

VOLKSWAGEN

AKTIENGESELLSCHAFT



*moving*  
people

**Volkswagen Group**

**Dr Thomas Sedran**

Senior Vice President Group Strategy

Goldman Sachs 8<sup>th</sup> Annual Global Automotive Conference, London, 9 December 2016

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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.

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TOGETHER – Strategy 2025

Financials

Outlook 2016

Diesel Status

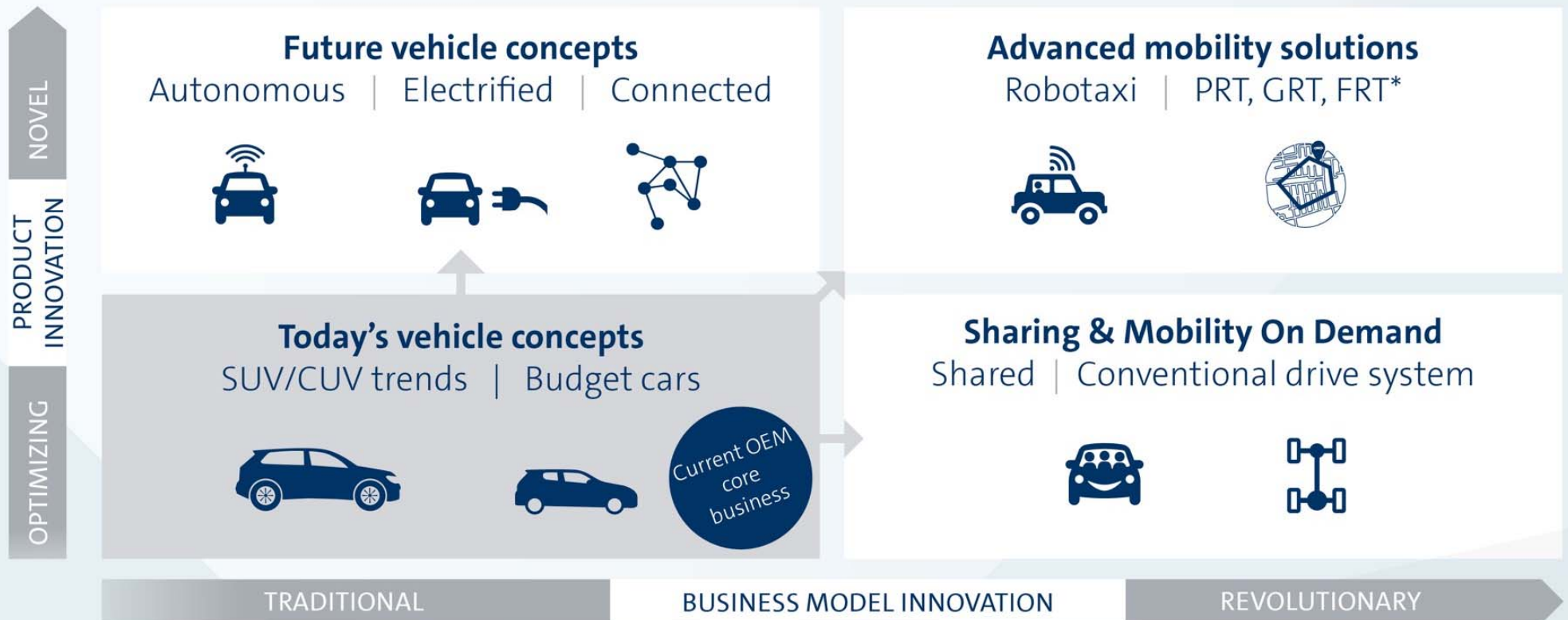
Volkswagen going forward

**T**  **GETHER**

STRATEGY 2025

# HOW OUR INDUSTRY IS CHANGING

The key trends in the automotive world at a glance



\*PRT = Personal Rapid Transit; GRT = Group Rapid Transit; FRT = Freight Rapid Transit

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**“THE REVOLUTIONARY CHANGE  
IN OUR INDUSTRY IS A CHALLENGE,  
BUT AT THE SAME TIME  
A HUGE OPPORTUNITY”**

M. Müller, CEO, June 16<sup>th</sup> 2016

## 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
- 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
- 8 Implement model line organization
- 9 Realign “Components” business



Transform  
core business

DEVELOP  
STRATEGIC  
CAPABILITIES

ENHANCE  
ENTREPRE-  
NEURIAL SPIRIT

- 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

## THE ELECTRIFICATION INITIATIVE OF THE VOLKSWAGEN GROUP

- ◆ Goal: to position Volkswagen as a driving force behind the expansion of electro-mobility; e-car to become a new hallmark of the Group
- ◆ >30 new pure-electric vehicles by 2025
- ◆ Annual unit sales of 2 to 3 million e-cars by 2025, equivalent to 20–25 percent of total sales



## EFFICIENCY ENHANCEMENTS AS EARNINGS DRIVER

- ◆ Goal: to boost operational excellence across all business divisions and brands
- ◆ Boost investment efficiency, moderately reduce capex ratio to around 6 percent by 2025 (convergence with industry level)
- ◆ Enhance efficiency of research and development expenditures, lower R&D ratio to around 6.0 percent
- ◆ Lower selling, general and administrative expenses (SG&A), relative to sales revenue, to under 12 percent





## NEW FINANCIAL TARGETS ADOPTED: FOCUS ON PROFITABILITY

| Key financial targets                                    | 2015<br>Actual | 2025 |
|--|----------------|------|
| <b>Operating return on sales</b><br>before special items | 6.0%           | 7–8% |
| <b>Return on capital</b><br>Automotive Division          | 13.8%          | >15% |
| <b>Capex ratio</b><br>Automotive Division                | 6.9%           | ~6%  |

## THE VOLKSWAGEN GROUP OF THE FUTURE WILL INSPIRE PEOPLE

### TOGETHER...

... we will create smart mobility solutions that  
simplify and enrich our customers' lives



... we will reduce the environmental burden  
with eco-friendly drivetrain technologies



... we will continue to raise the bar in emotion and quality



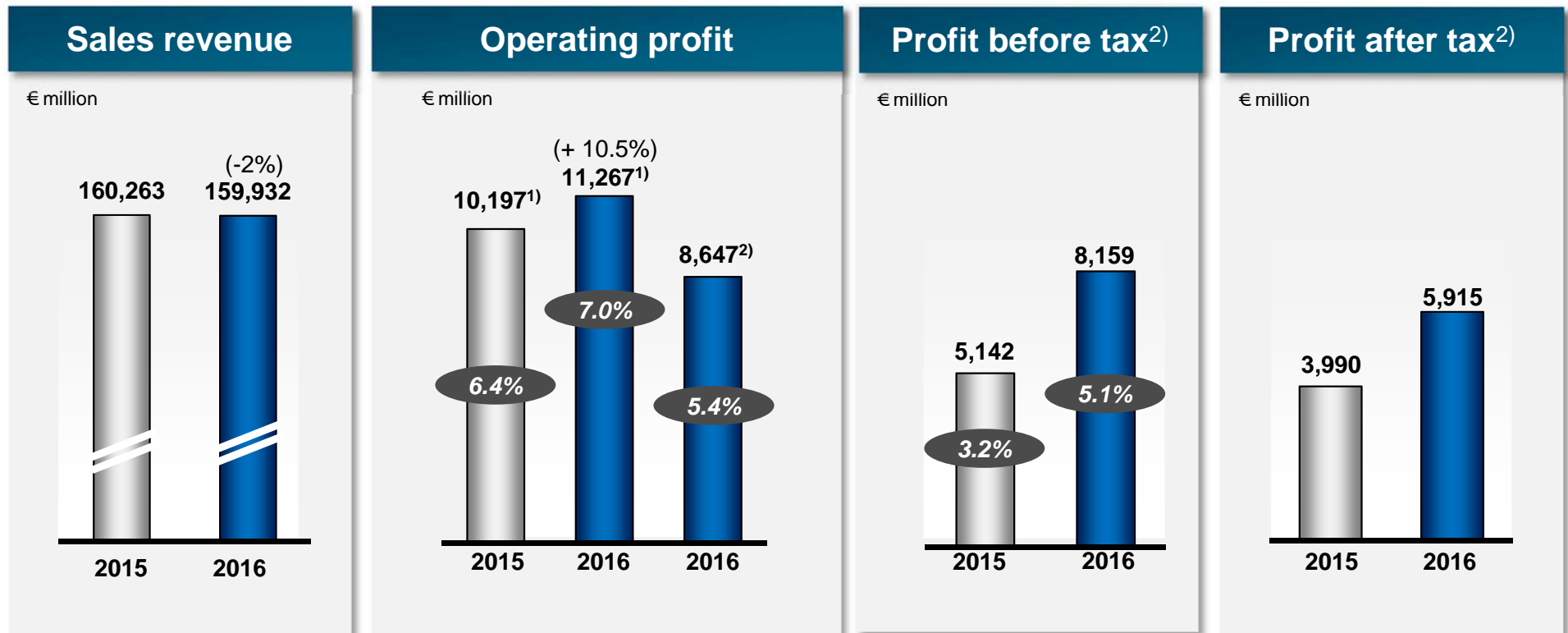
... we will shape the future of our industry



... we will build an enterprise of which we can be truly proud.

# Financial highlights – Volkswagen Group

(January to September 2016 vs. 2015)



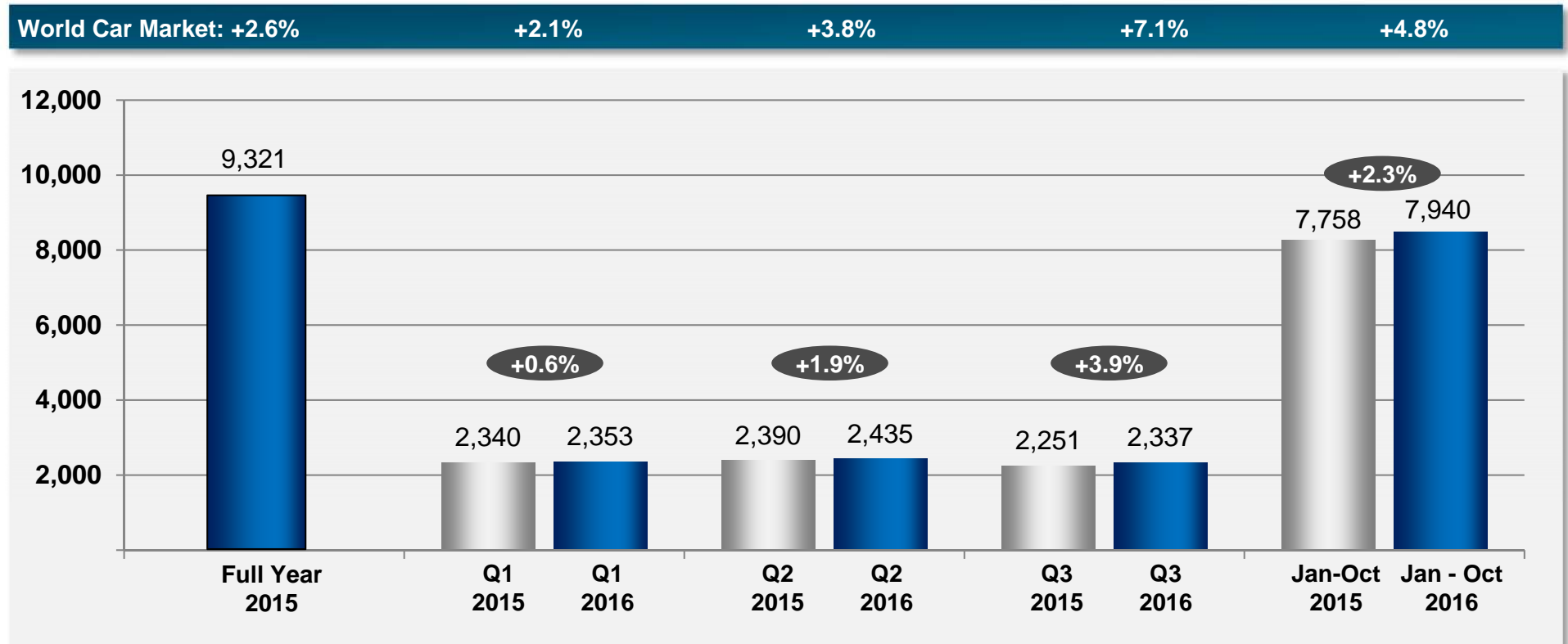
1) Before Special items  
2) After Special items

x.x% Operating profit / profit before tax in % of sales revenue

## Development Volkswagen Group car deliveries to customers<sup>1)</sup>

(in comparison to previous year)

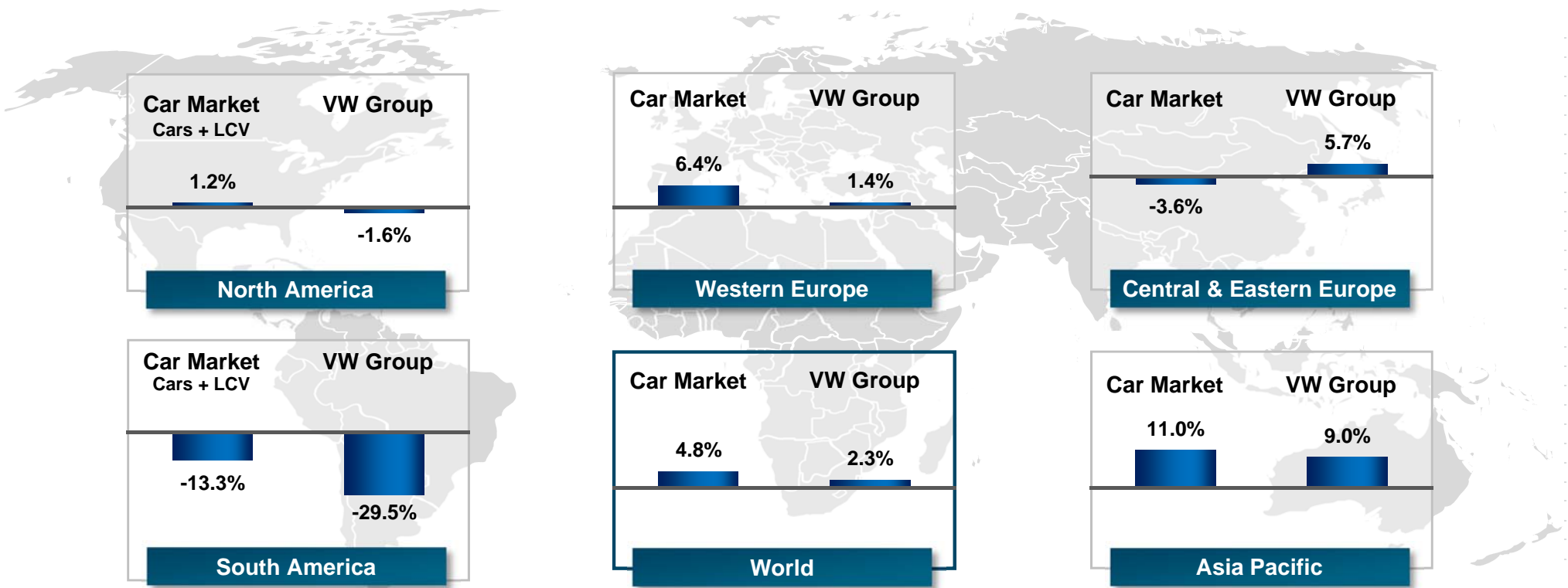
In '000 units



<sup>1)</sup> Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

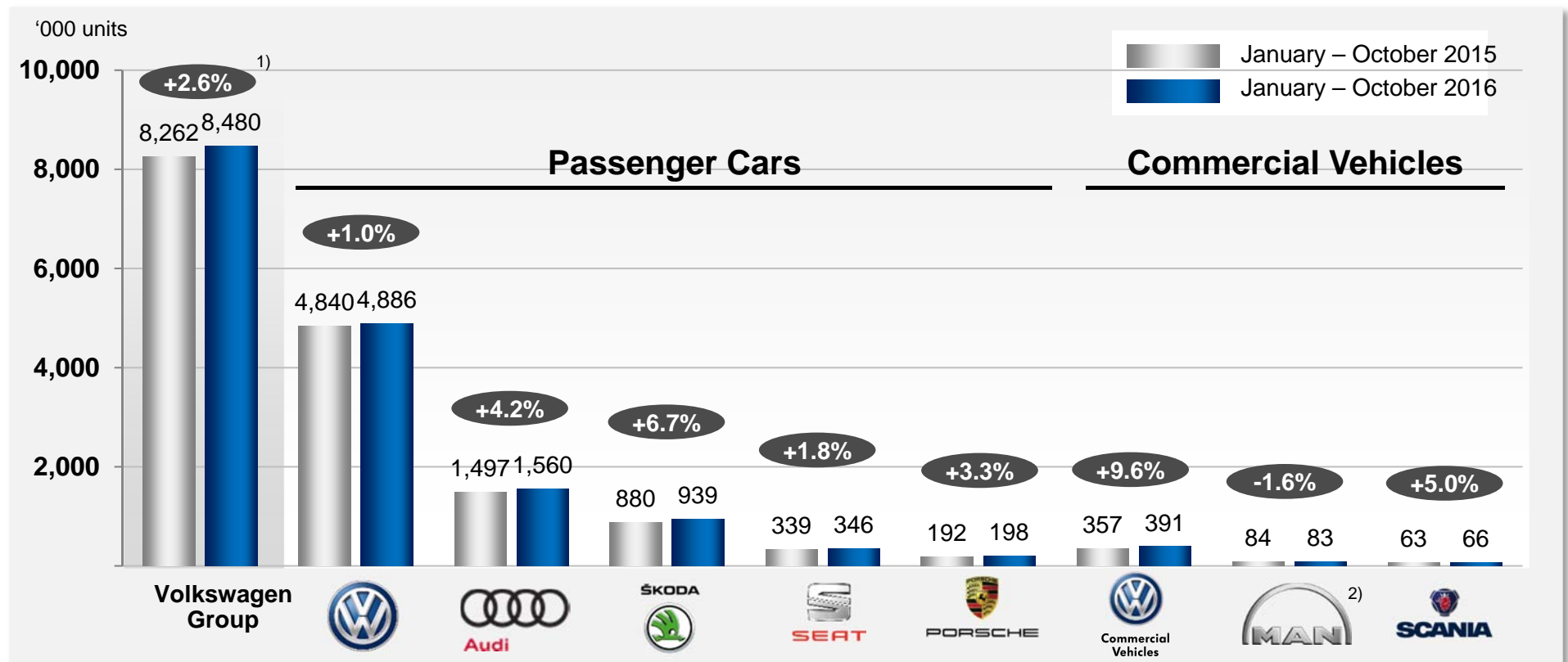
## Development World Car Market vs. Volkswagen Group Car Deliveries to Customers<sup>1)</sup>

(Growth y-o-y in deliveries to customers, January to October 2016 vs. 2015)



<sup>1)</sup> Figures excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles

## Volkswagen Group – Deliveries to Customers by Brands (January to October 2016 vs. 2015)

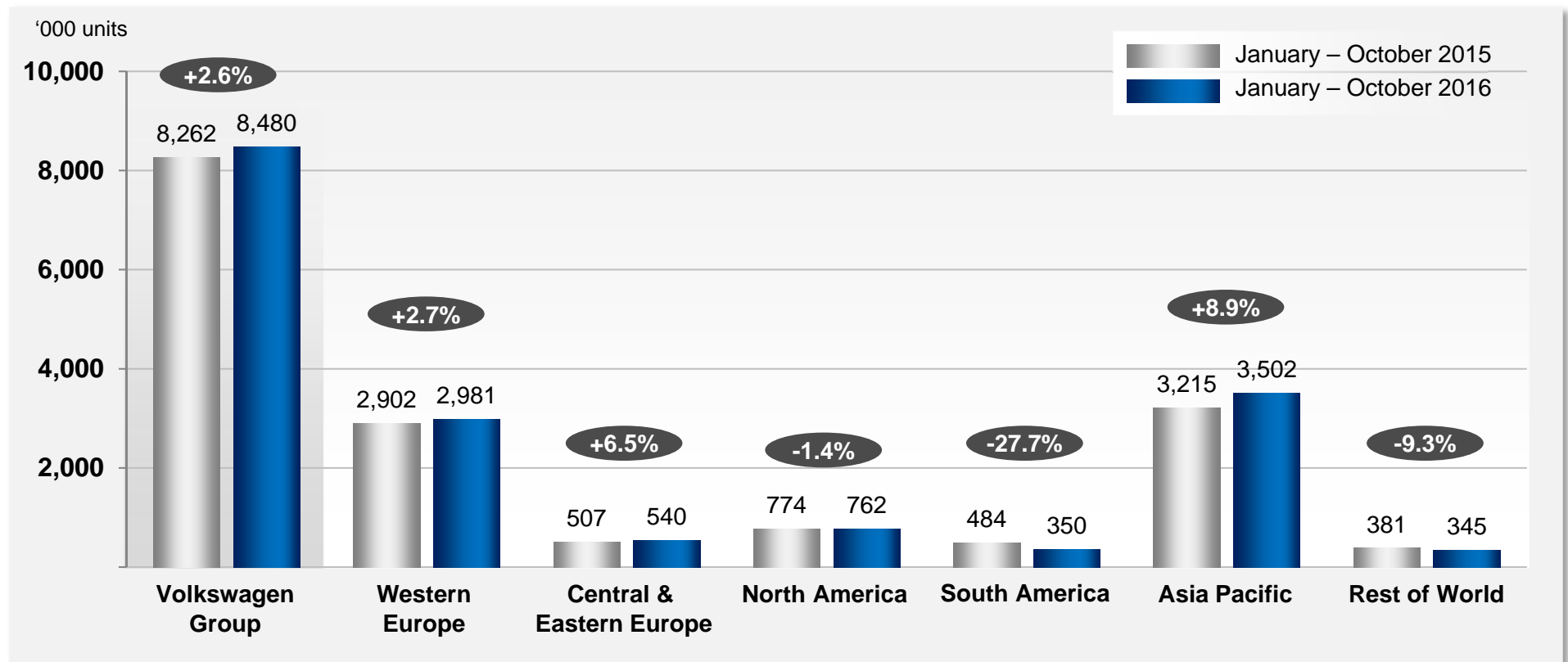


<sup>1)</sup> Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.3% excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles.

<sup>2)</sup> MAN Commercial Vehicles incl. MAN Latin America Trucks and Busses GVW > 5t

## Volkswagen Group – Deliveries to Customers by Markets<sup>1)</sup>

(January to October 2016 vs. 2015)



<sup>1)</sup> Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.

## Volkswagen Group – Key financial figures<sup>1)</sup> (January to September 2016 vs. 2015)

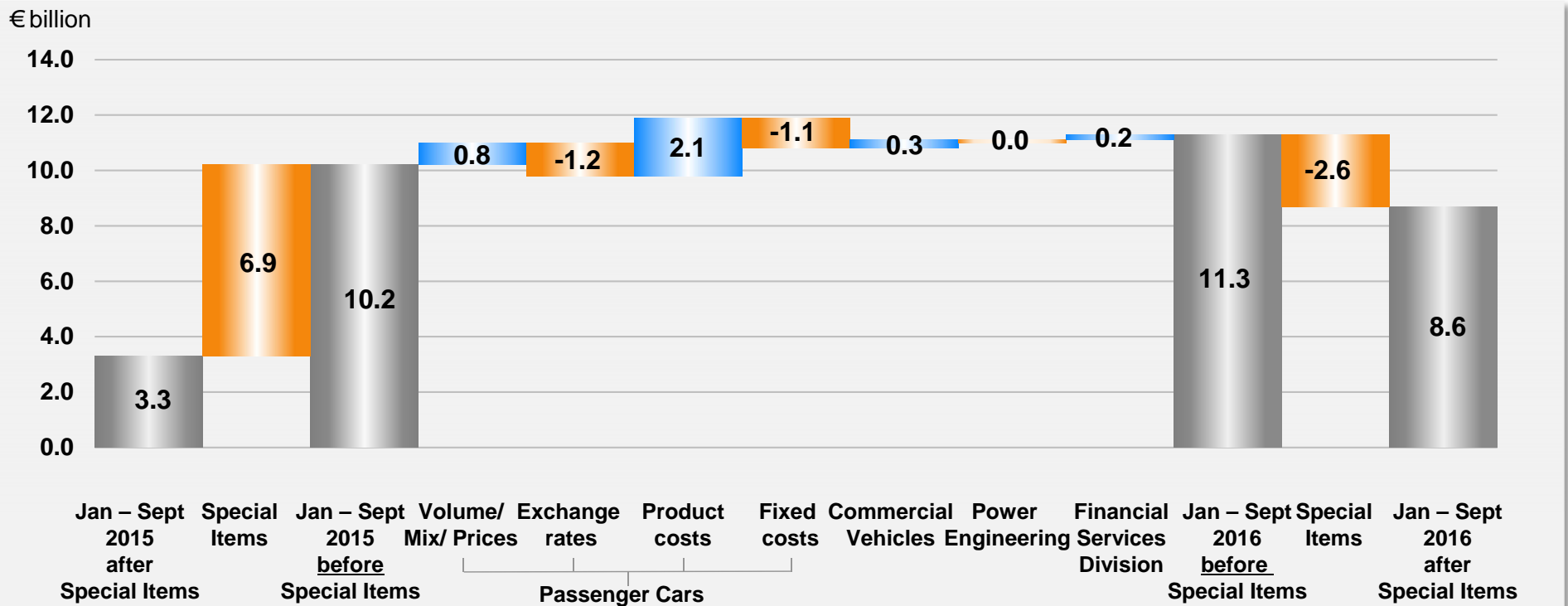
| thousand vehicles / € million            | 2016    | 2015    | +/- (%) |
|--|---------|---------|---------|
| Vehicle Sales <sup>2)</sup>              | 7,653   | 7,440   | +2.9    |
| Sales revenue                            | 159,932 | 160,263 | -0.2    |
| Operating profit before Special Items    | 11,267  | 10,197  | +10.5   |
| <i>% of sales revenue</i>                | 7.0     | 6.4     |         |
| Operating profit                         | 8,647   | 3,342   | x       |
| <i>% of sales revenue</i>                | 5.4     | 2.1     |         |
| Financial result                         | -488    | 1,800   | x       |
| of which: At-equity result <sup>2)</sup> | 2,627   | 3,128   | -16.0   |
| of which: Other financial result         | -3,116  | -1,327  | x       |
| Profit before tax                        | 8,159   | 5,142   | +58.7   |
| <i>% Return on sales before tax</i>      | 5.1     | 3.2     |         |
| Profit after tax                         | 5,915   | 3,990   | +48.2   |

<sup>1)</sup> 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.

<sup>2)</sup> 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 €3,594 million (€3,777 million).



## Volkswagen Group – Analysis of operating profit<sup>1)</sup> (January to September 2016 vs. 2015)



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

## Volkswagen Group – Analysis by business line<sup>1)</sup>

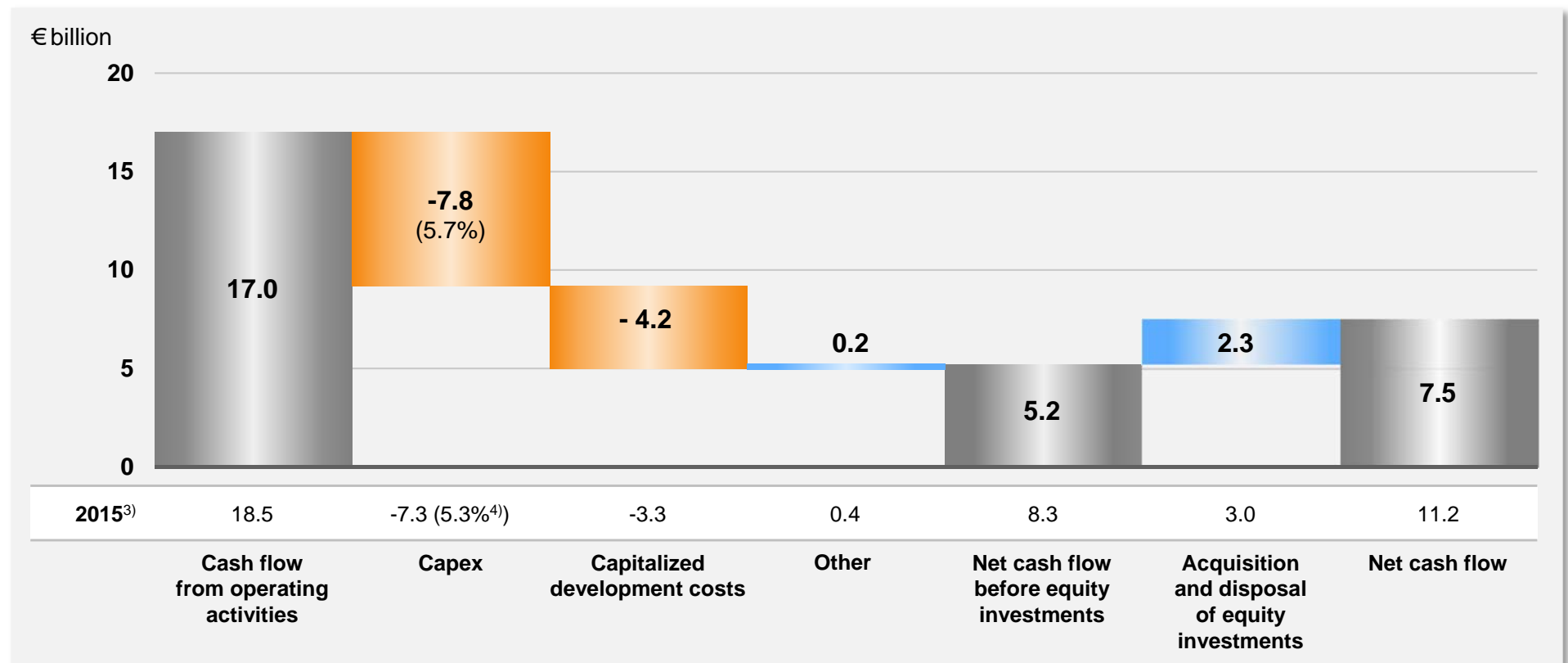
(January to September 2016 vs. 2015)

| thousand vehicles/ € million                 | Vehicle sales |              | Sales revenue  |                | Operating profit   |                      |
|--|---------------|--------------|----------------|----------------|--------------------|----------------------|
|  | 2016          | 2015         | 2016           | 2015           | 2016               | 2015                 |
| Volkswagen Passenger Cars                    | 3,234         | 3,343        | 77,725         | 79,972         | 1,244              | 2,229                |
| Audi   | 1,166         | 1,158        | 44,017         | 43,695         | 3,918              | 4,024                |
| ŠKODA  | 606           | 605          | 10,113         | 9,280          | 940                | 734                  |
| SEAT   | 400           | 404          | 6,535          | 6,388          | 137                | 12                   |
| Bentley                                      | 8             | 7            | 1,411          | 1,364          | 54                 | 57                   |
| Porsche <sup>2)</sup>                        | 177           | 169          | 16,470         | 16,471         | 2,858              | 2,546                |
| Volkswagen Commercial Vehicles               | 342           | 335          | 8,045          | 7,537          | 392                | 313                  |
| Scania <sup>2)</sup>                         | 60            | 56           | 8,272          | 7,686          | 802                | 748                  |
| MAN Commercial Vehicles                      | 74            | 74           | 7,213          | 7,247          | 204                | 52                   |
| MAN Power Engineering                        | -             | -            | 2,567          | 2,756          | 176                | 227                  |
| VW China <sup>3)</sup>                       | 2,803         | 2,492        | -              | -              | -                  | -                    |
| Other  | -1,217        | -1,204       | -42,771        | -41,538        | -993 <sup>4)</sup> | -2,126 <sup>4)</sup> |
| Volkswagen Financial Services                | -             | -            | 20,337         | 19,403         | 1,534              | 1,381                |
| <b>Volkswagen Group before Special Items</b> | -             | -            | -              | -              | <b>11,267</b>      | <b>10,197</b>        |
| Special Items                                | -             | -            | -              | -              | -2,620             | -6,855               |
| <b>Volkswagen Group</b>                      | <b>7,653</b>  | <b>7,440</b> | <b>159,932</b> | <b>160,263</b> | <b>8,647</b>       | <b>3,342</b>         |
| Automotive Division <sup>5)</sup>            | 7,653         | 7,440        | 136,889        | 138,302        | 6,841              | 1,726                |
| of which: Passenger Cars                     | 7,178         | 6,974        | 111,044        | 113,325        | 6,359              | 1,203                |
| of which: Commercial Vehicles                | 475           | 466          | 23,278         | 22,221         | 491                | 489                  |
| of which: Power Engineering                  | -             | -            | 2,567          | 2,756          | -9                 | 34                   |
| Financial Services Division                  | -             | -            | 23,042         | 21,961         | 1,806              | 1,615                |

<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Incl. financial services. <sup>3)</sup> Sales revenue and operating profit of the JV's in China are not included in the Group figures. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €3,594 million (€3,777 million). <sup>4)</sup> Mainly intragroup items, in particular from elimination of intercompany profits; incl. depreciation and amortization of identifiable assets as part of the PPA for Scania, Porsche Holding Salzburg, MAN and Porsche. <sup>5)</sup> Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

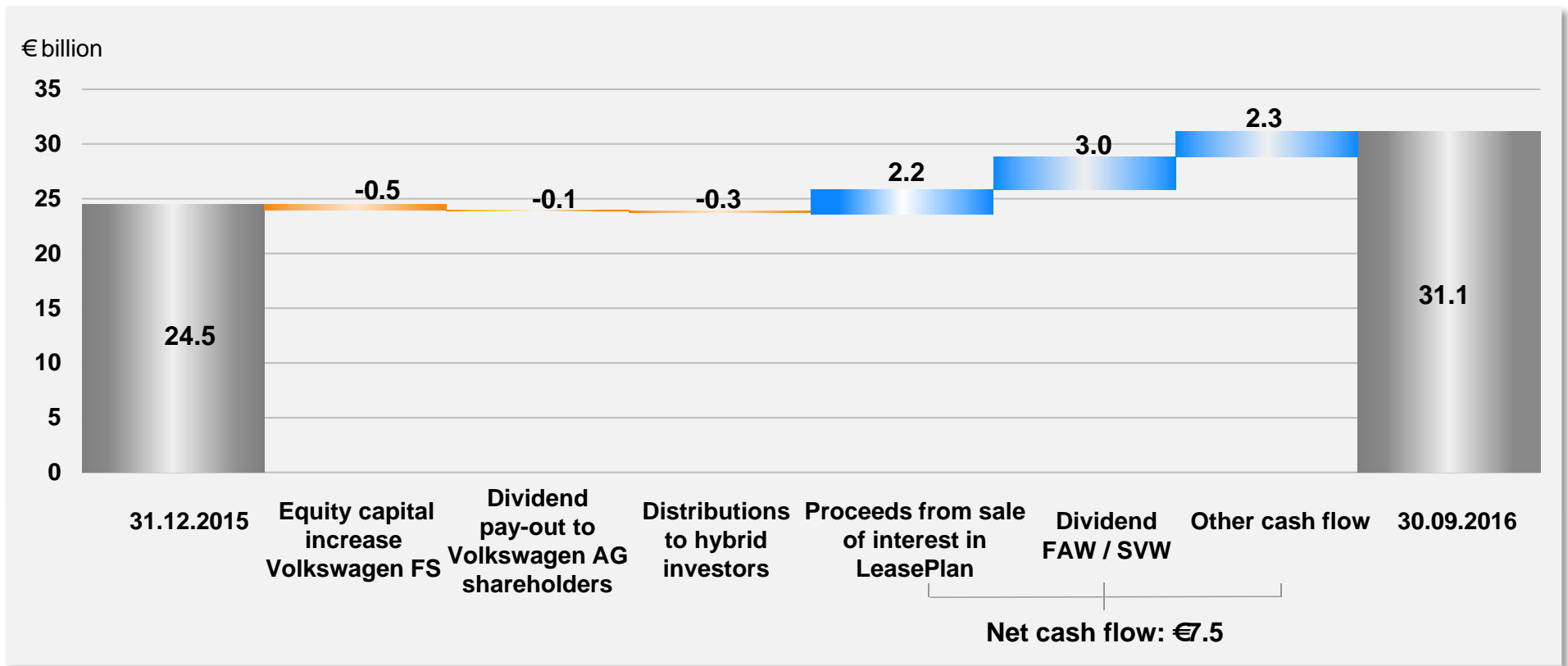
## Automotive Division – Strong cash generation<sup>1) 2)</sup>

(January to September 2016)



<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Including allocation of consolidation adjustments between Automotive and Financial Services divisions. <sup>3)</sup> prior-year figures adjusted <sup>4)</sup> Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

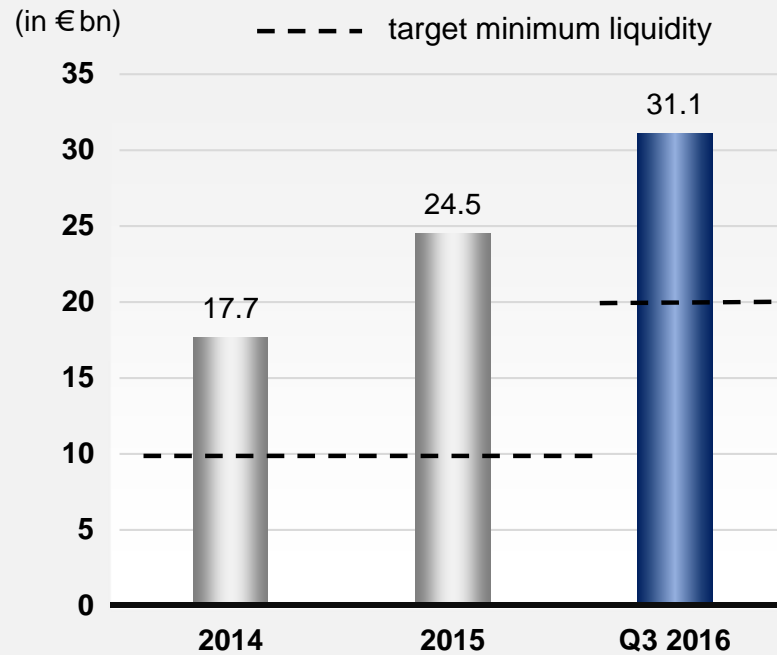
## Automotive Division – Analysis of net liquidity<sup>1)</sup>



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

## Volkswagen Group – Net liquidity and funding

### Automotive Division - Net Liquidity



### Funding programs as of 30 September 2016<sup>1)</sup>

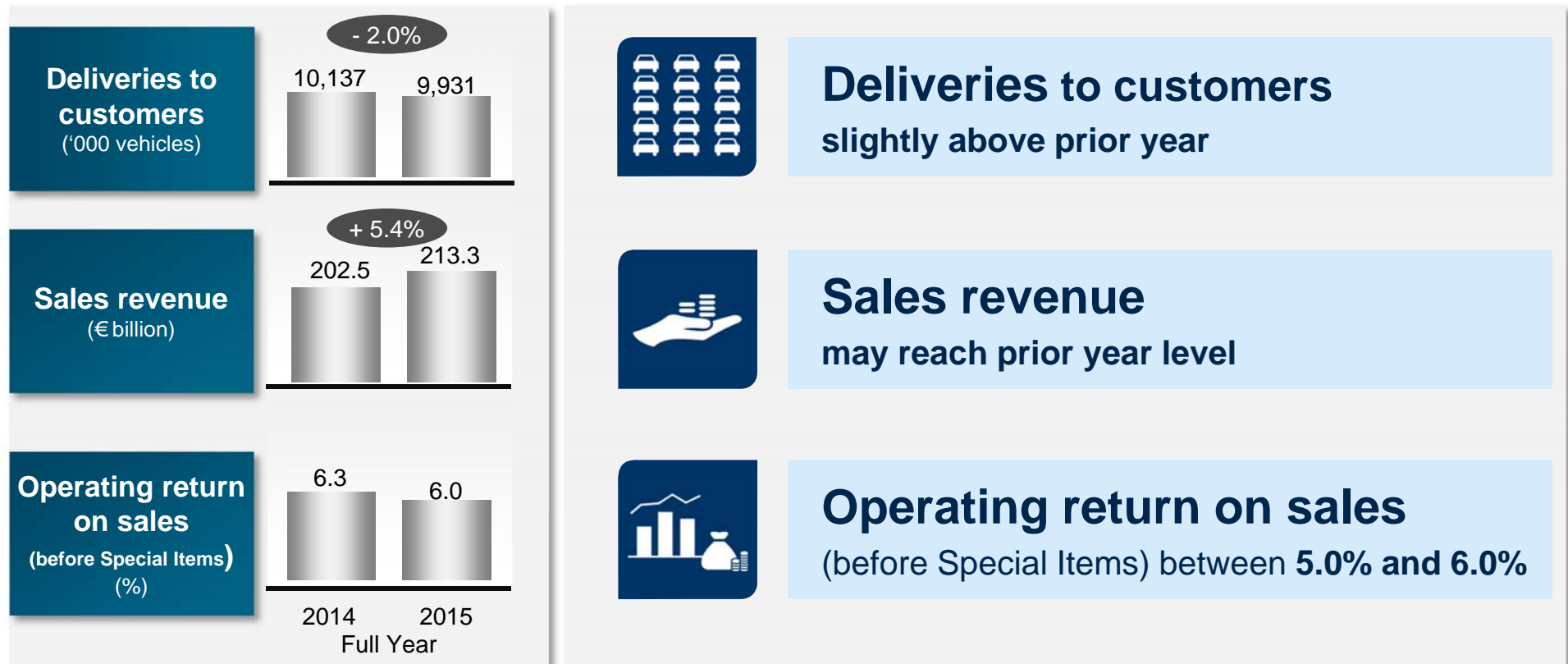
(in € bn)

| Money and Capital Markets                            | Utilization  |
|--|--------------|
| Commercial Papers                                    | 10.0         |
| Medium Term Notes / Bonds                            | 48.6         |
| <i>thereof: Hybrid Bonds</i>                         | 7.5          |
| ABS  | 33.8         |
| <b>Borrowings<sup>2)</sup></b>                       |              |
| Committed Lines                                      | 1.9          |
| Uncommitted Lines                                    | 9.9          |
| Supranationals, development banks, government, other | 15.8         |
| Direct Banking Deposits                              | 31.5         |
| <b>Total Amount</b>                                  | <b>151.5</b> |
| <b>Loan Facility to June 2017</b>                    | <b>20.0</b>  |
| Utilization 1 December, 2016                         | 0.0          |

1) Excluding Scania and Porsche FS

2) Excluding MAN and Porsche AG subsidiaries

## Volkswagen Group – Outlook for 2016



## Our 5 priorities: Focus on crisis management and realignment



### Customer solutions

- Implementation of technical solutions launched in Germany
- Schedule for further refits in Europe to be adapted in consultation with authorities
- Agreement in principle reached with U.S. authorities



### Investigation

- Process audit by Group Audit already completed at 2015 year-end, proposed measures being rapidly implemented
- Detailed investigation of facts by Jones Day ongoing



### Structure

- New management team in place
- Intensive work on new structures and leaner processes



### Mindset

- Numerous individual changes made to renew corporate and leadership culture
- Structured change process initiated



### Destination

- Development of "TOGETHER Strategy 2025" proceeding to plan
- Key financial targets with focus on profitability already communicated
- Milestones and brand specific KPI's will be implemented into next planning round

## What do the 2.0l US settlement agreements cover?

With whom?

U.S. Federal and State Regulators (DOJ, CARB, FTC), and

Private Plaintiffs represented by the Plaintiffs' Steering Committee to resolve civil claims

Which engines?

2.0L TDI Diesel engines approx. 475,000 (thereof 460,000 Volkswagen and 15,000 Audi vehicles)

Granted Final Approval on October 25, 2016

Volkswagen establishes a maximum funding pool of \$10.033bn for vehicles currently in use and eligible for :

Buyback/Lease terminations; OR  
Emissions modifications (if approved by regulators)  
+ Cash payments for affected customers

Pay \$2.7bn over 3 years to an environmental trust to remediate excess NO<sub>x</sub> emissions

Invest \$2bn over 10 years in Zero emission infrastructure, access and awareness initiatives

States resolution

Agreement with 44 states, the District of Columbia and Puerto Rico to resolve existing and potential state consumer protection claims regarding both 2.0L and 3.0L engines (approx \$603m)

- Regarding the 3.0l TDI engines, the Court set the next status hearing for December 16.
- The Court has filed its order granting preliminary approval to the settlement with VW-branded franchise dealers on October 18.
- The Court will hold a fairness hearing to consider granting final approval on January 18, 2017



## Technical solution in Europe/RoW simple and relatively easy to implement

### Predominantly software-only solution

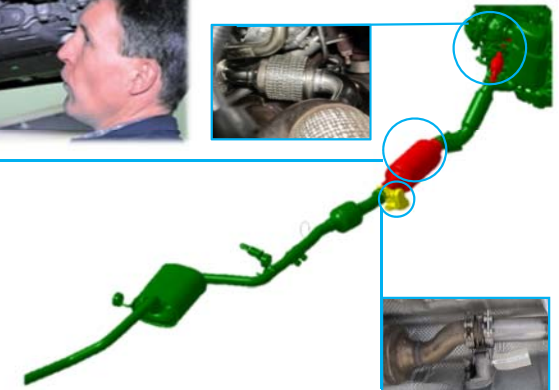


Technical solution already generally confirmed for all concepts by KBA<sup>1</sup> (~8.6m vehicles)

- Technical solution already generally confirmed for all concepts by KBA<sup>1</sup> (~8.6m vehicles)
- Gradual approval of clusters after cluster-specific KBA inspection<sup>1</sup>, ~1.7m vehicles already fixed (per end Nov)
- Update necessary
  - 2.0L (~5.2m units) and 1.2L:
    - Software fix, working time ~30 min
  - 1.6L (~3m units)
    - also simple, very cost-effective hardware solution “flow rectifier” in < 60 min.

<sup>1</sup> KBA approval relevant for EU28 and ECE user states (e.g., Turkey)

### Possibly complex hardware retrofit



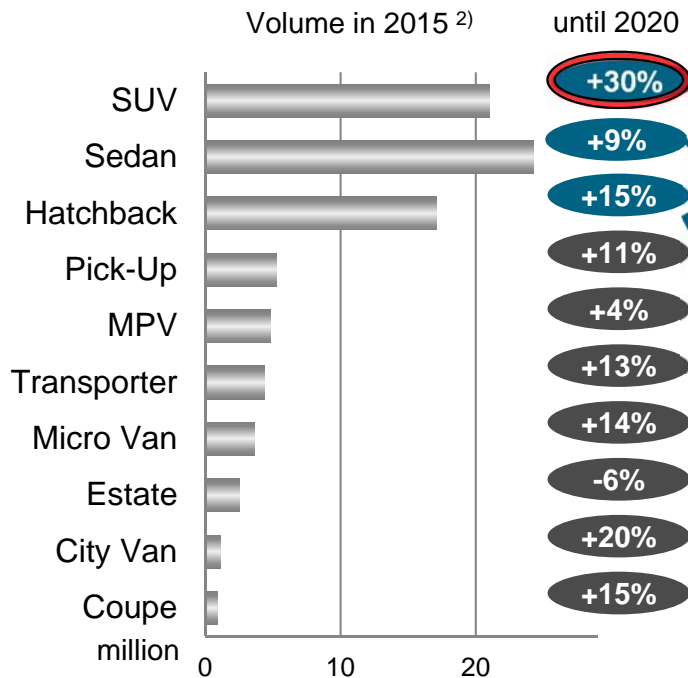
ILLUSTRATIVE



# Product roadmap aligns with expected future market trends

## Body group trends until 2020<sup>1)</sup>

## New models 2016 and to follow



| SUV  | Sedan  | Hatchback   | Other   |
|--|--|---|---|
| Bentayga                      Tiguan                      Ateca                      Q2                      Kodiahq                      Atlas                      Entry SUV                      Q5 | A6L e-tron                      Panamera                      Phideon                      Magotan                      Voyage | A3                      Leon                      Rapid (IND)                      Gol                      up!                      Golf | Beetle                      Amarok                      911                      Saveiro                      A5                      Boxster                      Cayman |

<sup>1)</sup> Source: IHS <sup>2)</sup> final figures

## Volkswagen brand has significant potential for improvement



Volkswagen

- Underperformance in the US car market
- Falling market shares in price-sensitive markets of Brazil, India and ASEAN
- Inconsistent brand image in the regions
- High increase in fixed costs
- Growing productivity gap compared to competitors
- High product complexity is weakening ability to compete in volume segment
- Product portfolio is lagging behind international trends and requirements of local customers
- High level of vertical integration / need for investment in fields without differentiation from competitors
- Centralised, functional and hierarchical organisation
- Insufficient generation of returns/cash



## Volkswagen brand has important qualities that enable it to take the lead in the volume segment



Volkswagen

- Globally acknowledged and established brand and strong customer loyalty
- High-quality portfolio – cars with character  
Golf, GTI, Tiguan, Passat, Jetta and Magotan
- Global presence and scalable platforms: Volkswagen Group backbone
- Unsurpassed market leadership in China, market leadership in Europe,  
and corresponding better price position of products
- Committed, highly qualified workforce that identifies with the brand
- Quality orientation, an eye for detail, and superb technical expertise



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



## Competitiveness

|  |  |
|--|--|
| Working Group 1<br>Production            | <ul style="list-style-type: none"> <li>• Increase of productivity by 25%</li> <li>• Reduction of plant costs</li> </ul>                                      |
| Working Group 2<br>Components            | <ul style="list-style-type: none"> <li>• Increase of productivity by 25%</li> <li>• Discontinuation of unprofitable products</li> </ul>                      |
| Working Group 3<br>Technical Development | <ul style="list-style-type: none"> <li>• Reduction of hardware-oriented development work</li> <li>• Increased efficiency in development processes</li> </ul> |
| Working Group 4<br>Administration        | <ul style="list-style-type: none"> <li>• Reduction of bureaucracy</li> </ul>   |

## Secure the Future

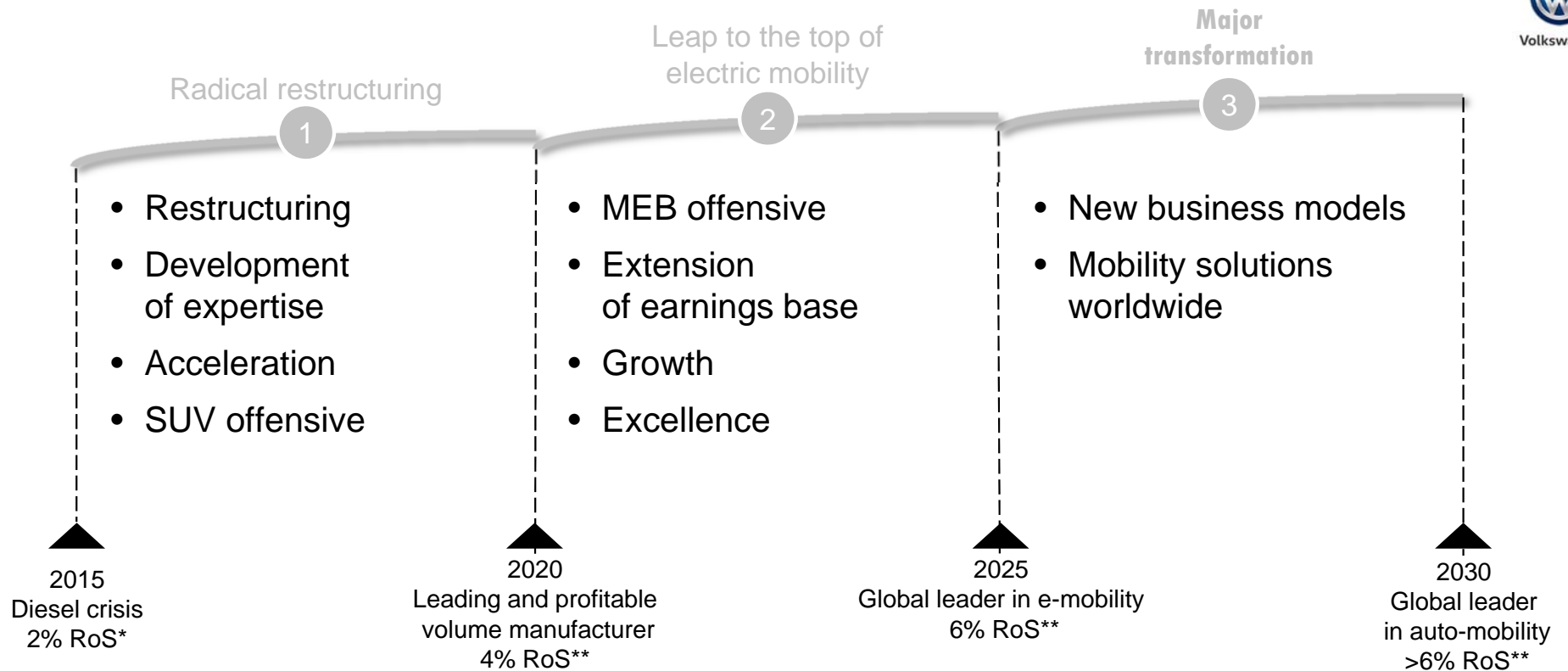
- 4 additional models:  
2 conventional and 2 MEB vehicles
- Investments in:
  - Electric drive trains
  - Pilot facility battery cell
  - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

Reduction in workforce based on demographic curve

# Strategic realignment of Volkswagen brand will take place in three phases



Volkswagen



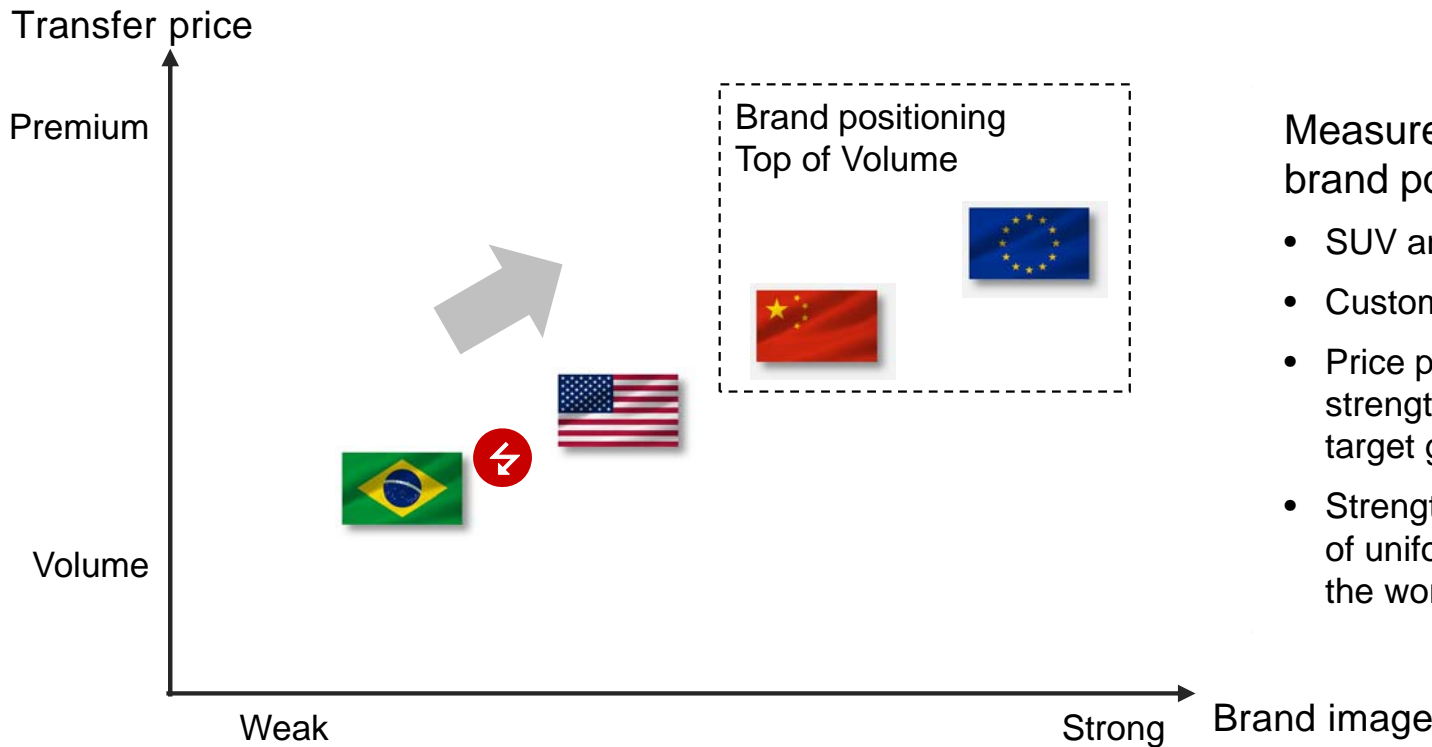
\*) before special items

\*\*) Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)

# Volkswagen brand image in critical markets will be improved step by step and brought in line with Europe



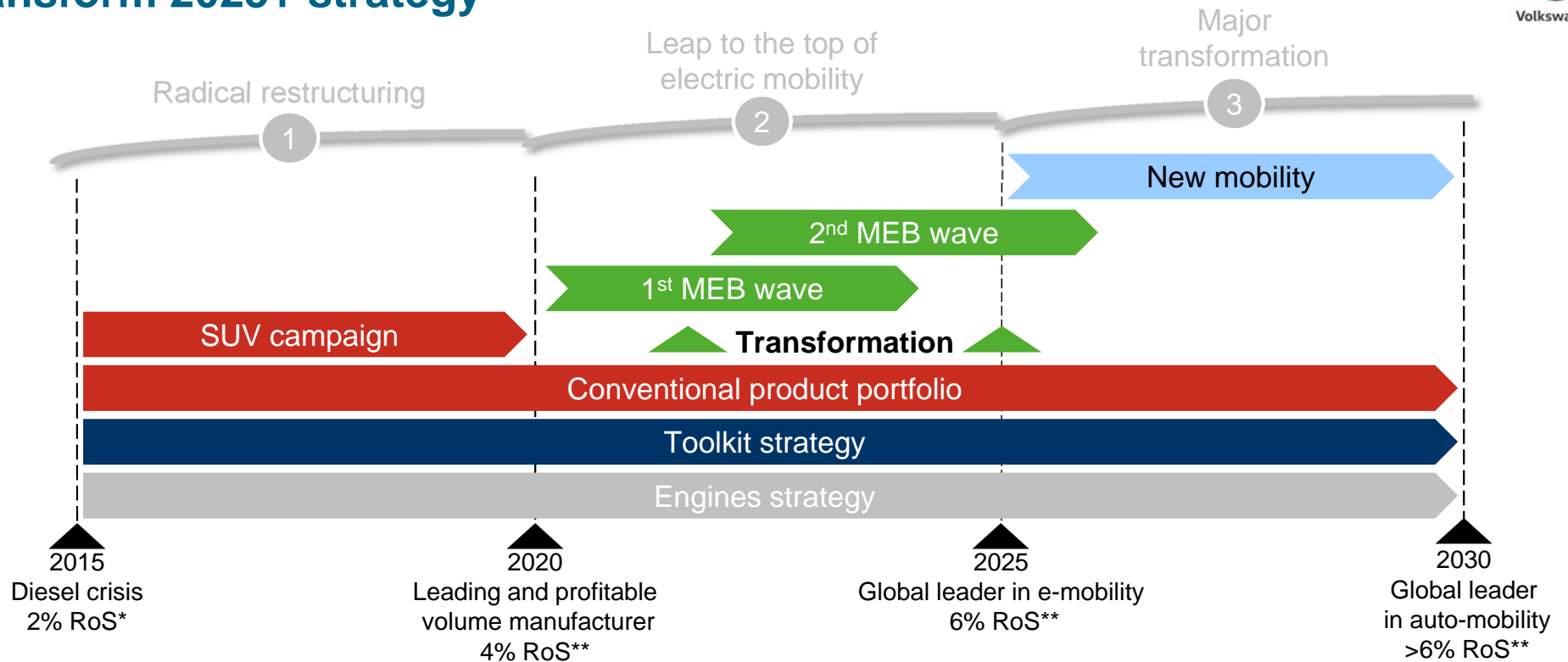
Volkswagen



## Measures for a globally consistent brand positioning

- SUV and BEV offensive
- Customer-relevant innovation
- Price positioning depending on brand strength and purchasing power in the target group of the aspiring middle class
- Strengthen brand image by means of uniform brand leadership across the world

# Realignment of product strategy oriented towards the three phases of the Transform 2025+ strategy



\*) before special items

\*\*) Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)



# Reducing complexity leads to lower expenditure, frees up resources and increases productivity



Volkswagen

| Business field            | Reduced number of variants |
|---------------------------|----------------------------|
| Successors / new vehicles | -30 to -60%                |
| Platforms                 | -40%                       |
| Drivetrains               | -30 to -40%                |

**>15,000**  
fewer component variants

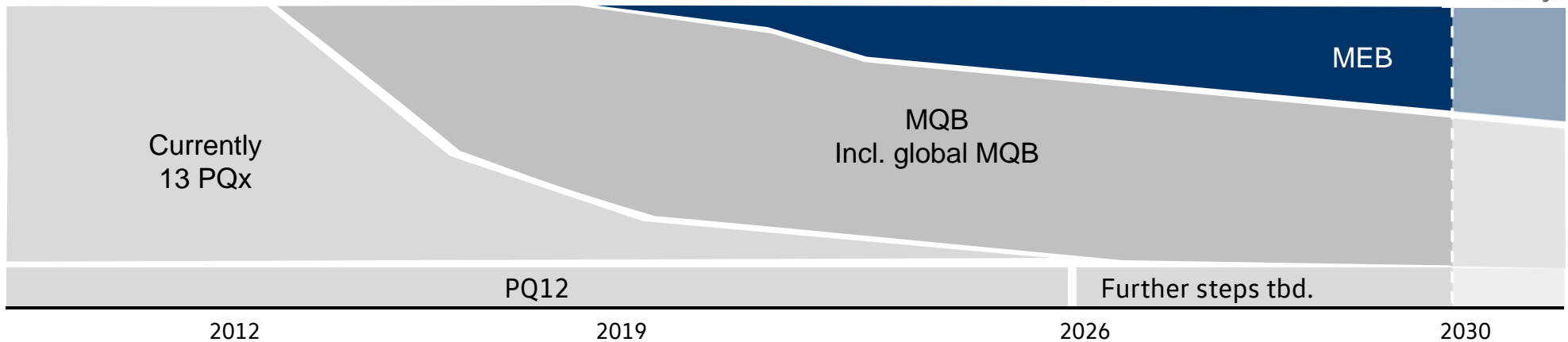


**>€700 million**  
lower initial investment

# The number of platforms will be reduced consistently to create economies of scale worldwide

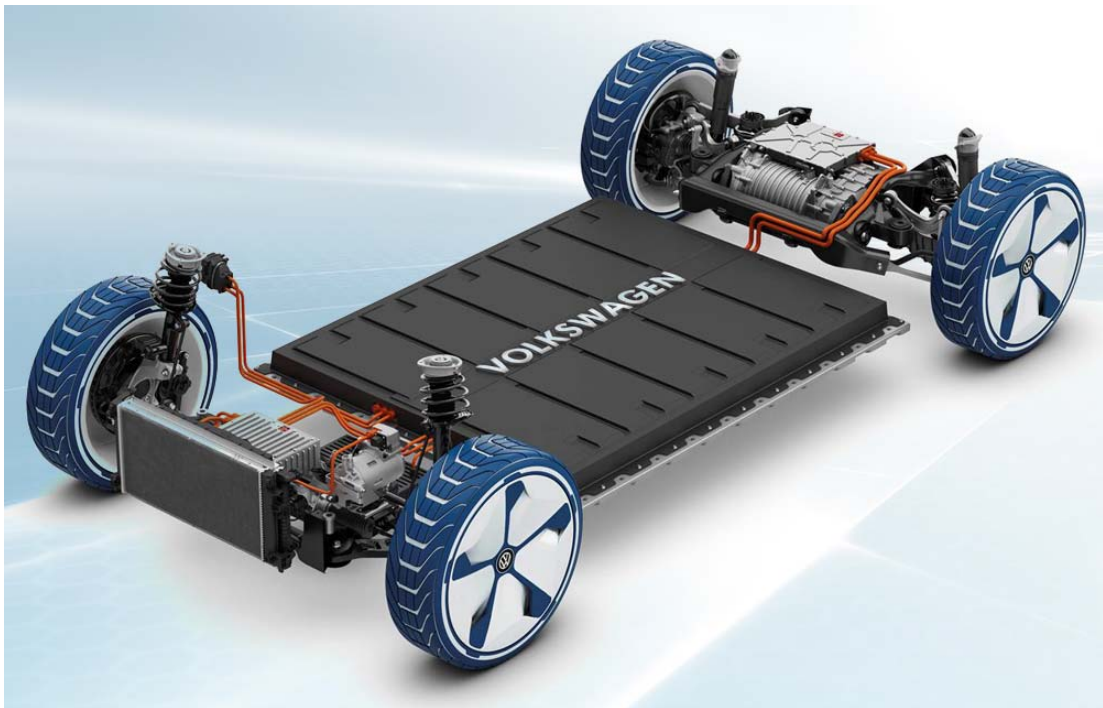


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|                            |   |
|----------------------------|---|
| New toolkit (MEB)          | MEB enables cost and concept leadership for electric vehicles   |
| Conventional toolkit (MQB) | Using MQB for second product life cycle minimises the expenditure necessary for the transformation (no further changes to platform basis necessary) |
| Old platforms (PQx)        | Avoiding expenses for maintaining and upgrading vehicles by discontinuing eleven of the PQ platforms  |

## The Volkswagen brand will implement MEB to make electric vehicles affordable and profitable



### Key measures

- Concept determined by: customer benefit and package for cost-optimized implementation of e-components
- MEB: economies of scale from use of MEB across entire Group
- “Design for manufacturing“: higher productivity, shorter manufacturing time
- Lower material and distribution costs
- Significant reduction in variants
- Early involvement of suppliers

## Volkswagen passenger cars is planning a strong comeback in the USA



### Focus on US Core Segments



Atlas



Tiguan



Jetta



Passat

### Key measures

- Extend SUV offering, focus on US core segments (SUVs, sedans)
- Market-oriented pricing
- Market-oriented alignment to local standards and customer expectations
- Reduce material, product and fixed costs
- “Electrify America”: infrastructure and locally produced cars from 2021

## A product offensive will initiate a new growth phase in South America



Volkswagen

### Product offensive in South America



Polo Global



Polo Sedan Global



Small SUV Global

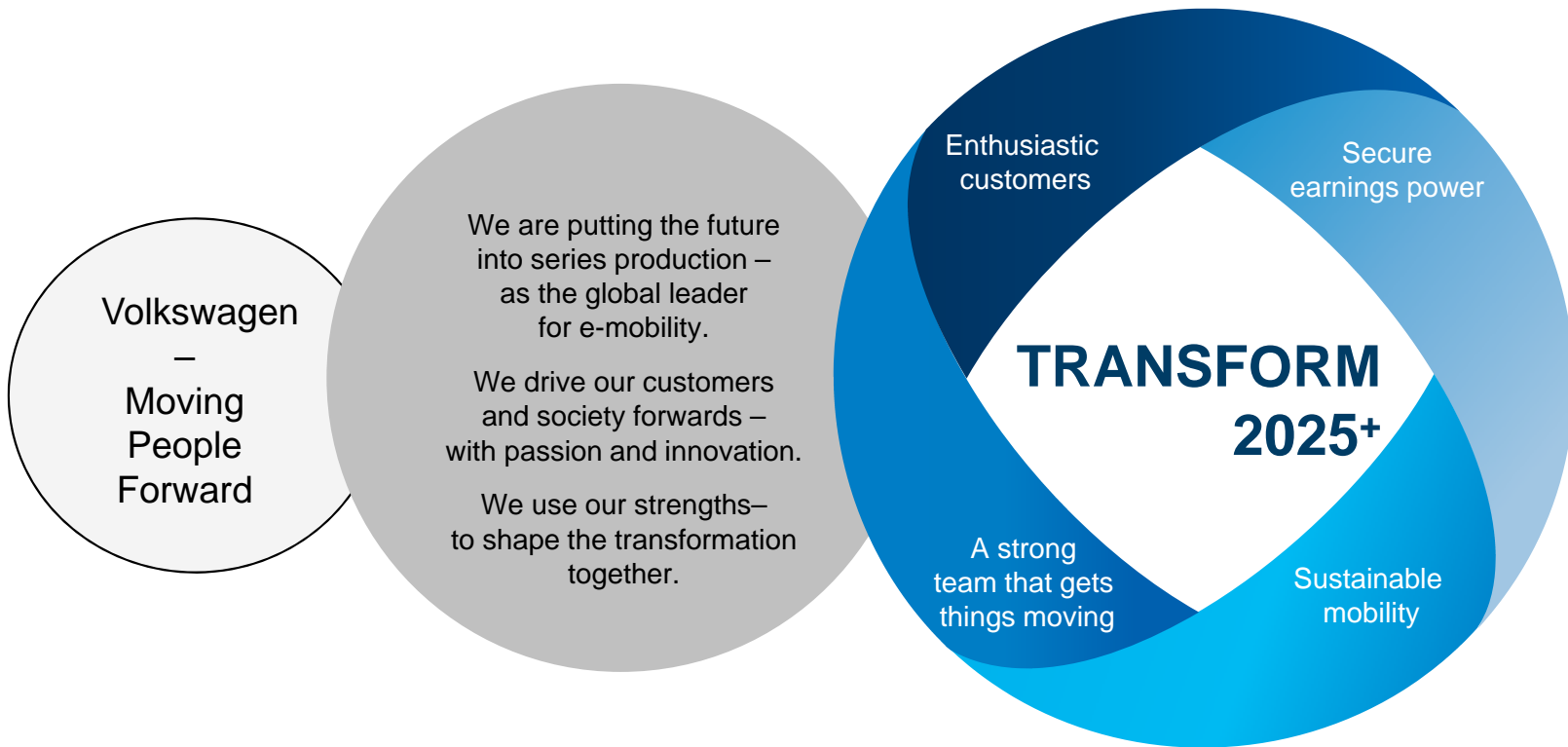
### Key measures

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5 bn investment
- New brand positioning
- New growth strategy for Latin America

# Volkswagen Brand new mission statement



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## 12 KPIs measure the achievement of the strategy in four targets



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### Enthusiastic customers

- Best-in-class recommendation from enthusiastic customers
- Top quality for the customer
- Direct customer contact in a digital environment

### Secure earnings power

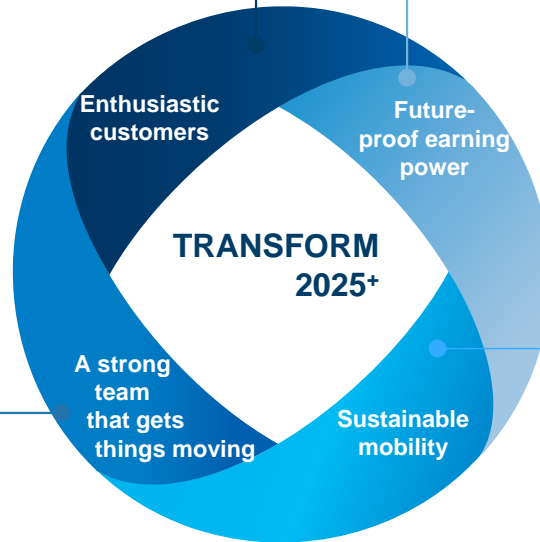
- Secure operating return
- Secure return on investment
- Ensuring financial viability

### A strong team that gets things moving

- Vibrant corporate culture and dedicated employees
- Employer of choice for top talents
- Great diversity and expertise in our team

### Sustainable mobility

- Global market leader in electric mobility
- Integrity as a guiding principle
- Reducing our carbon footprint



# Product line organisation and regionalisation are making us faster and more entrepreneurial

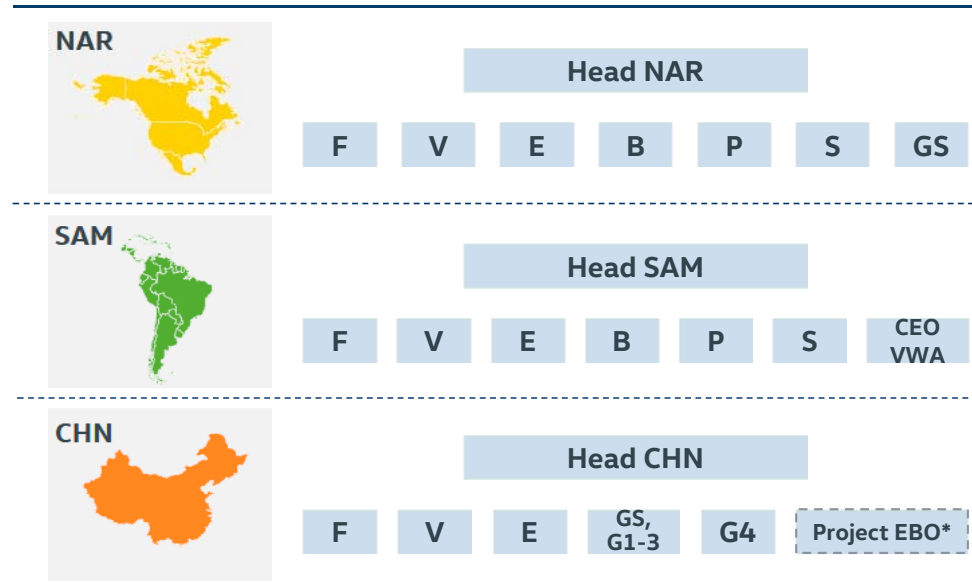


## Product line organisation



New organisation model implemented in all product lines

## Regionalisation



New organisation model implemented for the regions

\*) EBO = Budget Car Organisation



## Core challenges in 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



Local OEMs dominating in BRIC markets  
Improving infrastructure, stronger regulations open opportunities for Volkswagen

### Emission regulations



Europe with aggressive regulations, focus shifting to diesel lock-outs  
BRIC trailing behind, but with ambitious roadmap

### Connectivity & digitalization



Platooning and partly-autonomous driving as transition solutions  
Data management for customers and traffic of broad interest

### After sales and new business opportunities



After sales increasingly important as alternative source of revenues  
New business models (e.g. enhanced telematics) can stabilize revenues

## ... require Volkswagen truck brands to cooperate closely

**Cyclical markets**



**Further globalization**



**Emission regulations**



**Connectivity & digitalization**



**After sales and new business opportunities**



**Global market reach** to ensure sufficient volume in local up- & downturns

**Reduced fixed costs** through modularization and shared components

“**Navistar alliance:** 16.6% equity, \$256m, closure H1 2017”

**Combined R&D know-how** for competitive product development

**Additional value** through customer services

**Close cooperation going forward**

**VOLKSWAGEN TRUCK & BUS**



Caminhões  
Ônibus



**NAVISTAR**



# U.S. Portfolio Strategy: Growing in core segments, optimization and a major transfer to electrification



## I Growth in Core Segments / "double up"



- Compact/Midsize SUV and Sedan with >1.5 mil. per segment
- Increase segment coverage/volume

➔ Build profitable volume base

## II Portfolio Optimization / enter new segments

US total market

| Segment         | 2015 (m units) | Market share 2015 (%) | FC Volume Δ until 2019 (%) |
|-----------------|----------------|-----------------------|----------------------------|
| Sedan           | 5.9            | 33.6                  | -12.6                      |
| Hatchback       | 0.9            | 5.0                   | +8.6                       |
| Coupe           | 0.5            | 2.8                   | +2.1                       |
| Wagon           | 0.1            | 0.3                   | +6.5                       |
| Cabrio/Roadster | 0.2            | 0.9                   | +17.5                      |
| SUV             | 6.4            | 36.6                  | +10.9                      |
| Pick-Up         | 2.5            | 14.6                  | +1.7                       |
| MPV             | 0.7            | 3.8                   | -15.9                      |
| Transporter     | 0.3            | 1.9                   | -2.3                       |
| City Van        | 0.1            | 0.5                   | -0.0                       |

- Leverage portfolio opportunities
- Check currently offered models with insufficient contribution

➔ Improved portfolio for market

## III Transfer to Electrification / new customer experience



- Expand e-Golf
- Introduce BEVs
- Introduce HEV

➔ E-Mobility rollout

## IV Strong product cadence and sustainable profitability

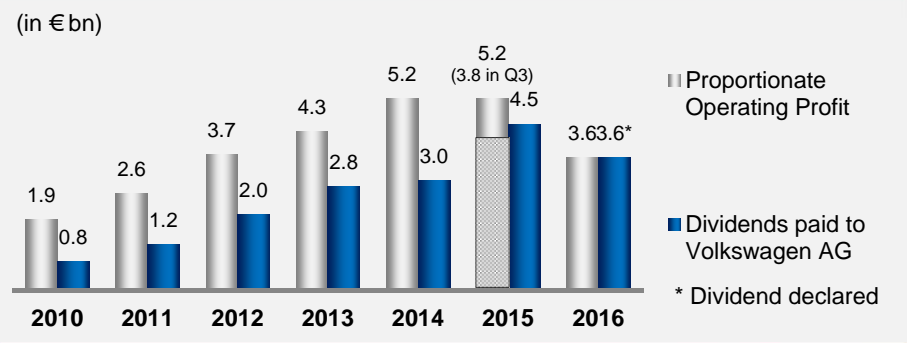
# Deep roots and strong market position combined with further growth potential continues robust performance in China



## Deliveries to customers – strong Jan-September 2016



## Strong operational & financial track record



## Implementation of locally produced NEVs

**Phase 1**

A6 L e-tron  
Phideon PHEV  
further Plug-in Hybrids

**Phase 2**

Pure Electric Vehicles based on current toolkits

**Phase 3**

Electric toolkit (MEB)

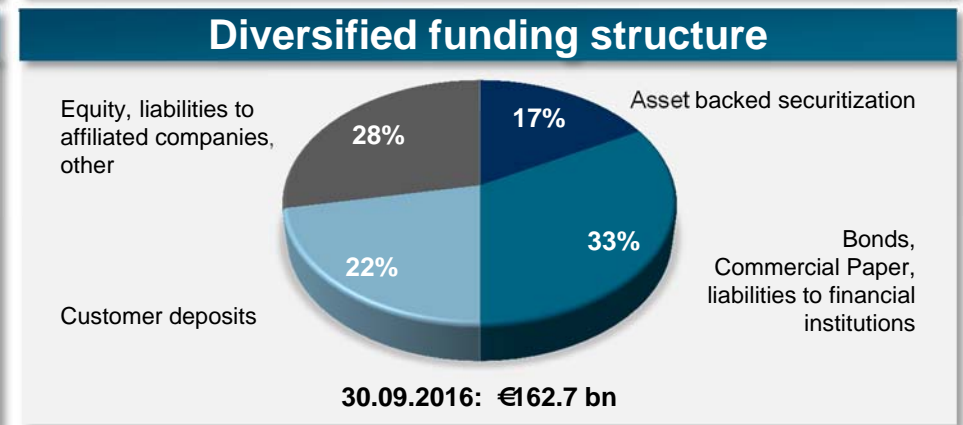
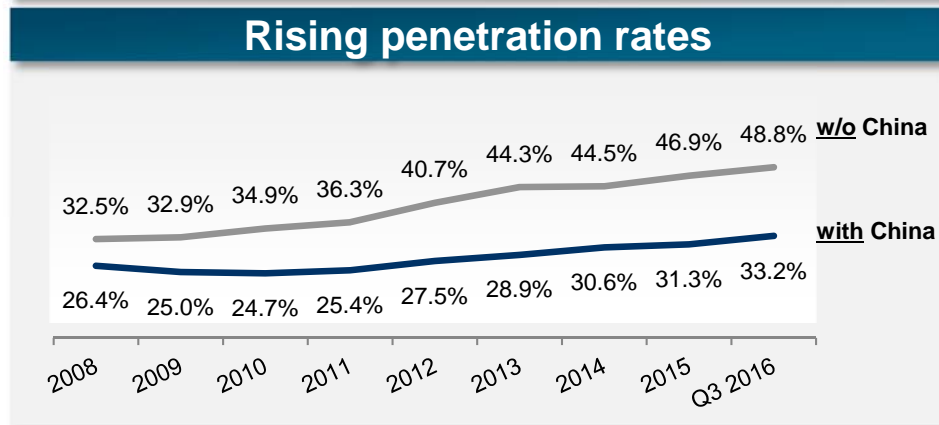
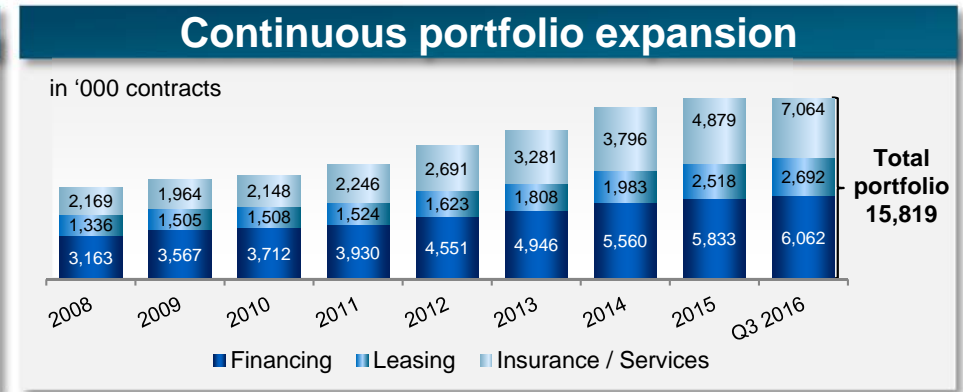
## 10 additional SUVs within the next 3-4 years

ŠKODA

VW

Audi

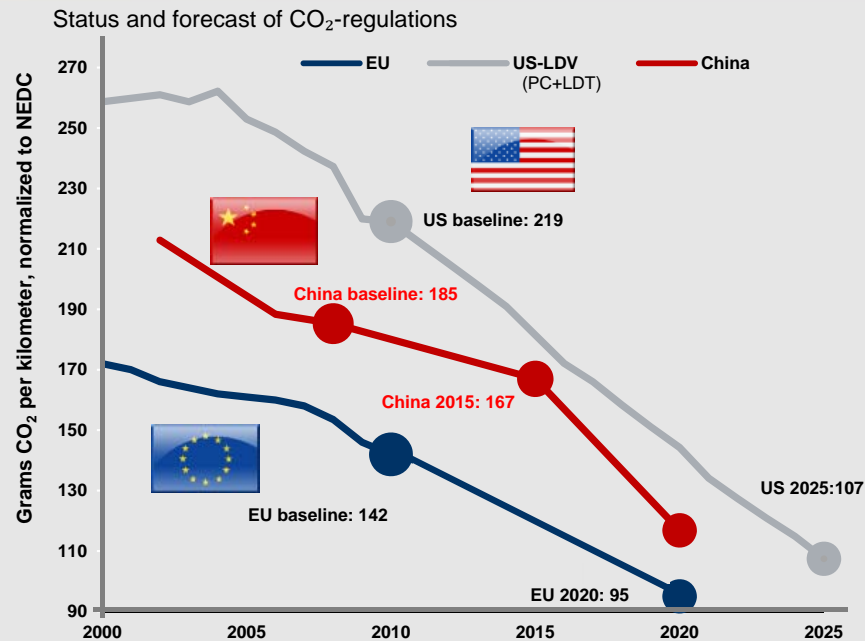
# Volkswagen Financial Services<sup>1)</sup>: global, well diversified and successful



<sup>1)</sup> excluding financial service activities of Scania, Porsche AG and Porsche Holding Salzburg; including MAN Financial Services

# Challenging emission regulations, trends and business transformation opportunities

## ... CO<sub>2</sub> and EU6 regulations



Source: based on ICCT

## ... Market / consumer trends

Digitalization



Shorter lifecycles



E-mobility



SUV trend



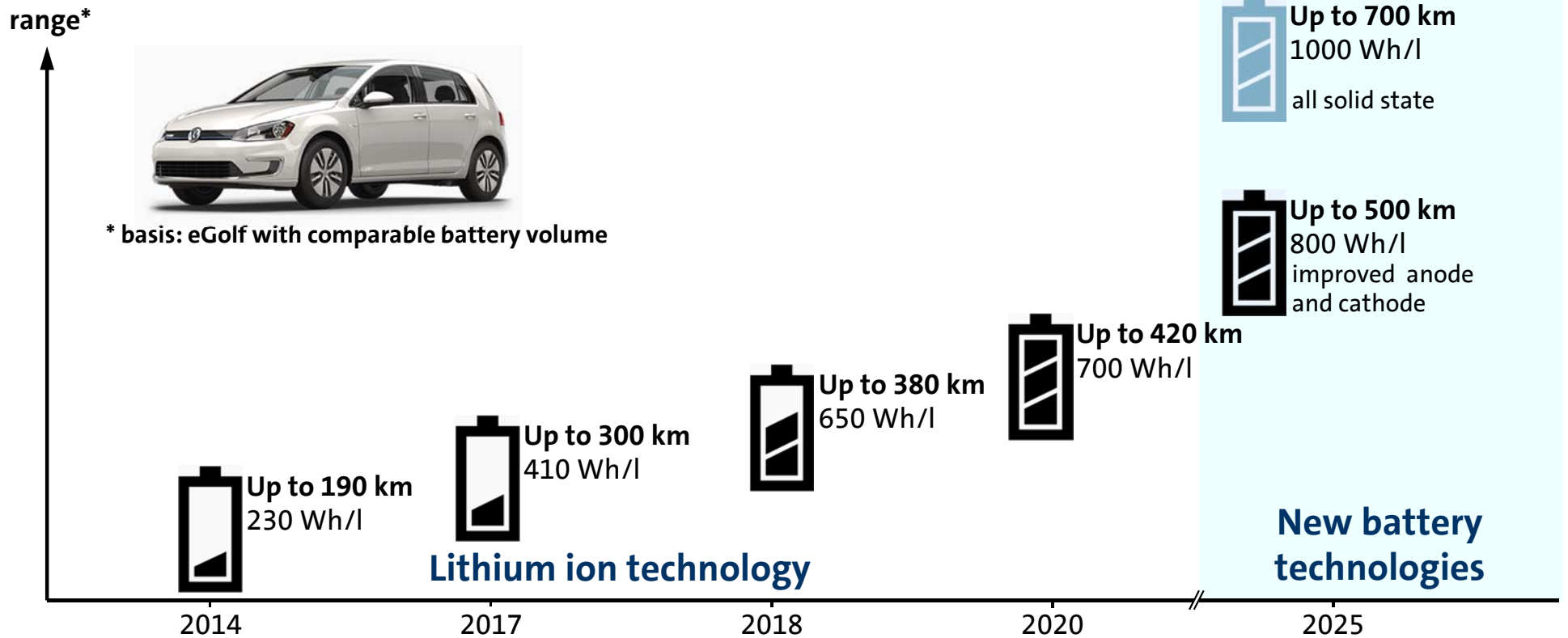
Automated driving



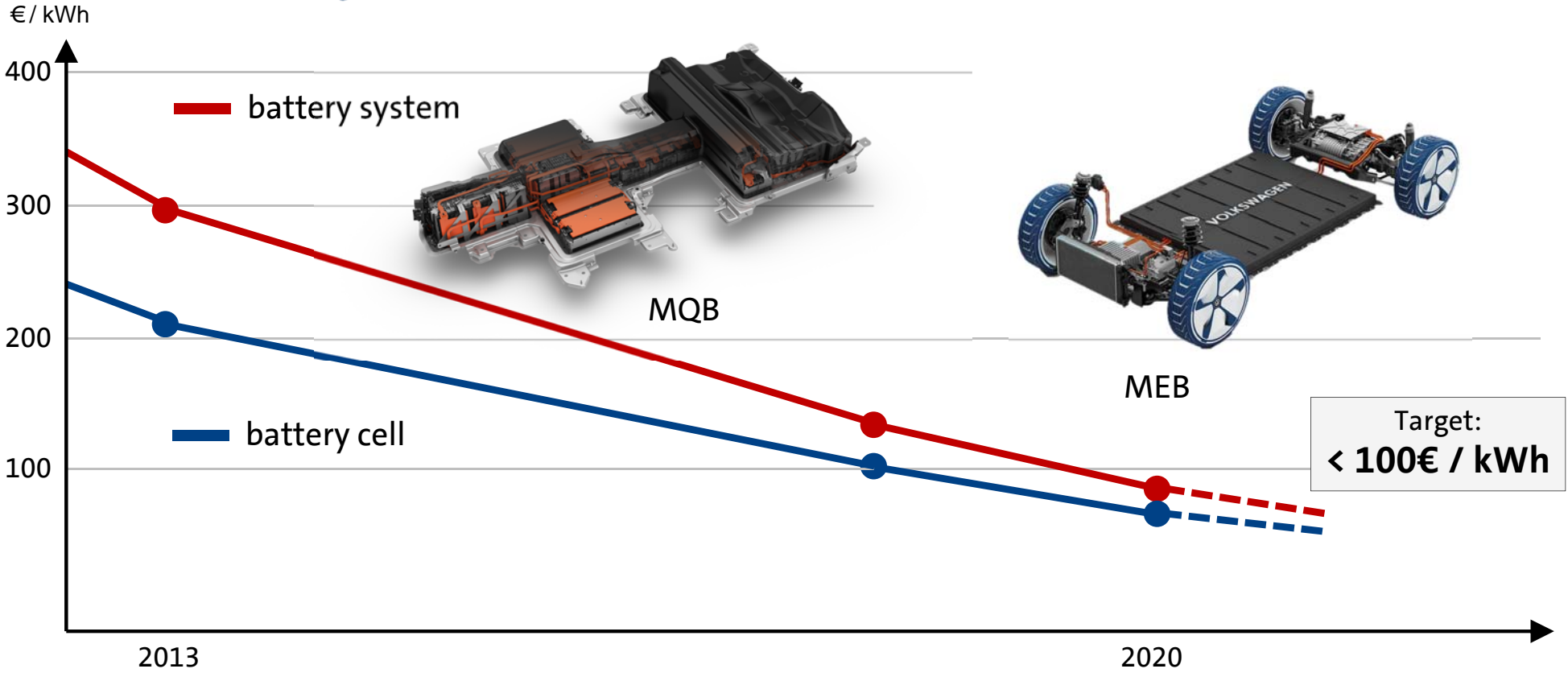
Shift in priorities



# Roadmap battery cell chemistry and energy density







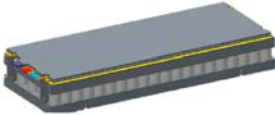
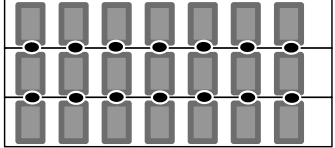


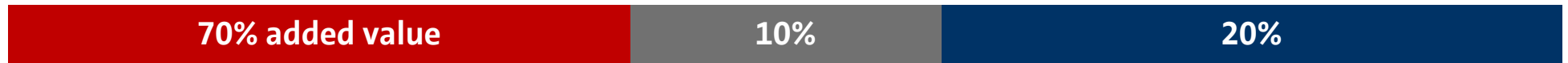
# Roadmap battery cost





## Analysis of the value chain to achieve the target of <€100 / kWh

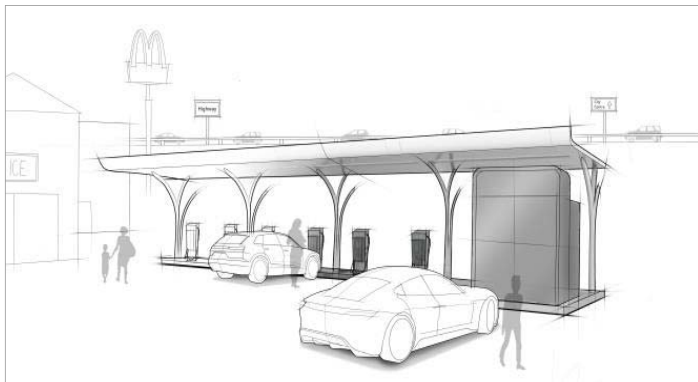
| Commodity   | Raw material   | Cell / Formats  | Module incl. assembly   | Case, electronics and sub components assembly                                       |
|---|--|---|---|---|
|  <ul style="list-style-type: none"> <li>Lithium</li> <li>Nickel</li> <li>Manganese</li> <li>Cobalt</li> <li>Graphite</li> <li>...</li> </ul> |  <p>e.g. NMC<br/>(Lithium Nickel Manganese Cobalt Oxide)</p>  <p>1.1.1<br/>6.2.2<br/>8.1.1</p> |  Pouch<br><br> Prismatic<br><br> Round |  |  |




Main factor to achieve target

# High-power charging (HPC) infrastructure essential for volume targets

## High-Power Charging (HPC)



- ◆ HPC for Long Distance Driving
- ◆ Station Network along Highways
- ◆ Power >150kW up to 320kW
- ◆ CCS Standard

 ~ **290** charging stations

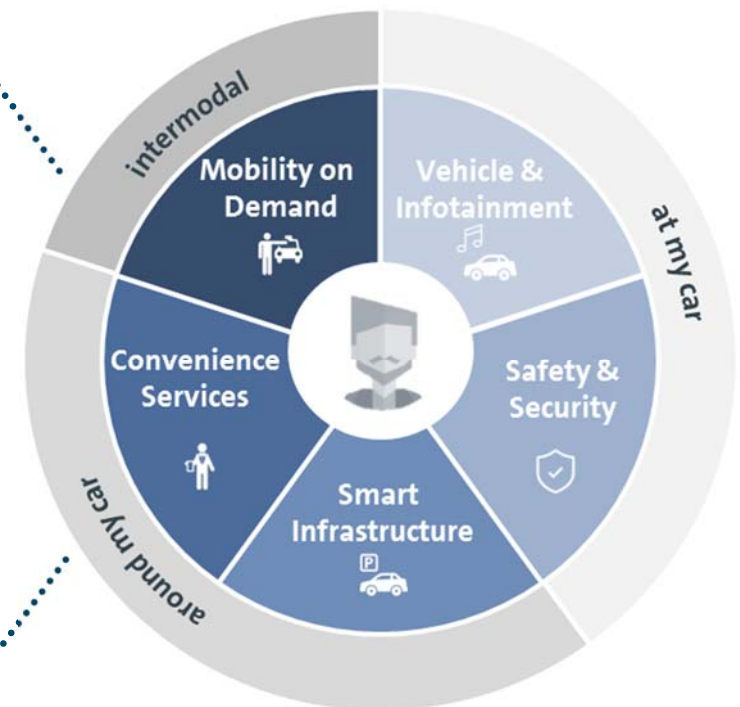


**400** charging stations 



## The Volkswagen Group strives for a worldwide leading position in Mobility Services

- > Until 2020 we will implement a **comprehensive portfolio of digital services** for all brands
- > We will generate a sustainable **competitive advantage**, we will **build up new core competences**



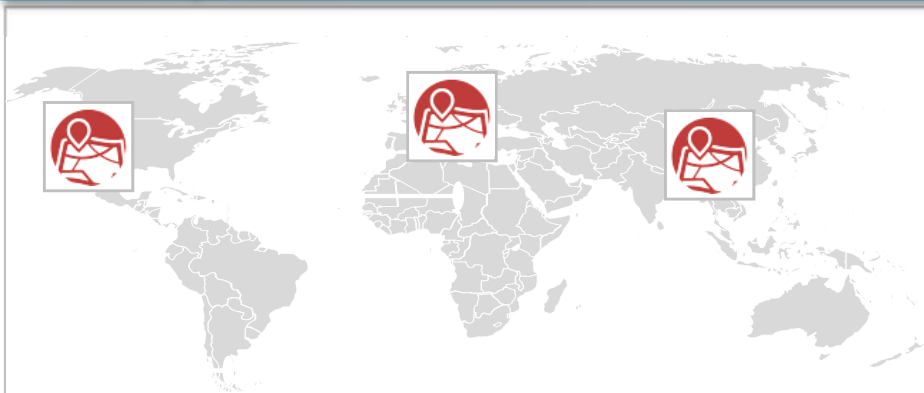
## The founding of MOIA creates important preconditions for future mobility

- ◆ Develop **profitable business models** for the Group and brands
- ◆ Focus on **Mobility on Demand**
- ◆ **Support** traditional Group brands concerning **product design and technical requirements** of the vehicles
- ◆ „**Best of Best**“ **Management Team** bundling know how from the automotive-, software- and services industry



# Volkswagen is making digital transformation a top priority concentrating on digitalization and autonomous driving

## Volkswagen Group Future Centers



- **Three new Volkswagen Group Future Centers** in Silicon Valley, Potsdam and Beijing

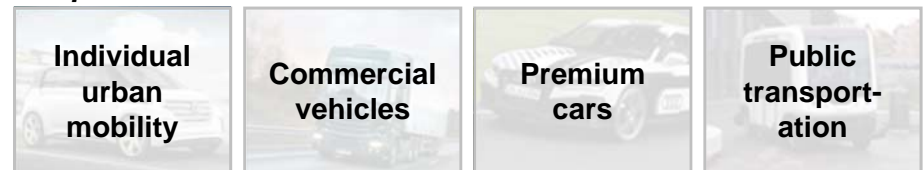
## Autonomous driving

- 91% of accidents caused by human error → reduce number of accidents
- People spend more than 4 years of their life in the car on average → make that time usable for the driver
- Huge potential for trucks → significantly higher productivity
- Car parked most of the day → customer achieves best return on investment by fully utilizing the car
- Infrastructure limited → has to be used more efficiently

**20<sup>th</sup> Century: Engine is the core of the automobile**

**21<sup>st</sup> Century: Self-driving system is the core of the automobile**

### Top fields of use



# VOLKSWAGEN

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Volkswagen going forward

Group

Volkswagen Brand  
Strategy 2025+

Volkswagen Truck & Bus

Regions / FS

Trends

## New co-operations and initiatives



## We are working on the key trends in our industry ...

 **Digitalization**

 **Connectivity**

 **Sustainability**

 **Smart mobility**

 **E-mobility**

 **Autonomous driving**

**Strategy  
2025**



“**Together**, we will create  
a **new Volkswagen**  
and play a key role in designing  
the **mobility world**  
**of tomorrow**”

M. Müller, CEO, June 16<sup>th</sup> 2016



## Investor Relations Team



**Oliver Larkin (Wolfsburg / London office)**  
*Group Head of Investor Relations*  
*E-Mail: [Oliver.Larkin1@volkswagen.de](mailto:Oliver.Larkin1@volkswagen.de)*  
*Telephone: +49 5361 9 49840*



**Helen Beckermann (Wolfsburg office)**  
*Senior Investor Relations Manager*  
*E-Mail: [helen.beckermann@volkswagen.de](mailto:helen.beckermann@volkswagen.de)*  
*Telephone: +49 5361 9 49015*



**Alexander Hunger (Wolfsburg office)**  
*Senior Investor Relations Officer*  
*E-Mail: [Alexander.Hunger@volkswagen.de](mailto:Alexander.Hunger@volkswagen.de)*  
*Telephone: +49 5361 9 47420*



**Andreas Kowalczyk (Wolfsburg office)**  
*Investor Relations Officer*  
*E-Mail: [Andreas.Kowalczyk@volkswagen.de](mailto:Andreas.Kowalczyk@volkswagen.de)*  
*Telephone: +49 5361 9 23183*



**Ulrich Hauswaldt (Wolfsburg office)**  
*Investor Relations Officer*  
*E-Mail: [Ulrich.Hauswaldt@volkswagen.de](mailto:Ulrich.Hauswaldt@volkswagen.de)*  
*Telephone: +49 5361 9 42224*



**Thomas Küter (Wolfsburg office)**  
*Investor Relations Manager*  
*E-Mail: [Thomas.Kueter@volkswagen.de](mailto:Thomas.Kueter@volkswagen.de)*  
*Telephone: + 49 5361 9 40765*



**Lennart Schmidt (China office)**  
*Investor Relations Manager*  
*E-Mail: [Lennart.Schmidt@volkswagen.com.cn](mailto:Lennart.Schmidt@volkswagen.com.cn)*  
*Telephone: + 86 10 6531 4732*



**Andreas Buchta (US office)**  
*General Manager Investor Relations America*  
*E-Mail: [Andreas.Buchta@vw.com](mailto:Andreas.Buchta@vw.com)*  
*Telephone: +1 703 364 7220*

## Events 2017

- 
- 14. March 2017** Annual Media Conference, Investor and Analyst Conference 2017
- 3. May 2017** Interim Report January - March 2017, Investor and Analyst Conference Call
- 10. May 2017** Annual General Meeting 2017
- 27. July 2017** Half-Yearly Financial Report 2017, Investor and Analyst Conference Call
- 27. October 2017** Interim Report January - September 2017, Investor and Analyst Conference Call

VOLKSWAGEN  
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## Volkswagen Group Appendix

# VOLKSWAGEN

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## Rating Volkswagen Group



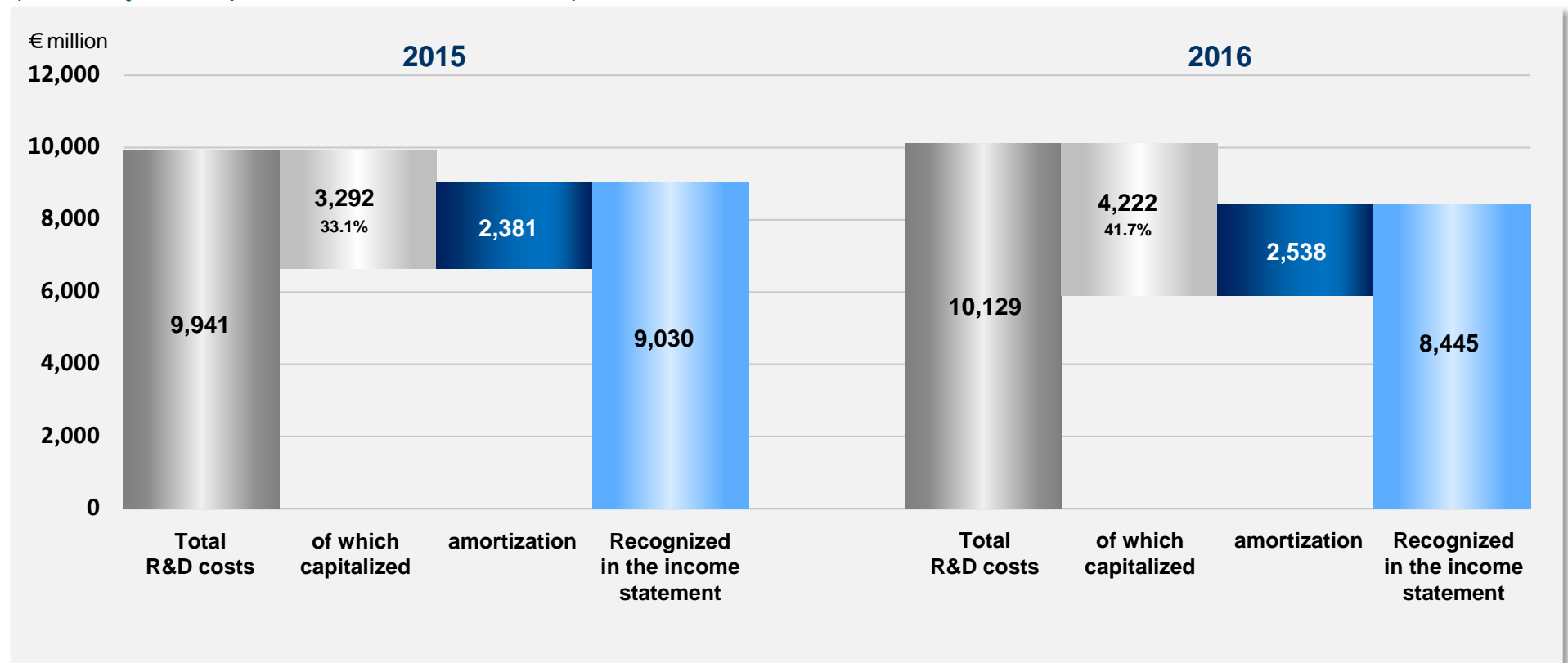
|                     |      | MOODY'S                  |  | STANDARD & POOR'S RATINGS SERVICES |                                 |
|---------------------|------|--------------------------|--|------------------------------------|---------------------------------|
| Investment grade    | Aaa  |                          |  | AAA                                |                                 |
|                     | Aa1  |                          |  | AA+                                |                                 |
|                     | Aa2  |                          |  | AA                                 |                                 |
|                     | Aa3  | Volkswagen Bank GmbH (N) |  | AA-                                |                                 |
|                     | A1   |                          |  | A+                                 |                                 |
|                     | A2   | VW FS AG (N)             |  | A                                  |                                 |
|                     | A3   | Volkswagen AG (N)        |  | A-                                 | Volkswagen Bank GmbH (N)        |
|                     | Baa1 |                          |  | BBB+                               | Volkswagen AG (N), VW FS AG (N) |
|                     | Baa2 |                          |  | BBB                                |                                 |
|                     | Baa3 |                          |  | BBB-                               |                                 |
| Subinvestment grade | Ba1  |                          |  | BB+                                |                                 |
|                     | Ba2  |                          |  | BB                                 |                                 |
|                     | Ba3  |                          |  | BB-                                |                                 |
|                     | B1   |                          |  | B+                                 |                                 |
|                     | B2   |                          |  | B                                  |                                 |
|                     | ---  |                          |  | B--                                |                                 |

Outlook -> (P)ositive, (S)table, (N)egative, RfD = Ratings under review for Downgrade, RfU = Ratings under review for Upgrade

as of: end August 2016

## Automotive Division – Research and Development Costs

(January to September 2016 vs. 2015)



# VOLKSWAGEN

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## Special Items: Diesel related and other

| (In €bn)      | Diesel             | Other  | Total |
|---------------|--------------------|--|-------|
| 2015          | Legal              | 7.0  | 16.9  |
|               | Other items        | 9.2  |       |
|               |                    | Restructuring:<br>Truck Business South America 0.2<br>Passenger Cars South America 0.2<br>Airbags Takata 0.3 |       |
|               |                    | <b>16.2</b>  |       |
| Q1-Q3<br>2016 | Mainly legal risks | 2.0  | 2.6   |
|               |                    | Scania Anti-Trust Proceedings 0.4<br>Airbags Takata 0.2  |       |
|               |                    | <b>0.6</b>   |       |
| Total to date | <b>18.2</b>        |  |       |

# VOLKSWAGEN

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## Modular toolkits – Brand responsibilities

**MQB**



**MLB**



Audi



**MSB**



PORSCHE



**MNB**



Commercial  
Vehicles



**MMB**



PORSCHE



**MEB**



**Modular  
Transverse  
Toolkit**

**Modular  
Longitudinal  
Toolkit**

**Modular Standard  
Drivetrain  
Toolkit**

**Modular Light  
Commercial  
Vehicle Toolkit**

**Modular  
Mid-engine  
Toolkit**

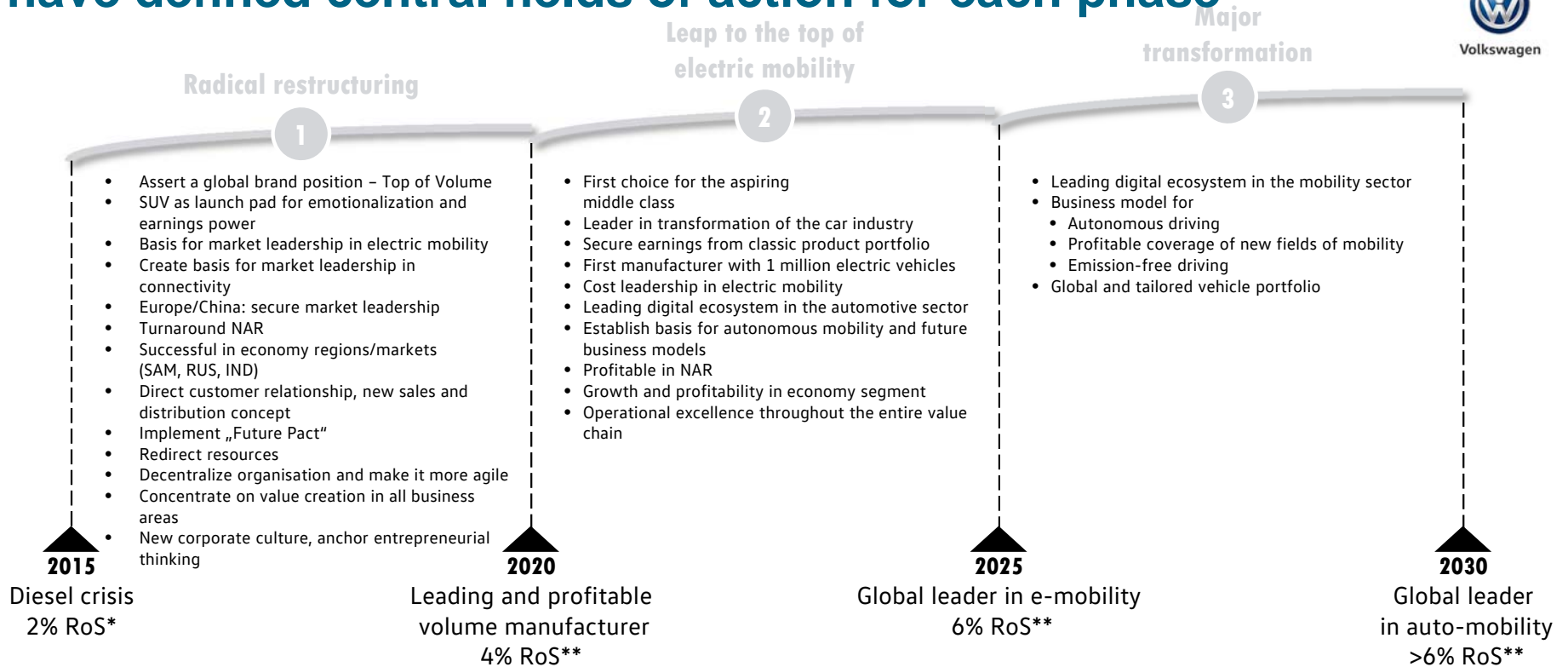
**Modular  
Electric  
Toolkit**

# Transform 2025+

## We have defined central fields of action for each phase



Volkswagen



\*) before special items

\*\*) Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)



# The SUV offensive has a global impact: Investment channeled into high earnings and high growth segments

Small SUV

New



T-Roc

New



Compact SUV

New



Compact SUV

New



Tiguan

New Gen.



Tiguan LWB

New



Touareg

New Gen.



Atlas

New



# Volkswagen brand is planning an industry-leading ecosystem



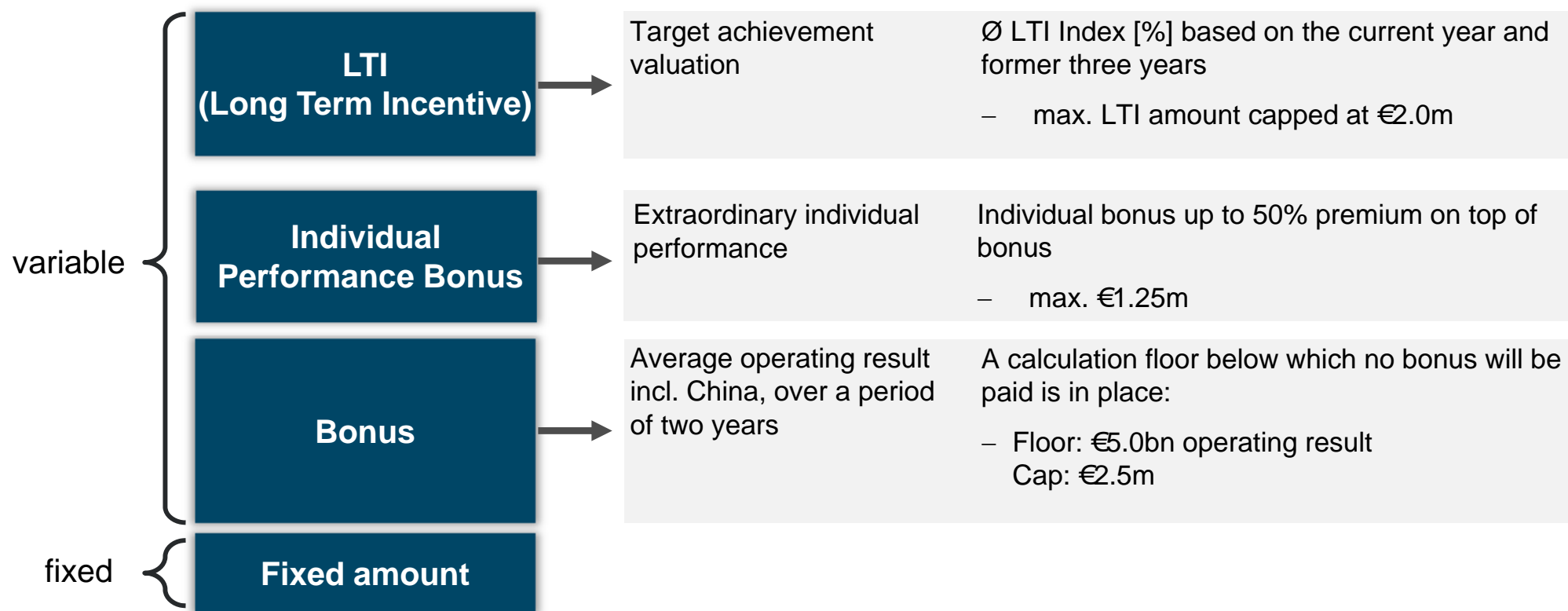
## Platform

|   |  |  |
|---|--|--|
| <p><b>Alexander Brauns</b></p> <p><b>VW Profile</b><br/>Registrierung vollständig. ✓</p> <p><b>100<sup>th</sup></b></p> | <p><b>Digital Key</b></p> <p>Meine <b>Emma</b></p> | <p><b>Golf 7</b></p> <p>Eigenes Fahrzeug •</p> <p>Akt. Reichweite<br/><b>432 km</b></p> <p>Car-Net Dienste ✓</p> |
|---|--|--|

## Apps/ Services

|   |   |  |
|---|---|--|
| <p><b>Meine letzten Fahrten</b></p> <p><b>Fahrtüberblick</b><br/>11/100KM 5.9</p> | <p><b>Weitere Apps</b></p> <p>Die besten Apps anderer Anbieter. Parkplatz finden, GPS-Ort mit Freunden teilen, Spotify hören und viel mehr!</p> | <p><b>VW Apps für Dich</b></p> <p>Hier findest du alle VW Apps für dein Fahrzeug, die du noch nicht ausprobiert hast. Lass dich überraschen!</p> |
|---|---|--|

## Board remuneration



# VOLKSWAGEN

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## LTI Indices



Average of the above Indices

x

Return index / 100

=

Overall index

LTI Annual index (max. 200)

Multi-year index 2010/11

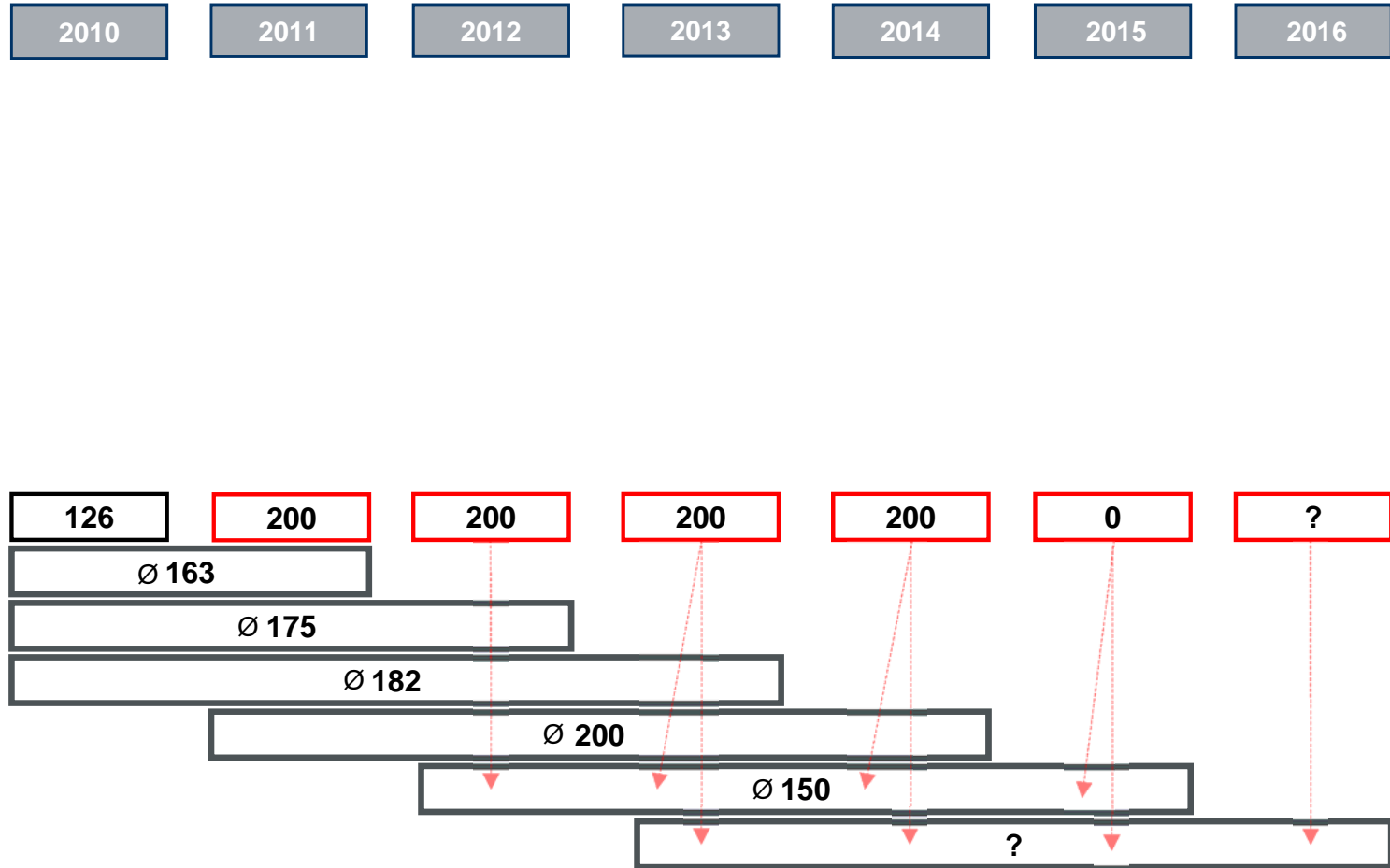
Multi-year index 2010/11/12

Multi-year index 2010/11/12/13

Multi-year index 2011/12/13/14

Multi-year index 2012/13/14/15

Multi-year index 2013/14/15/16



## Structure of the Volkswagen Group

**Preferred Shares**

**206,205.445**

**Ordinary Shares**

**295,089.818**

**Porsche SE 52.2%**  
**State of Lower Saxony 20.0%**  
**Qatar Holding 17.0%**

## Supervisory Board

|                 |   |   |  |                       |           |
|-----------------|---|---|--|-----------------------|-----------|
| <b>Chairman</b> | <b>Mr. Pötsch</b>   |   |  |                       |           |
|                 | <b>Dr. Kiesling</b><br><b>Dr. H.-M. Piëch</b><br><b>Dr. O. Porsche</b><br><b>Dr. W. Porsche</b> | <b>Mr. Lies</b><br><b>Mr. Weil</b>                          | <b>Dr. Al-Abdulla</b><br><b>Dr. Al-Jaber</b>               | <b>Ms. Falkengren</b> | <b>10</b> |
|                 | <b>Ms. Dietze</b><br><b>Mr. Fritsch</b><br><b>Mr. Hofmann</b>                                   | <b>Dr. Fischer</b><br><b>Mr. Hück</b><br><b>Mr. Järvklo</b> | <b>Mr. Mosch</b><br><b>Mr. Osterloh</b><br><b>Mr. Wolf</b> | <b>Mr. Zwiebler</b>   | <b>10</b> |

## Management Board

|                 |   |   |   |          |
|-----------------|---|---|---|----------|
| <b>Chairman</b> | <b>Mr. Müller</b>                       |   |   |          |
|                 | <b>Dr. Diess</b><br><b>Dr. Blessing</b> | <b>Dr. Garcia Sanz</b><br><b>Prof. Heizmann</b><br><b>Dr. Hohmann-Dennhardt</b> | <b>Mr. Renschler</b><br><b>Prof. Stadler</b><br><b>Mr. Witter</b> | <b>9</b> |

## Committees of the Supervisory Board

### Executive Committee

Mr. Pötsch (Chairman)  
Mr. Hofmann (Deputy Chairman)  
Mr. Osterloh  
Dr. W. Porsche  
Mr. Weil  
Mr. Wolf

### Mediation Committee

Mr. Pötsch (Chairman)  
Mr. Hofmann (Deputy Chairman)  
Mr. Osterloh  
Mr. Weil

### Audit Committee

Dr. F. O. Porsche (Chairman)  
Ms. Dietze  
Mr. Mosch  
Ms. Falkengren

### Nomination Committee

Mr. Pötsch (Chairman)  
Dr. W. Porsche  
Mr. Weil

### Special Committee on Diesel Engines

Dr. W. Porsche (Chairman)  
Mr. Fritsch  
Mr. Lies  
Mr. Osterloh  
Dr. F. O. Porsche  
Mr. Zwiebler

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## Volkswagen Atlas





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## Volkswagen I.D



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## Audi Q5



VOLKSWAGEN  
AKTIENGESELLSCHAFT

## Porsche 718 Boxster



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# ŠKODA KODIAQ



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# SEAT Ateca



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## Bentley Bentayga



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## Lamborghini Centenario



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## Bugatti Chiron





**VOLKSWAGEN**  
AKTIENGESELLSCHAFT

## Volkswagen Crafter



MAN TGX



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AKTIENGESELLSCHAFT

## Scania R500 4x2



**VOLKSWAGEN**

AKTIENGESELLSCHAFT

We wish you all a merry Christmas  
and a successful New Year.

*Wir alle wünschen Ihnen frohe Weihnachten  
und ein erfolgreiches neues Jahr.*

VOLKSWAGEN

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*moving*  
people

## Volkswagen Group

Dr Thomas Sedran

Senior Vice President Group Strategy

Goldman Sachs 8<sup>th</sup> Annual Global Automotive Conference, London, 9 December 2016