

Abstract geometric lines in the top left corner, forming a series of triangles and polygons in a light yellow and green gradient.

VOLKSWAGEN

AKTIENGESELLSCHAFT

Shaping the transformation together.

ANNUAL REPORT 2017

Abstract geometric lines in the bottom right corner, forming a series of triangles and polygons in a light blue and green gradient.

Key Figures

VOLKSWAGEN GROUP

	2017	2016	%
Volume Data¹ in thousands			
Deliveries to customers (units)	10,741	10,297	+4.3
Vehicle sales (units)	10,777	10,391	+3.7
Production (units)	10,875	10,405	+4.5
Employees at Dec. 31	642.3	626.7	+2.5
Financial Data (IFRSs), € million			
Sales revenue	230,682	217,267	+6.2
Operating result before special items	17,041	14,623	+16.5
as a percentage of sales revenue	7.4	6.7	
Special items	-3,222	-7,520	-57.1
Operating result	13,818	7,103	+94.5
Operating return on sales (%)	6.0	3.3	
Earnings before tax	13,913	7,292	+90.8
Return on sales before tax (%)	6.0	3.4	
Earnings after tax	11,638	5,379	x
Automotive Division²			
Total research and development costs	13,135	13,672	-3.9
R&D ratio (%)	6.7	7.3	
Cash flows from operating activities	11,686	20,271	-42.4
Cash flows from investing activities attributable to operating activities ³	17,636	15,941	+10.6
of which: capex	12,631	12,795	-1.3
capex/sales revenue (%)	6.4	6.9	
Net cash flow	-5,950	4,330	x
Net liquidity at Dec. 31	22,378	27,180	-17.7
Return on investment (ROI) in %	12.1	8.2	
Financial Services Division			
Return on equity before tax ⁴ (%)	9.8	10.8	

VOLKSWAGEN AG

	2017	2016	%
Volume Data in thousands			
Employees at Dec. 31	117.4	113.9	+3.1
Financial Data (HGB), € million			
Sales	76,729	75,310	+1.9
Net income for the fiscal year	4,353	2,799	+55.5
Dividends (€)			
per ordinary share	3.90	2.00	
per preferred share	3.96	2.06	

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: €17,512 (€18,224) million.

4 Earnings before tax as a percentage of average equity.

This version of the annual report is a translation of the German original. The German takes precedence. All figures shown in the report are rounded, so minor discrepancies may arise from addition of these amounts. The figures from the previous fiscal year are shown in parentheses directly after the figures for the current reporting period.

Moving Globally

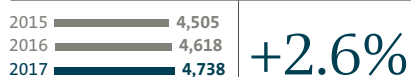
VOLKSWAGEN GROUP deliveries – in thousand units

Moving
Globally

Key
Figures



EUROPE/OTHER MARKETS



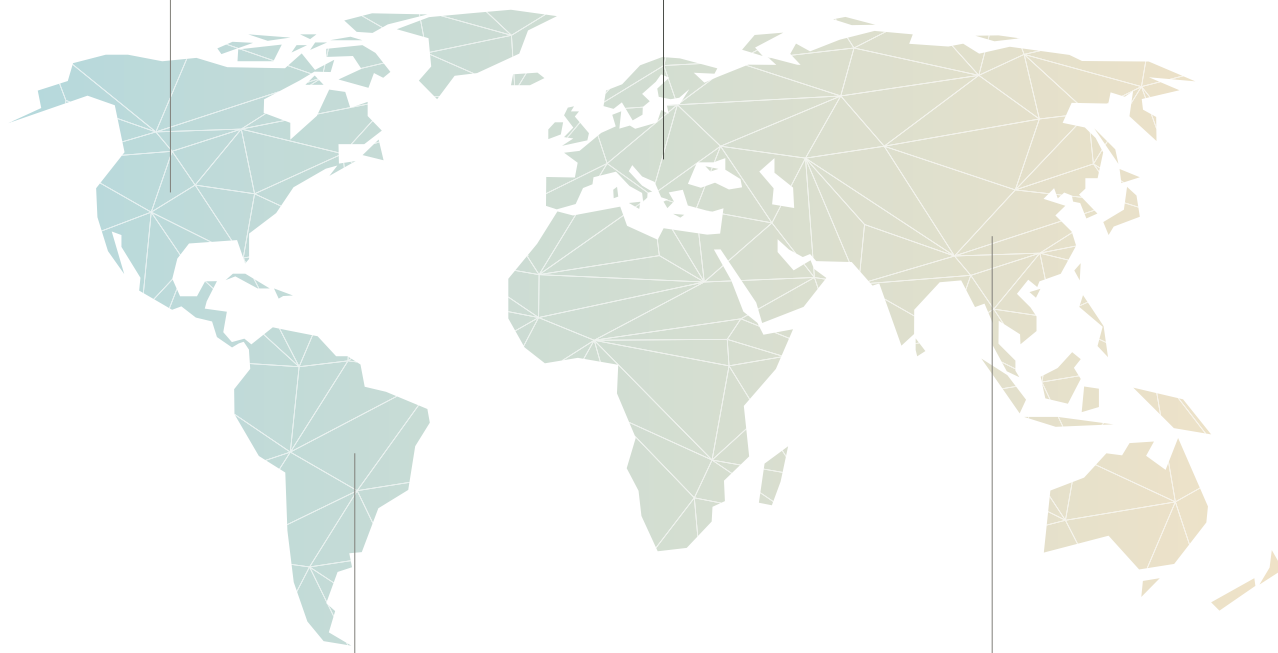
NORTH AMERICA



SOUTH AMERICA



ASIA-PACIFIC





We are making the Volkswagen Group
more open and efficient,
more innovative and customer-centric.
The figures show
that we are on the right track.

VOLKSWAGEN

AKTIENGESELLSCHAFT



Volkswagen



Audi



SEAT



ŠKODA



BENTLEY



PORSCHE



Commercial
Vehicles



SCANIA



VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

Glossary

Selected terms at a glance

Big Data

Big data is a term used to describe new ways of analyzing and evaluating data volumes that are too vast and too complex to be processed using manual or conventional methods.

Compliance

Adherence to statutory provisions, internal company policies and ethical principles.

Compressed Natural Gas (CNG)

Burning this compressed natural gas releases approximately 25% less CO₂ than petrol because of its low carbon and high energy content.

Corporate Governance

International term for responsible corporate management and supervision driven by long-term value added.

Direct Shift Gearbox (DSG)

Gearbox that consists of two gearboxes with a dual clutch and so combines the agility, driving pleasure and low consumption levels of a manual gearbox with the comfort of an automatic.

Driving Cycles

Levels of fuel consumption and exhaust gas emissions for vehicles registered in Europe were previously measured on a chassis dynamometer with the help of the "New European Driving Cycle (NEDC)". Since fall 2017, the existing test procedure for emissions and fuel consumption used in the EU is being gradually replaced by the Worldwide Harmonized Light-Duty Vehicles Test Procedure (WLTP). This has been in place for new vehicle types since fall 2017 and will apply to all new vehicles from fall 2018. The aim of this new test cycle is to state CO₂ emissions and fuel consumption in a more practice-oriented manner. A further important European regulation is the Real Driving Emissions (RDE) for passenger cars and light commercial vehicles, which also monitors emissions using portable emission measuring technology in real road traffic.

Hybrid drive

Drive combining two different types of engine and energy storage systems (usually an internal combustion engine and an electric motor).

Hybrid notes

Hybrid notes issued by Volkswagen are classified in their entirety as equity. The issuer has call options at defined dates during their perpetual maturities. They pay a fixed coupon until the first possible call date, followed by a variable rate depending on their terms and conditions.

Industry 4.0

Describes the fourth industrial revolution and the systematic development of real-time and intelligent networks between people, objects and systems, exploiting all of the opportunities of information technology along the entire value added chain. Intelligent machines, inventory systems and operating equipment that independently exchange information, trigger actions and control each other will be integrated into production and logistics at a technical level. This offers tremendous versatility, efficient resource utilization, ergonomics and the integration of customers and business partners in operational processes throughout the entire value chain.

Liquefied Natural Gas (LNG)

LNG is needed so that natural gas engines can be used in long-distance trucks and buses, since this is the only way of achieving the required energy density.

Modular Electric Toolkit (MEB)

The modular system is being developed for the manufacturing of electric vehicles. The MEB establishes parameters for axles, drive systems, high-voltage batteries, wheelbases and weight ratios to ensure a vehicle optimally fulfills the requirements of e-mobility. The first vehicle based on the MEB should go into series production in 2020.

Modular Transverse Toolkit (MQB)

As an extension of the modular strategy, this platform can be deployed in vehicles whose architecture permits a transverse arrangement of the engine components. The modular perspective enables high synergies to be achieved between the vehicles in the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, SEAT and ŠKODA brands.

Plug-in hybrid

Performance levels of hybrid vehicles. Plug-in hybrid electric vehicles (PHEVs) have a larger battery with a correspondingly higher capacity that can be charged via the combustion engine, the brake system, or an electrical outlet. This increases the range of the vehicle.

Rating

Systematic assessment of companies in terms of their credit quality. Ratings are expressed by means of rating classes, which are defined differently by the individual rating agencies.

Turntable concept

Concept of flexible manufacturing enabling the production of different models in variable daily volumes within a single plant, as well as offering the facility to vary daily production volumes of one model between two or more plants.

Vocational groups

For example, electronics, logistics, marketing, or finance. A new teaching and learning culture is gradually being established by promoting training in the vocational groups. The specialists are actively involved in the teaching process by passing on their skills and knowledge to their colleagues.

Zero-Emissions Vehicle (ZEV)

Vehicles that operate without exhibiting any harmful emissions from combustion gases. Examples of zero-emissions vehicles include purely battery-powered electric vehicles (BEV) or fuel cell vehicles.

Capitalization ratio

The capitalization ratio is defined as the ratio of capitalized development costs to total research and development costs in the Automotive Division. It shows the proportion of primary research and development costs subject to capitalization.

Distribution ratio

The distribution ratio is the ratio of total dividends attributable to ordinary and preferred shares to earnings after tax attributable to the shareholders of Volkswagen AG. The distribution ratio provides information on how earnings are distributed.

Dividend yield

The dividend yield is the ratio of the dividend for the reporting year to the closing price per share class on the last trading day of the reporting year; it represents the interest rate earned per share. The dividend yield is used in particular for measuring and comparing shares.

Equity ratio

The equity ratio measures the percentage of total assets attributable to shareholders' equity as of a reporting date. This ratio indicates the stability and financial strength of the company and shows the degree of financial independence.

Gross margin

Gross margin is the percentage of sales revenue attributable to gross profit in a period. Gross margin provides information on profitability net of cost of sales.

Price-earnings ratio

The price-earnings ratio is calculated by dividing the share price per share class at the end of the year by the earnings per share. It reflects a company's profitability per share; a comparison over several years shows how its performance has developed over time.

Return on equity before tax

The return on equity shows the ratio of profit before tax to average shareholders' equity of a period, expressed as a percentage. It reflects the company's profitability per share and indicates the interest rate earned on equity.

Return on sales before tax

The return on sales is the ratio of profit before tax to sales revenue in a period, expressed as a percentage. It shows the level of profit generated for each unit of sales revenue. The return on sales provides information on the profitability of all business activities before deducting income tax expense.

Tax rate

The tax rate is the ratio of income tax expense to profit before tax, expressed in percent. It shows what percentage of the profit generated has to be paid over as tax.

Scheduled Dates 2018

FINANCIAL CALENDAR

March 13

Volkswagen AG Annual Media Conference
and Investor Conference, Berlin

April 26

Interim Report January – March

May 3

Volkswagen AG Annual General Meeting (CityCube Berlin)

August 1

Half-Yearly Financial Report

Oktober 30

Interim Report January – September

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This annual report is published in English and German.
Both versions of the report are available on the Internet
at www.volkswagenag.com/ir.

The German version is legally binding.

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CONCEPT, DESIGN AND REALIZATION

C3 Creative Code and Content GmbH

ENGLISH TRANSLATION

Leinhäuser Language Services GmbH, Unterhaching

FINANCIAL REPORT

Produced in-house with firesys

PRINTER

Kunst- und Werbedruck, Bad Oeynhausen

PAPER

Everprint Premium

PHOTOGRAPHY

Urban Zintel (p. 8, 10–11)
Hartmut Nägele (p. 14)



ISSN 858.809.578.20

Printed in Germany