

Volkswagen Brand
Financial Results January – June 2018
Conference Call and Webcast



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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, 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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Conference Call on the results January – June 2018



Dr. Arno Antlitz

Member of the Volkswagen Brand
Board of Management for
Controlling and Accounting

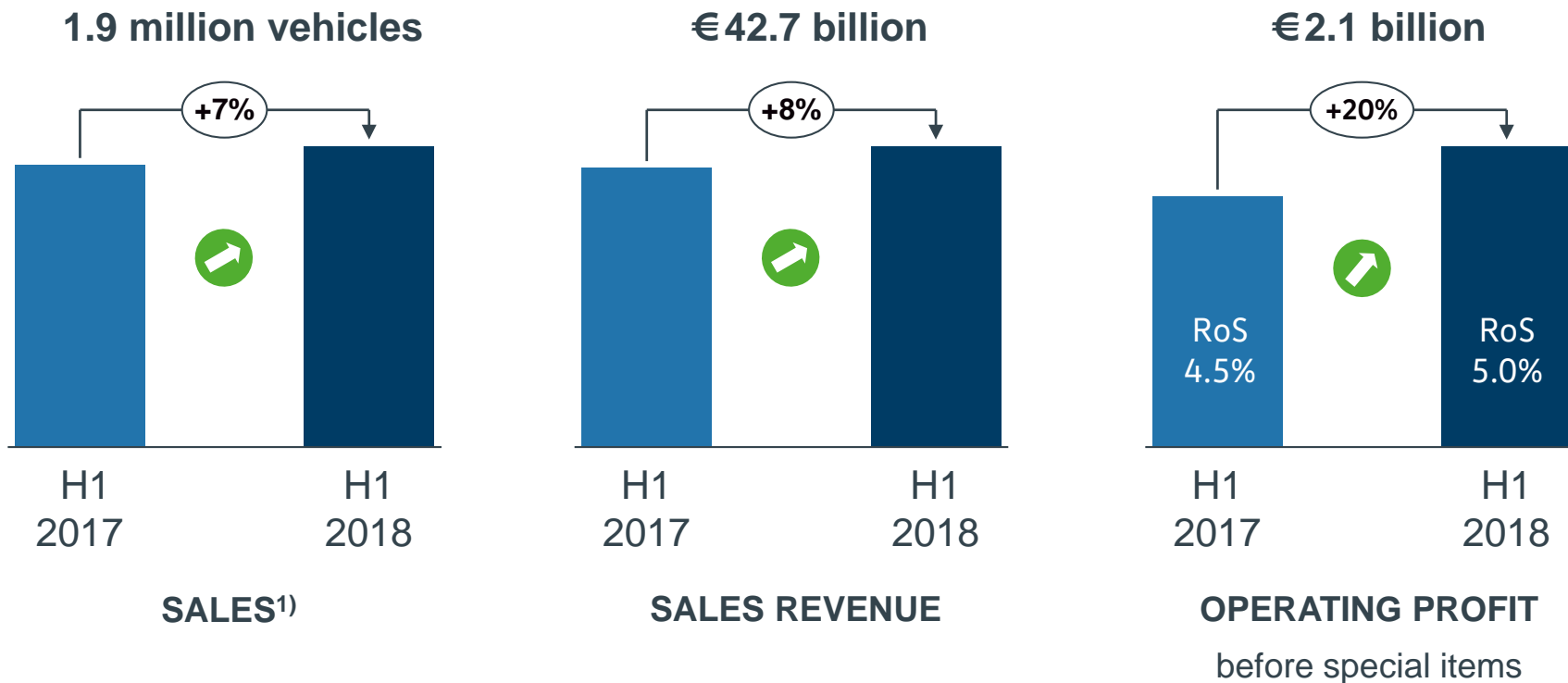


Jürgen Stackmann

Member of the Volkswagen Brand
Board of Management for Sales,
Marketing and After Sales








Solid operating performance from January to June 2018



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

Volkswagen Brand Deliveries to Customers

January to June 2018 vs. 2017

	Jan.-Jun. cum. 2018	Δ 2017 (in %)	Market Share
Europe	997,000	+8.7	
Western Europe	827,000	+8.3	
Germany	299,000	+7.4	
Central & Eastern Europe	140,000	+11.3	
Russia	48,200	+21.5	
North America	277,300	-0.7	
USA	172,900	+7.2	
South America	224,000	+11.3	
Brazil	145,900	+20.0	
Asia Pacific	1,569,000	+6.0	
China	1,483,200	+6.3	
World	3,118,700	+6.3	



Future Sales Model Europe

A remarkable success is the contractual readiness for the launch of the ID. in 2020

Framework of Future Sales Model

**Profitability, Efficiency &
Sales Cost Reduction**

**Customer-Centricity
»Act as ONE«**

**Strengthen
Entrepreneurship**

Cancellation of
old contracts +
dispatch of LOI

31.03.2018

Conclusion of
contracts with
other EU-markets

31.08.2018

New EU-retail
contracts become
valid

01.04.2020

Preparation phase of OEM for new retail
contracts with EU and national dealer councils

04.07.2018

30.11.2018

Successful conclusion
of negotiations with
German Dealer Council

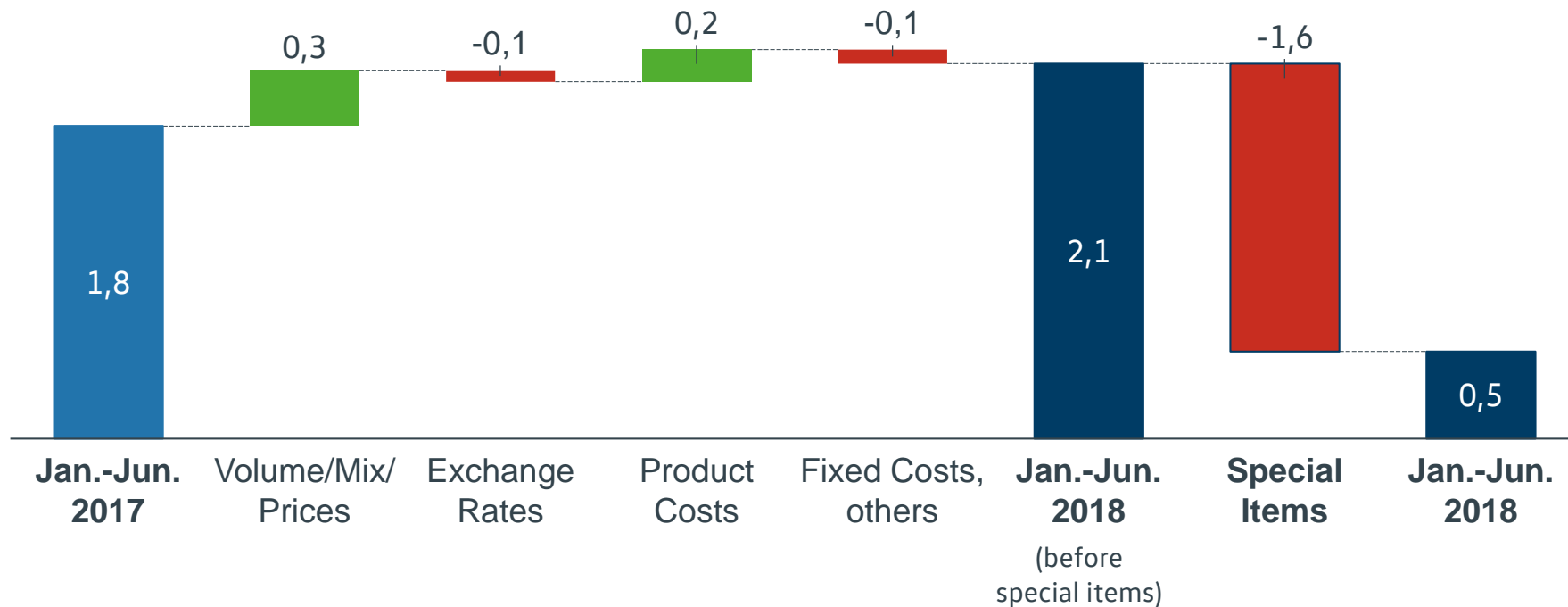
Deadline for
dealers to sign
new contracts

Timeline of Future Sales Model



Development of operating profit from January to June 2018

OPERATING PROFIT [€ billion]



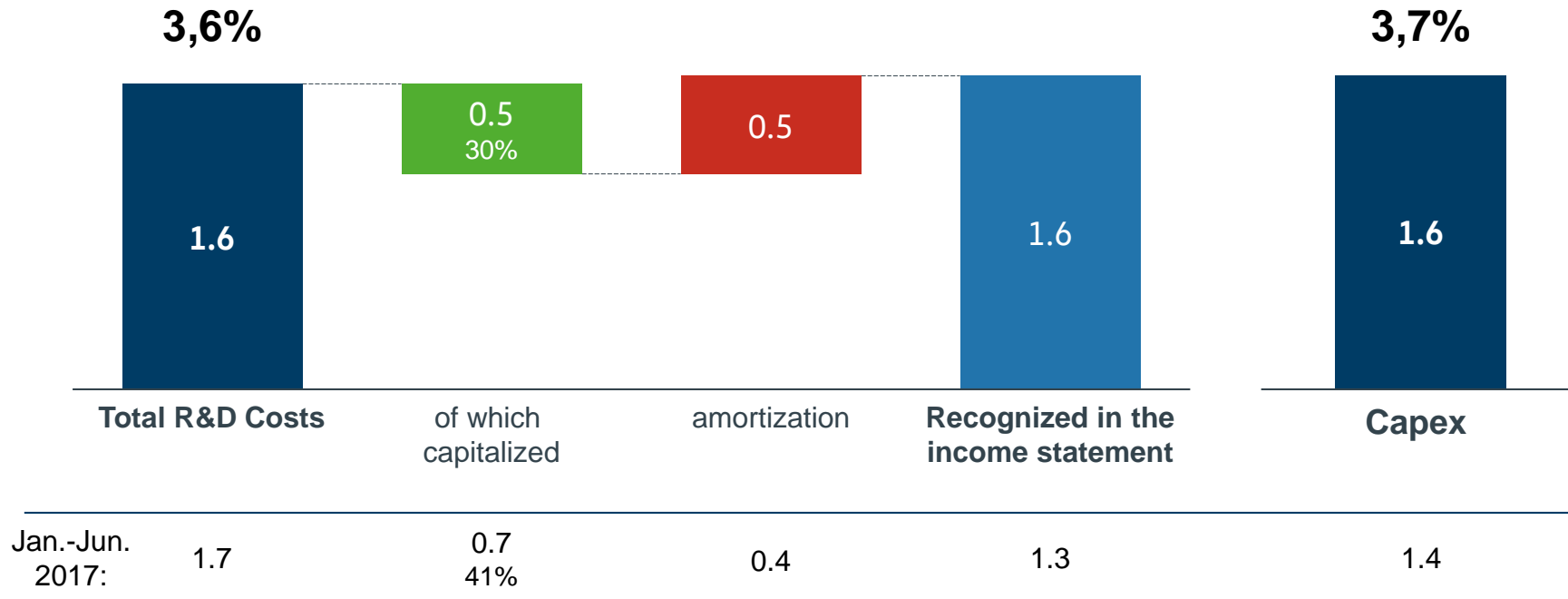
All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.



Volkswagen

R&D costs and capex from January to June 2018

€ billion/percentage of sales revenue



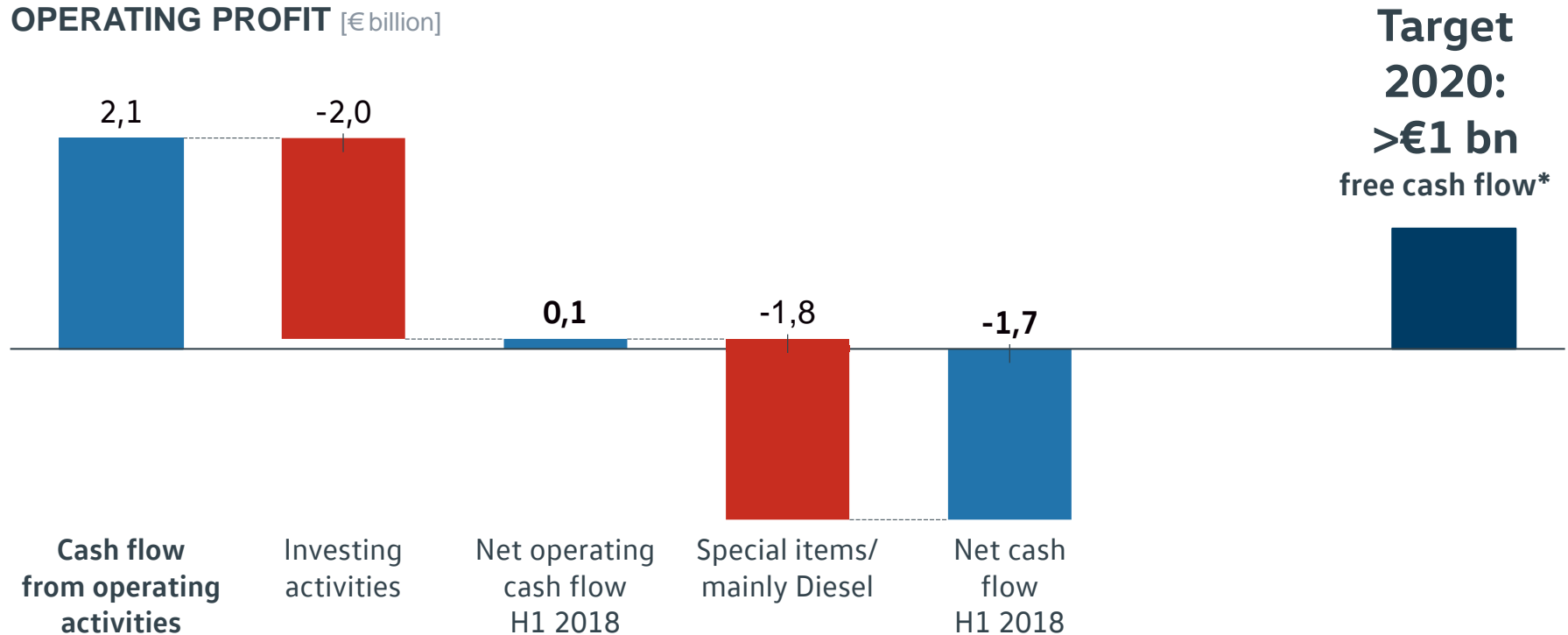
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Volkswagen

Positive cash flow before special items from January to June 2018

OPERATING PROFIT [€ 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.



Volkswagen

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
- On track with headcount reduction

TURNAROUND IN THE REGIONS

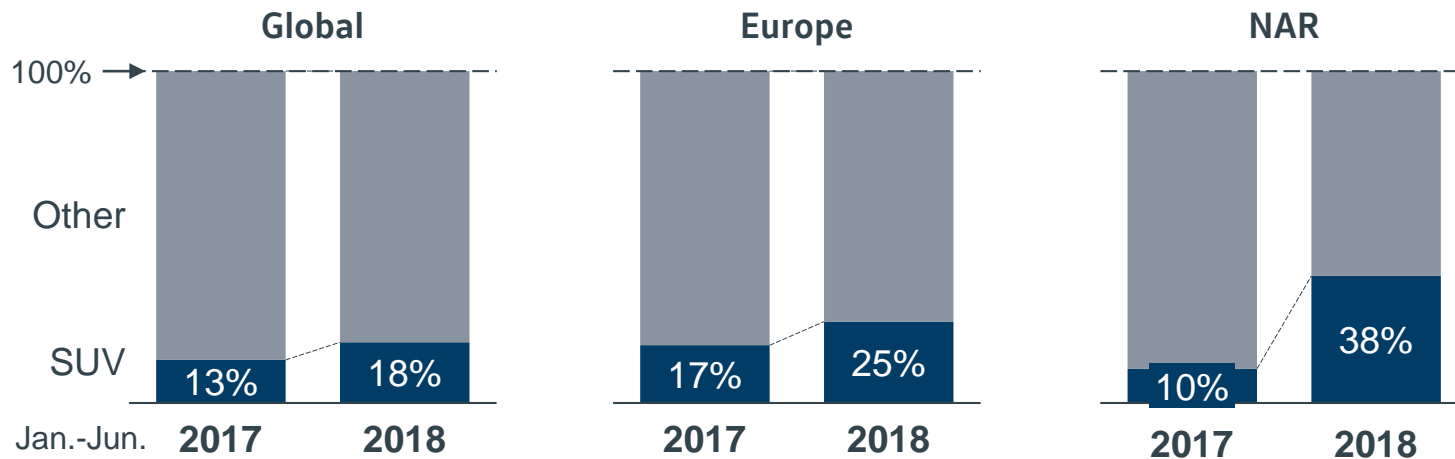


Achievements:

- 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



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

Headcount reduction

> 5,000

Since the start of the Zukunftspakt headcount has been reduced by more than 5,000 people

ZUKUNFTS
PAKT

New jobs

> 1,500

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



Regions – Positive development continues

NAR:

- US Deliveries H1 2018: +7.2%
- Products: Full-year availability of Atlas, strong Tiguan sales, new Jetta with impact in the second half of 2018
- Profit: Improved vs. prev. Year
- Break-even expected in 2020

SAM:

- Deliveries H1 2018: +11.3%
- Products: New Polo and Virtus created positive momentum
- Profit: Improved vs. prev. year
- Break-even expected already in 2019

Russia:

- Deliveries H1 2018: +21.5%
- Products: SUV Offensive with Tiguan Allspace and new Touareg, also Polo enjoying strong demand
- Profit: Still positive despite devaluation of Ruble



New business areas require increasing resources

E-Mobility



Charging



Digital Ecosystem



Financial forecast and targets

	Forecast 2018	Target 2020	Target 2025
Sales revenue	up to +10 %	-	-
Operating return on sales	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



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