Drive Bigger

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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.

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WHY

Core Objective

THE WHY

Make Volkswagen Matter in the US

HOW

WHAT
Core Strategy

WHY

WHAT

HOW

THE HOW

01 Branding
02 Regionalization
03 Operational Excellence
04 Own the Future
Re-build a trusted brand

TDI

- >500k of US vehicles impacted
- Remarketed >200K vehicles
- 8K vehicles remaining
- Vehicle storage lots
  2017: >36  2020: 5

Monitorship

- Robust compliance & Environmental departments
- Environmental Compliance Management System (ECMS)
- Products Compliance Management System (PCMS)
- Quality Management System (QMS)
Re-build a liked brand

Avoidance Due to Brand Reputation

Drive Bigger.

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Twice before, VW brought the brand from nothing to something in the US.
Vehicles for the region, made by the region

LOCALIZE R&D
Define, Design, Develop, Test, Certify

LOCALIZE SUPPLIERS
USMCA, Logistics

LOCALIZE PRODUCTION
Region specific products, Low cost, Jobs

Approx. 725 suppliers in NAR
CHA: 275 | PUE: 350

98% of sold cars produced in NAR

98% of sold cars produced in NAR
Product Portfolio based on market demand

**Eliminated Models**
- eGolf
- Beetle
- Beetle Convertible
- Golf TSI
- Golf Sportswagon
- Golf Alltrack

**New 2020**
- Atlas Cross Sport
- Atlas PA

**New 2021**
- New Compact SUVe
- New Golf GTI
- Tiguan PA
- Jetta PA
- New Compact SUV

**New 2022/2023**
- Localized Compact SUVe
- Atlas PA2
- Cross Sport PA
Mapping future products to profit pools

2016: 15% SUVs | 2020: >50% SUVs

SUV Line-up: Tiguan, Atlas, Cross Sport

1 Atlas Cross Sport = Contribution Margin

MI Timing
Ensure competitive Market Introduction timing

Scale
Maximize production capacity & optimize production cost in Chattanooga & Puebla

Vehicle Logistics
Accelerating vehicles to dealer more efficiently

Go-to-Market
Incentive steering & optimization, ideal network plan executions, EV readiness, dealer coaching

Incentive spend reduced as % of MSRP every year -
FY2016 - FY 2020: -22%
Off lease proceeds improved
$1,300 YoY vs. RV April YTD
2019 – April YTD 2020

Operational Excellence
COVID-19 Crisis Management: Strategy Pillars

**Protect our People**
- Policies for employees
- Guidelines and best practices for managers
- Upgraded IT infrastructure for home-office
- Employee communications

**Protect our Liquidity**
- Stricter cost control & liquidity management
- Closed PUE/CHA Production
- Prioritization of investments

**Compete in “new” normal**
- Set right Brand tone
- Monitored sales/stock situation
- State regulations & offer sales/service alternatives (online alternatives)
- Support customers & dealers together with VCI

**Healthy Stock Situation**
- Market Share

**Ready for the return**
- Monitored changes within the market as signposts
- Monitored health and State regulations
- Monitor Supply Chain Impacts (global/national/local)
- Keeping production and sales in balance to avoid overstocking
Overcoming barriers with the right product to hit the sweet spot of the segment...

- **ID. 4**
- **Tiguan**
- **Competitor 1**
- **Competitor 2**
- **Competitor 3**

**600+**

*incl. Federal rebate

**entry MSRP*/Range

**2020 ASUV Segment Size**

- **4.2 Mio vehicles**

**$34K**

ASUV Segment Average Transaction Price
Electrify America

The growing network to serve our owners today and tomorrow.

<table>
<thead>
<tr>
<th>END OF 2019</th>
<th>END OF 2020</th>
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<tbody>
<tr>
<td>42 States</td>
<td>45 States + DC</td>
</tr>
<tr>
<td>17 Large Metros</td>
<td>27 Large Metros</td>
</tr>
<tr>
<td>~380 Stations</td>
<td>500+ Stations</td>
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<td>1,700+ DC Fast</td>
<td>2,000+ DC Fast</td>
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<tr>
<td>Chargers</td>
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Core Belief

**THE WHAT**

- Breakeven
- Leader in Electrification
- Sustainable/Profitable Future Brand
Thank you.