Volkswagen Group: Stability in Volatile Times

Lennart Schmidt, Kai Otto, Ulrich Hauswaldt, Nils Allnoch
Volkswagen AG, Volkswagen Financial Services
Commerzbank Investorday, Frankfurt, 16 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

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

Volkswagen Financial Services

Ulrich Hauswaldt – Investor Relations
Nils Allnoch – Debt Capital Markets and Rating
Volkswagen Investor Update

Volkswagen AG

Lennart Schmidt – Group Investor Relations
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Ulrich Hauswaldt – Investor Relations
Nils Allnoch – Debt Capital Markets and Rating
Highlights January – June 2015

Sales revenue increased partly due to positive influences from exchange rates and mix

Operating result, before and after special items, improved in a regionally very mixed market environment

Profit before tax lower despite slightly higher at-equity earnings from Chinese joint ventures due to significantly negative fair value measurement of derivatives

Strong net cash flow generation facilitates robust automotive net liquidity
Financial Highlights – Volkswagen Group
(January to June 2015 vs. 2014)

- **Sales revenue**
  - 2014: €98,808 (€108,776 + 10.1%)
  - 2015: €108,776

- **Operating profit**
  - 2014: €6,186 (€6,990 + 13.0%)
  - 2015: €6,990

- **Profit before tax**
  - 2014: €7,777
  - 2015: €7,664 (-1.5%)

- **Profit after tax**
  - 2014: €5,716
  - 2015: €5,663 (-0.9%)
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to July 2015 vs. 2014)

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>VW Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>World:</td>
<td>2.5%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>North America</td>
<td>5.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>8.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>-23.0%</td>
<td>-10.4%</td>
</tr>
<tr>
<td>South America</td>
<td>-17.3%</td>
<td>-20.9%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>7.6%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3.3%</td>
<td>-4.2%</td>
</tr>
</tbody>
</table>

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

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -0.9% excl. Volkswagen Commercial Vehicles, Scania and MAN.
Volkswagen Group – Commercial Vehicles Deliveries to Customers by Brands (January to July 2015 vs. 2014)

- **Volkswagen Group**
  - January – July 2014: 5,888
  - January – July 2015: 5,831
  - Change: -1.0%

- **Commercial Vehicles**
  - January – July 2014: 255
  - January – July 2015: 257
  - Change: +0.4%

- **MAN**
  - January – July 2014: 68
  - January – July 2015: 59
  - Change: -13.2%

- **Scania**
  - January – July 2014: 42
  - January – July 2015: 43
  - Change: +3.2%

1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -0.9% excl. Volkswagen Commercial Vehicles, Scania and MAN.
2) MAN incl. MAN Latin America Trucks and Busses GVW > 5t
## Volkswagen Group – Analysis by Division<sup>1)</sup>
(January to June 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>Vehicle sales</td>
<td>5,090</td>
<td>5,207</td>
<td>5,090</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>108,776</td>
<td>98,808</td>
<td>94,093</td>
</tr>
<tr>
<td>Operating profit</td>
<td>6,990</td>
<td>6,186</td>
<td>5,870</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.4</td>
<td>6.3</td>
<td>6.2</td>
</tr>
<tr>
<td>Special items</td>
<td>-170</td>
<td>-</td>
<td>-170</td>
</tr>
<tr>
<td>Operating profit</td>
<td>6,820</td>
<td>6,186</td>
<td>5,700</td>
</tr>
<tr>
<td>% of sales revenue</td>
<td>6.3</td>
<td>6.3</td>
<td>6.1</td>
</tr>
<tr>
<td>Financial result</td>
<td>843</td>
<td>1,591</td>
<td>785</td>
</tr>
<tr>
<td>of which: At-equity result&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>2,241</td>
<td>2,143</td>
<td>2,222</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-1,397</td>
<td>-552</td>
<td>-1,437</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>7,664</td>
<td>7,777</td>
<td>6,485</td>
</tr>
<tr>
<td>% Return on sales before tax</td>
<td>7.0</td>
<td>7.9</td>
<td>6.9</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>5,663</td>
<td>5,716</td>
<td>4,882</td>
</tr>
</tbody>
</table>

<sup>1)</sup> 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.

<sup>2)</sup> The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €2,744 million (€2,622 million).
Volkswagen Group – Analysis of Operating Profit¹)
(January to June 2015 vs. 2014)

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

(January to June 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></td>
<td>thousand vehicles</td>
<td>€ million</td>
<td></td>
</tr>
<tr>
<td>Volkswagen Passenger Cars</td>
<td>2,251</td>
<td>2,302</td>
<td>53,578</td>
</tr>
<tr>
<td>Audi</td>
<td>784</td>
<td>750</td>
<td>29,784</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>421</td>
<td>426</td>
<td>6,421</td>
</tr>
<tr>
<td>SEAT</td>
<td>286</td>
<td>258</td>
<td>4,469</td>
</tr>
<tr>
<td>Bentley</td>
<td>5</td>
<td>6</td>
<td>939</td>
</tr>
<tr>
<td>Bentley</td>
<td>109</td>
<td>89</td>
<td>10,850</td>
</tr>
<tr>
<td>Volkswagen Commercial Vehicles</td>
<td>231</td>
<td>221</td>
<td>5,223</td>
</tr>
<tr>
<td>Scania2)</td>
<td>38</td>
<td>38</td>
<td>5,182</td>
</tr>
<tr>
<td>MAN</td>
<td>50</td>
<td>58</td>
<td>6,719</td>
</tr>
<tr>
<td>VW China3)</td>
<td>1,743</td>
<td>1,847</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-827</td>
<td>-788</td>
<td>-27,407</td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>-</td>
<td>-</td>
<td>13,018</td>
</tr>
<tr>
<td>Volkswagen Group before special items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Volkswagen Group</td>
<td>5,090</td>
<td>5,207</td>
<td>108,776</td>
</tr>
<tr>
<td>Automotive Division5)</td>
<td>5,090</td>
<td>5,207</td>
<td>94,093</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>4,772</td>
<td>4,890</td>
<td>77,129</td>
</tr>
<tr>
<td>of which: Commercial Vehicles, Power Engineering</td>
<td>318</td>
<td>317</td>
<td>16,964</td>
</tr>
<tr>
<td>Financial Services Division</td>
<td>-</td>
<td>-</td>
<td>14,683</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 JV’s 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 €2,744 million (€2,622 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 June 2015 vs. 2014)

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>11.32</td>
<td>11.06</td>
</tr>
<tr>
<td>Preferred</td>
<td>11.38</td>
<td>11.12</td>
</tr>
</tbody>
</table>

- 2%

Key driving factors for EPS

- Increase of Group operating profit
- Slightly improved at-equity result, mainly from Chinese joint venture companies
- Significantly more negative other financial results, mainly due to significantly negative fair value measurement effects
- 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.
Automotive Division – Strong Cash Generation\(^1\)\(^2\)
(January to June 2015)

<table>
<thead>
<tr>
<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>8.4</td>
<td>11.6</td>
<td>-2.2</td>
<td>-3.6 (4.1%(^3))</td>
<td>0.2</td>
<td>4.9</td>
<td>-0.1</td>
<td>2.9</td>
</tr>
</tbody>
</table>

\(^1\)All figures shown are rounded, minor discrepancies may arise from addition of these amounts. \(^2\) Including allocation of consolidation adjustments between Automotive and Financial Services divisions. 
\(^3\) Capital expenditure for property, plant and equipment in % of Automotive sales revenue.
Automotive Division – Analysis of Net Liquidity

<table>
<thead>
<tr>
<th>Period</th>
<th>Equity capital increase Volkswagen FS</th>
<th>Issuance of hybrid bond</th>
<th>Dividend pay-out to Volkswagen AG shareholders</th>
<th>Net cash flow</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2014</td>
<td>17.6</td>
<td>2.5</td>
<td>-2.3</td>
<td>4.8</td>
<td>21.5</td>
</tr>
<tr>
<td>30 June 2015</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.
Continuous dividend development on a sustainable basis

Development of dividend pay-out...

<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></td>
</tr>
<tr>
<td>2011</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3.50</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4.80</td>
<td></td>
</tr>
</tbody>
</table>

+21.5% p.a.

Mid-term target: 30%

... and pay-out ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
<th>Mid-term target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>15.1%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>15.7%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>17.8%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>20.6%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>21.2%</td>
<td></td>
</tr>
</tbody>
</table>

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.
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>Investments (€ billion)</th>
<th>Investment as % of sales revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5.8</td>
<td>6.2%</td>
</tr>
<tr>
<td>2010</td>
<td>5.7</td>
<td>5.0%</td>
</tr>
<tr>
<td>2011</td>
<td>7.9</td>
<td>5.6%</td>
</tr>
<tr>
<td>2012</td>
<td>10.3</td>
<td>5.9%</td>
</tr>
<tr>
<td>2013</td>
<td>11.0</td>
<td>6.3%</td>
</tr>
<tr>
<td>2014</td>
<td>11.5</td>
<td>6.5%</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>…</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Capex to sales ratio between 6 and 7%

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

- **€64.3 bn** Investments in property, plant and equipment
- **€23.0 bn** Cross-product investments
- **€21.9 bn** Capitalized development costs
- **-€0.6 bn** Others

**2015 - 2019**

- 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 …

■ deliveries to customers for the Volkswagen Group in 2015 to remain on a level with the previous year 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

1 Own calculation based on key industry studies on customer satisfaction with dealers, after sales and new vehicles.  
2 Including China.

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

Group profit before tax margin (in percent)

Group deliveries to customers (in million units)

```
<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes &gt; 10 million units p.a.²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.2</td>
<td>7.2</td>
<td>9.3</td>
<td>10.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \text{\textsuperscript{1}} )</td>
<td>84</td>
<td>90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \text{\textsuperscript{2}} )</td>
<td>6.0</td>
<td>5.8</td>
<td>1.2</td>
<td>7.1</td>
<td>7.8</td>
<td>11.9</td>
<td>13.2</td>
<td>6.3</td>
</tr>
<tr>
<td>( \text{\textsuperscript{3}} )</td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
</tr>
</tbody>
</table>
```

\( \text{\textsuperscript{1}} \) Own calculation based on key industry studies on customer satisfaction with dealers, after sales and new vehicles.  
\( \text{\textsuperscript{2}} \) Including China.

\( \text{\textsuperscript{3}} \) 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.
### Volkswagen Group – Key sustainable achievements

<table>
<thead>
<tr>
<th>Superior products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued market leadership in Europe and China</td>
</tr>
<tr>
<td>Positioning and cooperation clearly strengthened in the premium segment</td>
</tr>
<tr>
<td>Creation of a leading truck business</td>
</tr>
<tr>
<td>Successful toolkit implementation</td>
</tr>
</tbody>
</table>
Improved segment and market exposure provides stable earnings platform

1 Source: Polk, Jan – Jun 2015 vs. FY 2007, figures excl. Volkswagen Commercial Vehicles, MAN and Scania. Porsche fully consolidated as from 1 August 2012  
2 Split of Group Operating Profit excl. Other / Consolidation and PPA, Jan - Jun 2015 vs. FY 2007  
3 Commercial Vehicles / Power Engineering, H1 2015 Operating Profit before special items  
4 VW Financial Services figures do not include financial service activities of Scania, Porsche AG and Porsche Holding Salzburg
Key sales markets offer substantial growth opportunities
Market growth 2014 – 2018 (million units)

North America

Western Europe ¹)

Central & Eastern Europe (incl. Russia)

South America ²)

China (incl. HK)

India

World

¹) Includes Cyprus and Malta
²) Includes Central America and Caribbean
Source: IHS Automotive (data status: September 2015), rounded
Note: Market = Cars and LCVs
While some major markets are near peak levels, core regions of the Volkswagen Group are still significantly below historical sales levels.

Source: IHS Automotive and company data; Western Europe incl. Germany, China incl. Hong Kong
Tightening environmental regulation and major trends driving substantially higher investment and engineering needs today

**... CO₂ and EU6 regulations**

Status and forecast of CO₂-regulations

- **EU baseline**: 219
- **US baseline**: 219 (PC+LDT)
- **China baseline**: 185
- **EU 2020**: 95
- **US 2025**: 107
- **China 2015**: 167

Source: based on ICCT

**... 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

Profitability

Economic uncertainty

Future trends

Costs

Revenues

E-mobility
Digitalization
Business models
Product cycles
Automated driving

Trade barriers
Currencies
Economic development
Regulations

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.
Efficiency program well on the way in all business areas
Improving operating returns at Volkswagen Passenger Cars\(^1\)
the latest by 2018 is a core objective

\(^1\) 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.
Western European car markets are recovering on a solid basis, but most markets are still below historical levels.

Key Western European Passenger Car Markets

[Seasonally-adjusted-annual rate, Dec 2006 – Jul 2015, in m units]

- **Western Europe**
- **Germany**
- **United Kingdom**
- **Spain**

Purchasing Managers Index (as per July 2015)

Since mid-2013 the Western European passenger car market is steadily recovering from lows.

- Key drivers include recovering economic performance and sound growth expectations as well as low financing rates.
- However, most markets are still below pre-crisis levels.
- Further continuation of positive development supported by robust growth expectations.

Source: Company data, Thomson Reuters
Western European recovery – mix effects provide substantial stimulus to Group operating profit performance in addition to volume impact

- Positive overall volume impact, driven by market growth as well as attractive product
- Supportive country mix
- Positive model & segment mix
- Improving content
Deep roots and strong market position combined with further growth potential assures continued profitable growth in China

**Production network and implementation of MQB**

- **Urumqi**
- **Chengdu**
- **Beijing**
- **Tianjin** (2017/18)
- **Shanghai**
- **Foshan**
- **Changsha**
- **Ningbo**
- **Qingdao** (2017/18)
- **Nanjing**

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

- Existing production site
- MQB production site by 2016
- Planned MQB production site

**Continuous expansion of dealer network**

- **ŠKODA**
- **Audi**
- **Volkswagen**

- **Locally produced**
  - 2014: 30
  - 2018e: >45

- **Import**
  - 2014: 118
  - 2018e: >145

- **Total**
  - 2014: 148
  - 2018e: >190

**Proportionate Operating Profit**

- Dividends paid to Volkswagen AG
- Deliveries to customers


**Continuous expansion of dealer network**

- Others
- ŠKODA
- Audi
- Volkswagen

- **2013**
  - 2,395

- **2014**
  - 2,654

- **2018e**
  - >3,600

1) Dividend proposal
‘New Normal’ has arrived in the Chinese market requiring a different focus

**Challenging framework conditions...**

- Slowing GDP growth
  - 2010: +10.4%
  - 2011: +10.4%
  - 2012: +9.2%
  - 2013: +7.0%
  - 2014: +7.0%
  - 2015 ytd: +7.0%

- Stock market volatility

- Car purchase restrictions

- Growth moving to lower Tier cities with more price sensitive customers

- Pressure on vehicle prices

**...requires more focus on qualitative growth**

- More focus on synergies, efficiencies and costs

- Flexible and prudent capacity planning

- Conservative planning of sales targets

- Product portfolio refreshment and development
In 2015/16 Volkswagen Group is updating up to 70% of its models in China, including the launch of more than 30 entirely new models to the market.

Model relaunches and facelifts in % of total portfolio:
- 30% share of models introduced in 2015
- 40% share of models introduced in 2016

2016 total portfolio: ~160 models

Vehicles carrying substantial volume potential to be updated in 2015/16 (examples):

- Lavida (SVW) (>350,000 units)
- Audi A4L (FAW-VW) (>100,000 units)
- Passat NMS (SVW) (>200,000 units)
- Audi Q7 (FBU) (>20,000 units)
- Magotan (FAW-VW) (>200,000 units)
- ŠKODA Superb (SVW) (>30,000 units)
- Tiguan (SVW) (>200,000 units)
- Porsche 911 Coupé (FBU) (>1,000 units)

1) Volume data as per full year 2014  2) incl. LWB version
Volkswagen Group’s 360° business model for the Budget Car Family

- Utilization of existing platforms
- Limited number of vehicle variants
- Minimized one-off expenditure
- Flat organizational structure
- 100% local sourcing
- Simple distribution system
- High equipment standard with low-cost solutions
- Lower-cost manufacturing technologies
USA – Extending the business

Expanding local footprint

- Herndon Headquarters
- Chattanooga Plant
- Atlanta Headquarters
- San José Chiapa Plant
- Puebla Plant
- Silao Plant (engines)
- Chattanooga Plant

Strong commitment to targets in the U.S. market

Deliveries in '000 units by brands

- Volkswagen
- Audi
- Porsche
- Other

LCV segment remains a large opportunity

- Segment structure 2014
- Deliveries to customers Jan-Aug 2015 vs. Jan-Aug 2014

- LCVs
- Cars

 upgrades and expansion of portfolio

- Introduction of the new Golf
- US Passat facelift
- Tiguan LWB
- Jetta facelift
- B-SUV

- 2014
- 2015
- 2016

- 2014
- 39%
- 61%
- 2014
- 16%
- 84%

- Production of global volumes of new Audi Q5 from 2016
- Figures including Porsche as from 1 August 2012
- Thereof Passenger Cars -3.1%, Light Commercial Vehicles +10.4%
- 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)

- 2007: 545
- 2008: 586
- 2009: 683
- 2010: 712
- 2011: 705
- 2012: 780
- 2013: 682
- 2014: 573
- ... 2018

Expansion & upgrade of locally produced portfolio

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

A rapidly changing competitive landscape

Number of automotive companies in the Brazilian market

- 1980's
- 1990's
- 2010
- 2015e

1) Audi to start production of A3 Sedan in São José dos Pinhais in 2015, Q3 to be produced from 2016
2) Volkswagen, Fiat, General Motors, Ford

Source: Anfavea, own research
Product innovation and cost reduction are the key pillars of Volkswagen’s strategy to cope with challenges in emerging markets.
Volkswagen Group toolkit strategy and responsibilities

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

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

Responsibilities:
- Established markets
- Emerging markets
- Vehicle classes

Volkswagen, Audi, Porsche

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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
- Less one-off expenditures

= Potential savings

Margin improvement

Savings
Expenditures
Invest

Different powertrains

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

- Conventional drive
- Electric drive
- Alternative/Regenerative

- TSI Gasoline
- TDI Diesel
- EcoFuel
- FlexFuel
- BiFuel

- Hybrid
- BEV
- Ethanol
- LPG
Sustainable success secured through the roll-out of modular toolkits

Global roll-out of modular toolkits

Number of toolkit equipped plants and volume

MQB production share of total production volumes

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.
Volkswagen Group brands product firework<sup>1)</sup> across the world

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>... to follow</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-Golf + GTE</td>
<td>Passat GTE</td>
<td>Tiguan</td>
</tr>
<tr>
<td>Passat</td>
<td>Touran</td>
<td>B-SUV</td>
</tr>
<tr>
<td>Golf Sportsvan</td>
<td>Touran</td>
<td></td>
</tr>
<tr>
<td>Touareg</td>
<td>Passat GTE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lamando</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lavida</td>
<td></td>
</tr>
<tr>
<td>A3 e-tron</td>
<td>R8</td>
<td>A-SUV</td>
</tr>
<tr>
<td>TT</td>
<td>Q7</td>
<td></td>
</tr>
<tr>
<td>A6L e-tron</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fabia</td>
<td>Fabia Combi</td>
<td></td>
</tr>
<tr>
<td>Octavia Scout</td>
<td>Superb</td>
<td></td>
</tr>
<tr>
<td>Leon Cupra</td>
<td>Ibiza</td>
<td></td>
</tr>
<tr>
<td>Leon ST CNG</td>
<td>Alhambra</td>
<td></td>
</tr>
<tr>
<td>918 Spyder</td>
<td>911</td>
<td></td>
</tr>
<tr>
<td>Macan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>1)</sup> Schematic overview – does not show all models
Structured framework\(^1\) for business with mid-sized and heavy trucks and buses

Objective is to foster close cooperation to ...

- implement internal processes specifically designed for the truck & bus business at VW
- bundle financial resources while preserving independence of brands as part of Volkswagen
- leverage synergies to create effective and efficient commercial vehicles unit
- bring together know-how from brands to ensure cutting-edge product development

\(^1\) Operational steering structure
MAN Truck & Bus – program to strengthen sustainable competitiveness
(New structure for production network Trucks Central Europe)

Trucks production / after-sales network
[current status]

**Salzgitter**
- After-Sales logistics
- Components
- CKD

**Neufahrn**
- After-Sales logistics

**Dachau**
- After-Sales logistics

**Munich**
- Cabin (heavy trucks)
- Heavy Trucks (assembly)
- Medium Trucks (assembly)
- Driven axle

**Steyr**
- Bus chassis (assembly)
- Heavy Trucks (assembly)
- Light Trucks (assembly)
- After-Sales logistics

**Cracow**
- Heavy Trucks (assembly)

**Steyr**
- Cabin (all truck sizes)

Realignment of the production / after-sales network with clear responsibilities and core competencies

**Salzgitter**
- After-Sales logistics
- Components
- CKD

**Cracow**
- Heavy Trucks (assembly)

**Munich**
- Heavy Trucks (truck & cabin assembly)
- Driven axle
- Competence Center Body & Paint for all Cabins
- Light Trucks (truck & cabin assembly)

**Steyr**
- Medium Trucks (truck & cabin assembly)
- Plastics-Painting

1) Body-in-white, painting and assembly
Structural changes to improve competitiveness and efficiency based on integration of Volkswagen’s truck businesses

<table>
<thead>
<tr>
<th>Integration drivers</th>
<th>Synergies (Operating Profit impact)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation</strong>: management of independent and strong brands on the basis of integrated technology and operations</td>
<td>Achieved by the end of 2014</td>
</tr>
<tr>
<td><strong>Objective</strong>: modular toolkit strategy for commercial vehicles with common components and systems</td>
<td>€200+ million</td>
</tr>
<tr>
<td><strong>Scale benefits</strong>: improved efficiency of resource allocation and increased flexibility concerning vertical integration</td>
<td>Focus on purchasing</td>
</tr>
<tr>
<td></td>
<td>Synergy potential limited due to arm’s-length requirements</td>
</tr>
<tr>
<td></td>
<td>Additional potential through the integration</td>
</tr>
<tr>
<td></td>
<td>€650+ million per year long-term average with 10-15 years gradual phase-in based on life cycles of vehicles and systems / components</td>
</tr>
<tr>
<td></td>
<td>Majority of benefits from joint R&amp;D, purchasing and sourcing components, e.g. gearbox</td>
</tr>
<tr>
<td></td>
<td>Significant benefits from capex savings</td>
</tr>
</tbody>
</table>
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
VW Financial Services\(^1\): A global, well diversified and successful business

### Strong global presence

- Existing markets
- Focus markets
- Start / market entry

### Rising penetration rates

- w/o China: 32.5%, 32.9%, 34.9%, 36.3%, 40.7%, 44.3%, 44.5%, 43.9%
- with China: 26.4%, 25.0%, 24.7%, 25.4%, 27.5%, 28.9%, 30.6%, 29.5%

### Continuous portfolio expansion

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,864</td>
<td>3,163</td>
<td>3,567</td>
</tr>
<tr>
<td>2009</td>
<td>1,508</td>
<td>3,567</td>
<td>3,712</td>
</tr>
<tr>
<td>2010</td>
<td>1,524</td>
<td>3,712</td>
<td>3,930</td>
</tr>
<tr>
<td>2011</td>
<td>1,623</td>
<td>3,930</td>
<td>4,551</td>
</tr>
<tr>
<td>2012</td>
<td>1,808</td>
<td>4,551</td>
<td>4,946</td>
</tr>
<tr>
<td>2013</td>
<td>1,983</td>
<td>4,946</td>
<td>5,560</td>
</tr>
<tr>
<td>2014</td>
<td>2,274</td>
<td>5,560</td>
<td>5,691</td>
</tr>
<tr>
<td>H1 2015</td>
<td>2,307</td>
<td>5,691</td>
<td></td>
</tr>
</tbody>
</table>

Total portfolio: 12,595

### Diversified funding structure

- Equity, liabilities to affiliated companies, other: 29%
- Asset backed securitization: 15%
- Bonds, Commercial Paper, liabilities to financial institutions: 38%
- Customer deposits: 18%

June 2015: €147.0 bn

---

\(^1\) All shown figures show VW Financial Services as of 30 June 2015, excluding financial service activities of Scania, Porsche AG and Porsche Holding Salzburg. MAN financial services activities are included from 1 January 2014.
Volkswagen Group: Global automotive leader 2018

<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
Lennart Schmidt – Group Investor Relations
Kai Otto – Head of Capital Markets

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

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Volkswagen Group’s financial stability is backed by a strong liquidity position...

Volkswagen Group’s financial stability is backed by a strong liquidity position...

**Automotive Net liquidity in € bn**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13.5</td>
<td>8.0</td>
<td>10.6</td>
<td>18.6</td>
<td>17.0</td>
<td>10.6</td>
<td>16.9</td>
<td>17.6</td>
<td>21.5</td>
</tr>
</tbody>
</table>

Source: Volkswagen Group
### Volkswagen Group – Main Ratings

<table>
<thead>
<tr>
<th>Current Ratings</th>
<th>S&amp;P</th>
<th>Moody's</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Long Term</td>
<td>Short Term</td>
</tr>
<tr>
<td>Volkswagen AG</td>
<td>A stable</td>
<td>A-1 stable</td>
</tr>
<tr>
<td>Volkswagen Financial Services AG</td>
<td>A stable</td>
<td>A-1 stable</td>
</tr>
<tr>
<td>Volkswagen Bank GmbH</td>
<td>A stable</td>
<td>A-1 stable</td>
</tr>
</tbody>
</table>
Volkswagen Group – Financial Activities

**Liquidity Management and Refinancing**
- Strong Automotive net liquidity position of € 21.5bn
- Global funding portfolio of € 139.9bn

**Global Hedging**
- Foreign currency hedging mainly in USD, GBP, RMB, CHF, KRW, JPY, SEK
- Commodity hedging mainly in base and precious metals

**Bank Partners**
- Bank lines globally around € 31.2bn\(^1\)
  - Relationships with over 150 banking groups
  - Centralized Risk Management with closely monitored position limits per bank

**Subsidiary Finance**
- Service function for more than 1,300 VW Group companies
- Group Treasury sets global guidelines and policies
- Regional Treasury Centers with local responsibilities

---

\(^1\) Committed lines, excluding Porsche, MAN and Scania
As of June 30, 2015
Source: Volkswagen Group
# Volkswagen Group – Funding Programs & Outstandings

**June 30, 2015 in € billion**

<table>
<thead>
<tr>
<th>Money and Capital Markets</th>
<th>Authorization</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Papers</td>
<td>24.6</td>
<td>4.3</td>
</tr>
<tr>
<td>Medium Term Notes / Bonds</td>
<td>117.9</td>
<td>61.9</td>
</tr>
<tr>
<td>thereof: Hybrid Bonds</td>
<td>52.4</td>
<td>27.1</td>
</tr>
<tr>
<td>ABS(^2)</td>
<td>2.4</td>
<td>6.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Borrowings</th>
<th>Authorization</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed Lines</td>
<td>17.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Uncommitted Lines</td>
<td>26.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Supranationals, development banks, government, other</td>
<td>13.5</td>
<td>13.5</td>
</tr>
<tr>
<td>Direct Banking Deposits</td>
<td>./</td>
<td>24.0</td>
</tr>
</tbody>
</table>

| Total Amount              | ./           | 139.9       |

---

1) excluding Porsche, MAN, Scania
2) Including Porsche, MAN
Source: Volkswagen Group
Volkswagen Group Funding Strategy – Major Funding Vehicles / Guarantors in Europe

- **Volkswagen AG**
  - A stable / A2 stable
  - EUR 30.0 bn Debt Issuance Programme
  - Volkswagen International Finance N.V.

- **Volkswagen FS AG**
  - A stable / Aa3 stable
  - EUR 25.0 bn Debt Issuance Programme
  - Volkswagen Financial Services AG
    - Volkswagen Financial Services N.V.
    - Volkswagen Leasing GmbH

- **Volkswagen Bank GmbH**
  - A stable / Aa3 stable
  - EUR 10.0 bn Debt Issuance Programme
  - Volkswagen Bank GmbH

- **Scania AB (publ)**
  - A- stable / -
  - EUR 3.5 bn Debt Issuance Programme
  - Scania CV AB (publ)
Volkswagen Group Funding Strategy – Overview

Diversification of Funding Sources\(^1\)[2]

- Direct Banking Deposits: 18%
- Commercial Paper: 3%
- Hybrid Bonds: 6%
- Bank Loans: 17%
- Medium Term Notes / Bonds: 35%
- ABS: 21%

\(\text{\euro\ 139.9 \text{bn}}\)

Currencies – Breakdown 2014 – HY 2015\(^2\)

- EUR: 54%
- USD: 27%
- GBP: 7%
- AUD: 1%
- JPY: 2%
- GBP: 7%
- other\(^3\): 9%

\(^1\) as of June 30, 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 – Tenor Split

2013 - HY 2015

- ≤ 2yr: 49%
- > 2 - 5yr: 31%
- > 5yr: 20%

2011 - 2012

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

1) As of June 30, 2015, MTN, Bonds, including Hybrids; excluding Porsche, MAN, Scania
Source: Volkswagen Group
Volkswagen Group Funding Strategy – Benchmark Issuances (in € million)\(^1\)

\(^1\) as of June 30, 2015; excluding Porsche, MAN, Scania
Source: Volkswagen Group
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Volkswagen Group Funding Strategy – Maturity Profile (in € million)\(^1\)

\(^{1}\) as of June 30, 2015, excluding Porsche, MAN, Scania

Source: Volkswagen Group
Volkswagen Investor Update

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

Volkswagen Financial Services
Ulrich Hauswaldt – Investor Relations
Nils Allnoch – Debt Capital Markets and Rating
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>Passenger Cars</td>
<td>Volkswagen Financial Services</td>
</tr>
<tr>
<td>Commercial Vehicles / Power Engineering</td>
<td>Financial Services</td>
</tr>
<tr>
<td></td>
<td>USA / Canada / Spain / Argentina</td>
</tr>
<tr>
<td>Remaining companies</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**

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</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**

- Leasing: 20.1%
- Credit: 63.4%
- Wholesale: 16.5%
Contract portfolio Volkswagen Financial Services

Continuous portfolio expansion

in ‘000 units

2009 2011 2013 HY 2015

Credit
5,691

Leasing
2,307

Insurance/Services
4,597

12,595

15% North America

39% Germany

9% Asia Pacific

6% South America

31% Europe (excl. Germany)

12,595 contracts
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
VW Financial Services – Credit risks

Credit risk remains at low level despite challenging market environment

Provision Ratio

Ø Dynamic Loss Ratio

2011 2012 2013 2014 HY 2015

Retail Financing  Leasing  Corporate Financing
VW Financial Services – Residual value

Residual value risks well covered by provisions

<table>
<thead>
<tr>
<th>Units</th>
<th>Provision per car in €</th>
<th>RV Risk per car in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 2013 *</td>
<td>541</td>
<td>466</td>
</tr>
<tr>
<td>Dec 2013</td>
<td>596</td>
<td>431</td>
</tr>
<tr>
<td>Jun 2014</td>
<td>496</td>
<td>445</td>
</tr>
<tr>
<td>Dec 2014</td>
<td>608</td>
<td>423</td>
</tr>
<tr>
<td>Jun 15</td>
<td>541</td>
<td>352</td>
</tr>
</tbody>
</table>

€ m

- Residual Value Risk
- Provisions
- Units

* retroactive inclusion of contracts from employee/staff car leasing and long-term rentals
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.

**Contract portfolio Volkswagen Financial Services**

**Continuous portfolio expansion**

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
<th>Total Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,505</td>
<td>3,163</td>
<td>1,964</td>
<td>6,532</td>
</tr>
<tr>
<td>2009</td>
<td>1,508</td>
<td>3,567</td>
<td>2,148</td>
<td>7,223</td>
</tr>
<tr>
<td>2010</td>
<td>1,524</td>
<td>3,712</td>
<td>2,246</td>
<td>7,482</td>
</tr>
<tr>
<td>2011</td>
<td>1,623</td>
<td>3,930</td>
<td>2,691</td>
<td>8,244</td>
</tr>
<tr>
<td>2012</td>
<td>1,808</td>
<td>4,551</td>
<td>3,281</td>
<td>9,640</td>
</tr>
<tr>
<td>2013</td>
<td>1,983</td>
<td>4,946</td>
<td>3,796</td>
<td>10,725</td>
</tr>
<tr>
<td>2014</td>
<td>2,274</td>
<td>5,560</td>
<td></td>
<td>7,834</td>
</tr>
<tr>
<td>HY 2015</td>
<td>2,307</td>
<td>5,691</td>
<td>4,597</td>
<td>12,595</td>
</tr>
</tbody>
</table>

Total portfolio: 12,595
Penetration VW FS

Rising penetration rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Without China</th>
<th>With China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>32.5%</td>
<td>26.4%</td>
</tr>
<tr>
<td>2009</td>
<td>32.9%</td>
<td>25.0%</td>
</tr>
<tr>
<td>2010</td>
<td>34.9%</td>
<td>24.7%</td>
</tr>
<tr>
<td>2011</td>
<td>36.3%</td>
<td>25.4%</td>
</tr>
<tr>
<td>2012</td>
<td>40.7%</td>
<td>27.5%</td>
</tr>
<tr>
<td>2013</td>
<td>44.3%</td>
<td>28.9%</td>
</tr>
<tr>
<td>2014</td>
<td>44.5%</td>
<td>30.6%</td>
</tr>
<tr>
<td>HY 2015</td>
<td>43.9%</td>
<td>29.5%</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**
- **Deposits**
- **Finance Lease**
- **Automotive**
- **Fleet Management**
- **Long-term rent**

- **Dealer Finance**
- **Instalment Loans**
- **Operating Leasing**
- **Payment Protection**
- **Service & Maintenance**
- **Short-term rent**

- **Factoring**
- **Investment Products**
- **Industry**
- **Tyres**
- **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

MAN | Financial Services

Penetration

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>27%</td>
</tr>
<tr>
<td>2014</td>
<td>43%</td>
</tr>
</tbody>
</table>

Foundation for growth

- Product-portfolio/TCO
- Global expansion
- GO50
Volkswagen Financial Services in China – A true VOLKSWAGEN company

VOLKSWAGEN FINANCE
CHINA COMPANY LIMITED
Retail Finance. Wholesale Finance.

VOLKSWAGEN NEW MOBILITY SERVICES
INVESTMENT COMPANY LIMITED
Leasing. Insurance. After Sales. New Mobility.

China Banking Regulatory Commission
Ministry of Commerce
# 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>
</tbody>
</table>

- **Car Ownership**
  - 5 to 6 years
  - 1 to 3 years
  - 1 month to 1 year
  - 1 day to 1 month
  - 1 minute to 1 day

- **Car Usage**
  - Leasing
  - Long-Term Rental
  - Short-Term Rental
  - Car Sharing

- **Total Flexibility**
  - Bikes
  - Public Transportation
  - Planes
Volkswagen Financial Services follows Route 2025

WE ARE THE KEY TO MOBILITY

VISION

STRATEGIC DIMENSIONS

CUSTOMERS

EMPLOYEES

OPERATIONAL EXCELLENCE

PROFITABILITY

VOLUME

WHAT

STRATEGIC TARGETS

- Satisfied Customers
- Top Employer
- Top Employees
- Compliance & Governance
- Process Efficiency
- IT Excellence
- Total Operating Income
- 20% ROE
- 50% CIR
- 30M Contracts
- 50% Extended Penetration

FS WAY

Corporate Culture

FS Values

Leadership Culture

HOW

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.
Funding Structure Volkswagen Financial Services

Total € 147 bn

Strategic Funding Sources

- Deposits
- ABS
- Capital Markets

- Equity € 17.3 bn (11.8%)
- Asset Backed Securitization € 22.8 bn (15.5%)
- Liabilities to affiliated companies € 16.2 bn (11%)
- Commercial Paper € 4.0 bn (2.7%)
- Customer Deposits € 25.7 bn (17.5%)
- Liabilities to financial institutions € 13.9 bn (9.4%)
- Others € 9.3 bn (6.4%)
- Bonds issued € 37.8 bn (25.7%)

as of 30 June 2015
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 Bank Polska**
- PLN 3 bn Debt Issuance Program

**VW Bank Russia**
- Domestic 50bn RUB Bond 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 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 FS Japan**
- JPY 60 bn ECP Program

**VW Finance (China) Project**

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

*Dual = CP + Debt Issuance
DCM Activities (2015 YTD)

- **Germany: VW Leasing**
  - 2 Issuances 1,500m EUR tenor: 2 and 5 years

- **Australia: VW FS Australia**
  - 1 Issuance 250m AUD tenor: 4 years

- **Japan: VW FS Japan**
  - 5 Issuances 16,000m JPY tenor: 3 to 5 years

- **India: VW FS India**
  - 2 Issuances 4,000m INR tenor: 3.2 to 5 years

- **Mexico: VW Leasing + Bank**
  - 1 Issuance 1,500m MXN tenor: 4 years

- **Brazil: Banco VW**
  - 2 Issuances 550m BRL tenor: 2 years

- **Korea: VWFS Korea**
  - 1 Issuance 150bn KRW tenor: 3 years

- **International: VW FS N.V.**
  - 8 Issuances 1,092m EUR* tenor: 1.5 to 5 years

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

VOLKSWAGEN
AKTIENGESELLSCHAFT
(A2 / A Rating)

100% Owner + Control and Profit Transfer Agreement

VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT
(Aa3 / A Rating)

Guarantee

VW Automotive Companies:
VW International Finance.....

VW FS AG Companies:
VW Leasing, VW FS Japan...

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 1)</td>
<td>A 1)</td>
</tr>
<tr>
<td>VW Bank GmbH / VW FS AG</td>
<td>Aa3 1)</td>
<td>A 1)</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
VW Financial Services’ worldwide ABS activities
Volkswagen Group: Stability in Volatile Times

Lennart Schmidt, Kai Otto, Ulrich Hauswaldt, Nils Allnoch
Volkswagen AG, Volkswagen Financial Services
Commerzbank Investorday, Frankfurt, 16 September 2015