Volkswagen Group
Frank Witter
Chief Financial Officer
Roadshow with Société Générale, Paris, 7 December 2017
Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. 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 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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This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹)
(Growth y-o-y in deliveries to customers, January to October 2017 vs. 2016)

¹) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Deliveries to Customers by Brands
(January to October 2017 vs. 2016)

- **Passenger Cars**
  - Volkswagen Group: 8,479 (2017) vs. 8,747 (2016), +3.2%
  - Audi: 4,886 (2017) vs. 5,042 (2016), +3.2%
  - Skoda: 939 (2017) vs. 978 (2016), -1.3%
  - Seat: 1,560 (2017) vs. 1,540 (2016), +4.2%
  - Porsche: 346 (2017) vs. 395 (2016), +14.4%
  - Commercial Vehicles: 391 (2017) vs. 411 (2016), +5.1%

- **Commercial Vehicles**
  - Volkswagen Group: 8,747 (2017) vs. 8,479 (2016), +3.2%
  - Audi: 5,042 (2017) vs. 4,886 (2016), +3.2%
  - Skoda: 978 (2017) vs. 939 (2016), +4.2%
  - Seat: 1,540 (2017) vs. 1,560 (2016), -1.3%
  - Porsche: 395 (2017) vs. 346 (2016), +4.1%
  - Skoda: 411 (2017) vs. 391 (2016), +5.1%
  - Commercial Vehicles: 411 (2017) vs. 391 (2016), +5.1%

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.9% excl. Volkswagen Commercial Vehicles, Scania and MAN.
2) MAN incl. MAN Latin America Trucks and Busses GVW > 5t
Volkswagen Group – Deliveries to Customers by Markets 1)
(January to October 2017 vs. 2016)

Volkswagen Group – Deliveries to Customers by Markets 1)
(January to October 2017 vs. 2016)

1)Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.9% excl. Volkswagen Commercial Vehicles, Scania and MAN.
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 Brand1):

<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></td>
</tr>
<tr>
<td>Polo</td>
<td>€3,000</td>
<td></td>
</tr>
<tr>
<td>Golf, Golf Sportvan, Golf Estate, Tiguan, Tiguan Allspace, Beetle Cabrio</td>
<td>€5,000</td>
<td></td>
</tr>
<tr>
<td>Touran</td>
<td>€6,000</td>
<td></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>

<table>
<thead>
<tr>
<th>Powertrain type</th>
<th>„Future“ Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas (e.g. Golf TGI)</td>
<td>€1,000</td>
</tr>
<tr>
<td>Hybrid (e.g. Golf GTE; Passat GTE)</td>
<td>€1,785</td>
</tr>
<tr>
<td>Electric (e.g. e-up!; e-Golf)</td>
<td>€2,380</td>
</tr>
</tbody>
</table>

State subsidy²

Total support available per model

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

<table>
<thead>
<tr>
<th>Million Units</th>
<th>USA</th>
<th>Western Europe</th>
<th>Russia</th>
<th>Brazil</th>
<th>World</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuals</td>
<td>Forecast</td>
<td>Actuals</td>
<td>Forecast</td>
<td>Actuals</td>
<td>Forecast</td>
<td>Actuals</td>
</tr>
<tr>
<td>2016</td>
<td>17.6</td>
<td>14.0</td>
<td>1.3</td>
<td>2.0</td>
<td>82.0</td>
<td>23.1</td>
</tr>
<tr>
<td>2017</td>
<td>17.1</td>
<td>14.4</td>
<td>1.5</td>
<td>2.1</td>
<td>83.8</td>
<td>23.4</td>
</tr>
<tr>
<td>2020</td>
<td>16.9</td>
<td>14.1</td>
<td>2.1</td>
<td>2.7</td>
<td>89.6</td>
<td>25.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth 2017-2020 (%)</th>
<th>CAGR</th>
<th>Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>-3.0%</td>
<td>1) Volume for North &amp; South America includes light commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td>2017</td>
<td>-0.3%</td>
<td>2) Volume for North &amp; South America includes light commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td>2020</td>
<td>-2.7%</td>
<td>3) Volume for North &amp; South America includes light commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>-0.7%</td>
<td>4) Volume for North &amp; South America includes light commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>5) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>6) Volume for North &amp; South America includes light commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>7) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>8) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
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<tr>
<td></td>
<td>+2.2%</td>
<td>9) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
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<tr>
<td></td>
<td>+2.3%</td>
<td>10) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>11) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>12) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>13) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>14) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>15) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>16) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>17) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
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<tr>
<td></td>
<td>+2.3%</td>
<td>18) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>19) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>20) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>21) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>22) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>23) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>24) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>25) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
<tr>
<td></td>
<td>+2.3%</td>
<td>26) Volume for North &amp; South America includes light-commercial vehicles (definition 'Light Vehicles')</td>
</tr>
</tbody>
</table>

(Data source: IHS Automotive (10.2017) | Volume for North & South America includes light-commercial vehicles (definition 'Light Vehicles') | growth 2017-2020 = CAGR)
## Volkswagen Group – Key Financial Figures 1)
(January to September 2017 vs. 2016)

<table>
<thead>
<tr>
<th>Thousand vehicles / € million</th>
<th>2017</th>
<th>2016</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Sales 2)</td>
<td>7,913</td>
<td>7,653</td>
<td>+3.4</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>170,864</td>
<td>159,932</td>
<td>+6.8</td>
</tr>
<tr>
<td>Operating profit before Special Items</td>
<td>13,231</td>
<td>11,267</td>
<td>+17.4</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>10,636</td>
<td>8,647</td>
<td>+23.0%</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.2</td>
<td>5.4</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>-84</td>
<td>-488</td>
<td>X</td>
</tr>
<tr>
<td>of which: At-equity result2)</td>
<td>2,378</td>
<td>2,627</td>
<td>-9.5</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-2,462</td>
<td>-3,116</td>
<td>-21.0</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>10,552</td>
<td>8,159</td>
<td>+29.0%</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>6.2</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>7,735</td>
<td>5,915</td>
<td>+30.8%</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 €3,305 million (€3,594m).
Volkswagen Group – Analysis of Operating Profit¹)
(January to September 2017 vs. 2016)

¹All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without FS **) including PPA
# Volkswagen Group – Analysis by Business Line ¹)
(January to September 2017 vs. 2016)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars²)</td>
<td></td>
<td>2,632</td>
<td>3,234</td>
<td>58,871</td>
<td>77,725</td>
<td>2,504</td>
<td>1,244</td>
</tr>
<tr>
<td>Audi</td>
<td></td>
<td>1,147</td>
<td>1,166</td>
<td>44,235</td>
<td>44,017</td>
<td>3,941</td>
<td>3,918</td>
</tr>
<tr>
<td>ŠKODA</td>
<td></td>
<td>700</td>
<td>606</td>
<td>12,338</td>
<td>10,113</td>
<td>1,206</td>
<td>940</td>
</tr>
<tr>
<td>SEAT</td>
<td></td>
<td>436</td>
<td>400</td>
<td>7,255</td>
<td>6,535</td>
<td>154</td>
<td>137</td>
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<tr>
<td>Bentley</td>
<td></td>
<td>7</td>
<td>8</td>
<td>1,321</td>
<td>1,411</td>
<td>31</td>
<td>54</td>
</tr>
<tr>
<td>Porsche Automotive³)</td>
<td></td>
<td>180</td>
<td>177</td>
<td>15,703</td>
<td>15,291</td>
<td>2,890</td>
<td>2,760</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td></td>
<td>371</td>
<td>342</td>
<td>8,919</td>
<td>8,045</td>
<td>698</td>
<td>392</td>
</tr>
<tr>
<td>Scania⁴)</td>
<td></td>
<td>65</td>
<td>60</td>
<td>9,304</td>
<td>8,272</td>
<td>947</td>
<td>802</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td></td>
<td>80</td>
<td>74</td>
<td>7,970</td>
<td>7,213</td>
<td>269</td>
<td>204</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td></td>
<td>-</td>
<td>-</td>
<td>2,355</td>
<td>2,567</td>
<td>107</td>
<td>176</td>
</tr>
<tr>
<td>VW China⁵)</td>
<td></td>
<td>2,917</td>
<td>2,803</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other⁶)</td>
<td></td>
<td>-623</td>
<td>-1,217</td>
<td>-21,272</td>
<td>-41,592</td>
<td>-1,277</td>
<td>-896</td>
</tr>
<tr>
<td>Volkswagen Financial Services⁷)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>23,864</td>
<td>20,337</td>
<td>1,763</td>
<td>1,534</td>
</tr>
<tr>
<td>Volkswagen Group before Special Items</td>
<td></td>
<td>7,913</td>
<td>7,653</td>
<td>170,864</td>
<td>159,932</td>
<td>13,231</td>
<td>11,267</td>
</tr>
<tr>
<td>Special Items</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-2,595</td>
<td>-2,620</td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td></td>
<td>7,913</td>
<td>7,653</td>
<td>145,553</td>
<td>136,889</td>
<td>8,717</td>
<td>6,841</td>
</tr>
<tr>
<td>Automotive Division⁸)</td>
<td></td>
<td>7,913</td>
<td>7,653</td>
<td>145,553</td>
<td>136,889</td>
<td>8,717</td>
<td>6,841</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td></td>
<td>7,400</td>
<td>7,178</td>
<td>117,441</td>
<td>111,044</td>
<td>7,308</td>
<td>6,359</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td></td>
<td>513</td>
<td>475</td>
<td>25,757</td>
<td>23,278</td>
<td>1,484</td>
<td>491</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td></td>
<td>-</td>
<td>-</td>
<td>2,355</td>
<td>2,567</td>
<td>-75</td>
<td>-9</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td></td>
<td>-</td>
<td>-</td>
<td>25,311</td>
<td>23,042</td>
<td>1,919</td>
<td>1,806</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 €17,120 (16,470) million, operating profit €3,006 (2,858 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 €3,305 (3,594) 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.
‘Best ever’ Automotive Division Net Cash Flow (ex Diesel payments)  
(January to September 2017)

<table>
<thead>
<tr>
<th>€ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>-5</td>
</tr>
<tr>
<td>14.5</td>
</tr>
<tr>
<td>11.6</td>
</tr>
</tbody>
</table>

Net Cash Flow incl Diesel payments

Diesel outflow

Net Cash Flow underlying business

1) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

2) Including Chinese dividends in the amount of €3bn.
### Automotive Division Net Cash Flow Development 1) 2) (January to September 2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>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>2016</td>
<td>17.0</td>
<td>0.0</td>
<td>17.0</td>
<td>-7.8 (5.7%)</td>
<td>-4.2</td>
<td>0.2</td>
<td>5.2</td>
<td>2.3</td>
<td>7.5</td>
</tr>
</tbody>
</table>

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) Capital expenditure for property, plant and equipment in % of Automotive sales revenue.
Automotive Division - Net Liquidity on a robust level at September 30th 1)

3.5 3.0

Hybrid Bond  Increase Capital Dividend Diesel Other
27.2

25.4

3.0 14.5

8.0 0.3

All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
Volkswagen Group – Outlook for 2017

**Deliveries to customers**
- Moderately above prior year
  - 2015: 9,931
  - 2016: 10,297 (increase: +3.7%)

**Sales revenue**
- Up more than 4% above prior year level
  - 2015: €213.3 billion
  - 2016: €217.3 billion (increase: +1.9%)

**Operating return on sales**
- Moderately above range of 6.0% to 7.0%
  - 2015: 6.0%
  - 2016: 6.7%

*)before Special Items
Upcoming Premium and Luxury models enhancing our portfolio offer

Premium / Luxury models:

- A5 family
- Chiron
- Panamera
- A8 / A8L
- Cayenne
- Continental GT
- Urus
- Panamera Sport Turismo
- A4 Avant g-tron
- Panamera 4 E-Hybrid
- A7 Sportback
- A1 Sportback
- Q8

Dates: Market introduction of selected models

Q1 2017: Panamera
Q2 2017: Chiron, A5 Sportback g-tron
Q3 2017: A5 Sportback g-tron, Panamera, A4 Avant g-tron
Q4 2017: A8 / A8L, Cayenne

Upcoming 2018:
- A6
- Q3
- Q4
- Q5
Strong product momentum continues in Volume segments

Volume models:

- Teramont (CN)
- Leon FL family
- Arteon
- Polo
- Citigo FL
- T-Roc
- up! GTI
- Touareg
- Polo GTI
- Large SUV

Upcoming 2018

- Atlas (NAR)
- Arona
- Karoq
- SEAT Large SUV
- Jetta (NAR)
- Virtus (SAM)

Dates: Market introduction of selected models
Improving Group results despite significant challenges

- **Industry transition**
  - e-mobility
  - Digitalization
  - Autonomous Driving
  - Mix Trend (+SUV’s/-diesel)

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

**Return on Sales**

- **2016 Base**
  - 6.7%

- **2017 Outlook**
  - *moderately exceed* 6.0 - 7.0%

- **2020 Target**
  - 6.5 - 7.5%

- **2016 Base**
  - **2020 Target**
## Clear Financial Targets and Milestones

### Key financial targets

<table>
<thead>
<tr>
<th></th>
<th>2016 Actual</th>
<th>2017 Targets CMD March</th>
<th>2017 Outlook</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>
<td></td>
</tr>
<tr>
<td>Before Special Items</td>
<td>6.7%</td>
<td>6-7%</td>
<td>moderately exceed 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>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>13.9%</td>
<td>11-13%</td>
<td>moderately exceed 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>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>6.9%</td>
<td>6.6%</td>
<td>~6.6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>R&amp;D cost ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>7.3%</td>
<td>6.7%</td>
<td>~6.7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td></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>negative</td>
<td>≥ 10</td>
<td>&gt; 10</td>
</tr>
<tr>
<td>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>&gt; € 15 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn</td>
<td>~10% of Group turnover</td>
</tr>
</tbody>
</table>
### Updating Guidance Group Financial Performance 2020

#### Result 2016

<table>
<thead>
<tr>
<th>Sales revenue (€ bn)</th>
<th>217.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit (€ bn)</td>
<td>7.1</td>
</tr>
<tr>
<td>Profit before tax (€ bn)</td>
<td>7.3</td>
</tr>
<tr>
<td>Earnings per Pref. Share</td>
<td>10.3 €</td>
</tr>
</tbody>
</table>

#### 2020 Update

<table>
<thead>
<tr>
<th>CMD March</th>
<th>PR 66</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ &gt; 20 %</td>
<td>+ &gt; 25 %</td>
</tr>
<tr>
<td>+ 25 %</td>
<td>+ ≥ 25 %</td>
</tr>
<tr>
<td>+ ≥ 25 %</td>
<td>+ ≥ 30 %</td>
</tr>
<tr>
<td>+ ≥ 25 %</td>
<td>+ &gt; 25 €</td>
</tr>
</tbody>
</table>
CAPEX Automotive Division
(€ billion, as % of sales revenue)
## R&D Cost Automotive Division

(€ billion, as % of sales revenue)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost (%)</td>
<td>5.5%</td>
<td>7.4%</td>
<td>7.3%</td>
<td>~6.7%</td>
<td>6%</td>
<td>6%</td>
<td>~13%</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

- **9.5**
- **11.7**
- **13.1**
- **13.6**
- **13.7**
- **21**

### Floor Plan

- **Deliveries & Global Trends**
- **Key Financials & Cash**
- **Strategic Outlook & Milestones**
- **Brands / Regions**
- **Diesel**
- **Remuneration**
- **Integrity & Compliance**
- **Commitment**
Automotive Division-Net Cash Flow (ex Diesel payments) ¹)
in € billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>6.1</td>
</tr>
<tr>
<td>2015</td>
<td>8.9</td>
</tr>
<tr>
<td>2016</td>
<td>7.3</td>
</tr>
<tr>
<td>2017</td>
<td>7.3</td>
</tr>
</tbody>
</table>

¹) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
²) Before around € 3 bn in 2016 and expected € 17 bn in 2017 Diesel related outflow
Sufficient Net Liquidity as a basis for increasing payout toward target

1) Total dividend in percent of net income attributable to shareholders
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. Strengthen innovation power
17. Better integrated and strategic planning process
Modular Architecture: Key to profitability and delivery of our strategy

Roadmap E

- New mobility
  - 3rd EV wave
  - 2nd EV wave
  - 1st EV wave

- SUV expansion
- Transformation
- Conventional product portfolio
- Toolkit strategy mainly based on MQB & MLB
- Engines strategy

- Leader in e-mobility
- Global leader in mobility

2017 2018 2019 2020 2021

2030

1)mainly based on MEB  2)based on PPE (dedicated Architecture for premium segment)  3)based on SPE (dedicated Architecture for sport segment)
**Strong Increase in our SUV mix**

SUV mix by region based on expected regional Group sales

<table>
<thead>
<tr>
<th>Year</th>
<th>NAR</th>
<th>China</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>2017</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>2018</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>2019</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>2020</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>2021</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Building blocks to provide sustainable mobility solutions

Efficient conventional combustion engines & alternative powertrains

- Mobility Services
- Self Driving System
- MOIA
- Gett
- Sustainable Mobility
- Battery
- Charging infrastructure
- E-mobility
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
Advances in battery technology will improve range, weight and costs

* basis: eGolf with comparable battery volume
Battery costs will decrease significantly by 2020

Target: < 100€ / kWh
The PPE\textsuperscript{1}) – Architecture for fully electric Premium Mobility

Three model families and drivetrains from middle to luxury segments
Prepared for highly automated and autonomous driving
Jointly developed by Audi and Porsche
 Completely new electronics, to be updated over the air

Common modules and scale effects save up to 30\% development costs
(compared to brand exclusive developments)
Flexibility: Architecture open for other brands to be used in the future

\textsuperscript{1) PPE = Premium Platform Electric}
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 in the period to 2030
Launch of Pan-European High-Power Charging Network IONITY

- Joint Venture of automotive manufacturers enables electric mobility on long-distance journeys
- Building of a High-Power-Charging (HPC) Network for electric vehicles starts operation
- 20 stations in multiple European countries starts already in 2017
- IONITY will implement and operate about 400 fast charging stations across European major thoroughfares until 2020
- A charging capacity of up to 350 kW enables to reduce charging time significantly when compared to existing systems
- Multi-brand compatibility with current and future generations of electric vehicles through Combined Charging System (CCS)

1) The founding partners, BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group, have equal shares in the joint venture, while other automotive manufacturers are invited to help expand the network.
Electrify America: Start to execute the National ZEV plan (Zero Emissions Vehicles)

**First cycle network**
- Phase 1 long-distance site (initial implementation)
- Phase 2 long-distance site
- Potential metro area

**Key features of Appendix C**

**Investment**
- $2bn total investment over 10 years at $500m per 30-month cycle
  - $1.2bn 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
- 2010: Autonomous Audi TTS “Shelley” climbs Pikes Peak
- 2016: Volkswagen Group >200 AV related patents
- 2017: SEDRIC is Volkswagen Group’s first Level 5 vehicle
- 2018: Production-ready by 2021: Self-Driving System
- 2021: Battery Electric Special Purpose Shuttle
- 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
# Overview Brand Targets (RoS, RoE)

## Return on Sales in %

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>6.7</td>
<td>6-7</td>
<td>6.5-7.5</td>
<td>7.0-8.0</td>
</tr>
<tr>
<td>Volkswagen Brand</td>
<td>1.8</td>
<td>3.5</td>
<td>4-5</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><strong>Volkswagen Commercial Vehicles</strong></td>
<td>4.1</td>
<td>3-4</td>
<td>4-5</td>
<td>&gt;6</td>
</tr>
<tr>
<td><strong>Truck &amp; Bus Business</strong>(^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><strong>MAN Commercial Vehicles</strong></td>
<td>2.3</td>
<td>6-7</td>
<td></td>
<td></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

## Return on Equity (norm. 8%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen Financial Services</strong></td>
<td>15.6%</td>
<td>14-16%</td>
<td>14-16%</td>
<td>20%</td>
</tr>
</tbody>
</table>
The "TRANSFORM 2025+" strategy will put the brand to the top of the automotive industry

1. Radical restructuring
   - Brand positioning "top of volume"
   - SUV offensive
   - Regions (China, NAR, SAM)
   - Economy markets
   - Zukunftspakt
   - Product margins
   - Agile organisation

2. Leap to the top of electric mobility
   - Electro offensive
   - Digital ecosystem
   - Operational excellence

3. Major transformation
   - Automated driving
   - New fields of mobility

2015 Diesel crisis 2% RoS*

2020 Leading & profitable volume manufacturer 4-5% 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

<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>moderately exceed 3.5</td>
<td>4.0 – 5.0</td>
<td>≥ 6.0</td>
</tr>
</tbody>
</table>

“at the upper end of the range”
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></td>
<td>• Increase of productivity by 25%</td>
</tr>
<tr>
<td></td>
<td>• Reduction of plant costs</td>
</tr>
<tr>
<td>Working Group 2</td>
<td>Components</td>
</tr>
<tr>
<td></td>
<td>• Increase of productivity by 25%</td>
</tr>
<tr>
<td></td>
<td>• Discontinuation of unprofitable products</td>
</tr>
<tr>
<td>Working Group 3</td>
<td>Technical Development</td>
</tr>
<tr>
<td></td>
<td>• Reduction of hardware-oriented development work</td>
</tr>
<tr>
<td></td>
<td>• Increased efficiency in development processes</td>
</tr>
<tr>
<td>Working Group 4</td>
<td>Administration</td>
</tr>
<tr>
<td></td>
<td>• Reduction of bureaucracy</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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.5</td>
</tr>
<tr>
<td>2018</td>
<td>7.5</td>
</tr>
<tr>
<td>2019</td>
<td>5.0</td>
</tr>
<tr>
<td>2020</td>
<td>5.0</td>
</tr>
<tr>
<td>Target 2020</td>
<td>25.0</td>
</tr>
</tbody>
</table>

**FIXED COSTS IN GERMANY**
(€ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2012</th>
<th>2015</th>
<th>2016</th>
<th>Target 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-300 Mio.</td>
<td>≈</td>
</tr>
</tbody>
</table>
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
Rollout of MQB in the North American region to realize economies of scale and efficiencies

Local MQB production is increasing from around 10% to > 80% midterm, positive impacts:

• Increasing capacity utilization
• Improving fix costs
• Higher investment efficiency as MQB basic investments are already complete
A product offensive is initiating 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, €2.5bn investment

• New brand positioning

• New growth strategy for Latin America
2017 is being shaped by a high product momentum

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

**Dates:**
- **Jan:** up! PA (SAM)
- **Feb:** Tiguan LWB (NAR)
- **March:**
- **April:** T-Roc (EU)
- **May:**
- **June:**
- **July:**
- **Aug:**
- **Sept:**
- **Oct:**
- **Nov:**
- **Dec:** Jetta (NAR)

**Brands / Regions**
- **Deliveries & Global Trends**
- **Key Financials & Cash**
- **Strategic Outlook & Milestones**
- **Brands / Regions**
- **Diesel**
- **Remuneration**
- **Integrity & Compliance**
- **Commitment**
Further roll-out of MQB offers substantial benefits

- 20% in 2015
- 40% in 2017
- 70% in 2020
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Material Costs</th>
<th>R&amp;D</th>
<th>Production costs / tooling</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>~200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>Up to 1,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key common powertrain platforms

- Base engine
- After-treatment
- Transmission
- Axles
## Global expansion on track with Navistar alliance

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Equity investment</strong></td>
</tr>
<tr>
<td></td>
<td><em>16.9% equity stake in Navistar by way of capital increase</em></td>
</tr>
<tr>
<td>2</td>
<td><strong>Strategic technology and supply cooperation</strong></td>
</tr>
<tr>
<td></td>
<td><em>Companies to collaborate on technology for powertrain systems, as well as other advanced technologies</em></td>
</tr>
<tr>
<td>3</td>
<td><strong>Procurement joint venture</strong></td>
</tr>
<tr>
<td></td>
<td><em>Procurement joint venture is pursuing joint global sourcing opportunities</em></td>
</tr>
<tr>
<td>4</td>
<td><strong>Governance</strong></td>
</tr>
<tr>
<td></td>
<td><em>2 VW T&amp;B representatives nominated to Navistar Board of Directors. Joint Alliance Board to govern overall alliance</em></td>
</tr>
</tbody>
</table>

*As at 30.09.2017*
Volkswagen Group China performance
(January to October 2017 vs. 2016)

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

-8.0%  3,594  3,305
2016  2017

+9.6%  246  223
-4.5%  257  472
-3.0%  487  55

3,293
3,218
3.218
3.293
+2.3%

3.218
CAFC and NEV Credit System

- Independent management of CAFC\(^1\) and NEV credits
- Companies need to fulfill both requirements

CAFC\(^1\) Credits:
- Transfer between affiliated companies
- Credit carry-over to next 3 years with depreciation
- Option to use positive NEV credits

NEV Credits:
- No transfer from CAFC credits to NEV credits
- Carry-over of positive and negative NEV credits from 2019 to 2020
- Trading of NEV credits allowed

The rules will be further supplemented.

\(^1\)CAFC – Corporate Average Fuel Consumption
\(^2\) MIIT – Ministry of Industry and Information Technology
\(^3\) ICE – Internal Combustion Engine
\(^4\) BEV – Battery Electric Vehicle
\(^5\) PHEV – Plug-in Hybrid Electric Vehicle

### MIIT\(^2\) draft for NEV Credit Calculation

\[
\text{min. NEV credit points} = \text{ICE}^3\) Volume \times \text{NEV credit point ratio}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>10%</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

Example 2019:
1 million ICEs need 100,000 NEV credit points

### NEV Credit Point Attribution per NEV Type

**BEV\(^4\):** Basic credit = \(0.012 \times \text{Range} + 0.8\) (max. 5 basic credits)
BEV additional factor for low electric consumption up to 1.2

**PHEV\(^5\):** Basic credit = 2 (min. e-Range 50km)
PHEV credit = 1 if e-range 50-80km and consumption \(\geq 70\%\) ICE

3\)CAFC – Corporate Average Fuel Consumption  
2\) MIIT – Ministry of Industry and Information Technology  
3\)ICE – Internal Combustion Engine  
4\)BEV – Battery Electric Vehicle  
5\)PHEV – Plug-in Hybrid Electric Vehicle
We will be prepared to deliver around 400,000 NEVs by 2020 and 1,500,000 by 2025

**Introduction of locally produced NEV**

**Phase 1**
Plug-in hybrids based on current toolkits

**Phase 2**
Pure electric vehicles based on current toolkits

**Phase 3**
Pure electric vehicles based on scalable electric toolkit

**Mass market BEV cooperation**
New product offering with an expanded SUV line-up ¹)

Body style trends until 2020¹)

<table>
<thead>
<tr>
<th>Body Style</th>
<th>2016</th>
<th>2020e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest</td>
<td>40%</td>
<td>46%</td>
</tr>
<tr>
<td>SUV</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MPV</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Notchback &amp; Hatchback</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

New vehicle launches 2017 and to follow²)

SUV
- Teramont
- KODIAQ
- Tiguan LWB
- KAROQ
- ... (remaining models)

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

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

**Strong global presence**

- **Rising penetration rates**
  
<table>
<thead>
<tr>
<th>Year</th>
<th>w/o China</th>
<th>with China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>26.4%</td>
<td>33.1%</td>
</tr>
<tr>
<td>2009</td>
<td>25.0%</td>
<td>33.5%</td>
</tr>
<tr>
<td>2010</td>
<td>24.7%</td>
<td>33.1%</td>
</tr>
<tr>
<td>2011</td>
<td>25.4%</td>
<td>33.1%</td>
</tr>
<tr>
<td>2012</td>
<td>27.5%</td>
<td>33.1%</td>
</tr>
<tr>
<td>2013</td>
<td>28.9%</td>
<td>33.1%</td>
</tr>
<tr>
<td>2014</td>
<td>30.6%</td>
<td>33.1%</td>
</tr>
<tr>
<td>2015</td>
<td>31.3%</td>
<td>33.1%</td>
</tr>
<tr>
<td>2016</td>
<td>33.1%</td>
<td>33.1%</td>
</tr>
<tr>
<td>2017</td>
<td>40.7%</td>
<td>47.5%</td>
</tr>
</tbody>
</table>

\(^1\) Excluding activities of Scania and Porsche Holding Salzburg; including Financial Services of Porsche AG and MAN Financial Services.

**Continuous portfolio expansion**

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
<th>Total portfolio in '000 contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,964</td>
<td>1,505</td>
<td>316</td>
<td>16,940</td>
</tr>
<tr>
<td>2009</td>
<td>2,148</td>
<td>1,508</td>
<td>3,567</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2,246</td>
<td>1,524</td>
<td>3,712</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2,691</td>
<td>1,639</td>
<td>3,930</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3,281</td>
<td>1,908</td>
<td>4,551</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>3,796</td>
<td>1,983</td>
<td>4,946</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4,549</td>
<td>2,274</td>
<td>5,560</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>6,322</td>
<td>2,518</td>
<td>5,833</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>7,218</td>
<td>2,760</td>
<td>6,155</td>
<td></td>
</tr>
<tr>
<td>Jan-Sep 2017</td>
<td>7,568</td>
<td>3,016</td>
<td>6,356</td>
<td>16,940</td>
</tr>
</tbody>
</table>

**Diversified funding structure**

- **Asset backed securitization**
- **Bonds, Commercial Paper, liabilities to financial institutions**
- **Customer deposits**
- **Equity, liabilities to affiliated companies, other**

30.09.2017: €181.1 bn
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 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></th>
<th>Diesel</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Restructuring:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Truck Business</td>
<td>0.2</td>
</tr>
<tr>
<td>2015</td>
<td>Legal</td>
<td>Passenger Cars South America</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>Other items</td>
<td>Airbags Takata</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td></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>Scania Anti-Trust Proceedings</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
<td>0.7</td>
</tr>
<tr>
<td>2016</td>
<td>Mainly legal risks</td>
<td></td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>Buyback/retrofit program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan-Sept 2017</td>
<td>Legal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total to date</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>27.0</td>
</tr>
<tr>
<td></td>
<td>25.2</td>
<td>1.8</td>
<td></td>
</tr>
</tbody>
</table>

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, around €7bn in Q2 and around €2.5bn in Q3.
Technical solution in Europe/RoW simple and relatively easy to implement

- 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)

Predominantly software-only solution

Update status

Almost 6.2m units have been updated (status 19 October 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
The Volkswagen Convention – Integrity, Culture and Compliance ¹)

**Highlights**

- Experience-based discussions with self-reflection by all managers to enable mindset change and common understanding
- ~ 7,800 Managers through all levels from Board Member to Production Managers
- 25 „Working Labs“ in each convention
- Accompanied by Web-Based-Training on Integrity, Culture and Compliance
- Cascade of learnings from managers to all employees

**Managers as Role Models**

- Taking on responsibility
- Building trust
- Becoming more agile and flexible in thinking and doing

¹) Held in Nov/Dec 2017
Upcoming tasks to master challenges and make use of opportunities

<table>
<thead>
<tr>
<th>Improving the core business</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Safeguarding the profitability in core regions; ongoing recovery in NAR/SAM/Russia</td>
</tr>
<tr>
<td>• Future pact continues to be implemented</td>
</tr>
<tr>
<td>• Strong cash generation and capex/R&amp;D discipline as a precondition</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transformation towards more E-Mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Working on CO₂ Compliance / WLTP implementation</td>
</tr>
<tr>
<td>• Profitability of Electric Vehicles</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strengthen innovation power</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Be software leaders in Digitalization &amp; Connectivity</td>
</tr>
<tr>
<td>• Deliver profitable Mobility Services</td>
</tr>
</tbody>
</table>
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The new remuneration system is designed to be completely forward-looking.

**Current system: backward-looking**
- **LTI** (4 years retrospectively)
- Special remuneration (2 years retrospectively)
- **PLB**
- Fixed remuneration

**Future: forward-looking**
- **Payout after FY\textsubscript{n}**
- **Performance Share Plan** (3 years forward-looking)
- **Payout after FY\textsubscript{n+2}**
- **Annual Bonus**
- **Fixed remuneration**

**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
Volkswagen SEDRIC
Volkswagen T-Roc
Audi A7 Sportback
ŠKODA Karoq
Porsche Cayenne
Bentley Continental GT
Lamborghini Aventador S Roadster
Volkswagen Amarok
Scania G 450 XT 8x4