Volkswagen Group: Robust, Innovative, Delivering

Oliver Larkin, Martin Büdke, Bernd Bode, Ulrich Hauswaldt
Volkswagen AG / Volkswagen Financial Services
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Volkswagen Investor Update

Volkswagen AG

Oliver Larkin – Senior Investor Relations Manager
Martin Büdke – Capital Markets & Rating

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations
Ulrich Hauswaldt – Investor Relations
Volkswagen Group – Leveraging the strength of the three pillars

### Volkswagen

#### Automotive Division
- **Passenger Cars**
  - Volkswagen
  - Audi
  - Škoda
  - Bentley
  - Bugatti
  - Lamborghini
  - Porsche
- **Commercial Vehicles / Power Engineering**
  - Commercial Vehicles
  - MAN
- **Remaining companies**

#### Financial Services Division
- **Volkswagen Financial Services**
  - Financial Services
    - USA / Canada / Spain / Argentina
  - Scania Financial Services
  - Porsche Holding Financial Services
  - Porsche Financial Services
Highlights January – March 2015

Sales revenue increased including a positive influence from exchange rates

Operating result improved within strongly diverging regional market conditions

Profit before tax increased including higher earnings from Chinese joint ventures

Strong net cash flow generation strengthened by a hybrid note facilitates robust automotive net liquidity
Financial Highlights – Volkswagen Group  
(January to March 2015 vs. 2014)

Sales revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>47,831</td>
</tr>
<tr>
<td>2015</td>
<td>52,735</td>
</tr>
</tbody>
</table>

+ 10.3%

Operating profit

<table>
<thead>
<tr>
<th>Year</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,855</td>
</tr>
<tr>
<td>2015</td>
<td>3,328</td>
</tr>
</tbody>
</table>

+ 16.6%

Profit before tax

<table>
<thead>
<tr>
<th>Year</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3,357</td>
</tr>
<tr>
<td>2015</td>
<td>3,968</td>
</tr>
</tbody>
</table>

+ 18.2%

Profit after tax

<table>
<thead>
<tr>
<th>Year</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,468</td>
</tr>
<tr>
<td>2015</td>
<td>2,932</td>
</tr>
</tbody>
</table>

+ 18.8%
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\textsuperscript{1)}
(Growth y-o-y in deliveries to customers, January to April 2015 vs. 2014)

World: Car Market: 3.6% Volkswagen Group: 1.1%

\textbf{Car Market} \hspace{1cm} \textbf{VW Group}
\begin{tabular}{ll}
<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>VW Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>6.1%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>8.2%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>-25.6%</td>
<td>-11.2%</td>
</tr>
<tr>
<td>South America</td>
<td>-16.9%</td>
<td>-17.8%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>7.7%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>5.8%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>
\end{tabular}

\textsuperscript{1)} Figures excl. Volkswagen Commercial Vehicles, Scania and MAN
Volkswagen Group – Deliveries to Customers by Brands
(January to April 2015 vs. 2014)

**Passenger Cars**

<table>
<thead>
<tr>
<th>Brand</th>
<th>January – April 2014</th>
<th>January – April 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen</td>
<td>3,341</td>
<td>3,372</td>
</tr>
<tr>
<td>Audi</td>
<td>2,020</td>
<td>1,975</td>
</tr>
<tr>
<td>SEAT</td>
<td>562</td>
<td>591</td>
</tr>
<tr>
<td>Škoda</td>
<td>337</td>
<td>357</td>
</tr>
<tr>
<td>VW Commercial Vehicles</td>
<td>127</td>
<td>138</td>
</tr>
<tr>
<td>Scania</td>
<td>55</td>
<td>73</td>
</tr>
<tr>
<td>MAN</td>
<td>3.5</td>
<td>3.0</td>
</tr>
</tbody>
</table>

**Percentage Changes**

- January – April 2014 vs. January – April 2015:
  - Volkswagen Group: +1.0%
  - Passenger Cars: -2.2%

**Notes:**
1) Incl. Volkswagen Commercial Vehicles, Scania and MAN; 1.1% excl. Volkswagen Commercial Vehicles, Scania and MAN
Volkswagen Group – Commercial Vehicles Deliveries to Customers by Brands (January to April 2015 vs. 2014)

1) Incl. Volkswagen Commercial Vehicles, Scania and MAN; 1.1% excl. Volkswagen Commercial Vehicles, Scania and MAN

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

- Volkswagen Group
  - January – April 2014: 3,307, 141
  - January – April 2015: 3,341, 147
  - Change: +4.9%

- Commercial Vehicles
  - January – April 2014: 150, 100, 50, 0
  - January – April 2015: 147, 30, 25, 24
  - Change: +4.9%, +1.0%, -17.3%, -2.3%

- Scania
  - January – April 2014: 37
  - January – April 2015: 30
  - Change: -17.3%

- MAN
  - January – April 2014: 25
  - January – April 2015: 24
  - Change: -2.3%
Volkswagen Group – Deliveries to Customers by Markets¹)
(January to April 2015 vs. 2014)

¹) Incl. Volkswagen Commercial Vehicles, Scania and MAN; 1.1% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Deliveries to Customers BRIC-Markets¹)
(January to April 2015 vs. 2014)

¹) Including Volkswagen Commercial Vehicles, Scania and MAN.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BRIC</td>
<td>1,505</td>
<td>1,420</td>
<td>196</td>
<td>144</td>
<td>94</td>
<td>58</td>
<td>24</td>
<td>25</td>
<td>1,191</td>
<td>1,193</td>
</tr>
</tbody>
</table>

% Changes:
- BRIC: -5.7%
- Brazil: -26.7%
- Russia: -38.8%
- India: -5.7%
- China: +0.2%
**Volkswagen Group – Analysis by Division**

(January to March 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>Volkswagen Group</th>
<th>Automotive Division</th>
<th>Financial Services Division</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>thousand vehicles / € million</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle sales</td>
<td>2,607  2,562</td>
<td>2,607  2,562</td>
<td></td>
</tr>
<tr>
<td>Sales revenue</td>
<td>52,735 47,831</td>
<td>45,806 42,054</td>
<td>6,928 5,777</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3,328 2,855</td>
<td>2,856 2,425</td>
<td>473 430</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.3 6.0</td>
<td>6.2 5.8</td>
<td>6.8 7.5</td>
</tr>
<tr>
<td>Financial result</td>
<td>639 502</td>
<td>615 465</td>
<td>24 36</td>
</tr>
<tr>
<td>of which: At-equity result</td>
<td>1,146 994</td>
<td>1,135 984</td>
<td>11 10</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-506 -492</td>
<td>-520 -519</td>
<td>14 27</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>3,968 3,357</td>
<td>3,471 2,890</td>
<td>497 467</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.5 7.0</td>
<td>7.6 6.9</td>
<td>7.2 8.1</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>2,932 2,468</td>
<td>2,554 2,125</td>
<td>378 342</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) The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €1,598 million (€1,241 million).
Volkswagen Group – Analysis of Operating Profit
(January to March 2015 vs. 2014)

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

(January to March 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>1,117</td>
<td>1,112</td>
<td>26,291</td>
</tr>
<tr>
<td>Audi</td>
<td>389</td>
<td>367</td>
<td>14,651</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>217</td>
<td>214</td>
<td>3,175</td>
</tr>
<tr>
<td>SEAT</td>
<td>138</td>
<td>120</td>
<td>2,182</td>
</tr>
<tr>
<td>Bentley</td>
<td>3</td>
<td>3</td>
<td>472</td>
</tr>
<tr>
<td>Porsche2)</td>
<td>51</td>
<td>42</td>
<td>5,078</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>121</td>
<td>110</td>
<td>2,698</td>
</tr>
<tr>
<td>Scania2)</td>
<td>18</td>
<td>19</td>
<td>2,463</td>
</tr>
<tr>
<td>MAN</td>
<td>22</td>
<td>26</td>
<td>3,088</td>
</tr>
<tr>
<td>VW China3)</td>
<td>963</td>
<td>946</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-431</td>
<td>-396</td>
<td>-13,507</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>-</td>
<td>-</td>
<td>6,145</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td><strong>2,607</strong></td>
<td><strong>2,562</strong></td>
<td><strong>52,735</strong></td>
</tr>
<tr>
<td><strong>Automotive Division5)</strong></td>
<td><strong>2,607</strong></td>
<td><strong>2,562</strong></td>
<td><strong>45,806</strong></td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td><strong>2,447</strong></td>
<td><strong>2,407</strong></td>
<td><strong>37,636</strong></td>
</tr>
<tr>
<td>of which: Commercial Vehicles, Power Engineering</td>
<td><strong>161</strong></td>
<td><strong>155</strong></td>
<td><strong>8,170</strong></td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td>-</td>
<td>-</td>
<td><strong>6,928</strong></td>
</tr>
</tbody>
</table>

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. 2) Incl. financial services. 3) Sales revenue and operating profit of the JVs in China are not included in the Group figures. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €1,598 million (€1,241 million). 4) Mainly intragroup items, in particular from elimination of intercompany profits; incl. depreciation and amortization of identifiable assets as part of the PPA for Scania, Porsche Holding Salzburg, MAN and Porsche. 5) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
Volkswagen Group – Analysis of Earnings per Share Development
(January to March 2015 vs. 2014)

Earnings per share (diluted, in €)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>4.86</td>
<td>5.74</td>
</tr>
<tr>
<td>Preferred shares</td>
<td>4.92</td>
<td>5.80</td>
</tr>
</tbody>
</table>

\(+ 18\%\)

Key driving factors for EPS

- Increase of Group operating profit
- Improved at-equity result, mainly due to continued strong performance of Chinese joint venture companies
- Lower minority interest compensating for higher hybrid investors’ interest in net profit reconciliation
- Slightly increased average number of shares outstanding following issuance of equity capital in 2014

\(^1\) Prior-year figures adjusted to reflect application of IAS 33.26.
### Automative Division – Strong Cash Generation¹) ²)
(January to March 2015)

<table>
<thead>
<tr>
<th>€ billion</th>
<th>2014</th>
<th>Cash flow from operating activities</th>
<th>Capex</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></td>
<td></td>
<td>2.3</td>
<td>-1.6</td>
<td>(3.9%)³)</td>
<td>-1.2</td>
<td>0.1</td>
<td>-0.5</td>
<td>-0.1</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 – Analysis of Net Liquidity\(^1\)

<table>
<thead>
<tr>
<th>Date</th>
<th>Equity capital increase Volkswagen FS</th>
<th>Issuance of hybrid bond</th>
<th>Net cash flow and other financing cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2014</td>
<td>-1.1</td>
<td>2.5</td>
<td>17.6</td>
</tr>
<tr>
<td>31 March 2015</td>
<td>20.8</td>
<td>1.7</td>
<td>18</td>
</tr>
</tbody>
</table>

\(^1\)All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
Continuous dividend development on a sustainable basis

<table>
<thead>
<tr>
<th>Year</th>
<th>Ordinary Shares</th>
<th>Preferred Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.20</td>
<td>3.06</td>
</tr>
<tr>
<td>2011</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>2012</td>
<td>3.50</td>
<td>3.56</td>
</tr>
<tr>
<td>2013</td>
<td>4.00</td>
<td>4.06</td>
</tr>
<tr>
<td>2014</td>
<td>4.80</td>
<td>4.86</td>
</tr>
</tbody>
</table>

+21.5% p.a.

1) Total dividend in percent of net income attributable to shareholders adjusted for noncash income mainly from the updated measurement of the put/call rights relating to the acquisition of the stake in Porsche AG indirectly held by Porsche SE, as well as the remeasurement of the existing stake held at the contribution date.

Mid-term target: 30%
Volkswagen’s Automotive Division continues to invest in new products, innovative technologies and its global production footprint

**Investments in property, plant and equipment**

<table>
<thead>
<tr>
<th>Year</th>
<th>€ billion / in % of sales revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5.8 / 6.2%</td>
</tr>
<tr>
<td>2010</td>
<td>5.7 / 5.0%</td>
</tr>
<tr>
<td>2011</td>
<td>7.9 / 5.6%</td>
</tr>
<tr>
<td>2012</td>
<td>10.3 / 5.9%</td>
</tr>
<tr>
<td>2013</td>
<td>11.0 / 6.3%</td>
</tr>
<tr>
<td>2014</td>
<td>11.5 / 6.5%</td>
</tr>
</tbody>
</table>

Capex to sales ratio between 6 and 7%

**5-year investment program remains on a stable level**

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount (€ billion)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernizing and extending the product range</td>
<td>€64.3 bn</td>
<td></td>
</tr>
<tr>
<td>Cross-product investments</td>
<td>€23.0 bn</td>
<td></td>
</tr>
<tr>
<td>Capitalized development costs</td>
<td>€21.9 bn</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>€85.6 bn</td>
<td></td>
</tr>
</tbody>
</table>

- Around two-thirds will continue to flow into increasingly efficient vehicles, drives and technologies, as well as environmentally friendly production
- In addition, China JVs will invest a total of €22.0 bn in new production facilities and products (fully self funded)

Note: All figures shown are rounded.
Volkswagen Group – Outlook for 2015

We expect …

■ to moderately increase Volkswagen Group deliveries to customers year-on-year in 2015 in a persistently challenging market environment.

■ 2015 sales revenue for the Volkswagen Group and its business areas to increase by up to 4% above the prior-year figure, depending on the economic conditions. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the Commercial Vehicles/Power Engineering Business Area.

In terms of operating profit…

■ we anticipate a Group operating return on sales of between 5.5% and 6.5% in 2015 in light of the challenging economic environment.

■ The operating return on sales is expected to be in the 6.0% to 7.0% range in the Passenger Cars Business Area and between 2.0% and 4.0% in the Commercial Vehicles/Power Engineering Business Area.

■ For the Financial Services Division, we are forecasting an operating profit at the prior-year level.
Volkswagen Group – Well on track to achieve targets under Strategy 2018

Volkswagen Group customer satisfaction (on a scale of 1 to 10)

- 2007: 8.2
- 2010: 8.4
- 2014: 8.8

Group deliveries to customers (in million units)

- 2010: 2010
- 2014: 2014

Group profit before tax margin (in percent)

- 2007: 6.0
- 2008: 5.8
- 2009: 1.2
- 2010: 7.1
- 2011: 11.9
- 2012: 13.2
- 2013: 6.3
- 2014: 7.3

"I am happy to work at the Volkswagen Group" (Employee opinion survey, index)

- 2007/08: 84
- 2014: 90

1 Own calculation based on key industry studies on customer satisfaction with dealers, after sales and new vehicles. 2 Including China.
3 Group profit before tax margin excluding the nonrecurring effect from the remeasurement of the Porsche put/call options and from remeasurement at the contribution date of the shares already held.
Group operating profit growth clearly outperforming volume expansion with premium exposure and strong China position being the key drivers

Key drivers for strong operating profit performance

- Strong expanded presence in premium segment
  - Porsche integration, above average growth and margins
  - Synergies within premium brands
  - Outperformance of Audi brand

- Performance of VW Group in China
  - Strong market position and growth momentum, above average margins
  - Continued investments and at the same time substantial dividends received

- Expansion of commercial vehicles business
  - Acquisition of Scania and MAN

- Increasing contribution from Financial Services
  - Global expansion
  - Rising penetration rates

1) The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €5,182 million in 2014 (€294 million in 2007).
Volkswagen Group – Key sustainable achievements

- Superior products
- Continued market leadership in Europe and China
- Positioning and cooperation clearly strengthened in the premium segment
- Creation of a leading truck business
- Successful toolkit implementation
Improved segment and market exposure provides stable earnings platform

<table>
<thead>
<tr>
<th>Registrations</th>
<th>Passenger Cars¹</th>
<th>Segments</th>
<th>Group Operating Profit²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52%</td>
<td>46%</td>
<td>43%</td>
<td>42%</td>
</tr>
<tr>
<td>18%</td>
<td>16%</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>9%</td>
<td>7%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>7%</td>
<td>7%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>3%</td>
<td>13%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>6%</td>
<td>2%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>9%</td>
<td>7%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>11%</td>
<td>3%</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

¹ Source: Polk; figures excluding Volkswagen Commercial Vehicles, MAN and Scania. Porsche fully consolidated as from 1 August 2012
² Split of Group Operating Profit excluding Other / Consolidation and PPA
³ Commercial Vehicles / Power Engineering
⁴ VW Financial Services figures do not include financial service activities of Scania, Porsche AG and Porsche Holding Salzburg

2014

44% 33% 6% 8%

Western Europe  Central & Eastern Europe  South America  North America

Asia-Pacific

Statino wagon Hatchback Sedan

SUV

Premium cars CV, PE³)

Volume cars VW FS⁴)
Key sales markets offer substantial growth opportunities
Market growth 2014 – 2018 (million units)

North America
- 2012: 19.5
- 2014: 20.4
- 2016: 20.6
- 2018: 

Western Europe
1) 2012: 13.6
- 2014: 14.4
- 2016: 14.9
- 2018: 

Central & Eastern Europe (incl. Russia)
- 2012: 3.9
- 2014: 3.1
- 2016: 3.9
- 2018: 

South America
2) 2012: 5.4
- 2014: 5.0
- 2016: 5.4
- 2018: 

China (incl. HK)
- 2012: 23.2
- 2014: 26.4
- 2016: 28.4
- 2018: 

India
- 2012: 13.6
- 2014: 14.4
- 2016: 14.9
- 2018: 

World
- 2012: 86
- 2014: 91
- 2016: 96
- 2018: 

1) Includes Cyprus and Malta
2) Includes Central America and Caribbean
Source: IHS Automotive (data status: April 2015), rounded
Note: Market = Cars and LCVs
Global passenger car market expected to grow further in 2015 with adverse developments in individual regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Passenger Car Market (2015 growth)</th>
<th>GDP (growth p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>+3.0% +2.8%</td>
<td>+3.0% +2.8%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>+1.7% +1.2%</td>
<td>+1.2% +1.7%</td>
</tr>
<tr>
<td>USA</td>
<td>+3.0% +2.4%</td>
<td>+3.0% +2.4%</td>
</tr>
<tr>
<td>China</td>
<td>+6.5% +7.4%</td>
<td>+6.5% +7.4%</td>
</tr>
<tr>
<td>South America^1)</td>
<td>+0.4% +0.6%</td>
<td>+0.4% +0.6%</td>
</tr>
<tr>
<td>Russia</td>
<td>-5.0% +0.6%</td>
<td>-5.0% +0.6%</td>
</tr>
</tbody>
</table>

Source: IHS Automotive, IHS Economics as of February 2015

^1 Includes Central America and Caribbean, excluding Mexico
New registrations of mid-sized and heavy trucks in markets relevant for the Volkswagen Group are set to drop noticeably in 2015

**Western Europe**
Demand *expected to rise modestly* with economic recovery; pull-forward effects in 2013 related to Euro 6 emission standard negatively affected 2014

**Germany**
GDP growth in 2015 expected to *slightly increase* over the year with positive effect on truck sales

**Russia**
Sanctions and sluggish macroeconomic development will have *continuing negative effect on truck demand* in 2015

**Brazil**
Negative macroeconomic development with adjustment of FINAME-Program have a *significantly negative impact* on Brazilian market

**India**
- Government change 2014 provides further investment incentives
- *Substantial increase* in truck sales expected

**China**
Sales in China expected to be *almost on the same level* as 2014 despite positive macroeconomic development
Growth in many major markets, excluding China, below expectations

GDP growth remains behind forecasts - but recovery expected until 2018

Volume projections for global car markets (ex China) reduced significantly

Source: IHS Economics
Tightening environmental regulation and major trends driving substantially higher investment and engineering needs today

**... CO₂ and EU6 regulations**

<table>
<thead>
<tr>
<th>Region</th>
<th>Baseline Year</th>
<th>Baseline CO₂ (g/km)</th>
<th>2020 Goal CO₂ (g/km)</th>
<th>2025 Goal CO₂ (g/km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td></td>
<td>142</td>
<td>95</td>
<td>70</td>
</tr>
<tr>
<td>US-LDV (PC+LDT)</td>
<td></td>
<td>219</td>
<td>107</td>
<td>80</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>185</td>
<td>167</td>
<td>150</td>
</tr>
</tbody>
</table>

**... Market / consumer trends**

- **Digitalization**
- **Shorter lifecycles**
- **E-mobility**
- **SUV trend**
- **Automated driving**
- **Shift in priorities**

Source: based on ICCT
Future Tracks – Paving the way to the future

Strategy for the time beyond 2018

Future trends

Profitability

Economic uncertainty

Trade barriers
Currencies
Economic development
Regulations

Costs
Revenues

E-mobility
Digitalization
Business models
Product cycles
Automated driving

Volkswagen Group 2018 Strategy
Volkswagen Brand: Substantial efficiency measures across all business areas to ensure > 6% target return before 2018

- Adapt lifecycle strategy to meet core regional competition
- Focus on models providing sustainable profitability
- Expand after-sales business

- Reduce complexity and improve decision making process
- Increase use of common parts and reduction of number of variants
- Sharpen target-oriented investment
- Increase localization in core markets
- Enhance R&D efficiency
- Leverage scale effects and groupwide synergy potential further
Volkswagen Brand: Three focus areas to improve competitiveness

**Efficiency Program**

**Model Portfolio & Cycle Plan**
- Continually adapt product lifecycles to the specific regional and competitive requirement
- Challenge every model regarding growth prospects and sustainable profit contribution

**Strengthen Regions**
- Improve operational and financial robustness of regional business models
- Increase localization of products, production and components as well as research and development

**Cost Discipline & Productivity**
- Strong focus on cost and investment discipline
- Roll-out of efficiency program in order to secure/improve cost efficiency and quality of results
Transition to automated driving already started and offers huge potential

Drivers assistant systems in the new Passat

- Emergency assist with lane change
- Traffic jam assist with hands-off
- Work zone lane assist
- Automated driving
- Automated parking
- Emergency assist
- Trailer assist
- Front assist with pedestrian monitoring

Volkswagen

34
New Touran: Variants will be reduced in order to compensate complexity drivers and to cut costs

<table>
<thead>
<tr>
<th>Touran current model</th>
<th>Touran successor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Complexity drivers</strong></td>
<td><strong>Variant reduction</strong></td>
</tr>
<tr>
<td>- Drivers assistant systems</td>
<td>- Steering wheels</td>
</tr>
<tr>
<td>- Legal requirements</td>
<td>- Trunk lining</td>
</tr>
<tr>
<td>- Seating options</td>
<td>- Mirrors</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>
Significant savings potential through various variant reductions (% reduction in number of variants)

- **Golf 7: Batteries**: ~50%
- **Golf 7: Interior lamps**: ~50%
- **Golf 7: Armrests (leather)**: >30%
- **Polo successor: Engine/gearbox variants**: >30%
Improving operating returns at Volkswagen Passenger Cars\(^1\) the latest by 2018 is a core objective of Future Tracks

1) The joint venture companies in China are accounted for using the equity method and thus are not included in the operating profit of Volkswagen Passenger Cars.
Deep roots and strong market position combined with further growth potential assures continued profitable growth in China

Production network and implementation of MQB

- Production capacity (250 working days)
  - 2014: 3 million
  - 2019: >5 million

Significant extension of product portfolio

<table>
<thead>
<tr>
<th>Year</th>
<th>Locally produced</th>
<th>Import</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>25</td>
<td>57</td>
<td>82</td>
</tr>
<tr>
<td>2018e</td>
<td>&gt;40</td>
<td>&gt;65</td>
<td>&gt;105</td>
</tr>
</tbody>
</table>

Continuous expansion of dealer network

<table>
<thead>
<tr>
<th>Year</th>
<th>Others</th>
<th>ŠKODA</th>
<th>Audi</th>
<th>Volkswagen</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2,395</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2,654</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018e</td>
<td>&gt;3,600</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
USA – Extending the business

Expanding local footprint
- Electronics Research Laboratory
- Herndon Headquarters
- Chattanooga Plant
- Atlanta Headquarters
- Silao Plant (engines)
- Puebla Plant
- San José Chiapa Plant1) (SOP 2016)
- Chattanooga Plant
- Atlanta Headquarters
- Silao Plant (engines)
- Puebla Plant
- San José Chiapa Plant1) (SOP 2016)

Strong commitment to targets in the U.S. market
Deliveries in ‘000 units by brands

Upgrade/expansion of portfolio
- Introduction of the new Golf
- US Passat facelift
- Tiguan LWB
- Jetta facelift
- B-SUV

LCV segment remains a large opportunity
Segment structure 2014

- Imported vehicles5)
- Produced locally4)

- Volkswagen
- Audi
- Porsche
- Other

Deliveries to customers Jan-Apr 2015 vs. Jan-Apr 2014

- Volkswagen
- Audi
- Porsche
- Other

1) Production of global volumes of new Audi Q5 from 2016
2) Figures including Porsche as from 1 August 2012
3) Thereof Passenger Cars -0.5%, Light Commercial Vehicles +11.0%
4) Imported and locally produced vehicles in % of total deliveries (Volkswagen Passenger cars)
Brazil – Short-term challenge, mid-term opportunity

Highly localized passenger car production

- São Carlos (engines)
- Taubaté
- Anchieta
- Curitiba

Deliveries to customers ('000 units)

A rapidly changing competitive landscape

Number of automotive companies in the Brazilian market

- Importers
- Other local producers
- "Big 4"

Source: Anfavea, own research

Expansion & upgrade of locally produced portfolio

- up!
- Fox family
- Saveiro
- Golf
- Gol
- A3 Sedan
- Q3

1) Audi to start production of A3 Sedan in Sâo José dos Pinhais in 2015, Q3 to be produced from 2016
2) Volkswagen, Fiat, General Motors, Ford
Volkswagen Group toolkit strategy and responsibilities

Continuous roll-out of toolkit strategy across segments, regions and brands

Responsibilities

- NSF: New Small Family
- MQB: Modular Transverse Toolkit
- MLB: Modular Longitudinal Toolkit
- MSB: Modular Standard Drivetrain Toolkit
- MNB: Modular Commercial Vehicles Toolkit

Vehicle classes:
- A000
- A00
- A0
- A
- B
- C
- D
- E

Vehicle price

Established markets
Emerging markets
MQB – Driving forward economies of scale in unit cost, investment and supporting achievement of emission targets

**Distribution of MQB savings**
- MQB platform ca. 60% of total material costs
- Lower cost per unit
- Less EHpV\(^1\)
- Less one-off expenditures

\[^{1}\] Engineered Hours per Vehicle

**Margin improvement**
- Additional serial and option content
- Savings to be partly absorbed to fulfill regulatory and legal requirements

**Different powertrains**

The MQB’s flexible design is able to accommodate alternative drives:

- **Conventional drive**
  - TSI Gasoline
  - TDI Diesel

- **Electric drive**
  - Hybrid
  - BEV

- **Alternative/Regenerative**
  - EcoFuel
  - FlexFuel
  - BiFuel
Sustainable success secured through the roll-out of modular toolkits

Global roll-out of modular toolkits

MQB production share of total production volumes

Number of toolkit equipped plants and volume

1) Including China; the Chinese share in the global MQB volume amounted to around one fifth in 2014 and is expected to increase to more than one third in 2018
Innovative technical flexibility made simple

Flexibility of volume

„Turntable“ („Drehscheibe“)

WOLFSBURG

ZWICKAU

EMDEN

Integrated production across three sites (Schematic illustration)

e.g. Additional demand for Volkswagen Passat

Additional Passat volume due to customer demand
New Volkswagen Group models 2015 – a strong basis for profitable growth

**Highlights**

- Touran, Passat Alltrack, Tiguan, Lamando, Santana Derivative
- Q7, A4, TT Roadster
- Fabia Combi, Superb Sedan & Superb Combi
- Ibiza
- 911
- Huracán Spyder
- Continental GT, Continental GT Convertible
- T6 Family, Caddy

**Global roll-out**

- Passat, Touareg, Golf (Brazil)
- TT Coupé, Q3 (US), A3 Sedan (Brazil), A6L (China)
- Fabia, Fabia (China), Superb Sedan (China)
- Cayenne

**Highly efficient powertrains**

- Passat GTE (PHEV), Jetta Hybrid
- Golf TSI BlueMotion
- Q7 TDI e-tron
Scania transaction is a pre-requisite to improve competitiveness and efficiency based on integration of Volkswagen’s truck businesses

**Integration drivers**

**Foundation**: management of independent and strong brands on the basis of integrated technology and operations

**Objective**: modular toolkit strategy for commercial vehicles with common components and systems

**Scale benefits**: improved efficiency of resource allocation and increased flexibility concerning vertical integration

**Synergies** (Operating Profit impact)

**Achieved by the end of 2014**

- €200+ million
- Focus on purchasing
- Synergy potential limited due to arm’s-length requirements

**Additional potential through the integration**

- €650+ million per year long-term average with 10-15 years gradual phase-in based on life cycles of vehicles and systems / components
- Majority of benefits from joint R&D, purchasing and sourcing components, e.g. gearbox
- Significant benefits from capex savings
Volkswagen Group: Global automotive leader 2018

Economic and environmental leadership in the global automotive industry

<table>
<thead>
<tr>
<th>Economic leadership</th>
<th>Environmental leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent and custom-tailored product portfolio</td>
<td>Diversified portfolio of drivetrain technologies</td>
</tr>
<tr>
<td>Increasing global footprint and emerging markets presence</td>
<td>Continuous improvements in internal combustion engines</td>
</tr>
<tr>
<td>Realization of cost savings, toolkit modularization and localization of products</td>
<td>Leadership in alternative powertrain technologies</td>
</tr>
<tr>
<td>Creation of sustainable value</td>
<td>25 percent less energy and water consumption, waste and emissions in Group production</td>
</tr>
</tbody>
</table>
Volkswagen Investor Update

Volkswagen AG

Oliver Larkin – Senior Investor Relations Manager
Martin Büdke – Capital Markets & Rating

Volkswagen Financial Services

Bernd Bode– Head of Group Treasury and Investor Relations
Ulrich Hauswaldt – Investor Relations
Volkswagen Group’s financial stability is backed by a strong liquidity position...

Automotive Net liquidity in € bn

Source: Volkswagen Group
### ...and stable Ratings

<table>
<thead>
<tr>
<th>Current Ratings</th>
<th>S&amp;P</th>
<th>Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term</td>
<td>A stable</td>
<td>A2 stable</td>
</tr>
<tr>
<td>Short-term</td>
<td>A-1 stable</td>
<td>P-1 stable</td>
</tr>
</tbody>
</table>

| Last Rating change | 22 September 2014 | 16 March 2015 |

<table>
<thead>
<tr>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Financial Services AG and Volkswagen Bank GmbH are under Review for Upgrade</td>
</tr>
</tbody>
</table>
# Volkswagen Group Treasury – Key Global Markets Figures

<table>
<thead>
<tr>
<th><strong>Liquidity and Refinancing</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Net Liquidity</td>
<td>€ 20.8 bn</td>
</tr>
<tr>
<td>Money and Capital Markets Outstanding</td>
<td>€ 90.7 bn</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>€ 23.7 bn</td>
</tr>
<tr>
<td>Banks and Supranationals</td>
<td>€ 22.0 bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Hedging Activities</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Foreign Currency Hedging</td>
<td>USD, GBP, RMB, CHF, JPY, KRW, MXN, SEK</td>
</tr>
<tr>
<td>Global Commodity Hedging</td>
<td>Base and Precious Metals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Counterparties</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Lines Globally(^2)</td>
<td>€ 55.5 bn</td>
</tr>
<tr>
<td>Relationships with</td>
<td>&gt; 150 Banking Groups</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Key Account Management</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Acting as a Service Center</td>
<td>&gt; 1,300 Volkswagen Group Companies</td>
</tr>
</tbody>
</table>

\(^1\) as of March 31, 2015; ABS included
\(^2\) excluding Porsche, MAN and Scania

Source: Volkswagen Group
Volkswagen Group Funding Strategy – Overview

Diversification of Funding Sources\(^1^2\)
- Direct Banking Deposits: 17%
- Bank Loans: 16%
- Commercial Paper: 4%
- Hybrid Bonds: 6%
- Medium Term Notes / Bonds: 37%
- ABS: 20%

\(\text{\vspace{1cm} }\ €136.4 \text{ bn}\)

Currencies – Breakdown 2014 – Q1 2015\(^2\)
- USD: 25%
- EUR: 57%
- GBP: 6%
- AUD: 2%
- JPY: 2%
- Other \(^3\): 8%

\(^1\) as of March 31, 2015

\(^2\) MTN, Bonds, excl. Porsche, MAN, Scania; ABS incl. MAN, Porsche

\(^3\) SEK, CAD, MXN, RUB, NOK, BRL, RMB, KRW, NZD, INR, TRY, CZK

Source: Volkswagen Group
## Volkswagen Group Funding Strategy – Programs & Outstandings\(^1\)
March 31, 2015 in € billion

### Money and Capital Markets

<table>
<thead>
<tr>
<th></th>
<th>Authorization</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Papers</td>
<td>25.2</td>
<td>4.8</td>
</tr>
<tr>
<td>Medium Term Notes / Bonds</td>
<td>130.7</td>
<td>58.3</td>
</tr>
<tr>
<td><strong>thereof: Hybrid Bonds</strong></td>
<td></td>
<td>7.5</td>
</tr>
<tr>
<td>ABS(^2)</td>
<td>53.0</td>
<td>27.6</td>
</tr>
</tbody>
</table>

### Borrowings

<table>
<thead>
<tr>
<th></th>
<th>Authorization</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed Lines</td>
<td>18.2</td>
<td>2.8</td>
</tr>
<tr>
<td>Uncommitted Lines</td>
<td>26.0</td>
<td>7.9</td>
</tr>
<tr>
<td>Supranationals, development banks, government, other</td>
<td>11.3</td>
<td>11.3</td>
</tr>
<tr>
<td>Direct Banking Deposits</td>
<td>./.</td>
<td>23.7</td>
</tr>
</tbody>
</table>

### Total Amount

|                      | ./.            | 136.4        |

\(^1\) excluding Porsche, MAN, Scania  
\(^2\) Including Porsche, MAN  
Source: Volkswagen Group
### Key Highlights of the Subordinated Notes

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th>Volkswagen International Finance N.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Guarantor</strong></td>
<td>Volkswagen AG (subordinated)</td>
</tr>
<tr>
<td><strong>Tranching</strong></td>
<td>Perpetual – NC 7 (€1.1 bn) &amp; NC15 (€1.4 bn)</td>
</tr>
<tr>
<td><strong>Subordination</strong></td>
<td>Senior only to the Junior Obligations of the Issuer and the Guarantor</td>
</tr>
</tbody>
</table>
| **Interest Payments & Deferral** | Fixed rate until the First Call Dates, thereafter reset fixed rate every 7 / 15 years  
Step-up of 25bps from 20 March 2025 / 20 March 2030 , and additional 75 bps from 20 March 2042 / 20 March 2050  
Optional and cash cumulative interest deferral |
| **Issue Ratings**   | Baa1 / BBB+                            |
| **Equity Treatment**| Basket C (50%) from Moody's  
Intermediate (50%) from S&P until the first call date in year 2022 / year 2030  
Equity classification under IFRS |
| **Denominations**   | €1,000 with minimum purchase amount of €100,000 |

1) Defined terms have the meaning set out in the Prospectus, dated March 18th, 2015.
Volkswagen Group Funding Strategy – Major Funding Vehicles / Guarantors

- **Volkswagen AG**
  - €10.0 bn Multi-Currency Commercial Paper Programme
  - €30.0 bn Debt Issuance Programme

- **Volkswagen FS AG**
  - €25.0 bn Debt Issuance Programme

- **Volkswagen Bank GmbH**
  - €2.5 bn Multi CCY CP-Programme
  - €10.0 bn Debt Issuance Programme

**Automotive Division**
- Volkswagen International Finance N.V.
- Volkswagen Group of America Finance, LLC
- Volkswagen Credit, Inc.
- Volkswagen Credit Canada, Inc.

**Financial Services Division**
- Volkswagen Financial Services AG
- Volkswagen Financial Services N.V.
- Volkswagen Leasing GmbH
- Volkswagen Bank GmbH
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Volkswagen Group Funding Strategy – Maturity Profile ¹)

€ billion

¹) as of March 31, 2015, excluding Porsche, MAN, Scania
Source: Volkswagen Group
Volkswagen Group Funding Strategy – Benchmark Issuances

1) as of March 31, 2015; excluding Porsche, MAN, Scania
Source: Volkswagen Group
Volkswagen Group Funding Strategy – Tenor Split

2013 - Q1 2015

- ≤ 2yr: 36%
- > 2 - 5yr: 45%
- > 5yr: 19%

2011 - 2012

- ≤ 2yr: 10%
- > 2 - 5yr: 30%
- > 5yr: 60%

1) As of March 31, 2015, MTN, Bonds, including Hybrids; excluding Porsche, MAN, Scania
Source: Volkswagen Group
Volkswagen Group Funding Strategy – North America

2010 - 2013
Issuer
Volkswagen International Finance N.V.

2014 Forward
Issuer
Volkswagen Group of America Finance, LLC
Issuer
Volkswagen International Finance N.V.

Guarantor

Issuer
Volkswagen Credit Canada, Inc.
Volkswagen Group – 144A USD Issuances¹)

¹) as of March 31, 2015; reflecting transactions since August, 2010
Source: Volkswagen Group
Volkswagen Investor Update

Volkswagen AG

Oliver Larkin – Senior Investor Relations Manager
Martin Büdke – Capital Markets & Rating

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations
Ulrich Hauswaldt – Investor Relations
Volkswagen Group – Leveraging the strength of the three pillars

<table>
<thead>
<tr>
<th>Automotive Division</th>
<th>Financial Services Division</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger Cars</strong></td>
<td><strong>Volkswagen Financial Services</strong></td>
</tr>
<tr>
<td>Volkswagen</td>
<td>Financial Services</td>
</tr>
<tr>
<td>Audi</td>
<td>USA / Canada / Spain / Argentina</td>
</tr>
<tr>
<td>Škoda</td>
<td>Scania Financial Services</td>
</tr>
<tr>
<td>Bentley</td>
<td>Porsche Holding Financial Services</td>
</tr>
<tr>
<td>Bugatti</td>
<td>Porsche Financial Services</td>
</tr>
<tr>
<td>Porsche</td>
<td><strong>Commercial Vehicles</strong></td>
</tr>
<tr>
<td>MAN</td>
<td><strong>Power Engineering</strong></td>
</tr>
<tr>
<td>SEAT</td>
<td><strong>Commercial Vehicles</strong></td>
</tr>
<tr>
<td>Remaining companies</td>
<td><strong>Scania</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Porsche</strong></td>
</tr>
</tbody>
</table>

**Volkswagen Financial Services**

- Scania Financial Services
- Porsche Holding Financial Services
- Porsche Financial Services
Volkswagen Financial Services conducts business in 51 countries.
Contract portfolio Volkswagen Financial Services

Continuous portfolio expansion

- Credit: 2,274 in '000 units
- Leasing: 4,549 in '000 units
- Insurance/Services: 5,560 in '000 units

Geographical Distribution:
- Germany: 38%
- Europe (excl. Germany): 6%
- Asia Pacific: 9%
- South America: 6%
- North America: 16%
- 31% Europe (excl. Germany)

Total Contracts: 12.383 m
Penetration Volkswagen Financial Services

Rising penetration rates

- 2008: 26.4% without China
- 2009: 25.0% without China
- 2010: 24.7% without China
- 2011: 25.4% without China
- 2012: 27.5% without China
- 2013: 28.9% without China
- 2014: 30.6% without China
- 2008: 32.5% with China
- 2009: 32.9% with China
- 2010: 34.9% with China
- 2011: 36.3% with China
- 2012: 40.7% with China
- 2013: 44.3% with China
- 2014: 44.5% with China
Strong Benefits for Automotive through Captive

**Equipment**
- Cash Payer: 100%
- Captive Customer: 103%
- + 3%

**Turnover**
- Cash Payer: 7.2 years
- Captive Customer: 5.4 years
- + 25%

**Brand Loyalty**
- Cash Payer: 54%
- Captive Customer: 65%
- + 11%
Volkswagen Financial Services offers the whole Range of Services under one roof

**BANK**
- Bank
- Direct Bank

**LEASING**
- Leasing

**INSURANCE**
- Insurance

**MOBILITY**
- Services
- Rent

- Retail Finance
- Dealer Finance
- Factoring

- Deposits
- Instalment Loans
- Investment Products

- Finance Lease
- Operating Leasing

- Automotive
- Payment Protection
- Industry

- Fleet Management
- Tyre
- Wear & Tear

- Long-term rent
- Short-term rent
- Carsharing
Growth dimensions
MAN Finance Initial Success – Foundation for Growth

**Initial success**

- **Penetration**
  - 2013: 27%
  - 2014: 43%

**Foundation for growth**

- **Product-portfolio/TCO**
- **Global expansion**
- **GO50**
Flexible Insurance Business Models

- Joint Venture – Model
  „Volkswagen Autoversicherung AG“
  Motor Insurance
  Example

- In-House Risk Carrier
  „Volkswagen Versicherung AG“
  Warranty Insurance
  Examples

- Insurance Agency – Model
  Examples

- Broker – Model
  Examples
Risk management

Credit Risk
- Risk of loss through defaults in customer transactions
- Portfolio Structure:
  - Retail 75% / Corporate 25%
- Assessment of creditworthiness of customers with scoring (in retail business) and rating systems (corporate).

Residual Value
- Residual values are monitored closely
- Regular adjustment to the current market situation for new business
- Completely covered by provisions and equity according to IAS 36.

* Shareholder Risk + Issuer Risk + Counterparty Risk + lump sum for non-quantified Risk: Liquidity Risk, Strategic Risk, Reputational Risk
Volkswagen Financial Services – Credit risks

Credit risk remains at low level despite challenging market environment

Provision Ratio

Dynamic Loss Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail Financing</th>
<th>Leasing</th>
<th>Corporate Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.6%</td>
<td>0.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td>2012</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2013</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>2014</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>
Volkswagen Financial Services – Residual value

Residual value risks well covered by provisions

- Units
- Provision per car in €
- RV Risk per car in €

€ m
- Dec 2012 *
- Jun 2013 *
- Dec 2013
- Jun 2014
- Dec 2014

Residual Value Risk

Provisions

1,204,342
1,279,833
1,410,842
1,538,292
1,687,373

282
386
423
352
352

449
462
466
431
445

Provision per car in €: 449, 462, 466, 431, 445
RV Risk per car in €: 282, 386, 423, 352, 352

* retroactive inclusion of contracts from employee/staff car leasing and long-term rentals
Growth of Volkswagen Group deliveries leads to Growth of Financial Services

**Volkswagen Group deliveries to Customers**

<table>
<thead>
<tr>
<th>Year</th>
<th>Delivery (in million units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>6.2</td>
</tr>
<tr>
<td>2010</td>
<td>7.2</td>
</tr>
<tr>
<td>2012</td>
<td>9.3</td>
</tr>
<tr>
<td>2014</td>
<td>10.1</td>
</tr>
</tbody>
</table>

**Volkswagen FS development of Balance Sheet**

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance Sheet (in € billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>68.6</td>
</tr>
<tr>
<td>2010</td>
<td>83.7</td>
</tr>
<tr>
<td>2012</td>
<td>111.1</td>
</tr>
<tr>
<td>2014</td>
<td>137.4</td>
</tr>
</tbody>
</table>

**Diversified Funding Strategy ensures Liquidity for Growth**

- Development of local diversified funding sources is essential for a sustainable growth path
- Standardised programs increase brand recognition for investors and ensure attractive pricings
Funding structure Volkswagen Financial Services
Total €137.4 bn

Strategic Funding Sources

- Deposits
- ABS
- Capital Markets

- Liabilities to affiliated companies: €15 bn (11%)
- Equity: €15.2 bn (11%)
- Asset Backed Securitization: €21.1 bn (15.3%)
- Bonds issued: €33.6 bn (24.5%)
- Commercial Paper: €4.2 bn (3%)
- Liabilities to financial institutions: €12.9 bn (9.4%)
- Customer Deposits: €26.2 bn (19.1%)
- Others: €9.2 bn (6.7%)

* strategic funding allocation
as of 31 December 2014
DCM Strategy Volkswagen Automotive and Volkswagen Financial Services

Volkswagen Automotive Companies: Volkswagen International Finance, Volkswagen Leasing, Volkswagen FS Japan

Volkswagen Financial Services Companies: Volkswagen Financial Services AG

DCM Investors worldwide

Guarantee

100% Owner + Control and Profit Transfer Agreement

Volkswagen Aktiengesellschaft (A2 / A Rating)

Volkswagen Aktiengesellschaft (A2 / A Rating)

76
Volkswagen Financial Services’ Worldwide Capital Market Activities

- **VW Credit Canada Inc.**
  - €30 bn Debt Issuance Program (VW Group)
  - CAD 1 bn CP 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 Leasing Mexico**
  - MXN 20 bn Dual Program*

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

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

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

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

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

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

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

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

- **VW Finance (China) Project**

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

*Dual = CP + Debt Issuance
<table>
<thead>
<tr>
<th>Region</th>
<th>Company</th>
<th>Issuances</th>
<th>Amount</th>
<th>Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>VW Leasing</td>
<td>3</td>
<td>2,750 m EUR</td>
<td>3.5 to 10 years</td>
</tr>
<tr>
<td></td>
<td>VW Bank</td>
<td>11</td>
<td>2,625 m EUR</td>
<td>1 to 5 years</td>
</tr>
<tr>
<td>Russia</td>
<td>VW Bank RUS</td>
<td>3</td>
<td>15,000 m RUB</td>
<td>5 years</td>
</tr>
<tr>
<td>Australia</td>
<td>VW FS Australia</td>
<td>2</td>
<td>400 m AUD</td>
<td>4 and 5 years</td>
</tr>
<tr>
<td>Japan</td>
<td>VW FS Japan</td>
<td>10</td>
<td>31,000 m JPY</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>India</td>
<td>VW FS India</td>
<td>3</td>
<td>8,000 m INR</td>
<td>2 to 3 years</td>
</tr>
<tr>
<td>Mexico</td>
<td>VW Leasing + Bank</td>
<td>3</td>
<td>5,500 m MXN</td>
<td>2.5 to 4 years</td>
</tr>
<tr>
<td>Brasil</td>
<td>Banco VW</td>
<td>18</td>
<td>1,645 m BRL</td>
<td>2 years</td>
</tr>
<tr>
<td>Korea</td>
<td>VWFS Korea</td>
<td>2</td>
<td>250 bn KRW</td>
<td>3 years</td>
</tr>
<tr>
<td>International</td>
<td>VW FS N.V.</td>
<td>18</td>
<td>2,145 m EUR*</td>
<td>1.5 to 6.5 years</td>
</tr>
</tbody>
</table>

* Various currencies (NOK, SEK, GBP, EUR, TRY, NZD, CZK)
Volkswagen Financial Services’ worldwide ABS activities

- Volkswagen Financial Services
- DFM
- DFM Master
- VW Finance Spain
- Driver España
- Banco VW Brazil
- Driver Brasil
- VW Bank / VW Leasing
- VCL Master, Driver Master; Driver & VCL;
- MAN FS
- Master Trucknology
- VW FS Korea
- Feasibility study
- VW FS Japan
- Driver Japan
- VW Finance China
- Driver China
- VW FS Australia
- Driver Australia
- VW FS UK
- Driver UK Master, Driver UK
- VW Bank France
- Driver France
- VCL/ VCCI
- VALET, VALT
- project
- established
ABS Activities (2014 + Q1 2015)

Volkswagen FS AG

Germany: VW Leasing
- 2 Issuances 1,821m EUR WAL: 1.8 years
- 2 Issuances 2,106m EUR WAL: 2.6 years
- 2 Issuances 62,000m JPY WAL: 2.4 years

Germany: VW Bank
- 1 Issuance 800m RMB WAL: 1.7 years
- 1 Issuance 1,155m GBP WAL: 2.3 years

Japan: VW FS Japan
- 2 Issuances 62,000m JPY WAL: 2.4 years

China: VW Finance China
- 1 Issuance 800m RMB WAL: 1.7 years

UK: VW FS UK
- 1 Issuance 1,155m GBP WAL: 2.3 years

Australia: VW FS Australia
- 1 Issuance 500m AUD WAL: 2.6 years
**Rating History (04/30/2015)**

<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</td>
<td>A2 ²)</td>
<td>A ²)</td>
</tr>
<tr>
<td>VW Bank GmbH / VW</td>
<td>A2 ³)</td>
<td>A ³)</td>
</tr>
<tr>
<td>FS AG</td>
<td>A3</td>
<td>--</td>
</tr>
<tr>
<td>MAN</td>
<td>A3</td>
<td>A-</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>


**Development of credit ratings (Standard & Poor’s)**

Volkswagen Financial Services AG has a solid and stable rating history.

Data Source: Reuters
Volkswagen Group – Headline Figures
(January to March 2015 vs. 2014)

|                              | 2015   | 2014   | +/- (%)
|------------------------------|--------|--------|---------
| Deliveries to customers 1)  | '000 units | 2,487  | 2,443  | +1.8    |
| Vehicle sales 1)            | '000 units | 2,607  | 2,562  | +1.8    |
| Production 1)               | '000 units | 2,721  | 2,565  | +6.1    |
| Sales revenue               | € million | 52,735 | 47,831 | +10.3   |
| Operating profit            | € million | 3,328  | 2,855  | +16.6   |
| Profit before tax           | € million | 3,968  | 3,357  | +18.2   |
| Profit after tax            | € million | 2,932  | 2,468  | +18.8   |

Automotive Division 2)

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>4,692</td>
<td>2,251</td>
<td>x</td>
</tr>
<tr>
<td>Cash flows from investing activities attributable to operating activities 3)</td>
<td>3,189</td>
<td>2,302</td>
<td>+38.5</td>
</tr>
<tr>
<td>of which investments in property, plant &amp; equipment</td>
<td>2,071</td>
<td>1,625</td>
<td>+27.4</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>€ million</td>
<td>1,503</td>
<td>-52</td>
</tr>
<tr>
<td>Net liquidity at March 31</td>
<td>€ million</td>
<td>20,772</td>
<td>17,714</td>
</tr>
</tbody>
</table>

1) Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2014 deliveries updated on the basis of statistical extrapolations.
2) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3) Excluding acquisition and disposal of equity investments: January – March €3,155 million (€2,702 million).
### Volkswagen Group – Reliably delivering on targets

**Outlook 2015 and achievements 2014**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deliveries to customers</td>
<td>9.7</td>
<td>moderate growth</td>
<td>+4.2%</td>
<td>10.1</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>197.0</td>
<td>+/- 3%</td>
<td>+2.8%</td>
<td>202.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>11.7</td>
<td>within forecast range</td>
<td>12.7</td>
<td>within forecast range</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td>5.9%</td>
<td>5.5 – 6.5%</td>
<td>6.3%</td>
<td>5.5 – 6.5%</td>
</tr>
<tr>
<td><strong>Passenger Cars</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales revenue</td>
<td>140.1</td>
<td>+/- 3%</td>
<td>+2.5%</td>
<td>143.6</td>
</tr>
<tr>
<td>Operating profit</td>
<td>9.0</td>
<td>within forecast range</td>
<td>9.8</td>
<td>within forecast range</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td>6.4%</td>
<td>5.5 – 6.5%</td>
<td>6.8%</td>
<td>6.0 – 7.0%</td>
</tr>
<tr>
<td><strong>Commercial Vehicles / Power Engineering</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales revenue</td>
<td>34.9</td>
<td>+/- 3%</td>
<td>-2.8%</td>
<td>33.9</td>
</tr>
<tr>
<td>Operating profit</td>
<td>0.8</td>
<td>moderate growth</td>
<td>0.9</td>
<td>within forecast range</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td>2.3%</td>
<td></td>
<td>2.8%</td>
<td>2.0 – 4.0%</td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales revenue</td>
<td>22.0</td>
<td>+/- 3%</td>
<td>+13.3%</td>
<td>24.9</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1.9</td>
<td>within forecast range</td>
<td>1.9</td>
<td>previous year's level</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td>8.5%</td>
<td>8.0 – 9.0%</td>
<td>7.7%</td>
<td>6.0 – 7.0%</td>
</tr>
<tr>
<td><strong>Automotive Division</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex/sales revenue</td>
<td>6.3%</td>
<td>6.0 – 7.0%</td>
<td>6.5%</td>
<td>6.0 – 7.0%</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>4.4</td>
<td>moderate decline</td>
<td>+38.6%</td>
<td>6.1</td>
</tr>
<tr>
<td>Return on investment (RoI)</td>
<td>14.5%</td>
<td>9.0 – 14.5%</td>
<td>14.9%</td>
<td>sign. &gt; 9.0 &lt; 14.9%</td>
</tr>
</tbody>
</table>
Automotive Division – Research and development costs
(January to March 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total R&amp;D costs</td>
<td>3,166</td>
<td>3,318</td>
</tr>
<tr>
<td>of which capitalized</td>
<td>1,191  (37.6%)</td>
<td>1,137  (34.3%)</td>
</tr>
<tr>
<td>amortization</td>
<td>709</td>
<td>730</td>
</tr>
<tr>
<td>Recognized in the income statement</td>
<td>2,684</td>
<td>2,911</td>
</tr>
</tbody>
</table>
Volkswagen Group – Analysis by Market 1)
(January to March 2015 vs. 2014)

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>thousand vehicles / € million</td>
<td>2015</td>
</tr>
<tr>
<td>Europe / Remaining markets</td>
<td>1,138</td>
<td>1,113</td>
</tr>
<tr>
<td>North America</td>
<td>210</td>
<td>192</td>
</tr>
<tr>
<td>South America</td>
<td>143</td>
<td>168</td>
</tr>
<tr>
<td>Asia-Pacific2)</td>
<td>1,116</td>
<td>1,088</td>
</tr>
<tr>
<td>Volkswagen Group2)</td>
<td>2,607</td>
<td>2,562</td>
</tr>
</tbody>
</table>

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

2) The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.
Volkswagen Touran
Audi Q7
SEAT Concept 20V20
Porsche Cayman GT4
Bentley EXP 10 Speed 6
Lamborghini Aventador P 750-4 SV
Ducati Diavel Carbon
Volkswagen Multivan
MAN TGX Hybrid
Volkswagen Group: Robust, Innovative, Delivering

Oliver Larkin, Martin Büdke, Bernd Bode, Ulrich Hauswaldt
Volkswagen AG / Volkswagen Financial Services