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Volkswagen Group: Investment planning sets the course for digital transformation and “Strategy 2025”

- **Focus on environmentally friendly technologies and vehicles as well as digitalization and connectivity**
- **Capex ratio will be reduced to a competitive level of around 6.0% by 2020**
- **Investment policy will be realigned: Instead of emphasizing product unrelated areas the Group will concentrate more strongly on projects for the future**
- **CEO Müller says: “Volkswagen Group will refine its focus – also with regard to investments and development expenditures.”**

Wolfsburg, November 18, 2016 – Volkswagen Group is adapting its financial planning to current trends and creating a solid basis for implementing “TOGETHER – Strategy 2025”, its agenda for the future. This plan aims to reduce the capex ratio and the development cost ratio to a competitive level in the next few years – despite the huge challenges facing the entire automotive industry. These important financial indicators will be reduced annually, each decreasing to approximately 6.0% by 2020. In 2015 the capex ratio in the Automotive Division was still at 6.9%. In addition, the investment focus will also reinforce the new alignment of the Volkswagen Group: Even in the current fiscal year, investments in product-unrelated areas have been reduced by approximately €1 billion. “This is a major achievement brought about by all brands and companies of our group, and it frees up funds for important future projects,” remarked Matthias Müller, Chairman of the Board of Management of Volkswagen Aktiengesellschaft, after the regular Supervisory Board meeting.

“We are also setting the course for the Volkswagen Group of the future,” Müller added. “In order to become a global provider of sustainable mobility, we are pressing ahead with future projects such as electromobility, digital connectivity and new mobility services, equipped with the necessary resolve and financing,” the CEO commented. “At the same time we are investing more selectively and are setting clear priorities. Volkswagen Group will refine its focus – also with regard to investments and development expenditures.”

The planning session has set the stage for preparing the Volkswagen Group for intensifying competition and future mobility. Especially in Europe and China, achieving the strict CO₂ standards will only be possible with increased R&D efforts. The entire automotive industry is facing a fundamental transformation: the transition from the combustion engine to electromobility as well as new concepts for mobility services pose huge challenges to all manufacturers. With its strategy the Volkswagen Group also aims to position itself as the driving force in creating electromobility and to bring to market more than 30 purely electric vehicles by 2025.

Page 2

“In view of the major challenges and the still unresolved diesel issue, this year’s investment planning session took place at a particularly challenging time,” emphasized the Group CFO Frank Witter. The Volkswagen Group must realign but also look ahead, despite these additional strains. “Intense pressure to innovate and rising emission standards will continue to require a great deal of discipline in cost management and investments,” Witter continued. “However, it would be very imprudent not also to invest in the future in this significant phase of transformation in the automotive industry.”

The Volkswagen Group will get important projects for the future underway: autonomous driving and developing a self-driving system (SDS), making battery technology a Group core competency, and creating the new Group brand for mobility services. As in the past, a major part of planned investments for the coming years will flow to the 28 German sites.

Our joint ventures in China are not consolidated and are therefore not included in the plans. These joint venture companies provide their own funding for investments in plants and products.

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