

VOLKSWAGEN

AKTIENGESELLSCHAFT



*moving*  
people

## Volkswagen Group

Frank Witter

Chief Financial Officer

Kepler Cheuvreux German Corporate Conference,

Frankfurt, 18 January 2017

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# VOLKSWAGEN

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TOGETHER – Strategy 2025

Financials

Outlook 2016

Diesel Status

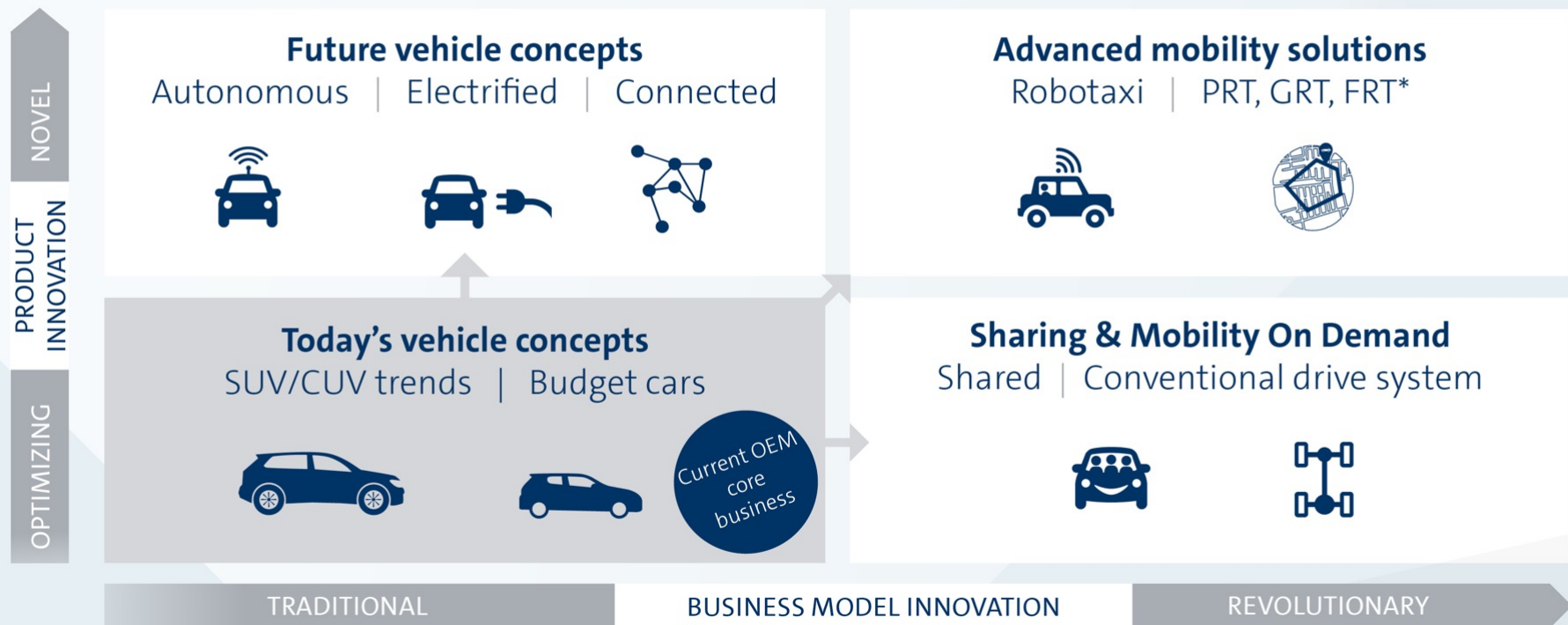
Volkswagen going forward

# TGETHER

## STRATEGY 2025

## HOW OUR INDUSTRY IS CHANGING

The key trends in the automotive world at a glance



\*PRT = Personal Rapid Transit; GRT = Group Rapid Transit; FRT = Freight Rapid Transit

**“THE REVOLUTIONARY CHANGE  
IN OUR INDUSTRY IS A CHALLENGE,  
BUT AT THE SAME TIME  
A HUGE OPPORTUNITY”**

## STRATEGY 2025 – INITIATIVES AT A GLANCE

GROW  
PROFITABLY

- 1 Sharpen positioning of brands
- 2 Develop winning vehicle and drivetrain portfolio
- 3 Streamline modular architectures
- 4 Partner with regional players to win in economy segment



Transform  
core business

DEVELOP  
STRATEGIC  
CAPABILITIES

- 5 Develop self-driving system for autonomous vehicles and artificial intelligence in-house
- 6 Develop battery technology as new core competency
- 7 Develop best-in-class user experience across brands and customer touchpoints

ENHANCE  
ENTREPRE-  
NEURIAL SPIRIT

- 8 Implement model line organization
- 9 Realign “Components” business

- 10 Build mobility solutions business

- 11 Develop and expand attractive and profitable smart mobility offering



Build  
mobility solutions  
business

- 12 Improve operational excellence

- 13 Optimize business portfolio



Secure  
funding

- 14 Drive digital transformation

- 15 Create organization 4.0



Strengthen  
innovation power



## THE ELECTRIFICATION INITIATIVE OF THE VOLKSWAGEN GROUP

- ♦ Goal: to position Volkswagen as a driving force behind the expansion of electro-mobility; e-car to become a new hallmark of the Group
- ♦ >30 new pure-electric vehicles by 2025
- ♦ Annual unit sales of 2 to 3 million e-cars by 2025, equivalent to 20–25 percent of total sales



## NEW FINANCIAL TARGETS ADOPTED: FOCUS ON PROFITABILITY

Key financial targets	2015	2025
<b>Operating return on sales</b> before special items	6.0%	7–8%
<b>Return on capital</b> Automotive Division	13.8%	>15%
<b>Capex ratio</b> Automotive Division	6.9%	~6%

**Also SG&A expenses to be reduced to under 12%**



# THE VOLKSWAGEN GROUP OF THE FUTURE WILL INSPIRE PEOPLE

## TOGETHER...

... we will create smart mobility solutions that  
simplify and enrich our customers' lives



... we will reduce the environmental burden  
with eco-friendly drivetrain technologies



... we will continue to raise the bar in emotion and quality



... we will shape the future of our industry



... we will build an enterprise of which we can be truly proud.

## Development Volkswagen Group car deliveries to customers <sup>1)</sup> (in comparison to previous year)

World Car Market: +2.6%

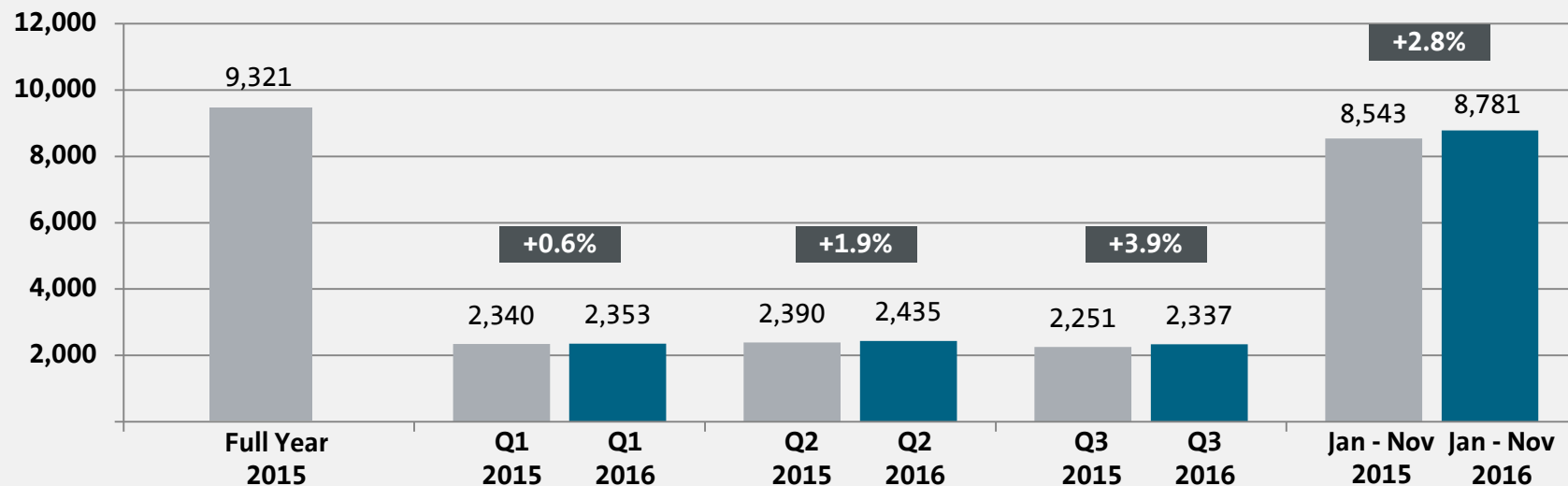
+2.1%

+3.8%

+7.1%

+5.3%

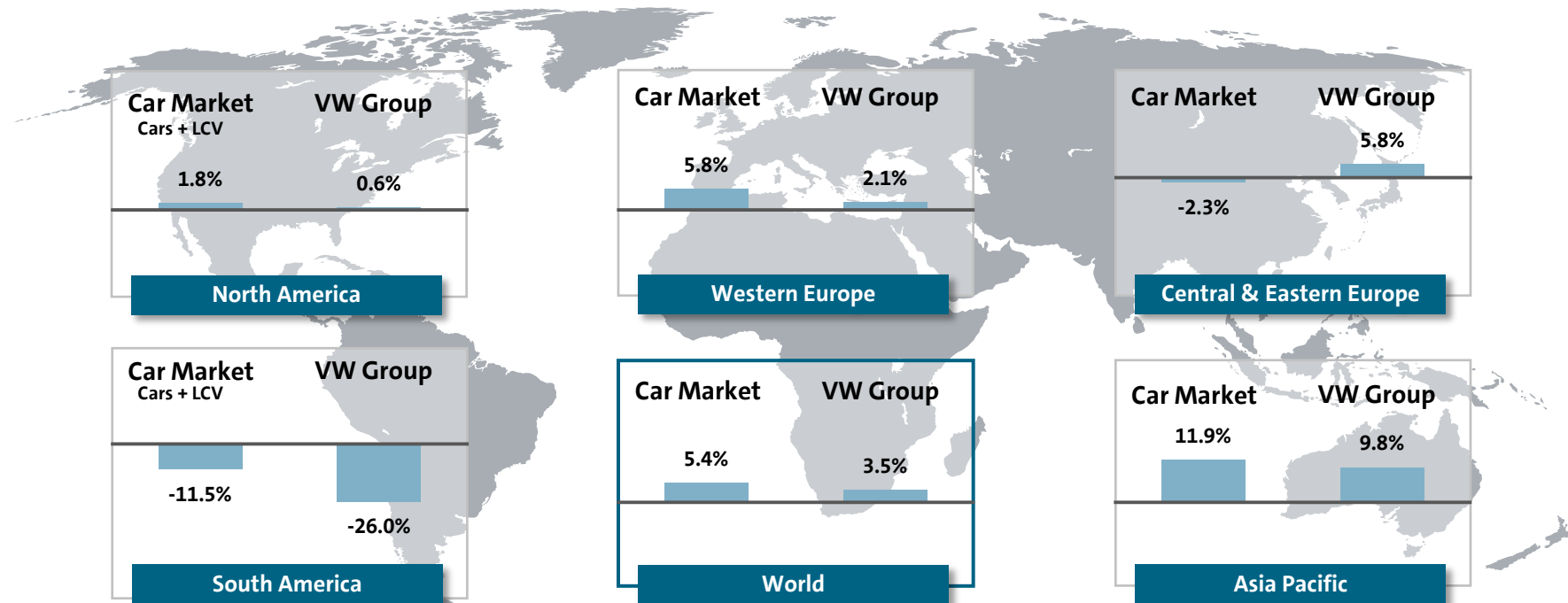
In `000 units



<sup>1)</sup> Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

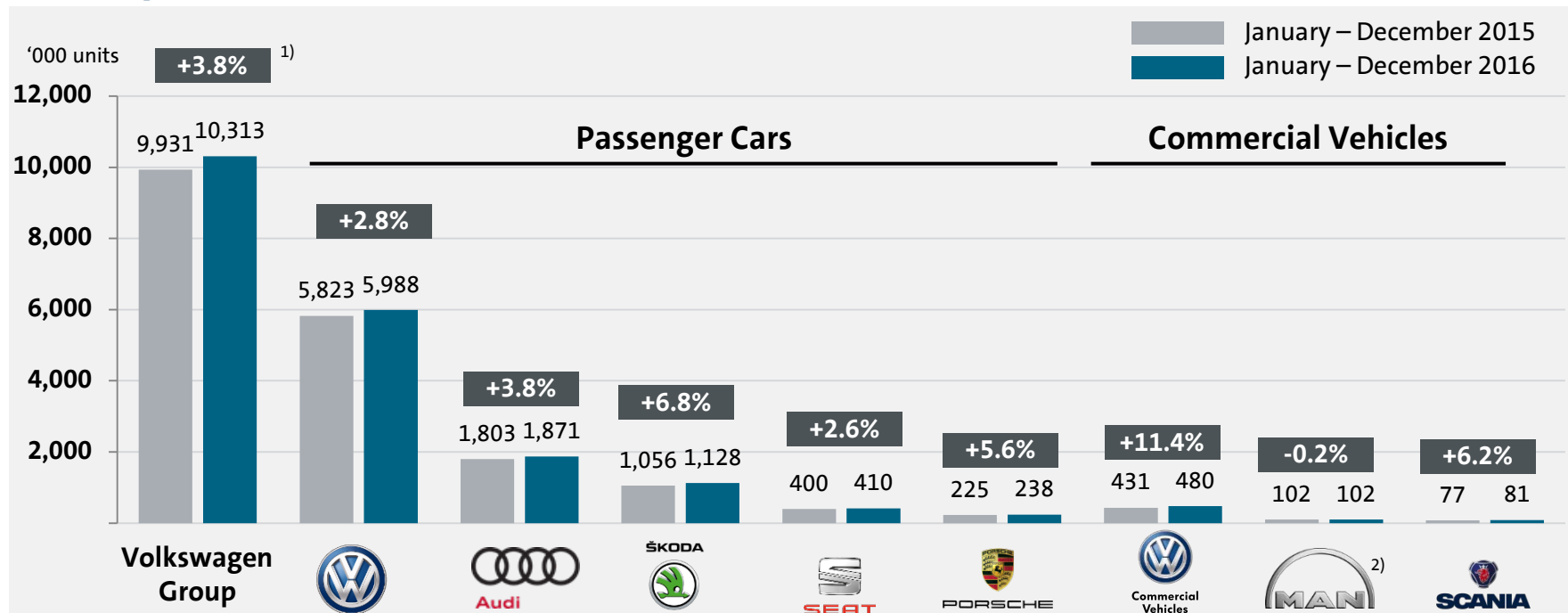
## World car market vs. Volkswagen Group car deliveries to customers <sup>1)</sup>

(Growth y-o-y in deliveries to customers, January to December 2016 vs. 2015)

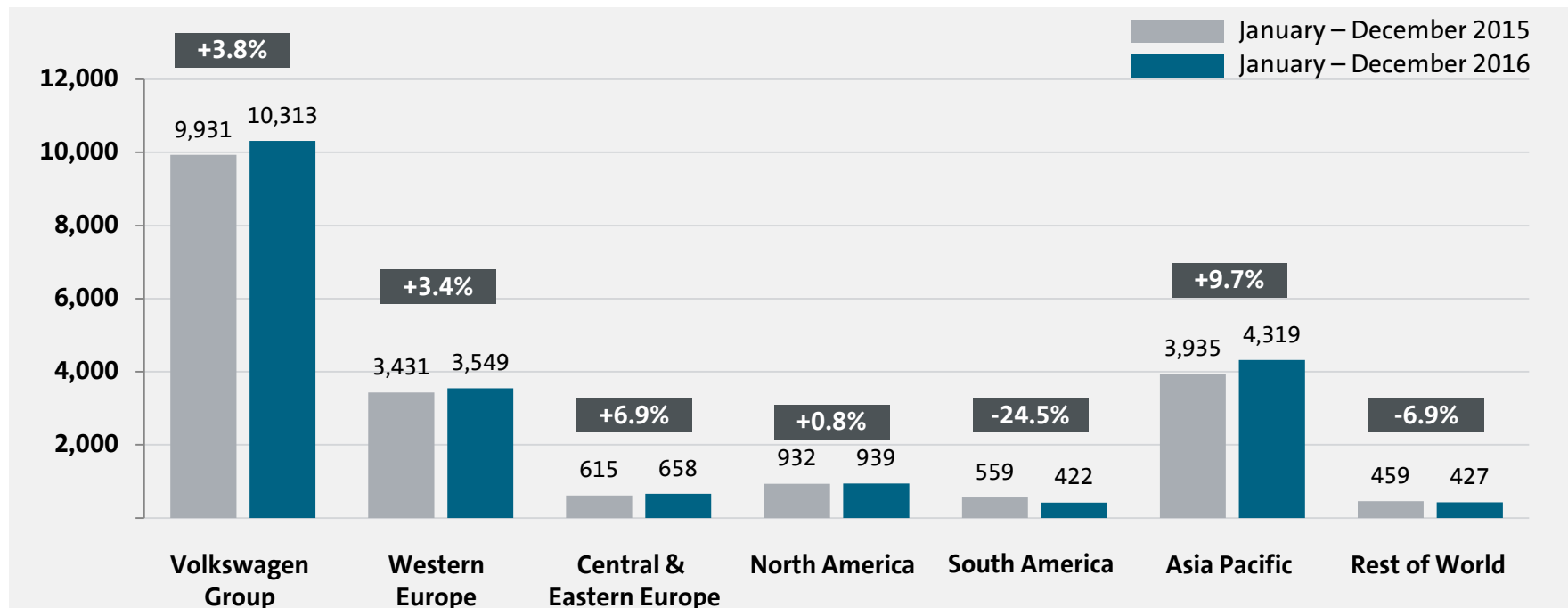


<sup>1)</sup> Figures excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles.

## Volkswagen Group – Deliveries to customers by brands (January to December 2016 vs. 2015)

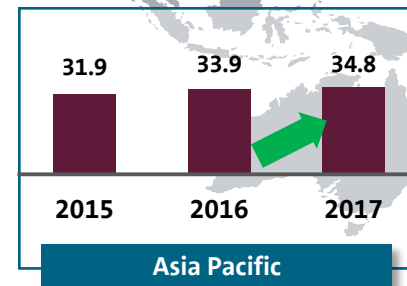
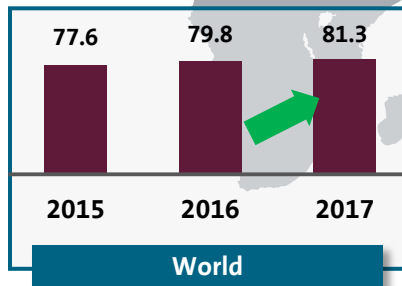
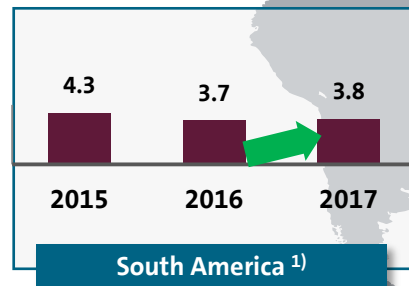
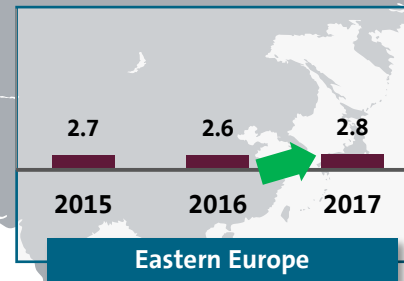
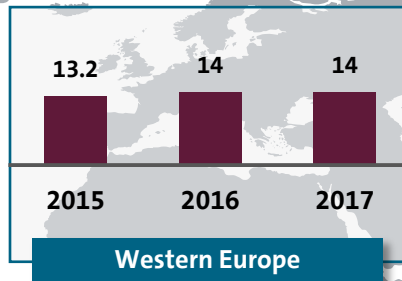
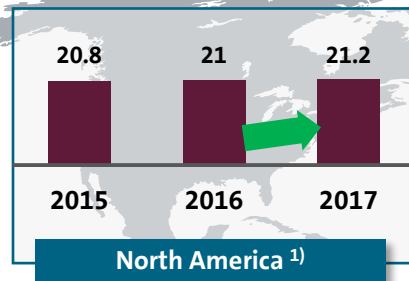


## Volkswagen Group – Deliveries to customers by markets <sup>1)</sup> (January to December 2016 vs. 2015)



<sup>1)</sup> Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +3.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.

## Passenger car market forecast 2017



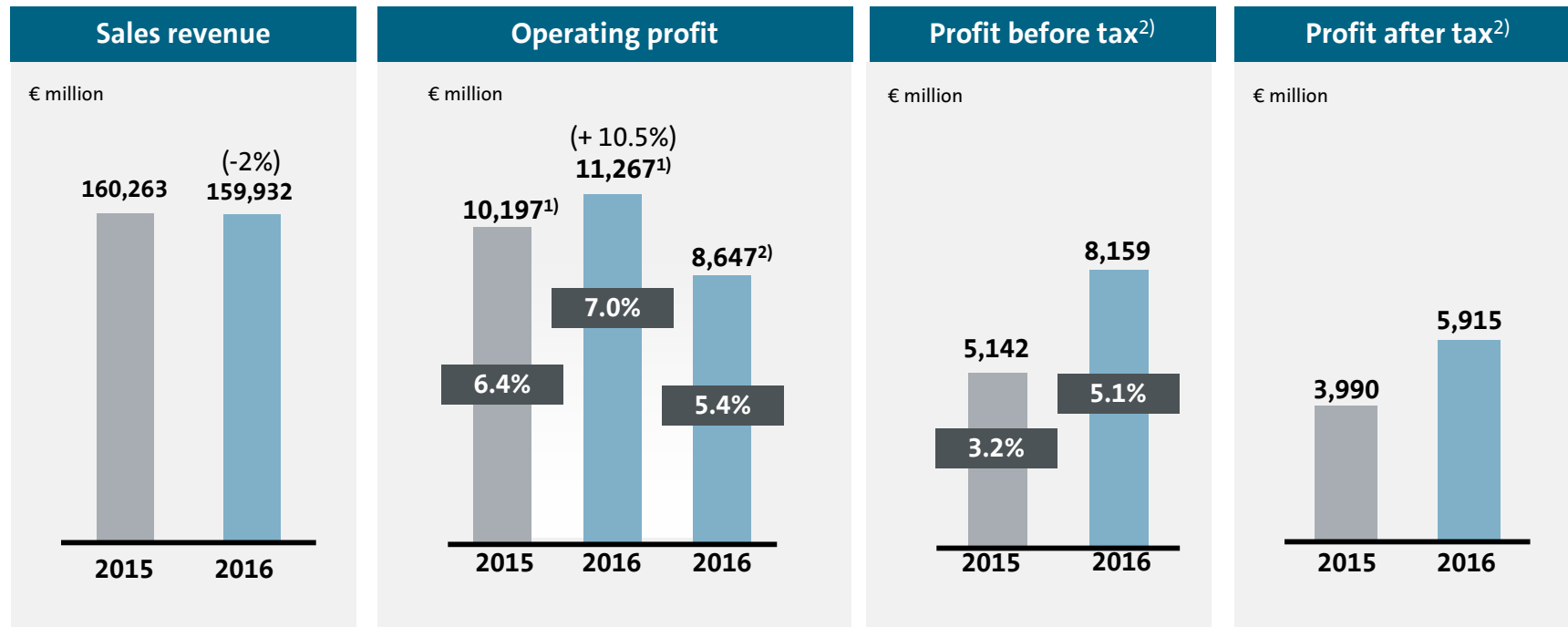
Source: IHS Economics as of November 2016

<sup>1)</sup> Passenger cars and Light Commercial Vehicles



## Financial highlights – Volkswagen Group

### (January to September 2016 vs. 2015)



1) Before Special items

2) After Special items

x.x%

Operating profit / profit before tax in % of sales revenue

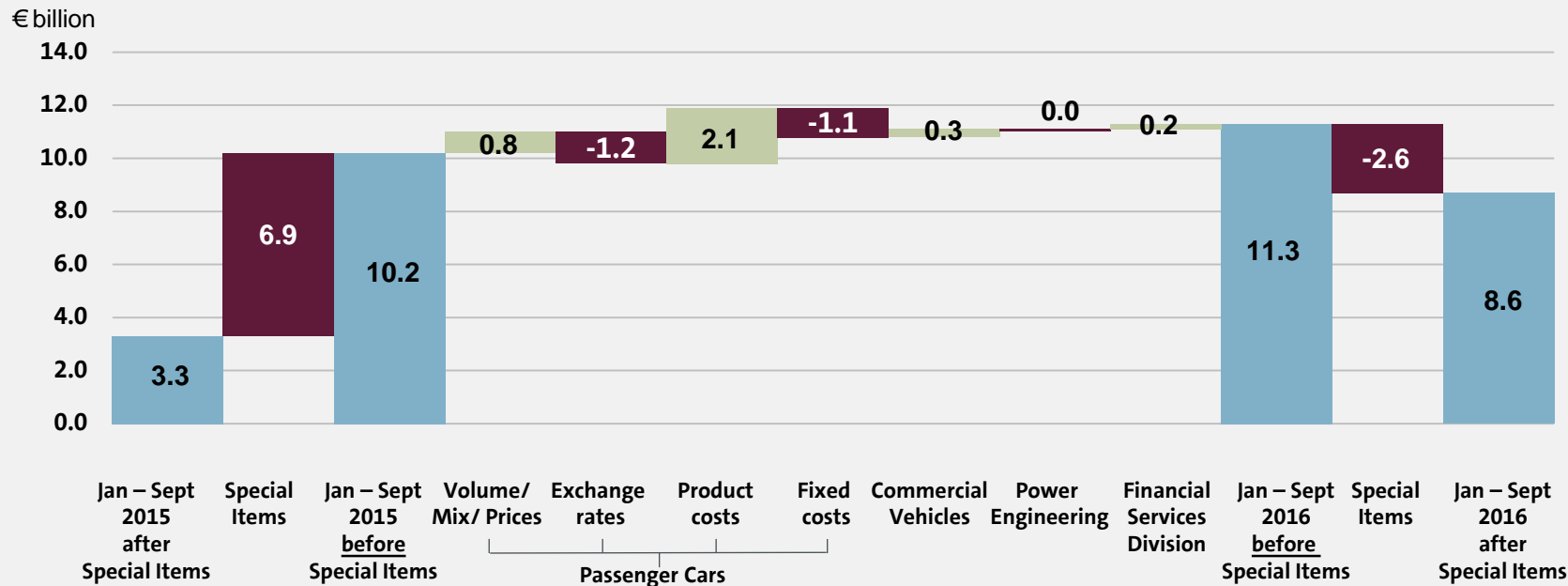
## Volkswagen Group – Key financial figures <sup>1)</sup> (January to September 2016 vs. 2015)

thousand vehicles / € million	2016	2015	+/- (%)
Vehicle Sales <sup>2)</sup>	7,653	7,440	+2.9
Sales revenue	159,932	160,263	-0.2
Operating profit before Special Items	11,267	10,197	+10.5
<i>% of sales revenue</i>	7.0	6.4	
Operating profit	8,647	3,342	x
<i>% of sales revenue</i>	5.4	2.1	
Financial result	-488	1,800	x
of which: At-equity result <sup>2)</sup>	2,627	3,128	-16.0
of which: Other financial result	-3,116	-1,327	x
Profit before tax	8,159	5,142	+58.7
<i>% Return on sales before tax</i>	5.1	3.2	
Profit after tax	5,915	3,990	+48.2

<sup>1)</sup> All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

<sup>2)</sup> Volume data including the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €3,594 million (€3,777 million).

## Volkswagen Group – Analysis of operating profit <sup>1)</sup> (January to September 2016 vs. 2015)



<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

# Volkswagen Group – Analysis by business line <sup>1)</sup> (January to September 2016 vs. 2015)

thousand vehicles/ € million

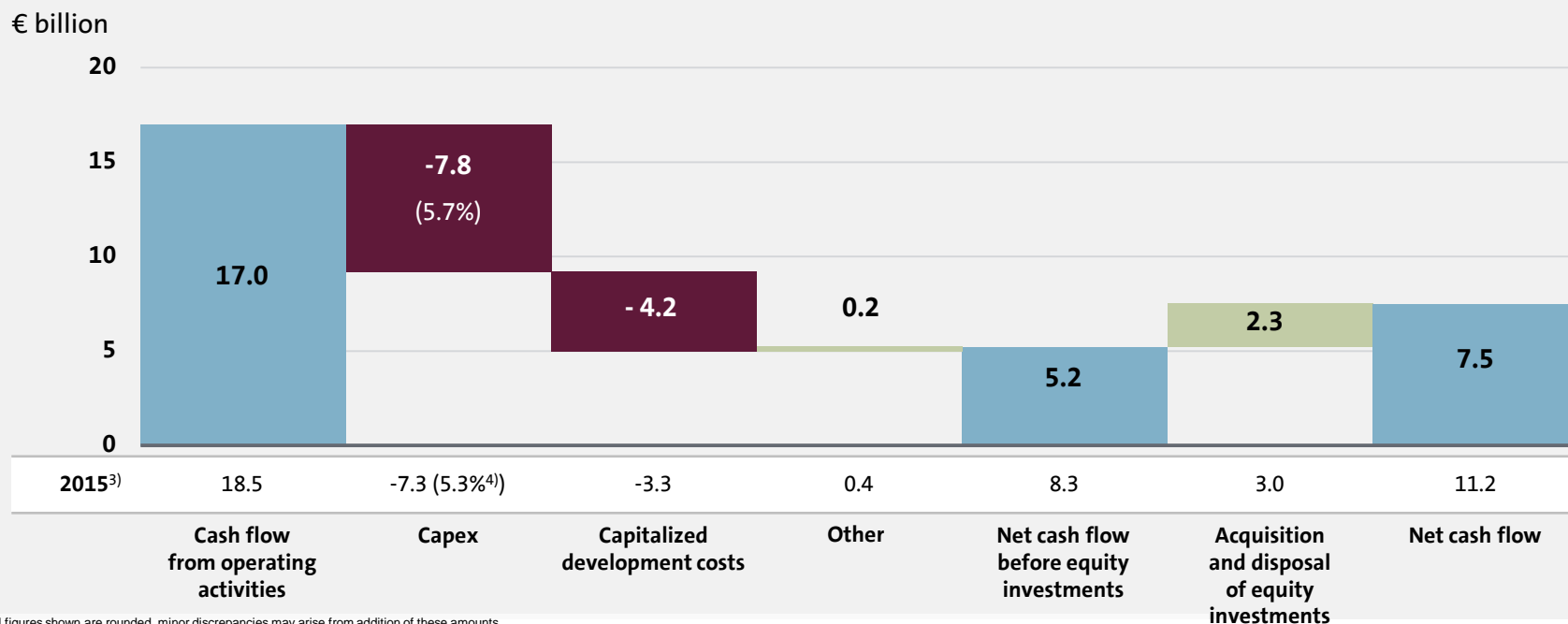
	Vehicle sales		Sales revenue		Operating profit	
	2016	2015	2016	2015	2016	2015
Volkswagen Passenger Cars	3,234	3,343	77,725	79,972	1,244	2,229
Audi	1,166	1,158	44,017	43,695	3,918	4,024
ŠKODA	606	605	10,113	9,280	940	734
SEAT	400	404	6,535	6,388	137	12
Bentley	8	7	1,411	1,364	54	57
Porsche <sup>2)</sup>	177	169	16,470	16,471	2,858	2,546
Volkswagen Commercial Vehicles	342	335	8,045	7,537	392	313
Scania <sup>2)</sup>	60	56	8,272	7,686	802	748
MAN Commercial Vehicles	74	74	7,213	7,247	204	52
MAN Power Engineering	-	-	2,567	2,756	176	227
VW China <sup>3)</sup>	2,803	2,492	-	-	-	-
Other	-1,217	-1,204	-42,771	-41,538	-993	-2,126
Volkswagen Financial Services	-	-	20,337	19,403	1,534	1,381
<b>Volkswagen Group before Special Items</b>	-	-	-	-	<b>11,267</b>	<b>10,197</b>
Special Items	-	-	-	-	-2,620	-6,855
<b>Volkswagen Group</b>	<b>7,653</b>	<b>7,440</b>	<b>159,932</b>	<b>160,263</b>	<b>8,647</b>	<b>3,342</b>
Automotive Division <sup>5)</sup>	7,653	7,440	136,889	138,302	6,841	1,726
of which: Passenger Cars	7,178	6,974	111,044	113,325	6,359	1,203
of which: Commercial Vehicles	475	466	23,278	22,221	491	489
of which: Power Engineering	-	-	2,567	2,756	-9	34
Financial Services Division	-	-	23,042	21,961	1,806	1,615

<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Incl. financial services. <sup>3)</sup> Sales revenue and operating profit of the JV's in China are not included in the Group figures. The Chinese companies

are accounted for using the equity method and recorded an operating profit (proportionate) of € 3,594 million (€3,777 million). <sup>4)</sup> Mainly intragroup items, in particular from elimination of intercompany profits; incl. depreciation and amortization

of identifiable assets as part of the PPA for Scania, Porsche Holding Salzburg, MAN and Porsche. <sup>5)</sup> Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

## Automotive Division – Strong cash generation <sup>1) 2)</sup> (January to September 2016)



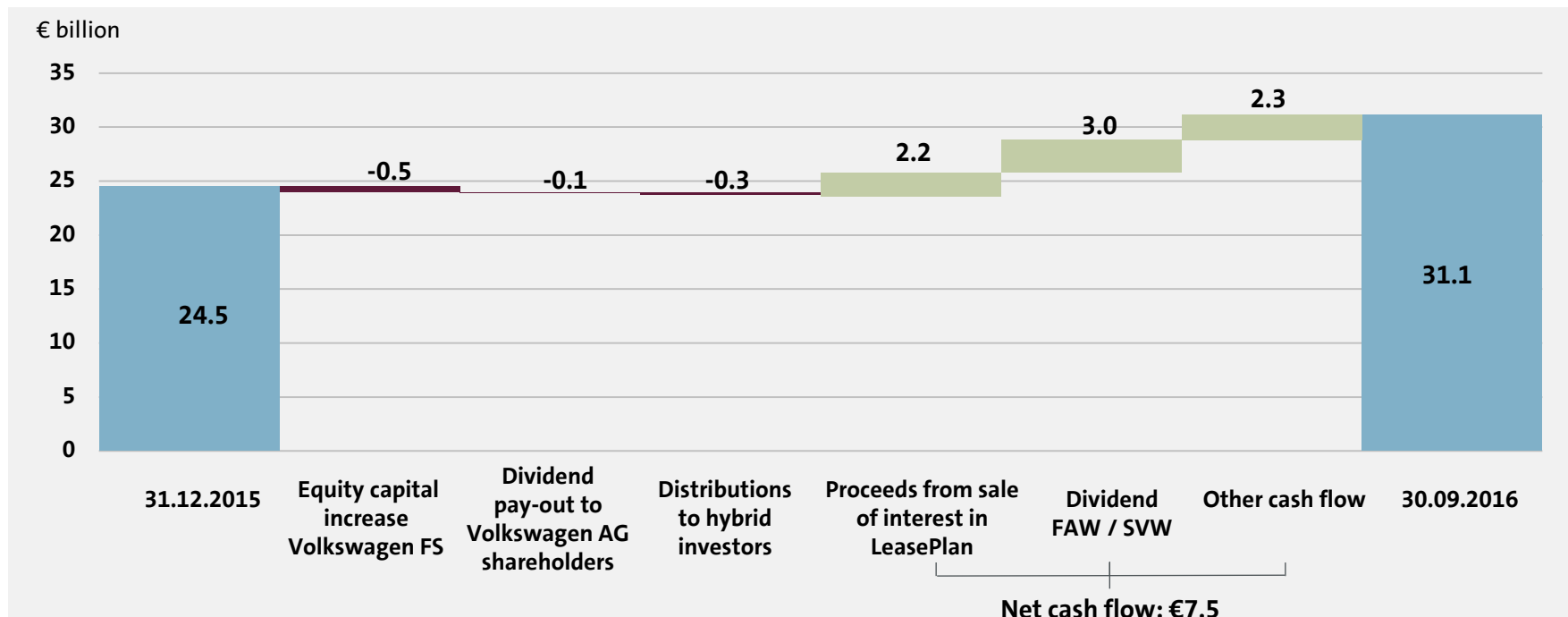
<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

<sup>2)</sup> Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

<sup>3)</sup> prior- year figures adjusted

<sup>4)</sup> Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

## Automotive division – Analysis of net liquidity <sup>1)</sup>

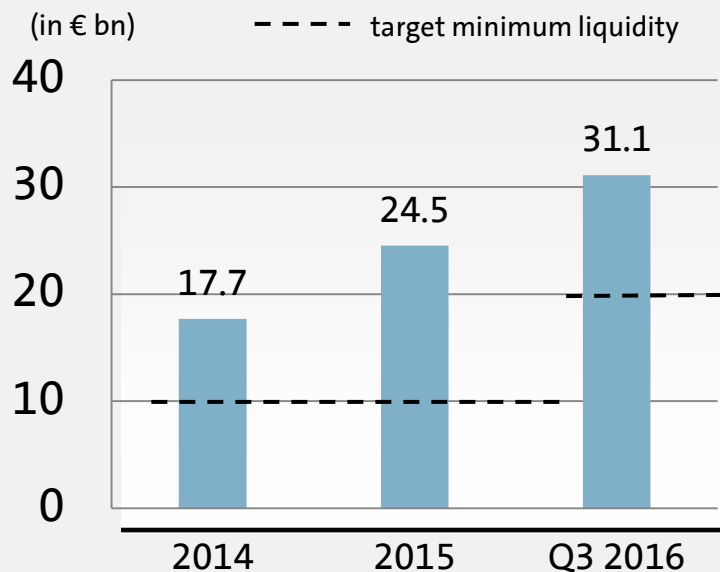


<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts.



## Volkswagen Group – Net liquidity and funding

### Automotive Division - Net Liquidity



### Funding programs

(in € bn)

#### Money and Capital Markets as at 30 September 2016

	Utilization
Commercial Papers	10.0
Medium Term Notes / Bonds	48.6
thereof: Hybrid Bonds	7.5
ABS	33.8

#### Borrowings<sup>2)</sup> as at 30 September 2016

Committed Lines	1.9
Uncommitted Lines	9.9
Supranationals, development banks, government, other	15.8
Direct Banking Deposits	31.5

#### Total Amount

151.5

#### Loan Facility to June 2017

20.0

Utilization 1 December, 2016

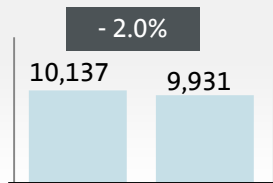
0.0

1) Excluding Scania and Porsche FS

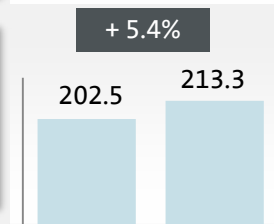
2) Excluding MAN and Porsche AG subsidiaries

## Volkswagen Group – Outlook for 2016

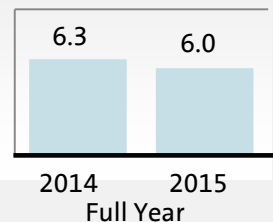
**Deliveries to customers**  
(‘000 vehicles)



**Sales revenue**  
(€ billion)



**Operating return on sales**  
(before Special Items)  
(%)



2014 2015  
Full Year



**Deliveries to customers**

slightly above prior year



**Sales revenue**

may reach prior year level



**Operating return on sales**

(before Special Items) between 5.0% and 6.0%

## Our 5 priorities: Focus on crisis management and realignment



### Customer solutions

- Implementation of technical solutions launched in Germany
- Schedule for further refits in Europe to be adapted in consultation with authorities
- Agreement in principle reached with U.S. authorities



### Investigation

- Process audit by Group Audit already completed at 2015 year-end, proposed measures being rapidly implemented
- Detailed investigation of facts by Jones Day ongoing



### Structure

- New management team in place
- Intensive work on new structures and leaner processes



### Mindset

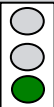

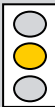
- Numerous individual changes made to renew corporate and leadership culture
- Structured change process initiated



### Destination

- Development of "TOGETHER Strategy 2025" proceeding to plan
- Key financial targets with focus on profitability already communicated
- Milestones and brand specific KPI's will be implemented into next planning round

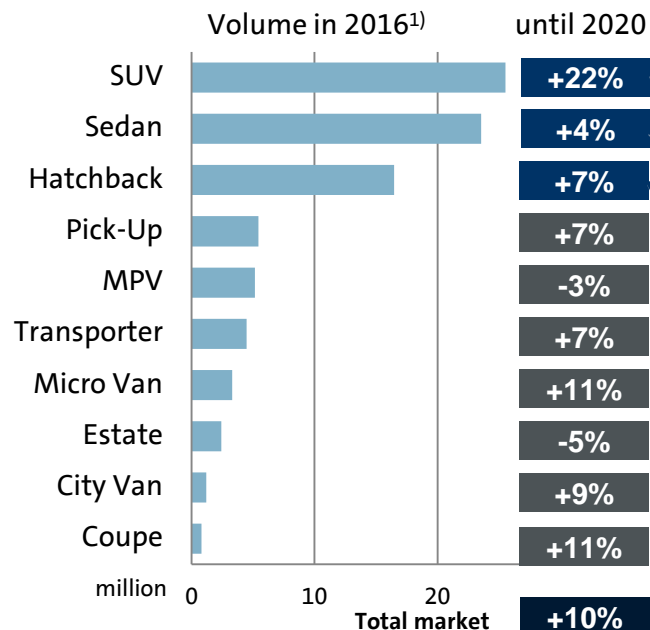
## US Diesel related settlements<sup>1)</sup>

Issue	2.0L	3.0L	Criminal & civil related claims
Scope	~ 475,000 vehicles	~ 83,000 vehicles	2.0L + 3.0L
With whom?	<ul style="list-style-type: none"> <li>US Federal &amp; State Regulators (DOJ, EPA, CARB, FTC)</li> <li>Private Plaintiffs represented through plaintiff's committee</li> </ul>	<ul style="list-style-type: none"> <li>US Federal &amp; State Regulators (DOJ, EPA, CARB, FTC)</li> <li>Private Plaintiffs represented through plaintiff's committee</li> </ul>	DOJ, EPA, Customs & Border Protection
Claims status	<ul style="list-style-type: none"> <li>Per Dec 2016 ~ 436,000 consumers registered claims</li> <li>200,000 consumers have been issued offers</li> </ul>	Pending approved details of claims procedure	Finalized; agreements awaiting U.S. federal court approvals
Approval status	<p>Per Oct 2016 max funding pool of ~\$10bn eligible for :</p> <ul style="list-style-type: none"> <li>Buyback/Lease terminations or</li> <li>Emissions modifications (~ 70k vehicles approved per Jan 2017)</li> <li>+ Cash payments for affected customers</li> <li>Pay \$2.7bn over 3 years to environmental trust</li> <li>Invest \$2bn over 10 years in zero emission infrastructure</li> <li>Resolution with 44 states (~\$603m incl. 3.0L)</li> </ul> 	<ul style="list-style-type: none"> <li>Agreement with US environmental regulators to resolve civil claims</li> <li>Agreement in principle with plaintiff's committee</li> <li>Preliminary settlement approval documents by Jan 31 2017</li> <li>Negotiations with FTC continue</li> </ul> 	<p>Combined fines &amp; penalties \$4.3bn:</p> <ul style="list-style-type: none"> <li>Plea agreement incl. Guilty plea</li> <li>Criminal fine of \$2.8bn</li> <li>Independent monitor</li> <li>Customs and DOJ environmental penalty civil claims \$1.45bn</li> <li>DOJ civil FIRREA penalty \$50m</li> </ul> 
Provision status	The payment obligations resulting from settlements is expected to lead to a financial expense that exceeds the current reserves of €18.2 bn. The concrete impact regarding the annual result 2016 cannot be defined at present due to its dependency on various further factors.		

<sup>1)</sup> as of January 2017

# Product roadmap aligns with expected future market trends

## Body group trends until 2020<sup>1)</sup>



## Upcoming models

### SUV



Q5



Kodiaq



Teramont (CN)



Atlas (US)



Tiguan Allspace (US)



T-Roc



Arona

### Sedan



Phideon (CN)



A6L e-tron (CN)



Octavia FL



Arteon



A8



Jetta (US)

### Hatchback



C-Trek (CN)



Golf FL



Leon FL



Rapid FL



Polo



Ibiza

### Other



A5 Sportback



Crafter

Panamera  
Sport Turismo

A7 Sportback



other

<sup>1)</sup> Source: IHS as of Dec. 2016; 2016 preliminary figures, all figures rounded.

## Volkswagen brand has significant potential for improvement

- Underperformance in the US car market

- Falling market shares in price-sensitive markets of Brazil, India and ASEAN

- Inconsistent brand image in the regions

- High increase in fixed costs

- Growing productivity gap compared to competitors

- High product complexity is weakening ability to compete in volume segment

- Product portfolio is lagging behind international trends and requirements of local customers

- High level of vertical integration / need for investment in fields without differentiation from competitors

- Centralised, functional and hierarchical organisation

- Insufficient generation of returns/cash





## Volkswagen brand has important qualities that enable it to take the lead in the volume segment

Globally acknowledged and established brand and strong customer loyalty

High-quality portfolio – cars with character  
Golf, GTI, Tiguan, Passat, Jetta and Magotan

Global presence and scalable platforms: Volkswagen Group backbone

Unsurpassed market leadership in China, market leadership in Europe,  
and corresponding better price position of products

Committed, highly qualified workforce that identifies with the brand

Quality orientation, an eye for detail, and superb technical expertise



# Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

## Working Group 1 Production

- Increase of productivity by 25%
- Reduction of plant costs

## Working Group 2 Components

- Increase of productivity by 25%
- Discontinuation of unprofitable products

## Working Group 3 Technical Development

- Reduction of hardware-oriented development work
- Increased efficiency in development processes

## Working Group 4 Administration

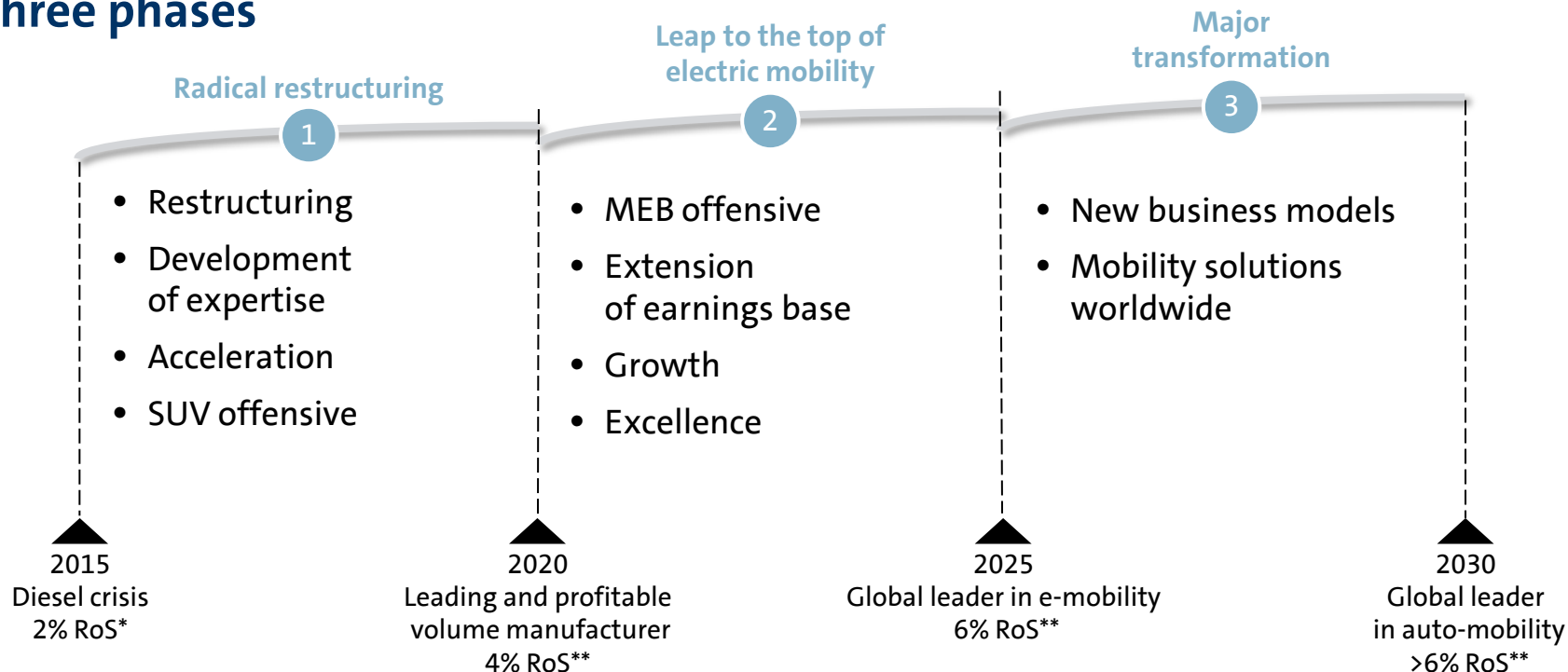
- Reduction of bureaucracy

## Secure the Future

- 4 additional models:  
2 conventional and 2 MEB vehicles
- Investments in:
  - Electric drive trains
  - Pilot facility battery cell
  - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

Reduction in workforce based on demographic curve

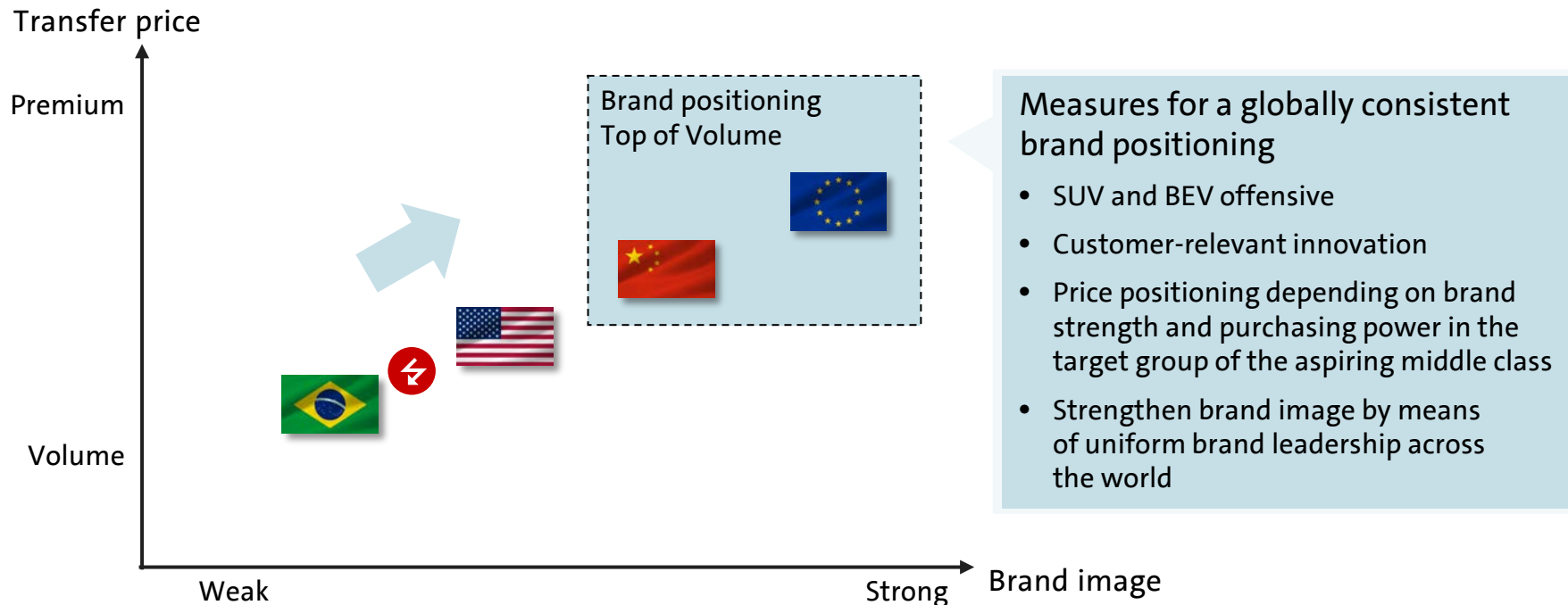
# Strategic realignment of Volkswagen brand will take place in three phases



\*) before special items

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

## Volkswagen brand image in critical markets will be improved step by step and brought in line with Europe



Volkswagen going forward

Group

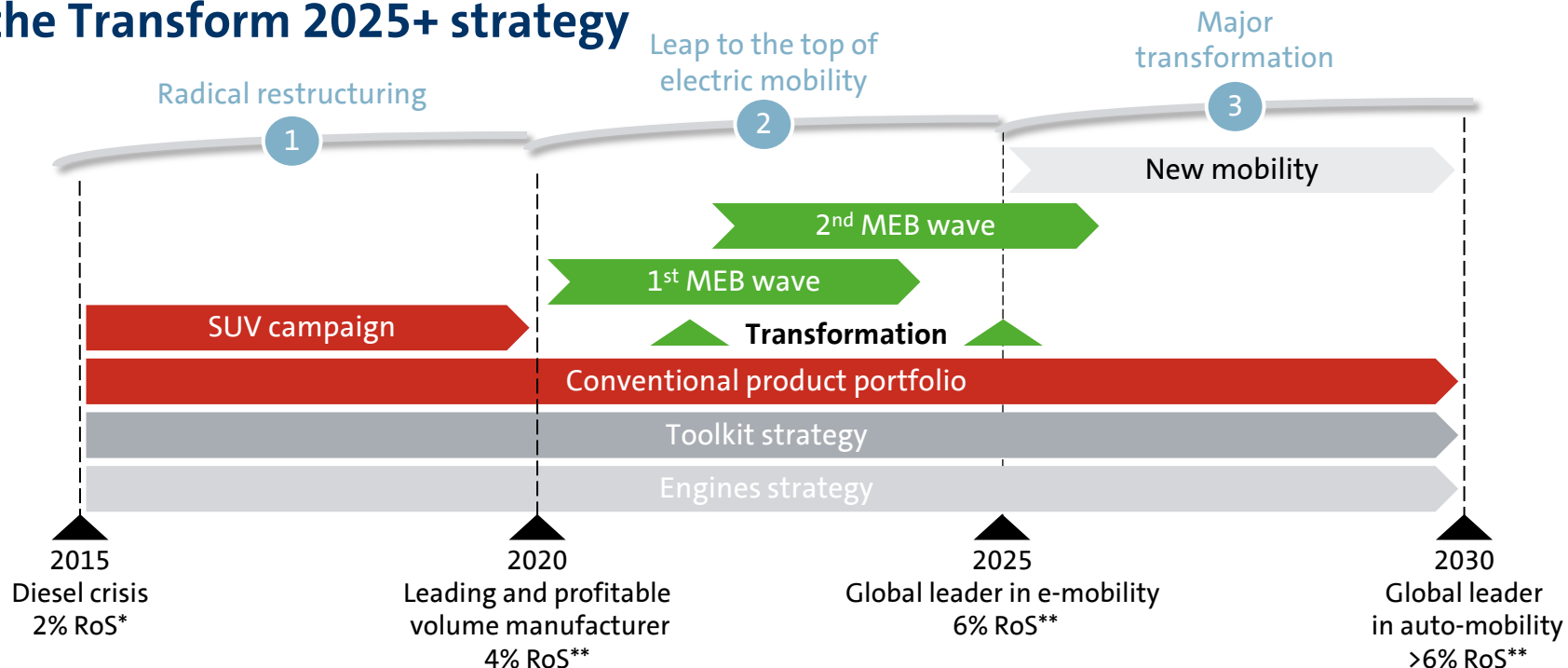
Volkswagen Brand  
Strategy 2025+

Volkswagen Truck &amp; Bus

Regions / FS

Trends

# Realignment of product strategy oriented towards the three phases of the Transform 2025+ strategy



\*) before special items

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

## Reducing complexity leads to lower expenditure, frees up resources and increases productivity

### Business field

### Reduced number of variants

Successors / new vehicles

-30 to -60%

Platforms

-40%

Drivetrains

-30 to -40%

>15,000

fewer component  
variants

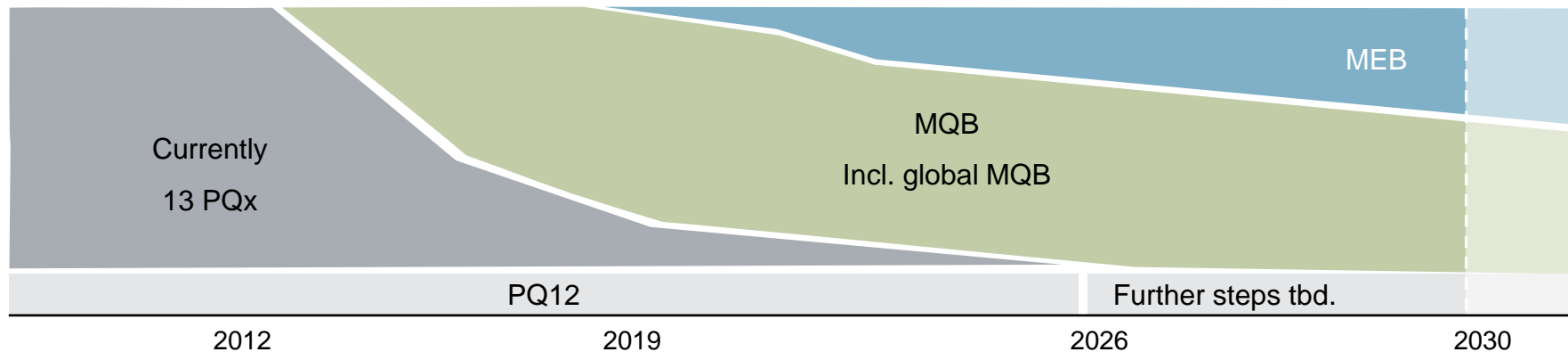
>€700 million

lower initial investment



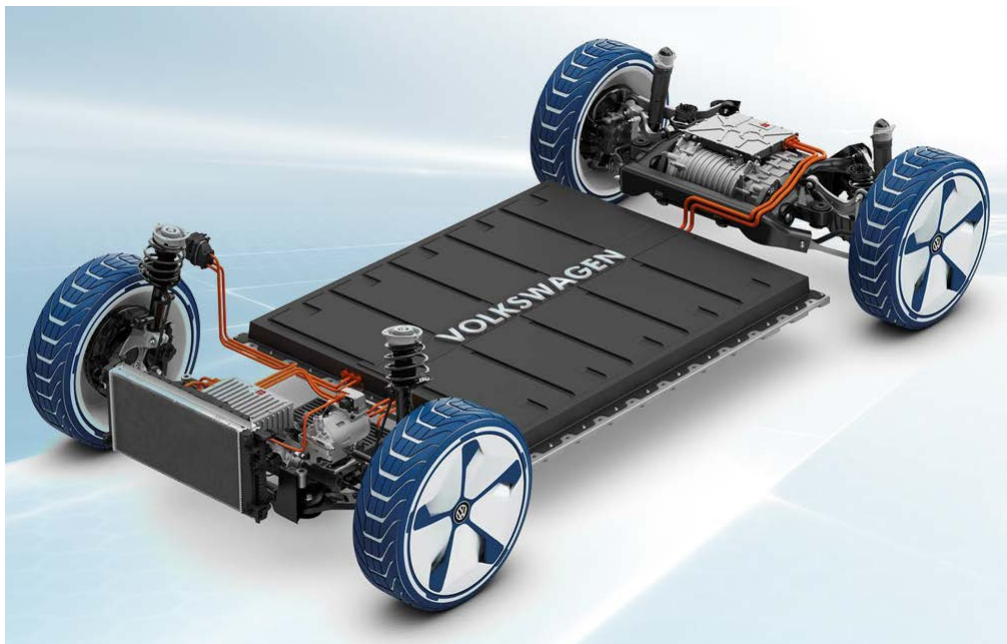


## The number of platforms will be reduced consistently to create economies of scale worldwide



<b>New toolkit (MEB)</b>	MEB enables cost and concept leadership for electric vehicles
<b>Conventional toolkit (MQB)</b>	Using MQB for second product life cycle minimises the expenditure necessary for the transformation (no further changes to platform basis necessary)
<b>Old platforms (PQx)</b>	Avoiding expenses for maintaining and upgrading vehicles by discontinuing eleven of the PQ platforms

# The Volkswagen brand will implement MEB to make electric vehicles affordable and profitable



## Key measures

- Concept determined by: customer benefit and package for cost-optimized implementation of e-components
- MEB: economies of scale from use of MEB across entire Group
- “Design for manufacturing“: higher productivity, shorter manufacturing time
- Lower material and distribution costs
- Significant reduction in variants
- Early involvement of suppliers

# Volkswagen brand is planning a strong comeback in the USA

## Focus on US Core Segments



Atlas



Tiguan



Jetta



Passat

## Key measures

- Extend SUV offering, focus on US core segments (SUVs, sedans)
- Market-oriented pricing
- Market-oriented alignment to local standards and customer expectations
- Reduce material, product and fixed costs
- “Electrify America”: infrastructure and locally produced cars from 2021

# A product offensive will initiate a new growth phase in South America

## Product offensive in South America



Polo Global



Polo Sedan Global



Small SUV Global

## Key measures

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5 bn investment
- New brand positioning
- New growth strategy for Latin America

# Product line organisation and regionalisation are making us faster and more entrepreneurial

## Product line organisation

### G1 – Small



### G3 – Mid- & Fullsize



### G2 – Compact



### G4 – e-Mobility



New organisation model implemented in all product lines

## Regionalisation

### NAR



#### Head NAR

F V E B P S GS

### SAM



#### Head SAM

F V E B P S CEO VWA

### CHN



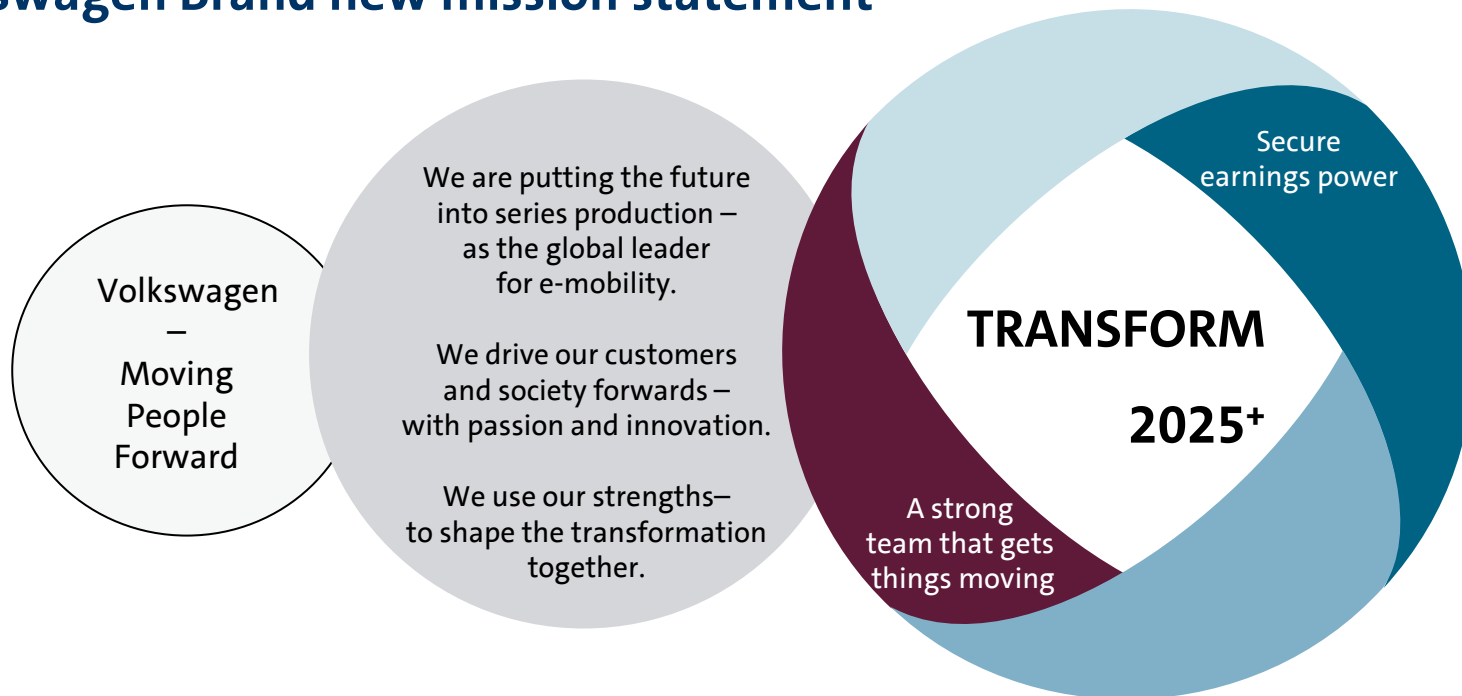
#### Head CHN

F V E GS, G1-3 G4 Project EBO\*

New organisation model implemented for the regions

\* EBO = Budget Car Organisation

## Volkswagen Brand new mission statement



## 12 KPIs measure the achievement of the strategy in four targets

### Enthusiastic customers

- Best-in-class recommendation from enthusiastic customers
- Top quality for the customer
- Direct customer contact in a digital environment

### A strong team that gets things moving

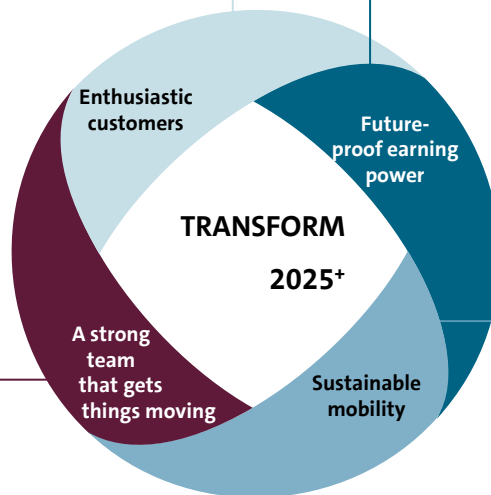
- Vibrant corporate culture and dedicated employees
- Employer of choice for top talents
- Great diversity and expertise in our team

### Secure earnings power

- Secure operating return
- Secure return on investment
- Ensuring financial viability

### Sustainable mobility

- Global market leader in electric mobility
- Integrity as a guiding principle
- Reducing our carbon footprint



## Core challenges in the commercial vehicle industry ...

### Cyclical markets



Strong correlation to GDP in developed world  
Not all regions hit by economic downturns at the same time

### Further globalization



Local OEMs dominating in BRIC markets  
Improving infrastructure, stronger regulations open opportunities for Volkswagen

### Emission regulations



Europe with aggressive regulations, focus shifting to diesel lock-outs  
BRIC trailing behind, but with ambitious roadmap

### Connectivity & digitalization



Platooning and partly-autonomous driving as transition solutions  
Data management for customers and traffic of broad interest

### After sales and new business opportunities



After sales increasingly important as alternative source of revenues  
New business models (e.g. enhanced telematics) can stabilize revenues



## ... require Volkswagen truck brands to cooperate closely

Cyclical markets



Further  
globalization



Emission  
regulations



Connectivity &  
digitalization



After sales and  
new business  
opportunities



**Global market reach** to ensure sufficient volume in local up- & downturns

**Reduced fixed costs** through modularization and shared components

**"Navistar alliance:** 16.6% equity, \$256m, closure H1 2017"

**Combined R&D know-how** for competitive product development

**Additional value** through customer services

Close cooperation  
going forward

**VOLKSWAGEN  
TRUCK & BUS**



Caminhões  
Ônibus



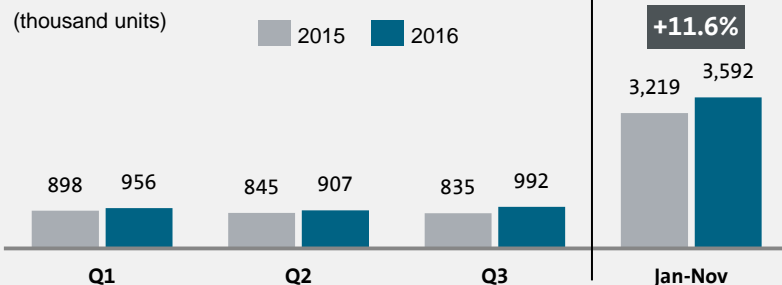
**NAVISTAR**



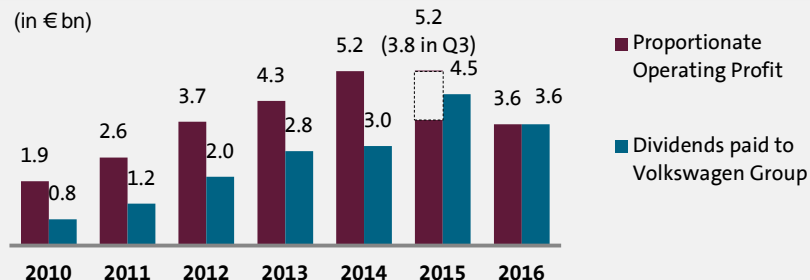
## Deep roots and strong market position combined with further growth potential continues robust performance in China



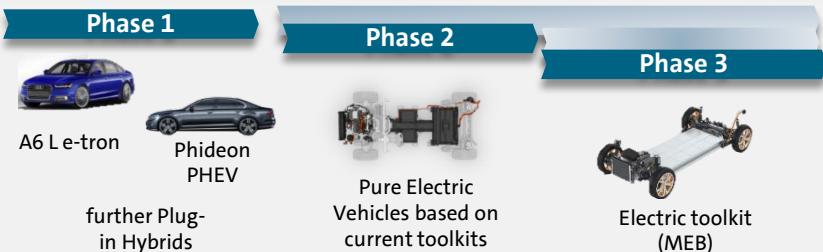
### Deliveries to customers – strong Jan-Nov 2016



### Strong operational & financial track record



### Implementation of locally produced NEVs



### 10 additional SUVs within the next 3-4 years



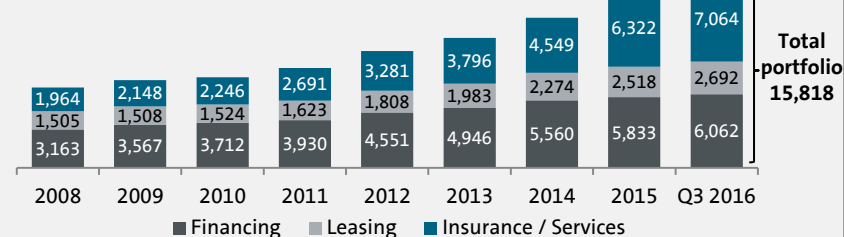
# Volkswagen Financial Services<sup>1)</sup>: global, well diversified and successful

## Strong global presence

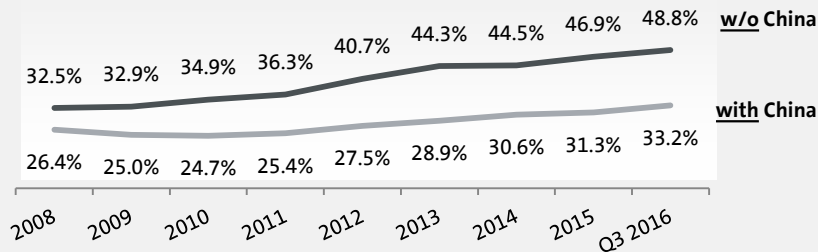


## Continuous portfolio expansion

in '000 contracts



## Rising penetration rates

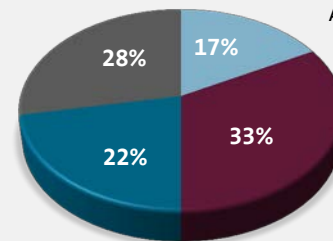


## Diversified funding structure

Equity, liabilities to  
affiliated companies,  
other

Asset backed securitization

Customer deposits



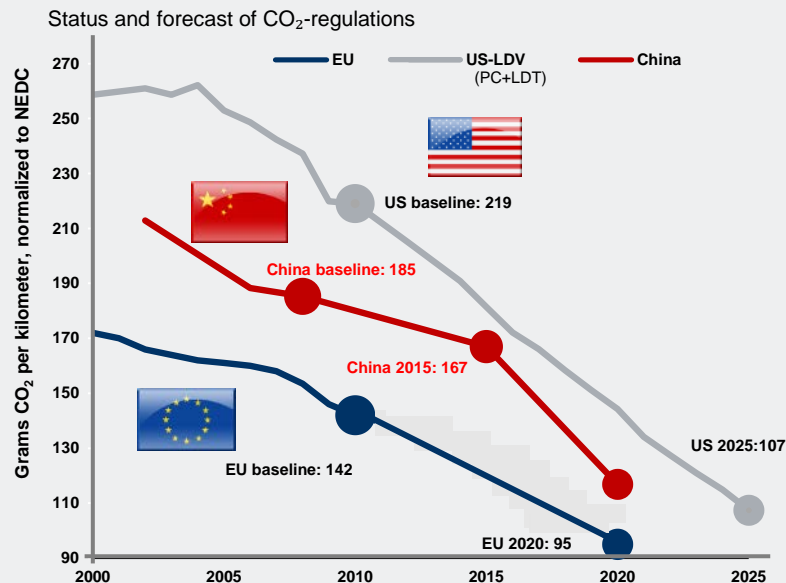
30.09.2016: €162.7 bn

Bonds,  
Commercial Paper,  
liabilities to financial  
institutions

<sup>1)</sup> Excluding Financial Services activities of Scania, Porsche AG and Porsche Holding Salzburg; including MAN Financial Services

# Challenging emission regulations, trends and business transformation opportunities

## ... CO<sub>2</sub> and EU6 regulations



## ... Market / consumer trends

Digitalization



Shorter lifecycles



E-mobility



SUV trend



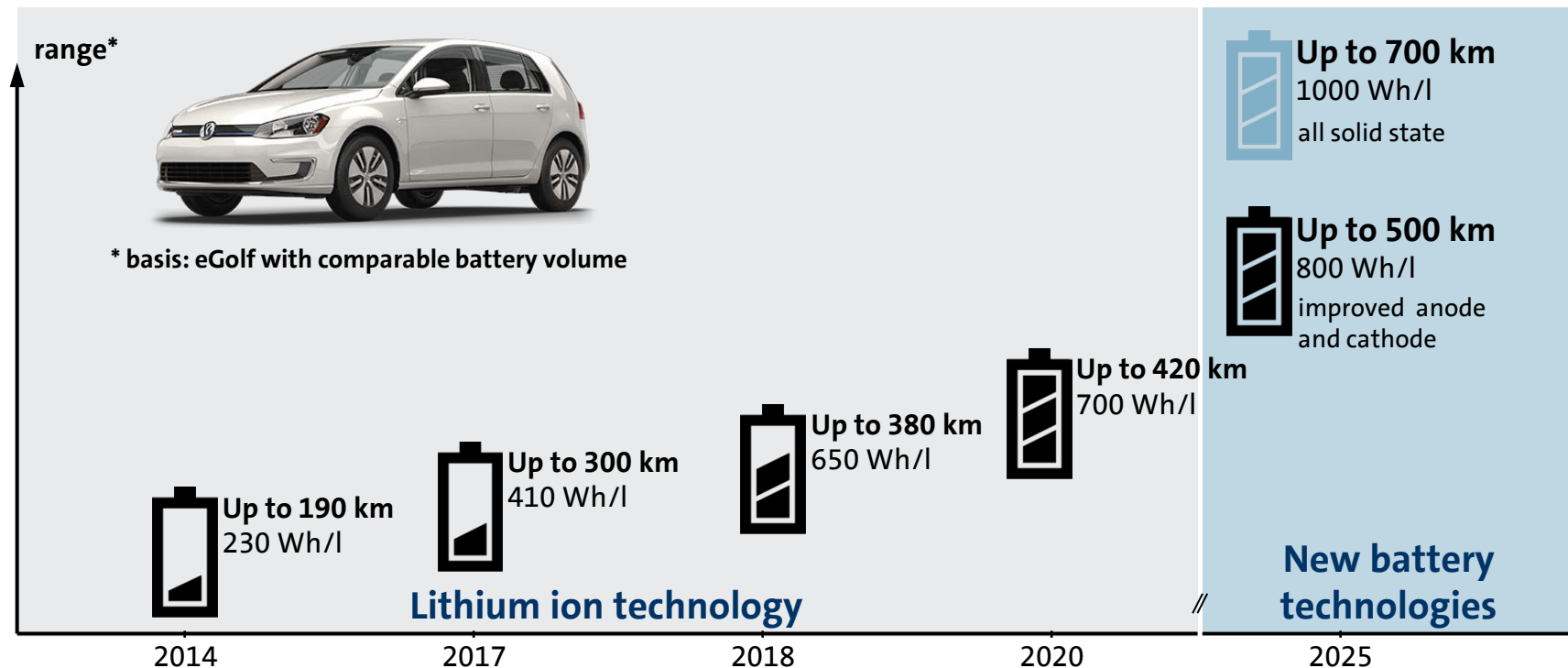
Automated driving



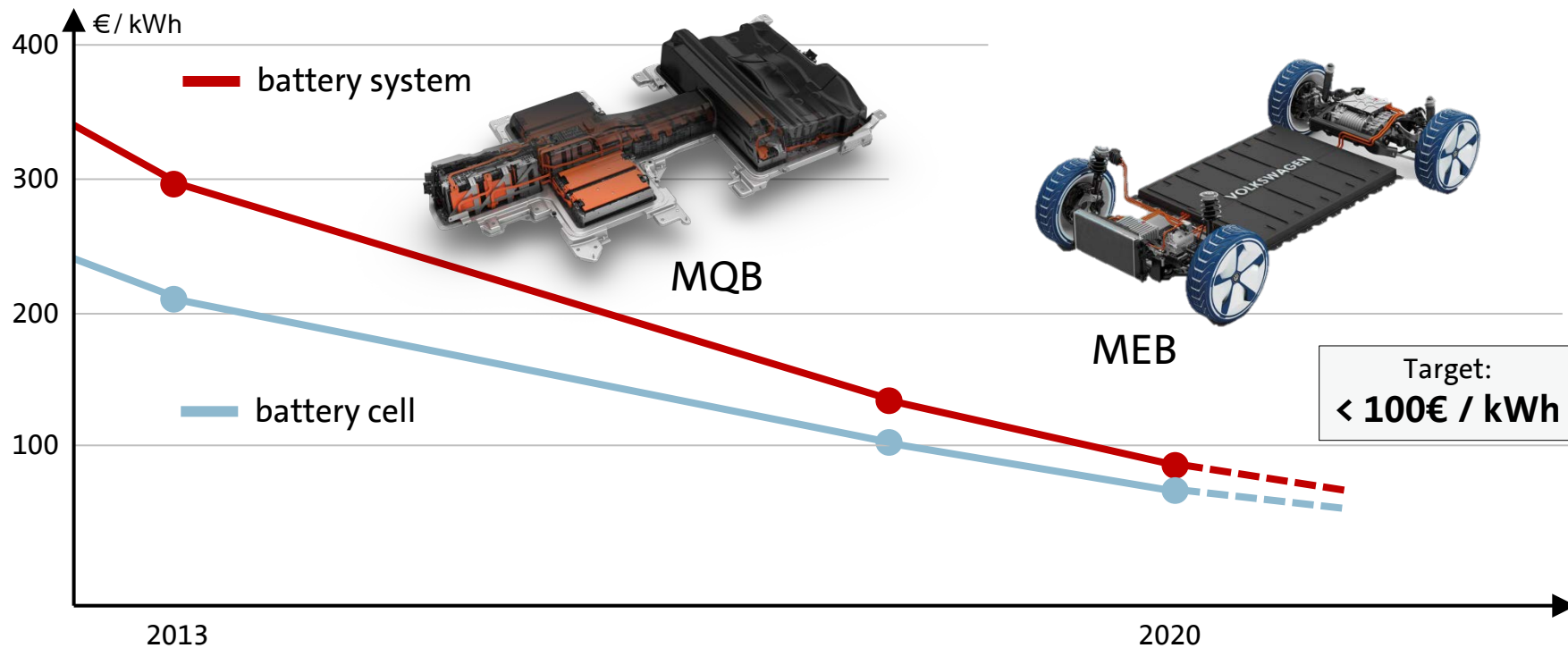
Shift in priorities



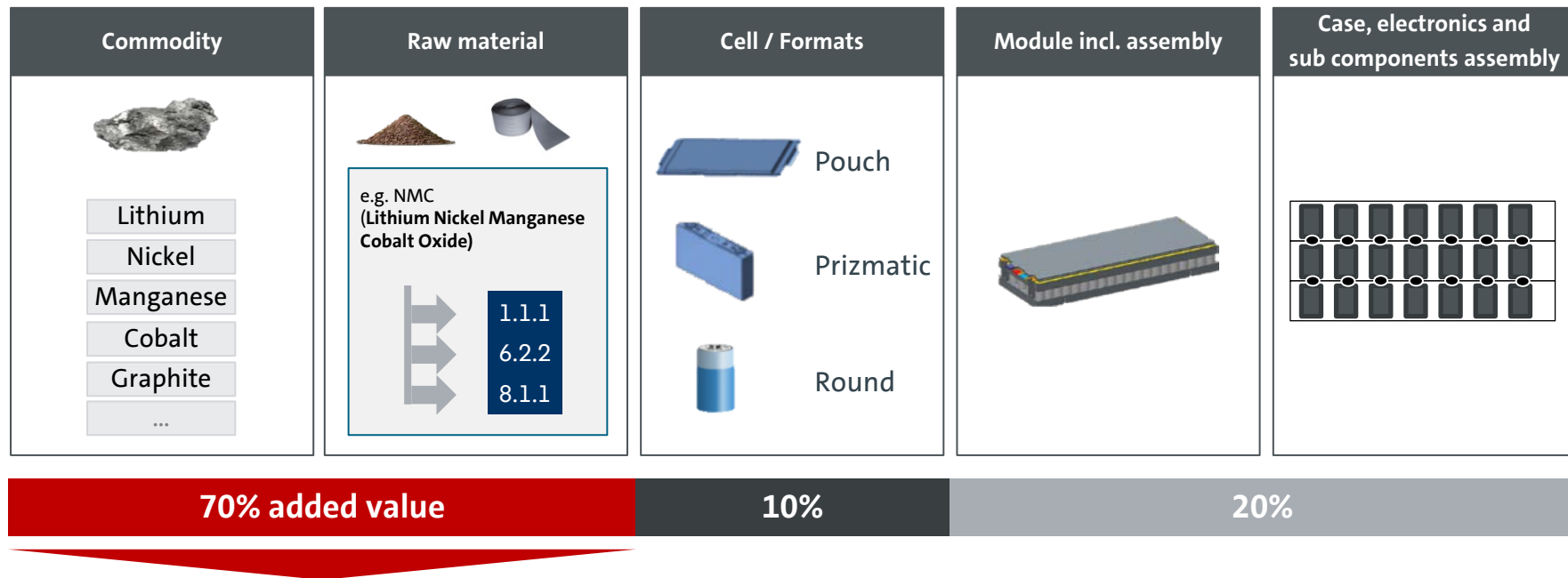
## Roadmap battery cell chemistry and energy density



## Roadmap battery cost



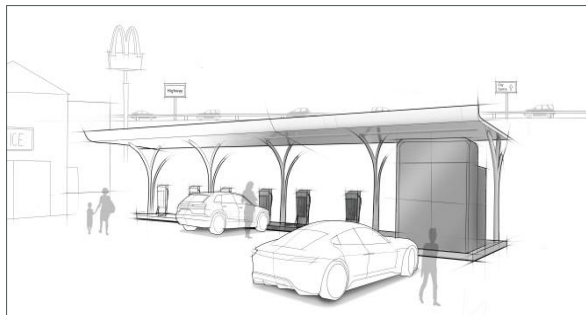
## Analysis of the value chain to achieve the target of <€100 / kWh



**Main factor to achieve target**

# High-power charging (HPC) infrastructure essential for volume targets

## High-Power Charging (HPC)



- ◆ HPC for Long Distance Driving
- ◆ Station Network along Highways
- ◆ Power >150kW up to 320kW
- ◆ CCS Standard



~ 290 charging stations



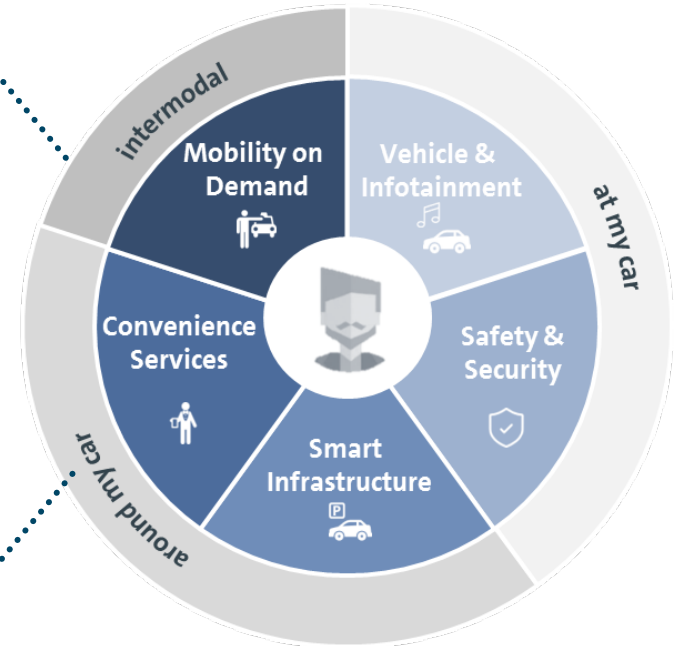
400 charging stations





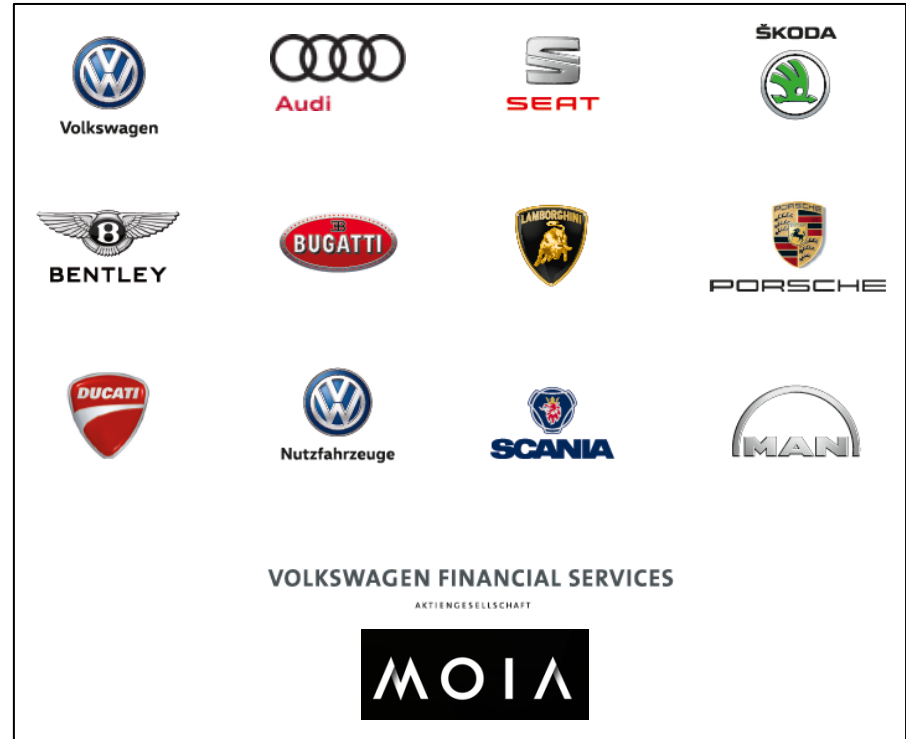
# The Volkswagen Group strives for a worldwide leading position in Mobility Services

- > **Goal: Top Provider of Mobility Services**
- > Until 2020 we will implement a **comprehensive portfolio of digital services** for all brands
- > To generate a sustainable **competitive advantage**, we will **build up new core competences**



## The founding of MOIA creates the framework for future mobility

- ◆ Develop **profitable business models** for the Group and brands
- ◆ Focus on **Mobility on Demand**
- ◆ **Support** traditional Group brands concerning **product design and technical requirements** of the vehicles
- ◆ „**Best of Best**“ **Management Team** bundling know how from the automotive-, software- and services industry



# Volkswagen is making digital transformation a top priority concentrating on digitalization and autonomous driving

## Volkswagen Group Future Centers



- **Three new Volkswagen Group Future Centers** in Silicon Valley, Potsdam and Beijing
- **Approach:** designers and digitalization experts work hand in hand to create the car of the future
- **Goal:** best in class customer experience, interface design and user friendliness, new interior concepts, integration of infotainment and entertainment systems

## Autonomous driving

- 91% of accidents caused by human error → reduce number of accidents
- People spend more than 4 years of their life in the car on average → make that time usable for the driver
- Huge potential for trucks → significantly higher productivity
- Car parked most of the day → customer achieves best return on investment by fully utilizing the car
- Infrastructure limited → has to be used more efficiently

**20<sup>th</sup> Century: Engine is the core of the automobile**

**21<sup>st</sup> Century: Self-driving system is the core of the automobile**

### Top fields of use

Individual urban mobility

Commercial vehicles

Premium cars

Public transportation

**Group is building on strong knowledge base – initiative started to get to market ahead of competitors**

## New co-operations and initiatives





“Together, we will create  
a **new Volkswagen**

and play a key role in designing  
the **mobility world**  
**of tomorrow”**

M. Müller, CEO, June 16<sup>th</sup> 2016

## Events 2017

- 
- 14. March 2017**      Annual Media Conference, Investor and Analyst Conference 2017
- 3. May 2017**      Interim Report January - March 2017, Investor and Analyst Conference Call
- 10. May 2017**      Annual General Meeting 2017
- 27. July 2017**      Half-Yearly Financial Report 2017, Investor and Analyst Conference Call
- 27. October 2017**      Interim Report January - September 2017, Investor and Analyst Conference Call

## Investor Relations Team



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# Volkswagen Group Appendix





# Rating Volkswagen Group

MOODY'S

Investment grade	Aaa	
	Aa1	
	Aa2	
	Aa3	Volkswagen Bank GmbH (N)
	A1	
	A2	VW FS AG (N)
	A3	Volkswagen AG (N)
	Baa1	
	Baa2	
	Baa3	

AAA  
AA+  
AA  
AA-  
A+  
A  
A-  
BBB+  
BBB  
BBB-



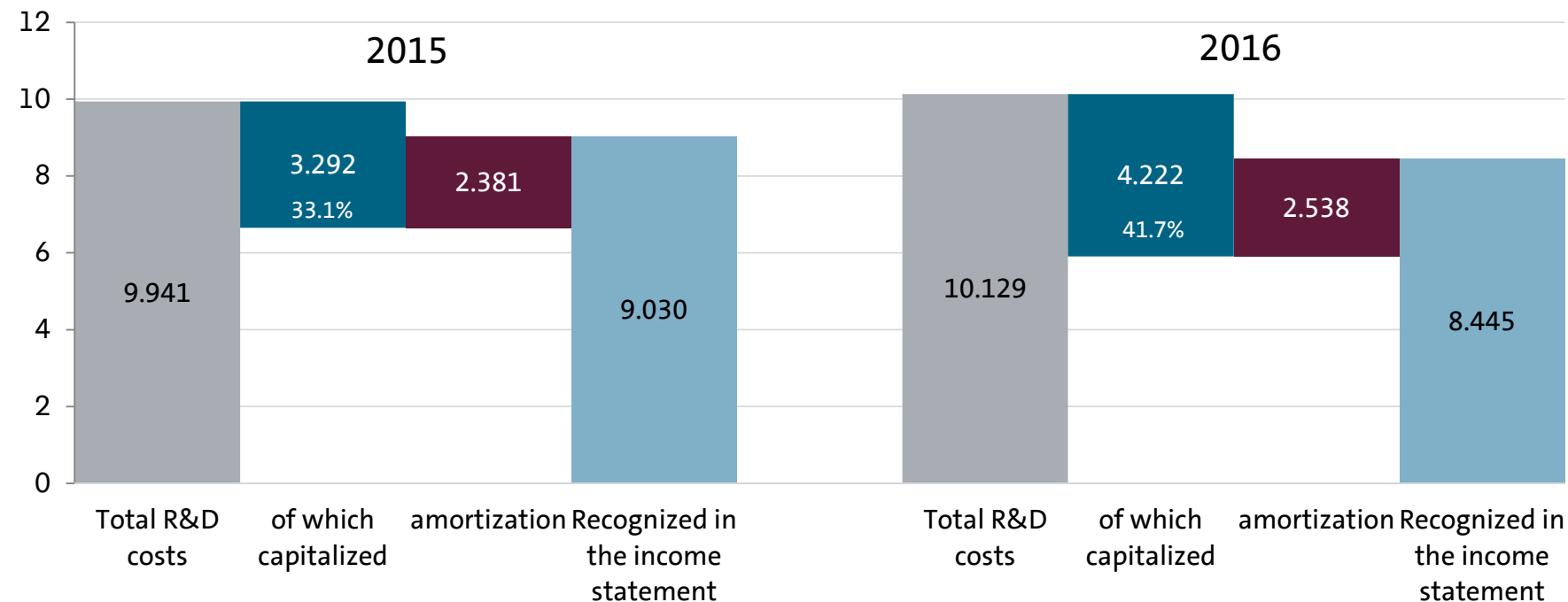
BB+  
BB  
BB-  
B+  
B  
B-- --

Subinvestment grade	Ba1	
	Ba2	
	Ba3	
	B1	
	B2	
	---	

## Automotive Division – Research and Development Costs

(January to September 2016 vs. 2015)

€ million



## Special Items: Diesel related and other

(In € bn)	Diesel		Other		Total
2015	Legal	7.0	Restructuring:		
	Other items	9.2		Truck Business South America	0.2
				Passenger Cars South America	0.2
				Airbags Takata	0.3
		16.2			0.7
					16.9
Q1-Q3 2016	Mainly legal risks	2.0	Scania Anti-Trust Proceedings		
				Airbags Takata	0.2
					0.6
					2.6
Total to date		18.2			

## Ad hoc release issued on January 10, 2017













Volkswagen AG confirms that it is in advanced discussions with the US Department of Justice and U.S. Customs and Border Protection. The aim of the discussions is to reach a settlement agreement regarding the settlement of certain criminal investigations and certain civil fines in connection with the Diesel issue in the USA.

Volkswagen AG further confirms market rumors that the company negotiated a concrete draft of a settlement agreement with the aforementioned US authorities which contains criminal and civil fines with a total amount of USD 4.3 Billion as well as measures to further strengthen the Compliance and Control-Systems including the appointment of an Independent Monitor for the next three years. Further, part of the settlement agreement is a Guilty Plea regarding certain US criminal-law provisions and a Statement of Facts on the basis of which the fines have to be made.

The final conclusion of the settlement agreement is still subject to the approval by the Management Board and the Supervisory Board of Volkswagen AG and by the competent corporate bodies of further Group Companies involved. A final conclusion of the settlement agreement is further subject to the execution by the competent US authorities and to the approval of the competent US courts.

In case of a settlement agreement, the payment obligations are expected to lead to a financial expense that exceeds the current provisions. The concrete impact regarding the annual result 2016 cannot be defined at present due to its dependency on various further factors.”

## Modular toolkits – Brand responsibilities

MQB	MLB	MSB	MNB	MMB	MEB
 	 <b>Audi</b> 	 <b>PORSCHE</b> 	 <b>Commercial Vehicles</b> 	 <b>PORSCHE</b> 	 
<b>Modular Transverse Toolkit</b>	<b>Modular Longitudinal Toolkit</b>	<b>Modular Standard Drivetrain Toolkit</b>	<b>Modular Light Commercial Vehicle Toolkit</b>	<b>Modular Mid-engine Toolkit</b>	<b>Modular Electric Toolkit</b>

# We have defined central fields of action for each phase



\*) before special items

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

# The SUV offensive has a global impact: Investment channeled into high earnings and high growth segments

Small SUV

New



T-Roc

New

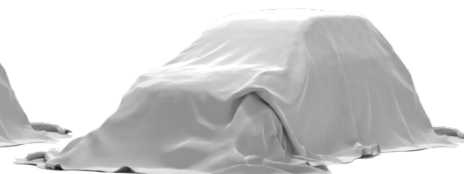


Compact SUV

New



Compact SUV



Tiguan

New Gen.



Tiguan LWB

New



Touareg

New Gen.

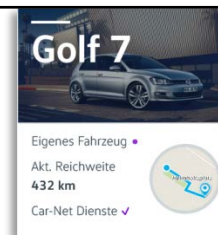
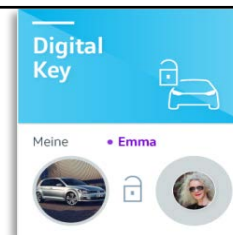


Atlas

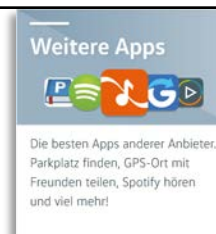
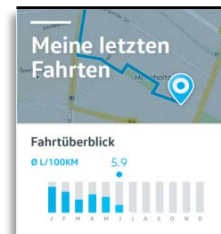
New



## Volkswagen brand is planning an industry-leading ecosystem



## Apps/ Services





## Volkswagen Atlas



## Volkswagen I.D



## Audi Q5

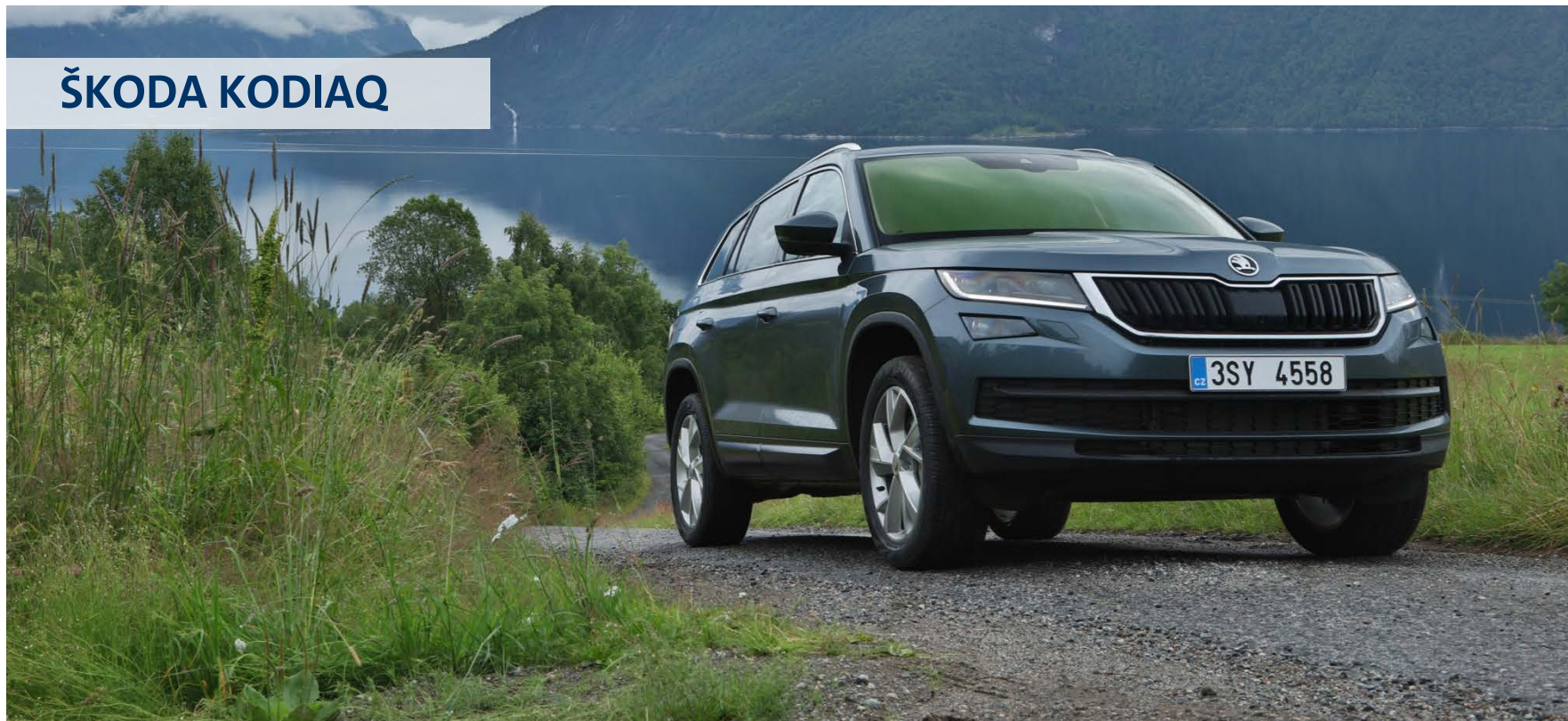




## Porsche 718 Boxster



## ŠKODA KODIAQ





## SEAT Ateca



## Bentley Bentayga



## Lamborghini Centenario





## Bugatti Chiron



## Volkswagen Crafter



## MAN TGX





## Scania R500 4x2



VOLKSWAGEN

AKTIENGESELLSCHAFT



*moving*  
people

## Volkswagen Group

Frank Witter

Chief Financial Officer

Kepler Cheuvreux German Corporate Conference,  
Frankfurt, 18 January 2017