Shaping the transformation together.

**Oliver Larkin**, Group Head of Investor Relations

UniCredit KeplerCheuvreux 18th German Corporate Conference, Frankfurt, 22nd January 2019
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.

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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 Such statements are valid on the date of publication and can be superseded.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 December 2018 vs. 2017)

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

Passenger Cars

Commercial Vehicles

'000 units

10,742 10,834

6,230 6,245

1,878 1,812

1,201 1,254

468 518

246 256

498 500

114 137

91 96

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +0.6% excl. Volkswagen Commercial Vehicles, Scania and MAN.

2) MAN incl. MAN Latin America Trucks and Busses GVW > 5t.
### Volkswagen Group – Deliveries to Customers by Markets\(^1\)
(January to December 2018 vs. 2017)

<table>
<thead>
<tr>
<th>Market</th>
<th>Deliveries 2017 (‘000 units)</th>
<th>Deliveries 2018 (‘000 units)</th>
<th>Change (2018 vs. 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>10,742</td>
<td>10,834</td>
<td>+0.9%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>3,584</td>
<td>3,584</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>745</td>
<td>797</td>
<td>+7.1%</td>
</tr>
<tr>
<td>North America</td>
<td>976</td>
<td>957</td>
<td>-2.0%</td>
</tr>
<tr>
<td>South America</td>
<td>522</td>
<td>590</td>
<td>+13.1%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>4,506</td>
<td>4,546</td>
<td>+0.9%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>409</td>
<td>360</td>
<td>-11.9%</td>
</tr>
</tbody>
</table>

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +0.6% excl. Volkswagen Commercial Vehicles, Scania and MAN.
### Volkswagen Group – Key Financial Figures\(^1\)
*(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  |

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\(^1\) 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
(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

- **Passenger Cars**
  - Jan – Sept 2017 incl. Special Items: €10.6 billion
  - Special Items: €2.6 billion
  - Jan – Sept 2017 bef. Special Items: €13.2 billion
  - Volume/ Mix/ Prices: €1.0 billion
  - Exchange Rates: €-0.1 billion
  - Product Costs: €0.2 billion
  - Fixed Costs: €-1.3 billion
  - Commercial Vehicles**: €0.0 billion
  - Power Engineering**: €0.0 billion
  - Financial Services Division: €0.1 billion
  - Special Items: €2.4 billion
  - Jan – Sept 2018 incl. Spec. Items: €10.9 billion

- **Commercial Vehicles**
  - Jan – Sept 2017 incl. Special Items: €0.0 billion
  - Special Items: €-1.3 billion
  - Jan – Sept 2017 bef. Special Items: €-1.3 billion
  - Volume/ Mix/ Prices: €0.0 billion
  - Exchange Rates: €0.0 billion
  - Product Costs: €0.1 billion
  - Fixed Costs: €0.1 billion
  - Commercial Vehicles**: €0.0 billion
  - Power Engineering**: €0.0 billion
  - Financial Services Division: €0.0 billion
  - Special Items: €2.4 billion
  - Jan – Sept 2018 incl. Spec. Items: €10.9 billion

- **Power Engineering**
  - Jan – Sept 2017 incl. Special Items: €0.0 billion
  - Special Items: €0.0 billion
  - Jan – Sept 2017 bef. Special Items: €0.0 billion
  - Volume/ Mix/ Prices: €0.0 billion
  - Exchange Rates: €0.0 billion
  - Product Costs: €0.0 billion
  - Fixed Costs: €0.0 billion
  - Commercial Vehicles**: €0.0 billion
  - Power Engineering**: €0.0 billion
  - Financial Services Division: €0.0 billion
  - Special Items: €2.4 billion
  - Jan – Sept 2018 incl. Spec. Items: €10.9 billion

- **Financial Services Division**
  - Jan – Sept 2017 incl. Special Items: €0.0 billion
  - Special Items: €0.0 billion
  - Jan – Sept 2017 bef. Special Items: €0.0 billion
  - Volume/ Mix/ Prices: €0.0 billion
  - Exchange Rates: €0.0 billion
  - Product Costs: €0.0 billion
  - Fixed Costs: €0.0 billion
  - Commercial Vehicles**: €0.0 billion
  - Power Engineering**: €0.0 billion
  - Financial Services Division: €0.0 billion
  - Special Items: €2.4 billion
  - Jan – Sept 2018 incl. Spec. Items: €10.9 billion
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>8.0</td>
<td>-7.1 (4.9%)</td>
<td>-4.2</td>
<td>0.3</td>
<td>-2.9</td>
<td>-0.0</td>
<td>-2.9</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)

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

## (January to September 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Volkswagen Passenger Cars</strong></td>
<td>2,753</td>
<td>2,632</td>
<td>62,508</td>
</tr>
<tr>
<td><strong>Audi</strong></td>
<td>1,107</td>
<td>1,147</td>
<td>44,257</td>
</tr>
<tr>
<td><strong>ŠKODA</strong></td>
<td>698</td>
<td>700</td>
<td>12,598</td>
</tr>
<tr>
<td><strong>SEAT</strong></td>
<td>462</td>
<td>436</td>
<td>7,744</td>
</tr>
<tr>
<td><strong>Bentley</strong></td>
<td>7</td>
<td>7</td>
<td>1,092</td>
</tr>
<tr>
<td><strong>Porsche Automotive</strong> 2)</td>
<td>190</td>
<td>180</td>
<td>17,507</td>
</tr>
<tr>
<td><strong>Volkswagen Commercial Vehicles</strong></td>
<td>337</td>
<td>371</td>
<td>8,572</td>
</tr>
<tr>
<td><strong>Scania</strong> 3)</td>
<td>69</td>
<td>65</td>
<td>9,634</td>
</tr>
<tr>
<td><strong>MAN Commercial Vehicles</strong></td>
<td>98</td>
<td>80</td>
<td>8,599</td>
</tr>
<tr>
<td><strong>MAN Power Engineering</strong></td>
<td>-</td>
<td>-</td>
<td>2,489</td>
</tr>
<tr>
<td><strong>VW China</strong> 4)</td>
<td>3,021</td>
<td>2,917</td>
<td>24,635</td>
</tr>
<tr>
<td><strong>Volkswagen Financial Services</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group before Special Items</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Special Items</strong></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> 6)</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 € 19,172 (17,120) million, operating profit € 3,329 (3,046) million. 3) Including financial services. 4) The sales revenue and operating profit 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 € 5,130 (3,013) million. 5) Including only intra-group 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 the purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. 6) Including allocation of consolidation adjustments between the Automotive and Financial Services division. 7) Adjusted; see disclosures about the application of new International Financial Reporting Standards on page 15 of the Interim Report.

### Key Financials & Cash

- Deliveries
- Strategy
- Our Brands
- Our Markets
- Diesel
- Integrity & Compliance
- Commitment
Volkswagen Group – Outlook for 2018

Deliveries to customers ('000 vehicles)

- 2016: 10,297
- 2017: 10,741

+ 4.3%

Sales revenue (€ billion)

- 2016: 217.3
- 2017: 230.7

+ 6.2%

Operating return on sales (%)

- 2016 Full Year: 6.7%
- 2017 Full Year: 7.4%

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

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 2)
Global Passenger Car Market 2017 – 2020

China remains largest driver of passenger car demand, Western Europe stable, Slowdown in the US from a high level, Recovery in Brazil and Russia from a low level

<table>
<thead>
<tr>
<th>Million Units</th>
<th>USA(^1)</th>
<th>Western Europe</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td>17.3</td>
<td>14.3</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td>17.2</td>
<td>14.5</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td>16.8</td>
<td>14.5</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>2020</strong></td>
<td>16.7</td>
<td>14.4</td>
<td>2.3</td>
</tr>
</tbody>
</table>

**World\(^1\)**

<table>
<thead>
<tr>
<th>Million Units</th>
<th>USA(^1)</th>
<th>Western Europe</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td>84.5</td>
<td>24.0</td>
<td></td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td>85.2</td>
<td>23.9</td>
<td></td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td>86.6</td>
<td>25.0</td>
<td></td>
</tr>
<tr>
<td><strong>2020</strong></td>
<td>88.8</td>
<td>26.2</td>
<td></td>
</tr>
</tbody>
</table>

**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 Forthcoming Product Highlights\(^1\)

**Portfolio expansion and successor models ICE**

- T-Cross
- Sagitar (NF)
- B-SUV 5-Seater (US/CH)
- A1 City Carver
- Q3
- Octavia Combi (NF)
- ŠKODA Scala
- Tarraco
- Leon (NF)
- 911 Carrera (NF)
- Cayenne Coupé
- Flying Spur (NF)

**Portfolio expansion BEV**

- Bora BEV (CH)
- Lavida BEV (CH)
- e-tron
- e-tron Sportback
- Citigo BEV
- Taycan

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\(^1\) Selected models.
Strong Increase in our Worldwide SUV Mix\(^1\)

SUV mix by region based on expected Group deliveries to customers

\(^1\) As of 19th November, 2018.
### 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></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><strong>Return on investment</strong></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><strong>Capex ratio</strong></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><strong>R&amp;D cost ratio</strong></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><strong>Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Net Cashflow&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>€ 7.2 bn</td>
<td>€ 10.1 bn</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&lt;sup&gt;3)&lt;/sup&gt;</td>
<td>~10% of Group turnover</td>
</tr>
</tbody>
</table>

<sup>1)</sup> As of 19th November, 2018. <sup>2)</sup> Ex diesel payments; cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 3.3 bn in Q1-Q3 2018. <sup>3)</sup> Including the negative IFRS 16 impact, effective from 1st January, 2019.
Better Earnings Quality & EPS growth\(^1\)

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

\(^1\) As of 19th November, 2018.
Improving Group Return on Sales despite significant headwinds

Return on Sales

- 2016 Base: 6.7%
- 2017: 7.4%
- 2018 Outlook: 6.5 - 7.5%
- 2020 Target: 6.5 - 7.5%
- 2025 Target: 7.0 - 8.0%

- Industry transition
- Emission costs / CO2
- Performance improvement programs
CAPEX Automotive Division
(€ billion, as % of sales revenue)
R&D Costs Automotive Division

(€ billion, as % of sales revenue)
Automotive Division-Net Cash Flow (ex Diesel payments)\(^1\)

in € billion

\(^1\) Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.
\(^2\) 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 through 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 reduces 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>Škoda</td>
<td>Bentley</td>
<td>Scania</td>
<td>Components</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td>SEAT</td>
<td>Bugatti</td>
<td>Power</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VW LCV</td>
<td>MOIA</td>
<td></td>
<td>Engineering</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Allocation to be verified.
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
2019 – 2023

More than €44 bn in e-mobility (€ 30 bn), digitalization, autonomous driving and mobility services; equates one third of total expenditure

Two thirds of total expenditure are therefore dedicated into the conventional vehicle and drive portfolio.
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.
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

MQB

MEB

battery system

battery cell
Electrifying the Product Portfolio\textsuperscript{1)}

BEV volume per region in thousand units

\textbf{World}

\textbf{China}

\textbf{Europe}

\textbf{NAR}

VW e-up! (2013)

VW e-Golf (2012)

VW Elektro-Golf (1976)

VW e-tron

Audi e-tron

Porsche Taycan

VW ID. Crozz

VW ID. Neo

VW ID. Buzz

VW ID. Vizzion

VW ID. Lounge

Until 2025: +50 new BEVs

1) As of 19th November, 2018.
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.
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
- Connected to backend
- Customized interior with high comfort/ connectivity
- App-based ride pooling service
  - 6 passenger seats with high privacy
- MOIA branded
- Unique recognizable design
- Electric door concept
- BEV with > 300 km real range

- Test phase in Hanover with 2,000 users under way
- Project started in Hamburg on 9 January, 2019: fleet will be expanded to 500 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
- “Stanley” Winner Darpa Grand Challenge
- MOIA Battery Electric Special Purpose Shuttle

- >200 AV related patents
- Foundation AID GmbH
- Personal Autonomous Vehicles

Timeline:
- 2005: “Stanley” Winner Darpa Grand Challenge
- 2010
- 2017
- 2018
- 2021+
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 extended to Hamburg

Powering electric mobility
Strategic partnership with Microsoft agreed
Realignment of Group Components
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** established January 2019
- **Fuel cell technology partnership** agreed
- **Product & technology offensive in China** agreed
- **Global Alliance with Ford** agreed first project
- **Turnaround in South America** initiated
- **INDIA 2.0 project** launched
- **Volkswagen** becomes largest shareholder
Global Alliance

Alliance leverages the two global automakers’ strengths to better compete, innovate and serve customers.

Equity Arrangements not involved

Alliance does not involve cross-ownership between the two companies.

Commercial Van and Pickup Cooperation

Companies to first deliver medium pickup trucks for global customers, aiming to start in 2022, and intend to follow with commercial vans in Europe.

Exploring further Collaborations

Volkswagen and Ford also are committed to exploring potential collaboration on EVs, autonomous vehicles and mobility services.

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 %\(^1\)

<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>
</tbody>
</table>

**TRATON\(^2\)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Target 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Scania</td>
<td>9.5</td>
<td>6.9</td>
<td>6-7</td>
</tr>
<tr>
<td>• MAN Commercial Vehicles</td>
<td>2.3</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

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

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

<sup>1)</sup> Before special items.
Further roll-out of MQB offers substantial benefits for Volkswagen Brand

MQB share in overall production (percent | rounded)

<table>
<thead>
<tr>
<th>Year</th>
<th>MQB</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>2017</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>2018</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>2020</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>
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. RlO 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 transformation into TRATON SE (Societas Europaea) resolved by the Annual Shareholders Meeting.
- 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.

---

31 Sale is intended to be completed by year-end 2018. 32 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**

- Continuous portfolio expansion
  - in '000 contracts
  - Total portfolio 17,646
  - 2008-2018

**Rising penetration rates**

- W/O China:
  - 2008: 26.4%
  - 2018: 49.3%

- W/China:
  - 2008: 25.0%
  - 2018: 33.7%

**Diversified funding structure**

- Equity, liabilities to affiliated companies, other
- Asset backed securitization
- Bonds, Commercial Paper, liabilities to financial institutions

31 Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.
Volkswagen Brand – Pushing the Turnaround in the US with new products

Deliveries to US customers, ‘000’ units

- **Market Share %**: 3.0 2.6 2.2 2.0 1.8 2.0 2.0

**SUV offensive #1**
- 2017: Atlas
- 2018-19: Jetta

**Sedans**
- 2017: Tiguan
- 2018-19: Passat
- 2019-21: Refreshed Golf

**SUV offensive #2**
- 2019-21: Arteon, ID Crozz
- 2018-19: Midsize SUV 5s, Compact SUV
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 December 2018 vs. 2017)

Proportionate operating profit, January to September

<table>
<thead>
<tr>
<th></th>
<th>1-9 2017</th>
<th>1-9 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 3.3 bn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Deliveries

<table>
<thead>
<tr>
<th></th>
<th>January – December 2017</th>
<th>January – December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9,000 units</td>
<td>4,184</td>
<td>4,207</td>
</tr>
<tr>
<td>1-9,000 units</td>
<td>3,177</td>
<td>3,110</td>
</tr>
<tr>
<td>10,000 units</td>
<td>598</td>
<td>663</td>
</tr>
<tr>
<td>11,000 units</td>
<td>325</td>
<td>341</td>
</tr>
<tr>
<td>12,000 units</td>
<td>72</td>
<td>80</td>
</tr>
<tr>
<td>13,000 units</td>
<td>265</td>
<td>342</td>
</tr>
</tbody>
</table>

2) 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} = \frac{\text{ICE\(^3\)} Volume \times \text{NEV credit point ratio}}{100,000}
\]

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

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

---

**NEV Credit Point Attribution per NEV Type**

**BEV\(^4\):** Basic credit = 0.012 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
    - $ + \underbrace{\text{electricity}}$

- **Phase 2**
  - Pure electric vehicles based on current toolkits
    - $ + \underbrace{\text{electricity}}$

- **Phase 3 (start 2020/21)**
  - Pure electric vehicles based on scalable electric toolkit
    - $ + \underbrace{\text{electricity}}$

**Mass market BEV cooperation**
### New product offering with an expanded SUV line-up

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

<table>
<thead>
<tr>
<th>Bodystyle</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>3,982</td>
<td>4,184</td>
</tr>
<tr>
<td>SUV</td>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>MPV</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Hatchback</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Sedan</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Target 2020** - ≥40%

**Volkswagen Group**

1. **3,982** Others, **4,184** SUV, **≥40%** Target 2020

### SUV offensive of Volkswagen Group China

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

<table>
<thead>
<tr>
<th>Location</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tianjin</td>
<td>Started in August</td>
</tr>
</tbody>
</table>
| Qingdao  | Went into production on May 28, 2018  
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   | Started in June  
Focus on 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.

ŠKODA  
Volkswagen  
Audi

New vehicle plants  
Vehicle plants expansions  
New component plants  
Component plant expansion  
Existing plants

Facts and figures:

- Production capacity will increase by >110%
- Towards 5 million vehicles

Map of factories started in 2018:

- Tianjin
- Qingdao
- Hefei
- Foshan

Production and Capacity:

- Production 2017: SKODA 3,157, Volkswagen 553, Audi 4,042
- Capacity 2017: SKODA 3,321, Volkswagen 553, Audi 4,042
- Capacity 2020: SKODA 3,157, Volkswagen 553, Audi 4,042

- New Bora & 2 Audi models on MQB platform
- ICE & EV production on one production line
- Production of battery systems
- First production model unveiled
- Focus on SUVs (Audi and Volkswagen)
- Additional factory at the production site
- MQB platform will be electrified
- Battery system assembly and MEB to follow
### 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>Restructuring:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Truck Business</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Passenger Cars South America</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Airbags Takata</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Scania Anti-Trust Proceedings</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
<td>0.7</td>
</tr>
<tr>
<td>2015</td>
<td>Legal</td>
<td>7.0</td>
<td>16.9</td>
</tr>
<tr>
<td></td>
<td>Other items</td>
<td>9.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Mainly legal risks</td>
<td>6.4</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>Buyback/retrofit program</td>
<td>2.2</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>Legal</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td>2.4</td>
</tr>
<tr>
<td>2018</td>
<td>Legal</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total to date</strong></td>
<td></td>
<td>28.2</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.

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

**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

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

**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
Overview of timeline and 1st Monitor Audit-Report

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tbody>
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<td>2017</td>
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<tr>
<td>2018</td>
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<tr>
<td>2019</td>
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<tr>
<td>2020</td>
<td></td>
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</tbody>
</table>

**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**
  - Margin pressure
  - Battery cell supply
  - Infrastructure

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

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

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Counter-measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close the Gaps in Operating Profit, CapEx, R&amp;D !</td>
<td>Push efficiency programs, discipline vs. securing the future</td>
</tr>
<tr>
<td>Cash is King !</td>
<td>Stick rigorously to cash generation targets</td>
</tr>
<tr>
<td>Sustain ICE margins &amp; secure EV margins !</td>
<td>Reach CO2 requirements</td>
</tr>
<tr>
<td>Reduce Complexity !</td>
<td>Timely launches, attractive products and pricing strategies</td>
</tr>
<tr>
<td>Rol does matter, too !</td>
<td>Delete certain derivatives and engine combustion combinations</td>
</tr>
<tr>
<td></td>
<td>Prioritisation of projects, platform discipline and multi-brand factories</td>
</tr>
</tbody>
</table>
Investor Relations Team
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The official website of Volkswagen Group Investor Relations. Company topics, brandchannels, innovation and informations.
Shaping the transformation together.
The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

- **Number of Outstanding Shares**
  - Preferred shares: 206,205,445 (41.1%)
  - Ordinary shares: 295,089,818 (58.9%)

- **Current Voting Rights Distribution**
  - Ordinary shares: 295,089,818
  - Preferred shares: 206,205,445
  - Others: 10,824,131

- **Qatar Holding**
  - Dr. Hussain Ali Al Abdulla
  - Dr. Hessa Sultan Al Jaber

- **State of Lower Saxony**
  - Dr. Bernd Althusmann
  - Stephan Weil

- **Others**
  - Marianne Heiß

Supervisory Board of Volkswagen AG

- **Chairman**
  - Hans Dieter Pötsch

- **Porsche**
  - Dr. Louise Kiesling
  - Dr. jur. Hans Michel Piëch

- **Automobil Holding SE**
  - Dr. jur. Ferdinand Oliver Porsche
  - Dr. rer. comm. Wolfgang Porsche

- **State of Lower Saxony**
  - Dr. Bernd Althusmann
  - Stephan Weil

- **Qatar Holding**
  - Dr. Hussain Ali Al Abdulla
  - Dr. Hessa Sultan Al Jaber

- **Works Council**
  - Bernd Osterloh
  - Birgit Dietze
  - Dr. Hans-Peter Fischer
  - Jörg Hofmann
  - Uwe Hück
  - Johan Järvklo
  - Ulrike Jakob
  - Peter Mosch
  - Bertina Murkovic
  - Athanasios Stimoniaris

Board of Management of Volkswagen AG

- **Chairman of VW AG and VW Passenger Cars brand**
  - Dr. Herbert Diess

- **Porsche AG**
  - Dr. Oliver Blume

- **Human Resources**
  - Gunnar Kilian

- **TRATON Group**
  - Andreas Renschler

- **Audi AG**
  - Abraham Schot

- **Integrity and Legal Affairs**
  - Hiltrud Dorothea Werner

- **Finance and IT**
  - Frank Witter

- **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 Ratings

<table>
<thead>
<tr>
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<th>S&amp;P Global</th>
<th>Moody’s</th>
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<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>
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#### Outlook

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<tr>
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<td>Stable (*Negative)</td>
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<tr>
<td></td>
<td>Stable</td>
</tr>
</tbody>
</table>

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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)

\[^1\text{Including allocation of consolidation adjustments between Automotive and Financial Services divisions.}\]

\[\begin{align*}
\text{Net Cash flow incl Diesel payments} & \quad 3.5 \\
\text{Diesel outflow} & \quad 3.3 \\
\text{Aquisition and disposal of equity investments} & \quad 0.2 \\
\text{Net Cash flow underlying business} & \quad 7.0
\end{align*}\]
Automotive Division – Research and Development Costs
(January to September 2018 vs. 2017)

€ million

2018
9,850
9,157
-3,505
2,812
35.6%
-42.8%

2017
9,844
8,236
2,602
-4,210
42.8%
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)
- Annual Bonus
- Fixed remuneration

**Key Financials & Cash**

**Strategy**

**Our Brands**

**Our Markets**

**Diesel**

**Integrity & Compliance**

**Commitment**

**Outlook & Operative Excellence**

**Deliveries**

**Key Financials & Cash**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY(_n)</th>
<th>FY(_n-1)</th>
<th>FY(_n+1)</th>
<th>FY(_n+2)</th>
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<tr>
<td>FY(_n)</td>
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<tr>
<td>FY(_n+2)</td>
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**Fixed remuneration**

<table>
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<tr>
<th>Fiscal Year</th>
<th>FY(_n)</th>
<th>FY(_n-1)</th>
<th>FY(_n+1)</th>
<th>FY(_n+2)</th>
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<tr>
<td>FY(_n)</td>
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<tr>
<td>FY(_n+2)</td>
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**Special remuneration**

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<th>Fiscal Year</th>
<th>FY(_n)</th>
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<th>FY(_n+1)</th>
<th>FY(_n+2)</th>
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<td>FY(_n)</td>
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<td>FY(_n+2)</td>
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**PLB**

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<th>Fiscal Year</th>
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<th>FY(_n-1)</th>
<th>FY(_n+1)</th>
<th>FY(_n+2)</th>
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<tr>
<td>FY(_n+2)</td>
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**Annual Bonus**

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<tr>
<td>FY(_n+2)</td>
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**Fixed remuneration**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY(_n)</th>
<th>FY(_n-1)</th>
<th>FY(_n+1)</th>
<th>FY(_n+2)</th>
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<tr>
<td>FY(_n+2)</td>
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</tbody>
</table>
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)
- Longer test distances
- Higher average and maximum drive power
- Optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built
- More dynamic and representative accelerations and decelerations
- Shorter stops
- 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

More realistic driving behaviour

A greater range of driving situations (urban, suburban, main road, motorway)

Longer test distances

More dynamic and representative accelerations and decelerations

Higher average and maximum speeds

Higher average and maximum drive power

Shorter stops

More realistic ambient temperatures, closer to the European average

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
Volkswagen T-Cross
Audi e-tron
Porsche Macan Facelift
Bentley Bentayga Hybrid
Lamborghini Urus
Volkswagen Crafter Combi
MAN TGX 18.500

MAN TGE 5.180
We are stepping on the gas in terms of profitability, innovative power and sustainability

VOLKSWAGEN GROUP