Great commitment by our global workforce
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 continued 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
- Framework and targets for “Together – Strategy 2025” presented
- Full strategic program broken down into brands and functions to be drawn up by the end of the year
Agenda

1. Looking back
What we have already changed at Volkswagen

2. Key figures
What we achieved in 2015 and what we envisage for 2016

3. Strategy 2025
How we will shape the future of Volkswagen
Process audit: What are the audit findings on the procedures in the relevant subdivisions

Subject areas of the investigation

- Procedures
- Reporting and monitoring systems
- Infrastructure

Specific objectives of the investigation

- Clarify process sequences, identify those involved
- Expose rule violations and failures in current systems
- Penetrate functionality, identify weaknesses

Key findings

- Certain process deficits in relevant subdivisions
- Optimization potential in reporting and monitoring systems
- IT infrastructure partially in need of adaptation
The consequences we have already drawn

- Going forward, emission tests of the Volkswagen Group as a general principle will be verified based on spot checks by external and independent third parties, therefore universal introduction of on-road emissions measurements during real-world driving.
- Implementation of all 31 optimization and measure sets identified by the internal audit already initiated.
- Findings from the internal audit submitted to Jones Day.
- So far 10 possibly involved managers suspended or left the company.

Five of the measures identified by the internal audit have already been completed, investments in IT structure have been initiated. We will be just as consistent in the implementation of the findings of Jones Day.
Agenda

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Volkswagen Group: Key figures for 2015 at a glance

**Deliveries (units)**
- 2014: 9.9 million
- 2015: 9.9 million
- Year-to-year change: -2.0%

**Sales revenue**
- 2014: €213.3 billion
- 2015: €213.3 billion
- Year-to-year change: +5.4%

**Operating profit (before special items)**
- 2014: €12.8 billion
- 2015: €12.8 billion
- Year-to-year change: +1.0%
Diesel issue: Negative impact masks sound operating performance ...

€ 12.8 billion

€ 16.9 billion

\[ \text{Operating profit before special items} \]

€ 16.2 billion from diesel issue

\[ \text{Special items} \]

€ -4.1 billion

\[ \text{Operating result after special items} \]
... but the Volkswagen Group has a strong financial basis

Net liquidity in Automotive Division

€ 17.6 billion

+39.0%

€ 24.5 billion

2014*

2015*

* As of December 31, 2015
### Key figures Volkswagen Group Q1 2016

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
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<tbody>
<tr>
<td>Deliveries (vehicles)</td>
<td></td>
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<tr>
<td>+0.8%</td>
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<td>year-on-year</td>
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<tr>
<td>Sales revenue</td>
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<td>-3.4%</td>
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<td>year-on-year</td>
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<td>Operating profit</td>
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<td>+3.4%</td>
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<td>(after special items)</td>
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Fiscal year 2016: Volkswagen Group outlook

- Deliveries to customers: stable at high level
- Sales revenue: up to 5% below prior year
- Operating return on sales: between 5.0% and 6.0%
Fiscal year 2016: Plenty in the pipeline – around 60 vehicle launches planned
“2016 will be a year of transition in which we will set the **stage for the future** of Volkswagen”
Agenda

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VOLKSWAGEN
AKTIENGESSELLSCHAFT

TOGETHER
STRATEGY 2025
WHERE WE STAND TODAY

“Strategy 2018” was a success – most goals achieved

**Customer satisfaction**
- 2007: 8.22
- 2015: 8.80
- 2018: 8.81

**Return on sales**
- 2007: 6.0%
- 2015: 7.3%
- 2018: 8.0%

**Employer**
- 2008: 72.0
- 2014: 79.1
- 2018: 85.0

**Volume**
- 2007: 6.2
- 2015: 9.9
- 2018: >10

*Stimmungsbarometer* (max. 100)

EBT (%) before special items

Group deliveries to customers (million units)
OUR ASPIRATION

Moving forward, we strive to continue this unique success story and play a leading role in shaping auto-mobility for future generations.
OUR PATH TO THE FUTURE

TOGETHER

STRATEGY 2025
THE VOLKSWAGEN GROUP OF THE FUTURE

**Vision**

“We are a globally leading provider of sustainable mobility”

**Mission**

- We offer tailor-made mobility solutions to our customers
- We serve our customers' diverse needs with a portfolio of strong brands
- We assume responsibility regarding the environment, safety and social issues
- We act with integrity and build on reliability, quality and passion as the foundation for our work

**Excited customers**

**Sustainable growth**

**Role model for environment, safety and integrity**

**Excellent employer**

**Competitive profitability**

TOGETHER
STRATEGY 2025
OUR STRATEGY 2025

The building blocks at a glance

Transform core business

Build mobility solutions business

Strengthen innovation power

Secure funding
<table>
<thead>
<tr>
<th>STRATEGY 2025 – INITIATIVES AT A GLANCE</th>
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<tbody>
<tr>
<td><strong>GROW PROFITABLY</strong></td>
</tr>
<tr>
<td>1. Sharpen positioning of brands</td>
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<tr>
<td>2. Develop winning vehicle and drivetrain portfolio</td>
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<td>3. Streamline modular architectures</td>
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<td>4. Partner with regional players to win in economy segment</td>
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<td>5. Develop self-driving system for autonomous vehicles and artificial intelligence in-house</td>
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<td>6. Develop battery technology as new core competency</td>
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<td>7. Develop best-in-class user experience across brands and customer touchpoints</td>
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<td>8. Implement model line organization</td>
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<td>9. Realign “Components” business</td>
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<tr>
<td><strong>DEVELOP STRATEGIC CAPABILITIES</strong></td>
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<td>10. Build mobility solutions business</td>
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<td>11. Develop and expand attractive and profitable smart mobility offering</td>
</tr>
<tr>
<td>12. Improve operational excellence</td>
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<td>13. Optimize business portfolio</td>
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<tr>
<td><strong>ENHANCE ENTREPRENEURIAL SPIRIT</strong></td>
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<td>14. Drive digital transformation</td>
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<tr>
<td>15. Create organization 4.0</td>
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<tr>
<td>16. Secure funding</td>
</tr>
<tr>
<td>17. Strengthen innovation power</td>
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</table>
THE ELECTRIFICATION INITIATIVE OF THE VOLKSWAGEN GROUP

- Goal: to position Volkswagen as a driving force behind the expansion of electro-mobility; e-car to become a new hallmark of the Group
- >30 new pure-electric vehicles by 2025
- Annual unit sales of 2 to 3 million e-cars by 2025, equivalent to 20–25 percent of total sales
VOLKSWAGEN BECOMES GLOBALLY LEADING PROVIDER OF AUTONOMOUS VEHICLES

- Goal: coverage of all relevant market segments (individual, group, freight)
- Rapid market launch planned: fully autonomous vehicles with self-driving system (SDS) developed in-house from 2021
- Investment program and around 1,000 additional software specialists
BATTERY TECHNOLOGY TO BECOME NEW COMPETENCY AT VOLKSWAGEN

Review of strategic options initiated

Anticipated own e-fleet requirements in 2025: around 150 gigawatt hours of battery capacity per year
REALIGNMENT OF VOLKSWAGEN’S COMPONENTS PRODUCTION

- Goal: greater competitiveness in components production
- Around 67,000-strong workforce at 26 locations worldwide
- Expansion of current core competencies for future automotive topics
NEW MOBILITY SOLUTIONS BUSINESS

- Goal: to leverage opportunities in attractive growth markets
- Focus on innovative services for consumers and businesses
- Strategic partnership with Gett (currently 50 million customers) as nucleus, ride hailing as top priority with expansion into other market segments
- Sales revenue target in the multi-billion euro range by 2025
EFFICIENCY ENHANCEMENTS AS EARNINGS DRIVER

- Goal: to boost operational excellence across all business divisions and brands
- Boost investment efficiency, moderately reduce capex ratio to around 6 percent by 2025 (convergence with industry level)
- Enhance efficiency of research and development expenditures, lower R&D ratio to around 6.0 percent
- Lower selling, general and administrative expenses (SG&A), relative to sales revenue, to under 12 percent
NEW FINANCIAL TARGETS ADOPTED: FOCUS ON PROFITABILITY

<table>
<thead>
<tr>
<th>Key financial targets</th>
<th>2015</th>
<th>2025</th>
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<tbody>
<tr>
<td>Operating return on sales before special items</td>
<td>6.0%</td>
<td>7–8%</td>
</tr>
<tr>
<td>Return on capital before special items</td>
<td>13.8%</td>
<td>&gt;15%</td>
</tr>
<tr>
<td>Capex ratio Automotive Division</td>
<td>6.9%</td>
<td>~6%</td>
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</table>
“THE VOLKSWAGEN GROUP OF THE FUTURE WILL BE: MORE FOCUSED, EFFICIENT AND INNOVATIVE, MORE CUSTOMER-DRIVEN, MORE SUSTAINABLE – AND SYSTEMATICALLY GEARED TO PROFITABLE GROWTH”