

VOLKSWAGEN

AKTIENGESELLSCHAFT

Shaping the transformation together.

Investor Update, London, 27 March 2018

Frank Witter, Chief Financial Officer

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, 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. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore 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 in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

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Setting the Stage

Financial Results 2017 : Further Milestones reached to deliver Strategy 2025



We are generating significant cash!



We understand value creation!



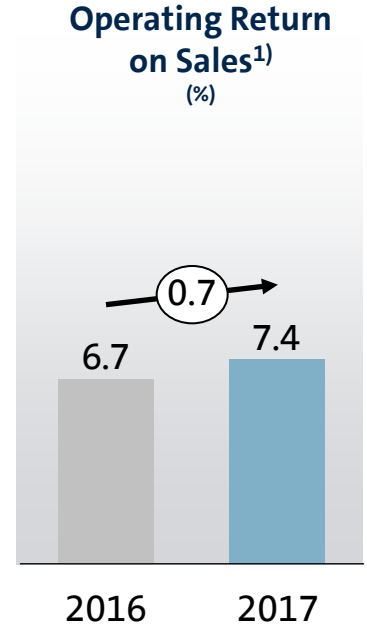
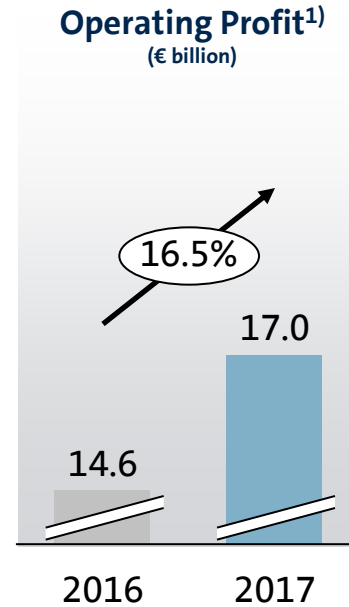
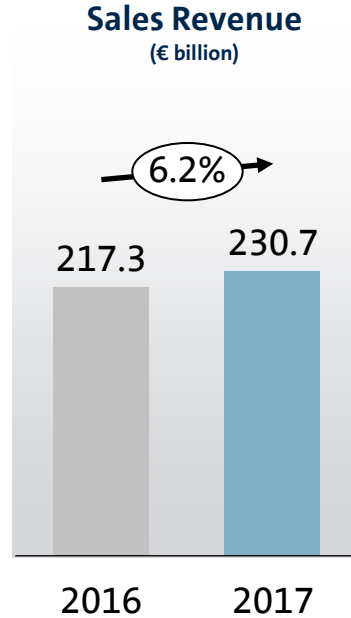
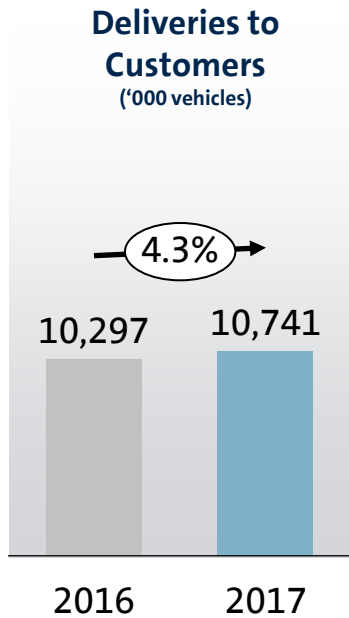
We will pay an attractive dividend!



Core Strategy 2025 is being ruthlessly pushed forward!



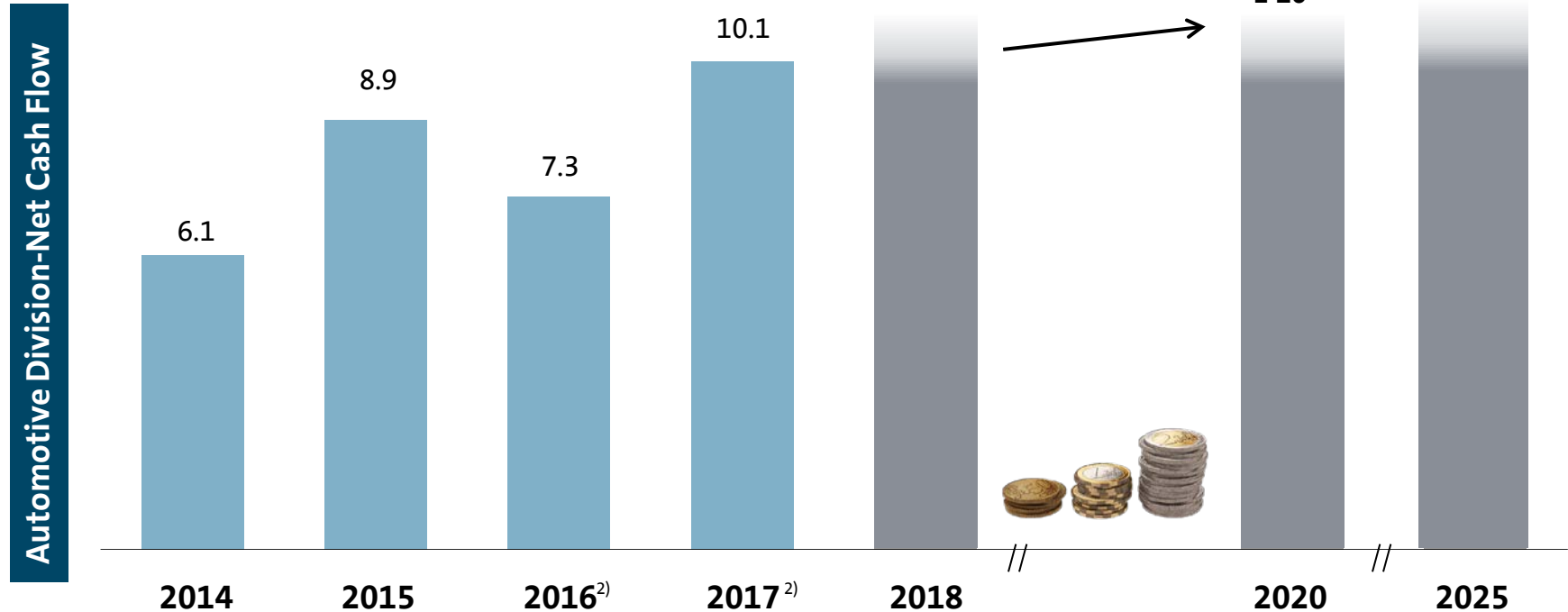
Volkswagen Group – 2017 Record Year



¹⁾ before Special Items.

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

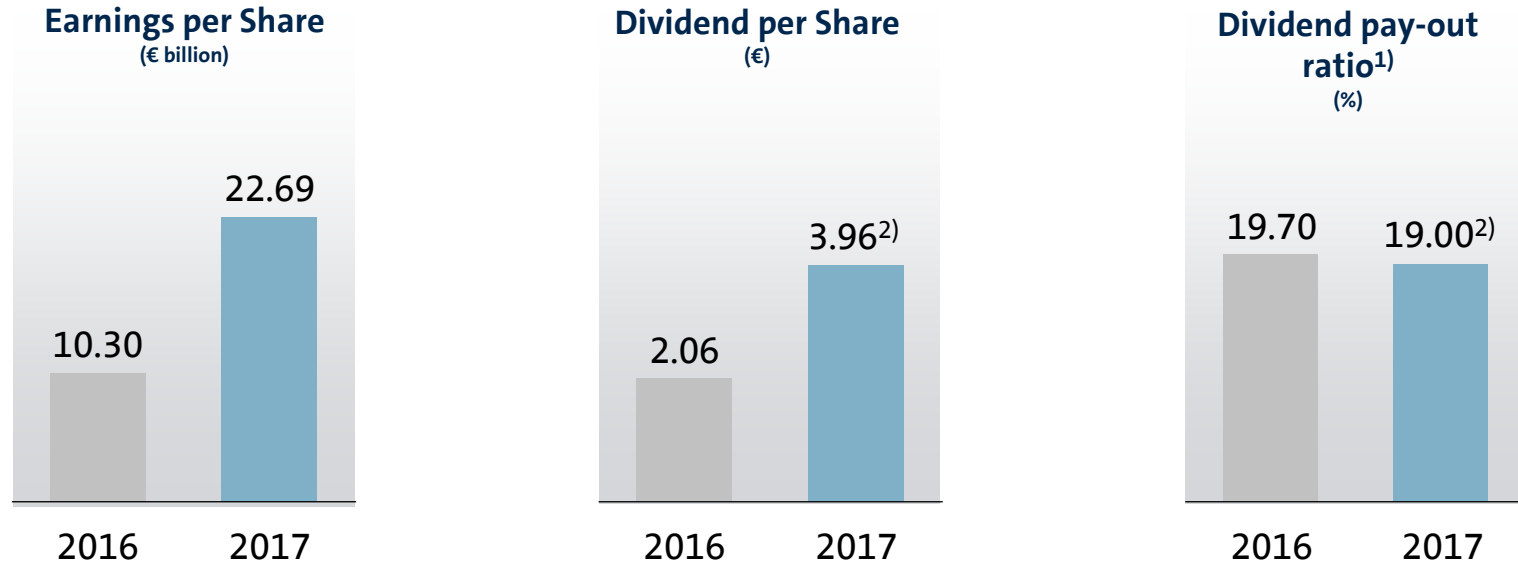
in € billion



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) will be approved at the Annual General Meeting in May 3rd.

Common challenges Automotive Industry

<p>Combustion Engine WLTP</p>		<p> Cost</p>	
<p>Economy</p>		<p>Overdue for Cooling</p>	
<p>E-Mobility</p>		<p>Low Profitability</p>	
<p>New Competitors</p>		<p>New Technologies</p>	
<p>CO₂</p>		<p>Risk of Penalties</p>	

Group Milestones: The road to 2025

Key financial targets	2016 Actual	2017 Outlook	2017 Actual	2018 Outlook	2020 Targets	2025 Targets
Operating return on sales <i>Before</i> Special Items	6.7%	moderately exceed 6-7%	7.4% ✓	6.5-7.5%	6.5-7.5%	7-8%
Return on investment Automotive Division <i>before</i> Special Items	13.9%	moderately exceed 11-13%	14.4% ✓	12-14%	13-15%	> 15%
Capex ratio Automotive Division	6.9%	~6.6%	6.4% ✓	6.5-7% ⚡	6%	6%
R&D cost ratio Automotive Division	7.3%	~6.7%	6.7% ✓	6.5-7% ⚡	6%	6%
Cash						
a) Net Cashflow Automotive Division	€ 4.3 bn	negative	€ -6.0 bn ✓	≥ € 5 bn	≥ € 10 bn	> € 10 bn
b) Net Liquidity	€ 27.2 bn	> € 20 bn	€ 22.4 bn ✓	> € 20 bn	> € 20 bn	~10% of Group turnover

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.

Focus Areas



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

Volkswagen Group Appendix

Volkswagen I.D. VIZZION



Events 2018

- 
- A large conference room with a stage and audience. The stage features a large screen displaying the Volkswagen logo and the text 'VOLKSWAGEN AKTIENGESELLSCHAFT'. Several people are seated at a long table on the stage. The audience is seated at long tables in the foreground, facing the stage. The room has a modern, industrial feel with large windows and high ceilings.
- 26. April 2018** Interim Report January – March 2018
 - 03. May 2018** Annual General Meeting 2018 in CityCube Berlin
 - 01. August 2018** Half-Yearly Financial Report 2018
 - 30. October 2017** Interim Report January – September 2018

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