Leading the Transformation.

Volkswagen AG

UniCredit Automotive Credit Conference, 24 - 25 June 2020
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 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.

The recent outbreak of COVID-19 (commonly referred to as coronavirus) has negatively impacted and may continue to impact economic and social conditions in some of Volkswagen's primary markets, including China and Europe, as public, private, and government entities implement containment and quarantine measures. The continued spread of COVID-19 may cause shortages of necessary materials and parts from suppliers directly or indirectly affected by the outbreak and may cause operational disruptions and interruptions at Volkswagen's production facilities, leading to significant production downtimes.

A negative development relating to ongoing claims or investigations, the continuation of COVID-19, an 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.
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Deliveries to Customers
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to May 2020 vs. 2019)

<table>
<thead>
<tr>
<th>Region</th>
<th>Car Market</th>
<th>VW Group</th>
<th>VW Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>World 2(^1)</td>
<td>-25,0%</td>
<td>-26,9%</td>
<td></td>
</tr>
<tr>
<td>North America (incl. LCV)</td>
<td>-40,9%</td>
<td>-35,4%</td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td>-43,5%</td>
<td>-39,2%</td>
<td></td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>-27,7%</td>
<td>-29,1%</td>
<td></td>
</tr>
<tr>
<td>South America (incl. LCV)</td>
<td>-29,5%</td>
<td>-29,0%</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>-25,1%</td>
<td>-19,9%</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) 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 May 2020 vs. 2019)

\(^1\) Volkswagen Group excl. Ducati
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Key Financials
Volkswagen Group – Financial Highlights
(January to March 2020 vs. 2019)

Sales revenue

<table>
<thead>
<tr>
<th>€ million</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>60,012</td>
<td>55,054</td>
</tr>
</tbody>
</table>

Operating profit 1)

<table>
<thead>
<tr>
<th>€ million</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>4,849</td>
<td>904</td>
</tr>
</tbody>
</table>

Profit before tax

<table>
<thead>
<tr>
<th>€ million</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax</td>
<td>4,071</td>
<td>682</td>
</tr>
</tbody>
</table>

Profit after tax

<table>
<thead>
<tr>
<th>€ million</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend proposal 2)</td>
<td>3,053</td>
<td>517</td>
</tr>
</tbody>
</table>

Dividend proposal 2)

<table>
<thead>
<tr>
<th>€/share</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payout ratio</td>
<td>4.86</td>
<td>6.56</td>
</tr>
</tbody>
</table>

1) Before special items. 2) Per preference share. Per ordinary share 6.50 (2018: 4.80) €.


### Volkswagen Group – Analysis by Business Line ¹)
(January to March 2020)

<table>
<thead>
<tr>
<th></th>
<th>Vehicle sales</th>
<th>Sales revenue</th>
<th>Operating profit</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>thousand vehicles</td>
<td>€ million</td>
<td>percentage</td>
<td>€ million</td>
</tr>
<tr>
<td><strong>Volkswagen Passenger Cars</strong></td>
<td>765</td>
<td>910</td>
<td></td>
<td>18,965</td>
</tr>
<tr>
<td><strong>Audi</strong></td>
<td>268</td>
<td>305</td>
<td></td>
<td>12,454</td>
</tr>
<tr>
<td><strong>ŠKODA</strong></td>
<td>237</td>
<td>275</td>
<td></td>
<td>4,850</td>
</tr>
<tr>
<td><strong>SEAT</strong></td>
<td>140</td>
<td>176</td>
<td></td>
<td>2,558</td>
</tr>
<tr>
<td><strong>Bentley</strong></td>
<td>3</td>
<td>3</td>
<td></td>
<td>620</td>
</tr>
<tr>
<td><strong>Porsche Automotive</strong> ²)</td>
<td>56</td>
<td>57</td>
<td></td>
<td>5,394</td>
</tr>
<tr>
<td><strong>Volkswagen Commercial Vehicles</strong></td>
<td>99</td>
<td>129</td>
<td></td>
<td>2,671</td>
</tr>
<tr>
<td><strong>Scania</strong> ³)</td>
<td>19</td>
<td>24</td>
<td></td>
<td>2,982</td>
</tr>
<tr>
<td><strong>MAN Commercial Vehicles</strong></td>
<td>28</td>
<td>34</td>
<td></td>
<td>2,633</td>
</tr>
<tr>
<td><strong>Power Engineering</strong></td>
<td>-</td>
<td>-</td>
<td></td>
<td>922</td>
</tr>
<tr>
<td><strong>VW China</strong> ⁴)</td>
<td>503</td>
<td>901</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Other</strong> ⁵)</td>
<td>-180</td>
<td>-229</td>
<td></td>
<td>-8,842</td>
</tr>
<tr>
<td><strong>Volkswagen Financial Services</strong></td>
<td>-</td>
<td>-</td>
<td></td>
<td>9,847</td>
</tr>
<tr>
<td><strong>Volkswagen Group before Special Items</strong></td>
<td>1,937</td>
<td>2,583</td>
<td></td>
<td>55,054</td>
</tr>
<tr>
<td><strong>Special Items</strong></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>1,937</td>
<td>2,583</td>
<td></td>
<td>55,054</td>
</tr>
<tr>
<td><strong>Automotive Division</strong> ⁶)</td>
<td>1,937</td>
<td>2,583</td>
<td></td>
<td>44,650</td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>1,891</td>
<td>2,526</td>
<td></td>
<td>38,165</td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>46</td>
<td>57</td>
<td></td>
<td>5,564</td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-</td>
<td>-</td>
<td></td>
<td>922</td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td>-</td>
<td>-</td>
<td></td>
<td>10,404</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 € 6,016 (5,799) million, operating profit € 572 (868) million. ³) Scania (Automotive and Financial Services): sales revenue € 3,098 (3,458) million, operating profit € 282 (402) million. ⁴) The sales revenue and operating profits 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 € 276 (1,074) 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 for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁶) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
Volkswagen Group – Analysis of Operating Profit ¹)
(January to March 2020)

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 March 2020)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>5.4</th>
<th>-2.0</th>
<th>-1.1</th>
<th>0.0</th>
<th>2.3</th>
<th>-0.3</th>
<th>2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitalized development costs</td>
<td>1.5</td>
<td></td>
<td>-2.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1.6</td>
<td></td>
<td>-1.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash flow before equity investments</td>
<td>2.3</td>
<td></td>
<td>-2.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition and disposal of equity investments</td>
<td>0.1</td>
<td></td>
<td>0.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash flow</td>
<td>2.0</td>
<td></td>
<td>-2.5</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.
Automotive Division – Net Cash Flow ¹)
(January to March 2020)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash flow including Diesel payments and M&amp;A</td>
<td>-2.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>-1.5</td>
</tr>
<tr>
<td>Diesel outflow</td>
<td>0.2</td>
<td>0.3</td>
<td>2.0</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Aquisition and disposal of equity investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash flow underlying business</td>
<td></td>
<td></td>
<td></td>
<td></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 March 2020)

Net Cash flow (€ -2.5 bn)

1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
2) Valuation at Fair Value of securities and financial liabilities.

[Diagram showing cash flow components for January to March 2020]
## Volkswagen Group – Funding Programs & Outstandings
As of March 31, 2020

<table>
<thead>
<tr>
<th>Money and Capital Markets</th>
<th>In € billion</th>
<th>Borrowings</th>
<th>In € billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Papers</td>
<td>7.4</td>
<td>Bank Borrowings</td>
<td>36.2</td>
</tr>
<tr>
<td>Bonds</td>
<td>87.1</td>
<td>Direct Banking Deposits</td>
<td>30.9</td>
</tr>
<tr>
<td><em>thereof: Hybrid Bonds</em></td>
<td>12.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABS</td>
<td>42.1</td>
<td>Financial Leases</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>6.2</td>
</tr>
</tbody>
</table>
Volkswagen Group Funding Strategy – Overview
As of March 31, 2020

Funding Sources in €bn

- Bonds: 30.9
- ABS: 6.2
- Commercial Paper: 5.7
- Hybrid Bonds: 36.2
- Bank Borrowings: 12.5
- Direct Banking Deposits: 42.1
- Financial Leases: 17.4
- Other: 5.7

Currency Breakdown in %
(ABS, Commercial Paper and Bonds, ex. Hybrid Bonds)

- EUR: 58%
- USD: 22%
- GBP: 11%
- SEK: 7%
- CAD: 5%
- AUD: 3%
- Other: 2%

Volkswagen Group Funding Strategy – Overview
As of March 31, 2020

Funding Sources in €bn

- Bonds: 30.9
- ABS: 6.2
- Commercial Paper: 5.7
- Hybrid Bonds: 36.2
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- Direct Banking Deposits: 42.1
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Currency Breakdown in %
(ABS, Commercial Paper and Bonds, ex. Hybrid Bonds)

- EUR: 58%
- USD: 22%
- GBP: 11%
- SEK: 7%
- CAD: 5%
- AUD: 3%
- Other: 2%
Volkswagen Group Funding Strategy – Bond Maturity Profile
As of March 31, 2020 (in € million)\(^1\)

Source: Volkswagen Group
Volkswagen Group Funding Strategy
Major Issuances in 2019 and H1 2020

January: EUR 2.50bn Volkswagen Bank GmbH

March: EUR 2.75bn Volkswagen Financial Services AG

June: EUR 1.75bn Volkswagen Leasing GmbH

September: USD 3.00bn Volkswagen Group of America Finance, LLC
           CAD 1.50bn Volkswagen Credit Canada, Inc.

March: EUR 2.15bn Volkswagen Financial Services AG

May: USD 4.00bn Volkswagen Group of America Finance, LLC

June: EUR 3.00bn Volkswagen International Finance N.V. - Hybrid Bond
Volkswagen Green Finance Framework
Summary of the Framework & Second Party Opinion

Use of Proceeds – Clean Transportation
• Projects related to the manufacture of electric vehicles
• Dedicated e-charging infrastructure

Project Evaluation and Selection
• Cross-departmental Green Finance Committee responsible for overseeing the process of selecting, evaluating and monitoring Eligible Green Projects
• Look-back period of up to three preceding full fiscal years from the date of issuance

Management of Proceeds
• Allocation for the Eligible Green Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding Green Debt Instruments
• Unallocated proceeds can be invested in cash or other liquid marketable instruments

Reporting
• Yearly updated reporting with limited assurance on use of proceeds
• Impact metrics such as Life Cycle Assessment
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Outlook & Operative Excellence
Volkswagen Group – Outlook for 2020 ¹)

- **Deliveries to customers (‘000 vehicles)**
  - 2018: 10,8
  - 2019: 11,0 (1.3% increase)

- **Sales revenue (€ billion)**
  - 2018: 235,8
  - 2019: 252,6 (7.1% increase)

- **Operating return on sales (%)**
  - 2018: 7.3
  - 2019: 7.6

Significantly below prior year

Operating result severely below prior year

However, positive

¹) Before Special Items.
### Key financial targets

<table>
<thead>
<tr>
<th></th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
<th>2019 Actual</th>
<th>2020 Outlook&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>2025 Strategic Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating return on sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>before Special Items</td>
<td>6.7%</td>
<td>7.4%</td>
<td>7.3%</td>
<td>7.6%</td>
<td>below the previous year’s figure</td>
<td>7 – 8%</td>
</tr>
<tr>
<td><strong>Return on investment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division after Special Items</td>
<td>8.2%</td>
<td>12.1%</td>
<td>11.0%</td>
<td>11.2%</td>
<td>lower ROI than in the previous and expect not to achieve min. required rate of ROI capital of 9%</td>
<td>&gt;14%&lt;sup&gt;3)&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Capex ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>6.9%</td>
<td>6.4%</td>
<td>6.6%</td>
<td>6.6%</td>
<td>(ratios) probably exceed the previous year’s levels despite counteracting measures</td>
<td>6%</td>
</tr>
<tr>
<td><strong>R&amp;D cost ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Division</td>
<td>7.3%</td>
<td>6.7%</td>
<td>6.8%</td>
<td>6.7%</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Net Cashflow&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>€ 4.9 bn</td>
<td>€ 10.3 bn</td>
<td>€ 5.6 bn</td>
<td>€ 13.5 bn</td>
<td></td>
<td>&gt; € 10 bn</td>
</tr>
<tr>
<td>Automotive Division</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~10% of Group turnover</td>
</tr>
<tr>
<td>b) Net Liquidity</td>
<td>€ 27.2 bn</td>
<td>€ 22.4 bn</td>
<td>€ 19.4 bn</td>
<td>€ 21.3 bn&lt;sup&gt;2)&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

<sup>1</sup> In light of Corona, under constant review  
<sup>2</sup> Ex Diesel payments and M&A  
<sup>3</sup> Including the negative IFRS 16 impact, effective from 1st January 2019.  
<sup>4</sup> Ambition of reaching 6% remains.
Development Global passenger car markets 1)

Markets by regions (2020-2025)

COVID-19 impact

-18% ~ 30% ~ 30% > 30% > 30% > 30% +36%

2020 (March) 2020 (June) Europe North America South America China incl. HK RoW 2025

1) North America and South America incl. Light Commercial Vehicle; Source: IHS Markit I March I June 2020
Volkswagen Group - SUV share
(in % of regional Group Deliveries to Customers)

Our worldwide SUV mix is expected to increase strongly
Leading the Transformation.

Shaping e-mobility
“Go to zero” Transformation of portfolio underway

Paris Implications and Transformations Path

- Conventional platforms
- Conventional projects

SOP → EOP

Fleet renewal

>10 years

Broad product portfolio

Transformation

CO₂ neutral cars

CO₂-Emissions

2020

New business model

BEV

2050

„Zero Emission“ in the existing fleet
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
- State subsidy
- Cost of Ownership
- Cost / Leasing

**Systematic Sales Approach**
- New Car
- ID.
- Lifetime Concept
- Used Car

Effects:
- Stabilization of residual values
- Increase of customer loyalty towards dealers & brand
Scalable Technology: The dedicated platforms (MEB/PPE) guarantee superior customer experience, scale and versatility.
Expanding Group production of electric vehicles worldwide on a massive scale by end 2022
We are striving for high recovery rates of Raw Material (Nickel, Cobalt, Mangan, Lithium).

For this reason, a pilot plant for battery recycling is currently being set up at the Salzgitter factory, Germany.
Customers already experience comparable TCOs in 2020
2nd wave BEV will provide even more attractive TCOs

TCO comparison 1)

Including government subsidies for many customers BEV TCO are comparable to ICE TCO already today

2nd wave MEB cars will offer better TCOs than ICES (even without government subsidies)

1) Schematic overview | TCO = Total Cost of Ownership
Concrete Road map – BEV deliveries

**Volkswagen Group – BEV volume by regions**
(BEV share of total Group Deliveries in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>e-tron</th>
<th>Taycan</th>
<th>Q2L e-tron</th>
<th>e-Bora</th>
<th>e-Lavida</th>
<th>Moia Shuttle</th>
<th>ID.3</th>
<th>e-tron SB</th>
<th>e-Tharu</th>
<th>ID.4</th>
<th>e-Mii</th>
<th>e-Citigo</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>≈ 1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>2020*</td>
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<td>2021*</td>
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<td>2024*</td>
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<td>2025*</td>
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</table>

≈ 20% up to 3 mn units
Leading the Transformation.

Strategy – Software-enabled atom. com
Car becomes most complex internet device

### Today

- 100 million lines of code per vehicle
- Approximately $10 per line of code
- Example: Navi system 20 million lines of code

### Tomorrow

- > 200 - 300 million lines of code are expected
- Level 5 autonomous driving will take up to 1 billion lines of code

Volkswagen’s own software stack will be the enabler to differentiate within automotive industry.
Dedicated software organization to develop own Groupwide scalable stack

7 bn started in January 2020

A strong team...

Software experts

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2025</th>
</tr>
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<tbody>
<tr>
<td>7.000</td>
<td>&gt;10.000</td>
<td></td>
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</tbody>
</table>

Cost reduction due to
- significantly lower direct material cost
- reduced development cost
- smoother new vehicle launches
- reduced warranty cost

...develops software in-house

- Increase in-house share software development from 10% to 60%
- All news cars on VW.OS from 2025 on
- Migrate parallel solutions to gain scale, e.g. One Infotainment & One cloud

More customer value...

- Always up-to-date functions in all vehicles
- Higher residual values
- Lower maintenance downtimes

...less complexity for us

~ 0.5 bn synergies by 2025 from standardisation of infotainments

Alle Brands
Driving forward Strategy: New collaborative approach

New Scale dimensions
Leading the Transformation.

Strong brands & global footprint
Volkswagen Financial Services 1): global, well diversified and successful

Strong global presence

Rising penetration rates (without China)

Continuous portfolio expansion

Diversified funding structure

1) 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

- **Product portfolio renewal with focus on profitable products**
  - Significant reduction in incentive spend
  - Improved model mix, mainly SUVs

- **Fix costs improvements**

- **Focus on efficient local production and logistics**
  - > 90% of US sales produced in North America
  - Lower material costs and one-offs due to less complexity
  - MQB share up from 20% in 2015 to 80% in 2020

### Deliveries to US customers, ‘000’ units

**SUV offensive #1**
- 2017: All-new Atlas, All-new Tiguan

**New Sedans**
- 2018-19: Jetta, Passat, Arteon

**SUV offensive #2**
- 2020-21: Atlas Cross Sport, Compact SUV

**Electric transition**
- 2020 +: ID Buzz, New Model
Volkswagen Group China performance (January to May 2020)

Proportionate operating profit, January to March

-74.3%  
€ 1.1 bn
2019

-74.3%  
€ 0.3 bn
2020

Proportionate operating profit, January to March

€ 1.1 bn
2020

€ 0.3 bn
2020

January – May 2019

January – May 2020

Volkswagen Group China performance

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

1,369

-92.5%

1,007

+52.1%

1,250

-21.2%

921

-7.5%

254

235

-41.2%

102

60

-6.2%

33

31

1,169

-21.2%

662

-67.9%

346

315

-41.2%

111

103

-20.0%
Leading the Transformation.

Integrity & Compliance
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.
Leading the Transformation.

Commitment
We are convinced that we have a strong Investment Proposition

Shaping mobility – for generations to come.

- Strong brands with clear positioning and great products that inspire customers
- A leading position in China with global footprint and value creating growth
- Fully committed to "Go to Zero" and shaping e-mobility
- Transforming to one of the leading automotive software players
- Business portfolio optimisation and rigorous allocation of capital
- Taking complexity out and pushing for industry-leading economies of scale
- Delivering on demanding financial targets and committed to dividend pay out ratio
Investor Relations Team
We are pleased to answer your inquiries regarding Volkswagen shares and other capital market related questions.

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The official website of Volkswagen Group Investor Relations. Company topics, brandchannels, innovation and informations.
Leading the Transformation.

Appendix
The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

- Number of Outstanding Shares
  - Preferred shares: 206,205,445 (41.1%)
  - Ordinary shares: 295,089,818 (58.9%)

- Current Voting Rights Distribution
  - Preferred shares: 93,828,037 (41.1%)
  - Ordinary shares: 140,089,082 (58.9%)

- State of Lower Saxony, Hanover: 20.0%
- Qatar Holding: 9.9%
- Porsche SE, Stuttgart: 53.1%

(as at December 31, 2019)

Supervisory Board of Volkswagen AG

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

Board of Management of Volkswagen AG

- Chairman of VW AG and VW Passenger Cars brand: Dr. Herbert Diess
- Members:
  - Dr. Oliver Blume
  - Human Resources: Gunnar Kilian
  - TRATON Group: Andreas Renschler
  - Audi AG: Markus Duesmann
  - Integrity and Legal Affairs: Hiltrud Dorothea Werner
  - Finance and IT: Frank Witter
  - Components and Procurement: Dr. Stefan Sommer

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 May 12, 2020, Porsche SE announced an increase in voting rights to 53.3%. The exact figure is not disclosed.
## Diesel issue: Special Items & payments

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<thead>
<tr>
<th>Year</th>
<th>Diesel special items</th>
<th>Payments</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>€ (bn)</td>
<td></td>
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<tr>
<td></td>
<td>Diesel special items</td>
<td>Payments made until end of 2019</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>~16.1</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>~3.0</td>
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<tr>
<td>2017</td>
<td></td>
<td>~16.1</td>
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<tr>
<td>2018</td>
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<td>~5.3</td>
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<td>2019</td>
<td></td>
<td>~1.9</td>
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<tr>
<td>2020</td>
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<td>~3.0</td>
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<tr>
<td>Total</td>
<td></td>
<td>~26.2</td>
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</table>

### Diesel special items

<table>
<thead>
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<th>Year</th>
<th>Legal</th>
<th>Other items</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7.0</td>
<td>9.2</td>
<td>16.2</td>
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<tr>
<td>2016</td>
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<td>2017</td>
<td>2.2</td>
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<td>2020</td>
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<tr>
<td>Total</td>
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<td>31.3</td>
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</table>
Creating Value with Financial Services

Volkswagen Financial Services AG and Volkswagen Bank GmbH

UniCredit Automotive Credit Conference, 24 - 25 June 2020
Impact of COVID-19

Business Continuity Management
Involving the Supervisory Board, Security, Communication and HR.

Residual Value Risk
No major extraordinary write downs conducted in Q1.

Dealer Support Package
In close cooperation with Volkswagen Group brands

Credit Risks
Historically very low. Measures implemented.

Funding
Both VW Bank GmbH as well as VW FS AG sufficiently capitalized.
Volkswagen Group: Management Model

Volkswagen

Management holding

Financial holding

Passenger Cars

Volume

Premium

Sport & Luxury

Components

Truck & Bus

Power Engineering

Volkswagen Financial Services

1) Allocation to be verified

As of 04.09.2019

UniCredit Automotive Credit Conference, 24 - 25 June 2020
Our business model interfaces customers, automotive brands and dealers
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 31.12.2019

**Volkswagen Bank GmbH**

- **Total assets**: € 68.4 billion
- **Equity**: € 10.0 billion
- **Customer deposits**: € 31.7 billion
- **Operating profit**: € 757 million
- **Employees**: 1,954
- **Contracts (units)**: 3.9 million

**Volkswagen Financial Services AG**

- **Total assets**: € 112.4 billion
- **Equity**: € 12.0 billion
- **Customer deposits**: € 70.0 billion
- **Operating profit**: € 1.2 billion
- **Employees**: 10,773
- **Contracts (units)**: 10.2 million
Operating Income

Volkswagen Bank GmbH

Volkswagen Financial Services AG*

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

UniCredit Automotive Credit Conference, 24 - 25 June 2020
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

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UniCredit Automotive Credit Conference, 24 - 25 June 2020
Credit risk management at Volkswagen Financial Services

- Portfolio **conservatively managed** and comfortably provisioned.
- **Some pressure** on credit risk due to current COVID-19 crisis but until now no impacts visible in Q1.
- In history VWFS credit losses **on a very low level**.
- Extremely **low exposure to subprime**.
- **Tailor made services** offered in Corona crisis e.g. bridge financing for our dealer partners or insurance offers for our retail customers.
- Payment freeze for customers possible on an individual basis. Until now only low one digit percentage **payment holidays** granted.
- **We are monitoring the current risk situation closely.**
- **Slight rise possible** this year.
- **No extraordinary provisioning in Q1.**
Residual value risk management at Volkswagen Financial Services

• Priority of Volkswagen Financial Services is to support the sales of the Volkswagen group brands and to keep the residual values stable by offering attractive financial service products.

• Currently some pressure on residual values due to Corona Crisis.

• Volkswagen Financial Services is offering attractive products for used car financing and operates the used car platform Heycar.

• We are experts in residual value management - more data points available than at external data providers.

• Provisioning is done very conservatively. All residual value risks completely covered by risk provisions and equity.

• No major extraordinary write downs conducted in Q1.
International used car brokerage safeguards residual values

Currently 10 Volkswagen Financial Services AG countries participating
1 additional country in discussion
Volkswagen Financial Services organisational structure and guarantee scheme

Volkswagen Financial Services AG
Rating: BBB+ (n) / A3 (n)

Volkswagen Bank GmbH
Rating: A- (n) / A1 (n)

Guarantee

Volkswagen Financial Services Australia
Volkswagen Financial Services Japan
Volkswagen Financial Services N.V.
Volkswagen Leasing GmbH

1Credit Ratings from Standard&Poors / Moody's as per 16 June 2019; (n) Outlook negative, (s) Outlook stable, (RfD) Under Review for Downgrade
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

**Volkswagen Leasing Mexico**
- MXN 20 bn Dual CP + MTN Program
  **VW Bank Mexico**
  - MXN 7 bn Debt Issuance Program

**Banco VW Brazil**
- Domestic Letra Financeira

**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

**VDF Turkey**
- Domestic TRY Bond Issuances

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

**VW FS Australia**
- AUD 5 bn Debt Issuance Program

* Guarantee Volkswagen Financial Services AG

UniCredit Automotive Credit Conference, 24 - 25 June 2020
Worldwide ABS activities

Volkswagen Bank GmbH Programs
Volkswagen Financial Services Programs

VW Leasing/DutchLease
VCL Master

VW FS Sverige
Autofinance

VW FS UK
Driver UK program
Driver UK Master

VW Bank Spain
Driver España program

Banco VW Brazil
Driver Brasil program

VW Leasing
VCL program
VCL Master

MAN Financial Services
Trucknology

VW Bank
Driver program
Driver Master

VDF Turkey
Driver Turkey Master

VW FS Australia
Driver Australia program
Driver Australia Master

VW Finance China
Driver China program

VW FS Japan
Driver Japan program

UniCredit Automotive Credit Conference, 24 - 25 June 2020
Strategic funding allocation as of 31.12.2019

Volkswagen Bank GmbH

- Intercompany refinancing: €6 bn (8.8%)
- Credit lines: €7.5 bn (11.0%)
- Asset-Backed Securities: €1.8 bn (2.6%)
- Commercial Papers: €0.6 bn (0.9%)
- Other facilities: €3.6 bn (5.3%)
- Customer deposits: €31.7 bn (46.3%)
- Bonds: €7.2 bn (10.5%)
- Equity: €10 bn (14.6%)

Total: €68.4 bn

Volkswagen Financial Services AG

- Intercompany refinancing: €15.1 bn (13.4%)
- Credit lines: €14.5 bn (12.9%)
- Asset-Backed Securities: €24.1 bn (21.4%)
- Commercial Papers: €4.4 bn (3.9%)
- Other facilities: €8 bn (7.1%)
- Customer deposits: €0.1 bn (0.1%)
- Bonds: €34.2 bn (30.4%)
- Equity: €12 bn (10.7%)

Total: €112.4 bn
Strategy ROUTE2025 | Focus Topics

Digitalization

Operational Excellence

Used Cars

Electrification
Volkswagen Financial Services will digitalize all core products by 2020 and extends it’s distribution channels
Electrification creates new challenges for automotive financial service providers

**Challenges**

<table>
<thead>
<tr>
<th>Customers</th>
<th>Financial service providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Uncertainties and delays (technology and complexity)</td>
<td>• Reduced margin due to changed product portfolio</td>
</tr>
<tr>
<td>• Investment risk</td>
<td>• Keeping the residual values stable</td>
</tr>
</tbody>
</table>

**Targets**

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

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

**Solutions**

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

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UniCredit Automotive Credit Conference, 24 - 25 June 2020
Thank You.

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Thank You.

Volkswagen Bank GmbH
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Germany
Vision and targets of Route2025

**WE ARE THE BEST AUTOMOTIVE FINANCIAL SERVICES GROUP IN THE WORLD**

**STRATEGIC DIMENSIONS**

- 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

**STRATEGIC TARGETS**

- Excited Customers
- Top Employer
- Compliance & Governance
- Process Efficiency
- IT Excellence
- Total Operating Income
- 20% ROE
- 40% CIR
- 30M Contracts
- 50% Extended Penetration
ROUTE2025 - Target of 30 mn contracts* in portfolio in 2025
Major driver: used cars

21.5 mn

8.5 mn

Main drivers:
Used Car Business
Multibrand

30 mn

* Contract portfolio including contracts of non-consolidated companies
Hey Car is being developed in close cooperation with dealers and counts for 85% of the Market.

- **Constant price increase** for both platforms
- **Dominant platforms controlled by American tech companies**

Further shareholders:
- Daimler Financial Services
- Volkswagen AG

**Online share of trades**
- mobile.de
- AUTO SCOUT 24
- Hey Car
- Dealers own website
- Used Cars

Further shareholders:
- Daimler Financial Services
- Volkswagen AG