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VOLKSWAGEN
AKTIENGESELLSCHAFT

**We are
redefining
mobility.**

Volkswagen Group

Frank Witter

Chief Financial Officer

Deutsche Bank Global Auto Industry Conference, Detroit, 17 January 2018

Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

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.

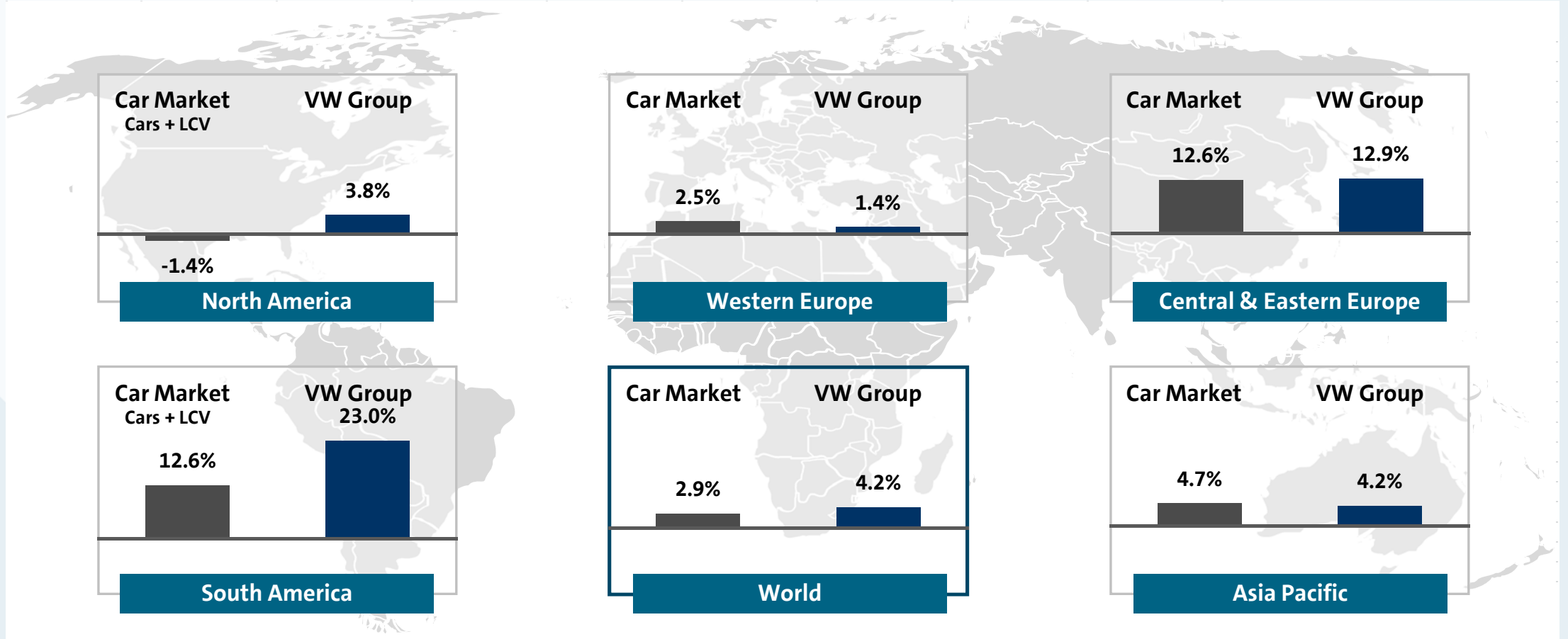
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We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

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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)

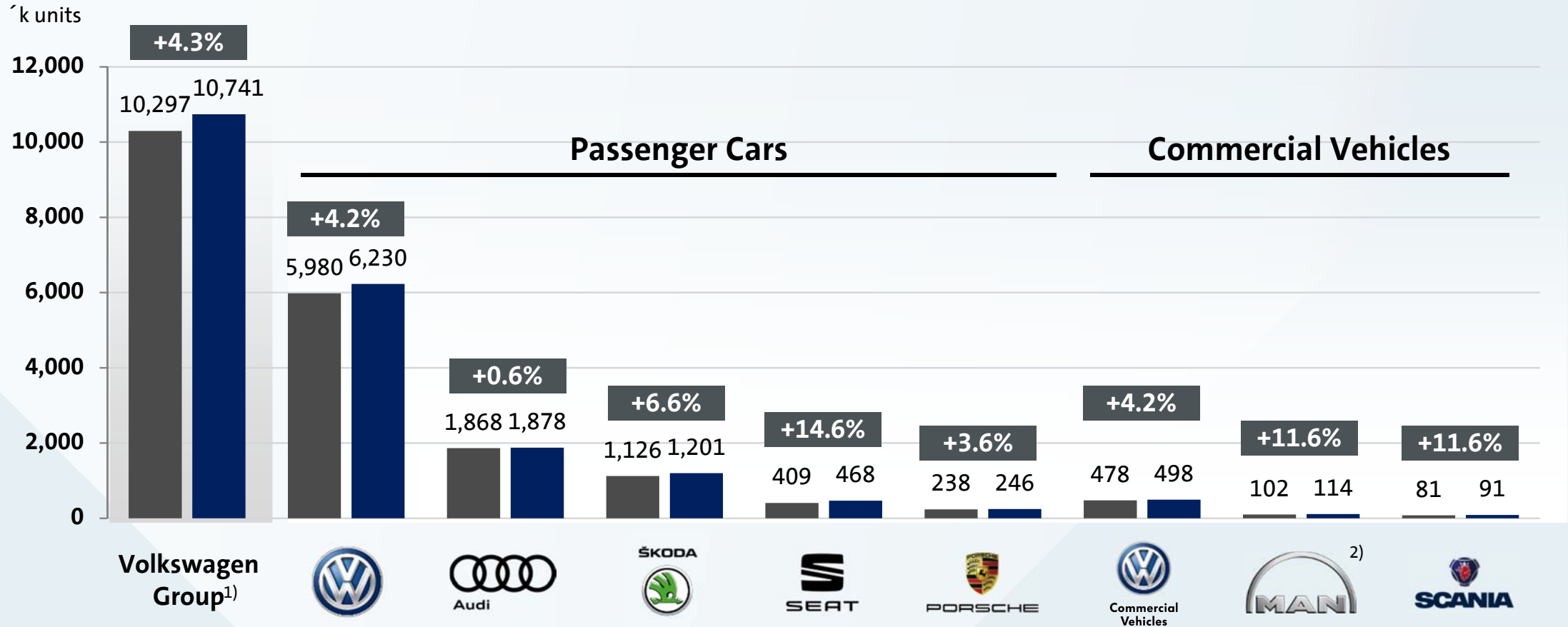


¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Deliveries to Customers by Brands

(January to December 2017 vs. 2016)

■ January – December 2016
■ January – December 2017



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.

Clear Financial Targets and Milestones

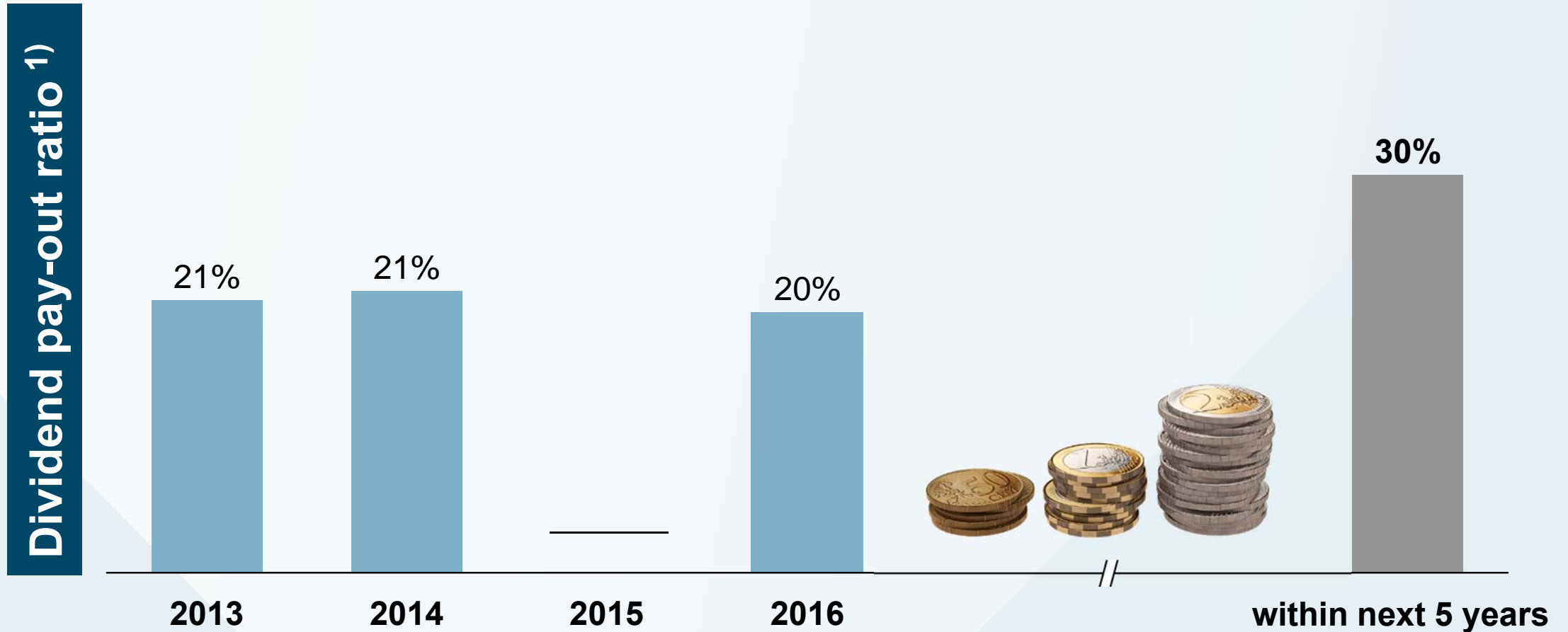
Key financial targets	2016 Actual	2017 Targets CMD March '17	2017 Outlook	2020 Targets	2025 Targets
Operating return on sales <u>Before</u> Special Items	6.7%	6-7%	moderately exceed 6-7%	6.5-7.5%	7-8%
Return on investment Automotive Division <u>before</u> Special Items	13.9%	11-13%	moderately exceed 11-13%	13-15%	> 15%
Capex ratio Automotive Division	6.9%	6.6%	~6.6%	6%	6%
R&D cost ratio Automotive Division	7.3%	6.7%	~6.7%	6%	6%
Cash					
Automotive Division					
a) Net Cashflow	€ 4.3 bn	negative	negative	≥ € 10 bn	> € 10 bn
b) Net Liquidity	€ 27.2 bn	> € 15 bn	> € 20 bn	> € 20 bn	~10% of Group turnover

Updating Guidance Group Financial Performance 2020

	Result 2016	
Sales revenue (€ bn)	217.3	
	<u>after</u> Special Items	<u>before</u> Special Items
Operating profit (€ bn)	7.1	14.6
Profit before tax (€ bn)	7.3	14.8
Earnings per Pref. Share	10.3 €	

2020 Update	
CMD March	PR 66
+ > 20 %	+ > 25 %
+ 25 %	+ ≥ 25 %
+ ≥ 25 %	+ ≥ 30 %
+ ≥ 25 %	+ > 25 €

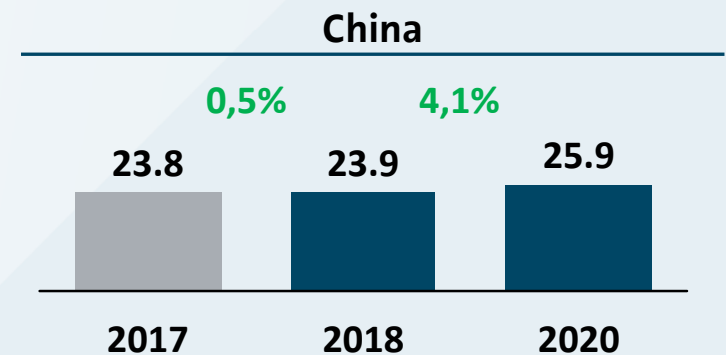
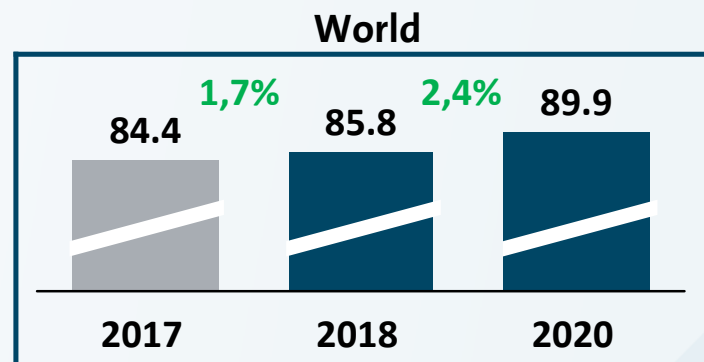
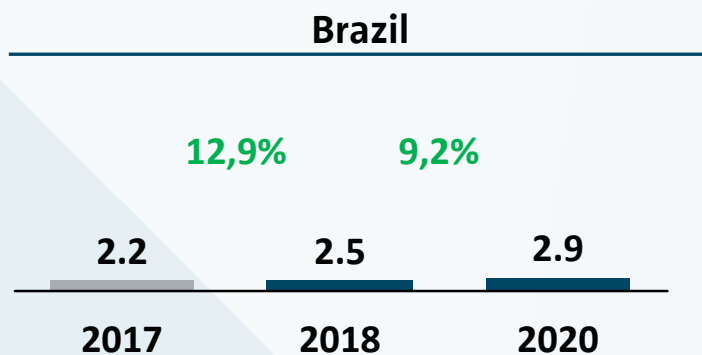
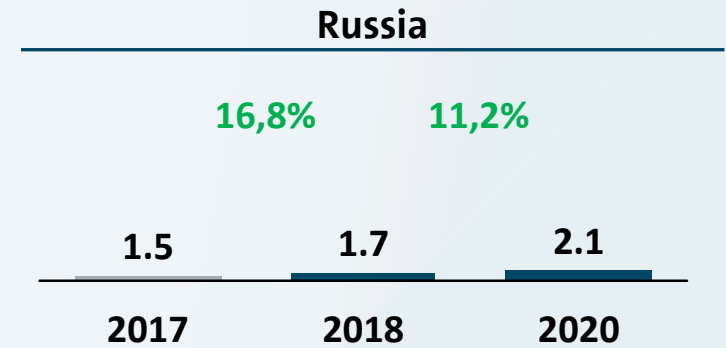
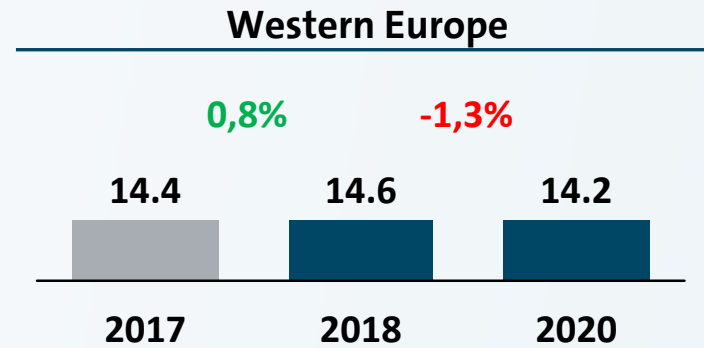
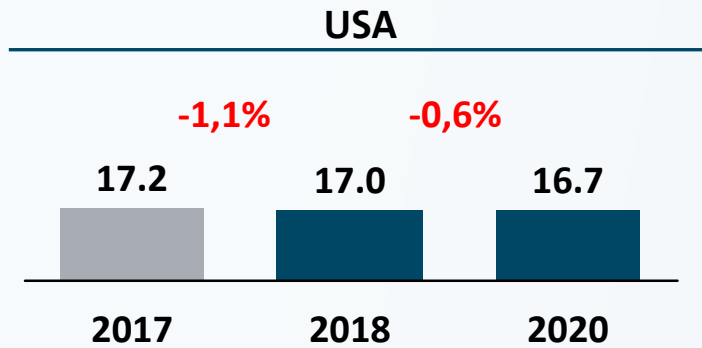
Sufficient Net Liquidity as a basis for increasing Payout toward target



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

Global Passenger Car Market 2017/2020

million units



Actuals Forecast

Upcoming Premium and Luxury models enhancing our portfolio

Premium / Luxury models:



Cayenne



A8 / A8L



Continental GT



Urus



A6



RS 4 Avant

Q4
2017

2018



Panamera Sport
Turismo



A7 Sportback



Q8



A1
Sportback



SQ2



Q3

Strong product momentum in Volume segments

Volume models:



T-Roc



up! GTI



Polo GTI



Touareg

Q4
2017

2018



Arona



Karoq



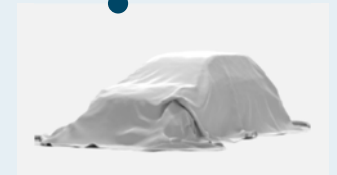
Tiguan LWB



Virtus (SAM)



Jetta (NAR)

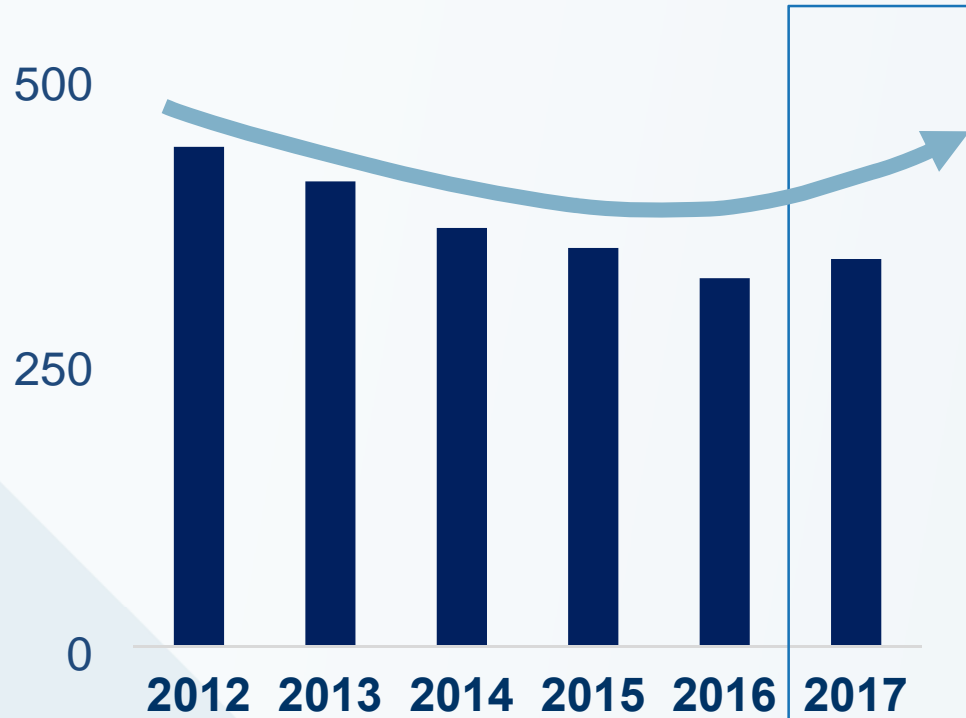


SEAT
Large SUV

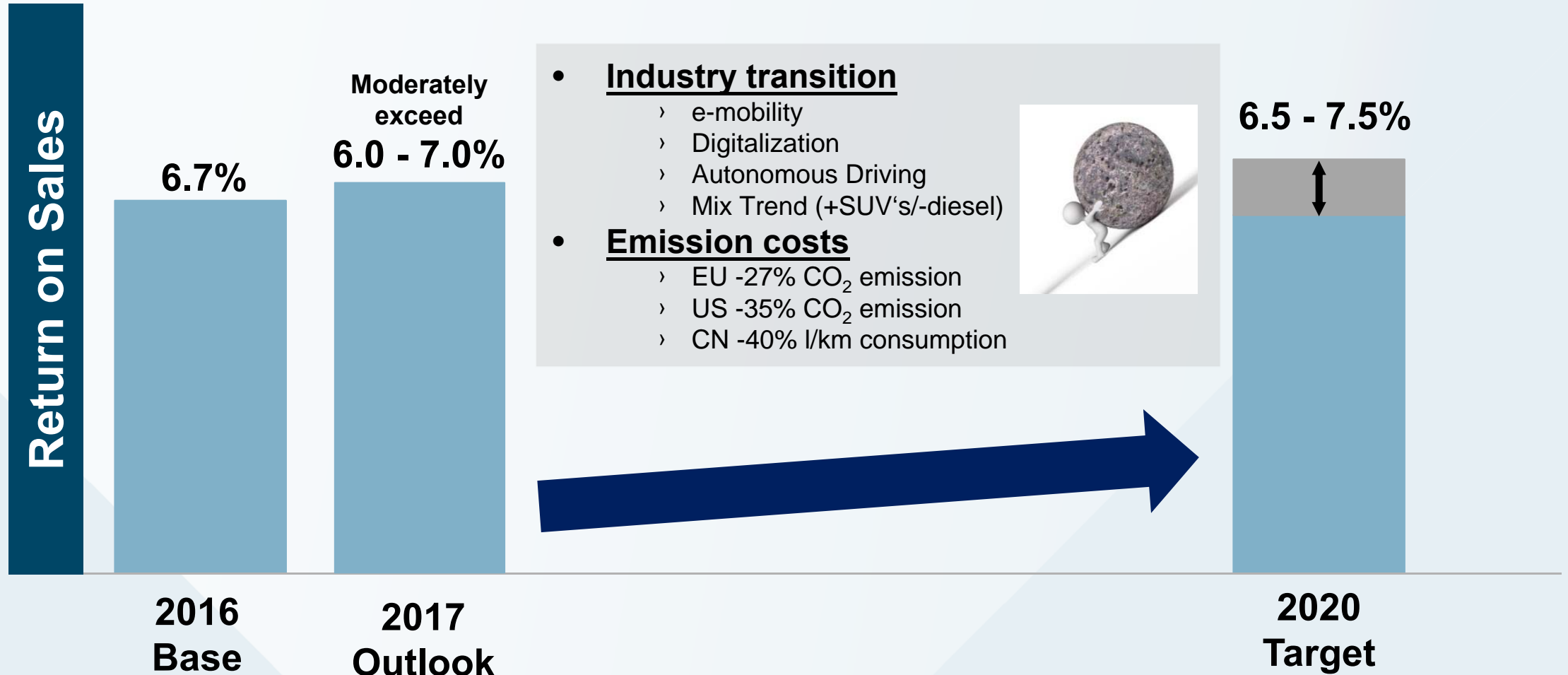
Dates: Market introduction of selected models / schematic overview

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

Deliveries to US customers, '000' units



The Big Picture – improving Group results despite significant headwinds



Responsibilities for Toolkit Architecture



MEB

(Modular Electrification Kit)



PPE

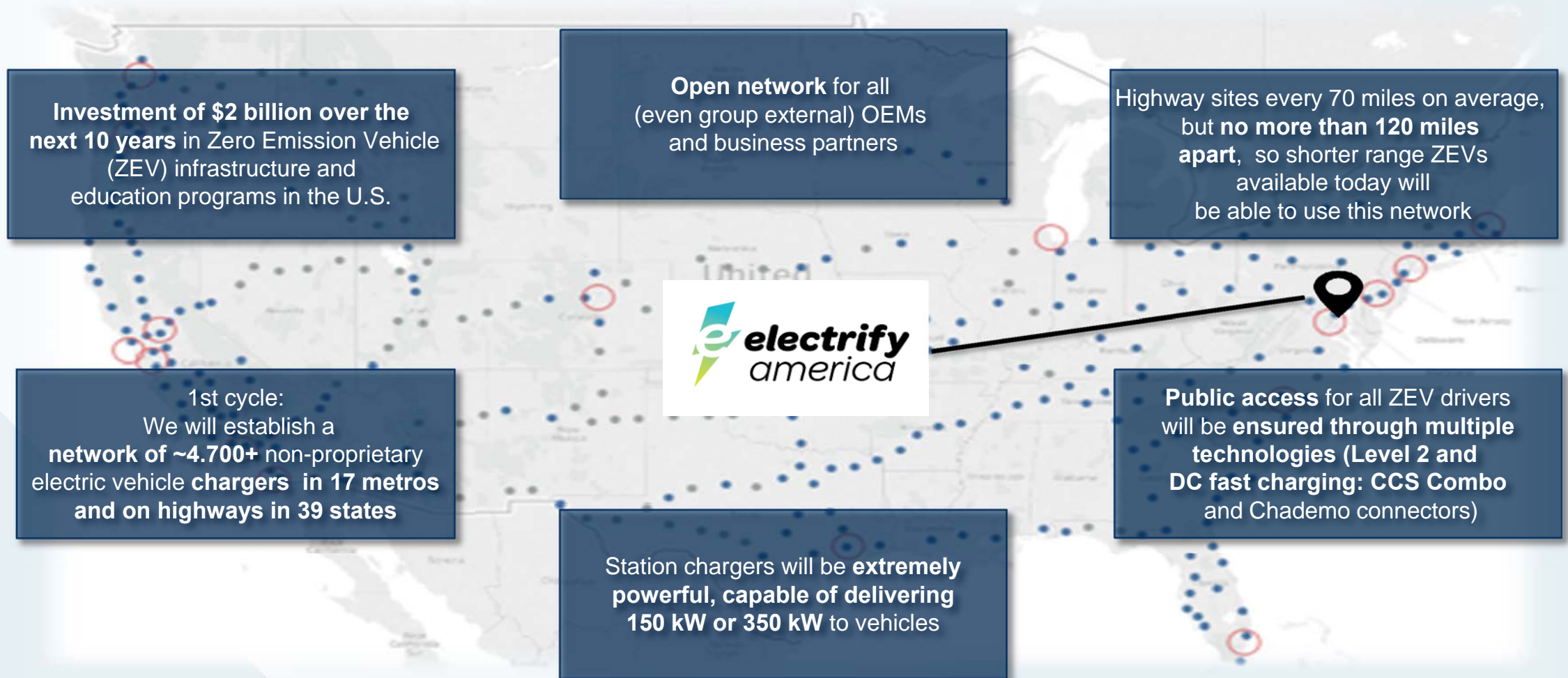
(Premium Platform Electric)



2018: With the Audi e-tron we will change the electric game



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

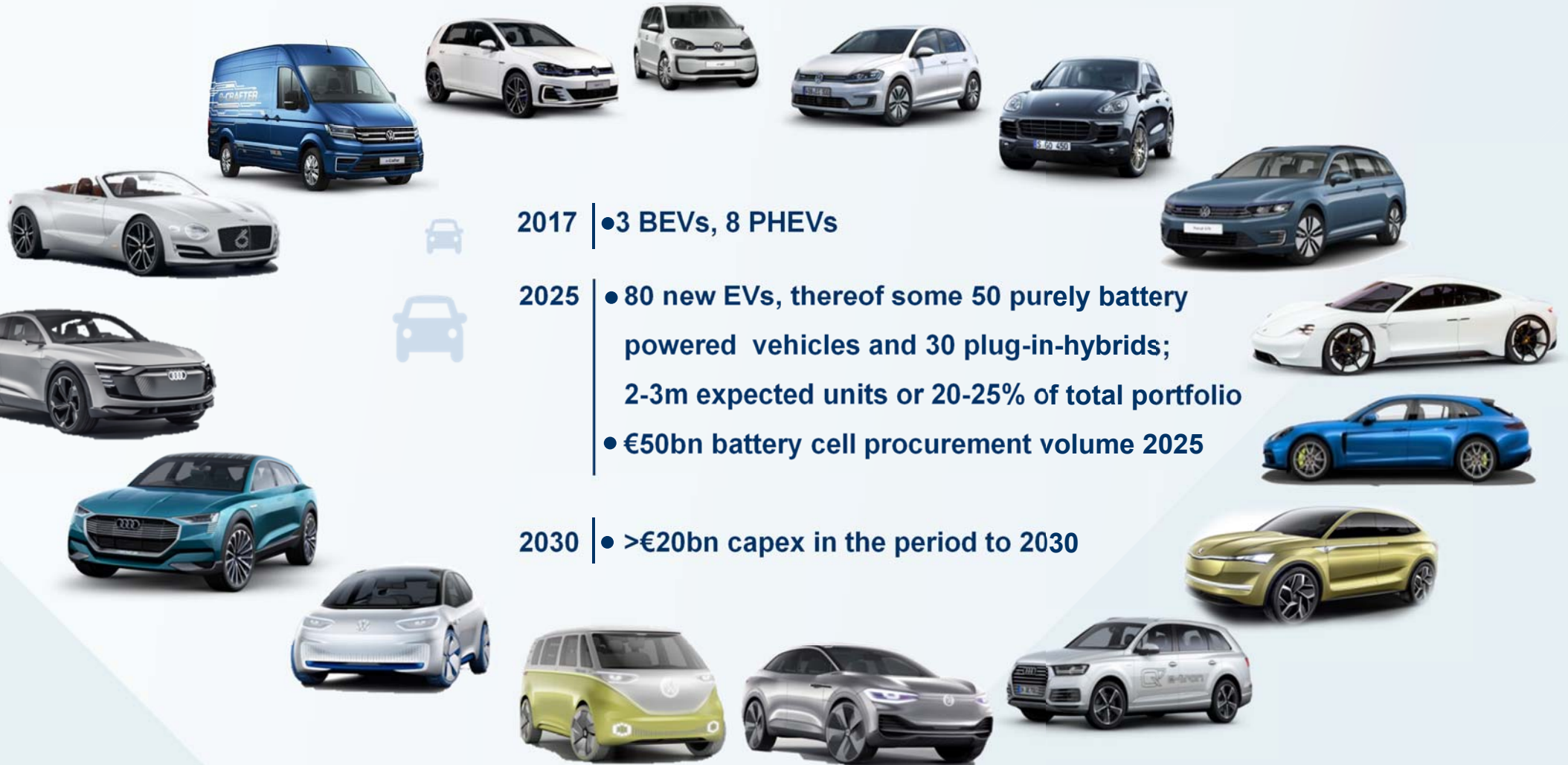
1st cycle:
We will establish a **network of ~4.700+** non-proprietary electric vehicle **chargers** in **17 metros** and on **highways in 39 states**



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)**

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



2017 | ● 3 BEVs, 8 PHEVs

2025 | ● 80 new EVs, thereof some 50 purely battery powered vehicles and 30 plug-in-hybrids;
2-3m expected units or 20-25% of total portfolio
● €50bn battery cell procurement volume 2025

2030 | ● >€20bn capex in the period to 2030

To Do's in the years ahead



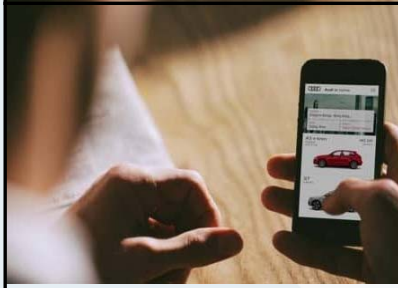
Improving the Core Business

- 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

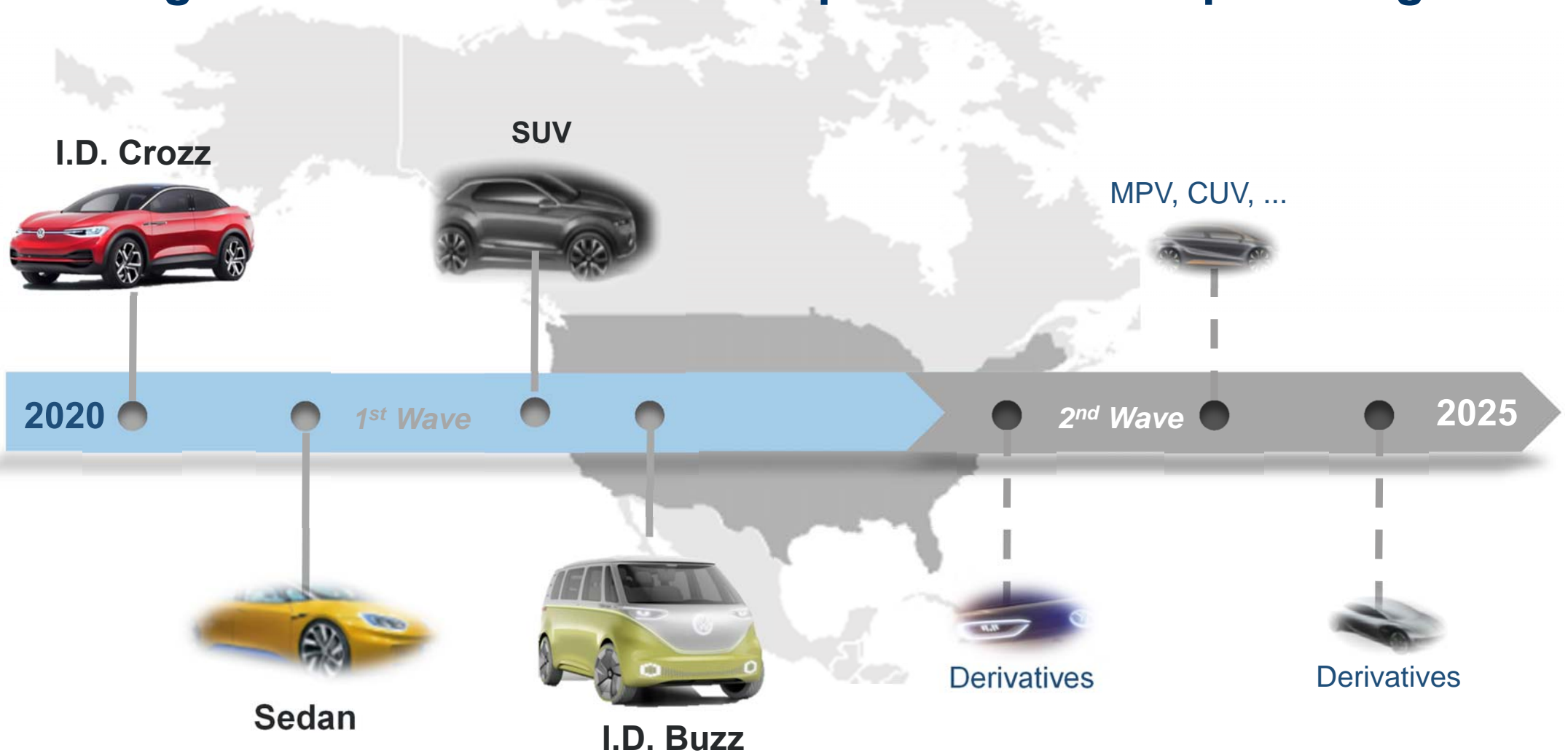


Strengthen Innovation Power

- Digitalization & Connectivity
- Profitable Mobility Services



Volkswagen Brand in the U.S. will expand BEV¹⁾ lineup starting in 2020



¹⁾ BEV: Battery electric vehicle

Highlights of Volkswagen's Electric lineup



I.D. Buzz



I.D. Crozz

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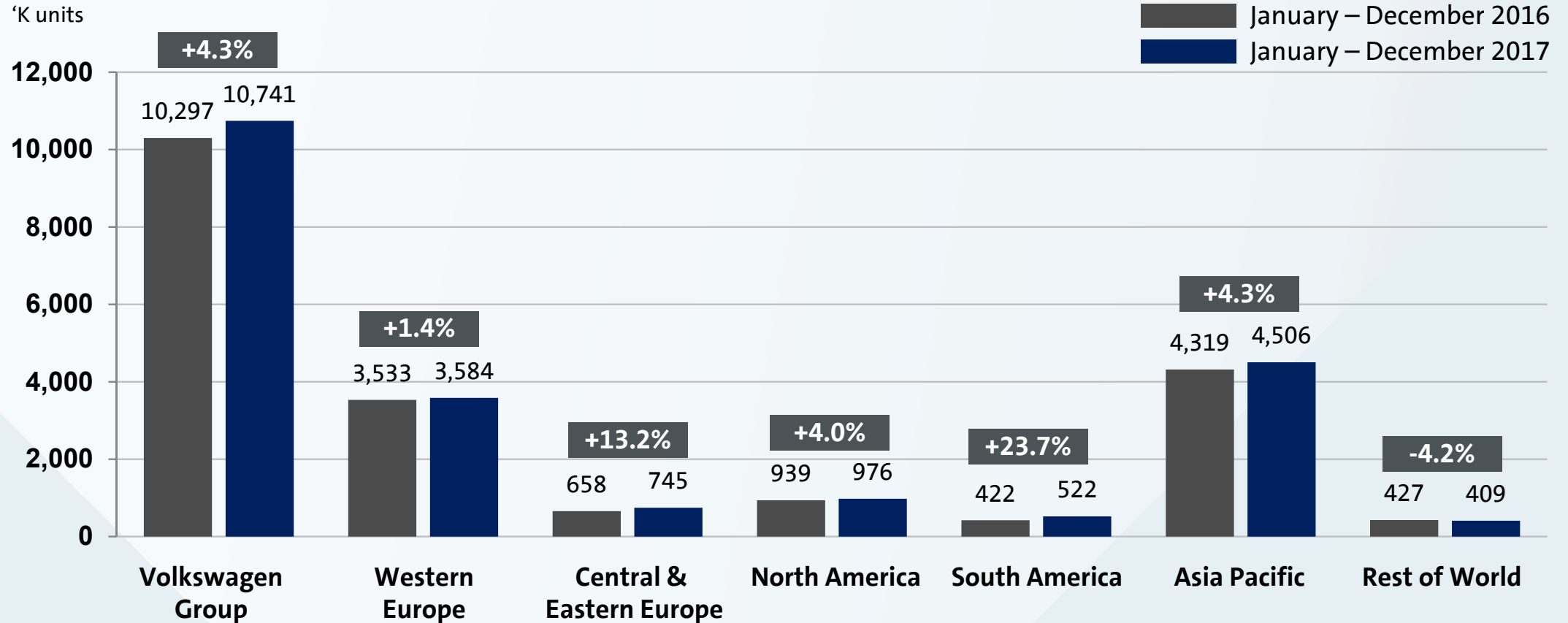
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Volkswagen Group – Deliveries to Customers by Markets¹⁾ (January to December 2017 vs. 2016)



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