



Volkswagen

Press Conference Berlin

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“Volkswagen: The Digital Transformation”

August 23, 2018





Volkswagen

Press Conference

August 23, 2018 | Berlin

Booklet

Check against delivery

1. Facts

2. Charts

Press Conference Berlin

“Volkswagen: The Digital Transformation”

Introduction

The automobile will play a fundamentally different role in tomorrow's world of mobility. Alternative drives are conquering the markets. Digital technologies are triggering the most revolutionary changes since the invention of the motor vehicle. And new competitors are entering the arena. They may not have decades of experience in the mass production of automobiles. But they do have a new, valuable skill: they develop software at a breathtaking speed, weaving it into digital ecosystems.

This is where the Volkswagen brand's "Transform 2025+" strategy steps in as the brand sets out to play a leading part in shaping the change. With our own software know-how and the strength of external partners we are building an ecosystem that turns the automobile into a central hub in the Internet of Things. Digital offerings and services will make the automobile even more attractive and enable our customers to take their worlds into their vehicles.

Strategic framework

The Volkswagen Group is one of the world's largest automaker with a fleet of around 120 million worldwide. Each year, our 12 brands put some 11 million new vehicles on the road.

Volkswagen is the Group's leading brand. For decades, the brand has provided safe, reliable mobility for broad sectors of the population and made technology affordable. With more than 70 million vehicles on roads all over the world, Volkswagen has the world's largest fleet. Some 85 % of all Group vehicles are equipped with Volkswagen technology. Over 55 million Group vehicles are based on the first-generation of the

Modular Transverse Toolkit (MQB) developed by Volkswagen. And an additional 50 million will be based on the second generation. We build over 60 models at 50 production locations in 14 countries for our customers in over 150 markets. Last year alone, we delivered 6.23 million vehicles. This size and scope make Volkswagen a global player in the auto industry.

With its "Transform 2025+" strategy, the brand has launched the biggest change process in its history. The mission: to play a leading role in the new automotive industry by 2025, to set up innovative mobility solutions, and to become the world market leader in e-mobility.

There are three phases to the strategic realignment: an SUV offensive with new products such as the T-Roc strengthens core business in the first phase. Today, almost one in five Volkswagen worldwide is a SUV. From 2020 onwards, the I.D. family will make its debut as an entirely new generation of electric cars that simultaneously offers new connectivity possibilities and becomes part of the Internet of Things. The third phase of the Volkswagen strategy brings new business models and mobility solutions – robotaxis, for example, fully automated, driverless vehicles that navigate through cities.

Technical transformation

We are facing two radical changes when it comes to transforming the automobile: the first is the transition from conventional to electric drives, and the second is vehicle connectivity. We are heralding the advent of the electric car era with an entirely new vehicle platform. The modular electric toolkit (MEB) is the basis for our I.D. electric family; starting in 2019, this toolkit will gradually be rolled out in over 10 million electric vehicles throughout our Group. We are aiming to sell over 220,000 I.D. models worldwide by 2020.

We will also be setting new benchmarks with a new IT-architecture in the car, which will debut with the I.D. family. This architecture dispenses with separate control units

and their specific software – there are up to 70 such units in present-day vehicles. Instead, vehicle intelligence is concentrated in just a few central computers that run on the new “vw.OS” operating system. This liberates software from hardware and lays the groundwork for continuous updates and upgrades throughout the vehicle’s life cycle.

We have a two-stage approach to fleet connectivity. We are first focusing on vehicles already on the road: the “Volkswagen Connect” retrofit we are offering for vehicles with no online access will connect some 1.5 million vehicles with the internet. And in excess of 5 million new fully-connected Volkswagens will be added each year.

The I.D. family, a new generation of fully-connected electric vehicles, takes to the road in the second stage. And this will be followed by the systematic expansion of the ecosystem as a Group-wide platform.

Our vision

We want to evolve from an automaker to a mobility service provider with connected vehicles. We want to transform the automobile into part of everyday life – always connected, always up-to-date, something that enriches the lives of our customers and satisfies their mobility needs. Our ecosystem is designed to enhance the Volkswagen experience on wheels and create a strong community.

In short – we want to reinvent Volkswagen!

We are not making this journey on our own. We are setting out for the future in the company of strong partners: dealers, startups, creatives, developers, technology leaders, agencies.

What we are working on

We are convinced that tomorrow's mobility must be a seamless experience accessible to everyone. We are working very hard to create the right conditions for achieving this goal. We are focusing on three elements: we are realigning our sales model, building the technological platform for our ecosystem, and developing new services and offerings based on this system.

New sales model

For the first time, the new dealer contracts give us as a manufacturer the opportunity to make direct contact with our customers – throughout the vehicle's lifetime. Until now, that has been our dealers' privilege.

Now, in the digital age, we can provide our customers with tailor-made offerings that do not involve them visiting a workshop – software upgrades, for example. Going forward, customers will have their own personal ID, giving them unique access to the Volkswagen universe and serving as a means of authentication. Combined with the individual vehicle ID and the individual dealer ID, this creates a triangle for future customer contacts and customer relations, and brings the prospect of 100% personalized offerings.

We are thus adding new services to the traditional core business of car sales with financing, maintenance and service, new services only made possible thanks to direct connectivity: charging and billing services for electric vehicles, fleet management and car sharing services, e-commerce applications, and much more. And we are basing all of this on the greatest possible transparency and an all-out commitment to strict data protection standards at national and European level.

Digital platform

To realize these new offerings, Volkswagen is working flat out on a digital platform – the “One Digital Platform” (ODP). This platform is the technical framework for the Volkswagen ecosystem with its services and offerings.

Designed as a cloud solution, the platform not only connects the automobile with the new online world, but can also be used and operated from all the customer’s end devices – be it a smartphone, computer, tablet or the car infotainment system. The Volkswagen brand is spearheading the development of the ODP and the platform will be rolled out throughout the Group. The advantage is that we can leverage synergies while still ensuring an individual customer experience for each of our 12 brands thanks to the flexibility of the software that runs on the platform. We are developing the ODP using our own competence plus the know-how of external partners. Apart from participations and cooperation projects, we are also planning acquisitions in order to swiftly gain and maintain momentum.

The platform itself has a two-part structure: the first part focuses on the vehicle and offers a close connection with the vehicle infrastructure, enabling both continuous updates and upgrades as well as basic functions such as natural voice control in the vehicle. The second part of the structure, the service side, covers customer-oriented services such as parking or delivery services. Non-owners can access the platform via smartphone or tablet to use services such as car sharing.

“Volkswagen We” digital ecosystem

The “Volkswagen We” ecosystem is the centerpiece of our digital realignment. Based on the digital platform, it will be the host for services and value added offerings. It also has open interfaces and encourages third parties to participate in creating a Volkswagen

community by contributing their own software. That is why we expect to see exponential user growth in the coming years.

We already offer our customers the following apps:

- "We Park" (parking app with integrated billing)
- "We Deliver" (parcel delivery to the trunk of your car)
- "We Experience" (personalized offerings and recommendations in the vicinity of your parking space)

Volkswagen is now expanding its portfolio with "We Share" and entering the car sharing segment. This service debuts in Berlin in 2019 and comprises 2,000 electric Volkswagens (e-Golf¹ & e-up!²). The fleet will gradually switch to models from the I.D. electric family from 2020. Following the launch in Berlin, "WeShare" will also roll out in further major German cities, and it is planned to enter core markets in Europe as well as selected cities in North America from 2020.

Outlook

Volkswagen is systematically pursuing the transformation of its core business. Through 2025, we will be investing some €3.5 billion in the digital transformation and developing new earnings potential. We anticipate sales revenue running into billions and expect to see further growth post-2025.

¹ e-Golf: Stromverbrauch, kWh/100 km: kombiniert 12,7; CO₂-Emission kombiniert, g/km: 0; Effizienzklasse: A+

² e-up!: Stromverbrauch, kWh/100 km: kombiniert 11,7; CO₂-Emission kombiniert, g/km: 0; Effizienzklasse: A+



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**All documents are available from:
www.volkswagen-newsroom.com/en**

Beyond the car - The digital transformation of Volkswagen

Berlin, August 23, 2018

Jürgen Stackmann

Member of the Board of Management Volkswagen Passenger Cars
Sales, Marketing & After Sales

Berlin, August 23, 2018

Beyond the car - the digital transformation of Volkswagen

Moving people

Mass mobility until 80s
Democratization of auto-mobility



Globalization

Moving people upwards

Individual mobility 90s to date
Quality-based price premium



Transformation

Moving people forward

Mobility ecosystem 2025
New value in a connected world



We are working on a Group-wide seamless digital ecosystem for mobility



Building a software platform



Development of fully connected services



Permanent updates & upgrades

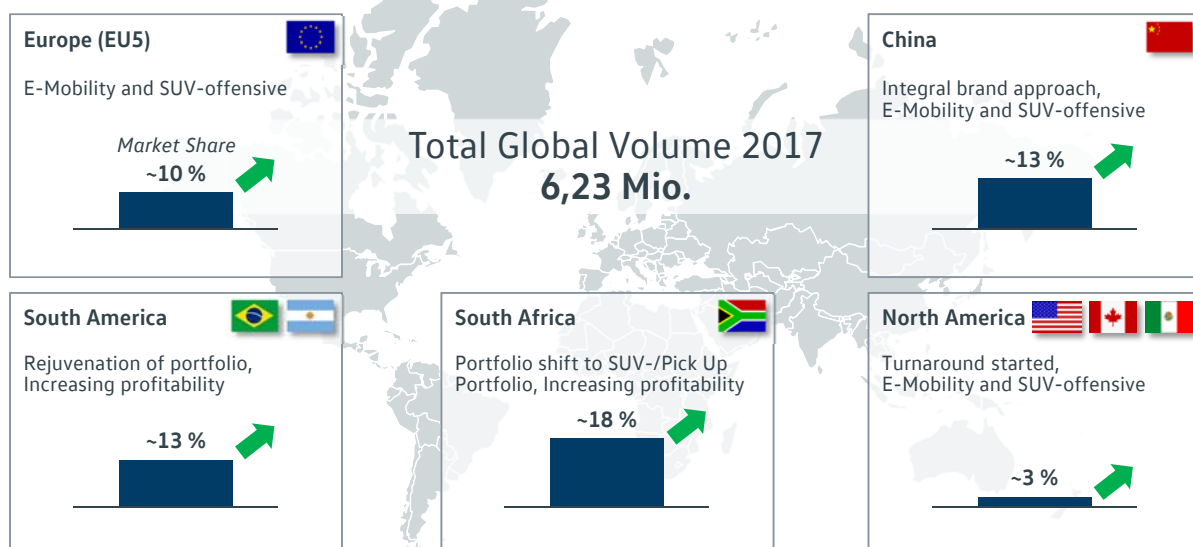


Michael Jost

Chief Strategy Officer Volkswagen Brand and Product for the Group

Berlin, 23.08.2018

The Volkswagen Brand is a real Global Player



Volkswagen is a strong global brand



66 models in more than **150** markets

Modular technology for more than **80%** of Group vehicles

Electric car platform already for more than **10 million** vehicles

More than **6.23 million** vehicles delivered in 2017

Sales revenue of over **€80 billion**

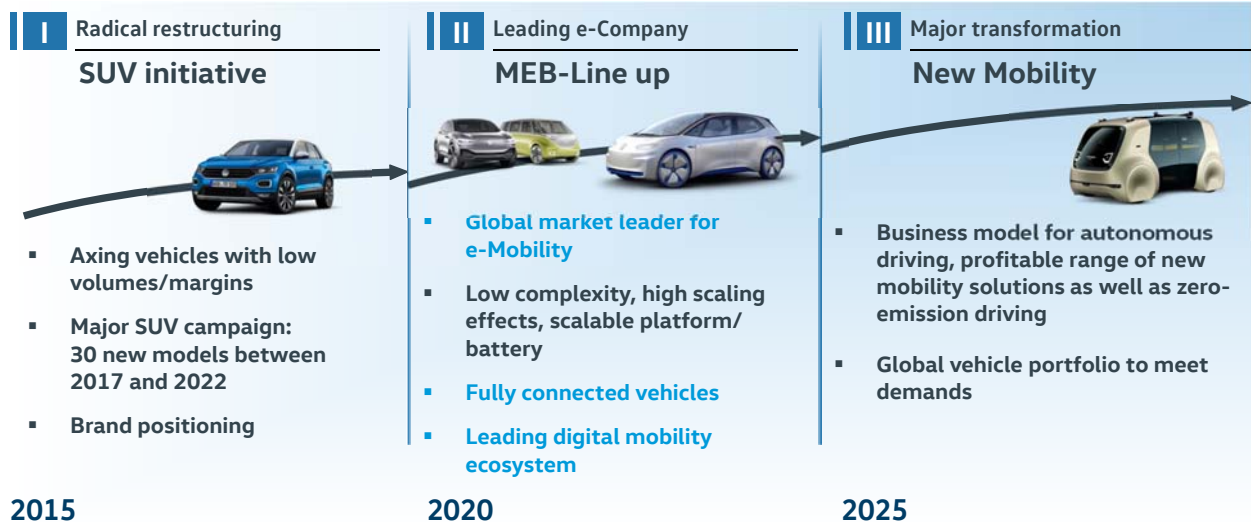
200,000 employees

45 production locations in **14** countries



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Volkswagen's strategy in three phases



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Volkswagen drives two major transformations



Modular toolkit (MQB)

- More than 55 million vehicles in 1st generation
- More than 50 million vehicles in 2nd generation

2nd Transformation



End-to-End Electronic Architecture (E³)

- Connectivity
- Updates & Upgrades
- Autonomous Driving
- Driver Assistance Systems

Conventional powertrains

Electromobility

Fully connected vehicle and Autonomous Driving



1st Transformation

Modular Electric platform (MEB)

- More than 10 million vehicles in the project phase



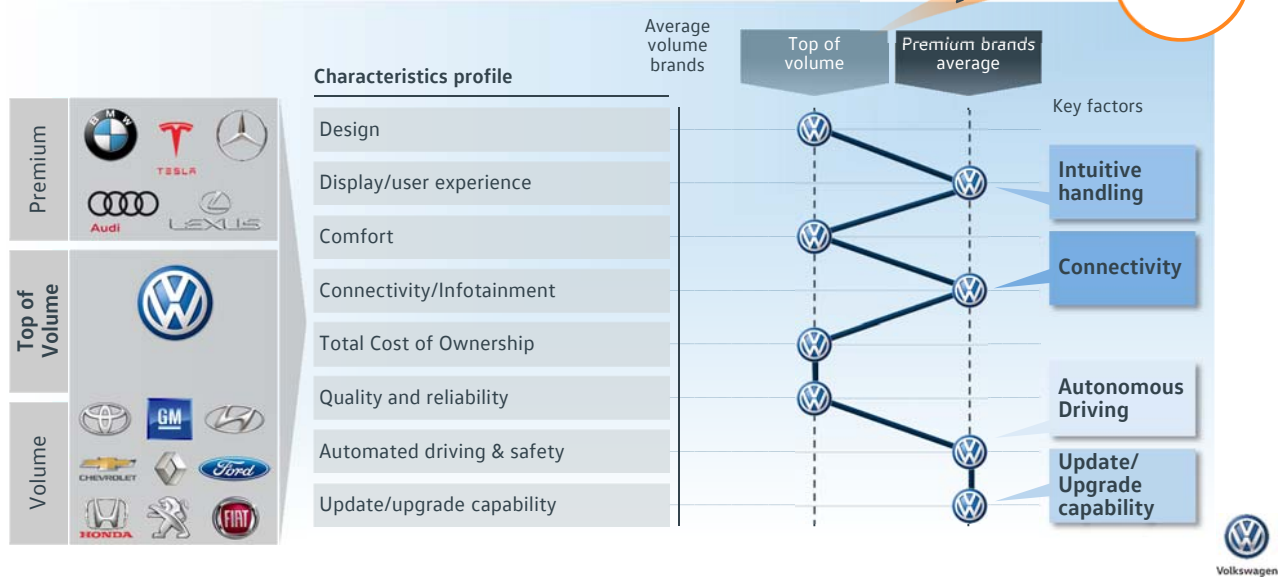
The I.D.-family will set a new standard in the electromobility



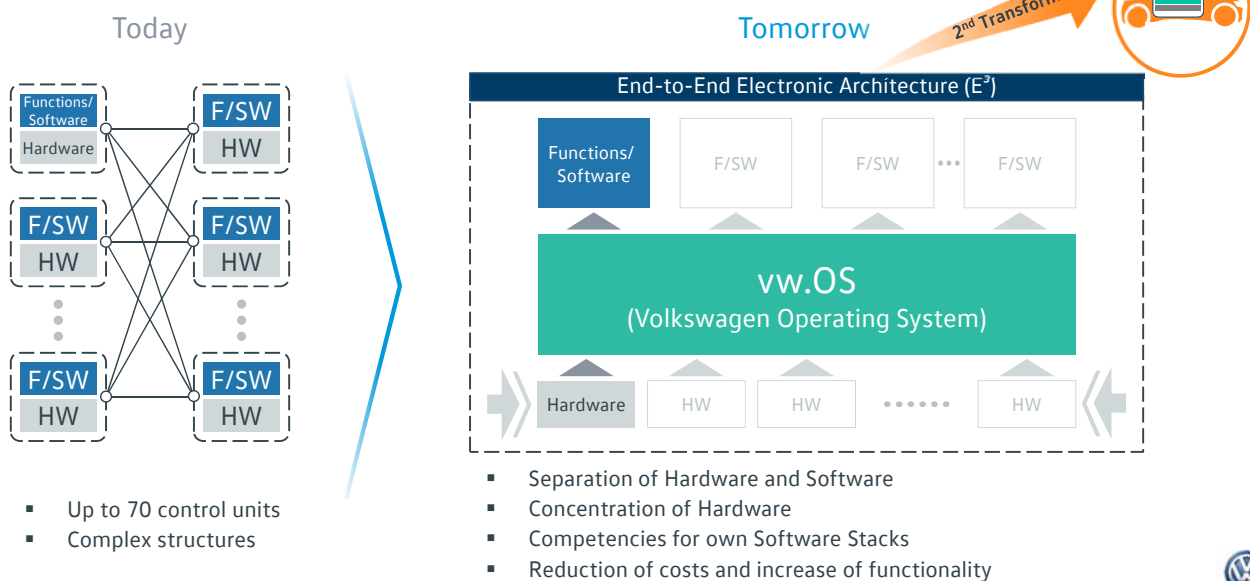
1st Transformation



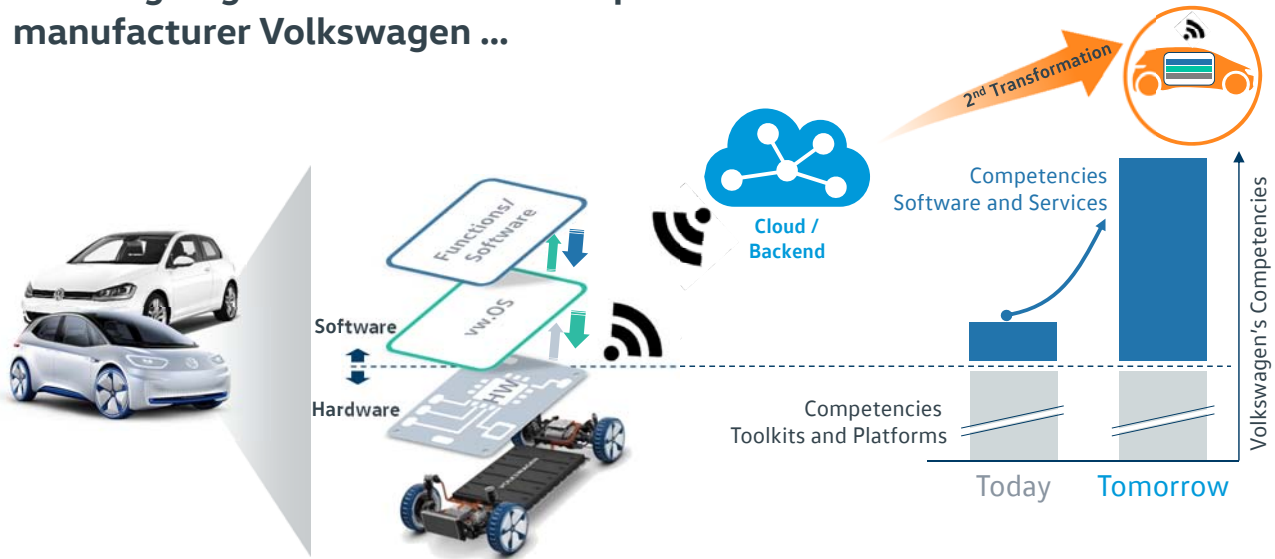
Top of Volume means: Volkswagen is setting benchmarks in key factors for our customers



The vw.OS and the new electronic architecture constitute the centerpiece for the fully connected vehicle



We are going to add Software competencies to the car manufacturer Volkswagen ...



... in order to allow our customers the seamless integration in Volkswagen's digital ecosystem



Jürgen Stackmann

Member of the Board of Management Volkswagen Passenger Cars
Sales, Marketing & After Sales

Berlin, August 23, 2018

Our vision

Volkswagen continues to build superior cars

Volkswagen cars become a device on wheels

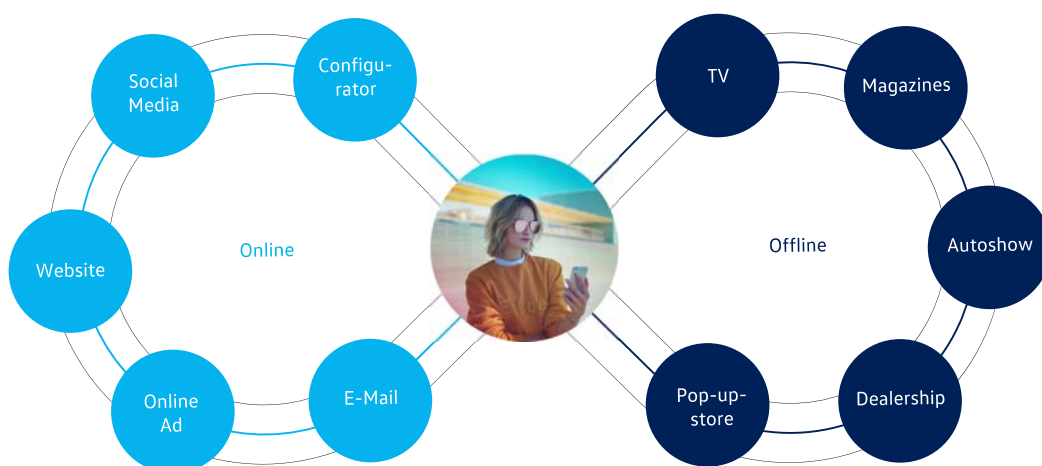
Volkswagen customers become part of a connected ecosystem

Volkswagen provides the platform for a new kind of mobility experience

Volkswagen is shaping the mobility of tomorrow



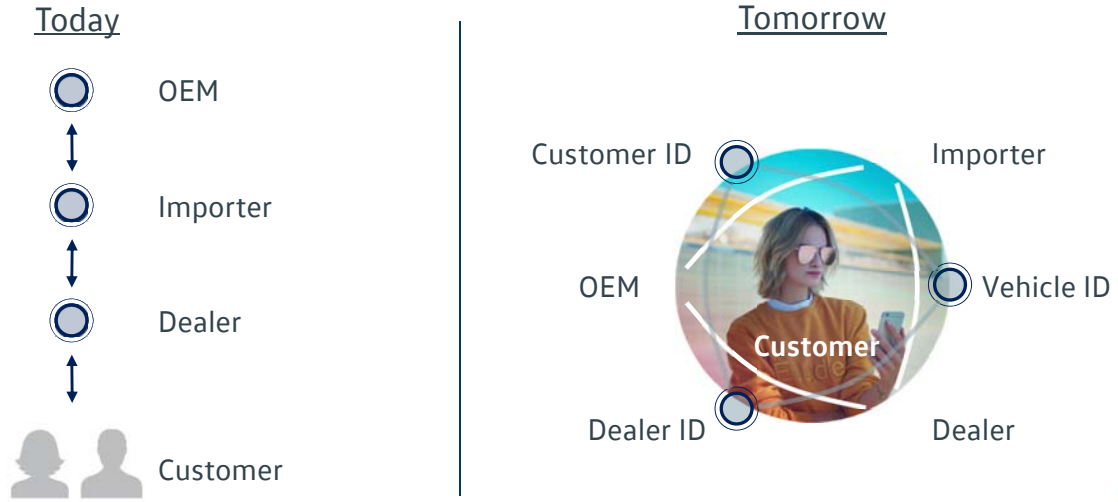
Tomorrow's mobility calls for a unique brand experience and a seamless journey across all touchpoints



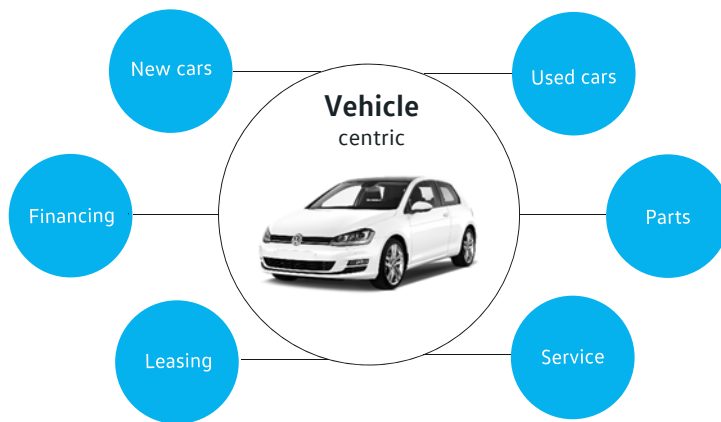
From an anonymous customer to a customer with **ONE ID**



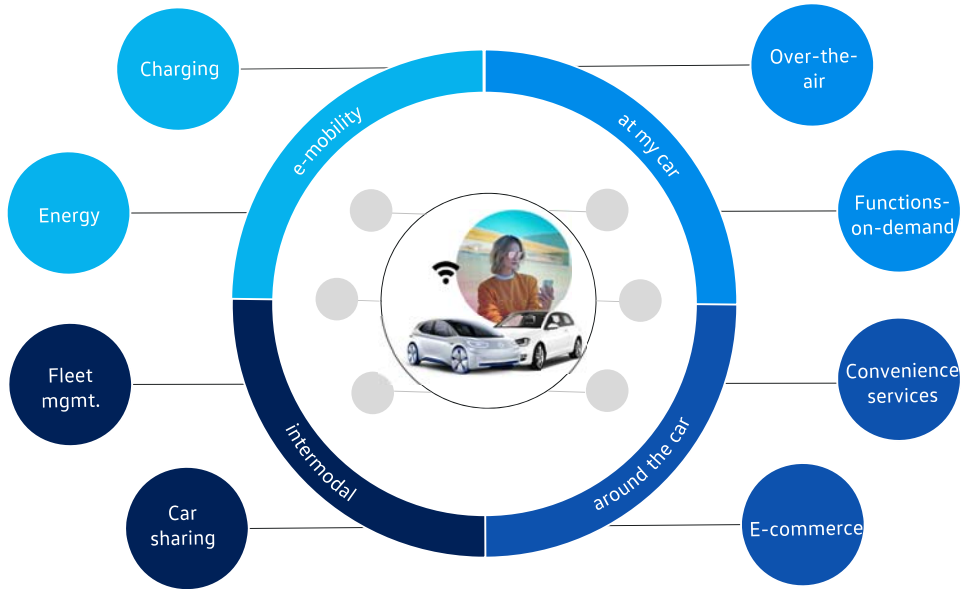
A unique brand experience and a seamless journey need a new collaboration model with customer centricity



Today's core business with its focus on products...



...will shift to a business model with customer centricity and become a mobility system



Volkswagen **We**

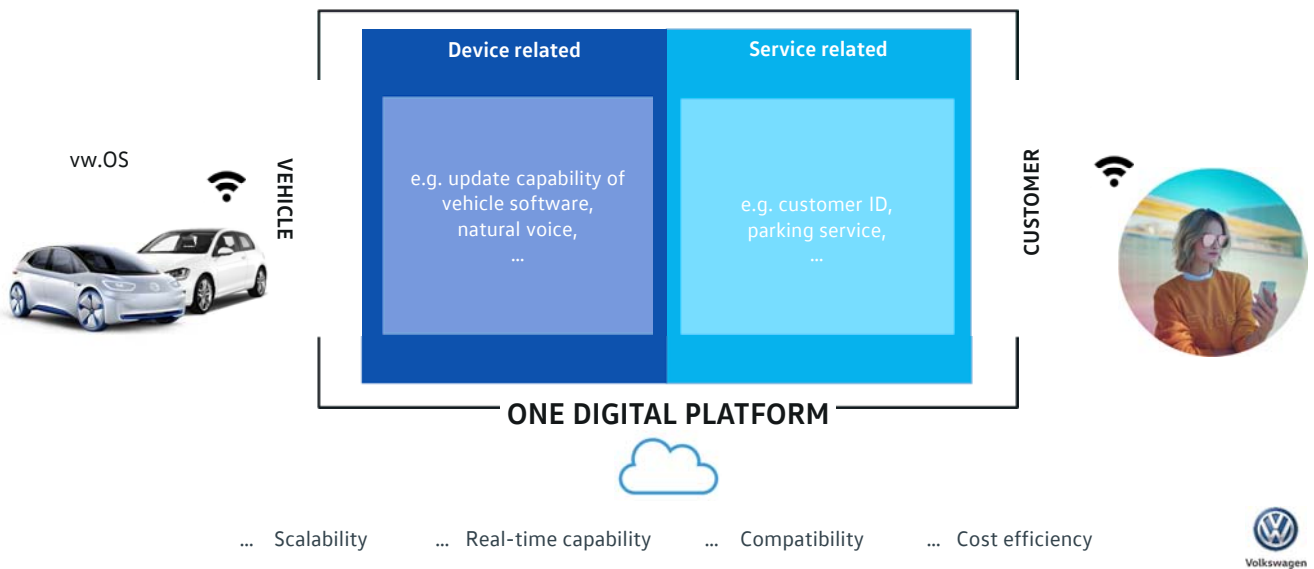


Christoph Hartung

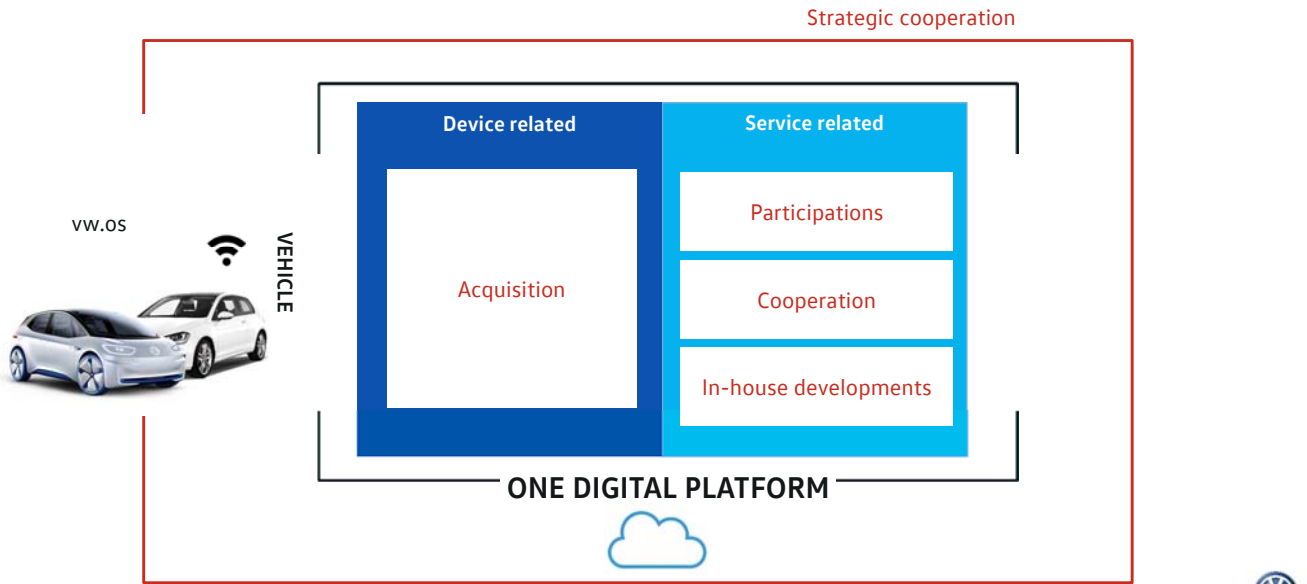
Head of Digital & New Business / Mobility Services Volkswagen Passenger Cars

Berlin, August 23, 2018

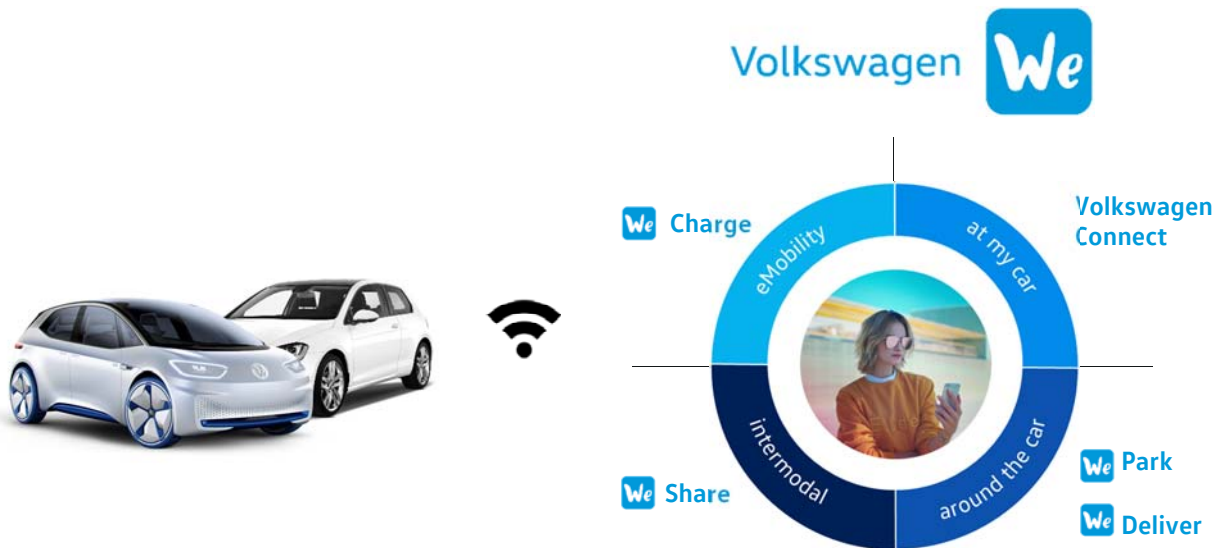
“One Digital Platform” is the backbone of the future ecosystem



Volkswagen is systematically tapping into outside know-how



Today we already offer services beyond the car ...



...we make sure range is not an issue for the MEB with "We Charge"...



...and we are entering car sharing with "We Share"



! First service for non-owners

! 1,500 e-Golf / 500 e-up!

! Start Q2/2019 in Berlin



! Plans for other cities in Germany, Europe and North America



Jürgen Stackmann

Member of the Board of Management Volkswagen Passenger Cars
Sales, Marketing & After Sales

Berlin, August 23, 2018

Volkswagen. Move forward.

Benefits from the customer's perspective...

- ✓ ...vehicle has update/ upgrade capability
- ✓ ...new features
- ✓ ...enables mobility for non-vehicle-owners
- ✓ ...personalized approach
- ✓ ...tailored mobility concept



Volkswagen. Move forward.

Customer
loyalty
↑

+5 million
users p.a.

>1 billion €
turnover p.a.
in 2025

3.5 billion €
invest until
2025



Volkswagen.
Move forward.

