

VOLKSWAGEN

AKTIENGESELLSCHAFT



Annual Media Conference

March 17, 2020 | Wolfsburg

Speeches

Check against delivery

1. Dr. Herbert Diess

Chairman of the Board of Management of Volkswagen AG

2. Frank Witter

Member of the Board of Management of Volkswagen AG

with responsibility for Finance and IT

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, 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. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore 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 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.

The recent outbreak of COVID-19 (commonly referred to as coronavirus) has negatively impacted and may continue to impact economic and social conditions in some of Volkswagen's primary markets, including China and Europe, as public, private, and government entities implement containment and quarantine measures. The continued spread of COVID-19 may cause shortages of necessary materials and parts from suppliers directly or indirectly affected by the outbreak and may cause operational disruptions and interruptions at Volkswagen's production facilities, leading to significant production downtimes.

A negative impact relating to ongoing claims or investigations, the continuation of COVID-19 may result in an 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, and trade disputes among major trading partners 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 in particular 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.

Dr. Herbert Diess
speech at the
Annual Media Conference on March 17, 2020
- Part I -

Ladies and Gentlemen,

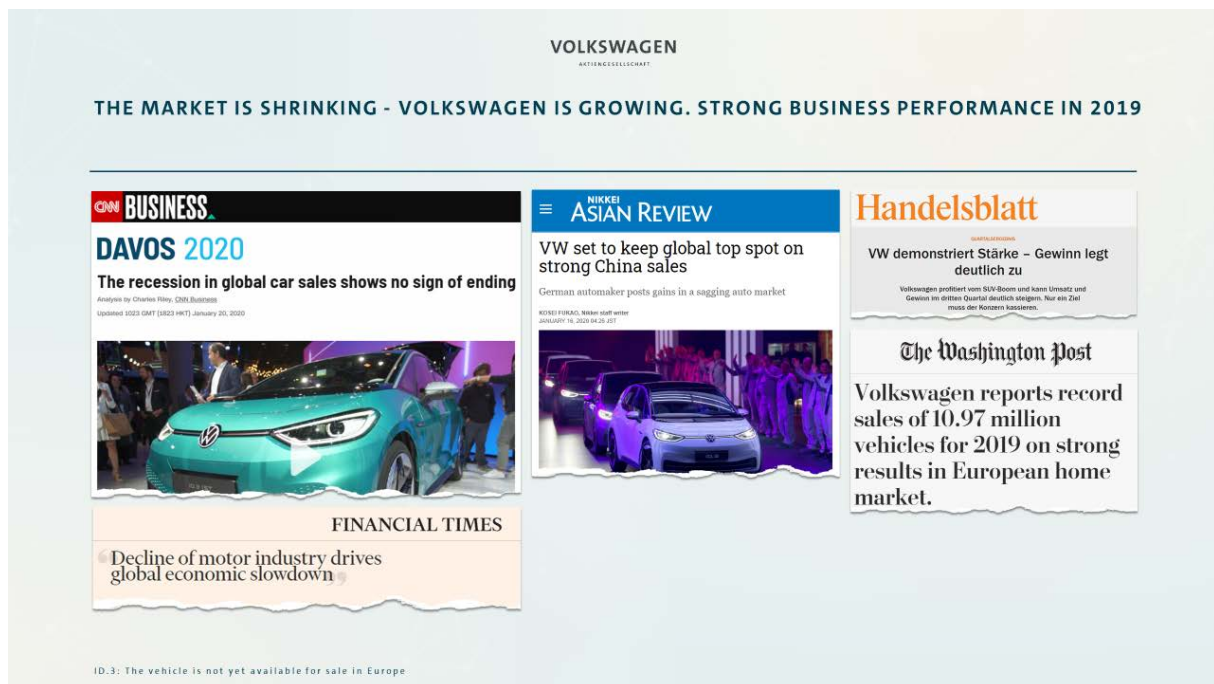
I, too would like to welcome you to the Annual Media Conference of Volkswagen AG, which takes an unusual format this year in light of the corona pandemic. Ensuring the health and safety of our employees and their families is the most important priority in this situation. The primary objective is to slow down the spread of coronavirus as much as possible. To that end, Volkswagen is also taking a number of measures.

Given the present significant deterioration in the sales situation and the heightened uncertainty regarding parts supplies to our plants, production is to be suspended in the near future at factories operated by Group brands.

Production will be halted at our Spanish plants, Setubal in Portugal, Bratislava in Slovakia and the Lamborghini and Ducati plants in Italy before the end of this week. Most of the other German and European plants will begin preparing to suspend production, probably for two weeks. The individual brands will communicate details of operating plans as soon as possible.

In contrast, production in China has been resumed with the exception of the factories in Changsha and Urumqi.

At the same time, we believe it is important to inform you of business developments in the Volkswagen Group during fiscal year 2019 and to give you an overview of the present situation.



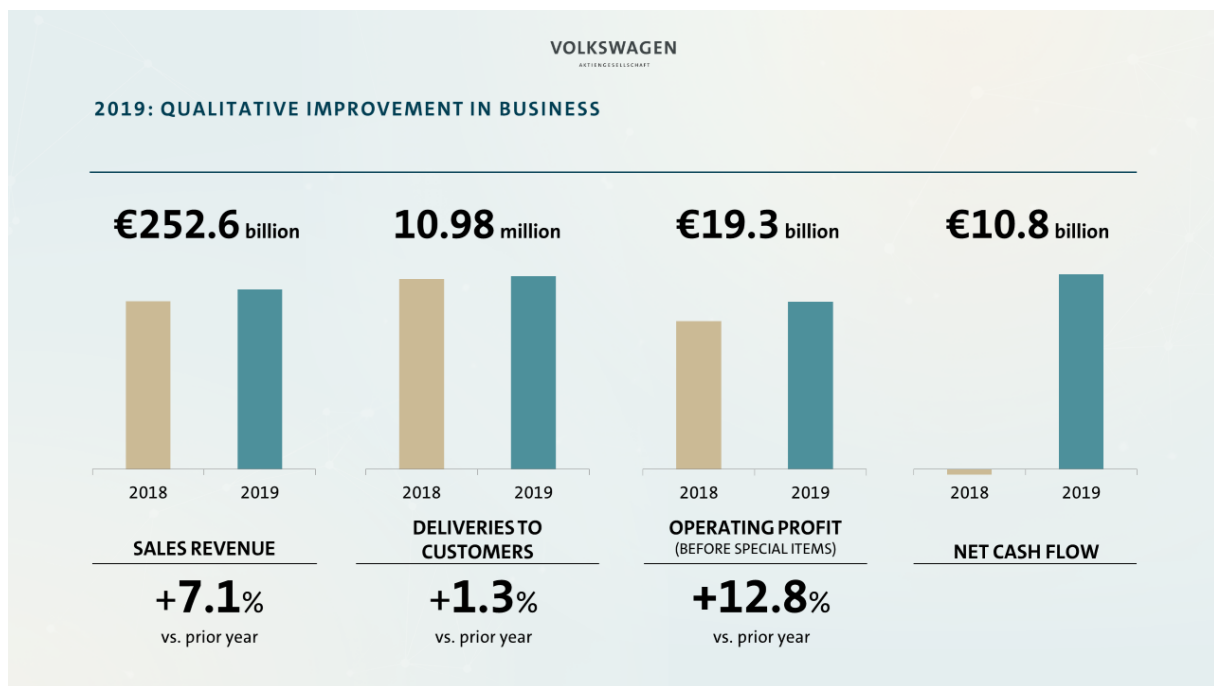
2019 was a very successful year for the Volkswagen Group. We turned in a strong operating performance and laid vital groundwork.

The global automotive market contracted by four percent – to less than 80 million units for the first time since the economic crisis in 2010.

The Volkswagen Group was able to grow its sales revenue and increase its market share significantly.

Volkswagen generated an unprecedented operating income.

And Volkswagen has never invested as much in its future as it is doing now.



All 670,000 employees at our company can be proud of what they have achieved.

Thank you for your huge commitment and exceptional efforts for your company.

The 7.1 percent increase in sales revenue was stronger than the 1.3 percent increase in deliveries.

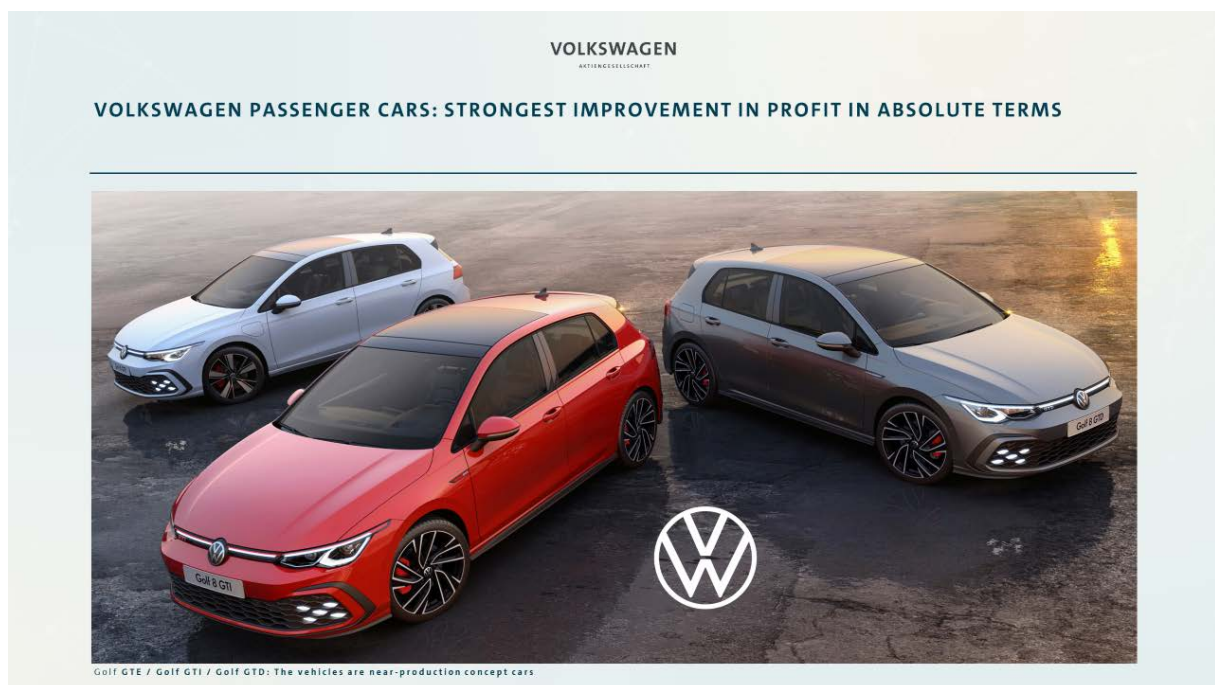
We sold better-equipped, more profitable automobiles at higher prices – so the quality of our business has improved sharply.

Operating profit before special items was €19.3 billion.

At 7.6 percent, the operating return on sales was slightly above our target corridor.

At €10.8 billion, net cash flow was considerably higher than the €-0.3 billion of 2018.

We have sufficient liquidity and substance to press ahead resolutely in accomplishing our ambitious plans for the future.



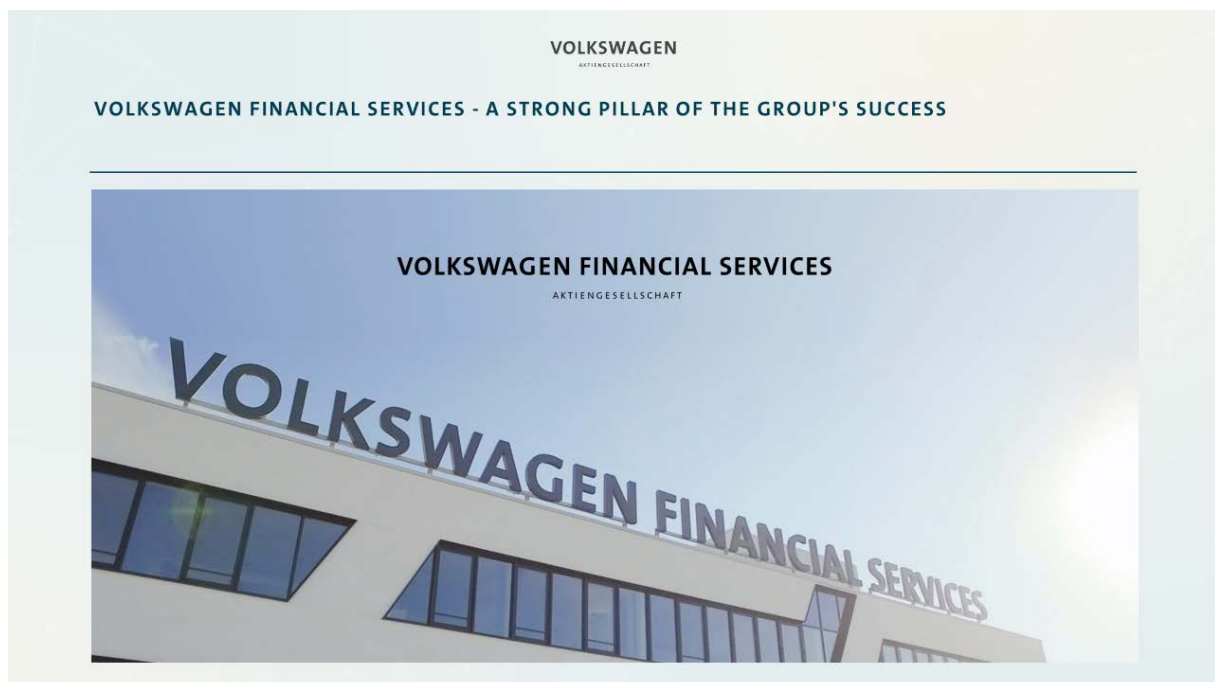
Ladies and Gentlemen,

Most of our brands, regions and business units achieved in some cases substantial progress in their operating performance in 2019.

Volkswagen Passenger Cars improved its profit the strongest in absolute terms – despite huge investments in the future, mainly on our electrification initiative and the Golf model change.



Bentley was back in the black after two years of losses. A streamlined efficiency program and higher sales as a result of the new Continental GT helped it achieve the turnaround.



VW Financial Services also contributed significantly to boosting profits. We made progress in terms of financing and leasing agreements, service and insurance.



Scania further improved profit and return. The new generation of heavy-duty trucks got off to a successful start and is helping Scania solidify its reputation as the most innovative and profitable truck manufacturer. The new engine generation in particular reduces CO2 emissions by 6 to 7 percent.

VOLKSWAGEN
AKTIONSGESellschaft

MAN PRESENTS A NEW GENERATION OF TRUCKS,
TRATON DRIVES THE GLOBAL CHAMPION STRATEGY FORWARD



This new powertrain is now also used by MAN in its vehicles. The new MAN TGX celebrated its world premiere a few weeks ago.

That marked the first major step in leveraging synergies between the two truck brands. The powertrain accounts for around one-third of costs and one-time expenses in the truck business.

In 2019, TRATON took a crucial step toward the future with its IPO – a key aspect in the unswerving efforts of Andreas Renschler and his team in the strategy to turn it into a global champion. The next step was for TRATON to make a takeover bid for the U.S. manufacturer Navistar. The U.S. is the world's most profitable market for heavy commercial vehicles.

SKODA - KEY MEMBER OF THE GROUP



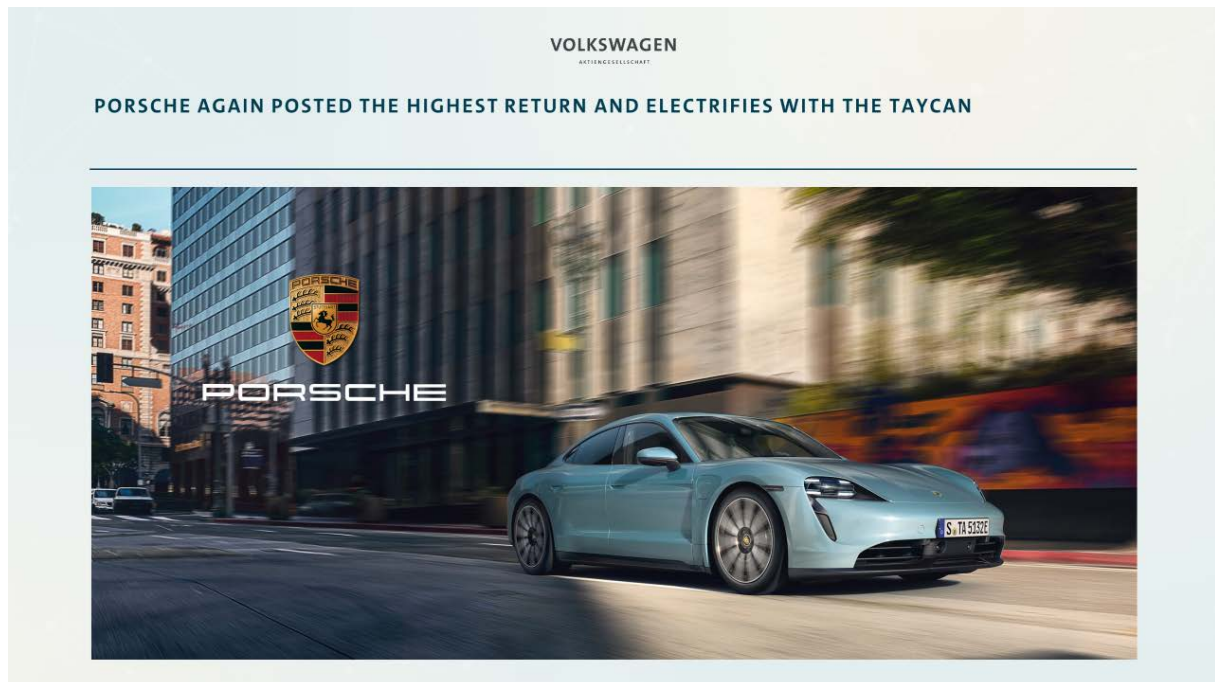
ŠKODA not only delivered a good profit, but also assumed further Group tasks, for example overall management in India. In the future, ŠKODA will produce and market new MQB models tailored to that specific market from its own brand and the Volkswagen brand.

SEAT ATTRACTS NEW CUSTOMER GROUPS



CUPRA Ateca Limited Edition 2.0 TSI 4Drive 221 kW (300 HP): fuel consumption gasoline, combined: 7,4 l/100km; CO₂-emissions, combined: 168 g/km; CO₂-efficiency class: D*

SEAT was able to advance into higher price segments and attract new customer groups with the sporty sub-brand Cupra and new models like the Tarraco.



Porsche boosted profit further and again posted the highest return at over 16 percent. With its new Taycan, the brand demonstrates the huge performance potential in electrification: It goes from 0 to 100 in 2.8 seconds. And the vehicle is making a big splash with customers: More than 15,000 have signed up to buy one.

AUDI REMAINS TRUE TO ITS BRAND PROMISE "VORSPRUNG DURCH TECHNIK" WITH THE NEW E-TRON



Audi e-Tron: power consumption in kWh/100km: combined 24,3-21,0 (NEDC); combined 26,6-22,4 (WLTP); combined CO2 emissions in g/km: 0

Audi has held its own well in a particularly challenging situation. The new Audi e-tron was rolled out successfully. Audi has agreed and launched “audi.zukunft,” an efficiency program that will significantly boost its competitiveness.

We will complete the new line-up on the Audi board under the leadership of Markus Duesmann in the coming months. I would like to take this opportunity to again thank Bram Schot for his commitment and efforts in turbulent times. The “audi.zukunft” program is one of his great accomplishments. He steered Audi in professional and commanding fashion before handing over to Markus Duesmann.

VOLKSWAGEN
KARTINGSGESellschaft

COMEBACK IN SOUTH AMERICA WITH EMOTIONAL NEW MODELS SUCH AS THE VOLKSWAGEN NIVUS



The vehicle is not available for sale in Europe

Ladies and Gentlemen,

We are working intensively to revamp and revise our model range in all regions. We can see the success of that in South America with the new models based on our MQB platform. Models like the Polo, the compact saloon Virtus and the T-Cross are winning back market share there.

Following its comprehensive restructuring and high upfront expenditures, Volkswagen in South America was back in the black in the fall. Further emotional models based on the MQB, such as the Nivus, are to follow in 2020 and 2021 and will generate additional growth.

BREAK-EVEN IN SIGHT: NEW SUVs MEET THE TASTES OF US CUSTOMERS



The vehicle is not available for sale in Europe

We grew sales revenue in North America by 15 percent. Scott Keogh and his team aim to break even this year.

In particular the VW Atlas and VW Tiguan Allspace meet the tastes of our American customers. Half of our U.S. customers of the Volkswagen brand are already opting for an SUV.

Two more SUVs, including the Atlas Cross Sport, will follow in 2020 and 2021.

Preparations for the ID.4, our first all-electric SUV, are in full swing. One of the plants it will be made at – from 2022 on – is Chattanooga in the U.S. A battery production facility is also due to be located there.

The Electrify America fast charging network made significant progress last year. It now has a total of more than 400 charging stations, meaning we are already number 2 behind Tesla and so well prepared for our electrification initiative in the U.S.

SKODA AND VOLKSWAGEN GAIN MARKET SHARE IN RUSSIA



Like in India, ŠKODA has assumed overall management of the Russia region. We have been profitable since 2018 in Russia, which experience shows, is a volatile market. Both VW and ŠKODA are gaining market share. Two new entry-level models and further SUVs from the two brands are in the works.

PERFECT START: JETTA, THE YOUNG ENTRY-LEVEL BRAND IN CHINA

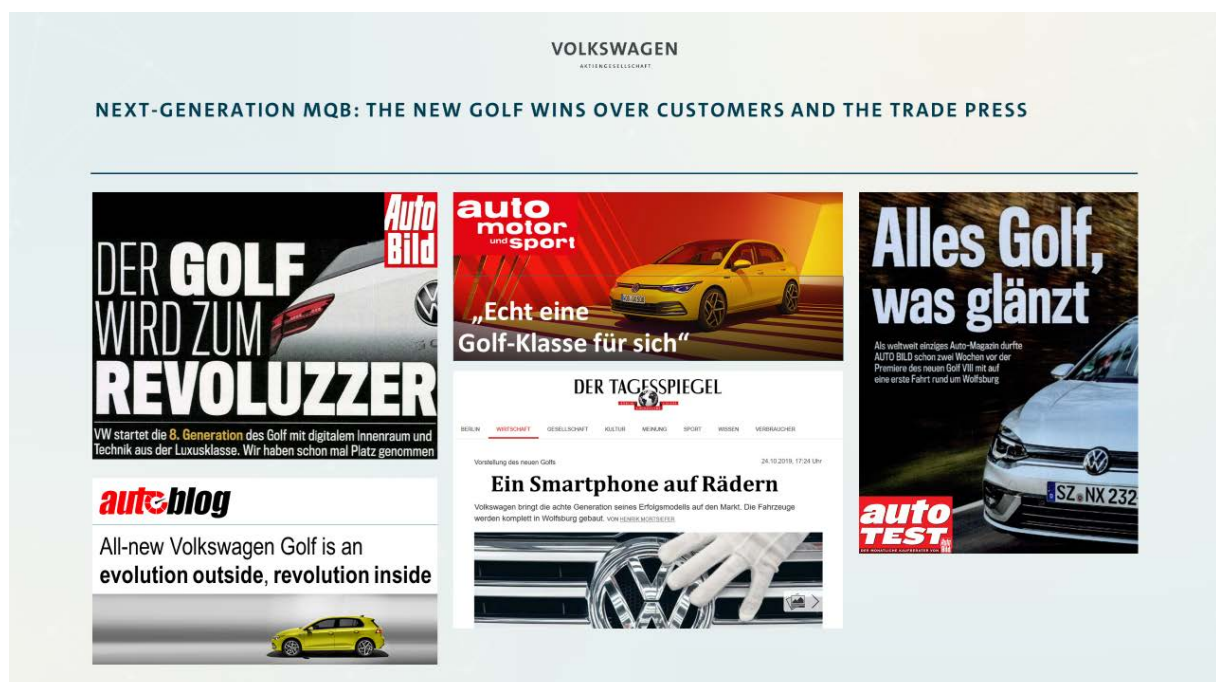


The Chinese market shrank in 2018 for the first time in almost two decades, and again last year - by 6.5 percent. The Volkswagen Group grew deliveries 0.6 percent and so increased its market share by 1.4 percentage points to 20 percent – the highest growth in market share in the Group.

Our Chinese organization led by Stephan Wöllenstein and our joint venture partners are to be congratulated on turning in a performance only slightly lower than the previous year.

I'm especially pleased about the launch of our young new brand Jetta in China. With the Jetta models, which have been optimized for Chinese customers, we are competing in the most fiercely contested price segment for local Chinese manufacturers. The first-ever car four out of five customers buy is from this segment.

We were able to become competitive thanks to intensive work to cut costs, low complexity and new sales concepts. In short, the launch was perfect.



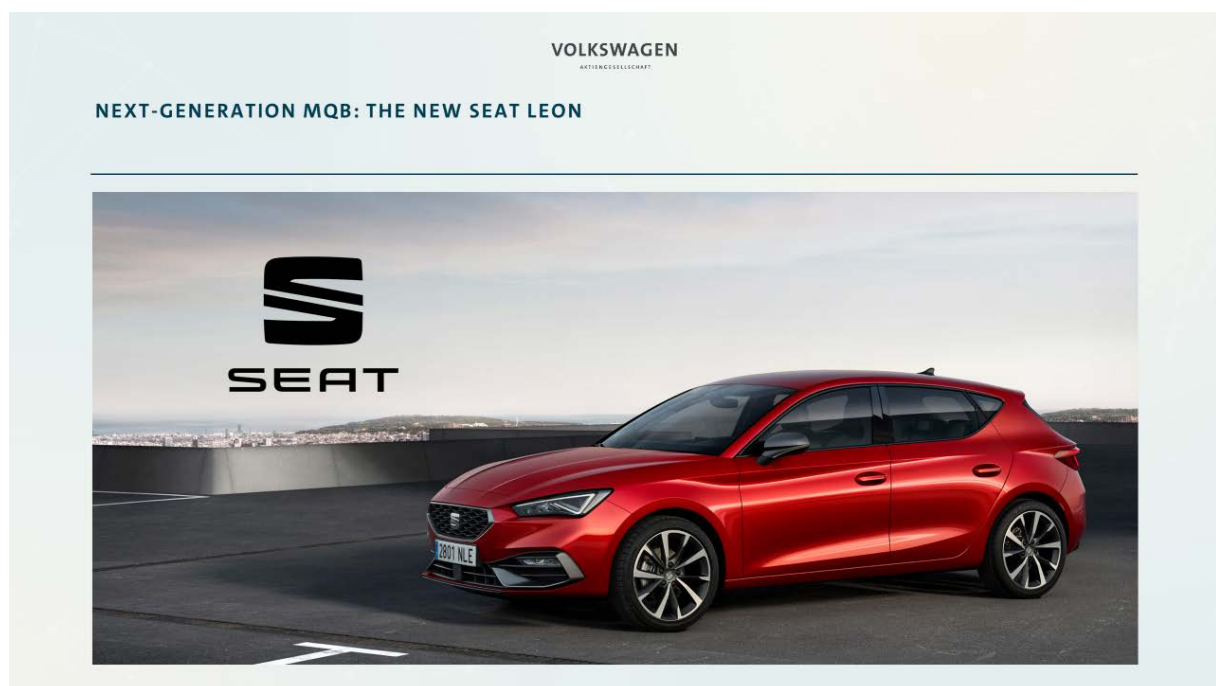
Ladies and Gentlemen,

Strong brands, outstanding products and a powerful global sales organization are the bedrock of our business. The success we saw again in 2019 depends to a crucial extent on the attractiveness and quality of our product portfolio.

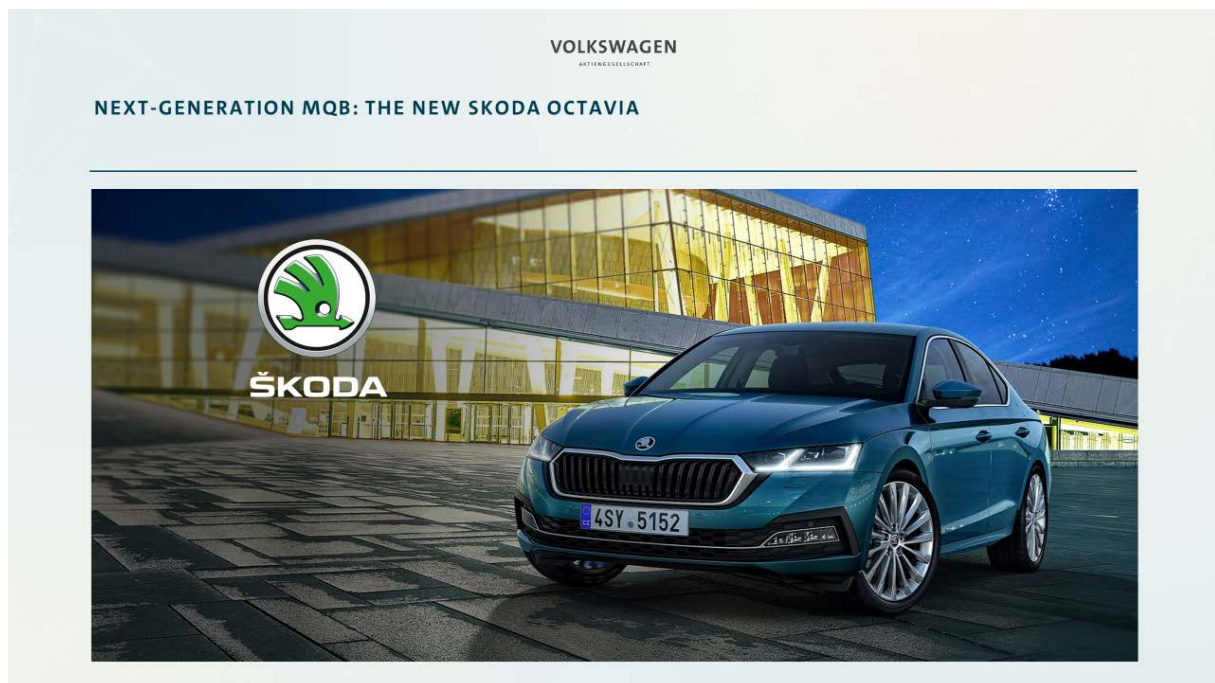
We intend to stick to that strategy with our enhanced, second-generation MQB platform. The new product range will be inaugurated by the 8th generation of the Golf.

The new Golf has won over the international and German trade press and heralds in the next round of the MQB: It boasts far lower emissions, sets the benchmark for consumption and is far safer and much more digitized.

It impresses with a raft of new, sometimes much improved powertrains: the latest diesel drives, new petrol engines with various performance levels, a CNG model, mild hybridization, two plug-in hybrid models, and a new GTI in three performance levels.



The important sister models of the Golf will follow in 2020: The new SEAT Leon and Cupra Leon.

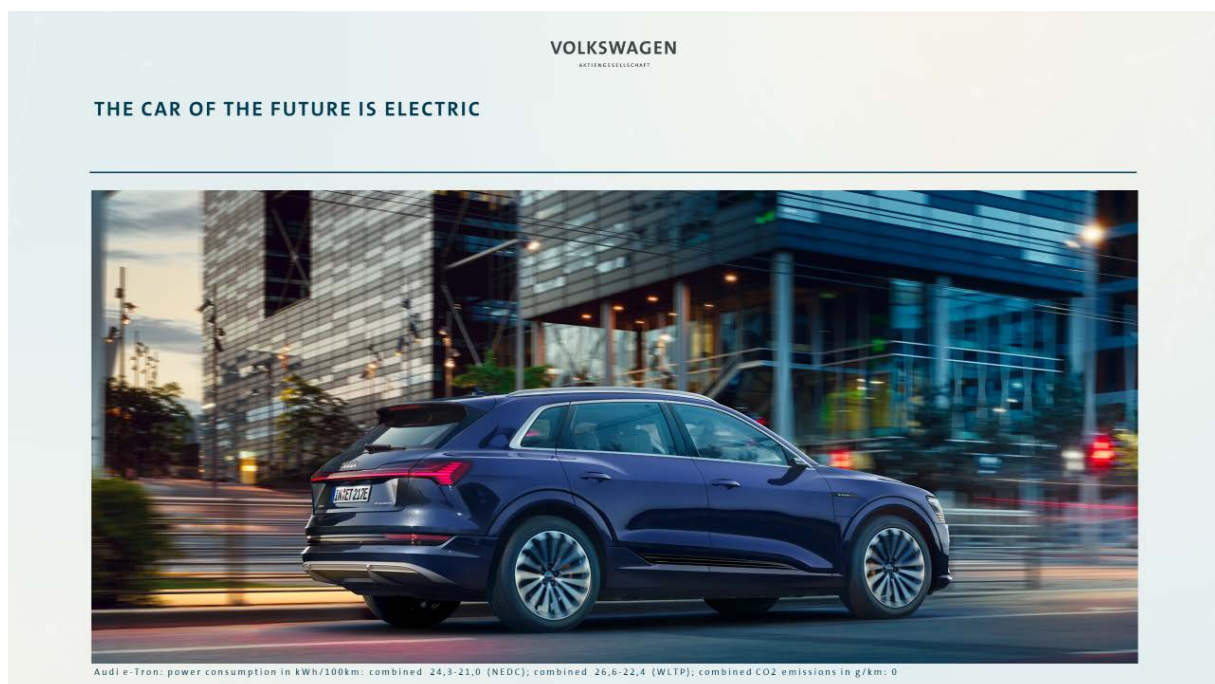


The fourth-generation ŠKODA Octavia as a saloon and estate.



And in the premium division, the new Audi A3, initially as a Sportback and later as a saloon.

Key vehicles for each brand – highly attractive and well-differentiated.



Audi is working to reinvigorate its brand promise “Vorsprung durch Technik.” Successful models in 2019 were in particular the Q2 and Q3 compact SUVs, the Audi Q8 and the RS6, the most powerful variant of the A6 (Audi RS6: fuel consumption in l/100km: combined 11,7-115; combined CO2 emissions in g/km: 268-263).

One Audi model of great importance for the entire Group is the e-tron. The Audi e-tron proves we have e-models that suit customers’ taste in the premium segment. We have sold 32,000 of them since the end of 2018.

In Germany and Norway, currently the largest market for e-vehicles, the e-tron was already the best-selling electric car in the premium segment, ahead of Tesla, at the beginning of 2020.



And Porsche has launched the sportiest e-car on the market, the Taycan.

The future of the car is electric.

We are introducing e-mobility starting from the premium segment.

That is the most economical path.

2020: START OF THE VOLKSWAGEN ID. FAMILY



The vehicle is a near production concept car

We'll advance this year into the volume segment with the ID.3 and the ID.4 – based for the first time on our MEB – and further models from the ŠKODA, SEAT and Volkswagen Passenger Cars brands. As a result, we are taking a big step toward zero-emission mobility for all.

STRATEGIC FOUNDATIONS: COMPONENTS IS TAPPING NEW FIELDS OF BUSINESS



Ladies and Gentlemen,

We are preparing for the challenges in the industry with our Together 2025+ strategy and profit improvement programs at our brands.

We laid many important foundations in 2019.

Volkswagen Group Components has been an independent business unit since January 2019. With sales revenue of around €35 billion and some 75,000 employees, it is one of the world's largest suppliers.

Volkswagen Group Components is undergoing transformation. In no other area is the Group's radical change greater. The transformation from the combustion engine to the electric drive is mainly taking place here.

As a result, key future topics are based at the large German component production sites. Salzgitter not only makes electric motor components, but also battery cells. Components produces battery systems in Braunschweig. Kassel supplies the entire electric drive to the vehicle production plants.

Components will also be developing battery cells itself in future in cooperation with Northvolt.

This ensures that we can help set the pace of technological development ourselves.

Group Components is tapping new fields of business, too, such as producing and selling mobile charging stations and buffer storage – it also takes care of repurposing the battery after it has been used in the car, and ultimately the entire lifecycle of valuable battery raw materials.

Recycling is also part of end-to-end responsibility for the battery. We do not want to give away control of the battery and raw materials over the lifecycle. A pilot recycling plant will be created at Components' location in Salzgitter this year.

In addition, Components is working unswervingly to optimize its product portfolio by dispensing with uncompetitive products.



Volkswagen Commercial Vehicles has taken a major strategic step through its cooperation with Ford. The successor to the Amarok will be the first fruit of this collaboration.

POWERING NEW MOBILITY SOLUTIONS: THE ID. BUZZ



We've also taken the decision to integrate the competence center for autonomous driving led by Alexander Hitzinger with light commercial vehicles. Autonomous and partially autonomous mobility solutions for transporting people and goods will be created on the basis of the ID.Buzz.

The stake we plan to take in Argo AI, a transaction we expect to close in the first half of 2020, will ensure we can leverage synergies in this very resource-intensive field of development in the race for the first autonomous vehicle fleets.

COMPELLING, AGILE AND FLEXIBLE: VOLKSWAGEN IS FOCUSING ON CORE BUSINESS



Ladies and Gentlemen,

Because we aim to increase the entire Group's authority, agility and flexibility, we intend to simplify structures and complexity at many places throughout the company.

We are doing that so we can focus fully on the current process of transformation in the automotive industry and in commercial vehicles.

We are uncompromising in our goal to seek new owners for parts of the company that are not among our core competencies. That makes sense for Volkswagen and is better for the strategic further development of those units – and at the end of the day also for the security and future viability of the jobs there.

That's why we intend to sell our majority stake in Renk. We expect the transaction to be closed in the second half of 2020. And we continue to look for a meaningful industrial solution for MAN Energy Solutions as well.

We also took decisions to improve our governance and reduce administration costs in 2019.

Ladies and Gentlemen,

A stocktake of 2019 should also include how we continued to deal with the aftermath of the diesel crisis. We were able to reach settlements in the proceedings in Canada, Chile and Australia, among other countries.

We were also recently able to reach a settlement with the German Federation of Consumer Organizations as part of the model declaratory action it filed – thus reducing the number of individual law suits for German jurisdiction to process as well.

Furthermore, we were able to terminate the administrative fine proceedings against Porsche AG conducted by the Stuttgart Public Prosecutor by accepting administrative fine orders.

More than 99 percent of the diesel vehicles with type EA189 engines in Germany have already undergone the relevant technical upgrades.

We have upgraded more than 7.5 million vehicles worldwide. In addition, Volkswagen has undertaken to offer voluntary software updates for around a further 1.5 million diesel vehicles in Germany so as to reduce NOX emissions by an average of 20 to 30 percent.

It will soon be three years since the U.S. monitor Larry Thompson and his team began helping us address the repercussions of the diesel crisis. That team now numbers almost 200 members.

Thanks to their work, we have entrenched truly far-reaching changes in our structures and processes. They extend from the anonymous whistleblower system and strengthening of independent auditing to reclaiming compensation from management in the case of compliance violations.

Thanks to the monitorship, Volkswagen has become a better, more transparent and more responsible company and will also not slacken its efforts to drive the improvements it has initiated in relation to its processes, culture and responsibility moving ahead.

Ladies and Gentlemen,

2019 was a successful year for Volkswagen. A year in which we laid important strategic foundations.

Thank you.

Frank Witter
speech at the
Annual Media Conference on March 17, 2020
- Part II -

Ladies and Gentlemen,

It also falls to me to extend a warm welcome to you at our Annual Media Conference. As you know, we announced the key data for our 2019 annual financial statements at the end of February.

Today we have also published the annual report. I would now like to explain our business figures in detail.



The Volkswagen Group kept to its course in 2019.
We closed out the fiscal year in a very robust manner.

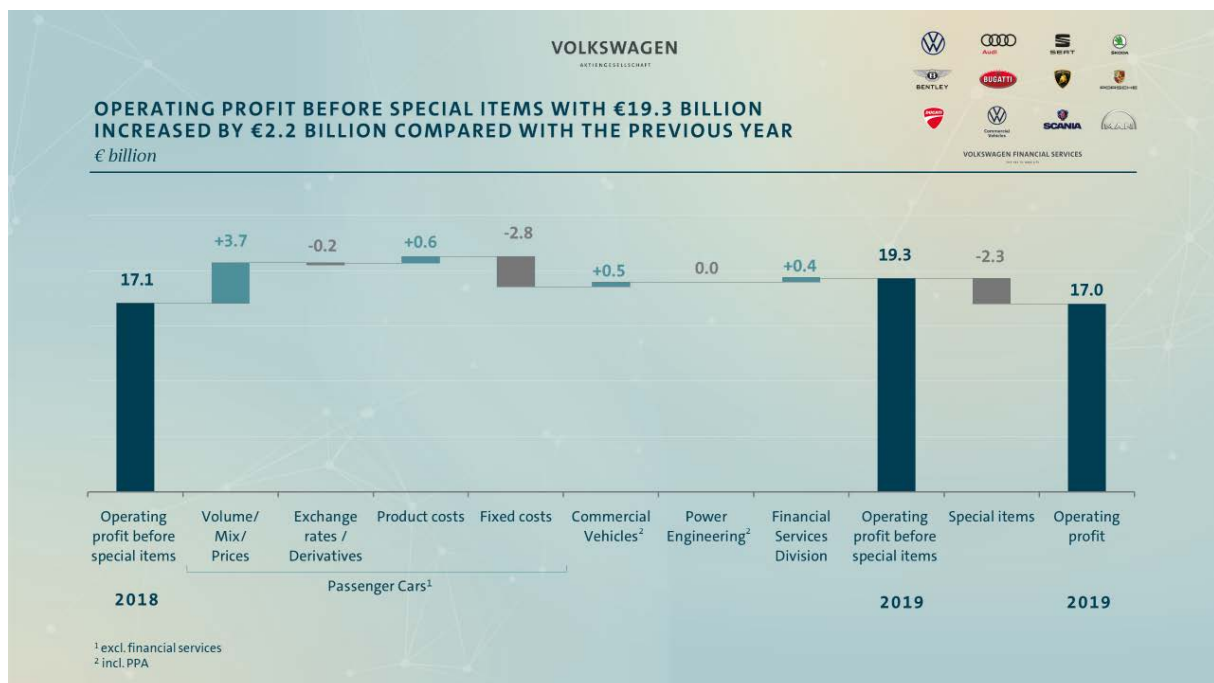
And this despite an environment that was characterized by numerous challenges. Here, we ought to mention in particular trade policy tensions, intense competition, the cooling of the Chinese market, and the fundamental technological change within the sector.

Group sales revenue with €252.6 billion was up 7.1% year-on-year and even above our expectations.

A few key drivers were responsible for this development:

As positive effects, we can name mix effects, higher sales volumes, and business growth in the Financial Services Division.

One factor that had an overall negative impact was exchange rates.



Amounting to €19.3 billion, operating profit before special items was €2.2 billion higher than the previous year. This corresponds to a 13% improvement.

At 7.6%, the operating return on sales before special items was above the prior year, despite the difficult setting. This figure was thus above the forecast range for 2019 of 6.5 to 7.5%.

It has been and remains our goal to implement our Strategy 2025+ and to make sure we reach our milestones.

Let's now take a look at the key developments in terms of the operating profit before special items.

In the Passenger Cars Division, we achieved an increase of €1.0 billion over the previous year.

Volume, mix and prices had a positive impact (€+3.7 billion). We also improved product costs (€+0.6 billion).

Influences from exchange rates and derivatives (€ - 0.2 billion) and fixed costs (€ - 2.8 billion) exerted a negative effect. The fixed costs effect is related in the first instance to higher depreciation and amortization on account of high levels of investment in previous years. In the second instance, we recorded a higher burden on the income statement stemming from development costs (€1.1 billion). These costs resulted essentially from new models, the electrification of our vehicles, CO2 measures, and digitalization.

In the Commercial Vehicles Division, we were €0.5 billion all told above the previous year. I will provide further details on this when explaining the brands.

Operating profit in the Power Engineering Division was at the previous year's level.

The Financial Services Division improved by €0.4 billion compared to 2019.

This means that, despite the persistently challenging setting, we increased the operating profit for the Group (before special items) by €2.2 billion to €19.3 billion and thus met expectations in full.

The negative special items in connection with the diesel issue in the fiscal year 2019 came to €-2.3 billion and were thus €0.8 billion lower than in the previous year.

They include expenses for legal risks and legal defense costs including the administrative fine imposed by the Stuttgart Public Prosecutor on Porsche AG (€-0.5 billion).

Expenses for the settlement reached as part of the model declaratory action (€-0.8 billion) have also been included in the figures for 2019.

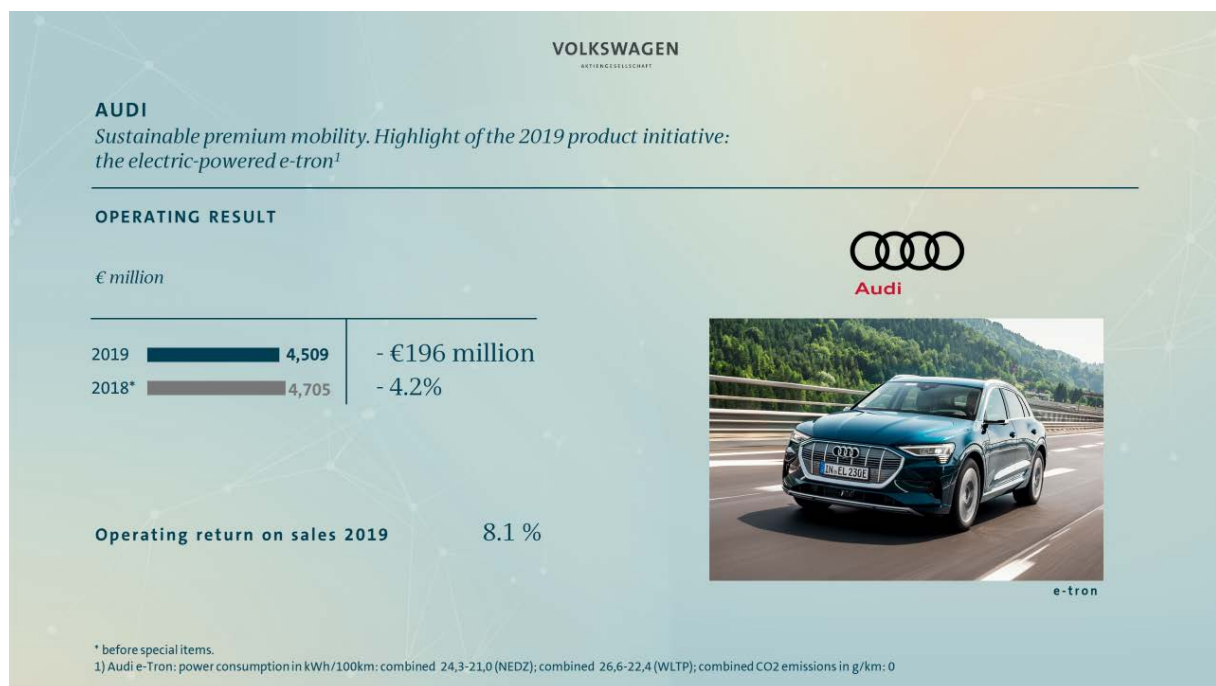
Let's now move on to an overview of the results of the individual brands. My colleagues will provide additional details in their own publications.



At Volkswagen Passenger Cars, operating profit before special items came to €3.8 billion, compared to €3.2 billion in the previous year.

The operating return on sales before special items rose from 3.8% in 2018 to 4.3%. Improvements in the mix and in price positioning had a positive effect. A negative effect resulted from the decline in unit sales of 1% or 38 thousand vehicles, launch costs for the Golf 8 and the ID.3, and negative exchange rate effects.

As in the previous year, the special items in connection with the diesel issue accounted for €1.9 billion.



Operating profit before special items at Audi amounted to € 4.5 billion, which was 4.2% lower than the comparable prior-year figure. Improvements in the mix and in product costs had a positive effect, as did the Audi transformation plan and the “Konsequent Audi” strategy. By contrast, a negative effect resulted from higher upfront expenditures for products and technologies, and the negative exchange rate trend.

The operating return on sales nevertheless increased to 8.1%, after 7.9% in the previous year before special items.

SKODA

CNG models: Scala¹ and Kamiq G-Tec². Entering the era of e-mobility with the Citigo^e iV³

OPERATING RESULT

€ million

2019	1,660	+ €284 million
2018	1,377	+ 20.6%

Operating return on sales 2019 8.4 %



Scala G-Tec

- 1) SCALA 1.0 G-TEC 66 kW (90 HP) fuel consumption (combined): 3,5 kg/100km. CO₂-emissions (combined): 96-95 g/km. (according to VO [EG] Nr. 715/20073). Efficiency class: A+
 2) KAMIQ G-TEC 1.0i TGI G-TEC 66 kW (90 HP) fuel consumption (combined): 3,5 kg/100km. CO₂-emissions (combined): 97-95 g/km (according to VO [EG] Nr. 715/20073).
 3) CITIGO e IV: power consumption combined in kWh/100 km: 12,9–12,8 (according to VO [EG] Nr. 715/20073); CO₂-emissions (combined) in g/km: 0. Efficiency class: A+

The ŠKODA brand improved its operating profit from €1.4 billion in 2018 to €1.7 billion. The rise in unit sales volume of 105 thousand vehicles had a positive impact. Added to this were positive effects from the optimization of the mix and price measures. Cost increases from upfront expenditures for new products had a negative effect.

The operating return on sales was 8.4%, up from 8.0% in the prior year.

SEAT

Upward trend of the previous years continues. Mii electric¹ first all-electric production model

OPERATING RESULT

€ million

2019	445	+ €190 million
2018	254	+ 74.7%

Operating return on sales 2019 3.9 %



Mii electric

1) Mii electric: power consumption combined (kWh/100 km): 12,9; CO₂-emissions combined: 0 g/km; efficiency class: A+

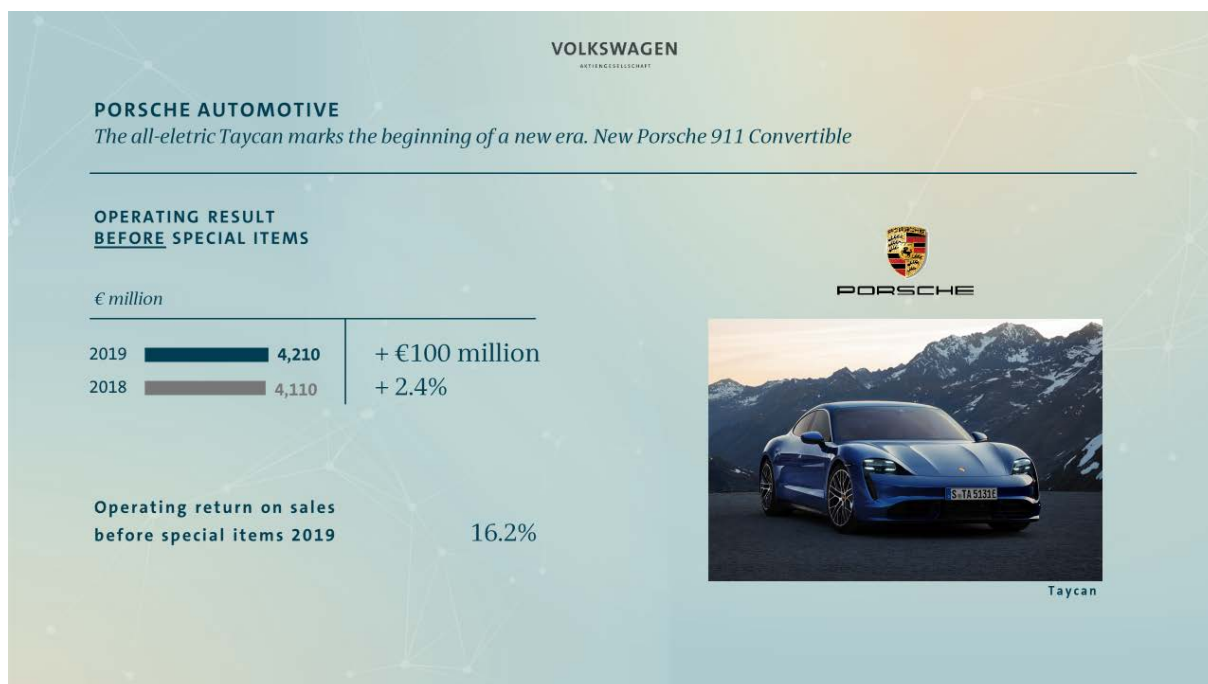
SEAT improved operating profit by around 75% to €445 million. Volume and mix effects had a favorable impact. Another reason can be found in the popular SUV models Arona, Ateca, and Tarraco. The first all-electric series model of the brand, the Mii electric, contributed to the improvement as well.

The operating return on sales also rose from 2.5% in the previous year to 3.9%.



Bentley also generated a substantial improvement in its operating result. Following a negative figure of €288 million in the previous year, operating profit in 2019 came to €65 million. Positive levers were to be found in increased volumes and cost savings as part of the efficiency program. Added to this, it benefited from positive mix and exchange rate effects.

The operating return on sales rose to 3.1%.



Porsche Automotive reported an operating profit before special items of €4.2 billion. The prior-year figure was €4.1 billion.

Operating return on sales before special items at 16.2% was slightly lower than in the previous year, when it came to 17.4%. Volume and mix improvements together with optimized product costs exerted a positive impact. Exchange rate effects and cost increases had a negative effect.

The diesel issue gave rise to negative special items of €0.5 billion. These special items did not occur in the previous year.

VOLKSWAGEN COMMERCIAL VEHICLES

Transporter 6.1 – a revamped version of the bestselling van in 2019

OPERATING RESULT

€ million

2019	510	- €269 million
2018	780	- 34.6%

Operating return on sales 2019 4.4 %



Nutzfahrzeuge



Multivan 6.1

The Volkswagen Commercial Vehicles brand recorded a decline in its operating profit from €780 million in the previous year to €510 million. Improved product costs had a positive effect. By contrast, higher fixed and development costs for new products and the extension of the WLTP test procedure to light commercial vehicles since September 1, 2019, exerted a negative impact.

The operating return on sales was 4.4%, after 6.6% in the prior year.

SCANIA VEHICLES AND SERVICES

Increase of sales revenue and earnings. Scania R 450 won the „Green Truck 2019“ award

OPERATING RESULT

€ million

2019	1,506	+ €299 million
2018	1,207	+ 24.8%

Operating return on sales 2019 10.8 %



R 450

SCANIA Vehicles and Services increased their operating profit by 24.8% to €1.5 billion. Increased vehicle sales, a stronger genuine parts and service business, and improved mix and exchange rate effects were the reasons for this positive development.

The operating return on sales came to 10.8%, after 9.3% in the previous year.

MAN COMMERCIAL VEHICLES

Considerable increase in deliveries in South America. Intensive work on digital solutions

OPERATING RESULT

€ million

2019	402	+ €70 million
2018	332	+ 21.2%

Operating return on sales 2019 3.2 %



Lion's Coach

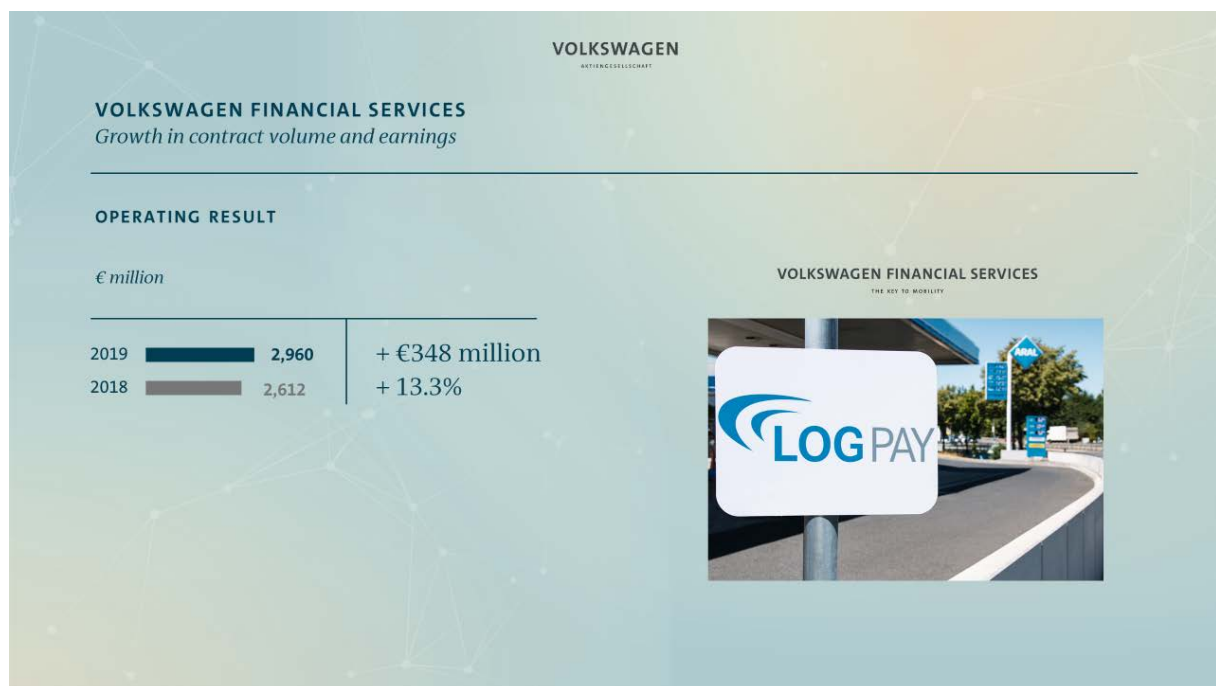
Operating profit at MAN Commercial Vehicles rose to €402 million, up from a figure of €332 million in the prior year. The higher unit sales volume and the recovery of the business in Brazil had a positive effect. The prior year's figure was weighed down by expenses incurred in connection with the restructuring in India.

The operating return on sales came to 3.2%, up from 2.7% in 2018.



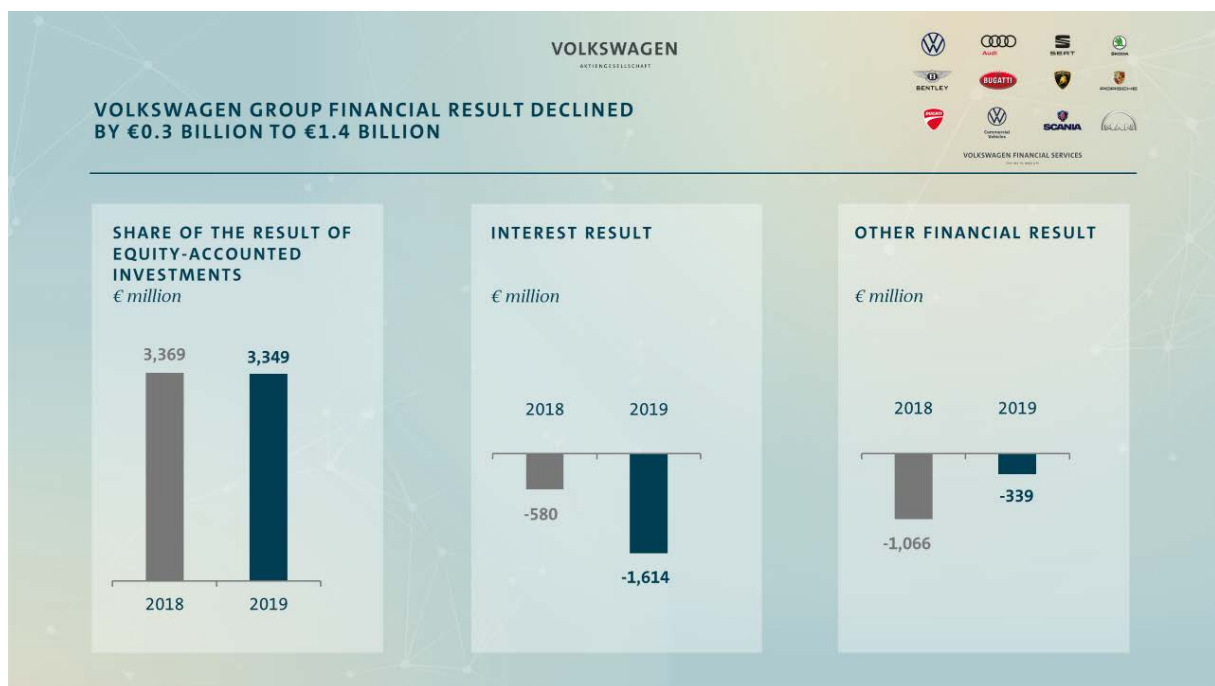
Let's now turn to Volkswagen Group China: We posted further gains on the Group's most significant individual market, to which we deliver around 40% of our vehicles. Despite a declining overall market, deliveries rose by 0.6% to 4.2 million vehicles – The Group has thereby expanded its market share from 18.4% in the previous year to 19.8%.

At €4.4 billion, the share of operating profit attributable to our Chinese joint ventures nearly reached the previous year's level of €4.6 billion. It does not, however, influence the Group's operating profit, but is included in the financial result because these joint ventures are accounted for using the equity method.



Volkswagen Financial Services once again made a positive contribution to Group earnings. Operating profit increased by 13.3% to a record figure of €3.0 billion. Business growth was a major driver of this development. The OPEX cost-cutting program also showed an effect.

Let's now take a look at the Group's financial result.



All told, the past year's financial result stood at €1.4 billion. The prior-year figure was €1.7 billion.

The share of the result of equity-accounted investments came to €3.3 billion and was thus at the healthy prior-year level.

The interest result deteriorated by €1.0 billion. Interest expenses rose on account of a higher refinancing volume, the accrual of provisions and the interest share from leases under IFRS 16, which has applied since January 2019.

The other financial result is around €0.7 billion better than in 2018. Measurement effects on the reporting date had a positive effect here, particularly in the securities and fund result.



2019 – FINANCIAL HIGHLIGHTS

At €252.6 billion, Group sales revenue exceeds the prior-year figure by 7.1%

Operating result with €17.0 billion also after special items (– €2.3 billion from the diesel issue) on record level, improvements above all in the mix

Financial result at €1.4 billion (previous year: €1.7 billion), share of profits and losses of equity-accounted investments inclusive the Chinese joint ventures on a level with the previous year

At €18.4 billion, earnings before tax exceeds the prior-year figure by €2.7 billion

Tax rate is at 23.6% (previous year: 22.3%)

Earnings after tax increases to €14.0 billion (previous year: €12.2 billion)

Allow me to summarize the highlights of the annual financial statements.

At €17.0 billion, operating profit 2019 is at a high level – also after special items.

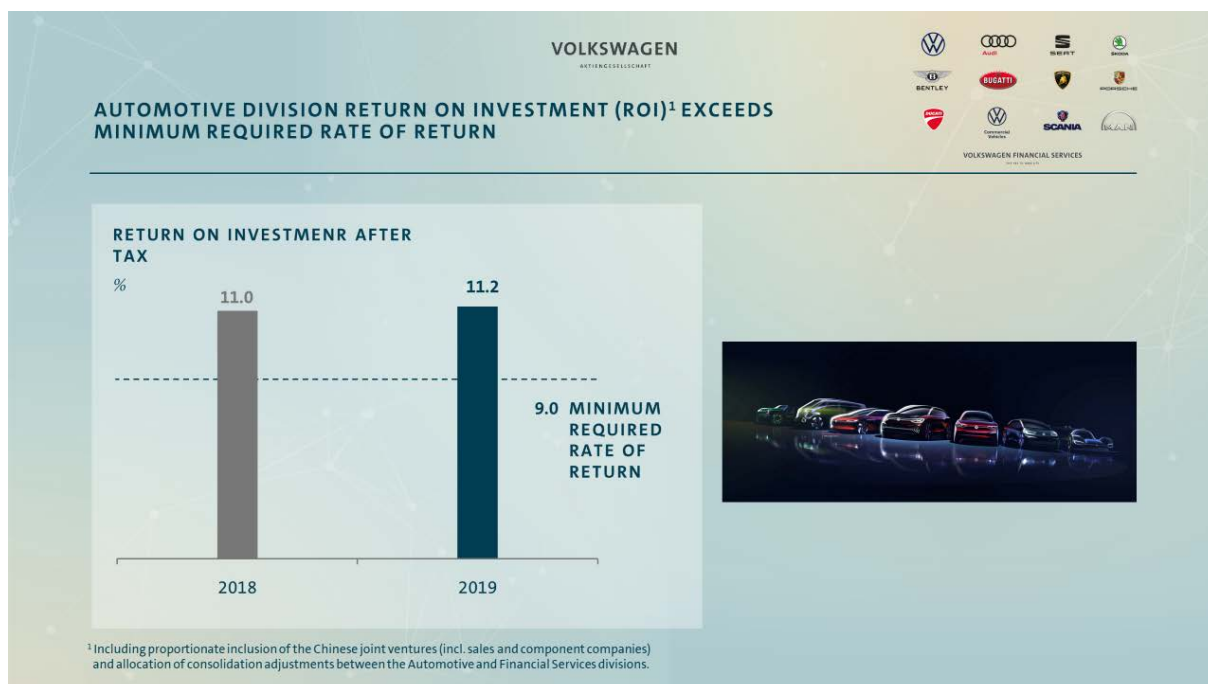
As explained, the financial result totals €1.4 billion.

At €18.4 billion, earnings before tax were €2.7 billion above the previous year's figure.

The tax rate was 23.6%, compared to 22.3% in the previous year.

Earnings after tax increased from €12.2 billion in 2018 to €14.0 billion.

As usual, you can find details of our figures for the fourth quarter on our Investor Relations web page.



The return on investment is our value-based management concept. It describes the operating result after tax in relation to average invested capital. The Chinese joint ventures are included in the calculation on a pro rata basis.

The following effects made themselves felt on RoI in 2019:

First of all, there was an increase in invested capital. This rise is attributable, in particular, to the effect from the application of IFRS 16 totaling around €5.5 billion. Additions from capex and capitalized development costs also led to higher invested capital. We also reported a higher operating profit.

As a result, the RoI increased to 11.2%, up from 11.0% in the previous year. This puts us above our minimum required rate of return of 9%.

Here, too, we are on course to reaching our goal as part of Strategy 2025+.



Now we come to the financial situation of the Automobile Division.

Net cash flow is an important key indicator, both internally, and externally. It results from sales revenue less payouts and also takes into account funds tied up as a result of a rise in inventories and investments.

At €10.8 billion, net cash flow was as expected considerably higher than in the prior year; the higher earnings, lower cash outflows from the diesel issue, and a lower rise of inventories had the greatest positive impact.

Net cash flow adjusted for diesel payments and mergers & acquisitions even totaled a proud €13.5 billion.



The net liquidity of the Automobile Division is, of course, materially affected by net cash flow. In addition to this, there were further influences.

The inflow of cash from the IPO of TRATON had a positive effect of €1.4 billion. The dividend payment of €2.4 billion to the shareholders of Volkswagen AG, which rose by €0.5 billion year-on-year, had a negative effect. Settlement payments and the purchase of MAN shares offered for sale amounting to €1.1 billion also had an impact. On top of this, the application of IFRS resulted in a negative effect of €-5.4 billion. Let's remember: This is a pure accounting effect that does not lead to a cash outflow.

The net liquidity of the Automobile Division remains solid at €21.3 billion and is €1.9 billion above the level recorded at the start of the year.

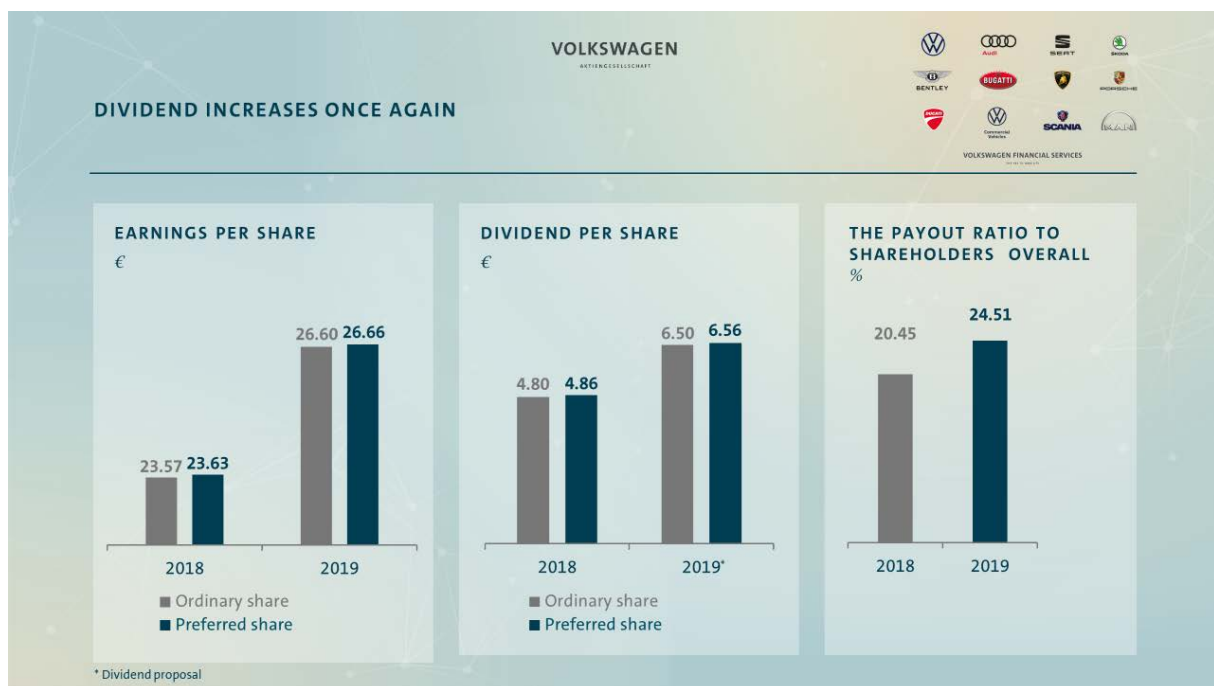


Capital expenditure, at €14.0 billion, was €0.8 billion higher than in the previous year. The focus of investments was primarily on production facilities and on the models: Golf, Atlas, ID.3, ID.4, Audi A3, Audi e-tron, Audi Q3, Audi A6/A7 family, Porsche Taycan, as well as the Bentley Continental series.

The capex ratio, at 6.6%, was at the prior-year level, towards the lower end of the projected range of 6.5 – 7%.

Primary research and development costs came to €14.3 billion and are thus €0.7 billion above the previous year's level. They were incurred mainly as a result of new models, the electrification of our vehicle portfolio, a more efficient range of engines, and digitalization.

The R&D ratio at 6.7% was also within the forecast range of 6.5 – 7%. In the previous year it stood at 6.8%.



Now I come to the profit contribution of Volkswagen AG's shareholders. This contribution totals €13.3 billion, up from €11.8 billion in 2018. Basic earnings per share total €26.60 per ordinary share and €26.66 per preferred share.

The Board of Management and Supervisory Board are delighted to propose to the shareholders a dividend of €6.50 per ordinary share and €6.56 per preferred share.

This is equivalent to a dividend increase of around 35% compared to the previous year.

The payout ratio thus rises from 20.4% in the previous year to 24.5%. Our strategic goal remains a payout ratio of at least 30%.

VOLKSWAGEN
GRUPPENGESAMTSCHAFT

PROSPECTS FOR 2020*

- Deliveries to customers in 2020 in line with the previous year amid market conditions that are demanding
- Sales revenue of the Volkswagen Group to grow by up to 4% year-on-year
- Operating return on sales of the Volkswagen Group in the range of 6.5 and 7.5%
- Return on investment (RoI) in the Automotive Division will increase slightly and exceed the minimum required rate of return
- Net cash flow in the Automotive Division will be clearly positive, however, moderately down on the prior-year figure

* In light of the spread of the Corona virus, under constant review

Amid a continued challenging environment, the figures of the year 2019 prove again that we worked hard for a position from which we can successfully shape the transformation of the Volkswagen Group. The years 2020 and 2021 will be decisive for us and are linked to several challenges such as the adherence to the CO2 limits in Europe.

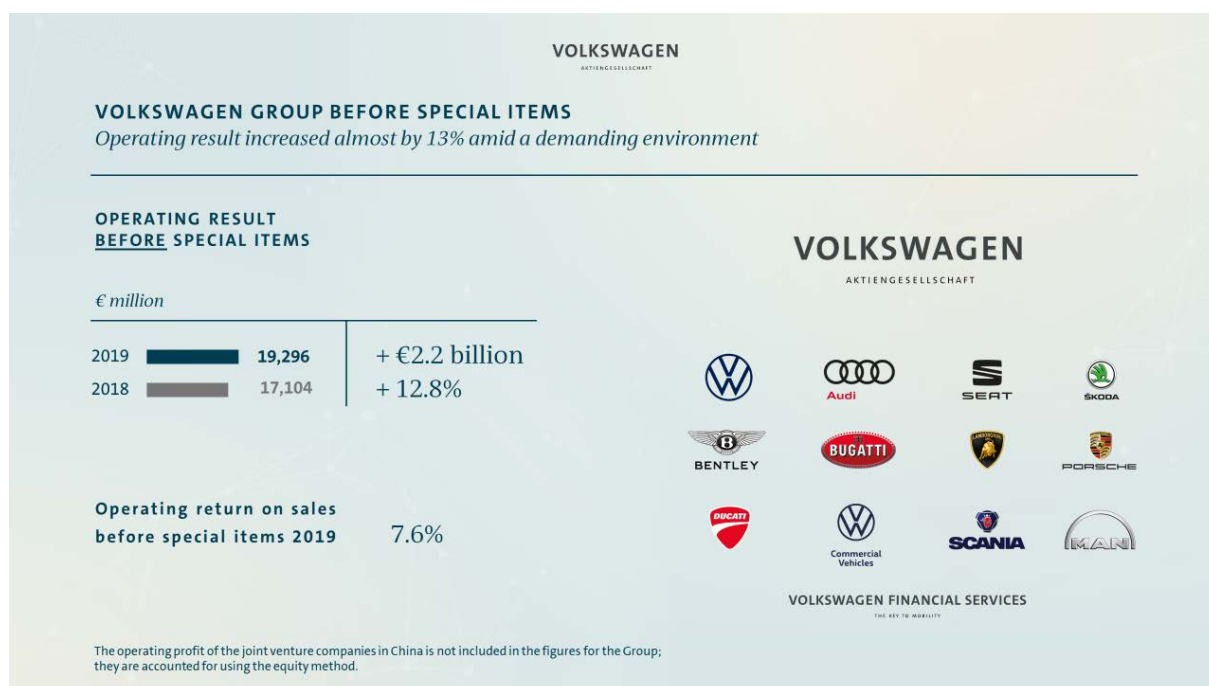
Moreover, there are further challenges such as the volatility on commodities and foreign exchange markets, and the persistent geopolitical tensions.

At present, however, the spread of coronavirus is taking greater precedence over these issues and impacting the global economy. The severity and duration of the impact this will have on the Volkswagen Group is uncertain. It is virtually impossible to issue a reliable forecast. We are making full use of all measures in task force mode to support our employees and their families and to stabilize our business.

Many thanks for your attention.

- Appendix -

Frank Witter speech at the Annual Media Conference on March 17, 2020



VOLKSWAGEN
AKTIENGESELLSCHAFT

VOLKSWAGEN GROUP OPERATING PROFIT BEFORE SPECIAL ITEMS BY BRAND
€ million

	January – December		Change		Operating return on sales	
	2018	2019	absolute	%	2018	2019
Volkswagen Passenger Cars	3,239	3,785	547	16.9	3.8	4.3
Audi	4,705	4,509	-196	-4.2	7.9	8.1
ŠKODA	1,377	1,660	284	20.6	8.0	8.4
SEAT	254	445	190	74.7	2.5	3.9
Bentley	-288	65	353	x	-18.6	3.1
Porsche Automotive	4,110	4,210	100	2.4	17.4	16.2
Volkswagen Commercial Vehicles	780	510	-269	-34.6	6.6	4.4
Scania Vehicles and Services	1,207	1,506	299	24.8	9.3	10.8
MAN Commercial Vehicles	332	402	70	21.2	2.7	3.2
Power Engineering	193	159	-34	-17.7	5.3	4.0
Other	-1,418	-917	501	-35.3		
Volkswagen Financial Services	2,612	2,960	348	13.3		
Volkswagen Group before special items¹	17,104	19,296	2,192	12.8	7.3	7.6

¹ The operating profit of the joint venture companies in China is not included in the figures for the Group; they are accounted for using the equity method.

VOLKSWAGEN GROUP OPERATING RESULT BEFORE AND AFTER SPECIAL ITEMS WERE UP ON THE PREVIOUS YEAR
€ million

	January – December		Change	
	2018	2019	absolute	%
Sales revenue	235,849	252,632	16,783	7.1
Operating profit before special items	17,104	19,296	2,192	12.8
as a percentage of sales revenue	7.3	7.6		
Special items	-3,184	-2,336	847	26.6
Operating profit	13,920	16,960	3,040	21.8
as a percentage of sales revenue	5.9	6.7		
Financial result	1,723	1,396	-327	-19.0
Profit before tax	15,643	18,356	2,713	17.3
Income tax expense	-3,489	-4,326	-837	-24.0
Profit after tax	12,153	14,029	1,876	15.4

VOLKSWAGEN GROUP INCOME STATEMENT
€ million

	2018	%	2019	%
Sales revenue	235,849	100.0	252,632	100.0
Cost of sales	-189,500	-80.3	-203,490	-80.5
Gross profit	46,350	19.7	49,142	19.5
Distribution expenses	-20,510	-8.7	-20,978	-8.3
Administrative expenses	-8,819	-3.7	-9,767	-3.9
Net other operating result	-3,100	-1.3	-1,437	-0.6
Operating profit	13,920	5.9	16,960	6.7
Financial result	1,723	0.7	1,396	0.6
Profit before tax	15,643	6.6	18,356	7.3
Income tax expense	-3,489	-1.5	-4,326	-1.7
Profit after tax	12,153	5.2	14,029	5.6
Earnings attributable to Volkswagen AG shareholders	11,827	5.0	13,346	5.3

2019 – FINANCIAL HIGHLIGHTS

R&D ratio (total research and development costs as a percentage of the Automotive Division's sales revenue) at 6.7 % on prior-year's level (prior-year: 6.8 %)

Ratio of capex to sales were virtually unchanged at 6.6%

Net cash flow in the Automotive Division at € 10.8 billion significantly better (prior-year: € – 306 million)

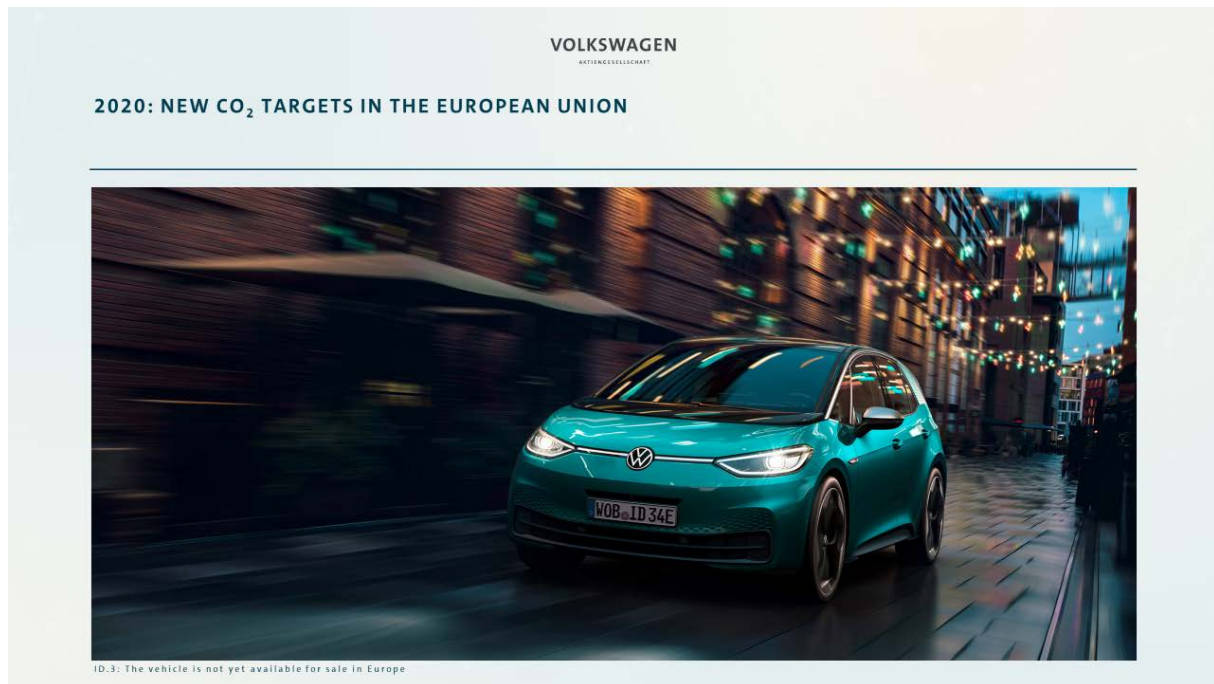
Net liquidity in the Automotive Division at € 21.3 billion remains solid (prior-year: € 19.4 billion)

AUTOMOTIVE DIVISION NET LIQUIDITY € million

	January – December		Change	
	2018	2019	absolute	%
Gross cash flow	25,964	29,097	3,133	12.1
Change in working capital	-7,433	1,636	9,069	x
Cash flows from operating activities	18,531	30,733	12,202	65.8
Cash flows from investing activities attributable to operating activities	-18,837	-19,898	-1,062	-5.6
of which: Capex	-13,218	-14,007	-789	-6.0
as % of sales revenue	6.6	6.6	-	-0.0 ¹
Additions to capitalized development costs	-5,234	-5,171	63	1.2
Acquisition/disposal of equity investments	-594	-716	-122	-20.5
Net cash flow	-306	10,835	11,141	x
Further key impacts 2019:				
Dividend paid to the shareholders of VW AG	-1,967	-2,419	-452	-23.0
Acquisition of shares and compensation payments MAN	-2,117	-1,109	1,008	47.6
IPO TRATON	-	1,387	1,387	x
IFRS 16 effect due to the change in the accounting for leases	-	-5,392	-5,392	x
Net liquidity at December 31	19,368	21,276	1,908	9.9

¹ Percentage points.

Dr. Herbert Diess
speech at the
Annual Media Conference on March 17, 2020
- Part III -



Ladies and Gentlemen,

2020 is a watershed year as regards the new CO₂ targets in the European Union. Stringent new regulatory requirements now apply.

By far the most efficient way of meeting fleet targets is through profitable e-vehicles and also plug-in hybrids in the premium segment in some markets. We are well positioned to tackle 2020 and 2021 with our product portfolio. All in all, we will have 15 e-models and 18 new plug-in hybrids on the market.

The envisaged electrification of our fleet is underway.

Sales of these models have gathered significant momentum in recent weeks. The order backlog for some already extends beyond the middle of this year.

Our efforts are focused on the supply of batteries and our challenging start-ups.

In order to secure our return targets in spite of these endeavors and uncertainties, we will also use these two crucial years to leverage synergies in the Group to far better effect – in terms of plant capacities, in concepts for identical parts, in brand controlling, in reducing redundancies.



At the same time, we're tackling the present greatest challenge. The car is becoming a complex Internet device and generator and user of data.

Yes, it's true: The number of mobility offerings as an alternative to the private car is growing. Especially in urban regions. But will they be able to replace the car in the foreseeable future?

Will carsharing providers elbow their way between us and our customers? They will try to do that and will keep on honing their business models.

We feel sure that the car has a great future.

There is no other means of transport that meets a wide range of different mobility needs in such a reliable, flexible and convenient way.

It is a promise of individual freedom for millions of people. The car is also changing at a rapid pace.

It is becoming electric and so emissions-free and sustainable. Moreover, the amount of electricity the entire fleet needs represents a constant and reliable demand factor that will help drive the energy transition. And the car is becoming highly connected, always online and so far safer and even more convenient.

To ensure that Volkswagen continues to play a leading part in this radical transformation, we must create the conditions so that the automobile can be run as an Internet device: with constant software updates and a growing number of new services.

Our fleet will become both a generator and user of huge quantities of data, helping ensure that the vehicles keep on learning to drive better and better.

To operate successfully in this field, too, Volkswagen needs to strengthen its software expertise significantly.

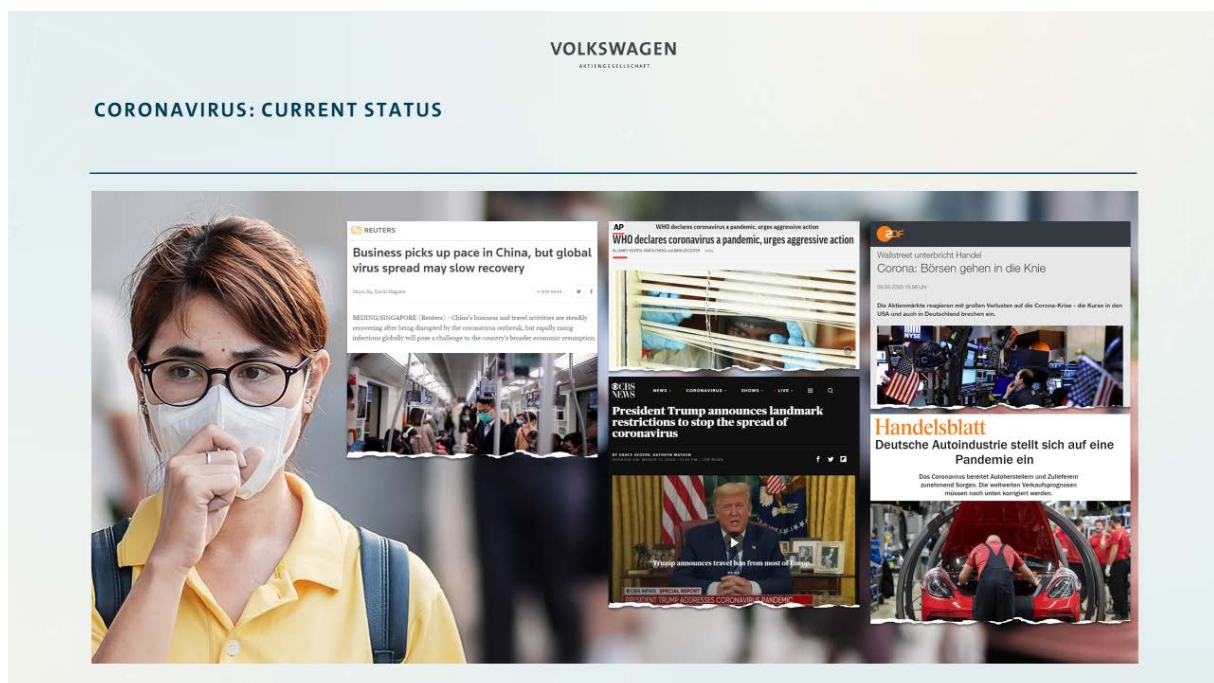
To build that up, we are making strategic acquisitions, entering into strategic partnerships and also uniting our expertise within the Group.

We have made the first steps: By taking over WirelessCar and diconium. By cooperating with Microsoft to establish a cloud-based platform.

And with Car Software Org. It pools our digital expertise throughout the Group. The organization has been up and running under the leadership of Christian Senger since January 1. It brings together some 3,000 IT experts from the Group's interests and subsidiaries, and that number is expected to rise to more than 10,000 digital experts by 2025. Implementing this plan has top priority.

Ladies and Gentlemen,

To sum up: In 2019, Volkswagen laid vital groundwork for all relevant changes.



2020 will be a very difficult year. The corona pandemic presents us with unknown operational and financial challenges. At the same time, there are concerns about sustained economic impacts.

The situation in China, our most important market, has stabilized in the meantime: With a few exceptions, our sites there have now resumed production. Deliveries are growing again in March and are beginning to normalize.

The crisis in Europe and worldwide has yet to come. We can fall back on the hygiene and organizational measures we learnt in China.

We are temporarily reducing capacities and securing logistics chains. Our focus is on protecting our employees and their relations. We are coordinating closely with the authorities to master the crisis.

We will succeed in overcoming the corona crisis in Europe and the rest of the world by pooling our strengths and with close cooperation and high morale in our Group.

Thank you.