

dbAccess Berlin Conference , June 5th, 2019
Dr. Arno Antlitz, CFO Volkswagen Brand



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 relating to the development of the economies of individual countries, and in particular of the automotive industry, 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. 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 relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

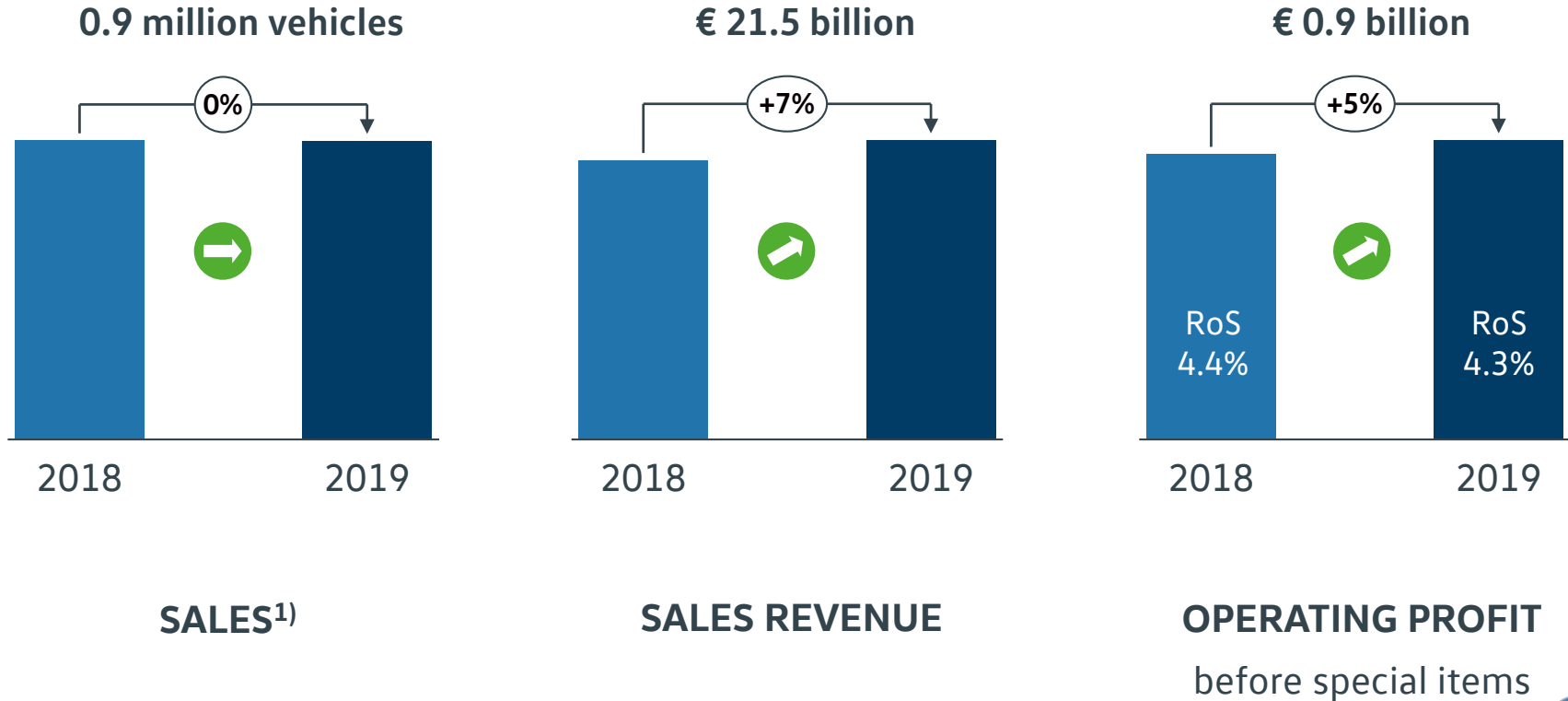
If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.



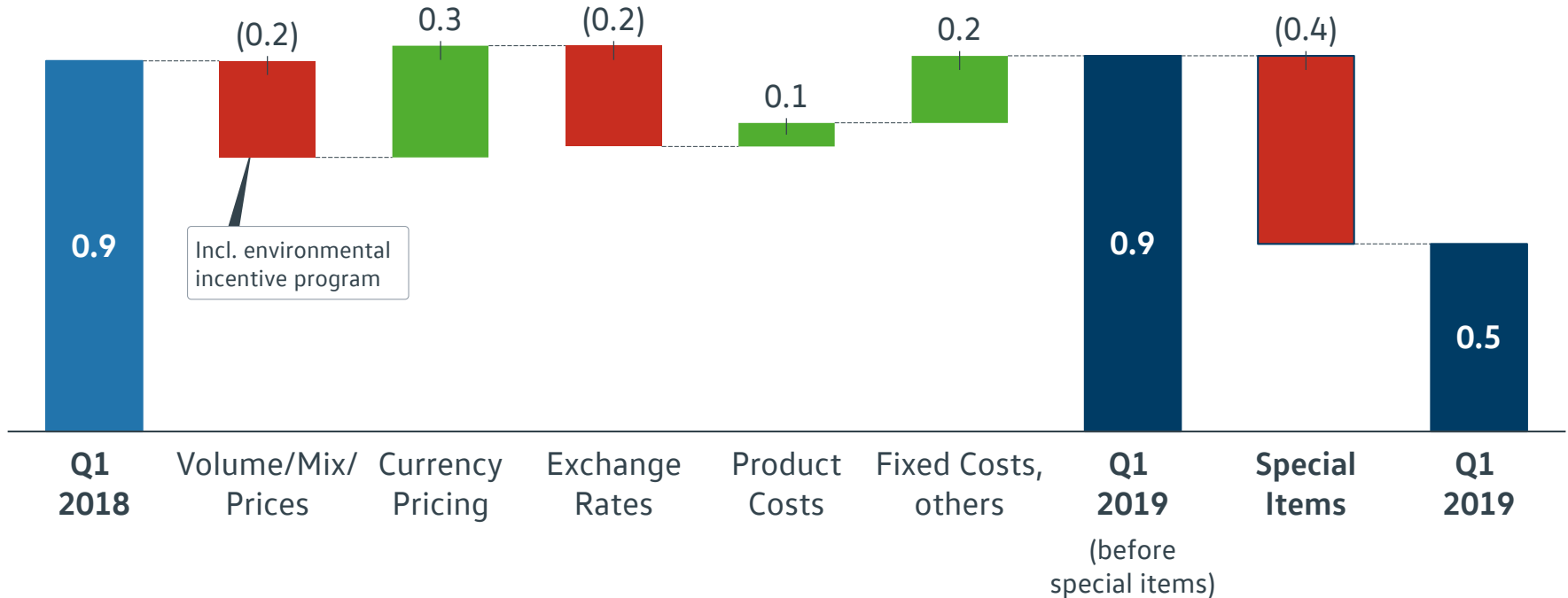
Operating performance from January to March 2019



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

Development of operating profit from January to March 2019

OPERATING PROFIT [€ billion]



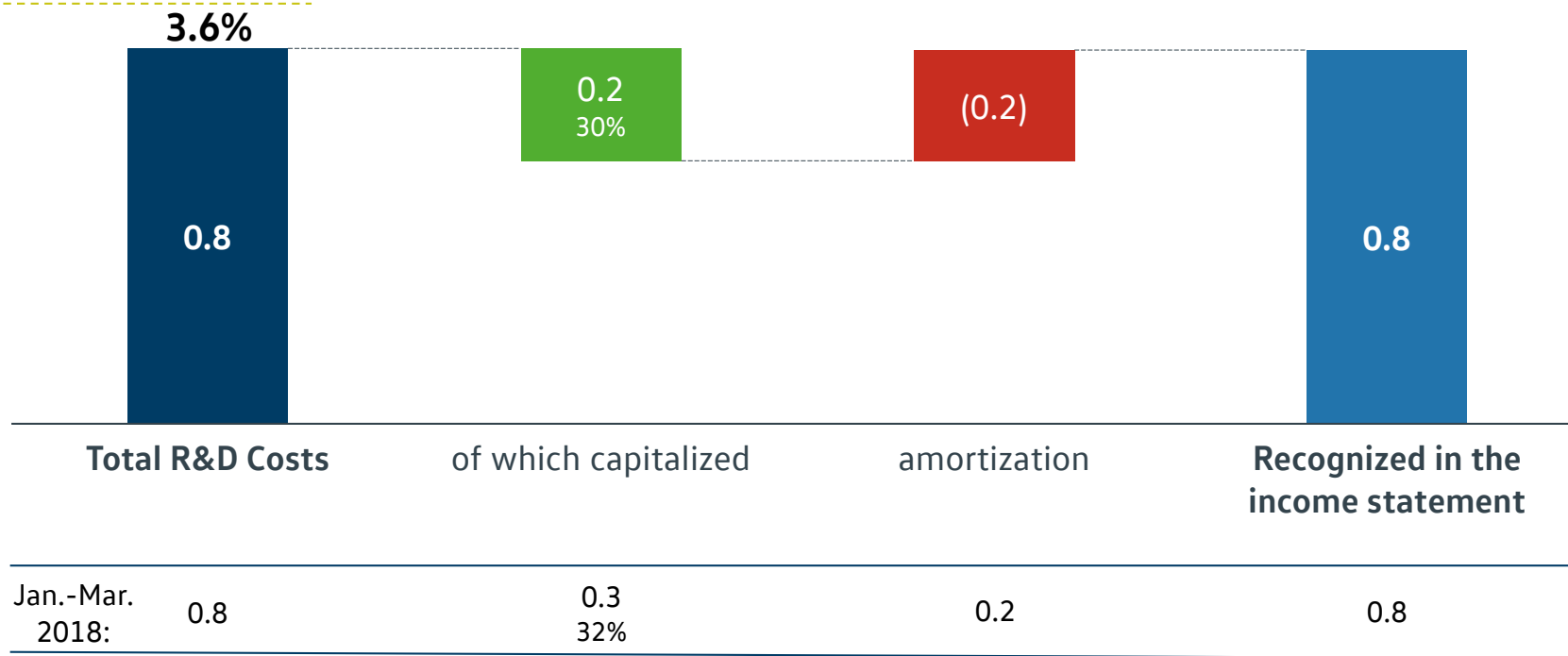
All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.



R&D costs from January to March 2019

€ billion/percentage of sales revenue

strategic
target ~4%

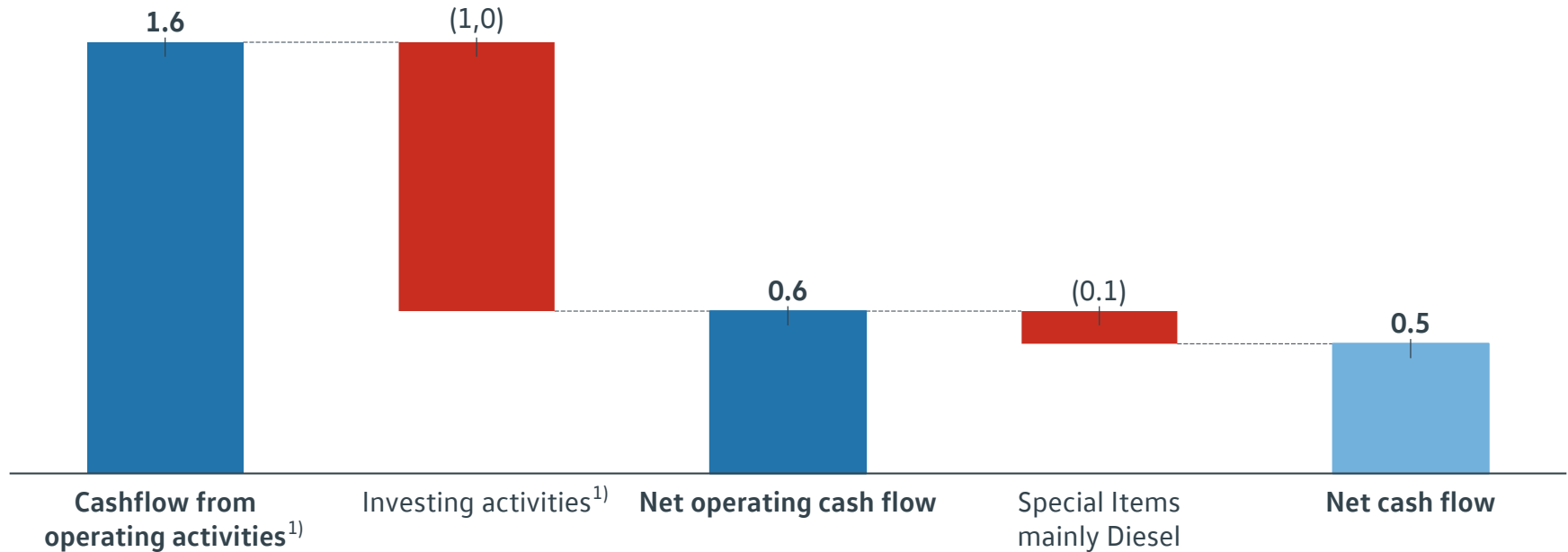


All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.



Solid cash flow generation from January to March 2019

[€ billion]



¹⁾ Before special items

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%

ZUKUNFTSPAKT



ZUKUNFTS
PAKT



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

TURNAROUND IN THE REGIONS



Achievements 2018:

- Positive result in Russia maintained
- NAR better than 2017
- SAM with strong progress

Outlook 2019:

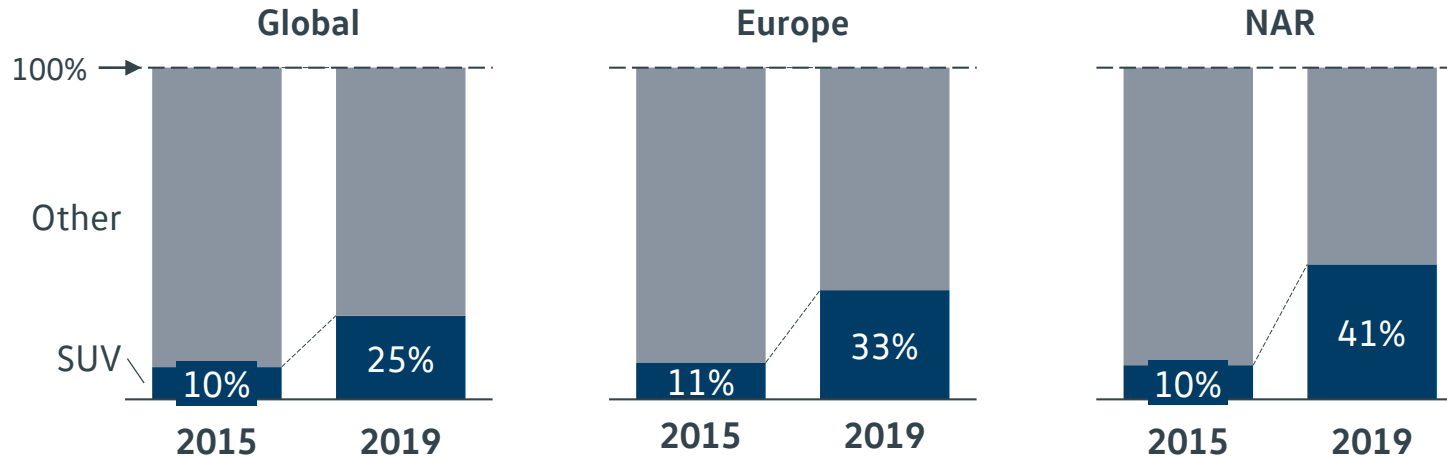
- SAM expected to break even
- Further improvements in NAR, Turnaround planned for 2020

Product Offensive – SUV share on the rise

January to April 2019 vs. FY 2015

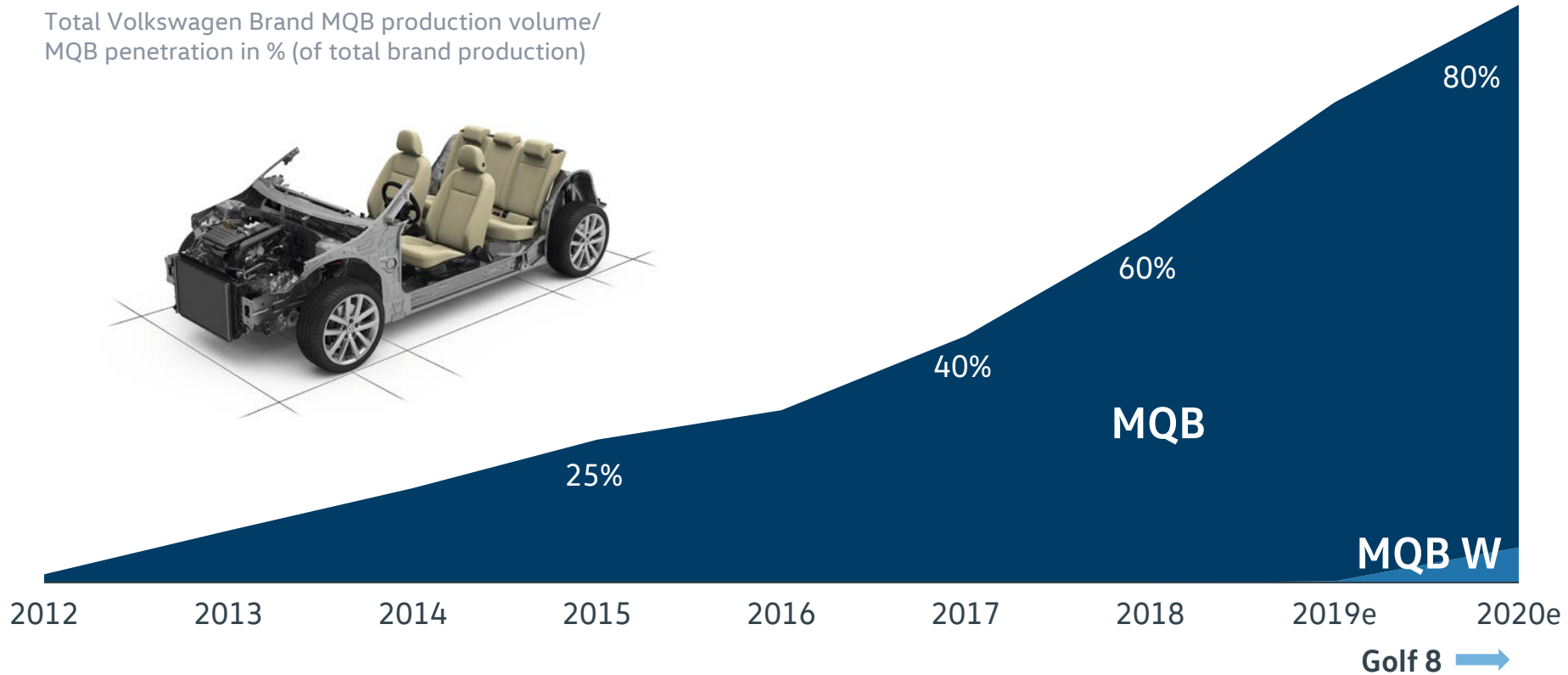


ZUKUNFTS
PAKT



Further increase in MQB volume creates larger economies of scale

Total Volkswagen Brand MQB production volume/
MQB penetration in % (of total brand production)



Golf 8 →



Volkswagen

Zukunftspakt – On track to deliver

as of April 2019



Cost Savings (2018 full year effect)

€ 2.4bn

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

(net) Headcount reduction

~ 7,000

Since the start of the Zukunftspakt
headcount has been reduced
by around 7,000 people



Early retirements (contracts signed)

> 9,000

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

New jobs

> 3,200

Headcount increase in future oriented
business areas (e.g. software
development, connectivity, new
mobility solutions) on target

Regions – Positive development continues



NAR

- US Deliveries
Jan.-May 2019: **+6.2%**
- **SUV share** increased in 2 years
from 14 to 53%
- Profit: **Improved vs. Q1 2018**
- **Break-even expected in 2020**



Russia

- Deliveries
Jan.-Apr. 2019: **+4.7%**
- Products highlights:
Tiguan Allspace and new Touareg, Polo
- Profit: **further substantial improvement vs. Q1 2018**



SAM

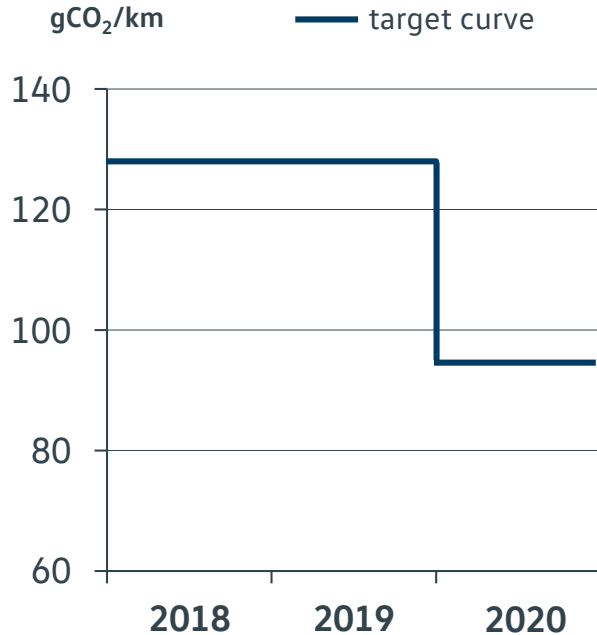
- Deliveries
Jan.-Apr. 2019: **+0.7%**
- Product highlights:
New Polo, Tiguan and Virtus
- Profit: **Flat vs. Q1 2018**; difficult macroeconomic situation in Argentina fully compensated
- **Break-even expected in 2019**



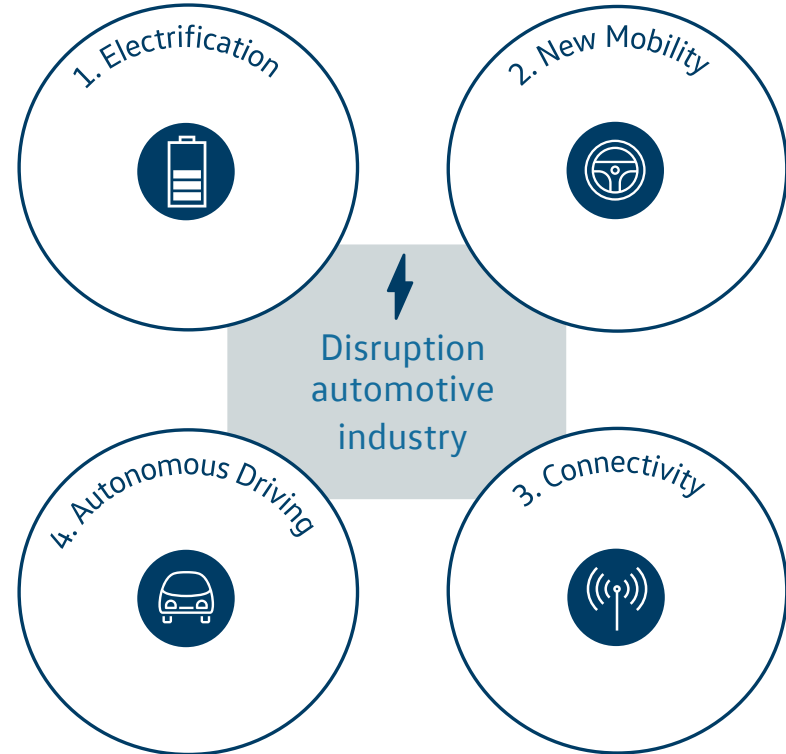
Further efforts required to prepare Volkswagen for the future

Compensating additional costs

CO₂ Compliance



Increasing investment needs



Ramping up new businesses to enrich the digital ecosystem

@myCar

Around the car

- Guide & Inform
- Security & Service
- Streaming & Internet

We Connect

We Deliver **We Park**

- Convenience Services
- Smart Infrastructure

We

- eMobility services

We Charge

Elli

Urban Mobility Int. **We Share**

- Mobility business models

eMobility services

Intermodality

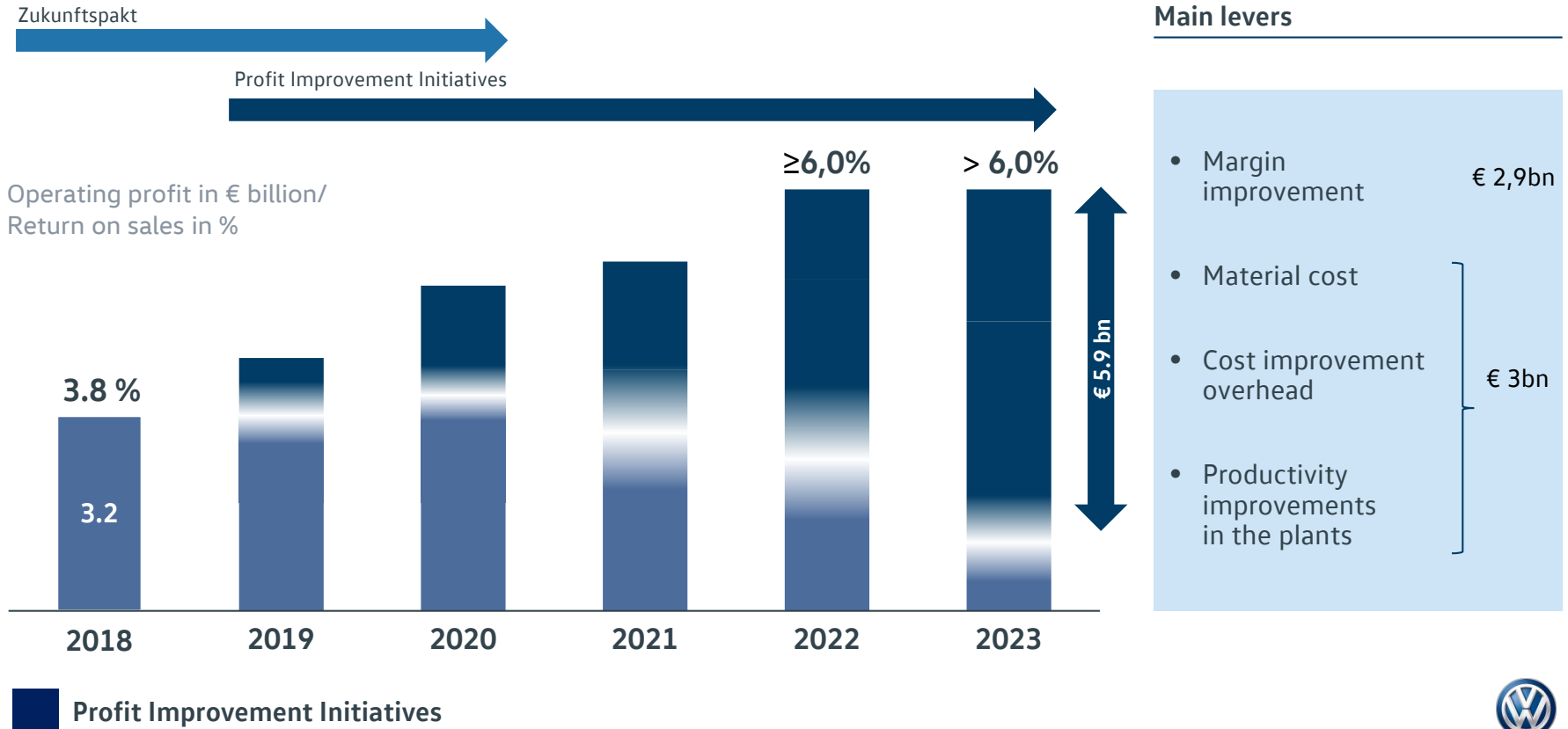
- Device Platform
- Group IT Cloud
- WirelessCar
- ...

Digital Platform (ODP)

- Customer Data Management
- Vehicle Connectivity
- Dig. Business Enablement
- Customer Experience Mgmt.
- ...



Profit improvement initiatives to secure 6% operating margin in 2022



Financial forecast and targets

	Forecast 2019	Target 2020	Target 2022	Target 2025
Sales revenue	up to +5 %	tbd	tbd	tbd
Operating return on sales	4-5 %	4-5 %	≥ 6 %	> 6 %
Capex ratio	4-5 %	4-5 %	4-5 %	4-5 %
R&D ratio	~4 %	4 %	4 %	4 %
Free cash flow	Positive operating cash flow	€1-2 billion	> €2 billion	> €2 billion