Volkswagen Group China
Dr. Jörg Mull, Executive Vice President, Finance

Goldman Sachs Investor Visit
Beijing, November 1st, 2012
Content

Our Momentum in China

Outlook Market Development

Investments Volkswagen Group China

Driven by Design, Technology and Brand Image

Financial results, challenges and opportunities
Introduction of Volkswagen Group China (VGC)

Volkswagen production facilities in China

**History**

- **1985:** Founding of Shanghai Volkswagen Automotive Co. (SVW) as joint venture with Shanghai Automotive Industrial Corporation (SAIC). 8 million vehicles as of June 2012.
- **1991:** Founding of FAW-Volkswagen Automotive Co. Ltd. (FAW-VW) as second joint venture with First Automotive Work (FAW). 6 million vehicles as of June 2012.
- **2004:** Founding of Volkswagen Group China for coordination and management of activities of Volkswagen Group within China.
- **Today:** 17 Volkswagen companies and subsidiaries respectively (including finance and sales companies).

Total investments 1985-2011: 12.4 Billion €
Employees 2011: 48,058

Car production plants
Component plants
Headquarter Volkswagen Group China

Shanghai Volkswagen (Volkswagen, Audi)
Volkswagen FAW Platform
Volkswagen FAW Engine
Volkswagen Automatic Transmission
Shanghai Volkswagen
Shanghai Volkswagen (Volkswagen, ŠKODA)
Volkswagen Transmission
Shanghai Volkswagen Powertrain
FAW-Volkswagen (Volkswagen, Audi)
Volkswagen FAW Platform
Volkswagen FAW Engine
Volkswagen Automatic Transmission
FAW-Volkswagen
Volkswagen China Investment Company
Beijing
Dalian
Changchun
Chengdu
Nanjing
Yizheng
Shanghai
Volkswagen as a pioneer in China

1985


1985

2011
Successful partnership with FAW and SAIC

<table>
<thead>
<tr>
<th>Foundation</th>
<th>Share</th>
<th>Deliveries 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>FAW 60%, VW AG 30%, AUDI AG 10%</td>
<td>993,000</td>
</tr>
<tr>
<td>1985</td>
<td>SAIC Motor 50%, VW AG 50%</td>
<td>1,141,000</td>
</tr>
</tbody>
</table>

- **Volkswagen**
  - Jetta
  - Bora
  - Sagitar
  - Golf
  - Golf GTI
  - Magotan
  - CC
  - Audi
  - A4L
  - Q5
  - A6L

- **Shanghai Volkswagen**
  - Santana
  - Santana Vista
  - Polo HB
  - Polo NB
  - CrossPolo
  - Lavida
  - Touran
  - Tiguan
  - Passat
  - Fabia
  - Fabia Scout
  - Octavia
  - Octavia RS
  - Superb
Deliveries to customers by brand from January – September*

Strong sales performance of all main brands continuing!

* Figures including Porsche AG as from 1 August 2012
In Jan-Sep 2012, the Volkswagen Group maintained its Number 1 position by market share in China Mainland*

![Market Share Pie Chart]

### Market Share Trends

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand/Group</th>
<th>Trends of market share</th>
<th>Changes of market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Volkswagen Group</td>
<td>↑</td>
<td>+ 1.9%</td>
</tr>
<tr>
<td>2</td>
<td>GM Group</td>
<td>↓</td>
<td>- 0.3%</td>
</tr>
<tr>
<td>3</td>
<td>Hyundai Group</td>
<td>↑</td>
<td>+ 0.2%</td>
</tr>
<tr>
<td>4</td>
<td>Nissan Group</td>
<td>↓</td>
<td>- 0.2%</td>
</tr>
<tr>
<td>5</td>
<td>Toyota Group</td>
<td>↓</td>
<td>- 0.4%</td>
</tr>
<tr>
<td>6</td>
<td>Honda Group</td>
<td>↓</td>
<td>- 0.1%</td>
</tr>
<tr>
<td>7</td>
<td>PSA Group</td>
<td>↑</td>
<td>+ 0.0%</td>
</tr>
<tr>
<td>8</td>
<td>Great Wall</td>
<td>↑</td>
<td>+ 0.6%</td>
</tr>
<tr>
<td>9</td>
<td>BYD</td>
<td>↓</td>
<td>- 0.4%</td>
</tr>
<tr>
<td>10</td>
<td>Ford</td>
<td>↑</td>
<td>+ 0.2%</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>↓</td>
<td>- 1.7%</td>
</tr>
</tbody>
</table>

* Figures including Porsche AG as from 1 August 2012
Deliveries of Volkswagen in China January to September 2012

<table>
<thead>
<tr>
<th>Import FBU¹</th>
<th>Locally Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW, VWN</td>
<td>FAW-VW</td>
</tr>
<tr>
<td>61.0</td>
<td>694.6</td>
</tr>
<tr>
<td>Audi</td>
<td>237.1</td>
</tr>
<tr>
<td>59.9</td>
<td>SVW</td>
</tr>
<tr>
<td>Other Brands</td>
<td>7.7</td>
</tr>
<tr>
<td>128.6</td>
<td>Σ 1,876.0</td>
</tr>
<tr>
<td></td>
<td>Total Deliveries Region China 2,005</td>
</tr>
</tbody>
</table>

¹ incl. Hongkong; Source: Volkswagen Group China
Content

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Financial results, challenges and opportunities
After a strong boom in the past two years, passenger car market growth in China is stabilizing.

Total Passenger Car Market – China (incl. HK) ('000 Units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Car Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>2,266</td>
</tr>
<tr>
<td>2008</td>
<td>5,503</td>
</tr>
<tr>
<td>2009</td>
<td>8,482</td>
</tr>
<tr>
<td>2010</td>
<td>11,457</td>
</tr>
<tr>
<td>2011</td>
<td>12,386</td>
</tr>
<tr>
<td>2012E</td>
<td></td>
</tr>
</tbody>
</table>

CAGR +19%

+35%

+9%

5-10%

1) Estimate; Data Source: CKD – CPCA; FBU - Registration
Total passenger car market in China will develop further in the future

Total Passenger Car Market – China (incl. HK) (‘000 Units)

- 2011: 12,386
- 2012E: 5-10% growth
- 2013E: >7% growth
- 2020E: >20,000

* Estimate
Source: Volkswagen Group China / IHS Global Insight
Q3 2012 GDP reached a 7.4% growth year on year, and the economy is now in a path of stable growth.

Source: Deutsche Bank, last update September 2012
Current 5-year-plan: New growth model with focus on domestic market

Up to now:
Focus on export and quantitative growth

Now:
Focus on domestic market and qualitative growth

11th 5-year-plan 2006-2010
- Multi-National-Companies and infrastructure projects as growth generator
- Big growth in manufacturing trade
- Jobs in cities to keep unemployment low
- Internationally comparable price stability and well-adjusted foreign trade balance

12th 5-year-plan 2011-2015
- Domestic consumption as growth accelerator
- Megacities as growth generator
- Focus on environmental protection and energy efficiency
- Encouragement of own innovations
- Social stability due to balanced allocation of prosperity
- Selective policies for foreign investment as well as globalization of Chinese companies
Mega and small cities will be the engine of GDP growth

<table>
<thead>
<tr>
<th>City Level (Urban Population)</th>
<th>2005 819 cities</th>
<th>2020 865 cities</th>
<th>% of GDP 2005 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega (10M+)</td>
<td>3</td>
<td>10</td>
<td>13 27</td>
</tr>
<tr>
<td>Big (5-10M)</td>
<td>12</td>
<td>11</td>
<td>22 12</td>
</tr>
<tr>
<td>Mid-sized (1.5-5.0M)</td>
<td>58</td>
<td>85</td>
<td>27 26</td>
</tr>
<tr>
<td>Small (0.5-1.5M)</td>
<td>202</td>
<td>335</td>
<td>23 26</td>
</tr>
<tr>
<td>Big town (&lt;0.5M)</td>
<td>544</td>
<td>424</td>
<td>15 10</td>
</tr>
</tbody>
</table>

Remark: 6 mega cities in 2010 (Shanghai, Beijing, Chongqing, Shenzhen, Tianjin, Guangzhou)
GDP Growth development is expected to differentiate more strongly between the various Chinese regions

<table>
<thead>
<tr>
<th>Province</th>
<th>Expected Growth 2012</th>
<th>Total GDP 2011 (trillion RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner Mongolia</td>
<td>15.0%</td>
<td>1.40</td>
</tr>
<tr>
<td>Guizhou</td>
<td>14.0%</td>
<td>0.56</td>
</tr>
<tr>
<td>Chongqing</td>
<td>13.5%</td>
<td>1.00</td>
</tr>
<tr>
<td>Shaanxi</td>
<td>13.0%</td>
<td>1.20</td>
</tr>
<tr>
<td>Hainan</td>
<td>13.0%</td>
<td>0.25</td>
</tr>
<tr>
<td>Anhui</td>
<td>12.6%</td>
<td>1.50</td>
</tr>
<tr>
<td>Sichuan</td>
<td>12.0%</td>
<td>2.00</td>
</tr>
<tr>
<td>Heilongjiang</td>
<td>12.0%</td>
<td>1.10</td>
</tr>
<tr>
<td>Tianjin</td>
<td>12.0%</td>
<td>1.10</td>
</tr>
<tr>
<td>Shanxi</td>
<td>12.0%</td>
<td>1.10</td>
</tr>
<tr>
<td>Jilin</td>
<td>12.0%</td>
<td>1.10</td>
</tr>
<tr>
<td>Gansu</td>
<td>12.0%</td>
<td>0.52</td>
</tr>
<tr>
<td>Ningxia</td>
<td>12.0%</td>
<td>0.21</td>
</tr>
<tr>
<td>Qinghai</td>
<td>12.0%</td>
<td>0.16</td>
</tr>
<tr>
<td>Yunnan</td>
<td>12.0%</td>
<td>0.88</td>
</tr>
<tr>
<td>Liaoning</td>
<td>11.0%</td>
<td>2.20</td>
</tr>
<tr>
<td>Hunan</td>
<td>11.0%</td>
<td>1.96</td>
</tr>
<tr>
<td>Fujian</td>
<td>11.0%</td>
<td>1.75</td>
</tr>
<tr>
<td>Guanxi</td>
<td>11.0%</td>
<td>1.20</td>
</tr>
<tr>
<td>Xinjiang</td>
<td>11.0%</td>
<td>0.66</td>
</tr>
<tr>
<td>Tibet</td>
<td>11.0%</td>
<td>0.06</td>
</tr>
<tr>
<td>Henan</td>
<td>10.0%</td>
<td>2.70</td>
</tr>
<tr>
<td>Hubei</td>
<td>10.0%</td>
<td>1.80</td>
</tr>
<tr>
<td>Jiangxi</td>
<td>10.0%</td>
<td>1.20</td>
</tr>
<tr>
<td>Shandong</td>
<td>9.5%</td>
<td>4.54</td>
</tr>
<tr>
<td>Hebei</td>
<td>9.0%</td>
<td>2.40</td>
</tr>
<tr>
<td>Guangdong</td>
<td>8.5%</td>
<td>5.30</td>
</tr>
<tr>
<td>Zhejiang</td>
<td>8.5%</td>
<td>3.18</td>
</tr>
<tr>
<td>Jiangsu</td>
<td>8% - 10%</td>
<td>4.80</td>
</tr>
<tr>
<td>Shanghai</td>
<td>8.0%</td>
<td>1.92</td>
</tr>
<tr>
<td>Beijing</td>
<td>8.0%</td>
<td>1.60</td>
</tr>
</tbody>
</table>

Source: Provincial Government Report
Content

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Financial results, challenges and opportunities
Go West and Go South Strategy for further growth

- Urumqi
- Chengdu
- Yizheng
- Shanghai
- Nanjing
- Ningbo
- Foshan
- Changchun
- Beijing

- “Go West Strategy”
- “Go South Strategy”

Existing production site
New production site
Further strengthening of partnerships with SAIC and FAW

- Signing ceremony **April 23**nd, 2012 in Wolfsburg
- Agreement about **Urumqi** plant

- Signing ceremony **April 23**nd, 2012 in Wolfsburg
- Intension to extend **JV contract** with FAW
Volkswagen Group China: Planned product portfolio in 2015 with 76 models

Note: number of product models
Significant growth of dealer networks planned

VOLKSWAGEN

GROUP CHINA

~3,000

>500

>500

>1,900

2011

Mid-term

1,590

240

230

1120

>500

China
Content

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Financial results, challenges and opportunities
Volkswagen Passat – Special design elements for Chinese customers

Radiator grill  Tail lamps  Speaker covering  Tire program

Passat USA  Passat China
Latest TSI- and DSG-technologies of Volkswagen Group for China

Optimized gears
Recuperation
Start-stop
Rolling friction
New engine generation
Fleet emissions
Prototypes with innovative Technologies
New TSI generation
e-Traction
Future’s technology

[CO₂/km]
[Volume]
# Awards for brands and products of Volkswagen Group China

<table>
<thead>
<tr>
<th>Volkswagen</th>
<th>Audi</th>
<th>ŠKODA</th>
</tr>
</thead>
</table>
| **Annual Best Import Brand**  
(Motor Trend)       | „The Best Cars 2012“:  
3 brand awards and  
3 model awards  
(Auto Motor Sport) | **The Best Branding of 2011**  
(China Times and Auto Business) |
| **2010-2011 Best Innovative Brand**  
(General Assembly On China Brands and Communications 2011, Top Brands Contributors Awarding Ceremony) | **2012 Annual Luxury Car – Audi A8L**  
(China Auto Pictorial) | **The Champion of Joint Venture Brand**  
(Lian Xin Tian Xia) |
| **2011 China Low-Carbon Emission Auto Brand – VW Touareg Hybrid**  
(Xinhua Agency, International Herald Leader) | **Most Popular Import – Audi A1**  
(Car and Driver) | **Customer Loyalty & ŠKODA “Human Touch”**  
(Auto Driving and Service, Sohu Auto, Business Unit, Shanghai Evening Post) |
Content

- Our Momentum in China
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Financial results, challenges and opportunities
Volkswagen Group China reported another strong operating result for the first three quarters of 2012

### Deliveries to Customers

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Q1-Q3 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>1,024</td>
<td>1,400</td>
<td>1,923</td>
<td>2,259</td>
<td>2,005</td>
</tr>
</tbody>
</table>

### Production (100%)<sup>1)</sup>

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Q1-Q3 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>975</td>
<td>1,387</td>
<td>1,914</td>
<td>2,202</td>
<td>1,953</td>
</tr>
</tbody>
</table>

### Operating profit (quotal)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Q1-Q3 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>395</td>
<td>831</td>
<td>1,907</td>
<td>2,616</td>
<td>2,806</td>
</tr>
</tbody>
</table>

1) SVW Group/FAW-VW Group

Source: Volkswagen Group China
Challenges in a regulatory environment

Risk of restrictive policies for new car sales in developed Eastern Megacities...

- Beijing: 240k cars/year
- Shanghai: < 120k cars/year (not fixed)
- Guangzhou: 120k cars/year

Additional megacities like Hangzhou, Shenzhen, Xi'An et al. are expected to introduce similar restriction measures.

Demanding requirements for fleet consumption...

Details for Phase IV still under review.
Volkswagen Group China has relevant strategies in place

...but future growth prospects also coming from less developed regions and Tier 2-3 cities

Production and Dealer network extension will support Growth in Western and Southern provinces

“Go West Strategy”

“Go South Strategy”

...but different measures in place to realize the ambitious fleet consumption targets

**Engine and transmission technology**
- Recuperation
- Start-Stop
- Optimal ATM
- TSI
- Downsizing
- Dual clutch transmission

**Vehicle measures**
- Weight reduction
- Aerodynamic optimization
- Reduction of electric consumption

**E-Traction**
- Hybrid EVs
- BEVs
- Plug-in hybrid EVs

New technologies and products will help to achieve targets
Additional business opportunities

Growing Chinese used car market

Total Used Car Market forecast\(^1\)

- 2010: 2.4 million units
- 2012E: 10.0 million units
- 2014E: 15.5 million units
- 2016E: 20.0 million units
- 2018E: 25.0 million units

\(^1\) Source: China Automotive Dealer Association

Financial Services expects increase in retail finance share\(^2\)

- Cash: 15% in 2012, 10% in 2018
- Finance: 85% in 2012, 90% in 2018

\(^2\) based on the total passenger car sales in the market China

Roll out and Implementation of the successful Volkswagen Group used car brand “Das WeltAuto” in Chinese dealer network

Volkswagen Financial Services also aims to establish
- Mobility packages
- Long Term Rental & Fleet Business
- Insurance Related & After Sales Services
Volkswagen Group China is well positioned to maintain its number one position in the market and seize additional opportunities in the future.
Disclaimer

This presentation contains 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.

Consequently, 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 superceded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
Industrial stock level by end of September 2012 kept stable at 2.4 month

Current stock level (in months) of major OEMs

Source: CPCA, VGC stock figures based on internal report.
*Stock level = month-end stock / average 3 month AaK.
All brands refer to CKD only