Volkswagen Group: Financial sustainability on core strengths

Volkswagen Aktiengesellschaft
Fixed Income Conference with Société Générale, Paris, 7 October 2014
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Volkswagen Group: Paris, 7 October 2014

Alexander J. Hunger – Group Investor Relations
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Volkswagen AG

Ulrich Hauswaldt – Investor Relations
Volkswagen Financial Services AG

Nils Allnoch – Debt Capital Markets & Rating
Volkswagen Financial Services AG
Volkswagen Group – leveraging the power of three strong pillars

<table>
<thead>
<tr>
<th>Volkswagen Automotive Division</th>
<th>Financial Services Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Cars</td>
<td>Volkswagen Financial Services</td>
</tr>
<tr>
<td>🚘 Volkswagen</td>
<td>Europe / Asia-Pacific / North and South America</td>
</tr>
<tr>
<td>🚘 Audi</td>
<td>Financial Services</td>
</tr>
<tr>
<td>🚘 Škoda</td>
<td>USA / Canada / Spain / Argentina</td>
</tr>
<tr>
<td>🚘 Bentley</td>
<td>Scania Financial Services</td>
</tr>
<tr>
<td>🚘 Bugatti</td>
<td>Porsche Holding Financial Services</td>
</tr>
<tr>
<td>🚘 Lamborghini</td>
<td>Porsche Financial Services</td>
</tr>
<tr>
<td>🚘 Ducati</td>
<td></td>
</tr>
<tr>
<td>Remaining companies</td>
<td></td>
</tr>
</tbody>
</table>
Volkswagen Financial Services at a Glance (06/30/2014)

Worldwide presence

Volkswagen Financial Services conducts business in 49 countries

Key company figures

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 126.6 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 14.7 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 25.3 bn</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 776 m</td>
</tr>
<tr>
<td>Employees</td>
<td>11,859</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>11.5 m</td>
</tr>
</tbody>
</table>

Business Volume* € 105.9 bn

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Leasing</td>
<td>€ 37.4 bn</td>
</tr>
<tr>
<td>Wholesale</td>
<td>€ 13.9 bn</td>
</tr>
<tr>
<td>Credit</td>
<td>€ 54.6 bn</td>
</tr>
</tbody>
</table>

*Receivables + Leased Assets
Volkswagen Financial Services: Our business model
Volkswagen Financial Services offers the whole range of services under one roof

- **Bank**
  - Retail Finance
  - Dealer Finance
  - Factoring
  - Deposits
  - Instalment Loans
  - Investment Products

- **Leasing**
  - Finance Lease
  - Operating Leasing

- **Insurance**
  - Automotive
  - Payment Protection
  - Industry

- **Mobility**
  - Fleet Management
  - Tyre
  - Wear & Tear
  - Long-term rent
  - Short-term rent
  - Carsharing
Strong Benefits for Automotive through Captive

**Equipment**

- Cash Payer: 100%
- Captive Customer: 126%

+ 26%

**Turnover**

- Cash Payer: 7.2 years
- Captive Customer: 4.8 years

Holding Period (years)

**Brand Loyalty**

- Cash Payer: 34%
- Captive Customer: 66%

Switch to Competitor

- Cash Payer: 23%
- Captive Customer: 76%

Stay Loyal
3 Growth Dimensions
Penetration Rates

Rising penetration rates

- Without China: 26.4% in 2008, rising to 32.5% in 2012, and 44.20% in H1 2014.
- With China: 25.0% in 2008, rising to 27.5% in 2011, and 29.70% in H1 2014.
Risk Management

* Liquidity Risk, Strategic Risk, Reputational Risk, Market Price Risk, Shareholder Risk + Issuer Risk + Counterparty Risk
Credit risk remains at low level despite challenging market environment
Volkswagen Financial Services – Residual Value

Residual value risks well covered by provisions

**Units**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>1,102,203</td>
<td>1,204,342</td>
<td>1,279,833</td>
<td>1,410,842</td>
<td>1,538,292</td>
</tr>
<tr>
<td>Provision per car in €</td>
<td>548</td>
<td>482</td>
<td>517</td>
<td>553</td>
<td>484</td>
</tr>
<tr>
<td>Risk per car in €</td>
<td>282</td>
<td>386</td>
<td>423</td>
<td>352</td>
<td>352</td>
</tr>
<tr>
<td>in € m</td>
<td>310</td>
<td>465</td>
<td>541</td>
<td>496</td>
<td>514</td>
</tr>
</tbody>
</table>

1) retroactive inclusion of contracts from employee/staff car leasing and long-term rentals
## Volkswagen Financial Services

### Key data 2010 – HJ 2014 (IFRS)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>HJ 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio (‘000)</td>
<td>7,481</td>
<td>8,245</td>
<td>9,640</td>
<td>10,725</td>
<td>11,514</td>
</tr>
<tr>
<td>Retail + Leasing receivables (€ mn)</td>
<td>52,916</td>
<td>57,386</td>
<td>64,255</td>
<td>66,916</td>
<td>74,318</td>
</tr>
<tr>
<td>Wholesale receivables (€ mn)</td>
<td>10,106</td>
<td>11,942</td>
<td>12,942</td>
<td>13,154</td>
<td>13,857</td>
</tr>
<tr>
<td>Customer deposits (€ mn)</td>
<td>20,129</td>
<td>23,795</td>
<td>24,899</td>
<td>24,286</td>
<td>25,329</td>
</tr>
<tr>
<td>Employees</td>
<td>7,741</td>
<td>8,335</td>
<td>10,133</td>
<td>10,945</td>
<td>11,859</td>
</tr>
<tr>
<td>IFRS profit before tax (€ mn)</td>
<td>1,096</td>
<td>1,309</td>
<td>1,414</td>
<td>1,711</td>
<td>842</td>
</tr>
</tbody>
</table>
Volkswagen Group: Paris, 7 October 2014

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Ulrich Hauswaldt – Investor Relations
Volkswagen Financial Services AG

Nils Allnoch – Debt Capital Markets & Rating
Volkswagen Financial Services AG
Funding structure Volkswagen Financial Services AG
Total € 100.6 bn

Remark: strategic funding allocation

as of 30 June 2014
Volkswagen Financial Services’ Worldwide Capital Market Activities

- **VW Credit Canada Inc.**
  - CAD 1 bn CP Program

- **VW FS Group**
  - € 10 bn CP Program
  - € 25 bn Debt Issuance Program

- **VW Bank**
  - € 2.5 bn CP Program
  - € 10 bn Debt Issuance Program

- **VW Bank Polska**
  - PLN 3 bn Debt Issuance Program

- **VW Credit Inc. (USA)**
  - $ 4 bn CP Program (VWoA + VW Credit Inc.)
  - € 10 bn CP Program (VW Group)
  - € 30 bn Debt Issuance Program (VW Group)
  - 144a Bond issuances via VWGoAF

- **VW Bank Polska**
  - Domestic 50bn RUB Bond Program

- **VW Leasing Mexico**
  - MXN 15 bn Dual Program*

- **VW Bank Mexico**
  - MXN 7 bn Debt Issuance Program

- **VDF Turkey**
  - Domestic TRY Bond Issuances

- **VW FS India**
  - Domestic INR CP + Bond Issuances

- **Banco VW Brazil**
  - Domestic Letra Financeira

- **VW FS Japan**
  - JPY 60 bn ECP Program

- **VW FS Korea**
  - Domestic KRW Bond Issuances

- **VW Finance China**
  - Feasibility study

- **VW FS Australia**
  - AUD 3 bn Debt Issuance Program

*Dual = CP + Debt Issuance
Security for Investors – Three Layer of Protection

1. Solvency and Creditworthiness of the **Issuer**
   (VW Leasing, VW FS AG, VW FS Japan, VW FS Australia, VW FS N.V.)
   - **Irrevocable and Unconditional Guarantee**

2. Solvency and Creditworthiness of the **Guarantor**
   (Volkswagen Financial Services AG)
   - S&P: A stable / Moody's: A3 positive
   - **Control & Profit / Loss Transfer Agreement**

3. Solvency and Creditworthiness of the **Ultimate Parent**
   (Volkswagen AG)
   - S&P: A stable / Moody's: A3 positive

**One Risk – One Price!**
DCM Activities in 2014 (until 30/09/2014)

- Volkswagen FS AG
  - 3 Issuances 2,750 mn EUR tenor: 3.5 to 10 years
  - 11 Issuances 2,625 mn EUR tenor: 1 to 5 years
  - 1 Issuance 5,000 mn RUB tenor: 5 years
  - 1 Issuance 250 mn AUD tenor: 4 years
  - 6 Issuances 22,000 mn JPY tenor: 4 to 5 years
  - 2 Issuances 4,000 mn INR tenor: 2 to 3 years
  - 1 Issuances 2,000 mn MXN tenor: 2.5 years
  - 4 Issuances 610 mn BRL tenor: 2 years
  - 1 Issuance 100 bn KRW tenor: 3 years
  - 16 Issuances 1,850 mn EUR** tenor: 2 to 6.5 years

* Economically 2 years as per Put-Option
** Issuances in various currencies (NOK, SEK, GBP, EUR, TRY, NZD, CZK)
Volkswagen Financial Services’ Worldwide ABS Activities
Rating History (09/22/2014)

<table>
<thead>
<tr>
<th></th>
<th>Moody’s</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>Aa3</td>
<td>AA-</td>
</tr>
<tr>
<td>Honda</td>
<td>A1</td>
<td>A+</td>
</tr>
<tr>
<td>BMW</td>
<td>A2</td>
<td>A+</td>
</tr>
<tr>
<td>VW AG / VW FS AG</td>
<td>A3</td>
<td>A</td>
</tr>
<tr>
<td>VW Bank GmbH</td>
<td>A3</td>
<td>A</td>
</tr>
<tr>
<td>MAN</td>
<td>A3</td>
<td>--</td>
</tr>
<tr>
<td>Scania</td>
<td>--</td>
<td>A-</td>
</tr>
<tr>
<td>Daimler</td>
<td>A3</td>
<td>A-</td>
</tr>
<tr>
<td>RCI Banque</td>
<td>Baa3</td>
<td>BBB</td>
</tr>
<tr>
<td>FMCC</td>
<td>Baa3</td>
<td>BBB-</td>
</tr>
<tr>
<td>Banque PSA</td>
<td>Ba1</td>
<td>BB</td>
</tr>
</tbody>
</table>

1) Rating withdrawn at company’s request as of Dec. 2012

Volkswagen Financial Services AG has a solid and stable rating history

Data Source: Reuters
Standard & Poor’s Statements about Volkswagen Financial Services

“We consider VW FS to be core to its ultimate parent, VW AG, and equalize our ratings on VW FS with those on VW AG.”

“As a core entity of VW AG, any rating action on the parent - positive or negative - would translate into a similar action on VW FS.”

“We consider VW FS’ corporate strategy to be prudent, well-executed, and focused on its core business, in which it has expertise.”

“(…) reflects our view that captive finance operations will remain integral to the VW group’s overall corporate strategy.”

“We believe that VW FS will preserve its current conservative capital and risk management, and that its asset mix and growth trends are unlikely to change materially in the short to medium term.”

Source: S&P Research, July 31, 2014
Thank You!
Contact

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ulrich.hauswaldt@vwfs.com

Interim Report Volkswagen Financial Services AG:
http://www.vwfsag.com/hy14

Memorandum of Clifford Chance concerning the „Domination and Profit and Loss Transfer Agreement VWAG – VWFSAG“
http://www.vwfsag.com/
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