

– Check against delivery –

Prof. Dr. Martin Winterkorn
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– Part I –

Good morning, Ladies and Gentlemen,
And a warm welcome from me as well today here in Berlin.

High-tech, innovations, technological progress – those are the hallmarks of the Volkswagen Group. And we have brought some of our most exciting projects with us to Berlin to showcase to you today:

- For example, the world's fastest driverless car.
- Or the Golf R Touch, which you can control using “hands-off” gestures.

High-tech, innovation and progress don't get much better than that. And that's why we're convinced Volkswagen is ready for change. I'll come back to this later.

I. Summing up 2014: The Volkswagen Group stands for real value and reliability

I'd like to start, though, by looking back at last year. 2014 put the entire automotive industry to the test.

- Key markets such as Brazil and Russia weakened massively.
- Of the motors driving the global economy – the BRICs – basically only “C” for China is left standing.
- Volatile exchange rates have made things even more difficult for many companies.
- And in addition, uncertainty about the future course of the global economy hasn’t exactly been good for business.

But the Volkswagen Group didn’t lose its way despite the tough conditions. We ensured that 2014 was another successful year. Here are just some of the highlights.

Highlight No. 1: We launched a wide variety of compelling products on the market. The poster child for these is our newly crowned “Car of the Year”: The Volkswagen Passat. It ranks first in practically all comparative tests. And with more than 100,000 already ordered in Europe, it is winning customers even from premium competitors.

Highlight No. 2: We continued rolling out pioneering innovations. Our Group is a technology leader, in plug-in hybrids in particular. We already have seven plug-in hybrids in our range – from the A3 e-tron through the Golf GTE to the Cayenne S E-Hybrid.

Highlight No. 3: We have become even stronger in the high-margin premium segment. Audi’s deliveries grew faster than those of its two main competitors. And Porsche, too, is speeding from record to record, thanks not least to new models like the Macan.

And finally highlight No. 4: We further strengthened our leading role in China. For example, we extended our partnership with FAW for a further 25 years. And we have many more plans for China. This is also underscored by the fact that we will expand production capacity there to five million units a year by 2019.

Ladies and Gentlemen, as you may recall, a year ago I announced to you that the Volkswagen Group will increasingly focus on qualitative growth.

This means that we don't just want to become larger and larger. Above all, we want to improve – our products, our customer and employee satisfaction, our environmental protection and our profitability. And that's exactly what we did last year. Today, the Volkswagen Group is in many ways even better and stronger than it was twelve months ago.

This is also demonstrated by our key figures for fiscal year 2014:

- We delivered more than 10 million vehicles for the first time, four years earlier than planned.
- We generated sales revenue of more than €200 billion for the first time.
- And we recorded an operating profit of more than €12 billion for the first time, too. €12.7 billion, to be precise.

We increased our return on sales before tax by one percentage point to 7.3 percent. This means that we're on track to reach and maintain a figure of more than 8 percent – the target that we have set ourselves to achieve for the Group by 2018.

I believe that these record figures speak a very clear language:

- Volkswagen keeps its word and reliably delivers the results it has promised.
- We have a robust position that we can maintain even under the toughest conditions.
- And all of us at Volkswagen don't first have to get up speed – we're already racing ahead at full throttle.

In a world full of uncertainties, in an industry characterized by ups and downs, our company therefore represents something special: real value and reliability. 2014 was more than just a snapshot in time. It was the latest chapter in an impressive, sustained success story.

This started in 2007, the year our Strategy 2018 was born.

- Since then, we have increased our deliveries by around 4 million vehicles.

- Since then, we have increased our share of the global passenger car market by more than 3 percentage points – to 12.9 percent.
- Since then we have created more than 140,000 additional new jobs, including 55,000 here in Germany alone.
- And since then, we have almost doubled our sales revenue while our operating profit has actually more than doubled.

In fact, we've done very much better than that. That's because neither our sales revenue nor our operating profit contain the contribution of our Chinese joint ventures.

Why is that so? It's because we've always accounted for the business of our joint ventures in China using the equity method, so it's only reported in the financial result.

The dimensions for the operating performance are substantial: In 2014 our share of the operating profit generated by the Chinese joint ventures was about €5.2 billion – that's around €900 million more than in the previous year.

To be able to correctly assess the Volkswagen Group's performance, you would in fact need to add this amount to operating profit. As a Group, that would give us a theoretical operating profit, including the Chinese joint ventures, of almost €18 billion. That puts us among the best in our industry.

This perspective also reveals the true earnings power of our Group:

- Since 2007, we not only tripled our operating profit including China.
- We have also increased it at a considerably faster pace than our volumes – by an impressive 15.7 percent per year on average.

Let me take the Volkswagen brand as an example to illustrate this point.

The approximately 2.7 million vehicles built and sold locally in China are not included in the operating result of the Volkswagen brand.

So this means that, ultimately, a significant part of the brand's success is not included in the analysis.

To put things into perspective: What we are talking about here is a large share of the €5.2 billion I have just mentioned. When you take this into account, the operative margin of the Volkswagen brand is markedly higher than reported.

Ladies and Gentlemen,

You can see that the Volkswagen Group is in peak form in many ways. We are now harvesting the fruits of our hard work, as it were. And we are continuing to focus on areas where there's still room to improve our performance. To put it clearly: We know what we have to do. And we started doing it some time ago.

For instance, we launched a comprehensive efficiency program for the Volkswagen brand last July. And the other Group brands have taken similar measures. Our aim is to achieve a sustainable earnings effect of around €5 billion a year by 2017 at the Volkswagen brand alone. This will allow us to ensure that we reach our target return of at least 6 percent.

We can say the program has got off to a very good start. In the meantime, we have identified opportunities for improvement that represent about half of our €5 billion target. And we expect a benefit of well over €1 billion in our result for the current year.

Here are some examples of elements that make up our efficiency program:

- We are optimizing the plant utilization at our global locations. Among other things, we will also be producing the Tiguan in Mexico in the future.
- We are discontinuing models that no longer match demand and our return expectations. For example, the market for 2-door vehicles in the compact segment is shrinking fast. In light of this, we are intensively checking whether, for example, we will only build a 4-door Polo in the future. The effects are significant: They amount to triple-digit millions through lower ramp-up costs and cutting down the number of components.
- We are also reducing build combinations that don't deliver any genuine added value. For example, we will only offer equipment variants that reach an installation rate of more than 5 percent.
- And finally, we will also strengthen our income options, for example by improving the way optional extras and special equipment features are packaged in all markets worldwide.

The Volkswagen brand is also going on the offensive again in the USA. We have understood what US customers expect from us.

- We will update and replace our models there at considerably shorter intervals. Among other things, the facelifted US Passat will be launched in the second half of this year.
- With the Golf 7 – the “North American Car of the Year” – we have also brought a real winner to America. And the crucial point is: We're no longer shipping the Golf from far-away Wolfsburg, but are producing it locally in Mexico.
- Finally, we have launched the brand's largest-ever SUV offensive: The new Volkswagen Midsize SUV will start rolling off the production line in Chattanooga at the end of 2016. This will be followed in 2017 by a Tiguan with a long wheelbase, which we will produce locally in Mexico. And I can promise you that there's more to come!

We can also report significant progress in preparing our commercial vehicles business for the future.

You are no doubt aware that, for legal reasons, we had to move quite slowly with developing our truck and bus business. Now that we have acquired all shares of Scania, we have cleared the way for close collaboration between our brands. We intend making our commercial vehicles business into the global champion of the industry. More on this later.

I'm pleased that we have been able to recruit exactly the right man for this important job, in the shape of Andreas Renschler. I would like to take this opportunity to again welcome him to Volkswagen and to the podium here today.

Ladies and Gentlemen:

You can see that we are systematically implementing our Strategy 2018. And we're increasing the Group's capability step by step. In all brands, regions and areas.

What makes this possible is a strong team: our almost 600,000 employees worldwide do a magnificent job – day in, day out. So it's important for me to say a big "Thank you" today to our entire workforce. "It's all about the team" – that's something you hear quite a bit. But at Volkswagen, it's much more than mere lip service. For us, it's the corporate culture we live and breathe.

This is underscored not least by the high profit share for our workforce, which will again be pretty impressive this year. Each employee at Volkswagen AG in Germany will receive €5,900.

II. Outlook 2015: The next step on the way to the top

This brings me to my look into the future. Or put it another way: What can you expect from us this year?

One thing I can tell you up front is that Volkswagen will continue on its chosen path with persistence. Our goal is clear:

We intend to keep growing. And this means in particular: We want to ensure qualitative growth – and to get better and better in every respect.

For fiscal year 2015, we are expecting:

- A moderate increase in our deliveries.
- An increase in sales revenue of up to four percent, depending on macroeconomic developments.
- And an operating return on sales in the Group of between 5.5 percent and 6.5 percent. For our Passenger Cars Business Area we have raised our forecast slightly and are expecting an operating return there of 6 to 7 percent.

We freely admit that we're being deliberately rather more cautious than others with these goals. But one thing is very important for us and for me: Despite excellent figures, Volkswagen always has a good grip on reality.

We cannot close our eyes to the many international political and macroeconomic trouble spots that continue to confront our industry. You just have to look at Russia and South America, or at many truck markets. The fact is that there are large question marks hanging over 2015.

Nevertheless, Ladies and Gentlemen, you know us well enough: We're never satisfied with just doing the minimum. Our stated goal is to achieve further growth both in terms of volume and in our sales revenue and operating profit.

And to achieve this, we can rely on our proven strengths:

- We have three profitable Business Areas: Passenger Cars, Commercial Vehicles/Power Engineering and Financial Services.
- We have twelve fascinating brands that meet almost all customer wishes and needs worldwide.
- We can call on the innovative abilities of more than 46,000 developers and 10,000 IT specialists.
- We have the necessary liquidity and financial solidity.
- And we have a strategy that has proven its worth even when times are tough.

These strengths are what distinguish us from many others. And we will specifically leverage and extend them. I'd like to discuss three focus areas in greater detail.

Focus No. 1: Strengthening and updating our product range.

- ŠKODA recently unveiled the new Superb, which is based on the Modular Transverse Toolkit. The brand will win over many new customers with its revamped flagship.
- At SEAT, the refreshed Ibiza is on the starting blocks – the second core model after the Leon. It will provide further impetus for SEAT.
- Audi is relaunching its bestseller: The next generation of the A4 will hit the streets in the fourth quarter of the year. The new Q7 is already making the headlines: With 325 kilos shaved off its weight and a state-of-the-art aluminum and steel body, it is a pioneer in lightweight construction.
- Porsche is revamping its most important model, the 911.
- Two important new models will be launched at Volkswagen Commercial Vehicles: The Caddy and the T6 account for around two-thirds of the total volume. This means that our light commercial vehicles are heading into the future with an extremely young, attractive range of models.
- Finally, the Volkswagen Passenger Cars brand will be launching the new Touran. It also sets new standards in its class thanks to the Modular Transverse Toolkit. Preparations for the next Tiguan, which will hit the market in 2016, are also progressing at high speed.

All in all, we will be bringing 50 new models, successors and upgrades to customers this year. For us, though, it's not just a case of "more". For us, what matters is having the right products at the right time. Our new model rollout also means taking a long, hard look at models that no longer meet the needs of today.

That brings me to Focus No. 2: Driving forward our modular toolkit strategy.

Experts tell us that the Volkswagen Group is years ahead of the competition in this area. But the economic advantages are only gradually having an impact. That's because the positive effects also grow as volumes increase.

- This year, the Group will already produce 2.7 million vehicles based on the Modular Transverse Toolkit – the MQB.
- We will already exceed the figure of seven million units in 2018.

The speed at which the advantages will be visible differs from brand to brand. At the Volkswagen brand, for instance, we are currently only producing around 15 percent of the volume using the MQB. But at SKODA, for example, the share is already more than double that figure – and this is something that's also reflected in the brand's earnings.

That's why we're convinced that the massive upfront expenditures for the modular toolkit strategy will pay off not only in terms of technology, but also in terms of profitability. For the vehicles and also for the plants.

Roughly speaking, the rule up to now was: one plant, one line, one model. Now we can produce different brands and models extremely flexibly on a single line. At our Zwickau plant, for example, we are building the Passat and the Golf on the same line. And in Bratislava, the Volkswagen Touareg, Porsche Cayenne and Audi Q7, all of which use the Modular Longitudinal Toolkit, will be produced on the same line in the future.

We are currently operating 18 plants worldwide on the basis of our toolkits. And we will convert a further 11 plants by the end of 2016. This will make our Group even more agile and even more robust.

Focus No. 3: Stepping up the pace for commercial vehicles as well. We are in the process of shaping a powerful alliance between MAN, Scania and Volkswagen Commercial Vehicles. And we have set ourselves an ambitious goal: In the long term, we intend to become the world's best and most profitable truck provider. The first major joint projects are already on the way:

- Starting in 2016, we will be installing Scania transmissions successively in MAN's TGS and TGX models.
- The next generation of transmissions will be a joint development right from the start.

But this is only the first step. That's because, in the longer term, we will also be deploying a modular toolkit strategy in the commercial vehicles business as well. Work on a common commercial vehicles toolkit has started: Transmissions, driver's cabs, electronics, and engines – we intend to develop all of these jointly in the future. Without diluting the brands' identity and independence.

In the coming weeks and months, we will take all the necessary decisions and put in place the organizational and human resources conditions needed to reach our goals. More information will follow in the near future.

Ladies and Gentlemen, you can see that, despite all the uncertainties: The Volkswagen Group is increasing the pace. In 2015, we intend to take the next step towards the top. In other words, we are now preparing to overtake.

This is also demonstrated by the current delivery figures. We recorded a healthy start to 2015. For the first time, our Group delivered more than 1.5 million vehicles in January and February. This corresponds to an increase of 1.6 percent.

III. Future Tracks: The basis for long-term success

Ladies and Gentlemen,

we have now covered the main points of an annual media conference. The standard program, as it were. But as you yourselves know, the "standard program" is no longer enough these days – not in journalism and not in the automotive business.

Our world is undergoing a fundamental shift. And only the strongest and most future-ready companies will successfully navigate this change.

So how will we keep the Volkswagen Group on its successful path in the long term?

One thing is clear: Today's recipes are no guarantee of tomorrow's success.

- We need to be finely tuned to wider social change, to what people – our customers – care about. To what they expect from mobility and a company like ours in the future.
- Above all, we also need to be prepared to constantly question what we are doing and explore new directions – in alternative drives, in digitization, and in new business areas.

At Volkswagen, we have got the message. And this is why we have no room for complacency. Our goal is to be at the forefront of the automotive industry – in five, ten and fifteen years' time as well. And not just in terms of volume.

- This is why we invest more in research and development than any other company in the world – €11.5 billion in 2014 alone.
- We have the largest development team in the industry working towards this goal.
- And it is why we launched "Future Tracks".

Our "Future Tracks" program is not only preparing the Group for the technological challenges of the automotive world of tomorrow. Above all, it is also laying the foundations for long-term economic success, and for future generations at Volkswagen. In other words, "Future Tracks" is our compass for sustainable and profitable, in short for qualitative growth.

We are driven by a fascinating vision – in the long term, we want to evolve from an automaker into a global mobility provider, the number one mobility enabler. This is why we are once again speeding up the pace of innovation in core areas that are critical to our future.

The first such future area is e-mobility.

Demand for electric cars has been slow to get off the ground. But our strategy is not determined by short-term trends or current oil prices.

- We firmly believe in e-mobility.
- We need it to comply with worldwide CO₂ targets.
- And we are confident that it will become established in the long term.

This is why our Group already offers the widest range of electric vehicles in the automotive industry:

- Pure-play electric cars like the e-up! and the e-Golf,
- Plug-in hybrids such as the A3 e-tron, the Golf and the Passat GTE, the Panamera S E-Hybrid, or the Cayenne S E-Hybrid,
- And technological trailblazers such as the XL1 and the Porsche 918 Spyder.

As a result, we moved into pole position in Germany's electric car market in the past year. And this is just the beginning. We believe that plug-in hybrids offer the greatest opportunities in the medium term. As a result, we will offer this technology in almost all of our major series going forward:

- In the Q7, the A7 and the A8 at Audi
- And in the Touareg and the Phaeton at Volkswagen.

We will also take pure-play electric cars to the next level: The new Audi R8 e-tron, which goes on sale this year, will come with a range of around 450 kilometers. And I can reveal to you that we are working hard on electric vehicles with a range of over 500 kilometers.

What is really important is that we have a viable business model for e-mobility. And here, too, the logic behind our toolkits comes into play.

- It enables us to electrify up to 40 models quickly and at no major additional effort.
- It enables us to flexibly integrate fuel cells into our vehicles as soon as the technology and the infrastructure are market-ready.
- And our electric cars aren't built at separate plants, but leave the same assembly lines bumper to bumper with classic drives.

This saves a lot of money and above all means that we are extremely flexible. It is not yet clear where drive technology is heading in the future. The Volkswagen Group can flexibly adapt its model range and its production like no other manufacturer.

That takes me to the second key future area: The influence of the digital world on the automobile is the hot topic at the moment. Few manufacturers have been working on digitization for so long and in so much detail as Volkswagen.

This relates first and foremost to the automobile itself. As a Group, we already have the largest networked vehicle fleet on the road worldwide. And we aim to offer all of our new vehicles with Internet access by 2020.

Equally, automated, or piloted, driving is not a passing fashion for us either:

- We have been one of the pioneers of this technology for 15 years, for example with the "Stanley" research vehicle that won the prestigious DARPA challenge in 2005.
- We were the first car manufacturer to be allowed to test automated vehicles on public roads in the USA.
- And we will also be among the first to successfully market this technology with Audi and Volkswagen.

The new Passat, for example, comes with a Traffic Jam Assist function that automatically accelerates, brakes and keeps the vehicle in lane in stop-and-go traffic.

We will take the next big step with the upcoming Audi A8: This car will be able to drive at a speed of up to 60 km/h in automated mode.

Later updates will increase this up to 140 km/h. And in the not-too-distant future, our cars will then independently look for their own parking spaces in a networked parking garage once the driver has got out.

We are driving forward the networked “Industry 4.0” in our plants, too.

- In toolmaking, for example, we are increasingly using 3D printing to produce steel components with extreme precision. This is much quicker and also improves the quality of the components.
- Another example is human-robot cooperation, or employees and robots working together directly. We already use this in Ingolstadt and Salzgitter and further locations will follow. We are convinced that, used intelligently, automation is good for the Company and good for employees – because it makes work more efficient, easier and more ergonomic.

We use data-based applications in all other areas, too. These range from internal customer analyses to innovative business models for everything related to the car.

- For example, we established our own data lab in Munich, which specifically looks at large volumes of data, or “big data”. Computer scientists, computational linguists and statisticians there are working on new, intelligent solutions.
- In the after-sales area, we have developed, among other things, a model to avoid repeat repairs – purely by analyzing data from dealers and workshops.
- And Group Research is working on a smart parking space predictor. “ParkingView” uses swarm data to direct the user to a free parking space.

We will be demonstrating the benefits of such IT services soon when we launch the “Intelligent Mobility” project in the Wolfsburg region. We will be equipping 500 vehicles with data boxes that will communicate with the city’s control systems. Telematics data from Scania trucks on the roads in the region will also be used. The swarm data gained from this will then be used to create personalized routes or to direct the driver to the nearest free parking space.

The added value is clear: Time saved and less stress for drivers, lower traffic volumes in the city, and cuts in consumption and emissions.

Our commercial vehicle brands show how to earn good money with services like these. Scania and MAN have for a long time given customers the option of continuously monitoring and analyzing telematics data.

- Specific tips on how to drive more efficiently can cut fuel consumption by up to 10 percent.
- Through forward-looking, scheduled maintenance the average time spent in the workshop can be reduced. And that also saves our customers hard cash.

In other words, intelligent automotive IT solutions provide real added value and offer the prospect of new earnings opportunities – also in the passenger cars business.

As you can see, Ladies and Gentlemen,

The automotive industry and we, at Volkswagen, are living in very exciting times. Our industry is facing radical changes that could be called historic. We know this. And this is why with “Future Tracks” we do not just have our sights set on the second half of the game. We are already looking far ahead, to the next season.

This is most certainly not a case of “old world” versus “new world”. It is not about Silicon Valley versus Stuttgart, Munich, or Wolfsburg. It is about engineers and IT professionals working together to make automobiles even more intelligent, safer and more efficient – including and in particular for the “iPhone generation”. We can and we should be learning from each other.

But one thing is also clear: We are already doing everything we can to make sure that also the “Car of the Year 2025” is a Volkswagen Group vehicle.

- Our Group will invest over €85 billion in plants, products and technologies over the next five years.
- On top of this, our joint ventures in China will invest €22 billion.

This 107-billion program has a clear message: The Volkswagen Group offers excellent prospects. For our customers, for our shareholders and for future generations at Volkswagen. This is our goal. This is our mission. And I am sure you can sense that my team and I are passionate about our task.

Thank you for your attention so far.

Mr. Pötsch will now explain our key financial figures to you in detail.

e-up!: Energy consumption, l/100km: combined 11,7; Combined CO2 emissions, g/km: 0, efficiency class: A+

e-Golf: Energy consumption, l/100km: combined 12,7; combined CO2 emissions, g/km: 0, efficiency class: A+

A3 e-tron: Fuel consumption, combined: Petrol 1,7-1,5 l/100 km / energy consumption kWh/100 km 124,0-114,0 combined; CO2- emissions Petrol 39-35 g/km combined, efficiency class: A+

Golf GTE: Fuel consumption, l/100km: combined 1,5; Combined CO2 emissions, g/km: 35, efficiency class: A+

Passat GTE is not on sale yet. Preliminary data: Passat GTE: Fuel consumption in l/100 km: combined: less than 2l; CO2 emissions combined in g/km: less than 45.

Panamera E-Hybrid: Fuel consumption l/100 km 3,1 combined; CO2-emissions combined g/km: 71; energy consumption kWh/100 km: 16,2 combined, efficiency class: A+

Cayenne S E-Hybrid: Fuel consumption l/100 km 3,4 combined; CO2-emissions combined g/km: 79; Energy consumption kWh/100 km: 20,8 combined, efficiency class: A+

XL1: fuel consumption l/100 km: 0,9 combined; power consumption in kWh/ 100 km: 7,2; CO2 emission in g/km: 21combined; efficiency class: A+Porsche 918 Spyder: fuel consumption l/100 km 3,1-3,0 combined; CO2-emissions combined g/km 72-70; Energy consumption kWh/100 km 12,7, efficiency class: A+