

VOLKSWAGEN
AKTIENGESELLSCHAFT



Volkswagen Group – Regaining trust

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Member of the Board of Management, Volkswagen Aktiengesellschaft

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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.

Consequently, 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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What happened?



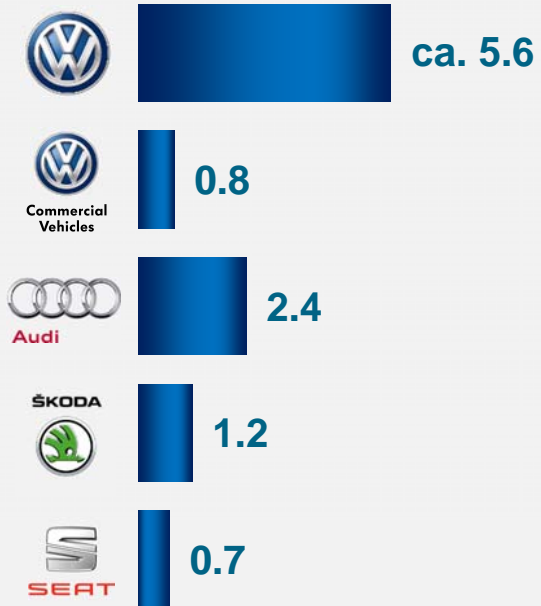
Key statements

- The software in our EA 189 engines was designed to optimize NOx emissions during dynamometer runs.
- This was **ABSOLUTELY** unacceptable and abhorrent to our corporate values.
- We have acted swiftly and decisively – expect us to continue in this manner.

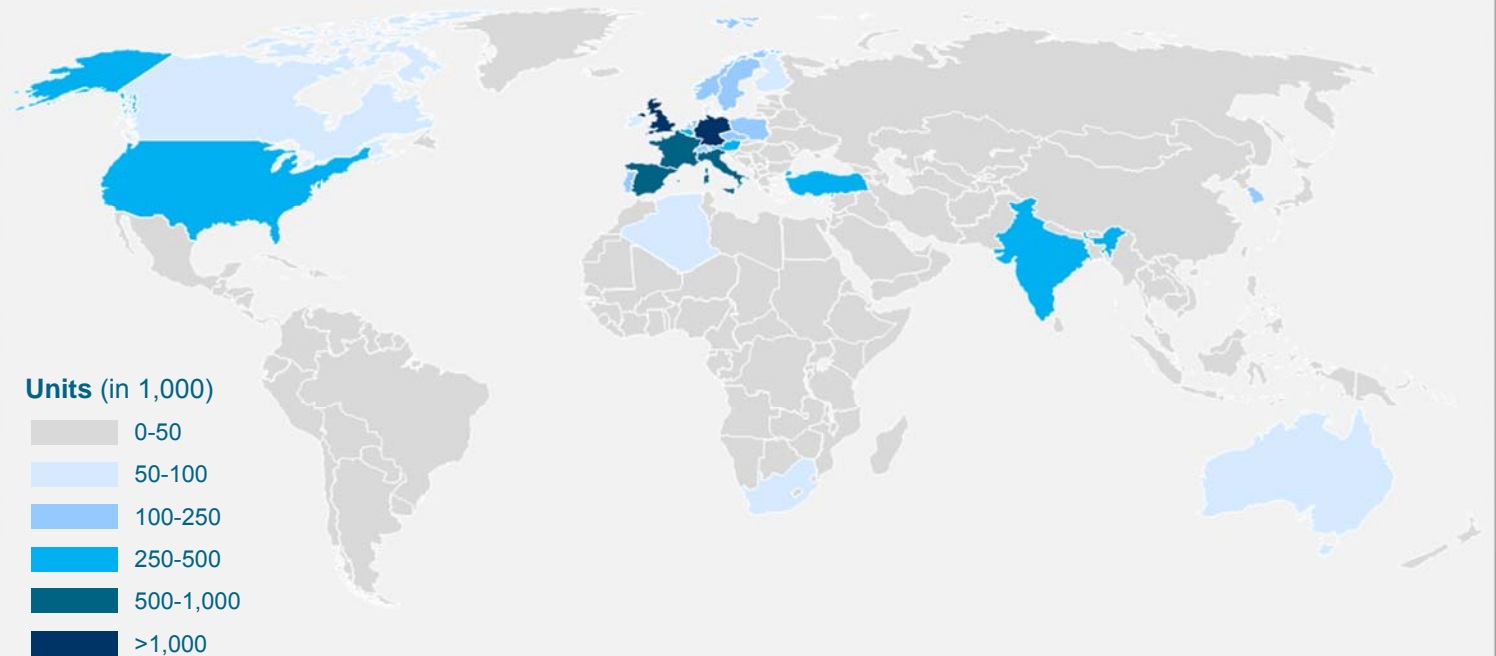
Up to 11 million Volkswagen Group Diesel vehicles are affected

Vehicles by brand

[in million units]



Vehicles by region



Our five top priorities



Helping our customers

Communicating & providing effective technical solutions



Uncovering what happened

Finding out the truth and learning from it



New structure

Launching a more entrepreneurial & decentralized Group structure



New mindset

Profoundly changing the way we do things



New destination

Re-evaluating what we do & re-defining our targets

Financial Highlights January – September 2015

Sales revenue increased partly due to positive influences from exchange rates and mix effects

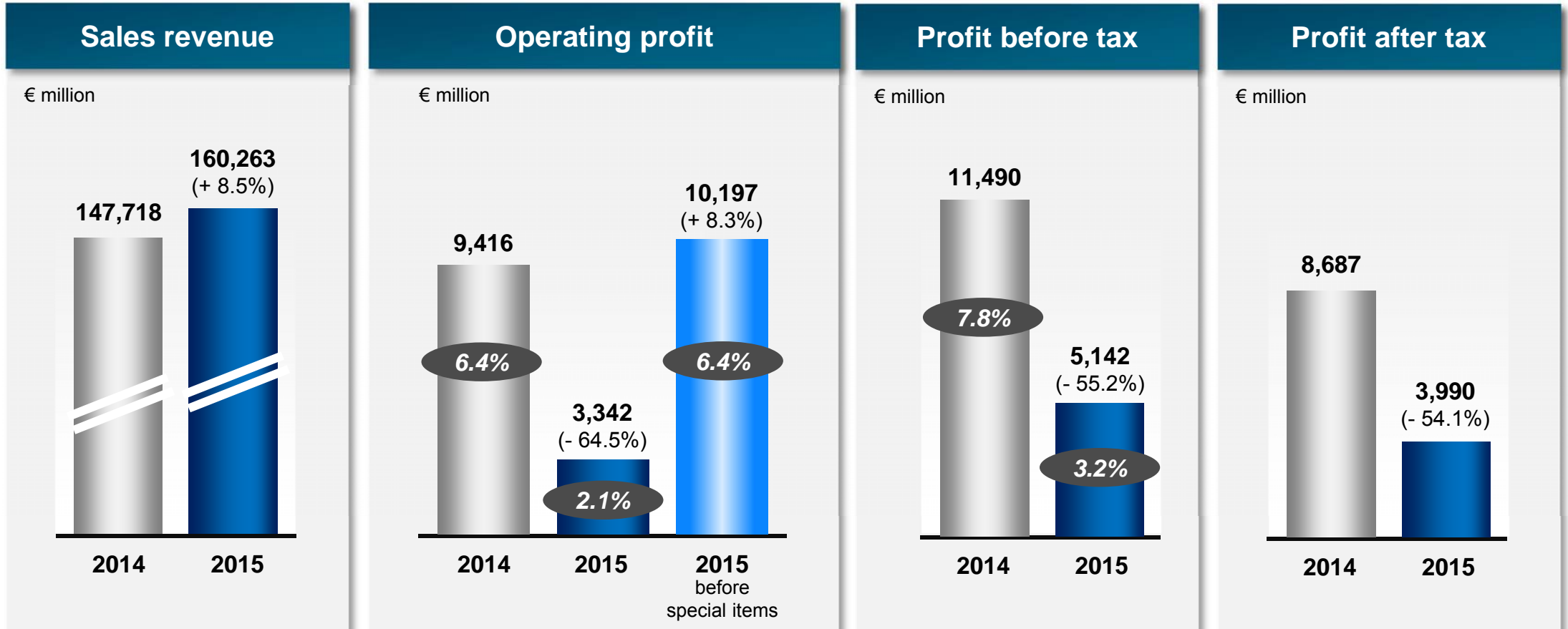
Operating profit before special items up 8 percent

Operating profit significantly reduced due to special items attributable to diesel-related issues in the area of passenger cars and restructuring measures in the area of commercial vehicles

Profit before tax impacted by gain from sale of Suzuki shares and negative fair value measurement of derivatives; at-equity earnings from Chinese joint ventures level year-on-year

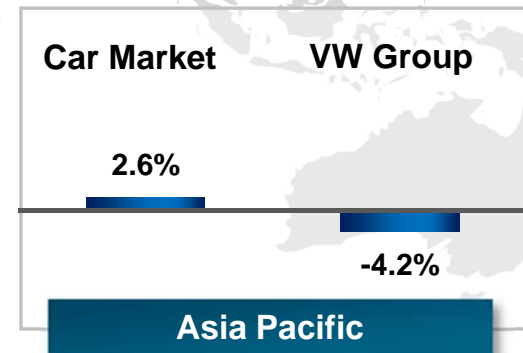
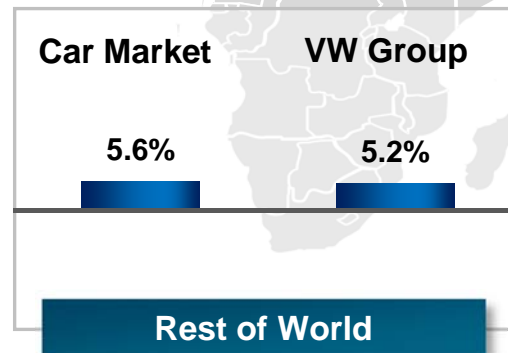
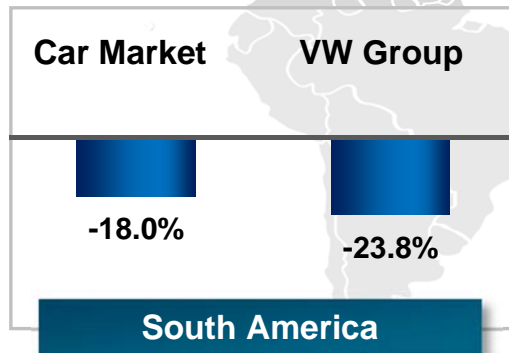
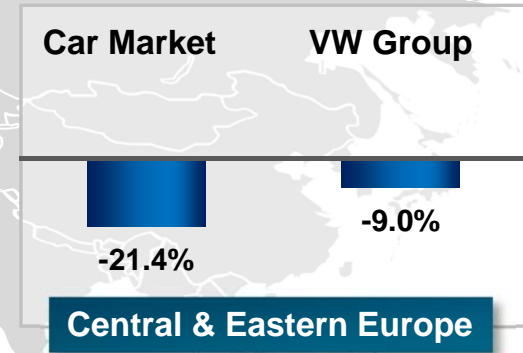
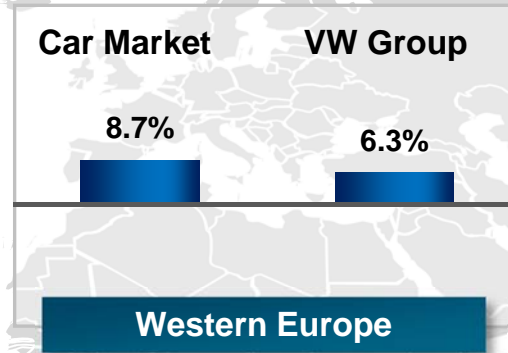
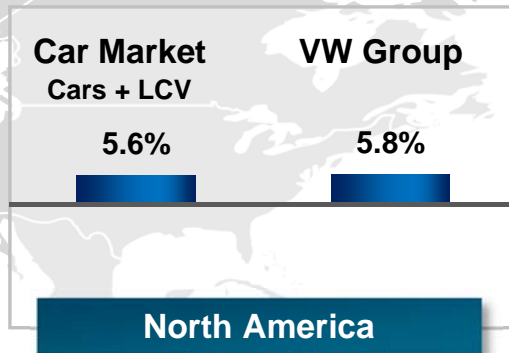
Strong net cash flow generation, including the sale of Suzuki shares, plus the placement of hybrid notes further strengthened automotive net liquidity

Financial Highlights – Volkswagen Group (January to September 2015 vs. 2014)



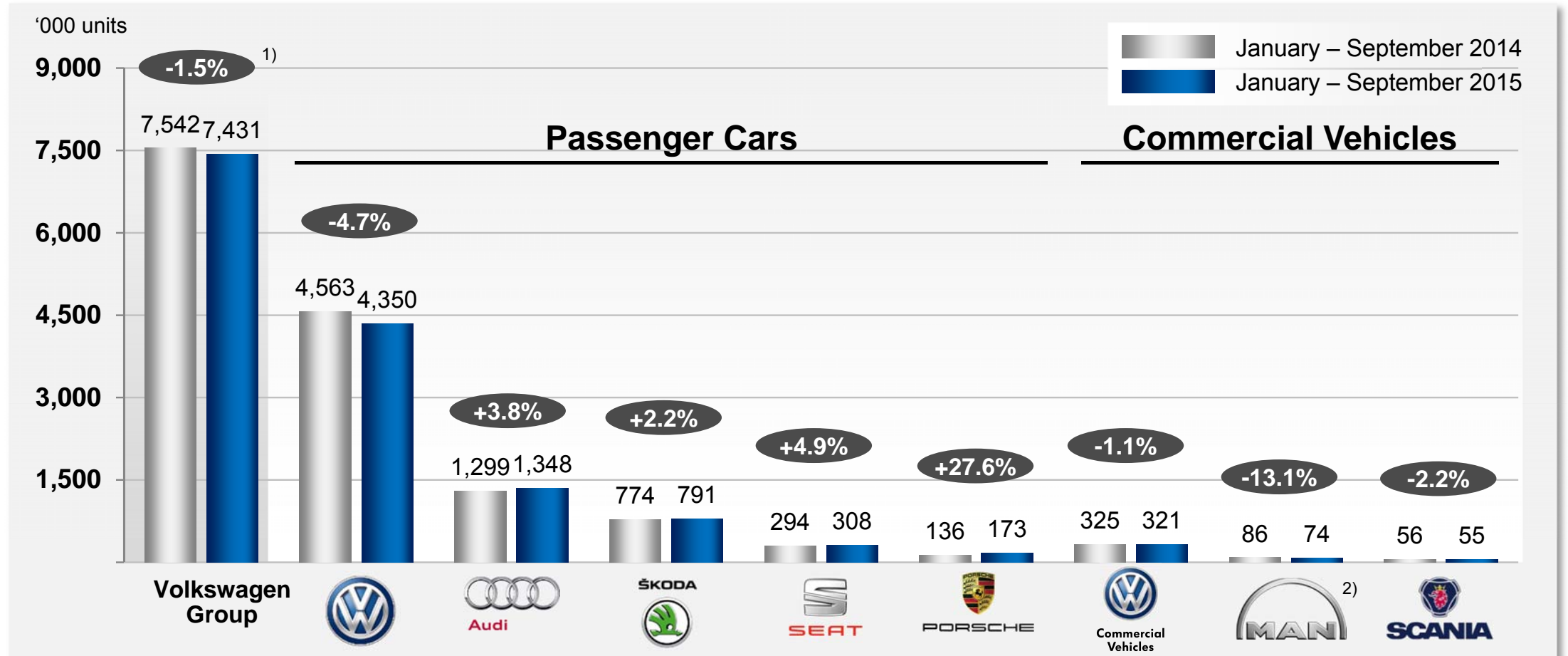
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾ (Growth y-o-y in deliveries to customers, January to September 2015 vs. 2014)

World: Car Market: 2.4% Volkswagen Group: -1.3%



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

Volkswagen Group – Deliveries to Customers by Brands (January to September 2015 vs. 2014)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -1.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.

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

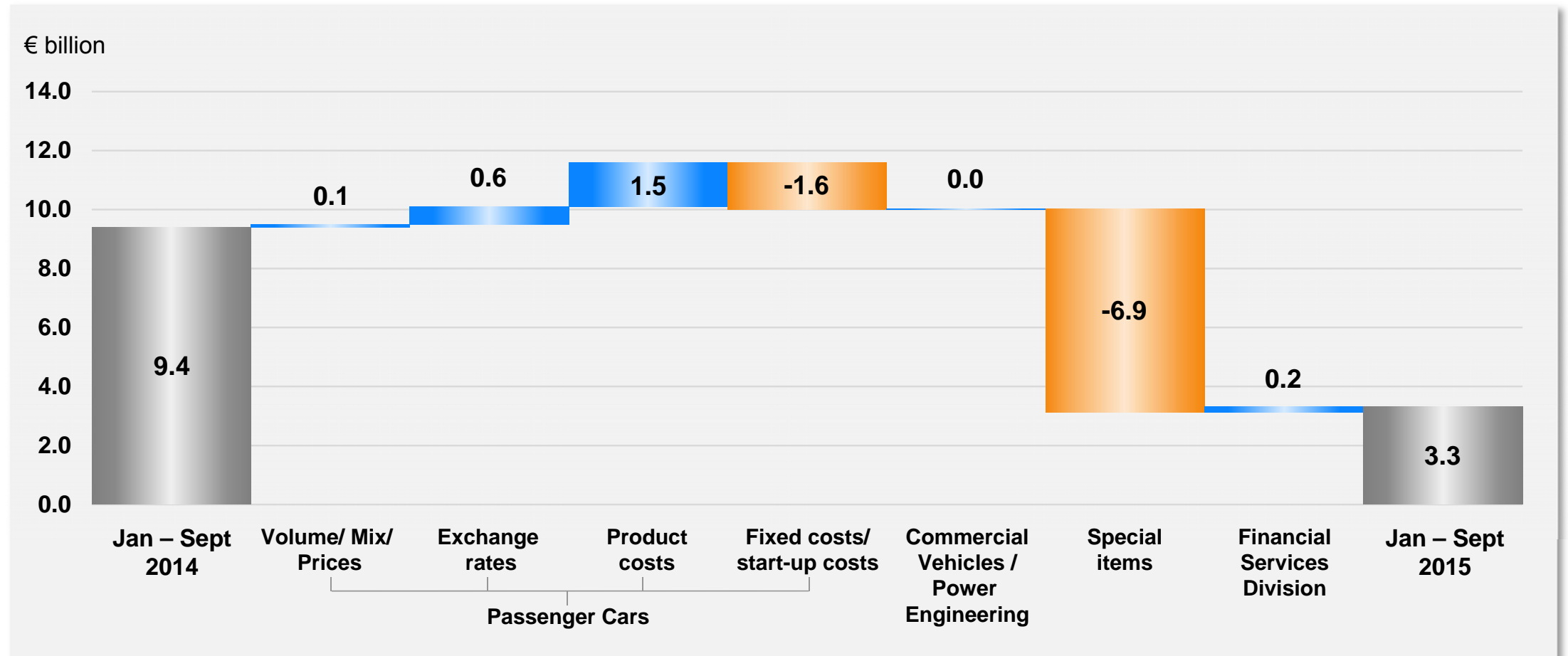
Volkswagen Group – Analysis by Division¹⁾ (January to September 2015 vs. 2014)

thousand vehicles / € million	Volkswagen Group		Automotive Division		Financial Services Division	
	2015	2014	2015	2014	2015	2014
Vehicle sales	7,440	7,646	7,440	7,646	-	-
Sales revenue	160,263	147,718	138,302	129,619	21,961	18,099
Operating profit before special items	10,197	9,416	8,581	7,980	1,615	1,436
<i>% of sales revenue</i>	6.4	6.4	6.2	6.2	7.4	7.9
Special items	-6,855	-	-6,855	-	-	-
Operating profit	3,342	9,416	1,726	7,980	1,615	1,436
<i>% of sales revenue</i>	2.1	6.4	1.2	6.2	7.4	7.9
Financial result	1,800	2,075	1,747	2,034	53	41
of which: At-equity result ²⁾	3,128	3,057	3,102	3,029	25	28
of which: Other financial result	-1,327	-982	-1,355	-995	28	13
Profit before tax	5,142	11,490	3,474	10,013	1,669	1,477
<i>% Return on sales before tax</i>	3.2	7.8	2.5	7.7	7.6	8.2
Profit after tax	3,990	8,687	2,876	7,582	1,114	1,105

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⁾ The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €3,777 million (€3,920 million).

Volkswagen Group – Analysis of Operating Profit¹⁾ (January to September 2015 vs. 2014)



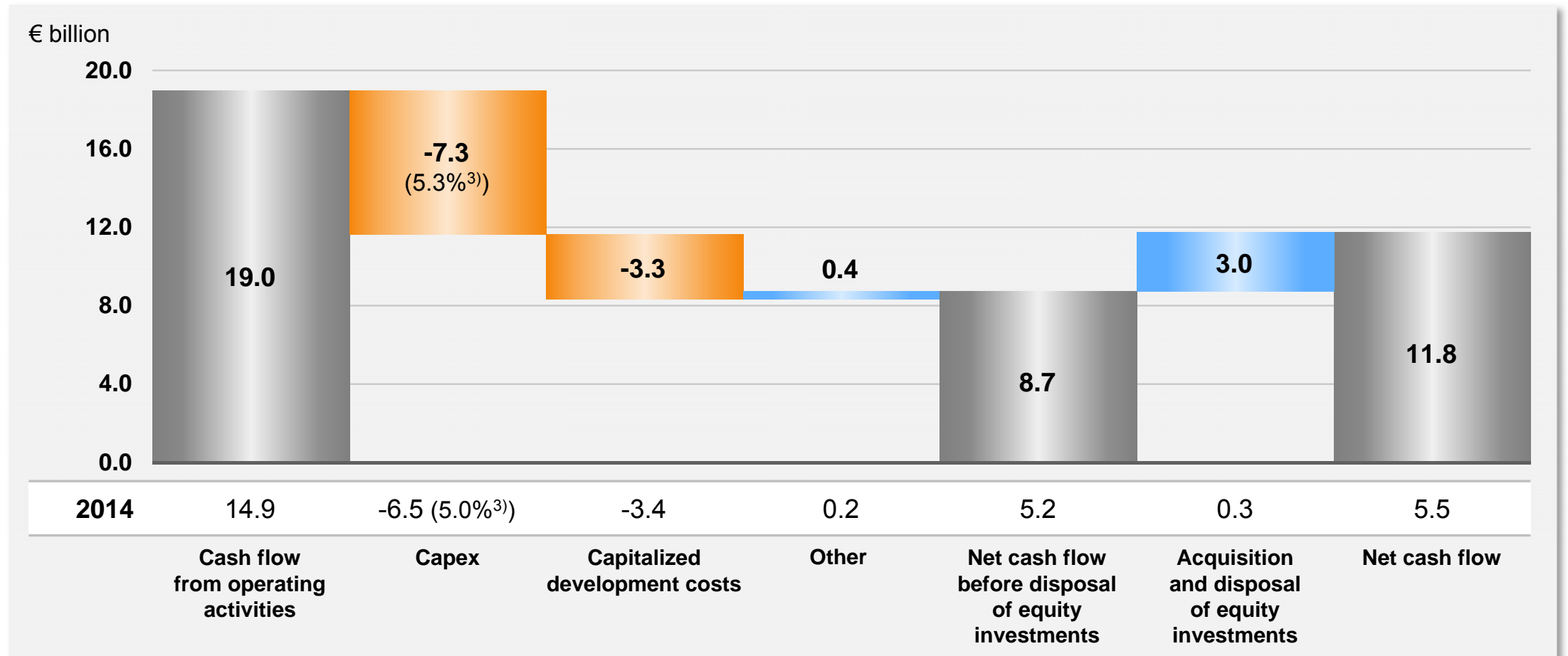
¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

Volkswagen Group – Analysis by Business Line¹⁾ (January to September 2015 vs. 2014)

€ million	Operating profit		Operating margin (%)	
	2015	2014	2015	2014
Volkswagen Passenger Cars	2,229	1,696	2.8	2.3
Audi	4,024	3,831	9.2	9.7
ŠKODA	734	651	7.9	7.4
SEAT	12	-82	0.2	-1.5
Bentley	57	125	4.2	9.9
Porsche ²⁾	2,546	1,927	15.5	15.7
Volkswagen Commercial Vehicles	313	378	4.2	5.4
Scania ²⁾	748	700	9.7	9.3
MAN	271	304	2.7	3.0
Other ³⁾	-2,118	-1,329	-	-
Volkswagen Financial Services	1,381	1,215	7.1	7.6
Volkswagen Group before special items⁴⁾	10,197	9,416	6.4	6.4
Special items	-6,855	-	-	-
Volkswagen Group⁴⁾	3,342	9,416	2.1	6.4
Automotive Division ⁵⁾	1,726	7,980	1.2	6.2
of which: Passenger Cars	1,203	7,295	1.1	6.9
of which: Commercial Vehicles, Power Engineering	523	685	2.1	2.8
Financial Services Division	1,615	1,436	7.4	7.9

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Incl. financial services. ³⁾ 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. ⁴⁾ 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 €3,777 million (€3,920 million). ⁵⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

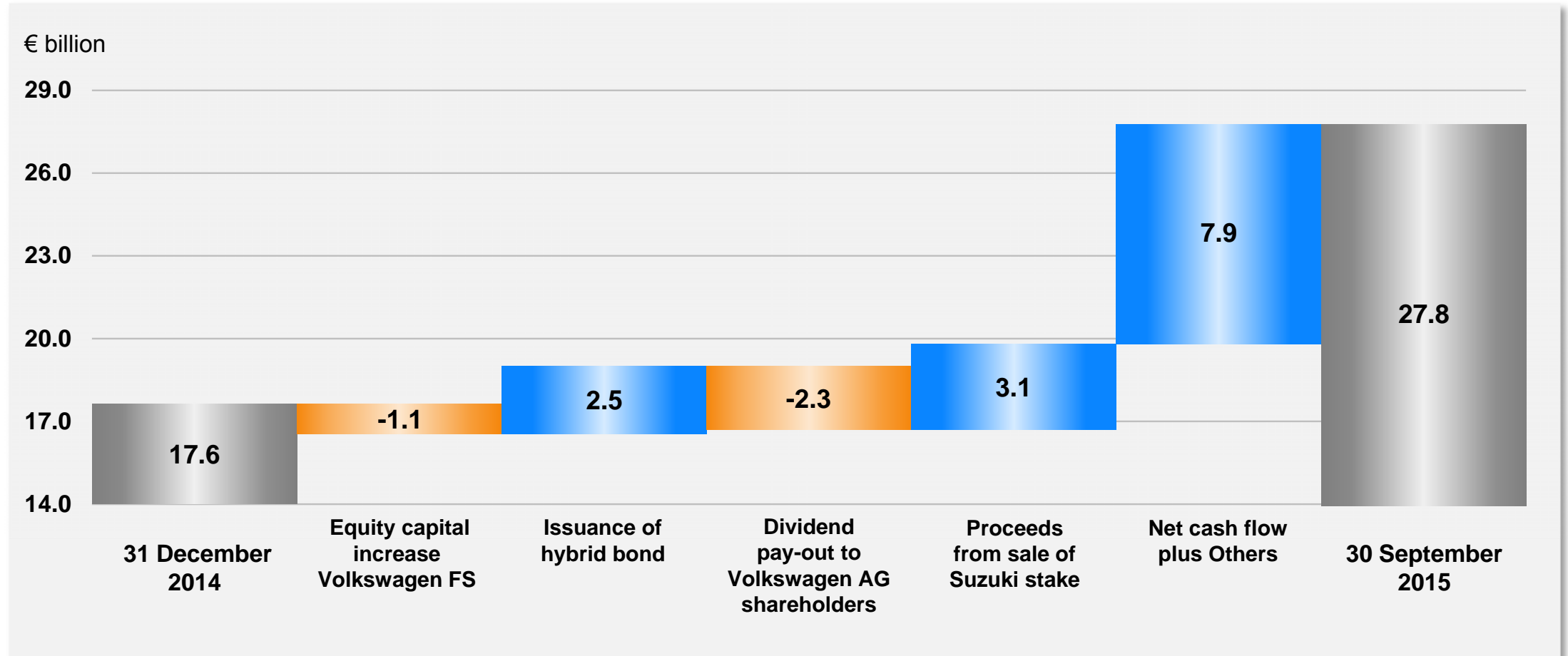
Automotive Division – Strong Cash Generation^{1) 2)} (January to September 2015)



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.

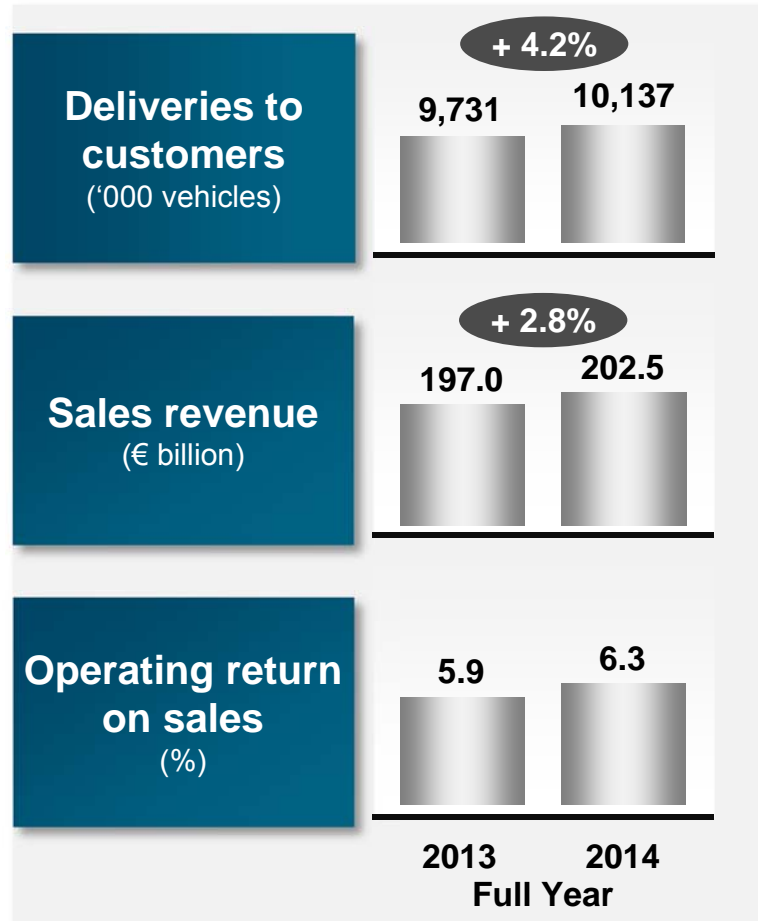
³⁾ Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

Automotive Division – Analysis of Net Liquidity¹⁾



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

Volkswagen Group – Outlook for 2015



We expect ...

- deliveries to customers for the Volkswagen Group in 2015 to remain on a level with the previous year in a persistently challenging market environment.
- 2015 sales revenue for the Volkswagen Group and its business areas to increase by up to 4% y-o-y, depending on the economic conditions. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the Commercial Vehicles/Power Engineering Business Area.

In terms of operating profit...

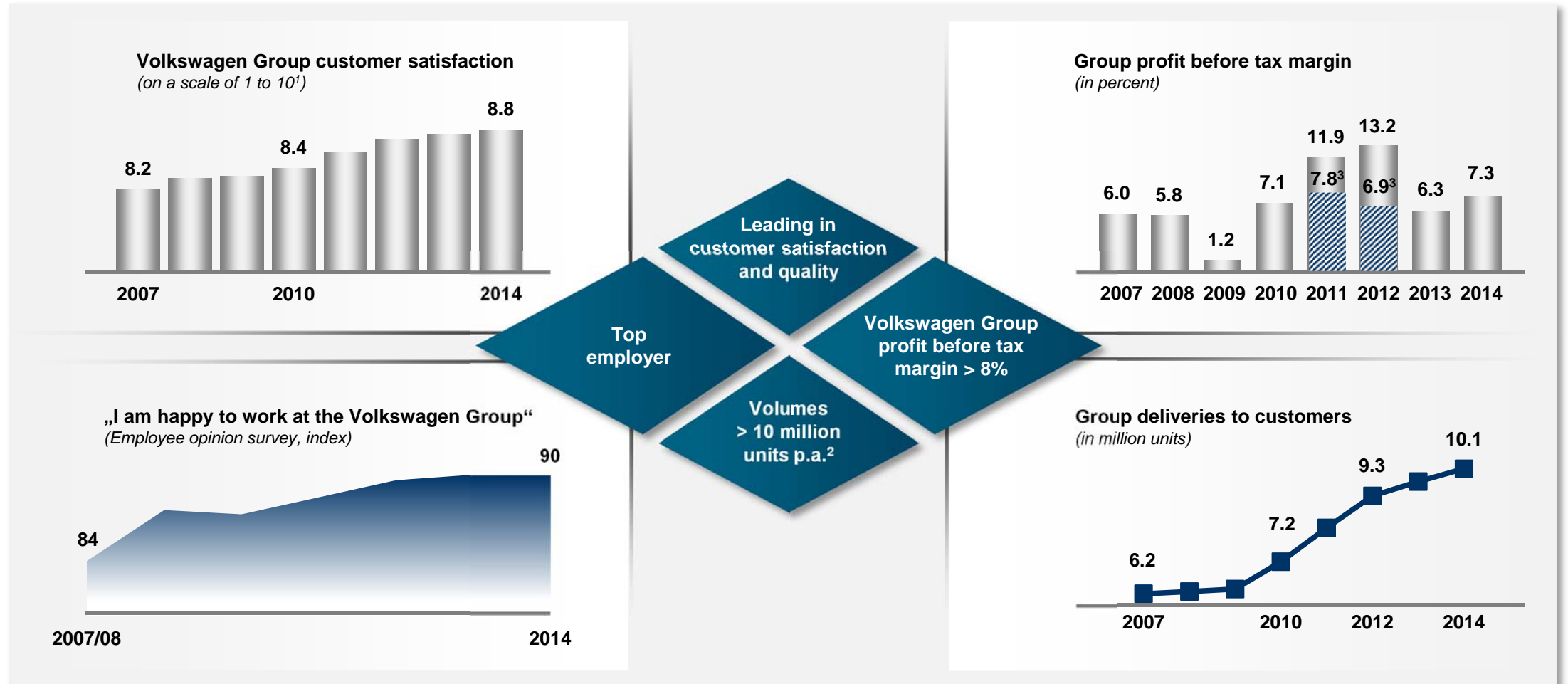
- due to the impact relating to the Diesel issue we anticipate a Group operating profit as well as for the Passenger Cars Business Area significantly below the prior year level.

Before special items...

- we anticipate a Group operating return on sales of between 5.5% and 6.5% in 2015 in light of the challenging economic environment.
- the operating return on sales is expected to be in the 6.0% to 7.0% range in the Passenger Cars Business Area and between 2.0% and 4.0% in Commercial Vehicles/Power Engineering.

For the Financial Services Division, we are forecasting an operating profit at the prior-year level.

Strategy 2018 of Volkswagen Group



¹ Own calculation based on key industry studies on customer satisfaction with dealers, after sales and new vehicles. ² Including China.

³ Group profit before tax margin excluding the nonrecurring effect from the remeasurement of the Porsche put/call options and from remeasurement at the contribution date of the shares already held.

Volkswagen Group – Key sustainable achievements

Superior products



Continued market leadership
in Europe and China



Positioning and cooperation clearly
strengthened in the premium segment



Audi



PORSCHE

Creation of a leading truck business

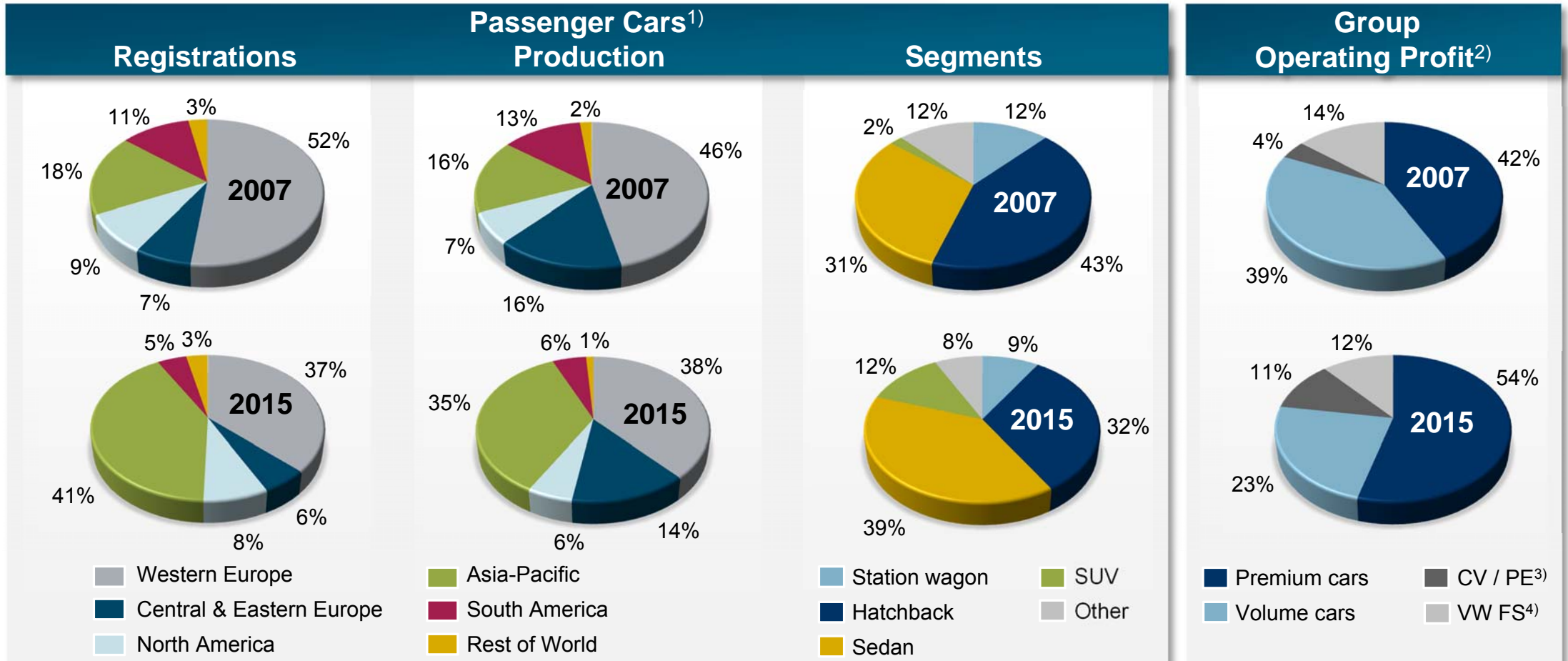


SCANIA

Successful toolkit implementation



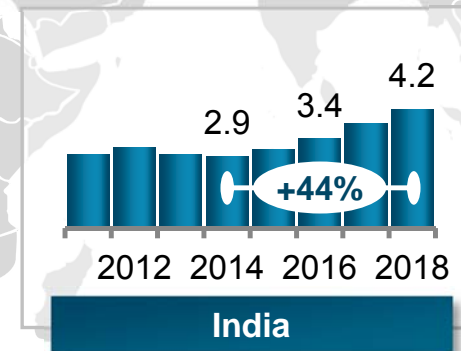
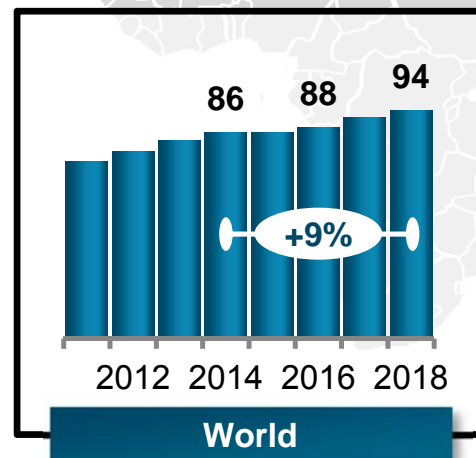
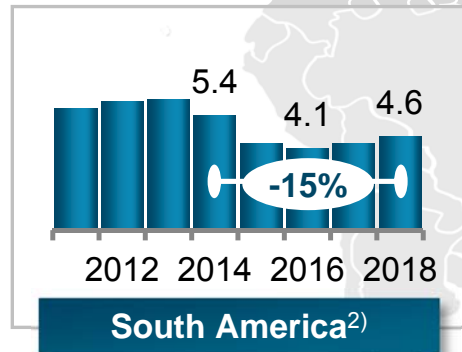
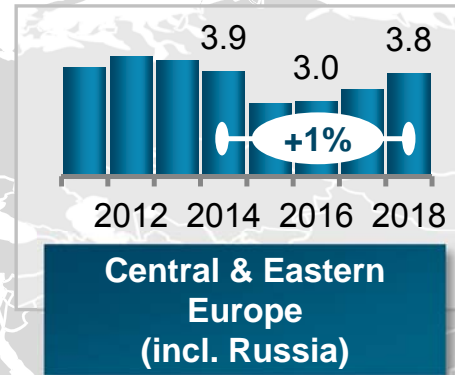
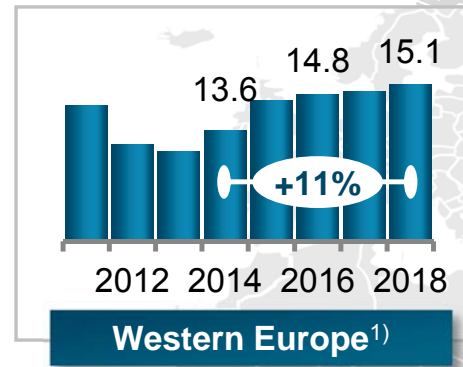
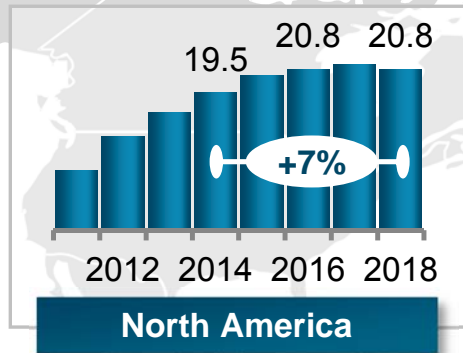
Improved segment and market exposure provides stable earnings platform



¹⁾ Source: Polk; Jan – Jun 2015 vs. FY 2007, figures excl. Volkswagen Commercial Vehicles, MAN and Scania. Porsche fully consolidated as from 1 August 2012 ²⁾ Split of Group Operating Profit excl. Other / Consolidation and PPA, Jan - Jun 2015 vs. FY 2007 ³⁾ Commercial Vehicles / Power Engineering, H1 2015 Operating Profit before special items ⁴⁾ VW Financial Services figures do not include financial service activities of Scania, Porsche AG and Porsche Holding Salzburg

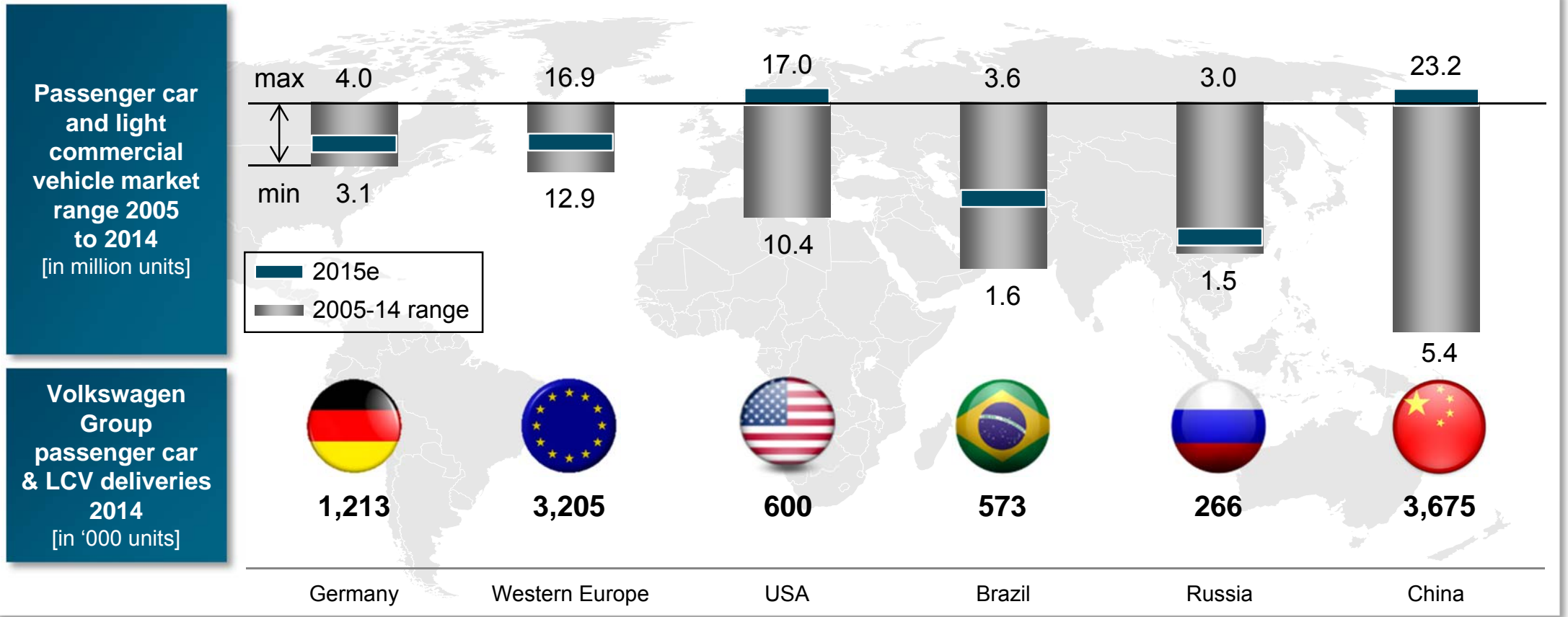
Key sales markets offer substantial growth opportunities

Market growth 2014 – 2018 (million units)



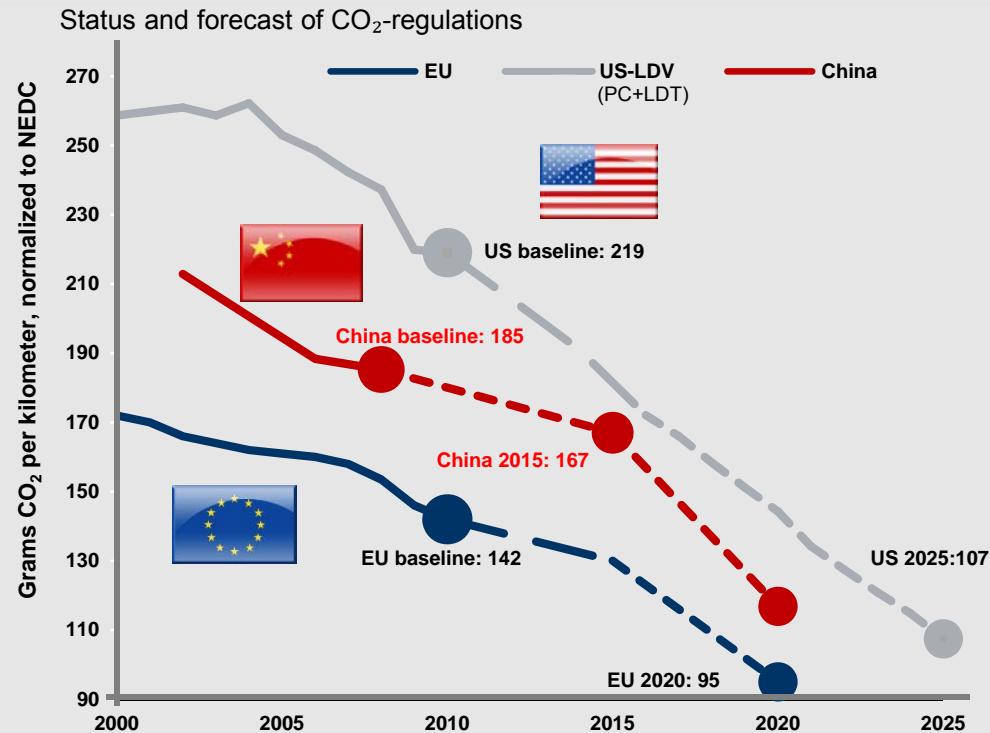
¹⁾ Includes Cyprus and Malta
²⁾ Includes Central America and Caribbean
 Source: IHS Automotive (data status: October 2015), rounded
 Note: Market = Cars and LCVs

While some major markets are near peak levels, core regions of the Volkswagen Group are still significantly below historical sales levels



Tightening environmental regulation and major trends driving substantially higher investment and engineering needs today

... CO₂ and EU6 regulations



Source: based on ICCT

... Market / consumer trends

Digitalization



Shorter lifecycles



E-mobility



SUV trend



Automated driving



Shift in priorities



Future Tracks – Paving the way to the future



Strategy for the time beyond 2018



Profitability



Economic uncertainty

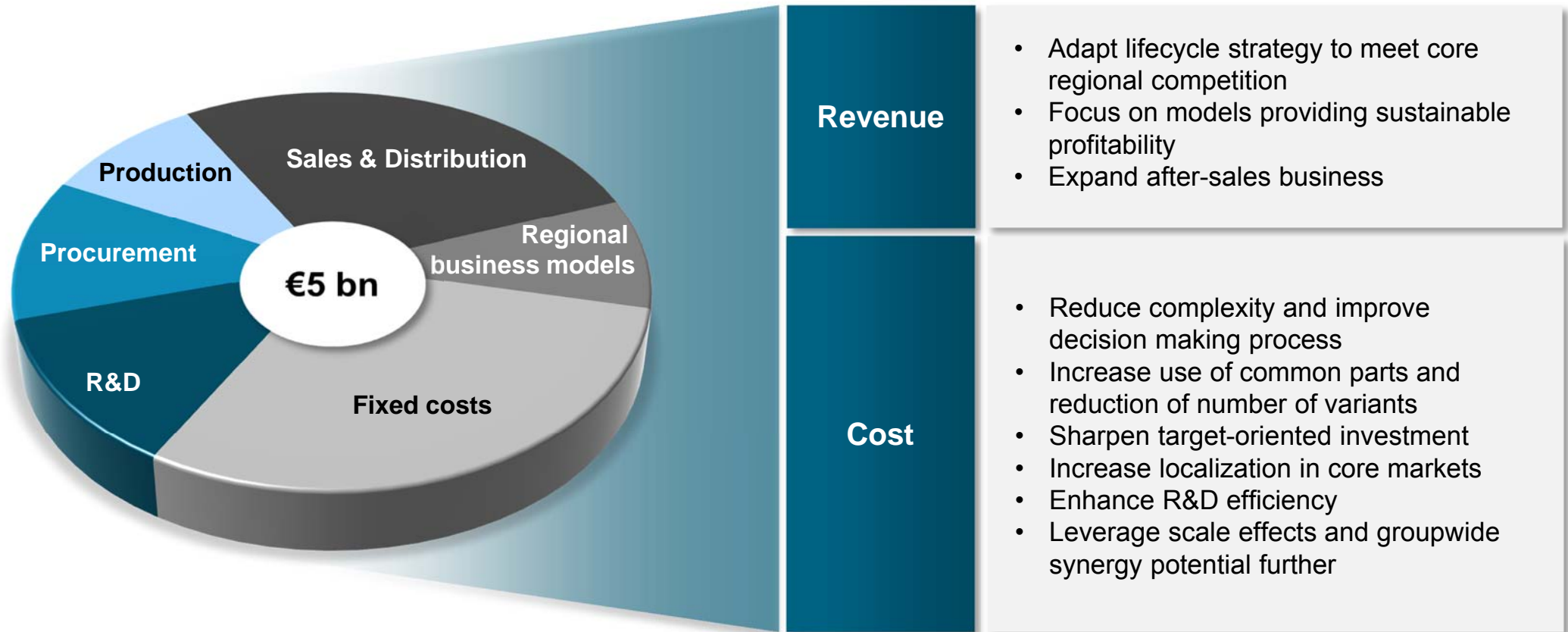


Volkswagen Group 2018 Strategy





Volkswagen Brand: Substantial efficiency measures across all business areas to ensure > 6% target return

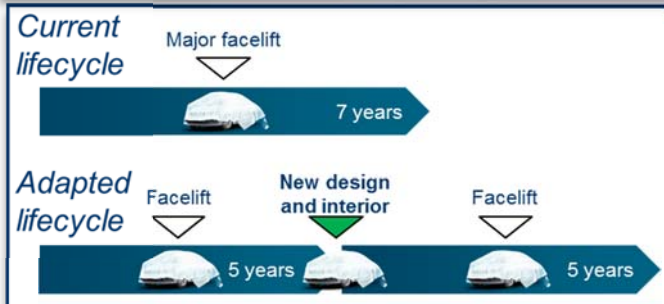




Volkswagen Brand: Three focus areas to improve competitiveness

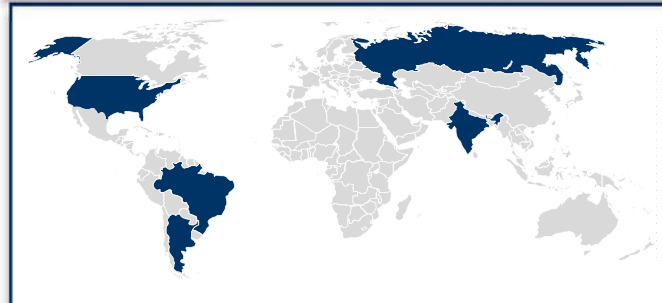
Efficiency Program

Model Portfolio & Cycle Plan



- Continually adapt product lifecycles to the specific regional and competitive requirement
- Challenge every model regarding growth prospects and sustainable profit contribution

Strengthen Regions



- Improve operational and financial robustness of regional business models
- Increase localization of products, production and components as well as research and development

Cost Discipline & Productivity



- Strong focus on cost and investment discipline
- Roll-out of efficiency program in order to secure/improve cost efficiency and quality of results

Efficiency program well on the way in all business areas

Revenue enhancement through increased sales of Golf R and R-line-packages



Logistics cost optimization



Test fleet vehicle efficiencies



Factory 4.0



Complexity reduction

Touran current model

Complexity drivers

- Drivers assistant systems
- Legal requirements
- Seating options
- ...

Touran successor

Variant reduction

- Steering wheels
- Trunk lining
- Mirrors
- ...



Golf 7: Batteries



~50%

Golf 7: Interior lamps



~50%

Golf 7: Armrests (leather)



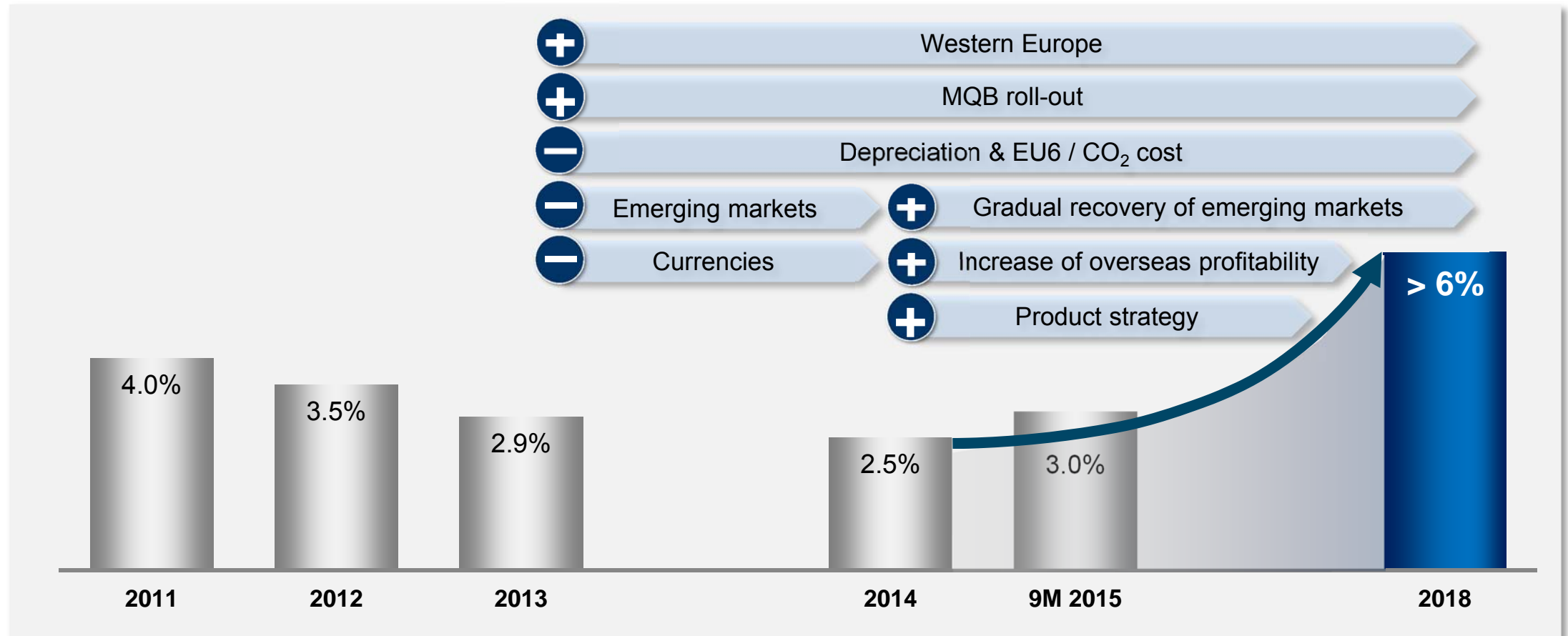
>30%

Polo successor: Engine/gearbox variants



>30%

Improving operating returns at Volkswagen Passenger Cars¹⁾



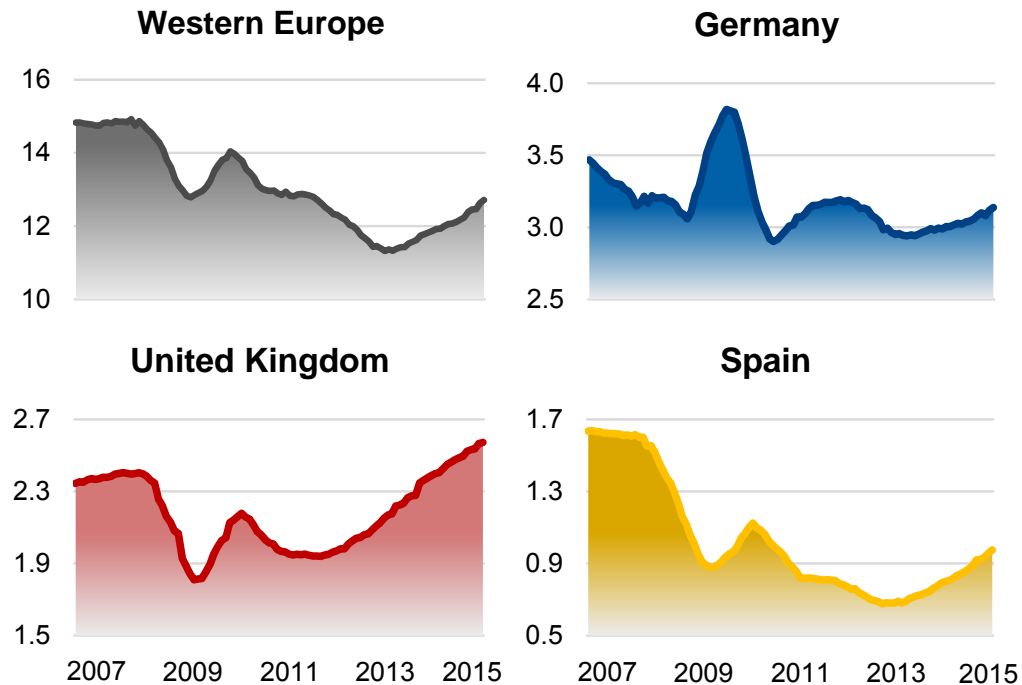
¹⁾ The joint venture companies in China are accounted for using the equity method and thus are not included in the operating profit of Volkswagen Passenger Cars.



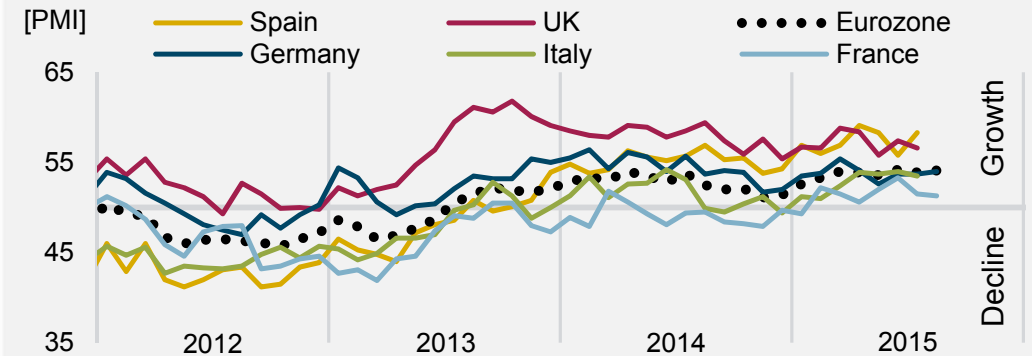
Western European car markets are recovering on a solid basis, but most markets are still below historical levels

Key Western European Passenger Car Markets

[Seasonally-adjusted-annual rate, Dec 2006 – Jul 2015, in m units]



Purchasing Managers Index (as per July 2015)



- Since mid-2013 the Western European passenger car market is steadily recovering from lows
- Key drivers include recovering economic performance and sound growth expectations as well as low financing rates
- However, most markets are still below pre-crisis levels
- Further continuation of positive development supported by robust growth expectations

Deep roots and strong market position combined with further growth potential assures continued profitable growth in China



Production network and implementation of MQB

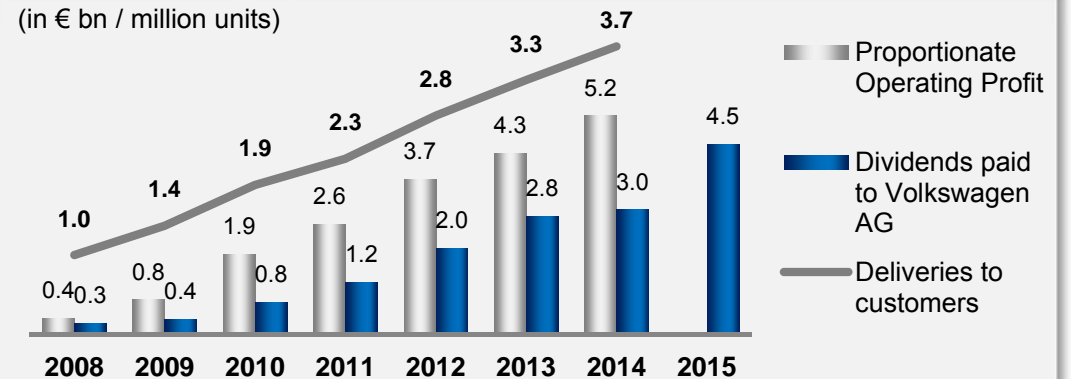
Production capacity (250 working days)
2014: 3 million
2019: >5 million



- Existing production site
- MQB production site by 2016
- Planned MQB production site

Strong operational & financial track record

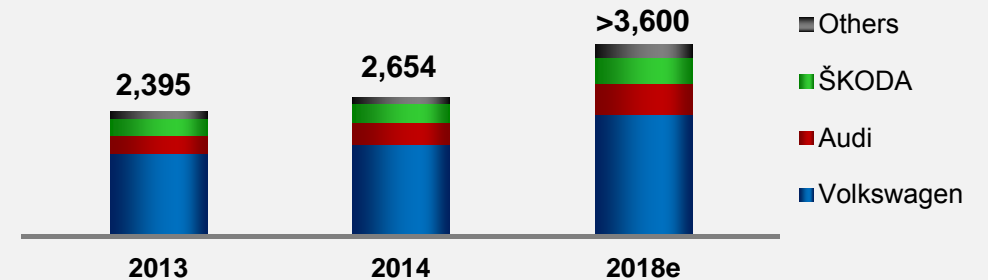
(in € bn / million units)



Significant extension of product portfolio



Continuous expansion of dealer network

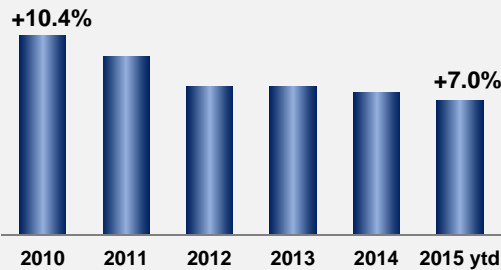




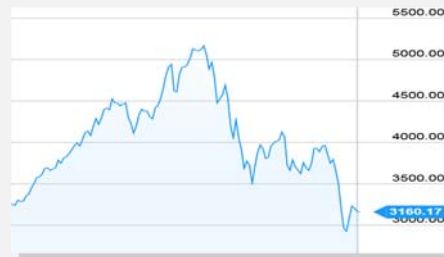
'New Normal' has arrived in the Chinese market requiring a different focus

Challenging framework conditions...

Slowing GDP growth



Stock market volatility



Car purchase restrictions



Growth moving to lower Tier cities with more price sensitive customers



Pressure on vehicle prices



...requires more focus on qualitative growth

More focus on synergies, efficiencies and costs

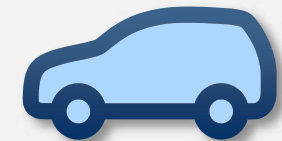


Flexible and prudent capacity planning



Conservative planning of sales targets

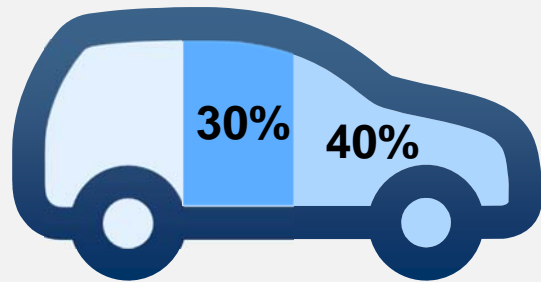
Product portfolio refreshment and development





In 2015/16 Volkswagen Group is updating up to 70% of its models in China, including the launch of more than 30 entirely new models to the market



Model relaunches and facelifts in % of total portfolio



2016 total portfolio: ~160 models

-  % share of models introduced in 2015
-  % share of models introduced in 2016

Vehicles carrying substantial volume potential to be updated in 2015/16 (examples)¹⁾



Lavida (SVW)
(>350,000 units)



Audi A4L (FAW-VW)
(>100,000 units)



Passat NMS (SVW)
(>200,000 units)



Audi Q7 (FBU)
(>20,000 units)



Magotan (FAW-VW)
(>200,000 units)



ŠKODA Superb (SVW)
(>30,000 units)



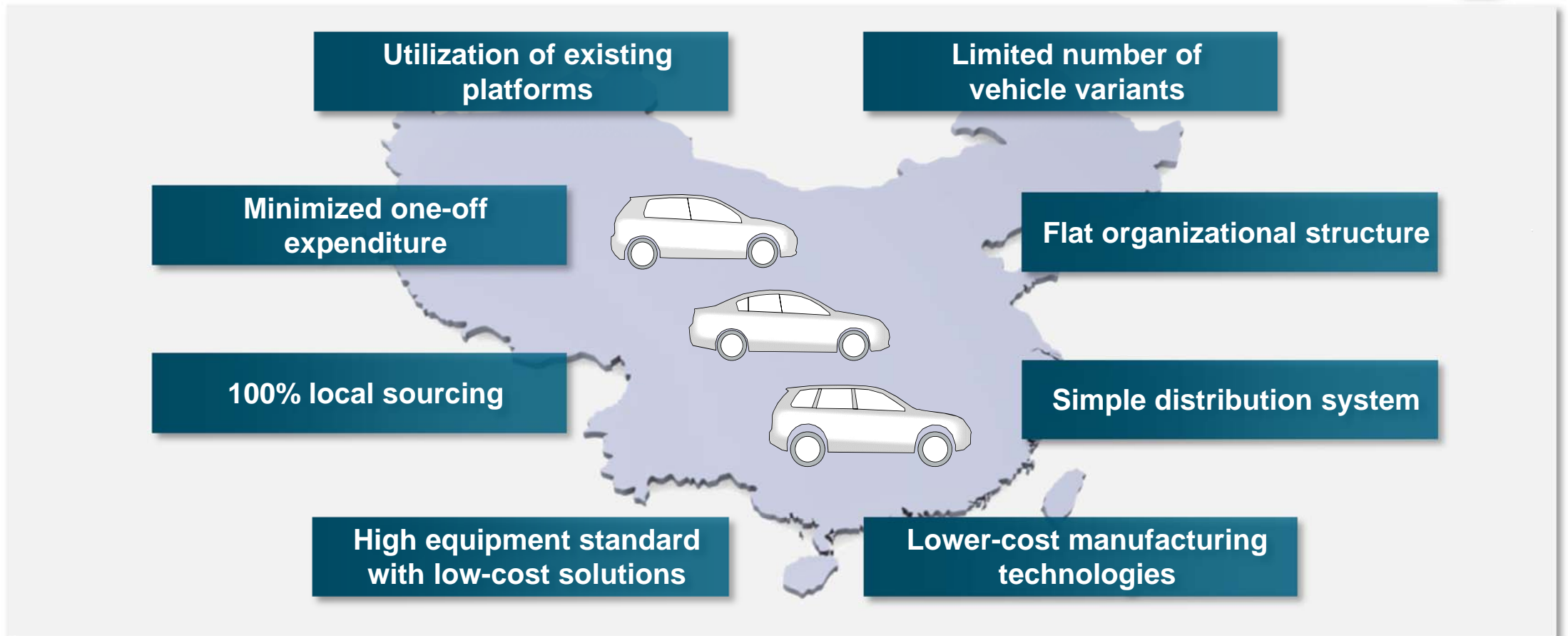
Tiguan²⁾ (SVW)
(>200,000 units)



Porsche 911 Coupé (FBU)
(>1,000 units)

¹⁾ Volume data as per full year 2014 ²⁾ incl. LWB version

Volkswagen Group's 360° business model for the Budget Car Family



USA – Strong commitment to the U.S. market

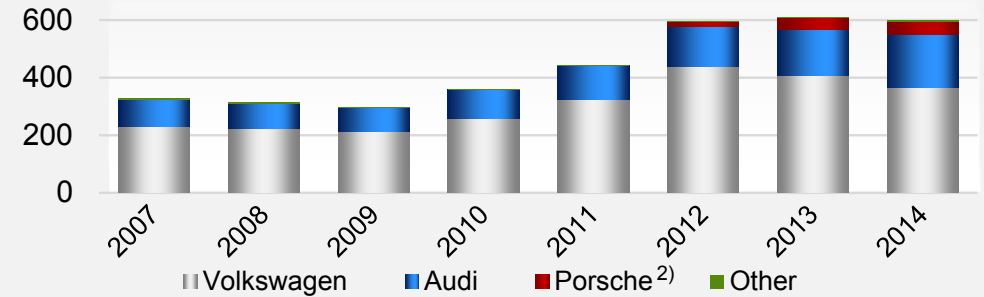


Expanding local footprint



Strong commitment to the U.S. market

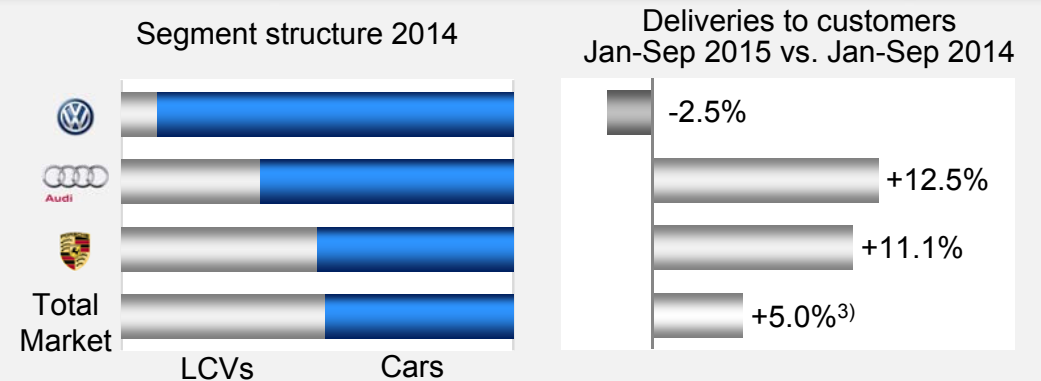
Deliveries in '000 units by brands



Upgrade/expansion of portfolio



LCV segment remains a large opportunity



¹⁾ Production of global volumes of new Audi Q5 from 2016 ²⁾ Figures including Porsche as from 1 August 2012
⁴⁾ Imported and locally produced vehicles in % of total deliveries (Volkswagen Passenger cars)

³⁾ Thereof Passenger Cars -2.1%, Light Commercial Vehicles +11.7%

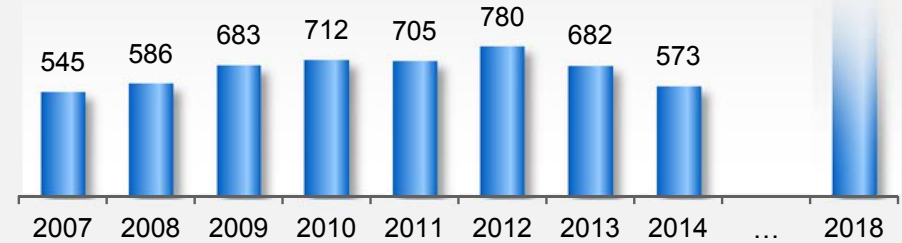
Brazil – Short-term challenge, mid-term opportunity



Highly localized passenger car production

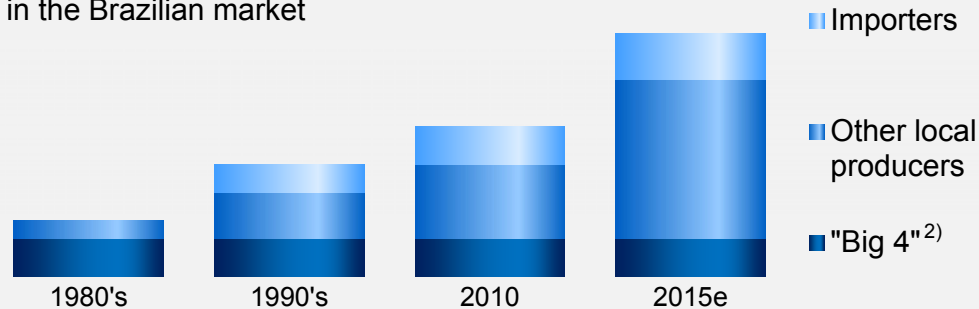


Deliveries to customers ('000 units)



A rapidly changing competitive landscape

Number of automotive companies in the Brazilian market



Source: Anfavea, own research

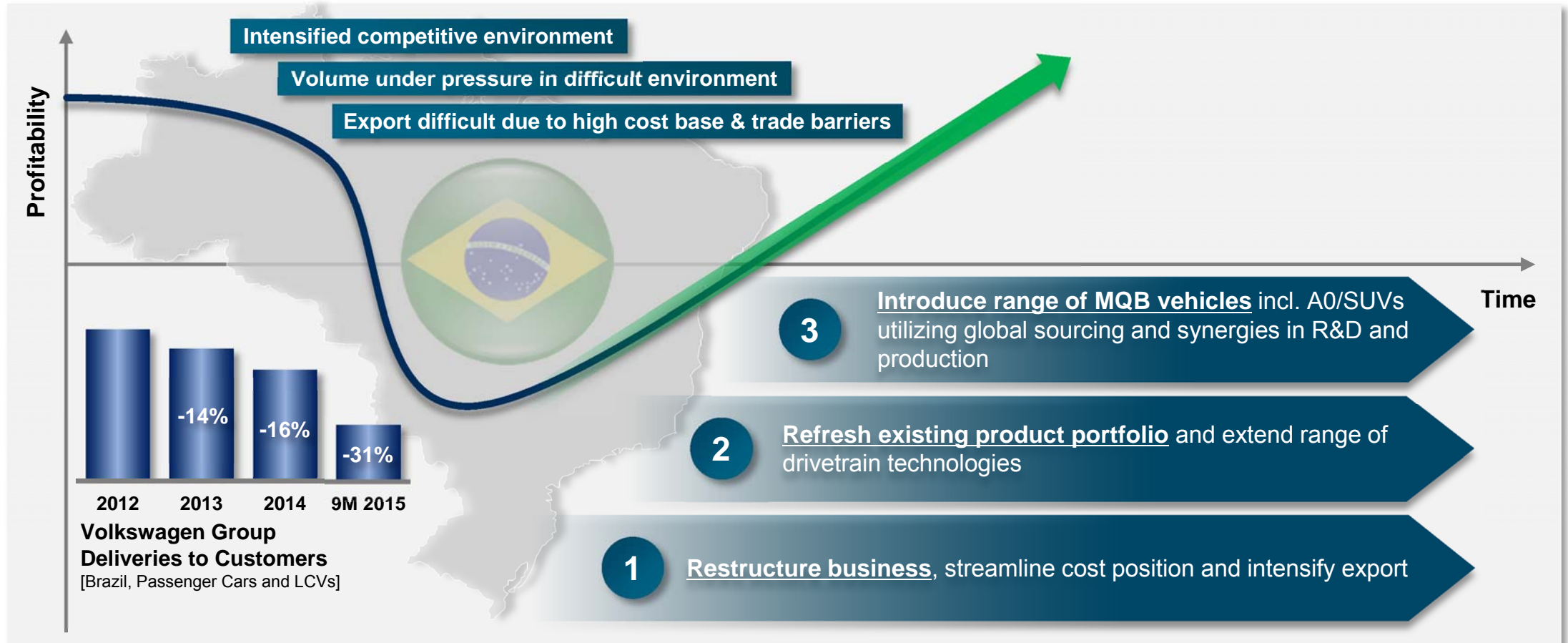
Expansion & upgrade of locally produced portfolio



¹⁾ Audi to start production of A3 Sedan in São José dos Pinhais in 2015, Q3 to be produced from 2016

²⁾ Volkswagen, Fiat, General Motors, Ford

Product innovation and cost reduction are the key pillars of Volkswagen's strategy to cope with challenges in emerging markets



MQB – Driving forward economies of scale in unit cost, investment and supporting achievement of emission targets



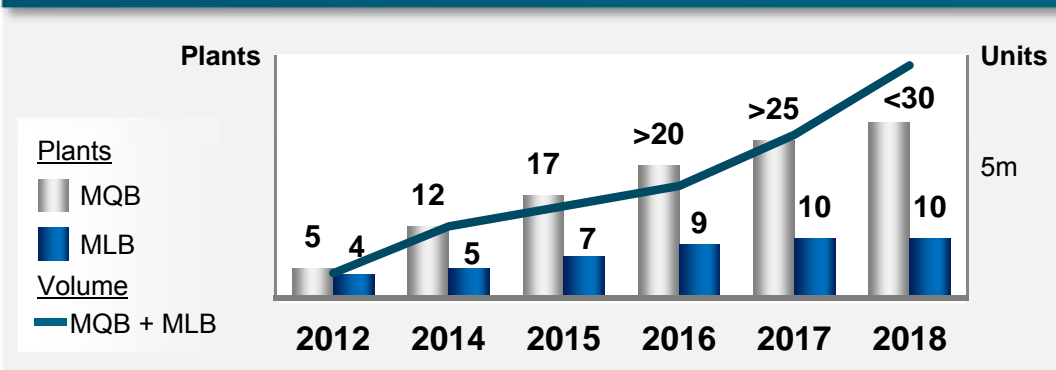
¹⁾ Engineered Hours per Vehicle

Sustainable success secured through the roll-out of modular toolkits

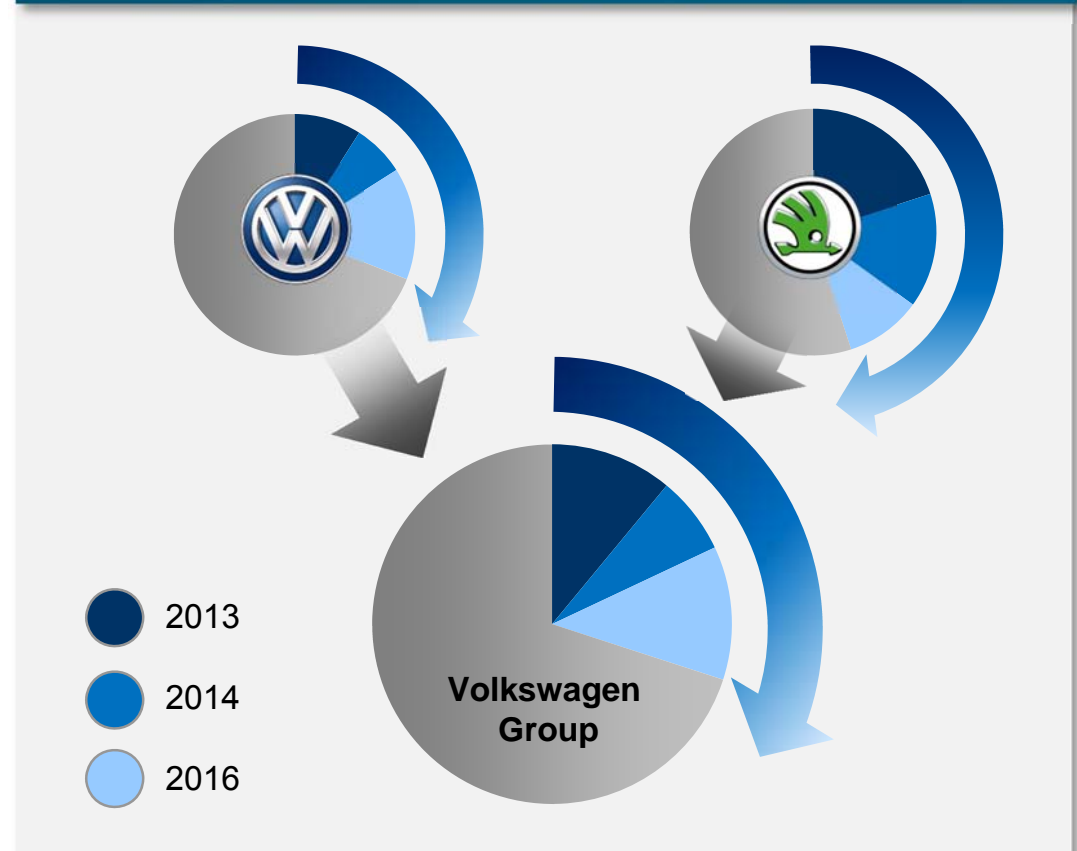
Global roll-out of modular toolkits



Number of toolkit equipped plants and volume



MQB production share of total production volumes¹⁾



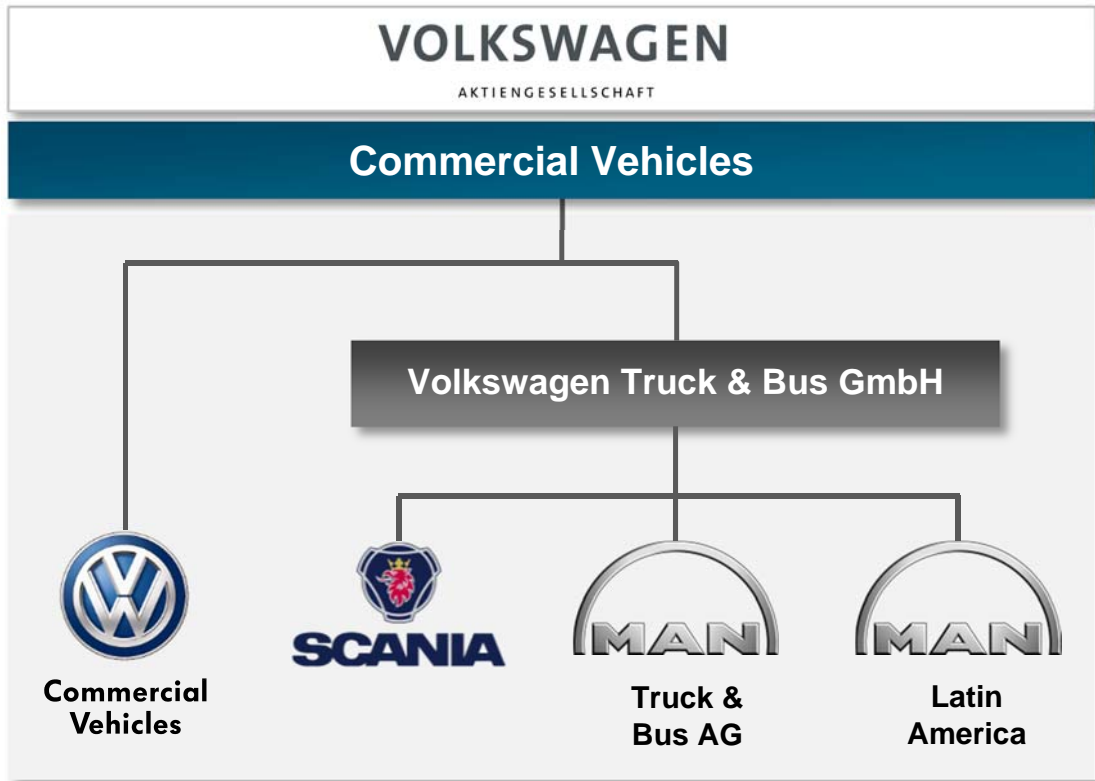
¹⁾ Including China; the Chinese share in the global MQB volume amounted to around one fifth in 2014 and is expected to increase to more than one third in 2018

Volkswagen Group brands product firework¹⁾ across the world



¹⁾ Schematic overview – does not show all models

Structured framework¹⁾ for business with mid-sized and heavy trucks and buses



Objective is to foster close cooperation to ...



... implement internal processes specifically designed for the truck & bus business at VW



... bundle financial resources while preserving independence of brands as part of Volkswagen



... leverage synergies to create effective and efficient commercial vehicles unit



... bring together know-how from brands to ensure cutting-edge product development

¹⁾ Operational steering structure

Structural changes to improve competitiveness and efficiency based on integration of Volkswagen's truck businesses

Integration drivers

Foundation: management of independent and strong brands on the basis of integrated technology and operations

Objective: modular toolkit strategy for commercial vehicles with common components and systems

Scale benefits: improved efficiency of resource allocation and increased flexibility concerning vertical integration



Commercial
Vehicles

Synergies (Operating Profit impact)

Achieved by the end of 2014

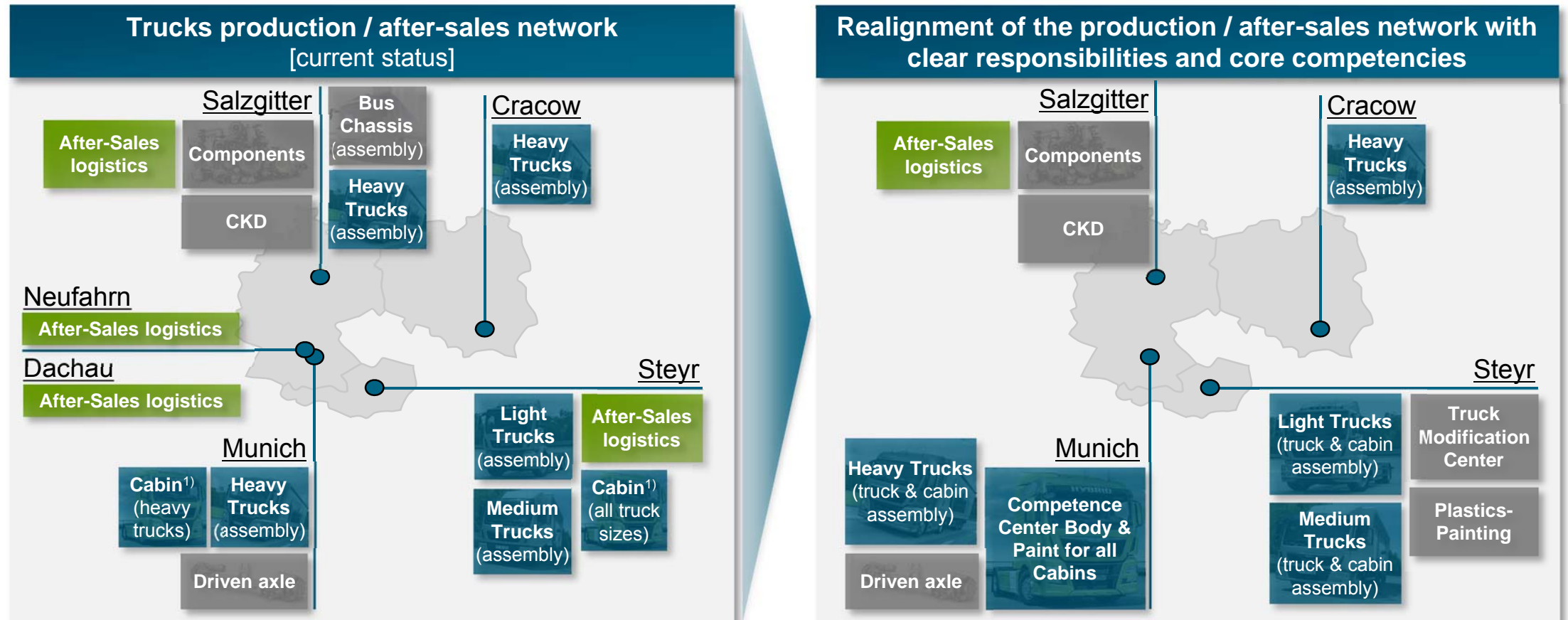
- €200+ million
- Focus on purchasing
- Synergy potential limited due to arm's-length requirements

Additional potential through the integration

- €650+ million per year long-term average with 10-15 years gradual phase-in based on life cycles of vehicles and systems / components
- Majority of benefits from joint R&D, purchasing and sourcing components, e.g. gearbox
- Significant benefits from capex savings

MAN Truck & Bus – program to strengthen sustainable competitiveness

(New structure for production network Trucks Central Europe)



¹⁾ Body-in-white, painting and assembly

New registrations of mid-sized and heavy trucks in markets relevant for the Volkswagen Group are set to drop noticeably in 2015

Western Europe



Demand **expected to rise modestly** with economic recovery; pull-forward effects in 2013 related to Euro 6 emission standard negatively affected 2014

Germany



GDP growth in 2015 expected to **slightly increase** over the year with positive effect on truck sales

Russia



Sanctions and sluggish macroeconomic development will have **continuing negative effect on truck demand** in 2015

Brazil



Negative macroeconomic development with adjustment of FINAME-Program have a **significantly negative impact** on Brazilian market

India



- Government change 2014 provides further investment incentives
- **Substantial increase** in truck sales expected

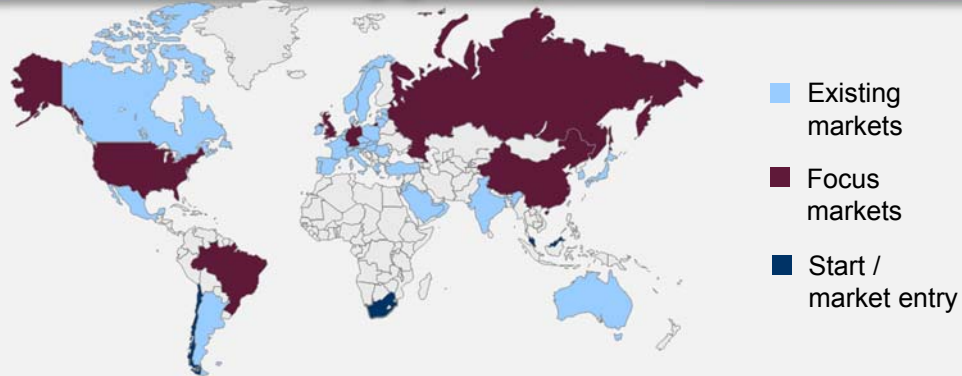
China



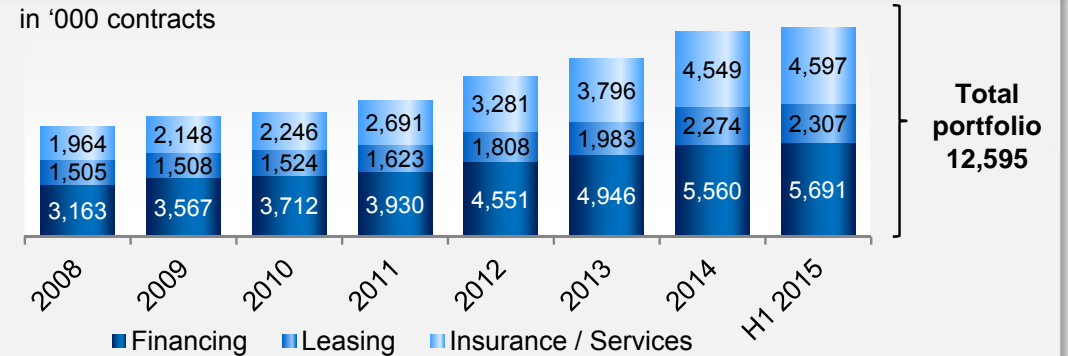
Sales in China expected to be **almost on the same level** as 2014 despite positive macroeconomic development

VW Financial Services¹⁾: A global, well diversified and successful business

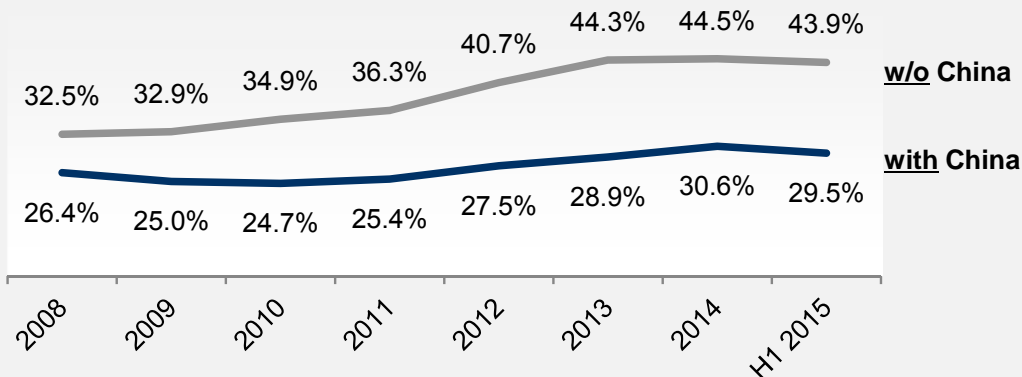
Strong global presence



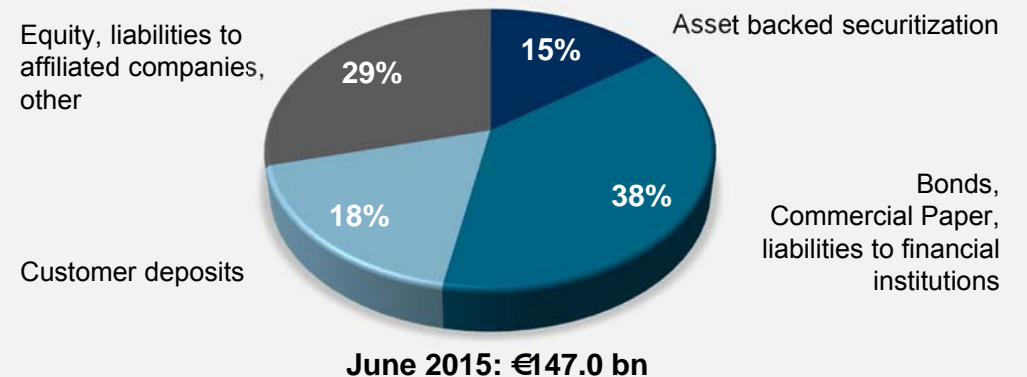
Continuous portfolio expansion



Rising penetration rates



Diversified funding structure



¹⁾ All shown figures show VW Financial Services as of 30 June 2015, excluding financial service activities of Scania, Porsche AG and Porsche Holding Salzburg; MAN financial services activities are included from 1 January 2014

Volkswagen Group: Global automotive leader 2018

Economic and environmental leadership in the global automotive industry

Economic leadership

Excellent and custom-tailored product portfolio

Increasing global footprint and emerging markets presence

Realization of cost savings, toolkit modularization and localization of products

Creation of sustainable value

Environmental leadership

Diversified portfolio of drivetrain technologies

Continuous improvements in internal combustion engines

Leadership in alternative powertrain technologies

25 percent less energy and water consumption, waste and emissions in Group production



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Appendix

Volkswagen Group – Headline Figures (January to September 2015 vs. 2014)

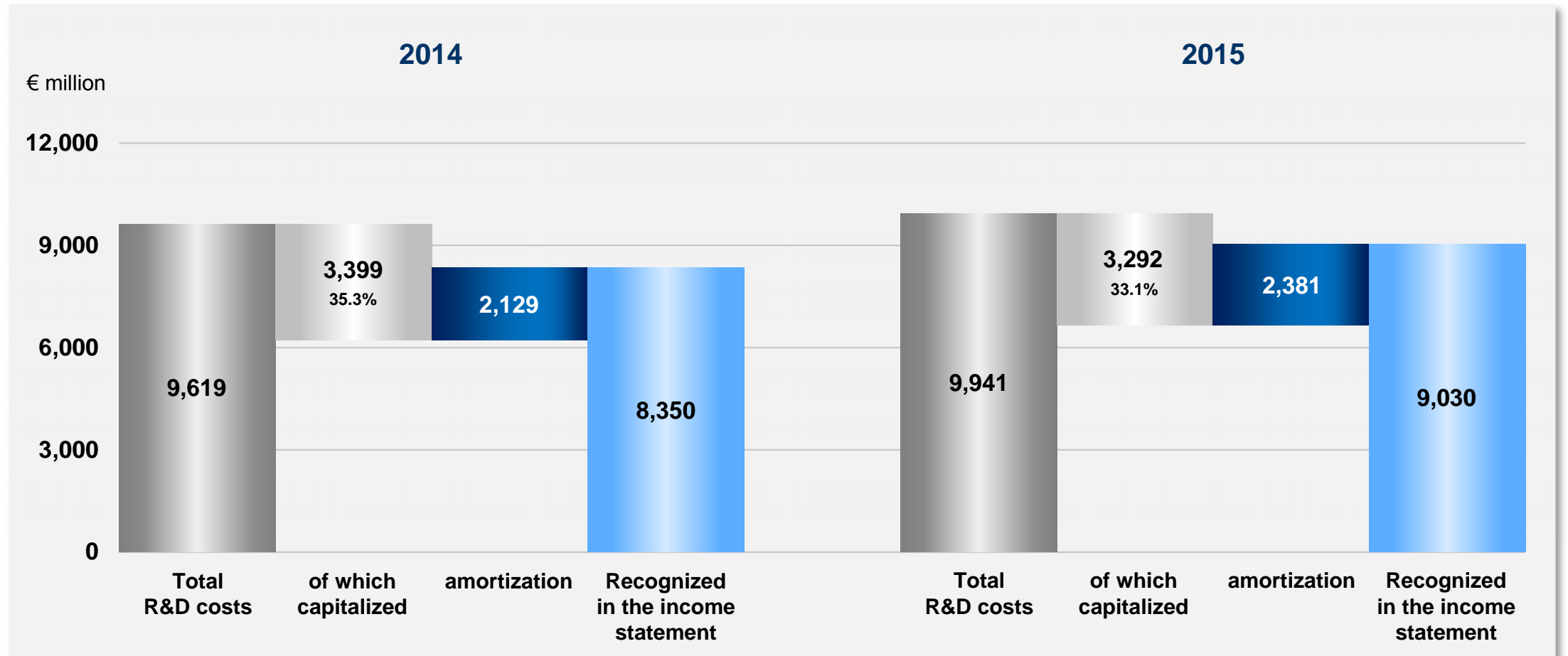
		2015	2014	+/- (%)
Deliveries to customers ¹⁾	'000 units	7,431	7,542	-1.5
Vehicle sales ¹⁾	'000 units	7,440	7,646	-2.7
Production ¹⁾	'000 units	7,438	7,638	-2.6
Sales revenue				
Sales revenue	€ million	160,263	147,718	+8.5
Operating profit before special items				
Operating profit before special items	€ million	10,197	9,416	+8.3
Special items				
Special items	€ million	-6,855	-	x
Operating profit				
Operating profit	€ million	3,342	9,416	-64.5
Profit before tax				
Profit before tax	€ million	5,142	11,490	-55.2
Profit after tax				
Profit after tax	€ million	3,990	8,687	-54.1
Automotive Division²⁾				
Cash flows from operating activities				
Cash flows from operating activities	€ million	18,973	14,942	+27.0
Cash flows from investing activities attributable to operating activities³⁾				
Cash flows from investing activities attributable to operating activities ³⁾	€ million	7,220	9,398	-23.2
of which investments in property, plant & equipment	€ million	7,340	6,482	+13.2
Net cash flow				
Net cash flow	€ million	11,753	5,544	x
Net liquidity at September 30				
Net liquidity at September 30	€ million	27,755	16,785	+65.4

¹⁾ Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2014 deliveries updated reflect subsequent statistical trends.

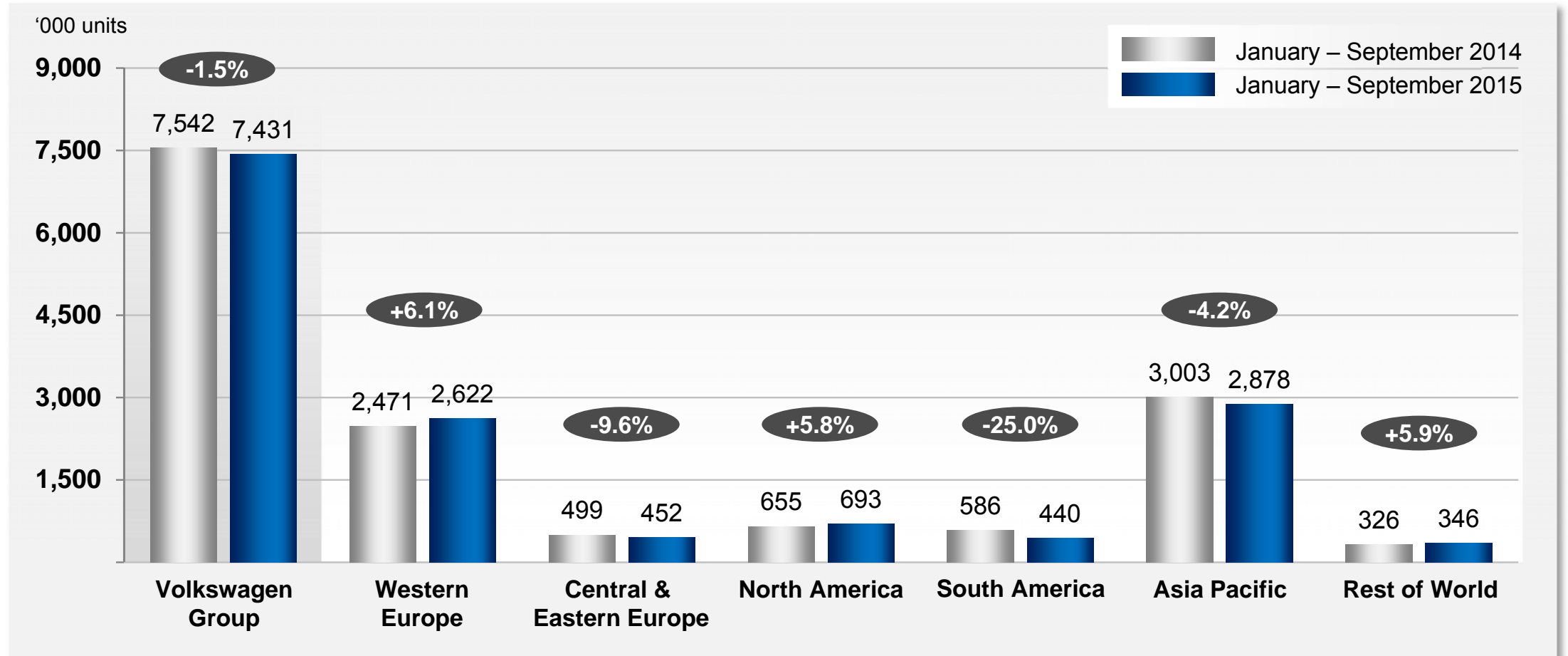
²⁾ Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

³⁾ Excluding acquisition and disposal of equity investments: January – September €10,246 million (€9,694 million).

Automotive Division – Research and Development Costs (January to September 2015 vs. 2014)

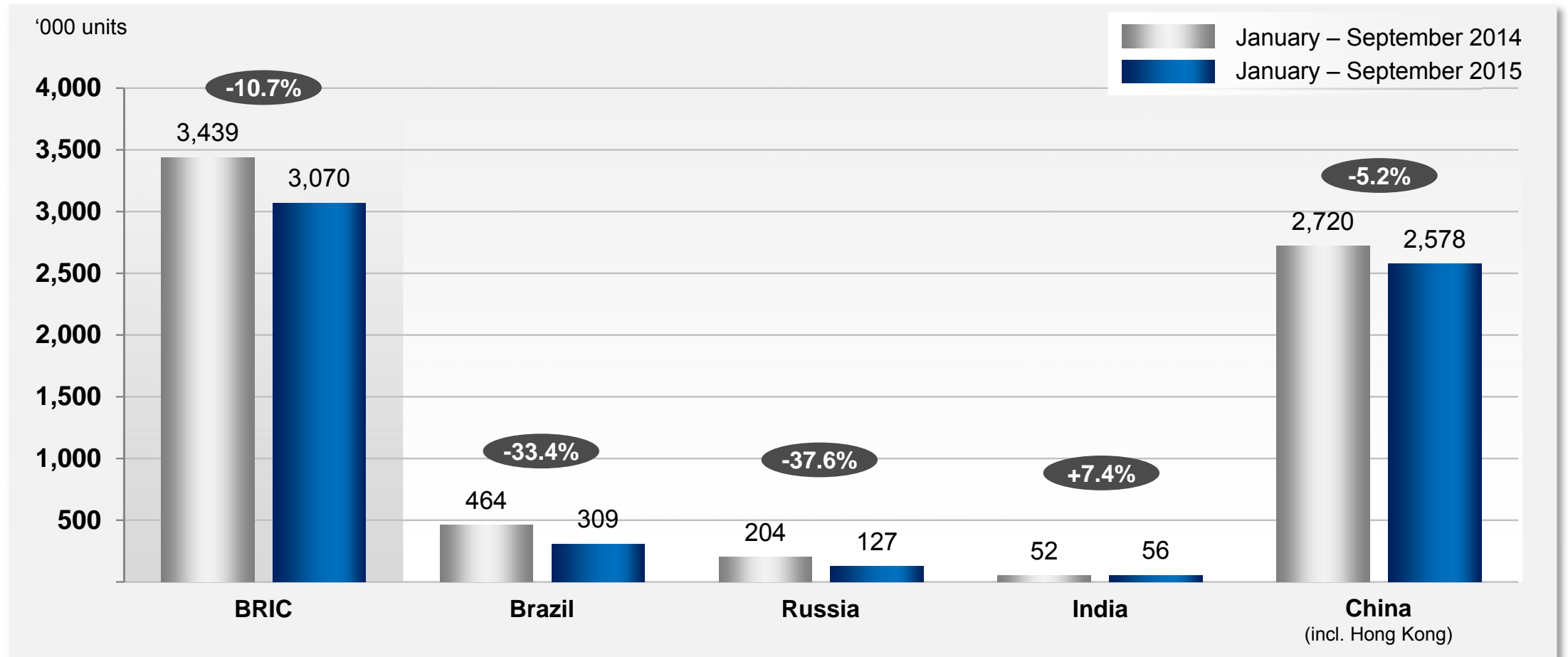


Volkswagen Group – Deliveries to Customers by Markets¹⁾ (January to September 2015 vs. 2014)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -1.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Deliveries to Customers BRIC-Markets¹⁾ (January to September 2015 vs. 2014)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles).

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Volkswagen Tiguan



Audi e-tron quattro concept



Audi A4 TFSI quattro



Porsche 911 Carrera S

Porsche 911 Carrera Cabrio



Porsche Mission E Concept



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ŠKODA Superb Combi SportLine



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SEAT Leon Cross Sport



Bentley Bentayga



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Lamborghini Huracán LP 610-4 Spyder



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Volkswagen Multivan



MAN TGX D38



Scania R 730 6x4 Streamline



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Volkswagen Group – Regaining trust

Frank Witter

Member of the Board of Management, Volkswagen Aktiengesellschaft
Investor Roadshow with J.P. Morgan, London, 29 October 2015