

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

**VOLKSWAGEN EN**

**Leading the Transformation.**

Volkswagen AG

UniCredit Automotive Credit Conference, 16.-17.06.2021

## Disclaimer

The following presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates or commodities relevant to the Volkswagen Group or deviations in the actual effects of the Covid-19 pandemic from the scenario presented will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

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 Such statements are valid on the date of publication and can be superseded.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.

## Overview: We have reached important milestones in Q1

**Strong Q1 performance**  
in challenging environment



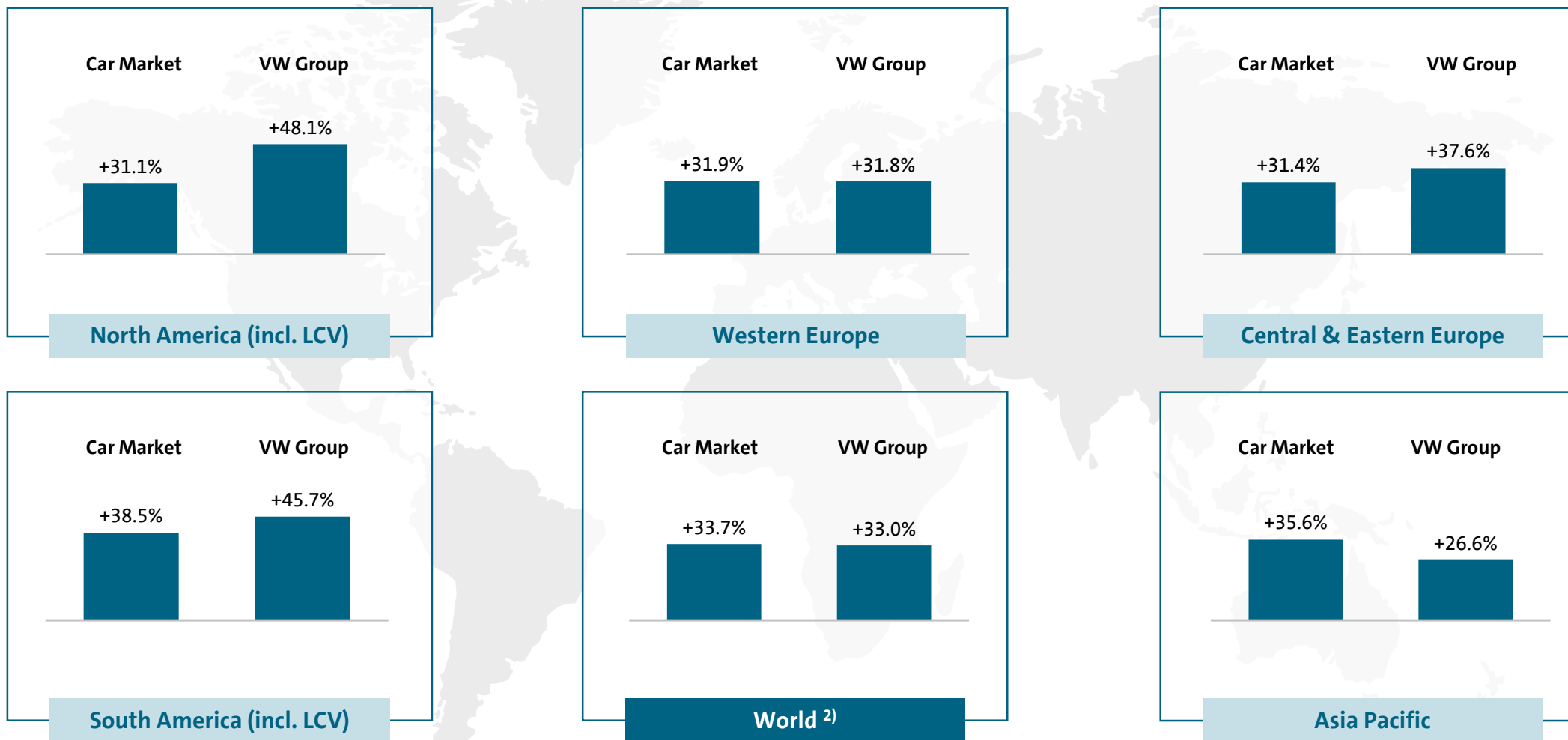
**E-Mobility ramp-up**  
gains further momentum



**Group builds foundation**  
for future profit pools

**Updated guidance**  
amid product momentum & cost cuts

# Development World Car Market vs. Volkswagen Group Car Deliveries to Customers by Regions <sup>1)</sup> (Growth y-o-y, January to May 2021 vs. 2020)



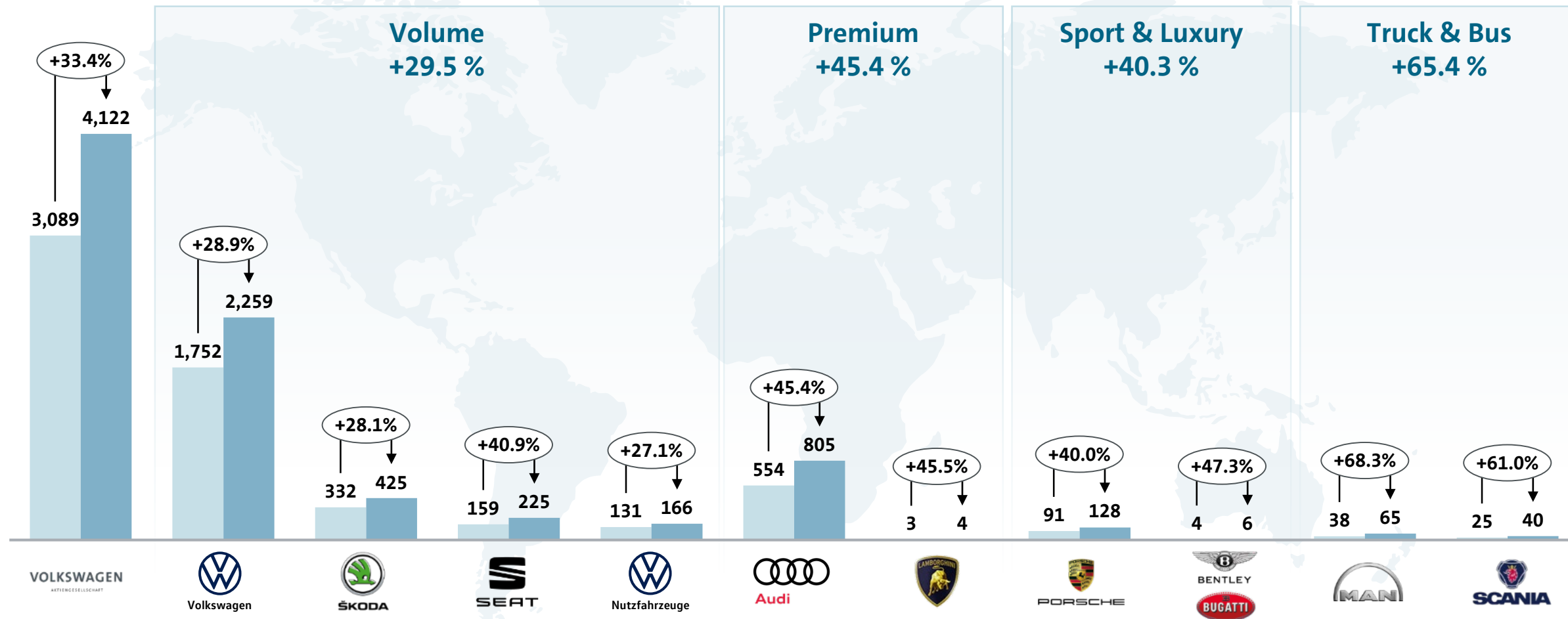
<sup>1)</sup> Volkswagen Group Passenger Cars excl. Volkswagen Commercial Vehicles <sup>2)</sup> incl. LCV in North America & South America

# Volkswagen Group – Deliveries to Customers by Brands <sup>1)</sup>

## (January to May 2021 vs. 2020)

[thd. veh.]

January - May 2020  
January - May 2021

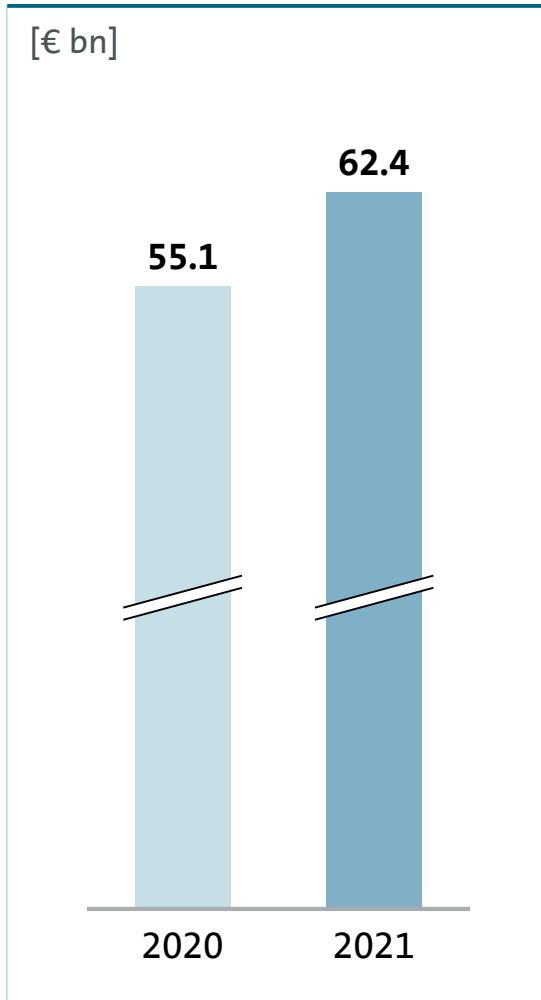


1) Excl. Ducati

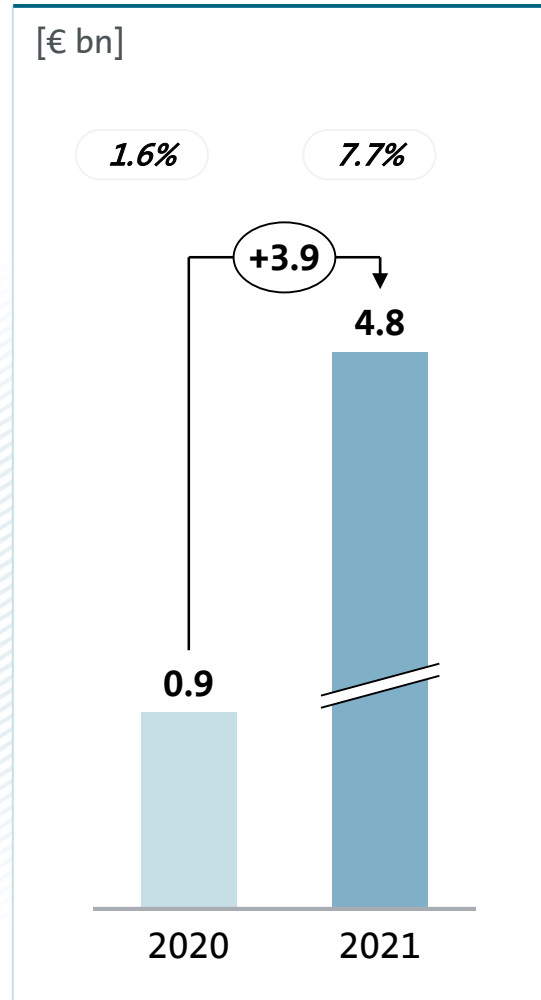
# Financial Highlights – Volkswagen Group

(January to March 2021 vs. 2020)

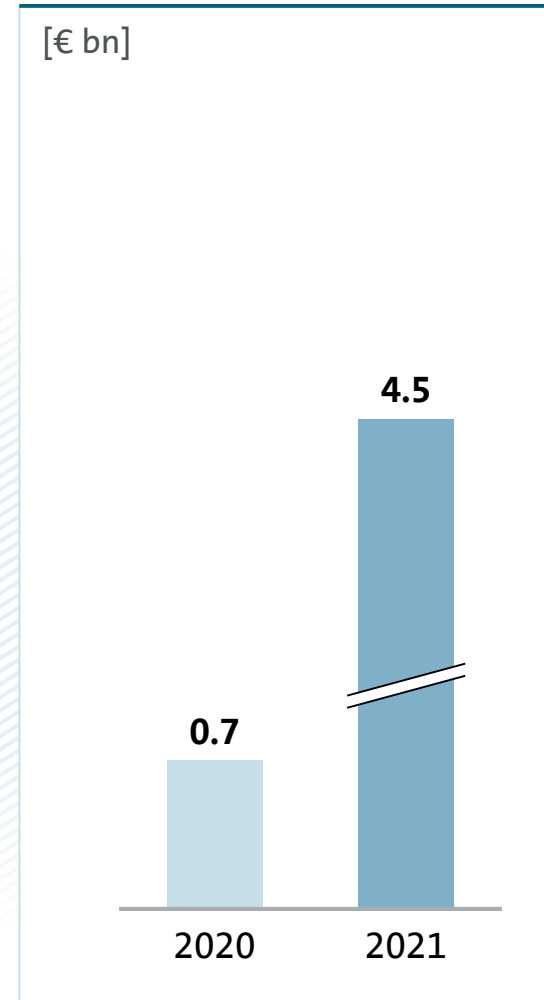
## Sales revenue



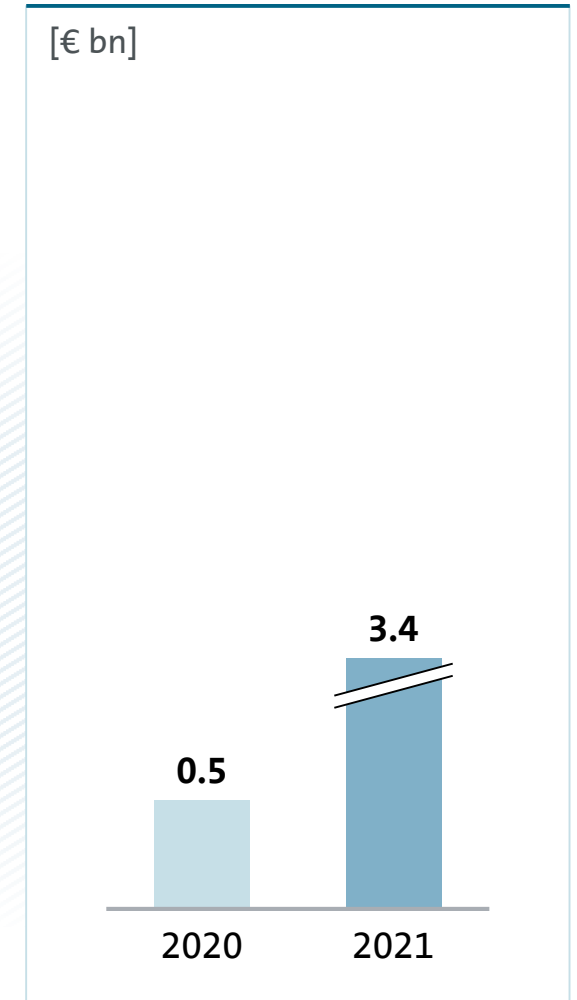
## Operating profit & margin



## Profit before tax



## Profit after tax

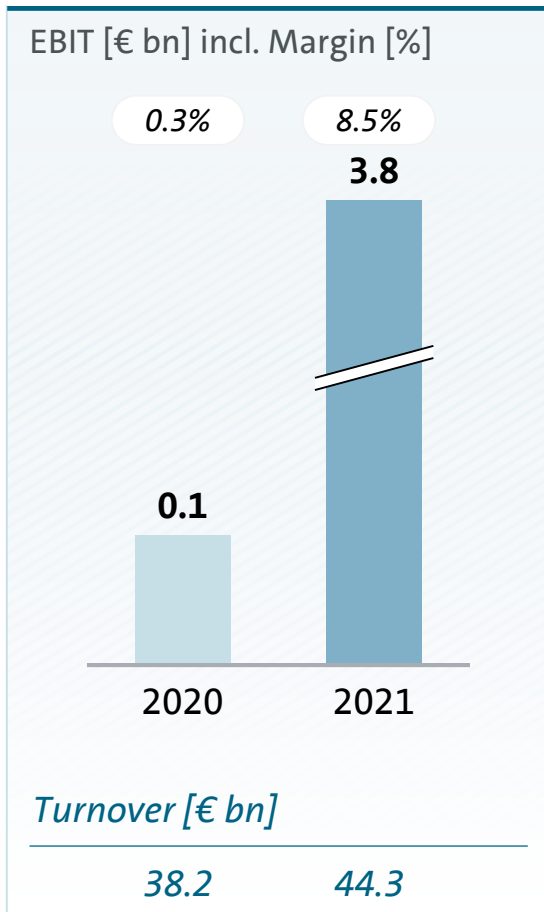


# EBIT per Key Business Areas

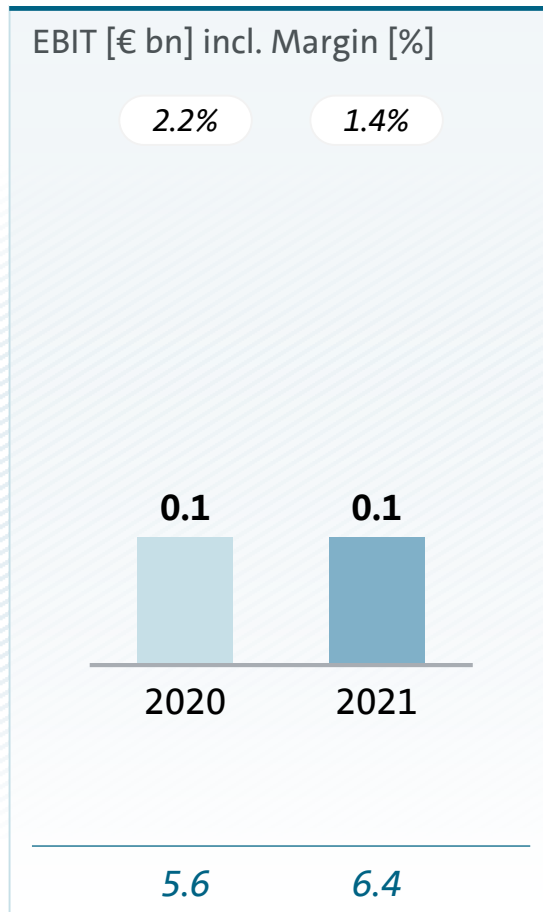
(January to March 2021 vs. 2020)

## Automotive Division

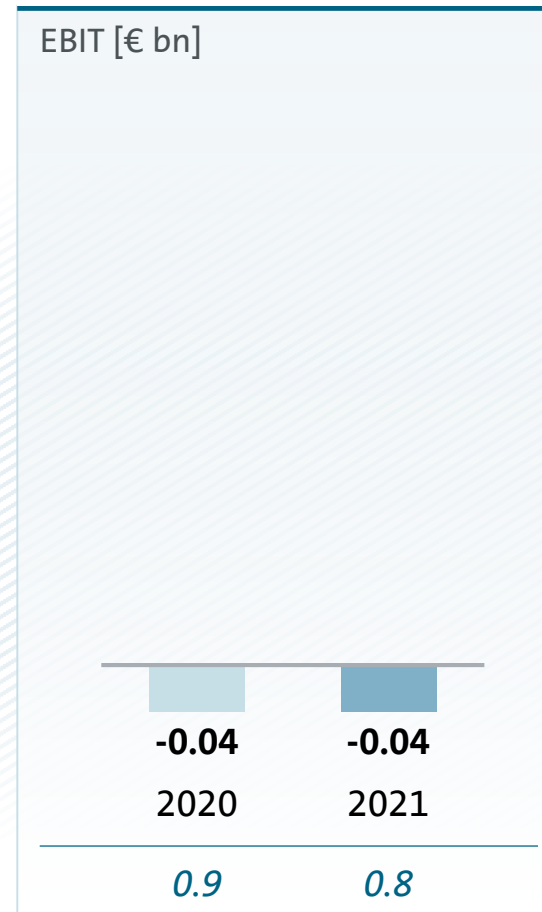
### Passenger Cars



### Commercial Vehicles

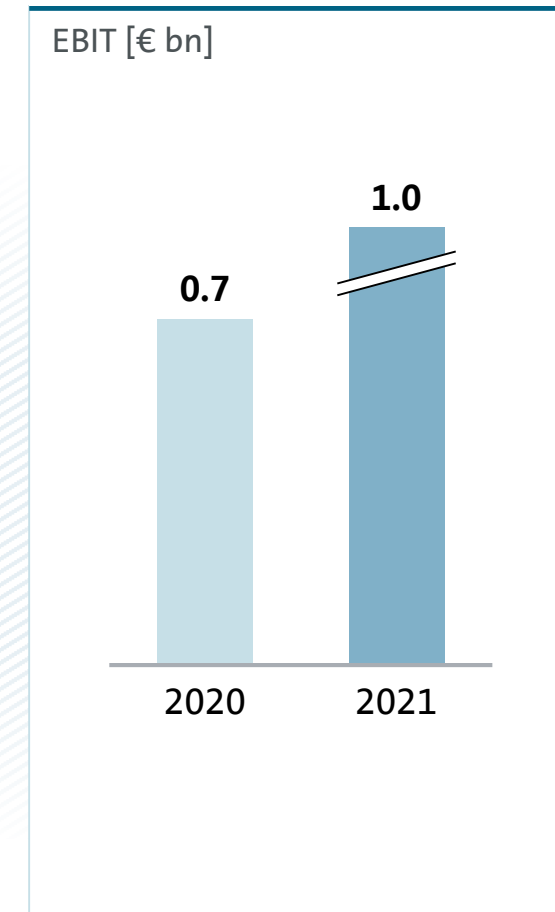


### Power Engineering



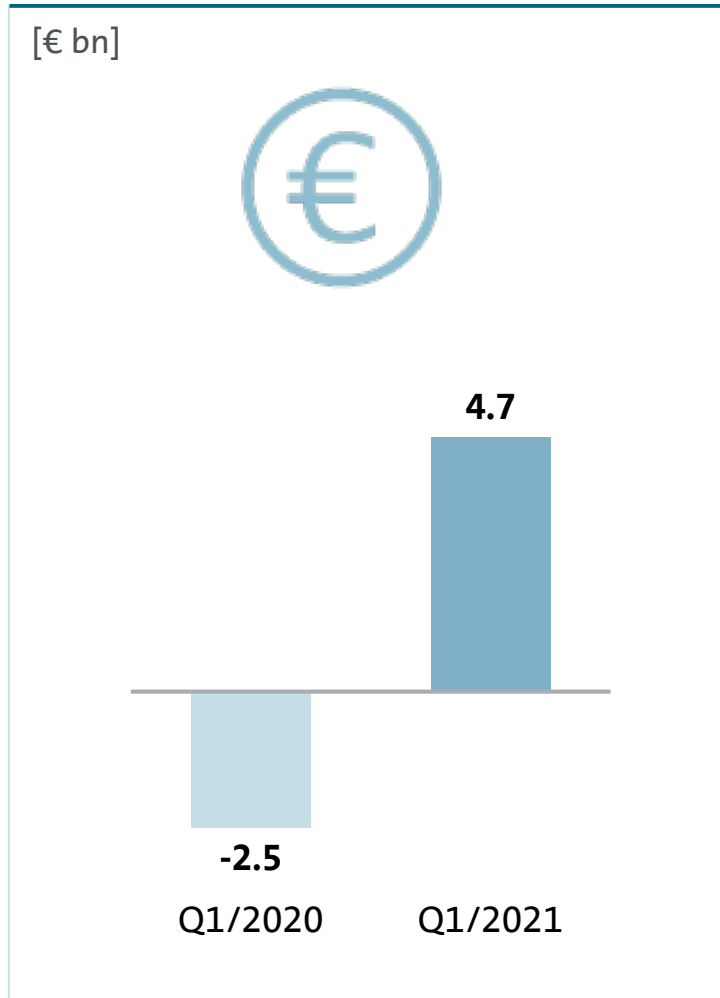
## Financial Services Division

### Financial Services

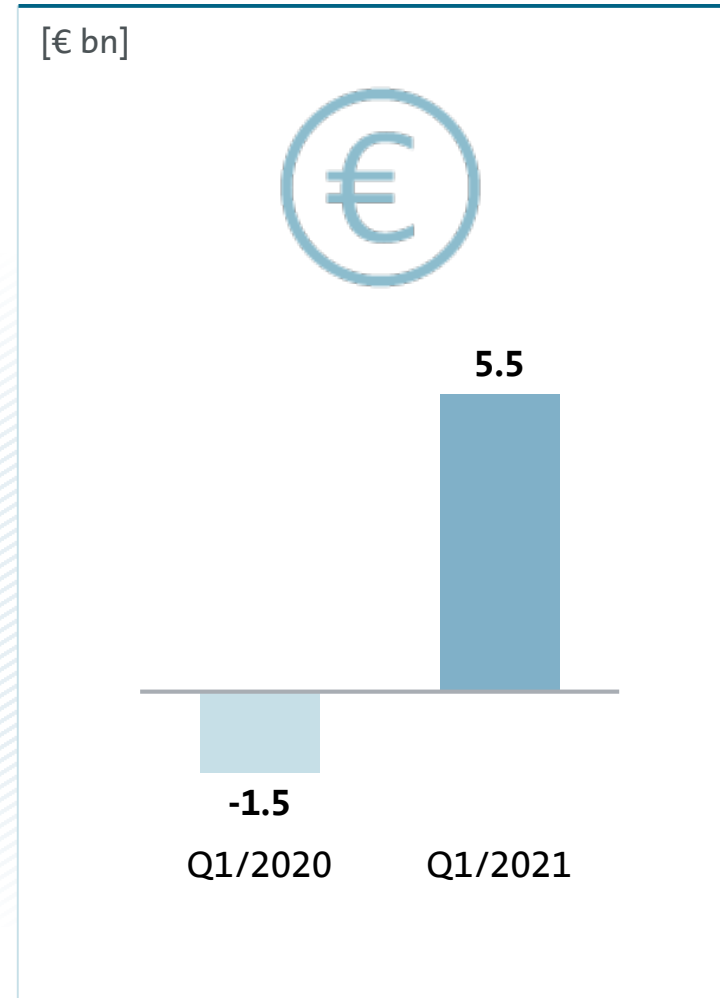


# Strong Automotive Cash Flow development – Safeguarding liquidity to finance future – Automotive Division

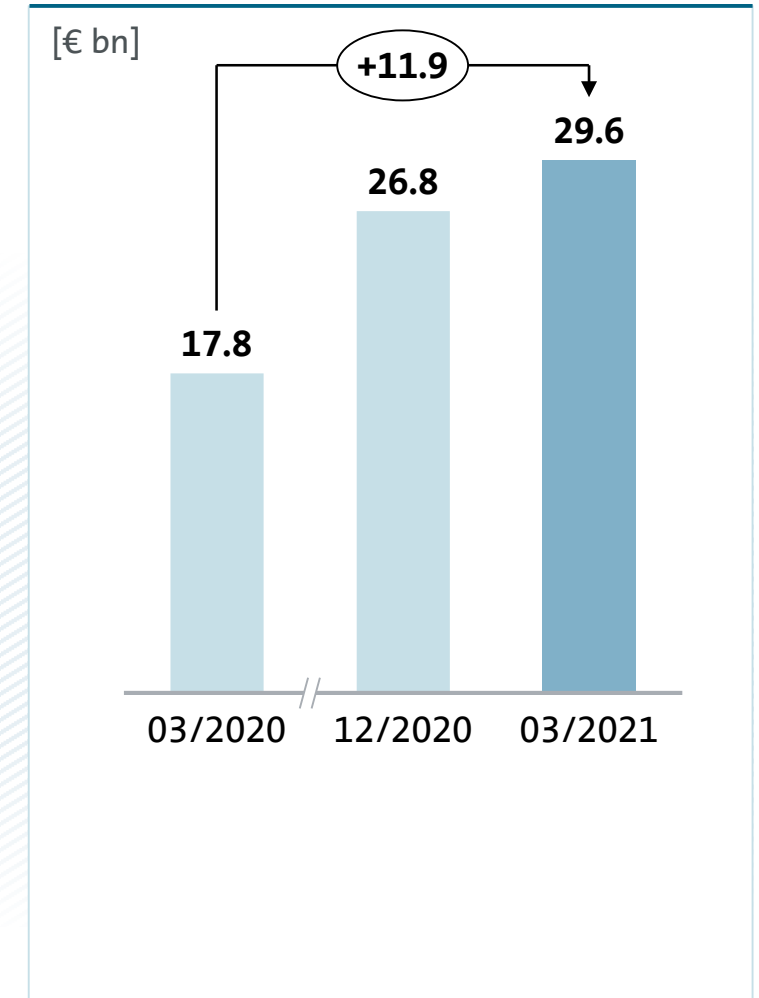
## Reported Net Cash Flow



## 'Clean' Net Cash Flow <sup>1)</sup>



## Net Liquidity

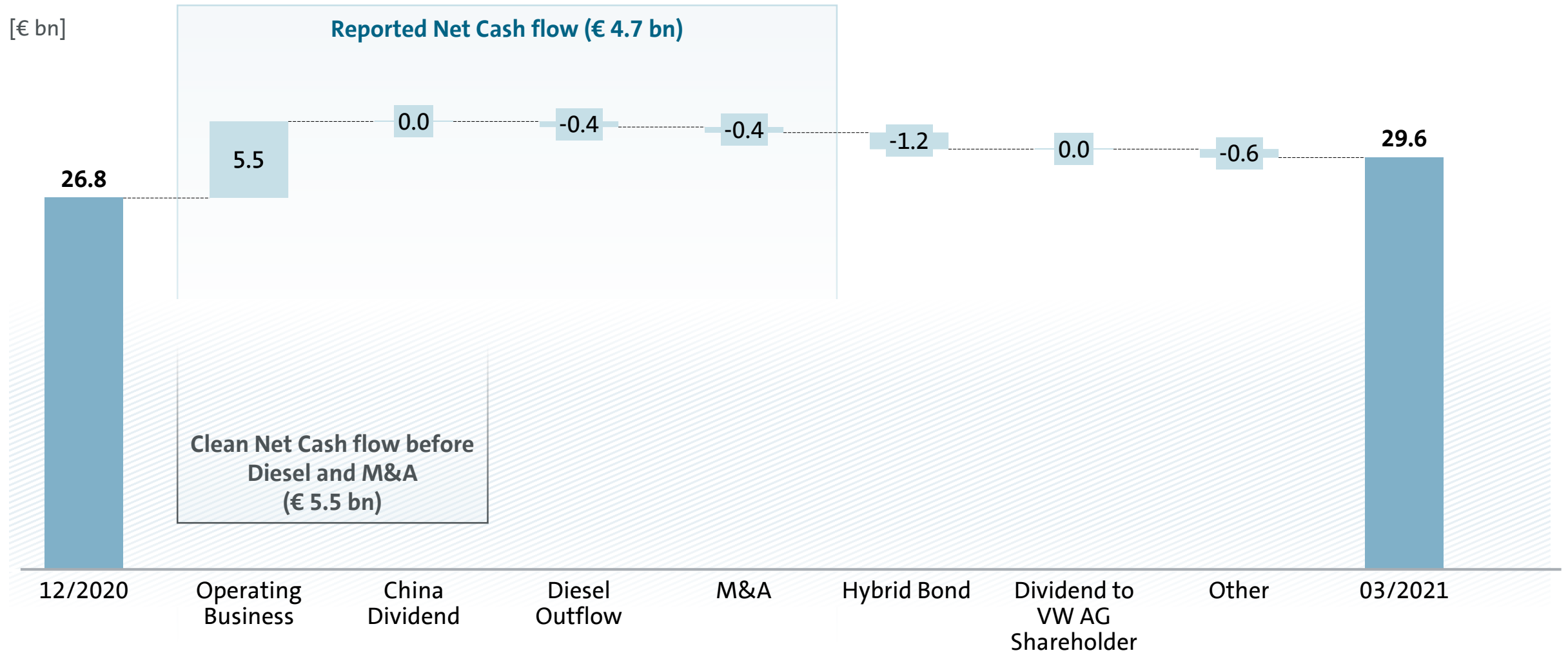


1) Reported net cash flow before M&A and Diesel.



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

(January to March 2021)



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

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

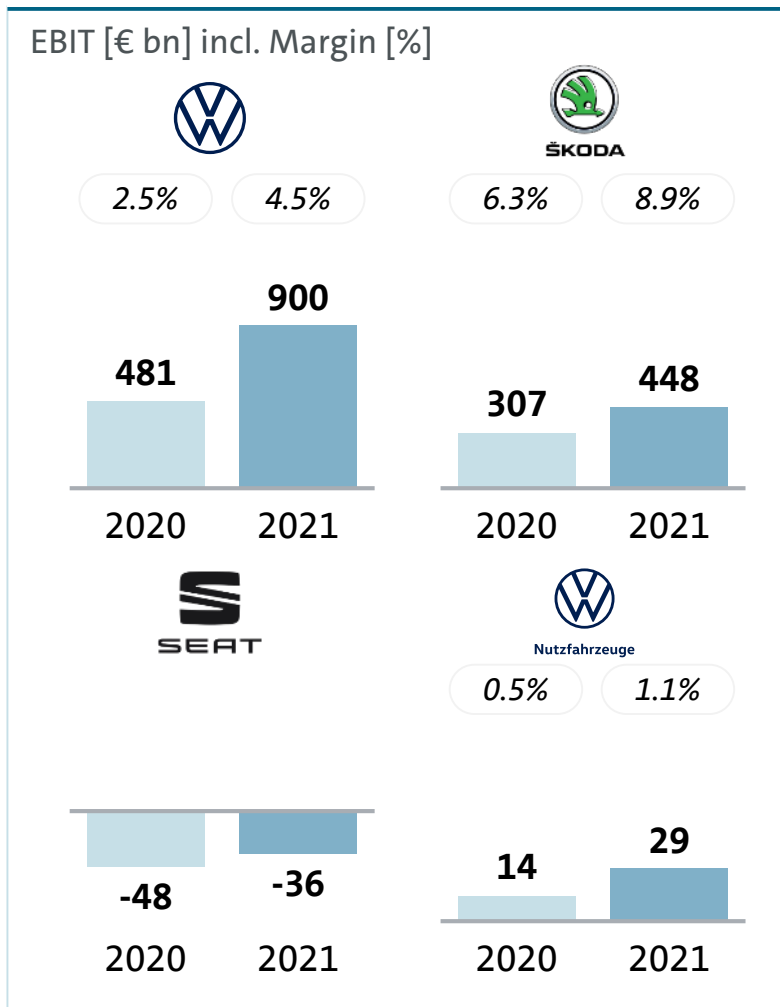
## (January to March 2021)

	Vehicle sales		Sales revenue		Operating profit		Operating margin	
	2021	2020	2021	2020	2021	2020	2021	2020
thousand vehicles / € million / percentage								
Volkswagen Passenger Cars	769	765	19.984	18.965	900	481	4.5	2.5
ŠKODA	234	237	5.049	4.850	448	307	8.9	6.3
SEAT	157	140	2.851	2.558	-36	-48	-1.3	-1.9
Volkswagen Commercial Vehicles	96	99	2.660	2.671	29	14	1.1	0.5
Audi	287	268	14.067	12.454	1.404	15	10.0	0.1
Bentley	3	3	578	620	65	56	11.2	9.0
Porsche Automotive <sup>2)</sup>	73	56	7.039	5.394	1.178	529	16.7	9.8
Scania <sup>3)</sup>	23	19	3.420	2.982	409	256	12.0	8.6
MAN Commercial Vehicles	37	28	3.098	2.633	-279	-83	-9.0	-3.2
Power Engineering <sup>4)</sup>	-	-	757	922	32	16	4.2	1.7
VW China <sup>5)</sup>	800	503	-	-	-	-	-	-
Other <sup>6)</sup>	-145	-180	-7.421	-8.842	-245	-1.293	-	-
Volkswagen Financial Services	-	-	10.295	9.847	908	654	-	-
<b>Volkswagen Group</b>	<b>2,334</b>	<b>1,937</b>	<b>62.376</b>	<b>55.054</b>	<b>4.812</b>	<b>904</b>	<b>7.7</b>	<b>1.6</b>
Automotive Division <sup>7)</sup>	2,334	1,937	51.538	44,650	3,809	197	-	-
of which: Passenger Cars	2,273	1.891	44.344	38.165	3.751	120	-	-
of which: Commercial Vehicles	61	46	6.438	5.564	93	121	-	-
of which: Power Engineering	-	-	757	922	-36	-44	-	-
Financial Services Division	-	-	10,837	10,404	1,003	707	-	-

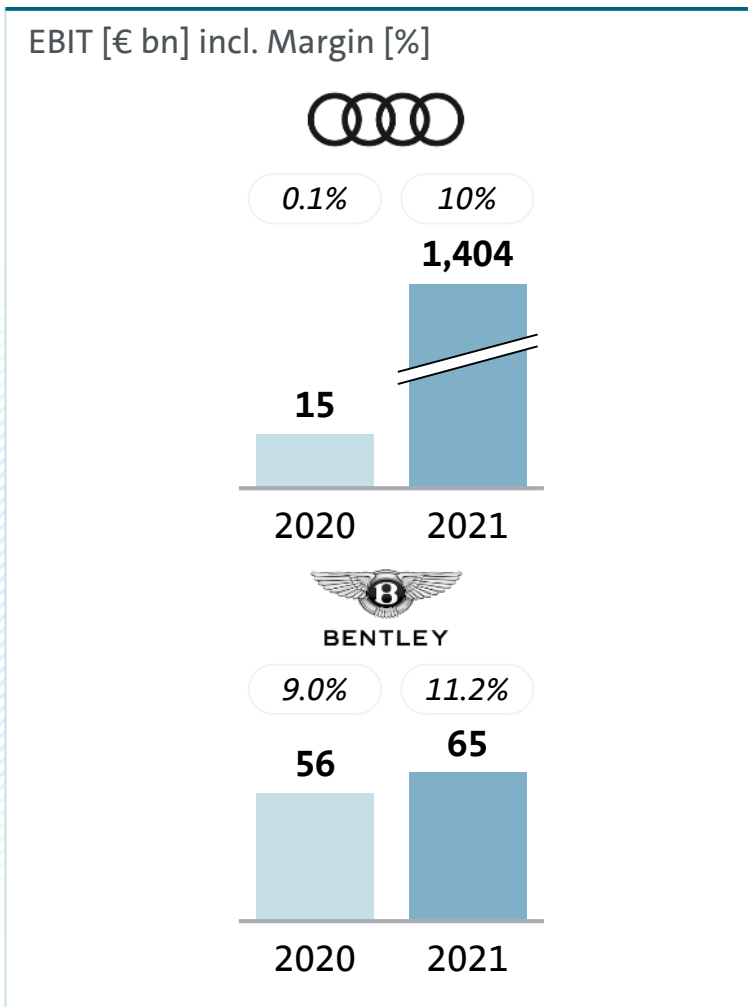
<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Porsche (Automotive and Financial Services): sales revenue € 7,726 (6,016) million, operating profit € 1,249 (572) million. <sup>3)</sup> Scania (Automotive and Financial Services): sales revenue € 3,527 (3,098) million, operating profit € 460 (282) million. <sup>4)</sup> Prior year including operations from Renk <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 € 661 (276) 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, as well as companies not allocated to the brands. <sup>6)</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

# Volkswagen Passenger Cars – Brand Groups Performance (January to March 2021 vs. 2020)

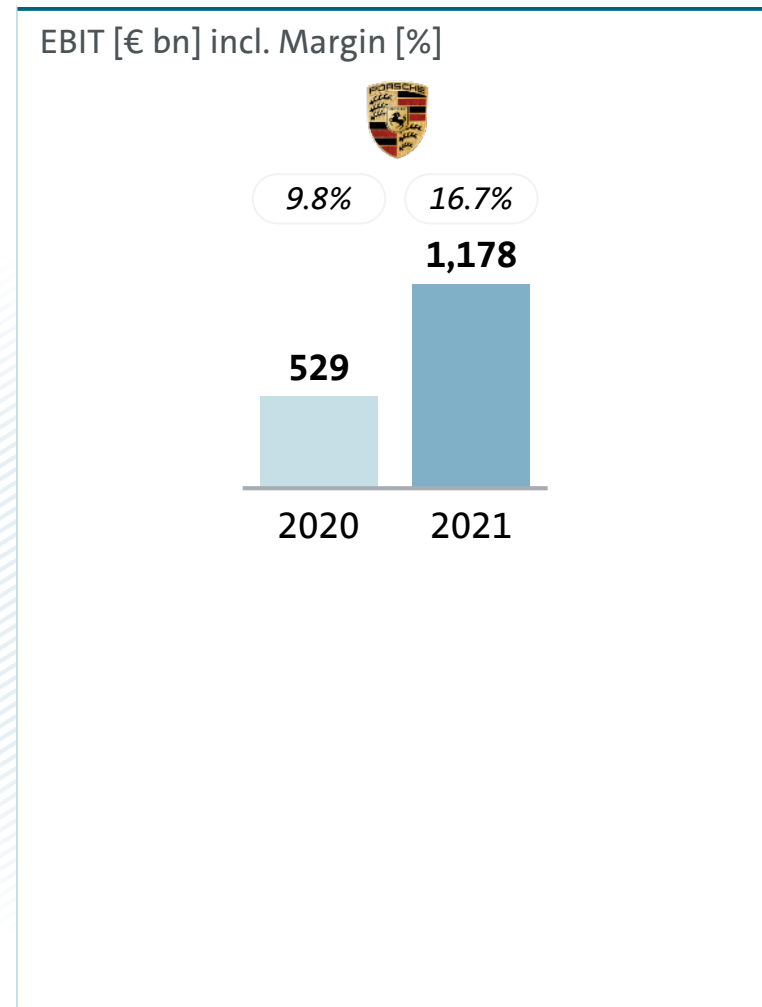
## Volume Group



## Premium Group

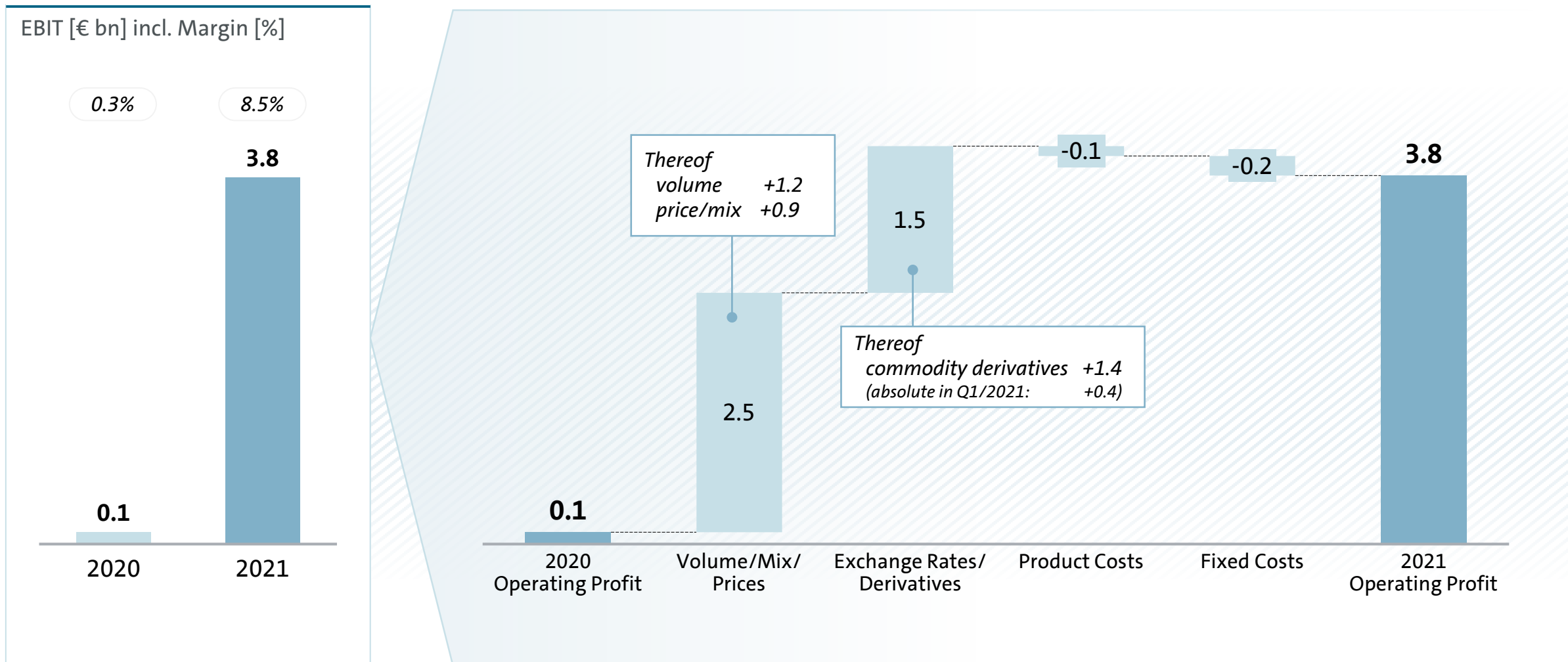


## Sport & Luxury Group



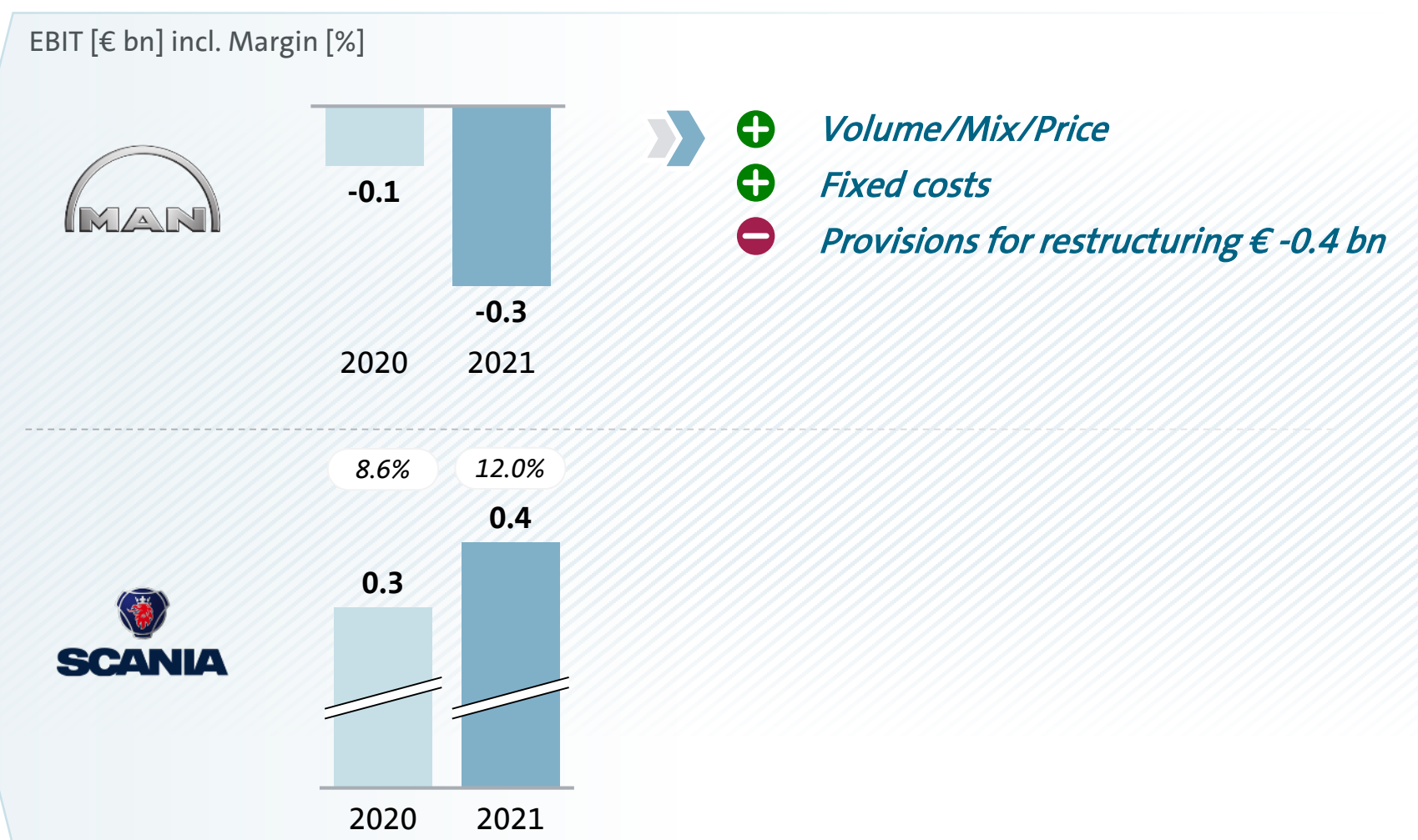
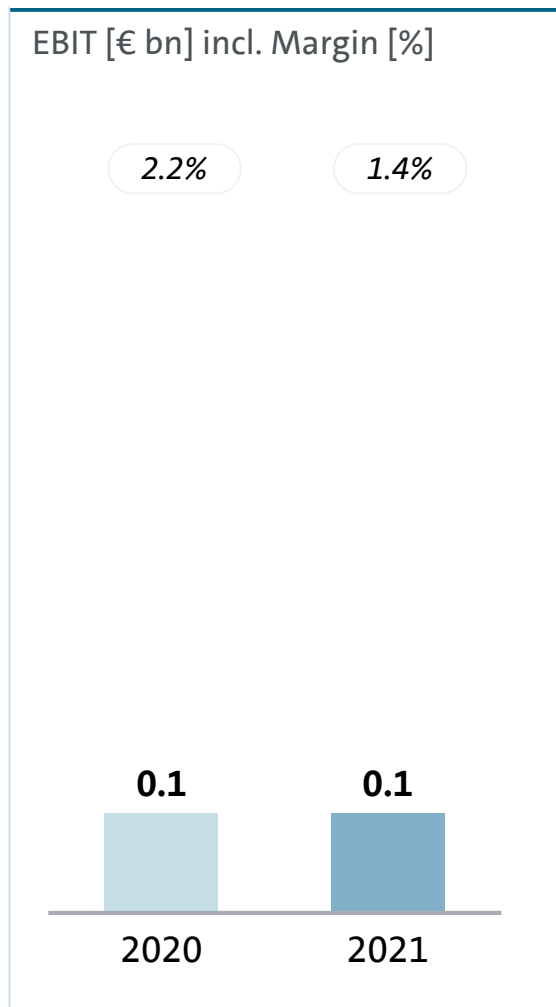
# Passenger Cars EBIT-Bridge (January to March 2021 vs. 2020)

## Passenger Cars

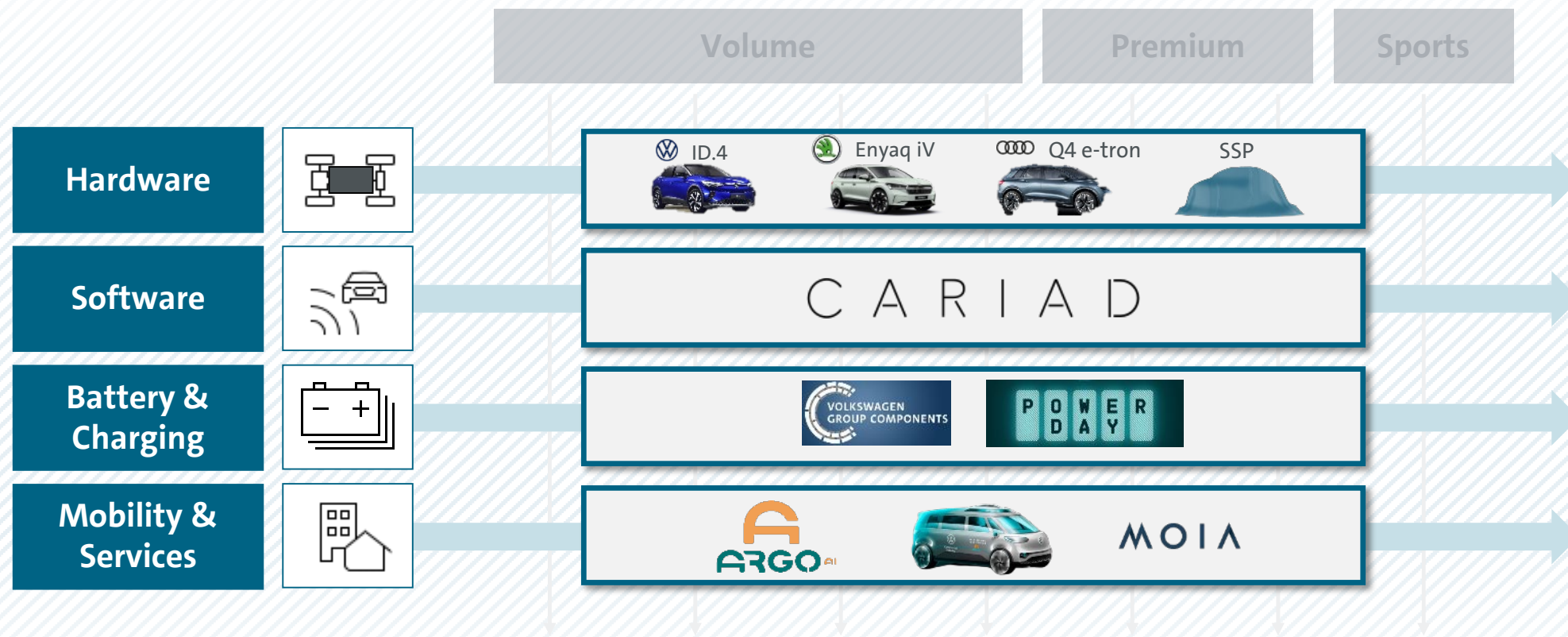


# Commercial Vehicles EBIT (January to March 2021 vs. 2020)

## Commercial Vehicles/Trucks

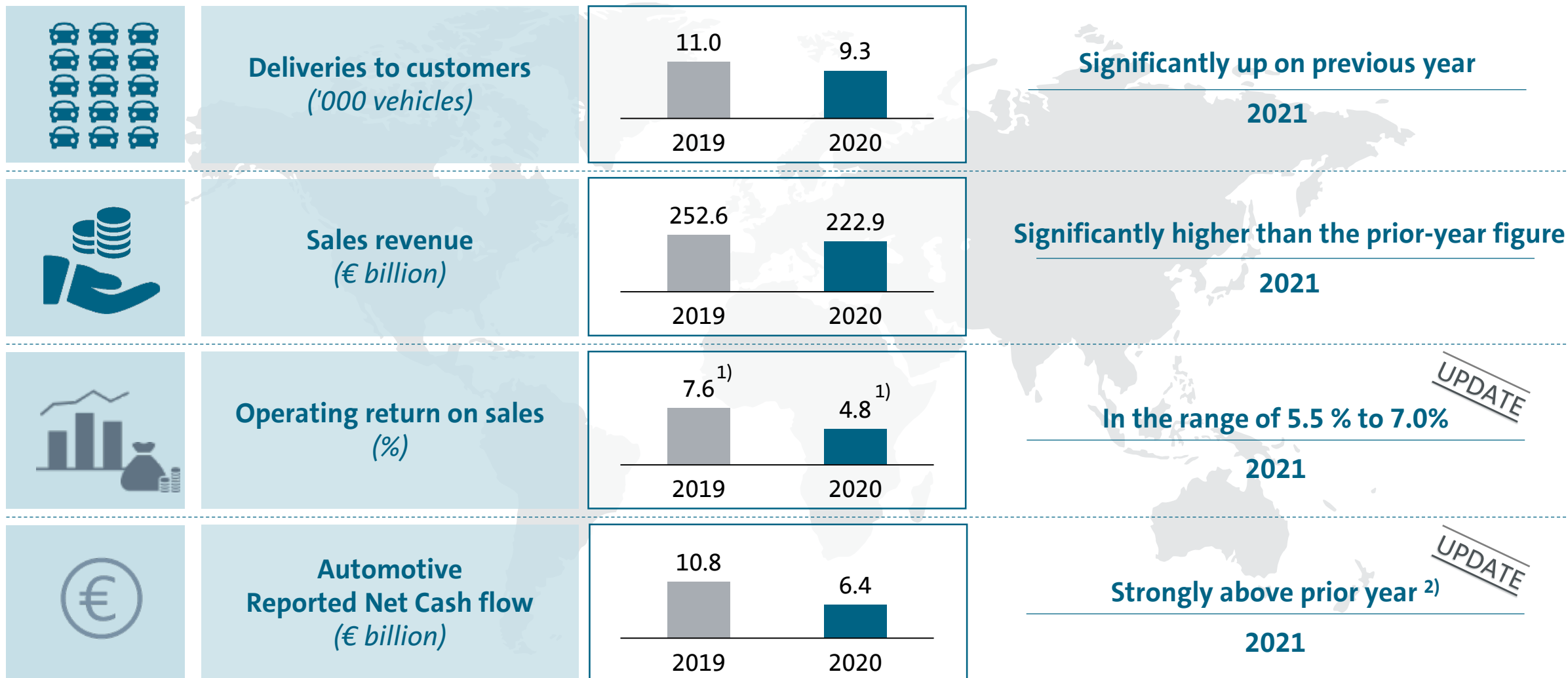


# Group lays foundation to tap into future profit pools



ID.4 - power consumption in kWh/100 km (combined): 16.9-15.5 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+; Enyaq iV - power consumption in kWh/100 km (combined): 16.0-14.4 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+; Q4 e-tron - power consumption in kWh/100 km (combined): 17.3-15.8 (NEDC), 19.0-17.0 (WLTP); CO2-emissions in g/km: 0 (combined); efficiency class: A+; ID.Buzz - Concept Car

# Volkswagen Group – Outlook for 2021



1) Before Special Items. 2) Before Navistar.

## Volkswagen Group – Funding Programs & Outstandings As of March 31, 2021

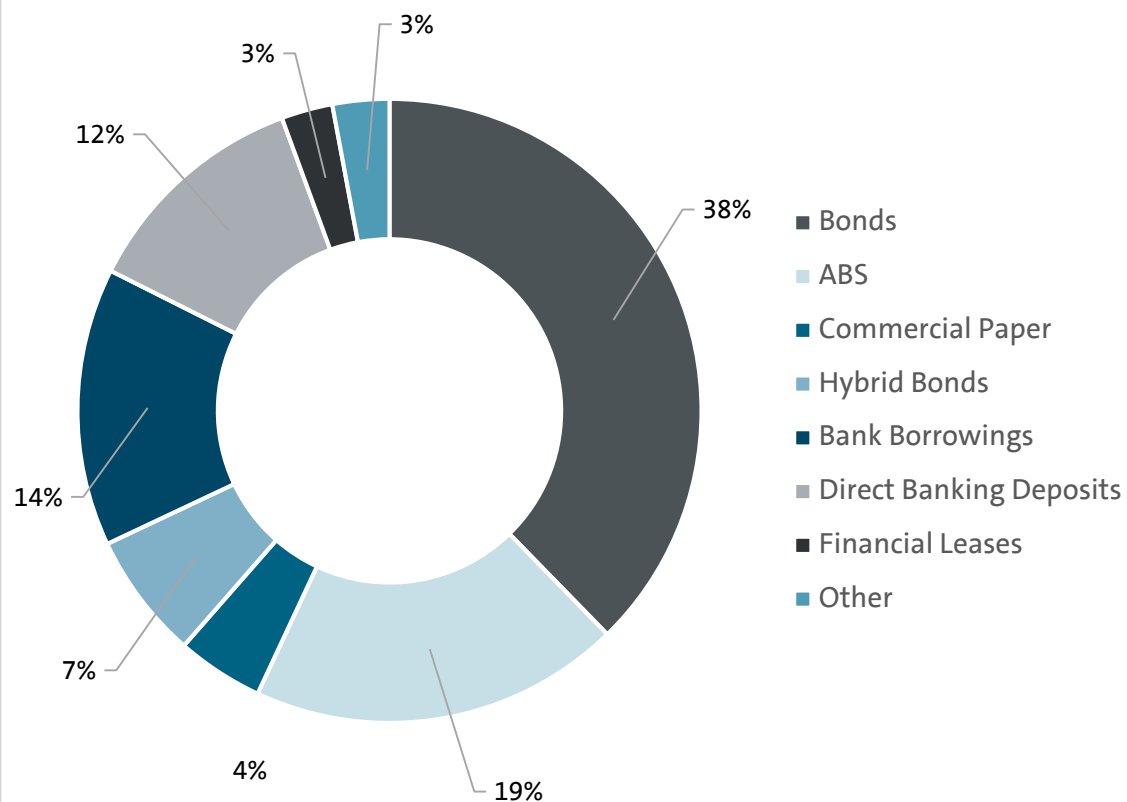
<b>Money and Capital Markets</b>	<b>In € billion</b>	<b>Borrowings</b>	<b>In € billion</b>
Commercial Papers	9.8	Bank Borrowings	31.4
Bonds	96.4	Direct Banking Deposits	26.1
<i>thereof: Hybrid Bonds</i>	14.3	Financial Leases	5.8
<i>thereof: Green Bonds</i>	2.0	Other	6.4
ABS	41.9		



# Volkswagen Group Funding Strategy – Overview

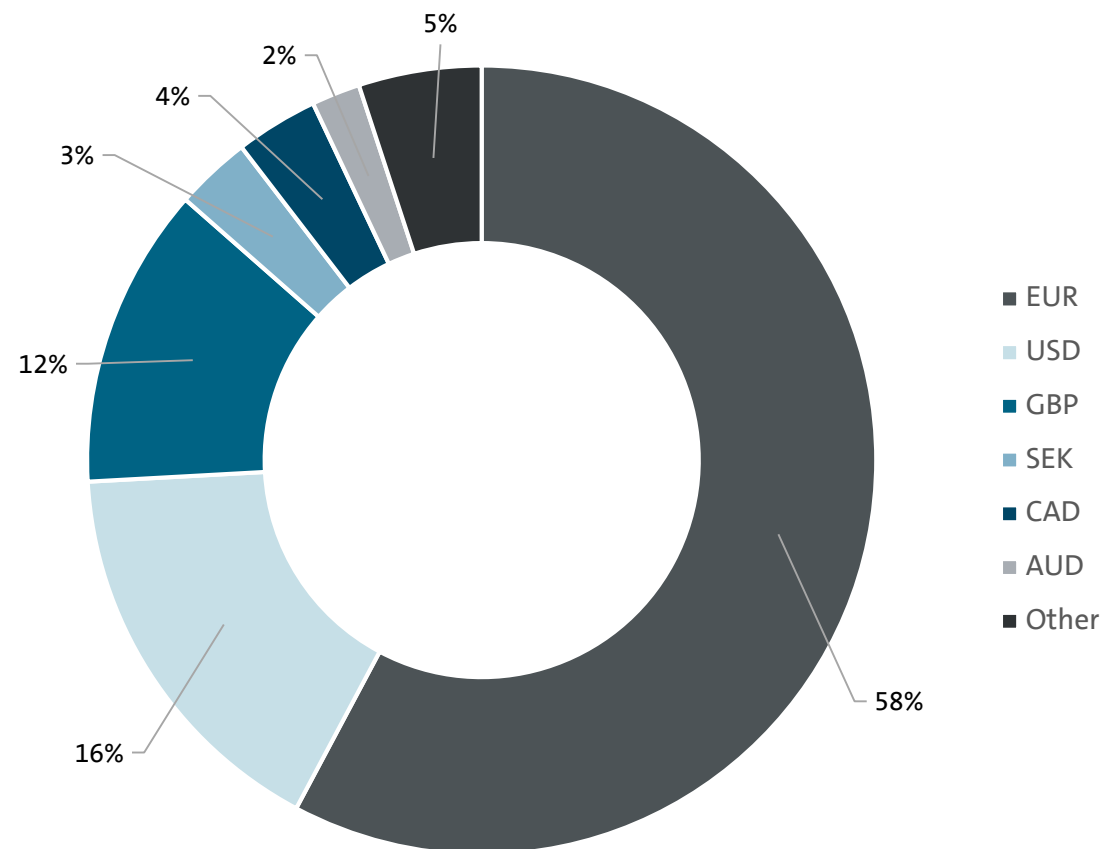
## As of March 31, 2021

### Funding Sources in €bn



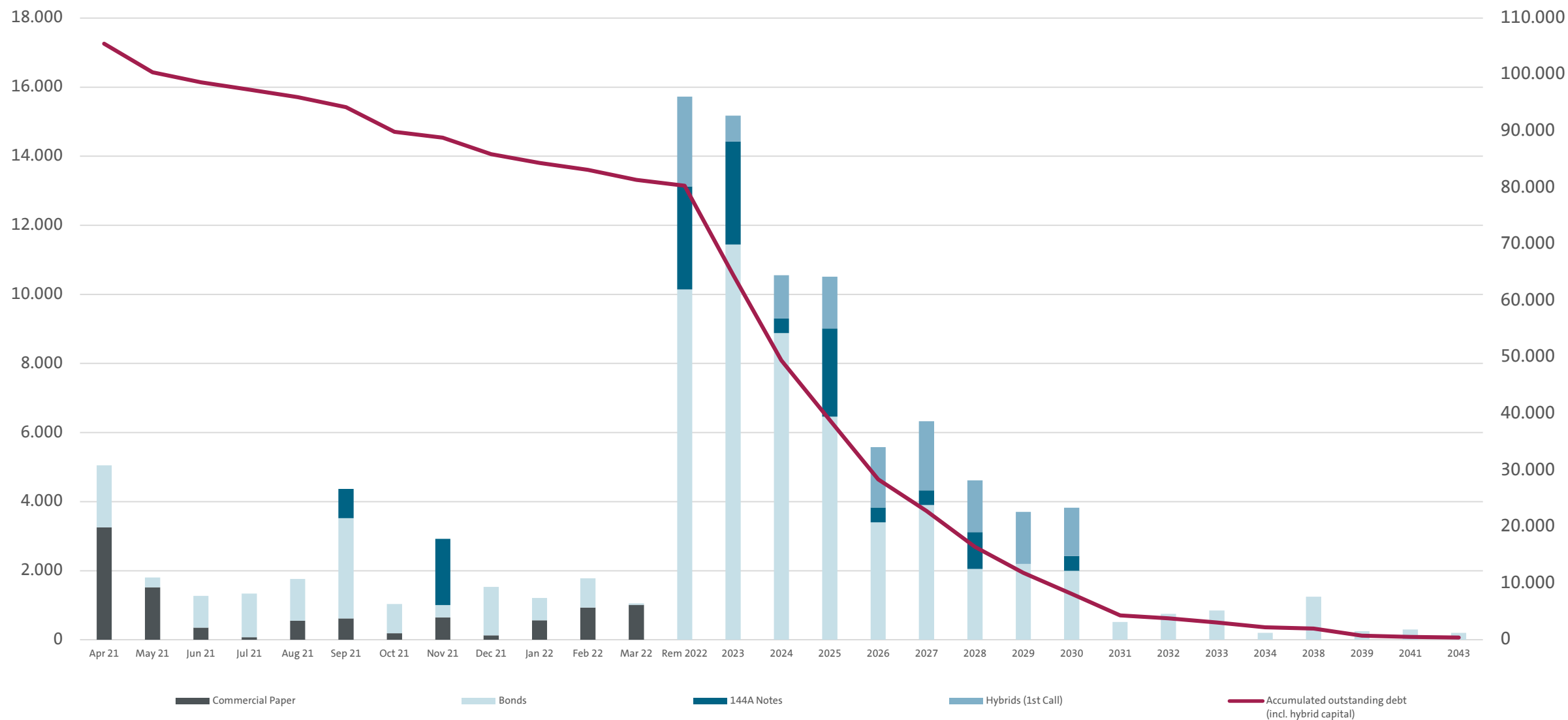
### Currency Breakdown in %

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



# Volkswagen Group Funding Strategy – Bond Maturity Profile

## As of March 31, 2021 (in € million)



Source: Volkswagen Group

## Volkswagen Group – Inaugural Green Bond Deal Review

**Frank Witter, Former 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	8yr Fixed	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 and ID.4	
External Review	Certified by the Climate Bonds Initiative (CBI)	

ID.3 – Electricity consumption combined 15.4 - 14.5 kWh/100 km; CO<sub>2</sub> emissions combined 0g/km, efficiency class: A+  
 ID.4 – Electricity consumption combined 16.9-15.5 kWh/100 km; CO<sub>2</sub> emissions combined 0g/km, efficiency class: A+

# Volkswagen Green Finance Framework

## Eligible Green Projects

### Volkswagen`s Framework

Eligible Green Project Portfolio	ICMA GBP Category	UN SDGs	Contribution to EU's Environmental Objectives
<p><b>Projects related to the manufacture of electric vehicles</b></p> <p>Investments in, expenditures for and/or costs for conception, infrastructure, development and construction of the Modular Electrification Toolkit (MEB) itself, of electric vehicles and their production equipment and tools, supplier tools and systems and their key components, such as batteries, all related to the MEB.</p>	Clean Transportation	 	<p>The activities substantially contribute to the following EU environmental objective:</p> <p>Climate Change Mitigation - Increasing clean or climate-neutral mobility</p>
<p><b>Dedicated e-charging infrastructure</b></p> <p>(when separable from fossil fuel filling stations and garages)</p>	Clean Transportation		<p>The activities substantially contribute to the following EU environmental objective:</p> <p>Climate Change Mitigation</p>

The Volkswagen Group believes that Green Debt Instruments are effective tools to channel investments to projects that have demonstrated climate benefits and thereby contribute to the achievement of the Paris Climate Agreement and the United Nations' Sustainable Development Goals ("UN SDGs").

ID.3 – Electricity consumption combined 15.4 - 14.5 kWh/100 km; CO<sub>2</sub> emissions combined 0g/km, efficiency class: A+  
 ID.4 – Electricity consumption combined 16.9-15.5 kWh/100 km; CO<sub>2</sub> emissions combined 0g/km, efficiency class: A+

### Portfolio



# Volkswagen Green Finance Framework

## Eligible Green Projects Portfolio

Eligible Green Project Portfolio <sup>1</sup> (in EUR bn)					Outstanding Green Debt Instruments <sup>2</sup> (in EUR bn)			
ICMA Category <sup>3</sup>	2017	2018	2019	2020	ISIN	Issuance Date	Due Date	Principal Amount
Clean Transportation	0.26	0.74	1.11	1.49	XS2234567233	09-23-2020	09-22-2028	1.25
<i>Thereof:</i>								
<i>Projects related to the manufacture of electric vehicles</i>	0.26	0.74	1.11	1.49	XS2234567662	09-23-2020	09-23-2032	0.75
<i>Dedicated e-charging infrastructure</i>	-	-	-	-				
<b>Total (2017-2020)<sup>4</sup></b>				<b>3.60</b>	<b>Total</b>			<b>2.00</b>

Eligible Green Project Portfolio Unallocated

EUR 1.60bn

Percentage of Eligible Green Project Portfolio Allocated (coverage)

56%

Percentage of Proceeds of Green Finance Instruments allocated to Eligible Green Project Portfolio

100%

The amount or number of new versus existing investments and/or projects<sup>5</sup>

0% vs. 100%

All figures shown in the report are rounded, so minor discrepancies may arise from addition of these amounts <sup>1</sup>as defined in the Volkswagen Green Finance Framework, March 2020 <sup>2</sup>per December 31, 2020, issued by Volkswagen International Finance N.V. and unconditionally and irrevocably guaranteed by Volkswagen AG <sup>3</sup>International Capital Market Association: Green Bond Principles <sup>4</sup>for the period from January 1, 2017 to December 31, 2020 <sup>5</sup>New projects refer to the projects that have been disbursed in the year of issuance

## Impact Reporting for Outstanding Green Bonds

Clean Transportation Portfolios	Signed Amount in EUR bn	Share of Total Project Financing	Eligibility for Green Finance Instruments	Allocated Amount in EUR bn	Saved CO <sub>2</sub> emissions ID.3 vs Golf 8 TDI <sup>2</sup> over life cycle (200,000km) in g CO <sub>2</sub> e/km	Saved CO <sub>2</sub> emissions ID.3 vs Golf 8 TDI <sup>2</sup> over life cycle (200,000km) in t CO <sub>2</sub> e	Number of ID.3 sold in EU including the UK, Norway and Iceland (#)	Calculated CO <sub>2</sub> emissions avoided ID.3 vs Golf 8 TDI <sup>2</sup> over life cycle (200,000km) in t CO <sub>2</sub> e
	a/	b/		c/	d/	d/		d/
Projects related to the manufacture of electric vehicles	3.60	100%	100%	2.00	25.00	5.00	56,500	282,500
<b>Total</b>	<b>3.60</b>	<b>100%</b>	<b>100%</b>	<b>2.00</b>	<b>25.00</b>	<b>5.00</b>	<b>56,500</b>	<b>282,500</b>

Portfolio date: 2017-2020

a/ Signed amount represents the amount legally committed by the issuer for the portfolio of projects or is eligible for green bond financing

b/ This is the share of the total project cost that is financed by the issuer.

c/ This represents the amount of green debt instruments proceeds that has been allocated for disbursements to the portfolio

d/ Eligible Categories impact indicators

*Vehicle basis: Golf 8 and ID.3: Production, utilization 200,000 km; Most representative engine-gearbox combination*

*standard equipment; ID.3 (1st Edition); Range: 440 km*

*Fuel and power consumption (Well-to-Tank): EU fuels; Energy mix EU-27*

*Consumption data (Tank-to-Wheel): WLTP*

*BEV: 62 kWh NMC 622 lithium-ion battery; one battery over the entire service life*

<sup>1</sup><https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf>

<sup>2</sup>with similar equipment and performance



**All information in relation to Volkswagen's Green Bonds can be found on our Green Finance webpage (volkswagenag.com)**

## Proof points of our Strategy

### Strategic CFO Targets

**Focused financial steering**  
of the **transformation**  
(allocation of resources to future topics)

**Safeguarding and strengthening**  
our **financial foundation**  
(... for continued investments in future  
technologies such as electrification, digital  
technology and autonomous driving)



### CFO Focus Areas

Focus on **product transformation**

**Digitalization: Advancing in software/autonomous driving/services**

Capturing **group-wide synergies**

**Groupwide cost & efficiency programs**

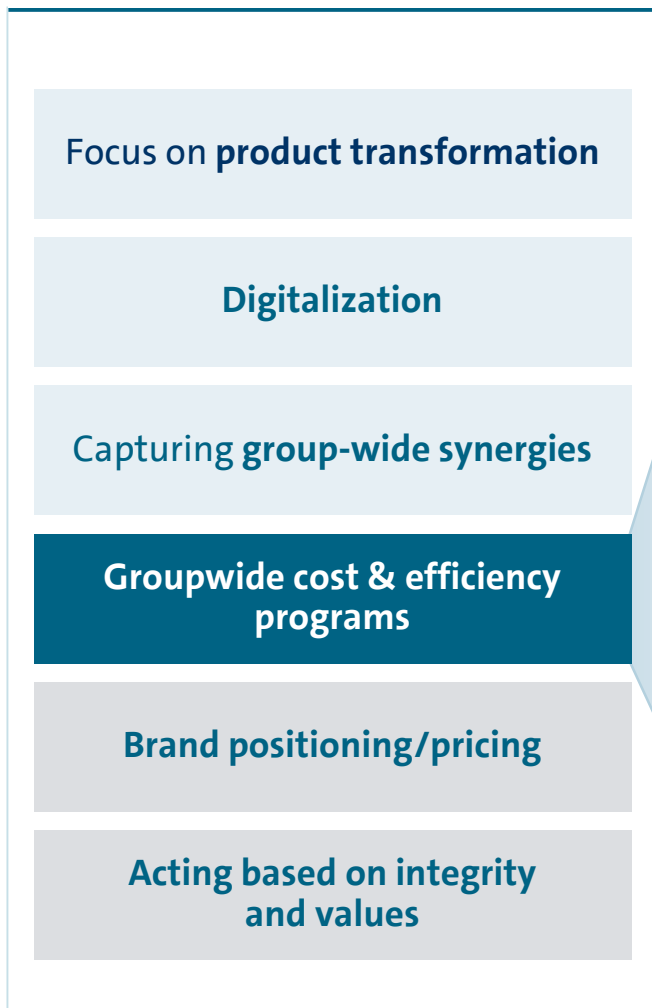
**Brand positioning/pricing**



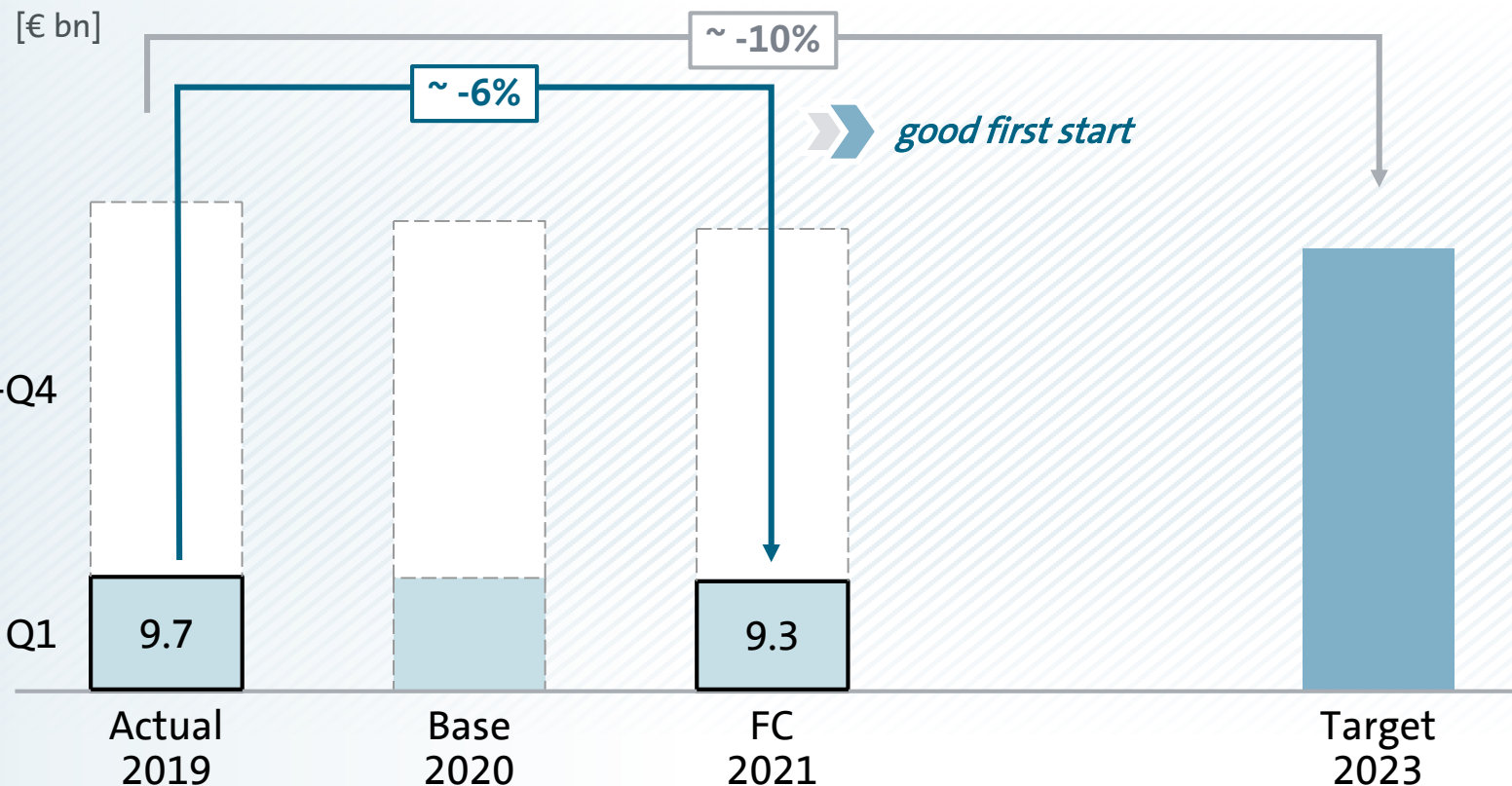
*Acting based on **integrity and values***

# Financing the transformation: Fixed cost program ahead of schedule, further progress in Q1 <sup>1)</sup>

## CFO Focus Areas



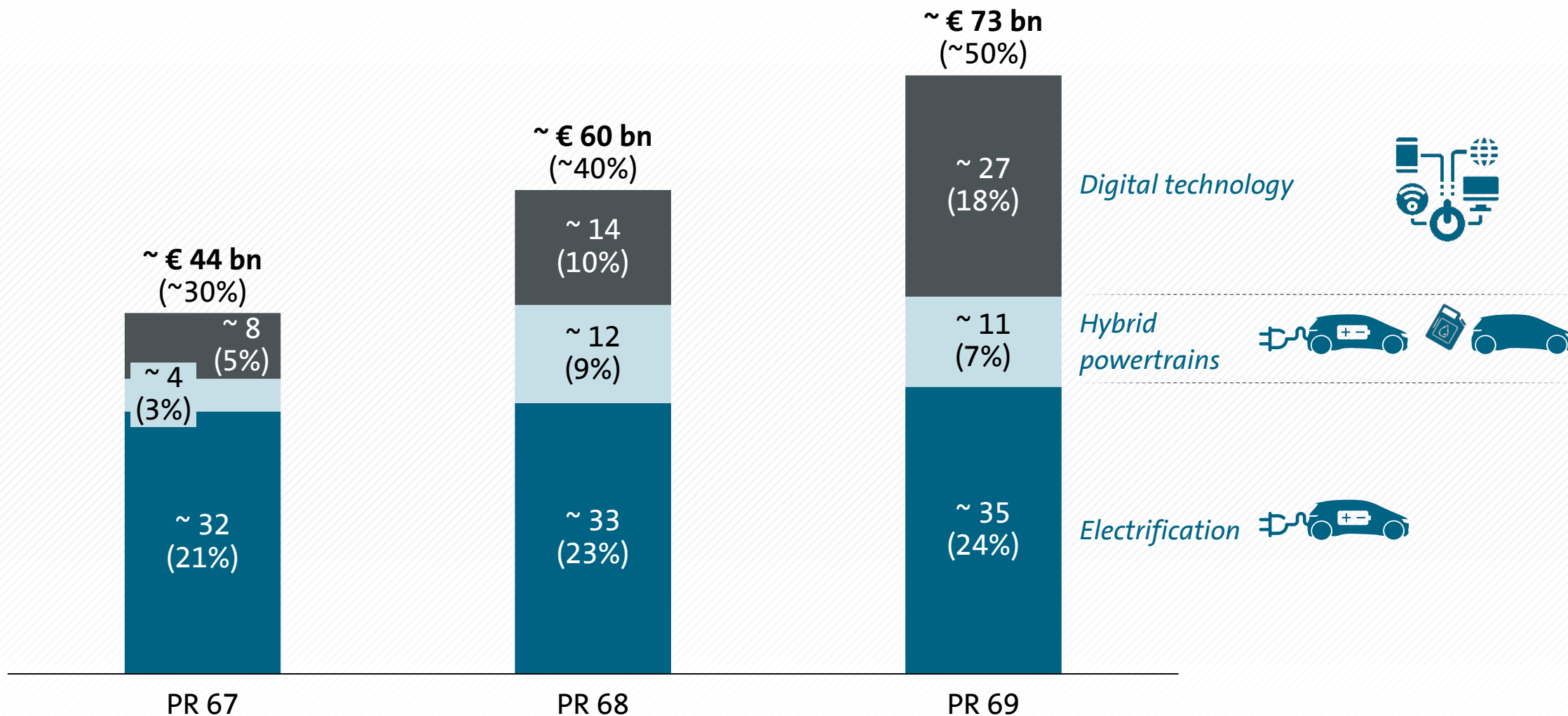
## Group wide Cost Program (without R+D / Capex)



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



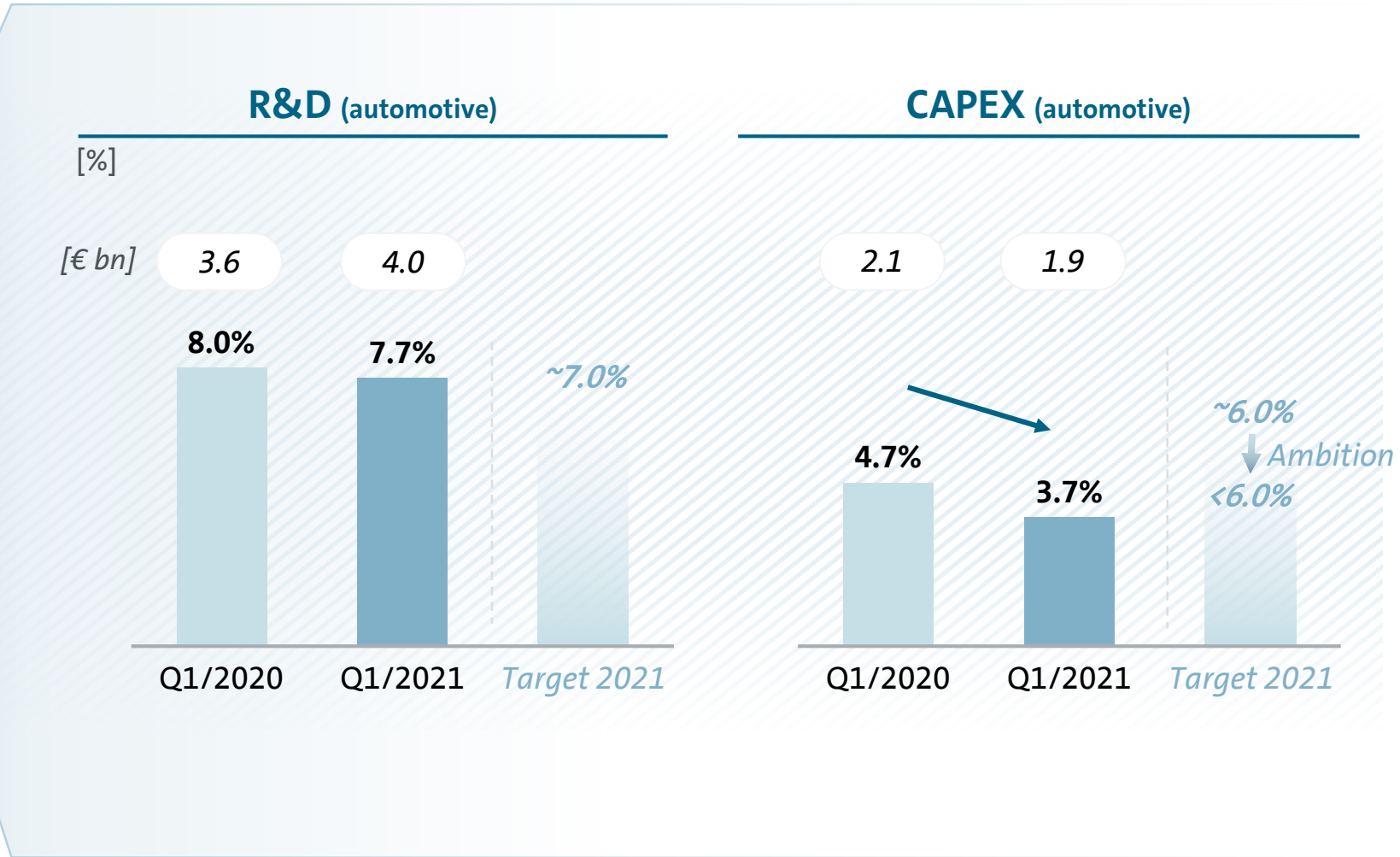
## Proportion of “Future Technologies” rising within total investments



# R&D/CAPEX – Significant upfront investment in R&D necessary for transformation; Compensation on CAPEX through group wide synergies

## CFO Focus Areas

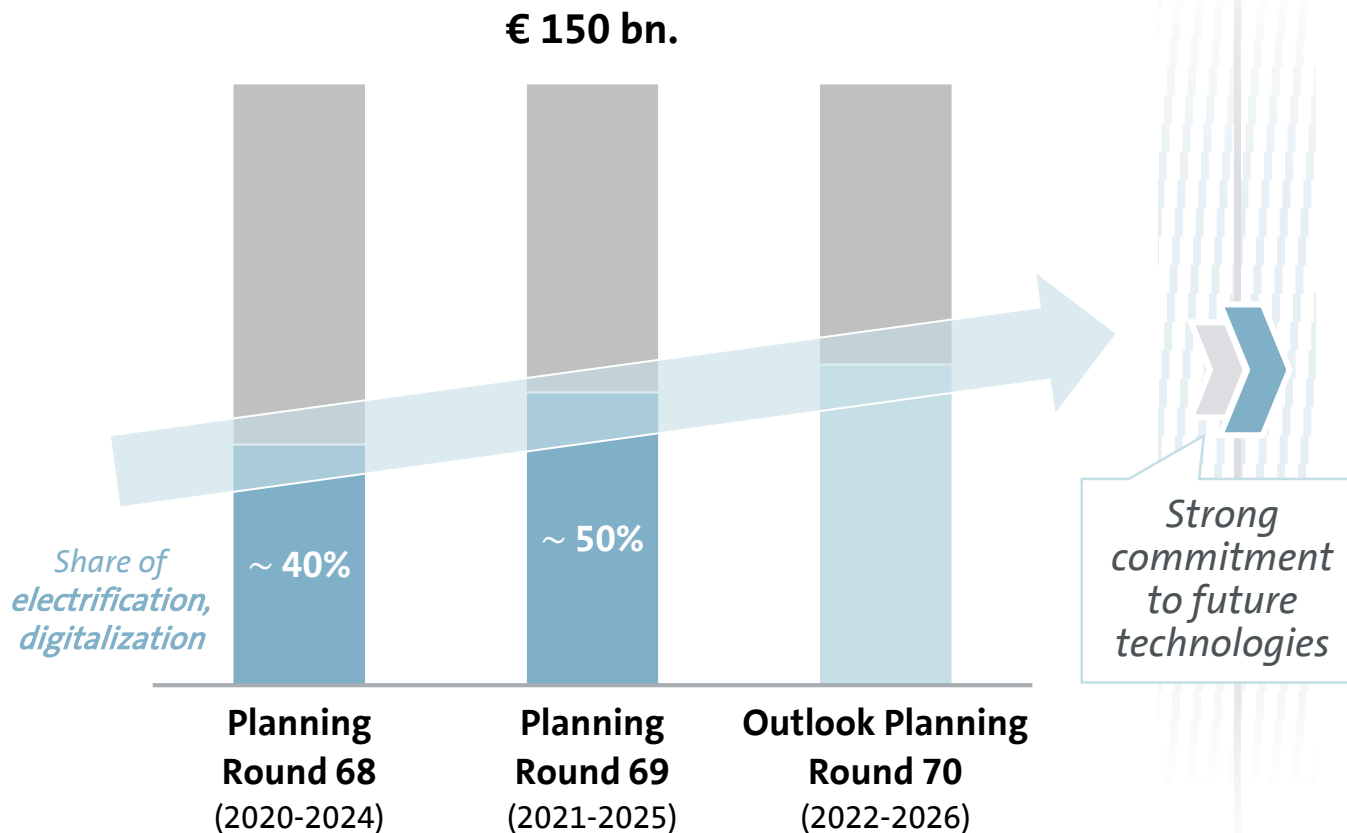
- Focus on product transformation
- Digitalization
- Capturing group-wide synergies**
- Groupwide cost & efficiency programs
- Brand positioning/pricing
- Acting based on integrity and values



# Steering the transformation: Strong commitment to investment in new technology while keeping combustion engine cars competitive

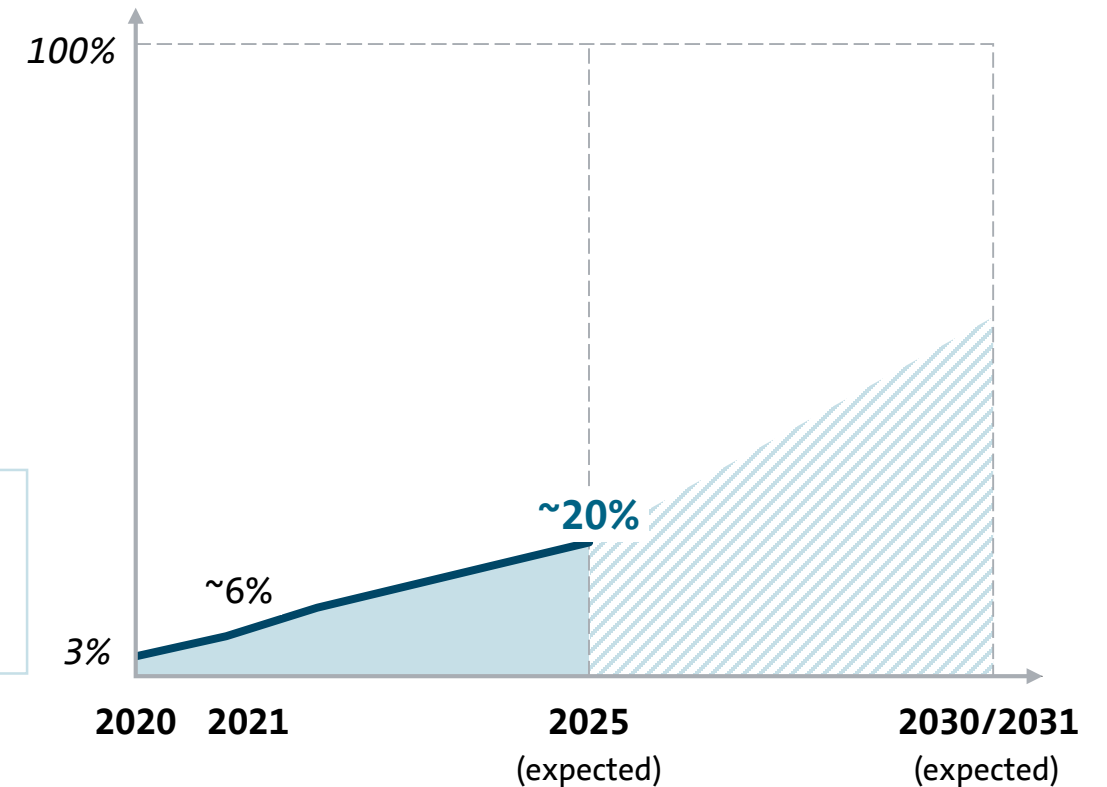
## Investment in R&D/ CapEx<sup>1)</sup>

in €bn



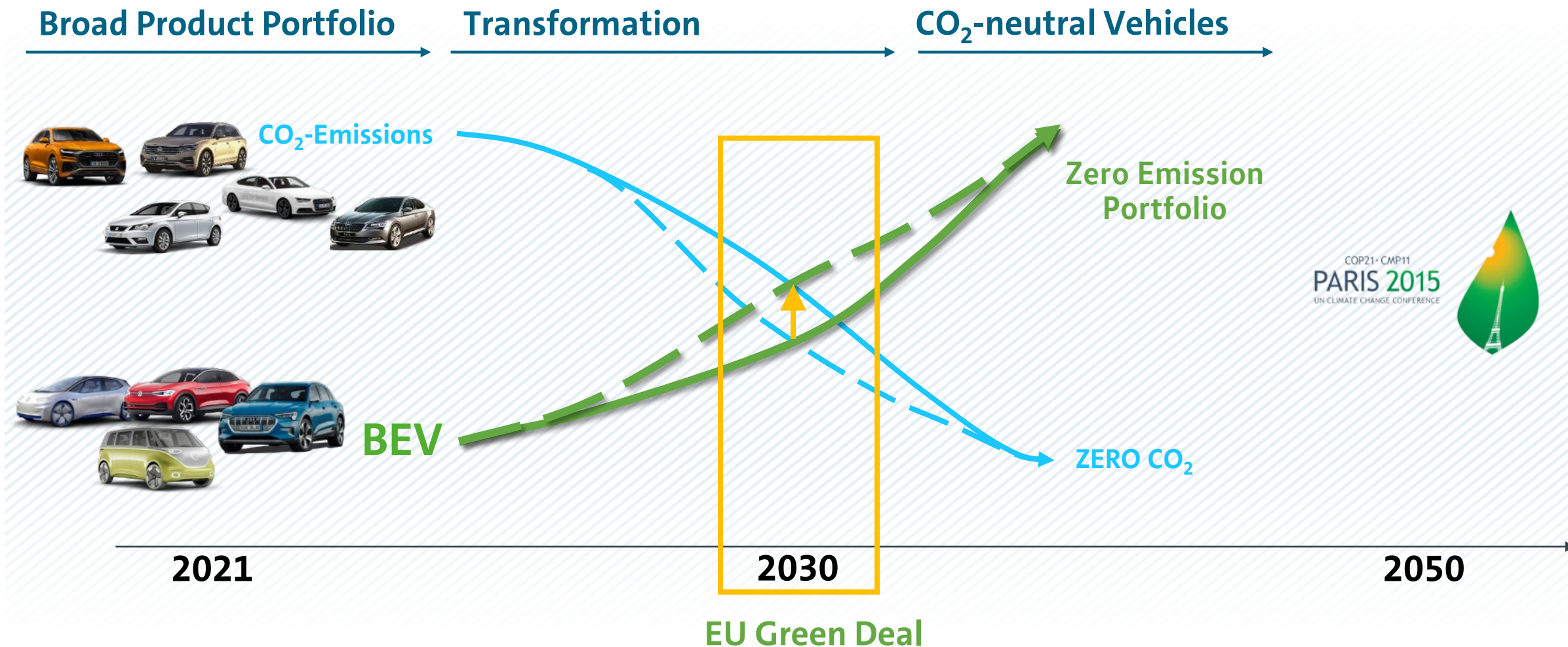
## BEV Share Volkswagen Group

Worldwide, in % of sales



1) Strategic targets for R&D/ CapEx: 6% R&D, 6% CapEx (CapEx in validation)

# “Go to zero” Transformation of portfolio underway



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

## 1 Start of Transformation electro mobility



Capital Marktes Day 2019

## 2 Volume ramp-up and internationalization



## 3 Variety of models and segment coverage

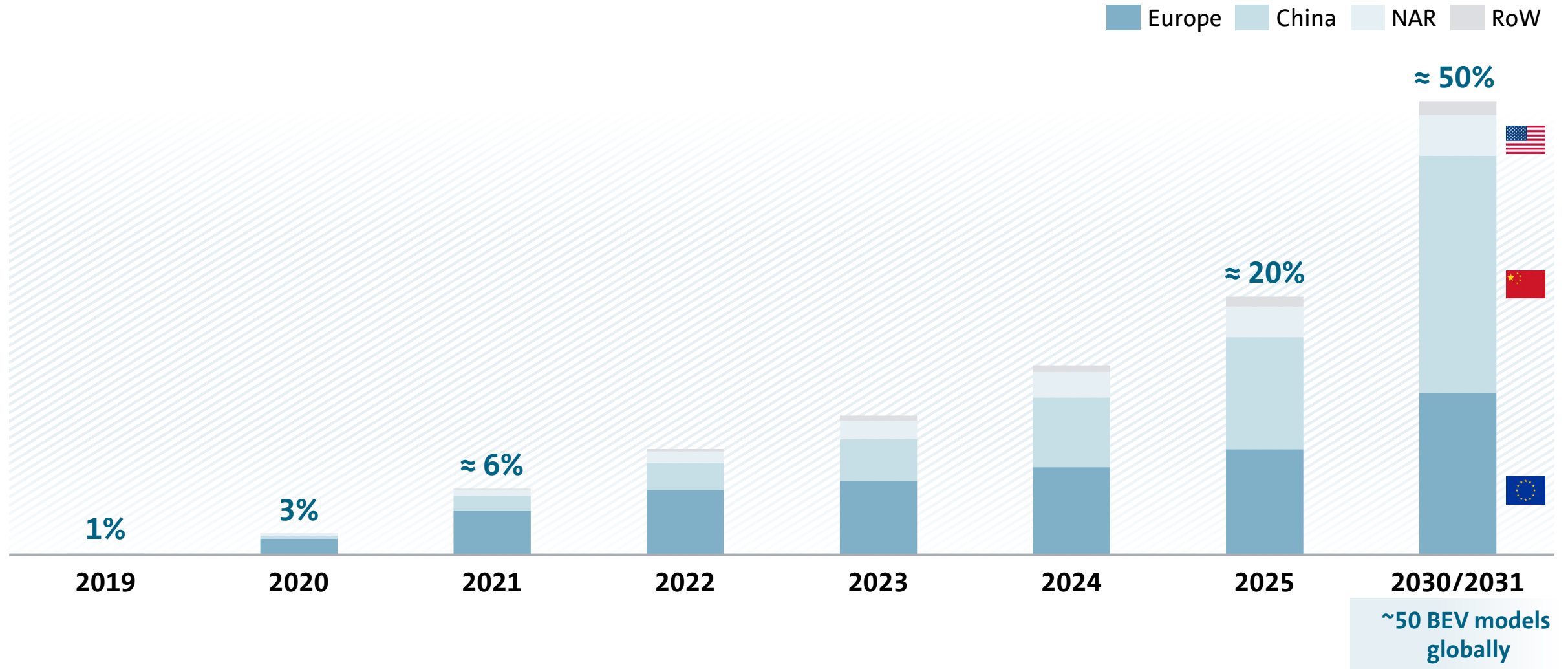


- Development and tooling up of electrified platforms MEB and PPE
- Closed cycled starts of production

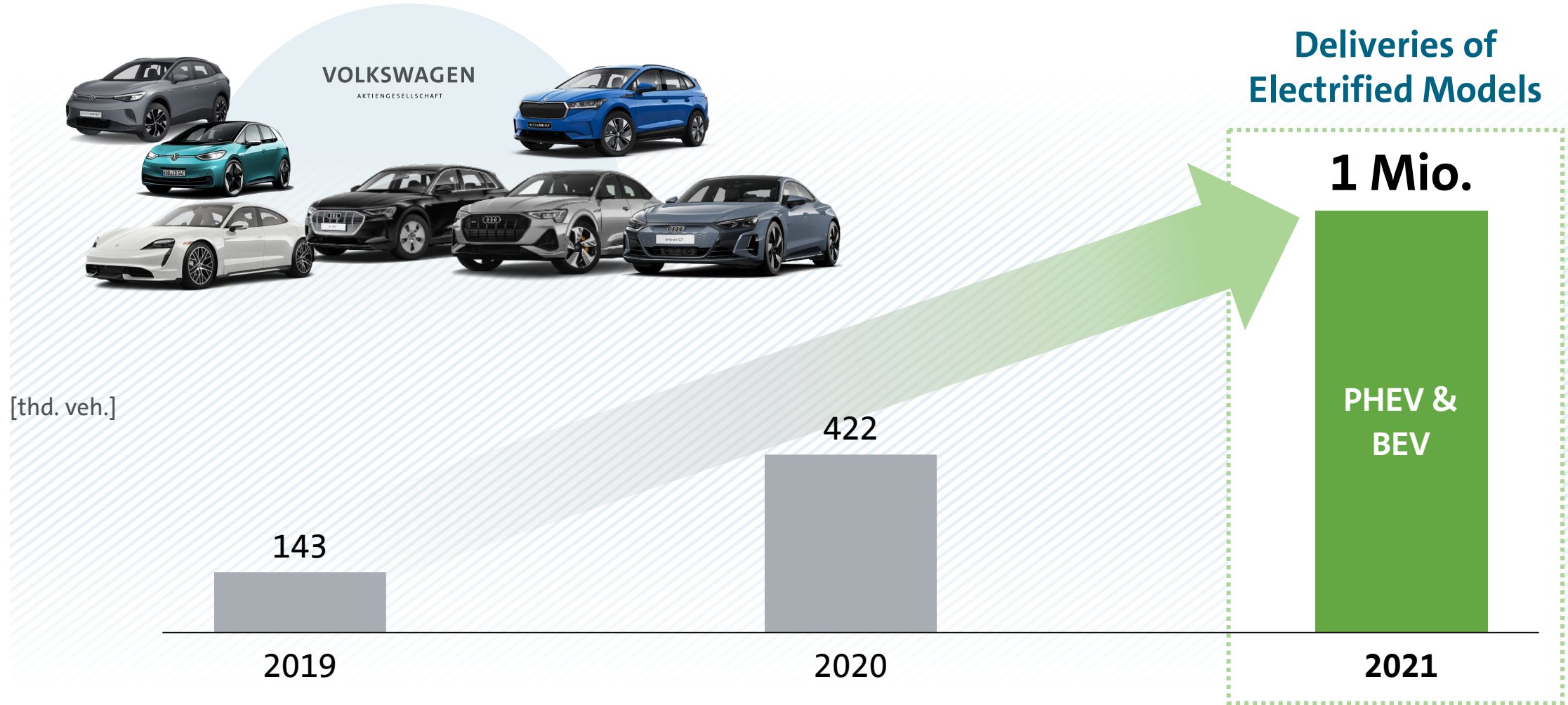
- Scaling up MEB und PPE – Base for volume ramp up
- Internationalization of volume BEVs starting with compact SUVs

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

**Significant increase in BEV deliveries will support our CO<sub>2</sub> compliance. Green Deal to increase BEV-volume in Europe even further beyond 2025.**



# Ramp-up of e-mobility strategy in the Volkswagen Group fully on track





# 2021 BEV Deliveries to Customers Plan: ID.4, Enyaq iV and Q4 e-tron launches accelerate BEV sales towards the second half of the year.

## Launched Models

ID.3 (2020)



e-tron (2019)/  
e-tron SB (2020)



Taycan (2020)



ID.4



Enyaq iV



e-tron GT



Taycan  
Cross Turismo



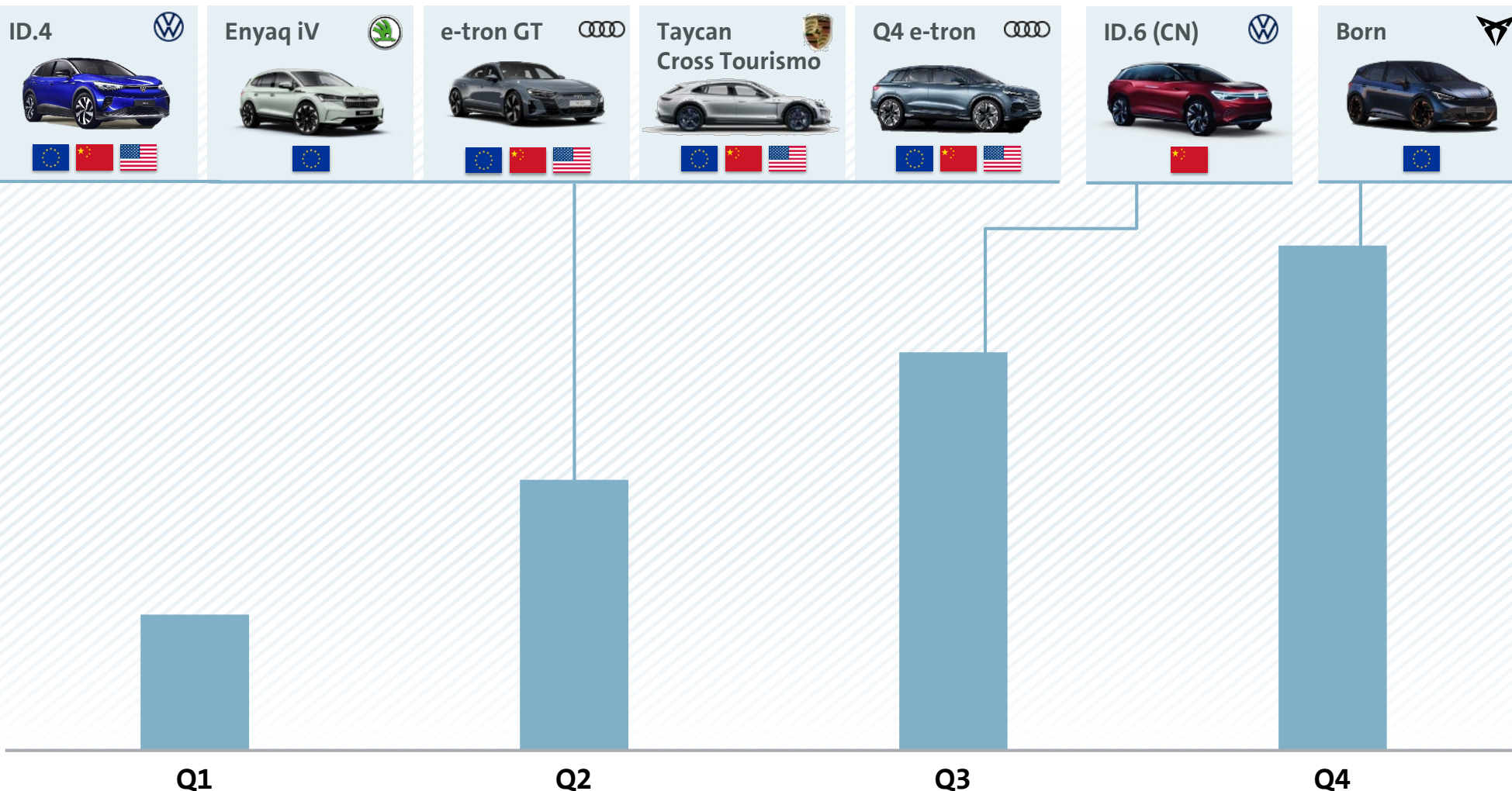
Q4 e-tron



ID.6 (CN)



Born





# Disciplined BEV ramp-up pushing for scale effects

## CFO Focus Areas

Focus on product transformation

Digitalization

Capturing group-wide synergies

Groupwide cost & efficiency programs

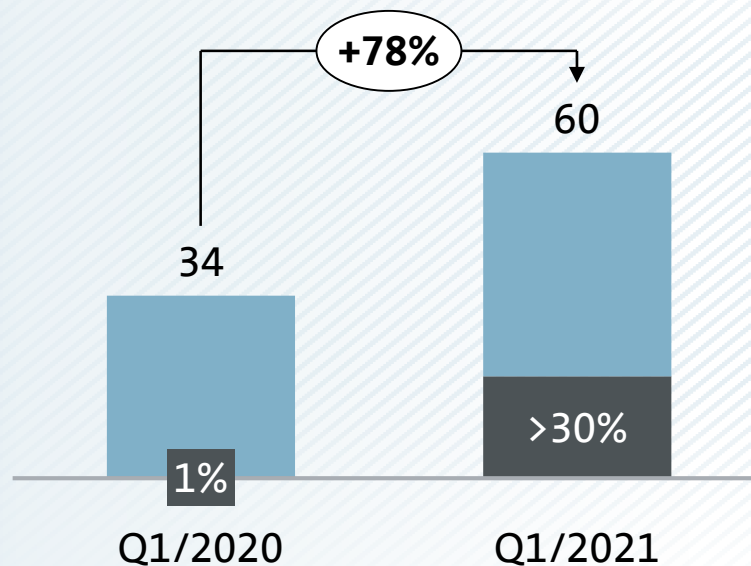
Brand positioning/pricing

Acting based on integrity and values

## Deliveries to Customers

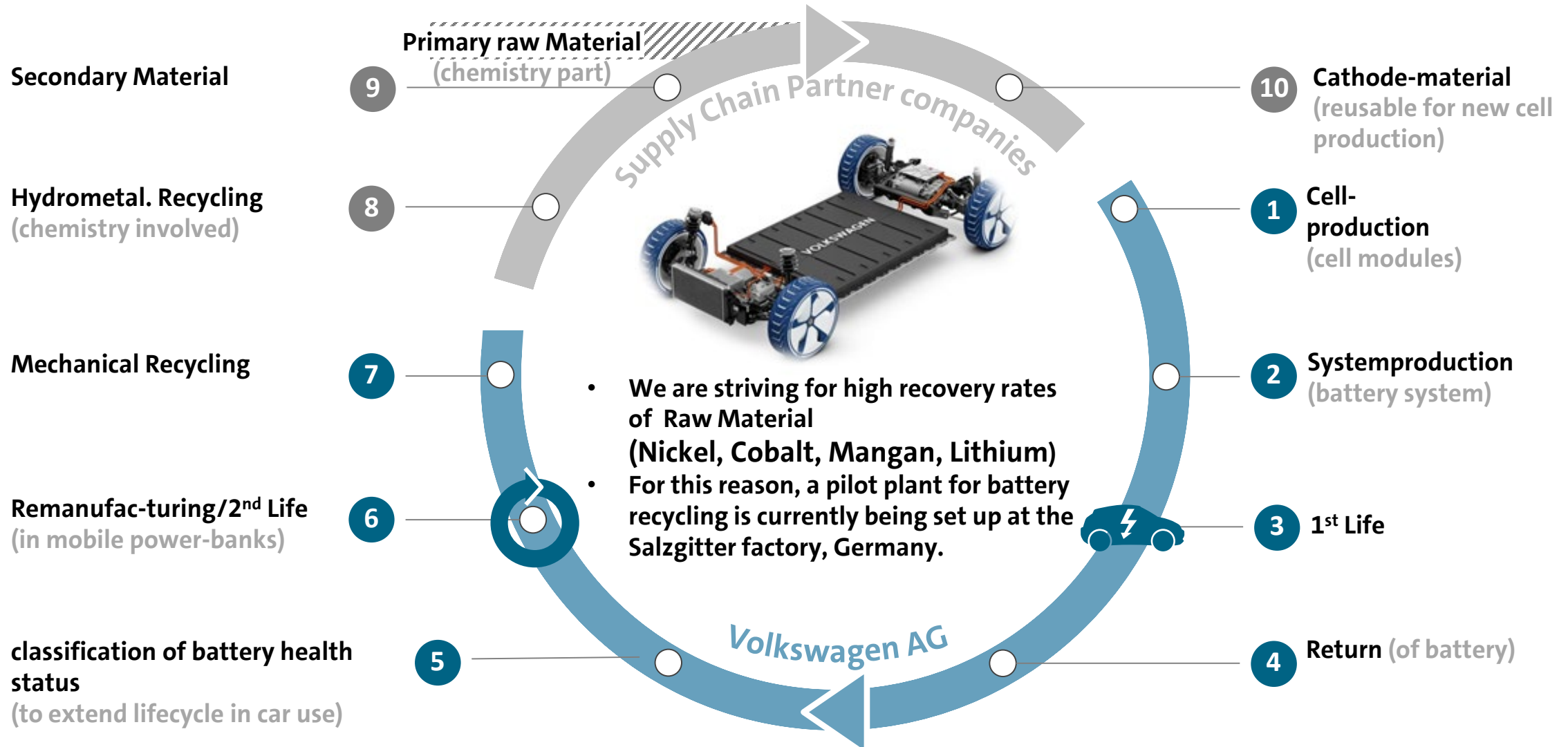
[thousand units]

■ MEB share

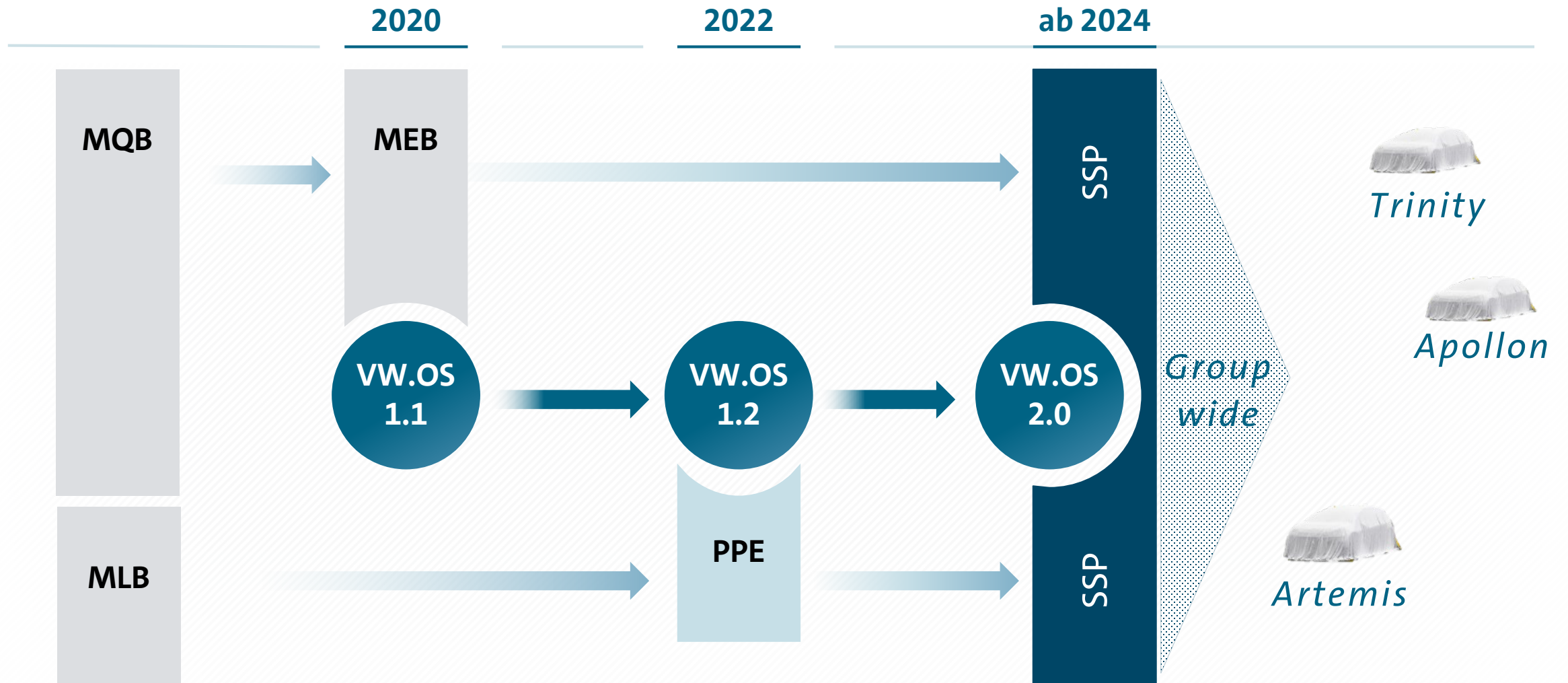


- *Scaling up MEB platform such as ID.4 worldwide (major launch March 2021)*
- *Sales almost doubled, very low tacticals*
- *Zwickau multi-brand plant as blue print started third shift in Q1 2021*
- *Over-the-air functionality for ID family; starting with regular updates this summer in Europe and in the US*
- *Synergy projects progressing, Audi launched Q4 e-tron based on MEB*

# Principle of Closed Loop Battery Materials

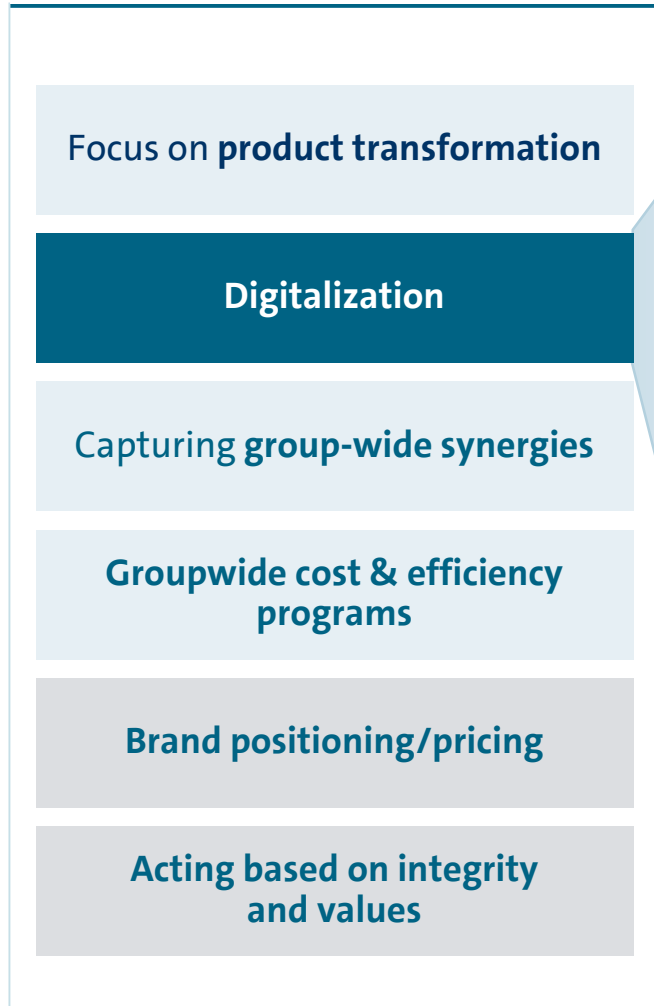


# Volkswagen Platform Roadmap: Hardware, software and battery will ultimately lead into a unified, highly-effective and highly-scalable platform for nearly all Group models



# Business model: Software is a key differentiator for the future, 100% commitment to become Software-Enabled-Car-Company – scale is key

## CFO Focus Areas



### Operating result

[€ bn]

C A R I A D

Q1/2021



-0.2

### Planned Business model CARIAD

Software development in brands

Investment phase (R&D)

Income phase through licenses

2020

2021

2022

2023



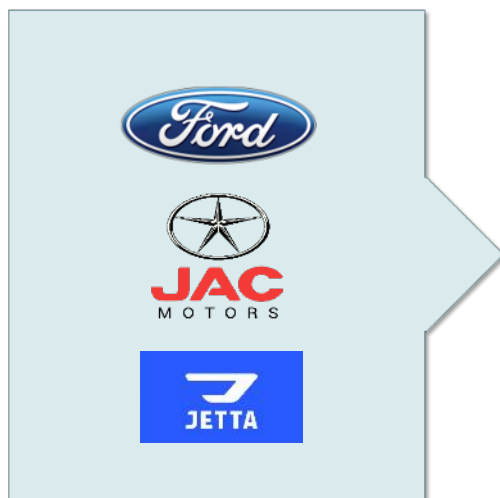
- CARIAD currently included in 'Other line' <sup>1)</sup>
- Brand R&D costs shifting to CARIAD
- Q1 2021:
  - R&D € 0.5 bn
  - ca. 4k headcount

■ Based on primary R&D costs

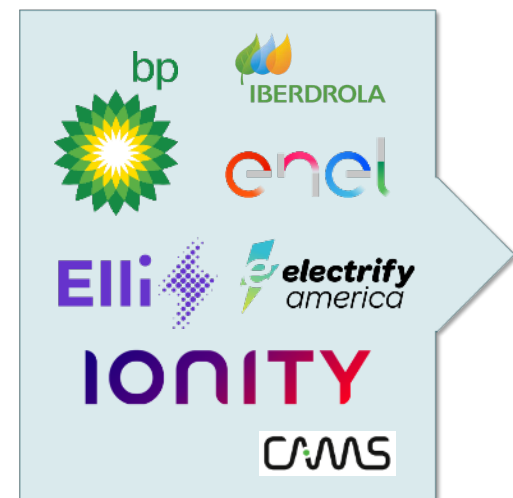
1) Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

# Driving forward Strategy: New collaborative approach

## Market/ Product



## E-Mobility services



## Software



## Technology



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

## 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

1) Group entities covered; as of October 2020; Current coverage 71 countries, >55.000 employees reached through T4I dialogue formats



**VOLKSWAGEN  
FINANCIAL SERVICES**  
THE KEY TO MOBILITY

# The Key to Mobility Creating Value with Volkswagen Financial Services

Investor Update

Volkswagen Financial Services AG and Volkswagen Bank GmbH

UniCredit Automotive Credit Conference, 16.-17.06.2021



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# Agenda

**1** Overview Volkswagen Financial Services

**2** Risk Management

**3** Funding

**4** Strategy and Initiatives





# Overview Volkswagen Financial Services



# Volkswagen Group – Management Model

## VOLKSWAGEN

AKTIENGESELLSCHAFT

Management Holding

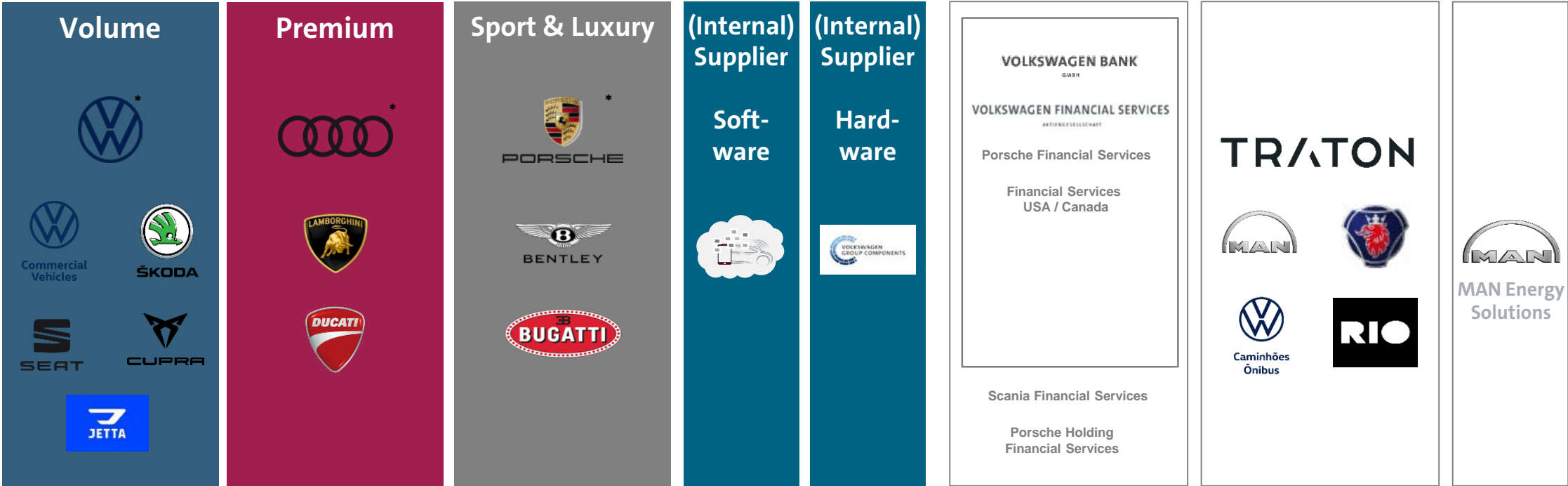
Financial Holding

Passenger Cars

Financial Services

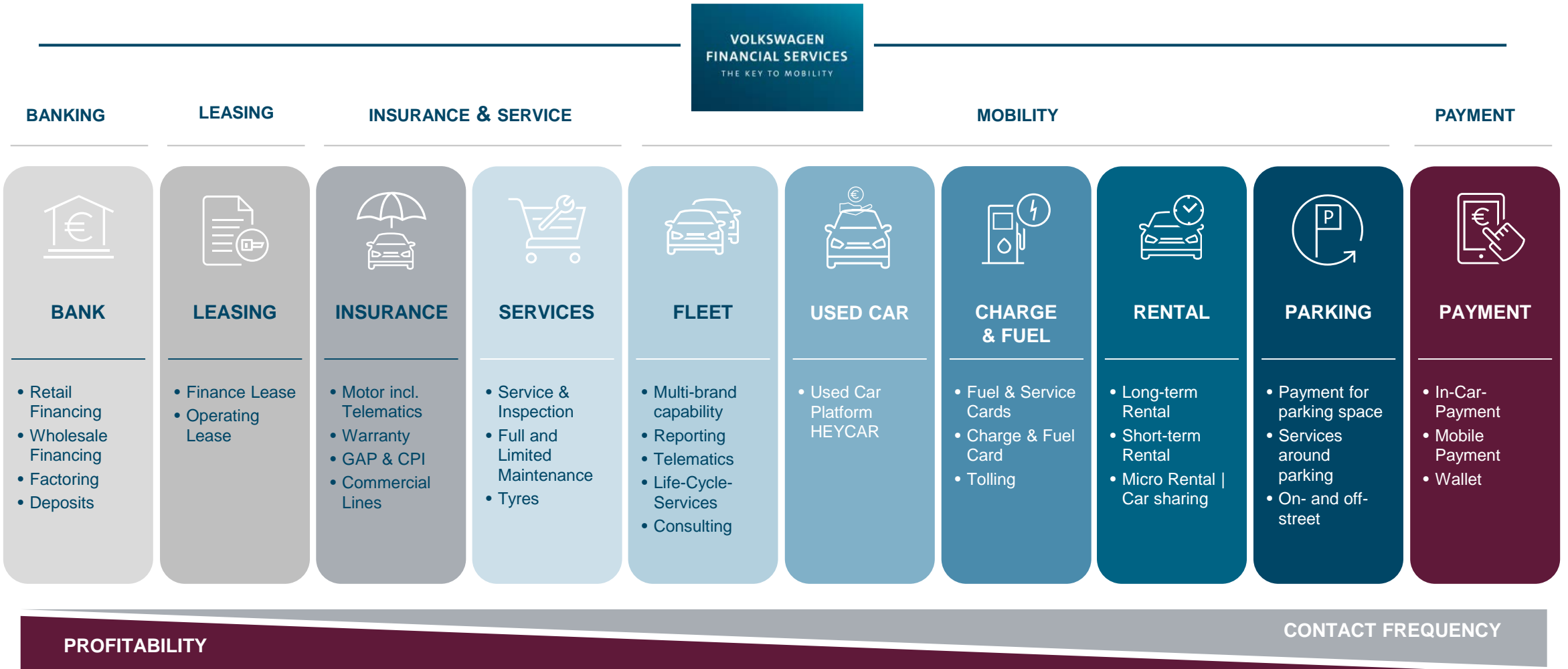
Truck and Bus

Power Engineering



\* Brand Group Leads: VW PC; Audi; Porsche

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

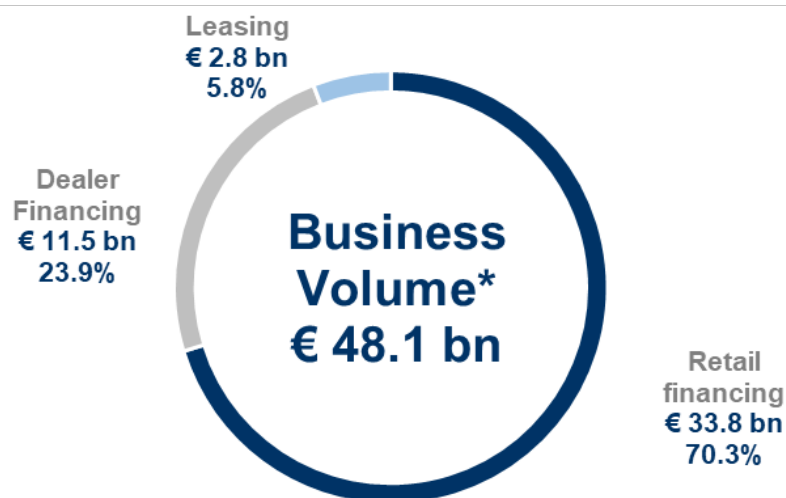


\* Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

## At a glance as of 31.12.2020

### Volkswagen Bank GmbH

Total assets	€66.9 billion
Equity	€10.3 billion
Customer deposits	€28.7 billion
Operating profit	€840 million
Employees	1,931
Contracts (units)	3.7 million



\*Receivables + Leased Assets

### Volkswagen Financial Services AG

Total assets	€117.8 billion
Equity	€12.8 billion
Customer deposits	€58.1 million
Operating profit	€1,223 million
Employees	10,773
Contracts (units)	15.4 million



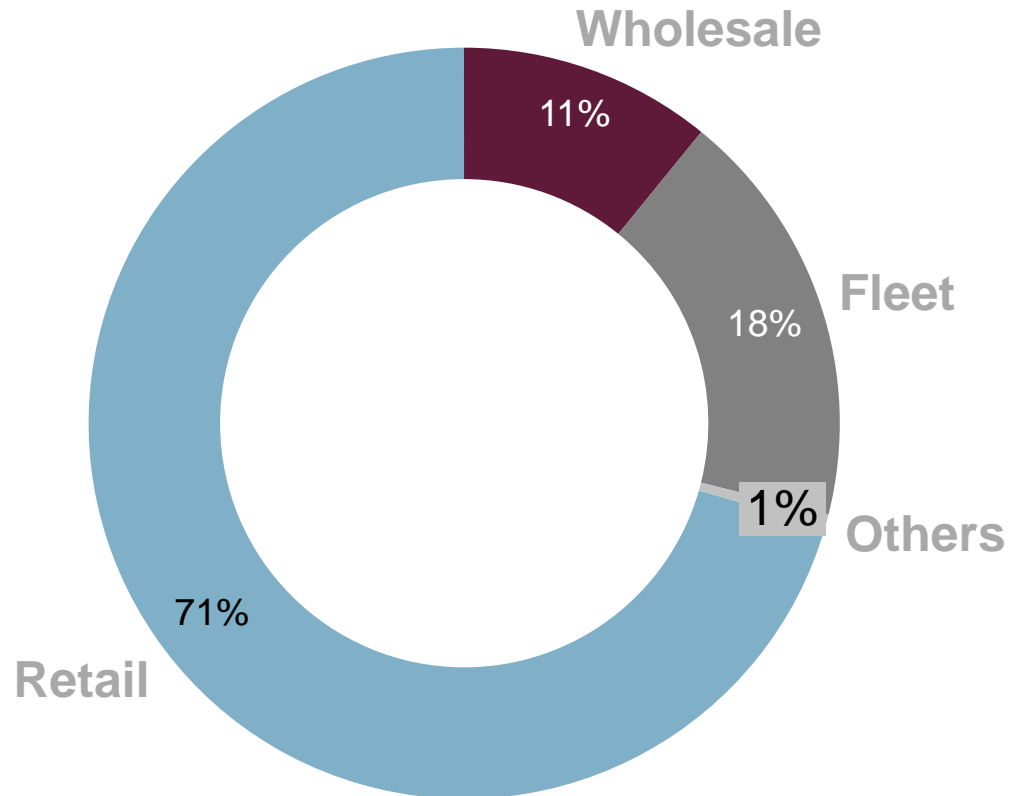
\*Receivables + Leased Assets





# Risk Management

# Portfolio Structure Volkswagen Financial Services



## Credit Risk

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

## Residual Value Risk

Residual Values are monitored closely and regular adjusted to the current market situation for new business. Completely covered by risk provisioning incl. equity according to IAS 36.

## Other substantial risk types:

- Operational Risk
- Market Risk
- Liquidity Risk
- Shareholder Risk

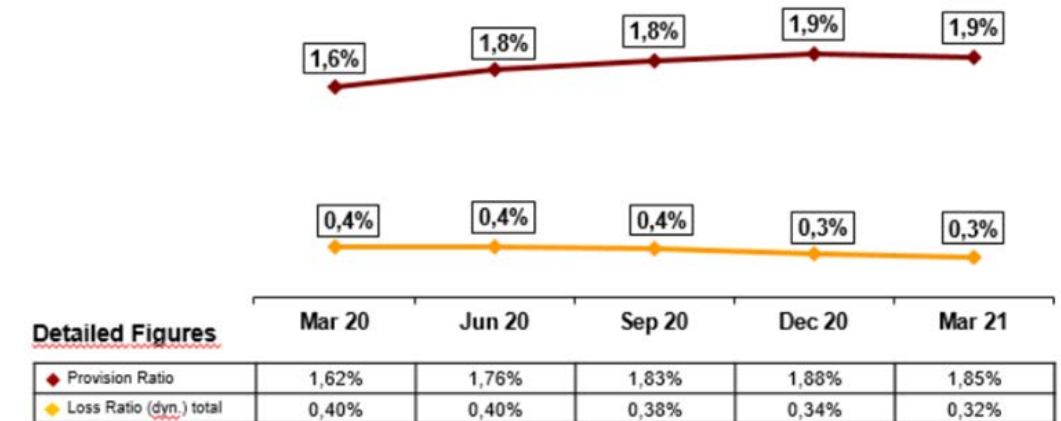
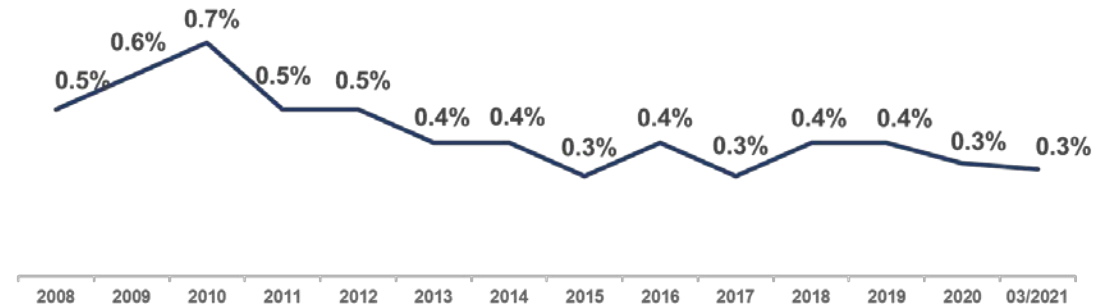
as of 03/31/2021



# Credit risk management at Volkswagen Financial Services

- **Still some pressure on credit risk** due to current COVID-19 crisis.
- **Increasing losses** as a result of Covid-19 **are likely in the course of 2021.**
- **Several measures initiated** for our dealer partners and customers such as offering of payment holidays which have supported the risk development of the credit risk portfolio so far, but which are **starting to run off** now.
- In history our **credit losses have been on a very low level** (0.32% as of 31.03.2021, provision ratio 1.9%).
- **Only a relatively low number** of customers in a low to medium single digit % area **requested payment deferrals.**
- We are monitoring the current risk situation closely.

Credit loss ratio historically on a very low level



Detailed Figures

	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21
◆ Provision Ratio	1,62%	1,76%	1,83%	1,88%	1,85%
◆ Loss Ratio (dyn.) total	0,40%	0,40%	0,38%	0,34%	0,32%

➤ As of 03/31/2021 the loss ratio is 0,32 % and remains on a low level.

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## Residual value risk at Volkswagen Financial Services

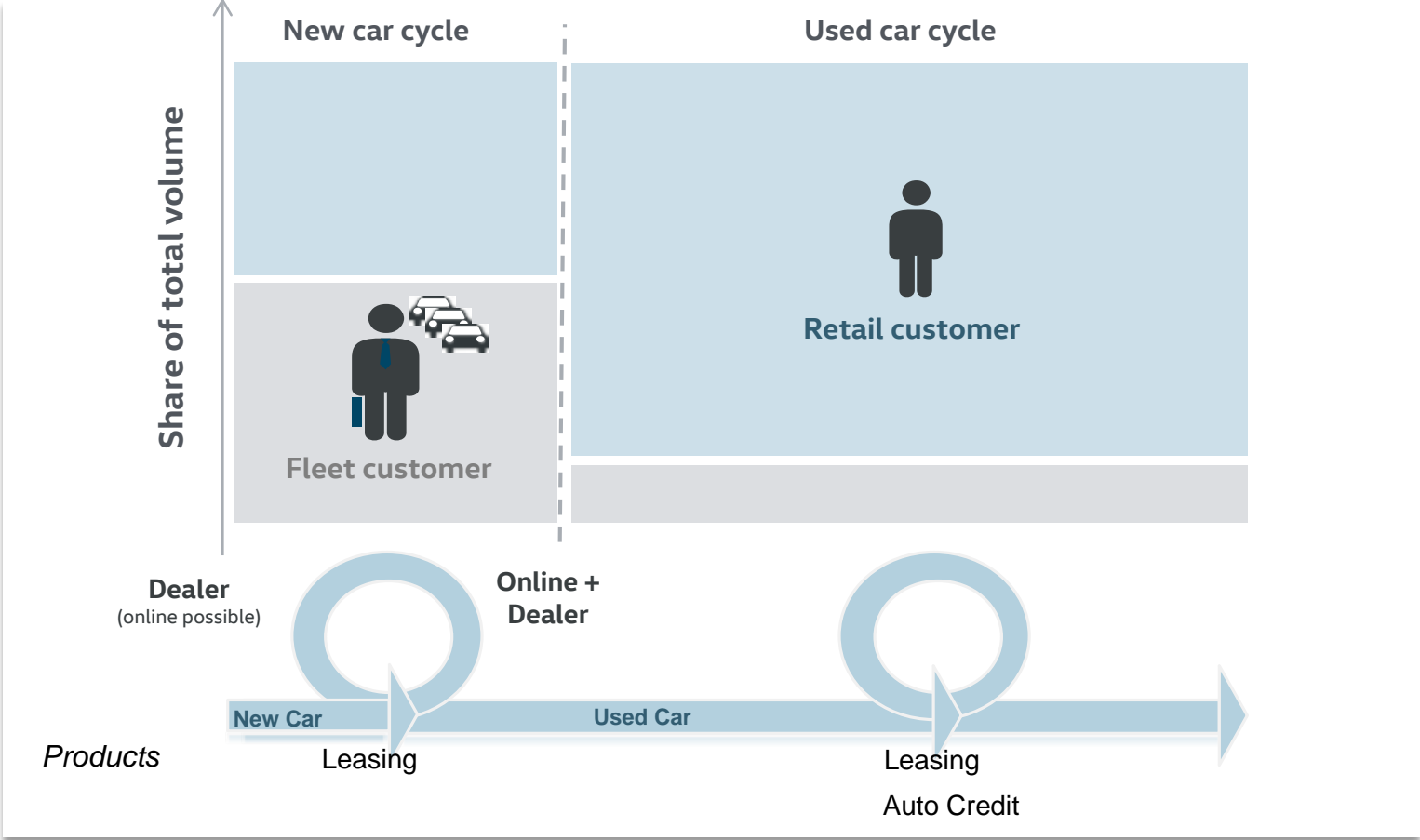
- The current development of weekly sales volume of our used car center in Germany is very satisfying and the sales prices are in a normal bandwidth.
- Currently we **cannot see a significant negative residual value** development **related to Corona**.
- We are monitoring the development of residual values very closely.
- There is **some pressure on residual values** especially resulting from changes in customer behavior, uncertainty due to Corona Crisis as well as regarding the prolonged subsidies by the German government for electric and hybrid vehicles which may have a negative impact on residual values of the first generation electric vehicles.
- 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.
- Volkswagen Financial Services is offering attractive products for used car financing and operates the **used car platform Heycar**.
- Provisioning is done **conservatively**. All residual value risks completely covered by risk provisions and equity.





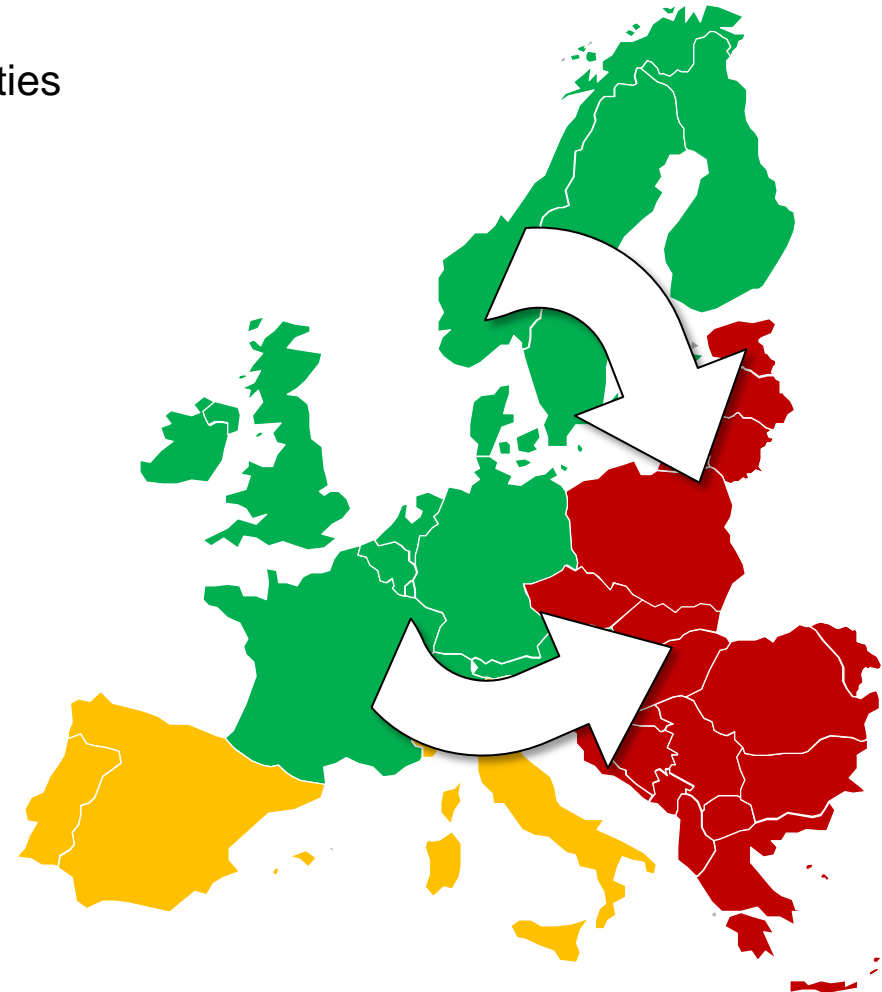
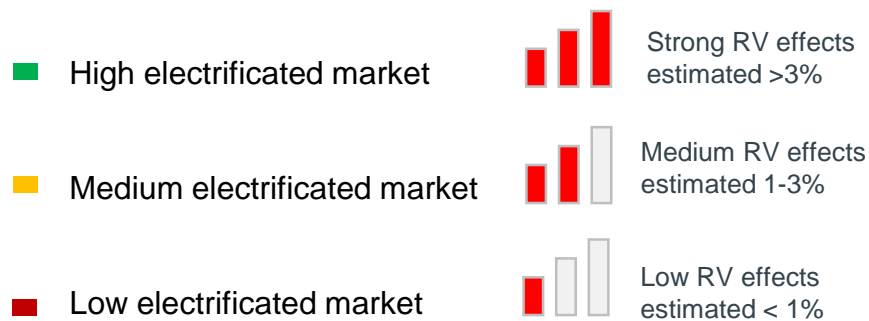
# Volkswagen Financial Services Lifetime Concept | Stabilizing residual values and increasing customer loyalty

## EV Lifetime Concept



## Residual value & future sales channels for used combustion vehicles

- Registration of new ICE in mid-/northern Europe will decrease significantly in the next years (e-support by governments, penalties on ICE, approx. Euro-7 etc.)
- Demand on used ICE in these markets will decrease. Residual values will get under pressure
- Used ICE will be sold in south- and east european countries





# Funding

# Volkswagen Financial Services organisational structure and guarantee scheme

## VOLKSWAGEN

AKTIENGESELLSCHAFT

Rating: BBB+ (s) / A3 (s)<sup>1</sup>

100% Shareholder

Control and Profit & Loss Transfer Agreement

## Volkswagen Financial Services AG

Rating: BBB+ (s) / A3 (s)<sup>1</sup>

Guarantee

Volkswagen Financial Services Australia

Volkswagen Financial Services Japan

Volkswagen Financial Services N.V.

Volkswagen Leasing GmbH

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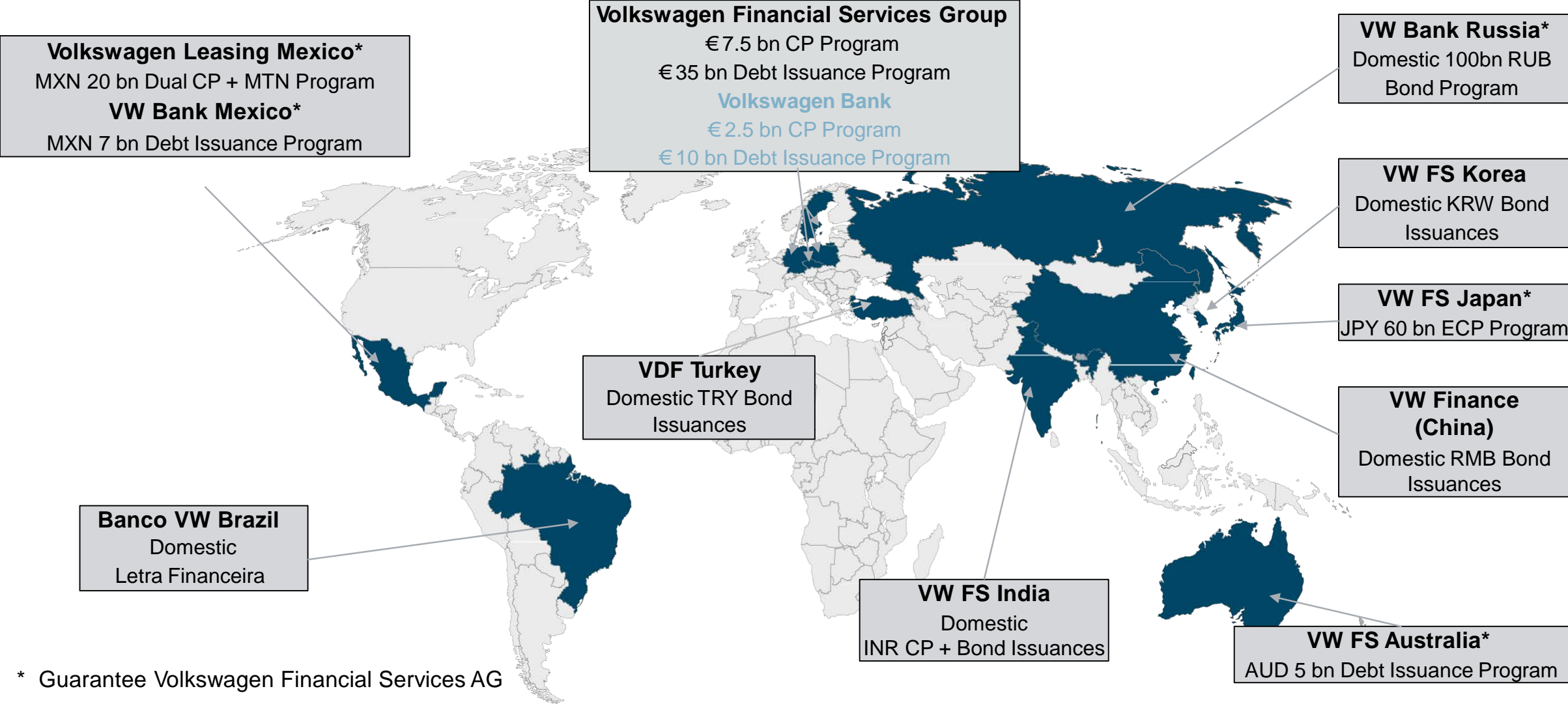
## Volkswagen Bank GmbH

Rating: A- (n) / A1 (s)<sup>1</sup>

<sup>1</sup>Credit Ratings from Standard&Poors / Moody's as per 30 May 2021; (n) Outlook negative, (s) Outlook stable, (RfD) Under Review for Downgrade

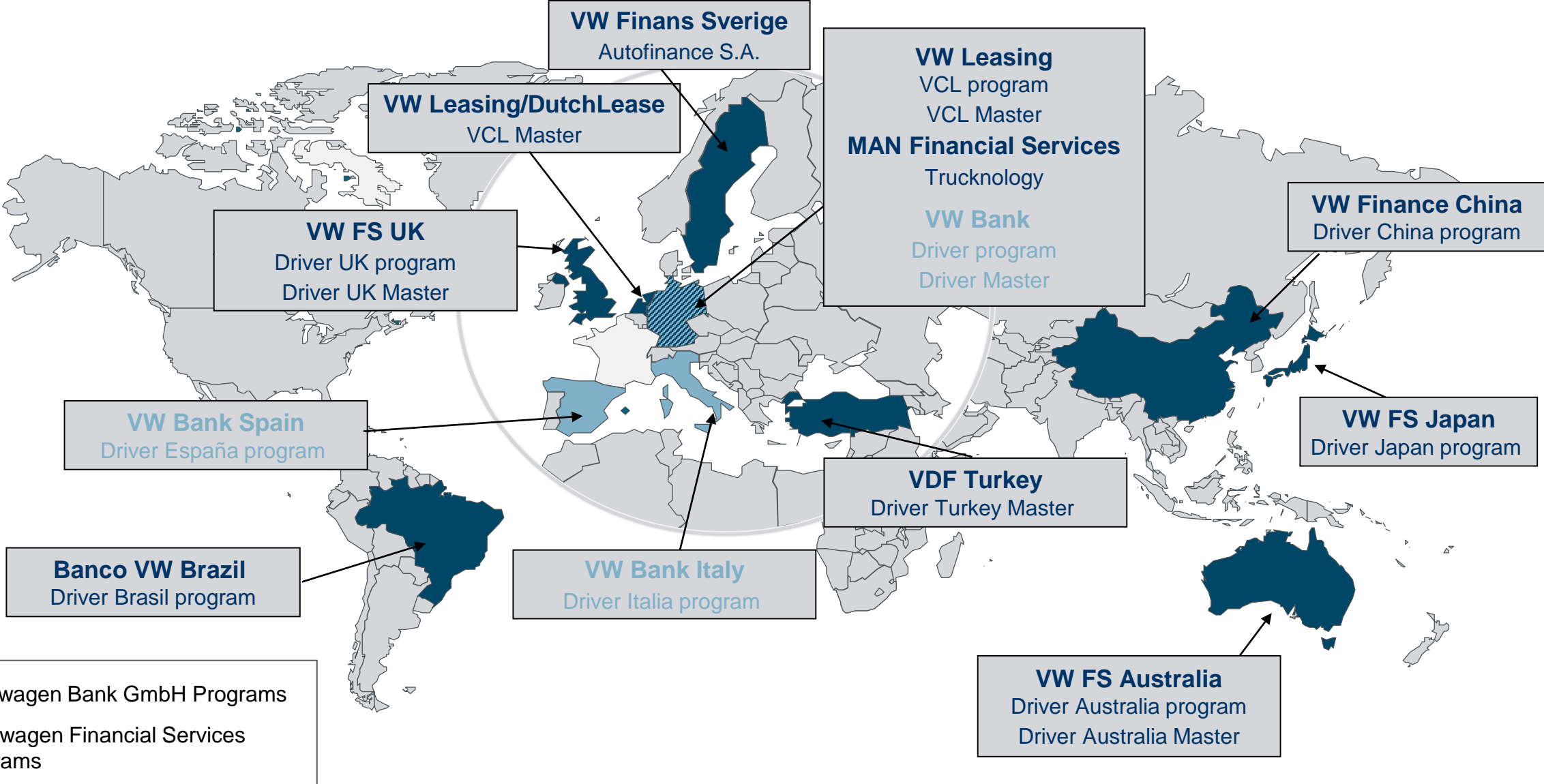


# Worldwide capital market activities



\* Guarantee Volkswagen Financial Services AG

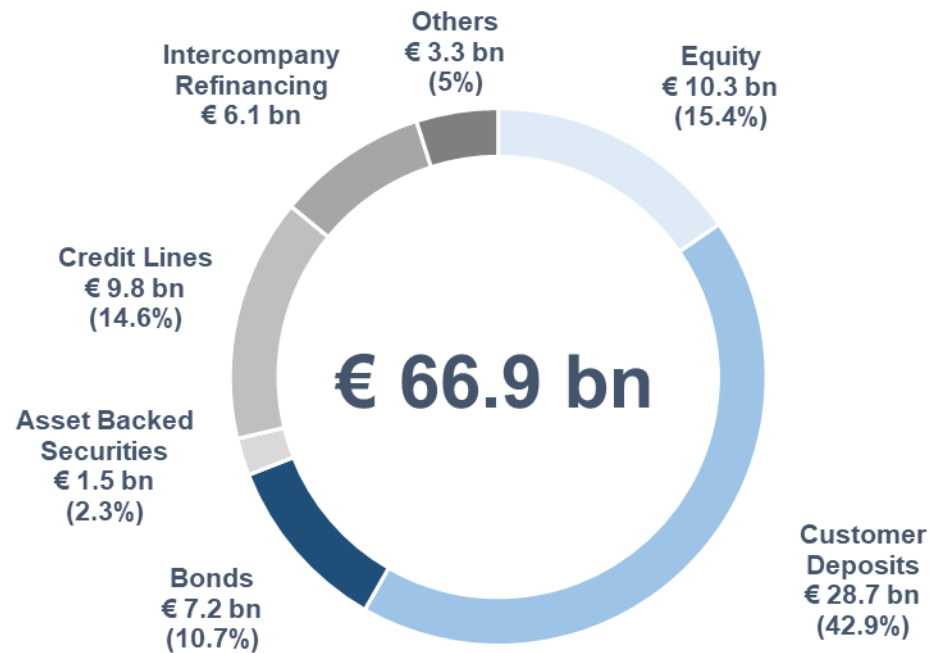
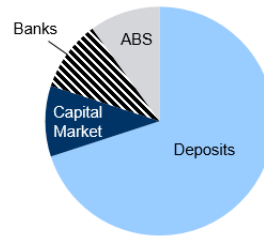
# Worldwide ABS activities



# Strategic funding allocation as of 31.12.2020

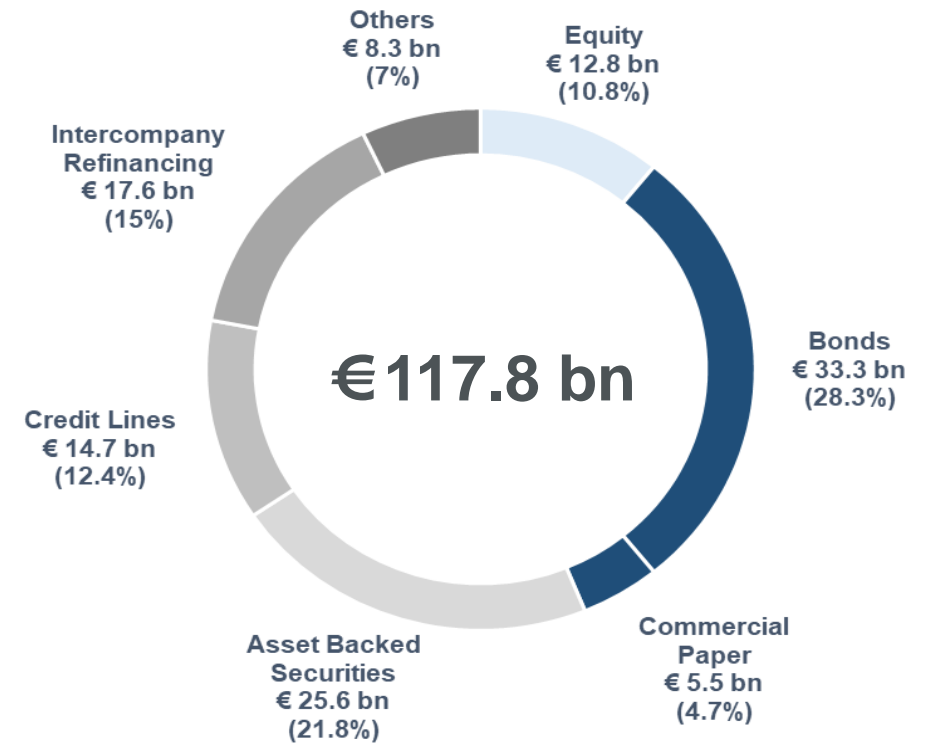
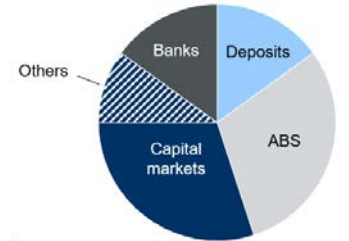
## Volkswagen Bank GmbH

Strategic Funding Mix



## Volkswagen Financial Services AG

Strategic Funding Mix



A person in a grey suit is holding a tablet computer. The screen displays a globe of the Earth with a white network of lines and nodes overlaid on it. The background of the screen is a city skyline at sunset. A teal banner is overlaid on the bottom left of the screen.

# Strategy and Initiatives

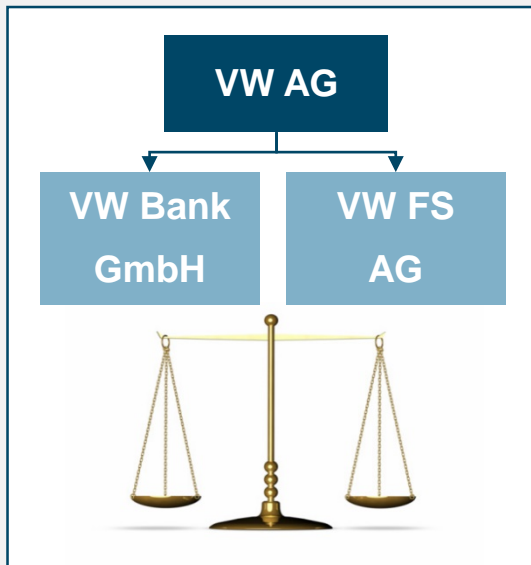


# Vision and targets of Route2025



# All of Volkswagen Financial Services' initiatives help to create a strong basis for further growth - » sustainable growth and efficient use of equity «

## Volume



Sustainable growth and efficient use of equity

## Efficiency

**PEX**

**40%**

**Cost-Income-Ratio**

Improving our existing business model

## Touchpoints

**Parking**

**paybyp<sup>®</sup>**

**Charging & Fueling**

**LOGPAY**

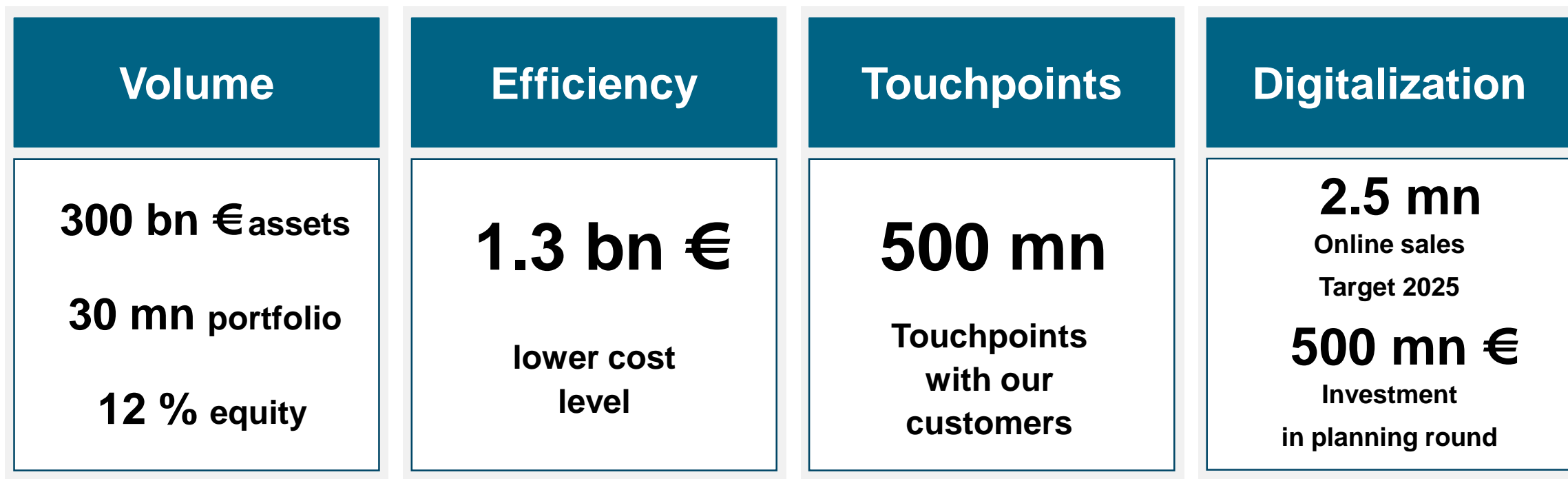
Creating digital touchpoints

## Digitalization



Online journeys & direct sales channels

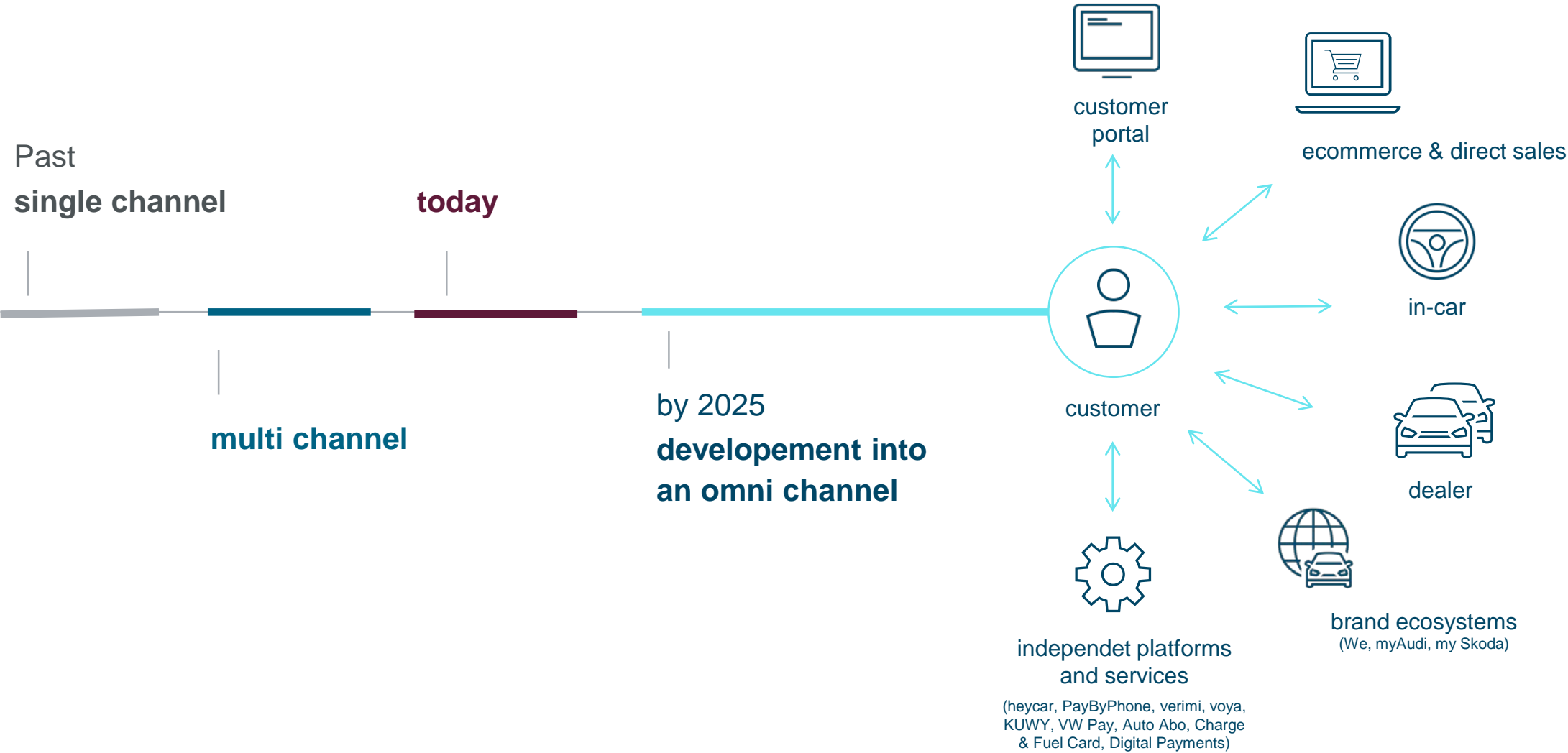
All Volkswagen Financial Services initiatives are creating a strong basis for further growth - » especially the digital capabilities are expanded «



All changes are ... within the existing business model



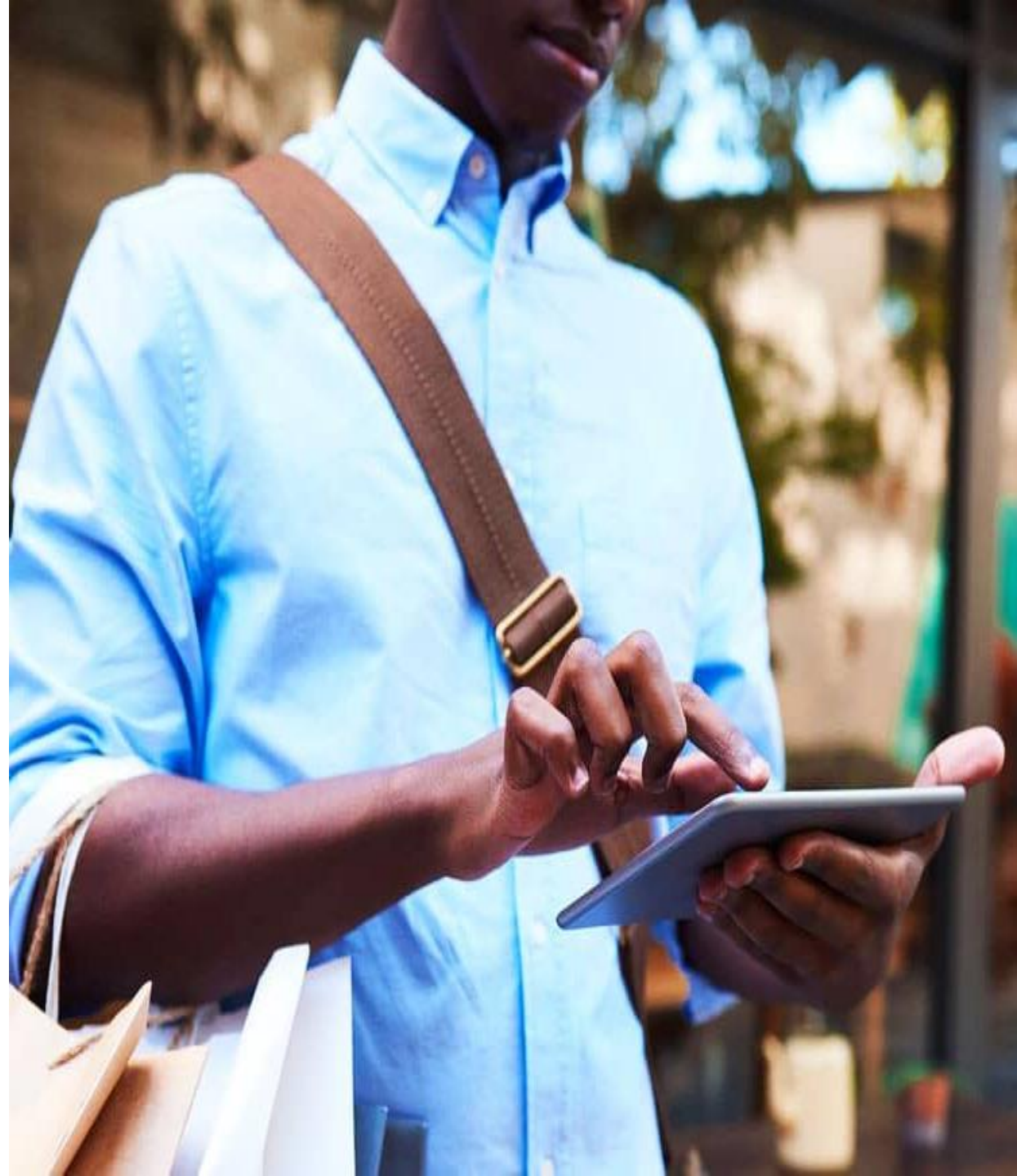
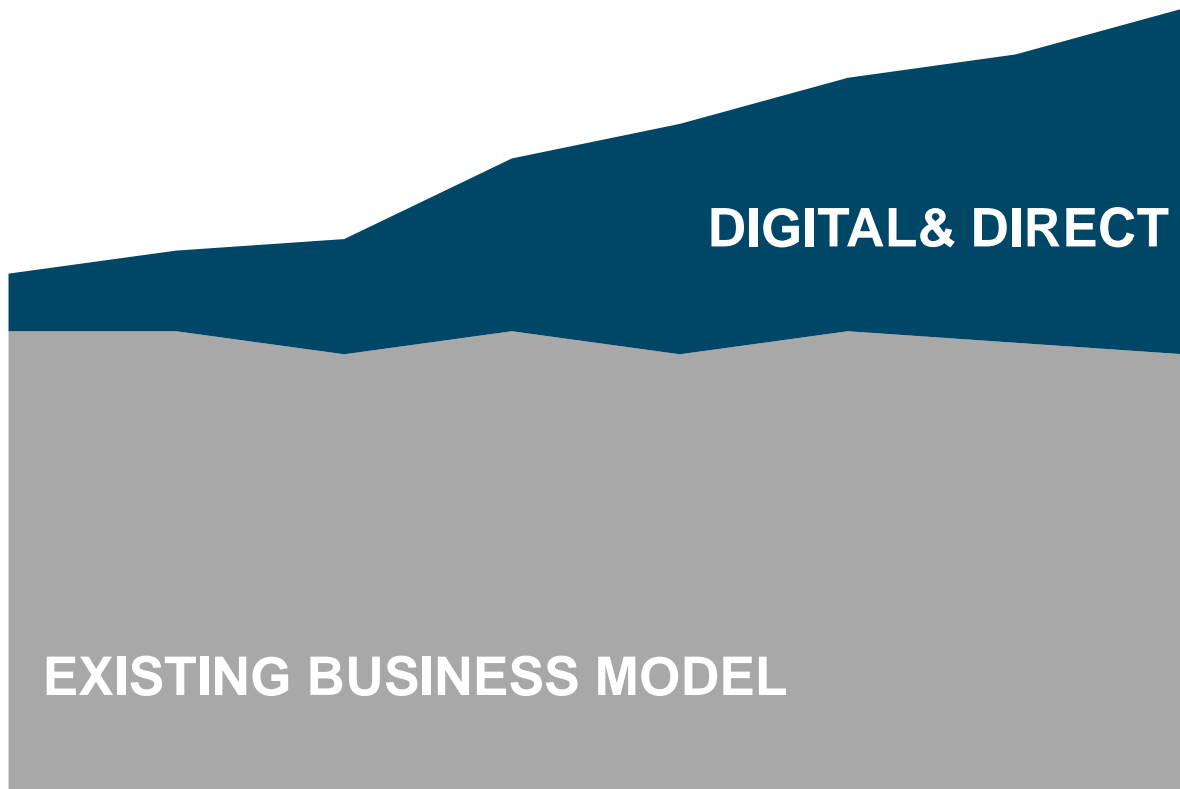
# Volkswagen Financial Services will digitize all products by 2025 and extend it's distribution channels



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## COVID-19 as catalyst for new business models

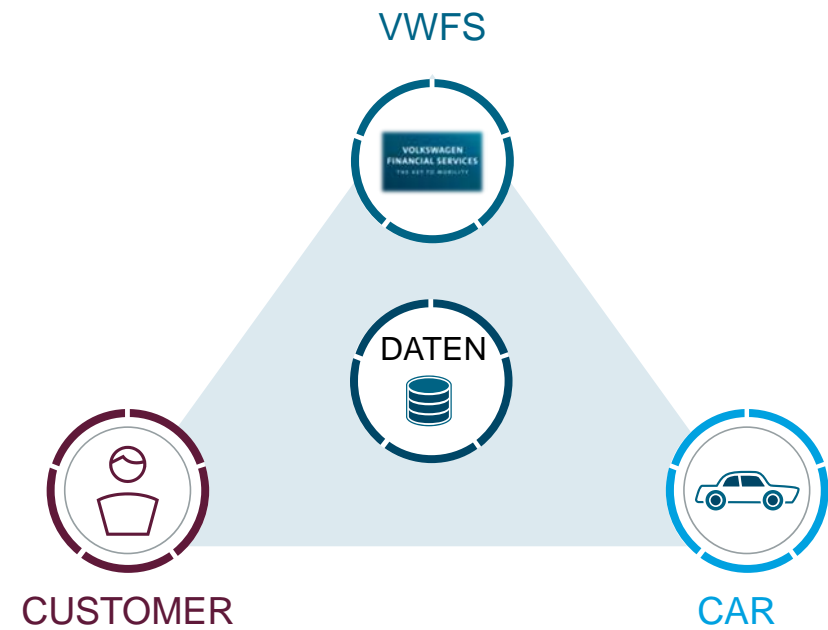
»VWFS has started from a strong basis«



In the existing business model, VW FS has mainly indirect contact to customers, therefore we are adding a “Digital & Direct” channel

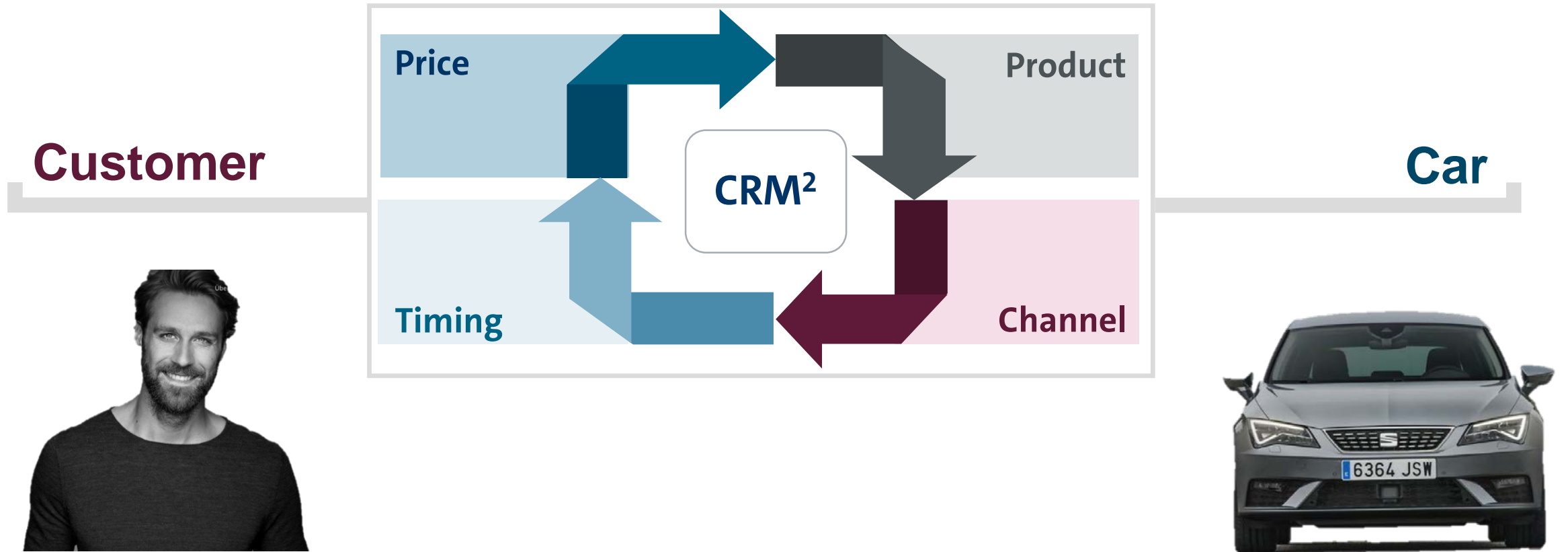


» Enabler Modell «



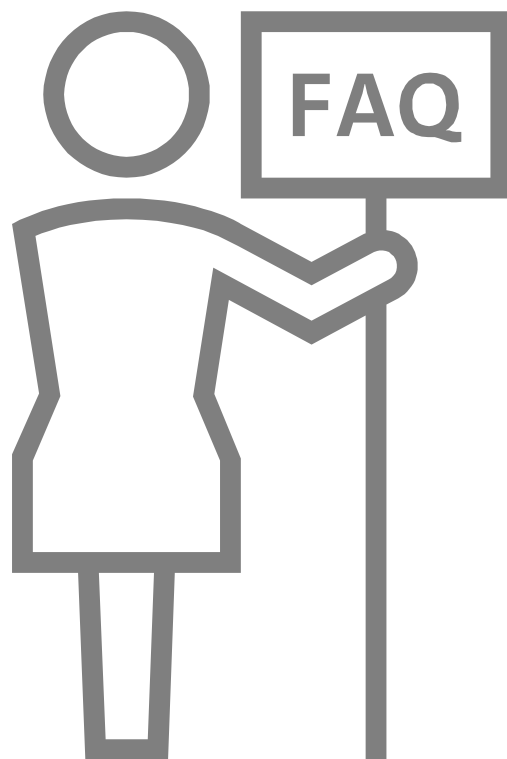
» Digital & Direkt «

# Digital & Direct has a clear aim: Optimize the customer & car lifetime value and identify the specific customer requirements



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## Questions?





**VOLKSWAGEN  
FINANCIAL SERVICES**

THE KEY TO MOBILITY

# Thank You!

Volkswagen Bank GmbH  
Treasury - Investor Relations  
Gifhorner Str. 57  
38112 Braunschweig





**VOLKSWAGEN**

AKTIENGESELLSCHAFT