

Volkswagen Group Capital Markets Day 2017

The Volkswagen Brand's Perspectives

Dr. Herbert Diess

Chairman of the Board of Management of Volkswagen Brand

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.

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.

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 Such statements are valid on the date of publication and can be superseded.

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

Agenda

1

Review 2016

2

Perspectives 2017



Volkswagen

The Volkswagen brand's starting position is challenging

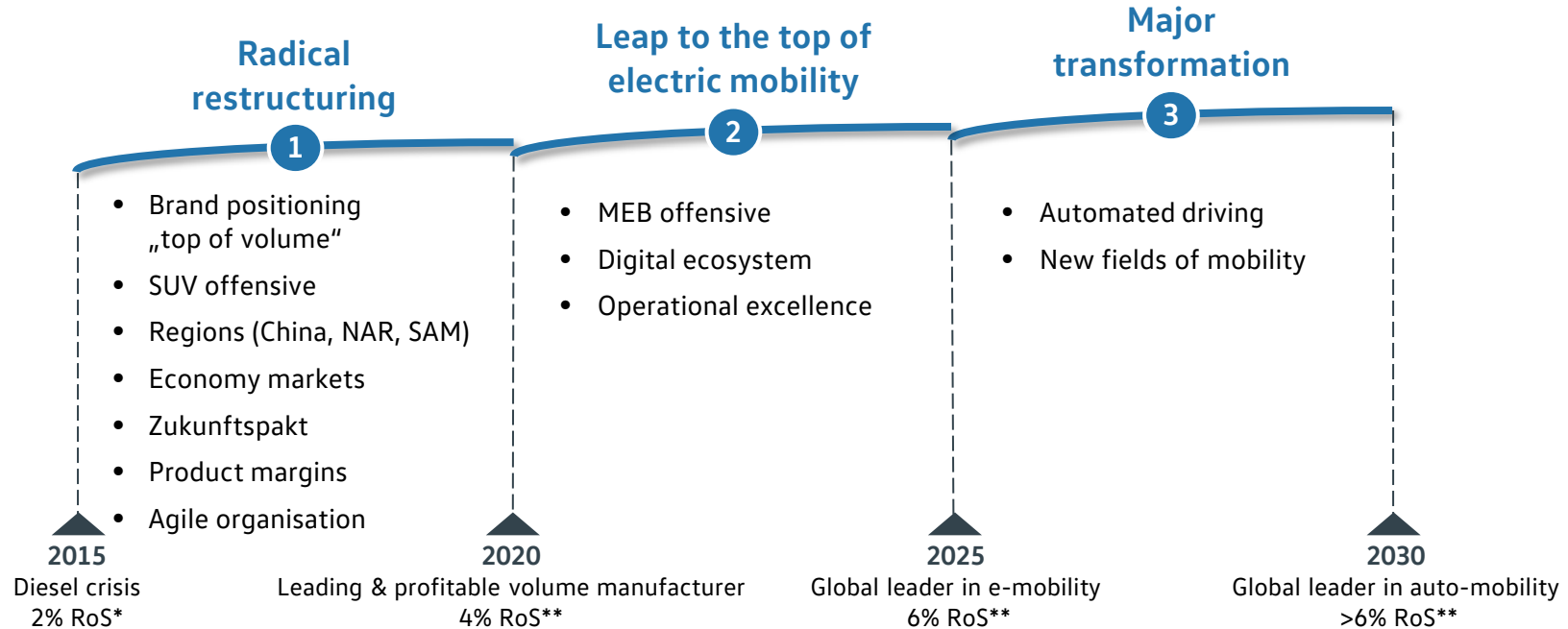
- Established, acknowledged brand & strong customer loyalty
- High-quality portfolio
- Global presence & scalable platforms
- Committed, highly qualified workforce



- Low return on sales, high fixed costs
- Not competitive in United States, Brazil, India and ASEAN
- Product portfolio is lagging behind global trends
- Centralised, functional and hierarchical organization



The „TRANSFORM 2025+“ strategy will put the brand to the top of the automotive industry



* Before special items

** Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)



Volkswagen

Agenda

1

Review 2016

2

Perspectives 2017



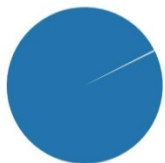
Volkswagen

Volkswagen achieved a lot in 2016 (1)

Diesel retrofit running as planned

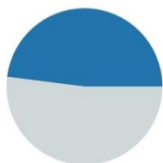
(Volkswagen PC & CV)

Approved



99.7 %

Fixed



48 %
66 % in Germany

Complaints



0.7 %

Ramp ups and product launches (extract)



up!



Golf



Tiguan



Phideon (SVW)



Teramont (SVW)

Deliveries to customers

(in thousand units)

	2016	vs 2015 (in %)
Germany	558	-7.2
Europe	1,133	+1.8
SAM	335	-26.8
NAR	581	-1.9
Asia-Pacific	3,172	+11.8
World	5,980	+2.7

Fixed costs in Germany

Reduced by € 0.3 billion

2015: -10.6 bn → 2016: -10.3 bn



Volkswagen

Volkswagen achieved a lot in 2016 (2)

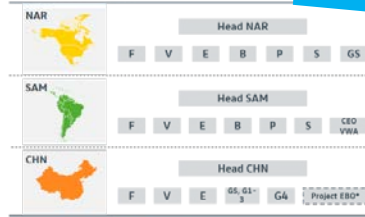
Product lines & regions

Product line organisation



Regionalisation

done



MEB



The I.D. is more than just a vision,
it's a programme on wheels.
Gerd Stegmaier | auto, motor und sport

Pact for the future & strategy 2025



Volkswagen

The new Golf is very well received by the media

**THE
Sun**

„One of the best cars on the market.“

SPIEGEL ONLINE

„Die Displays lösen zum ersten Mal seit Urzeiten wieder so etwas wie Begeisterung aus, wenn man im VW Golf sitzt.“

Frankfurter Allgemeine
ZEITUNG FÜR DEUTSCHLAND

„Der Golf befördert sich in die Zukunft.“

**Auto
EXPRESS**

„Still setting the standard.“

Highlights

- + Active Info Display / 9,2" Display / Gesture Control
- + Full LED Lights
- + New „1.5 TSI Evo“ Engine (up to 1 liter less consumption under real-world driving conditions)
- + Driver Assistance (Traffic Jam Assist, Front Assist, Trailer Assist)
- + GTI with additional 10 hp
- + E-Golf with 300 kilometers range



Volkswagen

Agenda

1

Review 2016

2

Perspectives 2017



Volkswagen

Outside of China: positive start to 2017

Deliveries to customers | Volkswagen Passenger Cars | January 2017

Vehicles / percentage	Jan 2017	Compared to prior year
Germany	38,600	-5.1
Europe	83,500	+10.1
International	29,400	-4.2
North America	41,400	+7.4
South America	32,300	+12.2
World excluding China	225,300	+4.9
China	270,800	-11.8
World	495,900	-4.9



Volkswagen

2017 will be shaped by a high product momentum

Atlas (NAR)



Arteon (EU)



Polo (EU)



Phideon PHEV (CN)



Touareg (EU)



Jan

Feb

March

April

May

June

July

Aug

Sept

Oct

Nov

Dec



up! PA (SAM)



Tiguan LWB (NAR)



T-Roc (EU)



Virtus (SAM)



Jetta (NAR)

Final concept decision 2017

- **Determination of battery design & sourcing**
- **Proof of feasibility**
(characteristics, costs, deadlines)
- **Definition of sales model**
- **Business model for China**



Volkswagen

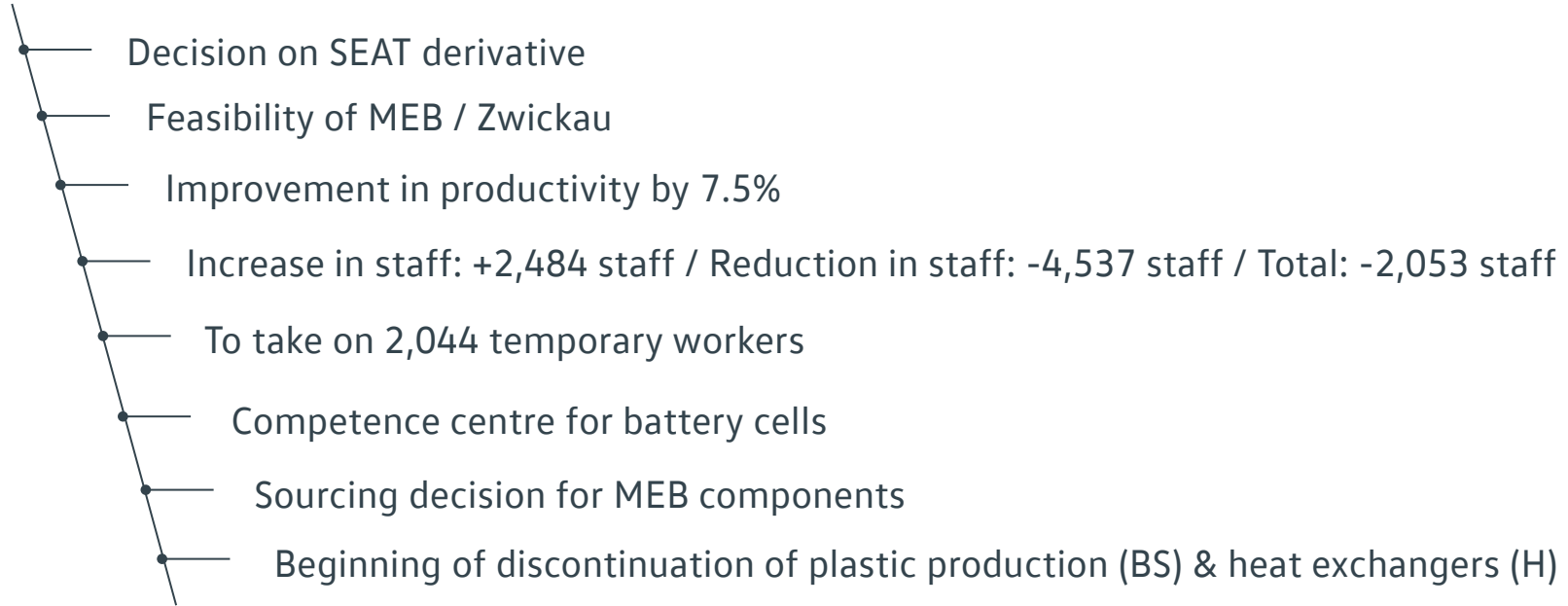
DIE  WELT

**"VW should definitely
build this electric Bus."**



Volkswagen

In 2017, important milestones in the Zukunftspakt will be reached



2017 will be a strong year for the Volkswagen brand

- ! Volkswagen will grow worldwide.
- ! Volkswagen will improve margins.
- ! Volkswagen will hold fixed costs constant.
- ! Volkswagen will rise from the low point in North and South America.
- ! Volkswagen has a very high product momentum.
- ! Volkswagen has a strong, convincing future concept:
Transform 2025+ strategy, Zukunftspakt, MEB

Volkswagen Group Capital Markets Day 2017

The Volkswagen Brand's Perspectives

Dr. Herbert Diess

Chairman of the Board of Management of Volkswagen Brand