Shaping the transformation together.

Frank Witter, CFO Volkswagen Group
Investor Meetings, Frankfurt and London, 29th – 30th November 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, and trade disputes among major trading partners 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 Such statements are valid on the date of publication and can be superseded.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 October 2018 vs. 2017)

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

<table>
<thead>
<tr>
<th></th>
<th>January – October 2017</th>
<th>January – October 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger Cars</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volkswagen</td>
<td>8,747</td>
<td>8,977</td>
</tr>
<tr>
<td>Skoda</td>
<td>1,539</td>
<td>1,525</td>
</tr>
<tr>
<td>SEAT</td>
<td>978</td>
<td>1,038</td>
</tr>
<tr>
<td>Porsche</td>
<td>395</td>
<td>449</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volkswagen</td>
<td>5,042</td>
<td>5,140</td>
</tr>
<tr>
<td>Skoda</td>
<td>574</td>
<td>809</td>
</tr>
<tr>
<td>SEAT</td>
<td>206</td>
<td>214</td>
</tr>
<tr>
<td>Porsche</td>
<td>111</td>
<td>77</td>
</tr>
<tr>
<td>MAN</td>
<td>91</td>
<td>111</td>
</tr>
<tr>
<td>Scania</td>
<td>72</td>
<td>77</td>
</tr>
</tbody>
</table>

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.6% 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 October 2018 vs. 2017)

¹) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.
## Volkswagen Group – Key Financial Figures

(January to September 2018 vs. 2017)

| thousand vehicles / € million | 2018   | 2017 2) | +/- (%)
|-------------------------------|--------|---------|--------
| Vehicle Sales 3)              | 8,123  | 7,913   | +2.7
| Sales revenue                 | 174,577| 170,065 | +2.7
| Operating profit before Special Items | 13,306 | 13,231 | +0.6
| % of sales revenue            | 7.6    | 7.8     |        
| Operating profit              | 10,871 | 10,636  | +2.2
| % of sales revenue            | 6.2    | 6.3     |        
| Financial result              | 1,647  | -347    | x      
| of which: At-equity result 3) | 2,448  | 2,378   | +2.9
| of which: Other financial result| -800  | -2,725 | +70.6
| Profit before tax             | 12,518 | 10,290  | +21.7
| % Return on sales before tax  | 7.2    | 6.1     |        
| Profit after tax              | 9,376  | 7,543   | +24.3

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 €3,330 million (€3,305 million).
Volkswagen Group – Analysis of Operating Profit\(^1\)
(January to September 2018 vs. 2017)

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

\(^1\) 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.
Automotive Division – Net Cash Flow drives solid Net Liquidity1) (January to September 2018)

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
Volkswagen Group – Analysis by Business Line\(^1\)
(January to September 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>Thousand Vehicles / € Million</th>
<th>2018</th>
<th>2017</th>
<th>Sales Revenue 2018</th>
<th>Sales Revenue 2017 (^7)</th>
<th>Operating Profit 2018</th>
<th>Operating Profit 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>2,753</td>
<td>2,632</td>
<td>62,508</td>
<td>58,278</td>
<td>2,330</td>
<td>2,504</td>
<td></td>
</tr>
<tr>
<td>Audi</td>
<td>1,107</td>
<td>1,147</td>
<td>44,257</td>
<td>44,028</td>
<td>3,671</td>
<td>3,941</td>
<td></td>
</tr>
<tr>
<td>ŠKODA</td>
<td>698</td>
<td>700</td>
<td>12,598</td>
<td>12,338</td>
<td>1,083</td>
<td>1,206</td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td>462</td>
<td>436</td>
<td>7,744</td>
<td>7,255</td>
<td>237</td>
<td>154</td>
<td></td>
</tr>
<tr>
<td>Bentley</td>
<td>7</td>
<td>7</td>
<td>1,092</td>
<td>1,321</td>
<td>-137</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Porsche Automotive 2)</td>
<td>190</td>
<td>180</td>
<td>17,507</td>
<td>15,703</td>
<td>3,197</td>
<td>2,890</td>
<td></td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>337</td>
<td>371</td>
<td>8,572</td>
<td>8,919</td>
<td>628</td>
<td>698</td>
<td></td>
</tr>
<tr>
<td>Scania 3)</td>
<td>69</td>
<td>65</td>
<td>9,634</td>
<td>9,304</td>
<td>991</td>
<td>947</td>
<td></td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>98</td>
<td>80</td>
<td>8,599</td>
<td>7,970</td>
<td>222</td>
<td>269</td>
<td></td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>-</td>
<td>-</td>
<td>2,489</td>
<td>2,355</td>
<td>142</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>VW China 4)</td>
<td>3,021</td>
<td>2,917</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other (^5)</td>
<td>-819</td>
<td>-823</td>
<td>-25,059</td>
<td>-21,272</td>
<td>-974</td>
<td>-1,277</td>
<td></td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>-</td>
<td>-</td>
<td>24,835</td>
<td>23,864</td>
<td>1,915</td>
<td>1,763</td>
<td></td>
</tr>
<tr>
<td>Volkswagen Group before Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-2,435</td>
<td>-2,595</td>
</tr>
<tr>
<td>Volkswagen Group 8)</td>
<td>8,123</td>
<td>7,913</td>
<td>174,577</td>
<td>170,065</td>
<td>10,871</td>
<td>10,636</td>
<td></td>
</tr>
<tr>
<td>Automotive Division 6)</td>
<td>8,123</td>
<td>7,913</td>
<td>148,424</td>
<td>144,754</td>
<td>8,832</td>
<td>8,717</td>
<td></td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>7,625</td>
<td>7,400</td>
<td>119,646</td>
<td>116,642</td>
<td>7,393</td>
<td>7,308</td>
<td></td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>498</td>
<td>513</td>
<td>26,289</td>
<td>25,757</td>
<td>1,486</td>
<td>1,484</td>
<td></td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>2,489</td>
<td>2,355</td>
<td>-46</td>
<td>-75</td>
<td></td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
<td>26,153</td>
<td>25,311</td>
<td>2,039</td>
<td>1,919</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. 
\(^2\) Porsche (Automotive and Financial Services) sales revenue € 10,127 (17,120) million, operating profit € 3,329 (1,064) million. 
\(^3\) Including financial services. 
\(^4\) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions. 
\(^5\) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions. 
\(^6\) Adjusted, see disclosures about the application of new International Financial Reporting Standards on page 15 of the Interim Report.
Volkswagen Group – Outlook for 2018

Deliveries to customers
('000 vehicles)

- Deliveries to customers moderately above prior year

Sales revenue
(€ billion)

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

Operating return on sales (%)

- Operating return on sales between 6.5% to 7.5% before Special Items

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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

million units

USA

<table>
<thead>
<tr>
<th>Year</th>
<th>Actuals</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>17.3</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>17.2</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>16.7</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Actuals</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>-0.6%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>+1.4%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Russia</td>
<td>+17.6%</td>
<td>+14.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Actuals</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>14.3</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>14.5</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>14.4</td>
<td></td>
</tr>
</tbody>
</table>

Data source: IHS Automotive (11.2018)

1) Volume for North & South America includes light commercial vehicles (definition 'Light Vehicles') growth 2018-2020 = Compound Annual Growth Rate / yearly average
New and upcoming Premium and Luxury models enhancing our portfolio offer

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

Source: Internal planning.
Strong Increase in our Worldwide SUV Mix\(^1\)

SUV mix by region based on expected Group deliveries to customers

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\(^1\) As of 19th November, 2018 | Communication of 5-Year Planning (PR67)
## Clear Financial Targets and Milestones\(^1\)

<table>
<thead>
<tr>
<th>Key financial targets</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>Operating return on sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before Special Items</td>
<td>6.7%</td>
<td>7.4%</td>
<td>6.5-7.5%</td>
<td>6.5-7.5%</td>
<td>7-8%</td>
</tr>
<tr>
<td>Return on investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>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>Capex ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>6.9%</td>
<td>6.4%</td>
<td>6.5-7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>R&amp;D cost ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>7.3%</td>
<td>6.7%</td>
<td>6.5-7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Net Cashflow(^2)</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>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>€ 22.4 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn(^3)</td>
<td>~10% of Group turnover</td>
</tr>
</tbody>
</table>

---

\(^1\) As of 1st August, 2018. \(^2\) Ex diesel payments; cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 3.3 bn in Q1-Q3 2018. \(^3\) Including the negative IFRS 16 impact, effective from 1st January 2019.
**Better Earnings Quality & EPS growth**

<table>
<thead>
<tr>
<th>Basis: Result 2016</th>
<th>2020 Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales revenue (€ bn)</strong></td>
<td>CMD March 2017</td>
</tr>
<tr>
<td>217.3</td>
<td>+ &gt; 20 %</td>
</tr>
<tr>
<td><strong>Operating profit (€ bn)</strong></td>
<td></td>
</tr>
<tr>
<td>14.6</td>
<td>+ 25 %</td>
</tr>
<tr>
<td>before Special Items</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax (€ bn)</strong></td>
<td></td>
</tr>
<tr>
<td>14.8</td>
<td>+ ≥ 25 %</td>
</tr>
<tr>
<td>before Special Items</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings per Pref. Share</strong></td>
<td></td>
</tr>
<tr>
<td>~20 €</td>
<td>+ ≥ 25 %</td>
</tr>
<tr>
<td>before Special Items</td>
<td></td>
</tr>
</tbody>
</table>

---

1) As of 19th November, 2018 | Communication of 5-Year Planning (PR67)
Improving Group Return on Sales despite significant headwinds¹)

Return on Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Base</th>
<th>Outlook</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.7%</td>
<td>6.5 - 7.5%</td>
<td>6.5 - 7.5%</td>
</tr>
<tr>
<td>2017</td>
<td>7.4%</td>
<td>6.5 - 7.5%</td>
<td>7.0 - 8.0%</td>
</tr>
<tr>
<td>2018</td>
<td>6.5%</td>
<td>7.0 - 8.0%</td>
<td></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)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>5.5%</td>
<td>9.5</td>
<td>11.7</td>
<td>13.1</td>
<td>13.6</td>
<td>13.7</td>
<td>13.1</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Target
6.5-7%
Automotive Division-Net Cash Flow (ex Diesel payments)\(^1\)
in € billion

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

\(^2\) Ex diesel payments; cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 3.3 bn in Q1-Q3 2018.
Volkswagen AG – Attractive Dividend$^1$)

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

Target EPS: ≥ 30 € by 2020

Target Dividend Pay-Out Ratio: 30% by 2022

$^1$ 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


**Integration & Operational Excellence**

- Transform core business

**Our Brands**

- Diesel

**Our Markets**

- Integrity & Compliance
- Commitment

**Outlook & Operative Excellence**

- Key Financials & Cash
- Deliveries
The Volkswagen Group is speeding up its transformation with the organizational realignment

<table>
<thead>
<tr>
<th>Distributed Group Functions</th>
<th>Brand Groups</th>
<th>Subsidiarity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group steering</strong></td>
<td><strong>Strong brands</strong></td>
<td><strong>Independence</strong></td>
</tr>
<tr>
<td>Lean and effective Group steering by transferring responsibilities to Group BoM members</td>
<td>Use and develop core competences of each individual brand</td>
<td>Maximum subsidiarity for responsibility at all levels</td>
</tr>
<tr>
<td><strong>Focusing</strong></td>
<td><strong>Synergies</strong></td>
<td><strong>Decision-making</strong></td>
</tr>
<tr>
<td>Group BoM focuses on strategic challenges</td>
<td>Closer cooperation between brands by bundling in brand groups</td>
<td>Efficient decision-making through swifter processing in committees, etc. and use of fewer resources</td>
</tr>
<tr>
<td>„All for one and one for all“</td>
<td><strong>High maturity level</strong></td>
<td><strong>Stability</strong></td>
</tr>
<tr>
<td>Shared goals</td>
<td>More intensive exchange, synchronization and harmonization on strategy issues</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

<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>Lambo\nghini*</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\nEngineering*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VW LCV</td>
<td>MOIA</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

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 **2023**: We will be putting more than **€44 bn** into e-mobility [€ 30 bn], digitalization, autonomous driving and mobility services.

Amounts to roughly one third of total expenditure for the years 2019-2023.

Up to the end of **2023**: Two thirds of total expenditure are being put into the **conventional vehicle and drive portfolio**.
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\textsuperscript{1)} cycle
- Significantly expanding the range of CNG\textsuperscript{2)} vehicles

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

Market launch early 2020 and onwards.
Electrifying the Product Portfolio

BEV volume per region in thousand units

VW ID. Lounge
VW ID. Vizzion
VW ID. Buzz
VW ID. Crozz
VW ID. Neo
Audi e-tron
Porsche Taycan
VW e-up! (2013)
VW e-Golf (2012)
VW Elektro-Golf (1976)
VW ID. Neo
Audi A SUVe
VW ID. Buzz
VW ID. Vizzion
VW ID. Lounge

Until 2025: +50 new BEVs

World
China
Europe
NAR

VW e-Golf (2012)
VW e-up! (2013)
VW Elektro-Golf (1976)

2019 2020 2021 2022 2023 2024 2025 2026 2027 2028
1.000
2.000
3.000
4.000
5.000

1.000
2.000
3.000
4.000
5.000

VW ID. Lounge
VW ID. Vizzion
VW ID. Buzz
VW ID. Crozz
VW ID. Neo
Audi e-tron
Porsche Taycan
VW e-up! (2013)
VW e-Golf (2012)
VW Elektro-Golf (1976)
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).
Battery costs will decrease significantly by 2020

Target: < 100€ / kWh
Roadmap E - E-mobility model offensive of the Volkswagen Group

- 50 BEVs + 30 PHEVs
- 2-3m expected units or 20–25% Group sales intended to be purely battery-powered
- Own e-fleet requirements over 150 GWh of battery capacity
- MEB: €50 bn battery cell procurement volume up to 2025, of which €40 bn has already been awarded to suppliers

- At least one electrified version for each of the Group's 300 or so models
Joint Venture of automotive manufacturers enables electric mobility on long-distance journeys

Building of a High-Power-Charging (HPC) Network for electric vehicles starts operation

20 stations in multiple European countries started in 2017

IONITY will implement and operate about 400 fast charging stations across European major thoroughfares until 2020

A charging capacity of up to 350 kW enables to reduce charging time significantly when compared to existing systems

Multi-brand compatibility with current and future generations of electric vehicles through Combined Charging System (CCS)

1) The founding partners, BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group, have equal shares in the joint venture, while other automotive manufacturers are invited to help expand the network.
Electrify America - Powering electric mobility

Investment of $2 billion over 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

Timeline:
- 2005: “Stanley” Winner Darpa Grand Challenge
- 2010: MOIA Battery Electric
- 2017: Special Purpose Shuttle
- 2018: Personal Autonomous Vehicles
- 2021+: Foundation AID GmbH
Driving forward Strategy 2025: Implementation is accelerating

ROADMAP E launched
Center of Excellence for battery technology established
Joint venture for rapid charging network in place
SEDRIC developed and presented
MOIA pilot started and shuttle presented
Joint venture with JAC created for e-mobility
New technology partnerships agreed
Realignment of Group Components approved
Positioning of Group brands sharpened
Board Digitalization Committee established
Driving forward Strategy 2025: Implementation is accelerating II

- Autonomy for Truck & Bus making good progress
- Volkswagen Components becomes independent entity from January 2019
- Fuel cell technology partnership agreed
- Strategic cooperation in discussion
- Product & technology offensive in China agreed
- Turnaround in South America initiated
- INDIA 2.0 project launched
- Volkswagen becomes largest shareholder
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 Understanding

**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.
Volkswagen Brand Automotive Cloud
Building digital ecosystem with technology partners
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**
### Return on Sales in %<sup>1)</sup>

<table>
<thead>
<tr>
<th></th>
<th>2016</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>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>4.1</td>
<td>4-5</td>
<td>4-5</td>
<td>≥6</td>
</tr>
<tr>
<td>Audi</td>
<td>8.2</td>
<td>8.4</td>
<td>8-10</td>
<td>8-10</td>
<td>8-10</td>
</tr>
<tr>
<td>Porsche Automotive</td>
<td>17.4</td>
<td>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>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>7.2</td>
<td>5-6</td>
<td>4-5</td>
<td>&gt;6</td>
</tr>
<tr>
<td>TRATON&lt;sup&gt;2)&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Scania</td>
<td>9.5</td>
<td>6.9</td>
<td>6-7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• MAN Commercial Vehicles</td>
<td>2.3</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>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>15.8%</td>
<td>14-16%</td>
<td>14-16%</td>
<td>20%</td>
</tr>
</tbody>
</table>

<sup>1)</sup> Before special items.  <sup>2)</sup> For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles.  <sup>3)</sup> Strategic target the Truck and Bus Business wants to achieve over the cycle.
Starting point „TRANSFORM 2025+“ STRATEGY will put the Volkswagen Brand to the top of the automotive industry

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

LEAP TO THE TOP OF ELECTRIC MOBILITY
\(\geq 4\% \text{ RoS}\)

MAJOR TRANSFORMATION
\(\geq 6\% \text{ RoS}\)

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(^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

<table>
<thead>
<tr>
<th>Working Group 1</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase of productivity by 25%</td>
<td></td>
</tr>
<tr>
<td>• Reduction of plant costs</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Working Group 2</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase of productivity by 25%</td>
<td></td>
</tr>
<tr>
<td>• Discontinuation of unprofitable products</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Working Group 3</th>
<th>Technical Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduction of hardware-oriented development work</td>
<td></td>
</tr>
<tr>
<td>• Increased efficiency in development processes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Working Group 4</th>
<th>Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduction of bureaucracy</td>
<td></td>
</tr>
</tbody>
</table>

**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

- Striving to become a Global Champion of the truck and transport services industry.
- Further expanding brands’ presence and utilizing strong network of strategic partners to access all major profit pools.
- Aiming to realize significant synergies through cooperation between TRATON’s brands and strategic partners (e.g. Navistar in the USA, Sinotruk in China, Hino Motors in Japan and Asia).
- Goal is to become an industry leader in terms of profitability.
- Future business model: develop solutions for future transportation (in such areas as autonomous driving, electrification and connectivity).
- RIO, the digital brand, as connectivity environment, coordinating partner services within the Group.

Project "Next Level"

- Further increase the company’s成熟度, efficiency and innovativeness.
- Achievement of capital market readiness: meet technical and structural requirements of the capital market.
- Changed name and legal structure from Volkswagen Truck & Bus GmbH to TRATON AG and in a second step into a Societas Europaea (SE).
- Focus on Commercial Vehicles. Agreement on the sale of MAN SE’s stake in MAN Energy Solutions SE and RENK AG to subsidiary of VW AG.
- IPO is just one of several options. Dependent on the market environment and economic conditions.
- Final decision of higher regional court (Oberlandesgericht) in appraisal proceeding to MAN SE regarding DPLTA. In addition DPLTA has been terminated with effect as of January 1, 2019.

31 Sale is intended to be completed by year-end 2018. 21 Domination and Profit and Loss Transfer Agreement between MAN SE and TRATON AG.
Volkswagen Financial Services\(^1\): global, well diversified and successful

**Strong global presence**

**Rising penetration rates**

**Continuous portfolio expansion**

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
<th>Total portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,964</td>
<td>1,505</td>
<td>1,505</td>
<td>17,646</td>
</tr>
<tr>
<td>2009</td>
<td>2,148</td>
<td>1,508</td>
<td>1,508</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2,246</td>
<td>1,524</td>
<td>1,524</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2,691</td>
<td>1,691</td>
<td>1,691</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3,281</td>
<td>1,808</td>
<td>1,808</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>3,796</td>
<td>1,983</td>
<td>1,983</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4,549</td>
<td>2,274</td>
<td>2,274</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>6,322</td>
<td>2,518</td>
<td>2,518</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>7,218</td>
<td>2,760</td>
<td>2,760</td>
<td></td>
</tr>
<tr>
<td>2017*</td>
<td>7,641</td>
<td>3,921</td>
<td>3,921</td>
<td></td>
</tr>
<tr>
<td>Q3 2018</td>
<td>7,632</td>
<td>4,143</td>
<td>4,143</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Reclassification Finance / Lease contracts

**Diversified funding structure**

- **Customer deposits**: 30.09.2018: € 200.8 bn
- **Equity, liabilities to affiliated companies, other**: 32.5% 32.9% 34.9% 36.3% 40.7% 44.3% 44.5% 46.9% 47.8% 49.3%
- **w/o China**: 26.4% 25.0% 24.7% 25.4% 27.5% 28.9% 30.6% 31.3% 33.1% 33.1% 33.7%
- **with China**: 32.5% 32.9% 34.9% 36.3% 40.7% 44.3% 44.5% 46.9% 47.8% 49.3%

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

 Deliveries to US customers, ‘000’ units

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries</th>
<th>Market Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>280</td>
<td>3.0</td>
</tr>
<tr>
<td>2013</td>
<td>1-10 2017</td>
<td>2.6</td>
</tr>
<tr>
<td>2014</td>
<td>295</td>
<td>2.2</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>2.0</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>1.8</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>2.0</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUV offensive #1
- Atlas
- Tiguan
- Refreshed Golf

New Sedans
- Jetta
- Passat
- Arteon

SUV offensive #2
- Midsize SUV 5s
- Compact SUV
- ID Crozz

Note: Deliveries show a +5.4% increase from 2017 to 2018.
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 October 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>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>10%</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 \times \text{Range} + 0.8 \quad \text{(max. 5 basic credits)}
BEV additional factor for low electric consumption up to 1.2

PHEV\(^5\)): Basic credit = 2 \quad \text{(min. e-Range 50km)}
PHEV credit = 1 if e-range 50-80km and consumption under B-Test \geq 70\% ICE; or e-range \geq 80km but high electric consumption

\(^1\) CAFC – Corporate Average Fuel Consumption \quad \(^2\) MIIT – Ministry of Industry and Information Technology \quad \(^3\) ICE – Internal Combustion Engine \quad \(^4\) BEV – Battery Electric Vehicle \quad \(^5\) 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**

---

*Image of Volkswagen cars and the JAC logo.*
New product offering with an expanded SUV line-up\(^1\)

China deliveries by bodystyle (in ‘000 units)

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>Target 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,982</td>
<td>4,184</td>
<td>≥40%</td>
</tr>
</tbody>
</table>

Volkswagen Group

- Others: 14% (32% increase)
- SUV: 18% (32% increase)
- MPV: (value not specified)
- Hatchback: (value not specified)
- Sedan: (value not specified)

SUV offensive of Volkswagen Group China

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

---

\(^1\) Source: IHS.  \(^2\) 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 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.

---

\[ \text{Production capacity in 2017: } 3,157 \quad \text{Capacity in 2020: } 553 \quad \text{Capacity in 2020: } \text{towards 5 million} ] \]
### 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>Mainly legal risks</td>
<td></td>
<td>6.4</td>
</tr>
<tr>
<td>2017</td>
<td>Buyback/retrofit program</td>
<td>Legal</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.0</td>
<td>3.2</td>
</tr>
<tr>
<td>2018</td>
<td>Legal</td>
<td></td>
<td>2.4</td>
</tr>
<tr>
<td>Total to date</td>
<td></td>
<td></td>
<td>28.2</td>
</tr>
<tr>
<td></td>
<td>Restructuring:</td>
<td>Scania Anti-Trust Proceedings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Truck Business</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>Passenger Cars South America</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>Airbags Takata</td>
<td></td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td></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>
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<td>7.5</td>
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<tr>
<td></td>
<td></td>
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<td>3.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>28.2</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 € 3.3 bn in Q1-Q3 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!
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

- **Fair competition** instead of war
- **Brand collaboration** instead of internal rivalry
- **Open and honest** instead of backdoor approach
- **Transparent communication** instead of corral mentality
- **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/.
Risks and Opportunities

- **Economics**
  - Trade-terms turmoil
  - Currency volatility

- **Emissions & Testing**
  - CO2 challenge & risk of penalties
  - Resources
  - WLTP, RDE ...

- **E-Mobility**
  - Launch target
  - Margin pressure
  - Battery cell supply
  - Infrastructure

- **Powertrain**
  - Diesel demand
  - Cost impacts
  - Mix issues

- **Digitalization**
  - Connectivity & autonomous
  - Resources & cost
  - Agility
## Tasks and Counter-Measures

### Tasks

<table>
<thead>
<tr>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close the Gaps in Operating Profit, CapEx, R&amp;D !</td>
</tr>
<tr>
<td>Cash is King !</td>
</tr>
<tr>
<td>Sustain ICE margins &amp; secure EV margins !</td>
</tr>
<tr>
<td>Reduce Complexity !</td>
</tr>
<tr>
<td>RoI does matter, too !</td>
</tr>
</tbody>
</table>

### Counter-measures

<table>
<thead>
<tr>
<th>Counter-measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Push efficiency programs, discipline vs. securing the future</td>
</tr>
<tr>
<td>Stick rigorously to cash generation targets</td>
</tr>
<tr>
<td>Reach CO2 requirements</td>
</tr>
<tr>
<td>Timely launches, attractive products and pricing strategies</td>
</tr>
<tr>
<td>Delete certain derivatives and engine combustion combinations</td>
</tr>
<tr>
<td>Prioritisation of projects, platform discipline and multi-brand factories</td>
</tr>
</tbody>
</table>
Investor Relations Team
We are pleased to answer your inquiries regarding Volkswagen shares and other capital market related questions.

Oliver Larkin (Wolfsburg / London office)
Head of Group Investor Relations
E-Mail: Oliver.Larkin1@volkswagen.de
Telephone: +49 5361 9 49840

Helen Beckermann (Wolfsburg office)
Senior Investor Relations Manager
E-Mail: Helen.Beckermann@volkswagen.de
Telephone: +49 5361 9 49015

Andreas Buchta (Wolfsburg office)
Senior Investor Relations Manager
E-Mail: Andreas.Buchta@volkswagen.de
Telephone: +49 5361 9 40765

Lennart Schmidt (China office)
Investor Relations Manager
E-Mail: Lennart.Schmidt@volkswagen.com.cn
Telephone: + 86 10 6531 4732

Alexander Hunger (Wolfsburg office)
Senior Investor Relations Officer
E-Mail: Alexander.Hunger@volkswagen.de
Telephone: +49 5361 9 47420

Ulrich Hauswaldt (Wolfsburg office)
Investor Relations Officer
E-Mail: Ulrich.Hauswaldt@volkswagen.de
Telephone: +49 5361 9 42224

Andreas Kowalczyk (Wolfsburg office)
Investor Relations Officer
E-Mail: Andreas.Kowalczyk@volkswagen.de
Telephone: +49 5361 9 23183

Monika Kowalski (Wolfsburg office)
Investor Relations
E-Mail: Monika.Kowalski@volkswagen.de
Telephone: +49 5361 9 31106

The official website of Volkswagen Group Investor Relations. Company topics, brand channels, innovation and informations.
Shaping the transformation together.
The Shareholder Structure, Supervisory and Management Board

### Shareholder Structure of Volkswagen AG

<table>
<thead>
<tr>
<th>Number of Outstanding Shares</th>
<th>Preferred shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>206,205,445</td>
</tr>
</tbody>
</table>

| Ordinary shares               | 295,089,818      |

### Current Voting Rights Distribution

| Others                         | 20,0%            |

| Qatar Holding                  | 17.0%            |

| State of Lower Saxony, Hanover | 52.2%            |

| Porsche SE, Stuttgart          | 58.9%            |

### Shareholder Structure (as at December 31, 2017)

- **41.1%** Preferred shares on 206,205,445
- **58.9%** Ordinary shares on 295,089,818

### Supervisory Board of Volkswagen AG

<table>
<thead>
<tr>
<th>Chairman</th>
<th>Hans Dieter Pötsch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porsche</td>
<td>Dr. Louise Kiesling</td>
</tr>
<tr>
<td>Automobil</td>
<td>Dr. jur. Hans Michel Piëch</td>
</tr>
<tr>
<td>Holding SE</td>
<td>Dr. jur. Ferdinand Oliver Porsche</td>
</tr>
<tr>
<td></td>
<td>Dr. rer. comm. Wolfgang Porsche</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State of Lower Saxony</th>
<th>Dr. Bernd Althusmann</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar Holding</td>
<td>Dr. Hussain Ali Al Abdulla</td>
</tr>
<tr>
<td></td>
<td>Dr. Hessa Sultan Al Jaber</td>
</tr>
</tbody>
</table>

| Others                        | Marianne Heiß |

### 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

<table>
<thead>
<tr>
<th>Chairman of VW AG and VW Passenger Cars brand</th>
<th>Dr. Herbert Diess</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porsche AG</td>
<td>Dr. Oliver Blume</td>
</tr>
<tr>
<td>China</td>
<td>Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Human Resources</th>
<th>Gunnar Kilian</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRATON Group and Power Engineering</td>
<td>Andreas Renschler</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Audi AG (interim)</th>
<th>Abraham Schot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity and Legal Affairs</td>
<td>Hiltrud Dorothea Werner</td>
</tr>
<tr>
<td>Finance and IT</td>
<td>Frank Witter</td>
</tr>
</tbody>
</table>

| Components and Procurement | Dr. Stefan Sommer |

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

### 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>Volkswagen AG</td>
<td>BBB+</td>
<td>A-2</td>
</tr>
<tr>
<td>Volkswagen Financial Services AG</td>
<td>BBB+</td>
<td>A-2</td>
</tr>
<tr>
<td>Volkswagen Bank GmbH*</td>
<td>A-**</td>
<td>A-2</td>
</tr>
</tbody>
</table>

### Outlook
- Stable (*Negative)
- Stable

---

¹) as of August 31, 2018

**S&P: BBB+ Senior Subordinated Rating; Moody’s: A3 Junior Senior Unsecured Rating**
Automotive Division Net Cash Flow (ex Diesel payments)\(^1\)
(January to September 2018)

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

€ million

2017

Total R&D costs: €9,844
- of which capitalized: €-4,210 (42.8%)
- amortization: €2,602
- recognized in the income statement: €8,236

2018

Total R&D costs: €9,850
- of which capitalized: €-3,505 (35.6%)
- amortization: €2,812
- recognized in the income statement: €9,157
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

FY_{n-3} FY_{n-2} FY_{n-1} FY_{n} FY_{n+1} FY_{n+2}
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

---

¹) Different implementation of timelines between countries ²) NEDC: New European Driving Cycle
What’s new with WLTP?

- More realistic driving behaviour
- Higher average and maximum speeds
- Stricter car set-up and measurement conditions
- A greater range of driving situations (urban, suburban, main road, motorway)
- Higher average and maximum drive power
- Optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built
- Longer test distances
- Shorter stops
- More dynamic and representative accelerations and decelerations
- More realistic ambient temperatures, closer to the European average
- Instead of average values, WLTP can give best and worst-case figures – better representing highly diverging driving styles
- Shorter stops instead of average values,
Volkswagen T-Cross
Audi e-tron
ŠKODA Kamiq
SEAT Tarraco
Porsche Macan Facelift
Bentley Bentayga Hybrid
Lamborghini Urus
Volkswagen Crafter Combi
Scania G 450 XT 8x4
We are stepping on the gas in terms of profitability, innovative power and sustainability.