

A photograph of several business professionals in a meeting. They are seated around a wooden table, looking at documents and laptops. One person is pointing at a tablet. The scene is lit with warm, indoor lighting.

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

**Leading the Transformation.**

**Volkswagen AG / Volkswagen Financial Services**

Investor Roadshow Asia, 26-27 August 2020

## Disclaimer

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

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

A negative development relating to ongoing claims or investigations, the continuation of COVID-19, an unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

**Volkswagen AG**

**Ulrich Hauswaldt – Group Investor Relations**

**Volkswagen Financial Services**

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

**Katja Hauer – Investor Relations**

**Volkswagen Financial Services Australia**

## Volkswagen AG: Financial Highlights January – June 2020

**Volkswagen Group's business strongly impacted by Covid-19 pandemic in first half of 2020; countermeasures implemented worldwide**

**Deliveries to Volkswagen Group customers down 27.4% at 3.9 (5.4) million vehicles; declines in all regions, passenger car market share increased**

**Group sales revenue decreases by 23.2% to €96.1 billion**

**Operating result before special items falls to EUR –0.8 (10.0) billion; demand-related fall in volumes; Fair value valuations on derivatives outside Hedge accounting and currency effects have a negative impact of € 0.9 billion, the contribution of AID into the autonomous driving joint venture with Ford leads to a non-cash gain of EUR 0.8 billion**

**Operating result of €–1.5 billion down €10.5 billion on prior-year figure; negative special items of €–0.7 (–1.0) billion relating to diesel issue**

**Earnings before tax decrease to €–1.4 (9.6) billion**

**Automotive Division's net cash flow at €–4.8 (5.6) billion; capex ratio is 5.4 (4.9)% only due to falling revenues**

**Net liquidity in the Automotive Division at €18.7 billion; successful placement of hybrid notes strengthens capital base**

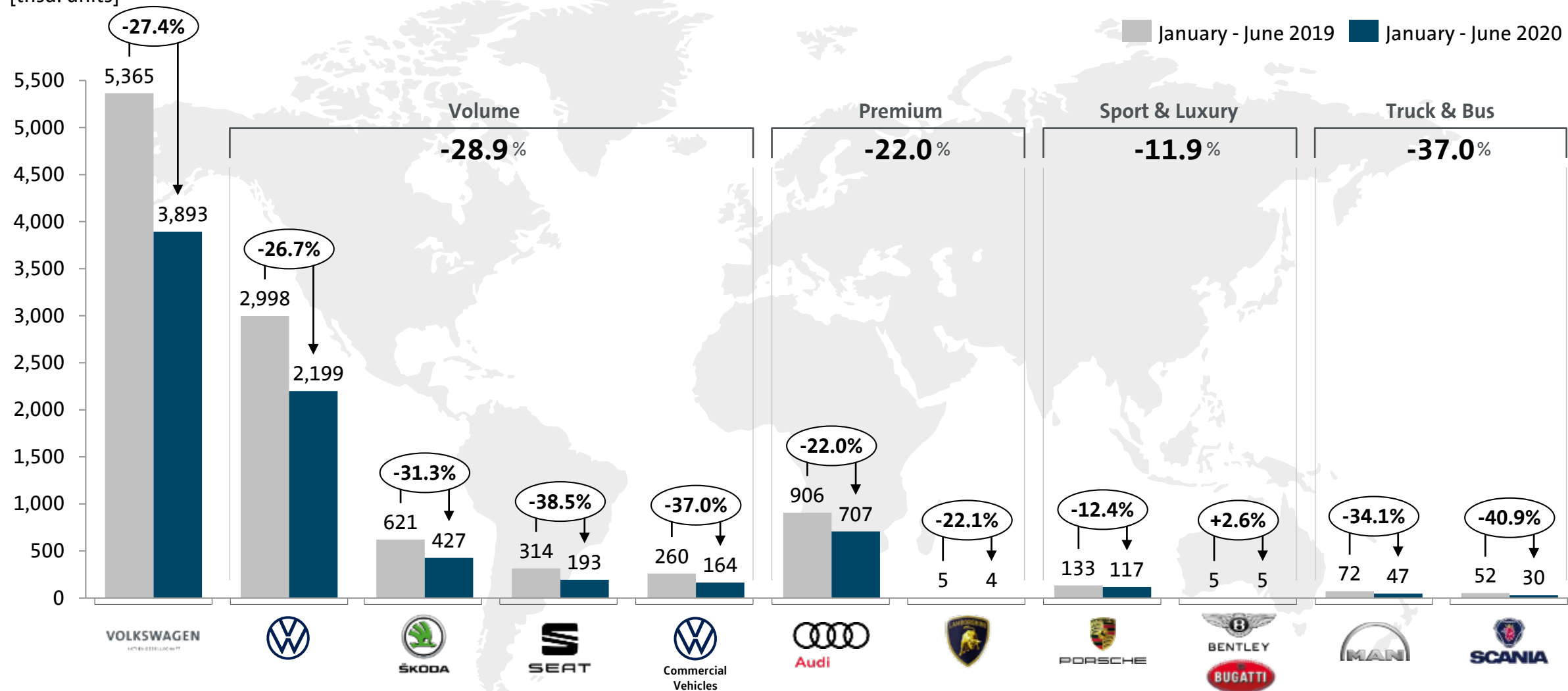
**Annual General Meeting will take place on September 30, 2020; dividend proposal amended, remaining net retained profits will be carried forward to next year's accounts**

**Leading the Transformation.**

Deliveries to Customers

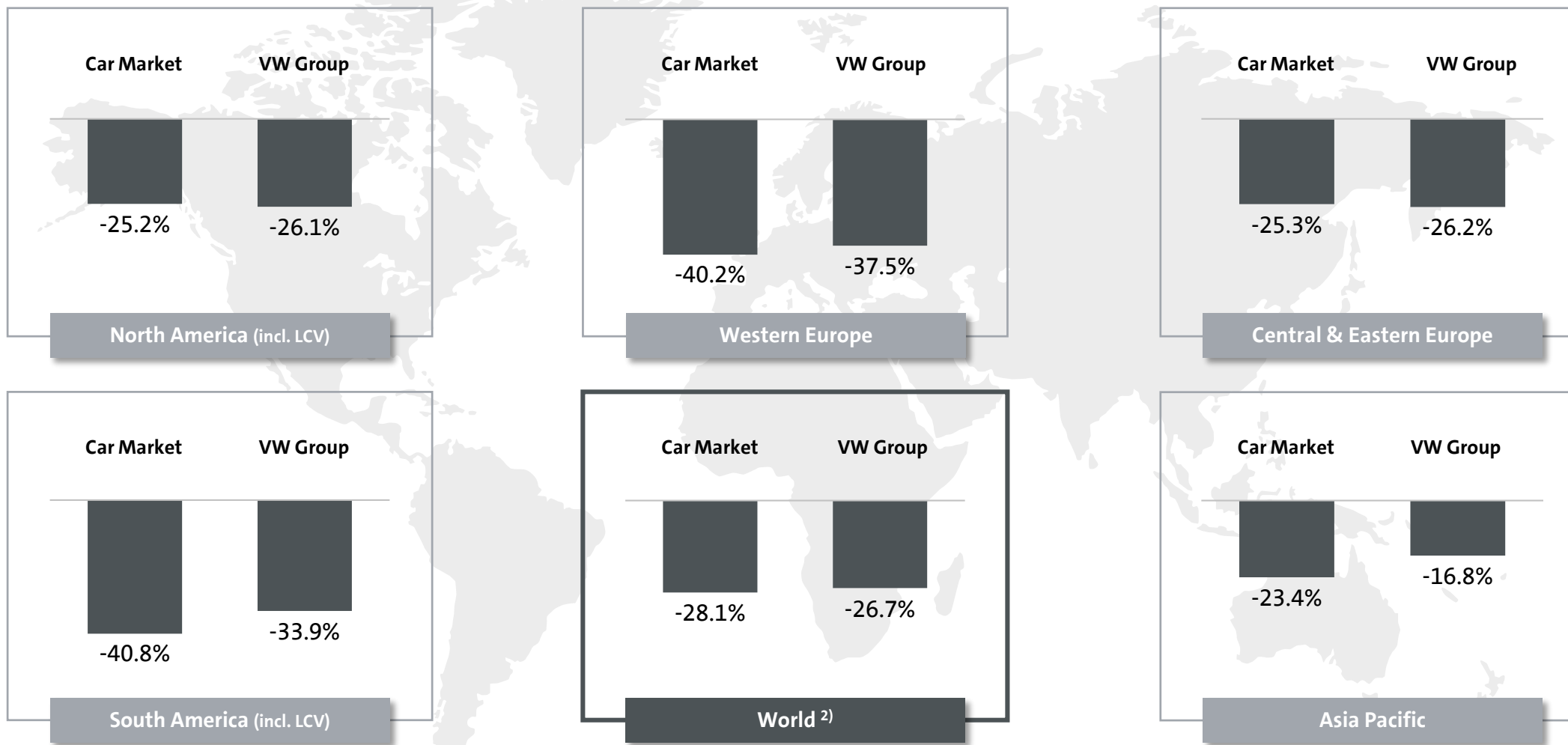
# Volkswagen Group – Deliveries to Customers by Brands <sup>1)</sup> (January to June 2020 vs. 2019)

[thsd. units]



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

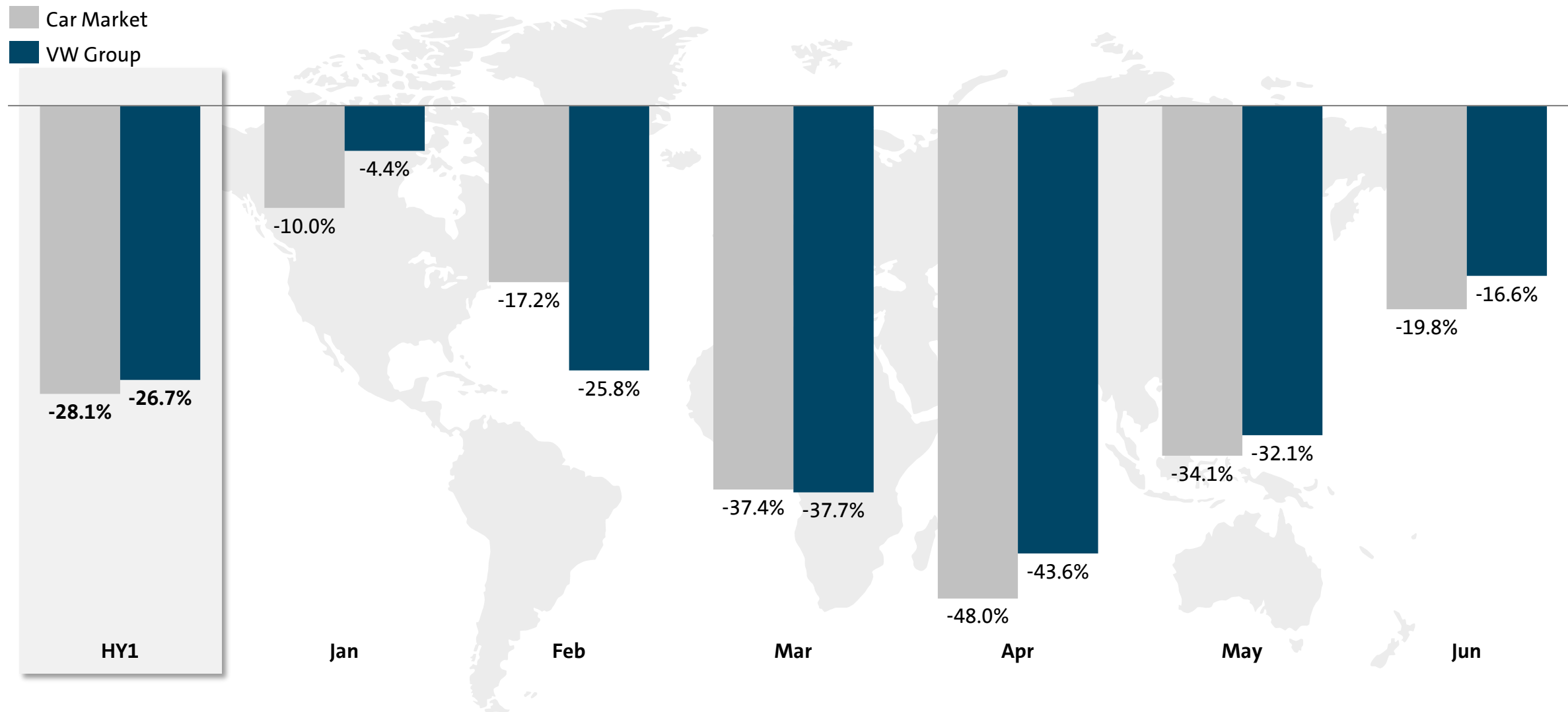
# Development World Car Market vs. Volkswagen Group Car Deliveries to Customers by Regions <sup>1)</sup> (Growth y-o-y, January to June 2020 vs. 2019)



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

# Development World Car Market vs. Volkswagen Group Car Deliveries to Customers <sup>1)</sup>

(Growth y-o-y, January to June 2020 vs. 2019)



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



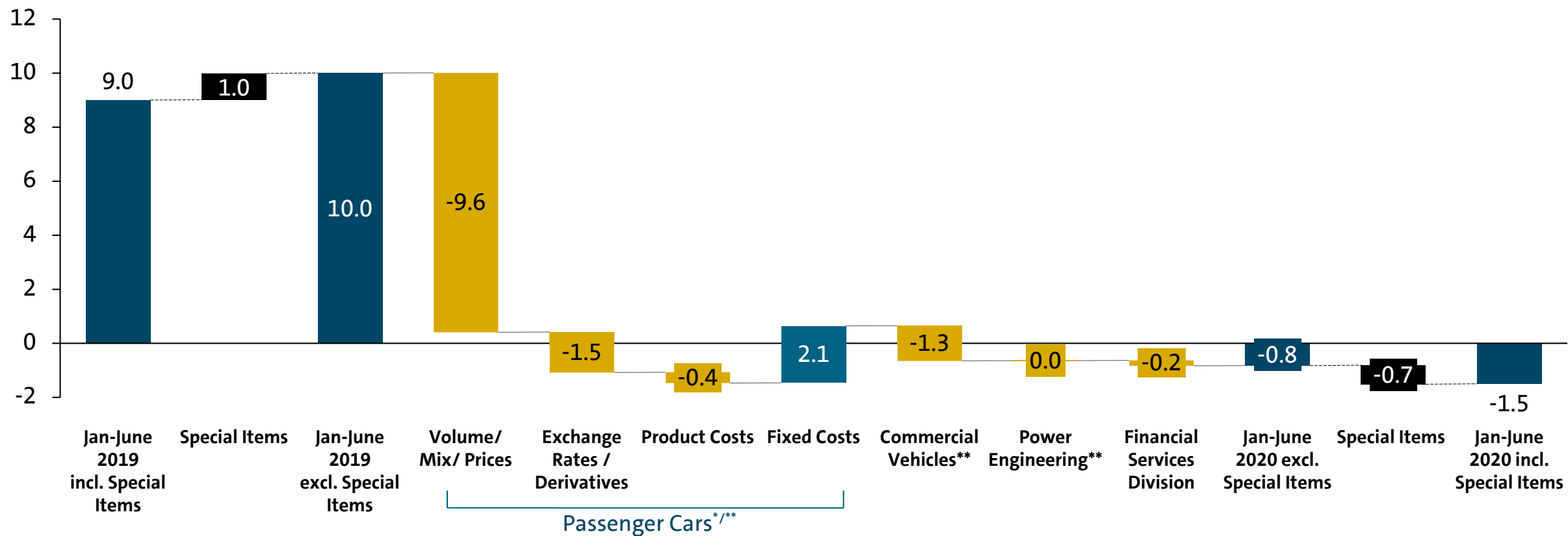


Leading the Transformation.

Key Financials and Funding

# 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

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

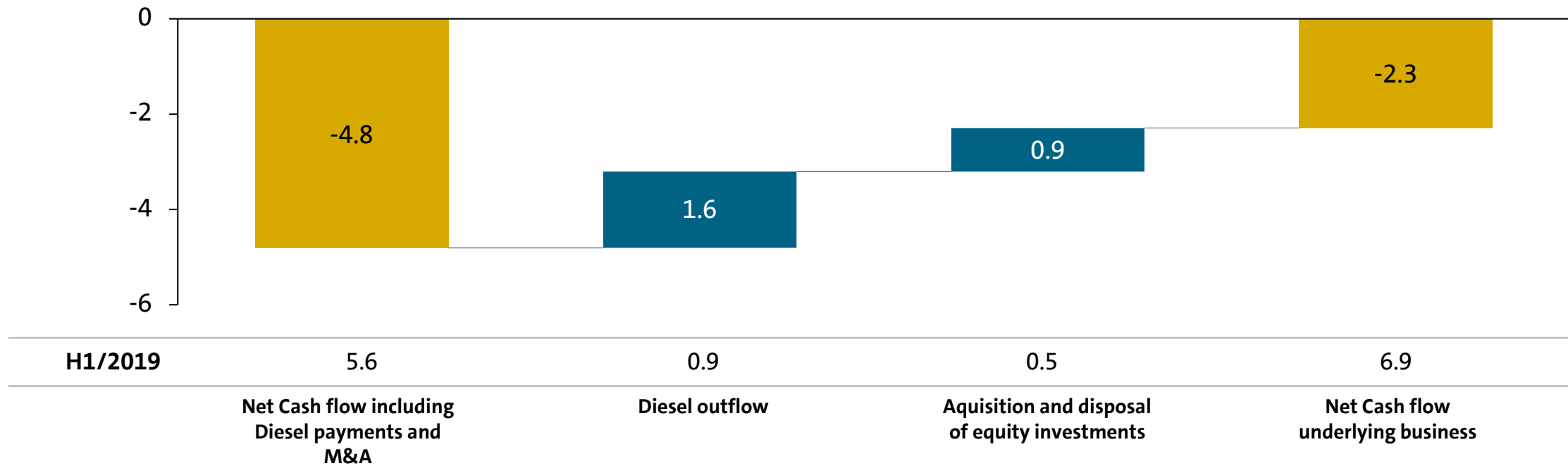
## (January to June 2020)

	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.

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

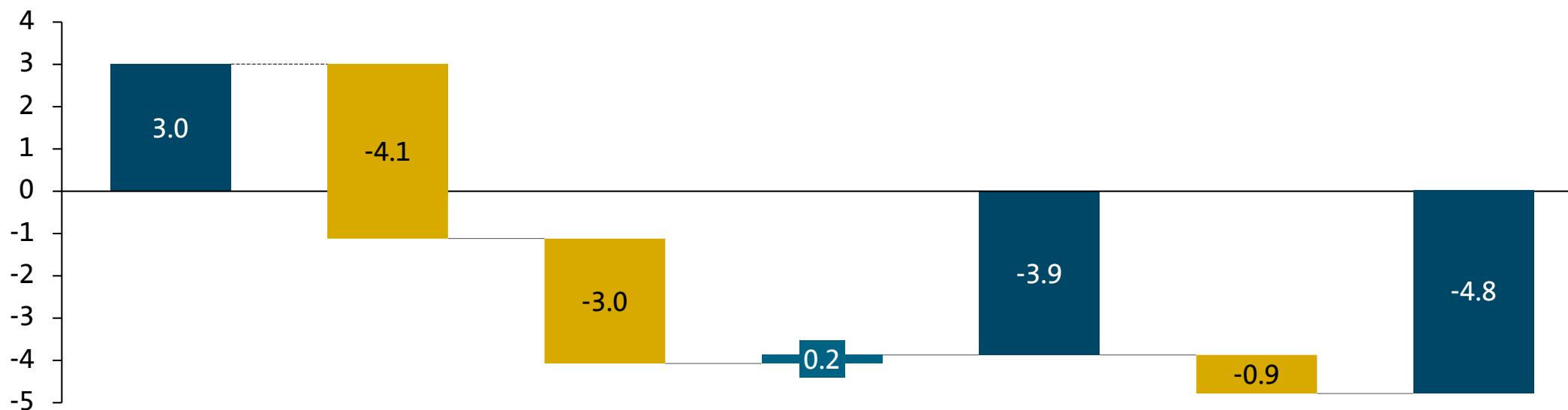
[€ billion]



<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]

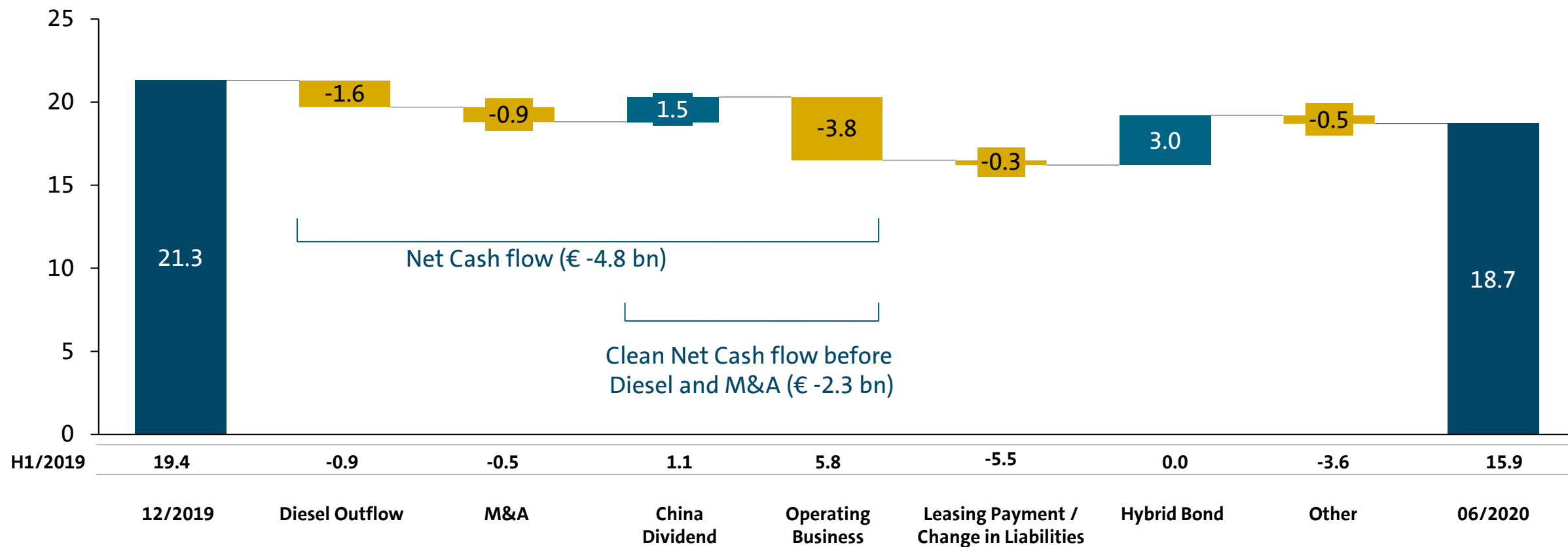


<b>H1/2019</b>	13.5	-5.2	-2.3	0.1	6.1	-0.5	5.6
	<b>Cash flow from operating activities</b>	<b>Capex</b>	<b>Capitalized development costs</b>	<b>Other</b>	<b>Net cash flow before equity investments</b>	<b>Acquisition and disposal of equity investments</b>	<b>Net Cash flow</b>

<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.

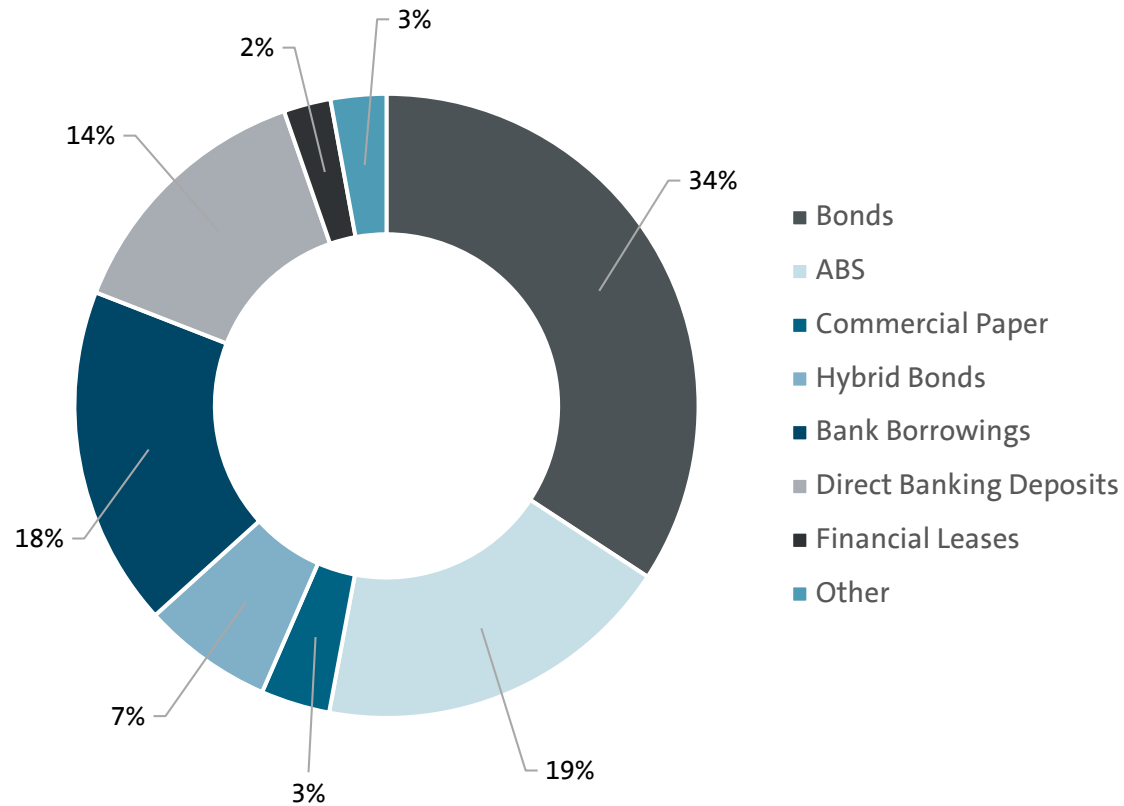
**Volkswagen Group – Funding Programs & Outstandings**  
**As of June 30, 2020**

<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>	Financial Leases	5.6
ABS	42.9	Other	6.6

# Volkswagen Group Funding Strategy – Overview

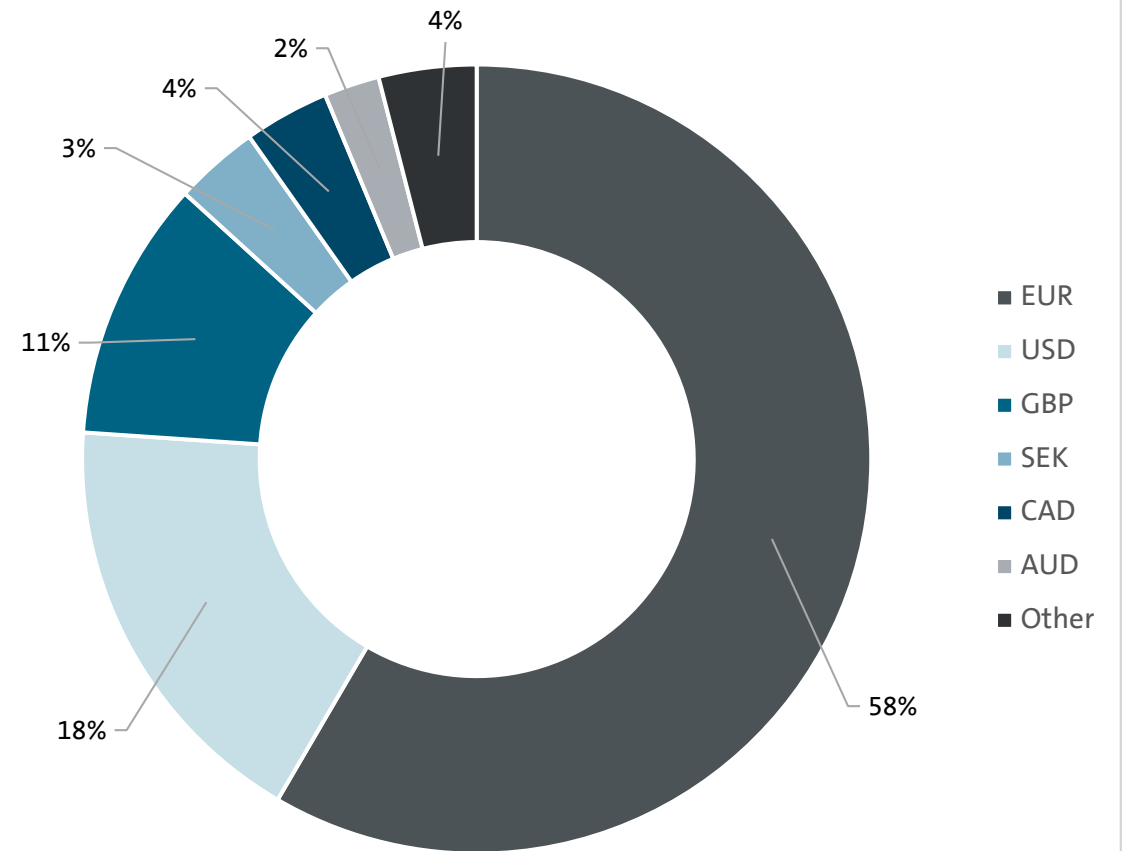
## As of June 30, 2020

### Funding Sources in €bn



### Currency Breakdown in %

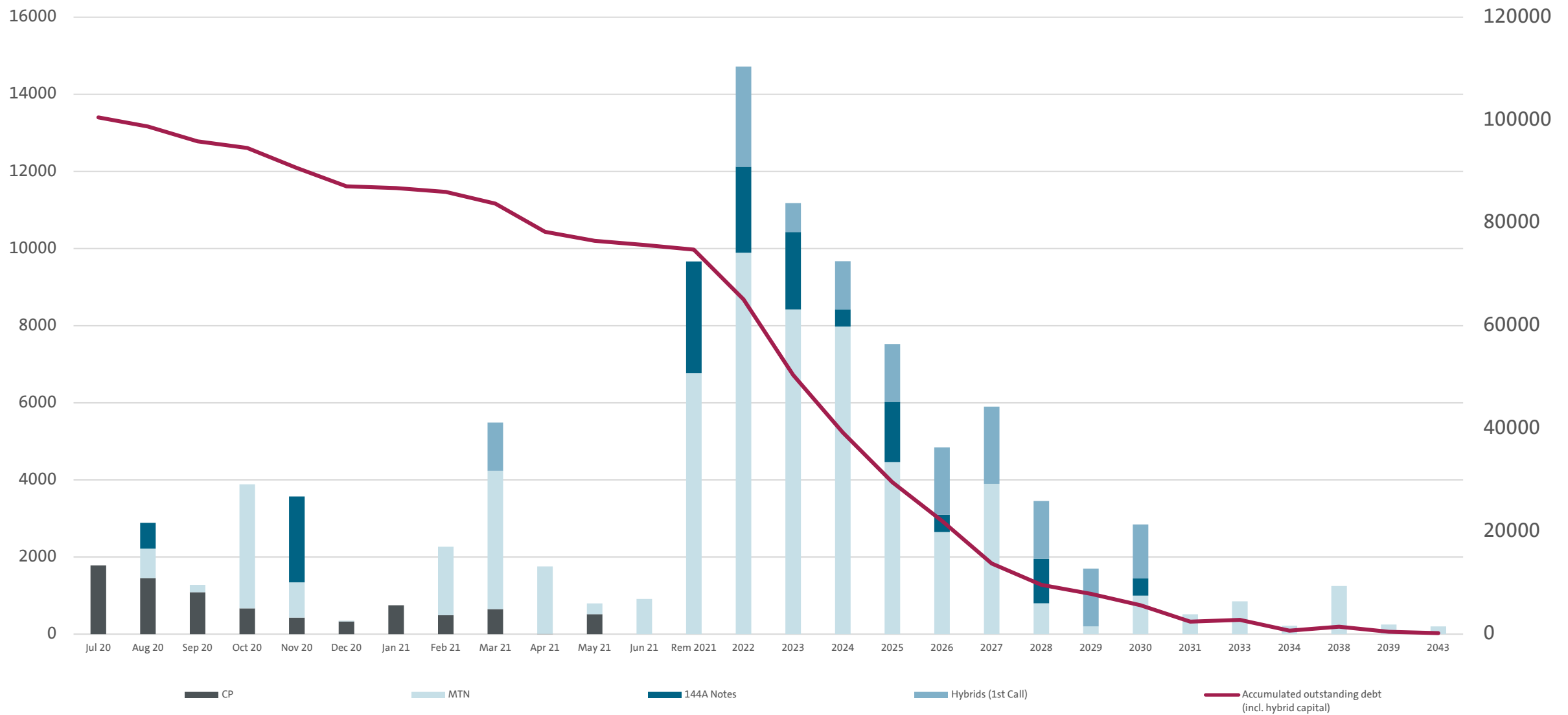
(ABS, Commercial Paper and Bonds, ex. Hybrid Bonds)





# Volkswagen Group Funding Strategy – Bond Maturity Profile

## As of June 30, 2020 (in € million)



Source: Volkswagen Group


## Volkswagen Group - Funding Strategy

### Major Issuances in 2019 and H1 2020

January:	EUR 2.50bn Volkswagen Bank GmbH
March:	EUR 2.75bn Volkswagen Financial Services AG
June:	EUR 1.75bn Volkswagen Leasing GmbH
September:	USD 3.00bn Volkswagen Group of America Finance, LLC CAD 1.50bn Volkswagen Credit Canada, Inc.
March:	EUR 2.15bn Volkswagen Financial Services AG
May:	USD 4.00bn Volkswagen Group of America Finance, LLC
June:	EUR 3.00bn Volkswagen International Finance N.V. - Hybrid Bond


# Volkswagen Green Finance Framework

## Summary of the Framework & Second Party Opinion




### Use of Proceeds – Clean Transportation

- Projects related to the manufacture of electric vehicles
- Dedicated e-charging infrastructure




### Project Evaluation and Selection

- cross-departmental Green Finance Committee responsible for overseeing the process of selecting, evaluating and monitoring Eligible Green Projects
- look-back period of up to three preceding full fiscal years from the date of issuance



### Management of Proceeds

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



### Reporting

- Yearly updated reporting with limited assurance on use of proceeds
- Impact metrics such as Life Cycle Assessment

## 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 IMA 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

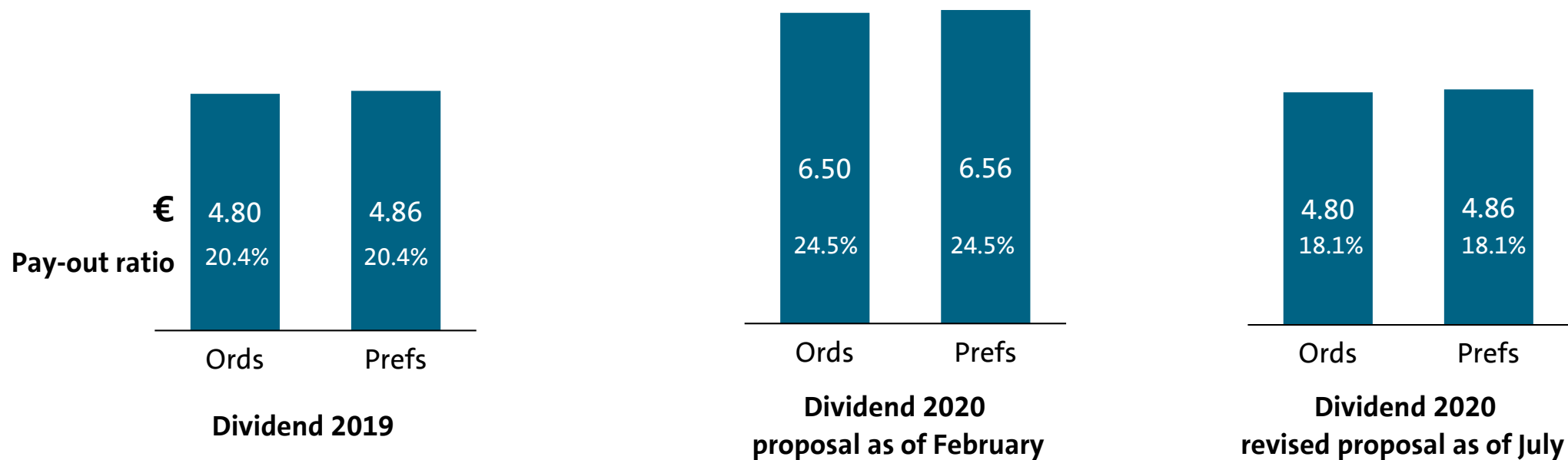
**For inquiries, contact the Sustainable Finance Solutions project team:**

**Lili Hocke (Amsterdam)**  
Project Manager  
lili.hocke@sustainalytics.com  
(+31) 20 205 00 40

**Evan Bruner (Amsterdam)**  
Project Support  
evan.bruner@sustainalytics.com  
(+31) 20 205 0027

**Jean-Claude Berthelot (Amsterdam)**  
Client Relations  
sustinance.emea@sustainalytics.com  
+44 20 3880 0193

## 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!**

A blurred background image showing several people in a meeting. In the foreground, a person's hands are holding a tablet computer. The scene is brightly lit, suggesting an office environment.

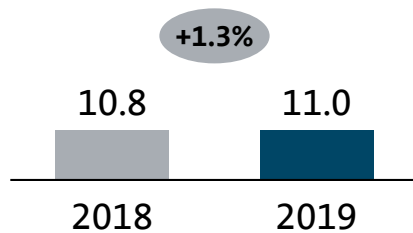
**Leading the Transformation.**

Outlook & Operative Excellence

# Volkswagen Group – Outlook for 2020 <sup>1)</sup>



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

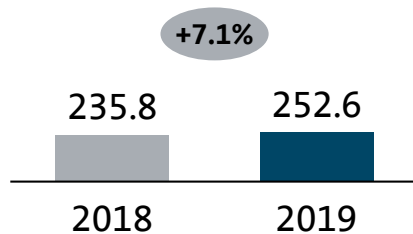


**significantly below prior year**

2020



**Sales revenue**  
(€ billion)

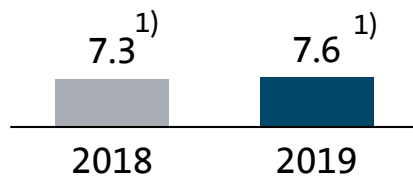


**significantly below prior year**

2020



**Operating return on sales**  
(%)



**Operating result severely below prior year**

**However, positive**

2020

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

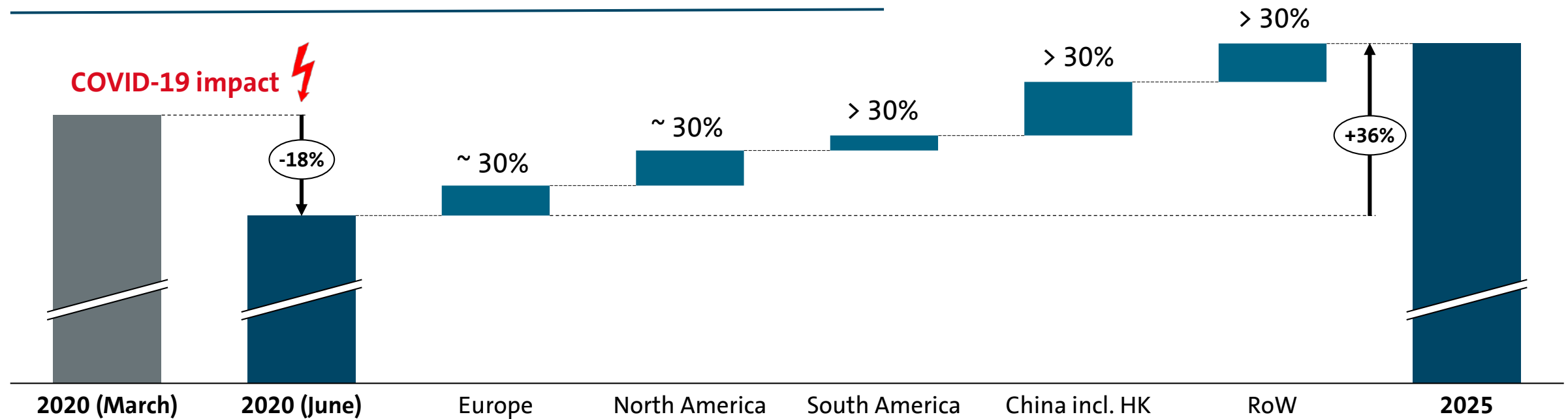
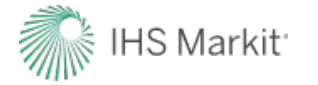
## Strategic Group KPI's

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.

# Development Global passenger car markets <sup>1)</sup>

## Markets by regions (2020-2025)



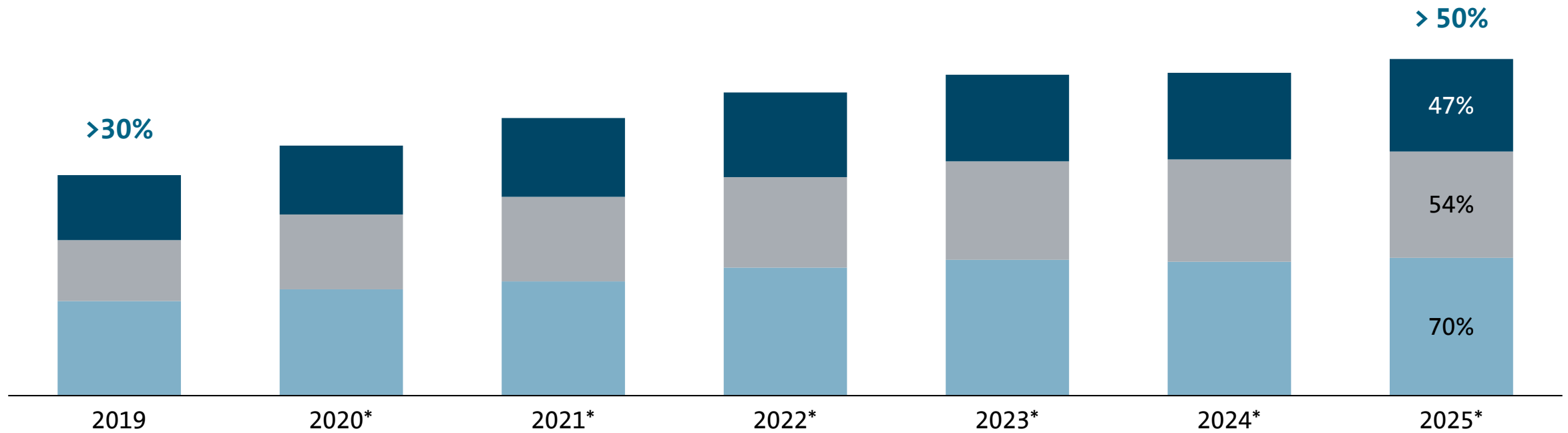
<sup>1)</sup> North America and South America incl. Light Commercial Vehicle; Source: IHS Markit | March | June 2020



# 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.

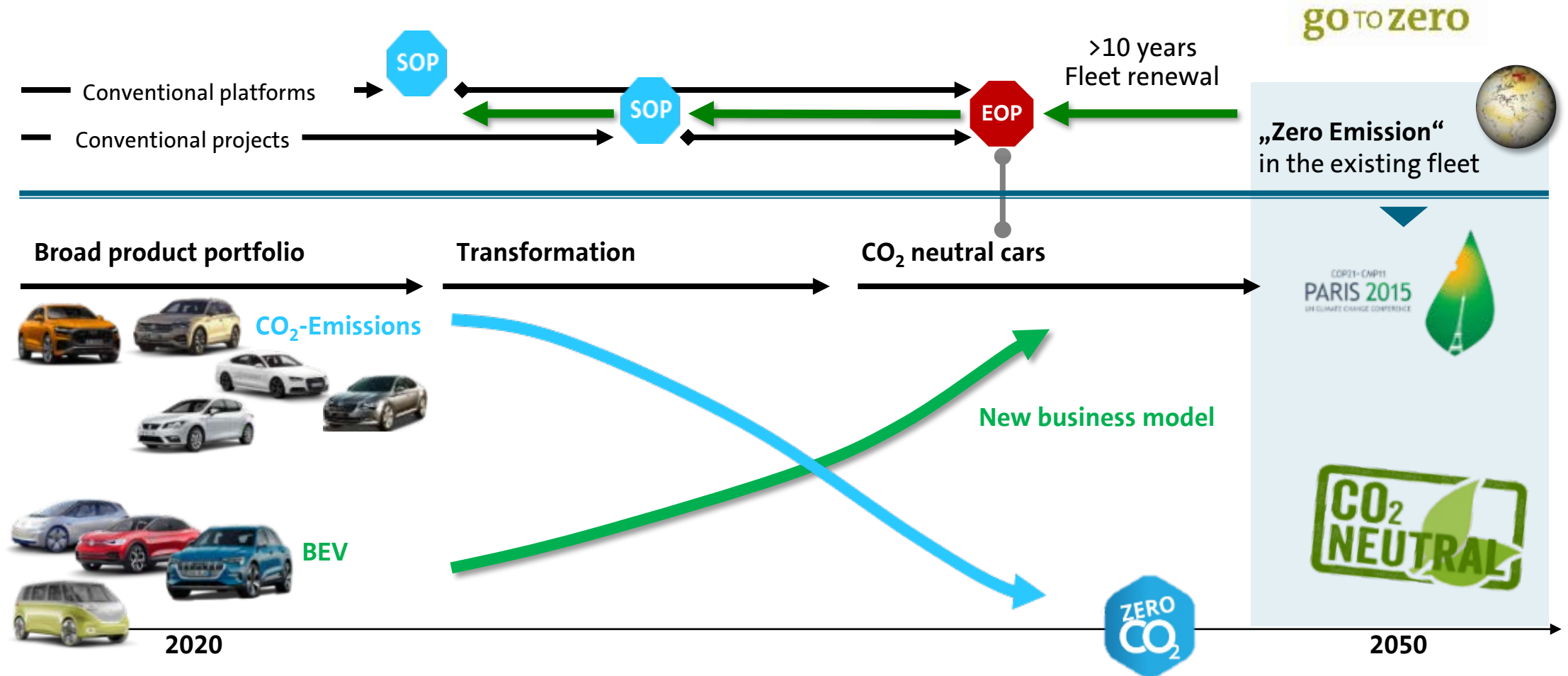
Strategy – Shaping e-mobility

We are entering a new era of electro mobility



# “Go to zero” Transformation of portfolio underway

## Paris Implications and Transformations Path

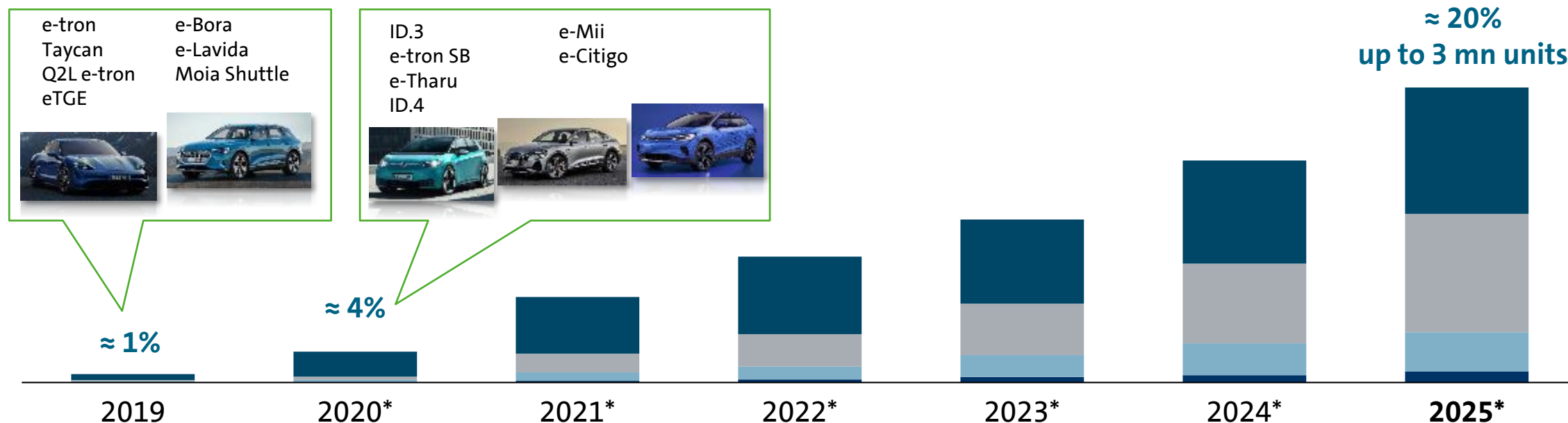


# Concrete Road map – BEV deliveries

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



Europe China NAR RoW



<sup>1)</sup>Target

## Scalable Technology: The dedicated platforms (MEB/PPE) guarantee superior customer experience, scale and versatility



Long wheelbase  
short overhangs



Spacious interior for  
driver & passengers



No center tunnel



Various  
bodystyles



Big wheels



Rear-wheel  
& four-wheel drive



Central  
computing unit



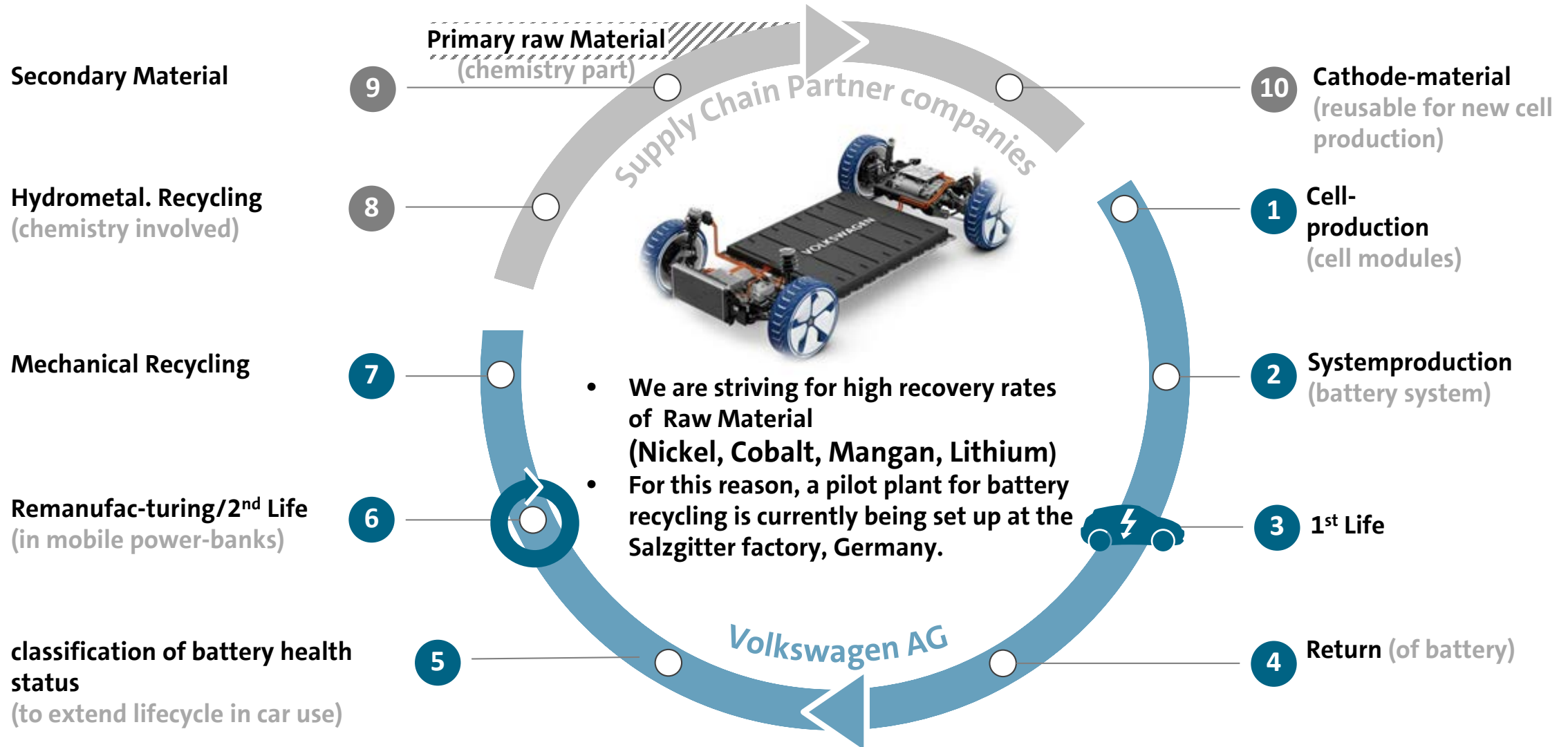
Trunk volume  
~ ICE



New Design



# Principle of Closed Loop Battery Materials



## Holistic Battery-Strategy: Building competencies and further cooperations

northvolt®



Quantum Scape



- Joint venture with **Northvolt** established in 2019
- Initial investment of some €450 mn
- 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
  
- Additional investment of up to US\$ 200 mn in US **solid-state battery specialist Quantum Scape**
- (previous investment of over US\$ 100 mn)
- We are targeting 2025 for the factory ramp-up
- Goal is industrial-level production of solid-state batteries
  
- In addition, 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 alone, Volkswagen expects annual demand of over 150 gigawatt hours from 2025, with demand in Asia at a similar level



A close-up photograph of a person's hand holding a black smartphone. The phone screen displays a payment app interface with a card labeled 'Emre Ulucak' and the text 'Hold Near Reader'. The phone is being held near a gas station pump's payment terminal, which features a white contactless payment symbol. The background is slightly blurred, showing green foliage and the metallic surface of the pump. A semi-transparent dark grey box is overlaid on the bottom left of the image, containing white text.

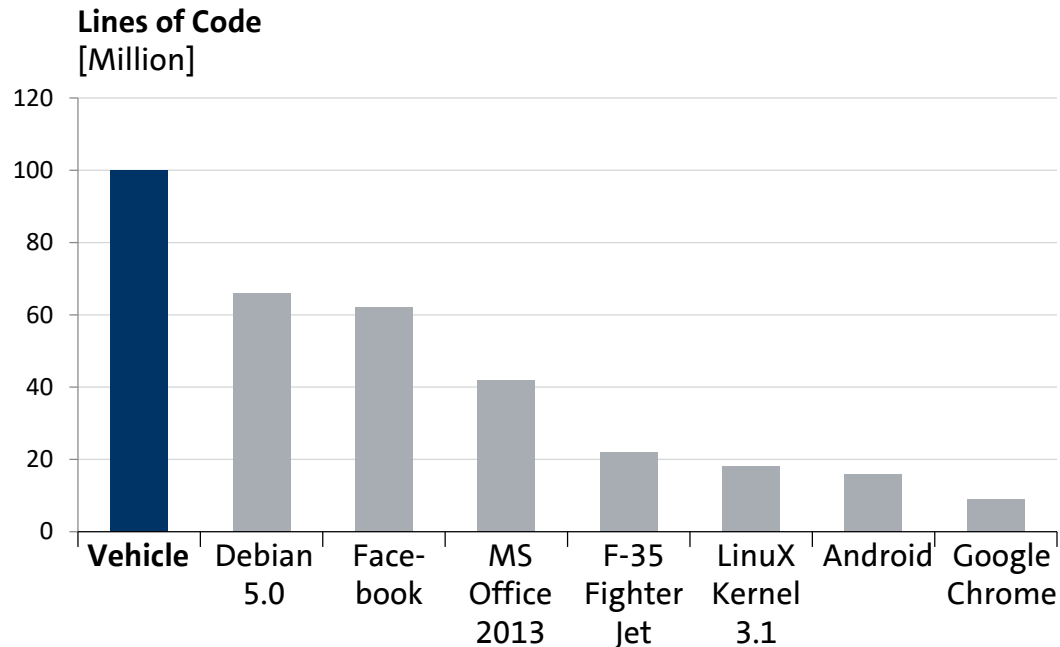
**Leading the Transformation.**

Strategy – Software-enabled car company

# Car becomes most complex internet device

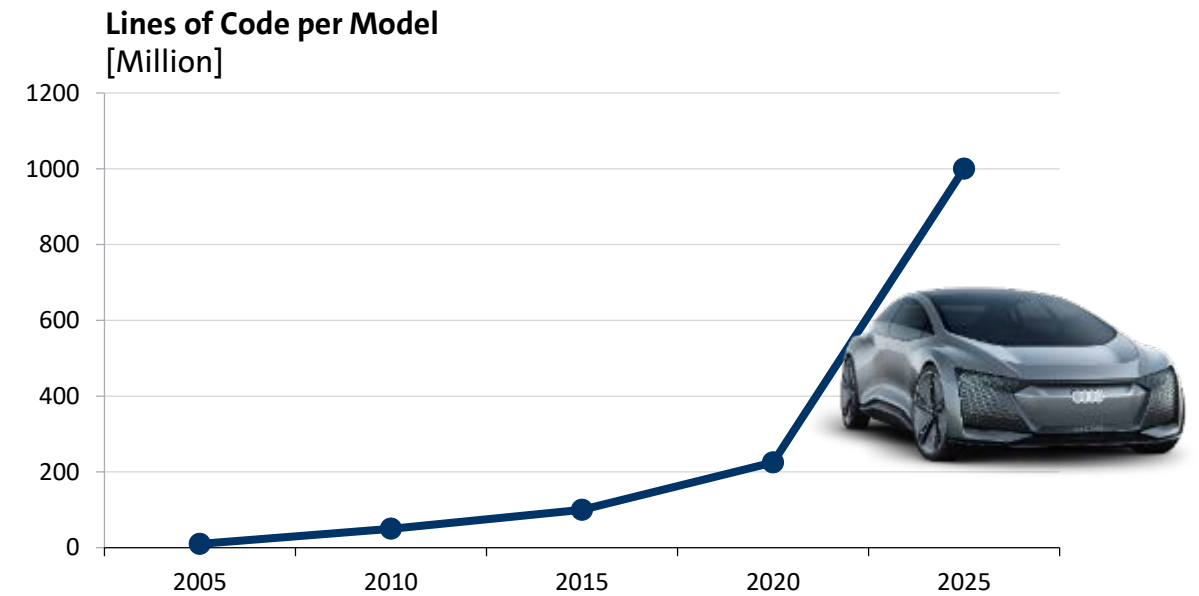
## Today

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



## Tomorrow

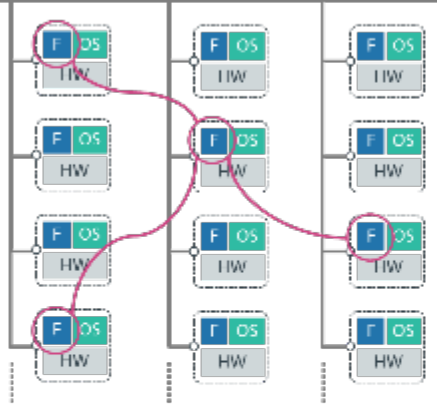
- > 200 - 300 million lines of code are expected
- Level 5 autonomous driving will take up to 1 billion lines of code



# Volkswagen's own software stack will be the enabler to differentiate within automotive industry



Car



distributed customer functions

Control units: approx. **70**

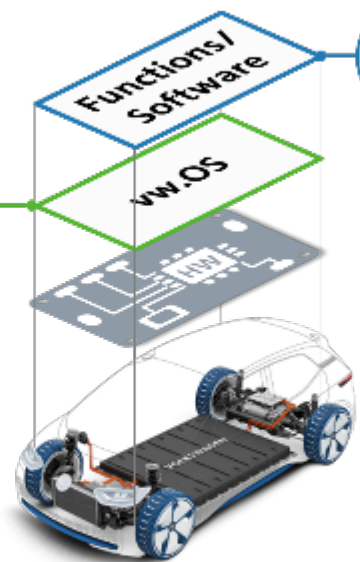
No own Software stacks

Today

## Fully connected car



vw.OS Basic Software: Operating System



Software Stacks: Infotainment, Navigation, Emergency Assist ...



High Performance Computers **3-5**

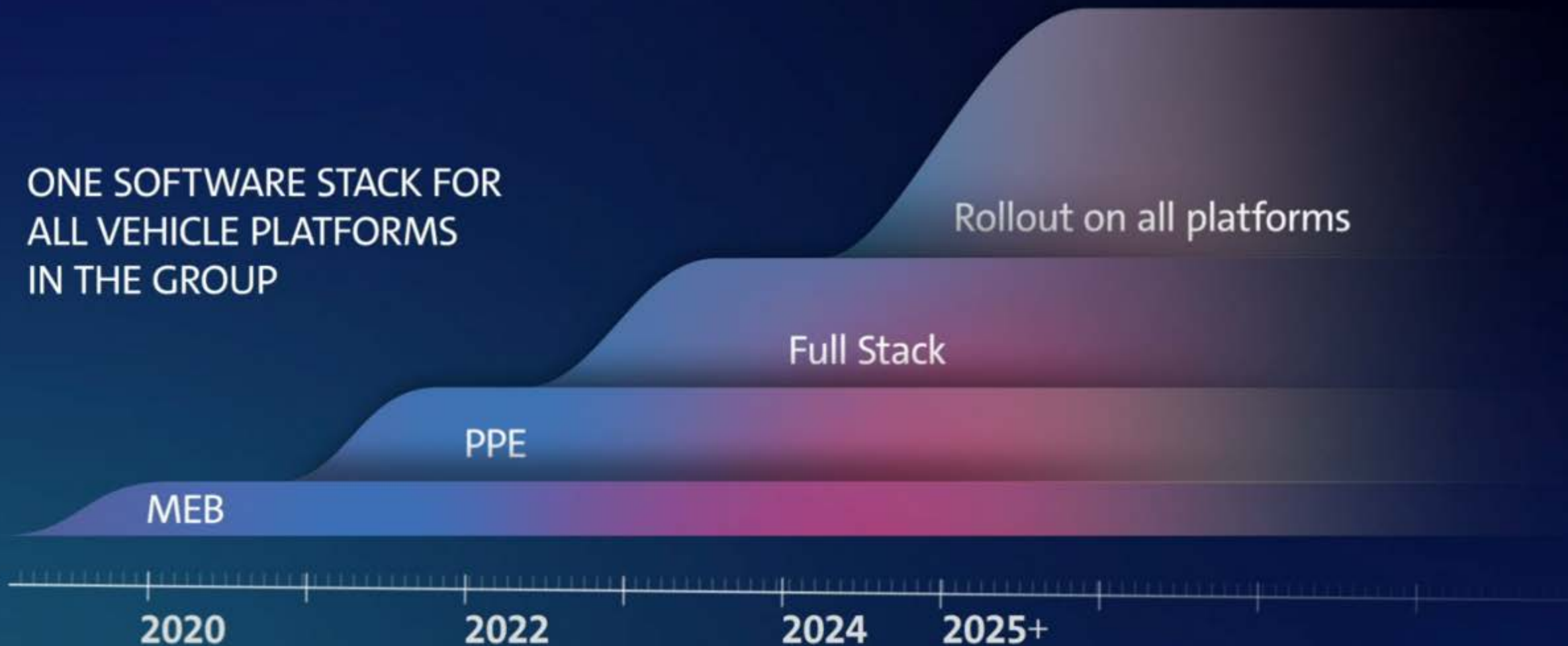
+ Further control units for safety relevant functions

Development of Volkswagen's own Software stacks

Tomorrow

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

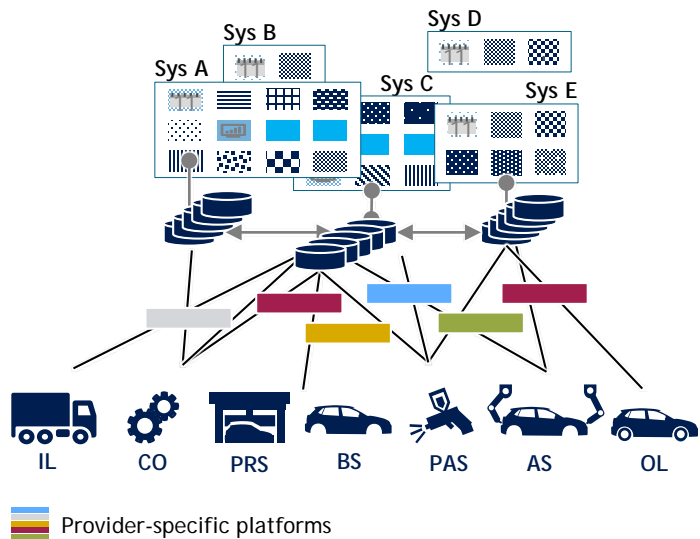
ONE SOFTWARE STACK FOR  
ALL VEHICLE PLATFORMS  
IN THE GROUP



# Industrial Cloud: Transforms fragmented IT landscape to integrated platform architecture

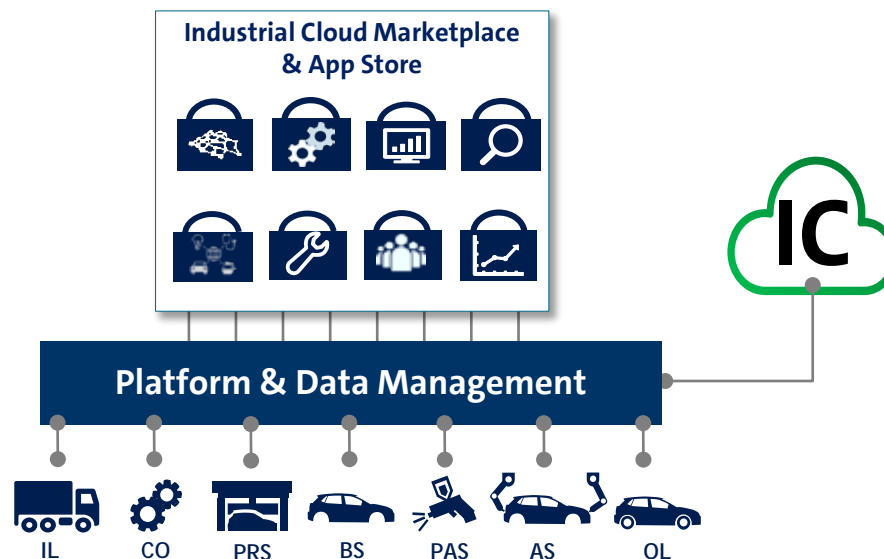
Covers 124 Group Plants

## Current state: fragmented IT/OT landscape



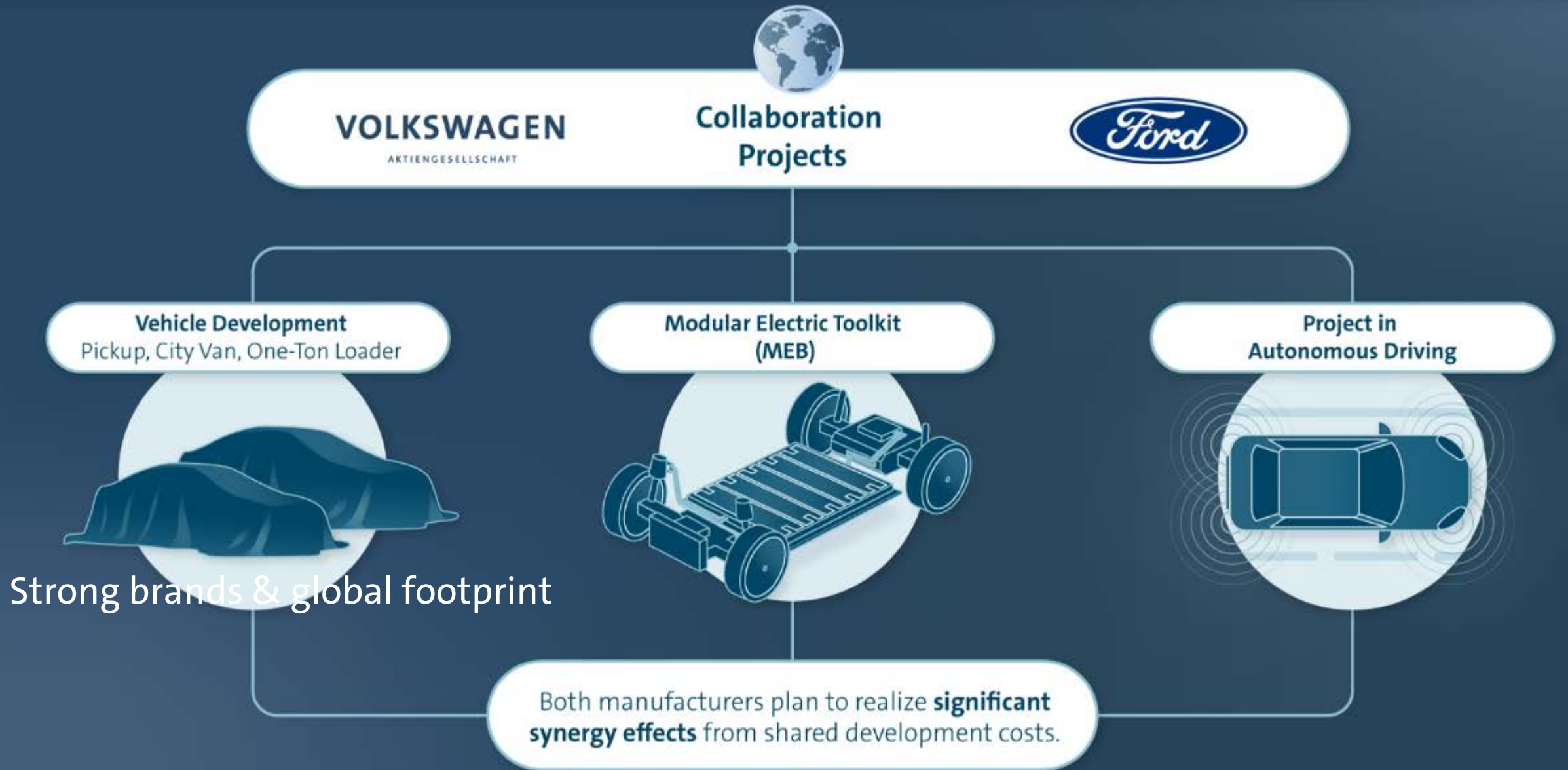
IL: Inbound Logistics CO: Components PRS: Press Shop BS: Body Shop PAS: Paint Shop AS: Assembly OL: Outbound Logistics

## Target state: integrated platform architecture



Savings x,  
Synergies

# Alliance delivers significant strategic and economic benefits





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.



**Helen Beckermann (Wolfsburg office)**  
Head of Group Investor Relations  
E-Mail: [Helen.Beckermann@volkswagen.de](mailto:Helen.Beckermann@volkswagen.de)  
Telephone: +49 5361 9 49015



**Alexander Hunger (Wolfsburg office)**  
Investor Relations Manager  
Equity & ESG  
E-Mail: [Alexander.Hunger@volkswagen.de](mailto:Alexander.Hunger@volkswagen.de)  
Telephone: +49 5361 9 47420



**Andreas Buchta (Wolfsburg office)**  
Investor Relations Manager  
Equity & Key Contact North America  
E-Mail: [Andreas.Buchta@volkswagen.de](mailto:Andreas.Buchta@volkswagen.de)  
Telephone: + 49 5361 9 40765



**Ulrich Hauswaldt (Wolfsburg office)**  
Investor Relations Manager  
Equity & Debt  
E-Mail: [Ulrich.Hauswaldt@volkswagen.de](mailto:Ulrich.Hauswaldt@volkswagen.de)  
Telephone: +49 5361 9 42224



**Andreas Kowalczyk (Wolfsburg office)**  
Investor Relations Manager  
Equity  
E-Mail: [Andreas.Kowalczyk@volkswagen.de](mailto:Andreas.Kowalczyk@volkswagen.de)  
Telephone: +49 5361 9 23183



**Monika Kowalski (Wolfsburg office)**  
Investor Relations Manager  
Equity  
E-Mail: [Monika.Kowalski@volkswagen.de](mailto:Monika.Kowalski@volkswagen.de)  
Telephone: +49 5361 9 31106

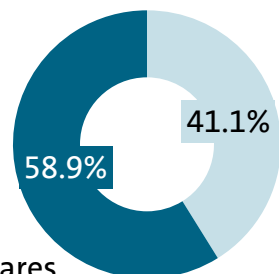
Leading the Transformation.

Appendix

# The Shareholder Structure, Supervisory and Management Board

## Shareholder Structure of Volkswagen AG

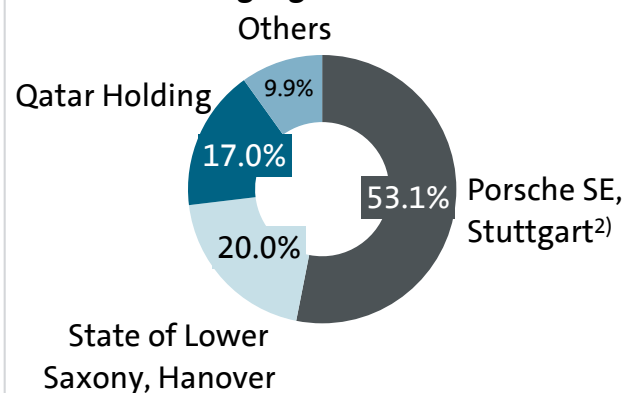
### Number of Outstanding Shares



Preferred shares  
206,205,445

Ordinary shares  
295,089,818

### 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 VW AG and VW Passenger Cars brand</b>	Dr. Herbert Diess
<b>Porsche AG</b>	Dr. Oliver Blume
<b>Human Resources</b>	Gunnar Kilian
<b>TRATON Group</b>	Andreas Renschler
<b>Audi AG</b>	Markus Duesmann
<b>Integrity and Legal Affairs</b>	Hiltrud Dorothea Werner
<b>Finance and IT</b>	Frank Witter
<b>Components and Procurement</b>	Dr. Stefan Sommer

<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
2020		0.7	Expected	~3.6
Total		<b>31.3</b>	Payments made until end of 2019	~26.2

# 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



**VOLKSWAGEN**

AKTIENGESELLSCHAFT



Volkswagen AG

Ulrich Hauswaldt – Group Investor Relations

**Volkswagen Financial Services**

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

**Katja Hauer – Investor Relations**

Volkswagen Financial Services Australia

# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



## **Creating Value with Financial Services**

Volkswagen Financial Services AG and Volkswagen Bank GmbH

**Investor Roadshow Australia, 26-27 August 2020**

# Impact of COVID-19



## Business Continuity Management

Involving the Supervisory Board, Security, Communication and HR.



## Dealer Support Package

In close cooperation with Volkswagen Group brands

## Residual Value Risk

Currently some pressure. Extraordinary write downs only in USA and Germany in H1.



## Credit Risks

Historically very low. Measures implemented. Increasing losses likely in H2.



## Funding

Both VW Bank GmbH as well as VW FS AG sufficiently capitalized.



# Volkswagen Group: Management Model



1) Allocation to be verified  
 As of 04.09.2019

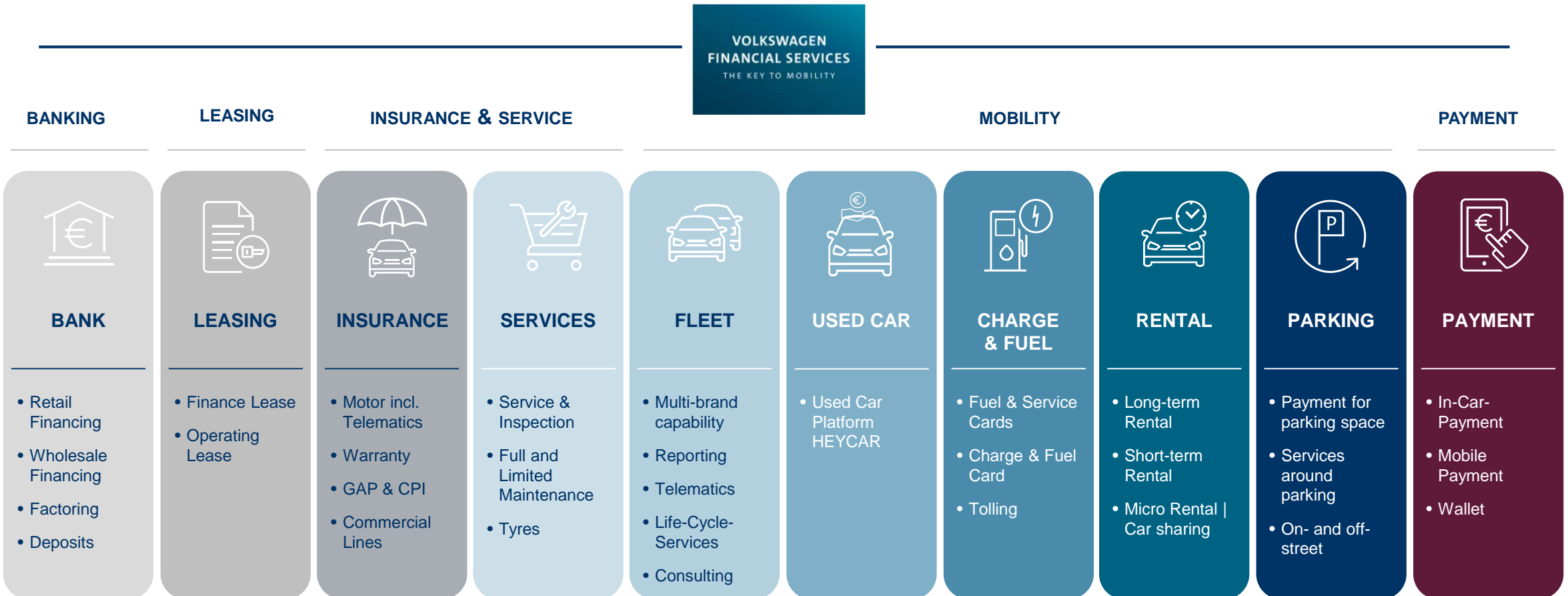
# Our business model interfaces customers, automotive brands and dealers



# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

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



PROFITABILITY

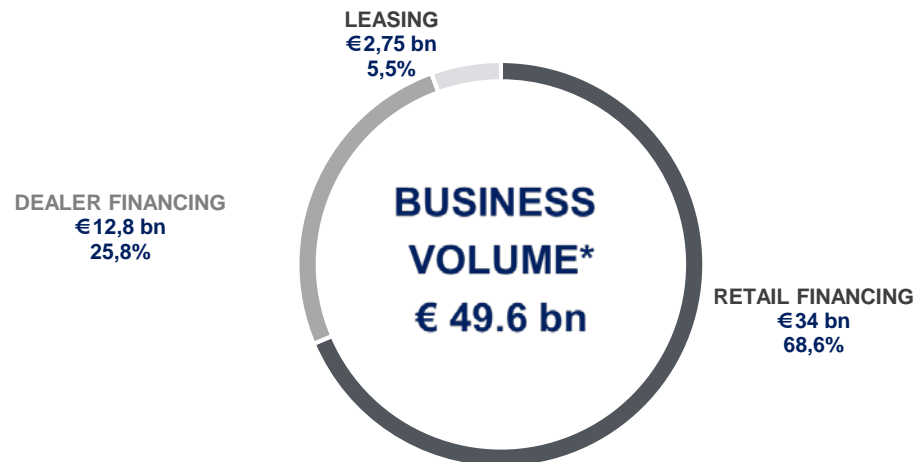
CONTACT FREQUENCY

\* 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

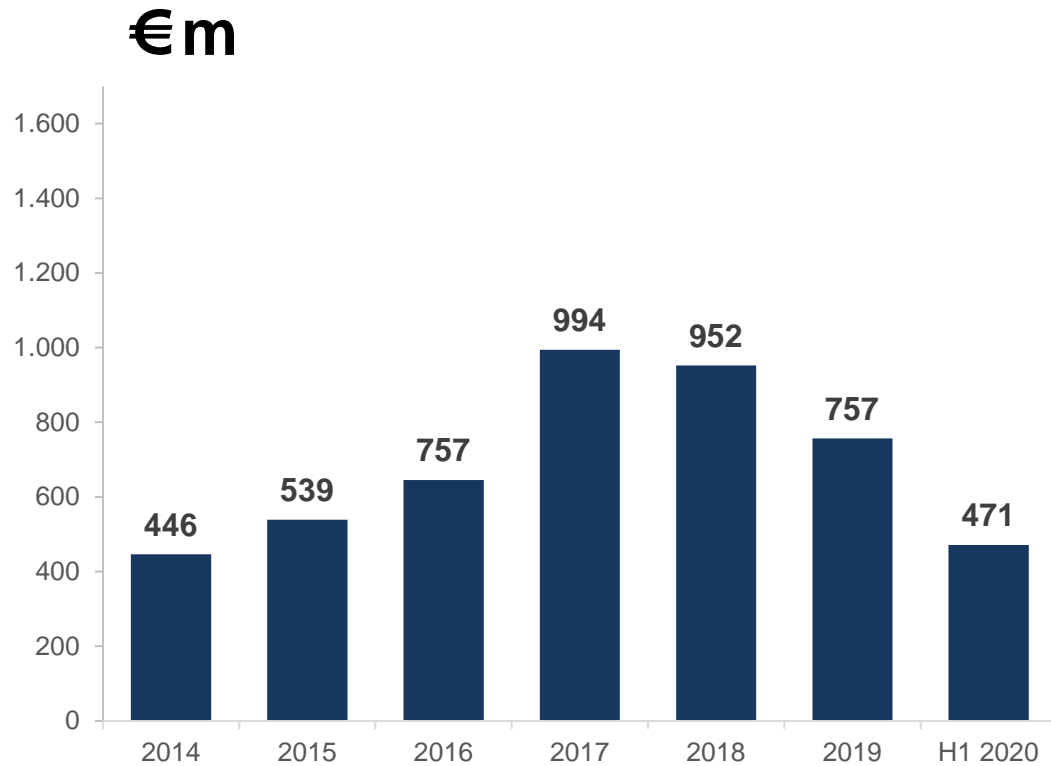
Total assets	€112.4 billion
Equity	€11.9 billion
Customer deposits	€55.0 million
Operating profit	€528 million
Employees	10,773
Contracts (units)	14.9 million



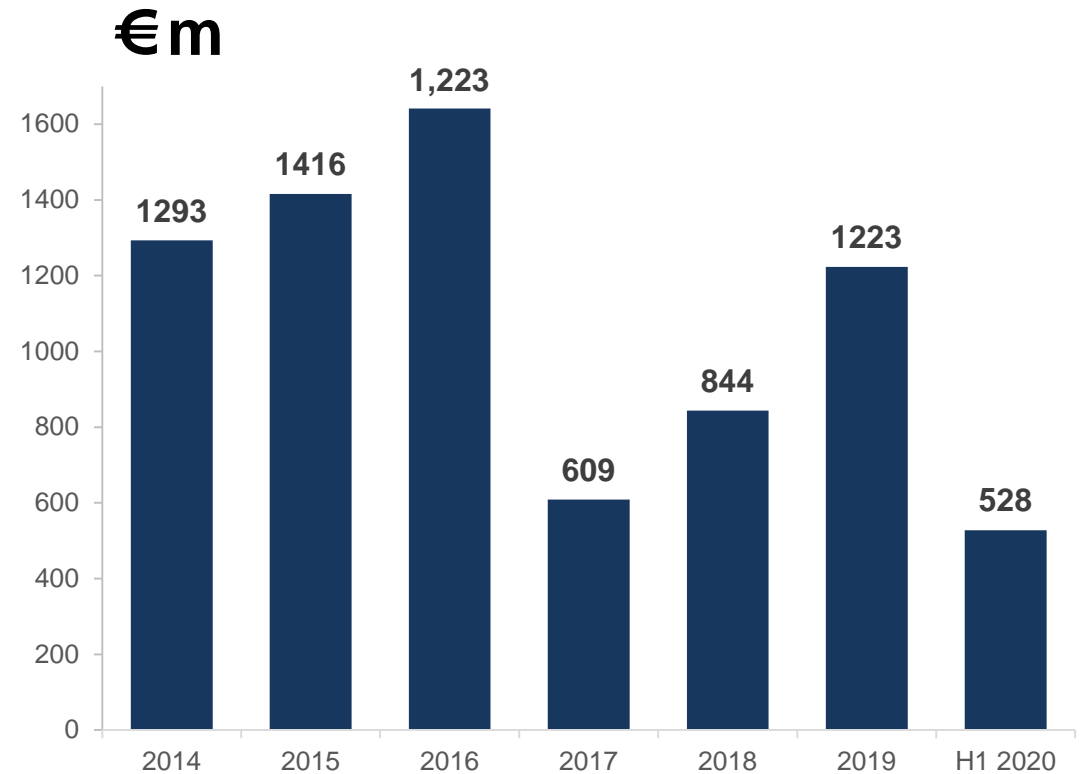
\*Receivables + Leased Assets

# Operating Income

## Volkswagen Bank GmbH



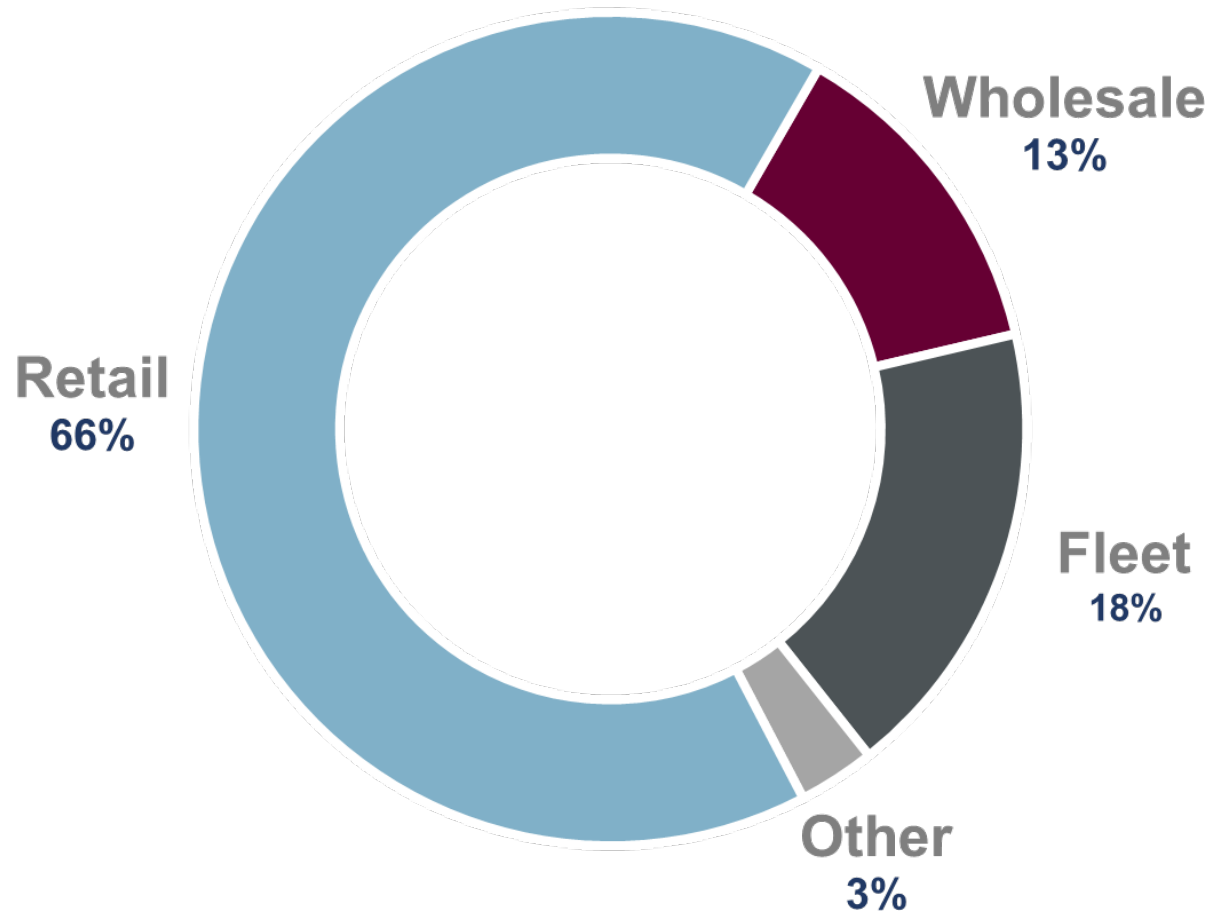
## Volkswagen Financial Services AG\*



\* 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:

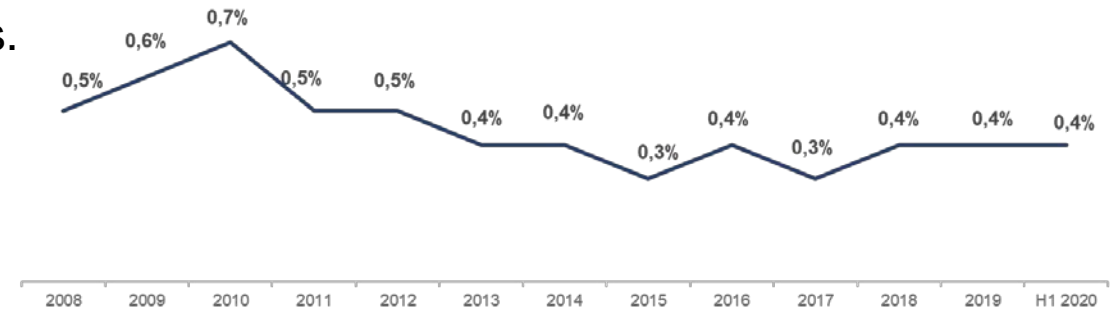
- Earnings Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2018

# Credit risk management at Volkswagen Financial Services

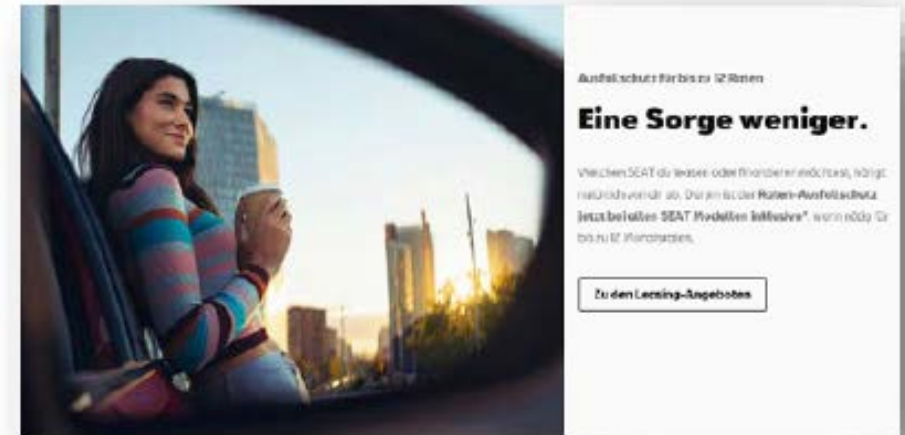
- Portfolio **conservatively managed** and comfortably provisioned.
- **Some pressure** on credit risk due to current COVID-19 crisis.
- In history VWFS credit losses **on a very low level**.
- Extremely **low exposure to subprime**.
- **Tailor made services** offered in Corona crisis e.g. bridge financing 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

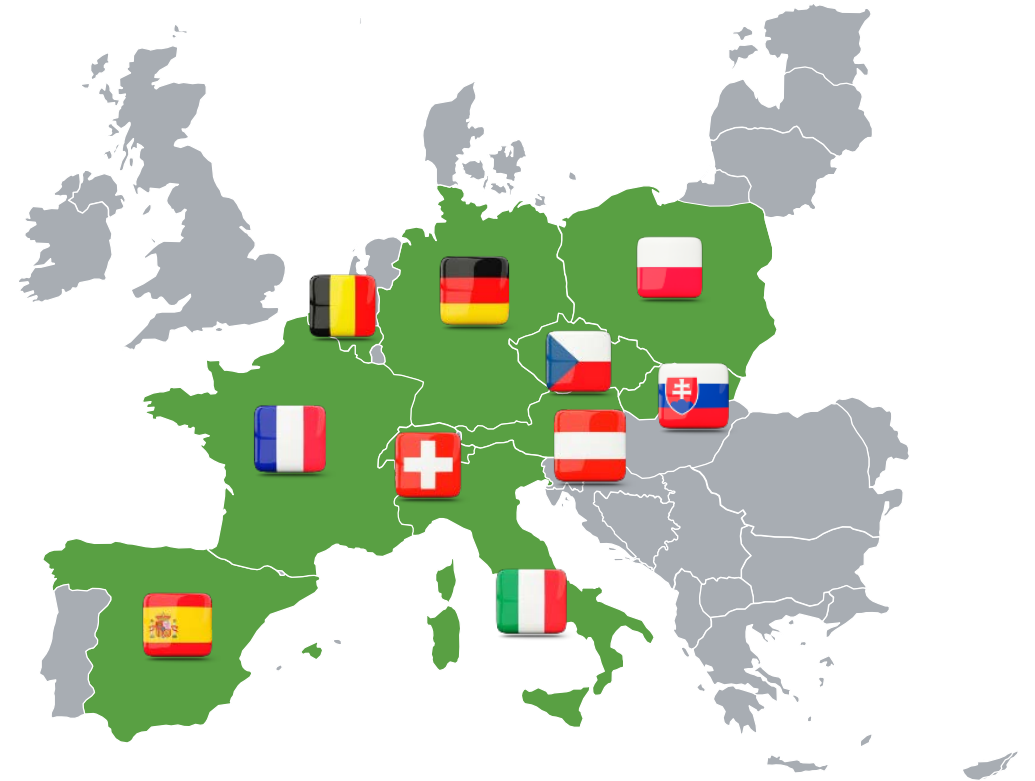
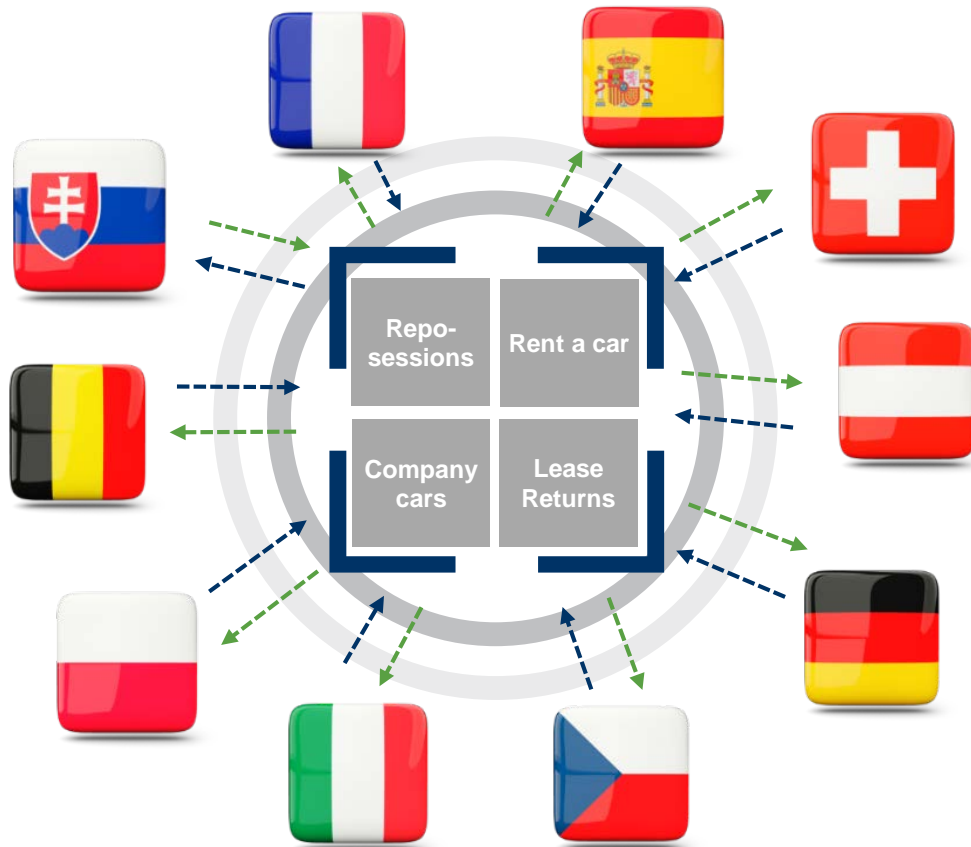


# Residual value risk management at Volkswagen Financial Services

- 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.**

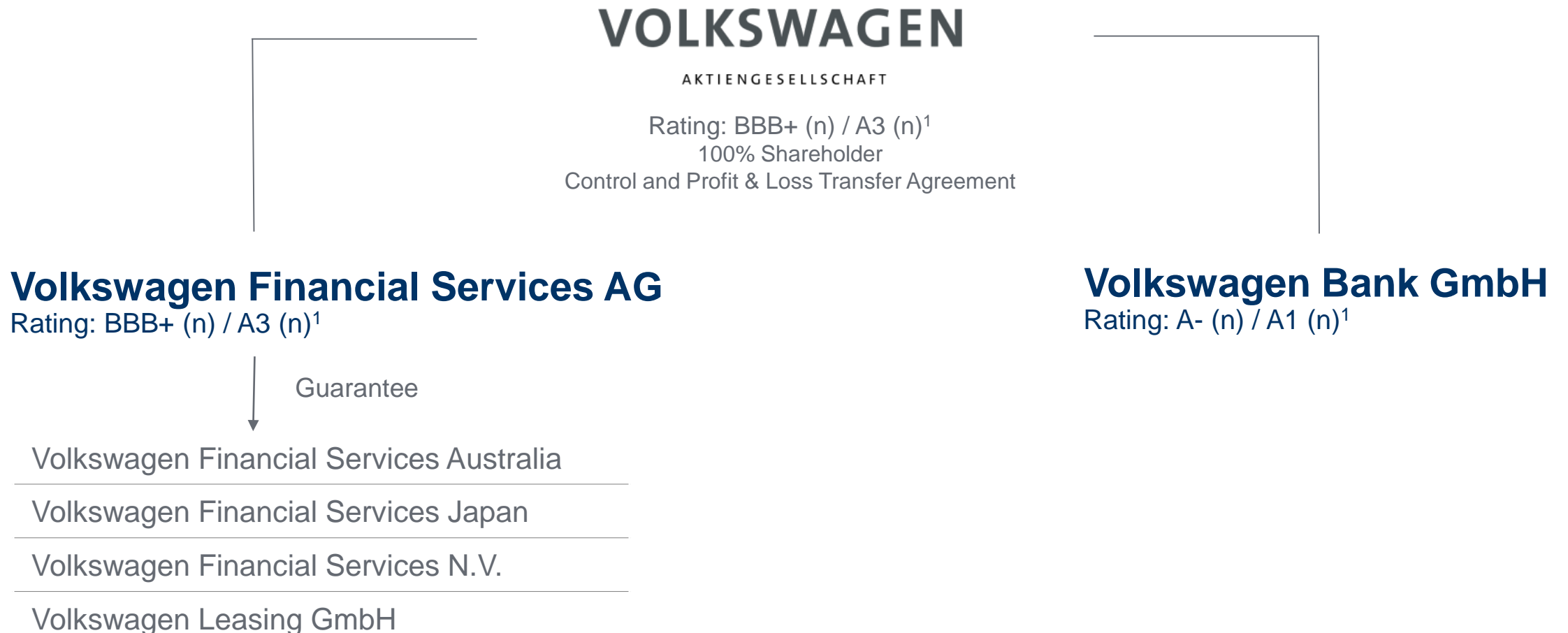


# International used car brokerage safeguards residual values



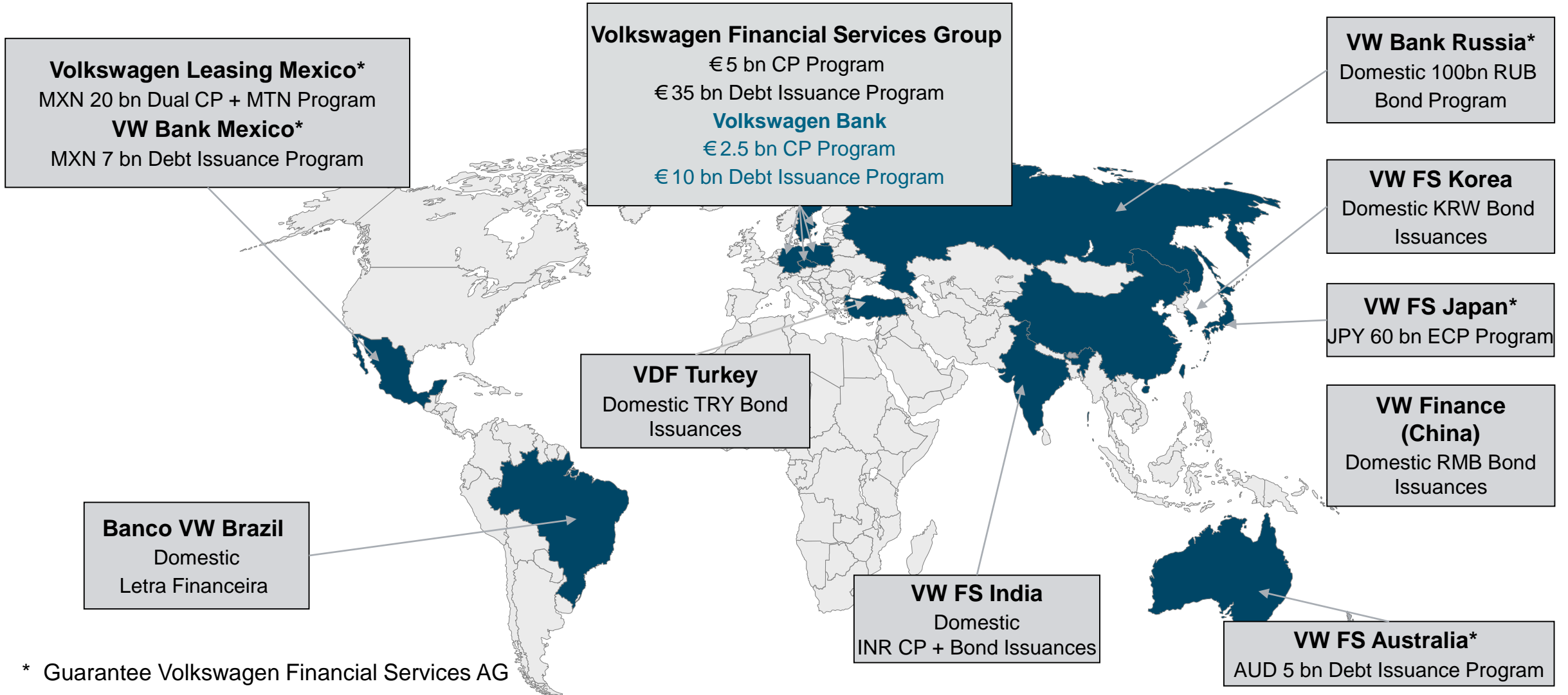
**Currently 10 Volkswagen Financial Services AG countries participating  
1 additional country in discussion**

# Volkswagen Financial Services organisational structure and guarantee scheme



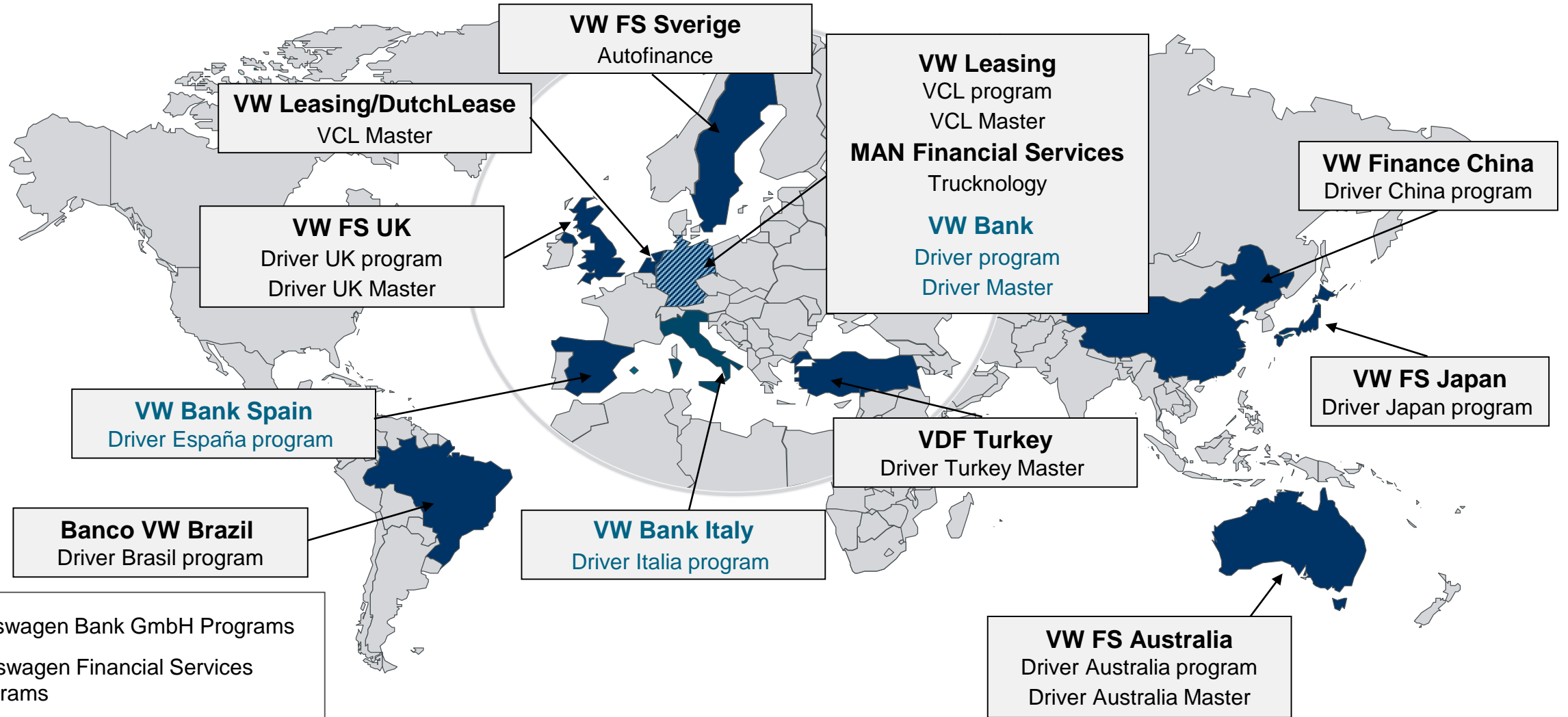
<sup>1</sup>Credit Ratings from Standard&Poors / Moody's as per 16 June 2019; (n) Outlook negative, (s) Outlook stable, (RfD) Under Review for Downgrade

## Worldwide capital market activities



\* Guarantee Volkswagen Financial Services AG

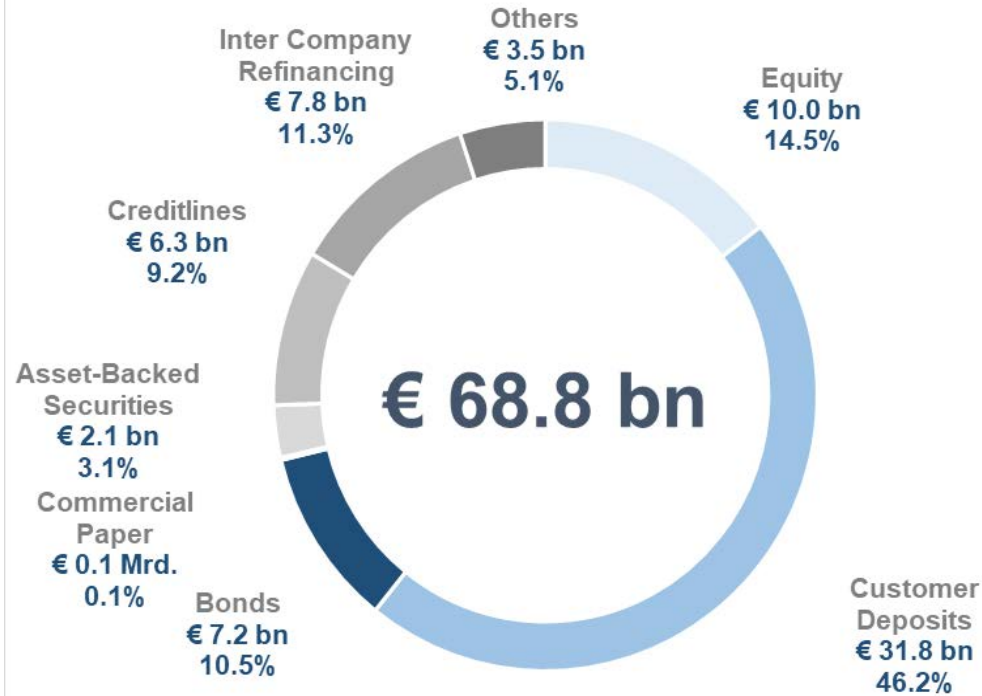
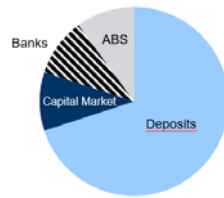
## Worldwide ABS activities



# Strategic funding allocation as of 30.06.2020

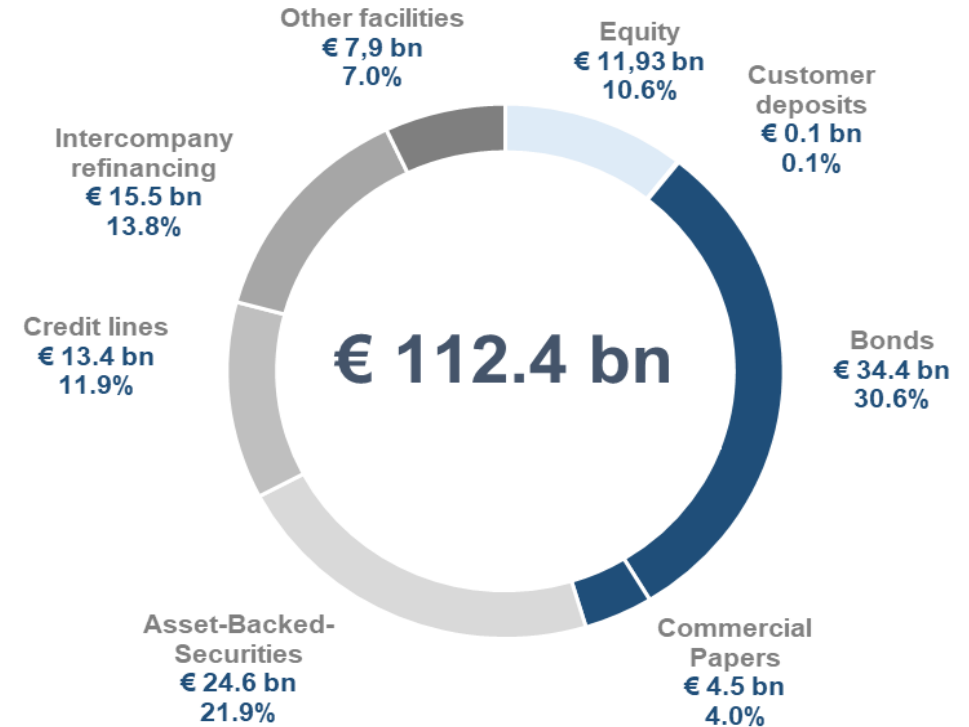
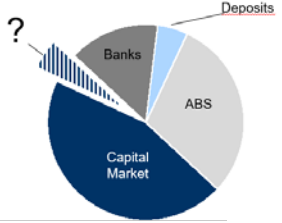
## Volkswagen Bank GmbH

Strategic Funding Mix



## Volkswagen Financial Services AG

Strategic Funding Mix





# Strategy ROUTE2025 | Focus Topics

**Digitalization**

**Operational Excellence**

**Used Cars**

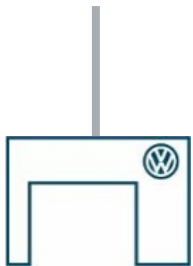
**Electrification**



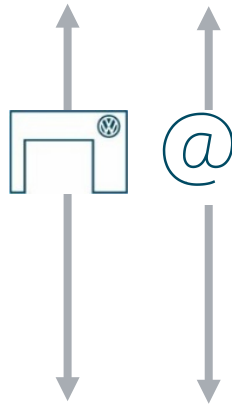
# Volkswagen Financial Services will digitalize all core products by 2020 and extends it's distribution channels



VOLKSWAGEN  
FINANCIAL SERVICES  
THE KEY TO MOBILITY



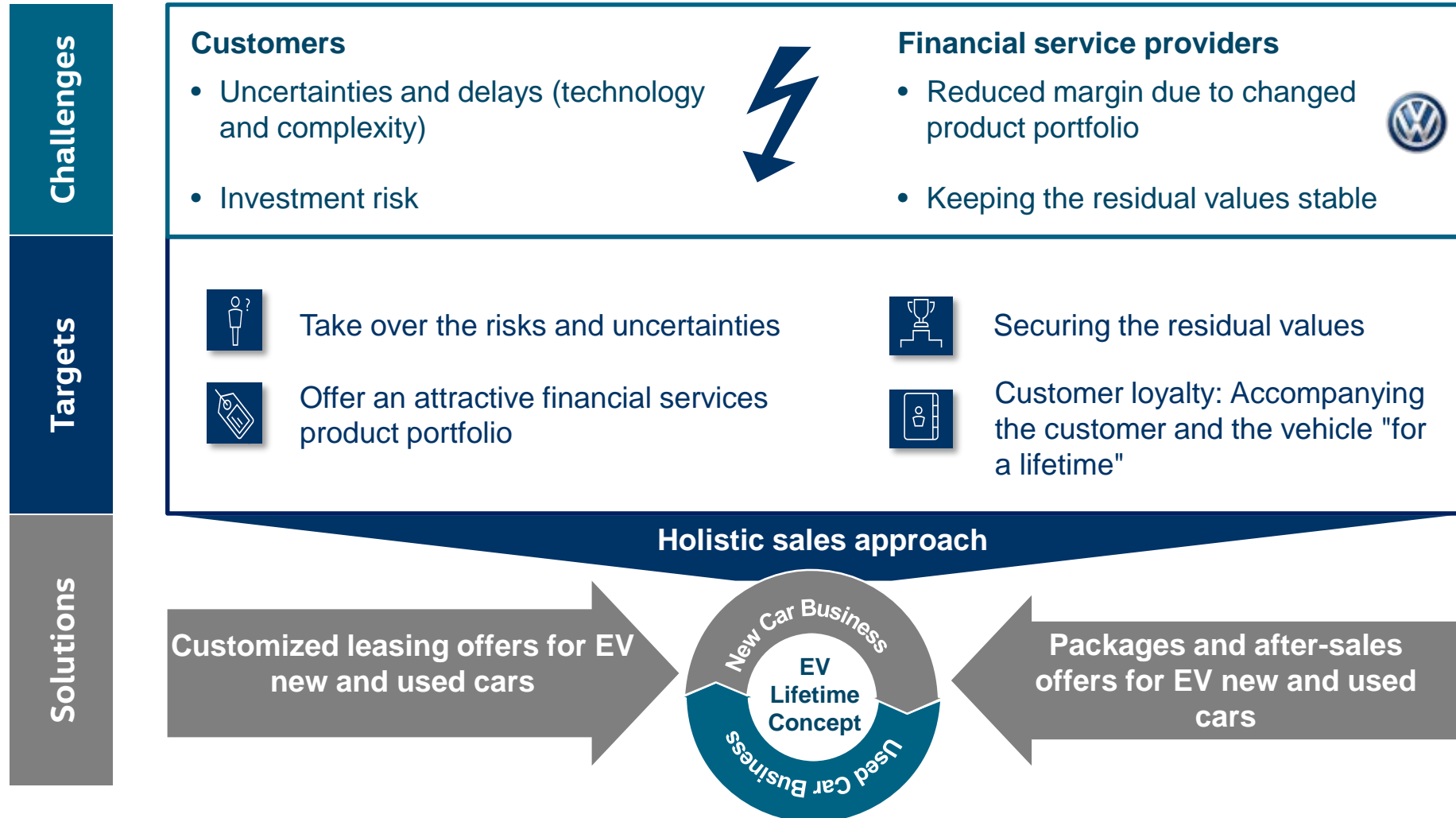
VOLKSWAGEN  
FINANCIAL SERVICES  
THE KEY TO MOBILITY



VOLKSWAGEN  
FINANCIAL SERVICES  
THE KEY TO MOBILITY



# Electrification creates new challenges for automotive financial service providers





**Bernd Bode**  
Group Treasury and Investor Relations  
Volkswagen Financial Services

Tel.: +49 531 212 3807  
bernd.bode@vwfs.com



**Katja Hauer**  
Investor Relations  
Volkswagen Financial Services

Tel.: +49 531 212 84608  
katja.hauer@vwfs.com

## Thank You.

Volkswagen Financial Services  
Gifhorner Str. 57  
38112 Braunschweig  
Germany  
[www.vwfsag.de/en](http://www.vwfsag.de/en)

# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

---

**Thank You.**

Volkswagen Bank GmbH

Gifhorner Str. 57

38112 Braunschweig

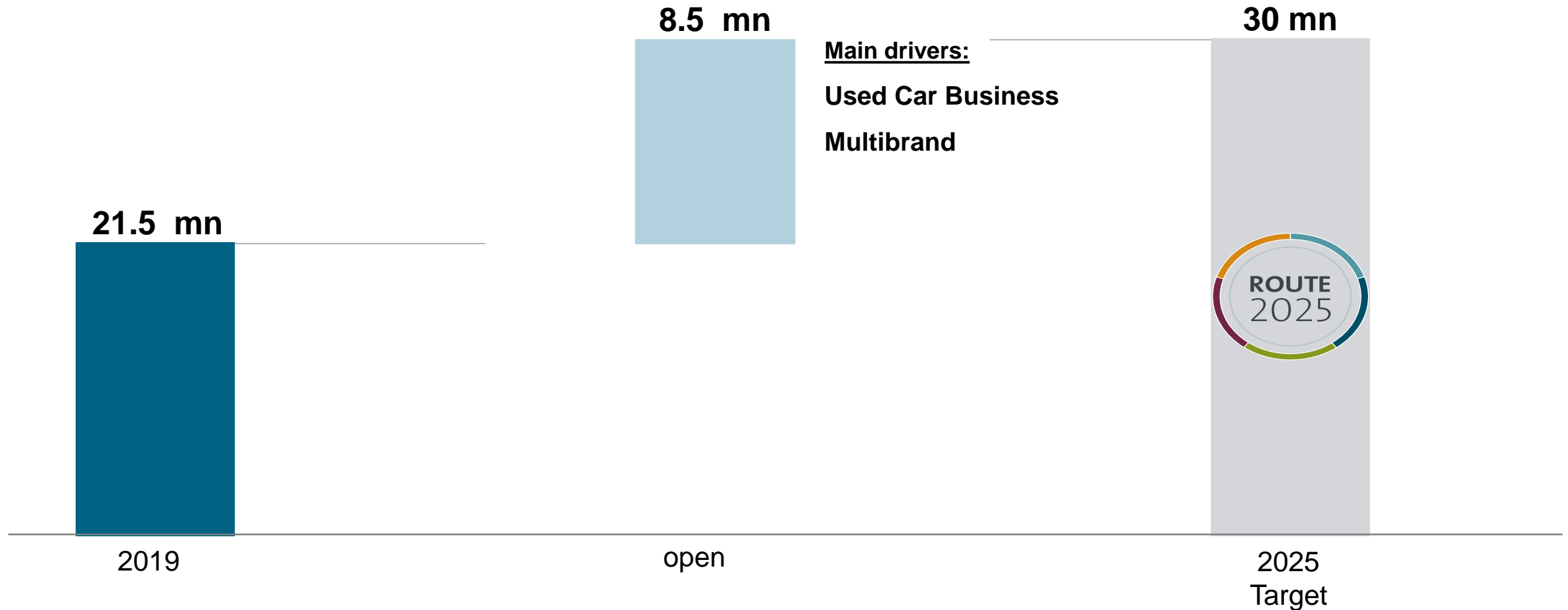
Germany

# Vision and targets of Route2025



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

## Major driver: used cars

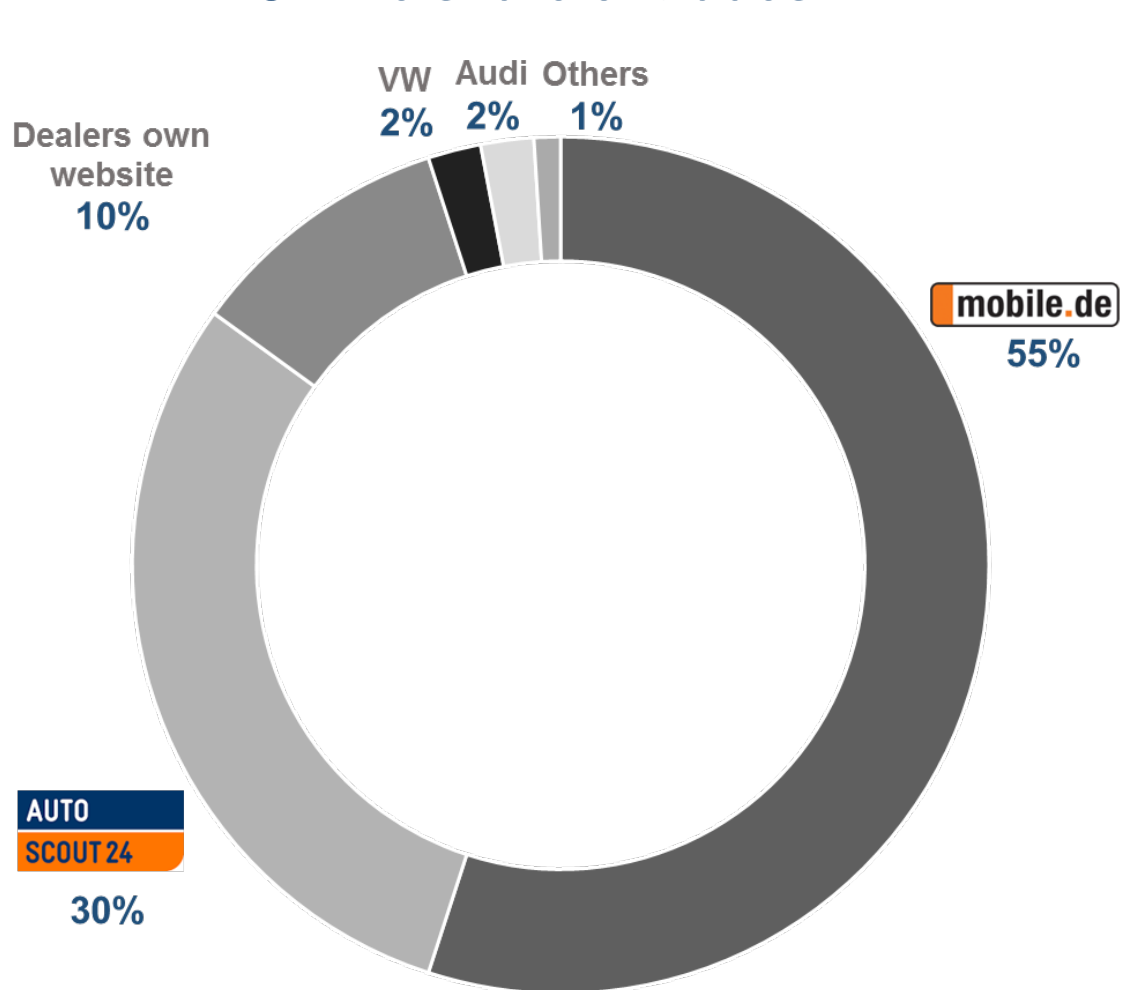


\* Contract portfolio including contracts of non-consolidated companies



# 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 Investor Update

Volkswagen AG

Ulrich Hauswaldt – Group Investor Relations

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations

Katja Hauer – Investor Relations

Volkswagen Financial Services Australia

VOLKSWAGEN FINANCIAL SERVICES

FINANCE. FLEET. INSURANCE. MOBILITY.

# Volkswagen Financial Services Australia

## August 2020



# VWFS Australia

## Company Presentation

### Section 1 – Business Overview

### Section 2 – Earning Assets

### Section 3 – Funding

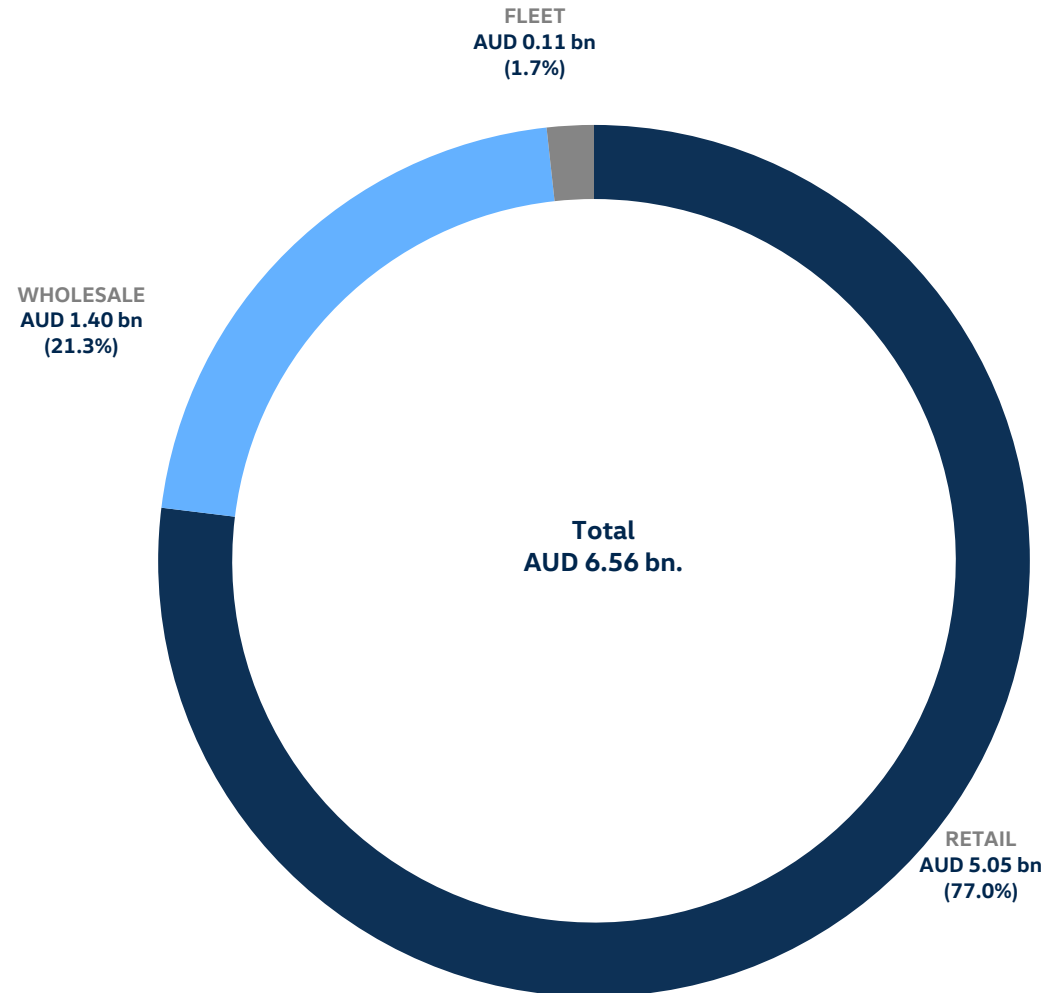
## VWFS Australia – Overview

- 100% owned by VWFS AG (Germany)
- Incorporated in 2001
- Australian Credit Licence
- Australian Financial Services Licence
- Portfolio mix consists of circa 60% VW Group brands and 40% other brands
- Registered VWFS Australia Brands for Automotive Finance include Volkswagen, Audi, ŠKODA, Bentley, Lamborghini, Ducati, Porsche, Land Rover and Jaguar



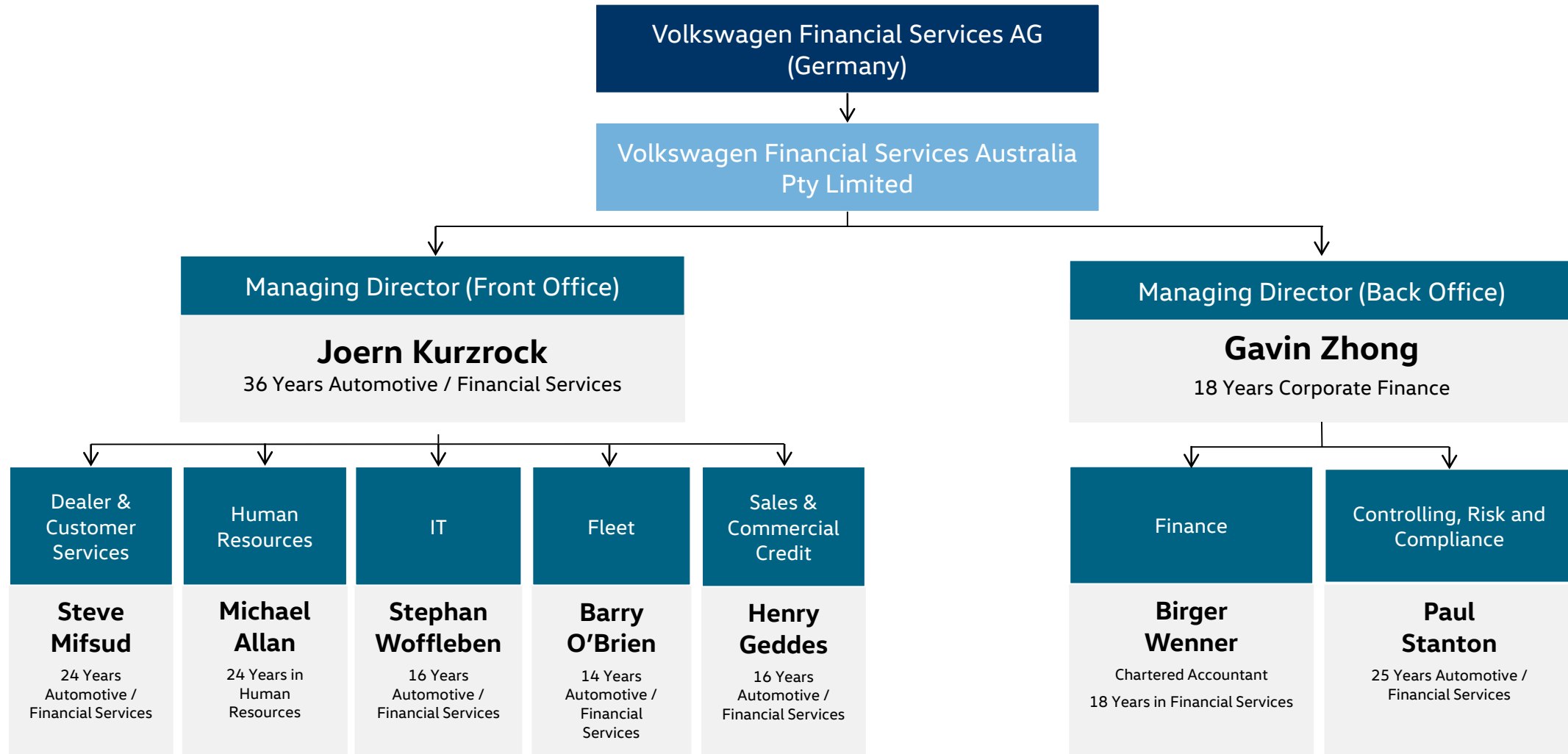
Key Figures								<i>* Unaudited preliminary numbers</i>
	2013	2014	2015	2016	2017	2018	2019	July 2020 YTD*
Retail receivables (AUDm)	2,026	2,238	2,498	3,179	3,877	4,741	4,863	5,049
Wholesale receivables (AUDm)	768	788	909	1,044	1,571	1,732	1,773	1,399
Fleet receivables (AUDm)	-	6	45	52	71	106	121	114
Profit before tax (AUDm)	16.9	15.1	14.6	11.8	23.7	46.6	49.7	30.4
Retail contracts (units)	65,183	72,555	84,438	105,001	128,496	156,453	171,923	176,918
Employees (head count)	101	133	132	130	140	147	158	159

## VWFS Australia – Portfolio Receivables



\* As at 31 July 2020

## VWFS Australia – Senior Management Team



# VWFS Australia

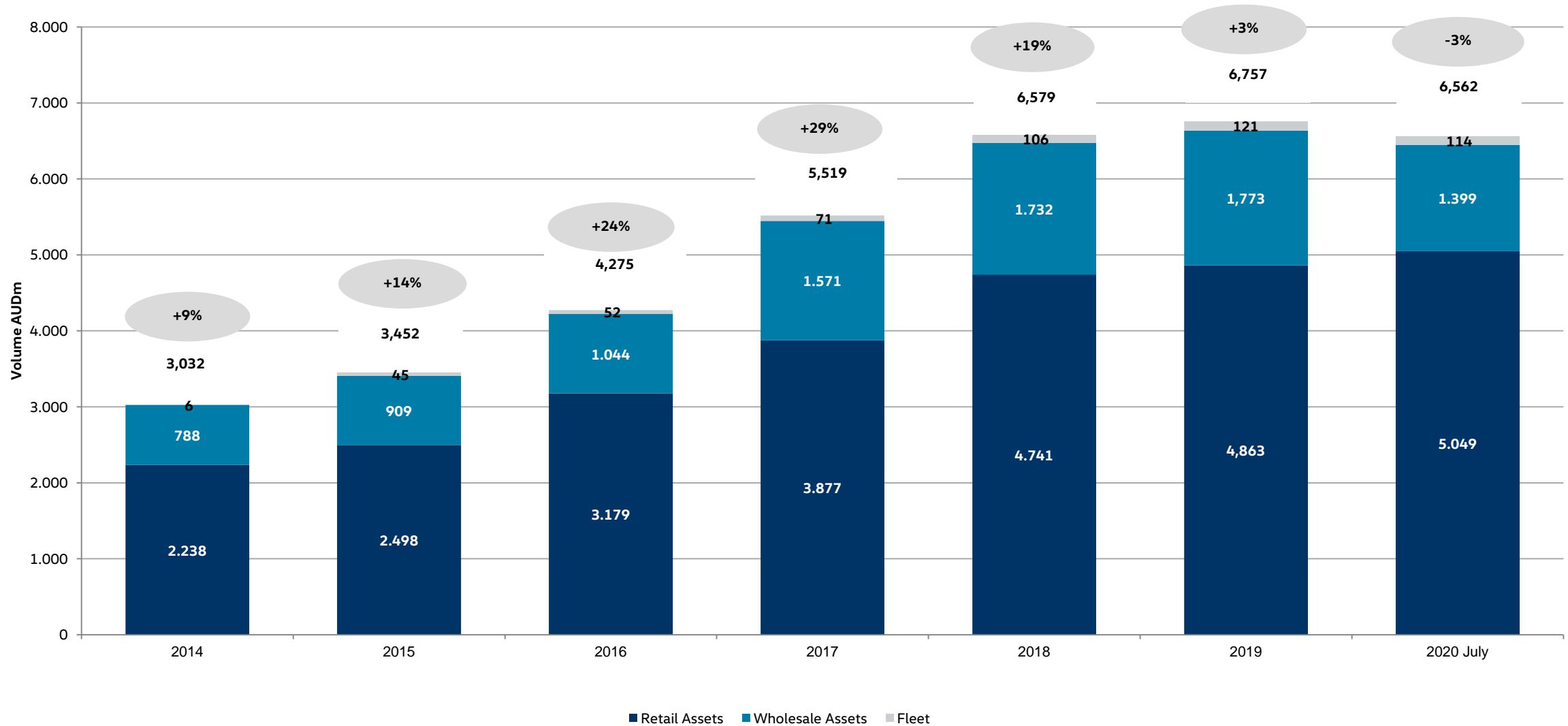
## Company Presentation

### Section 1 – Business Overview

### Section 2 – Earning Assets

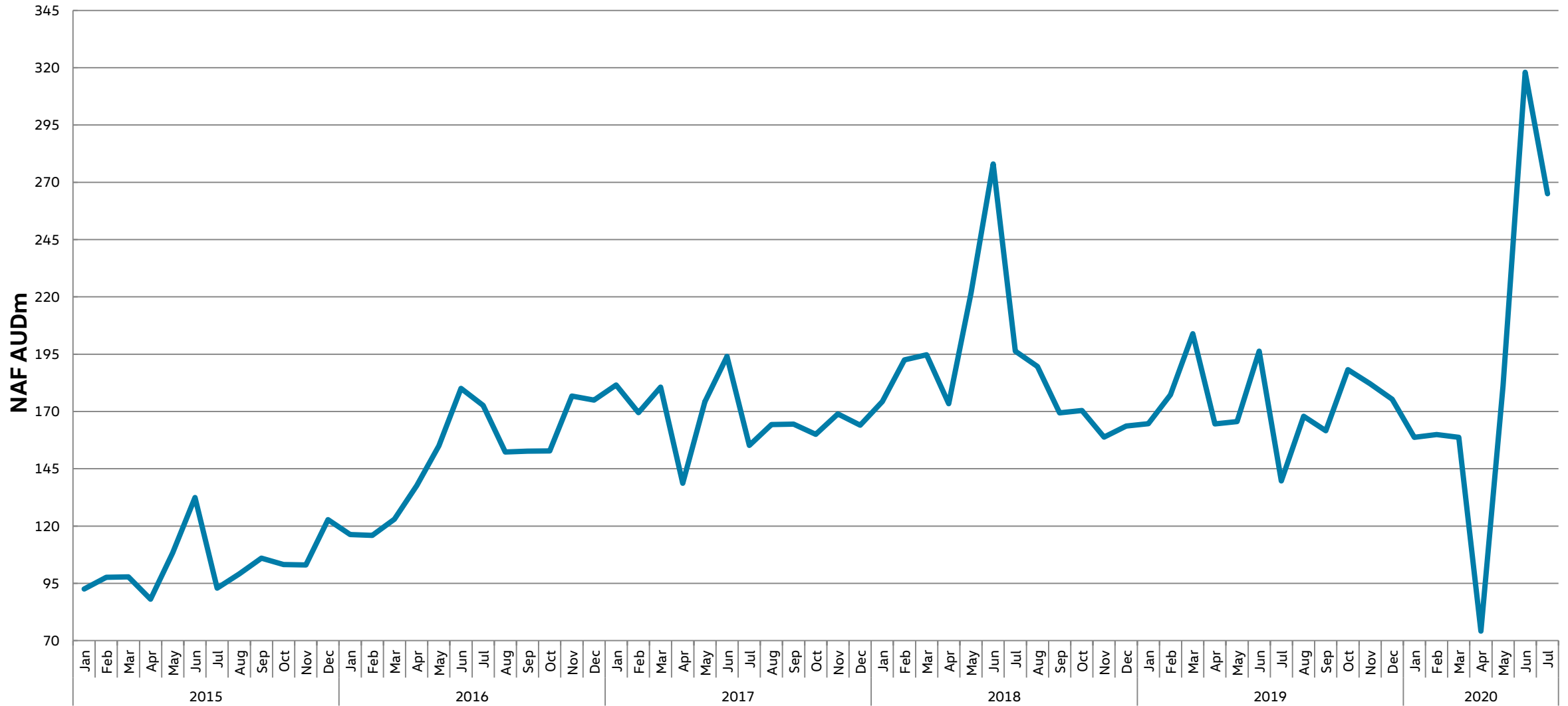
### Section 3 – Funding

## VWFS Australia – Total Earning Assets | Total Portfolio Size

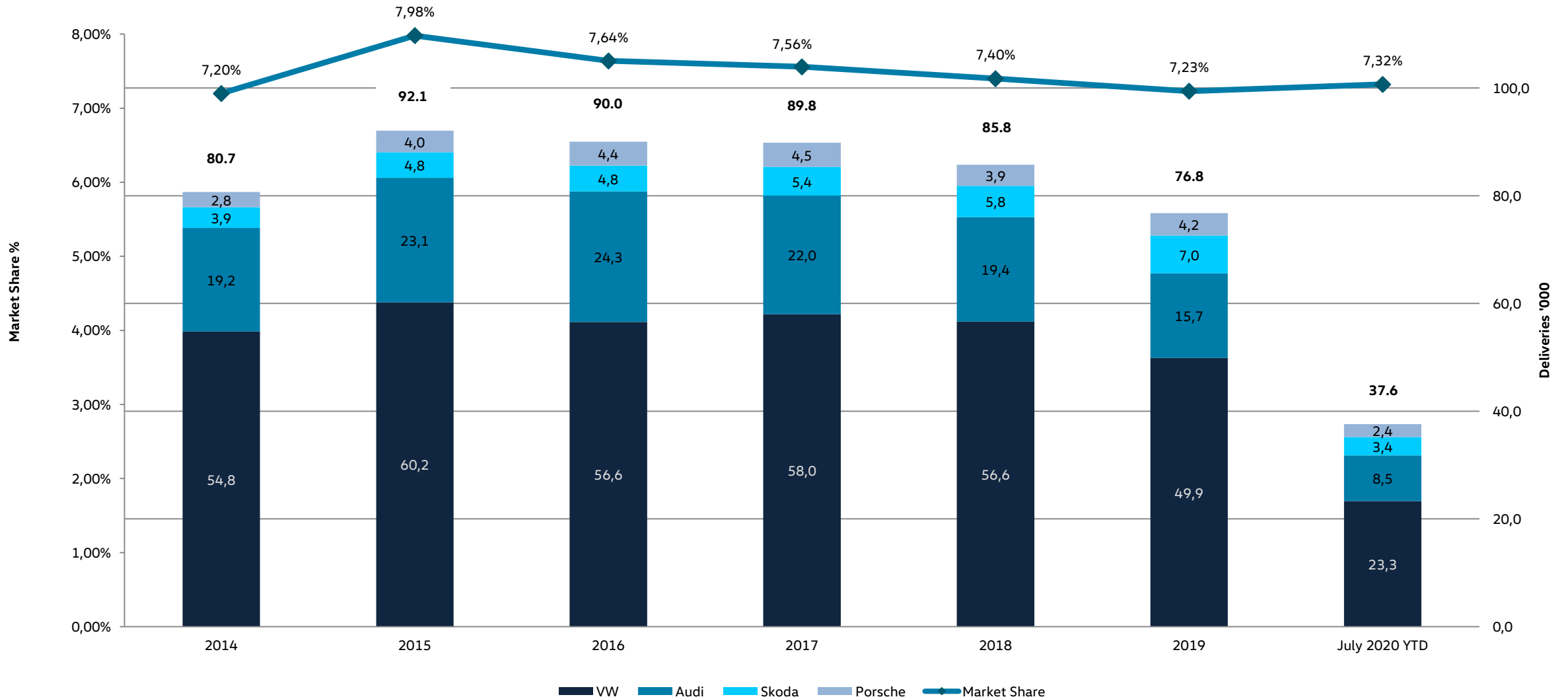




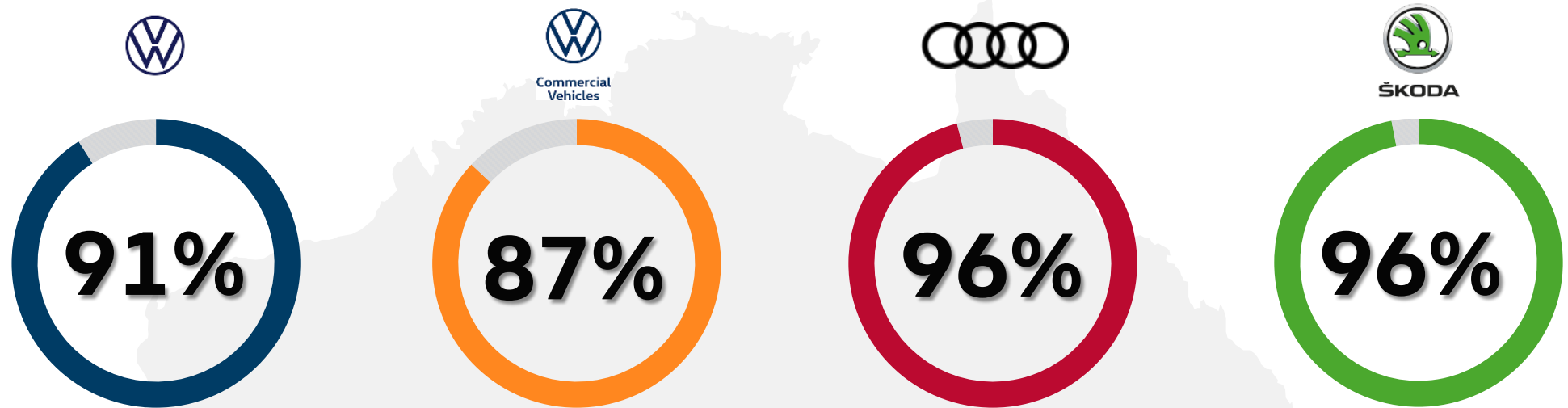
# VWFS Australia – Net Amount Financed Per Month



## Volkswagen Group Core Brands – New Vehicle Deliveries and Market Share



## Volkswagen Group Branded Dealers – July 2020



### Vehicle Sales Coverage

Fully Supporting Dealer Volume Target / All Dealer Volume Target

**102**  
Total Number:  
Dealers

**84**  
Total Number:  
FS\* Dealers

**99**  
Total Number:  
Dealers

**79**  
Total Number:  
FS\* Dealers

**41**  
Total Number:  
Dealers

**35**  
Total Number:  
FS\* Dealers

**33**  
Total Number:  
Dealers

**32**  
Total Number:  
FS\* Dealers

\* Fully Supporting Dealers

## VWFS Australia – Finance Penetration



	2014	2015	2016	2017	2018	2019	Jul YTD 2020
Volkswagen (PV)	21.8%	24.3%	39.9%	40.1%	45.1%	48.9%	50.2%
Volkswagen (CV)	31.1%	33.2%	42.0%	40.9%	45.4%	50.9%	58.3%
Audi	36.4%	38.8%	44.7%	52.1%	56.6%	56.0%	60.6%
ŠKODA	19.2%	31.3%	36.7%	30.9%	35.7%	40.3%	48.3%
Porsche							9.4%
Ducati							19.3%
<b>Combined Group</b>	<b>26.8%</b>	<b>29.8%</b>	<b>41.4%</b>	<b>42.8%</b>	<b>47.2%</b>	<b>50.0%</b>	<b>50.7%</b>

## Volkswagen Group Brands – New Vehicle Market Share

Volkswagen has remained the number one European brand in Australia for the last 12 years



Source: VFACTS July 2020

Rank	Brand	Month		YTD		Variance +/- ppts.	
		Jul-20	Jul-19	Jul-20	Jul-19	Month	YTD
1	Toyota	15,508	17,876	113,237	122,649	-13%	-8%
2	Mazda	7,806	8,227	46,653	63,598	-5%	-27%
3	Mitsubishi	4,684	5,247	33,470	49,274	-11%	-32%
4	Hyundai	4,634	6,983	35,421	51,924	-34%	-32%
5	Kia	4,625	4,506	31,083	36,570	3%	-15%
6	Ford	4,573	4,900	32,224	38,905	-7%	-17%
<b>7</b>	<b>Volkswagen</b>	<b>3,710</b>	<b>3,609</b>	<b>23,305</b>	<b>29,793</b>	<b>3%</b>	<b>-22%</b>
8	Nissan	2,906	3,804	21,599	29,154	-24%	-26%
9	Subaru	2,864	3,513	17,821	23,646	-18%	-25%
10	Mercedes-Benz Cars	2,556	2,792	16,920	18,582	-8%	-9%
11	Honda	2,199	2,938	18,728	27,739	-25%	-32%
12	Suzuki	1,475	1,163	8,638	10,265	27%	-16%
13	Isuzu Ute	1,327	1,894	11,306	14,558	-30%	-22%
<b>14</b>	<b>Audi</b>	<b>1,315</b>	<b>858</b>	<b>8,544</b>	<b>8,056</b>	<b>53%</b>	<b>6%</b>
15	MG	1,115	702	6,857	4,420	59%	55%
16	Holden	1,113	3,266	15,215	27,783	-66%	-45%
17	BMW	1,011	1,758	13,591	14,145	-42%	-4%
18	Isuzu	724	772	4,776	5,122	-6%	-7%
19	LDV	722	590	3,885	3,646	22%	7%
20	Volvo Car	692	562	4,062	4,386	23%	-7%
<b>21</b>	<b>Skoda</b>	<b>651</b>	<b>684</b>	<b>3,403</b>	<b>4,159</b>	<b>-5%</b>	<b>-18%</b>

## New Vehicle Volume Sold

### Top 10 Manufacturers July YTD 2020 Comparison

Total market for new vehicle sales in 2020 has decreased by 19.2% as at July YTD



Rank	Brand	YTD (thousands)		% diff
		Jul 2020	Jul 2019	
1	Toyota	113,237	122,649	-8%
2	Mazda	46,653	63,598	-27%
3	Mitsubishi	33,470	49,274	-32%
4	Hyundai	35,421	51,924	-32%
5	Kia	31,083	36,570	-15%
6	Ford	32,224	38,905	-17%
7	<b>Volkswagen</b>	<b>23,305</b>	<b>29,793</b>	<b>-22%</b>
8	Nissan	21,599	29,154	-26%
9	Subaru	17,821	23,646	-25%
10	Mercedes-Benz Cars	16,920	18,582	-9%
<b>Total Market</b>		<b>514,920</b>	<b>637,650</b>	<b>-19.2%</b>

Source: VFACTS July 2020

# VWFS Australia

## Company Presentation

### Section 1 – Business Overview

### Section 2 – Earning Assets

### Section 3 – Funding

## VWFS Australia – Funding Structure

