



Volkswagen Brand

Financial Results January to September 2019

Wolfsburg | December 17, 2019

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Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China and trade disputes among major trading partners 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.

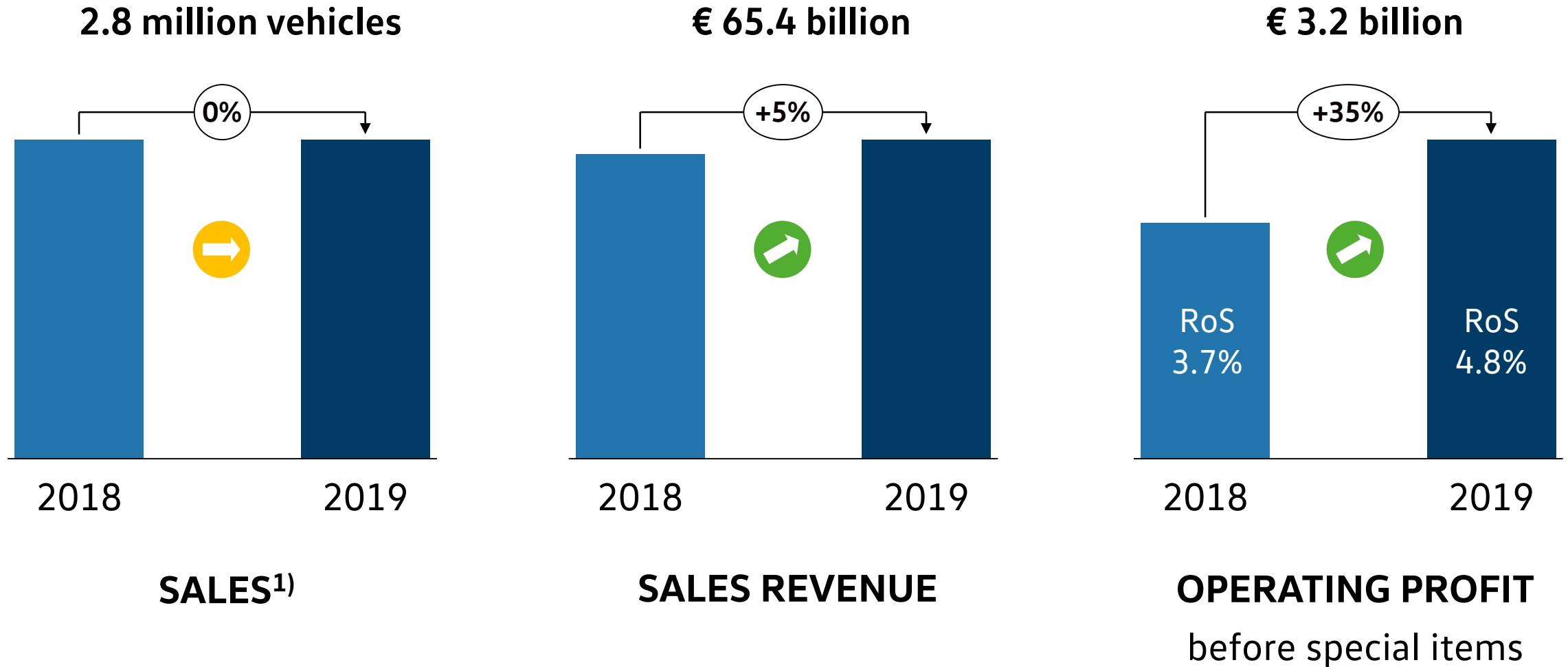
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Operating performance from January to September 2019



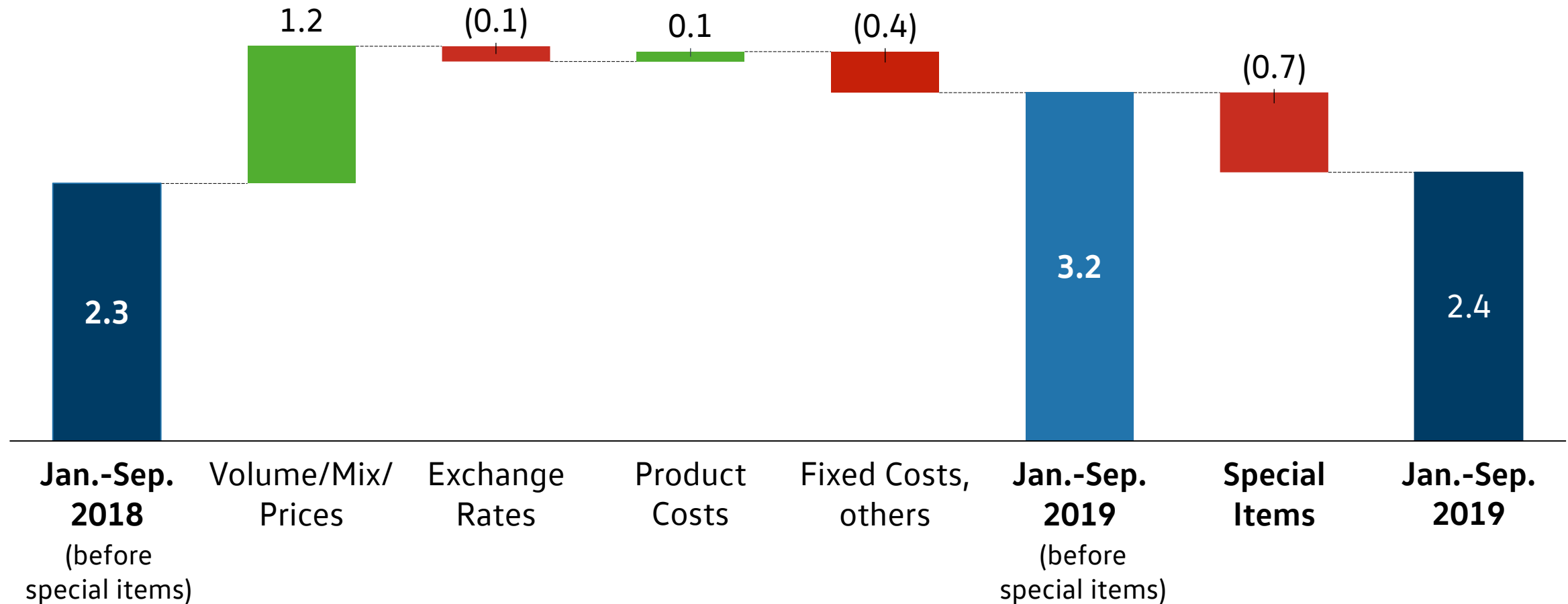
1) These figures do not include sales of our Chinese joint ventures.



Development of operating profit from January to September 2019

OPERATING PROFIT

€ billion



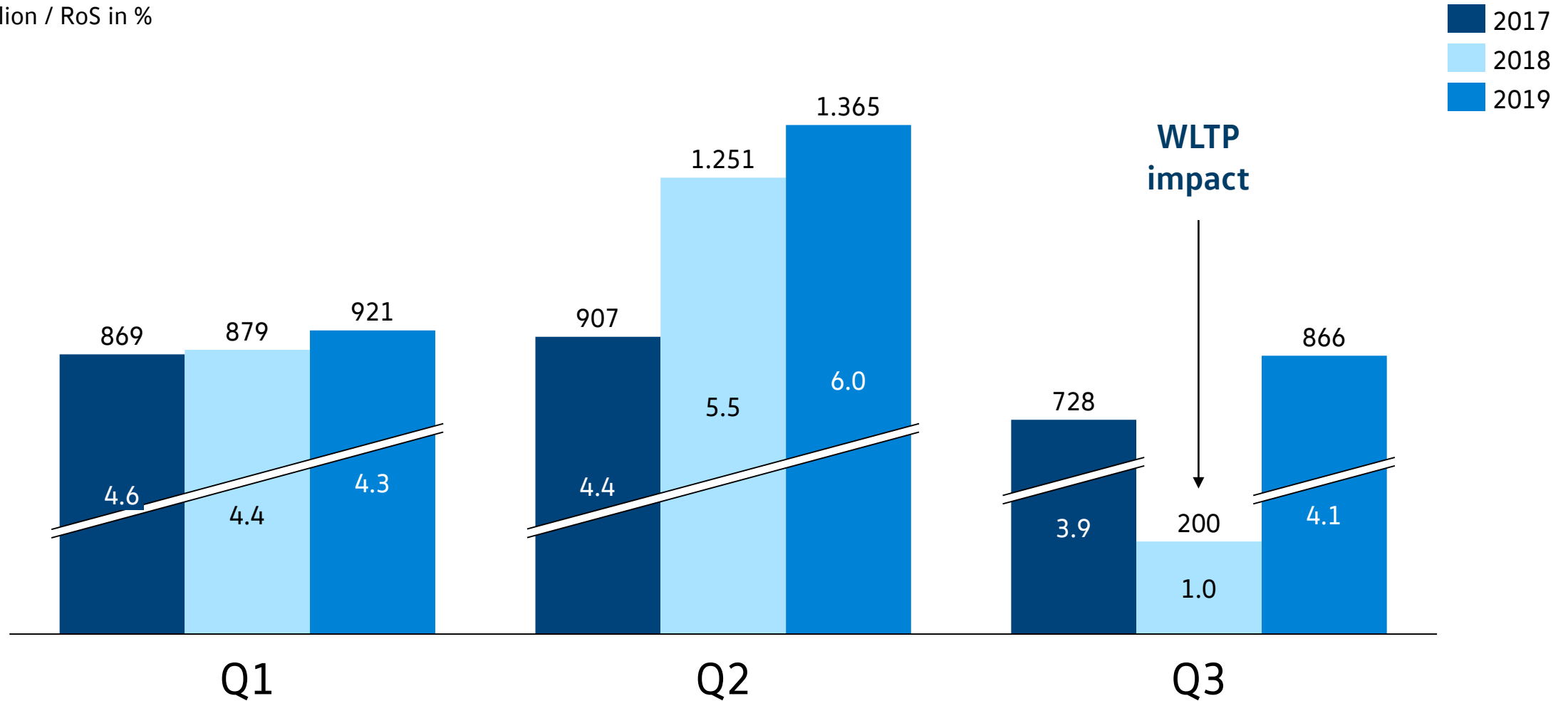
All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.



Quarterly earnings development shows progress since 2016

OPERATING PROFIT

€ million / RoS in %



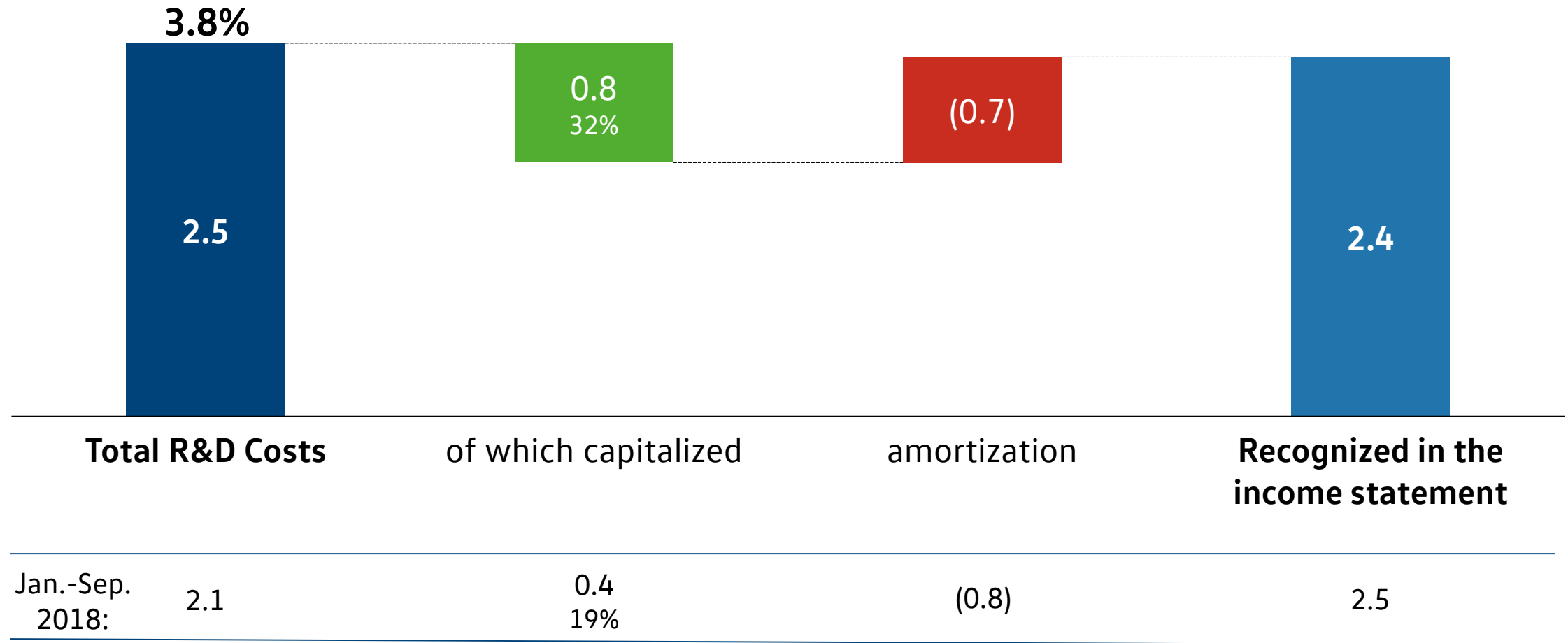
* Before structural adjustment



R&D costs from January to September 2019

€ billion/percentage of sales revenue

strategic
target ~4%

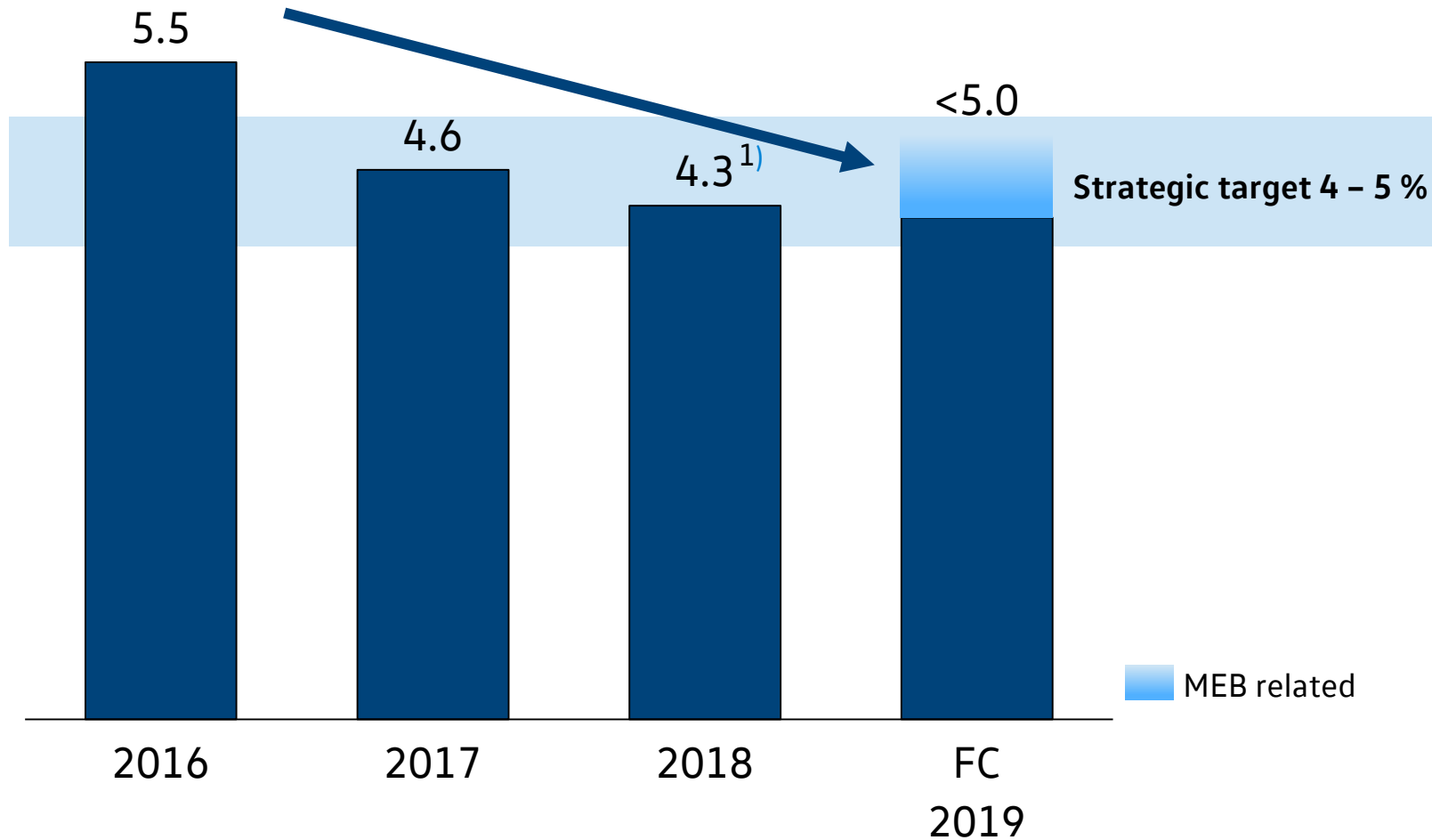


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Continuous Capex discipline despite increasing investment needs

Quota / percentage of sales revenue



Efficiency Measures

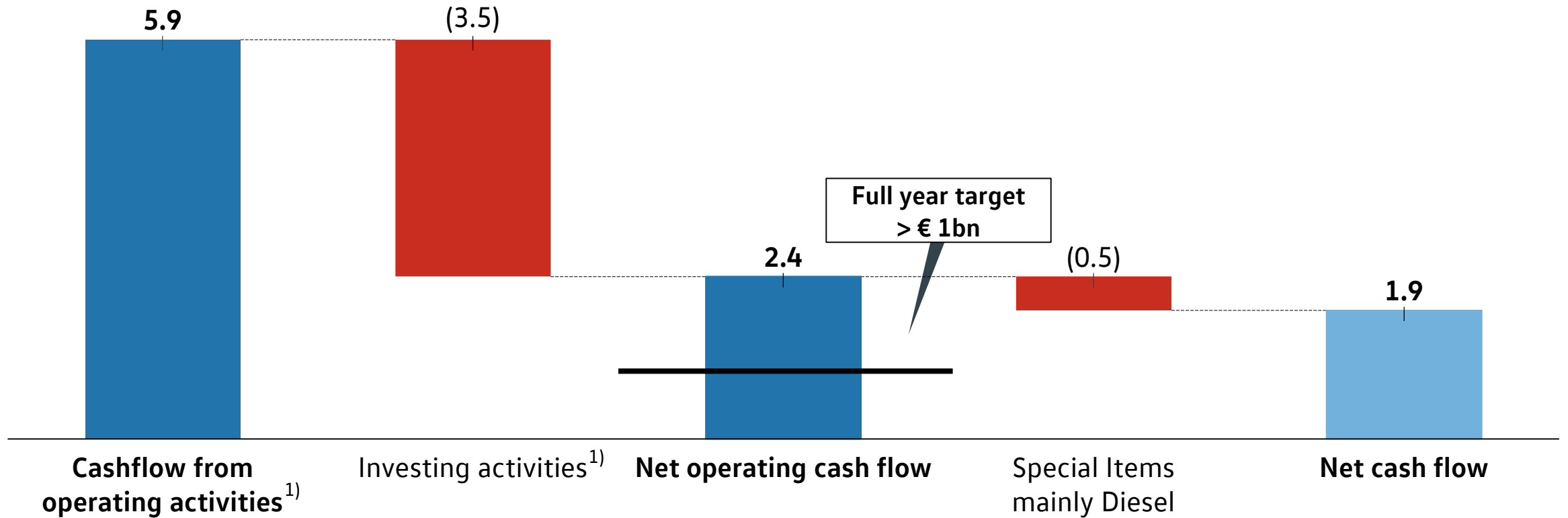
- Capital discipline
- Complexity reduction
- Priorization
- Intra-Group synergies
- MQB

1) restated



Solid cash flow generation from January to September 2019

€ billion



1) Before special items

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



Key levers for improving the result: Status update

PRODUCT OFFENSIVE



Achievements 2019:

- Product Highlights: T-Cross, New Golf, e-up!
- Increase of MQB share to 80%

Outlook 2020:

- Product Highlights: Atlas Cross Sport, ID.3, ID.Next
- Ramp-up of MEB production

ZUKUNFTSPAKT



ZUKUNFTS
PAKT



Achievements 2019:

- Realized cost improvements of more than €2.5 billion
- Headcount reduction ahead of target

Outlook 2020:

- Further improvements on costs and productivity

TURNAROUND IN THE REGIONS



Achievements 2019:

- Result in Russia further improved
- NAR better than 2018

Outlook 2020:

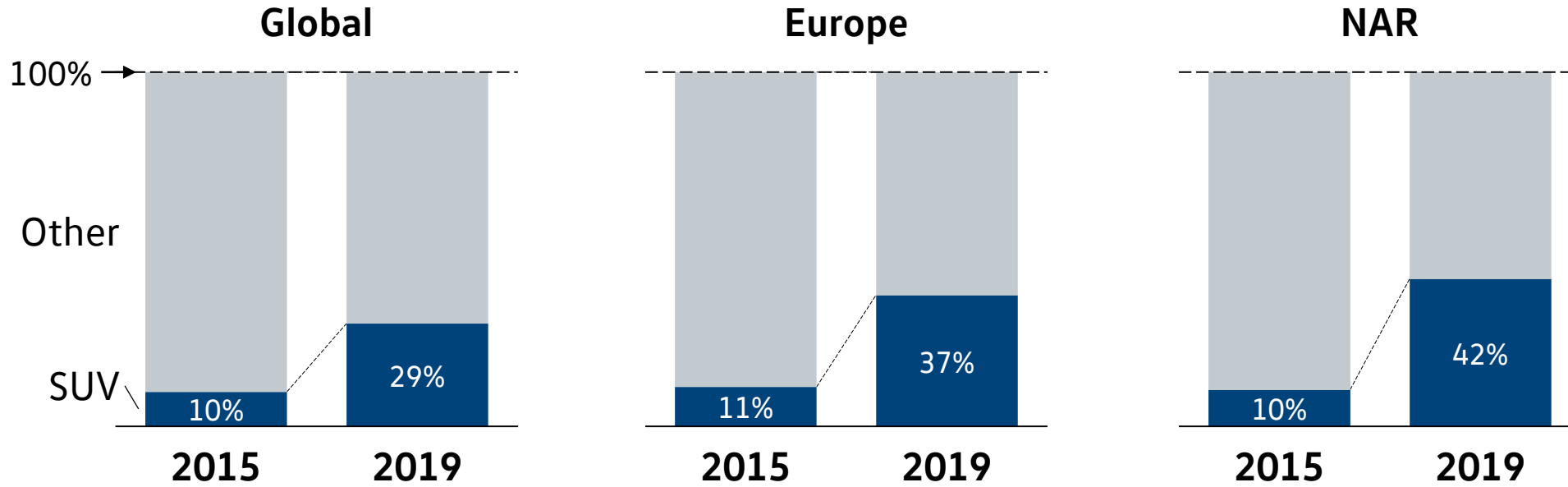
- Break even in SAM expected
- Turnaround planned in NAR

Product Offensive – SUV share on the rise

January to October 2019 vs. FY 2015



ZUKUNFTS
PAKT



Zukunftspakt – On track to deliver

as of September 2019



Cost Savings

€ 2.5bn

Target 2019 € 2.6bn
(2020 target for Germany: € 3bn)

(net) Headcount reduction

> 6,900

Since the start of the Zukunftspakt headcount has been reduced by more than 6,900



Early retirements (contracts signed)

> 9,000

More than 9,000 people signed early retirement contracts and will leave the company by 2020 at latest

New jobs

> 4,200

Headcount increase in future oriented business areas (e.g. software development, connectivity, new mobility solutions) on target



Regions – Positive development continues



NAR

- US Deliveries
Jan.-Oct. 2019: **+3.7%**
- **SUV share** increased in 2 years
from 14 to 53%
- Profit: **Improved significantly**
vs. Jan.-Sep. 2018
- **Strive to break even in 2020**



Russia

- Deliveries
Jan.-Oct. 2019: **+0.9%**
- Products highlights:
**Tiguan Allspace and new Touareg,
Polo**
- Profitable since 2018. Further
**substantial improvement vs. Jan.-
Sep. 2018**



SAM

- Deliveries
Jan.-Oct. 2019: **+2.1%**
- Product highlights:
New Polo, Tiguan and Virtus
- Profit: **Slight decrease vs. Jan.-Sep.
2018**; massive headwinds from
Argentina
- **Strive to break even in 2020 now**



Ramp-up of our MEB production network under way



North America



Europe



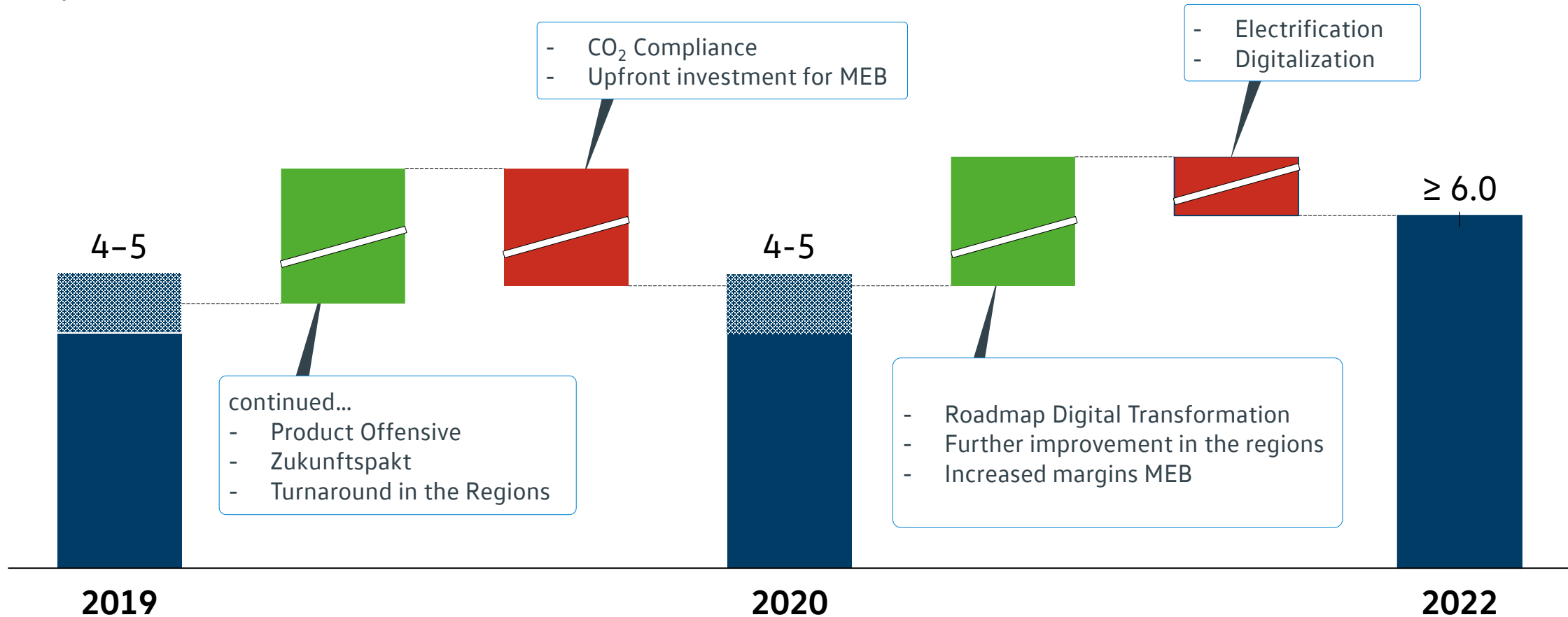
From 2020 - 2024 we will invest **~€11 billion** in Capex and R&D
to realize the leap to the top of electric mobility



Improving the Return on Sales margin despite headwinds

Return on Sales

In %



Confirming the financial forecast and targets

	<u>Forecast 2019</u>	<u>Target 2020</u>	<u>Target 2022</u>	<u>Target 2025</u>
Sales revenue	up to +5 %	tbd	tbd	tbd
Operating return on sales	4-5 %	4-5 %	≥ 6 %	> 6 %
Capex ratio	4-5 %	4-5 %	4-5 %	4-5 %
R&D ratio	~4 %	4 %	4 %	4 %
Free cash flow	Positive operating cash flow	€1-2 billion	> €2 billion	> €2 billion

