Shaping the transformation together.

Frank Witter, CFO Volkswagen Group
Investor Dinner with Jefferies, Wolfsburg, 19th September 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.

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 Such statements are valid on the date of publication and can be superseded.

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 Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to August 2018 vs. 2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>Volkswagen Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>South America</td>
<td>10.3%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>4.9%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>16.6%</td>
<td>12.0%</td>
</tr>
<tr>
<td>World</td>
<td>2.8%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>2.5%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

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

Passenger Cars

Volkswagen Group\(^1\)

\[+7.5\%\]

January – August 2017

January – August 2018

Commercial Vehicles

\[+6.2\%\]

\[+5.5\%\]

\[+11.4\%\]

\[+21.9\%\]

\[+6.8\%\]

\[+3.9\%\]

\[+23.1\%\]

\[+7.6\%\]

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +7.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.

\(^2\) MAN incl. MAN Latin America Trucks and Busses GVW > 5t.
Volkswagen Group – Deliveries to Customers by Markets¹)
(January to August 2018 vs. 2017)

¹) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +7.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.
# Volkswagen Group – Key Financial Figures¹)

(As of January to June 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017 ²)</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Sales ³)</td>
<td>5,575</td>
<td>5,270</td>
<td>+5.8</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>119,377</td>
<td>115,349</td>
<td>+3.5</td>
</tr>
<tr>
<td>Operating profit before Special Items</td>
<td>9,794</td>
<td>8,916</td>
<td>+9.8</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>8.2</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>8,160</td>
<td>8,916</td>
<td>-8.5</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.8</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>813</td>
<td>-117</td>
<td>x</td>
</tr>
<tr>
<td>of which: At-equity result ³)</td>
<td>1,680</td>
<td>1,635</td>
<td>2.8</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-867</td>
<td>-1,753</td>
<td>-50.5</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>8,972</td>
<td>8,799</td>
<td>+2.0</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.5</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>6,613</td>
<td>6,474</td>
<td>+2.1</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 €2,318 million (€2,135 million).
Volkswagen Group – Analysis of Operating Profit\(^1\) (January to June 2018 vs. 2017)

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

\[\text{\euro billion}\]

- **Jan – June 2017**
  - Volume/Mix/Prices: 8.9
  - Exchange Rates: 1.1
  - Product Costs: 0.2
  - Fixed Costs: 0.3
  - Commercial Vehicles\(^**\): -0.9
  - Power Engineering\(^**\): 0.2
  - Financial Services Division: 0.0
  - Special Items: -1.6

\(*\) Passenger Cars\(^'\)\(^**\)
Automotive Division Net Cash Flow Development\(^1\)\(^2\)
(January to June 2018)

<table>
<thead>
<tr>
<th>(\text{€ billion} )</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>2017</td>
<td>2.0</td>
<td>-4.2 (4.2%)</td>
<td>-2.9</td>
<td>0.1</td>
<td>-4.8</td>
<td>-0.0</td>
<td>-4.8</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 Liquidity\(^1\)
(January to June 2018)

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

### (January to June 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>Volkswagen Passenger Cars</td>
<td>1,931</td>
<td>1,812</td>
<td>42,704</td>
<td>39,661</td>
</tr>
<tr>
<td>Audi</td>
<td>812</td>
<td>783</td>
<td>31,183</td>
<td>30,011</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>511</td>
<td>501</td>
<td>9,161</td>
<td>8,720</td>
</tr>
<tr>
<td>SEAT</td>
<td>347</td>
<td>304</td>
<td>5,786</td>
<td>5,054</td>
</tr>
<tr>
<td>Bentley</td>
<td>5</td>
<td>5</td>
<td>757</td>
<td>867</td>
</tr>
<tr>
<td>Porsche Automotive 2)</td>
<td>123</td>
<td>124</td>
<td>11,231</td>
<td>10,841</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>248</td>
<td>244</td>
<td>6,324</td>
<td>5,927</td>
</tr>
<tr>
<td>Scania 3)</td>
<td>47</td>
<td>44</td>
<td>6,515</td>
<td>6,307</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>65</td>
<td>53</td>
<td>5,814</td>
<td>5,297</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>-</td>
<td>-</td>
<td>1,637</td>
<td>1,579</td>
</tr>
<tr>
<td>VW China 4)</td>
<td>1,999</td>
<td>1,870</td>
<td>1,637</td>
<td>1,579</td>
</tr>
<tr>
<td>Other 5)</td>
<td>-512</td>
<td>-469</td>
<td>16,664</td>
<td>15,999</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Volkswagen Group before Special Items</td>
<td>-</td>
<td>-</td>
<td>9,794</td>
<td>8,916</td>
</tr>
<tr>
<td>Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Volkswagen Group 5)</td>
<td>5,575</td>
<td>5,270</td>
<td>119,377</td>
<td>115,349</td>
</tr>
<tr>
<td>Automotive Division 6)</td>
<td>5,575</td>
<td>5,270</td>
<td>101,715</td>
<td>98,388</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>5,219</td>
<td>4,930</td>
<td>81,766</td>
<td>79,557</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>357</td>
<td>340</td>
<td>18,312</td>
<td>17,252</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>1,637</td>
<td>1,579</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
<td>17,662</td>
<td>16,961</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 €21,287 (€21,777) million, operating profit €2,254 (€2,135) 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 € 2,338 (€ 2,135) million. 5) In operating profit mainly write-downs 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) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
Volkswagen Group – Outlook for 2018

Deliveries to customers ('000 vehicles)

- Deliveries to customers: 10,741 (2017) vs. 10,297 (2016), +4.3%

Sales revenue (€ billion)

- Sales revenue: 230.7 (2017) vs. 217.3 (2016), +6.2%

Operating return on sales (%)

- Operating return on sales: 7.4% (2017) vs. 6.7% (2016)

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% before Special Items

1) before Special Items. 2) Operating return on sales after Special Items is expected to be moderately below that range.

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

### Actuals vs. Forecast

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2018</th>
<th>2020</th>
<th>Growth 2018-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>17.3</td>
<td>17.1</td>
<td>16.7</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>14.3</td>
<td>14.5</td>
<td>14.3</td>
<td>+1.1%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.2</td>
<td>2.4</td>
<td>2.9</td>
<td>+10.3%</td>
</tr>
<tr>
<td>World</td>
<td>84.5</td>
<td>86.5</td>
<td>90.4</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Russia</td>
<td>1.5</td>
<td>1.7</td>
<td>2.1</td>
<td>+17.0%</td>
</tr>
<tr>
<td>China</td>
<td>24.0</td>
<td>24.9</td>
<td>27.6</td>
<td>+3.6%</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 (08.2018)
Upcoming Premium and Luxury models enhancing our portfolio offer

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>A7 Sportback</td>
<td>Urus</td>
<td>Q8</td>
<td>Q3</td>
</tr>
<tr>
<td>911 Carrera T</td>
<td>Huracán Performante Spyder</td>
<td>A6 Avant</td>
<td>Q2 LWB (China)</td>
</tr>
<tr>
<td>Aventador S Roadster</td>
<td>Continental GT</td>
<td>Bentayga Hybrid</td>
<td>A1 Sportback</td>
</tr>
<tr>
<td>RS 4 Avant</td>
<td>911 GT3 RS</td>
<td></td>
<td>Macan Facelift</td>
</tr>
</tbody>
</table>

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

Source: Internal planning.
Strong Increase in our SUV mix

SUV mix by region based on expected regional Group sales

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 taxation:
  - EU recommendation crossover from Jan. 1, 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 conditions

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

### 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>&lt;br&gt;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>&lt;br&gt;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>&lt;br&gt;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>&lt;br&gt;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>&lt;br&gt;a) Net Cashflow(^2)&lt;br&gt;Automotive Division</td>
<td>€ 7.2 bn</td>
<td>€ 10.1bn</td>
<td>≥ € 9 bn</td>
<td>≥ € 10 bn</td>
<td>&gt; € 10 bn</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~10% of Group turnover</td>
</tr>
<tr>
<td></td>
<td>b) Net Liquidity</td>
<td></td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn</td>
<td></td>
</tr>
</tbody>
</table>

---

\(^1\) As of 1\(^{st}\) August, 2018.  \(^2\) Ex diesel payments; cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 2.6 bn in H1 2018.
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>6.7%</td>
</tr>
<tr>
<td>2017</td>
<td>7.4%</td>
</tr>
<tr>
<td>Target</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)
### Automative Division-Net Cash Flow (ex Diesel payments)\(^1\)

#### in € billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>6.1</td>
</tr>
<tr>
<td>2015</td>
<td>8.9</td>
</tr>
<tr>
<td>2016</td>
<td>7.3</td>
</tr>
<tr>
<td>2017</td>
<td>10.1</td>
</tr>
<tr>
<td>2018</td>
<td>≥ 10</td>
</tr>
<tr>
<td>2020</td>
<td>&gt; 10</td>
</tr>
<tr>
<td>2025</td>
<td>&gt; 10</td>
</tr>
</tbody>
</table>

\(^1\) Incl. allocation of consolidation adjustments between Automotve 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\(^1\)

**Earnings per Share** (€)
- 2016: 10.30
- 2017: 22.69

**Dividend per Share** (€)
- 2016: 2.06
- 2017: 3.96

**Dividend pay-out ratio\(^1\)** (%)
- 2016: 19.70
- 2017: 19.00\(^2\)

\(^1\) 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.

**Target EPS 2020**
- over € 25

**Within current planning round / next 5 years**
- 30% Dividend pay-out ratio\(^1\)
STRATEGY 2025 – Initiatives at a glance

**GROW PROFITABLY**

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

**DEVELOP STRATEGIC CAPABILITIES**

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

**ENHANCE ENTREPRENEURIAL SPIRIT**

- Secure funding

**Outlook & Operative Excellence**

- Key Financials & Cash
- Strategy
- Our Brands
- Our Markets
- Diesel
- Integrity & Compliance
- Commitment
**The Volkswagen Group is speeding up its transformation with the organizational realignment**

### Distributed Group Functions

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group steering</strong></td>
<td>Lean and effective Group steering by transferring responsibilities to Group BoM members</td>
</tr>
<tr>
<td><strong>Focusing</strong></td>
<td>Group BoM focuses on strategic challenges</td>
</tr>
<tr>
<td>„<strong>All for one and one for all”</strong></td>
<td>Shared goals</td>
</tr>
</tbody>
</table>

### Brand Groups

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong brands</strong></td>
<td>Use and develop core competences of each individual brand</td>
</tr>
<tr>
<td><strong>Synergies</strong></td>
<td>Closer cooperation between brands by bundling in brand groups</td>
</tr>
<tr>
<td><strong>High maturity level</strong></td>
<td>More intensive exchange, synchronization and harmonization on strategy issues</td>
</tr>
</tbody>
</table>

### Subsidiarity

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independence</strong></td>
<td>Maximum subsidiarity for responsibility at all levels</td>
</tr>
<tr>
<td><strong>Decision-making</strong></td>
<td>Efficient decision-making through swifter processing in committees, etc. and use of fewer resources</td>
</tr>
<tr>
<td><strong>Stability</strong></td>
<td>Strategy process with clear targets, content and workflows</td>
</tr>
</tbody>
</table>
Creation of Brand Groups will reduce the complexity of the Group structure

* Allocation will be verified
** Temporarily responsibility of Group CEO, will be a combined Board of Management function

<table>
<thead>
<tr>
<th>Volume</th>
<th>Premium</th>
<th>Sport &amp; Luxury</th>
<th>Truck &amp; Bus</th>
<th>Procurement/ Components</th>
<th>Finance &amp; IT</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>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>Region China</td>
</tr>
</tbody>
</table>

** Volkswagen Group Companies**
- Automotive (Volkswagen, Škoda, SEAT, Audi, Lamborghini*, Ducati*, Porsche, Bentley, Bugatti, MAN, Scania, Power Engineering*, MAN, SCANIA, MAN, Power Engineering*)
- Mobility Solutions (MOIA)
- Components (Porsche Components, MAN Components, Scania Components, Power Engineering Components)
- Additional Businesses (Škoda, SEAT, MAN, Power Engineering)

* Region China

Voluntary Purchase (VW LCV)
Focus on strategy: Resolutely making progress toward sustainable mobility

Sustainable mobility

Efficient combustion engines and alternative drives
Battery technology
Charging infrastructure
Mobility services
Self-driving system (SDS)

E-mobility
Paving the way for 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.

Up to the end of 2022: 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 bn 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 Taycan will change the premium electric game

with a range of more than 500 km

Market launch in September 2018.

~ €500 m for the development of Taycan variants and derivatives

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.

Market launch early 2020 and onwards.
Advances in battery technology will improve range, weight and costs

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

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

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

Key Dates:
- 2005: “Stanley” Winner Darpa Grand Challenge
- 2010
- 2017
- 2018: MOIA Battery Electric Special Purpose Shuttle
- 2021+: Personal Autonomous Vehicles

- >200 AV related patents
- Foundation AID GmbH
- Volkswagen Group
- Strategic partnership with 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
Driving forward Strategy 2025: Implementation is accelerating II

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy for Truck &amp; Bus</td>
<td>making good progress</td>
</tr>
<tr>
<td>Product &amp; technology offensive in China</td>
<td>agreed</td>
</tr>
<tr>
<td>Turnaround in South America</td>
<td>initiated</td>
</tr>
<tr>
<td>INDIA 2.0 project</td>
<td>launched</td>
</tr>
<tr>
<td>Fuel cell technology partnership</td>
<td>agreed</td>
</tr>
<tr>
<td>Strategic cooperation</td>
<td>in discussion</td>
</tr>
<tr>
<td>Volkswagen Components</td>
<td>becomes independent entity from January 2019</td>
</tr>
<tr>
<td>Volkswagen</td>
<td>becomes largest shareholder</td>
</tr>
</tbody>
</table>

**Deliveries**

**Key Financials & Cash**

**Outlook & Operative Excellence**

**Strategy**

**Our Brands**

**Our Markets**

**Diesel**

**Integrity & Compliance**

**Commitment**
Volkswagen AG and Ford to explore Strategic Alliance, extend Capabilities, strengthen Competitiveness and better serve Customers

Volkswagen AG and Ford Motor Company announced a Memorandum of Understanding1)

**Explore Strategic Alliance**

Volkswagen AG and Ford are exploring a strategic alliance.

**Extend Capabilities & Better Serve Customers**

The companies are investigating several joint projects – including joint development of a range of commercial vehicles to better serve the evolving needs of customers globally.

**Strengthen Competitiveness**

Potential projects aim to strengthen each company's competitiveness; the companies will share updates as talks progress.

**Equity Arrangements not involved**

Volkswagen AG and Ford said any strategic alliance would not involve equity arrangements, including cross ownership stakes.

---

1) As of June 19th, 2018.
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. TRATON 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
## Overview Brand Targets (RoS, RoE)

### Return on Sales in %\(^1\)

<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>≥6</td>
</tr>
<tr>
<td>Truck &amp; Bus Business(^2)</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(^3)</td>
<td>9(^3)</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>

---

\(^1\) Before special items.  \(^2\) For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles.  \(^3\) 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 cash flow(^1)</td>
<td>&gt; € 1 bn</td>
<td>&gt;&gt; € 1 bn</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

**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

---

Reduction in workforce based on demographic curve\(^1\)

\(^1\) ~ 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
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 maturity, 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).
  - Changed name to TRATON Group.
  - Focus on Commercial Vehicles.\(^1\)
  - IPO is just one of several options.
  - Dependent on capital market conditions & Volkswagen Group strategy.
  - Minority interests legal case closed.

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

**Strong global presence**

- Map showing global presence

**Rising penetration rates**

- Graph showing penetration rates with and without China

**Continuous portfolio expansion**

- Bar chart showing portfolio expansions from 2008 to 2018

**Diversified funding structure**

- Pie chart showing funding sources

---

\(^1\) 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**

- **Market Share %**
  - 2012: 3.0
  - 2013: 2.6
  - 2014: 2.2
  - 2015: 2.0
  - 2016: 1.8
  - 2017: 2.0

- **Deliveries 2012 to 2017**
  - 2012: 518
  - 2013: 487
  - 2014: 450
  - 2015: 410
  - 2016: 370
  - 2017: 236

- **2017-2018 Deliveries Increase**
  - 2017: 236
  - 2018: 220
  - Increase: 7.0%

**SUV offensive #1**

- **2017**
  - Atlas
  - Tiguan
  - Refreshed Golf

**New Sedans**

- **2018-19**
  - Jetta
  - Passat
  - Arteon

**SUV offensive #2**

- **2019-21**
  - Midsize SUV 5s
  - Compact SUV
  - ID Crozz
A product offensive is initiating a new growth phase in South America

**Product offensive in South America**

- **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 August 2018 vs. 2017)

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

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td>+6.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+8.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January – August 2017</td>
<td>2,489</td>
<td>2,656</td>
</tr>
<tr>
<td>January – August 2018</td>
<td>1,890</td>
<td>1,964</td>
</tr>
</tbody>
</table>

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}\(^3\) Volume \times \text{NEV credit point ratio}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
<td>10%</td>
<td>12%</td>
</tr>
</tbody>
</table>

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

**NEV Credit Point Attribution per NEV Type**

- **BEV\(^4\):** Basic credit = \(0.012 \times \text{Range} + 0.8\) (max. 5 basic credits)
  - BEV additional factor for low electric consumption up to 1.2
- **PHEV\(^5\):** Basic credit = 2 (min. e-Range 50km)
  - PHEV credit = 1 if e-range 50-80km and consumption under B-Test \(\geq 70\%\) ICE; or e-range \(\geq 80\)km 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\(^1\)

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

<table>
<thead>
<tr>
<th>Volkswagen Group</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\(^{\text{Source: IHS.}}\) 2\(^{\text{Schematic overview – does not show all models.}}\)
Volkswagen Group China opens new factories to strengthen SUV offensive and e-Mobility

Production capacity will increase

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 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.
### 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>Other items</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>7.0</td>
<td>9.2</td>
<td>16.2</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>16.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7.5</td>
</tr>
<tr>
<td>2017</td>
<td>2.2</td>
<td></td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>1.0</td>
<td></td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td>3.2</td>
<td></td>
<td>1.1</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td>1.6</td>
</tr>
<tr>
<td>Total to date</td>
<td></td>
<td></td>
<td>29.2</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 € 2.6 bn in H1 2018.
Resolving the diesel crisis: Substantial progress in all markets

Worldwide recall/service campaigns driven forward:
Software Flashes in Germany currently 96% complete; Substantial progress also in Europe (77%) and worldwide (71%)

Major progress in modifications in North America:
Around 90 percent of the 2.0l and 3.0l TDI vehicles affected in the U.S. have already been retrofitted, bought back, or otherwise remediated (as of June 2018)
We have reached the targets set by EPA and Carb for the 2.0L settlement and are on track to achieve the targets in the 3.0L settlement within the specified timeframe.

Group environmental incentive made significant contribution to improving air quality in German cities:
More than 240,000 customers decided to switch to environmentally friendly vehicles (terminated by 30.06.2018)

Electrify America underway:
Investment plan for zero emissions vehicles (ZEV) approved by authorities and implementation has already started

Timeframe of legal proceedings expected to be long!

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

**STRATEGY**
Ethics and compliance is central to business strategy

**RISK MANAGEMENT**
Ethics and compliance risks are identified, owned, managed and mitigated

**SPEAK-UP ENVIRONMENT**
The organization encourages, protects and values the reporting of concerns and suspected wrongdoing

**CULTURE OF INTEGRITY**
Leaders at all levels across the organization build and sustain a culture of integrity

**RESOLUTE ACCOUNTABILITY**
The organization takes action and holds itself accountable when wrongdoing occurs
We need to foster and live a new culture

- **Brand collaboration** instead of internal rivalry
- **Open and honest** instead of backdoor approach
- **Transparent communication** instead of corral mentality
- **Fair competition** instead of war
- **Multicultural** instead of “Mittellandkanal”
- **Decentralized** instead of centralistic
- **More Pikes Peak** instead of Le Mans

NEW CULTURE
Overview of timeline and 1st Monitor Audit-Report

Structure
- 50 pages, 14 chapters + 1 Appendix
- two violations are referenced
- seven “recommended actions to achieve compliance” with the Consent Decrees are separately embedded

Further information online available at: https://www.vwcourtsettlement.com/en/2-0-models/.
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
- Drive Future Pact Brand Volkswagen further
- 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
We are pleased to answer your inquiries regarding Volkswagen shares and other capital market related questions.

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The official website of Volkswagen Group Investor Relations. Company topics, brand channels, innovation and information.
Shaping the transformation together.

Appendix
The Shareholder Structure, Supervisory and Management Board

### Shareholder Structure of Volkswagen AG

- **Number of Outstanding Shares**
  - Preferred shares: 206,205,445 (41.1%)
  - Ordinary shares: 295,089,818 (58.9%)
- **Current Voting Rights Distribution**
  - Others: 17,0% (at December 31, 2017)
  - Porsche SE, Stuttgart: 52.2%
  - State of Lower Saxony, Hanover: 20.0%

### Supervisory Board of Volkswagen AG

- **Chairman**
  - Hans Dieter Pötsch
- **Porsche**
  - Dr. Louise Kiesling
  - Dr. jur. Hans Michel Piëch
- **Automobil Holding SE**
  - Dr. jur. Ferdinand Oliver Porsche
  - Dr. rer. comm. Wolfgang Porsche
- **State of Lower Saxony**
  - Dr. Bernd Althusmann
  - Stephan Weil
- **Qatar Holding**
  - Dr. Hussain Ali Al Abdulla
  - Dr. Hessa Sultan Al Jaber
- **Works Council**
  - Bernd Osterloh
  - Birgit Dietze
  - Dr. Hans-Peter Fischer
  - Jörg Hofmann
  - Uwe Hück
  - Johan Järvklo
  - Ulrike Jakob
  - Peter Mosch
  - Bertina Murkovic
  - Athanasios Stimoniaris

### Board of Management of Volkswagen AG

- **Chairman of VW AG and VW Passenger Cars brand**
  - Dr. Herbert Diess
- **Porsche AG**
  - Dr. Oliver Blume
- **China**
  - Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann
- **Human Resources**
  - Gunnar Kilian
- **TRATON Group and Power Engineering**
  - Andreas Renschler
- **Audi AG (interim)**
  - Abraham Schot
- **Integrity and Legal Affairs**
  - Hiltrud Dorothea Werner
- **Finance and IT**
  - Frank Witter
- **Components and Procurement**
  - Dr. Stefan Sommer

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1) Each Board Member is responsible for one or more functions within the Volkswagen Group. The work of the Board of Management of Volkswagen AG is supported by the boards of the brands and regions as well as by the other group business units and holdings.
# Volkswagen Group – Key Credit Ratings

<table>
<thead>
<tr>
<th>Current Ratings1)</th>
<th>Long Term</th>
<th>Short Term</th>
<th>Long Term</th>
<th>Short Term</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen AG</strong></td>
<td>BBB+</td>
<td>A-2</td>
<td>A3</td>
<td>P-2</td>
</tr>
<tr>
<td><strong>Volkswagen Financial Services AG</strong></td>
<td>BBB+</td>
<td>A-2</td>
<td>A3</td>
<td>P-2</td>
</tr>
<tr>
<td><strong>Volkswagen Bank GmbH</strong></td>
<td>A-**</td>
<td>A-2</td>
<td>A1**</td>
<td>P-1</td>
</tr>
</tbody>
</table>

1) as of August 31, 2018

**S&P:** BBB+ Senior Subordinated Rating; Moody’s: A3 Junior Senior Unsecured Rating

### Outlook
- **Stable (\*Negative)**
- **Stable**
Automotive Division Net Cash Flow (ex Diesel payments)\(^1\)
(January to June 2018)

\(\begin{align*}
\text{Net Cash flow incl Diesel payments} & \quad 3.3 \\
\text{Diesel outflow} & \quad 2.6 \\
\text{Net Cash flow underlying business} & \quad 5.9
\end{align*}\)

\(1\) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
Automotive Division – Research and Development Costs  
(January to June 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total R&amp;D costs</td>
<td>6,759</td>
<td>6,747</td>
</tr>
<tr>
<td>of which capitalized</td>
<td>-2,919</td>
<td>-2,490</td>
</tr>
<tr>
<td>amortization</td>
<td>1,705</td>
<td>1,845</td>
</tr>
<tr>
<td>Recognized in the income statement</td>
<td>5,546</td>
<td>6,102</td>
</tr>
</tbody>
</table>

- Percentage change: 43.2% to 36.9%
The remuneration system is designed to be completely forward-looking

**Old system: backward-looking**

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

**Since January 2017: forward-looking**

- Performance Share Plan (3 years forward-looking)
- Annual Bonus
- Fixed remuneration
- Payout after FY_{n+2}
- Payout after FY_{n}
What's new with WLTP?

- More realistic driving behaviour
- A greater range of driving situations (urban, suburban, main road, motorway)
- Longer test distances
- More dynamic and representative accelerations and decelerations
- Higher average and maximum speeds
- Higher average and maximum drive power
- Shorter stops
- More realistic ambient temperatures, closer to the European average
- More dynamic and representative accelerations and decelerations
- Longer test distances
- Optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built
- Shorter stops instead of average values, WLTP can give best and worst-case figures – better representing highly diverging driving styles
- Stricter car set-up and measurement conditions
ŠKODA Kamiq
Porsche Cayenne E-Hybrid
Bentley Continental GT
Lamborghini Urus
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