Shaping the transformation together.

Frank Witter, Chief Financial Officer
J.P. Morgan Investor Roadshow, London, 11th June 2018
Disclaimer

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Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates 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 April 2018 vs. 2017)

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

<table>
<thead>
<tr>
<th></th>
<th>2018 January – April</th>
<th>2017 January – April</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger Cars</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>3,336</td>
<td>3,607</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Audi</td>
<td>1,909</td>
<td>2,045</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Škoda</td>
<td>381</td>
<td>424</td>
<td>+8.0%</td>
</tr>
<tr>
<td>SEAT</td>
<td>159</td>
<td>189</td>
<td>+11.3%</td>
</tr>
<tr>
<td>Porsche</td>
<td>82</td>
<td>86</td>
<td>+5.3%</td>
</tr>
<tr>
<td><strong>Commercial Vehicles</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>1,481</td>
<td>1,519</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Audi</td>
<td>625</td>
<td>621</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Škoda</td>
<td>424</td>
<td>415</td>
<td>+2.1%</td>
</tr>
<tr>
<td>SEAT</td>
<td>161</td>
<td>161</td>
<td>0.0%</td>
</tr>
<tr>
<td>Porsche</td>
<td>42</td>
<td>42</td>
<td>0.0%</td>
</tr>
<tr>
<td>MAN</td>
<td>162</td>
<td>161</td>
<td>+0.6%</td>
</tr>
<tr>
<td><strong>Incl. all brands</strong></td>
<td>5,817</td>
<td>5,148</td>
<td>+13.3%</td>
</tr>
</tbody>
</table>

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +8.4% 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 April 2018 vs. 2017)

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +8.4% excl. Volkswagen Commercial Vehicles, Scania and MAN.
### Volkswagen Group – Key Financial Figures¹)

(January to March 2018 vs. 2017)

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

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\textsuperscript{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)

\[
\begin{array}{cccccc}
\text{Cash flow from} & \text{Capex} & \text{Capitalized} & \text{Other} & \text{Net cash flow} & \text{Net cash flow} \\
\text{operating} & \text{development} & \text{development} & \text{before equity} & \text{before equity} & \text{before equity} \\
\text{activities} & \text{costs} & \text{costs} & \text{equity} & \text{investments} & \text{investments} \\
2017 & 0.8 & -1.8 & -1.4 & 0.1 & -2.3 & -0.3 & -2.6 \\
\end{array}
\]

\(^1\) 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 Liquidity\(^1\)
(January to March 2018)

\[ \text{\€ 2.4 bn Net Cash Flow before equity investments} \]

\[ 31.12.2017 \quad \text{Operating Business} \quad \text{Diesel outflow} \quad \text{Other} \quad 31.03.2018 \]

\(22.4\)

\(3.2\)

\(-0.8\)

\(-0.5\)

\(24.3\)

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

(February to June 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>Thousand vehicles</th>
<th>Sales revenue</th>
<th>Operating profit</th>
<th>Margin</th>
</tr>
</thead>
</table>

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. 2) Including financial services. 3) 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. 4) Including financial services. 5) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
Volkswagen Group – Outlook for 2018

Deliveries to customers (
'000 vehicles)

Sales revenue (€ billion)

Operating return on sales (%)

2016
Full Year

2017

10,297

217.3

6.7 1)

6.7 1)

10,741

230.7

7.4 1)

delivers

before Special Items.

Volkswagen Group – Outlook for 2018

- Deliveries to customers: + 4.3%
- Sales revenue: + 6.2%
- Operating return on sales: 6.7% (2016) and 7.4% (2017)

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%

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>USA&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>Western Europe</th>
<th>Russia</th>
<th>Brazil&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>World&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Forecast</td>
<td></td>
<td>Actuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>17.3</td>
<td></td>
<td></td>
<td>2.2</td>
<td>84.5</td>
<td>24.0</td>
</tr>
<tr>
<td>2018</td>
<td>17.0</td>
<td></td>
<td></td>
<td>2.5</td>
<td>87.1</td>
<td>25.3</td>
</tr>
<tr>
<td>2020</td>
<td>16.8</td>
<td></td>
<td></td>
<td>2.9</td>
<td>91.3</td>
<td>27.5</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td>1.5</td>
<td>2.2</td>
<td>84.5</td>
<td>24.0</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td>1.7</td>
<td>2.5</td>
<td>87.1</td>
<td>25.3</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td>2.1</td>
<td>2.9</td>
<td>91.3</td>
<td>27.5</td>
</tr>
</tbody>
</table>

<sup>1)</sup> 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 (05.2018)
Upcoming Premium and Luxury models enhancing our portfolio offer

Q1
- A7 Sportback
- 911 Carrera T
- Aventador S Roadster
- RS 4 Avant

Q2
- Urus
- Huracán Performante Spyder
- Continental GT
- 911 GT3 RS

Q3
- Q8
- A6 Avant
- Bentayga Hybrid
- 911 Carrera T

Q4
- Q4
- Q2 LWB (China)
- A1 Sportback
- Macan Facelift

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></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></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

- **NAR**
  - ~50%

- **China**
  - ≥40%

- **Europe**
  - ~34%

Source: Internal planning.
WLTP – Worldwide Harmonized Light Vehicles Test Procedure

**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

**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

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1) Different implementation of timelines between countries ²) NEDC: New European Driving Cycle
## Clear Financial Targets and Milestones

### Key financial targets

<table>
<thead>
<tr>
<th></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> 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> Automotive Division before Special Items</td>
<td>13.9%</td>
<td>14.4%</td>
<td>12-14%</td>
<td>13-15%</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td><strong>Capex ratio</strong> 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> 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> a) Net Cashflow Automotive Division</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>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>~10% of Group turnover</td>
</tr>
</tbody>
</table>
Improving Group results despite significant challenges\textsuperscript{1)}

- **Return on Sales**
  - 2016 Base: 6.7%
  - 2017: 7.4%
  - 2020 Target: 6.5 - 7.5%

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

**Emission costs\textsuperscript{1)}**
- EU -27% CO\textsubscript{2} emission
- US -35% CO\textsubscript{2} emission
- CN -40% l/km consumption

\textsuperscript{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

Target EPS 2020
over € 25

Within current planning round / next 5 years
30% Dividend pay-out ratio

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.

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Group Management</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure the Group’s leadership over the long-term in a phase of dynamic changes</td>
<td>Create a simple, lean and effective Group management structure</td>
<td>Maximize subsidiarity and establish clear-cut responsibilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capabilities</th>
<th>Synergies</th>
<th>Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make optimum use of the capabilities and economies of scale available in the Group</td>
<td>Harness further synergies within the Group</td>
<td>Further increase profitability and competitiveness of future investments</td>
</tr>
</tbody>
</table>
Creation of Brand Groups will reduce the complexity of the Group structure

<table>
<thead>
<tr>
<th>Volume</th>
<th>Premium</th>
<th>Sport/Luxury</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>Procurement</td>
<td>Region China</td>
</tr>
<tr>
<td>Škoda</td>
<td>Lamborghini*</td>
<td>Bentley</td>
<td>Scania</td>
<td>Components**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td>Ducati*</td>
<td>Bugatti</td>
<td>Power Engineering*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VW LCV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOIA</td>
<td></td>
<td></td>
<td></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

- 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

- Economies of scale from use of MEB across entire Group
- Higher productivity and shorter manufacturing time
- Lower material and distribution costs
Audi e-tron and Porsche Mission E will change the premium electric game

Market launch in August 2018.  

Market launch in the second half of next year.
The Volkswagen Brand’s I.D. family sets the new BEV benchmark in the volume segment.
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).

Lithium ion technology

- 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 (all solid state)

New battery technologies

- 2025: 500 km, 800 Wh/l (improved anode and cathode)
Battery costs will decrease significantly by 2020

Target: < 100€ / kWh

€ / kWh

2013 2020

MQB

MEB

battery system

battery cell
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)

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
Successful launch of MOIA Shuttle at end of 2017, customers show a high demand for this alternative form of mobility

- 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 >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

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

Foundation AID GmbH
MOIA Battery Electric Special Purpose Shuttle
AURORA
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

Joint venture with JAC created for e-mobility

MOIA pilot started and shuttle presented

New technology partnerships agreed

Realignment of Group Components approved

Positioning of Group brands sharpened

Board Digitalization Committee established
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 TOGETHER – Strategy 2025 with embedded financial KPI Targets
3. Comprehensive 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 and clear plan to achieve Capital Market Readiness
9. Culture of willingness to change: agile, innovative and integral backed by committed management and employees
10. Priority to work on protecting our Society and Environment for future generations also focusing on Sustainable Supplier Relations

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>Volkswagen Group</td>
<td>6.7</td>
<td>6-7</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>Volkswagen Brand</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>Audi</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>Porsche Automotive</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>ŠKODA</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>Volkswagen Commercial Vehicles</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>Truck &amp; Bus Business(^1)</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(^2)</td>
<td>9(^2)</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>Volkswagen Financial Services</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>

\(^1\) For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles. \(^2\) 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
\(\geq 4\%\) RoS

- Electric Offensive
- Digital Ecosystem
- Operational Excellence

MAJOR TRANSFORMATION
\(\geq 6\%\) 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><strong>Sales revenue</strong></td>
<td>up to +10 %</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating return on sales</strong></td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>≥ 6 %</td>
</tr>
<tr>
<td><strong>Capex ratio</strong></td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>4–5 %</td>
</tr>
<tr>
<td><strong>R&amp;D ratio</strong></td>
<td>~4 %</td>
<td>4 %</td>
<td>4 %</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>Positive operating cash flow&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>&gt; €1 bn</td>
<td>&gt;&gt; €1 bn</td>
</tr>
</tbody>
</table>

<sup>1)</sup> 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

**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

**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

---

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
Shaping the future of the Commercial Vehicles business

Global Champion strategy

- Goal is becoming the Global Champion of the Commercial Vehicles sector: Leader in profitability, global presence and innovation.
- Further enhancement of brands’ performance with individual identities, strengths and profiles.
- Increase cooperation and leverage synergies between brands.
- Further global expansion to leverage scale and be ahead of competition (e.g. Navistar in the USA, Sinotruk in China, Hino Motors in Japan and Asia).
- Also develop solutions for Commercial Vehicles in such areas as autonomous driving, electrification and connectivity.
- RIO covers logistics solutions for all transportations sectors.

Project "Next Level"

- Further increase the company’s matureness, efficiency and innovativeness.
- Achievement of capital market readiness: meet technical and structural requirements of the capital market; complex scope.
- Change of legal structure of Volkswagen Truck & Bus GmbH to a German stock corporation (AG) and in a second step into a Societas Europaea (SE).
- Focus on Commercial Vehicles.1)
- IPO is just one of several options.
- Dependent on capital market conditions & Volkswagen Group strategy.
- Minority interests legal case outstanding.

1) Allocation will be verified as part of creation of new Volkswagen Group structure.
Volkswagen Financial Services¹): global, well diversified and successful

1) Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.

Strong global presence

Continuous portfolio expansion

in '000 contracts

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,964</td>
<td>1,508</td>
<td>3,163</td>
</tr>
<tr>
<td>2009</td>
<td>2,145</td>
<td>1,508</td>
<td>3,712</td>
</tr>
<tr>
<td>2010</td>
<td>2,246</td>
<td>1,524</td>
<td>3,930</td>
</tr>
<tr>
<td>2011</td>
<td>2,691</td>
<td>1,023</td>
<td>4,549</td>
</tr>
<tr>
<td>2012</td>
<td>3,281</td>
<td>1,808</td>
<td>6,322</td>
</tr>
<tr>
<td>2013</td>
<td>3,796</td>
<td>1,983</td>
<td>7,218</td>
</tr>
<tr>
<td>2014</td>
<td>4,549</td>
<td>2,274</td>
<td>7,641</td>
</tr>
<tr>
<td>2015</td>
<td>5,560</td>
<td>2,518</td>
<td>7,676</td>
</tr>
<tr>
<td>2016</td>
<td>5,833</td>
<td>2,760</td>
<td>7,747</td>
</tr>
<tr>
<td>2017*</td>
<td>6,155</td>
<td>3,996</td>
<td></td>
</tr>
<tr>
<td>Q1 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total portfolio 17,420

Diversified funding structure

Equity, liabilities to affiliated companies, other

Customer deposits

31.03.2018: € 191.3 bn

Asset backed securitization

Bonds, Commercial Paper, liabilities to financial institutions

¹) Reclassification Finance / Lease contracts

Continuous portfolio expansion

Total portfolio 17,420

Rising penetration rates

w/o China

w/ China

32.5% 32.9% 34.9% 36.3% 40.7% 44.3% 44.5% 46.9% 47.8% 46.7%

32.5% 32.9% 34.9% 36.3% 40.7% 44.3% 44.5% 46.9% 47.8% 46.7%

31.03.2018: € 191.3 bn

Bonds, Commercial Paper, liabilities to financial institutions

Diversified funding structure

32% 19% 31% 18%

31.03.2018: € 191.3 bn

Bonds, Commercial Paper, liabilities to financial institutions

Diversified funding structure

32% 19% 31% 18%

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Bonds, Commercial Paper, liabilities to financial institutions

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31.03.2018: € 191.3 bn

Diversified funding structure

32% 19% 31% 18%

31.03.2018: € 191.3 bn

Diversified funding structure
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>500</td>
<td>3.0</td>
</tr>
<tr>
<td>2013</td>
<td>450</td>
<td>2.6</td>
</tr>
<tr>
<td>2014</td>
<td>400</td>
<td>2.2</td>
</tr>
<tr>
<td>2015</td>
<td>350</td>
<td>2.0</td>
</tr>
<tr>
<td>2016</td>
<td>300</td>
<td>1.8</td>
</tr>
<tr>
<td>2017</td>
<td>350</td>
<td>2.0</td>
</tr>
</tbody>
</table>

SUV offensive #1

- 2017: Atlas, Tiguan, Refreshed Golf
- 2018-19: Jetta, Passat, Arteon

New Sedans

- 2019-21: Midsize SUV 5s, Compact SUV, ID Crozz

SUV offensive #2
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 April 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>ICE Volume</th>
<th>NEV Credit Point Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>None</td>
<td>0%</td>
</tr>
<tr>
<td>2019</td>
<td>10%</td>
<td></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

---

\(^1\) 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\textsuperscript{1)}

China deliveries by bodystyle (in ‘000 units)

\begin{tabular}{|c|c|c|}
\hline
\textbf{Year} & \textbf{Others} & \textbf{SUV} \\
\hline
2016 & 3,982 & 14\% \\
2017 & 4,184 & 18\% \\
\hline
Target 2020 & & \geq 40\% \\
\hline
\end{tabular}

SUV offensive of Volkswagen Group China

- \textbf{4} Volkswagen brand SUVs in 2018, 3 of which are new models
  - T-Roc LWB
  - Touareg
- \textbf{6} additional Audi SUVs in the next 2-3 years
  - Q2L
- \textbf{3} new ŠKODA SUVs in 2018
  - Kamiq
  - Karoq

\textsuperscript{1)} Source: IHS. \quad \textsuperscript{2)} Schematic overview – does not show all models.
Volkswagen Group China opens new factories to strengthen SUV offensive and e-Mobility

Production capacity will increase

Factories starting in 2018

**Tianjin**
- Start in August
- Opening ceremony on May 28
- New Bora & 2 Audi models on MQB platform
- ICE & EV production on one production line
- Production of battery systems

**Qingdao**
- Opening ceremony on May 28
- New Bora & 2 Audi models on MQB platform
- ICE & EV production on one production line
- Production of battery systems

**Hefei**
- First production model unveiled on May 25
- Production of JAC Volkswagen’s SOL brand

**Foshan**
- Start in June
- Focus on the SUVs (Audi and Volkswagen)
- Additional factory at the production site
- MQB platform will be electrified
- Battery system assembly and MEB to follow

1) Actual production volume in ’000 vehicles  
2) Available capacity on the basis of 250 working days.
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.

### 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>Other items</td>
<td>Passenger Cars South America</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>9.2</td>
<td>Airbags Takata</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>16.2</td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>16.9</td>
</tr>
<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>1.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7.5</td>
</tr>
<tr>
<td>2017</td>
<td>Buyback/retrofit program</td>
<td>Legal</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>2.2</td>
<td></td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>Legal</td>
<td></td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total to date</td>
<td></td>
<td></td>
<td>25.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>27.6</td>
</tr>
</tbody>
</table>
Worldwide recall/service campaigns driven forward:
Software Flashes in Germany currently 94% complete; Substantial progress also in Europe (76%) and worldwide (69%)

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

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

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

Timeframe of legal proceedings expected to be long!
With “Together4Integrity” we have launched a Group-wide integrity and compliance program

**Strategy**

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

**Risk Management**

**Principle 2**
Integrity and compliance risks are identified, owned, managed and mitigated

**Culture of Integrity**

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

**Speak-up Environment**

**Principle 4**
The organization encourages, protects and values the reporting of concerns and suspected wrong-doing

**Resolute Accountability**

**Principle 5**
The organization takes action and holds itself accountable when wrongdoing occurs
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.
## Volkswagen Group – Key Credit Ratings

### Current Ratings¹)

<table>
<thead>
<tr>
<th></th>
<th>S&amp;P Global</th>
<th>Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Long Term</td>
<td>Short Term</td>
</tr>
<tr>
<td><strong>Volkswagen AG</strong></td>
<td>BBB+</td>
<td>A-2</td>
</tr>
<tr>
<td><strong>Volkswagen Financial Services AG</strong></td>
<td>BBB+</td>
<td>A-2</td>
</tr>
<tr>
<td><strong>Volkswagen Bank GmbH</strong></td>
<td>A-</td>
<td>A-2</td>
</tr>
</tbody>
</table>

1) as of May 16, 2018

2) Outlook change from Negative to Stable: S&P November 6 2017 (excluding VW Bank GmbH); Moody’s March 19 2018

### Outlook²)

- Stable (*Negative)
- Stable
‘Best ever’ Automotive Division Net Cash Flow (ex Diesel payments)\(^1\)
(January to March 2018)

\[^1\) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.\]
## Volkswagen Group – Key Financial Figures\(^1\)

(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>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>
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<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)

\[\text{Operating profit before special items (\text{\texteuro} \text{billion})} \]

- 14.6 (2016)
- 17.0 (2017)

\[\text{Operating profit (\text{\texteuro} \text{billion})} \]

- 13.8 (2017)

\[\text{Volume / mix / prices (\text{\texteuro} billion)} \]

- 2.6 (2017)

\[\text{Exchange rates (\text{\texteuro} billion)} \]

- 0.2 (2017)
- 0.6 (2017)

\[\text{Product-costs (\text{\texteuro} billion)} \]

- -2.0 (2017)

\[\text{Fixed costs (\text{\texteuro} billion)} \]

- 0.7 (2017)
- 0.0 (2017)
- 0.2 (2017)

\[\text{Commercial Vehicles (\text{\texteuro} billion)} \]

- 0.0 (2017)

\[\text{Power Engineering (\text{\texteuro} billion)} \]

- 0.2 (2017)

\[\text{Financial Services Division (\text{\texteuro} billion)} \]

- -3.2 (2017)

\[\text{Special items (\text{\texteuro} billion)} \]

- 0.0 (2016)
- 0.0 (2016)

\[\text{Operating profit before special items (\text{\texteuro} billion)} \]

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. 2) without FS. 3) incl. PPA.
## Volkswagen Group – Analysis by Business Line

*(January to December 2017 vs. 2016)*

<table>
<thead>
<tr>
<th>Thousand vehicles/ € million</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></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3,573</td>
<td>4,347</td>
<td>79,979</td>
<td>105,651</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>3,301</td>
<td>1,869</td>
</tr>
<tr>
<td>%</td>
<td>4.1%</td>
<td>1.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Audi</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,530</td>
<td>1,534</td>
<td>60,128</td>
<td>59,317</td>
</tr>
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<td>2016</td>
<td></td>
<td></td>
<td>5,058</td>
<td>4,846</td>
</tr>
<tr>
<td>%</td>
<td>8.4%</td>
<td>8.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ŠKODA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>937</td>
<td>814</td>
<td>16,559</td>
<td>13,705</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>1,611</td>
<td>1,197</td>
</tr>
<tr>
<td>%</td>
<td>9.7%</td>
<td>8.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SEAT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>595</td>
<td>548</td>
<td>9,892</td>
<td>8,894</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>191</td>
<td>153</td>
</tr>
<tr>
<td>%</td>
<td>1.9%</td>
<td>1.7%</td>
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</tr>
<tr>
<td><strong>Bentley</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2017</td>
<td>11</td>
<td>11</td>
<td>1,843</td>
<td>2,031</td>
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<tr>
<td>2016</td>
<td></td>
<td></td>
<td>55</td>
<td>112</td>
</tr>
<tr>
<td>%</td>
<td>3.0%</td>
<td>5.5%</td>
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</tr>
<tr>
<td><strong>Porsche Automotive</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>248</td>
<td>239</td>
<td>21,674</td>
<td>20,710</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>4,003</td>
<td>3,733</td>
</tr>
<tr>
<td>%</td>
<td>18.5%</td>
<td>18.0%</td>
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<td></td>
</tr>
<tr>
<td><strong>Volkswagen Commercial Vehicles</strong></td>
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</tr>
<tr>
<td>2017</td>
<td>498</td>
<td>478</td>
<td>11,909</td>
<td>11,120</td>
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<tr>
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<td></td>
<td></td>
<td>853</td>
<td>455</td>
</tr>
<tr>
<td>%</td>
<td>7.2%</td>
<td>4.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Scania</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>92</td>
<td>83</td>
<td>12,789</td>
<td>11,303</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>362</td>
<td>230</td>
</tr>
<tr>
<td>%</td>
<td>3.3%</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MAN Commercial Vehicles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>114</td>
<td>102</td>
<td>11,087</td>
<td>10,005</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>362</td>
<td>230</td>
</tr>
<tr>
<td>%</td>
<td>3.3%</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MAN Power Engineering</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
<td>3,283</td>
<td>3,593</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>193</td>
<td>194</td>
</tr>
<tr>
<td>%</td>
<td>5.9%</td>
<td>5.4%</td>
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<td></td>
</tr>
<tr>
<td><strong>VW China</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2017</td>
<td>4,020</td>
<td>3,873</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>%</td>
<td>-</td>
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</tr>
<tr>
<td><strong>Other</strong></td>
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<tr>
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</tr>
<tr>
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<td>-</td>
<td>-</td>
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<td></td>
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<td>2,460</td>
<td>2,105</td>
</tr>
<tr>
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<td>-</td>
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</tr>
<tr>
<td><strong>Volkswagen Group before Special Items</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>10,777</td>
<td>10,391</td>
<td>230,682</td>
<td>217,267</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>13,818</td>
<td>7,103</td>
</tr>
<tr>
<td>%</td>
<td>7.4%</td>
<td>6.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Special Items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
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<td>-7,520</td>
</tr>
<tr>
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<td>-</td>
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</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>10,777</td>
<td>10,391</td>
<td>230,682</td>
<td>217,267</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>13,818</td>
<td>7,103</td>
</tr>
<tr>
<td>%</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Automotive Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>10,777</td>
<td>10,391</td>
<td>196,949</td>
<td>186,016</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>11,146</td>
<td>4,668</td>
</tr>
<tr>
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<td>-</td>
<td>-</td>
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</tr>
<tr>
<td><strong>of which: Passenger Cars</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>10,077</td>
<td>9,729</td>
<td>158,466</td>
<td>150,343</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>9,309</td>
<td>4,167</td>
</tr>
<tr>
<td>%</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>of which: Commercial Vehicles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>700</td>
<td>662</td>
<td>35,200</td>
<td>32,080</td>
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<tr>
<td>2016</td>
<td></td>
<td></td>
<td>1,892</td>
<td>718</td>
</tr>
<tr>
<td>%</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>of which: Power Engineering</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
<td>3,283</td>
<td>3,593</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>-55</td>
<td>-217</td>
</tr>
<tr>
<td>%</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
<td>33,733</td>
<td>31,251</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>2,673</td>
<td>2,435</td>
</tr>
<tr>
<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) 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. 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 €4,746 (4,956) 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.
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)
- longer test distances
- higher average and maximum drive power
- optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built
- more dynamic and representative accelerations and decelerations
- shorter stops
- instead of average values, WLTP can give best and worst-case figures – better representing highly diverging driving styles
- 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>
<tr>
<td>Change</td>
<td>+5.1%</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

**Units**

<table>
<thead>
<tr>
<th>Year</th>
<th>January – December 2017</th>
<th>January – December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>3,982</td>
<td>5,566</td>
</tr>
<tr>
<td>Change</td>
<td>+5.1%</td>
<td>+39.8%</td>
</tr>
</tbody>
</table>

**Proportionate operating profit**

<table>
<thead>
<tr>
<th>Year</th>
<th>January – December 2017</th>
<th>January – December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.0</td>
<td>4.7</td>
</tr>
<tr>
<td>Change</td>
<td>+5.1%</td>
<td>+39.8%</td>
</tr>
</tbody>
</table>

1) Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.

---

**Key Financials & Cash**

**Strategy**

**Outlook & Operative Excellence**

**Excellence**

**Our Brands**

**Our Markets**

**Diesel**

**Integrity & Compliance**

**Commitment**
Automotive Division – Research and Development Costs
(January to March 2018 vs. 2017)
The new remuneration system is designed to be completely forward-looking

Current system: backward-looking

- LTI (4 years retrospectively)
- Special remuneration (2 years retrospectively)
- PLB
- Fixed remuneration

Future: forward-looking

- Payout after FY_n
- Performance Share Plan (3 years 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.”
Volkswagen Touareg
Audi Q5L
SEAT CUPRA Ateca
Porsche 911 Carrera T
Bentley Continental GT
Volkswagen Amarok
MAN TGX 18.500

MAN TGE 5.180
Scania G 450 XT 8x4
We are stepping on the gas in terms of profitability, innovative power and sustainability