

VOLKSWAGEN

AKTIENGESELLSCHAFT

Shaping the transformation together.

UniCredit Automotive Credit Conference, London, 6.-7. June 2018

Volkswagen AG

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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 of Volkswagen Group members 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.

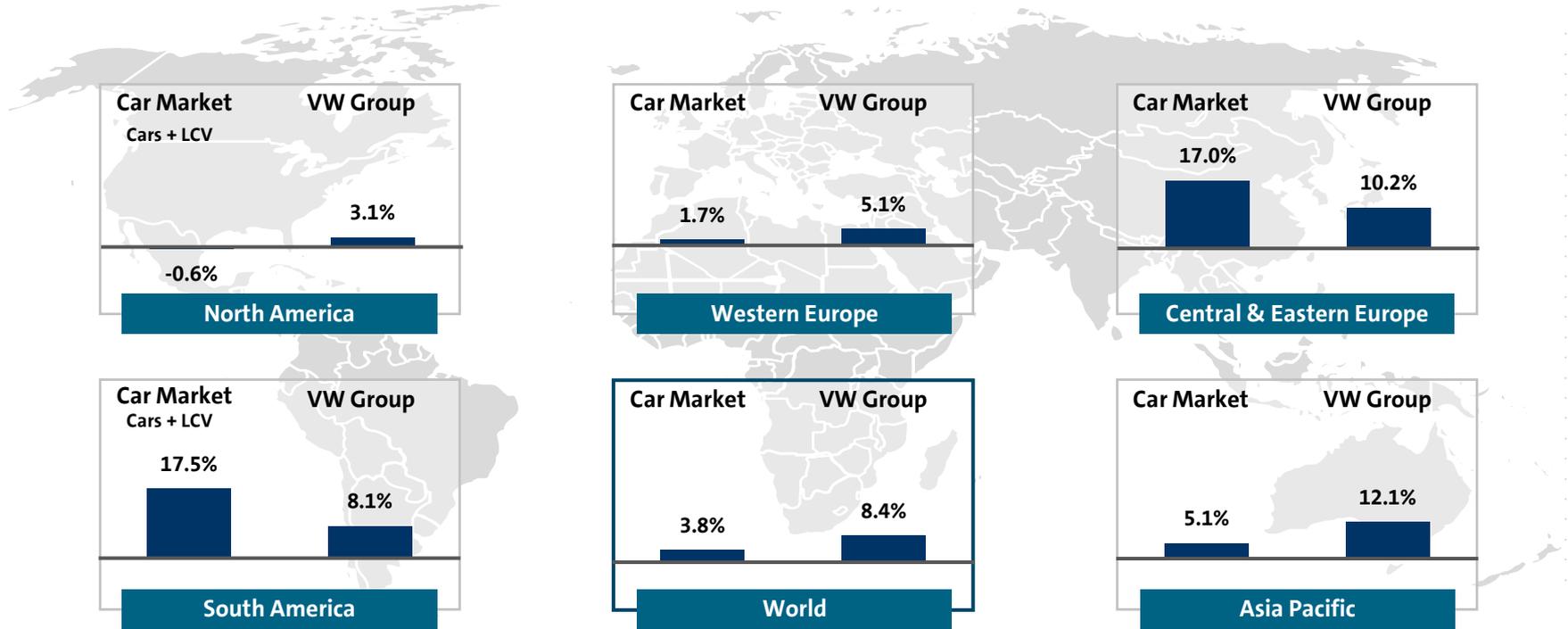
Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. 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.

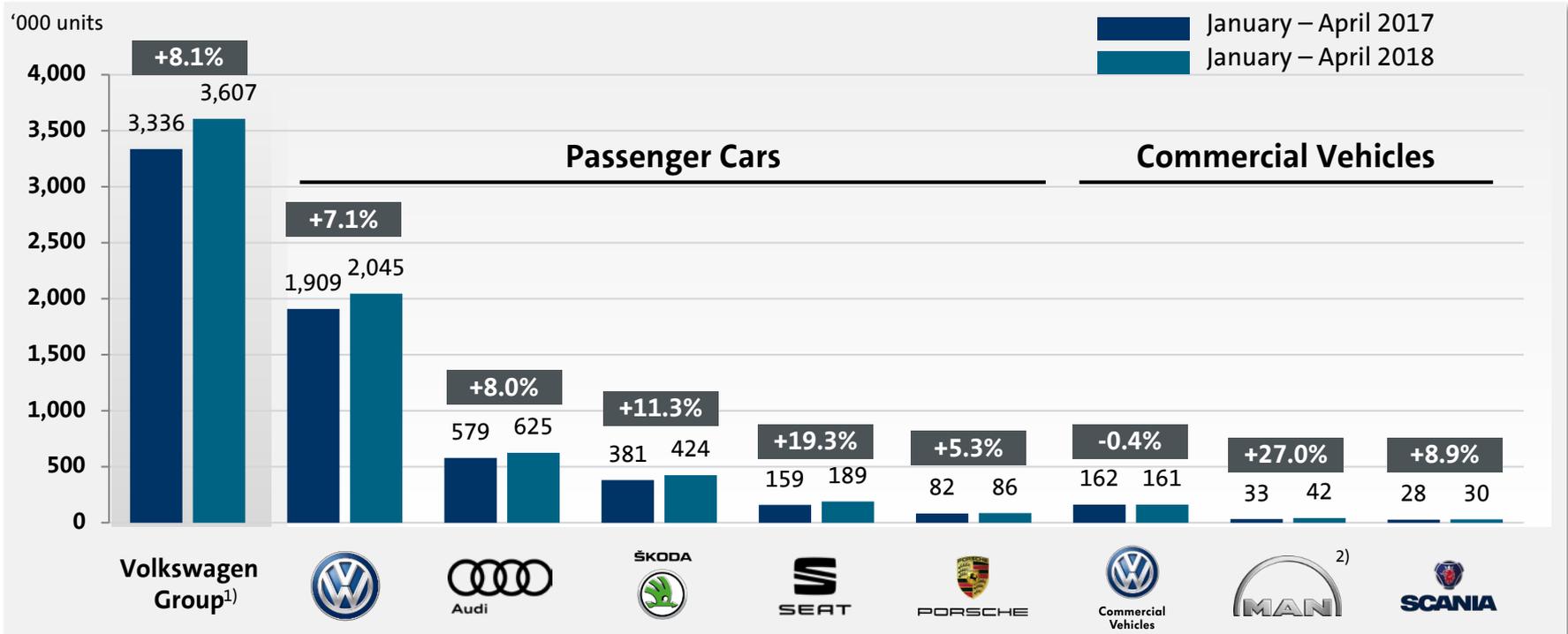
This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾ (Growth y-o-y in deliveries to customers, January to April 2018 vs. 2017)



¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Deliveries to Customers by Brands (January to April 2018 vs. 2017)

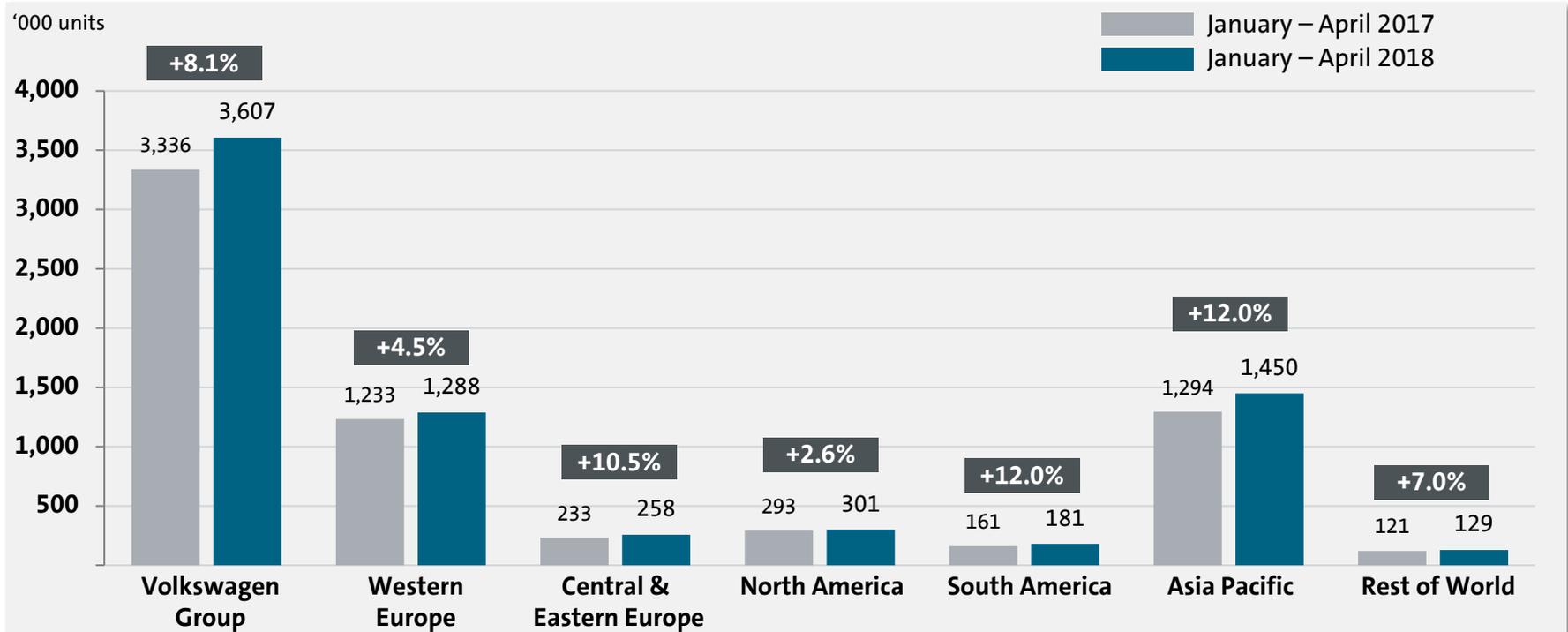


¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +8.4% excl. Volkswagen Commercial Vehicles, Scania and MAN.

²⁾ MAN incl. MAN Latin America Trucks and Busses GVW > 5t.

Volkswagen Group – Deliveries to Customers by Markets¹⁾

(January to April 2018 vs. 2017)



¹⁾Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +8.4% excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Key Financial Figures¹⁾

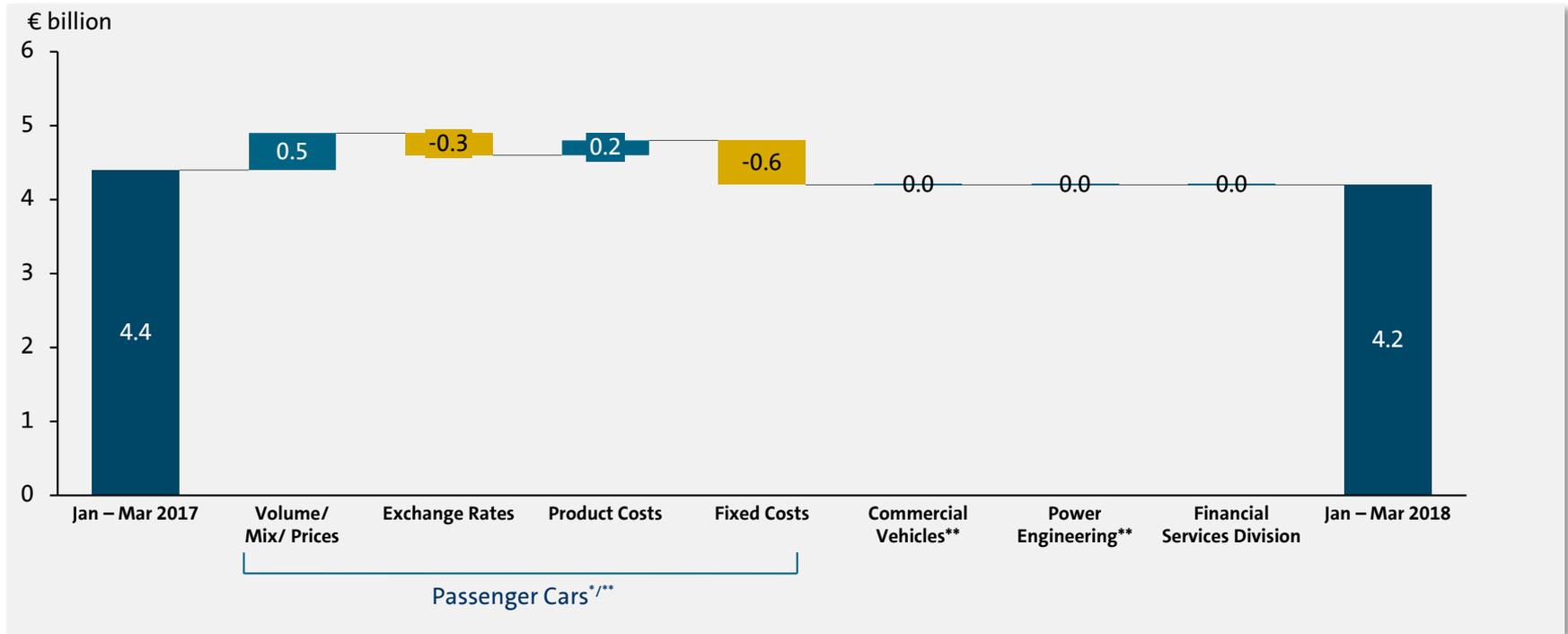
(January to March 2018 vs. 2017)

thousand vehicles / € million	2018	2017 ²⁾	+/- (%)
Vehicle Sales ³⁾	2,769	2,610	+6.1
Sales revenue	58,228	56,197	+3.6
Operating profit	4,211	4,367	-3.6
<i>% of sales revenue</i>	7.2	7.8	
Financial result	266	224	+18.8
of which: At-equity result ³⁾	829	936	-11.5
of which: Other financial result	-562	-712	-21.1
Profit before tax	4,477	4,592	-2.5
<i>% Return on sales before tax</i>	7.7	8.2	
Profit after tax	3,300	3,373	

¹⁾ All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

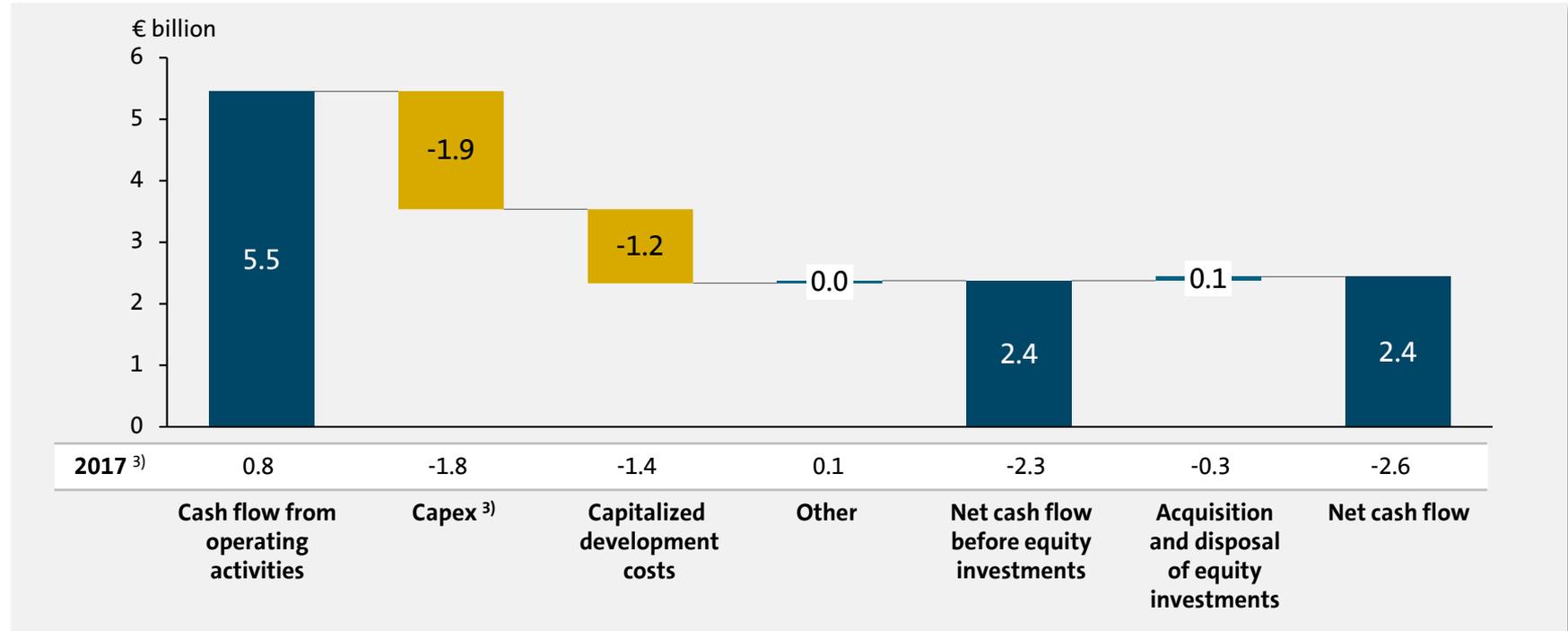
²⁾ Prior-year figures were adjusted due to IFRS ³⁾ Volume data including the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €1,163 million (€1,112 million).

Volkswagen Group – Analysis of Operating Profit¹⁾ (January to March 2018 vs. 2017)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without FS **) including PPA

Automotive Division Net Cash Flow Development¹⁾²⁾ (January to March 2018)

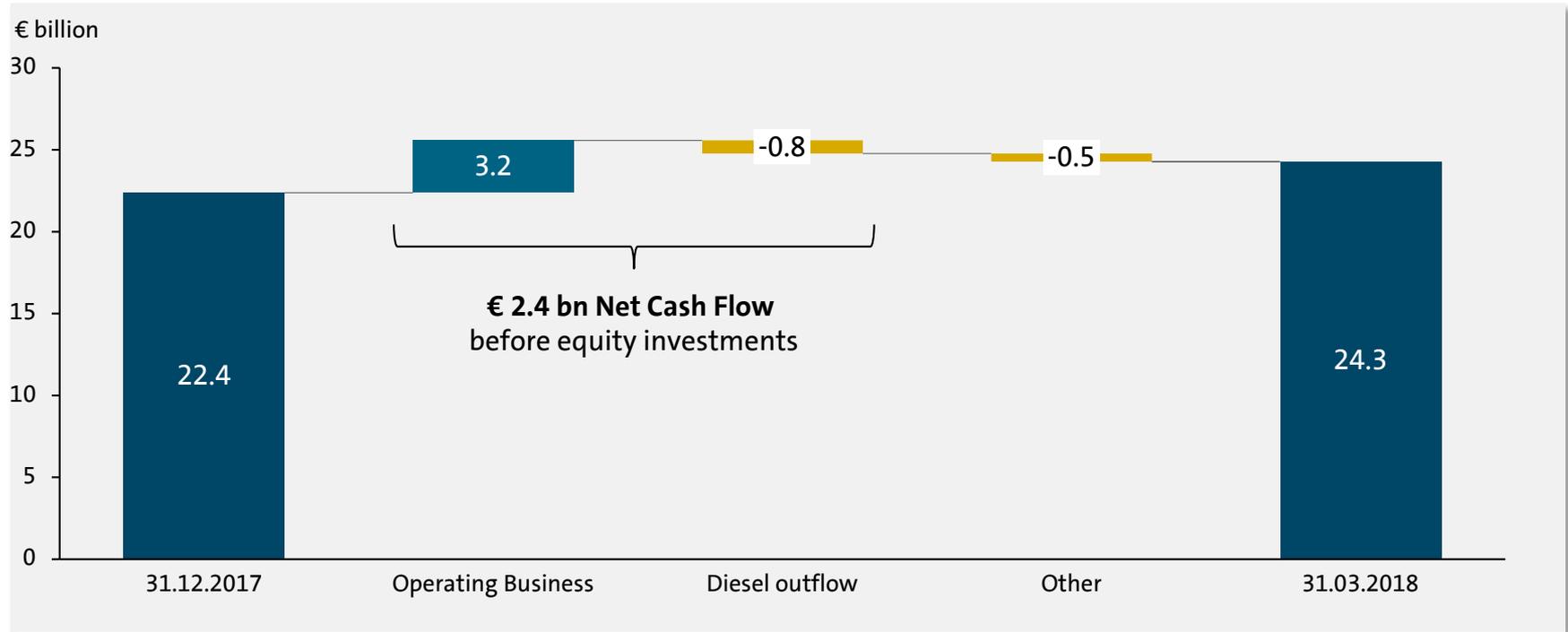


¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

³⁾ Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

Automotive Division – Net Cash Flow drives solid Net Liquidity¹⁾

(January to March 2018)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

Volkswagen Group – Analysis by Business Line¹⁾ (January to March 2018 vs. 2017)

thousand vehicles/ € million	Vehicle sales		Sales revenue		Operating profit		Margin	
	2018	2017	2018	2017	2018	2017	2018	2017
Volkswagen Passenger Cars	912	862	20,115	19,040	879	869	4.4%	4.6%
Audi	394	375	15,320	14,378	1,300	1,244	8.5%	8.7%
ŠKODA	256	252	4,547	4,334	437	415	9.6%	9.6%
SEAT	167	148	2,782	2,487	85	56	3.0%	2.3%
Bentley	2	2	351	361	-44	-30	-12.5%	-8.3%
Porsche Automotive ²⁾	61	57	5,438	5,035	939	932	17.3%	18.5%
Volkswagen Commercial Vehicles	117	119	2,945	2,875	224	205	7.6%	7.1%
Scania ³⁾	23	21	3,118	3,084	331	324	10.4%	10.4%
MAN Commercial Vehicles	31	25	2,771	2,572	83	93	3.0%	2.3%
MAN Power Engineering	-	-	766	783	21	26	2.7%	3.3%
VW China ⁴⁾	1,040	971	-	-	-	-	-	-
Other ⁵⁾	-233	-223	-7,923	-6,628	-652	-319	-	-
Volkswagen Financial Services	-	-	7,999	7,876	608	551	-	-
Volkswagen Group before Special Items	-	-	-	-	4,211	4,367	7.2%	7.8%
Special Items	-	-	-	-	-	-	-	-
Volkswagen Group	2,769	2,610	58,228	56,197	4,211	4,367	-	-
Automotive Division ⁶⁾	2,769	2,610	49,743	47,825	3,572	3,768	-	-
of which: Passenger Cars	2,600	2,445	40,298	38,640	3,077	3,299	-	-
of which: Commercial Vehicles	169	165	8,679	8,402	536	499	-	-
of which: Power Engineering	-	-	766	783	-42	-30	-	-
Financial Services Division	-	-	8,485	8,372	639	600	-	-

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Porsche (Automotive and Financial Services): sales revenue €5,936 (5,489) million, operating profit €976 (967) million. ³⁾ Including financial services. ⁴⁾ The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of € 1,163 (1,112) million. ⁵⁾ In operating profit mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁶⁾ Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

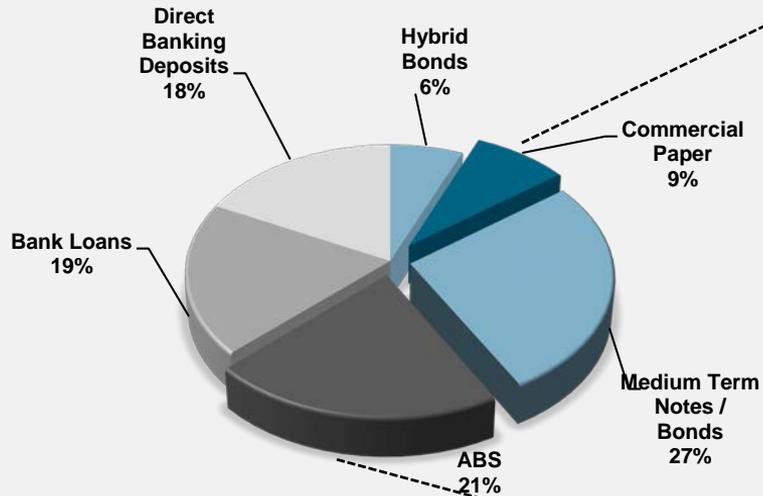
Volkswagen Group – Funding Programs & Outstandings

March 31, 2018 in € billion

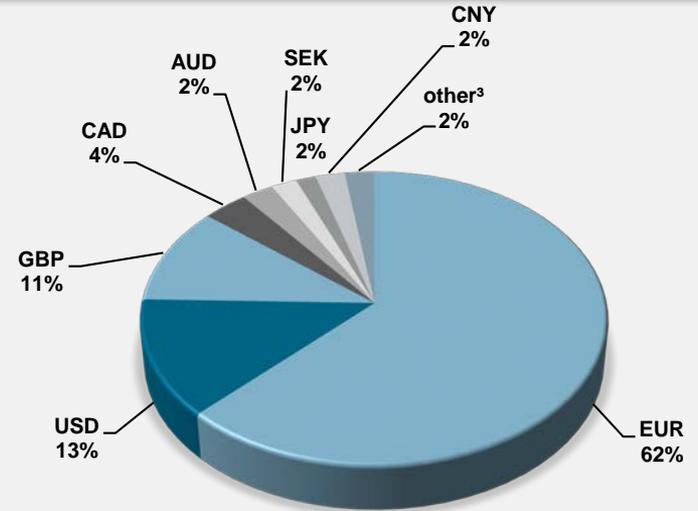
Money and Capital Markets		Utilization
Commercial Papers		14.7
Medium Term Notes / Bonds		58.8
<i>thereof: Hybrid Bonds</i>		11.0
ABS		37.2
Borrowings	Frame	
Committed Lines	18.1	3.5
Uncommitted Lines	28.1	9.6
Supranationals, development banks, government, other	20.8	20.8
Direct Banking Deposits	./.	30.8

Volkswagen Group Funding Strategy – Overview¹⁾

Diversification of Funding Sources



Currencies – Breakdown¹⁾



¹⁾ as of March 31, 2018

¹⁾ without Scania

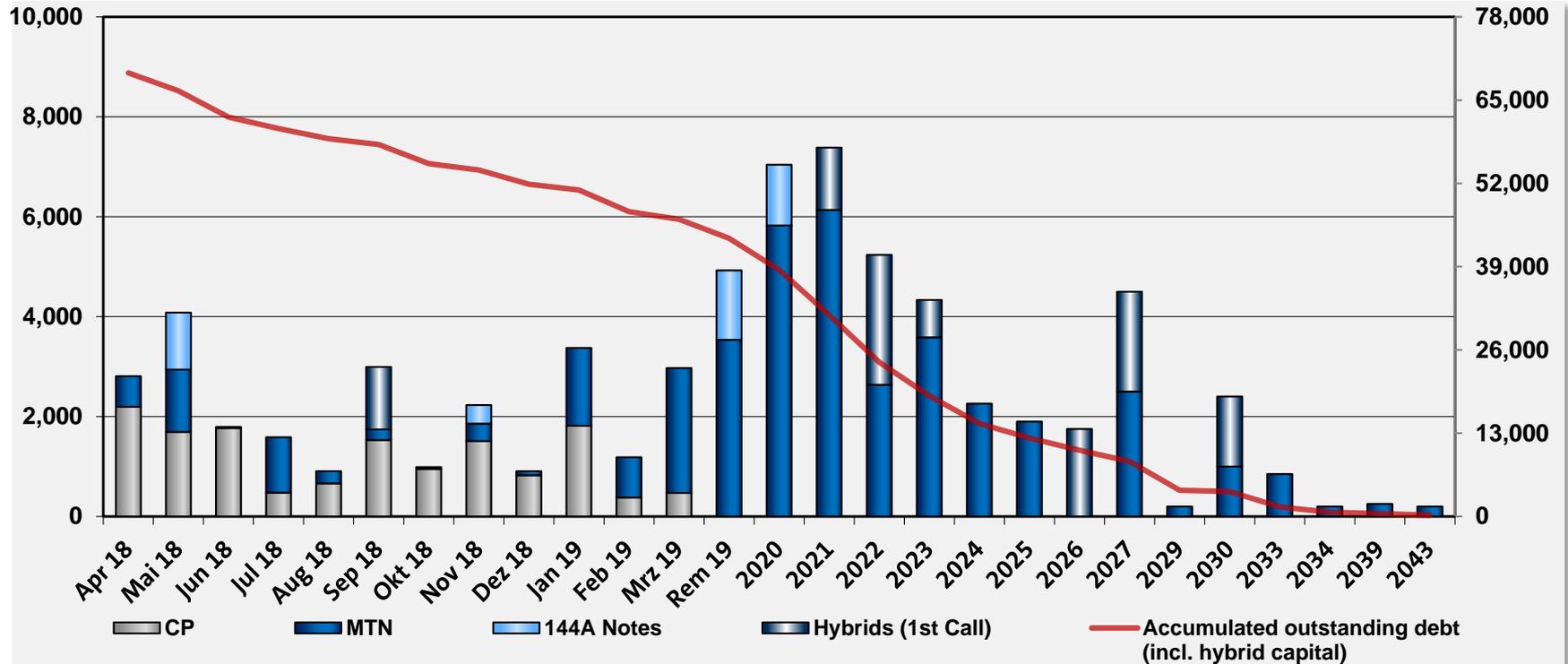
²⁾ BRL, CZK, HKD, INR, KRW, MXN, NOK, NZD, RUB, TRY

Volkswagen Group Funding Strategy – Major Issuances in 2017 / 2018*

March:	EUR 8bn Volkswagen International Finance N.V.
April:	GBP 850mn Volkswagen Financial Services N.V.
May:	EUR 3.5bn Volkswagen International Finance N.V. - Hybrid Bond
June:	EUR 3.5bn Volkswagen Leasing GmbH
September:	EUR 2.25bn Volkswagen Leasing GmbH
December:	EUR 2.0bn Volkswagen Bank GmbH
March:	CAD 1.5bn Volkswagen Credit Canada, Inc.
April:	EUR 2.25bn Volkswagen Financial Services AG

*as of May 31, 2018

Volkswagen Group Funding Strategy – Maturity Profile (in € million) ¹⁾



¹⁾ as of March 31, 2018, excluding Scania and Porsche FS
Source: Volkswagen Group

Volkswagen Group – Key Credit Ratings

S&P Global

MOODY'S

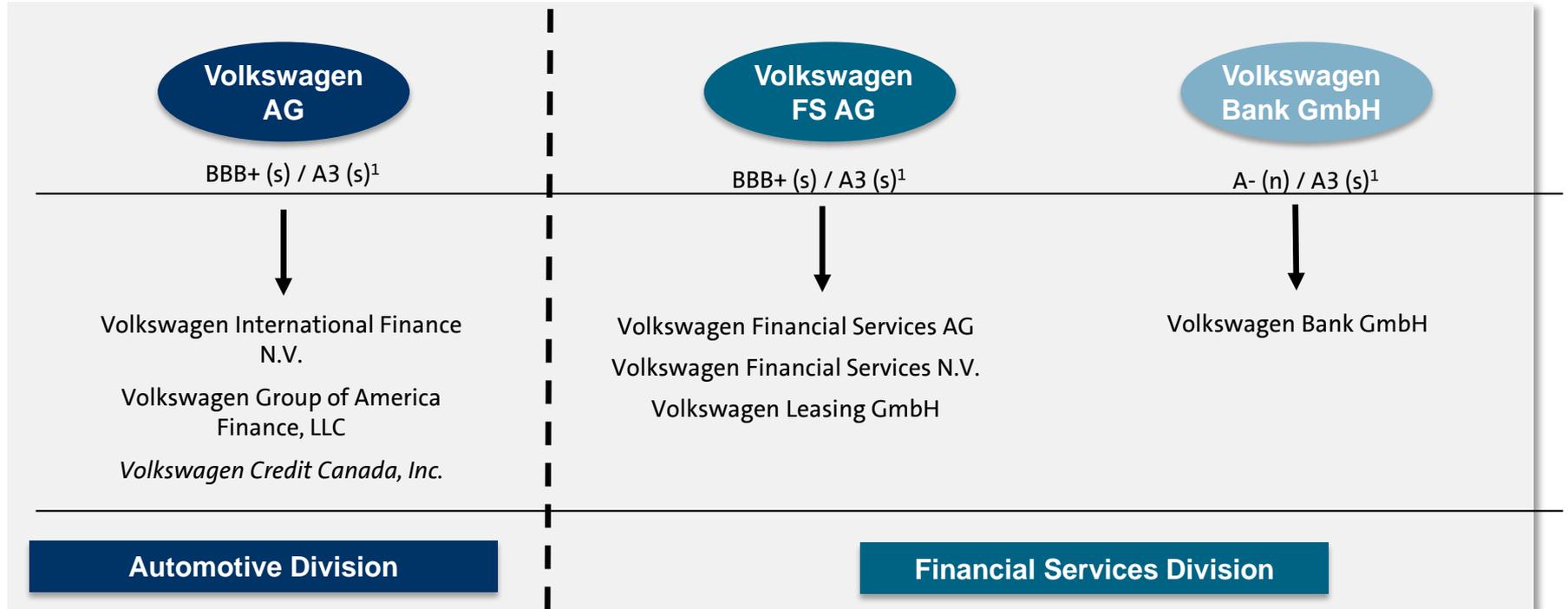
Current Ratings¹⁾

	Long Term	Short Term	Long Term	Short Term
Volkswagen AG	BBB+	A-2	A3	P-2
Volkswagen Financial Services AG	BBB+	A-2	A3	P-2
Volkswagen Bank GmbH*	A-	A-2	A3	P-1
	Outlook ²⁾ Stable (*Negative)		Outlook ²⁾ Stable	

¹⁾ as of May 16, 2018

²⁾ Outlook change from Negative to Stable: S&P November 6 2017 (excluding VW Bank GmbH); Moody's March 19 2018

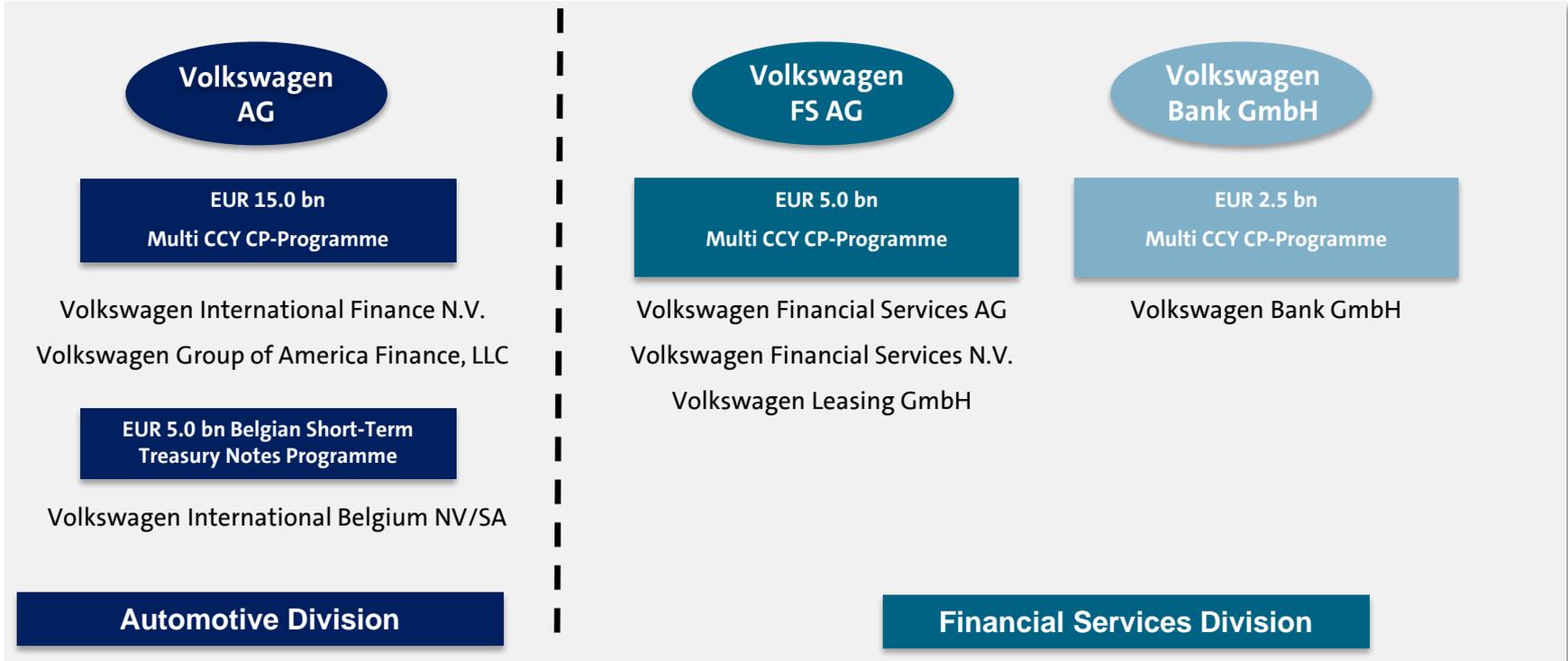
Volkswagen Group Funding Strategy – Main Guarantors and Issuers



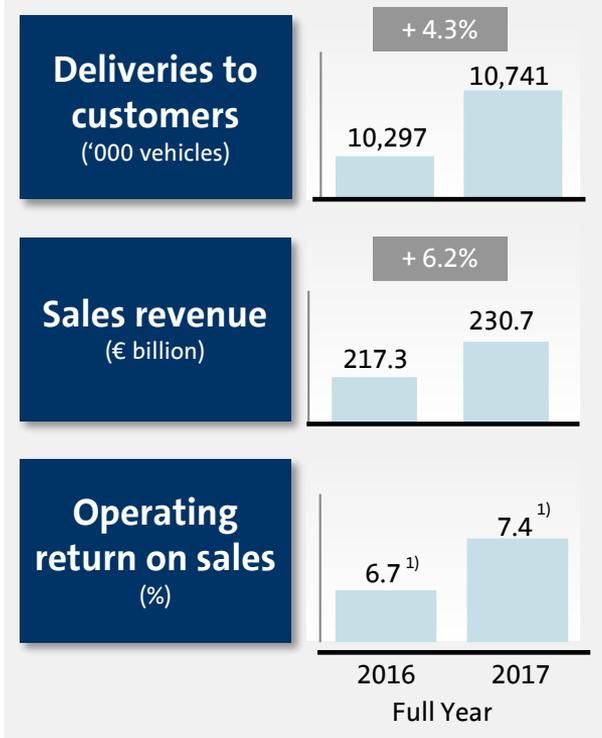
¹ Credit Ratings from S&P / Moody's as of 31 May, 2018; (s) Outlook stable

Volkswagen Group Funding Strategy –

Major Commercial Paper Programs in Europe



Volkswagen Group – Outlook for 2018





Deliveries to customers

moderately above prior year



Sales revenue

by as much as 5% year-on-year



Operating return on sales

between 6.5% to 7.5%

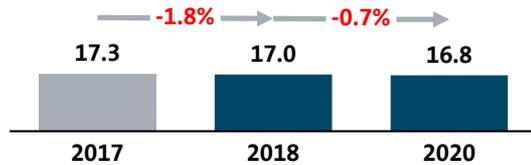
¹⁾ before Special Items.

Global Passenger Car Market 2017/2020

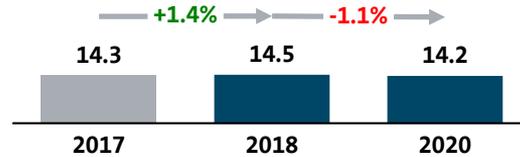
Slowdown in Western Europe due to falling demand in UK; Stagnation in USA at a high level; Recovery in Brazil and Russia from a low level; China remains largest driver of passenger car demand

million units

USA¹⁾



Western Europe



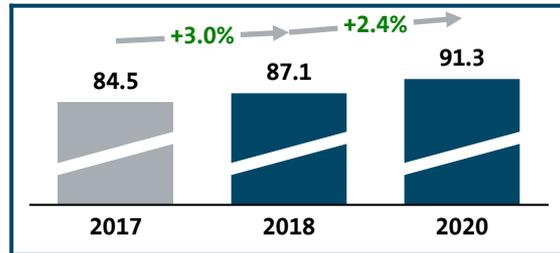
Russia



Brazil¹⁾



World¹⁾



China



Actuals Forecast

Data source: IHS Automotive (05.2018)

¹⁾ Volume for North & South America includes light commercial vehicles (definition 'Light Vehicles') growth 2018-2020 = Compound Annual Growth Rate / yearly average

Upcoming Premium and Luxury models enhancing our portfolio offer



Q1



A7 Sportback



911 Carrera T



Aventador S Roadster



RS 4 Avant

Q2



Urus



Huracán Performante
Spyder



Continental GT



911 GT3 RS

Q3



Q8



A6 Avant



Bentayga Hybrid

Q4



Q3



Q2 LWB (China)



A1 Sportback



Macan Facelift

Strong product momentum continues in Volume segments



Volkswagen



ŠKODA



Commercial Vehicles

Q1



up! GTI



Polo GTI



Virtus (SAM)



Karoq LWB (China)

Q2



Touareg



Jetta (US)



Lavida (China)



Kodiaq (Russia)

Q3



Fabia



Bora (China)



T-Roc LWB (China)



e-Crafter

Q4



Cupra Ateca



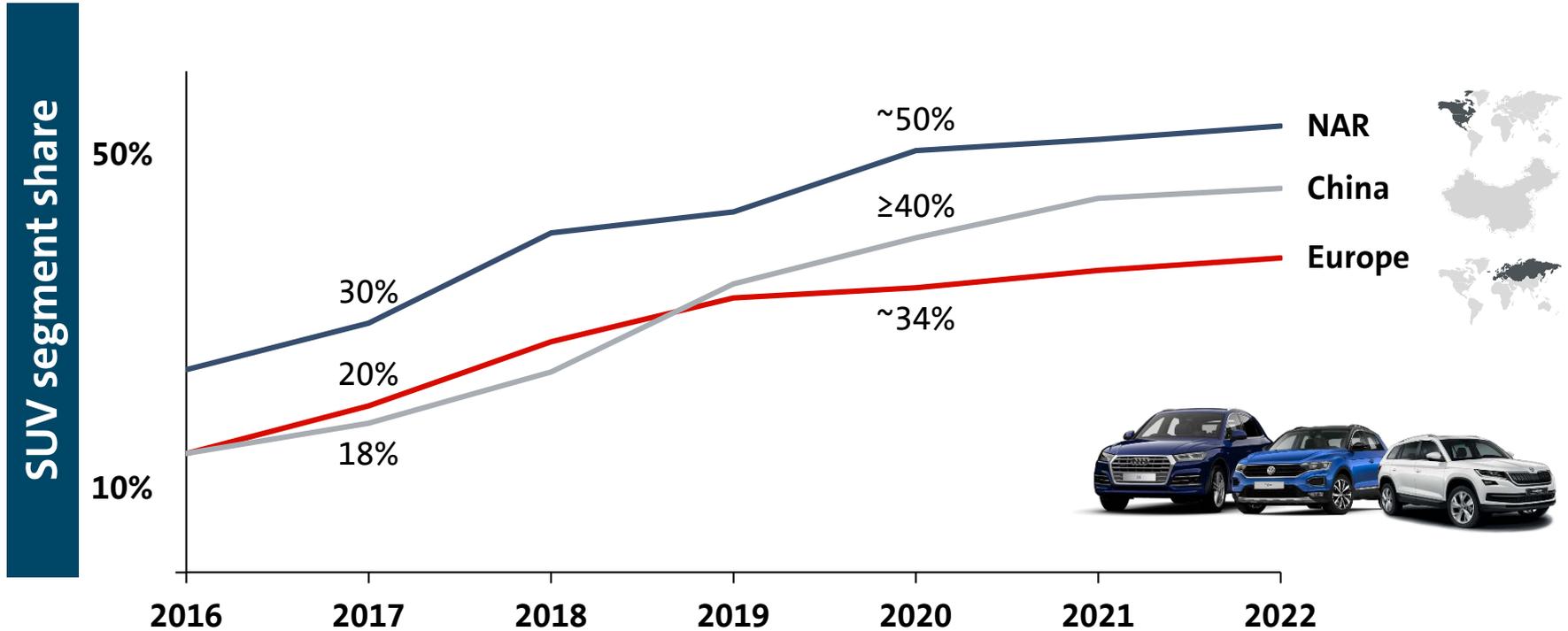
Compact SUVs (China)



Kamiq (China)

Strong Increase in our SUV mix

SUV mix by region based on expected regional Group sales



WLTP – Worldwide Harmonized Light Vehicles Test Procedure

SCOPE

- In EU-28 States + 6 countries (Norway, Switzerland, Iceland, Turkey, Israel and Liechtenstein) ¹⁾
- Legally binding registration requirements for all OEM´s
- Effects communication to customers
- Effects taxation:
 - EU recommendation crossover from Jan 1st 2019



IMPACT

- CO₂ / exhaust emissions and fuel consumption figures are calculated under more realistic conditions
- CO₂-values vehicle-specific and therefore very precise
- Should close tolerances regarding different test condition

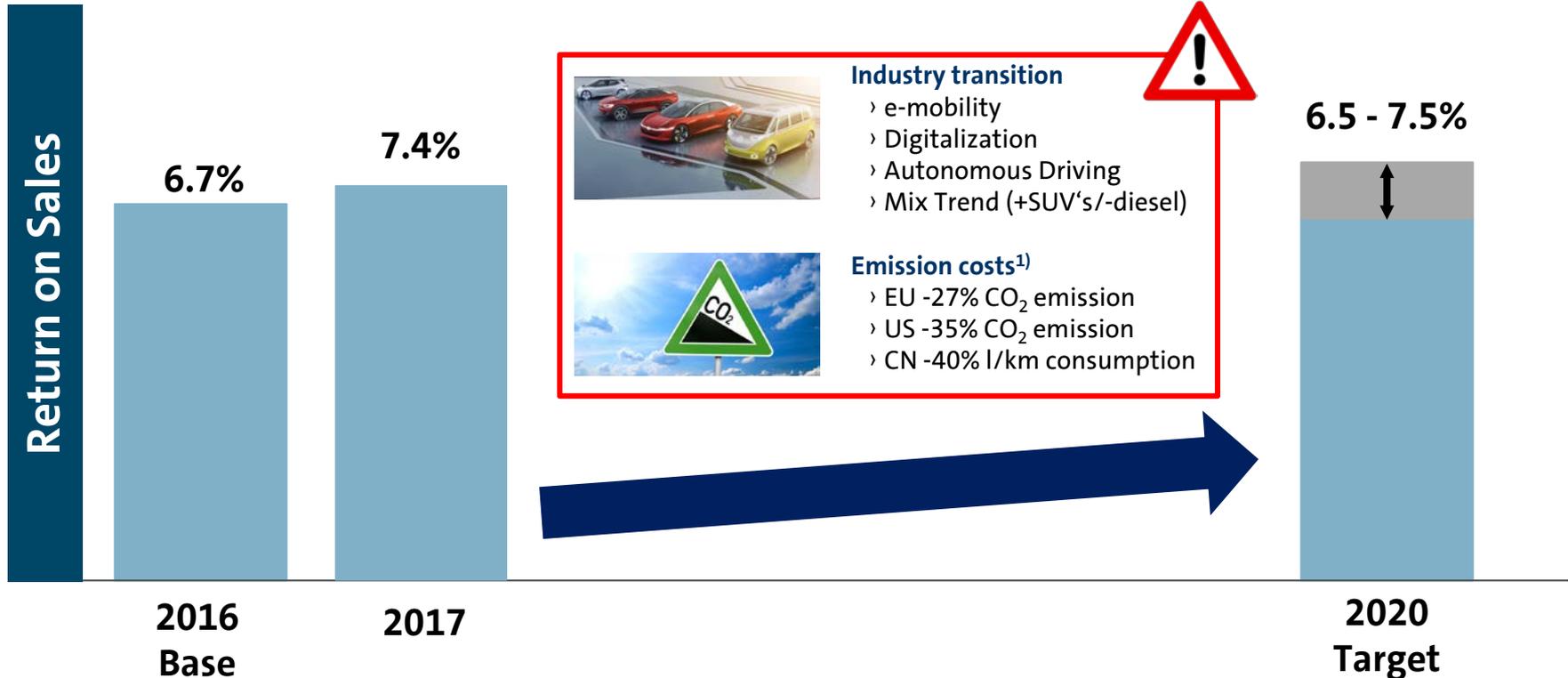


¹⁾ Different implementation of timelines between countries ²⁾ NEDC: New European Driving Cycle

Clear Financial Targets and Milestones

Key financial targets	2016 Actual	2017 Actual	2018 Outlook	2020 Targets	2025 Targets
Operating return on sales <u>Before</u> Special Items	6.7%	7.4%	6.5-7.5%	6.5-7.5%	7-8%
Return on investment Automotive Division <u>before</u> Special Items	13.9%	14.4%	12-14%	13-15%	> 15%
Capex ratio Automotive Division	6.9%	6.4%	6.5-7%	6%	6%
R&D cost ratio Automotive Division	7.3%	6.7%	6.5-7%	6%	6%
Cash					
a) Net Cashflow Automotive Division	€ 4.3 bn	€ -6.0 bn	≥ € 5 bn	≥ € 10 bn	> € 10 bn
b) Net Liquidity	€ 27.2 bn	€ 22.4 bn	> € 20 bn	> € 20 bn	~10% of Group turnover

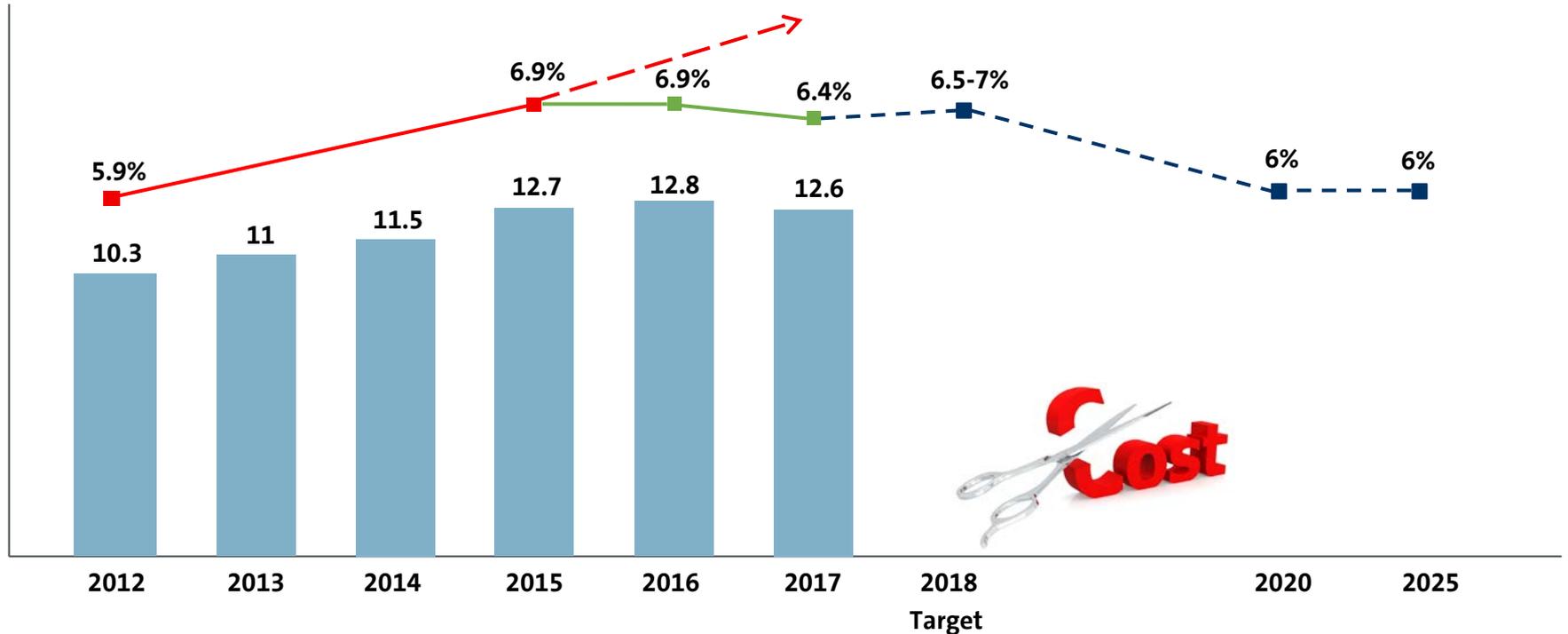
Improving Group results despite significant challenges¹⁾



¹⁾ Calculation based on 2016 figures.

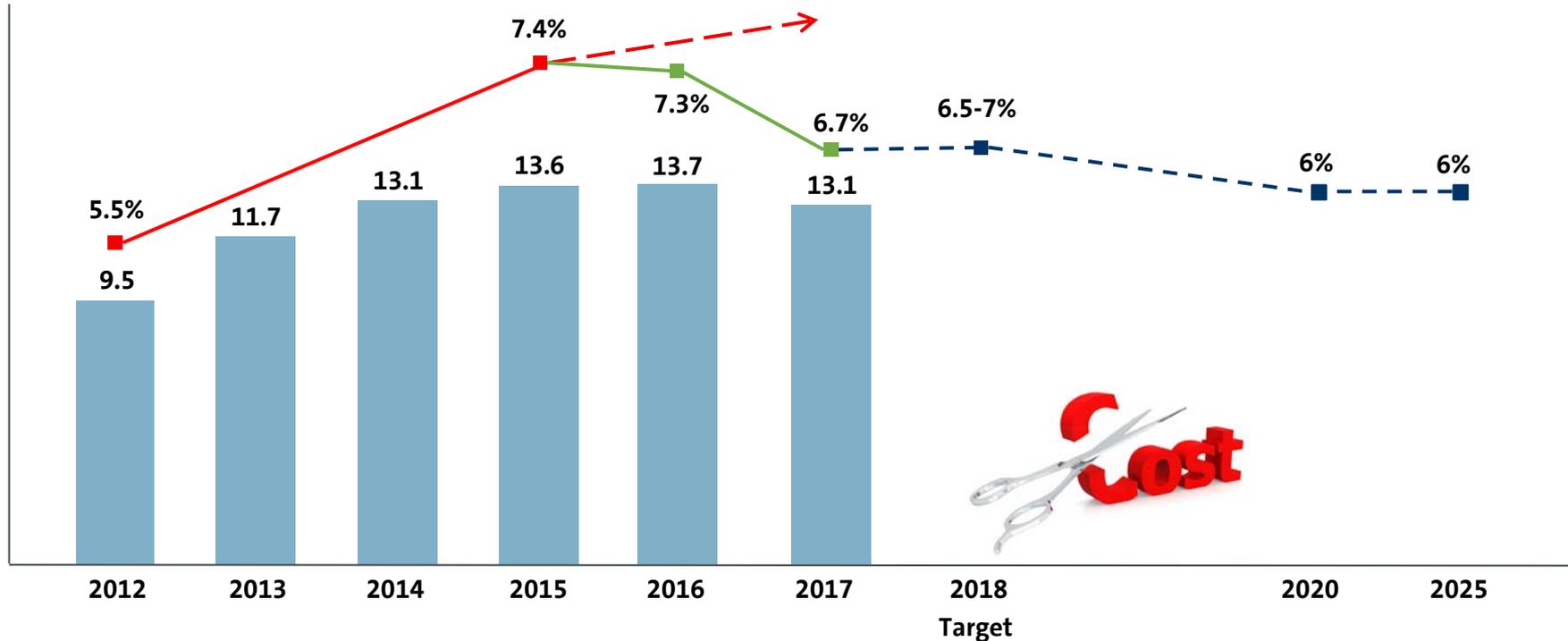
CAPEX Automotive Division

(€ billion, as % of sales revenue)



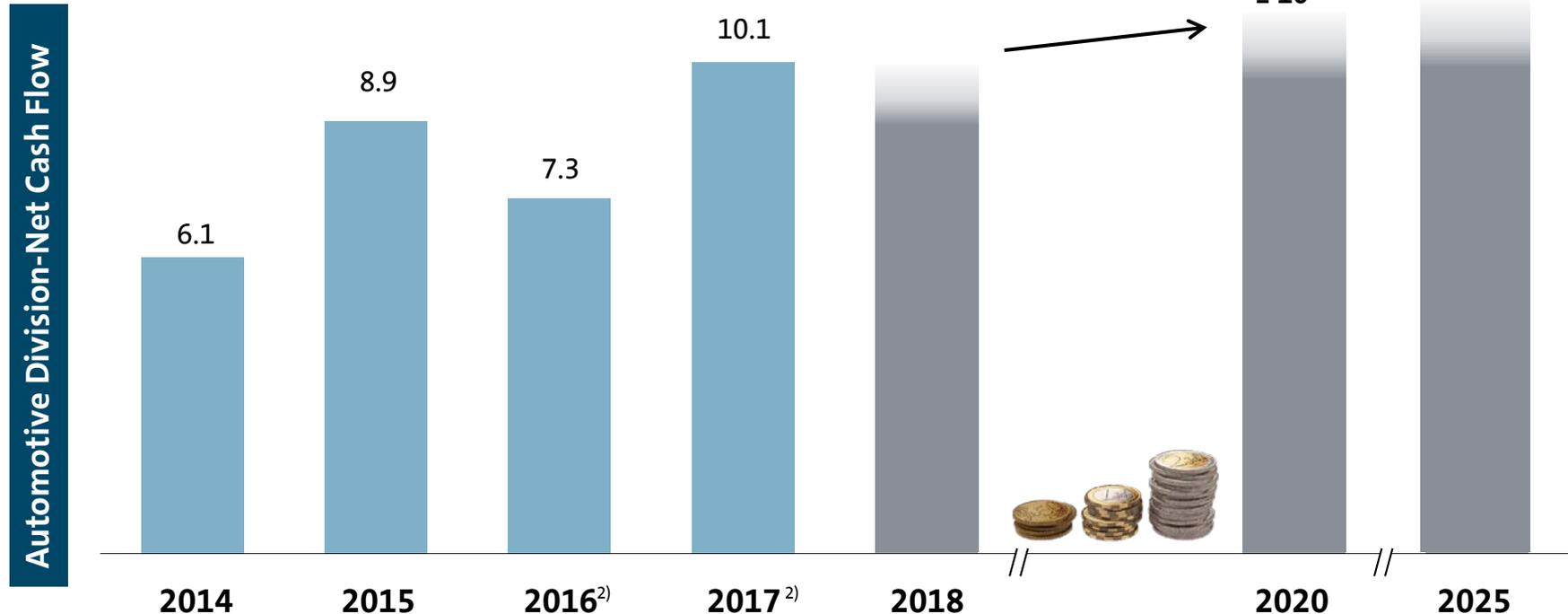
R&D Costs Automotive Division

(€ billion, as % of sales revenue)



Automotive Division-Net Cash Flow (ex Diesel payments)¹⁾

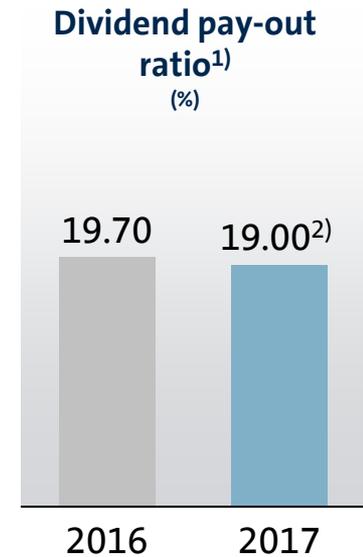
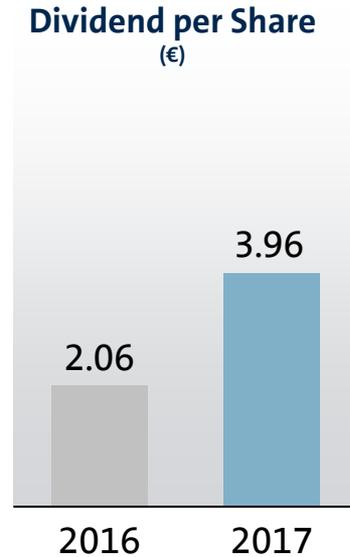
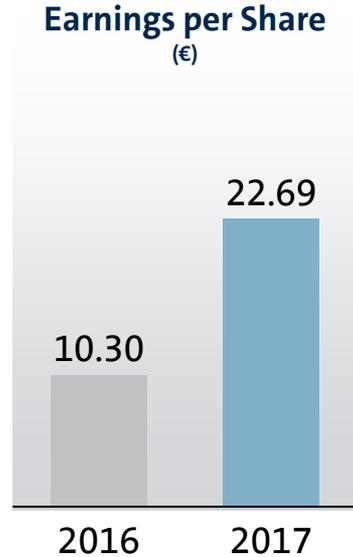
in € billion



¹⁾ Incl. allocation of consolidation adjustments between Automotive and Financial Services divisions.

²⁾ Before around € 3 bn in 2016 and € 16.1 bn in 2017 Diesel related outflow.

Volkswagen AG – Attractive Dividend for Preferred Shares; almost doubled¹⁾



Target EPS 2020
over € 25

Within current planning round / next 5 years
30% Dividend pay-out ratio¹⁾

¹⁾ Total dividend in percent of net income attributable to shareholders of Volkswagen AG.
²⁾ Business year 2017 adjusted for non-recurring effects related to the tax reform in the USA of € 1 bn.

STRATEGY 2025 – Initiatives at a glance

GROW PROFITABLY

- 1 Sharpen positioning of brands
- 2 Develop winning vehicle and drivetrain portfolio
- 3 Streamline modular architectures
- 4 Partner with regional players to win in economy segment
- 5 Develop self-driving system for autonomous vehicles and artificial intelligence in-house
- 6 Develop battery technology as new core competency
- 7 Develop best-in-class user experience across brands and customer touchpoints
- 8 Implement model line organization
- 9 Realign "Components" business



Transform core business

DEVELOP STRATEGIC CAPABILITIES

ENHANCE ENTREPRENEURIAL SPIRIT

- 10 Build mobility solutions business
- 11 Develop and expand attractive and profitable smart mobility offering



Build mobility solutions business

- 12 Improve operational excellence
- 13 Optimize business portfolio



Secure funding

- 14 Drive digital transformation

- 15 Create organization 4.0



Strengthen innovation power

- 16 Better integrated and strategic planning process

Goals of the Revised Management Structure – April 2018

With the realignment, Volkswagen Group presses its transformation ahead.

Leadership

Secure the Group's leadership over the long-term in a phase of dynamic changes

Group Management

Create a simple, lean and effective Group management structure

Responsibilities

Maximize subsidiarity and establish clear-cut responsibilities

Capabilities

Make optimum use of the capabilities and economies of scale available in the Group

Synergies

Harness further synergies within the Group

Profitability

Further increase profitability and competitiveness of future investments

Creation of Brand Groups will reduce the complexity of the Group structure

Volume	Premium	Super Premium	Truck & Bus	Procurement/ Components	Financial Services	China
VW  Volkswagen	Audi  Audi	Porsche  PORSCHE	MAN 	Procurement	 VOLKSWAGEN FINANCIAL SERVICES THE KEY TO MOBILITY	Region China
Škoda  ŠKODA	Lamborghini* 	Bentley  BENTLEY	Scania 	Components**		
SEAT  SEAT	Ducati* 	Bugatti 	Power Engineering*			
VW LCV  Commercial Vehicles						
MOIA 						

* Allocation will be verified

** Temporarily responsibility of Group CEO, will be a combined Board of Management function

Focus on strategy: Resolutely making progress toward sustainable mobility



Sustainable mobility



Efficient combustion engines and alternative drives



Battery technology



Charging infrastructure

MOIA
NEW MOBILITY WORLD

Mobility services



Self-driving system (SDS)

E-mobility

Up to the end of **2022**: We will be putting more than **€34 bn** into **e-mobility, digitalization, autonomous driving and mobility services** – thereof in 2018: **€6.6 bn**; Volkswagen Group and its **joint-venture partners in China** will be making around **€15 bn** available for e-mobility, autonomous driving, digitalization and new mobility services.

Also putting more than **€90 billion** into the **conventional vehicle and drive portfolio** – thereof in 2018: **€19.8 bn**

Efficient combustion engines and alternative powertrains play a major role for the future of sustainable mobility

- Significant improvements in consumption and emissions of gasoline engines
- All new gasoline engines will be equipped with a particulate filter
- Working on synthetic fuels produced from renewable sources
- The latest Euro 6 diesel engines deliver above-average performance in the new WLTP¹⁾ cycle
- Significantly expanding the range of CNG²⁾ vehicles



Responsibilities for Electric Toolkit Architecture

PPE

Premium
Platform
Electric



- Common modules and scale effects save up to 30% development costs (compared to brand excl. developments)
- Flexibility: Architecture open for other brands to be used in the future

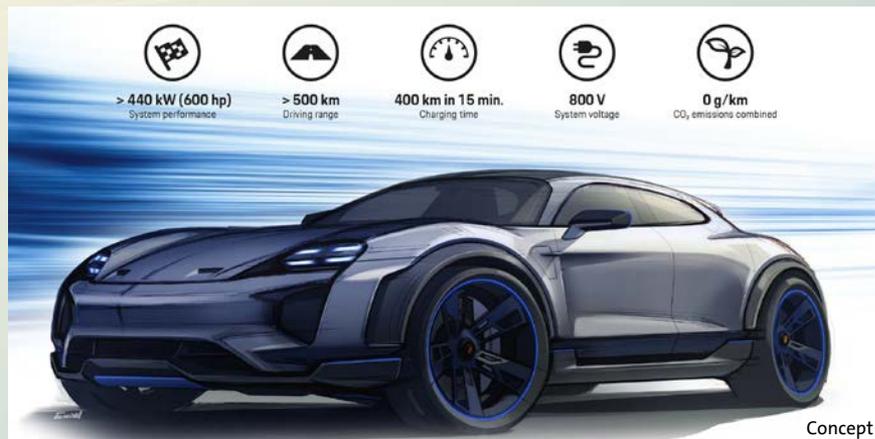
MEB

Modular
Electrification
Kit



- Economies of scale from use of MEB across entire Group
- Higher productivity and shorter manufacturing time
- Lower material and distribution costs

Audi e-tron and Porsche Mission E will change the premium electric game



Market launch in August 2018.



Market launch in the second half of next year.

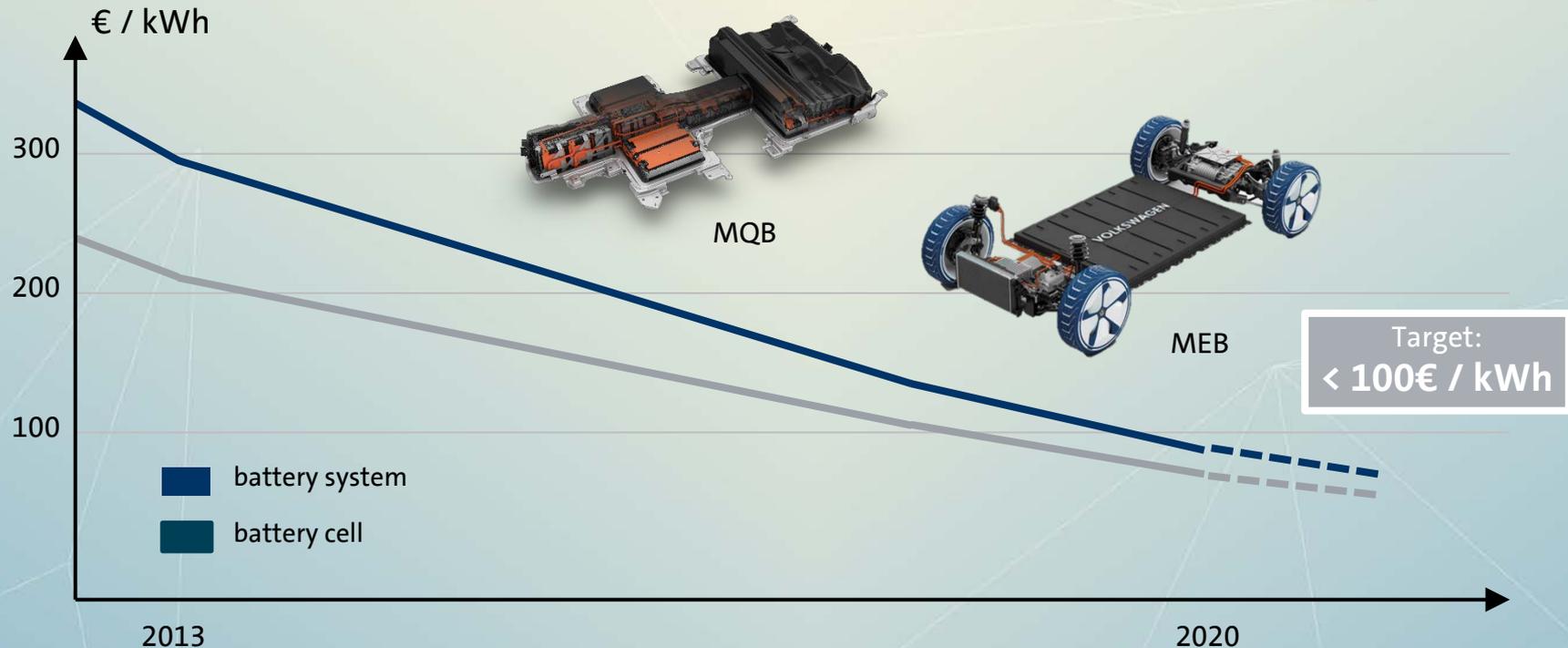
The Volkswagen Brand's I.D. family sets the new BEV benchmark in the volume segment



Advances in battery technology will improve range, weight and costs



Battery costs will decrease significantly by 2020



Roadmap E - E-mobility model offensive of the Volkswagen Group



- 50 BEVs + 30 PHEVs
- 2-3m expected units or 20–25% Group sales intended to be purely battery-powered
- Own e-fleet requirements over 150 GWh of battery capacity
- MEB: € 50 bn battery cell procurement volume up to 2025, of which € 40 bn has already been awarded to suppliers



2025

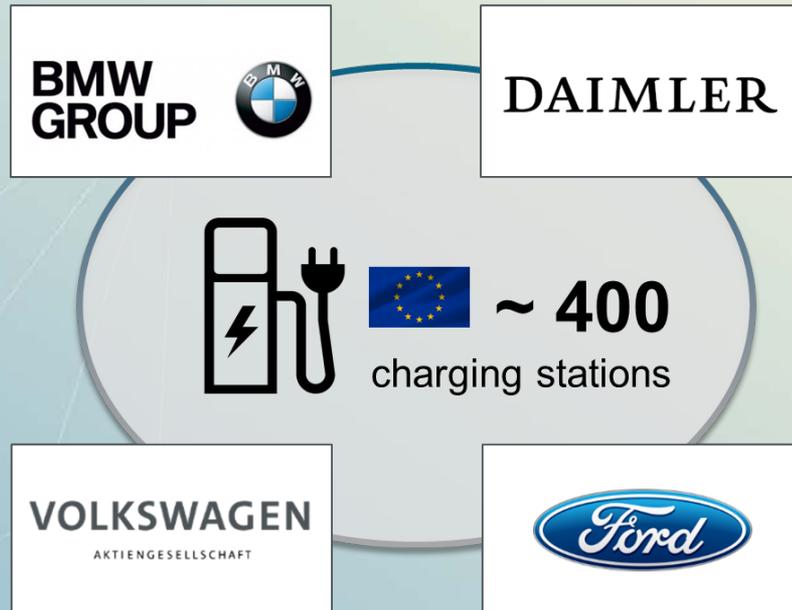
2030



- At least one electrified version for each of the Group's 300 or so models

Launch of Pan-European High-Power Charging Network IONITY¹⁾

IONITY



- Joint Venture of automotive manufacturers enables electric mobility on long-distance journeys
- Building of a High-Power-Charging (HPC) Network for electric vehicles starts operation
- 20 stations in multiple European countries started in 2017
- IONITY will implement and operate about 400 fast charging stations across European major thoroughfares until 2020
- A charging capacity of up to 350 kW enables to reduce charging time significantly when compared to existing systems
- Multi-brand compatibility with current and future generations of electric vehicles through Combined Charging System (CCS)

¹⁾ The founding partners, BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group, have equal shares in the joint venture, while other automotive manufacturers are invited to help expand the network.

Electrify America - Powering electric mobility

Investment of **\$2 billion** over the next **10 years** in Zero Emission Vehicle (ZEV) infrastructure and education programs in the U.S.

Open network for all (even group external) OEMs and business partners

Highway sites every **70 miles** on average, but **no more than 120 miles apart**, so shorter range ZEVs available today will be able to use this network

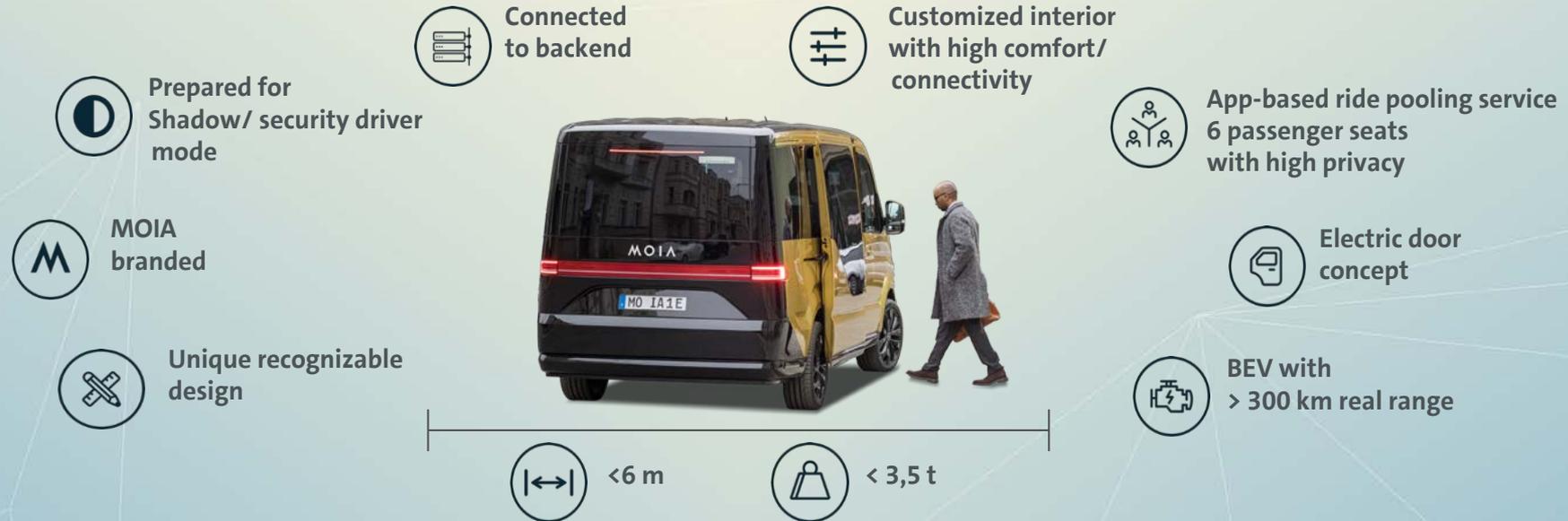


1st cycle:
We will establish a **network of ~4.700+** non-proprietary electric vehicle chargers in **17 metros** and on highways in **39 states**

Public access for all ZEV drivers will be ensured through multiple technologies (Level 2 and DC fast charging: CCS Combo and Chademo connectors)

Station chargers will be **extremely powerful**, capable of delivering **150 kW** or **350 kW** to vehicles

Successful launch of MOIA Shuttle at end of 2017, customers show a high demand for this alternative form of mobility



- Test phase in Hanover with **2,000 users** under way
- **Project start** in Hamburg at **end-2018**: fleet will be expanded to **200 vehicles** in the first phase
- **Further cities** planned

Intensified efforts to develop autonomous vehicles

Autonomous Audi TTS
"Shelley" climbs Pikes Peak



SEDRIC is Volkswagen Group's first Level 5 vehicle



Strategic partnership with Aurora

AURORA

Urban Shuttle/Carrier/Pod



2005



"Stanley" Winner Darpa
Grand Challenge



2010



2017



Volkswagen Group
>200 AV related patents



Foundation AID GmbH



2018



MOIA Battery Electric
Special Purpose Shuttle



2021+



Personal Autonomous
Vehicles



Driving forward Strategy 2025: Implementation is accelerating

ROADMAP E launched



Center of Excellence for battery technology established



Joint venture for rapid charging network in place



SEDRIC developed and presented



Joint venture with JAC created for e-mobility



STRATEGY 2025

MOIA pilot started and shuttle presented



New technology partnerships agreed



Realignment of Group Components approved



Positioning of Group brands sharpened



Board Digitalization Committee established



Why our Value Proposition is one of the best in the Industry?

1. Unique and Compelling **Brands and Products** and **Scale Potential**
2. Convincing holistic **Strategy**
3. Conclusive **E-Strategy**
4. Optimal **Toolkit Infrastructure** for conventional and alternative power trains
5. We intend to deliver **Self-driving** at the touch of a button and become **Software** leaders
6. Upside Potential in **Core and Developing Markets**
7. Lead Position in **China**
8. **Truck & Bus** Global Champion Potential
9. **Culture** of willingness to change: agile, innovative and integral backed by committed management and employees
10. Priority to work on protecting our **Environment** for future generations

Overarching vision is to become a
World-leading Provider of Sustainable Mobility



Successful operating business: Strong contribution by all Group brands in 2017 – “We’re back on the offensive.”



Volkswagen

- “TRANSFORM 2025+” strategy driven forward consistently
- Clear improvement in operating profit and margin, successful product initiatives



Audi

- Prior-year sales record again exceeded
- A8 as first series car in the world developed for conditional automated driving



PORSCHE

- One millionth 911 rolls off production line, new Cayenne well received
- New records for unit sales, sales revenue and profit



ŠKODA

- Success story continues with record unit sales, sales revenue and profit
- SUV initiative reinforced by the new Karoq



SEAT

- Record sales revenue and significant increase in profit
- Powerful model initiative continues with the new Ibiza and Arona

VOLKSWAGEN
TRUCK & BUS

- Further key steps on the way to becoming global champion
- Pioneering role in digitalization reinforced by launch of RIO platform

VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT

- Further record profit makes key contribution to Group’s success
- Successful return to the primary market for euro bonds

Overview Brand Targets (RoS, RoE)

Return on Sales in %	<u>2016</u>	<u>Target 2017</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Group	6.7	6-7 moderately exceed	7.4	6.5-7.5	6.5-7.5	7.0-8.0
Volkswagen Brand	1.8	3-5 moderately exceed	4.1	4-5	4-5	≥6
Audi	8.2	8-10	8.4	8-10	8-10	8-10
Porsche Automotive	17.4	>15	18.5	>15	>15	>15
ŠKODA	8.7	7-8	9.7	8-9	6-7	≥7
Volkswagen Commercial Vehicles	4.1	3-4	7.2	5-6	4-5	>6
Truck & Bus Business ¹⁾						
• Scania	9.5	6-7	6.9	6-7	9 ²⁾	9 ²⁾
• MAN Commercial Vehicles	2.3					
Return on Equity (norm. 8%)	<u>2016</u>	<u>Target 2017</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Financial Services	15.6%	14-16%	15.8%	14-16%	14-16%	20%

¹⁾ For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles. ²⁾ Through-cycle Target.

Starting point „TRANSFORM 2025+“ STRATEGY will put the Volkswagen Brand to the top of the automotive industry

STRENGTHEN CORE BUSINESS

2% RoS¹⁾

- SUV Offensive
- Turnaround in the Regions
- Brand Positioning
- Productivity / Costs
- New Skills

2015

LEAP TO THE TOP OF ELECTRIC MOBILITY

≥ 4% RoS

- Electric Offensive
- Digital Ecosystem
- Operational Excellence

2020

MAJOR TRANSFORMATION

≥ 6% RoS

- New Business Models
- New Mobility solutions
- Autonomous Driving

2025

GLOBAL MARKET LEADER IN AUTOMOBILITY

> 6% RoS

2030

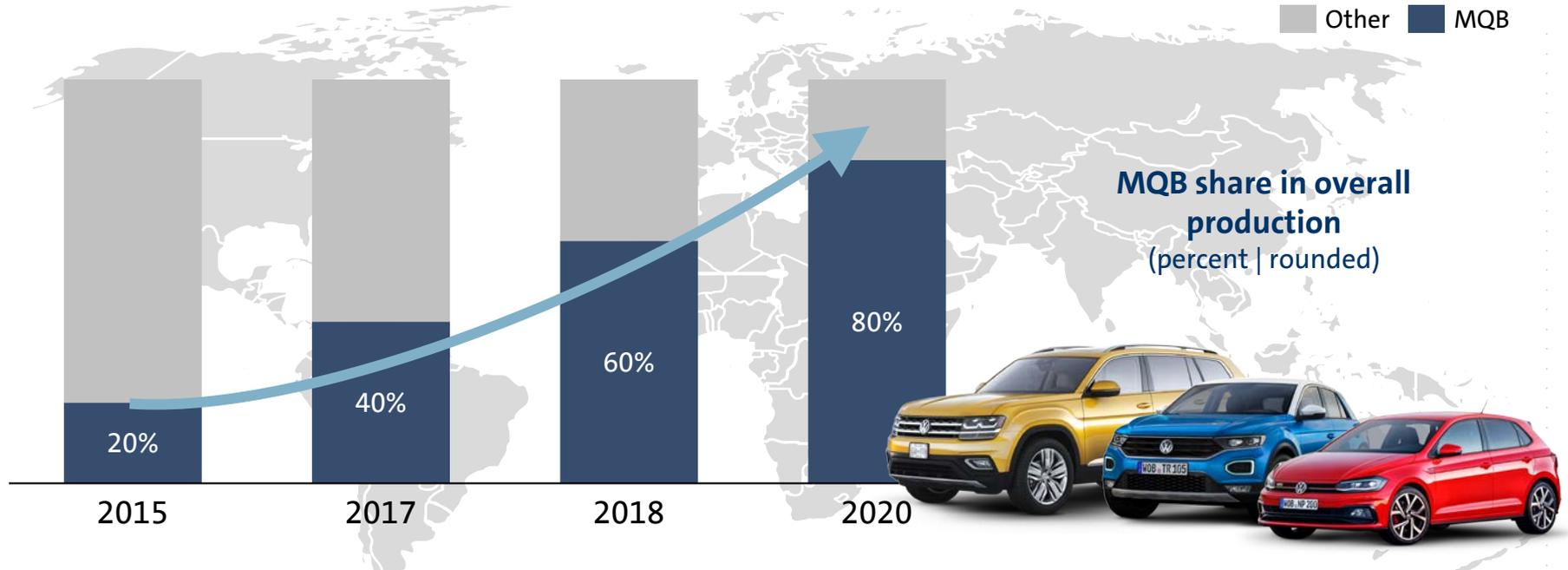
¹⁾ Before special items.

Volkswagen Brand Clear Financial Targets and updated Milestones

	Forecast 2018	Target 2020	Target 2025
Sales revenue	up to +10 %	-	-
Operating return on sales	4–5 %	4–5 %	≥ 6 %
Capex ratio	4–5 %	4–5 %	4–5 %
R&D ratio	~4 %	4 %	4 %
Free cash flow	Positive operating cash flow ¹⁾	> € 1 bn	>> € 1 bn

¹⁾ Before special items.

Further roll-out of MQB offers substantial benefits for Volkswagen Brand



Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

Working Group 1 Production

- Increase of productivity by 25%
- Reduction of plant costs

Working Group 2 Components

- Increase of productivity by 25%
- Discontinuation of unprofitable products

Working Group 3 Technical Development

- Reduction of hardware-oriented development work
- Increased efficiency in development processes

Working Group 4 Administration

- Reduction of bureaucracy

Secure the Future

- 4 additional models:
2 conventional and 2 MEB vehicles
- Investments in:
 - Electric drive trains
 - Pilot facility battery cell
 - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

Reduction in workforce based on demographic curve¹⁾

¹⁾ ~ 9,350 early retirement contracts signed in 2017.

Core challenges in the commercial vehicle industry

Cyclical markets



Strong correlation to GDP in developed world
Not all regions hit by economic downturns at the same time

Further globalization



The megatrend of globalization has a direct influence on future developments in freight transportation and the commercial vehicle industry

Emission regulations



Europe with aggressive regulations, focus shifting to e-mobility and alternative fuels
Emerging Markets also have ambitious roadmap

Connectivity & digitalization



Platooning and partly-autonomous driving as transition solutions
Data management for customers and traffic of broad interest (e.g. RIO for digital solutions)

After sales and future business models



After sales increasingly important as alternative source of revenues
Future business models (e.g. connectivity, clean driving) to actively shape the future of transportation

Shaping the future of the Commercial Vehicles business



Global Champion strategy

- Goal is becoming the Global Champion of the Commercial Vehicles sector: Leader in profitability, global presence and innovation.
- Further enhancement of brands' performance with individual identities, strengths and profiles.
- Increase cooperation and leverage synergies between brands.
- Further global expansion to leverage scale and be ahead of competition (e.g. Navistar in the USA, Sinotruk in China, Hino Motors in Japan and Asia).
- Also develop solutions for Commercial Vehicles in such areas as autonomous driving, electrification and connectivity.
- RIO covers logistics solutions for all transportations sectors.

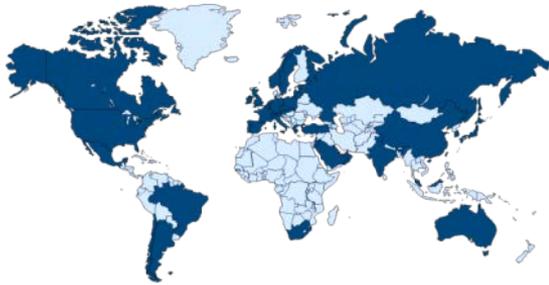
Project "Next Level"

- Further increase the company's matureness, efficiency and innovativeness.
- Achievement of capital market readiness: meet technical and structural requirements of the capital market; complex scope.
 - Change of legal structure of Volkswagen Truck & Bus GmbH to a German stock corporation (AG) and in a second step into a Societas Europaea (SE).
 - Focus on Commercial Vehicles.¹⁾
 - IPO is just one of several options.
 - Dependent on capital market conditions & Volkswagen Group strategy.
 - Minority interests legal case outstanding.

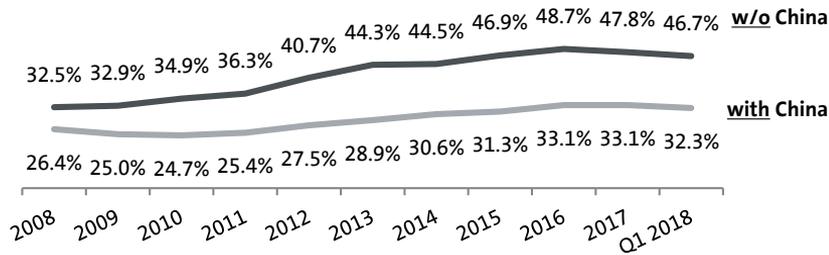
¹⁾ Allocation will be verified as part of creation of new Volkswagen Group structure.

Volkswagen Financial Services¹⁾: global, well diversified and successful

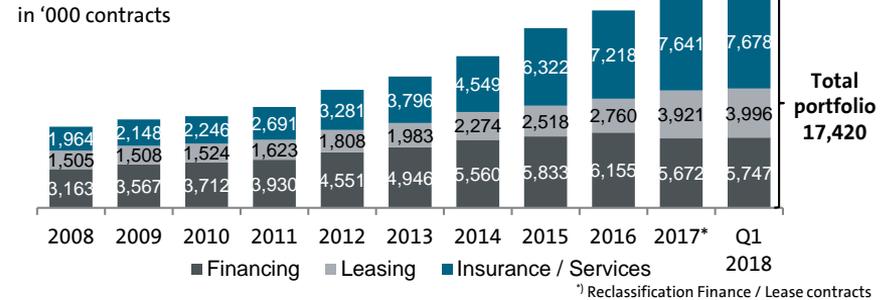
Strong global presence



Rising penetration rates



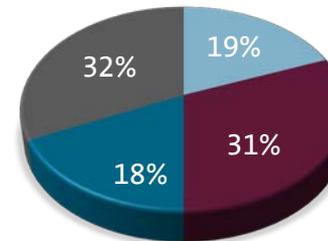
Continuous portfolio expansion



Diversified funding structure

Equity, liabilities to affiliated companies, other

Customer deposits

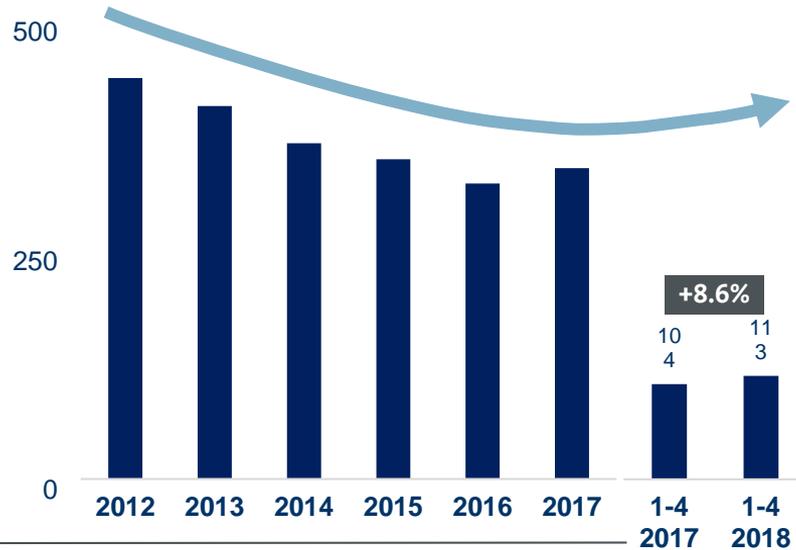


31.03.2018: € 191.3 bn

¹⁾ Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.

Volkswagen Brand – Turnaround in the US with new products from 2017 onwards

Deliveries to US customers, '000' units



Year	Market Share %
2012	3.0
2013	2.6
2014	2.2
2015	2.0
2016	1.8
2017	2.0

SUV offensive #1	New Sedans	SUV offensive #2
<p>2017</p> <p>Atlas</p> <p>Tiguan</p> <p>Refreshed Golf</p>	<p>2018-19</p> <p>Jetta</p> <p>Passat</p> <p>Arteon</p>	<p>2019-21</p> <p>Midsize SUV 5s</p> <p>Compact SUV</p> <p>ID Crozz</p>

A product offensive is initiating a new growth phase in South America

Product offensive in South America



Polo G



Virtus



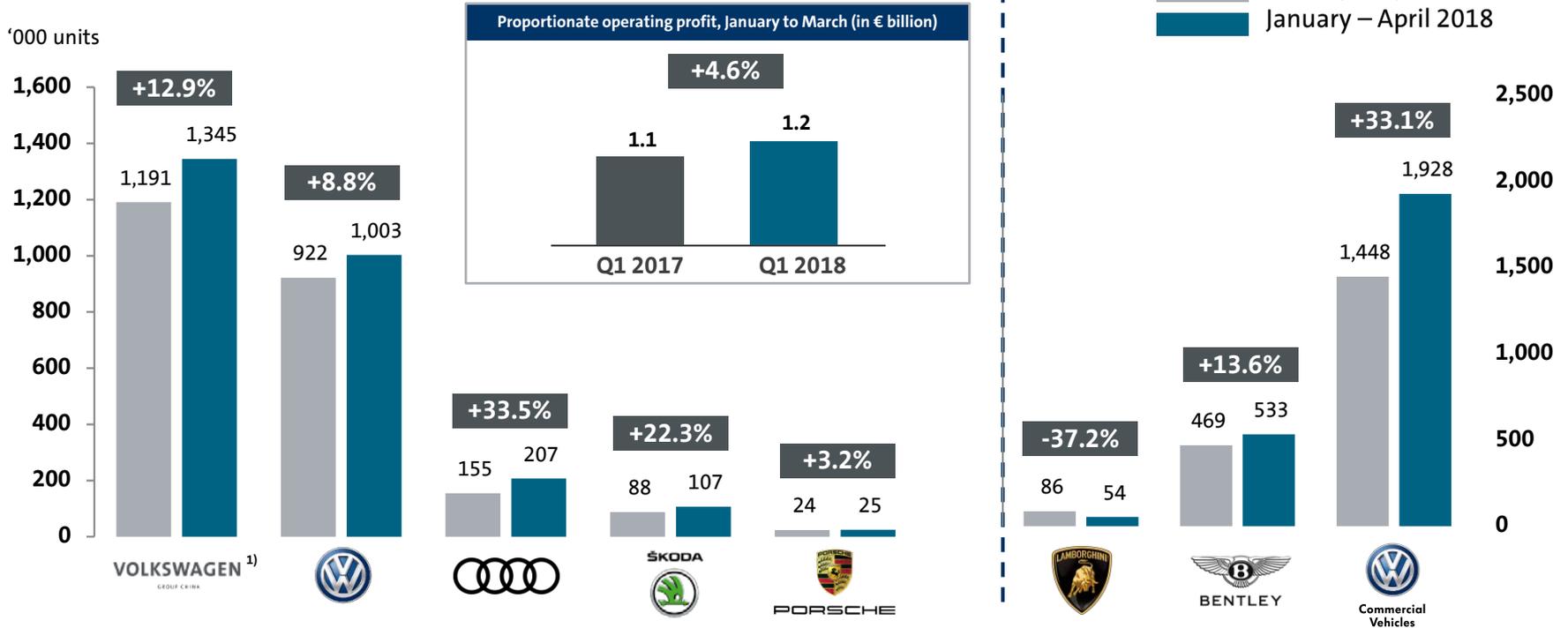
Small SUV Global

Key measures

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5bn investment
- New brand positioning
- New growth strategy for Latin America



Volkswagen Group China performance (January to April 2018 vs. 2017)



¹⁾ Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.



Regulatory environment for NEV and Fuel Consumption Credits in China

CAFC¹⁾ and NEV Credit System

- Independent calculation of CAFC¹⁾ and NEV credits
- Companies need to fulfill **both requirements**

CAFC¹⁾ Credits:

- Transfer between affiliated companies only
- Credit carry-over to next 3 years with depreciation
- Negative results can be offset by NEV credits (own or free trading in market)

NEV Credits:

- No transfer from CAFC¹⁾ credits to NEV credits
- No Carry-over except for year 2016 and 2019
- Free Trading of NEV credits allowed

MIIT²⁾ for NEV Credit Calculation

$$\text{min. NEV credit points} = \text{ICE}^3 \text{ Volume} \times \text{NEV credit point ratio}$$

2018	2019	2020
None	10%	12%



NEV Credit Point Attribution per NEV Type

BEV⁴⁾: Basic credit = $0.012 \times \text{Range} + 0.8$ (max. 5 basic credits)
BEV additional factor for low electric consumption up to 1.2

PHEV⁵⁾: Basic credit = 2 (min. e-Range 50km)
PHEV credit = 1 if e-range 50-80km and consumption under B-Test $\geq 70\%$ ICE; or e-range ≥ 80 km but high electric consumption

¹⁾ CAFC – Corporate Average Fuel Consumption ²⁾ MIIT – Ministry of Industry and Information Technology ³⁾ ICE – Internal Combustion Engine ⁴⁾ BEV – Battery Electric Vehicle ⁵⁾ PHEV – Plug-in Hybrid Electric Vehicle



Volkswagen Group China will be prepared to deliver around 1.5 million zero emission cars to Chinese customers by 2025

Introduction of locally produced NEV

Mass market BEV cooperation

Phase 1

Plug-in hybrids based on current toolkits



Phase 2

Pure electric vehicles based on current toolkits



Phase 3 (start 2020/21)

Pure electric vehicles based on scalable electric toolkit



VOLKSWAGEN **JAC** 江淮汽车
GROUP CHINA



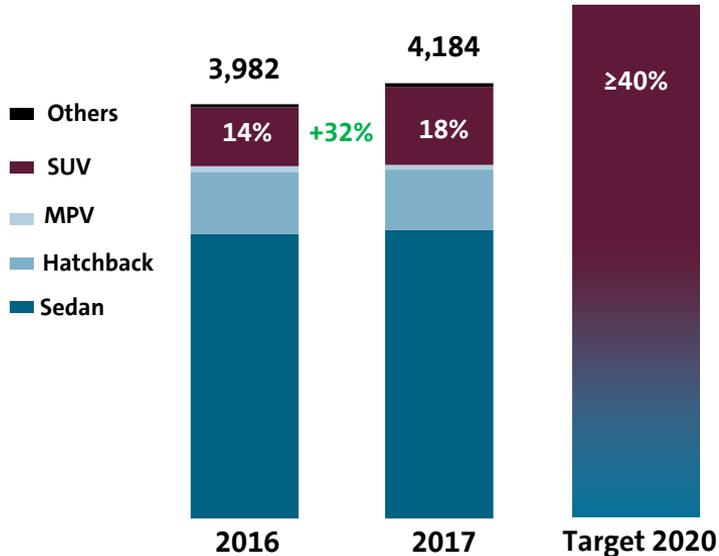


New product offering with an expanded SUV line-up ¹⁾

China deliveries by bodystyle (in '000 units)

SUV offensive of Volkswagen Group China

Volkswagen Group



4 Volkswagen brand SUVs in 2018 3 of which are new models

T-Roc LWB Touareg

6 additional Audi SUVs in the next 2-3 years

Q2L

3 new ŠKODA SUVs in 2018

Kamiq Karoq

¹⁾ Source: IHS. ²⁾ Schematic overview – does not show all models.

Special Items: Diesel related and other

(€ bn)	Diesel	Other	Total
2015	Legal	7.0	Restructuring: Truck Business 0.2 Passenger Cars South America 0.2 Airbags Takata 0.3 0.7
	Other items	9.2	
		16.2	
		16.9	
2016	Mainly legal risks	6.4	Scania Anti-Trust Proceedings 0.4 Others 0.7 1.1
			7.5
2017	Buyback/retrofit program	2.2	
	Legal	1.0	
		3.2	3.2
Total to date	25.8	1.8	27.6

A significant amount of the Diesel Dollar-related provisions are hedged and a further substantial amount of the provisions have been utilized. Cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 0.8 bn in Q1 2018.

Resolving the diesel crisis: Substantial progress in all markets



Worldwide recall/service campaigns driven forward:

Software Flashes in Germany currently 94% complete;
Substantial progress also in Europe (76%) and
worldwide (69%)

Group environmental incentive makes significant contribution to improving air quality in German cities:

More than 200,000 customers already decided to switch to environmentally friendly vehicles

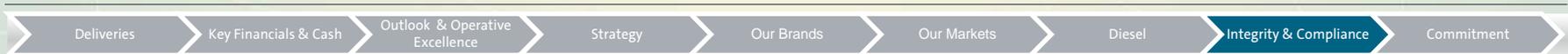
Major progress in modifications in North America:

On target for modifications/buybacks for 2.0 liter TDI engines; field fix started for 3.0 liter TDI engines

Electrify America underway:

Investment plan for zero emissions vehicles (ZEV) approved by authorities

Timeframe of legal proceedings expected to be long !



With “Together4Integrity” we have launched a Group-wide integrity and compliance program

Strategy

Principle 1

Integrity and compliance is central to business strategy

Risk Management

Principle 2

Integrity and compliance risks are identified, owned, managed and mitigated

Culture of Integrity

Principle 3

Leaders at all levels across the organization build and sustain a culture of integrity

Speak-up Environment

Principle 4

The organization encourages, protects and values the reporting of concerns and suspected wrongdoing

Resolute Accountability

Principle 5

The organization takes action and holds itself accountable when wrongdoing occurs



INTEGRITY & COMPLIANCE PROGRAM

New corporate culture: Change is happening

Sustainable strengthening of compliance systems taking effect

- Substantial progress in improving processes, structures and policies
- Zero tolerance of violations of values

Focus on values, integrity and Code of Collaboration becoming firmly rooted in corporate culture

- Volkswagen Convention: Training for 7,600 managers and works council members on integrity, culture and compliance
- Group-wide management development with new requirement profiles launched
- Role model program helps to implement change by example



Upcoming tasks to master challenges and make use of opportunities



Continue to resolve the diesel crisis

- Conclude worldwide recall campaigns and service actions
- Manage legal proceedings worldwide



Improving the Core Business

- Profitability in NAR / SAM / Russia
- Implementation Future Pact Brand Volkswagen
- Cash Generation and Capex/R&D discipline



Transformation towards more E-Mobility

- CO₂ Compliance / WLTP implementation
- Profitability of Electric Vehicles
- Governance / Compliance / Culture



Strengthen Innovation Power

- Digitalization & Connectivity
- Profitable Mobility Services

Investor Relations Team

We are pleased to answer your inquiries regarding Volkswagen shares and other capital market related questions.



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VOLKSWAGEN

AKTIENGESELLSCHAFT

Shaping the transformation together.

Appendix

Volkswagen Group – Key Credit Ratings

S&P Global

MOODY'S

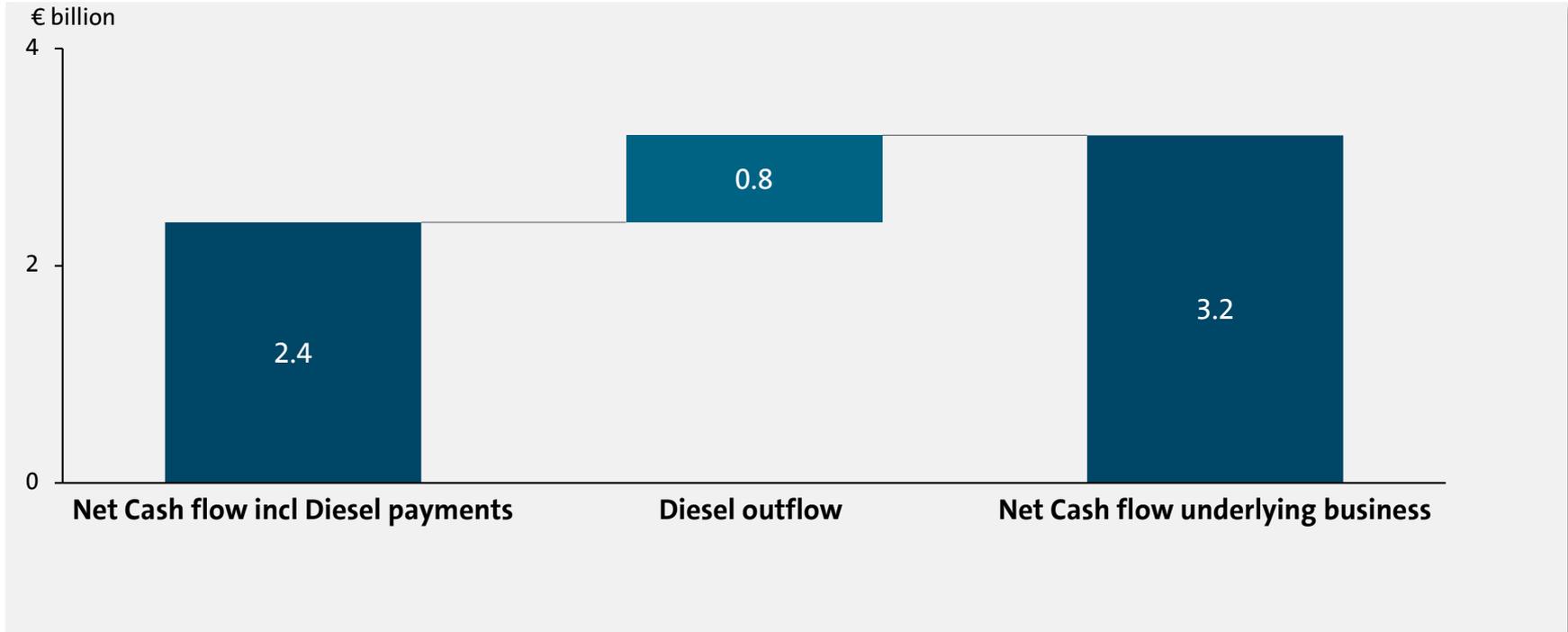
Current Ratings¹⁾

	Long Term	Short Term	Long Term	Short Term
Volkswagen AG	BBB+	A-2	A3	P-2
Volkswagen Financial Services AG	BBB+	A-2	A3	P-2
Volkswagen Bank GmbH*	A-	A-2	A3	P-1
	Outlook ²⁾ Stable (*Negative)		Outlook ²⁾ Stable	

¹⁾ as of May 16, 2018

²⁾ Outlook change from Negative to Stable: S&P November 6 2017 (excluding VW Bank GmbH); Moody's March 19 2018

'Best ever' Automotive Division Net Cash Flow (ex Diesel payments)¹⁾ (January to March 2018)



¹⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Volkswagen Group – Key Financial Figures¹⁾

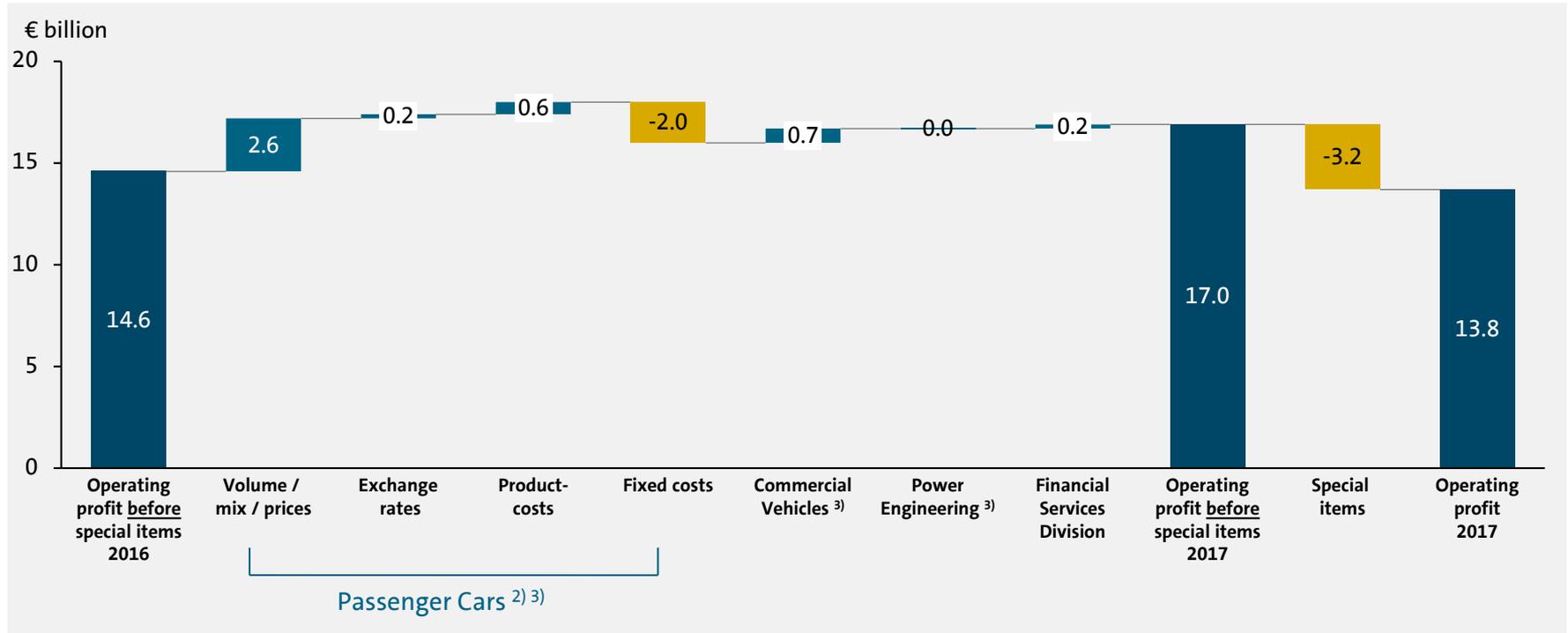
(January to December 2017 vs. 2016)

Thousand vehicles / € million	2017	2016	+/- (%)
Vehicle Sales ²⁾	10,777	10,391	+3.7
Sales revenue	230,682	217,267	+6.2
Operating profit before Special Items	17,041	14,623	+16.5
<i>% of sales revenue</i>	7.4	6.7	
Operating profit	13,818	7,103	+94.5
<i>% of sales revenue</i>	6.0	3.3	
Financial result ²⁾	94	189	X
Profit before tax	13,913	7,292	+90.8
<i>% Return on sales before tax</i>	6.0	3.4	
Profit after tax	11,638	5,379	X

¹⁾ All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.

²⁾ Volume data incl. the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €4.7 billion (€5.0 billion).

Volkswagen Group – Analysis of Operating Profit¹⁾ (January to December 2017 vs. 2016)



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ without FS. ³⁾ incl.PPA.

Volkswagen Group – Analysis by Business Line¹⁾ (January to December 2017 vs. 2016)

Thousand vehicles/ € million	Vehicle sales		Sales revenue		Operating profit		Margin	
	2017	2016	2017	2016	2017	2016	2017	2016
Volkswagen Passenger Cars ²⁾	3,573	4,347	79,979	105,651	3,301	1,869	4.1%	1.8%
Audi	1,530	1,534	60,128	59,317	5,058	4,846	8.4%	8.2%
ŠKODA	937	814	16,559	13,705	1,611	1,197	9.7%	8.7%
SEAT	595	548	9,892	8,894	191	153	1.9%	1.7%
Bentley	11	11	1,843	2,031	55	112	3.0%	5.5%
Porsche Automotive ³⁾	248	239	21,674	20,710	4,003	3,733	18.5%	18.0%
Volkswagen Commercial Vehicles	498	478	11,909	11,120	853	455	7.2%	4.1%
Scania ⁴⁾	92	83	12,789	11,303	1,289	1,072	10.1%	9.5%
MAN Commercial Vehicles	114	102	11,087	10,005	362	230	3.3%	2.3%
MAN Power Engineering	-	-	3,283	3,593	193	194	5.9%	5.4%
VW China ⁵⁾	4,020	3,873	-	-	-	-	-	-
Other ⁶⁾	-840	-1,638	-30,288	-56,617	-2,335	-1,343	-	-
Volkswagen Financial Services ⁷⁾	-	-	31,826	27,554	2,460	2,105	-	-
Volkswagen Group before Special Items	-	-	-	-	17,041	14,623	7.4%	6.7%
Special Items	-	-	-	-	-3,222	-7,520	-	-
Volkswagen Group	10,777	10,391	230,682	217,267	13,818	7,103	-	-
Automotive Division ⁸⁾	10,777	10,391	196,949	186,016	11,146	4,668	-	-
of which: Passenger Cars	10,077	9,729	158,466	150,343	9,309	4,167	-	-
of which: Commercial Vehicles	700	662	35,200	32,080	1,892	718	-	-
of which: Power Engineering	-	-	3,283	3,593	-55	-217	-	-
Financial Services Division	-	-	33,733	31,251	2,673	2,435	-	-

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ 2017 figures take account of the reclassification of companies; prior-year figures were not adjusted. ³⁾ Porsche (Automotive and Financial Services): sales revenue €23,491 (22,318) million, operating profit €4,144 (3,877 million). ⁴⁾ Incl. financial services. ⁵⁾ The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of €4,746 (4,956) million. ⁶⁾ Prior year adjusted. In operating profit mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁷⁾ Starting January 1, 2017, Porsche's financial services business is reported as part of Volkswagen Financial Services. Prior-year figures were not adjusted. ⁸⁾ Incl. allocation of consolidation adjustments between the Automotive and Financial Services divisions.

What's new with WLTP?



more realistic driving behaviour



higher average and maximum speeds



stricter car set-up and measurement conditions



a greater range of driving situations (urban, suburban, main road, motorway)



higher average and maximum drive power



optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built



longer test distances



shorter stops



instead of average values, WLTP can give best and worst-case figures – better representing highly diverging driving styles



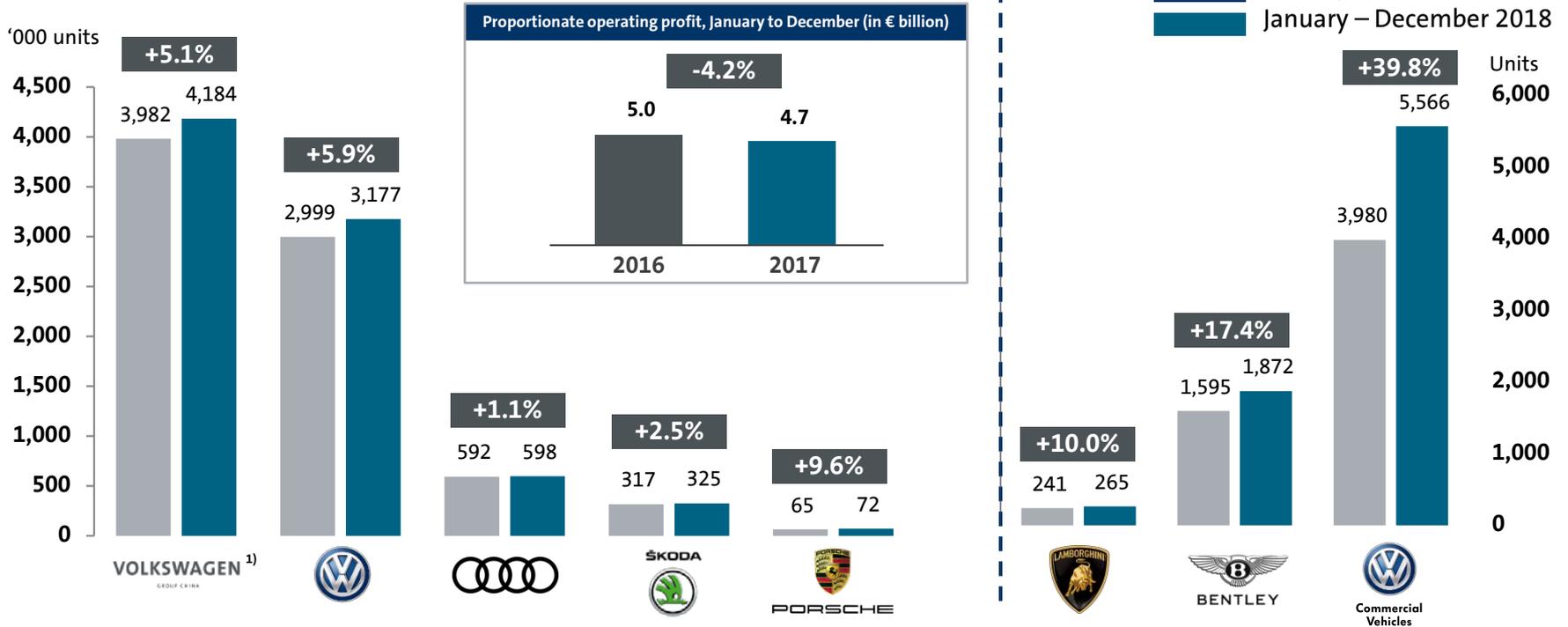
more dynamic and representative accelerations and decelerations



more realistic ambient temperatures, closer to the European average

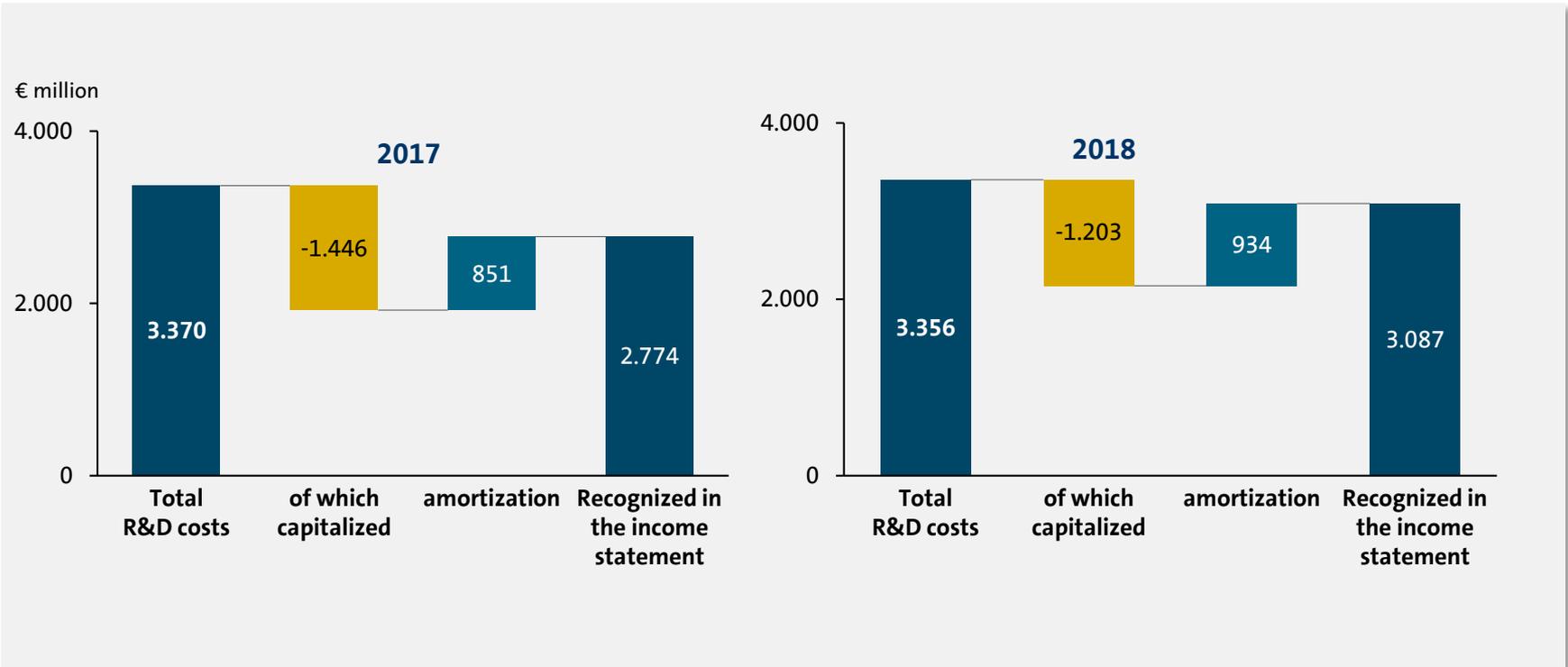


Volkswagen Group China performance (January to December 2017 vs. 2016)

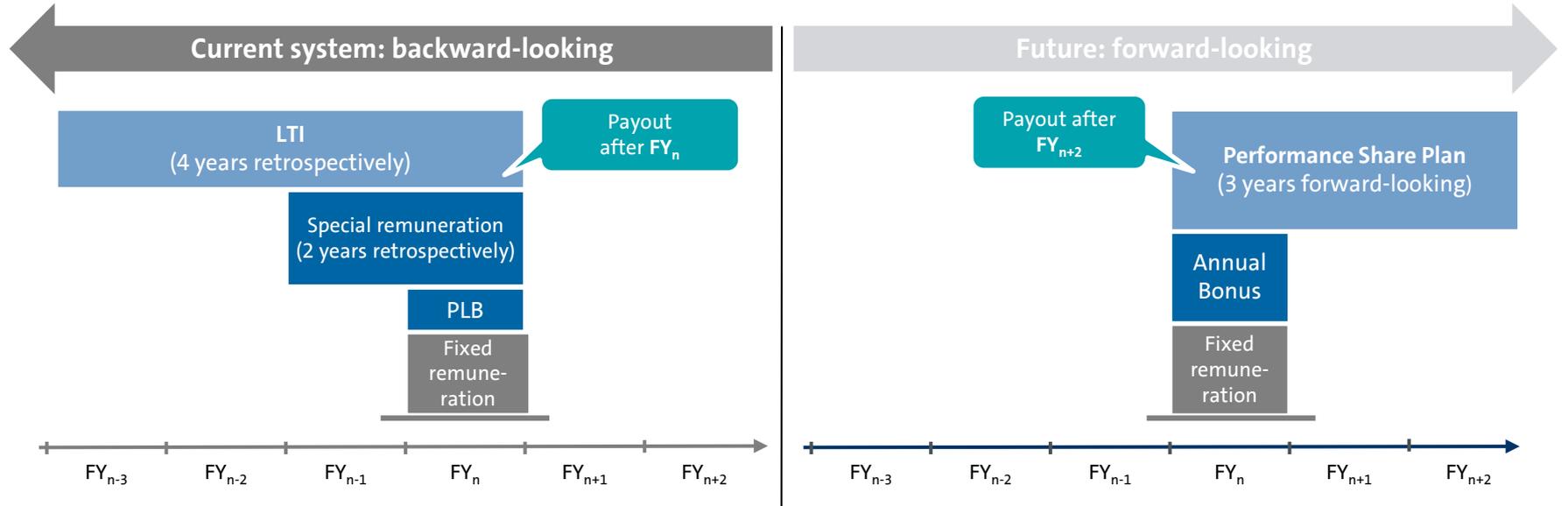


¹⁾ Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.

Automotive Division – Research and Development Costs (January to March 2018 vs. 2017)



The new remuneration system is designed to be completely forward-looking



Adjusted recommendation of no. 4.2.3 sec. 2 German Corporate Governance Code

“Variable remuneration components shall generally be based on a multi-year assessment, **which shall be materially related to the future.**”

Volkswagen AG

Ulrich Hauswaldt – Group Investor Relations

Martin Büdke – Capital Markets & Rating

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations

Katja Hauer – Investor Relations

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



Creating Value with Financial Services

Bernd Bode

Volkswagen Financial Services

UniCredit Automotive Credit Conference, London, 06 - 07 June 2018

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 relating to the development of the economies of individual countries, and in particular of the automotive industry, 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. 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 of Volkswagen Group members 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.

Consequently, a negative impact relating to ongoing claims or investigations, any 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, 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 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.

Volkswagen Financial Services are a business division of the Volkswagen AG group of companies and comprise as at 01.09.2017 Volkswagen Financial Services AG along with its associated companies, Volkswagen Bank GmbH, Porsche Financial Services, and the financial services companies in the USA, Canada, and Spain that belong directly or indirectly to Volkswagen AG – with the exception of the financial services of the Scania brand and Porsche Holding Salzburg.

Under the brand “Volkswagen Financial Services – the key to mobility“ the subsidiaries of Volkswagen Financial Services AG as well as its sister company Volkswagen Bank GmbH render various services under the joint brand "Volkswagen Financial Services". Such services are banking services (through Volkswagen Bank GmbH), leasing services (through Volkswagen Leasing GmbH), insurance services (through Volkswagen Versicherung AG, Volkswagen Autoversicherung AG) as well as mobility services (inter alia through Volkswagen Leasing GmbH). In addition, insurance products of other providers are offered.

Volkswagen Group Structure

Volume	Premium	Super Premium	Truck & Bus	Procurement/ Components	Financial Services	China
VW  Volkswagen	Audi  Audi	Porsche  PORSCHE	MAN 	Procurement	 VOLKSWAGEN FINANCIAL SERVICES THE KEY TO MOBILITY	Region China
Škoda  SKODA	Lamborghini* 	Bentley  BENTLEY	Scania 	Components**		
SEAT  SEAT	Ducati* 	Bugatti 	Power Engineering*			
VW LCV  Commercial Vehicles						
MOIA 						

* Allocation will be verified
 ** Temporarily responsibility of Group CEO, will be a combined Board of Management function

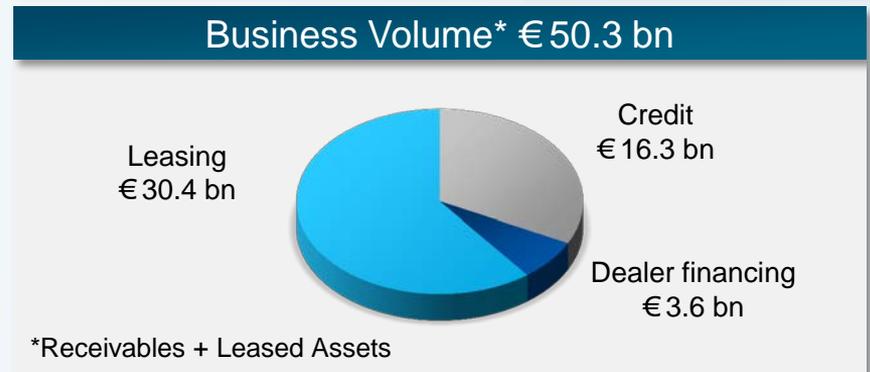
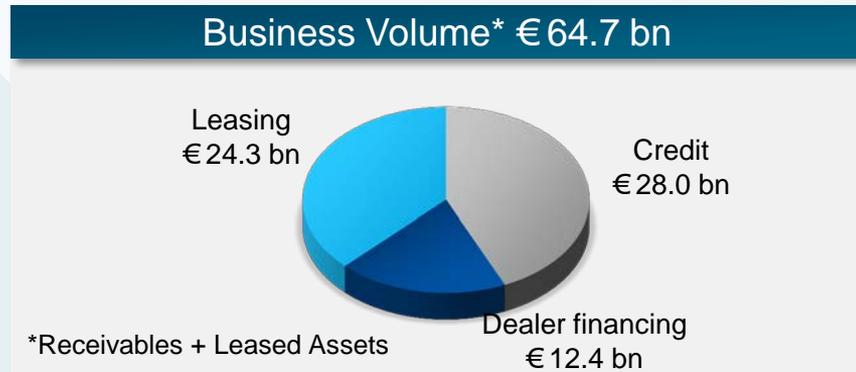
Group Structure of Volkswagen Financial Services



At a Glance (12/31/2017)

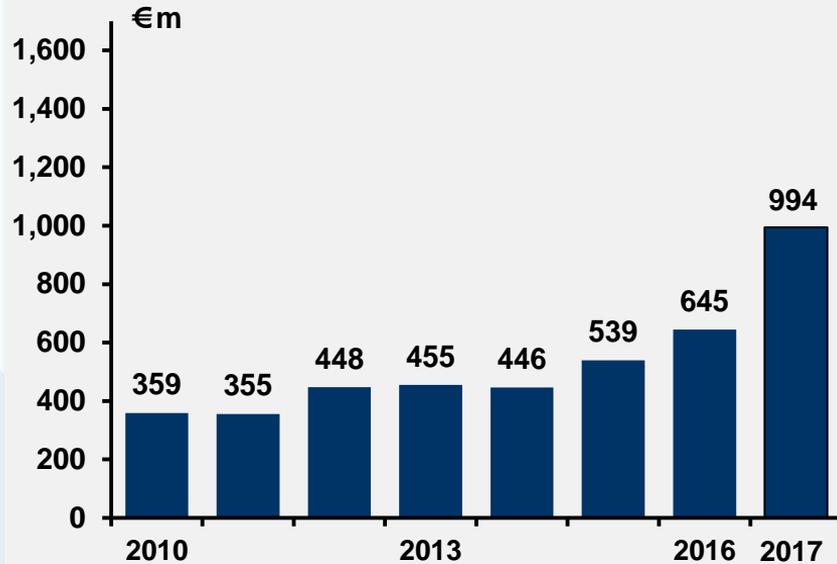
Volkswagen Bank GmbH	
Total assets	€78.7 bn
Equity	€11.3 bn
Customer deposits	€33.6 bn
Operating profit	€994 m
Employees	3,645
Contracts (units)	5.5 m

Volkswagen Financial Services AG	
Total assets	€69.0 bn
Equity	€7.6 bn
Customer deposits	€69 m
Operating profit	€609 m
Employees	5,023
Contracts (units)	8.5 m

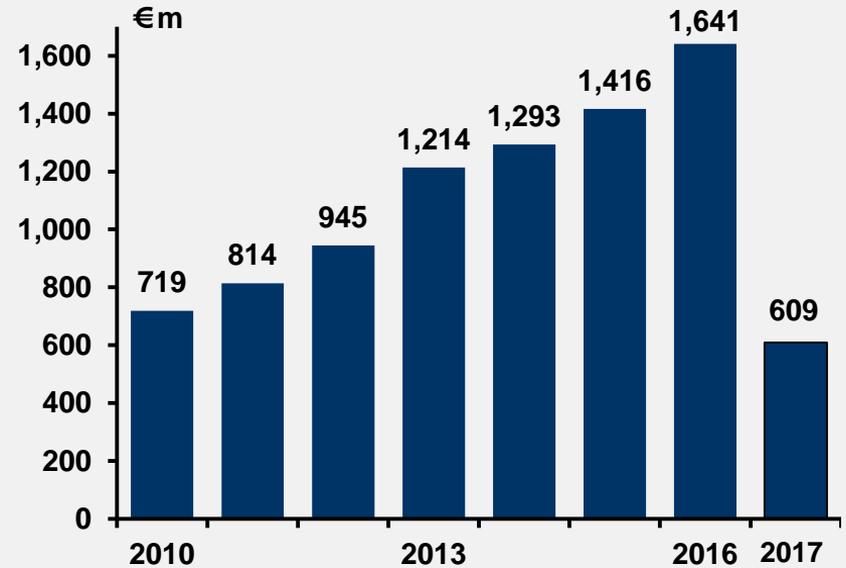


Operating income

Volkswagen Bank GmbH



Volkswagen Financial Services AG*



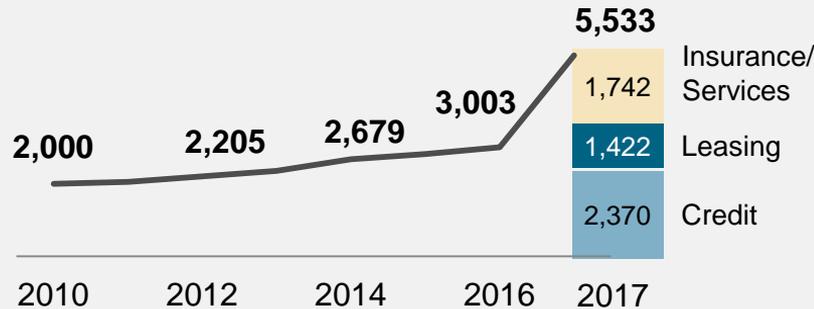
* Figures of Volkswagen Bank GmbH consolidated within Volkswagen Financial Services AG until 2016

Contract Portfolio

Continuous portfolio expansion

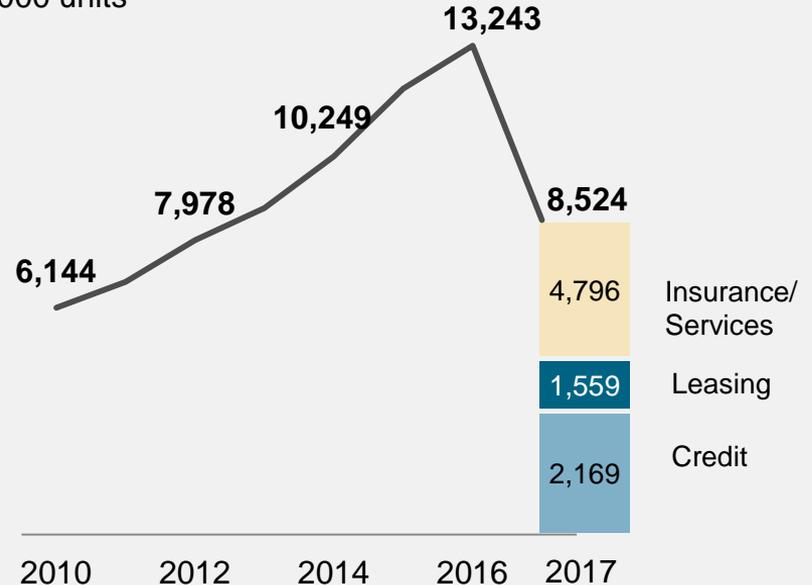
Volkswagen Bank GmbH

in '000 units



Volkswagen Financial Services AG*

in '000 units



* Figures of Volkswagen Bank GmbH consolidated within Volkswagen Financial Services AG until 2016

We offer the whole range of services under one roof*

Volkswagen Financial Services

BANK		LEASING	INSURANCE	MOBILITY				PAYMENT	
Bank	Direct Bank	Leasing	Insurance	Services	Fleet Management	Charge & Fuel	Rental	Parking	Payment
									
<ul style="list-style-type: none"> Retail Financing Wholesale Financing Factoring 	<ul style="list-style-type: none"> Deposits Instalment Credit Investment Products 	<ul style="list-style-type: none"> Finance Lease Operating Lease 	<ul style="list-style-type: none"> Motor Insurance Warranty Insurance GAP Insurance Credit Protection Insurance Industry 	<ul style="list-style-type: none"> Service & Full and Limited Maintenance Tyres 	<ul style="list-style-type: none"> Multi-brand capability Reporting Fleet Consulting Telematics LifeCycle Services 	<ul style="list-style-type: none"> Fuel and Service Cards Charge & Fuel Card 	<ul style="list-style-type: none"> Long-term Rental Short-term Rental Micro Rental Car sharing 	<ul style="list-style-type: none"> Payment for parking space Services around parking On- and off-street solution 	<ul style="list-style-type: none"> Payment platform Mobile Payments Mobile Wallet

*Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

Frequency of customer contact

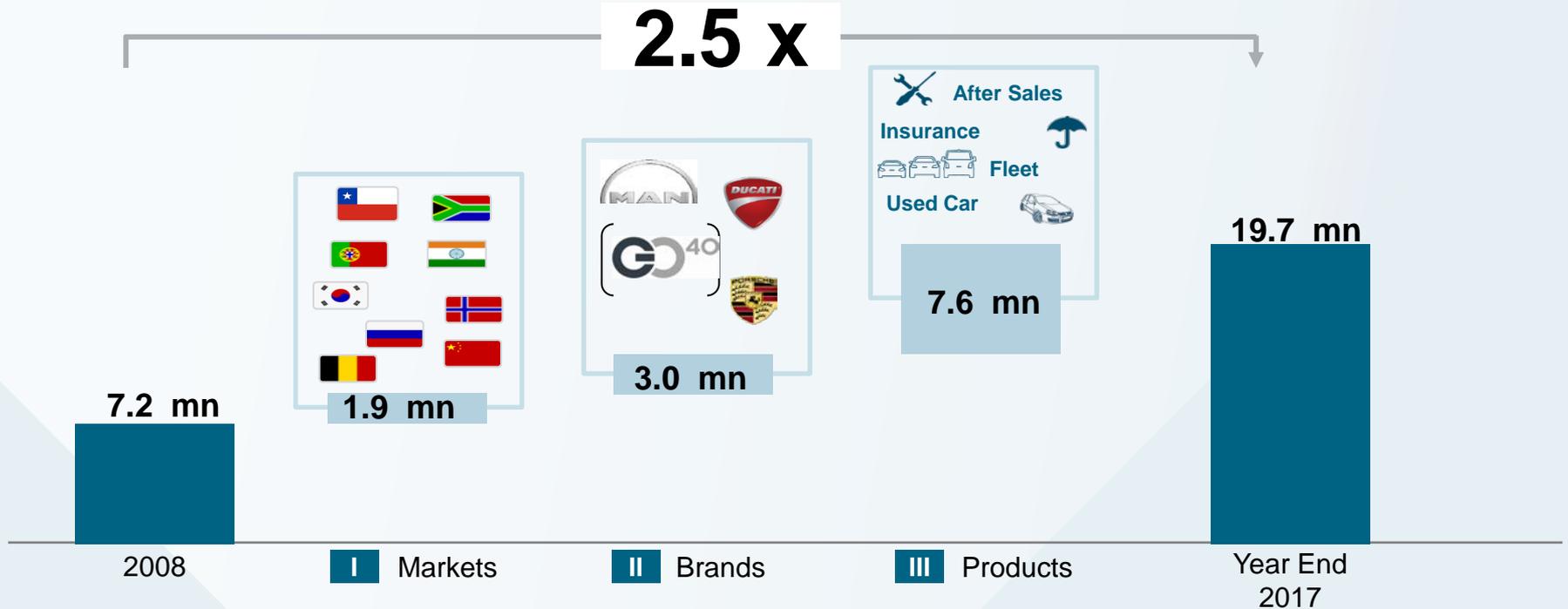
Over the last years we have consequently implemented our growth strategy

I. Products



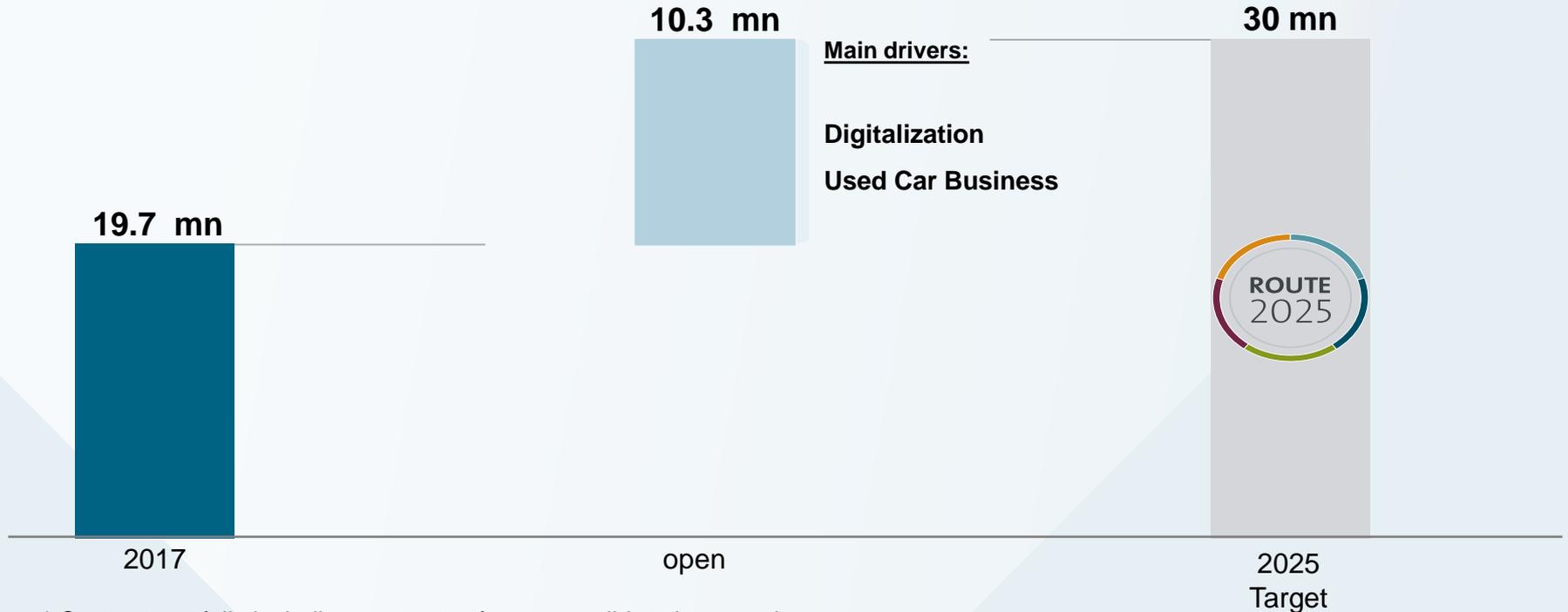
III. Markets

With amazing results: Volkswagen Financial Services has more than doubled its contract portfolio* since 2008!



* Contract portfolio including contracts of non-consolidated companies

ROUTE 2025 - Target of 30 mn contracts* in portfolio in 2025

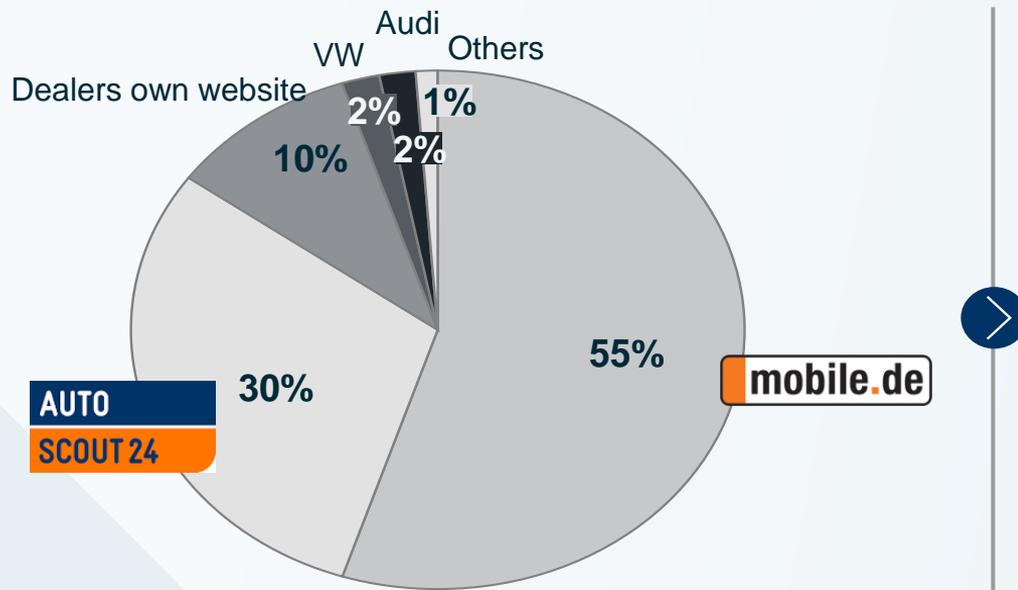


* Contract portfolio including contracts of non-consolidated companies



Hey Car: development of a real alternative to the current duopoly

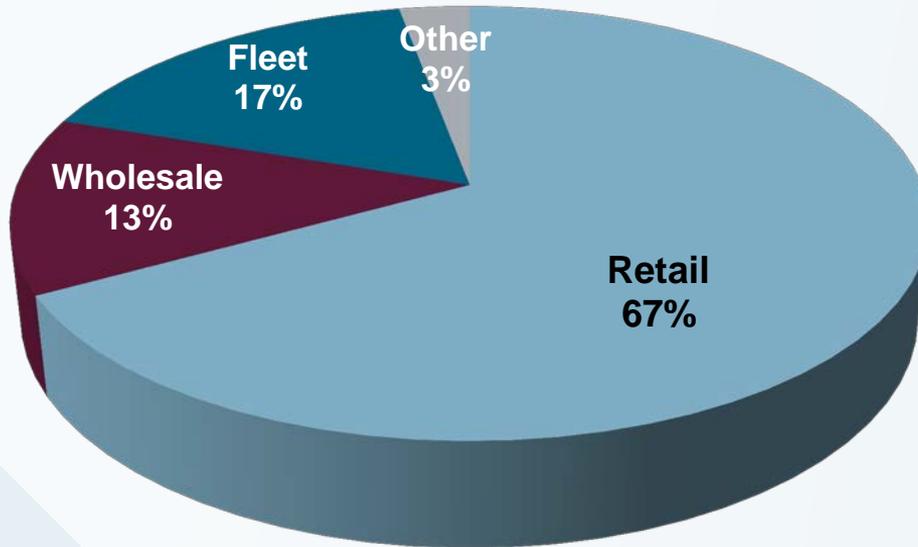
Online share of trades



- **mobile.de** and **AUTO SCOUT 24** counts for 85% of the Market
- **Constant price increase** for both platforms
- Dominant platforms **controlled by American tech companies**

Hey Car is being developed as an alternative in close cooperation with dealers

Portfolio Structure and Risk Types of Volkswagen Financial Services



Credit Risk is the predominant risk type whereof the major share is originated from well diversified retail business with a low risk profile.

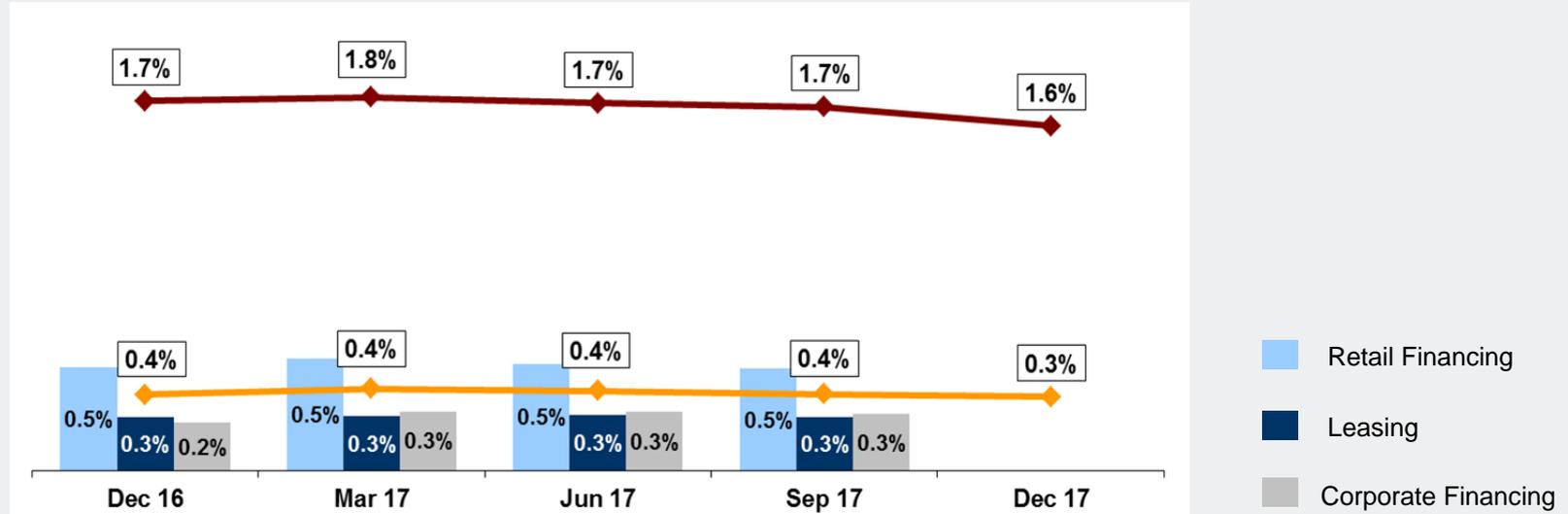
Other substantial risk types:

- Residual Value Risk
- Earning Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

... focused business model, conservative risk profile, no adventures.

as of 12/31/2017

Volkswagen Financial Services – Credit risks as of 31.12.2017



Total Provision Ratio

Total Provision Ratio = total provisions in proportion to the total receivables' volume at reporting date according to IAS 39



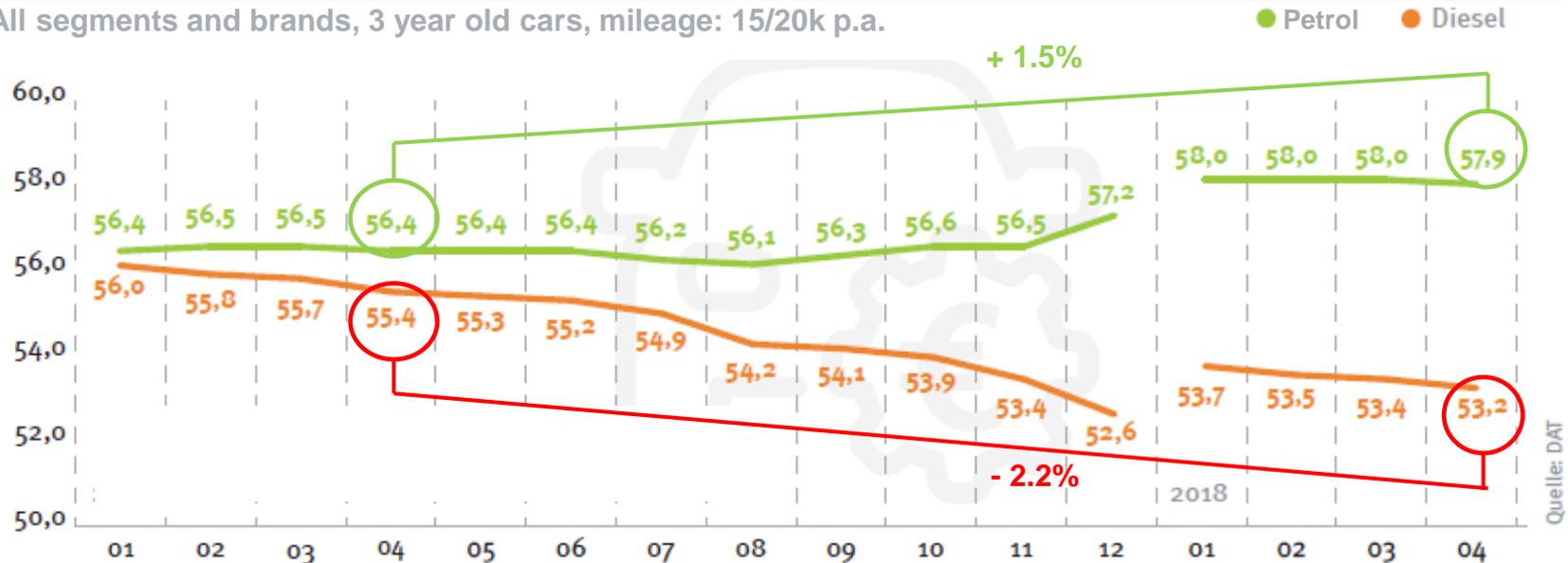
Ø Dynamic Loss Ratio

Dynamic Loss Ratio = drawings on provisions including direct write-offs relative to the average volume of receivables (last four quarters)

Report by Deutsche Automobil Treuhand (April 18)

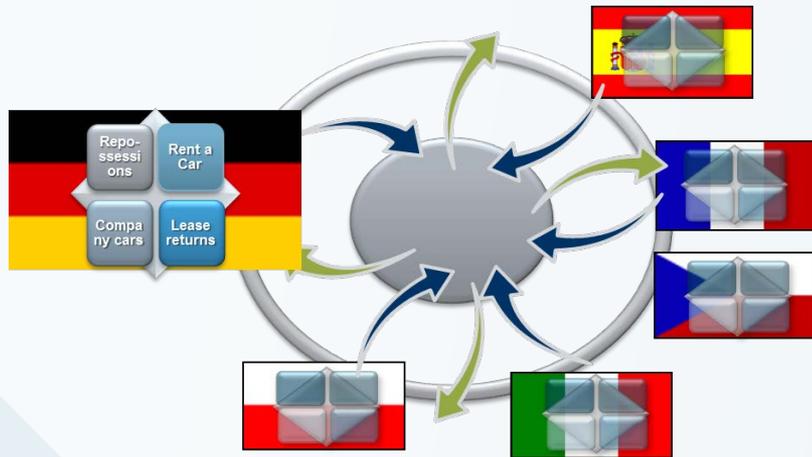
Residual Value Development from list price in %

All segments and brands, 3 year old cars, mileage: 15/20k p.a.



- Residual values of three year old used cars with diesel engine slightly decreased by -2.2% yoy.
- Residual values of three year old used cars with petrol engine increased by +1.5 % yoy.

The International Used Car Broker is the additional and international channel in remarketing, implemented in several European countries



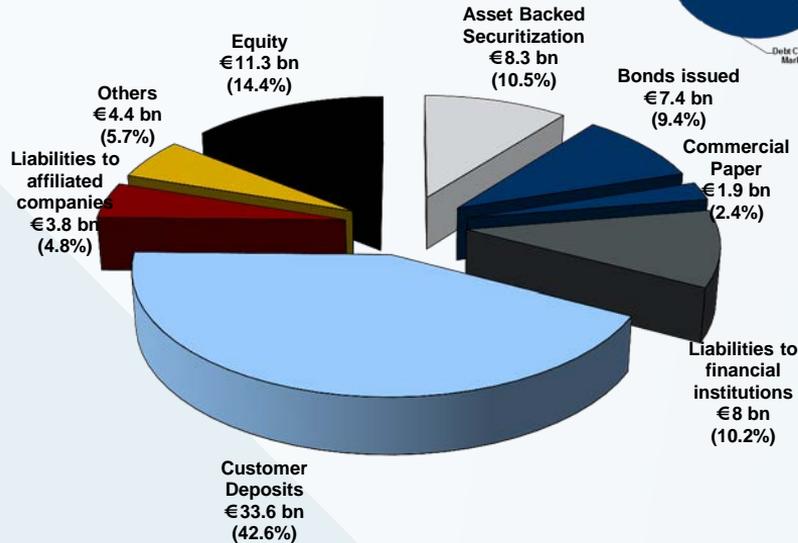
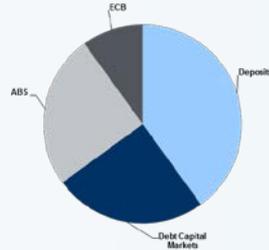
- Currently 8 VW FS AG countries participating
- 2 additional countries in discussion

Strategic Funding Allocation as of 31 December 2017

Volkswagen Bank GmbH

Total €78.7 bn

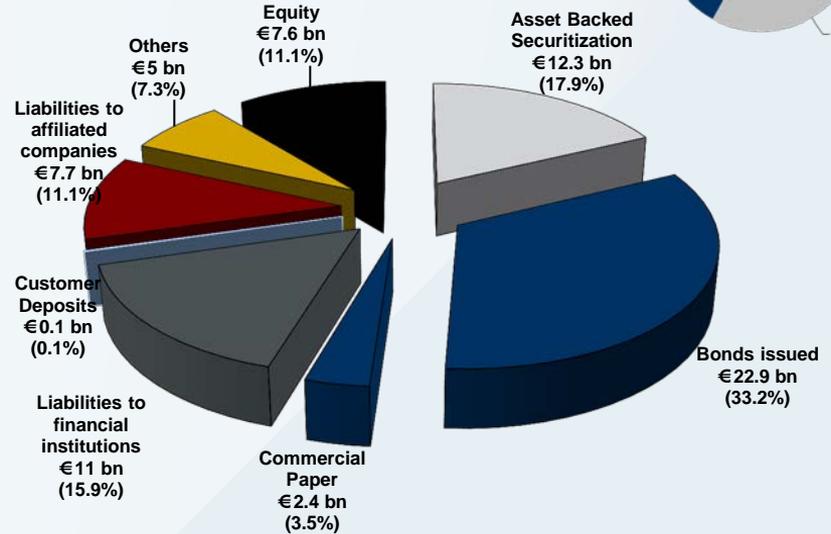
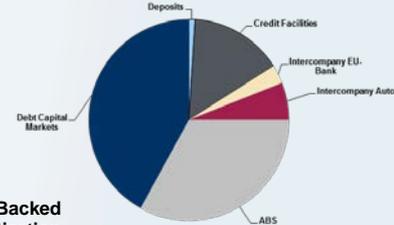
Strategic Funding Mix



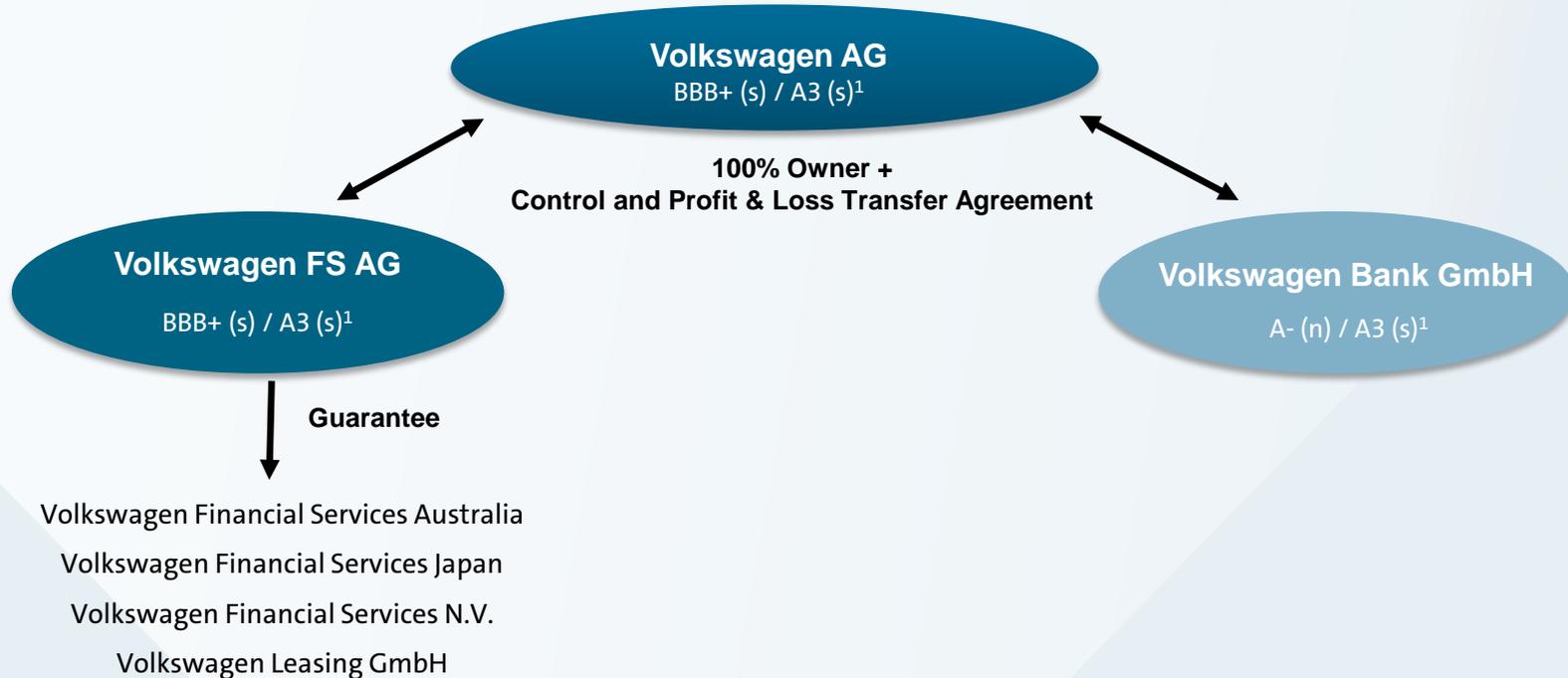
Volkswagen Financial Services AG

Total €69.0 bn

Strategic Funding Mix

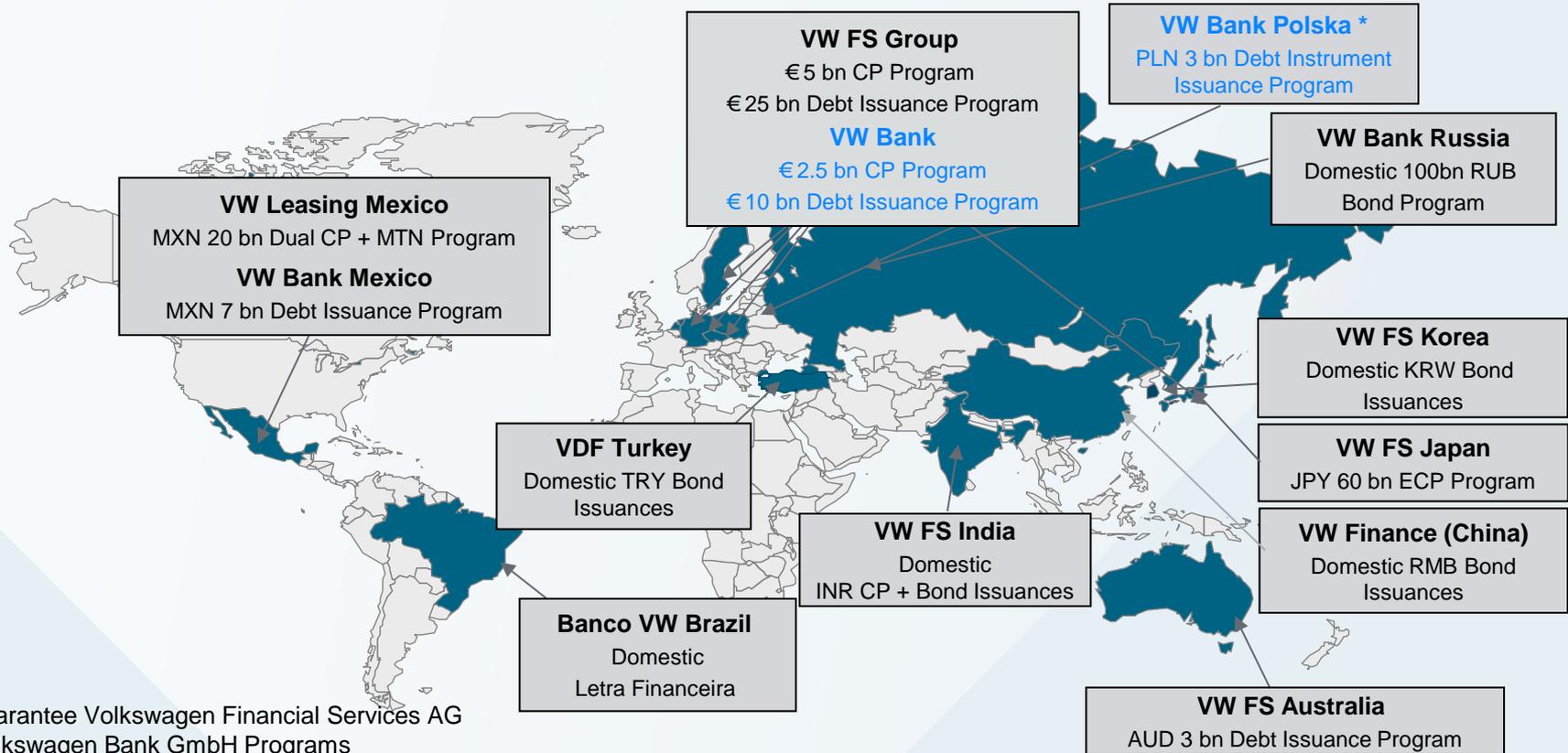


Volkswagen Financial Services organisational structure and guarantee scheme



¹Credit Ratings from Standard&Poors / Moody's as per 21 March 2018; (n) Outlook negative, (s) Outlook stable

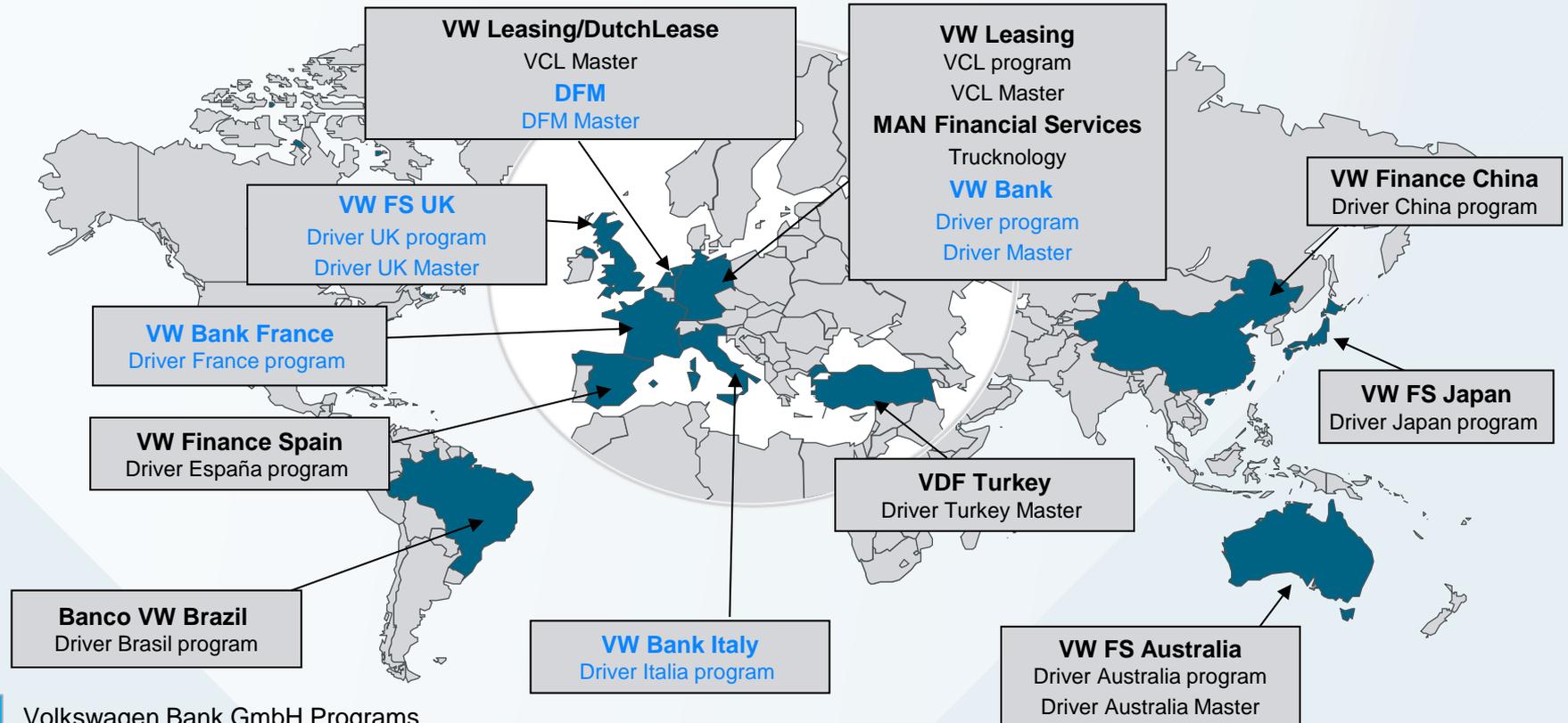
Worldwide Capital Market Activities



* Guarantee Volkswagen Financial Services AG

■ Volkswagen Bank GmbH Programs

Worldwide ABS Activities



Outlook

Volkswagen Financial Services AG (Annual Report 2017)

Our earnings expectations assume a slight increase in funding costs, greater levels of cooperation with the individual Group brands, increased investment in digitalization for the future and continued uncertainty about macroeconomic conditions in the real economy and the impact of this uncertainty on factors such as risk costs, as well as the potential effects of geopolitical upheaval. Assuming that margins remain stable in the coming year, the operating profit in fiscal year 2018 is expected to be at the level achieved in fiscal year 2017.

(This forecast is based on the current corporate structure of Volkswagen Financial Services AG and does not take into account any future changes that may result from the restructuring program that has been initiated.)

Volkswagen Bank GmbH (Annual Report 2017)

We expect the operating profit for fiscal year 2018 to be moderately below the level achieved in fiscal year 2017 because of the positive nonrecurring items recognized in 2017.

(This forecast is based on the current corporate structure of Volkswagen Bank GmbH and does not take into account any future changes that may result from the restructuring program that has been initiated.)



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Volkswagen Financial Services

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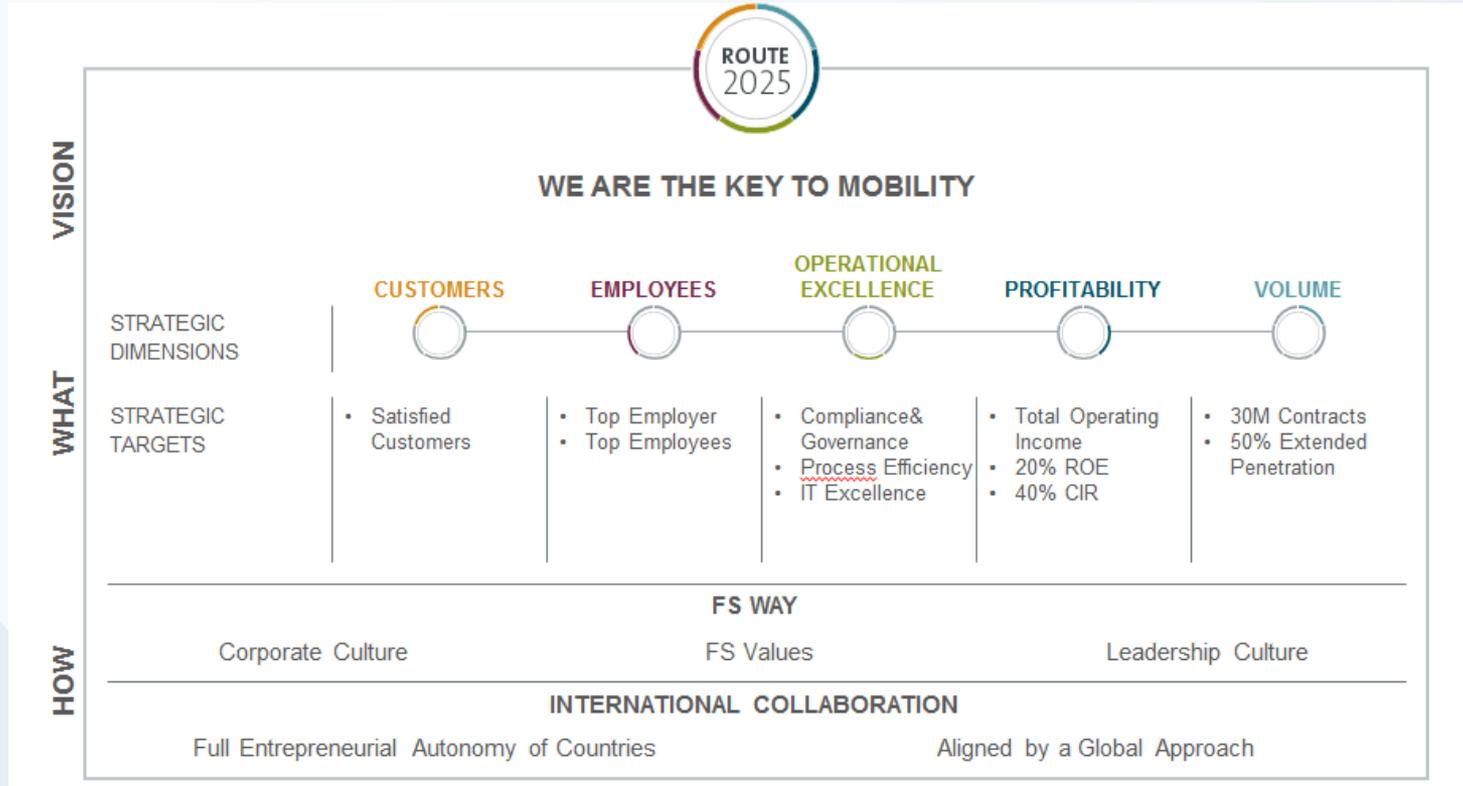
Bernd Bode
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Volkswagen Financial Services

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Thank You.

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Volkswagen Financial Services follows consequently its vision and the targets of Route2025



The world keeps turning | Focus on additional topics

Digitalisation



Used Car Business



Operational Excellence



Growth Market China



Digitalization | Our target

ROUTE2025
Digitalisation



Until 2020 all relevant products can be sold online and offline



Customer



Customer

Offline

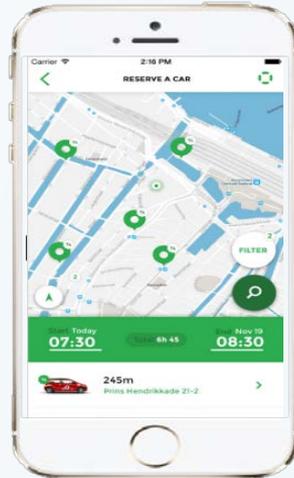


Online

Greenwheels focuses on customer friendliness through digitalization



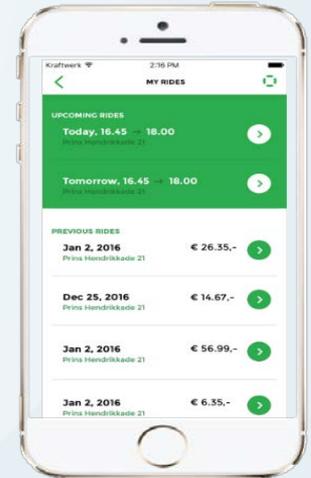
Register



Book



Drive



Own Data



Volkswagen Financial Services has the lead for developing a parking solution within the Volkswagen Group



- VWFS is developing a **digital parking solution** allowing **central access** and **cashless payment** for parking
- This service will improve the customer journey by:
 - Displaying available parking spaces
 - Allowing seamless access & payment (depending on country)
 - Offering relevant coverage on an international scale
 - Car Integration

VWFS will provide this service independently and to all Group Brands (example WE Park) via a growing portfolio of parking operators

Volkswagen Bank GmbH Key data 2013 – 2017 (IFRS)

	2013	2014	2015	2016	2017
Portfolio ('000)	2,351	2,565	2,767	3,002	5,533
Retail + Leasing receivables (€ mn)	22,220	23,887	25,814	27,954	52,316
Dealer financing (€ mn)	7,973	8,928	10,302	10,538	12,430
Customer deposits (€ mn)	23,140	25,252	27,877	35,666	33,583
Employees	1,241	1,123	1,185	1,293	3,549
IFRS profit before tax (€ mn)	459	464	575	669	992

Volkswagen Financial Services AG

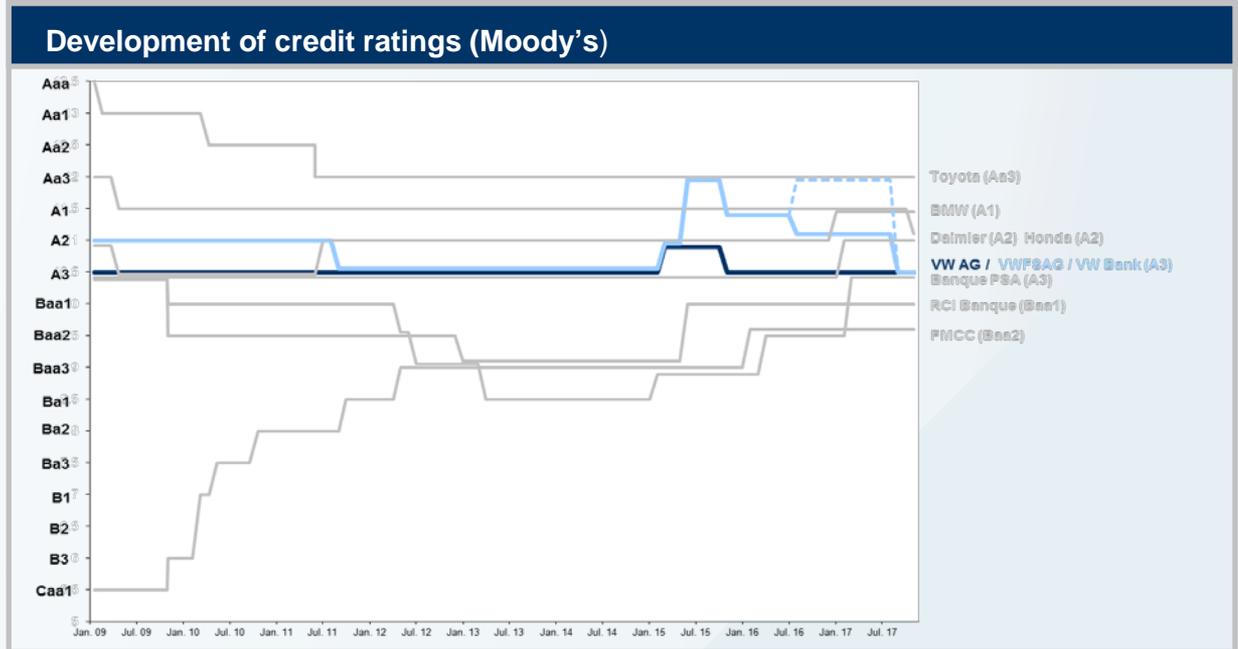
Key data 2013 – 2017 (IFRS)

	2013	2014	2015	2016	2017*
Portfolio ('000)	8,848	10,249	12,081	13,244	8,524
Retail + Leasing receivables (€ mn)	65,127	76,749	83,351	90,666	46,649
Dealer financing (€ mn)	11,082	12,625	13,967	14,638	3,584
Customer deposits (€ mn)	24,286	26,224	28,109	36,149	69
Employees	9,498	11,305	11,746	11,819	5,023
IFRS profit before tax (€ mn)	1,315	1,317	1,513	1,650	643

* Figures of Volkswagen Bank GmbH consolidated within Volkswagen Financial Services AG until 2016

Rating History (05/28/2018) – Moody's

	Moody's	S&P
Toyota	Aa3	AA-
Honda	A2	A+
BMW	A1	A+
VW AG	A3 ²⁾	BBB+ ²⁾
VW FS AG	A3 ²⁾	BBB+ ²⁾
VW Bank GmbH	A3 ²⁾	A- ¹⁾³⁾
Scania	--	BBB+ ²⁾
Daimler	A2	A
RCI Banque	Baa1	BBB
FMCC	Baa2	BBB
Banque PSA	A3	BB+ *



1) Outlook: negative 2) Outlook: stable 3) Bonds are senior subordinated rated BBB+ * withdrawn at bank's request

Volkswagen Financial Services AG has a solid rating history.

VW Two Strong Brands in the Automobile Securitisation Market

The logo for Driver, featuring a stylized 'D' with horizontal lines to its left, followed by the word 'Driver' in a bold, italicized sans-serif font.

- Securitisation Programme of VW Bank GmbH/ VW FS AG
- Portfolio of auto loans
- Program established in 2004
- 49 public transactions placed in the market so far
- Volume of public transactions: € 31.2bn

The logo for VCL, featuring a stylized 'V' with horizontal lines to its left, followed by the letters 'CL' in a bold, italicized sans-serif font.

- Securitisation Programme of VW FS AG
- Portfolio of auto leases
- Program established in 1996
- 26 public transactions placed in the market so far
- Volume of public transactions: € 26.2bn

- Highly granular risk profile
- International roll out (2008 UK, 2011 Spain, 2012 Japan and Brazil, 2013 France and Australia, 2014 China, 2016 Netherlands, 2018 Turkey)
- Stable and diversified investor base

Recent Public DCM and ABS Deals 2017+2018

(Volkswagen Financial Services AG and Volkswagen Bank GmbH)

Capital Market

Volkswagen Bank GmbH

Volkswagen Financial Services AG

- Volkswagen Bank GmbH: 12/2017 EUR 2bn, due 2021, 2023, 2025
- Volkswagen Financial Services AG (SSD): 02/2017 EUR ~900m, due 2020, 2022, 2024
- Volkswagen Financial Services Australia Pty: 04/2017, AUD 500m, due 04/2020
- Volkswagen Financial Services N.V.: GBP 850m, 04/2017, due 04/2021 & 04/2025
- Volkswagen Finance (China): 05/2017, RMB 4bn, due 05/2020
- Volkswagen FPL (India): 06/2017, INR 1.5bn, due 06/2019 & due 06/2020
- Volkswagen Leasing S.A., Mexico: 06/2017, MXN 2bn, due 06/2020
- Banco Volkswagen S.A., Brasilien: 05/2017, BRL 500m, due 05/2019
- Volkswagen Leasing GmbH: EUR 3.5bn 06/2017, due 06/19, 06/21 & 12/24
- Volkswagen Leasing GmbH: EUR 2.25bn 09/2017, due 09/2020 & 03/2024
- Volkswagen Financial Services AG: EUR 2.25bn 04/2018, due 10/19, 04/21 & 04/23

Asset-Backed Securities

Volkswagen Bank GmbH

Volkswagen Financial Services AG

- Driver UK six (Volkswagen Financial Services UK): GBP 450m (09/2017)
- Driver France three (Volkswagen Bank GmbH): EUR 470m (04/2017)
- Driver Espania five (Volkswagen Finance S.A.): EUR 1.0bn (02/2018)
- Driver fourteen (Volkswagen Bank GmbH): EUR 900m (03/2018)
- Driver Italia one (Volkswagen Bank GmbH): EUR 500m (04/2018)
- VCL 25 (Volkswagen Leasing GmbH): EUR 1.6 bn (11/2017)
- Driver China eight (Volkswagen Finance (China) Co.): RMB 3.2 bn (12/2017)
- Driver Japan seven (Volkswagen Financial Services Japan): JPY 55 bn (02/2018)
- Driver Turkey Master (Volkswagen Dogus Finansman S.A.): TRY 1.1 bn (02/2018)
- VCL 26 (Volkswagen Leasing GmbH): EUR 1.5 bn (03/2018)
- Driver Australia five (Volkswagen Financial Services Australia Pty Ltd.): AUD 750m (04/2018)

Volkswagen Touareg



Audi Q5L



ŠKODA Fabia



SEAT CUPRA Ateca



Porsche 911 Carrera T



Bentley Continental GT



Lamborghini Urus



Volkswagen Amarok



MAN TGX 18.500

MAN TGE 5.180



Scania G 450 XT 8x4



We are stepping on the gas in terms of profitability,
innovative power and sustainability

VOLKSWAGEN GROUP

