

VOLKSWAGEN

AKTIENGESELLSCHAFT

Shaping the transformation together.

Frank Witter, Chief Financial Officer

Investor Roadshow with Natixis, Paris, 28th June 2018

Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

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

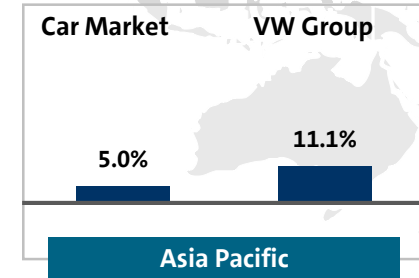
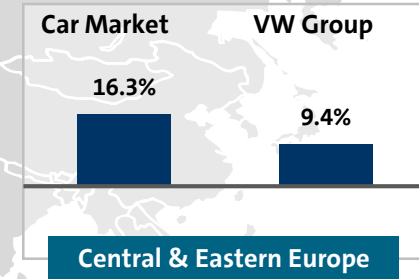
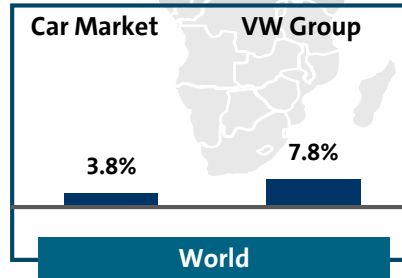
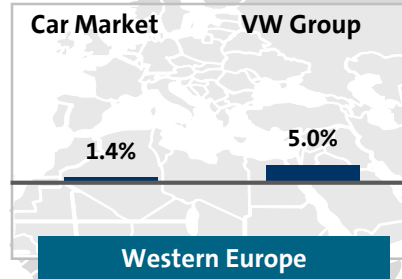
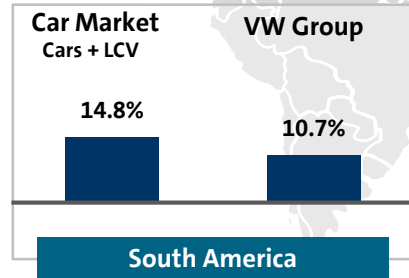
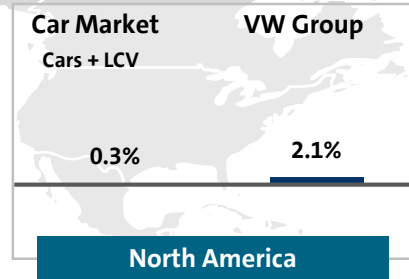
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We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

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 Customers¹⁾

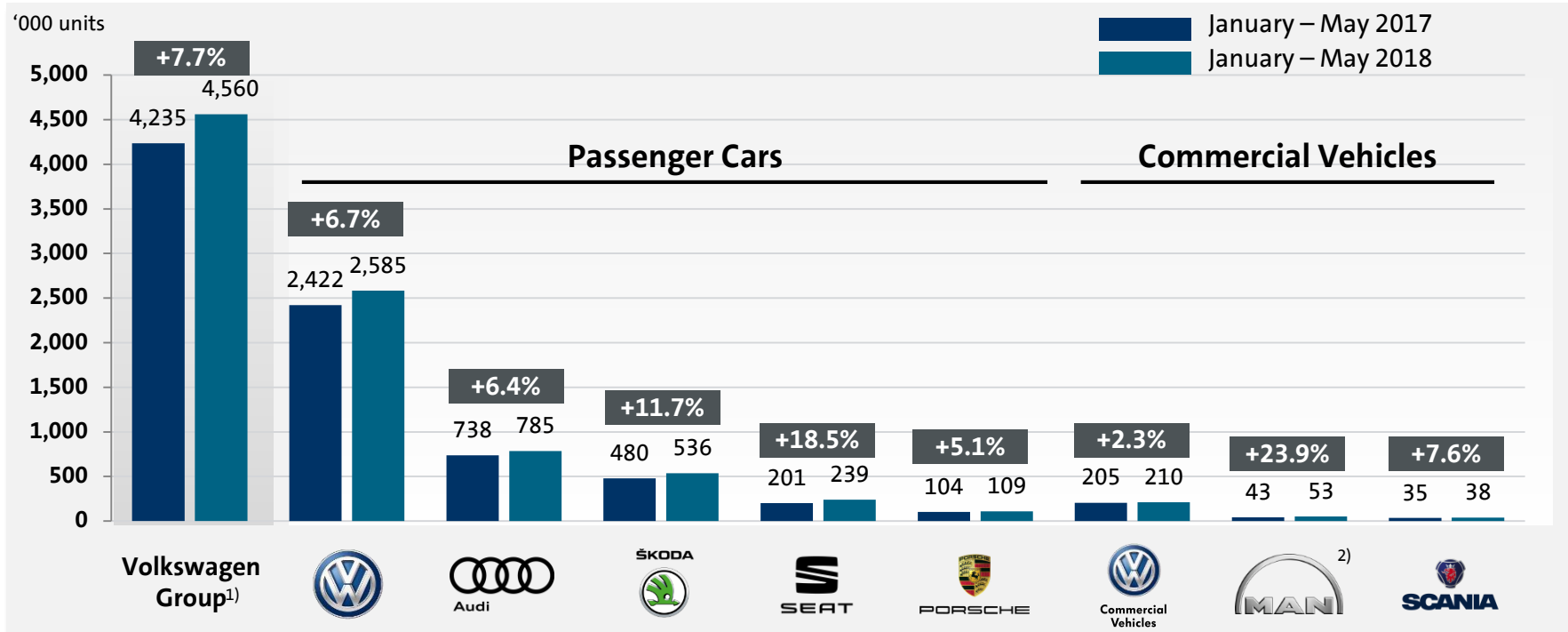
(Growth y-o-y in deliveries to customers, January to May 2018 vs. 2017)



¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Deliveries to Customers by Brands

(January to May 2018 vs. 2017)

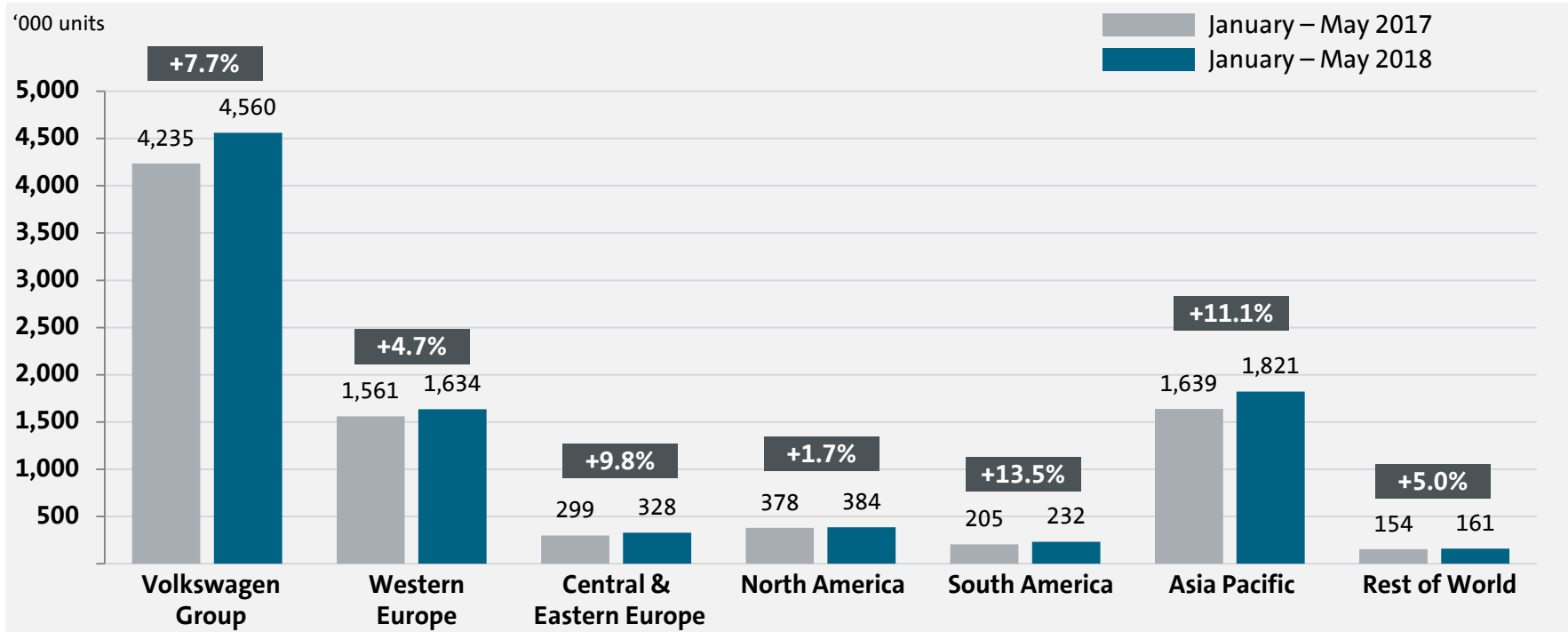


¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +7.8% excl. Volkswagen Commercial Vehicles, Scania and MAN.

²⁾ MAN incl. MAN Latin America Trucks and Busses GVW > 5t.

Volkswagen Group – Deliveries to Customers by Markets¹⁾

(January to May 2018 vs. 2017)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +7.8% excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Key Financial Figures¹⁾

(January to March 2018 vs. 2017)

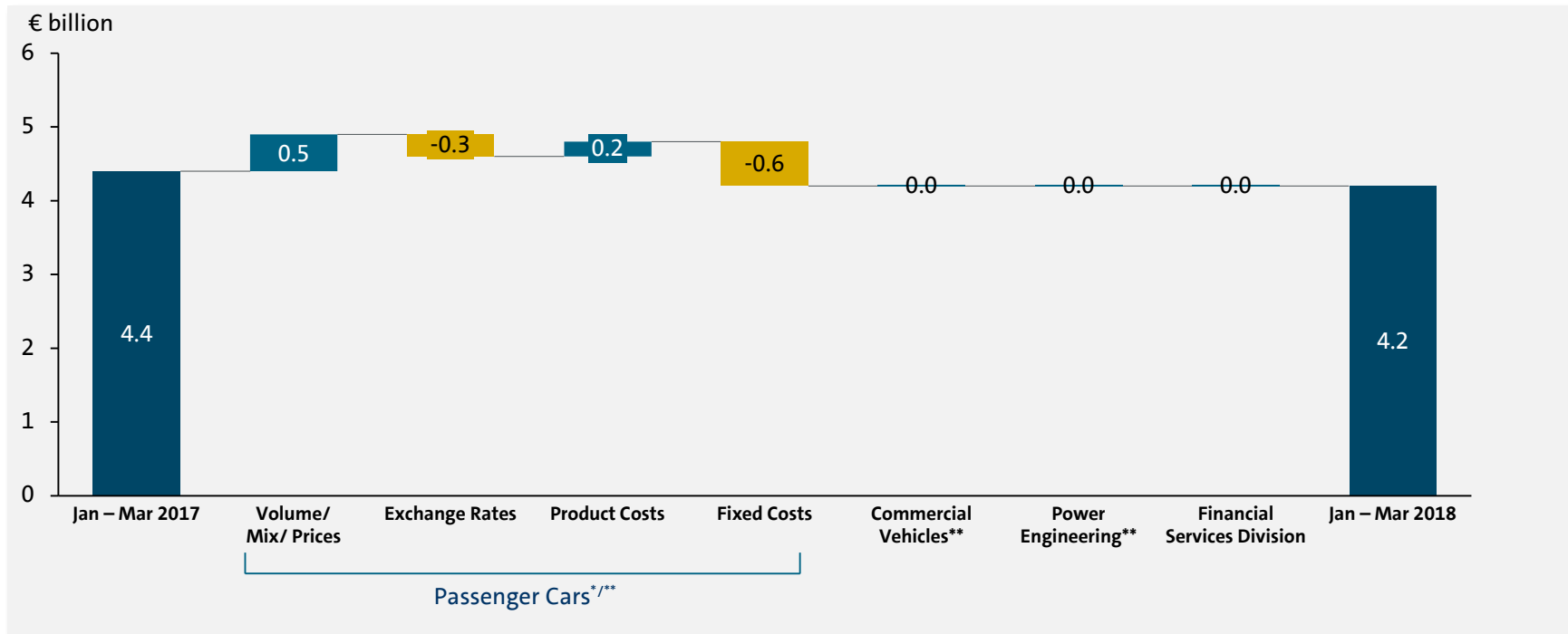
thousand vehicles / € million	2018	2017 ²⁾	+/- (%)
Vehicle Sales ³⁾	2,769	2,610	+6.1
Sales revenue	58,228	56,197	+3.6
Operating profit	4,211	4,367	-3.6
% of sales revenue	7.2	7.8	
Financial result	266	224	+18.8
of which: At-equity result ³⁾	829	936	-11.5
of which: Other financial result	-562	-712	+21.1
Profit before tax	4,477	4,592	-2.5
% Return on sales before tax	7.7	8.2	
Profit after tax	3,300	3,373	

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 €1,163 million (€1,112 million).

Volkswagen Group – Analysis of Operating Profit¹⁾

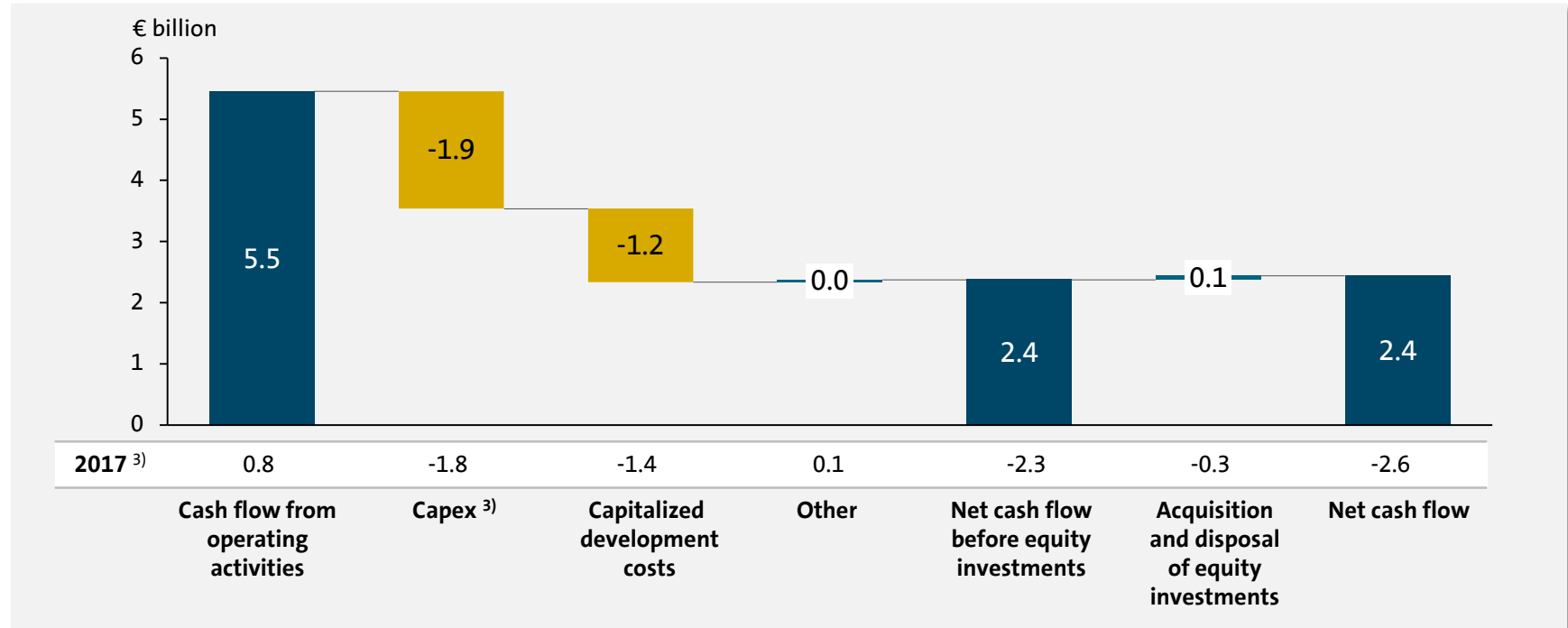
(January to March 2018 vs. 2017)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without FS **) including PPA

Automotive Division Net Cash Flow Development¹⁾²⁾

(January to March 2018)

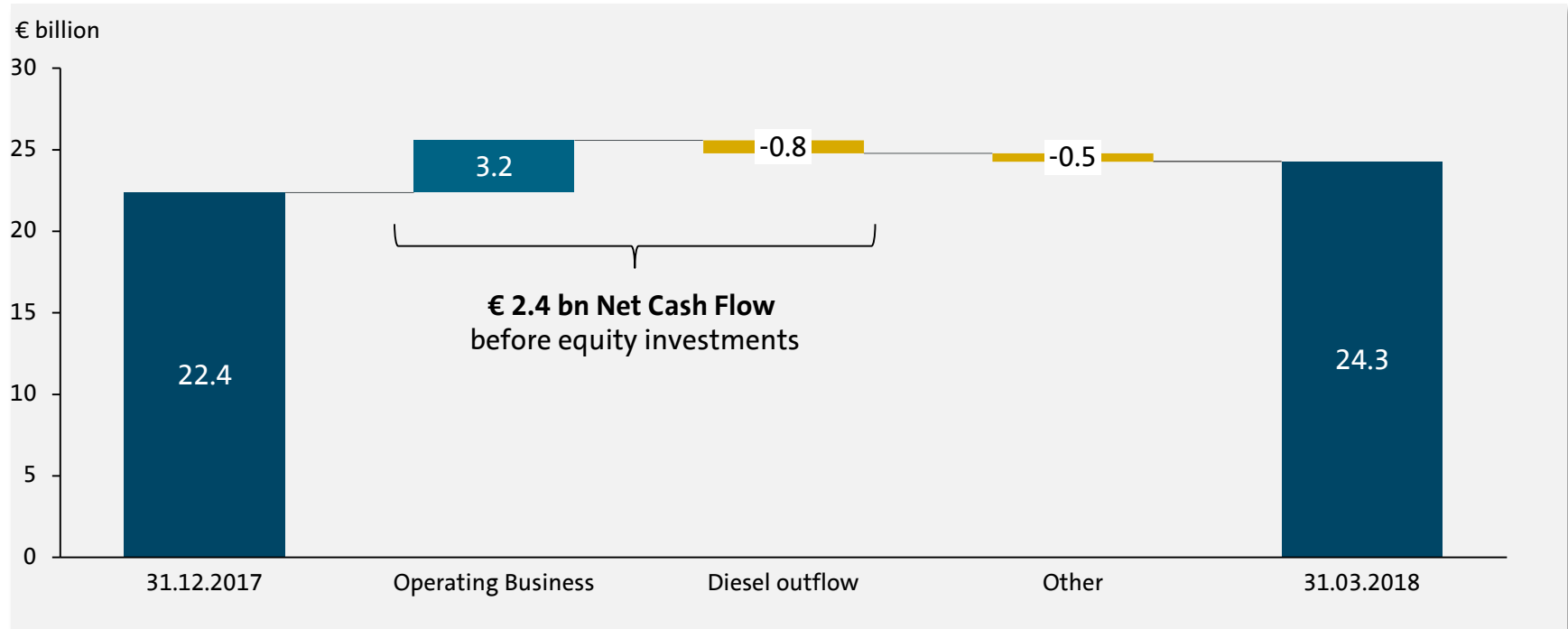


¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

³⁾ Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

Automotive Division – Net Cash Flow drives solid Net Liquidity¹⁾

(January to March 2018)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

Volkswagen Group – Analysis by Business Line¹⁾

(January to March 2018 vs. 2017)

	Vehicle sales		Sales revenue		Operating profit		Margin	
thousand vehicles/ € million	2018	2017	2018	2017	2018	2017	2018	2017
Volkswagen Passenger Cars	912	862	20,115	19,040	879	869	4.4%	4.6%
Audi	394	375	15,320	14,378	1,300	1,244	8.5%	8.7%
ŠKODA	256	252	4,547	4,334	437	415	9.6%	9.6%
SEAT	167	148	2,782	2,487	85	56	3.0%	2.3%
Bentley	2	2	351	361	-44	-30	-12.5%	-8.3%
Porsche Automotive ²⁾	61	57	5,438	5,035	939	932	17.3%	18.5%
Volkswagen Commercial Vehicles	117	119	2,945	2,875	224	205	7.6%	7.1%
Scania ³⁾	23	21	3,118	3,084	331	324	10.4%	10.4%
MAN Commercial Vehicles	31	25	2,771	2,572	83	93	3.0%	2.3%
MAN Power Engineering	-	-	766	783	21	26	2.7%	3.3%
VW China ⁴⁾	1,040	971	-	-	-	-	-	-
Other ⁵⁾	-233	-223	-7,923	-6,628	-652	-319	-	-
Volkswagen Financial Services	-	-	7,999	7,876	608	551	-	-
Volkswagen Group before Special Items	-	-	-	-	4,211	4,367	7.2%	7.8%
Special Items	-	-	-	-	-	-	-	-
Volkswagen Group	2,769	2,610	58,228	56,197	4,211	4,367	-	-
Automotive Division ⁶⁾	2,769	2,610	49,743	47,825	3,572	3,768	-	-
of which: Passenger Cars	2,600	2,445	40,298	38,640	3,077	3,299	-	-
of which: Commercial Vehicles	169	165	8,679	8,402	536	499	-	-
of which: Power Engineering	-	-	766	783	-42	-30	-	-
Financial Services Division	-	-	8,485	8,372	639	600	-	-

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Porsche (Automotive and Financial Services): sales revenue €5,936 (5,489) million, operating profit €976 (967) 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 € 1,163 (1,112) million. ⁵⁾ In operating profit mainly intragroup 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.

Volkswagen Group – Outlook for 2018

Deliveries to customers (‘000 vehicles)

+ 4.3%

10,297

10,741

Sales revenue (€ billion)

+ 6.2%

217.3

230.7

Operating return on sales (%)

6.7¹⁾7.4¹⁾

2016

2017

Full Year



Deliveries to customers

moderately above prior year



Sales revenue

by as much as 5% year-on-year



Operating return on sales¹⁾

between 6.5% to 7.5%

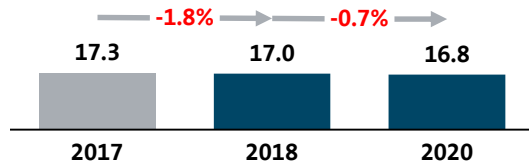
¹⁾ before Special Items.

Global Passenger Car Market 2017/2018/2020

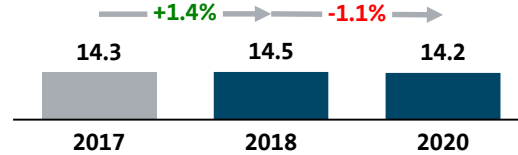
Slowdown in Western Europe due to falling demand in UK; Stagnation in USA at a high level; Recovery in Brazil and Russia from a low level; China remains largest driver of passenger car demand

million units

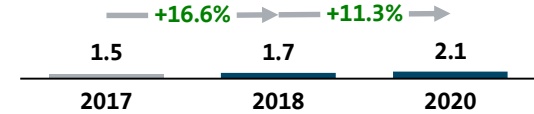
USA¹⁾



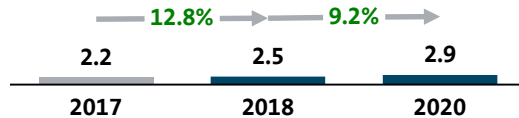
Western Europe



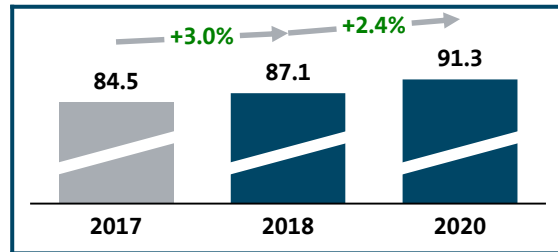
Russia



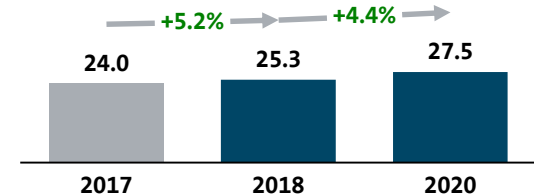
Brazil¹⁾



World¹⁾



China



■ Actuals ■ Forecast

Data source: IHS Automotive (05.2018)

¹⁾ Volume for North & South America includes light commercial vehicles (definition 'Light Vehicles') growth 2018-2020 = Compound Annual Growth Rate / yearly average

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



Bentayga Hybrid

Q4



Q3



Q2 LWB (China)



A1 Sportback



Macan Facelift

Strong product momentum continues in Volume segments



Volkswagen



ŠKODA



SEAT



Commercial
Vehicles

Q1



up! GTI



Polo GTI



Virtus (SAM)



Karoq LWB (China)

Q2



Touareg



Jetta (US)



Lavida (China)



Kodiaq (Russia)

Q3



Fabia



Bora (China)



T-Roc LWB (China)



e-Crafter

Q4



Cupra Ateca



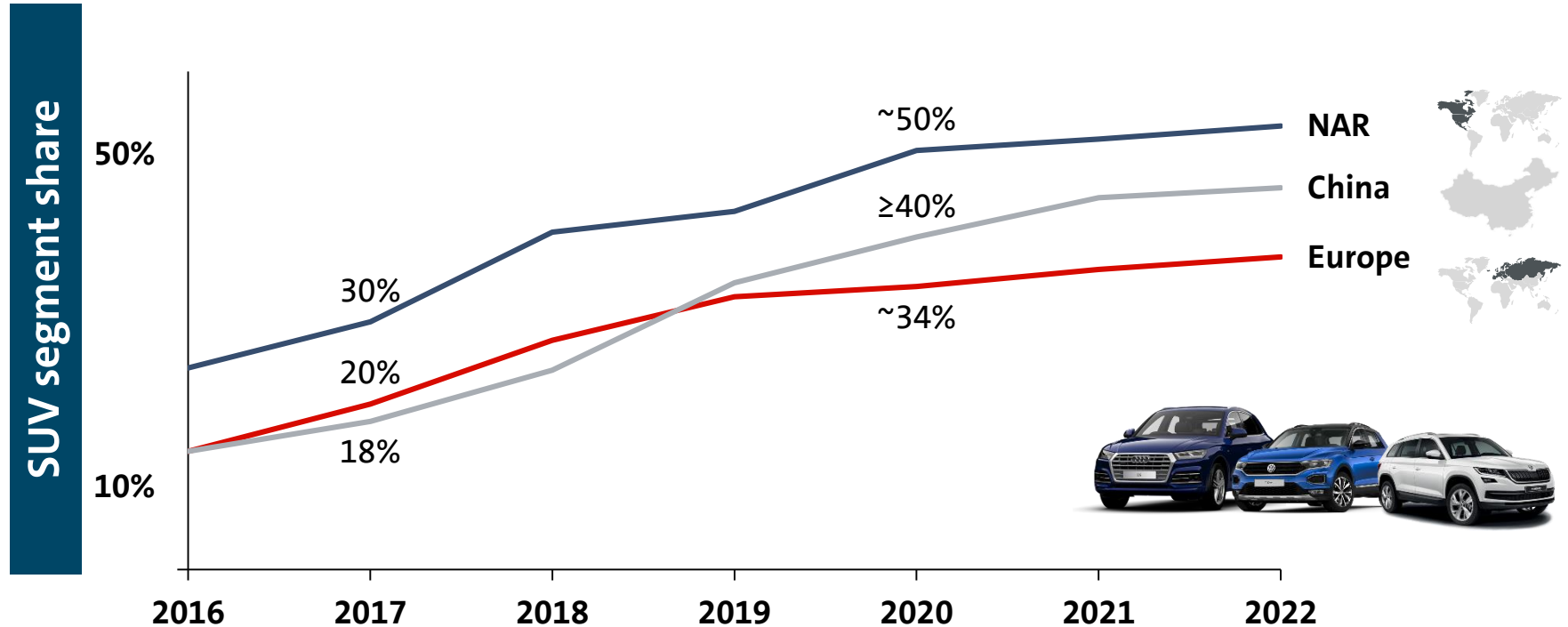
Compact SUVs
(China)



Kamiq (China)

Strong Increase in our SUV mix

SUV mix by region based on expected regional Group sales

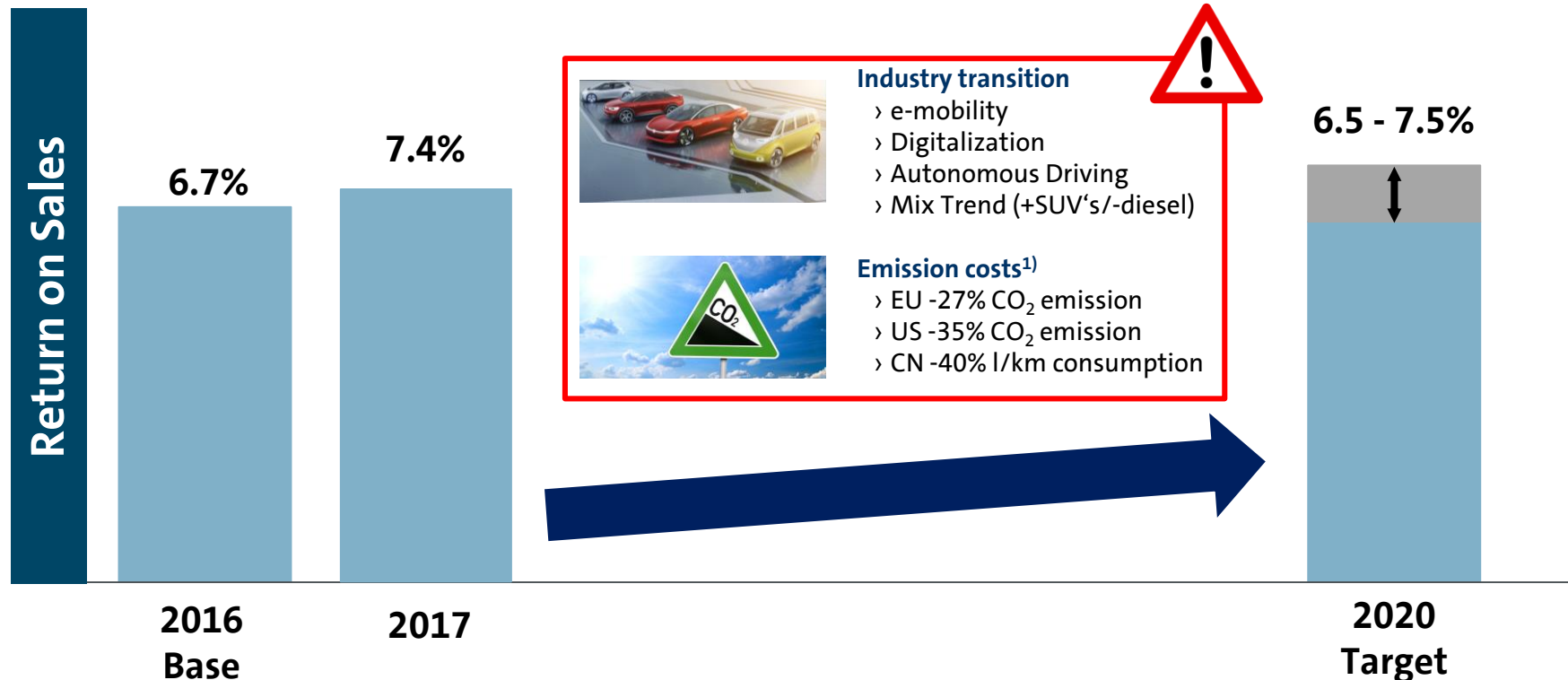


Clear Financial Targets and Milestones¹⁾

Key financial targets	2016 Actual	2017 Actual	2018 Outlook	2020 Targets	2025 Targets
Operating return on sales <u>Before</u> Special Items	6.7%	7.4%	6.5-7.5%	6.5-7.5%	7-8%
Return on investment Automotive Division <u>before</u> Special Items	13.9%	14.4%	12-14%	13-15%	> 15%
Capex ratio Automotive Division	6.9%	6.4%	6.5-7%	6%	6%
R&D cost ratio Automotive Division	7.3%	6.7%	6.5-7%	6%	6%
Cash a) Net Cashflow Automotive Division	€ 4.3 bn	€ -6.0 bn	≥ € 5 bn	≥ € 10 bn	> € 10 bn
b) Net Liquidity	€ 27.2 bn	€ 22.4 bn	> € 20 bn	> € 20 bn	~10% of Group turnover

¹⁾ As of 26th March, 2018.

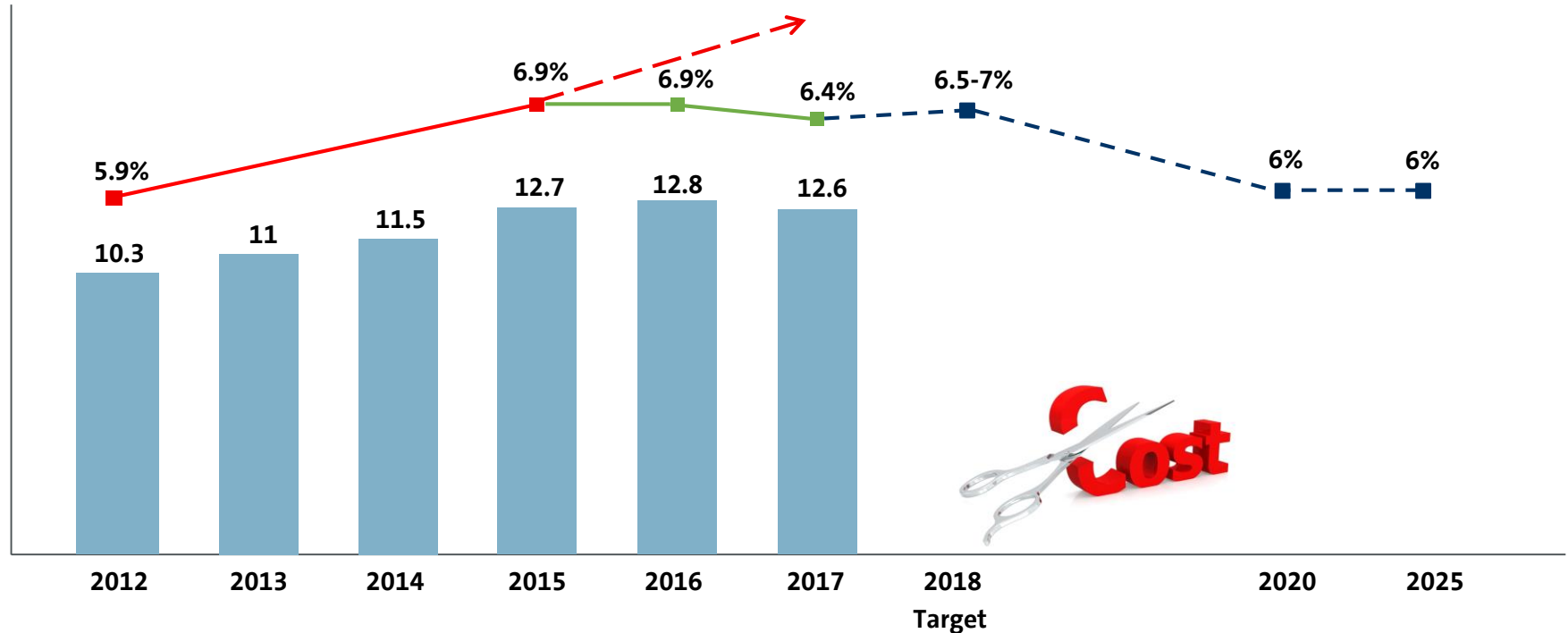
Improving Group results despite significant challenges¹⁾



¹⁾ Calculation based on 2016 figures.

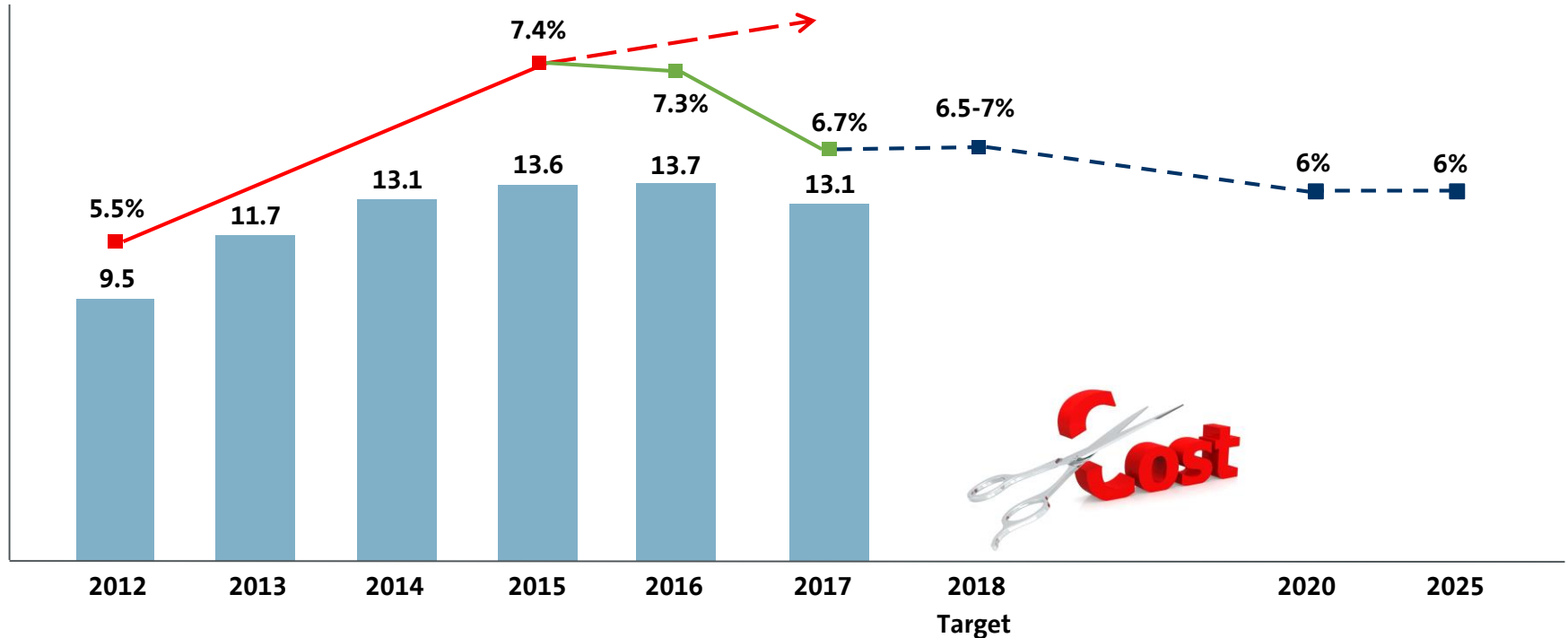
CAPEX Automotive Division

(€ billion, as % of sales revenue)



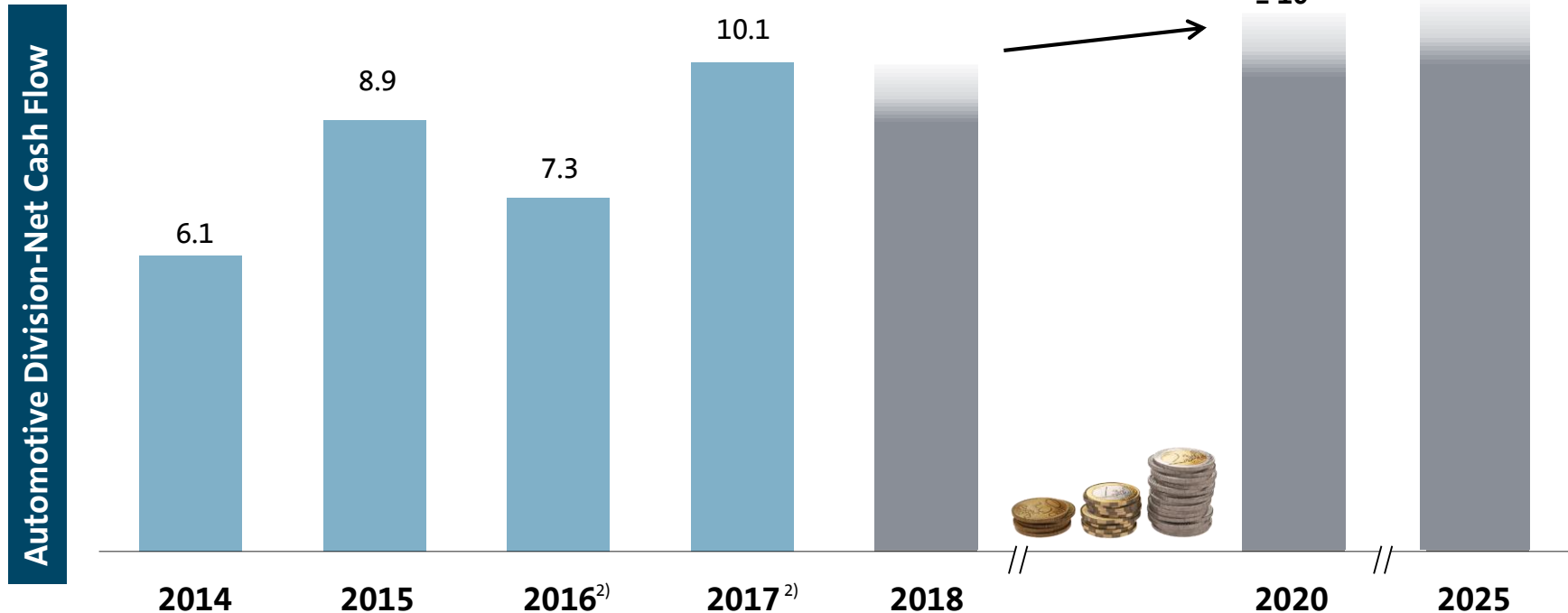
R&D Costs Automotive Division

(€ billion, as % of sales revenue)



Automotive Division-Net Cash Flow (ex Diesel payments)¹⁾

in € billion

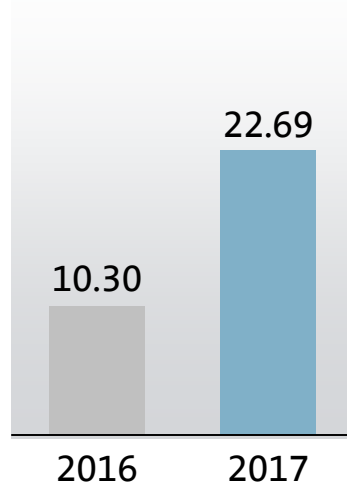


¹⁾ Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.

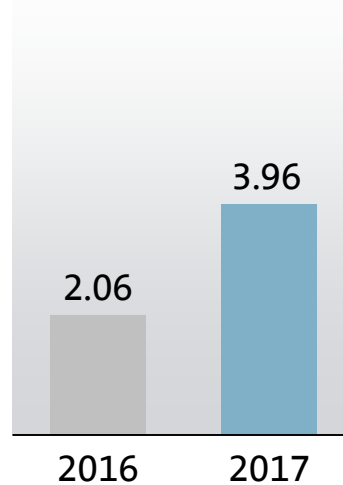
²⁾ Before around € 3 bn in 2016 and € 16.1 bn in 2017 Diesel related outflow.

Volkswagen AG – Attractive Dividend for Preferred Shares; almost doubled¹⁾

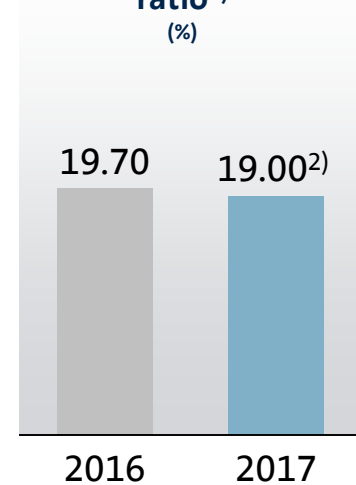
Earnings per Share
(€)



Dividend per Share
(€)



Dividend pay-out
ratio¹⁾
(%)



Target EPS 2020
over € 25

Within current planning round / next 5 years
30% Dividend pay-out ratio¹⁾

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

GROW PROFITABLY

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

DEVELOP STRATEGIC CAPABILITIES

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

ENHANCE ENTREPRE- NEURIAL SPIRIT

8 Implement model line organization

9 Realign "Components" business



Transform
core business

10 Build mobility
solutions business

11 Develop and expand
attractive and profitable
smart mobility offering



Build
mobility solutions
business

12 Improve
operational excellence

13 Optimize
business portfolio



Secure
funding

14 Drive digital
transformation

15 Create organization 4.0



Strengthen
innovation power

16 Better integrated and
strategic planning process

The Volkswagen Group is speeding up its transformation with the organizational realignment

Distributed Group functions

Group steering

Lean and effective Group steering by transferring responsibilities to Group BoM members

Focusing

Group BoM focuses on strategic challenges

„All for one and one for all“

Shared goals

Brand groups

Strong brands

Use and develop core competences of each individual brand

Synergies

Closer cooperation between brands by bundling in brand groups

High maturity level

More intensive exchange, synchronization and harmonization on strategy issues

Subsidiarity

Independence

Maximum subsidiarity for responsibility at all levels














Decision-making

Efficient decision-making through swifter processing in committees, etc. and use of fewer resources

Stability

Strategy process with clear targets, content and workflows

Creation of Brand Groups will reduce the complexity of the Group structure

Volume	Premium	Sport & Luxury	Truck & Bus	Procurement/ Components	Finance & IT	China
VW  Volkswagen	Audi  Audi	Porsche  PORSCHE	MAN  MAN	Procurement <hr/> Components**	VOLKSWAGEN FINANCIAL SERVICES THE KEY TO MOBILITY	Region China
Škoda  SKODA	Lamborghini* 	Bentley  BENTLEY	Scania  SCANIA			
SEAT  SEAT	Ducati* 	Bugatti  BUGATTI	Power Engineering*			
VW LCV  Commercial Vehicles						
MOIA  MOIA						

* Allocation will be verified

** Temporarily responsibility of Group CEO, will be a combined Board of Management function

Deliveries

Key Financials & Cash

Outlook & Operative
Excellence

Strategy

Our Brands

Our Markets

Diesel

Integrity & Compliance

Commitment

Focus on strategy: Resolutely making progress toward sustainable mobility



Sustainable mobility



**Efficient
combustion
engines and
alternative
drives**



**Battery
technology**



**Charging
infrastructure**

MOIA
NEW MOBILITY MODES

**Mobility
services**



**Self-driving
system (SDS)**

E-mobility

Paving the way for sustainable mobility

Up to the end of **2022**: We will be putting more than **€34 bn** into e-mobility, digitalization, autonomous driving and mobility services – thereof in 2018: **€6.6 bn**



Up to the end of **2022**: Volkswagen Group and its **joint-venture partners in China** will be making around **€15 bn** available for e-mobility, autonomous driving, digitalization and new mobility services.



Also putting more than **€90 bn** into the **conventional vehicle and drive portfolio** – thereof in 2018: **€19.8 bn**



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
- The latest Euro 6 diesel engines deliver above-average performance in the new WLTP¹⁾ cycle
- Significantly expanding the range of CNG²⁾ vehicles
- Working on synthetic fuels produced from renewable sources



¹⁾ Worldwide Harmonized Light-Duty Vehicles Test Procedure . 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

Audi e-tron and Porsche Taycan will change the premium electric game



Market launch in August 2018.



Market launch in the second half of next year.

The Volkswagen Brand's I.D. family sets the new BEV benchmark in the volume segment



Deliveries

Key Financials & Cash

Outlook & Operative
Excellence

Strategy

Our Brands

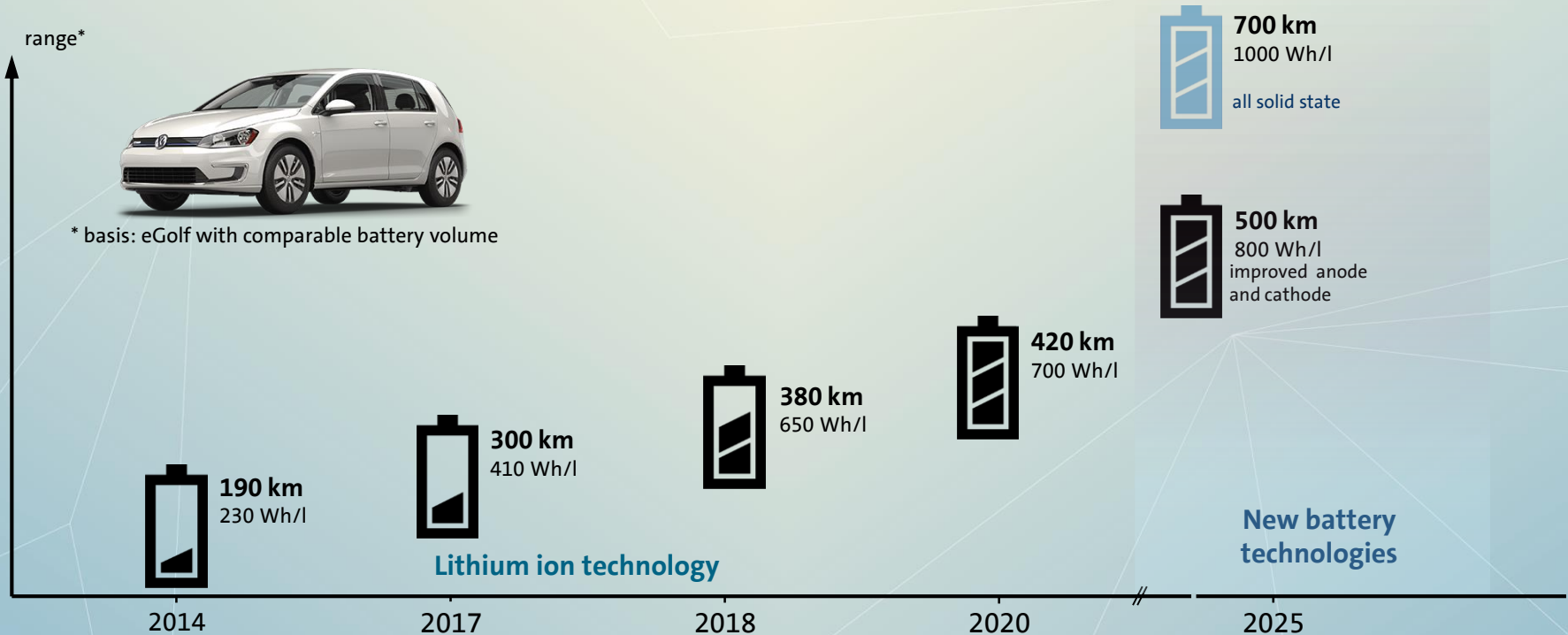
Our Markets

Diesel

Integrity & Compliance

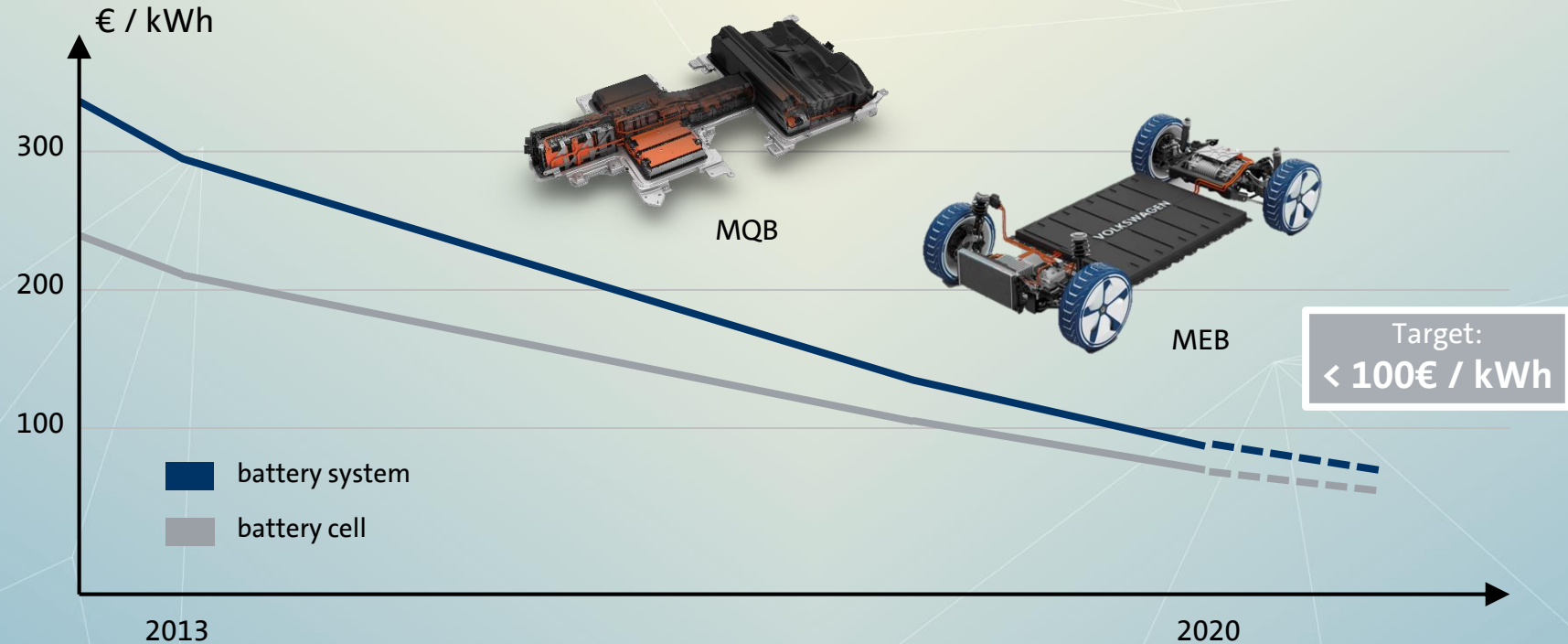
Commitment

Advances in battery technology will improve range, weight and costs



Energy density, or volumetric energy density, reflects volume in liters (Wh/l).

Battery costs will decrease significantly by 2020



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



2025

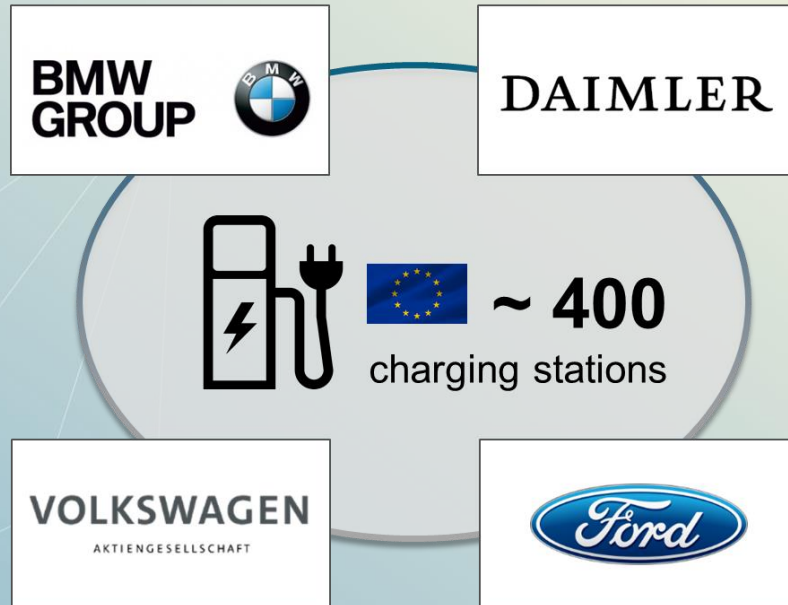
2030



- At least one electrified version for each of the Group's 300 or so models

Launch of Pan-European High-Power Charging Network IONITY¹⁾

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)

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

AURORA

Urban Shuttle/Carrier/Pod



2005



"Stanley" Winner Darpa
Grand Challenge

2010

2017

Volkswagen Group
>200 AV related patents



Foundation AID GmbH



2018

MOIA Battery Electric
Special Purpose Shuttle



2021+

Personal Autonomous
Vehicles



Driving forward Strategy 2025: Implementation is accelerating

ROADMAP E launched

RoadmapE



Center of Excellence for
battery technology established



Joint venture for rapid
charging network in place

IONITY



SEDRIC developed
and presented



Joint venture with JAC
created for e-mobility

JAC
MOTORS



TOGETHER

STRATEGY 2025

MOIA pilot started and
shuttle presented



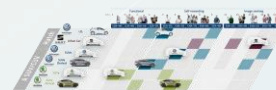
New technology partnerships
agreed



Realignment of Group
Components approved



Positioning of Group brands
sharpened



Board Digitalization
Committee established



Volkswagen AG and Ford to explore Strategic Alliance, extend Capabilities, strengthen Competitiveness and better serve Customers

VOLKSWAGEN

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Volkswagen AG and Ford Motor Company announced a Memorandum of Understanding¹⁾

Explore Strategic Alliance

Volkswagen AG and Ford are exploring a strategic alliance.

Extend Capabilities & Better Serve Customers

The companies are investigating several joint projects – including joint development of a range of commercial vehicles to better serve the evolving needs of customers globally.

Strengthen Competitiveness

Potential projects aim to strengthen each company's competitiveness; the companies will share updates as talks progress.

Equity Arrangements not involved

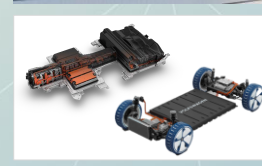
Volkswagen AG and Ford said any strategic alliance would not involve equity arrangements, including cross ownership stakes.

¹⁾ As of June 19th, 2018.

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. **Truck & Bus** 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



Successful operating business: Strong contribution by all Group brands in 2017 – “We’re back on the offensive.”

VOLKSWAGEN
AKTIENGESELLSCHAFT



Volkswagen

- “TRANSFORM 2025+” strategy driven forward consistently
- Clear improvement in operating profit and margin, successful product initiatives



Audi

- Prior-year sales record again exceeded
- A8 as first series car in the world developed for conditional automated driving



PORSCHE

- One millionth 911 rolls off production line, new Cayenne well received
- New records for unit sales, sales revenue and profit



ŠKODA

- Success story continues with record unit sales, sales revenue and profit
- SUV initiative reinforced by the new Karoq



SEAT

- Record sales revenue and significant increase in profit
- Powerful model initiative continues with the new Ibiza and Arona

VOLKSWAGEN
TRUCK & BUS

- Further key steps on the way to becoming global champion
- Pioneering role in digitalization reinforced by launch of RIO platform

VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT

- Further record profit makes key contribution to Group’s success
- Successful return to the primary market for euro bonds

Overview Brand Targets (RoS, RoE)

Return on Sales in %	<u>2016</u>	<u>Target 2017</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Group	6.7	6-7 moderately exceed	7.4	6.5-7.5	6.5-7.5	7.0-8.0
Volkswagen Brand	1.8	3-5 moderately exceed	4.1	4-5	4-5	≥6
Audi	8.2	8-10	8.4	8-10	8-10	8-10
Porsche Automotive	17.4	>15	18.5	>15	>15	>15
ŠKODA	8.7	7-8	9.7	8-9	6-7	≥7
Volkswagen Commercial Vehicles	4.1	3-4	7.2	5-6	4-5	>6
Truck & Bus Business ¹⁾						
• Scania	9.5					
• MAN Commercial Vehicles	2.3	6-7	6.9	6-7	9 ²⁾	9 ²⁾
Return on Equity (norm. 8%)	<u>2016</u>	<u>Target 2017</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Financial Services	15.6%	14-16%	15.8%	14-16%	14-16%	20%

¹⁾ For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles. ²⁾ Through-cycle Target.

Deliveries

Key Financials & Cash

Outlook & Operative
Excellence

Strategy

Our Brands

Our Markets

Diesel

Integrity & Compliance

Commitment

Starting point „TRANSFORM 2025+“ STRATEGY will put the Volkswagen Brand to the top of the automotive industry

STRENGTHEN CORE BUSINESS

2% RoS¹⁾

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

Forecast 2018

Target 2020

Target 2025

Sales revenue

up to +10 %

-

-

Operating return on sales

4–5 %

4–5 %

≥ 6 %

Capex ratio

4–5 %

4–5 %

4–5 %

R&D ratio

~4 %

4 %

4 %

Free cash flow

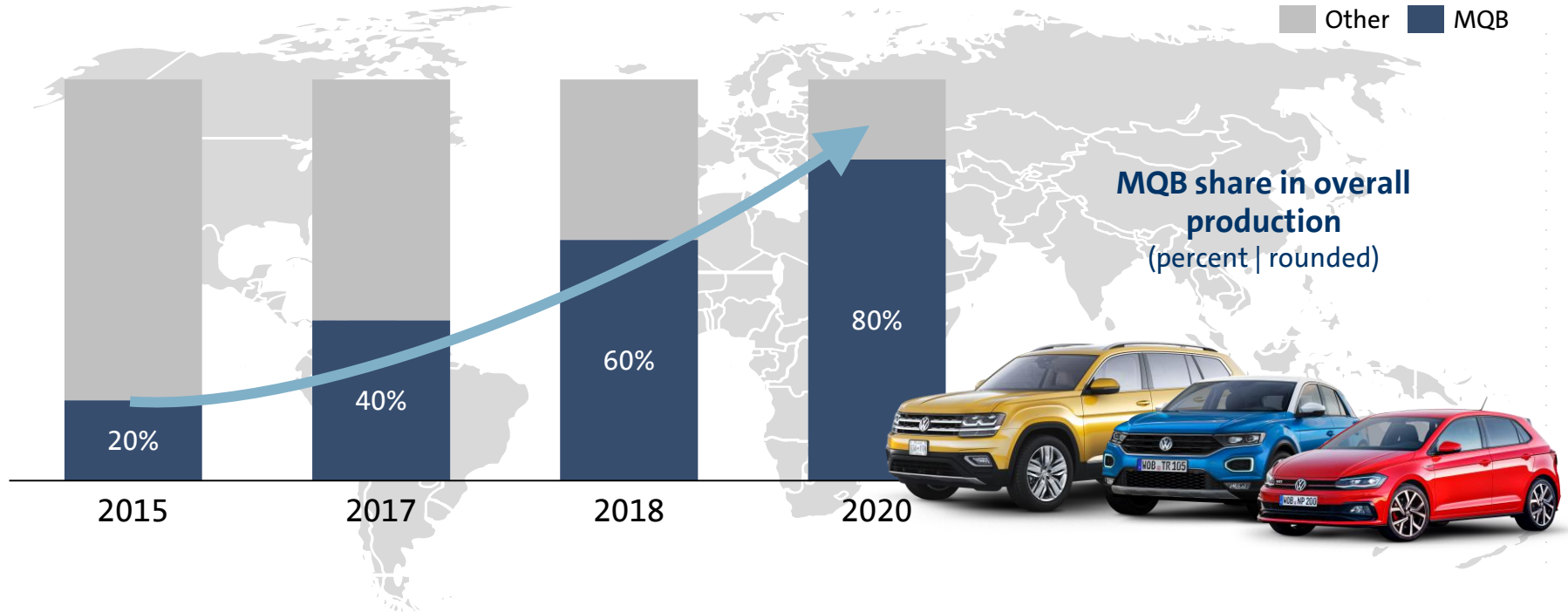
Positive operating
cash flow¹⁾

> € 1 bn

>> € 1 bn

¹⁾ Before special items.

Further roll-out of MQB offers substantial benefits for Volkswagen Brand



Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

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

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

Reduction in workforce based on demographic curve¹⁾

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

- Goal is becoming the Global Champion of the Commercial Vehicles sector: Leader in profitability, global presence and innovation.
- Further enhancement of brands' performance with individual identities, strengths and profiles.
- Increase cooperation and leverage synergies between brands.
- Further global expansion to leverage scale and be ahead of competition (e.g. Navistar in the USA, Sinotruk in China, Hino Motors in Japan and Asia).
- Also develop solutions for Commercial Vehicles in such areas as autonomous driving, electrification and connectivity.
- RIO covers logistics solutions for all transportations sectors.

Project "Next Level"

- Further increase the company's matureness, efficiency and innovativeness.
- Achievement of capital market readiness: meet technical and structural requirements of the capital market; complex scope.
 - Change of legal structure of Volkswagen Truck & Bus GmbH to a German stock corporation (AG) and in a second step into a Societas Europaea (SE).
- Focus on Commercial Vehicles.¹⁾
- IPO is just one of several options.
- Dependent on capital market conditions & Volkswagen Group strategy.
- Minority interests legal case outstanding.

¹⁾ Allocation will be verified as part of creation of new Volkswagen Group structure.

Deliveries

Key Financials & Cash

Outlook & Operative
Excellence

Strategy

Our Brands

Our Markets

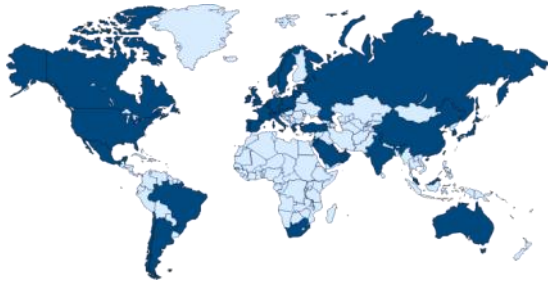
Diesel

Integrity & Compliance

Commitment

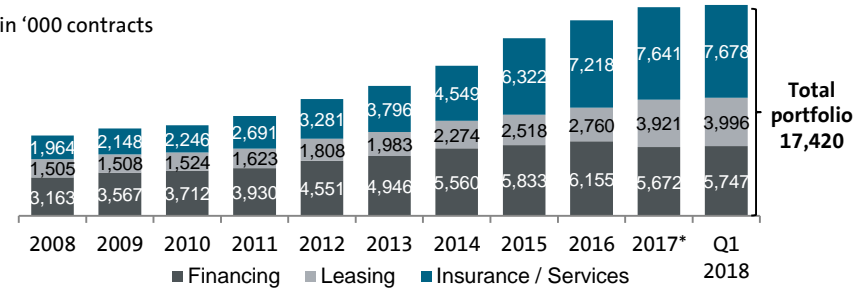
Volkswagen Financial Services¹⁾: global, well diversified and successful

Strong global presence



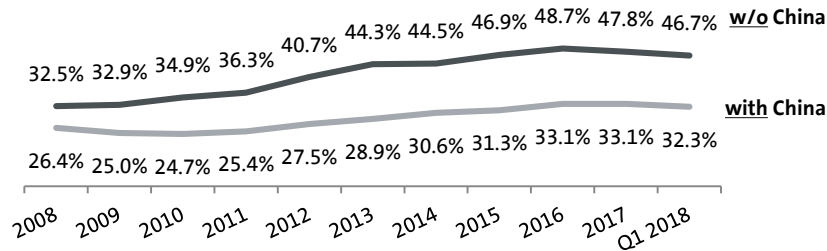
Continuous portfolio expansion

in '000 contracts



* Reclassification Finance / Lease contracts

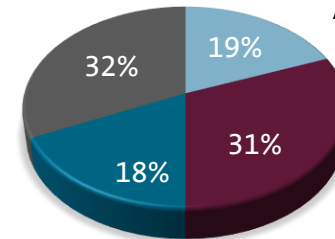
Rising penetration rates



Diversified funding structure

Equity, liabilities to
affiliated companies,
other

Customer deposits



Asset backed securitization

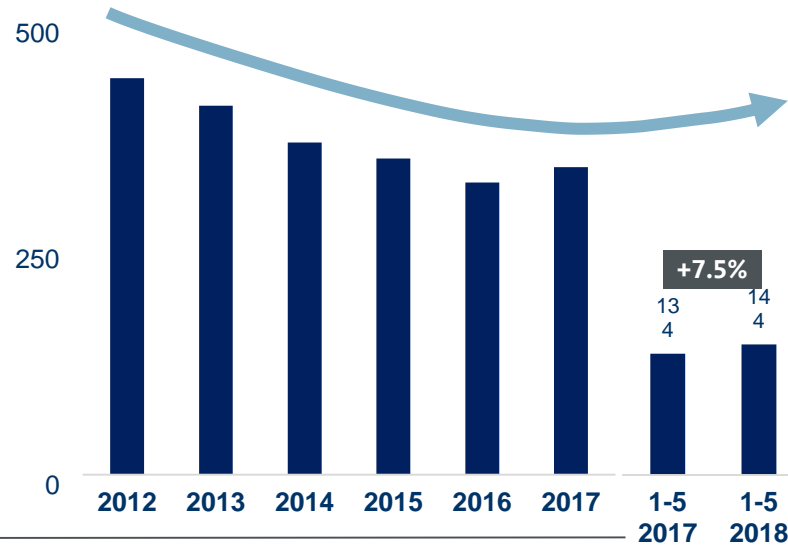
Bonds,
Commercial Paper,
liabilities to financial
institutions

31.03.2018: € 191.3 bn

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



Market Share %

Year	Market Share %
2012	3.0
2013	2.6
2014	2.2
2015	2.0
2016	1.8
2017	2.0

SUV offensive #1

New Sedans

SUV offensive #2

2017



Atlas



Tiguan



Refreshed Golf

2018-19



Jetta



Passat



Arteon

2019-21



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



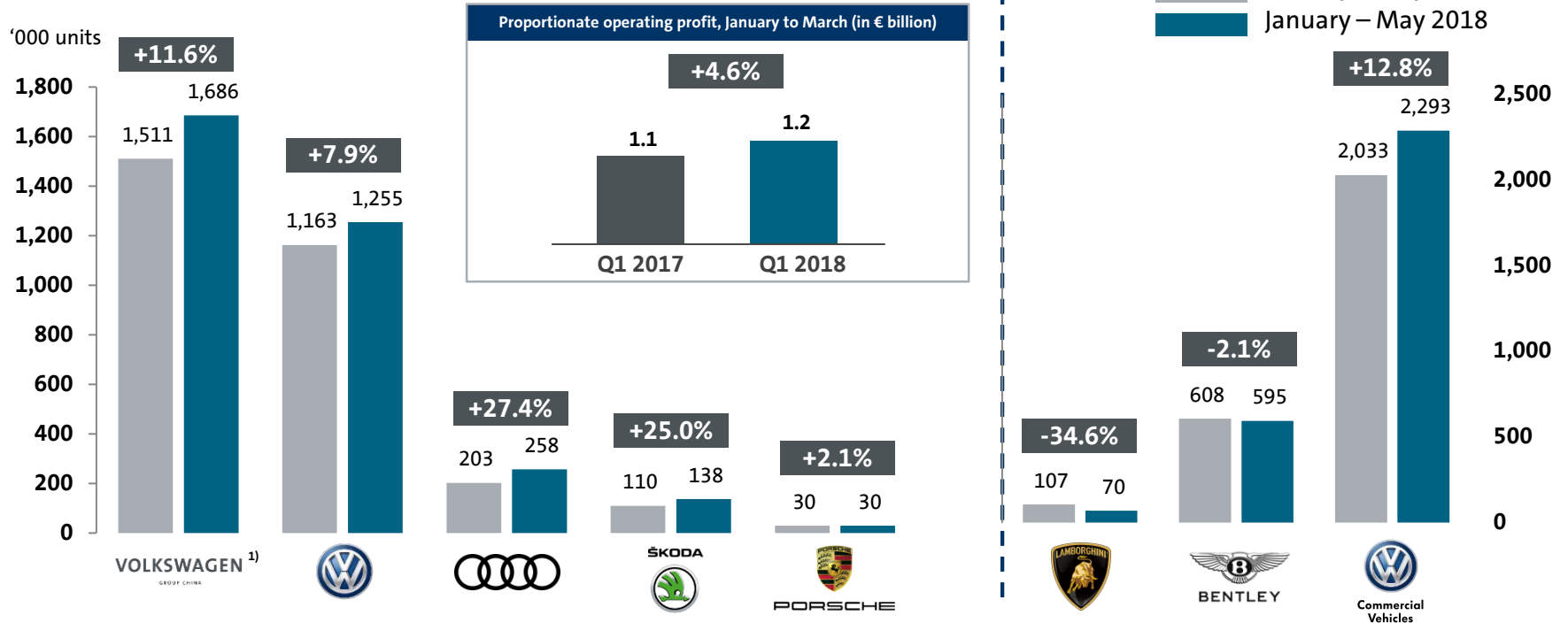
Small SUV Global

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 May 2018 vs. 2017)





Regulatory environment for NEV and Fuel Consumption Credits in China

CAFC¹⁾ and NEV Credit System

- Independent calculation of **CAFC¹⁾** and **NEV credits**
- Companies need to fulfill **both requirements**

CAFC¹⁾ 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 CAFC¹⁾ credits to NEV credits
- No Carry-over except for year 2016 and 2019
- Free Trading of NEV credits allowed

MIIT²⁾ for NEV Credit Calculation

min. NEV credit points	=	ICE ³⁾ Volume	X	NEV credit point ratio
		2018	2019	2020
		None	10%	12%

ICEs		
min. NEV credit		

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

NEV Credit Point Attribution per NEV Type

BEV⁴⁾: Basic credit = $0.012 \times \text{Range} + 0.8$ (max. 5 basic credits)
BEV additional factor for low electric consumption up to 1.2

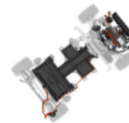
PHEV⁵⁾: Basic credit = 2 (min. e-Range 50km)
PHEV credit = 1 if e-range 50-80km and consumption under B-Test $\geq 70\%$ ICE; or e-range ≥ 80 km but high electric consumption

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

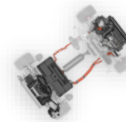
Phase 1

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

VOLKSWAGEN
GROUP CHINA

JAC 江淮汽车



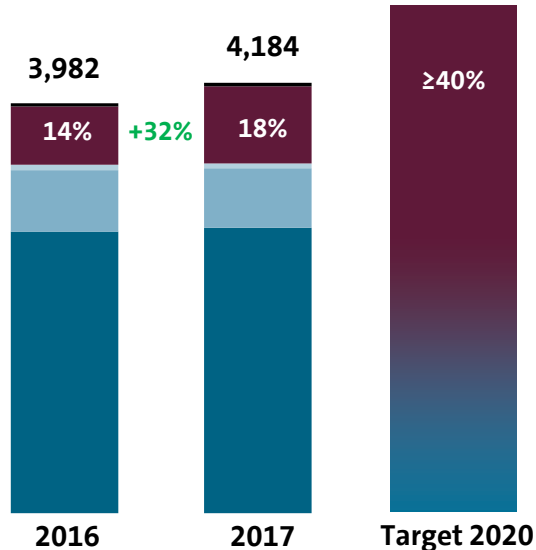


New product offering with an expanded SUV line-up¹⁾

China deliveries by bodystyle (in '000 units)

Volkswagen Group

- Others
- SUV
- MPV
- Hatchback
- Sedan



SUV offensive of Volkswagen Group China



T-Roc LWB

Touareg

4 Volkswagen brand SUVs in 2018 3 of which are new models



Q2L

6 additional Audi SUVs in the next 2-3 years



ŠKODA



Kamiq

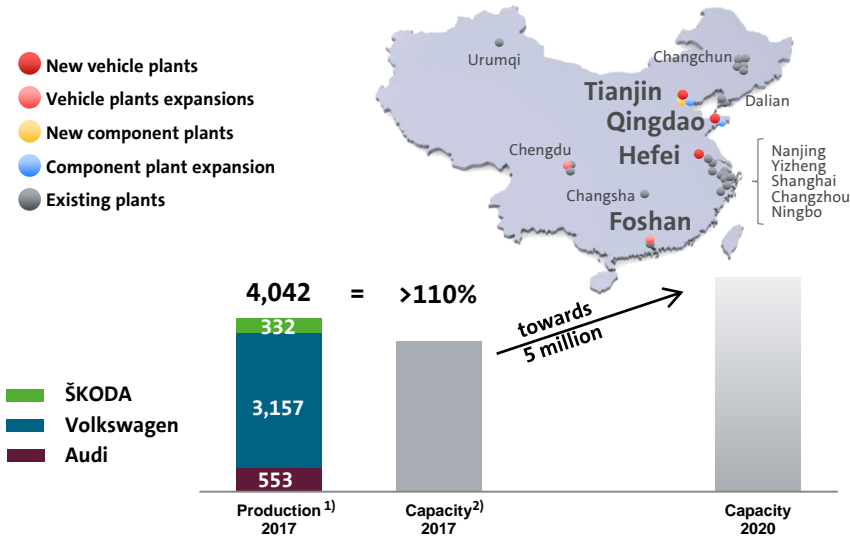
Karoq

3 new ŠKODA SUVs in 2018

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



¹⁾ Actual production volume in '000 vehicles ²⁾ Available capacity on the basis of 250 working days.

Factories starting in 2018

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

Special Items: Diesel related and other

(€ bn)	Diesel		Other		Total
2015	Legal	7.0	Restructuring:		16.9
	Other items	9.2	Truck Business	0.2	
			Passenger Cars South America	0.2	
			Airbags Takata	0.3	
		16.2		0.7	
2016	Mainly legal risks	6.4	Scania Anti-Trust Proceedings	0.4	7.5
			Others	0.7	
				1.1	
2017	Buyback/retrofit program	2.2			3.2
	Legal	1.0			
		3.2			
Total to date		25.8		1.8	27.6

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 € 3.0 bn in 2016, € 16.1 bn in 2017 and € 0.8 bn in Q1 2018.

Resolving the diesel crisis: Substantial progress in all markets



Worldwide recall/service campaigns driven forward:

Software Flashes in Germany currently 94% complete;
Substantial progress also in Europe (76%) and
worldwide (69%)

Group environmental incentive makes significant contribution to improving air quality in German cities:

More than 200,000 customers already decided to switch to environmentally friendly vehicles



Major progress in modifications in North America:

On target for modifications/buybacks for 2.0 liter TDI engines; field fix started for 3.0 liter TDI engines

Electrify America underway:

Investment plan for zero emissions vehicles (ZEV) approved by authorities

Timeframe of legal proceedings expected to be long !

With “Together4Integrity” we have launched a Group-wide integrity and compliance program

RISK MANAGEMENT

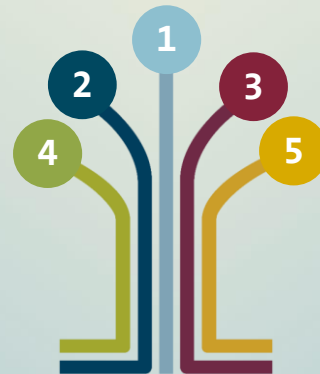
Ethics and compliance risks are identified, owned, managed and mitigated

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



INTEGRITY & COMPLIANCE
PROGRAM
TOGETHER FOR INTEGRITY

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

New corporate culture: Change is happening

Sustainable strengthening of compliance systems taking effect

- Substantial progress in improving processes, structures and policies
- Zero tolerance of violations of values

Focus on values, integrity and Code of Collaboration becoming firmly rooted in corporate culture

- Volkswagen Convention: Training for 7,600 managers and works council members on integrity, culture and compliance
- Group-wide management development with new requirement profiles launched
- Role model program helps to implement change by example



Upcoming tasks to master challenges and make use of opportunities



Continue to resolve the diesel crisis

- Conclude worldwide recall campaigns and service actions
- Manage legal proceedings worldwide



Improving the Core Business

- Profitability in NAR / SAM / Russia
- Implementation Future Pact Brand Volkswagen
- Cash Generation and Capex/R&D discipline



Transformation towards more E-Mobility

- CO₂ Compliance / WLTP implementation
- Profitability of Electric Vehicles
- Governance / Compliance / Culture



Strengthen Innovation Power

- Digitalization & Connectivity
- Profitable Mobility Services

Investor Relations Team

We are pleased to answer your inquiries regarding Volkswagen shares and other capital market related questions.

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VOLKSWAGEN

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Shaping the transformation together.

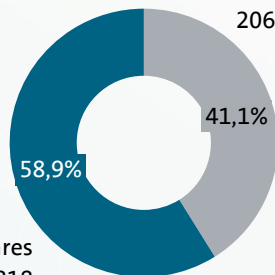
Appendix

The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

Number of Outstanding Shares

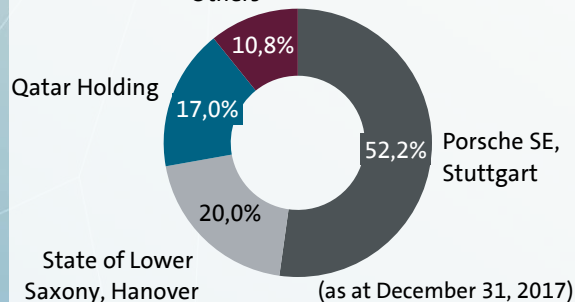
Preferred shares
206,205,445



Ordinary shares
295,089,818

Current Voting Rights Distribution

Others



Supervisory Board of Volkswagen AG

Chairman	Hans Dieter Pötsch
Porsche Automobil Holding SE	Dr. Louise Kiesling Dr. jur. Hans Michel Piëch 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
Others	Marianne HeiB
Works Council	Bernd Osterloh Birgit Dietze Dr. Hans-Peter Fischer Jörg Hofmann Uwe Hück Johan Järvklö Ulrike Jakob Peter Mosch Bertina Murkovic Athanasios Stimoniaris

Board of Management of Volkswagen AG¹⁾

Chairman of VW AG and VW Passenger Cars brand	Dr. Herbert Diess
Porsche AG	Oliver Blume
China	Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann
Human Resources	Gunnar Kilian
Commercial Vehicles	Andreas Renschler
Audi AG (interim)	Abraham Schot
Integrity and Legal Affairs	Hiltrud Dorothea Werner
Finance and IT	Frank Witter

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

S&P Global

MOODY'S

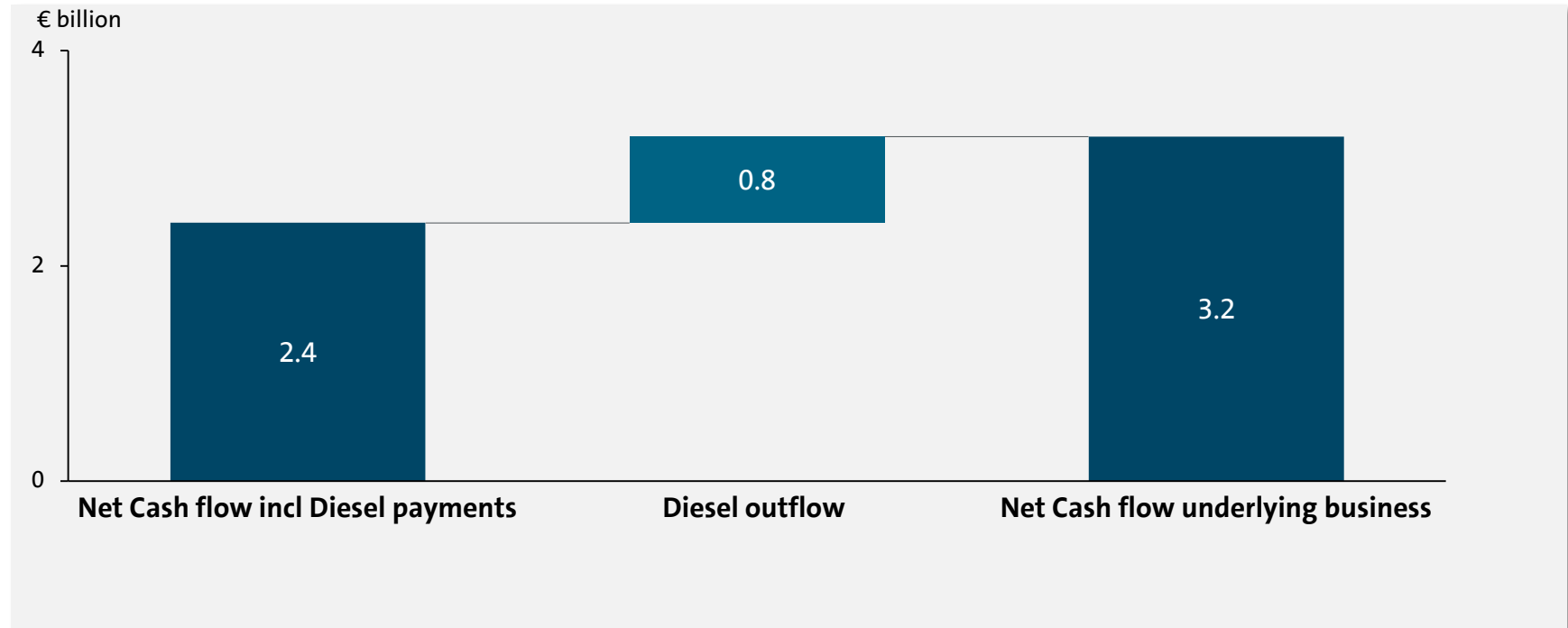
Current Ratings¹⁾

	Long Term	Short Term	Long Term	Short Term
Volkswagen AG	BBB+	A-2	A3	P-2
Volkswagen Financial Services AG	BBB+	A-2	A3	P-2
Volkswagen Bank GmbH*	A-	A-2	A3	P-1
Outlook ²⁾ Stable (*Negative)		Outlook ²⁾ Stable		

¹⁾ as of May 16, 2018

²⁾ Outlook change from Negative to Stable: S&P November 6 2017 (excluding VW Bank GmbH); Moody's March 19 2018

'Best ever' Automotive Division Net Cash Flow (ex Diesel payments)¹⁾ (January to March 2018)



¹⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Volkswagen Group – Key Financial Figures¹⁾

(January to December 2017 vs. 2016)

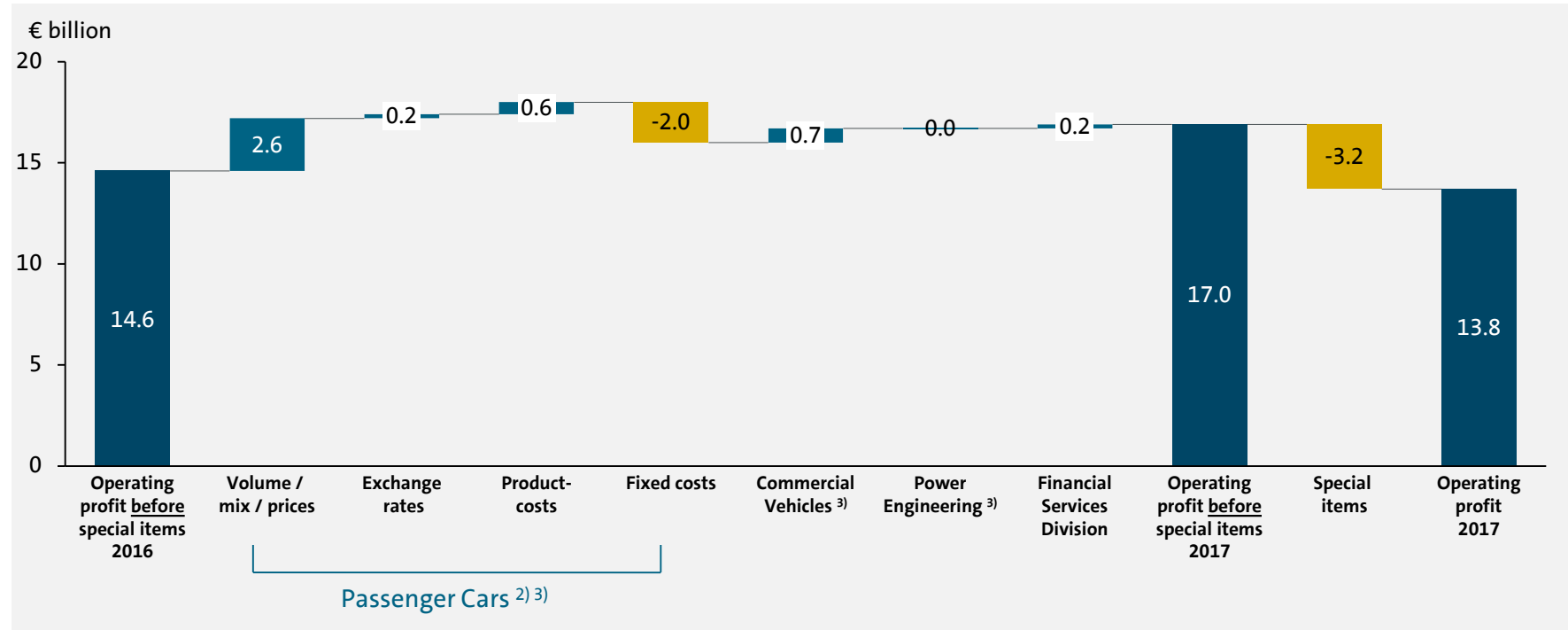
Thousand vehicles / € million	2017	2016	+/- (%)
Vehicle Sales ²⁾	10,777	10,391	+3.7
Sales revenue	230,682	217,267	+6.2
Operating profit before Special Items	17,041	14,623	+16.5
% of sales revenue	7.4	6.7	
Operating profit	13,818	7,103	+94.5
% of sales revenue	6.0	3.3	
Financial result ²⁾	94	189	X
Profit before tax	13,913	7,292	+90.8
% Return on sales before tax	6.0	3.4	
Profit after tax	11,638	5,379	X

¹⁾ All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.

²⁾ Volume data incl. 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 €4.7 billion (€5.0 billion).

Volkswagen Group – Analysis of Operating Profit¹⁾

(January to December 2017 vs. 2016)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ without FS. ³⁾ incl.PPA.

Volkswagen Group – Analysis by Business Line¹⁾

(January to December 2017 vs. 2016)

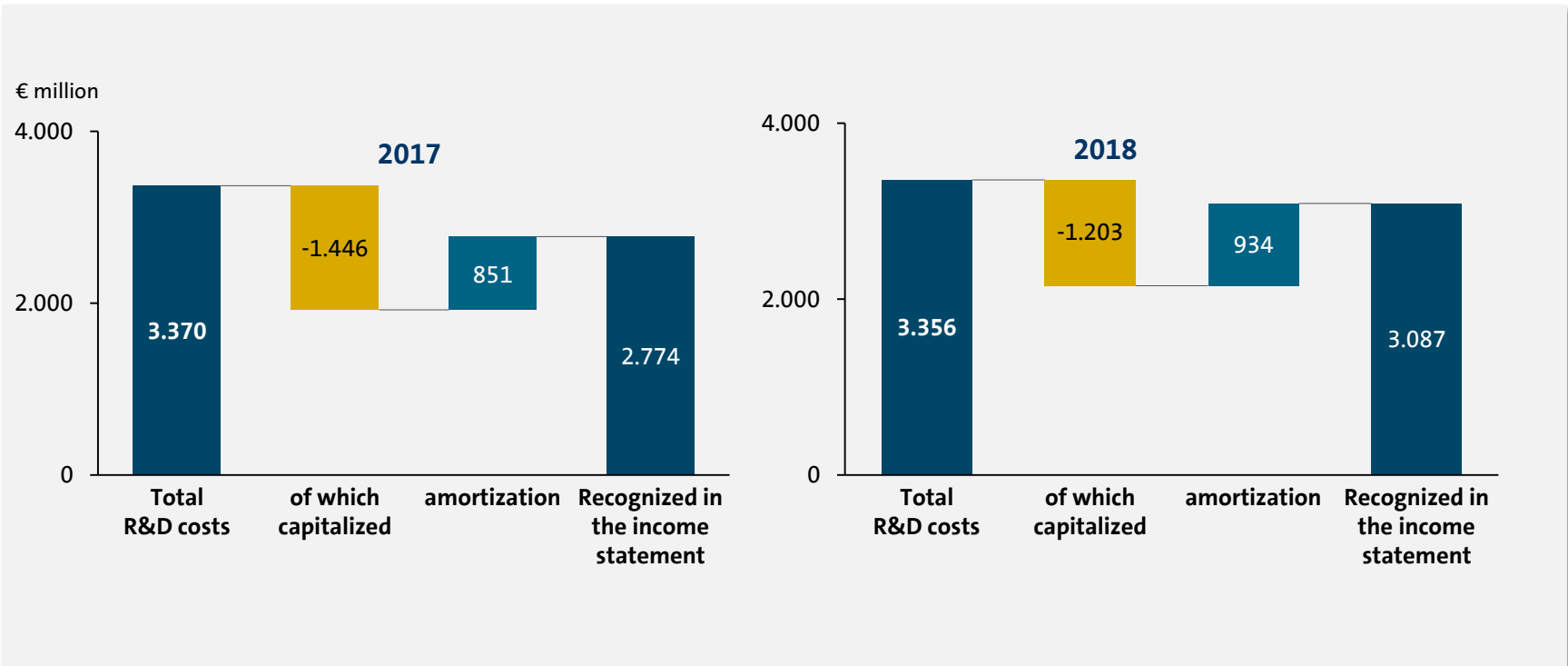
Thousand vehicles/ € million

	Vehicle sales		Sales revenue		Operating profit		Margin	
	2017	2016	2017	2016	2017	2016	2017	2016
Volkswagen Passenger Cars ²⁾	3,573	4,347	79,979	105,651	3,301	1,869	4.1%	1.8%
Audi	1,530	1,534	60,128	59,317	5,058	4,846	8.4%	8.2%
ŠKODA	937	814	16,559	13,705	1,611	1,197	9.7%	8.7%
SEAT	595	548	9,892	8,894	191	153	1.9%	1.7%
Bentley	11	11	1,843	2,031	55	112	3.0%	5.5%
Porsche Automotive ³⁾	248	239	21,674	20,710	4,003	3,733	18.5%	18.0%
Volkswagen Commercial Vehicles	498	478	11,909	11,120	853	455	7.2%	4.1%
Scania ⁴⁾	92	83	12,789	11,303	1,289	1,072	10.1%	9.5%
MAN Commercial Vehicles	114	102	11,087	10,005	362	230	3.3%	2.3%
MAN Power Engineering	-	-	3,283	3,593	193	194	5.9%	5.4%
VW China ⁵⁾	4,020	3,873	-	-	-	-	-	-
Other ⁶⁾	-840	-1,638	-30,288	-56,617	-2,335	-1,343	-	-
Volkswagen Financial Services ⁷⁾	-	-	31,826	27,554	2,460	2,105	-	-
Volkswagen Group before Special Items	-	-	-	-	17,041	14,623	7.4%	6.7%
Special Items	-	-	-	-	-3,222	-7,520	-	-
Volkswagen Group	10,777	10,391	230,682	217,267	13,818	7,103	-	-
Automotive Division ⁸⁾	10,777	10,391	196,949	186,016	11,146	4,668	-	-
of which: Passenger Cars	10,077	9,729	158,466	150,343	9,309	4,167	-	-
of which: Commercial Vehicles	700	662	35,200	32,080	1,892	718	-	-
of which: Power Engineering	-	-	3,283	3,593	-55	-217	-	-
Financial Services Division	-	-	33,733	31,251	2,673	2,435	-	-

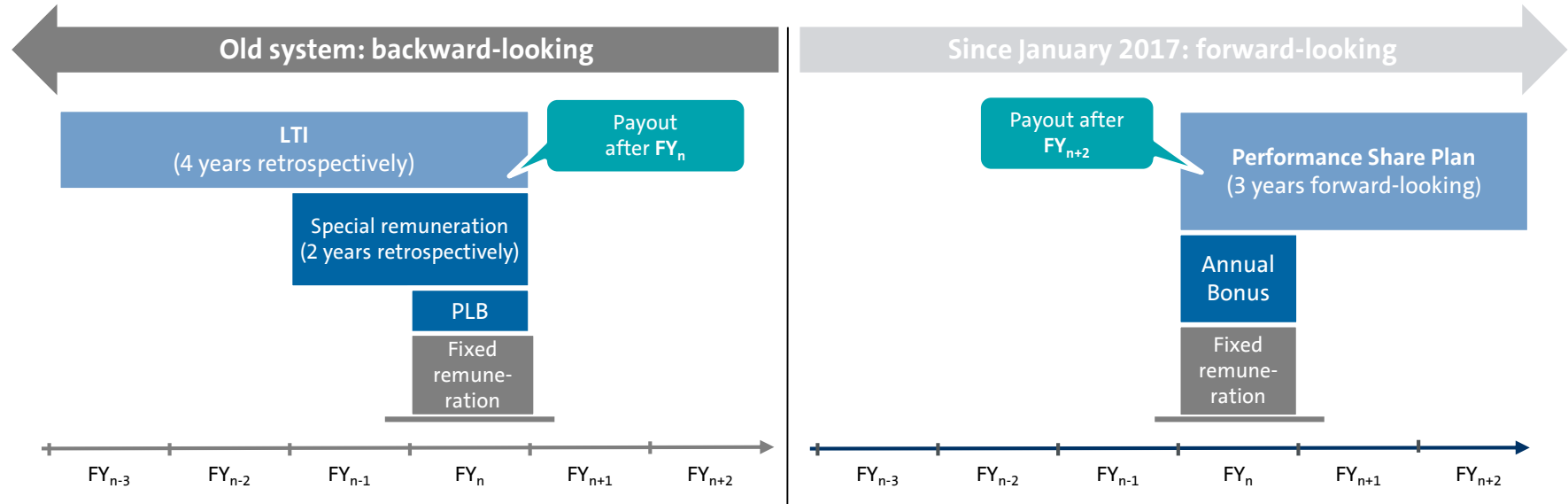
¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ 2017 figures take account of the reclassification of companies; prior-year figures were not adjusted. ³⁾ Porsche (Automotive and Financial Services): sales revenue €23,491 (22,318) million, operating profit €4,144 (3,877 million). ⁴⁾ Incl. financial services. ⁵⁾ 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 €4,746 (4,956) million. ⁶⁾ Prior year adjusted. In operating profit mainly intragroup 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. ⁷⁾ Starting January 1, 2017, Porsche's financial services business is reported as part of Volkswagen Financial Services. Prior-year figures were not adjusted. ⁸⁾ Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Automotive Division – Research and Development Costs

(January to March 2018 vs. 2017)

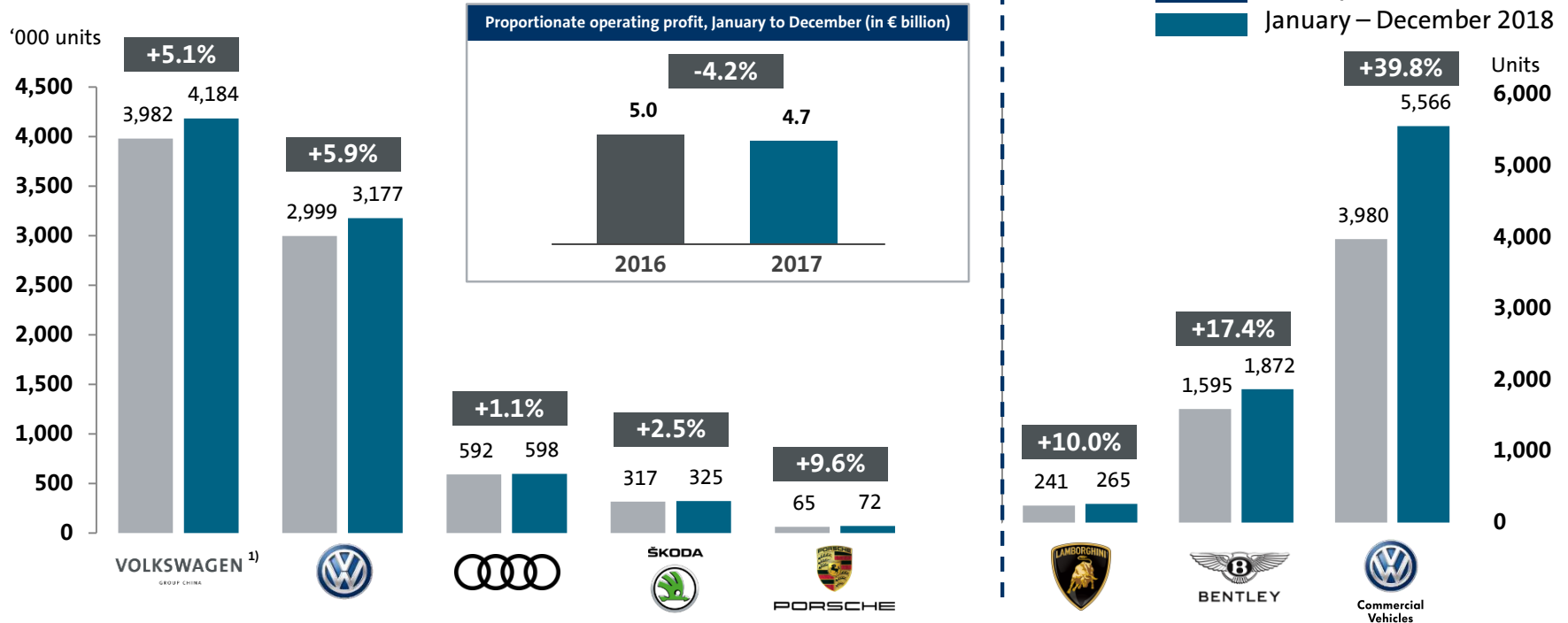


The remuneration system is designed to be completely forward-looking





Volkswagen Group China performance (January to December 2017 vs. 2016)



What's new with WLTP?



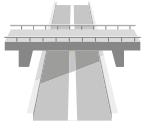
more realistic
driving behaviour



higher average and
maximum speeds



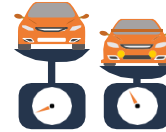
stricter car set-up and
measurement conditions



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



higher average and
maximum drive power



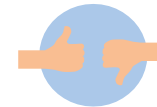
optional equipment: CO₂
values and fuel consumption
have to be provided for
individual vehicles as built



longer test distances



shorter stops



instead of average values,
WLTP can give best and worst-
case figures – better
representing highly diverging
driving styles



more dynamic
and representative
accelerations and
decelerations



more realistic ambient
temperatures, closer
to the European
average

Volkswagen Touareg



Audi Q5L



ŠKODA Fabia



SEAT CUPRA Ateca



Porsche 911 Carrera T



Bentley Continental GT



Lamborghini Urus



Volkswagen Amarok



MAN TGX 18.500

MAN TGE 5.180



Scania G 450 XT 8x4



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

VOLKSWAGEN GROUP

