Shaping the transformation together.

Frank Witter, CFO Volkswagen Group
US Roadshow with HSBC, December 2018
Disclaimer

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Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, 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.

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This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
### Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to October 2018 vs. 2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market Cars + LCV</th>
<th>VW Group</th>
<th>Car Market Cars + LCV</th>
<th>VW Group</th>
<th>Car Market Cars + LCV</th>
<th>VW Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>-0.5%</td>
<td>-0.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td>8.7%</td>
<td>11.1%</td>
<td>0.6%</td>
<td>0.7%</td>
<td>13.0%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>0.5%</td>
<td>2.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>0.2%</td>
<td>3.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World</td>
<td>8.7%</td>
<td>11.1%</td>
<td>0.6%</td>
<td>0.7%</td>
<td>13.0%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

\(^1\)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>Passenger Cars</td>
<td>8,747,000</td>
<td>8,977,000</td>
</tr>
<tr>
<td></td>
<td>+2.6%</td>
<td>+1.9%</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>5,042,000</td>
<td>5,140,000</td>
</tr>
<tr>
<td></td>
<td>-0.9%</td>
<td>+6.1%</td>
</tr>
</tbody>
</table>

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.
2) MAN incl. MAN Latin America Trucks and Busses GVW > 5t.
### Volkswagen Group – Deliveries to Customers by Markets
(January to October 2018 vs. 2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>Deliveries ’000 units</th>
<th>2017</th>
<th>2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>8.747</td>
<td>8.977</td>
<td>+2.6%</td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td>3.017</td>
<td>3.048</td>
<td>+1.0%</td>
<td></td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>608</td>
<td>660</td>
<td>+8.4%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>800</td>
<td>793</td>
<td>-0.9%</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>435</td>
<td>491</td>
<td>+12.8%</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3.559</td>
<td>3.688</td>
<td>+3.6%</td>
<td></td>
</tr>
<tr>
<td>Rest of World</td>
<td>326</td>
<td>297</td>
<td>-9.0%</td>
<td></td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>thousand vehicles / € million</th>
<th>2018</th>
<th>2017</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Sales 3)</td>
<td>8,123</td>
<td>7,913</td>
<td>+2.7</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>174,577</td>
<td>170,065</td>
<td>+2.7</td>
</tr>
<tr>
<td>Operating profit before Special Items</td>
<td>13,306</td>
<td>13,231</td>
<td>+0.6</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.6</td>
<td>7.8</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>10,871</td>
<td>10,636</td>
<td>+2.2</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.2</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>1,647</td>
<td>-347</td>
<td>x</td>
</tr>
<tr>
<td>of which: At-equity result 3)</td>
<td>2,448</td>
<td>2,378</td>
<td>+2.9</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-800</td>
<td>-2,725</td>
<td>+70.6</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>12,518</td>
<td>10,290</td>
<td>+21.7</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.2</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>9,376</td>
<td>7,543</td>
<td>+24.3</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 adjustments between the Automotive and Financial Services divisions. 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
(January to September 2018 vs. 2017)

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

<table>
<thead>
<tr>
<th>Year</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>€ billion</td>
<td>8.0</td>
<td>-7.1 (4.9%)</td>
<td>-4.2</td>
<td>0.3</td>
<td>-2.9</td>
<td>-0.2</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 September 2018)

\[ \text{Automotive Net Cash Flow} \] \hspace{1cm} € 3.5bn

\[ \begin{align*}
12/31/2017 & : & 22.4 \\
\text{Diesel Outflow} & : & -3.3 \\
\text{Operating Business} & : & 3.7 \\
\text{China Dividend} & : & 3.1 \\
\text{Hybrid bond} & : & 1.5 \\
\text{Dividend payout to VW AG shareholders} & : & -2.0 \\
\text{Other} & : & -0.6 \\
9/30/2018 & : & 24.8
\end{align*} \]

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>2,753</td>
<td>2,632</td>
<td>62,508</td>
</tr>
<tr>
<td>Audi</td>
<td>1,107</td>
<td>1,147</td>
<td>44,257</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>698</td>
<td>700</td>
<td>12,598</td>
</tr>
<tr>
<td>SEAT</td>
<td>462</td>
<td>436</td>
<td>7,744</td>
</tr>
<tr>
<td>Bentley</td>
<td>7</td>
<td>7</td>
<td>1,092</td>
</tr>
<tr>
<td>Porsche Automotive</td>
<td>190</td>
<td>180</td>
<td>17,507</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>337</td>
<td>371</td>
<td>8,572</td>
</tr>
<tr>
<td>Scania</td>
<td>69</td>
<td>65</td>
<td>9,634</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>98</td>
<td>80</td>
<td>8,599</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>-</td>
<td>-</td>
<td>2,489</td>
</tr>
<tr>
<td>VW China</td>
<td>3,021</td>
<td>2,917</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-819</td>
<td>-623</td>
<td>-25,059</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>-</td>
<td>-</td>
<td>24,635</td>
</tr>
<tr>
<td>Volkswagen Group before Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>8,123</td>
<td>7,913</td>
<td>174,577</td>
</tr>
<tr>
<td><strong>Automotive Division</strong></td>
<td>8,123</td>
<td>7,913</td>
<td>148,424</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>7,625</td>
<td>7,400</td>
<td>119,646</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>498</td>
<td>513</td>
<td>26,289</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>2,489</td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td>-</td>
<td>-</td>
<td>26,153</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 € 10,417 (11,301) million, operating profit € 3,399 (3,096) 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 € 619 (€ 623) million. 5) In operating profit mainly intergroup items recognized in profit or loss, in particular from the elimination of intercompany profits, the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. 6) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions. 7) 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: 10,297 to 10,741 (+4.3%)

**Sales revenue**
- € billion: 217.3 to 230.7 (+6.2%)

**Operating return on sales**
- %: 6.7% to 7.4% (2016 to 2017)

**Outlook for 2018**
- 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  

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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

<table>
<thead>
<tr>
<th></th>
<th>USA 1)</th>
<th>Western Europe</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuals</td>
<td>Forecast</td>
<td>Actuals</td>
<td>Forecast</td>
</tr>
<tr>
<td>2017</td>
<td>17.3</td>
<td>14.3</td>
<td>1.5</td>
</tr>
<tr>
<td>2018</td>
<td>-0.6%</td>
<td>-1.4%</td>
<td>+17.6%</td>
</tr>
<tr>
<td>2020</td>
<td>-1.6%</td>
<td>-0.7%</td>
<td>+14.6%</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

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

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

- **Q3**
  - Q8
  - A6 Avant
  - A6 Sedan
  - 911 Carrera T

- **Q4**
  - Q2 LWB (China)
  - A1 Sportback
  - Macan Facelift
  - Bentayga Hybrid

- **2019**
  - e-tron
  - Audi R8 Facelift
  - Taycan

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

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>up! GTI</td>
<td>Touareg</td>
<td>Fabia</td>
<td>Cupra Ateca</td>
<td>T- Cross</td>
</tr>
<tr>
<td>Polo GTI</td>
<td>Jetta (US)</td>
<td>Bora (China)</td>
<td>Tayron (China)</td>
<td>Tarraco</td>
</tr>
<tr>
<td>Virtus (SAM)</td>
<td>Kamiq (China)</td>
<td>T-Roc LWB (China)</td>
<td>E20X (China)</td>
<td>Passat Facelift (US)</td>
</tr>
<tr>
<td>Karoq LWB (China)</td>
<td>Kodiaq (Russia)</td>
<td>e-Crafter</td>
<td>Crafter Kombi</td>
<td>Scala</td>
</tr>
</tbody>
</table>

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

<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><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&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 &lt;br&gt;~10% of Group turnover</td>
</tr>
<tr>
<td></td>
<td>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>€ 22.4 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn³</td>
</tr>
</tbody>
</table>

---

**Better Earnings Quality & EPS growth**

<table>
<thead>
<tr>
<th></th>
<th>Basis: Result 2016</th>
<th>2020 Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales revenue (€ bn)</strong></td>
<td>217.3</td>
<td>+ &gt; 20 %</td>
</tr>
<tr>
<td><strong>Operating profit (€ bn)</strong></td>
<td>14.6</td>
<td>+ &gt; 25 %</td>
</tr>
<tr>
<td>before Special Items</td>
<td></td>
<td>+ &gt; 25 %</td>
</tr>
<tr>
<td><strong>Profit before tax (€ bn)</strong></td>
<td>14.8</td>
<td>+ &gt; 30 %</td>
</tr>
<tr>
<td><strong>Earnings per Pref. Share</strong></td>
<td>~20 €</td>
<td>+ &gt; 25 %</td>
</tr>
<tr>
<td>before Special Items</td>
<td></td>
<td>+ ≥ 30 %</td>
</tr>
</tbody>
</table>

**2020 Updated**

- **CMD March 2017**
  - + > 20 %
  - + ≥ 25 %
- **PR 66**
  - + > 25 %
  - + ≥ 25 %
- **PR 67**
  - + > 30 %
  - + ≥ 30 %

---

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

Return on Sales

\begin{tabular}{|c|c|c|c|c|}
\hline
Year & Base & Outlook & Target \textsuperscript{1} & Target \textsuperscript{1} \\
\hline
2016 & 6.7\% & & & \\
2017 & 7.4\% & & & \\
2018 & 6.5 - 7.5\% & & & \\
2020 & 6.5 - 7.5\% & & & \\
2025 & 7.0 - 8.0\% & & & \\
\hline
\end{tabular}

\textsuperscript{1} Calculation based on 2016 figures.
CAPEX Automotive Division
(€ billion, as % of sales revenue)
R&D Costs Automotive Division
(€ billion, as % of sales revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Costs</th>
<th>R&amp;D As % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>9.5</td>
<td>5.5%</td>
</tr>
<tr>
<td>2013</td>
<td>11.7</td>
<td>11.7</td>
</tr>
<tr>
<td>2014</td>
<td>13.1</td>
<td>13.1</td>
</tr>
<tr>
<td>2015</td>
<td>13.6</td>
<td>13.6</td>
</tr>
<tr>
<td>2016</td>
<td>13.7</td>
<td>13.7</td>
</tr>
<tr>
<td>2017</td>
<td>13.1</td>
<td>13.1</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>6.5-7%</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td>6%</td>
</tr>
</tbody>
</table>
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\(^1\)

**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\(^2\)

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**Target EPS:** ≥ 30 € by 2020

**Target Dividend Pay-Out Ratio:** 30% by 2022

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\(^1\) Total dividend in percent of net income attributable to shareholders of Volkswagen AG.

\(^2\) Business year 2017 adjusted for non-recurring effects related to the tax reform in the USA of € 1 bn.
STRATEGY 2025 – Initiatives at a glance

1. Sharpen positioning of brands
2. Develop winning vehicle and drivetrain portfolio
3. Streamline modular architectures
4. Partner with regional players to win in economy segment
5. Develop self-driving system for autonomous vehicles and artificial intelligence in-house
6. Develop battery technology as new core competency
7. Develop best-in-class user experience across brands and customer touchpoints
8. Implement model line organization
9. Realign “Components” business
10. Build mobility solutions business
11. Develop and expand attractive and profitable smart mobility offering
12. Improve operational excellence
13. Optimize business portfolio
14. Drive digital transformation
15. Create organization 4.0
16. Better integrated and strategic planning process
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>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>Energy Solutions***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VW LCV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOIA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Allocation will be verified
** Temporarily responsibility of Group CEO, will be a combined Board of Management function
*** Agreement on the sale of MAN SE’s stake in MAN Energy Solutions SE and RENK AG to subsidiary of VW AG. Sale is intended to be completed by year-end 2018.
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 \textsuperscript{2)} Compressed Natural Gas
Responsibilities for Electric Toolkit Architecture

- **PPE (Premium Platform Electric)**
  - **Common modules and scale effects** save up to 30% development costs (compared to brand excl. developments)
  - **Flexibility**: Architecture open for other brands to be used in the future

- **MEB (Modular Electrification Kit)**
  - **Economies of scale** from use of MEB across entire Group
  - **Higher productivity** and shorter manufacturing time
  - **Lower material and distribution costs**
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 e-up! (2013)  
VW e-Golf (2012)  
VW Elektro-Golf (1976)  
VW ID. Neo  
Audi A SUVe  
Porsche Taycan  
VW ID. Buzz  
VW ID. Crozz  
VW ID. Vizzion  
VW ID. Lounge  
VW Elektro-Golf (1976)  
VW e-Golf (2012)  
VW e-up! (2013)  
VW ID. Neo  
Audi A SUVe  
Porsche Taycan  
VW ID. Buzz  
VW ID. Crozz  
VW ID. Vizzion  
VW ID. Lounge  

Until 2025: +50 new BEVs

2019 2020 2021 2022 2023 2024 2025 2026 2027 2028
Advances in battery technology will improve range, weight and costs

* basis: eGolf with comparable battery volume

**range**

- **2014**
  - 190 km
  - 230 Wh/l

- **2017**
  - 300 km
  - 410 Wh/l
  - Lithium ion technology

- **2018**
  - 380 km
  - 650 Wh/l

- **2020**
  - 420 km
  - 700 Wh/l

- **2025**
  - 700 km
  - 1000 Wh/l
  - All solid state

- **2025**
  - 500 km
  - 800 Wh/l
  - Improved anode and cathode

New battery technologies

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
Launch of Pan-European High-Power Charging Network IONITY

- 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.
Investment of $2 billion over 10 years in Zero Emission Vehicle (ZEV) infrastructure and education programs in the U.S.

1st cycle: We will establish a network of ~4,700+ non-proprietary electric vehicle chargers in 17 metros and on highways in 39 states.

Open network for all (even group external) OEMs and business partners.

Station chargers will be extremely powerful, capable of delivering 150 kW or 350 kW to vehicles.

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.

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

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

- Autonomous Audi TTS “Shelley” climbs Pikes Peak
- SEDRIC is Volkswagen Group’s first Level 5 vehicle
- Strategic partnership with Aurora
- Urban Shuttle/Carrier/Pod

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

- Autonomy for Truck & Bus making good progress
- Volkswagen Components becomes independent entity from January 2019
- Fuel cell technology partnership agreed
- Product & technology offensive in China agreed
- Strategic cooperation in discussion
- 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 ¹)

<table>
<thead>
<tr>
<th>Explore Strategic Alliance</th>
<th>Extend Capabilities &amp; Better Serve Customers</th>
<th>Strengthen Competitiveness</th>
<th>Equity Arrangements not involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen AG and Ford are exploring a strategic alliance.</td>
<td>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.</td>
<td>Potential projects aim to strengthen each company's competitiveness; the companies will share updates as talks progress.</td>
<td>Volkswagen AG and Ford said any strategic alliance would not involve equity arrangements, including cross ownership stakes.</td>
</tr>
</tbody>
</table>

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**
## Overview Brand Targets (RoS, RoE)

### Return on Sales in %

<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>≥6</td>
</tr>
<tr>
<td><strong>TRATON</strong></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>

---

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) 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

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

2015 2020 2025 2030

3) Before special items.
## Volkswagen Brand Clear Financial Targets and updated Milestones

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

<sup>1) Before special items.</sup>
Further roll-out of MQB offers substantial benefits for Volkswagen Brand
Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

**Secure the Future**
- 4 additional models: 2 conventional and 2 MEB vehicles
- Investments in:
  - Electric drive trains
  - Pilot facility battery cell
  - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

**Working Group 1**
Production
- Increase of productivity by 25%
- Reduction of plant costs

**Working Group 2**
Components
- Increase of productivity by 25%
- Discontinuation of unprofitable products

**Working Group 3**
Technical Development
- Reduction of hardware-oriented development work
- Increased efficiency in development processes

**Working Group 4**
Administration
- Reduction of bureaucracy

---

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 maturity, 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 sale1) 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 DPLTA2). In addition DPLTA has been terminated with effect as of January 1, 2019.

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3) Sale is intended to be completed by year-end 2018. 2) Domination and Profit and Loss Transfer Agreement between MAN SE and TRATON AG.
Volkswagen Financial Services\textsuperscript{1)}: global, well diversified and successful

\textbf{Strong global presence}

\textbf{Rising penetration rates}

\begin{align*}
\text{w/o China} & \quad 32.5\% & 32.9\% & 34.9\% & 36.3\% & 40.7\% & 44.3\% & 44.5\% & 46.9\% & 48.7\% & 47.8\% & 49.3\% \\
\text{with China} & \quad 26.4\% & 25.0\% & 24.7\% & 25.4\% & 27.5\% & 28.9\% & 30.6\% & 31.3\% & 33.1\% & 33.1\% & 33.7\%
\end{align*}

\textbf{Continuous portfolio expansion}

\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|c|}
\hline
\hline
in '000 contracts & & & & & & & & & & & \\
\hline
Financing & 1,964 & 2,148 & 2,246 & 2,691 & 3,281 & 3,796 & 4,549 & 6,322 & 7,218 & 7,641 & 4,143 \\
Leasing & 1,505 & 1,508 & 1,524 & 1,623 & 1,808 & 1,983 & 2,274 & 2,518 & 2,760 & 3,921 & \\
\hline
\hline
Total portfolio & 17,646 & & & & & & & & & & \\
\hline
\end{tabular}

\textbf{Diversified funding structure}

\begin{itemize}
\item Asset backed securitization
\item Bonds, Commercial Paper, liabilities to financial institutions
\end{itemize}

\begin{align*}
\text{30.09.2018: } \€ 200.8 \text{ bn}
\end{align*}

\textsuperscript{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>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>300</td>
</tr>
<tr>
<td>2013</td>
<td>280</td>
</tr>
<tr>
<td>2014</td>
<td>260</td>
</tr>
<tr>
<td>2015</td>
<td>240</td>
</tr>
<tr>
<td>2016</td>
<td>220</td>
</tr>
<tr>
<td>2017</td>
<td>200</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>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share</td>
<td>3.0</td>
<td>2.6</td>
<td>2.2</td>
<td>2.0</td>
<td>1.8</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Deliveries to US customers, ‘000’ units

<table>
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<tr>
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<tr>
<td>2016</td>
<td>220</td>
</tr>
<tr>
<td>2017</td>
<td>200</td>
</tr>
</tbody>
</table>

SUV offensive #1
- Atlas
- Tiguan
- Refreshed Golf

New Sedans
- Jetta
- Passat
- Arteon

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

**Product offensive in South America**

- **Polo G**
- **Virtus**
- **Small SUV Global**

**Key measures**

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5bn investment
- New brand positioning
- New growth strategy for Latin America
Volkswagen Group China performance
(January to October 2018 vs. 2017)

<table>
<thead>
<tr>
<th>January – October 2017</th>
<th>January – October 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliveries</td>
<td>Proportionate operating profit, January to September (in € billion)</td>
</tr>
<tr>
<td>3.293</td>
<td>3.3</td>
</tr>
<tr>
<td>+3.4%</td>
<td>+0.8%</td>
</tr>
<tr>
<td>2.504</td>
<td>2.515</td>
</tr>
<tr>
<td>+0.4%</td>
<td></td>
</tr>
</tbody>
</table>

1) Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.
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 x Range + 0.8 (max. 5 basic credits)
BEV additional factor for low electric consumption up to 1.2

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

---

\(^{1}\) CAFC – Corporate Average Fuel Consumption  
\(^{2}\) MIIT – Ministry of Industry and Information Technology  
\(^{3}\) ICE – Internal Combustion Engine  
\(^{4}\) BEV – Battery Electric Vehicle  
\(^{5}\) PHEV – Plug-in Hybrid Electric Vehicle
Volkswagen Group China will be prepared to deliver around 1.5 million zero emission cars to Chinese customers by 2025.

Introduction of locally produced NEV

**Phase 1**
Plug-in hybrids based on current toolkits

**Phase 2**
Pure electric vehicles based on current toolkits

**Phase 3 (start 2020/21)**
Pure electric vehicles based on scalable electric toolkit

Mass market BEV cooperation
New product offering with an expanded SUV line-up$^1$)

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

<table>
<thead>
<tr>
<th>Bodystyle</th>
<th>2016</th>
<th>2017</th>
<th>Target 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUV</td>
<td>14%</td>
<td>18%</td>
<td>≥40%</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
  - 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

Tianjin
- Start in August

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></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legal 7.0</td>
<td>Restructuring:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other items 9.2</td>
<td>Truck Business 0.2</td>
<td>16.2</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>Passenger Cars South America 0.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Airbags Takata 0.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16.2</td>
<td>Scania Anti-Trust Proceedings 0.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others 0.7</td>
<td>16.9</td>
</tr>
<tr>
<td>2016</td>
<td>Mainly legal risks 6.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>Buyback/retrofit program 2.2</td>
<td>Scania Anti-Trust Proceedings 0.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legal 1.0</td>
<td>Others 0.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2</td>
<td></td>
<td>3.2</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legal 2.4</td>
<td></td>
<td>2.4</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td>2.4</td>
</tr>
<tr>
<td>Total to date</td>
<td></td>
<td></td>
<td>30.0</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!

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

- **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>Close the Gaps in Operating Profit, CapEx, R&amp;D !</th>
</tr>
</thead>
<tbody>
<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>Push efficiency programs, discipline vs. securing the future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stick rigorously to cash generation targets</td>
</tr>
<tr>
<td>Reach CO2 requirements 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>
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Shaping the transformation together.

Appendix
The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

<table>
<thead>
<tr>
<th>Number of Outstanding Shares</th>
<th>Preferred shares 206,205,445</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>295,089,818</td>
</tr>
<tr>
<td>Current Voting Rights</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
<tr>
<td>Porsche SE, Stuttgart</td>
<td></td>
</tr>
<tr>
<td>Qatar Holding</td>
<td></td>
</tr>
<tr>
<td>State of Lower Saxony, Hanover</td>
<td>(as at December 31, 2017)</td>
</tr>
</tbody>
</table>

Preferred shares 41.1%, Ordinary shares 58.9%

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>
<tr>
<td>State of Lower Saxony</td>
<td>Dr. Bernd Althusmann</td>
</tr>
<tr>
<td></td>
<td>Stephan Weil</td>
</tr>
<tr>
<td>Qatar Holding</td>
<td>Dr. Hussain Ali Al Abdulla</td>
</tr>
<tr>
<td></td>
<td>Dr. Hessa Sultan Al Jaber</td>
</tr>
<tr>
<td>Others</td>
<td>Marianne Heiß</td>
</tr>
<tr>
<td>Works Council</td>
<td>Bernd Osterloh</td>
</tr>
<tr>
<td></td>
<td>Birgit Dietze</td>
</tr>
<tr>
<td></td>
<td>Dr. Hans-Peter Fischer</td>
</tr>
<tr>
<td></td>
<td>Jörg Hofmann</td>
</tr>
<tr>
<td></td>
<td>Uwe Hück</td>
</tr>
<tr>
<td></td>
<td>Johan Järvklo</td>
</tr>
<tr>
<td></td>
<td>Ulrike Jakob</td>
</tr>
<tr>
<td></td>
<td>Peter Mosch</td>
</tr>
<tr>
<td></td>
<td>Bertina Murkovic</td>
</tr>
<tr>
<td></td>
<td>Athanasios Stimoniaris</td>
</tr>
</tbody>
</table>

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>
<tr>
<td>Human Resources</td>
<td>Gunnar Kilian</td>
</tr>
<tr>
<td>TRATON Group and Power Engineering</td>
<td>Andreas Renschler</td>
</tr>
<tr>
<td>Audi AG (interim)</td>
<td>Abraham Schot</td>
</tr>
<tr>
<td>Integrity and Legal Affairs</td>
<td>Hiltrud Dorothea Werner</td>
</tr>
<tr>
<td>Finance and IT</td>
<td>Frank Witter</td>
</tr>
<tr>
<td>Components and Procurement</td>
<td>Dr. Stefan Sommer</td>
</tr>
</tbody>
</table>

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 Ratings

<table>
<thead>
<tr>
<th></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>
<tr>
<td><strong>Outlook</strong></td>
<td>Stable (*Negative)</td>
<td>Stable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- Current Ratings as of August 31, 2018
- **S&P:** BBB+ Senior Subordinated Rating; Moody’s: A3 Junior Senior Unsecured Rating
- Stable (Negative)
Automotive Division Net Cash Flow (ex Diesel payments)\(^1\)
(January to September 2018)

\[ \begin{align*}
\text{Net Cash flow incl Diesel payments} & = 3.5 \\
\text{Diesel outflow} & = 3.3 \\
\text{Aquisition and disposal of equity investments} & = 0.2 \\
\text{Net Cash flow underlying business} & = 7.0
\end{align*} \]

\(^1\) 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
-4,210 (42.8%)
2.602
8,236

2018
-3,505 (35.6%)
2.812
9,157

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

- Payout after FY_{n}
- Performance Share Plan (3 years forward-looking)
- Payout after FY_{n+2}
- 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
- 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
- More realistic ambient temperatures, closer to the European average
- Shorter stops
- More realistic ambient temperatures, closer to the European average
- More dynamic and representative accelerations and decelerations
- Higher average and maximum drive power
- Higher average and maximum speeds
- Shorter stops
- Better representing highly diverging driving styles
- Stricter car set-up and measurement conditions
- Optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built
- Instead of average values, WLTP can give best and worst-case figures – better representing highly diverging driving styles

Key Financials & Cash

Strategy

Outlook & Operative Excellence

Our Brands

Our Markets

Diesel

Integrity & Compliance

Commitment
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

VOLKSWAGEN GROUP