

Prospects for 2016

The Volkswagen Group's Board of Management expects the global economy to record the same level of growth in 2016 as in the previous year. Risks will arise from turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects continue to be hurt by geopolitical tensions and conflicts. We expect the economic upturn to continue in most industrialized nations, with moderate rates of expansion overall. As in the previous year, growth will in all probability be muted in many emerging markets. We expect the strongest rates of expansion in Asia's emerging economies.

We expect trends in the passenger car markets in the individual regions to be mixed in 2016. Overall, growth in global demand for new vehicles will probably be slower than in the reporting period. We anticipate that the demand volume in Western Europe and the Germany passenger car market will be in line with the previous year. In the Central and Eastern European markets, demand for passenger cars is estimated to be under the weak prior-year figure. In North America, we expect last year's positive trend to continue at a slightly weaker pace. The volumes of the South American markets will probably fall noticeably short of the prior-year figures. The passenger car markets in the Asia-Pacific region look set to continue their growth path at a similar pace.

Global demand for light commercial vehicles will probably see a slight increase in 2016. We expect trends to vary from region to region.

In the markets for mid-sized and heavy trucks that are relevant for the Volkswagen Group, new registrations in 2016 are set to drop slightly below the prior-year level, while new registrations of buses in the relevant markets will probably be noticeably lower than in the previous year.

We expect automotive financial services to continue to grow in importance worldwide in 2016.

The Volkswagen Group is well positioned to deal with the mixed developments in the global automotive markets. Our broad, selectively expanded product range featuring the latest generation of engines as well as a variety of alternative drives puts us in a good position globally compared with our competitors. The Group's strengths include in particular its unique brand portfolio, its

steadily growing presence in all major world markets and its wide selection of financial services. Our range of models spans from motorcycles through compact, sports and luxury cars to heavy trucks and buses, and covers almost all segments. The Volkswagen Group's brands will press ahead with their product initiative in 2016, modernizing and expanding their offering by introducing new models. Our goal is to offer all customers the mobility and innovations they need, sustainably strengthening our competitive position in the process.

We expect that, on the whole, deliveries to customers of the Volkswagen Group in 2016 will be on a level with the previous year amid persistently challenging market conditions, with a growing volume in China.

In addition to the emissions issue, the highly competitive environment as well as interest rate and exchange rate volatility and fluctuations in raw materials prices all pose challenges. We anticipate positive effects from the efficiency programs implemented by all brands and from the modular toolkits.

Depending on the economic conditions – particularly in South America and Russia – and the exchange rate development and in light of the emissions issue, we expect 2016 sales revenue for the Volkswagen Group to be down by as much as 5% on the prior-year figure. In terms of the Group's operating result, we anticipate that the operating return on sales will be between 5.0% and 6.0% in 2016.

In the Passenger Cars Business Area we expect a sharp decrease in sales revenue, with an operating return on sales in the anticipated range of 5.5 – 6.5%. With sales revenue in the Commercial Vehicles Business Area remaining essentially unchanged, we assume operating return on sales will be between 2.0% and 4.0%. We expect sales revenue in the Power Engineering Business Area to be perceptibly lower than the prior-year figure, with a significantly reduced operating result. For the Financial Services Division, we are forecasting sales revenue and operating result at the prior-year level. Disciplined cost and investment management and the continuous optimization of our processes are integral elements of the Volkswagen Group's strategy.