Volkswagen Brand
Financial Results January – June 2017
Conference Call and Webcast
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Consequently, a negative impact relating to ongoing claims or investigations, 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 Such statements are valid on the date of publication and can be superseded.

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Conference Call on the results January – June 2017

Dr. Arno Antlitz
Member of the Volkswagen Brand Board of Management for Controlling and Accounting

Jürgen Stackmann
Member of the Volkswagen Brand Board of Management for Sales, Marketing and After Sales
Successful operating performance in H1 2017

Total sales revenue
not comparable with prev. year
("New Structure")

- 2016: EUR 39.9 billion
- 2017: EUR 39.9 billion

Operating result
before special items

- 2016: EUR 1.8 billion
- 2017: EUR 1.8 billion
Development World Car Market vs. Volkswagen Brand Deliveries to Customers
Growth y-o-y January to June 2017 vs. 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>VW Brand</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>1.5%</td>
<td>1.5%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>3.6%</td>
<td>-2.6%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>10.9%</td>
<td>17.5%</td>
<td>17.5%</td>
</tr>
<tr>
<td>South America</td>
<td>10.3%</td>
<td>12.2%</td>
<td>12.2%</td>
</tr>
<tr>
<td>World</td>
<td>2.7%</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3.9%</td>
<td>-0.3%</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>
### Volkswagen Brand Deliveries to Customers
#### January to June 2017 vs. 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>Jan.-Jun. cum. 2017</th>
<th>Δ 2016 (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>889,600</td>
<td>-0.2</td>
</tr>
<tr>
<td>Western Europe</td>
<td>763,800</td>
<td>-2.6</td>
</tr>
<tr>
<td>Germany</td>
<td>278,500</td>
<td>-5.5</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>125,800</td>
<td>+17.5</td>
</tr>
<tr>
<td>Russia</td>
<td>39,600</td>
<td>+17.9</td>
</tr>
<tr>
<td>North America</td>
<td>279,400</td>
<td>+1.5</td>
</tr>
<tr>
<td>USA</td>
<td>161,200</td>
<td>+8.2</td>
</tr>
<tr>
<td>South America</td>
<td>201,300</td>
<td>+12.2</td>
</tr>
<tr>
<td>Brazil</td>
<td>121,600</td>
<td>+0.9</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1,479,800</td>
<td>-0.3</td>
</tr>
<tr>
<td>China</td>
<td>1,395,500</td>
<td>+0.2</td>
</tr>
<tr>
<td><strong>World</strong></td>
<td><strong>2,935,100</strong></td>
<td><strong>+0.3</strong></td>
</tr>
</tbody>
</table>
Product Highlights – First half-year

Volkswagen Golf Family

Volkswagen Tiguan L

Volkswagen Arteon

Volkswagen Atlas/Teramont
Product Highlights – Second half-year

Volkswagen Tiguan Allspace / Tiguan

Volkswagen Polo

Volkswagen T-ROC
Increase in revenue in H1 compared to previous year

Sales revenue in EUR billion

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H1 2016 (adjusted)</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>~37</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales(^1)</td>
<td>2,232</td>
<td>1,782</td>
<td>1,812</td>
</tr>
</tbody>
</table>

- New Brand structure

\(^1\) Unit sales from the joint venture companies in China are not included in the figures.
Analysis of Operating Result – H1 2016 vs. H1 2017

in EUR billions

<table>
<thead>
<tr>
<th>Factor</th>
<th>H1 2016 (before special items)</th>
<th>Volume/price/mix</th>
<th>Exchange rates</th>
<th>Product costs</th>
<th>Fixed costs</th>
<th>New structure Brand/Group and Others</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.9</td>
<td>0.8</td>
<td>0.1</td>
<td>0.2</td>
<td>0.0</td>
<td>(0.2)</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Note, due to rounding the sum of single variations can differ to total variation.
Levers to increase competitiveness within the Zukunftspakt

**Levers of Competitiveness**

**Production and Logistics**
- Increase of productivity by 25%
- Reduction of factory costs

**Components**
- Increase of productivity by 25%
- Discontinuation of unprofitable products
- Reduction of investments in conventional technologies

**Administration**
- Reduction of bureaucracy
- Automatization and digitalization of processes

**Development**
- Reduction of hardware-oriented development work
- Transformation of ~1,700 employees
- Efficiency in development processes
Research & Development costs and Capex in H1 2017

in EUR billion and as % of sales revenues

- Total R&D costs for the brand: 1.7 billion
  - Of which capitalized: 0.7 billion (40.7%)
  - Amortization: 0.4 billion
  - Recognized in the income statement: 1.3 billion
- Capex: 1.4 billion

4.2% R&D costs as % of sales revenues
3.4% Capex as % of sales revenues
Outlook 2017

**Sales Revenue**

approx. +10% vs. prior year

**Return on Sales**

Upper end of 2.5 – 3.5 %

Guidance
Key levers for improving the result of the Volkswagen brand by 2020 begin to work in 2017

**Product offensive**
- SUV offensive
- MQB roll-out
- Global electrification of fleet (CO₂ conformity)

**Future Pact**
- Productivity 25%
- Reduction in factory costs
- Development/Capex efficiency
- Lean administration and cutting bureaucracy

**Turnaround plans for the regions**
- Massive restructuring
- Product offensive
- "Top of volume" brand positioning
Result outlook for 2017 follows TRANSFORM 2025+ strategy path

Operating return on sales as % of net earnings

- Implementation of the “Zukunftspakt”
- Turnaround in NAR, Brazil, Russia
- Growth in SUV portfolio

- Future CO₂ and emissions legislation
- Transformation in the industry

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017 Outlook</th>
<th>2020 Target</th>
<th>2025 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,8</td>
<td>2.5 – 3.5</td>
<td>≥ 4.0</td>
<td>≥ 6.0</td>
</tr>
</tbody>
</table>