>
<th>Forecast 2019</th>
<th>Target 2020</th>
<th>Target 2022</th>
<th>Target 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>up to +5 %</td>
<td>tbd</td>
<td>tbd</td>
<td>tbd</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>≥ 6 %</td>
<td>&gt; 6 %</td>
</tr>
<tr>
<td>Capex ratio</td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>4–5 %</td>
</tr>
<tr>
<td>R&amp;D ratio</td>
<td>~4 %</td>
<td>4 %</td>
<td>4 %</td>
<td>4 %</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>Positive operating cash flow</td>
<td>€1-2 billion</td>
<td>&gt; €2 billion</td>
<td>&gt; €2 billion</td>
</tr>
</tbody>
</table>