

A group of business professionals in a meeting, looking at documents and a tablet. The scene is set around a wooden table with various items like a laptop, a cup of coffee, and a glass of water. The lighting is warm and focused on the participants.

VOLKSWAGEN

AKTIENGESELLSCHAFT

Leading the Transformation.

Volkswagen Group Nordic Investor Update
Volkswagen AG & Volkswagen Financial Services

Investor Webcast with SEB, 4. December 2020

Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations 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.

Volkswagen AG

Ulrich Hauswaldt – Group Investor Relations

Julian Klar – Financial Markets

Volkswagen Financial Services

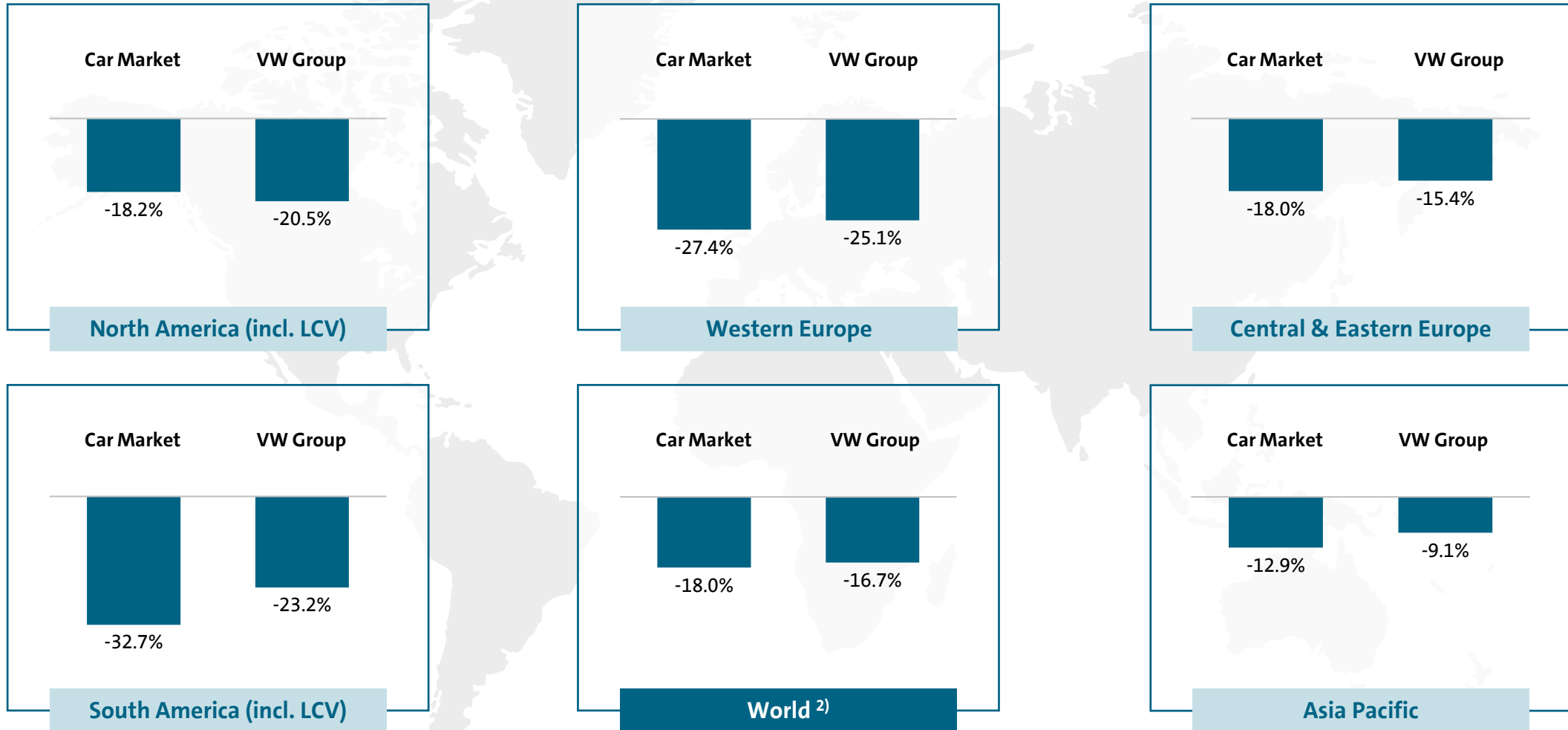
Katja Hauer – Investor Relations

Maik Knappe – Debt Capital Markets & Rating

Leading the Transformation.

Deliveries to Customers

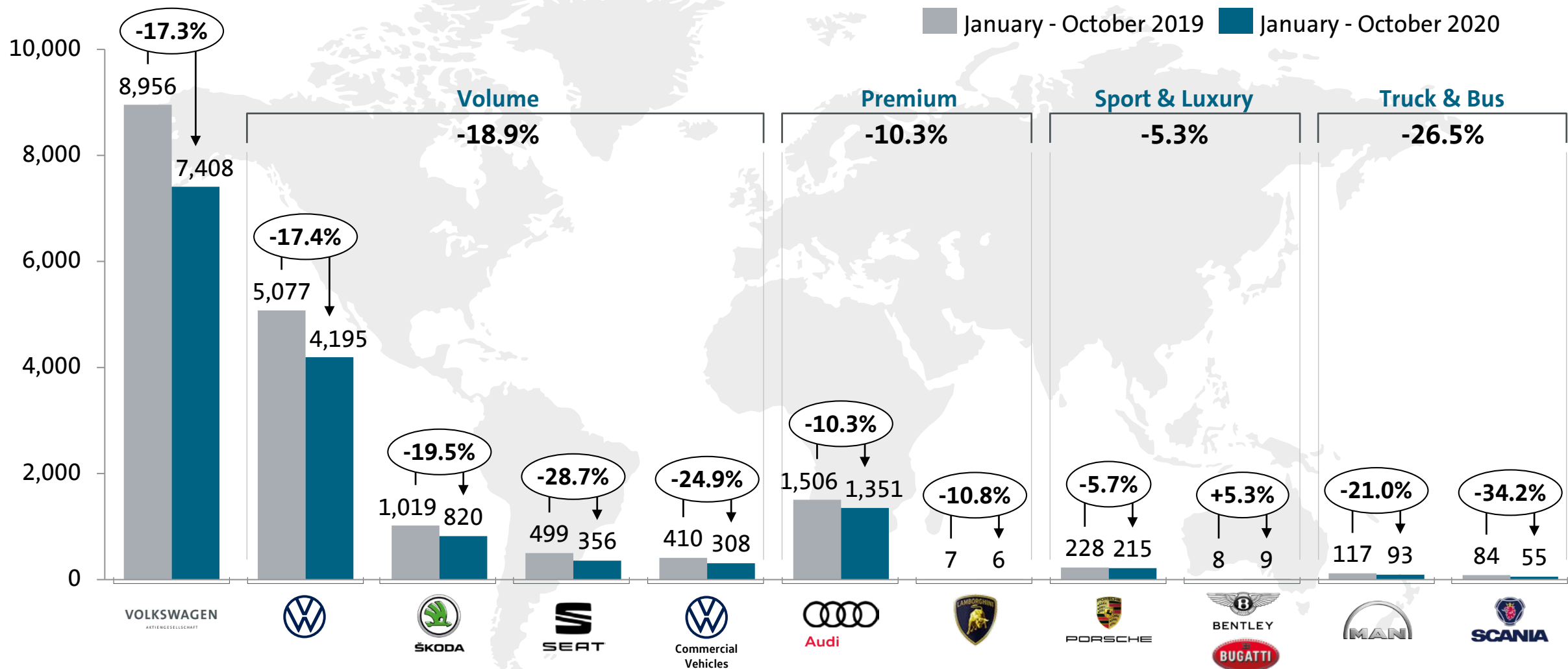
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers by Regions ¹⁾ (Growth y-o-y, January to October 2020 vs. 2019)



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 October 2020 vs. 2019)

[thsd. units]



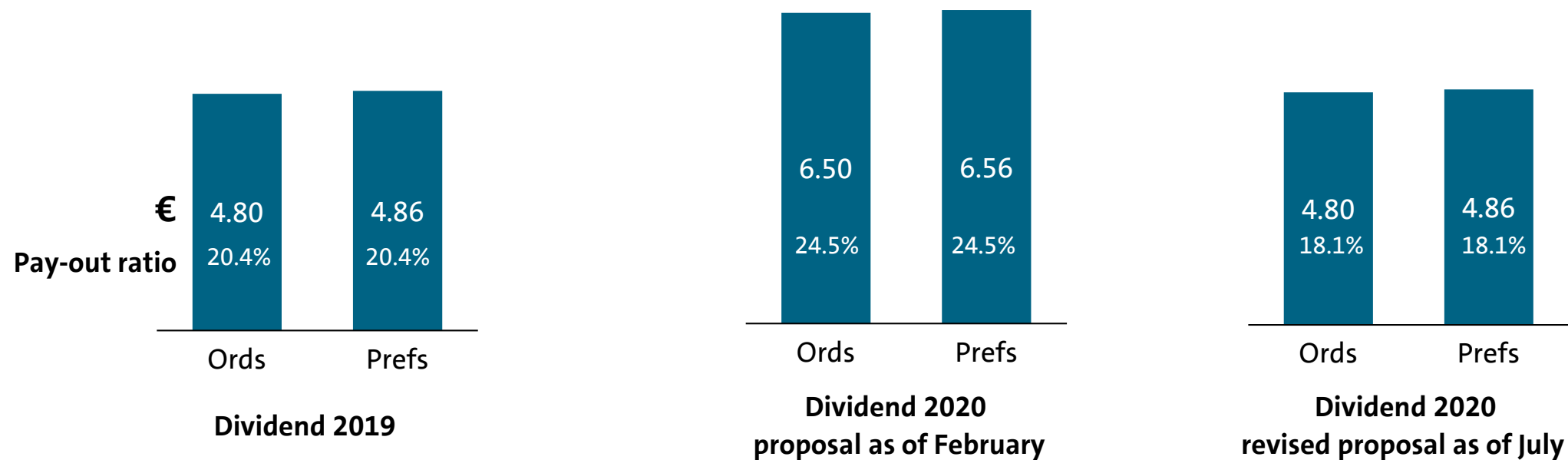
¹⁾ Volkswagen Group excl. Ducati



Leading the Transformation.

Key Financials

Revised Dividend Proposal: Prudent Approach in light of circumstances



**Carry over of remaining net retained profit of 855 million Euro to 2021
Volkswagen AG still fully committed to the strategic target of a 30% payout ratio!**

Volkswagen Group – Analysis by Business Line ¹⁾

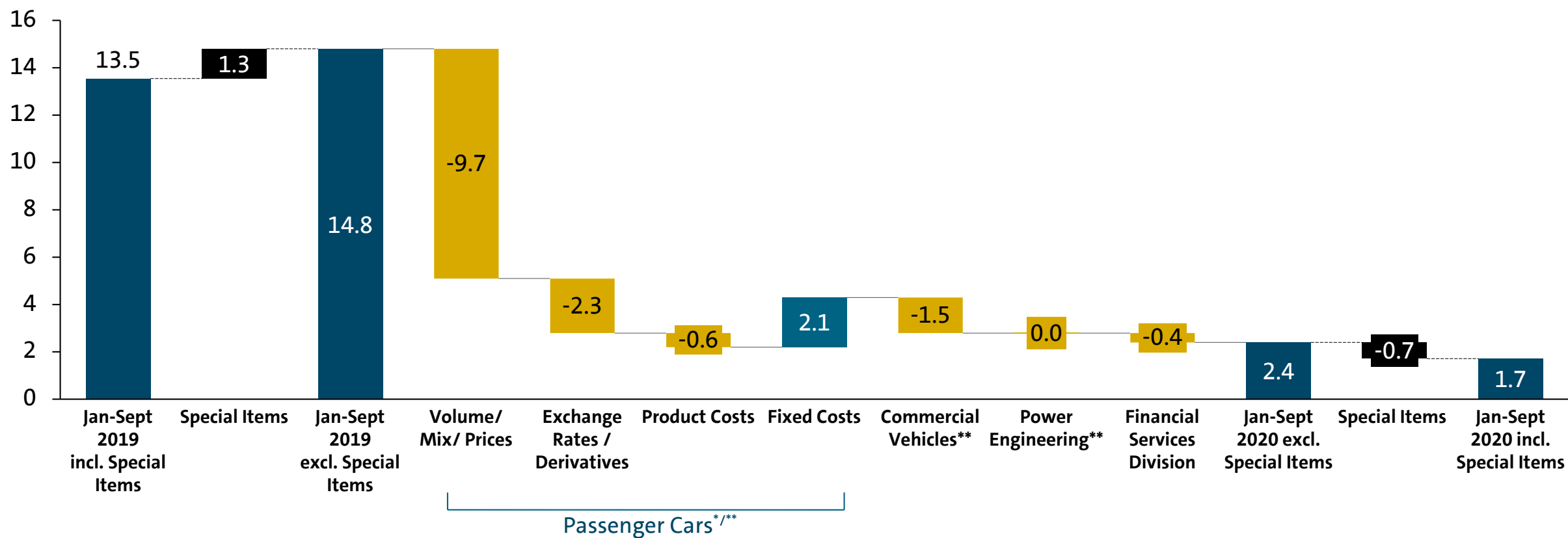
(January to September 2020)

	Vehicle sales		Sales revenue		Operating profit		Operating margin	
	2020	2019	2020	2019	2020	2019	2020	2019
thousand vehicles / € million / percentage								
Volkswagen Passenger Cars	1,896	2,754	47,184	65,447	-969	3,152	-2.1%	4.8%
Audi	682	900	33,264	41,332	221	3,239	0.7%	7.8%
ŠKODA	596	805	12,038	14,811	469	1,175	3.9%	7.9%
SEAT	319	517	6,043	8,828	-290	248	-4.8%	2.8%
Bentley	8	7	1,397	1,306	-52	65	-3.7%	5.0%
Porsche Automotive ²⁾	181	205	17,482	18,666	1,884	3,200	10.8%	17.1%
Volkswagen Commercial Vehicles	250	344	6,674	8,756	-362	497	-5.4%	5.7%
Scania ³⁾	49	76	8,094	10,427	419	1,209	5.2%	11.6%
MAN Commercial Vehicles	80	104	7,461	9,175	-461	297	-6.2%	3.2%
Power Engineering	-	-	2,749	2,873	66	91	2.4%	3.2%
VW China ⁴⁾	2,462	2,815	-	-	-	-	-	-
Other ⁵⁾	-211	-543	-15,494	-22,949	-176	-411	-	-
Volkswagen Financial Services	-	-	28,595	27,946	1,632	2,035	-	-
Volkswagen Group before Special Items	-	-	-	-	2,380	14,795	1.5%	7.9%
Special Items	-	-	-	-	-687	-1,257		
Volkswagen Group	6,311	7,983	155,486	186,617	1,693	13,539	1.1%	7.3%
Automotive Division ⁶⁾	6,311	7,983	125,301	157,031	-95	11,313	-	-
of which: Passenger Cars	6,182	7,803	107,132	134,666	185	10,103	-	-
of which: Commercial Vehicles	129	180	15,419	19,491	-180	1,307	-	-
of which: Power Engineering	-	-	2,749	2,873	-101	-98	-	-
Financial Services Division	-	-	30,185	29,587	1,789	2,226	-	-

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Porsche (Automotive and Financial Services): sales revenue € 19,406 (20,490) million, operating profit € 2,011 (3,346) million. ³⁾ Scania (Automotive and Financial Services): sales revenue € 8,414 (10,762) million, operating profit € 501 (1,314) 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 € 2,632 (3,187) 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 September 2020)

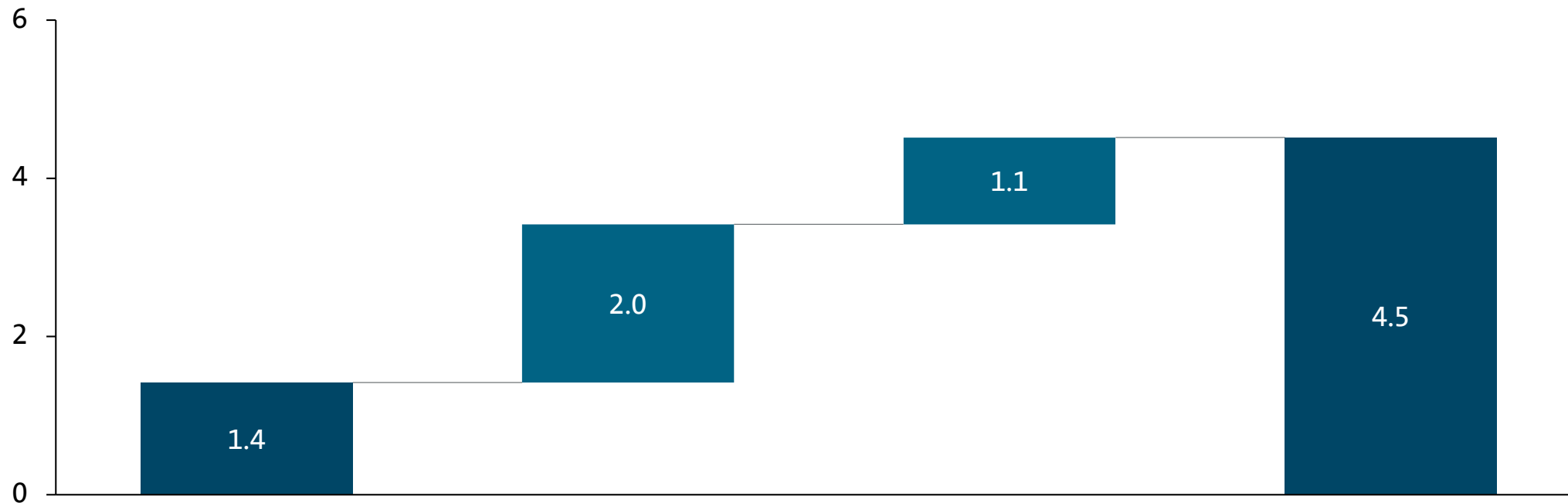
[€ billion]



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

Automotive Division – Net Cash Flow ¹⁾ (January to September 2020)

[€ billion]



2019

8.6

1.2

0.6

10.4

Net Cash flow including
Diesel payments and
M&A

Diesel outflow

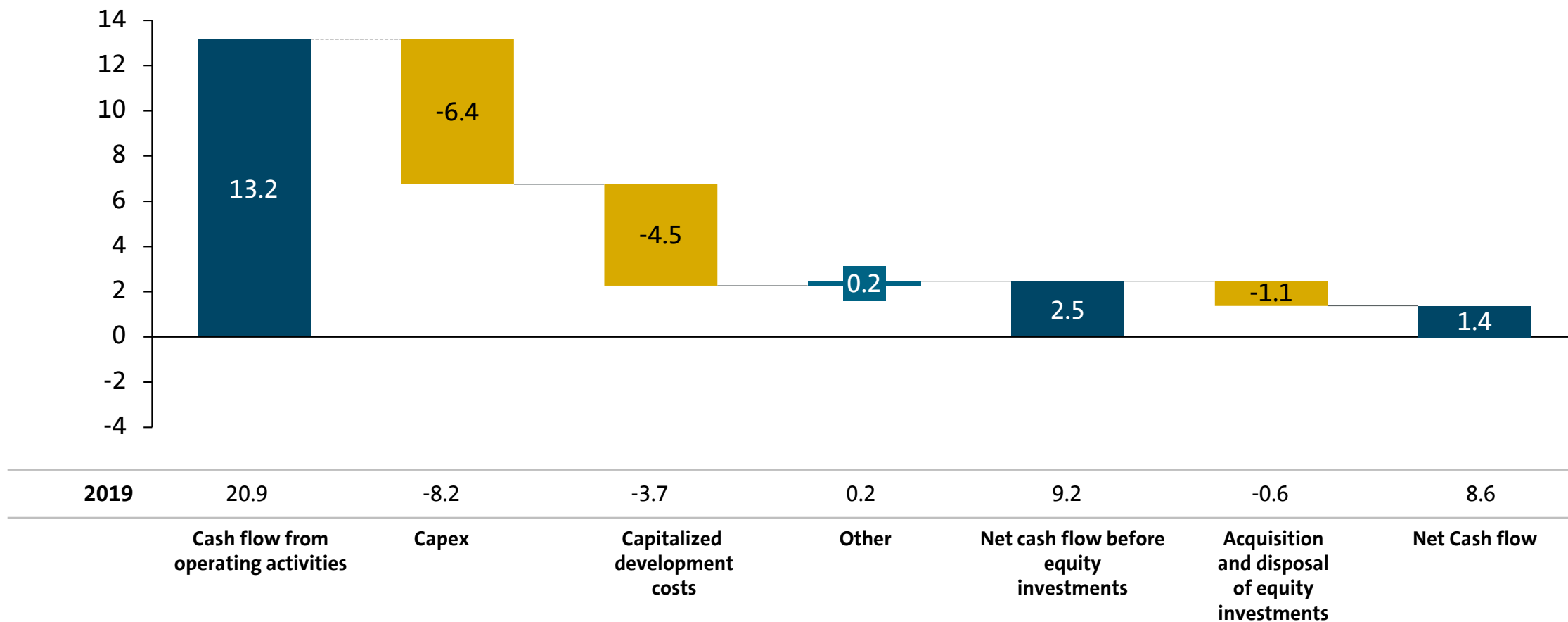
Aquisition and disposal
of equity investments

Net Cash flow
underlying business

¹⁾Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Automotive Division – Net Cash Flow Development ¹⁾ (January to September 2020)

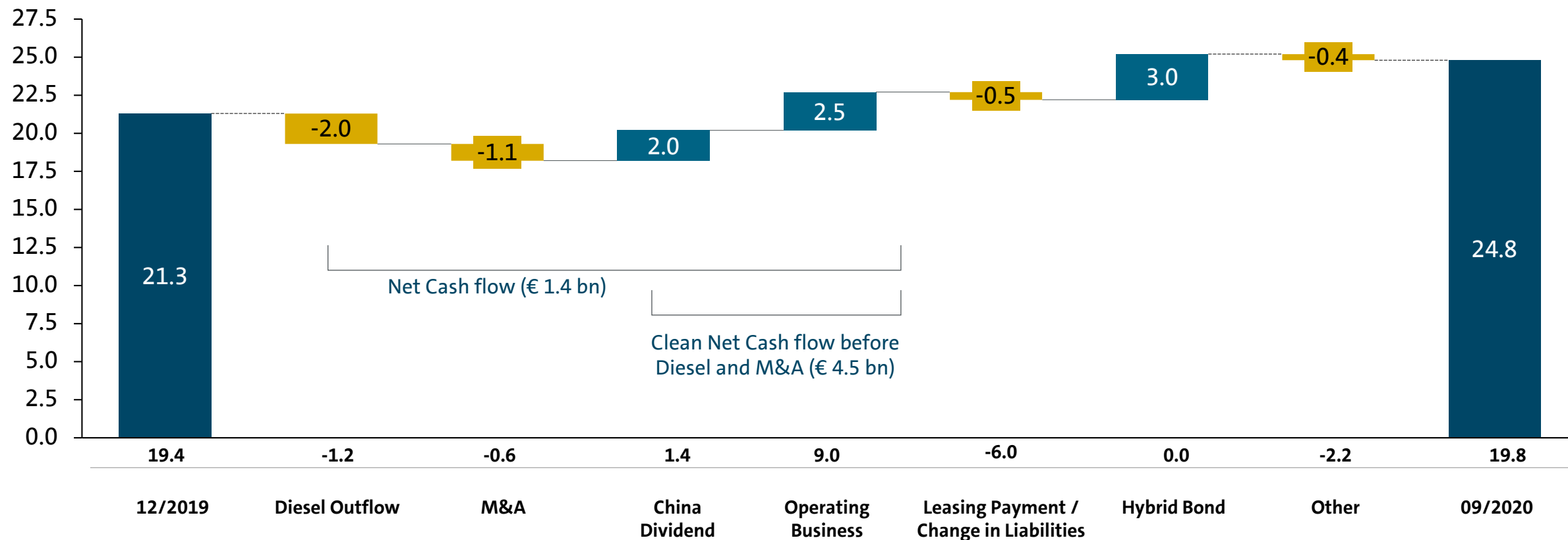
[€ billion]



¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Automotive Division – Analysis of Net Liquidity ¹⁾ (January to September 2020)

[€ billion]



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

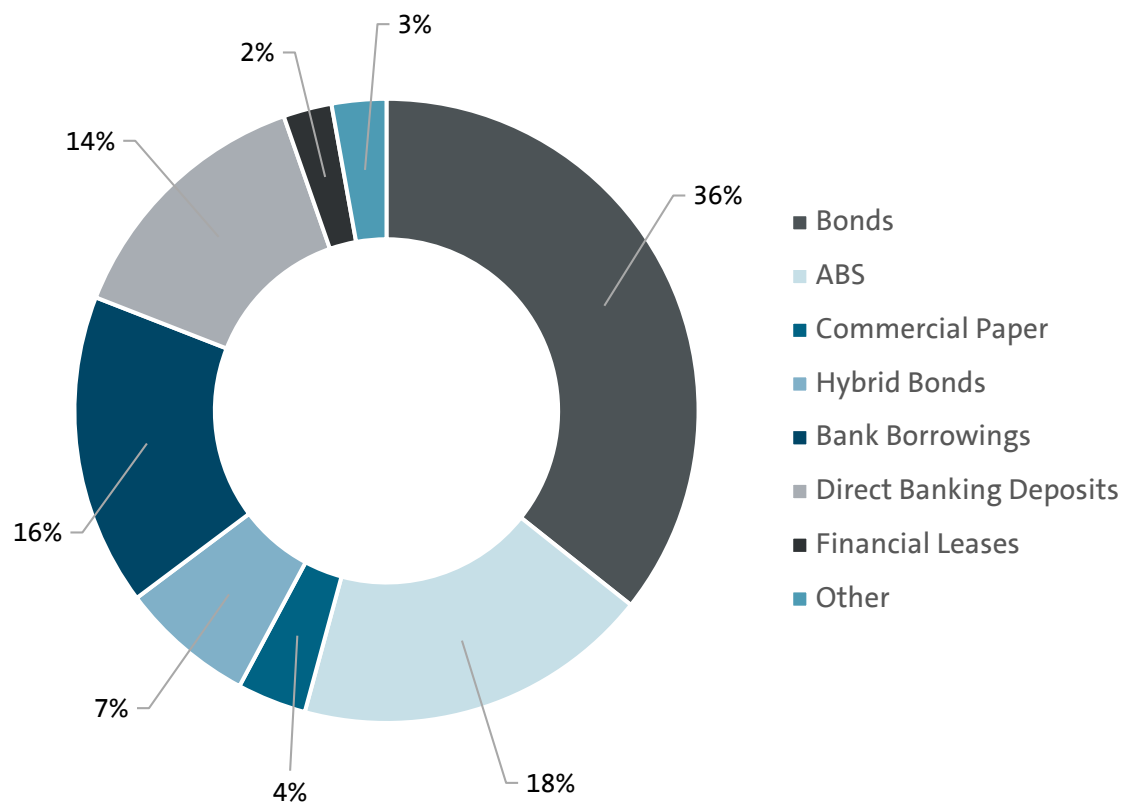
Volkswagen Group – Funding Sources & Outstandings

As of September 30, 2020

Money and Capital Markets	In € billion	Borrowings	In € billion
Commercial Papers	8.0	Bank Borrowings	36.0
Bonds	95.0	Direct Banking Deposits	30.6
<i>thereof: Hybrid Bonds</i>	<i>15.5</i>	Financial Leases	5.6
ABS	41.3	Other	6.3

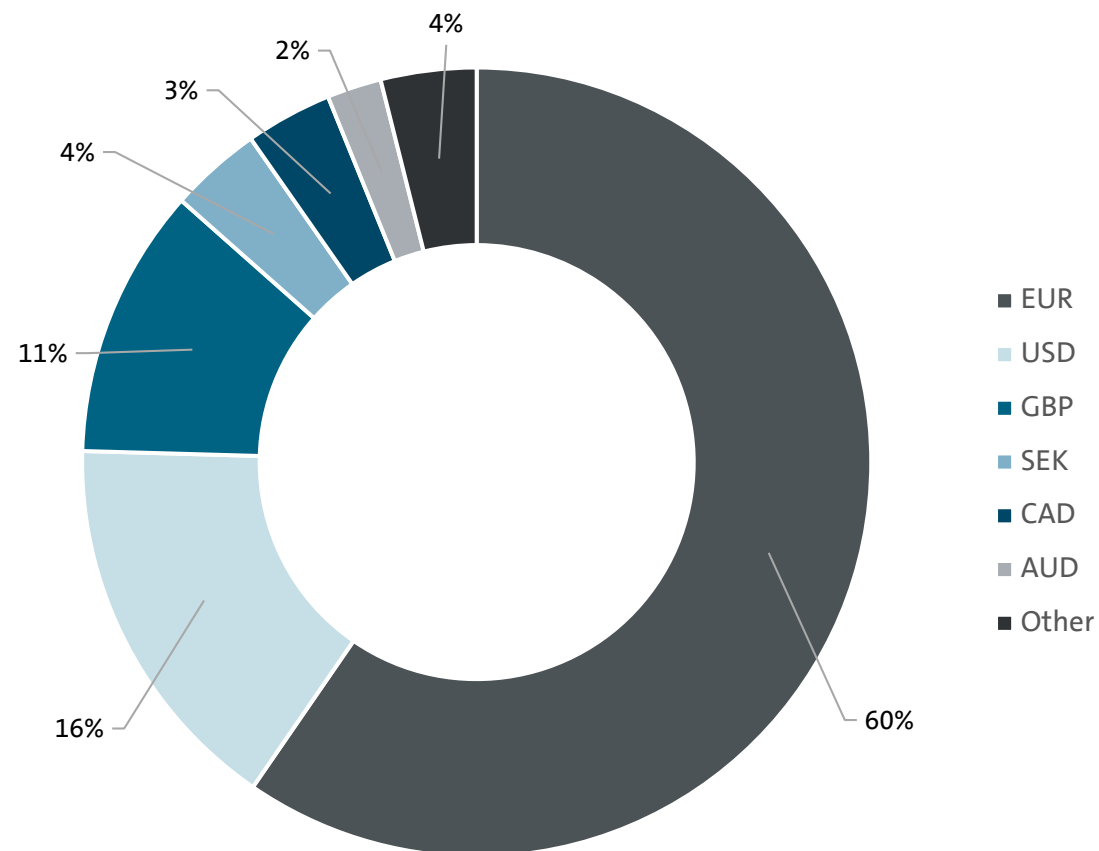
Volkswagen Group – Funding Sources & Currency Mix As of September 30, 2020

Funding Sources in €bn

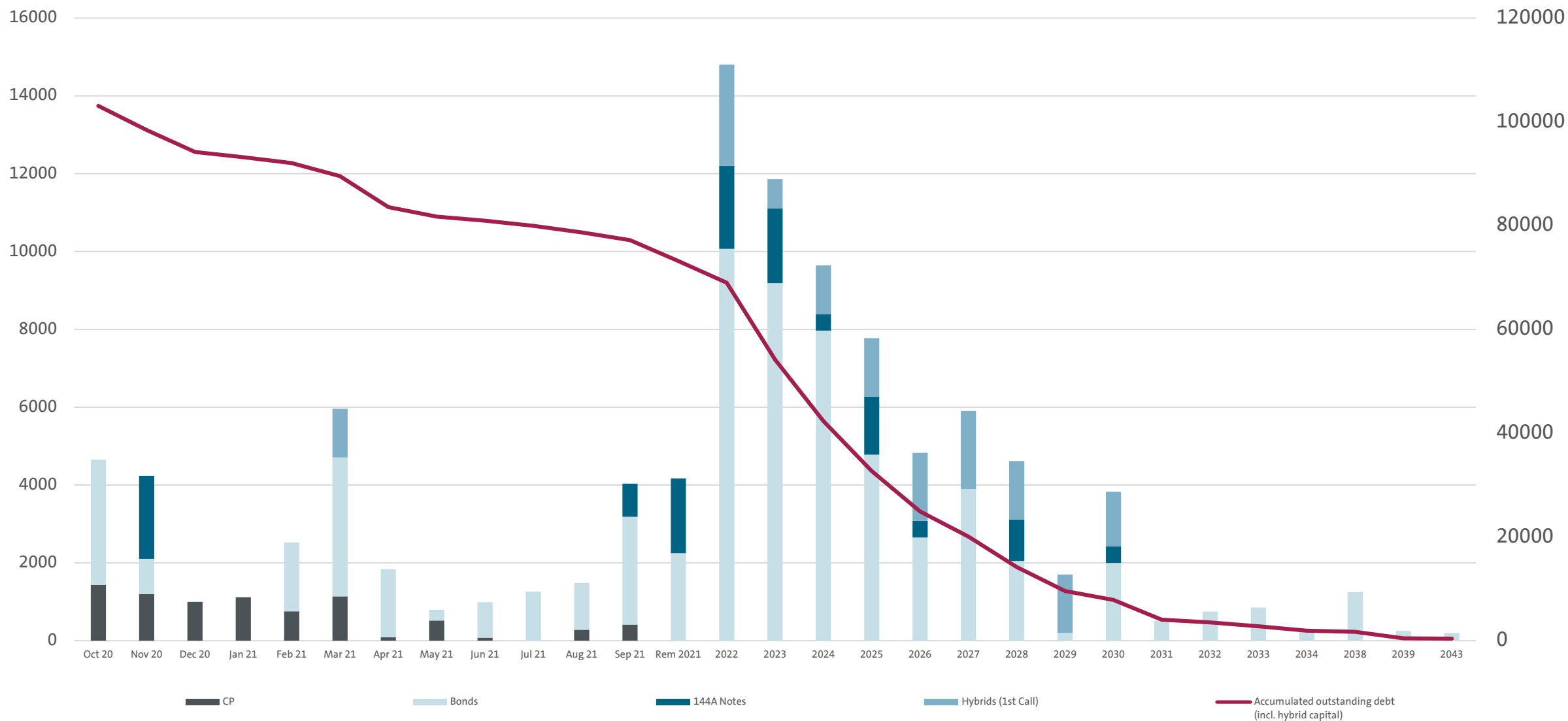


Currency Breakdown in %

(ABS, Commercial Paper and Bonds, ex. Hybrid Bonds)




Volkswagen Group – Bond Maturity Profile As of September 30, 2020 (in € million)



Source: Volkswagen Group


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

Second-Party Opinion

Volkswagen Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Volkswagen Green Finance Framework is credible and impactful and aligns with the four core components of the ICMA Green Bond Principles 2018 and LMA Green Loan Principles 2018. This assessment is based on the following:

USE OF PROCEEDS The eligible category for the use of proceeds is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that Clean Transportation will lead to positive environmental impacts and advance the UN Sustainable Development Goals 9 and 11.

PROJECT EVALUATION / SELECTION Volkswagen's Green Finance Committee (GFC) will evaluate and select the eligible green projects to approve whether the projects are aligned with the Framework. The GFC is comprised of cross-functional representatives from Group Treasury, Sustainability Department, Group Accounting, Group Controlling, Group Legal and business units developing eligible projects. This process is in line with market practice.

MANAGEMENT OF PROCEEDS Volkswagen will allocate the proceeds to an Eligible Green Project Portfolio. Volkswagen will track expenditure and development costs using internal reporting systems. Pending full allocation or reallocation, the unallocated proceeds will be invested in cash or other liquid marketable instruments. This process is in line with market practice.

REPORTING Volkswagen intends to annually publish allocation and impact reporting of proceeds on the Volkswagen Group's website until full allocation. Allocation reporting will include the balance of allocated and unallocated proceeds as well as the number of new and existing projects. In addition, impact reporting will disclose data of CO2 emissions avoided in the use and production phases, along with the description of the green projects and results of Life Cycle Assessment. Sustainalytics views Volkswagen's allocation and impact reporting plans to be aligned with market practice.

Evaluation date	March 2020
Issuer Location	Wolfsburg, Germany

Report Sections

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Volkswagen Group – Inaugural Green Bond Deal Review

Frank Witter, Member of the Group Board of Management responsible for Finance and IT:

“With the issuance of our first Green Bonds, we are giving investors the opportunity to make sustainable investments in the future of e-mobility. It is a strategic milestone in our financing strategy, which we combine with our corporate target of CO2 neutrality in 2050.”

In 2018, the Volkswagen Group was the first automaker to commit to the Paris climate goals. Last year, the Group presented its new environmental mission statement "goTOzero". The aim of the mission statement is to operate the company as environmentally compatible as possible and to achieve a neutral CO2 balance by 2050.

Summary of Terms and Conditions

Pricing / Settlement	16 September 2020 / 23 September 2020	
Tranche	EUR 8yr Fixed	EUR 12yr Fixed
Size	EUR 1,250m	EUR 750m
Coupon	0.875%, annual	1.250%, annual
Final Spread	EUR MS +125bps	EUR MS +150bps
Re-offer price	99.471%	98.724%
Use of Proceeds	Funds to be used for the modular electric drive matrix (MEB) and the new BEV models ID.3 ¹ and ID.4 ²	
External Review	Certified by the Climate Bonds Initiative (CBI)	

¹ ID.3, 150 kW: power consumption, combined, kWh/100 km: 16.9 – 15.4 (WLTP); 15.4 – 14.5 (NEDC); CO2 emissions, combined, g/km: 0.

² ID.4: This model is not yet available for sale in Europe.

Volkswagen Group – Funding Strategy

Major Issuances till today

- 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
- September: EUR 2.00bn Volkswagen International Finance N.V. - Green Bond
- November: USD 4.00bn Volkswagen Group of America Finance, LLC



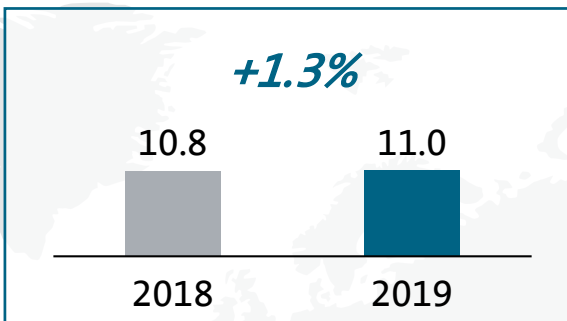
Leading the Transformation.

Outlook & Operative Excellence

Volkswagen Group – Outlook for 2020



Deliveries to customers
(*'000 vehicles*)

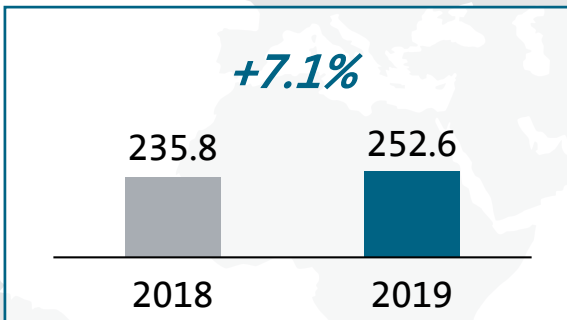


Significantly below prior year

2020

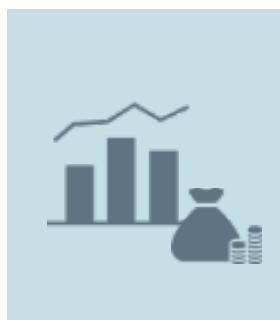


Sales revenue
(*€ billion*)

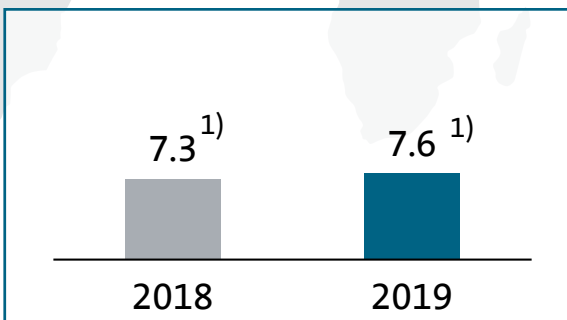


Significantly below prior year
with exception of Financial Services:
on similar level as prior year

2020



Operating return on sales
(*%*)



Operating result (before and including Special Items) severely below prior year
However, positive

2020

¹⁾ Before Special Items.

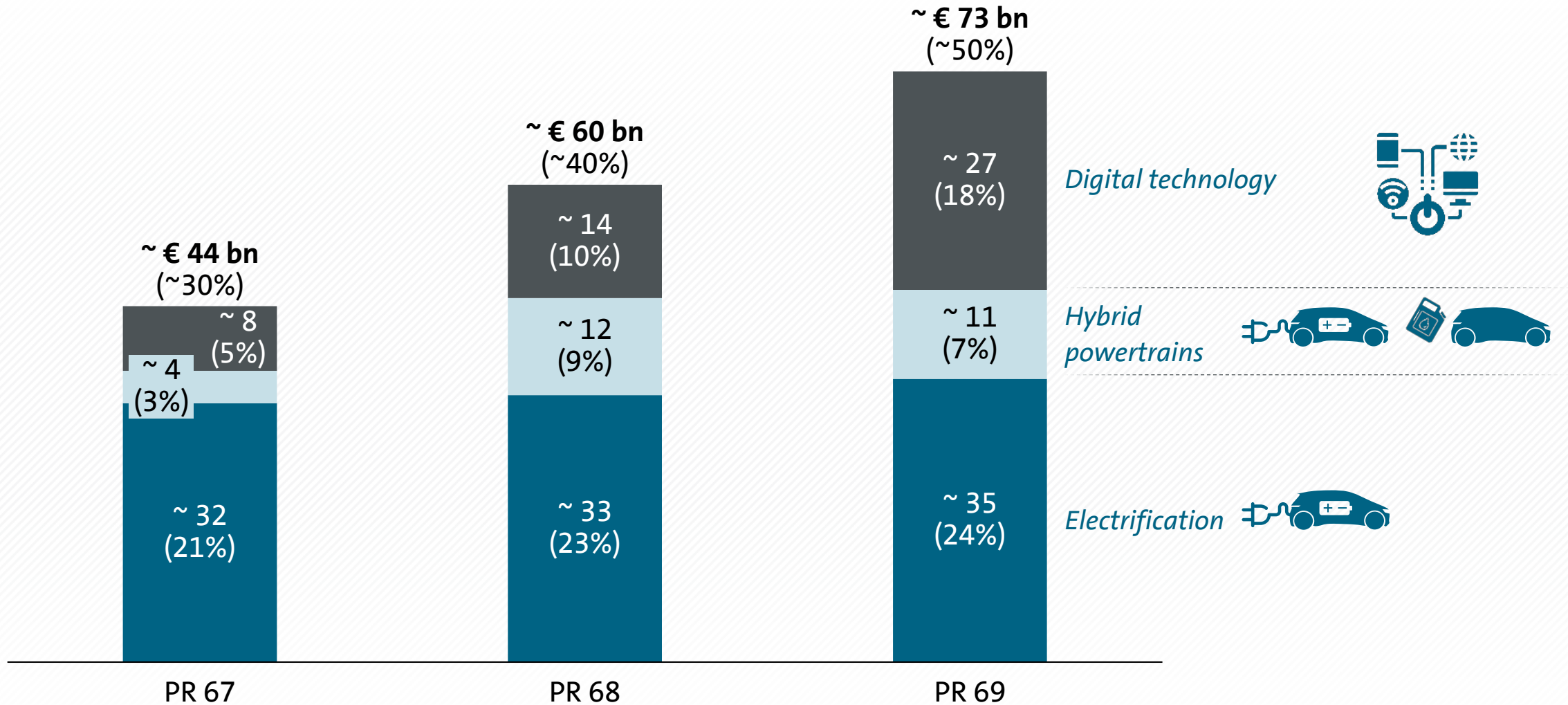
Strategic Group KPI's – Back to normalization in 2022/23 with upside potential

Key financial targets		2017 <i>Actual</i>	2018 <i>Actual</i>	2019 <i>Actual</i>	2020 <i>Outlook</i> 	2022 <i>Interim Strategic Targets</i>	2025 <i>Strategic Targets</i>
Operating return on sales <i>Before Special Items</i>		7.4%	7.3%	7.6%	positive	6.0-7.0%	7-8%
Return on investment <i>Automotive Division before Special Items</i>		14.4%	13.1%	11.2%	positive	10-12%	>14%
Capex ratio <i>Automotive Division</i>		6.4%	6.6%	6.6%	at previous year's level	6.0-6.5%	6%
R&D cost ratio <i>Automotive Division</i>		6.7%	6.8%	6.7%	will exceed 2019	6.5-7.0%	6%
Cash <i>Automotive Division</i>	a) Net Cashflow¹⁾	€ 10.3 bn	€ 5.6 bn	€13.5 bn	positive	> € 10 bn	> € 10 bn
	b) Net Liquidity	€ 22.4bn	€ 19.4 bn	€ 21.3 bn	at previous year's level	> € 20 bn	~10% of Group turnover

¹⁾ Excluding Diesel payments and M&A.

Please note, Navistar not yet included. The transaction is targeted to close in mid 2021, and is subject to Navistar shareholder approval, customary closing conditions as well as regulatory approvals.

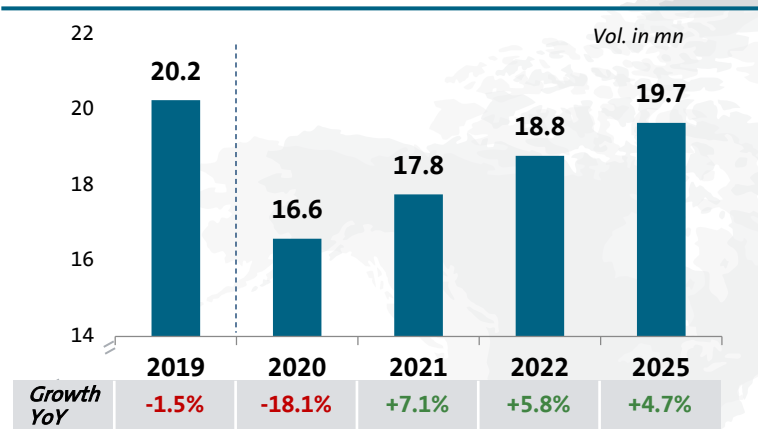
Proportion of “Future Technologies” rising within total investments



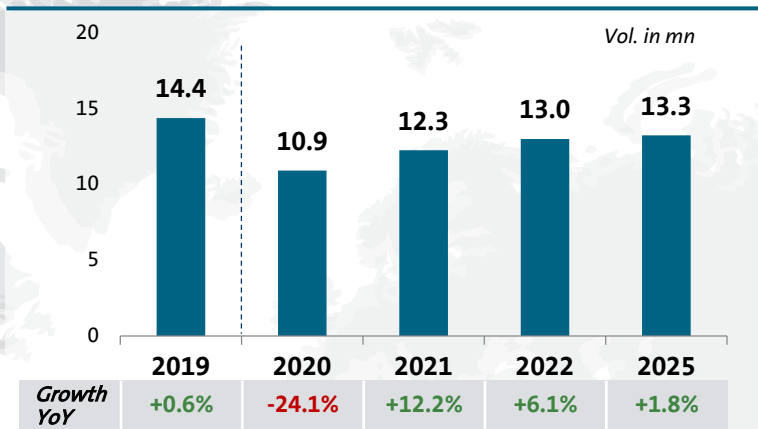
Passenger Car Total Markets by Region – External Outlook

The recovery path after the COVID-19 pandemic varies across markets depending on their economic situation

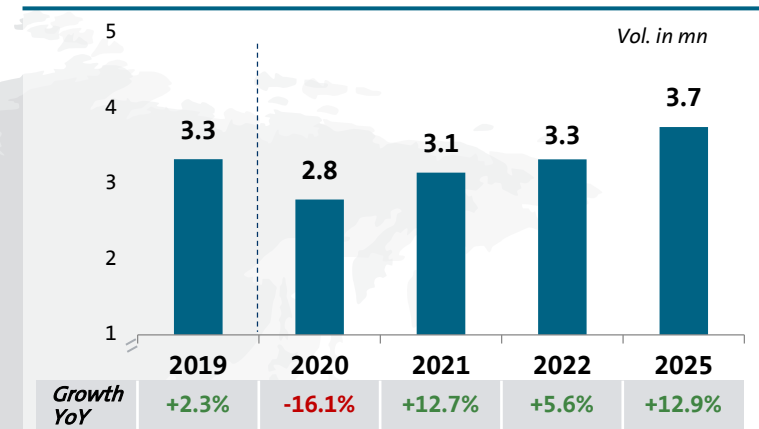
North America (incl. LCV)



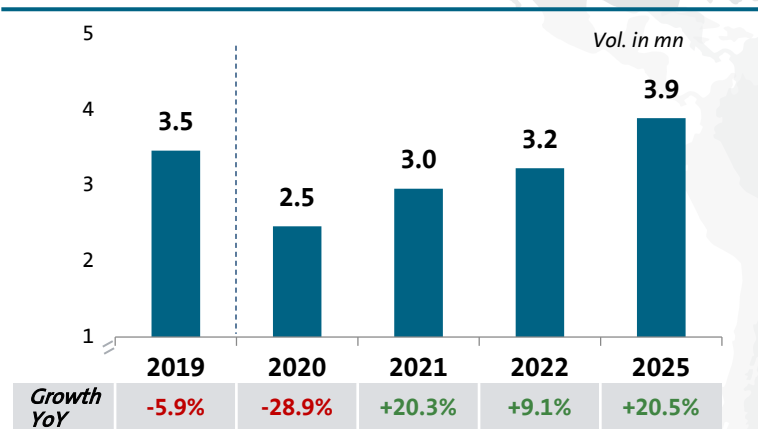
Western Europe



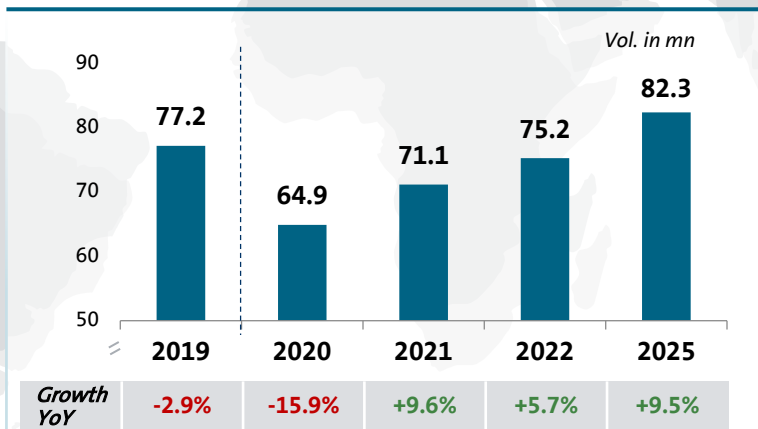
Central and Eastern Europe



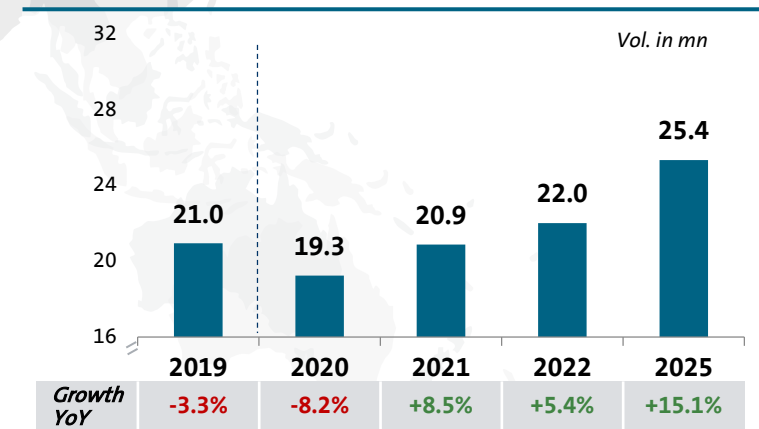
South America ¹⁾ (incl. LCV)



World



China



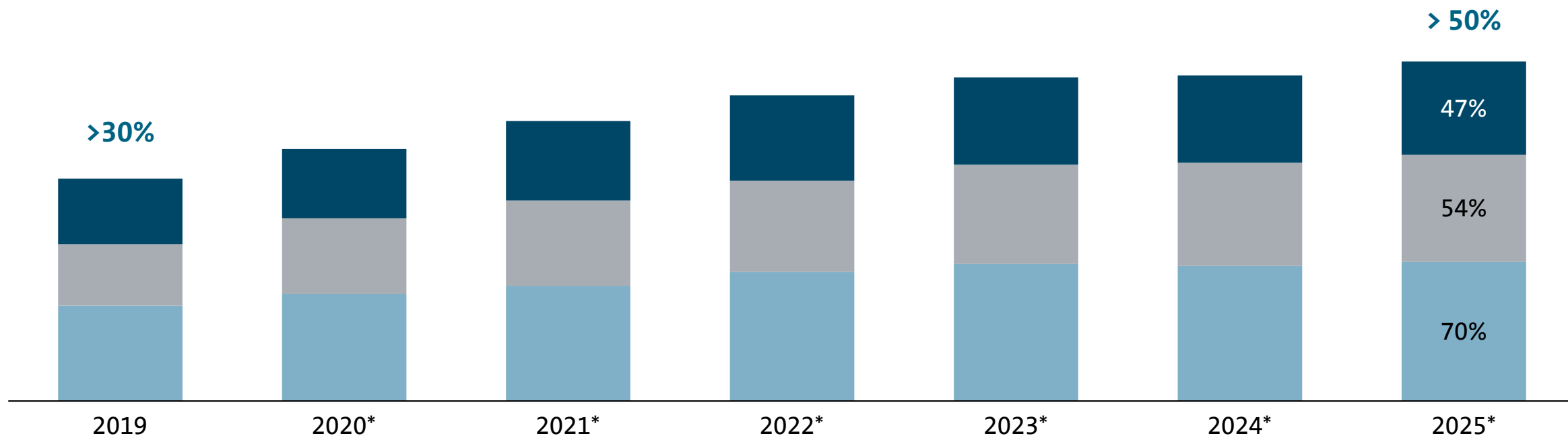
¹⁾ South America includes Brazil, Argentina, Chile and Venezuela.

Source: IHS Markit Automotive, MarketInsight New Registration data, 11/2020

Our worldwide SUV mix is expected to increase strongly

Volkswagen Group - SUV share
(in % of regional Group Deliveries to Customers)

■ Europe ■ China ■ NAR



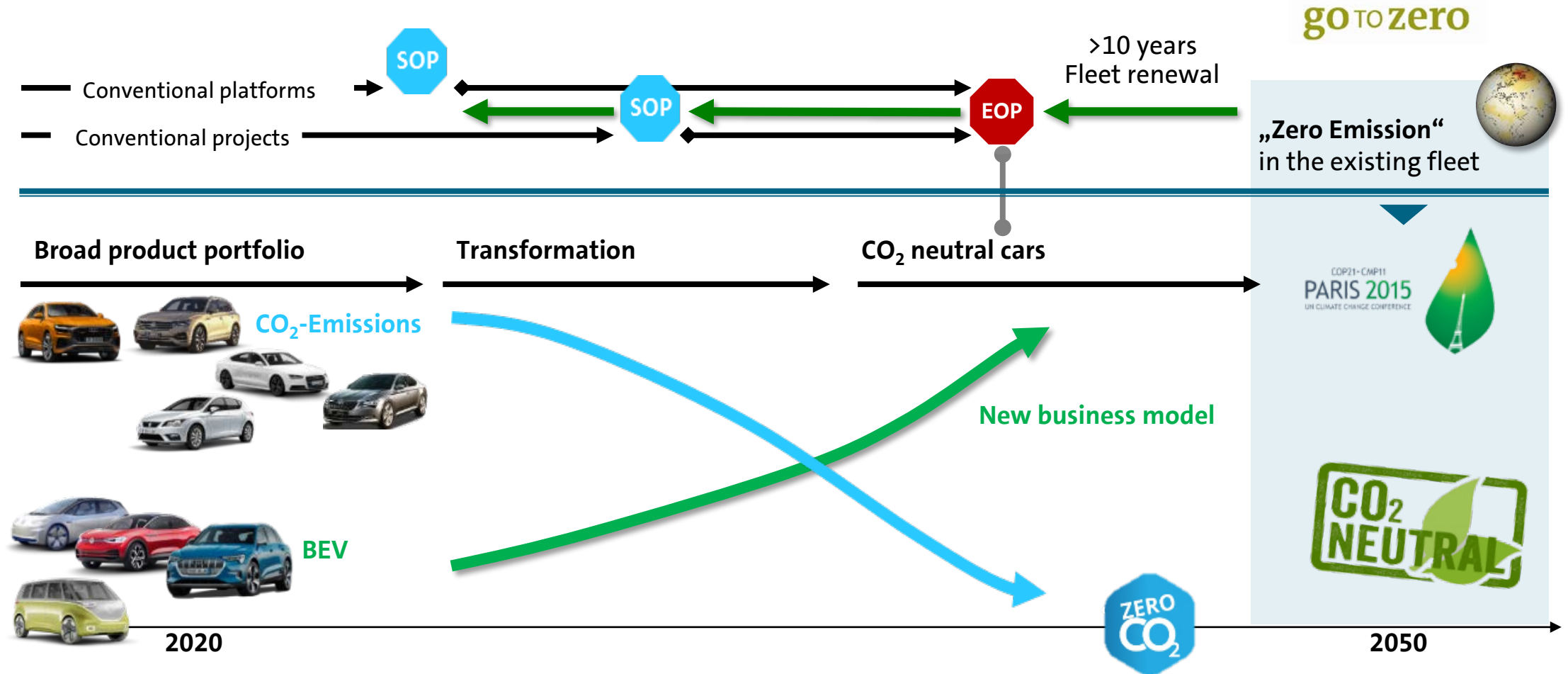
¹⁾Target

Leading the Transformation.

Strategy – Shaping e-mobility

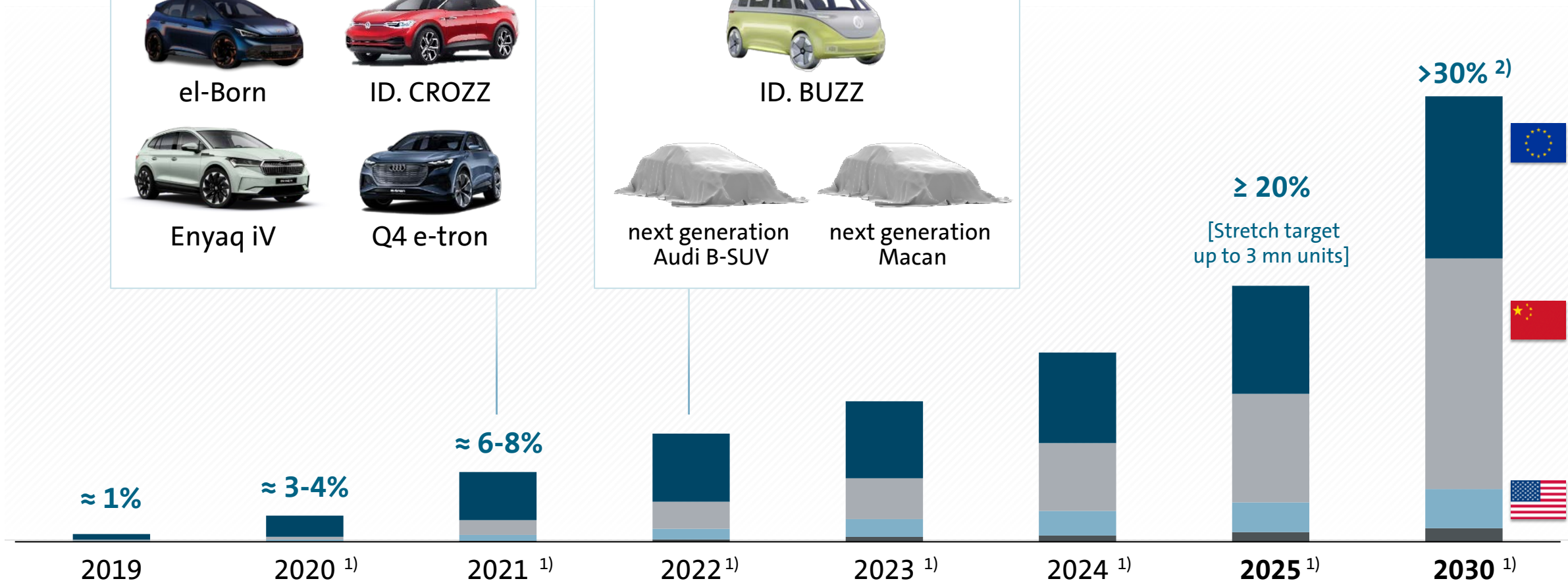
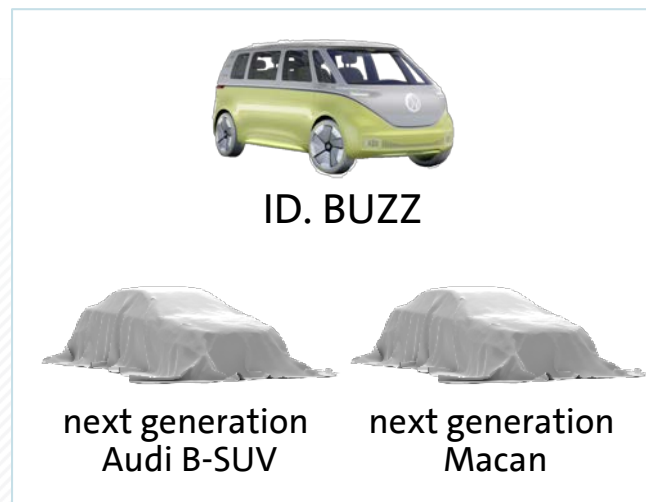
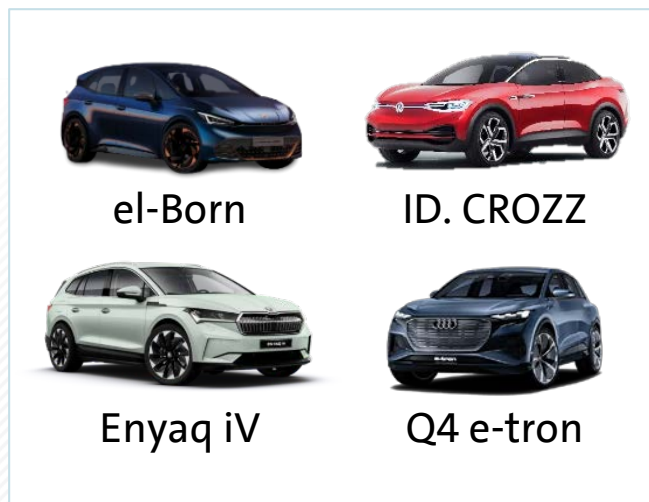
“Go to zero” Transformation of portfolio underway

Paris Implications and Transformations Path



Significant increase in BEV deliveries will support our CO₂ compliance

Volkswagen Group – BEV volume by regions 2019 - 2030 | (BEV share of total Group deliveries in %)



¹⁾ Target ²⁾ Green Deal need to be reflected. Europe China NAR RoW

Fully on track towards electrification by entering the next phase of global ramp-up

1 Start of Transformation electro mobility



Capital Marktes Day 2019

- Development and tooling up of electrified platforms MEB and PPE
- Closed cycled start of productions

2 Volume ramp-up and internationalization



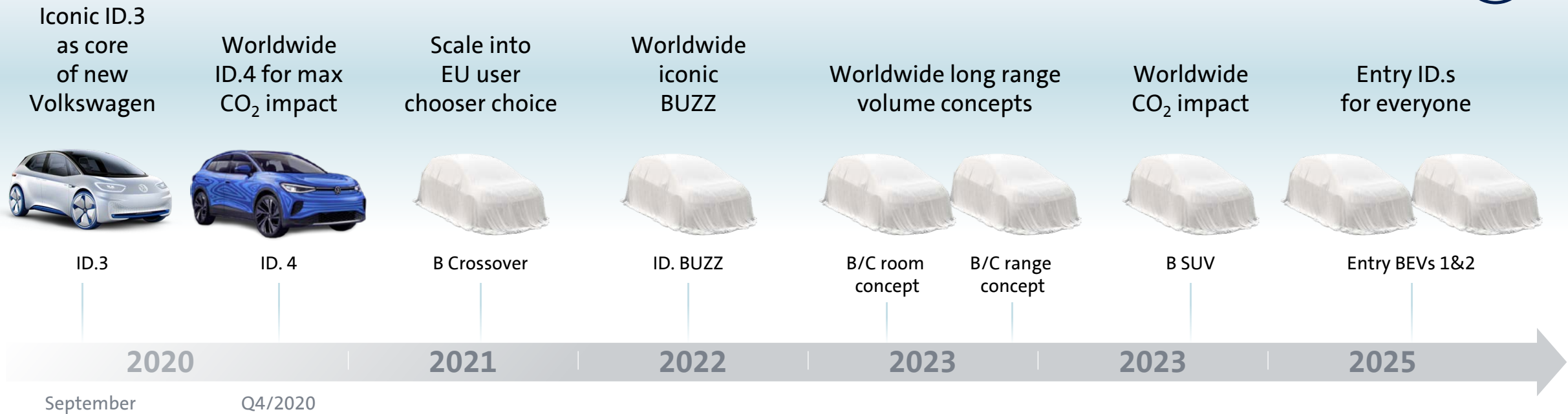
- Scaling up MEB und PPE – Base for volume ramp up
- Internationalization of BEVs starting with compact SUVs

3 Variety of models and segment coverage



- Coverage of core markets and segments
- Fully prepared for Green Deal
- Connected car fleet

Complete from entry to B/C-Segment by ~2025



➔ The aim of the ID. Family is to provide the net-climate neutral mobility choice to all customers. The order of entry is based on maximum brand impact, maximum CO₂ impact and maximum financial results.

Starting in Zwickau – the MEB factories scale up world wide



North America



Chattanooga:
SOP 2022



Europe



Zwickau:
SOP 2019



Dresden:
SOP 2020



Emden:
SOP 2022



Hannover:
SOP 2022



China



Anting:
SOP 2020



Foshan:
SOP 2020

SOP = Start of Production

In our MEB portfolio we enlarge our synergy approach “also group-wide...”

Synergy in top hats

Platform
synergy



VW ID.3

Cupra el Born

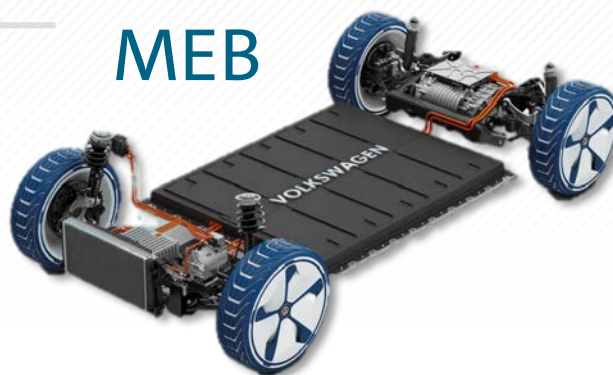


VW ID.4



Skoda Enyaq Audi Q4 e-tron

MEB



Reduced complexity offering of hardware to enable software lifetime business


ID.3 10 click easy offer

Range (#3-4)	Pure Pro Pro S
Engine (#2)	Standard Perform.
Packages (#5x2)	P1 P2 P3 P4 P5 P1+ P2+ P3+ P4+ P5+
Seats (#4)	
Exterior (#2)	
Color (#6+1)	
Wheels (#7)	









Fast Track Models

Pre-configured models (derived from Customer Demand Spaces):

- ID. Comfort
- ID. Tech
- ID. Fun 
- ID. Family
- ID. Style
- ID. Tour

ID. Fun

Pro  Bi-Color 

Customer benefits

- Easier to configure/ less mistakes
- Package with price advantage
- Stronger residual values
- Faster delivery times

System benefits

- 99% reduced complexity to develop, build, maintain, train, sell
- Scale effects
- Restructuring supply chain
- Enabler digital lifecycle management and lifetime business

Holistic Battery-Strategy: Building competencies and further cooperations

Supplier



- The Group maintains strategic relations with several producers to secure its battery supplies in all world regions:
 - Europe: LG Chem, Samsung, SKI and CATL
 - China: CATL
 - US: SKI
- In Europe and NAR, Volkswagen expects annual demand of over 150 gigawatt hours from 2025, with demand in Asia at a similar level

Joint ventures

northvolt®

- Joint venture with **Northvolt** established in 2019
- Initial investment of some €450 mn for joint battery factory
- Large-scale **production of lithium-ion batteries** in Salzgitter, Germany
- Battery cell production is scheduled to commence in early 2024
- Initial production capacity of 16 gigawatt hours
- Northvolt will also deliver cells for **Scania**'s battery assembly plant in Södertälje, starting production in 2023

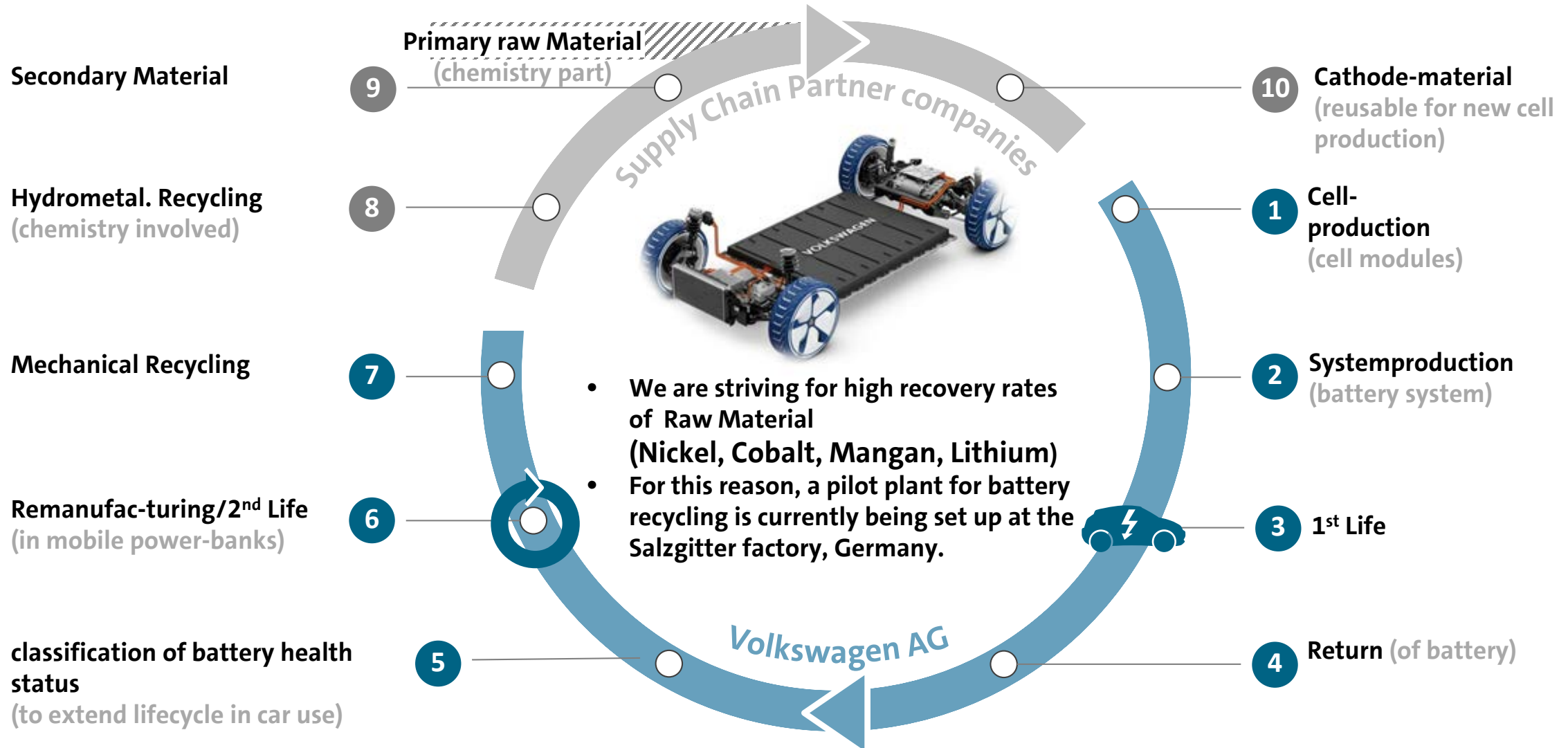


- Volkswagen will acquire a 26% stake of **Gotion High-Tech** for around €1 bn
- Secure future demand for **batteries for Chinese e-models**
- Planned to complete the deal by the end of 2020



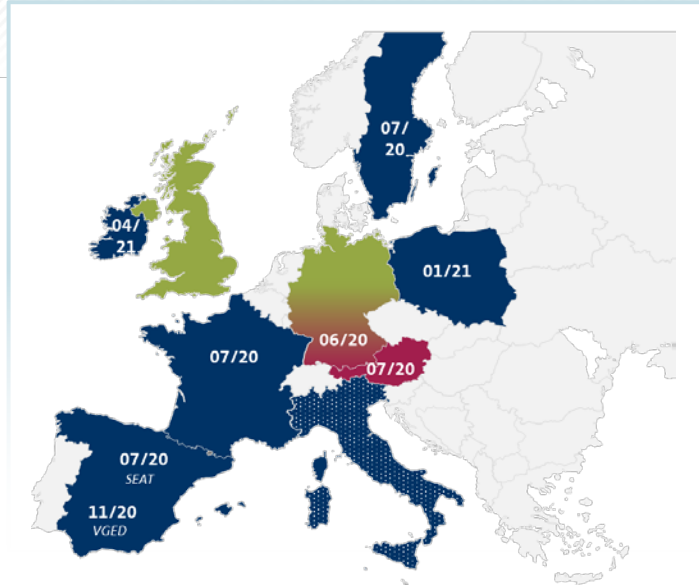
- Non-exclusive relationship with Volkswagen dates back to 2012
- Volkswagen is committed of more than 300 million dollars in funding, and committed of additional dollars to help fund the manufacturing joint venture
- Goal is industrial-level production of solid-state batteries, start of production is targeted in mid 2020's

Principle of Closed Loop Battery Materials

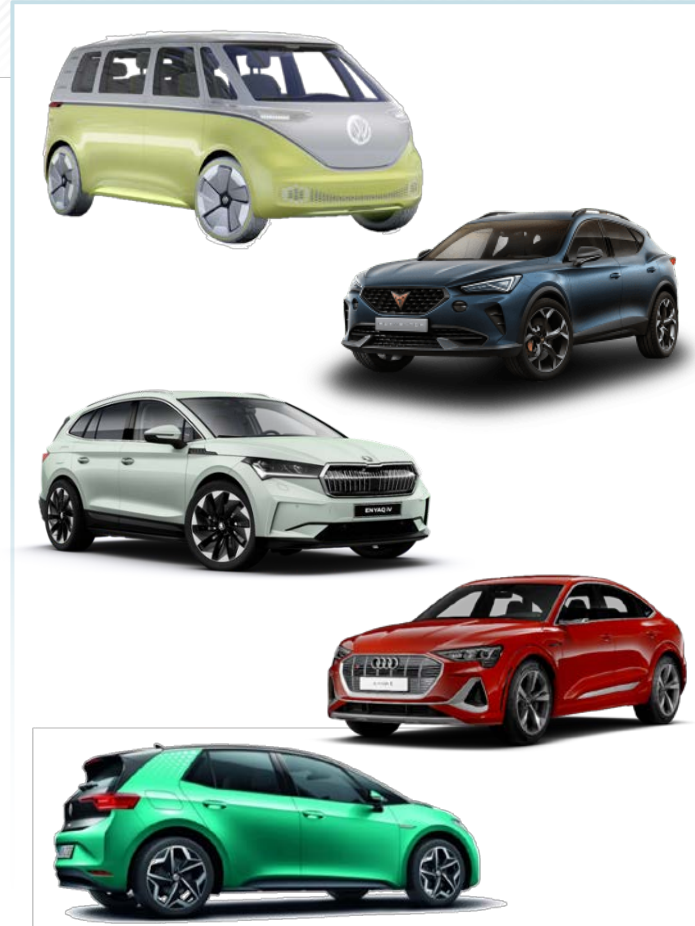


With a strong product portfolio, new distribution concepts and a fast start to e-mobility, we are well prepared to bear the challenges of this crisis!

Fleet / MEB Agency



Product Launches



One.Shop



ADAC confirms: ID.3 with best total cost of ownership (expected similar for ID.4)

<https://www.adac.de/rund-ums-fahrzeug/autokatalog/marken-modelle/vw/vw-id-3/>

The VW ID.3 in cost comparison



Model	VW ID.3 1 st Pro Performance (58 kWh), 150 kW	VW Golf 1.5 eTSI Style DSG, 110 kW	VW Golf 2.0 TDI Style DSG, 110 kW	Tesla Model 3 Standard Range Plus, 236 kW	Nissan Leaf (62 kWh) e+ Acenta, 160 kW	Hyundai IONIQ Elektro Style, 100 kW
Base price (€)	38.987*	31.905	34.425	43.880*	37.237*	39.284*
Depreciation ¹	295	353/296*	390/329**	337	320	337
Fixed costs ¹	78	99	123	148	105	101
Operation costs ¹	91	119	94	85	104	83
Service and Tire costs ¹	56	61	66	86	63***	56
Total costs ¹	520	632/574**	673/611**	656	592	576
Total costs ¹ (Cent/km)	41,6	50,5/46**	53,8/48,9**	52,5	47,4	46,1

Prices / costs in the table including 16% VAT - rounded (small rounding differences possible)

¹) (€/month)

*Current incentive on electric vehicles is taken into account and deducted from the purchase price when calculating. ** Calculation with list price / with 10% discount

*** The workshop costs are based on empirical values, as we do not (yet) have the necessary manufacturer information

Volkswagen and Ford: Alliance delivers significant strategic and economic benefits

Collaboration Projects

VEHICLE
DEVELOPMENT &
PRODUCTION
PICKUP, CITY VAN,
ONE-TON VAN



VOLKSWAGEN
AKTIENGESELLSCHAFT



- Production of up to 8m units of the three commercial vehicles starting around 2022
- Through the cooperation, existing facilities will be much better utilized; e.g. City Van to be build in Poznan (VW plant)

VW TO SUPPLY
MEB PLATFORM
TO FORD
(MODULAR ELECTRIC
TOOLKIT)



- 600k MEB platforms and associated components delivered by VW
- \$10-20bn deal value

PROJECTS IN
AUTONOMOUS
DRIVING WITH



- Collaboration with Argo AI aims for industry leading Self-Driving System platform

A close-up photograph of a person's hand holding a smartphone over a payment terminal. The phone screen displays the ChargePoint app interface, showing the user's name 'Emre Ulucak' and a car icon. The terminal has a white contactless payment symbol. In the background, a charging station with yellow labels '19' and '20' is visible.

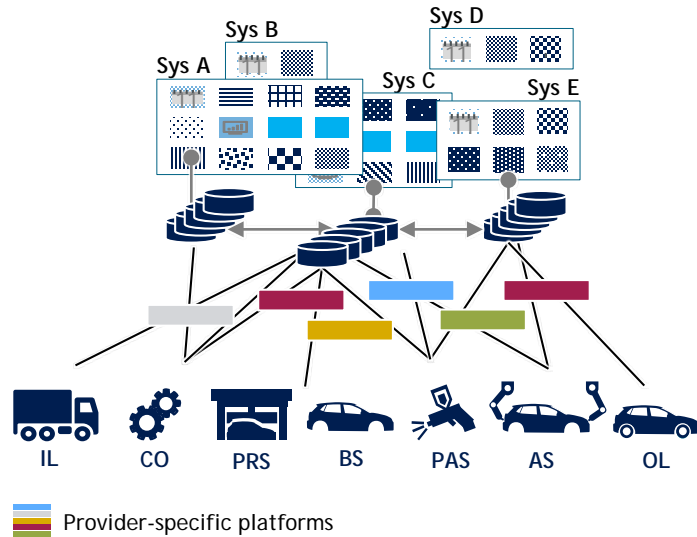
Leading the Transformation.

Strategy – Software-enabled car company

Industrial Cloud: Transforms fragmented IT landscape to integrated platform architecture

Covers 124 Group Plants

Current state: fragmented IT/OT landscape



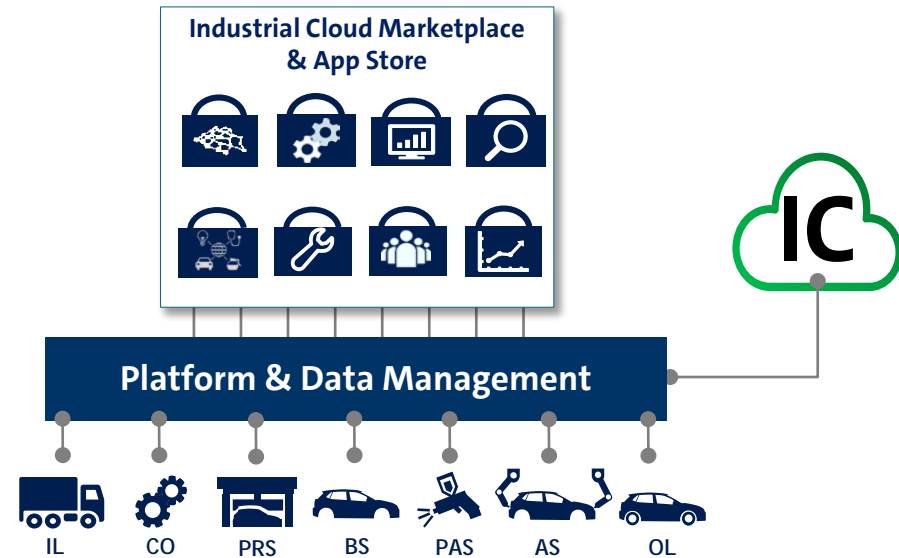
Complexity ↑ Development Expenses ↑ Operational Cost ↑

Consolidation ↓ System Flexibility ↓ Production Stability ↓

IL: Inbound Logistics CO: Components PRS: Press Shop BS: Body Shop PAS: Paint Shop AS: Assembly OL: Outbound Logistics



Target state: integrated platform architecture

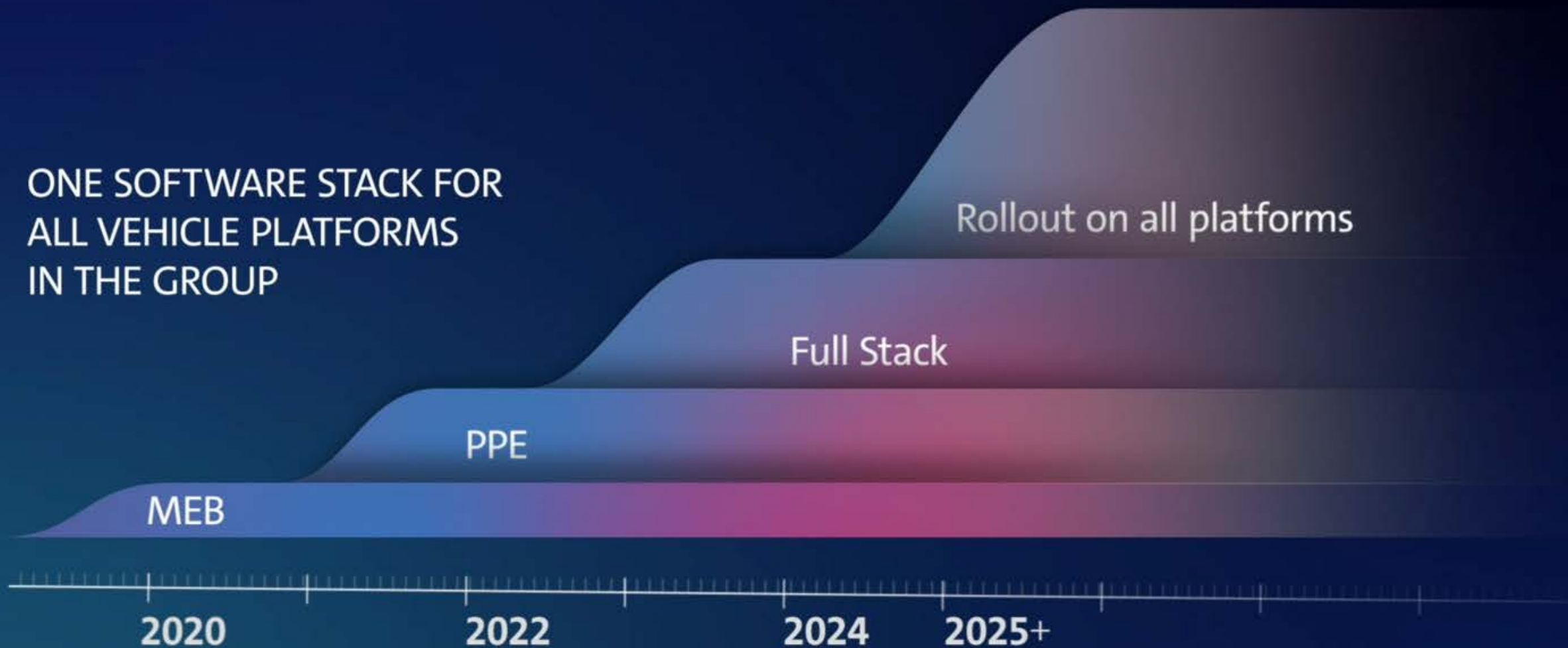


Complexity ↓ Development Expenses ↓ Operational Cost ↓

Consolidation ↑ System Flexibility ↑ Production Stability ↑

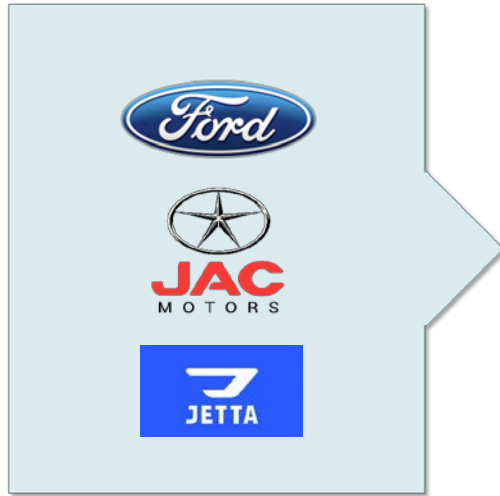
Our vw.os and E/E architecture will be evolutionary

ONE SOFTWARE STACK FOR
ALL VEHICLE PLATFORMS
IN THE GROUP

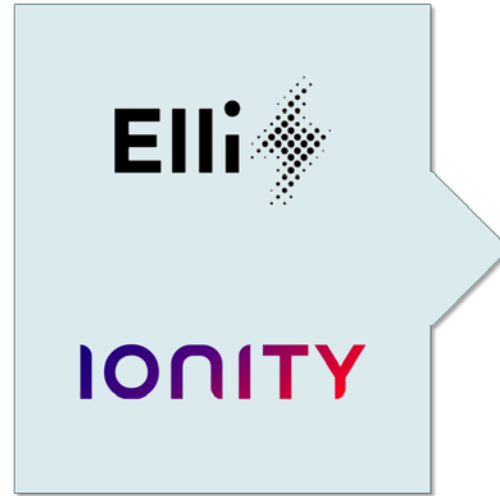


Driving forward Strategy: New collaborative approach

Market/ Product



E-Mobility services



Software



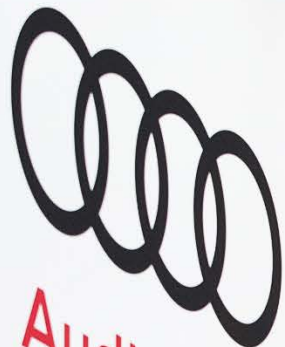
Technology



←————— **New Scale dimensions** —————→



Volkswagen



Audi



SEAT



ŠKODA



BENTLEY



PORSCHE



DUCATI



Volkswagen



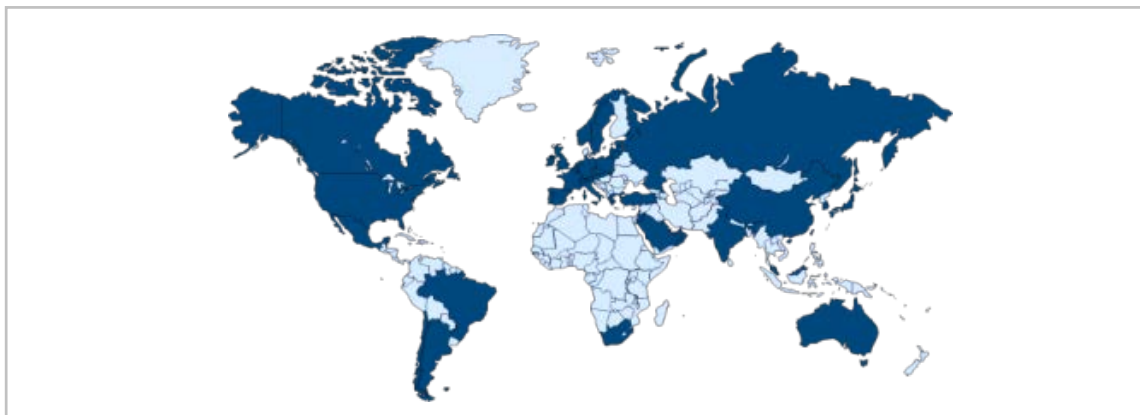
Ferrari

Leading the Transformation.

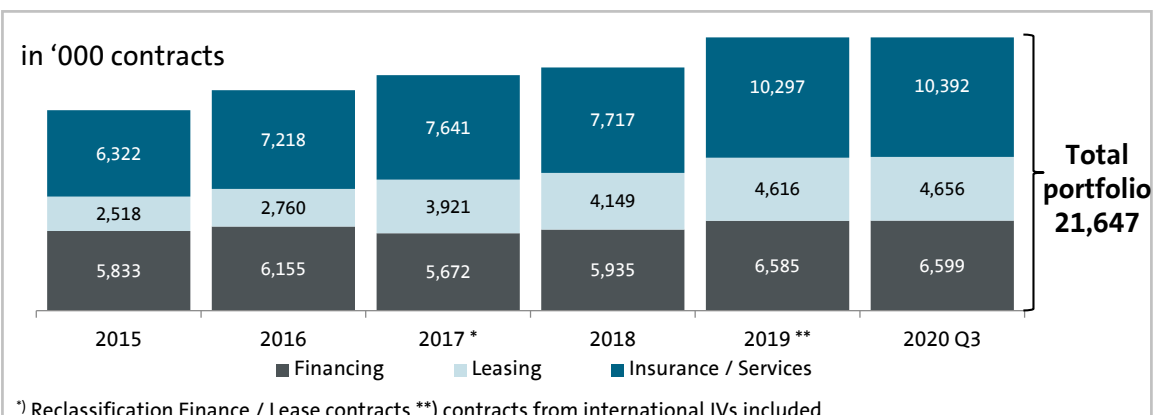
Strong brands & global footprint

Volkswagen Financial Services ¹⁾: global, well diversified and successful

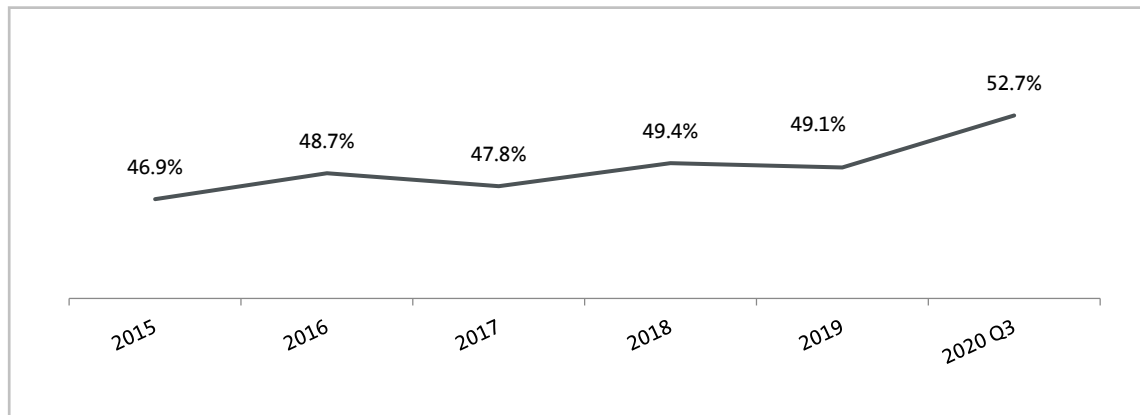
Strong global presence



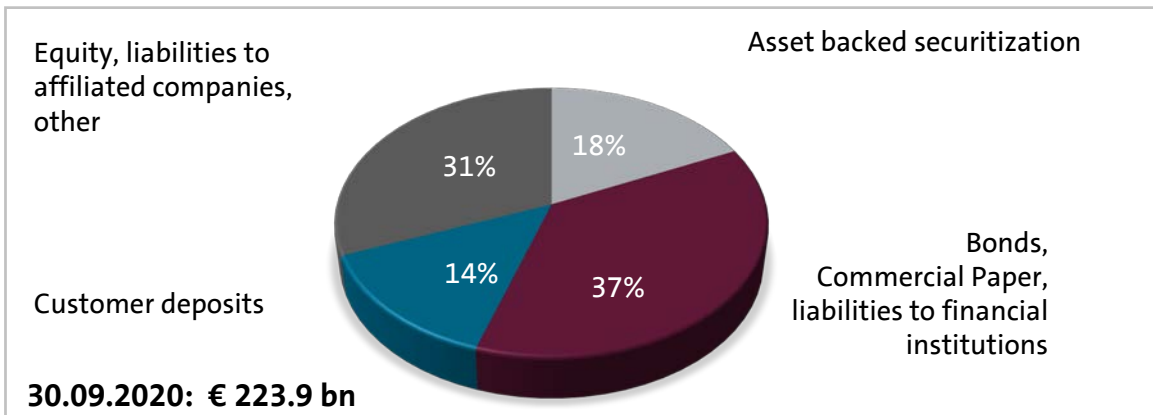
Continuous portfolio expansion



Rising penetration rates (without China)



Diversified funding structure



¹⁾ Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.

Volkswagen Group – Main Ratings ¹⁾



Long Term / Short Term

Long Term / Short Term

Volkswagen AG

A3 (N) / P-2

BBB+ (N) / A-2

Volkswagen Financial Services AG

A3 (N) / P-2

BBB+ (N) / A-2

Volkswagen Bank GmbH ²⁾

A1 (N) / P-1

A- (N) / A-2

¹⁾ As of June 30, 2020 ²⁾ Senior Unsecured Ratings

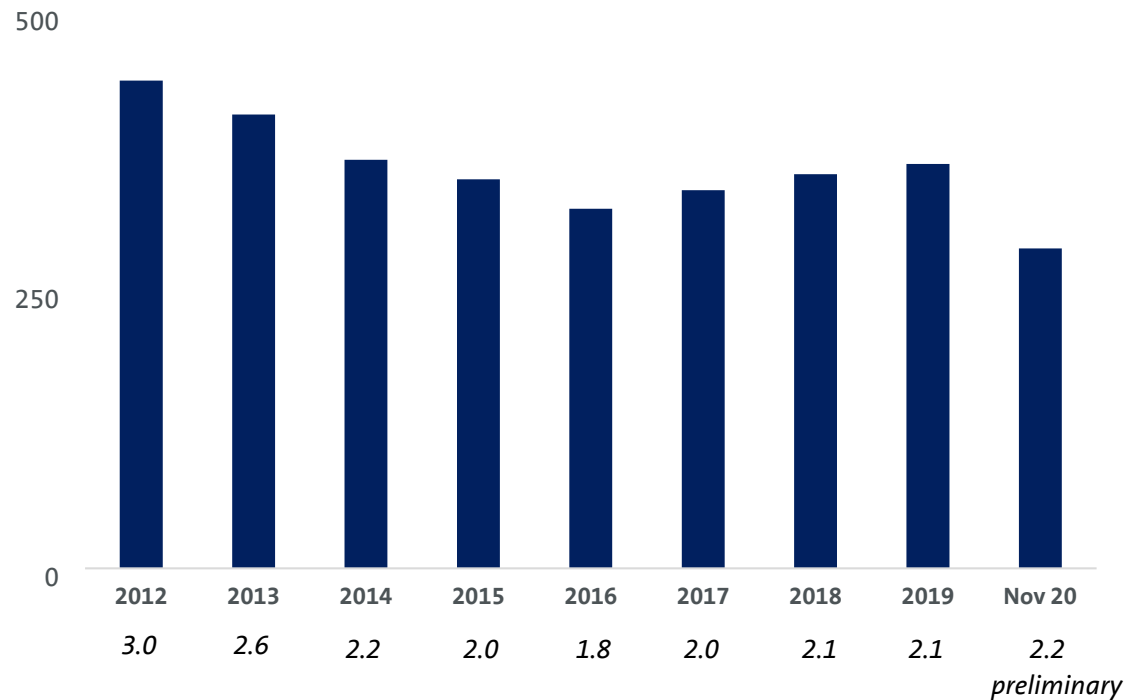
Outlook: (P)ositive, (S)table, (N)egative, RfD = Ratings under review for Downgrade, RfU = Ratings under review for Upgrade

Volkswagen Brand – Turnaround in the US expected for 2021



- **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
 - First local production on MEB platform from 2022
- **Product portfolio based on market demand**
 - Significant reduction in incentive spend
 - Improved model mix, mainly SUVs
- **Fix costs improvements**

Deliveries to US customers, '000 units / Market share in %

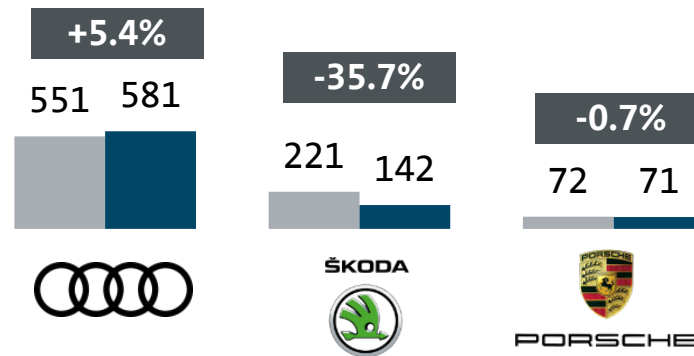
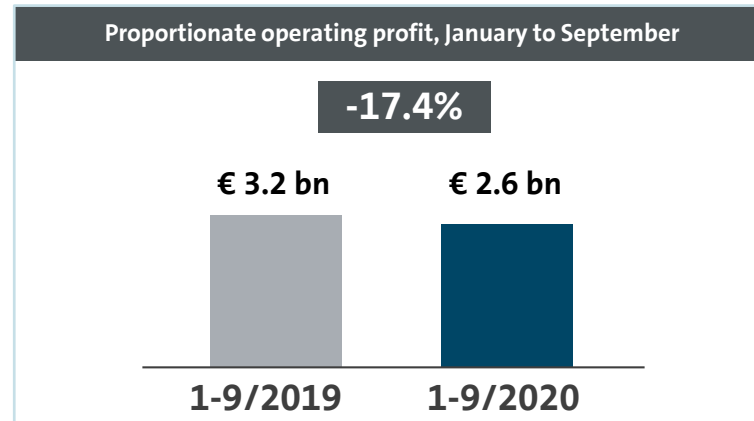
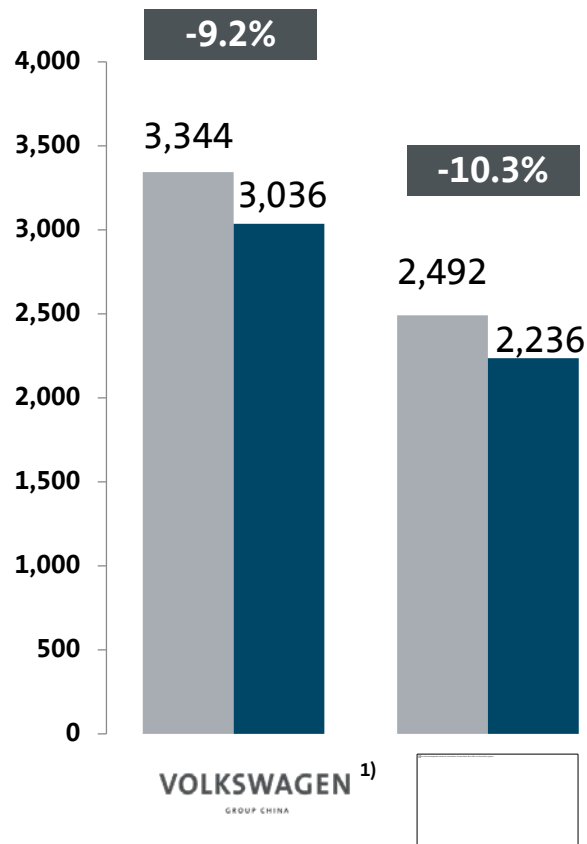


New 2020	New 2021	New 2022/2023
 Atlas Cross Sport	 New Compact SUVe	 Localized Compact SUVe
	 New Golf GTI	
	 Tiguan PA	 Atlas PA2
 Atlas PA	 Jetta PA	
	 New Compact SUV	 Cross Sport PA
		



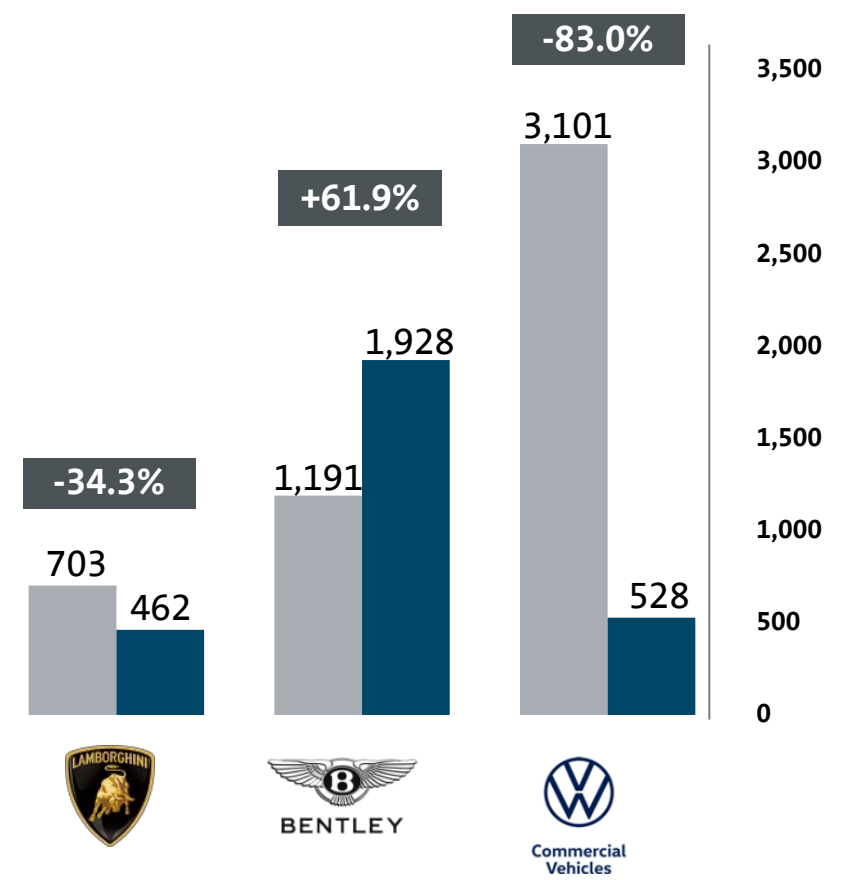
Volkswagen Group China performance (January to October 2020)

[thsd. units]



[units]

Legend:
█ January – October 2019
█ January – October 2020



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

Leading the Transformation.

Integrity & Compliance



STRATEGY

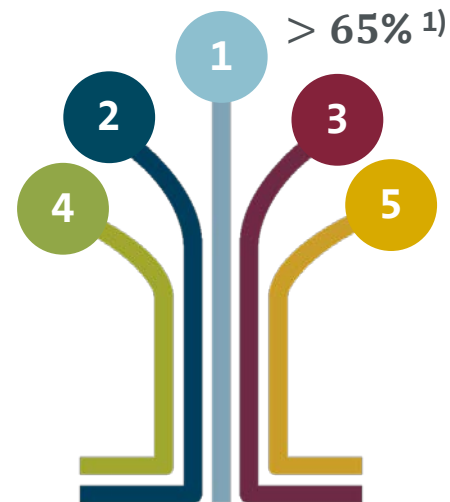
Ethics and compliance is central to business strategy

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



INTEGRITY & COMPLIANCE
PROGRAM
TOGETHER FOR INTEGRITY

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 October 2020; Current coverage 71 countries, >55.000 employees reached through T4I dialogue formats



Leading the Transformation.

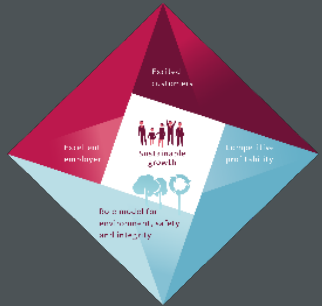
Commitment

We are convinced that we have a strong Investment Proposition

TOGETHER 2025⁺

FOCUS AND SPEED

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

Unleash value

Integrity as the foundation of a successful business

Investor Relations Team

We are pleased to answer your inquiries regarding Volkswagen shares and other capital market related questions.



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Leading the Transformation.

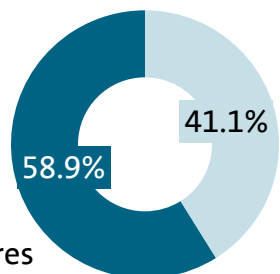
Appendix



The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

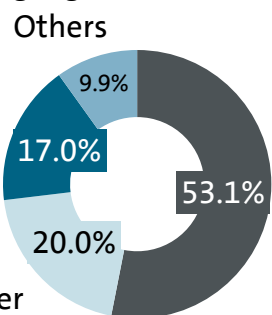
Number of Outstanding Shares



Preferred shares
206,205,445

Ordinary shares
295,089,818

Current Voting Rights Distribution



Porsche SE,
Stuttgart²⁾

Qatar Holding

State of Lower
Saxony, Hanover

(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 AG¹⁾

Chairman of the Board of Management of Volkswagen AG	Dr. Herbert Diess
Brand Group 'Sport & Luxury'	Dr. Oliver Blume
Brand Group 'Premium'	Markus Duesmann
Functional Responsibility 'Human Resources' and Brand Group 'Truck & Bus'	Gunnar Kilian
Functional Responsibility 'Integrity and Legal Affairs'	Hiltrud D. Werner
Functional Responsibility 'Finance and IT'	Frank Witter
Functional Responsibility 'Components and Procurement'	Frank Witter (temporarily until further notice)

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 increase in voting rights to 53.3% Exact figure not disclosed.

Diesel issue: Special Items & payments

€ (bn)	Diesel special items		Payments
2015	Legal	7.0	
	Other items	9.2	
		16.2	
2016	Mainly legal risks	6.4	~3.0
2017	Buyback/retrofit program	2.2	
	Legal	1.0	
		3.2	~16.1
2018	Mainly legal risks	3.2	~5.3
2019	Mainly legal risks	2.3	~1.9
as of 9m 2020	Mainly legal risks	0.7	~2.0
Total		32.0	~28.3

Volkswagen AG

Ulrich Hauswaldt – Group Investor Relations
Julian Klar - Financial Markets

Volkswagen Financial Services

Katja Hauer – Investor Relations
Maik Knappe – Debt Capital Markets & Rating

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



The Key to Mobility

Creating Value with Financial Services

Investor Update –

Volkswagen Financial Services AG & Volkswagen Bank GmbH

Volkswagen Group: management model

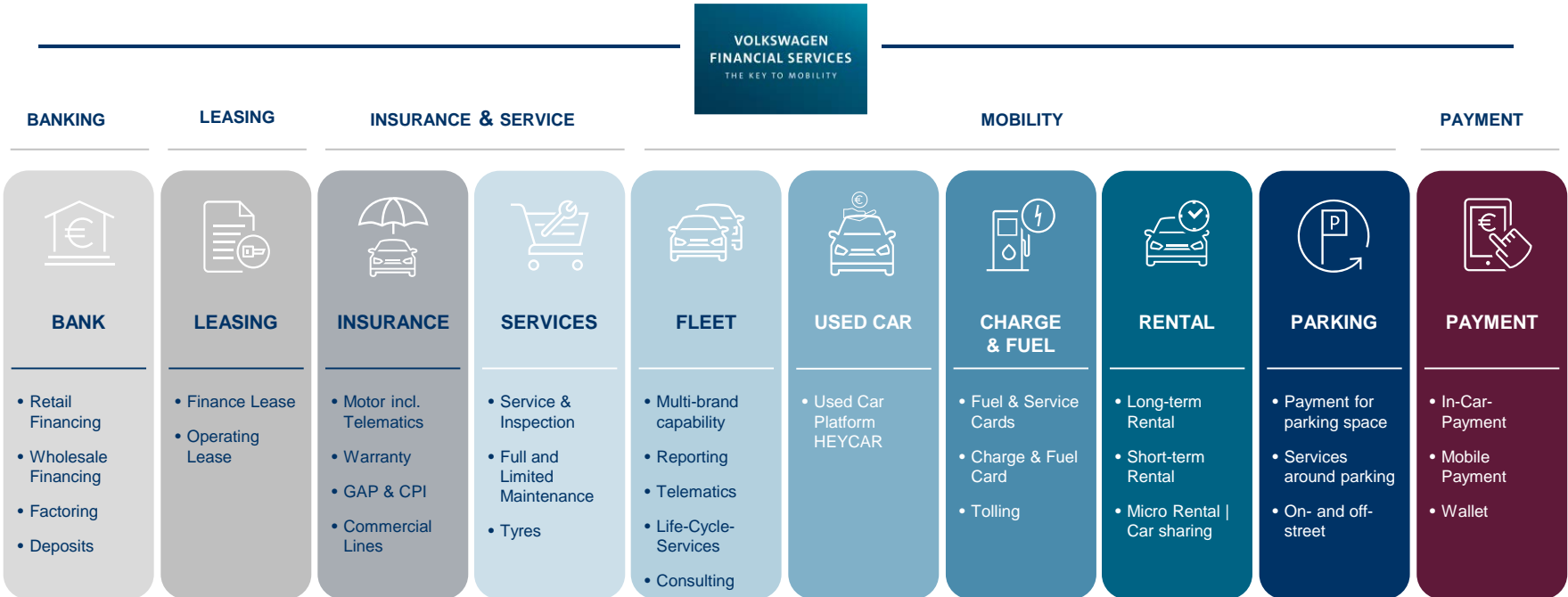


1) Allocation to be verified
As of 04.09.2019

Our business model interfaces customers, automotive brands and dealers



We offer the whole range of services under one roof*



PROFITABILITY

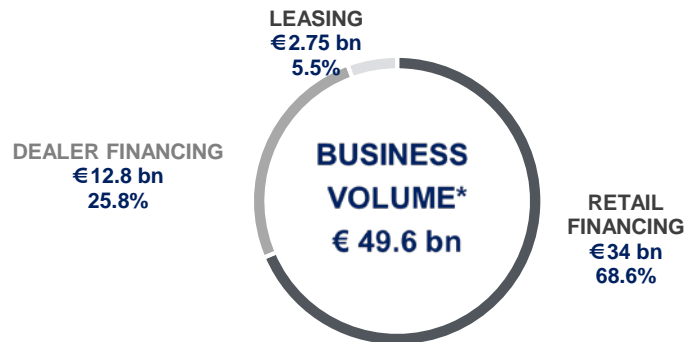
CONTACT FREQUENCY

* Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

At a glance as of 30.06.2020

Volkswagen Bank GmbH

Total assets	€68.8 billion
Equity	€10.0 billion
Customer deposits	€31.8 billion
Operating profit	€471 million
Employees	1,887
Contracts (units)	3.7 million



*Receivables + Leased Assets

Volkswagen Financial Services AG

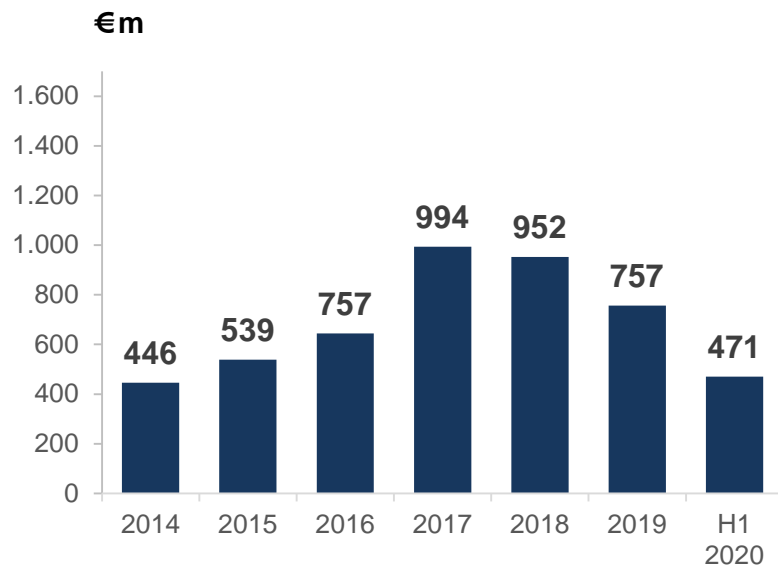
Total assets	€112.4 billion
Equity	€11.9 billion
Customer deposits	€55.0 million
Operating profit	€528 million
Employees	10,773
Contracts (units)	14.9 million



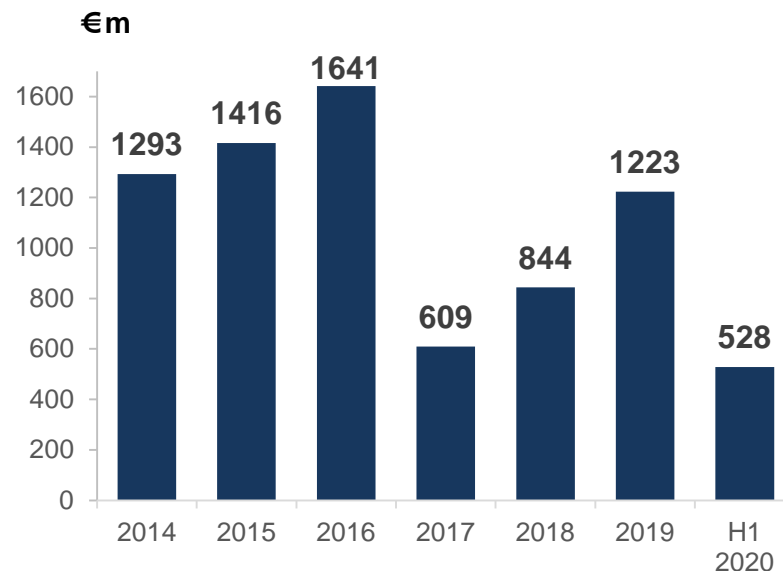
*Receivables + Leased Assets

Operating income

Volkswagen Bank GmbH

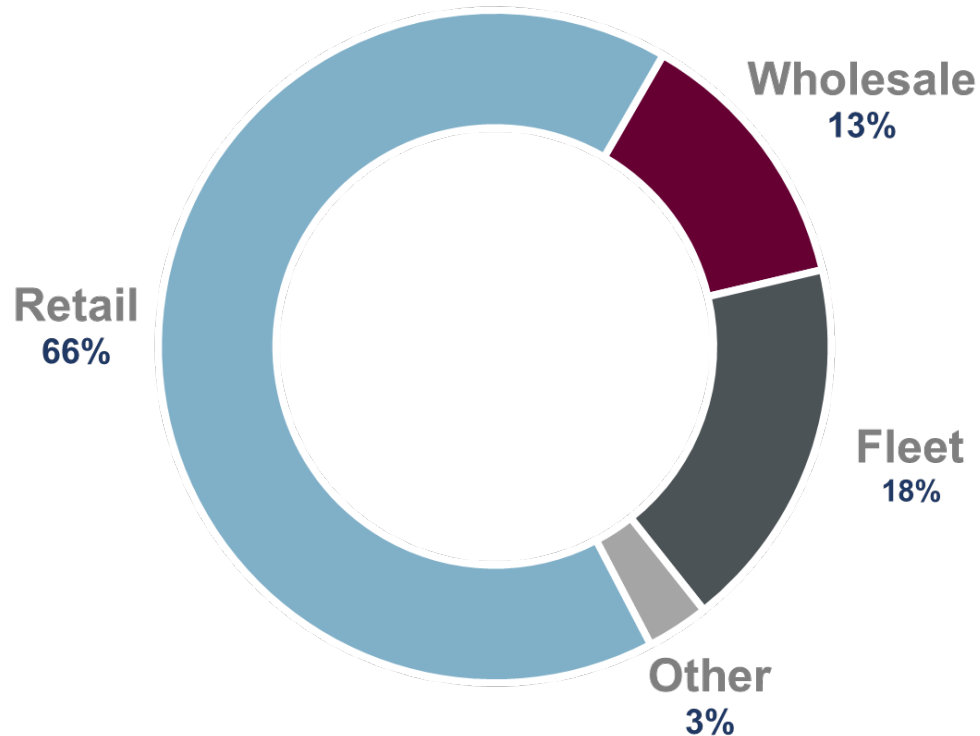


Volkswagen Financial Services AG*



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

Portfolio structure Volkswagen Financial Services



Credit Risk

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

Residual Value Risk

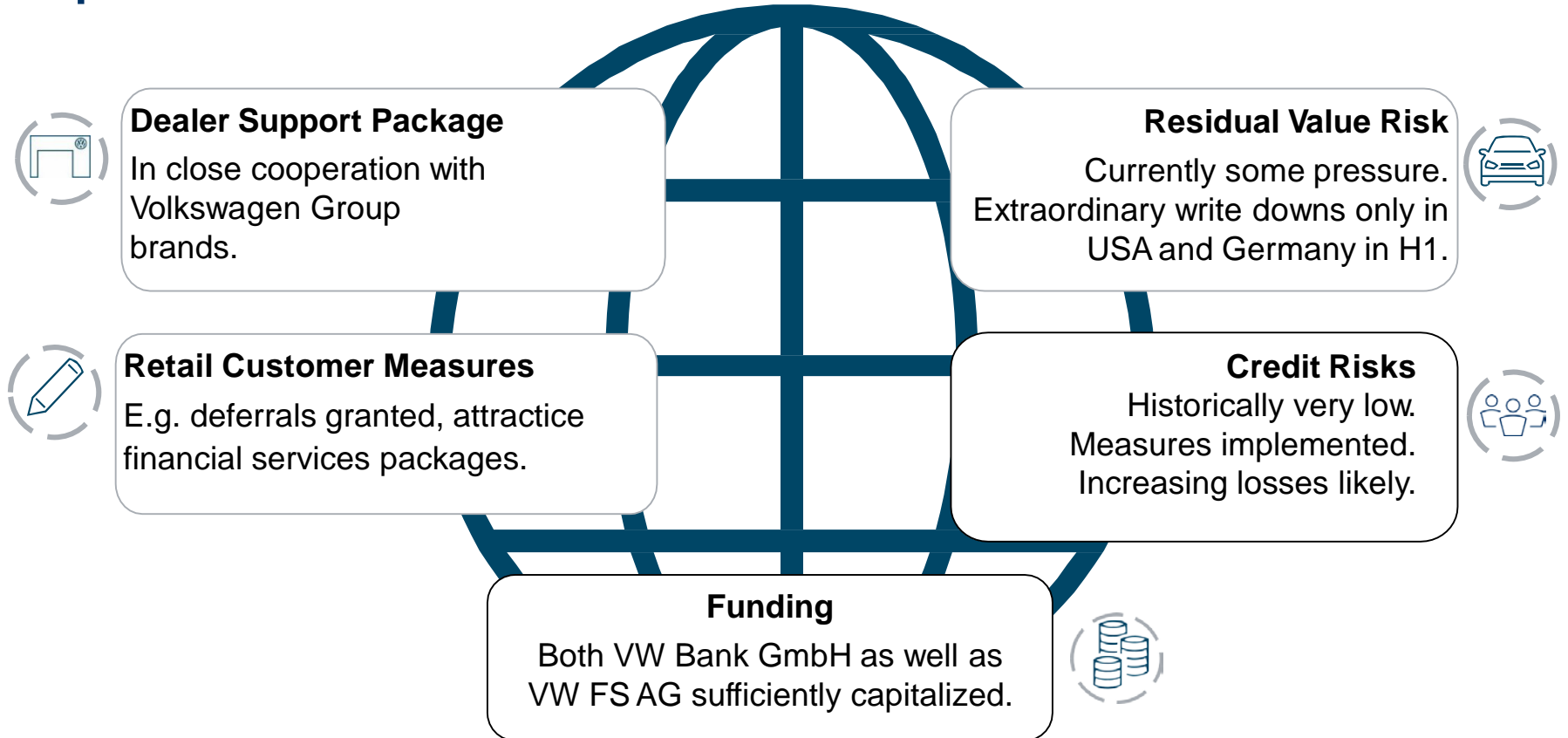
Residual values are monitored closely and regularly adjusted to the current market situation for new business. Completely covered by provisions and equity according to IAS 36.

Other substantial risk types:

- Earnings Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2019

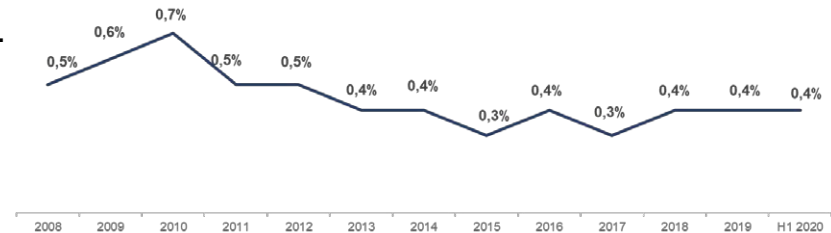
Impact of COVID-19



Credit risk management at Volkswagen Financial Services

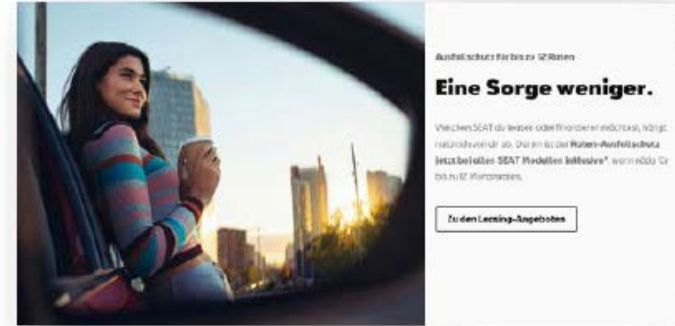
- Portfolio **conservatively managed** and comfortably provisioned.
- **Some pressure** on credit risk due to current COVID-19 crisis.
- In history VWFS credit losses **on a very low level**.
- Extremely **low exposure to subprime**.
- **Tailor made services** offered in Corona crisis e.g. bridge financing for our dealer partners or insurance offers for our retail customers supported risk development.
- 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**.
- **Increasing losses likely**.
- **Extraordinary provisioning in the 1st half of 2020 only in the US.**

Credit loss ratio historically on a very low level

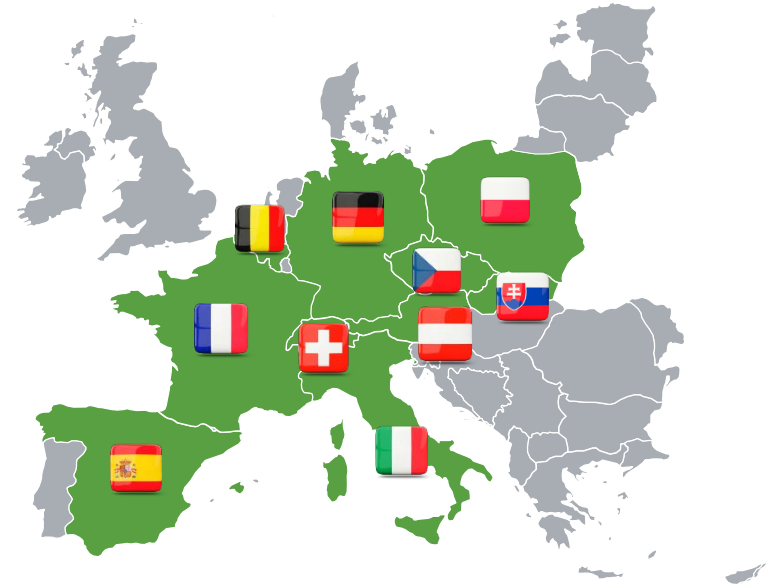
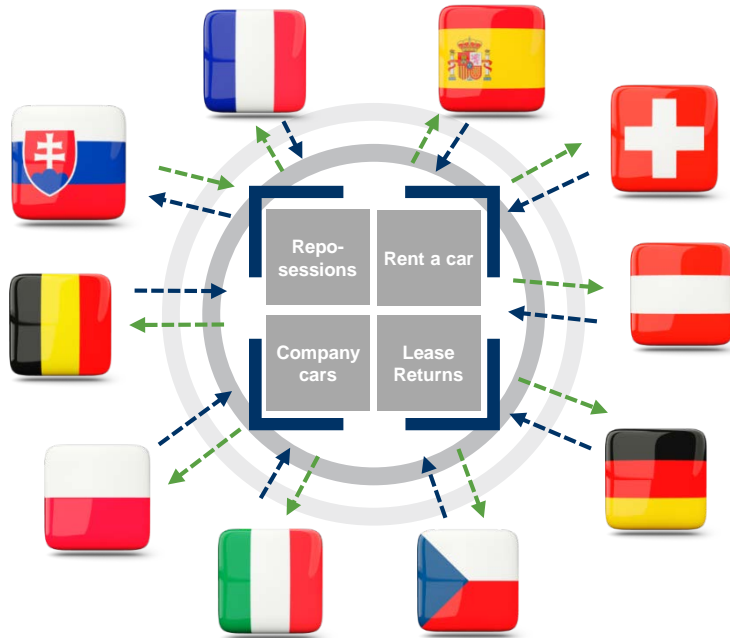


Residual value risk management at Volkswagen Financial Services

- 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.
- **Extraordinary write downs conducted in 1st half of 2020 only in the US and Germany.**

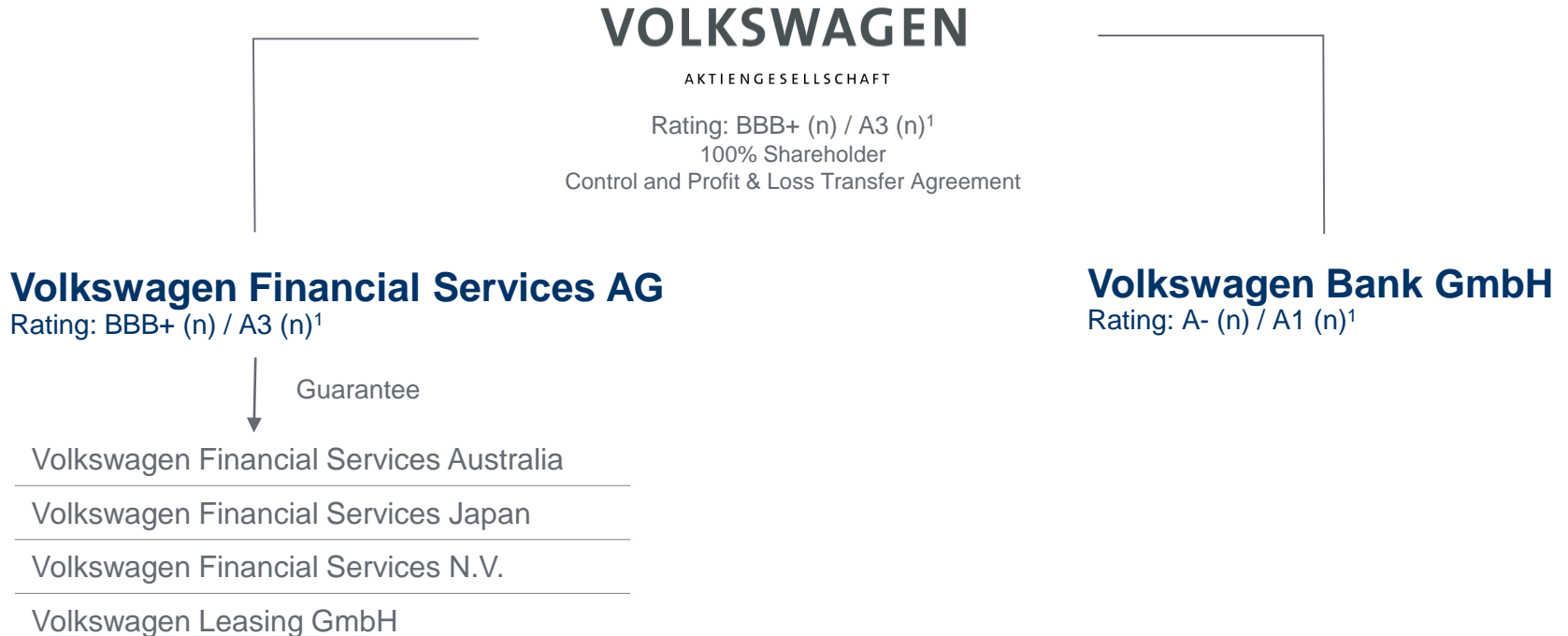


International used car brokerage safeguards residual values



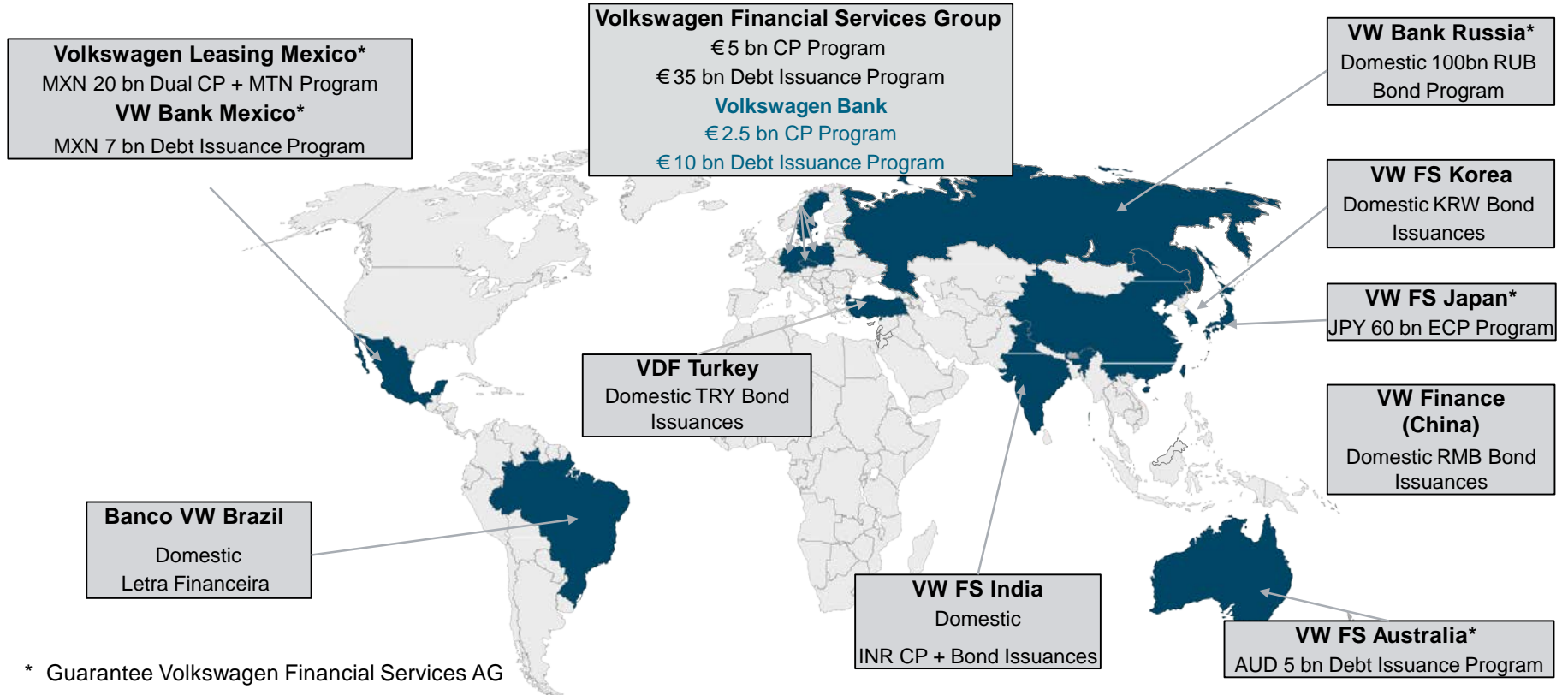
Currently 12 Volkswagen Financial Services countries participating

Volkswagen Financial Services organisational structure and guarantee scheme



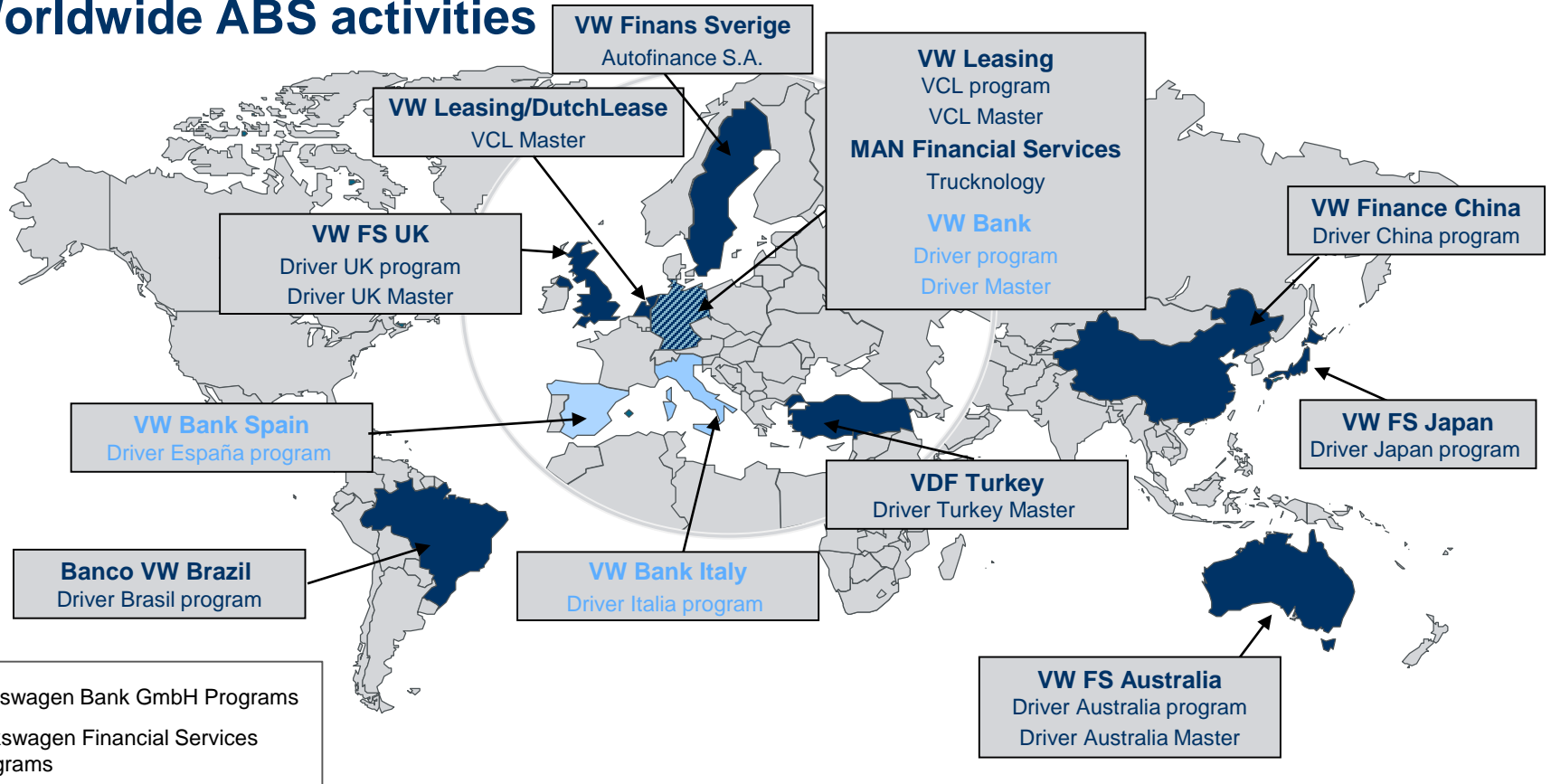
¹Credit Ratings from Standard&Poors / Moody's as per 16 June 2019; (n) Outlook negative, (s) Outlook stable, (RfD) Under Review for Downgrade

Worldwide capital market activities



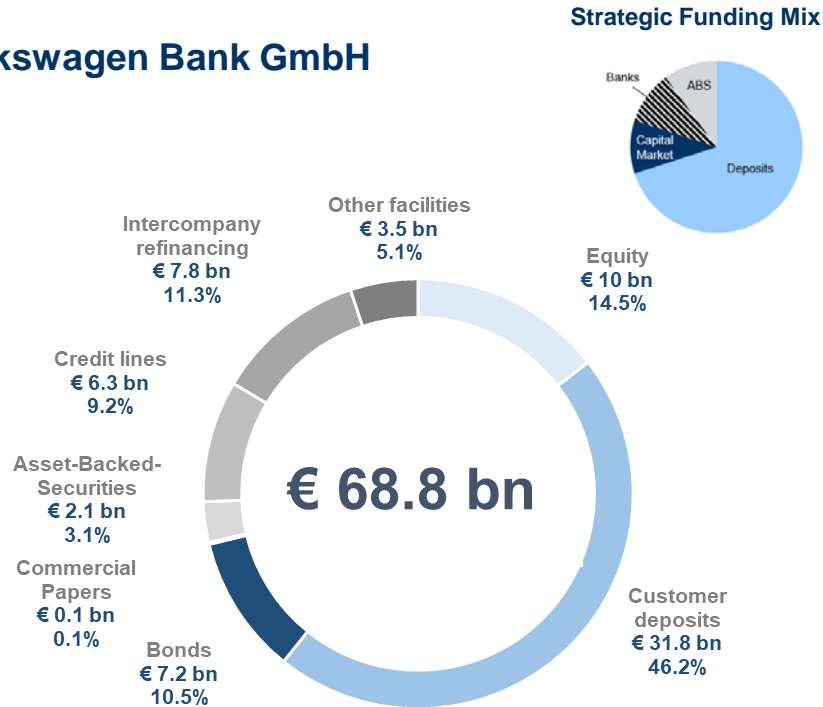
* Guarantee Volkswagen Financial Services AG

Worldwide ABS activities

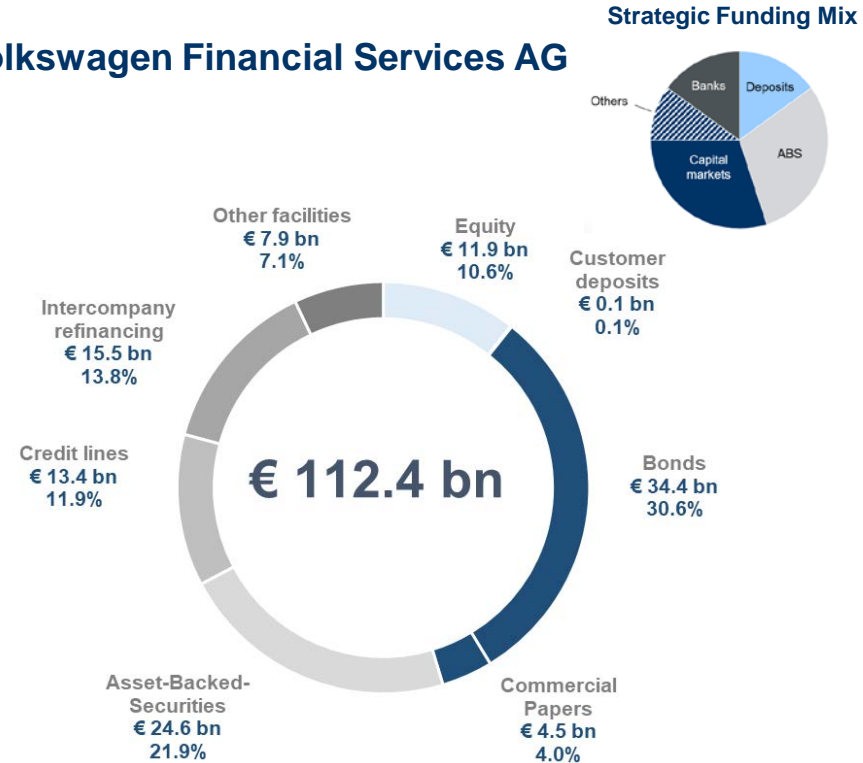


Strategic funding allocation as of 30.06.2020

Volkswagen Bank GmbH



Volkswagen Financial Services AG



ROUTE 2025 | Our focus topics

Digitalization

Operational Excellence



Mobility services

Used Car Business



Volkswagen Financial Services will digitalize all core products by 2020 and extends it's distribution channels

Past: single channel

By 2020: multi channel

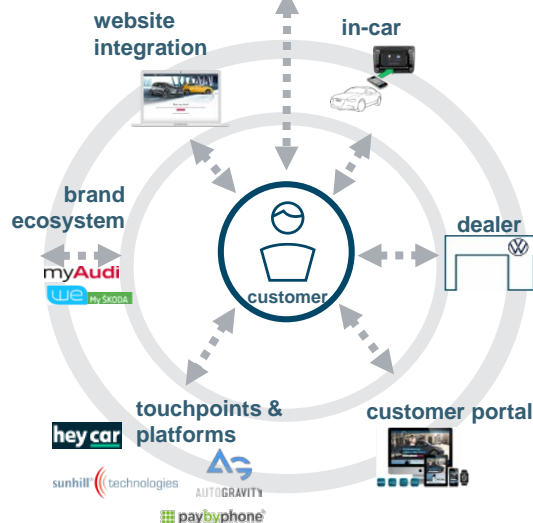
By 2025: omni channel

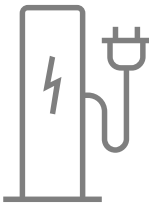


customer

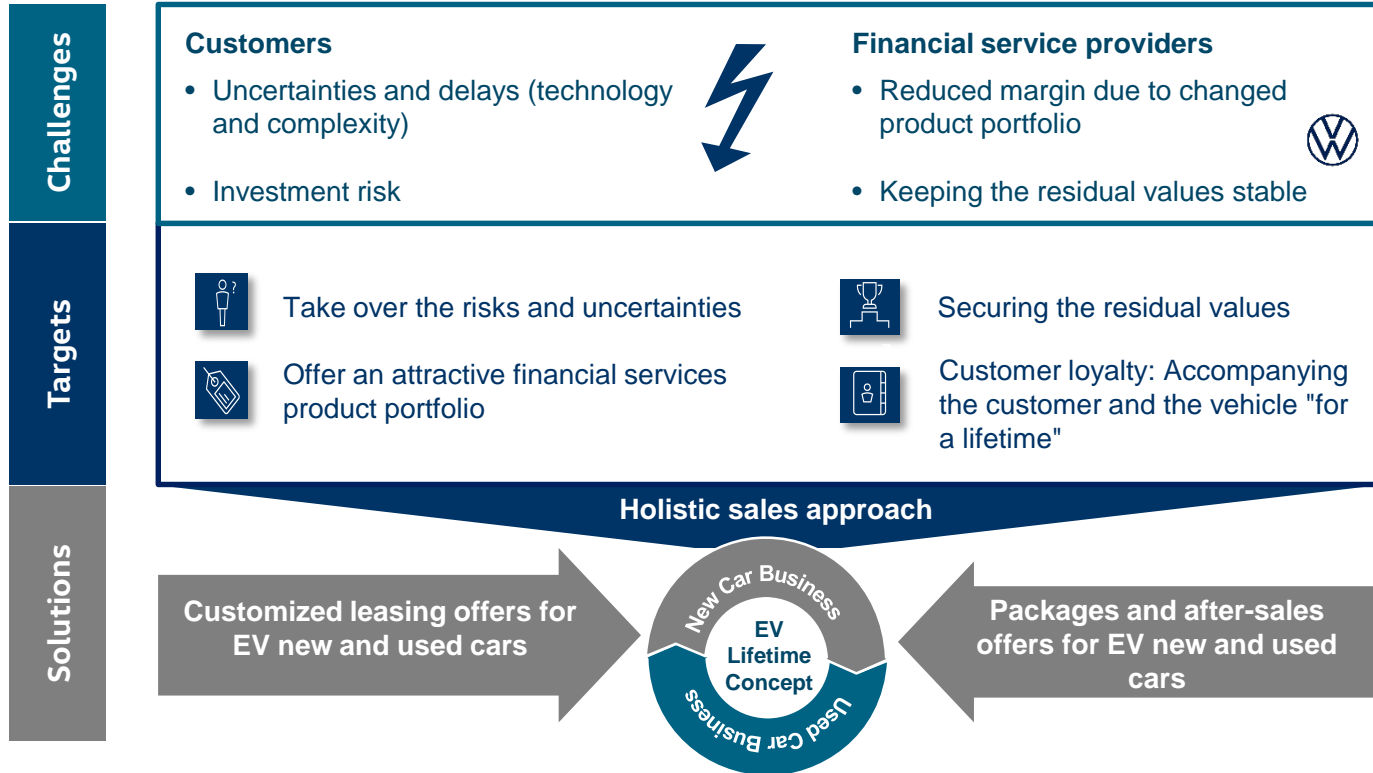


customer



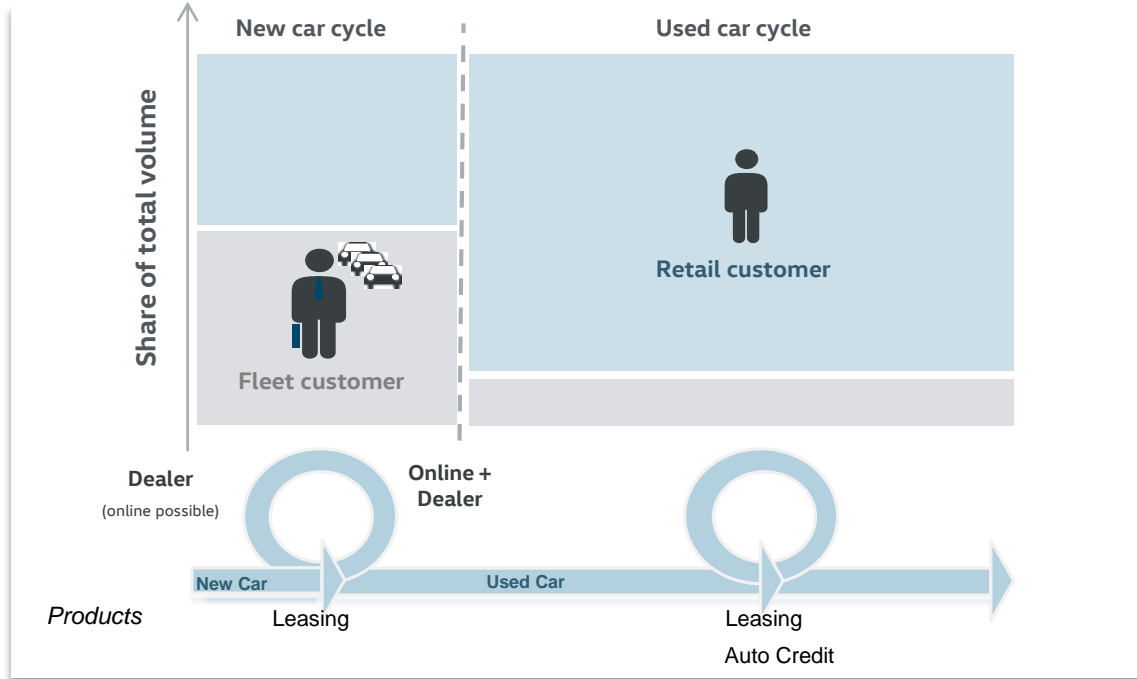


Electrification creates new challenges for automotive financial service providers



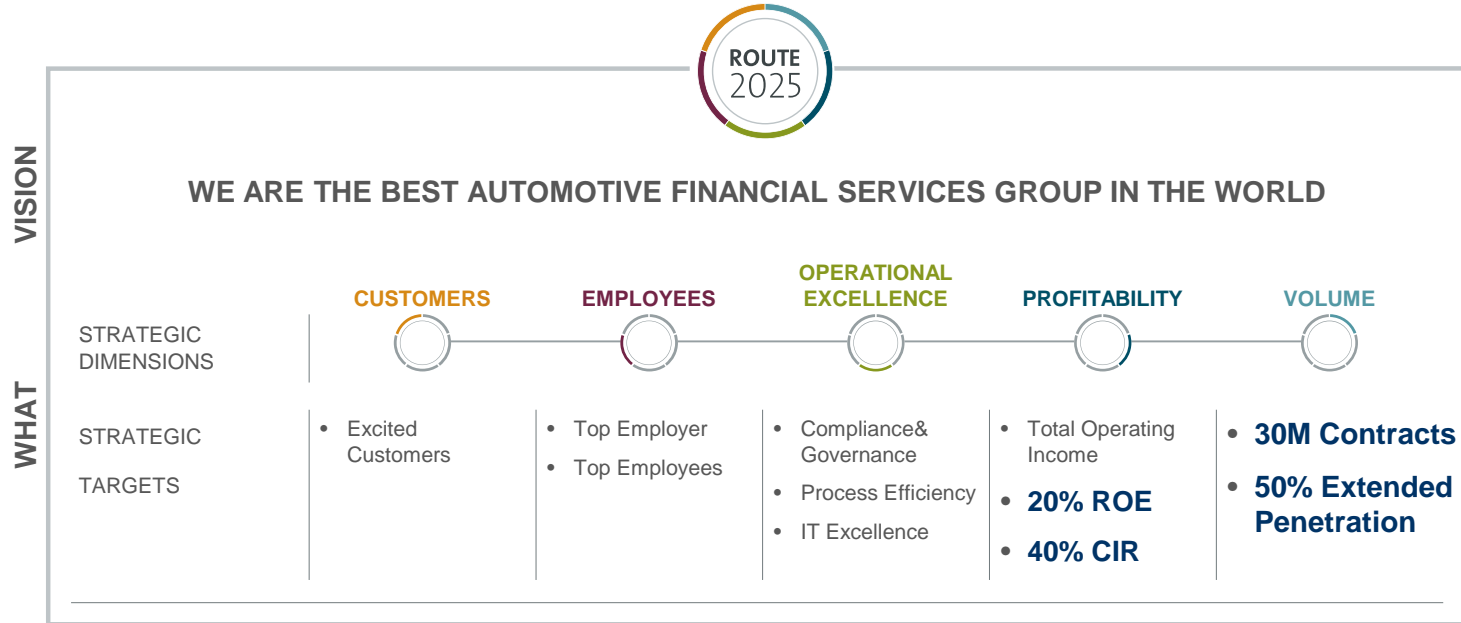
Volkswagen Financial Services Lifetime Concept | Stabilizing residual values and increasing customer loyalty

EV Lifetime Concept





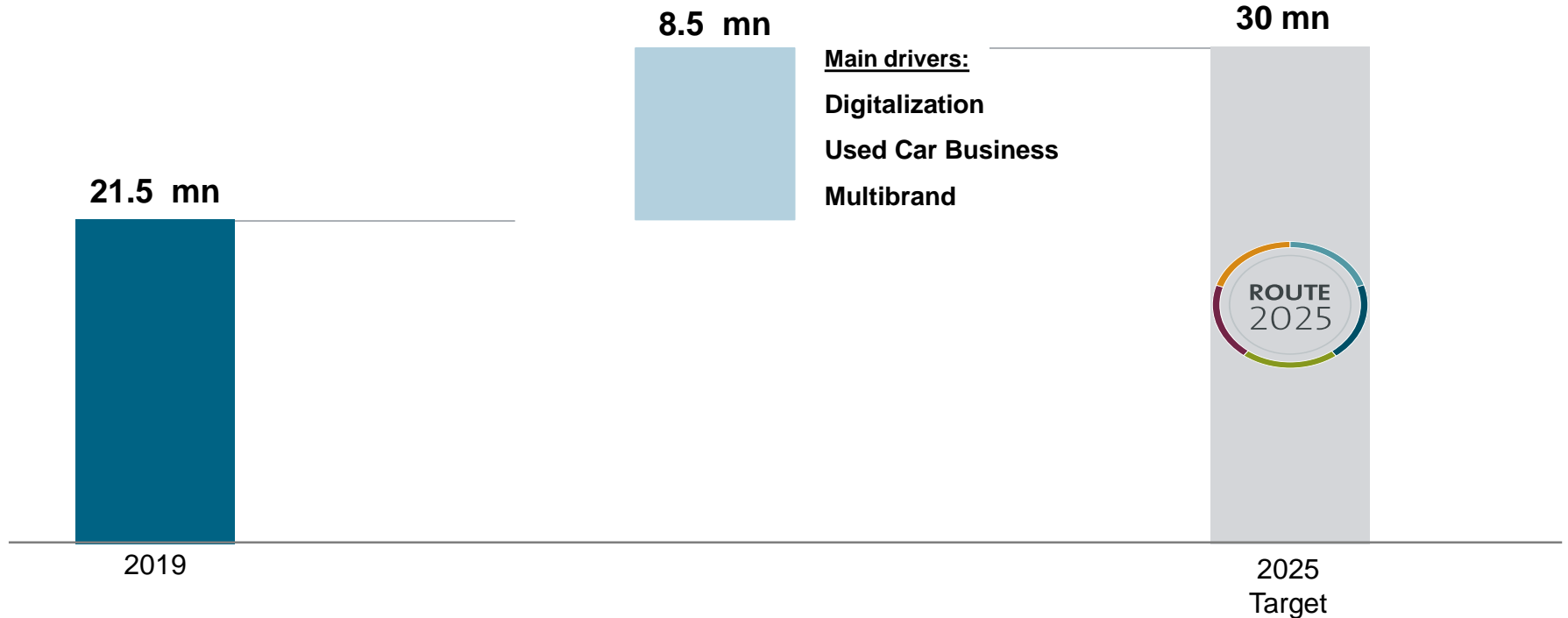
Vision and targets of Route2025





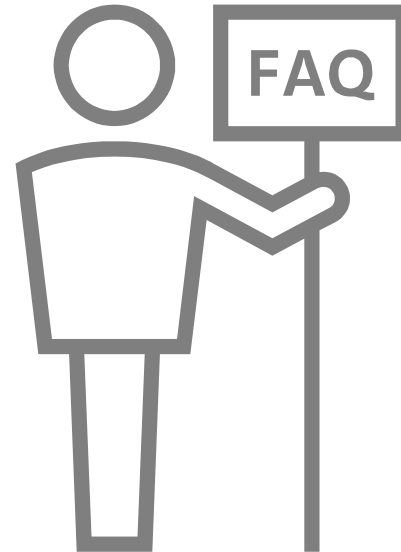
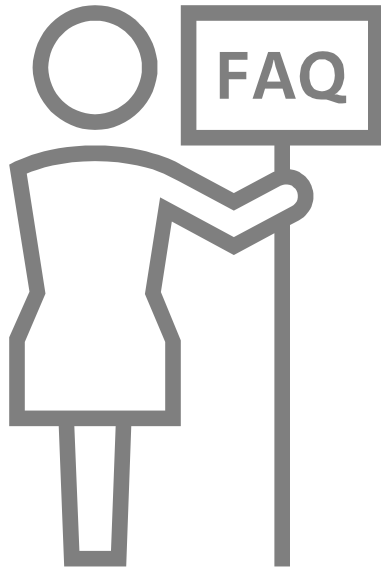
ROUTE2025 - Target of 30 mn contracts* in portfolio in 2025

Major driver: used cars



* Contract portfolio including contracts of non-consolidated companies

Questions?



VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



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Thank You.

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VOLKSWAGEN

AKTIENGESELLSCHAFT