Volkswagen Group – Regaining trust

Frank Witter
Member of the Board of Management, Volkswagen Aktiengesellschaft
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 Such statements are valid on the date of publication and can be superceded.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.
What happened?

Key statements

• The software in our EA 189 engines was designed to optimize NOx emissions during dynamometer runs.

• This was ABSOLUTELY unacceptable and abhorrent to our corporate values.

• We have acted swiftly and decisively – expect us to continue in this manner.
Up to 11 million Volkswagen Group Diesel vehicles are affected

Vehicles by brand

<table>
<thead>
<tr>
<th>Brand</th>
<th>Units (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen</td>
<td>ca. 5.6</td>
</tr>
<tr>
<td>Commercial</td>
<td>0.8</td>
</tr>
<tr>
<td>Audi</td>
<td>2.4</td>
</tr>
<tr>
<td>SKODA</td>
<td>1.2</td>
</tr>
<tr>
<td>SEAT</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Vehicles by region

Units (in 1,000)

- 0-50
- 50-100
- 100-250
- 250-500
- 500-1,000
- >1,000
Our five top priorities

Helping our customers
Communicating & providing effective technical solutions

Uncovering what happened
Finding out the truth and learning from it

New structure
Launching a more entrepreneurial & decentralized Group structure

New mindset
Profoundly changing the way we do things

New destination
Re-evaluating what we do & re-defining our targets
Sales revenue increased partly due to positive influences from exchange rates and mix effects.

Operating profit before special items up 8 percent.

Operating profit significantly reduced due to special items attributable to diesel-related issues in the area of passenger cars and restructuring measures in the area of commercial vehicles.

Profit before tax impacted by gain from sale of Suzuki shares and negative fair value measurement of derivatives; at-equity earnings from Chinese joint ventures level year-on-year.

Strong net cash flow generation, including the sale of Suzuki shares, plus the placement of hybrid notes further strengthened automotive net liquidity.
Financial Highlights – Volkswagen Group
(January to September 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>€ 147,718</td>
<td>€ 160,263</td>
<td>+ 8.5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 9,416</td>
<td>€ 10,197</td>
<td>+ 8.3%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>€ 5,142</td>
<td>€ 11,490</td>
<td>- 55.2%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>€ 3,990</td>
<td>€ 8,687</td>
<td>- 54.1%</td>
</tr>
</tbody>
</table>

Operating profit / profit before tax in % of sales revenue
# Development World Car Market vs. Volkswagen Group Car Deliveries to Customers

(Growth y-o-y in deliveries to customers, January to September 2015 vs. 2014)

1) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>Volkswagen Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2.4%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>North America</td>
<td>5.6%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>8.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>-21.4%</td>
<td>-9.0%</td>
</tr>
<tr>
<td>South America</td>
<td>-18.0%</td>
<td>-23.8%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>5.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>2.6%</td>
<td>-4.2%</td>
</tr>
</tbody>
</table>

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

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -1.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.
2) MAN incl. MAN Latin America Trucks and Busses GVW > 5t

Volkswagen Group

Passenger Cars

Commercial Vehicles

January – September 2014

January – September 2015

1,299 1,348 1,397 1,397

774 791 828 828

294 308 320 320

136 173 168 168

325 321 318 318

86 74 72 72

56 55 54 54

1,500 3,000 4,500 6,000 7,500 9,000

-1.5% -4.7%

+3.8% +2.2%

+4.9% +27.6%

-1.1% -13.1%

-2.2%
### Volkswagen Group – Analysis by Division

(February to September 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>Volkswagen Group</th>
<th>Automotive Division</th>
<th>Financial Services Division</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td><strong>Vehicle sales</strong></td>
<td>7,440</td>
<td>7,646</td>
<td>7,440</td>
</tr>
<tr>
<td><strong>Sales revenue</strong></td>
<td>160,263</td>
<td>147,718</td>
<td>138,302</td>
</tr>
<tr>
<td><strong>Operating profit before special items</strong></td>
<td>10,197</td>
<td>9,416</td>
<td>8,581</td>
</tr>
<tr>
<td><strong>% of sales revenue</strong></td>
<td>6.4</td>
<td>6.4</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Special items</strong></td>
<td>-6,855</td>
<td>-</td>
<td>-6,855</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>3,342</td>
<td>9,416</td>
<td>1,726</td>
</tr>
<tr>
<td><strong>% of sales revenue</strong></td>
<td>2.1</td>
<td>6.4</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>1,800</td>
<td>2,075</td>
<td>1,747</td>
</tr>
<tr>
<td>of which: At-equity result</td>
<td>3,128</td>
<td>3,057</td>
<td>3,102</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-1,327</td>
<td>-982</td>
<td>-1,355</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>5,142</td>
<td>11,490</td>
<td>3,474</td>
</tr>
<tr>
<td><strong>% Return on sales before tax</strong></td>
<td>3.2</td>
<td>7.8</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>3,990</td>
<td>8,687</td>
<td>2,876</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 €3,777 million (€3,920 million).
Volkswagen Group – Analysis of Operating Profit (January to September 2015 vs. 2014)

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

(February to September 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>Operating profit</th>
<th>Operating margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>2,229</td>
<td>1,696</td>
</tr>
<tr>
<td>Audi</td>
<td>4,024</td>
<td>3,831</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>734</td>
<td>651</td>
</tr>
<tr>
<td>SEAT</td>
<td>12</td>
<td>-82</td>
</tr>
<tr>
<td>Bentley</td>
<td>57</td>
<td>125</td>
</tr>
<tr>
<td>Porsche</td>
<td>2,546</td>
<td>1,927</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>313</td>
<td>378</td>
</tr>
<tr>
<td>Scania</td>
<td>748</td>
<td>700</td>
</tr>
<tr>
<td>MAN</td>
<td>271</td>
<td>304</td>
</tr>
<tr>
<td>Other</td>
<td>-2,118</td>
<td>-1,329</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>1,381</td>
<td>1,215</td>
</tr>
<tr>
<td><strong>Volkswagen Group before special items</strong></td>
<td><strong>10,197</strong></td>
<td><strong>9,416</strong></td>
</tr>
<tr>
<td>Special items</td>
<td>-6,855</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td><strong>3,342</strong></td>
<td><strong>9,416</strong></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>1,726</td>
<td>7,980</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>1,203</td>
<td>7,295</td>
</tr>
<tr>
<td>of which: Commercial Vehicles, Power Engineering</td>
<td>523</td>
<td>685</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>1,615</td>
<td>1,436</td>
</tr>
</tbody>
</table>

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. 2) Incl. financial services. 3) 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. 4) 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 €3,777 million (€3,920 million). 5) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
Automotive Division – Strong Cash Generation\(^1\) \(^2\)
(January to September 2015)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash flow from operating activities</th>
<th>Capex</th>
<th>Capitalized development costs</th>
<th>Other</th>
<th>Net cash flow before disposal of equity investments</th>
<th>Acquisition and disposal of equity investments</th>
<th>Net cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>14.9</td>
<td>-6.5</td>
<td>-3.4</td>
<td>0.2</td>
<td>5.2</td>
<td>0.3</td>
<td>5.5</td>
</tr>
</tbody>
</table>

\(^1\) 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 2015

We expect …

■ deliveries to customers for the Volkswagen Group in 2015 to remain on a level with the previous year in a persistently challenging market environment.

■ 2015 sales revenue for the Volkswagen Group and its business areas to increase by up to 4% y-o-y, 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…

■ due to the impact relating to the Diesel issue we anticipate a Group operating profit as well as for the Passenger Cars Business Area significantly below the prior year level.

Before special items…

■ 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 Commercial Vehicles/Power Engineering.

For the Financial Services Division, we are forecasting an operating profit at the prior-year level.
Strategy 2018 of Volkswagen Group

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

- 2007: 8.2
- 2010: 8.4
- 2014: 8.8

Group profit before tax margin (in percent)

- 2007: 6.0
- 2008: 5.8
- 2009: 7.1
- 2010: 7.8
- 2011: 11.9
- 2012: 13.2
- 2013: 6.3
- 2014: 7.3

Group deliveries to customers (in million units)

- 2007: 6.2
- 2010: 7.2
- 2012: 9.3
- 2014: 10.1

Volkswagen Group profit before tax margin > 8%

Top employer

Volumes > 10 million units p.a.²

Leading in customer satisfaction and quality

“I am happy to work at the Volkswagen Group“ (Employee opinion survey, index)

- 2007/08: 84
- 2014: 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.
### 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

Key sales markets offer substantial growth opportunities
Market growth 2014 – 2018 (million units)

  - +7%

  - +11%

  - +1%

- **South America**: 5.4 (2012), 4.1 (2014), 4.6 (2016), 4.6 (2018)
  - -15%

  - +16%

  - +44%

  - +9%

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1) Includes Cyprus and Malta
2) Includes Central America and Caribbean

Source: IHS Automotive (data status: October 2015), rounded
Note: Market = Cars and LCVs
While some major markets are near peak levels, core regions of the Volkswagen Group are still significantly below historical sales levels.

<table>
<thead>
<tr>
<th>Region</th>
<th>Passenger Car &amp; LCV Deliveries 2014 (in '000 units)</th>
<th>2015e</th>
<th>2005-14 Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>1,213</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td>3,205</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>573</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>266</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>3,675</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IHS Automotive and company data; Western Europe incl. Germany, China incl. Hong Kong
Tightening environmental regulation and major trends driving substantially higher investment and engineering needs today

... CO₂ and EU6 regulations

- EU baseline: 142
- EU 2020: 95
- US baseline: 219
- US 2025: 107
- China baseline: 185
- China 2015: 167

Source: based on ICCT

... Market / consumer trends

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

Strategy for the time beyond 2018

Profitability

Economic uncertainty

Future trends

Costs

Revenues

E-mobility
Digitalization
Business models
Product cycles
Automated driving

Economic development
Regulations

Trade barriers
Currencies

Volkswagen Group 2018 Strategy
Volkswagen Brand: Substantial efficiency measures across all business areas to ensure > 6% target return

- 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
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
Efficiency program well on the way in all business areas

Revenue enhancement through increased sales of Golf R and R-line-packages

Logistics 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 lugs
  - Mirrors
  - ...

Golf 7: Batteries

- ~50%

Golf 7: Interior lamps

- ~50%

Golf 7: Armrests (leather)

- >30%

Polo successor: Engine/gearbox variants

- >30%
Improving operating returns at Volkswagen Passenger Cars

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.
Western European car markets are recovering on a solid basis, but most markets are still below historical levels.

Key Western European Passenger Car Markets
[Seasonally-adjusted-annual rate, Dec 2006 – Jul 2015, in m units]

- **Western Europe**
  - 2012: 10
  - 2013: 12
  - 2014: 14
  - 2015: 16

- **Germany**
  - 2012: 3.5
  - 2013: 4.0
  - 2014: 3.5
  - 2015: 3.0

- **United Kingdom**
  - 2012: 2.3
  - 2013: 1.9
  - 2014: 1.7
  - 2015: 1.5

- **Spain**
  - 2012: 2.0
  - 2013: 1.6
  - 2014: 1.3
  - 2015: 1.0

Purchasing Managers Index (as per July 2015)
[PMI]

- **Spain**
  - 2012: 2.5
  - 2013: 3.0
  - 2014: 3.5
  - 2015: 4.0

- **UK**
  - 2012: 0.5
  - 2013: 0.9
  - 2014: 1.3
  - 2015: 1.7

- **Germany**
  - 2012: 1.5
  - 2013: 1.9
  - 2014: 2.3
  - 2015: 2.7

- **Italy**
  - 2012: 2.0
  - 2013: 2.5
  - 2014: 3.0
  - 2015: 3.5

- **France**
  - 2012: 2.0
  - 2013: 2.5
  - 2014: 3.0
  - 2015: 3.5

- **Eurozone**
  - 2012: 2.0
  - 2013: 2.5
  - 2014: 3.0
  - 2015: 3.5

- Since mid-2013 the Western European passenger car market is steadily recovering from lows
- Key drivers include recovering economic performance and sound growth expectations as well as low financing rates
- However, most markets are still below pre-crisis levels
- Further continuation of positive development supported by robust growth expectations

Source: Company data, Thomson Reuters
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

**Continuous expansion of dealer network**

**Strong operational & financial track record**
- (in € bn / million units)
- **Operating Profit**
- **Dividends paid to Volkswagen AG**
- **Deliveries to customers**

**Proportionate**
- 2008: 1.0
- 2009: 1.4
- 2010: 1.9
- 2011: 2.3
- 2012: 2.8
- 2013: 3.3
- 2014: 3.7
- 2015: 4.5

**Dividends paid to Volkswagen AG**
- 2008: 0.4
- 2009: 0.8
- 2010: 0.4
- 2011: 1.2
- 2012: 2.0
- 2013: 2.8
- 2014: 3.0
- 2015: 4.5

**Deliveries to customers**
- 2008: 1.0
- 2009: 1.4
- 2010: 1.9
- 2011: 2.3
- 2012: 2.8
- 2013: 3.3
- 2014: 3.7
- 2015: 4.5

**Locally produced**
- 2014: 2,395
- 2018e: >3,600

**Import**
- 2014: 2,654
- 2018e: >3,600

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

**Others**
- 2013: 2,395
- 2014: 2,654
- 2018e: >3,600

**ŠKODA**
- 2013: 2,395
- 2014: 2,654
- 2018e: >3,600

**Audi**
- 2013: 2,395
- 2014: 2,654
- 2018e: >3,600

**Volkswagen**
- 2013: 2,395
- 2014: 2,654
- 2018e: >3,600
‘New Normal’ has arrived in the Chinese market requiring a different focus

Challenging framework conditions...

- Slowing GDP growth
  - 2010: +10.4%
  - 2011: +7.0%

- Car purchase restrictions

- Growth moving to lower Tier cities with more price sensitive customers

Stock market volatility

- Stock market volatility graph

- Pressure on vehicle prices

...requires more focus on qualitative growth

- More focus on synergies, efficiencies and costs

- Flexible and prudent capacity planning

- Conservative planning of sales targets

- Product portfolio refreshment and development

GDP growth and stock market volatility trends:

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
<th>Stock Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>+10.4%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>+7.0%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>+5.5%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>+4.0%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>+3.5%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>+3.0%</td>
<td></td>
</tr>
</tbody>
</table>
In 2015/16 Volkswagen Group is updating up to 70% of its models in China, including the launch of more than 30 entirely new models to the market.

### Model relaunches and facelifts in % of total portfolio

<table>
<thead>
<tr>
<th>% share of models introduced in 2015</th>
<th>% share of models introduced in 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>40%</td>
</tr>
</tbody>
</table>

2016 total portfolio: ~160 models

### Vehicles carrying substantial volume potential to be updated in 2015/16 (examples)

1. **Lavida (SVW)** (>350,000 units)
2. **Passat NMS (SVW)** (>200,000 units)
3. **Magotan (FAW-VW)** (>200,000 units)
4. **Tiguan** (>200,000 units)
5. **Audi A4L (FAW-VW)** (>100,000 units)
6. **Audi Q7 (FBU)** (>20,000 units)
7. **ŠKODA Superb (SVW)** (>30,000 units)
8. **Porsche 911 Coupé (FBU)** (>1,000 units)

---

1. Volume data as per full year 2014
2. incl. LWB version
Volkswagen Group’s 360° business model for the Budget Car Family

- Utilization of existing platforms
- Limited number of vehicle variants
- Minimized one-off expenditure
- Flat organizational structure
- 100% local sourcing
- Simple distribution system
- High equipment standard with low-cost solutions
- Lower-cost manufacturing technologies
USA – Strong commitment to the U.S. market

Expanding local footprint

- Herndon Headquarters
- Chattanooga Plant
- Atlanta Headquarters
- Silao Plant (engines)
- Puebla Plant
- San José Chiapa Plant

Upgrade/expansion of portfolio

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

Strong commitment to the U.S. market

Deliveries in ‘000 units by brands

LCV segment remains a large opportunity

- Segment structure 2014
- Deliveries to customers Jan-Sep 2015 vs. Jan-Sep 2014

1) Production of global volumes of new Audi Q5 from 2016
2) Figures including Porsche as from 1 August 2012
3) Thereof Passenger Cars -2.1%, Light Commercial Vehicles +11.7%
4) Imported and locally produced vehicles in % of total deliveries (Volkswagen Passenger cars)
Brazil – Short-term challenge, mid-term opportunity

Highly localized passenger car production

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

Deliveries to customers (‘000 units)

- 2007: 545
- 2008: 586
- 2009: 683
- 2010: 712
- 2011: 705
- 2012: 780
- 2013: 682
- 2014: 573

Expansion & upgrade of locally produced portfolio

- 2014
  - up!
  - Fox family
  - Saveiro
  - Golf
  - Gol
- 2015
- 2016

A rapidly changing competitive landscape

Number of automotive companies in the Brazilian market

- 1980's
- 1990's
- 2010
- 2015e

- Importers
- Other local producers
- "Big 4"²

Source: Anfavea, own research

¹ Audi to start production of A3 Sedan in São José dos Pinhais in 2015, Q3 to be produced from 2016
² Volkswagen, Fiat, General Motors, Ford
Product innovation and cost reduction are the key pillars of Volkswagen’s strategy to cope with challenges in emerging markets.
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
- Less one-off expenditures
= Potential savings

Margin improvement

- Additional serial and option content
- Savings to be partly absorbed to fulfill regulatory and legal requirements

Different powertrains

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

- **Conventional drive**
  - TSI Gasoline (EA211)
  - TDI Diesel (EA288)

- **Electric drive**
  - Hybrid
  - BEV

- **Alternative/Regenerative**
  - EcoFuel (CNG)
  - FlexFuel (Ethanol)
  - BiFuel (LPG)

Margin improvement:

Savings, Expenditures, Invest

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

Global roll-out of modular toolkits

MQB production share of total production volumes

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 brands product firework\(^1\) across the world

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>... to follow</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-Golf + GTE</td>
<td>Passat</td>
<td>Tiguan</td>
</tr>
<tr>
<td>Golf Sportsvan</td>
<td>Touareg</td>
<td>B-SUV</td>
</tr>
<tr>
<td>Touran</td>
<td>Passat GTE</td>
<td>A-SUV</td>
</tr>
<tr>
<td>Lamando</td>
<td>Lavida</td>
<td>A4</td>
</tr>
<tr>
<td>e-Golf</td>
<td>R8</td>
<td>A5</td>
</tr>
<tr>
<td>TT</td>
<td>Q7</td>
<td>A6L e-tron</td>
</tr>
<tr>
<td>Fabia</td>
<td>A6L</td>
<td>Q5</td>
</tr>
<tr>
<td>Octavia Scout</td>
<td>Superb</td>
<td>Entry SUV</td>
</tr>
<tr>
<td>Leon Cupra</td>
<td>Ibiza</td>
<td>A+ SUV</td>
</tr>
<tr>
<td>Leon ST CNG</td>
<td>Alhambra</td>
<td>A-SUV</td>
</tr>
<tr>
<td>918 Spyder</td>
<td>911</td>
<td>Boxster</td>
</tr>
<tr>
<td>Macan</td>
<td></td>
<td>Panamera</td>
</tr>
</tbody>
</table>

\(^1\) Schematic overview – does not show all models
Structured framework\(^1\) for business with mid-sized and heavy trucks and buses

Objective is to foster close cooperation to...

- ... implement internal processes specifically designed for the truck & bus business at VW
- ... bundle financial resources while preserving independence of brands as part of Volkswagen
- ... leverage synergies to create effective and efficient commercial vehicles unit
- ... bring together know-how from brands to ensure cutting-edge product development

\(^1\) Operational steering structure
Structural changes to improve competitiveness and efficiency based on integration of Volkswagen’s truck 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**

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

**Additional potential through the integration**

- €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
MAN Truck & Bus – program to strengthen sustainable competitiveness
(New structure for production network Trucks Central Europe)

Trucks production / after-sales network [current status]

- Salzgitter: Components, CKD
- Cracow: Heavy Trucks (assembly)
- Neufahrn: After-Sales logistics
- Dachau: After-Sales logistics
- Munich: Cabin\(^1\) (heavy trucks), Heavy Trucks (assembly), Driven axle
- Steyr: Light Trucks (assembly)
- After-Sales logistics

Realignment of the production / after-sales network with clear responsibilities and core competencies

- Salzgitter: After-Sales logistics, CKD
- Cracow: Heavy Trucks (assembly)
- Munich: Light Trucks (truck & cabin assembly), Driven axle
- Steyr: Competence Center Body & Paint for all Cabins, Truck Modification Center, Medium Trucks (truck & cabin assembly), Plastics-Painting

Heavy Trucks (truck & cabin assembly)

Medium Trucks (truck & cabin assembly)

1\(^{\text{th}}\) Body-in-white, painting and assembly
New registrations of mid-sized and heavy trucks in markets relevant for the Volkswagen Group are set to drop noticeably in 2015

**Western Europe**
Demand expected to rise modestly with economic recovery; pull-forward effects in 2013 related to Euro 6 emission standard negatively affected 2014

**Germany**
GDP growth in 2015 expected to slightly increase over the year with positive effect on truck sales

**Russia**
Sanctions and sluggish macroeconomic development will have continuing negative effect on truck demand in 2015

**Brazil**
Negative macroeconomic development with adjustment of FINAME-Program have a significantly negative impact on Brazilian market

**India**
- Government change 2014 provides further investment incentives
- Substantial increase in truck sales expected

**China**
Sales in China expected to be almost on the same level as 2014 despite positive macroeconomic development
VW Financial Services: A global, well diversified and successful business

Strong global presence

- Existing markets
- Focus markets
- Start / market entry

Rising penetration rates

Equity, liabilities to affiliated companies, other

Diversified funding structure

- Financing
- Leasing
- Insurance / Services

Continuous portfolio expansion

- Total portfolio in '000 contracts
- 12,595

June 2015: €147.0 bn

1) All shown figures show VW Financial Services as of 30 June 2015, excluding financial service activities of Scania, Porsche AG and Porsche Holding Salzburg; MAN financial services activities are included from 1 January 2014.
Volkswagen Group: Global automotive leader 2018

Economic and environmental leadership in the global automotive industry

**Economic leadership**
- Excellent and custom-tailored product portfolio
- Increasing global footprint and emerging markets presence
- Realization of cost savings, toolkit modularization and localization of products
- Creation of sustainable value

**Environmental leadership**
- Diversified portfolio of drivetrain technologies
- Continuous improvements in internal combustion engines
- Leadership in alternative powertrain technologies
- 25 percent less energy and water consumption, waste and emissions in Group production
Appendix
# Volkswagen Group – Headline Figures
**(January to September 2015 vs. 2014)**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliveries to customers</td>
<td>7,431</td>
<td>7,542</td>
<td>-1.5</td>
</tr>
<tr>
<td>Vehicle sales</td>
<td>7,440</td>
<td>7,646</td>
<td>-2.7</td>
</tr>
<tr>
<td>Production</td>
<td>7,438</td>
<td>7,638</td>
<td>-2.6</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>160,263</td>
<td>147,718</td>
<td>+8.5</td>
</tr>
<tr>
<td>Operating profit before special items</td>
<td>10,197</td>
<td>9,416</td>
<td>+8.3</td>
</tr>
<tr>
<td>Special items</td>
<td>-6,855</td>
<td>-</td>
<td>x</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3,342</td>
<td>9,416</td>
<td>-64.5</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>5,142</td>
<td>11,490</td>
<td>-55.2</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>3,990</td>
<td>8,687</td>
<td>-54.1</td>
</tr>
</tbody>
</table>

**Automotive Division**

| Cash flows from operating activities | € million | 18,973 | 14,942 | +27.0 |
| Cash flows from investing activities attributable to operating activities | € million | 7,220 | 9,398 | -23.2 |
| of which investments in property, plant & equipment | € million | 7,340 | 6,482 | +13.2 |
| Net cash flow | € million | 11,753 | 5,544 | x |
| Net liquidity at September 30 | € million | 27,755 | 16,785 | +65.4 |

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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. 2014 deliveries updated reflect subsequent statistical trends.

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

3) Excluding acquisition and disposal of equity investments: January – September €10,246 million (€9,694 million).
Automotive Division – Research and Development Costs
(January to September 2015 vs. 2014)
Volkswagen Group – Deliveries to Customers by Markets\(^1\)
(January to September 2015 vs. 2014)

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -1.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Deliveries to Customers BRIC-Markets
(January to September 2015 vs. 2014)

Volkswagen Group – Deliveries to Customers BRIC-Markets
(January to September 2015 vs. 2014)

January – September 2014
January – September 2015

-10.7%
-33.4%
-37.6%
+7.4%
-5.2%

BRIC
Brazil
Russia
India
China

(1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles).
Volkswagen Tiguan
Audi e-tron quattro concept
Audi A4 TFSI quattro
Porsche Mission E Concept
ŠKODA Superb Combi SportLine
SEAT Leon Cross Sport
Bentley Bentayga
Lamborghini Huracán LP 610-4 Spyder
Scania R 730 6x4 Streamline
Volkswagen Group – Regaining trust

Frank Witter
Member of the Board of Management, Volkswagen Aktiengesellschaft