



**Volkswagen Brand
Financial Results January – June 2017
Conference Call and Webcast**

Disclaimer

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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.

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Conference Call on the results January – June 2017



Dr. Arno Antlitz

Member of the Volkswagen Brand
Board of Management for
Controlling and Accounting



Jürgen Stackmann

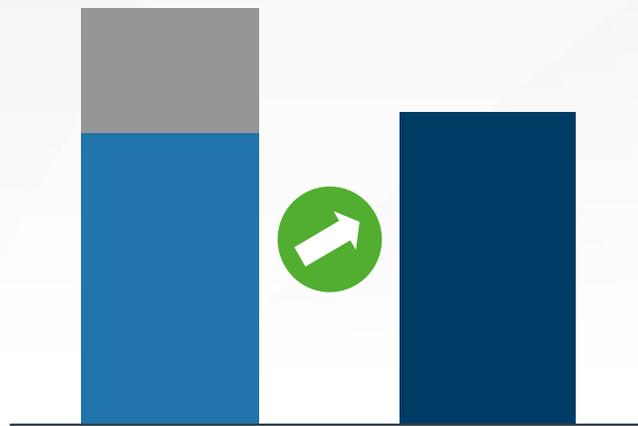
Member of the Volkswagen Brand
Board of Management for Sales,
Marketing and After Sales



Successful operating performance in H1 2017

2016 2016 (adjusted) 2017

EUR 39.9 billion



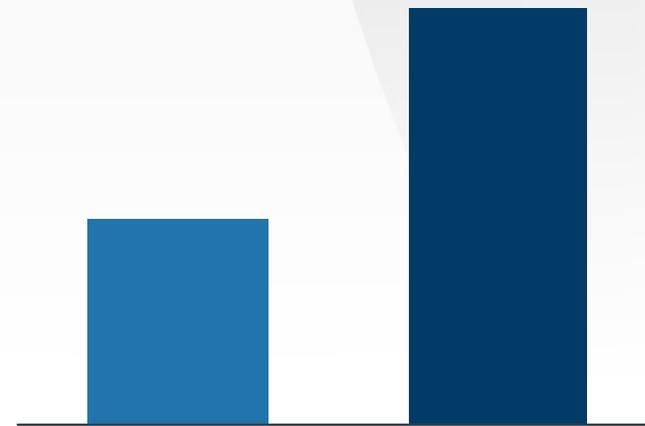
2016

2017

Total sales revenue

not comparable with prev. year
("New Structure")

EUR 1.8 billion



2016

before
special items

2017

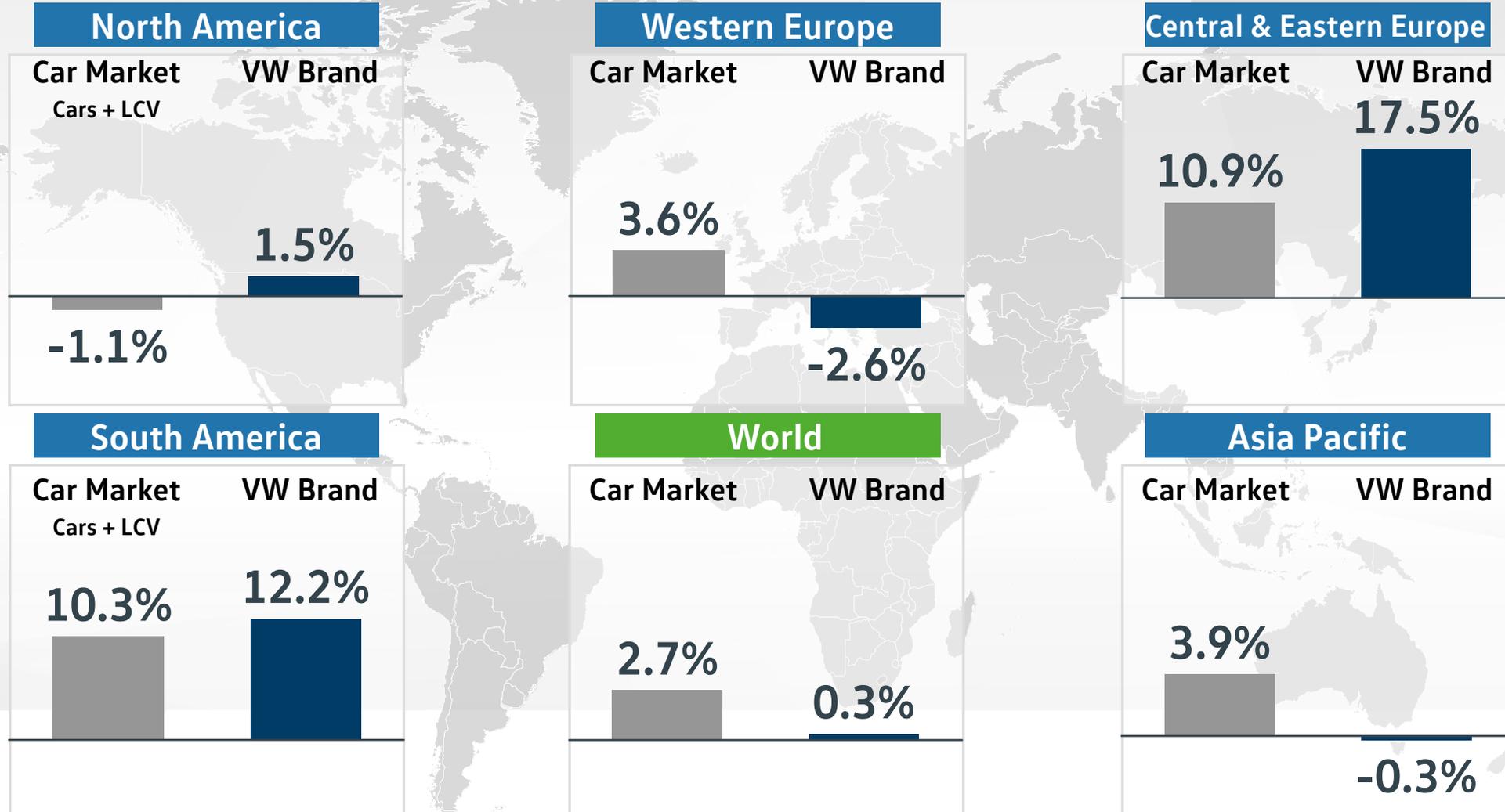
Operating result



Volkswagen

Development World Car Market vs. Volkswagen Brand Deliveries to Customers

Growth y-o-y January to June 2017 vs. 2016



Volkswagen Brand Deliveries to Customers

January to June 2017 vs. 2016

	Jan.-Jun. cum. 2017	Δ 2016 (in %)
Europe	889,600	-0.2
Western Europe	763,800	-2.6
Germany	278,500	-5.5
Central & Eastern Europe	125,800	+17.5
Russia	39,600	+17.9
North America	279,400	+1.5
USA	161,200	+8.2
South America	201,300	+12.2
Brazil	121,600	+0.9
Asia Pacific	1,479,800	-0.3
China	1,395,500	+0.2
World	2,935,100	+0.3



Product Highlights – First half-year

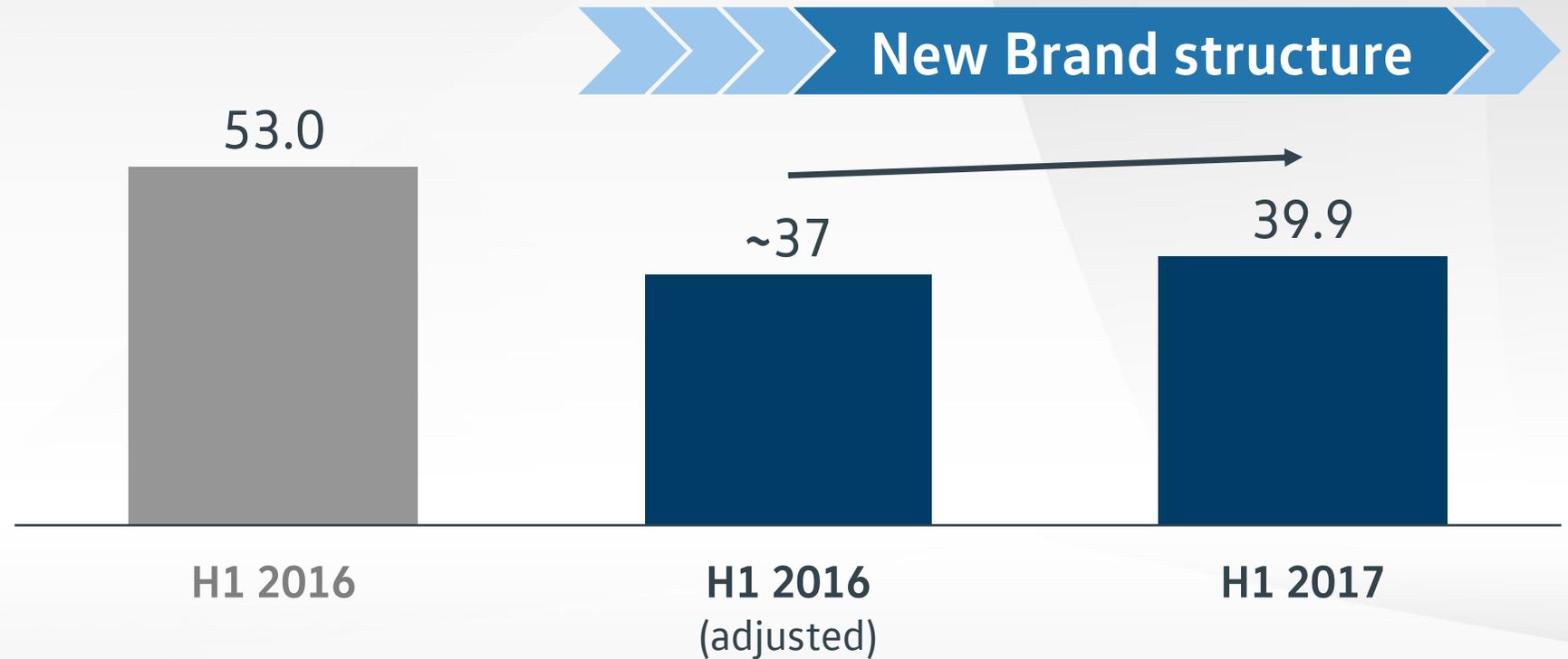


Product Highlights – Second half-year



Increase in revenue in H1 compared to previous year

Sales revenue in EUR billion



Sales¹⁾ [thousand vehicles] **2,232**

1,782

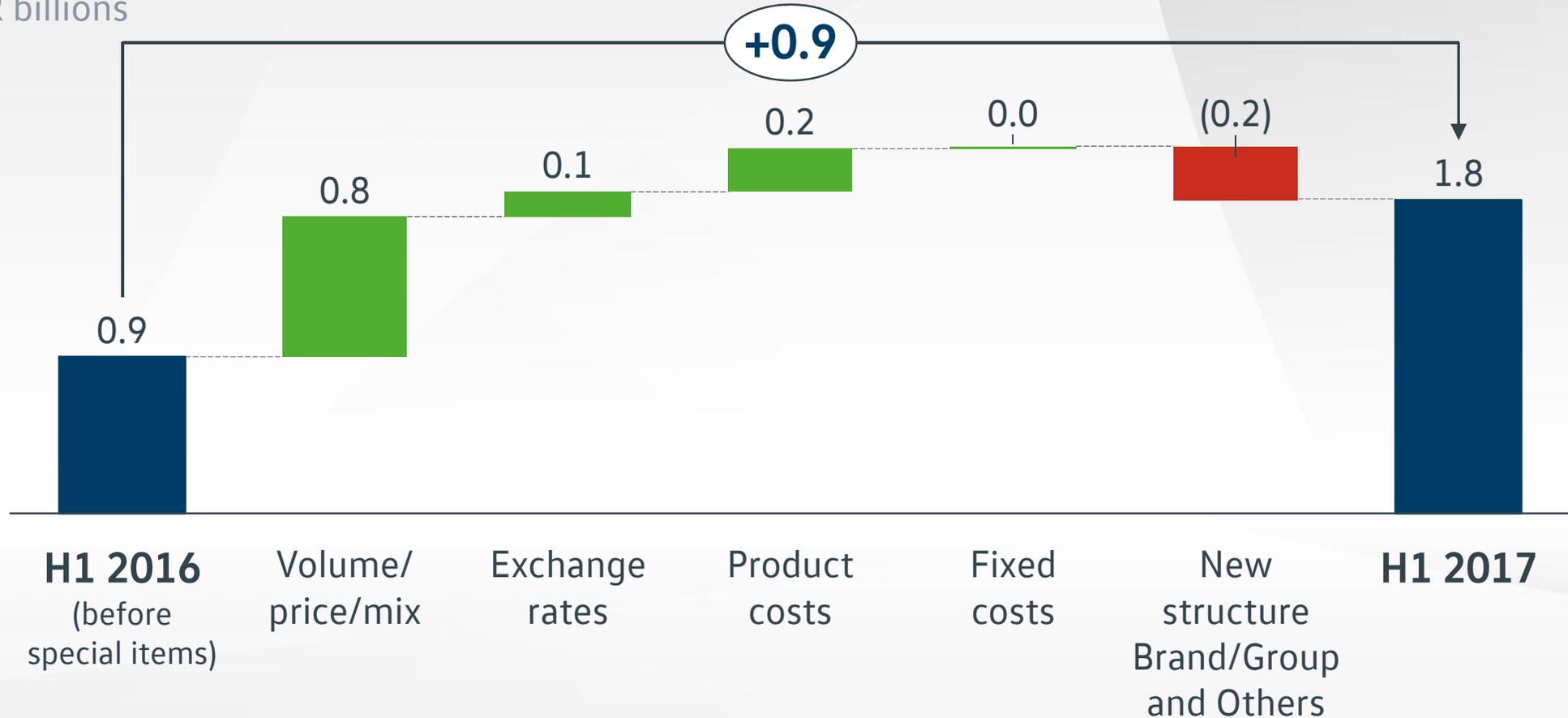
1,812

1) Unit sales from the joint venture companies in China are not included in the figures.



Analysis of Operating Result – H1 2016 vs. H1 2017

in EUR billions



Note, due to rounding the sum of single variations can differ to total variation.



Volkswagen

Levers to increase competitiveness within the Zukunftspakt

Levers of Competitiveness

Production and Logistics

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

Components

- Increase of productivity by 25%
- Discontinuation of unprofitable products
- Reduction of investments in conventional technologies

Administration

- Reduction of bureaucracy
- Automatization and digitalization of processes

Development

- Reduction of hardware-oriented development work
- Transformation of ~1,700 employees
- Efficiency in development processes

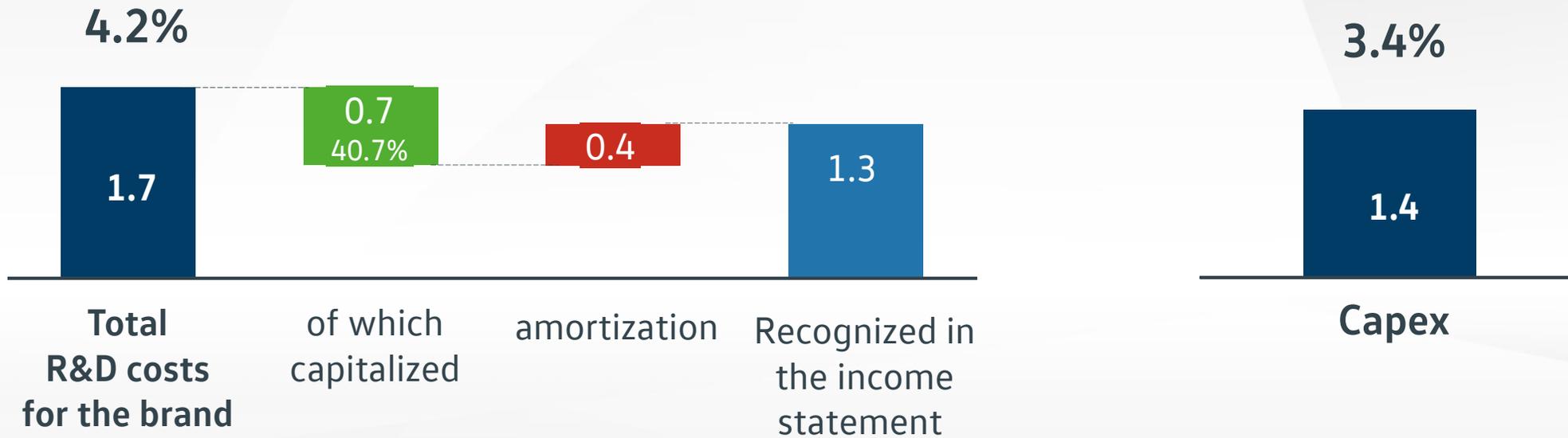


Secure the Future



Research & Development costs and Capex in H1 2017

in EUR billion and as % of sales revenues



Outlook 2017

SALES REVENUE

RETURN ON SALES

Guidance

approx. +10% vs. prior year

Upper end of 2.5 – 3.5 %



Key levers for improving the result of the Volkswagen brand by 2020 begin to work in 2017

Product offensive



Future Pact



Turnaround plans for the regions



ZUKUNFTS
PAKT



- SUV offensive
- MQB roll-out
- Global electrification of fleet (CO₂ conformity)

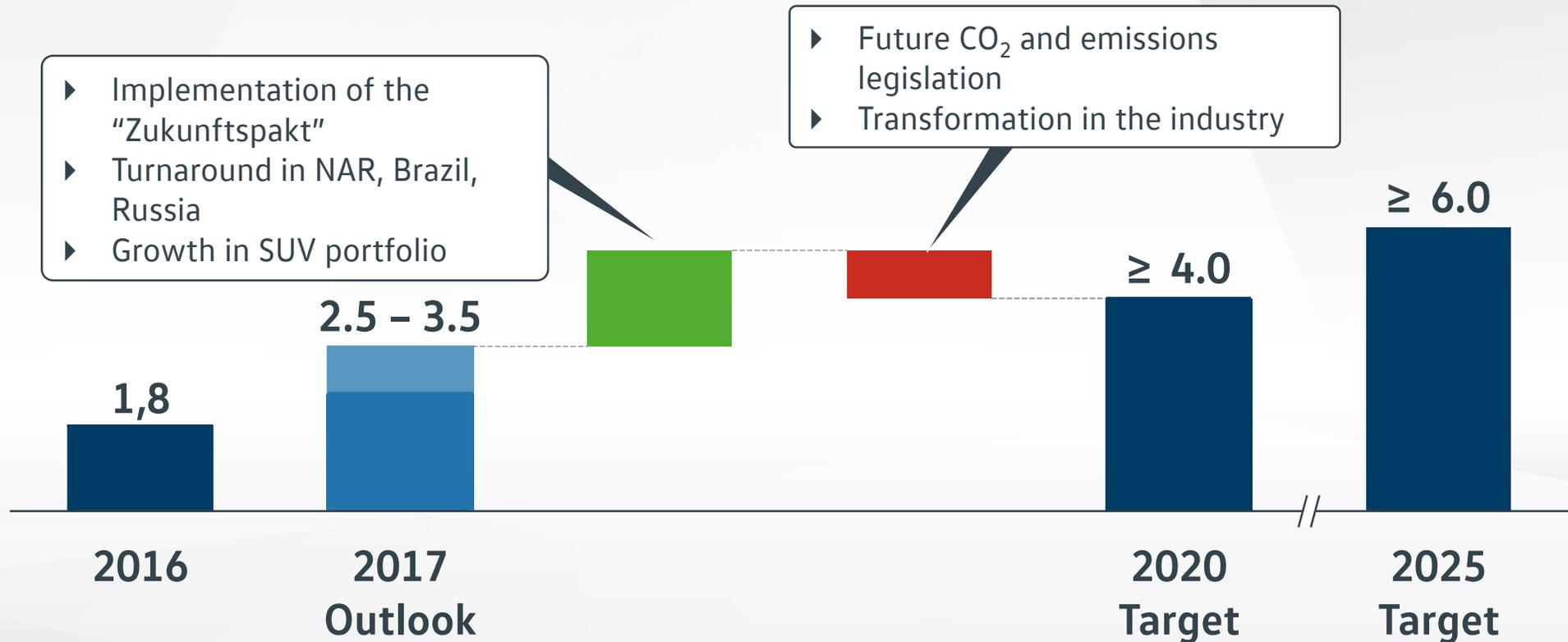
- Productivity 25%
- Reduction in factory costs
- Development/Capex efficiency
- Lean administration and cutting bureaucracy

- Massive restructuring
- Product offensive
- "Top of volume" brand positioning



Result outlook for 2017 follows TRANSFORM 2025+ strategy path

Operating return on sales as % of net earnings





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