Volkswagen Group: Financial sustainability on core strengths

Hans Dieter Pötsch
Member of the Board of Management, Volkswagen Aktiengesellschaft
Investor Roadshow, Frankfurt, 24 November 2014
Disclaimer

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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 rinminbi 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.

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This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
Highlights January – September 2014

Sales revenue increased despite significant currency headwinds in the first half

Operating result improved in an ongoing difficult market environment; currency headwinds eased in the course of the year

Profit before tax increased supported by higher earnings from Chinese joint ventures and an improved other financial result

Strong net cash flow generation facilitates robust automotive net liquidity
Financial Highlights – Volkswagen Group
(January to September 2014 vs. 2013)

<table>
<thead>
<tr>
<th>Sales revenue</th>
<th>€ million</th>
<th>2013</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>145,673</td>
<td>147,718</td>
<td>+ 1.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating profit</th>
<th>€ million</th>
<th>2013</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>8,557</td>
<td>9,416</td>
<td>+ 10.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit before tax</th>
<th>€ million</th>
<th>2013</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>9,399</td>
<td>11,490</td>
<td>+ 22.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit after tax</th>
<th>€ million</th>
<th>2013</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>6,702</td>
<td>8,687</td>
<td>+ 29.6%</td>
</tr>
</tbody>
</table>
Volkswagen Group – Analysis of Earnings per Share Development
(January to September 2014 vs. 2013)

**Earnings per share (diluted, in €)**

<table>
<thead>
<tr>
<th></th>
<th>Jan – Sept 2013</th>
<th>Jan – Sept 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred shares</td>
<td>13.81</td>
<td>17.18</td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>13.87</td>
<td>17.24</td>
</tr>
</tbody>
</table>

+ 24%

**Key driving factors for EPS**

- Increase of Group operating profit
- Improved at-equity result, mainly due to continued strong performance of Chinese joint venture companies
- Improved other financial result
- Higher minority and hybrid investors’ interest in net profit reconciliation
- Slightly increased average number of shares outstanding following issuance of equity capital and convertibles
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\textsuperscript{1)}
(Growth y-o-y in deliveries to customers, January to October 2014 vs. 2013)

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>VW Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>World: Car Market: 4.1%</td>
<td>Volkswagen Group: 5.5%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>5.6%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>7.6%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>5.3%</td>
<td>7.2%</td>
</tr>
<tr>
<td>South America</td>
<td>-12.8%</td>
<td>-17.8%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>0.4%</td>
<td>-3.7%</td>
</tr>
</tbody>
</table>

\textsuperscript{1)} Figures excl. Volkswagen Commercial Vehicles, Scania and MAN. The Saveiro model, previously Volkswagen Commercial Vehicles, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.
Volkswagen Group – Deliveries to Customers by Brands
(January to October 2014 vs. 2013)

1) Incl. Volkswagen Commercial Vehicles, Scania and MAN [Jan-Sep]; 5.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.

2) The Saveiro model, previously Volkswagen Commercial Vehicles, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.
Volkswagen Group – Commercial Vehicles Deliveries to Customers by Brands (January to October 2014 vs. 2013)

<table>
<thead>
<tr>
<th>Volkswagen Group</th>
<th>January – October 2013</th>
<th>January – October 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>000 units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9,000</td>
<td>8,385</td>
<td>8,002</td>
</tr>
<tr>
<td>8,000</td>
<td>8,002</td>
<td>8,385</td>
</tr>
<tr>
<td>7,000</td>
<td>98</td>
<td>379</td>
</tr>
<tr>
<td>6,000</td>
<td>364</td>
<td>[Jan-Sep]</td>
</tr>
<tr>
<td>5,000</td>
<td>56</td>
<td>[Jan-Sep]</td>
</tr>
<tr>
<td>4,000</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>3,000</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>2,000</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>1,000</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>56</td>
<td></td>
</tr>
</tbody>
</table>

1) Incl. Volkswagen Commercial Vehicles, Scania and MAN [Jan-Sep]; 5.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.  
2) The Saveiro model, previously Volkswagen Commercial Vehicles, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.  
3) MAN incl. MAN Latin America Trucks and Buses GVW > 5t.
## Volkswagen Group – Analysis by Division

(January to September 2014 vs. 2013)

<table>
<thead>
<tr>
<th></th>
<th>Volkswagen Group</th>
<th>Automotive Division</th>
<th>Financial Services Division</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vehicle sales</strong></td>
<td>7,646</td>
<td>7,241</td>
<td>7,646</td>
</tr>
<tr>
<td><strong>Sales revenue</strong></td>
<td>147,718</td>
<td>145,673</td>
<td>129,619</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>9,416</td>
<td>8,557</td>
<td>7,980</td>
</tr>
<tr>
<td><strong>% of sales revenue</strong></td>
<td>6.4</td>
<td>5.9</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>2,075</td>
<td>842</td>
<td>2,034</td>
</tr>
<tr>
<td>of which: At-equity result</td>
<td>3,057</td>
<td>2,834</td>
<td>3,029</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-982</td>
<td>-1,992</td>
<td>-995</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>11,490</td>
<td>9,399</td>
<td>10,013</td>
</tr>
<tr>
<td><strong>% Return on sales before tax</strong></td>
<td>7.8</td>
<td>6.5</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>8,687</td>
<td>6,702</td>
<td>7,582</td>
</tr>
</tbody>
</table>

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) **The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €3,920 million (€3,530 million).**
Volkswagen Group – Analysis of Operating Profit\(^1\)

(January to September 2014 vs. 2013)

<table>
<thead>
<tr>
<th></th>
<th>€ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jan – Sept 2013</strong></td>
<td><strong>8.6</strong></td>
</tr>
<tr>
<td><strong>Volume/ Mix/ Prices</strong></td>
<td><strong>1.4</strong></td>
</tr>
<tr>
<td><strong>Exchange rates</strong></td>
<td><strong>-0.8</strong></td>
</tr>
<tr>
<td><strong>Product costs</strong></td>
<td><strong>1.2</strong></td>
</tr>
<tr>
<td><strong>Fixed costs/ start-up costs</strong></td>
<td><strong>-1.4</strong></td>
</tr>
<tr>
<td><strong>Commercial Vehicles, Power Engineering</strong></td>
<td><strong>0.3</strong></td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td><strong>0.1</strong></td>
</tr>
<tr>
<td><strong>Jan – Sept 2014</strong></td>
<td><strong>9.4</strong></td>
</tr>
</tbody>
</table>

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
### Volkswagen Group – Analysis by Business Line

(February to September 2014 vs. 2013)

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>3,388</td>
<td>3,499</td>
<td>73,390</td>
</tr>
<tr>
<td>Audi</td>
<td>1,083</td>
<td>1,044</td>
<td>39,300</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>612</td>
<td>524</td>
<td>8,784</td>
</tr>
<tr>
<td>SEAT</td>
<td>365</td>
<td>335</td>
<td>5,622</td>
</tr>
<tr>
<td>Bentley</td>
<td>8</td>
<td>7</td>
<td>1,259</td>
</tr>
<tr>
<td>Porsche</td>
<td>134</td>
<td>115</td>
<td>12,241</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>325</td>
<td>325</td>
<td>6,976</td>
</tr>
<tr>
<td>Scania</td>
<td>56</td>
<td>56</td>
<td>7,511</td>
</tr>
<tr>
<td>MAN</td>
<td>86</td>
<td>98</td>
<td>10,214</td>
</tr>
<tr>
<td>VW China</td>
<td>2,697</td>
<td>2,294</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-1,109</td>
<td>-1,017</td>
<td>-33,637</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>-</td>
<td>-</td>
<td>16,058</td>
</tr>
</tbody>
</table>

### Volkswagen Group

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Division</td>
<td>7,646</td>
<td>7,241</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>7,179</td>
<td>6,761</td>
</tr>
<tr>
<td>of which: Commercial Vehicles, Power Engineering</td>
<td>467</td>
<td>480</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Notes:
- All figures shown are rounded, minor discrepancies may arise from addition of these amounts. 1) Incl. financial services.
- MAN Finance International GmbH has been reported within Volkswagen Financial Services since its acquisition by Financial Services AG as of January 1, 2014. The prior-year figures have not been adjusted. 2) 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 €3,920 million (€3,530 million).
- 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.
Automotive Division – Strong Cash Generation\(^1\) \(^2\)
(January to September 2014)

\[^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\)\] Capital expenditure for property, plant and equipment in % of Automotive sales revenue.
Automotive Division – Analysis of Net Liquidity

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
Volkswagen Group – Outlook for 2014

We expect …

- to moderately increase deliveries to customers year-on-year in 2014 in a still challenging market environment.
- 2014 sales revenue for the Volkswagen Group and its business areas to move within a range of 3 percent around the prior-year figure, depending on the economic condition.

In terms of Group operating profit…

- we are expecting an operating return on sales of between 5.5 percent and 6.5 percent in 2014 in light of the challenging economic environment, and the same range for the Passenger Cars Business Area.
- The Commercial Vehicles/Power Engineering Business Area is likely to moderately exceed the 2013 figure.
- The operating return on sales in the Financial Services Division is expected to be between 8.0 percent and 9.0 percent.
Volkswagen Group – Well on track to achieve targets under Strategy 2018

Volkswagen Group customer satisfaction (on a scale of 1 to 10)

- 2007: 8.2
- 2010: 8.4
- 2013: 8.7

Group profit before tax margin (in percent)

- 2007: 6.0
- 2008: 5.8
- 2009: 1.2
- 2010: 7.1
- 2011: 7.8%
- 2012: 11.9
- 2013: 13.2

Group deliveries to customers (in million units)

- 2007: 6.2
- 2008: 7.2
- 2010: 9.7

Top employer

Volkswagen Group profit before tax margin > 8%

- 2007: 6.0
- 2008: 5.8
- 2009: 1.2
- 2010: 7.1
- 2011: 7.8%
- 2012: 11.9
- 2013: 13.2

Volumes > 10 million units p.a.

- 2007: 6.0
- 2008: 7.2
- 2010: 9.7

“\[I am happy to work at the Volkswagen Group\]^\text{\textsuperscript{1}}

( Employee opinion survey)

- 2007/08: 84%
- 2013: 90%

1 Own calculation based on key industry studies on customer satisfaction with dealers, after sales and new vehicles.
2 Including China.
3 Group profit before tax margin excluding the nonrecurring effect from the remeasurement of the Porsche put/call options and from remeasurement at the contribution date of the shares already held.
All brands contribute substantially to the targets of the Volkswagen Group

<table>
<thead>
<tr>
<th>Targets</th>
<th>Deliveries to customers&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>Sustainable operating profit margin&lt;sup&gt;3)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,600,000</td>
<td>&gt; 6%</td>
</tr>
<tr>
<td></td>
<td>&gt; 1,500,000</td>
<td>6-8%</td>
</tr>
<tr>
<td></td>
<td>&gt; 500,000</td>
<td>&gt; 5%</td>
</tr>
<tr>
<td></td>
<td>&gt; 2,000,000&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>8-10%</td>
</tr>
<tr>
<td></td>
<td>&gt; 200,000</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td></td>
<td>&gt; 15,000</td>
<td>&gt; 10%</td>
</tr>
</tbody>
</table>

Return on Investment in the Automotive Division

- 2007: 9.5%
- 2008: 10.9%
- 2009: 3.8%
- 2010: 13.5%
- 2011: 17.7%
- 2012: 16.6%
- 2013: 14.5%
- 2018 Target: > 16%

<sup>1</sup> Including deliveries to customers by joint venture companies in China
<sup>2</sup> Target for year 2020
<sup>3</sup> Excluding operating profit of joint venture companies in China which are accounted for using the equity method
Volkswagen Group – Key sustainable achievements

<table>
<thead>
<tr>
<th>Superior products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued market leadership in Europe and China</td>
</tr>
<tr>
<td>Positioning and cooperation clearly strengthened in the premium segment</td>
</tr>
<tr>
<td>Creation of a leading truck business</td>
</tr>
<tr>
<td>Successful toolkit implementation</td>
</tr>
</tbody>
</table>
Improved segment and market exposure provides stable earnings platform

3) Commercial Vehicles / Power Engineering
4) VW Financial Services figures do not include financial service activities of Scania, Porsche AG and Porsche Holding Salzburg
Key sales markets offer substantial growth opportunities
Market growth 2013 – 2018 (million units)

1) Includes Cyprus and Malta
2) Includes Central America and Caribbean
Source: IHS Automotive (data status: October 2014), rounded
Note: Market = Cars and LCVs
Growth in many major markets, excluding China, below expectations

GDP growth remains behind forecasts - but recovery expected until 2018

Volume projections for global car markets (ex China) reduced significantly

Source: IHS Economics
Tightening environmental regulation and major trends driving substantially higher investment and engineering needs today

**... CO₂ and EU6 regulations**

Status and forecast of CO₂-regulations

- **EU**:
  - Baseline: 142 grams CO₂ per kilometer
  - US-LDV (PC+LDT) baseline: 219 grams CO₂ per kilometer
  - 2020: 95 grams CO₂ per kilometer
  - 2025: 107 grams CO₂ per kilometer

- **US-LDV (PC+LDT)**: Baseline: 219 grams CO₂ per kilometer

- **China**:
  - Baseline: 185 grams CO₂ per kilometer
  - 2015: 167 grams CO₂ per kilometer
  - 2020: 150 grams CO₂ per kilometer
  - 2025: 170 grams CO₂ per kilometer

- **EU2020**: 95 grams CO₂ per kilometer

- **US2025**: 107 grams CO₂ per kilometer

- **China2015**: 167 grams CO₂ per kilometer

- **China2025**: 170 grams CO₂ per kilometer

**Ingram CO₂ per kilometer, normalized to NEDC**

- **Source**: based on ICCT

**... Market / consumer trends**

- **Connectivity**
- **E-mobility**
- **Automated driving**
- **Shorter lifecycles**
- **SUV trend**
- **Shift in priorities**
Future Tracks – Paving the way to the future

Strategy for the time beyond 2018

Future trends

Profitability

Costs

Revenues

Economic uncertainty

Trade barriers

Currencies

Economic development

Regulations

E-mobility

Connectivity

Business models

Product cycles

Automated driving

Volkswagen Group 2018 Strategy

Audi

SEAT

SKODA

BENTLEY

BUGATTI

PORSCHE

MAN

Commercial Vehicles
Volkswagen Brand: Substantial efficiency measures across all business areas to ensure > 6% target return before 2018

- Adapt lifecycle strategy to meet core regional competition
- Focus on models providing sustainable profitability
- Expand after-sales business

- Reduce complexity and improve decision making process
- Increase use of common parts and reduction of number of variants
- Sharpen target-oriented investment
- Increase localization in core markets
- Enhance R&D efficiency
- Leverage scale effects and groupwide synergy potential further

€5 bn
Volkswagen Brand: Three focus areas to improve competitiveness

**Efficiency Program**

**Model Portfolio & Cycle Plan**
- Continually adapt product lifecycles to the specific regional and competitive requirement
- Challenge every model regarding growth prospects and sustainable profit contribution

**Strengthen Regions**
- Improve operational and financial robustness of regional business models
- Increase localization of products, production and components as well as research and development

**Cost Discipline & Productivity**
- Strong focus on cost and investment discipline
- Roll-out of efficiency program in order to secure/improve cost efficiency and quality of results
Improving operating returns at Volkswagen Passenger Cars\(^1\) the latest by 2018 is a core objective of Future Tracks.

\(^1\) The joint venture companies in China are accounted for using the equity method and thus are not included in the operating profit of Volkswagen Passenger Cars.
Deep roots and strong market position combined with further growth potential assures continued profitable growth in China

Production network and implementation of MQB

- Production capacity (250 working days)
  - 2013: 2.4 million
  - 2018: > 4 million

Significant extension of product portfolio

<table>
<thead>
<tr>
<th></th>
<th>Locally produced</th>
<th>Import</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013:</td>
<td>22</td>
<td>41</td>
<td>63</td>
</tr>
<tr>
<td>2018e:</td>
<td>&gt;35</td>
<td>&gt;65</td>
<td>&gt;100</td>
</tr>
</tbody>
</table>

Strong financial track record

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliveries to customers</td>
<td>0.4</td>
<td>0.8</td>
<td>1.9</td>
<td>2.6</td>
<td>3.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>1.0</td>
<td>1.4</td>
<td>1.9</td>
<td>2.3</td>
<td>2.8</td>
<td>3.3</td>
</tr>
<tr>
<td>Dividend paid to Volkswagen AG</td>
<td>0.4</td>
<td>0.8</td>
<td>1.2</td>
<td>2.0</td>
<td>2.8</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Continuous expansion of dealer network

- MQB production site by 2016
- Planned MQB production site
- Existing production site

- Production capacity (250 working days)
  - 2013: 2.4 million
  - 2018: > 4 million

- Proportionate Operating Profit
- Dividend paid to Volkswagen AG
- Deliveries to customers

- Others
- ŠKODA
- Audi
- Volkswagen

2013 2014e 2018e
Less developed cities in China still provide substantial growth potential

<table>
<thead>
<tr>
<th>Level I cities</th>
<th>Level II cities</th>
<th>Level III cities</th>
<th>Level IV cities</th>
<th>Level V cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>Dalian</td>
<td>Shantou</td>
<td>Guyuan</td>
<td>Haibei</td>
</tr>
<tr>
<td>Shanghai</td>
<td>Xi’an</td>
<td>Hengshui</td>
<td>Yaan</td>
<td>Jinchang</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>Changsha</td>
<td>Jingdezhen</td>
<td>Zigong</td>
<td>Turpan</td>
</tr>
<tr>
<td>119</td>
<td>95</td>
<td>62</td>
<td>29</td>
<td>25</td>
</tr>
<tr>
<td>9</td>
<td>26</td>
<td>68</td>
<td>109</td>
<td>135</td>
</tr>
<tr>
<td>16.7</td>
<td>8.4</td>
<td>4.8</td>
<td>4.0</td>
<td>1.8</td>
</tr>
</tbody>
</table>

- Level III share: 59%, 63%, 65%, 66%, 67%
- Level II share: 41%, 37%, 35%, 34%, 33%

<table>
<thead>
<tr>
<th>Number of cities</th>
<th>Average # of inhabitants (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>16.7</td>
</tr>
<tr>
<td>Shanghai</td>
<td>8.4</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>4.0</td>
</tr>
<tr>
<td>Dalian</td>
<td>8.4</td>
</tr>
<tr>
<td>Xi’an</td>
<td>4.0</td>
</tr>
<tr>
<td>Changsha</td>
<td>1.8</td>
</tr>
<tr>
<td>Shantou</td>
<td>4.8</td>
</tr>
<tr>
<td>Hengshui</td>
<td>109</td>
</tr>
<tr>
<td>Jingdezhen</td>
<td>135</td>
</tr>
<tr>
<td>Guyuan</td>
<td>1.8</td>
</tr>
<tr>
<td>Yaan</td>
<td>25</td>
</tr>
<tr>
<td>Zigong</td>
<td>135</td>
</tr>
<tr>
<td>Haibei</td>
<td>62</td>
</tr>
<tr>
<td>Jinchang</td>
<td>66</td>
</tr>
<tr>
<td>Turpan</td>
<td>67</td>
</tr>
</tbody>
</table>

Total market share distribution:
- Level I share: 41%
- Level II share: 37%
- Level III share: 35%
- Level IV share: 34%
- Level V share: 33%
USA – Returning to sustainable profit

Expanding local footprint

- Hemdon Headquarters
- Chattanooga Plant
- Atlanta Headquarters
- Silao Plant (engines)
- Puebla Plant
- San José Chiapa Plant (SOP 2016)

LCV segment remains a large opportunity

<table>
<thead>
<tr>
<th>Segment structure 2013</th>
<th>Deliveries to customers Jan-Oct 2014 vs. Jan-Oct 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen</td>
<td>-12.2%</td>
</tr>
<tr>
<td>Audi</td>
<td>+14.7%</td>
</tr>
<tr>
<td>Porsche</td>
<td>+11.2%</td>
</tr>
<tr>
<td>Other</td>
<td>+5.5%</td>
</tr>
</tbody>
</table>

Continued growth momentum in the U.S. market

Deliveries in ‘000 units by brands

Clean Diesel as a strong USP in the U.S.

Diesel deliveries in ‘000 units (Volkswagen Group)

Diesel Passenger Car and LCV market in the U.S. in 2013

1) Figures including Porsche as from 1 August 2012
2) Thereof Passenger Cars +1.4%, Light Commercial Vehicles +9.7%
USA - Commitment to achieving sustainable profitability through enhanced, locally adapted product portfolio

Key steps towards sustainable profitability

- Profitable volume manufacturer
- Thorough knowledge of customer DNA
- Coverage of core segments, incl. SUVs
- Profitable dealer network
- Adjusted lifecycles and product features
- Localized models and components with reduced complexity
- Deeply localized supplier network
- Competitive Financial Services and active residual value management
- Local empowerment
- Local structures and processes

Upgrade and expansion of US portfolio

- Introduction of the new Golf facelift
- Jetta facelift
- US Passat facelift
- B-SUV

- 2014
- 2015
- 2016

New US product lifecycle

- Current lifecycle: 7 years
- Major facelift
- Facelift
- New design and interior
- Facelift
- Adapted lifecycle:
  - 5 years
  - 5 years
  - 5 years
Brazil – Short-term challenge, mid-term opportunity

Local production of market-leading models

- Gol
- Fox
- Taubaté
- Anchieta
- Curitiba
- São Carlos (engines)

A rapidly changing competitive landscape

Number of automotive companies in the Brazilian market

- Importers
- Other local producers
- "Big 4" (Volkswagen, Fiat, General Motors, Ford)

Deliveries to customers ('000 units)

- 2007: 300
- 2008: 400
- 2009: 500
- 2010: 600
- 2011: 700
- 2012: 800
- 2013: 900
- ... 2018: > 1,000

Actions to reach the 2018 target for Brazil

- Brand Positioning
- Cycle Plan and Investments
- Distribution Network
- Sales Strategy
- Short-Term Running Measures
- Operations/Processes
- Cost Position
- Organizational Structure

Source: Anfavea; own research

1) Audi to start production in São José dos Pinhais in 2015 (Audi A3 Sedan and Q3)
2) Volkswagen, Fiat, General Motors, Ford
Volkswagen Group toolkit strategy and responsibilities

Continuous roll-out of toolkit strategy across segments, regions and brands

Vehicle classes

- A000
- A00
- A0
- A
- B
- C
- D
- E

Vehicle price

- NSF
- MQB
- MLB
- MSB

Responsibilities

- New Small Family
- Modular Transverse Toolkit
- Modular Longitudinal Toolkit
- Modular Standard Drivetrain Toolkit

Established markets

Emerging markets

Vehicle classes

Porsche

Audi

Volkswagen
MQB – Driving forward economies of scale in unit cost, investment and supporting achievement of emission targets

**Distribution of MQB savings**

- **MQB platform**: ca. 60% of total material costs
- Lower cost per unit
- Less EHpv\(^1\)
- Less one-off expenditures

= **Potential savings**

**Margin improvement**

**Different powertrains**

The MQB’s flexible design is able to accommodate alternative drives:

<table>
<thead>
<tr>
<th>Conventional drive</th>
<th>Electric drive</th>
<th>Alternative/Regenerative</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSI Gasoline</td>
<td>Hybrid</td>
<td>EcoFuel (CNG)</td>
</tr>
<tr>
<td>EA211</td>
<td></td>
<td>FlexFuel (Ethanol)</td>
</tr>
<tr>
<td>MOB</td>
<td></td>
<td>BiFuel (LPG)</td>
</tr>
<tr>
<td>TDI Diesel</td>
<td>BEV</td>
<td></td>
</tr>
<tr>
<td>EA288</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MDB</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Engineered Hours per Vehicle
Sustainable success secured through the roll-out of modular toolkits

Global roll-out of modular toolkits

Number of toolkit equipped plants until 2016

MQB production share of total production volumes

1 Including China; the Chinese share in the global MQB volume is expected to amount to around one fifth in 2014 and more than one third in 2018
## Volkswagen Brand: Strong product momentum

Volkswagen has a strong product momentum with a comprehensive product portfolio across various segments and fuel types. The brand offers a broad range of models, including conventional, fuel cell, and electric vehicles, catering to diverse customer preferences.

### Product Portfolio

- **Regional focus with highly localized models**
- **MQB enables large spectrum of possible powertrain specifications**
- **Broad customer segment coverage**

### Selected Models

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional</td>
<td>Fuel cell</td>
<td>Diesel</td>
</tr>
<tr>
<td>Diesel</td>
<td>Ethanol</td>
<td>Gasoline</td>
</tr>
<tr>
<td>Gasoline</td>
<td>CNG</td>
<td></td>
</tr>
<tr>
<td>Electric</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plug-In Hybrid</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Models

- Polo
- Fox
- Touareg
- Sagitar
- Passat US
- Tiguan
- Gol
- C-Sedan (China)
- Golf Sportsvan
- Jetta
- Passat
- New Lavida/Gran Lavida
- Touran
- Magotan
- up!
- Scirocco
- Golf GTE
- Lamando
- Sharan
- New Bora
- Saveiro
- Santana
- B-SUV

1. Selected Volkswagen models, including new products, facelifts as well as localized models.
Scania transaction is a pre-requisite to improve competitiveness and efficiency based on integration of Volkswagen’s trucks businesses

### Integration drivers

**Foundation:** management of independent and strong brands on the basis of integrated technology and operations

**Objective:** modular toolkit strategy for commercial vehicles with common components and systems

**Scale benefits:** improved efficiency of resource allocation and increased flexibility concerning vertical integration

### Synergies (Operating Profit impact)

**Achieved by the end of 2014**

(existing structure)

- €200+ million
- Focus on purchasing
- Synergy potential limited due to arm’s-length requirements

**Additional potential through the transaction**

- €650+ million per year long-term average with 10-15 years gradual phase-in based on life cycles of vehicles and systems / components
- Majority of benefits from joint R&D, purchasing and sourcing components, e.g. gearbox
- Significant benefits from capex savings
VW Financial Services\textsuperscript{1)}: A global, well diversified and successful business

\begin{itemize}
\item **Strong global presence**
\item **Rising penetration rates**
\item **Continuous portfolio expansion**
\item **Diversified funding structure**
\end{itemize}

\textsuperscript{1)} All shown figures show VW Financial Services as of 30 September 2014, excluding financial service activities of Scania, Porsche AG and Porsche Holding Salzburg; MAN financial services activities are included from 1 January 2014.
Strong cash generation and sufficient net liquidity

Operating cash flow and investments (automotive)

<table>
<thead>
<tr>
<th>€ bn</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Op. cash flow</td>
<td>13.7</td>
<td>8.0</td>
<td>8.8</td>
<td>12.8</td>
<td>13.9</td>
<td>17.1</td>
<td>20.6</td>
</tr>
<tr>
<td>Investing cash flow</td>
<td>-5.7</td>
<td>-8.9</td>
<td>-8.2</td>
<td>-7.8</td>
<td>-7.0</td>
<td>-9.4</td>
<td>-12.5</td>
</tr>
<tr>
<td>Equity investments</td>
<td>-0.9</td>
<td>-2.6</td>
<td>-2.7</td>
<td>-2.1</td>
<td>-6.6</td>
<td>-3.9</td>
<td>-1.7</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>13.5</td>
<td>6.1</td>
<td>8.8</td>
<td>8.2</td>
<td>7.7</td>
<td>13.9</td>
<td>16.2</td>
</tr>
</tbody>
</table>

1) Cash flow from investing activities attributable to operating activities excl. cash flow from acquisition and disposal of equity investments
2) Cash flow from acquisition and disposal of equity investments
3) Net cash flow before acquisition and disposal of equity investments

Net liquidity (automotive)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13.5</td>
<td>8.0</td>
<td>10.6</td>
<td>18.6</td>
<td>17.0</td>
<td>10.6</td>
<td>16.9</td>
<td>16.8</td>
<td></td>
</tr>
</tbody>
</table>
Volkswagen’s Automotive Division continues to invest in new products, innovative technologies and its global production footprint

**Investments in property, plant and equipment**

<table>
<thead>
<tr>
<th>Year</th>
<th>€ billion</th>
<th>% of sales revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5.8</td>
<td>6.2%</td>
</tr>
<tr>
<td>2010</td>
<td>5.7</td>
<td>5.0%</td>
</tr>
<tr>
<td>2011</td>
<td>5.6%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>5.9%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>6.3%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>11.0</td>
<td></td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Capex to sales ratio between 6 and 7%

**5-year investment program remains on a stable level**

- €85.6 bn
  - Modernizing and extending the product range
- €41.3 bn
  - Cross-product investments
- €23.0 bn
  - Capitalized development costs
- -€0.6 bn
  - Others

- Around two-thirds will continue to flow into increasingly efficient vehicles, drives and technologies, as well as environmentally friendly production
- In addition, China JVs will invest a total of €22.0 bn in new production facilities and products (fully self funded)

Note: All figures shown are rounded.
Continuous dividend development on a sustainable basis

### Development of dividend pay-out...

<table>
<thead>
<tr>
<th>Year</th>
<th>Volkswagen Ordinary Shares</th>
<th>Volkswagen Preferred Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>2012</td>
<td>3.50</td>
<td>3.56</td>
</tr>
<tr>
<td>2013</td>
<td>4.00</td>
<td>4.06</td>
</tr>
</tbody>
</table>

### ... and pay-out ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Mid-term target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>15.7% 1)</td>
</tr>
<tr>
<td>2012</td>
<td>17.8% 1)</td>
</tr>
<tr>
<td>2013</td>
<td>20.6%</td>
</tr>
<tr>
<td></td>
<td>30%</td>
</tr>
</tbody>
</table>

1) Total dividend in percent of net income attributable to shareholders adjusted for noncash income mainly from the updated measurement of the put/call rights relating to the acquisition of the stake in Porsche AG indirectly held by Porsche SE, as well as the remeasurement of the existing stake held at the contribution date.
Volkswagen Group: Global automotive leader 2018

Economic and environmental leadership in the global automotive industry

<table>
<thead>
<tr>
<th>Economic leadership</th>
<th>Environmental leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion of brand and product portfolio</td>
<td>Diversified portfolio of drivetrain technologies</td>
</tr>
<tr>
<td>Increasing global footprint and emerging markets presence</td>
<td>Continuous improvements in internal combustion engines</td>
</tr>
<tr>
<td>Realization of cost savings, toolkit modularization and localization of products</td>
<td>Leadership in alternative powertrain technologies</td>
</tr>
<tr>
<td>Creation of sustainable value</td>
<td>25 percent less energy and water consumption, waste and emissions in Group production</td>
</tr>
</tbody>
</table>
Appendix
Volkswagen Automotive Division
Research and development costs

January – September 2013

- Total R&D costs: €8,431
- Of which capitalized: €2,558 (30.3%)
- Amortization: €1,740
- Recognized in the income statement: €7,613

January – September 2014

- Total R&D costs: €9,619
- Of which capitalized: €3,399 (35.3%)
- Amortization: €2,129
- Recognized in the income statement: €8,350

Volkswagen Automotive Research and Development Costs 2013-2014
## Volkswagen Group – Headline Figures
(January to September 2014 vs. 2013)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliveries to customers¹)</td>
<td>7,542</td>
<td>7,183</td>
<td>+5.0</td>
</tr>
<tr>
<td>Vehicle sales¹)</td>
<td>7,646</td>
<td>7,241</td>
<td>+5.6</td>
</tr>
<tr>
<td>Production¹)</td>
<td>7,638</td>
<td>7,232</td>
<td>+5.6</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>€147,718</td>
<td>€145,673</td>
<td>+1.4</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€9,416</td>
<td>€8,557</td>
<td>+10.0</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>€11,490</td>
<td>€9,399</td>
<td>+22.2</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>€8,687</td>
<td>€6,702</td>
<td>+29.6</td>
</tr>
</tbody>
</table>

### Automotive Division²)

| Cash flows from operating activities | € million | 14,942 | 14,713 | +1.6 |
| Cash flows from investing activities³) | € million | 9,398 | 10,264 | -8.4 |
| Of which investments in property, plant & equipment | € million | 6,482 | 6,436 | +0.7 |
| Net cash flow                     | € million | 5,544 | 4,449 | +24.6 |
| Net liquidity at September 30     | € million | 16,785 | 16,649 | +0.8 |

¹) Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

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

³) Excluding acquisition and disposal of equity investments: January – September €9,694 million (€9,624 million).

2013 deliveries updated on the basis of statistical extrapolations.
Volkswagen Group – Deliveries to Customers by Markets\(^1\)
(January to October 2014 vs. 2013)

\(^1\) Incl. Volkswagen Commercial Vehicles, Scania and MAN [Jan-Sep]; 5.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Deliveries to Customers BRIC-Markets\(^1\)
(January to October 2014 vs. 2013)

\(^1\) Including Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Passat
Volkswagen Golf GTE
Audi S6
SEAT Leon X-Perience
Bentley Mulsanne Speed
Lamborghini Huracán LP 610-4
Ducati Diavel
Volkswagen Amarok
MAN TGX Hybrid
Scania R 730 4x2 Topline