

Volkswagen Group Capital Markets Day 2017

Global economy, Car market trends & regions

Fred Kappler
Head of Group Sales

Disclaimer

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

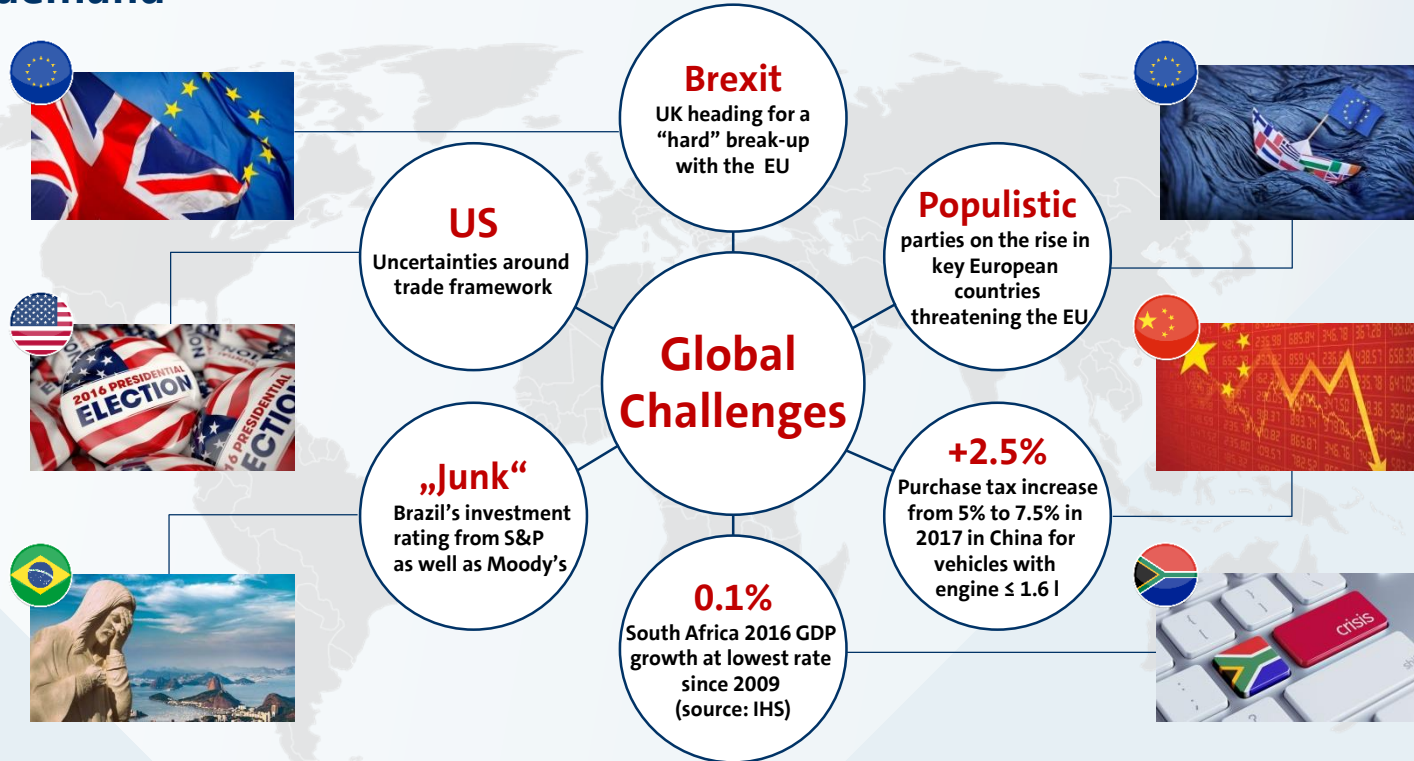
Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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

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 Such statements are valid on the date of publication and can be superseded.






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

Expanding political and economic challenges increase risks to the growth of new vehicle demand



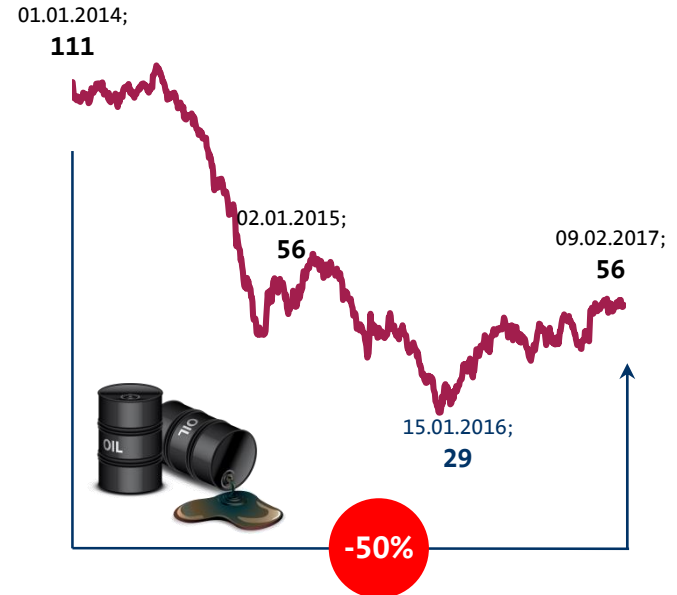
Currency devaluation has weakened consumers' purchasing power in key markets; continued low oil prices have affected Russia

Foreign Exchange

vs. Euro since 01.01.2015		vs. USD since 01.01.2015
-25%	 Turkey (Lira)	-35%
-8%	 United Kingdom (Pound Sterling)	-20%
-1%	 Brazil (Real)	-13%
3%	 South Africa (Rand)	-10%
-27% vs. Jan 2014 15%	 Russia (Rouble)	-44% vs. Jan 2014 5%

Source: xe.com (23.02.2017)

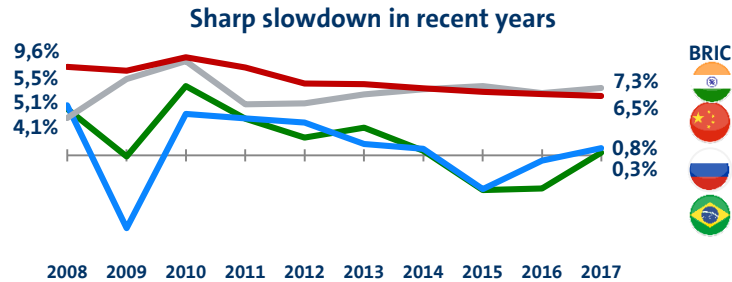
Continued weak oil price (Brent in USD/Barrel)



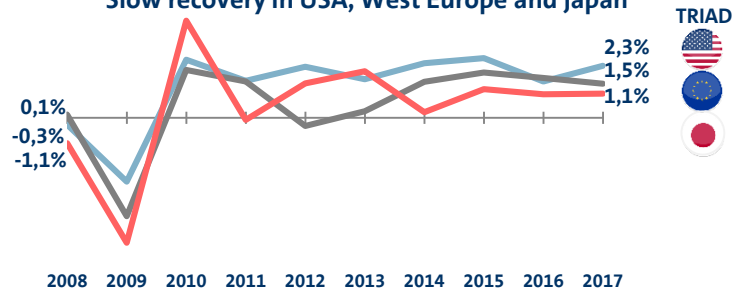
Source: Federal Reserve (09.02.2017)

Outlook 2017: Slight recovery in passenger car demand in BRIC markets contrasts with stagnation in TRIAD

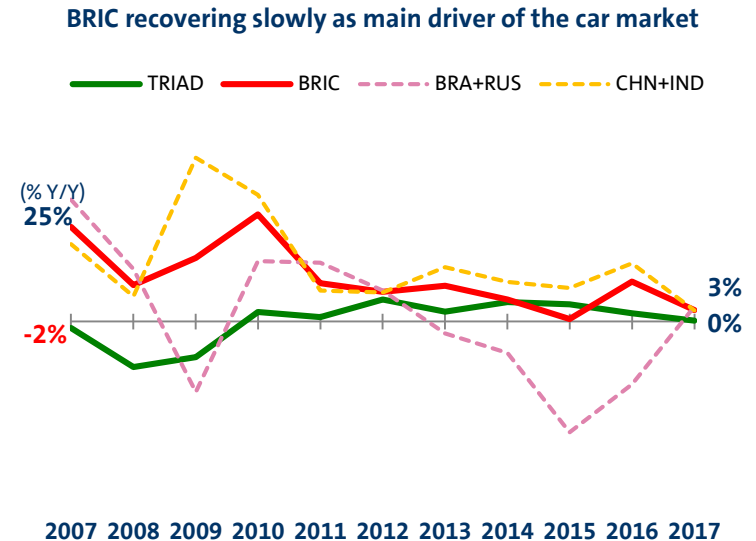
Economic development (GDP: % Y/Y)



Slow recovery in USA, West Europe and Japan



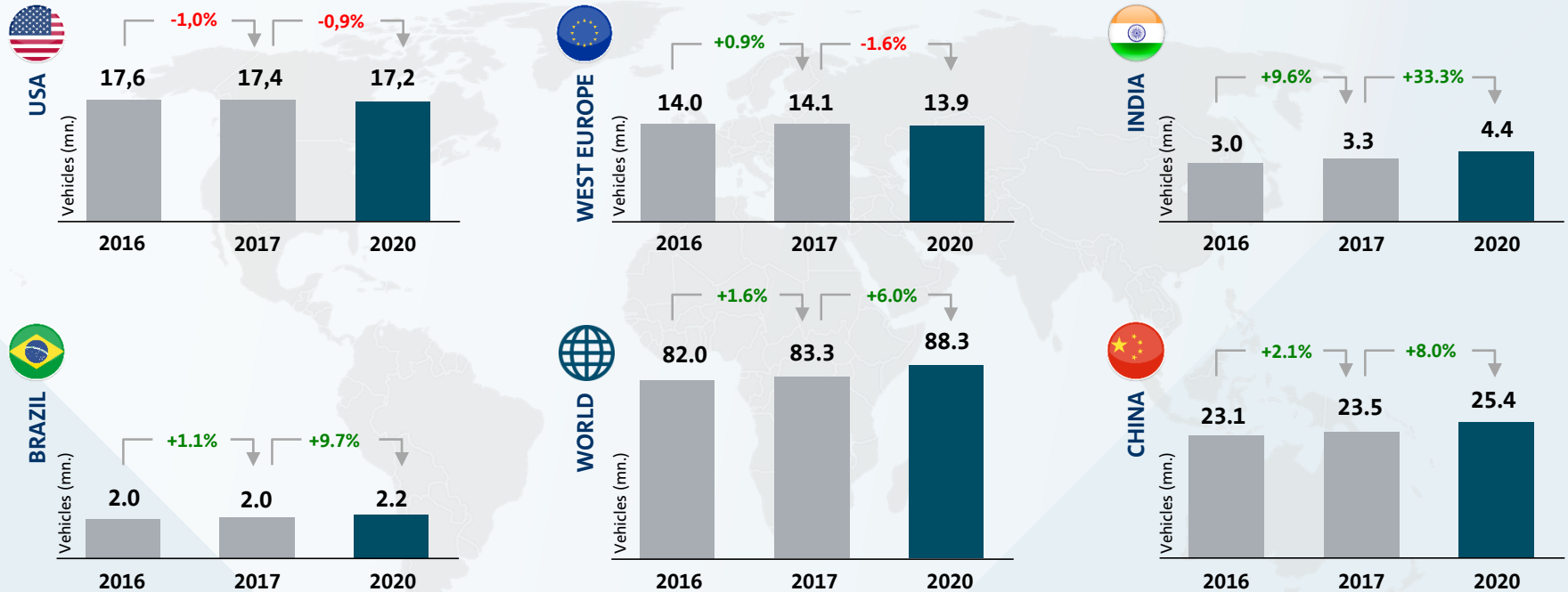
Total market passenger cars – Annual growth rate



IHS Markit Jan 2017 Forecast

Source: GDP: IHS Markit Jan 2017 | TRIAD = USA + WEU + Japan | Total market for passenger cars in North and South America defined as per 'Light Vehicles' (includes light commercial vehicles)

Car Market Outlook 2020: Stagnation in USA and Europe; recovery in Brazil from a low base; slower growth rates in China; India with solid growth



Source: IHS Markit Global Sales forecast 2017M01; Total market for passenger cars in North and South America defined as per 'Light Vehicles' (includes light commercial vehicles)

Global segment trends show increasing preference for SUV/CUVs across key markets



USA

'Light truck' market reaches historical high share in 2016



WEST EUROPE

Growth in A0, A and B SUV/CUV, while Hatchbacks and MPVs suffer



RUSSIA

Downsizing to A0 Sedans benefits due to deteriorating economic situation



BRAZIL

Premium Market declines faster than the total market in 2016



INDIA

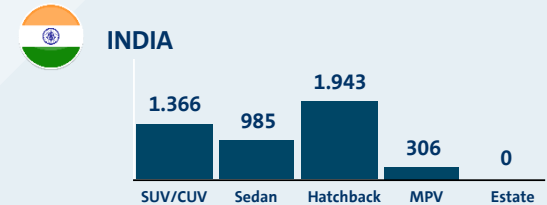
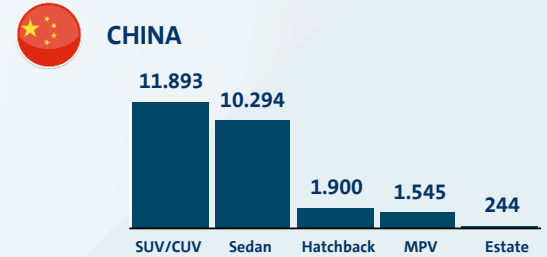
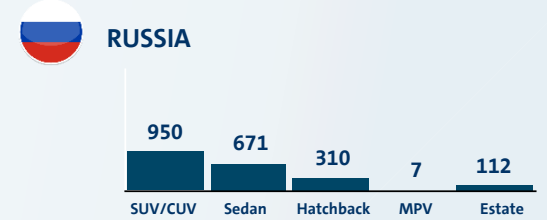
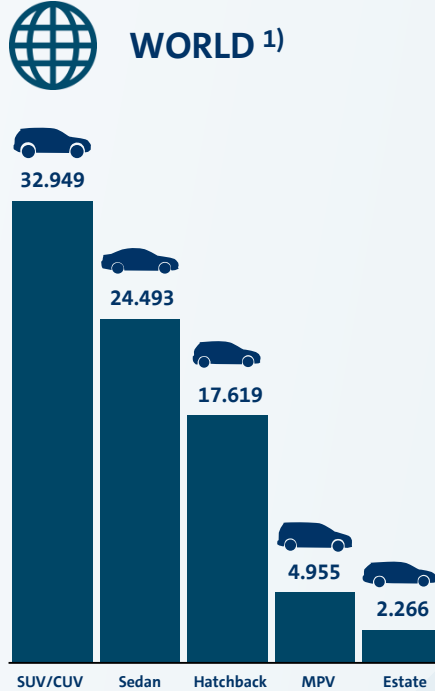
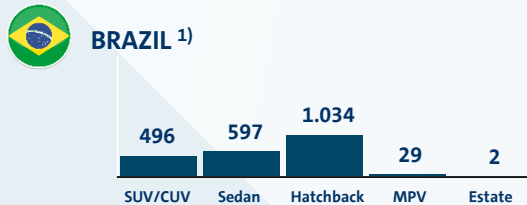
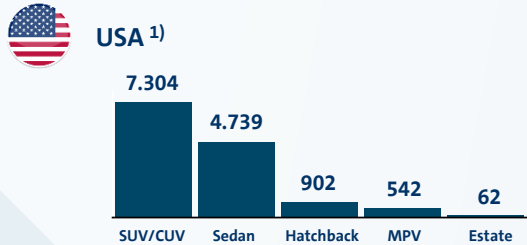
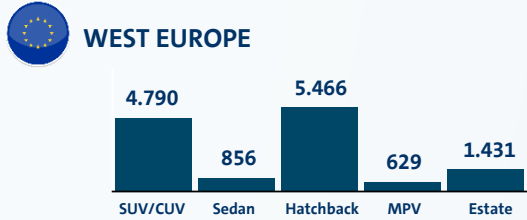
Demand for smaller SUV/CUV continues to grow, while Hatchbacks suffer



CHINA

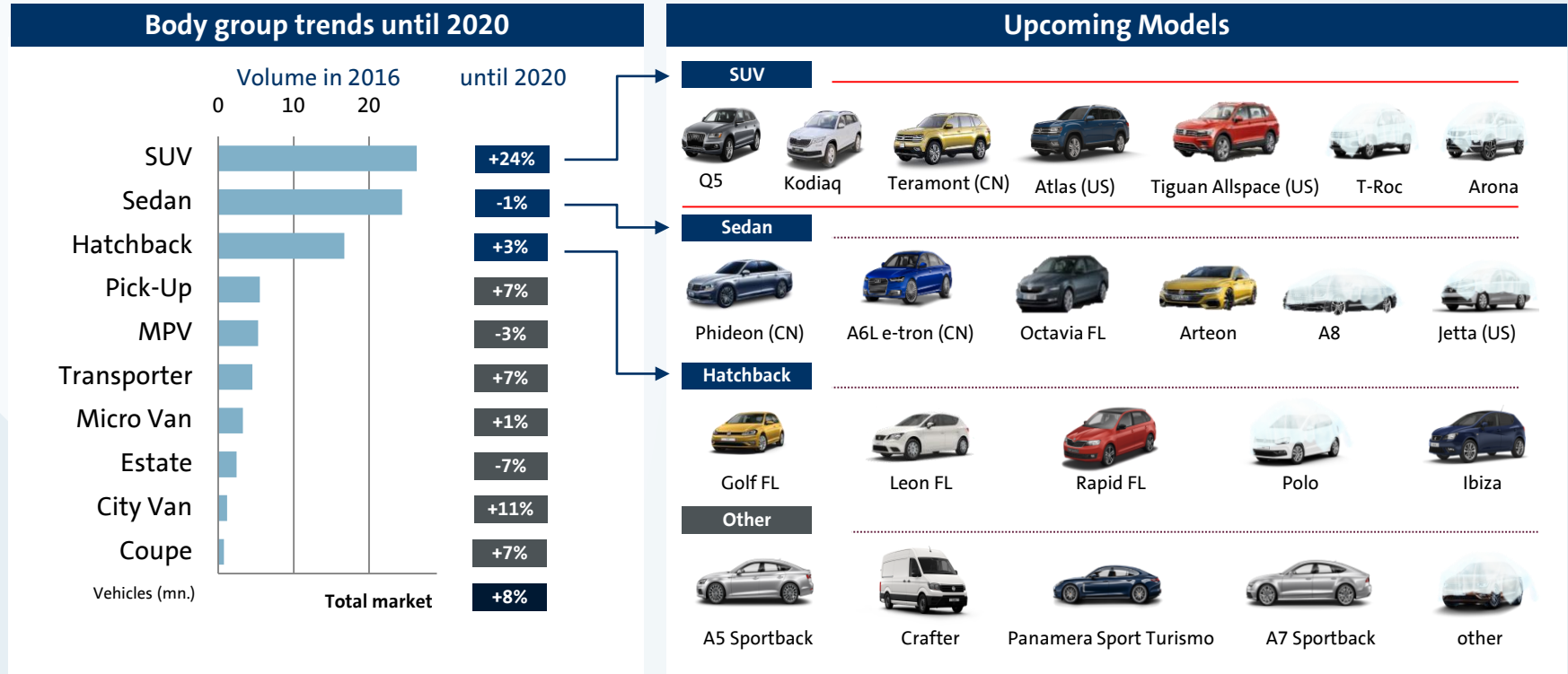
SUV/CUVs continue to win share from Sedans, MPV to grow

SUV/CUV to be the top selling bodystyle in many markets (Vol. Thd. Ø 2017-25)



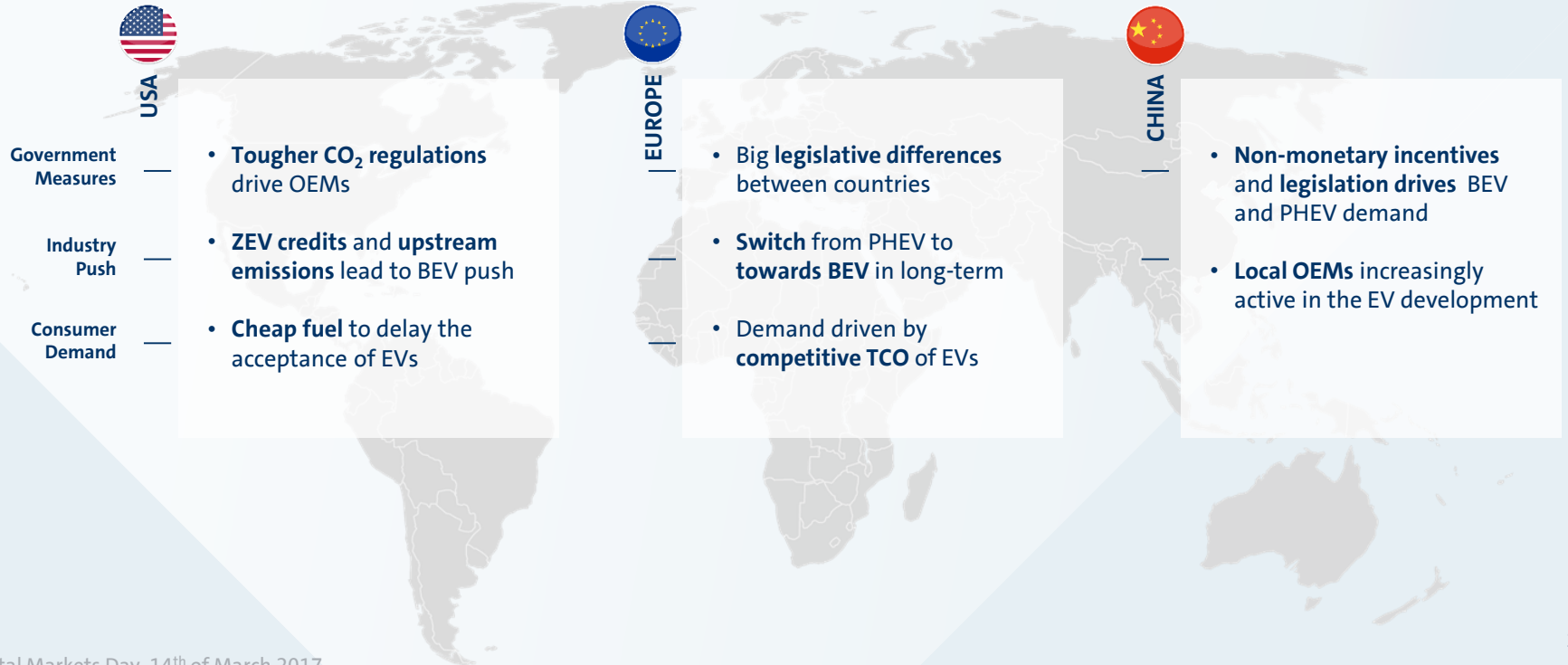
Source: IHS Markit Global Sales forecast 2017M01; 1) Total market for passenger cars in North and South America defined as per 'Light Vehicles' (includes light commercial vehicles)

Volkswagen Group product roadmap aligned with expected future market trends

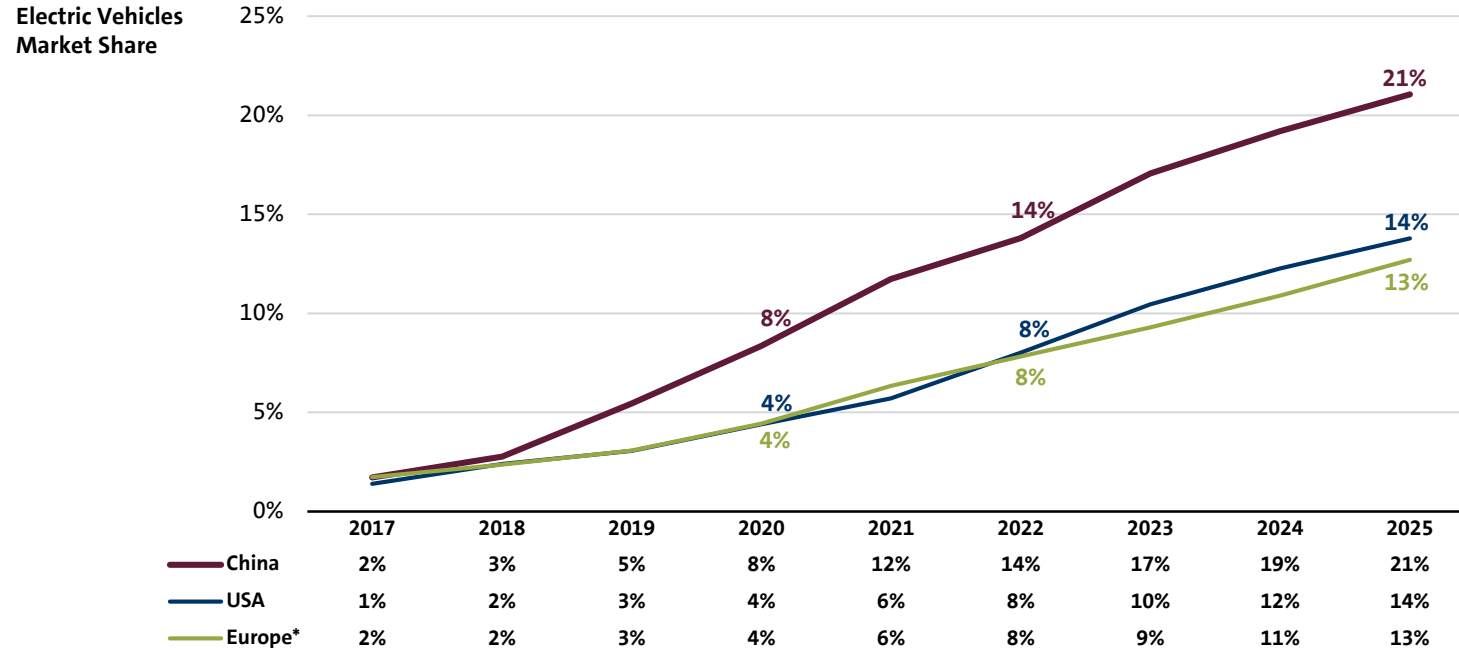


Source: IHS Markit Global Sales forecast 2017M01; Cars + LCVs; all figures rounded

E-Mobility: Global Spotlights



External Forecast for E-Mobility: China is expected to lead the overall demand for Electric Vehicles, while the USA and Europe will lag behind



Source: IHS Markit Electrification Scenario October 2016; Electric Vehicles include battery electric vehicles (BEV), range extended electric vehicles (REEV) and plug-in hybrid electric vehicles (PHEV)

*Europe: EU-28

Volkswagen Group Capital Markets Day 2017

Global economy, Car market trends & regions

Fred Kappler
Head of Group Sales