We are redefining mobility.

Volkswagen Group
Exane BNP Paribas 5th Motor Show Conference Geneva on 6th – 7th March 2018
Frank Witter, Member of the Board of Management
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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 in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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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 December 2017 vs. 2016)

\(^1\)Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January 2018 vs. 2017)

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

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +4.2% excl. Volkswagen Commercial Vehicles, Scania and MAN.

2) MAN incl. MAN Latin America Trucks and Busses GVW > 5t.
### Volkswagen Group – Deliveries to Customers by Brands
(January 2018 vs. 2017)

#### 000 units

<table>
<thead>
<tr>
<th></th>
<th>January 2017</th>
<th>January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger Cars</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>816</td>
<td>899</td>
</tr>
<tr>
<td>Audi</td>
<td>498</td>
<td>534</td>
</tr>
<tr>
<td>Skoda</td>
<td>124</td>
<td>149</td>
</tr>
<tr>
<td>Seat</td>
<td>94</td>
<td>104</td>
</tr>
<tr>
<td>Porsche</td>
<td>32</td>
<td>39</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volkswagen</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Skoda</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>SEAT</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>MAN</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

#### Key:
- **+10.1%** 899
- **+7.1%** 534
- **+20.3%** 149
- **+10.7%** 104
- **+20.4%** 39
- **+12.0%** 22
- **-1.4%** 34
- **+29.7%** 8
- **+30.3%** 7

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +10.3% 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 December 2017 vs. 2016)

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +4.2\% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Deliveries to Customers by Markets¹)
(January 2018 vs. 2017)

'000 units

Volkswagen Group
816
899
+10.1%

Western Europe
265
278
+4.9%

Central & Eastern Europe
50
54
+8.5%

North America
67
68
+2.0%

South America
40
48
+21.2%

Asia Pacific
368
421
+14.5%

Rest of World
27
29
+7.7%

¹) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +10.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.
# Volkswagen Group – Key Financial Figures

(January to December 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>10,777</td>
<td>10,391</td>
<td>+3.7</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>230,682</td>
<td>217,267</td>
<td>+6.2</td>
</tr>
<tr>
<td>Operating profit before Special Items</td>
<td>17,041</td>
<td>14,623</td>
<td>+16.5</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.4</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>13,818</td>
<td>7,103</td>
<td>+94.5</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.0</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>Financial result(^2)</td>
<td>95</td>
<td>189</td>
<td>X</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>13,913</td>
<td>7,292</td>
<td>+90.8</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>6.0</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>11,638</td>
<td>5,379</td>
<td>X</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 €4.7 billion (€5.0 billion).
‘Best ever’ Automotive Division Net Cash Flow (ex Diesel payments)\(^1\) (January to December 2017)

\(^1\) Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.

\(^2\) Incl. Chinese dividends.

\[\begin{align*}
\text{Net Cash flow incl Diesel payments} & \quad \text{Diesel outflow} & \quad \text{Net Cash flow underlying business} \\
-6 & \quad >16 & \quad >10^2
\end{align*}\]
Volkswagen Group – Outlook for 2018

Deliveries to customers
(million vehicles)

Sales revenue (€ billion)

Operating return on sales (%)

Deliveries to customers moderates above prior year

Sales revenue
Up to 5% above prior year level

Operating return on sales
between 6.5% to 7.5%

1) before Special Items.
### 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

#### Million units

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USA¹</td>
<td>17.3</td>
<td>17.0</td>
<td>16.8</td>
<td></td>
<td></td>
<td>-1.7% -0.7%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>14.4</td>
<td>14.5</td>
<td>14.2</td>
<td></td>
<td></td>
<td>+0.8% -1.0%</td>
</tr>
<tr>
<td>Russia</td>
<td>1.5</td>
<td>1.7</td>
<td>2.1</td>
<td></td>
<td></td>
<td>+16.4% +11.2%</td>
</tr>
<tr>
<td>Brazil¹</td>
<td>2.2</td>
<td>2.5</td>
<td>2.9</td>
<td></td>
<td></td>
<td>12.8% 9.2%</td>
</tr>
<tr>
<td>World¹</td>
<td>84.7</td>
<td>86.1</td>
<td>90.0</td>
<td></td>
<td></td>
<td>+1.7% +2.2%</td>
</tr>
<tr>
<td>China</td>
<td>24.0</td>
<td>24.3</td>
<td>26.1</td>
<td></td>
<td></td>
<td>+0.9% +3.8%</td>
</tr>
</tbody>
</table>

---

| Data source: IHS Automotive (02.2018) | ¹Volume for North & South America includes light commercial vehicles (definition ‘Light Vehicles’) | growth 2017-2020 = CAGR |
Upcoming Premium and Luxury models enhancing our portfolio offer

Premium / Luxury models:

- Cayenne
- A8 / A8L
- Continental GT
- Urus
- A6
- RS 4 Avant
- Panamera Sport Turismo
- A7 Sportback
- Q8
- SQ2
- A1 Sportback
- Q3

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

Volume models:

- T-Roc
- Arona
- Karoq
- up! GTI
- Polo GTI
- Touareg
- Tiguan LWB
- Jetta (NAR)
- Virtus (SAM)
- SEAT Tarraco

Dates: Market introduction of selected models / schematic overview
Strong Increase in our SUV mix
SUV mix by region based on expected regional Group sales

Source: Internal planning.
# Clear Financial Targets and Milestones

<table>
<thead>
<tr>
<th>Key financial targets</th>
<th>2016 Actual</th>
<th>2017 Outlook</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating return on sales Before Special Items</td>
<td>6.7%</td>
<td>moderately exceed 6-7%</td>
<td>7.4%</td>
<td>6.5-7.5%</td>
<td>6.5-7.5%</td>
<td>7-8%</td>
</tr>
<tr>
<td>Return on investment Automotive Division before Special Items</td>
<td>13.9%</td>
<td>moderately exceed 11-13%</td>
<td>12.1%</td>
<td>1)</td>
<td>13-15%</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td>Capex ratio Automotive Division</td>
<td>6.9%</td>
<td>~6.6%</td>
<td>1)</td>
<td>1)</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>R&amp;D cost ratio Automotive Division</td>
<td>7.3%</td>
<td>~6.7%</td>
<td>1)</td>
<td>1)</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Automotive Division</th>
<th>2016 Actual</th>
<th>2017 Outlook</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Net Cashflow</td>
<td>€ 4.3 bn</td>
<td>negative</td>
<td>≥ € 10 bn (1)</td>
<td>positive</td>
<td>≥ € 10 bn</td>
<td>&gt; € 10 bn</td>
</tr>
<tr>
<td>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>&gt; € 20 bn</td>
<td>€ 22.4 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn</td>
<td>~10% of Group turnover</td>
</tr>
</tbody>
</table>

1) The exact figures for 2017 and guidance for 2018 will be published on March 13th during the Annual Press Conference.
2) Excl. Diesel payments.
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

1) Calculation based on 2016 figures.
### CAPEX Automotive Division

(€ billion, as % of sales revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>CAPEX (€ billion)</th>
<th>CAPEX as % of Sales Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>10.3</td>
<td>5.9%</td>
</tr>
<tr>
<td>2013</td>
<td>11</td>
<td>6.9%</td>
</tr>
<tr>
<td>2014</td>
<td>11.5</td>
<td>6.9%</td>
</tr>
<tr>
<td>2015</td>
<td>12.7</td>
<td>6.9%</td>
</tr>
<tr>
<td>2016</td>
<td>12.8</td>
<td>6%</td>
</tr>
<tr>
<td>2017</td>
<td>12.6</td>
<td>6%</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td>6%</td>
</tr>
</tbody>
</table>

1) The exact figures for 2017 will be published in March 13th during the Annual Press Conference.
R&D Cost Automotive Division
(€ billion, as % of sales revenue)

The exact figures for 2017 will be published in March 13th during the Annual Press Conference.
Automotive Division-Net Cash Flow (ex Diesel payments) ¹)
in € billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Automotive Division-Net Cash Flow (in € billion)</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 ²)</td>
<td>7.3</td>
</tr>
<tr>
<td>2017 ²)</td>
<td>≥ 10</td>
</tr>
</tbody>
</table>

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. The exact figures for 2017 will be published in March 13th during the Annual Press Conference.
Volkswagen AG – Attractive Dividend on Preferred Share; almost doubled\(^1\)

**Earnings per Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10.30</td>
</tr>
<tr>
<td>2017</td>
<td>22.69</td>
</tr>
</tbody>
</table>

**Dividend per Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.06</td>
</tr>
<tr>
<td>2017</td>
<td>3.96(^2)</td>
</tr>
</tbody>
</table>

**Dividend pay-out ratio**\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>19.00</td>
</tr>
<tr>
<td>2017</td>
<td>19.70</td>
</tr>
</tbody>
</table>

\(^1\) Total dividend in percent of net income attributable to shareholders of Volkswagen AG.

\(^2\) Proposal for the business year 2017 (adjusted for non-recurring effects related to the tax reform in the USA of € 1 bn) to be approved at the Annual General Meeting on May 3rd.
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

Secure funding

Strengthen innovation power
Building blocks to provide sustainable mobility solutions

- Efficient conventional combustion engines & alternative powertrains
- Battery
- Charging infrastructure
- Mobility Services
- Self Driving System

Sustainable Mobility
Efficient combustion engines and alternative powertrains play a major role for the future of sustainable mobility

The future is electric and green.

- Significant improvements in consumption and emissions of gasoline engines
- All new gasoline engines will be equipped with a particulate filter
- Working on synthetic fuels produced from renewable sources
- The latest Euro 6 diesel engines deliver above-average performance in the new WLTP\textsuperscript{1)} cycle
- Significantly expanding the range of CNG\textsuperscript{2)} vehicles

\textsuperscript{1)} Worldwide Harmonized Light-Duty Vehicles Test Procedure.  \textsuperscript{2)} Compressed Natural Gas
Responsibilities for Electric Toolkit Architecture

**MEB**
Modular Electrification Kit

- Economies of scale from use of MEB across entire Group
- Higher productivity and shorter manufacturing time
- Lower material and distribution costs

**PPE**
Premium Platform Electric

- 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
Three models of Volkswagen’s “Starting Five“ for the Electric Age
Advances in battery technology will improve range, weight and costs

Energy density, or volumetric energy density, reflects volume in liters (Wh/l).

* basis: eGolf with comparable battery volume
Battery costs will decrease significantly by 2020
Roadmap E - E-mobility model offensive of the Volkswagen Group

- 50 BEVs + 30 PHEVs
- 2-3m expected units or 20–25% Group sales intended to be purely battery-powered
- Own e-fleet requirements over 150 GWh of battery capacity
- € 50bn battery cell procurement volume up to 2025

- € 20bn Capex to be ramped up
- At least one electrified version for each of the Group's 300 or so models

2017
- 3 BEVs, 8 PHEVs

2025

2030
Successful launch of MOIA Shuttle at the “TechCrunch” and customers show a high demand for a “Special Purpose Vehicle”

- Prepared for Shadow/ security driver mode
- Connected to backend
- Customized interior with high comfort/ connectivity
- 6 passenger seats with high privacy
- MOIA branded
- Unique recognizable design
- Electric door concept
- BEV with > 300 km real range
- <6 m
- < 3.5 t
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 started 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

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.

1st cycle:
We will establish a network of ~4,700+ non-proprietary electric vehicle chargers in 17 metros and on highways in 39 states.

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).

Source: Electrify America Website
Intensified efforts to develop autonomous vehicles

- Autonomous Audi TTS “Shelley” climbs Pikes Peak
- SEDRIC is Volkswagen Group’s first Level 5 vehicle
- Strategic partnership with Aurora
- Urban Shuttle/Carrier/Pod

Timeline:
- 2005: “Stanley” Winner Darpa Grand Challenge
- 2010: MOIA Battery Electric Special Purpose Shuttle
- 2018: Personal Autonomous Vehicles
- 2021+: Foundation AID GmbH
### Cascading Group Targets to Brands

<table>
<thead>
<tr>
<th>Group KPIs</th>
<th>RoS</th>
<th>RoI</th>
<th>Capex</th>
<th>R&amp;D</th>
<th>CF/Liquidity</th>
</tr>
</thead>
</table>

**Commitment**

**Brand KPIs**

Top-Down Targets + Committed in Planning
„TRANSFORM 2025+“ strategy will put the Volkswagen 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\(^1\)

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
Further roll-out of MQB offers substantial benefits
Volkswagen brand: Productivity will increase by 7.5 percent in 2017\(^1\)

**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></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></td>
<td></td>
<td></td>
<td>-300 Mio.</td>
<td></td>
<td>≈</td>
</tr>
</tbody>
</table>

\(^1\) An update for actuals 2017 will be given on March 14th during the Annual Press Conference of the Volkswagen Brand.
Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

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

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

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

- Reduction of bureaucracy

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
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

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

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

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
### 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)**
- “**Angriffsplan**” 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

### 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>

### 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

- Material costs
- Up to 1,000
- Production costs / tooling
- R&D
- ~200

Key common powertrain platforms

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

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

<sup>1</sup> As at 30.09.2017.
Volkswagen Financial Services\textsuperscript{1)}: global, well diversified and successful

### Strong global presence

- Global presence in multiple countries.

### Rising penetration rates

- Continuous portfolio expansion in '000 contracts.

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
<th>Total portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,964</td>
<td>1,505</td>
<td>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>1,623</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>5,322</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></td>
<td></td>
<td>7,568</td>
<td></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

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>32.5%</td>
</tr>
<tr>
<td>2009</td>
<td>32.9%</td>
</tr>
<tr>
<td>2010</td>
<td>34.9%</td>
</tr>
<tr>
<td>2011</td>
<td>36.3%</td>
</tr>
<tr>
<td>2012</td>
<td>40.7%</td>
</tr>
<tr>
<td>2013</td>
<td>44.3%</td>
</tr>
<tr>
<td>2014</td>
<td>44.5%</td>
</tr>
<tr>
<td>2015</td>
<td>46.9%</td>
</tr>
<tr>
<td>2016</td>
<td>48.7%</td>
</tr>
<tr>
<td>Ytd 2017</td>
<td>47.5%</td>
</tr>
</tbody>
</table>

\textsuperscript{1)} Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.
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
Volkswagen Brand – Turnaround in the US with new products from 2017 onwards

## Deliveries to US customers, ‘000’ units

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>500</td>
<td>250</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Market Share %

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share</td>
<td>3.0</td>
<td>2.6</td>
<td>2.2</td>
<td>2.0</td>
<td>1.8</td>
<td>2.0</td>
</tr>
</tbody>
</table>

### SUV Offensive #1

- **2017**: Atlas, Tiguan, Refreshed Golf

### New Sedans

- **2018-19**: Jetta, Passat

### SUV Offensive #2

- **2019-21**: Midsize SUV 5s, Compact SUV, ID Crozz
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
Volkswagen Group China performance (January to December 2017 vs. 2016)

1) Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group China performance
(January 2018 vs. 2017)

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**

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

<table>
<thead>
<tr>
<th>Year</th>
<th>ICE Volume</th>
<th>NEV Credit Point Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>None</td>
<td>10%</td>
</tr>
<tr>
<td>2019</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>2020</td>
<td></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

---

\(^1\) 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)

### China deliveries by bodystyle (in ‘000 units)

<table>
<thead>
<tr>
<th></th>
<th>Total market</th>
<th>Volkswagen Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>22,835</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SUV</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MPV</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hatchback</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sedan</td>
</tr>
<tr>
<td>2017</td>
<td>23,852</td>
<td>4,173</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>47%</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>66%</td>
</tr>
</tbody>
</table>

### SUV offensive of Volkswagen Group China

- **4 Volkswagen brand SUV in 2018**
  - 3 of which are new models

- **6 additional Audi SUVs in the next 2-3 years**

- **3 new ŠKODA SUVs in 2018**

---

¹) Source: IHS. ²) Schematic overview – does not show all models.
### 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></td>
<td></td>
</tr>
<tr>
<td>(€ bn)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>Legal</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other items</td>
<td>9.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>16.2</strong></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>Mainly legal risks</td>
<td>6.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>7.5</strong></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>Buyback/retrofit program</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legal</td>
<td>3.2</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></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>3.2</strong></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td><strong>27.6</strong></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 € 3 bn in 2016 and expected € 17 bn in 2017. The exact figures for 2017 will be published in March 13th during the Annual Press Conference.
Technical solution in Europe/RoW simple and relatively easy to implement

- Predominantly software-only solution

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

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

Update status

Around 7m units have been updated (end of February 2018)
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:
   - Dialogue and Communications
   - Sounding Board Programme
   - Leadership Programme
   - Processes and Instruments
   - Internationalization
   - Strengthening the culture of integrity

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

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

Compliance scope:
- Anti-corruption
- Fraud Prevention
- Money laundering Prevention
- Embezzlement Prevention
- Human Rights
- Investigation of Compliance violations
The Volkswagen Convention – Integrity, Culture and Compliance

**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

---

Upcoming tasks to master challenges and make use of opportunities

**Improving the Core Business**
- Profitability in NAR / SAM / Russia
- Implementation Future Pact Brand Volkswagen
- Cash Generation and Capex/R&D discipline

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

**Strengthen Innovation Power**
- Digitalization & Connectivity
- Profitable Mobility Services
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Investor Relations Manager
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Telephone: +86 10 6531 4732
Automotive Division Net Cash Flow Development\(^1\)\(^2\)
(January to September 2017)

\[\begin{array}{cccccccc}
\text{Cash flow before Diesel Outflow} & \text{Diesel Outflow} & \text{Cash flow from operating activities} & \text{Capex} \(^3\) & \text{Capitalized development costs} & \text{Other} & \text{Net cash flow before equity investments} & \text{Acquisition and disposal of equity investments} & \text{Net cash flow} \\
\text{2016} \(^{3}\) & 17.0 & 0.0 & 17.0 & -7.8 (5.7\%) & -4.2 & 0.2 & 5.2 & 2.3 & 7.5 \\
\end{array}\]
Volkswagen Group – Analysis of Operating Profit\textsuperscript{1)}
(January to September 2017 vs. 2016)

\begin{itemize}
\item \textbf{Passenger Cars}**
\item Financial Services\textsuperscript{**}
\item Power Engineering\textsuperscript{**}
\item Commercial Vehicles\textsuperscript{**}
\item Jan – Sept 2017 bef. Spec. Items
\item Jan – Sept 2017 incl. Spec. Items
\end{itemize}

\textsuperscript{1)} All figures shown are rounded, minor discrepancies may arise from addition of these amounts. \textsuperscript{)} without FS. \textsuperscript{**} incl.PPA.
## Volkswagen Group – Analysis by Business Line

(January to September 2017 vs. 2016)

<table>
<thead>
<tr>
<th></th>
<th>Thousand vehicles</th>
<th>€ million</th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars</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>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>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>436</td>
<td>400</td>
<td>7,255</td>
<td>6,535</td>
<td>154</td>
<td>137</td>
</tr>
<tr>
<td>Bentley</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 Automotive 3)</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>371</td>
<td>342</td>
<td>8,919</td>
<td>8,045</td>
<td>698</td>
<td>392</td>
</tr>
<tr>
<td>Scania 4)</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>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>2,355</td>
<td>2,567</td>
<td>107</td>
<td>176</td>
</tr>
<tr>
<td>VW China 3)</td>
<td>2,917</td>
<td>2,803</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other 6)</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 Services 7)</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>-</td>
<td>-</td>
<td>-</td>
<td>13,231</td>
<td>11,267</td>
</tr>
<tr>
<td>Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-2,595</td>
<td>-2,620</td>
</tr>
<tr>
<td>Volkswagen Group 8)</td>
<td>7,913</td>
<td>7,653</td>
<td>170,864</td>
<td>159,932</td>
<td>10,636</td>
<td>8,647</td>
</tr>
<tr>
<td>Automotive Division</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>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>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>2,355</td>
<td>2,567</td>
<td>-75</td>
<td>-75</td>
</tr>
<tr>
<td>Financial Services Division</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) 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.
Automotive Division - Net Liquidity on a robust level at September 30th 1)

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
## 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>≥6</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</td>
<td>9.5</td>
<td>6-7</td>
<td>9²)</td>
<td>9²)</td>
</tr>
<tr>
<td>• Scania</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• MAN Commercial Vehicles</td>
<td>2.3</td>
<td>6-7</td>
<td>9²)</td>
<td>9²)</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>

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.
### Volkswagen Brand Clear Financial Targets and Milestones

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

1.8
2016

2017
Outlook

moderately exceed
3.5

“at the upper end of the range”

4.0 – 5.0
2020
Target

≥ 6.0
2025
Target
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
Audi A7 Sportback
ŠKODA Karoq
SEAT Arona
Porsche Cayenne
Bentley Continental GT
Lamborghini Aventador S Roadster
We are redefining mobility.

Volkswagen Group
Exane BNP Paribas 5th Motor Show Conference Geneva on 6th – 7th March 2018
Frank Witter, Member of the Board of Management