Financial Results January – September 2018
Dr. Arno Antlitz, CFO Volkswagen Brand
Roadshow with Bernstein, London, November 6th 2018
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Solid operating performance from January to September 2018

SALES

2.8 million vehicles
- Q1-3 2017
- Q1-3 2018

+5%

SALES REVENUE

€ 62.5 billion
- Q1-3 2017
- Q1-3 2018

+7%

OPERATING PROFIT

€ 2.3 billion
- Q1-3 2017
- Q1-3 2018

-6%

RoS 4.3%
RoS 3.7%

1) These figures do not include sales of our Chinese joint ventures.
## Volkswagen Brand Deliveries to Customers

<table>
<thead>
<tr>
<th>Region</th>
<th>Jan.-Sep. cum. 2018</th>
<th>Δ 2017 (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1,353,200</td>
<td>+5.9</td>
</tr>
<tr>
<td>Western Europe</td>
<td>1,144,200</td>
<td>+4.9</td>
</tr>
<tr>
<td>Germany</td>
<td>419,200</td>
<td>+4.9</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>209,000</td>
<td>+11.3</td>
</tr>
<tr>
<td>Russia</td>
<td>74,800</td>
<td>+20.4</td>
</tr>
<tr>
<td>North America</td>
<td>428,000</td>
<td>-2.7</td>
</tr>
<tr>
<td>USA</td>
<td>266,200</td>
<td>+5.5</td>
</tr>
<tr>
<td>South America</td>
<td>349,400</td>
<td>+10.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>237,100</td>
<td>+23.6</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>2,372,300</td>
<td>+2.0</td>
</tr>
<tr>
<td>China</td>
<td>2,241,300</td>
<td>+1.9</td>
</tr>
<tr>
<td>World</td>
<td>4,622,900</td>
<td>+2.9</td>
</tr>
</tbody>
</table>
Development of operating profit from January to September 2018

OPERATING PROFIT [€ billion]

<table>
<thead>
<tr>
<th></th>
<th>Q1-3 2017</th>
<th>Volume/Mix/Prices</th>
<th>Exchange Rates</th>
<th>Product Costs</th>
<th>Fixed Costs, others</th>
<th>Q1-3 2018</th>
<th>Special Items</th>
<th>Q1-3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume/Mix/Prices</td>
<td>2.5</td>
<td>0.3</td>
<td>-0.5</td>
<td>0.2</td>
<td>-0.2</td>
<td>2.3</td>
<td>-1.6</td>
<td>0.7</td>
</tr>
<tr>
<td>(before</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>special items)</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
WLTP with significant impact on third quarter 2018

SALES ['000 units]  OPERATING PROFIT [€ billion]

Q3 2017  Q3 2018  Q3 2017  Q3 2018

<table>
<thead>
<tr>
<th>Sales</th>
<th>Volume/Mix/Prices</th>
<th>Currency Pricing</th>
<th>Exchange Rates</th>
<th>Product Costs</th>
<th>Fixed Costs, others</th>
<th>Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>821</td>
<td>0.7</td>
<td>-0.2</td>
<td>0.2</td>
<td>-0.4</td>
<td>0.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>822</td>
<td>-42</td>
<td></td>
<td>Impact on WLTP</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
R&D costs and capex from January to September 2018

€ billion/percentage of sales revenue

- Total R&D Costs: 2.1
  - of which capitalized: 0.4 (19%)
  - amortization: 0.8
  - Recognized in the income statement: 2.5
- Capex: 2.5

Jan.-Sep. 2017:
- Total R&D Costs: 2.5
  - of which capitalized: 0.9 (36%)
  - amortization: 0.5
  - Recognized in the income statement: 2.1
- Capex: 2.1

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
Negative cash flow from January to September 2018

Cash flow from operating activities

Investing activities

Net operating cash flow Q1-3 2018

Special items/mainly Diesel

Net cash flow Q1-3 2018

-3.0

-2.8

-0.5

2.5

Net cash flow not including acquisition and disposal of equity investments

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
Key levers for improving the result: Status update

PRODUCT OFFENSIVE

Achievements:
- SUV portfolio widened: T-Roc, Tiguan, Tiguan Allspace, Touareg, Atlas
- Another SUV coming soon: T-Cross
- Increase of MQB share to 60% in 2018

ZUKUNFTSPAKT

Achievements:
- Realized cost improvements of more than €2 billion
- > 9,300 early retirement contracts
- Current headcount reduction better than target

TURNAROUND IN THE REGIONS

Achievements:
- Break even in Russia already achieved in 2017
- SAM to break even in 2019
- Improvement in NAR continues
Product Offensive – SUV share on the rise
January to September 2018 vs. 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>17%</td>
<td>26%</td>
</tr>
<tr>
<td>Europe</td>
<td>14%</td>
<td>37%</td>
</tr>
</tbody>
</table>

SUV share on the rise:
- Global: 14% to 19%
- Europe: 17% to 26%
- NAR: 14% to 37%
The new T-Cross
Zukunftspakt – On track to deliver

Cost Savings (2018 full year forecast)

€ 2.2bn

More than € 2.2 bn expected to be realized at the end of the year (2020 target for Germany: € 3 bn)

Early retirements (contracts signed)

9,300

More than 9,300 people signed early retirement contracts and will leave the company until 2020 at latest

(net) Headcount reduction

> 5,600 (1,250 better than ZP target)

Since the start of the Zukunftspakt headcount has been reduced by more than 5,600 people (gross reduction ~ 7,500 people)

New jobs

> 1,900

Headcount increase in future oriented business areas (software development, connectivity, new mobility solutions)
Regions – Positive development continues

NAR:
- US Deliveries Jan.-Sep. 2018: +5.5%
- Products: Full-year availability of Atlas, strong Tiguan sales, new Jetta with positive impact
- Profit: Improved vs. prev. year
- Break-even expected in 2020

SAM:
- Deliveries Jan.-Sep. 2018: +10.9%
- Products: New Polo and Virtus created positive momentum
- Profit: Improved vs. prev. year
- Break-even expected already in 2019

Russia:
- Deliveries Jan.-Sep. 2018: +20.4%
- Products: SUV Offensive with Tiguan Allspace and new Touareg, also Polo enjoying strong demand
- Profit: Still positive despite devaluation of Ruble
Volkswagen Brand – Turnaround in the US with new products from 2017 onwards

Deliveries to US customers, ‘000’ units

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>1-9 2017</th>
<th>1-9 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>500</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>252</td>
<td>266</td>
</tr>
</tbody>
</table>

Market Share %

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

SUV offensive #1
- 2017: Atlas
- 2018-19: Jetta
- 2019-21: Midsize SUV 5s

New Sedans
- 2017: Refreshed Golf
- 2018-19: Arteon
- 2019-21: Compact SUV

SUV offensive #2
- 2017: Tiguan
- 2018-19: Passat
- 2019-21: ID Crozz

1.8%

+5.5%
„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
Productivity / Costs
Brand Positioning
New Skills

MAJOR TRANSFORMATION
≥ 6% RoS

LEAP TO THE TOP OF ELECTRIC MOBILITY
4-5% RoS

Electric Offensive
Digital Ecosystem
Operational Excellence

New Business Models
New Mobility solutions
Autonomous Driving

2015
2020
2025

\(^1\) Before special items.
Our Mission: „E-Mobility for All“
Battery costs will decrease significantly by 2020.

Target: < 100€ / kWh
The MEB Platform
Scaleable battery for individual needs – High ranges

MQB

MEB

e-Golf 2017

ID. Family

231km WLTP (300 NEDC)

330km WLTP

above 550km WLTP

Scalable
New business areas require increasing resources

E-Mobility

Activities:
• Ramp up of MEB in Europe, China, and NAR
• SOP of ID. in 2019
• ID. CROZZ, ID. BUZZ and ID. VIZZION to follow on MEB platform

Charging

Activities:
• People’s Wallbox
• Foundation of Group Charging Entity
• We Charge App
• Co-Foundation of IONITY

Digital Ecosystem

Activities:
• Several applications already launched
• Updates and Upgrades over the air
• User ID
• Operating system vw.OS
Medium-term target for operating return on sales

Effects 2017-2020:
- Growth of SUV portfolio
- Implementation Zukunftspakt
- Turnaround in NAR, SAM, Russia
- Upfront expenditures in MEB and digital ecosystem (Volkswagen We)
- Future CO₂/emissions legislation
- Transformation of the industry

OPERATING RETURN ON SALES [in %]

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>4.1</td>
<td>4.0–5.0</td>
</tr>
<tr>
<td>2018</td>
<td>lower end 4.0–5.0</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>4.0–5.0</td>
<td>≥ 6.0</td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
</tr>
</tbody>
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- Growth of SUV portfolio
- Implementation Zukunftspakt
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• • •

2017-2020:

- Growth of SUV portfolio
- Implementation Zukunftspakt
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- Upfront expenditures in MEB and digital ecosystem (Volkswagen We)
- Future CO₂/emissions legislation
- Transformation of the industry
Financial forecast and targets

<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>lower end of 4–5 %*</td>
<td>4–5 %</td>
<td>≥ 6 %</td>
</tr>
<tr>
<td>Capex ratio</td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>4–5 %</td>
</tr>
<tr>
<td>R&amp;D ratio</td>
<td>~4 %</td>
<td>4 %</td>
<td>4 %</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>Positive operating</td>
<td>&gt; €1 billion</td>
<td>&gt;&gt; €1 billion</td>
</tr>
<tr>
<td></td>
<td>cash flow*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* before special items