THE FUTURE OF THE VOLKSWAGEN GROUP

We are shaping the new world of auto-mobility
WHERE WE STAND TODAY

“Strategy 2018” was a success – most goals achieved

<table>
<thead>
<tr>
<th>Customer satisfaction</th>
<th>Return on sales before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EBT (%)</td>
</tr>
<tr>
<td>2007</td>
<td>2007</td>
</tr>
<tr>
<td>2015</td>
<td>2015</td>
</tr>
<tr>
<td>2018</td>
<td>2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top customer satisfaction &amp; quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top employer</td>
</tr>
<tr>
<td>Return on sales before tax in the Group &gt;8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employer</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>6.2</td>
</tr>
<tr>
<td>2014</td>
<td>9.9</td>
</tr>
<tr>
<td>2018</td>
<td>&gt;10</td>
</tr>
</tbody>
</table>

*before special items

Customer satisfaction index (max. 10)

*Stimmungsbarometer* (max. 100)

Sales >10m vehicles

Group deliveries to customers (million units)
WHERE WE STAND TODAY

The Volkswagen Group has evolved into new dimensions since 2007*

<table>
<thead>
<tr>
<th>Metric</th>
<th>Increase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating result</td>
<td>+108%</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>+96%</td>
</tr>
<tr>
<td>No. of employees</td>
<td>+85%</td>
</tr>
<tr>
<td>Market capitalization</td>
<td>+24%</td>
</tr>
</tbody>
</table>

*Period:  
WHERE WE STAND TODAY

The Volkswagen Group can put a wealth of outstanding strengths into the balance

- Strong and fascinating brands
- Broad segment coverage
- Global presence
- High technological competence in traditional core business
- Unique innovation capability
- Strong customer confidence
- Strict quality orientation
- Engaged and highly qualified workforce
- Robust finances
- Stable shareholder structure
“WE HAVE SOLID FOUNDATIONS ON WHICH TO BUILD”
# HOW OUR ENVIRONMENT IS CHANGING

Revolutionary change driven by external factors

<table>
<thead>
<tr>
<th>TECHNOLOGICAL MEGATRENDS</th>
<th>HIGHER CAPITAL REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>impact business models and</td>
<td>triggered by the need to build up</td>
</tr>
<tr>
<td>customer needs</td>
<td>new core competencies and</td>
</tr>
<tr>
<td></td>
<td>ever shorter innovation cycles</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STRONGER COMPETITION</th>
<th>MORE COMPLEX ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>from old and new competitors</td>
<td>as a result of stricter emissions legislation</td>
</tr>
<tr>
<td></td>
<td>and greater market volatility</td>
</tr>
</tbody>
</table>
HOW OUR INDUSTRY IS CHANGING

The key trends in the automotive world at a glance

**Future vehicle concepts**
- Autonomous
- Electrified
- Connected

**Advanced mobility solutions**
- Robotaxi
- PRT, GRT, FRT*

**Today’s vehicle concepts**
- SUV/CUV trends
- Budget cars

**Sharing & Mobility On Demand**
- Shared
- Conventional drive system

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*PRT = Personal Rapid Transit; GRT = Group Rapid Transit; FRT = Freight Rapid Transit
“THE REVOLUTIONARY CHANGE IN OUR INDUSTRY IS A CHALLENGE, BUT AT THE SAME TIME A HUGE OPPORTUNITY”
OUR ASPIRATION

The Volkswagen Group has always enriched the lives of millions of people worldwide with fascinating vehicles.
OUR ASPIRATION

Moving forward, we strive to continue this unique success story and play a leading role in shaping auto-mobility for future generations.
OUR STRATEGY 2025

The building blocks at a glance

- Transform core business
- Build mobility solutions business
- Strengthen innovation power
- Secure funding
### STRATEGY 2025 – INITIATIVES AT A GLANCE

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
</table>
| 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  |
| DEVELOP STRATEGIC CAPABILITIES | 8. Implement model line organization  
9. Realign “Components” business  |
| ENHANCE ENTREPRENEURIAL SPIRIT | 10. Build mobility solutions business  
11. Develop and expand attractive and profitable smart mobility offering  
12. Improve operational excellence  
13. Optimize business portfolio  |
| | 14. Drive digital transformation  
15. Create organization 4.0  
16. Secure funding  
17. Strengthen innovation power |
STRATEGY 2025 – INITIATIVES AT A GLANCE

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
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GROW PROFITABLY

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13. Optimize business portfolio
14. Drive digital transformation
15. Create organization 4.0

ENHANCE ENTREPRENEURIAL SPIRIT

Build mobility solutions business

Transform core business

Secure funding

Strengthen innovation power
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Transform core business

Secure funding

Strengthen innovation power
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Secure funding
Strengthen innovation power
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
VOLKSWAGEN BECOMES GLOBALLY LEADING PROVIDER OF AUTONOMOUS VEHICLES

- Goal: coverage of all relevant market segments (individual, group, freight)
- Rapid market launch planned: fully autonomous vehicles with self-driving system (SDS) developed in-house from 2021
- Investment program and around 1,000 additional software specialists
BATTERY TECHNOLOGY TO BECOME NEW COMPETENCY AT VOLKSWAGEN

- Review of strategic options initiated
- Anticipated own e-fleet requirements in 2025: around 150 gigawatt hours of battery capacity per year
REALIGNMENT OF VOLKSWAGEN’S COMPONENTS PRODUCTION

- Goal: greater competitiveness in components production
- Around 67,000-strong workforce at 26 locations worldwide
- Expansion of current core competencies for future automotive topics
NEW MOBILITY SOLUTIONS BUSINESS

- Goal: to leverage opportunities in attractive growth markets
- Focus on innovative services for consumers and businesses
- Strategic partnership with Gett (currently 50 million customers) as nucleus, ride hailing as top priority with expansion into other market segments
- Sales revenue target in the multi-billion euro range by 2025
EFFICIENCY ENHANCEMENTS AS EARNINGS DRIVER

- Goal: to boost operational excellence across all business divisions and brands
- Boost investment efficiency, moderately reduce capex ratio to around 6 percent by 2025 (convergence with industry level)
- Enhance efficiency of research and development expenditures, lower R&D ratio to around 6.0 percent
- Lower selling, general and administrative expenses (SG&A), relative to sales revenue, to under 12 percent
NEW FINANCIAL TARGETS ADOPTED: FOCUS ON PROFITABILITY

<table>
<thead>
<tr>
<th>Key financial targets</th>
<th>2015</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating return on sales before special items</td>
<td>6.0%</td>
<td>7–8%</td>
</tr>
<tr>
<td>Return on capital</td>
<td>13.8%</td>
<td>&gt;15%</td>
</tr>
</tbody>
</table>
  Automotive Division before special items    |
| Capex ratio                                 | 6.9%   | ~6%   |
  Automotive Division                         |
“WITH TOGETHER – STRATEGY 2025 WE ARE USHERING IN THE BIGGEST CHANGE PROCESS IN THE HISTORY OF VOLKSWAGEN.”
THE VOLKSWAGEN GROUP OF THE FUTURE

Vision
“We are a globally leading provider of sustainable mobility”

Mission
We offer tailor-made mobility solutions to our customers
We serve our customers’ diverse needs with a portfolio of strong brands
We assume responsibility regarding the environment, safety and social issues
We act with integrity and build on reliability, quality and passion as the foundation for our work

Excited customers

Excellent employer

Role model for environment, safety and integrity

Sustainable growth

Competitive profitability

TOGETHER
STRATEGY 2025
“THE VOLKSWAGEN GROUP OF THE FUTURE WILL BE: MORE FOCUSED, EFFICIENT AND INNOVATIVE, MORE CUSTOMER-DRIVEN, MORE SUSTAINABLE – AND SYSTEMATICALLY GEARED TO PROFITABLE GROWTH”
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.
THIS IS OUR GOAL.
ONE WE ARE AIMING FOR WITH ALL OUR ENERGY AND STRENGTH.
AND WE WILL ACHIEVE IT.

TOGETHER.