

Financial Results January – September 2018

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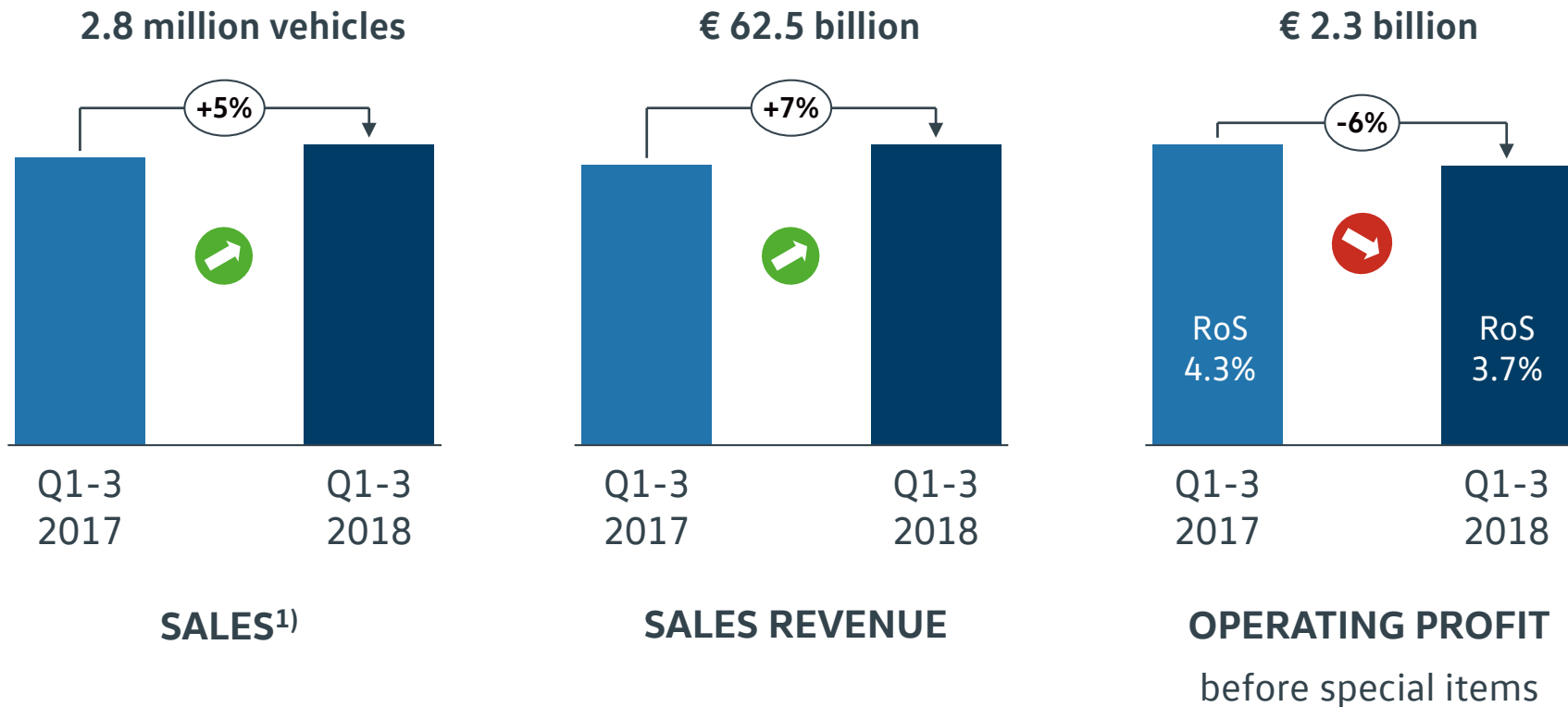
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# Solid operating performance from January to September 2018



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

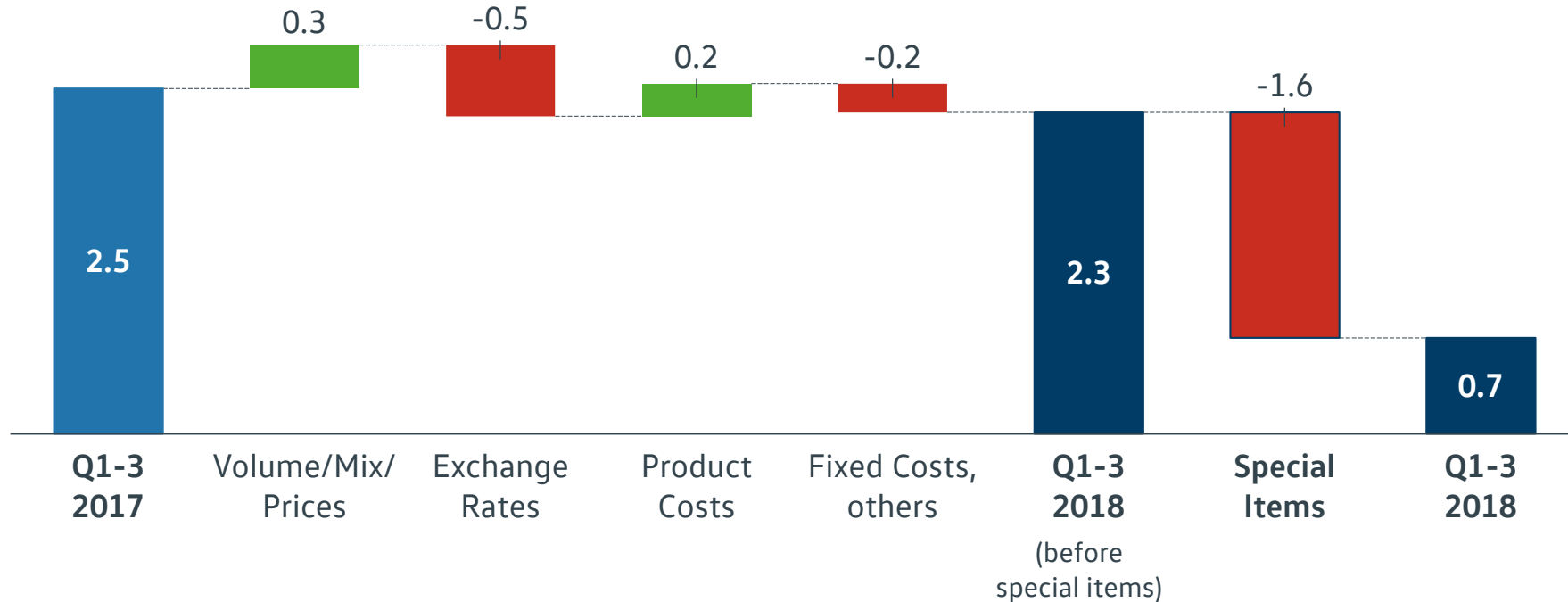
# Volkswagen Brand Deliveries to Customers

	Jan.-Sep. cum. 2018	Δ 2017 (in %)
<b>Europe</b>	<b>1,353,200</b>	<b>+5.9</b>
Western Europe	1,144,200	+4.9
Germany	419,200	+4.9
Central & Eastern Europe	209,000	+11.3
Russia	74,800	+20.4
<b>North America</b>	<b>428,000</b>	<b>-2.7</b>
USA	266,200	+5.5
<b>South America</b>	<b>349,400</b>	<b>+10.9</b>
Brazil	237,100	+23.6
<b>Asia Pacific</b>	<b>2,372,300</b>	<b>+2.0</b>
China	2,241,300	+1.9
<b>World</b>	<b>4,622,900</b>	<b>+2.9</b>



# Development of operating profit from January to September 2018

OPERATING PROFIT [€ billion]

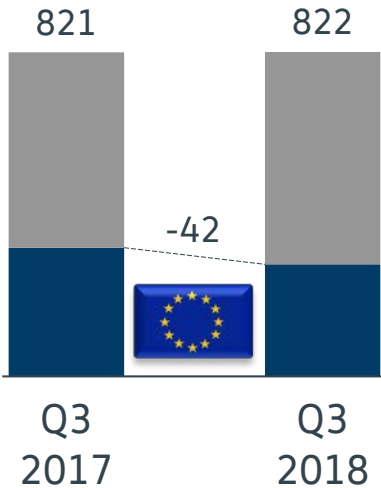


All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

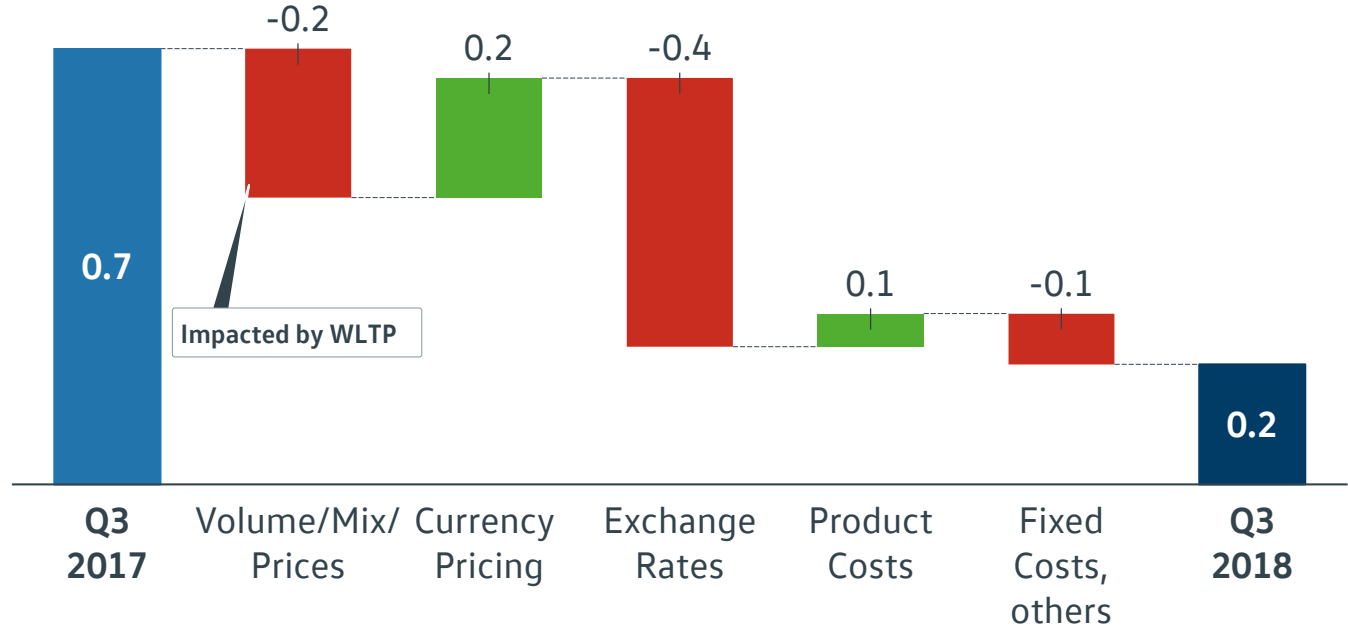


# WLTP with significant impact on third quarter 2018

**SALES** ['000 units]



**OPERATING PROFIT** [€ billion]

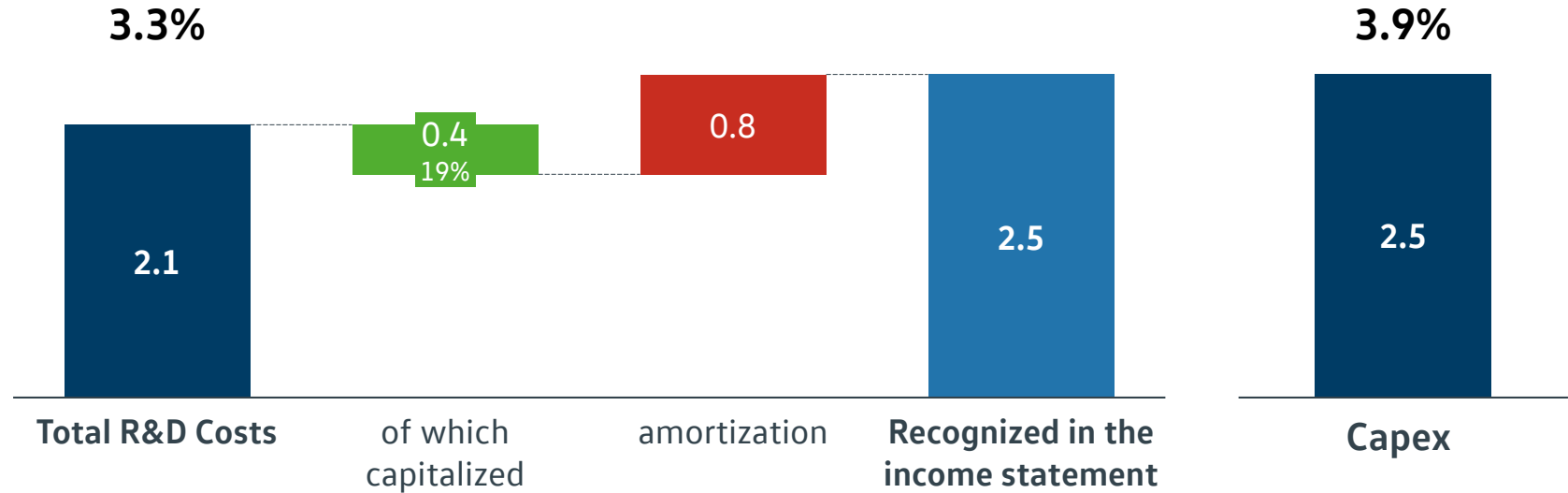


All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.



# R&D costs and capex from January to September 2018

€ billion/percentage of sales revenue



Jan.-Sep.  
2017:

2.5

0.9  
36%

0.5

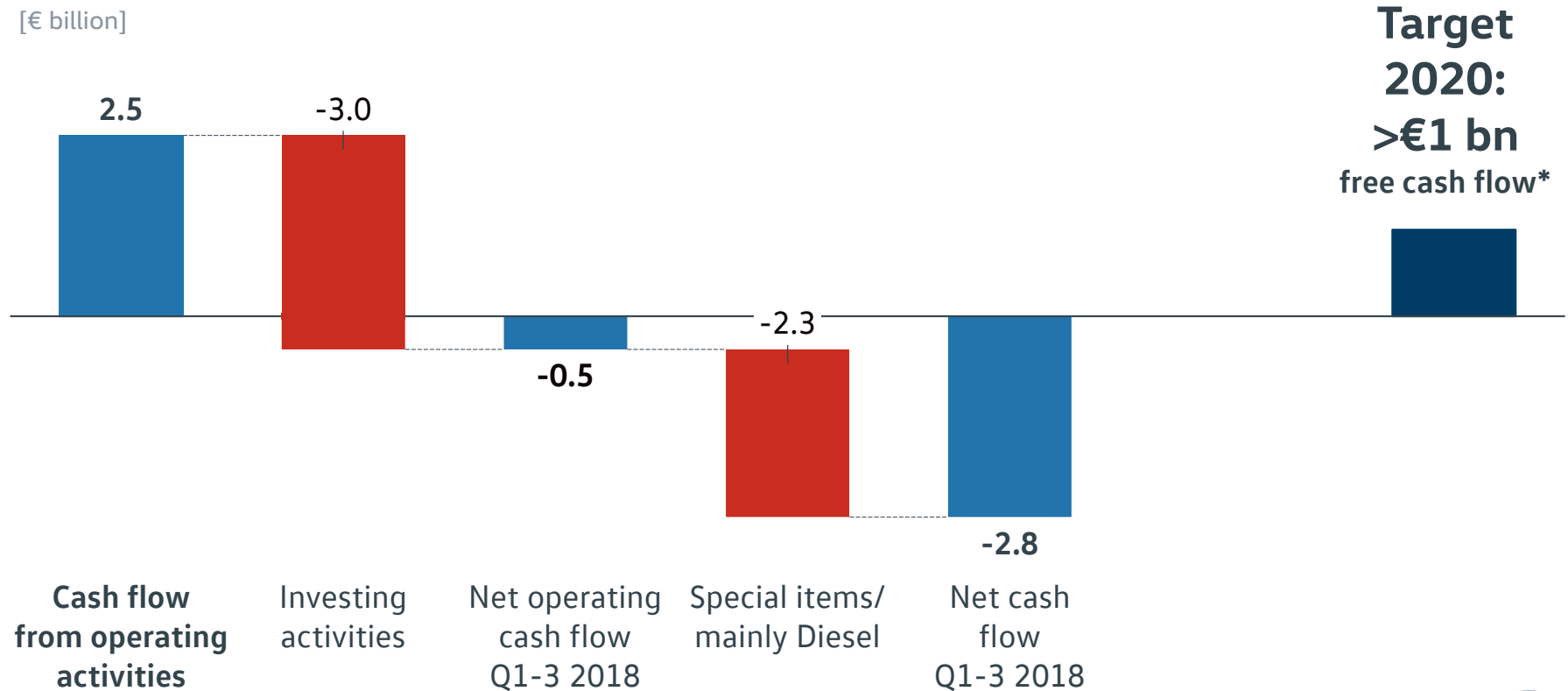
2.1

2.1

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

# Negative cash flow from January to September 2018

[€ billion]



\* Net cash flow not including acquisition and disposal of equity investments  
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:

- SUV portfolio widened: T-Roc, Tiguan, Tiguan Allspace, Touareg, Atlas
- Another SUV coming soon: T-Cross
- Increase of MQB share to 60% in 2018

## ZUKUNFTSPAKT



ZUKUNFTS  
PAKT



### Achievements:

- Realized cost improvements of more than €2 billion
- > 9,300 early retirement contracts
- Current headcount reduction better than target

## TURNAROUND IN THE REGIONS

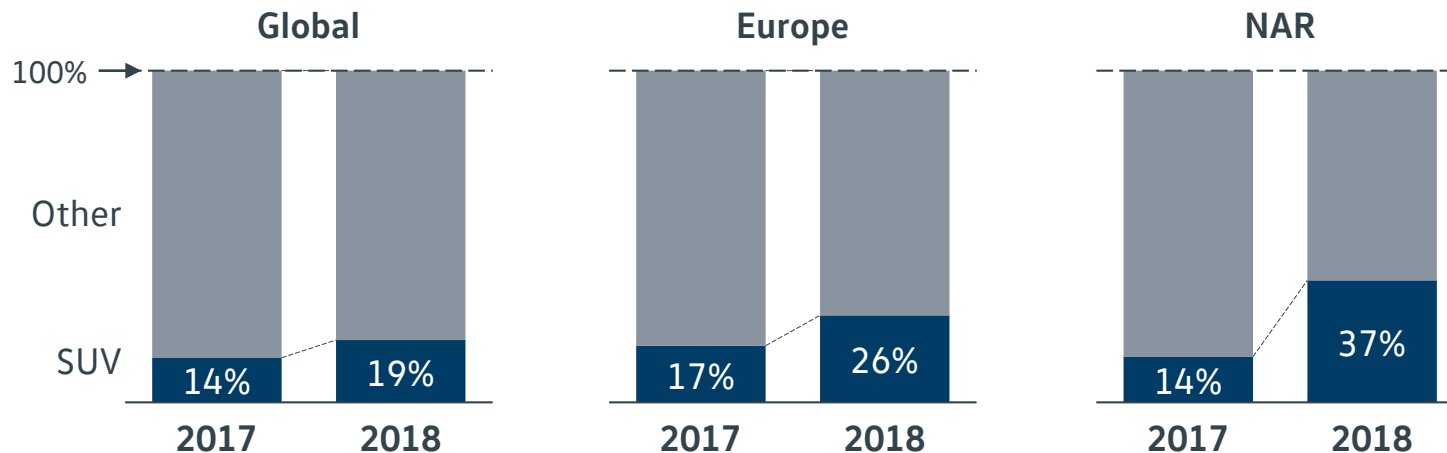


### Achievements:

- Break even in Russia already achieved in 2017
- SAM to break even in 2019
- Improvement in NAR continues

# Product Offensive – SUV share on the rise

January to September 2018 vs. 2017



# The new T-Cross



# Zukunftspakt – On track to deliver

Cost Savings (2018 full year forecast)

**€ 2.2bn**

More than € 2.2 bn expected to be realized at the end of the year (2020 target for Germany: € 3 bn)

Early retirements (contracts signed)

**9,300**

More than 9,300 people signed early retirement contracts and will leave the company until 2020 at latest

**ZUKUNFTS  
PAKT**

(net) Headcount reduction

**> 5,600** (1,250 better than ZP target)

Since the start of the Zukunftspakt headcount has been reduced by more than 5,600 people (gross reduction ~ 7,500 people)

New jobs

**> 1,900**

Headcount increase in future oriented business areas (software development, connectivity, new mobility solutions)

# Regions – Positive development continues



## NAR:

- US Deliveries Jan.-Sep. 2018: +5.5%
- Products: Full-year availability of Atlas, strong Tiguan sales, new Jetta with positive impact
- Profit: Improved vs. prev. year
- **Break-even expected in 2020**



## SAM:

- Deliveries Jan.-Sep. 2018: +10.9%
- Products: New Polo and Virtus created positive momentum
- Profit: Improved vs. prev. year
- **Break-even expected already in 2019**

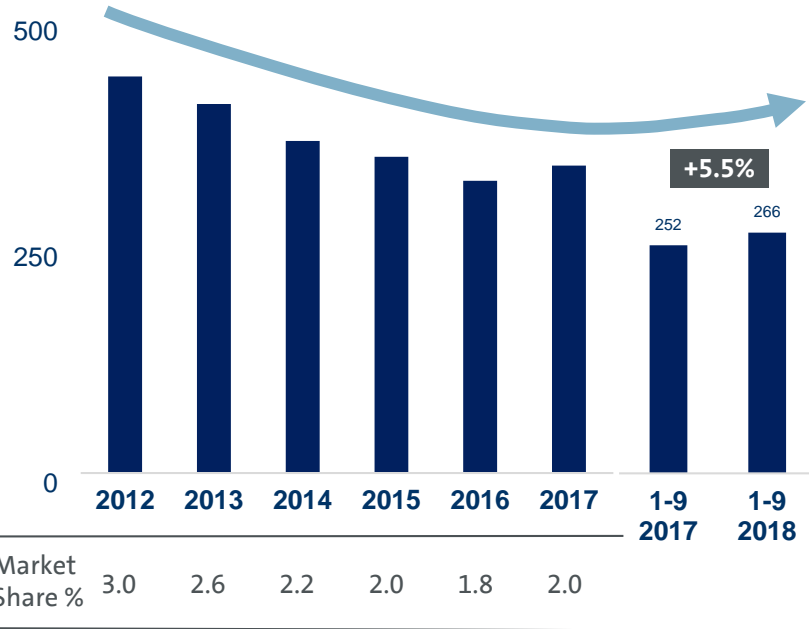


## Russia:

- Deliveries Jan.-Sep. 2018: +20.4%
- Products: SUV Offensive with Tiguan Allspace and new Touareg, also Polo enjoying strong demand
- **Profit: Still positive despite devaluation of Ruble**

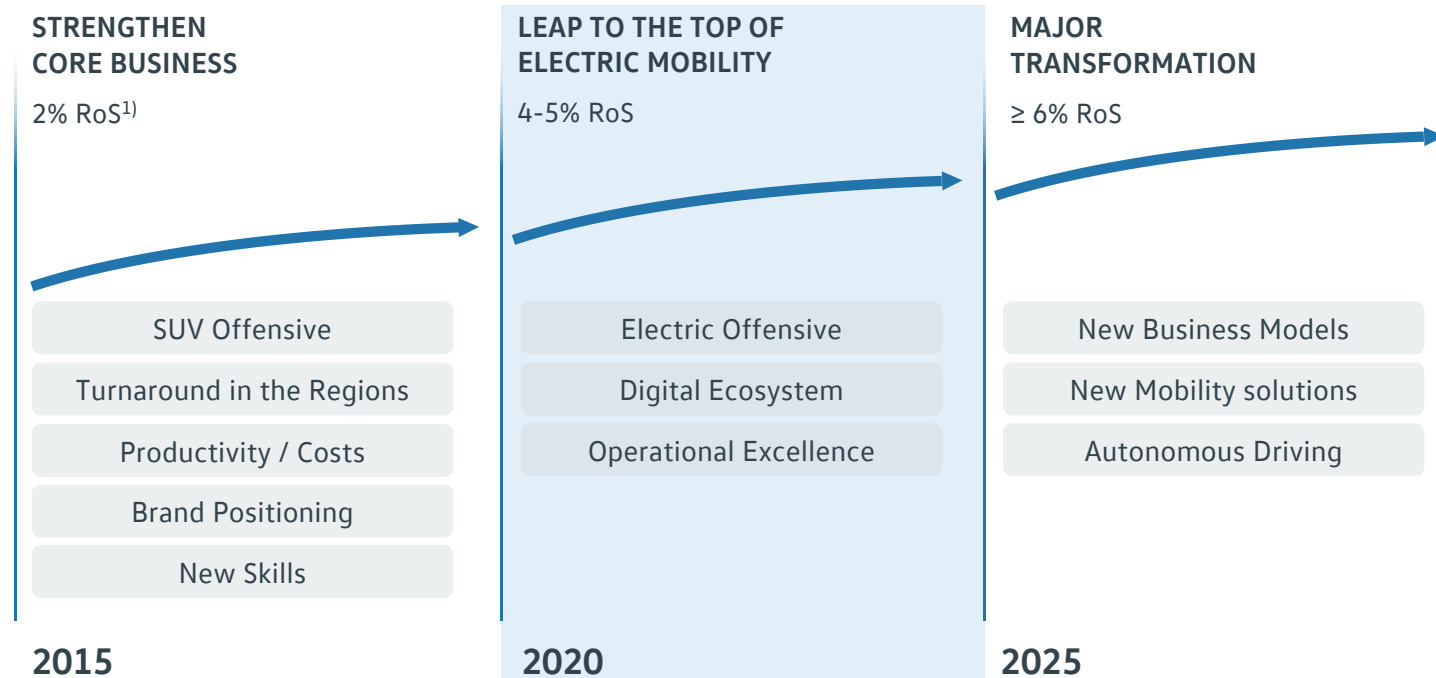
# Volkswagen Brand – Turnaround in the US with new products from 2017 onwards

Deliveries to US customers, '000' units



SUV offensive #1	New Sedans	SUV offensive #2
<p><b>2017</b></p>  <p>Atlas</p>  <p>Tiguan</p>  <p>Refreshed Golf</p>	<p><b>2018-19</b></p>  <p>Jetta</p>  <p>Passat</p>  <p>Arteon</p>	<p><b>2019-21</b></p>  <p>Midsize SUV 5s</p>  <p>Compact SUV</p>  <p>ID Crozz</p>

# „TRANSFORM 2025+“ STRATEGY will put the Volkswagen Brand to the top of the automotive industry



<sup>1)</sup> Before special items.

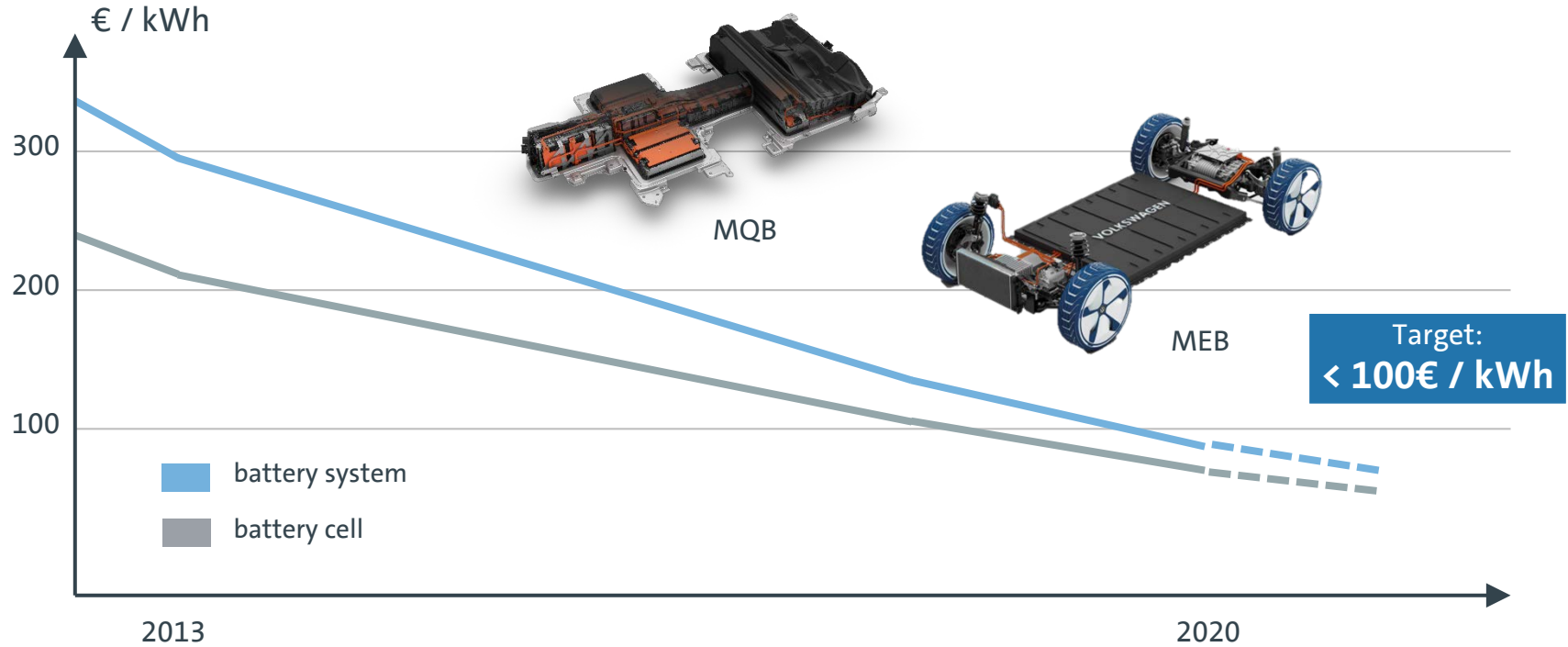


# Our Mission: „E-Mobility for All“





# Battery costs will decrease significantly by 2020



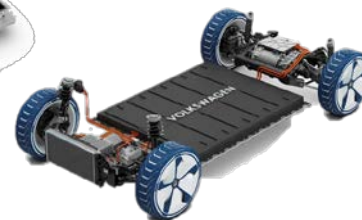
# The MEB Platform

## Scaleable battery for individual needs – High ranges

MQB



MEB



e-Golf 2017



231km WLTP (300 NEDC)

ID. Family



330km WLTP

Scalable

above 550km WLTP



# New business areas require increasing resources

## E-Mobility



### Activities:

- Ramp up of MEB in Europe, China, and NAR
- SOP of ID. in 2019
- ID. CROZZ, ID. BUZZ and ID. VIZZION to follow on MEB platform

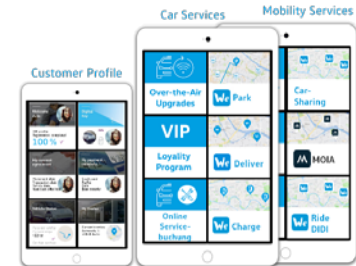
## Charging



### Activities:

- People's Wallbox
- Foundation of Group Charging Entity
- We Charge App
- Co-Foundation of IONITY

## Digital Ecosystem



### Activities:

- Several applications already launched
- Updates and Upgrades over the air
- User ID
- Operating system vw.OS

# Medium-term target for operating return on sales

## Effects 2017-2020:

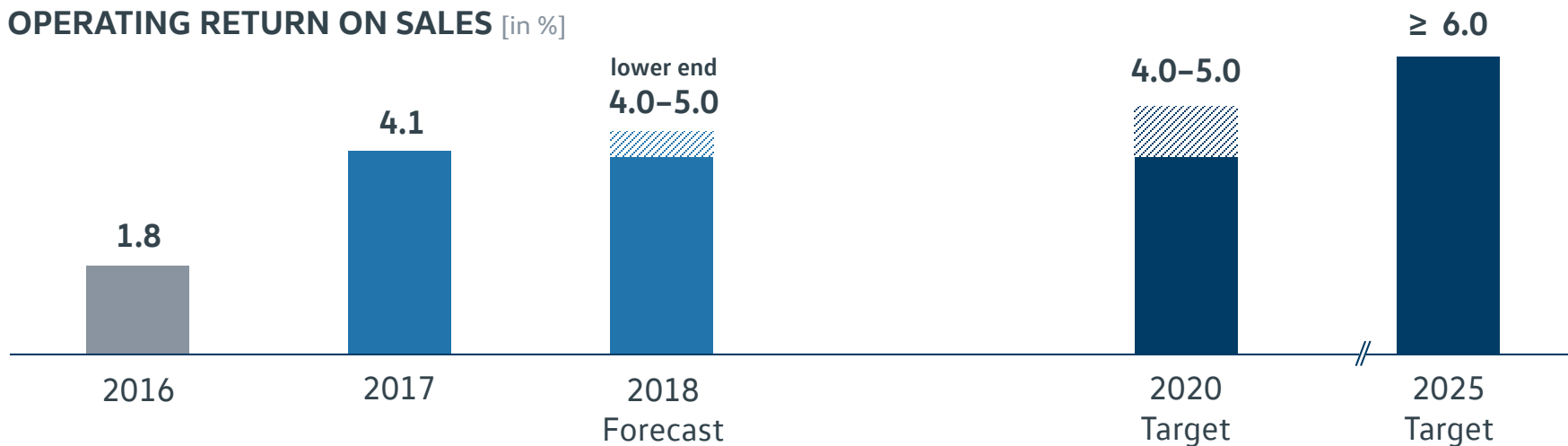


- Growth of SUV portfolio
- Implementation Zukunftspakt
- Turnaround in NAR, SAM, Russia



- Upfront expenditures in MEB and digital ecosystem (Volkswagen We)
- Future CO<sub>2</sub>/emissions legislation
- Transformation of the industry

## OPERATING RETURN ON SALES [in %]



# Financial forecast and targets

	Forecast 2018	Target 2020	Target 2025
Sales revenue	up to +10 %	-	-
Operating return on sales	lower end of 4-5 %*	4-5 %	≥ 6 %
Capex ratio	4-5 %	4-5 %	4-5 %
R&D ratio	~4 %	4 %	4 %
Free cash flow	Positive operating cash flow*	> €1 billion	>> €1 billion

\* before special items