

Volkswagen Group Capital Markets Day 2017

Volkswagen Truck & Bus

Andreas Renschler

Board of Management, „Commercial Vehicles“

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 Such statements are valid on the date of publication and can be superseded.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.



VOLKSWAGEN TRUCK & BUS

Creating a Global Champion

Volkswagen Capital Markets Day
Wolfsburg – March 14, 2017

Agenda

1 | Who we are

2 | Where we stand

3 | Where we are heading



VOLKSWAGEN TRUCK & BUS

Volkswagen Truck & Bus – unique group with strong brands

2016 sales volumes trucks / buses, thousand units

VOLKSWAGEN TRUCK & BUS

Trucks 166¹

Buses 18¹

184¹



Trucks 73

Buses 8

81



Trucks 77

Buses 6

83



Caminhões
Ônibus

Trucks 16

Buses 4

20

Note: Trucks >6t, Volkswagen Caminhões e Ônibus trucks ≥ 5t. MAN equal to MAN Truck & Bus, Volkswagen Caminhões e Ônibus equal to MAN Latin America. Figures are financially rounded. ¹ Volkswagen Truck & Bus commercial vehicles total figures (sum of trucks / buses Scania and MAN Commercial Vehicles)

Volkswagen Truck & Bus offers a highly attractive product portfolio

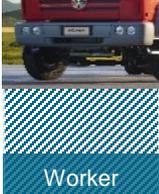
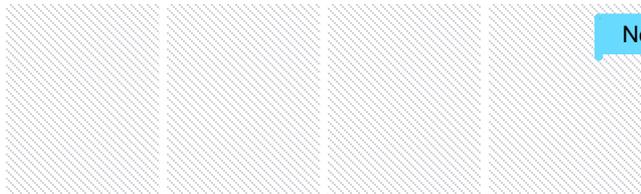
 Covers both heavy & medium/light duty



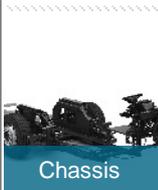
Heavy
duty trucks



Medium /
light duty



Buses



Agenda

1 | Who we are

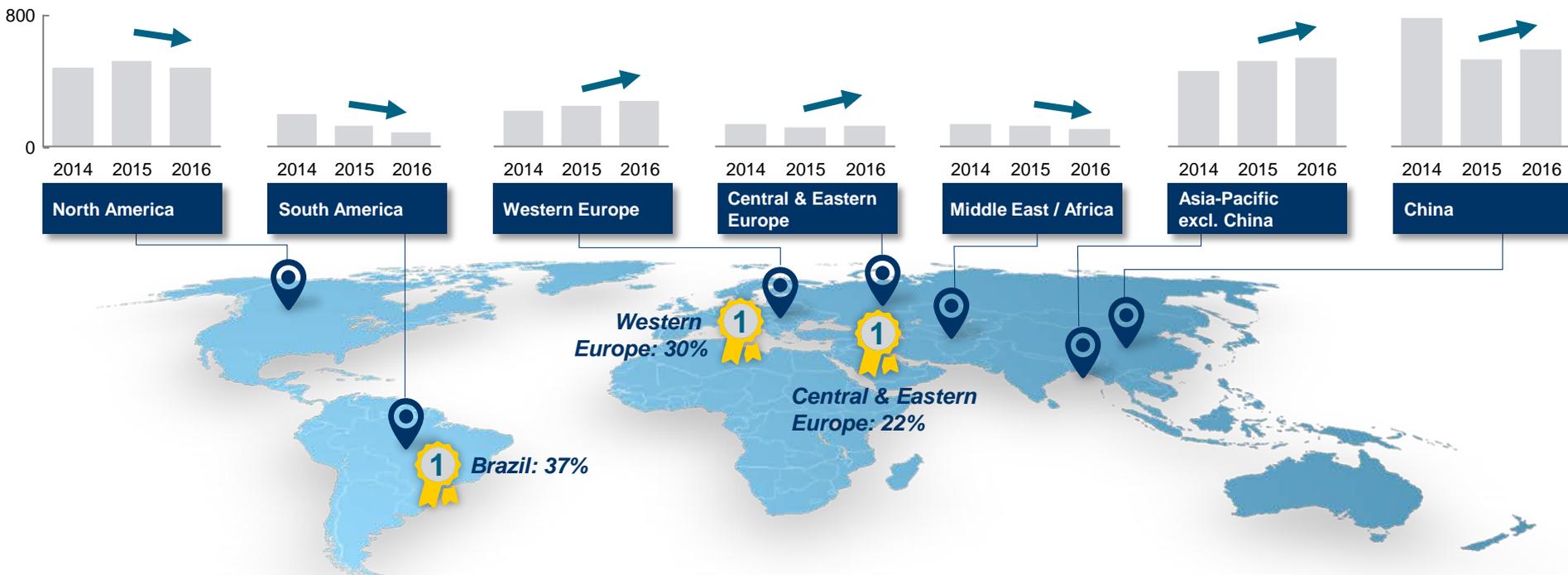
2 | Where we stand

3 | Where we are heading



Challenging market environment – historically heterogeneous development

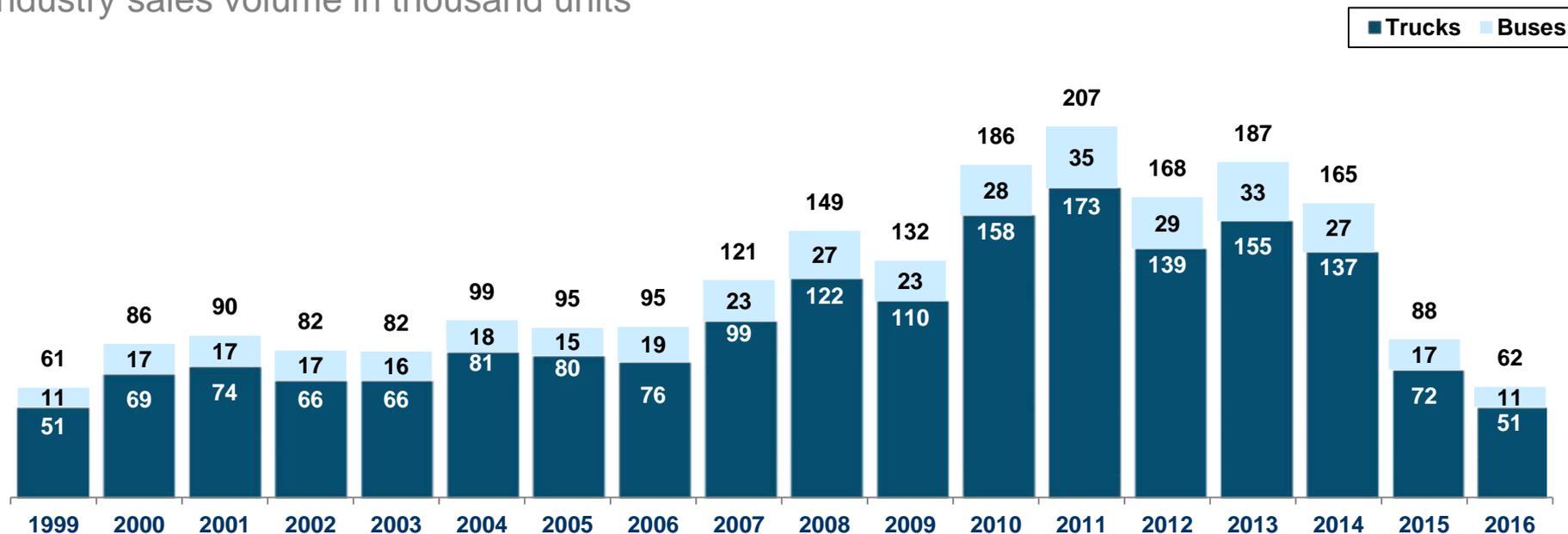
Market volume trucks >6t, thousand units



VOLKSWAGEN TRUCK & BUS

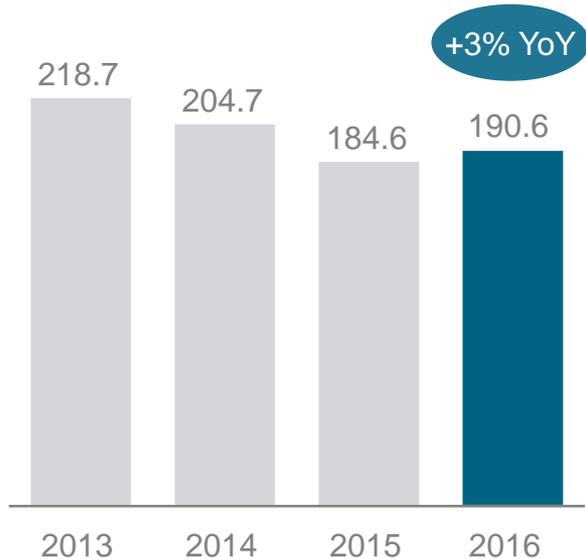
After period of steady growth, the Brazilian truck and bus market has been rapidly declining over the last years

Industry sales volume in thousand units

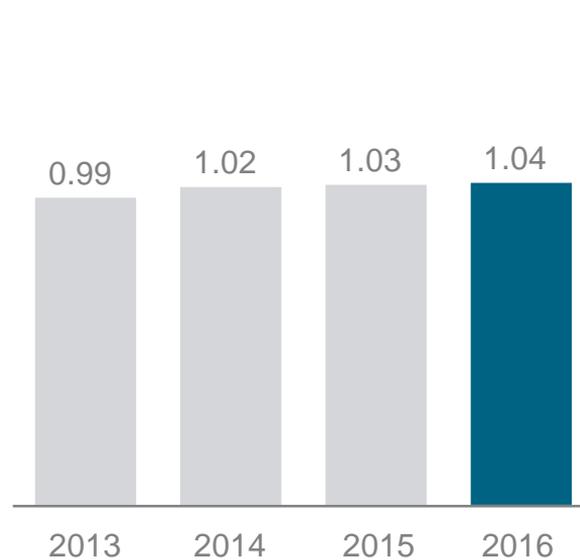


Both order intake and sales volume for Volkswagen Truck & Bus show a positive performance in FY2016

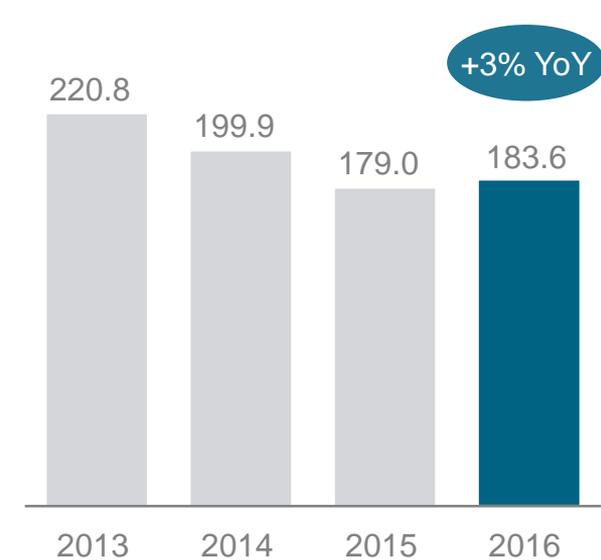
Order intake, thousand units



Book-to-bill¹, ratio in units



Sales volume, thousand units



Note: Volkswagen Truck & Bus commercial vehicles total figures (sum of trucks / buses Scania and MAN Commercial Vehicles)

¹ Calculated figures

 Performance FY2016

Our strategy

Creating a Global Champion

Most profitable truck and bus group

Innovative leader for our customers

Global presence



MAN



Our approach

Brand Performance



Improve the **performance** of
Volkswagen Truck & Bus **brands**

Successful Cooperation



Foster cooperation to **unlock synergy potential**
in terms of cost and **innovation speed**

Global Champion Strategy

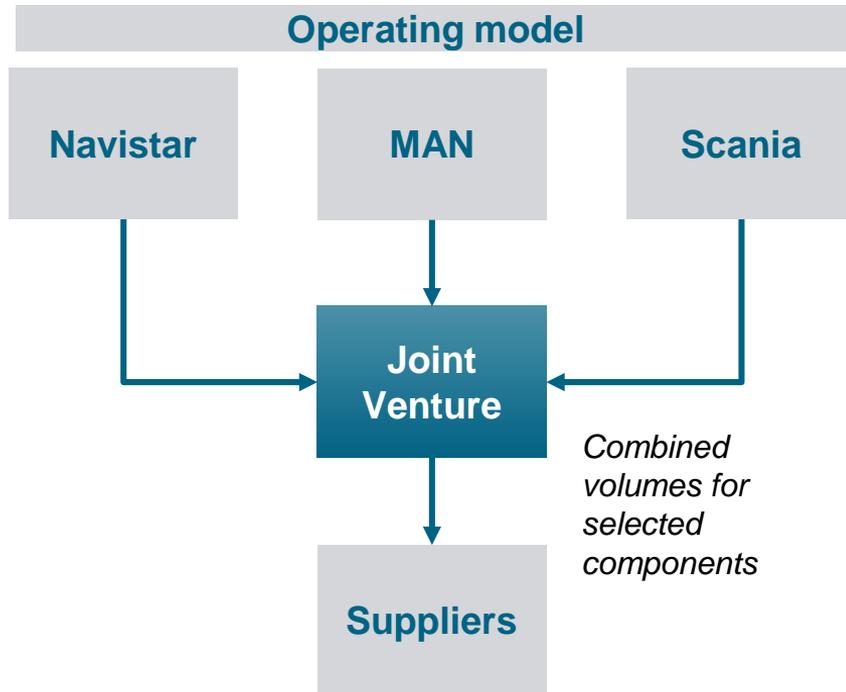


Strengthen local leadership and **expand globally**,
including **new business models**

Global expansion on track with Navistar alliance

1	Equity investment		16.6% equity stake in Navistar by way of capital increase
2	Strategic technology and supply cooperation		Companies to collaborate on technology for powertrain systems, as well as other advanced technologies
3	Procurement joint venture		Procurement joint venture is pursuing joint global sourcing opportunities
4	Governance		2 VW T&B representatives nominated to Navistar Board of Directors. Joint Alliance Board to govern overall alliance

Task of Procurement Joint Venture: Identify sourcing opportunities and achieve best-in-class material cost



- **Benchmarking information** used to achieve purchasing synergies for Navistar or VWT&B
- Synergies reached through **bundling of volumes** and increased **purchasing power**
- Cost reductions reached through **technical comparisons** and **product cost optimization**
- The JV will **negotiate** and give **recommendations**, decision made in the brands

Agenda

1 | Who we are

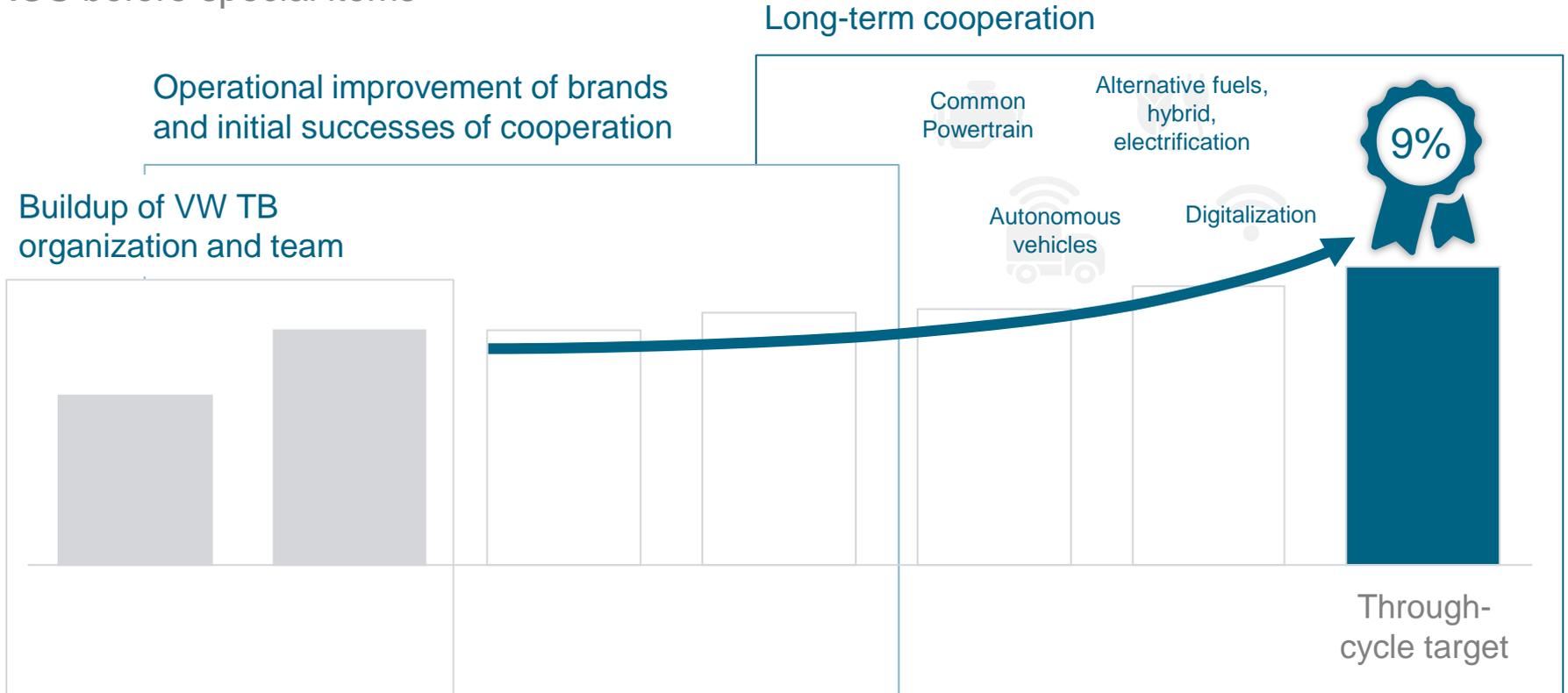
2 | Where we stand

3 | Where we are heading



ROS target of 9 percent to be reached through combination of measures

ROS before special items



Challenging market environment – heterogeneous outlook by region

Market volume trucks >6t, thousand units



Our key achievements

- ✓ **Effective Volkswagen Truck & Bus organization established** to enable and drive cooperation
- ✓ Good progress in **brand corporation** and **lead engineering**
- ✓ **Measures taken to** continuously **improve performance** of brands
- ✓ Implementation of **Global Champion strategy** started
- ✓ Global expansion successfully initiated through **partnership with Navistar**

