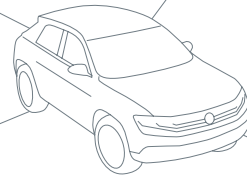
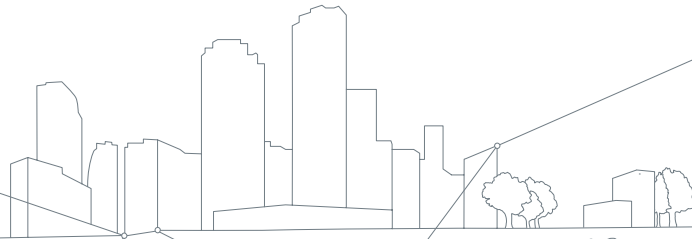


VOLKSWAGEN

AKTIENGESELLSCHAFT



moving
people

ANNUAL GENERAL MEETING

2016

Great commitment by our global workforce



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 continued 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

- Framework and targets for “Together – Strategy 2025” presented
- Full strategic program broken down into brands and functions to be drawn up by the end of the year

Agenda

1 Looking back

What we have already changed at Volkswagen

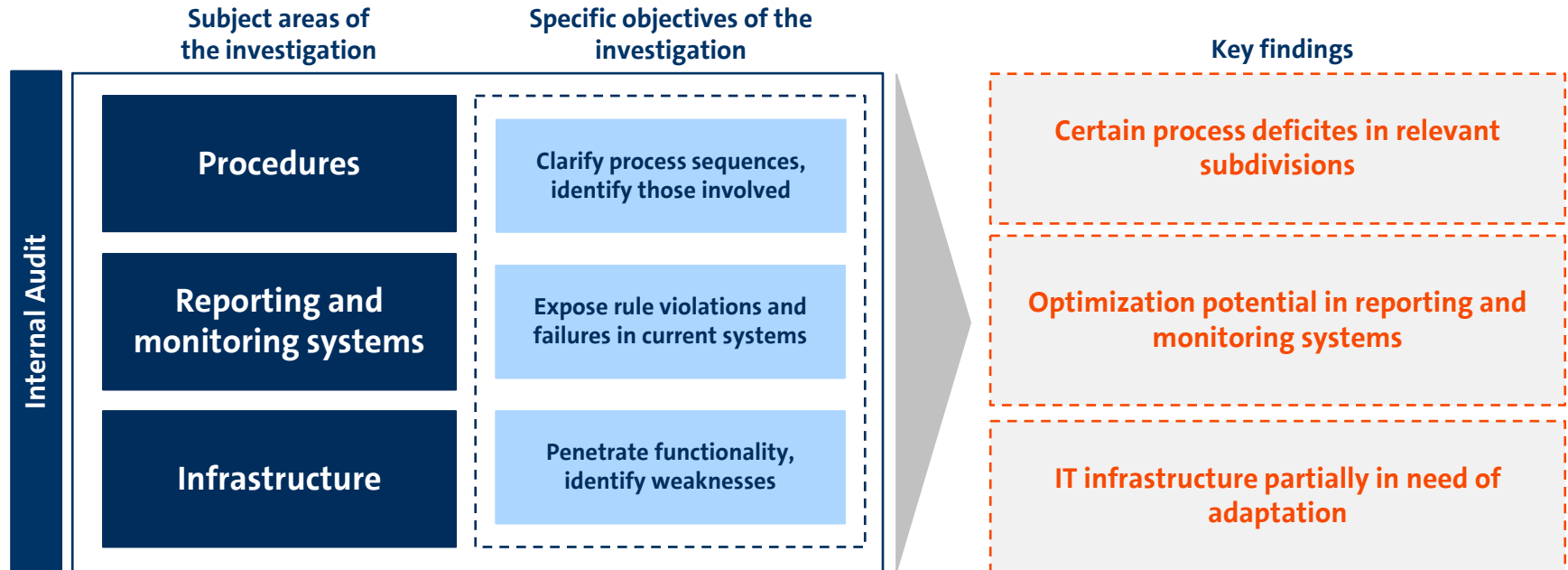
2 Key figures

What we achieved in 2015 and what we envisage for 2016

3 Strategy 2025

How we will shape the future of Volkswagen

Process audit: What are the audit findings on the procedures in the relevant subdivisions



The consequences we have already drawn

- ✓ **Going forward, emission tests of the Volkswagen Group as a general principle will be verified based on spot checks by external and independent third parties**, therefore universal introduction of on-road emissions measurements during real-world driving
- ✓ Implementation of all **31 optimization and measure sets identified by the internal audit** already initiated
- ✓ **Findings** from the internal audit **submitted to Jones Day**
- ✓ So far 10 possibly involved managers **suspended or left the company**



Five of the measures identified by the internal audit have already been completed, investments in IT structure have been initiated.

We will be just as consistent in the implementation of the findings of Jones Day.

Agenda

1 Looking back

What we have already changed at Volkswagen

2 Key figures

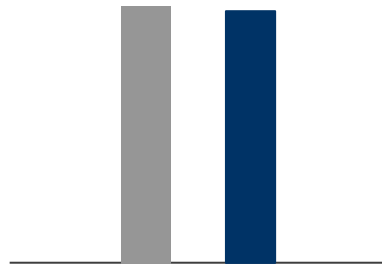
What we achieved in 2015 and what we envisage for 2016

3 Strategy 2025

How we will shape the future of Volkswagen

Volkswagen Group: Key figures for 2015 at a glance

9.9 million

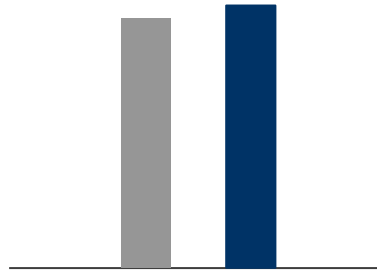


2014 2015

Deliveries
(units)

-2.0 %
year-to-year

€ **213.3** billion

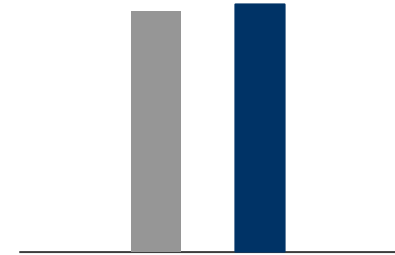


2014 2015

Sales revenue

+5.4 %
year-to-year

€ **12.8** billion



2014 2015

Operating profit
(before special items)

+1.0 %
year-to-year

Diesel issue: Negative impact masks sound operating performance ...

€ 12.8 billion



Operating profit before
special items

€ 16.9 billion



Special items

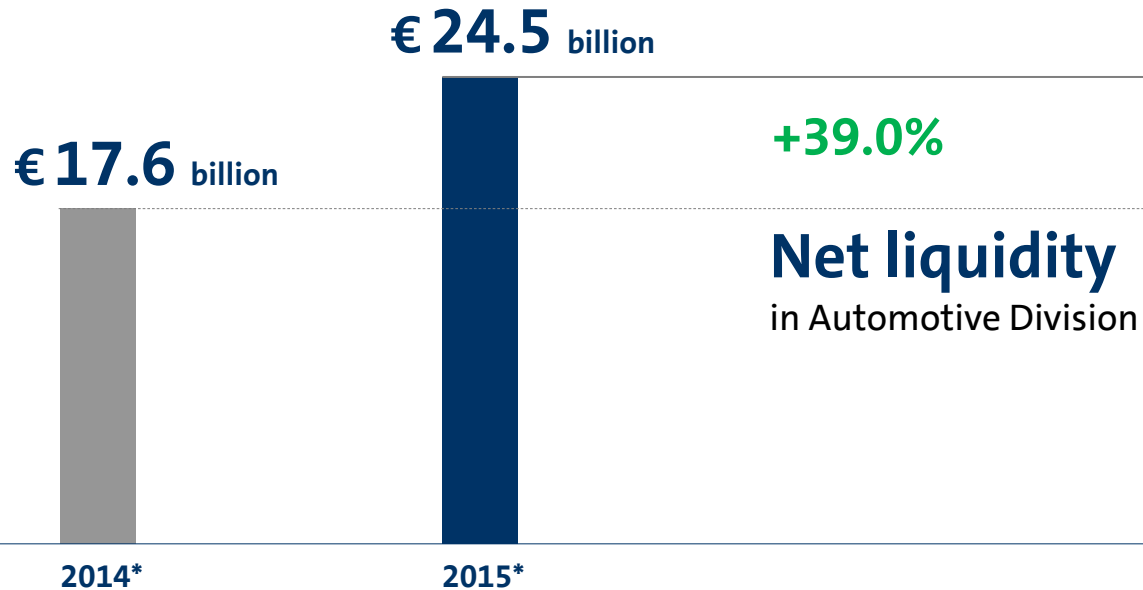
of which
€ 16.2 billion
from diesel issue

€ -4.1 billion



Operating result
after special items

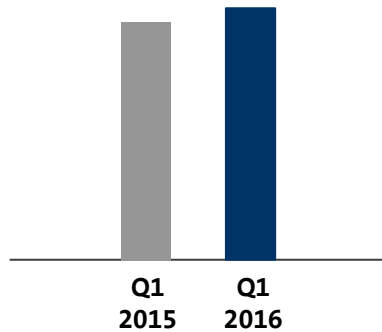
... but the Volkswagen Group has a strong financial basis



* As of December 31, 2015

Key figures Volkswagen Group Q1 2016

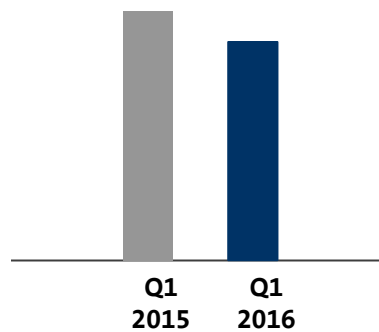
2.5 million



Deliveries
(vehicles)

+0.8%
year-on-year

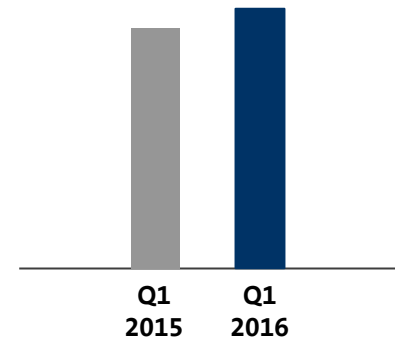
€ **51.0** billion



Sales revenue

-3.4%
year-on-year

€ **3.4** billion



Operating profit
(after special items)

+3.4 %
year-on-year

Fiscal year 2016: Volkswagen Group outlook



Deliveries to customers
stable at high level



Sales revenue
up to 5% below prior year



Operating return on sales
between 5.0% and 6.0%

Fiscal year 2016: Plenty in the pipeline – around 60 vehicle launches planned





“2016 will be a year of transition
in which we will

set the **stage for the
future** of Volkswagen”

Agenda

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How we will shape the future of Volkswagen

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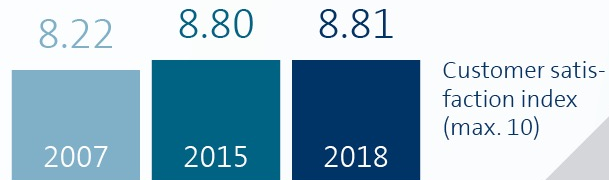
T  **GETHER**

STRATEGY 2025

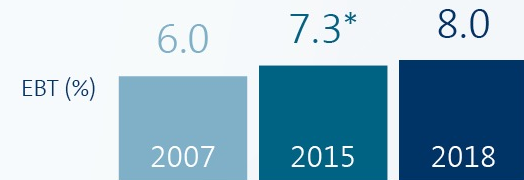
WHERE WE STAND TODAY

“Strategy 2018” was a success – most goals achieved

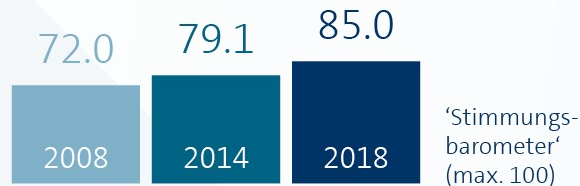
Customer satisfaction



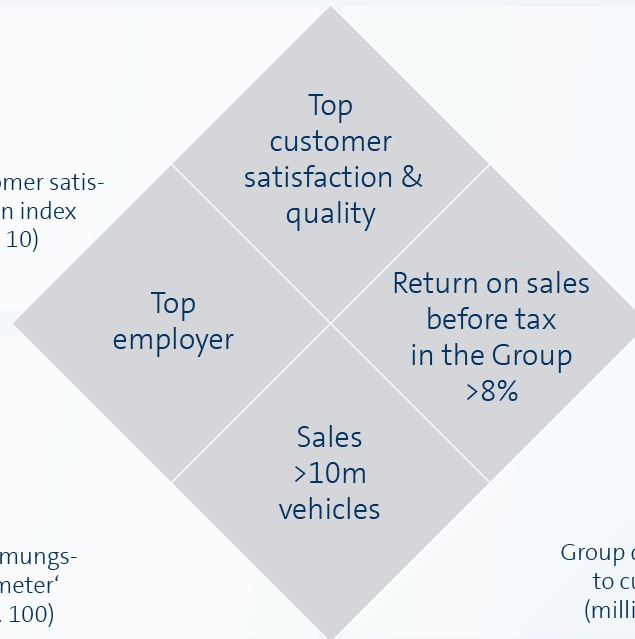
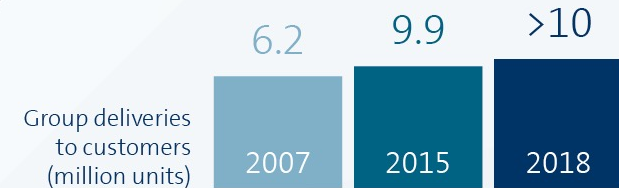
Return on sales before tax



Employer



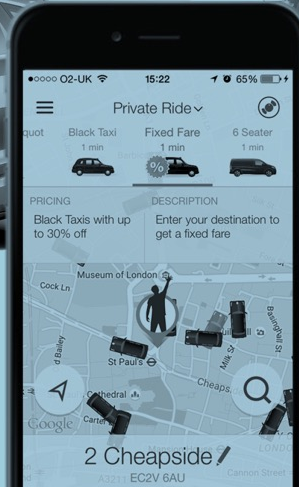
Volume



*before special items

OUR ASPIRATION

Moving forward, we strive to continue this unique success story and play a leading role in shaping auto-mobility for future generations.



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OUR PATH TO THE FUTURE

T  GETHER

STRATEGY 2025

THE VOLKSWAGEN GROUP OF THE FUTURE

Vision

“We are a globally leading provider of sustainable mobility”

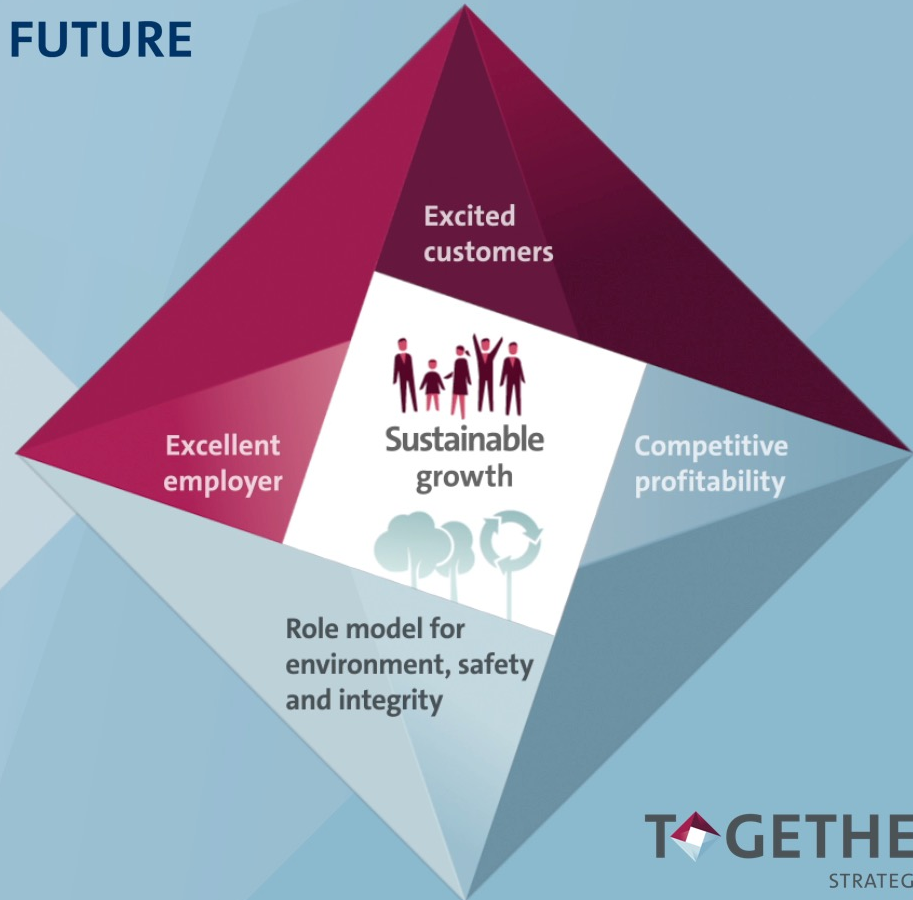
Mission

We offer tailor-made mobility solutions to our customers

◆
We serve our customers' diverse needs with a portfolio of strong brands

◆
We assume responsibility regarding the environment, safety and social issues

◆
We act with integrity and build on reliability, quality and passion as the foundation for our work



OUR STRATEGY 2025

The building blocks at a glance



Transform
core business



Build
mobility solutions
business



Secure
funding



Strengthen innovation power

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



Transform
core business

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

- 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

2

- ◆ 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



VOLKSWAGEN BECOMES GLOBALLY LEADING PROVIDER OF AUTONOMOUS VEHICLES

5

- ◆ Goal: coverage of all relevant market segments (individual, group, freight)
- ◆ Rapid market launch planned: fully autonomous vehicles with self-driving system (SDS) developed in-house from 2021
- ◆ Investment program and around 1,000 additional software specialists



BATTERY TECHNOLOGY TO BECOME NEW COMPETENCY AT VOLKSWAGEN

Review of strategic options initiated

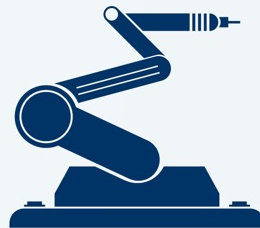
Anticipated own e-fleet requirements in 2025:
around 150 gigawatt hours of battery capacity per year



REALIGNMENT OF VOLKSWAGEN'S COMPONENTS PRODUCTION

9

- ◆ Goal: greater competitiveness in components production
- ◆ Around 67,000-strong workforce at 26 locations worldwide
- ◆ Expansion of current core competencies for future automotive topics



VW
Components



NEW MOBILITY SOLUTIONS BUSINESS

- ◆ Goal: to leverage opportunities in attractive growth markets
- ◆ Focus on innovative services for consumers and businesses
- ◆ Strategic partnership with Gett (currently 50 million customers) as nucleus, ride hailing as top priority with expansion into other market segments
- ◆ Sales revenue target in the multi-billion euro range by 2025



EFFICIENCY ENHANCEMENTS AS EARNINGS DRIVER

12

- ◆ 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	2025
Operating return on sales before special items	6.0%	7–8%
Return on capital Automotive Division before special items	13.8%	>15%
Capex ratio Automotive Division	6.9%	~6%

“THE VOLKSWAGEN GROUP OF THE FUTURE WILL BE: MORE FOCUSED, EFFICIENT AND INNOVATIVE, MORE CUSTOMER-DRIVEN, MORE SUSTAINABLE – AND SYSTEMATICALLY GEARED TO PROFITABLE GROWTH”



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STRATEGY 2025

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moving
people

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2016