VOLKSWAGEN

AKTIENGESELLSCHAFT

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.

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

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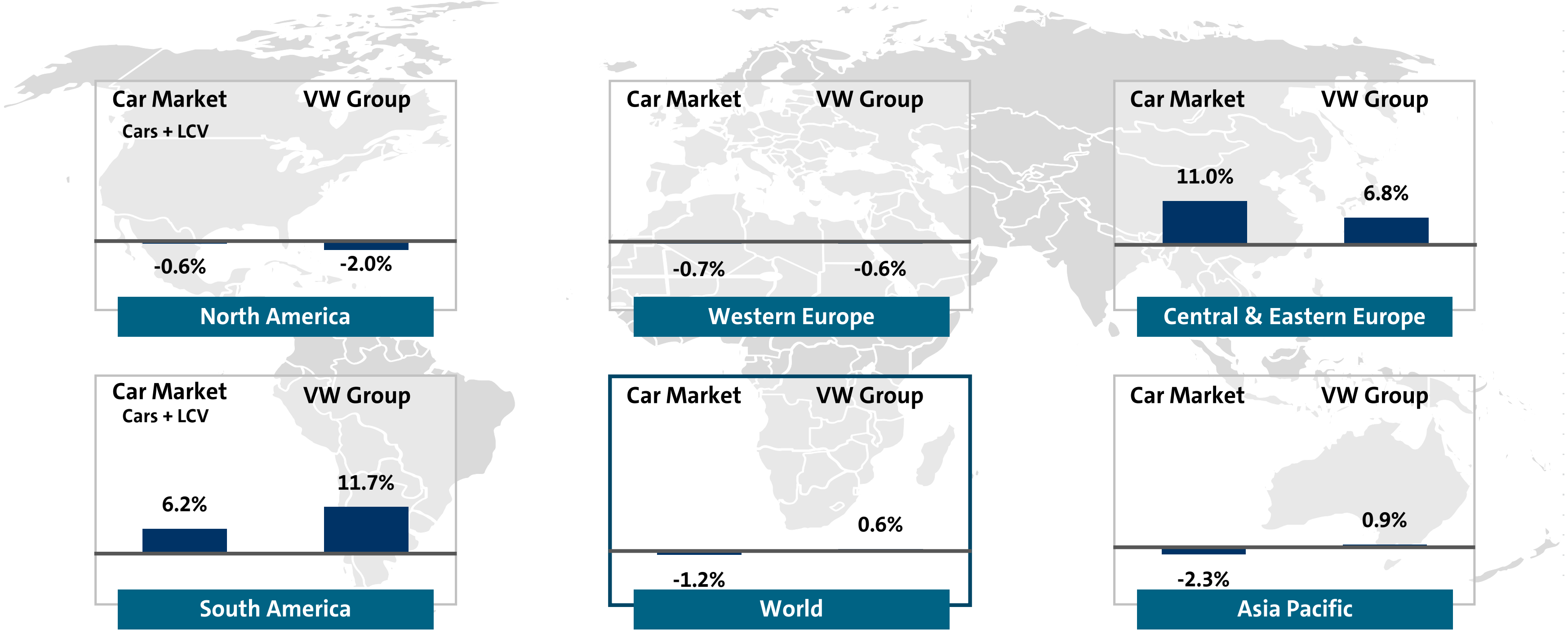
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers[1)]

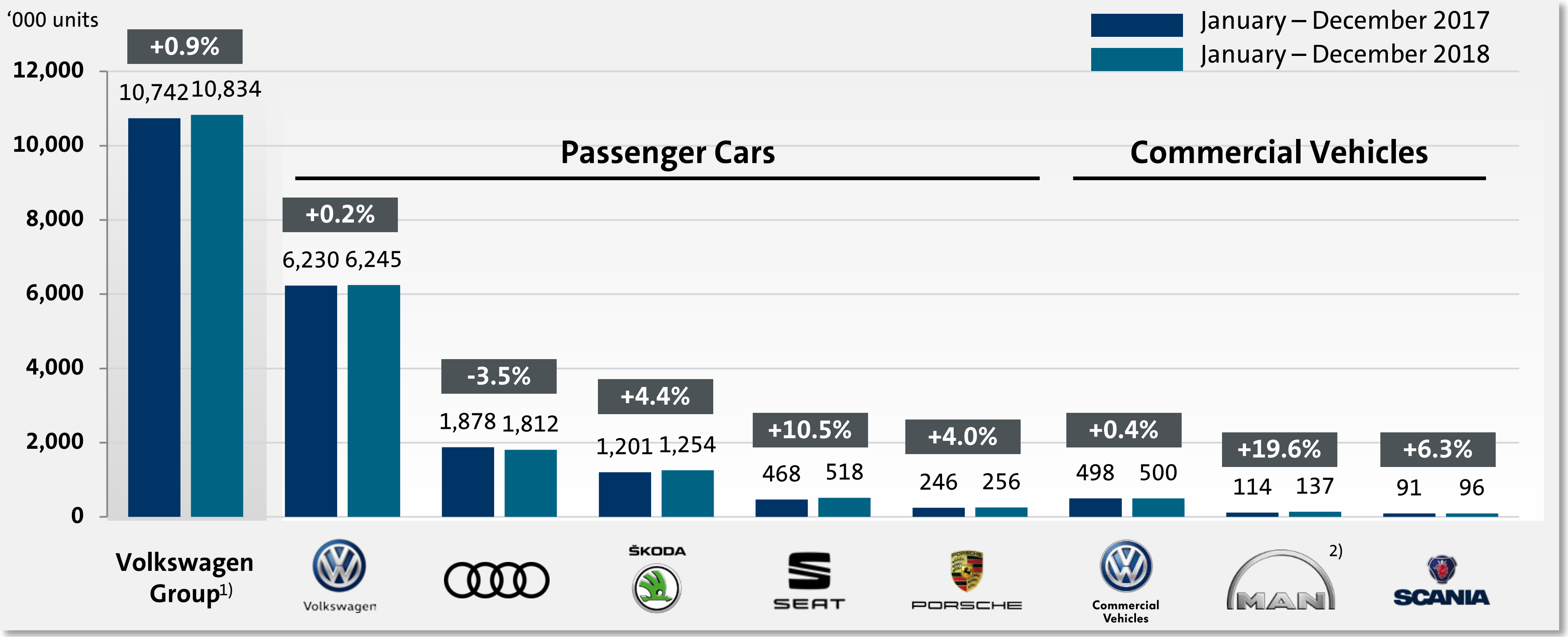
(Growth y-o-y in deliveries to customers, January to December 2018 vs. 2017)



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

Volkswagen Group – Deliveries to Customers by Brands

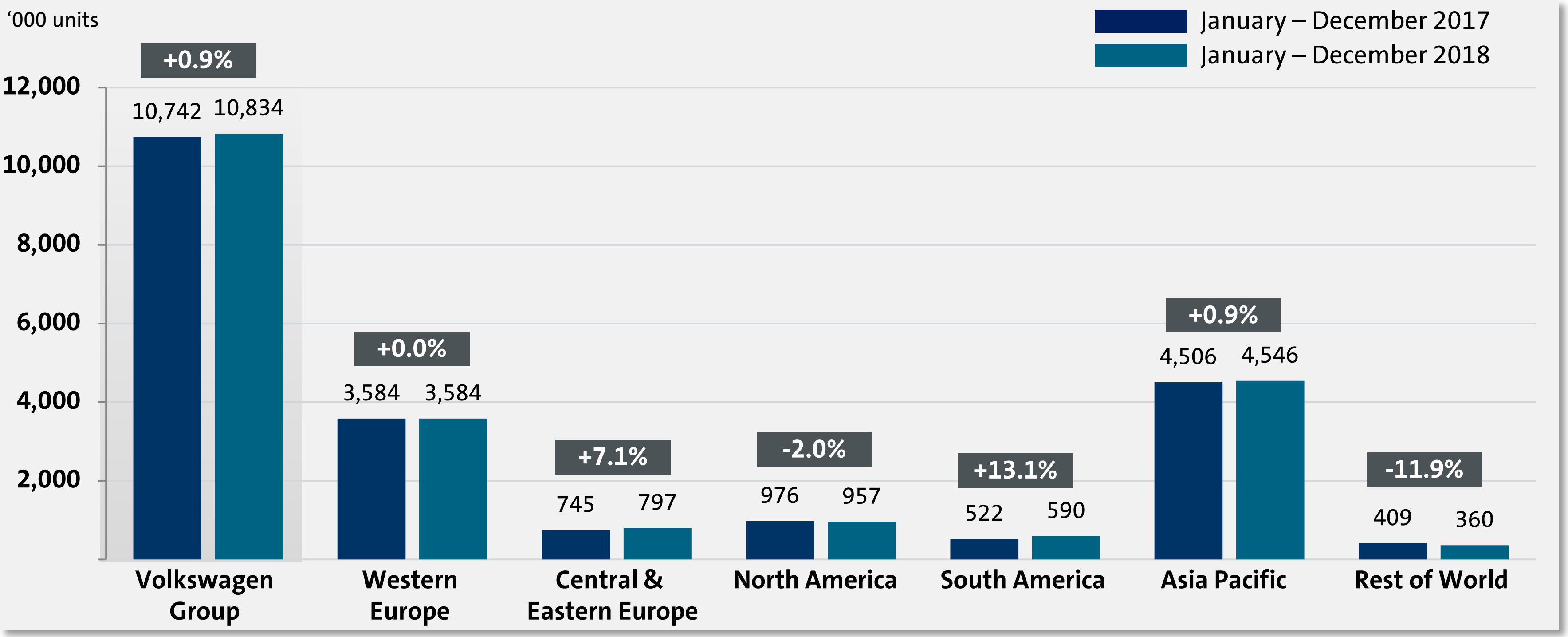
(January to December 2018 vs. 2017)



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)



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)]

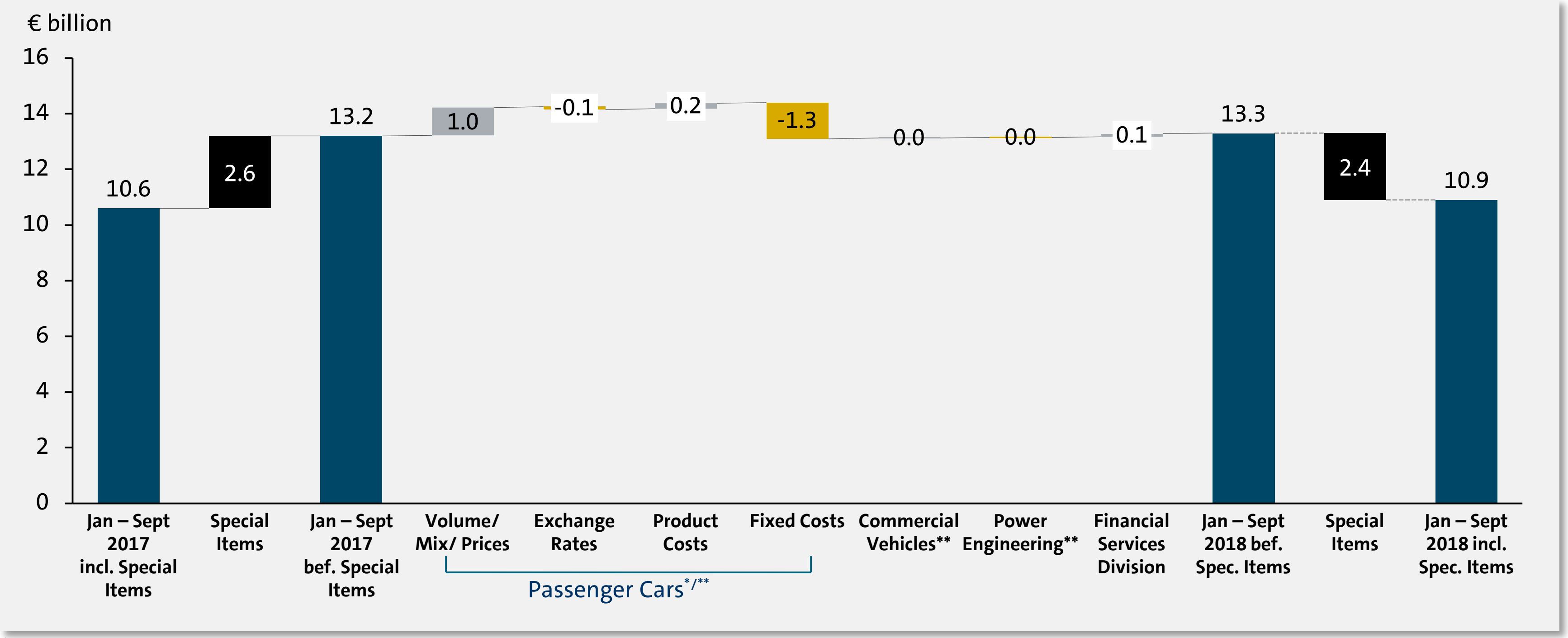
(January to September 2018 vs. 2017)

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

[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[1)]

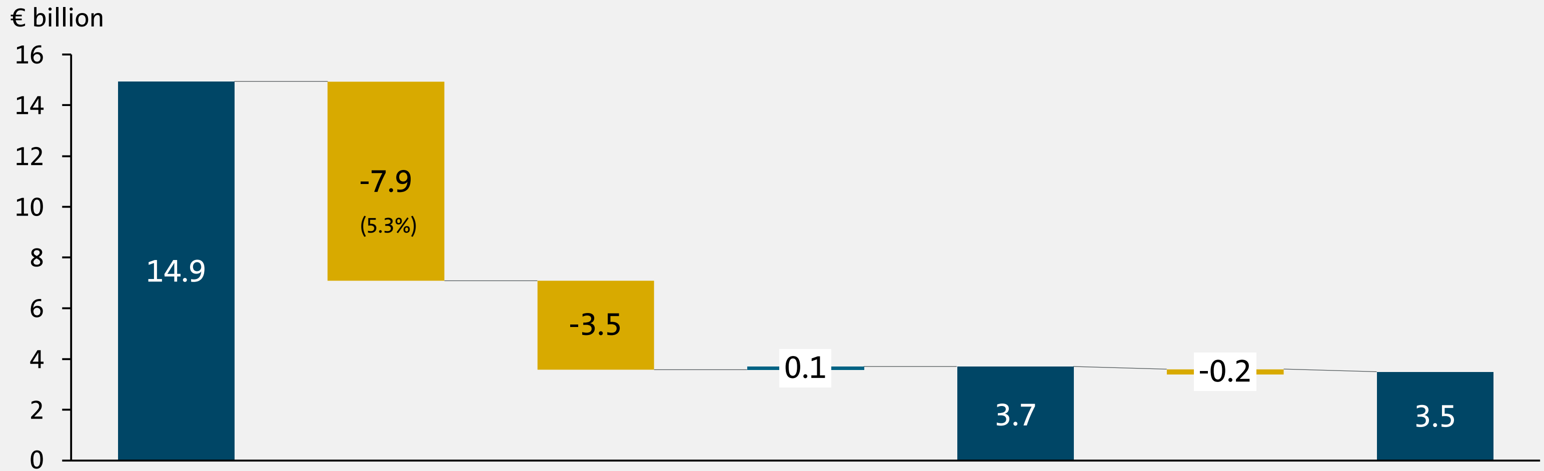
(January to September 2018 vs. 2017)



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

Automotive Division Net Cash Flow Development[1)2)]

(January to September 2018)

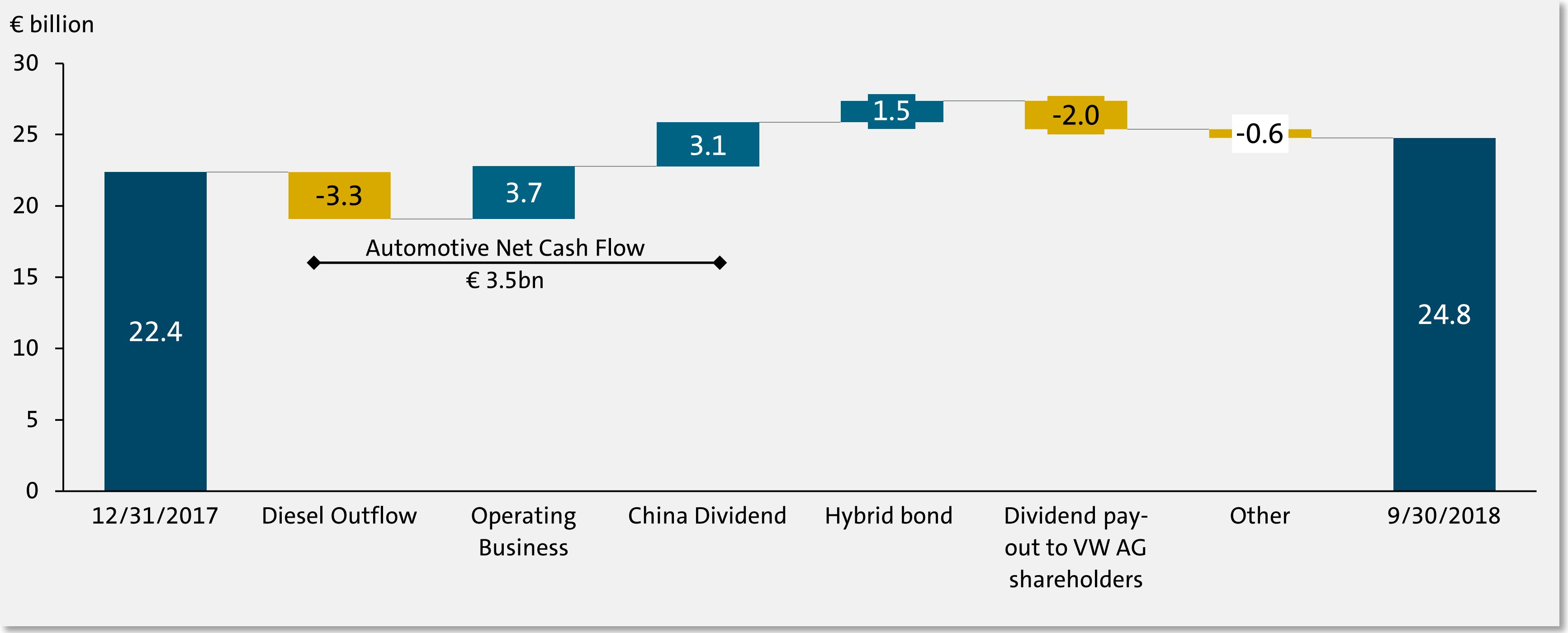


	Cash flow from operating activities	Capex [3)]	Capitalized development costs	Other	Net cash flow before equity investments	Acquisition and disposal of equity investments	Net cash flow
2017	8.0	-7.1 (4.9%)	-4.2	0.3	-2.9	-0.0	-2.9

[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[1)]

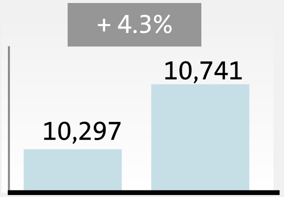
(January to September 2018 vs. 2017)

	Vehicle sales		Sales revenue		Operating profit	
thousand vehicles / € million	2018	2017	2018	2017 [7)]	2018	2017
Volkswagen Passenger Cars	2,753	2,632	62,508	58,278	2,330	2,504
Audi	1,107	1,147	44,257	44,028	3,671	3,941
ŠKODA	698	700	12,598	12,338	1,083	1,206
SEAT	462	436	7,744	7,255	237	154
Bentley	7	7	1,092	1,321	-137	31
Porsche Automotive [2)]	190	180	17,507	15,703	3,197	2,890
Volkswagen Commercial Vehicles	337	371	8,572	8,919	628	698
Scania [3)]	69	65	9,634	9,304	991	947
MAN Commercial Vehicles	98	80	8,599	7,970	222	269
MAN Power Engineering	-	-	2,489	2,355	142	107
VW China [4)]	3,021	2,917	-	-	-	-
Other [5)]	-619	-623	-25,059	-21,272	-974	-1,277
Volkswagen Financial Services	-	-	24,635	23,864	1,915	1,763
Volkswagen Group before Special Items	-	-	-	-	13,306	13,231
Special Items	-	-	-	-	-2,435	-2,595
Volkswagen Group	**8,123**	**7,913**	174,577	170,065	10,871	10,636
Automotive Division [6)]	8,123	7,913	148,424	144,754	8,832	8,717
of which: Passenger Cars	7,625	7,400	119,646	116,642	7,393	7,308
of which: Commercial Vehicles	498	513	26,289	25,757	1,486	1,484
of which: Power Engineering	-	-	2,489	2,355	-46	-75
Financial Services Division	-	-	26,153	25,311	2,039	1,919

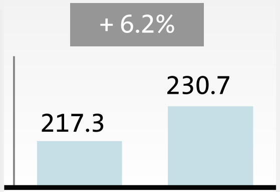
[1)] All figures shown are rounded, minor discrepancies may arise from addition of these amounts. [2)] Porsche (Automotive and Financial Services): sales revenue € 19,117 (17,120) million, operating profit € 3,329 (3,006) million. [3)] Including financial services. [4)] The sales revenue and operating 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 € 3,330 (3,305) 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. 7) Adjusted; see disclosures about the application of new International Financial Reporting Standards on page 15 of the Interim Report.

Volkswagen Group – Outlook for 2018

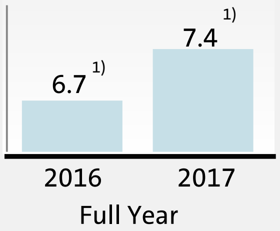
Deliveries to customers
('000 vehicles)



Sales revenue
(€ billion)



Operating return on sales
(%)



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)

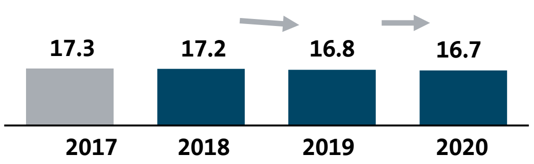
1) before Special Items. 2) Operating return on sales after Special Items is expected to be moderately below that range.

Global Passenger Car Market 2017 – 2020

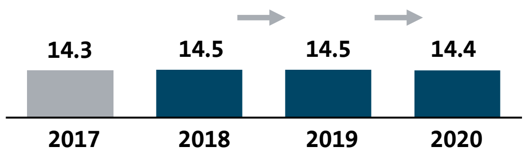
China remains largest driver of passenger car demand, Western Europe stable, Slowdown in the US from a high level, Recovery in Brazil and Russia from a low level

million units

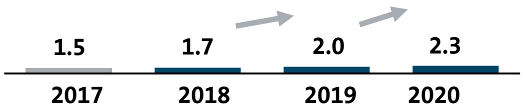
USA[1)]



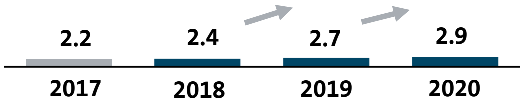
Western Europe



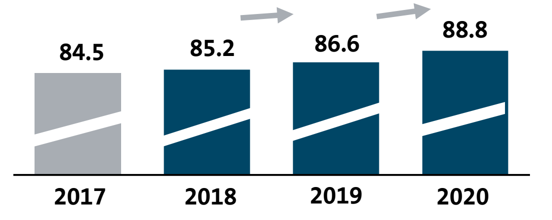
Russia



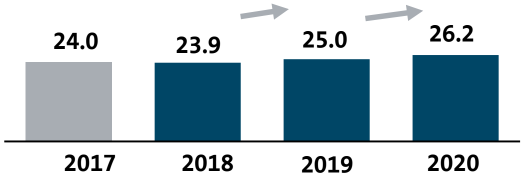
Brazil[1)]



World[1)]



China



Actuals Forecast

Data source: IHS Automotive (11.2018)

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

New and Forthcoming Product Highlights[1)]

Volkswagen, Audi, ŠKODA, SEAT, PORSCHE, BENTLEY, LAMBORGHINI, BUGATTI, Nutzfahrzeuge

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)

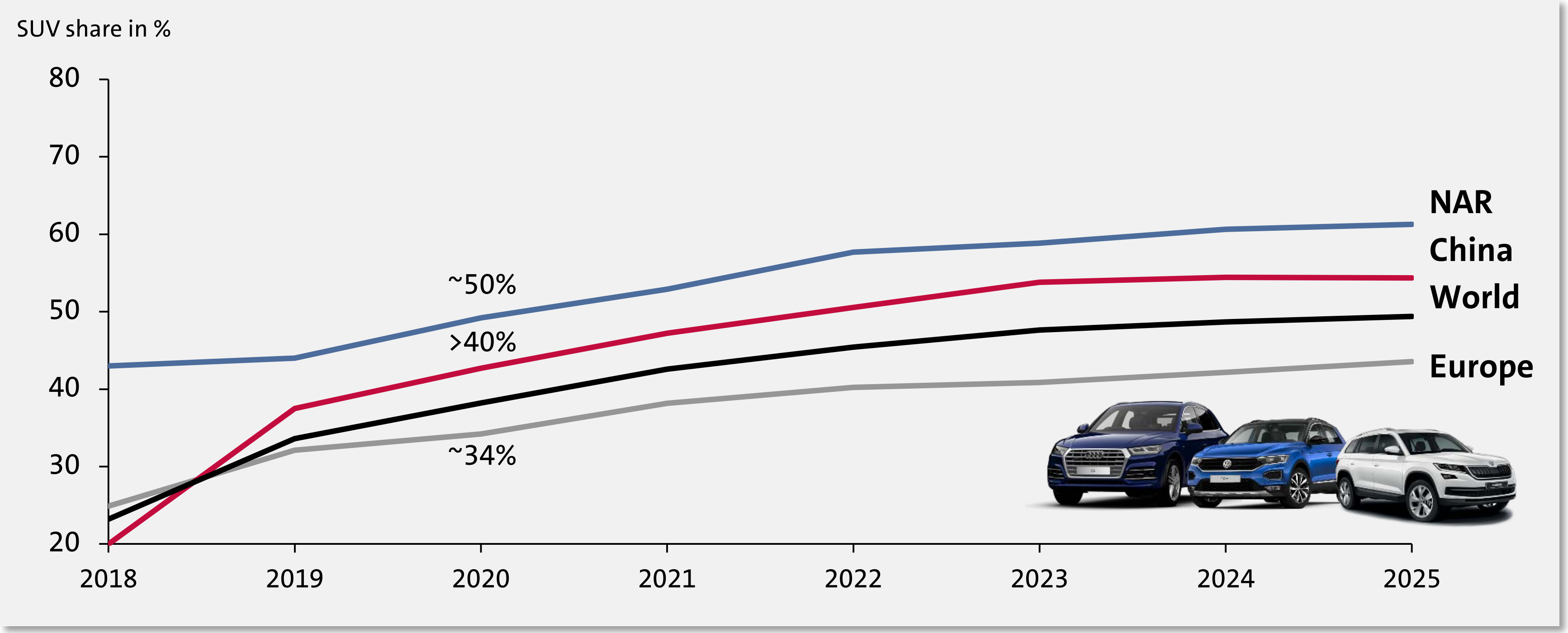
Portfolio expansion BEV

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

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[1)]

Key financial targets		2016 Actual	2017 Actual	2018 Outlook	2020 Targets	2025 Targets
Operating return on sales Before Special Items		6.7%	7.4%	6.5-7.5%	6.5-7.5%	7-8%
Return on investment Automotive Division before 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 Divison		7.3%	6.7%	6.5-7%	6%	6%
Cash Automotive Division	**a) Net Cashflow**[2)]	€ 7.2 bn	€ 10.1bn	≥ € 9 bn	≥ € 10 bn	> € 10 bn ~10% of Group turnover
	b) Net Liquidity	€ 27.2 bn	€ 22.4 bn	> € 20 bn	> € 20 bn[3)]	

[1)] As of 19th November, 2018. [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. [3)] Including the negative IFRS 16 impact, effective from 1st January, 2019.

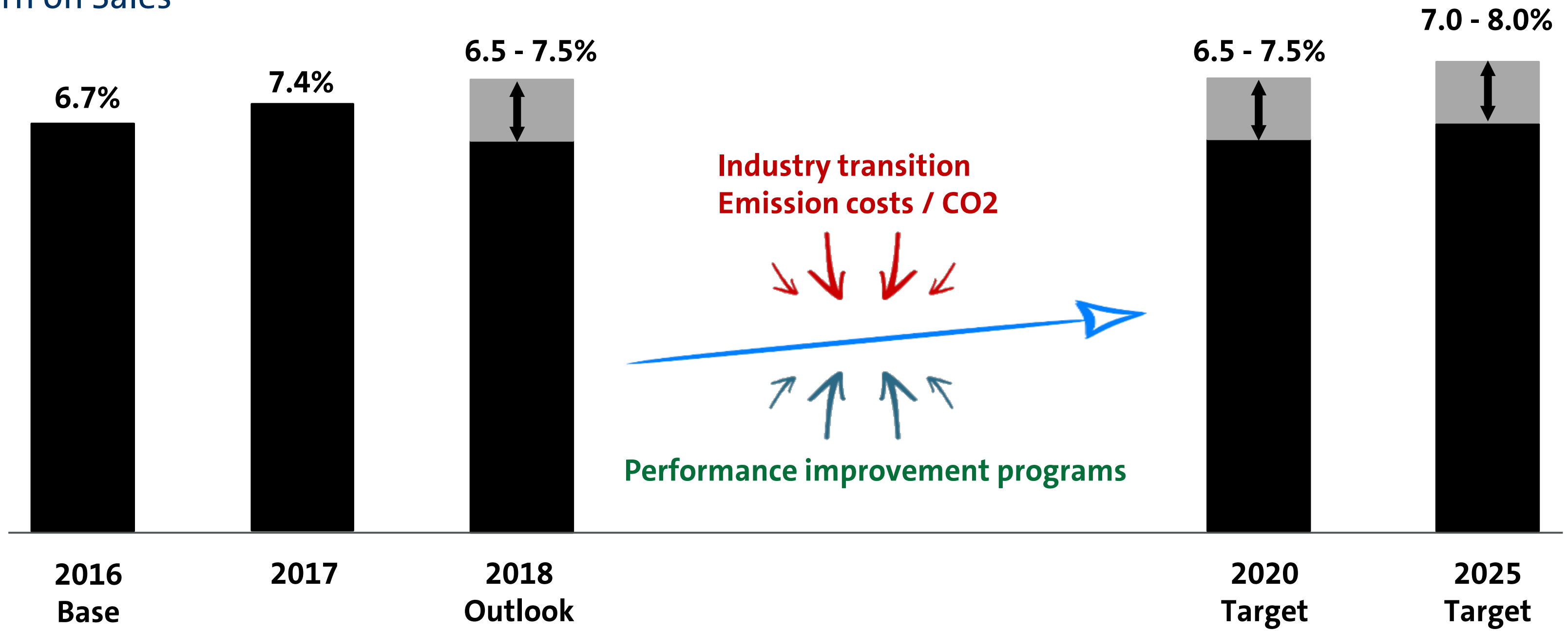
Better Earnings Quality & EPS growth[1)]

	Basis: Result 2016	2020 Updated: CMD March 2017	2020 Updated: PR 66	2020 Updated: PR 67
Sales revenue (€ bn)	217.3	+ > 20 %	+ > 25 %	+ > 25 %
Operating profit (€ bn) before Special Items	14.6	+ 25 %	+ ≥ 25 %	+ > 30 %
Profit before tax (€ bn)	14.8	+ ≥ 25 %	+ ≥ 30 %	+ ≥ 40 %
Earnings per Pref. Share before Special Items	~20 €	+ ≥ 25 %	+ > 25 €	+ ≥ 30 €

[1)] As of 19th November, 2018.

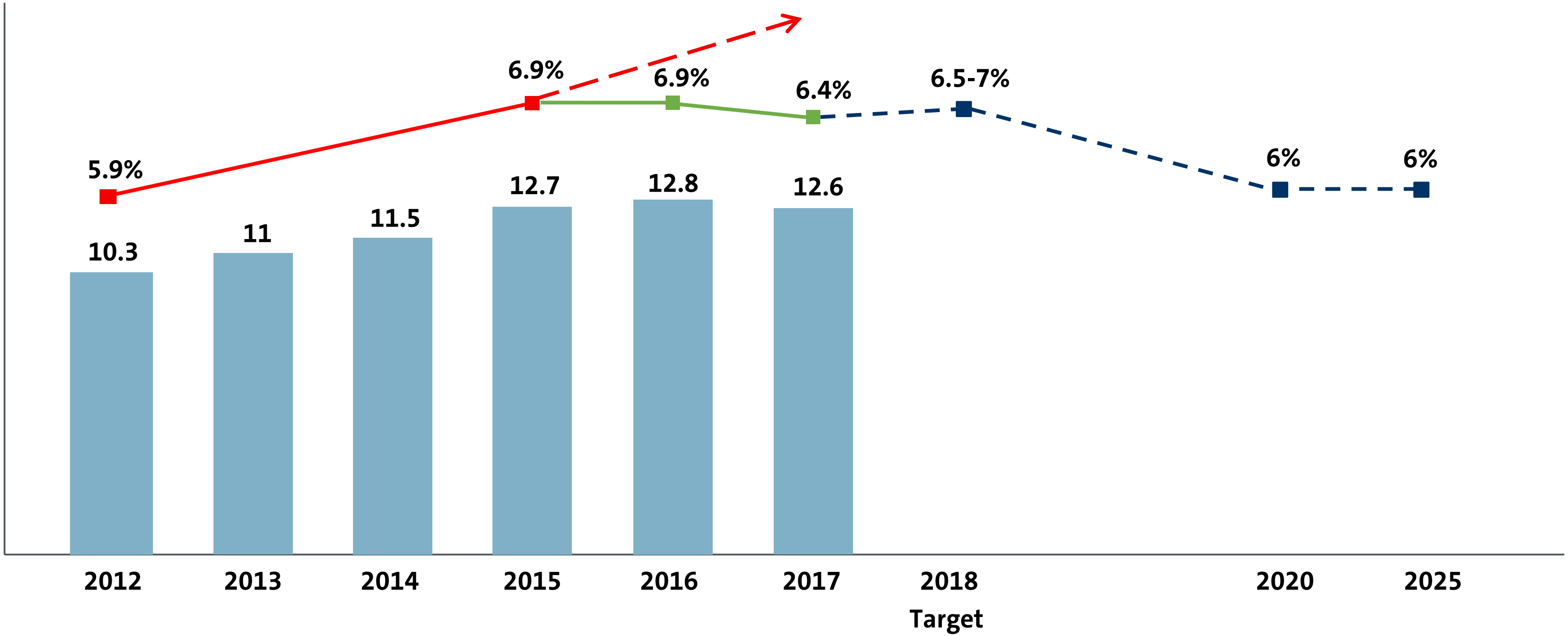
Improving Group Return on Sales despite significant headwinds

Return on Sales



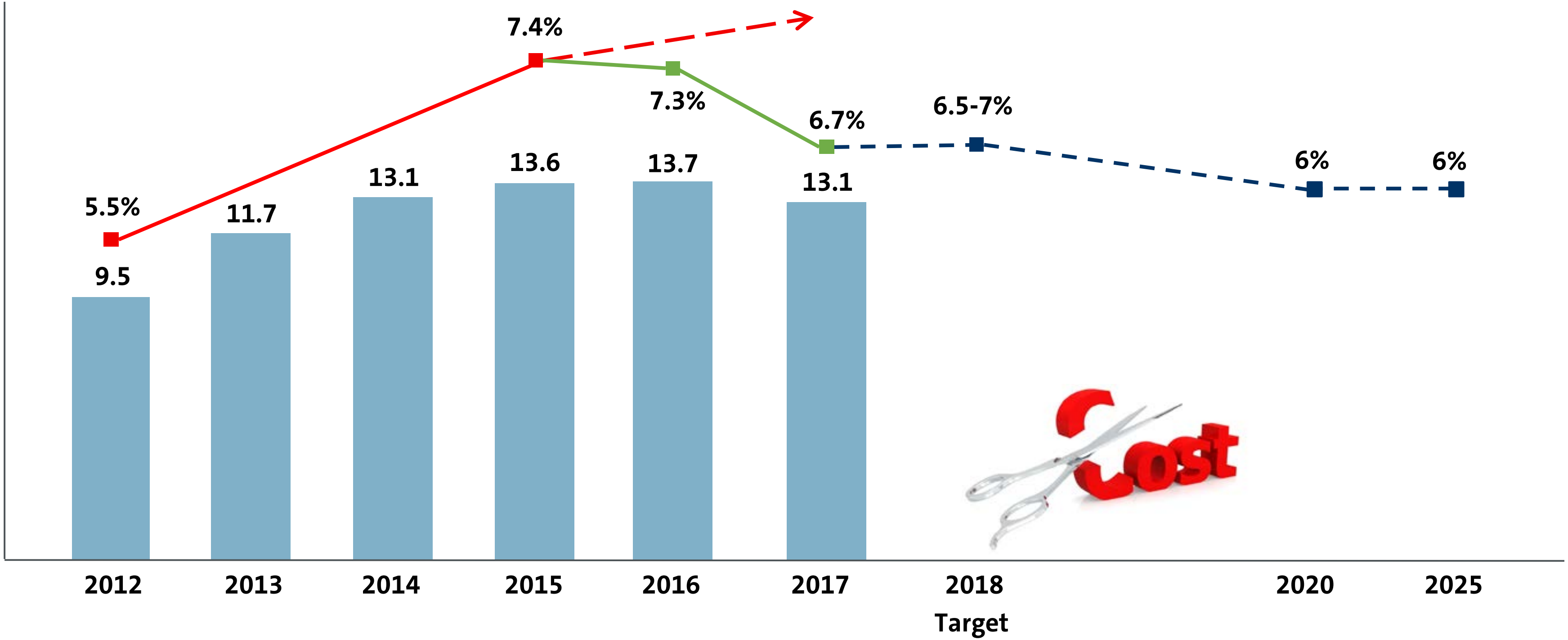
CAPEX Automotive Division

(€ billion, as % of sales revenue)



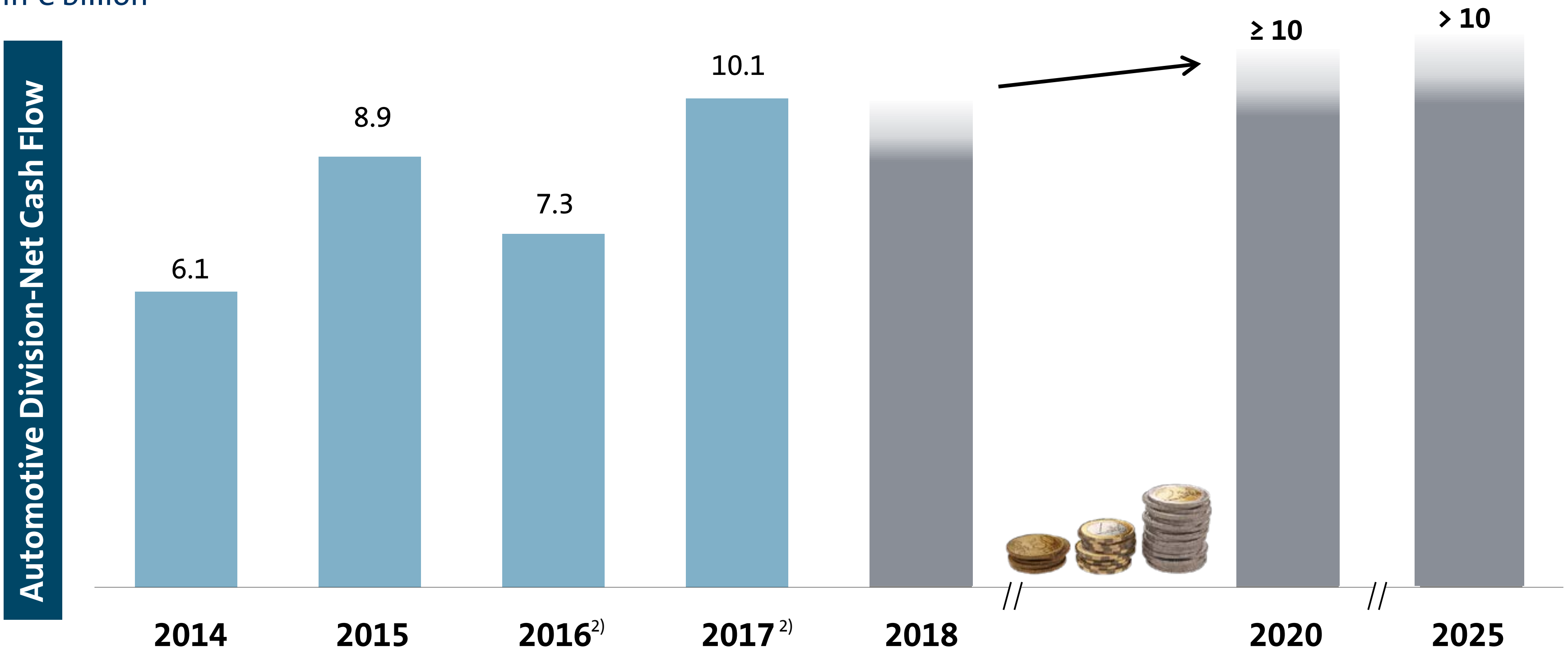
R&D Costs Automotive Divison

(€ billion, as % of sales revenue)



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

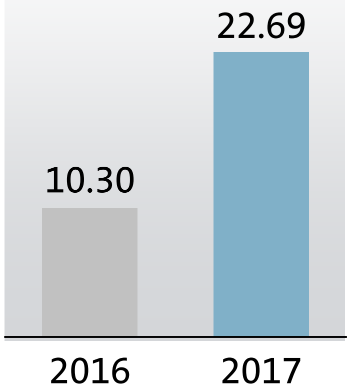
in € billion



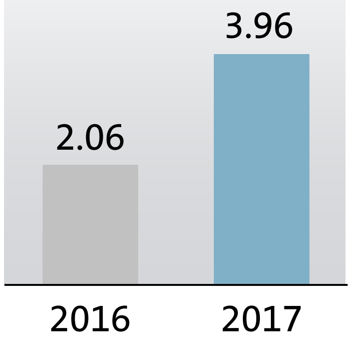
[1)] Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.
[2)] Ex diesel payments; cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 3.3 bn in Q1-Q3 2018.

Volkswagen AG – Attractive Dividend[1)]

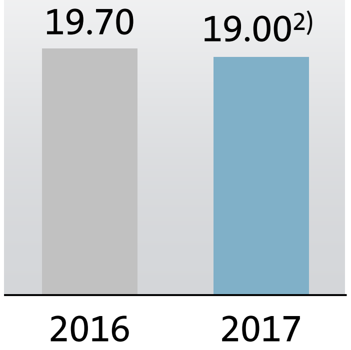
Earnings per Share
(€)



Dividend per Share
(€)



Dividend pay-out ratio[1)]
(%)



Target EPS: ≥ 30 € by 2020

Target Dividend Pay-Out Ratio: 30% by 2022

[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

Transform core business

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

Build mobility solutions business

10. Build mobility solutions business
11. Develop and expand attractive and profitable smart mobility offering

Secure funding

12. Improve operational excellence
13. Optimize business portfolio

Strengthen innovation power

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

Distributed Group Functions

Group steering

Lean and effective Group steering by trans-ferring 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 reduces the complexity of the Group structure

Volume	Premium	Sport & Luxury	Truck & Bus	Procurement/ Components	Finance & IT	China
VW	Audi	Porsche	MAN	Procurement	VOLKSWAGEN FINANCIAL SERVICES THE KEY TO MOBILITY	Region China
Škoda	Lamborghini[1]	Bentley	Scania	Components		
SEAT	Ducati[1]	Bugatti	Power Engineering[1]			
VW LCV						
MOIA						

[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

MOIA

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

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

Volkswagen

- Economies of scale from use of MEB across entire Group
- Higher productivity and shorter manufacturing time
- Lower material and distribution costs

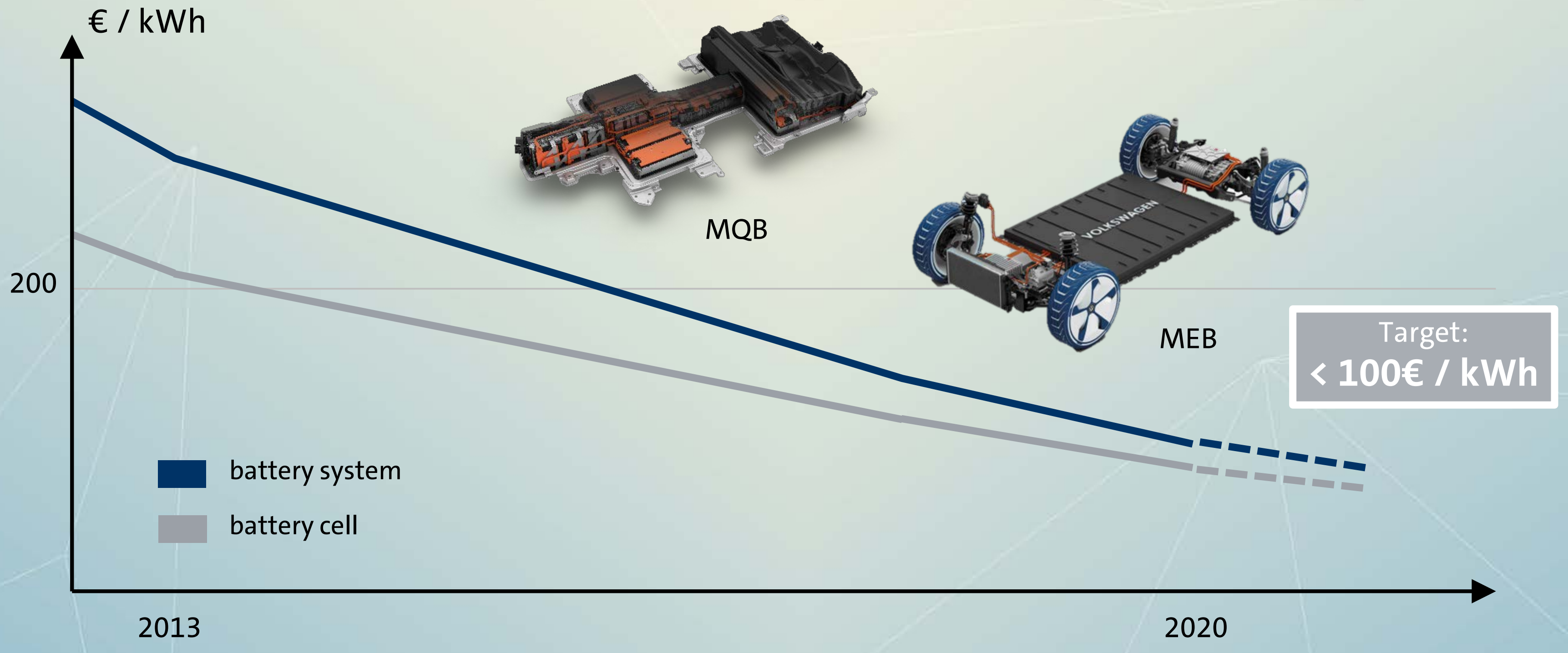
The Volkswagen Brand‘s I.D. family sets the new BEV benchmark in the volume segment

Market launch early 2020 and onwards.

Advances in battery technology will improve range, weight and costs

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

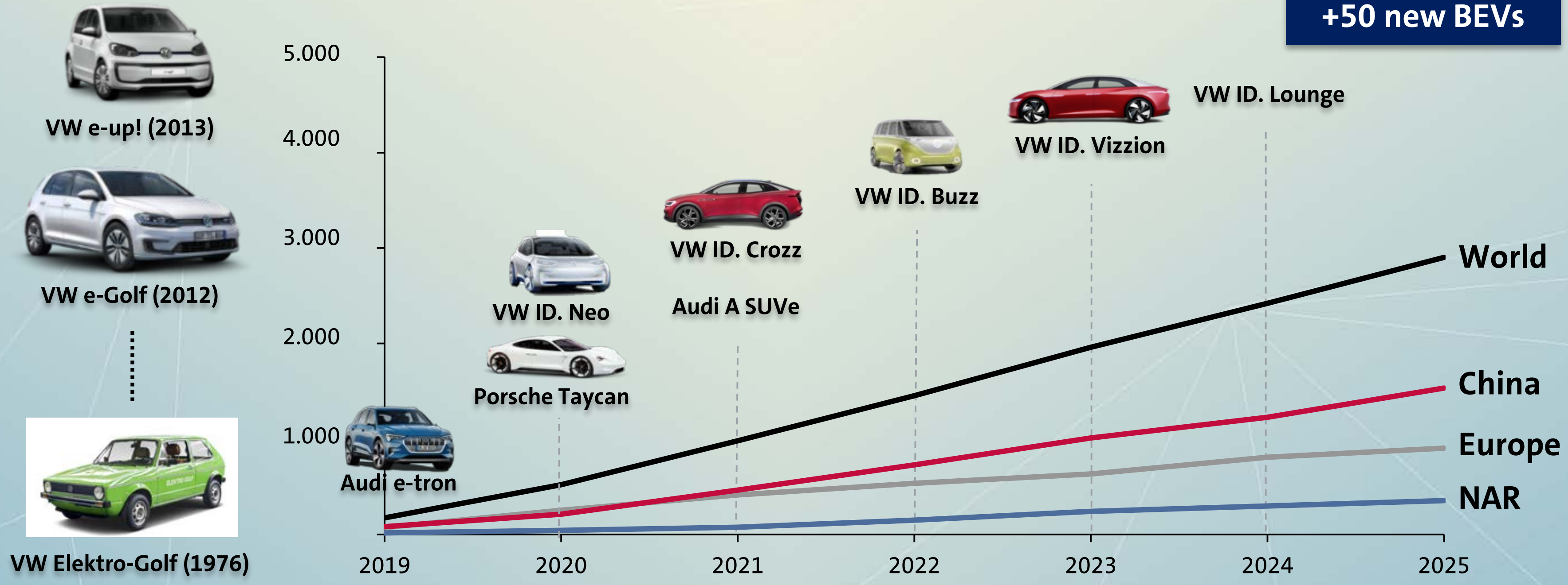
Battery costs will decrease significantly by 2020



Electrifying the Product Portfolio[1)]

Until 2025: +50 new BEVs

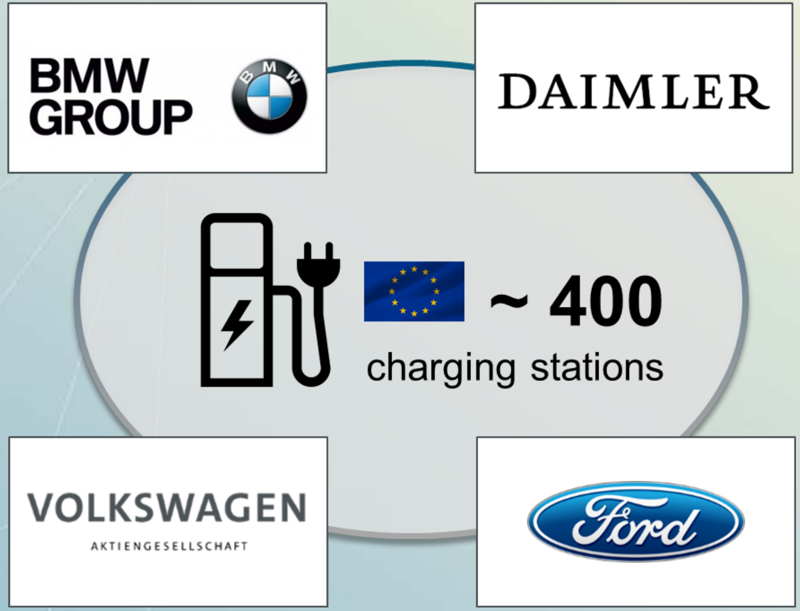
BEV volume per region in thousand units



[1)] As of 19th November, 2018.

Launch of Pan-European High-Power Charging Network IONITY[1)]

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**

Public access for all ZEV drivers will be **ensured through multiple technologies (Level 2 and DC fast charging: CCS Combo** and Chademo connectors)

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

Source: Electrify America

Successful launch of MOIA Shuttle at end of 2017, customers show a high demand for this alternative form of mobility

Connected to backend

Customized interior with high comfort/ connectivity

Prepared for Shadow/ security driver mode

App-based ride pooling service 6 passenger seats with high privacy

MOIA branded

Electric door concept

Unique recognizable design

BEV with > 300 km real range

<6 m

< 3,5 t

- **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

2005

"Stanley" Winner Darpa Grand Challenge

2010

Autonomous Audi TTS "Shelley" climbs Pikes Peak

2017

SEDRIC is Volkswagen Group´s first Level 5 vehicle

Volkswagen Group >200 AV related patents

Foundation AID GmbH

AUTONOMOUS INTELLIGENT DRIVING

2018

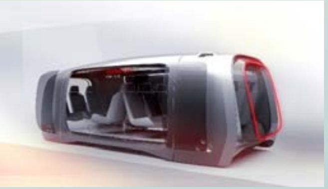
Strategic partnership with Aurora

AURORA

MOIA Battery Electric Special Purpose Shuttle

2021+

Urban Shuttle/Carrier/Pod



Personal Autonomous Vehicles

Driving forward Strategy 2025: Implementation is accelerating I

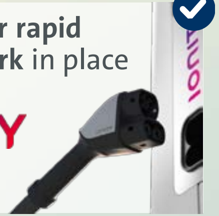
ROADMAP E launched

Roadmap E

Center of Excellence for battery technology established

Joint venture for rapid charging network in place

IONITY



SEDRIC developed and presented

Powering electric mobility

electrify america

TOGETHER
STRATEGY 2025

MOIA pilot extended to Hamburg

Strategic partnership with Microsoft agreed

Microsoft

Realignment of Group Components

GROUPCOMPONENTS

Positioning of Group brands sharpened

Board Digitalization Committee established

Driving forward Strategy 2025: Implementation is accelerating II

Autonomy for Truck & Bus making good progress

TRATON GROUP

Volkswagen Components established January 2019

Volkswagen Components

Fuel cell technology partnership agreed

HYUNDAI Drive your way™

Product & technology offensive in China agreed

JAC MOTORS
SEAT

TOGETHER STRATEGY 2025

Global Alliance with Ford agreed first project

VOLKSWAGEN AKTIENGESELLSCHAFT
Ford

Turnaround in South America initiated

INDIA 2.0 project launched

Volkswagen
ŠKODA

Volkswagen becomes largest shareholder

QuantumScape

Volkswagen AG and Ford Motor Company launch Global Alliance

VOLKSWAGEN
AKTIENGESELLSCHAFT
+
Ford

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

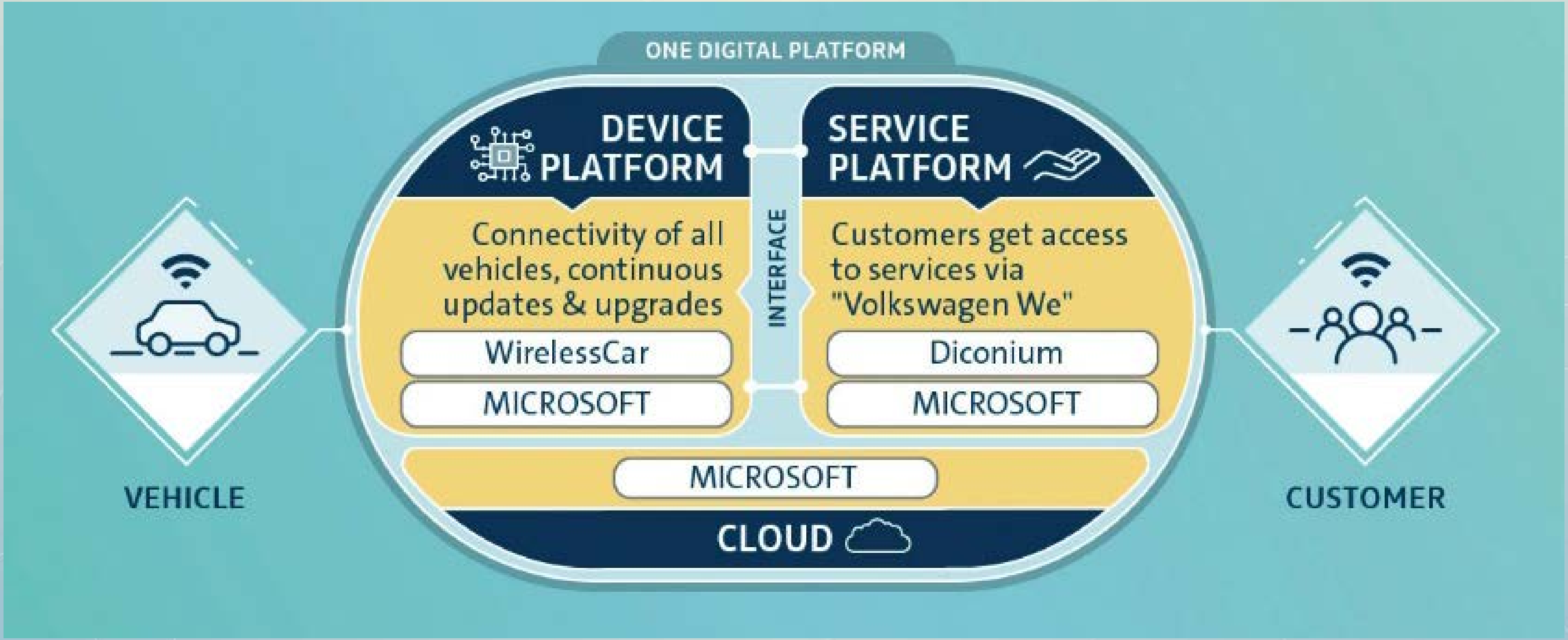
Exploring further Collaborations

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

[1] As of 15th January, 2019.

Volkswagen Brand Automotive Cloud

Building digital ecosystem with technology partners



Why our Value Proposition is one of the best in the Industry?

1. Unique and Compelling **Brands and Products** and **Scale Potential**
2. Convincing holistic **TOGETHER – Strategy 2025** with embedded financial **KPI Targets**
3. Comprehensive **E-Strategy**
4. Optimal **Toolkit Infrastructure** for conventional and alternative power trains
5. We intend to deliver **Self-driving** at the touch of a button and become **Software** leaders
6. Upside Potential in **Core and Developing Markets**
7. Lead Position in **China**
8. **TRATON** Global Champion Potential and clear plan to achieve **Capital Market Readiness**
9. **Culture** of willingness to change: agile, innovative and integral backed by committed management and employees
10. Priority to work on protecting our **Society** and **Environment** for future generations also focusing on **Sustainable Supplier Relations**

Overarching vision is to become a

World-leading Provider of Sustainable Mobility








Overview Brand Targets (RoS, RoE)

Return on Sales in %[1]	2016	2017	Target 2018	2020	2025
Volkswagen Group	6.7	7.4	6.5-7.5	6.5-7.5	7.0-8.0
Volkswagen Brand	1.8	4.1	4-5	4-5	≥6
Audi	8.2	8.4	8-10	8-10	8-10
Porsche Automotive	17.4	18.5	>15	>15	>15
ŠKODA	8.7	9.7	8-9	6-7	≥7
Volkswagen Commercial Vehicles	4.1	7.2	5-6	4-5	>6
TRATON[2]	**2016**	**2017**	**Target 2018**	Over the cycle target of 9%[3]	
• Scania	9.5	6.9	6-7		
• MAN Commercial Vehicles	2.3				
Return on Equity (norm. 8%)	**2016**	**2017**	**Target 2018**	**2020**	**2025**
Volkswagen Financial Services	15.6%	15.8%	14-16%	14-16%	20%

[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

2015	2020	2025	2030
STRENGTHEN CORE BUSINESS	**LEAP TO THE TOP OF ELECTRIC MOBILITY**	**MAJOR TRANSFORMATION**	**GLOBAL MARKET LEADER IN AUTOMOBILITY**
2% RoS[1)]	≥ 4% RoS	≥ 6% RoS	> 6% RoS
SUV Offensive	Electric Offensive	New Business Models	
Turnaround in the Regions	Digital Ecosystem	New Mobility solutions	
Brand Positioning	Operational Excellence	Autonomous Driving	
Productivity / Costs			
New Skills			

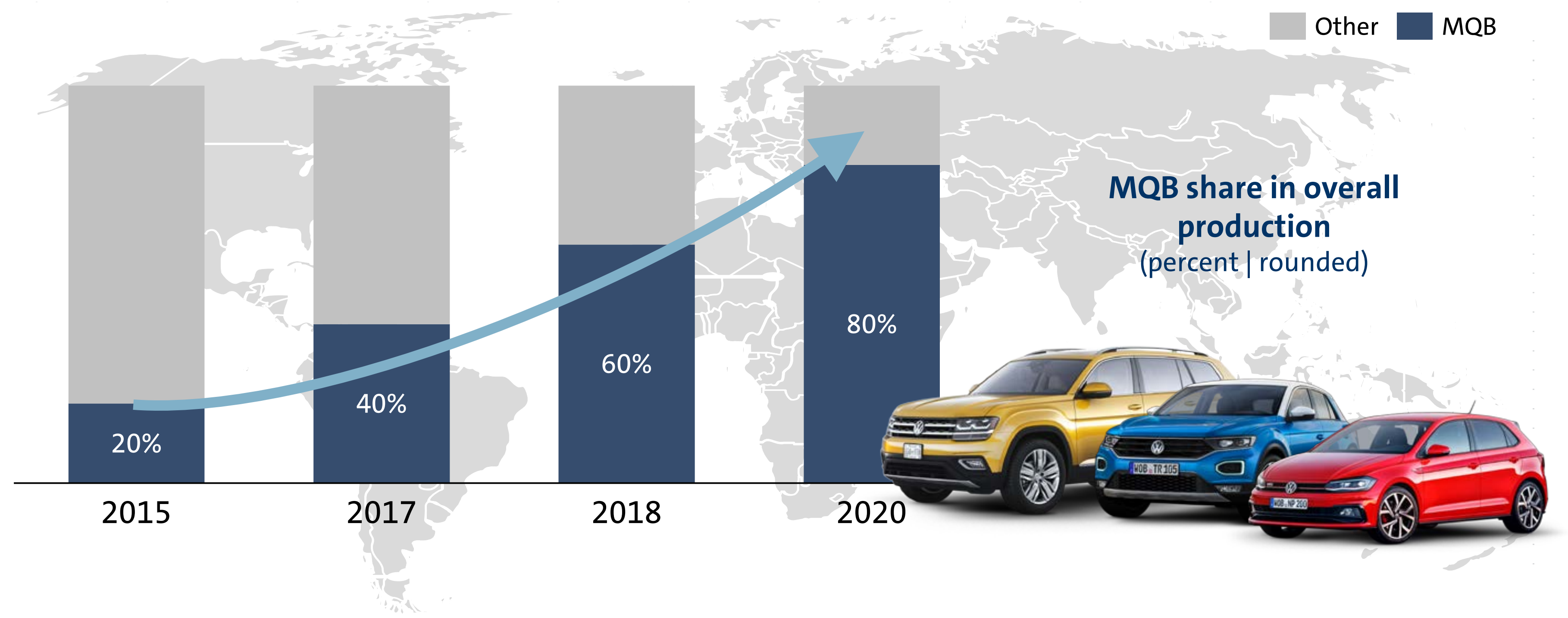
[1)] Before special items.

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 flow[1)]	> € 1 bn	>> € 1 bn

[1)] Before special items.

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



Core challenges in the commercial vehicle industry

Cyclical markets

Strong correlation to GDP in developed world
Not all regions hit by economic downturns at the same time

Further globalization

The megatrend of globalization has a direct influence on future developments in freight transportation and the commercial vehicle industry

Emission regulations

Europe with aggressive regulations, focus shifting to e-mobility and alternative fuels
Emerging Markets also have ambitious roadmap

Connectivity & digitalization

Platooning and partly-autonomous driving as transition solutions
Data management for customers and traffic of broad interest (e.g. RIO for digital solutions)

After sales and future business models

After sales increasingly important as alternative source of revenues
Future business models (e.g. connectivity, clean driving) to actively shape the future of transportation

Shaping the future of the Commercial Vehicles business

Global Champion Strategy

- Striving to become a Global Champion of the truck and transport services industry.
- Further expanding brands' presence and utilizing strong network of strategic partners to access all major profit pools.
- Aiming to realize significant synergies through cooperation between TRATON's brands and strategic partners (e.g. Navistar in the USA, Sinotruk in China, Hino Motors in Japan and Asia).
- Goal is to become an industry leader in terms of profitability.
- Future business model: develop solutions for future transportation (in such areas as autonomous driving, electrification and connectivity).
- RIO, the digital brand, as connectivity environment, coordinating partner services within the Group.

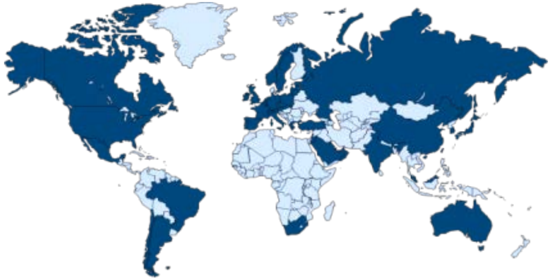
Project "Next Level"

- Further increase the company's matureness, 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[1)] 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.

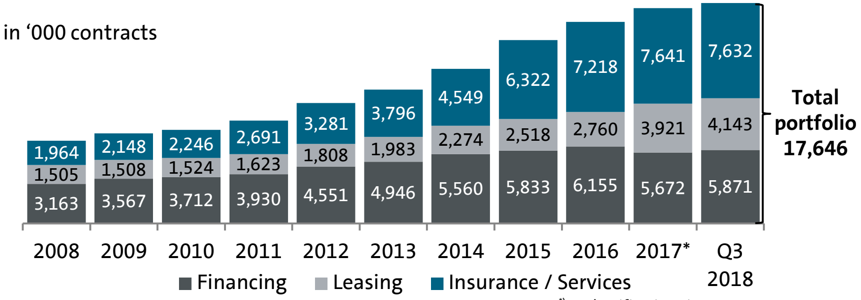
[1)] Sale is intended to be completed by year-end 2018. [2)] Domination and Profit and Loss Transfer Agreement between MAN SE and TRATON AG.

Volkswagen Financial Services[1]: global, well diversified and successful

Strong global presence

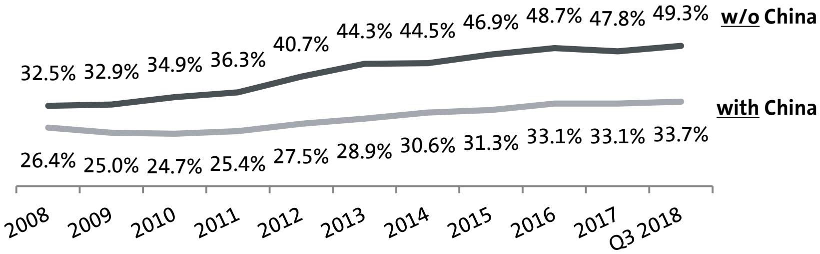


Continuous portfolio expansion

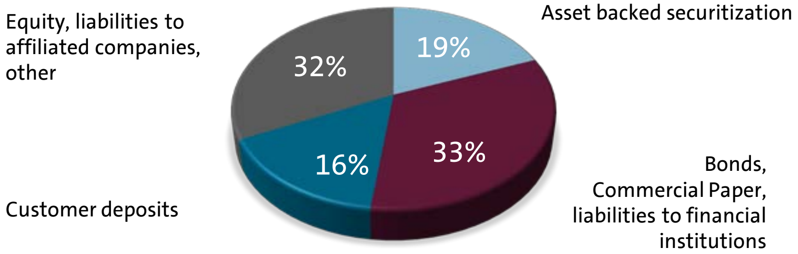


*) Reclassification Finance / Lease contracts

Rising penetration rates



Diversified funding structure

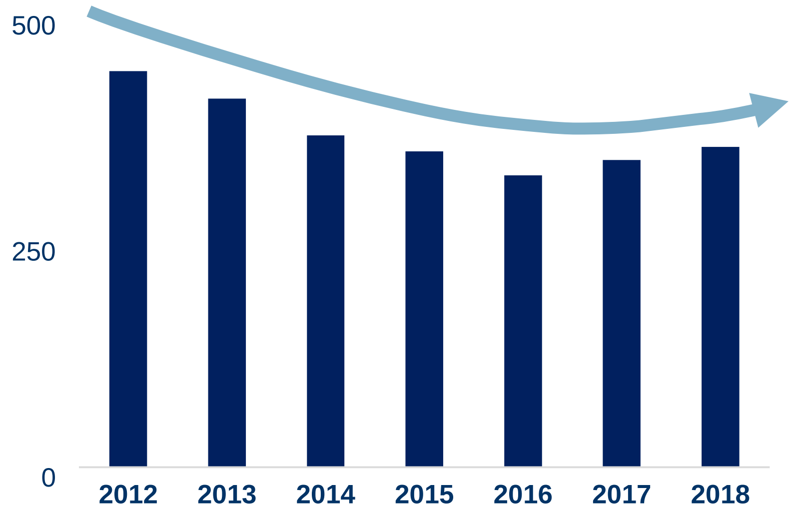


30.09.2018: € 200.8 bn

[1] 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



	2012	2013	2014	2015	2016	2017	2018
Market Share %	3.0	2.6	2.2	2.0	1.8	2.0	2.0

SUV offensive #1	Sedans	SUV offensive #2
2017	2018-19	2019-21

SUV offensive #1 – 2017


Atlas


Tiguan


Refreshed Golf

Sedans – 2018-19


Jetta


Passat


Arteon

SUV offensive #2 – 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

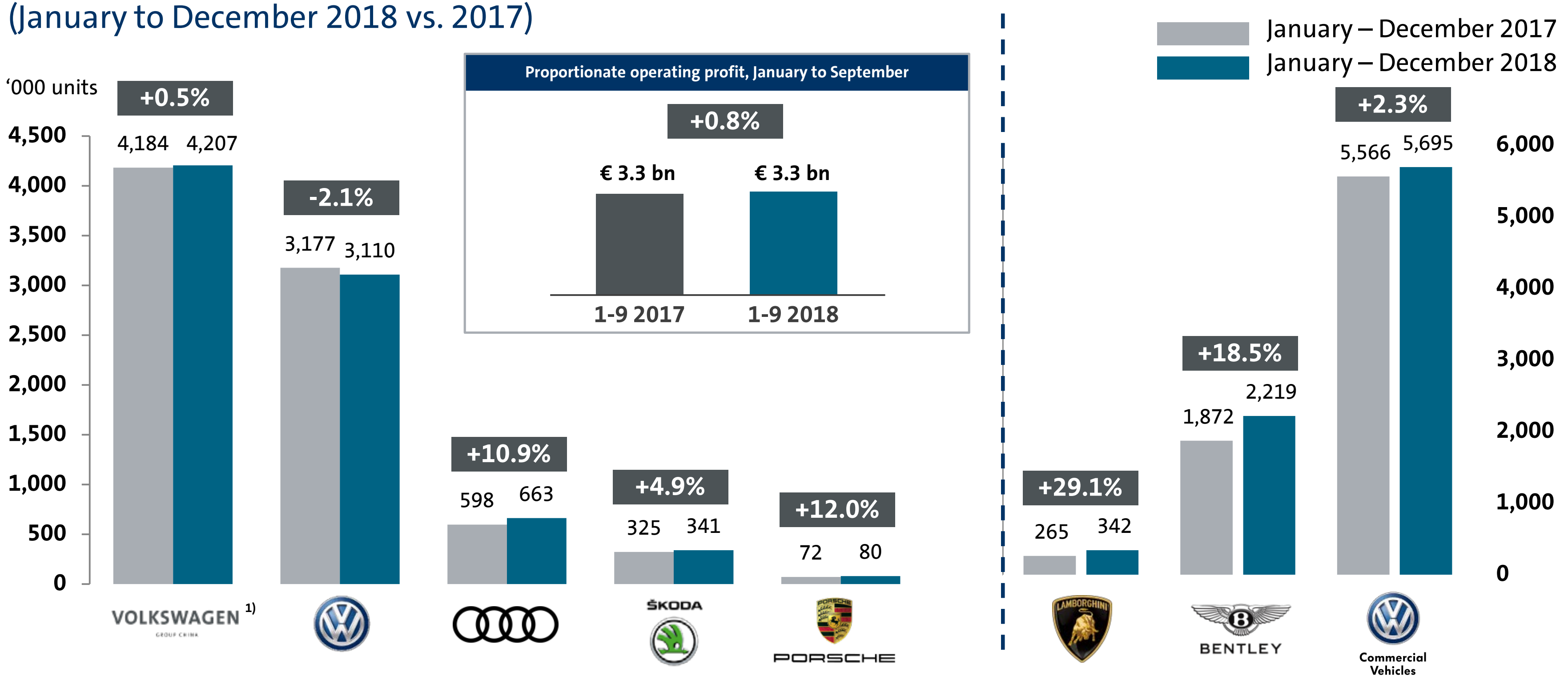
Small SUV Global

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 December 2018 vs. 2017)



1) 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

min. NEV credit points = **ICE[3] Volume** x **NEV credit point ratio**

2018	2019	2020
None	10%	12%

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

NEV Credit Point Attribution per NEV Type

BEV[4]: Basic credit = 0.012 x Range + 0.8 (max. 5 basic credits)
BEV additional factor for low electric consumption up to 1.2

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

[1] CAFC – Corporate Average Fuel Consumption [2] MIIT – Ministry of Industry and Information Technology [3] ICE – Internal Combustion Engine [4] BEV – Battery Electric Vehicle [5] PHEV – Plug-in Hybrid Electric Vehicle

Volkswagen Group China will be prepared to deliver around 1.5 million zero emission cars to Chinese customers by 2025

Introduction of locally produced NEV

Phase 1

Plug-in hybrids based on current toolkits

+ +

Phase 2

Pure electric vehicles based on current toolkits

+

Phase 3 (start 2020/21)

Pure electric vehicles based on scalable electric toolkit

+

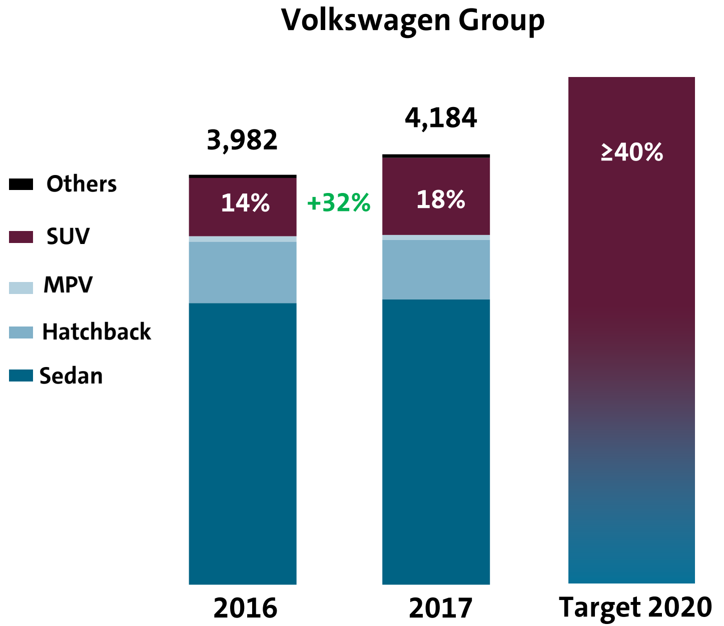
+

Mass market BEV cooperation

VOLKSWAGEN GROUP CHINA JAC 江淮汽车

New product offering with an expanded SUV line-up[1)]

China deliveries by bodystyle (in '000 units)



SUV offensive of Volkswagen Group China

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

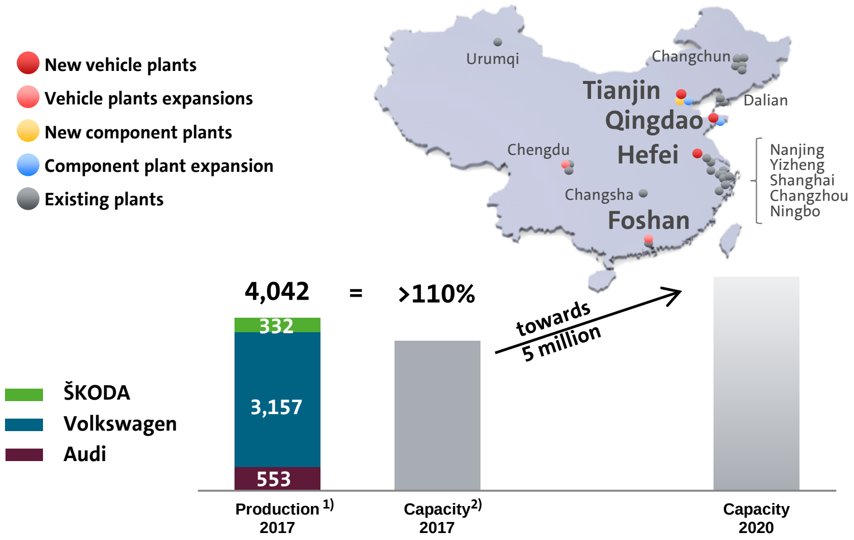
6 additional Audi SUVs in the **next 2-3 years**

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 started in 2018

Tianjin	Started in August
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

Special Items: Diesel related and other

€ (bn)	Diesel		Other		Total
2015	Legal	7.0	Restructuring:		
	Other items	9.2	Truck Business	0.2	
			Passenger Cars South America	0.2	
			Airbags Takata	0.3	
		16.2		**0.7**	**16.9**
2016	Mainly legal risks	**6.4**	Scania Anti-Trust Proceedings	0.4	
			Others	0.7	
				1.1	**7.5**
2017	Buyback/retrofit program	2.2			
	Legal	1.0			
		3.2			**3.2**
2018	Legal	2.4			**2.4**
Total to date		**28.2**		**1.8**	**30.0**

A significant amount of the Diesel Dollar-related provisions are hedged and a further substantial amount of the provisions have been utilized.
Cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 3.3 bn in Q1-Q3 2018.

Resolving the diesel crisis: Substantial progress in all markets

Worldwide recall/service campaigns driven forward:

Software Flashes in Germany currently 96% complete; Substantial progress also in Europe (77%) and worldwide (71%)

Major progress in modifications in North America:

Around 90 percent of the 2.0l and 3.0l TDI vehicles affected in the U.S. have already been retrofitted, bought back, or otherwise remediated (as of June 2018)

We have reached the targets set by EPA and Carb for the 2.0L settlement and are on track to achieve the targets in the 3.0L settlement within the specified timeframe.

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

More than 240,000 customers decided to switch to environmentally friendly vehicles (terminated by 30.06.2018)

Electrify America underway:

Investment plan for zero emissions vehicles (ZEV) approved by authorities and implementation has already started

Timeframe of legal proceedings expected to be long !

Status: July 2018

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

STRATEGY

Ethics and compliance is central to business strategy

RISK MANAGEMENT

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

CULTURE OF INTEGRITY

Leaders at all levels across the organization build and sustain a culture of integrity

SPEAK-UP ENVIRONMENT

The organization encourages, protects and values the reporting of concerns and suspected wrongdoing

RESOLUTE ACCOUNTABILITY

The organization takes action and holds itself accountable when wrongdoing occurs

1 2 3 4 5

INTEGRITY & COMPLIANCE
PROGRAM
TOGETHER FOR INTEGRITY

We need to foster and live a new culture

Brand collaboration instead of internal rivalry

Open and honest instead of backdoor approach

Fair competition instead of war

Transparent communication instead of corral mentality

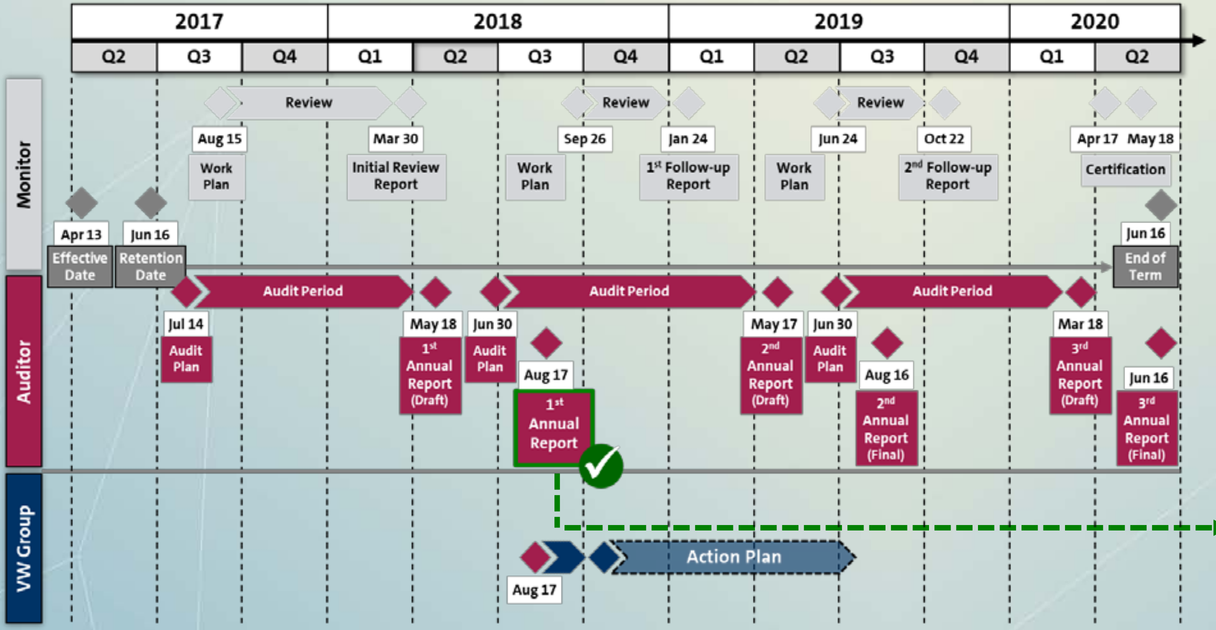
NEW CULTURE

Multicultural instead of "Mittellandkanal"

More **Pikes Peak** instead of **Le Mans**

Decentralized instead of centralistic

Overview of timeline and 1st Monitor Audit-Report



Structure

- 50 pages, 14 chapters + 1 Appendix
- two violations are referenced
- seven "recommended actions to achieve compliance" with the Consent Decrees are separately embedded

		Volkswagen AG	Audi AG	VW GoA
Audit Date		Nov 2017 Dec 2017 (Wolfsburg)	Nov 2017 Dec 2017 (Ingolstadt)	Dec 2017 (Auburn Hills) Feb 2018 (Oxnard)
Number of Deviations	Minor	3	1	2
	Major	0	0	0
Number of Corrective Actions		3	1	2
Implementation completion		✓	✓	✓

Further information online available at: https://www.vwcourtsettlement.com/en/2-0-models/.

Risks and Opportunities

Economics

- Trade-terms turmoil
- Currency volatility

Emissions & Testing

- CO_2 challenge & risk of penalties
- Resources
- WLTP, RDE ...

E-Mobility

- Margin pressure
- Battery cell supply
- Infrastructure

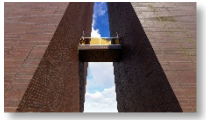
Powertrain

- Diesel demand
- Cost impacts
- Mix issues

Digitalization

- Connectivity & autonomous
- Resources & cost
- Agility

Tasks and Counter-Measures

	Tasks	Counter-measures
	**Close the Gaps in Operating Profit, CapEx, R&D !**	Push efficiency programs, discipline vs. securing the future
	**Cash is King !**	Stick rigorously to cash generation targets
	**Sustain ICE margins & secure EV margins !**	Reach CO_2 requirements Timely launches, attractive products and pricing strategies
	**Reduce Complexity !**	Delete certain derivatives and engine combustion combinations
	**RoI does matter, too !**	Prioritisation of projects, platform discipline and multi-brand factories

Investor Relations Team

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The official website of Volkswagen Group Investor Relations. [Company topics, brandchannels, innovation and informations.]

VOLKSWAGEN

AKTIENGESELLSCHAFT

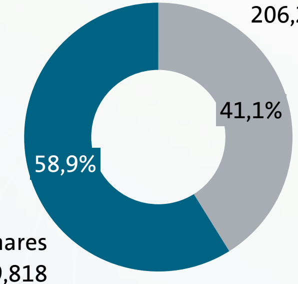
Shaping the transformation together.

Appendix

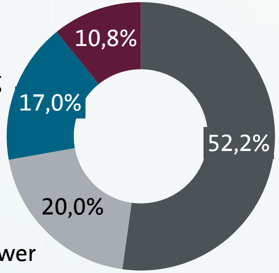
The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

Number of Outstanding Shares



Current Voting Rights Distribution



(as at December 31, 2017)

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 Heiß
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[1)]

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

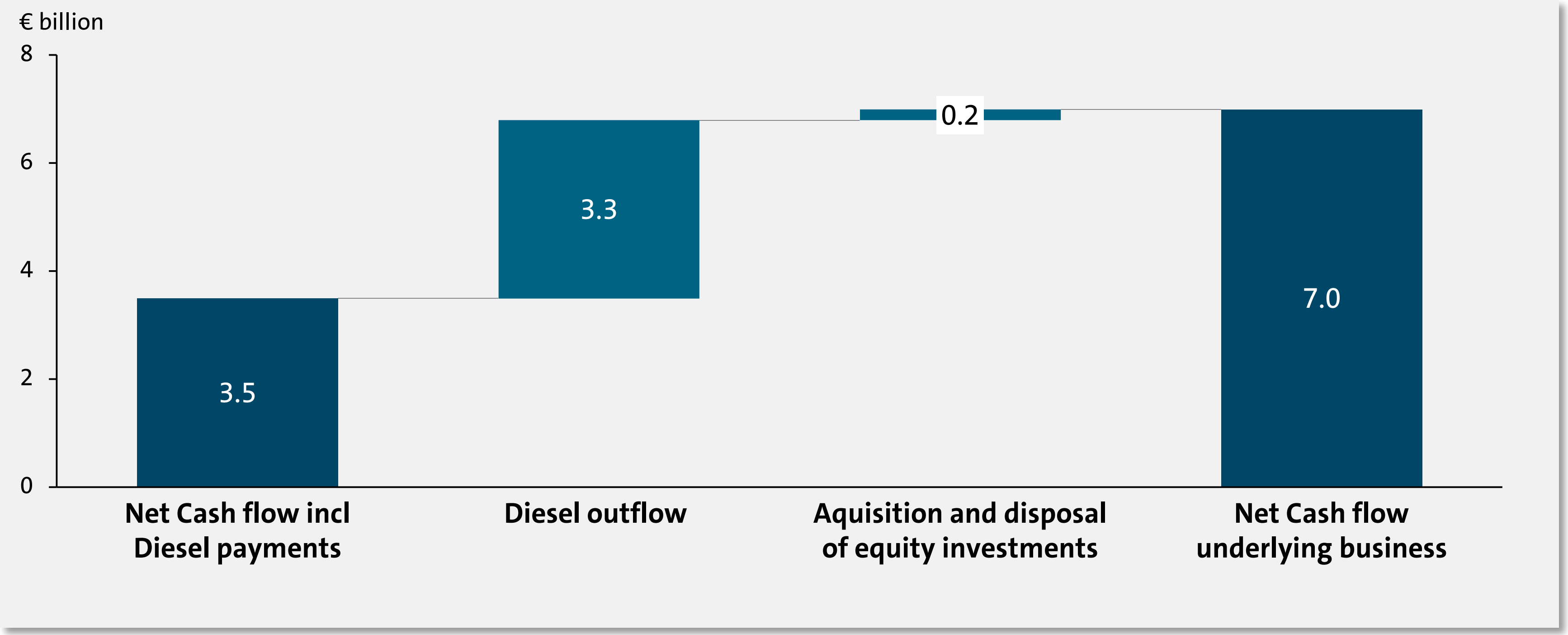
Current Ratings[1)]	S&P Global Long Term	S&P Global Short Term	Moody's Long Term	Moody's Short Term
Volkswagen AG	BBB+	A-2	A3	P-2
Volkswagen Financial Services AG	BBB+	A-2	A3	P-2
Volkswagen Bank GmbH*	A-**	A-2	A1**	P-1
Outlook	Stable (*Negative)		Stable	

[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)]

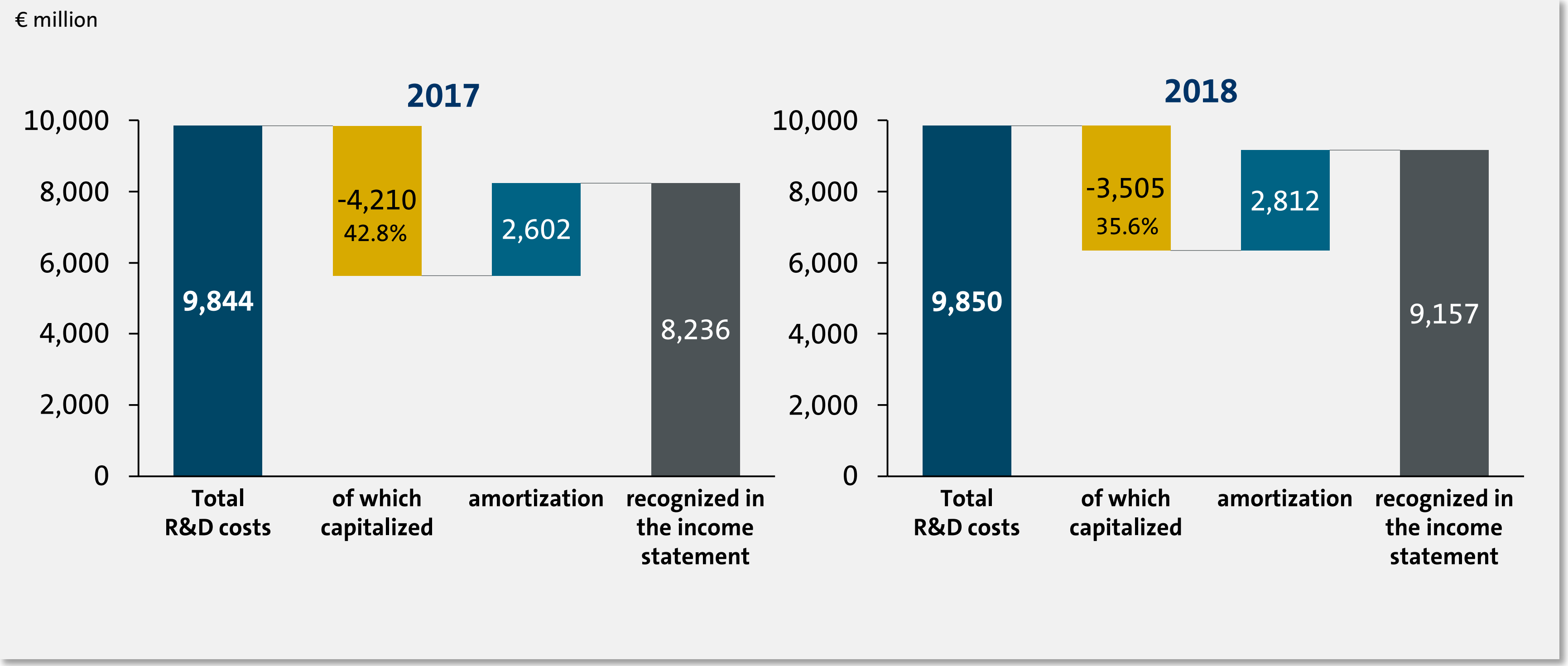
(January to September 2018)



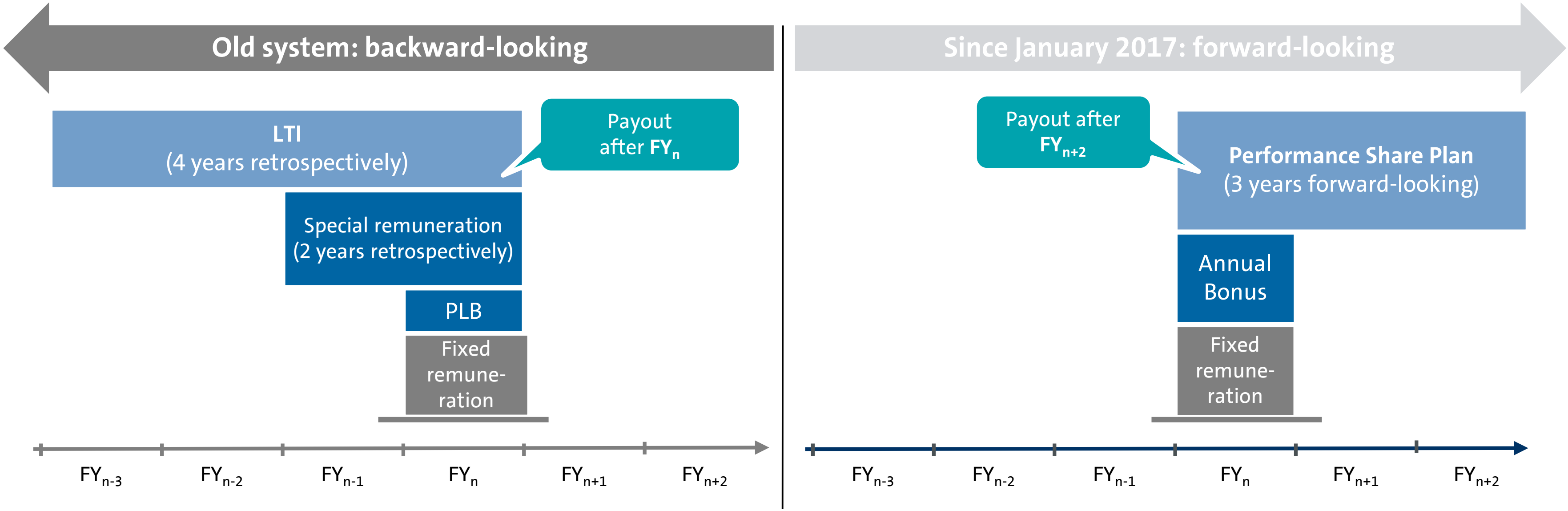
[1)] Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Automotive Division – Research and Development Costs

(January to September 2018 vs. 2017)



The remuneration system is designed to be completely forward-looking



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

- CO_2 / exhaust emissions and fuel consumption figures are calculated under more realistic conditions
- CO_2-values vehicle-specific and therefore very precise
- Should close tolerances regarding different test conditions

Effective for new passenger vehicle models & engines / gearbox variants (01.09.17)

Effective for all passenger vehicle models, car registrations (01.09.18)

2017	2018	2019	2020	2021

NEDC [2)] → WLTP

Light Commercial Vehicles new models (01.09.18)

Light Commercial Vehicles all new registrations (01.09.19)

[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)
- higher average and maximum drive power
- optional equipment: CO_2 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 T-Cross

Audi e-tron


ŠKODA Kamiq
KAMIQ 柯米克

SEAT Tarraco

Porsche Macan Facelift

Bentley Bentayga Hybrid

Lamborghini Urus

Volkswagen Crafter Combi


MAN TGX 18.500
MAN TGE 5.180
LION INSIDE!
MAN
MAN
MAN


Scania G 450 XT 8x4
SCANIA
G 450
XT
AJE 627

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

VOLKSWAGEN

GROUP