Volkswagen Group Capital Markets Day 2017
The Volkswagen Brand’s Perspectives

Dr. Herbert Diess
Chairman of the Board of Management of Volkswagen Brand
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The Volkswagen brand’s starting position is challenging.

**Pros (+)**
- Established, acknowledged brand & strong customer loyalty
- High-quality portfolio
- Global presence & scalable platforms
- Committed, highly qualified workforce

**Cons (-)**
- Low return on sales, high fixed costs
- Not competitive in United States, Brazil, India and ASEAN
- Product portfolio is lagging behind global trends
- Centralised, functional and hierarchical organization
The „TRANSFORM 2025+“ strategy will put the brand to the top of the automotive industry

Radical restructuring

1. Brand positioning „top of volume“
2. SUV offensive
3. Regions (China, NAR, SAM)
4. Economy markets
5. Zukunftspakt
6. Product margins
7. Agile organisation

Leap to the top of electric mobility

2015
Diesel crisis
2% RoS*

2020
Leading & profitable volume manufacturer
4% RoS**

2025
Global leader in e-mobility
6% RoS**

Major transformation

2030
Global leader in auto-mobility
>6% RoS**

• MEB offensive
• Digital ecosystem
• Operational excellence

• Automated driving
• New fields of mobility

* Before special items ** Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)
Agenda

1. Review 2016

2. Perspectives 2017
Volkswagen achieved a lot in 2016 (1)

Diesel retrofit running as planned

(Volkswagen PC & CV)

- Approved: 99.7%
- Fixed: 48%
- Complaints: 0.7%

Ramp ups and product launches (extract)

- up!
- Golf
- Tiguan
- Phideon (SVW)
- Teramont (SVW)

Deliveries to customers

(in thousand units)

<table>
<thead>
<tr>
<th>Region</th>
<th>2016</th>
<th>vs 2015 (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>558</td>
<td>-7.2</td>
</tr>
<tr>
<td>Europe</td>
<td>1,133</td>
<td>+1.8</td>
</tr>
<tr>
<td>SAM</td>
<td>335</td>
<td>-26.8</td>
</tr>
<tr>
<td>NAR</td>
<td>581</td>
<td>-1.9</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>3,172</td>
<td>+11.8</td>
</tr>
<tr>
<td>World</td>
<td>5,980</td>
<td>+2.7</td>
</tr>
</tbody>
</table>

Fixed costs in Germany

Reduced by € 0.3 billion

2015: -10.6 bn → 2016: -10.3 bn
Volkswagen achieved a lot in 2016 (2)

Product lines & regions

MEB

The I.D. is more than just a vision, it's a programme on wheels.
Gerd Stegmaier  |  auto, motor und sport

Pact for the future & strategy 2025
The new Golf is very well received by the media

"One of the best cars on the market."

"Die Displays lösen zum ersten Mal seit Urzeiten wieder so etwas wie Begeisterung aus, wenn man im VW Golf sitzt."

"Der Golf befördert sich in die Zukunft."

"Still setting the standard."

**Highlights**

- Active Info Display / 9,2" Display / Gesture Control
- Full LED Lights
- New „1.5 TSI Evo“ Engine (up to 1 liter less consumption under real-world driving conditions)
- Driver Assistance (Traffic Jam Assist, Front Assist, Trailer Assist)
- GTI with additional 10 hp
- E-Golf with 300 kilometers range
Agenda

1. Review 2016

2. Perspectives 2017
### Deliveries to customers | Volkswagen Passenger Cars | January 2017

<table>
<thead>
<tr>
<th>Vehicles / percentage</th>
<th>Jan 2017</th>
<th>Compared to prior year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>38,600</td>
<td>-5.1</td>
</tr>
<tr>
<td>Europe</td>
<td>83,500</td>
<td>+10.1</td>
</tr>
<tr>
<td>International</td>
<td>29,400</td>
<td>-4.2</td>
</tr>
<tr>
<td>North America</td>
<td>41,400</td>
<td>+7.4</td>
</tr>
<tr>
<td>South America</td>
<td>32,300</td>
<td>+12.2</td>
</tr>
<tr>
<td>World excluding China</td>
<td>225,300</td>
<td>+4.9</td>
</tr>
<tr>
<td>China</td>
<td>270,800</td>
<td>-11.8</td>
</tr>
<tr>
<td>World</td>
<td>495,900</td>
<td>-4.9</td>
</tr>
</tbody>
</table>
2017 will be shaped by a high product momentum

Atlas (NAR)  Arteon (EU)  Polo (EU)  Phideon PHEV (CN)  Touareg (EU)

Jan  Feb  March  April  May  June  July  Aug  Sept  Oct  Nov  Dec

up! PA (SAM)  Tiguan LWB (NAR)  T-Roc (EU)  Virtus (SAM)  Jetta (NAR)

Dates: Start of Production
Final concept decision 2017

- Determination of battery design & sourcing
- Proof of feasibility (characteristics, costs, deadlines)
- Definition of sales model
- Business model for China
“VW should definitely build this electric Bus.”
In 2017, important milestones in the Zukunftspakt will be reached

- Decision on SEAT derivative
- Feasibility of MEB / Zwickau
- Improvement in productivity by 7.5%
- Increase in staff: +2,484 staff / Reduction in staff: -4,537 staff / Total: -2,053 staff
- To take on 2,044 temporary workers
- Competence centre for battery cells
- Sourcing decision for MEB components
- Beginning of discontinuation of plastic production (BS) & heat exchangers (H)
2017 will be a strong year for the Volkswagen brand

- Volkswagen will grow worldwide.
- Volkswagen will improve margins.
- Volkswagen will hold fixed costs constant.
- Volkswagen will rise from the low point in North and South America.
- Volkswagen has a very high product momentum.
- Volkswagen has a strong, convincing future concept: Transform 2025+ strategy, Zukunftspakt, MEB
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