Volkswagen Group: Robust, Innovative, Delivering

Hans Dieter Pötsch
Member of the Board of Management, Volkswagen Aktiengesellschaft
18th dbAccess German, Swiss & Austrian Conference, Berlin, 18 June 2015
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.

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 Such statements are valid on the date of publication and can be superceded.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.
# Financial Highlights – Volkswagen Group
(January to March 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>€ million</td>
<td>€ million</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>47,831</td>
<td>52,735</td>
<td>10.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating profit</th>
<th>€ million</th>
<th>€ million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,855</td>
<td>3,328</td>
<td>16.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit before tax</th>
<th>€ million</th>
<th>€ million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,357</td>
<td>3,968</td>
<td>18.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit after tax</th>
<th>€ million</th>
<th>€ million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,468</td>
<td>2,932</td>
<td>18.8</td>
</tr>
</tbody>
</table>
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to May 2015 vs. 2014)

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>Volkswagen Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>World: Car Market</td>
<td>2.7%</td>
<td>Volkswagen Group: 0.3%</td>
</tr>
<tr>
<td>North America</td>
<td>5.2%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>6.7%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>-25.4%</td>
<td>-11.4%</td>
</tr>
<tr>
<td>South America</td>
<td>-17.9%</td>
<td>-21.0%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>6.6%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>5.0%</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>

1) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Deliveries to Customers by Brands (January to May 2015 vs. 2014)

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); 0.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Analysis of Operating Profit\(^1\)
(January to March 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>€ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.9</td>
</tr>
<tr>
<td>2015</td>
<td>3.3</td>
</tr>
</tbody>
</table>

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
We expect …

- to moderately increase Volkswagen Group deliveries to customers year-on-year in 2015 in a persistently challenging market environment.
- 2015 sales revenue for the Volkswagen Group and its business areas to increase by up to 4% above the prior-year figure, depending on the economic conditions. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the Commercial Vehicles/Power Engineering Business Area.

In terms of operating profit…

- we anticipate a Group operating return on sales of between 5.5% and 6.5% in 2015 in light of the challenging economic environment.
- The operating return on sales is expected to be in the 6.0% to 7.0% range in the Passenger Cars Business Area and between 2.0% and 4.0% in the Commercial Vehicles/Power Engineering Business Area.
- For the Financial Services Division, we are forecasting an operating profit at the prior-year level.
Tightening environmental regulation and major trends driving substantially higher investment and engineering needs today

... CO₂ and EU6 regulations

Status and forecast of CO₂-regulations

<table>
<thead>
<tr>
<th></th>
<th>EU</th>
<th>US-LDV (PC+LDT)</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: based on ICCT

... Market / consumer trends

- Digitalization
- Shorter lifecycles
- E-mobility
- SUV trend
- Automated driving
- Shift in priorities

EU2020: 95
EU baseline: 142
US baseline: 219
China baseline: 185
China 2015: 167
US 2025: 107

Status and forecast of CO₂-regulations

Grams CO₂ per kilometer, normalized to NEDC


Source: based on ICCT
Future Tracks – Paving the way to the future

Strategy for the time beyond 2018

Future trends

Profitability

Economic uncertainty

Costs

Revenues

E-mobility  Digitalization  Business models  Product cycles  Automated driving

Economic development  Currencies  Trade barriers  Regulations

Volkswagen Group 2018 Strategy

Audi  SEAT  BENTLEY  BUGATTI  PORSCHE  Commercial Vehicles  SCANIA  MAN
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
Efficiency program well on the way in all business areas

- Revenue enhancement through increased sales of Golf R and R-line packages
- Transportation cost optimization
- Test fleet vehicle efficiencies
- Factory 4.0
- Complexity reduction
  - Touran current model
    - Complexity drivers:
      - Driver assistance systems
      - Legal requirements
      - Seating options
      - 
  - Touran successor
    - Variant reduction:
      - Steering wheels
      - Trunk lingo
      - Mirrors
      - 
- Golf 7: Batteries
  - ~50%
- Golf 7: Interior lamps
  - ~50%
- Golf 7: Armrests (leather)
  - >30%
- Polo successor: Engine/gearbox variants
  - >30%
Sustainable success secured through the roll-out of modular toolkits

Global roll-out of modular toolkits

Volkswagen Group

MQB production share of total production volumes\(^1\)

Number of toolkit equipped plants and volume

\(^1\) Including China; the Chinese share in the global MQB volume amounted to around one fifth in 2014 and is expected to increase to more than one third in 2018
### Volkswagen Group product firework\(^1\) across the world

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-Golf + GTE</td>
<td>Touran</td>
</tr>
<tr>
<td>Passat</td>
<td>Passat GTE</td>
</tr>
<tr>
<td>Golf Sportsvan</td>
<td>Lamando</td>
</tr>
<tr>
<td>Touareg</td>
<td>Lavida</td>
</tr>
<tr>
<td>A3 e-tron</td>
<td>R8</td>
</tr>
<tr>
<td>TT</td>
<td>Q7</td>
</tr>
<tr>
<td>Fabia</td>
<td>A6L</td>
</tr>
<tr>
<td>Octavia Scout</td>
<td>A4</td>
</tr>
<tr>
<td>Leon Cupra</td>
<td>Fabia Combi</td>
</tr>
<tr>
<td>Leon ST CNG</td>
<td>Superb</td>
</tr>
<tr>
<td>918 Spyder</td>
<td>Ibiza</td>
</tr>
<tr>
<td>Macan</td>
<td>A1nambra</td>
</tr>
<tr>
<td>911</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Schematic Overview – does not show all models.
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)**
  - 2014: 3 million
  - 2019: >5 million

**Significant extension of product portfolio**

- **Locally produced**:
  - 2014: 30
  - 2018e: >45

- **Import**:
  - 2014: 118
  - 2018e: >145

- **Total**:
  - 2014: 148
  - 2018e: >190

**Strong operational & financial track record**

(in € bn / million units)

- 2008: 1.0
- 2009: 1.4
- 2010: 1.9
- 2011: 2.3
- 2012: 2.8
- 2013: 3.3
- 2014: 3.7

**Continuous expansion of dealer network**

- **2013**:
  - Others: >3,600
  - ŠKODA: 2,395
  - Audi: 2,654
  - Volkswagen: 30

- **2014**:
  - Others: >3,600
  - ŠKODA: 2,395
  - Audi: 2,654
  - Volkswagen: 118

- **2018e**:
  - Others: >3,600
  - ŠKODA: >145
  - Audi: >145
  - Volkswagen: >190
Volkswagen Group – Commercial Vehicles Deliveries to Customers by Brands (January to May 2015 vs. 2014)

- Volkswagen Group: 4,188 (2014) vs. 4,199 (2015), +0.3%
- Commercial Vehicles: 178 (2014) vs. 184 (2015), +3.4%
- MAN Commercial Vehicles (incl. MAN Latin America Trucks and Buses GVW > 5t): 31 (2014) vs. 30 (2015), -2.4%

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); 0.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.
2) MAN incl. MAN Latin America Trucks and Buses GVW > 5t.
Structured framework\(^1\) for business with mid-sized and heavy trucks and buses

- Truck & Bus GmbH to become new Volkswagen Group holding for MAN and Scania commercial vehicle brands.
- New holding will steer and coordinate cooperation among the three commercial vehicle companies MAN Truck & Bus AG, MAN Latin America and Scania AB.
- Processes specific to the commercial vehicles business to be established, thus leveraging the full synergy potential between the brands while retaining their independence.
- Aim is to coordinate strategy, development, human resources, purchasing and other issues across the brands leading to closer networking among the brands, shorter decision-making paths and swifter implementation.

\(^1\) Operational steering structure
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>Excellent and custom-tailored 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>
Volkswagen Group: Robust, Innovative, Delivering

Hans Dieter Pötsch
Member of the Board of Management, Volkswagen Aktiengesellschaft
18th dbAccess German, Swiss & Austrian Conference, Berlin, 18 June 2015