Volkswagen Group
Frank Witter
Chief Financial Officer
Investor Roadshow with Exane BNP Paribas, London, 22nd September 2017
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers
(Growth y-o-y in deliveries to customers, January to August 2017 vs. 2016)

Volkswagen Group – Deliveries to Customers by Brands
(January to August 2017 vs. 2016)

Volkswagen Group – Deliveries to Customers by Brands
(January to August 2017 vs. 2016)

1) MAN incl. MAN Latin America Trucks and Busses GVW > 5t
Volkswagen Group – Deliveries to Customers by Markets\(^1\)
(January to August 2017 vs. 2016)

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles);
Volkswagen Group: Environmental and Future Incentives Program

- Promoting the renewal of the vehicle fleet through the changeover to Euro 6 and e-mobility
- Improve air quality in cities
- Incentives on purchasing a Volkswagen, Volkswagen Commercial Vehicles, Audi, SEAT, ŠKODA or Porsche with Euro 6 Standard

**Example Germany:**
- Program is available until December 31st, 2017
- Incentives for scrapping an old diesel vehicle of any brand with Euro 4 or older and purchase of a new vehicle
  (Volkswagen: €2,000 to €10,000; Audi: €3,000 to €10,000; SEAT: €1,750 to €8,000; ŠKODA: €1,750 to €5,000; Porsche: €5,000)
- Additional bonus for the purchase of alternative powertrain (electric, hybrid or natural gas)

**Example Incentive Volkswagen Brand**:

<table>
<thead>
<tr>
<th>Model</th>
<th>„Environmental“ Incentive</th>
<th>„Future“ Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>up!</td>
<td>€2,000</td>
<td>+ Natural gas (e.g. Golf TGI) €1,000</td>
</tr>
<tr>
<td>Polo</td>
<td>€3,000</td>
<td>+ Hybrid (e.g. Golf GTE; Passat GTE) €1,785</td>
</tr>
<tr>
<td>Golf, Golf Sportsvan, Golf Estate, Tiguan,</td>
<td>€5,000</td>
<td>+ Electric (e.g. e-up!; e-Golf) €2,380</td>
</tr>
<tr>
<td>Tiguan, Allspace, Beetle Cabrio</td>
<td></td>
<td>+ State subsidy²</td>
</tr>
<tr>
<td>Touran</td>
<td>€6,000</td>
<td>= Total support available per model</td>
</tr>
<tr>
<td>Passat Sedan/Estate, Arteon, Sharan</td>
<td>€8,000</td>
<td></td>
</tr>
<tr>
<td>Touareg</td>
<td>€10,000</td>
<td></td>
</tr>
</tbody>
</table>

**Cost of Programs anticipated to be balanced through higher volumes, benefits of gaining new customers and raising customer loyalty**

1) Germany  2) existed already, only valid for electric vehicles
Global Passenger Car Market 2017/2020

Slowdown in Western Europe; Stagnation in USA at a high level; Recovery in Brazil though from a low level; Strong growth in India; China remains largest driver of passenger car demand

### Million Units

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USA</strong></td>
<td>17.6</td>
<td>17.4</td>
<td>17.3</td>
</tr>
<tr>
<td><strong>Western Europe</strong></td>
<td>14.0</td>
<td>14.3</td>
<td>14.1</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>3.0</td>
<td>3.3</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>2.0</td>
<td>2.0</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>World</strong></td>
<td>82.0</td>
<td>83.7</td>
<td>89.3</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>23.1</td>
<td>23.4</td>
<td>25.6</td>
</tr>
</tbody>
</table>

**1** Volume for North & South America includes light commercial vehicles (definition 'Light Vehicles')

**2017-2020 growth**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USA</strong></td>
<td>-1.6</td>
<td>-0.1</td>
<td></td>
</tr>
<tr>
<td><strong>Western Europe</strong></td>
<td>+1.9</td>
<td>-0.5</td>
<td></td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>+9.9</td>
<td>+10.0</td>
<td></td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>+1.8</td>
<td>+5.0</td>
<td></td>
</tr>
<tr>
<td><strong>World</strong></td>
<td>+2.0</td>
<td>+2.2</td>
<td></td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>+1.4</td>
<td>+3.1</td>
<td></td>
</tr>
</tbody>
</table>

**Data source:** IHS Automotive (07.2017)
# Volkswagen Group – Key Financial Figures
(January to June 2017 vs. 2016)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vehicle Sales</strong> 2)</td>
<td>5,270</td>
<td>5,199</td>
<td>+1.4</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>115,862</td>
<td>107,935</td>
<td>+7.3</td>
</tr>
<tr>
<td>Operating profit before Special Items</td>
<td>8,916</td>
<td>7,517</td>
<td>+18.6</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.7</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>8,916</td>
<td>5,339</td>
<td>+67.0</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.7</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>44</td>
<td>-528</td>
<td>X</td>
</tr>
<tr>
<td>of which: At-equity result 2)</td>
<td>1,635</td>
<td>1,715</td>
<td>-4.7</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-1,591</td>
<td>-2,243</td>
<td>-29.1</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>8,960</td>
<td>4,810</td>
<td>+86.3</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.7</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>6,595</td>
<td>3,579</td>
<td>+84.3</td>
</tr>
</tbody>
</table>

---

2) 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 €2,135 million (€2,366 million).
Operating profit increased to a record €8.9 billion in H1 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Cars</td>
<td>5.3</td>
<td>2.2</td>
<td>7.5</td>
<td>1.7</td>
<td>0.2</td>
<td>0.2</td>
<td>-1.1</td>
<td>0.3</td>
<td>0.0</td>
<td>0.1</td>
<td>8.9</td>
</tr>
</tbody>
</table>

All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without FS **) including PPA
### Strong brands contributed to the operating profit of the Group in H1 2017

<table>
<thead>
<tr>
<th>Thousand vehicles/ € million</th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars²)</td>
<td>1,812</td>
<td>2,232</td>
<td>39,855</td>
</tr>
<tr>
<td>Audi</td>
<td>783</td>
<td>799</td>
<td>30,143</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>501</td>
<td>431</td>
<td>8,720</td>
</tr>
<tr>
<td>SEAT</td>
<td>304</td>
<td>276</td>
<td>5,054</td>
</tr>
<tr>
<td>Bentley</td>
<td>5</td>
<td>5</td>
<td>867</td>
</tr>
<tr>
<td>Porsche Automotive³)</td>
<td>124</td>
<td>117</td>
<td>10,841</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>244</td>
<td>231</td>
<td>5,927</td>
</tr>
<tr>
<td>Scania³)</td>
<td>44</td>
<td>41</td>
<td>6,307</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>53</td>
<td>49</td>
<td>5,297</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>-</td>
<td>-</td>
<td>1,579</td>
</tr>
<tr>
<td>VW China⁵)</td>
<td>1,870</td>
<td>1,867</td>
<td>-14,728</td>
</tr>
<tr>
<td>Other⁶)</td>
<td>-469</td>
<td>-849</td>
<td>-14,728</td>
</tr>
<tr>
<td>Volkswagen Financial Services⁷</td>
<td>-</td>
<td>-</td>
<td>15,999</td>
</tr>
<tr>
<td>Volkswagen Group before Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>5,270</td>
<td>5,199</td>
<td>115,862</td>
</tr>
<tr>
<td>Automotive Division⁹)</td>
<td>5,270</td>
<td>5,199</td>
<td>98,901</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>4,930</td>
<td>4,879</td>
<td>80,070</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>340</td>
<td>320</td>
<td>17,252</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>1,579</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
<td>16,961</td>
</tr>
</tbody>
</table>

¹) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²) 2017 figures take account of the reclassification of companies; prior-year figures were not adjusted. ³) Porsche (Automotive and Financial Services): sales revenue €11,778 (10,929) million, operating profit €2,131 (1,830) million. ⁴) Including financial services. ⁵) The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of €2,135 (2,366) million. ⁶) Prior year adjusted. In operating profit 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 purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁷) Starting January 1, 2017, Porsche’s financial services business is reported as part of Volkswagen Financial Services. Prior-year figures were not adjusted. ⁸) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
Automotive Division net cash flow H1 2017: Significant increase in operating cash flow

<table>
<thead>
<tr>
<th>2016</th>
<th>Operating Cash flow before Diesel Outflow</th>
<th>Diesel Outflow</th>
<th>Cash flow from operating activities</th>
<th>Capex 3)</th>
<th>Capitalized development costs</th>
<th>Other</th>
<th>Net cash flow before equity investments</th>
<th>Acquisition and disposal of equity investments</th>
<th>Net cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.7</td>
<td>0.0</td>
<td>9.7</td>
<td>-4.5 (4.9%)</td>
<td>-2.6</td>
<td>0.2</td>
<td>2.8</td>
<td>2.3</td>
<td>5.1</td>
<td></td>
</tr>
</tbody>
</table>

3) 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.
Automotive Division net liquidity on a robust level at June 30th

€ billion

€ billion

<table>
<thead>
<tr>
<th>Date</th>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2016</td>
<td>Net Cash Flow H1</td>
<td>27.2</td>
</tr>
<tr>
<td></td>
<td>Hybrid Bond</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Capital increase Volkswagen FS AG</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td>Dividend pay-out to Volkswagen AG</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>-0.2</td>
</tr>
<tr>
<td>30.06.2017</td>
<td></td>
<td>23.7</td>
</tr>
</tbody>
</table>
Volkswagen Group – Outlook for 2017

Deliveries to customers
moderately above prior year

Sales revenue*
Up more than 4% above prior year level

Operating return on sales
between 6.0% and 7.0%

* Upgraded at H1
Improving Group results despite significant challenges

- **Emission costs**
  - EU -27% CO₂ emission
  - US -35% CO₂ emission
  - CN -40% l/km consumption

- **Industry transition**
  - e-mobility
  - Digitalization
  - Autonomous Driving

2016 Actual: 6.7%

2020 Target: 6.5-7.5%
### Clear Financial Targets and Milestones

#### Key financial targets

<table>
<thead>
<tr>
<th></th>
<th>2016 Actual</th>
<th>2017 Targets</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating return on sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before special items</td>
<td>6.7%</td>
<td>6-7%</td>
<td>6.5-7.5%</td>
<td>7-8%</td>
</tr>
<tr>
<td><strong>Return on investment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>13.9%</td>
<td>11-13%</td>
<td>13-15%</td>
<td>&gt;15%</td>
</tr>
<tr>
<td><strong>Capex ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>6.9%</td>
<td>6.6%</td>
<td>6% (2020/21)</td>
<td>6%</td>
</tr>
<tr>
<td><strong>R&amp;D cost ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>7.3%</td>
<td>6.7%</td>
<td>6% (2020/21)</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Net Cashflow</td>
<td>€ 4.3 bn</td>
<td>negative</td>
<td>positive 1)</td>
<td>positive 1)</td>
</tr>
<tr>
<td>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>&gt; 15 bn</td>
<td>≥€ 20 bn</td>
<td>~10% of Group turnover</td>
</tr>
</tbody>
</table>

1) after considering a strategic target of 30% Payout Ratio based on Group profit after tax
CAPEX Automotive Division
(€ bn, as % of sales revenue)
R&D Cost Automotive Division
(€ bn, as % of sales revenue)
STRATEGY 2025 – INITIATIVES AT A GLANCE

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

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
16. Better integrated and strategic planning process
Building blocks to provide sustainable mobility solutions

Efficient conventional combustion engines & alternative powertrains

Mobility Services

Self Driving System

Sustainable Mobility

Battery

E-mobility

Charging infrastructure
Advances in battery technology will improve range, weight and costs

* basis: eGolf with comparable battery volume

- **Lithium ion technology**
  - 190 km (230 Wh/l)
  - 300 km (410 Wh/l)
  - 380 km (650 Wh/l)
- **New battery technologies**
  - 420 km (700 Wh/l)
  - 500 km (800 Wh/l, improved anode and cathode)
  - 700 km (1000 Wh/l, all solid state)
Battery costs will decrease significantly by 2020

Target: < 100€ / kWh
Roadmap E - E-mobility model offensive of the Volkswagen Group

2017 | 3 BEVs, 8 PHEVs

2025 | 80 new EVs,
     | thereof some 50 purely battery powered vehicles
     | and 30 plug-in-hybrids
     | €50bn battery cell procurement volume up to 2025

2030 | >€20bn capex but in the period to 2030
Multi OEM Joint Venture to deploy a HPC charging network in Europe

European High Power Charging GmbH & Co. KG

- Unprecedented collaboration among automakers
- Deployed power levels up to 350 kW
- Network based on the Combined Charging System (CCS) international standard
- Open brand-independent network

~ 400 charging stations
Electrify America: Start to execute the National ZEV plan (Zero Emissions Vehicles)

**Electrify America first cycle network**

- Phase 1 long-distance site (initial implementation)
- Phase 2 long-distance site
- Potential metro area

First 30-month investment cycle – focus on EV infrastructure, including highway and community chargers

**Key features of Appendix C**

**Investment**
- $2B total investment over 10 years at $500M per 30-month cycle
  - $1.2B Nationally (EPA)
  - $800M in California (CARB)

**Goal**
- **Goal to increase EV adoption for US** market through brand-neutral and self-sustaining ZEV investments

**Plan**
- 30-month investment, planning, and reporting cycles allow for changes in technology, customer behavior, and car capabilities
Intensified efforts to develop autonomous vehicles

2005: Winner Darpa Grand Challenge

2016: Volkswagen Group >200 AV related patents

2017: SEDRIC is Volkswagen Group’s first Level 5 vehicle

2021: Production-ready by 2021: Self-Driving System

2025: More to come...
Cascading Group Targets to Brands

Group KPIs
- RoS
- RoI
- Capex
- R&D
- CF/Liquidity

Commitment

Brand KPIs

Top-Down Targets + Committed in Planning Rounds

Specific KPIs
Overview Brand Targets (RoS, RoE)

<table>
<thead>
<tr>
<th>Return on Sales in %</th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>6.7</td>
<td>6.0-7.0</td>
<td>6.5-7.5</td>
<td>7.0-8.0</td>
</tr>
<tr>
<td>Volkswagen Brand</td>
<td>1.8</td>
<td>2.5-3.5</td>
<td>≥4</td>
<td>≥6</td>
</tr>
<tr>
<td>Audi</td>
<td>8.2</td>
<td>8-10</td>
<td>8-10</td>
<td>8-10</td>
</tr>
<tr>
<td>Porsche</td>
<td>17.4</td>
<td>&gt;15</td>
<td>&gt;15</td>
<td>&gt;15</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>8.7</td>
<td>7-8</td>
<td>6-7</td>
<td>≥7</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>4.1</td>
<td>3-4</td>
<td>4-5</td>
<td>&gt;6</td>
</tr>
<tr>
<td>Truck &amp; Bus Business 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Scania</td>
<td>9.5</td>
<td>6-7</td>
<td>9 2)</td>
<td>9 2)</td>
</tr>
<tr>
<td>• MAN Commercial Vehicles</td>
<td>2.3</td>
<td>6-7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Return on Equity (norm. 8%)

<table>
<thead>
<tr>
<th>Volkswagen Financial Services</th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.6%</td>
<td>14-16%</td>
<td>14-16%</td>
<td>14-16%</td>
<td>20%</td>
</tr>
</tbody>
</table>

1) For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles (equals ~6.1% in 2016)
2) Through-cycle Target
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

2. Electro offensive
3. Digital ecosystem
4. Operational excellence

Major transformation

3. Automated driving
4. New fields of mobility

2015
Diesel crisis 2% RoS*

2020
Leading & profitable volume manufacturer 4% RoS

2025
Global leader in e-mobility 6% RoS

2030
Global leader in auto-mobility >6% RoS

* Before special items
Result outlook for 2017 follows TRANSFORM 2025+ strategy path

(Growth in 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

2016: 1.8
2017 Outlook: 2.5 – 3.5
“at the upper end of the range”
2020 Target: ≥ 4.0
2025 Target: ≥ 6.0
Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

<table>
<thead>
<tr>
<th>Working Group 1</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase of productivity by 25%</td>
<td></td>
</tr>
<tr>
<td>• Reduction of plant costs</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Working Group 2</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase of productivity by 25%</td>
<td></td>
</tr>
<tr>
<td>• Discontinuation of unprofitable products</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Working Group 3</th>
<th>Technical Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduction of hardware-oriented development work</td>
<td></td>
</tr>
<tr>
<td>• Increased efficiency in development processes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Working Group 4</th>
<th>Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduction of bureaucracy</td>
<td></td>
</tr>
</tbody>
</table>

**Secure the Future**

- 4 additional models: 2 conventional and 2 MEB vehicles

- Investments in:
  - Electric drive trains
  - Pilot facility battery cell
  - Battery system

- Competency/capacity increase in autonomous driving, electrification, connectivity etc.

- Creation of employment in new business segments

**Reduction in workforce based on demographic curve**
Volkswagen brand: Productivity will increase by 7.5 percent this year

PRODUCTIVITY IMPROVEMENT
(percent | Targets)

2017 | 2018 | 2019 | 2020 | Target 2020
7.5 | 7.5 | 5.0 | 5.0 | 25.0

FIXED COSTS IN GERMANY
(€ billion)

2007 | 2012 | 2015 | 2016 | Target 2017
≈ | ≈ | -300 Mio. | ≈ | ≈
Volkswagen brand is planning a strong comeback in the USA

Focus on US Core Segments

Atlas       Tiguan LWB
Jetta        Passat

Key measures

• Extend SUV offering, focus on US core segments (SUVs, sedans)
• Market-oriented pricing
• Market-oriented alignment to local standards and customer expectations
• Reduce material, product and fixed costs
• “Electrify America”: infrastructure and locally produced cars from 2021
A product offensive will initiate a new growth phase in South America

Product offensive in South America

Key measures

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5 bn investment
- New brand positioning
- New growth strategy for Latin America
2017 will be shaped by a high product momentum

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

**Dates:** Start of Production

- **Jan:** up! PA (SAM)
- **Feb:** Tiguan LWB (NAR)
- **March:** T-Roc (EU)
- **April:** Virtus (SAM)
- **May:** Jetta (NAR)
- **June:**
- **July:**
- **Aug:**
- **Sept:**
- **Oct:**
- **Nov:**
- **Dec:**
Further roll-out of MQB offers substantial benefits
All electric platform: The basis for profitable electric cars

- Concept determined by: customer benefit and package for cost-optimized design of e-components
- Economies of scale from use of MEB across entire Group
- “Design for manufacturing“: higher productivity, shorter manufacturing time
- Lower material and distribution costs
- Significant reduction in variants
- Early involvement of suppliers
Three models of Volkswagen’s “Starting Five“ for the Electric Age
Core challenges in the 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
Long-term synergy potential will enable savings of up to €1 bn p.a.

Synergy potential from brand collaboration and expanded platform strategy

€ million p.a.

Key common powertrain platforms

- Base engine
- After-treatment
- Transmission
- Axles

Up to 1,000

R&D
Production costs / tooling

Material costs

2016

~200

2025
## Global expansion on track with Navistar alliance

<table>
<thead>
<tr>
<th></th>
<th>Equity investment</th>
<th>Strategic technology and supply cooperation</th>
<th>Procurement joint venture</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>16.8% equity stake in Navistar by way of capital increase*</td>
<td>Companies to collaborate on technology for powertrain systems, as well as other advanced technologies</td>
<td>Procurement joint venture is pursuing joint global sourcing opportunities</td>
<td>2 VW T&amp;B representatives nominated to Navistar Board of Directors. Joint Alliance Board to govern overall alliance</td>
</tr>
</tbody>
</table>

* As at 30.06.2017
Volkswagen Group China performance
(January to August 2017 vs. 2016)

Proportionate operating profit, January to June (in € million)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Jan.- August 2016 (€ million)</td>
<td>2,366</td>
<td>2,135</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Jan.- August 2017 (€ million)</td>
<td>2,135</td>
<td>2,135</td>
<td>+0.0%</td>
</tr>
</tbody>
</table>

1) incl. Hong Kong, excl. Ducati. Group numbers incl. MAN and Scania

Key Financials & Cash
Strategic Outlook & Milestones
Brands / Regions
Deliveries & Global Trends
Remuneration
Integrity & Compliance
Commitment
Regulatory environment in China

**CAFC - Fuel consumption target**

- Requirement 2016: 6.71 ± 157 g CO₂/km
- Requirement 2020: 5.01 ± ~120 g CO₂/km

**China 6 regulation**

- Emission regulation China 6 for gasoline engines
- Implementation on national level for C6a from July 2020, for C6b from July 2023
- Beijing and Shanghai may start with similar regulation in 2018 and other key regions in 2019

**MIIT proposal for NEV credit system**

<table>
<thead>
<tr>
<th>Year</th>
<th>NEV credit point ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>None</td>
</tr>
<tr>
<td>2018</td>
<td>8%</td>
</tr>
<tr>
<td>2019</td>
<td>10%</td>
</tr>
<tr>
<td>2020</td>
<td>12%</td>
</tr>
</tbody>
</table>

**NEV Credit Point Attribution per NEV Type**

<table>
<thead>
<tr>
<th>E-Range (in km)</th>
<th>BEV</th>
<th>PHEV</th>
<th>FCEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>80 - 150</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>150 - 250</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>250 - 350</td>
<td>4</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>&gt;350</td>
<td>5</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

**NEV subsidies scheme**

- **New Requirement** on national subsidies for NEVs
  - raise the entry threshold
  - may be adjusted dynamically
- **Direct national subsidy** (20% reduced in 2017)
  (up to 44,000 RMB for BEV and 24,000 RMB for PHEV)
- **Additional subsidies** from local provinces
  (≤50% of national subsidy)
We will be prepared to deliver around 400,000 NEVs by 2020 and 1,500,000 by 2025.
New product offering with an expanded SUV line-up ¹)

Body style trends until 2020¹)

- Rest: 40% in 2016, 46% in 2020e
- SUV: 53% in 2016, 47% in 2020e
- MPV

New vehicle launches 2017 and to follow²)

- SUV
  - Teramont
  - KODIAQ
  - Tiguan LWB
  - KAROQ
  - ... ²)

- Others
  - imported
  - Panamera Turbo
  - A5 Coupé
  - TT
  - Phideon PHEV
  - Lavida
  - Q7 e-tron
  - R8 Spyder
  - Panamera LWB
  - Variant GTE

- locally produced
  - Bora

¹) Source: IHS ²) Schematic overview – does not show all models
Volkswagen Financial Services\(^1\): global, well diversified and successful

### Strong global presence

![World map showing strong global presence](image)

### Continuous portfolio expansion

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
<th>Total Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,964</td>
<td>1,505</td>
<td>3,163</td>
<td>6,632</td>
</tr>
<tr>
<td>2009</td>
<td>2,148</td>
<td>1,508</td>
<td>3,567</td>
<td>7,218</td>
</tr>
<tr>
<td>2010</td>
<td>2,246</td>
<td>1,524</td>
<td>3,712</td>
<td>7,582</td>
</tr>
<tr>
<td>2011</td>
<td>2,691</td>
<td>1,023</td>
<td>3,930</td>
<td>7,644</td>
</tr>
<tr>
<td>2012</td>
<td>3,281</td>
<td>1,808</td>
<td>4,551</td>
<td>9,640</td>
</tr>
<tr>
<td>2013</td>
<td>3,796</td>
<td>1,983</td>
<td>4,946</td>
<td>10,725</td>
</tr>
<tr>
<td>2014</td>
<td>4,549</td>
<td>2,274</td>
<td>5,560</td>
<td>12,383</td>
</tr>
<tr>
<td>2015</td>
<td>6,322</td>
<td>2,518</td>
<td>5,833</td>
<td>14,673</td>
</tr>
<tr>
<td>2016</td>
<td>7,218</td>
<td>2,760</td>
<td>6,155</td>
<td>16,133</td>
</tr>
<tr>
<td>H1</td>
<td>2,997</td>
<td></td>
<td></td>
<td>5,487</td>
</tr>
</tbody>
</table>

Total portfolio: 16,804

### Rising penetration rates

- Without China:
  - 2008: 26.4%  
  - 2009: 25.0%  
  - 2010: 24.7%  
  - 2011: 25.4%  
  - 2012: 27.5%  
  - 2013: 28.9%  
  - 2014: 30.6%  
  - 2015: 31.3%  
  - H1 2017: 33.1%

- With China:
  - 2008: 32.5%  
  - 2009: 32.9%  
  - 2010: 34.9%  
  - 2011: 36.3%  
  - 2012: 40.7%  
  - 2013: 44.3%  
  - 2014: 44.5%  
  - 2015: 46.9%  
  - 2016: 48.7%  
  - H1 2017: 46.3%

### Diversified funding structure

- **30.06.2017: €178.7 bn**
  - **Customer deposits**
  - **Asset backed securitization**
  - **Bonds, Commercial Paper, liabilities to financial institutions**

\(^1\) Excluding activities of Scania and Porsche Holding Salzburg; including Financial Services of Porsche AG and MAN Financial Services,
Optimized structure for Volkswagen Financial Services AG
(Effective from 1. September 2017)

Organisational set-up of Volkswagen Financial Services

VOLKSWAGEN Aktiengesellschaft

Volkswagen Bank GmbH

Volkswagen Financial Services AG

European VW Bank GmbH branches
European credit business affiliates
European non-bank-related affiliates
Affiliates in: Asia-Pacific Latin America

New Corporate Structure

- All the credit and deposit business within the European Economic Area (EEA) is bundled in Volkswagen Bank GmbH
- Volkswagen Bank GmbH is a wholly owned subsidiary of Volkswagen AG
- The credit business outside Europe - excluding NAR, Scania FS and PHS - as well as all other activities, such as the leasing, insurance, service and mobility business, remain with Volkswagen Financial Services AG

Advantages:
- Optimized capital requirements
- Reduced complexity & improved transparency
- Supports future growth path
Special Items: Diesel related and other

<table>
<thead>
<tr>
<th>Year</th>
<th>Diesel</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Legal</td>
<td>Restructuring:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.0</td>
<td>Truck Business</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>9.2</td>
<td>Passenger Cars South America</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Airbags Takata</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>16.2</td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>16.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mainly legal risks</td>
<td>6.4</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>Scania Anti-Trust Proceedings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7.5</td>
</tr>
<tr>
<td>Total to date</td>
<td>22.6</td>
<td>1.8</td>
<td>24.4</td>
</tr>
</tbody>
</table>

No material special items in H1 2017. A significant amount of the Diesel dollar-related provisions are hedged and a further substantial amount of the provisions have been utilized as we had cash outflows of around €3bn in Q4 2016, around €5bn in Q1 2017 and around €7bn in Q2.
Technical solution in Europe/RoW simple and relatively easy to implement

- Predominantly software-only solution

- Technical solution already generally confirmed for all concepts by KBA\(^1\)
- Gradual approval of clusters after cluster-specific KBA inspection\(^1\)
- Software update in < 30 min. for 2.0L and 1.2L TDI; also simple, very cost-effective hardware solution “flow rectifier” for 1.6L TDI in < 60 min.

\(^1\) KBA approval relevant for EU28 and ECE user states (e.g., Turkey)

Update status

Almost 5.9m units have been updated (status 31\(^{st}\) August 2017)
Integrity, Compliance & Culture: a selection of three current activity areas

1. Implementation of Holistic Integrity Programme:
   Six action fields form the basis for a holistic integrity programme:

2. Evolution of Group Compliance:
   Three areas were defined:
   1. Development of Group Compliance Values
   2. Clear definition of Group Compliance Objectives
   3. Adjustment of Group Compliance structure

Compliance scope:

3. Development of Code of Cooperation:
   Mutual rules and guidelines of working together were developed:
   - Cross functional
   - Aims at corporate culture
   - Includes all brands
In Summary:

We know we have to earn your trust!

We are only promising what we have commitments for!

We will improve our targets once we make visible progress!

We have a plan and strongly believe in it!
Investor Relations Team

Oliver Larkin (Wolfsburg / London office)
Group Head of Investor Relations
E-Mail: Oliver.Larkin1@volkswagen.de
Telephone: +49 5361 9 49840

Helen Beckermann (Wolfsburg office)
Senior Investor Relations Manager
E-Mail: Helen.Beckermann@volkswagen.de
Telephone: +49 5361 9 49015

Alexander Hunger (Wolfsburg office)
Senior Investor Relations Officer
E-Mail: Alexander.Hunger@volkswagen.de
Telephone: +49 5361 9 47420

Andreas Kowalczyk (Wolfsburg office)
Investor Relations Officer
E-Mail: Andreas.Kowalczyk@volkswagen.de
Telephone: +49 5361 9 23183

Andreas Buchta (Wolfsburg office)
Investor Relations Manager
E-Mail: Andreas.Buchta@volkswagen.de
Telephone: +49 5361 9 40765

Ulrich Hauswaldt (Wolfsburg office)
Investor Relations Officer
E-Mail: Ulrich.Hauswaldt@volkswagen.de
Telephone: +49 5361 9 42224

Lennart Schmidt (China office)
Investor Relations Manager
E-Mail: Lennart.Schmidt@volkswagen.com.cn
Telephone: +86 10 6531 4732
The new remuneration system is designed to be completely forward-looking

**Adjusted recommendation of no. 4.2.3 sec. 2 German Corporate Governance Code**

“Variable remuneration components shall generally be based on a multi-year assessment, which shall be materially related to the future.”
The new remuneration system harmonizes the interests of different stakeholder groups

✓ ... is based on clear remuneration policy guidelines
✓ ... constitutes a core element of the realignment of the Group
✓ ... integrates strategic objectives of the TOGETHER strategy 2025
✓ ... is capital market-oriented and reflects human resource-related transformation objectives
✓ ... sets ambitious objectives for sustainable corporate development
✓ ... incorporates a higher long-term orientation
✓ ... reflects no past events and is therefore completely forward-looking
✓ ... is based on a transparent target remuneration approach
✓ ... incorporates a total cap noticeably lower than the individual caps
✓ ... is transparent and is easy to comprehend
✓ ... is common market practice and conforms to regulatory requirements
New remuneration system for the Board of Management 2017

Functionality of determining the annual bonus amount

- **Target amount** (€1.350.000, or €3.045.000 for the Chairman of the Board of Management)

- **Target achievement**
  - **Corporate bonus**
    - Two operational KPIs (each 50%)
      - Target achievement 0 – 150%
  - **Performance factor**
    - Multiplier (0.8 – 1.2)

- **Payment amount**
  - (Cap 180% of the target amount)

- Individual targets shall be agreed annually in advance with every member of the Board of Management.
- The transformation of staff shall be measured based on the “HR transformation score”.
- Targets shall be reviewed and, if necessary, adjusted by the Supervisory Board on a regular basis.

* Cap of 180% arises from 150% of the maximum financial target achievement and a performance factor up to a maximum of 1.2.
Target Values take into account Shareholder and Employee interests

- Share-based long term remuneration
  No share options; payment in cash

- Current Year Variable Pay

- Fixed Salary

- New System

Target Value (yearly review)

- Earnings per preferred share
  Hurdle: €10 per share

- Share price

- 50% Operating Profit incl. China
  New hurdle: €9 billion

- 50% Operating Return on Sales
  Hurdle: 4%

- Performance factor ± 20 %
  - Successful transformation of employee’s duties to new activities
  - Individual targets

Objectives Tightened

Additional Target

Additional Target

No share options; payment in cash
The annual bonus is based on the Operating Profit incl. China and the Return on Sales; the payment amount is adjusted by a performance factor.

**Annual bonus**

<table>
<thead>
<tr>
<th>Operating result (OP) incl. China</th>
<th>KPIs</th>
<th>Operating profit (OP) incl. China Operating return on sales (RoS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two years</td>
<td></td>
<td>One year</td>
</tr>
<tr>
<td>Direct participation above a certain OP-threshold value (€5bn)</td>
<td>Performance period</td>
<td>Performance measurement</td>
</tr>
<tr>
<td>0% to 50% of special remuneration Discretionary assessment Additive linkage</td>
<td>Individual performance bonus/performance factor</td>
<td>50 % direct participation above a certain OP threshold value (€9bn) 50 % strategic target return above a certain threshold return (4%)</td>
</tr>
</tbody>
</table>

**New design**

Factor 0.8 to 1.2
Discretionary, criteria-based assessment
Multiplicative linkage
The Performance Share Plan ensures an orientation towards a sustainable corporate development

### Performance Share Plan

<table>
<thead>
<tr>
<th>Old design</th>
<th>New design</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Multiple-year bonus</strong></td>
<td><strong>Plan type</strong></td>
</tr>
<tr>
<td><strong>Key performance indicators</strong></td>
<td><strong>Earnings per share (EPS)</strong></td>
</tr>
<tr>
<td><strong>Calibration/calculation</strong></td>
<td><strong>€10 EPS = 50 % of shares</strong></td>
</tr>
<tr>
<td><strong>Performance period</strong></td>
<td><strong>€20 EPS = 100 % of shares</strong></td>
</tr>
<tr>
<td><strong>Top customer satisfaction, top employer, sales volume, Profit before Tax return</strong></td>
<td></td>
</tr>
<tr>
<td><strong>4 sub-indices with a total of 10 indicators, threshold: 1.5 % return on sales</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Four years backward-looking</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Plan type**
- New design: Four years backward-looking
- Old design: Three years forward-looking

**Calibration/calculation**
- New design: €10 EPS = 50 % of shares
- Old design: €10 EPS = 50 % of shares

**Key performance indicators**
- New design: Sales volume, Profit before Tax return
- Old design: Top customer satisfaction, top employer, sales volume, Profit before Tax return

**Performance period**
- New design: Three years forward-looking
- Old design: Four years backward-looking

**Threshold**
- New design: 1.5 % return on sales
- Old design: 1.5 % return on sales
The payout amount depends on the development of the share price and the EPS target achievement

**Performance Share Plan**

**Functionality:** virtual shares granted; quantity changes depending on the EPS-target achievement

**Grant**
- Conversion of contractually defined target value in virtual preferred shares based on the share price at grant
- Share price at grant is defined as the average closing price of the last 30 trading days before the grant
- Target definition for EPS (100 % target achievement at an EPS of €20)

**Performance period**

<table>
<thead>
<tr>
<th>Grant</th>
<th>Performance period</th>
<th>Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY n</td>
<td>FY n+1</td>
<td>FY n+2</td>
</tr>
</tbody>
</table>

**Performance measurement**

- **Value of shares** changes based on the share price development
- **Number of shares** changes based on the EPS target achievement (annual “lock-in”)

**Payout**
- Determination of the final number of virtual shares based on the target achievement
- Determination of the closing price (equal to the average closing price of the last 30 trading days before the end of the performance period)
- Payout in cash incl. dividend equivalents for the final number of shares
- Caps: 150 % target achievement, max. payout of 200 % of target value
Achievement of the EPS objective is measured annually over the three-year term of the tranches.

- Annual EPS performance measurement for 1/3 of the respective virtual performance shares granted.
- Incentive effect throughout the plan term.
Volkswagen T-Roc
Volkswagen I.D.BUZZ
Porsche 718 Boxster
SEAT Ibiza
Lamborghini Centenario
Bugatti Chiron
Volkswagen Crafter
Volkswagen Group
Frank Witter
Chief Financial Officer
Investor Roadshow with Exane BNP Paribas, London, 22nd September 2017