

VOLKSWAGEN

AKTIENGESELLSCHAFT

Shaping the transformation together.

Frank Witter, Chief Financial Officer of Volkswagen AG
Citi Investor Roadshow, New York, 28th March 2018

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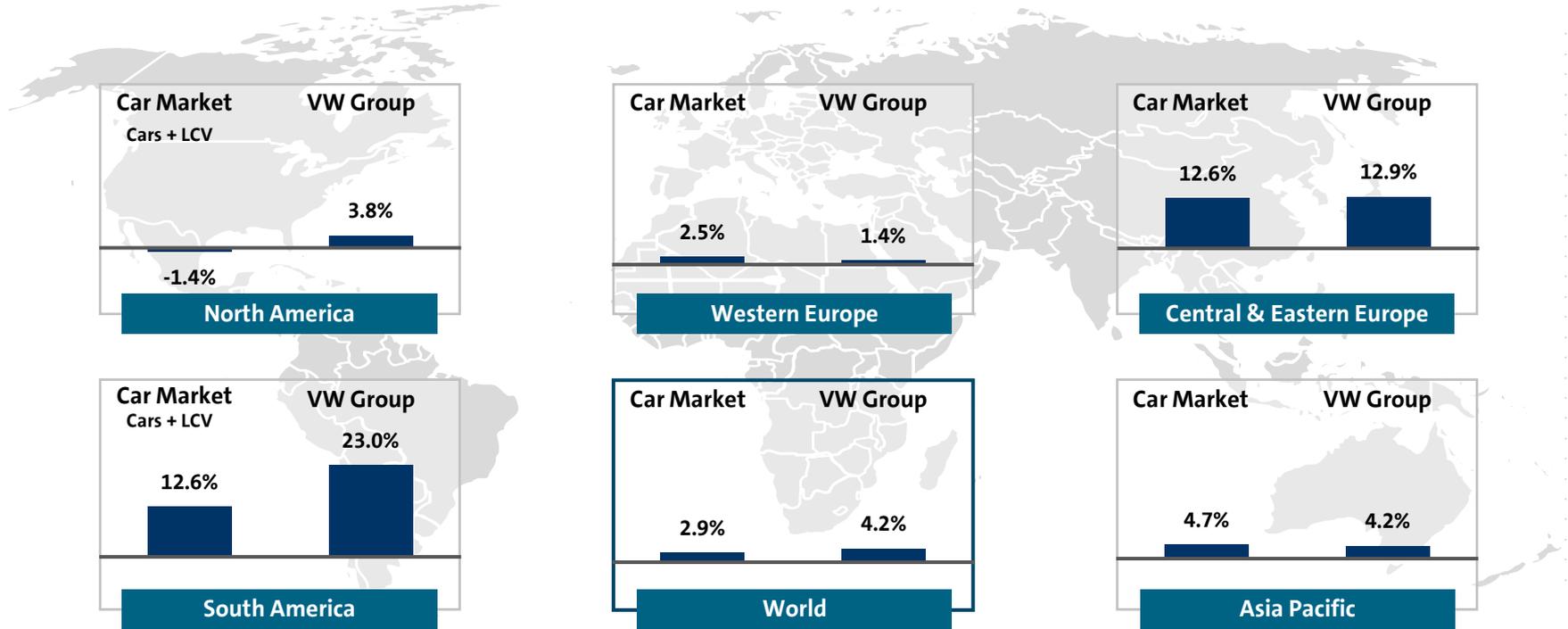
Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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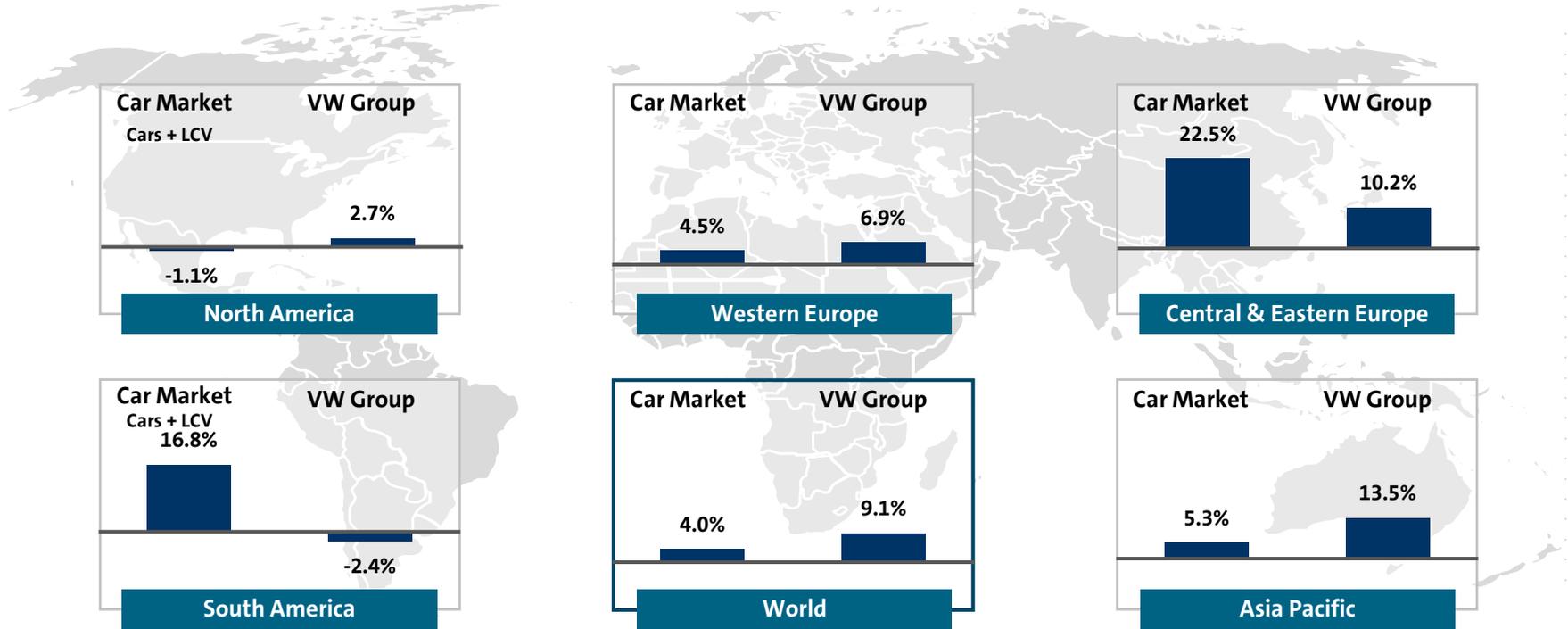
This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾ (Growth y-o-y in deliveries to customers, January to December 2017 vs. 2016)



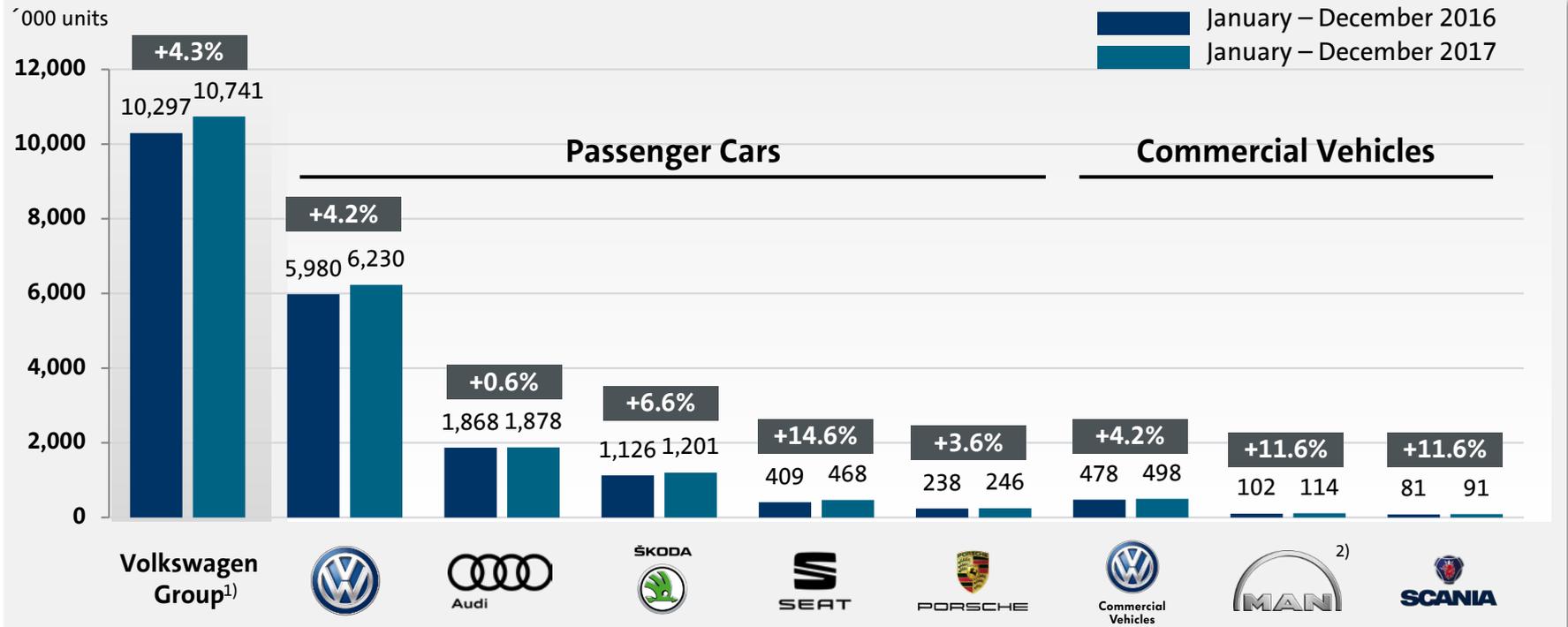
¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

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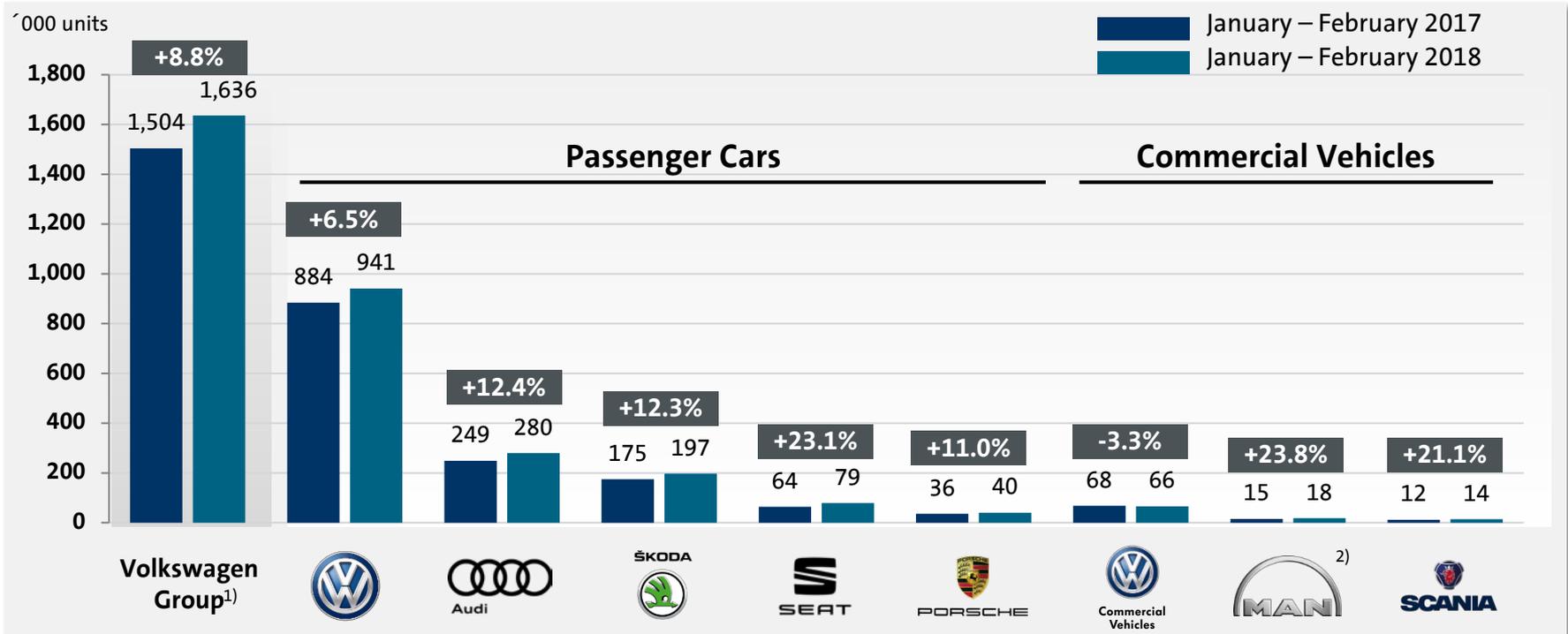
Volkswagen Group – Deliveries to Customers by Brands (January to December 2017 vs. 2016)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +4.2% excl. Volkswagen Commercial Vehicles, Scania and MAN.

²⁾ MAN incl. MAN Latin America Trucks and Busses GVW > 5t.

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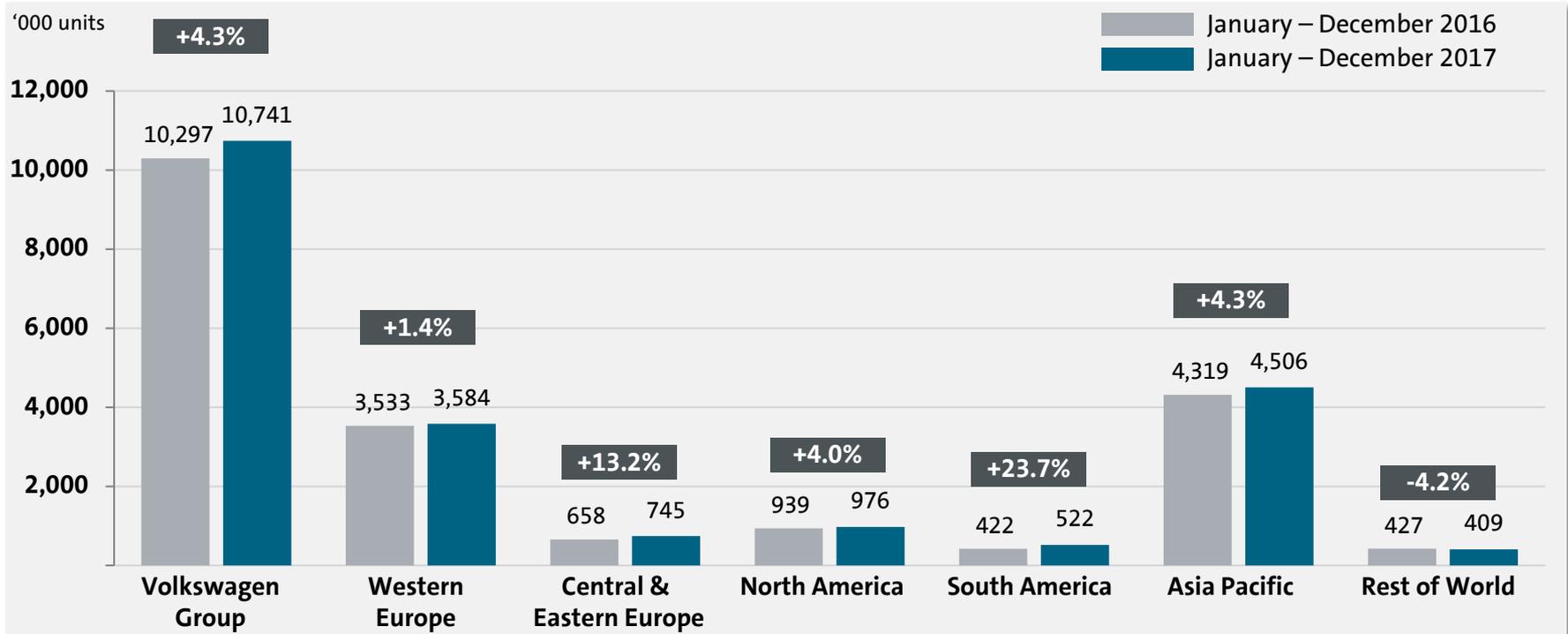


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Volkswagen Group – Deliveries to Customers by Markets¹⁾

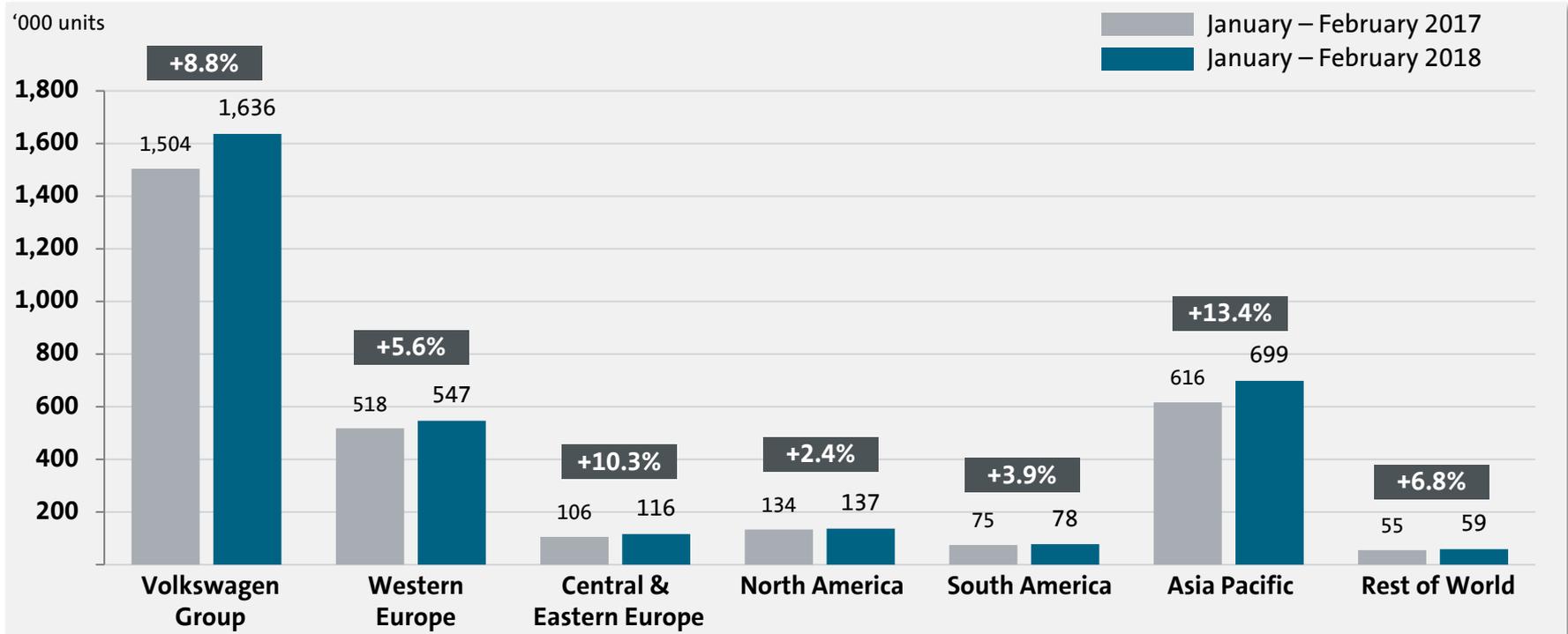
(January to December 2017 vs. 2016)



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Volkswagen Group – Deliveries to Customers by Markets¹⁾

(January to February 2018 vs. 2017)



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Volkswagen Group – Key Financial Figures¹⁾ (January to December 2017 vs. 2016)

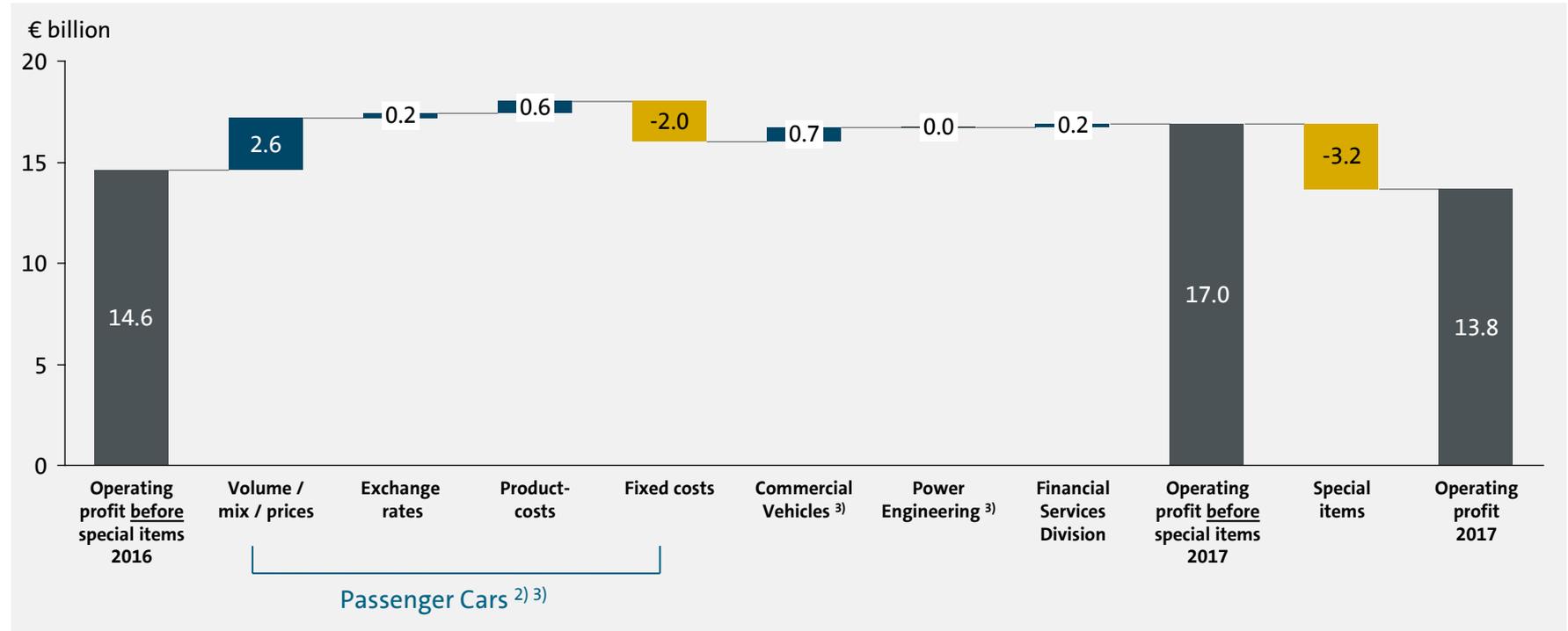
Thousand vehicles / € million	2017	2016	+/- (%)
Vehicle Sales ²⁾	10,777	10,391	+3.7
Sales revenue	230,682	217,267	+6.2
Operating profit before Special Items	17,041	14,623	+16.5
<i>% of sales revenue</i>	7.4	6.7	
Operating profit	13,818	7,103	+94.5
<i>% of sales revenue</i>	6.0	3.3	
Financial result ²⁾	94	189	X
Profit before tax	13,913	7,292	+90.8
<i>% Return on sales before tax</i>	6.0	3.4	
Profit after tax	11,638	5,379	X

¹⁾ All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.

²⁾ Volume data incl. the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €4.7 billion (€5.0 billion).

Volkswagen Group – Analysis of Operating Profit¹⁾

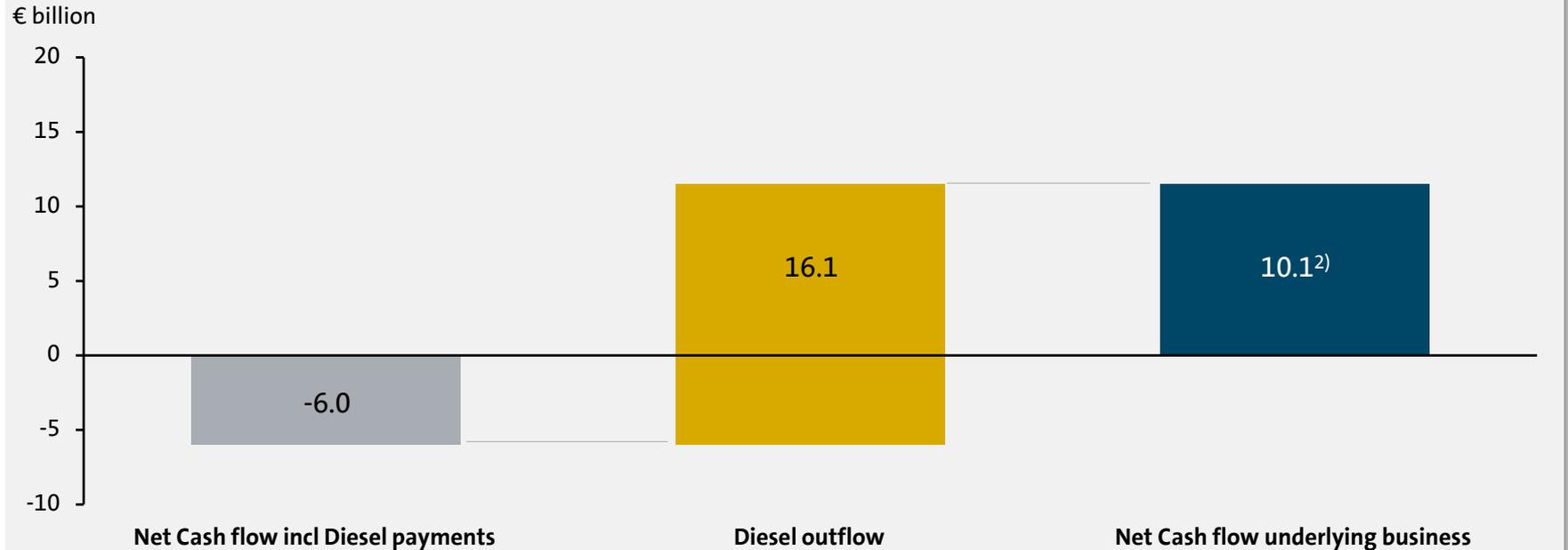
(January to December 2017 vs. 2016)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ without FS. ³⁾ incl.PPA.

'Best ever' Automotive Division Net Cash Flow (ex Diesel payments)¹⁾

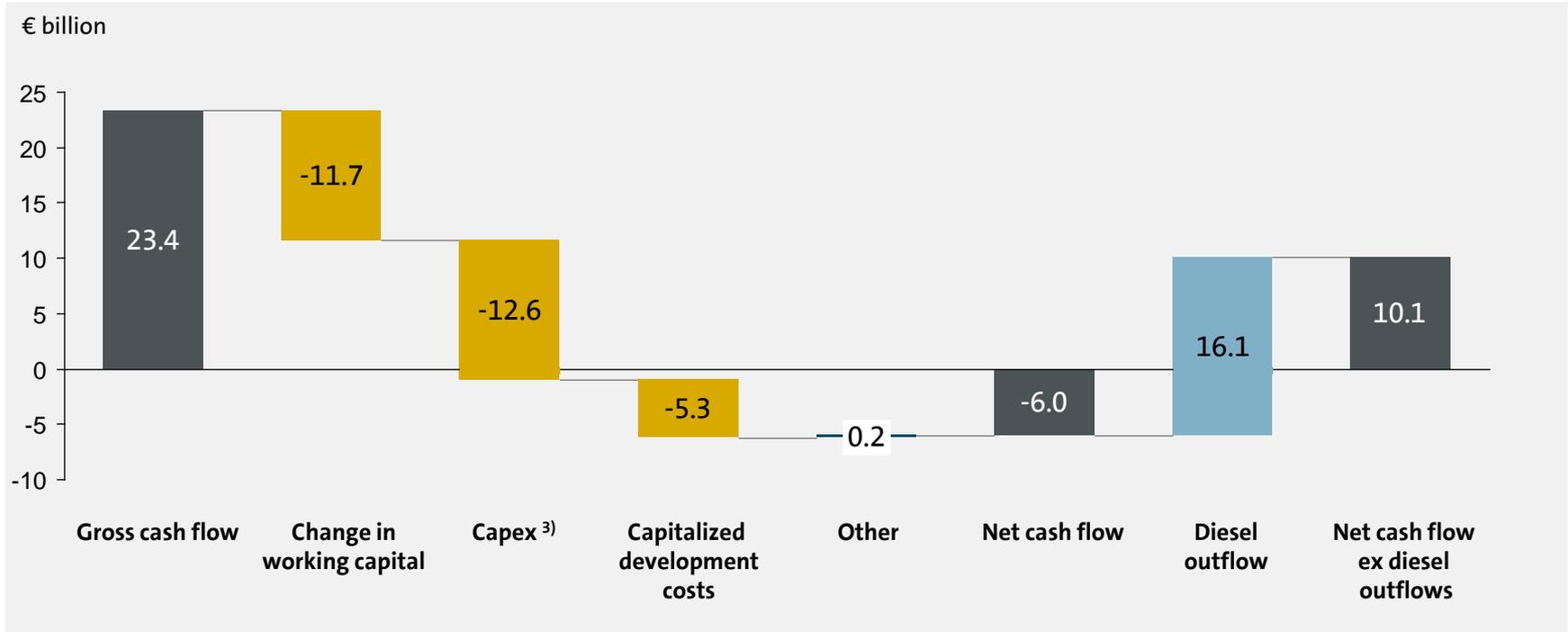
(January to December 2017)



¹⁾ Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.

²⁾ Incl. Chinese dividends.

Automotive Division Net Cash Flow Development¹⁾²⁾ (January to December 2017)

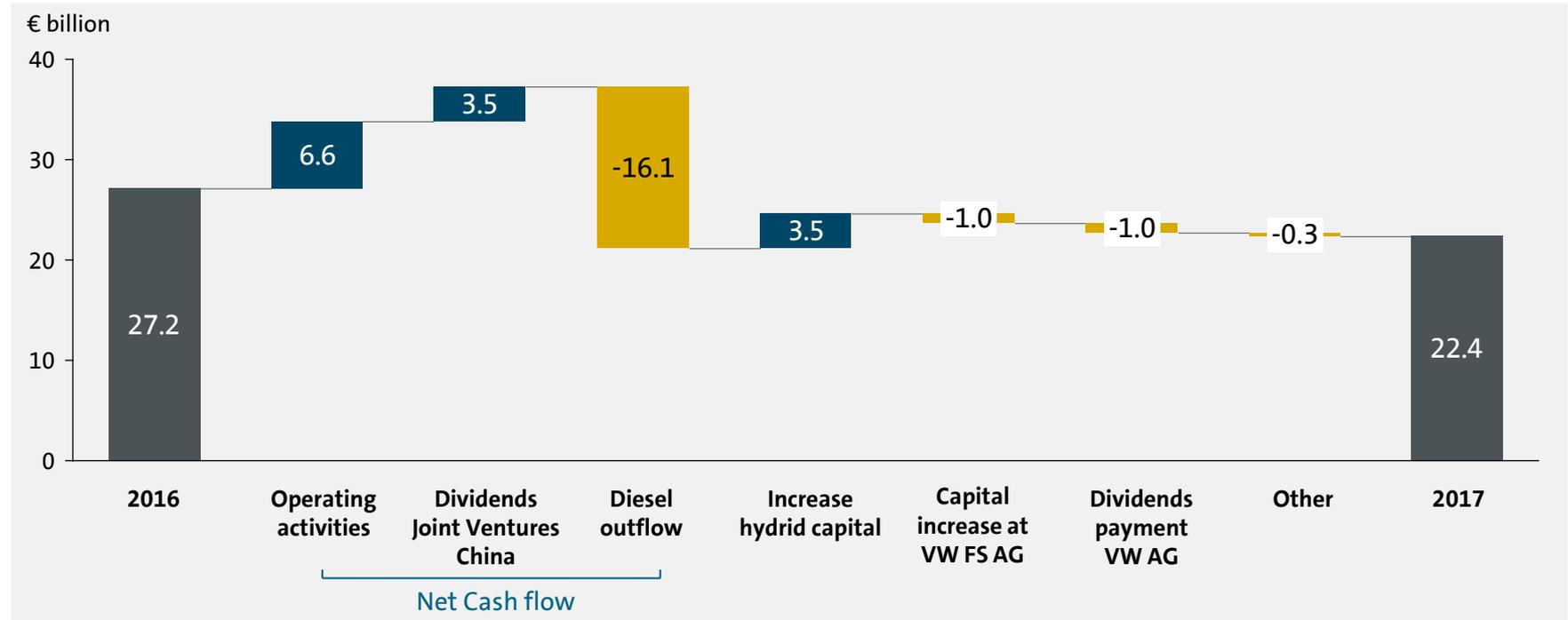


¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.

³⁾ Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

Automotive Division - Net Liquidity on a solid level¹⁾

(December 31st 2017)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

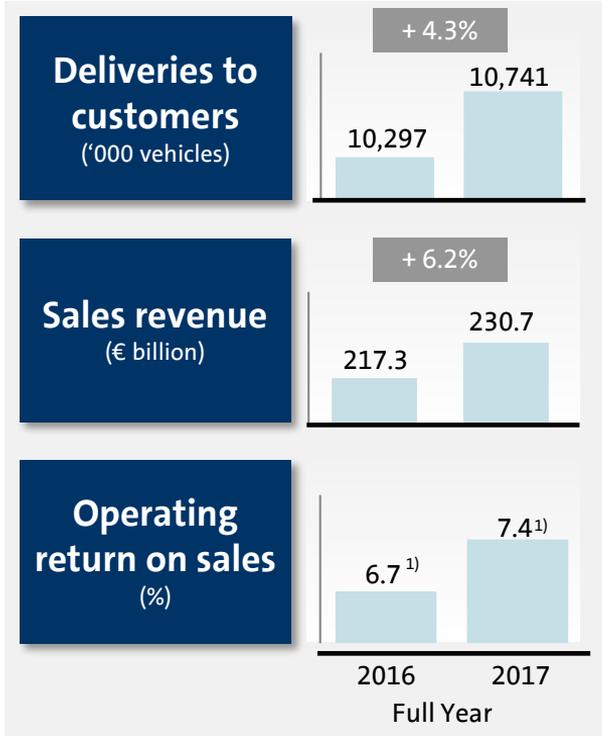
Volkswagen Group – Analysis by Business Line¹⁾

(January to December 2017 vs. 2016)

Thousand vehicles/ € million	Vehicle sales		Sales revenue		Operating profit		Margin	
	2017	2016	2017	2016	2017	2016	2017	2016
Volkswagen Passenger Cars ²⁾	3,573	4,347	79,979	105,651	3,301	1,869	4.1%	1.8%
Audi	1,530	1,534	60,128	59,317	5,058	4,846	8.4%	8.2%
ŠKODA	937	814	16,559	13,705	1,611	1,197	9.7%	8.7%
SEAT	595	548	9,892	8,894	191	153	1.9%	1.7%
Bentley	11	11	1,843	2,031	55	112	3.0%	5.5%
Porsche Automotive ³⁾	248	239	21,674	20,710	4,003	3,733	18.5%	18.0%
Volkswagen Commercial Vehicles	498	478	11,909	11,120	853	455	7.2%	4.1%
Scania ⁴⁾	92	83	12,789	11,303	1,289	1,072	10.1%	9.5%
MAN Commercial Vehicles	114	102	11,087	10,005	362	230	3.3%	2.3%
MAN Power Engineering	-	-	3,283	3,593	193	194	5.9%	5.4%
VW China ⁵⁾	4,020	3,873	-	-	-	-	-	-
Other ⁶⁾	-840	-1,638	-30,288	-56,617	-2,335	-1,343	-	-
Volkswagen Financial Services ⁷⁾	-	-	31,826	27,554	2,460	2,105	-	-
Volkswagen Group before Special Items	-	-	-	-	17,041	14,623	7.4%	6.7%
Special Items	-	-	-	-	-3,222	-7,520	-	-
Volkswagen Group	10,777	10,391	230,682	217,267	13,818	7,103	-	-
Automotive Division ⁸⁾	10,777	10,391	196,949	186,016	11,146	4,668	-	-
of which: Passenger Cars	10,077	9,729	158,466	150,343	9,309	4,167	-	-
of which: Commercial Vehicles	700	662	35,200	32,080	1,892	718	-	-
of which: Power Engineering	-	-	3,283	3,593	-55	-217	-	-
Financial Services Division	-	-	33,733	31,251	2,673	2,435	-	-

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ 2017 figures take account of the reclassification of companies; prior-year figures were not adjusted. ³⁾ Porsche (Automotive and Financial Services): sales revenue €23,491 (22,318) million, operating profit €4,144 (3,877 million). ⁴⁾ Incl. financial services. ⁵⁾ The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of €4,746 (4,956) million. ⁶⁾ Prior year adjusted. In operating profit mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁷⁾ Starting January 1, 2017, Porsche's financial services business is reported as part of Volkswagen Financial Services. Prior-year figures were not adjusted. ⁸⁾ Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Volkswagen Group – Outlook for 2018





Deliveries to customers

moderately above prior year



Sales revenue

Up to 5% above prior year level



Operating return on sales

between 6.5% to 7.5%

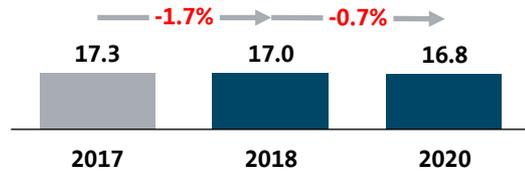
¹⁾ before Special Items.

Global Passenger Car Market 2017/2020

Slowdown in Western Europe due to falling demand in UK; Stagnation in USA at a high level; Recovery in Brazil and Russia from a low level; China remains largest driver of passenger car demand

million units

USA¹



Western Europe



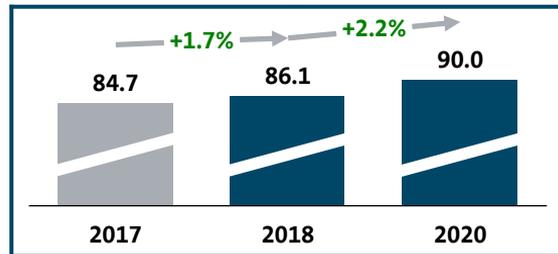
Russia



Brazil¹⁾



World¹⁾



China



Actuals Forecast

[Data source: IHS Automotive (02.2018) | ¹⁾ Volume for North & South America includes light commercial vehicles (definition 'Light Vehicles') | growth 2017-2020 = CAGR

Focus model offensive: Full pipeline for 2018



Volkswagen



Audi



SKODA



SEAT



PORSCHE



BENTLEY



Commercial Vehicles

> 25 New models



Q8



Urus



Cupra Ateca



up! GTI



e-Crafter



Huracán Performante
Spyder

> 30 Successor models



Touareg



Jetta



Polo GTI



A7 Sportback



Q3



A6 Avant

> 20 Facelifts



Fabia



911 Carrera T



Aventador S Roadster



Volkswagen



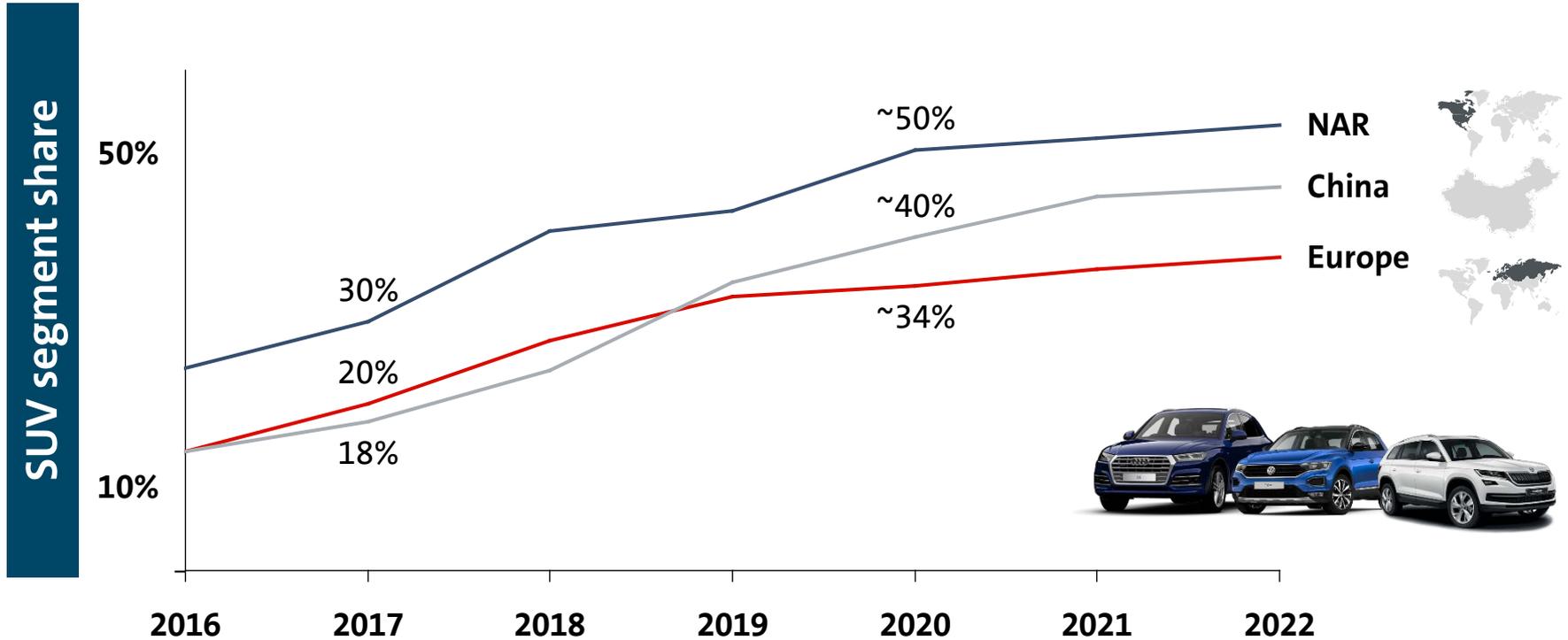
Audi



PORSCHE

Strong Increase in our SUV mix

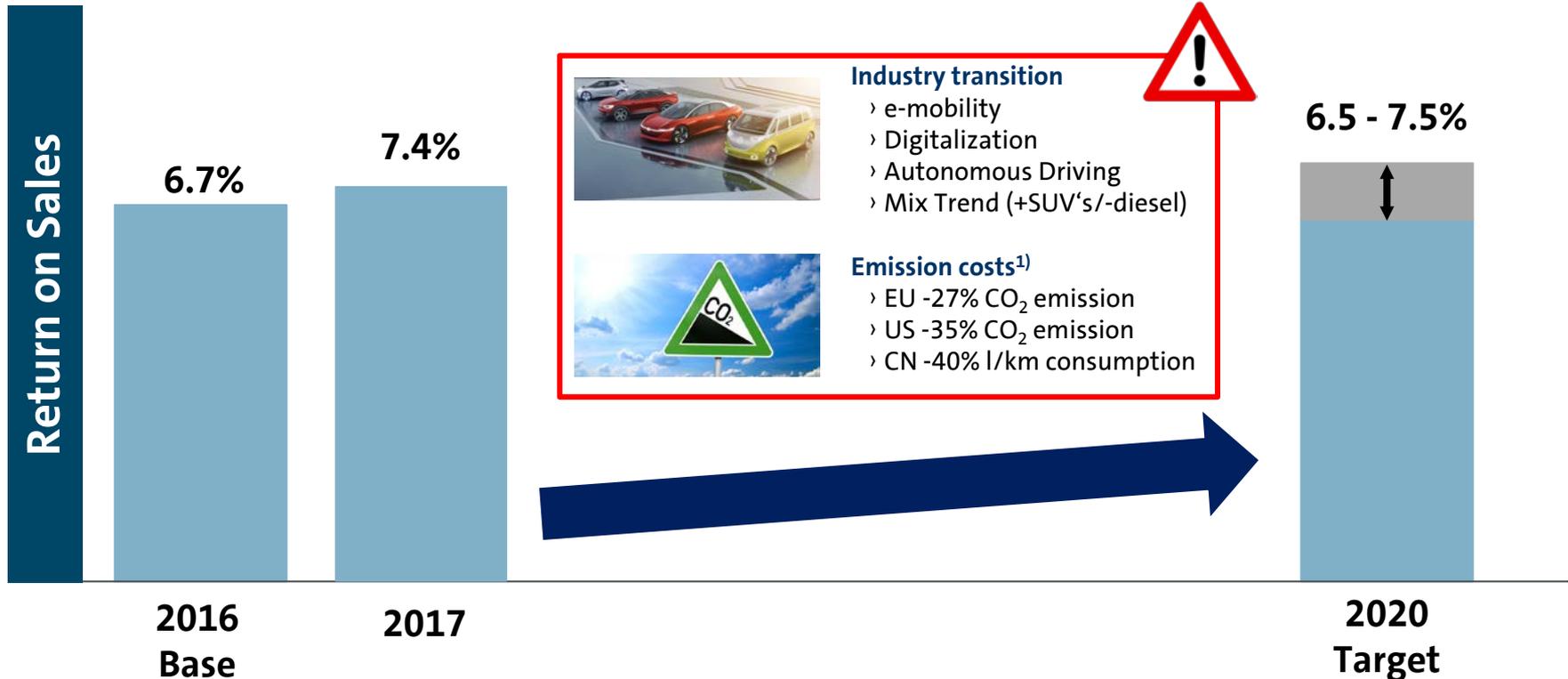
SUV mix by region based on expected regional Group sales



Clear Financial Targets and Milestones

Key financial targets	2016 Actual	2017 Actual	2018 Outlook	2020 Targets	2025 Targets
Operating return on sales <u>Before</u> Special Items	6.7%	7.4%	6.5-7.5%	6.5-7.5%	7-8%
Return on investment Automotive Division <u>before</u> Special Items	13.9%	14.4%	12-14%	13-15%	> 15%
Capex ratio Automotive Division	6.9%	6.4%	6.5-7%	6%	6%
R&D cost ratio Automotive Division	7.3%	6.7%	6.5-7%	6%	6%
Cash					
a) Net Cashflow Automotive Division	€ 4.3 bn	€ -6.0 bn	≥ € 5 bn	≥ € 10 bn	> € 10 bn
b) Net Liquidity	€ 27.2 bn	€ 22.4 bn	> € 20 bn	> € 20 bn	~10% of Group turnover

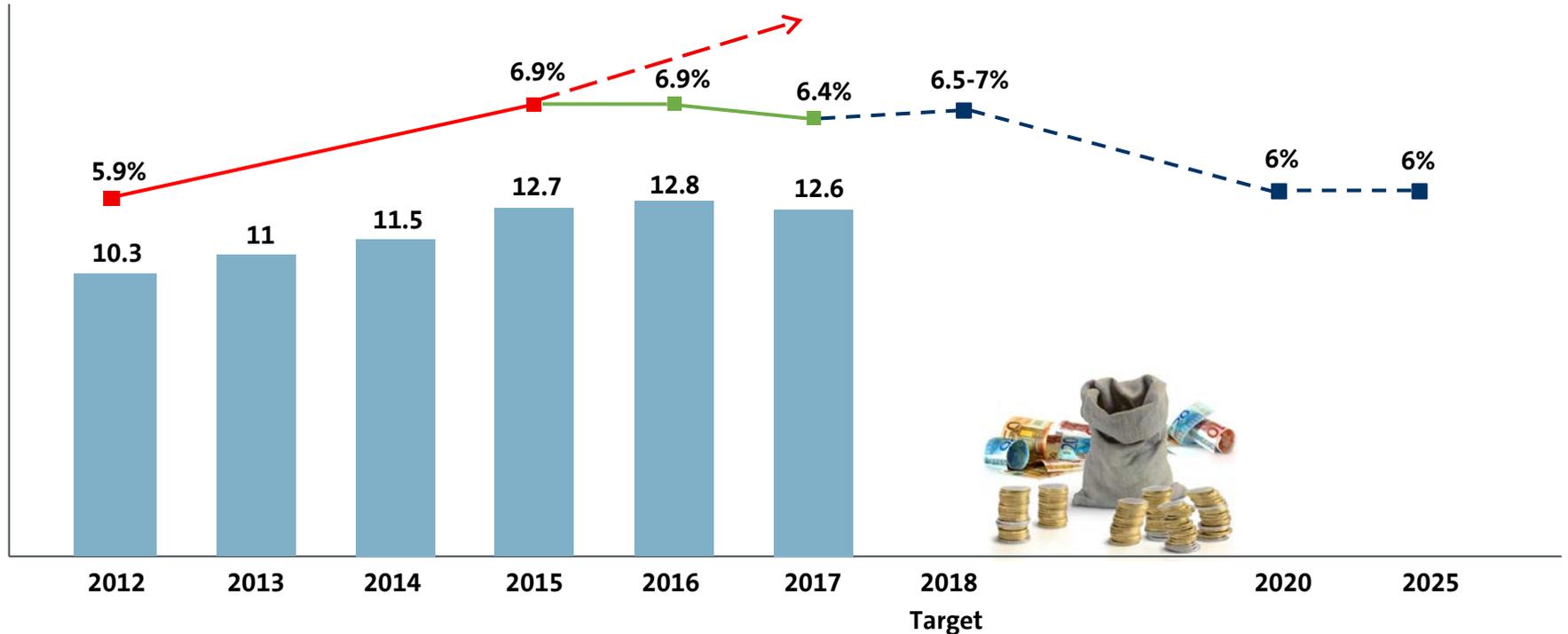
Improving Group results despite significant challenges¹⁾



¹⁾ Calculation based on 2016 figures.

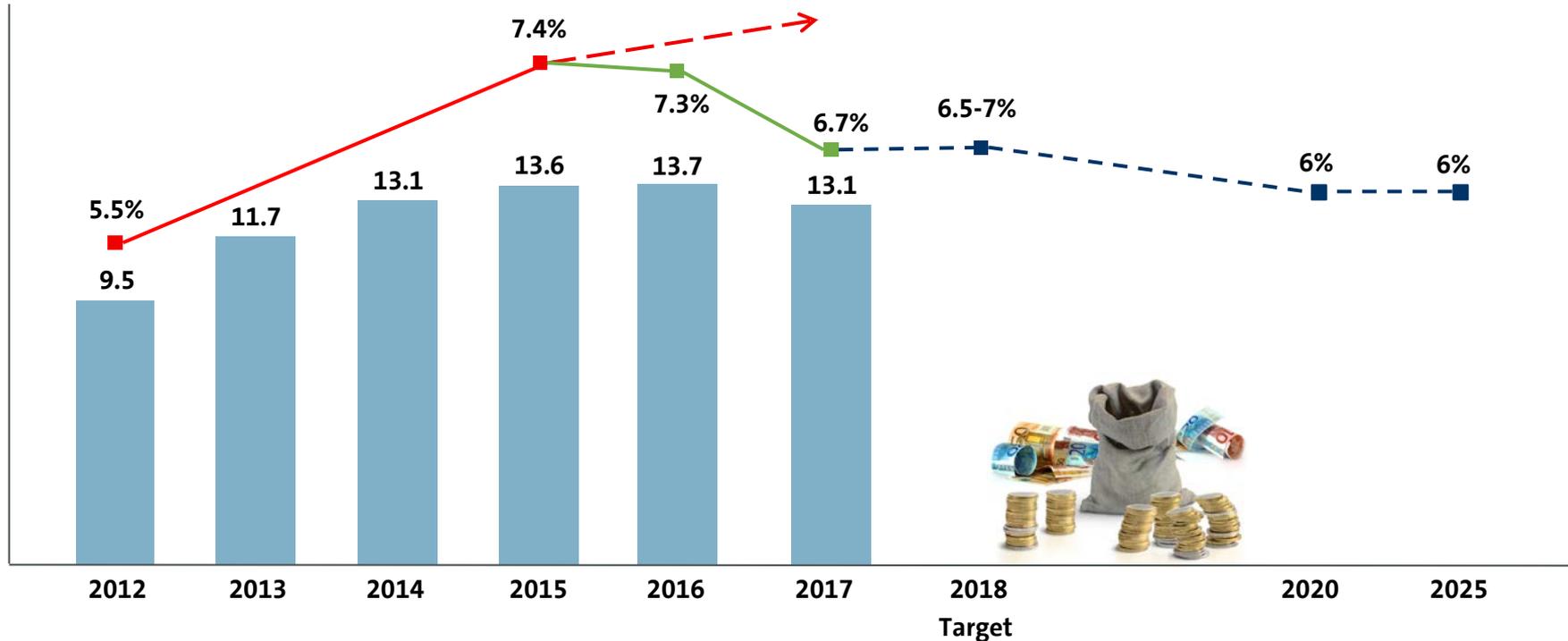
CAPEX Automotive Division

(€ billion, as % of sales revenue)



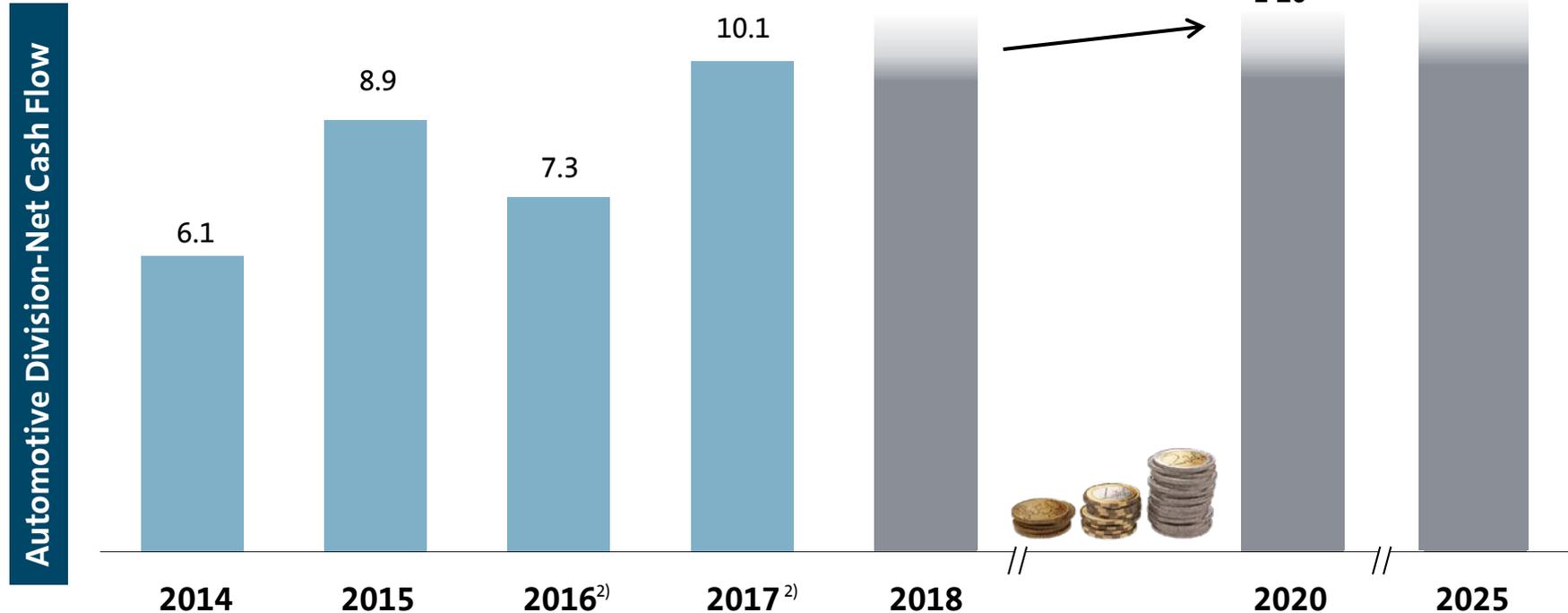
R&D Costs Automotive Division

(€ billion, as % of sales revenue)



Automotive Division-Net Cash Flow (ex Diesel payments)¹⁾

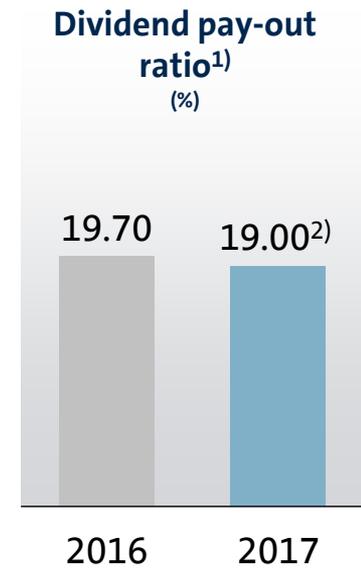
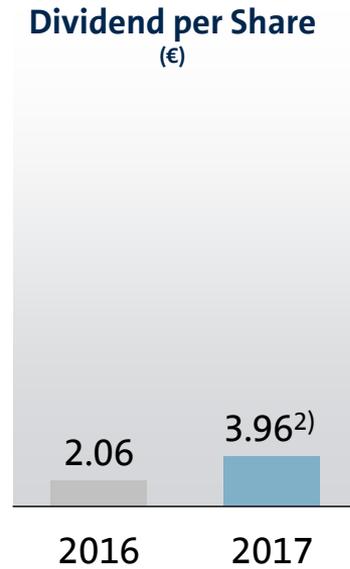
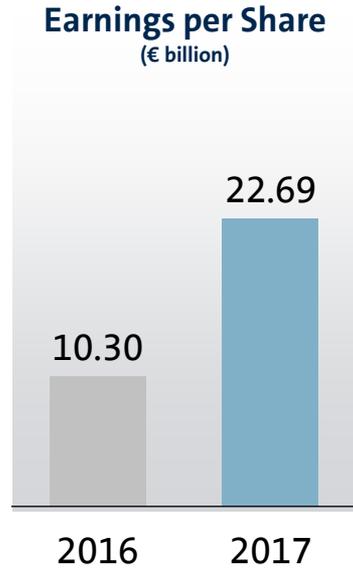
in € billion



¹⁾ Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.

²⁾ Before around € 3 bn in 2016 and € 16.1 bn in 2017 Diesel related outflow.

Volkswagen AG – Attractive Dividend for Preferred Shares; almost doubled¹⁾



Within current planning round / next 5 years
30% Dividend pay-out ratio¹⁾

¹⁾ Total dividend in percent of net income attributable to shareholders of Volkswagen AG.

²⁾ Proposal for the business year 2017 (adjusted for non-recurring effects related to the tax reform in the USA of € 1 bn) to be approved at the Annual General Meeting on May 3rd.

STRATEGY 2025 – Initiatives at a glance

GROW PROFITABLY

1 Sharpen positioning of brands

2 Develop winning vehicle and drivetrain portfolio

3 Streamline modular architectures

4 Partner with regional players to win in economy segment

DEVELOP STRATEGIC CAPABILITIES

5 Develop self-driving system for autonomous vehicles and artificial intelligence in-house

6 Develop battery technology as new core competency

7 Develop best-in-class user experience across brands and customer touchpoints

ENHANCE ENTREPRENEURIAL SPIRIT

8 Implement model line organization

9 Realign "Components" business



Transform core business

10 Build mobility solutions business

11 Develop and expand attractive and profitable smart mobility offering



Build mobility solutions business

12 Improve operational excellence

13 Optimize business portfolio



Secure funding

14 Drive digital transformation

15 Create organization 4.0



Strengthen innovation power

16 Better integrated and strategic planning process

Focus on strategy: Resolutely making progress toward sustainable mobility



Efficient combustion engines and alternative drives



Battery technology



Charging infrastructure

MOIA
NEW MOBILITY WORLD

Mobility services



Self-driving system (SDS)

E-mobility

Up to the end of 2022: We will be putting more than **€34 billion** into **e-mobility, digitalization, autonomous driving and mobility services** – thereof in 2018: **€6.6 bn**

Also putting more than **€90 billion** into the **conventional vehicle and drive portfolio** – thereof in 2018: **€19.8 bn**

Efficient combustion engines and alternative powertrains play a major role for the future of sustainable mobility

- Significant improvements in consumption and emissions of gasoline engines
- All new gasoline engines will be equipped with a particulate filter
- Working on synthetic fuels produced from renewable sources
- The latest Euro 6 diesel engines deliver above-average performance in the new WLTP¹⁾ cycle
- Significantly expanding the range of CNG²⁾ vehicles



Responsibilities for Electric Toolkit Architecture

MEB Modular Electrification Kit



- Economies of scale from use of MEB across entire Group
- Higher productivity and shorter manufacturing time
- Lower material and distribution costs

PPE Premium Platform Electric



- Common modules and scale effects save up to 30% development costs (compared to brand excl. developments)
- Flexibility: Architecture open for other brands to be used in the future

The Volkswagen Brand's I.D. family sets the new BEV benchmark in volume segment



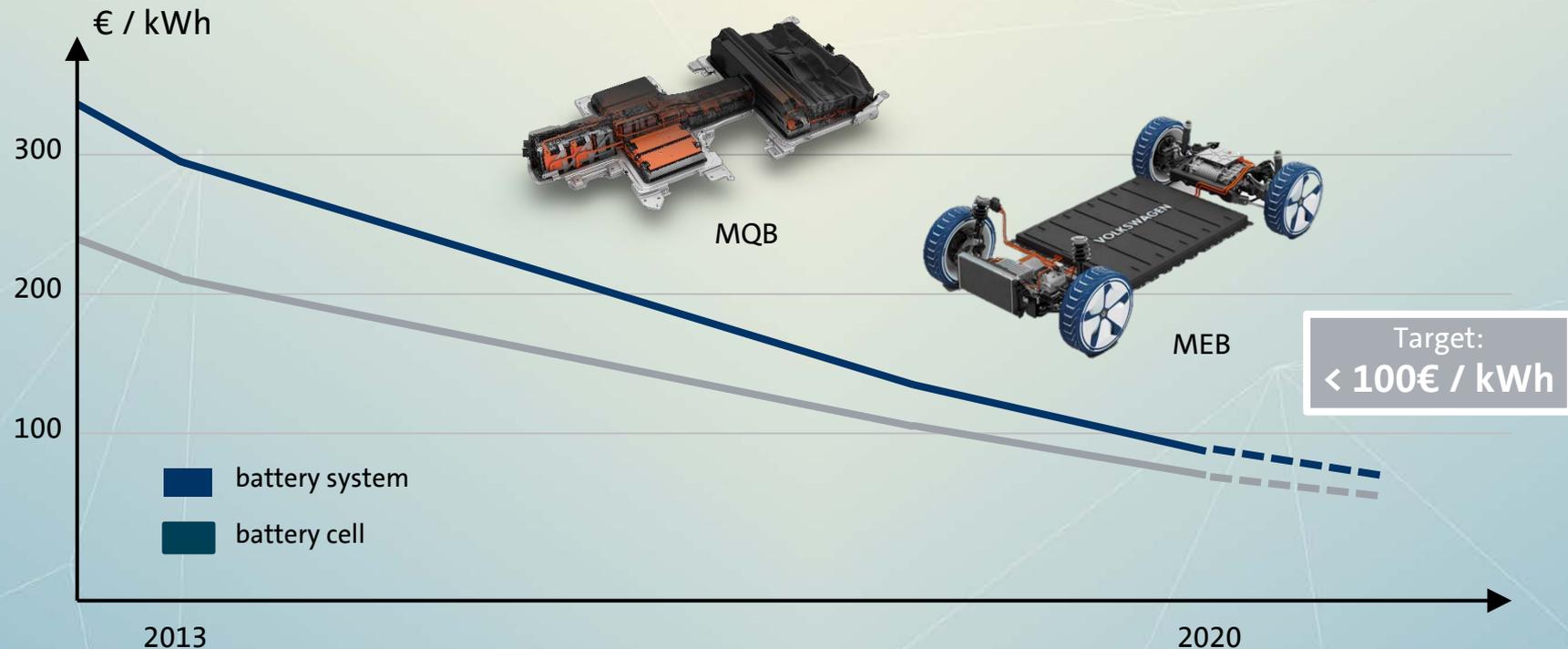
Audi e-tron will change the premium electric game



Advances in battery technology will improve range, weight and costs



Battery costs will decrease significantly by 2020



Roadmap E - E-mobility model offensive of the Volkswagen Group



- 50 BEVs + 30 PHEVs
- 2-3m expected units or 20–25% Group sales intended to be purely battery-powered
- Own e-fleet requirements over 150 GWh of battery capacity
- € 50bn battery cell procurement volume up to 2025



2025

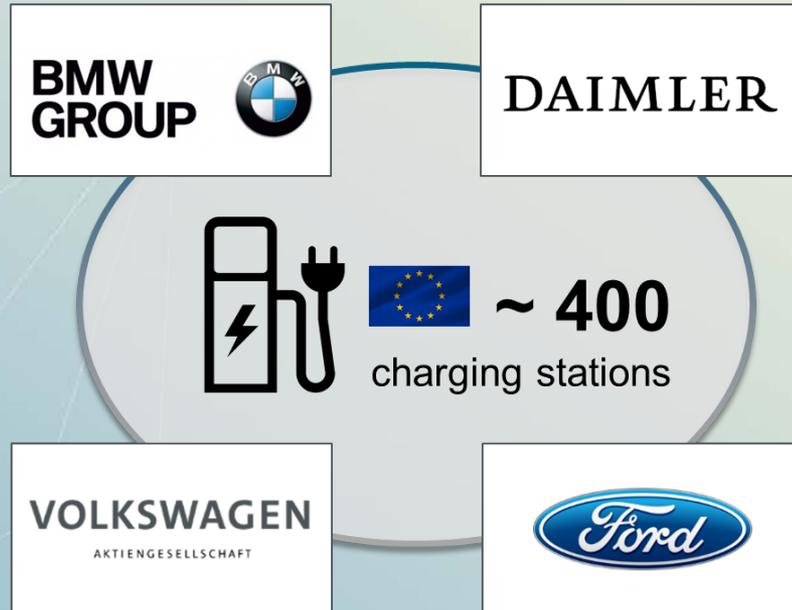
2030



- At least one electrified version for each of the Group's 300 or so models

Launch of Pan-European High-Power Charging Network IONITY¹⁾

IONITY



- Joint Venture of automotive manufacturers enables electric mobility on long-distance journeys
- Building of a High-Power-Charging (HPC) Network for electric vehicles starts operation
- 20 stations in multiple European countries started in 2017
- IONITY will implement and operate about 400 fast charging stations across European major thoroughfares until 2020
- A charging capacity of up to 350 kW enables to reduce charging time significantly when compared to existing systems
- Multi-brand compatibility with current and future generations of electric vehicles through Combined Charging System (CCS)

¹⁾ The founding partners, BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group, have equal shares in the joint venture, while other automotive manufacturers are invited to help expand the network.

Electrify America - Powering electric mobility

Investment of **\$2 billion** over the next **10 years** in Zero Emission Vehicle (ZEV) infrastructure and education programs in the U.S.

Open network for all (even group external) OEMs and business partners

Highway sites every 70 miles on average, but **no more than 120 miles apart**, so shorter range ZEVs available today will be able to use this network



1st cycle:
We will establish a network of **~4.700+** non-proprietary electric vehicle chargers in **17 metros** and on highways in **39 states**

Station chargers will be extremely powerful, capable of delivering **150 kW** or **350 kW** to vehicles

Public access for all ZEV drivers will be ensured through multiple technologies (Level 2 and DC fast charging: CCS Combo and Chademo connectors)

Successful launch of MOIA Shuttle at the “TechCrunch” and customers show a high demand for a “Special Purpose Vehicle”



- Test phase in Hanover with **2,000 users** under way
- **Project start** in Hamburg at **end-2018**: fleet will be expanded to **200 vehicles** in the first phase
- **Further cities** planned

Intensified efforts to develop autonomous vehicles

Autonomous Audi TTS
"Shelley" climbs Pikes Peak



SEDRIC is Volkswagen Group's first Level 5 vehicle



Strategic partnership with Aurora

AURORA

Urban Shuttle/Carrier/Pod



2005

2010

2017

2018

2021+

"Stanley" Winner Darpa Grand Challenge



Volkswagen Group >200 AV related patents

Foundation AID GmbH



MOIA Battery Electric Special Purpose Shuttle



Personal Autonomous Vehicles



Driving forward Strategy 2025: Implementation is accelerating

ROADMAP E launched



Center of Excellence for battery technology established



Joint venture for rapid charging network in place



SEDRIC developed and presented



Joint venture with JAC created for e-mobility



STRATEGY 2025

MOIA pilot started and shuttle presented



New technology partnerships agreed



Realignment of Group Components approved



Positioning of Group brands sharpened



Board Digitalization Committee established



Why our Value Proposition is one of the best in the Industry?

1. Unique and Compelling **Brands and Products** and **Scale Potential**
2. Convincing holistic **Strategy**
3. Conclusive **E-Strategy**
4. Optimal **Toolkit Infrastructure** for conventional and alternative power trains
5. We intend to deliver **Self-driving** at the touch of a button and become **Software** leaders
6. Upside Potential in **Core and Developing Markets**
7. Lead Position in **China**
8. **Truck & Bus** Global Champion Potential
9. **Culture** of willingness to change: agile, innovative and integral backed by committed management and employees
10. Priority to work on protecting our **Environment** for future generations

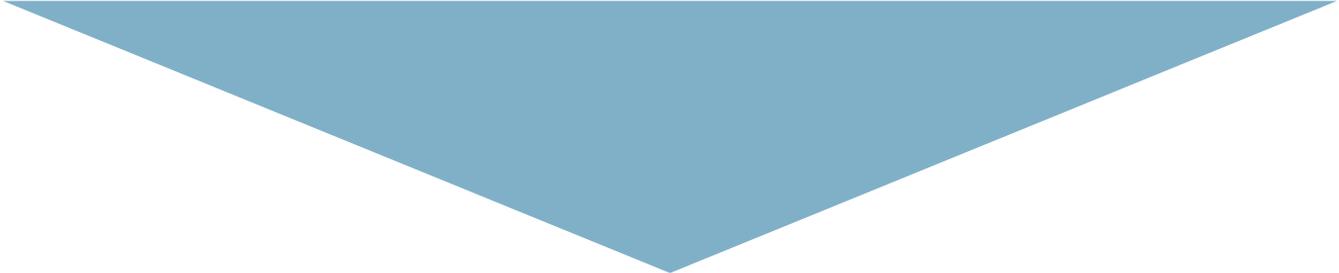
Overarching vision is to become a
World-leading Provider of Sustainable Mobility



Cascading Group Targets to Brands



Commitment



Successful operating business: Strong contribution by all Group brands in 2017 – “We’re back on the offensive.”



Volkswagen

- “TRANSFORM 2025+” strategy driven forward consistently
- Clear improvement in operating profit and margin, successful product initiatives



Audi

- Prior-year sales record again exceeded
- A8 as first series car in the world developed for conditional automated driving



PORSCHE

- One millionth 911 rolls off production line, new Cayenne well received
- New records for unit sales, sales revenue and profit



ŠKODA

- Success story continues with record unit sales, sales revenue and profit
- SUV initiative reinforced by the new Karoq



SEAT

- Record sales revenue and significant increase in profit
- Powerful model initiative continues with the new Ibiza and Arona

VOLKSWAGEN
TRUCK & BUS

- Further key steps on the way to becoming global champion
- Pioneering role in digitalization reinforced by launch of RIO platform

VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT

- Further record profit makes key contribution to Group’s success
- Successful return to the primary market for euro bonds

Overview Brand Targets (RoS, RoE)

Return on Sales in %	<u>2016</u>	<u>Target 2017</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Group	6.7	6-7 moderately exceed	7.4	6.5-7.5	6.5-7.5	7.0-8.0
Volkswagen Brand	1.8	3-5 moderately exceed	4.1	4-5	4-5	≥6
Audi	8.2	8-10	8.4	8-10	8-10	8-10
Porsche	17.4	>15	17.6	>15	>15	>15
ŠKODA	8.7	7-8	9.7	8-9	6-7	≥7
Volkswagen Commercial Vehicles	4.1	3-4	7.2	5-6	4-5	>6
Truck & Bus Business ¹⁾						
• Scania	9.5	6-7	6.9	6-7	9 ²⁾	9 ²⁾
• MAN Commercial Vehicles	2.3					
Return on Equity (norm. 8%)	<u>2016</u>	<u>Target 2017</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Financial Services	15.6%	14-16%	15.8%	14-16%	14-16%	20%

¹⁾ For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles.

²⁾ Through-cycle Target.

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

STRENGTHEN CORE BUSINESS

2% RoS¹⁾

- SUV Offensive
- Turnaround in the Regions
- Brand Positioning
- Productivity / Costs
- New Skills

2015

LEAP TO THE TOP OF ELECTRIC MOBILITY

≥ 4% RoS

- Electric Offensive
- Digital Ecosystem
- Operational Excellence

2020

MAJOR TRANSFORMATION

≥ 6% RoS

- New Business Models
- New Mobility solutions
- Autonomous Driving

2025

GLOBAL MARKET LEADER IN AUTOMOBILITY

> 6% RoS

2030

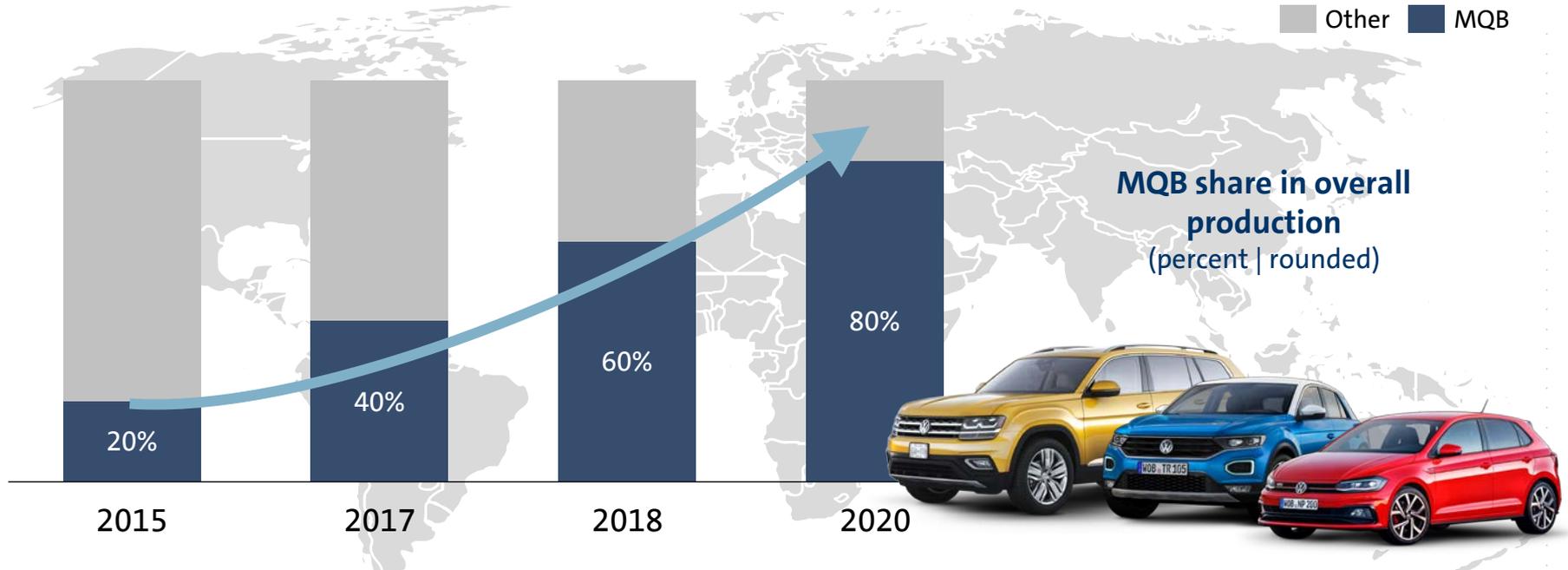
¹⁾ Before special items.

Volkswagen Brand Clear Financial Targets and updated Milestones

	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⁾	> € 1 bn	>> € 1 bn

¹⁾ Before special items.

Further roll-out of MQB offers substantial benefits for Volkswagen Brand



Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

Working Group 1 Production

- Increase of productivity by 25%
- Reduction of plant costs

Working Group 2 Components

- Increase of productivity by 25%
- Discontinuation of unprofitable products

Working Group 3 Technical Development

- Reduction of hardware-oriented development work
- Increased efficiency in development processes

Working Group 4 Administration

- Reduction of bureaucracy

Secure the Future

- 4 additional models:
2 conventional and 2 MEB vehicles
- Investments in:
 - Electric drive trains
 - Pilot facility battery cell
 - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

Reduction in workforce based on demographic curve¹⁾

¹⁾ ~ 9,350 early retirement contracts signed in 2017.

Core challenges in the commercial vehicle industry ...

Cyclical markets



Strong correlation to GDP in developed world
Not all regions hit by economic downturns at the same time

Further globalization



Local OEMs dominating in BRIC markets
Improving infrastructure, stronger regulations open opportunities for Volkswagen

Emission regulations



Europe with aggressive regulations, focus shifting to diesel lock-outs
BRIC trailing behind, but with ambitious roadmap

Connectivity & digitalization



Platooning and partly-autonomous driving as transition solutions
Data management for customers and traffic of broad interest

After sales and new business opportunities



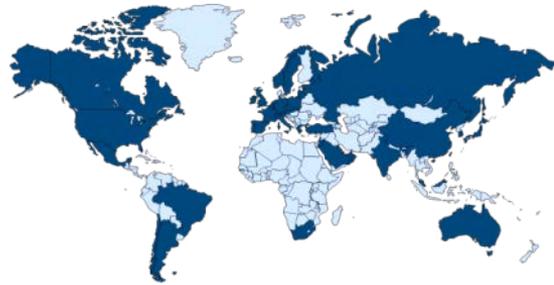
After sales increasingly important as alternative source of revenues
New business models (e.g. enhanced telematics) can stabilize revenues

Global expansion on track with Navistar alliance

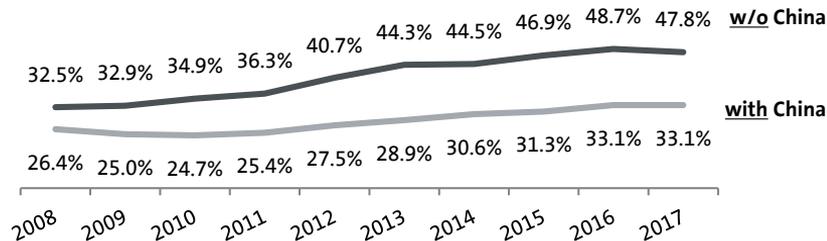
1	Equity investment	 <p>16.9% equity stake in Navistar</p>
2	Strategic technology and supply cooperation	 <p>Companies to collaborate on technology for powertrain systems, as well as other advanced technologies</p>
3	Procurement joint venture	 <p>Procurement joint venture is pursuing joint global sourcing opportunities</p>
4	Governance	 <p>2 VW T&B representatives nominated to Navistar Board of Directors. Joint Alliance Board to govern overall alliance</p>

Volkswagen Financial Services¹⁾: global, well diversified and successful

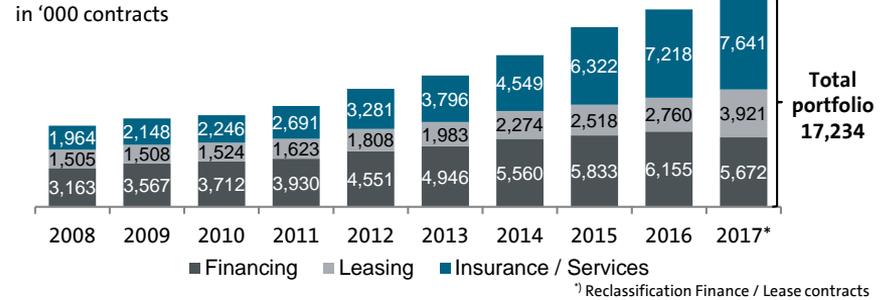
Strong global presence



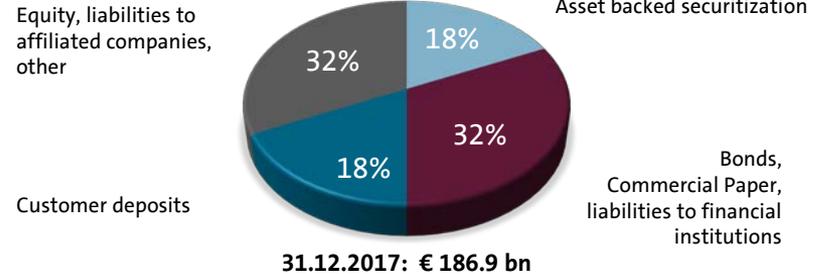
Rising penetration rates



Continuous portfolio expansion



Diversified funding structure



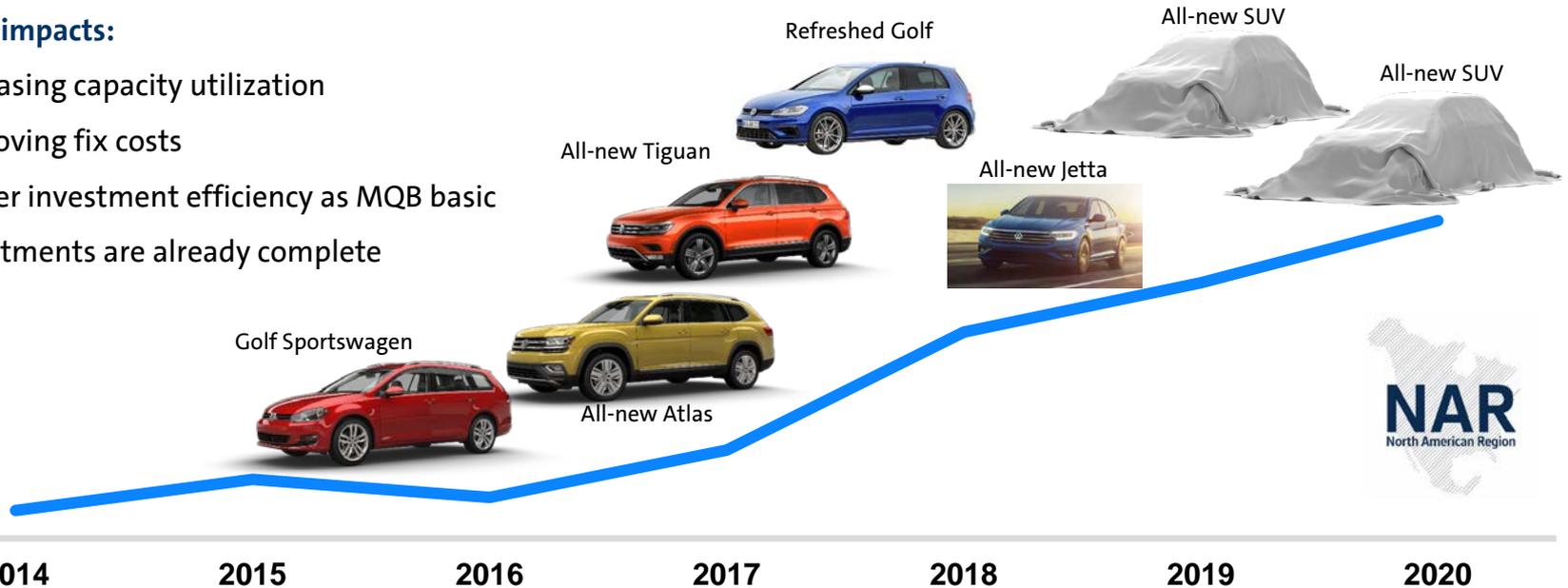
¹⁾ Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.

Rollout of MQB in the North American region to realize economies of scale and efficiencies

Local MQB production is increasing from around 10% to > 80% midterm,

positive impacts:

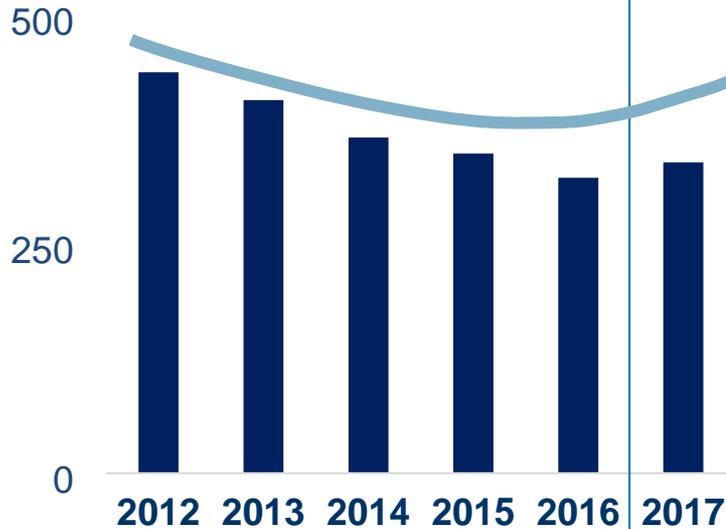
- Increasing capacity utilization
- Improving fix costs
- Higher investment efficiency as MQB basic investments are already complete



— NAR production volume using MQB (units)

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

Deliveries to US customers, '000' units



Year	Market Share %
2012	3.0
2013	2.6
2014	2.2
2015	2.0
2016	1.8
2017	2.0

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

A product offensive is initiating a new growth phase in South America

Product offensive in South America

Key measures



Polo G



Virtus

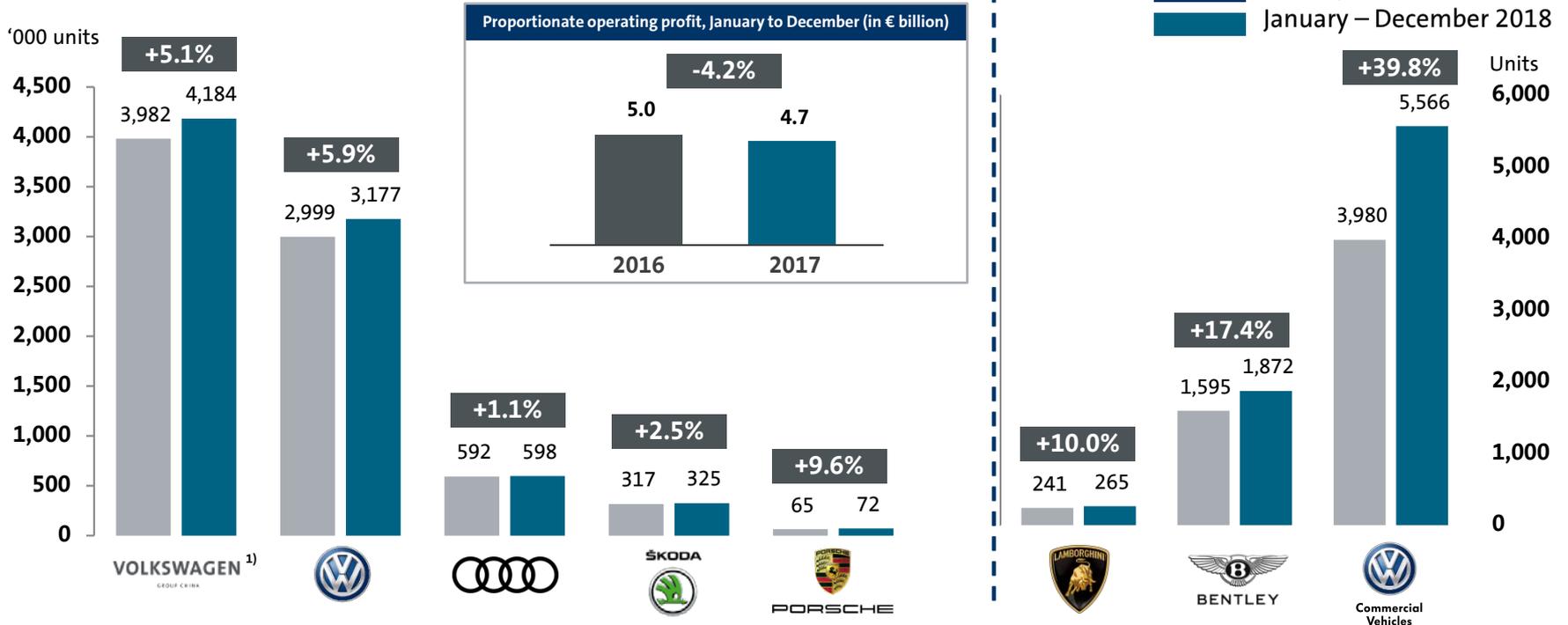


Small SUV Global

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5bn investment
- New brand positioning
- New growth strategy for Latin America



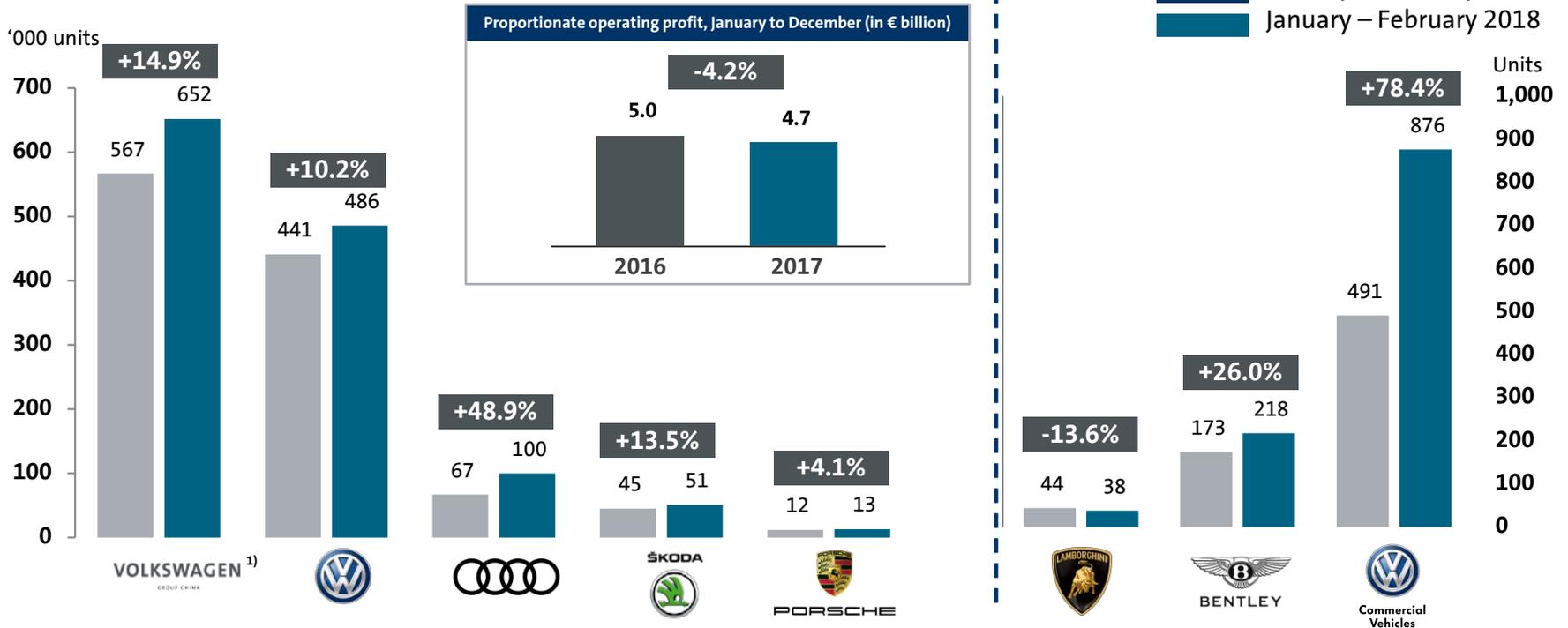
Volkswagen Group China performance (January to December 2017 vs. 2016)



¹⁾ Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.



Volkswagen Group China performance (January to February 2018 vs. 2017)



¹⁾ Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.



Regulatory environment for NEV and Fuel Consumption Credits in China

CAFC and NEV Credit System

- Independent management of CAFC¹⁾ and NEV credits
- Companies need to fulfill **both requirements**

CAFC¹⁾ Credits:

- Transfer between affiliated companies
- Credit carry-over to next 3 years with depreciation
- Option to use positive NEV credits

NEV Credits:

- No transfer from CAFC credits to NEV credits
- Carry-over of positive and negative NEV credits from 2019 to 2020
- Trading of NEV credits allowed

The rules will be further supplemented.

MIIT²⁾ draft for NEV Credit Calculation

$$\text{min. NEV credit points} = \text{ICE}^3 \text{ Volume} \times \text{NEV credit point ratio}$$

2018	2019	2020
None	10%	12%



NEV Credit Point Attribution per NEV Type

BEV⁴⁾: Basic credit = $0.012 \times \text{Range} + 0.8$ (max. 5 basic credits)
BEV additional factor for low electric consumption up to 1.2

PHEV⁵⁾: Basic credit = 2 (min. e-Range 50km)
PHEV credit = 1 if e-range 50-80km and consumption $\geq 70\%$ ICE

¹⁾ CAFC – Corporate Average Fuel Consumption. ²⁾ MIIT – Ministry of Industry and Information Technology. ³⁾ ICE – Internal Combustion Engine. ⁴⁾ BEV – Battery Electric Vehicle. ⁵⁾ PHEV – Plug-in Hybrid Electric Vehicle.



We will be prepared to deliver around 400,000 NEVs by 2020 and 1,500,000 by 2025

Introduction of locally produced NEV

Mass market BEV cooperation

Phase 1

Plug-in hybrids based on current toolkits



Phase 2

Pure electric vehicles based on current toolkits



Phase 3

Pure electric vehicles based on scalable electric toolkit



VOLKSWAGEN
GROUP CHINA

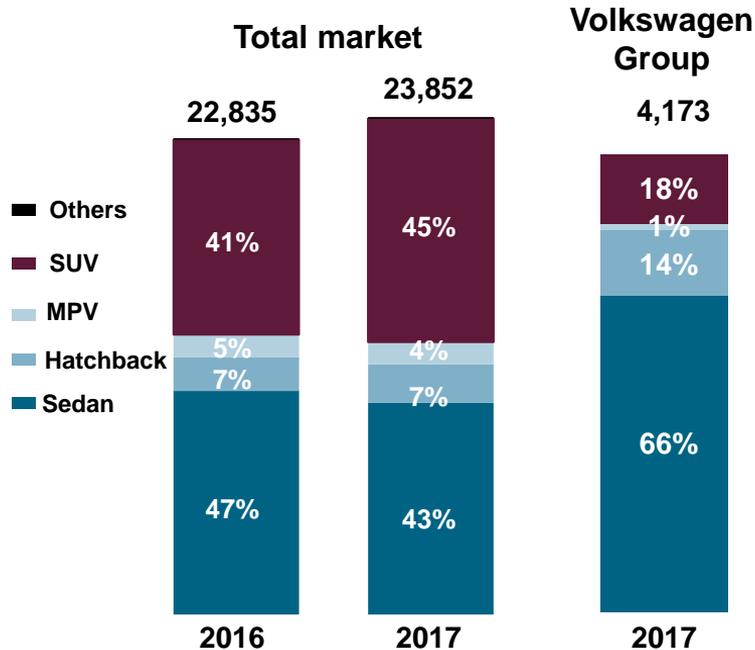
JAC 江淮汽车





New product offering with an expanded SUV line-up ¹⁾

China deliveries by bodystyle (in '000 units)



SUV offensive of Volkswagen Group China

4 Volkswagen brand SUV in 2018
3 of which are new models

6 additional Audi SUVs in the next 2-3 years

3 new ŠKODA SUVs in 2018

KAROQ

¹⁾ Source: IHS. ²⁾ Schematic overview – does not show all models.



Special Items: Diesel related and other

(€ bn)	Diesel	Other	Total
2015	Legal	7.0	Restructuring: Truck Business 0.2 Passenger Cars South America 0.2 Airbags Takata 0.3 0.7
	Other items	9.2	
		16.2	
		16.9	
2016	Mainly legal risks	6.4	Scania Anti-Trust Proceedings 0.4 Others 0.7 1.1
			7.5
2017	Buyback/retrofit program	2.2	
	Legal	1.0 3.2	
			3.2
Total to date	25.8	1.8	27.6

A significant amount of the Diesel Dollar-related provisions are hedged and a further substantial amount of the provisions have been utilized as we had cash outflows of around € 3 bn in 2016 and € 16.1 bn in 2017.

Resolving the diesel crisis: Substantial progress in all markets



Worldwide recall/service campaigns driven forward:

Software Flashes in Germany currently 93% complete;
Substantial progress also in Europe (74%) and
worldwide (68%)

Group environmental incentive makes significant contribution to improving air quality in German cities:

160,000 customers already decided to switch to
environmentally friendly vehicles

Major progress in modifications in North America:

On target for modifications/buybacks for 2.0 liter TDI
engines; field fix started for 3.0 liter TDI engines

Electrify America underway:

Investment plan for zero emissions vehicles (ZEV) approved
by authorities

Timeframe of legal proceedings expected to be long !

Integrity, Compliance & Culture: a selection of three current activity areas

1. Implementation of Holistic Integrity Programme:



Six action fields form the basis for a holistic integrity programme:



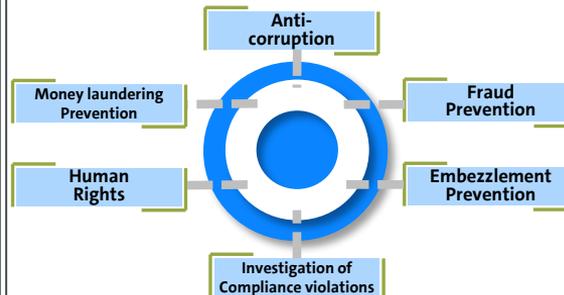
2. Evolution of Group Compliance:



Three areas were defined:

1. Development of Group Compliance Values
2. Clear definition of Group Compliance Objectives
3. Adjustment of Group Compliance structure

Compliance scope:



3. Development of Code of Cooperation:



Mutual rules and guidelines of working together were developed:

- Cross functional
- Aims at corporate culture
- Includes all brands



New corporate culture: Change is happening

Sustainable strengthening of compliance systems taking effect

- Substantial progress in improving processes, structures and policies
- Zero tolerance of violations of values

Focus on values, integrity and Code of Collaboration becoming firmly rooted in corporate culture

- Volkswagen Convention: Training for 7,600 managers and works council members on integrity, culture and compliance
- Group-wide management development with new requirement profiles launched
- Role model program helps to implement change by example



Upcoming tasks to master challenges and make use of opportunities



Continue to resolve the diesel crisis

- Conclude worldwide recall campaigns and service actions
- Manage legal proceedings worldwide



Improving the Core Business

- Profitability in NAR / SAM / Russia
- Implementation Future Pact Brand Volkswagen
- Cash Generation and Capex/R&D discipline



Transformation towards more E-Mobility

- CO₂ Compliance / WLTP implementation
- Profitability of Electric Vehicles
- Governance / Compliance / Culture



Strengthen Innovation Power

- Digitalization & Connectivity
- Profitable Mobility Services

Investor Relations Team



Oliver Larkin (Wolfsburg / London office)

Group Head of Investor Relations

E-Mail: Oliver.Larkin1@volkswagen.de

Telephone: +49 5361 9 49840



Helen Beckermann (Wolfsburg office)

Senior Investor Relations Manager

E-Mail: Helen.Beckermann@volkswagen.de

Telephone: +49 5361 9 49015



Alexander Hunger (Wolfsburg office)

Senior Investor Relations Officer

E-Mail: Alexander.Hunger@volkswagen.de

Telephone: +49 5361 9 47420



Andreas Kowalczyk (Wolfsburg office)

Investor Relations Officer

E-Mail: Andreas.Kowalczyk@volkswagen.de

Telephone: +49 5361 9 23183



Andreas Buchta (Wolfsburg office)

Investor Relations Manager

E-Mail: Andreas.Buchta@volkswagen.de

Telephone: + 49 5361 9 40765



Ulrich Hauswaldt (Wolfsburg office)

Investor Relations Officer

E-Mail: Ulrich.Hauswaldt@volkswagen.de

Telephone: +49 5361 9 42224



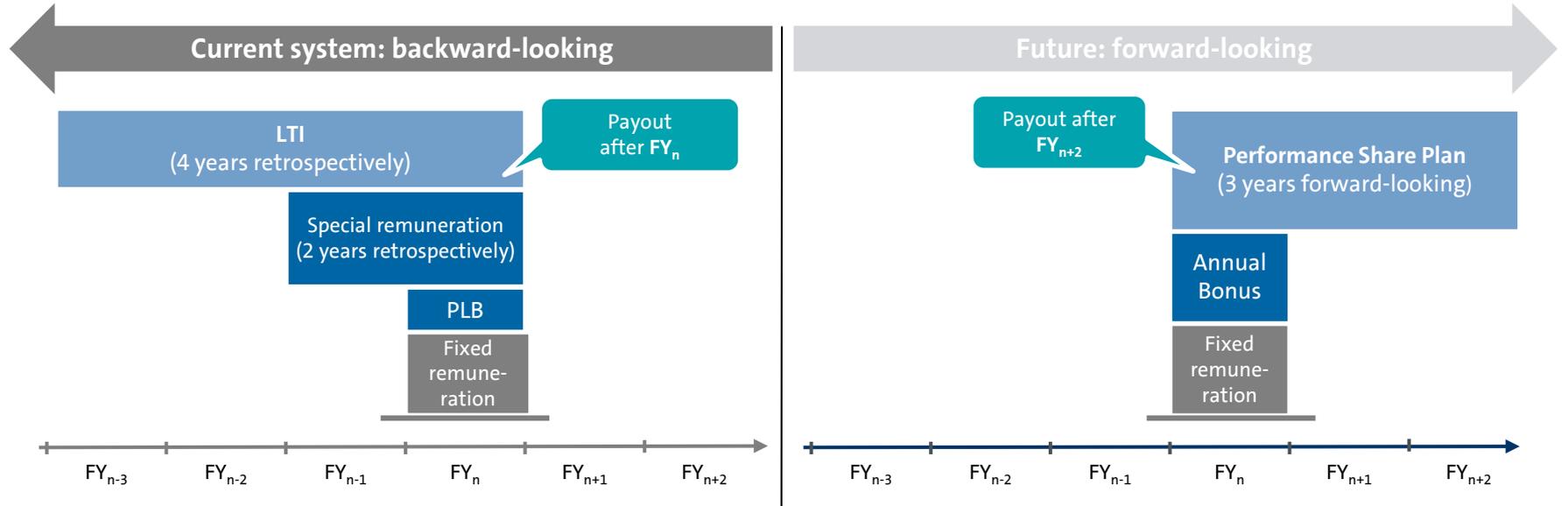
Lennart Schmidt (China office)

Investor Relations Manager

E-Mail: Lennart.Schmidt@volkswagen.com.cn

Telephone: + 86 10 6531 4732

The new remuneration system is designed to be completely forward-looking



Adjusted recommendation of no. 4.2.3 sec. 2 German Corporate Governance Code

“Variable remuneration components shall generally be based on a multi-year assessment, **which shall be materially related to the future.**”

Volkswagen I.D. VIZZION



Volkswagen Touareg



Audi A7 Sedan



ŠKODA Fabia



SEAT Arona



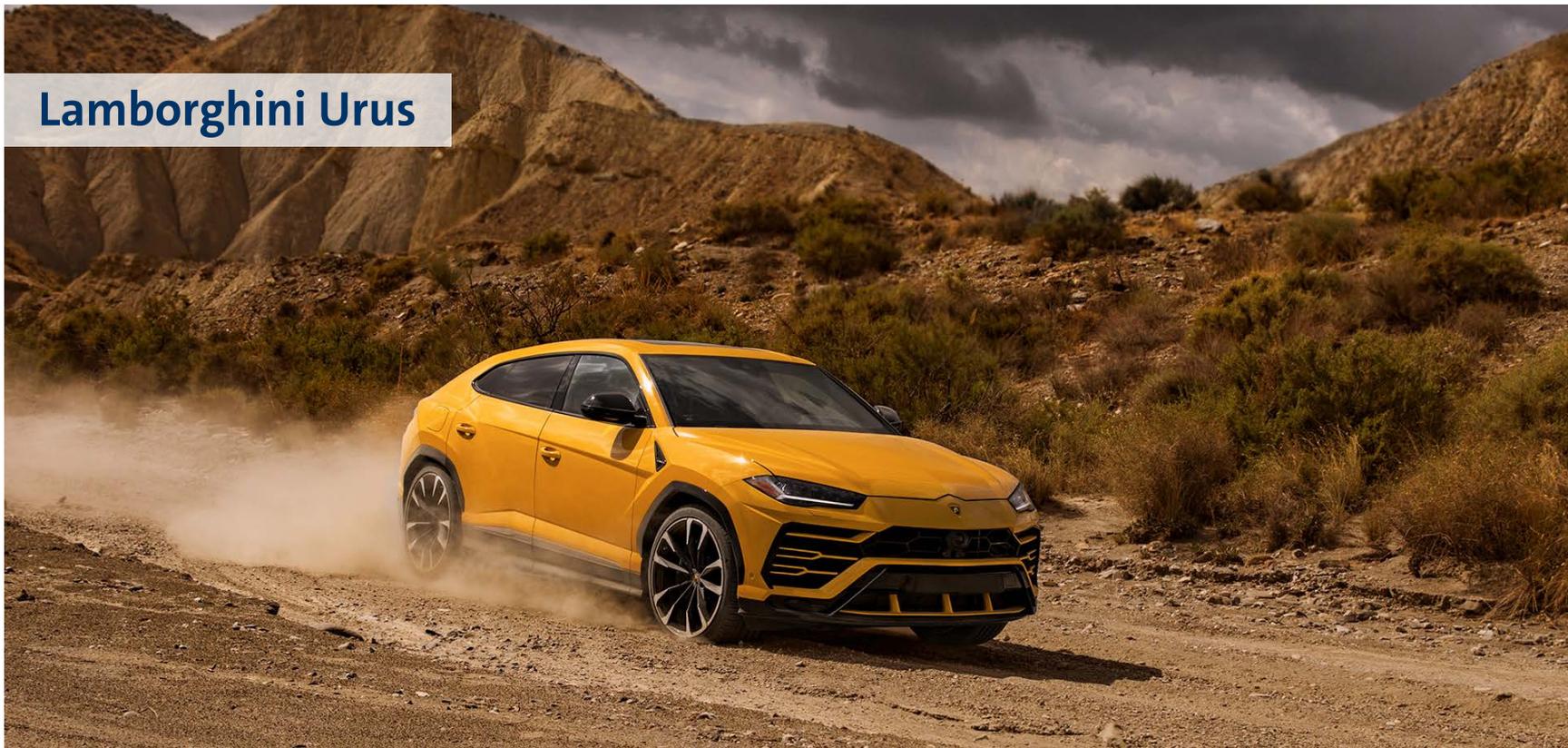
Porsche Cayenne



Bentley Continental GT



Lamborghini Urus



Volkswagen Amarok



MAN TGX 18.500

MAN TGE 5.180



Scania G 450 XT 8x4



“We are on the right path and are gaining momentum. We still have plenty of work ahead of us. But: we will reach our goal.”



T  **GETHER**
STRATEGY 2025