

**VOLKSWAGEN**

AKTIENGESELLSCHAFT



## **Volkswagen Group: Robust, Innovative, Delivering**

**Oliver Larkin, Martin Büdke, Bernd Bode, Ulrich Hauswaldt**

Volkswagen AG / Volkswagen Financial Services

UniCredit Automotive Credit Conference, London, 20 - 21 May 2015

## 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 relating to the development of the economies of individual countries, and in particular of the automotive industry, 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. The estimates given involve a degree of risk, and the actual developments may differ from those forecast.

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## Volkswagen Investor Update

Volkswagen AG

**Oliver Larkin – Senior Investor Relations Manager**  
**Martin Büdke – Capital Markets & Rating**

Volkswagen Financial Services

**Bernd Bode – Head of Group Treasury and Investor Relations**  
**Ulrich Hauswaldt – Investor Relations**

# Volkswagen Group – Leveraging the strength of the three pillars

## VOLKSWAGEN

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### Automotive Division

### Financial Services Division

#### Passenger Cars

#### Commercial Vehicles / Power Engineering

#### Volkswagen Financial Services



Audi



SEAT

ŠKODA



BENTLEY



BUGATTI



PORSCHE



DUCATI

Remaining companies



Commercial  
Vehicles



SCANIA



VOLKSWAGEN FINANCIAL SERVICES

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#### Financial Services

USA / Canada / Spain / Argentina

Scania Financial Services

Porsche Holding Financial Services

Porsche Financial Services



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## Highlights January – March 2015

Sales revenue increased including a positive influence from exchange rates

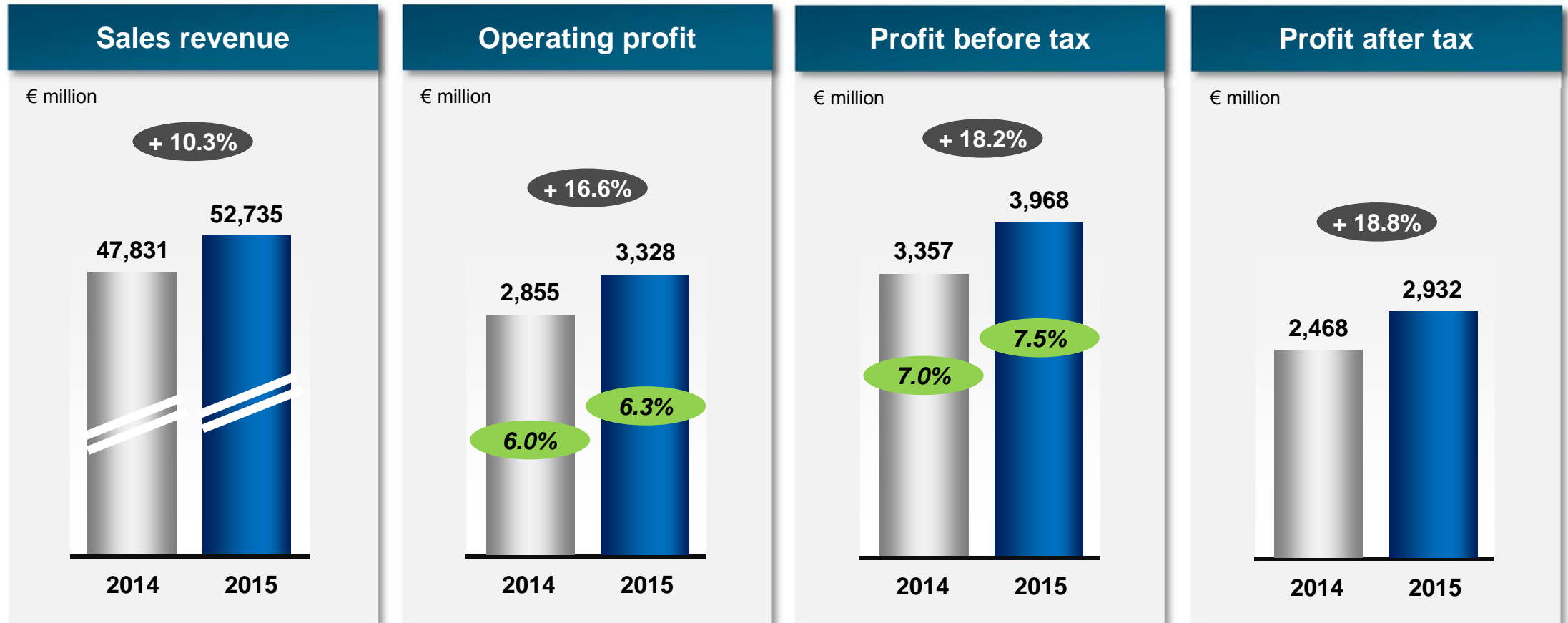
Operating result improved within strongly diverging regional market conditions

Profit before tax increased including higher earnings from Chinese joint ventures

Strong net cash flow generation strengthened by a hybrid note facilitates robust automotive net liquidity

## Financial Highlights – Volkswagen Group

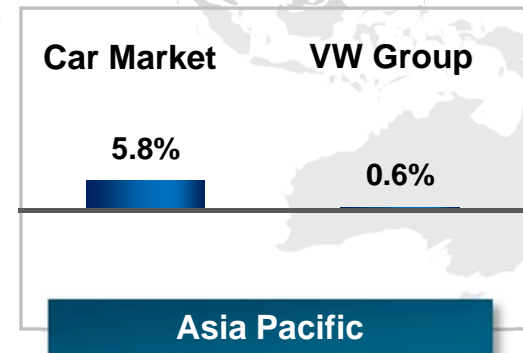
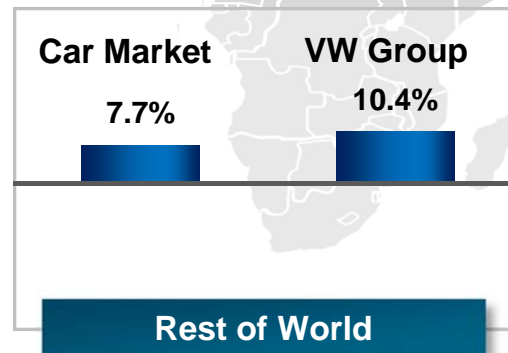
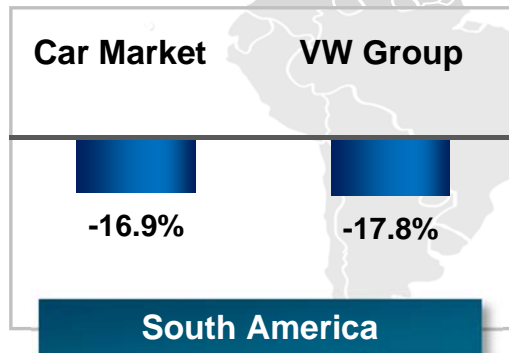
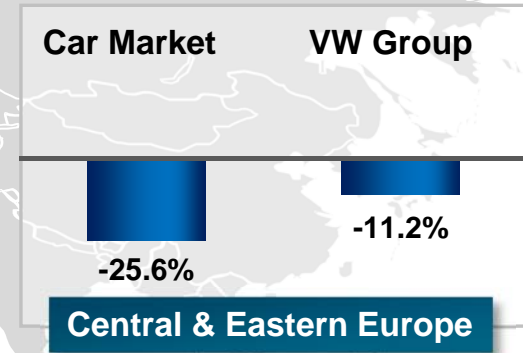
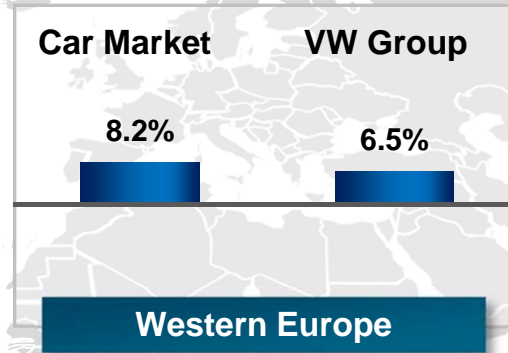
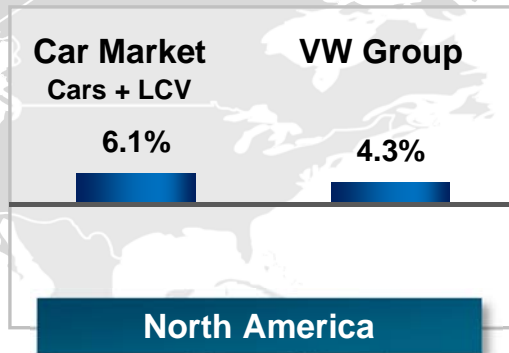
(January to March 2015 vs. 2014)



+ x.x% % growth rate y-o-y    x.x% Operating profit / profit before tax in % of sales revenue

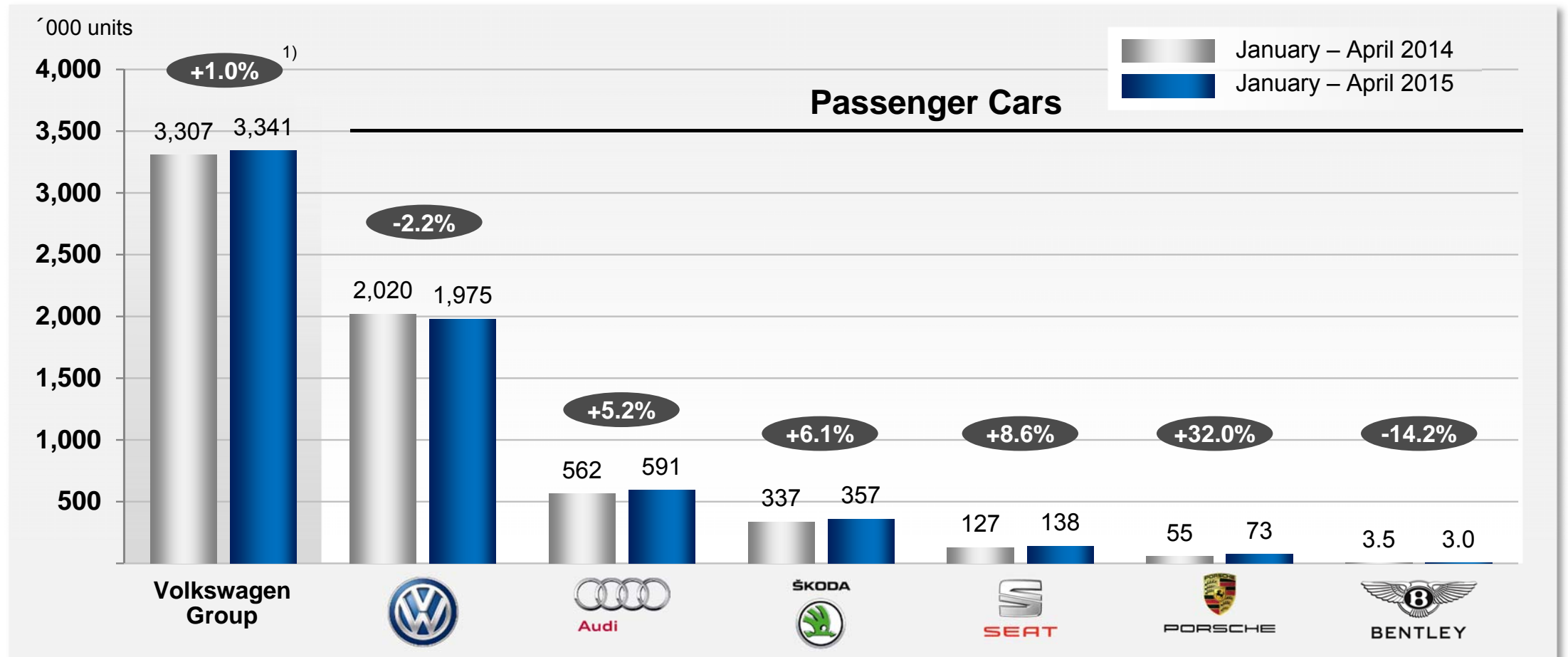
## Development World Car Market vs. Volkswagen Group Car Deliveries to Customers<sup>1)</sup> (Growth y-o-y in deliveries to customers, January to April 2015 vs. 2014)

**World: Car Market: 3.6% Volkswagen Group: 1.1%**



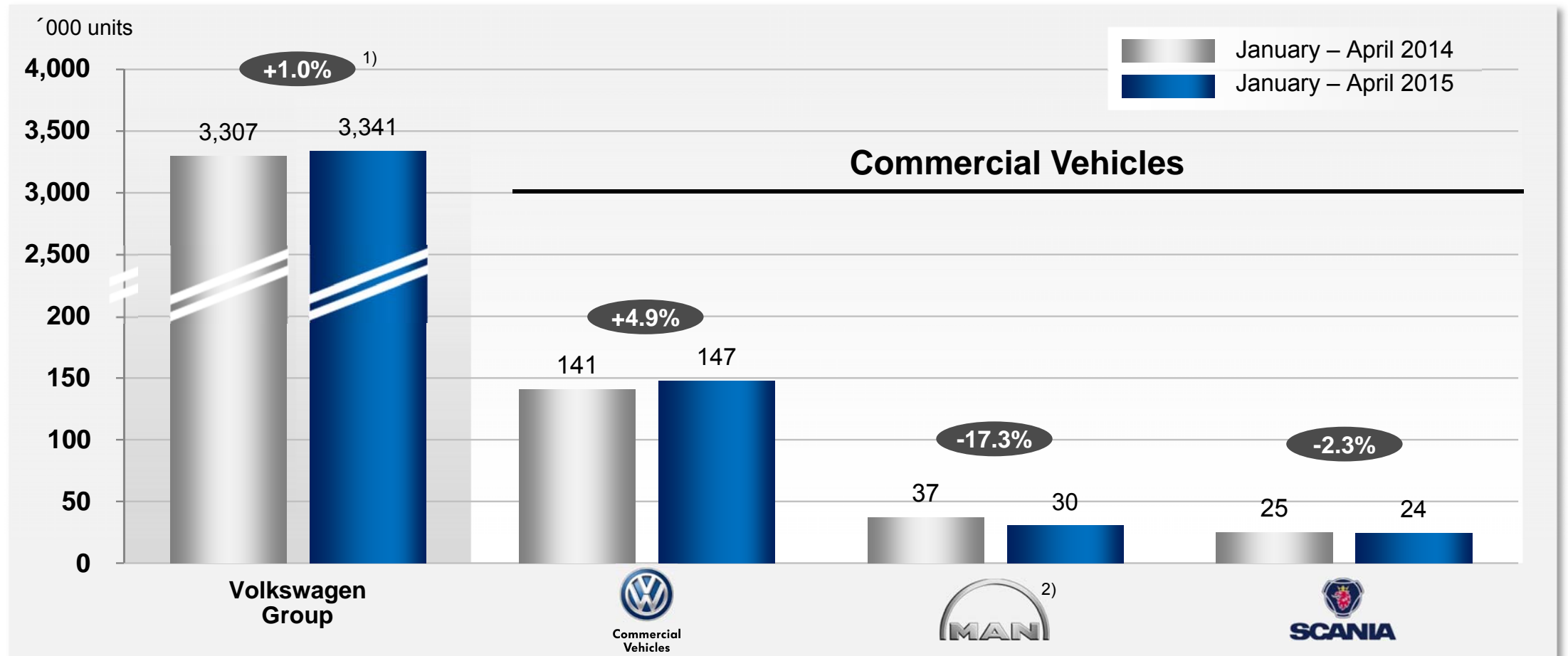
<sup>1)</sup> Figures excl. Volkswagen Commercial Vehicles, Scania and MAN

## Volkswagen Group – Deliveries to Customers by Brands (January to April 2015 vs. 2014)



<sup>1)</sup> Incl. Volkswagen Commercial Vehicles, Scania and MAN; 1.1% excl. Volkswagen Commercial Vehicles, Scania and MAN

## Volkswagen Group – Commercial Vehicles Deliveries to Customers by Brands (January to April 2015 vs. 2014)

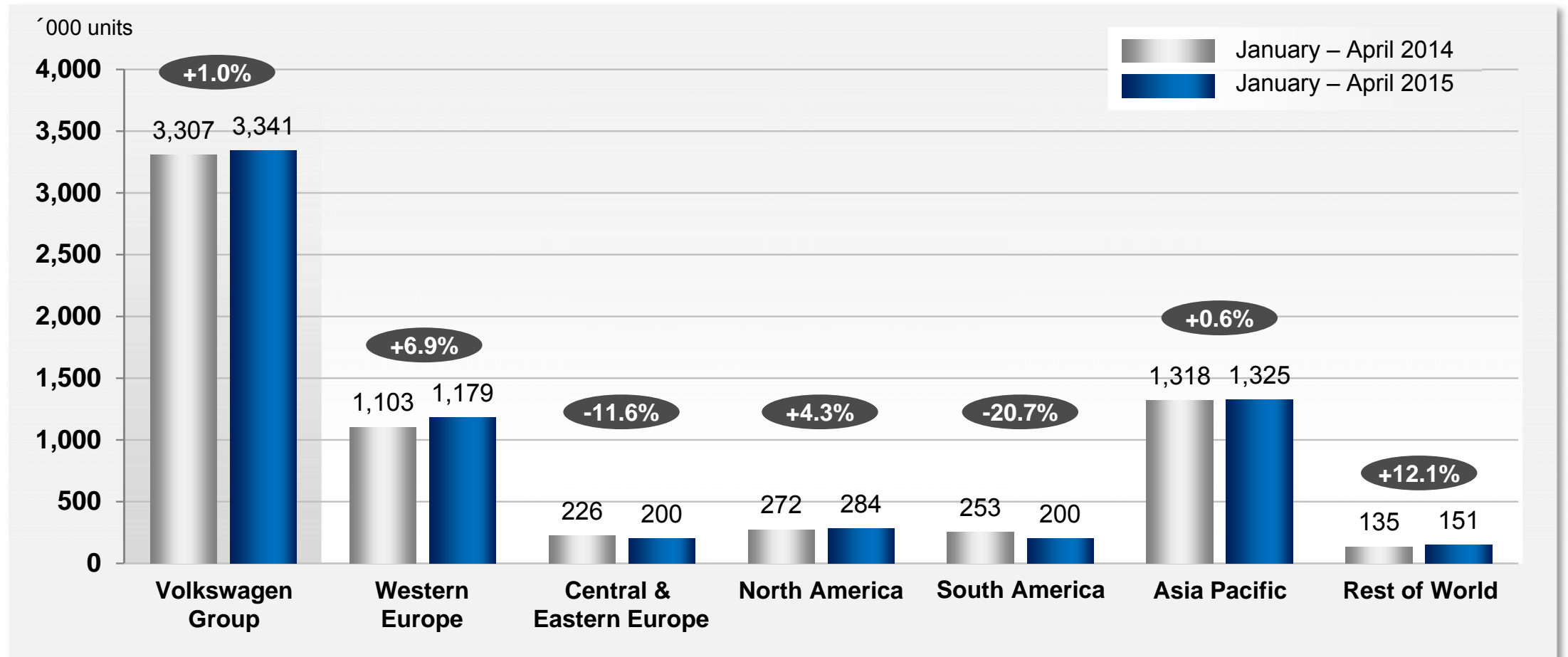


<sup>1)</sup> Incl. Volkswagen Commercial Vehicles, Scania and MAN; 1.1% excl. Volkswagen Commercial Vehicles, Scania and MAN

<sup>2)</sup> MAN incl. MAN Latin America Trucks and Buses GVW > 5t

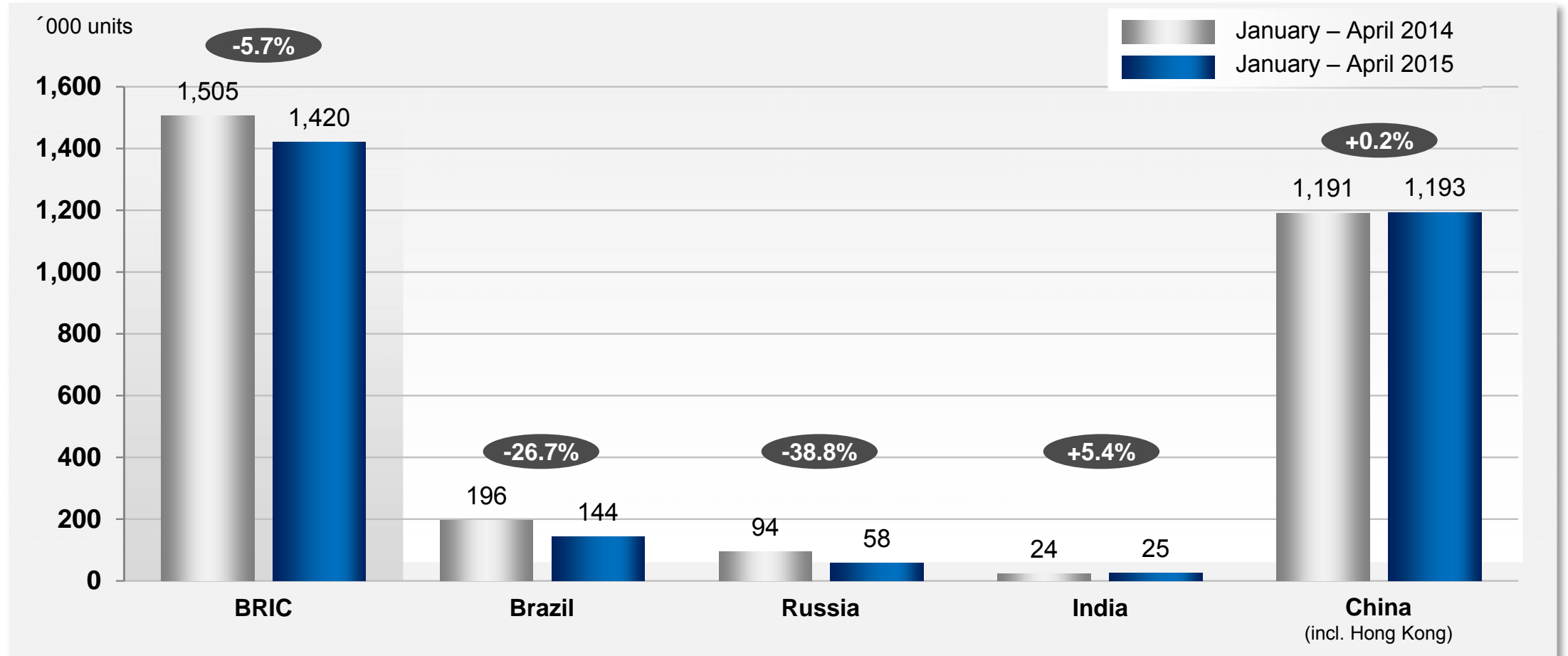


## Volkswagen Group – Deliveries to Customers by Markets<sup>1)</sup> (January to April 2015 vs. 2014)



<sup>1)</sup> Incl. Volkswagen Commercial Vehicles, Scania and MAN; 1.1% excl. Volkswagen Commercial Vehicles, Scania and MAN.

## Volkswagen Group – Deliveries to Customers BRIC-Markets<sup>1)</sup> (January to April 2015 vs. 2014)



<sup>1)</sup> Including Volkswagen Commercial Vehicles, Scania and MAN.

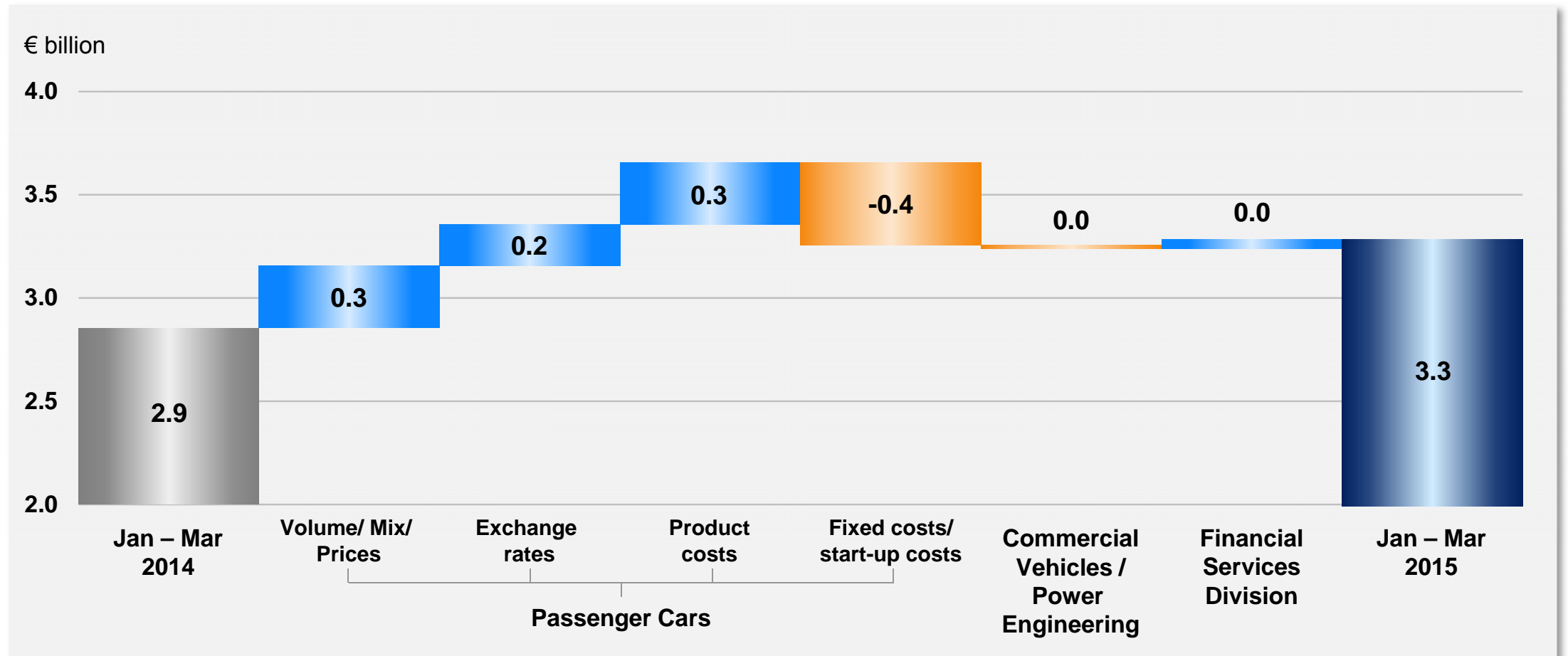
## Volkswagen Group – Analysis by Division<sup>1)</sup> (January to March 2015 vs. 2014)

	Volkswagen Group		Automotive Division		Financial Services Division	
thousand vehicles / € million	2015	2014	2015	2014	2015	2014
Vehicle sales	2,607	2,562	2,607	2,562		
Sales revenue	52,735	47,831	45,806	42,054	6,928	5,777
Operating profit	3,328	2,855	2,856	2,425	473	430
<i>% of sales revenue</i>	6.3	6.0	6.2	5.8	6.8	7.5
Financial result	639	502	615	465	24	36
of which: At-equity result <sup>2)</sup>	1,146	994	1,135	984	11	10
of which: Other financial result	-506	-492	-520	-519	14	27
Profit before tax	3,968	3,357	3,471	2,890	497	467
<i>% Return on sales before tax</i>	7.5	7.0	7.6	6.9	7.2	8.1
Profit after tax	2,932	2,468	2,554	2,125	378	342

<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 €1,598 million (€1,241 million).

## Volkswagen Group – Analysis of Operating Profit<sup>1)</sup> (January to March 2015 vs. 2014)



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

## Volkswagen Group – Analysis by Business Line<sup>1)</sup>

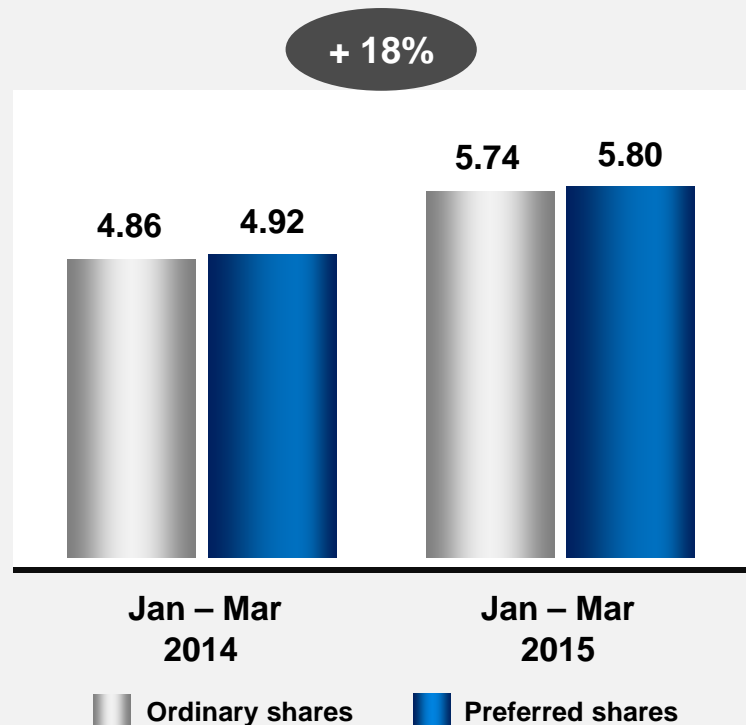
(January to March 2015 vs. 2014)

thousand vehicles/ € million	Vehicle sales		Sales revenue		Operating profit	
	2015	2014	2015	2014	2015	2014
Volkswagen Passenger Cars	1,117	1,112	26,291	24,153	514	440
Audi	389	367	14,651	12,951	1,422	1,314
ŠKODA	217	214	3,175	2,986	242	185
SEAT	138	120	2,182	1,787	33	-36
Bentley	3	3	472	451	49	45
Porsche <sup>2)</sup>	51	42	5,078	3,934	765	698
Volkswagen Commercial Vehicles	121	110	2,698	2,356	165	136
Scania <sup>2)</sup>	18	19	2,463	2,467	237	254
MAN	22	26	3,088	3,138	34	68
VW China <sup>3)</sup>	963	946	-	-	-	-
Other	-431	-396	-13,507	-11,514	-536 <sup>4)</sup>	-602 <sup>4)</sup>
Volkswagen Financial Services	-	-	6,145	5,123	403	353
<b>Volkswagen Group</b>	<b>2,607</b>	<b>2,562</b>	<b>52,735</b>	<b>47,831</b>	<b>3,328</b>	<b>2,855</b>
Automotive Division <sup>5)</sup>	2,607	2,562	45,806	42,054	2,856	2,425
of which: Passenger Cars	2,447	2,407	37,636	34,172	2,634	2,201
of which: Commercial Vehicles, Power Engineering	161	155	8,170	7,881	222	224
Financial Services Division	-	-	6,928	5,777	473	430

<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Incl. financial services. <sup>3)</sup> 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 €1,598 million (€1,241 million). <sup>4)</sup> 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. <sup>5)</sup> Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

## Volkswagen Group – Analysis of Earnings per Share Development (January to March 2015 vs. 2014)

### Earnings per share (diluted, in €)<sup>1)</sup>



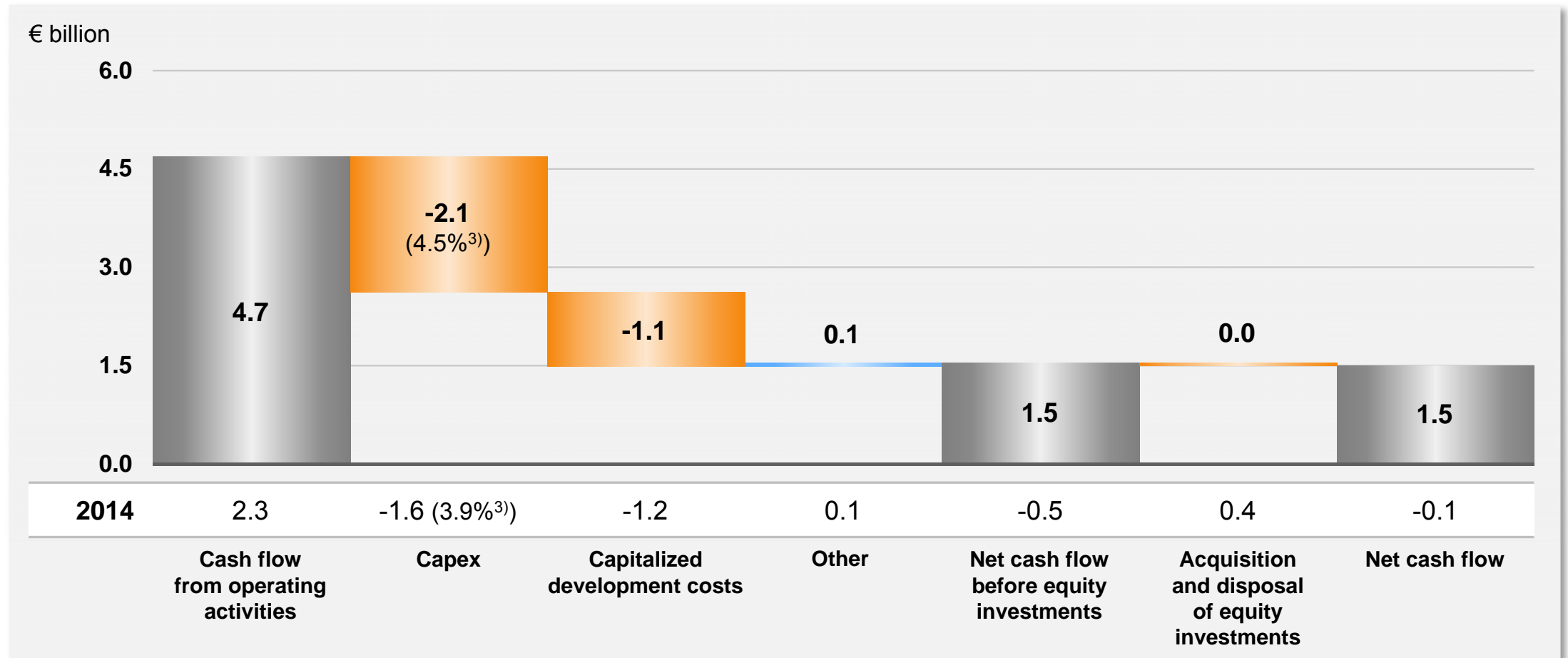
### Key driving factors for EPS

- +** Increase of Group operating profit
- +** Improved at-equity result, mainly due to continued strong performance of Chinese joint venture companies
- +** Lower minority interest compensating for higher hybrid investors' interest in net profit reconciliation
- Slightly increased average number of shares outstanding following issuance of equity capital in 2014

<sup>1)</sup> Prior-year figures adjusted to reflect application of IAS 33.26.



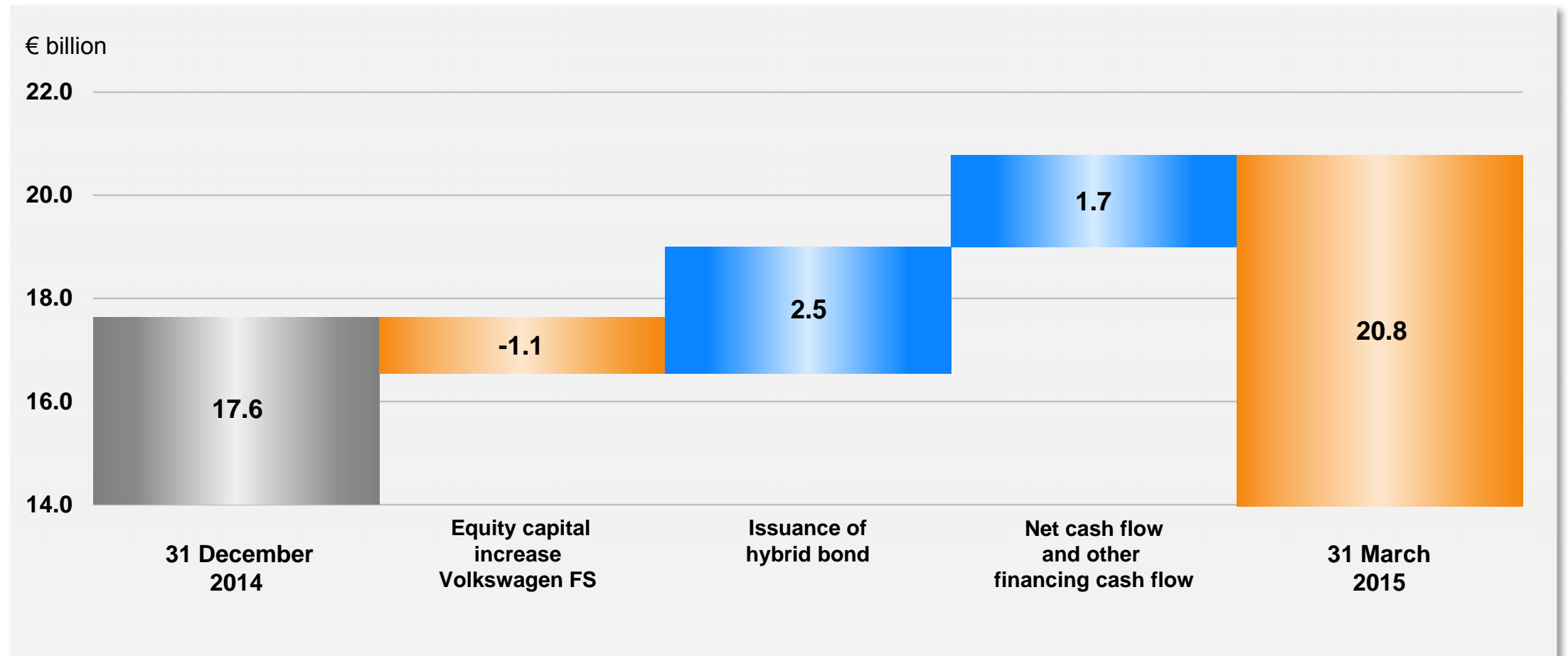
## Automotive Division – Strong Cash Generation<sup>1) 2)</sup> (January to March 2015)



<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

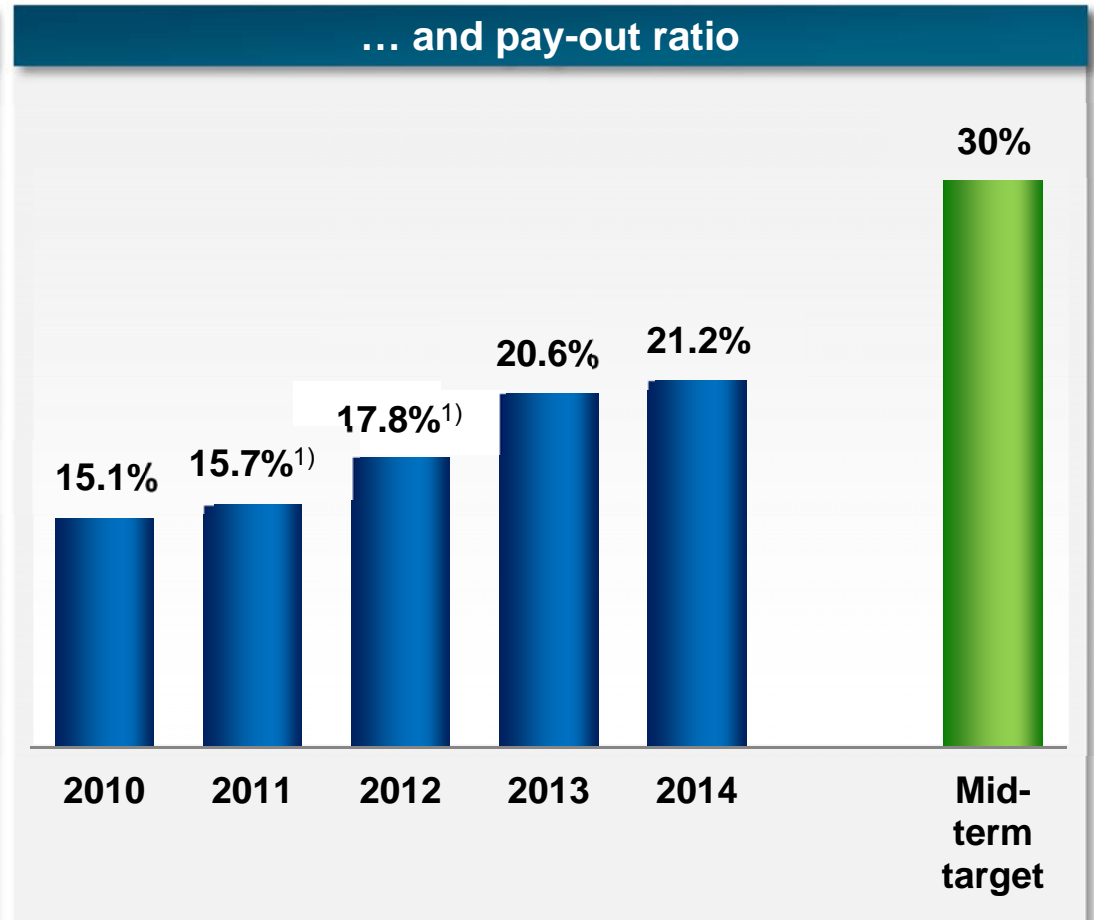
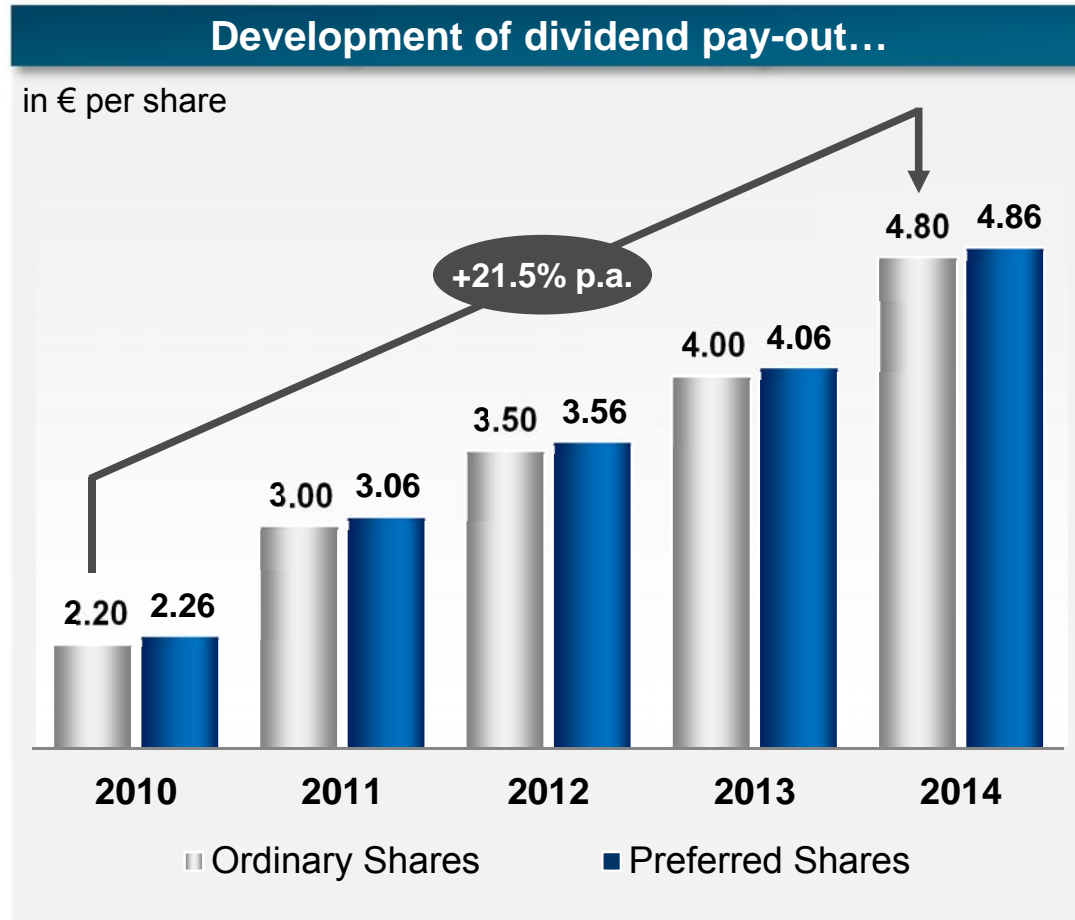
<sup>3)</sup> Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

## Automotive Division – Analysis of Net Liquidity<sup>1)</sup>



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

## Continuous dividend development on a sustainable basis

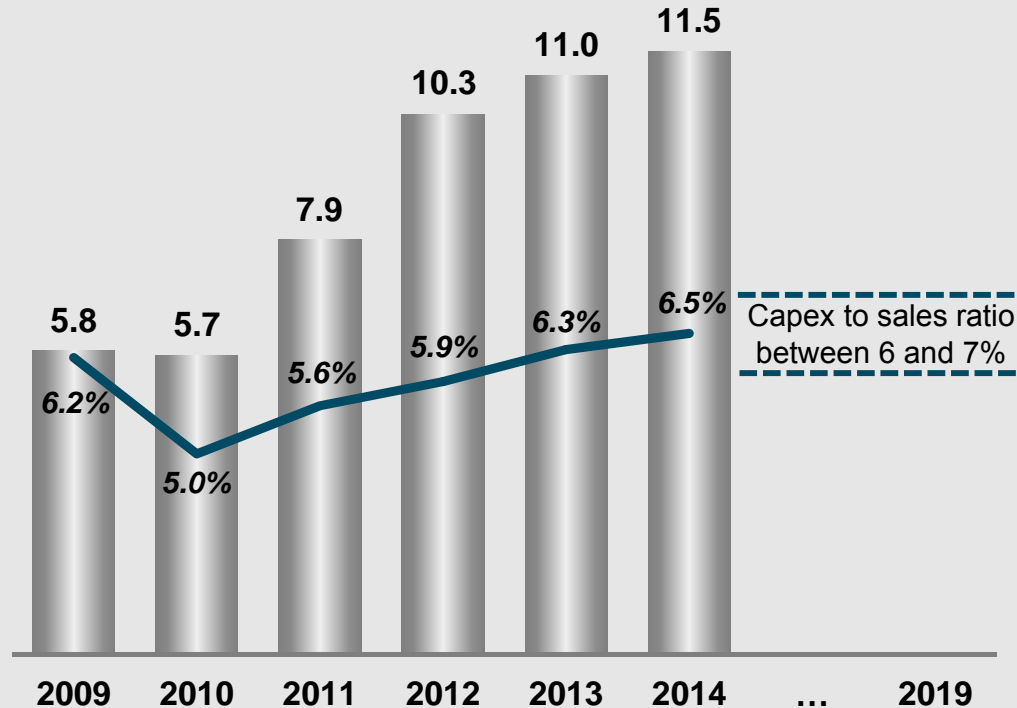


<sup>1)</sup> Total dividend in percent of net income attributable to shareholders adjusted for noncash income mainly from the updated measurement of the put/call rights relating to the acquisition of the stake in Porsche AG indirectly held by Porsche SE, as well as the remeasurement of the existing stake held at the contribution date.

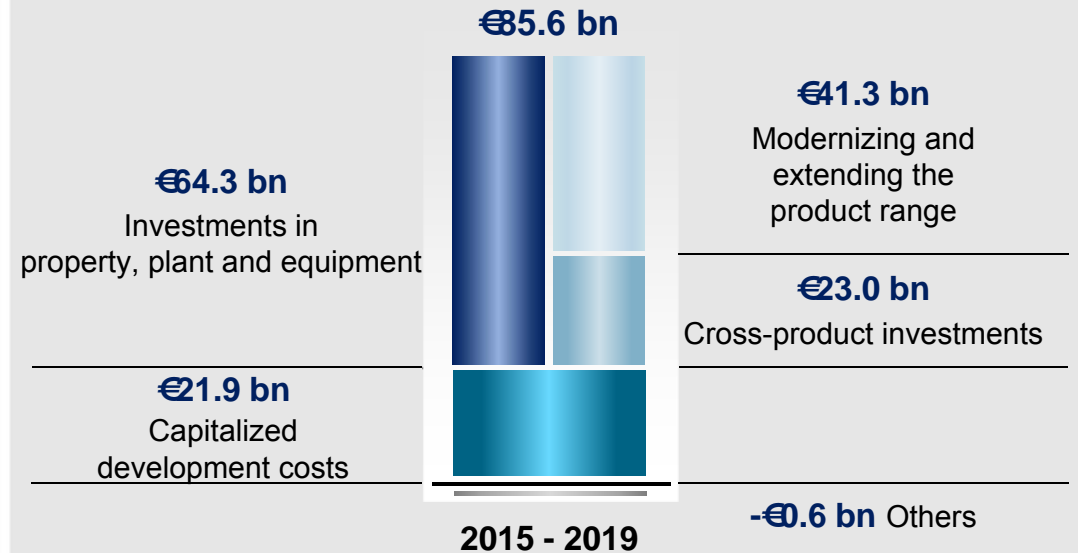
## Volkswagen's Automotive Division continues to invest in new products, innovative technologies and its global production footprint

### Investments in property, plant and equipment

€ billion / in % of sales revenue

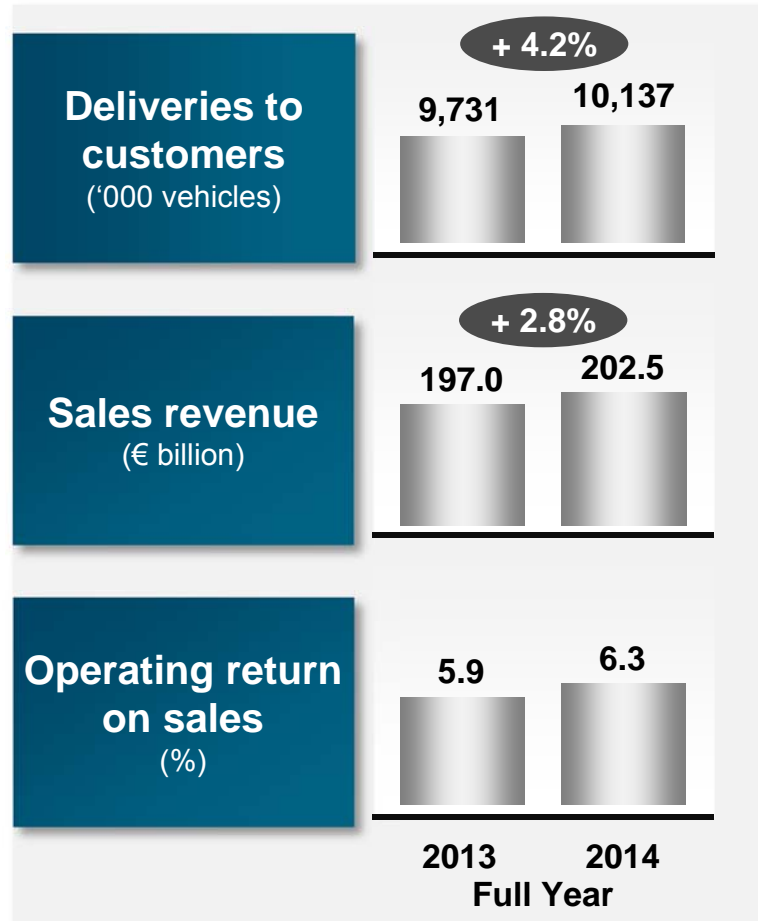


### 5-year investment program remains on a stable level



- 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)

## Volkswagen Group – Outlook for 2015



We expect ...

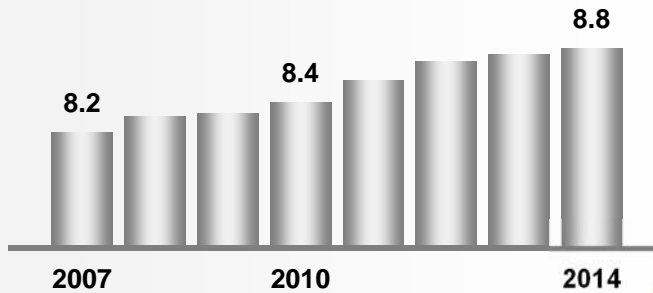
- to moderately increase Volkswagen Group deliveries to customers year-on-year in 2015 in a persistently challenging market environment.
- 2015 sales revenue for the Volkswagen Group and its business areas to increase by up to 4% above the prior-year figure, depending on the economic conditions. However, 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...

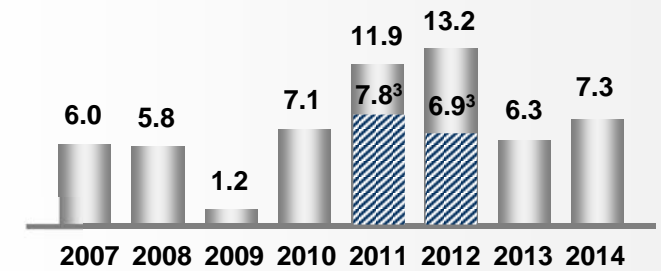
- we anticipate a Group operating return on sales of between 5.5% and 6.5% in 2015 in light of the challenging economic environment.
- The operating return on sales is expected to be in the 6.0% to 7.0% range in the Passenger Cars Business Area and between 2.0% and 4.0% in the Commercial Vehicles/Power 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

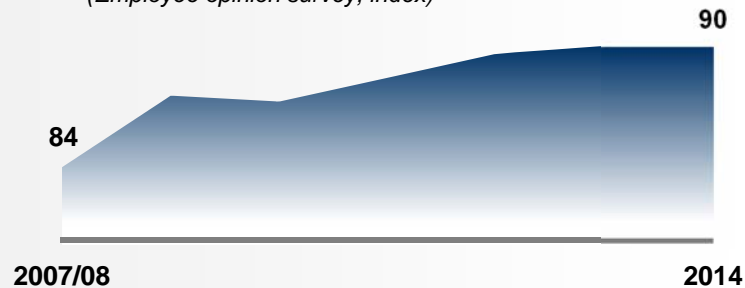
**Volkswagen Group customer satisfaction**  
(on a scale of 1 to 10<sup>1</sup>)



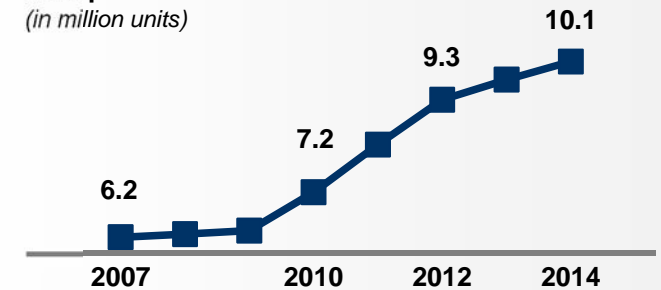
**Group profit before tax margin**  
(in percent)



**„I am happy to work at the Volkswagen Group“**  
(Employee opinion survey, index)



**Group deliveries to customers**  
(in million units)

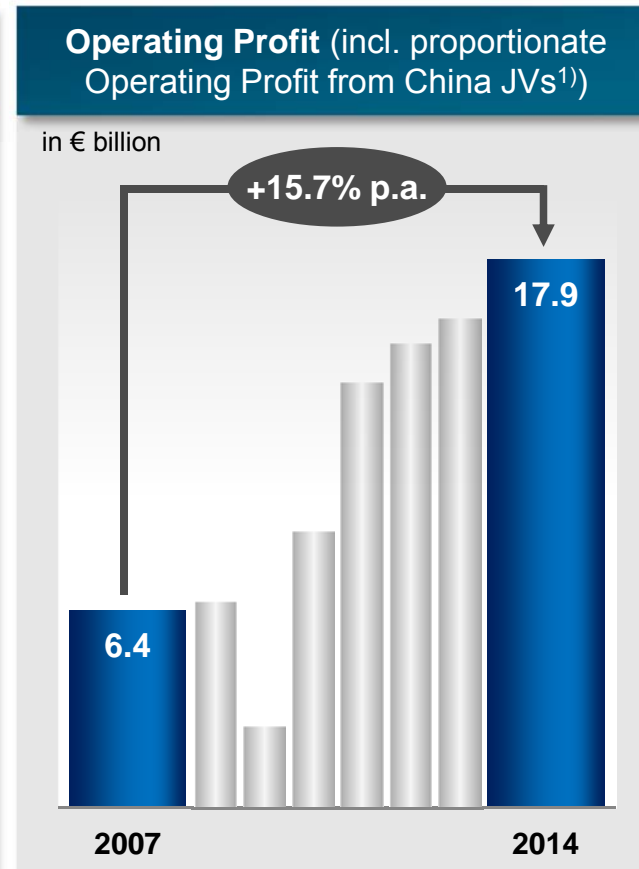
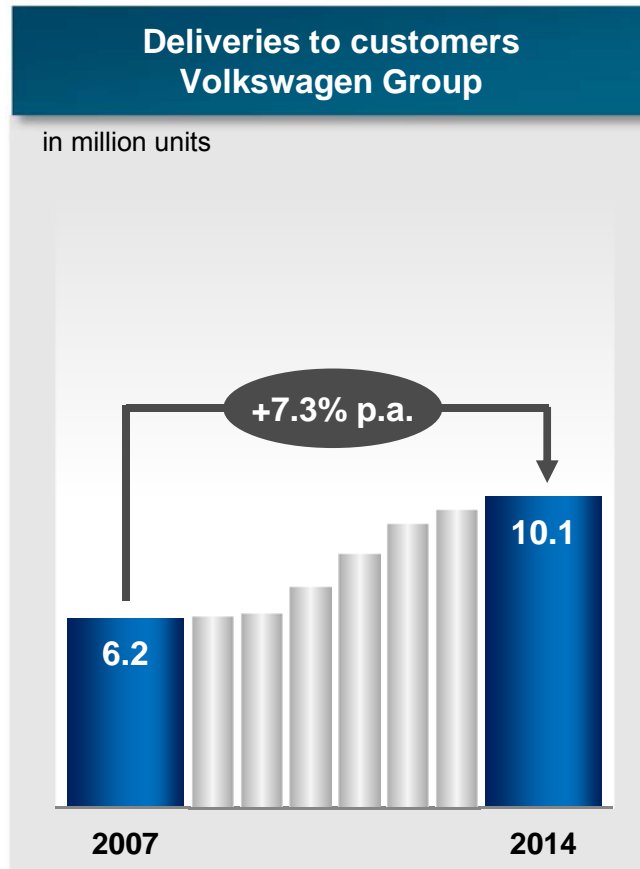


<sup>1</sup> Own calculation based on key industry studies on customer satisfaction with dealers, after sales and new vehicles. <sup>2</sup> Including China.

<sup>3</sup> 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.



## Group operating profit growth clearly outperforming volume expansion with premium exposure and strong China position being the key drivers



- ### Key drivers for strong operating profit performance
- + Strong expanded presence in premium segment
    - Porsche integration, above average growth and margins
    - Synergies within premium brands
    - Outperformance of Audi brand
  - + Performance of VW Group in China
    - Strong market position and growth momentum, above average margins
    - Continued investments and at the same time substantial dividends received
  - + Expansion of commercial vehicles business
    - Acquisition of Scania and MAN
  - + Increasing contribution from Financial Services
    - Global expansion
    - Rising penetration rates

<sup>1)</sup> The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €5,182 million in 2014 (€294 million in 2007).

## Volkswagen Group – Key sustainable achievements

Superior products



Continued market leadership  
in Europe and China



Positioning and cooperation clearly  
strengthened in the premium segment



Audi



PORSCHE

Creation of a leading truck business

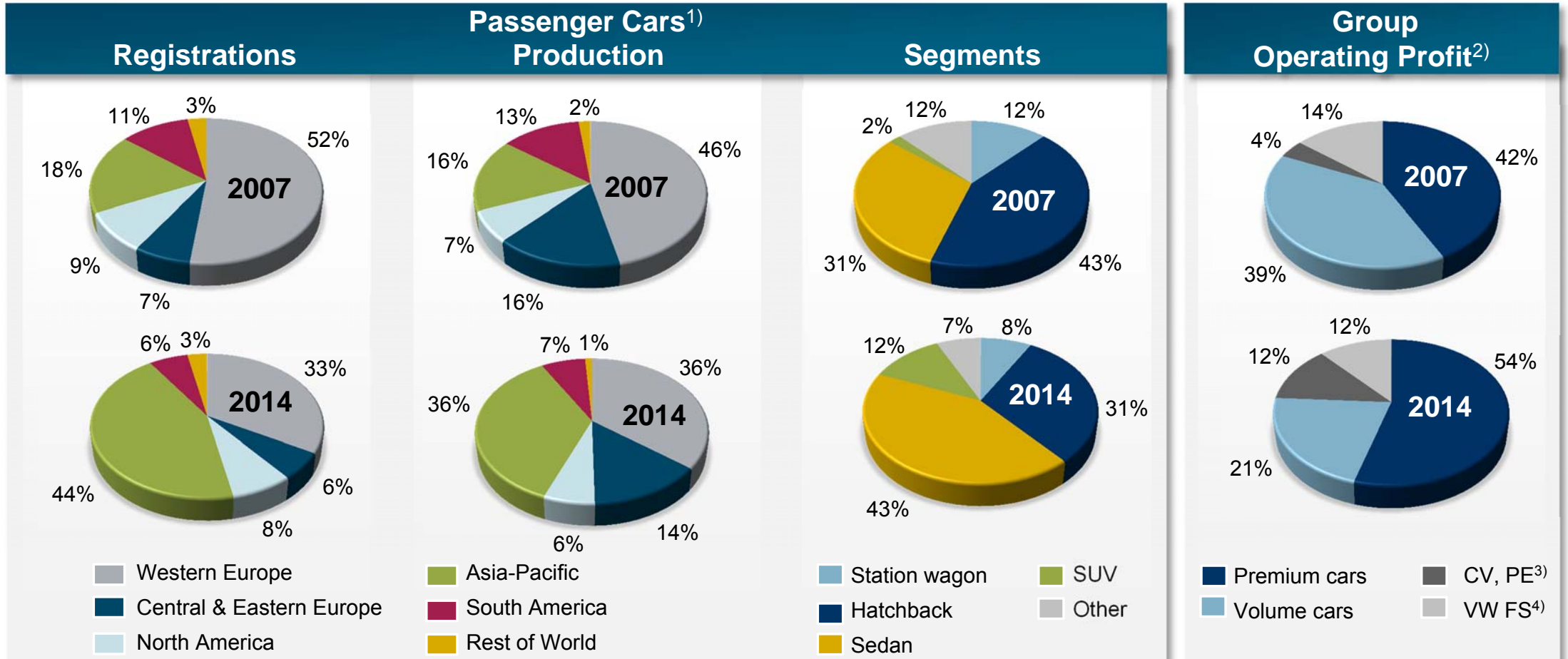


SCANIA

Successful toolkit implementation



# Improved segment and market exposure provides stable earnings platform

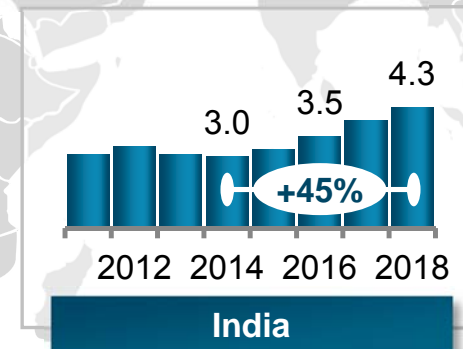
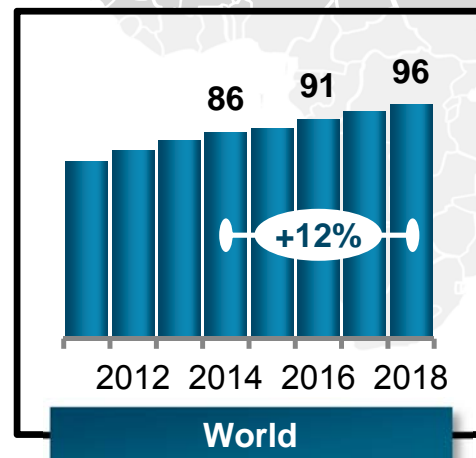
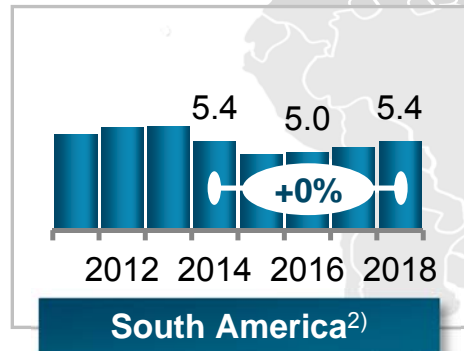
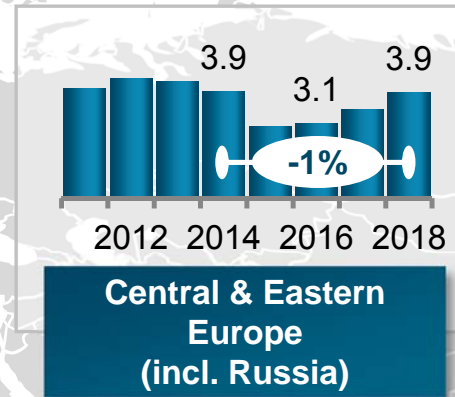
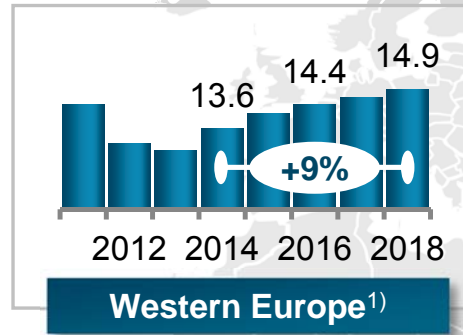
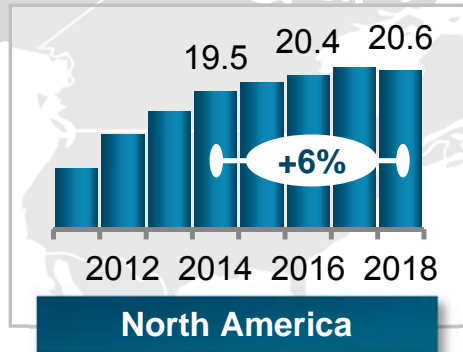


1) Source: Polk; figures excluding Volkswagen Commercial Vehicles, MAN and Scania. Porsche fully consolidated as from 1 August 2012 2) Split of Group Operating Profit excluding Other / Consolidation and PPA

3) Commercial Vehicles / Power Engineering 4) VW Financial Services figures do not include financial service activities of Scania, Porsche AG and Porsche Holding Salzburg

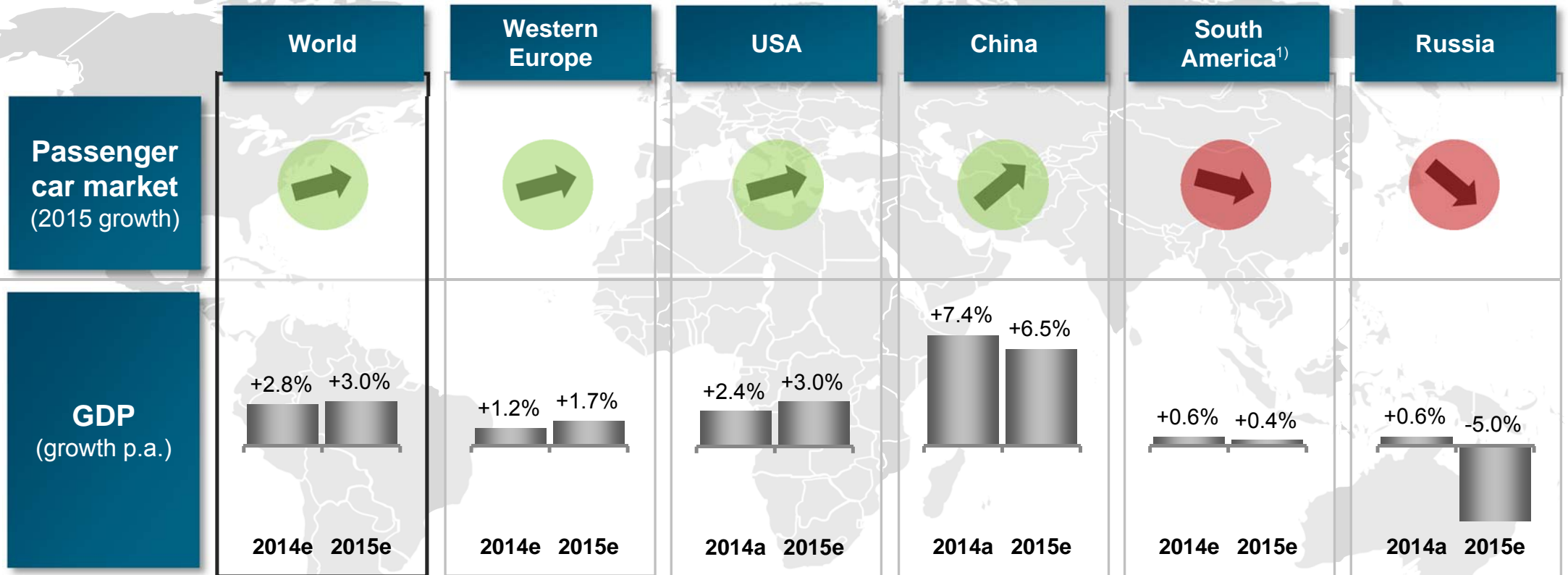
# Key sales markets offer substantial growth opportunities

Market growth 2014 – 2018 (million units)



<sup>1)</sup> Includes Cyprus and Malta  
<sup>2)</sup> Includes Central America and Caribbean  
 Source: IHS Automotive (data status: April 2015), rounded  
 Note: Market = Cars and LCVs

## Global passenger car market expected to grow further in 2015 with adverse developments in individual regions



Source: IHS Automotive, IHS Economics as of February 2015  
<sup>1)</sup> Includes Central America and Caribbean, excluding Mexico

## 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



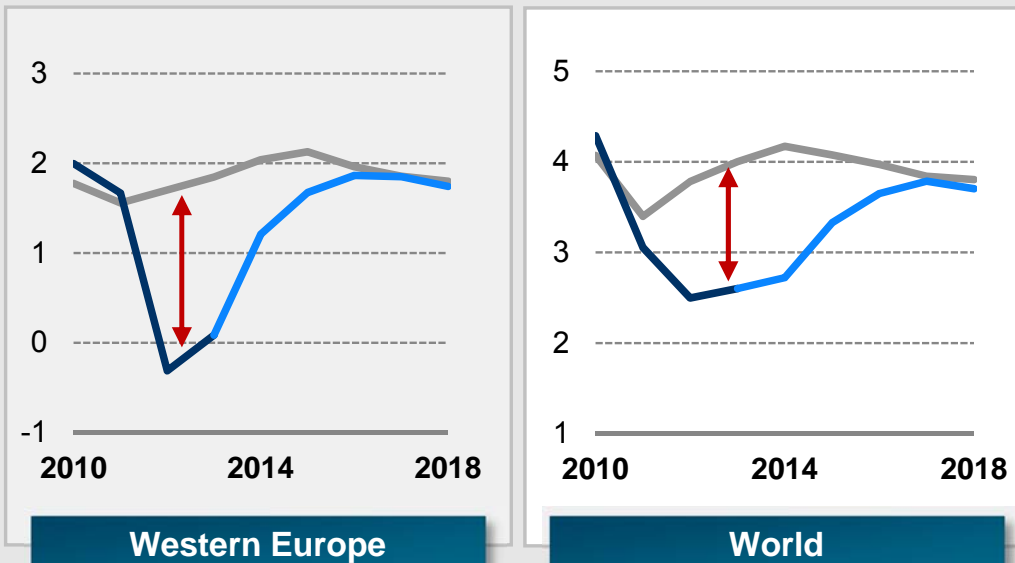
Sales in China expected to be **almost on the same level** as 2014 despite positive macroeconomic development



## Growth in many major markets, excluding China, below expectations

### GDP growth remains behind forecasts - but recovery expected until 2018

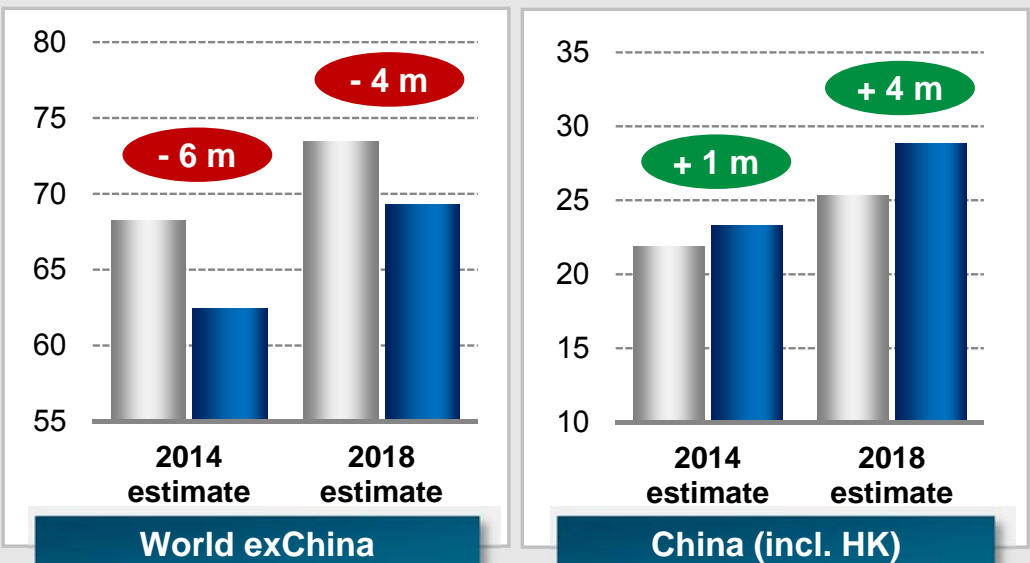
GDP growth p.a. 2010 – 2018 (%)



— Dec 2010 forecast  
— Actuals  
— Sept 2014 forecast

### Volume projections for global car markets (ex China) reduced significantly

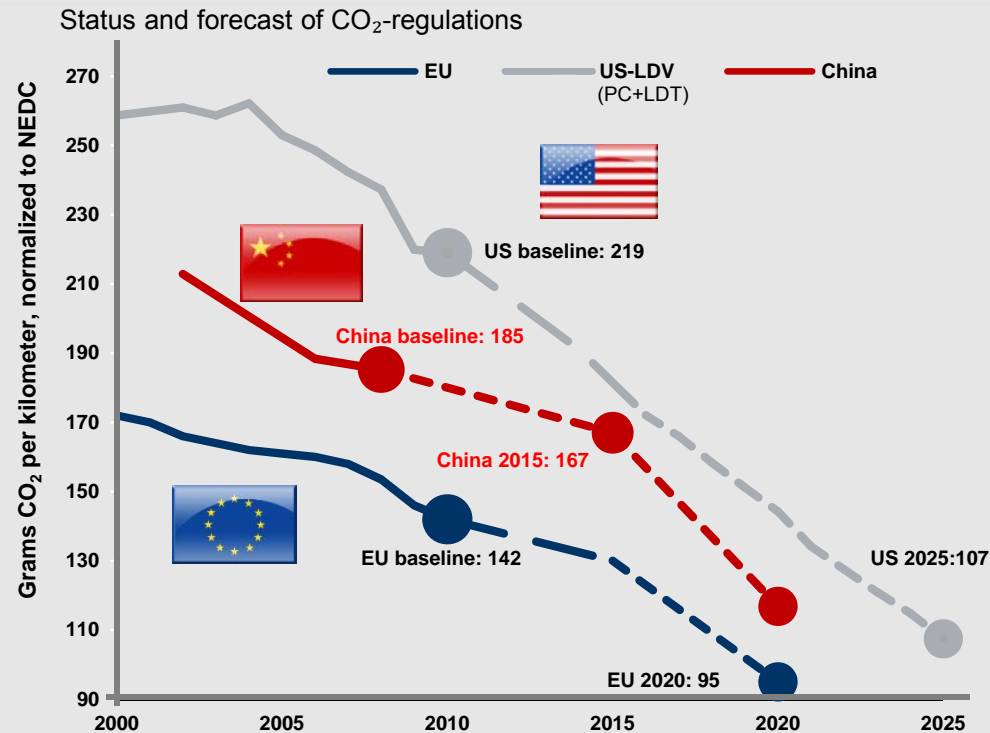
in million units



■ Projection as per end of 2010  
■ Projection as per October 2014

# Tightening environmental regulation and major trends driving substantially higher investment and engineering needs today

## ... CO<sub>2</sub> and EU6 regulations



Source: based on ICCT

## ... Market / consumer trends

Digitalization



Shorter lifecycles



E-mobility



SUV trend



Automated driving



Shift in priorities





# Future Tracks – Paving the way to the future



## Strategy for the time beyond 2018

- E-mobility
- Digitalization
- Business models
- Product cycles
- Automated driving

### Future trends

### Profitability



### Economic uncertainty

- Trade barriers
- Currencies
- Economic development
- Regulations

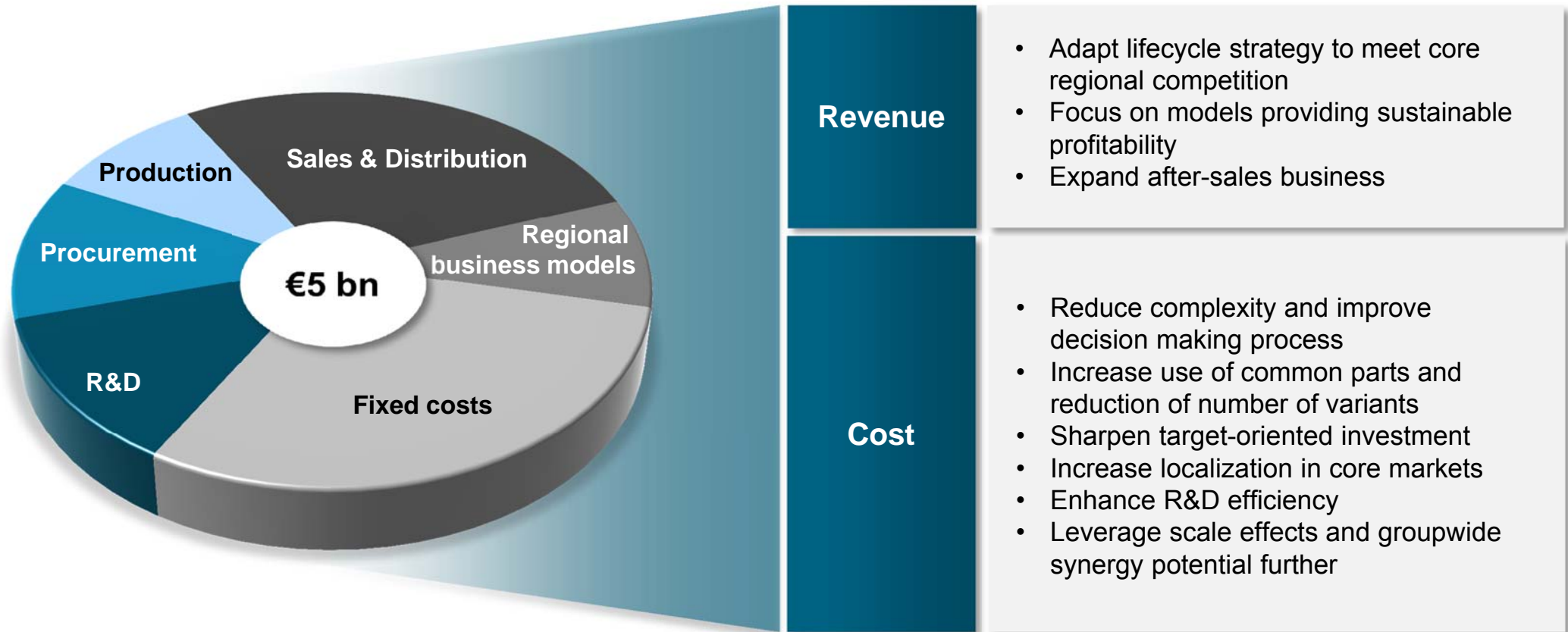


## Volkswagen Group 2018 Strategy





## Volkswagen Brand: Substantial efficiency measures across all business areas to ensure > 6% target return before 2018





# Volkswagen Brand: Three focus areas to improve competitiveness

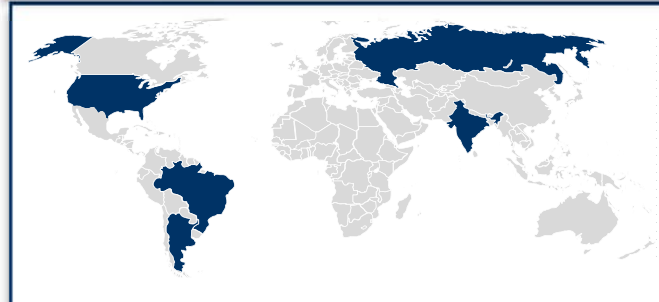
## Efficiency Program

### 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

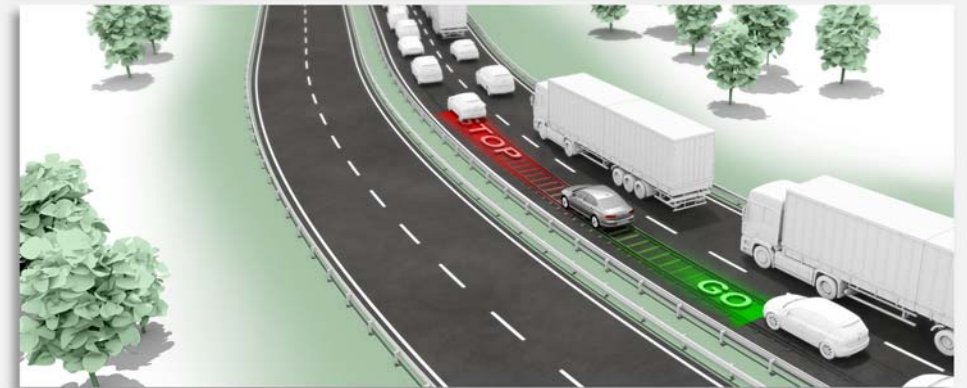
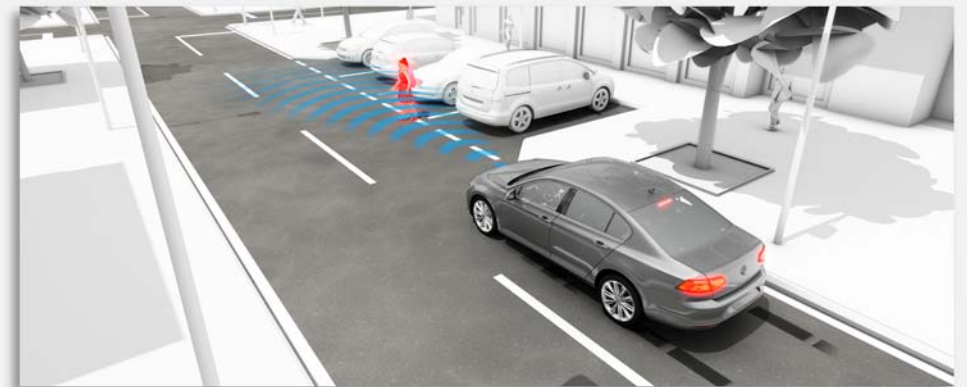


- Strong focus on cost and investment discipline
- Roll-out of efficiency program in order to secure/improve cost efficiency and quality of results

# Transition to automated driving already started and offers huge potential

## Drivers assistant systems in the new Passat

- Emergency assist with lane change
- Traffic jam assist with hands-off
- Work zone lane assist
- Automated driving
- Automated parking
- Traffic jam assist
- Emergency assist
- Trailer assist
- Front assist with pedestrian monitoring



## New Touran: Variants will be reduced in order to compensate complexity drivers and to cut costs

### Touran current model

#### Complexity drivers

- Drivers assistant systems
- Legal requirements
- Seating options
- ...



### Touran successor

#### Variant reduction

- Steering wheels
- Trunk lining
- Mirrors
- ...





## Significant savings potential through various variant reductions

(% reduction in number of variants)

Golf 7: Batteries



~50%

Golf 7: Interior lamps



~50%

Golf 7: Armrests (leather)



>30%

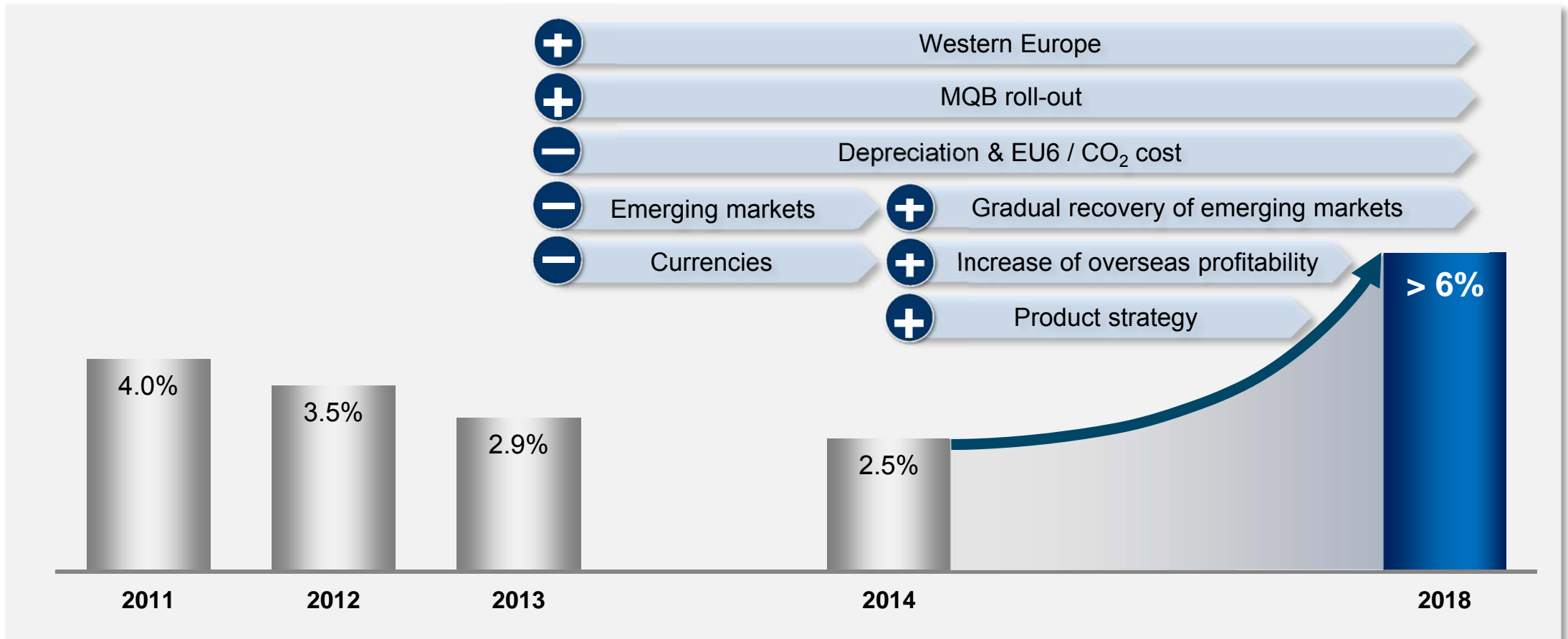
Polo successor: Engine/gearbox variants



>30%



# Improving operating returns at Volkswagen Passenger Cars<sup>1)</sup> the latest by 2018 is a core objective of Future Tracks



<sup>1)</sup> 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.

# Deep roots and strong market position combined with further growth potential assures continued profitable growth in China



## Production network and implementation of MQB

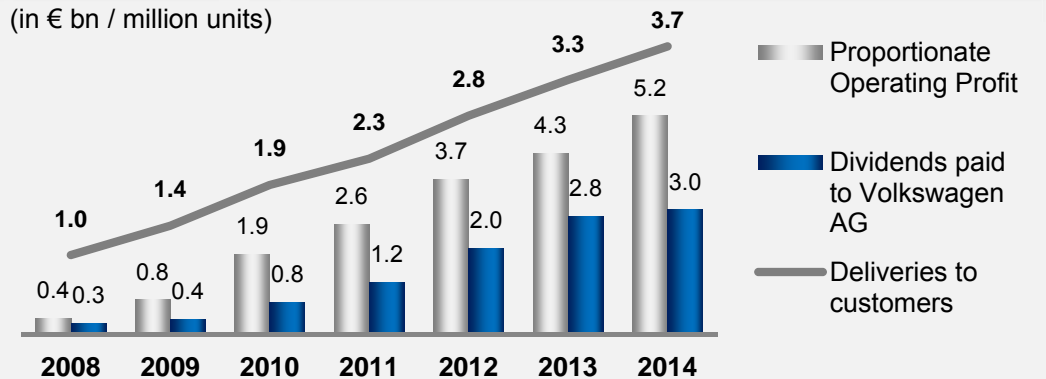
**Production capacity (250 working days)**  
2014: 3 million  
2019: >5 million

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

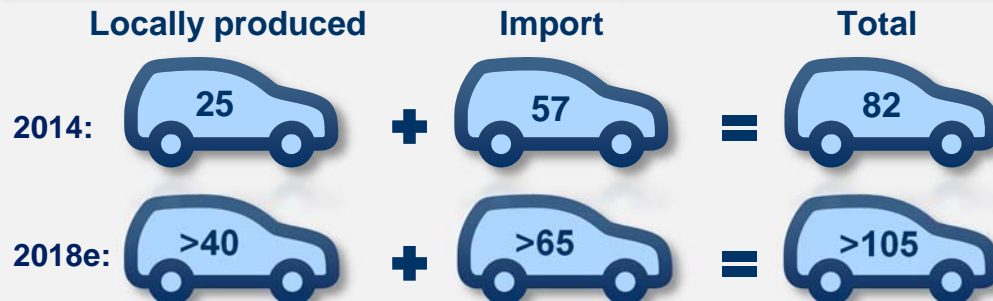


## Strong operational & financial track record

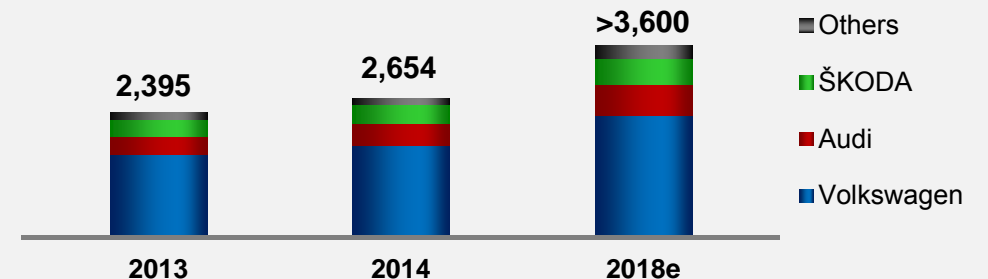
(in € bn / million units)



## Significant extension of product portfolio



## Continuous expansion of dealer network

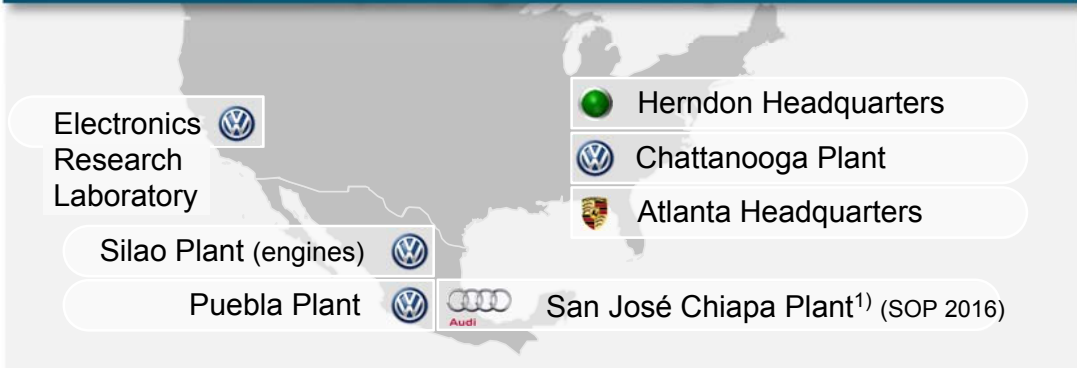




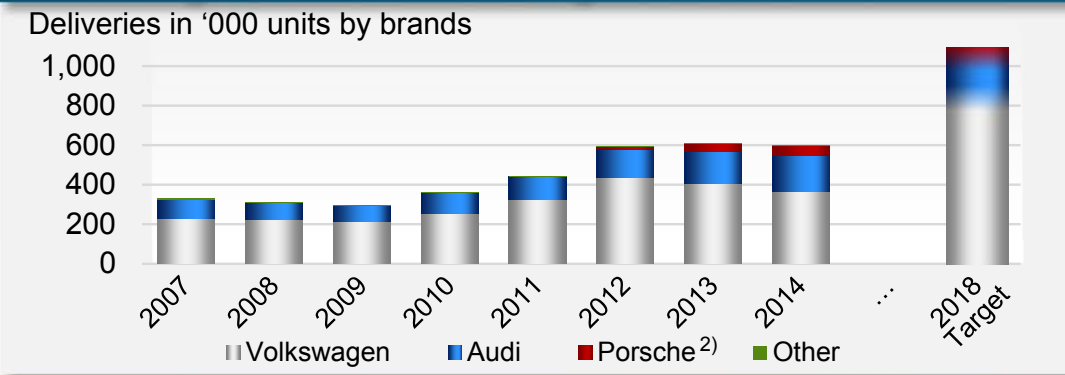
# USA – Extending the business



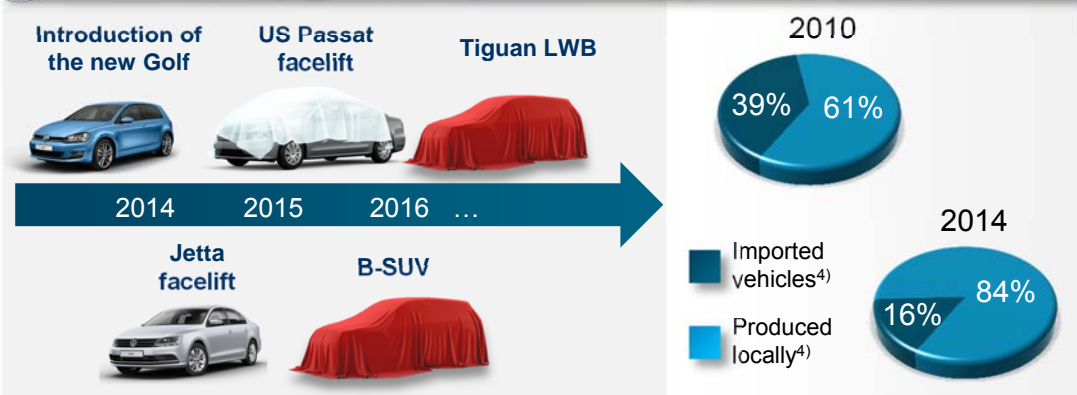
## Expanding local footprint



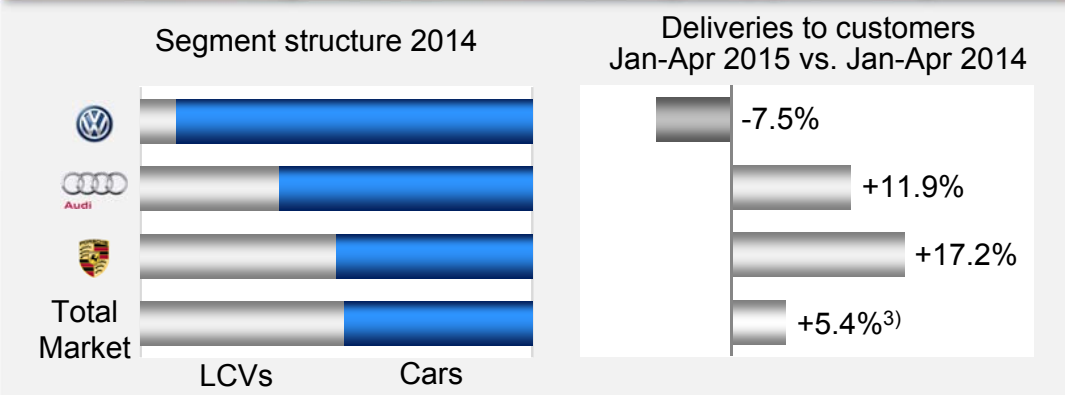
## Strong commitment to targets in the U.S. market



## Upgrade/expansion of portfolio



## LCV segment remains a large opportunity



<sup>1)</sup> Production of global volumes of new Audi Q5 from 2016 <sup>2)</sup> Figures including Porsche as from 1 August 2012  
<sup>4)</sup> Imported and locally produced vehicles in % of total deliveries (Volkswagen Passenger cars)

<sup>3)</sup> Thereof Passenger Cars -0.5%, Light Commercial Vehicles +11.0%

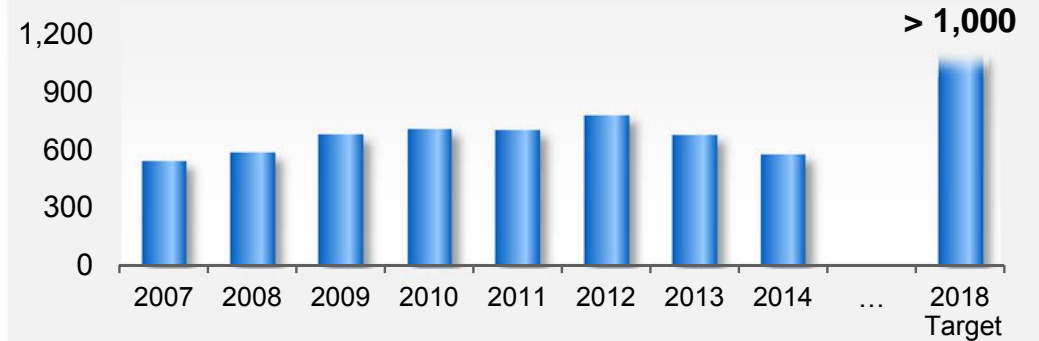
# Brazil – Short-term challenge, mid-term opportunity



## Highly localized passenger car production

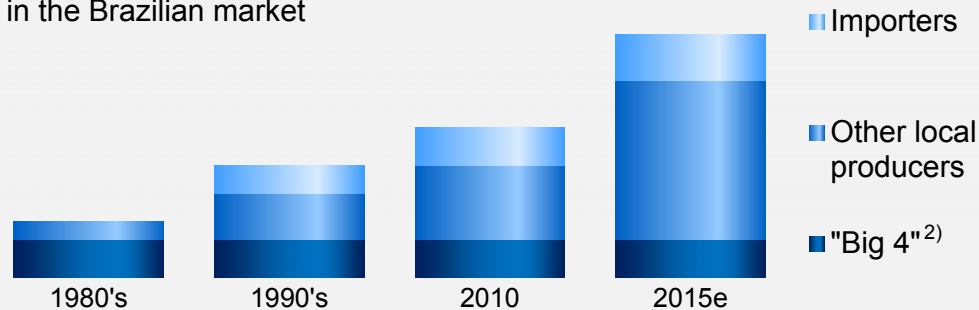


## Deliveries to customers ('000 units)



## A rapidly changing competitive landscape

Number of automotive companies in the Brazilian market



Source: Anfavea, own research

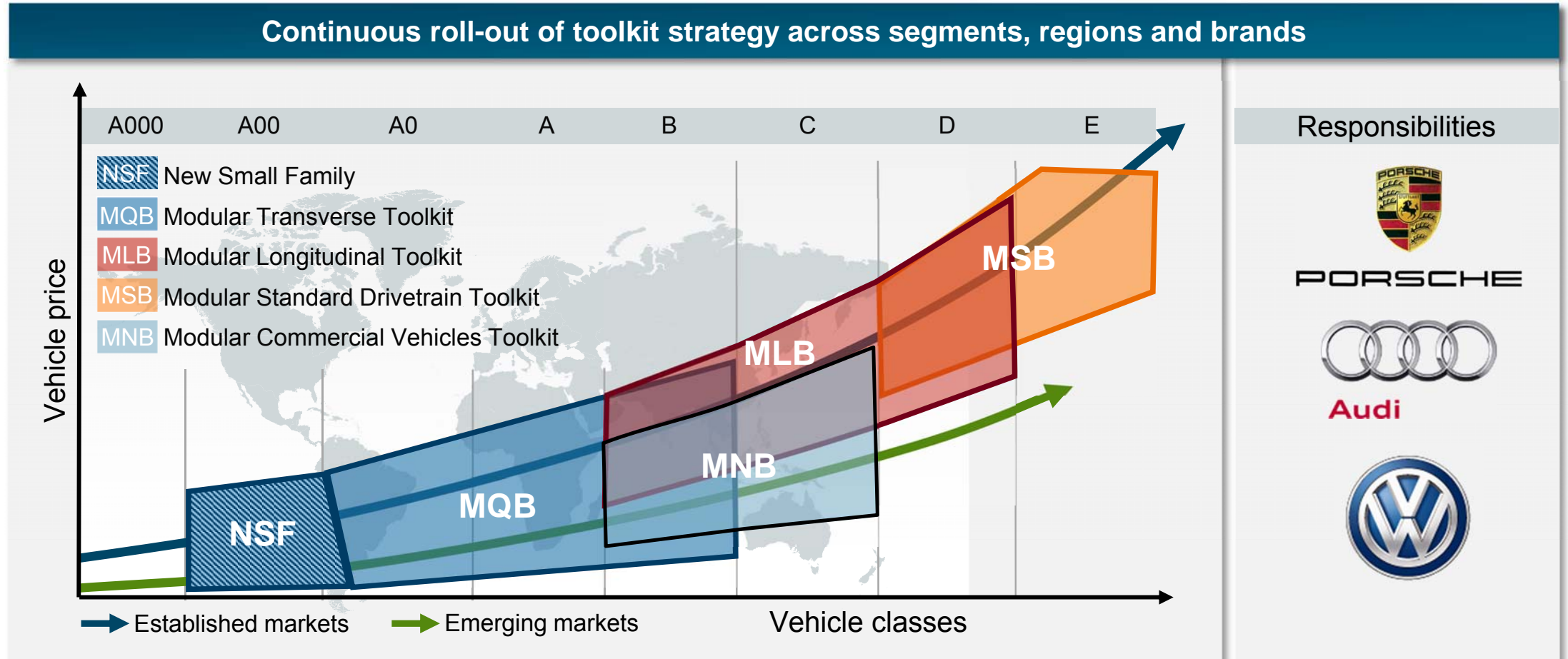
## Expansion & upgrade of locally produced portfolio



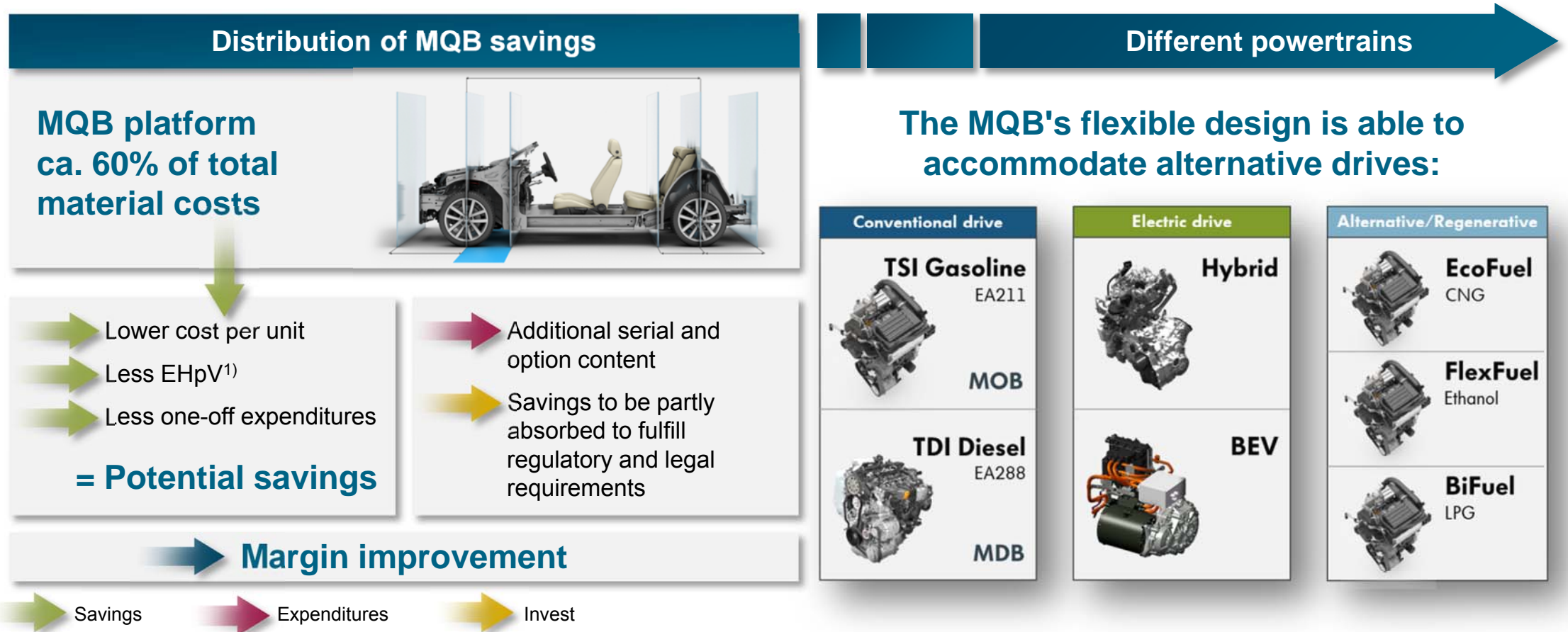
<sup>1)</sup> Audi to start production of A3 Sedan in São José dos Pinhais in 2015, Q3 to be produced from 2016

<sup>2)</sup> Volkswagen, Fiat, General Motors, Ford

# Volkswagen Group toolkit strategy and responsibilities



# MQB – Driving forward economies of scale in unit cost, investment and supporting achievement of emission targets



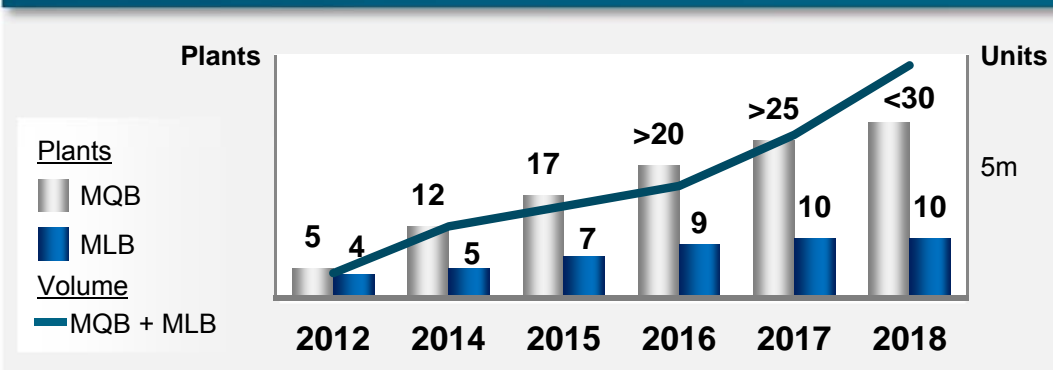
<sup>1)</sup> Engineered Hours per Vehicle

# Sustainable success secured through the roll-out of modular toolkits

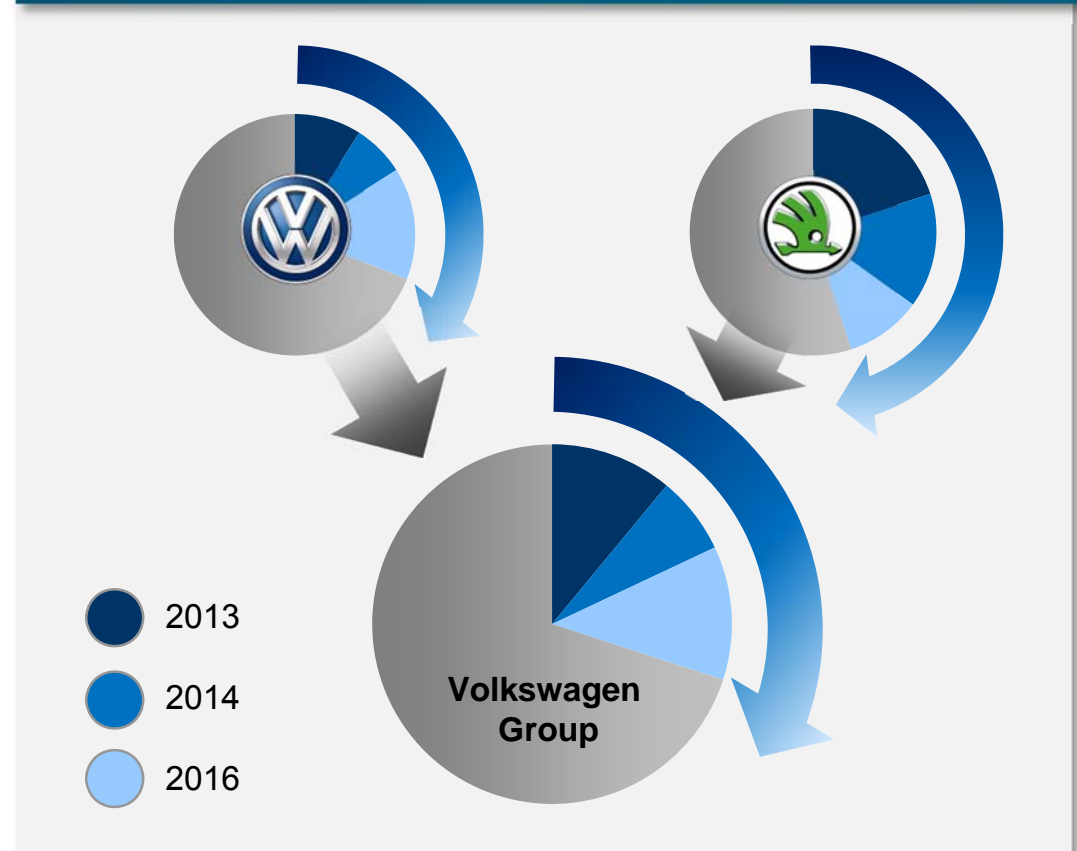
## Global roll-out of modular toolkits



## Number of toolkit equipped plants and volume



## MQB production share of total production volumes<sup>1)</sup>



<sup>1)</sup> 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

## Innovative technical flexibility made simple

### Flexibility of volume

„Turntable“ („Drehscheibe“)

WOLFSBURG

ZWICKAU

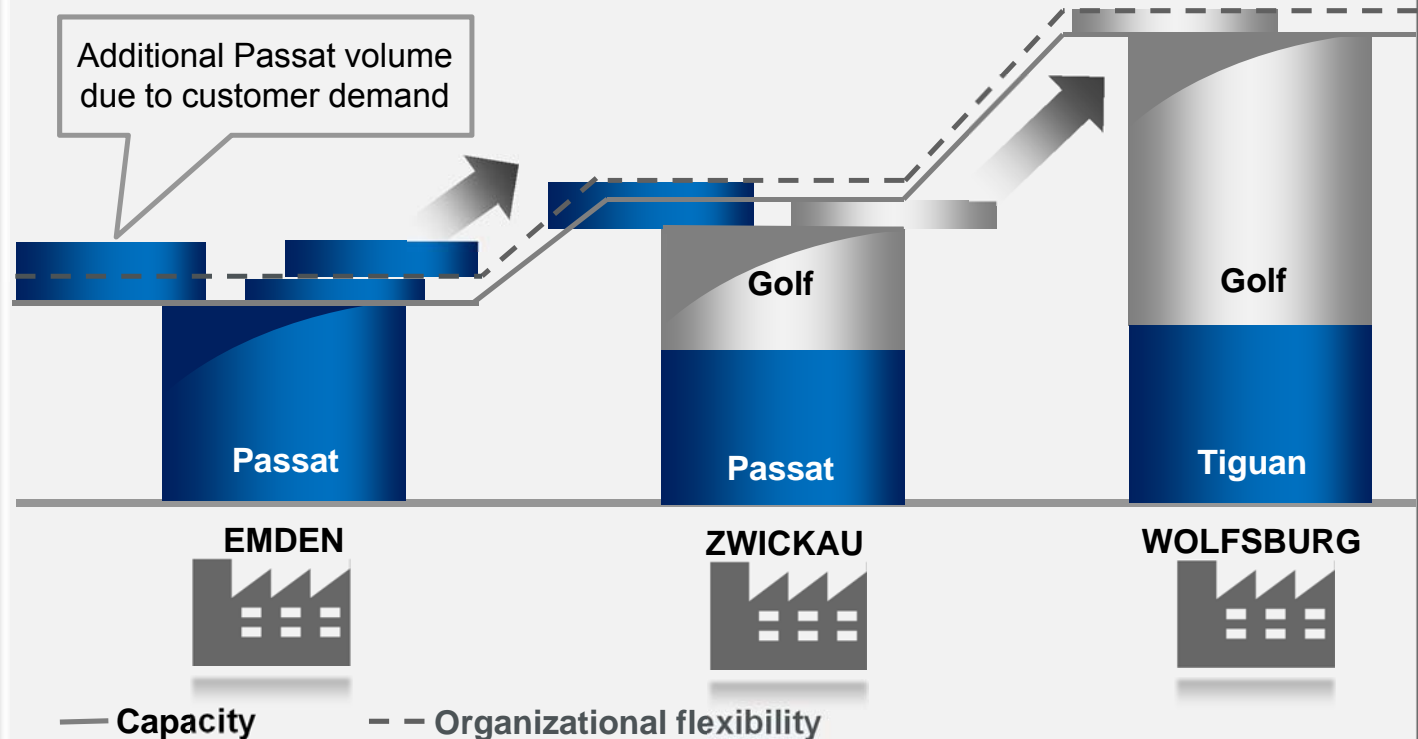


EMDEN

### Integrated production across three sites (Schematic illustration)

e.g. Additional demand for Volkswagen Passat









Additional Passat volume due to customer demand





# New Volkswagen Group models 2015 – a strong basis for profitable growth

## Highlights

-  Touran, Passat Alltrack, Tiguan, Lamando, Santana Derivative
-  Audi  
Q7, A4, TT Roadster
-  SKODA  
Fabia Combi, Superb Sedan & Superb Combi
-  SEAT  
Ibiza
-  PORSCHE  
911
-  LAMBORGHINI  
Huracán Spyder
-  BENTLEY  
Continental GT, Continental GT Convertible
-  Commercial Vehicles  
T6 Family, Caddy

## Global roll-out

-  Passat, Touareg, Golf (Brazil)
-  Audi  
TT Coupé, Q3 (US), A3 Sedan (Brazil), A6L (China)
-  SKODA  
Fabia, Fabia (China), Superb Sedan (China)
-  PORSCHE  
Cayenne



## Highly efficient powertrains

-  Passat GTE (PHEV), Jetta Hybrid, Golf TSI BlueMotion
-  Audi  
Q7 TDI e-tron



## Scania transaction is a pre-requisite to improve competitiveness and efficiency based on integration of Volkswagen's truck businesses

### Integration drivers

**Foundation:** management of independent and strong brands on the basis of integrated technology and operations

**Objective:** modular toolkit strategy for commercial vehicles with common components and systems

**Scale benefits:** improved efficiency of resource allocation and increased flexibility concerning vertical integration



Commercial  
Vehicles

### Synergies (Operating Profit impact)

#### Achieved by the end of 2014

- €200+ million
- Focus on purchasing
- Synergy potential limited due to arm's-length requirements

#### Additional potential through the integration

- €650+ million per year long-term average with 10-15 years gradual phase-in based on life cycles of vehicles and systems / components
- Majority of benefits from joint R&D, purchasing and sourcing components, e.g. gearbox
- Significant benefits from capex savings



## Volkswagen Group: Global automotive leader 2018

### Economic and environmental leadership in the global automotive industry

#### Economic leadership

Excellent and custom-tailored product portfolio

Increasing global footprint and emerging markets presence

Realization of cost savings, toolkit modularization and localization of products

Creation of sustainable value

#### Environmental leadership

Diversified portfolio of drivetrain technologies

Continuous improvements in internal combustion engines

Leadership in alternative powertrain technologies

25 percent less energy and water consumption, waste and emissions in Group production



## Volkswagen Investor Update

Volkswagen AG

**Oliver Larkin – Senior Investor Relations Manager**

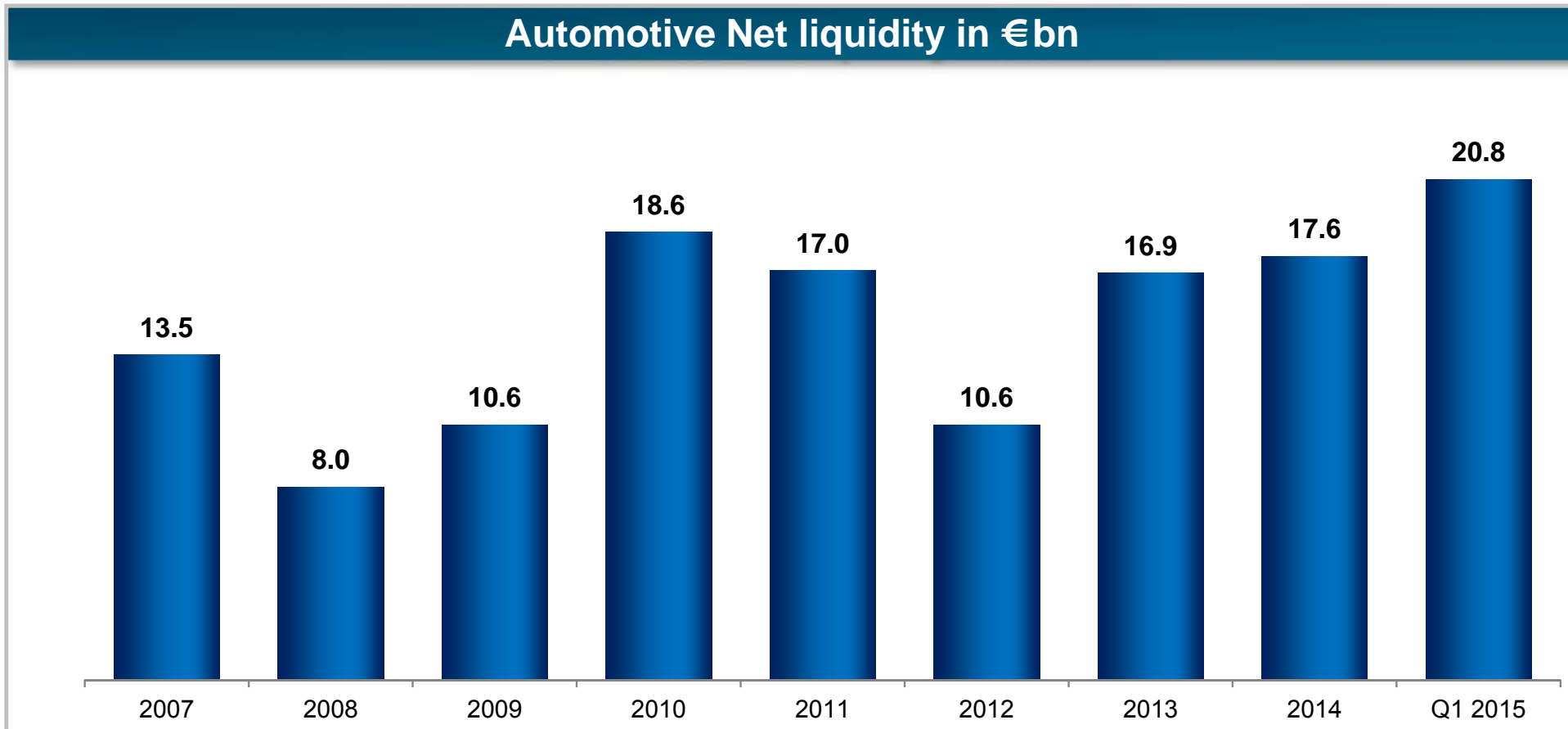
**Martin Büdke – Capital Markets & Rating**

Volkswagen Financial Services

**Bernd Bode – Head of Group Treasury and Investor Relations**

**Ulrich Hauswaldt – Investor Relations**

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



Source: Volkswagen Group

## ...and stable Ratings

Current Ratings	S&P	Moody's
Long-term	A stable	<b>A2 stable</b>
Short-term	A-1 stable	<b>P-1 stable</b>
Last Rating change	22 September 2014	<b>16 March 2015</b>
Additional Information	Volkswagen Financial Services AG and Volkswagen Bank GmbH are under Review for Upgrade	

## Volkswagen Group Treasury – Key Global Markets Figures<sup>1)</sup>

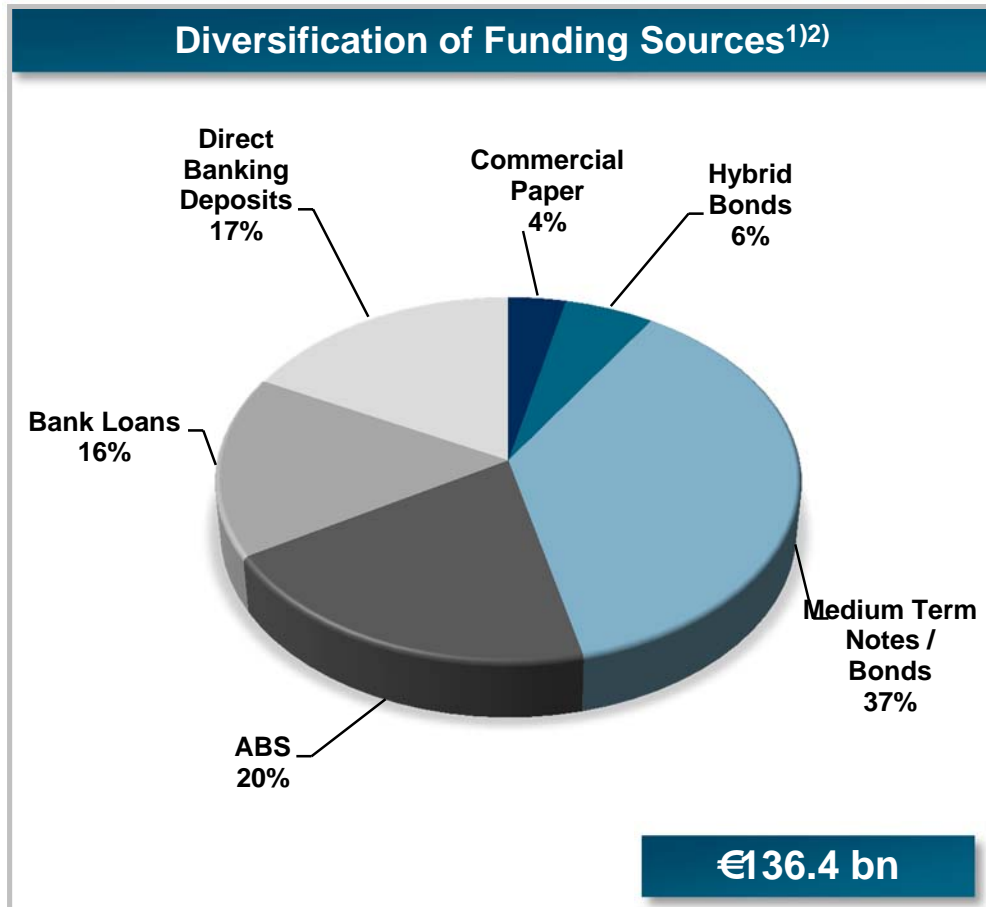
<b>Liquidity and Refinancing</b>	▪ Automotive Net Liquidity	€ 20.8 bn
	▪ Money and Capital Markets Outstanding	€ 90.7 bn
	▪ Customer Deposits	€ 23.7 bn
	▪ Banks and Supranationals	€ 22.0 bn
<b>Hedging Activities</b>	▪ Global Foreign Currency Hedging	USD, GBP, RMB, CHF, JPY, KRW, MXN, SEK
	▪ Global Commodity Hedging	Base and Precious Metals
<b>Counterparties</b>	▪ Bank Lines Globally <sup>2)</sup>	€ 55.5 bn
	▪ Relationships with	> 150 Banking Groups
<b>Key Account Management</b>	▪ Acting as a Service Center	> 1,300 Volkswagen Group Companies

<sup>1)</sup> as of March 31, 2015; ABS included

<sup>2)</sup> excluding Porsche, MAN and Scania

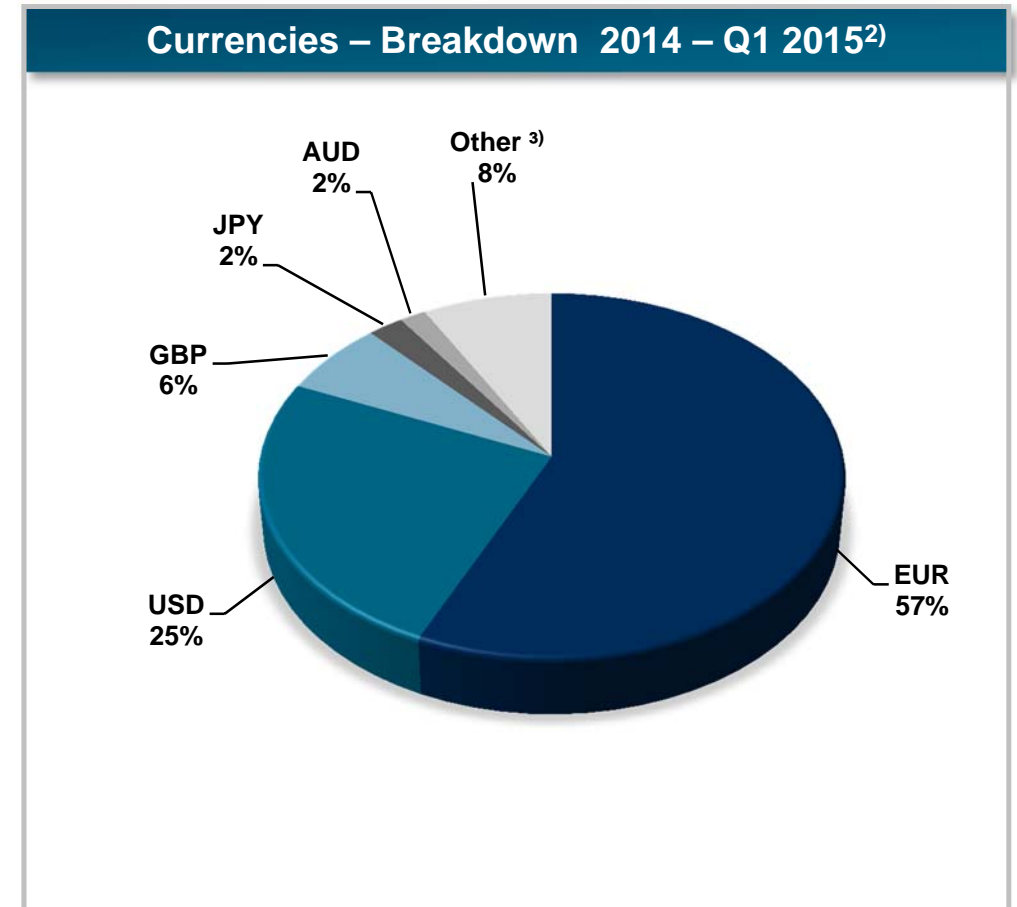
Source: Volkswagen Group

## Volkswagen Group Funding Strategy – Overview



<sup>1)</sup> as of March 31, 2015

Source: Volkswagen Group



<sup>2)</sup> MTN, Bonds, excl. Porsche, MAN, Scania; ABS incl. MAN, Porsche

<sup>3)</sup> SEK, CAD, MXN, RUB, NOK, BRL, RMB, KRW, NZD, INR, TRY, CZK

## Volkswagen Group Funding Strategy – Programs & Outstandings<sup>1)</sup>

March 31, 2015 in € billion

Money and Capital Markets	Authorization	Utilization
Commercial Papers	25.2	4.8
Medium Term Notes / Bonds	130.7	58.3
<i>thereof: Hybrid Bonds</i>		7.5
ABS <sup>2)</sup>	53.0	27.6
<b>Borrowings</b>		
Committed Lines	18.2	2.8
Uncommitted Lines	26.0	7.9
Suprationals, development banks, government, other	11.3	11.3
Direct Banking Deposits	./.	23.7
<b>Total Amount</b>	./.	136.4

1) excluding Porsche, MAN, Scania

2) Including Porsche, MAN

Source: Volkswagen Group

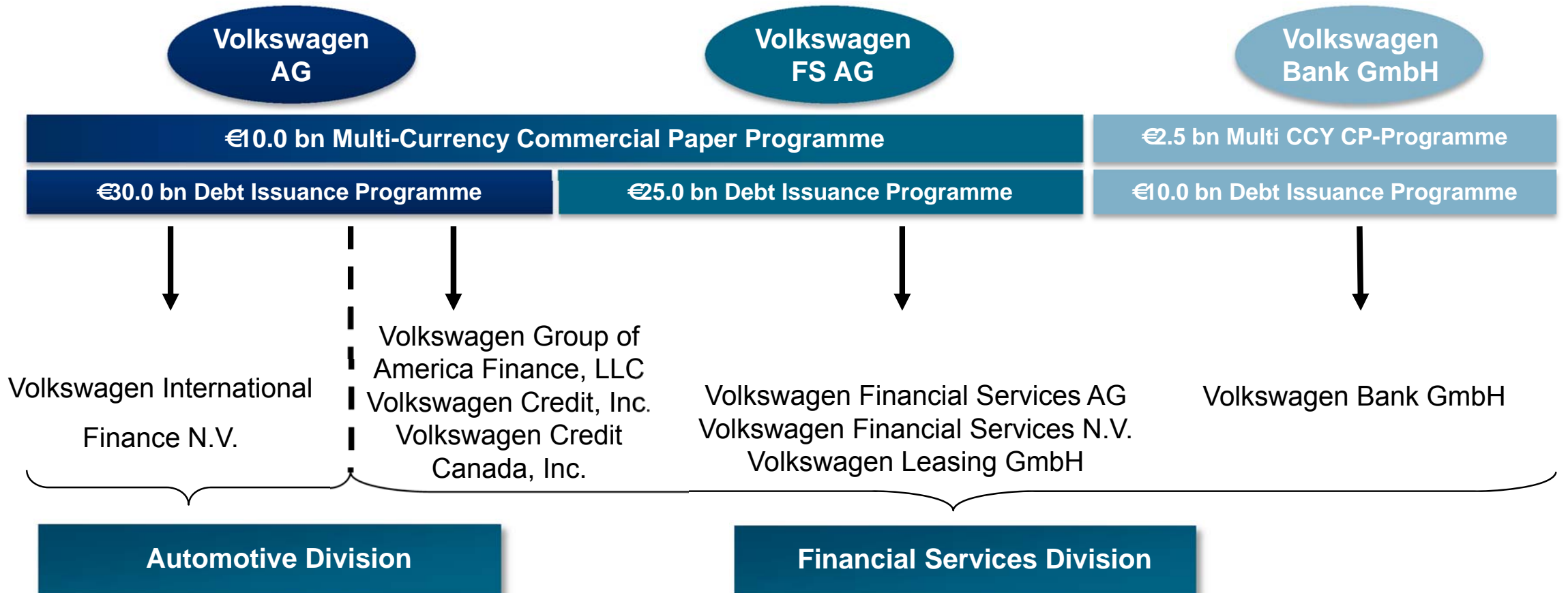
## Key Highlights of the Subordinated Notes<sup>1)</sup>

<b>Issuer</b>	<ul style="list-style-type: none"> <li>Volkswagen International Finance N.V.</li> </ul>
<b>Guarantor</b>	<ul style="list-style-type: none"> <li>Volkswagen AG (subordinated)</li> </ul>
<b>Tranching</b>	<ul style="list-style-type: none"> <li>Perpetual – NC 7 (€1.1 bn) &amp; NC15 (€1.4 bn)</li> </ul>
<b>Subordination</b>	<ul style="list-style-type: none"> <li>Senior only to the Junior Obligations of the Issuer and the Guarantor</li> </ul>
<b>Interest Payments &amp; Deferral</b>	<ul style="list-style-type: none"> <li>Fixed rate until the First Call Dates, thereafter reset fixed rate every 7 / 15 years</li> <li>Step-up of 25bps from 20 March 2025 / 20 March 2030 , and additional 75 bps from 20 March 2042 / 20 March 2050</li> <li>Optional and cash cumulative interest deferral</li> </ul>
<b>Issue Ratings</b>	<ul style="list-style-type: none"> <li>Baa1 / BBB+</li> </ul>
<b>Equity Treatment</b>	<ul style="list-style-type: none"> <li>Basket C (50%) from Moody's</li> <li>Intermediate (50%) from S&amp;P until the first call date in year 2022 / year 2030</li> <li>Equity classification under IFRS</li> </ul>
<b>Denominations</b>	<ul style="list-style-type: none"> <li>€1,000 with minimum purchase amount of €100,000</li> </ul>

<sup>1)</sup> Defined terms have the meaning set out in the Prospectus, dated March 18<sup>th</sup>, 2015.

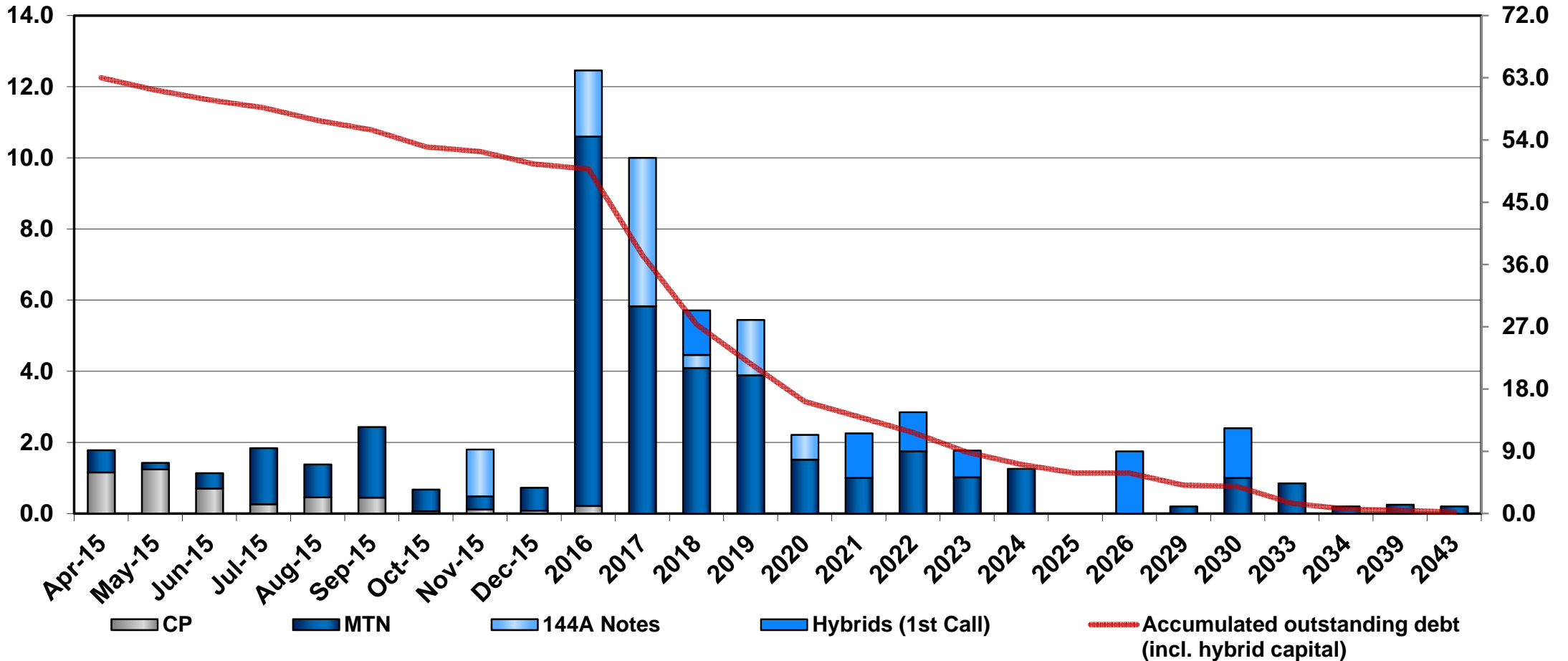


## Volkswagen Group Funding Strategy – Major Funding Vehicles / Guarantors



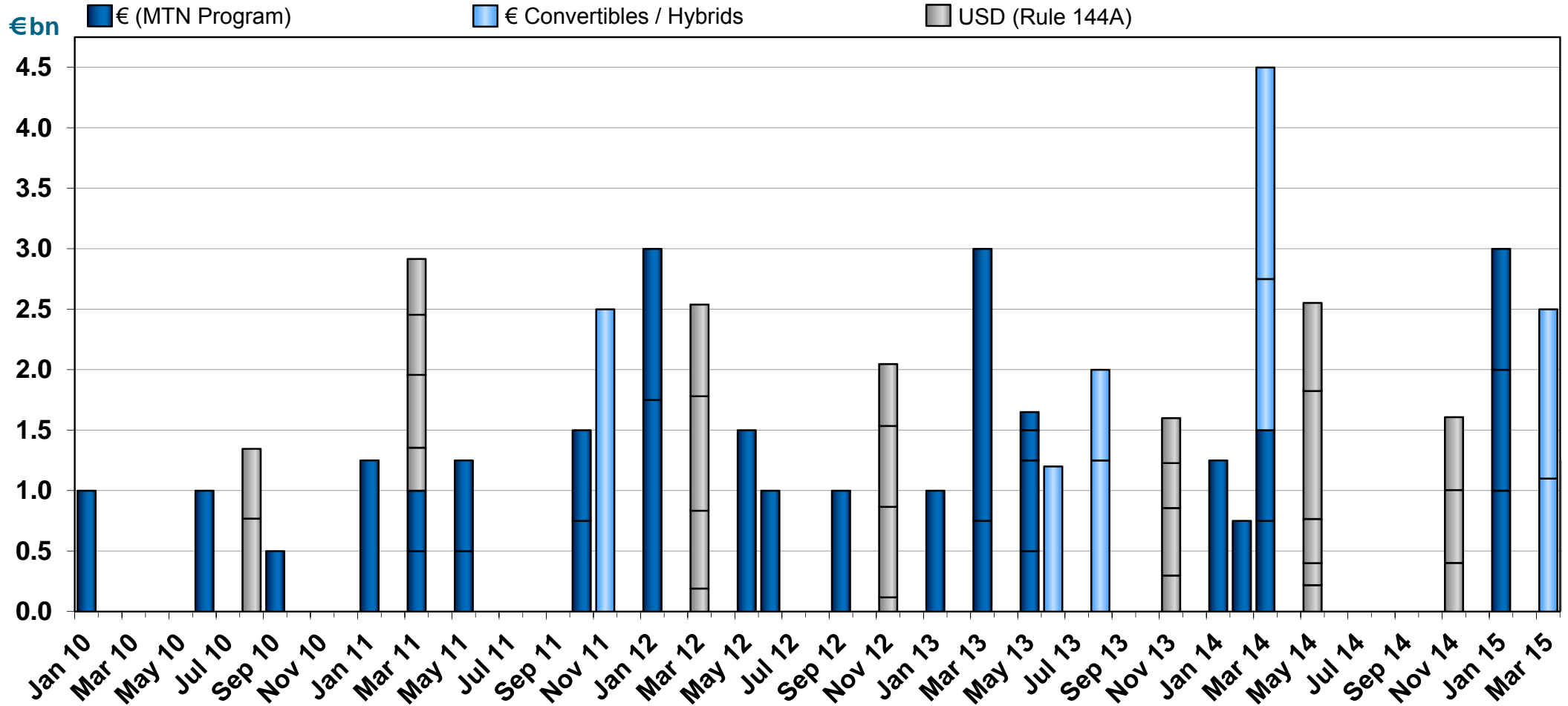
# Volkswagen Group Funding Strategy – Maturity Profile <sup>1)</sup>

€billion



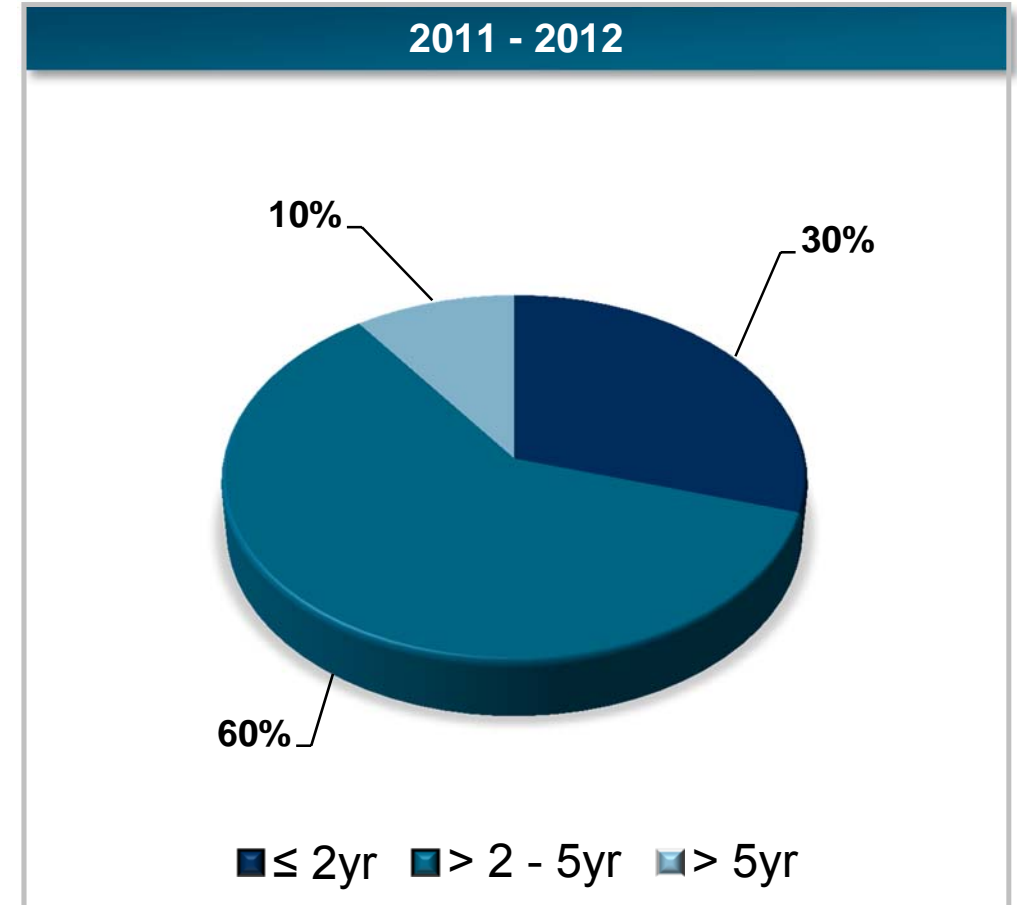
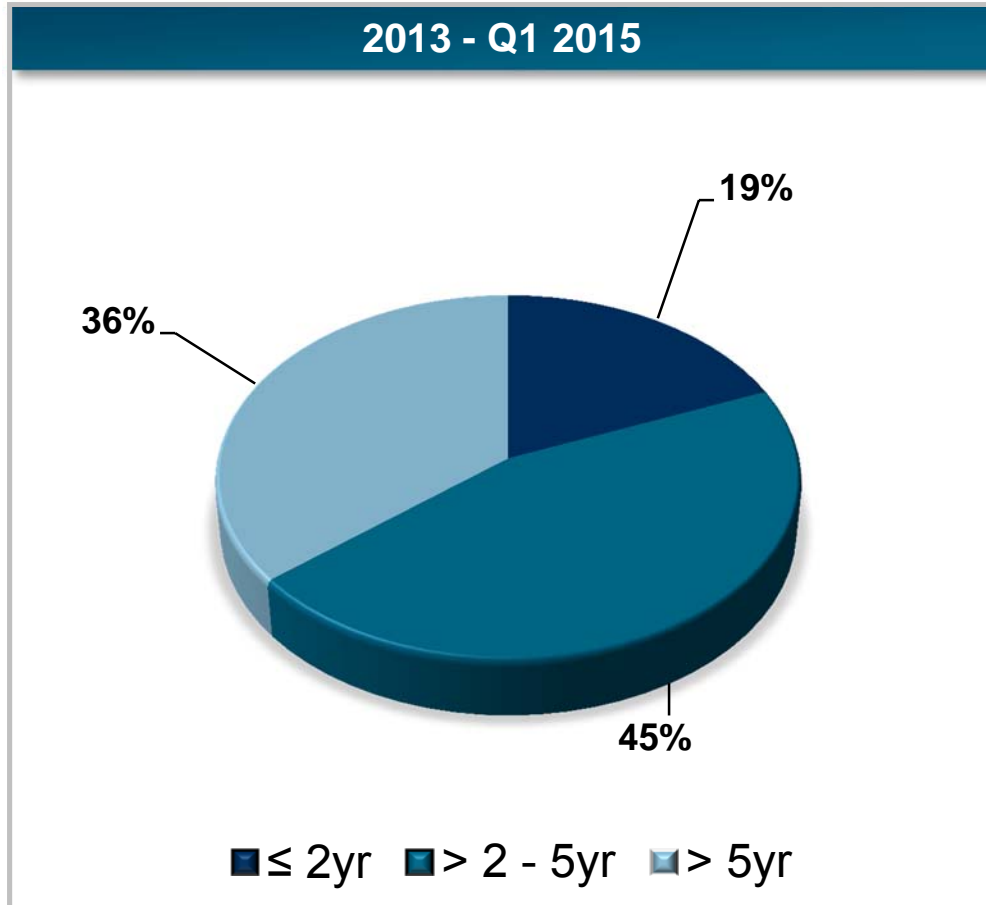
<sup>1)</sup> as of March 31, 2015, excluding Porsche, MAN, Scania  
Source: Volkswagen Group

## Volkswagen Group Funding Strategy – Benchmark Issuances <sup>1)</sup>



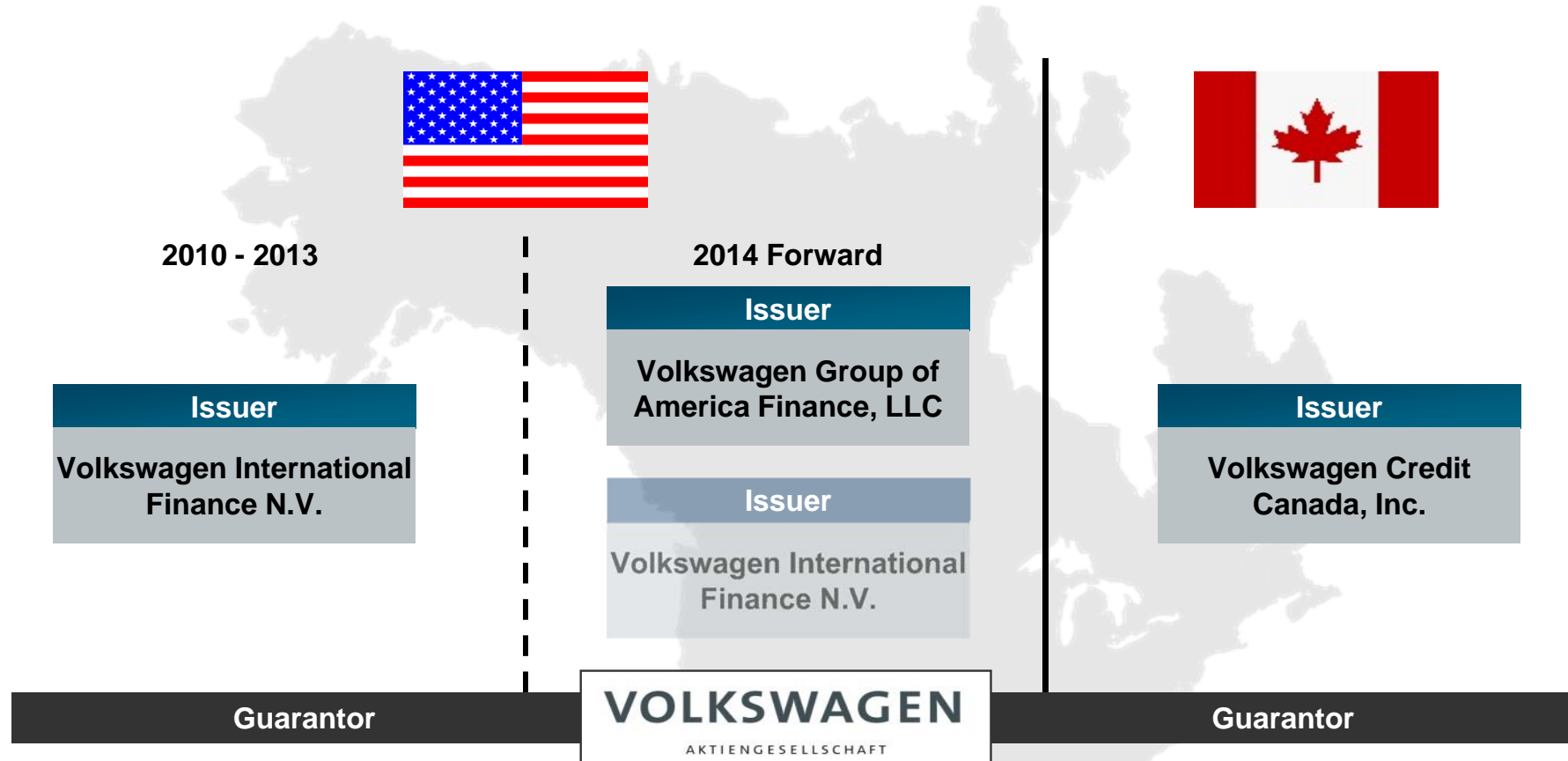
<sup>1)</sup> as of March 31, 2015; excluding Porsche, MAN, Scania  
Source: Volkswagen Group

## Volkswagen Group Funding Strategy – Tenor Split<sup>1)</sup>

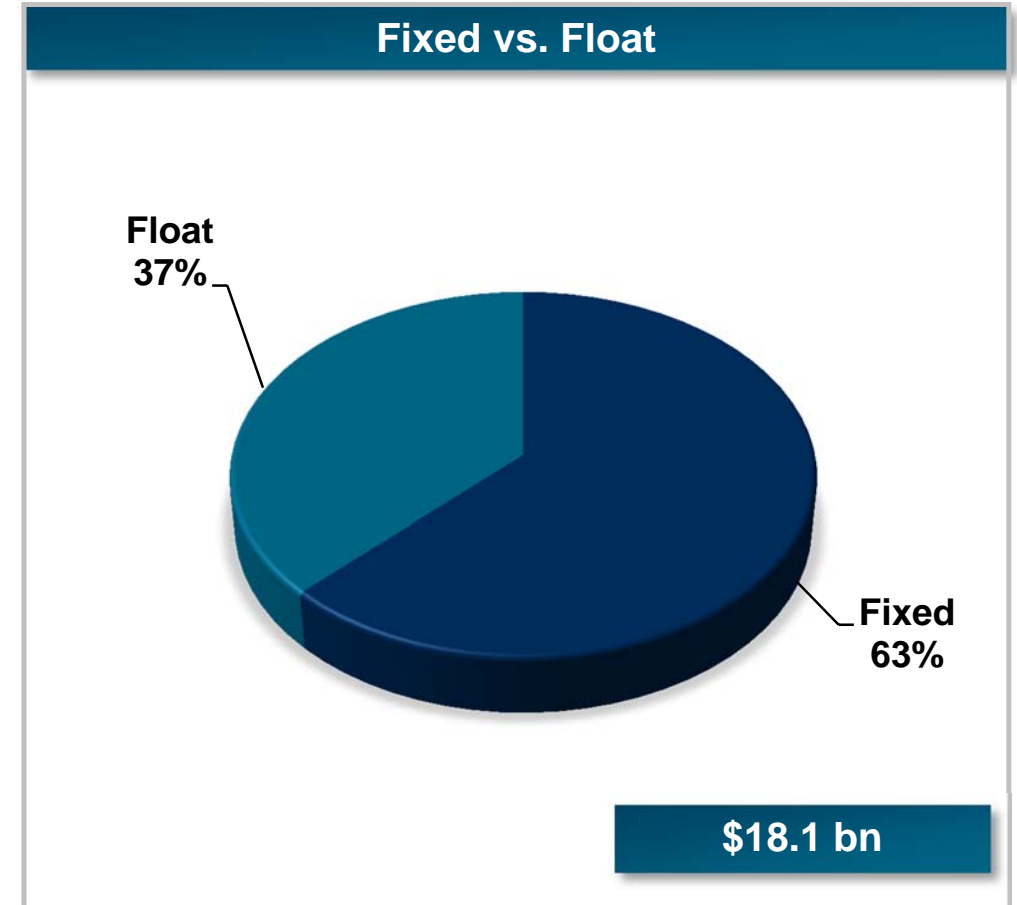
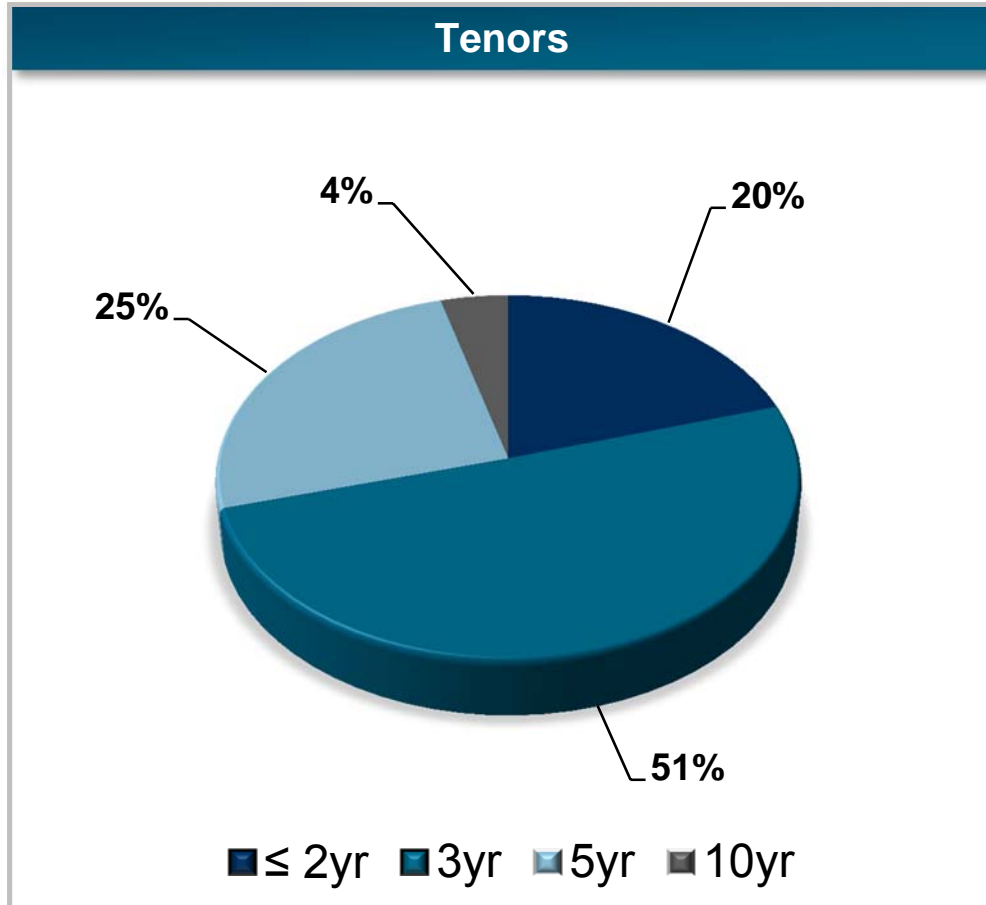


1) As of March 31, 2015, MTN, Bonds, including Hybrids; excluding Porsche, MAN, Scania  
Source: Volkswagen Group

## Volkswagen Group Funding Strategy – North America



## Volkswagen Group – 144A USD Issuances<sup>1)</sup>



<sup>1)</sup> as of March 31, 2015; reflecting transactions since August, 2010  
Source: Volkswagen Group

## Volkswagen Investor Update

Volkswagen AG

Oliver Larkin – Senior Investor Relations Manager

Martin Büdke – Capital Markets & Rating

Volkswagen Financial Services

**Bernd Bode – Head of Group Treasury and Investor Relations**

**Ulrich Hauswaldt – Investor Relations**



# Volkswagen Group – Leveraging the strength of the three pillars

## VOLKSWAGEN

AKTIENGESELLSCHAFT

### Automotive Division

### Financial Services Division

#### Passenger Cars

#### Commercial Vehicles / Power Engineering

#### Volkswagen Financial Services



Audi



SEAT

ŠKODA



BENTLEY



BUGATTI



LAMBORGHINI



PORSCHE



DUCATI

Remaining companies



Commercial Vehicles



SCANIA



VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

**Financial Services**

USA / Canada / Spain / Argentina

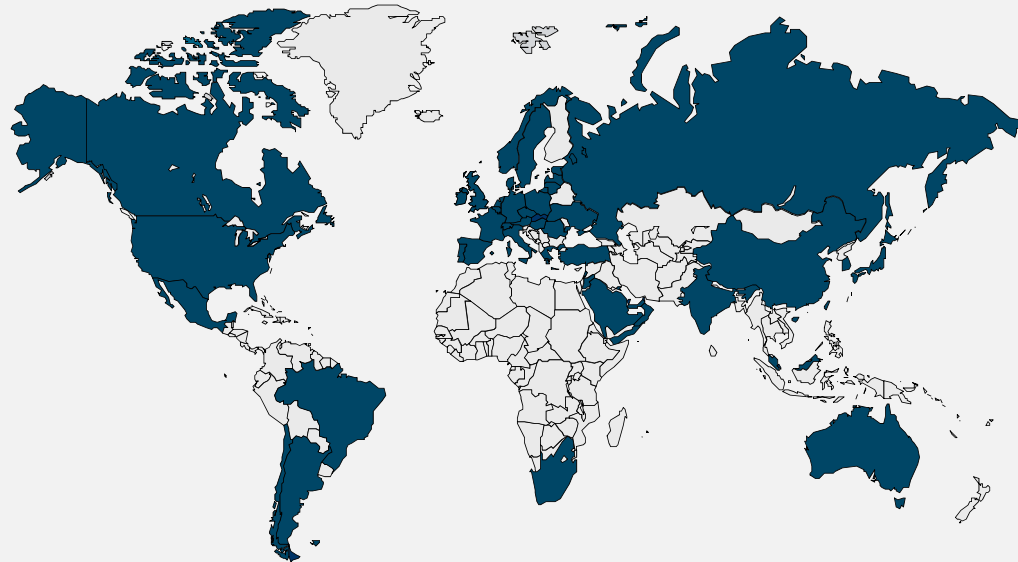
Scania Financial Services

Porsche Holding Financial Services

Porsche Financial Services

# Volkswagen Financial Services at a Glance (12/31/2014)

## Worldwide presence



Volkswagen Financial Services  
conducts business in **51 countries**

## Key company figures

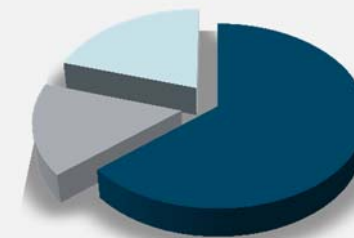
Total assets	€137.4 bn
Equity	€15.2 bn
Customer deposits	€26.2 bn
Operating profit	€1.7 bn
Employees	12,821
Contracts (units)	12.4 m

## Receivables

Leasing  
20.2 %

Credit  
63.8 %

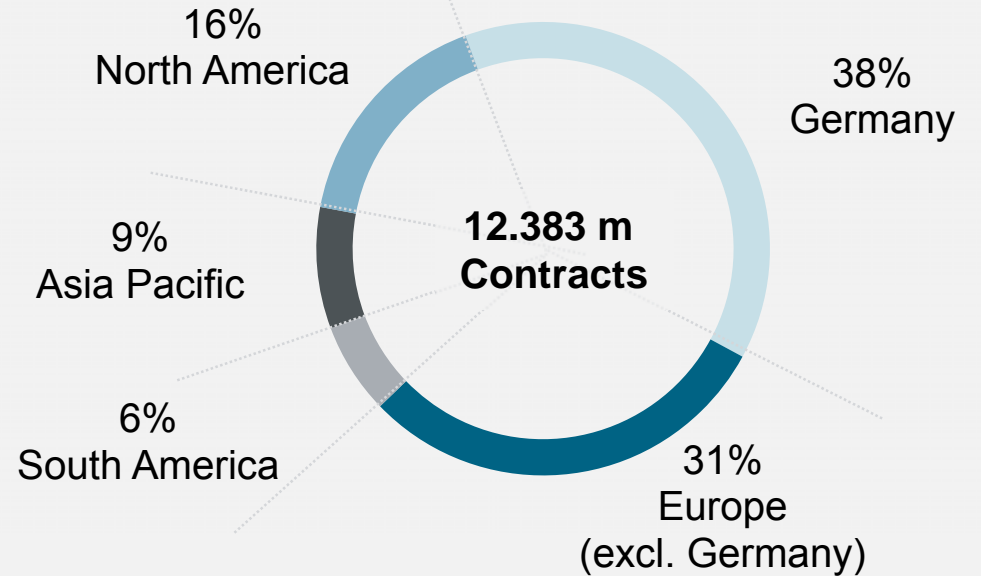
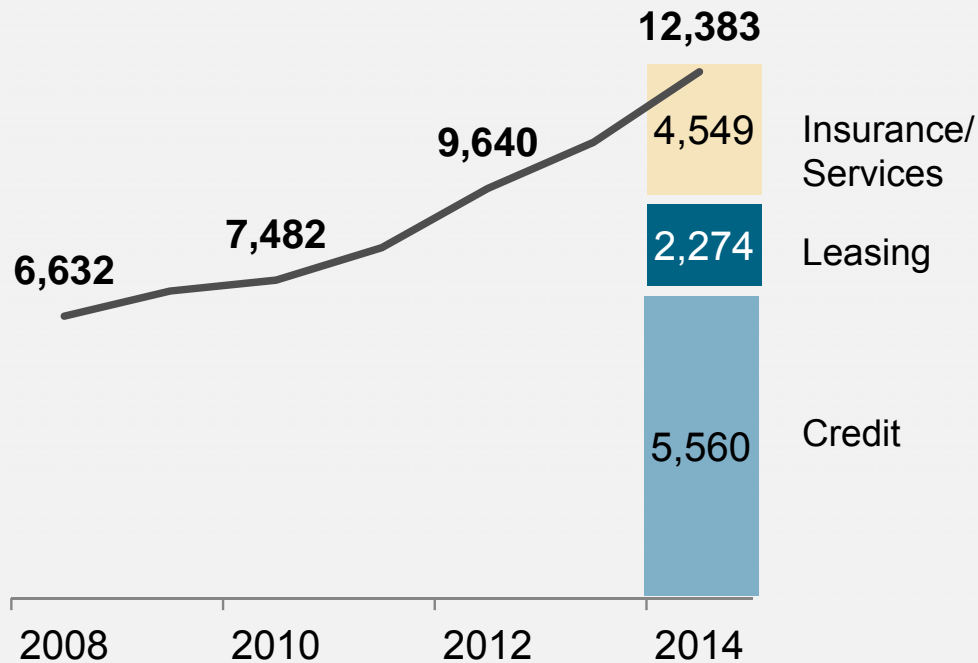
Wholesale  
16.0 %



# Contract portfolio Volkswagen Financial Services

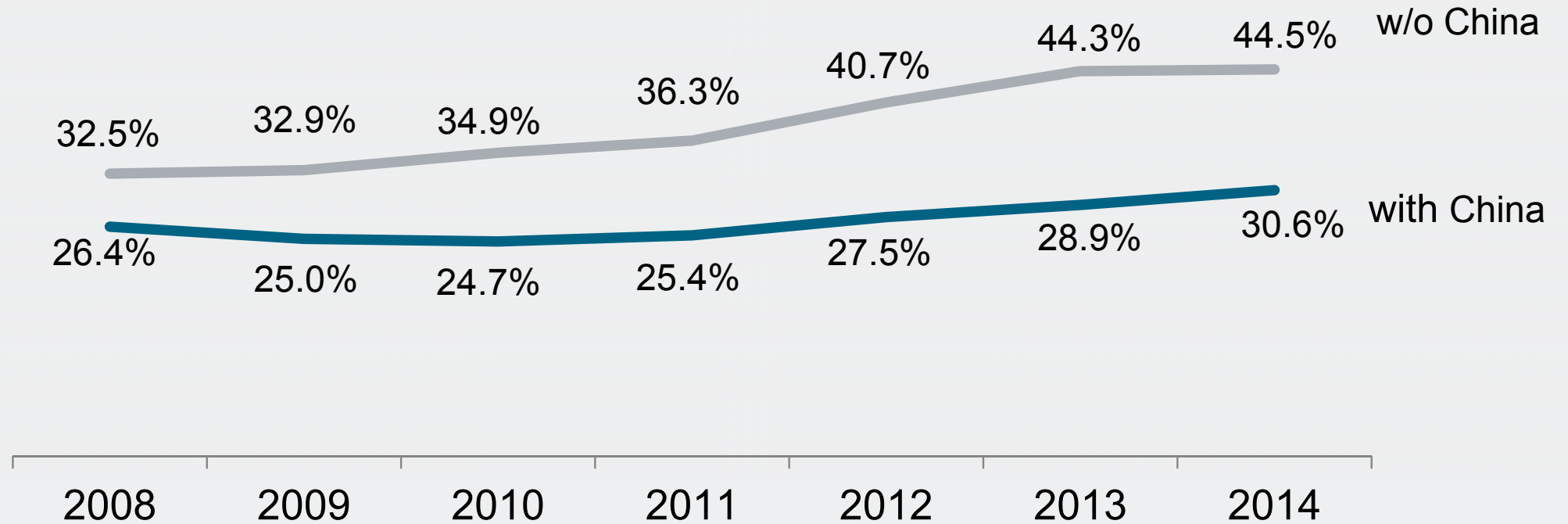
## Continuous portfolio expansion

in '000 units



# Penetration Volkswagen Financial Services

## Rising penetration rates

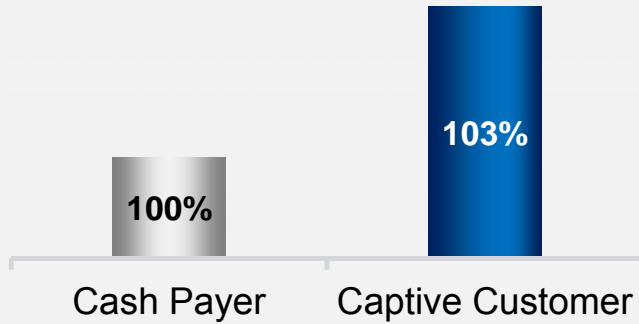


# Strong Benefits for Automotive through Captive

## Equipment



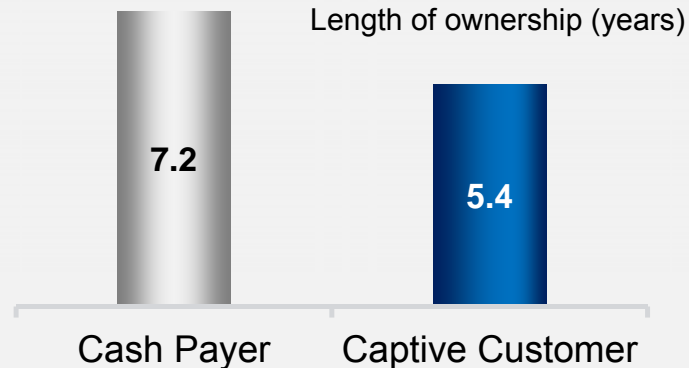
+ 3%



## Turnover



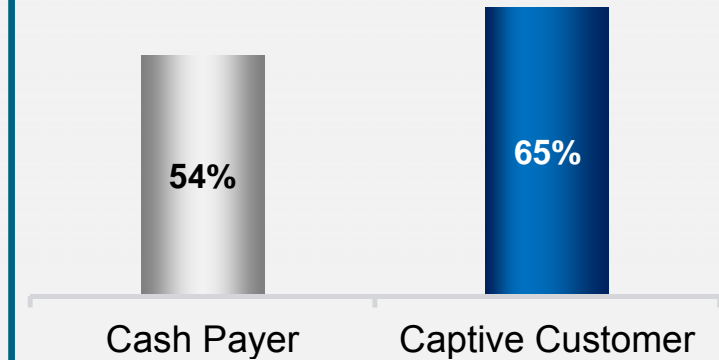
+ 25%



## Brand Loyalty




+ 11%

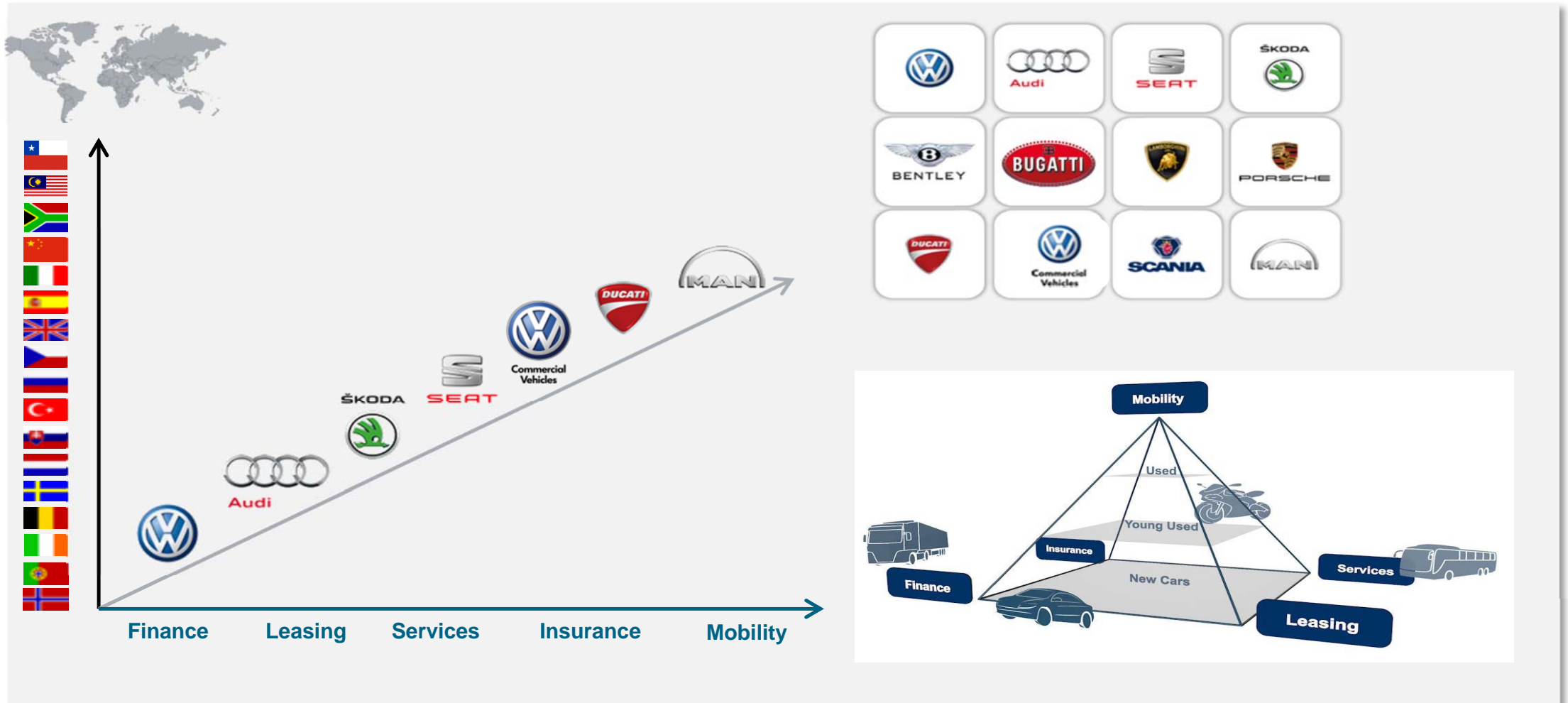




# Volkswagen Financial Services offers the whole Range of Services under one roof

BANK		LEASING	INSURANCE	MOBILITY	
 <p>Bank</p>	 <p>Direct Bank</p>	 <p>Leasing</p>	 <p>Insurance</p>	 <p>Services</p>	 <p>Rent</p>
<ul style="list-style-type: none"><li>• Retail Finance</li><li>• Dealer Finance</li><li>• Factoring</li></ul>	<ul style="list-style-type: none"><li>• Deposits</li><li>• Instalment Loans</li><li>• Investment Products</li></ul>	<ul style="list-style-type: none"><li>• Finance Lease</li><li>• Operating Leasing</li></ul>	<ul style="list-style-type: none"><li>• Automotive</li><li>• Payment Protection</li><li>• Industry</li></ul>	<ul style="list-style-type: none"><li>• Fleet Management</li><li>• Tyre</li><li>• Wear &amp; Tear</li></ul>	<ul style="list-style-type: none"><li>• Long-term rent</li><li>• Short-term rent</li><li>• Carsharing</li></ul>

## Growth dimensions

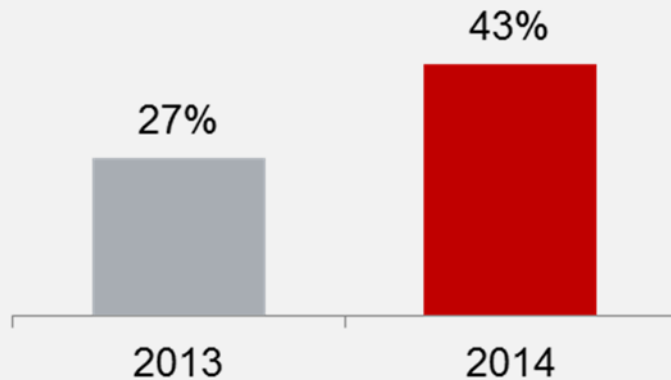


# MAN Finance Initial Success – Foundation for Growth

## Initial success

**MAN | Finance**

Penetration

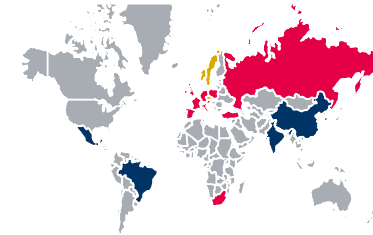


## Foundation for growth

Product-portfolio/  
TCO



Global expansion



GO50





## Flexible Insurance Business Models

### Joint Venture – Model

„Volkswagen  
Autoversicherung  
AG“

Motor Insurance

Example

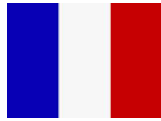


### In-House Risk Carrier

„Volkswagen  
Versicherung AG“

Warranty  
Insurance

Examples



### Insurance Agency – Model

Examples

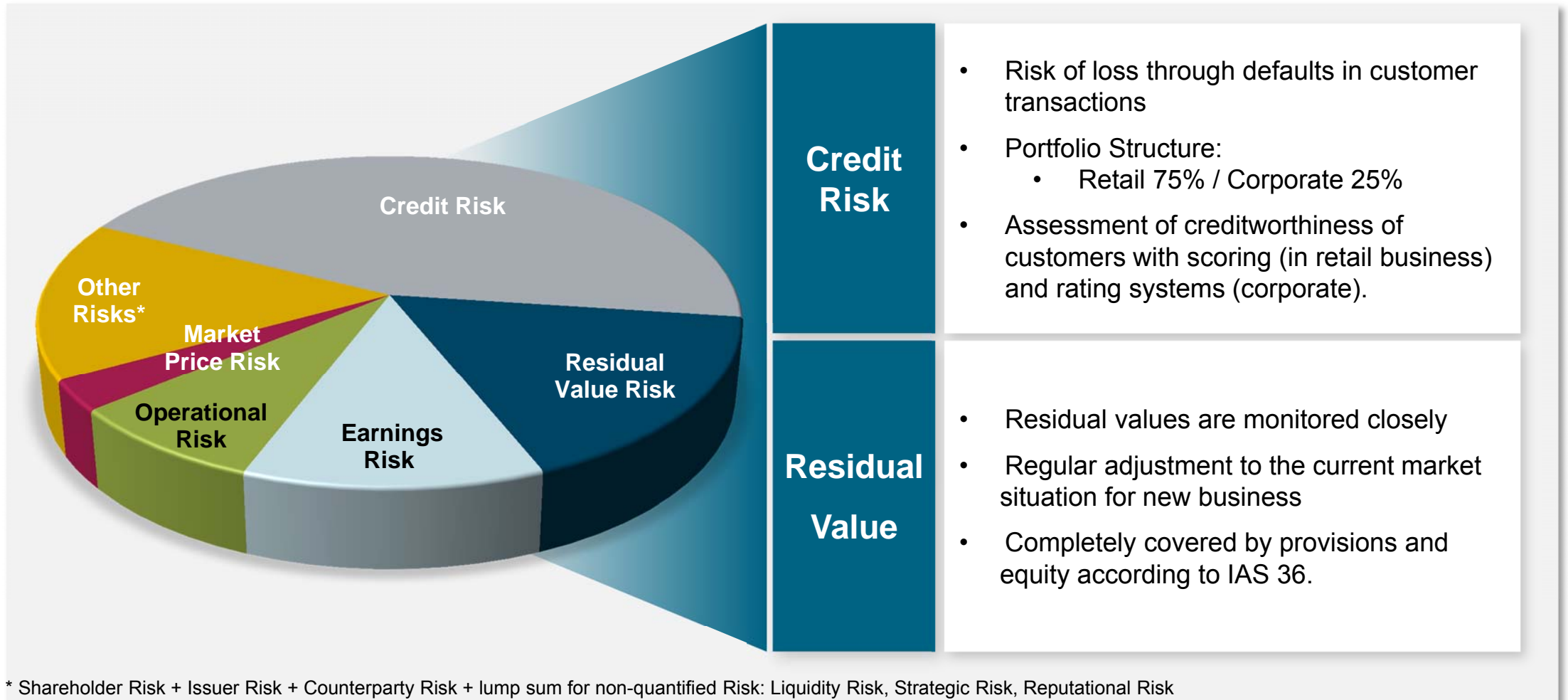


### Broker – Model

Examples

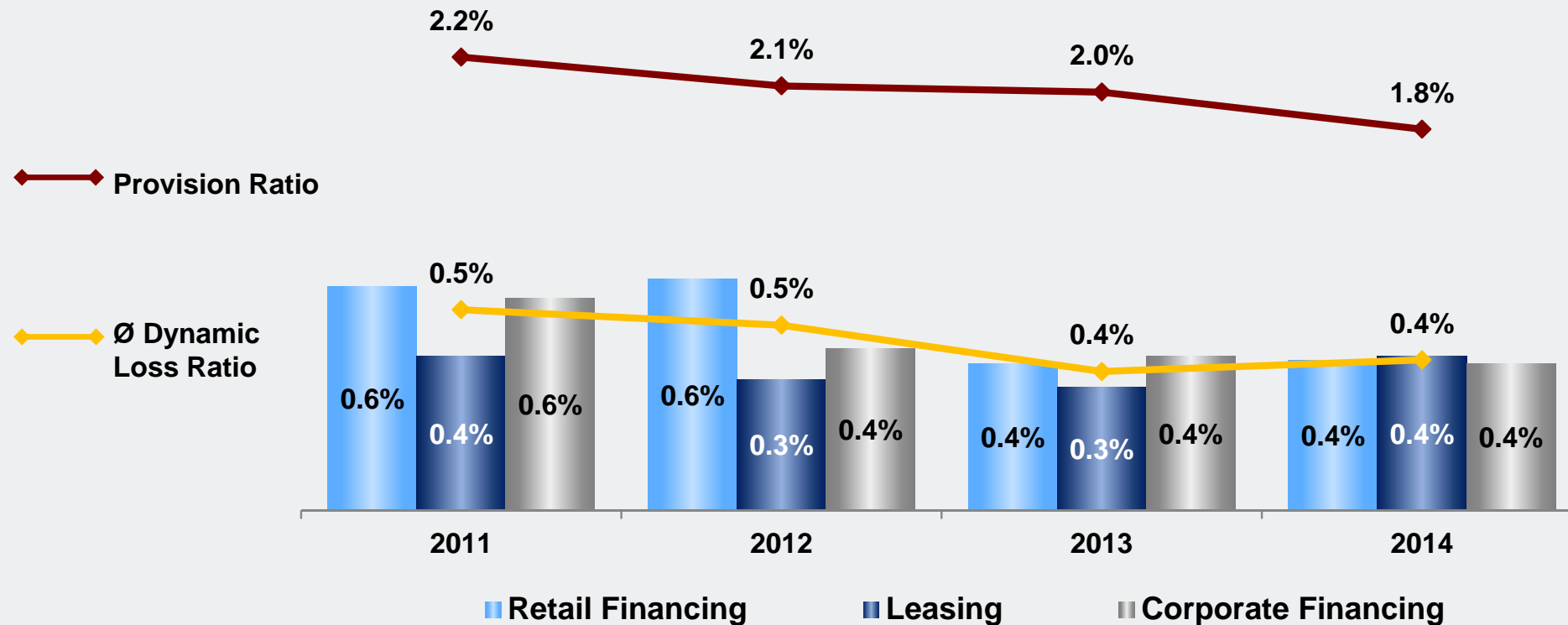


# Risk management

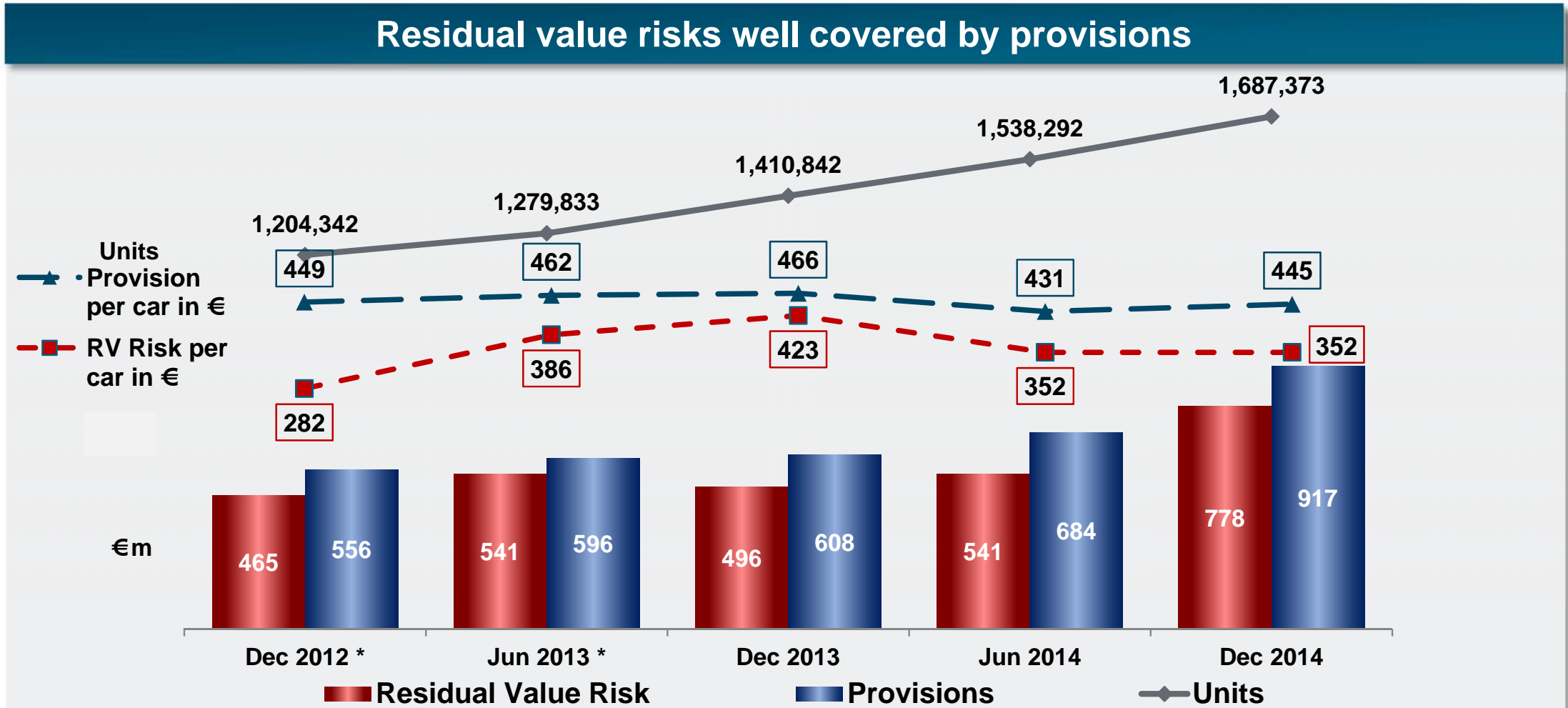


# Volkswagen Financial Services – Credit risks

Credit risk remains at low level despite challenging market environment



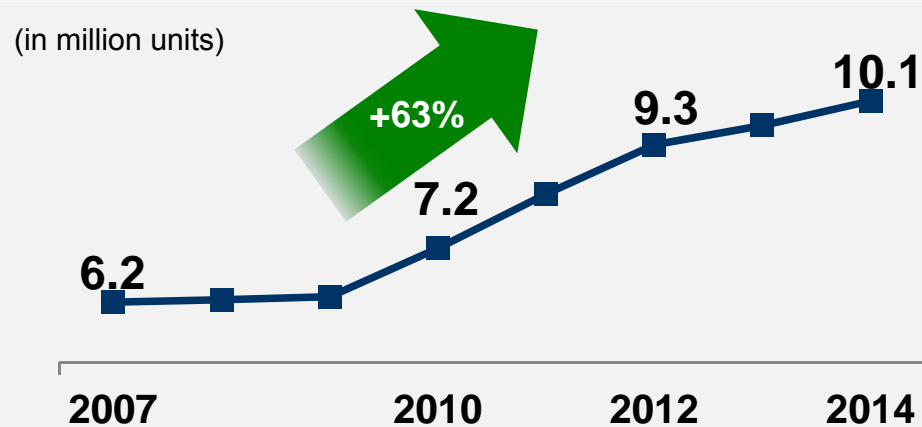
# Volkswagen Financial Services – Residual value



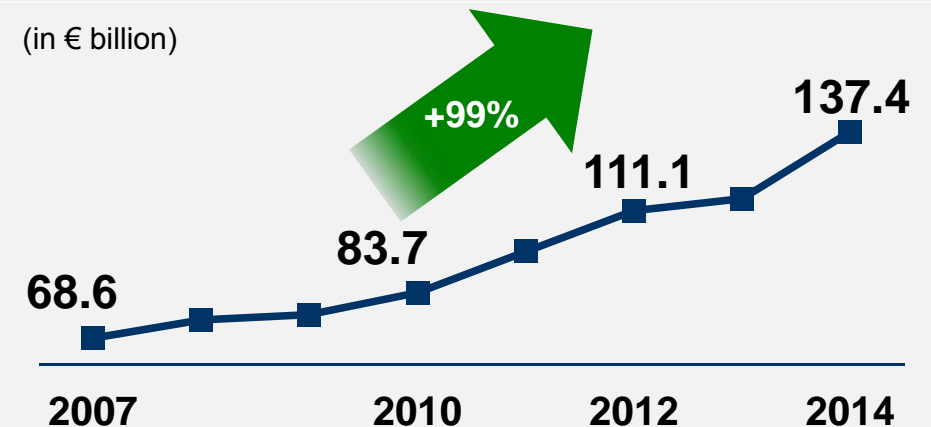
\* retroactive inclusion of contracts from employee/staff car leasing and long-term rentals

# Growth of Volkswagen Group deliveries leads to Growth of Financial Services

## Volkswagen Group deliveries to Customers



## Volkswagen FS development of Balance Sheet



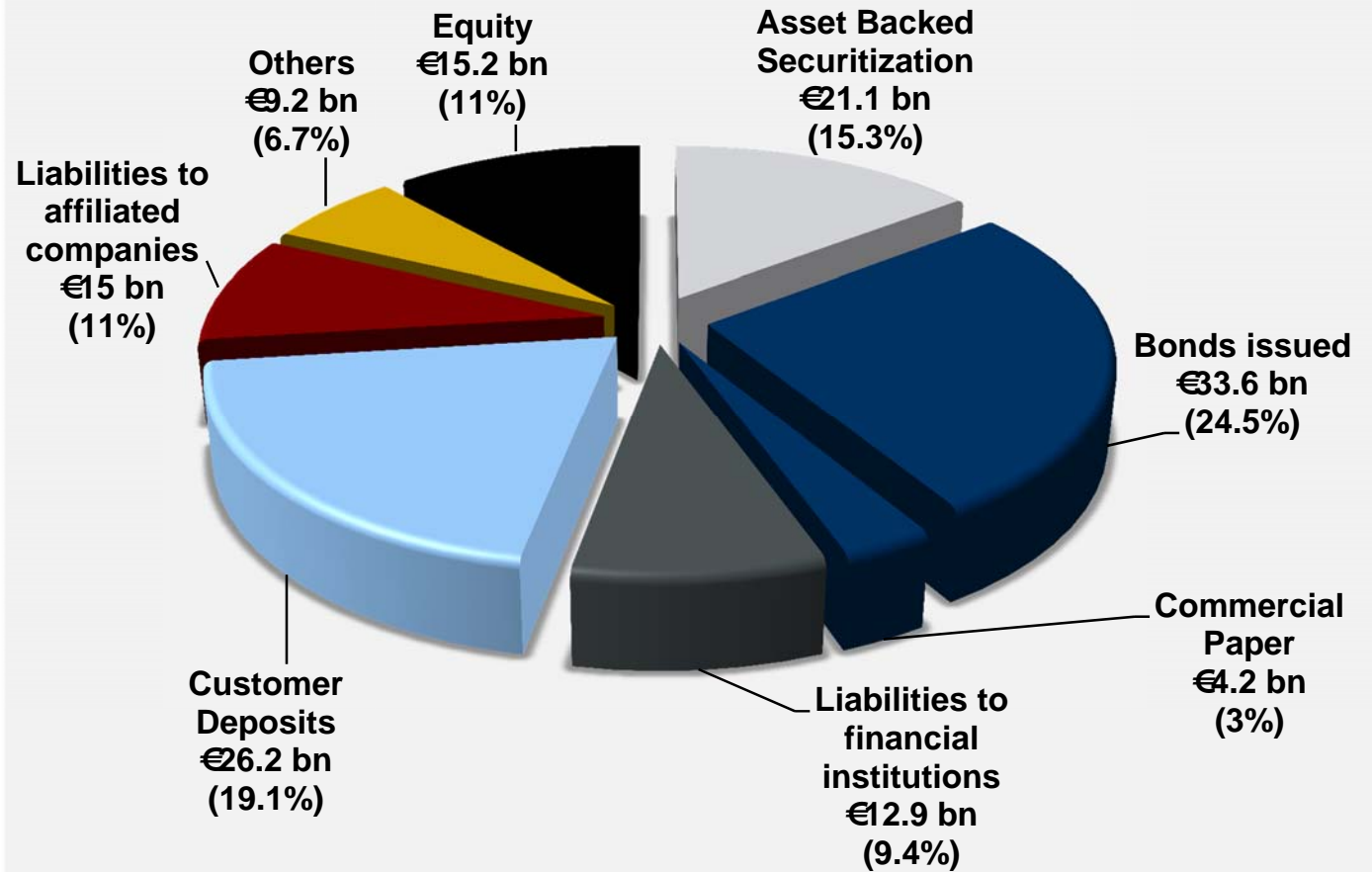
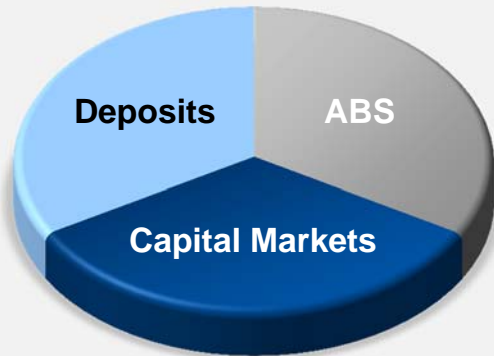
## Diversified Funding Strategy ensures Liquidity for Growth

- Development of local diversified funding sources is essential for a sustainable growth path
- Standardised programs increase brand recognition for investors and ensure attractive pricings

# Funding structure Volkswagen Financial Services

Total €137.4 bn

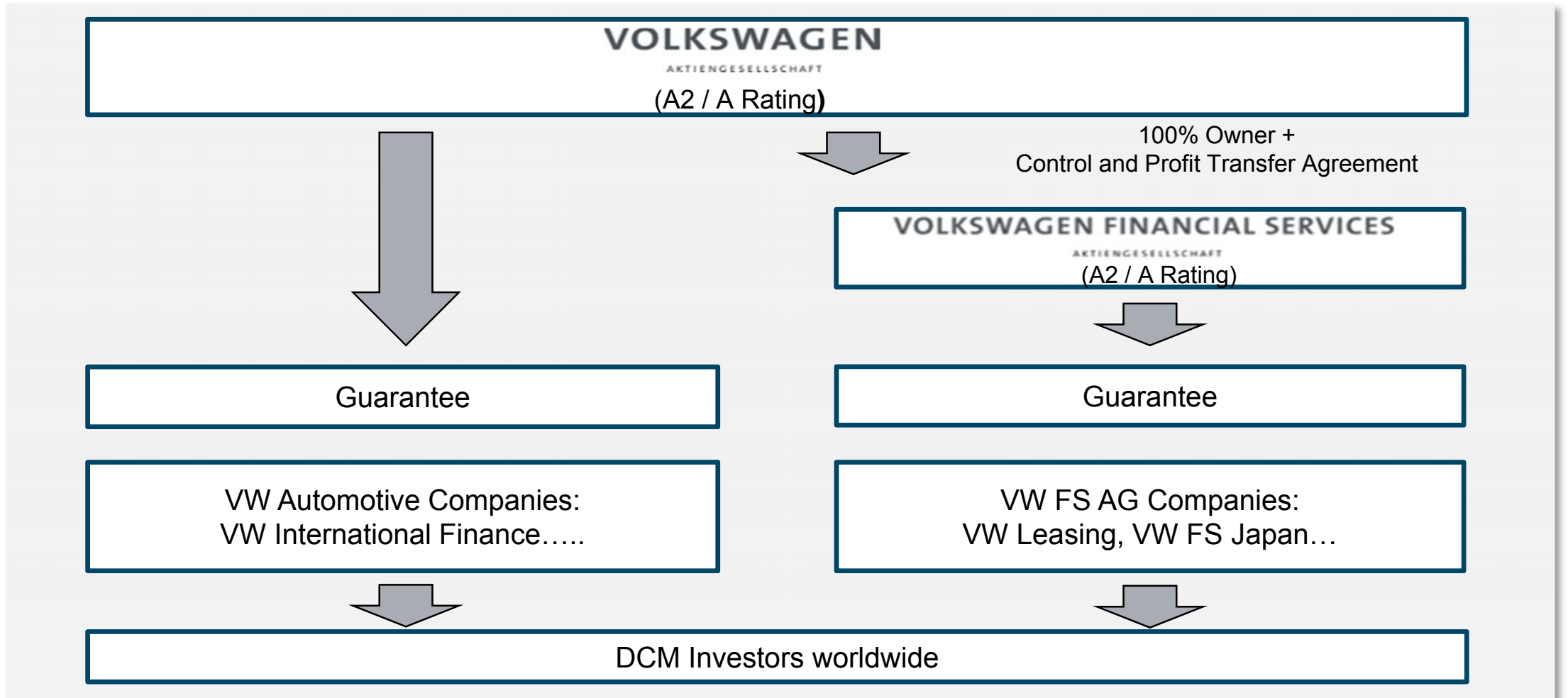
## Strategic Funding Sources



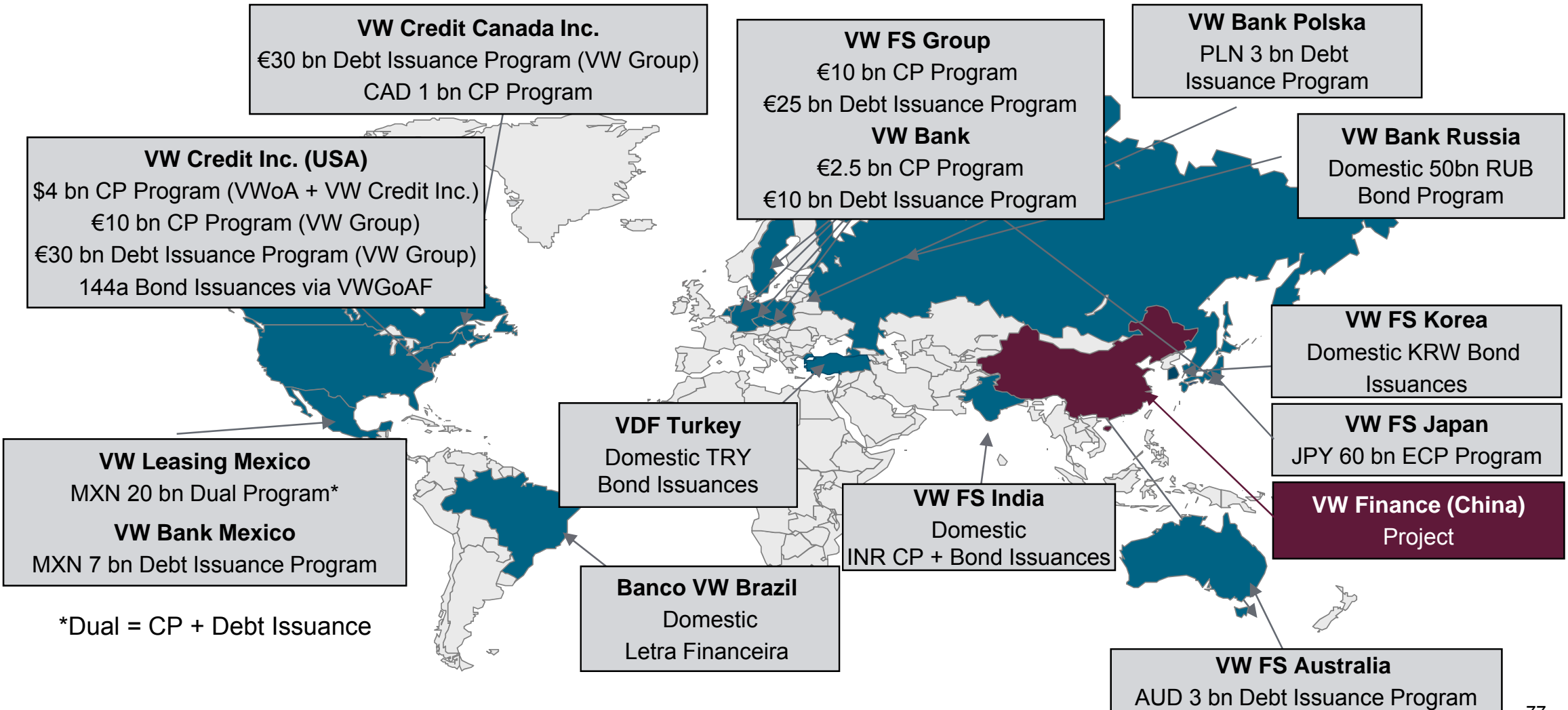
\* strategic funding allocation

as of 31 December 2014

# DCM Strategy Volkswagen Automotive and Volkswagen Financial Services



# Volkswagen Financial Services' Worldwide Capital Market Activities



\*Dual = CP + Debt Issuance



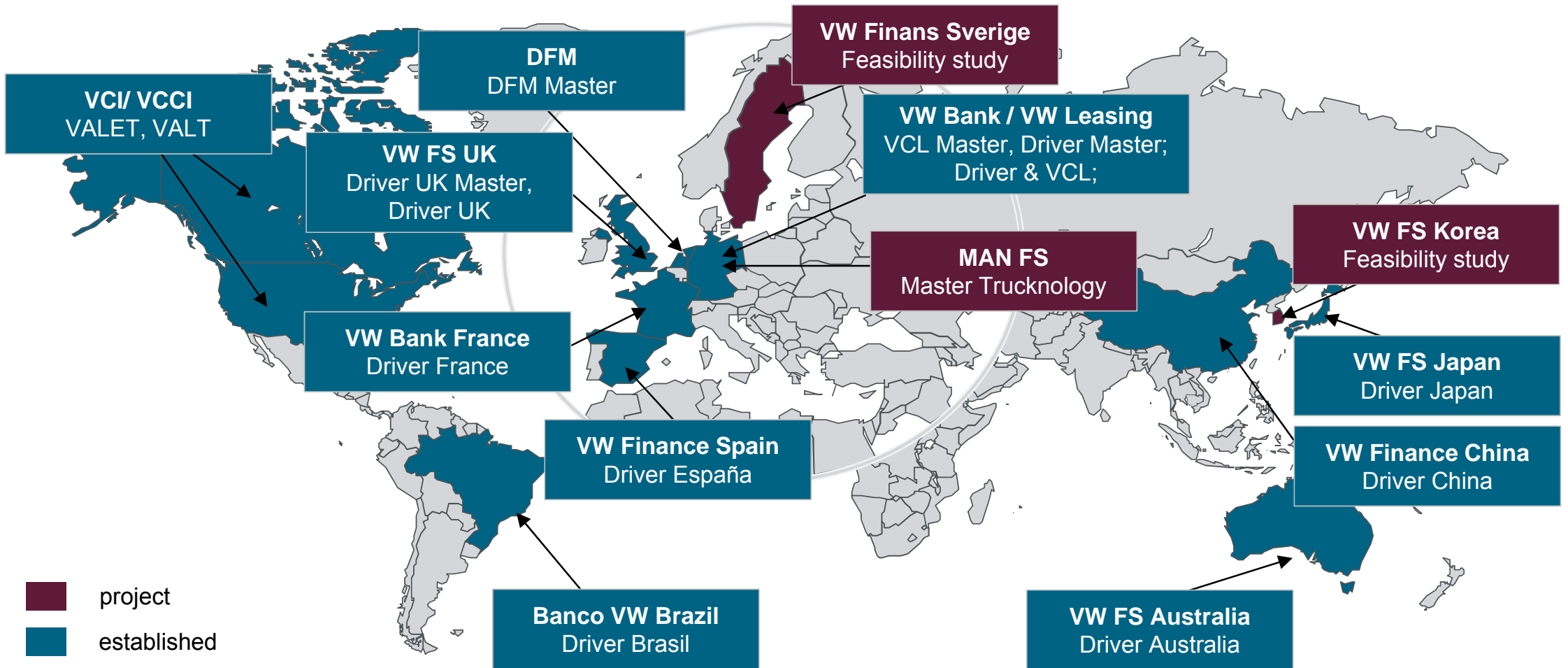
## DCM Activities (2014 + Q1 2015)



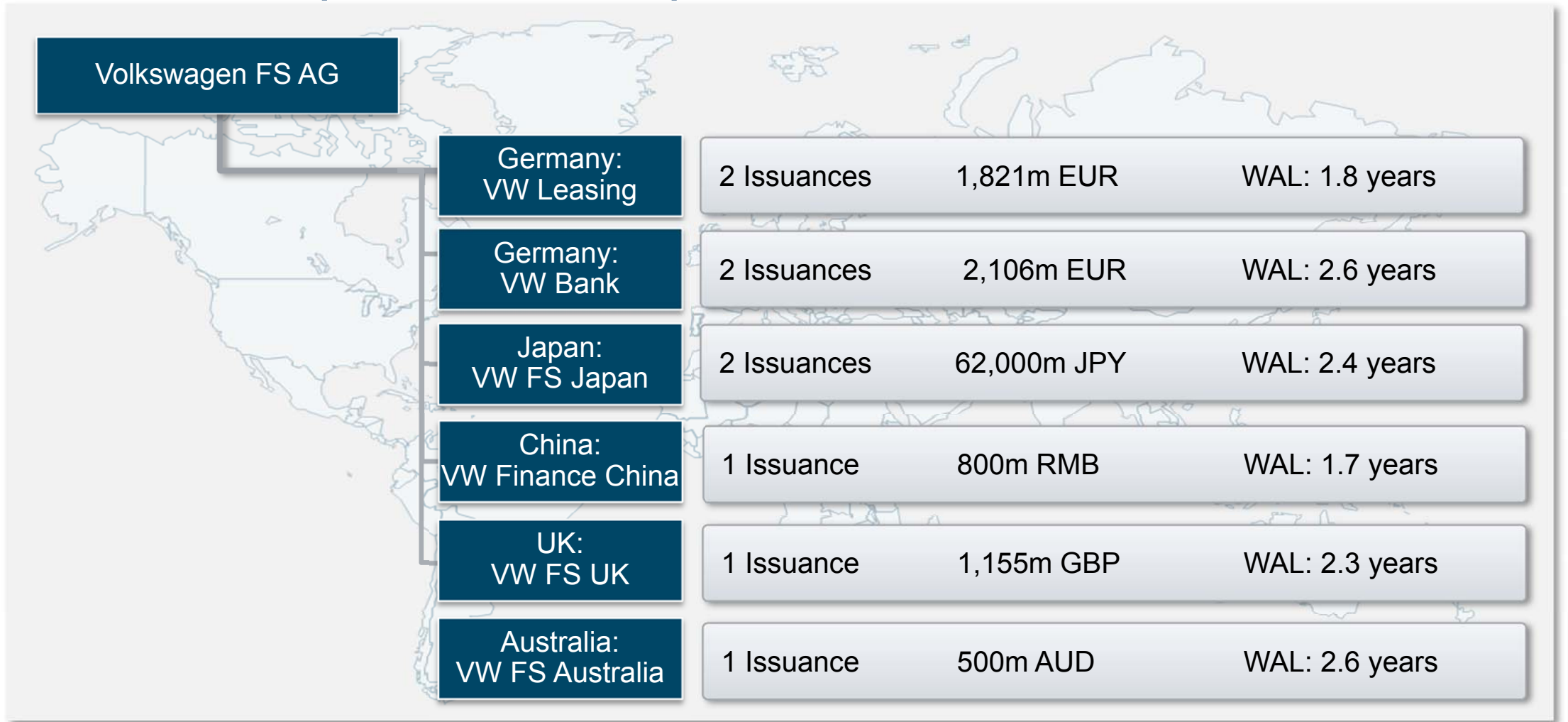
Volkswagen FS AG	Germany: VW Leasing	3 Issuances	2,750 m EUR	tenor: 3.5 to 10 years
	Germany: VW Bank	11 Issuances	2,625 m EUR	tenor: 1 to 5 years
	Russia: VW Bank RUS	3 Issuances	15,000 m RUB	tenor: 5 years
	Australia: VW FS Australia	2 Issuances	400 m AUD	tenor: 4 and 5 years
	Japan: VW FS Japan	10 Issuances	31,000 m JPY	tenor: 3 to 5 years
	India: VW FS India	3 Issuances	8,000 m INR	tenor: 2 to 3 years
	Mexico: VW Leasing + Bank	3 Issuances	5,500 m MXN	tenor: 2.5 to 4 years
	Brasil: Banco VW	18 Issuances	1,645 m BRL	tenor: 2 years
	Korea: VWFS Korea	2 Issuances	250 bn KRW	tenor: 3 years
	International: VW FS N.V.	18 Issuances	2,145 m EUR*	tenor: 1.5 to 6.5 years

\* Various currencies (NOK, SEK, GBP, EUR, TRY, NZD, CZK)

# Volkswagen Financial Services' worldwide ABS activities

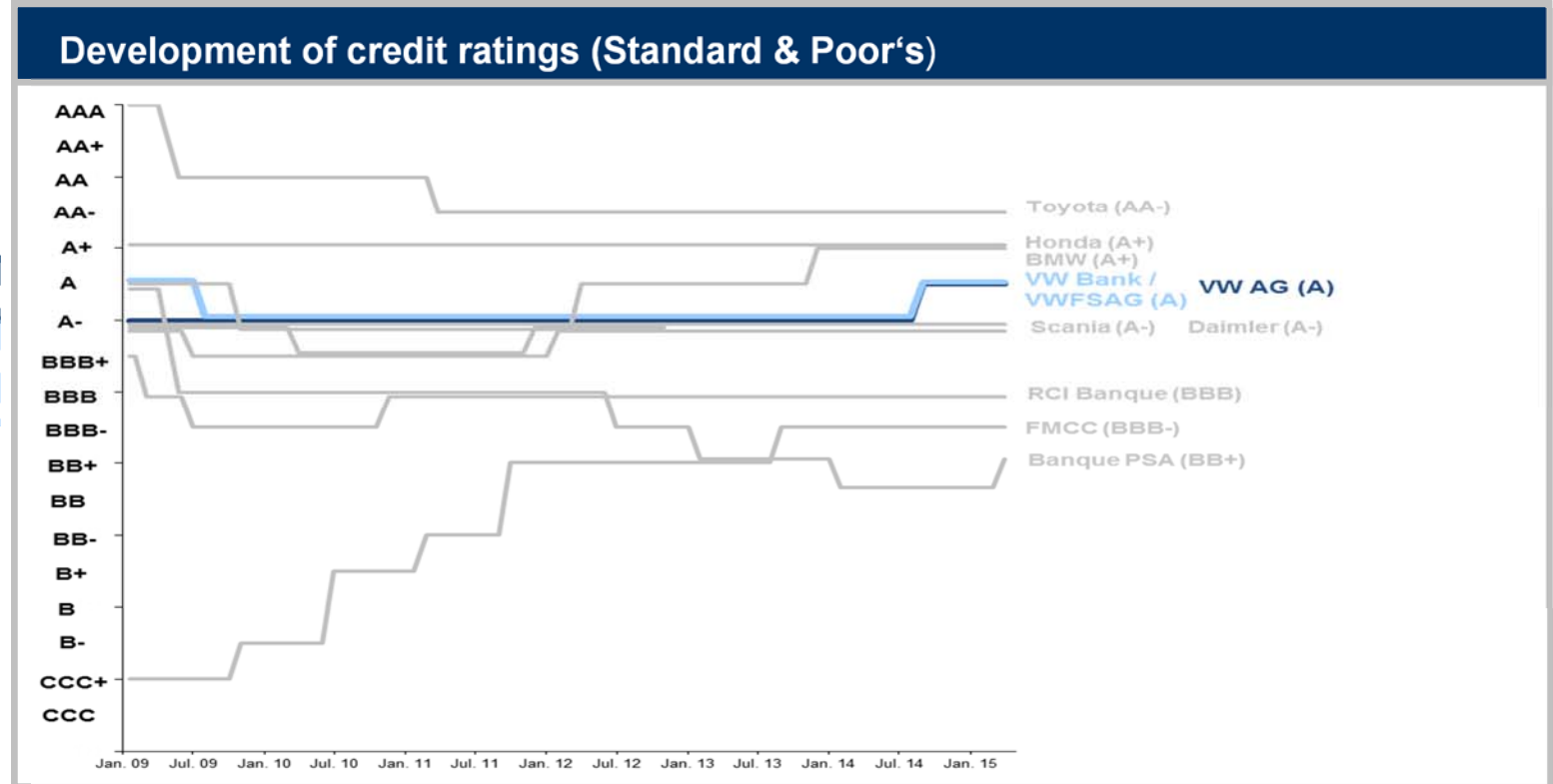


## ABS Activities (2014 + Q1 2015)



# Rating History (04/30/2015)

	Moody's	S&P
Toyota	Aa3	AA-
Honda	A1	A+
BMW	A2	A+
VW AG	A2 <sup>2)</sup>	A <sup>2)</sup>
VW Bank GmbH / VW	A2 <sup>3)</sup>	A <sup>2)</sup>
FS AG		
MAN	A3	-- <sup>4)</sup>
Scania	--	A-
Daimler	A3	A-
RCI Banque	Baa3	BBB
FMCC	Baa3	BBB-
Banque PSA	Ba1	BB



1) Outlook: positive 2) Outlook: stable 3) Outlook: Review for Upgrade 4) Rating withdrawn at company's request as of Dec. 2012

Volkswagen Financial Services AG has a solid and stable rating history.

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Appendix

## Volkswagen Group – Headline Figures

(January to March 2015 vs. 2014)

		2015	2014	+/- (%)
Deliveries to customers <sup>1)</sup>	'000 units	2,487	2,443	+1.8
Vehicle sales <sup>1)</sup>	'000 units	2,607	2,562	+1.8
Production <sup>1)</sup>	'000 units	2,721	2,565	+6.1
Sales revenue	€ million	52,735	47,831	+10.3
Operating profit	€ million	3,328	2,855	+16.6
Profit before tax	€ million	3,968	3,357	+18.2
Profit after tax	€ million	2,932	2,468	+18.8
<b>Automotive Division<sup>2)</sup></b>				
Cash flows from operating activities	€ million	4,692	2,251	x
Cash flows from investing activities attributable to operating activities <sup>3)</sup>	€ million	3,189	2,302	+38.5
of which investments in property, plant & equipment	€ million	2,071	1,625	+27.4
Net cash flow	€ million	1,503	-52	x
Net liquidity at March 31	€ million	20,772	17,714	+17.3

<sup>1)</sup> Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2014 deliveries updated on the basis of statistical extrapolations.

<sup>2)</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

<sup>3)</sup> Excluding acquisition and disposal of equity investments: January – March €3,155 million (€2,702 million).

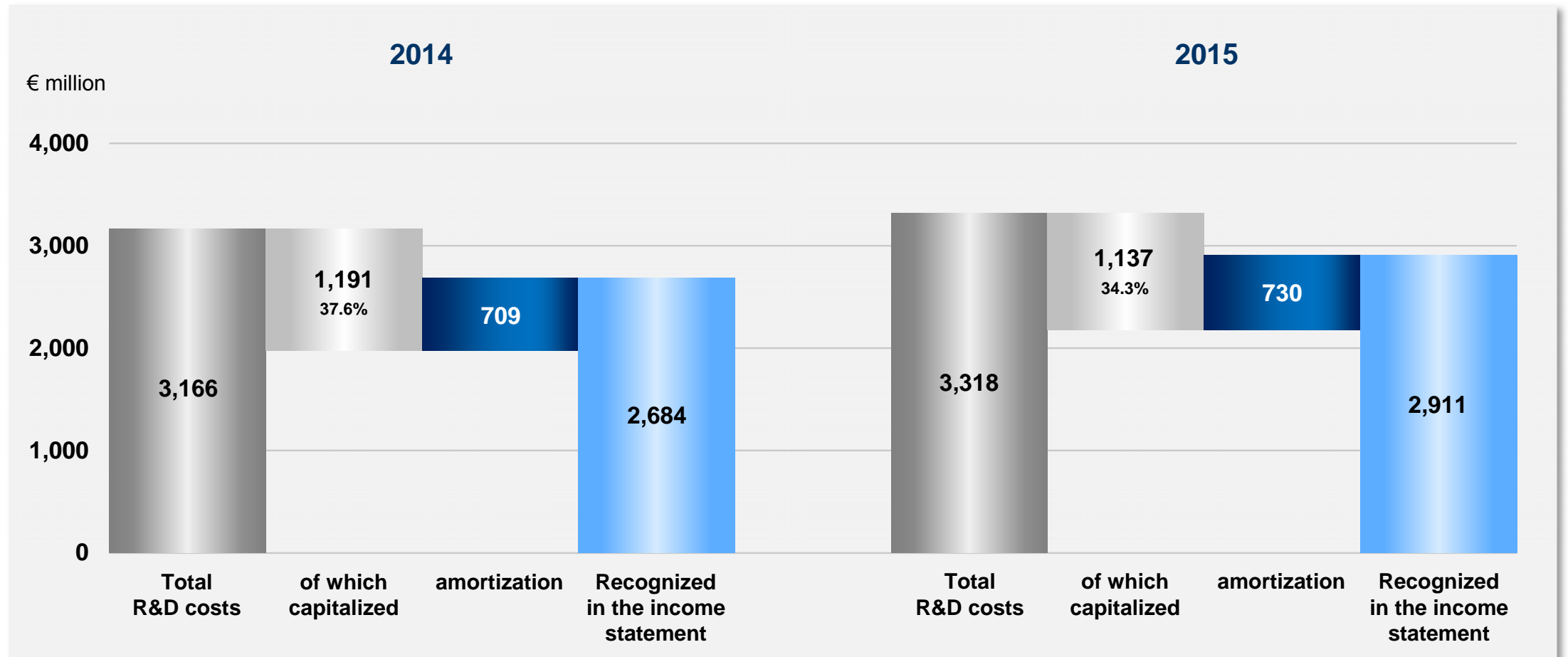


## Volkswagen Group – Reliably delivering on targets

### Outlook 2015 and achievements 2014

million vehicles / € billion		2013	Outlook 2014	2014	Outlook 2015
<b>Volkswagen Group</b>	Deliveries to customers	9.7	moderate growth	+4.2% 10.1	moderate growth
	Sales revenue	197.0	+/- 3%	+2.8% 202.5	increase by up to 4%
	Operating profit	11.7	within forecast range	12.7	within forecast range
	Operating return on sales	5.9%	5.5 – 6.5%	6.3 %	5.5 – 6.5%
<b>Passenger Cars</b>	Sales revenue	140.1	+/- 3%	+2.5% 143.6	increase by up to 4%
	Operating profit	9.0	within forecast range	9.8	within forecast range
	Operating return on sales	6.4%	5.5 – 6.5%	6.8%	6.0 – 7.0%
<b>Commercial Vehicles / Power Engineering</b>	Sales revenue	34.9	+/- 3%	-2.8% 33.9	increase by up to 4%
	Operating profit	0.8	moderate growth	0.9	within forecast range
	Operating return on sales	2.3%		2.8%	2.0 – 4.0%
<b>Financial Services Division</b>	Sales revenue	22.0	+/- 3%	+13.3% 24.9	increase by up to 4%
	Operating profit	1.9	within forecast range	1.9	previous year's level
	Operating return on sales	8.5%	8.0 – 9.0%	7.7%	
<b>Automotive Division</b>	Capex/sales revenue	6.3%	6.0 – 7.0%	6.5%	6.0 – 7.0%
	Net cash flow	4.4	moderate decline	+38.6% 6.1	moderate decline
	Return on investment (Rol)	14.5%	9.0 – 14.5%	14.9%	sign. > 9.0 < 14.9%

## Automotive Division – Research and development costs (January to March 2015 vs. 2014)





## Volkswagen Group – Analysis by Market <sup>1)</sup> (January to March 2015 vs. 2014)

thousand vehicles / € million	Vehicle sales			Sales revenue		
	2015	2014	+/- (%)	2015	2014	+/- (%)
Europe / Remaining markets	1,138	1,113	+2.2	32,855	30,315	+8.4
North America	210	192	+9.4	7,672	5,962	+28.7
South America	143	168	-14.9	2,583	3,082	-16.2
Asia-Pacific <sup>2)</sup>	1,116	1,088	+2.6	9,625	8,472	+13.6
<b>Volkswagen Group<sup>2)</sup></b>	<b>2,607</b>	<b>2,562</b>	<b>+1.8</b>	<b>52,735</b>	<b>47,831</b>	<b>+10.3</b>

<sup>1)</sup> All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

<sup>2)</sup> The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.

# Volkswagen Touran



# Audi Q7





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# ŠKODA Superb



# SEAT Concept 20V20





# Porsche Cayman GT4



# Bentley EXP 10 Speed 6





# Lamborghini Aventador P 750-4 SV





# Ducati Diavel Carbon





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# Volkswagen Multivan



# MAN TGX Hybrid





# Scania R 730 4x2 Topline



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## **Volkswagen Group: Robust, Innovative, Delivering**

**Oliver Larkin, Martin Büdke, Bernd Bode, Ulrich Hauswaldt**

Volkswagen AG / Volkswagen Financial Services

UniCredit Automotive Credit Conference, London, 20 - 21 May 2015