VOLKSWAGEN

AKTIENGESELLSCHAFT

Annual Media Conference | March 16, 2021 | Wolfsburg

Speeches

Check against delivery

1. **Dr. Herbert Diess**

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2. **Frank Witter**

   CFO Volkswagen AG

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   Designated CFO Volkswagen AG

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Dr. Herbert Diess
Speech at the
Annual Media Conference on March 16, 2021
- Part I -

Ladies and Gentlemen,

2020 was an unprecedented year.

A year, in which Volkswagen mastered one of the biggest challenges in our history.
In the pandemic, we managed supply chains and production worldwide. Made sure our employees are safe. And secured liquidity.

At the same time, Volkswagen accelerated its transformation into a climate-neutral, software-driven mobility group.

I would like to thank our 670.000 employees. They have taken us through this crisis.
Today I will be sharing the stage with both our current and our new CFO.

Frank Witter has been CFO since 2015. He will pass on the baton to Arno Antlitz, who joins us from Audi in April.

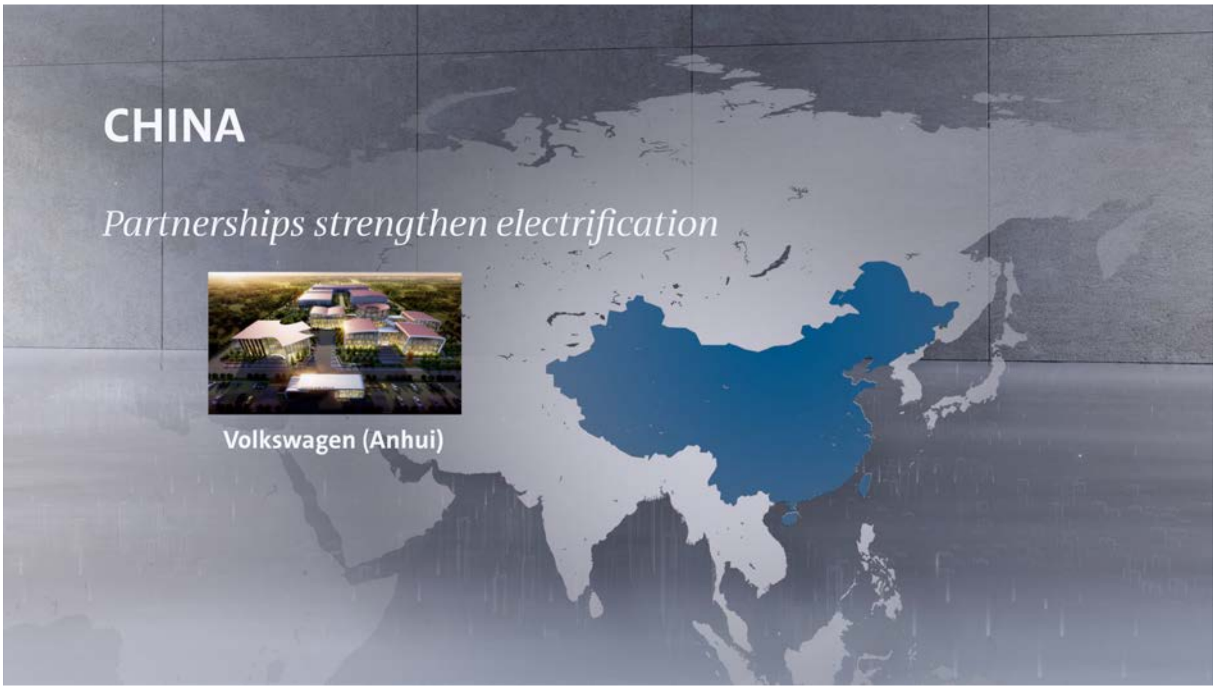
Ladies and Gentlemen,

Volkswagen has proven to be robust and powerful in 2020.

Global passenger car sales fell to 68 million units last year.

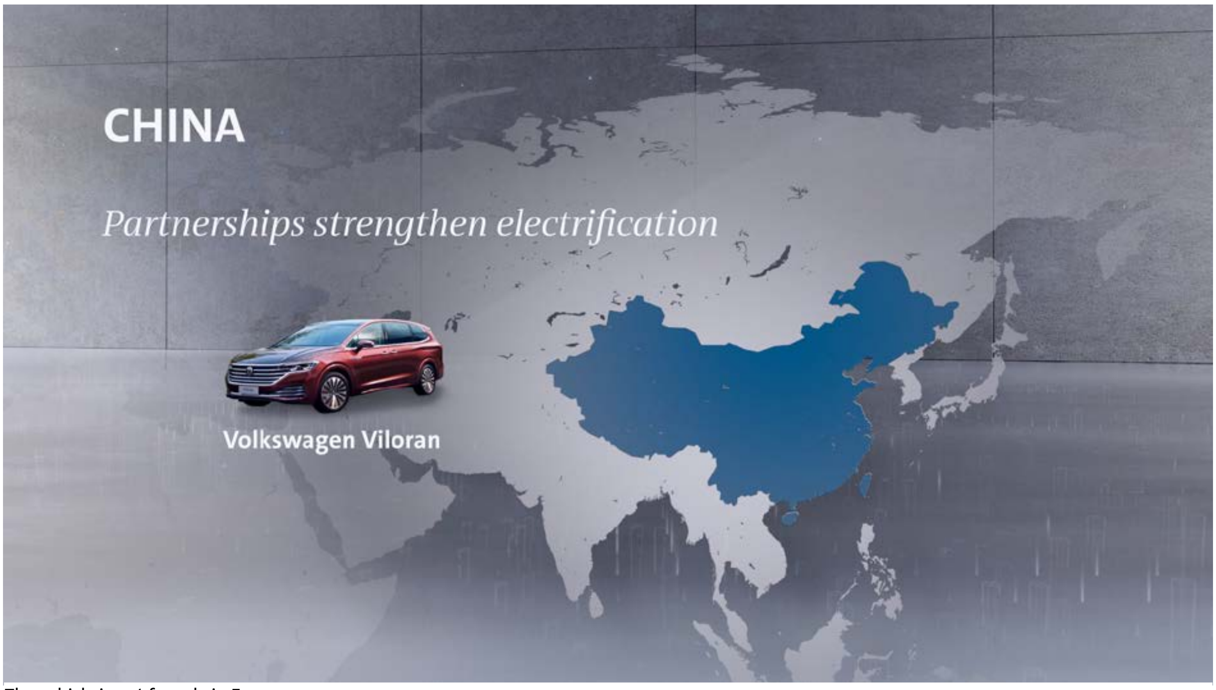
In total, the Volkswagen Group delivered around 15 percent fewer cars than in 2019.

At the same time, we could increase our global market share slightly to 13 percent.



In China, we have strengthened our partnerships with a focus on electrification. For the first time, we acquired majority shareholdings in two joint ventures, both dedicated to e-mobility.

Audi and FAW plan the production of premium e-cars in Changchun.
In our Anhui electric joint venture, Volkswagen increased its share to 75 percent.
Audi reached a sales record with a plus of 5.4 percent. Porsche’s deliveries grew by 3 percent.



The vehicle is not for sale in Europe

An important model to strengthen Volkswagen's premium appeal in China is the new Viloran. It is a comfortable and luxury van with seven seats, providing first-class travel.

The vehicle is not for sale in Europe

In South America, our teams are delivering an impressive turnaround story.

In 2020, we raised our market share to a new record of over 14 percent. And for the first time in many years, we expect the region to be profitable in 2021.

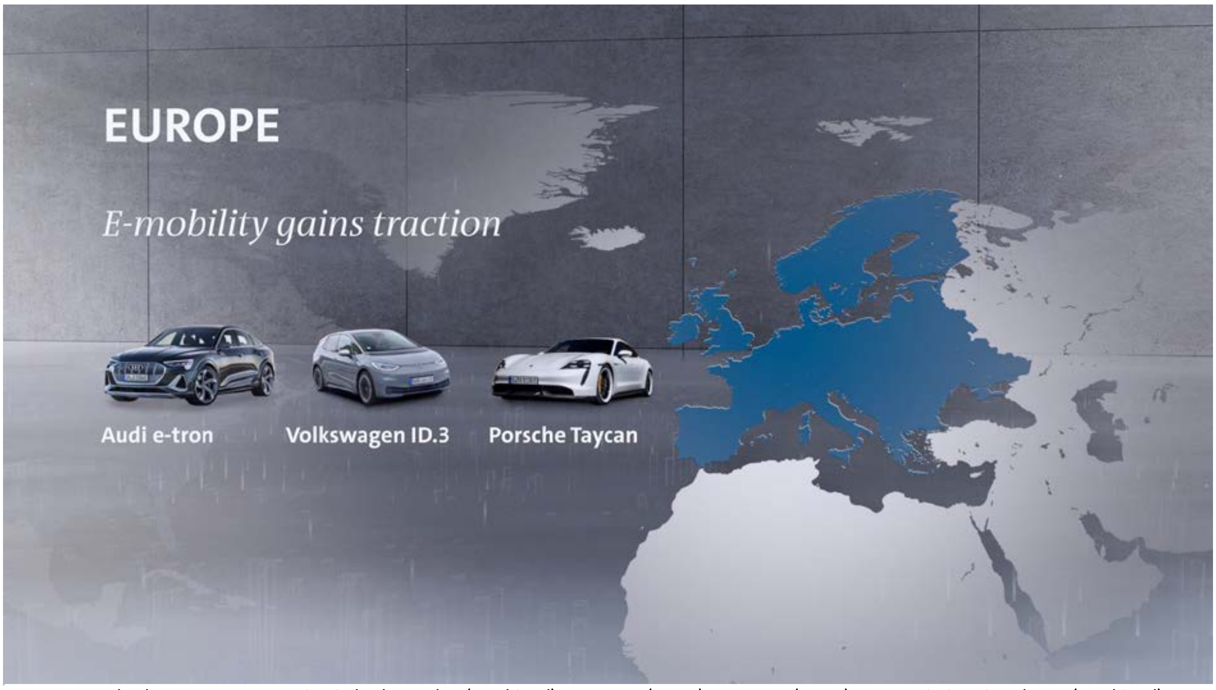
With the Nivus, Volkswagen for the first time will sell a car in Europe that was developed in Latin America.

The vehicle is not for sale in Europe

In North America, we now have the right product lineup and substance, tailored to the taste of our customers in the region.

The upcoming Taos is the fifth new SUV in four years. Our portfolio will soon consist of attractive SUV models only.

A rebirth of our VW brand, which will be propelled by our electric push: with the ID.4 production starting in Chattanooga and the homecoming of the iconic ID. Buzz.



e-tron S Sportback - power consumption in kWh/100 km (combined): 28.3-26.4 (NEDC), 28.1-25.6 (WLTP); CO2-emissions in g/km: 0 (combined); efficiency class: A+
ID.3 - power consumption in kWh/100 km (combined): 15.4-13.1 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+

In Western Europe, we could grow our share of electrified vehicles from 1.9 percent in 2019 to 10.5 percent in 2020.

ŠKODA showed strong momentum. The brand was the main driver of our market share growth in Europe.

For this year we expect to overcome the Covid crisis, with demand picking up in the second half.

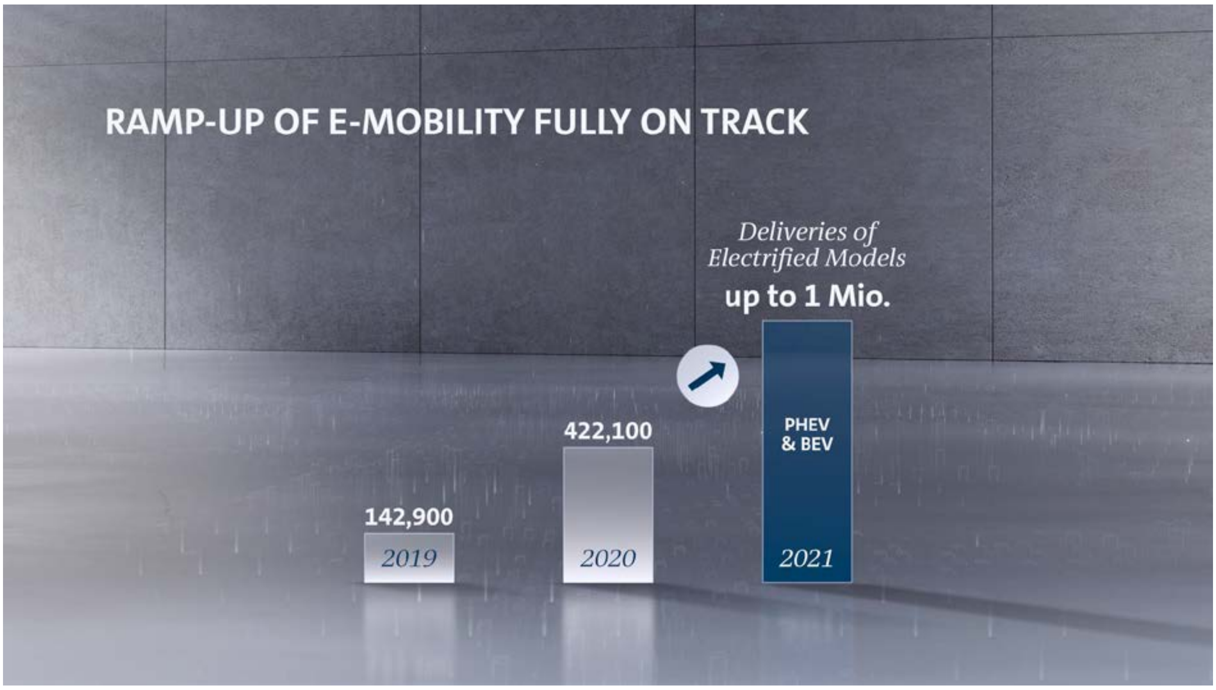
In 2020, we also set the future course by strengthening the Group's management board.

The new board is set to unleash value. We will accelerate our transformation journey in 2021 and beyond.

Arno Antlitz will ensure that we generate the funds to finance the transformation and that we allocate our resources toward future technologies.

Murat Aksel is fully focused on building a strategic supply chain management. This will leverage global synergies across brands and reduce material costs.

Thomas Schmall joined the board as the member in charge of "Technology" in January. He has taken the lead on battery and charging, which is becoming a core business for the Group.

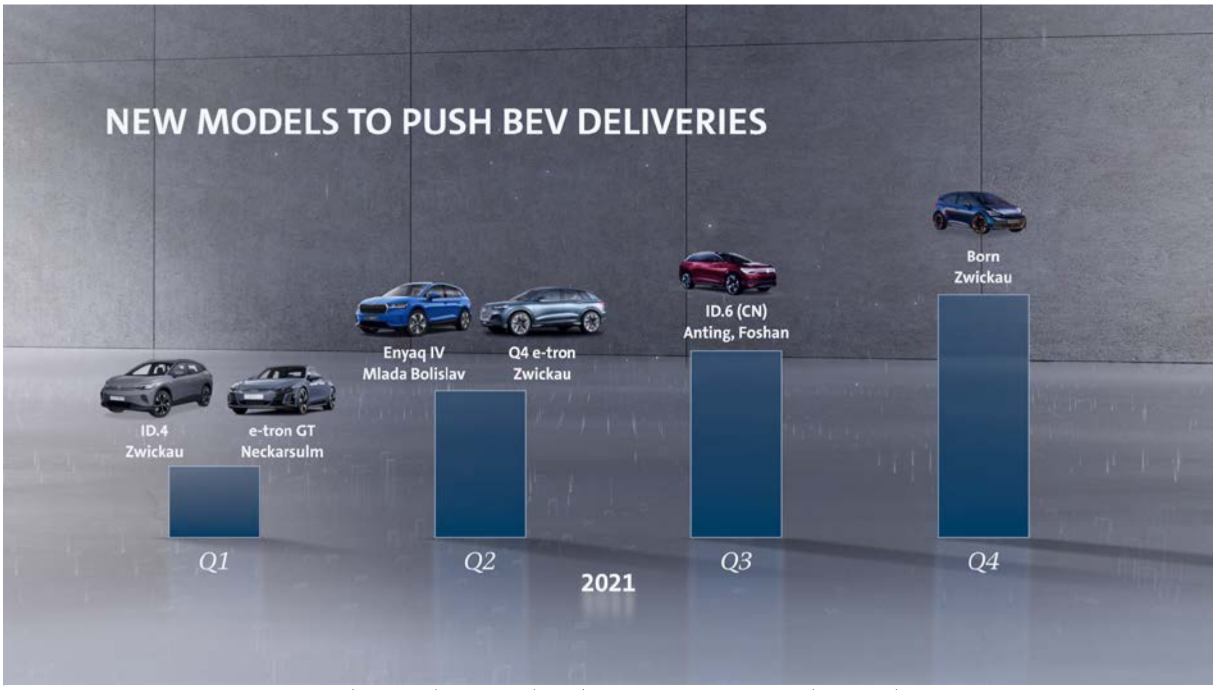


Five years ago, we have initiated Volkswagen Group’s transformation toward e-mobility.

2020 marked a turning point in customer sentiment and Volkswagen benefited from that trend.

We delivered around 230,000 all-electric vehicles, three times more than the prior year. We lowered the emissions of new passenger cars in our European fleet significantly and finished the year within a gram of our 2020 targets.

In 2021, we are confident that we will meet the targets by scaling up production and deliveries.



ID.4 - power consumption in kWh/100 km (combined): 16.9-15.5 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+
e-tron GT - power consumption in kWh/100 km (combined): 19.6-18.8 (NEDC), 21.6-19.9 (WLTP); CO2-emissions in g/km: 0 (combined); efficiency class: A+
Enyaq iV - power consumption in kWh/100 km (combined): 16.0-14.4 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+
Q4 e-tron, ID.6, Born – The vehicles have not gone on sale yet

In the course of the year, our BEV sales will pick up step by step.

Enyaq, Q4 e-tron and the CUPRA Born will be available in Europe. The ID.4 will be ramped up in two Chinese plants. And later the ID.6 will come to the market in China.

In 2020, TRATON implemented its Global Champion Strategy to leverage scale and technology.

TRATON announced the acquisition of US manufacturer Navistar to strengthen its presence in North America. The most profitable truck market in the world.
Scania will establish a fully-owned truck production facility in China.

MAN started its restructuring program in Germany to raise competitiveness.
Also, TRATON will invest more than one billion Euro into electrification.
Emissions in freight and local public transport can be reduced much faster than in the passenger car fleet.

e-Crafter - power consumption in Wh/km (combined): 215.0 (NEDC); CO2-emissions in g/km: 0 (combined)
ID.3 - power consumption in kWh/100 km (combined): 15.4-13.1 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+

In Hamburg, MAN's Lion's City E bus is already part of a mobility ecosystem with zero emissions.

Each electric bus saves up to 80 tons of CO_2 per year.
It is the right time for cities to switch from old diesel busses to electric transportation.
MAN and Scania can help with that.

In addition, WeShare operates around 800 ID.3s for private car sharing.
And MOIA enables ride-pooling with soon up to 500 electric shuttles.

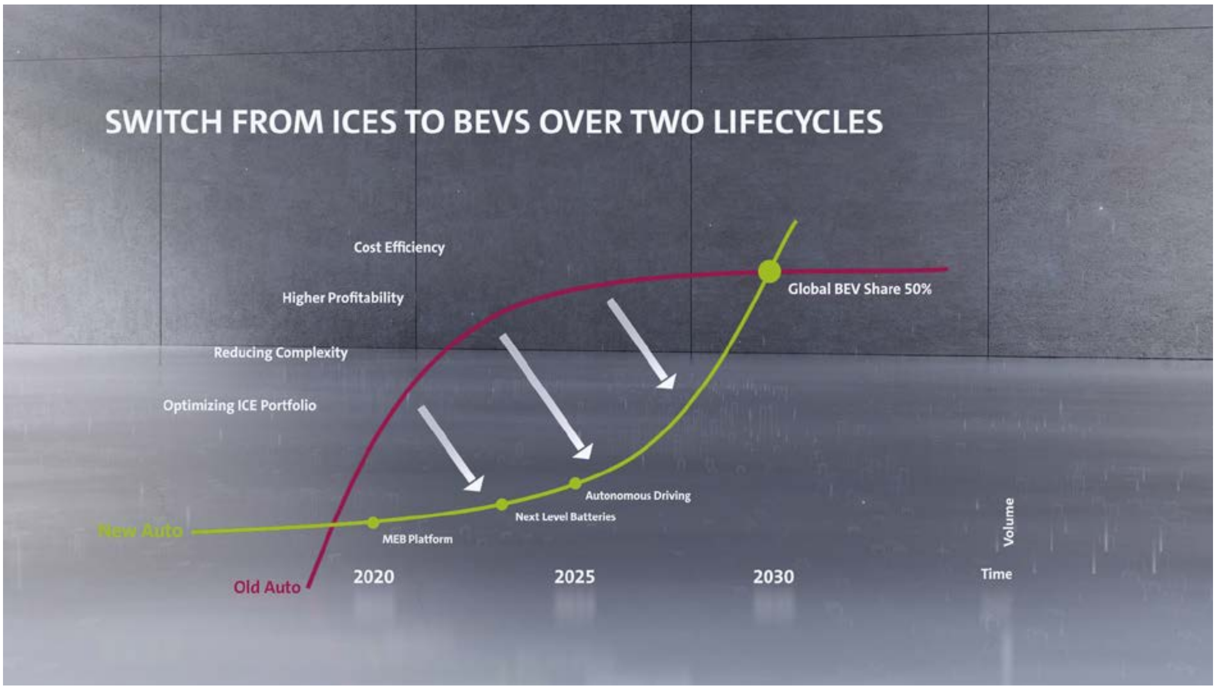
ID.4 - power consumption in kWh/100 km (combined): 16.9-15.5 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+
ID.3 - power consumption in kWh/100 km (combined): 15.4-13.1 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+
ID.Buzz - Concept Car

Volkswagen will support the decarbonization of cities and regions worldwide. In Europe, we are helping to implement the Green Deal.

In a partnership with the Greek government, we will replace the existing fleet on Astypalea island. With around 1,000 e-vehicles, connected via a mobility app. Astypalea serves as a real-time experiment to explore what it takes to make people fully switch to sustainable mobility.

In Spain, we just met with the Prime Minister and the Spanish King.

Together, we share the vision of transforming Europe’s second-biggest car industry. With the local production of e-cars, battery cells and battery modules.
The project is on the starting block. Its execution will hinge upon a clear commitment by the European Commission.



Ladies and Gentlemen,
e-mobility has won the race.

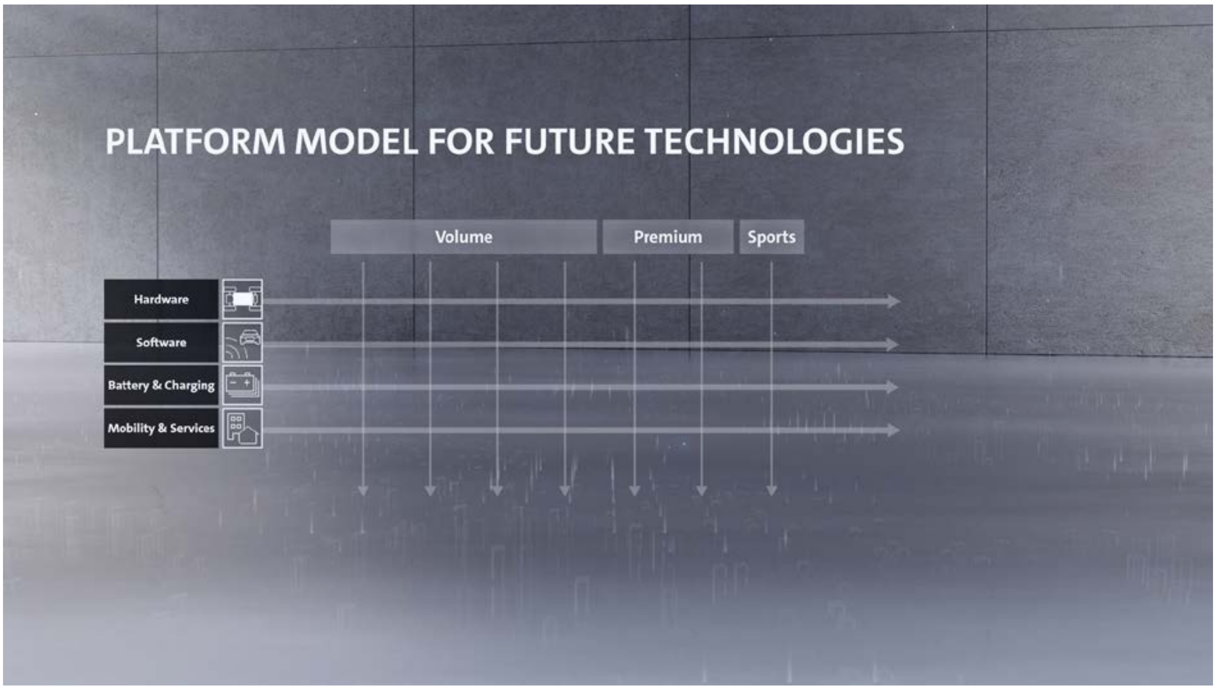
But the transformation won’t happen overnight. It will take two product lifecycles to change from “old auto” to “new auto”.

“New Auto” includes the switch to electric drives, which is the easier part, and to software: turning the car into a connected and autonomous device.
In 2030, we foresee a 50% BEV share in our global deliveries. In Europe we expect around 60 percent.
In 2035, the majority of vehicles will be electric. And around 40% of cars will drive autonomously.

Financing the transition to "New Auto" will be based on selling highly efficient combustion engine cars.

We will keep selling ICEs in some regions longer than in others.
E-mobility will come at different levels of speed globally. Depending on local policies and the supply of CO_2-free primary energy.

Over the whole period, we will optimize the ICE business with fewer models, better price mix, lower fix costs. Leading to higher profitability.
As a result, we can shift additional funds towards "New Auto".



Ladies and Gentlemen,
Volkswagen has always been a platform champion.

Millions of customers drive cars based on the production kits MQB and MLB.

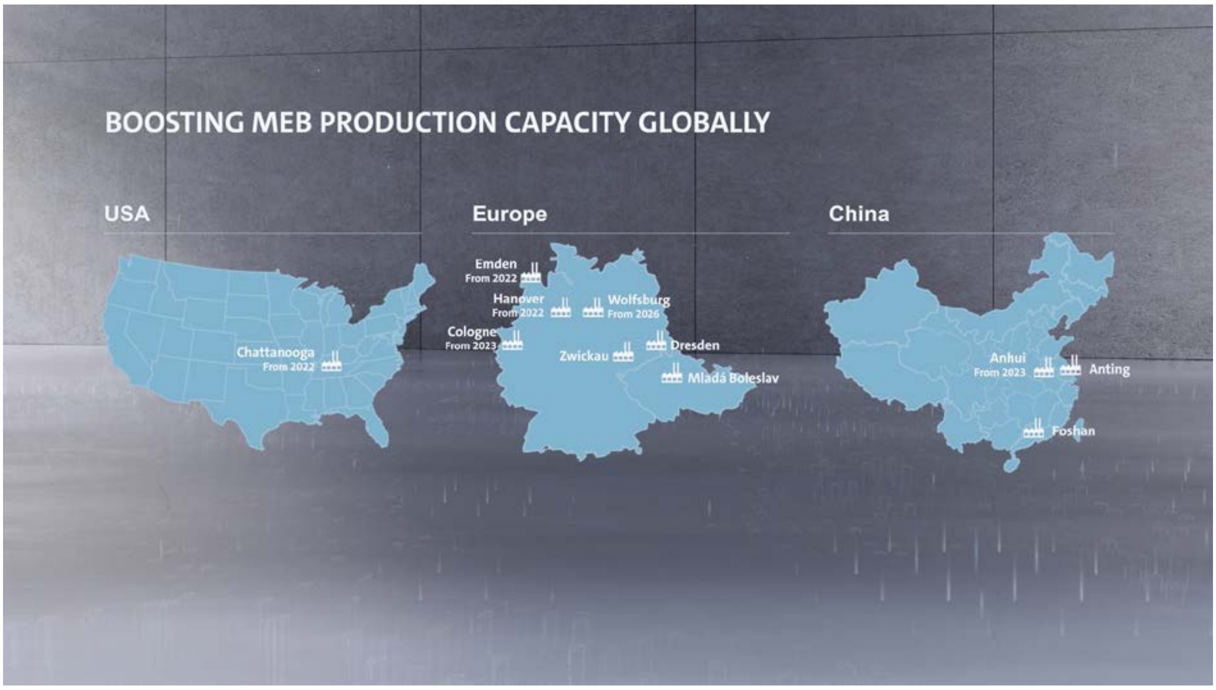
Now we are taking the platform approach to a new level and adjust it to our future core competencies:
Hardware, Software, Battery & Charging as well as Mobility & Services.
By providing strong, unified platforms, our passenger car brands can unleash their full potential and leverage synergies.

The same principle applies to our truck and bus business. Our truck brands share software stacks, hardware platforms and services.

Our very own MEB platform serves as proof of concept:
The world’s first volume platform has taken e-mobility into our core business.
In the Northern half of Germany, not only our own sites, but also the Ford site in Cologne will be transformed by the MEB.

Our components sites account for around 40% of the ID-family value chain, with sites in Braunschweig, Kassel and Salzgitter.

Today, MEB production takes place in Zwickau and Dresden, and it will start in Emden and Hanover in 2022.
It will also come to Wolfsburg in 2026 with Trinity.



We are rolling out the MEB worldwide with a production capacity of one million vehicles.

The ID.3 and ID.4 are produced in Germany, so will be the Q4 e-tron and the Cupra Born.
In the Czech Republic, we build the Enyaq.
In China, following the launch of the ID.4 at two sites, the ID.6 will begin production this year.
In 2022, the ID.4 will start production in Chattanooga, USA.
Volkswagen Anhui will start producing new MEB based models in 2023.

ID.3 - power consumption in kWh/100 km (combined): 15.4-13.1 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+
ID.4 - power consumption in kWh/100 km (combined): 16.9-15.5 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+
Enyaq iV - power consumption in kWh/100 km (combined): 16.0-14.4 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+
Q4 e-tron, ID.6, Born – The vehicles have not gone on sale yet

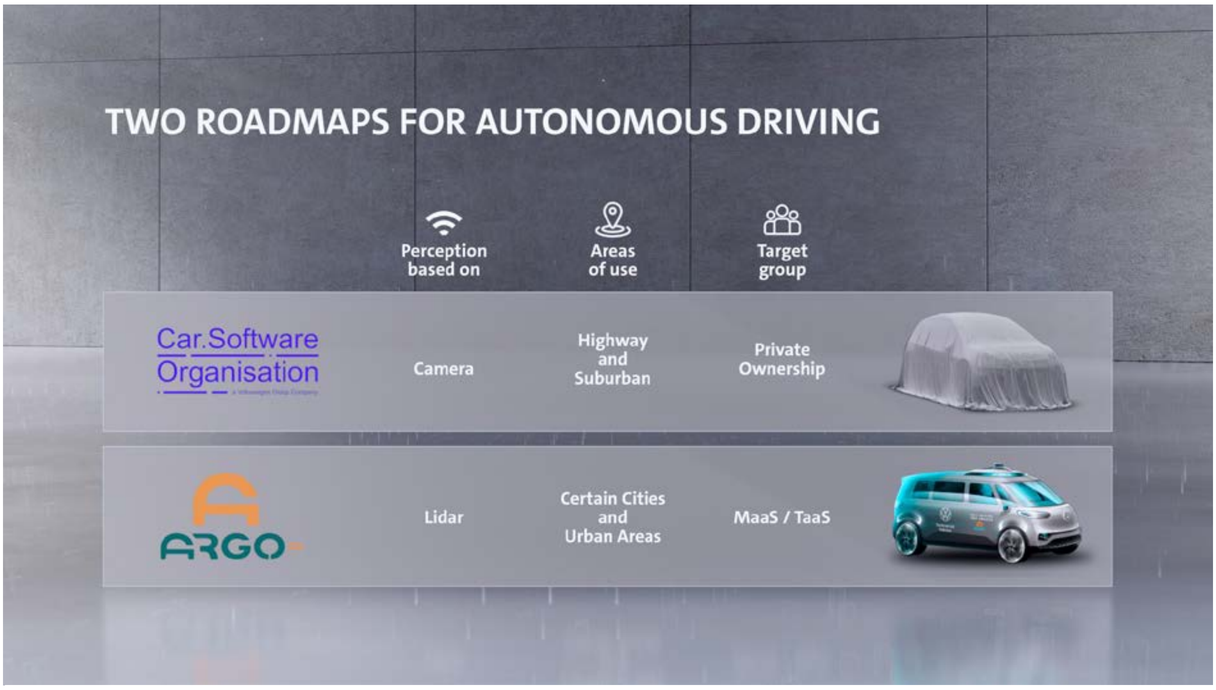
Over the next decade, software will transform the car fundamentally.

The Car.Software Organisation will develop our new software stack.
VW.OS will be first implemented in the year 2024 in the Audi project Artemis.
The organization has been growing rapidly. We are getting applications from all across the world.

Targeting up to 10,000 employees, it will be the second-largest software company in Europe behind SAP.
There is only one complex software domain where Europe still has a chance to play a leading role: the next generation of automotive software.

Our CarSoftware.Organisation is in the best position to master this challenge. A huge chance for Germany and Europe.
To develop the necessary skills, we are currently integrating the software capabilities of 15 companies. With more to come.

Our goal is to increase the share of in-house software development from 10 to at least 60 percent by 2025.



ID.Buzz – Concept Car

Already today, most of our software developers are working in the area of automated driving.

Similar to Tesla, they are taking an evolutionary approach: automated driving for private cars.

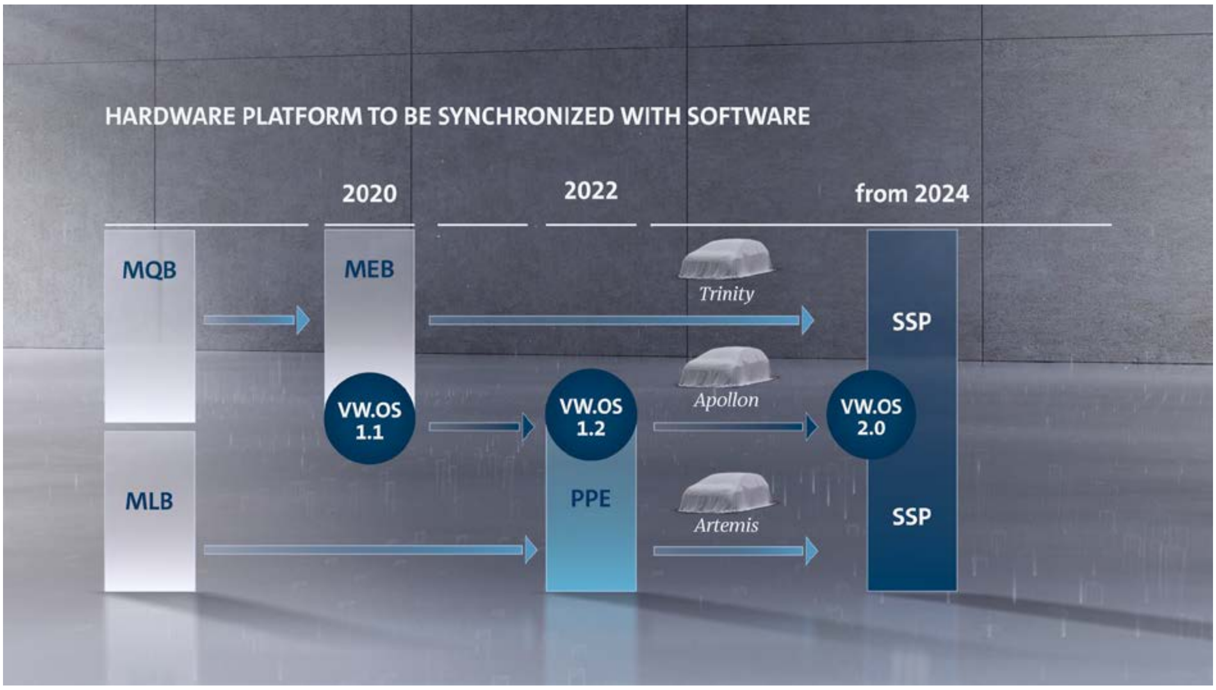
Starting from today's driver assistance systems like Volkswagen's travel assist, we will develop automated driving functions up to Level-4.

Together with ARGO AI, we are pursuing a second way to autonomous driving: the driverless vehicle for mobility services.

Here the core systems are designed for lower speed and more complex environments like in cities. Using lidar as the base technology.

It will allow us to build up our system capabilities for mobility and transport as a service.

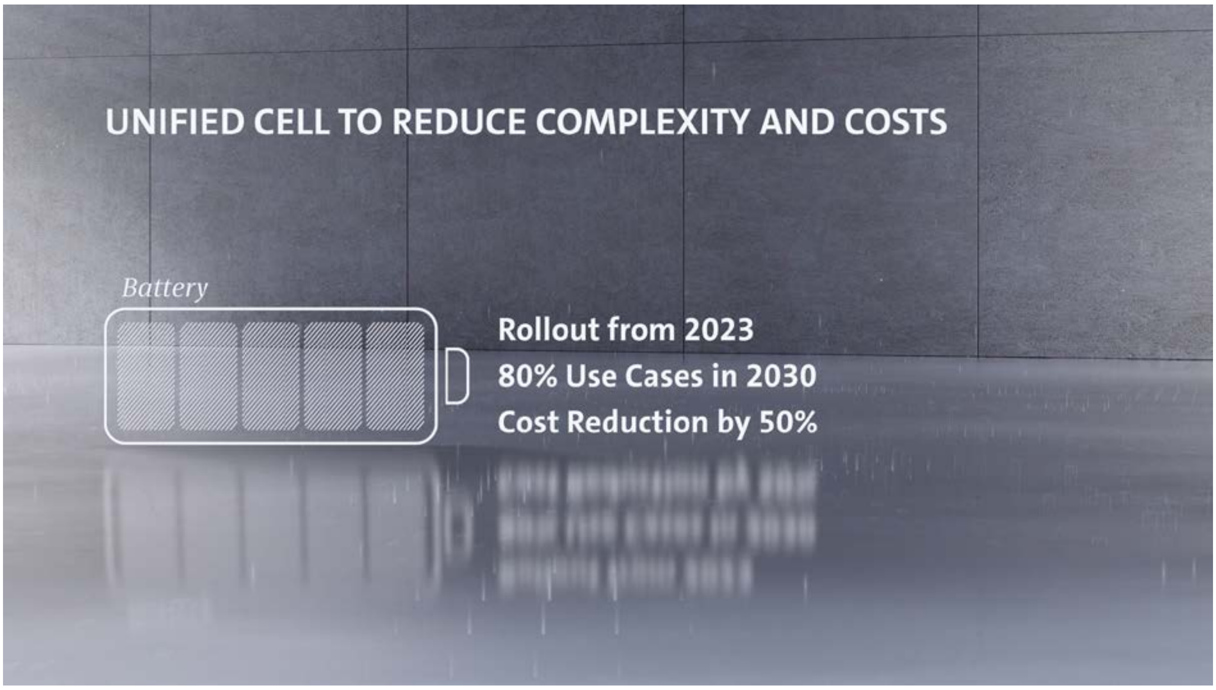
We are merging the ARGO self-driving system, the autonomous ID. Buzz and MOIA to a comprehensive mobility offer.
The autonomous ID.Buzz will begin test operations this year, bringing the driverless system into full operation by 2025.



Ladies and Gentlemen,
Both elements of the transformation, hardware and software, cannot be separated from each other.

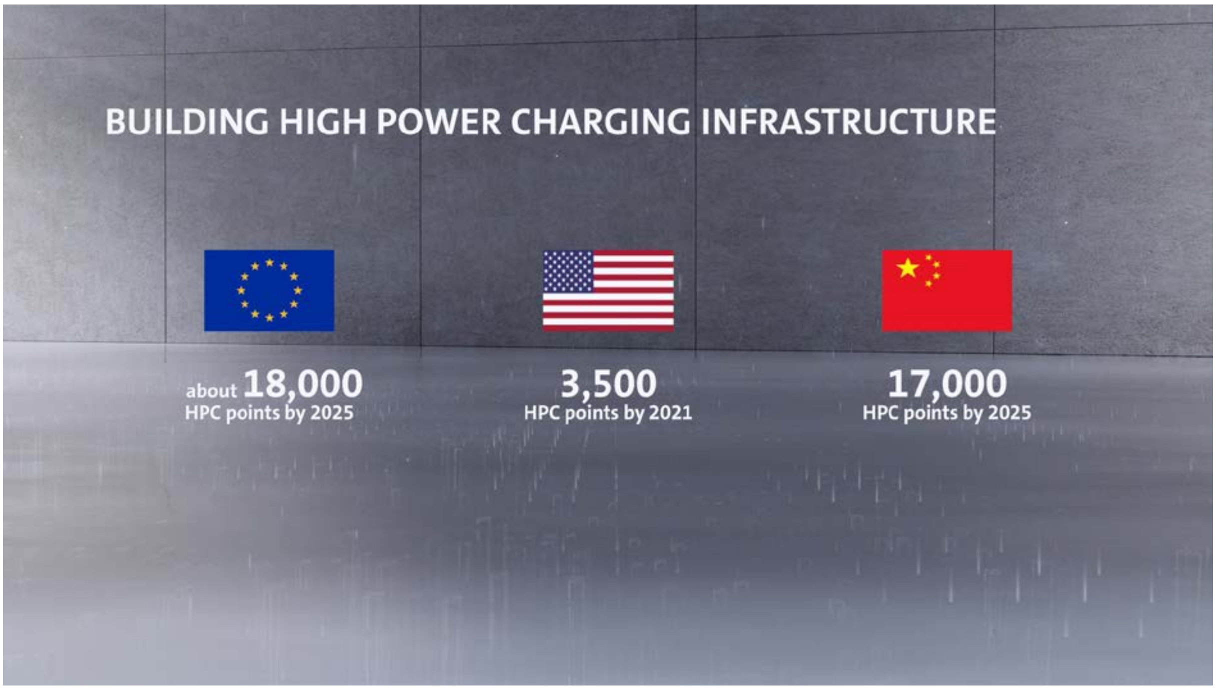
Until 2022, electric platforms will take over the lead.
In 2024, we start to merge our electric hardware platforms and synchronize with the unified software platform.

We call it Scalable Systems Platform.
Speedboat projects like Artemis, Trinity and Apollon will lead the transformation.
By the end of this decade, we will be able to roll out the SSP across all vehicle classes.



As we announced during Power Day, we will reduce complexity and focus on one single battery cell.

From 2023 onward, we will be ready for rollout. By 2030, one cell format will cover 80% of the use cases in the Group.
New chemistry and manufacturing processes will reduce battery costs by up to 50 percent.
This will make e-cars even more affordable. And as a result even more attractive.



Charging will be as easy as refueling.
We are raising the number of fast charging points in Europe by five times over the next four years.

Strong partners like Iberdrola, Enel and BP will boost our European network.
In the U.S. and China, Volkswagen is building nationwide fast charging networks with Electrify America and CAMS.

ID.3 - power consumption in kWh/100 km (combined): 15.4-13.1 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+
e-Crafter - power consumption in Wh/km (combined): 215.0 (NEDC); CO2-emissions in g/km: 0 (combined)

At Volkswagen, we are building the skills to offer mobility as a service to our customers for every situation in life.

Our goal is to have full system capabilities in each sector.
With that, we will be an attractive partner for any mobility service company.
Whether MOIA, WeShare, car subscriptions or financing, customers will benefit from a seamless range of services.

Ladies and Gentlemen,
within two lifecycles, the car industry will radically change:
profit pools will shift from conventional cars into EVs and then radically into software.

We are driving that change with our strong brands in premium and volume. Leveraging competitive scales in hardware, software and services.

We are confident that following this transition, Volkswagen will be an even stronger company with higher market shares than today.

Our profitable ICE business will broadly finance the transition and open new profit pools for us.

In 2021, we will recover from Covid and speed up the change.

Thank you.

Frank Witter
Speech at the
Annual Media Conference on March 16, 2021
- Part II -

Ladies and Gentlemen,

I am also pleased to welcome you to our Annual Media Conference today.

End of February, we already announced the key financials for the financial year 2020.

Today, we are publishing the entire Annual Report 2020.

I would now like to shed more light on the financial figures of this unprecedented calendar year 2020.

Obviously, the ongoing Covid-19 pandemic had a negative impact on our business. However, we were able to successfully limit this impact with an effective crisis management. A rapid recovery in our core market China, and the robust Premium car segment and Financial Services were also key.

Against this background we consider our performance as very robust and a proof of our resilience.

With €222.9 billion, Group sales revenue in 2020 was down 11.8% year-on-year. In the first half of the year, the sales revenue came in at 23.2% below 2019. In the second half of the year, Group sales revenue was already on prior-year level, with a strong momentum in the fourth quarter.

Key drivers for sales revenue in 2020 vs 2019 were declining volumes due to lower demand as well as negative exchange rates (Real, Turkish Lira, Rubel, Renminbi and US Dollar).

At the same time, we realized positive mix effects (esp. type) of €5.4 billion, also pricing was positive (€ 2.1 billion).

Volkswagen Group ended the year with an operating profit before special items, of €10.6 billion, down €8.7 billion on previous year (-45%). With this result, we have significantly exceeded the expectations we had in April/May for the calendar year 2020. We saw a strong recovery in the second half of 2020, and the exceptionally strong fourth quarter with operating profit before special items of €8.2 billion, equaling a return on sales of 12.2%.

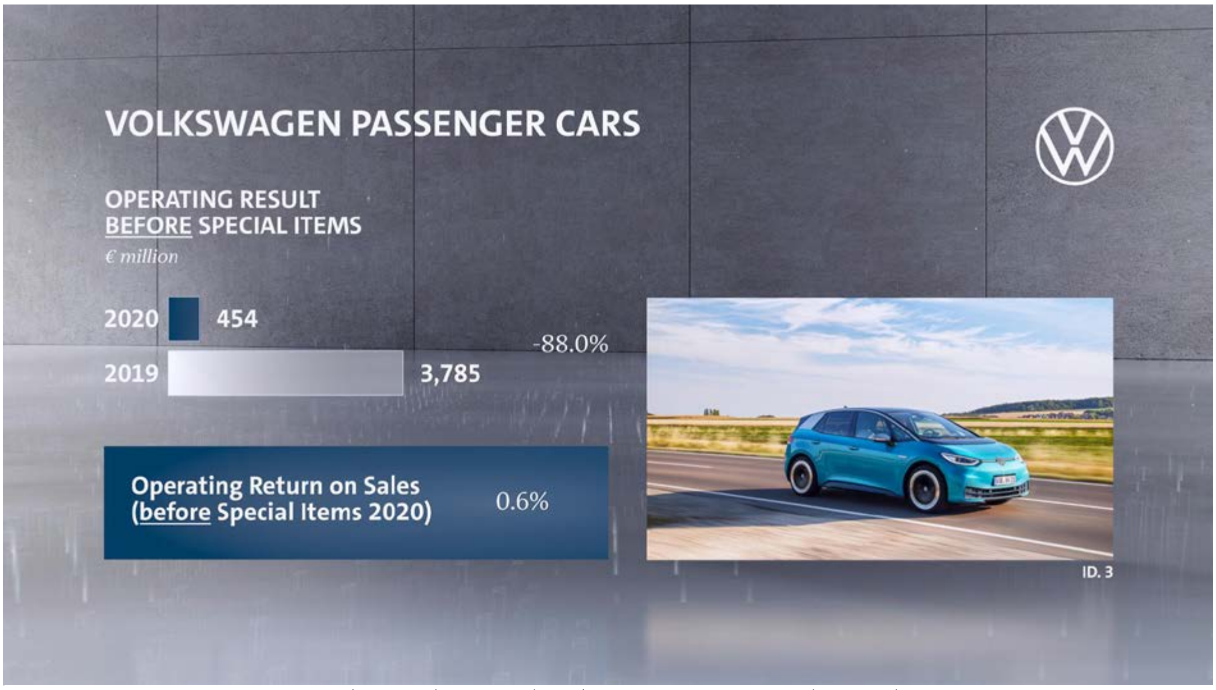
The operating profit was further impacted by one-off restructuring expenses in the Automotive Division totaling €0.5 billion. Restructuring measures had the major impact on MAN Energy Solutions (€-359 m) and also affected the results of Volkswagen Passenger Cars in South America (€-132 m) as well as Bentley (€-28 m). We expect substantial positive effects in the years ahead from these restructuring measures.

Negative special items in connection with the diesel issue in 2020 amounted to €0.9 billion – a drop of €1.4 billion compared to the previous year. These were all related to legal risks.

With 4.8%, the operating return before special items was below the previous year (7.6%) due to the Covid-19 pandemic.

Overall, the Volkswagen Group proved its robustness in calendar year 2020, despite the continuing challenges posed by the Covid-19 pandemic.

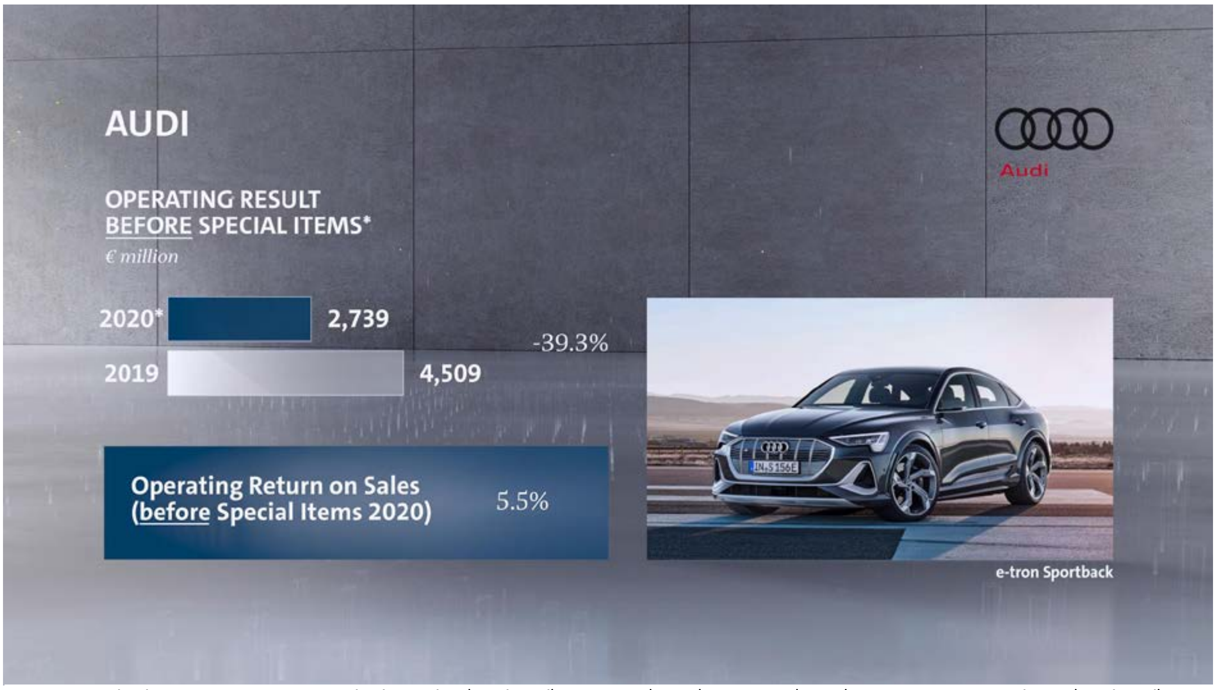
Let's now focus on the top line results of our brands. Further details will be provided by my colleagues in dedicated sessions.



ID.3 - power consumption in kWh/100 km (combined): 15.4-13.1 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+

The Volkswagen Passenger Cars operating profit before special items amounted to €0.5 billion in calendar year 2020, compared to €3.8 billion in the previous year. The operating return on sales before special items declined to 0.6%, after 4.3% in calendar year 2019. In the strong fourth quarter 2020, we were on strategic target with a return on sales of 6%. Especially lower volumes and exchange rate effects had a negative impact, while lower fixed costs and a better price position were positive factors.

In calendar year 2020, the diesel issue resulted in negative special items of €0.8 billion for Volkswagen Passenger Cars, €1.1 billion lower than 2019.



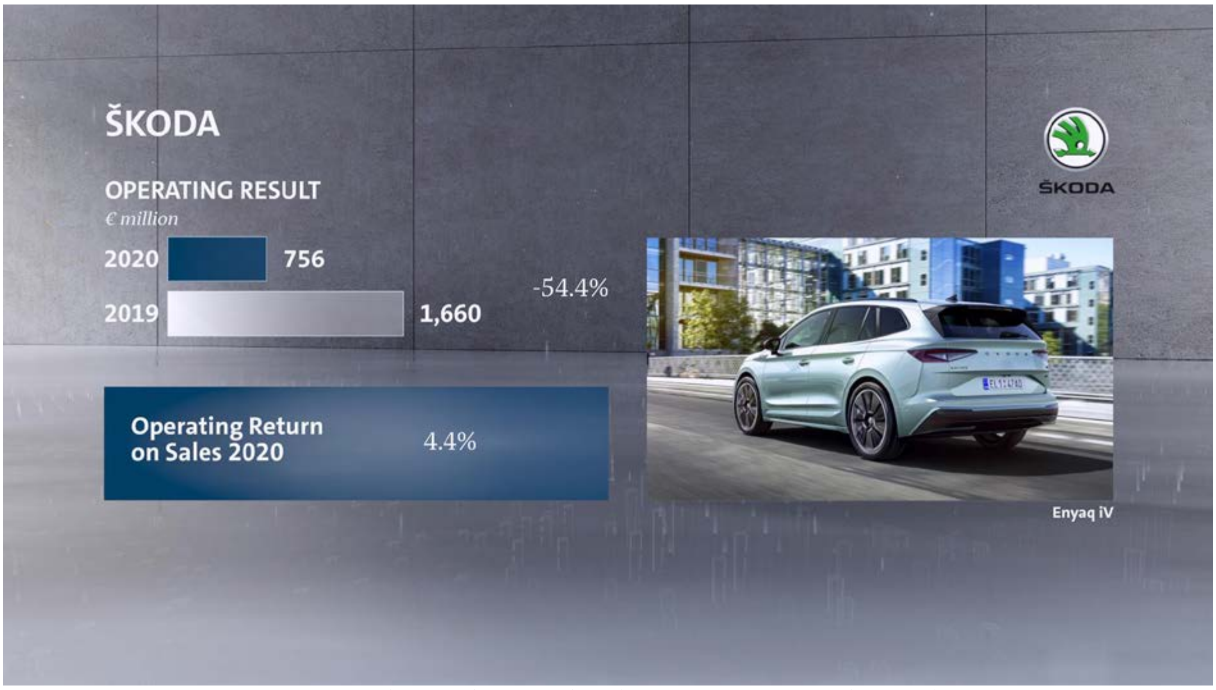
e-tron S Sportback - power consumption in kWh/100 km (combined): 28.3-26.4 (NEDC), 28.1-25.6 (WLTP); CO2-emissions in g/km: 0 (combined); efficiency class: A+

Operating profit before special items at Audi amounted to €2.7 billion, a year-on-year drop of 39.9%.

A decrease in volume and exchange rate effects were the main negative factors. Positive impacts resulted from reduced fixed costs, a €0.5 billion deconsolidation effect from the divestment of Autonomous Intelligent Driving (AID) and contributions from the “Audi Transformation Plan” as well as the “Audi.Zukunft” program.

The operating return on sales before special items came in at 5.5%, after 8.1% in calendar year 2019. With a return on sales of 15.1%, the fourth quarter was exceptionally strong.

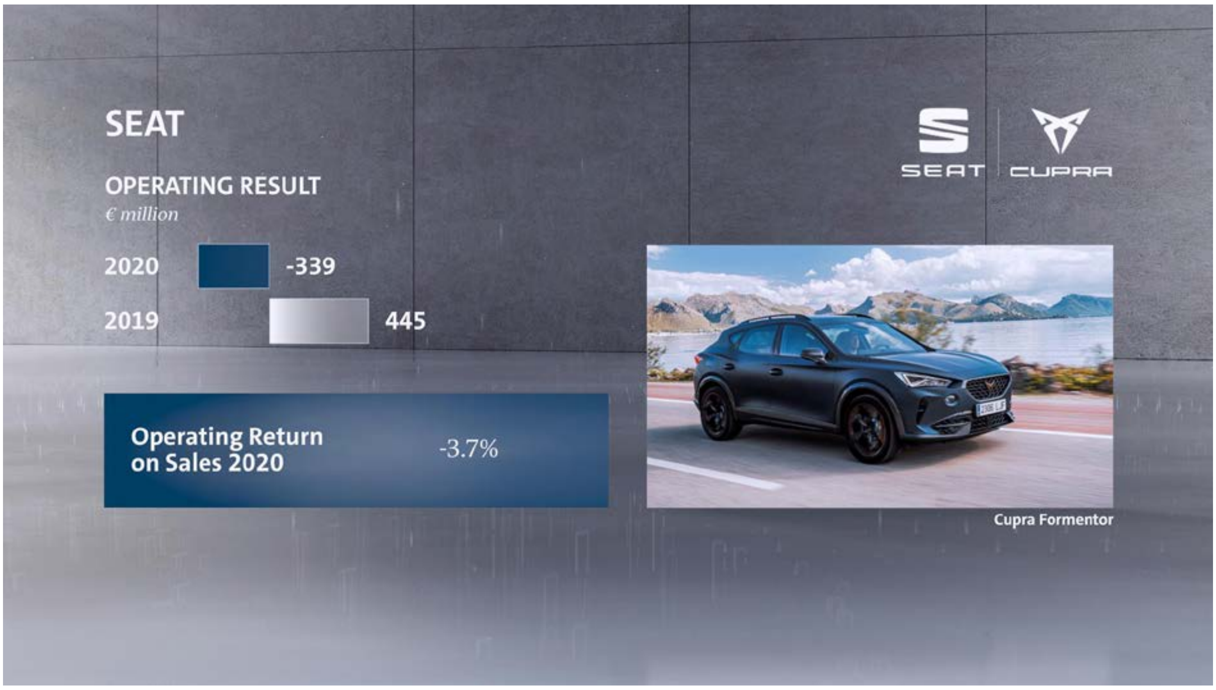
Audi brand reported negative special items for diesel of €0.2 billion, no special items were recognized in 2019.



Enyaq iV - power consumption in kWh/100 km (combined): 16.0-14.4 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+

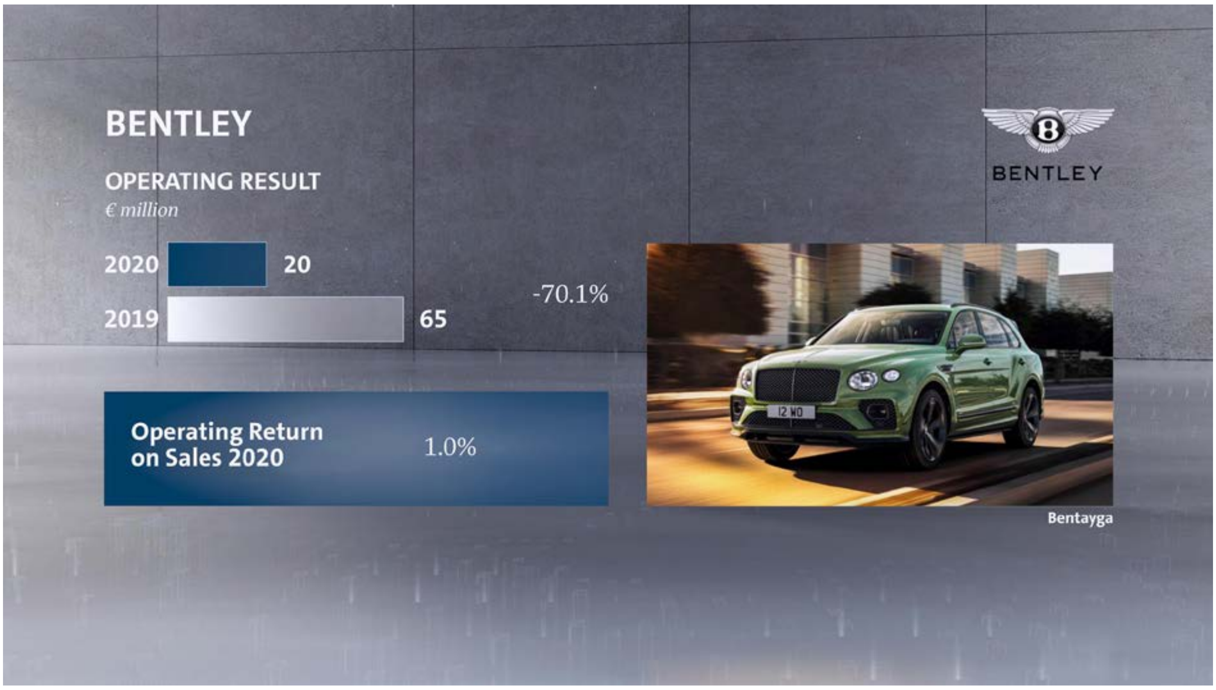
At ŠKODA, the operating profit in calendar year 2020 totaled €0.8 billion, after €1.7 billion in the previous year. Lower volumes, negative exchange rate effects as well as emissions-related expenses of €308 million burdened the result. At the same time, cost optimization measures did partly compensate.

The operating return on sales came in at 4.4%, after 8.4% in calendar year 2019.



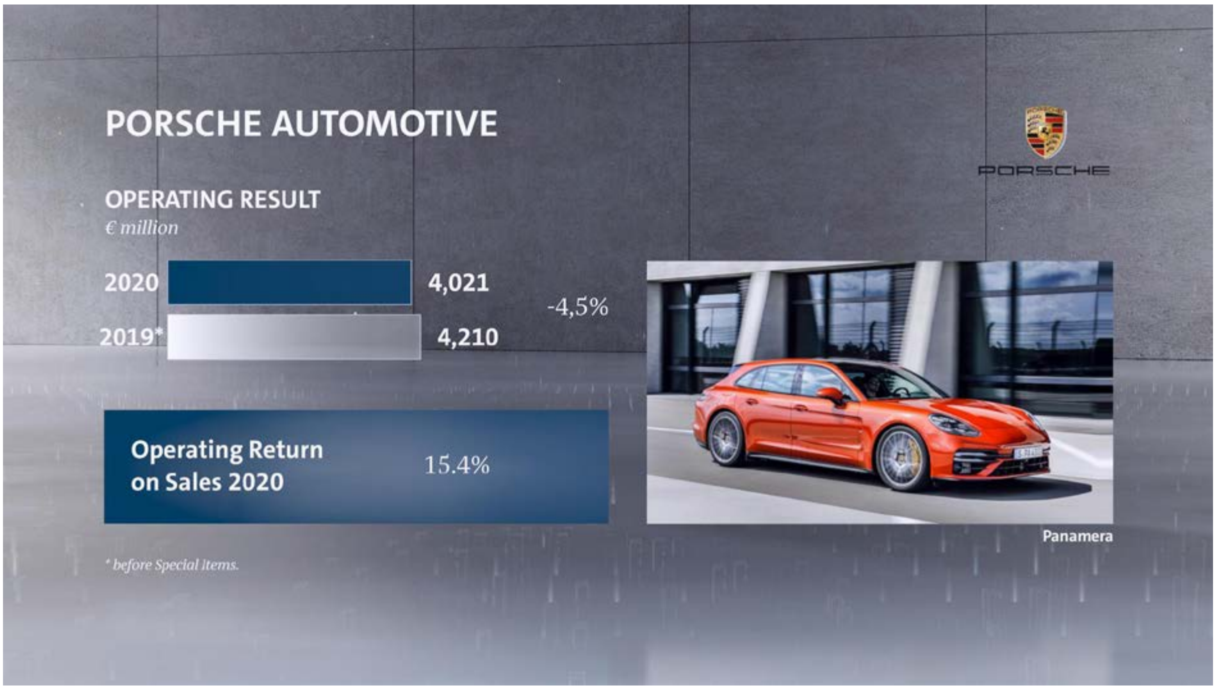
SEAT recorded an operating result of €-339 million, following last year's profit of €445 million. Burdened by the weak European markets, lower volumes had a negative effect. Operating result was further impacted negatively by emissions-related expenses of € 262 million.

The operating return on sales decreased from 3.9% in the previous year to -3.7%. SEAT launched in 2020 the new Leon family and the Cupra Formentor. The powerful SUV and coupé crossover comes with two plug-in hybrid versions.



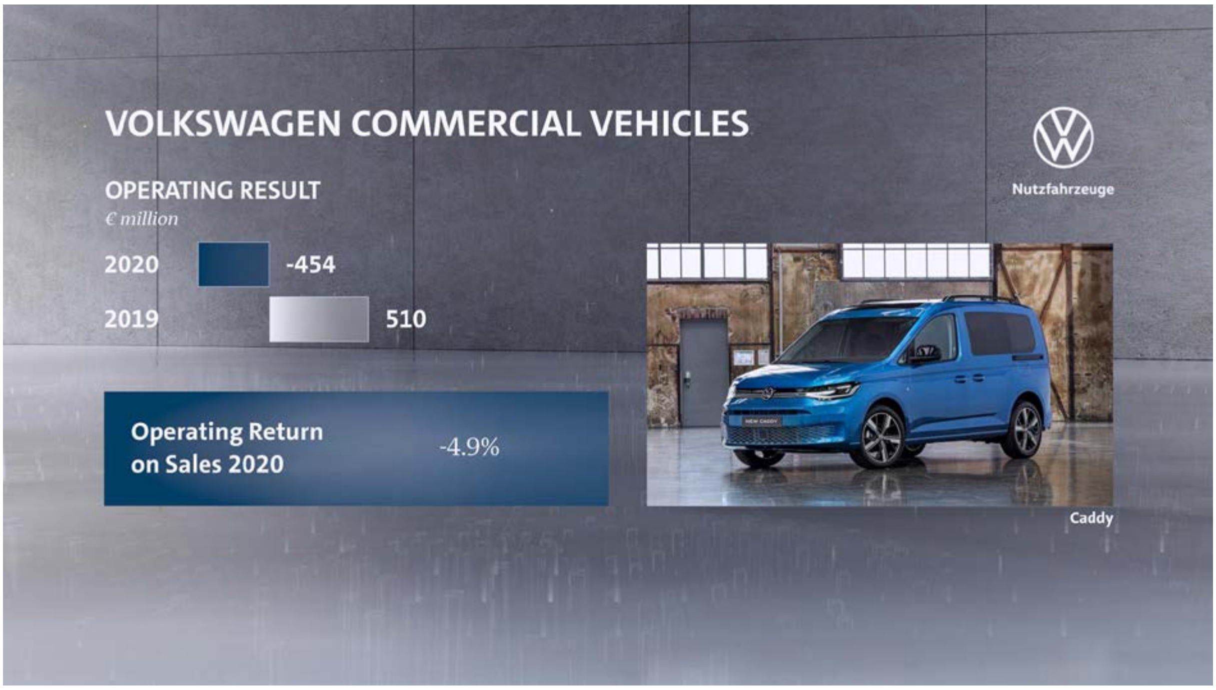
Bentley’s operating profit in calendar year 2020 was positive at €20 million, following €65 million in the previous year. A major supporting factor were vehicle sales on 2019 level, since the Premium and Luxury segments were generally less affected by the Covid-19 pandemic, especially in the Chinese market. By contrast, the result was negatively impacted by higher depreciation charges, one-off expenses for restructuring measures (€28 million) and negative exchange rate effects.

Operating return on sales decreased from 3.1% in 2019 to 1.0% in calendar year 2020.



Porsche Automotive reached a strong operating profit of €4.0 billion, compared to €4.2 billion in 2019 (before special items). The lower impact of the pandemic in the premium and luxury segments did help, with vehicle sales only 4.2% down from the previous year. Cost increases especially for digitalization and electrification as well as negative exchange rate effects had a negative impact on Porsche's operating profit.

With 15.4%, the operating return for 2020 was only slightly lower than in 2019. The fourth quarter stands out with an exceptional return on sales of 24.8%, even for Porsche standards.

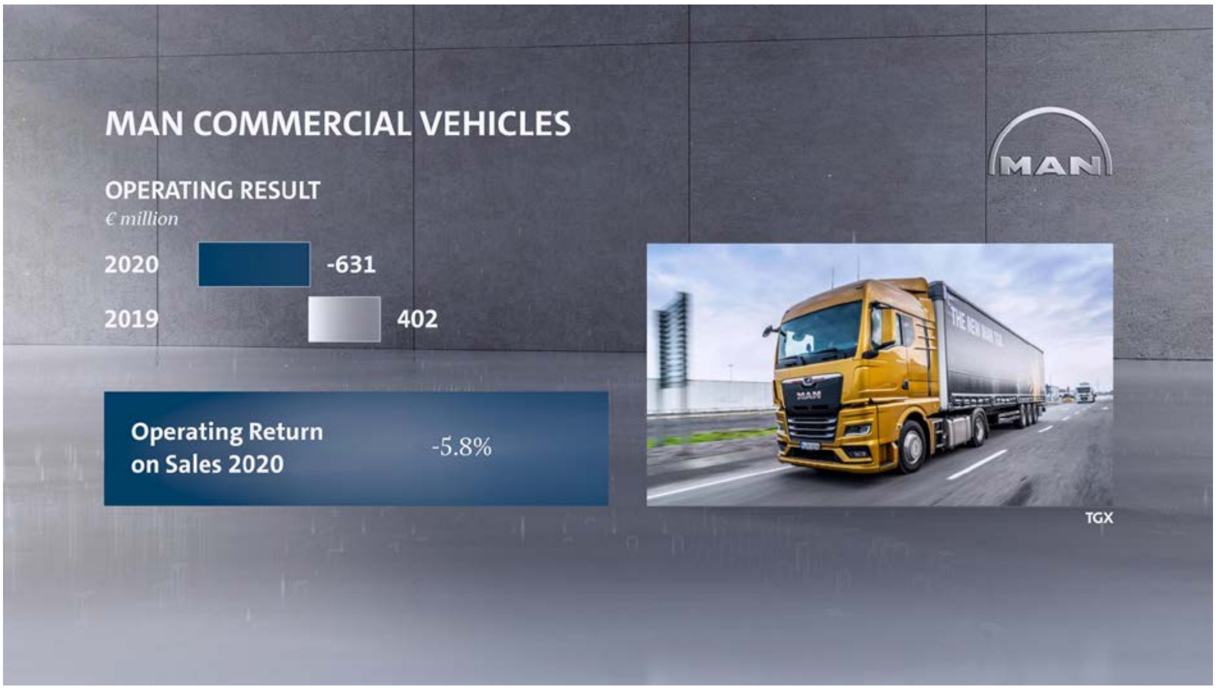


Volkswagen Commercial Vehicles recorded an operating loss of €454 million in calendar year 2020, compared to €510 million profit in the previous period. Positive effects of product cost optimization and positive mix effects were not enough to compensate for the 24.3% decline in sales, which equals 111 thousand units. CO_2-related expenses of €337 million had an additional negative impact, as did unfavorable exchange rates.

Thus, the operating return on sales was -4.9%, after +4.4% in 2019.

The operating profit of SCANIA Vehicles and Services declined by 50% to €0.7 billion. While improvements in the product mixas well as a stable service business were positive factors, lower volumes and negative exchange rate effects were the main reasons for this result.

The operating return on sales came to 6.5% in calendar year 2020, after 10.8% in the previous year. However, with a return on sales of 9.6% in the fourth quarter, Scania was almost back on track by the end of last year.



MAN Commercial Vehicles recorded an operating loss of €631 million in calendar year 2020, following a profit of €402 in the previous year. Besides lower vehicle sales, the launch costs for MAN's new truck generation negatively impacted the operating result. The operating return on sales came to -5.8%, down from +3.2% in 2019.

It is important to note that the effects of the restructuring program at MAN are not reflected in the figures of calendar year 2020 – these will be recorded in Q1 2021 and will support the performance over the coming years.

ID.4 - power consumption in kWh/100 km (combined): 16.9-15.5 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+

With 3.8 million Group vehicles delivered, China was Volkswagen's most stable market in the calendar year 2020, only recording a 9.1% drop compared to the previous year. 41% of all Volkswagen Group vehicles were delivered in China last year, making it again the most important single market for the Group. With a market share of 19.3%, we are also the number 1 automotive company in China.

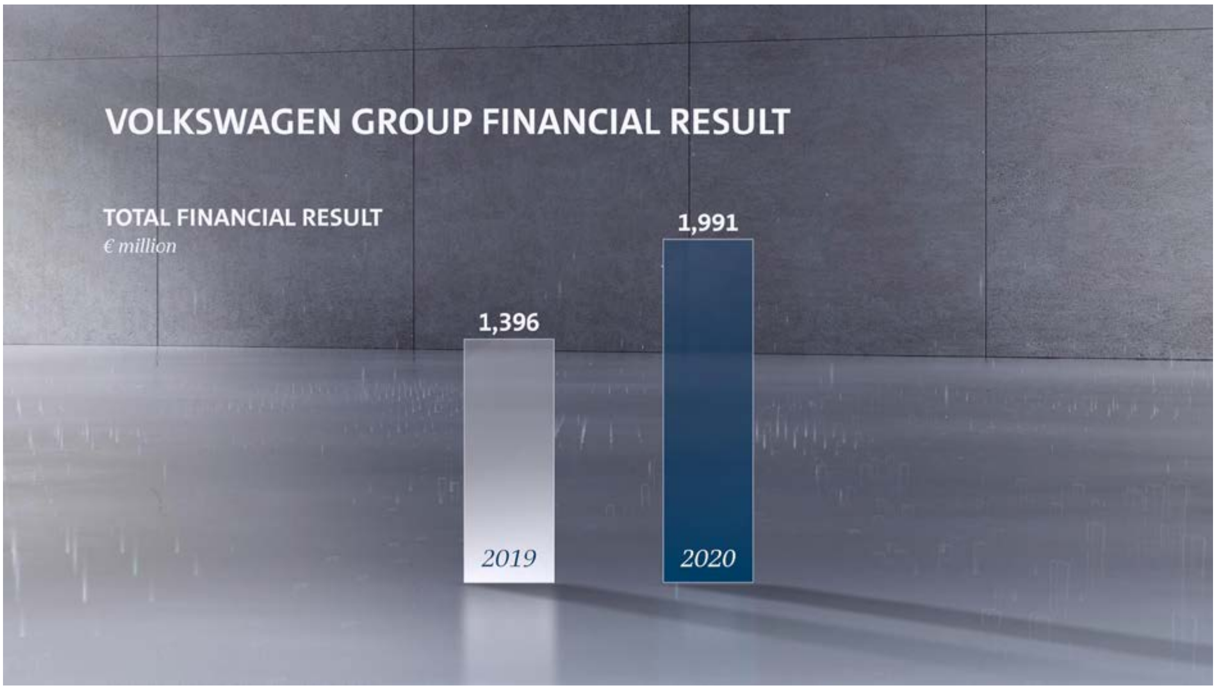
The proportionate operating result attributable to our Chinese joint ventures decreased from €4.4 billion in 2019 to €3.6 billion in 2020.

After an exceptionally weak first quarter, China was the region first hit by Covid-19, the market saw a sharp V-shape recovery.

It is also important to note that the operating profit of the JV Companies is not included in the operating profit of the Group. Their profits are recognized at equity in the financial results on a proportionate basis.

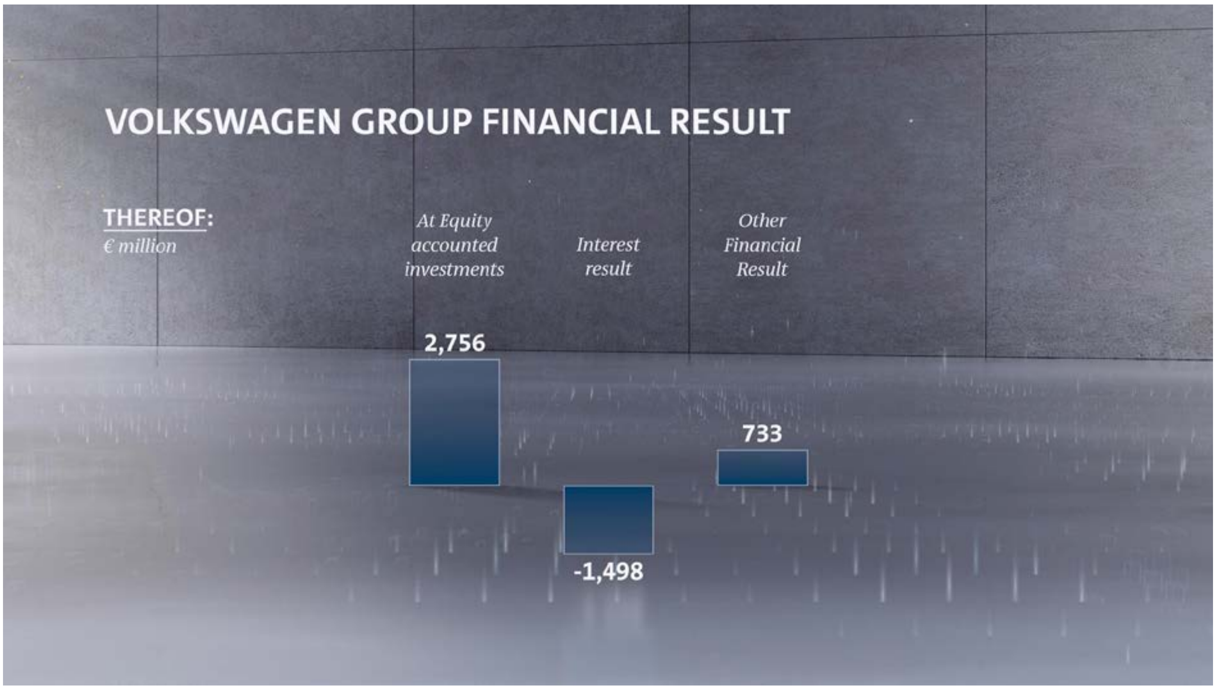
The Volkswagen Financial Services Division was able to grow its sales revenue by 1.5% to €40.8 billion. The number of contracts increased by 1.8% to 24.1 million, and the penetration rate increased by 1% to 35.5%. Especially the used vehicle business was very strong.

The operating profit only declined by 6.2% and reached €3.0 billion. This decline is mainly attributable to increased risk costs, where again we took a "prudent approach". So far, we had no issues with residual values.



Let´s now take a closer look at the Volkswagen Group’s financial result.

The Group’s financial result in calendar year 2020 was €2.0 billion, an increase of €600 million compared to the previous year.



The at-equity-accounted investments contributed €2.8 billion, €600 million below the previous year. The main reason for this decline is the lower profit generated by our Chinese joint ventures.

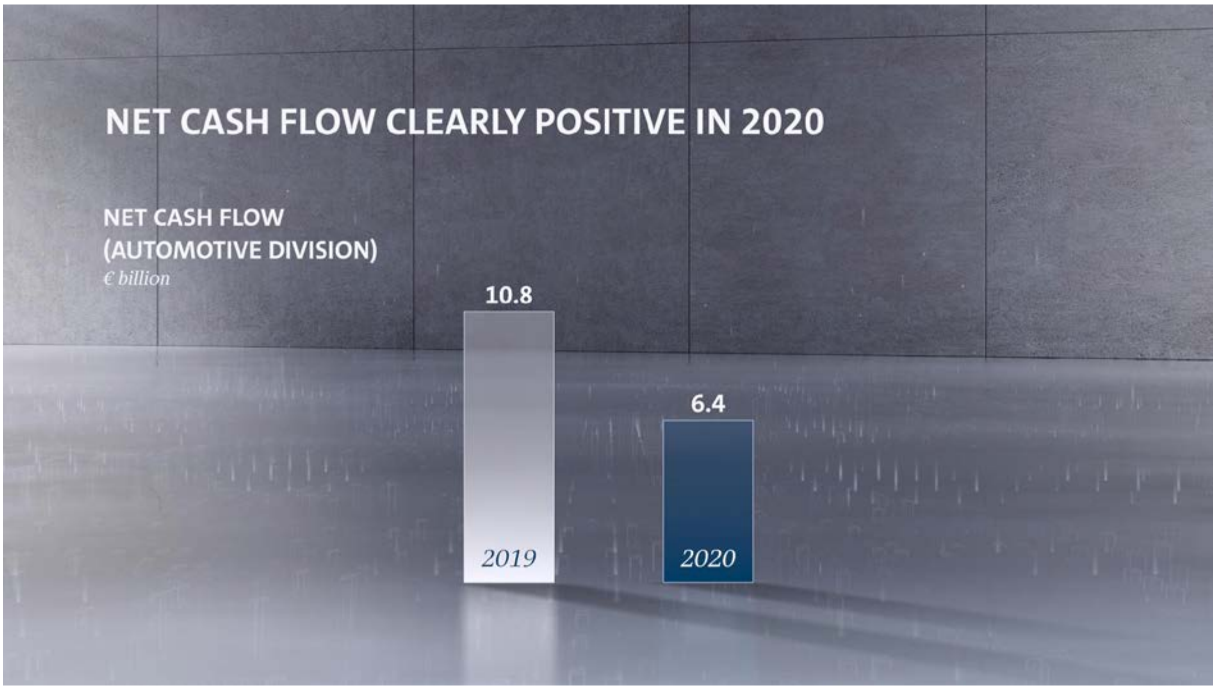
At €-1.5 billion, the interest result was up by €100 million due to lower interest expenses.

The other financial result grew by €1.1 billion to €0.7 billion in 2020. One very positive effect to be mentioned came from our investment in QuantumScape. We had a positive noncash effect in the financial result of €1.4 billion as the result of the company's listing on the stock exchange. Given the high volatility in share price, further impacts are possible in the first quarter of 2021.

To sum up the highlights of our financial report: At €10.6 billion, the operating profit before special items for calendar year 2020 exceeded the expectations everybody had in April/May 2020 significantly.

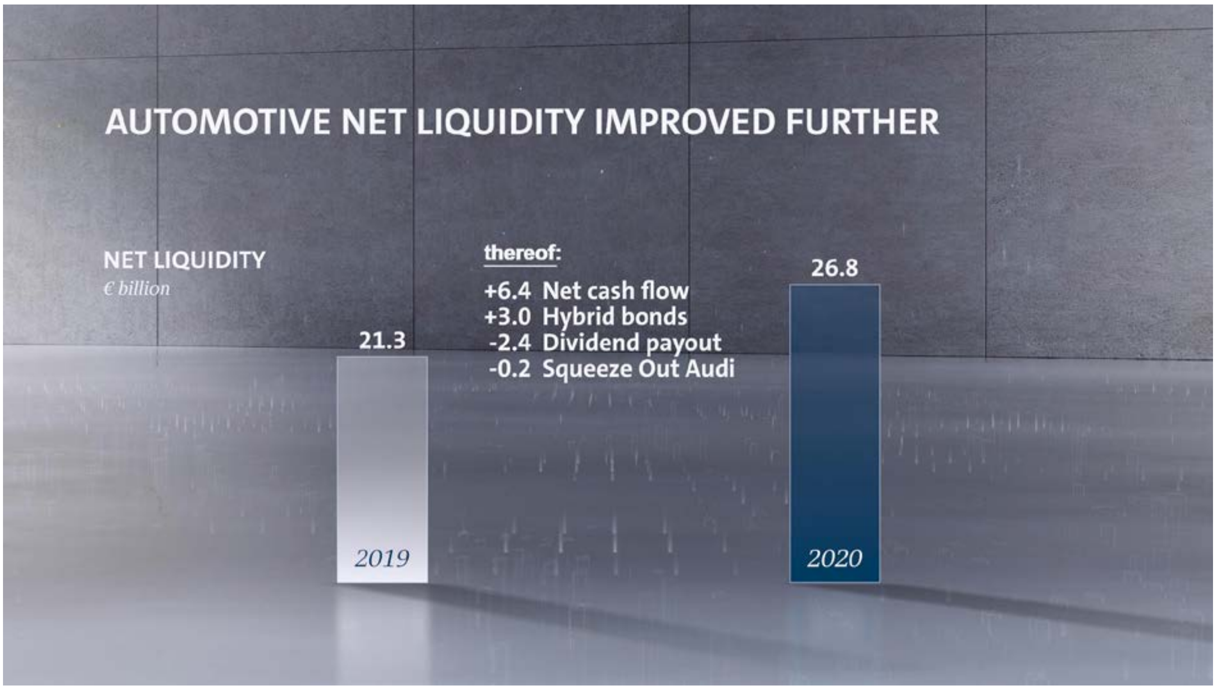
You can find the summary of the financial KPIs for calendar year 2020 here.

As usual, you can find details of our figures for the fourth quarter on our Investor Relations web page.



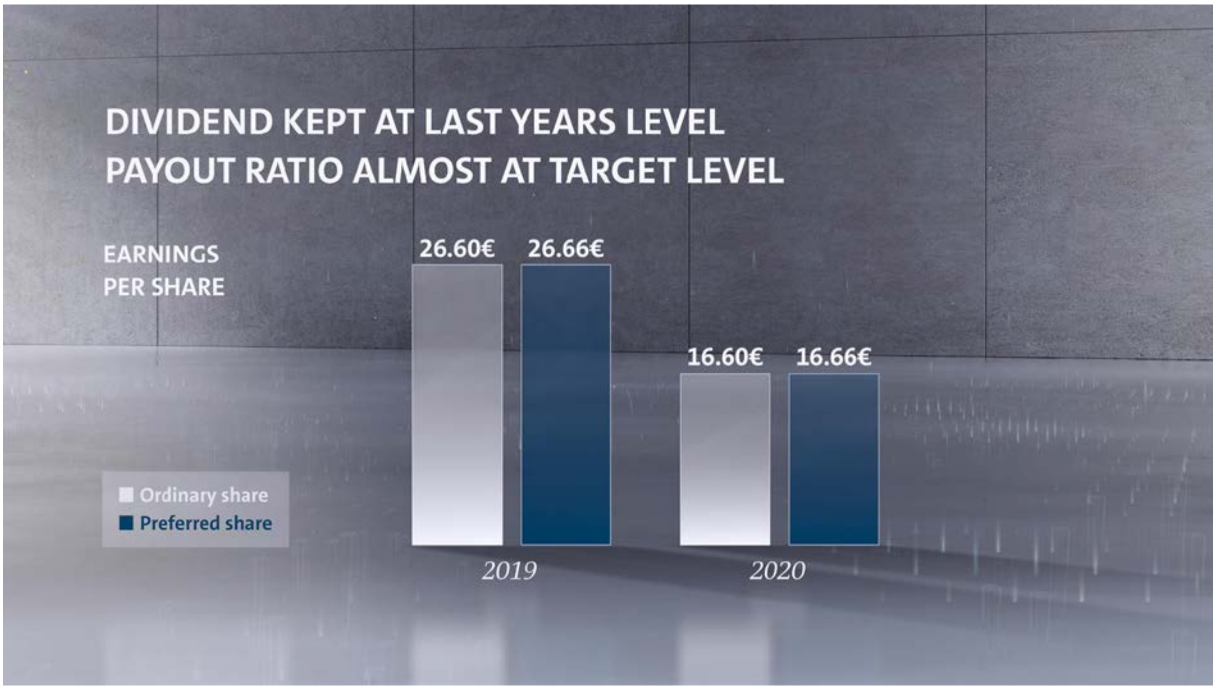
The reported net cash flow for the automotive division came in at €6.4 billion due to a very strong H2.

Clean net cash flow adjusted for diesel payments (€-2.5 billion) and mergers & acquisitions effects (€-1.0 billion) ended up strong at €10.0 billion.

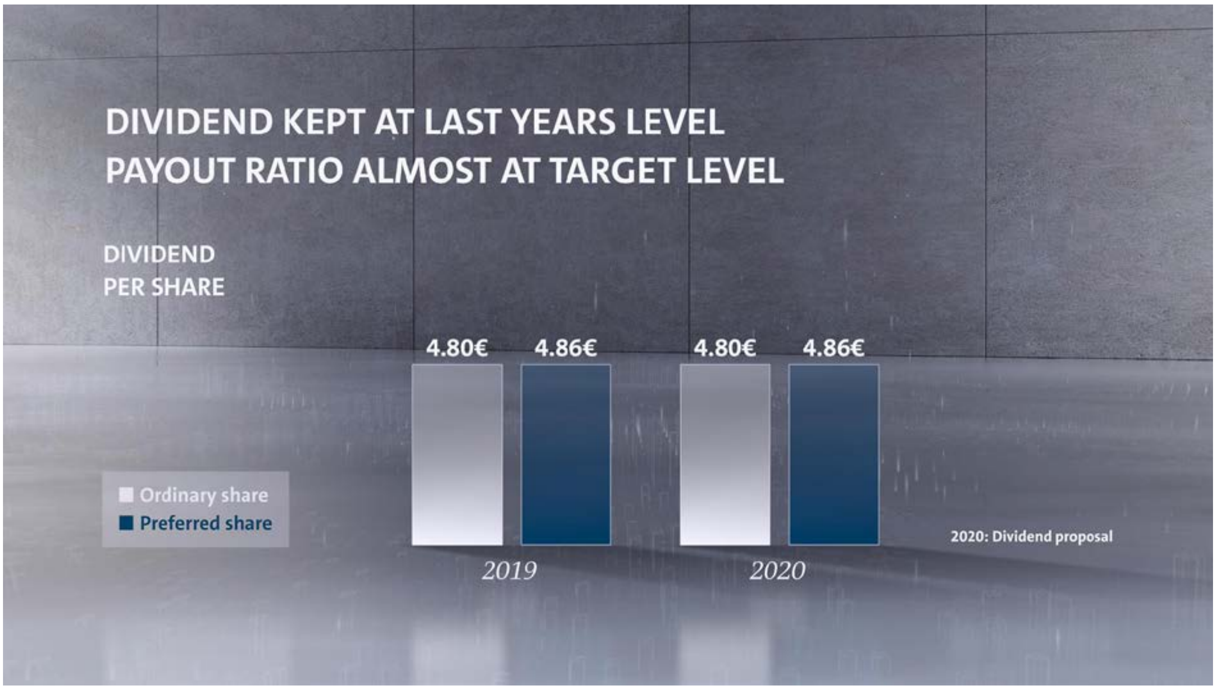


The automotive division‘s net liquidity increased by €5.5 billion to €26.8 billion in 2020. A good net cash flow and new hybrid bonds are the main reasons.

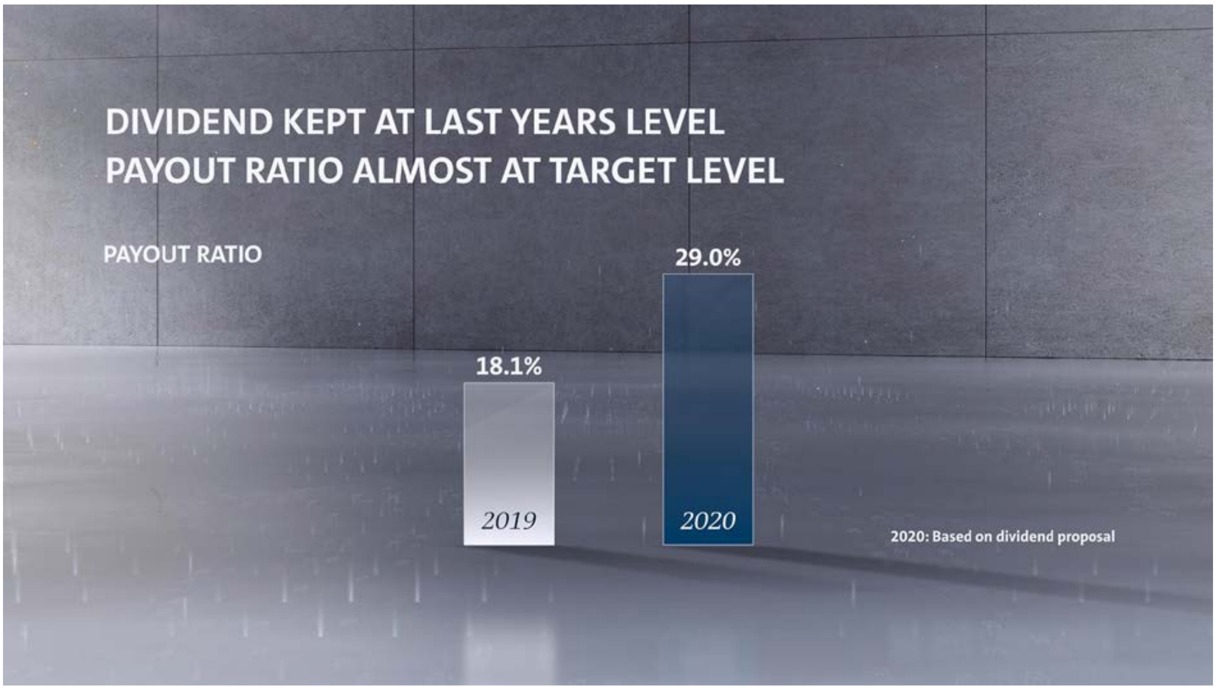
Dividend payments to shareholders of VW AG as well as the Audi squeeze out both had a negative effect.



The earnings attributable to Volkswagen AG's shareholders total €8.3 billion. This translates into earnings per share of €16.60 per ordinary share and €16.66 per preferred share.



These figures show:
Despite Corona, we achieved a solid result in calendar year 2020. The Board of Management and the Supervisory Board are proposing to our shareholders an unchanged dividend of €4.80 per ordinary share and of €4.86 per preferred share.



The payout ratio rises to 29.0% from 18.1% in the previous year, approaching the strategic target of 30%.

Overall, the figures for calendar year 2020 prove: The VW Group is robust and performs even under very difficult market conditions.

We are capable of financing our transformation.

We have a strong momentum from the second half calendar year 2020, which we carry over into 2021.

Programs for fixed costs reduction and procurement are going to make us even more robust in the future.

We are striving to reach the upper end of the range for our return on sales in calendar year 2021.

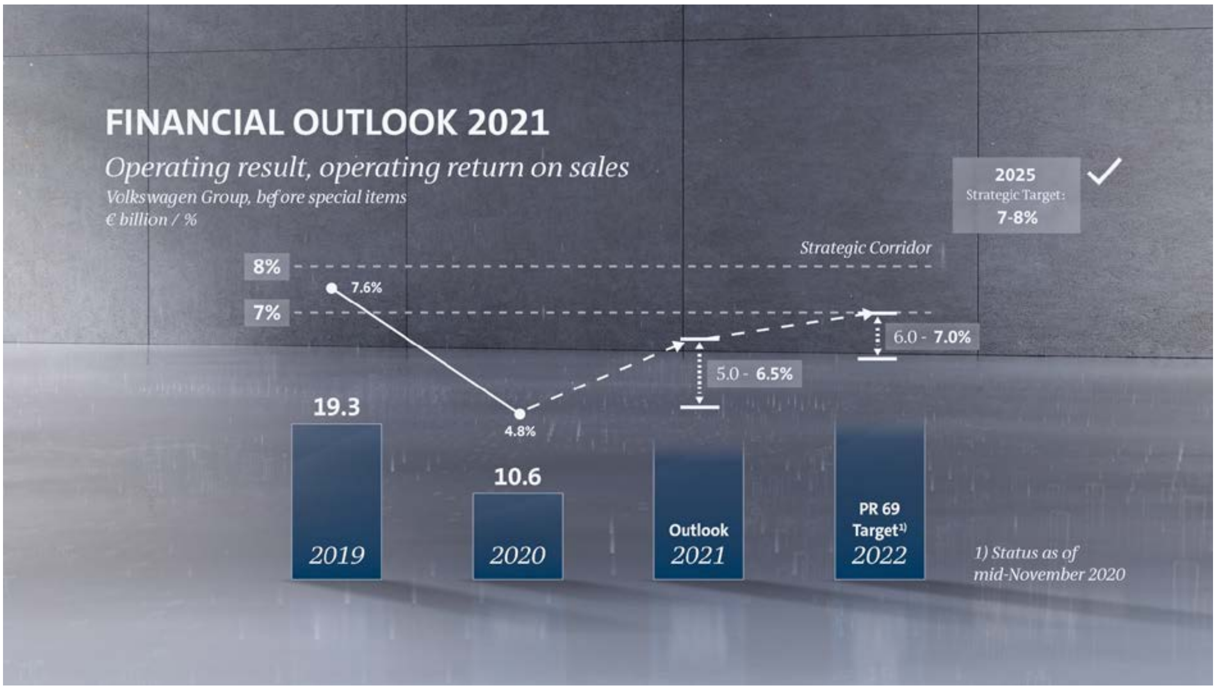
Thank you.

Dr. Arno Antlitz
Speech at the
Annual Media Conference on March 16, 2021
- Part III -

Ladies and Gentlemen,

it is an honor for me, that the supervisory board has put their trust in me as Group CFO. I am really looking forward to steering the Volkswagen Group through the transformation together with the whole Board team.

I am deeply convinced, that Volkswagen has the technological competence, the financial strength, the right people and the values, to shape mobility for generations to come.



Herbert and Frank have already described what we have achieved in 2020 and now I would like to turn the focus to 2021 and beyond.

Our goal is to finance the ambitious transformation of our Group.

For this we need robust earnings and cash flows, this is very clear.

Our strategic targets are defined, and we are still sticking to them:

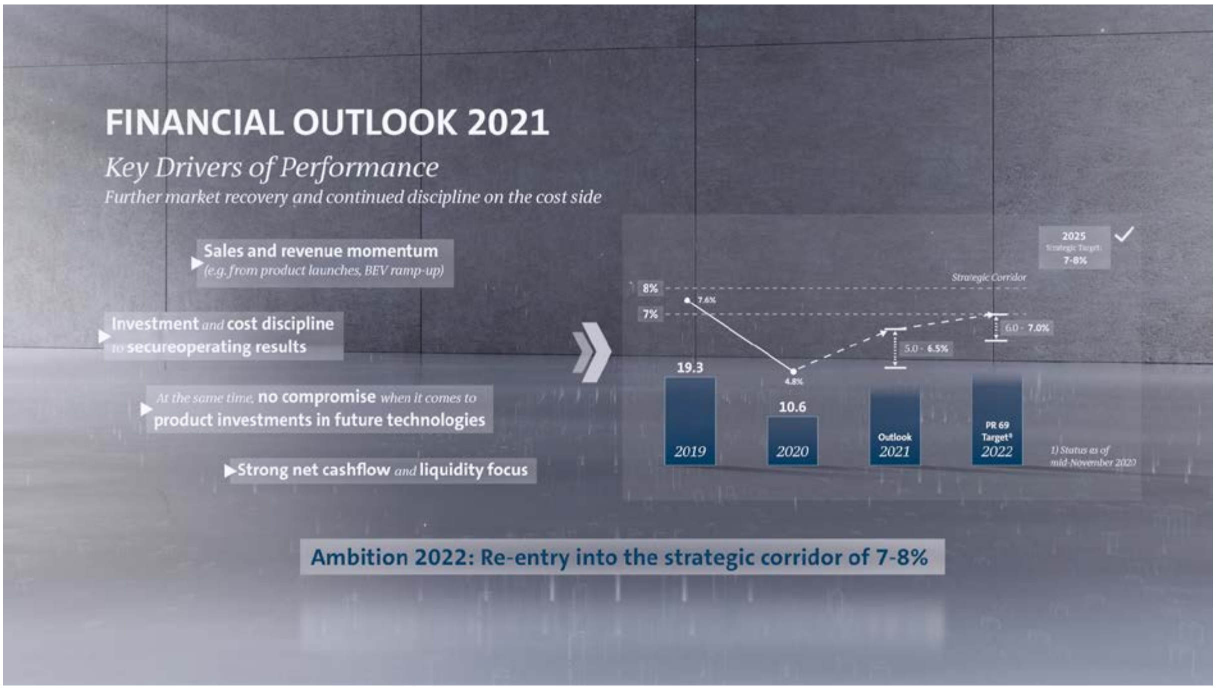
Our target is to achieve a return on sales in the range of 7-8% in 2025 (at the latest) and to generate at least 10 bn € of clean cash flow.

Let's take a closer look at our outlook and guidance for 2021:

We have guided for a return on sales in the range of 5 to 6.5%.

Rest assured we are striving for the upper end.

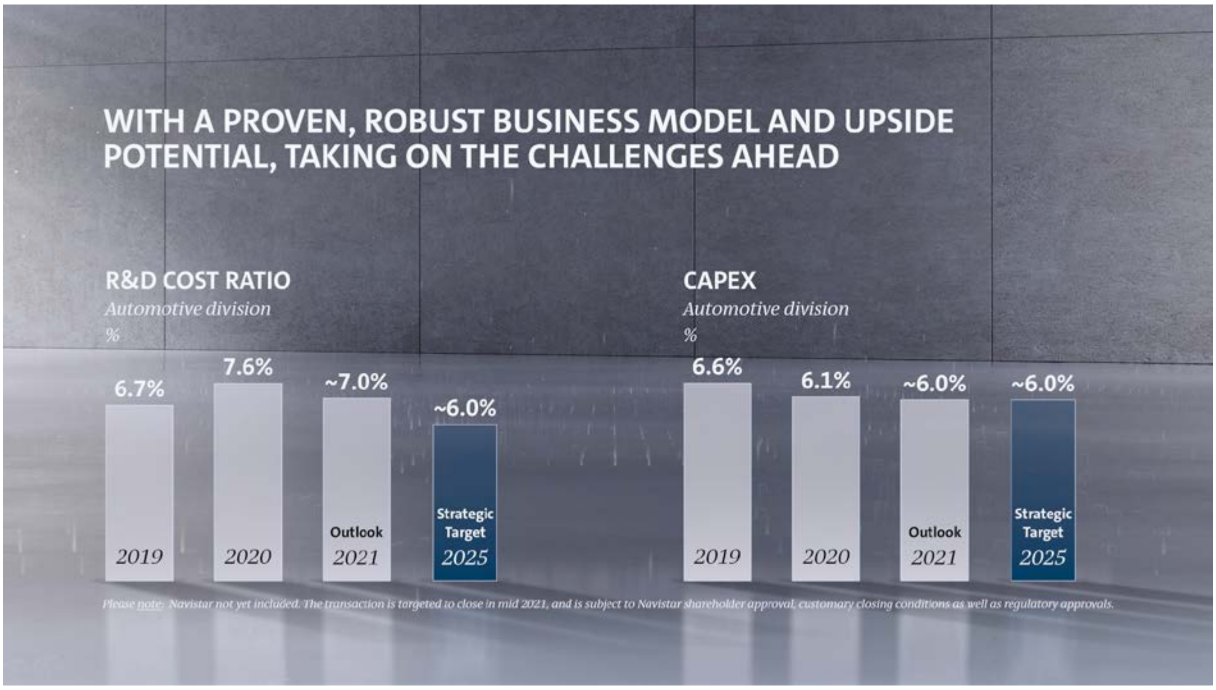
For clean cash flow we are sticking to our strategic target of greater than 10bn €.



To get there, we need strong sales momentum, commitment to our BEV ramp up and continued strong cost and investment discipline.

Strong Working Capital management is also key.

I have just mentioned strong cost discipline – but be assured we will make no compromise when it comes to the necessary investment in future technologies.



For that reason, we have guided for R&D around 7%.
This is a reflection of our execution of our BEV strategy and of building up our software competence.

In relation to CapEx: We will continue our strict discipline approach and are guiding around 6%.

It is our goal to stay below this figure.
It is still early days and 2021 is not risk-free.

Our level of achievement depends on how the worldwide Covid pandemic situation develops and the level and pace of recovery. There is a further risk regarding sufficient supply of semiconductors for the entire automotive industry. We are striving to keep the operating impacts of the current undersupply of semiconductors as low as possible and to compensate them as far as possible during the remainder of the year.

Ladies and Gentlemen, I would like to take the opportunity to lay out my priorities for the years to come.

I have two very clear strategic goals as CFO:

- First to financially steer the transformation.

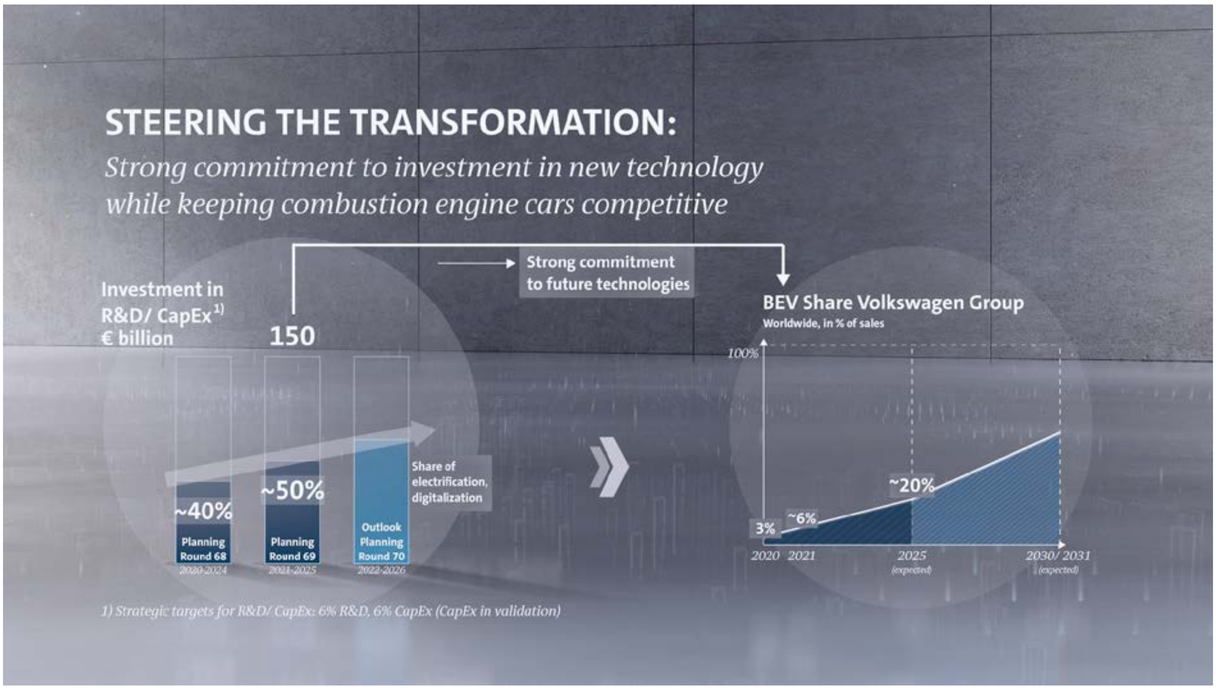
This includes allocation and shifting of resources and capital towards electrification, digitalization and mobility services.

- Our second goal is to safeguard and further strengthen our financial foundation.

To achieve these twofold goals, we will focus on six major topics:

- First: Product transformation towards electric
- Second: Digitalization and developing further our software stack

- Topic number three: Capturing group-wide synergies between the brands; I am deeply convinced, groupwide synergies provide a unique source of competitive advantage for us.
- Topic number four: Steering group-wide cost and efficiency programs to finance the transformation
- Number five: Strengthening brand positioning and pricing
- And: Everything we do will be based on our integrity and values.



We are fully committed to continuing to transform the company:

On the left side of this chart you can see our investment in terms of R&D and CapEx in each 5-year Planning Round.
You also see the share of the allocation of investment in new technologies (BEV, Software, Services).

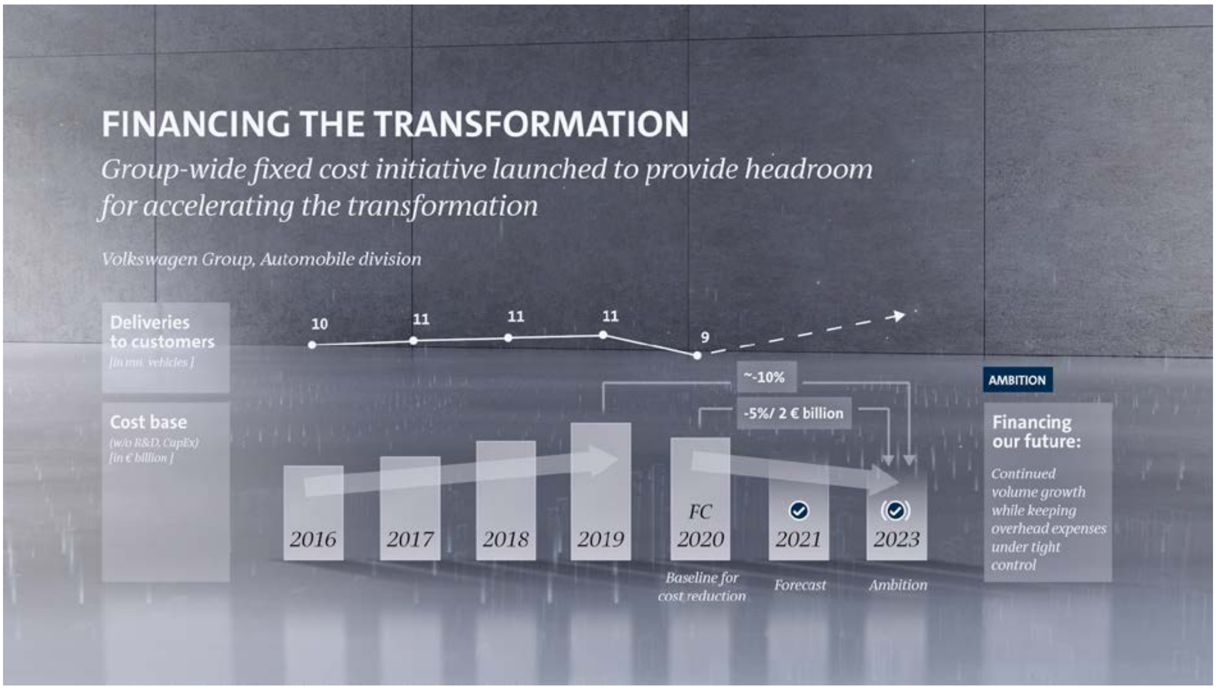
Each Planning Round, we increased this share and we will continue to do so.
The question is whether this is ambitious enough?

We think this is extremely ambitious.

By 2025, we expect our sales of Battery Electric Vehicles to amount to up to 20% of our total fleet.
And we will see an increase each year beyond 2025.

In the meantime, the ICE business will help to generate the cash flows necessary to fund the transformation.

We are ambitious in our transformation; We will offer around 50 BEV-models until 2030. And combined with the shift in resource allocation, we will transform this company to a leading tech player in our industry.



These ambitious plans need to be financed.
Therefore, we need to keep overhead costs under tight control.

In the past our fixed cost grew over time.

This is not necessarily a problem for a company that is growing, but for various reasons our overhead cost grew faster than our sales.

We want to reverse this trend.
We are convinced, that a lower fixed cost base is necessary to improve our competitive position and to finance our future.

Therefore, we want to reduce fixed costs without R&D and CapEx until 2023 by 5% versus a defined base in 2020. This equals a reduction of around 2 bn €.
In this cost base, we have included general overhead cost in our headquarters, indirect cost in our plants worldwide or the budgets of our national sales companies including marketing spend to name some examples.
Taking the year 2019 as a more normalized base year, the program target implies a reduction of around 10%.

We also communicated that we intend to reduce material costs by 7% by 2023.
Later this year Murat Aksel will give a deep dive to explain his strategic approach and the financial impact.

Ladies and Gentlemen,

Volkswagen is a bundle of some of the most fascinating, powerful and valuable brands in our industry.

Without a doubt strong individual brands will remain a differentiating factor going forward.

We will strive to even better position our brands in the future, draw synergies where possible and work hard on cost and efficiency for the good of our customers and stakeholders.

At the same time, we need to transform ourselves into a unified “Technology and Mobility Service Group”.

This means that we need to shift our focus also towards value drivers, like a unified software stack, BEV-platforms and autonomous driving to name a few.

Our internal decision-making and capital allocation will be geared towards this goal.

Step-by-step we will complement our current planning and steering of individual brand performance with focus along these value drivers:
BEV Platforms, Software Stack, Battery/Energy and Charging, Mobility Platform/Automated driving.

Ladies and Gentlemen, we have a clear plan:

- We will scale our BEV-platforms
- We are going to develop a leading automotive software stack
- And we will continue to invest in autonomous driving and mobility services
- During this transition our traditional business will help to generate the profits and cash flows to do so.

We are convinced:
Based on these unique opportunities and a solid financial basis we will

- be a leader in the transformation of our industry,
- we will preserve our natural resources
- and we will achieve this with integrity and based on our values.

We are really looking forward to this task.

Thank you very much.