Full speed ahead to the future.
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Speakers

Ralf Brandstätter
COO (Chief Operating Officer)
Member of the Volkswagen Brand Board of Management

Dr. Arno Antlitz
Member of the Volkswagen Brand Board of Management for Controlling and Accounting

Jürgen Stackmann
Member of the Volkswagen Brand Board of Management for Sales, Marketing and After Sales
Operating performance from January to December 2018

3.7 million vehicles

€ 84.6 billion

€ 3.2 billion

Sales

Sales revenue

Operating profit before special items

2017 2018

2017 2018

2017 2018

+4%

+7%

-2%

1) These figures do not include sales of our Chinese joint ventures.
2) restated

+7%

RoS 4.2%

RoS 3.8%
Operating Profit impacted by WLTP especially in Q3

Operating profit [€ million]

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>869</td>
<td>879</td>
</tr>
<tr>
<td>Q2</td>
<td>907</td>
<td>1,251</td>
</tr>
<tr>
<td>Q3</td>
<td>728</td>
<td>200</td>
</tr>
<tr>
<td>Q4</td>
<td>797</td>
<td>909</td>
</tr>
</tbody>
</table>
In the 4th quarter we returned to our targeted RoS-corridor

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>4.6</td>
<td>4.4</td>
</tr>
<tr>
<td>Q2</td>
<td>4.4</td>
<td>5.5</td>
</tr>
<tr>
<td>Q3</td>
<td>3.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Q4</td>
<td>3.8</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Return on Sales [%]

Corridor 4 – 5 %

FY 2018

3.8%
Development of operating profit from January to December 2018

<table>
<thead>
<tr>
<th>2017</th>
<th>Exchange Rates</th>
<th>Currency Pricing</th>
<th>Volume/Mix/Prices</th>
<th>Product Costs</th>
<th>Fixed Costs, others</th>
<th>2018 (before special items)</th>
<th>Special Items</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(0.7)</td>
<td>0.6</td>
<td>(0.2)</td>
<td>0.2</td>
<td>0.0</td>
<td>3.2</td>
<td>(1.9)</td>
<td>1.3</td>
</tr>
</tbody>
</table>

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
R&D costs from January to December 2018

€ billion/percentage of sales revenue

strategic target
~4%

<table>
<thead>
<tr>
<th>Total R&amp;D Costs</th>
<th>of which capitalized</th>
<th>amortization</th>
<th>Recognized in the income statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3%</td>
<td>0.7</td>
<td>0.8</td>
<td>3.0</td>
</tr>
<tr>
<td>2.8 billion</td>
<td>26%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Jan.-Dec. 2017:

3.3

1.3 40%

0.8

2.8

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
Capex from January to December 2018

€ billion/percentage of sales revenue

Strategic target 4 – 5%

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex (€ billion)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4.4</td>
<td>5.3%</td>
</tr>
<tr>
<td>2017</td>
<td>3.6</td>
<td>4.6%</td>
</tr>
<tr>
<td>2018</td>
<td>3.6</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

1) restated
Return on Investment from January to December 2018

2017: 7.4%
2018: 7.6%

Minimum rate of RoI: 9%
Negative cash flow from January to December 2018

[€ billion]

Cash flow from operating activities
Investing activities
Net operating cash flow 2018
Special items mainly Diesel
Net cash flow 2018

Target 2020 increased: €1-2 bn free cash flow*

WLTP Impact: ~ -0.9

* not including acquisition and disposal of equity investments
All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
Key levers for improving the result: Status update

Product offensive

Achievements 2018:
• SUV portfolio widened: T-Roc, Tiguan, Tiguan Allspace, Touareg, Atlas
• Increase of MQB share to 60%

Outlook 2019:
• More SUVs coming: T-Cross, 5-seater B-SUV (US)
• Increase of MQB share to 80%

Turnaround in the regions

Achievements 2018:
• Positive result in Russia maintained
• NAR better than 2017
• SAM with strong progress

Outlook 2019:
• SAM to break even
• Further improvements in NAR, Turnaround planned for 2020

Zukunftspakt

Achievements 2018:
• Realized cost improvements of more than €2.4 billion
• > 9,000 early retirement contracts
• Headcount reduction ahead of target

Outlook 2019:
• Further improvements on costs and productivity
Regions – Positive development continues

**NAR**
- **US Deliveries**
  - Jan.-Dec. 2018: +4.2%
- **Product highlights:**
  - Atlas, Tiguan, new Jetta
- **Profit:** Improved vs. prev. year
- **Break-even expected in 2020**

**SAM**
- **Deliveries**
  - Jan.-Dec. 2018: +13.1%
- **Product highlights:**
  - New Polo, Tiguan and Virtus
- **Profit:** Improved vs. prev. year
- **Break-even expected in 2019**

**Russia**
- **Deliveries**
  - Jan.-Dec. 2018: +18.5%
- **Products highlights:**
  - Tiguan Allspace and new Touareg, Polo
- **Profit:** Still positive despite devaluation of Ruble

Total operating profit improvement of the regions in 2018 vs. 2017 ~ € 0.5bn
Zukunftspakt on track to deliver

**Cost Savings** (2018 full year effect)

€ 2.4bn
Target 2018 of more than € 2.2 bn overachieved
(2020 target for Germany: € 3 bn)

**Early retirements** (contracts signed)

> 9,000
More than 9,000 people signed early retirement contracts and will leave the company by 2020 at latest

**(net) Headcount reduction**

> 6,300
Since the start of the Zukunftspakt headcount has been reduced by more than 6,300 people (gross reduction ~ 9,700 people)

**New jobs**

> 2,700
Headcount increase in future oriented business areas (e.g. software development, connectivity, new mobility solutions) on target
Fixed costs VW AG (PC) in 2018 on 2014 level*)

*) Overhead of Brand Volkswagen PC in Germany + indirect areas of the five German plants of VW AG PC
Further efforts required to prepare Volkswagen for the future

Compensating additional costs

<table>
<thead>
<tr>
<th>CO₂ Compliance</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>gCO₂/km</td>
<td>140</td>
<td>120</td>
<td>110</td>
</tr>
</tbody>
</table>

Increasing investment needs

1. Electrification
2. New Mobility
3. Connectivity
4. Autonomous Driving

Disruption automotive industry
Further efforts on top of "Zukunftspakt" are necessary in order to prepare Volkswagen for the digital Age.

Efficiency and transformation of work focus

Transformation of processes, increase of agility and digitization

Additional efforts and digitization roadmap

Integration of new focus topics

Increase of efforts

» Changing environment
» Changed premises
» Digitization

Extension of time horizon

2016 2018 2019 2020 2025
Profit improvement initiatives to secure 6% operating margin in 2022

**MAIN LEVERS**

- Margin improvement
- Material cost
- Cost improvement overhead
- Productivity improvements in the plants

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating profit in € billion</th>
<th>Return on sales in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.2</td>
<td>3.8%</td>
</tr>
<tr>
<td>2019</td>
<td>3.2</td>
<td>3.8%</td>
</tr>
<tr>
<td>2020</td>
<td>3.2</td>
<td>3.8%</td>
</tr>
<tr>
<td>2021</td>
<td>3.2</td>
<td>3.8%</td>
</tr>
<tr>
<td>2022</td>
<td>≥ 6.0%</td>
<td>&gt; 6.0%</td>
</tr>
<tr>
<td>2023</td>
<td>≥ 6.0%</td>
<td>&gt; 6.0%</td>
</tr>
</tbody>
</table>

€ 5.9bn
€ 2.9bn
€ 3bn

Schematic illustration
## Financial forecast and targets

<table>
<thead>
<tr>
<th></th>
<th>Forecast 2019</th>
<th>Target 2020</th>
<th>Target 2022</th>
<th>Target 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>up to +5 %</td>
<td>tbd</td>
<td>tbd</td>
<td>tbd</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td>4–5 %</td>
<td>4–5 %</td>
<td>≥ 6 %</td>
<td>&gt; 6 %</td>
</tr>
<tr>
<td>Capex ratio</td>
<td>4–5 %</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>
<td>4 %</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>Positive operating cash flow</td>
<td>€1-2 billion</td>
<td>&gt; €2 billion</td>
<td>&gt; €2 billion</td>
</tr>
</tbody>
</table>