Volkswagen Group
Volkswagen AG / Volkswagen Financial Services
Kepler Cheuvreux & UniCredit: 17th German Corporate Conference
Frankfurt, 16-17 January 2018
Disclaimer

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Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

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 Such statements are valid on the date of publication and can be superseded.

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Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to November 2017 vs. 2016)

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

![Graph showing deliveries by brands]

- **Passenger Cars**
  - January – November 2016: 9,375 units
  - January – November 2017: 9,743 units
  - Change: +3.9%

- **Commercial Vehicles**
  - January – November 2016: 1,713 units
  - January – November 2017: 1,700 units
  - Change: -0.8%

### Key Financials & Cash

- **January – November 2017**:
  - Revenue: 380 billion euros
  - EBIT: 218 billion euros
  - EPS: 227 euros

### Strategic Outlook & Milestones

- **Diesel Integrity & Compliance Commitment**
  - Volkswagen Group: 434 billion euros
  - MAN: 455 billion euros

### Notes:
1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +3.7% 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 November 2017 vs. 2016)

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 (Jan-Nov)</th>
<th>2017 (Jan-Nov)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>9,375</td>
<td>9,743</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>3,263</td>
<td>3,314</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Central &amp; Eastern</td>
<td>600</td>
<td>678</td>
<td>+13.1%</td>
</tr>
<tr>
<td>North America</td>
<td>845</td>
<td>885</td>
<td>+4.7%</td>
</tr>
<tr>
<td>South America</td>
<td>385</td>
<td>483</td>
<td>+25.5%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3,901</td>
<td>4,017</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>383</td>
<td>367</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +3.7% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Global Passenger Car Market 2017/2020

Slowdown in Western Europe due to falling demand in UK; Stagnation in USA at a high level; Recovery in Brazil and Russia from a low level; China remains largest driver of passenger car demand

<table>
<thead>
<tr>
<th></th>
<th>Million Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>USA¹</td>
<td>17.2</td>
</tr>
<tr>
<td></td>
<td>-1.1%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>14.4</td>
</tr>
<tr>
<td></td>
<td>+0.8%</td>
</tr>
<tr>
<td>Russia</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>+16.8%</td>
</tr>
<tr>
<td>Brazil¹</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>12.9%</td>
</tr>
<tr>
<td>World¹</td>
<td>84.4</td>
</tr>
<tr>
<td></td>
<td>+1.7%</td>
</tr>
<tr>
<td>China</td>
<td>23.8</td>
</tr>
<tr>
<td></td>
<td>+0.5%</td>
</tr>
</tbody>
</table>

| Data source: IHS Automotive (12.2017) | ¹Volume for North & South America includes light commercial vehicles (definition ‘Light Vehicles’) | growth 2017-2020 = CAGR
### Volkswagen Group – Key Financial Figures¹)

(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><strong>Vehicle Sales</strong>²)</td>
<td>7,913</td>
<td>7,653</td>
<td>+3.4</td>
</tr>
<tr>
<td><strong>Sales revenue</strong></td>
<td>170,864</td>
<td>159,932</td>
<td>+6.8</td>
</tr>
<tr>
<td><strong>Operating profit before Special Items</strong></td>
<td>13,231</td>
<td>11,267</td>
<td>+17.4</td>
</tr>
<tr>
<td><strong>% of sales revenue</strong></td>
<td>7.7</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>10,636</td>
<td>8,647</td>
<td>+23.0%</td>
</tr>
<tr>
<td><strong>% of sales revenue</strong></td>
<td>6.2</td>
<td>5.4</td>
<td></td>
</tr>
<tr>
<td><strong>Financial result</strong></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><strong>Profit before tax</strong></td>
<td>10,552</td>
<td>8,159</td>
<td>+29.3</td>
</tr>
<tr>
<td><strong>% Return on sales before tax</strong></td>
<td>6.2</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td><strong>Profit after tax</strong></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. Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.

²) Volume data incl. 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)

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without FS. **) incl.PPA.

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**Passenger Cars**¹\(^*/\(^{**}\)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume/Mix/Prices</strong></td>
<td>11.3</td>
<td>2.3</td>
<td>2.3</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Exchange Rates</strong></td>
<td></td>
<td>0.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Product Costs</strong></td>
<td></td>
<td>0.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Costs</strong></td>
<td></td>
<td>-1.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Commercial Vehicles</strong>*</td>
<td></td>
<td>0.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Power Engineering</strong>**</td>
<td></td>
<td>-0.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td></td>
<td>0.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Jan – Sept 2017 bef. Spec. Items</strong></td>
<td>13.2</td>
<td>-2.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Jan – Sept 2017 incl. Spec. Items</strong></td>
<td>10.6</td>
<td>-2.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Volkswagen Group – Analysis by Business Line

(January to September 2017 vs. 2016)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars 2)</td>
<td>2,632</td>
<td>58,871</td>
<td>2,504</td>
<td>4.3%</td>
<td>3,234</td>
<td>77,725</td>
<td>1,244</td>
<td>1.6%</td>
</tr>
<tr>
<td>Audi</td>
<td>1,147</td>
<td>44,235</td>
<td>3,941</td>
<td>8.9%</td>
<td>1,166</td>
<td>44,017</td>
<td>3,918</td>
<td>8.9%</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>700</td>
<td>12,338</td>
<td>1,206</td>
<td>9.8%</td>
<td>606</td>
<td>10,113</td>
<td>940</td>
<td>9.3%</td>
</tr>
<tr>
<td>SEAT</td>
<td>436</td>
<td>7,255</td>
<td>154</td>
<td>2.1%</td>
<td>400</td>
<td>6,535</td>
<td>137</td>
<td>2.1%</td>
</tr>
<tr>
<td>Bentley</td>
<td>7</td>
<td>1,321</td>
<td>31</td>
<td>2.3%</td>
<td>8</td>
<td>1,411</td>
<td>54</td>
<td>3.8%</td>
</tr>
<tr>
<td>Porsche Automotive 3)</td>
<td>180</td>
<td>15,703</td>
<td>2,890</td>
<td>18.4%</td>
<td>177</td>
<td>15,291</td>
<td>2,760</td>
<td>18.0%</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>371</td>
<td>8,919</td>
<td>698</td>
<td>7.8%</td>
<td>342</td>
<td>8,045</td>
<td>392</td>
<td>4.9%</td>
</tr>
<tr>
<td>Scania 4)</td>
<td>65</td>
<td>9,304</td>
<td>947</td>
<td>10.2%</td>
<td>60</td>
<td>8,272</td>
<td>802</td>
<td>9.7%</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>80</td>
<td>7,970</td>
<td>269</td>
<td>3.4%</td>
<td>74</td>
<td>7,213</td>
<td>204</td>
<td>2.8%</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>-</td>
<td>2,355</td>
<td>107</td>
<td>4.5%</td>
<td>-</td>
<td>2,567</td>
<td>176</td>
<td>6.9%</td>
</tr>
<tr>
<td>VW China 3)</td>
<td>2,917</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,803</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other 4)</td>
<td>-623</td>
<td>-21,272</td>
<td>-1,277</td>
<td>-896</td>
<td>-1,217</td>
<td>-41,592</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Volkswagen Financial Services 7)</td>
<td>-</td>
<td>23,864</td>
<td>1,763</td>
<td>7.7%</td>
<td>-</td>
<td>20,337</td>
<td>1,534</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>Volkswagen Group before Special Items</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td><strong>13,231</strong></td>
<td><strong>11,267</strong></td>
<td><strong>7.7%</strong></td>
<td><strong>7.0%</strong></td>
</tr>
<tr>
<td><strong>Special Items</strong></td>
<td>-</td>
<td>-</td>
<td>-2,595</td>
<td>-</td>
<td>-</td>
<td>-2,620</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>7,913</td>
<td>170,864</td>
<td>10,636</td>
<td>-</td>
<td>7,653</td>
<td>159,932</td>
<td>8,647</td>
<td>-</td>
</tr>
<tr>
<td><strong>Automotive Division 8)</strong>*</td>
<td>7,913</td>
<td>145,553</td>
<td>8,717</td>
<td>-</td>
<td>7,653</td>
<td>136,889</td>
<td>6,841</td>
<td>-</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>7,400</td>
<td>117,441</td>
<td>7,308</td>
<td>-</td>
<td>7,178</td>
<td>111,044</td>
<td>6,359</td>
<td>-</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>513</td>
<td>25,757</td>
<td>1,484</td>
<td>-</td>
<td>475</td>
<td>23,278</td>
<td>491</td>
<td>-</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>2,355</td>
<td>-75</td>
<td>-</td>
<td>-</td>
<td>2,567</td>
<td>-9</td>
<td>-</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>25,311</td>
<td>1,919</td>
<td>-</td>
<td>-</td>
<td>23,042</td>
<td>1,806</td>
<td>-</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) Incl. 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) Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.
‘Best ever’ Automotive Division Net Cash Flow (ex Diesel payments)\textsuperscript{1)}
(January to September 2017)

Net Cash flow incl Diesel payments: \(-2.9\)

Diesel outflow: \(14.5\)

Net Cash flow underlying business: \(11.6\textsuperscript{2)}\)

\textsuperscript{1)} Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.

\textsuperscript{2)} Incl. Chinese dividends in the amount of €3bn.
Automotive Division Net Cash Flow Development¹ ²
(January to September 2017)

<table>
<thead>
<tr>
<th>€ billion</th>
<th>2016³</th>
<th>17.0</th>
<th>0.0</th>
<th>17.0</th>
<th>-7.8 (5.7%)</th>
<th>-4.2</th>
<th>0.2</th>
<th>5.2</th>
<th>2.3</th>
<th>7.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow before Diesel Outflow</td>
<td>Diesel Outflow</td>
<td>Cash flow from operating activities</td>
<td>Capex ³)</td>
<td>Capitalized development costs</td>
<td>Other</td>
<td>Net cash flow before equity investments</td>
<td>Acquisition and disposal of equity investments</td>
<td>Net cash flow</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ² Incl. 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
27.2
25.4
Hybrid Bond
Capital increase Volkswagen FS AG
Dividend pay-out to Volkswagen AG shareholders
Chinese Dividends
Diesel Outflow
Operating Business
Other
30.09.2017

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

Deliveries to customers ('000 vehicles)

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries to customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>9,931</td>
</tr>
<tr>
<td>2016</td>
<td>10,297</td>
</tr>
</tbody>
</table>

Deliveries to customers
Moderately above prior year

Sales revenue (€ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>213.3</td>
</tr>
<tr>
<td>2016</td>
<td>217.3</td>
</tr>
</tbody>
</table>

Sales revenue
Up more than 4% above prior year level

Operating return on sales (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating return on sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6.0(^1)</td>
</tr>
<tr>
<td>2016</td>
<td>6.7(^1)</td>
</tr>
</tbody>
</table>

Operating return on sales
Moderately above range of 6.0% to 7.0%

\(^1\) before Special Items.
Upcoming Premium and Luxury models enhancing our portfolio offer

Premium / Luxury models:

- A5 family
- Chiron
- Panamera 4 E-Hybrid
- Cayenne
- Continental GT
- Urus
- A6
- Panamera
- A5 Sportback g-tron
- A4 Avant g-tron
- Panamera Sport Turismo
- A7 Sportback
- A1 Sportback
- Q8
- Q3
- Q4
- Q3
- Q2
- Q1

Dates: Market introduction of selected models
Strong product momentum continues in Volume segments

Volume models:

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

Upcoming 2018:
-Atlas (NAR)
-Arona
-Karoq
-Jetta (NAR)
-SEAT Large SUV

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% CO$_2$ emission
  - US -35% CO$_2$ 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%
## Clear Financial Targets and Milestones

<table>
<thead>
<tr>
<th>Key financial targets</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 Before Special Items</strong></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 Automotive Division before Special Items</strong></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 Automotive Division</strong></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 Automotive Division</strong></td>
<td>7.3%</td>
<td>6.7%</td>
<td>~6.7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Cash Automotive Division</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 bn</td>
<td>&gt; € 10 bn</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

<table>
<thead>
<tr>
<th></th>
<th>Result 2016</th>
<th>2020 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales revenue (€ bn)</strong></td>
<td>217.3</td>
<td><strong>CMD March</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>PR 66</strong></td>
</tr>
<tr>
<td></td>
<td><strong>after</strong></td>
<td><strong>+ &gt; 20 %</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Special Items</strong></td>
<td><strong>+ &gt; 25 %</strong></td>
</tr>
<tr>
<td><strong>Operating profit (€ bn)</strong></td>
<td>7.1</td>
<td><strong>+ 25 %</strong></td>
</tr>
<tr>
<td></td>
<td><strong>before</strong></td>
<td><strong>+ ≥ 25 %</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Special Items</strong></td>
<td><strong>+ ≥ 25 %</strong></td>
</tr>
<tr>
<td><strong>Profit before tax (€ bn)</strong></td>
<td>7.3</td>
<td><strong>+ ≥ 25 %</strong></td>
</tr>
<tr>
<td></td>
<td><strong>before</strong></td>
<td><strong>+ ≥ 30 %</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Special Items</strong></td>
<td><strong>+ &gt; 25 €</strong></td>
</tr>
<tr>
<td><strong>Earnings per Pref. Share</strong></td>
<td>10.3 €</td>
<td><strong>+ ≥ 25 %</strong></td>
</tr>
</tbody>
</table>

### Notes:
- Special Items include April 2020 adjustment for Diesel in Brazil.
CAPEX Automotive Division
(€ billion, as % of sales revenue)
R&D Cost Automotive Division
(€ billion, as % of sales revenue)
Automotive Division - Net Cash Flow (ex Diesel payments) \(^1\)
in € billion

- **2014**: 6.1
- **2015**: 8.9
- **2016\(^2\)**: 7.3
- **2017\(^2\)**: 7.3

\(^1\) Incl. 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

Dividend pay-out ratio \(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>within next 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend</td>
<td>21%</td>
<td>21%</td>
<td>20%</td>
<td></td>
<td>30%</td>
</tr>
</tbody>
</table>

\(^1\) 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. Better integrated and strategic planning process

Transform core business

Build mobility solutions business

Strengthen innovation power

Secure funding
Modular Architecture: Key to profitability and delivery of our strategy

Roadmap E

- **SUV expansion**
- **Transformation**
  - Conventional product portfolio
  - Toolkit strategy mainly based on MQB & MLB
- **Engines strategy**
- **New mobility**
  - 1st EV wave 1)
  - 2nd EV wave 2)
  - 3rd EV wave 3)
- **Leader in e-mobility**
- **Global leader in mobility**

2017 - 2030

1) Mainly based on MEB.
2) Based on PPE (dedicated Architecture for premium segment developed by Audi and Porsche).
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

- **China**: SUV segment share from 18% in 2016 to approximately 34% in 2022.
- **Europe**: SUV segment share from 20% in 2016 to approximately 30% in 2022.
- **NAR**: SUV segment share from 30% in 2016 to approximately 50% in 2022.
Building blocks to provide sustainable mobility solutions

Efficient conventional combustion engines & alternative powertrains

- Battery
- Charging infrastructure
- Sustainable Mobility
- MOIA
- Gett
- Self Driving System
- E-mobility
- Delivers & Global Trends
- Key Financials & Cash
- Strategic Outlook & Milestones
- Brands / Regions
- Diesel
- Integrity & Compliance
- Commitment

27
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

Lithium ion technology

- 190 km 230 Wh/l 2014
- 300 km 410 Wh/l 2017
- 380 km 650 Wh/l 2018
- 420 km 700 Wh/l 2020
- 700 km 1000 Wh/l 2025 (all solid state)
- 500 km 800 Wh/l 2025 (improved anode and cathode)

New battery technologies
Battery costs will decrease significantly by 2020

Target: < 100€ / kWh

€ / kWh

2013 2020

battery system

battery cell
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 excl. 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;
2-3m expected units or 20-25% of total portfolio
€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 - Powering electric mobility from coast to coast and everyday stops in between.

Investment of $2 billion over the next 10 years in Zero Emission Vehicle (ZEV) infrastructure and education programs in the U.S.

Open network for all (even group external) OEMs and business partners

Highway sites every 70 miles on average, but no more than 120 miles apart, so shorter range ZEVs available today will be able to use this network

Station chargers will be extremely powerful, capable of delivering 150 kW or 350 kW to vehicles

Public access for all ZEV drivers will be ensured through multiple technologies (Level 2 and DC fast charging: CCS Combo and Chademo connectors)

1st cycle:
We will establish a network of ~4,700+ non-proprietary electric vehicle chargers in 17 metros and on highways in 39 states
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: Battery Electric Special Purpose Shuttle
- 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
- Specific 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>Volkswagen Group</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>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&lt;sup&gt;1)&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Scania</td>
<td>9.5%</td>
<td>6-7%</td>
<td>9&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>9&lt;sup&gt;2)&lt;/sup&gt;</td>
</tr>
<tr>
<td>• MAN Commercial Vehicles</td>
<td>2.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 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>Volkswagen Financial Services</td>
<td>15.6%</td>
<td>14-16%</td>
<td>14-16%</td>
<td>20%</td>
</tr>
</tbody>
</table>

---

<sup>1</sup> For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles (equals ~6.1% in 2016).

<sup>2</sup> Through-cycle Target.
## Clear Financial Targets and Milestones

<table>
<thead>
<tr>
<th></th>
<th>Outlook 2017</th>
<th>Target 2020</th>
<th>Target 2025</th>
</tr>
</thead>
</table>
| **Operating return on sales**
  Before Special Items | moderately exceed 3.5 % | 4 - 5 % | ≥ 6 % |
| **Capex ratio**      | 4.7 %        | 4 - 5 %     | 4 - 5 %     |
| **R&D cost ratio**   | 4.3 %        | 4 %         | 4 %         |
| **Net Cashflow**     | negative     | > €1 bn     | >> €1 bn    |
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

1) 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>Result</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

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

Working Group 1
Production

- Increase of productivity by 25%
- Reduction of plant costs

Working Group 2
Components

- Increase of productivity by 25%
- Discontinuation of unprofitable products

Working Group 3
Technical Development

- Reduction of hardware-oriented development work
- Increased efficiency in development processes

Working Group 4
Administration

- Reduction of bureaucracy

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>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Target 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>7.5</td>
<td>7.5</td>
<td>5.0</td>
<td>5.0</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>Value</td>
<td></td>
<td></td>
<td>-300 Mio.</td>
<td></td>
<td>≈</td>
</tr>
</tbody>
</table>
Volkswagen brand is planning a strong comeback in the USA

Focus on US Core Segments

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

<table>
<thead>
<tr>
<th>Polo G</th>
<th>Virtus</th>
</tr>
</thead>
</table>

## 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: Start of Production

- **Jan**: up! PA (SAM)
- **Feb**: Tiguan LWB (NAR)
- **March**: T-Roc (EU)
- **April**: Virtus (SAM)
- **May**: Jetta (NAR)
- **June**: Arteon (EU)
- **July**: Polo (EU)
- **Aug**: Phideon PHEV (CN)
- **Sept**: Touareg (EU)
- **Oct**: Volkswagen Atlas (NAR)
- **Nov**: Volkswagen Arteon (EU)
- **Dec**: Volkswagen Polo (EU)
Further roll-out of MQB offers substantial benefits
Current Performance

Sales Figures
- 1.7 million deliveries worldwide (as of Nov)
- One-offs in China at the beginning of 2017 had a negative impact on deliveries
- However since June Audi is gaining back its leading position in the Chinese premium market
- 83rd record-breaking month in a row in the US
- For full year slight increase € is expected

Model Launches
- New compact SUV Q2 sold 86,000 units in his first full year
- New version of the A5 family with 96,000 units up 53%
- FBU version of the new Q5 generation provides fresh impetus for the already strong SUV Portfolio (SUV ratio ~ 37%)
- New Audi A8 sets milestones with 48V/Mild Hybrid, Audi AI and is developed for Level 3 SAE
- Lamborghini SUV Urus introduces a new era of luxury

Financial Figures

<table>
<thead>
<tr>
<th>Key financial targets</th>
<th>Q1-Q3 2015</th>
<th>Q1-Q3 2016</th>
<th>Q1-Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€ 43,695</td>
<td>€ 44,017 m</td>
<td>€ 44,235 m</td>
</tr>
<tr>
<td>Operating Result 1)</td>
<td>€ 4,024</td>
<td>€ 3,033 m</td>
<td>€ 3,941 m</td>
</tr>
<tr>
<td>Return on Sales 1)</td>
<td>9.2%</td>
<td>6.9%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Net-Cash-Flow 2)</td>
<td>€ 2,061 m</td>
<td>€ 3,086 m</td>
<td>€ 2,489 m</td>
</tr>
<tr>
<td>CAPEX</td>
<td>4.6%</td>
<td>4.6%</td>
<td>4.2%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>7.4%</td>
<td>7.6%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

1) Q1-Q3 2016 Operating Result incl. special items of € 885 m (Diesel issue, Takata); Return on Sales adjusted for special items 8.9%.
2) Q1-Q3 2017 incl. cash outflow of approx. € 1 bn in the context of the Diesel issue.

Highlights
- Strategic Realignment in China (05/2017) sets course for future growth
- New design philosophy by Marc Lichte delights Audi customers
- Audi Summit (07/2017) – Vorsprung as a promise
- Audi Aicon concept car (Frankfurt IAA) – autonomous on course for the future
Outlook and Strategic Position

Product Outlook

• Further impetus from latest and upcoming product launches: new A8, A7, A6 will excite our high-end customers
• 2nd generation Audi A1 will capture young customers
• SUV portfolio: all new Audi Q8 and next generation of our bestseller Audi Q3 will boost our SUV-ratio additionally
• Audi e-tron will change the electric game in 2018 - from 2020 move towards 100% use of Group EV-platforms PPE and MEB

Financial Targets

<table>
<thead>
<tr>
<th>Key financial targets</th>
<th>2017</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>slight increase</td>
<td>n.a.</td>
</tr>
<tr>
<td>Operating Return on Sales</td>
<td>8 – 10%</td>
<td>8 – 10%</td>
</tr>
<tr>
<td>Return on Investment</td>
<td>15 – 18%</td>
<td>21%</td>
</tr>
<tr>
<td>Net-Cash-Flow</td>
<td>positive, significantly below the previous year due to diesel issue</td>
<td>positive</td>
</tr>
<tr>
<td>CAPEX</td>
<td>moderately above 5.0 – 5.5%</td>
<td>5.0 – 5.5%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>slightly above 6.0 – 6.5%</td>
<td>6.0 – 6.5%</td>
</tr>
</tbody>
</table>

Production and Efficiency

• We enhance efficiency by using synergies with the VW Group strategically - Audi and Porsche team up for future premium electric mobility with the joint Premium Platform Electric (PPE)
• “Angriffplan” will create €10 bn. headroom for Audi’s transformation path: optimize processes, reduce costs, set clear focusses
• Unlocking potential 30% from revenue growth, 70% from cost savings

Industry Transformation

• Autonomous driving – Audi is leading a dual approach towards development of Level 4/5 SAE focusing on scale effects for the group
• Digitalization – effortless us, commercial success; e.g. „function on demand“ starting with the Audi e-tron, Online Used-car platform
• Sustainability – creating value with electric and new energy vehicles but also leveraging VW Group synergies for EV batteries
• g-tron and 48V/mild hybrid technology - unique strength in CNG and electrification of ICE as potential diesel “bridging”
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.

- Up to 1,000
- R&D
- Production costs / tooling
- Material costs

Key common powertrain platforms

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

1. Equity investment

- 16.9% equity stake in Navistar by way of capital increase

2. Strategic technology and supply cooperation

- Companies to collaborate on technology for powertrain systems, as well as other advanced technologies

3. Procurement joint venture

- Procurement joint venture is pursuing joint global sourcing opportunities

4. Governance

- 2 VW T&B representatives nominated to Navistar Board of Directors. Joint Alliance Board to govern overall alliance

---

Volkswagen Group China performance
(January to November 2017 vs. 2016)

Deliveries & Global Trends

- Deliveries: +3.7%
- Global Trends: +5.2%
- Proportionate operating profit, January to September (in € million):
  - 2016: 3,594
  - 2017: 3,305

Key Financials & Cash

- Proportionate operating profit: -8.0%

Strategic Outlook & Milestones

- Diesel
- Key Financials & Cash
- Brands / Regions
- Strategic Outlook & Milestones
- Diesel
- Integrity & Compliance
- Commitment

Milestones

- Diesel Integrity & Compliance Commitment

Brands / Regions

- Audi
- Skoda
- Porsche
- Bentley
- Commercial Vehicles

- Audi: +24.0%
- Skoda: +7.8%
- Porsche: +9.8%
- Bentley: +24.0%
- Commercial Vehicles: +43.8%

1) Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.
Regulatory environment for NEV and Fuel Consumption Credits in China

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.

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 \(\times\) 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 ≥70% ICE

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\(^1\) 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.
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 2020 ¹)

- **Rest**: 40% in 2016, 46% in 2020e
- **SUV**: 53% in 2016, 47% in 2020e
- **MPV**:
- **Notchback & Hatchback**

### New vehicle launches 2017 and to follow ²)

**SUV**
- Teramont
- Q5
- KODIAQ
- Tiguan LWB
- KAROQ
- ...

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

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¹) Source: IHS. ²) Schematic overview – does not show all models.
Volkswagen Financial Services¹: global, well diversified and successful

**Strong global presence**

- Continuous portfolio expansion
  - Total portfolio 16,940

**Rising penetration rates**

- Equity, liabilities to affiliated companies, other

**Diversified funding structure**

- Assets backed securitization
- Bonds, Commercial Paper, liabilities to financial institutions

¹ Excl. activities of Scania and Porsche Holding Salzburg; incl. 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

European VW Bank GmbH branches

European credit business affiliates

Volkswagen Financial Services AG

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>(In € bn)</th>
<th>Diesel</th>
<th>Other</th>
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<tr>
<td><strong>2015</strong></td>
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<td></td>
<td>Legal</td>
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<td><strong>2016</strong></td>
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<td>Scania Anti-Trust Proceedings</td>
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<td>Others</td>
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<tr>
<td></td>
<td>Total</td>
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<td><strong>Jan-Sept 2017</strong></td>
<td>Buyback/retrofit program</td>
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<td></td>
<td>Total</td>
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<td><strong>Total to date</strong></td>
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<td>1.8</td>
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</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

- 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.

Update status

Over 6.5m units have been updated (status 07 December 2017)

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

**Improving the core business**
- Safeguarding the profitability in core regions; ongoing recovery in NAR/SAM/Russia
- Future pact continues to be implemented
- Strong cash generation and capex/R&D discipline as a precondition

**Transformation towards more E-Mobility**
- Working on CO₂ Compliance / WLTP implementation
- Profitability of Electric Vehicles

**Strengthen innovation power**
- Be software leaders in Digitalization & Connectivity
- Deliver profitable Mobility Services
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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
Volkswagen SEDRIC
Volkswagen T-Roc
SEAT Arona
Porsche Cayenne
Bentley Continental GT
Lamborghini Aventador S Roadster
Volkswagen Amarok
Scania G 450 XT 8x4
We are redefining mobility.

Volkswagen Group
Volkswagen AG / Volkswagen Financial Services
Kepler Cheuvreux & UniCredit: 17th German Corporate Conference
Frankfurt, 16-17 January 2018