

VOLKSWAGEN

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Volkswagen Group: Financial sustainability on core strengths

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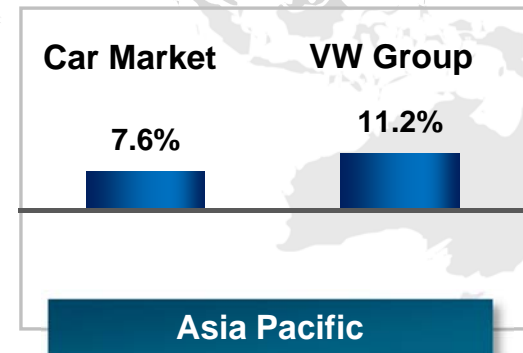
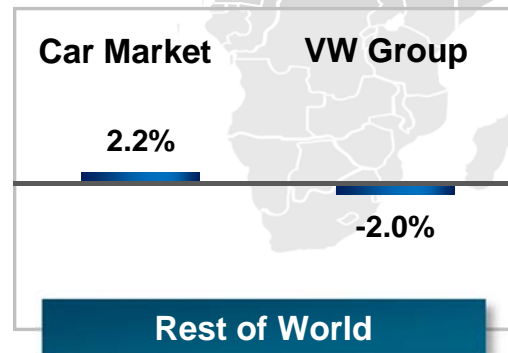
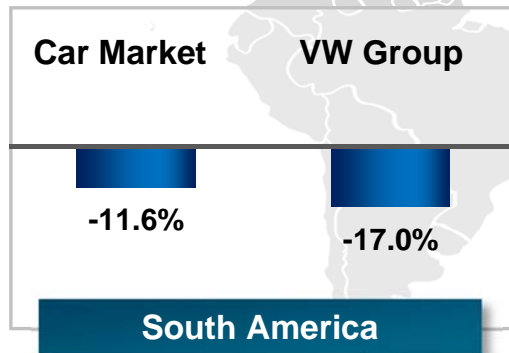
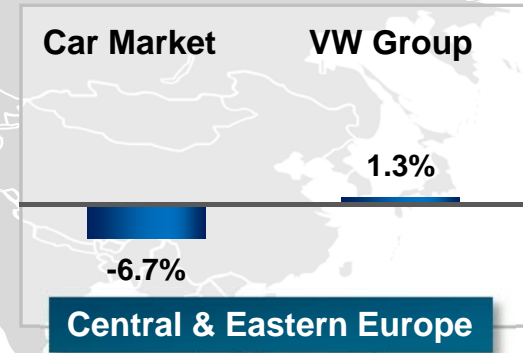
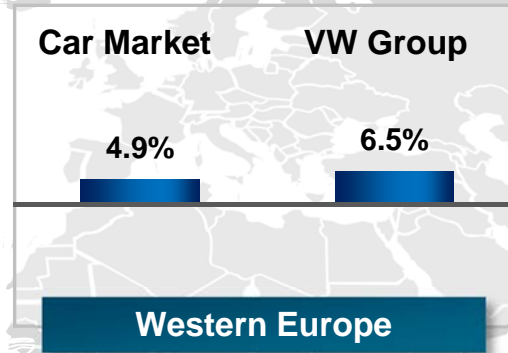
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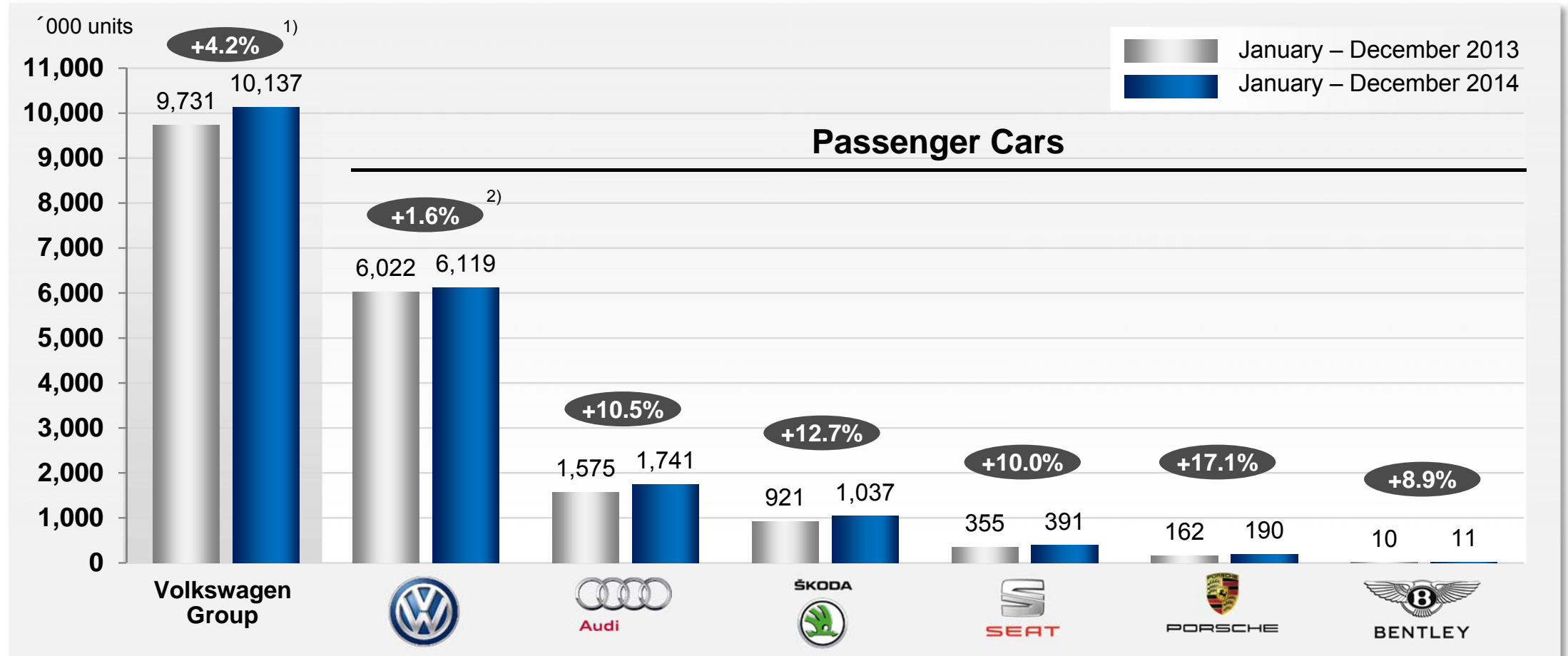
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾ (Growth y-o-y in deliveries to customers, January to December 2014 vs. 2013)

World: Car Market: 4.5% Volkswagen Group: 4.9%



¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN. The Saveiro model, previously Volkswagen Commercial Vehicles, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.

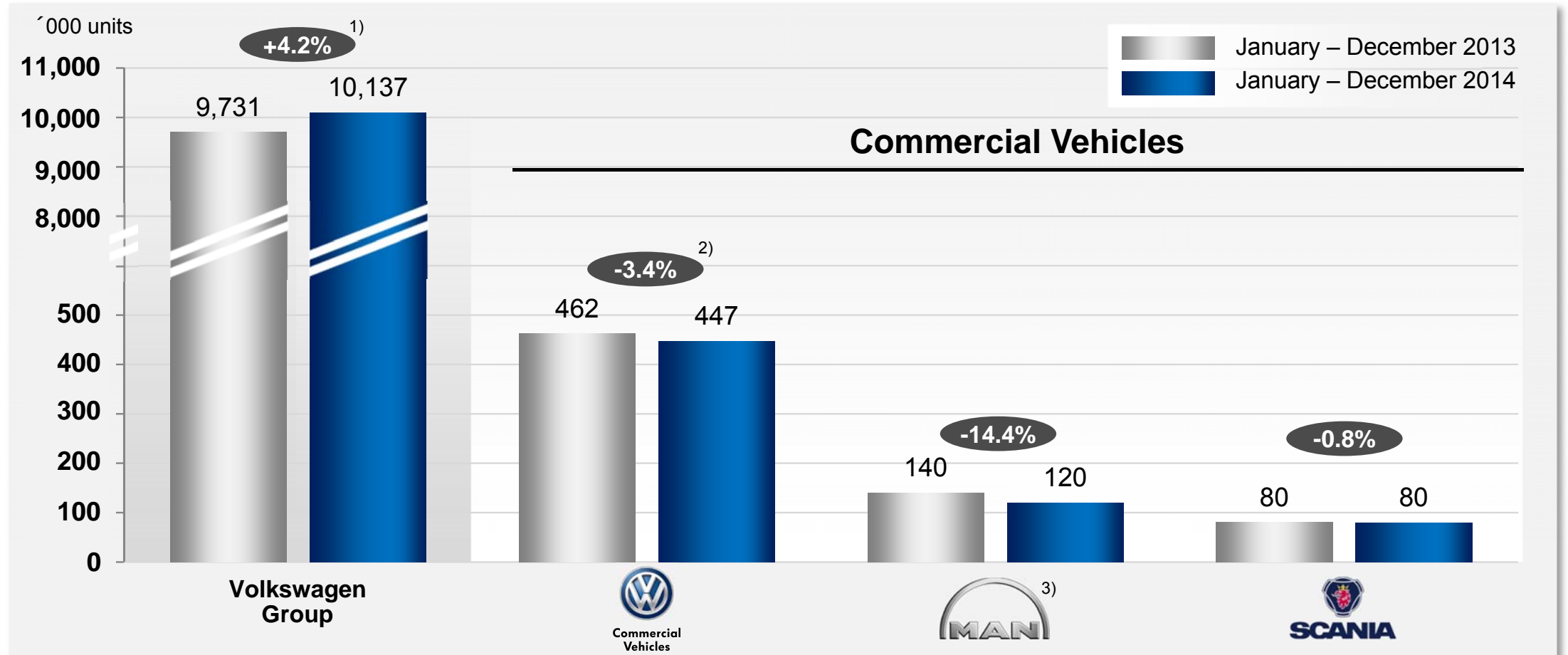
Volkswagen Group – Deliveries to Customers by Brands (January to December 2014 vs. 2013)



¹⁾ Incl. Volkswagen Commercial Vehicles, Scania and MAN; 4.9% excl. Volkswagen Commercial Vehicles, Scania and MAN.

²⁾ The Saveiro model, previously Volkswagen Commercial Vehicles, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.

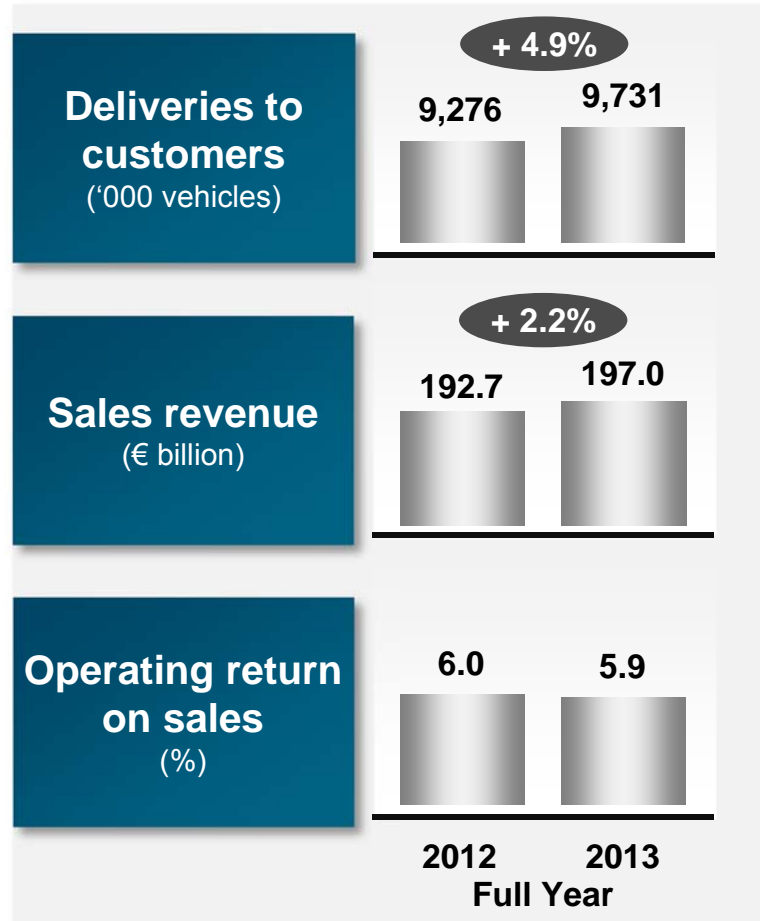
Volkswagen Group – Commercial Vehicles Deliveries to Customers by Brands (January to December 2014 vs. 2013)



¹⁾ Incl. Volkswagen Commercial Vehicles, Scania and MAN; 4.9% excl. Volkswagen Commercial Vehicles, Scania and MAN.

²⁾ The Saveiro model, previously Volkswagen Commercial Vehicles, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013. ³⁾ MAN incl. MAN Latin America Trucks and Buses GVW > 5t

Volkswagen Group – Outlook for 2014



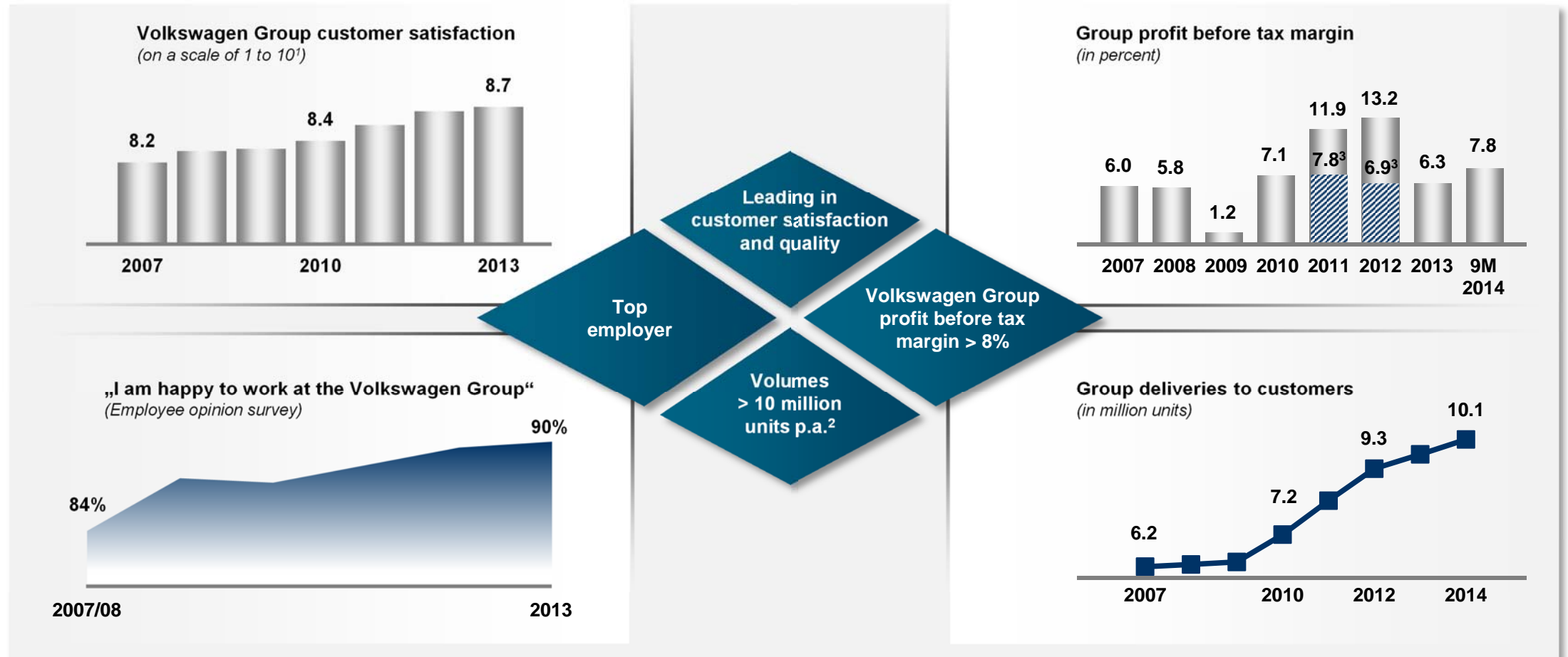
We expect ...

- to moderately increase deliveries to customers year-on-year in 2014 in a still challenging market environment.
- 2014 sales revenue for the Volkswagen Group and its business areas to move within a range of 3 percent around the prior-year figure, depending on the economic condition.

In terms of Group operating profit...

- we are expecting an operating return on sales of between 5.5 percent and 6.5 percent in 2014 in light of the challenging economic environment, and the same range for the Passenger Cars Business Area.
- The Commercial Vehicles/Power Engineering Business Area is likely to moderately exceed the 2013 figure.
- The operating return on sales in the Financial Services Division is expected to be between 8.0 percent and 9.0 percent.

Volkswagen Group – Well on track to achieve targets under Strategy 2018

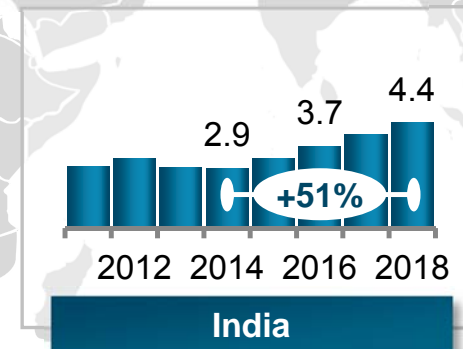
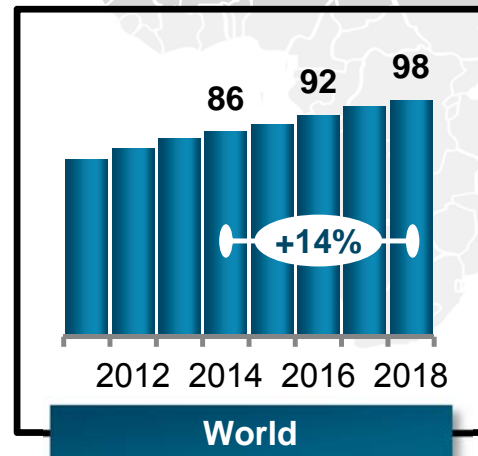
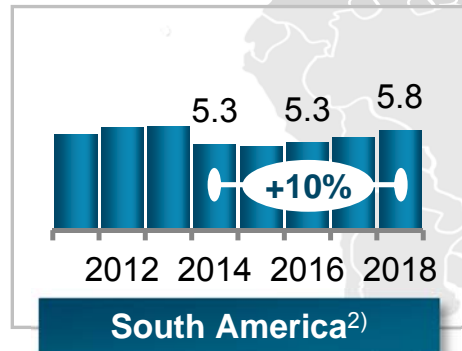
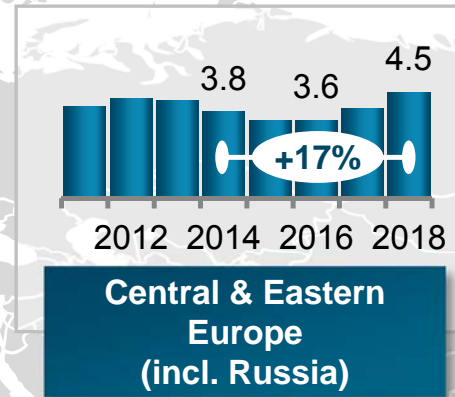
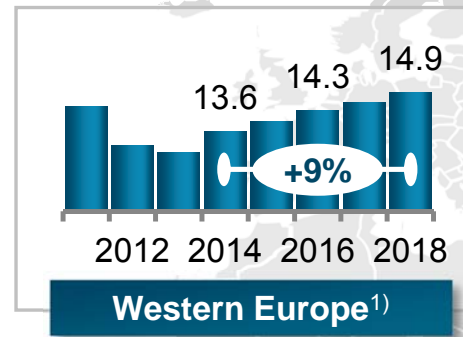
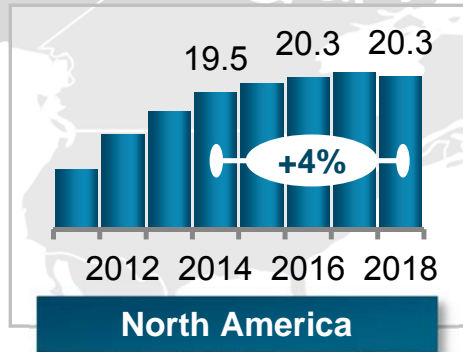


¹ Own calculation based on key industry studies on customer satisfaction with dealers, after sales and new vehicles. ² Including China.

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.

Key sales markets offer substantial growth opportunities

Market growth 2014 – 2018 (million units)

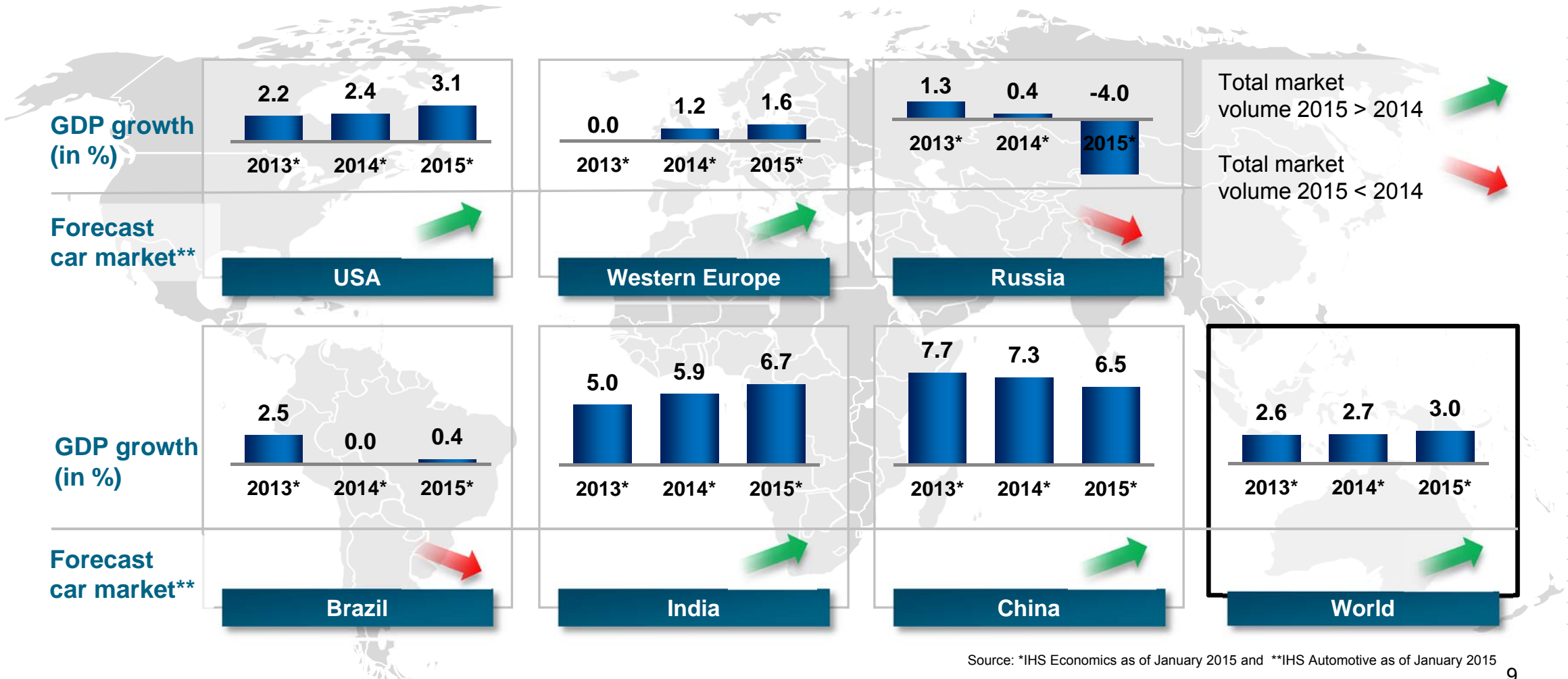


¹⁾ Includes Cyprus and Malta

²⁾ Includes Central America and Caribbean

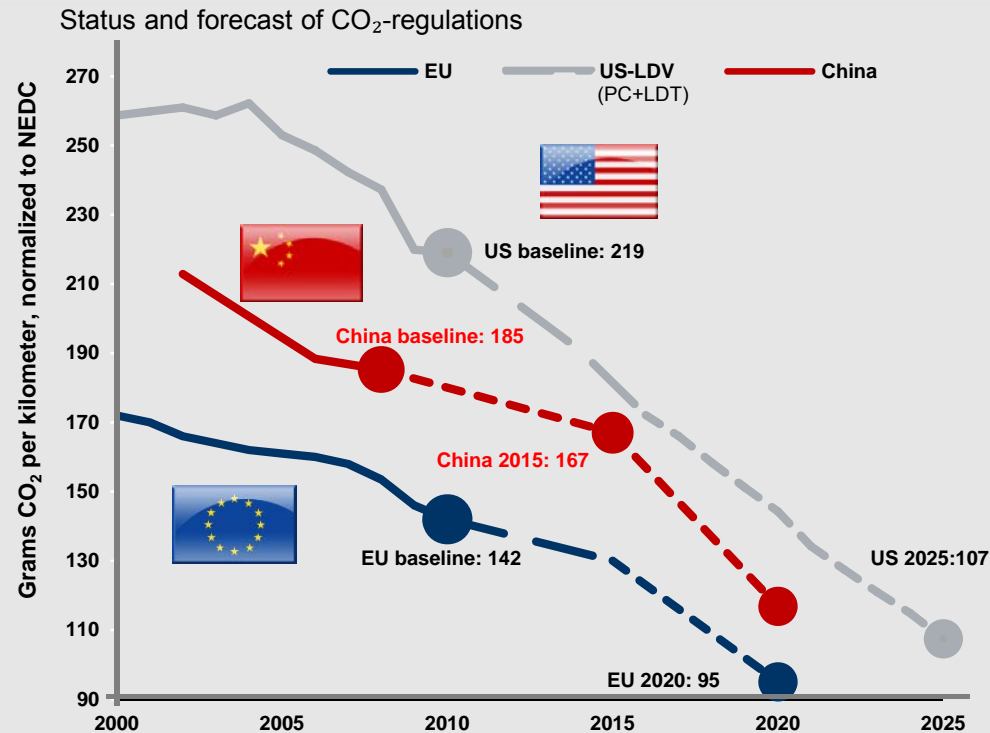
Source: IHS Automotive (data status: January 2015), rounded
Note: Market = Cars and LCVs

GDP development and Passenger car market forecast 2015



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



Future trends

Profitability



Economic uncertainty



Volkswagen Group 2018 Strategy



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



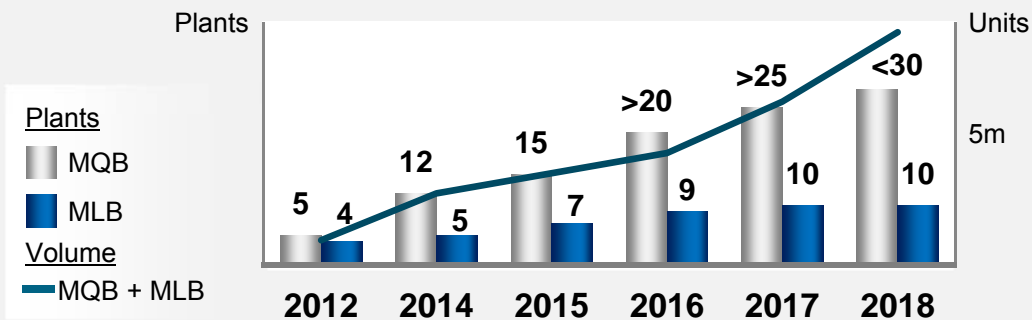
¹⁾ Engineered Hours per Vehicle

Sustainable success secured through the roll-out of modular toolkits

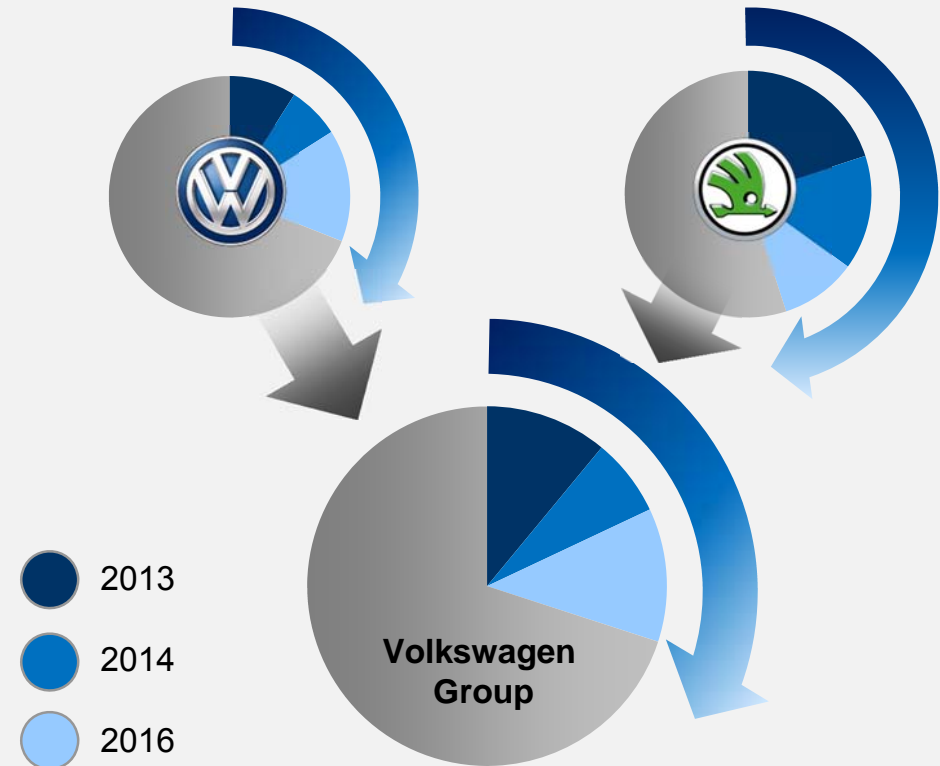
Global roll-out of modular toolkits



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 is expected to amount to around one fifth in 2014 and more than one third in 2018

Innovative technical flexibility made simple

Flexibility of volume

„Turntable“ („Drehscheibe“)

WOLFSBURG

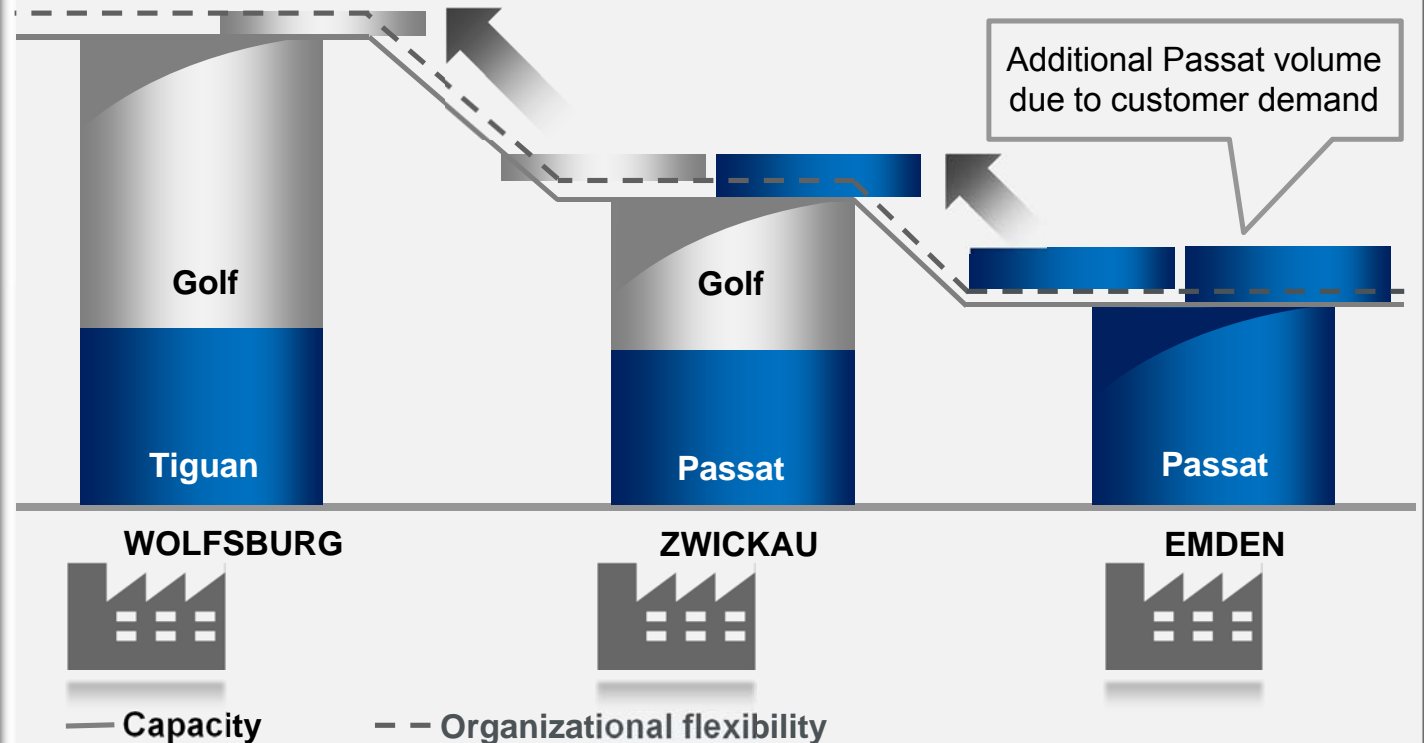
ZWICKAU



EMDEN

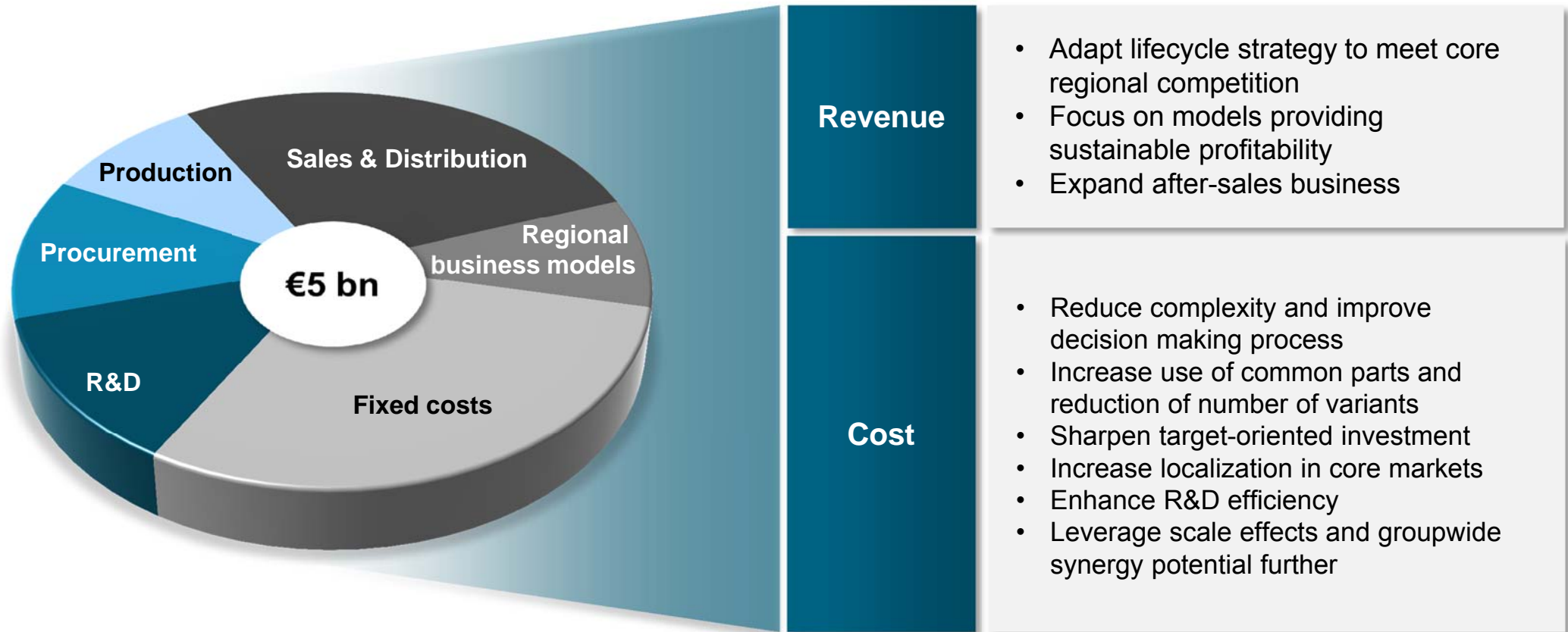
Integrated production across three sites (Schematic illustration)

e.g. Additional demand for Volkswagen Passat





Volkswagen Brand: Substantial efficiency measures across all business areas to ensure > 6% target return before 2018





Volkswagen Brand: Three focus areas to improve competitiveness

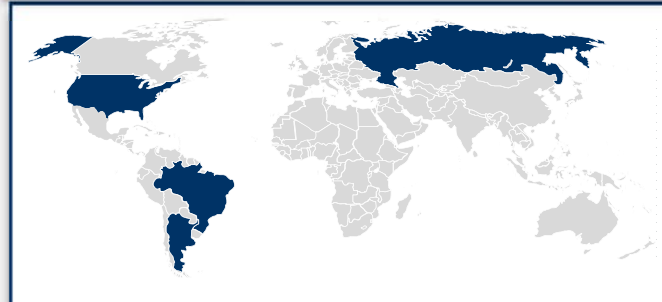
Efficiency program

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

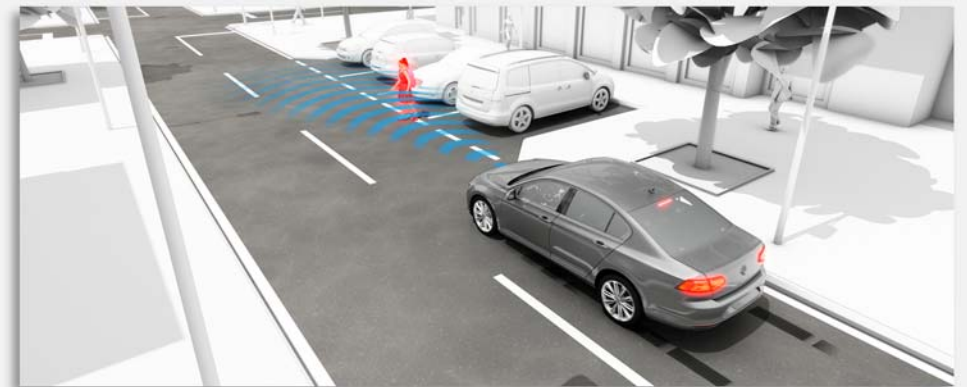


- Strong focus on cost and investment discipline
- Roll-out of efficiency program in order to secure/improve cost efficiency and quality of results

Transition to automated driving has already started and offers huge potential

Drivers assistant systems in the new Passat

- Emergency assist with lane change
- Traffic jam assist with hands-off
- Work zone lane assist
- Automated driving
- Automated parking
- Traffic jam assist
- Emergency assist
- Trailer assist
- Front assist with pedestrian monitoring



Significant savings potential through various variant reductions

Golf 7: Batteries



~50%

Golf 7: Interior lamps



~50%

Golf 7: Armrests (leather)



>30%

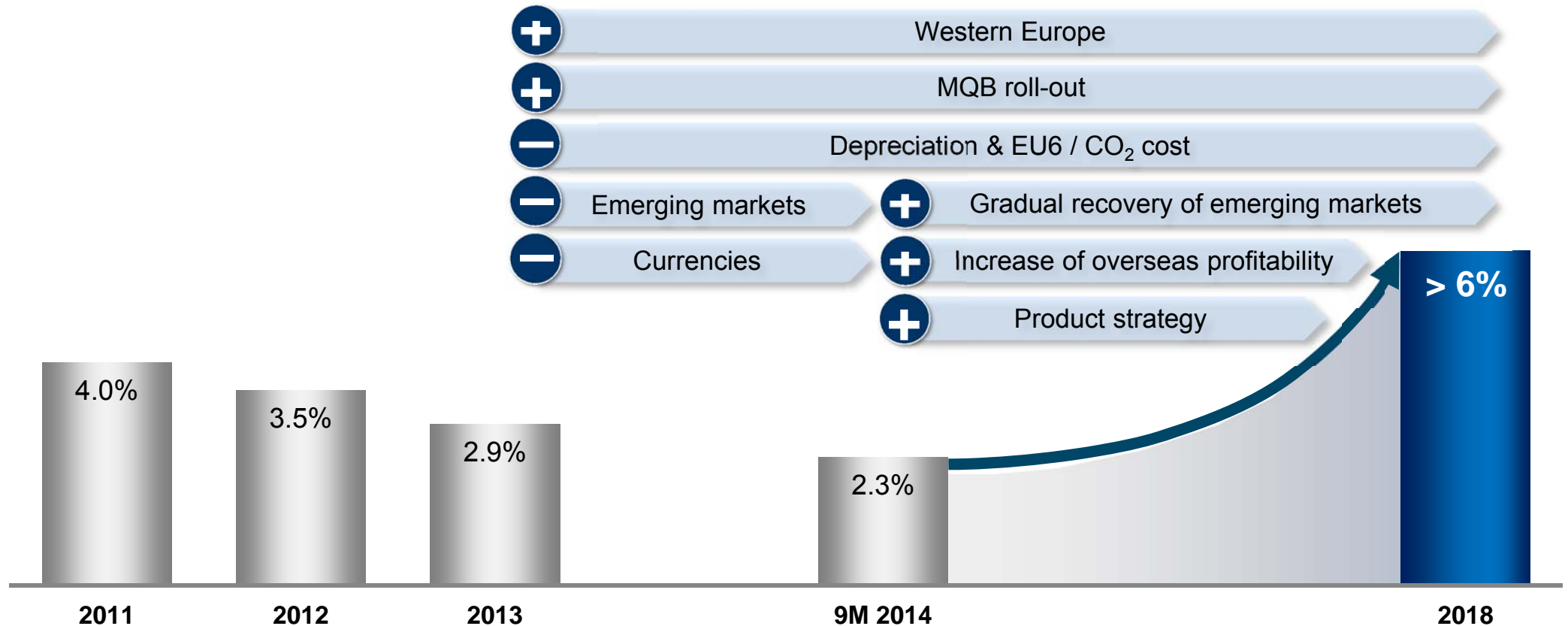
Polo successor: Engine/gearbox variants



>30%



Improving operating returns at Volkswagen Passenger Cars¹ the latest by 2018 is a core objective of Future Tracks



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.

New Volkswagen Group models 2015 – a strong basis for profitable growth

Highlights



Touran, Passat Alltrack, Tiguan
Lamando, Santana Derivative



Q7, A4, TT Roadster

SKODA



Fabia Combi, Superb Sedan
& Superb Combi



Ibiza



PORSCHE

911



Huracán Spyder



BENTLEY

Continental GT,
Continental GT Convertible



Commercial
Vehicles

T6 Family Caddy

Global roll-out



Passat, Touareg, Golf (Brazil)



Audi

TT Coupé, Q3 (US),
A3 Sedan (Brazil), A6L (China)

SKODA



Fabia, Fabia (China),
Superb Sedan (China)



PORSCHE

Cayenne



Highly efficient powertrains



Passat GTE (PHEV),
Jetta Hybrid
Golf TSI BlueMotion



Audi

Q7 TDI e-tron



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

Production network and implementation of MQB

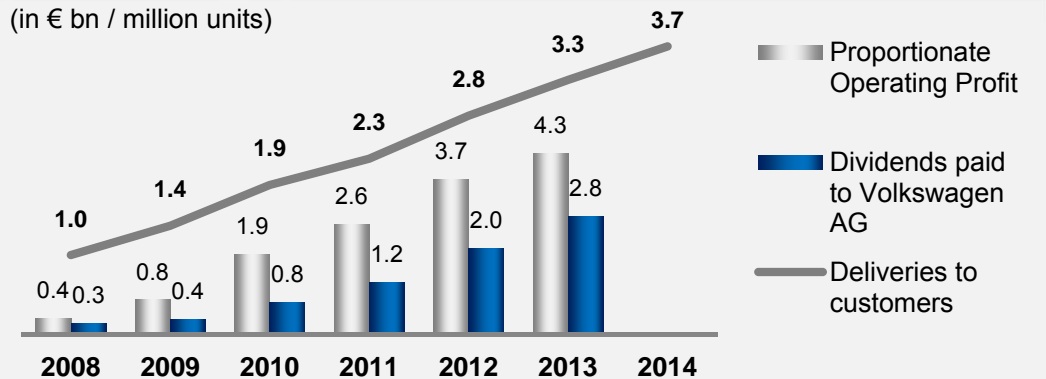
Production capacity (250 working days)
2014: 3 million
2018: > 4 million

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

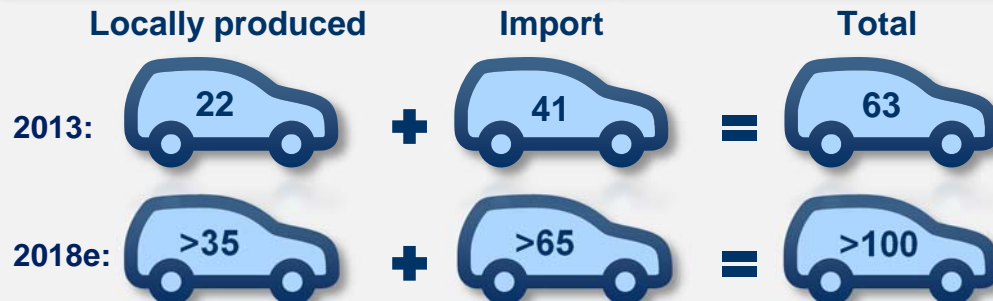


Strong operational & financial track record

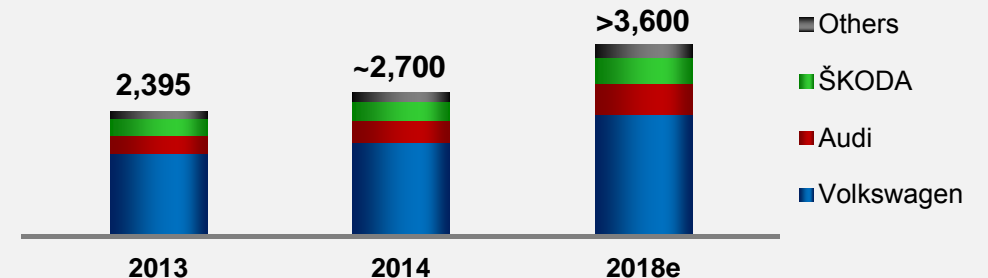
(in € bn / million units)



Significant extension of product portfolio



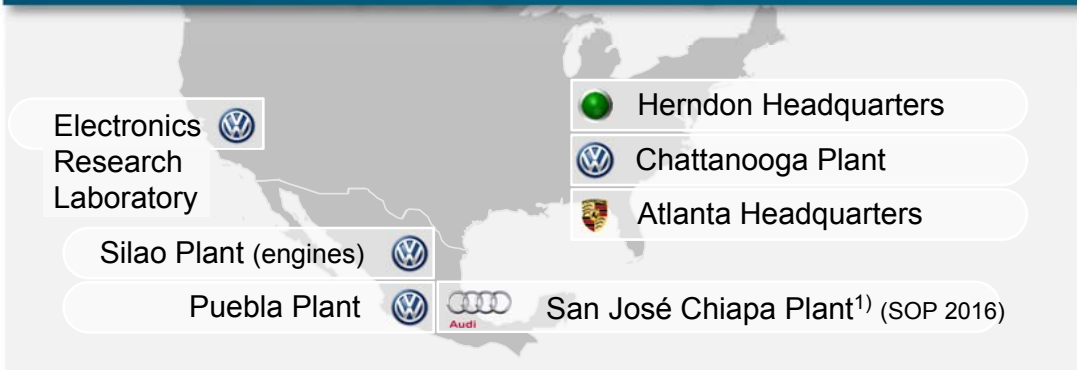
Continuous expansion of dealer network



USA – Extending the business

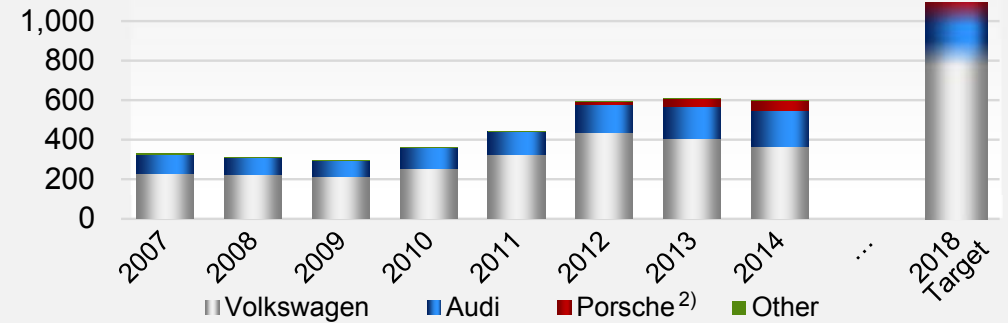


Expanding local footprint

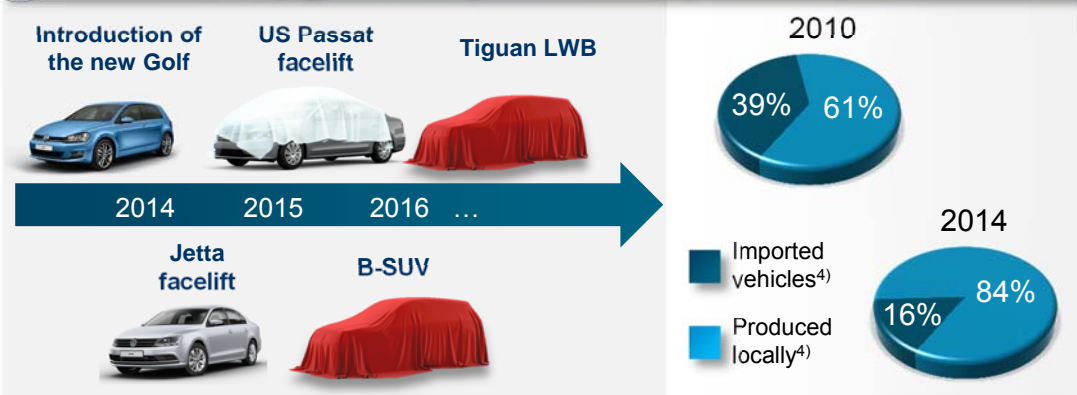


Strong commitment to targets in the U.S. market

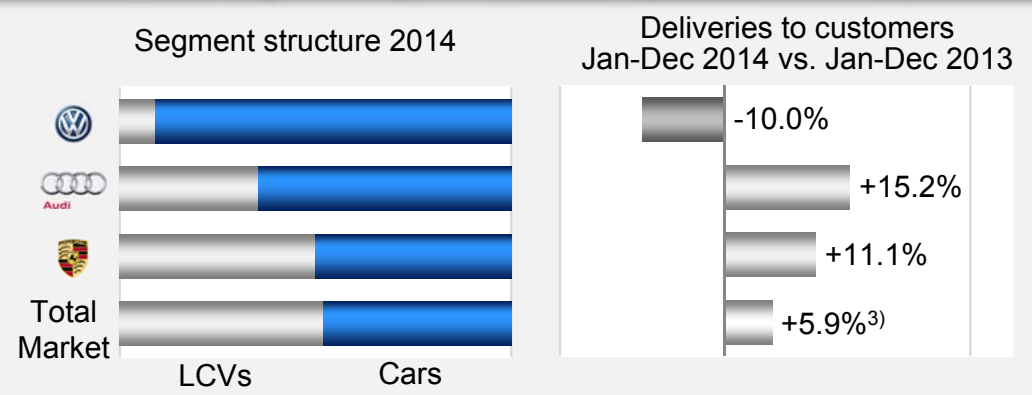
Deliveries in '000 units by brands



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 +1.8%, Light Commercial Vehicles +10.0%

Brazil – Short-term challenge, mid-term opportunity



Highly localized passenger car production



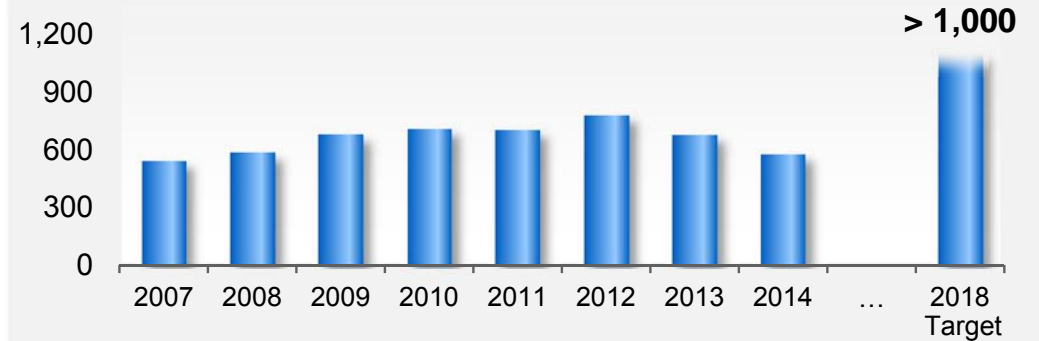
São Carlos (engines)

Anchieta

Taubaté

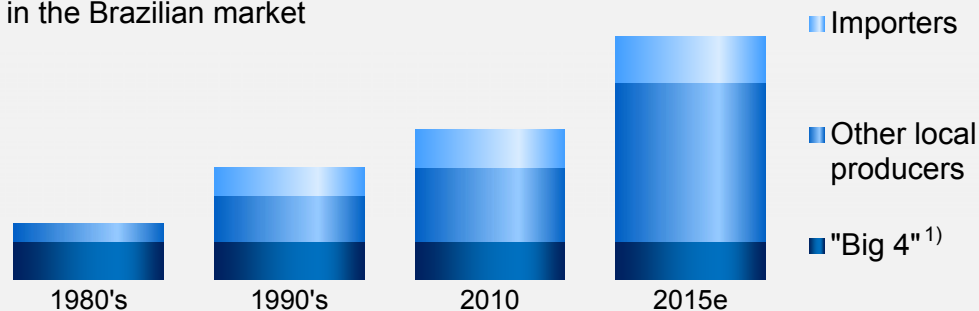
Curitiba²⁾

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



²⁾ Audi to start production in São José dos Pinhais in 2015 (Audi A3 Sedan and Q3)

¹⁾ Volkswagen, Fiat, General Motors, Ford

Scania transaction is a pre-requisite to improve competitiveness and efficiency based on integration of Volkswagen's trucks 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

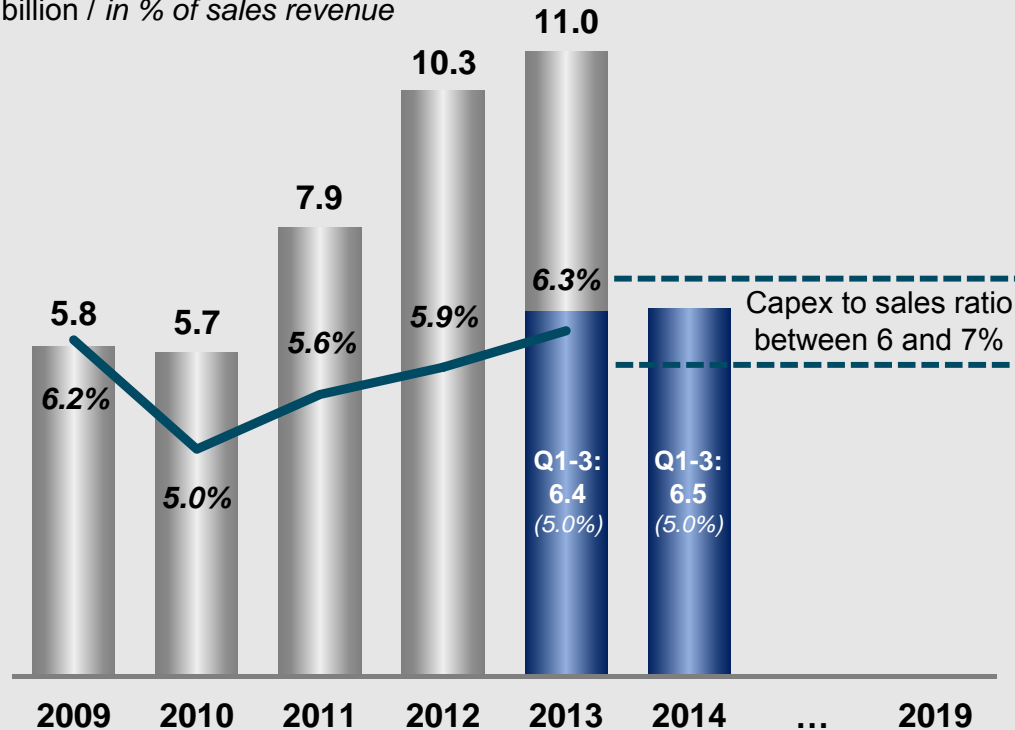
Additional potential through the transaction

- €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

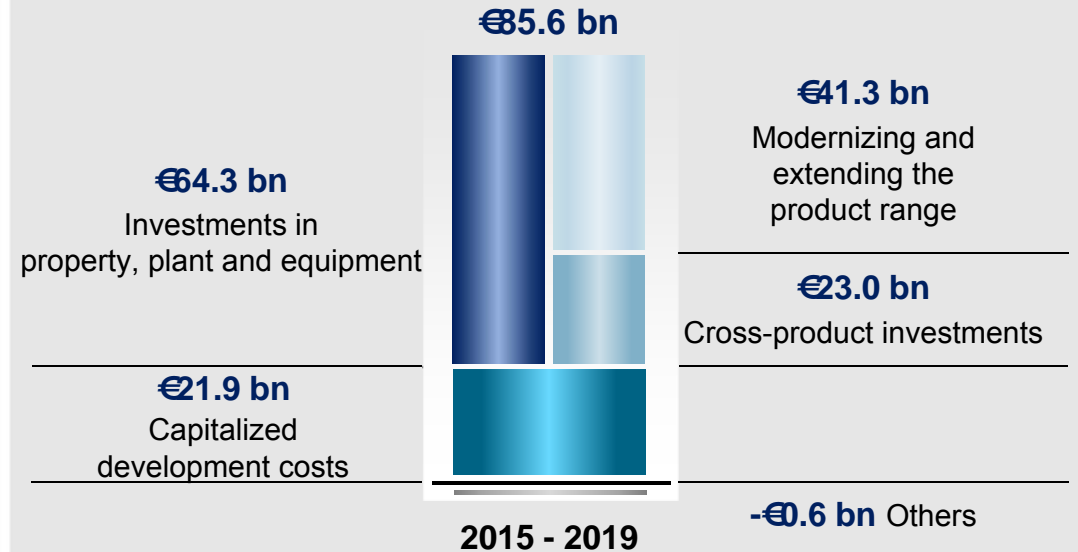
Volkswagen's Automotive Division continues to invest in new products, innovative technologies and its global production footprint

Investments in property, plant and equipment

€ billion / in % of sales revenue

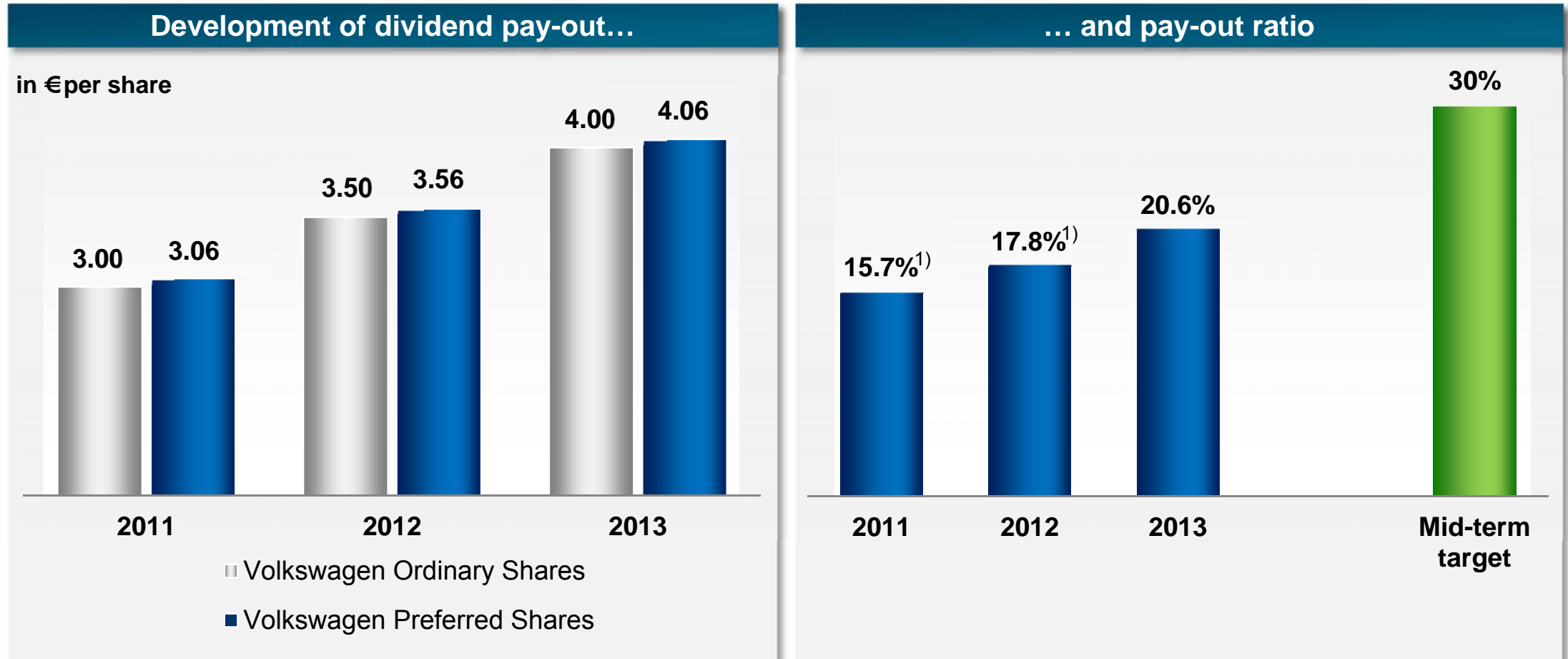


5-year investment program remains on a stable level



- Around two-thirds will continue to flow into increasingly efficient vehicles, drives and technologies, as well as environmentally friendly production
- In addition, China JVs will invest a total of €22.0 bn in new production facilities and products (fully self funded)

Continuous dividend development on a sustainable basis



¹⁾ Total dividend in percent of net income attributable to shareholders adjusted for noncash income mainly from the updated measurement of the put/call rights relating to the acquisition of the stake in Porsche AG indirectly held by Porsche SE, as well as the remeasurement of the existing stake held at the contribution date

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



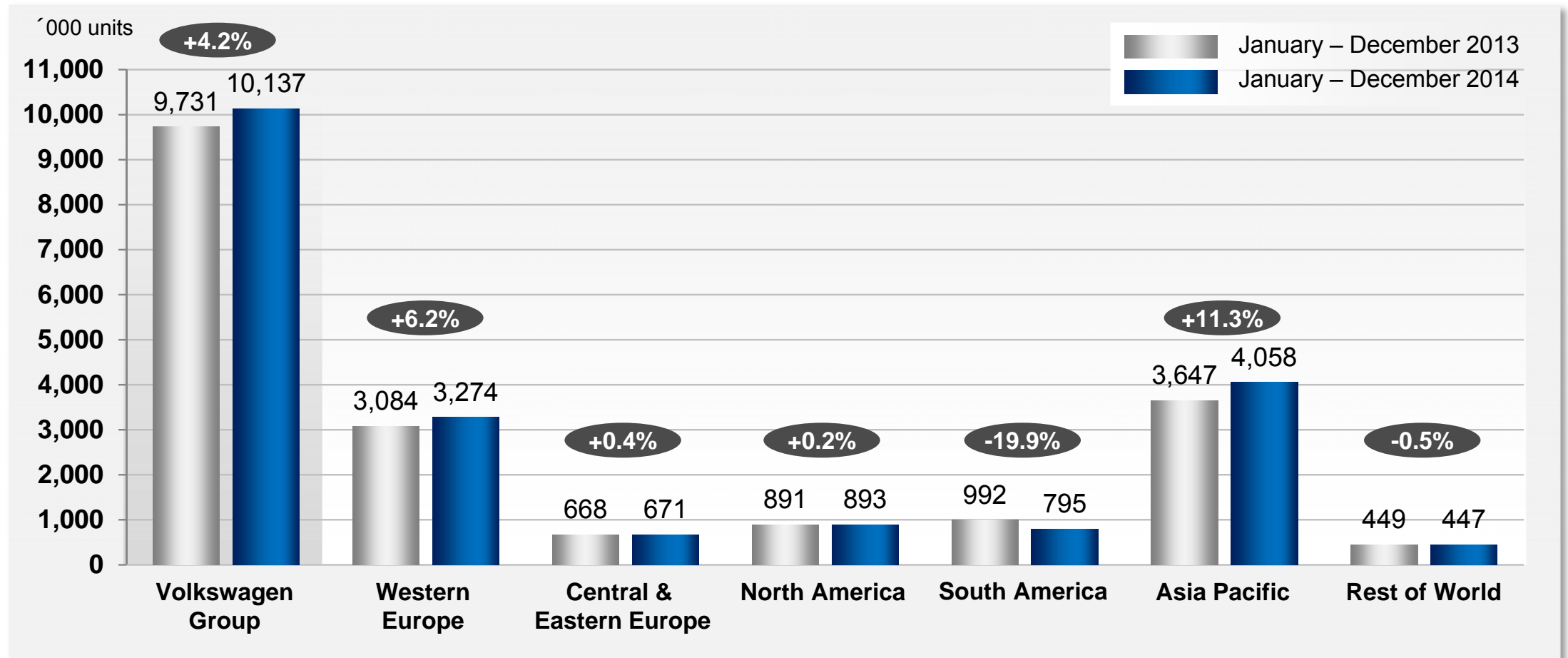
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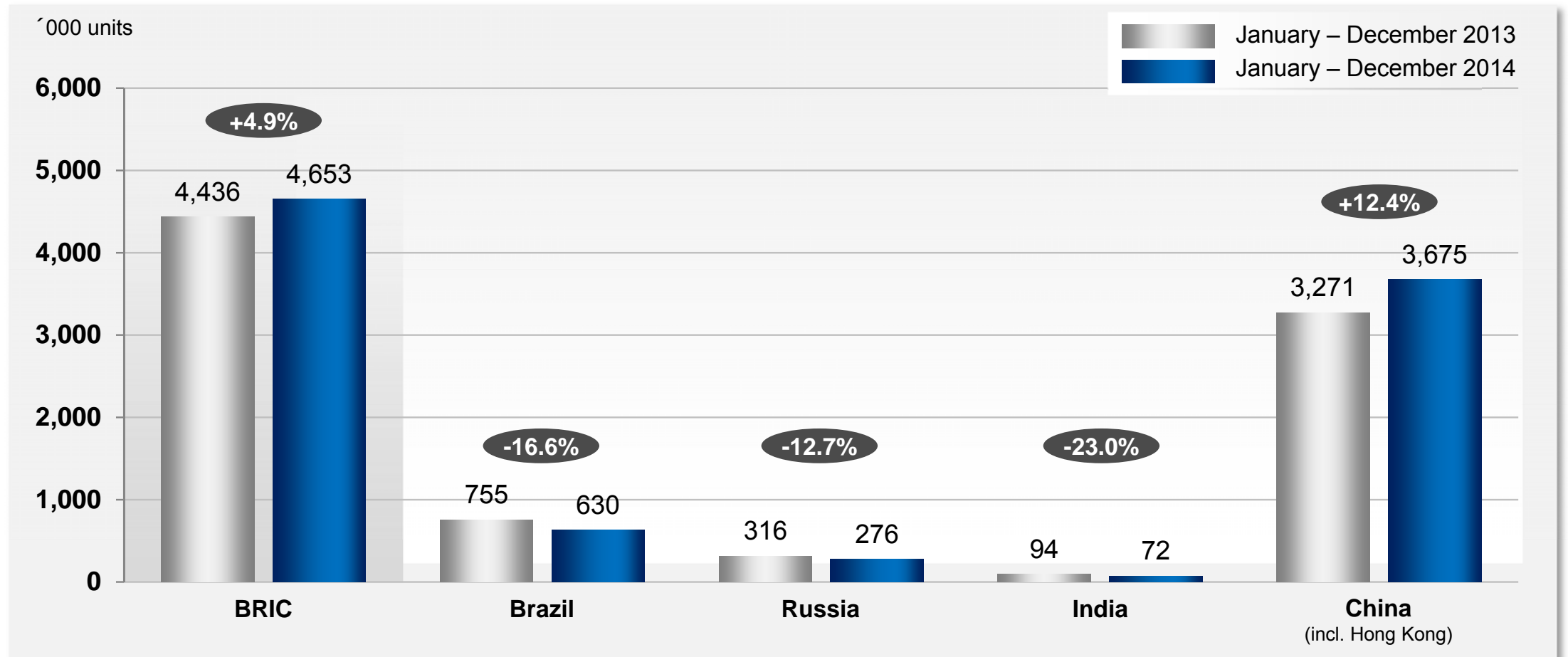
Appendix

Volkswagen Group – Deliveries to Customers by Markets¹⁾ (January to December 2014 vs. 2013)



¹⁾ Incl. Volkswagen Commercial Vehicles, Scania and MAN; 4.9% excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Deliveries to Customers BRIC-Markets¹⁾ (January to December 2014 vs. 2013)



¹⁾ Including Volkswagen Commercial Vehicles, Scania and MAN.

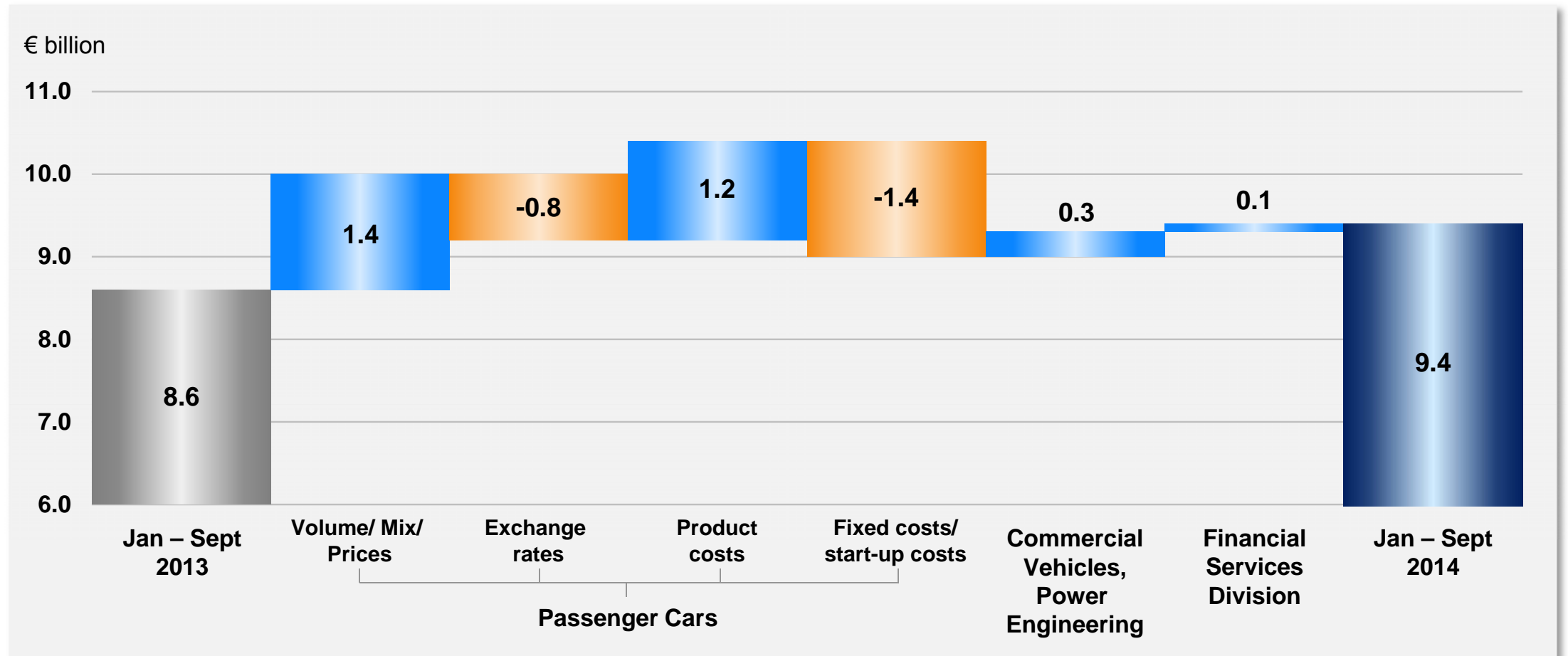
Volkswagen Group – Analysis by Division¹⁾ (January to September 2014 vs. 2013)

	Volkswagen Group		Automotive Division		Financial Services Division	
thousand vehicles / € million	2014	2013	2014	2013	2014	2013
Vehicle sales	7,646	7,241	7,646	7,241		
Sales revenue	147,718	145,673	129,619	129,171	18,099	16,502
Operating profit	9,416	8,557	7,980	7,225	1,436	1,333
<i>% of sales revenue</i>	6.4	5.9	6.2	5.6	7.9	8.1
Financial result	2,075	842	2,034	769	41	72
of which: At-equity result ²⁾	3,057	2,834	3,029	2,774	28	60
of which: Other financial result	-982	-1,992	-995	-2,004	13	12
Profit before tax	11,490	9,399	10,013	7,994	1,477	1,405
<i>% Return on sales before tax</i>	7.8	6.5	7.7	6.2	8.2	8.5
Profit after tax	8,687	6,702	7,582	5,605	1,105	1,097

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 €3,920 million (€3,530 million).

Volkswagen Group – Analysis of Operating Profit¹⁾ (January to September 2014 vs. 2013)



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

Volkswagen Group – Analysis by Business Line¹⁾

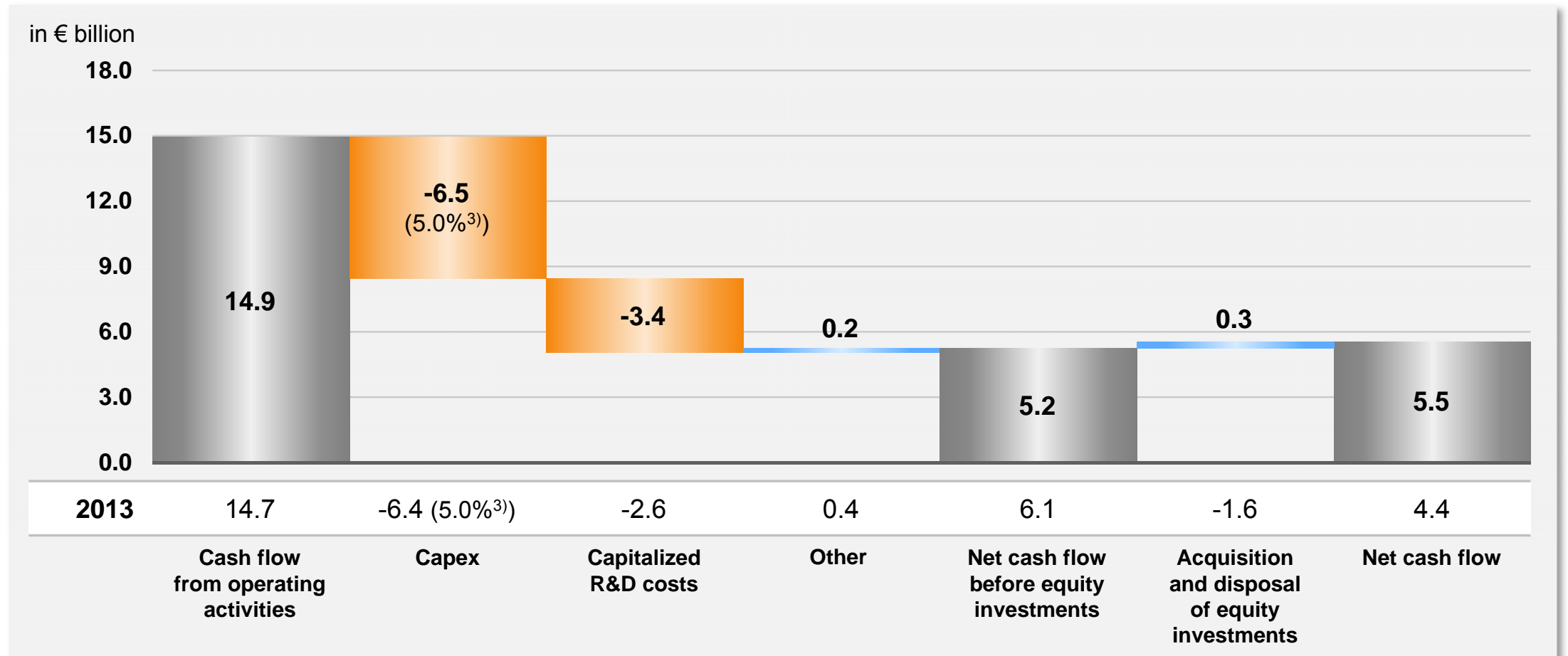
(January to September 2014 vs. 2013)

thousand vehicles/ € million	Vehicle sales		Sales revenue		Operating profit	
	2014	2013	2014	2013	2014	2013
Volkswagen Passenger Cars	3,388	3,499	73,390	74,233	1,696	2,117
Audi	1,083	1,004	39,300	36,965	3,831	3,743
ŠKODA	612	524	8,784	7,365	651	371
SEAT	365	335	5,622	5,017	-82	-93
Bentley	8	7	1,259	1,069	125	98
Porsche ²⁾	134	115	12,241	10,419	1,927	1,893
Volkswagen Commercial Vehicles	325	325	6,976	7,011	378	342
Scania ²⁾	56	56	7,511	7,365	700	691
MAN ³⁾	86	98	10,214	11,342	304	47
VW China ⁴⁾	2,697	2,294	-	-	-	-
Other	-1,109	-1,017	-33,637	-29,370	-1,329 ⁵⁾	-1,777 ⁵⁾
Volkswagen Financial Services ³⁾	-	-	16,058	14,258	1,215	1,126
Volkswagen Group	7,646	7,241	147,718	145,673	9,416	8,557
Automotive Division	7,646	7,241	129,619	129,171	7,980	7,225
of which: Passenger Cars	7,179	6,761	105,152	103,849	7,295	6,835
of which: Commercial Vehicles, Power Engineering	467	480	24,467	25,321	685	390
Financial Services Division	-	-	18,099	16,502	1,436	1,333

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Incl. financial services. ³⁾ MAN Finance International GmbH has been reported within Volkswagen Financial Services since its acquisition by Financial Services AG as of January 1, 2014. The prior-year figures have not been adjusted. 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 €3,920 million (€3,530 million).

⁵⁾ 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.

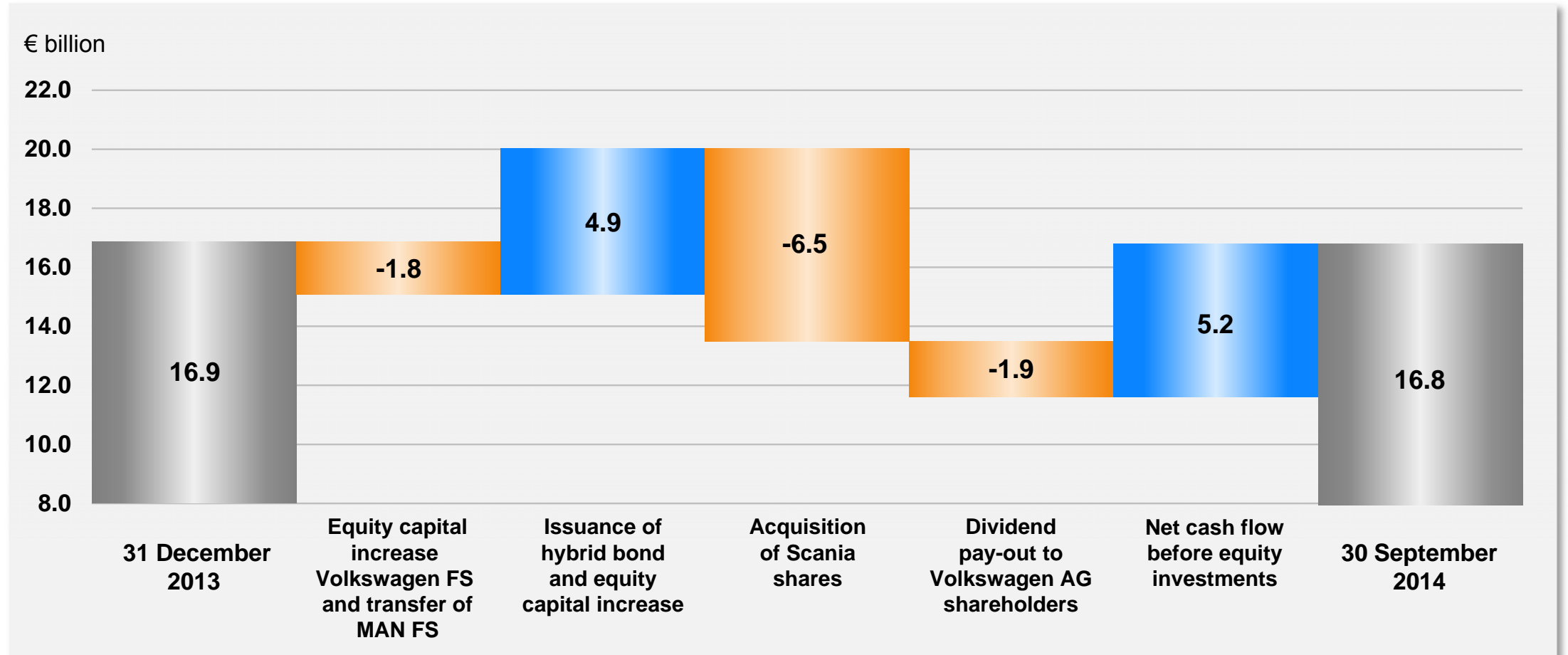
Automotive Division – Strong Cash Generation^{1) 2)} (January to September 2014)



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.

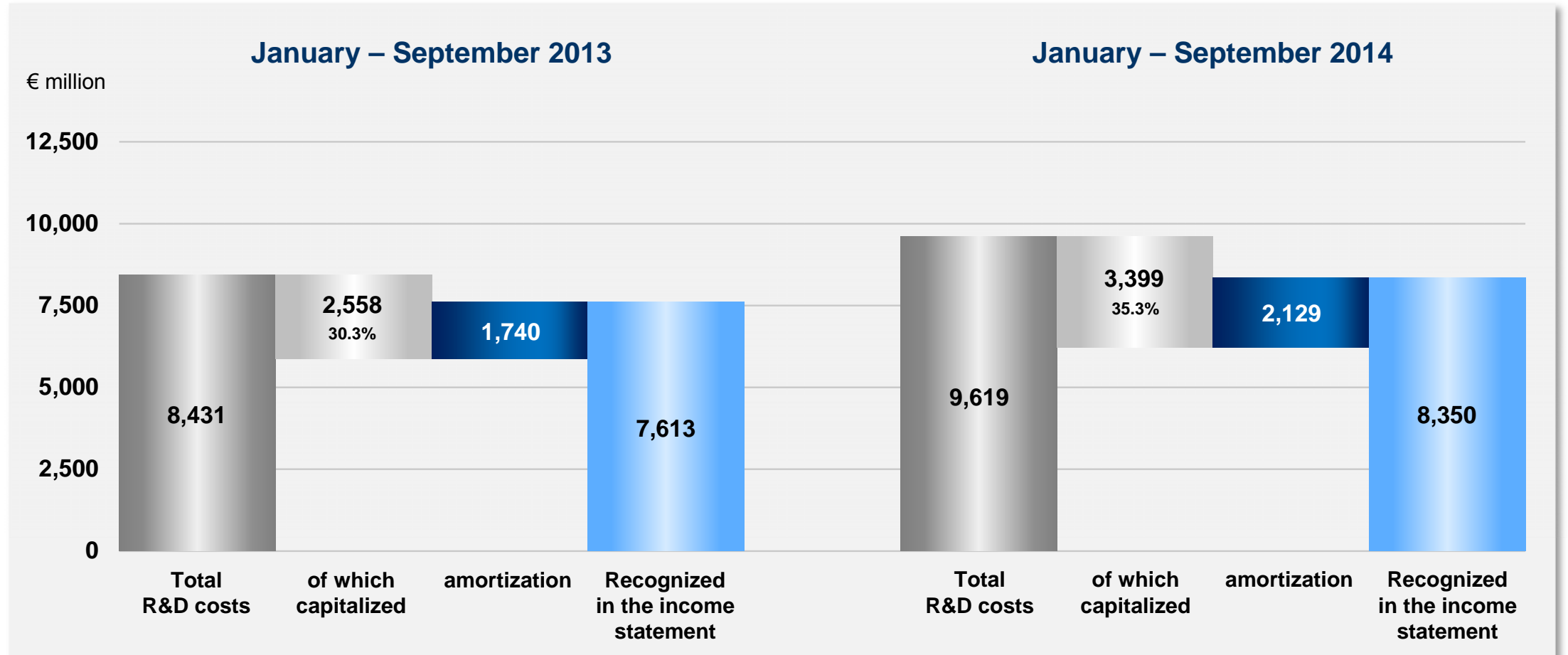
Automotive Division – Analysis of Net Liquidity¹⁾ (January to September 2014)



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

Volkswagen Automotive Division

Research and development costs



Volkswagen Group – Headline Figures (January to September 2014 vs. 2013)

		2014	2013	+/- (%)
Deliveries to customers ¹⁾	'000 units	7,542	7,183	+5.0
Vehicle sales ¹⁾	'000 units	7,646	7,241	+5.6
Production ¹⁾	'000 units	7,638	7,232	+5.6
Sales revenue	€ million	147,718	145,673	+1.4
Operating profit	€ million	9,416	8,557	+10.0
Profit before tax	€ million	11,490	9,399	+22.2
Profit after tax	€ million	8,687	6,702	+29.6
Automotive Division²⁾				
Cash flows from operating activities	€ million	14,942	14,713	+1.6
Cash flows from investing activities ³⁾	€ million	9,398	10,264	-8.4
Of which investments in property, plant & equipment	€ million	6,482	6,436	+0.7
Net cash flow	€ million	5,544	4,449	+24.6
Net liquidity at September 30	€ million	16,785	16,649	+0.8

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. 2013 deliveries updated on the basis of statistical extrapolations.

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

³⁾ Excluding acquisition and disposal of equity investments: January – September €9,694 million (€8,624 million).

Volkswagen Golf GTE



Audi Q7



Audi RS 3



ŠKODA Fabia Combi



SEAT Leon Cupra ST



Porsche Macan Turbo



Porsche Cayenne



Bentley Mulsanne Speed



Lamborghini Huracán LP 610-4



Ducati Diavel



Volkswagen Amarok



MAN TGX Hybrid



Scania R 730 4x2 Topline



VOLKSWAGEN

AKTIENGESELLSCHAFT



Volkswagen Group: Financial sustainability on core strengths

Hans Dieter Pötsch

Member of the Board of Management, Volkswagen Aktiengesellschaft

Kepler Cheuvreux & UniCredit: 14th German Corporate Conference,
Frankfurt, 20-21 January 2015