

VOLKSWAGEN

AKTIENGESELLSCHAFT



moving
people

Volkswagen Group

Oliver Larkin, Group Head of Investor Relations

Helen Beckermann, Senior Investor Relations Manager

Commerzbank – German Investment Seminar 2017, New York, 9-10 January 2017

Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

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, 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.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

VOLKSWAGEN

AKTIENGESELLSCHAFT

TOGETHER – Strategy 2025

Financials

Outlook 2016

Diesel Status

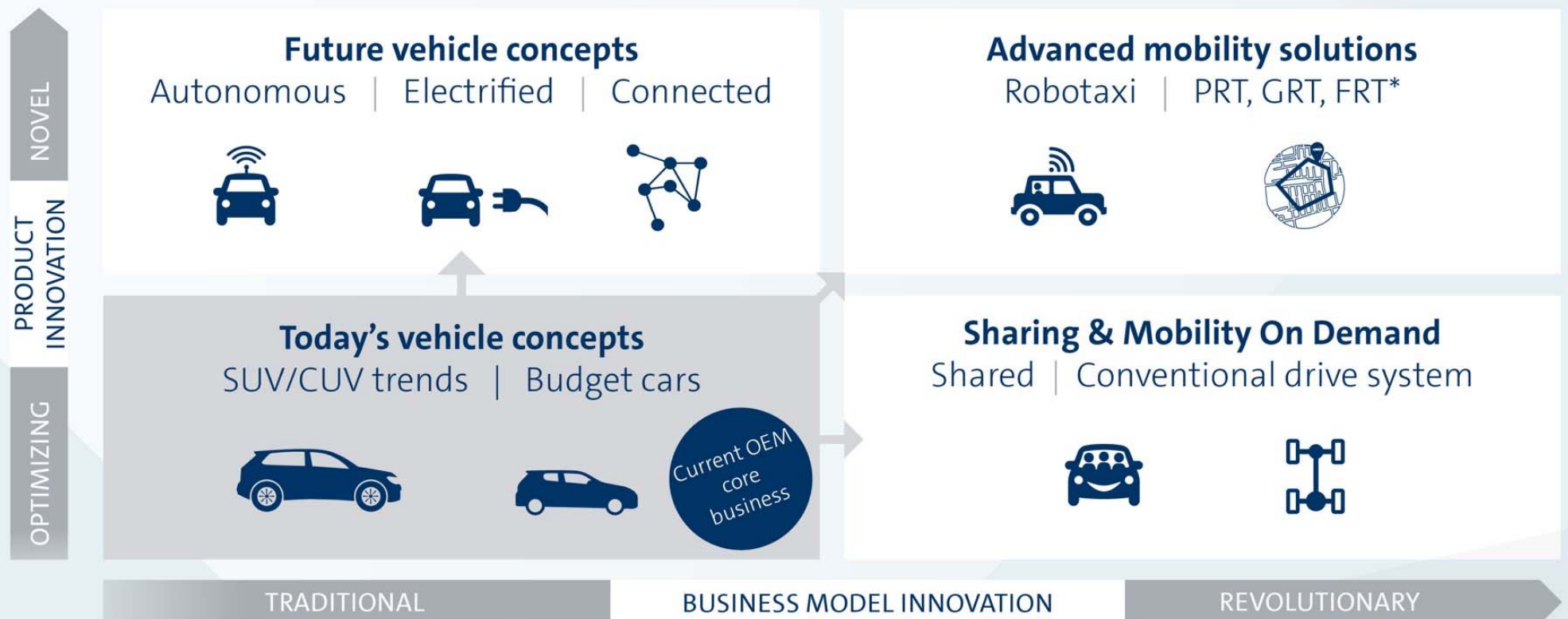
Volkswagen going forward

 **TOGETHER**

STRATEGY 2025

HOW OUR INDUSTRY IS CHANGING

The key trends in the automotive world at a glance



*PRT = Personal Rapid Transit; GRT = Group Rapid Transit; FRT = Freight Rapid Transit

VOLKSWAGEN

AKTIENGESELLSCHAFT

**“THE REVOLUTIONARY CHANGE
IN OUR INDUSTRY IS A CHALLENGE,
BUT AT THE SAME TIME
A HUGE OPPORTUNITY”**

STRATEGY 2025 – INITIATIVES AT A GLANCE

GROW PROFITABLY

- 1 Sharpen positioning of brands
- 2 Develop winning vehicle and drivetrain portfolio
- 3 Streamline modular architectures
- 4 Partner with regional players to win in economy segment
- 5 Develop self-driving system for autonomous vehicles and artificial intelligence in-house
- 6 Develop battery technology as new core competency
- 7 Develop best-in-class user experience across brands and customer touchpoints



Transform
core business

DEVELOP STRATEGIC CAPABILITIES

- 8 Implement model line organization
- 9 Realign “Components” business

ENHANCE ENTREPRE- NEURIAL SPIRIT

- 10 Build mobility solutions business
- 11 Develop and expand attractive and profitable smart mobility offering



Build
mobility solutions
business

- 12 Improve operational excellence
- 13 Optimize business portfolio



Secure
funding

- 14 Drive digital transformation

- 15 Create organization 4.0



Strengthen
innovation power

VOLKSWAGEN

AKTIENGESELLSCHAFT

THE ELECTRIFICATION INITIATIVE OF THE VOLKSWAGEN GROUP

- ◆ Goal: to position Volkswagen as a driving force behind the expansion of electro-mobility; e-car to become a new hallmark of the Group
- ◆ >30 new pure-electric vehicles by 2025
- ◆ Annual unit sales of 2 to 3 million e-cars by 2025, equivalent to 20–25 percent of total sales



NEW FINANCIAL TARGETS ADOPTED: FOCUS ON PROFITABILITY

Key financial targets

2015**2025**

Operating return on sales
before special items

6.0%

7–8%

Return on capital
Automotive Division

13.8%

>15%

Capex ratio
Automotive Division

6.9%

~6%

THE VOLKSWAGEN GROUP OF THE FUTURE WILL INSPIRE PEOPLE

TOGETHER...

... we will create smart mobility solutions that
simplify and enrich our customers' lives



... we will reduce the environmental burden
with eco-friendly drivetrain technologies



... we will continue to raise the bar in emotion and quality

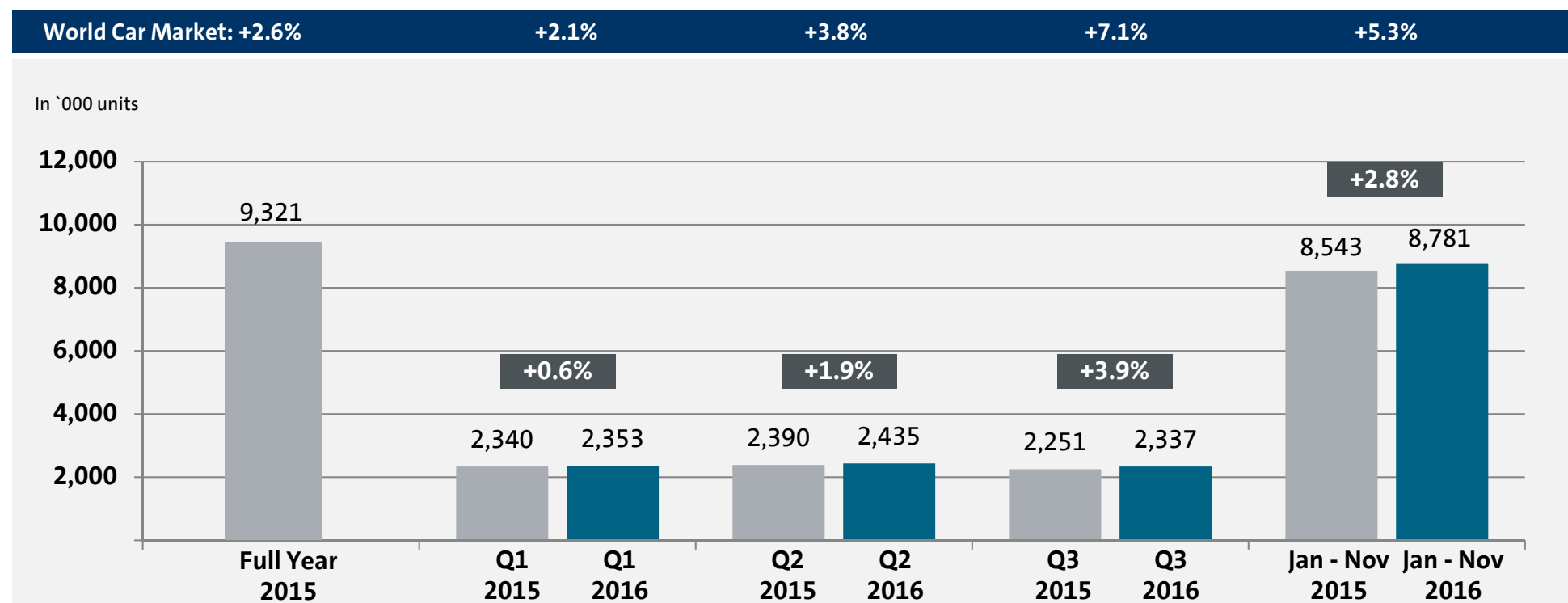


... we will shape the future of our industry



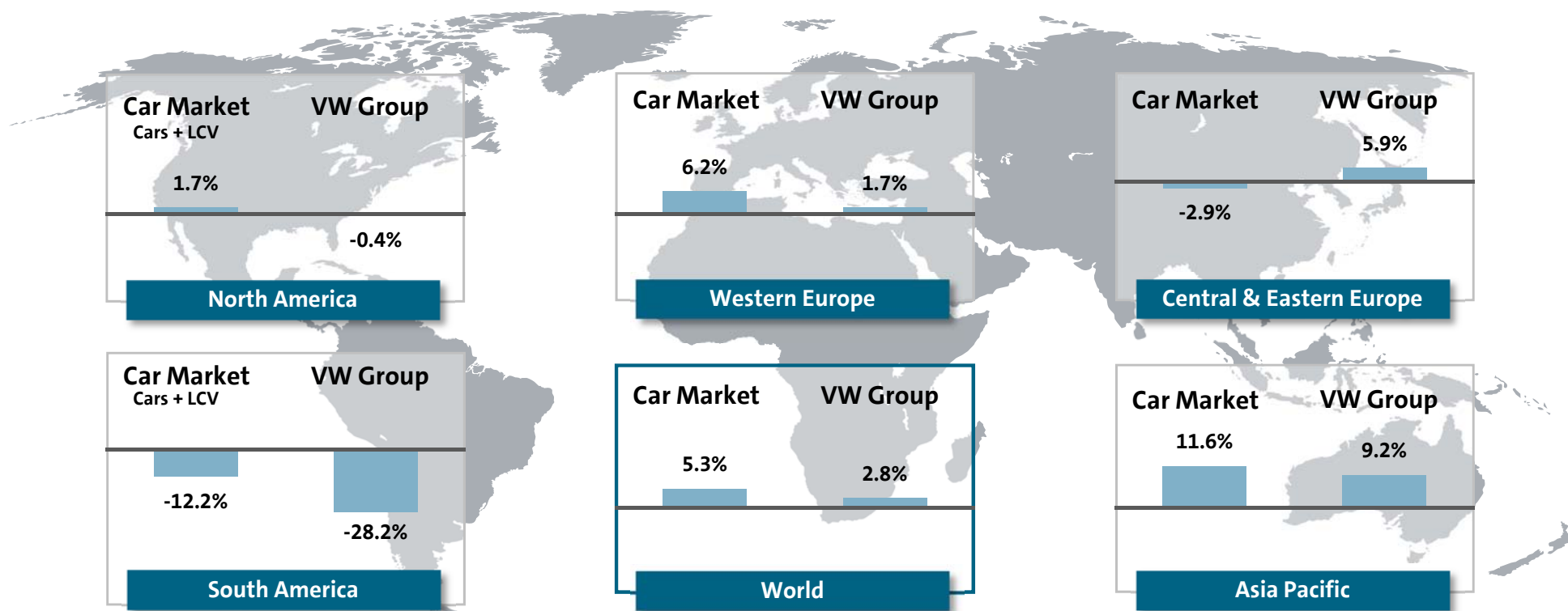
... we will build an enterprise of which we can be truly proud.

Development Volkswagen Group car deliveries to customers ¹⁾ (in comparison to previous year)



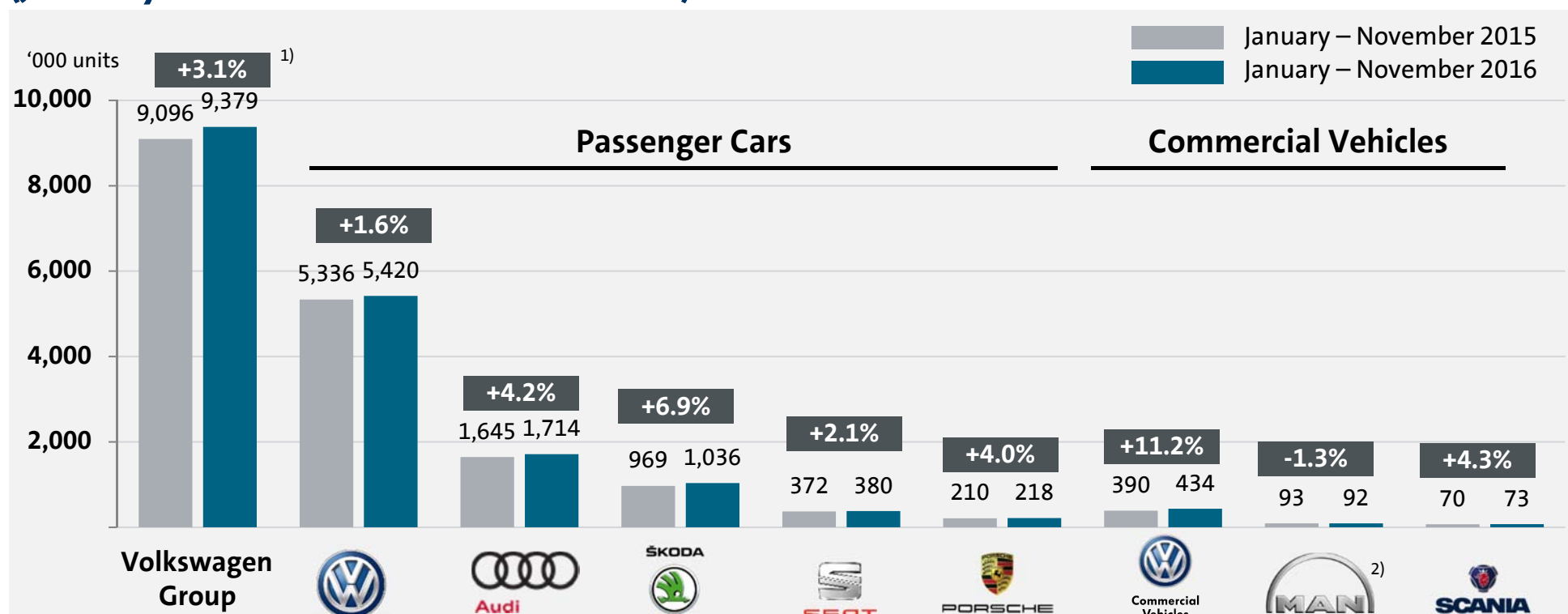
¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

World car market vs. Volkswagen Group car deliveries to customers ¹⁾ (Growth y-o-y in deliveries to customers, January to November 2016 vs. 2015)



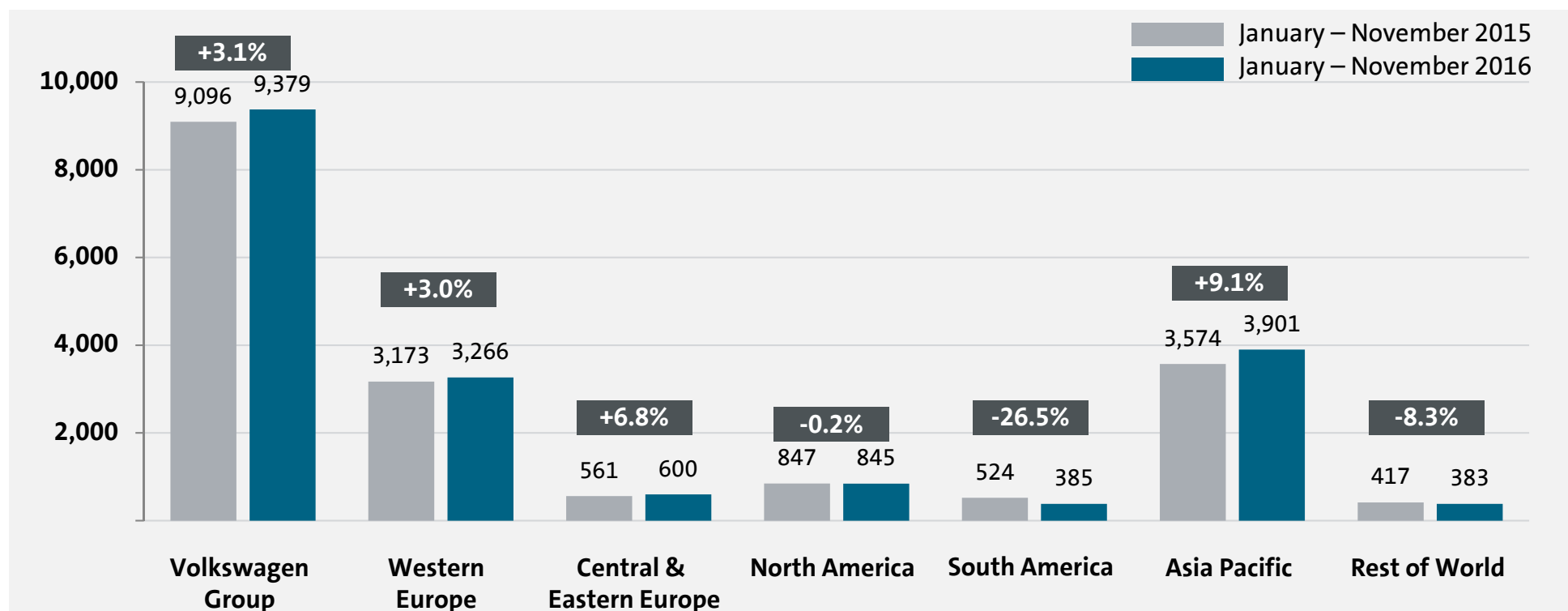
¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.Commercial Vehicles

Volkswagen Group – Deliveries to customers by brands (January to November 2016 vs. 2015)



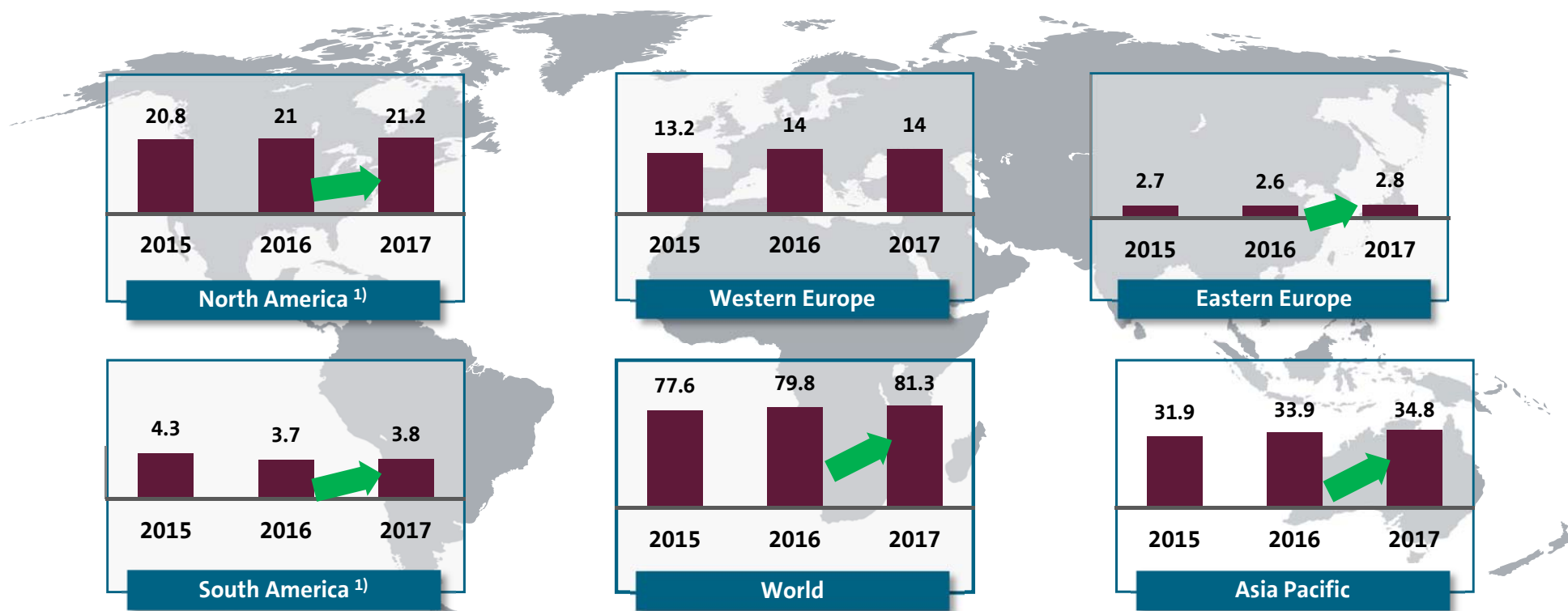
¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Deliveries to customers by markets ¹⁾ (January to November 2016 vs. 2015)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.

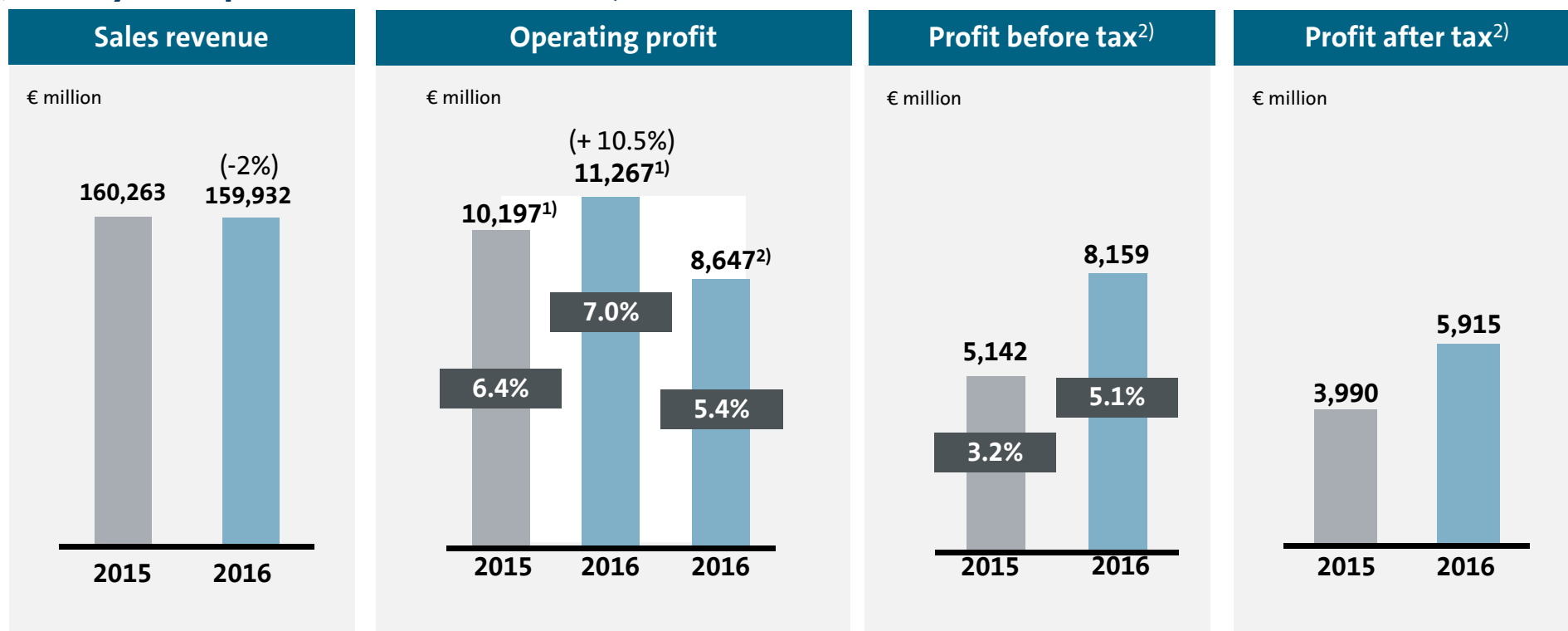
Passenger car market forecast 2017



Source: IHS Economics as of November 2016

¹⁾ Passenger cars and Light Commercial Vehicles

Financial highlights – Volkswagen Group (January to September 2016 vs. 2015)



1) Before Special items

2) After Special items

x.x% Operating profit / profit before tax in % of sales revenue

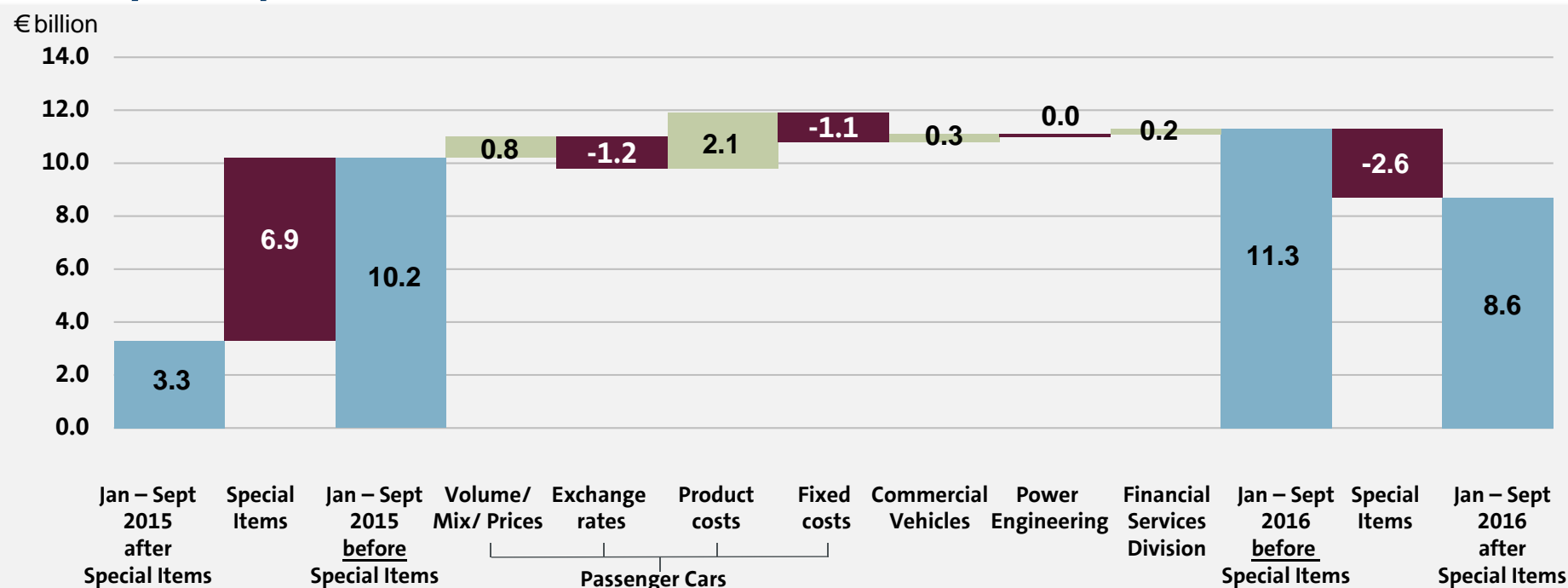
Volkswagen Group – Key financial figures ¹⁾ (January to September 2016 vs. 2015)

| thousand vehicles / € million | 2016 | 2015 | +/- (%) |
|--|---------|---------|---------|
| Vehicle Sales ²⁾ | 7,653 | 7,440 | +2.9 |
| Sales revenue | 159,932 | 160,263 | -0.2 |
| Operating profit before Special Items | 11,267 | 10,197 | +10.5 |
| <i>% of sales revenue</i> | 7.0 | 6.4 | |
| Operating profit | 8,647 | 3,342 | x |
| <i>% of sales revenue</i> | 5.4 | 2.1 | |
| Financial result | -488 | 1,800 | x |
| of which: At-equity result ²⁾ | 2,627 | 3,128 | -16.0 |
| of which: Other financial result | -3,116 | -1,327 | x |
| Profit before tax | 8,159 | 5,142 | +58.7 |
| <i>% Return on sales before tax</i> | 5.1 | 3.2 | |
| Profit after tax | 5,915 | 3,990 | +48.2 |

¹⁾ All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

²⁾ Volume data including the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €3,594 million (€3,777 million).

Volkswagen Group – Analysis of operating profit ¹⁾ (January to September 2016 vs. 2015)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

Volkswagen Group – Analysis by business line ¹⁾ (January to September 2016 vs. 2015)

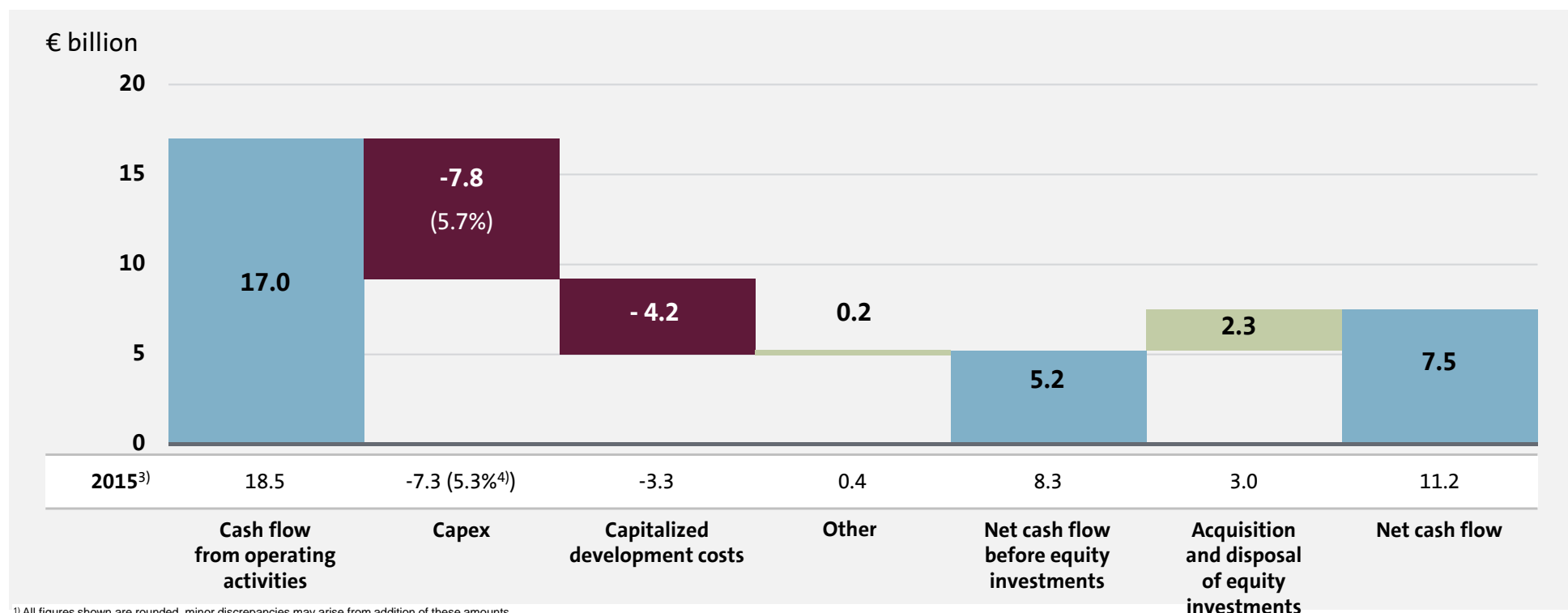
| thousand vehicles/ € million | Vehicle sales | | Sales revenue | | Operating profit | |
|--|---------------|--------------|----------------|----------------|------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Volkswagen Passenger Cars | 3,234 | 3,343 | 77,725 | 79,972 | 1,244 | 2,229 |
| Audi | 1,166 | 1,158 | 44,017 | 43,695 | 3,918 | 4,024 |
| ŠKODA | 606 | 605 | 10,113 | 9,280 | 940 | 734 |
| SEAT | 400 | 404 | 6,535 | 6,388 | 137 | 12 |
| Bentley | 8 | 7 | 1,411 | 1,364 | 54 | 57 |
| Porsche ²⁾ | 177 | 169 | 16,470 | 16,471 | 2,858 | 2,546 |
| Volkswagen Commercial Vehicles | 342 | 335 | 8,045 | 7,537 | 392 | 313 |
| Scania ²⁾ | 60 | 56 | 8,272 | 7,686 | 802 | 748 |
| MAN Commercial Vehicles | 74 | 74 | 7,213 | 7,247 | 204 | 52 |
| MAN Power Engineering | - | - | 2,567 | 2,756 | 176 | 227 |
| VW China ³⁾ | 2,803 | 2,492 | - | - | - | - |
| Other | -1,217 | -1,204 | -42,771 | -41,538 | -993 | -2,126 |
| Volkswagen Financial Services | - | - | 20,337 | 19,403 | 1,534 | 1,381 |
| Volkswagen Group before Special Items | - | - | - | - | 11,267 | 10,197 |
| Special Items | - | - | - | - | -2,620 | -6,855 |
| Volkswagen Group | 7,653 | 7,440 | 159,932 | 160,263 | 8,647 | 3,342 |
| Automotive Division ⁵⁾ | 7,653 | 7,440 | 136,889 | 138,302 | 6,841 | 1,726 |
| of which: Passenger Cars | 7,178 | 6,974 | 111,044 | 113,325 | 6,359 | 1,203 |
| of which: Commercial Vehicles | 475 | 466 | 23,278 | 22,221 | 491 | 489 |
| of which: Power Engineering | - | - | 2,567 | 2,756 | -9 | 34 |
| Financial Services Division | - | - | 23,042 | 21,961 | 1,806 | 1,615 |

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Incl. financial services. ³⁾ Sales revenue and operating profit of the JV's in China are not included in the Group figures. The Chinese companies

are accounted for using the equity method and recorded an operating profit (proportionate) of € 3,594 million (€3,777 million). ⁴⁾ Mainly intragroup items, in particular from elimination of intercompany profits; incl. depreciation and amortization

of identifiable assets as part of the PPA for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁵⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Automotive Division – Strong cash generation ^{1) 2)} (January to September 2016)



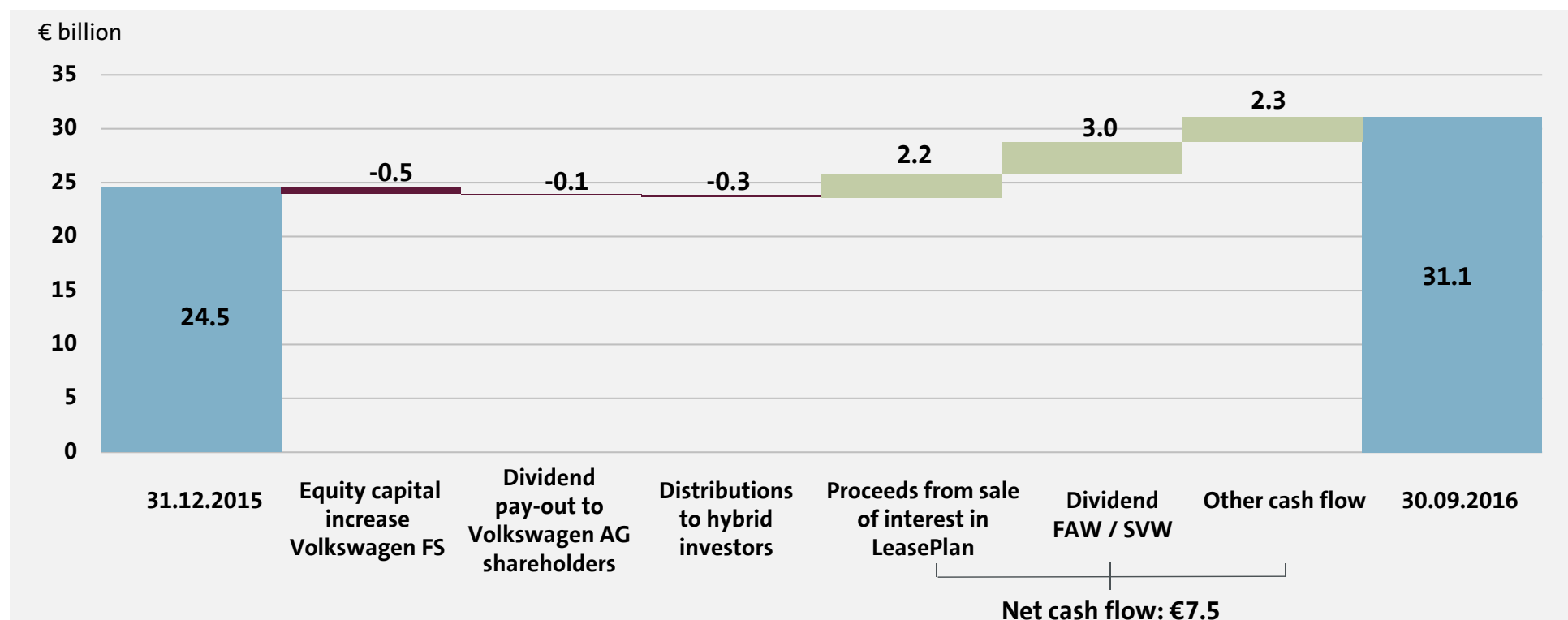
¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

²⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

³⁾ prior- year figures adjusted

⁴⁾ Capital expenditure for property, plant and equipment in% of Automotive sales revenue.

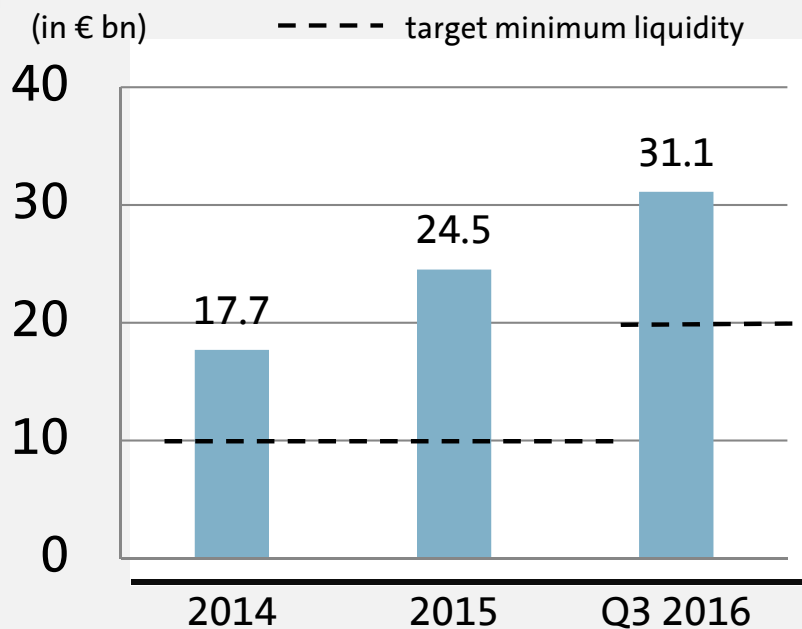
Automotive division – Analysis of net liquidity ¹⁾



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

Volkswagen Group – Net liquidity and funding

Automotive Division - Net Liquidity



Funding programs

(in € bn)

Money and Capital Markets as at 30 September 2016

| | Utilization |
|---------------------------|-------------|
| Commercial Papers | 10.0 |
| Medium Term Notes / Bonds | 48.6 |
| thereof: Hybrid Bonds | 7.5 |
| ABS | 33.8 |

Borrowings²⁾ as at 30 September 2016

| | |
|--|--------------|
| Committed Lines | 1.9 |
| Uncommitted Lines | 9.9 |
| Supranationals, development banks, government, other | 15.8 |
| Direct Banking Deposits | 31.5 |
| Total Amount | 151.5 |

Loan Facility to June 2017

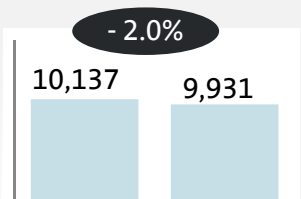
| | |
|------------------------------|-----|
| Utilization 1 December, 2016 | 0.0 |
|------------------------------|-----|

1) Excluding Scania and Porsche FS

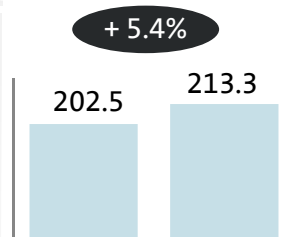
2) Excluding MAN and Porsche AG subsidiaries

Volkswagen Group – Outlook for 2016

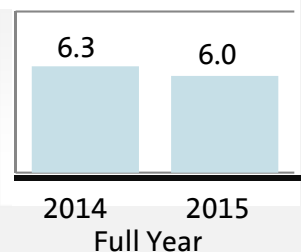
Deliveries to customers (‘000 vehicles)



Sales revenue (€ billion)



Operating return on sales (before Special Items) (%)



Deliveries to customers

slightly above prior year



Sales revenue

may reach prior year level



Operating return on sales

(before Special Items) between 5.0% and 6.0%

Our 5 priorities: Focus on crisis management and realignment



Customer solutions

- Implementation of technical solutions launched in Germany
- Schedule for further refits in Europe to be adapted in consultation with authorities
- Agreement in principle reached with U.S. authorities



Investigation

- Process audit by Group Audit already completed at 2015 year-end, proposed measures being rapidly implemented
- Detailed investigation of facts by Jones Day ongoing



Structure

- New management team in place
- Intensive work on new structures and leaner processes



Mindset

- Numerous individual changes made to renew corporate and leadership culture
- Structured change process initiated



Destination

- Development of "TOGETHER Strategy 2025" proceeding to plan
- Key financial targets with focus on profitability already communicated
- Milestones and brand specific KPI's will be implemented into next planning round

What do the 2.0L US settlement agreements cover?

With whom?

U.S. Federal and State Regulators (DOJ, CARB, FTC), and

Private Plaintiffs represented by the Plaintiffs' Steering Committee to resolve civil claims

Which engines?

2.0L TDI Diesel engines approx. 475,000 (thereof 460,000 Volkswagen and 15,000 Audi vehicles)

Claims status

According to the December 27, 2016 independent Claims administrator's report, as of December 18, 2016, approx. 436,000 consumers had registered their claims and nearly 200,000 consumers have been issued offers, with an aggregate value of approx. \$3.477bn

Granted Final Approval on October 25, 2016

Volkswagen has established a maximum funding pool of \$10.033bn for vehicles currently in use and eligible for :

- Buyback/Lease terminations; OR
- Emissions modifications (if approved by regulators)
- + Cash payments for affected customers

Pay \$2.7bn over 3 years to an environmental trust to remediate excess NO_x emissions

Invest \$2bn over 10 years in Zero emission infrastructure, access and awareness initiatives

States resolution

Agreement with 44 states, the District of Columbia and Puerto Rico to resolve existing and potential state consumer protection claims regarding both 2.0L and 3.0L engines (approx. \$603m)

- **Regarding the 3.0L TDI engines**, Volkswagen has reached agreement with US environmental regulators to resolve civil claims. Volkswagen has also reached an agreement in principle with the Court-appointed Plaintiffs' Steering Committee. The Court has instructed the parties to file preliminary settlement approval documents by January 31, 2017.
- The Court has filed its order granting preliminary approval to the settlement with **Volkswagen-branded franchise dealers** on October 18, 2016.
- The Court will hold a fairness hearing to consider granting final approval on January 18, 2017

VOLKSWAGEN

AKTIENGESELLSCHAFT

Volkswagen going forward

Group

Volkswagen Brand
Strategy 2025+

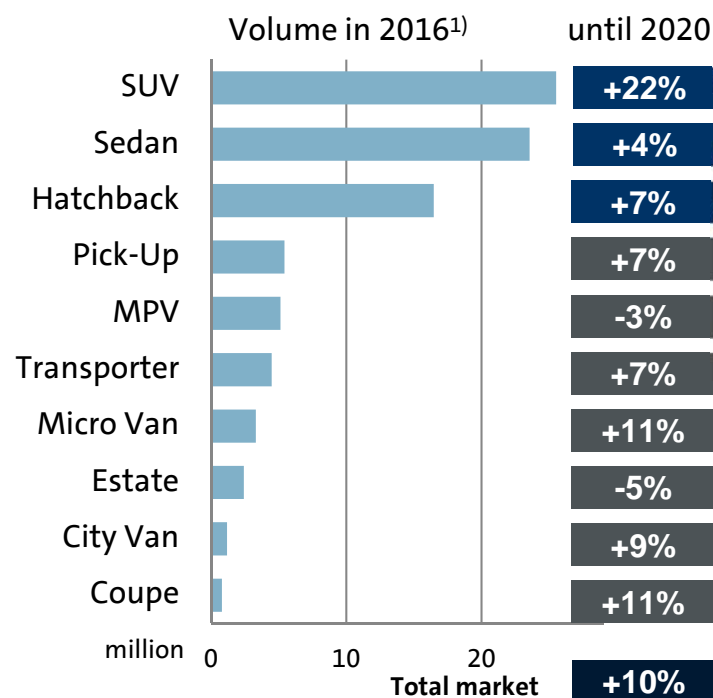
Volkswagen Truck & Bus

Regions / FS

Trends

Product roadmap aligns with expected future market trends

Body group trends until 2020¹⁾



Upcoming models



¹⁾ Source: IHS as of Dec. 2016; 2016 preliminary figures, all figures rounded.

Volkswagen brand has significant potential for improvement

- Underperformance in the US car market
- Falling market shares in price-sensitive markets of Brazil, India and ASEAN
- Inconsistent brand image in the regions
- High increase in fixed costs
- Growing productivity gap compared to competitors
- High product complexity is weakening ability to compete in volume segment
- Product portfolio is lagging behind international trends and requirements of local customers
- High level of vertical integration / need for investment in fields without differentiation from competitors
- Centralised, functional and hierarchical organisation
- Insufficient generation of returns/cash



Volkswagen brand has important qualities that enable it to take the lead in the volume segment

- Globally acknowledged and established brand and strong customer loyalty
- High-quality portfolio – cars with character
Golf, GTI, Tiguan, Passat, Jetta and Magotan
- Global presence and scalable platforms: Volkswagen Group backbone
- Unsurpassed market leadership in China, market leadership in Europe,
and corresponding better price position of products
- Committed, highly qualified workforce that identifies with the brand
- Quality orientation, an eye for detail, and superb technical expertise



Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

| | |
|---|--|
| <u>Working Group 1</u> Production | <ul style="list-style-type: none"> • Increase of productivity by 25% • Reduction of plant costs |
| <u>Working Group 2</u> Components | <ul style="list-style-type: none"> • Increase of productivity by 25% • Discontinuation of unprofitable products |
| <u>Working Group 3</u> Technical Development | <ul style="list-style-type: none"> • Reduction of hardware-oriented development work • Increased efficiency in development processes |
| <u>Working Group 4</u> Administration | <ul style="list-style-type: none"> • Reduction of bureaucracy |

Secure the Future

- 4 additional models:
2 conventional and 2 MEB vehicles
- Investments in:
 - Electric drive trains
 - Pilot facility battery cell
 - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

Reduction in workforce based on demographic curve

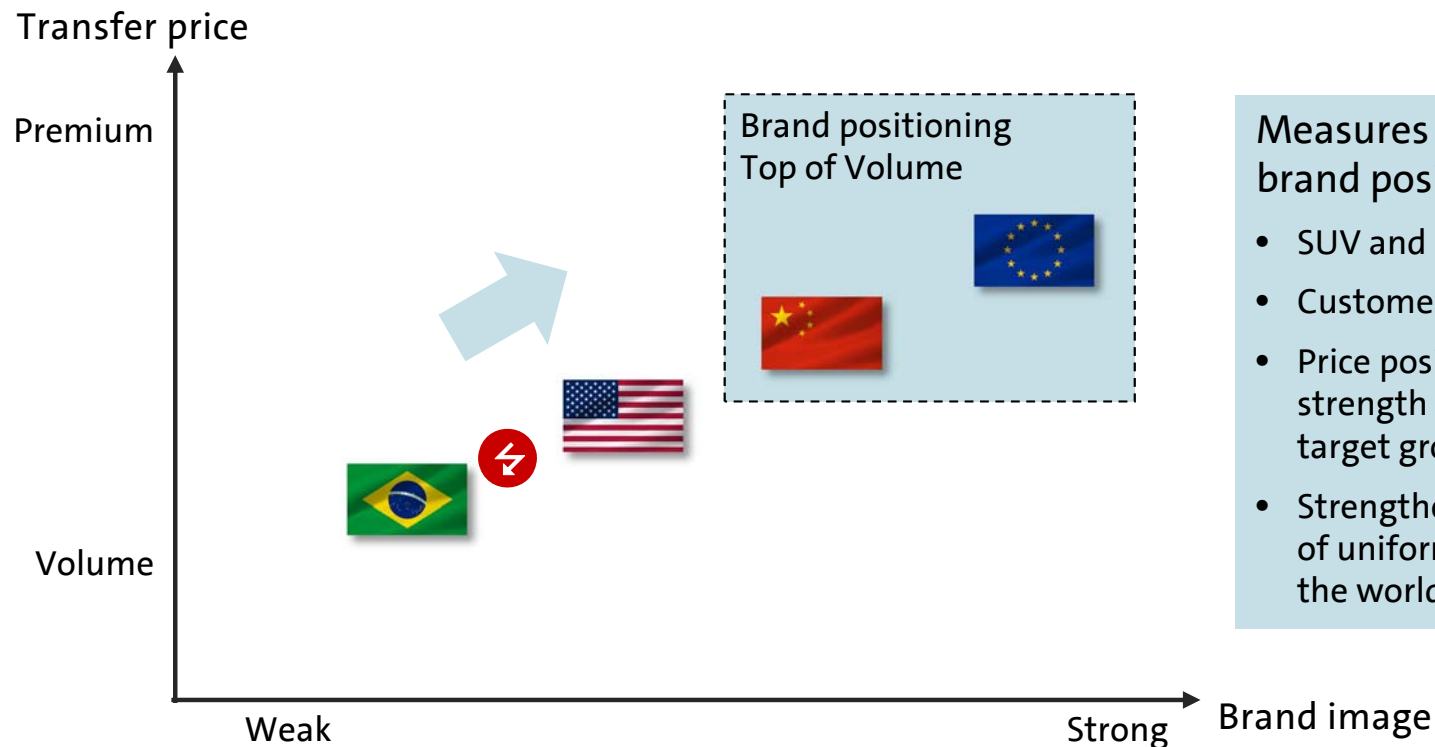
Strategic realignment of Volkswagen brand will take place in three phases



*) before special items

**) Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)

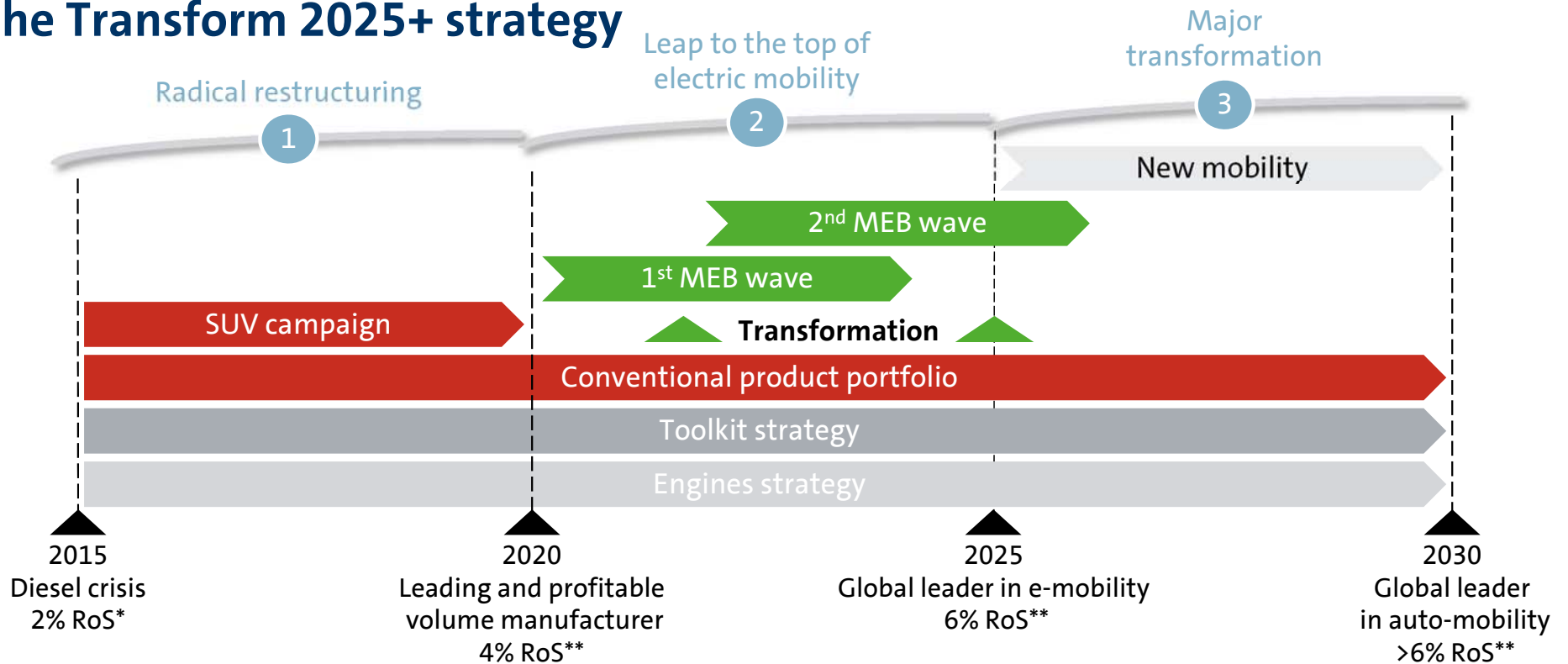
Volkswagen brand image in critical markets will be improved step by step and brought in line with Europe



Measures for a globally consistent brand positioning

- SUV and BEV offensive
- Customer-relevant innovation
- Price positioning depending on brand strength and purchasing power in the target group of the aspiring middle class
- Strengthen brand image by means of uniform brand leadership across the world

Realignment of product strategy oriented towards the three phases of the Transform 2025+ strategy



*) before special items

**) Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)

Reducing complexity leads to lower expenditure, frees up resources and increases productivity

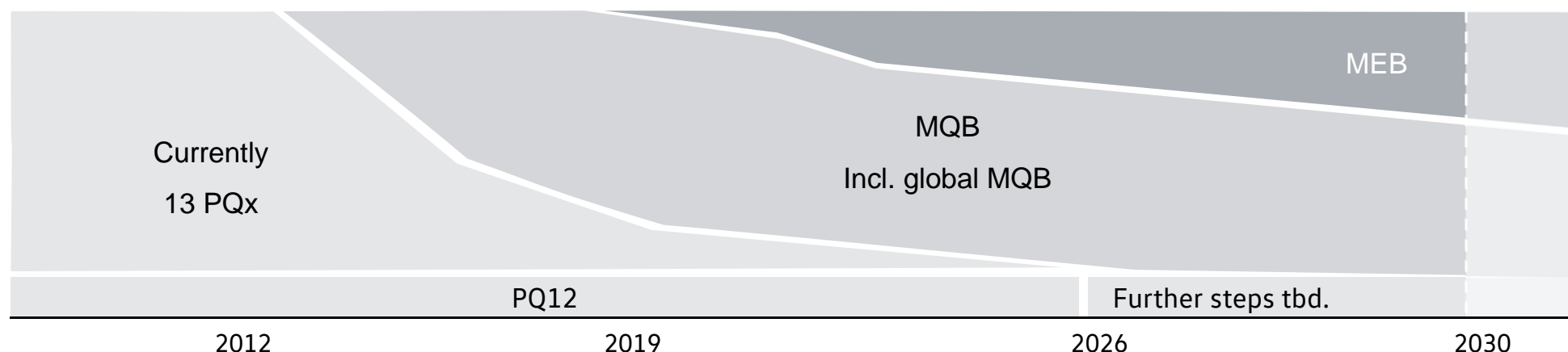
| Business field | Reduced number of variants |
|--------------------------|----------------------------|
| Sucessors / new vehicles | -30 to -60% |
| Platforms | -40% |
| Drivetrains | -30 to -40% |

>15,000
fewer component
variants

>€700 million
lower initial investment



The number of platforms will be reduced consistently to create economies of scale worldwide



New toolkit (MEB)

MEB enables cost and concept leadership for electric vehicles

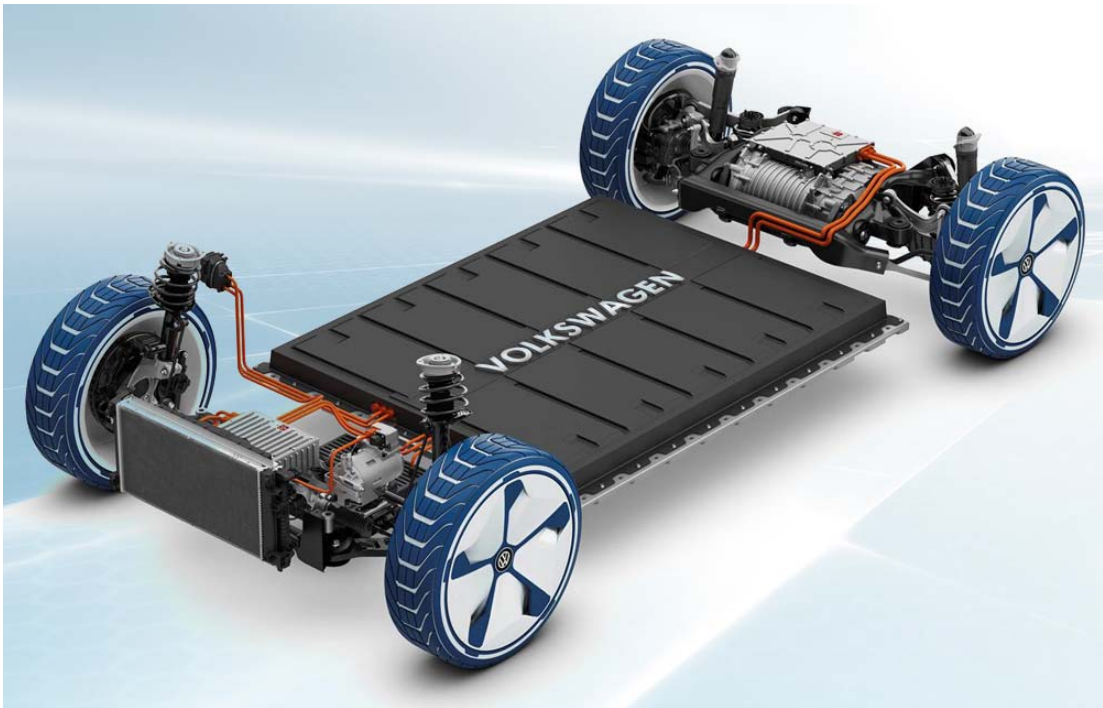
Conventional toolkit (MQB)

Using MQB for second product life cycle minimises the expenditure necessary for the transformation (no further changes to platform basis necessary)

Old platforms (PQx)

Avoiding expenses for maintaining and upgrading vehicles by discontinuing eleven of the PQ platforms

The Volkswagen brand will implement MEB to make electric vehicles affordable and profitable



Key measures

- Concept determined by: customer benefit and package for cost-optimized implementation of e-components
- MEB: economies of scale from use of MEB across entire Group
- “Design for manufacturing”: higher productivity, shorter manufacturing time
- Lower material and distribution costs
- Significant reduction in variants
- Early involvement of suppliers

Volkswagen brand is planning a strong comeback in the USA

Focus on US Core Segments



Atlas



Tiguan



Jetta



Passat

Key measures

- Extend SUV offering, focus on US core segments (SUVs, sedans)
- Market-oriented pricing
- Market-oriented alignment to local standards and customer expectations
- Reduce material, product and fixed costs
- “Electrify America”: infrastructure and locally produced cars from 2021

A product offensive will initiate a new growth phase in South America

Product offensive in South America



Polo Global



Polo Sedan Global



Small SUV Global

Key measures

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5 bn investment
- New brand positioning
- New growth strategy for Latin America

Product line organisation and regionalisation are making us faster and more entrepreneurial

Product line organisation

G1 – Small



G3 – Mid- & Fullsize



G2 – Compact



G4 – e-Mobility



New organisation model implemented in all product lines

Regionalisation

NAR



Head NAR

F V E B P S GS

SAM



Head SAM

F V E B P S CEO VWA

CHN



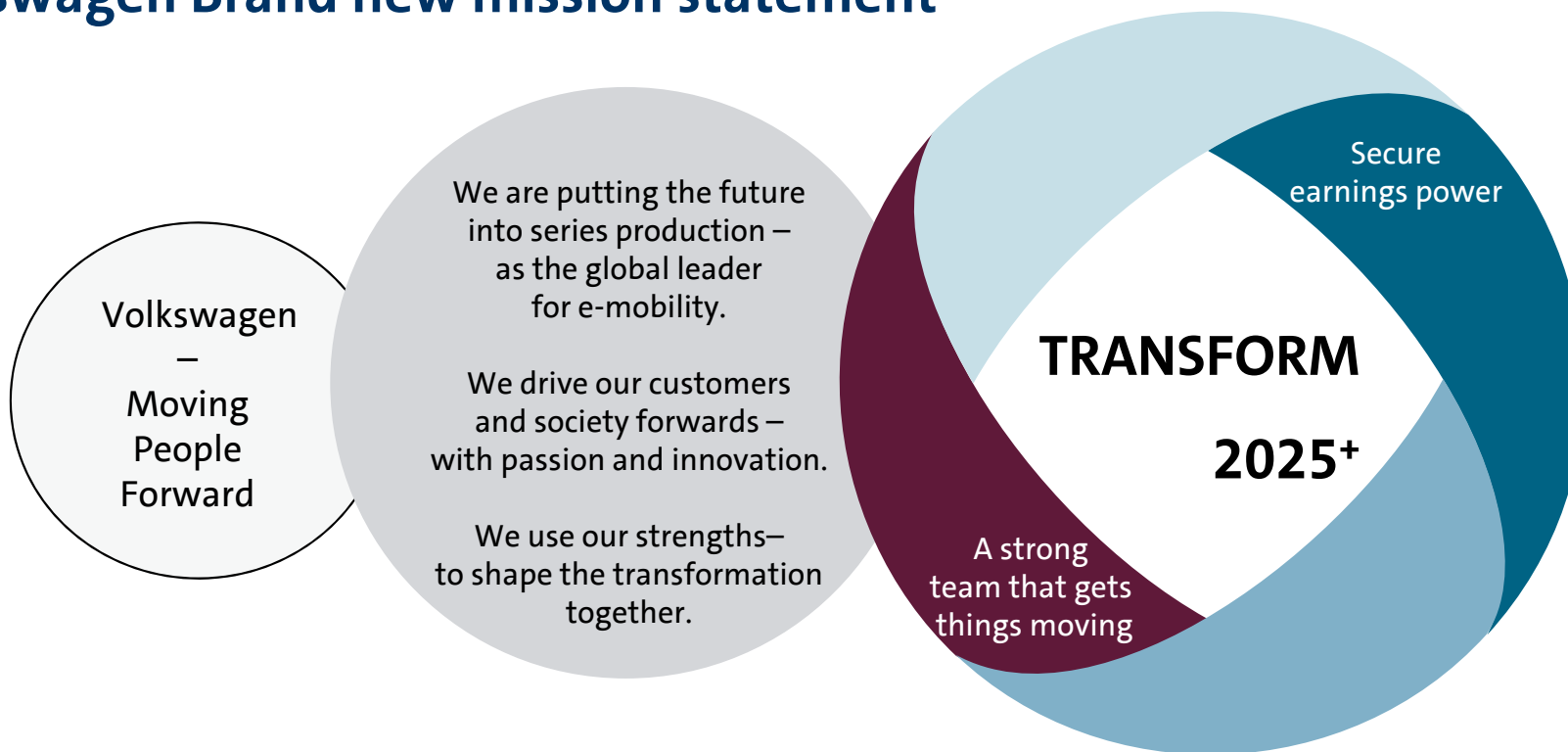
Head CHN

F V E GS, G1-3 G4 Project EBO*

New organisation model implemented for the regions

^{*)} EBO = Budget Car Organisation

Volkswagen Brand new mission statement



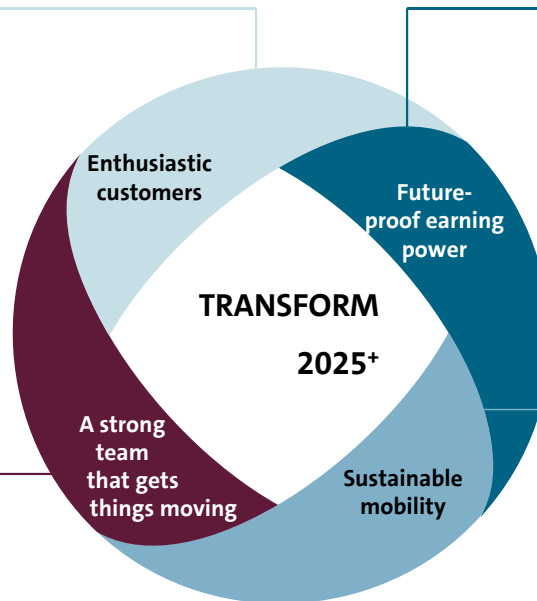
12 KPIs measure the achievement of the strategy in four targets

Enthusiastic customers

- Best-in-class recommendation from enthusiastic customers
- Top quality for the customer
- Direct customer contact in a digital environment

A strong team that gets things moving

- Vibrant corporate culture and dedicated employees
- Employer of choice for top talents
- Great diversity and expertise in our team



Secure earnings power

- Secure operating return
- Secure return on investment
- Ensuring financial viability

Sustainable mobility

- Global market leader in electric mobility
- Integrity as a guiding principle
- Reducing our carbon footprint

Core challenges in the commercial vehicle industry ...

Cyclical markets



Strong correlation to GDP in developed world
Not all regions hit by economic downturns at the same time

Further globalization



Local OEMs dominating in BRIC markets
Improving infrastructure, stronger regulations open opportunities for Volkswagen

Emission regulations



Europe with aggressive regulations, focus shifting to diesel lock-outs
BRIC trailing behind, but with ambitious roadmap

Connectivity & digitalization



Platooning and partly-autonomous driving as transition solutions
Data management for customers and traffic of broad interest

After sales and new business opportunities



After sales increasingly important as alternative source of revenues
New business models (e.g. enhanced telematics) can stabilize revenues

... require Volkswagen truck brands to cooperate closely

Cyclical markets



Further
globalization



Emission
regulations



Connectivity &
digitalization



After sales and
new business
opportunities



Global market reach to ensure sufficient volume in local up- & downturns

Reduced fixed costs through modularization and shared components

“Navistar alliance: 16.6% equity, \$256m, closure H1 2017”

Combined R&D know-how for competitive product development

Additional value through customer services

**Close cooperation
going forward**

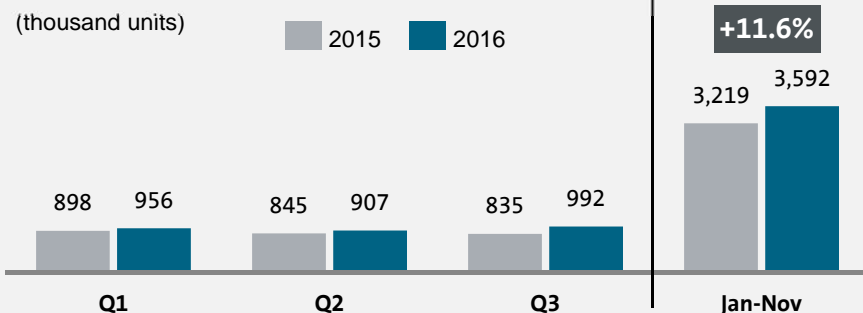
**VOLKSWAGEN
TRUCK & BUS**



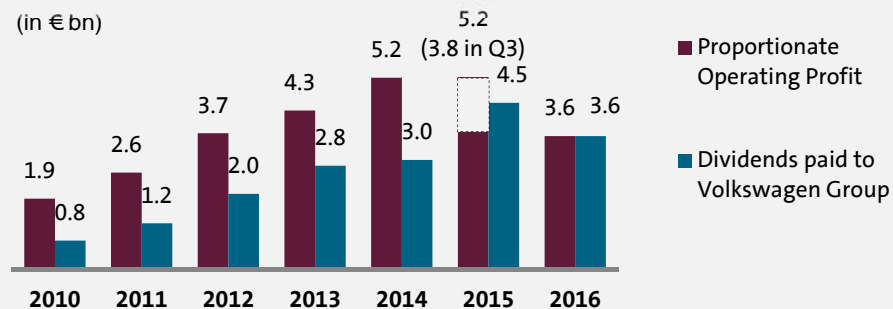
Deep roots and strong market position combined with further growth potential continues robust performance in China



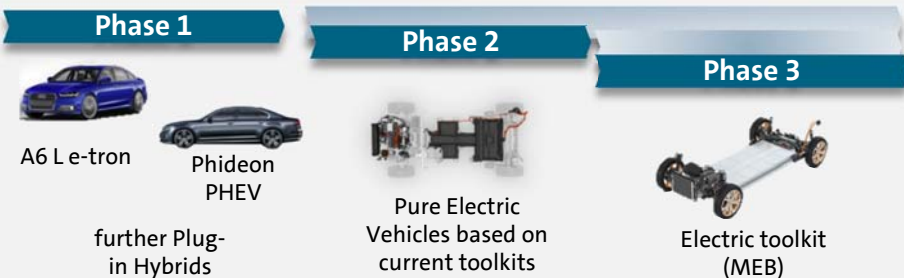
Deliveries to customers – strong Jan-Nov 2016



Strong operational & financial track record



Implementation of locally produced NEVs



10 additional SUVs within the next 3-4 years

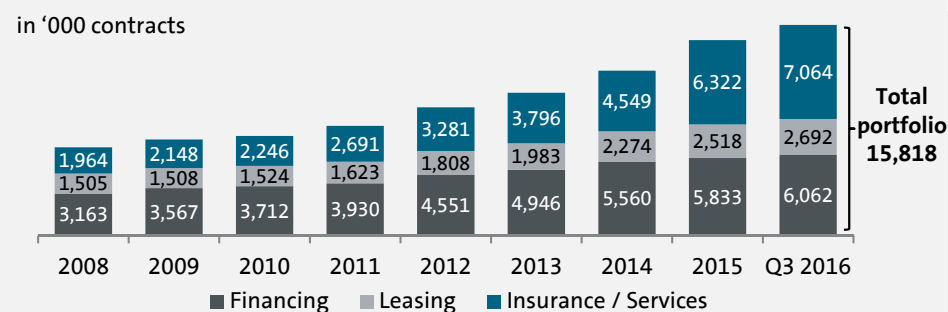


Volkswagen Financial Services¹⁾: global, well diversified and successful

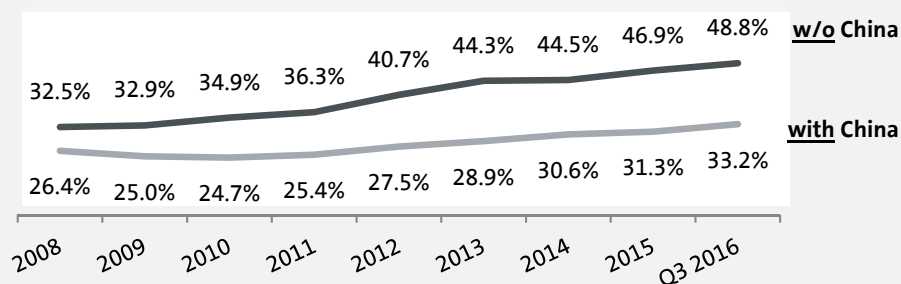
Strong global presence



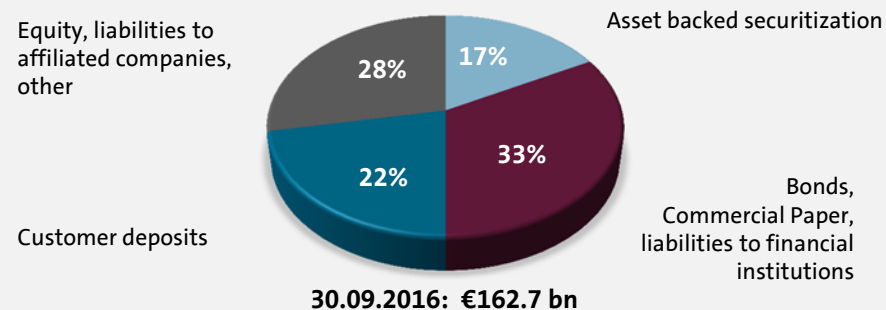
Continuous portfolio expansion



Rising penetration rates



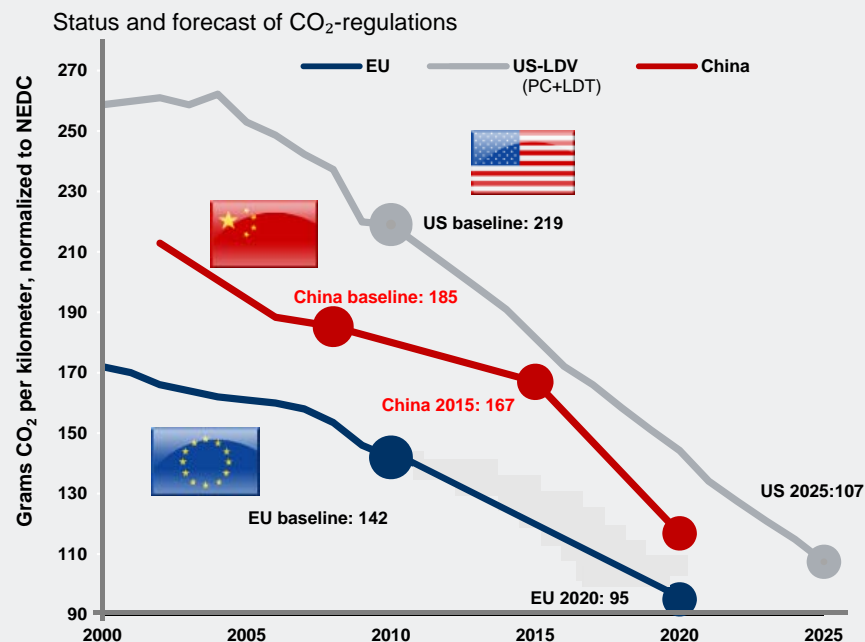
Diversified funding structure



¹⁾ Excluding Financial Services activities of Scania, Porsche AG and Porsche Holding Salzburg; including MAN Financial Services

Challenging emission regulations, trends and business transformation opportunities

... CO₂ and EU6 regulations



... Market / consumer trends

Digitalization



Shorter
lifecycles



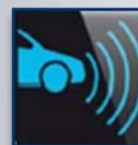
E-mobility



SUV
trend



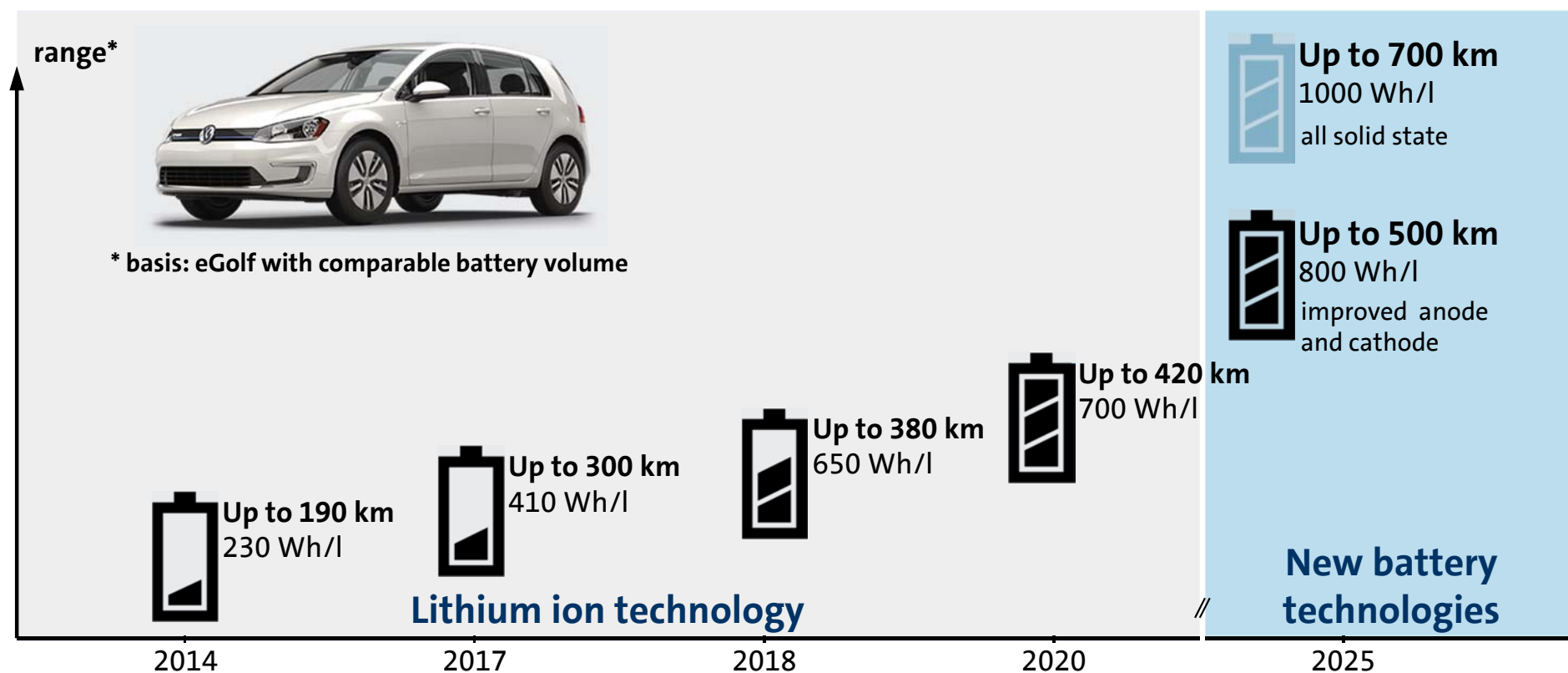
Automated
driving



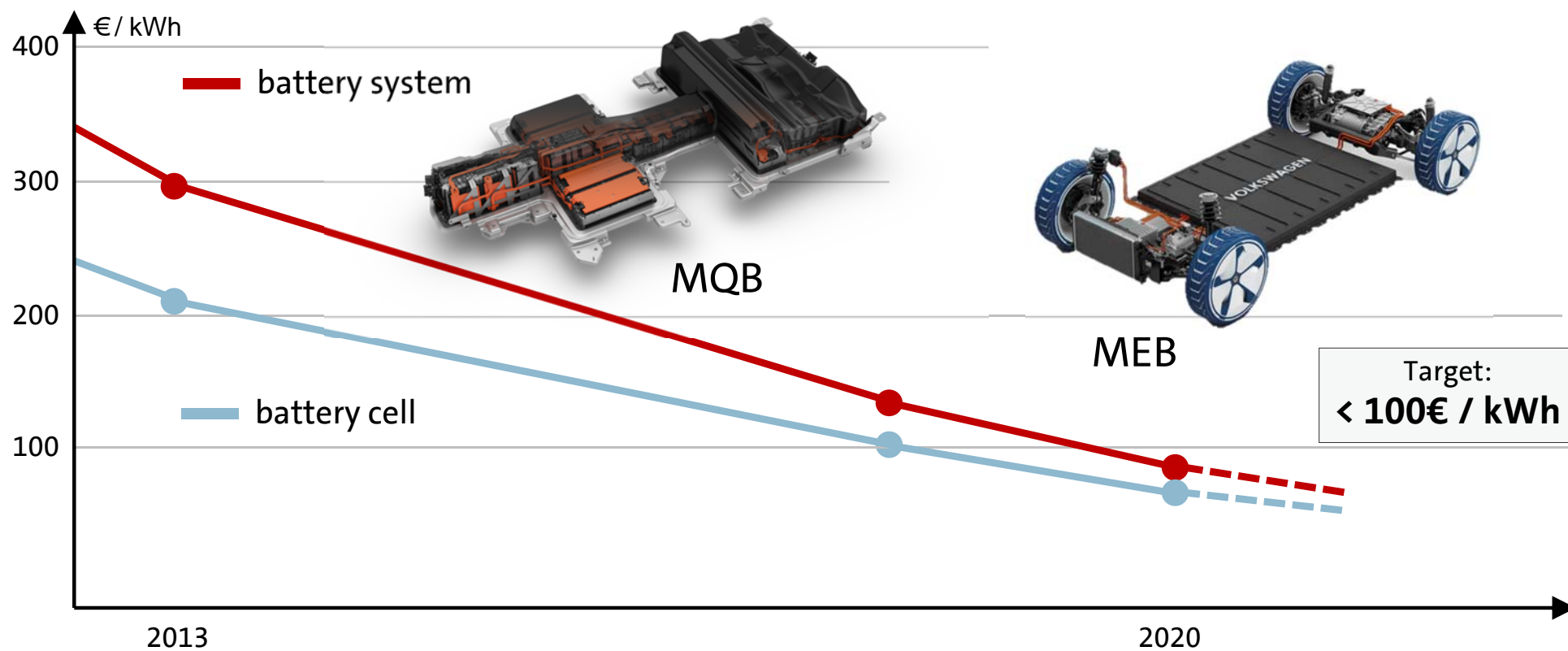
Shift in
priorities



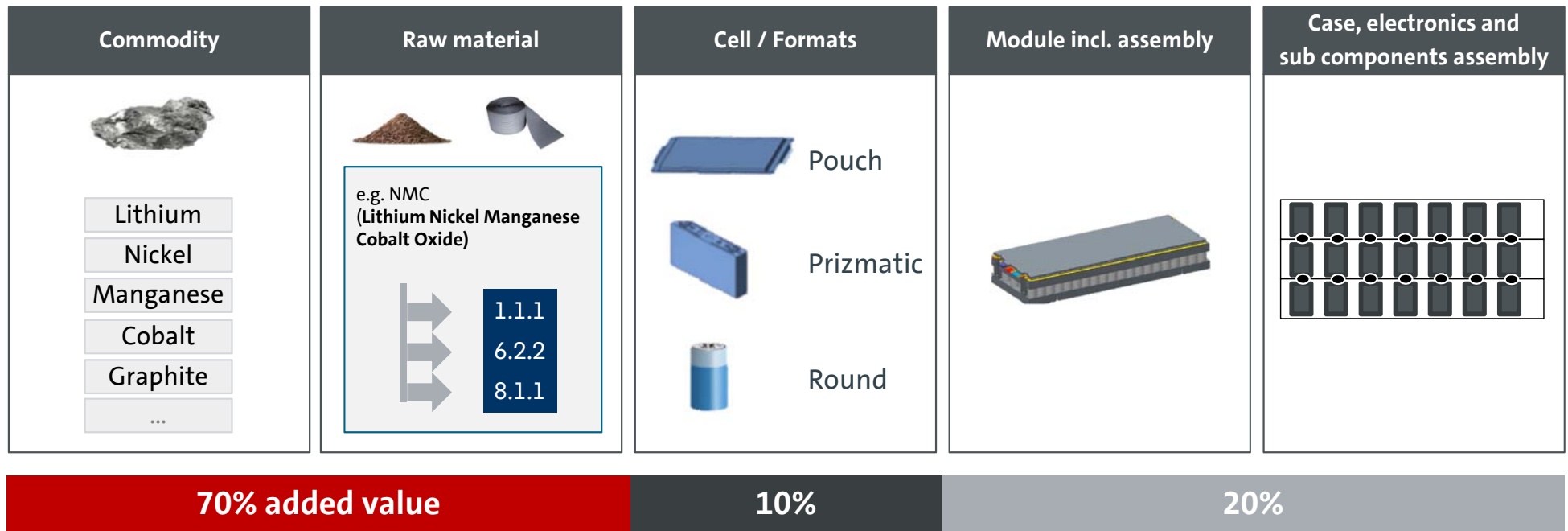
Roadmap battery cell chemistry and energy density



Roadmap battery cost



Analysis of the value chain to achieve the target of <€100 / kWh



Main factor to achieve target

High-power charging (HPC) infrastructure essential for volume targets

High-Power Charging (HPC)



- ◆ HPC for Long Distance Driving
- ◆ Station Network along Highways
- ◆ Power >150kW up to 320kW
- ◆ CCS Standard



~ 290 charging stations

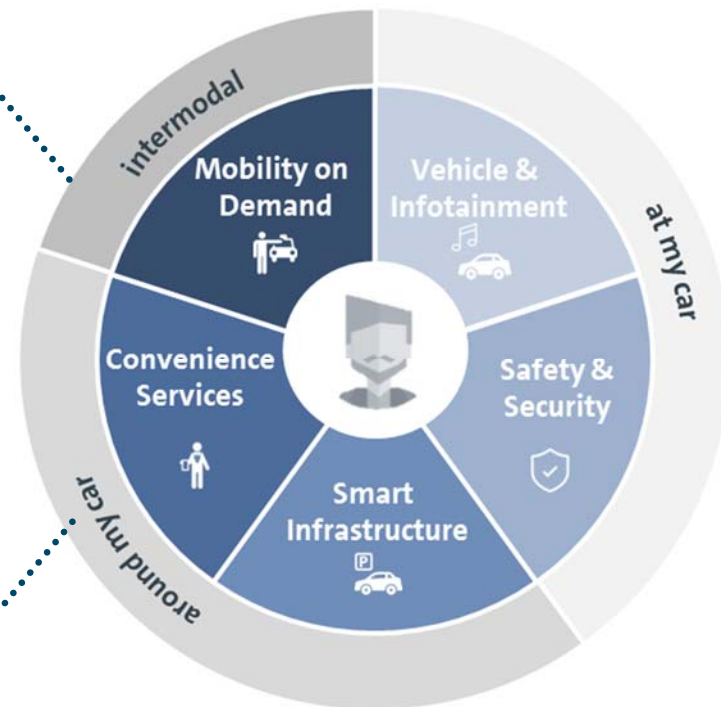


400 charging stations



The Volkswagen Group strives for a worldwide leading position in Mobility Services

- > **Goal: Top Provider of Mobility Services**
- > Until 2020 we will implement a **comprehensive portfolio of digital services** for all brands
- > To generate a sustainable **competitive advantage**, we will **build up new core competences**



The founding of MOIA creates the framework for future mobility

- ◆ Develop **profitable business models** for the Group and brands
- ◆ Focus on **Mobility on Demand**
- ◆ **Support** traditional Group brands concerning **product design and technical requirements** of the vehicles
- ◆ „**Best of Best**“ **Management Team** bundling know how from the automotive-, software- and services industry



Volkswagen is making digital transformation a top priority concentrating on digitalization and autonomous driving

Volkswagen Group Future Centers



- **Three new Volkswagen Group Future Centers** in Silicon Valley, Potsdam and Beijing
- **Approach:** designers and digitalization experts work hand in hand to create the car of the future
- **Goal:** best in class customer experience, interface design and user friendliness, new interior concepts, integration of infotainment and entertainment systems

Autonomous driving

- 91% of accidents caused by human error → reduce number of accidents
- People spend more than 4 years of their life in the car on average → make that time usable for the driver
- Huge potential for trucks → significantly higher productivity
- Car parked most of the day → customer achieves best return on investment by fully utilizing the car
- Infrastructure limited → has to be used more efficiently

20th Century: Engine is the core of the automobile

21st Century: Self-driving system is the core of the automobile

Top fields of use

Individual urban mobility

Commercial vehicles

Premium cars

Public transportation

Group is building on strong knowledge base – initiative started to get to market ahead of competitors

VOLKSWAGEN

AKTIENGESELLSCHAFT

Volkswagen going forward

Group

Volkswagen Brand
Strategy 2025+

Volkswagen Truck & Bus

Regions / FS

Trends

New co-operations and initiatives





“Together, we will create
a **new Volkswagen**

and play a key role in designing
the **mobility world**
of tomorrow”

M. Müller, CEO, June 16th 2016

Events 2017

- 
- 14. March 2017** Annual Media Conference, Investor and Analyst Conference 2017
- 3. May 2017** Interim Report January - March 2017, Investor and Analyst Conference Call
- 10. May 2017** Annual General Meeting 2017
- 27. July 2017** Half-Yearly Financial Report 2017, Investor and Analyst Conference Call
- 27. October 2017** Interim Report January - September 2017, Investor and Analyst Conference Call

Investor Relations Team



Oliver Larkin (Wolfsburg / London office)

Group Head of Investor Relations
E-Mail: Oliver.Larkin1@volkswagen.de
Telephone: +49 5361 9 49840



Helen Beckermann (Wolfsburg office)

Senior Investor Relations Manager
E-Mail: Helen.Beckermann@volkswagen.de
Telephone: +49 5361 9 49015



Alexander Hunger (Wolfsburg office)

Senior Investor Relations Officer
E-Mail: Alexander.Hunger@volkswagen.de
Telephone: +49 5361 9 47420



Andreas Kowalczyk (Wolfsburg office)

Investor Relations Officer
E-Mail: Andreas.Kowalczyk@volkswagen.de
Telephone: +49 5361 9 23183



Ulrich Hauswaldt (Wolfsburg office)

Investor Relations Officer
E-Mail: Ulrich.Hauswaldt@volkswagen.de
Telephone: +49 5361 9 42224



Thomas Küter (Wolfsburg office)

Investor Relations Manager
E-Mail: Thomas.Kueter@volkswagen.de
Telephone: + 49 5361 9 40765



Lennart Schmidt (China office)

Investor Relations Manager
E-Mail: Lennart.Schmidt@volkswagen.com.cn
Telephone: + 86 10 6531 4732



Andreas Buchta (US office)

General Manager Investor Relations America
E-Mail: Andreas.Buchta@vw.com
Telephone: +1 703 364 7220

VOLKSWAGEN

AKTIENGESELLSCHAFT

Volkswagen Group Appendix



VOLKSWAGEN

AKTIENGESELLSCHAFT

Rating Volkswagen Group

MOODY'S

| | | |
|---------------------|------|--------------------------|
| Investment grade | Aaa | |
| | Aa1 | |
| | Aa2 | |
| | Aa3 | Volkswagen Bank GmbH (N) |
| | A1 | |
| | A2 | VW FS AG (N) |
| | A3 | Volkswagen AG (N) |
| | Baa1 | |
| | Baa2 | |
| | Baa3 | |
| Subinvestment grade | Ba1 | |
| | Ba2 | |
| | Ba3 | |
| | B1 | |
| | B2 | |
| | --- | |

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

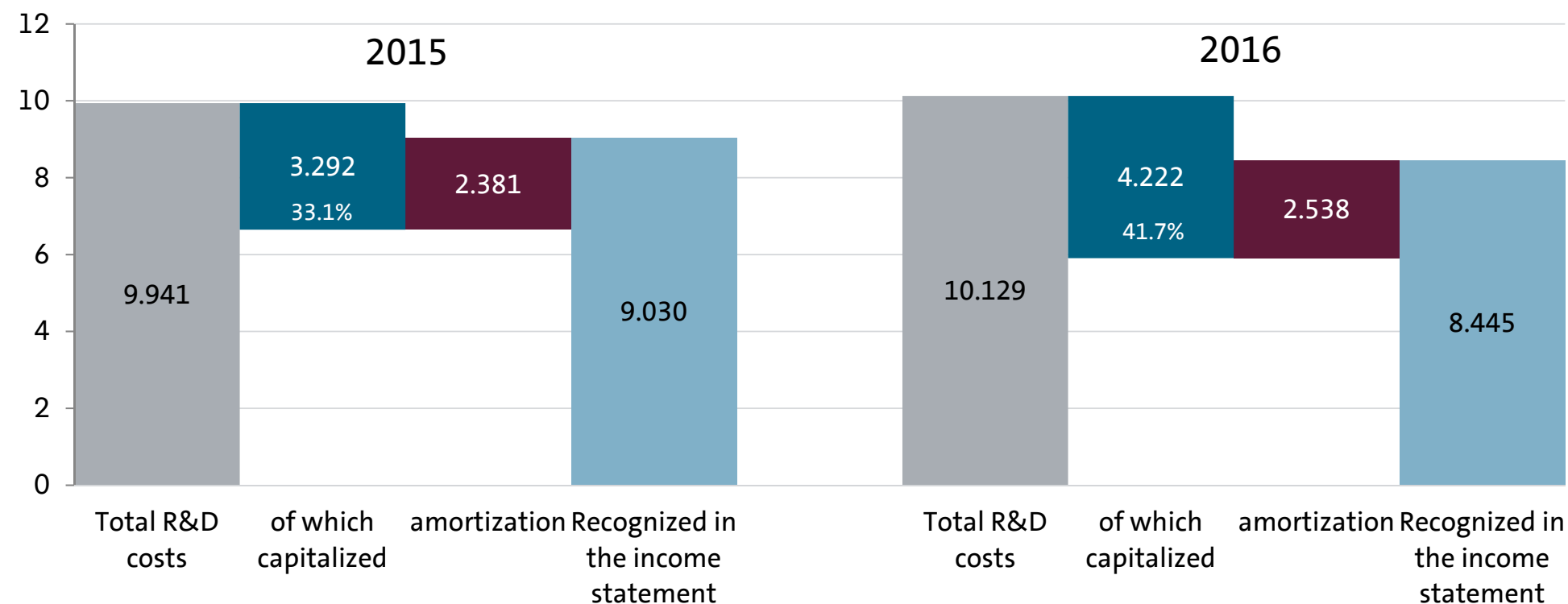
| | |
|------|---------------------------------|
| AAA | |
| AA+ | |
| AA | |
| AA- | |
| A+ | |
| A | |
| A- | Volkswagen Bank GmbH (N) |
| BBB+ | Volkswagen AG (N), VW FS AG (N) |
| BBB | |
| BBB- | |
| BB+ | |
| BB | |
| BB- | |
| B+ | |
| B | |
| B-- | |

Outlook -> (P)ositive, (S)table, (N)egative, RfD = Ratings under review for Downgrade, RfU = Ratings under review for Upgrade

Automotive Division – Research and Development Costs

(January to September 2016 vs. 2015)

€ million















VOLKSWAGEN

AKTIENGESELLSCHAFT

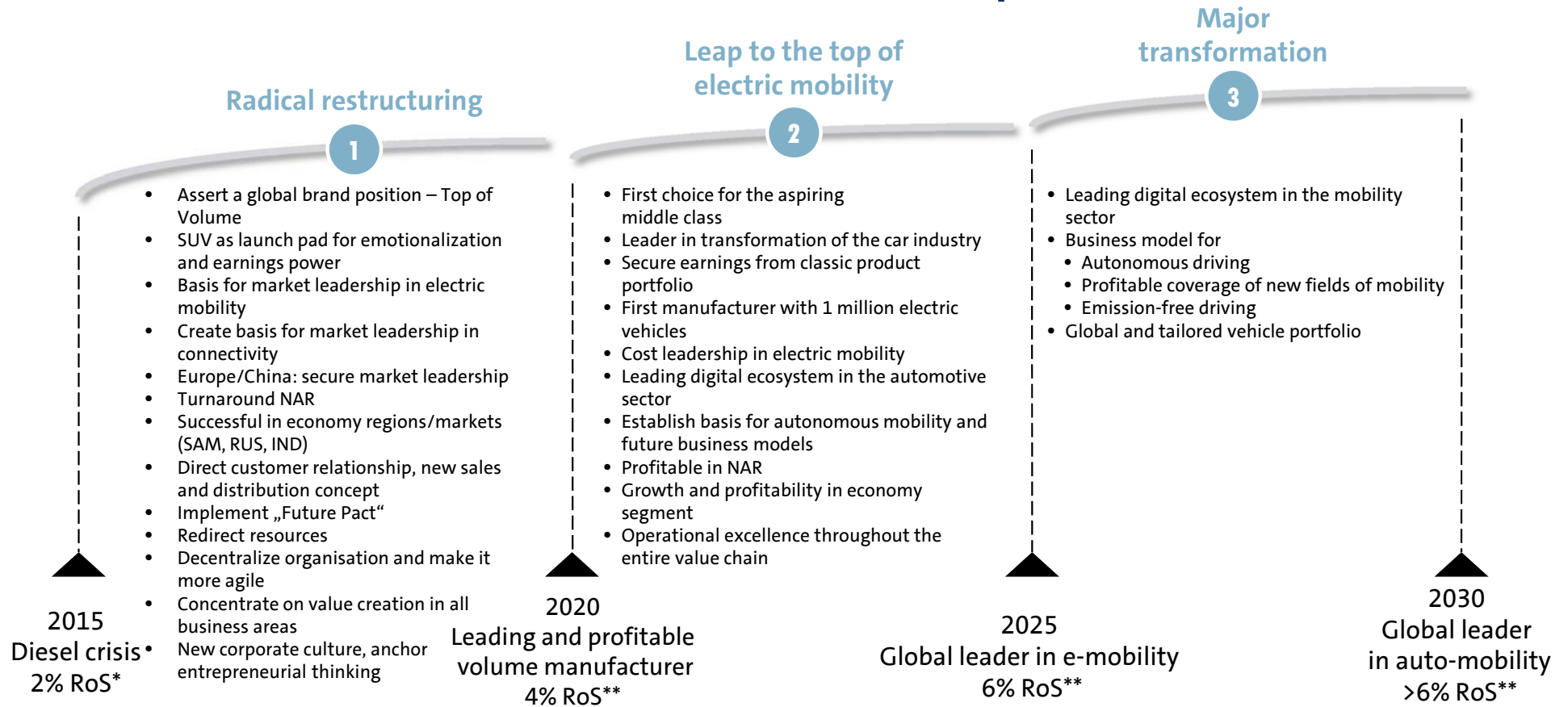
Special Items: Diesel related and other

| (In € bn) | Diesel | | Other | | Total |
|---------------|--------------------|-------------|-------------------------------|------------|-------------|
| 2015 | Legal | 7.0 | Restructuring: | | |
| | Other items | 9.2 | Truck Business South America | 0.2 | |
| | | | Passenger Cars South America | 0.2 | |
| | | | Airbags Takata | 0.3 | |
| | | 16.2 | | 0.7 | 16.9 |
| Q1-Q3 2016 | Mainly legal risks | 2.0 | Scania Anti-Trust Proceedings | 0.4 | |
| | | | Airbags Takata | 0.2 | |
| | | | | 0.6 | 2.6 |
| Total to date | | 18.2 | | | |

Modular toolkits – Brand responsibilities

| MQB | MLB | MSB | MNB | MMB | MEB |
|--|---|--|--|--|--|
|   |  Audi  |  PORSCHE  |  Commercial Vehicles  |  PORSCHE  |   |
| Modular Transverse Toolkit | Modular Longitudinal Toolkit | Modular Standard Drivetrain Toolkit | Modular Light Commercial Vehicle Toolkit | Modular Mid-engine Toolkit | Modular Electric Toolkit |

We have defined central fields of action for each phase



*) before special items

**) Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)

The SUV offensive has a global impact: Investment channeled into high earnings and high growth segments

Small SUV

New



T-Roc

New



Compact SUV

New



Compact SUV



Tiguan

New Gen.



Tiguan LWB

New



Touareg

New Gen.



Atlas

New



VOLKSWAGEN

AKTIENGESELLSCHAFT

Volkswagen brand is planning an industry-leading ecosystem



VOLKSWAGEN

AKTIENGESELLSCHAFT

Volkswagen Atlas



VOLKSWAGEN

AKTIENGESELLSCHAFT

Volkswagen I.D



VOLKSWAGEN

AKTIENGESELLSCHAFT

Audi Q5



VOLKSWAGEN

AKTIENGESELLSCHAFT

Porsche 718 Boxster



VOLKSWAGEN

AKTIENGESELLSCHAFT

ŠKODA KODIAQ



VOLKSWAGEN

AKTIENGESELLSCHAFT

SEAT Ateca



VOLKSWAGEN

AKTIENGESELLSCHAFT

Bentley Bentayga



VOLKSWAGEN

AKTIENGESELLSCHAFT

Lamborghini Centenario



VOLKSWAGEN

AKTIENGESELLSCHAFT

Bugatti Chiron



VOLKSWAGEN

AKTIENGESELLSCHAFT

Volkswagen Crafter



VOLKSWAGEN

AKTIENGESELLSCHAFT

MAN TGX



VOLKSWAGEN

AKTIENGESELLSCHAFT

Scania R500 4x2



VOLKSWAGEN

AKTIENGESELLSCHAFT



moving
people

Volkswagen Group

Oliver Larkin, Group Head of Investor Relations

Helen Beckermann, Senior Investor Relations Manager

Commerzbank – German Investment Seminar 2017, New York, 9-10 January 2017