

The image features the Volkswagen logo at the top center, consisting of the word "VOLKSWAGEN" in a bold, sans-serif font above the word "AKTIENGESELLSCHAFT" in a smaller, all-caps sans-serif font. The background is white with two large, overlapping teal-colored triangles. One triangle is light teal and points downwards from the top left. The other is a darker teal and points upwards from the bottom left, overlapping the first triangle.

**VOLKSWAGEN**  
AKTIENGESELLSCHAFT

**We are  
redefining  
mobility.**

Annual Report 2016

# Key Figures

FISCAL YEAR 2016

## VOLKSWAGEN GROUP

Volume data <sup>1</sup>	2016	2015	%
Vehicle sales (units)	10,391,113	10,009,605	+ 3.8
Production (units)	10,405,092	10,017,191	+ 3.9
Employees at Dec. 31	626,715	610,076	+ 2.7
<b>Financial data (IFRSs), € million</b>	<b>2016</b>	<b>2015</b>	<b>%</b>
Sales revenue	217,267	213,292	+ 1.9
Operating result before special items	14,623	12,824	+ 14.0
as a percentage of sales revenue	6.7	6.0	
Special items	- 7,520	- 16,893	- 55.5
Operating result	7,103	- 4,069	X
as a percentage of sales revenue	3.3	- 1.9	
Earnings before tax	7,292	- 1,301	X
Earnings after tax	5,379	- 1,361	X
Earnings attributable to Volkswagen AG shareholders	5,144	- 1,582	X
Cash flows from operating activities	9,430	13,679	- 31.1
Cash flows from investing activities attributable to operating activities	16,797	15,523	+ 8.2
<b>Automotive Division<sup>2</sup></b>			
EBITDA <sup>3</sup>	18,999	7,212	X
Cash flows from operating activities	20,271	23,796	- 14.8
Cash flows from investing activities attributable to operating activities <sup>4</sup>	15,941	14,909	+ 6.9
of which: capex	12,795	12,738	+ 0.4
as a percentage of sales revenue	6.9	6.9	
capitalized development costs	5,750	5,021	+ 14.5
as a percentage of sales revenue	3.1	2.7	
Net cash flow	4,330	8,887	- 51.3
Net liquidity at Dec. 31	27,180	24,522	+ 10.8
<b>Return ratios in %</b>	<b>2016</b>	<b>2015</b>	
Return on sales before tax	3.4	- 0.6	
Return on investment (ROI) in the Automotive Division	8.2	- 0.2	
Return on equity before tax (Financial Services Division) <sup>5</sup>	10.8	12.2	

1 Volume data including the unconsolidated Chinese joint ventures.

2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

3 Operating result plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment,

capitalized development costs, lease assets, goodwill and financial assets as reported in the cash flow statement.

4 Excluding acquisition and disposal of equity investments: €18,224 (€17,270) million.

5 Earnings before tax as a percentage of average equity.

## VOLKSWAGEN AG

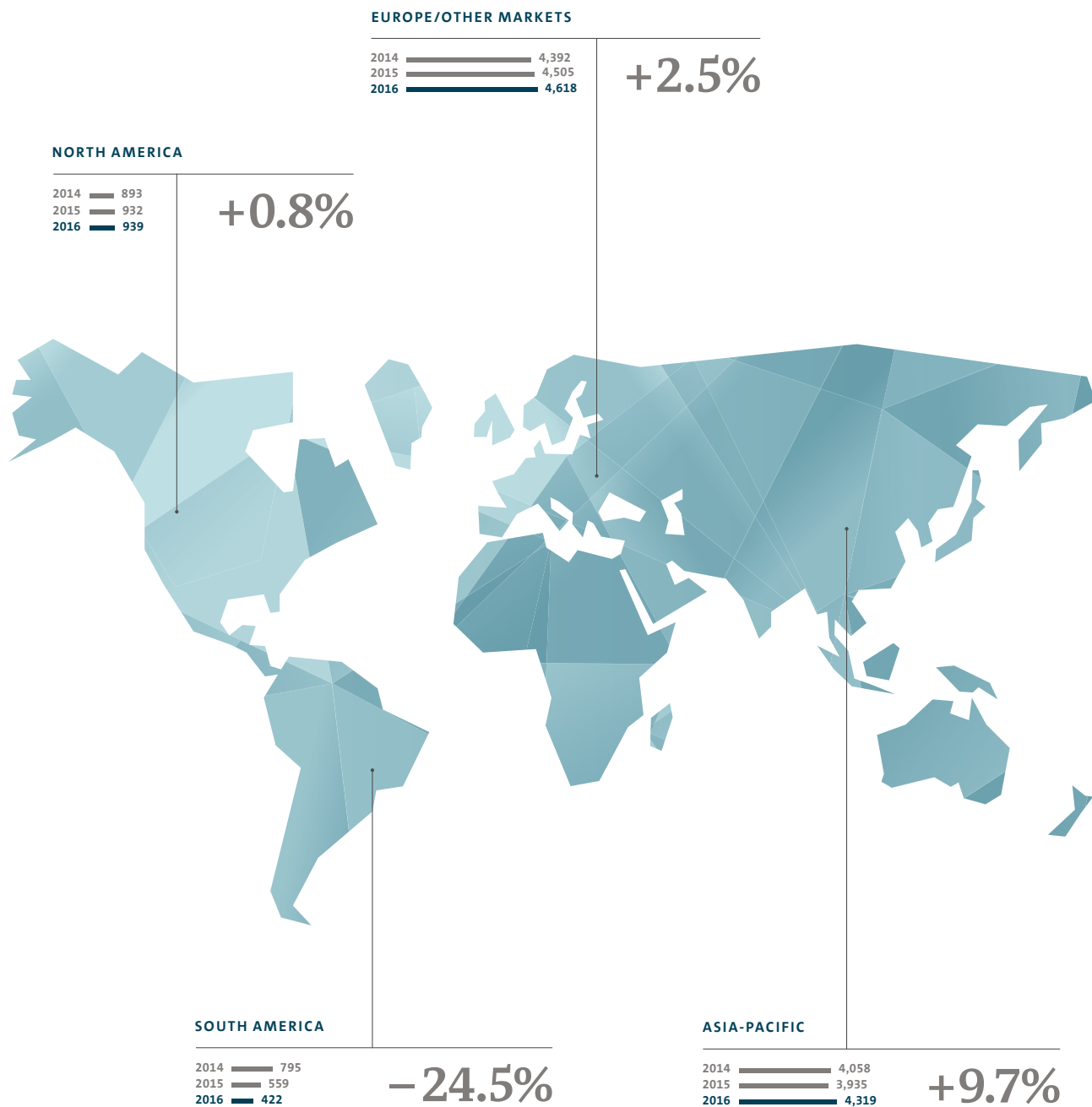
Volume data	2016	2015	%
Vehicle sales (units)	2,632,144	2,676,629	- 1.7
Production (units)	1,241,217	1,255,771	- 1.2
Employees at Dec. 31	113,928	114,066	- 0.1
<b>Financial data (HGB), € million</b>	<b>2016</b>	<b>2015</b>	<b>%</b>
Sales	75,310	73,510	+ 2.4
Net income/net loss for the year	2,799	- 5,515	X
Dividends (€)			
per ordinary share	2.00	0.11	
per preferred share	2.06	0.17	

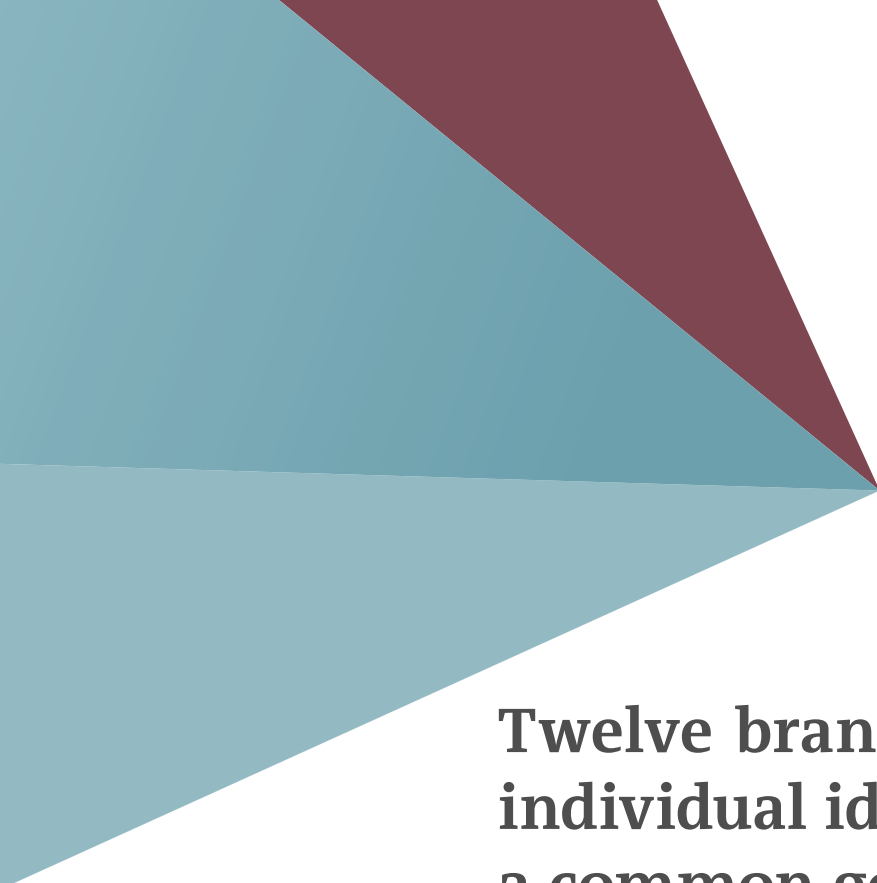
This version of the annual report is a translation of the German original. The German takes precedence. All figures shown in the report are rounded, so minor discrepancies may arise from addition of these amounts. The figures from the previous fiscal year are shown in parentheses directly after the figures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

# Moving Globally

FISCAL YEAR 2016

VOLKSWAGEN GROUP DELIVERIES – IN THOUSAND UNITS





**Twelve brands with an  
individual identity and  
a common goal: mobility.  
For everyone, all over  
the world.**



Volkswagen



Audi



SEAT



ŠKODA



BENTLEY



PORSCHE



Commercial  
Vehicles



SCANIA



**VOLKSWAGEN FINANCIAL SERVICES**

AKTIENGESELLSCHAFT

# Glossary

## Selected terms at a glance

### Association of Southeast Asian Nations (ASEAN)

An international organization of Southeast Asian nations with political, economic and cultural aims that has been in existence since August 8, 1967.

### 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 CO<sub>2</sub> 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 are currently measured on a dynamometer or engine test bed with the help of the "New European Driving Cycle (NEDC)". Starting in fall 2017, the existing test procedure for emissions and fuel consumption used in the EU will gradually be replaced by the Worldwide Harmonized Light-Duty Vehicles Test Procedure (WLTP). This will be applied to new vehicle types from fall 2017 and to all new vehicles from fall 2018. The aim of this new test cycle is to state CO<sub>2</sub> 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. The packages of legislation are currently being elaborated; uniform limits for nitrogen oxide and particulate emissions will then apply across the EU from September 2017.

### Hedge accounting

Presentation of hedges in the balance sheet with the aim of compensating offsetting gains and losses from hedged items and hedging instruments within the same period economically and in the financial statements.

### Hedging instruments

Hedging transactions used in risk management, for example to hedge interest rate and exchange rate risks.

### Hybrid drive

Drive combining two different types of engine and energy storage system (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.

### Internet of things

Internet of things denotes the digital networking of everyday objects. The focus hereby is on the increasing amount of objects for daily use, which are constantly communicating to and with each other.

**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 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.

**Penetration rate for financial services**

The ratio of the leasing and financing business to deliveries.

**Plug-in-hybrid**

Next-generation 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 evaluation 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.

# Scheduled Dates 2017

## MOTOR SHOWS

March 9–19  
International Motor Show, Geneva

April 14–23  
New York International Auto Show

April 21–28  
Auto Shanghai

April 24–28  
Hannover Messe

September 16–24  
International Motor Show (IAA), Frankfurt am Main

October 28–November 5  
Tokyo Motor Show

December 1–10  
Los Angeles Auto Show

## FINANCIAL CALENDAR

March 14  
Volkswagen AG Annual Media Conference  
and Investor Conference, Wolfsburg

May 3  
Interim Report January – March

May 10  
Volkswagen AG Annual General Meeting  
(Hanover Exhibition Grounds)

July 27  
Half-Yearly Financial Report

October 27  
Interim Report January – September





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