Shaping the transformation together.

Volkswagen Group
Volkswagen AG / Volkswagen Financial Services
Investor Roadshow, Tokyo, November 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, 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, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

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

Lennart Schmidt – Investor Relations Manager

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations

Volkswagen Financial Services Japan Limited

Shuhei Kashimoto - Head of Treasury, Japan, Australia, Korea and Taiwan
Volkswagen AG

Lennart Schmidt – Investor Relations Manager

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations

Volkswagen Financial Services Japan Limited

Shuhei Kashimoto - Head of Treasury, Japan, Australia, Korea and Taiwan
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to September 2018 vs. 2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>VW Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>-0.5%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>14.6%</td>
<td>9.2%</td>
</tr>
<tr>
<td>World</td>
<td>1.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1.2%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

\(^1\) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Deliveries to Customers by Brands
(January to September 2018 vs. 2017)

- Volkswagen Group
- Passenger Cars
- Commercial Vehicles

<table>
<thead>
<tr>
<th>Brand</th>
<th>January – September 2017</th>
<th>January – September 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen</td>
<td>7,806</td>
<td>8,130</td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>4,491</td>
<td>4,623</td>
</tr>
<tr>
<td>Skoda</td>
<td>1,380</td>
<td>1,408</td>
</tr>
<tr>
<td>SEAT</td>
<td>871</td>
<td>939</td>
</tr>
<tr>
<td>Porsche</td>
<td>355</td>
<td>416</td>
</tr>
<tr>
<td>MAN</td>
<td>368</td>
<td>371</td>
</tr>
<tr>
<td>MAN</td>
<td>80</td>
<td>98</td>
</tr>
<tr>
<td>MAN</td>
<td>64</td>
<td>69</td>
</tr>
</tbody>
</table>

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +4.1% excl. Volkswagen Commercial Vehicles, Scania and MAN.
2) MAN incl. MAN Latin America Trucks and Busses GVW > 5t.
### Volkswagen Group – Deliveries to Customers by Markets \(^1\)
(January to September 2018 vs. 2017)

<table>
<thead>
<tr>
<th>Region</th>
<th>January–September 2017</th>
<th>January–September 2018</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>7,806</td>
<td>8,130</td>
<td></td>
<td>+4.2%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>2,733</td>
<td>2,819</td>
<td></td>
<td>+3.1%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>542</td>
<td>593</td>
<td></td>
<td>+9.4%</td>
</tr>
<tr>
<td>North America</td>
<td>719</td>
<td>713</td>
<td></td>
<td>-0.8%</td>
</tr>
<tr>
<td>South America</td>
<td>390</td>
<td>436</td>
<td></td>
<td>+12.0%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3,135</td>
<td>3,297</td>
<td></td>
<td>+5.2%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>287</td>
<td>272</td>
<td></td>
<td>-5.3%</td>
</tr>
</tbody>
</table>

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +4.1% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Key Financial Figures¹)
(January to September 2018 vs. 2017)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017 ²)</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>thousand vehicles / € million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Sales ³)</td>
<td>8,123</td>
<td>7,913</td>
<td>+2.7</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>174,577</td>
<td>170,065</td>
<td>+2.7</td>
</tr>
<tr>
<td>Operating profit before Special Items</td>
<td>13,306</td>
<td>13,231</td>
<td>+0.6</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.6</td>
<td>7.8</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>10,871</td>
<td>10,636</td>
<td>+2.2</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.2</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>1,647</td>
<td>-347</td>
<td>x</td>
</tr>
<tr>
<td>of which: At-equity result ³)</td>
<td>2,448</td>
<td>2,378</td>
<td>+2.9</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-800</td>
<td>-2,725</td>
<td>+70.6</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>12,518</td>
<td>10,290</td>
<td>+21.7</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.2</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>9,376</td>
<td>7,543</td>
<td>+24.3</td>
</tr>
</tbody>
</table>

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 (proportional) of €3,330 million (€3,305 million).
Volkswagen Group – Analysis of Operating Profit¹)
(January to September 2018 vs. 2017)

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without PPA ** including PPA
Automotive Division Net Cash Flow Development\(^1\)\(^2\)

(january to September 2018)

<table>
<thead>
<tr>
<th>€ billion</th>
<th>2017</th>
<th>Cash flow from operating activities</th>
<th>Capex(^3)</th>
<th>Capitalized development costs</th>
<th>Other</th>
<th>Net cash flow before equity investments</th>
<th>Acquisition and disposal of equity investments</th>
<th>Net cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,9</td>
<td>8.0</td>
<td>-7.1 (4.9%)</td>
<td>-3.5</td>
<td>0.1</td>
<td>3.7</td>
<td>-0.2</td>
<td>-2.9</td>
<td>-2.9</td>
</tr>
</tbody>
</table>

\(^1\) 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 September 2018)

¹) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
### Volkswagen Group – Analysis by Business Line

**January to September 2018 vs. 2017**

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales (thousand vehicles)</th>
<th>Sales revenue (€ million)</th>
<th>Operating profit (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Volkswagen</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passenger Cars</td>
<td>2,753</td>
<td>2,632</td>
<td>62,508</td>
</tr>
<tr>
<td>Audi</td>
<td>1,107</td>
<td>1,147</td>
<td>44,257</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>698</td>
<td>700</td>
<td>12,598</td>
</tr>
<tr>
<td>SEAT</td>
<td>462</td>
<td>436</td>
<td>7,744</td>
</tr>
<tr>
<td>Bentley</td>
<td>7</td>
<td>7</td>
<td>1,092</td>
</tr>
<tr>
<td>Porsche Automotive ²)</td>
<td>190</td>
<td>180</td>
<td>17,507</td>
</tr>
<tr>
<td><strong>Volkswagen Commercial Vehicles</strong></td>
<td>337</td>
<td>371</td>
<td>8,572</td>
</tr>
<tr>
<td>Scania ³)</td>
<td>69</td>
<td>65</td>
<td>9,634</td>
</tr>
<tr>
<td>MAN Commercial Vehicles</td>
<td>98</td>
<td>80</td>
<td>8,599</td>
</tr>
<tr>
<td>MAN Power Engineering</td>
<td>-</td>
<td>-</td>
<td>2,489</td>
</tr>
<tr>
<td>VW China ⁴)</td>
<td>3,021</td>
<td>2,917</td>
<td>-</td>
</tr>
<tr>
<td>Other ⁵)</td>
<td>-169</td>
<td>-623</td>
<td>-25,059</td>
</tr>
<tr>
<td><strong>Volkswagen Financial Services</strong></td>
<td>-</td>
<td>-</td>
<td>24,635</td>
</tr>
<tr>
<td><strong>Volkswagen Group before Special Items</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>8,123</td>
<td>7,913</td>
<td>174,577</td>
</tr>
<tr>
<td>Automotive Division ⁶)</td>
<td>8,123</td>
<td>7,913</td>
<td>148,424</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>7,625</td>
<td>7,400</td>
<td>119,646</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>498</td>
<td>513</td>
<td>26,289</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>2,489</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
<td>26,153</td>
</tr>
</tbody>
</table>

²) All figures shown are rounded. Minor discrepancies may arise from addition of these amounts. ³) Includes Automotive Financial Services. ⁴) Including financial services. ⁵) Including financial services. ⁶) Including special items. ⁷) Adjusted, includes the impact of new international financial reporting standards on page 15 of the interim report.

*12*
Volkswagen Group – Outlook for 2018

Deliveries to customers
(‘000 vehicles)

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries to Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10,297</td>
</tr>
<tr>
<td>2017</td>
<td>10,741</td>
</tr>
</tbody>
</table>

+ 4.3% growth compared to prior year.

Sales revenue
(€ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>217.3</td>
</tr>
<tr>
<td>2017</td>
<td>230.7</td>
</tr>
</tbody>
</table>

+ 6.2% growth compared to prior year.

Operating return on sales
(%)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Return on Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.7 1)</td>
</tr>
<tr>
<td>2017</td>
<td>7.4 1)</td>
</tr>
</tbody>
</table>

1) before Special Items.  Operating return on sales after Special Items is expected to be moderately below that range.

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% before Special Items 2)

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

<table>
<thead>
<tr>
<th></th>
<th>USA(^1)</th>
<th>Western Europe</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>17.3</td>
<td>14.3</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>-1.2%</td>
<td>+1.8%</td>
<td>+17.6%</td>
</tr>
<tr>
<td></td>
<td>17.1</td>
<td>14.6</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>-1.3%</td>
<td>-1.1%</td>
<td>+14.6%</td>
</tr>
<tr>
<td></td>
<td>16.7</td>
<td>14.3</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
<td>2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Brazil(^1)</th>
<th>World(^1)</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>2.2</td>
<td>84.0</td>
<td>24.0</td>
</tr>
<tr>
<td></td>
<td>10.3%</td>
<td>+1.7%</td>
<td>+2.1%</td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>85.0</td>
<td>24.5</td>
</tr>
<tr>
<td></td>
<td>9.6%</td>
<td>+2.3%</td>
<td>+5.4%</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>90.0</td>
<td>27.2</td>
</tr>
<tr>
<td></td>
<td>2.9</td>
<td>202</td>
<td></td>
</tr>
</tbody>
</table>

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

Data source: IHS Automotive (10.2018)
New and upcoming Premium and Luxury models enhancing our portfolio offer

- **Q1**
  - A7 Sportback
  - 911 Carrera
  - 911 GT3 RS
  - Aventador S Roadster
  - RS 4 Avant

- **Q2**
  - Urus
  - Huracán Performante Spyder
  - Continental GT
  - 911 GT3 RS

- **Q3**
  - A6 Avant
  - A6 Sedan
  - Q8

- **Q4**
  - Q2 LWB (China)
  - A1 Sportback
  - Macan Facelift

- **2019**
  - e-tron
  - Audi R8 Facelift
  - Tavcan
  - Bentayga Hybrid

Source: Internal planning.
Strong product momentum continues in Volume segments

Volkswagen

Skoda

Seat

Commercial Vehicles

Q1
- up! GTI
- Polo GTI
- Virtus (SAM)
- Karoq LWB (China)

Q2
- Touareg
- Jetta (US)
- Kamiq (China)
- T-Roc LWB (China)

Q3
- Fabia
- Bora (China)
- e-Crafter

Q4
- Cupra Ateca
- Tayron (China)
- E20X (China)
- Crafter Kombi

2019
- T-Cross
- Tarraco
- Passat Facelift (US)
- Scala

Source: Internal planning.
Strong Increase in our SUV mix

SUV mix by region based on expected regional Group sales

Source: Internal planning.
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 OE M’s
- Effects taxation:
  - EU recommendation crossover from Jan. 1, 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 conditions

---

¹) Different implementation of timelines between countries ²) NEDC: New European Driving Cycle
## Clear Financial Targets and Milestones

<table>
<thead>
<tr>
<th>Key financial targets</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Outlook</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating return on sales Before Special Items</td>
<td>6.7%</td>
<td>7.4%</td>
<td>6.5-7.5%</td>
<td>6.5-7.5%</td>
<td>7-8%</td>
</tr>
<tr>
<td>Return on investment Automotive Division before Special Items</td>
<td>13.9%</td>
<td>14.4%</td>
<td>12-14%</td>
<td>13-15%</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td>Capex ratio Automotive Division</td>
<td>6.9%</td>
<td>6.4%</td>
<td>6.5-7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>R&amp;D cost ratio Automotive Division</td>
<td>7.3%</td>
<td>6.7%</td>
<td>6.5-7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Cash a) Net Cashflow Automotive Division</td>
<td>€ 7.2 bn</td>
<td>€ 10.1bn</td>
<td>≥ € 9 bn</td>
<td>≥ € 10 bn</td>
<td>&gt; € 10 bn</td>
</tr>
<tr>
<td>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>€ 22.4 bn</td>
<td>&gt; € 20 bn</td>
<td>&gt; € 20 bn</td>
<td>~10% of Group turnover</td>
</tr>
</tbody>
</table>

---

1) As of 1\textsuperscript{st} August, 2018.  2) Ex diesel payments; cash outflows of around € 3 bn in 2016, €16.1bn in 2017 and € 2.6 bn in H1 2018.
Improving Group results despite significant challenges\(^1\)

**Return on Sales**

- **2016 Base**: 6.7%
- **2017**: 7.4%
- **2020 Target**: 6.5 - 7.5%

**Industry transition**
- e-mobility
- Digitalization
- Autonomous Driving
- Mix Trend (+SUV’s/-diesel)

**Emission costs\(^1\)**
- EU -27% CO\(_2\) emission
- US -35% CO\(_2\) emission
- CN -40% l/km consumption

\(^1\) 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

\[\begin{array}{cccccc}
6.1 & 8.9 & 7.3 & 10.1 & \geq 10 & \geq 10 & \\
\end{array}\]

\(^1\) 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 doubled**

**Earnings per Share (€)**
- 2016: 10.30
- 2017: 22.69

**Dividend per Share (€)**
- 2016: 2.06
- 2017: 3.96

**Dividend pay-out ratio (%)**
- 2016: 19.70
- 2017: 19.00

**Target EPS 2020 over € 25**

**Within current planning round / next 5 years**
- 30% Dividend pay-out ratio

---

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

**DEVELOP STRATEGIC CAPABILITIES**
10. Build mobility solutions business
11. Develop and expand attractive and profitable smart mobility offering
12. Improve operational excellence
13. Optimize business portfolio

**ENHANCE ENTREPRENEURIAL SPIRIT**
14. Drive digital transformation
15. Create organization 4.0
16. Better integrated and strategic planning process

Transform core business

Build mobility solutions business

Secure funding
The Volkswagen Group is speeding up its transformation with the organizational realignment

<table>
<thead>
<tr>
<th>Distributed Group Functions</th>
<th>Brand Groups</th>
<th>Subsidiarity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group steering</strong></td>
<td><strong>Strong brands</strong></td>
<td><strong>Independence</strong></td>
</tr>
<tr>
<td>Lean and effective Group steering by transferring responsibilities to Group BoM members</td>
<td>Use and develop core competences of each individual brand</td>
<td>Maximum subsidiarity for responsibility at all levels</td>
</tr>
<tr>
<td><strong>Focusing</strong></td>
<td><strong>Synergies</strong></td>
<td><strong>Decision-making</strong></td>
</tr>
<tr>
<td>Group BoM focuses on strategic challenges</td>
<td>Closer cooperation between brands by bundling in brand groups</td>
<td>Efficient decision-making through swifter processing in committees, etc. and use of fewer resources</td>
</tr>
<tr>
<td>„All for one and one for all“</td>
<td><strong>High maturity level</strong></td>
<td><strong>Stability</strong></td>
</tr>
<tr>
<td>Shared goals</td>
<td>More intensive exchange, synchronization and harmonization on strategy issues</td>
<td>Strategy process with clear targets, content and workflows</td>
</tr>
</tbody>
</table>
Creation of Brand Groups will reduce the complexity of the Group structure

<table>
<thead>
<tr>
<th>Volume</th>
<th>Premium</th>
<th>Sport &amp; Luxury</th>
<th>Truck &amp; Bus</th>
<th>Procurement/ Components</th>
<th>Finance &amp; IT</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW</td>
<td>Audi</td>
<td>Porsche</td>
<td>MAN</td>
<td>Procurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Škoda</td>
<td>Lamborghini*</td>
<td>Bentley</td>
<td>Scania</td>
<td>Components**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td>Ducati*</td>
<td>Bugatti</td>
<td>Power</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VW LCV</td>
<td></td>
<td></td>
<td>Engineering*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOIA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 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

- Efficient combustion engines and alternative drives
- Battery technology
- Charging infrastructure
- Mobility services
- Self-driving system (SDS)

Sustainable mobility

E-mobility
Paving the way for sustainable 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

Up to the end of 2022: 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 bn 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
- The latest Euro 6 diesel engines deliver above-average performance in the new WLTP\(^1\) cycle
- All new gasoline engines will be equipped with a particulate filter
- Significantly expanding the range of CNG\(^2\) vehicles
- Working on synthetic fuels produced from renewable sources

\(^1\) Worldwide Harmonized Light-Duty Vehicles Test Procedure \(^2\) Compressed Natural Gas
Responsibilities for Electric Toolkit Architecture

- 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

- 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 Taycan will change the premium electric game

with a range of more than 400 km

~ €500 m for the development of Taycan variants and derivatives

Market launch in September 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

* basis: eGolf with comparable battery volume

<table>
<thead>
<tr>
<th>Year</th>
<th>Range (km)</th>
<th>Density (Wh/l)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>190</td>
<td>230</td>
</tr>
<tr>
<td>2017</td>
<td>300</td>
<td>410</td>
</tr>
<tr>
<td>2018</td>
<td>380</td>
<td>650</td>
</tr>
<tr>
<td>2020</td>
<td>420</td>
<td>700</td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

New battery technologies

700 km
1000 Wh/l
all solid state

500 km
800 Wh/l
improved anode and cathode

Energy density, or volumetric energy density, reflects volume in liters (Wh/l).
Battery costs will decrease significantly by 2020

- Target: < 100€ / kWh

- 2013 to 2020 costs decrease:
  - Battery system
  - Battery cell
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

- At least one electrified version for each of the Group's 300 or so models
Launch of Pan-European High-Power Charging Network IONITY

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 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

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

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

Source: Electrify America
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

- **2005**: SEDRIC is Volkswagen Group’s first Level 5 vehicle
- **2017**: Strategic partnership with Aurora
- **2018**: MOIA Battery Electric Special Purpose Shuttle
- **2021+**: Personal Autonomous Vehicles

- **2005**: Autonomous Audi TTS “Shelley” climbs Pikes Peak
- **2010**: “Stanley” Winner Darpa Grand Challenge
- **2018**: Volkswagen Group AV related patents
- **2018**: Foundation AID GmbH
- **2021+**: Urban Shuttle/Carrier/Pod
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

MOIA pilot started and shuttle presented

Joint venture with JAC created for e-mobility

New technology partnerships agreed

Realignment of Group Components approved

Positioning of Group brands sharpened

Board Digitalization Committee established
Driving forward Strategy 2025: Implementation is accelerating II

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy for Truck &amp; Bus</td>
<td>Making good progress</td>
</tr>
<tr>
<td>Volkswagen Components</td>
<td>Becomes independent entity from January 2019</td>
</tr>
<tr>
<td>Fuel cell technology partnership</td>
<td>Agreed</td>
</tr>
<tr>
<td>Strategic cooperation</td>
<td>In discussion</td>
</tr>
<tr>
<td>Turnaround in South America</td>
<td>Initiated</td>
</tr>
<tr>
<td>INDIA 2.0 project</td>
<td>Launched</td>
</tr>
<tr>
<td>Volkswagen</td>
<td>Becomes largest shareholder</td>
</tr>
</tbody>
</table>
### Explore Strategic Alliance

Volkswagen AG and Ford are exploring a strategic alliance.

### Extend Capabilities & Better Serve Customers

The companies are investigating several joint projects – including joint development of a range of commercial vehicles to better serve the evolving needs of customers globally.

### Strengthen Competitiveness

Potential projects aim to strengthen each company's competitiveness; the companies will share updates as talks progress.

### Equity Arrangements not involved

Volkswagen AG and Ford said any strategic alliance would not involve equity arrangements, including cross ownership stakes.

---

1) As of June 19th, 2018.
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 TOGETHER – Strategy 2025 with embedded financial KPI Targets

3. Comprehensive 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. TRATON Global Champion Potential and clear plan to achieve Capital Market Readiness

9. Culture of willingness to change: agile, innovative and integral backed by committed management and employees

10. Priority to work on protecting our Society and Environment for future generations also focusing on Sustainable Supplier Relations

Overarching vision is to become a World-leading Provider of Sustainable Mobility
## Overview Brand Targets (RoS, RoE)

### Return on Sales in %\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>Target 2017</th>
<th>2017</th>
<th>Target 2018</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>6.7</td>
<td>6-7 (moderately exceed)</td>
<td>7.4</td>
<td>6.5-7.5</td>
<td>6.5-7.5</td>
<td>7.0-8.0</td>
</tr>
<tr>
<td>Volkswagen Brand</td>
<td>1.8</td>
<td>3-5 (moderately exceed)</td>
<td>4.1</td>
<td>4-5</td>
<td>4-5</td>
<td>≥6</td>
</tr>
<tr>
<td>Audi</td>
<td>8.2</td>
<td>8-10</td>
<td>8.4</td>
<td>8-10</td>
<td>8-10</td>
<td>8-10</td>
</tr>
<tr>
<td>Porsche Automotive</td>
<td>17.4</td>
<td>&gt;15</td>
<td>18.5</td>
<td>&gt;15</td>
<td>&gt;15</td>
<td>&gt;15</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>8.7</td>
<td>7-8</td>
<td>9.7</td>
<td>8-9</td>
<td>6-7</td>
<td>≥7</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>4.1</td>
<td>3-4</td>
<td>7.2</td>
<td>5-6</td>
<td>4-5</td>
<td>&gt;6</td>
</tr>
<tr>
<td>Truck &amp; Bus Business(^2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Scania</td>
<td>9.5</td>
<td>6-7</td>
<td>6.9</td>
<td>6-7</td>
<td>9(^3)</td>
<td>9(^3)</td>
</tr>
<tr>
<td>• MAN Commercial Vehicles</td>
<td>2.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Return on Equity (norm. 8%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>Target 2017</th>
<th>2017</th>
<th>Target 2018</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Financial Services</td>
<td>15.6%</td>
<td>14-16%</td>
<td>15.8%</td>
<td>14-16%</td>
<td>14-16%</td>
<td>20%</td>
</tr>
</tbody>
</table>

---

\(^1\) Before special items. \(^2\) For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles. \(^3\) Through-cycle Target.
Starting point „TRANSFORM 2025+“ STRATEGY will put the Volkswagen Brand to the top of the automotive industry

STRENGTHEN CORE BUSINESS
2% RoS\textsuperscript{1)}

LEAP TO THE TOP OF ELECTRIC MOBILITY
\geq 4\%\ RoS

MAJOR TRANSFORMATION
\geq 6\%\ RoS

GLOBAL MARKET LEADER IN AUTOMOBILITY
> 6\%\ RoS

2015
2020
2025
2030

1\) Before special items.
### Volkswagen Brand Clear Financial Targets and updated Milestones

<table>
<thead>
<tr>
<th></th>
<th>Forecast 2018</th>
<th>Target 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>up to +10 %</td>
<td>-</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td>4–5 %</td>
<td>4–5 %</td>
</tr>
<tr>
<td>Capex ratio</td>
<td>4–5 %</td>
<td>4–5 %</td>
</tr>
<tr>
<td>R&amp;D ratio</td>
<td>~4 %</td>
<td>4 %</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>Positive operating cash flow(^1)</td>
<td>&gt; € 1 bn</td>
</tr>
</tbody>
</table>

\(^1\) 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 curve**

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

- Striving to become a Global Champion of the truck and transport services industry.
- Further expanding brands’ presence and utilizing strong network of strategic partners to access all major profit pools.
- Aiming to realize significant synergies through cooperation between TRATON’s brands and strategic partners (e.g. Navistar in the USA, Sinotruk in China, HinoMotors in Japan and Asia).
- Goal is to become an industry leader in terms of profitability.
- Future business model: develop solutions for future transportation (in such areas as autonomous driving, electrification and connectivity).
- RIO, the digital brand, as connectivity environment, coordinating partner services within the Group.

Project "Next Level"

- Further increase the company's maturity, efficiency and innovativeness.
- Achievement of capital market readiness: meet technical and structural requirements of the capital market.
- Changed name and legal structure from Volkswagen Truck & Bus GmbH to TRATON AG and in a second step into a Societas Europaea (SE).
- Focus on Commercial Vehicles. Agreement on the sale1 of MAN SE's stake in MAN Energy Solutions SE and RENK AG to subsidiary of VW AG.
- IPO is just one of several options. Dependent on the market environment and economic conditions.
- Final decision of higher regional court (Oberlandesgericht) in appraisal proceeding to MAN SE regarding DPPLTA2. In addition DPPLTA has been terminated with effect as of January 1, 2019.

1) Sale is intended to be completed by year-end 2018. 2) Domination and Profit and Loss Transfer Agreement between MAN SE and TRATON AG.
Volkswagen Financial Services\(^1\): global, well diversified and successful

**Strong global presence**

**Continuous portfolio expansion**

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
<th>Total Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,964</td>
<td>1,505</td>
<td>3,163</td>
<td>7,692</td>
</tr>
<tr>
<td>2009</td>
<td>2,148</td>
<td>1,508</td>
<td>3,567</td>
<td>7,223</td>
</tr>
<tr>
<td>2010</td>
<td>2,246</td>
<td>1,524</td>
<td>3,712</td>
<td>7,482</td>
</tr>
<tr>
<td>2011</td>
<td>2,691</td>
<td>1,623</td>
<td>3,930</td>
<td>8,244</td>
</tr>
<tr>
<td>2012</td>
<td>3,796</td>
<td>1,808</td>
<td>4,551</td>
<td>10,155</td>
</tr>
<tr>
<td>2013</td>
<td>4,549</td>
<td>1,983</td>
<td>4,946</td>
<td>11,528</td>
</tr>
<tr>
<td>2014</td>
<td>6,322</td>
<td>2,274</td>
<td>5,560</td>
<td>14,156</td>
</tr>
<tr>
<td>2015</td>
<td>7,218</td>
<td>2,518</td>
<td>5,833</td>
<td>15,569</td>
</tr>
<tr>
<td>2016</td>
<td>7,641</td>
<td>2,760</td>
<td>6,155</td>
<td>16,556</td>
</tr>
<tr>
<td>2017+</td>
<td>7,632</td>
<td>3,921</td>
<td>5,871</td>
<td>17,424</td>
</tr>
</tbody>
</table>

**Total portfolio: 17,646**

**Rising penetration rates**

\(\text{w/} China\):

- 32.5% in 2008
- 33% in 2009
- 34.9% in 2010
- 36.3% in 2011
- 40.7% in 2012
- 44.5% in 2013
- 46.9% in 2014
- 48.7% in 2015
- 47.8% in 2016
- 49.3% in 2017
- 33.1% in Q3 2018

\(\text{w} \text{ith} \text{China}\):

- 26.4% in 2008
- 25.0% in 2009
- 24.7% in 2010
- 25.4% in 2011
- 27.5% in 2012
- 28.9% in 2013
- 30.6% in 2014
- 31.3% in 2015
- 33.1% in 2016
- 33.7% in Q3 2018

**Diversified funding structure**

- **Asset backed securitization**: 19%
- **Bonds, Commercial Paper, liabilities to financial institutions**: 33%
- **Customer deposits**: 32%
- **Equity, liabilities to affiliated companies, other**: 16%

10.09.2018: € 200.8 bn

---

\(^1\) Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of PorscheAG and MANFinancial Services.
Volkswagen Brand – Turnaround in the US with new products from 2017 onwards

Deliveries to US customers, ‘000’ units

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>300</td>
</tr>
<tr>
<td>2013</td>
<td>290</td>
</tr>
<tr>
<td>2014</td>
<td>280</td>
</tr>
<tr>
<td>2015</td>
<td>270</td>
</tr>
<tr>
<td>2016</td>
<td>260</td>
</tr>
<tr>
<td>2017</td>
<td>250</td>
</tr>
<tr>
<td>2018</td>
<td>266</td>
</tr>
</tbody>
</table>

Market Share %

- 2012: 3.0%
- 2013: 2.6%
- 2014: 2.2%
- 2015: 2.0%
- 2016: 1.8%
- 2017: 2.0%

+5.5% increase from 2016 to 2017

**2017**
- Atlas
- Tiguan
- Refreshed Golf

**2018-19**
- Jetta
- Passat
- Arteon

**2019-21**
- Midsize SUV 5s
- Compact SUV
- ID Crozz
A product offensive is initiating a new growth phase in South America

<table>
<thead>
<tr>
<th>Product offensive in South America</th>
<th>Key measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polo G</td>
<td>• Restructuring: reduce capacities and fixed costs</td>
</tr>
<tr>
<td>Virtus</td>
<td>• Increase productivity, align products to local requirements</td>
</tr>
<tr>
<td>[Image of Polo G]</td>
<td>• Product offensive, €2.5bn investment</td>
</tr>
<tr>
<td>[Image of Virtus]</td>
<td>• New brand positioning</td>
</tr>
<tr>
<td>[Image of covered car]</td>
<td>• New growth strategy for Latin America</td>
</tr>
</tbody>
</table>
Volkswagen Group China performance
(January to September 2018 vs. 2017)

Proportionate operating profit, January to September (in € billion)

- 1-9 2017: 3.3
- 1-9 2018: 3.3

% Change:
- January – September 2017: +5.0%
- January – September 2018: +0.8%

0 500 1,000 1,500 2,000 2,500 3,000 3,500 4,000 4,500
0 500 1,000 1,500 2,000 2,500 3,000 3,500 4,000 4,500

'000 units

VOLKSWAGEN

INCREASE

+1.9%
+15.4%
+17.9%
+4.0%
-42.8%

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

### CAFC\(^1\) and NEV Credit System

- Independent calculation of CAFC\(^1\) and NEV credits
- Companies need to fulfill **both requirements**

#### CAFC\(^1\) 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 CAFC\(^1\) credits to NEV credits
- No Carry-over except for year 2016 and 2019
- Free Trading of NEV credits allowed

### MIIT\(^2\) for NEV Credit Calculation

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>min. NEV credit points</td>
<td>None</td>
<td>10%</td>
<td>12%</td>
</tr>
</tbody>
</table>

\(^3\) ICE = Internal Combustion Engine  \(^4\) BEV = Battery Electric Vehicle  \(^5\) PHEV = Plug-in Hybrid Electric Vehicle

**Example 2019:**
1 million ICEs need 100,000 NEV credit points

### NEV Credit Point Attribution per NEV Type

- **BEV\(^4\):** Basic credit $= 0.012 \times \text{Range} + 0.8$ (max. 5 basic credits)
  - BEV additional factor for low electric consumption up to 1.2
- **PHEV\(^5\):** 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 $\geq 80$km but high electric consumption

---

\(^1\) CAFC = Corporate Average Fuel Consumption  \(^2\) MIIT = Ministry of Industry and Information Technology  

---

56
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**

**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

**Mass market BEV cooperation**
New product offering with an expanded SUV line-up\(^1\)

China deliveries by bodystyle (in ‘000 units)

<table>
<thead>
<tr>
<th>Volkswagen Group</th>
<th>2016</th>
<th>2017</th>
<th>Target 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedan</td>
<td>3,982</td>
<td>4,184</td>
<td>≥40%</td>
</tr>
<tr>
<td>Hatchback</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MPV</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUV</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>14%</td>
<td>+32%</td>
<td>18%</td>
</tr>
</tbody>
</table>

SUV offensive of Volkswagen Group China

- **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\(^1\)Source: IHS.  2\(^2\)Schematic overview – does not show all models.
Volkswagen Group China opens new factories to strengthen SUV offensive and e-Mobility

**Production capacity will increase**

### Factories starting in 2018

<table>
<thead>
<tr>
<th>Location</th>
<th>Key Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tianjin</td>
<td>Start in August</td>
</tr>
</tbody>
</table>
| Qingdao  | Opening ceremony on May 28  
New Bora & 2 Audi models on MQB platform  
ICE & EV production on one production line  
Production of battery systems |
| Hefei    | First production model unveiled  
May 25  
Production of JAC Volkswagen’s SOL brand |

**SKODA**

- **Production** 2017: 3,157
- **Capacity** 2017: 1,174 (40% of target)
- **Capacity** 2020: 3,172 (110% of target)

**Audi**

- **Production** 2017: 553

**Notes:**
1) Actual production volume in '000 vehicles  
2) Available capacity on the basis of 250 working days.
## Special Items: Diesel related and other

<table>
<thead>
<tr>
<th>Year</th>
<th>Diesel</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(€ bn)</td>
<td>Restructuring:</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>Truck Business: 0.2</td>
<td>16.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Passenger Cars South America: 0.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Airbags Takata: 0.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>Scania Anti-Trust Proceedings: 0.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others: 0.7</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>6.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>Buyback/retrofit program: 2.2</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legal: 1.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>Legal: 2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>October</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total to date</td>
<td>28.2</td>
<td>1.8</td>
<td>30.0</td>
</tr>
</tbody>
</table>

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 € 3.3 bn in Q1-Q3 2018.
Resolving the diesel crisis: Substantial progress in all markets

Worldwide recall/service campaigns driven forward:
Software flashes in Germany currently 96% complete; substantial progress also in Europe (77%) and worldwide (71%)

Major progress in modifications in North America:
Around 90 percent of the 2.0l and 3.0l TDI vehicles affected in the U.S. have already been retrofitted, bought back, or otherwise remediated (as of June 2018)
We have reached the targets set by EPA and Carb for the 2.0l settlement and are on track to achieve the targets in the 3.0L settlement within the specified timeframe.

Group environmental incentive made significant contribution to improving air quality in German cities:
More than 240,000 customers decided to switch to environmentally friendly vehicles (terminated by 30.06.2018)

Electrify America underway:
Investment plan for zero emissions vehicles (ZEV) approved by authorities and implementation has already started

Timeframe of legal proceedings expected to be long!
With “Together4Integrity” we have launched a Group-wide integrity and compliance program

**STRATEGY**
Ethics and compliance is central to business strategy

**RISK MANAGEMENT**
Ethics and compliance risks are identified, owned, managed and mitigated

**CULTURE OF INTEGRITY**
Leaders at all levels across the organization build and sustain a culture of integrity

**SPEAK-UP ENVIRONMENT**
The organization encourages, protects and values the reporting of concerns and suspected wrongdoing

**RESOLUTE ACCOUNTABILITY**
The organization takes action and holds itself accountable when wrongdoing occurs
We need to foster and live a new culture

**NEW CULTURE**

- **Fair competition** instead of war
- **Brand collaboration** instead of internal rivalry
- **Open and honest** instead of backdoor approach
- **Transparent communication** instead of corral mentality
- **Multicultural** instead of “Mittellandkanal”
- **Decentralized** instead of centralistic
- **More Pikes Peak** instead of Le Mans
Overview of timeline and 1st Monitor Audit-Report

Structure
- 50 pages, 14 chapters + 1 Appendix
- two violations are referenced
- seven “recommended actions to achieve compliance” with the Consent Decrees are separately embedded

Further information online available at: https://www.vwcourtsettlement.com/en/2-0-models/.
### Upcoming tasks to master challenges and make use of opportunities

<table>
<thead>
<tr>
<th>Continueto resolve the diesel crisis</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Conclude worldwide recall campaigns and service actions</td>
</tr>
<tr>
<td>- Manage legal proceedings worldwide</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improving the Core Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Profitability in NAR / SAM / Russia</td>
</tr>
<tr>
<td>- Drive Future Pact Brand Volkswagen further</td>
</tr>
<tr>
<td>- Cash Generation and Capex/R&amp;D discipline</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transformation towards more E-Mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td>- CO₂ Compliance / WLTP implementation</td>
</tr>
<tr>
<td>- Profitability of Electric Vehicles</td>
</tr>
<tr>
<td>- Governance / Compliance / Culture</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strengthen Innovation Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Digitalization &amp; Connectivity</td>
</tr>
<tr>
<td>- Profitable Mobility Services</td>
</tr>
</tbody>
</table>
Investor Relations Team

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

Oliver Larkin (Wolfsburg / London office)
Head of Group Investor Relations
E-Mail: Oliver.Larkin1@volkswagen.de
Telephone: +49 5361 9 49840

Helen Beckermann (Wolfsburg office)
Senior Investor Relations Manager
E-Mail: Helen.Beckermann@volkswagen.de
Telephone: +49 5361 9 49015

Andreas Buchta (Wolfsburg office)
Senior Investor Relations Manager
E-Mail: Andreas.Buchta@volkswagen.de
Telephone: +49 5361 9 40765

Lennart Schmidt (China office)
Investor Relations Manager
E-Mail: Lennart.Schmidt@volkswagen.com.cn
Telephone: + 86 10 6531 4732

Alexander Hunger (Wolfsburg office)
Senior Investor Relations Officer
E-Mail: Alexander.Hunger@volkswagen.de
Telephone: +49 5361 9 47420

Ulrich Hauswaldt (Wolfsburg office)
Investor Relations Officer
E-Mail: Ulrich.Hauswaldt@volkswagen.de
Telephone: +49 5361 9 42224

Andreas Kowalczyk (Wolfsburg office)
Investor Relations Officer
E-Mail: Andreas.Kowalczyk@volkswagen.de
Telephone: +49 5361 9 23183

Monika Kowalski (Wolfsburg office)
Investor Relations
E-Mail: Monika.Kowalski@volkswagen.de
Telephone: +49 5361 9 31106

The official website of Volkswagen Group Investor Relations. Company topics, brand channels, innovation and information.
Shaping the transformation together.
## The Shareholder Structure, Supervisory and Management Board

### Shareholder Structure of Volkswagen AG

<table>
<thead>
<tr>
<th>Number of Outstanding Shares</th>
<th>Preferred shares 206,205,445</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>295,089,818</td>
</tr>
</tbody>
</table>

### Current Voting Rights Distribution

<table>
<thead>
<tr>
<th>Others</th>
<th>58,9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar Holding</td>
<td>41,1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State of Lower Saxony</th>
<th>Dr. Bernd Althusmann</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porsche AG</td>
<td>Dr. Louise Kiesling</td>
</tr>
<tr>
<td>Automobil Holding SE</td>
<td>Dr. Ju. Hans Michel Piëch</td>
</tr>
<tr>
<td>Dr. Ju. Ferdinand Oliver Porsche</td>
<td>Dr. rer. comm. Wolfgang Porsche</td>
</tr>
</tbody>
</table>

### Works Council

<table>
<thead>
<tr>
<th>Bernd Osterloh</th>
<th>Dr. Herbert Diess</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birgit Dietze</td>
<td>Dr. Oliver Blume</td>
</tr>
<tr>
<td>Dr. Hans-Peter Fischer</td>
<td>Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann</td>
</tr>
<tr>
<td>Jörg Hofmann</td>
<td></td>
</tr>
<tr>
<td>Uwe Hück</td>
<td></td>
</tr>
<tr>
<td>Johan Järvklo</td>
<td></td>
</tr>
<tr>
<td>Ulrike Jakob</td>
<td></td>
</tr>
<tr>
<td>Peter Mosch</td>
<td></td>
</tr>
<tr>
<td>Bertina Murkovic</td>
<td></td>
</tr>
<tr>
<td>Athanasios Stimioniaris</td>
<td></td>
</tr>
</tbody>
</table>

### Chairman

| Hans Dieter Pötsch              |                               |

### Chairman of VW AG and VW Passenger Cars brand

| Dr. Herbert Diess              |                               |

### China

| Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann |                               |

### Human Resources

| Gunnar Kilian                  |                               |

### TRATON Group and Power Engineering

| Andreas Renschler              |                               |

### Audi AG (interim)

| Abraham Schot                  |                               |

### Integrity and Legal Affairs

| Hiltrud Dorothea Werner        |                               |

### Finance and IT

| Frank Witter                   |                               |

### Components and Procurement

| Dr. Stefan Sommer              |                               |
# Volkswagen Group – Key Credit Ratings

<table>
<thead>
<tr>
<th>Current Ratings¹</th>
<th>Long Term</th>
<th>Short Term</th>
<th>Long Term</th>
<th>Short Term</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen AG</strong></td>
<td>BBB+</td>
<td>A-2</td>
<td>A3</td>
<td>P-2</td>
</tr>
<tr>
<td><strong>Volkswagen Financial Services AG</strong></td>
<td>BBB+</td>
<td>A-2</td>
<td>A3</td>
<td>P-2</td>
</tr>
<tr>
<td><strong>Volkswagen Bank GmbH</strong></td>
<td>A-**</td>
<td>A-2</td>
<td>A1**</td>
<td>P-1</td>
</tr>
<tr>
<td><strong>Outlook</strong></td>
<td>Stable (*Negative)</td>
<td>Stable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ as of August 31, 2018  
²**S&P: BBB+ Senior Subordinated Rating; Moody’s: A3 Senior Unsecured Rating**
Automotive Division Net Cash Flow (ex Diesel payments)\(^1\)
(January to September 2018)

\[^{1}\text{Including allocation of consolidation adjustments between Automotive and Financial Services divisions.}\]
Automotive Division – Research and Development Costs
(january to september 2018 vs. 2017)

€ million

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total R&amp;D costs</td>
<td>9,844</td>
<td>9,850</td>
</tr>
<tr>
<td>of which capitalized</td>
<td>-4,210</td>
<td>-3,505</td>
</tr>
<tr>
<td>amortization</td>
<td>2,602</td>
<td>2,812</td>
</tr>
<tr>
<td>recognized in the income statement</td>
<td>8,236</td>
<td>9,157</td>
</tr>
</tbody>
</table>
The remuneration system is designed to be completely forward-looking

Old system: backward-looking

- LTI (4 years retrospectively)
- Special remuneration (2 years retrospectively)
- PLB
- Fixed remuneration

Since January 2017: forward-looking

- Payout after FY_n
- Performance Share Plan (3 years forward-looking)
- Payout after FY_{n+2}
- Annual Bonus
- Fixed remuneration
## What's new with WLTP?

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>More realistic driving behaviour</td>
<td>Higher average and maximum speeds</td>
</tr>
<tr>
<td>A greater range of driving situations (urban, suburban, main road, motorway)</td>
<td>Higher average and maximum drive power</td>
</tr>
<tr>
<td>Longer test distances</td>
<td>Shorter stops</td>
</tr>
<tr>
<td>More dynamic and representative accelerations and decelerations</td>
<td>More realistic ambient temperatures, closer to the European average</td>
</tr>
<tr>
<td>stricter car set-up and measurement conditions</td>
<td>Optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built</td>
</tr>
<tr>
<td></td>
<td>Instead of average values, WLTP can give best and worst-case figures – better representing highly diverging driving styles</td>
</tr>
</tbody>
</table>
Volkswagen AG
Lennart Schmidt – Investor Relations Manager

Volkswagen Financial Services
Bernd Bode – Head of Group Treasury and Investor Relations

Volkswagen Financial Services Japan Limited
Shuhei Kashimoto - Head of Treasury, Japan, Australia, Korea and Taiwan
# Volkswagen Group – Rating Volkswagen AG

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Long Term</th>
<th>Short Term</th>
<th>Long Term</th>
<th>Short Term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S&amp;P Global</td>
<td></td>
<td>Moody’s</td>
</tr>
<tr>
<td>20 March 2018</td>
<td>BBB+</td>
<td>A-2</td>
<td>A3</td>
<td>P-2</td>
</tr>
<tr>
<td></td>
<td>Outlook stable</td>
<td></td>
<td>Outlook stable</td>
<td></td>
</tr>
<tr>
<td>07 November 2017</td>
<td>BBB+</td>
<td>A-2</td>
<td>A3</td>
<td>P-2</td>
</tr>
<tr>
<td></td>
<td>Outlook stable</td>
<td></td>
<td>Outlook negative</td>
<td></td>
</tr>
<tr>
<td>30 June 2015</td>
<td>A</td>
<td>A-1</td>
<td>A2</td>
<td>P-1</td>
</tr>
<tr>
<td></td>
<td>Outlook stable</td>
<td></td>
<td>Outlook stable</td>
<td></td>
</tr>
</tbody>
</table>
Volkswagen Group Funding Strategy – Overview\(^1\)

### Diversification of Funding Sources
- Direct Banking Deposits: 15%
- Hybrid Bonds: 6%
- Commercial Paper: 8%
- Medium Term Notes / Bonds: 33%
- ABS: 19%
- Bank Loans: 19%

### Currencies – Breakdown
- EUR: 65%
- USD: 11%
- GBP: 11%
- AUD: 2%
- CAD: 3%
- JPY: 2%
- SEK: 1%
- CNY: 1%
- other\(^2\): 2%

---

\(^1\)as of September 30, 2018

\(^2\) BRL, CZK, INR, MXN, NOK, NZD, RUB, TRY

Source: Volkswagen Group
### Volkswagen Group – Funding Programs & Outstandings
September 30, 2018 in € billion

<table>
<thead>
<tr>
<th>Money and Capital Markets</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Papers</td>
<td>16.2</td>
</tr>
<tr>
<td>Medium Term Notes / Bonds</td>
<td>66.4</td>
</tr>
<tr>
<td><em>thereof: Hybrid Bonds</em></td>
<td>12.5</td>
</tr>
<tr>
<td>ABS</td>
<td>36.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Borrowings</th>
<th>Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed Lines</td>
<td>18.3</td>
</tr>
<tr>
<td>Uncommitted Lines</td>
<td>26.9</td>
</tr>
<tr>
<td>Supranationals, development banks, government, other</td>
<td>24.2</td>
</tr>
<tr>
<td>Direct Banking Deposits</td>
<td>./.</td>
</tr>
<tr>
<td></td>
<td>30.7</td>
</tr>
</tbody>
</table>
Volkswagen Group Funding Strategy – Maturity Profile (in € million)\(^1\)

Source: Volkswagen Group

\(^{1}\) as of September 30, 2018
Volkswagen Group Funding Strategy – Main Guarantors and Issuers

Volkswagen AG

BBB+ (s) / A3 (s)¹

Volkswagen International Finance N.V.
Volkswagen Group of America Finance, LLC
Volkswagen Credit Canada, Inc.

Volkswagen FS AG
BBB+ (s) / A3 (s)¹

Volkswagen Financial Services AG
Volkswagen Financial Services N.V.
Volkswagen Leasing GmbH

Volkswagen Bank GmbH
A-** (n) / A1 (s)³

¹Credit Ratings from Standard&Poors / Moody’s
²S&P: BBB+ Senior Subordinated Rating; Moody’s: A3 Junior Senior Unsecured Rating
Volkswagen Group Funding Strategy – Major Issuances in 2018

March: CAD 1.50bn Volkswagen Credit Canada, Inc.

April: EUR 2.25bn Volkswagen Financial Services AG

June: EUR 2.00bn Volkswagen Bank GmbH
     EUR 2.75bn Volkswagen International Finance N.V. - Hybrid Bond

August: EUR 2.50bn Volkswagen Leasing GmbH

Oktober: EUR 2.60bn Volkswagen Financial Services AG
Automotive Division – Net Cash Flow drives solid Net Liquidity¹
(January to September 2018)

¹All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
The Key to Mobility
Creating Value with Financial Services
Investor Update –
Volkswagen Financial Services
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.

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

* Allocation will be verified
** Temporarily responsibility of Group CEO, will be a combined Board of Management function
Volkswagen Group –
Group structure of Volkswagen Financial Services

**Volkswagen Financial Services**

- **FINANCIAL SERVICES DIVISION**
  - **Volkswagen Financial Services**
    - **Volkswagen Bank Gmbh**
    - **Volkswagen Financial Services AG**
      - Volkswagen Financial Services Digital Solutions Gmbh
      - European Volkswagen Bank Gmbh branches and European credit business affiliates
    - European non-bank related affiliates and affiliates in Asia-Pacific and Latin America
  - **Automotive Division**
    - **Porsche Financial Services Gmbh**
    - **Scania Financial Services**
    - **Porsche Holding Salzburg – Financial Services**
    - **FS companies in USA, Canada & Spain**
      - Volkswagen Leasing Gmbh
      - Volkswagen Versicherungsdienst Gmbh
      - MAN Financial Services Gmbh
We offer the whole range of services under one roof*

*Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.
### At a Glance (06/30/2018)

#### Volkswagen Bank GmbH

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 84.3 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 11.4 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 33.7 bn</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 567 m</td>
</tr>
<tr>
<td>Employees</td>
<td>3,584</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>5.7 m</td>
</tr>
</tbody>
</table>

#### Business Volume* € 68.4 bn

- Leasing: € 25.3 bn
- Credit: € 30.0 bn
- Dealer financing: € 13.1 bn

*Receivables + Leased Assets

#### Volkswagen Financial Services AG

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 73.6 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 8.0 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>68.5 m</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 329 m</td>
</tr>
<tr>
<td>Employees</td>
<td>8,449</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>8.4 m</td>
</tr>
</tbody>
</table>

#### Business Volume* € 51.5 bn

- Leasing: € 31.5 bn
- Credit: € 16.1 bn
- Dealer financing: € 3.9 bn

*Receivables + Leased Assets
Contract Portfolio

Continuous portfolio expansion

Volkswagen Bank GmbH
in ‘000 units

- Leasing
  - 2011: 2,055
  - 2013: 2,351
  - 2015: 2,820
  - 2017: 5,534
  - HY 18: 5,711

- Credit
  - 2011: 2,462
  - 2013: 1,489
  - 2015: 1,760

Volkswagen Financial Services AG*
in ‘000 units

- Leasing
  - 2011: 6,852
  - 2013: 8,848
  - 2015: 12,081
  - HY 18: 8,397

- Credit
  - 2011: 4,579
  - 2013: 1,617
  - 2015: 2,201

*Figures of Volkswagen Bank GmbH consolidated within Volkswagen Financial Services AG until 2016
Credit Risk is the predominant risk type whereof the major share is originated from well diversified retail business with a low risk profile.

Other relevant risk types:
- Residual Value Risk
- Earning Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2017
Credit risk remains at low level despite challenging market environment

- **Total Provision Ratio**
- **Dynamic Loss Ratio**

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

**Dynamic Loss Ratio** = drawings on provisions including direct write-offs relative to the average volume of receivables (last four quarters)
• Generally, Automotive and Financial Services Division are operating “at Arms Length” when setting residual values. Adequate provisioning for our existing portfolio is done on the basis of a regular portfolio assessment.

• All residual value risks are completely covered by provisions and equity according to IAS 36.
Strategic Funding Allocation as of June 30, 2018

Volkswagen Bank GmbH
Total € 84.3 bn

Volkswagen Financial Services AG
Total € 73.7 bn
Worldwide Capital Market Activities

Volkswagen Financial Services Group
- €5 bn CP Program
- €25 bn Debt Issuance Program

Volkswagen Bank
- €2.5 bn CP Program
- €10 bn Debt Issuance Program

VW Bank Russia*
- Domestic 100bn RUB Bond Program

VW FS Korea
- Domestic KRW Bond Issuances

VW FS Japan*
- JPY 60 bn ECP Program

VW Finance (China)
- Domestic RMB Bond Issuances

VW FS Australia*
- AUD 3 bn Debt Issuance Program

Volkswagen Leasing Mexico*
- MXN 20 bn Dual CP + MTN Program
- VW Bank Mexico*
- MXN 7 bn Debt Issuance Program

VDF Turkey
- Domestic TRY Bond Issuances

Banco VW Brazil
- Domestic Letra Financeira

VW FS India
- Domestic INR CP + Bond Issuances

* Guarantee Volkswagen Financial Services AG
Worldwide ABS Activities

- **Volkswagen Bank GmbH Programs**
  - VW Leasing/DutchLease
    - VCL Master
    - DFM
    - DFM Master
  - VW Bank
    - Driver program
    - Driver Master
  - VW Leasing
    - VCL program
    - VCL Master
  - MAN Financial Services
    - Trucknology
  - VW Finance China
    - Driver China program
  - VW FS UK
    - Driver UK program
    - Driver UK Master
  - VW Finance Spain
    - Driver España program
  - Volkswagen Bank France
    - Driver France program
  - Volkswagen Bank Italy
    - Driver Italia program
  - Volkswagen FS Australia
    - Driver Australia program
    - Driver Australia Master
  - VDF Turkey
    - Driver Turkey Master
  - Banco VW Brazil
    - Driver Brasil program
  - Driver España program
  - Driver Italia program
  - Driver Turkey Master
  - Driver UK program
  - Driver UK Master
  - Driver China program
  - Driver Japan program
Volkswagen Financial Services follows consequently its vision and the targets of Route2025.
ROUTE 2025 | Our Focus Topics

Digitalization

Operational Excellence

Mobility Services

Used Car Business
Outlook

We anticipate that the trend toward an increase in new contracts and growth in the portfolio of current contracts from previous years will continue. In addition, we assume that we will be able to keep our 2018 penetration rate at 2017 levels in a vehicle market generally expected to expand more slowly. We expect the business volume to increase slightly.

Assuming that margins remain stable, 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.)

We anticipate that we will be able to sustain stable levels of new contracts, current contracts, penetration and volume of business in 2018. The volume of deposits is also projected to remain stable in 2018.

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.)
Volkswagen AG

Lennart Schmidt – Investor Relations Manager

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations

Volkswagen Financial Services Japan Limited

Shuhei Kashimoto - Head of Treasury, Japan, Australia, Korea and Taiwan
Volkswagen Affiliates in Japan

Volkswagen AG
  100%
  VWFS AG
    100%*
    Volkswagen Financial Service Japan Ltd
      100%
      VAREC Ltd.

Volkswagen AG
  100%
  VOLKSWAGEN Group Japan KK
    100%
    Bentley
    VTT
    Volkswagen Japan Sales KK

Audi AG
  100%
  Audi Japan KK
    100%
    Lamborghini
    Audi Japan Sales KK

Ducati Japan KK
  100% (indirect)

Note: as of 31 October 2018

* As of 1 November 2018, VWFS AG changed ownership of VWFSJ from direct one to indirect one (through Volkswagen Finance Overseas B.V.).
## Corporate Summary

<table>
<thead>
<tr>
<th><strong>Company Name</strong></th>
<th>Volkswagen Financial Services Japan Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Head Office Address</strong></td>
<td>Gotenyama Trust Tower 17F, 4-7-35 Kitashinagawa, Shinagawa-ku, Tokyo 140-0001, Japan</td>
</tr>
<tr>
<td><strong>Date of Establishment</strong></td>
<td>September 1990</td>
</tr>
<tr>
<td><strong>Paid-in Capital</strong></td>
<td>¥1.01 billion (100%-owned and consolidated subsidiary of Volkswagen Financial Services AG)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>¥357.36 billion</td>
</tr>
<tr>
<td><strong>Representative</strong></td>
<td>Masayuki Yokose</td>
</tr>
<tr>
<td><strong>Number of Employees</strong></td>
<td>79</td>
</tr>
</tbody>
</table>
| **Partner Dealer Network** | Volkswagen: 256  
| | Audi: 126  
| | Bentley: 9  
| | Lamborghini: 9  
| | Ducati: 46 |
| **Corporate Website** | http://www.vfj.co.jp |

*Note: as of 30 September 2018*
Corporate History

1989: VW Audi Nippon KK (VAN) launched imports and sales

1990: Establishment of FS as Joint venture between VW (51%) & Nippon Shinpan (49%)

1996: Foundation of Volkswagen Financial Consultant Service KK (VWFCS) and VWFSJ became an affiliated company of VWFSAG (100%)

2002: VW FS Real Estate Corporation (VWREC) was established for outlet leasing

2007: VWFSJ merged with VWFCS

2012: VWFSJ established its Driver Japan auto ABS program
Innovative Financial Products and Services

- Dealer Finance
- Finance Leasing
- Brand Insurance
- Credit Card
- Audi Premium Car Sharing
- Audi Carbon Offset
- Sales Support System “EVAS”
Organisation Chart

Board Management

President: M. Yokose
EVP: A. Romanin

Compliance
Audit

Sales
Marketing
Treasury
IT
Human Resources & General Affairs
Risk Management
Accounting
Service Center
Financial Controlling

Note: as of 30 September 2018
Domestic Funding Sources\(^1\)

- **Bank Loans; 47.74%**
- **Asset Backed Securitization; 37.74%**
- **Commercial Paper; 3.87%**
- **EMTN; 10.65%**

**Total Amount:** ¥310bn

Note: as of 30 September 2018
Domestic Automotive Market

Sales of total passenger car market

Source: JAMA, JADA. “2018 FC” stands for VWFSJ’s forecast for 2018.

*Light passenger cars meet regulations for owners to enjoy tax and other benefits. Typically light vehicles with engines under 660cc.
Domestic Automotive Market

Import Auto Sales and Passenger Segment Market Share

Source: JAIA. “2018 FC” stands for VWFSJ’s forecast for 2018.
Domestic Automotive Market Share Trend (Total)

Passenger Car Segment

Source: JAMA, JADA, JAIA
Domestic Automotive Market Share Trend (Import Only)

Passenger Car Segment

Source: JAIA

2018 YTM Market Share

- Mercedes-Benz: 21.5%
- Volkswagen: 16.9%
- BMW: 16.0%
- Audi: 9.2%
- BMW MINI: 8.4%
- Volvo: 5.5%
- Jeep: 3.7%
- Peugeot: 3.4%
- Fiat: 2.8%
- Fiat: 2.3%
Contacts

Lennart Schmidt
Group Investor Relations (Beijing Office)
Volkswagen AG
Tel.: +86 106 531 4132
Lennart.schmidt@volkswagen.com.cn
www.volkswagenag.com/ir

Bernd Bode
Group Treasury and Investor Relations
Volkswagen Financial Services
Tel.: +49 531 212 3807
bernd.bode@vwfs.com
www.vwfsag.com

Shuhei Kashimoto
Head of Treasury, Japan, Australia, Korea and Taiwan
Volkswagen Financial Services Japan
Tel.: + 81-3-5792-7257
shuhei.kashimoto@vwfs.com