Shaping the transformation together.

Frank Witter, Member of the Board of Management, Finance and IT Investor Dinner "Metzler Dialogue", Frankfurt, 15th May 2018
Disclaimer

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

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

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This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹)
(Growth y-o-y in deliveries to customers, January to March 2018 vs. 2017)

¹) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.
### Volkswagen Group – Deliveries to Customers by Brands
(January to March 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>January – March 2017</th>
<th>January – March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger Cars</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>2,495</td>
<td>2,680</td>
</tr>
<tr>
<td>Audi</td>
<td>1,441</td>
<td>1,525</td>
</tr>
<tr>
<td>SEAT</td>
<td>422</td>
<td>464</td>
</tr>
<tr>
<td>SKODA</td>
<td>283</td>
<td>317</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,903</td>
<td>7,144</td>
</tr>
<tr>
<td><strong>Commercial Vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>117</td>
<td>139</td>
</tr>
<tr>
<td>Audi</td>
<td>60</td>
<td>63</td>
</tr>
<tr>
<td>MAN</td>
<td>122</td>
<td>115</td>
</tr>
<tr>
<td>Scania</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>MAN incl. MAN Latin America Trucks and Busses GVW &gt; St.</td>
<td>21 23</td>
<td></td>
</tr>
</tbody>
</table>
Volkswagen Group – Deliveries to Customers by Markets\(^1\)
(January to March 2018 vs. 2017)

\(^1\) Excluding Volkswagen Commercial Vehicles, Scania and MAN.

\[ \text{January – March 2017} \quad \text{January – March 2018} \]

\begin{itemize}
  \item Volkswagen Group: +7.4%
  \item Western Europe: +2.8%
  \item Central & Eastern Europe: +11.4%
  \item North America: +3.4%
  \item South America: +5.6%
  \item Asia Pacific: +12.0%
  \item Rest of World: +9.7%
\end{itemize}
### Volkswagen Group – Key Financial Figures¹

(January to March 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017 ²)</th>
<th>+/− (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thousand vehicles / € million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Sales ³)</td>
<td>2,769</td>
<td>2,610</td>
<td>+6.1</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>58,228</td>
<td>56,197</td>
<td>+3.6</td>
</tr>
<tr>
<td>Operating profit</td>
<td>4,211</td>
<td>4,367</td>
<td>-3.6</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.2</td>
<td>7.8</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>266</td>
<td>224</td>
<td>+18.8</td>
</tr>
<tr>
<td>of which: At-equity result ³)</td>
<td>829</td>
<td>936</td>
<td>-11.5</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-562</td>
<td>-712</td>
<td>+21.1</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4,477</td>
<td>4,592</td>
<td>-2.5</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.7</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>3,300</td>
<td>3,373</td>
<td></td>
</tr>
</tbody>
</table>

¹) All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

²) Prior-year figures were adjusted due to IFRS.³) Volume data including the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €1,163 million (€1,112 million).
Volkswagen Group – Analysis of Operating Profit\(^1\)
(January to March 2018 vs. 2017)

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without FS **) including PPA
### Automotive Division Net Cash Flow Development \(^1\)\(^2\)  
(January to March 2018)

#### Key Financials & Cash Strategy

<table>
<thead>
<tr>
<th>2017 (^3)</th>
<th>Cash flow from operating activities</th>
<th>Capex (^3)</th>
<th>Capitalized development costs</th>
<th>Other</th>
<th>Net cash flow before equity investments</th>
<th>Acquisition and disposal of equity investments</th>
<th>Net cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8</td>
<td>5.5</td>
<td>-1.9</td>
<td>-1.2</td>
<td>0.0</td>
<td>2.4</td>
<td>0.1</td>
<td>2.4</td>
</tr>
<tr>
<td>-1.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-1.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-2.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-0.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-2.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.  
\(^2\) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.  
\(^3\) Capital expenditure for property, plant and equipment in % of Automotive sales revenue.
Automotive Division – Net Cash Flow drives solid Net Liquidity¹)
(January to March 2018)

€ 2.4 bn Net Cash Flow before equity investments

¹) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
## Volkswagen Group – Analysis by Business Line

(January to March 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen Passenger Cars</strong></td>
<td>912 862</td>
<td>20,115 19,040</td>
<td>879 869</td>
<td>4.4%</td>
</tr>
<tr>
<td>Audi</td>
<td>394 375</td>
<td>15,320 14,378</td>
<td>1,300 1,244</td>
<td>8.5%</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>256 252</td>
<td>4,547 4,334</td>
<td>437 415</td>
<td>9.6%</td>
</tr>
<tr>
<td>SEAT</td>
<td>167 148</td>
<td>2,782 2,487</td>
<td>85 56</td>
<td>3.0%</td>
</tr>
<tr>
<td>Bentley</td>
<td>2 2</td>
<td>351 361</td>
<td>-44 -30</td>
<td>-12.5%</td>
</tr>
<tr>
<td>Porsche Automotive</td>
<td>61 57</td>
<td>5,438 5,035</td>
<td>939 932</td>
<td>17.3%</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>117 119</td>
<td>2,945 2,875</td>
<td>224 205</td>
<td>7.6%</td>
</tr>
<tr>
<td>Scania</td>
<td>23 21</td>
<td>3,118 3,084</td>
<td>331 324</td>
<td>10.4%</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>31 25</td>
<td>2,771 2,572</td>
<td>83 93</td>
<td>3.0%</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>- -</td>
<td>766 783</td>
<td>21 26</td>
<td>2.7%</td>
</tr>
<tr>
<td>VW China</td>
<td>1,040 971</td>
<td>-7,923 -6,628</td>
<td>-652 -319</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-233 -223</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>- -</td>
<td>7,999 7,876</td>
<td>608 551</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group before Special Items</strong></td>
<td>- -</td>
<td>-</td>
<td>4,211 4,367</td>
<td>7.2%</td>
</tr>
<tr>
<td>Special Items</td>
<td>- -</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>2,769 2,610</td>
<td>58,228 56,197</td>
<td>4,211 4,367</td>
<td>-</td>
</tr>
<tr>
<td>Automotive Division</td>
<td>2,769 2,610</td>
<td>49,743 47,825</td>
<td>3,572 3,768</td>
<td>-</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>2,600 2,445</td>
<td>40,298 38,640</td>
<td>3,077 3,299</td>
<td>-</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>169 165</td>
<td>8,679 8,402</td>
<td>536 499</td>
<td>-</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>- -</td>
<td>766 783</td>
<td>-42 -30</td>
<td>-</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>- -</td>
<td>8,485 8,372</td>
<td>639 600</td>
<td>-</td>
</tr>
</tbody>
</table>

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. 2) Porsche (Automotive and Financial Services): sales revenue €5,936 (5,489) million, operating profit €976 (967 million). 3) Including financial services. 4) 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 € 1,163 (1,112) million. 5) Including financial services. 6) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
Volkswagen Group – Outlook for 2018

Deliveries to customers ('000 vehicles)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,297</td>
<td>10,741</td>
<td></td>
</tr>
</tbody>
</table>

+ 4.3%

Sales revenue (€ billion)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>217.3</td>
<td>230.7</td>
<td></td>
</tr>
</tbody>
</table>

+ 6.2%

Operating return on sales (%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.7+1</td>
<td>7.4</td>
<td></td>
</tr>
</tbody>
</table>

1) before Special Items.

Deliveries to customers
moderately above prior year

Sales revenue
by as much as 5% year-on-year

Operating return on sales
between 6.5% to 7.5%
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>Million Units</th>
<th>USA</th>
<th>Western Europe</th>
<th>Russia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>17.3</td>
<td>14.3</td>
<td>1.5</td>
<td>84.5</td>
</tr>
<tr>
<td>2018</td>
<td>17.0</td>
<td>14.5</td>
<td>1.7</td>
<td>86.2</td>
</tr>
<tr>
<td>2020</td>
<td>16.8</td>
<td>14.2</td>
<td>2.1</td>
<td>89.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>-1.8%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>+1.4%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Russia</td>
<td>+16.6%</td>
<td>+11.3%</td>
</tr>
<tr>
<td>Brazil</td>
<td>12.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>World</td>
<td>+2.0%</td>
<td>+2.2%</td>
</tr>
<tr>
<td>China</td>
<td>+1.1%</td>
<td>+3.8%</td>
</tr>
</tbody>
</table>

1) Volume for North & South America includes light commercial vehicles (definition 'Light Vehicles') growth 2018-2020 = Compound Annual Growth Rate / yearly average

Data source: IHS Automotive (04.2018)
Upcoming Premium and Luxury models enhancing our portfolio offer

Source: Internal planning.
### Strong product momentum continues in Volume segments

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>up! GTI</td>
<td>Touareg</td>
<td>Fabia</td>
<td>Cupra Ateca</td>
</tr>
<tr>
<td>Polo GTI</td>
<td>Jetta (US)</td>
<td>Bora (China)</td>
<td>Compact SUVs (China)</td>
</tr>
<tr>
<td>Virtus (SAM)</td>
<td>Lavida (China)</td>
<td>T-Roc LWB (China)</td>
<td>Kamiq (China)</td>
</tr>
<tr>
<td>Karoq LWB (China)</td>
<td>Kodiqa (Russia)</td>
<td>e-Crafter</td>
<td></td>
</tr>
</tbody>
</table>

Source: Internal planning.
Strong Increase in our SUV mix

SUV mix by region based on expected regional Group sales

Source: Internal planning.
IMPACT

• CO₂ / exhaust emissions and fuel consumption figures are calculated under more realistic conditions
• CO₂-values vehicle-specific and therefore very precise
• Should close tolerances regarding different test condition

SCOPE

• In EU-28 States + 6 countries (Norway, Switzerland, Iceland, Turkey, Israel and Liechtenstein) ¹)
• Legally binding registration requirements for all OEM’s
• Effects communication to customers
• Effects taxation:
  • EU recommendation crossover from Jan 1st 2019

1) Different implementation of timelines between countries ²) NEDC: New European Driving Cycle

Effective for new passenger vehicle models & engines / gearbox variants (01.09.17)
Effective for all passenger vehicle models, car registrations (01.09.18)

2017 2018 2019 2020 2021

NEDC ²) WLTP

Light Commercial Vehicles new models (01.09.18)
Light Commercial Vehicles all new registrations (01.09.19)
**Clear Financial Targets and Milestones**

### Key Financial Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating return on sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before Special Items</td>
<td>6.7%</td>
<td>7.4%</td>
<td>6.5-7.5%</td>
<td>6.5-7.5%</td>
<td>7-8%</td>
</tr>
<tr>
<td><strong>Return on investment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division before</td>
<td>13.9%</td>
<td>14.4%</td>
<td>12-14%</td>
<td>13-15%</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td>Special Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capex ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>6.9%</td>
<td>6.4%</td>
<td>6.5-7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>R&amp;D cost ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>7.3%</td>
<td>6.7%</td>
<td>6.5-7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Net Cashflow</td>
<td>€ 4.3 bn</td>
<td>€ -6.0 bn</td>
<td>≥ € 5 bn</td>
<td>≥ € 10 bn</td>
<td>&gt; € 10 bn</td>
</tr>
<tr>
<td>Automotive Division</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>€ 22.4 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~10% of Group turnover</td>
<td></td>
</tr>
</tbody>
</table>
Improving Group results despite significant challenges\(^1\)

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

- **Emission costs\(^1\)**
  - EU -27% CO\(_2\) emission
  - US -35% CO\(_2\) emission
  - CN -40% l/km consumption

---

**Return on Sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Base</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.7%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>7.4%</td>
<td>6.5 - 7.5%</td>
</tr>
</tbody>
</table>

\(^1\) Calculation based on 2016 figures.
CAPEX Automotive Division
(€ billion, as % of sales revenue)
R&D Costs Automotive Division
(€ billion, as % of sales revenue)
Automotive Division-Net Cash Flow (ex Diesel payments)\(^1\)
in € billion

\[^1\) Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.
\[^2\) Before around € 3 bn in 2016 and € 16.1 bn in 2017 Diesel related outflow.\]
Volkswagen AG – Attractive Dividend for Preferred Shares; almost doubled\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings per Share (€ billion)</strong></td>
<td>10.30</td>
<td>22.69</td>
</tr>
<tr>
<td><strong>Dividend per Share (€)</strong></td>
<td>2.06</td>
<td>3.96</td>
</tr>
<tr>
<td><strong>Dividend pay-out ratio(^1) (%)</strong></td>
<td>19.70</td>
<td>19.00(^2)</td>
</tr>
</tbody>
</table>

\(^1\) Total dividend in percent of net income attributable to shareholders of Volkswagen AG.
\(^2\) Business year 2017 adjusted for non-recurring effects related to the tax reform in the USA of € 1 bn.
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
Goals of the Revised Management Structure – April 2018

With the realignment, Volkswagen Group presses its transformation ahead.

**Leadership**
Secure the Group’s leadership over the long-term in a phase of dynamic changes

**Group Management**
Create a simple, lean and effective Group management structure

**Responsibilities**
Maximize subsidiarity and establish clear-cut responsibilities

**Capabilities**
Make optimum use of the capabilities and economies of scale available in the Group

**Synergies**
Harness further synergies within the Group

**Profitability**
Further increase profitability and competitiveness of future investments
**Creation of Brand Groups will reduce the complexity of the Group structure**

<table>
<thead>
<tr>
<th>Volume</th>
<th>Premium</th>
<th>Super Premium</th>
<th>Truck &amp; Bus</th>
<th>Procurement/ Components</th>
<th>Financial Services</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW</td>
<td>Audi</td>
<td>Porsche</td>
<td>MAN</td>
<td>Procurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Škoda</td>
<td>Lamborghini*</td>
<td>Bentley</td>
<td>MAN</td>
<td>Procurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td>Ducati*</td>
<td>Bugatti</td>
<td>MAN</td>
<td>Components**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VW LCV</td>
<td>Audi</td>
<td>Porsche</td>
<td>MAN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOIA</td>
<td>Audi</td>
<td>Porsche</td>
<td>MAN</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Allocation will be verified
** Temporarily responsibility of Group CEO, will be a combined Board of Management function
Focus on strategy: Resolutely making progress toward sustainable mobility

Up to the end of 2022: We will be putting more than €34 bn into e-mobility, digitalization, autonomous driving and mobility services – thereof in 2018: €6.6 bn; Volkswagen Group and its joint-venture partners in China will be making around €15 bn available for e-mobility, autonomous driving, digitalization and new mobility services.

Also putting more than €90 billion into the conventional vehicle and drive portfolio – thereof in 2018: €19.8 bn
Efficient combustion engines and alternative powertrains play a major role for the future of sustainable mobility

- 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\(^1\) cycle

- Significantly expanding the range of CNG\(^2\) vehicles

---

\(^1\) Worldwide Harmonized Light-Duty Vehicles Test Procedure. \(^2\) 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
The Volkswagen Brand’s I.D. family sets the new BEV benchmark in the volume segment

Market launch early 2020 and onwards.
Audi e-tron and Porsche Mission E will change the premium electric game

Audi e-tron with a range of more than 500 km

Market launch in August 2018.

Porsche Mission E Concept

Market launch in the second half of next year.
Advances in battery technology will improve range, weight and costs

* basis: eGolf with comparable battery volume

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

- **2014**: 190 km, 230 Wh/l
- **2017**: 300 km, 410 Wh/l
- **2018**: 380 km, 650 Wh/l
- **2020**: 420 km, 700 Wh/l
- **2025**: 700 km, 1000 Wh/l

New battery technologies

- **500 km**: 800 Wh/l, improved anode and cathode
- **700 km**: all solid state
Battery costs will decrease significantly by 2020

Target: < 100€ / kWh

- Battery system
- Battery cell

MQB

MEB

2013 2020

€ / kWh
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
- MEB: € 50 bn battery cell procurement volume up to 2025, of which € 40 bn has already been awarded to suppliers

- At least one electrified version for each of the Group’s 300 or so models
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
- **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
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
- MOIA branded
- Unique recognizable design
- Connected to backend
- Customized interior with high comfort/ connectivity
- App-based ride pooling service
  - 6 passenger seats with high privacy
- Electric door concept
- BEV with more than 300 km real range

- Test phase in Hanover with 2,000 users under way
- Project start in Hamburg at end-2018: fleet will be expanded to 200 vehicles in the first phase
- Further cities planned
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

Key Dates:
- 2005: “Stanley” Winner Darpa Grand Challenge
- 2010:
- 2017: Volkswagen Group >200 AV related patents
- 2018: MOIA Battery Electric Special Purpose Shuttle
- 2021+: Personal Autonomous Vehicles

- Special Purpose Shuttle
- Foundation AID GmbH
- MOIA Battery Electric
- Autodesk Intelligent Driving
Driving forward Strategy 2025: Implementation is accelerating

ROADMAP E launched

Center of Excellence for battery technology established

Joint venture for rapid charging network in place

SEDRIC developed and presented

MOIA pilot started and shuttle presented

Joint venture with JAC created for e-mobility

New technology partnerships agreed

Realignement of Group Components approved

Positioning of Group brands sharpened

Board Digitalization Committee established

Roadmap E

Together STRATEGY 2025
Why our Value Proposition is one of the best in the Industry?

1. Unique and Compelling **Brands and Products** and **Scale Potential**

2. Convincing holistic **Strategy**

3. Conclusive **E-Strategy**

4. Optimal **Toolkit Infrastructure** for conventional and alternative power trains

5. We intend to deliver **Self-driving** at the touch of a button and become **Software** leaders

6. Upside Potential in **Core and Developing Markets**

7. Lead Position in **China**

8. **Truck & Bus** Global Champion Potential

9. **Culture** of willingness to change: agile, innovative and integral backed by committed management and employees

10. Priority to work on protecting our **Environment** for future generations

**Overarching vision is to become a World-leading Provider of Sustainable Mobility**
Successful operating business: Strong contribution by all Group brands in 2017 – “We’re back on the offensive.”

- “TRANSFORM 2025+” strategy driven forward consistently
- Clear improvement in operating profit and margin, successful product initiatives

- Prior-year sales record again exceeded
- A8 as first series car in the world developed for conditional automated driving

- One millionth 911 rolls off production line, new Cayenne well received
- New records for unit sales, sales revenue and profit

- Success story continues with record unit sales, sales revenue and profit
- SUV initiative reinforced by the new Karoq

- Record sales revenue and significant increase in profit
- Powerful model initiative continues with the new Ibiza and Arona

- Further key steps on the way to becoming global champion
- Pioneering role in digitalization reinforced by launch of RIO platform

- Further record profit makes key contribution to Group’s success
- Successful return to the primary market for euro bonds
## Overview Brand Targets (RoS, RoE)

### Return on Sales in %

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>Target 2017</th>
<th>2017</th>
<th>Target 2018</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>6.7</td>
<td>6-7 moderately exceed</td>
<td>7.4</td>
<td>6.5-7.5</td>
<td>6.5-7.5</td>
<td>7.0-8.0</td>
</tr>
<tr>
<td><strong>Volkswagen Brand</strong></td>
<td>1.8</td>
<td>3-5</td>
<td>4.1</td>
<td>4-5</td>
<td>4-5</td>
<td>≥6</td>
</tr>
<tr>
<td><strong>Audi</strong></td>
<td>8.2</td>
<td>8-10</td>
<td>8.4</td>
<td>8-10</td>
<td>8-10</td>
<td>8-10</td>
</tr>
<tr>
<td><strong>Porsche Automotive</strong></td>
<td>17.4</td>
<td>&gt;15</td>
<td>18.5</td>
<td>&gt;15</td>
<td>&gt;15</td>
<td>&gt;15</td>
</tr>
<tr>
<td><strong>ŠKODA</strong></td>
<td>8.7</td>
<td>7-8</td>
<td>9.7</td>
<td>8-9</td>
<td>6-7</td>
<td>≥7</td>
</tr>
<tr>
<td><strong>Volkswagen Commercial Vehicles</strong></td>
<td>4.1</td>
<td>3-4</td>
<td>7.2</td>
<td>5-6</td>
<td>4-5</td>
<td>&gt;6</td>
</tr>
<tr>
<td><strong>Truck &amp; Bus Business</strong>&lt;sup&gt;1)&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Scania</td>
<td>9.5</td>
<td>6-7</td>
<td>6.9</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>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Return on Equity (norm. 8%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>Target 2017</th>
<th>2017</th>
<th>Target 2018</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen Financial Services</strong></td>
<td>15.6%</td>
<td>14-16%</td>
<td>15.8%</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.  
<sup>2</sup> Through-cycle Target.
Starting point „TRANSFORM 2025+“ STRATEGY will put the Volkswagen Brand to the top of the automotive industry

STRENGTHEN CORE BUSINESS
2% RoS\(^1\)

- SUV Offensive
- Turnaround in the Regions
- Brand Positioning
- Productivity / Costs
- New Skills

LEAP TO THE TOP OF ELECTRIC MOBILITY
≥ 4% RoS

- Electric Offensive
- Digital Ecosystem
- Operational Excellence

MAJOR TRANSFORMATION
≥ 6% RoS

- New Business Models
- New Mobility solutions
- Autonomous Driving

GLOBAL MARKET LEADER IN AUTOMOBILITY
> 6% RoS

\(^1\) Before special items.
### Volkswagen Brand Clear Financial Targets and updated Milestones

<table>
<thead>
<tr>
<th></th>
<th>Forecast 2018</th>
<th>Target 2020</th>
<th>Target 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>up to +10 %</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>≥ 6 %</td>
</tr>
<tr>
<td>Capex ratio</td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>4–5 %</td>
</tr>
<tr>
<td>R&amp;D ratio</td>
<td>~4 %</td>
<td>4 %</td>
<td>4 %</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>Positive operating</td>
<td>&gt; €1 bn</td>
<td>&gt;&gt; €1 bn</td>
</tr>
<tr>
<td></td>
<td>cash flow(^\text{1)})</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{1)}\) Before special items.
Further roll-out of MQB offers substantial benefits for Volkswagen Brand
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

1) ~ 9,350 early retirement contracts signed in 2017.
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**
  - The megatrend of globalization has a direct influence on future developments in freight transportation and the commercial vehicle industry

- **Emission regulations**
  - Europe with aggressive regulations, focus shifting to e-mobility and alternative fuels
  - Emerging Markets also have ambitious roadmap

- **Connectivity & digitalization**
  - Platooning and partly-autonomous driving as transition solutions
  - Data management for customers and traffic of broad interest (e.g. RIO for digital solutions)

- **After sales and future business models**
  - After sales increasingly important as alternative source of revenues
  - Future business models (e.g. connectivity, clean driving) to actively shape the future of transportation
Strengthening our position

Become Global Champion

• Navistar is the alliance partner of Volkswagen Truck & Bus. The strategic partnership includes a procurement joint venture and collaboration on various technical fields. Since March 1, 2017, Volkswagen Truck & Bus GmbH holds shares of Navistar International Corp. (16.9% as of December 31, 2017).

• Via a wholly-owned subsidiary of MAN SE, Volkswagen Truck & Bus GmbH holds 25% and one share of Sinotruk Limited. The cooperation between MAN and Sinotruk was formed in 2009.

• Hino Motors, Ltd. and Volkswagen Truck & Bus GmbH signed on April 12, 2018 an agreement aiming to build a mutually beneficial strategic long-term partnership.

Project "Next Level"

• Increase efficiency & innovation
• Achieve capital market readiness
  • Complex; striving to get there within next 12 months
  • Minority interests legal case outstanding
• Focus on Trucks & Buses; Power Engineering not part of project
• IPO is one of several options
Volkswagen Financial Services\(^1\): global, well diversified and successful

**Strong global presence**

**Rising penetration rates**

**Continuous portfolio expansion**

in '000 contracts

<table>
<thead>
<tr>
<th>Year</th>
<th>Total portfolio ('000 contracts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>4,549</td>
</tr>
<tr>
<td>2009</td>
<td>5,103</td>
</tr>
<tr>
<td>2010</td>
<td>5,562</td>
</tr>
<tr>
<td>2011</td>
<td>6,322</td>
</tr>
<tr>
<td>2012</td>
<td>7,218</td>
</tr>
<tr>
<td>2013</td>
<td>7,641</td>
</tr>
<tr>
<td>2014</td>
<td>7,678</td>
</tr>
<tr>
<td>2015</td>
<td>7,747</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>8,015</td>
</tr>
<tr>
<td>2017*</td>
<td>9,865</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>10,176</td>
</tr>
</tbody>
</table>

**Diversified funding structure**

- **Equity, liabilities to affiliated companies, other**
- **Customer deposits**
- **Asset 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.
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>Deliveries</th>
<th>Market Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>300</td>
<td>3.0</td>
</tr>
<tr>
<td>2013</td>
<td>275</td>
<td>2.6</td>
</tr>
<tr>
<td>2014</td>
<td>250</td>
<td>2.2</td>
</tr>
<tr>
<td>2015</td>
<td>225</td>
<td>2.0</td>
</tr>
<tr>
<td>2016</td>
<td>200</td>
<td>1.8</td>
</tr>
<tr>
<td>2017</td>
<td>225</td>
<td>2.0</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>76</td>
<td>+10.0%</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>84</td>
<td></td>
</tr>
</tbody>
</table>

SUV offensive #1
- Atlas
- Tiguan
- Refreshed Golf

New Sedans
- Jetta
- Passat
- Arteon

SUV offensive #2
- Midsize SUV 5s
- Compact SUV
- ID Crozz
A product offensive is initiating a new growth phase in South America

### Product offensive in South America

| Polo G | Virtus | Small SUV Global |

### 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 March 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\(^1\)** and NEV Credit System

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

**CAFC\(^1\)** Credits:
- Transfer between affiliated companies only
- Credit carry-over to next 3 years with depreciation
- Negative results can be offset by NEV credits (own or free trading in market)

**NEV Credits:**
- No transfer from CAFC\(^1\) credits to NEV credits
- No Carry-over except for year 2016 and 2019
- Free Trading of NEV credits allowed

**MIIT\(^2\)** for NEV Credit Calculation

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

<table>
<thead>
<tr>
<th>Year</th>
<th>CAFC Credit</th>
<th>NEV Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>2019</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>2020</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 x 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 under B-Test ≥70% ICE; or e-range ≥ 80km but high electric consumption

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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
Volkswagen Group China will be prepared to deliver around 1.5 million zero emission cars to Chinese customers 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 (start 2020/21)**
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>2016</th>
<th>2017</th>
<th>Target 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>3,982</td>
<td>4,184</td>
<td>≥40%</td>
</tr>
<tr>
<td>SUV</td>
<td>14%</td>
<td>18%</td>
<td>+32%</td>
</tr>
<tr>
<td>MPV</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hatchback</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sedan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUV offensive of Volkswagen Group China

4 Volkswagen brand SUVs 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>Year</th>
<th>Diesel</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Legal</td>
<td>Restructuring:</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>7.0</td>
<td>Truck Business:</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>9.2</td>
<td>Passenger Cars South America:</td>
<td>0.2</td>
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<td></td>
<td></td>
<td>Airbags Takata:</td>
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<td></td>
<td></td>
<td></td>
<td>0.7</td>
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<td></td>
<td></td>
<td></td>
<td><strong>16.9</strong></td>
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<tr>
<td>2016</td>
<td>Mainly legal risks:</td>
<td>Scania Anti-Trust Proceedings:</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td>6.4</td>
<td>Others:</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>7.5</strong></td>
</tr>
<tr>
<td>2017</td>
<td>Buyback/retrofit program:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legal:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total to date</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25.8</td>
<td>1.8</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. Cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 0.8 bn in Q1 2018.
Worldwide recall/service campaigns driven forward:
Software Flashes in Germany currently 94% complete; Substantial progress also in Europe (76%) and worldwide (69%)

Major progress in modifications in North America:
On target for modifications/buybacks for 2.0 liter TDI engines; field fix started for 3.0 liter TDI engines

Group environmental incentive makes significant contribution to improving air quality in German cities:
More than 200,000 customers already decided to switch to environmentally friendly vehicles

Electrify America underway:
Investment plan for zero emissions vehicles (ZEV) approved by authorities

Timeframe of legal proceedings expected to be long!

Status: 3rd May 2018
With “Together4Integrity” we have launched a Group-wide integrity and compliance program

**Principle 1**
Integrity and compliance is central to business strategy

**Risk Management**

**Culture of Integrity**

Principle 3
Leaders at all levels across the organization build and sustain a culture of integrity

**Speak-up Environment**

**Resolute Accountability**

Principle 4
The organization encourages, protects and values the reporting of concerns and suspected wrongdoing
New corporate culture: Change is happening

Sustainable strengthening of compliance systems taking effect
- Substantial progress in improving processes, structures and policies
- Zero tolerance of violations of values

Focus on values, integrity and Code of Collaboration becoming firmly rooted in corporate culture
- Volkswagen Convention: Training for 7,600 managers and works council members on integrity, culture and compliance
- Group-wide management development with new requirement profiles launched
- Role model program helps to implement change by example
Upcoming tasks to master challenges and make use of opportunities

**Continue to resolve the diesel crisis**
- Conclude worldwide recall campaigns and service actions
- Manage legal proceedings worldwide

**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
Investor Relations Team
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The official website of Volkswagen Group Investor Relations. Company topics, brandchannels, innovation and informations.
Shaping the transformation together.
‘Best ever’ Automotive Division Net Cash Flow (ex Diesel payments)\(^1\)
(January to March 2017)

\[
\begin{align*}
\text{Net Cash flow incl Diesel payments} & = 2.4 \\
\text{Diesel outflow} & = 0.8 \\
\text{Net Cash flow underlying business} & = 3.2
\end{align*}
\]

\(^1\) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
### Volkswagen Group – Key Financial Figures¹)
(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 Sales²)</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 result²)</td>
<td>94</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).
Volkswagen Group – Analysis of Operating Profit\(^1\)
(January to December 2017 vs. 2016)

\[^1\] All figures shown are rounded, minor discrepancies may arise from addition of these amounts. \(^2\) without FS, \(^3\) incl.PPA.

\[\text{€ billion}\]

- Operating profit before special items 2016: 14.6
- Volume / mix / prices: 2.6
- Exchange rates: -0.2
- Product-costs: -0.6
- Fixed costs: -2.0
- Commercial Vehicles \(^3\): 0.7
- Power Engineering \(^3\): 0.0
- Financial Services Division: 0.2
- Operating profit before special items 2017: 17.0
- Special items: -3.2
- Operating profit 2017: 13.8

Passenger Cars \(^2\) \(^3\)
### Volkswagen Group – Analysis by Business Line

(December 2017 vs. 2016)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen Passenger Cars</strong></td>
<td>3,573</td>
<td>4,347</td>
<td>79,979</td>
<td>105,651</td>
<td>3,301</td>
<td>1,869</td>
<td>4.1%</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Audi</strong></td>
<td>1,530</td>
<td>1,534</td>
<td>60,128</td>
<td>59,317</td>
<td>5,058</td>
<td>4,846</td>
<td>8.4%</td>
<td>8.2%</td>
</tr>
<tr>
<td><strong>ŠKODA</strong></td>
<td>937</td>
<td>814</td>
<td>16,559</td>
<td>13,705</td>
<td>1,611</td>
<td>1,197</td>
<td>9.7%</td>
<td>8.7%</td>
</tr>
<tr>
<td><strong>SEAT</strong></td>
<td>595</td>
<td>548</td>
<td>9,892</td>
<td>8,894</td>
<td>191</td>
<td>153</td>
<td>1.9%</td>
<td>1.7%</td>
</tr>
<tr>
<td><strong>Bentley</strong></td>
<td>11</td>
<td>11</td>
<td>1,843</td>
<td>2,031</td>
<td>55</td>
<td>112</td>
<td>3.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td><strong>Porsche Automotive</strong></td>
<td>248</td>
<td>239</td>
<td>21,674</td>
<td>20,710</td>
<td>4,003</td>
<td>3,733</td>
<td>18.5%</td>
<td>18.0%</td>
</tr>
<tr>
<td><strong>Volkswagen Commercial Vehicles</strong></td>
<td>498</td>
<td>478</td>
<td>11,909</td>
<td>11,120</td>
<td>853</td>
<td>455</td>
<td>7.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Scania</strong></td>
<td>2,837</td>
<td>2,837</td>
<td>3,283</td>
<td>3,593</td>
<td>193</td>
<td>194</td>
<td>5.9%</td>
<td>5.4%</td>
</tr>
<tr>
<td><strong>MAN Commercial Vehicles</strong></td>
<td>114</td>
<td>102</td>
<td>11,087</td>
<td>10,005</td>
<td>362</td>
<td>230</td>
<td>3.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>MAN Power Engineering</strong></td>
<td>-</td>
<td>-</td>
<td>3,283</td>
<td>3,593</td>
<td>193</td>
<td>194</td>
<td>5.9%</td>
<td>5.4%</td>
</tr>
<tr>
<td><strong>VW China</strong></td>
<td>4,020</td>
<td>3,873</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-840</td>
<td>-1,638</td>
<td>-30,288</td>
<td>-56,617</td>
<td>-2,335</td>
<td>-1,343</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Financial Services</strong></td>
<td>-</td>
<td>-</td>
<td>31,826</td>
<td>27,554</td>
<td>2,460</td>
<td>2,105</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group before Special Items</strong></td>
<td>-</td>
<td>-</td>
<td>31,826</td>
<td>27,554</td>
<td>2,460</td>
<td>2,105</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Special Items</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-3,222</td>
<td>-7,520</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>10,777</td>
<td>10,391</td>
<td>230,682</td>
<td>217,267</td>
<td>13,818</td>
<td>7,103</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Automotive Division</strong></td>
<td>10,777</td>
<td>10,391</td>
<td>196,949</td>
<td>186,016</td>
<td>11,146</td>
<td>4,668</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- of which: Passenger Cars</td>
<td>10,077</td>
<td>9,729</td>
<td>158,466</td>
<td>150,343</td>
<td>9,309</td>
<td>4,167</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- of which: Commercial Vehicles</td>
<td>700</td>
<td>662</td>
<td>35,200</td>
<td>32,080</td>
<td>1,892</td>
<td>718</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>3,283</td>
<td>3,593</td>
<td>-55</td>
<td>-217</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td>-</td>
<td>-</td>
<td>33,733</td>
<td>31,251</td>
<td>2,673</td>
<td>2,435</td>
<td>-</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 €23,491 (22,318) million, operating profit €4,144 (3,877) million. 3) Incl. financial services. 4) 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 €4,746 (4,956) million. 5) 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. 6) Starting January 1, 2017, Porsche’s financial services business is reported as part of Volkswagen Financial Services. Prior-year figures were not adjusted. 7) Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.
What’s new with WLTP?

- more realistic driving behaviour
- higher average and maximum speeds
- stricter car set-up and measurement conditions
- a greater range of driving situations (urban, suburban, main road, motorway)
- higher average and maximum drive power
- optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built
- longer test distances
- shorter stops
- instead of average values, WLTP can give best and worst-case figures – better representing highly diverging driving styles
- more dynamic and representative accelerations and decelerations
- more realistic ambient temperatures, closer to the European average
Volkswagen Group China performance
(January to December 2017 vs. 2016)

Proportionate operating profit, January to December (in € billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.0</td>
<td>4.7</td>
</tr>
</tbody>
</table>

+5.9% vs. +4.2% (in € billion)

Units

<table>
<thead>
<tr>
<th>Brand</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLKSWAGEN</td>
<td>3,982</td>
<td>4,184</td>
</tr>
<tr>
<td></td>
<td>2,999</td>
<td>3,177</td>
</tr>
</tbody>
</table>

+5.1% vs. +5.9% (in '000 units)

1) Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.
Automotive Division – Research and Development Costs
(January to March 2018 vs. 2017)

€ million

2017

3,370 1,446 851 2,774

Total R&D costs of which amortization Recognized in the income statement

2018

3,356 1,203 934 3,087

Total R&D costs of which amortization Recognized in the income statement

42.9% 35.9%
The new remuneration system is designed to be completely forward-looking

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

Future: forward-looking
- Performance Share Plan (3 years forward-looking)
- Annual Bonus
- Fixed remuneration

Payout after FY\textsubscript{n} 

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.”
Audi Q5L
ŠKODA Fabia
Porsche 911 Carrera T
Lamborghini Urus
Volkswagen Amarok
Scania G 450 XT 8x4
We are stepping on the gas in terms of profitability, innovative power and sustainability

VOLKSWAGEN GROUP