Volkswagen Group: Stability in Volatile Times

Lennart Schmidt, Kai Otto, Ulrich Hauswaldt, Börje Wigfeldt
Volkswagen AG, Volkswagen Financial Services, Scania AB
Danske Bank Investorday, Stockholm/Helsinki, 17/18 September 2015
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Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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

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

## Volkswagen AG
- Kai Otto – Head of Capital Markets, Asset Management and Bank Policy
- Lennart Schmidt – Group Investor Relations

## Volkswagen Financial Services
- Ulrich Hauswaldt – Investor Relations
- Nils Allnoch – Debt Capital Markets and Rating

## Scania AB
- Börje Wigfeldt – Deputy Group Treasurer
**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></td>
</tr>
<tr>
<td>Volkswagen</td>
<td>Volkswagen Financial Services</td>
</tr>
<tr>
<td>Audi</td>
<td></td>
</tr>
<tr>
<td>ŠKODA</td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td></td>
</tr>
<tr>
<td>Bentley</td>
<td></td>
</tr>
<tr>
<td>Bugatti</td>
<td></td>
</tr>
<tr>
<td>Porsche</td>
<td></td>
</tr>
<tr>
<td>Remaining companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Services</td>
</tr>
<tr>
<td></td>
<td>USA / Canada / Spain / Argentina</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td></td>
</tr>
<tr>
<td>Power Engineering</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scania Financial Services</td>
</tr>
<tr>
<td></td>
<td>Porsche Holding Financial Services</td>
</tr>
<tr>
<td></td>
<td>Porsche Financial Services</td>
</tr>
</tbody>
</table>
Volkswagen Financial Services at a Glance (06/30/2015)

Worldwide presence

Volkswagen Financial Services conducts business in 51 countries

Key company figures

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 147.0 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 17.3 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 25.7 bn</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 970 m</td>
</tr>
<tr>
<td>Employees</td>
<td>13,174</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>12.6 m</td>
</tr>
</tbody>
</table>

Receivables

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasing</td>
<td>20.1 %</td>
</tr>
<tr>
<td>Credit</td>
<td>63.4 %</td>
</tr>
<tr>
<td>Wholesale</td>
<td>16.5 %</td>
</tr>
</tbody>
</table>
Contract portfolio Volkswagen Financial Services

Continuous portfolio expansion

in '000 units

6,632 7,482 9,640 12,595

2009 2011 2013 HY 2015

- Credit: 5,691
- Leasing: 2,307
- Insurance/Services: 4,597

12,595 contracts

- 39% Germany
- 31% Europe (excl. Germany)
- 15% North America
- 9% Asia Pacific
- 6% South America

Credit

Leasing

Insurance/Services
Contract portfolio Volkswagen Financial Services

Continuous portfolio expansion

in '000 contracts

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Portfolio</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,964</td>
<td>1,505</td>
<td>3,163</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2,148</td>
<td>1,508</td>
<td>3,567</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2,246</td>
<td>1,524</td>
<td>3,712</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2,691</td>
<td>1,623</td>
<td>3,930</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3,281</td>
<td>1,808</td>
<td>4,551</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>3,796</td>
<td>1,983</td>
<td>4,946</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4,549</td>
<td>2,274</td>
<td>5,560</td>
<td></td>
</tr>
<tr>
<td>HY 2015</td>
<td>4,597</td>
<td>2,307</td>
<td>5,691</td>
<td></td>
</tr>
</tbody>
</table>

Total portfolio: 12,595
Funding Structure Volkswagen Financial Services

Strategic Funding Sources

- ABS
- Deposits
- Capital Markets

Total € 147 bn as of 30 June 2015

- Equity € 17.3 bn (11.8%)
- Asset Backed Securitization € 22.8 bn (15.5%)
- Bonds issued € 37.8 bn (25.7%)
- Commercial Paper € 4.0 bn (2.7%)
- Liabilities to financial institutions € 13.9 bn (9.4%)
- Liabilities to affiliated companies € 16.2 bn (11%)
- Customer Deposits € 25.7 bn (17.5%)
- Others € 9.3 bn (6.4%)
Volkswagen Finans Sverige AB at a glance (30/06/2015)

Switzerland

Volkswagen Finans Sverige AB is conducting business with over 90% of the dealers selling VW group brands

Key company figures

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>26 950 MSEK</td>
</tr>
<tr>
<td>Equity</td>
<td>3 106 MSEK</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>109 MSEK</td>
</tr>
<tr>
<td>Finance penetration</td>
<td>42.4%</td>
</tr>
<tr>
<td>Finance contract Portfolio (units)</td>
<td>160 931</td>
</tr>
<tr>
<td>Employees</td>
<td>129</td>
</tr>
<tr>
<td>Rating (S&amp;P)</td>
<td>K-1</td>
</tr>
</tbody>
</table>

Receivables

- Leasing: 54%
- Credit: 32%
- Wholesale: 14%
Volkswagen Finans Sverige AB Funding Overview

In million SEK

- Liabilities to affiliated companies: 5,558
- Equity: 3,106
- Commercial Paper: 10,070
- DCM via VW FS NV: 6,499

as of 30 June 2015
Penetration VW FS

Rising penetration rates

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>HY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>w/o China</td>
<td>26.4%</td>
<td>25.0%</td>
<td>24.7%</td>
<td>25.4%</td>
<td>27.5%</td>
<td>28.9%</td>
<td>30.6%</td>
<td>29.5%</td>
</tr>
<tr>
<td>with China</td>
<td>32.5%</td>
<td>32.9%</td>
<td>34.9%</td>
<td>36.3%</td>
<td>40.7%</td>
<td>44.3%</td>
<td>44.5%</td>
<td>43.9%</td>
</tr>
</tbody>
</table>
Volkswagen FS 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**
- **Service & Maintenance**
- **Tyres**
- **Long-term rent**
- **Short-term rent**
- **Carsharing**
Growth dimensions
Brands: Fleet Management and Trucks & Bus: Customer focus

What the customers have in common
- Corporate customers focusing on TCO
- Truck and Fleet is an investment decision, not emotional driven. The vehicle is a tool for the customer.
- Buying holistic TCO solutions and services, not financing only
- Need for reporting, telematics or comprehensive services (technical and monetary)
- International tender processes

Where the customers differ
- A truck goes cross-boarder – a fleet customer sources cross-boarder, but does not drive cross board
- Lifecycle costs: 100 T€ p.a. truck vs 10 T€ p.a. car
- Risk Management principles: Area of use and specs for truck vs Balance Sheet of fleet customer
- Different services are required: e.g. toll collect, sophisticated fuel solutions
MAN Finance Initial Success – Foundation for Growth

Initial success

<table>
<thead>
<tr>
<th>MAN</th>
<th>Financial Services</th>
</tr>
</thead>
</table>

Penetration

2013: 27%
2014: 43%

Foundation for growth

Product-portfolio/TCO

Global expansion

GO50

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Volkswagen Financial Services in China – A true VOLKSWAGEN company
### Growth dimension - Product

<table>
<thead>
<tr>
<th>Car Ownership</th>
<th>Car Usage</th>
<th>Total Flexibility (Bikes, Public Transportation, Planes etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leasing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Long-Term Rental</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Short-Term Rental</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Car Sharing</td>
<td></td>
</tr>
<tr>
<td>5 to 6 years</td>
<td>1 to 3 years</td>
<td></td>
</tr>
<tr>
<td>1 to 3 years</td>
<td>1 month to 1 year</td>
<td></td>
</tr>
<tr>
<td>1 day to 1 month</td>
<td>1 minute to 1 day</td>
<td></td>
</tr>
</tbody>
</table>

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Volkswagen Financial Services follows Route 2025

WE ARE THE KEY TO MOBILITY

VISION

STRATEGIC DIMENSIONS

CUSTOMERS

- Satisfied Customers

EMPLOYEES

- Top Employer
- Top Employees

OPERATIONAL EXCELLENCE

- Compliance & Governance
- Process Efficiency
- IT Excellence

PROFITABILITY

- Total Operating Income
- 20% ROE
- 50% CIR

VOLUME

- 30M Contracts
- 50% Extended Penetration

WHAT

STRATEGIC TARGETS

HOW

FS WAY

Corporate Culture

FS Values

Leadership Culture

INTERNATIONAL COLLABORATION

Full Entrepreneurial Autonomy of Countries

Aligned by a Global Approach
VW Financial Services AG – Asset Quality Review

The Comprehensive Assessment was successfully passed

Volkswagen Financial Services AG achieved a capital ratio (CET 1) of 7% (6.96%) in the stress test and exceeded the supervisory threshold (pass mark) of 5.5% by a significant extent.
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

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

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

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

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

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

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

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

- **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
DGM Activities (2015 YTD)

<table>
<thead>
<tr>
<th>Region</th>
<th>Issuances</th>
<th>Currency</th>
<th>Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen FS AG</td>
<td>2</td>
<td>1,500m EUR</td>
<td>2 and 5 years</td>
</tr>
<tr>
<td>Germany: VW Leasing</td>
<td>1</td>
<td>250m AUD</td>
<td>4 years</td>
</tr>
<tr>
<td>Japan: VW FS Japan</td>
<td>5</td>
<td>16,000m JPY</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>India: VW FS India</td>
<td>2</td>
<td>4,000m INR</td>
<td>3.2 to 5 years</td>
</tr>
<tr>
<td>Mexico: VW Leasing + Bank</td>
<td>1</td>
<td>1,500m MXN</td>
<td>4 years</td>
</tr>
<tr>
<td>Brasil: Banco VW</td>
<td>2</td>
<td>550m BRL</td>
<td>2 years</td>
</tr>
<tr>
<td>Korea: VWFS Korea</td>
<td>1</td>
<td>150bn KRW</td>
<td>3 years</td>
</tr>
<tr>
<td>International: VW FS N.V.</td>
<td>8</td>
<td>1,092m EUR*</td>
<td>1.5 to 5 years</td>
</tr>
</tbody>
</table>

* Various currencies (NOK, SEK, GBP, EUR, NZD)
DCM Strategy VW Automotive and VW Financial Services

**Volkswagen AG**

(A2 / A Rating)

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100% Owner +
Control and Profit Transfer Agreement

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**Volkswagen Financial Services AG**

(Aa3 / A Rating)

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Guarantee

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Volkswagen Automotive Companies:
Volkswagen International Finance, etc.

---

Guarantee

---

Volkswagen FS AG Companies:
Volkswagen Leasing, Volkswagen Financial Services Japan, etc.

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DCM Investors worldwide
Rating History (08/31/2015)

<table>
<thead>
<tr>
<th>Company</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</td>
<td>A+</td>
</tr>
<tr>
<td>VW Bank GmbH / VW FS AG</td>
<td>Aa3</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>Baa1</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) Outlook: stable

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

Data Source: Reuters
S&P and Moody’s value VWFS’s strategic position within VW Group

S&P: “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.”

Moody's: “VW FS AG benefits from a domination and profit-and-loss transfer agreement with Volkswagen that reflects the entity's core strategic role for Volkswagen.”

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

Moody's: “Because of the strength of the contractual and strategic links between Volkswagen and its subsidiaries, Moody’s expects both VW FS AG and VW Bank to benefit from “affiliate backing”, the highest degree of affiliate support (…).”

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

“S&P: 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.”

Investor’s Risk Evaluation – EUR Bond Curve Volkswagen AG compared to Volkswagen Financial Services AG