Volkswagen Group
Frank Witter
Member of the Board of Management, Finance and Controlling
Evercore ISI Roadshow, London, 4th of May 2016
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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 Such statements are valid on the date of publication and can be superceded.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.
2015 highlights (I): Strong brands, consistent profit drivers

Sales record in hotly contested premium segment

New records in deliveries, sales revenue and profit

Stronger than ever in anniversary year

Record contribution to Group profit
2015 highlights (II): Strong in Europe, robust in China

- **Passenger car deliveries to customers**: +5.1% in Western Europe
- **Operating profit attributable to Chinese joint ventures**: €5.2 billion in China
Core statements

Fiscal year 2015 in particular dominated by special items resulting from the diesel issue:
- Sales revenue rises by 5.4% to €213.3 billion; positive effects from mix, exchange rates and Financial Services
- Operating result excluding the special items was on a level with the previous year at €12.8 billion (€12.7 billion)
  - Operating result including the special items declined sharply to €-4.1 billion

Special items of €16.9 billion in operating result:
- Diesel issue: All known risks are covered in particular technical measures planned for the diesel engines affected, repurchases and legal risks result in exceptional charges of €16.2 billion
  - Restructuring expenses in the area of commercial vehicles and in the passenger cars area in South America of €0.2 billion respectively

Solid liquidity position:
- Net liquidity of the Automotive Division increases to €24.5 billion (€17.6 billion)
- Successful placement of hybrid notes (€2.5 billion)
  - Dividend proposal for fiscal year 2015: €0.11 per ordinary share and €0.17 per preferred share
### Financial Highlights – Volkswagen Group
(January to December 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>Sales revenue</th>
<th>Operating profit</th>
<th>Profit before tax</th>
<th>Profit after tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
<td><strong>€ million</strong></td>
</tr>
<tr>
<td>2014</td>
<td>202,458</td>
<td>12,697</td>
<td>14,794</td>
<td>11,068</td>
</tr>
<tr>
<td>2015</td>
<td>213,292 (+ 5.4%)</td>
<td>12,824 (+ 1.1%)</td>
<td>15,195 (- 0.7%)</td>
<td>12,137 (- 1,361)</td>
</tr>
</tbody>
</table>

**Core Statements**

- **Operating profit / profit before tax in % of sales revenue**
  - 6.3% (2014)
  - 6.0% (2015)

**2015 Highlights**

- **Financials 2015**
  - 2014: 14,794 € million
  - 2015: 15,195 € million

- **Outlook 2016**
  - 6.3% (2015)
  - 6.0% (2016)

- **Diesel Status**
  - -1.9% (2015)

- **Volkswagen going forward**
  - -0.7% (2015)

---

1) After Special items
2) Before Special items

**Roadshow, London, 4th of May 2016**
### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>%</th>
<th>2015</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>202,458</td>
<td>100.0</td>
<td>213,292</td>
<td>100.0</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>- 165,934</td>
<td>- 82.0</td>
<td>- 179,382</td>
<td>- 84.1</td>
</tr>
<tr>
<td>Gross profit</td>
<td>36,524</td>
<td>18.0</td>
<td>33,911</td>
<td>15.9</td>
</tr>
<tr>
<td>Distribution expenses</td>
<td>- 20,292</td>
<td>- 10.0</td>
<td>- 23,515</td>
<td>- 11.0</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>- 6,841</td>
<td>- 3.4</td>
<td>- 7,197</td>
<td>- 3.4</td>
</tr>
<tr>
<td>Net other operating result</td>
<td>3,306</td>
<td>1.6</td>
<td>- 7,267</td>
<td>- 3.4</td>
</tr>
<tr>
<td>Operating result</td>
<td>12,697</td>
<td>6.3</td>
<td>- 4,069</td>
<td>- 1.9</td>
</tr>
<tr>
<td>Financial result</td>
<td>2,097</td>
<td>1.0</td>
<td>2,767</td>
<td>1.3</td>
</tr>
<tr>
<td>Earnings before tax</td>
<td>14,794</td>
<td>7.3</td>
<td>- 1,301</td>
<td>- 0.6</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>- 3,726</td>
<td>- 1.8</td>
<td>- 59</td>
<td>- 0.0</td>
</tr>
<tr>
<td>Earnings after tax</td>
<td>11,068</td>
<td>5.5</td>
<td>- 1,361</td>
<td>- 0.6</td>
</tr>
<tr>
<td>Earnings attributable to noncontrolling interests</td>
<td>84</td>
<td>0.0</td>
<td>10</td>
<td>0.0</td>
</tr>
<tr>
<td>Earnings attributable to Volkswagen AG hybrid capital investors</td>
<td>138</td>
<td>0.1</td>
<td>212</td>
<td>0.1</td>
</tr>
<tr>
<td>Earnings attributable to Volkswagen AG shareholders</td>
<td>10,847</td>
<td>5.4</td>
<td>- 1,582</td>
<td>- 0.7</td>
</tr>
</tbody>
</table>
### Operating Profit - by Brand and Business Field

<table>
<thead>
<tr>
<th>Brand/Subsidiary</th>
<th>2014</th>
<th>2015</th>
<th>Change absolute</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>2,476</td>
<td>2,102</td>
<td>-374</td>
<td>-15.1</td>
</tr>
<tr>
<td>Audi</td>
<td>5,150</td>
<td>5,134</td>
<td>-16</td>
<td>-0.3</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>817</td>
<td>915</td>
<td>98</td>
<td>11.9</td>
</tr>
<tr>
<td>SEAT</td>
<td>-127</td>
<td>-10</td>
<td>117</td>
<td>92.0</td>
</tr>
<tr>
<td>Bentley</td>
<td>170</td>
<td>110</td>
<td>-59</td>
<td>-34.9</td>
</tr>
<tr>
<td>Porsche 1)</td>
<td>2,718</td>
<td>3,404</td>
<td>686</td>
<td>25.2</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>504</td>
<td>382</td>
<td>-122</td>
<td>-24.2</td>
</tr>
<tr>
<td>Scania 1)</td>
<td>955</td>
<td>1,027</td>
<td>71</td>
<td>7.5</td>
</tr>
<tr>
<td>MAN</td>
<td>384</td>
<td>277</td>
<td>-107</td>
<td>-27.9</td>
</tr>
<tr>
<td>Other 2)</td>
<td>-2,052</td>
<td>-2,437</td>
<td>-385</td>
<td>-18.8</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>1,702</td>
<td>1,921</td>
<td>219</td>
<td>12.9</td>
</tr>
<tr>
<td>Volkswagen Group before special items</td>
<td>12,697</td>
<td>12,824</td>
<td>127</td>
<td>1.0</td>
</tr>
<tr>
<td>Special items</td>
<td>-</td>
<td>-16,893</td>
<td>-16,893</td>
<td>xx</td>
</tr>
<tr>
<td>Volkswagen Group 3)</td>
<td>12,697</td>
<td>-4,069</td>
<td>-16,766</td>
<td>xx</td>
</tr>
<tr>
<td>Automotive Division 4)</td>
<td>10,780</td>
<td>-6,305</td>
<td>-17,085</td>
<td>xx</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>9,835</td>
<td>-7,013</td>
<td>-16,849</td>
<td>xx</td>
</tr>
<tr>
<td>Commercial Vehicles/Power Engineering</td>
<td>945</td>
<td>709</td>
<td>-236</td>
<td>-25.0</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>1,917</td>
<td>2,236</td>
<td>319</td>
<td>16.6</td>
</tr>
</tbody>
</table>

1) Including financial services. 2) Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of the purchase price allocations. 3) The sales revenue and operating result of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded a proportionate operating result of €5,214 million (€5,182 million). 4) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
Change in Operating Profit

€ billion

- 1.1 + 1.0 + 2.6 - 2.6 0.0 + 0.3 - 16.9

12.7 12.8 - 4.1

2014 Volume/Mix/Prices Exchange rates Product costs Fixed costs Commercial Vehicles/Power Engineering Financial Services Division Operating result before special items Special items 2015

Passenger Cars

Roadshow, London, 4th of May 2016
Automotive Division Return on Investment (ROI) after Tax

- 0.2%

9.0% Minimum required rate of return

✔ • All known risks covered
✔ • Positive value creation overshadowed by impact of diesel issue

14.9%

2014 2015
Volkswagen Group – Generating cash and robust financial position

### Automotive Division - Net Liquidity

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Liquidity (in € bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>16.9</td>
</tr>
<tr>
<td>2014</td>
<td>17.6</td>
</tr>
<tr>
<td>2015</td>
<td>24.5</td>
</tr>
</tbody>
</table>

### Funding programs as of 31 December 2015

<table>
<thead>
<tr>
<th>(in € bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money and Capital Markets</td>
</tr>
<tr>
<td>Commercial Papers</td>
</tr>
<tr>
<td>Medium Term Notes / Bonds</td>
</tr>
<tr>
<td><strong>thereof: Hybrid Bonds</strong></td>
</tr>
<tr>
<td><strong>ABS</strong></td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
</tr>
<tr>
<td>Committed Lines</td>
</tr>
<tr>
<td>Uncommitted Lines</td>
</tr>
<tr>
<td>Supranationals, development banks, government, other</td>
</tr>
<tr>
<td>Direct Banking Deposits</td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
</tr>
</tbody>
</table>

---

2) Including Porsche, MAN

Roadshow, London, 4th of May 2016
Net Liquidity in Automotive Division, January – December 2015
Mil. €

<table>
<thead>
<tr>
<th>Status</th>
<th>Capital Increase FS-Division</th>
<th>Hybrid Bond</th>
<th>Dividend payment VWAG</th>
<th>Sale of Suzuki stake</th>
<th>Dividend FAW/SVV</th>
<th>Operating business</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.01.2015</td>
<td>17.6</td>
<td>2.3</td>
<td>2.5</td>
<td>2.3</td>
<td>3.0</td>
<td>4.5</td>
<td>24.5</td>
</tr>
<tr>
<td>31.12.2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.3 2.5 2.3 3.0 4.5 1.5
Net Liquidity in Automotive Division, January – December 2015
Mil. €

2015 Highlights
Core Statements
Financials 2015
Outlook 2016
Diesel Status
Volkswagen going forward

Status 31.12.2015
Operating business
Dividend payment VWAG
Sale of Suzuki stake
Dividend FAW/SVW
Hybrid Bond
Capital Increase FS-Division
Status 01.01.2015

24.5
1.5
17.6
2.3
2.5
2.3
3.0
4.5

Roadshow, Frankfurt, 9th of May 2016
Automotive Division – Strong Cash Generation¹ ²  
(January to December 2015)

<table>
<thead>
<tr>
<th></th>
<th>€ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>23.8</td>
</tr>
<tr>
<td>Capex</td>
<td>-12.7</td>
</tr>
<tr>
<td>Capitalized development costs</td>
<td>-5.0</td>
</tr>
<tr>
<td>Other</td>
<td>0.5</td>
</tr>
<tr>
<td>Net cash flow before disposal of equity investments</td>
<td>6.5</td>
</tr>
<tr>
<td>Acquisition and disposal of equity investments</td>
<td>2.4</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>8.9</td>
</tr>
</tbody>
</table>

2014 | 21.6 | -11.5 (6.5%)³ | -4.6 | 0.4 | 5.9 | 0.2 | 6.1

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.
### 2015 Highlights

**Core Statements**

**Financials 2015**

**Outlook 2016**

**Diesel Status**

**Volkswagen going forward**

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#### Volkswagen Group – Outlook for 2016

<table>
<thead>
<tr>
<th>Deliveries to customers (’000 vehicles)</th>
<th>Sales revenue (€ billion)</th>
<th>Operating return on sales (before special items) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliveries to customers</td>
<td>Sales revenue</td>
<td>Operating return on sales</td>
</tr>
<tr>
<td>stable at high level</td>
<td>up to 5% below prior year</td>
<td>between 5.0% and 6.0%</td>
</tr>
</tbody>
</table>

**2014 Full Year**

- Deliveries to customers: 10,137
- Sales revenue: 202.5
- Operating return on sales: 6.3%

**2015 Full Year**

- Deliveries to customers: 9,931
- Sales revenue: 213.3
- Operating return on sales: 6.0%

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Roadshow, London, 4th of May 2016
Volkswagen Group – Outlook for 2016

- We are operating in an exceedingly challenging environment in which global demand for new vehicles is declining, exchange rates and interest rates remain highly volatile and competition in many of our markets is intensifying

- The extensive clarification of the emission issue will also be a dominant feature for the Volkswagen Group

- **Volkswagen Group sales revenue down as much as 5% on 2015**

- **Group operating result between 5% and 6%**

- **Financial Services Division, sales revenue and operating profit at the prior-year level**

- Disciplined cost and investment management and the continuous optimization of our processes are integral elements of the Volkswagen Group's strategy

- Further details – KPIs – available in 2025 strategy (mid-year)
Passenger car market forecast 2016 – overall growth expected
(in million units)

Source: IHS Economics as of February 2016

1) Passenger cars and Light Commercial Vehicles
Volkswagen Group – grew deliveries in Q1 2016
(January to March 2016 vs. 2015)

<table>
<thead>
<tr>
<th></th>
<th>Passenger Cars</th>
<th>Commercial Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>1,479,1,460</td>
<td></td>
</tr>
<tr>
<td>Audi</td>
<td>438</td>
<td>108</td>
</tr>
<tr>
<td>Skoda</td>
<td>265</td>
<td>51</td>
</tr>
<tr>
<td>SEAT</td>
<td>277</td>
<td>56</td>
</tr>
<tr>
<td>Porsche</td>
<td>103</td>
<td>108</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>113</td>
<td>113</td>
</tr>
<tr>
<td>MAN</td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td>Scania</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

Volkswagen Group (Passenger Cars and Commercial Vehicles); +3.6% excl. Volkswagen Commercial Vehicles, Scania and MAN. MAN incl. MAN Latin America
Trucks and Busses GVW > 5t
Our 5 priorities: Focus on crisis management and realignment

Customer solutions
- Implementation of technical solutions launched in Germany
- Schedule for further refits in Europe to be adapted in consultation with authorities
- Agreement in principle reached with U.S. authorities

Investigation
- Process audit by Group Audit already completed at 2015 year-end, proposed measures being rapidly implemented
- Detailed investigation of facts by Jones Day ongoing

Structure
- New management team in place
- Intensive work on new structures and leaner processes

Mindset
- Numerous individual changes made to renew corporate and leadership culture
- Structured change process initiated

Destination
- Development of “Strategy 2025” proceeding to plan
- Priorities and objectives to be presented mid-year as announced
How the NOx issue will be solved in the USA

Currently coordinating viable solution concepts and time lines with the responsible authorities EPA and CARB

### Diesel Status

- **Agreement in principle with US authorities:**
  - Dept. of Justice (Environmental Division)
  - Environmental Protection Agency (EPA)
  - California Air Resources Board (CARB)
  - Federal Trade Commission (FTC)
- Publication of Settlement by 21st June 2016
- Finalization of Settlement 26th July 2016

### EA189 2.0 l (Gen 1):
- ~ 0.4m units

### EA189 2.0 l (Gen 2):
- ~ 0.1m units

### EA288 2.0 l (Gen 3):
- ~ 0.1m units
How the NOx issue will be solved in Europe

**Diesel Status Europe** (approved by KBA)

- Modifications started and effective

### EA189 2.0 l (EU5): ~ 5.2m units
- Software fix only
- Working time ca 30 min.
- Fix started in Q1 2016

### EA189 1.2 l (EU5): ~ 0.3m units
- Software fix only
- Working time ca 30 min.
- Fix starts in Q2 2016

### EA189 1.6 l (EU5): ~ 3m units
- Soft- and Hardware fix required
- Working time < 1h
- Fix starts in Q3 2016
Product roadmap aligns with expected future market trends

Body group trends until 2020

- **SUV**: +30%
- **Sedan**: +9%
- **Hatchback**: +15%
- **Pick-Up**: +11%
- **MPV**: +4%
- **Transporter**: +13%
- **Micro Van**: +14%
- **Estate**: -6%
- **City Van**: +20%
- **Coupe**: +15%

New models 2016 and to follow

- **SUV**
  - Bentayga
  - Tiguan
  - Ateca
  - Audi Q2
  - Skoda A+ SUV
  - B-SUV
  - Entry SUV
  - Audi Q5

- **Sedan**
  - A6L e-tron
  - Panamera
  - Phideon
  - Magotan
  - Voyage

- **Hatchback**
  - A3
  - Leon
  - Rapid (IND)
  - Gol
  - up!

- **Other**
  - Beetle
  - Amarok
  - 911
  - Saveiro
  - A5
  - Boxster
  - Cayman

1) Source: IHS
2) Final figures
12 focus areas for a stronger Volkswagen Brand

**NEW VOLKSWAGEN**
- Volkswagen brand to develop to a mobility provider
- Electric, fully networked car as part of a complete ecosystem

**CORPORATE CULTURE**
- Board, management, staff to create modern corporate culture
- More responsibility, creativity and open exchange

**POSITIONING**
- Checking brand positioning in major markets and adapt product range

**EFFICIENCY**
- Strong focus in order to strengthen competitiveness
  - e.g. large-scale launch of fast and fault free processes

**STRATEGY HOUSE**
- Successor of mach18 strategy
  - Strategic planning strengthened (staff and organization)

**REGIONAL STEERING**
- Strengthen regional management and increase responsibility
  - Regions will be given scope to make decisions

**MARKETS OF OPPORTUNITY**
- Special teams take care of better access in markets such as Asia, South America and Africa

**COMMUNICATION**
- Brand is establishing it’s own communication
  - Important to strengthen trust of customers, authorities and media

**STRUCTURES**
- Corporate responsibility strengthened
  - New structures created

**PROCESSES**
- Accelerate decision making of management
  - Reduce committees and bureaucracy, eradicate duplicate tasks

**EXCELLENT LEADERSHIP**
- Revamp management style
  - New clearer mission statement focused on transparency, authenticity and openness

**COSTS**
- Scrutinize all costs and standards
  - Thriftiness is imperative

Roadshow, London, 4th of May 2016
More efficient and faster: New series organization – Example: Volkswagen brand

- Nurtures big-picture entrepreneurial vision and results focus
- Makes for significantly faster & leaner decision-making processes
- Promotes teamwork and open mindedness
- Improves overall process, especially at interfaces
Volkswagen brand vehicle development: bundling of competencies into four model series and pooling of responsibilities

### Competencies bundled into four model series

**Strategy division**

1. Define lifecycles
2. Coordinate

<table>
<thead>
<tr>
<th>Model Series</th>
<th>Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>Polo</td>
</tr>
<tr>
<td>Compact</td>
<td>Golf</td>
</tr>
<tr>
<td>Mid-/Fullsize</td>
<td>Passat</td>
</tr>
<tr>
<td>e-Mobility</td>
<td>e-up!</td>
</tr>
</tbody>
</table>

### Pooling responsibilities - entrepreneurial approach

**One person responsible for**

- Technology
- Quality
- Profitability
- Deadlines

**Concept**

**End of life-cycle**

### Core of “new Volkswagen” initiative

- Clear structures and responsibilities
- More time for workforce to focus on core tasks
- Strengthen personal responsibility, initiative and team spirit
- Stronger focus on profitability
- Acceleration of development
Volkswagen passenger cars: efficiency actions allow for financial flexibility

- Critical review of infrastructure investments
- Prioritization of IT-projects
- Reduction of bureaucracy as well as more efficient committees
- Process optimization in specific departments
- Optimization of product portfolio with focus on models providing sustainable profitability
- Adaption of product cycles to regional main competitors
- Improve localization in core markets
Core challenges in commercial vehicle industry ...

**Cyclical markets**
- Strong correlation to GDP in developed world
- Not all regions hit by economic downturns at the same time

**Further globalization**
- Local OEMs dominating in BRIC markets
- Improving infrastructure, stronger regulations open opportunities for Volkswagen

**Emission regulations**
- Europe with aggressive regulations, focus shifting to diesel lock-outs
- BRIC trailing behind, but with ambitious roadmap

**Connectivity & digitalization**
- Platooning and partly-autonomous driving as transition solutions
- Data management for customers and traffic of broad interest

**After sales and new business opportunities**
- After sales increasingly important as alternative source of revenues
- New business models (e.g. enhanced telematics) can stabilize revenues
... require Volkswagen truck brands to cooperate closely

- **Cyclical markets**
- **Further globalization**
- **Emission regulations**
- **Connectivity & digitalization**
- **After sales and new business opportunities**

**Global market reach** to ensure sufficient volume in local up- & downturns

**Reduced fixed costs** through modularization and shared components

**Combined R&D know-how** for competitive product development

**Additional value** through customer services

Roadshow, London, 4th of May 2016
Product innovation and cost reduction are the key pillars of Volkswagen’s strategy to cope with challenges in emerging markets.

1. **Restructure business**, streamline cost position and intensify export.

2. **Refresh existing product portfolio** and extend range of drivetrain technologies.

3. **Introduce range of MQB vehicles** incl. A0/SUVs utilizing global sourcing and synergies in R&D and production.

- **Intensified competitive environment**
- **Volume under pressure in difficult environment**
- **Export difficult due to high cost base & trade barriers**

**Volkswagen Group Deliveries to Customers** [Brazil, Passenger Cars and LCVs]

- 2012
- 2013
- 2014
- 2015

Jan-March 2016: -36%

**Roadshow, London, 4th of May 2016**
US Market segmentation and trends offer potential as Volkswagen Group’s model portfolio will be renewed and extended

Total market segmentation ytd 2016

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market share ytd '16 (%)</th>
<th>∆ytd '16 vs '15 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedan</td>
<td>33</td>
<td>-2</td>
</tr>
<tr>
<td>Hatchback</td>
<td>5</td>
<td>-18</td>
</tr>
<tr>
<td>Coupe</td>
<td>3</td>
<td>-5</td>
</tr>
<tr>
<td>Wagon</td>
<td>1</td>
<td>-8</td>
</tr>
<tr>
<td>Cabrio/Roadster</td>
<td>1</td>
<td>-16</td>
</tr>
<tr>
<td>SUV</td>
<td>36</td>
<td>+10</td>
</tr>
<tr>
<td>Pick-Up</td>
<td>15</td>
<td>+7</td>
</tr>
<tr>
<td>MPV</td>
<td>4</td>
<td>+23</td>
</tr>
<tr>
<td>Transporter</td>
<td>3</td>
<td>+20</td>
</tr>
<tr>
<td>City Van</td>
<td>0</td>
<td>+177</td>
</tr>
</tbody>
</table>

Total volume ytd 2016: 4,087,766 units
Source: Autodata 4/1

Volkswagen Group’s recently launched and upcoming models…

Q7    A4    R8    Golf Alltrack    Midsize SUV    Q5    Tiguan

Roadshow, London, 4th of May 2016
Deep roots and strong market position combined with further growth potential continues robust performance in China

Deliveries to customers – strong Jan-March 2016

<table>
<thead>
<tr>
<th>(thousand units)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>881</td>
<td>898</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>933</td>
<td>845</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>906</td>
<td>835</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>955</td>
<td>969</td>
<td></td>
</tr>
<tr>
<td>FY</td>
<td>3,675</td>
<td>3,549</td>
<td></td>
</tr>
<tr>
<td>Jan-Mar</td>
<td>898</td>
<td>956</td>
<td>+ 6.4%</td>
</tr>
</tbody>
</table>

Strong operational & financial track record

<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>Operating Profit</td>
<td>0.403</td>
<td>0.84</td>
<td>1.92</td>
<td>2.6</td>
<td>3.7</td>
<td>4.3</td>
<td>5.2</td>
<td>5.2</td>
</tr>
<tr>
<td>Dividends paid to Volkswagen AG</td>
<td>0.3</td>
<td>0.8</td>
<td>0.8</td>
<td>1.2</td>
<td>1.2</td>
<td>2.0</td>
<td>2.8</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Localization of New Electric Vehicles

Significant extension of SUV portfolio until 2020

<table>
<thead>
<tr>
<th>Market Segmentation</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Bodystyles</td>
<td>24%</td>
<td>30%</td>
</tr>
<tr>
<td>SUVs</td>
<td>76%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Locally produced SUVs mid-term

- 2013: import
- 2016: local production

> 15 models
Volkswagen Group’s 360° business model for the Budget Car Family

- Simple distribution system
- 100% local sourcing
- Minimized one-off expenditure
- High equipment standard with low-cost solutions
- Flat organizational structure
- Limited number of vehicle variants
- Simple distribution system
- Lower-cost manufacturing technologies

Roadshow, London, 4th of May 2016
Volkswagen Financial Services\(^1\): A global, well diversified and successful business

### Strong global presence

![World Map]

### Rising penetration rates

<table>
<thead>
<tr>
<th>Year</th>
<th>w/o China</th>
<th>with China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>26.4%</td>
<td>25.5%</td>
</tr>
<tr>
<td>2009</td>
<td>25.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>2010</td>
<td>24.7%</td>
<td>25.0%</td>
</tr>
<tr>
<td>2011</td>
<td>25.4%</td>
<td>25.0%</td>
</tr>
<tr>
<td>2012</td>
<td>27.5%</td>
<td>27.5%</td>
</tr>
<tr>
<td>2013</td>
<td>28.9%</td>
<td>28.9%</td>
</tr>
<tr>
<td>2014</td>
<td>30.6%</td>
<td>31.1%</td>
</tr>
<tr>
<td>2015</td>
<td>31.0%</td>
<td>31.0%</td>
</tr>
</tbody>
</table>

\(^1\) excluding financial service activities of Scania, Porsche AG and Porsche Holding Salzburg; including MAN Financial Services

### Continuous portfolio expansion

<table>
<thead>
<tr>
<th>Year</th>
<th>in ‘000 contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2,169</td>
</tr>
<tr>
<td>2008</td>
<td>1,964</td>
</tr>
<tr>
<td>2009</td>
<td>2,148</td>
</tr>
<tr>
<td>2010</td>
<td>2,246</td>
</tr>
<tr>
<td>2011</td>
<td>2,691</td>
</tr>
<tr>
<td>2012</td>
<td>3,281</td>
</tr>
<tr>
<td>2013</td>
<td>3,796</td>
</tr>
<tr>
<td>2014</td>
<td>4,879</td>
</tr>
<tr>
<td>2015</td>
<td>5,833</td>
</tr>
</tbody>
</table>

#### Total portfolio
13,230

### Diversified funding structure

- **Equity, liabilities to affiliated companies, other**: 32%
- **Customer deposits**: 16%
- **Asset backed securitization**: 32%
- **Bonds, Commercial Paper, liabilities to financial institutions**: 34%

**31.12.2015: €157.9 bn**
Challenging emission regulations, trends and business transformation opportunities

**... CO₂ and EU6 regulations**

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

**Source:** based on ICCT

**... Market / consumer trends**

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

Roadshow, London, 4th of May 2016
Volkswagen is making digital transformation a top priority concentrating on digitalization and autonomous driving

**Volkswagen Group Future Centers**

- Three new Volkswagen Group Future Centers in Europe, California and Asia
- **Approach**: designers and digitalization experts work hand in hand to create the car of the future
- **Goal**: best in class customer experience, interface design and user friendliness, new interior concepts, integration of infotainment and entertainment systems

**Autonomous driving**

- 91% of accidents caused by human error → reduce number of accidents
- People spend more than 4 years of their life in the car on average → make that time usable for the driver
- Huge potential for trucks → significantly higher productivity
- Car parked most of the day → customer achieves best return on investment by fully utilizing the car
- Infrastructure limited → has to be used more efficiently

<table>
<thead>
<tr>
<th>20th Century: Engine is the core of the automobile</th>
<th>21st Century: Self-driving system is the core of the automobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual urban mobility</td>
<td>Commercial vehicles</td>
</tr>
<tr>
<td>Public transportation</td>
<td>Premium cars</td>
</tr>
</tbody>
</table>

Group is building on strong knowledge base – initiative started to get to market ahead of competitors
Modular Toolkit – Brand Responsibilities

MQB

MLB Evo

MSB

MNB

MMB

Modular Transverse Toolkit

Modular Longitudinal Toolkit

Modular Standard Drivetrain Toolkit

Modular Light Commercial Vehicle Toolkit

Modular mid-engine Toolkit
Modular Toolkit – Brand Responsibilities

MSB: Modular Standard Drivetrain Toolkit
MLB: Modular Longitudinal Toolkit
MQB: Modular Transverse Toolkit
MNB: Modular Commercial Vehicles Toolkit
MMB: Modular mid-engine-Toolkit

Continuous Roll-out of Toolkit Strategy across Segments, Regions & Brands
We are working on the key trends in our industry ...

- Digitalization
- Connectivity
- Sustainability
- Smart mobility
- E-mobility
- Autonomous driving

Strategy 2025
... and will deliver our new strategy mid-2016

Strategy process in five stages

- **Initiation phase**
- **Group roadmap**
- **Brand roadmap**
- **Communications**
- **Implementation & Control**
- **Review & Revision**

Content development in three strands

1. **Group initiatives**
2. **Brand strategies**
3. **Functional strategies**
   - Internal and external communications mid-2016
“Together, we will create a new Volkswagen and play a key role in designing the mobility world of tomorrow”
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Telephone: +1 703 364 7220
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>09. May 2016</td>
<td>Investor Roadshow with HSBC in Frankfurt</td>
</tr>
<tr>
<td>02. June 2016</td>
<td>Investor Roadshow with Natixis in Paris</td>
</tr>
</tbody>
</table>
Volkswagen Group
Appendix

Roadshow, London, 4th of May 2016
# Rating Volkswagen Group

**Moody’s**

<table>
<thead>
<tr>
<th>Investment grade</th>
<th>Rating</th>
<th>VW FS AG (N), Volkswagen Bank GmbH (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aa1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aa2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aa3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baa1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baa2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baa3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subinvestment grade</th>
<th>Rating</th>
<th>Volkswagen AG (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ba1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ba2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ba3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating Volkswagen Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
</tr>
<tr>
<td>AA+</td>
</tr>
<tr>
<td>AA</td>
</tr>
<tr>
<td>AA-</td>
</tr>
<tr>
<td>A+</td>
</tr>
<tr>
<td>A</td>
</tr>
<tr>
<td>A-</td>
</tr>
<tr>
<td>BBB+</td>
</tr>
<tr>
<td>BBB</td>
</tr>
<tr>
<td>BBB-</td>
</tr>
</tbody>
</table>

**Outlook -> (P)ositive, (S)table, (N)egative, RfD = Ratings under review for Downgrade, RfU = Ratings under review for Upgrade**

as of: April 05th, 2016

Roadshow, London, 4th of May 2016
Volkswagen Group reduces level of capex and resets priorities

**Investments in property, plant and equipment**

<table>
<thead>
<tr>
<th>Prior planning as of November 2014</th>
<th>New planning as of November 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>€64.3 bn</td>
<td>~€13 bn</td>
</tr>
<tr>
<td>2015 - 2019 Ø per year</td>
<td>2016 max €12 bn</td>
</tr>
</tbody>
</table>

**Prioritization and focus on digitalization and e-mobility**

- Uncertainty requires prioritization of investments
- Cancellation or delay of all projects that are not absolutely necessary
- Not jeopardizing our future: spending on digitalization and alternative drive train technologies will be increased further
- Focus on new products, continuing rollout and enhancement of toolkits, completion of ongoing capacity expansion

Roadshow, London, 4th of May 2016
Volkswagen Budd-e
ŠKODA VisionS
SEAT Ateca
Lamborghini Huracán LP 610-4 Spyder
MAN TGX D38
Scania R 730 6x4 Streamline
Volkswagen Group
Frank Witter
Member of the Board of Management, Finance and Controlling
Evercore ISI Roadshow, London, 4th of May 2016