Ladies and Gentlemen,

Welcome to Wolfsburg!

My Board colleagues and I are delighted to welcome you to Volkswagen today. Almost exactly one year ago, we presented our “TRANSFORM 2025+” strategy here in Wolfsburg. Today, it’s time to take stock.

You are familiar with the cornerstones of our strategy: by 2025, our brand will have been transformed in three stages.

- In the first phase we are strengthening our core business and increasing our ability to compete. To do that, we are positioning the brand worldwide as “top of volume”, launching a major SUV offensive and initiating turnaround programs for the regions. We are improving returns by increasing productivity
and reducing costs. At the same time we are preparing for our electric offensive.

- From 2020 we want to move as quickly as possible to the top as the world market leader in e-mobility, achieving this with an entirely new vehicle architecture and starting with five all-electric core models.
- Beginning in 2025, we will also push forward with autonomous driving.

Our goal is to make Volkswagen the world-leading volume manufacturer and to play a lead role in the new world of the automotive industry. We have deliberately oriented the first milestone in our strategy to the year 2020. That is the year when the EU’s CO₂ targets for fleet emissions must be met – a massive challenge for the entire automotive industry.

![The CO₂ targets for 2020 put pressure on all car manufacturers](chart)

This chart presents the current CO₂ fleet values for various manufacturers and the gap to the 2020 target. As you can see: almost all manufacturers need to improve their emissions by 20 grams per kilometer and more. For some, the improvement is as much as 30 grams.

The situation in China is similar, and it becomes the same in the USA from 2023.
That is almost impossible with conventional powertrains. In an ideal situation, we can reduce CO₂ emissions for a five-seater sedan to about 95 grams, for a compact SUV to 120 to 140 grams. Even for the Polo, approx. 85 grams is the end of the line.

Further optimization of internal combustion engines is becoming increasingly expensive. For a mild hybrid, every further gram costs €100 per vehicle. For a hybrid the cost goes up to €150. Economically meaningful measures to lower CO₂ have been exhausted. Alternative fuels or fuel cells are more of a long-term option. And there will be yet more requirements after 2020. The EU is planning new, challenging targets for fleet emissions.

That means: we need electric vehicles to meet fleet targets. All manufacturers will be putting EVs on the market in 2020. So we are expecting enormous competitive pressure for that year.

Anyone who can sell attractive EVs with a positive margin in 2020 has an enormous competitive edge. And that is precisely what we are aiming for, it is our orientation for the first phase of our strategy.

So where do we stand as regards the implementation of TRANSFORM 2025+?
Volkswagen entered this crucial phase from a very difficult situation in 2015.

- The brand’s position varied significantly from region to region and its strength was gradually eroding.
- We had no recipe for success in North and South America.
- Our fixed costs were much too high and our productivity was very low compared to competitors.
- The organization was hierarchical and bureaucratic.
- And the bottom line was that our return was much too low to finance the necessary investments in the future.

The situation deteriorated dramatically with the diesel crisis.

We have been implementing our strategy for the last 12 months. And we can announce that the strategic realignment of Volkswagen is delivering results. We are making progress.

- We have launched the largest model offensive in the history of Volkswagen.
- We have significantly increased the brand’s earning power.
- And we are thus laying the groundwork to invest in the future of our brand.
Under our global model offensive we are currently expanding our presence, particularly in the SUV segment. And demand shows the new models are being very well received.

The Tiguan is now available all over the world and deliveries this year have already topped the 650,000 mark. The model is built in China, North America, Russia, India and Malaysia as well as Wolfsburg. And we are now offering a long version, the Tiguan Allspace.

The Arteon is our new top offering in sedans. It underscores the brand’s premium claim – that is why we were delighted when the Arteon won the “Golden Steering Wheel 2017”.

The new T-Roc has a young and fresh face. Our latest SUV makes the brand much younger and more emotional. The initial reactions from the market have been very positive. We are already thinking about increasing production volume. All in all, more than ten new vehicles debuted this year, five of them entirely new models never seen before.
The new models are driving both unit sales and earnings. So far this year, unit sales worldwide are already over three percent higher than last year. Deliveries are gaining momentum from month to month. Our performances this September and October were the best ever for each of these two months. And we are very optimistic about November, too.

In total, we will be delivering well over 6 million vehicles this year, and it is very likely we will be setting a new delivery record.
Growth is driven by positive developments in the regions. We traditionally do well in China. In the meantime, though, we are also growing worldwide. The turnaround programs are increasingly paying off, particularly in North and South America. We have totally realigned the brand there and given the regions significantly greater responsibility under our regionalization initiative.

The results are good: in the USA we are laying the groundwork to position Volkswagen as a relevant volume brand. With the new Atlas we have entered a key segment of the U.S. automobile market where we were not previously active. Currently, the brand is growing, bucking the market trend, and will keep on expanding its market share until the end of the year.

In Brazil, too, the turnaround program is gaining a foothold. We implemented far-reaching restructuring there and simultaneously invested in new, attractive products. We are setting a new standard in the Brazilian volume segment with the Polo and the Virtus – a Polo-sized sedan developed specifically for South America. Looking to the medium term, we intend to recapture market leadership in Brazil.

By 2020, we want to have positioned Volkswagen as “top of volume” in all major regions of the world. Each new model will underpin our claim to a leading position for quality and technology in the volume segment.

Finally, we are also making progress in terms of costs and productivity.

We have kept our fixed costs stable in spite of the model offensive. Additional costs – for example, from wage increases – have been offset by cutting costs in other areas. We are also making good progress with implementing the “Zukunftspakt”, but challenges still lie ahead of us. One such challenge is productivity.

Productivity at the German components plants in particular has improved significantly, and some of the targets agreed in the “Zukunftspakt” have even been exceeded.
The situation at vehicle production plants, on the other hand, is much more difficult. We have already improved production costs for the Golf built in Wolfsburg and Zwickau. One thing applies for all locations: we must continue to work hard on improving productivity and consistently implementing the “Zukunftspakt”. Dr. Antlitz will discuss that in more detail in a moment.

Ladies and Gentlemen,
The strategic realignment is delivering. Our KPIs confirm that.
In the first three quarters, we more than doubled our operating result to €2.5 billion. The operating return on sales is currently 4.3 percent. Obviously, we are benefitting from a very favorable climate: the global economy is booming, the majority of automobile markets are growing. That has helped us in the past months. But there is no guarantee this will be a permanent state of affairs.

Seen in a long-term context we will be reversing a downward trend this year that began in 2011. We will be reporting a significantly improved result for the first time in 2017.

In light of this development, we have adjusted our targets. For 2017 as a whole, we expect the operating return on sales to be moderately higher than the previously forecast range of 2.5 to 3.5 percent. That means we are expanding our financial leeway, step by step.

This is a joint achievement by the entire Volkswagen team. Our 200,000 employees have done a good job in the past 12 months. I am joined by my colleagues on the Board of Management in saying a big “thank you” to them.

Ladies and Gentlemen,

We have taken the first step. But we are very aware this is just the beginning of our journey. In principle, we have completed the first five kilometers of a marathon. So we have completed our warm up. We cannot be satisfied with what we have achieved so far, particularly as regards profitability. Many of our competitors still have the edge on us in this respect.

So what are our plans for the second year of TRANSFORM 2025+? We will continue to press ahead our strategic realignment. That applies among other things for our global model offensive, where we will be stepping up the pace further.

Our product pipeline is chock-full. In total, we currently have more than 50 vehicle projects at the development stage, including several SUVs. We will be launching more than ten new models per year up until 2020.
The more contemporary Jetta and the new Touareg will make their appearance soon. 2018 will see the premiere of important models such as the new T-Cross and the revamped Passat. We will be launching the Arteon in China and the USA next year, too. A total of four new SUVs will debut in China. In addition, we plan a strong expansion of our electric fleet. Our product portfolio will include 10-plus “New Energy Vehicles” by 2020.
SUVs are the engine for growth and profitability. Exaggerating a bit, you could say we earn the money we need for the e-mobility transformation from SUVs.

So we will be continuing with our SUV offensive in the coming years. By 2020, our portfolio will include some 20 SUVs, and SUVs will account for up to 40 percent of our unit sales. At the same time, we will continue to work on our cost basis.

Obviously, the central project until 2020 is our preparations for the electric offensive.

Volkswagen has always stood for bringing affordable innovations to the broader public. That held true for the Beetle and the Golf – and going forward, it will also hold true for the new generation of fully connected electric vehicles, and at some later point in the future for self-driving vehicles as well. In other words: the “Golf of the electric age” must also be a Volkswagen.

The technological backbone for our electric offensive is the “modular electrification toolkit”. It is one of the most powerful electric architectures worldwide, and fully exploits the potential of the electric car for the first time.
Our MEB vehicles offer long ranges and significantly more interior space, they have an entirely new design, and are fully connected, so they can be updated anywhere, any time.

When we say “fully connected”, we are talking about much more than just an Internet connection. We are redesigning the entire electronics system with the MEB and building the vehicle around three central computers.

Basically, what happens today is that each function has its own control unit with its own software. That makes updates extremely difficult, and often even impossible.

We are changing that with the MEB. In future, all functions will be controlled via the E³ central electronic architecture and the vw.OS operating system. That enables updating and upgrading at any time, so the car is always in step with the latest developments and new functions can be integrated.

With the MEB, we are truly making a quantum leap as regards digitalization. In terms of vehicle control, the E³ electronic architecture will set new standards in the volume segment.
Ladies and Gentlemen,

I explained earlier how important it will be to generate positive returns with electric vehicles. This chart shows that with the MEB, we will not only be able to meet our CO₂ targets, but will also be in a position to secure our return targets.

The MEB gives us a strong toolkit and attractive cars in the most important market segments. It not only gives us high product substance, above all it offers an outstanding cost position. With high economics of scale and a cost-optimized platform, our profitability when it comes to building electric vehicles will be noticeably higher than that of the competition.

We will successfully steer Volkswagen through the critical year of 2020 phase with a mix of profitable EVs and highly-profitable SUVs.

One more comment about economies of scale: the first I.D: models based on the MEB will be launched from 2020. We plan to deliver some 100,000 MEB vehicles in the first year alone.
In 2025, the Volkswagen brand will then be selling about 1 million MEB vehicles worldwide. If we include all Group brands, this figure increases to about 1.5 million.

China will play a key role. We signed the contracts with our Chinese joint ventures this month. Looking to the future, about two thirds of all MEB vehicles will be driving on the roads in China.
Ladies and Gentlemen,

The MEB is of paramount importance for the future of Volkswagen. Current investment planning reflects that: the brand will be investing some €6 billion in e-mobility over the next five years.

Development costs will account for one third, and refitting German factories will account for another third. Among other things, we will be turning our component plants in Salzgitter, Brunswick and Kassel into key suppliers for electric cars.

The biggest investments will be made in Zwickau: we will be spending around €1 billion in converting the factory into a pure-play e-mobility plant. From 2019, 6 MEB models from various Group brands, including the Volkswagen I.D., will leave the assembly line there.

Concentrating production in this way has big advantages: it enables us to bundle our electric know-how and makes manufacturing even more efficient. Zwickau in Saxony will therefore become the largest e-mobility competence center in Europe.
Ladies and Gentlemen,
When it comes to standards for fully-connected electric vehicles, I believe that only a few will come out on top. And high unit volumes will become even more relevant in terms of achieving economic success.

The MEB will be one of these global standards. We will be rolling out the MEB across our Group brands and in our regions, achieving significant economies of scale.

Outlook 2018: we will accelerate implementation of TRANSFORM 2025+

- Continue global model offensive, capture further market shares
- Continue to improve competitiveness
- Systematically press ahead with preparations for the electric offensive in 2020

Ladies and Gentlemen,
The Volkswagen brand is picking up speed and getting ready for the tasks that lie ahead. It is important for us to shape the transformation of individual mobility as a front runner in the long term, and to cope as best as possible with the immediate burdens facing our industry as 2020 approaches.

The fleet targets are a watershed for the automotive industry. We must be well prepared. We are already putting our brand in a good position with our “Transform 2025+” strategy and the “Zukunftspakt”. This has significantly improved Volkswagen’s initial situation. And the current financial year proves we can deliver.
However, I would like to point out that we have only just begun a longer-term catch-up process. Moreover, we must bear in mind that change brings many uncertainties – for example. New requirements as a result of regulations, new competitors or new players when it comes to autonomous driving.

Regardless of all optimistic forecasts about the future of the automobile, we are expecting new upheavals and tremendous challenges for the team and our company throughout this transition phase. The world of the automobile has become less predictable.

We must make sure Volkswagen is ready for this. A marathon lies ahead, we have set off and done pretty well for the first few kilometers. We know the course, we are constantly working on our fitness and are determined to clock up a good time when we cross the finish line.

Thank you for your attention.

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The following presentations contain forward-looking statements and information, which relate exclusively to the business development of the brand Volkswagen PKW of the Volkswagen Group. The business development of other brands or business fields of the Volkswagen Group is not subject of the following presentations.

These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group including the brand Volkswagen PKW currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

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.

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We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
Successful operating performance from January to September 2017

**Total sales revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>58.9</td>
<td>59.0</td>
</tr>
</tbody>
</table>

Not comparable with prev. year

**Operating result**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016 (before special items)</th>
<th>2017 (before special items)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>2.5</td>
<td>4.3% RoS</td>
</tr>
</tbody>
</table>

Increase in revenue compared to previous year

**SALES REVENUE IN EUR BILLION**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Sales¹)</td>
<td>78</td>
<td>~54</td>
<td>59</td>
</tr>
</tbody>
</table>

+ 8%

1) Unit sales from the joint venture companies in China are not included in the figures.
Operating result substantially improved

OPERATING RESULT IN EUR BILLIONS

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1.2</td>
<td>0.3</td>
<td>0.3</td>
<td>(0.5)</td>
<td>2.5</td>
<td>(2.6)</td>
<td></td>
</tr>
</tbody>
</table>

Note, due to rounding the sum of single variations can differ to total variation.

Research & Development costs and Capex Jan.-Sep. 2017

IN EUR BILLION AND AS % OF SALES REVENUES

<table>
<thead>
<tr>
<th>Total R&amp;D costs</th>
<th>of which capitalized</th>
<th>amortization</th>
<th>Recognized in the income statement</th>
<th>Capex Jan.-Sep. 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5</td>
<td>0.9</td>
<td>0.5</td>
<td>2.1</td>
<td>2.1</td>
</tr>
</tbody>
</table>

1) R&D capitalization percentage
**Strong focus on cash generation**

FREE CASH FLOW* IN EUR BILLIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018/2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target:</td>
<td>&gt;1 bn €</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Net Cash Flow w/o acquisition and disposal of equity investments

**Drivers:**
- Further strengthening of operating performance
- Productivity improvements and efficiency gains
- Capital discipline

→ Break even Cash Flow before 2020

**Key levers for improving the result of the Volkswagen brand by 2020**

**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

[ZUKUNFTS PAKT]
Midterm target for return on sales sharpened

OPERATING RETURN ON SALES

Continuation...
- Growth in SUV portfolio
- Implementation of the "Zukunftspakt"
- Turnaround in NAR, Brazil, Russia
- 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>Operating return on sales</td>
<td>1.8</td>
<td>Moderately exceed 3.5 % before special items</td>
<td>4 - 5 %</td>
<td>≥ 6 %</td>
</tr>
<tr>
<td>Capex ratio</td>
<td>4.7 %</td>
<td>4 - 5 %</td>
<td>4 - 5 %</td>
<td></td>
</tr>
<tr>
<td>R&amp;D cost ratio</td>
<td>4.3 %</td>
<td>4 %</td>
<td>4 %</td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>negative</td>
<td>&gt; € 1bn</td>
<td>&gt;&gt; € 1bn</td>
<td></td>
</tr>
</tbody>
</table>

Financial outlook and targets
ANNUAL ROUND-UP
2017

Jürgen Stackmann

Volkswagen brand – Global sales situation

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Deliveries</th>
<th>Change vs. Previous Year</th>
</tr>
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<tbody>
<tr>
<td>Q1</td>
<td>1,440,900</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Q2</td>
<td>1,494,200</td>
<td>+2.0%</td>
</tr>
<tr>
<td>Q3</td>
<td>1,555,700</td>
<td>+7.3%</td>
</tr>
<tr>
<td>October</td>
<td>550,900</td>
<td>+7.7%</td>
</tr>
</tbody>
</table>

DELIVERIES TO CUSTOMERS | CHANGE IN DELIVERIES TO CUSTOMERS VS. PREVIOUS YEAR | WORLDWIDE
Volkswagen brand – Global sales situation

**NORTH AMERICA**
- 489,300 (+4.0%)

**EUROPE excl. GERMANY**
- 967,800 (+2.3%)

**GERMANY**
- 441,800 (-6.9%)

**SOUTH AMERICA**
- 351,000 (+27.0%)

**ASIA PACIFIC**
- 2,641,800 (+3.3%)

**WORLD**
- 5,041,800 (+3.2%)

DELIVERIES TO CUSTOMERS | JAN-OCT 2017

**CHANGE OVERALL MARKET VS. PREVIOUS YEAR | JAN-OCT 2017**

**NORTH AMERICA**
- Overall market: -1.0%

**EUROPE EXCL. GERMANY**
- Overall market: +5.0%

**GERMANY**
- Overall market: +6.9%

**SOUTH AMERICA**
- Overall market: +13.0%

**ASIA PACIFIC**
- Overall market: +4.8%

**WORLD**
- Overall market: +3.1%
Almost all diesel vehicles in Germany have been retrofitted

APPROVAL BY AUTHORITIES

MODIFIED GERMANY

MODIFIED EUROPE

EU 100 %

GERMANY 91 %

EU 73 %

Regional offensive successfully launched

MARKET LAUNCHES AND WORLD PREMIERES | 2017
Three strategic fields build the heart of the Future Sales Model

ENTREPRENEURSHIP
Effectivity

€
PROFITABILITY AND EFFICIENCY
10% Optimization

CUSTOMER CENTRICITY
»Act as ONE«

“Act as one” in front of the customer

Today
- Manufacturer
- Importer
- Dealer
- Customer

Tomorrow
- Customer ID
- Vehicle ID
- Manufacturer
- Customer ID
- Dealer ID
- Dealer
- Importer
All documents in one click:
www.volkswagen-media-services.com