Volkswagen Group
Frank Witter
Member of the Board of Management, Finance and Controlling
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HOW OUR INDUSTRY IS CHANGING

The key trends in the automotive world at a glance

**Future vehicle concepts**
- Autonomous
- Electrified
- Connected

**Advanced mobility solutions**
- Robotaxi
- PRT, GRT, FRT*

**Today’s vehicle concepts**
- SUV/CUV trends
- Budget cars

**Sharing & Mobility On Demand**
- Shared
- Conventional drive system

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*PRT = Personal Rapid Transit; GRT = Group Rapid Transit; FRT = Freight Rapid Transit*
“THE REVOLUTIONARY CHANGE IN OUR INDUSTRY IS A CHALLENGE, BUT AT THE SAME TIME A HUGE OPPORTUNITY”
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 STRATEGY 2025

The building blocks at a glance

- Transform core business
- Build mobility solutions business
- Strengthen innovation power
- Secure funding
## STRATEGY 2025 – INITIATIVES AT A GLANCE

### GROW PROFITABLY

1. Sharpen positioning of brands
2. Develop winning vehicle and drivetrain portfolio
3. Streamline modular architectures
4. Partner with regional players to win in economy segment
5. Develop self-driving system for autonomous vehicles and artificial intelligence in-house
6. Develop battery technology as new core competency
7. Develop best-in-class user experience across brands and customer touchpoints

### DEVELOP STRATEGIC CAPABILITIES

8. Implement model line organization
9. Realign “Components” business

### ENHANCE ENTREPRENEURIAL SPIRIT

10. Build mobility solutions business
11. Develop and expand attractive and profitable smart mobility offering
12. Improve operational excellence
13. Optimize business portfolio
14. Drive digital transformation
15. Create organization 4.0

### Secure funding

### Strengthen innovation power

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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
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 Actual</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating return on sales</td>
<td>6.0%</td>
<td>7–8%</td>
</tr>
<tr>
<td>before special items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on capital</td>
<td>13.8%</td>
<td>&gt;15%</td>
</tr>
<tr>
<td>Automotive Division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex ratio</td>
<td>6.9%</td>
<td>~6%</td>
</tr>
<tr>
<td>Automotive Division</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
THE VOLKSWAGEN GROUP OF THE FUTURE WILL INSPIRE PEOPLE

TOGETHER...

... we will create smart mobility solutions that simplify and enrich our customers’ lives

... we will reduce the environmental burden with eco-friendly drivetrain technologies

... we will continue to raise the bar in emotion and quality

... we will shape the future of our industry

... we will build an enterprise of which we can be truly proud.
# Financial highlights – Volkswagen Group
(January to June 2016 vs. 2015)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>€108,776</td>
<td>€107,935</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€6,990¹</td>
<td>€7,517¹</td>
<td>+7.5%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>€7,664</td>
<td>€4,810</td>
<td>-39.6%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>€5,663</td>
<td>€3,579</td>
<td>-36.9%</td>
</tr>
</tbody>
</table>

¹) Before Special items
²) After Special items

Operating profit / profit before tax in % of sales revenue:
- 2015: 7.5%
- 2016: 4.5%
### Development Volkswagen Group car deliveries to customers\(^1\)
(in comparison to previous year)

<table>
<thead>
<tr>
<th>World Car Market:</th>
<th>+2.6%</th>
<th>+2.1%</th>
<th>+3.8%</th>
<th>+3.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>2.340</td>
<td>2.353</td>
<td>2.390</td>
<td>2.435</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>2.353</td>
<td>2.435</td>
<td>4.729</td>
<td>4.788</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>2.390</td>
<td>2.435</td>
<td>4.729</td>
<td>4.788</td>
</tr>
<tr>
<td>H1 2015</td>
<td>2.000</td>
<td>4.000</td>
<td>6.000</td>
<td>8.000</td>
</tr>
<tr>
<td>H1 2016</td>
<td>4.000</td>
<td>6.000</td>
<td>8.000</td>
<td>10.000</td>
</tr>
</tbody>
</table>

\(^1\) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles.
# Development World Car Market vs. Volkswagen Group Car Deliveries to Customers

(Growth y-o-y in deliveries to customers, January to July 2016 vs. 2015)

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>VW Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>North America</strong></td>
<td>2.7%</td>
<td>-1.6%</td>
</tr>
<tr>
<td><strong>South America</strong></td>
<td>-16.0%</td>
<td>-26.5%</td>
</tr>
<tr>
<td><strong>Western Europe</strong></td>
<td>7.2%</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Central &amp; Eastern Europe</strong></td>
<td>5.8%</td>
<td>-4.5%</td>
</tr>
<tr>
<td><strong>World</strong></td>
<td>3.4%</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Asia Pacific</strong></td>
<td>7.5%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

1) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles
Volkswagen Group – Deliveries to Customers by Brands
(January to July 2016 vs. 2015)

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +0.3% excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles.

2) MAN Commercial Vehicles incl. MAN Latin America Trucks and Busses GVW > 5t

Volkswagen Group – Deliveries to Customers by Markets
(January to July 2016 vs. 2015)

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +1.0% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Analysis of operating profit\(^1\)
(January to June 2016 vs. 2015)

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
### Volkswagen Group – Analysis by business line\(^1\)
(January to June 2016 vs. 2015)

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>2,232</td>
<td>2,251</td>
<td>53,006</td>
</tr>
<tr>
<td>Audi</td>
<td>799</td>
<td>784</td>
<td>30,134</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>431</td>
<td>421</td>
<td>7,114</td>
</tr>
<tr>
<td>SEAT</td>
<td>276</td>
<td>286</td>
<td>4,485</td>
</tr>
<tr>
<td>Bentley</td>
<td>5</td>
<td>5</td>
<td>883</td>
</tr>
<tr>
<td>Porsche(^2)</td>
<td>117</td>
<td>109</td>
<td>10,929</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>231</td>
<td>231</td>
<td>5,406</td>
</tr>
<tr>
<td>Scania(^2)</td>
<td>41</td>
<td>38</td>
<td>5,575</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>49</td>
<td>50</td>
<td>4,798</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>-</td>
<td>-</td>
<td>1,673</td>
</tr>
<tr>
<td>VW China(^3)</td>
<td>1,867</td>
<td>1,743</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-849</td>
<td>-827</td>
<td>-29,679</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>-</td>
<td>-</td>
<td>13,611</td>
</tr>
<tr>
<td><strong>Volkswagen Group before special items</strong></td>
<td></td>
<td></td>
<td>107,935</td>
</tr>
<tr>
<td>Special items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>5,199</td>
<td>5,090</td>
<td>107,935</td>
</tr>
<tr>
<td>Automotive Division(^5)</td>
<td>4,879</td>
<td>4,772</td>
<td>75,285</td>
</tr>
<tr>
<td>- of which: Passenger Cars</td>
<td>2,232</td>
<td>2,251</td>
<td>53,006</td>
</tr>
<tr>
<td>- of which: Commercial Vehicles</td>
<td>320</td>
<td>318</td>
<td>15,589</td>
</tr>
<tr>
<td>- of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>1,673</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
<td>15,388</td>
</tr>
</tbody>
</table>

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. \(^2\) Incl. financial services. \(^3\) Sales revenue and operating profit of the JVs in China are not included in the Group figures. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportional) of € 2,366 million (€2,744 million). \(^4\) 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. \(^5\) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
Volkswagen Group – Net liquidity and funding

### Automotive Division - Net Liquidity

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Liquidity (in € bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>17.7</td>
</tr>
<tr>
<td>2015</td>
<td>24.5</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>28.8</td>
</tr>
</tbody>
</table>

### Target minimum liquidity

#### Funding programs as of 30 June 2016

<table>
<thead>
<tr>
<th>Program</th>
<th>Utilization (in € bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money and Capital Markets</td>
<td></td>
</tr>
<tr>
<td>Commercial Papers</td>
<td>8.6</td>
</tr>
<tr>
<td>Medium Term Notes / Bonds</td>
<td>50.9</td>
</tr>
<tr>
<td>thereof: Hybrid Bonds</td>
<td>7.5</td>
</tr>
<tr>
<td>ABS²</td>
<td>38.3</td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td>156.5</td>
</tr>
<tr>
<td>Borrowings</td>
<td></td>
</tr>
<tr>
<td>Committed Lines</td>
<td>4.9</td>
</tr>
<tr>
<td>Uncommitted Lines</td>
<td>9.5</td>
</tr>
<tr>
<td>Supranationals, development banks, government, other</td>
<td>15.3</td>
</tr>
<tr>
<td>Direct Banking Deposits</td>
<td>31.0</td>
</tr>
<tr>
<td><strong>Bridge facility</strong></td>
<td>up to €20 bn</td>
</tr>
</tbody>
</table>

²) Including Porsche, MAN

Volkswagen Group – Outlook for 2016

- **Deliveries to customers**
  - 2014: 10,137
  - 2015: 9,931
  - Slightly above prior year

- **Sales revenue**
  - 2014: 202.5 billion
  - 2015: 213.3 billion
  - Up to 5% below prior year

- **Operating return on sales**
  - 2014: 6.3%
  - 2015: 6.0%
  - Between 5.0% and 6.0%

Passenger car market forecast 2016 – Overall growth expected
(in million units)

North America 1)  
- 2014: 19.6  
- 2015: 20.8  
- 2016: 21.2

Western Europe  
- 2014: 12.1  
- 2015: 13.2  
- 2016: 13.9

Eastern Europe  
- 2014: 3.6  
- 2015: 2.7  
- 2016: 2.7

South America 1)  
- 2014: 5.2  
- 2015: 4.3  
- 2016: 3.6

Asia-Pacific  
- 2014: 30.4  
- 2015: 31.9  
- 2016: 33.8

Rest of World  
- 2014: 4.1  
- 2015: 4.0  
- 2016: 4.5

World  
- 2014: 75.6  
- 2015: 77.6  
- 2016: 79.7

Source: IHS Economics as of July 2016
1) Passenger cars and Light Commercial Vehicles

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 “TOGETHER Strategy 2025” proceeding to plan
- Key financial targets with focus on profitability already communicated
- Milestones and brand specific KPI’s will be implemented into next planning round
What do the proposed 2.0l US settlement agreements cover?

With whom?
- U.S. Federal and State Regulators (DOJ, CARB, FTC), and
- Private Plaintiffs represented by the Plaintiffs' Steering Committee to resolve civil claims*

Which engines?
- 2.0L TDI Diesel engines approx. 475,000 (thereof 460,000 Volkswagen and 15,000 Audi vehicles)

What is proposed?
- Volkswagen will establish a maximum funding pool of $10,033bn for vehicles currently in use and eligible for:
  - Buyback/Lease terminations; OR
  - Emissions modifications (if approved by regulators)
  + Cash payments for affected customers
- Pay $2,7bn over 3 years to an environmental trust to remediate excess NOx emissions
- Invest $2bn over 10 years in Zero emission infrastructure, access and awareness initiatives

States resolution
- Agreement with 44 states, the District of Columbia and Puerto Rico to resolve existing and potential state consumer protection claims regarding both 2.0L and 3.0L engines (approx $603m)

• On July 26, 2016, Judge Breyer, the U.S. federal court judge overseeing civil multi-district litigation (MDL) claims, granted "preliminary approval". He has set the date of October 18, 2016 for a final approval hearing wherein he will determine whether to grant final approval of the settlement. If final approval is granted, Volkswagen will begin the settlement program.
• Regarding the 3.0l TDI engines, on August 25 Judge Breyer ordered that Volkswagen and Audi deliver technological proposals to solve the emission issue no later than October 24 to EPA and CARB. Those agencies noted they will begin review of those proposals as soon as they are received and the Court set the next status hearing for November 3.
How the NOx issue will be solved in Europe

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

- 5.1m vehicles approved
- Modifications started and effective
- Around 0.5m vehicles already fixed (as per End of August 2016)

**EA189 2.0 l (EU5): ~ 5.2m units**
- Software fix only
- Working time ca 30 min.

**EA189 1.2 l (EU5): ~ 0.3m units**
- Software fix only
- Working time ca 30 min.

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

Body group trends until 2020¹)

<table>
<thead>
<tr>
<th>Body Group</th>
<th>Volume in 2015 ²)</th>
<th>until 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUV</td>
<td></td>
<td>+30%</td>
</tr>
<tr>
<td>Sedan</td>
<td></td>
<td>+9%</td>
</tr>
<tr>
<td>Hatchback</td>
<td></td>
<td>+15%</td>
</tr>
<tr>
<td>Pick-Up</td>
<td></td>
<td>+11%</td>
</tr>
<tr>
<td>MPV</td>
<td></td>
<td>+4%</td>
</tr>
<tr>
<td>Transporter</td>
<td></td>
<td>+13%</td>
</tr>
<tr>
<td>Micro Van</td>
<td></td>
<td>+14%</td>
</tr>
<tr>
<td>Estate</td>
<td></td>
<td>-6%</td>
</tr>
<tr>
<td>City Van</td>
<td></td>
<td>+20%</td>
</tr>
<tr>
<td>Coupe</td>
<td></td>
<td>+15%</td>
</tr>
</tbody>
</table>

¹) Source: IHS  ²) final figures

New models 2016 and to follow

<table>
<thead>
<tr>
<th>SUV</th>
<th>Sedan</th>
<th>Hatchback</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bentayga</td>
<td>A6 L e-tron</td>
<td>A3</td>
<td>Beetle</td>
</tr>
<tr>
<td>Tiguan</td>
<td>Panamera</td>
<td>Leon</td>
<td>Amarok</td>
</tr>
<tr>
<td>Ateca</td>
<td>Phideon</td>
<td>Rapid (IND)</td>
<td>911</td>
</tr>
<tr>
<td>Q2</td>
<td>Magotan</td>
<td>Gol</td>
<td>Saveiro</td>
</tr>
<tr>
<td>Kiaq</td>
<td>Voyage</td>
<td>up!</td>
<td>A5</td>
</tr>
<tr>
<td>B-SUV</td>
<td></td>
<td></td>
<td>Boxster</td>
</tr>
<tr>
<td>Entry SUV</td>
<td></td>
<td></td>
<td>Cayman</td>
</tr>
<tr>
<td>Q5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Volkswagen going forward

More efficient and faster: New series organization – 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 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**

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

**Further globalization**

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

**Emission regulations**

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

**Connectivity & digitalization**

**Additional value** through customer services

**After sales and new business opportunities**

**Close cooperation going forward**
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 new 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: -14%
- 2013: -16%
- 2014: -36%
- 2015: -32,6%

January - July 2016: -32,6%
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>Δytd '16 vs '15 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedan</td>
<td>32</td>
<td>-6</td>
</tr>
<tr>
<td>Hatchback</td>
<td>5</td>
<td>-17</td>
</tr>
<tr>
<td>Coupe</td>
<td>2</td>
<td>-10</td>
</tr>
<tr>
<td>Wagon</td>
<td>1</td>
<td>-4</td>
</tr>
<tr>
<td>Cabrio/Roadster</td>
<td>1</td>
<td>-13</td>
</tr>
<tr>
<td>SUV</td>
<td>37</td>
<td>+8</td>
</tr>
<tr>
<td>Pick-Up</td>
<td>15</td>
<td>+7</td>
</tr>
<tr>
<td>MPV</td>
<td>4</td>
<td>+17</td>
</tr>
<tr>
<td>Transporter</td>
<td>3</td>
<td>+15</td>
</tr>
<tr>
<td>City Van</td>
<td>0</td>
<td>+74</td>
</tr>
</tbody>
</table>

Total volume ytd 2016: 10,167k units
Source: Autodata 8/3/2016 (figures are rounded)

Volkswagen Group’s recently launched and upcoming models…

Volkswagen going forward
Group
Volkswagen Brand
Volkswagen Truck & Bus
Regions / FS
Trends

Deep roots and strong market position combined with further growth potential continues robust performance in China

### Deliveries to customers – strong Jan-July 2016

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>898</td>
<td>956</td>
<td>+ 6.4%</td>
</tr>
<tr>
<td>Q2</td>
<td>845</td>
<td>907</td>
<td>+ 7.3%</td>
</tr>
<tr>
<td>Jan - July</td>
<td>1,989</td>
<td>2,148</td>
<td>+ 8.0%</td>
</tr>
</tbody>
</table>

### Strong operational & financial track record

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profit (€ bn)</th>
<th>Dividends Paid to Volkswagen AG (€ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.9</td>
<td>0.8</td>
</tr>
<tr>
<td>2011</td>
<td>2.6</td>
<td>1.2</td>
</tr>
<tr>
<td>2012</td>
<td>3.7</td>
<td>2.0</td>
</tr>
<tr>
<td>2013</td>
<td>4.3</td>
<td>2.8</td>
</tr>
<tr>
<td>2014</td>
<td>5.2</td>
<td>3.0</td>
</tr>
<tr>
<td>2015</td>
<td>4.5</td>
<td>2.7</td>
</tr>
<tr>
<td>2016</td>
<td>3.6*</td>
<td>2.3</td>
</tr>
</tbody>
</table>

* Dividend declared

### Localization of New Electric Vehicles

- Significantly expanded 2013 import, 2016 local production
- More than 15 models

### Significant extension of SUV portfolio

- Volkswagen Group will add 10 additional locally produced SUVs over the next 3 to 4 years
- Market Segmentation:
  - 2015 Jan - Jul: 33% Other Bodystyles, 67% SUVs
  - 2016 Jan - Jul: 45% Other Bodystyles, 55% SUVs

Volkswagen Financial Services\(^1\): global, well diversified and successful

**Strong global presence**

- Continuous portfolio expansion

**Rising penetration rates**

- Continuous portfolio expansion

**Diversified funding structure**

- Asset backed securitization
- Bonds, Commercial Paper, liabilities to financial institutions

---

\(^1\) excluding financial service activities of Scania, Porsche AG and Porsche Holding Salzburg; including MAN Financial Services
Challenging emission regulations, trends and business transformation opportunities

**... CO₂ and EU6 regulations**

Status and forecast of CO₂-regulations

- **EU**:
  - Baseline: 142
  - 2015: 95
  - 2020: 95
  - 2025: 107

- **US**:
  - Baseline: 219
  - 2015: 107

- **China**:
  - Baseline: 185
  - 2015: 167

Source: based on ICCT

**... Market / consumer trends**

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

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 Silicon Valley, Potsdam and Beijing
- **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 \(\rightarrow\) reduce number of accidents
- People spend more than 4 years of their life in the car on average \(\rightarrow\) make that time usable for the driver
- Huge potential for trucks \(\rightarrow\) significantly higher productivity
- Car parked most of the day \(\rightarrow\) customer achieves best return on investment by fully utilizing the car
- Infrastructure limited \(\rightarrow\) has to be used more efficiently

**20th Century**: Engine is the core of the automobile

**21st Century**: Self-driving system is the core of the automobile

**Top fields of use**

- Individual urban mobility
- Commercial vehicles
- Premium cars
- Public transportation

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

<table>
<thead>
<tr>
<th>MQB</th>
<th>MLB</th>
<th>MSB</th>
<th>MNB</th>
<th>MMB</th>
<th>MEB</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Volkswagen Logo" /></td>
<td><img src="image" alt="Audi Logo" /></td>
<td><img src="image" alt="Porsche Logo" /></td>
<td><img src="image" alt="Volkswagen Commercial Vehicles Logo" /></td>
<td><img src="image" alt="Porsche Logo" /></td>
<td><img src="image" alt="Volkswagen Logo" /></td>
</tr>
</tbody>
</table>

- **MQB**
  - Modular Transverse Toolkit
- **MLB**
  - Modular Longitudinal Toolkit
- **MSB**
  - Modular Standard Drivetrain Toolkit
- **MNB**
  - Modular Light Commercial Vehicle Toolkit
- **MMB**
  - Modular Mid-engine Toolkit
- **MEB**
  - Modular Electric Toolkit
Modular toolkits offered across segments, regions and brands

Vehicle Price

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

Volkswagen going forward
Group
Volkswagen Brand
Volkswagen Truck & Bus
Regions / FS
Trends

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
Volkswagen – On the road to providing integrated mobility solutions

Global ride hailing provider

US freight trucking market

“Together, we will create a new Volkswagen and play a key role in designing the mobility world of tomorrow”
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## Rating Volkswagen Group

### Rating Volkswagen Group

<table>
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<th>Investment grade</th>
<th>Rating</th>
<th>Description</th>
</tr>
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<tbody>
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<td></td>
<td>Volkswagen Bank GmbH (N)</td>
</tr>
<tr>
<td>Aa1</td>
<td></td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>Aa2</td>
<td></td>
<td>VW FS AG (N)</td>
</tr>
<tr>
<td>Aa3</td>
<td></td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>A1</td>
<td></td>
<td>Volkswagen Bank GmbH (N)</td>
</tr>
<tr>
<td>A2</td>
<td></td>
<td>Volkswagen AG (N)</td>
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<tr>
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<td></td>
<td>VW FS AG (N)</td>
</tr>
<tr>
<td>Baa1</td>
<td></td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>Baa2</td>
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<td>VW FS AG (N)</td>
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<td>Volkswagen AG (N)</td>
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<tr>
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<td>Volkswagen Bank GmbH (N)</td>
</tr>
<tr>
<td>B2</td>
<td></td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td>VW FS AG (N)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subinvestment grade</th>
<th>Rating</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
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<td></td>
<td>Volkswagen Bank GmbH (N)</td>
</tr>
<tr>
<td>Ba2</td>
<td></td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>Ba3</td>
<td></td>
<td>VW FS AG (N)</td>
</tr>
<tr>
<td>B1</td>
<td></td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>B2</td>
<td></td>
<td>VW FS AG (N)</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td>Volkswagen AG (N)</td>
</tr>
</tbody>
</table>

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

Ratings as of August 4th, 2016
Volkswagen Group – Deliveries to Customers BRIC-Markets\(^1\)
(January to July 2016 vs. 2015)

\(^{1}\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles).
### Volkswagen Group – Key financial figures\(^1\)
(January to June 2016 vs. 2015)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>thousand vehicles / € million</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Sales (^2)</td>
<td>5,199</td>
<td>5,090</td>
<td>+2.1</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>107,935</td>
<td>108,776</td>
<td>-0.8</td>
</tr>
<tr>
<td>Operating profit before special items</td>
<td>7,517</td>
<td>6,990</td>
<td>+7.5</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.0</td>
<td>6.4</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>5,339</td>
<td>6,820</td>
<td>-21.7</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>4.9</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>-528</td>
<td>843</td>
<td>x</td>
</tr>
<tr>
<td>of which: At-equity result(^2)</td>
<td>1,715</td>
<td>2,241</td>
<td>-23.5</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-2,243</td>
<td>-1,397</td>
<td>60.6</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4,810</td>
<td>7,664</td>
<td>-37.2</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>4.5</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>3,579</td>
<td>5,663</td>
<td>-36.8</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.

\(^2\) Volume data including the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of € 2,366 million (€2.744 million).
Automotive Division – Strong cash generation\(^1\) \(^2\)
(January to June 2016)

\[\begin{array}{cccccccc}
\text{2015}\(^3\)) & \text{Cash flow from operating activities} & \text{Capex} & \text{Capitalized development costs} & \text{Other} & \text{Net cash flow before equity investments} & \text{Acquisition and disposal of equity investments} & \text{Net cash flow} \\
11.2 & 9.7 & -4.5 & 4.6 & -2.2 & 0.3 & -0.1 & 2.8 & 2.3 & 5.1 & 4.5 \\
\end{array}\]

\(^1\) 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. 
\(^3\) prior-year figures adjusted 
\(^4\) Capital expenditure for property, plant and equipment in\% of Automotive sales revenue.
### Automotive Division – Analysis of net liquidity

<table>
<thead>
<tr>
<th>Date</th>
<th>Financials</th>
<th>Equity capital increase Volkswagen FS</th>
<th>Dividend pay-out to Volkswagen AG shareholders</th>
<th>Distributions to hybrid investors</th>
<th>Proceeds from sale of interest in LeasePlan</th>
<th>Dividend FAW / SVW</th>
<th>Other cash flow</th>
<th>Net cash flow: €5.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2015</td>
<td></td>
<td>0.5</td>
<td>0.1</td>
<td>0.2</td>
<td>2.2</td>
<td>0.9</td>
<td>28.8</td>
<td></td>
</tr>
<tr>
<td>30 June 2015</td>
<td></td>
<td>24.5</td>
<td></td>
<td></td>
<td></td>
<td>2.0</td>
<td>24.5</td>
<td>€5.1</td>
</tr>
</tbody>
</table>

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
Automotive Division – Research and Development Costs
(January to June 2016 vs. 2015)
Volkswagen Beetle Dune
Audi A5 Coupé
Porsche 718 Cayman S
Lamborghini Aventador Miura Homage
Volkswagen Amarok
Scania R 730 6x2
Volkswagen Group
Frank Witter
Member of the Board of Management, Finance and Controlling