

VOLKSWAGEN
AKTIENGESELLSCHAFT

**Half-Yearly
Financial Report**
January – June 2017
Conference Call and Webcast
27 July 2017

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 Such statements are valid on the date of publication and can be superseded.

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Conference Call: January – June 2017



Frank Witter

Member of the Board of
Management, Volkswagen AG
Finance and Controlling



Fred Kappler

Head of Group Sales
Volkswagen AG

Financial Highlights January – June 2017

Volkswagen Group achieved a successful first half in 2017

Sales revenue higher than prior year with positive effects from volume and mix

Operating profit improved significantly to €8.9bn, no Special Items

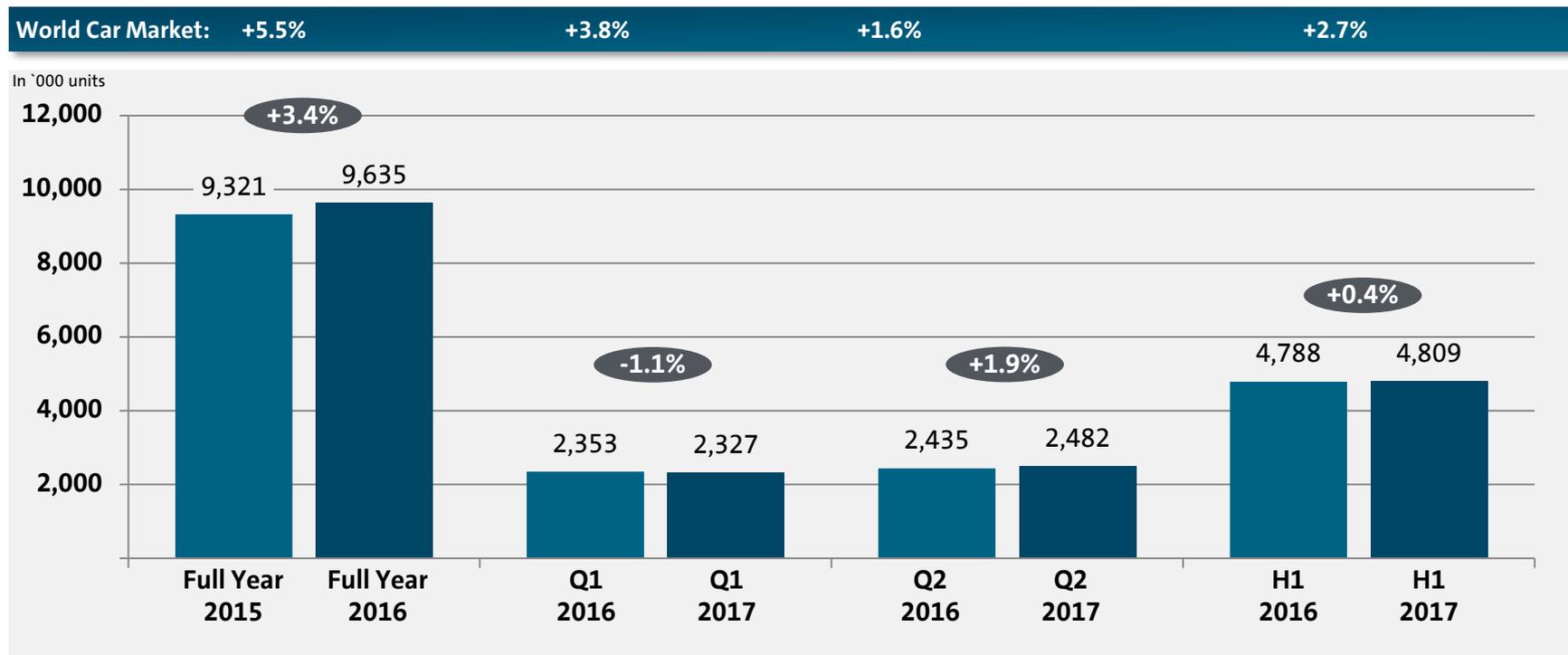
Profit before tax at €9.0bn

Cash generation improved significantly excluding diesel-related outflows

Automotive net liquidity remains at a robust level

Development Volkswagen Group Car Deliveries to Customers¹⁾

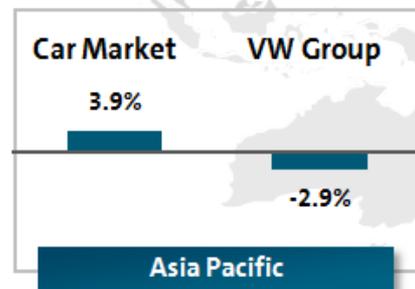
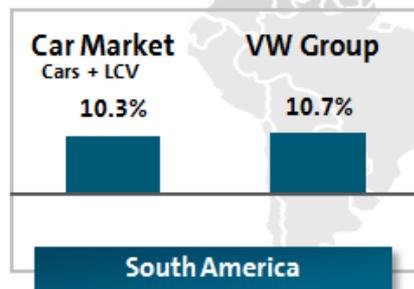
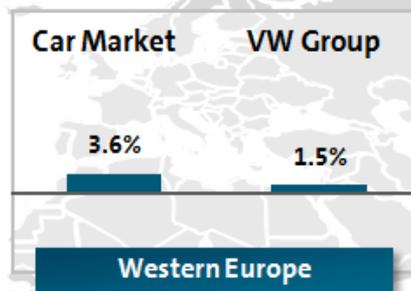
(in comparison to previous year)



¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾

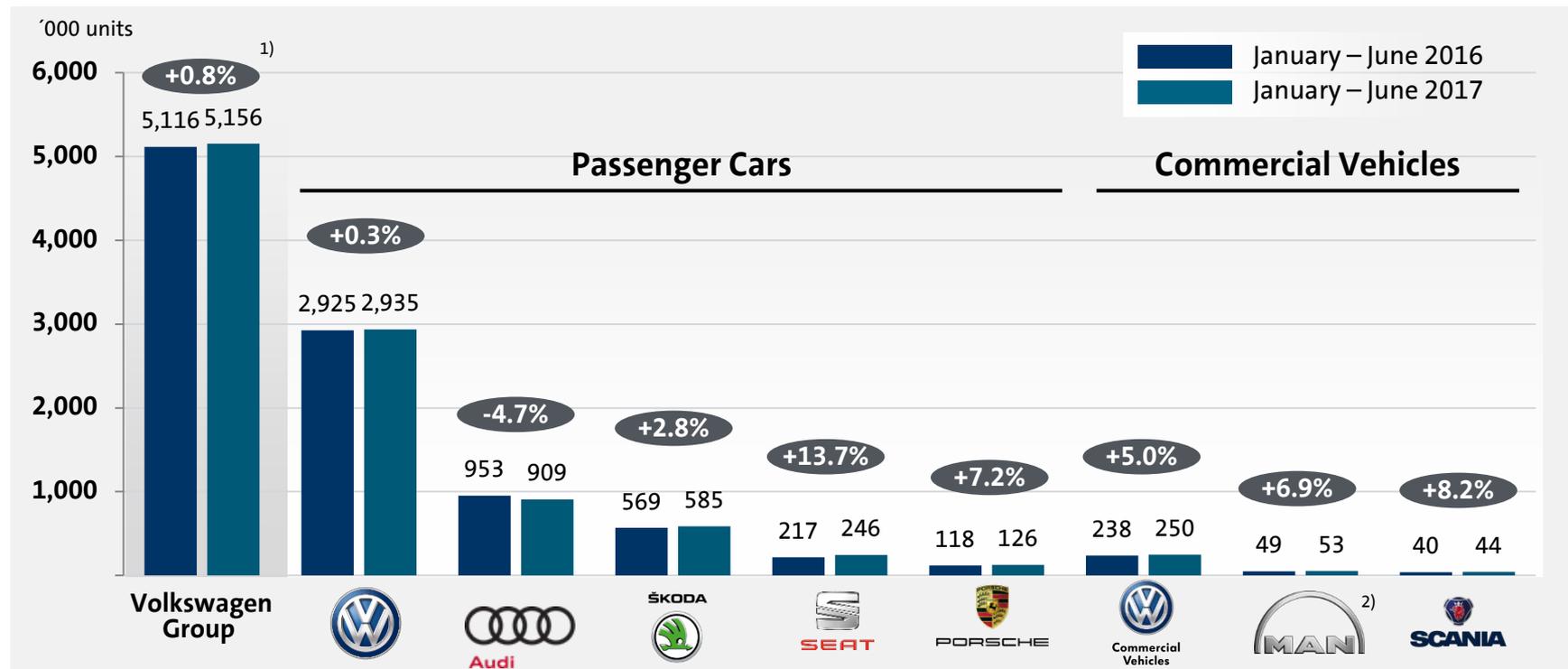
(Growth y-o-y in deliveries to customers, January to June 2017 vs. 2016)



¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Deliveries to Customers by Brands

(January to June 2017 vs. 2016)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +0.4% excl. Volkswagen Commercial Vehicles, Scania and MAN.

²⁾ MAN incl. MAN Latin America Trucks and Busses GVW > 5t



Volkswagen Tiguan Allspace



Volkswagen Polo



Audi A8



SEAT Ibiza

Volkswagen Group – Key Financial Figures¹⁾

(January to June 2017 vs. 2016)

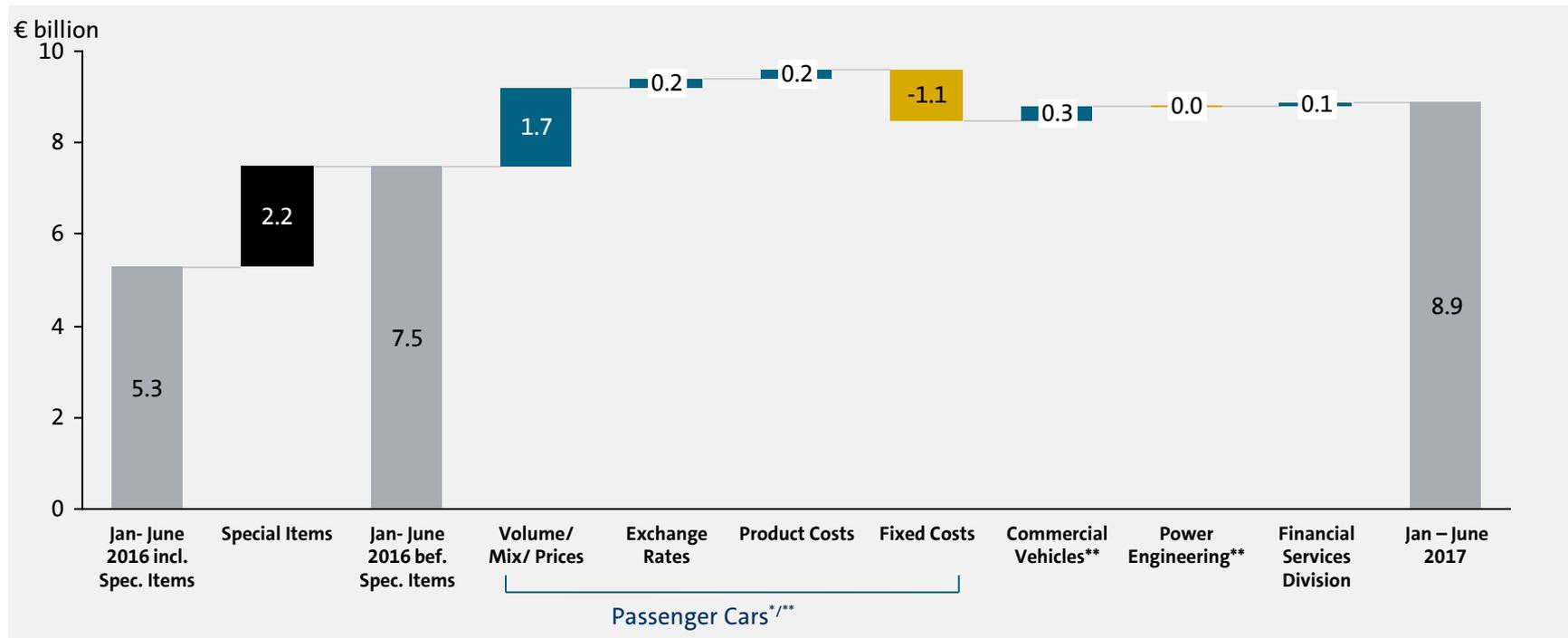
| thousand vehicles / € million | 2017 | 2016 | +/- (%) |
|--|---------|---------|---------|
| Vehicle Sales ²⁾ | 5,270 | 5,199 | +1.4 |
| Sales revenue | 115,862 | 107,935 | +7.3 |
| Operating profit before Special Items | 8,916 | 7,517 | +18.6 |
| <i>% of sales revenue</i> | 7.7 | 7.0 | |
| Operating profit | 8,916 | 5,339 | +67.0 |
| <i>% of sales revenue</i> | 7.7 | 4.9 | |
| Financial result | 44 | -528 | X |
| of which: At-equity result ²⁾ | 1,635 | 1,715 | -4.7 |
| of which: Other financial result | -1,591 | -2,243 | -29.1 |
| Profit before tax | 8,960 | 4,810 | +86.3 |
| <i>% Return on sales before tax</i> | 7.7 | 4.5 | |
| Profit after tax | 6,595 | 3,579 | +84.3 |

¹⁾ 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.

²⁾ 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 €2,135 million (€2,366 million).

Volkswagen Group – Analysis of Operating Profit¹⁾

(January to June 2017 vs. 2016)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without FS **) including PPA

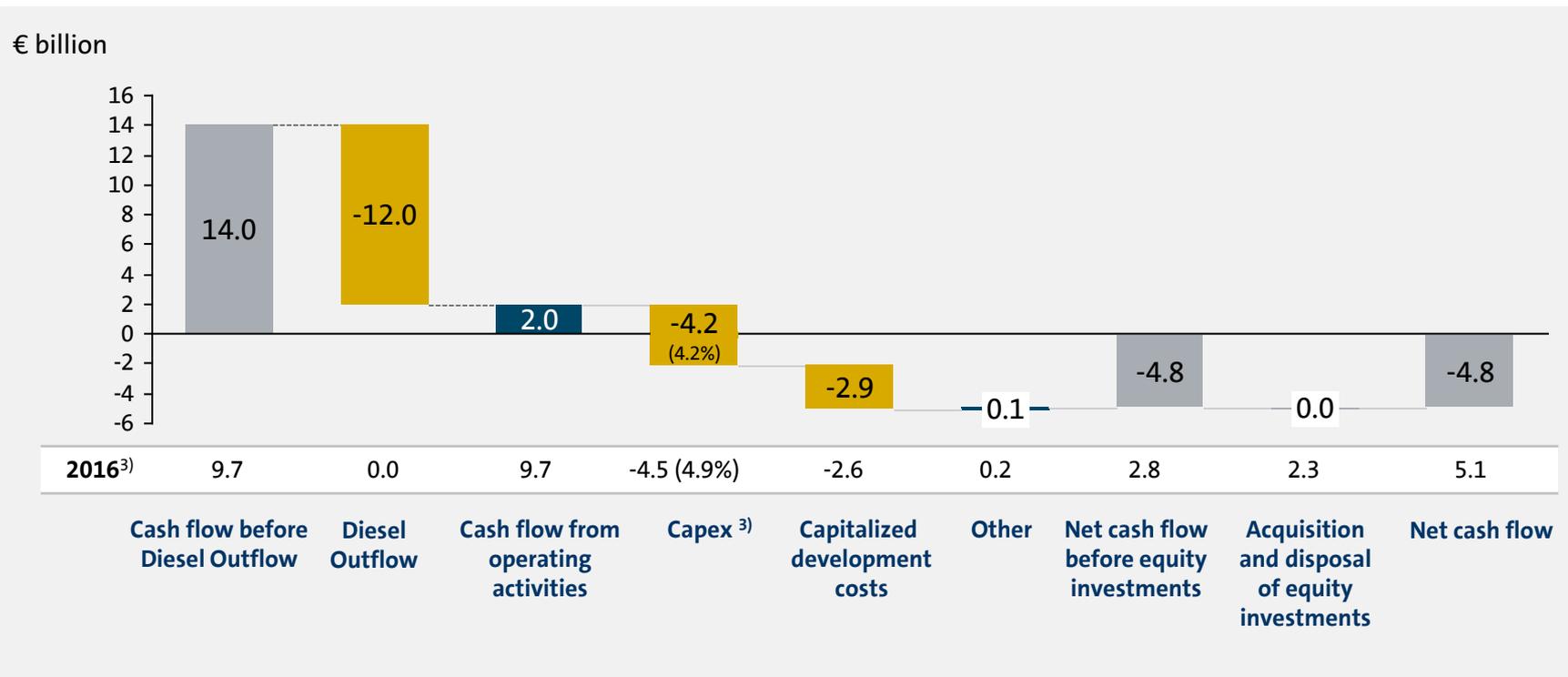
Volkswagen Group – Analysis by Business Line¹⁾ (January to June 2017 vs. 2016)

| thousand vehicles/ € million | Vehicle sales | | Sales revenue | | Operating profit | |
|--|---------------|--------------|----------------|----------------|------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Volkswagen Passenger Cars ²⁾ | 1,812 | 2,232 | 39,855 | 53,006 | 1,776 | 881 |
| Audi | 783 | 799 | 30,143 | 30,134 | 2,680 | 2,666 |
| ŠKODA | 501 | 431 | 8,720 | 7,114 | 860 | 685 |
| SEAT | 304 | 276 | 5,054 | 4,485 | 130 | 93 |
| Bentley | 5 | 5 | 867 | 883 | 13 | -22 |
| Porsche Automotive ³⁾ | 124 | 117 | 10,841 | 10,151 | 2,056 | 1,768 |
| Volkswagen Commercial Vehicles | 244 | 231 | 5,927 | 5,406 | 448 | 299 |
| Scania ⁴⁾ | 44 | 41 | 6,307 | 5,575 | 673 | 550 |
| MAN Commercial Vehicles | 53 | 49 | 5,297 | 4,798 | 193 | 186 |
| MAN Power Engineering | - | - | 1,579 | 1,673 | 73 | 103 |
| VW China ⁵⁾ | 1,870 | 1,867 | - | - | - | - |
| Other ⁶⁾ | -469 | -849 | -14,728 | -28,901 | -1,152 | -687 |
| Volkswagen Financial Services ⁷⁾ | - | - | 15,999 | 13,611 | 1,165 | 995 |
| Volkswagen Group before Special Items | - | - | - | - | 8,916 | 7,517 |
| Special Items | - | - | - | - | - | -2,178 |
| Volkswagen Group | 5,270 | 5,199 | 115,862 | 107,935 | 8,916 | 5,339 |
| Automotive Division ⁸⁾ | 5,270 | 5,199 | 98,901 | 92,547 | 7,651 | 4,162 |
| of which: Passenger Cars | 4,930 | 4,879 | 80,070 | 75,285 | 6,654 | 3,895 |
| of which: Commercial Vehicles | 340 | 320 | 17,252 | 15,589 | 1,043 | 285 |
| of which: Power Engineering | - | - | 1,579 | 1,673 | -46 | -18 |
| Financial Services Division | - | - | 16,961 | 15,388 | 1,265 | 1,177 |

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ 2017 figures take account of the reclassification of companies; prior-year figures were not adjusted. ³⁾ Porsche (Automotive and Financial Services): sales revenue €11,778 (10,929) million, operating profit €2,131 (1,830) million. ⁴⁾ Including financial services. ⁵⁾ The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of €2,135 (2,366) million. ⁶⁾ Prior year adjusted. In operating profit mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁷⁾ Starting January 1, 2017, Porsche's financial services business is reported as part of Volkswagen Financial Services. Prior-year figures were not adjusted. ⁸⁾ Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Automotive Division Net Cash Flow ^{1) 2)}

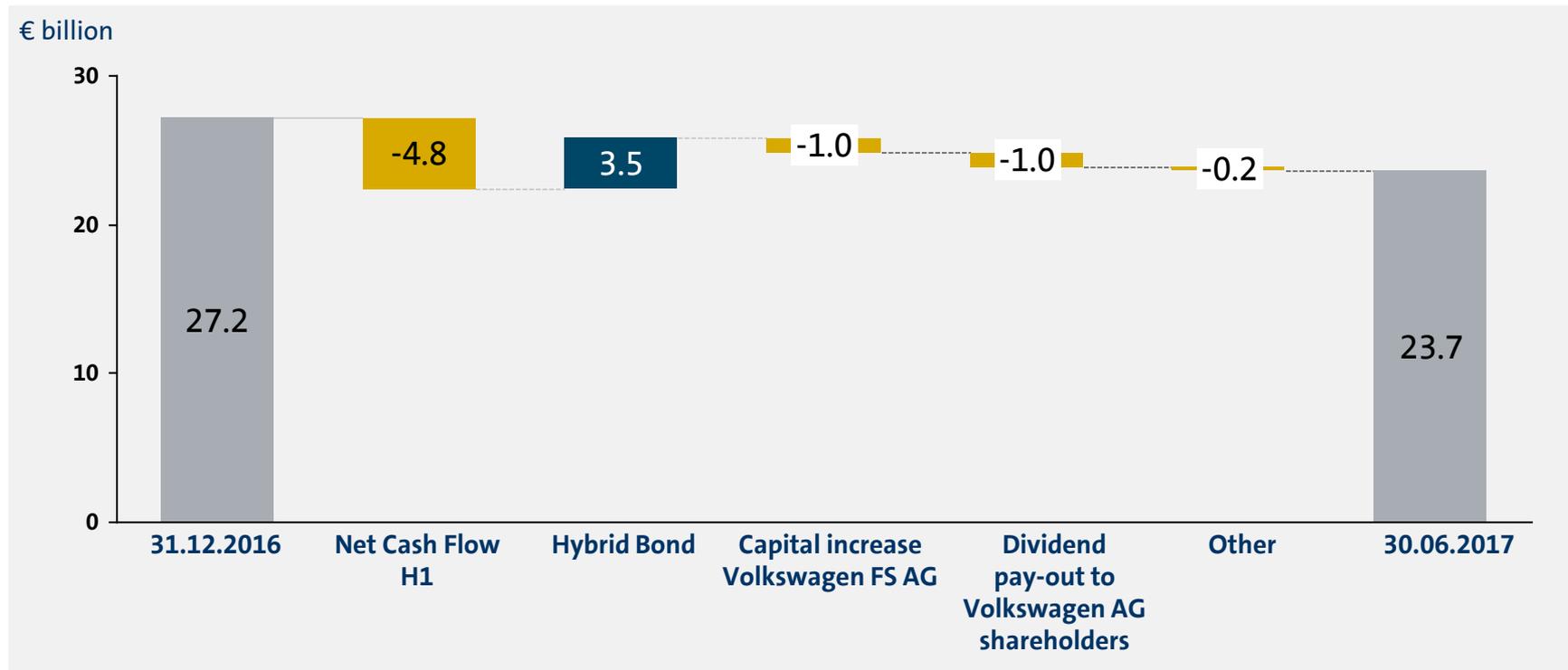
(January to June 2017)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

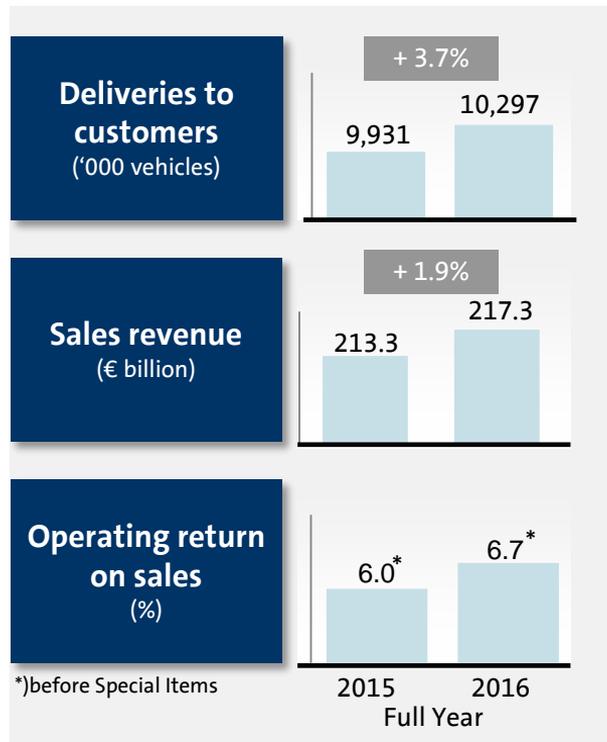
³⁾ Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

Automotive Division – Analysis of Net Liquidity¹⁾



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

Volkswagen Group – Outlook for 2017



Deliveries to customers

moderately above prior year

Sales revenue

Up more than 4% above prior year level

Operating return on sales

between 6.0% and 7.0%

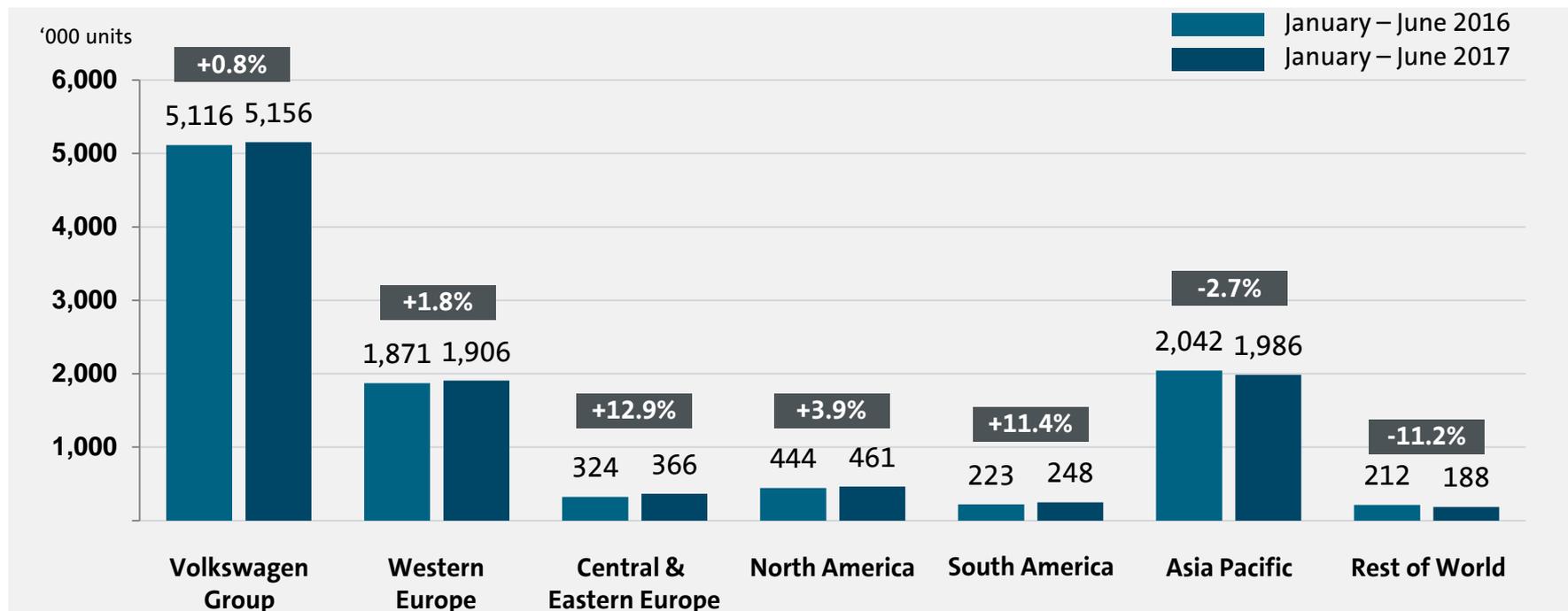


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Appendix

Volkswagen Group – Deliveries to Customers by Markets¹⁾

(January to June 2017 vs. 2016)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +0.4% excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Headline Figures

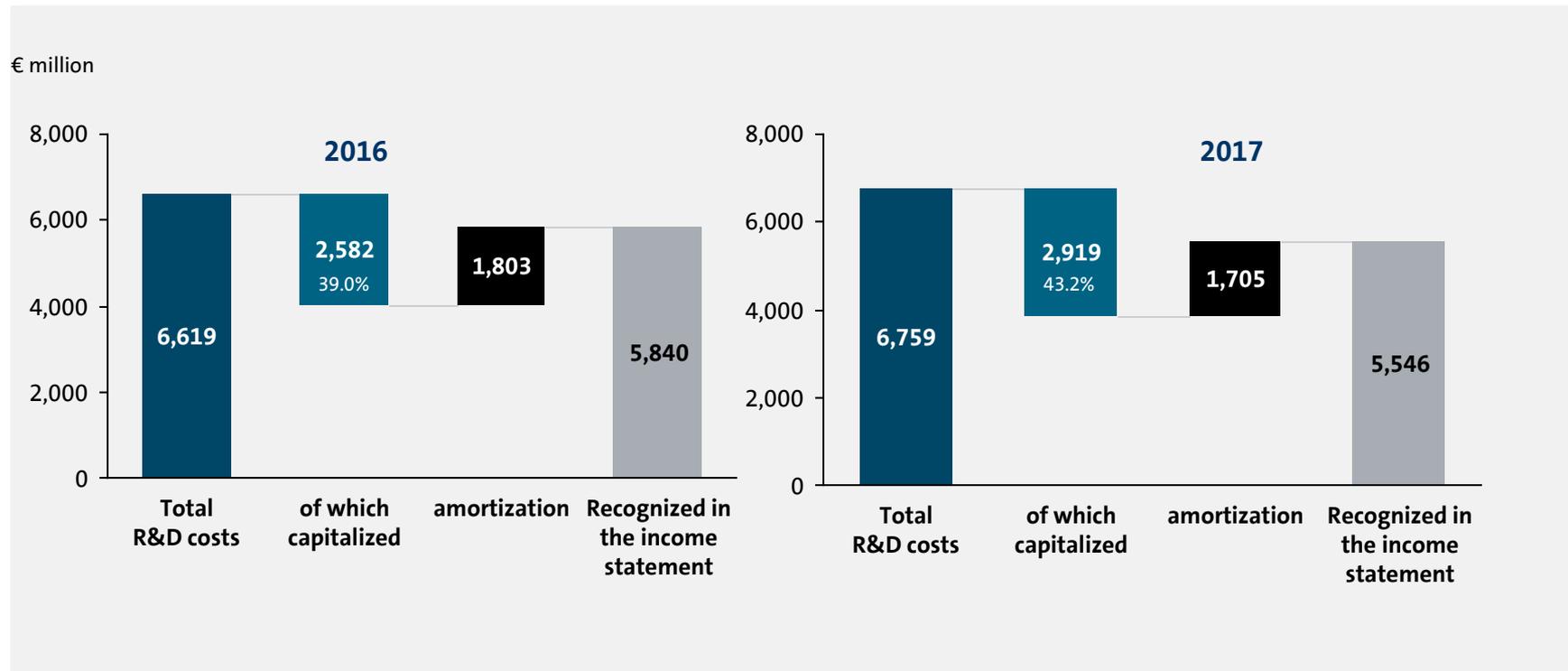
(January to June 2017 vs. 2016)

| | | 2017 | 2016 | +/- (%) |
|---|------------|---------|---------|---------|
| Deliveries to customers ¹⁾ | '000 units | 5,156 | 5,116 | +0.8 |
| Vehicle sales ¹⁾ | '000 units | 4,477 | 4,431 | +1.0 |
| Production ¹⁾ | '000 units | 5,433 | 5,268 | +3.1 |
| Sales revenue | € million | 115,862 | 107,935 | +7.3 |
| Operating profit before Special Items | € million | 8,916 | 7,517 | +18,6 |
| Special Items | € million | - | -2,178 | X |
| Operating profit | € million | 8,916 | 5,339 | +67.0 |
| Profit before tax | € million | 8,960 | 4,810 | +86.3 |
| Profit after tax | € million | 6,595 | 3,579 | +84.3 |
| Profit attributable to Volkswagen AG shareholders | € million | 6,474 | 3,461 | +87.0 |
| Automotive Division²⁾ | | | | |
| Cash flows from operating activities | € million | 14,720 | 10,487 | +34.1 |
| Cash flows from investing activities attributable to operating activities ³⁾ | € million | 6,829 | 4,601 | +48.4 |
| of which: capex | € million | 4,159 | 4,515 | -7.9 |
| Net cash flow | € million | -4,795 | 5,135 | X |
| Net liquidity at June 30 | € million | 23,745 | 28,778 | -17.5 |

¹⁾ Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. 2016 deliveries updated to reflect subsequent statistical trends. ²⁾ Including allocation of consolidation adjustments between the Automotive and Financial Services divisions. ³⁾ Excluding acquisition and disposal of equity investments: Q2 € 3,692 (3,646) million. H1 € 6,853 (6,939) million

Automotive Division – Research and Development Costs

(January to June 2017 vs. 2016)



Volkswagen Arteon R Line



Volkswagen Polo



AUDI A8



Porsche 911 GT2 RS



ŠKODA Kodiaq



SEAT Arona



Bentley Bentayga



Lamborghini Centenario



Bugatti Chiron



Volkswagen Crafter

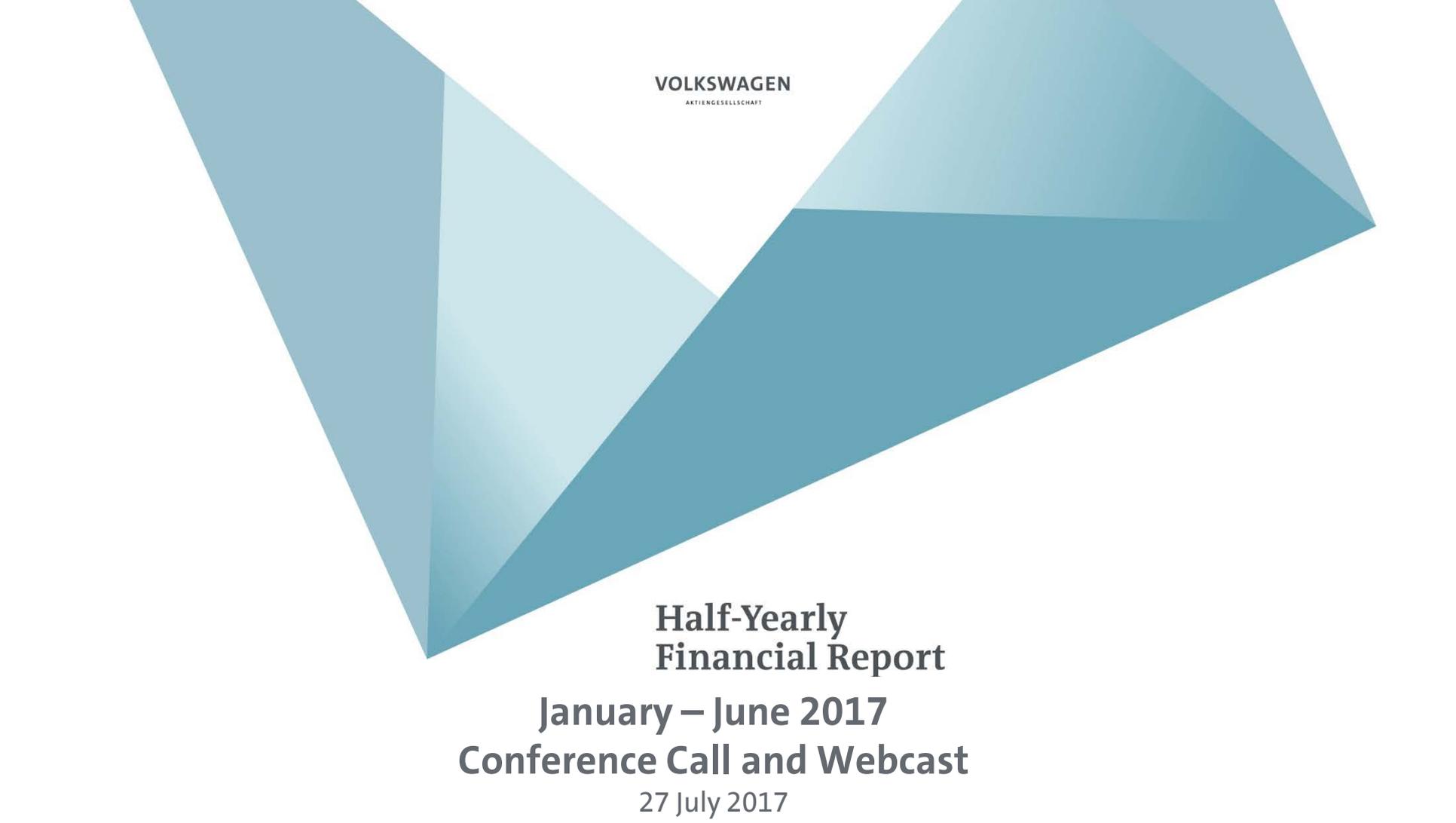


MAN TGX



Scania R500 4x2





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