



Brand Volkswagen's financial path into the era of e-mobility

dbAccess IAA Cars Conference

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Dr. Arno Antlitz, CFO Volkswagen Brand

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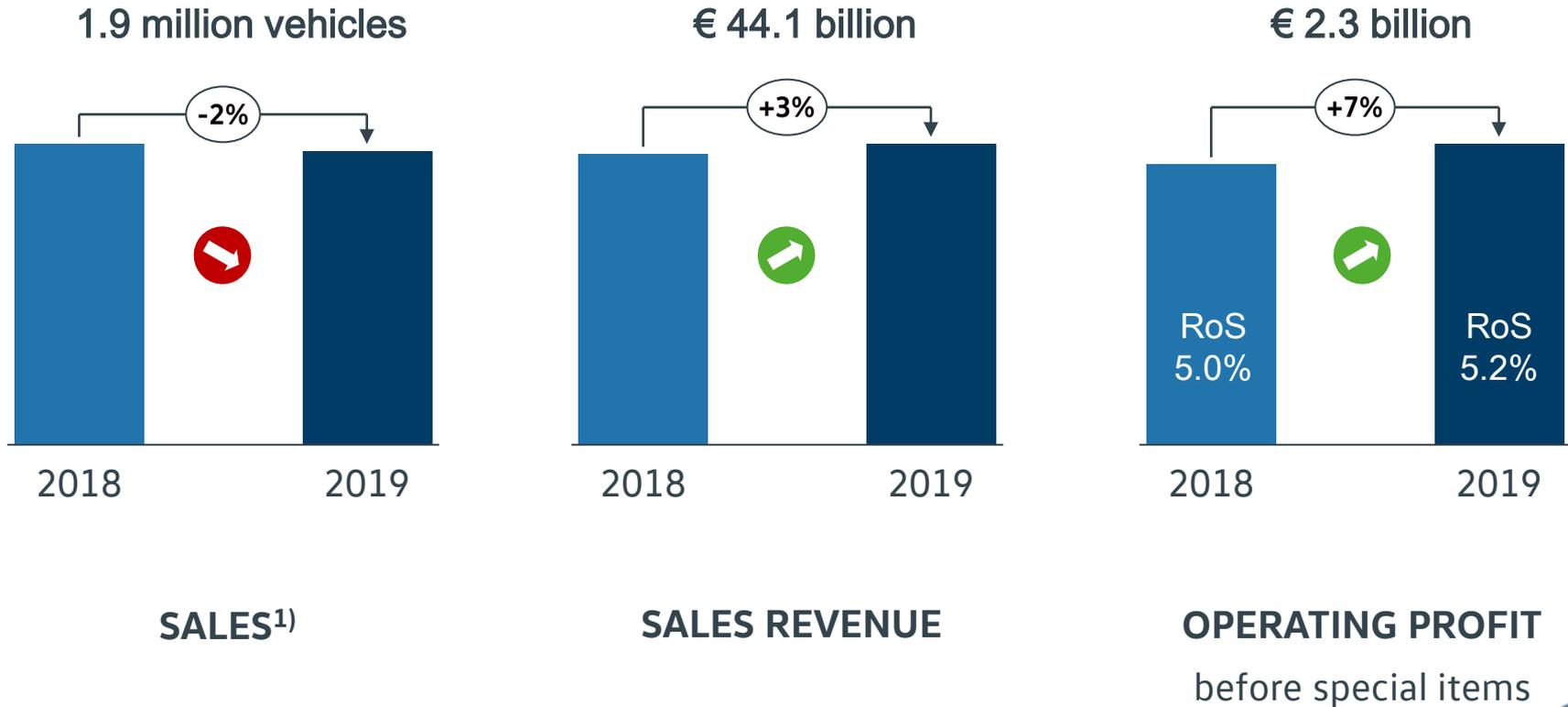
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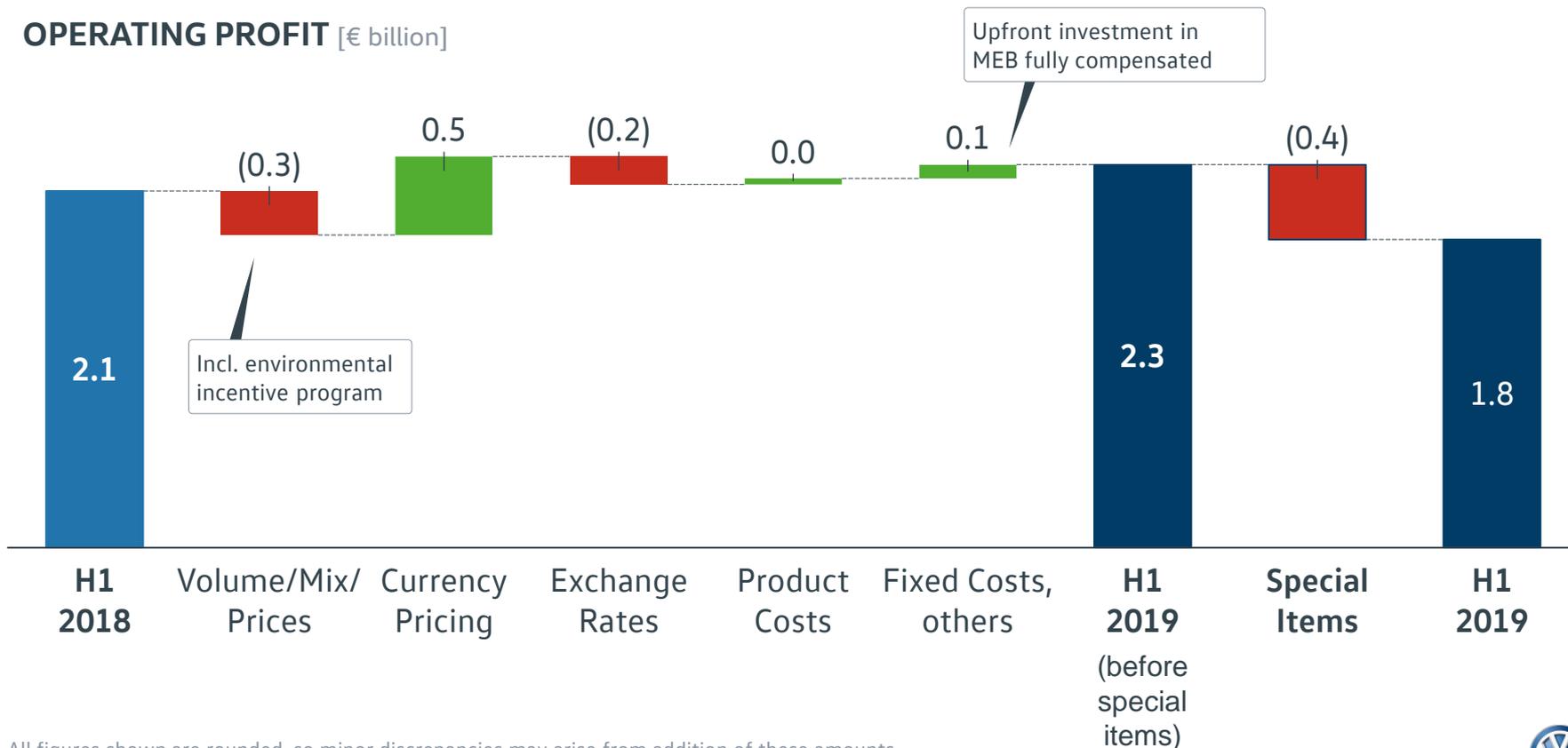
Operating performance from January to June 2019



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

Development of operating profit from January to June 2019

OPERATING PROFIT [€ billion]

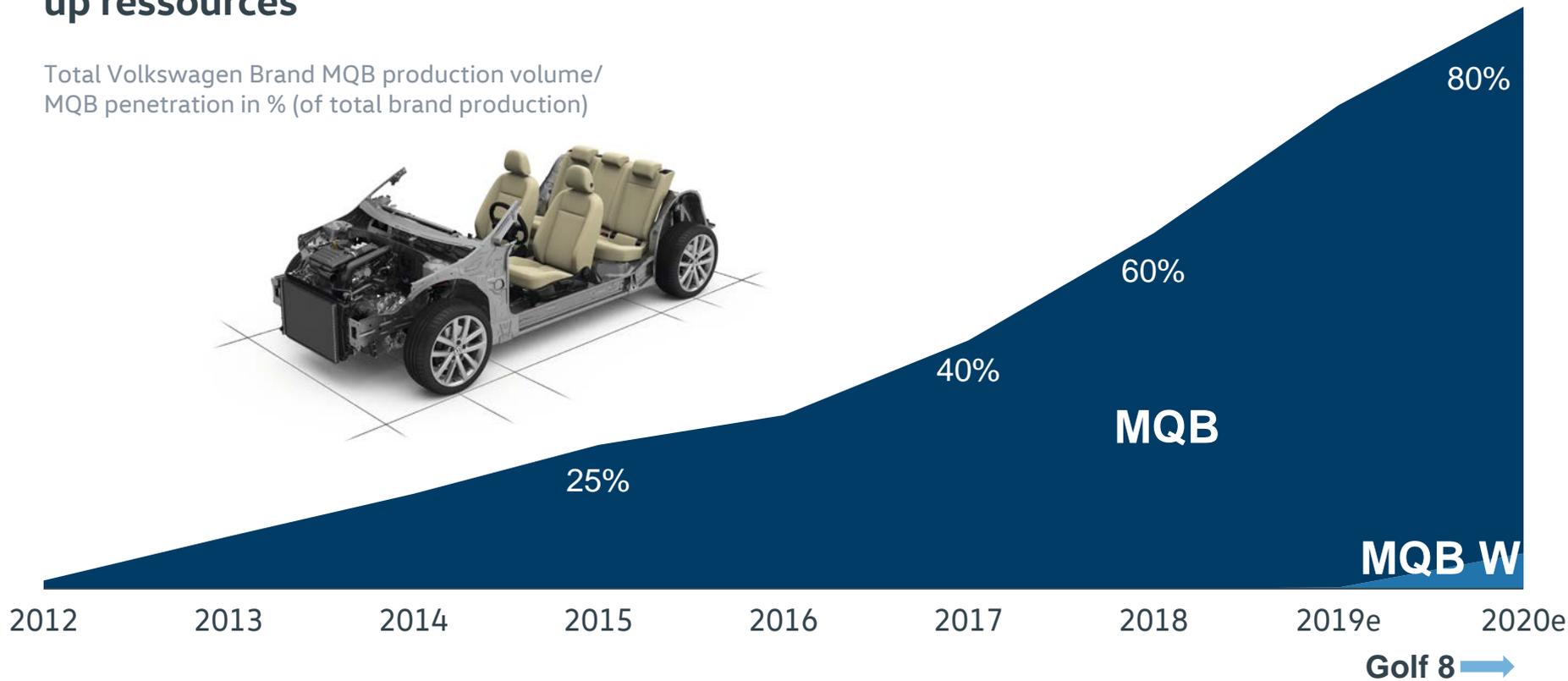


All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.



Further increase in MQB volume creates larger economies of scale and frees up resources

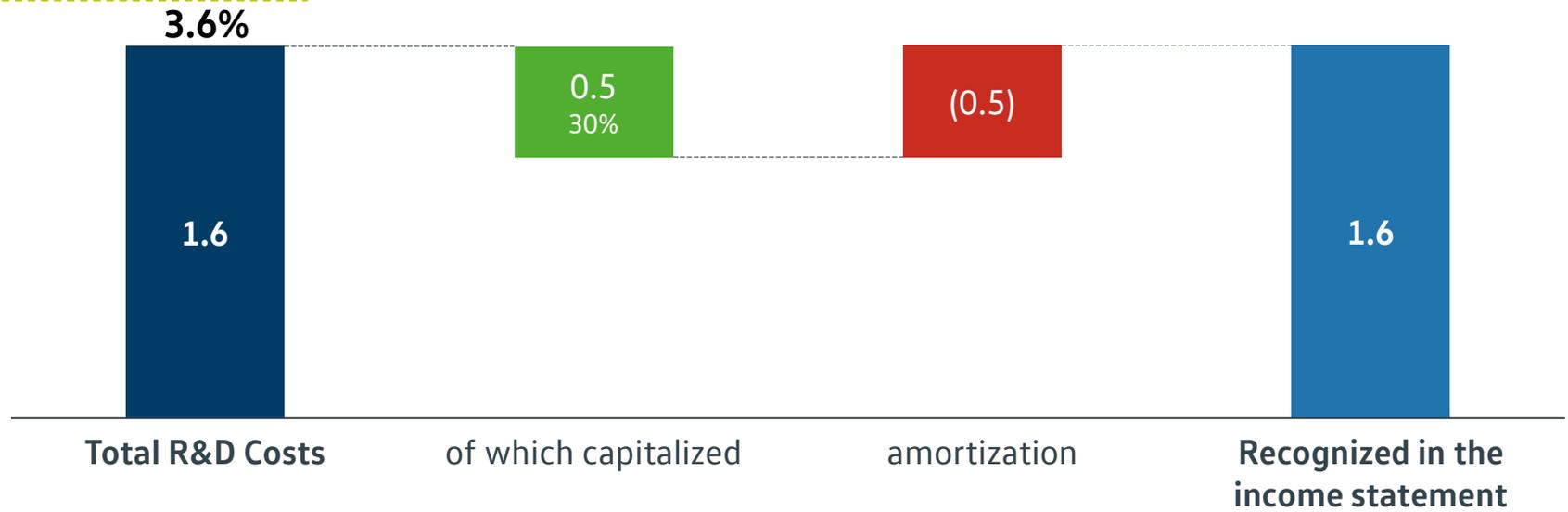
Total Volkswagen Brand MQB production volume/
MQB penetration in % (of total brand production)



R&D costs from January to June 2019

€ billion/percentage of sales revenue

strategic
target ~4%



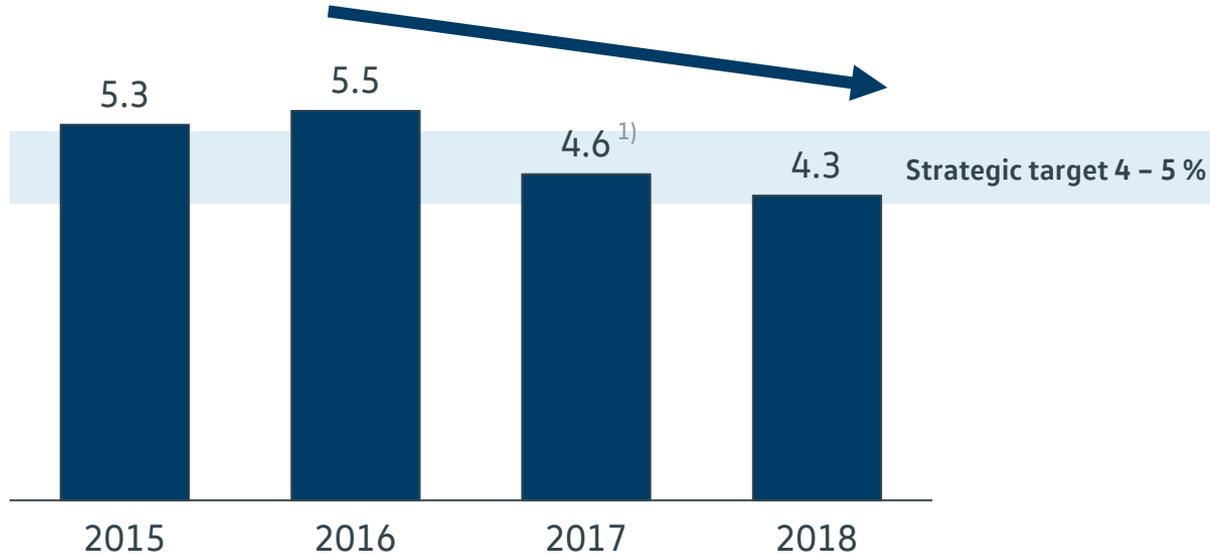
Period	Total R&D Costs	of which capitalized	amortization	Recognized in the income statement
Jan.-Jun. 2019:	1.6	0.5 30%	(0.5)	1.6
Jan.-Jun. 2018:	1.6	0.5 30%	(0.5)	1.6

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



Continuous Capex discipline despite increasing investment needs

Quota / percentage of sales revenue



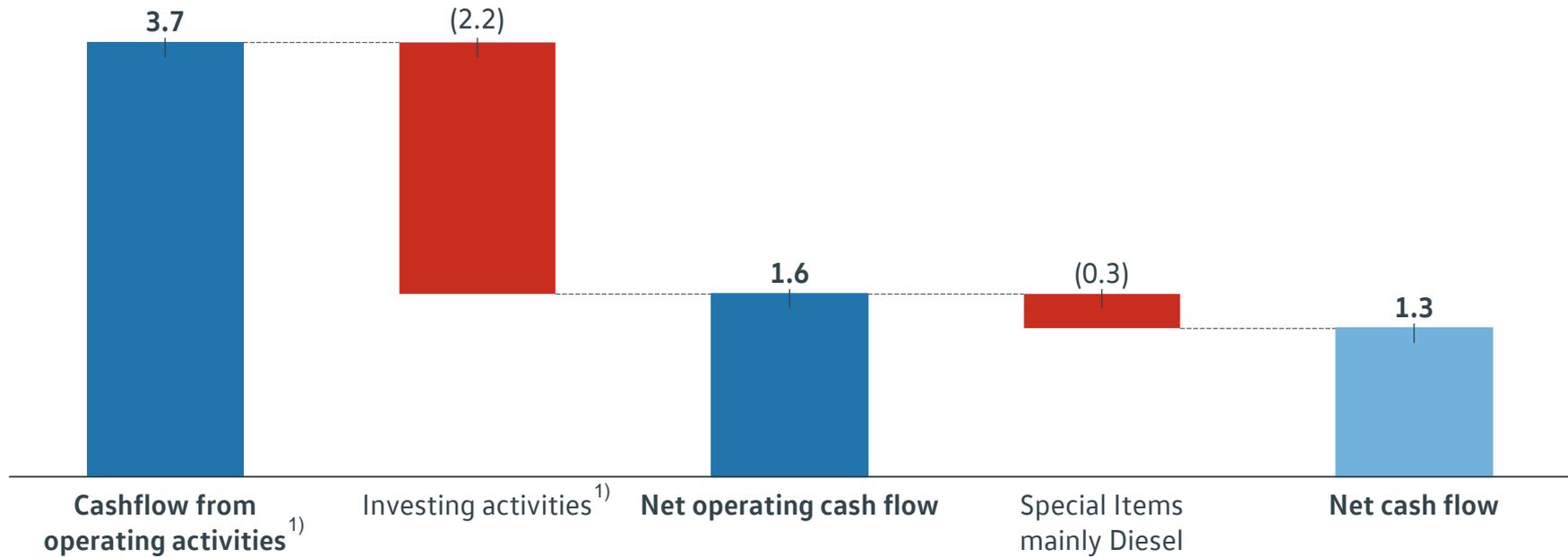
Measures

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

1) restated

Solid cash flow generation from January to June 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 2018:

- SUV portfolio widened: T-Roc, Tiguan, Tiguan Allspace, Touareg, Atlas
- Increase of MQB share to 60%

Outlook 2019:

- More SUVs coming: T-Cross, 5-seater B-SUV (US)
- Increase of MQB share to 80%

ZUKUNFTSPAKT



ZUKUNFTS
PAKT



Achievements 2018:

- Realized cost improvements of more than €2.4 billion
- > 9,000 early retirement contracts
- Headcount reduction ahead of target

Outlook 2019:

- Further improvements on costs and productivity

TURNAROUND IN THE REGIONS



Achievements 2018:

- Positive result in Russia maintained
- NAR better than 2017
- SAM with strong progress

Outlook 2019:

- Improvement in Brazil, economic crisis in Argentina
- Break even in SAM now expected for 2020
- Further improvements in NAR, Turnaround planned for 2020

Zukunftspakt – On track to deliver as of July 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 people



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

> 3,400

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.-Jun. 2019: **+6.8%**
- **SUV share** increased in 2 years
from 14 to 53%
- Profit: **Improved vs. H1 2018**
- **Break-even expected in 2020**



Russia

- Deliveries
Jan.-Jun. 2019: **+3.3%**
- Products highlights:
Tiguan Allspace and new Touareg, Polo
- Profitable since 2018. Further
substantial improvement vs. H1 2018



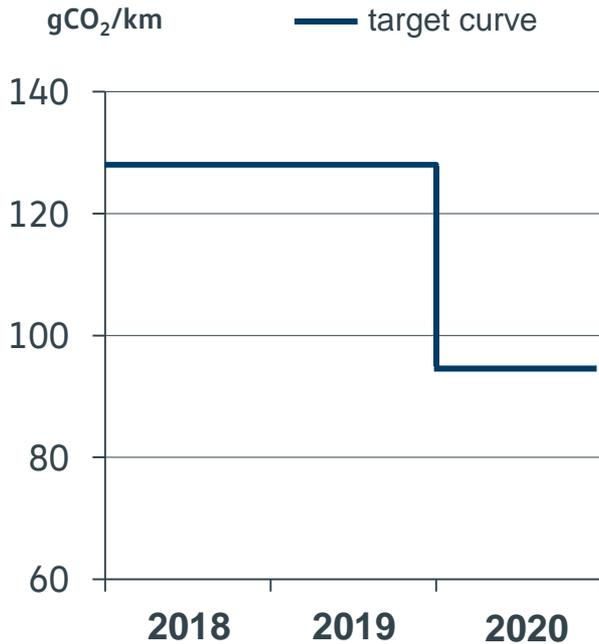
SAM

- Deliveries
Jan.-Jun. 2019: **+1.2%**
- Product highlights:
New Polo, Tiguan and Virtus
- Profit: **Flat vs. H1 2018**; massive
headwinds from Argentina
- **Break-even now expected in 2020**



Further efforts required to prepare Volkswagen for the future

CO₂ Compliance



Electrification + Digitalization



The launch of the Volkswagen ID.3 marks the start of a new electric era

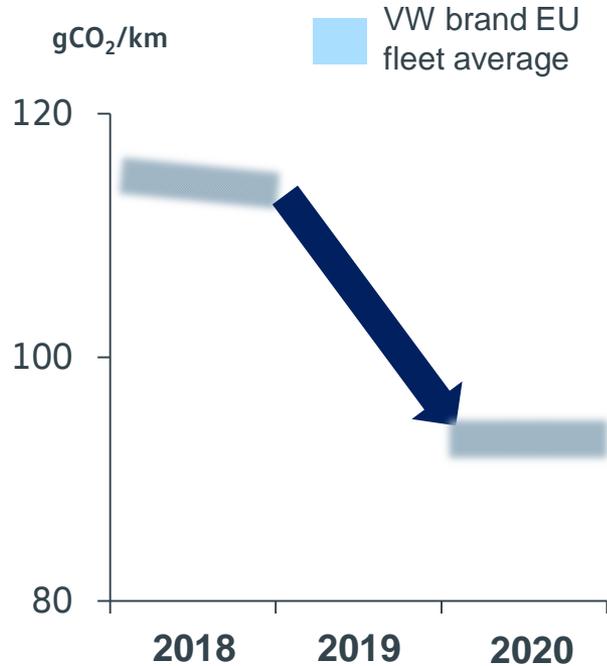


The brand Volkswagen is fully committed to electric mobility



The MEB is also an effective lever to comply to CO₂ targets

CO₂ Compliance



Drivers

+ Conventional Measures

- Continuation of efforts to improve the efficiency of our ICE portfolio

+ Electrification

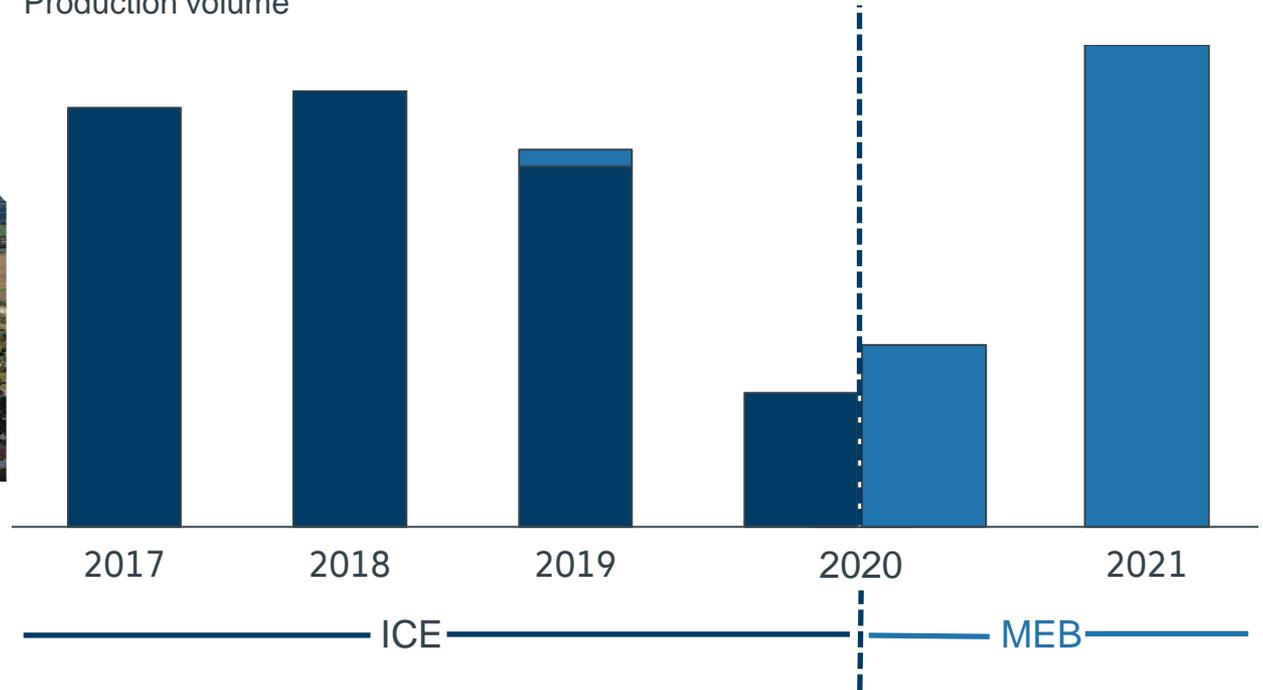
- Total BEV volume with substantial increase >100k MEB volume
- non MEB BEVs (e.g. e-up!)
- Further increase of PHEV sales

- Financial burden to be compensated partially by efficiency program → RDT!
- MEB is also an enabler to achieve CO₂ targets

The Volkswagen plant in Zwickau will step-by-step be transformed into a MEB-only site



Production volume



Volkswagen invests more than 1.2bn Euros at the Zwickau site

Ramp-up of our MEB production network under way



North America

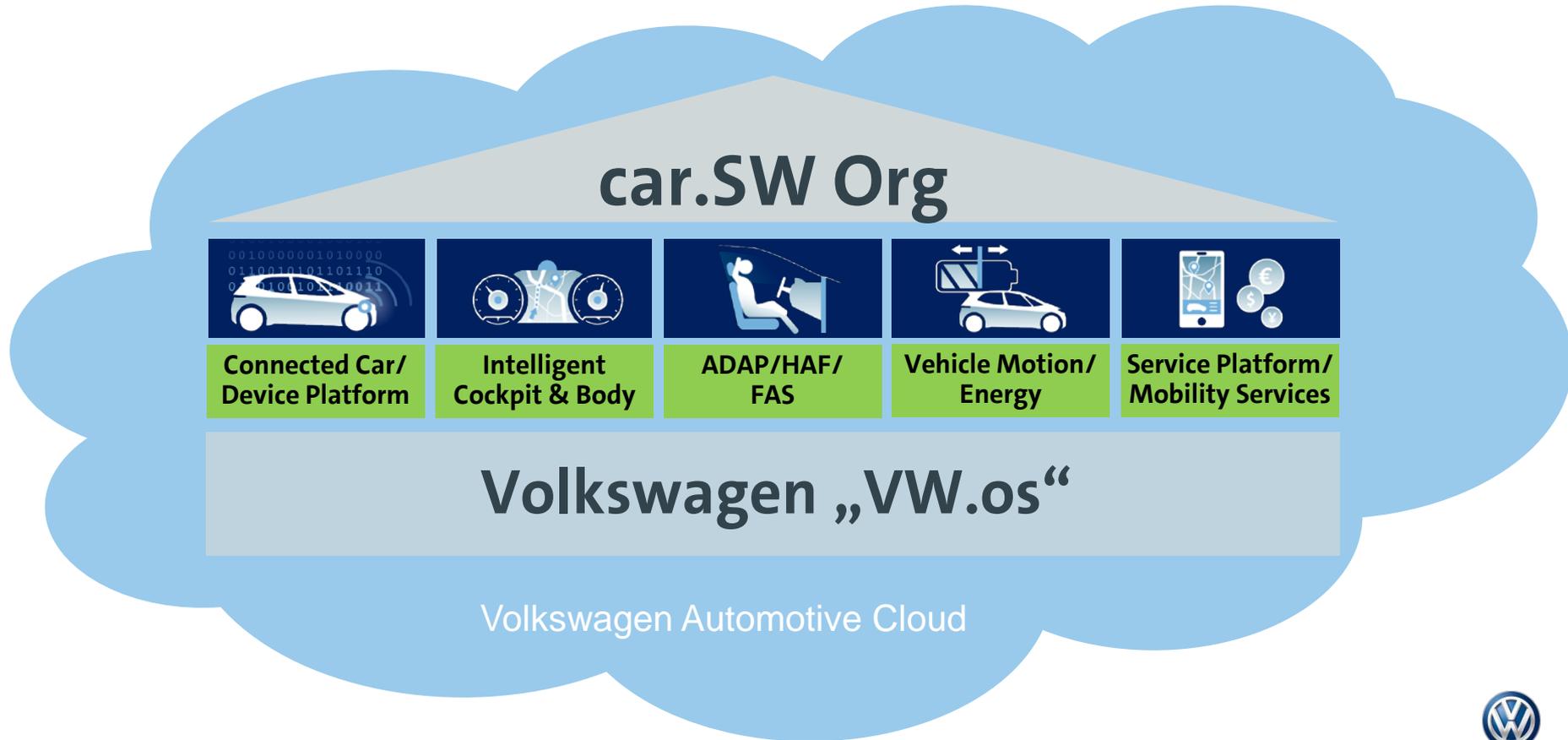


Europe



From 2019 - 2023 we will invest **~€11 billion** in Capex and R&D
to realize the leap to the top of electric mobility

Independent software development with dedicated organisation



Ramping up new businesses to enrich the digital ecosystem



Elli aims to provide services in connection with e-mobility for all Volkswagen Group brands



Core Product Portfolio

Wallbox & Installation



B2B Services (Fleet)



Public Charging & Billing/Payment



Green Energy



E-Mobility Ecosystem



@Home



@Work



@Public



Energy



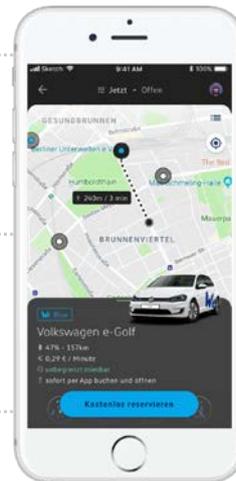
1.500
Cars for launch in 2019



ONLY
Electric cars



FREE-FLOATING
Fleet



TELEMATIC
- No key required -



100%
digital Customer Journey



ROLLOUT
in further cities



Excellence in integrity and compliance guides our actions



Holistic compliance & integrity program

1. Win back customer trust
2. Take pride in our working environment
3. Lay the foundation for future generations

Financial forecast and targets

	Forecast 2019	Target 2020	Target 2022	Target 2025
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