

A photograph of a business meeting in progress. Several people in professional attire are seated around a wooden table. One person is pointing at a tablet, another is holding a pen over a document, and others are looking at papers or laptops. The scene is brightly lit, suggesting an indoor office environment.

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

**Leading the Transformation.**

**Volkswagen AG / Volkswagen Financial Services**

Crédit Agricole CIB - 5th Annual Auto Credit Day, 02 October 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**

**Alexander Hunger – Group Investor Relations**

**Bjoern Reinecke – Head of Financial Markets**

## **Volkswagen Financial Services**

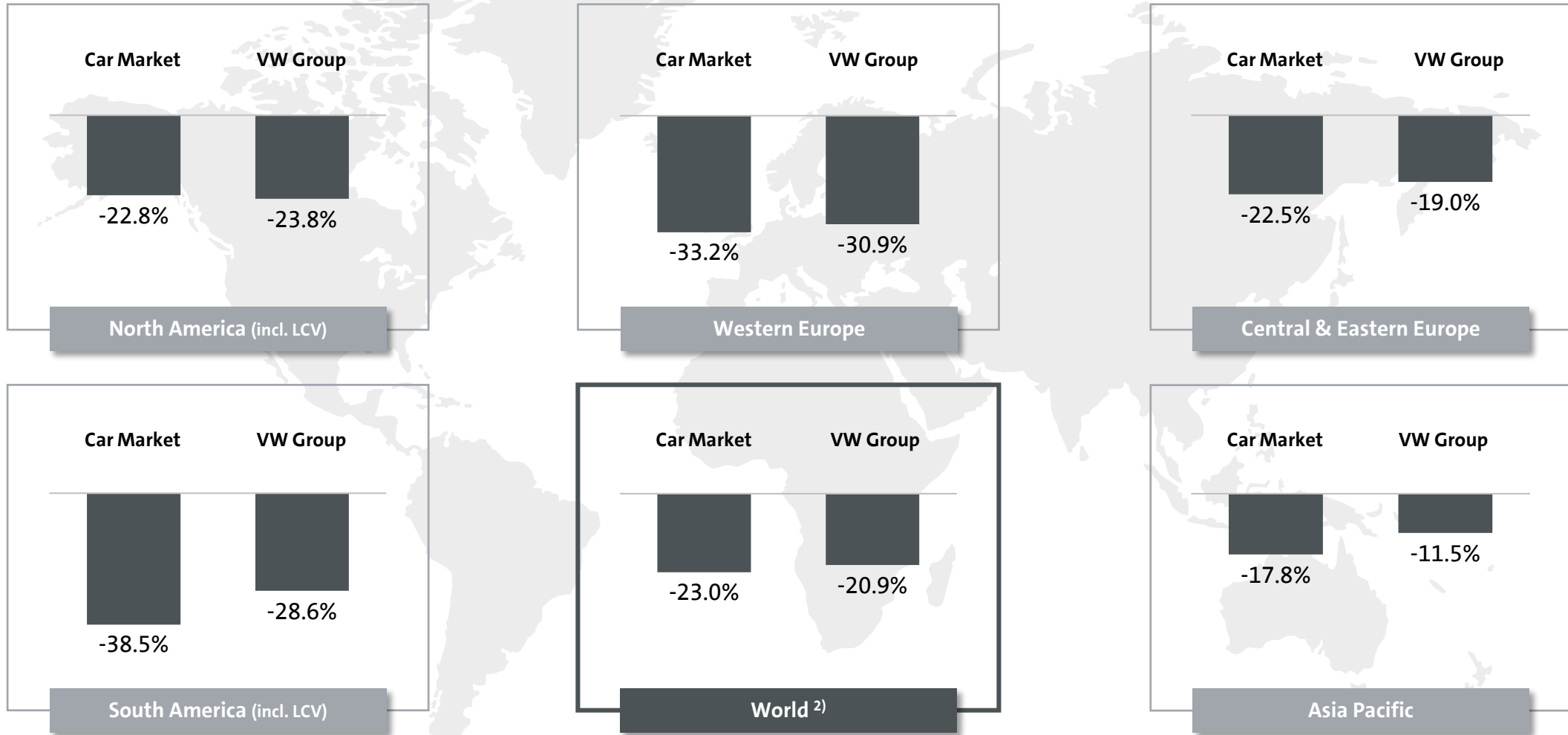
**Katja Hauer – Investor Relations**

**Maik Knappe – Debt Capital Markets & Rating**

**Leading the Transformation.**

Deliveries to Customers

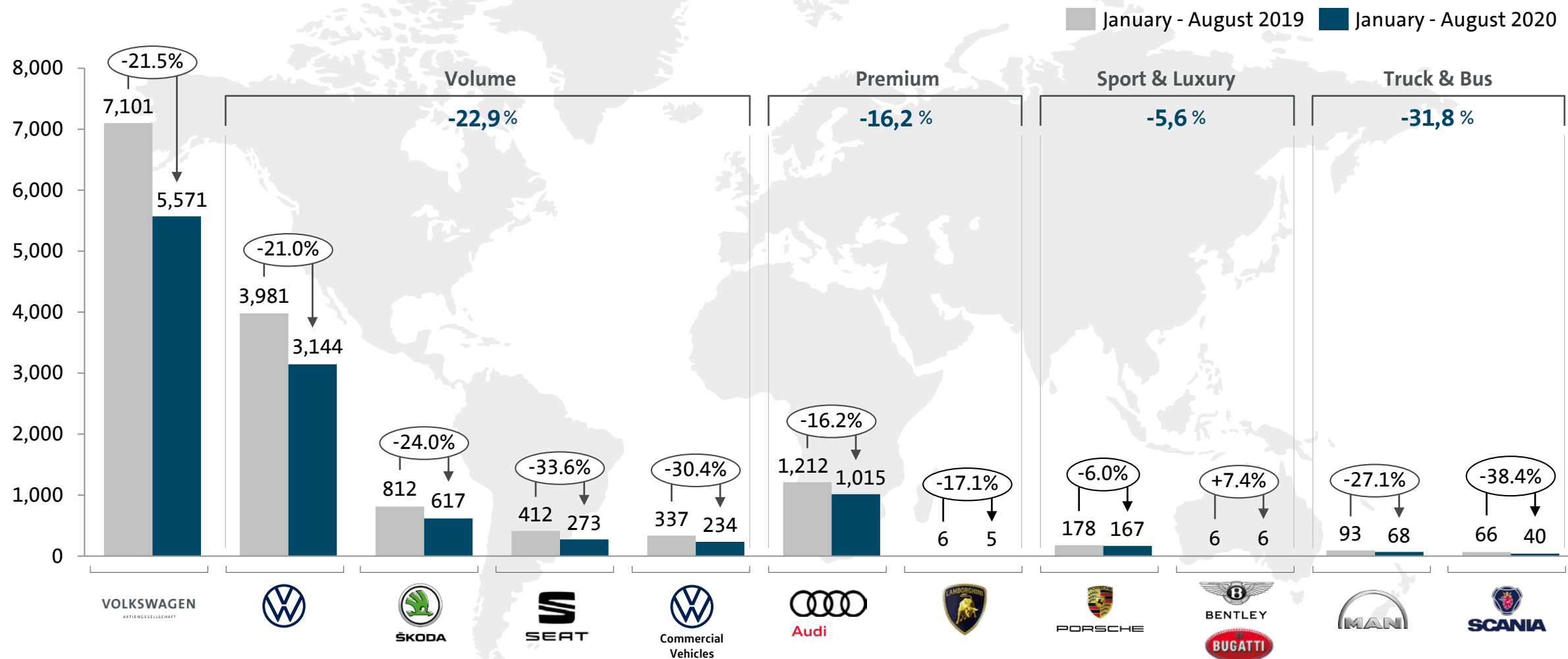
# Development World Car Market vs. Volkswagen Group Car Deliveries to Customers by Regions <sup>1)</sup> (Growth y-o-y, January to August 2020 vs. 2019)



<sup>1)</sup> Volkswagen Group Passenger Cars excl. Volkswagen Commercial Vehicles <sup>2)</sup> incl. LCV in North America & South America

# Volkswagen Group – Deliveries to Customers by Brands <sup>1)</sup> (January to August 2020 vs. 2019)

[thsd. units]



<sup>1)</sup> Volkswagen Group excl. Ducati

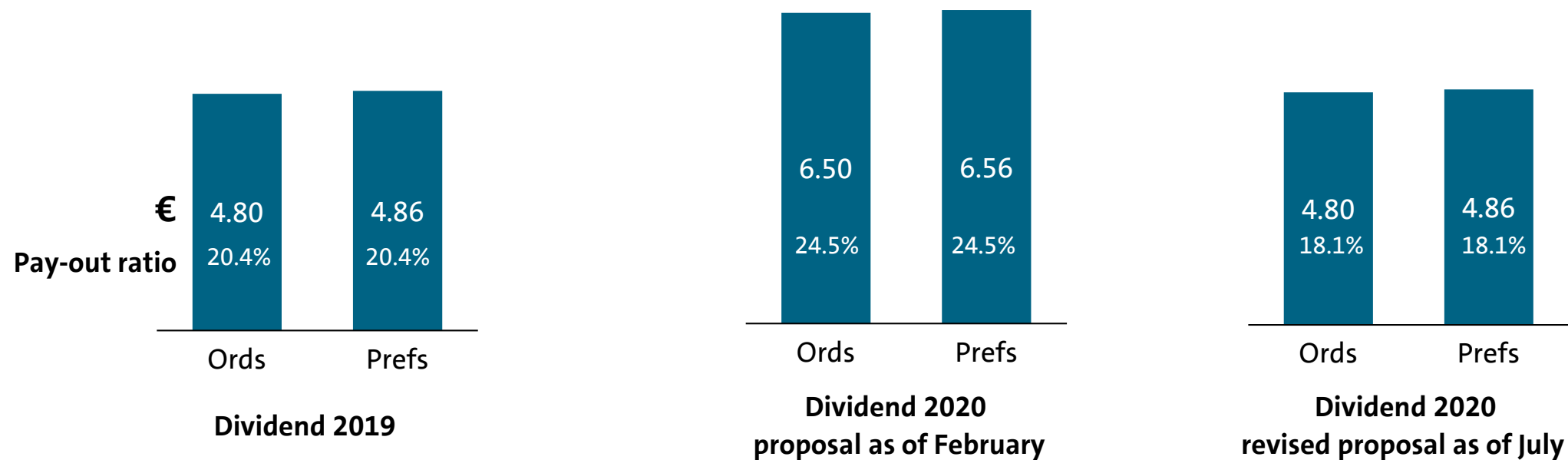


Leading the Transformation.

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 <sup>1)</sup>

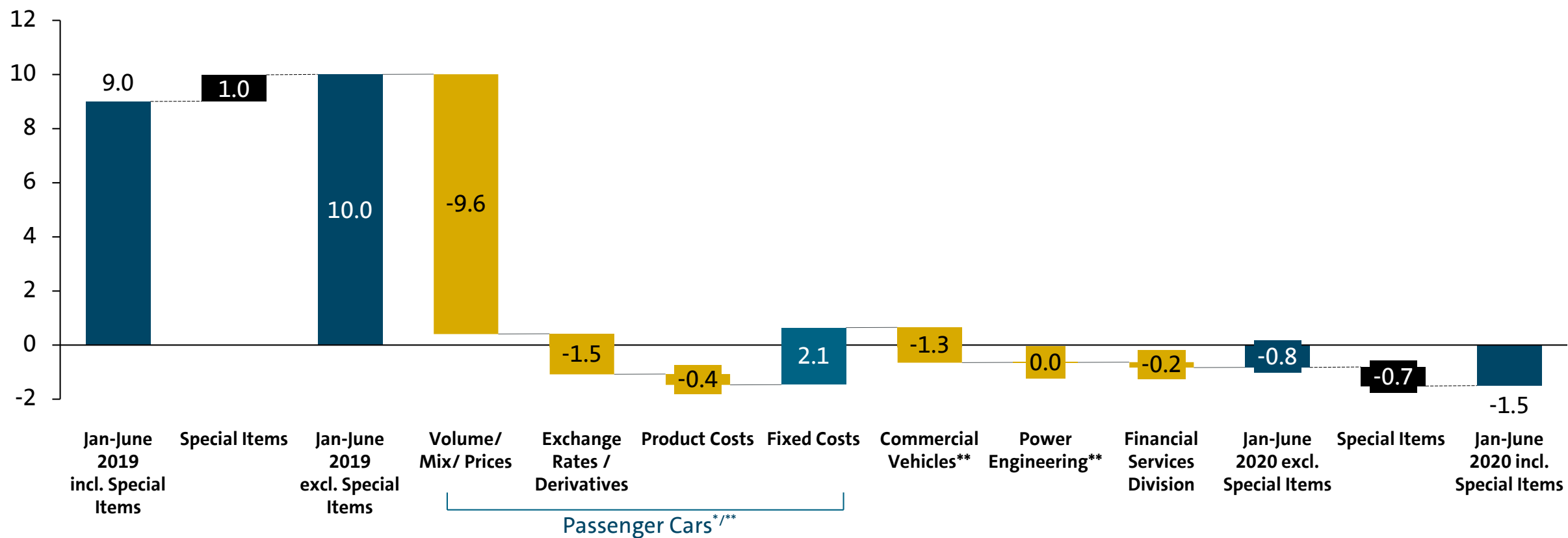
## (January to June 2020)

	Vehicle sales		Sales revenue		Operating profit		Operating margin	
	2020	2019	2020	2019	2020	2019	2020	2019
thousand vehicles / € million / percentage								
Volkswagen Passenger Cars	1,134	1,886	28,580	44,146	- 1,491	2,286	- 5.2%	5.2%
Audi	416	632	20,476	28,761	- 643	2,300	- 3.1%	8.0%
ŠKODA	372	560	7,546	10,154	228	824	3.0%	8.1%
SEAT	197	370	3,749	6,266	- 271	216	- 7.2%	3.4%
Bentley	5	5	860	835	- 99	57	- 11.6%	6.8%
Porsche Automotive <sup>2)</sup>	116	136	11,192	12,212	1,143	2,117	10.2%	17.3%
Volkswagen Commercial Vehicles	157	256	4,238	6,489	- 334	506	- 7.9%	7.8%
Scania <sup>3)</sup>	31	52	5,269	7,115	221	828	4.2%	11.6%
MAN Commercial Vehicles	47	72	4,669	6,283	- 423	248	- 9.1%	4.0%
Power Engineering	-	-	1,850	1,864	21	42	1.1%	2.3%
VW China <sup>4)</sup>	1,422	1,789	-	-	-	-	-	-
Other <sup>5)</sup>	- 160	- 418	- 10,361	- 16,919	- 312	- 727	-	-
Volkswagen Financial Services	-	-	18,063	17,992	1,155	1,281	-	-
<b>Volkswagen Group before Special Items</b>	-	-	-	-	- 803	9,979	<b>- 0.8%</b>	<b>8.0%</b>
Special Items	-	-	-	-	- 687	- 981	-	-
<b>Volkswagen Group</b>	<b>3,736</b>	<b>5,339</b>	<b>96,131</b>	<b>125,197</b>	<b>- 1,490</b>	<b>8,997</b>	<b>- 1.5%</b>	<b>7.2%</b>
Automotive Division <sup>6)</sup>	3,736	5,339	77,015	106,126	- 2,738	7,589	-	-
of which: Passenger Cars	3,658	5,215	65,312	90,942	- 2,350	6,693	-	-
of which: Commercial Vehicles	78	124	9,854	13,320	- 295	959	-	-
of which: Power Engineering	-	-	1,850	1,864	- 93	- 63	-	-
Financial Services Division	-	-	19,115	19,071	1,248	1,409	-	-

<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Porsche (Automotive and Financial Services): sales revenue € 12,421 (13,405) million, operating profit € 1,233 (2,209) million. <sup>3)</sup> Scania (Automotive and Financial Services): sales revenue € 5,488 (7,336) million, operating profit € 266 (895) million. <sup>4)</sup> 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 € 1,404 (2,103) million. <sup>5)</sup> 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. <sup>6)</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

# Volkswagen Group – Analysis of Operating Profit <sup>1)</sup> (January to June 2020)

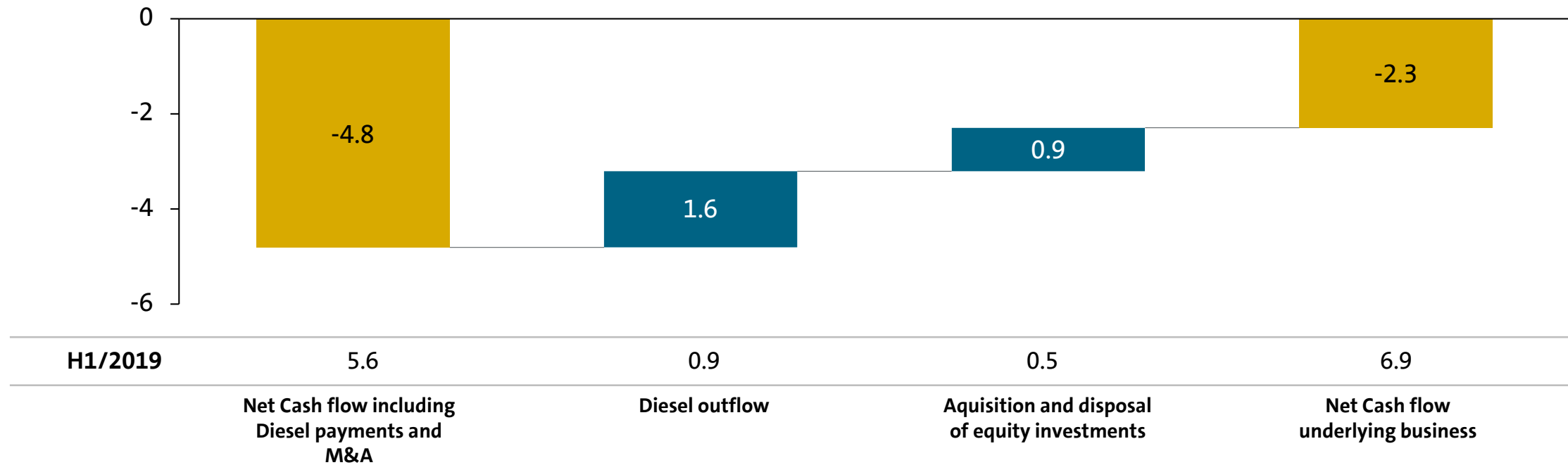
[€ billion]



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

# Automotive Division – Net Cash Flow <sup>1)</sup> (January to June 2020)

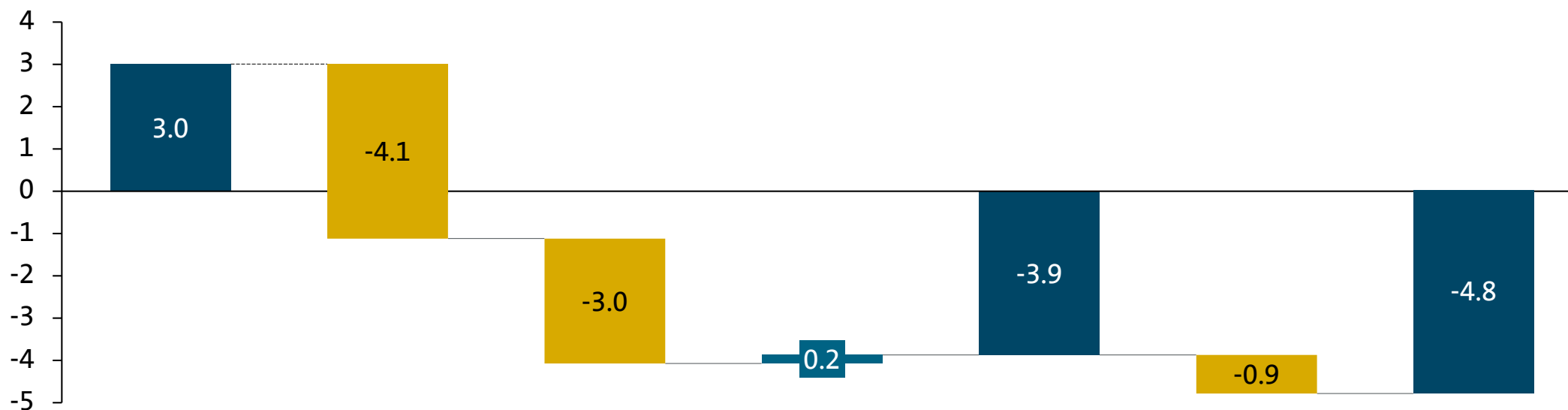
[€ billion]



<sup>1)</sup>Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

# Automotive Division – Net Cash Flow Development <sup>1) 2)</sup> (January to June 2020)

[€ billion]

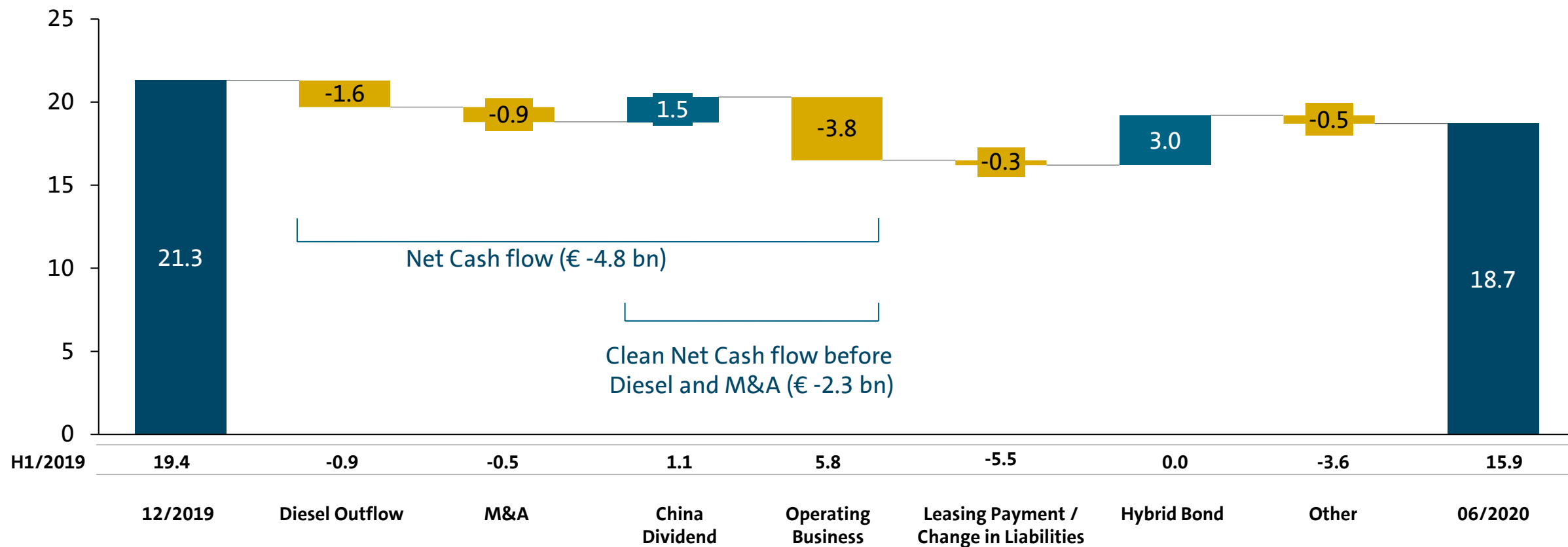


H1/2019	13.5	-5.2	-2.3	0.1	6.1	-0.5	5.6
	Cash flow from operating activities	Capex	Capitalized development costs	Other	Net cash flow before equity investments	Acquisition and disposal of equity investments	Net Cash flow

<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.

# Automotive Division – Analysis of Net Liquidity <sup>1)</sup> (January to June 2020)

[€ billion]



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

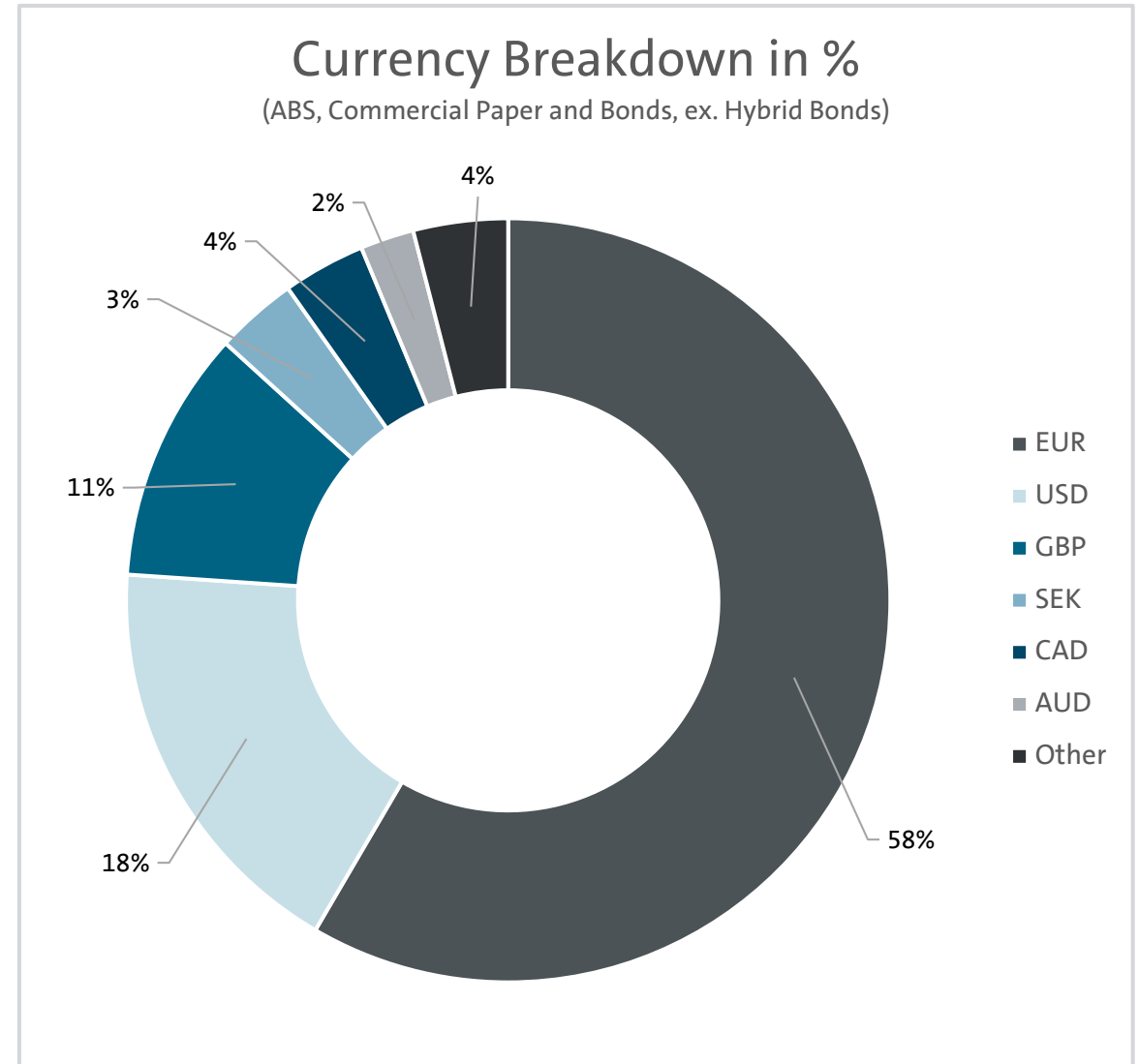
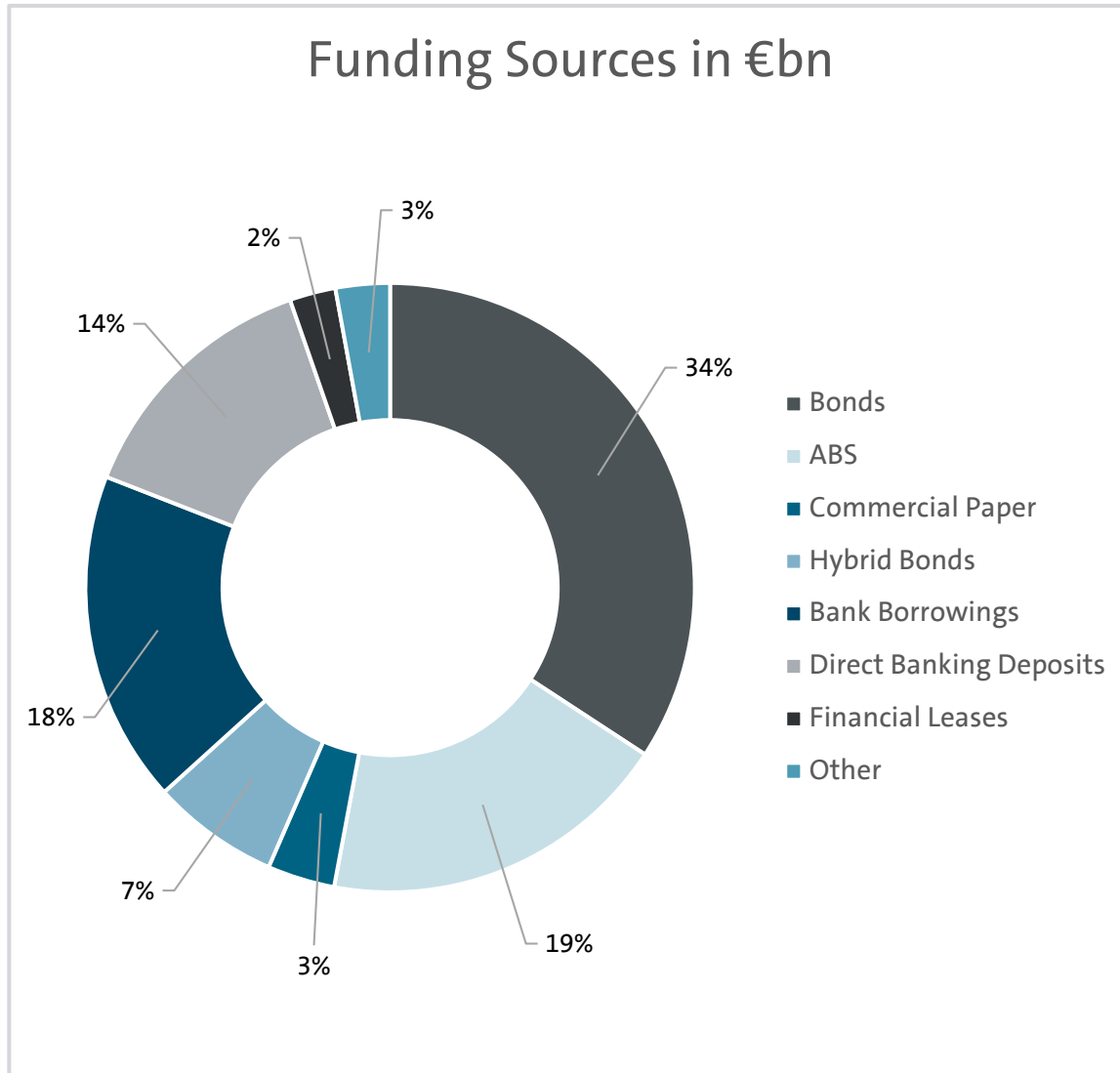
## Volkswagen Group – Funding Programs & Outstandings

### As of June 30, 2020

<b>Money and Capital Markets</b>	<b>In € billion</b>	<b>Borrowings</b>	<b>In € billion</b>
Commercial Papers	8.2	Bank Borrowings	40.4
Bonds	93.9	Direct Banking Deposits	31.5
<i>thereof: Hybrid Bonds</i>	<i>15.5</i>		
ABS	42.9	Financial Leases	5.6
		Other	6.6

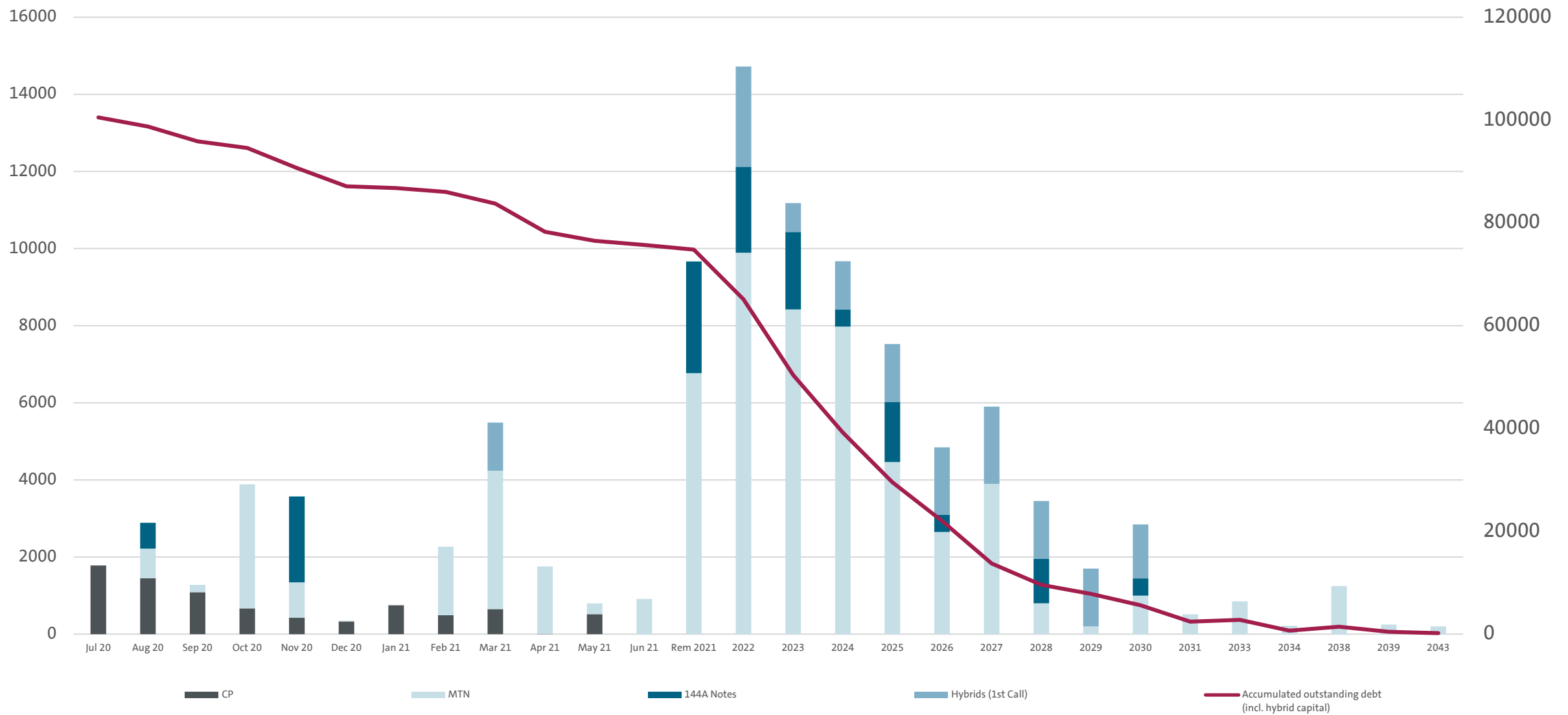
# Volkswagen Group Funding Strategy – Overview

## As of June 30, 2020



# Volkswagen Group Funding Strategy – Bond Maturity Profile

## As of June 30, 2020 (in € million)




Source: Volkswagen Group

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# 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.

<b>Evaluation date</b>	March 2020
<b>Issuer Location</b>	Wolfsburg, Germany

**Report Sections**

Introduction .....	2
Sustainalytics' Opinion .....	3
Appendices .....	8

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# Volkswagen 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 <sup>1</sup> and ID.4 <sup>2</sup>	
External Review	Certified by the Climate Bonds Initiative (CBI)	

<sup>1</sup> 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.

<sup>2</sup> ID.4: This model is not yet available for sale in Europe.

## Volkswagen Group - Funding Strategy

### Major Issuances till Q3 2020

- 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**



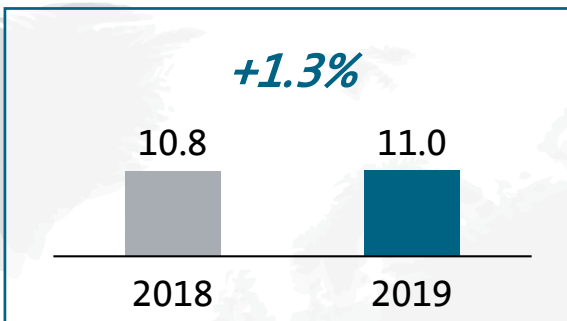
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Outlook & Operative Excellence

# Volkswagen Group – Outlook for 2020



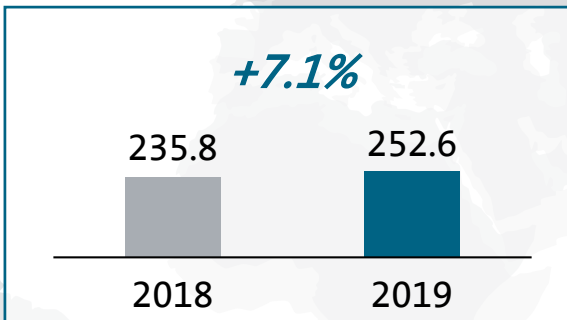
**Deliveries to customers**  
(*'000 vehicles*)



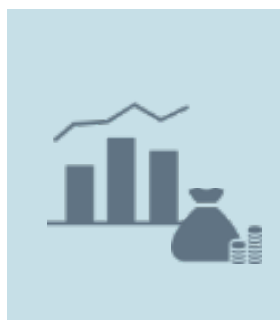
**Significantly below prior year**  
2020



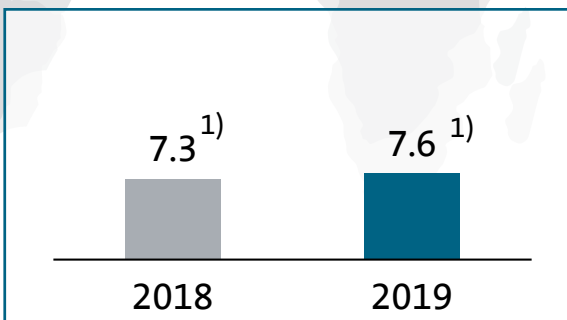
**Sales revenue**  
(*€ billion*)



**Significantly below prior year**  
2020



**Operating return on sales**  
(*%*)



**Operating result severely below prior year**  
**However, positive**  
2020

<sup>1)</sup> Before Special Items.

## Strategic Group KPI's

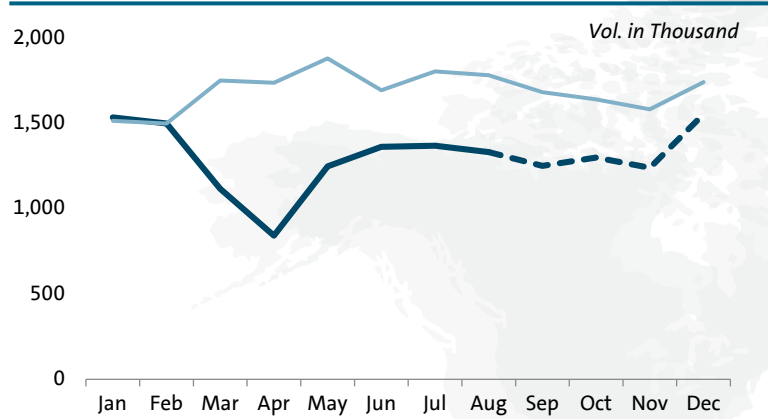
Key financial targets	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Outlook <sup>1)</sup>	2025 Strategic Targets
<b>Operating return on sales</b> <u>before</u> Special Items	6.7%	7.4%	7.3%	7.6%	below the previous year's figure	7 – 8%
<b>Return on investment</b> Automotive Division <u>after</u> Special Items	8.2%	12.1%	11.0%	11.2%	lower ROI than in the previous and expect <b>not to achieve</b> min. required rate of ROI capital of 9%	>14% <sup>3)</sup>
<b>Capex ratio</b> Automotive Division	6.9%	6.4%	6.6%	6.6%	(ratios) probably exceed the previous year's levels despite counteracting measures <sup>4)</sup>	6%
<b>R&amp;D cost ratio</b> Automotive Division	7.3%	6.7%	6.8%	6.7%		6%
<b>Cash</b>						
<b>a) Net Cashflow<sup>2)</sup></b> Automotive Division	€ 4.9 bn	€ 10.3 bn	€ 5.6 bn	€ 13.5 bn	below the prior-year figure	> € 10 bn
<b>b) Net Liquidity</b>	€ 27.2bn	€ 22.4 bn	€ 19.4 bn	€ 21.3 bn <sup>2)</sup>	fall short of the previous year's level	~10% of Group turnover

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

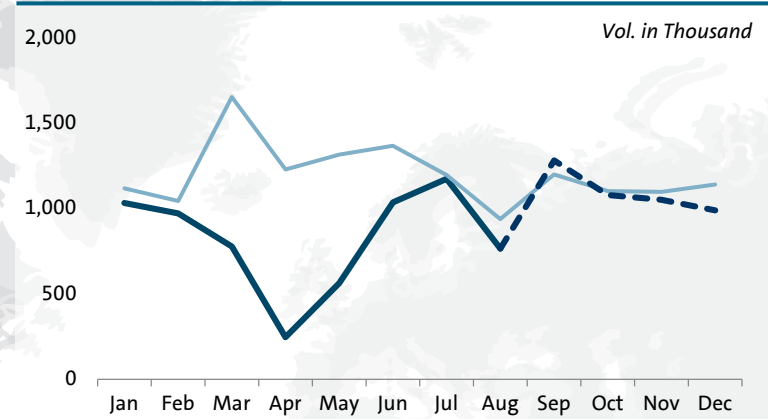
# Passenger Car Total Markets 2020 by Region – Current Market Development

In contrast to Western Europe and China, NAR, SAM and CEE are not expected to reach 2019 levels in the next months

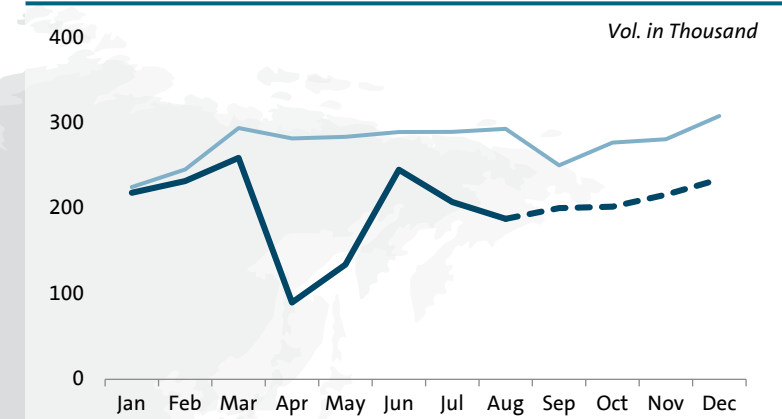
**North America (incl. LCV)**



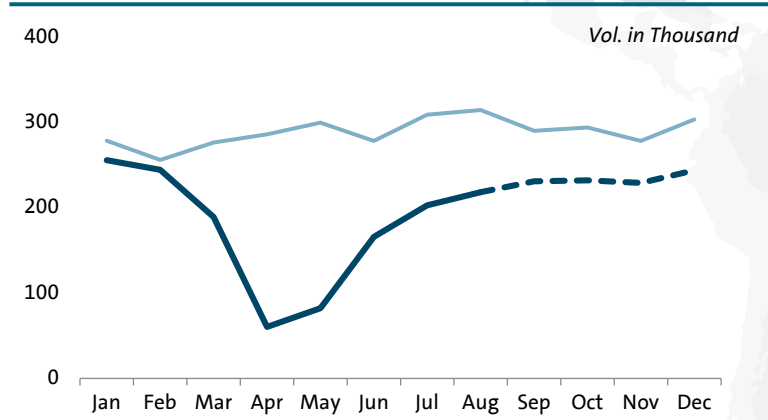
**Western Europe**



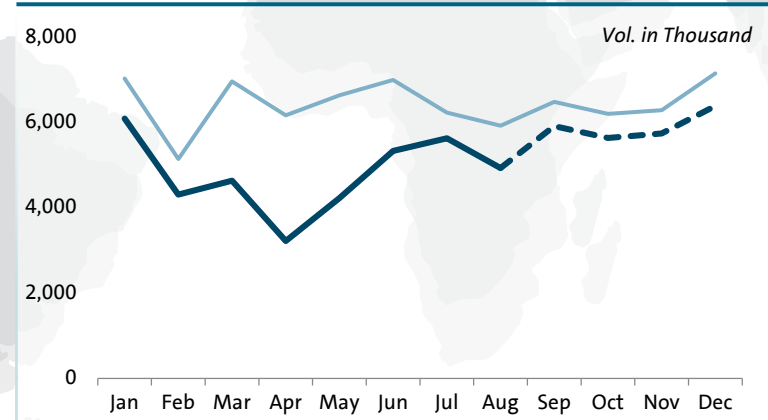
**Central and Eastern Europe**



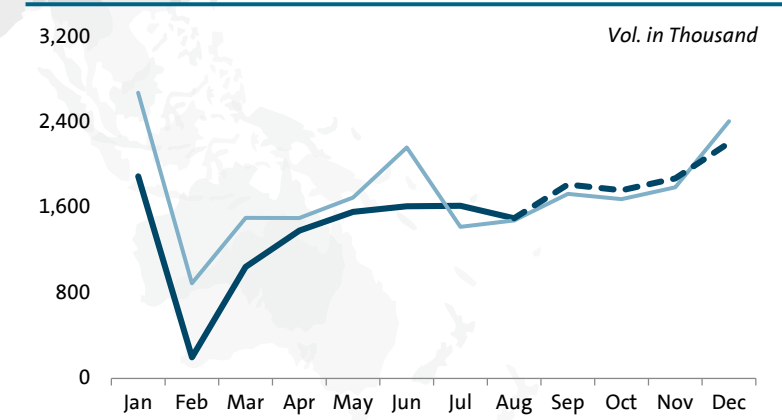
**South America\* (incl. LCV)**



**World**



**China**



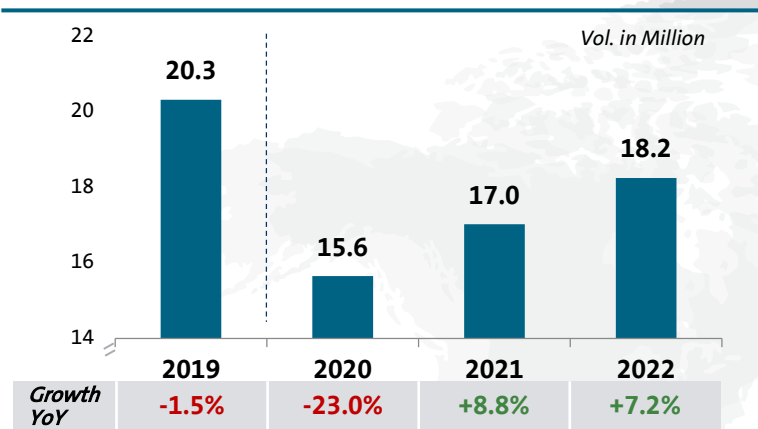
\*South America includes Brazil, Argentina, Chile and Venezuela.  
Source: IHS Markit 09/2020

— 2019 Seasonality — 2020 Actual Data - - - 2020 Expectation

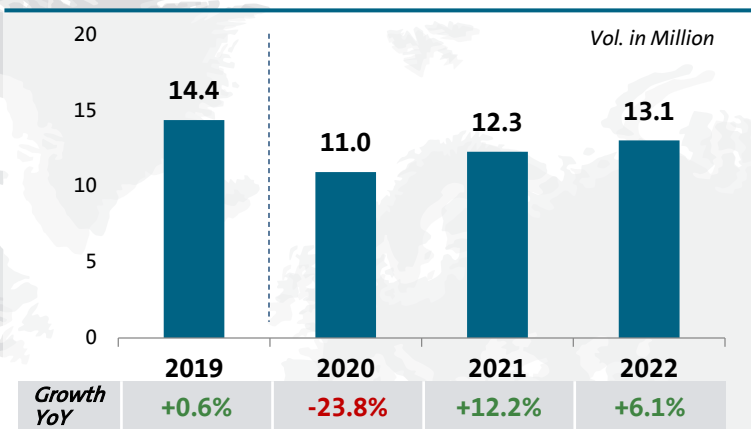
# Passenger Car Total Markets 2019-2022 by Region – External Outlook

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

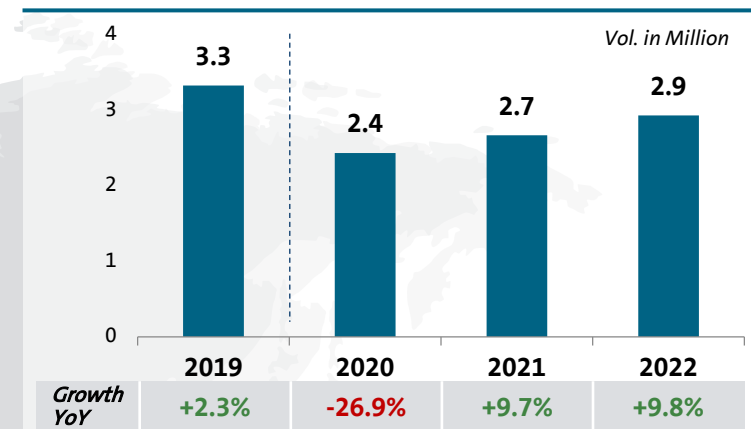
### North America (incl. LCV)



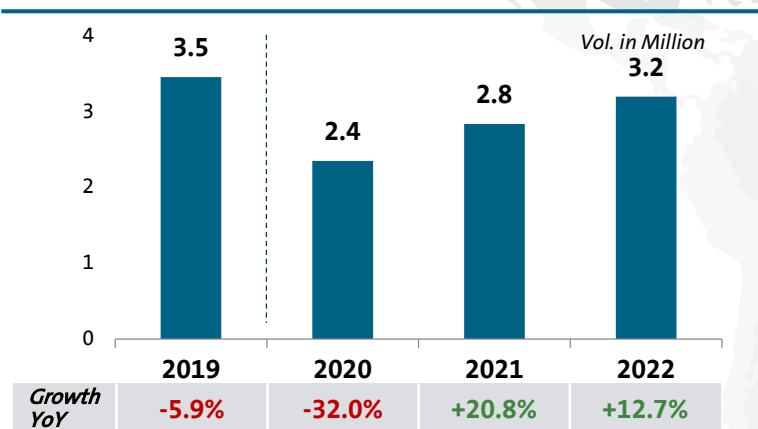
### Western Europe



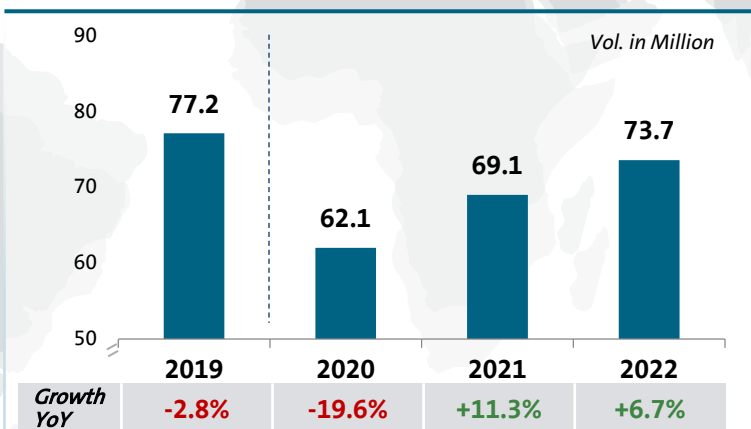
### Central and Eastern Europe



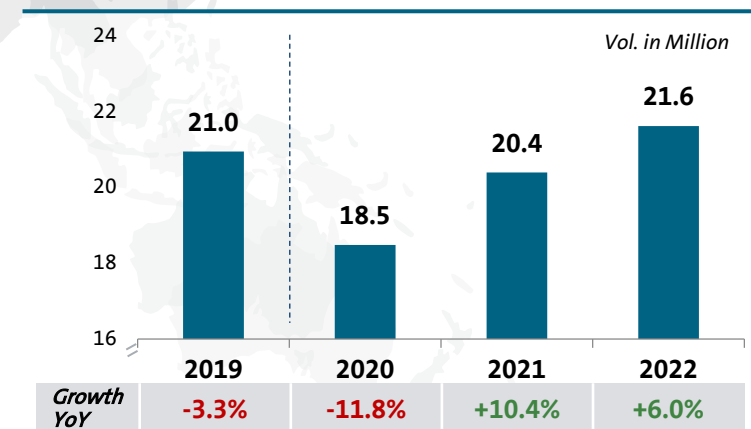
### South America\* (incl. LCV)



### World



### China



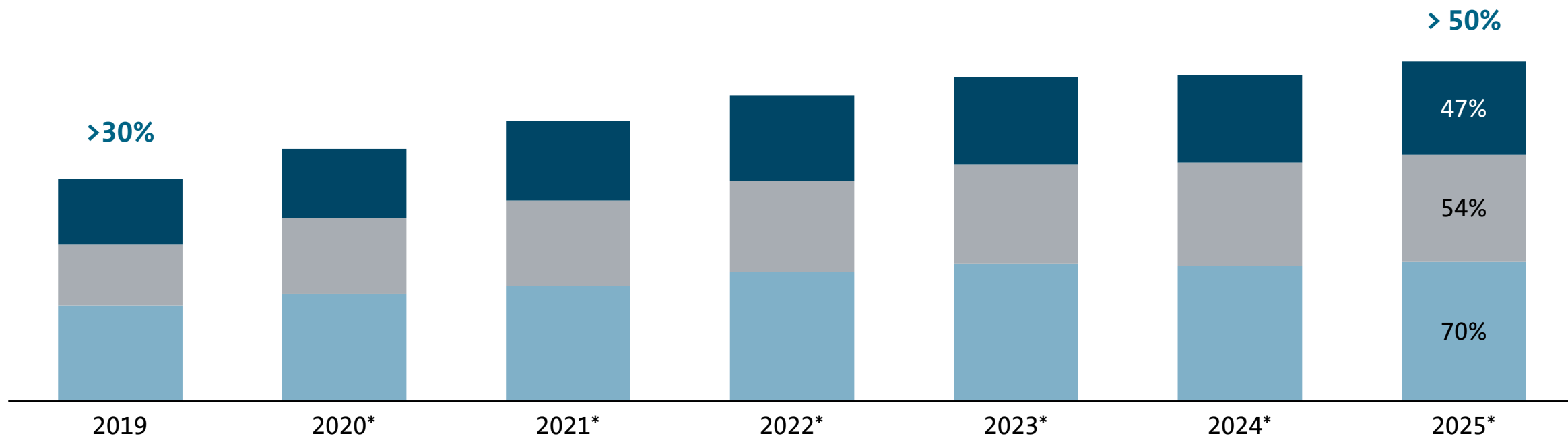
\*South America includes Brazil, Argentina, Chile and Venezuela.  
Source: IHS Markit 09/2020



# Our worldwide SUV mix is expected to increase strongly

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

■ Europe ■ China ■ NAR



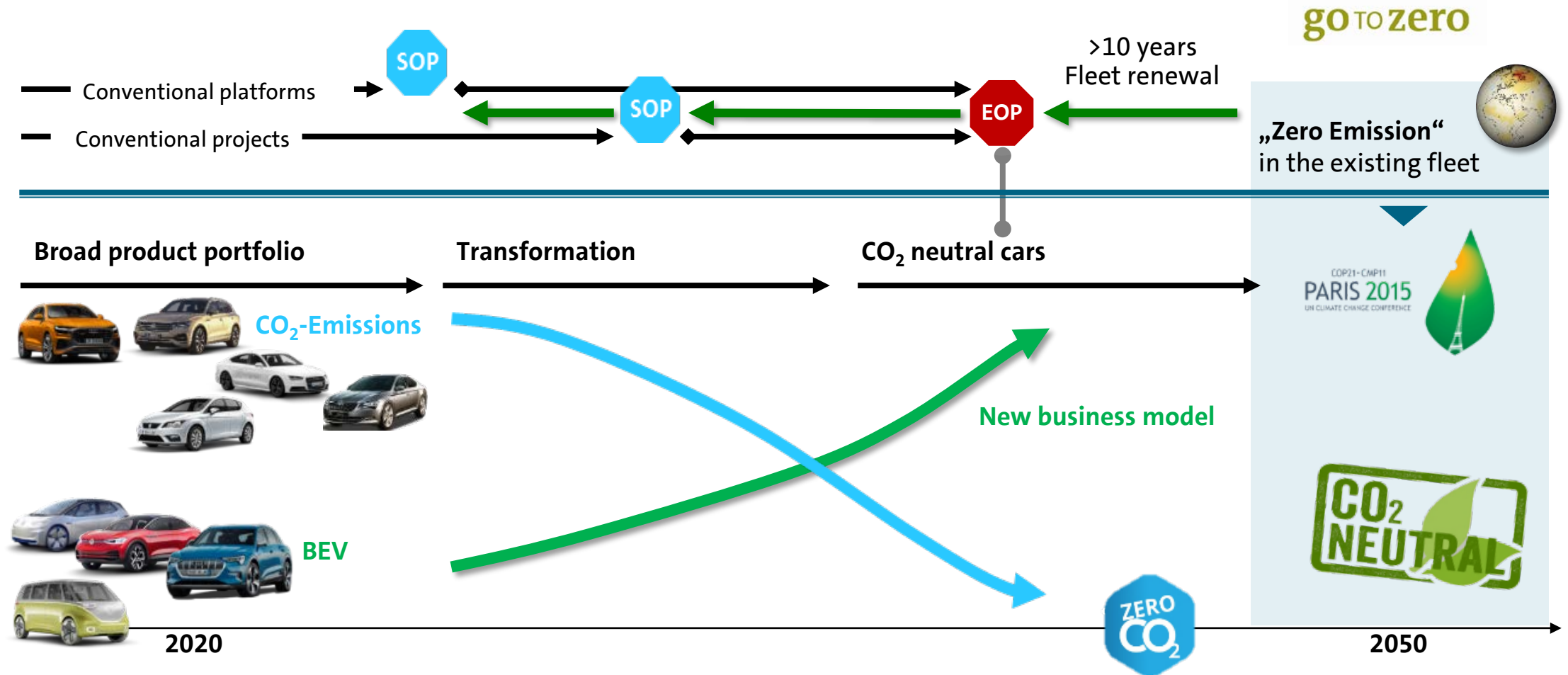
<sup>1)</sup>Target

Leading the Transformation.

Strategy – Shaping e-mobility

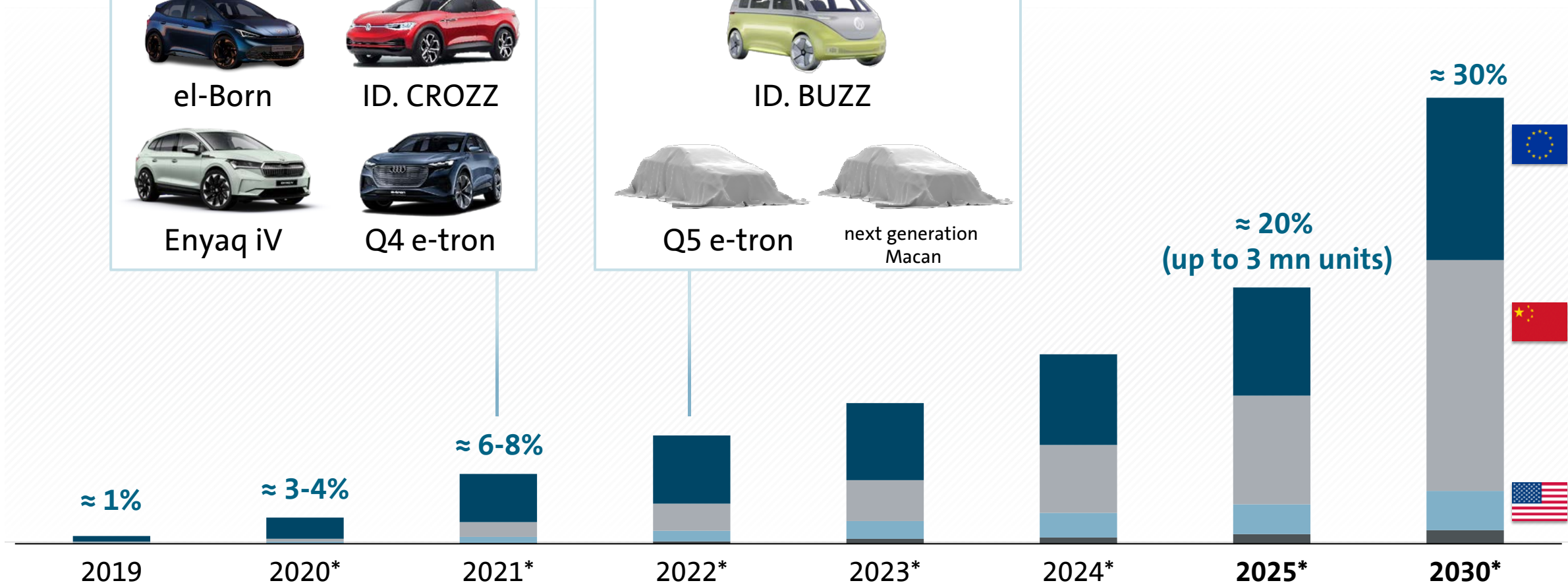
# “Go to zero” Transformation of portfolio underway

## Paris Implications and Transformations Path



# Significant increase in BEV deliveries will support our CO<sub>2</sub> compliance

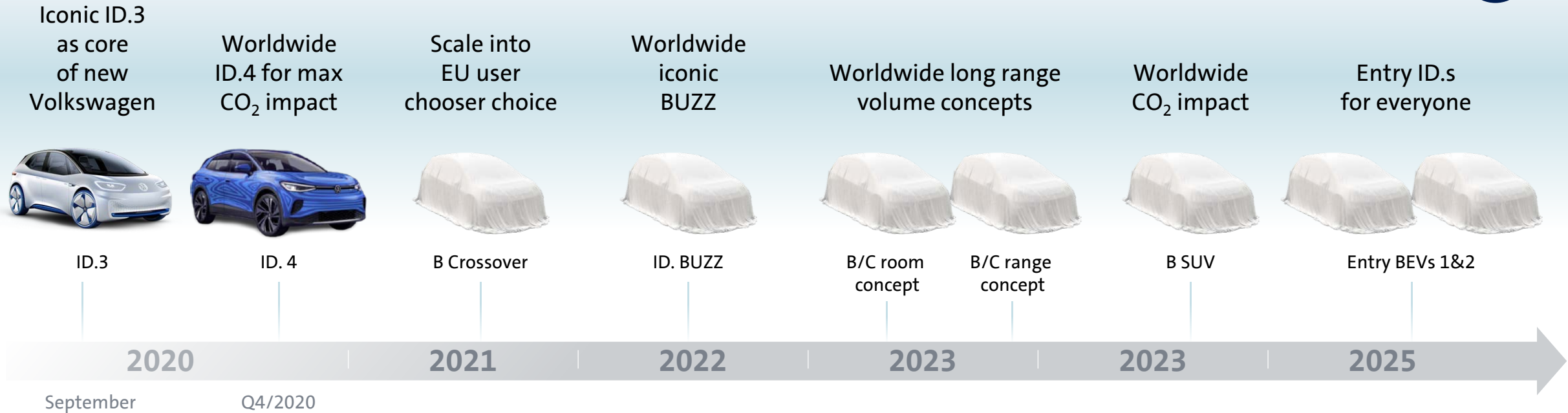
Volkswagen Group – BEV volume by regions 2019 – 2030 | (BEV share of total Group deliveries in %)



■ Europe   ■ China   ■ NAR   ■ RoW

\* Target

# 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 CO<sub>2</sub> 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*

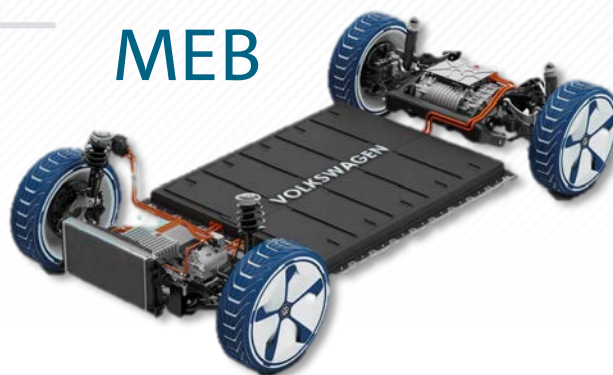


VW ID.4

*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

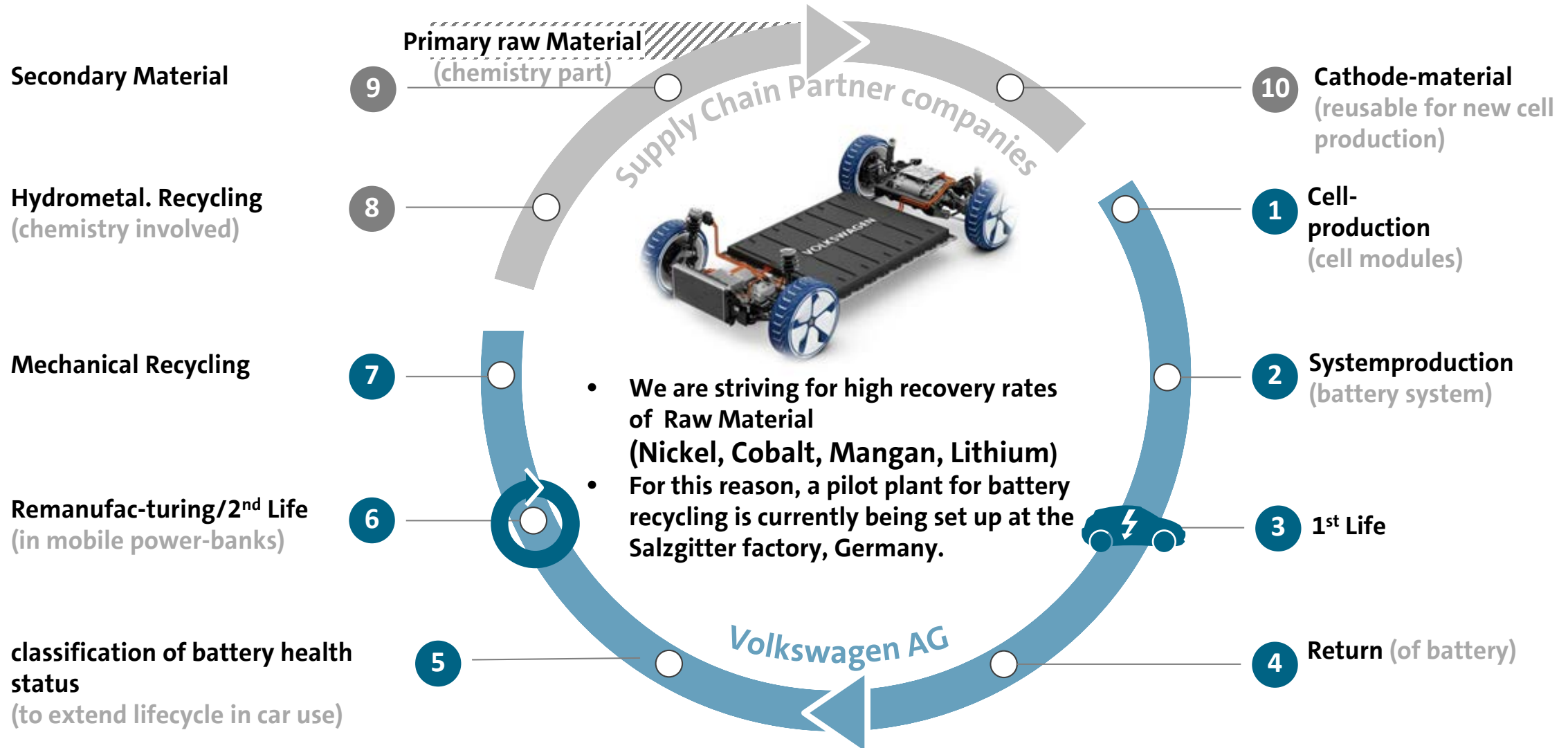


- Volkswagen will acquire a 26% stake of **Gotion High-Tech** for around €1 bn
- Secure future demand for **batteries for Chinese e-models**
- Planned to complete the deal by the end of 2020



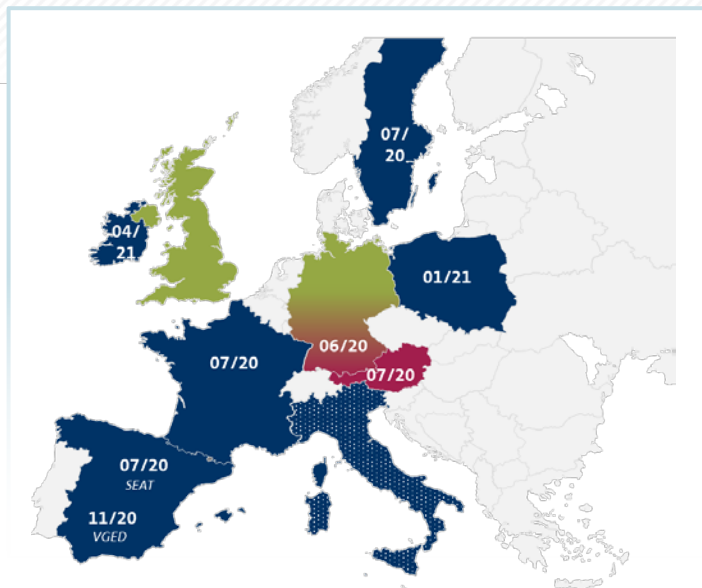
- Non-exclusive relationship with Volkswagen dates back to 2012
- Volkswagen is committed of more than 300 million dollars in funding, and committed of additional dollars to help fund the manufacturing joint venture
- Goal is industrial-level production of solid-state batteries, start of production is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

# Principle of Closed Loop Battery Materials

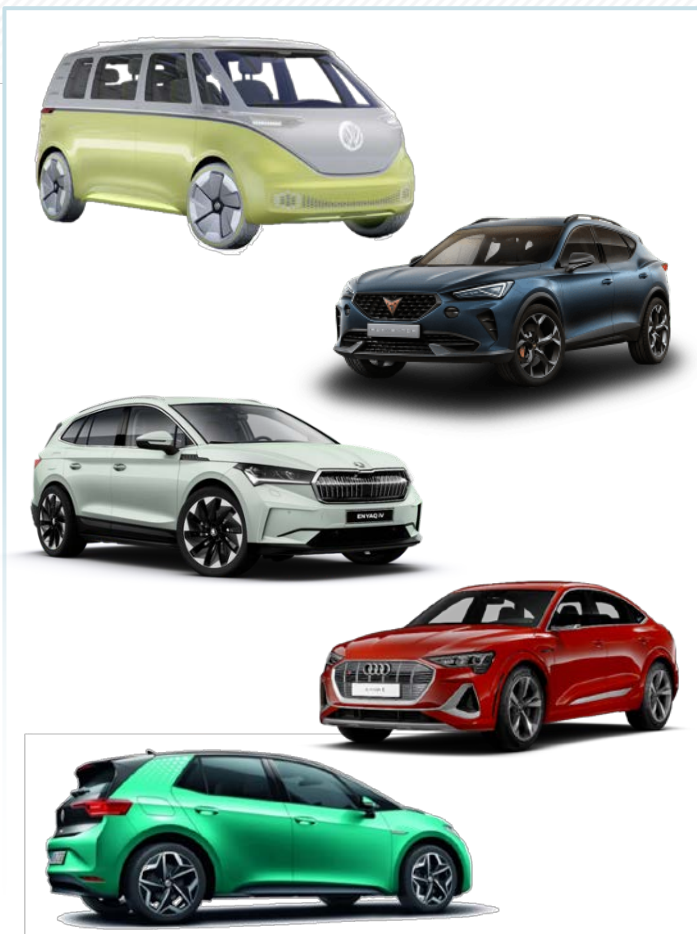


With a strong product portfolio, new distribution concepts and a fast start to e-mobility, we are well prepared to bear the challenges of this crisis!

## 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 <sup>st</sup> 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 <sup>1</sup>	295	353/296*	390/329**	337	320	337
Fixed costs <sup>1</sup>	78	99	123	148	105	101
Operation costs <sup>1</sup>	91	119	94	85	104	83
Service and Tire costs <sup>1</sup>	56	61	66	86	63***	56
Total costs <sup>1</sup>	520	632/574**	673/611**	656	592	576
Total costs <sup>1</sup> (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)

<sup>1</sup>) (€/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 and the text 'PayCash' and 'Hold Near Reader'. In the background, a charging station is visible with yellow labels '19' and '20' next to the charging ports. The person is wearing a light blue shirt and a black watch.

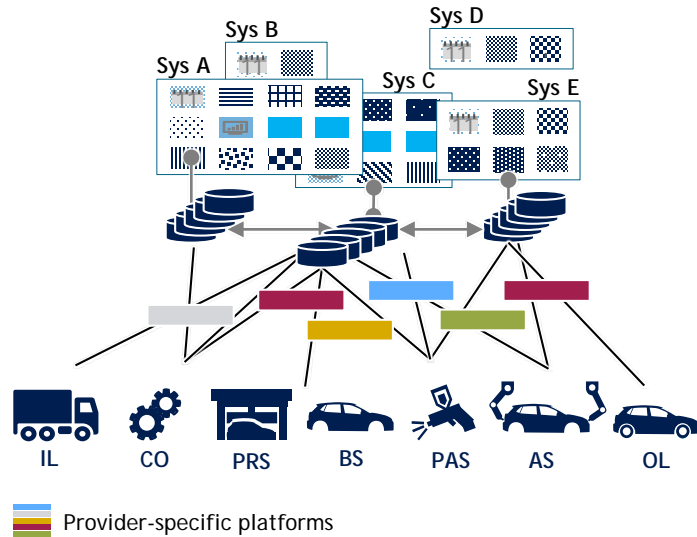
**Leading the Transformation.**

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

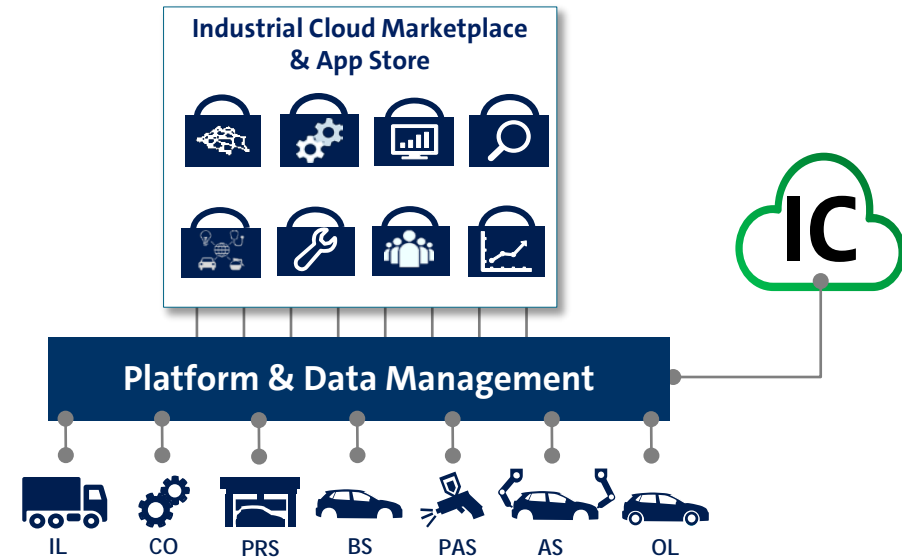


Complexity ↑ Development Expenses ↑ Operational Cost ↑

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

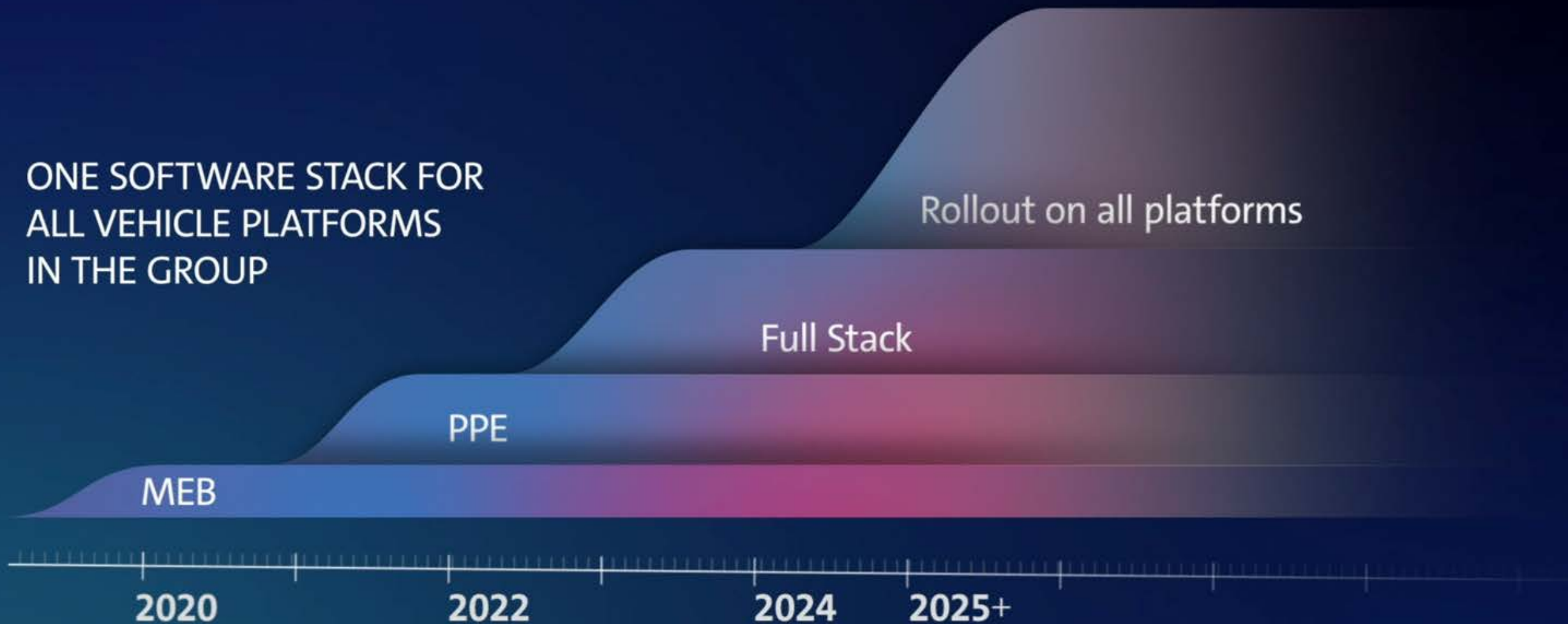


Complexity ↓ Development Expenses ↓ Operational Cost ↓

Consolidation ↑ System Flexibility ↑ Production Stability ↑

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

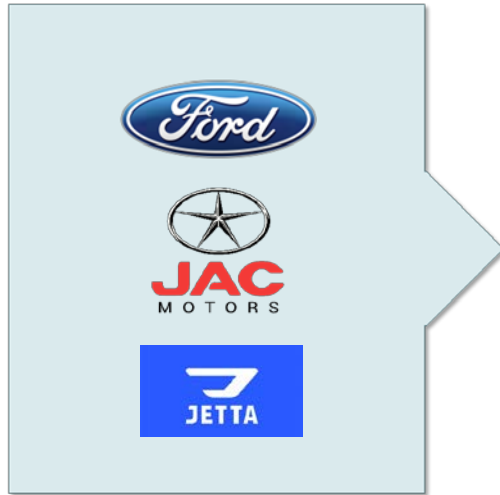
ONE SOFTWARE STACK FOR  
ALL VEHICLE PLATFORMS  
IN THE GROUP



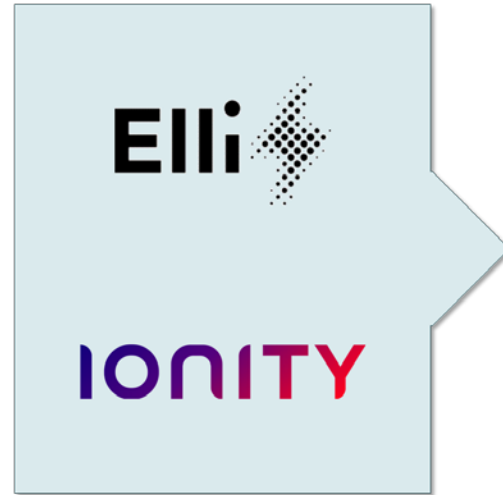


# Driving forward Strategy: New collaborative approach

## Market/ Product



## E-Mobility services



## Software



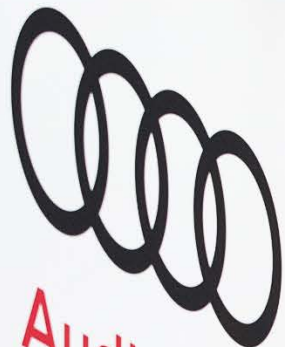
## Technology



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



Volkswagen



Audi



SEAT



ŠKODA



BENTLEY



PORSCHE

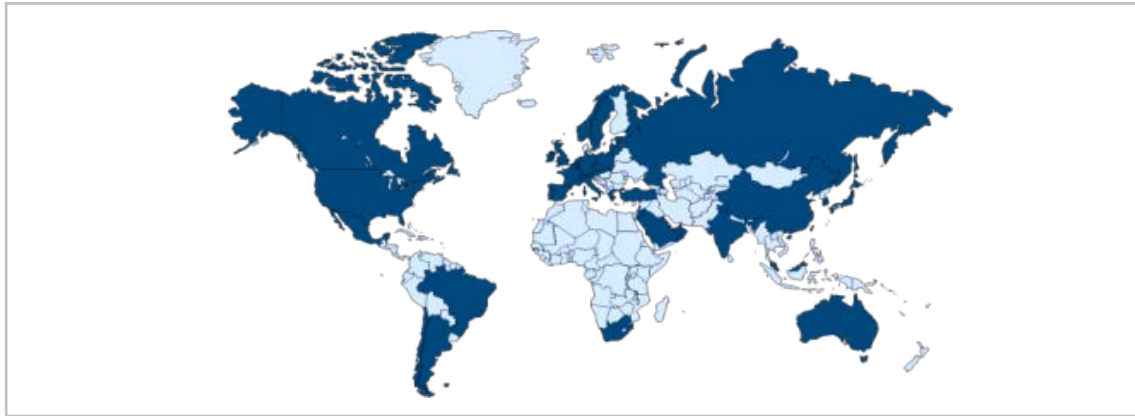


Leading the Transformation.

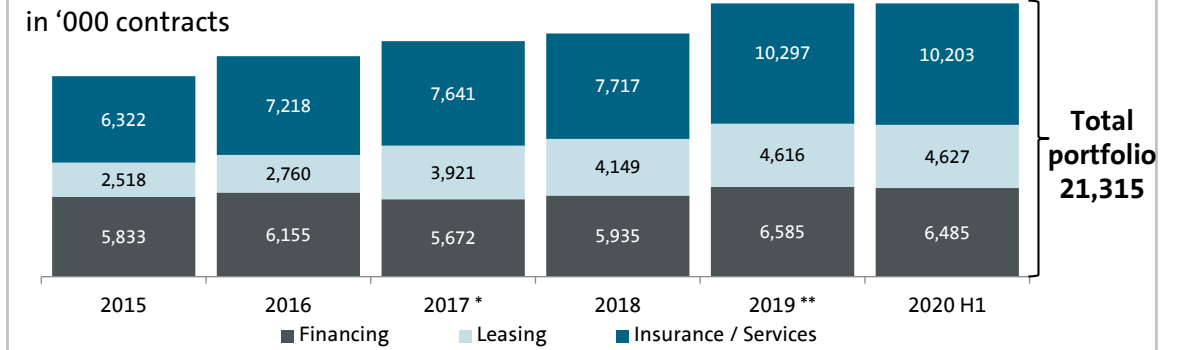
Strong brands & global footprint

# Volkswagen Financial Services <sup>1)</sup>: global, well diversified and successful

## Strong global presence

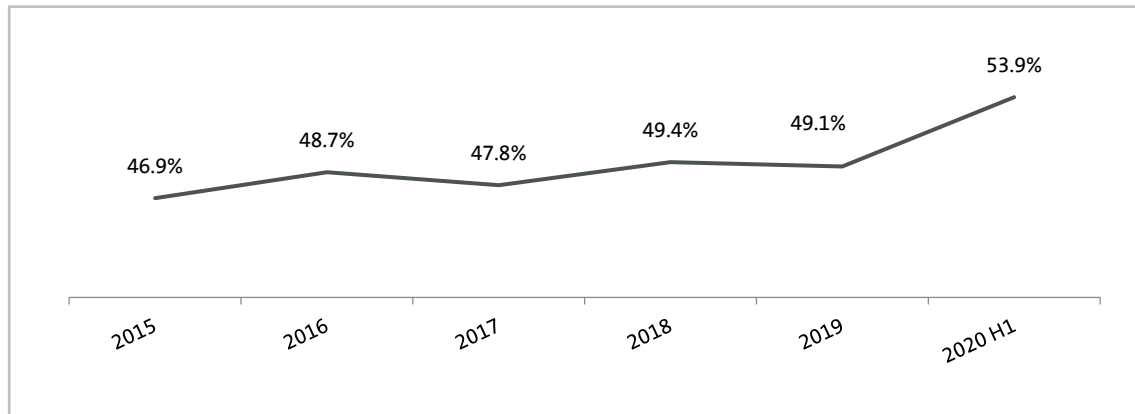


## Continuous portfolio expansion



\*1) Reclassification Finance / Lease contracts \*\*\*) contracts from international JVs included

## Rising penetration rates (without China)

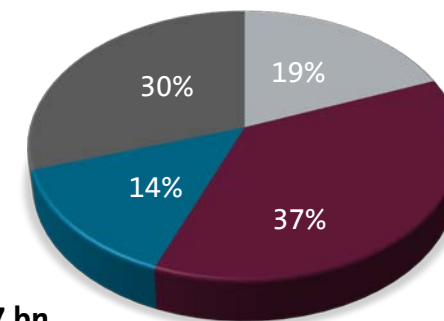


## Diversified funding structure

Equity, liabilities to affiliated companies, other

Asset backed securitization

Customer deposits



**30.06.2020: € 220.7 bn**

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

# Volkswagen Group – Main Ratings <sup>1)</sup>



**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 <sup>2)</sup>

A1 (N) / P-1

A- (N) / A-2

<sup>1)</sup> As of June 30, 2020 <sup>2)</sup> Senior Unsecured Ratings

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

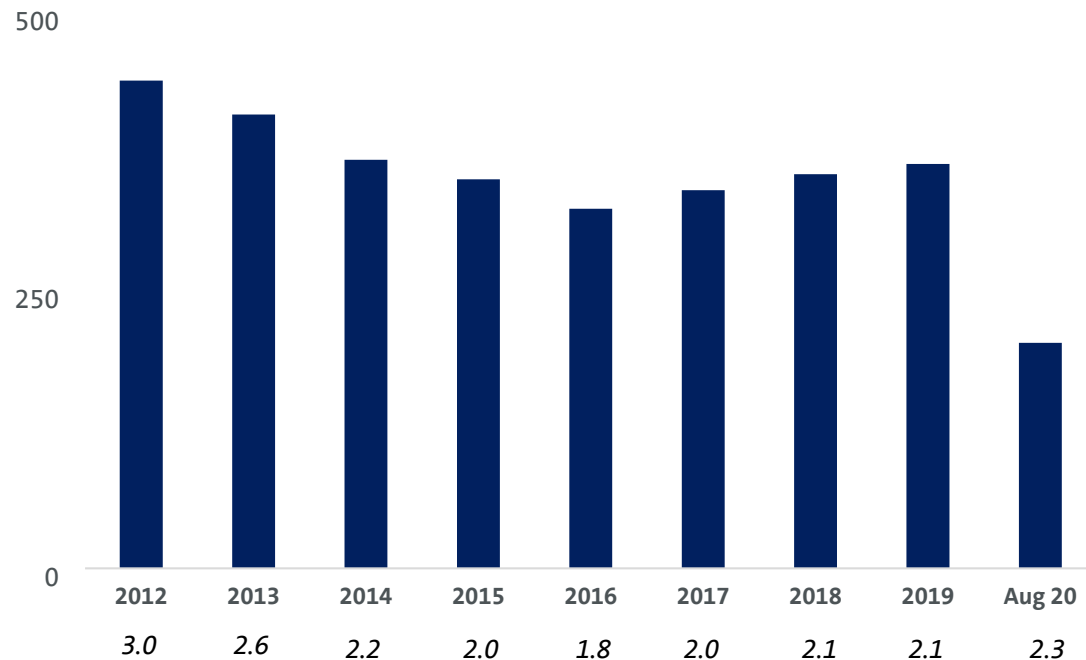
# Volkswagen Brand – Turnaround in the US expected for 2021



- **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 %**

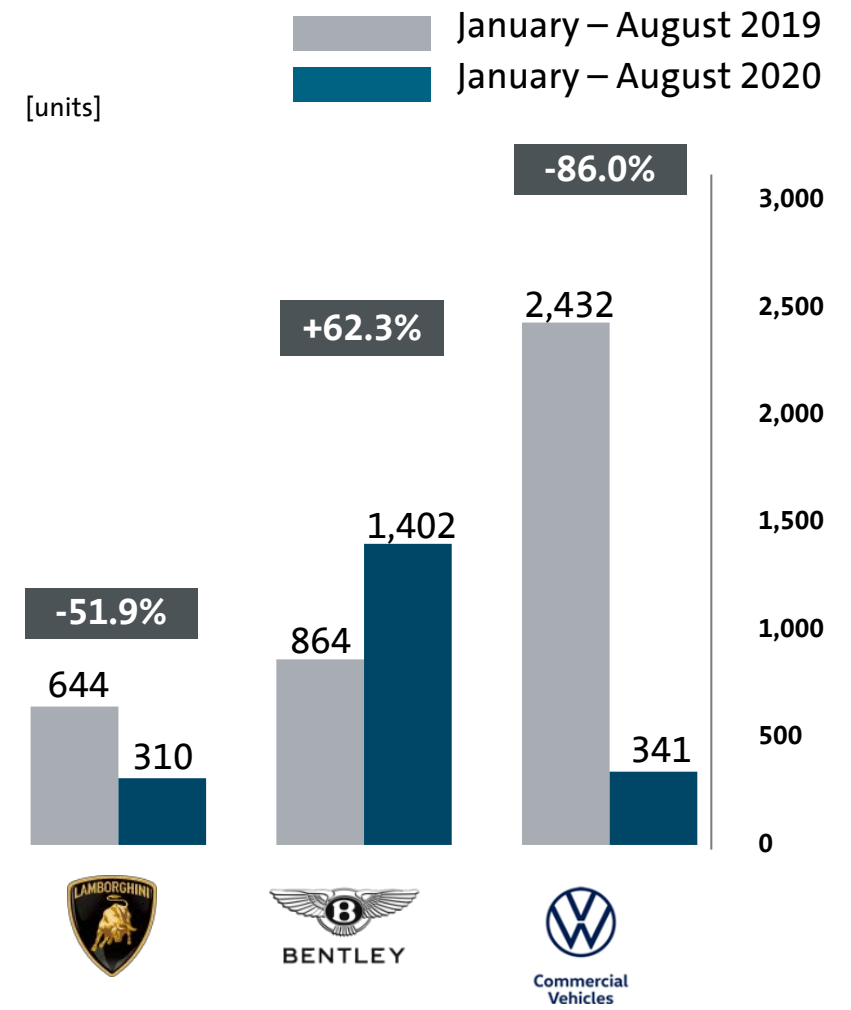
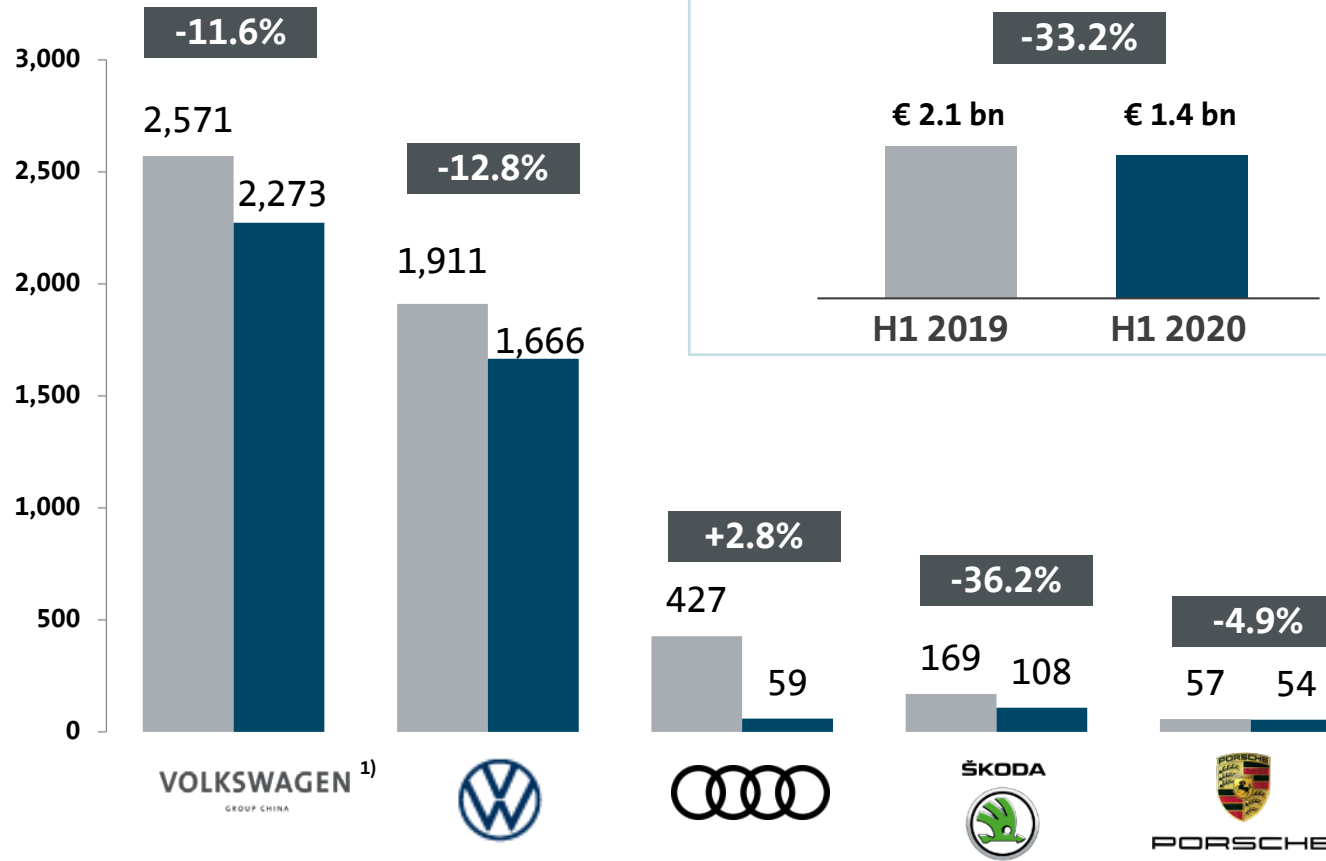


New 2020	New 2021	New 2022/2023
 <b>Atlas Cross Sport</b>	 <b>New Compact SUVe</b>	 <b>Localized Compact SUVe</b>
	 <b>New Golf GTI</b>	
	 <b>Tiguan PA</b>	 <b>Atlas PA2</b>
 <b>Atlas PA</b>	 <b>Jetta PA</b>	
	 <b>New Compact SUV</b>	 <b>Cross Sport PA</b>
		

# Volkswagen Group China performance (January to August 2020)



[thsd. units]



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

Leading the Transformation.

Integrity & Compliance



# Together4Integrity: Group-wide integrity and compliance program in full swing

## STRATEGY

Ethics and compliance is central to business strategy

## RISK MANAGEMENT

Ethics and compliance risks are identified, owned, managed and mitigated

## SPEAK-UP ENVIRONMENT

The organization encourages, protects and values the reporting of concerns and suspected wrongdoing



## CULTURE OF INTEGRITY

Leaders at all levels across the organization build and sustain a culture of integrity

## RESOLUTE ACCOUNTABILITY

The organization takes action and holds itself accountable when wrongdoing occurs

<sup>1)</sup> Group entities covered; as of 12th March, 2019.





Leading the Transformation.

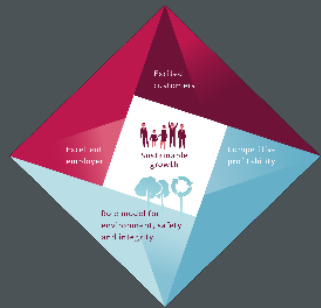
Commitment

## We are convinced that we have a strong Investment Proposition

# TOGETHER 2025<sup>+</sup>

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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Head of Group Investor Relations

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Telephone: +49 5361 9 49015



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Investor Relations Manager

Equity & ESG

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Investor Relations Manager

Equity & Key Contact North America

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Telephone: +49 5361 9 31106

Leading the Transformation.

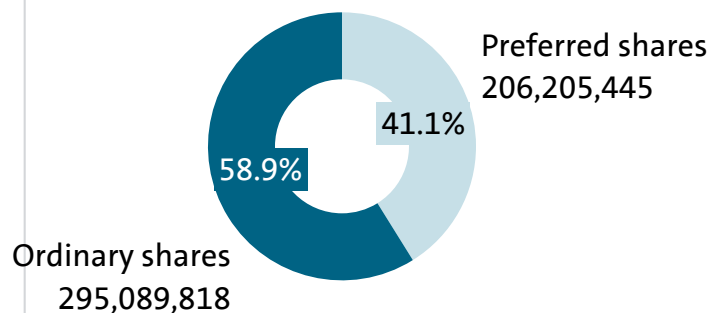
Appendix



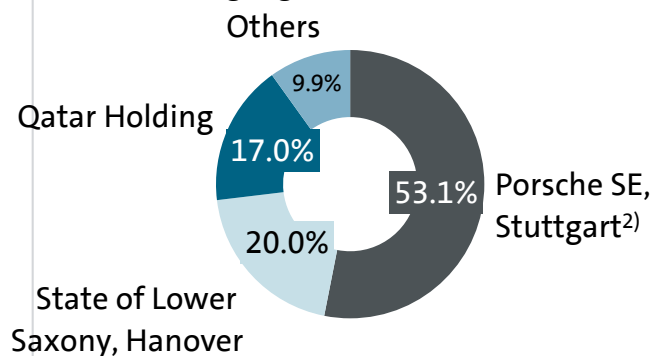
# The Shareholder Structure, Supervisory and Management Board

## Shareholder Structure of Volkswagen AG

### Number of Outstanding Shares



### Current Voting Rights Distribution



(as at December 31, 2019)

## Supervisory Board of Volkswagen AG

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

## Board of Management of Volkswagen AG<sup>1)</sup>

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

<sup>1)</sup> 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. <sup>2)</sup> 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	
		<b>16.2</b>	
2016	Mainly legal risks	6.4	~3.0
2017	Buyback/retrofit program	2.2	
	Legal	1.0	
		<b>3.2</b>	~16.1
2018	Mainly legal risks	3.2	~5.3
2019	Mainly legal risks	2.3	~1.9
as of H1 2020	Mainly legal risks	0.7	~1.6
Total		<b>32.0</b>	~27.9

## Volkswagen AG

Alexander Hunger – Group Investor Relations  
Bjoern Reinecke – Head of Financial Markets

## Volkswagen Financial Services

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

# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



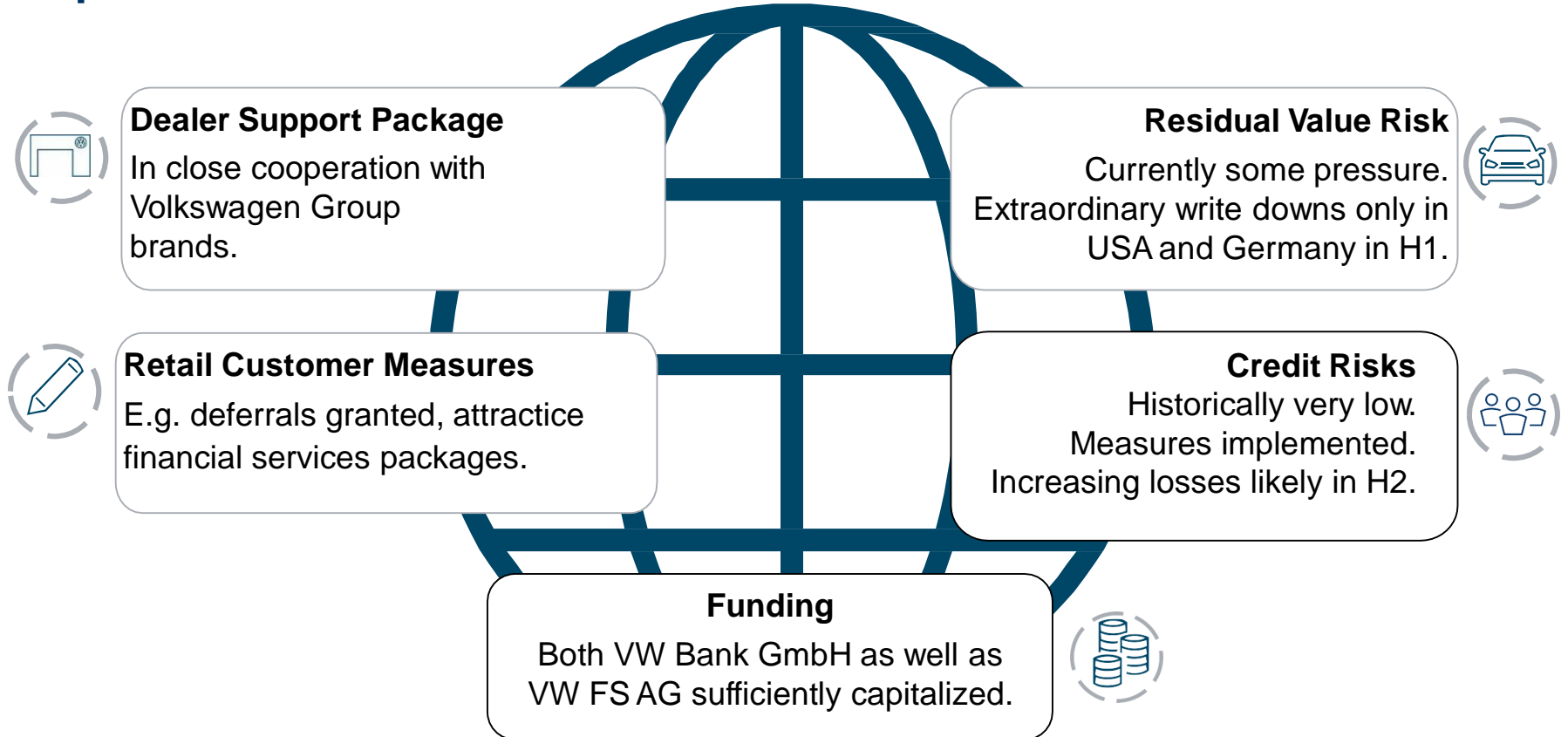
## **Creating Value with Financial Services**

Volkswagen Financial Services AG and Volkswagen Bank GmbH

Crédit Agricole CIB - 5th Annual Auto Credit Day, 02 October 2020



## Impact of COVID-19



## Volkswagen Group: Management Model



1) Allocation to be verified  
 As of 04.09.2019

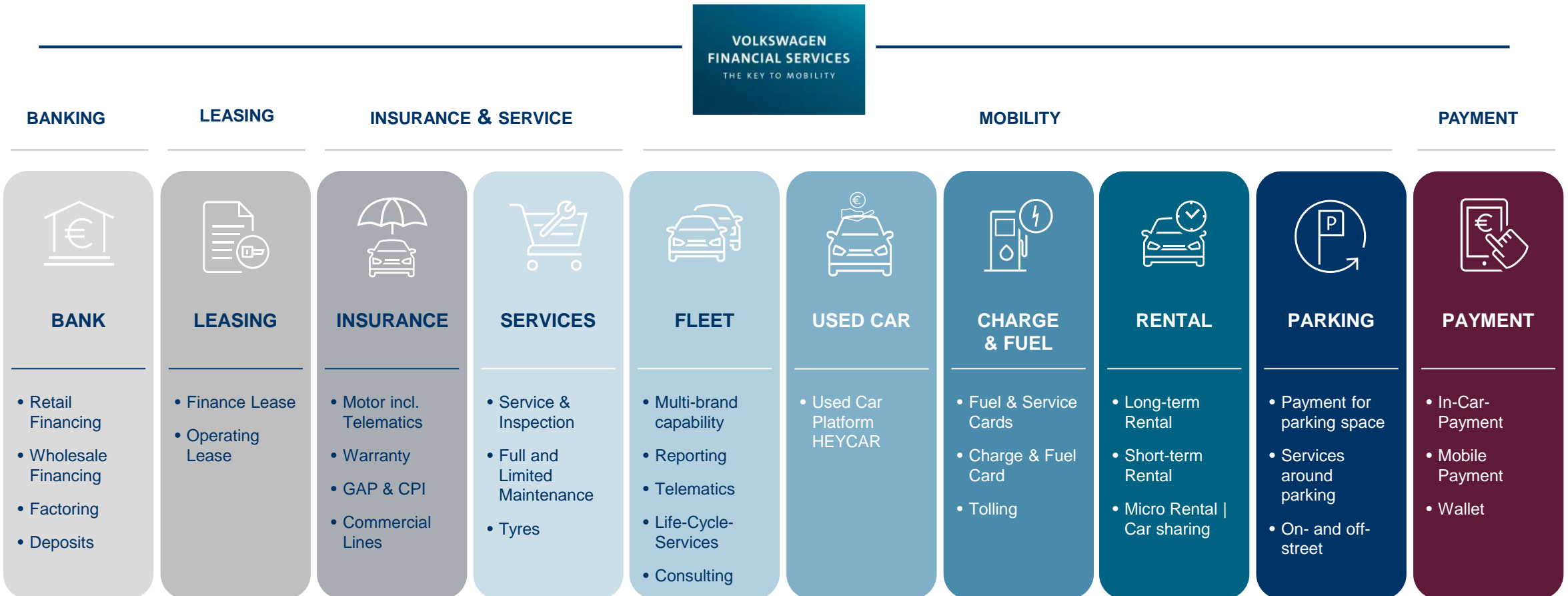
# Our business model interfaces customers, automotive brands and dealers



# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

## We offer the whole range of services under one roof\*



PROFITABILITY

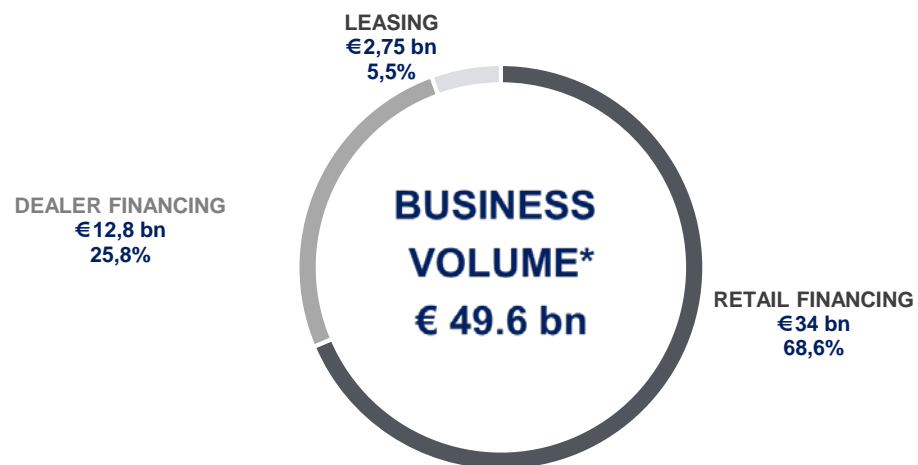
CONTACT FREQUENCY

\* 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

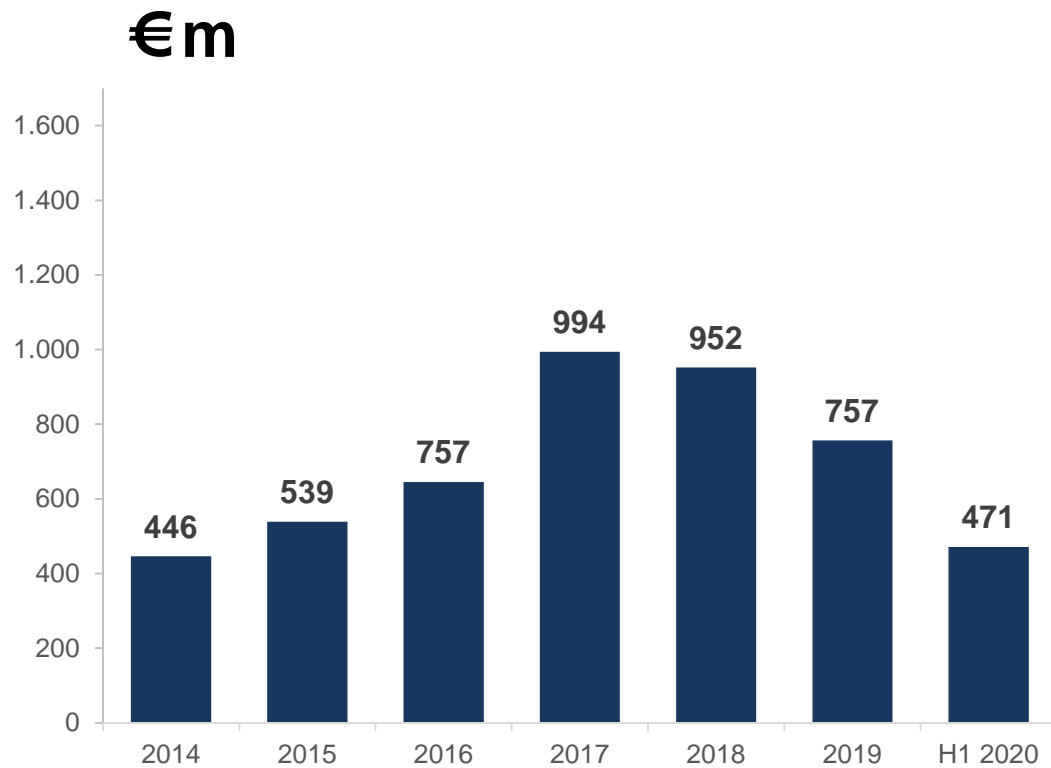
Total assets	€112.4 billion
Equity	€11.9 billion
Customer deposits	€55.0 million
Operating profit	€528 million
Employees	10,773
Contracts (units)	14.9 million



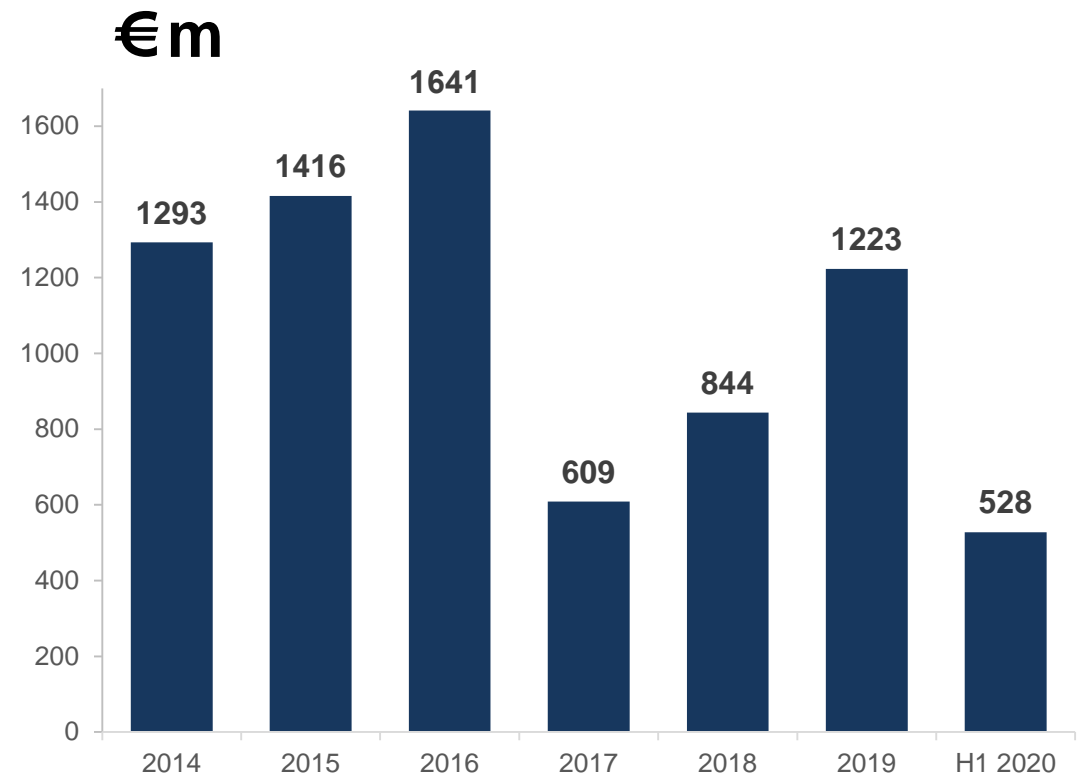
\*Receivables + Leased Assets

# Operating Income

## Volkswagen Bank GmbH

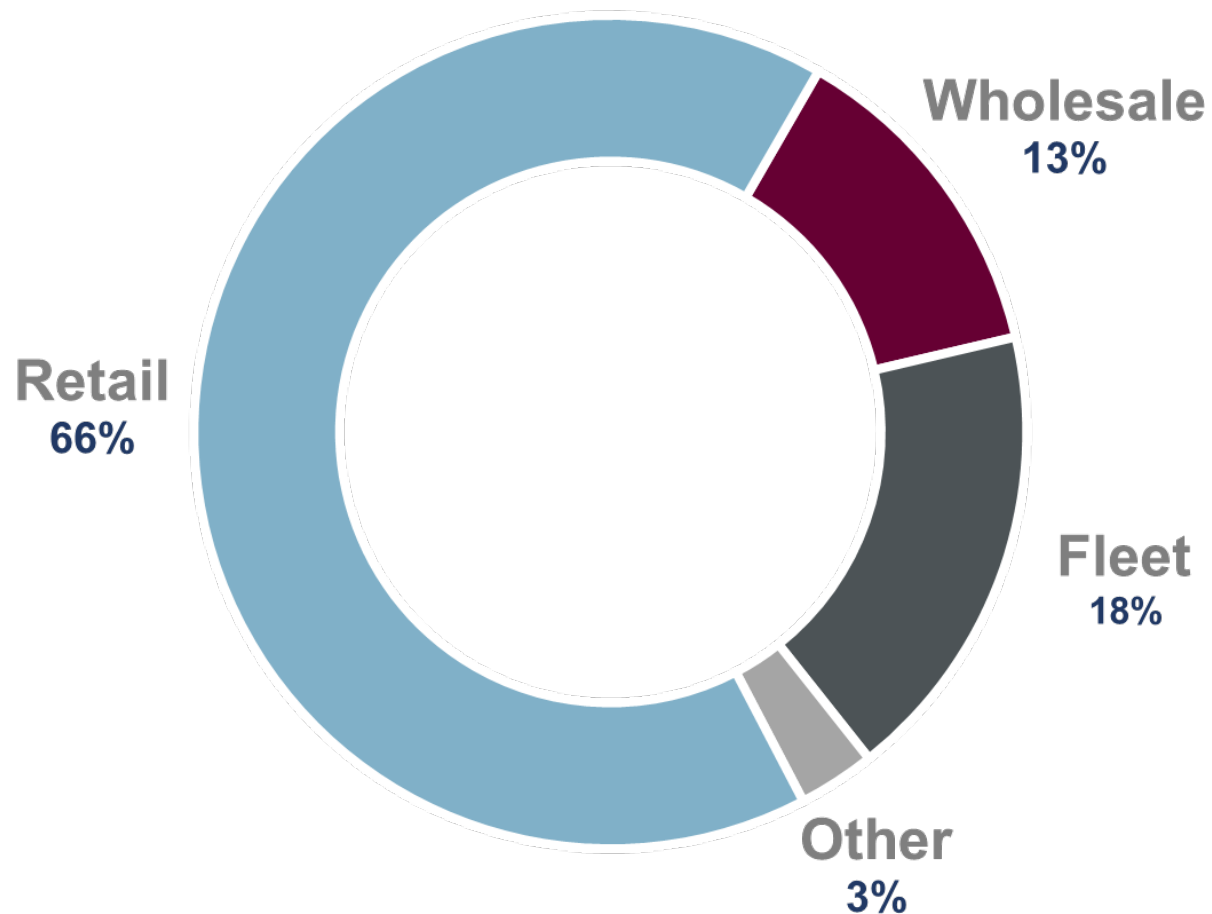


## Volkswagen Financial Services AG\*



\* 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:

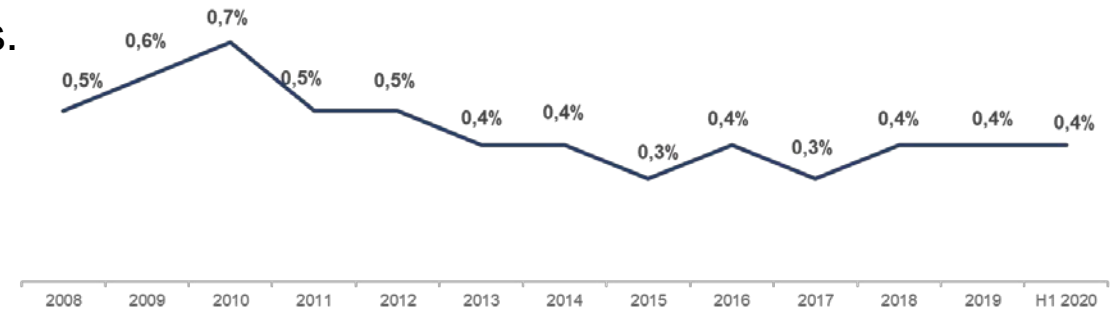
- Earnings Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2018

# 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** this year.
- **Extraordinary provisioning in the 1<sup>st</sup> half of 2020 only in the US.**

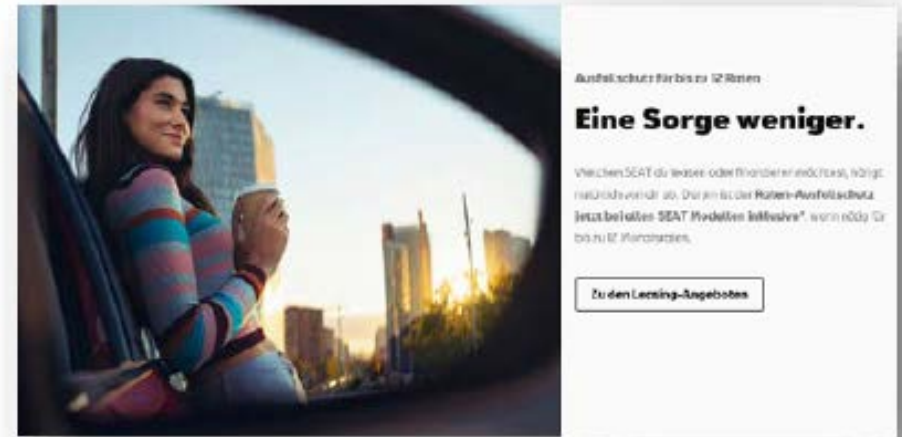
Credit loss ratio historically on a very low level



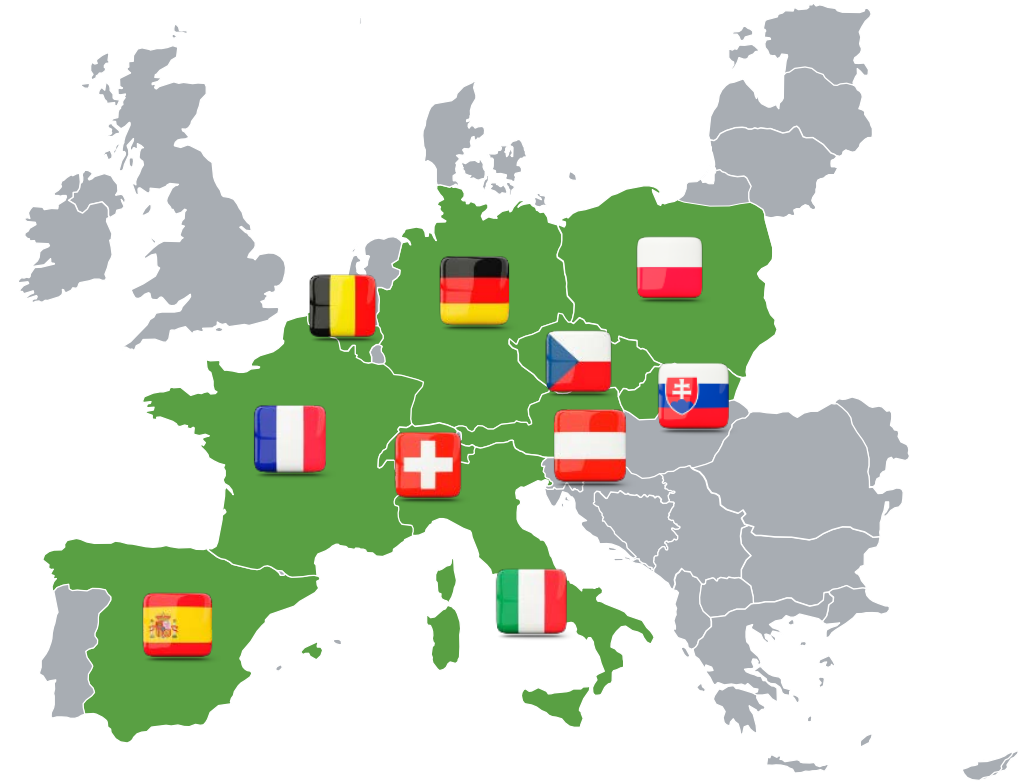
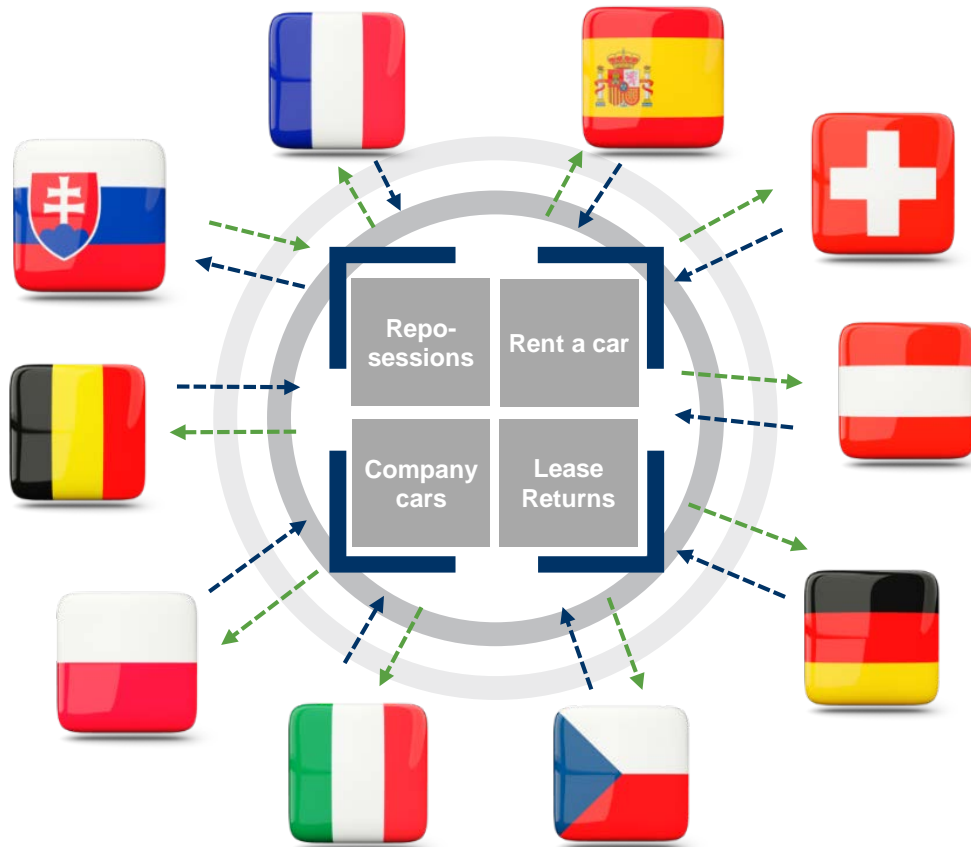


# Residual value risk management at Volkswagen Financial Services

- 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 1<sup>st</sup> half of 2020 only in the US and Germany.**



# International used car brokerage safeguards residual values



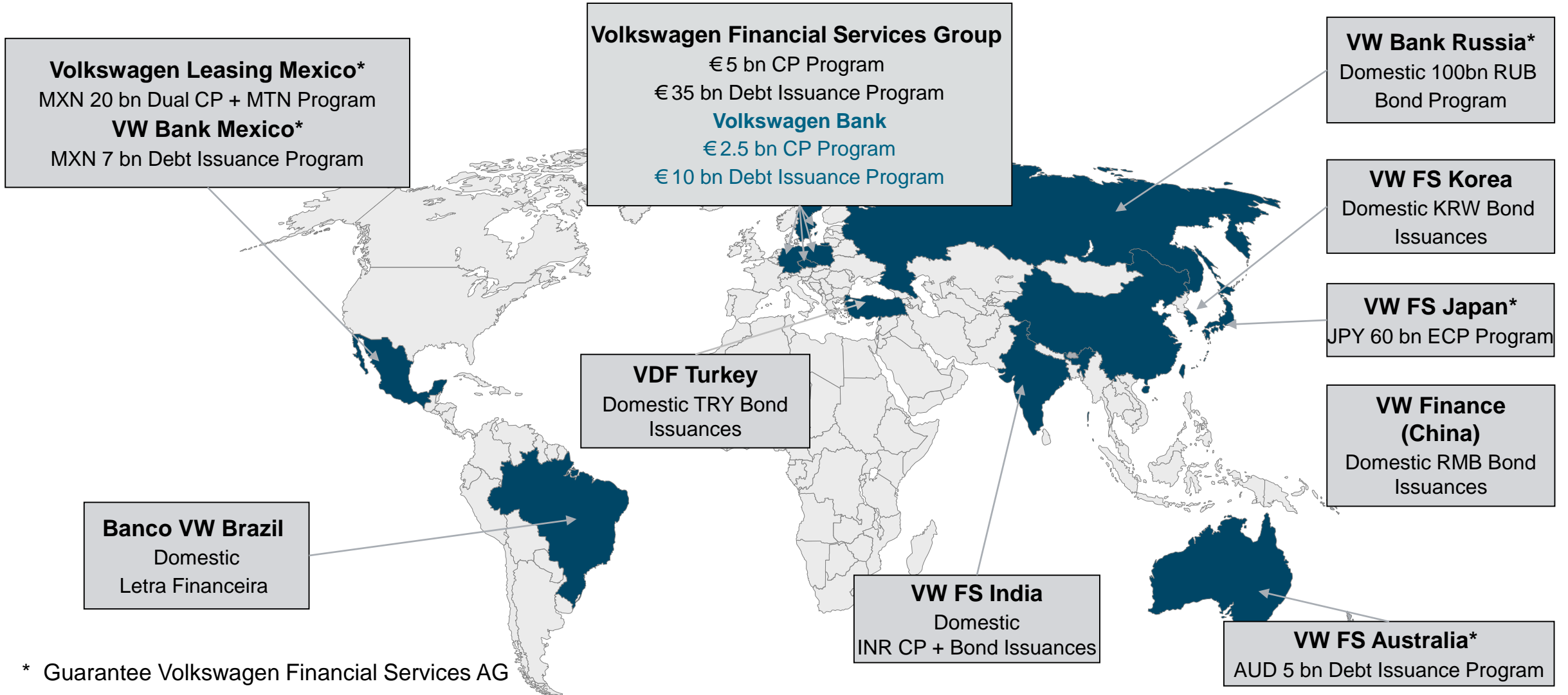
**Currently 10 Volkswagen Financial Services AG countries participating  
1 additional country in discussion**

# Volkswagen Financial Services organisational structure and guarantee scheme



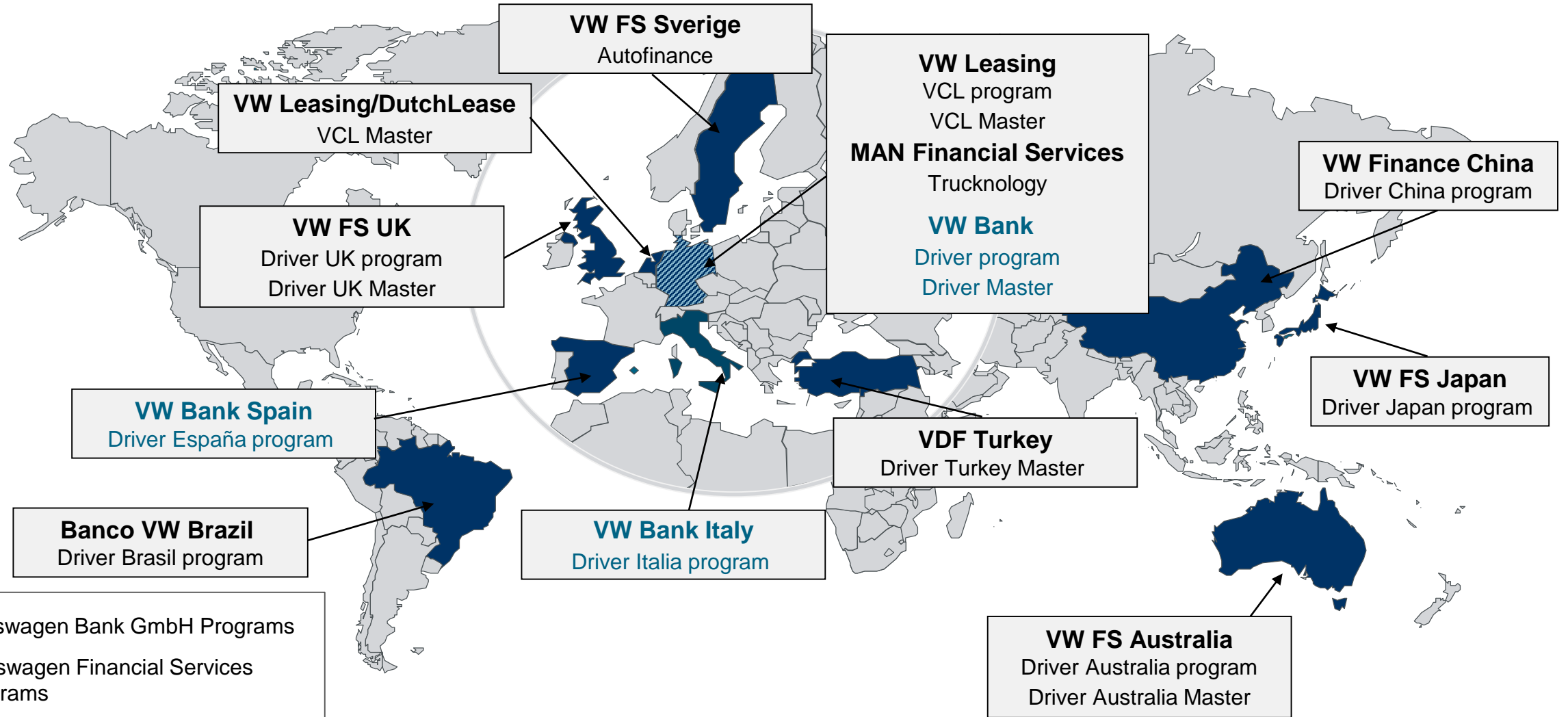
<sup>1</sup>Credit Ratings from Standard&Poors / Moody's as per 16 June 2019; (n) Outlook negative, (s) Outlook stable, (RfD) Under Review for Downgrade

## Worldwide capital market activities



\* Guarantee Volkswagen Financial Services AG

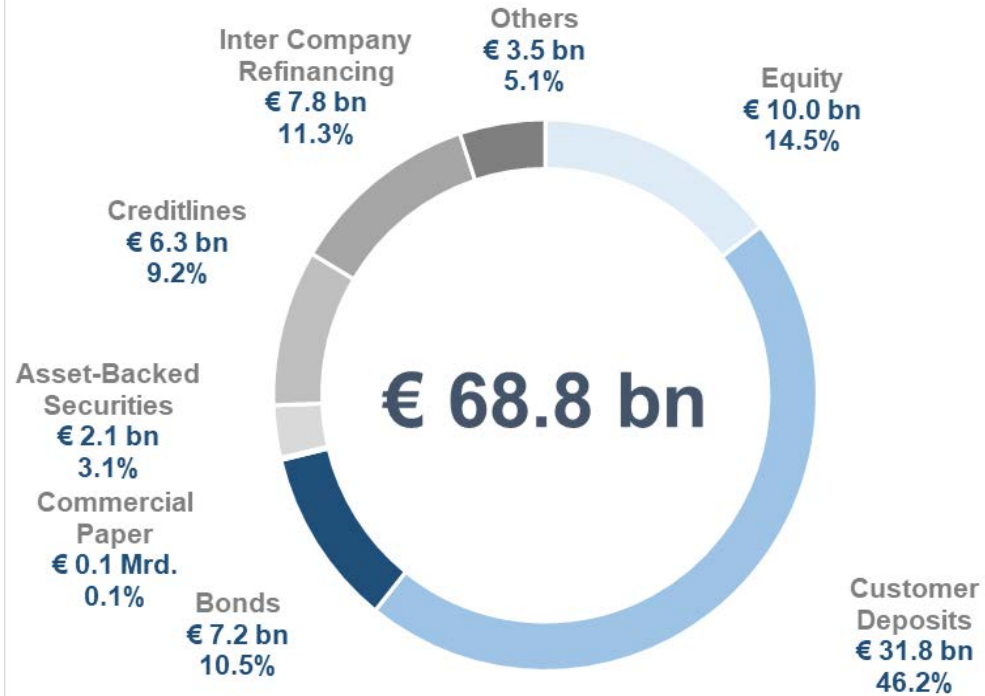
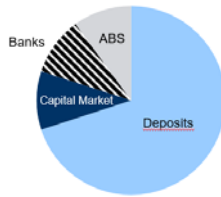
## Worldwide ABS activities



# Strategic funding allocation as of 30.06.2020

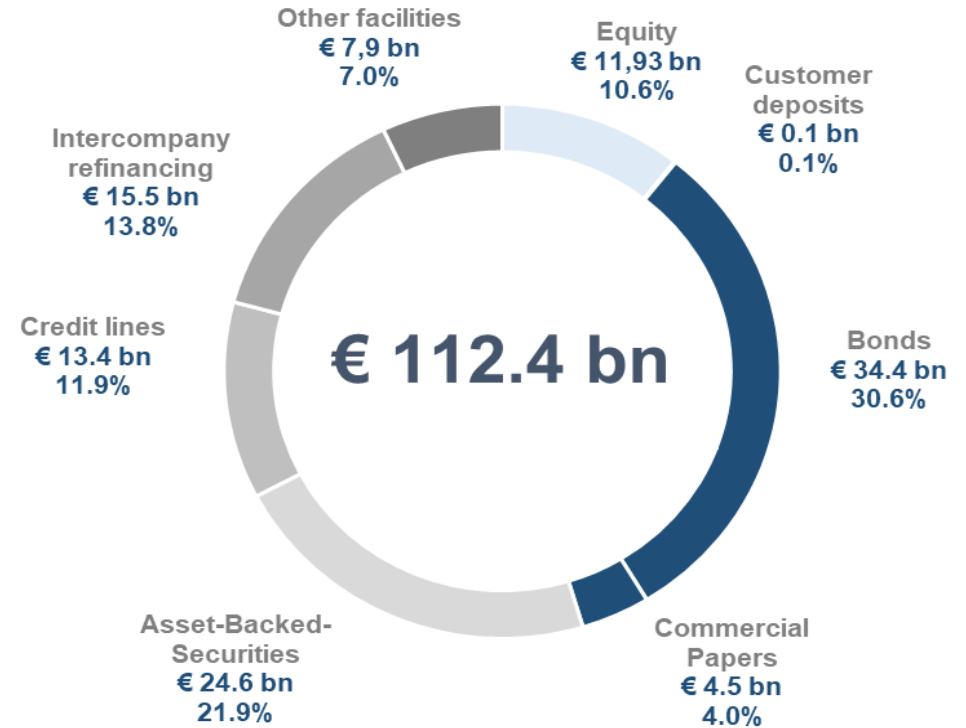
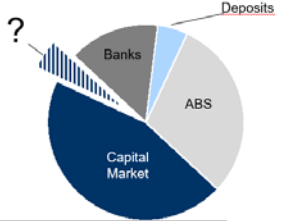
## Volkswagen Bank GmbH

Strategic Funding Mix



## Volkswagen Financial Services AG

Strategic Funding Mix



# Strategy ROUTE2025 | Focus Topics

**Digitalization**

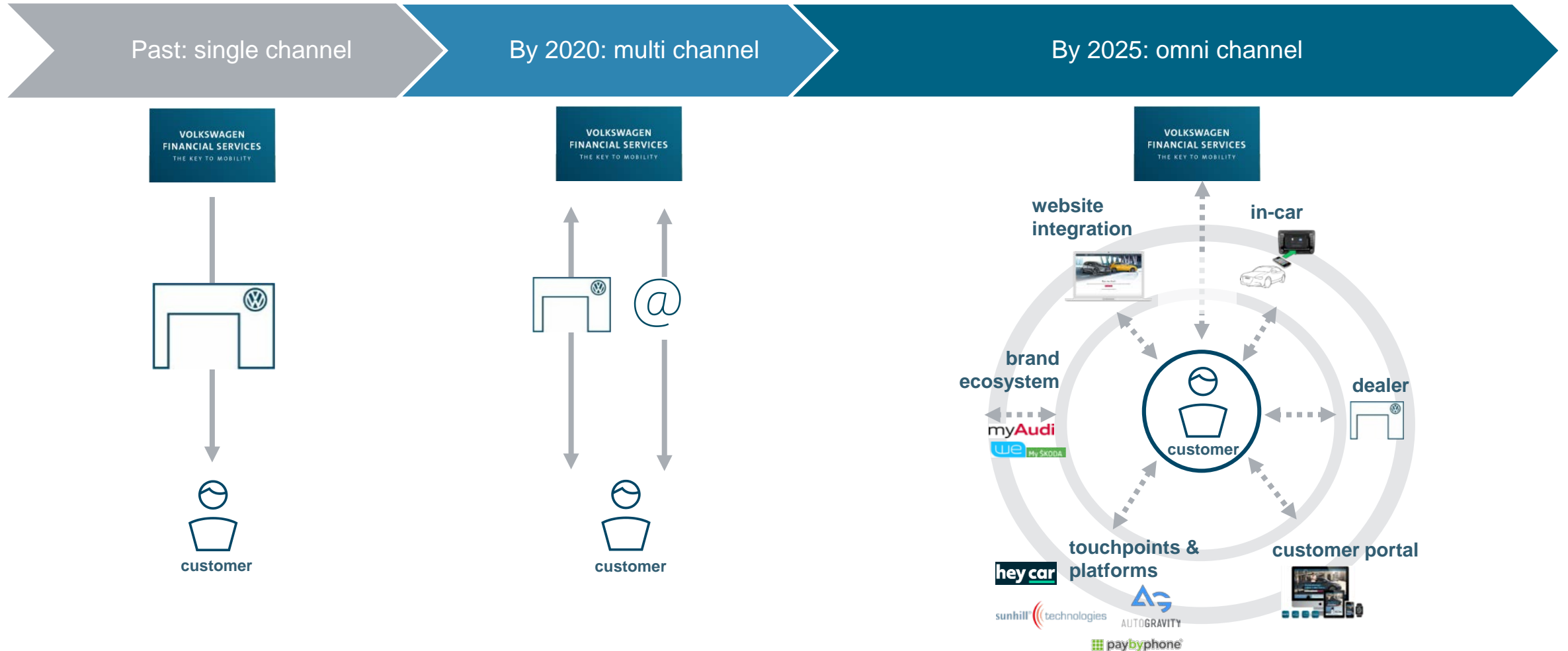
**Operational Excellence**

**Used Cars**

**Electrification**

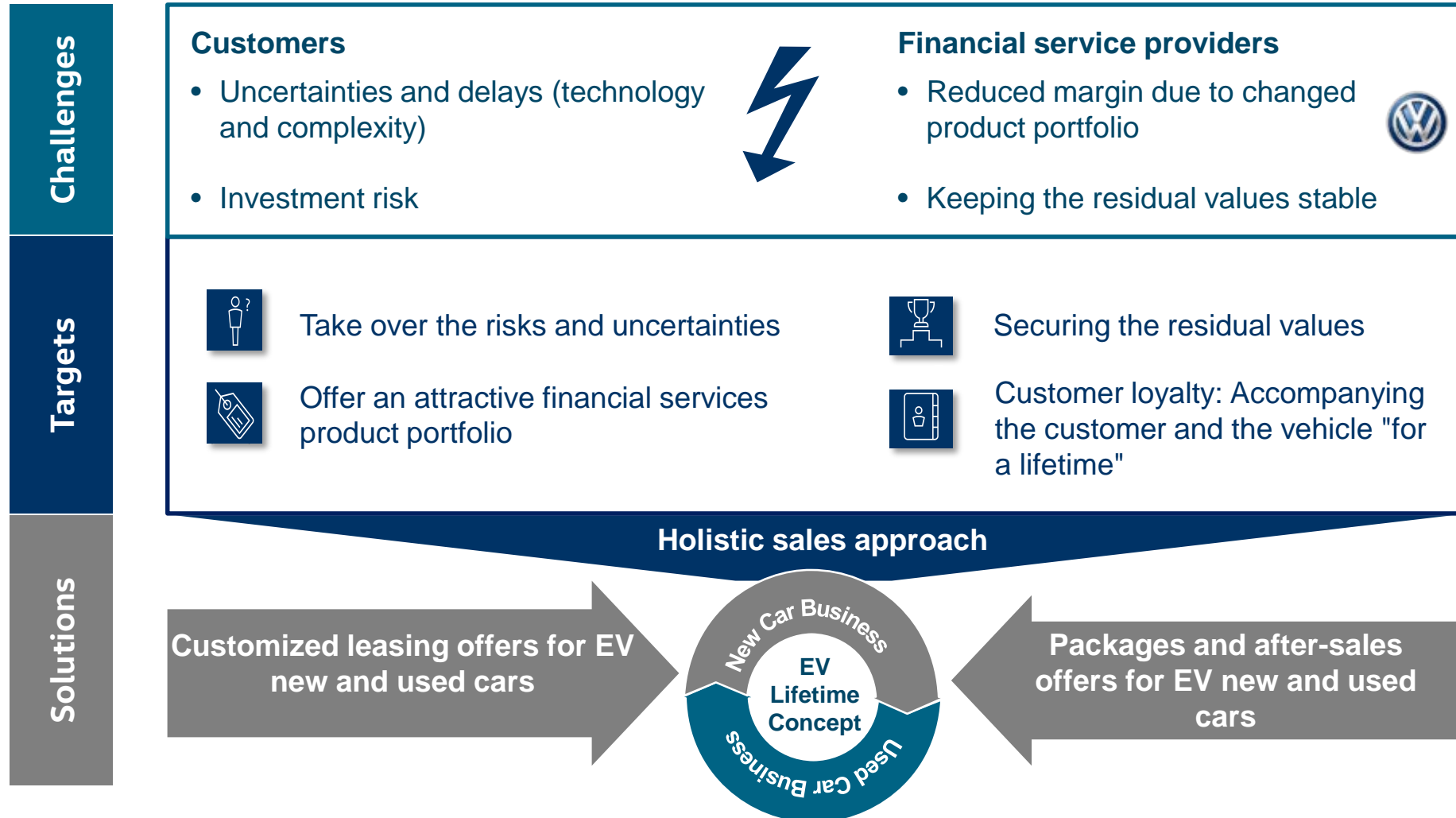


# Volkswagen Financial Services will digitalize all core products by 2020 and extends it's distribution channels





# Electrification creates new challenges for automotive financial service providers





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Volkswagen Financial Services

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Investor Relations  
Volkswagen Financial Services

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## Thank You.

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[www.vwfsag.de/en](http://www.vwfsag.de/en)

# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

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**Thank You.**

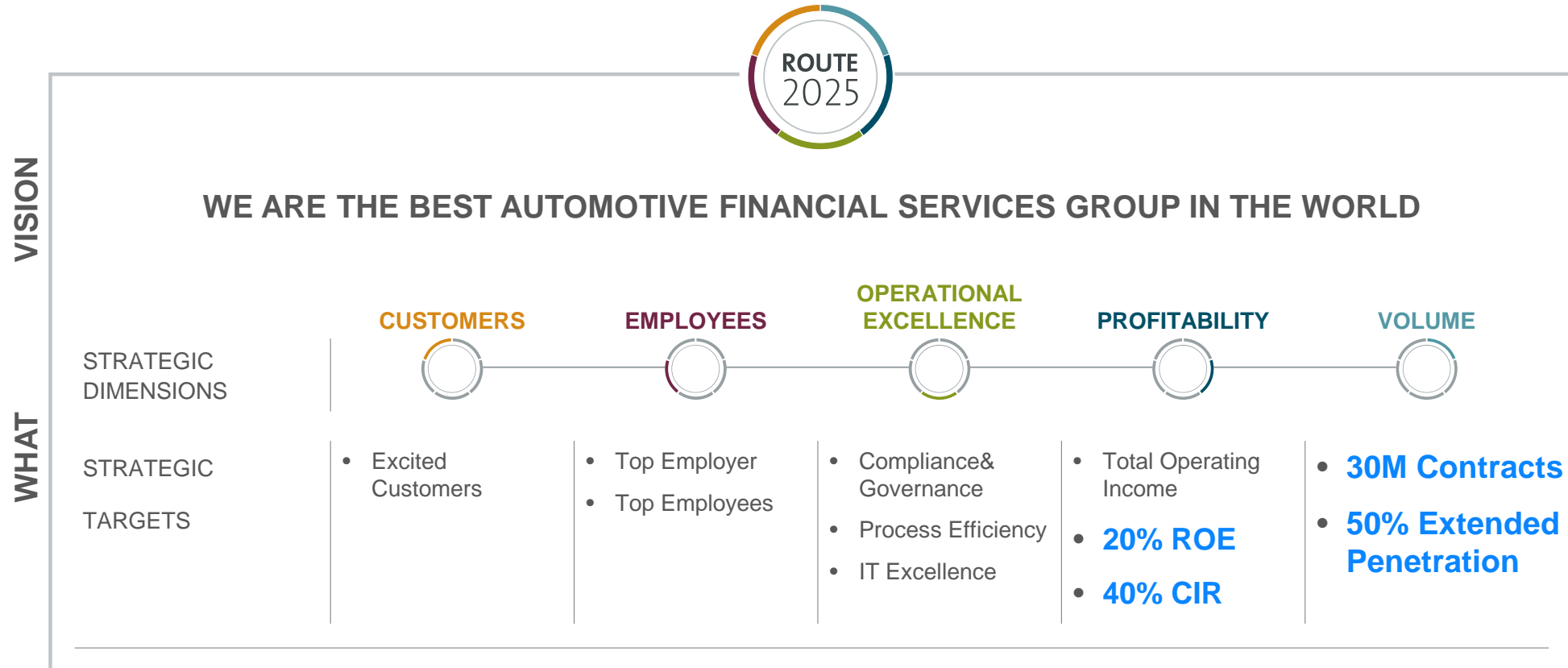
Volkswagen Bank GmbH

Gifhorner Str. 57

38112 Braunschweig

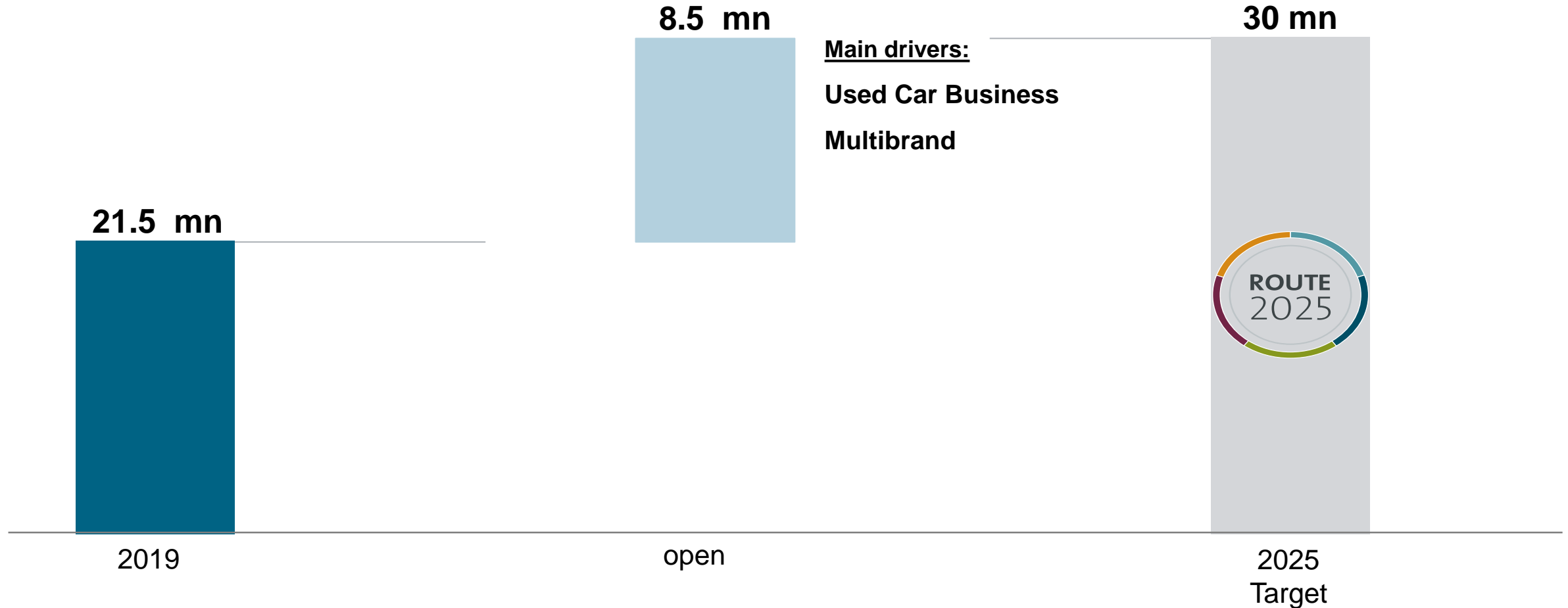
Germany

# Vision and targets of Route2025



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

## Major driver: used cars

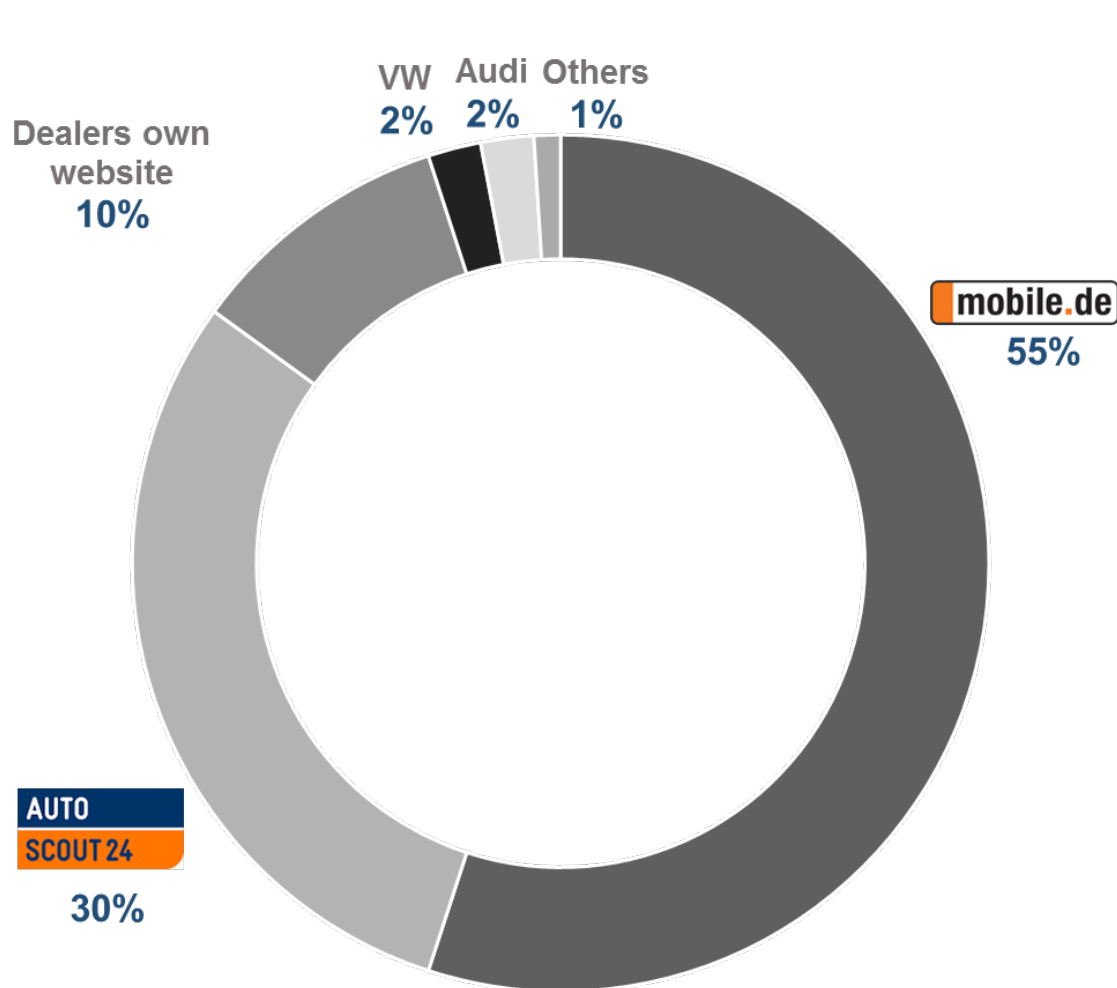


\* Contract portfolio including contracts of non-consolidated companies



# hey car | development of a real alternative to the current German duopoly

## Online share of trades



- **mobile.de** and **AUTO SCOUT24** counts for 85% of the Market
- **Constant price increase** for both platforms
- Dominant platforms **controlled by American tech companies**



▶ Hey Car is being developed in close cooperation with dealers

▶ Further shareholders: Daimler Financial Services and Volkswagen AG



**VOLKSWAGEN**

AKTIENGESELLSCHAFT