Leading the Transformation.

Björn Bätge Group Treasury
Ulrich Hauswaldt Investor Relations

Volkswagen Debt Investor Day with Commerzbank, Frankfurt, 10 September 2019
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 Such statements are valid on the date of publication and can be superseded.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.
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers 1) (Growth y-o-y in deliveries to customers, January to July 2019 vs. 2018)

1) Volkswagen Group Passenger Cars excl. Volkswagen Commercial Vehicles 2) incl. LCV in North America & South America
Volkswagen Group – Deliveries to Customers by Brands ¹
(January to July 2019 vs. 2018)

¹ Volkswagen Group excl. Ducati
### Volkswagen Group – Key Financial Figures 1)
(January to June 2019 vs. 2018)

| thousand vehicles / € million | 2019  | 2018 2) | +/- (%)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Sales 3)</td>
<td>5,339</td>
<td>5,575</td>
<td>-4.2</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>125,197</td>
<td>119,377</td>
<td>+4.9</td>
</tr>
<tr>
<td>Operating profit before Special Items</td>
<td>9,979</td>
<td>9,794</td>
<td>+1.9</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>8.0</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>8,997</td>
<td>8,160</td>
<td>+10.3</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>7.2</td>
<td>6.8</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>560</td>
<td>813</td>
<td>-31.1</td>
</tr>
<tr>
<td>of which: At-equity result 4)</td>
<td>1,599</td>
<td>1,680</td>
<td>-4.9</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-1,039</td>
<td>-867</td>
<td>-19.8</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>9,557</td>
<td>8,972</td>
<td>+6.5</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.6</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>7,168</td>
<td>6,613</td>
<td>+8.4</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. 4) The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €2,103 million (€2,318 million).
Volkswagen Group – Analysis of Operating Profit ¹)
(January to June 2019 vs. 2018)

[€ billion]

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

---

**Passenger Cars**

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. *) without FS  **) including PPA
Automotive Division – Net Cash Flow Development ¹) ²)
(January to June 2019)

[€ billion]

<table>
<thead>
<tr>
<th>2018</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 ⁴)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>10.2</td>
<td>-5.2</td>
<td>-2.5</td>
<td>0.1</td>
<td>3.3</td>
<td>-0.5</td>
<td>3.3</td>
</tr>
<tr>
<td>2018</td>
<td>13.5</td>
<td>-4.4</td>
<td>(4.3%) ³)</td>
<td></td>
<td>3.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></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. ⁴) Including Diesel payments and M&A.
Automotive Division – Net Cash Flow 1)
(January to June 2019)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>3.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash flow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>including Diesel payments and M&amp;A</td>
<td>5.6</td>
<td></td>
</tr>
<tr>
<td>Diesel outflow</td>
<td>0.9</td>
<td></td>
</tr>
<tr>
<td>Aquisition and disposal of equity investments</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Net Cash flow underlying business</td>
<td>6.9</td>
<td></td>
</tr>
</tbody>
</table>

1) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
Automotive Division – Analysis of Net Liquidity ¹)
(January to June 2019)

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

Net Cash flow (€ 5.6 bn)

19.4
-0.9
-0.5
1.1
5.8
-5.1
-1.1
-2.4
-0.4
15.9

12/31/2018
Diesel Outflow
M&A
China Dividend
Operating Business
IFRS 16
MAN minorities
Dividend to VW AG Shareholder
Other
6/30/2019

[€ billion]
Volkswagen Group – Outlook for 2019

Deliveries to customers ('000 vehicles)

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>10.7</td>
</tr>
<tr>
<td>2018</td>
<td>10.8</td>
</tr>
</tbody>
</table>

Sales revenue (€ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>229.6</td>
</tr>
<tr>
<td>2018</td>
<td>235.8</td>
</tr>
</tbody>
</table>

Operating return on sales (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.4¹)</td>
</tr>
<tr>
<td>2018</td>
<td>7.3¹)</td>
</tr>
</tbody>
</table>

¹) before Special Items.

- Deliveries to customers slightly exceed the prior-year
- Sales revenue grow by as much as 5%
- Operating return on sales is in the range of 6.5 – 7.5% before Special Items
Global Passenger Car Market 2018 – 2019 ¹)
China remains largest driver of passenger car demand, Western Europe stable
Slowdown in the US from a high level

Deliveries to customers of the Volkswagen Group in 2019 will still grow moderately amid continuously challenging market conditions.

¹) Internal forecast; as of June, 2019. ²) Volume for North & South America includes light commercial vehicles (definition ‘Light Vehicles’)

[million units]
New and Forthcoming Product Highlights in 2019

<table>
<thead>
<tr>
<th>Portfolio expansion and successor models ICE</th>
<th>Portfolio expansion BEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-Cross</td>
<td>Bora BEV (CH)</td>
</tr>
<tr>
<td>Sagitar</td>
<td>Lavida BEV (CH)</td>
</tr>
<tr>
<td>Q3</td>
<td>e-tron</td>
</tr>
<tr>
<td>Octavia Combi</td>
<td>e-tron Sportback</td>
</tr>
<tr>
<td>ŠKODA Scala</td>
<td></td>
</tr>
<tr>
<td>Leon</td>
<td>Citigo BEV</td>
</tr>
<tr>
<td>911 Carrera</td>
<td>Taycan</td>
</tr>
<tr>
<td>Cayenne Coupé</td>
<td></td>
</tr>
<tr>
<td>Flying Spur</td>
<td></td>
</tr>
</tbody>
</table>

1) Selected models planned.
Emission requirements: WLTP\(^1\) is the “new normal"

### Homologation Deadlines

<table>
<thead>
<tr>
<th>Year</th>
<th>WLTP regulations extended and sharpened „WLTP 2(^{nd}) Act“</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>from 1/19</td>
<td>from 9/19(^2)</td>
<td>from 1/21</td>
</tr>
<tr>
<td>WLTP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ EVAP Evaporative Emission Control System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ In-Service Conformity (Examination of customer vehicles)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ RDE-NOx</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Complexity Reduction

The majority of **engine/transmission combinations** need to be re-homologated and newly approved.

Volkswagen Volume Brands already acted:

- **WLTP**
- **EVAP** Evaporative Emission Control System
- **In-Service Conformity** (Examination of customer vehicles)
- **RDE-NOx**
- **On Board Fuel Consumption Monitoring** (Measurement and saving of consumption data throughout vehicle life)

Further complexity reduction in 2019 is under way.

---

\(^1\)Worldwide Harmonized Light Vehicles Test Procedure  \(^2\)Extended to Light Commercial Vehicles all new registrations .
### Clear Financial Targets and Milestones

<table>
<thead>
<tr>
<th>Key financial targets</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 Targets</th>
<th>2020 Targets</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating return on sales</strong>&lt;br&gt;Before Special Items</td>
<td>6.7%</td>
<td>7.4%</td>
<td>7.3%</td>
<td>6.5-7.5%</td>
<td>6.5-7.5%</td>
<td>7-8%</td>
</tr>
<tr>
<td><strong>Return on investment</strong>&lt;br&gt;Automotive Division before Special Items</td>
<td>13.9%</td>
<td>14.4%</td>
<td>13.1%</td>
<td>12-14%</td>
<td>13-15%</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td><strong>Capex ratio</strong>&lt;br&gt;Automotive Division</td>
<td>6.9%</td>
<td>6.4%</td>
<td>6.6%</td>
<td>6.5-7.0%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>R&amp;D cost ratio</strong>&lt;br&gt;Automotive Division</td>
<td>7.3%</td>
<td>6.7%</td>
<td>6.8%</td>
<td>6.5-7.0%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Cash</strong>&lt;br&gt;a) Net Cashflow&lt;sup&gt;2)&lt;/sup&gt;&lt;br&gt;Automotive Division</td>
<td>€ 4.9 bn</td>
<td>€ 10.3 bn</td>
<td>€ 5.6 bn</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>€ 19.4 bn</td>
<td>≥ € 15 bn&lt;sup&gt;3)&lt;/sup&gt;</td>
<td>&gt; € 20 bn</td>
<td>~10% of Group turnover</td>
</tr>
</tbody>
</table>

---

# Overview Brand Targets (RoS, RoE)

<table>
<thead>
<tr>
<th>Return on Sales in %&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>2016</th>
<th>2017</th>
<th>Target 2018</th>
<th>2018</th>
<th>Target 2019</th>
<th>Target 2020</th>
<th>Target 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>6.7</td>
<td>7.4</td>
<td>6.5-7.5</td>
<td>7.3</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>4.1</td>
<td>4.5</td>
<td>3.8</td>
<td>4-5</td>
<td>4-5</td>
<td>≥6</td>
</tr>
<tr>
<td>Audi</td>
<td>8.2</td>
<td>8.4</td>
<td>8-10</td>
<td>7.9</td>
<td>7.0-8.5&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>9-11&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>9-11&lt;sup&gt;2)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Porsche Automotive</td>
<td>17.4</td>
<td>18.5</td>
<td>&gt;15</td>
<td>17.4</td>
<td>&gt;15</td>
<td>&gt;15</td>
<td>&gt;15</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>8.7</td>
<td>9.7</td>
<td>8-9</td>
<td>8.0</td>
<td>6-7</td>
<td>6-7</td>
<td>≥7</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>4.1</td>
<td>7.2</td>
<td>5-6</td>
<td>6.6</td>
<td>4-5</td>
<td>4-5</td>
<td>≥6</td>
</tr>
<tr>
<td>TRATON Group&lt;sup&gt;3)&lt;/sup&gt;</td>
<td>5.4</td>
<td>6.0</td>
<td>-</td>
<td>6.4</td>
<td>6.5-7.5</td>
<td>Over the cycle target of 9%&lt;sup&gt;4)&lt;/sup&gt;</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on Equity (norm. 8%)</th>
<th>2016</th>
<th>2017</th>
<th>Target 2018</th>
<th>2018</th>
<th>Target 2019</th>
<th>Target 2020</th>
<th>Target 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Financial Services</td>
<td>15.6</td>
<td>15.8</td>
<td>14-16</td>
<td>15.8</td>
<td>14-16</td>
<td>14-16</td>
<td>20</td>
</tr>
</tbody>
</table>

<sup>1)</sup> Before special items. <sup>2)</sup> Effective 01/2019, operating return based on adjusted sales revenue without turnover from multi-brand sales companies. <sup>3)</sup> Incl. Scania Financial Services I Adj. Return on Sales for 2016 / 2017 / 2018. <sup>4)</sup> Strategic target TRATON Group wants to achieve over-the-cycle, incl. holding costs and consolidation effects.
Improving Group Return on Sales despite significant headwinds

Operating margin\(^1\) (% of sales revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>6.7%</td>
<td>7.4%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Industry transition and emission costs / CO\(_2\)

Performance improvement impacts
- Mix / Price
- Fixed costs
- Purchasing
- Productivity
- Complexity reduction
- Overseas performance
- Investment discipline

Target:
- 2019/2020: 6.5 - 7.5%
- 2025: 7.0 - 8.0%

\(^1\) Before special items.
Securing Group KPI’s: Profit Improvement programs

- **Volume**
  - Future Pact/Profit Improvement Program
  - Attack Plan
  - 100+/Full Cost Optim.

- **Premium**
  - Transformation Plan

- **Sport & Luxury**
  - Profit Improv. Program
  - Transformation Plan

- **Financial Services**
  - Opex

- **Commercial Vehicles**
  - Focus on synergies

- **Group**
  - Lean and focused (GI 12)

---

All Group KPIs 2020/2025 confirmed!

2018

2025 RoS Target

7.0 - 8.0%
Discipline: Maintaining R&D and CAPEX Targets

**R&D Automotive Division**
(in € bn, as % of sales revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td>13.7</td>
<td>13.1</td>
<td>13.6</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>7.3%</td>
<td>6.7%</td>
<td>6.8%</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CAPEX Automotive Division**
(in € bn, as % of sales revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td>12.8</td>
<td>12.6</td>
<td>13.2</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Generate cash (1): Self funding $^1$

### Automotive Net Cash Flow$^2$
(in € bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 Target</th>
<th>2020 Target</th>
<th>2025 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.9</td>
<td>10.3</td>
<td>5.6</td>
<td>≥ 9</td>
<td>≥ 10</td>
<td>&gt; 10</td>
</tr>
</tbody>
</table>

- ✔ Improving working capital management
- ✔ Robust China dividends
- ✔ Cash is King!

---

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

$^2$ Before Diesel related outflows and M&A.
Generate Cash (2): Attractive Dividend

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings per Preference Share (€)</th>
<th>Dividend per Preference Share (€)</th>
<th>Dividend pay-out ratio¹ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10.30</td>
<td>2.06</td>
<td>19.7</td>
</tr>
<tr>
<td>2017</td>
<td>22.34</td>
<td>3.96</td>
<td>17.6</td>
</tr>
<tr>
<td>2018</td>
<td>23.63</td>
<td>4.86</td>
<td>20.4</td>
</tr>
</tbody>
</table>

Target EPS: ≥ 30 € by 2020

Target Dividend Pay-Out Ratio: 30%

¹) Total dividend in percent of net income attributable to shareholders of Volkswagen AG.
Enhanced Strategy: Together 2025+

- Accelerating industry changes
- New Group structure
- Leadership changes on board level

Continuation of strategic direction
- Increase **focus and speed**
- New **purpose-driven vision**: Shaping mobility – for generations to come
Together 2025+: Increased focus and speed towards a purpose-driven vision

Our new vision

Shaping mobility – for generations to come.

Our updated action plan

Our belief  Values and integrity

Functional strategies

Brand and regional strategies

Best Governance  Best Performance  Best Brand Equity  Software-enabled car company  Excellent Leadership
BEVs are First choice as the most cost efficient solution for CO₂ reduction

Example Volkswagen Brand: Ranking CO₂ efficiency indicators (average) for selected CO₂ measures

MEASURES FOR CO₂ REDUCTION IN €/G CO₂

- Diesel ICE EU7
- Gasoline ICE Hybrid
- Gasoline ICE Mild-Hybrid
- Gasoline ICE Plug-In-Hybrid
- BEV MEB 1st Generation
- BEV MEB 2nd Generation

95€/gCO₂
Scalable Technology: The dedicated platforms (MEB/PPE) guarantee superior customer experience, scale and versatility.
The car becomes the most complex internet device

Today

Control units: approx. 70

No own Software stacks

Tomorrow

High Performance Computers 3-5

Further control units for safety relevant functions

Development of Volkswagen’s own Software stacks
Expanding production of electric vehicles worldwide on a massive scale by the end of 2022
Huge worldwide BEV offensive on the way to CO2 neutrality by 2050
BEV worldwide (in million) based on expected Group deliveries to customers
Volkswagen is gathering momentum with the first MEB vehicle ID.3
A new era begins

ID.3 will come with ranges from 330 to 550 kilometers (WLTP) and starting price of under €30,000 in Germany

Pre-booking of special edition ID.3 1st:

Already ca. 30,000 registrations with an excellent customer response

- limited to 30,000 vehicles
- range of 420 km (WLTP)
- starting price of less than €40,000 in Germany
- including charging of electric power for a year at no cost up to a maximum of 2,000 kWh
- Registration deposit is €1,000

Status: June 2019.
Volkswagen Group electrification offensive to boost in 2020

Volkswagen Group* – BEV Volume by Region (2019-2025)

* excl. Ducati

BEV share in % of total deliveries

- ≈ 1%
- ≈ 4%
- > 20%
## BEV challenges addressed by three key elements

### Usability / Range
- **e-Golf**
  - up to 231 km (WLTP)
- **MEB-platform**
  - up to 550 km (WLTP)

### Total Cost of Ownership
- **Par value on total costs between ICE and BEV**
  - **Cost of Ownership**
  - **State subsidy**
  - **Cost/Leasing**

### Systematic Sales Approach
- **New Car**
  - ID.
  - Lifetime Concept
- **Used Car**
  - Effects:
    - Stabilization of residual values
    - Increase of customer loyalty towards dealer & brand
The charging infrastructure: An enabler for the transformation to e-mobility

1) As of 12th March, 2019.
Driving forward Strategy: New collaborative approach

New Scale dimensions
Ford and Volkswagen extend global alliance, Volkswagen simultaneously invests in Argo AI

ANNOUNCED 2019

COMMERCIAL VAN AND PICKUP

VOLKSWAGEN TO SUPPLY MEB PLATFORM TO FORD

FULLY ELECTRIC VEHICLES

EQUAL SHAREHOLDER WITH FORD; TRANSACTION REPRESENTS $7.25B VALUATION*

NEW COLLABORATION

VOLKSWAGEN MAKES AUTONOMOUS DRIVING INVESTMENT

*Estimated
### Key Messages

<table>
<thead>
<tr>
<th></th>
<th>1. Leading the transformation to e-mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Cost effective transformation path</td>
</tr>
<tr>
<td></td>
<td>3. First in transforming into software OEM</td>
</tr>
<tr>
<td></td>
<td>4. Increased focus on value creation</td>
</tr>
</tbody>
</table>
**Creation of Brand Groups reduces the complexity of the Group structure**

<table>
<thead>
<tr>
<th>Management holding</th>
<th>Financial holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Cars</td>
<td>Truck &amp; Bus</td>
</tr>
<tr>
<td>Premium</td>
<td>Power Engineering</td>
</tr>
<tr>
<td>Sport &amp; Luxury</td>
<td>MAN Energy</td>
</tr>
<tr>
<td>Volume</td>
<td>Solutions</td>
</tr>
</tbody>
</table>

1) Allocation to be verified.

Stand: 04.09.2019
Investing heavily in our transformation

Up to the end of **2023**: We will be putting more than **€44 bn** into our mobility for the future: there of **€30bn** in e-mobility and rest in digitalization, autonomous driving and mobility services.

Amounts to roughly one third of total expenditure for the years 2019-2023.

As of 19th November, 2018.

Up to the end of **2023**: Two thirds of total expenditure are being put into the **conventional vehicle and drive portfolio** in order to meet the CO2 requirements.

As of 3rd May, 2019.

On top, up to the end of **2023**: 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.

Investments of around **€1 bn** planned to set up **battery cell production** facility with partner in Lower Saxony.

As of 3rd May, 2019.
TRATON Group – New Era for TRATON with IPO

- TRATON shares began trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) and the regulated market of Nasdaq Stockholm (Large Cap Segment) in June 2019.
- Significant step to create additional value for all stakeholders and drive the Global Champion strategy.

**Global Champion**
- Scale and global reach through leading brands and strategic alliance partners
- Unique platform enabling growth and positioning for best-in-class profitability

**Growth**
- Customer value focused product and service offering
- New product generations
- Further expansion in key geographies

**Profitability**
- Concrete path to profitability improvement
- Stand-alone brand performance and synergies
- Earnings growth and cash generation potential

**Execution**
- Strong team with industry-leading track record
- Committed to Global Champion strategy
Volkswagen Financial Services ¹): global, well diversified and successful

**Strong global presence**

![Map of the world with regions highlighted in blue]

**Rising penetration rates**

- **w/o China**
  - 2015: 46.9%
  - 2016: 48.7%
  - 2017: 47.8%
  - 2018: 49.4%
  - Q2 2019: 48.3%

- **with China**
  - 2015: 31.3%
  - 2016: 33.1%
  - 2017: 33.1%
  - 2018: 33.3%
  - Q2 2019: 34.1%

**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>2015</td>
<td>6.322</td>
<td>2.518</td>
<td>5.833</td>
<td>20,942</td>
</tr>
<tr>
<td>2016</td>
<td>7.218</td>
<td>2.760</td>
<td>6.155</td>
<td>22,583</td>
</tr>
<tr>
<td>2017*</td>
<td>7.641</td>
<td>3.921</td>
<td>5.672</td>
<td>24,634</td>
</tr>
<tr>
<td>2018</td>
<td>7.717</td>
<td>4.149</td>
<td>5.935</td>
<td>23,652</td>
</tr>
<tr>
<td>Q2 2019**</td>
<td>6.522</td>
<td></td>
<td></td>
<td>19,077</td>
</tr>
</tbody>
</table>

**Diversified funding structure**

- **Equity, liabilities to affiliated companies, other**
  - 30%

- **Asset backed securitization**
  - 18%

- **Customer deposits**
  - 16%

- **Bonds, Commercial Paper, liabilities to financial institutions**
  - 36%

30.06.2019: € 210.2 bn

³¹ Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.
Volkswagen Brand – Pushing the Turnaround in the US with new products

Deliveries to US customers, ‘000’ units

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>500</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>251</td>
<td></td>
</tr>
</tbody>
</table>

Market Share %

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share %</td>
<td>3.0</td>
<td>2.6</td>
<td>2.2</td>
<td>2.0</td>
<td>1.8</td>
<td>2.0</td>
</tr>
</tbody>
</table>

SUV offensive #1
- Atlas
- Tiguan
- Refreshed Golf

Sedans
- Jetta
- Passat
- Arteon

SUV offensive #2
- Midsize SUV 5s
- Compact SUV
- ID Crozz
Volkswagen Group China performance
(January to July 2019 vs. 2018)

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

Proportionate operating profit, January to June

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ (thsd. units)</td>
<td>€ 2.3 bn</td>
<td>€ 2.1 bn</td>
</tr>
</tbody>
</table>

January – July 2018

<table>
<thead>
<tr>
<th></th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>January – July</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
</tbody>
</table>

January – July 2019

<table>
<thead>
<tr>
<th></th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>January – July</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
</tbody>
</table>
Together4Integrity: Group-wide integrity and compliance program in full swing

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

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

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

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

**RESOLUTE ACCOUNTABILITY**
The organization takes action and holds itself accountable when wrongdoing occurs

---

1) Group entities covered; as of 12th March, 2019.
## Group Compliance action plan for 2019

<table>
<thead>
<tr>
<th>Standards, Organization</th>
<th>1</th>
<th>Whistleblower Group Guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>Staffing of Group Compliance</td>
</tr>
<tr>
<td>Processes &amp; Tools</td>
<td>3</td>
<td>Strengthening the group-wide Compliance Organization</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Consistent Compliance Risk Assessment</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Worldwide Anti-Money Laundering System</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Risk-based revision of group guidelines</td>
</tr>
<tr>
<td>Business partner</td>
<td>7</td>
<td>New Business partner approval process for suppliers and sales organization</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Compliance in M&amp;A transactions and post merger integration for non-controlled shareholdings</td>
</tr>
<tr>
<td>Certification</td>
<td>9</td>
<td>Support Monitorship + implementation of Monitor Recommendations</td>
</tr>
</tbody>
</table>
Investor Relations Team
We are pleased to answer your inquiries regarding Volkswagen shares and other capital market related questions.

Helen Beckermann (Wolfsburg office)
Interim Head of Group Investor Relations
E-Mail: Helen.Beckermann@volkswagen.de
Telephone: +49 5361 9 49015

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

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

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

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

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

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

The official website of Volkswagen Group Investor Relations. Company topics, brand channels, innovation and informations.
The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

<table>
<thead>
<tr>
<th>Type of Share</th>
<th>Shares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred</td>
<td>206,205,445</td>
<td>41.1%</td>
</tr>
<tr>
<td>Ordinary</td>
<td>295,089,818</td>
<td>58.9%</td>
</tr>
</tbody>
</table>

Current Voting Rights Distribution

- Preferred shares: 206,205,445 (41.1%)
- Ordinary shares: 295,089,818 (58.9%)
- Others: 52,2%

Qatar Holding: 17.0%
State of Lower Saxony, Hanover: 20.0%
Porsche SE, Stuttgart: 10.8%

Supervisory Board of Volkswagen AG

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Hans Dieter Pötsch</td>
</tr>
<tr>
<td>Members</td>
<td>Dr. Hussain Ali Abdulla</td>
</tr>
<tr>
<td></td>
<td>Dr. Hessa Sultan Al Jaber</td>
</tr>
<tr>
<td></td>
<td>Dr. Bernd Althusmann</td>
</tr>
<tr>
<td></td>
<td>Dr. Hans-Peter Fischer</td>
</tr>
<tr>
<td></td>
<td>Marianne Heiß</td>
</tr>
<tr>
<td></td>
<td>Jörg Hofmann</td>
</tr>
<tr>
<td></td>
<td>Johan Järvklo</td>
</tr>
<tr>
<td></td>
<td>Ulrike Jakob</td>
</tr>
<tr>
<td></td>
<td>Dr. Louise Kiesling</td>
</tr>
<tr>
<td></td>
<td>Peter Mosch</td>
</tr>
<tr>
<td></td>
<td>Bertina Murkovic</td>
</tr>
<tr>
<td></td>
<td>Bernd Osterloh</td>
</tr>
<tr>
<td></td>
<td>Dr. jur. Hans Michel Piëch</td>
</tr>
<tr>
<td></td>
<td>Dr. jur. Ferdinand Oliver Porsche</td>
</tr>
<tr>
<td></td>
<td>Dr. rer. comm. Wolfgang Porsche</td>
</tr>
<tr>
<td></td>
<td>Conny Schönhardt</td>
</tr>
<tr>
<td></td>
<td>Athanasios Stimoniaris</td>
</tr>
<tr>
<td></td>
<td>Stephan Weil</td>
</tr>
<tr>
<td></td>
<td>Werner Weresch</td>
</tr>
</tbody>
</table>

Board of Management of Volkswagen AG

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of VW AG and VW Passenger Cars brand</td>
<td>Dr. Herbert Diess</td>
</tr>
<tr>
<td>Porsche AG</td>
<td>Dr. Oliver Blume</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Gunnar Kilian</td>
</tr>
<tr>
<td>TRATON Group</td>
<td>Andreas Renschler</td>
</tr>
<tr>
<td>Audi AG</td>
<td>Abraham Schot</td>
</tr>
<tr>
<td>Integrity and Legal Affairs</td>
<td>Hiltrud Dorothea Werner</td>
</tr>
<tr>
<td>Finance and IT</td>
<td>Frank Witter</td>
</tr>
<tr>
<td>Components and Procurement</td>
<td>Dr. Stefan Sommer</td>
</tr>
</tbody>
</table>

1) Each Board Member is responsible for one or more functions within the Volkswagen Group. The work of the Board of Management of Volkswagen AG is supported by the boards of the brands and regions as well as by the other group business units and holdings. 2) On March 13, 2019, Porsche SE announced increase in voting rights to 53.1%.
Volkswagen Group – Deliveries to Customers by Markets\textsuperscript{1)}
(January to July 2019 vs. 2018)

\begin{itemize}
\item Volkswagen Group: 6,428,000 vs. 6,251,000 (-2.7%)
\item Western Europe: 2,357,000 vs. 2,326,000 (-1.3%)
\item Central & Eastern Europe: 472,000 vs. 465,000 (-1.4%)
\item North America: 546,000 vs. 541,000 (-0.9%)
\item South America: 332,000 vs. 336,000 (+1.2%)
\item China (incl. HK): 2,304,000 vs. 2,230,000 (-3.2%)
\item Asia Pacific: 195,000 vs. 162,000 (-17.0%)
\item Rest of World: 222,000 vs. 191,000 (-14.0%)
\end{itemize}

\textsuperscript{1)} Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -3.1% incl. Volkswagen Commercial Vehicles in North and South America, excl. Scania and MAN.
Better Earnings Quality & EPS growth \(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Basis: Result 2016</th>
<th>2020 Updated Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales revenue (€ bn)</strong></td>
<td>217.3</td>
<td><strong>CMD March 2017</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ &gt; 20 %</td>
</tr>
<tr>
<td><strong>Operating profit (€ bn)</strong></td>
<td>14.6</td>
<td><strong>PR 66</strong></td>
</tr>
<tr>
<td>before Special Items</td>
<td></td>
<td>+ &gt; 25 %</td>
</tr>
<tr>
<td><strong>Profit before tax (€ bn)</strong></td>
<td>14.8</td>
<td><strong>PR 67</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ ≥ 25 %</td>
</tr>
<tr>
<td><strong>Earnings per Pref. Share</strong></td>
<td>~20 €</td>
<td></td>
</tr>
<tr>
<td>before Special Items</td>
<td></td>
<td>+ ≥ 25 %</td>
</tr>
</tbody>
</table>

\(^1\) As of 19th November, 2018.
Automotive Division – Research and Development Costs
(January to June 2019 vs. 2018)

[€ million]
## Diesel issue: Special Items & payments

<table>
<thead>
<tr>
<th>Year</th>
<th>Diesel special items</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Legal 7.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other items 9.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>16.2</strong></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>~2.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>~5.3</td>
</tr>
<tr>
<td>2016</td>
<td><strong>Mainly legal risks</strong> 6.4</td>
<td>~3.0</td>
</tr>
<tr>
<td>2017</td>
<td><strong>Buyback/retrofit program</strong> 2.2</td>
<td>~16.1</td>
</tr>
<tr>
<td></td>
<td>Legal 1.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>3.2</strong></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td><strong>Mainly legal risks</strong> 3.2</td>
<td>~5.3</td>
</tr>
<tr>
<td>2019</td>
<td><strong>Mainly legal risks</strong> 1.0</td>
<td>Expected</td>
</tr>
<tr>
<td></td>
<td></td>
<td>~2.0</td>
</tr>
<tr>
<td>Total</td>
<td><strong>30.0</strong></td>
<td>Payments made until 2018</td>
</tr>
</tbody>
</table>

1) In Q1 Special Items of 981 million € were booked for diesel related legal risks, of which 535 million € related to Porsche and 400 million € to Volkswagen Passenger Cars.

- Expected ~2.0
- Payments made until 2018 ~24.6
### Volkswagen Group – Analysis by Business Line ¹)
(January to June 2019 vs. 2018)

|-----------------------------|------------------------------------|------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|

### Volkswagen Group before Special Items

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>5,339</td>
<td>5,575</td>
<td>125,197</td>
<td>119,377</td>
</tr>
<tr>
<td>Special Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Volkswagen Group ⁶)</td>
<td>5,339</td>
<td>5,575</td>
<td>125,197</td>
<td>119,377</td>
</tr>
<tr>
<td>of which: Passenger Cars ⁷)</td>
<td>5,215</td>
<td>5,463</td>
<td>90,942</td>
<td>88,090</td>
</tr>
<tr>
<td>of which: Commercial Vehicles ⁷)</td>
<td>124</td>
<td>113</td>
<td>13,320</td>
<td>11,988</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td>1,864</td>
<td>1,637</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
<td>19,071</td>
<td>17,662</td>
</tr>
</tbody>
</table>

¹) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²) Porsche (Automotive and Financial Services): sales revenue €13,405 (12,287) million, operating profit before special items €2,209 (2,154) million. ³) Scania (Automotive and Financial Services): sales revenue €7,336 (6,515) million, operating profit €895 (684) million. ⁴) The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of €2,103 (2,318) million. ⁵) In operating profit, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation as well as companies not allocated to the brands. ⁶) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions. ⁷) The Volkswagen Commercial Vehicles brand has been reported as part of the Passenger Cars Business Area since January 1, 2019. The prior-year figures have been adjusted.
Volkswagen Group Funding Strategy – Main Guarantors and Issuers

Volkswagen AG
BBB+ (s) / A3 (s)¹

Volkswagen International Finance N.V.
Volkswagen Financial Services AG

Volkswagen Group of America Finance, LLC
Volkswagen Financial Services N.V.

Volkswagen Credit Canada, Inc.
Volkswagen Leasing GmbH

Volkswagen FS AG
BBB+ (s) / A3 (s)¹

Volkswagen Bank GmbH²
A- (n) / A1 (s)¹

¹Credit Ratings from Standard&Poors / Moody’s as per June 30, 2019; (s) Outlook stable; (n) Outlook negative
²S&P: BBB+ Senior Subordinated Rating; Moody’s: A3 Junior Senior Unsecured Rating

The information contained herein is not for publication or distribution, directly or indirectly, in or into the United States of America, Canada, Japan or Australia.
Volkswagen Group Funding Strategy – Overview\(^1\)

**Diversification of Funding Sources**

- Direct Banking Deposits: 14%
- Bank Loans: 14%
- ABS: 20%
- Hybrid Bonds: 6%
- Commercial Paper: 6%
- Medium Term Notes / Bonds: 35%
- Other: 5%

**Currencies – Breakdown**

- EUR: 59%
- USD: 17%
- GBP: 11%
- SEK: 4%
- CAD: 3%
- AUD: 2%
- other\(^2\): 4%
- JPY, MXN, CNY, NOK, BRL, INR, RUB, TRY, NZD, CZK

---

\(^1\) as of June 30, 2019

Source: Volkswagen Group

The information contained herein is not for publication or distribution, directly or indirectly, in or into the United States of America, Canada, Japan or Australia.

\(^2\) JPY, MXN, CNY, NOK, BRL, INR, RUB, TRY, NZD, CZK
Volkswagen Group Funding Strategy – Maturity Profile (in € million)$^1$

$^1$ as of June 30, 2019
Source: Volkswagen Group

The information contained herein is not for publication or distribution, directly or indirectly, in or into the United States of America, Canada, Japan or Australia.
## Volkswagen Group Funding Strategy – Outstandings
### June 30, 2019

### Money and Capital Markets

<table>
<thead>
<tr>
<th>Description</th>
<th>€ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Papers</td>
<td>12.0</td>
</tr>
<tr>
<td>Medium Term Notes / Bonds</td>
<td>85.3</td>
</tr>
<tr>
<td>thereof: Hybrid Bonds</td>
<td>12.5</td>
</tr>
<tr>
<td>ABS</td>
<td>41.1</td>
</tr>
</tbody>
</table>

### Borrowings

<table>
<thead>
<tr>
<th>Description</th>
<th>€ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Borrowings</td>
<td>28.6</td>
</tr>
<tr>
<td>Direct Banking Deposits</td>
<td>30.4</td>
</tr>
<tr>
<td>Financial Leases</td>
<td>5.4</td>
</tr>
<tr>
<td>Other</td>
<td>5.9</td>
</tr>
</tbody>
</table>
Volkswagen Group Funding Strategy – Major Commercial Paper Programmes in Europe

**Volkswagen AG**
- **EUR 15.0bn Multi CCY CP-Programme**
- **EUR 5.0bn Belgian Short-Term Treasury Notes Programme**
  - Volkswagen International Finance N.V.
  - Volkswagen Group of America Finance, LLC

**Volkswagen FS AG**
- **EUR 5.0bn Multi CCY CP-Programme**
  - Volkswagen Financial Services AG
  - Volkswagen Financial Services N.V.
  - Volkswagen Leasing GmbH

**Volkswagen Bank GmbH**
- **EUR 2.5bn Multi CCY CP-Programme**
  - Volkswagen Bank GmbH
Creating Value with Financial Services
Katja Hauer
Volkswagen Financial Services AG and Volkswagen Bank GmbH
IAA, Frankfurt, 10 September 2019
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.

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.

IAA, Frankfurt, 10 September 2019
Agenda

Role of Volkswagen Financial Services within the Volkswagen Group and the current Business Model

New Business Models of Volkswagen Financial Services

Vision and Targets of Route2025
Role of Volkswagen Financial Services within the Volkswagen Group and the current Business Model
**Volkswagen Konzern: Steuerungsmodell**

<table>
<thead>
<tr>
<th>VOLKSWAGEN</th>
<th>A K T I E N G E S S E H A F T</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management holding</strong></td>
<td><strong>Financial holding</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Passenger Cars</strong></td>
<td><strong>Truck &amp; Bus</strong></td>
</tr>
<tr>
<td><strong>Volume</strong></td>
<td><strong>Premium</strong></td>
</tr>
<tr>
<td>Volkswagen</td>
<td>Audi</td>
</tr>
<tr>
<td>Skoda</td>
<td>Bentley</td>
</tr>
<tr>
<td>SEAT</td>
<td>Ducati</td>
</tr>
</tbody>
</table>
| MOIA | | | MAN Energy Solutions
| | | | Porsche Financial Services
| | | | Financial Services
| | | | USA / Canada
| | | | Scania Financial Services
| | | | Porsche Holding
| | | | Financial Services

1) Allocation to be verified

Stand: 04.09.2019

IAA, Frankfurt, 10 September 2019
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 as of 30.06.2019

#### Volkswagen Bank GmbH

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 73.6 billion</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 10.4 billion</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 33.8 billion</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 339 million</td>
</tr>
<tr>
<td>Employees</td>
<td>2,128</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>4.7 million</td>
</tr>
</tbody>
</table>

#### Volkswagen Financial Services AG

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 103.7 billion</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 10.7 billion</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 77.5 million</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 369 million</td>
</tr>
<tr>
<td>Employees</td>
<td>9,916</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>13.7 million</td>
</tr>
</tbody>
</table>

---

**IAA, Frankfurt, 10 September 2019**

*Receivables + Leased Assets*
Operating Income

Volkswagen Bank GmbH

Volkswagen Financial Services AG*

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

IAA, Frankfurt, 10 September 2019
Portfolio structure Volkswagen Financial Services

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

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

Other substantial risk types:
- Earnings Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2018
Credit risk remains at low level despite challenging market environment.
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.
International used car brokerage safeguards residual values

Currently 10 Volkswagen Financial Services AG countries participating
1 additional country in discussion
Worldwide Capital Market Activities

Volkswagen Financial Services Group
- € 5 bn CP Program
- € 35 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 5 bn Debt Issuance Program

* Guarantee Volkswagen Financial Services AG

IAA, Frankfurt, 10 September 2019
Worldwide ABS Activities

- **VW Leasing/DutchLease**
  - VCL program
  - VCL Master

- **MAN Financial Services**
  - Trucknology
  - **VW Bank**
    - Driver program
    - Driver Master

- **VW Finance China**
  - Driver China program

- **VW FS Australia**
  - Driver Australia program
  - Driver Australia Master

- **Banco VW Brazil**
  - Driver Brasil program

- **VW Bank France**
  - Driver France program

- **VW Finance Spain**
  - Driver España program

- **VW Bank Italy**
  - Driver Italia program

- **VW Bank Italy**
  - Driver Italia program

- **VW FS UK**
  - Driver UK program
  - Driver UK Master

- **VDF Turkey**
  - Driver Turkey Master

- **Volkswagen Bank GmbH Programs**
- Volkswagen Financial Services Programs

IAA, Frankfurt, 10 September 2019
Funding Allocation as of 30.06.2019

**Volkswagen Bank GmbH**

- Intercompany refinancing: €6.68 bn (9.1%)
- Credit lines: €6.9 bn (9.4%)
- Commercial Papers: €0.7 bn (1.0%)
- Bonds: €6.9 bn (9.4%)
- Asset-Backed Securities: €2.46 bn (3.3%)
- Other facilities: €5.8 bn (7.9%)
- Equity: €10.4 bn (14.1%)
- Customer deposits: €33.8 bn (45.9%)

**Volkswagen Financial Services AG**

- Intercompany refinancing: €11.83 bn (11.4%)
- Credit lines: €13.4 bn (12.9%)
- Commercial Papers: €2.7 bn (2.6%)
- Asset-Backed Securities: €22.3 bn (21.5%)
- Bonds: €34.94 bn (33.7%)
- Customer deposits: €0.1 bn (0.1%)
- Other facilities: €7.7 bn (7.4%)
- Equity: €10.7 bn (10.3%)
New Business Models of Volkswagen Financial Services
Impacts on our business model

New Channels
- Our world is getting more Digital
- IoT more present

New Products
- Urban Spaces are changing
- BEVs are the key to realize EU targets for reducing emissions

IAA, Frankfurt, 10 September 2019
The Volkswagen Financial Services offer must adapt to market changes

**Classic business model**

- Car financing
- Dealer financing
- Leasing
- Insurance
- Services

**INCOME**

- Interest and liquidity risk
- Default risk
- Residual value risk

**RISK**

- Retail customer (1:1)
- Dealers
- BaFin, ECB

**PARTNER**

IAA, Frankfurt, 10 September 2019
We offer the whole range of services under one roof*

* Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.
The Volkswagen Financial Services offer must adapt to market change

New mobility concepts

**INCOME**
- Rental products
- Fleet business
- Parking, Fuel, Toll

**RISK**
- Revenue risk
- Utilisation risk
- Operating risk (own operations)

**PARTNER**
- Mobility customers (1:n)
- Municipal authorities
- Public transport

IAA, Frankfurt, 10 September 2019
We offer the whole range of services under one roof*

* Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.
The Volkswagen Financial Services offer must adapt to market changes

Digital products

- Payment-Services
- Cyber-insurance
- Functions on Demand
- Cyber risks
- Traffic law risks (autonomous driving)
- Digital-savvy customers
- Digital companies

IAA, Frankfurt, 10 September 2019
Volkswagen Financial Services will digitalize all core products by 2020 and extends its distribution channels.

Past: single channel  
By 2020: multi channel  
By 2025: omni channel
The Volkswagen Financial Services offer must adapt to market changes

**Electrification**

- Classic business, new mobility concepts and digital products for e-cars
- Charging-products
- Revaluation of classic risks, especially residual value risk (internal combustion engine vs. electric motor)
- Environmentally aware customers
- Energy providers
- Battery producers
- Providers of charging infrastructure

IAA, Frankfurt, 10 September 2019
Electrification creates new challenges for automotive financial service providers

**Challenges**
- Uncertainties and delays (technology and complexity)
- Investment risk

**Targets**
- Take over the risks and uncertainties
- Offer an attractive financial services product portfolio

**Solutions**
- Customized leasing offers for EV new and used cars
- Packages and after-sales offers for EV new and used cars

**Financial service providers**
- Reduced margin due to changed product portfolio
- Keeping the residual values stable

**Targets**
- Securing the residual values
- Customer loyalty: Accompanying the customer and the vehicle "for a lifetime"

**Holistic sales approach**
Vision and Targets of Route2025
Vision and targets of Route2025

WE ARE THE BEST AUTOMOTIVE FINANCIAL SERVICES GROUP IN THE WORLD

VISION

CUSTOMERS
- Excited Customers

EMPLOYEES
- Top Employer
- Top Employees

OPERATIONAL EXCELLENCE
- Compliance & Governance
- Process Efficiency
- IT Excellence

PROFITABILITY
- Total Operating Income
- 20% ROE
- 40% CIR

VOLUME
- 30M Contracts
- 50% Extended Penetration

STRAIGHT DIMENSIONS

STRAIGHT TARGETS

IAA, Frankfurt, 10 September 2019
ROUTE2025 - Target of 30 mn contracts* in portfolio in 2025
Major driver: used cars

2018 | open | 2025 Target
--- | --- | ---
20.3 mn | 9.7 mn | 30 mn

Main drivers:
- Used Car Business
- Multibrand

* Contract portfolio including contracts of non-consolidated companies

IAA, Frankfurt, 10 September 2019
hey car | development of a real alternative to the current duopoly

- Mobile.de and AutoScout24 counts for 85% of the market.
- Constant price increase for both platforms.
- Dominant platforms controlled by American tech companies.

Online share of trades:
- Dealers own website: 10%
- Mobile.de: 55%
- AutoScout24: 30%
- VW: 2%
- Audi: 2%
- Others: 1%

Heycar is being developed as an alternative in close cooperation with dealers.

Daimler Financial Services acquired 20% stake.

IAA, Frankfurt, 10 September 2019
Questions?
Thank You.

Volkswagen Financial Services
Gifhorner Str. 57
38112 Braunschweig
Germany
www.vwfsag.de/en

Katja Hauer
Investor Relations
Volkswagen Financial Services
Tel.: +49 531 212 84608
katja.hauer@vwfs.com

Maik Knappe
Capital Markets and Rating
Volkswagen Financial Services
Tel.: +49 531 212 4593
maik.knappe@vwfs.com
Thank You.

Volkswagen Bank GmbH
Gifhorner Str. 57
38112 Braunschweig
Germany