

VOLKSWAGEN

AKTIENGESELLSCHAFT

Shaping the transformation together.

Volkswagen Group

Ulrich Hauswaldt, Martin Büdke, Katja Hauer, Dirk Bauer
Volkswagen AG, Volkswagen Financial Services,
Debt Investor Update, Frankfurt, 20th September 2018

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 of Volkswagen Group members 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.

Consequently, a negative impact relating to ongoing claims or investigations, any 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, 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.

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Volkswagen AG

Ulrich Hauswaldt – Group Investor Relations

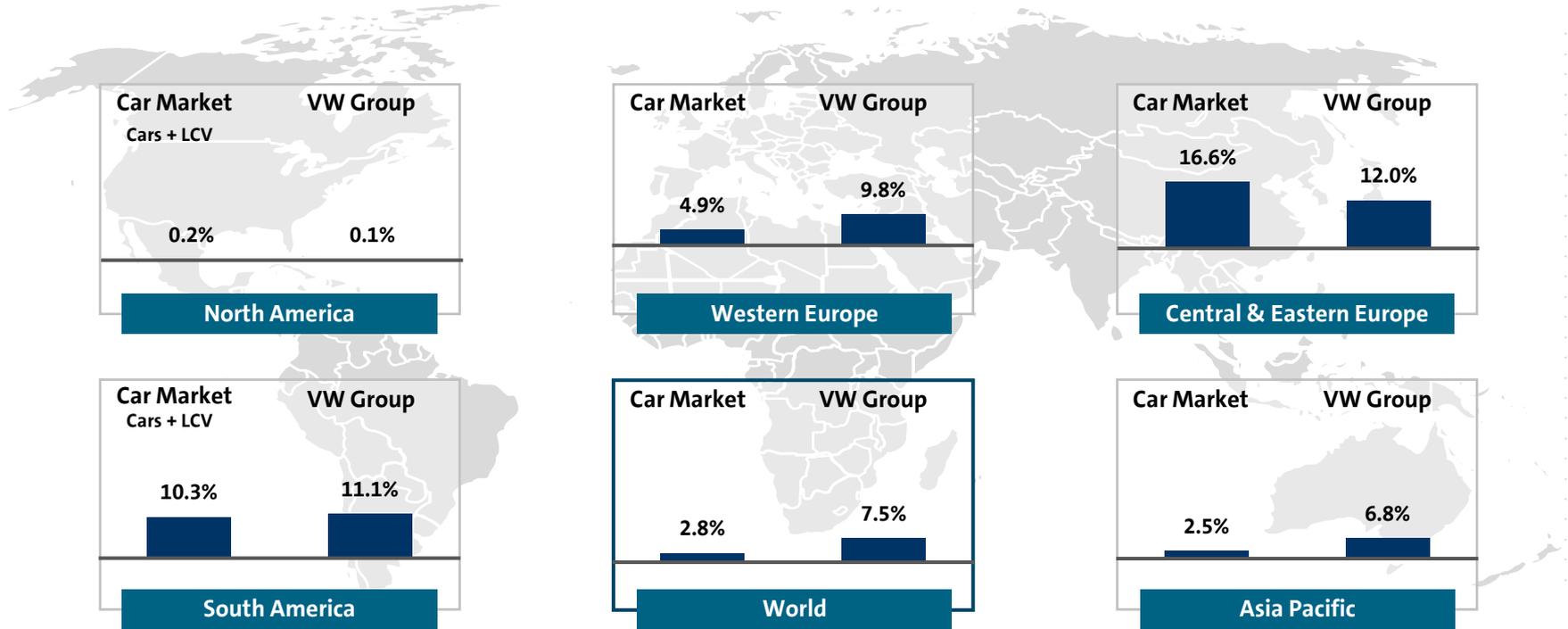
Martin Büdke – Capital Markets & Rating

Volkswagen Financial Services

Dirk Bauer – Head Debt Capital Markets & Rating

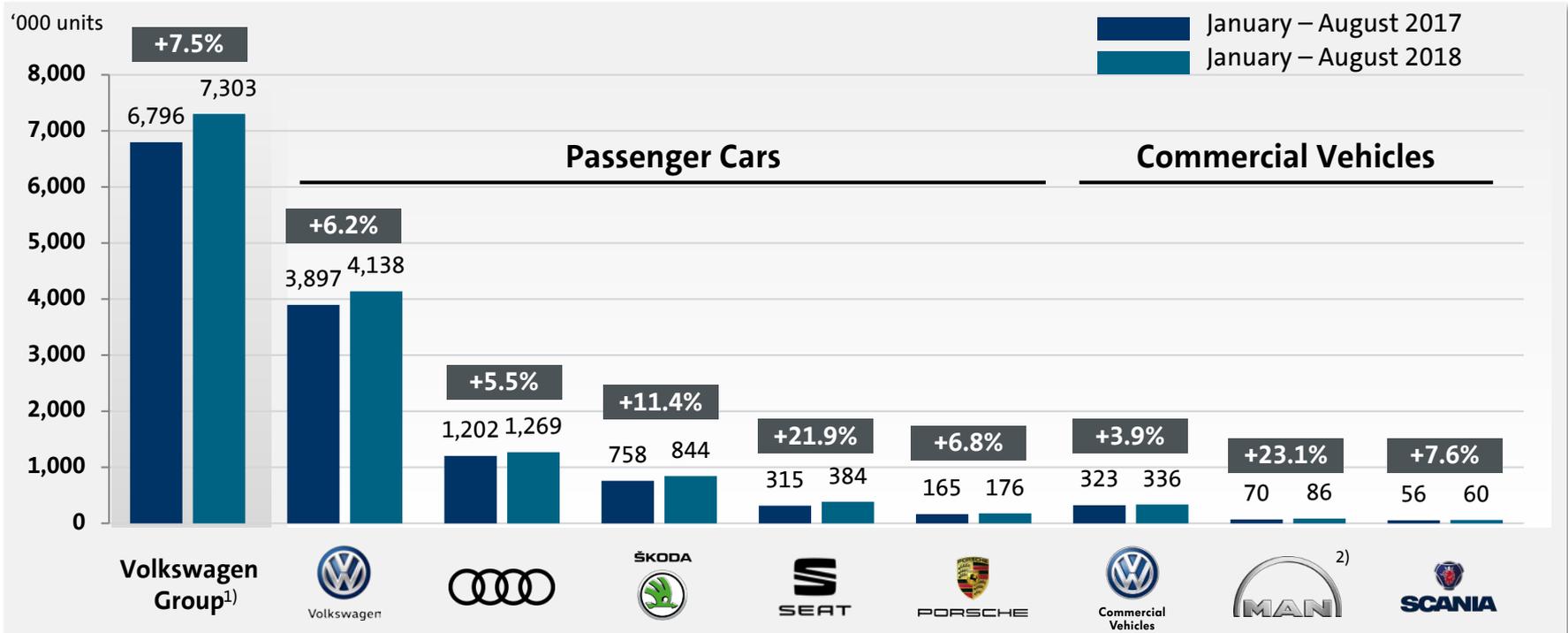
Katja Hauer – Investor Relations

Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾ (Growth y-o-y in deliveries to customers, January to August 2018 vs. 2017)



¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Deliveries to Customers by Brands (January to August 2018 vs. 2017)

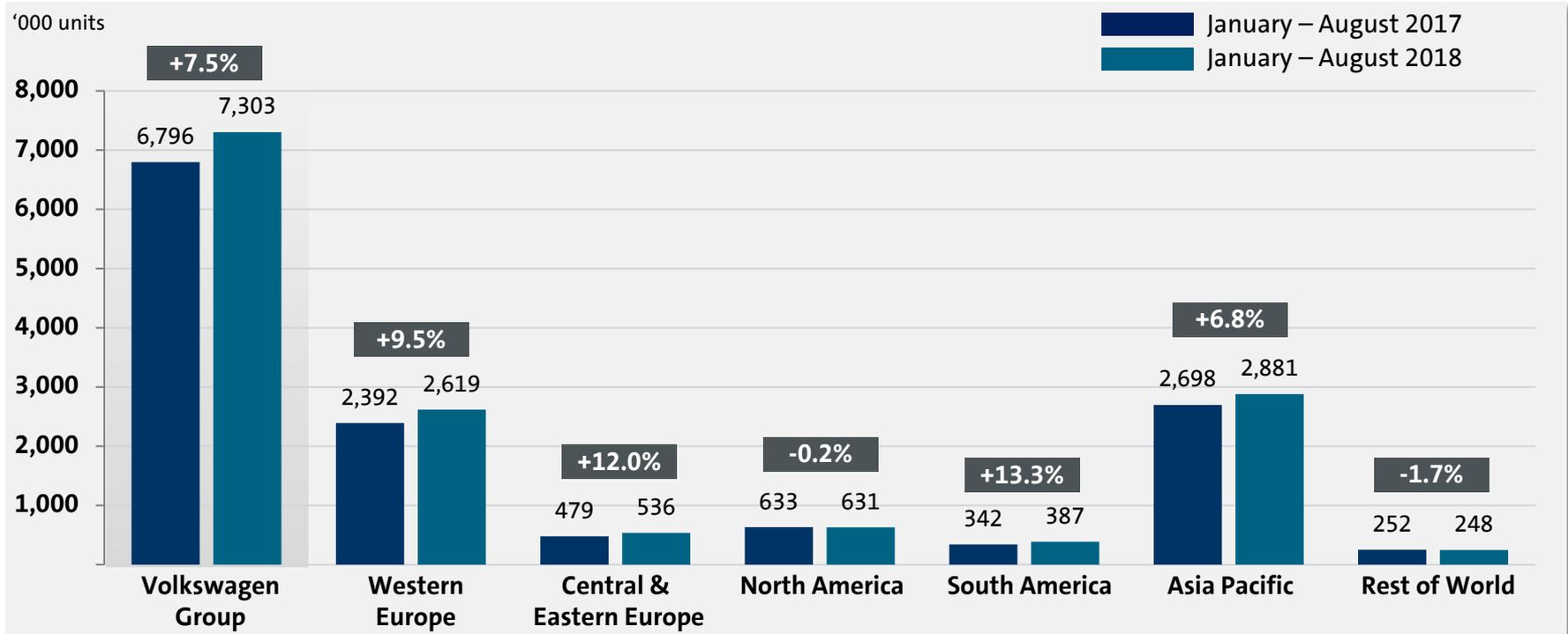


¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +7.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.

²⁾ MAN incl. MAN Latin America Trucks and Busses GVW > 5t.

Volkswagen Group – Deliveries to Customers by Markets¹⁾

(January to August 2018 vs. 2017)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +7.5% excl. Volkswagen Commercial Vehicles, Scania and MAN.

Volkswagen Group – Key Financial Figures¹⁾

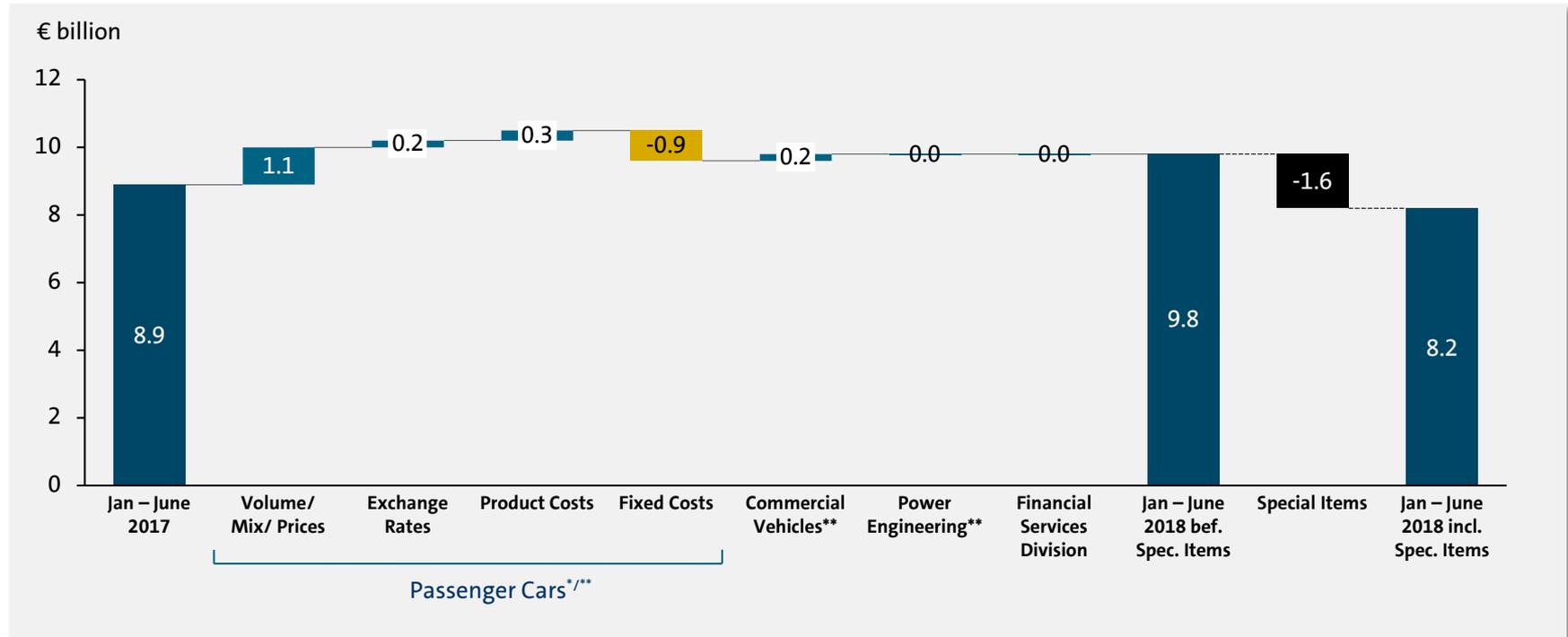
(January to June 2018 vs. 2017)

thousand vehicles / € million	2018	2017 ²⁾	+/- (%)
Vehicle Sales ³⁾	5,575	5,270	+5.8
Sales revenue	119,377	115,349	+3.5
Operating profit before Special Items	9,794	8,916	+9.8
<i>% of sales revenue</i>	8.2	7.7	
Operating profit	8,160	8,916	-8.5
<i>% of sales revenue</i>	6.8	7.7	
Financial result	813	-117	x
of which: At-equity result ³⁾	1,680	1,635	2.8
of which: Other financial result	-867	-1,753	-50.5
Profit before tax	8,972	8,799	+2.0
<i>% Return on sales before tax</i>	7.5	7.6	
Profit after tax	6,613	6,474	+2.1

¹⁾ All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between the Automotive and Financial Services divisions. ²⁾ Prior-year figures were adjusted due to IFRS

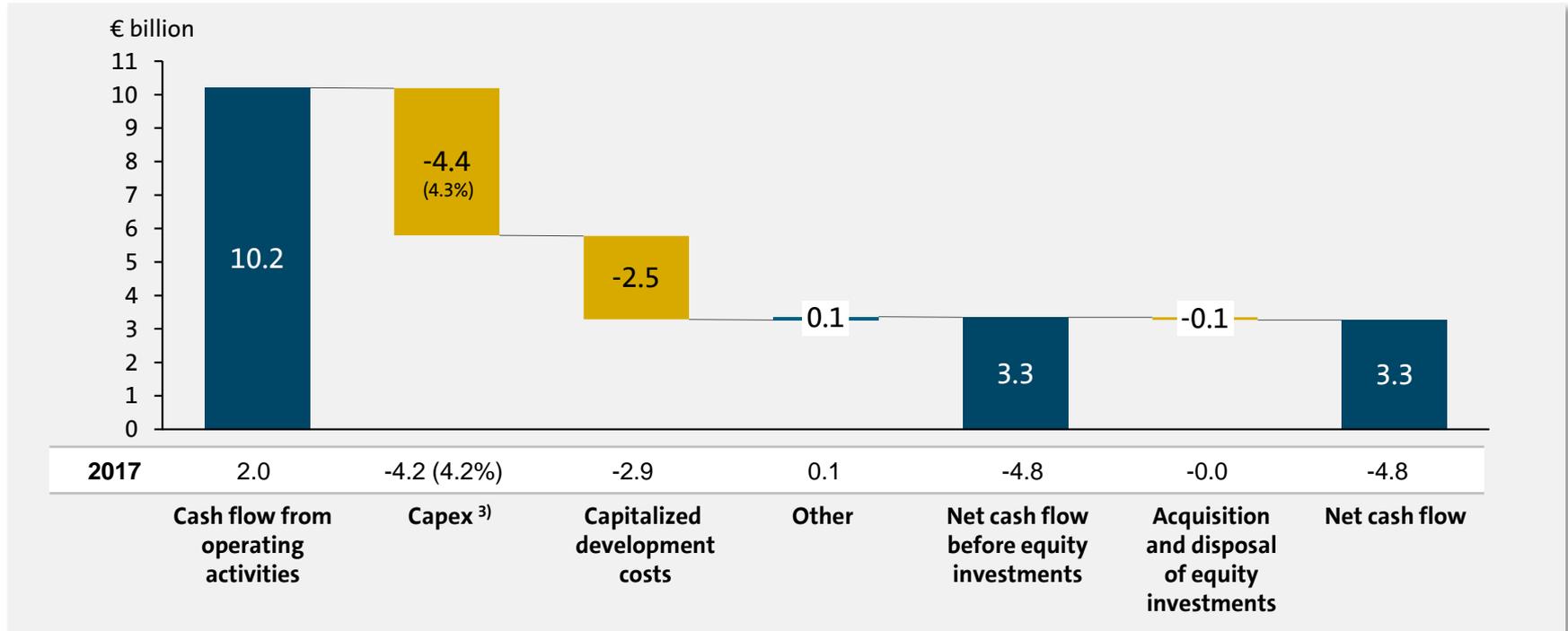
³⁾ Volume data including the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €2,318 million (€2,135 million).

Volkswagen Group – Analysis of Operating Profit¹⁾ (January to June 2018 vs. 2017)



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

Automotive Division Net Cash Flow Development¹⁾²⁾ (January to June 2018)

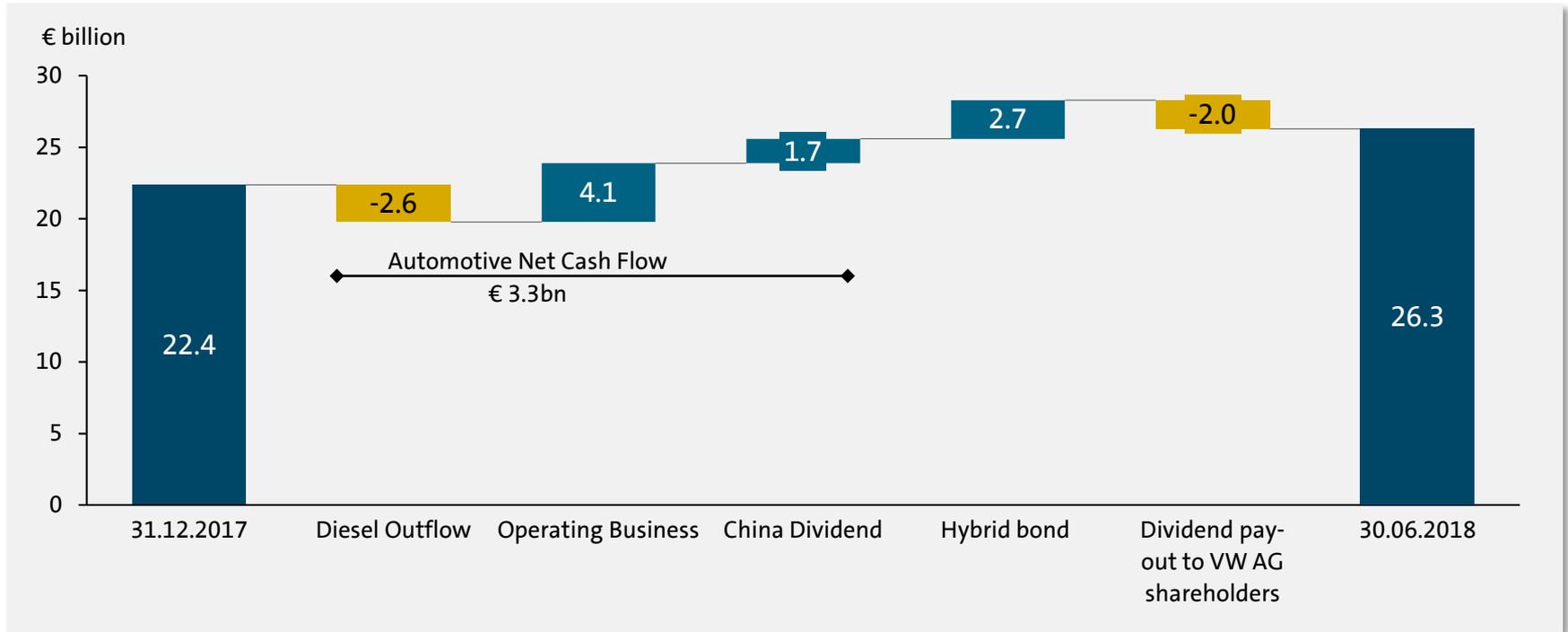


¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

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

Automotive Division – Net Cash Flow drives solid Net Liquidity¹⁾

(January to June 2018)



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

Volkswagen Group – Analysis by Business Line¹⁾

(January to June 2018 vs. 2017)

thousand vehicles/ € million / in percentage	Vehicle sales		Sales revenue		Operating profit		Margin	
	2018	2017	2018	2017	2018	2017	2018	2017
Volkswagen Passenger Cars	1,931	1,812	42,704	39,661	2,130	1,776	5.0	4.5
Audi	812	783	31,183	30,011	2,761	2,680	8.9	8.9
ŠKODA	511	501	9,161	8,720	821	860	9.0	9.9
SEAT	347	304	5,786	5,054	212	130	3.7	2.6
Bentley	5	5	757	867	-80	13	-	1.5
Porsche Automotive ²⁾	123	124	11,231	10,841	2,064	2,056	18.4	19.0
Volkswagen Commercial Vehicles	248	244	6,324	5,927	567	448	9.0	7.6
Scania ³⁾	47	44	6,515	6,307	684	673	10.5	10.7
MAN Commercial Vehicles	65	53	5,814	5,297	258	193	4.4	3.6
MAN Power Engineering	-	-	1,637	1,579	68	73	4.2	4.6
VW China ⁴⁾	1,999	1,870	-	-	-	-	-	-
Other ⁵⁾	-512	-469	-18,399	-14,915	-921	-1,152	-	-
Volkswagen Financial Services	-	-	16,664	15,999	1,231	1,165	7.4	7.3
Volkswagen Group before Special Items	-	-	-	-	9,794	8,916	8.2	7.7
Special Items	-	-	-	-	-1,635	-	-	-
Volkswagen Group	5,575	5,270	119,377	115,349	8,160	8,916	6.8	7.7
Automotive Division ⁶⁾	5,575	5,270	101,715	98,388	6,866	7,651	6.8	7.8
of which: Passenger Cars	5,219	4,930	81,766	79,557	5,649	6,654	6.9	8.4
of which: Commercial Vehicles	357	340	18,312	17,252	1,275	1,043	7.0	6.0
of which: Power Engineering	-	-	1,637	1,579	-58	-46	-3.5	-2.9
Financial Services Division	-	-	17,662	16,961	1,294	1,265	7.3	7.5

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Porsche (Automotive and Financial Services): sales revenue €12,287 (11,778) million, operating profit €2,154 (2,131) million. ³⁾ Including financial services. ⁴⁾ The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of € 2,318 (2,135) million. ⁵⁾ In operating profit mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁶⁾ Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

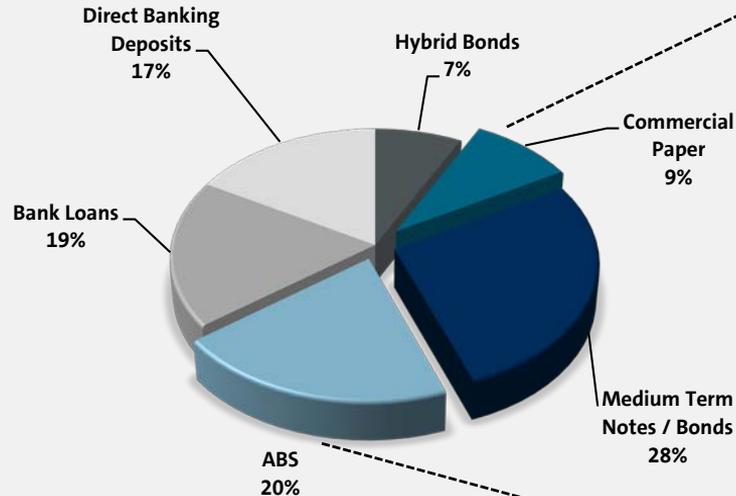
Volkswagen Group – Funding Programs & Outstandings

June 30, 2018 in € billion

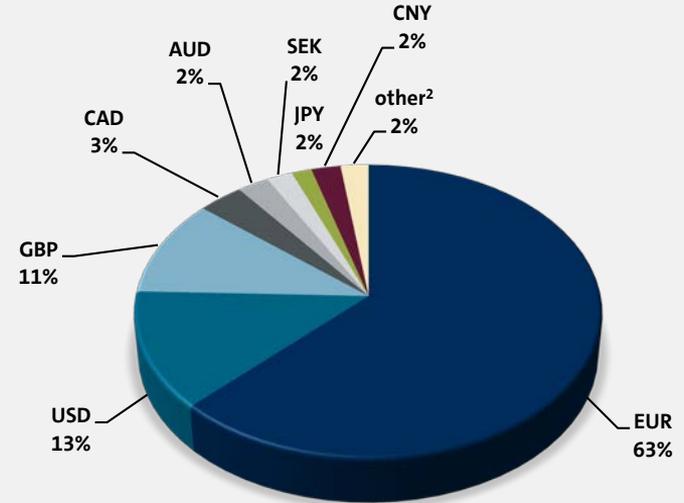
Money and Capital Markets		Utilization
Commercial Papers		16.8
Medium Term Notes / Bonds		64.4
<i>thereof: Hybrid Bonds</i>		13.8
ABS		37.3
Borrowings	Frame	
Committed Lines	18.5	3.4
Uncommitted Lines	27.0	10.2
Supranationals, development banks, government, other	20.4	20.4
Direct Banking Deposits	./.	30.5

Volkswagen Group Funding Strategy – Overview¹⁾

Diversification of Funding Sources



Currencies – Breakdown



¹⁾ as of June 30, 2018

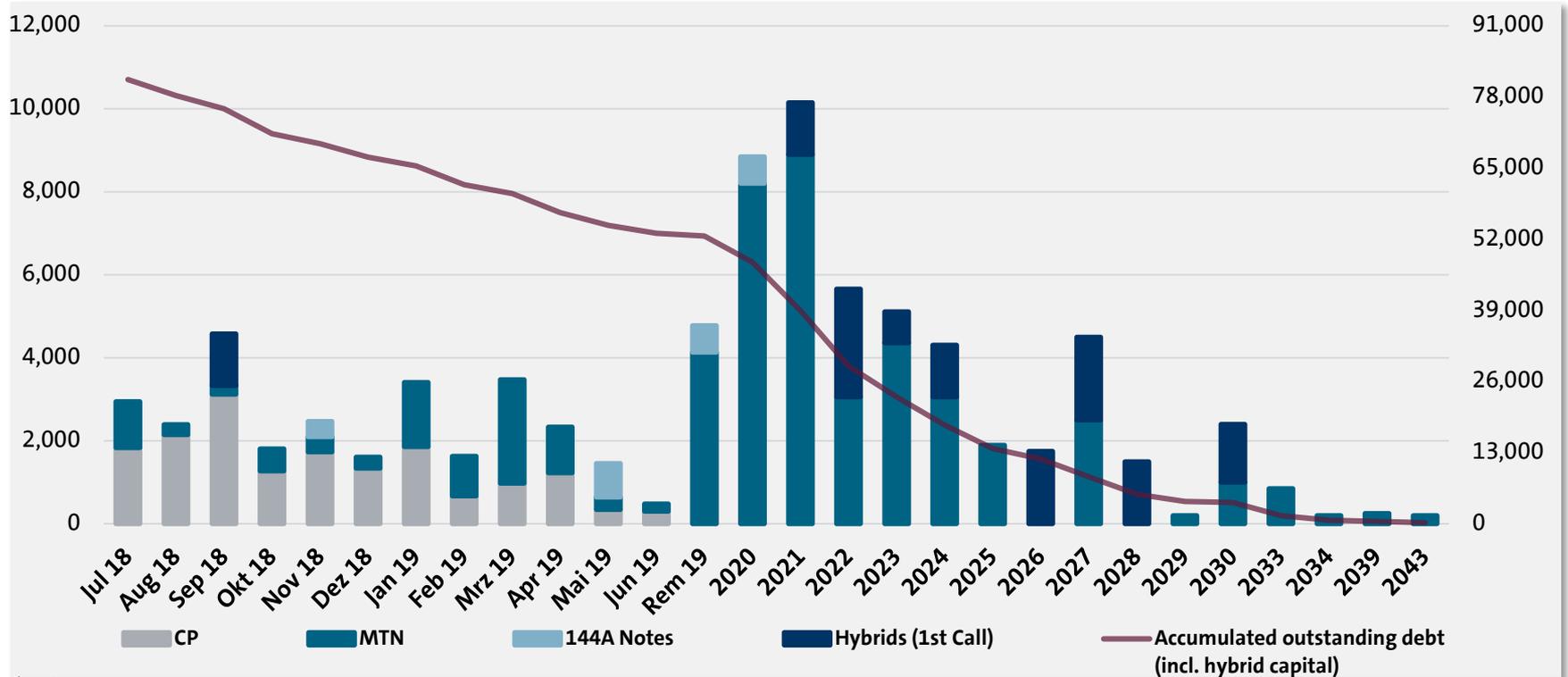
²⁾ BRL, CZK, HKD, INR, MXN, NOK, NZD, RUB, TRY

Volkswagen Group Funding Strategy – Major Issuances in 2017 / 2018*

March:	EUR 8bn Volkswagen International Finance N.V.
April:	GBP 850mn Volkswagen Financial Services N.V.
May:	EUR 3.5bn Volkswagen International Finance N.V. - Hybrid Bond
June:	EUR 3.5bn Volkswagen Leasing GmbH
September:	EUR 2.25bn Volkswagen Leasing GmbH
December:	EUR 3.0bn Volkswagen Bank GmbH
March:	CAD 1.5bn Volkswagen Credit Canada, Inc.
April:	EUR 2.25bn Volkswagen Financial Services AG
June:	EUR 2.00bn Volkswagen Bank GmbH
	EUR 2.75bn Volkswagen International Finance N.V. - Hybrid Bond
August	EUR 2.5bn Volkswagen Leasing GmbH

*as per August 31st 2018

Volkswagen Group Funding Strategy – Maturity Profile (in € million)¹⁾



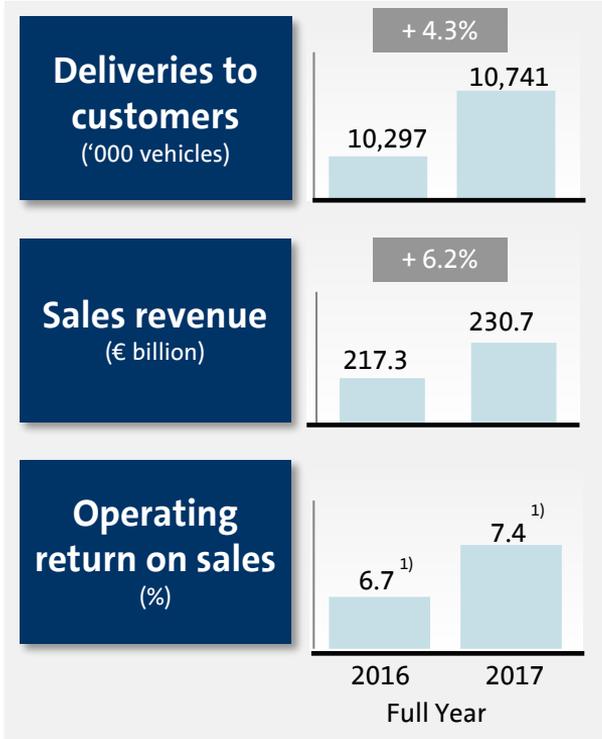
¹⁾ as of June 30, 2018

Volkswagen Group – Main Ratings as of 31 August 2018

	S&P Global		MOODY'S	
	Long Term	Short Term	Long Term	Short Term
Volkswagen AG	BBB+	A-2	A3	P-2
Volkswagen Financial Services AG	BBB+	A-2	A3	P-2
Volkswagen Bank GmbH*	A- ^{**}	A-2	A1 ^{**}	P-1
Outlook	Stable (*Negative)		Stable	

^{**}S&P: BBB+ Senior Subordinated Rating; Moody's: A3 Junior Senior Unsecured Rating

Volkswagen Group – Outlook for 2018





Deliveries to customers

moderately above prior year



Sales revenue

by as much as 5% year-on-year



Operating return on sales

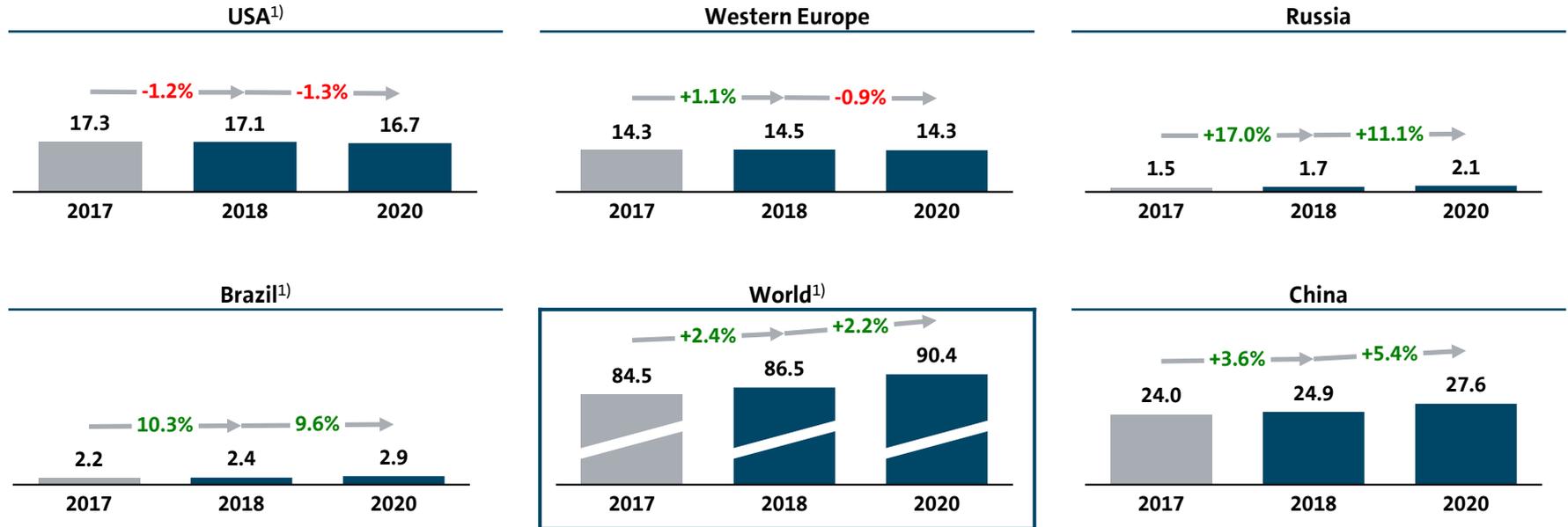
between 6.5% to 7.5% before Special Items ²⁾

¹⁾ before Special Items. ²⁾ Operating return on sales after Special Items is expected to be moderately below that range.

Global Passenger Car Market 2017/2018/2020

Slowdown in Western Europe due to falling demand in UK; Stagnation in USA at a high level; Recovery in Brazil and Russia from a low level; China remains largest driver of passenger car demand

million units



■ Actuals ■ Forecast

Data source: IHS Automotive (08.2018)

¹⁾ Volume for North & South America includes light commercial vehicles (definition 'Light Vehicles') growth 2018-2020 = Compound Annual Growth Rate / yearly average

Upcoming Premium and Luxury models enhancing our portfolio offer



Q1



A7 Sportback



911 Carrera T



Aventador S Roadster



RS 4 Avant

Q2



Urus



Huracán Performante
Spyder



Continental GT



911 GT3 RS

Q3



Q8



A6 Avant



Bentayga Hybrid

Q4



Q3



Q2 LWB (China)



A1 Sportback



Macan Facelift

Strong product momentum continues in Volume segments



Volkswagen



ŠKODA



Commercial Vehicles

Q1



up! GTI



Polo GTI



Virtus (SAM)



Karoq LWB (China)

Q2



Touareg



Jetta (US)



Lavida (China)



Kodiaq (Russia)

Q3



Fabia



Bora (China)



T-Roc LWB (China)



e-Crafter

Q4



Cupra Ateca



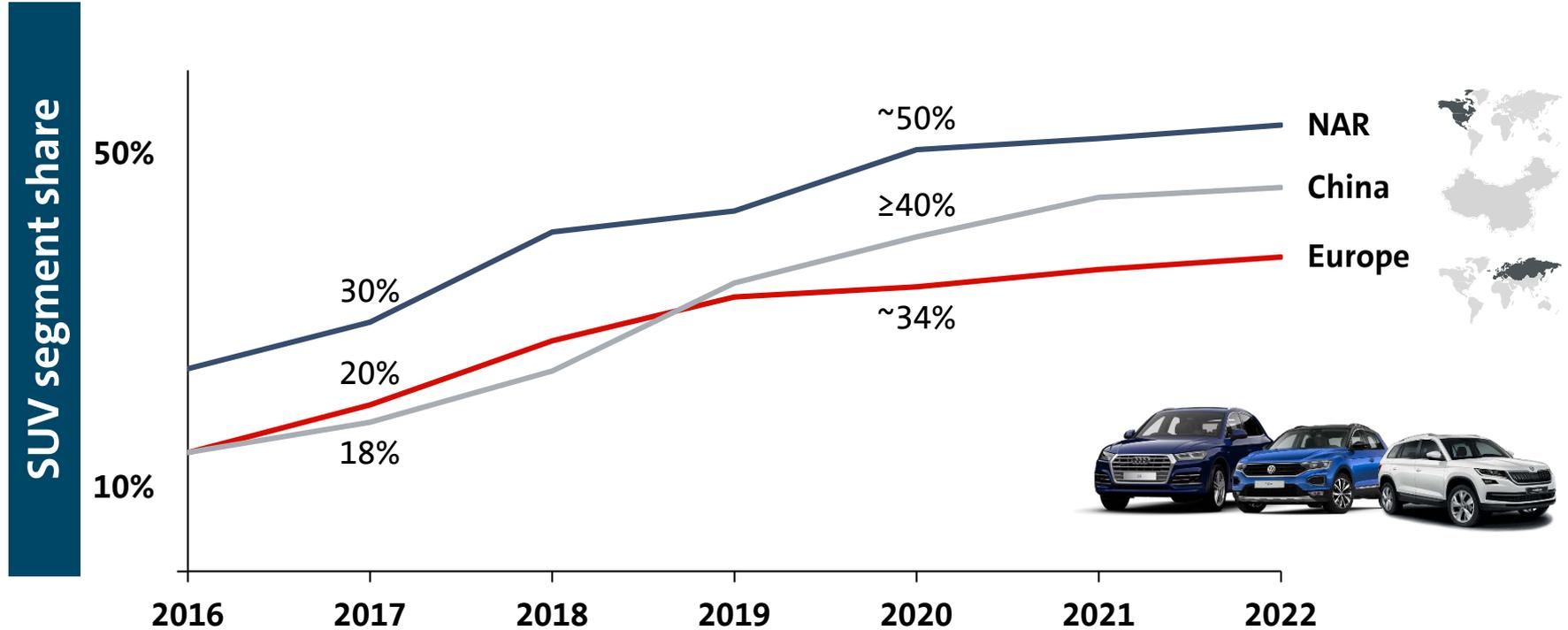
Compact SUVs (China)



Kamiq (China)

Strong Increase in our SUV mix

SUV mix by region based on expected regional Group sales



WLTP – Worldwide Harmonized Light Vehicles Test Procedure

SCOPE

- In EU-28 States + 6 countries (Norway, Switzerland, Iceland, Turkey, Israel and Liechtenstein) ¹⁾
- Legally binding registration requirements for all OEM´s
- Effects taxation:
 - EU recommendation crossover from Jan. 1, 2019



IMPACT

- CO₂ / exhaust emissions and fuel consumption figures are calculated under more realistic conditions
- CO₂-values vehicle-specific and therefore very precise
- Should close tolerances regarding different test conditions



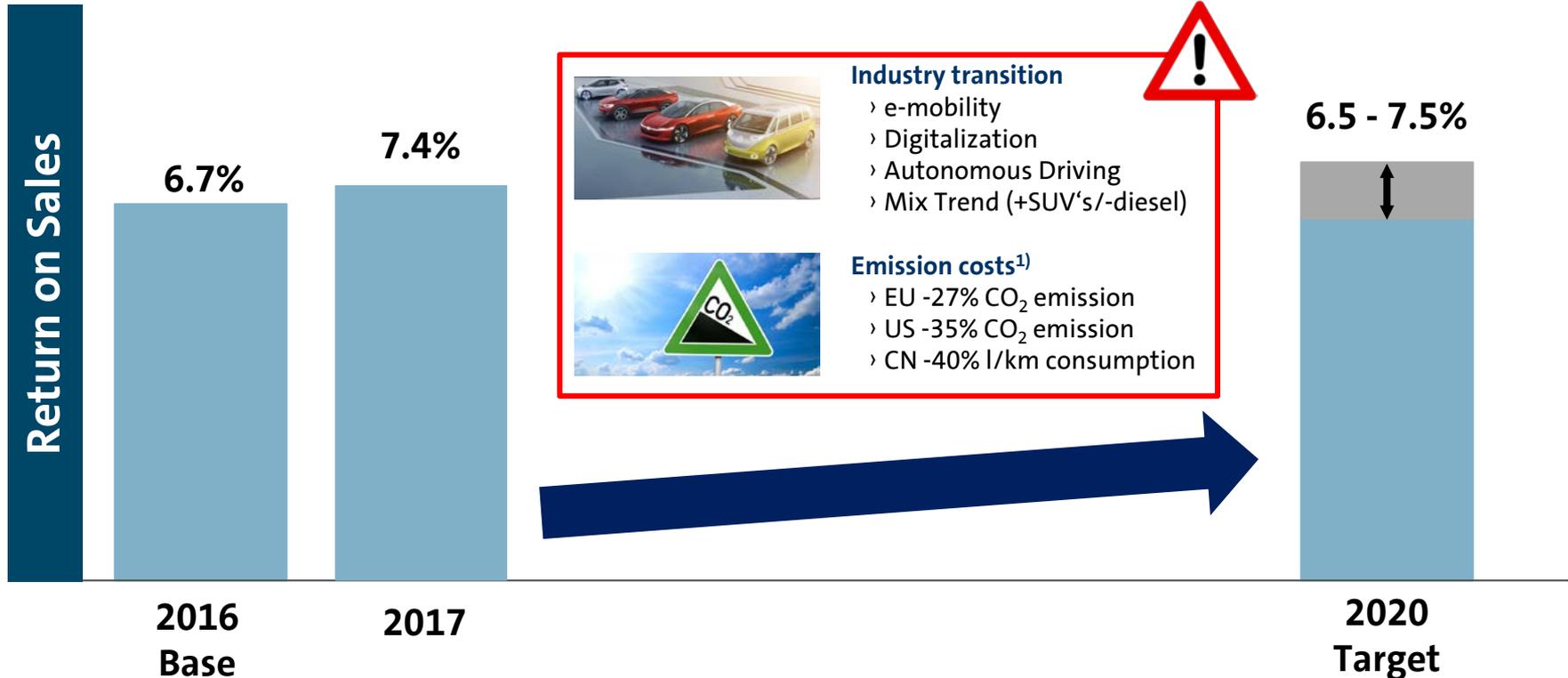
¹⁾ Different implementation of timelines between countries ²⁾ NEDC: New European Driving Cycle

Clear Financial Targets and Milestones¹⁾

Key financial targets	2016 Actual	2017 Actual	2018 Outlook	2020 Targets	2025 Targets
Operating return on sales <u>Before</u> Special Items	6.7%	7.4%	6.5-7.5%	6.5-7.5%	7-8%
Return on investment Automotive Division <u>before</u> Special Items	13.9%	14.4%	12-14%	13-15%	> 15%
Capex ratio Automotive Division	6.9%	6.4%	6.5-7%	6%	6%
R&D cost ratio Automotive Division	7.3%	6.7%	6.5-7%	6%	6%
Cash					
a) Net Cashflow ²⁾ Automotive Division	€ 7.2 bn	€ 10.1bn	≥ € 9 bn	≥ € 10 bn	> € 10 bn
b) Net Liquidity	€ 27.2 bn	€ 22.4 bn	> € 20 bn	> € 20 bn	~10% of Group turnover

¹⁾ As of 1st August, 2018. ²⁾ Ex diesel payments; cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 2.6 bn in H1 2018.

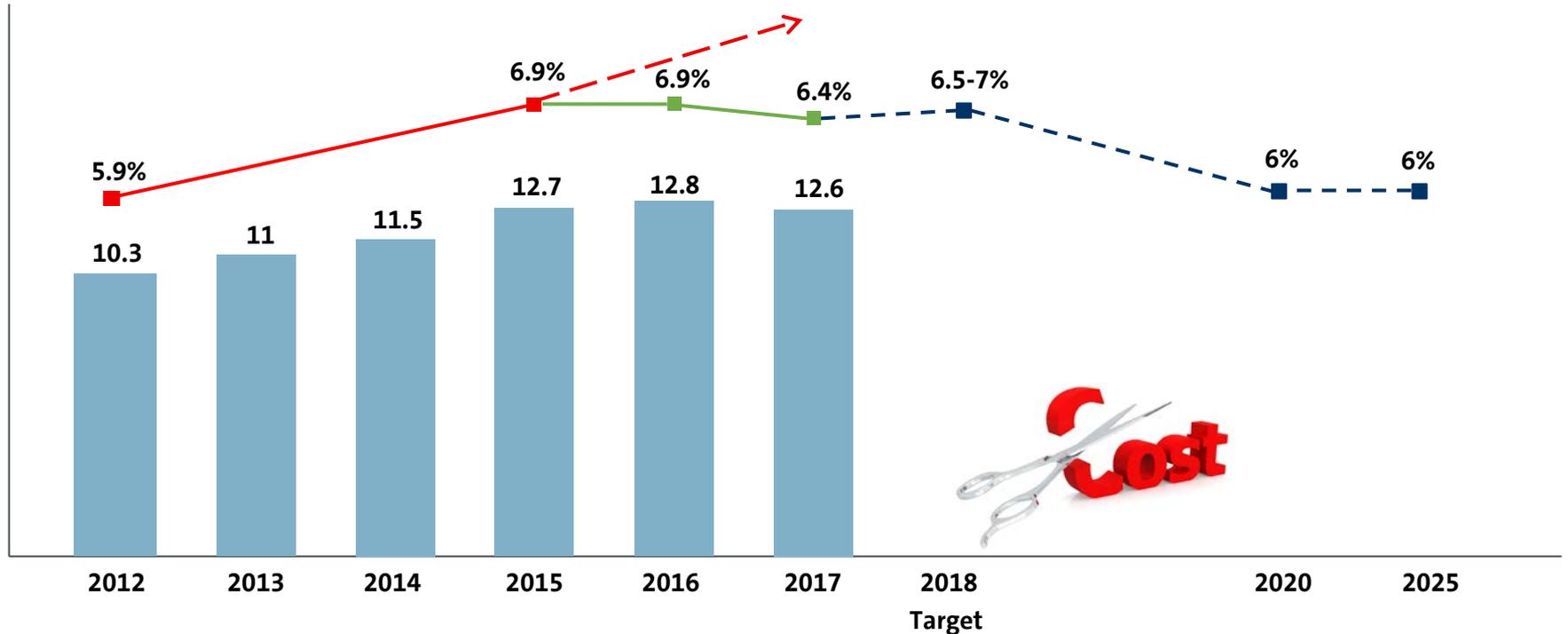
Improving Group results despite significant challenges¹⁾



¹⁾ Calculation based on 2016 figures.

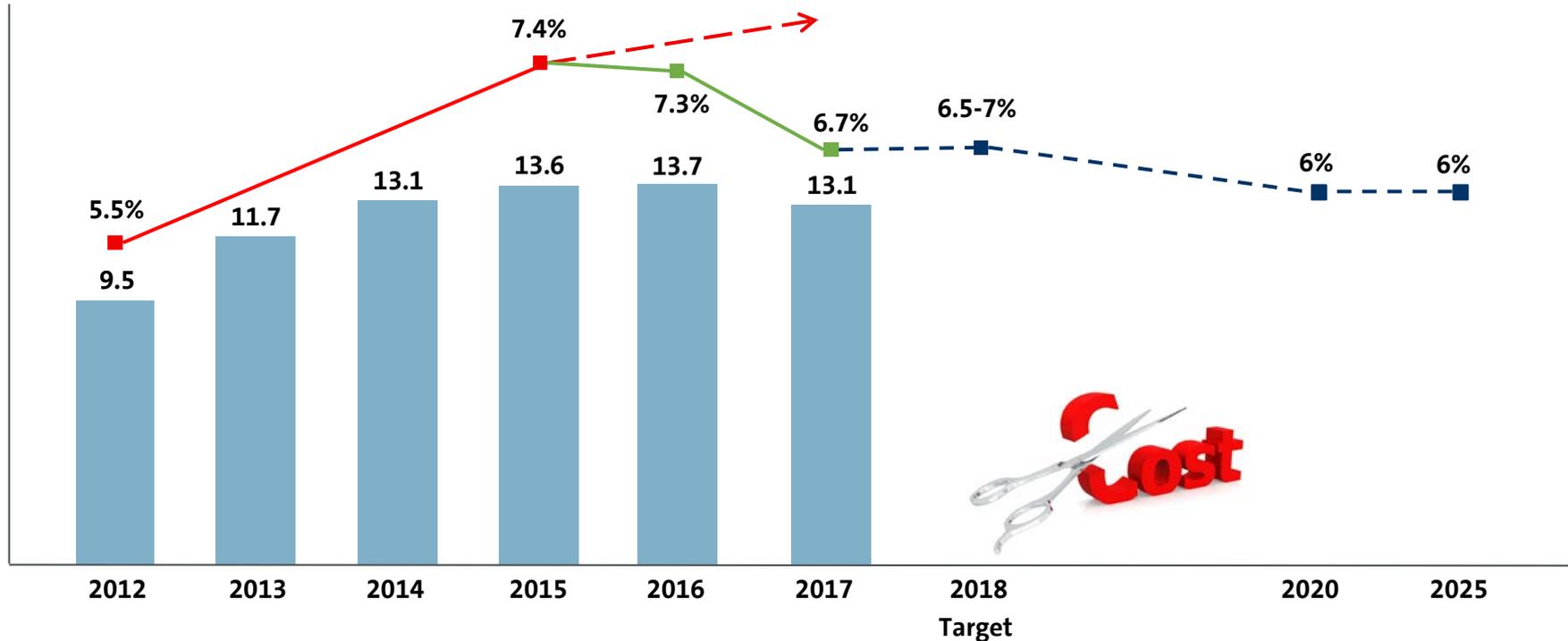
CAPEX Automotive Division

(€ billion, as % of sales revenue)



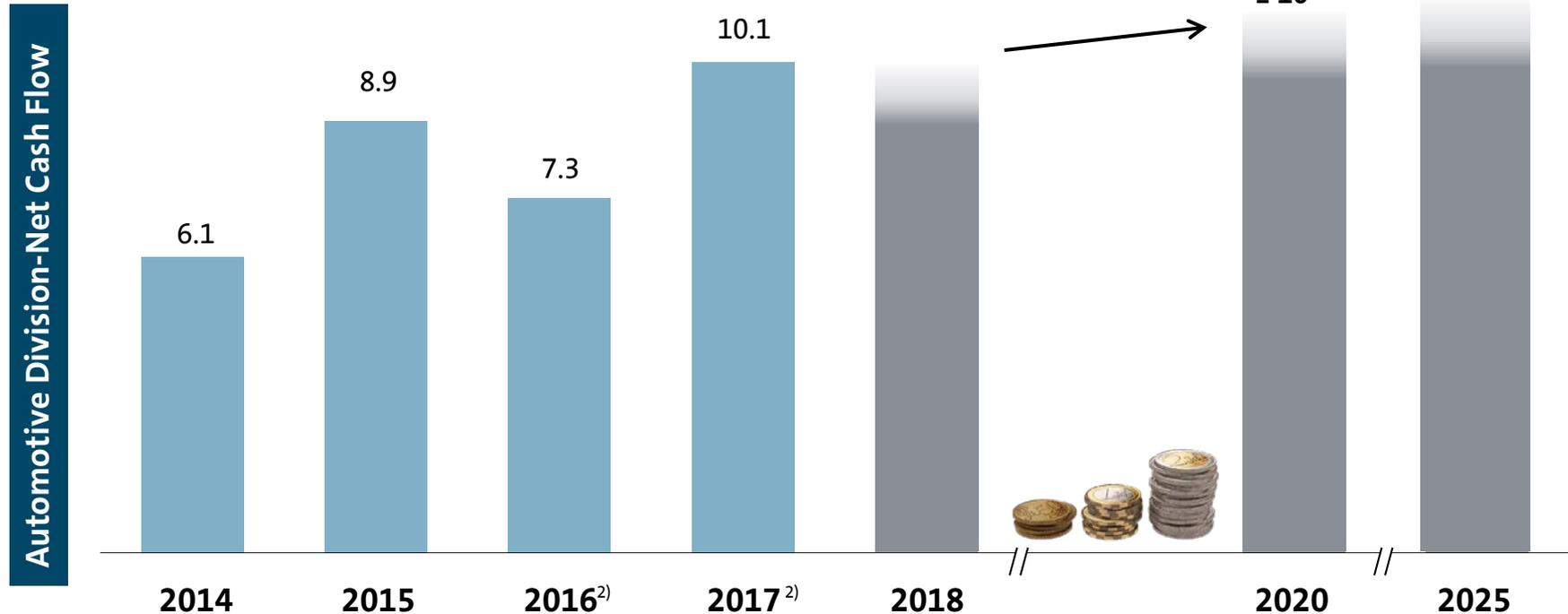
R&D Costs Automotive Division

(€ billion, as % of sales revenue)



Automotive Division-Net Cash Flow (ex Diesel payments)¹⁾

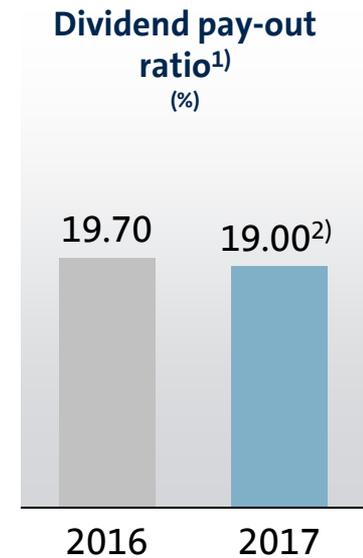
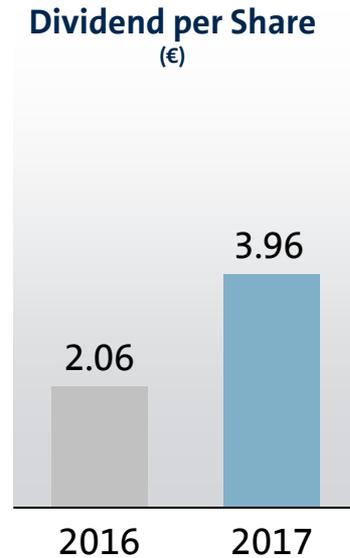
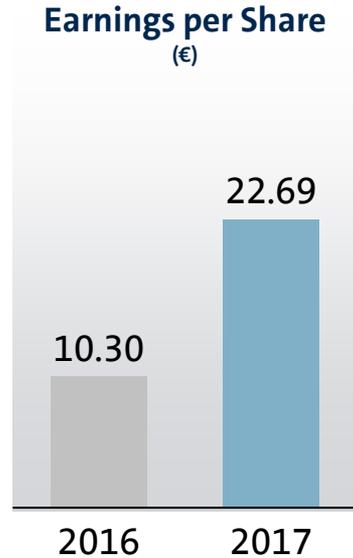
in € billion



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

²⁾ Before around € 3 bn in 2016 and € 16.1 bn in 2017 Diesel related outflow.

Volkswagen AG – Attractive Dividend for Preferred Shares; almost doubled¹⁾



Target EPS 2020
over € 25

Within current planning round / next 5 years
30% Dividend pay-out ratio¹⁾

¹⁾ Total dividend in percent of net income attributable to shareholders of Volkswagen AG.
²⁾ Business year 2017 adjusted for non-recurring effects related to the tax reform in the USA of € 1 bn.

STRATEGY 2025 – Initiatives at a glance

GROW PROFITABLY

- 1 Sharpen positioning of brands
- 2 Develop winning vehicle and drivetrain portfolio
- 3 Streamline modular architectures
- 4 Partner with regional players to win in economy segment
- 5 Develop self-driving system for autonomous vehicles and artificial intelligence in-house
- 6 Develop battery technology as new core competency
- 7 Develop best-in-class user experience across brands and customer touchpoints

DEVELOP STRATEGIC CAPABILITIES

- 8 Implement model line organization
- 9 Realign "Components" business

ENHANCE ENTREPRENEURIAL SPIRIT



Transform core business

- 10 Build mobility solutions business

- 11 Develop and expand attractive and profitable smart mobility offering



Build mobility solutions business

- 12 Improve operational excellence

- 13 Optimize business portfolio



Secure funding

- 14 Drive digital transformation

- 15 Create organization 4.0



Strengthen innovation power

- 16 Better integrated and strategic planning process

The Volkswagen Group is speeding up its transformation with the organizational realignment

Distributed Group Functions

Group steering

Lean and effective Group steering by transferring responsibilities to Group BoM members

Focusing

Group BoM focuses on strategic challenges

„All for one and one for all“

Shared goals

Brand Groups

Strong brands

Use and develop core competences of each individual brand

Synergies

Closer cooperation between brands by bundling in brand groups

High maturity level

More intensive exchange, synchronization and harmonization on strategy issues

Subsidiarity

Independence

Maximum subsidiarity for responsibility at all levels

Decision-making

Efficient decision-making through swifter processing in committees, etc. and use of fewer resources

Stability

Strategy process with clear targets, content and workflows

Creation of Brand Groups will reduce the complexity of the Group structure

Volume	Premium	Sport & Luxury	Truck & Bus	Procurement/ Components	Finance & IT	China
VW  Volkswagen	Audi 	Porsche  PORSCHE	MAN 	Procurement	VOLKSWAGEN FINANCIAL SERVICES THE KEY TO MOBILITY	Region China
Škoda  ŠKODA	Lamborghini* 	Bentley  BENTLEY	Scania 	Components**		
SEAT  SEAT	Ducati* 	Bugatti 	Power Engineering*			
VW LCV  Commercial Vehicles						
MOIA 						

* Allocation will be verified

** Temporarily responsibility of Group CEO, will be a combined Board of Management function

Focus on strategy: Resolutely making progress toward sustainable mobility



Sustainable mobility



Efficient
combustion
engines and
alternative
drives



Battery
technology



Charging
infrastructure

MOIA
NEW MOBILITY MODEL

Mobility
services



Self-driving
system (SDS)

E-mobility

Paving the way for sustainable mobility

Up to the end of **2022**: We will be putting more than **€34 bn** into e-mobility, digitalization, autonomous driving and mobility services – thereof in 2018: **€6.6 bn**



Up to the end of **2022**: Volkswagen Group and its **joint-venture partners in China** will be making around **€15 bn** available for e-mobility, autonomous driving, digitalization and new mobility services.



Also putting more than **€90 bn** into the **conventional vehicle and drive portfolio** – thereof in 2018: **€19.8 bn**



Efficient combustion engines and alternative powertrains play a major role for the future of sustainable mobility

- Significant improvements in consumption and emissions of gasoline engines
- All new gasoline engines will be equipped with a particulate filter
- Working on synthetic fuels produced from renewable sources
- The latest Euro 6 diesel engines deliver above-average performance in the new WLTP¹⁾ cycle
- Significantly expanding the range of CNG²⁾ vehicles



Responsibilities for Electric Toolkit Architecture

PPE

Premium
Platform
Electric



- Common modules and scale effects save up to 30% development costs (compared to brand excl. developments)
- Flexibility: Architecture open for other brands to be used in the future

MEB

Modular
Electrification
Kit



Volkswagen



- Economies of scale from use of MEB across entire Group
- Higher productivity and shorter manufacturing time
- Lower material and distribution costs

Audi e-tron and Porsche Taycan will change the premium electric game



Market launch in September 2018.



Market launch in the second half of next year.

The Volkswagen Brand's I.D. family sets the new BEV benchmark in the volume segment

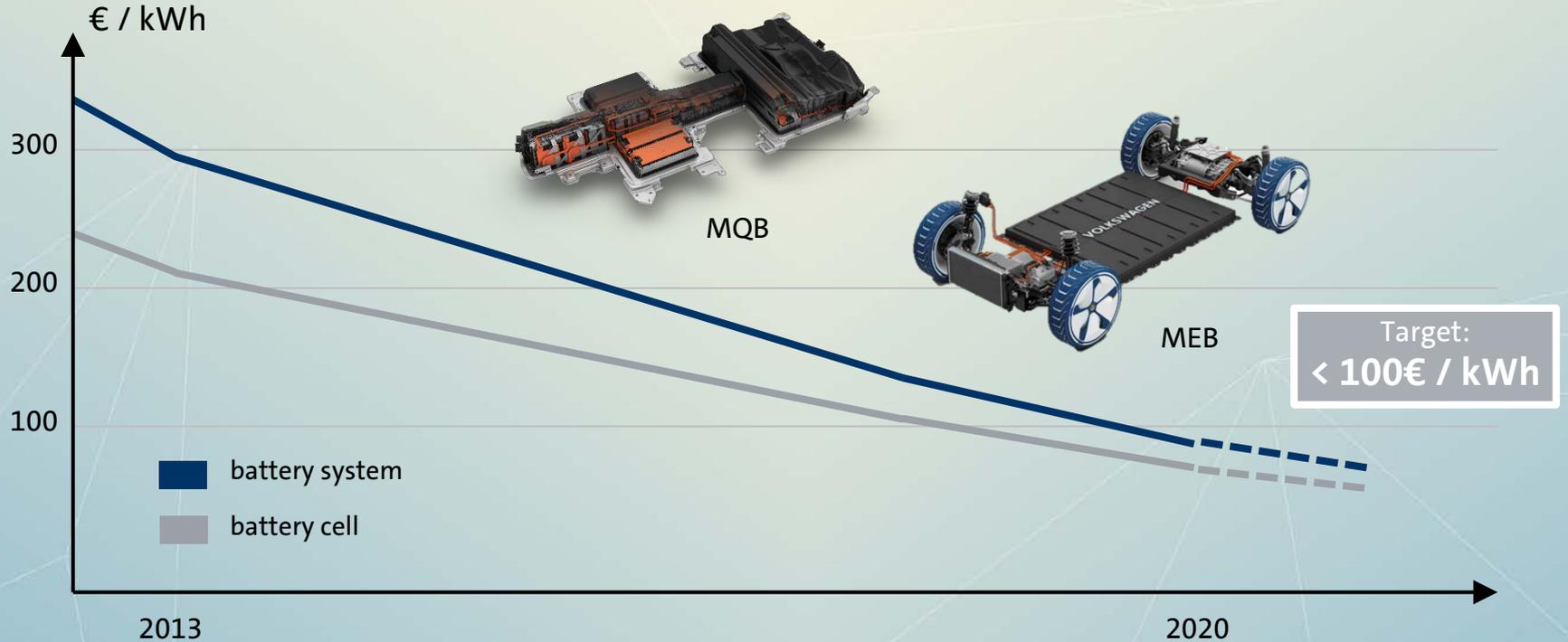


Advances in battery technology will improve range, weight and costs



Energy density, or volumetric energy density, reflects volume in liters (Wh/l).

Battery costs will decrease significantly by 2020



Roadmap E - E-mobility model offensive of the Volkswagen Group



- 50 BEVs + 30 PHEVs
- 2-3m expected units or 20–25% Group sales intended to be purely battery-powered
- Own e-fleet requirements over 150 GWh of battery capacity
- MEB: € 50 bn battery cell procurement volume up to 2025, of which € 40 bn has already been awarded to suppliers



2025

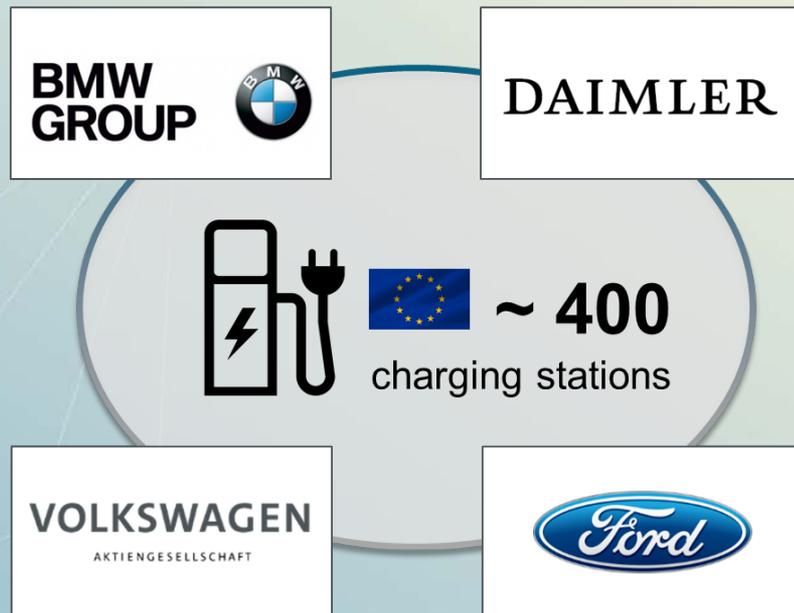
2030



- At least one electrified version for each of the Group's 300 or so models

Launch of Pan-European High-Power Charging Network IONITY¹⁾

IONITY



- Joint Venture of automotive manufacturers enables electric mobility on long-distance journeys
- Building of a High-Power-Charging (HPC) Network for electric vehicles starts operation
- 20 stations in multiple European countries started in 2017
- IONITY will implement and operate about 400 fast charging stations across European major thoroughfares until 2020
- A charging capacity of up to 350 kW enables to reduce charging time significantly when compared to existing systems
- Multi-brand compatibility with current and future generations of electric vehicles through Combined Charging System (CCS)

¹⁾ The founding partners, BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group, have equal shares in the joint venture, while other automotive manufacturers are invited to help expand the network.

Electrify America - Powering electric mobility

Investment of \$2 billion over 10 years in Zero Emission Vehicle (ZEV) infrastructure and education programs in the U.S.

Open network for all (even group external) OEMs and business partners

Highway sites every 70 miles on average, but **no more than 120 miles apart**, so shorter range ZEVs available today will be able to use this network



1st cycle:
We will establish a **network of ~4.700+** non-proprietary electric vehicle chargers in **17 metros** and **on highways in 39 states**

Public access for all ZEV drivers will be ensured through **multiple technologies (Level 2 and DC fast charging: CCS Combo and Chademo connectors)**

Station chargers will be **extremely powerful**, capable of delivering **150 kW or 350 kW** to vehicles

Successful launch of MOIA Shuttle at end of 2017, customers show a high demand for this alternative form of mobility



- Test phase in Hanover with **2,000 users** under way
- **Project start** in Hamburg at **end-2018**: fleet will be expanded to **200 vehicles** in the first phase
- **Further cities** planned

Intensified efforts to develop autonomous vehicles

Autonomous Audi TTS
"Shelley" climbs Pikes Peak



SEDRIC is Volkswagen Group's first Level 5 vehicle



Strategic partnership with Aurora

AURORA

Urban Shuttle/Carrier/Pod



2005



"Stanley" Winner Darpa Grand Challenge



2010



Volkswagen Group >200 AV related patents

Foundation AID GmbH



2017



MOIA Battery Electric Special Purpose Shuttle



2018



Personal Autonomous Vehicles



2021+



Driving forward Strategy 2025: Implementation is accelerating I

ROADMAP E launched



Center of Excellence for battery technology established



Joint venture for rapid charging network in place



SEDRIC developed and presented



Joint venture with JAC created for e-mobility



STRATEGY 2025

MOIA pilot started and shuttle presented



New technology partnerships agreed



Realignment of Group Components approved



Positioning of Group brands sharpened



Board Digitalization Committee established



Driving forward Strategy 2025: Implementation is accelerating II

Autonomy for Truck & Bus making good progress

TRATON
GROUP



Volkswagen Components becomes independent entity from January 2019



Components



Fuel cell technology partnership agreed



Product & technology offensive in China agreed



TOGETHER
STRATEGY 2025

Strategic cooperation in discussion

VOLKSWAGEN
AKTIENGESELLSCHAFT



Turnaround in South America initiated



INDIA 2.0 project launched



Volkswagen



ŠKODA



Volkswagen becomes largest shareholder



Volkswagen AG and Ford to explore Strategic Alliance, extend Capabilities, strengthen Competitiveness and better serve Customers



Commercial
Vehicles



Volkswagen AG and Ford Motor Company announced a Memorandum of Understanding¹⁾

Explore Strategic Alliance

Volkswagen AG and Ford are exploring a strategic alliance.

Extend Capabilities & Better Serve Customers

The companies are investigating several joint projects – including joint development of a range of commercial vehicles to better serve the evolving needs of customers globally.

Strengthen Competitiveness

Potential projects aim to strengthen each company's competitiveness; the companies will share updates as talks progress.

Equity Arrangements not involved

Volkswagen AG and Ford said any strategic alliance would not involve equity arrangements, including cross ownership stakes.

¹⁾ As of June 19th, 2018.

Why our Value Proposition is one of the best in the Industry?

1. Unique and Compelling **Brands and Products** and **Scale Potential**
2. Convincing holistic **TOGETHER – Strategy 2025** with embedded financial **KPI Targets**
3. Comprehensive **E-Strategy**
4. Optimal **Toolkit Infrastructure** for conventional and alternative power trains
5. We intend to deliver **Self-driving** at the touch of a button and become **Software** leaders
6. Upside Potential in **Core and Developing Markets**
7. Lead Position in **China**
8. **TRATON** Global Champion Potential and clear plan to achieve **Capital Market Readiness**
9. **Culture** of willingness to change: agile, innovative and integral backed by committed management and employees
10. Priority to work on protecting our **Society** and **Environment** for future generations also focusing on **Sustainable Supplier Relations**



Overarching vision is to become a
World-leading Provider of Sustainable Mobility

Overview Brand Targets (RoS, RoE)

Return on Sales in %¹⁾	<u>2016</u>	<u>Target 2017</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Group	6.7	6-7 moderately exceed	7.4	6.5-7.5	6.5-7.5	7.0-8.0
Volkswagen Brand	1.8	3-5 moderately exceed	4.1	4-5	4-5	≥6
Audi	8.2	8-10	8.4	8-10	8-10	8-10
Porsche Automotive	17.4	>15	18.5	>15	>15	>15
ŠKODA	8.7	7-8	9.7	8-9	6-7	≥7
Volkswagen Commercial Vehicles	4.1	3-4	7.2	5-6	4-5	>6
Truck & Bus Business ²⁾						
• Scania	9.5	6-7	6.9	6-7	9 ³⁾	9 ³⁾
• MAN Commercial Vehicles	2.3					
Return on Equity (norm. 8%)	<u>2016</u>	<u>Target 2017</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Financial Services	15.6%	14-16%	15.8%	14-16%	14-16%	20%

¹⁾ Before special items. ²⁾ For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles. ³⁾ Through-cycle Target.

Starting point „TRANSFORM 2025+“ STRATEGY will put the Volkswagen Brand to the top of the automotive industry

STRENGTHEN CORE BUSINESS

2% RoS¹⁾

- SUV Offensive
- Turnaround in the Regions
- Brand Positioning
- Productivity / Costs
- New Skills

2015

LEAP TO THE TOP OF ELECTRIC MOBILITY

≥ 4% RoS

- Electric Offensive
- Digital Ecosystem
- Operational Excellence

2020

MAJOR TRANSFORMATION

≥ 6% RoS

- New Business Models
- New Mobility solutions
- Autonomous Driving

2025

GLOBAL MARKET LEADER IN AUTOMOBILITY

> 6% RoS

2030

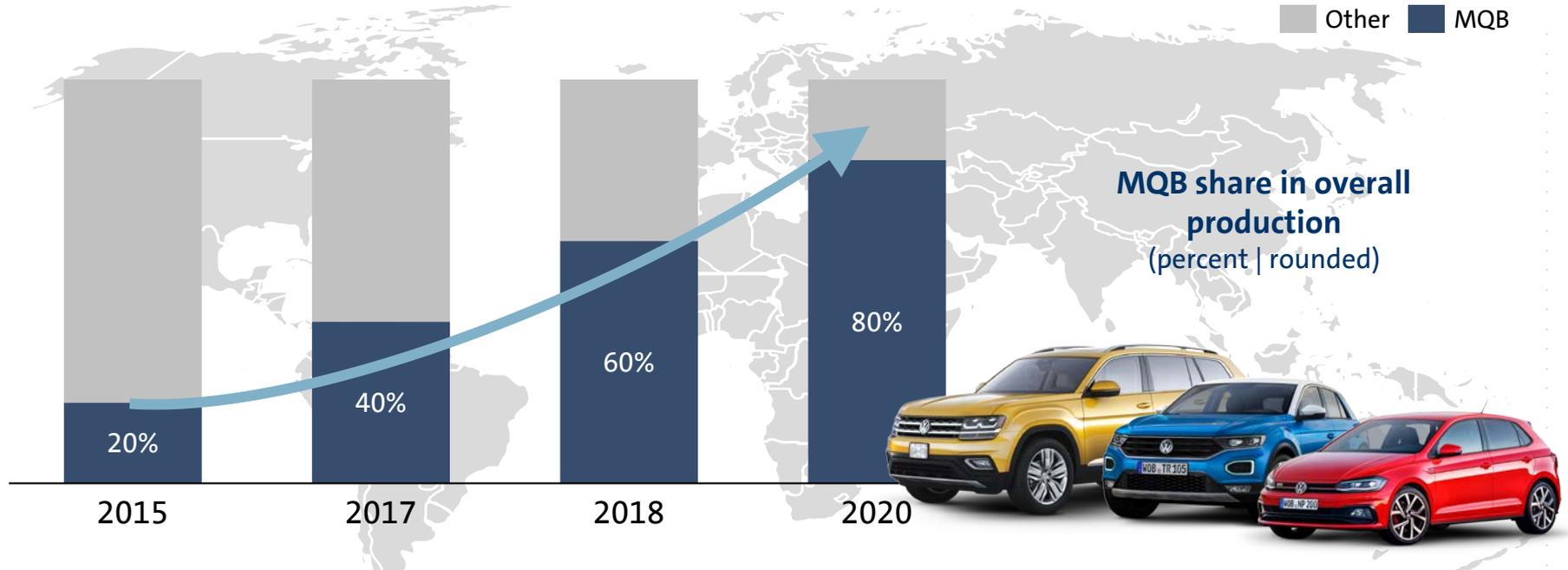
¹⁾ Before special items.

Volkswagen Brand Clear Financial Targets and updated Milestones

	Forecast 2018	Target 2020	Target 2025
Sales revenue	up to +10 %	-	-
Operating return on sales	4–5 %	4–5 %	≥ 6 %
Capex ratio	4–5 %	4–5 %	4–5 %
R&D ratio	~4 %	4 %	4 %
Free cash flow	Positive operating cash flow ¹⁾	> € 1 bn	>> € 1 bn

¹⁾ Before special items.

Further roll-out of MQB offers substantial benefits for Volkswagen Brand



Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

Working Group 1 Production

- Increase of productivity by 25%
- Reduction of plant costs

Working Group 2 Components

- Increase of productivity by 25%
- Discontinuation of unprofitable products

Working Group 3 Technical Development

- Reduction of hardware-oriented development work
- Increased efficiency in development processes

Working Group 4 Administration

- Reduction of bureaucracy

Secure the Future

- 4 additional models:
2 conventional and 2 MEB vehicles
- Investments in:
 - Electric drive trains
 - Pilot facility battery cell
 - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

Reduction in workforce based on demographic curve¹⁾

¹⁾ ~ 9,350 early retirement contracts signed in 2017.

Core challenges in the commercial vehicle industry

Cyclical markets



Strong correlation to GDP in developed world
Not all regions hit by economic downturns at the same time

Further globalization



The megatrend of globalization has a direct influence on future developments in freight transportation and the commercial vehicle industry

Emission regulations



Europe with aggressive regulations, focus shifting to e-mobility and alternative fuels
Emerging Markets also have ambitious roadmap

Connectivity & digitalization



Platooning and partly-autonomous driving as transition solutions
Data management for customers and traffic of broad interest (e.g. RIO for digital solutions)

After sales and future business models



After sales increasingly important as alternative source of revenues
Future business models (e.g. connectivity, clean driving) to actively shape the future of transportation

Shaping the future of the Commercial Vehicles business



Global Champion strategy

- Goal is becoming the Global Champion of the Commercial Vehicles sector: Leader in profitability, global presence and innovation.
- Further enhancement of brands' performance with individual identities, strengths and profiles.
- Increase cooperation and leverage synergies between brands.
- Further global expansion to leverage scale and be ahead of competition (e.g. Navistar in the USA, Sinotruk in China, Hino Motors in Japan and Asia).
- Also develop solutions for Commercial Vehicles in such areas as autonomous driving, electrification and connectivity.
- RIO covers logistics solutions for all transportations sectors.

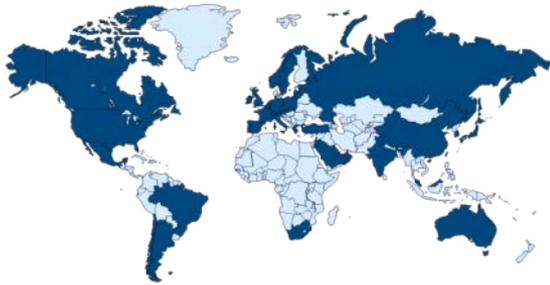
Project "Next Level"

- Further increase the company's matureness, efficiency and innovativeness.
- Achievement of capital market readiness: meet technical and structural requirements of the capital market; complex scope.
 - Change of legal structure of Volkswagen Truck & Bus GmbH to a German stock corporation (AG) and in a second step into a Societas Europaea (SE).
 - Changed name to TRATON Group.
 - Focus on Commercial Vehicles.¹⁾
 - IPO is just one of several options.
 - Dependent on capital market conditions & Volkswagen Group strategy.
 - Minority interests legal case closed.

¹⁾ Allocation will be verified as part of creation of new Volkswagen Group structure.

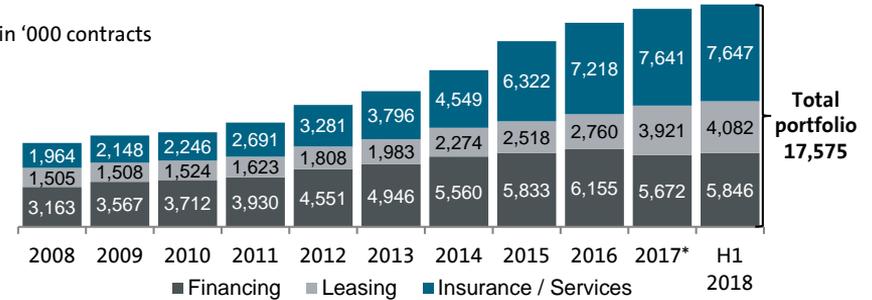
Volkswagen Financial Services¹⁾: global, well diversified and successful

Strong global presence

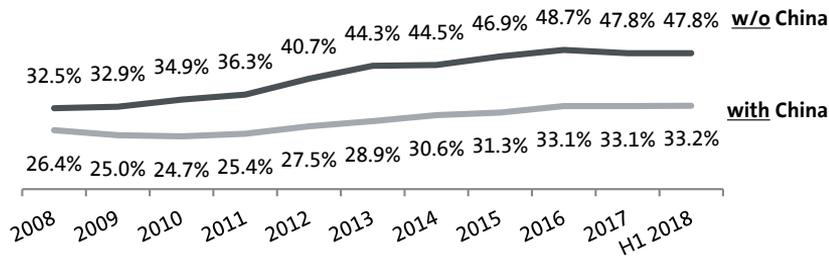


Continuous portfolio expansion

in '000 contracts



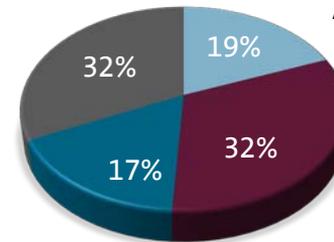
Rising penetration rates



Diversified funding structure

Equity, liabilities to affiliated companies, other

Customer deposits



Asset backed securitization

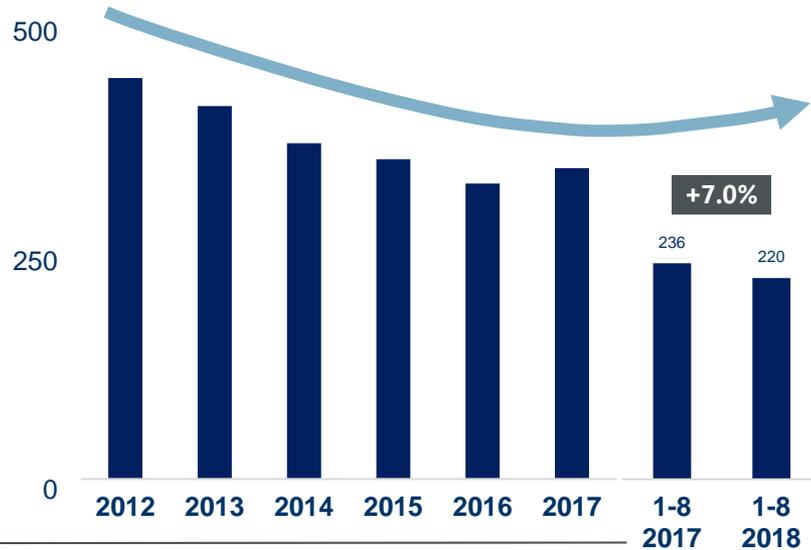
Bonds, Commercial Paper, liabilities to financial institutions

30.06.2018: € 196.5 bn

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

Volkswagen Brand – Turnaround in the US with new products from 2017 onwards

Deliveries to US customers, '000' units



Market Share %	2012	2013	2014	2015	2016	2017
	3.0	2.6	2.2	2.0	1.8	2.0

SUV offensive #1	New Sedans	SUV offensive #2
<p>2017</p>  <p>Atlas</p>  <p>Tiguan</p>  <p>Refreshed Golf</p>	<p>2018-19</p>  <p>Jetta</p>  <p>Passat</p>  <p>Arteon</p>	<p>2019-21</p>  <p>Midsize SUV 5s</p>  <p>Compact SUV</p>  <p>ID Crozz</p>

A product offensive is initiating a new growth phase in South America

Product offensive in South America



Polo G



Virtus



Small SUV Global

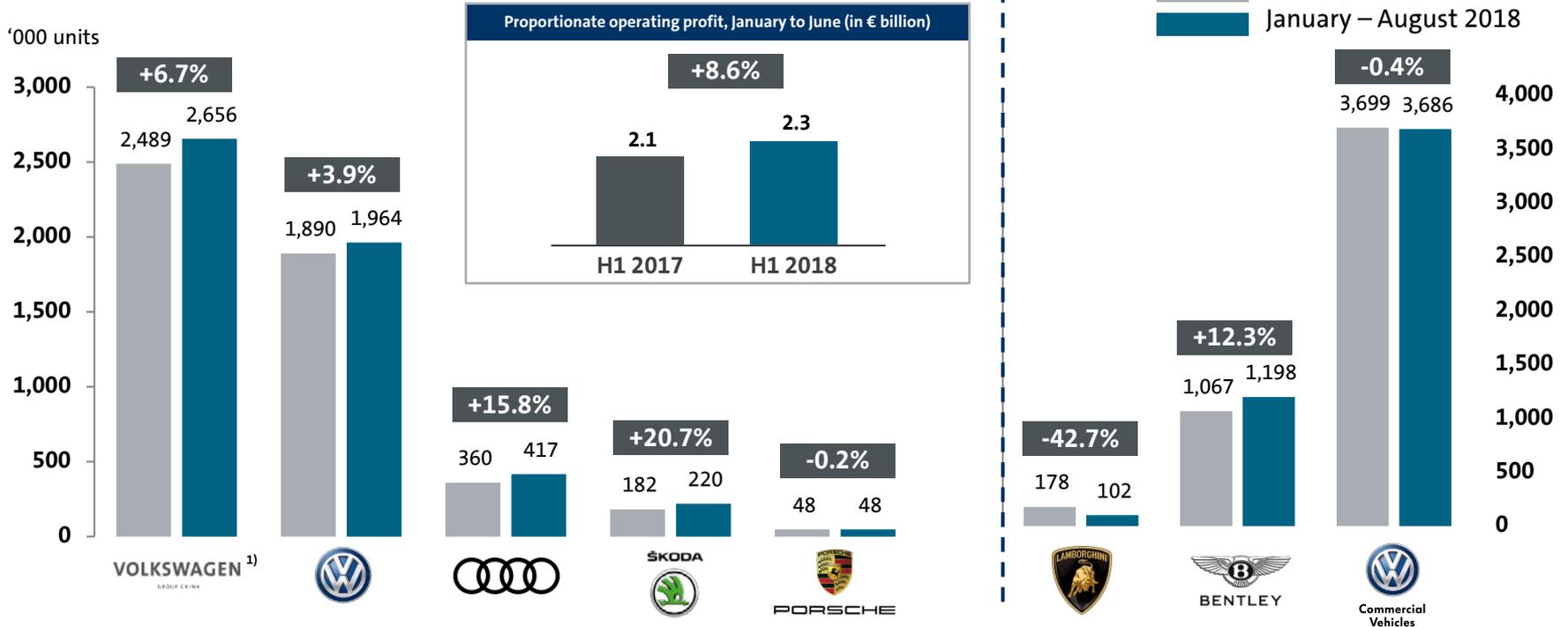
Key measures

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5bn investment
- New brand positioning
- New growth strategy for Latin America



Volkswagen Group China performance

(January to August 2018 vs. 2017)



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



Regulatory environment for NEV and Fuel Consumption Credits in China

CAFC¹⁾ and NEV Credit System

- Independent calculation of CAFC¹⁾ and NEV credits
- Companies need to fulfill **both requirements**

CAFC¹⁾ Credits:

- Transfer between affiliated companies only
- Credit carry-over to next 3 years with depreciation
- Negative results can be offset by NEV credits (own or free trading in market)

NEV Credits:

- No transfer from CAFC¹⁾ credits to NEV credits
- No Carry-over except for year 2016 and 2019
- Free Trading of NEV credits allowed

MIIT²⁾ for NEV Credit Calculation

$$\text{min. NEV credit points} = \text{ICE}^3 \text{ Volume} \times \text{NEV credit point ratio}$$

2018	2019	2020
None	10%	12%



NEV Credit Point Attribution per NEV Type

BEV⁴⁾: Basic credit = $0.012 \times \text{Range} + 0.8$ (max. 5 basic credits)
BEV additional factor for low electric consumption up to 1.2

PHEV⁵⁾: Basic credit = 2 (min. e-Range 50km)
PHEV credit = 1 if e-range 50-80km and consumption under B-Test $\geq 70\%$ ICE; or e-range ≥ 80 km but high electric consumption

¹⁾ CAFC – Corporate Average Fuel Consumption ²⁾ MIIT – Ministry of Industry and Information Technology ³⁾ ICE – Internal Combustion Engine ⁴⁾ BEV – Battery Electric Vehicle ⁵⁾ PHEV – Plug-in Hybrid Electric Vehicle



Volkswagen Group China will be prepared to deliver around 1.5 million zero emission cars to Chinese customers by 2025

Introduction of locally produced NEV

Mass market BEV cooperation

Phase 1

Plug-in hybrids based on current toolkits



Phase 2

Pure electric vehicles based on current toolkits



Phase 3 (start 2020/21)

Pure electric vehicles based on scalable electric toolkit



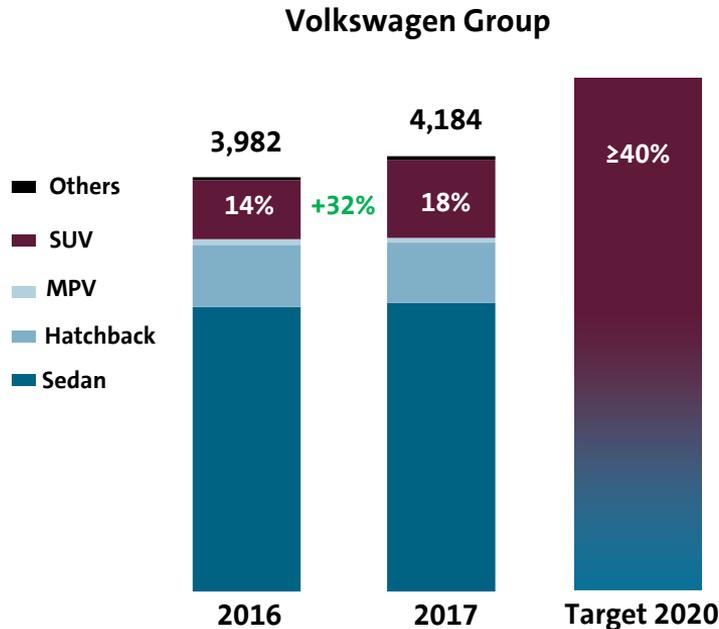
VOLKSWAGEN **JAC** 江淮汽车
GROUP CHINA





New product offering with an expanded SUV line-up¹⁾

China deliveries by bodystyle (in '000 units)



SUV offensive of Volkswagen Group China

4 Volkswagen brand SUVs in 2018 3 of which are new models

T-Roc LWB Touareg

6 additional Audi SUVs in the next 2-3 years

Q2L

3 new ŠKODA SUVs in 2018

Kamiq Karoq

¹⁾ Source: IHS. ²⁾ Schematic overview – does not show all models.

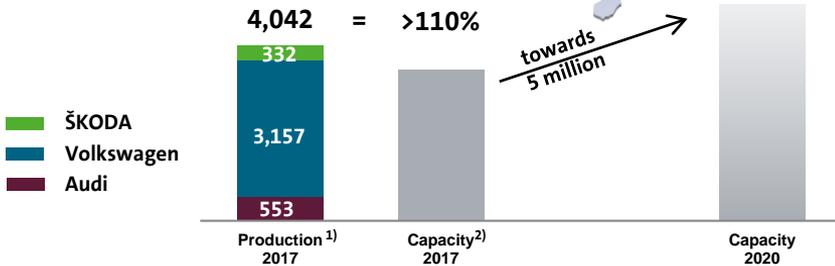


Volkswagen Group China opens new factories to strengthen SUV offensive and e-Mobility

Production capacity will increase

Factories starting in 2018

- New vehicle plants
- Vehicle plants expansions
- New component plants
- Component plant expansion
- Existing plants



Tianjin Start in August

Qingdao Opening ceremony on May 28
New Bora & 2 Audi models on MQB platform
ICE & EV production on one production line
Production of battery systems

Hefei First production model unveiled May 25
Production of JAC Volkswagen's SOL brand

Foshan Start in June
Focus on the SUVs (Audi and Volkswagen)
Additional factory at the production site
MQB platform will be electrified
Battery system assembly and MEB to follow

¹⁾ Actual production volume in '000 vehicles ²⁾ Available capacity on the basis of 250 working days.

Special Items: Diesel related and other

€ (bn)	Diesel	Other	Total
2015	Legal 7.0	Restructuring:	
	Other items 9.2		
		Passenger Cars South America 0.2	
		Airbags Takata 0.3	
	16.2	0.7	16.9
2016		Scania Anti-Trust Proceedings 0.4	
	Mainly legal risks 6.4	Others 0.7	
		1.1	7.5
2017	Buyback/retrofit program 2.2		
	Legal 1.0		
	3.2		3.2
2018	Legal 1.6		1.6
Total to date	27.4	1.8	29.2

A significant amount of the Diesel Dollar-related provisions are hedged and a further substantial amount of the provisions have been utilized. Cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 2.6 bn in H1 2018.

Resolving the diesel crisis: Substantial progress in all markets



Worldwide recall/service campaigns driven forward:

Software Flashes in Germany currently 96% complete;
Substantial progress also in Europe (77%) and
worldwide (71%)

Major progress in modifications in North America:

Around 90 percent of the 2.0l and 3.0l TDI vehicles affected in the U.S.
have already been retrofitted, bought back, or otherwise remediated (as
of June 2018)

We have reached the targets set by EPA and Carb for the 2.0L settlement
and are on track to achieve the targets in the 3.0L settlement within the
specified timeframe.

Group environmental incentive made significant contribution to improving air quality in German cities:

More than 240,000 customers decided to switch to
environmentally friendly vehicles (terminated by 30.06.2018)

Electrify America underway:

Investment plan for zero emissions vehicles (ZEV) approved
by authorities and implementation has already started

Timeframe of legal proceedings expected to be long !

With “Together4Integrity” we have launched a Group-wide integrity and compliance program

RISK MANAGEMENT

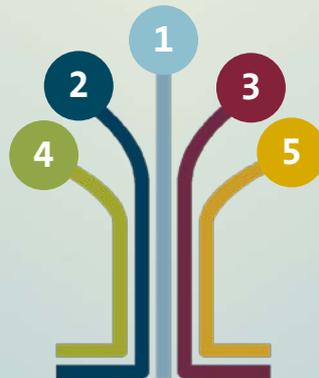
Ethics and compliance risks are identified, owned, managed and mitigated

SPEAK-UP ENVIRONMENT

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

STRATEGY

Ethics and compliance is central to business strategy



INTEGRITY & COMPLIANCE
PROGRAM
TOGETHER FOR INTEGRITY

CULTURE OF INTEGRITY

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

RESOLUTE ACCOUNTABILITY

The organization takes action and holds itself accountable when wrongdoing occurs

We need to foster and live a new culture



**Fair
competition**
instead of war



**Brand
collaboration**
instead of
internal rivalry



**Open and
honest** instead
of backdoor
approach



**Transparent
communication**
instead of
corral mentality



Multicultural
instead of
“Mittellandkanal”



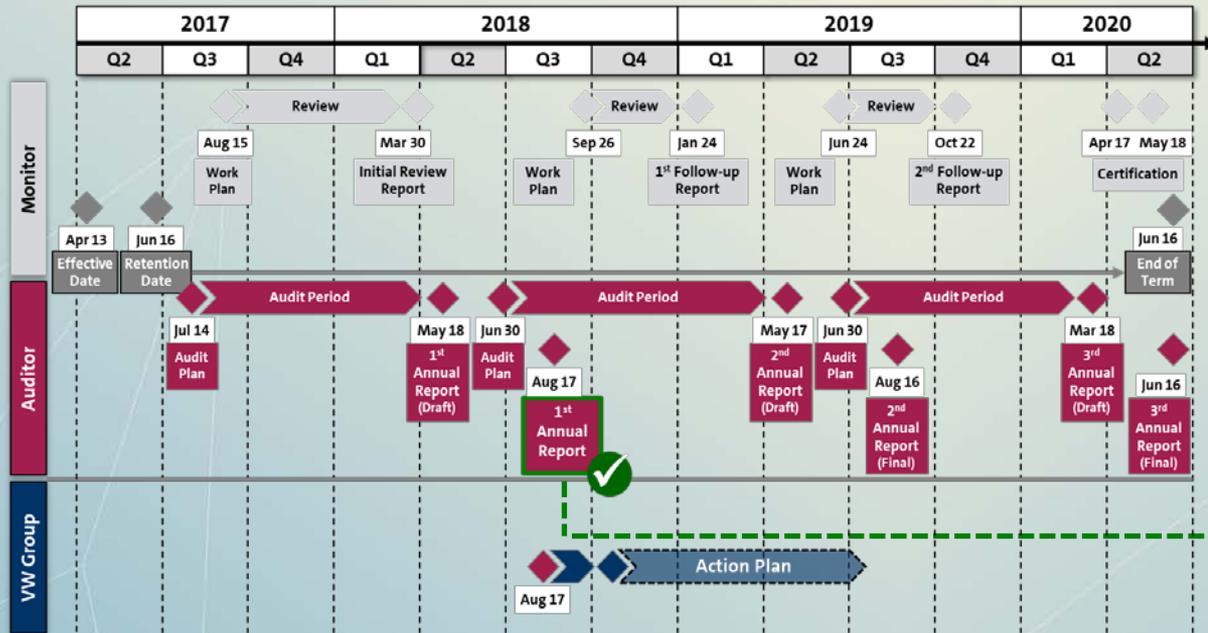
Decentralized
instead of
centralistic



More **Pikes Peak**
instead of **Le Mans**

NEW CULTURE

Overview of timeline and 1st Monitor Audit-Report



Structure

- 50 pages, 14 chapters + 1 Appendix
- two violations are referenced
- seven “recommended actions to achieve compliance” with the Consent Decrees are separately embedded



	Volkswagen AG	Audi AG	VW GoA
Audit Date	Nov 2017 Dec 2017 (Wolfsburg)	Nov 2017 Dec 2017 (Ingolstadt)	Dec 2017 (Auburn Hills) Feb 2018 (Oxnard)
Number of Deviations	Minor	3	1
	Major	0	0
Number of Corrective Actions	3	1	2
Implementation completion	✓	✓	✓

Upcoming tasks to master challenges and make use of opportunities



Continue to resolve the diesel crisis

- Conclude worldwide recall campaigns and service actions
- Manage legal proceedings worldwide



Improving the Core Business

- Profitability in NAR / SAM / Russia
- Drive Future Pact Brand Volkswagen further
- Cash Generation and Capex/R&D discipline



Transformation towards more E-Mobility

- CO₂ Compliance / WLTP implementation
- Profitability of Electric Vehicles
- Governance / Compliance / Culture



Strengthen Innovation Power

- Digitalization & Connectivity
- Profitable Mobility Services

Investor Relations Team

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



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VOLKSWAGEN

AKTIENGESELLSCHAFT

Shaping the transformation together.

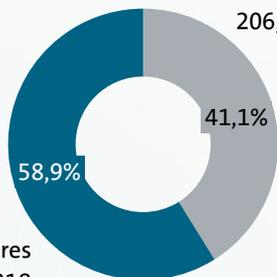
Appendix

The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

Number of Outstanding Shares

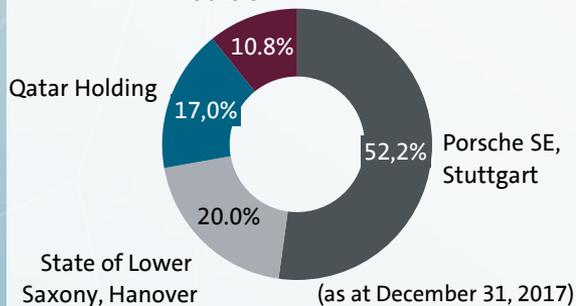
Preferred shares
206,205,445



Ordinary shares
295,089,818

Current Voting Rights Distribution

Others



Supervisory Board of Volkswagen AG

Chairman	Hans Dieter Pötsch
Porsche Automobil Holding SE	Dr. Louise Kiesling Dr. jur. Hans Michel Piëch Dr. jur. Ferdinand Oliver Porsche Dr. rer. comm. Wolfgang Porsche
State of Lower Saxony	Dr. Bernd Althusmann Stephan Weil
Qatar Holding	Dr. Hussain Ali Al Abdulla Dr. Hessa Sultan Al Jaber
Others	Marianne Heiß
Works Council	Bernd Osterloh Birgit Dietze Dr. Hans-Peter Fischer Jörg Hofmann Uwe Hück Johan Järvklo Ulrike Jakob Peter Mosch Bertina Murkovic Athanasios Stimoniaris

Board of Management of Volkswagen AG¹⁾

Chairman of VW AG and VW Passenger Cars brand	Dr. Herbert Diess
Porsche AG	Dr. Oliver Blume
China	Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann
Human Resources	Gunnar Kilian
TRATON Group and Power Engineering	Andreas Renschler
Audi AG (interim)	Abraham Schot
Integrity and Legal Affairs	Hiltrud Dorothea Werner
Finance and IT	Frank Witter
Components and Procurement	Dr. Stefan Sommer

¹⁾ Each Board Member is responsible for one or more functions within the Volkswagen Group. The work of the Board of Management of Volkswagen AG is supported by the boards of the brands and regions as well as by the other group business units and holdings.

Volkswagen Group – Key Credit Ratings

S&P Global

MOODY'S

Current Ratings¹⁾

	Long Term	Short Term	Long Term	Short Term
Volkswagen AG	BBB+	A-2	A3	P-2
Volkswagen Financial Services AG	BBB+	A-2	A3	P-2
Volkswagen Bank GmbH*	A-**	A-2	A1**	P-1
Outlook	Stable (*Negative)		Stable	

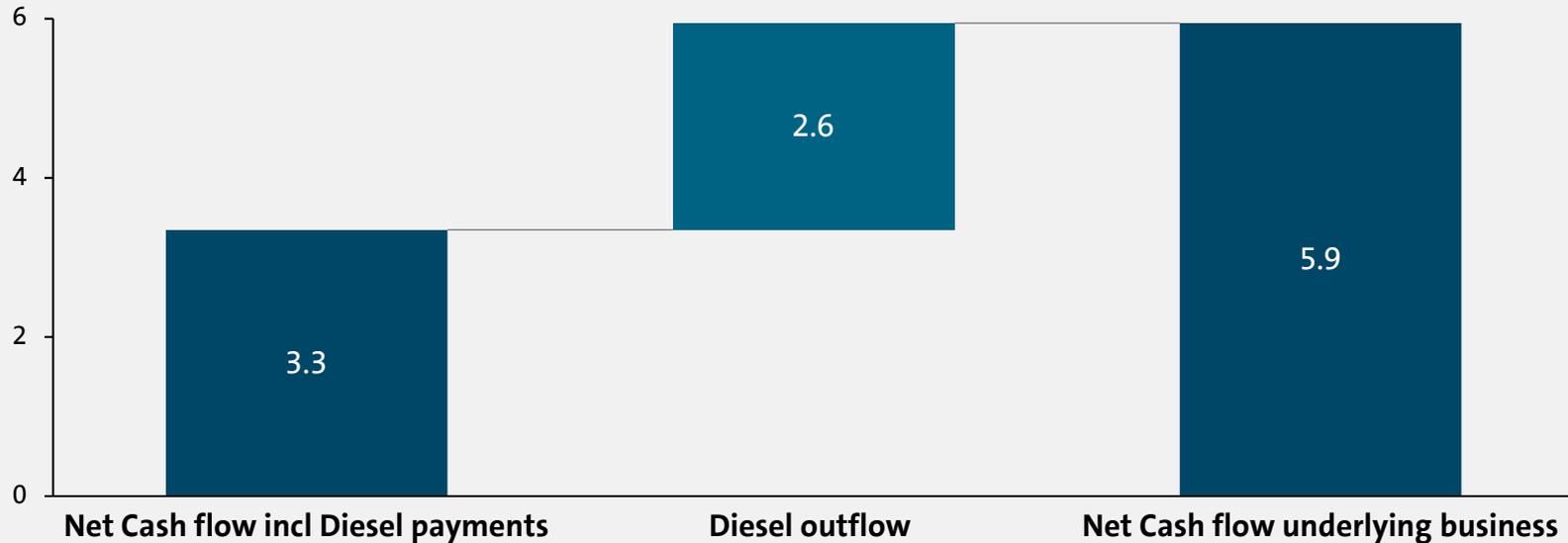
¹⁾ as of August 31, 2018

**S&P: BBB+ Senior Subordinated Rating; Moody's: A3 Junior Senior Unsecured Rating

Automotive Division Net Cash Flow (ex Diesel payments)¹⁾

(January to June 2018)

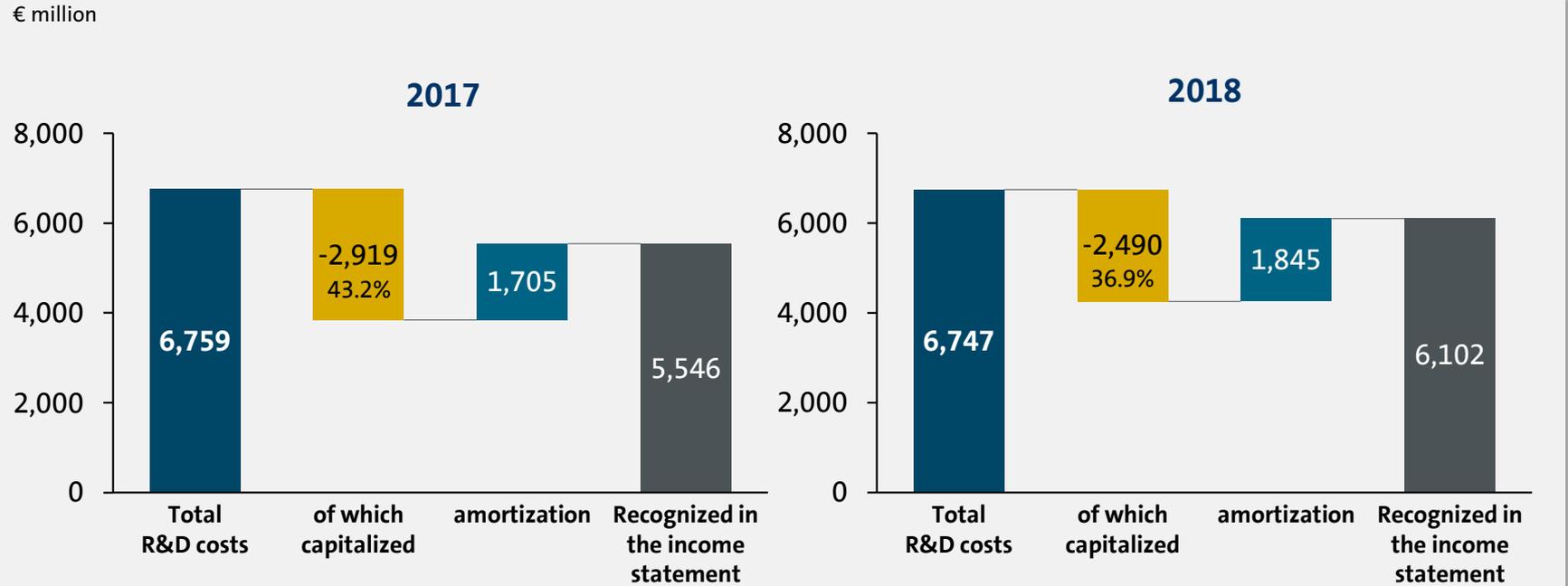
€ billion



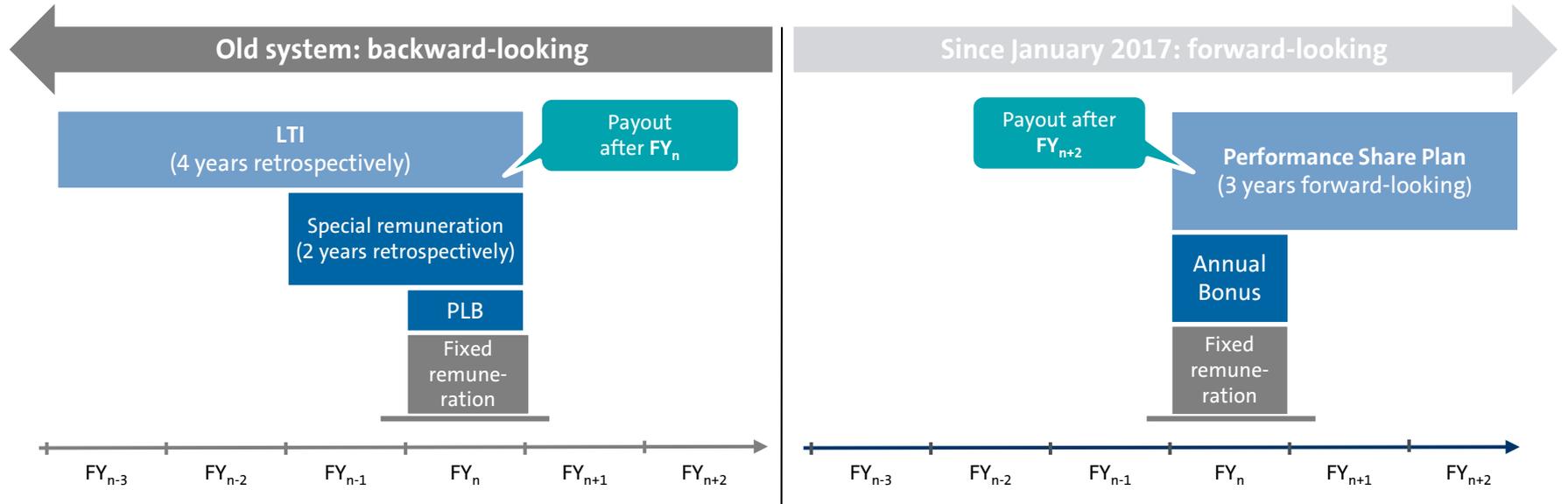
¹⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Automotive Division – Research and Development Costs

(January to June 2018 vs. 2017)



The remuneration system is designed to be completely forward-looking



What's new with WLTP?



more realistic driving behaviour



higher average and maximum speeds



stricter car set-up and measurement conditions



a greater range of driving situations (urban, suburban, main road, motorway)



higher average and maximum drive power



optional equipment: CO₂ values and fuel consumption have to be provided for individual vehicles as built



longer test distances



shorter stops



instead of average values, WLTP can give best and worst-case figures – better representing highly diverging driving styles



more dynamic and representative accelerations and decelerations



more realistic ambient temperatures, closer to the European average

Volkswagen Touareg



Audi e-tron



ŠKODA Kamiq



SEAT Tarraco



Porsche Cayenne E-Hybrid



Bentley Continental GT



Lamborghini Urus



Volkswagen Crafter Combi



MAN TGX 18.500

MAN TGE 5.180



Scania G 450 XT 8x4



VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



The Key to Mobility

Creating Value with Financial Services

Investor Update –

Volkswagen Financial Services

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 of Volkswagen Group members 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.

Consequently, a negative impact relating to ongoing claims or investigations, any 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, 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.

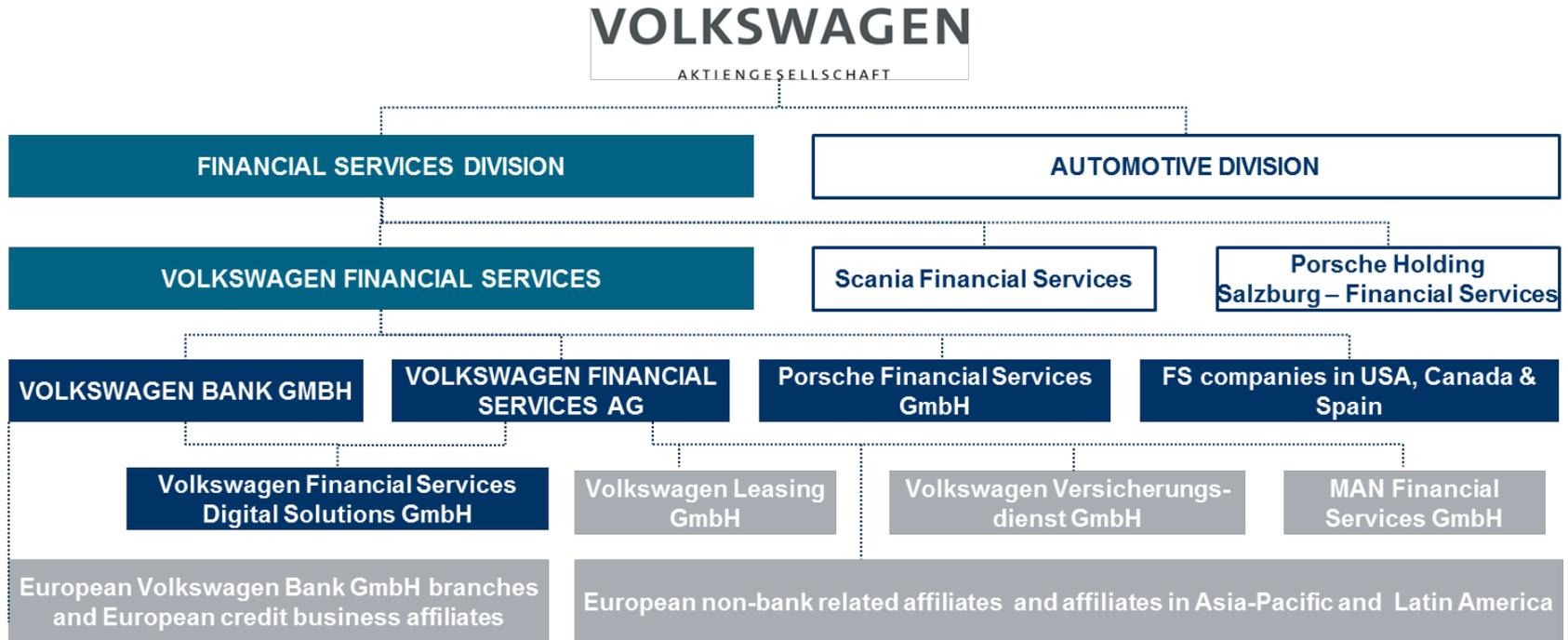
Under the brand “Volkswagen Financial Services – the key to mobility“ the subsidiaries of Volkswagen Financial Services AG as well as its sister company Volkswagen Bank GmbH render various services under the joint brand "Volkswagen Financial Services". Such services are banking services (through Volkswagen Bank GmbH), leasing services (through Volkswagen Leasing GmbH), insurance services (through Volkswagen Versicherung AG, Volkswagen Autoversicherung AG) as well as mobility services (inter alia through Volkswagen Leasing GmbH). In addition, insurance products of other providers are offered.

Volkswagen Group Structure

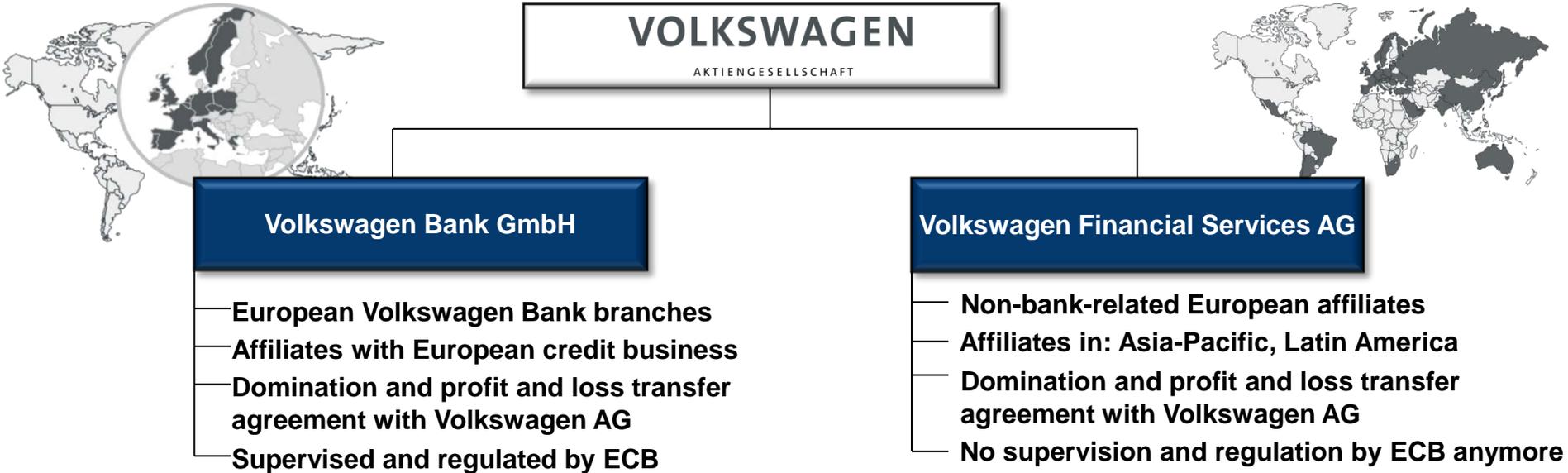
Volume	Premium	Sport & Luxury	Truck & Bus	Procurement/Components	Finance & IT	China
VW  Volkswagen	Audi 	Porsche 	MAN 	Procurement <hr/> Components**	VOLKSWAGEN FINANCIAL SERVICES THE KEY TO MOBILITY	Region China
Škoda 	Lamborghini* 	Bentley 	Scania 			
SEAT 	Ducati* 	Bugatti 	Power Engineering*			
VW LCV 						
MOIA 						

* Allocation will be verified
 ** Temporarily responsibility of Group CEO, will be a combined Board of Management function

Volkswagen Group – Group structure of Volkswagen Financial Services



Optimized Structure for Financial Services Business (starting 01.09.2017) Substantial Effects



- Advantages:**
- Optimized capital requirement
 - Reduced complexity & improved transparency
 - Agile for new business models

We offer the whole range of services under one roof*

Volkswagen Financial Services

BANK		LEASING	INSURANCE	MOBILITY				PAYMENT	
Bank	Direct Bank	Leasing	Insurance	Services	Fleet Management	Charge & Fuel	Rental	Parking	Payment
									
<ul style="list-style-type: none"> Retail Financing Wholesale Financing Factoring 	<ul style="list-style-type: none"> Deposits Instalment Credit Investment Products 	<ul style="list-style-type: none"> Finance Lease Operating Lease 	<ul style="list-style-type: none"> Motor Insurance Warranty Insurance GAP Insurance Credit Protection Insurance Industry 	<ul style="list-style-type: none"> Service & Full and Limited Maintenance Tyres 	<ul style="list-style-type: none"> Multi-brand capability Reporting Fleet Consulting Telematics LifeCycle Services 	<ul style="list-style-type: none"> Fuel and Service Cards Charge & Fuel Card 	<ul style="list-style-type: none"> Long-term Rental Short-term Rental Micro Rental Car sharing 	<ul style="list-style-type: none"> Payment for parking space Services around parking On- and off-street solution 	<ul style="list-style-type: none"> Payment platform Mobile Payments Mobile Wallet

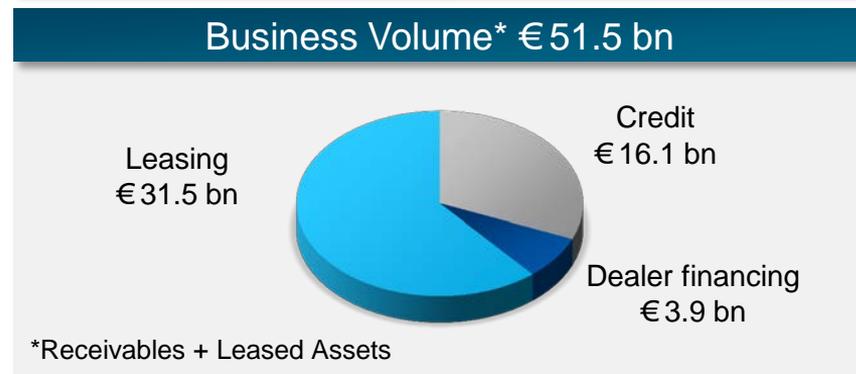
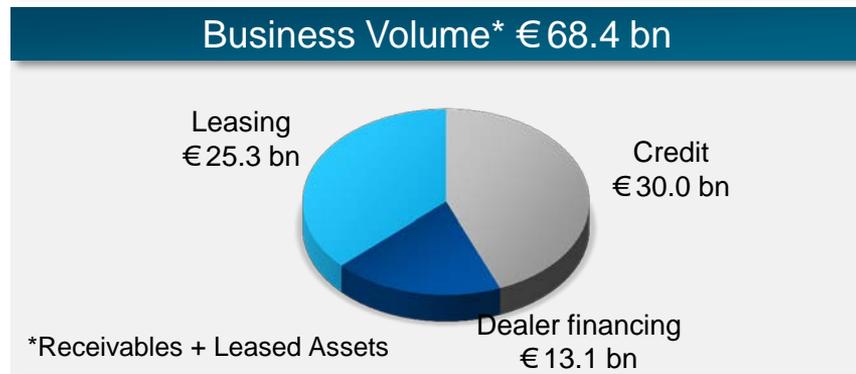
*Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

Frequency of customer contact

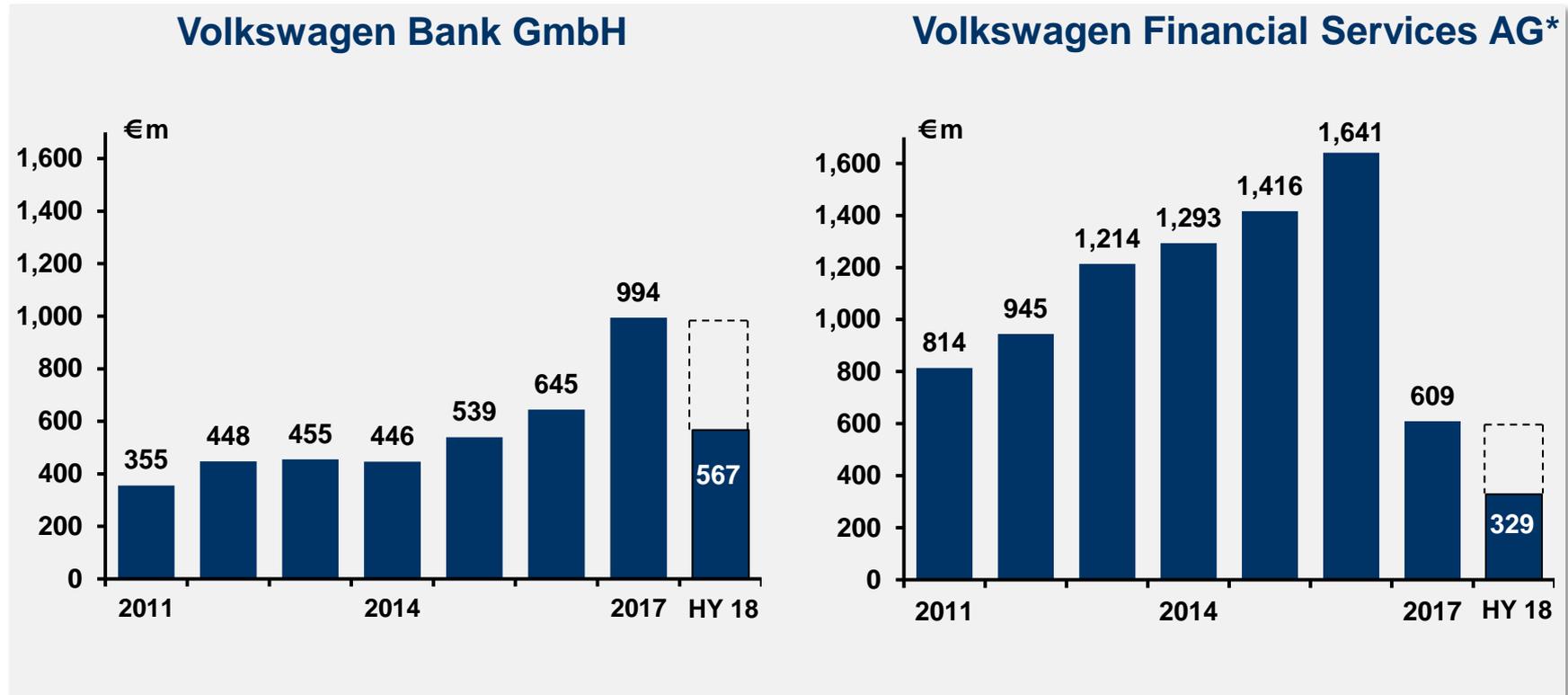
At a Glance (06/30/2018)

Volkswagen Bank GmbH	
Total assets	€ 84.3 bn
Equity	€ 11.4 bn
Customer deposits	€ 33.7 bn
Operating profit	€ 567 m
Employees	3,584
Contracts (units)	5.7 m

Volkswagen Financial Services AG	
Total assets	€ 73.6 bn
Equity	€ 8.0 bn
Customer deposits	68.5 m
Operating profit	€ 329 m
Employees	8,449
Contracts (units)	8.4 m



Operating Income



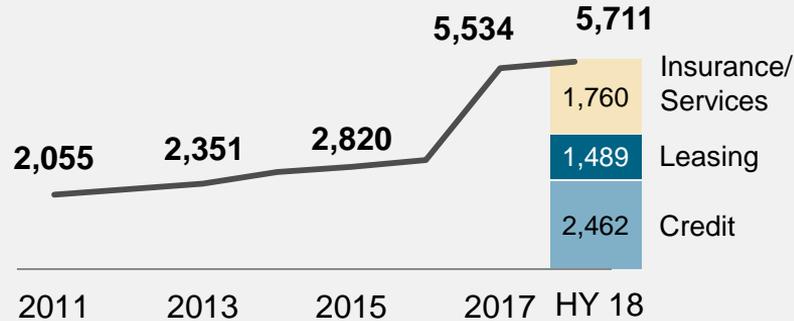
* Figures of Volkswagen Bank GmbH consolidated within Volkswagen Financial Services AG until 2016

Contract Portfolio

Continuous portfolio expansion

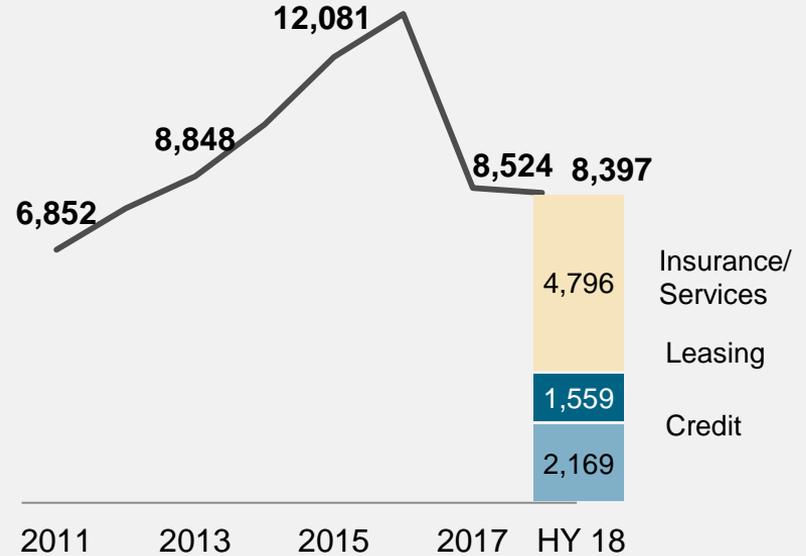
Volkswagen Bank GmbH

in '000 units



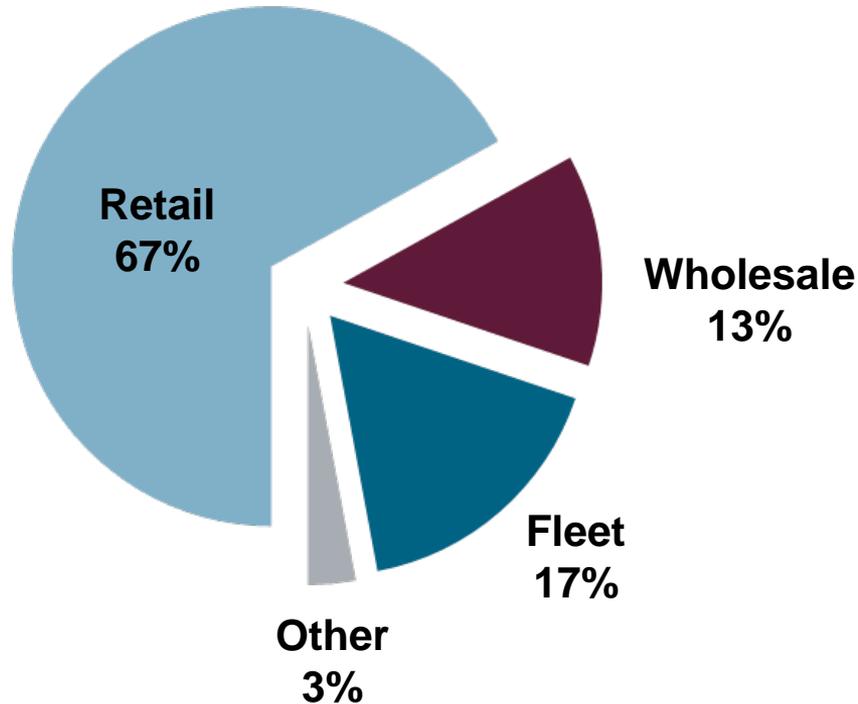
Volkswagen Financial Services AG*

in '000 units



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

Portfolio Structure VWFS



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

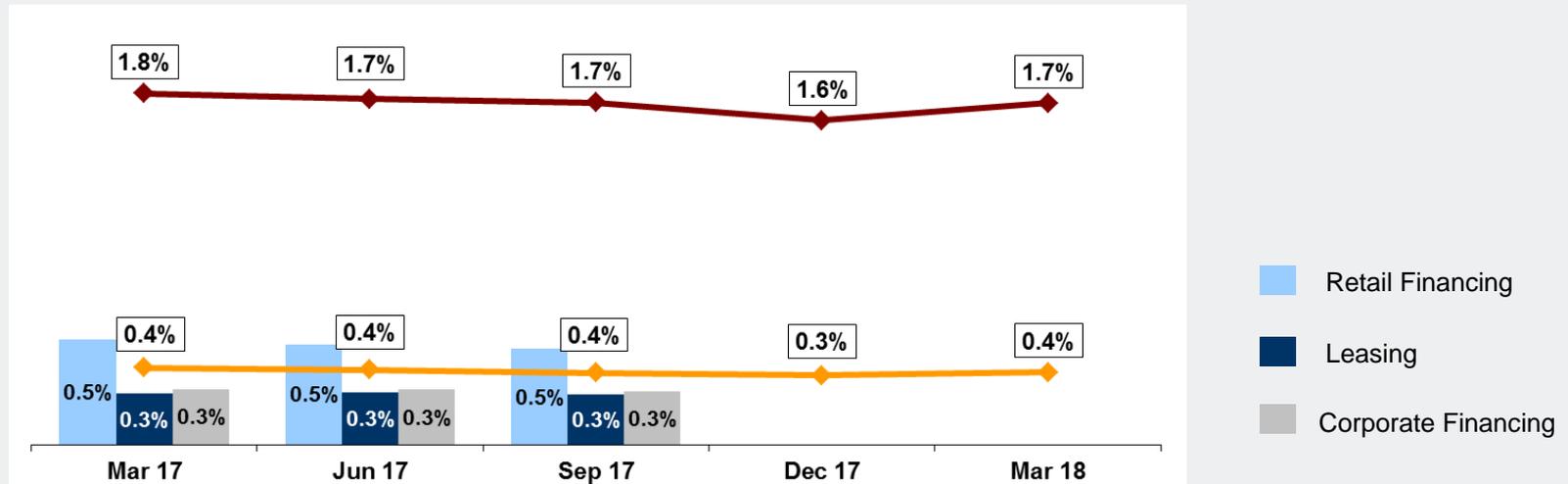
Other relevant risk types:

- Residual Value Risk
- Earning Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2017

Volkswagen Financial Services – Credit Risks as of 31.03.2018

Credit risk remains at low level despite challenging market environment



Total Provision Ratio

Total Provision Ratio = total provisions in proportion to the total receivables' volume at reporting date according to IAS 39



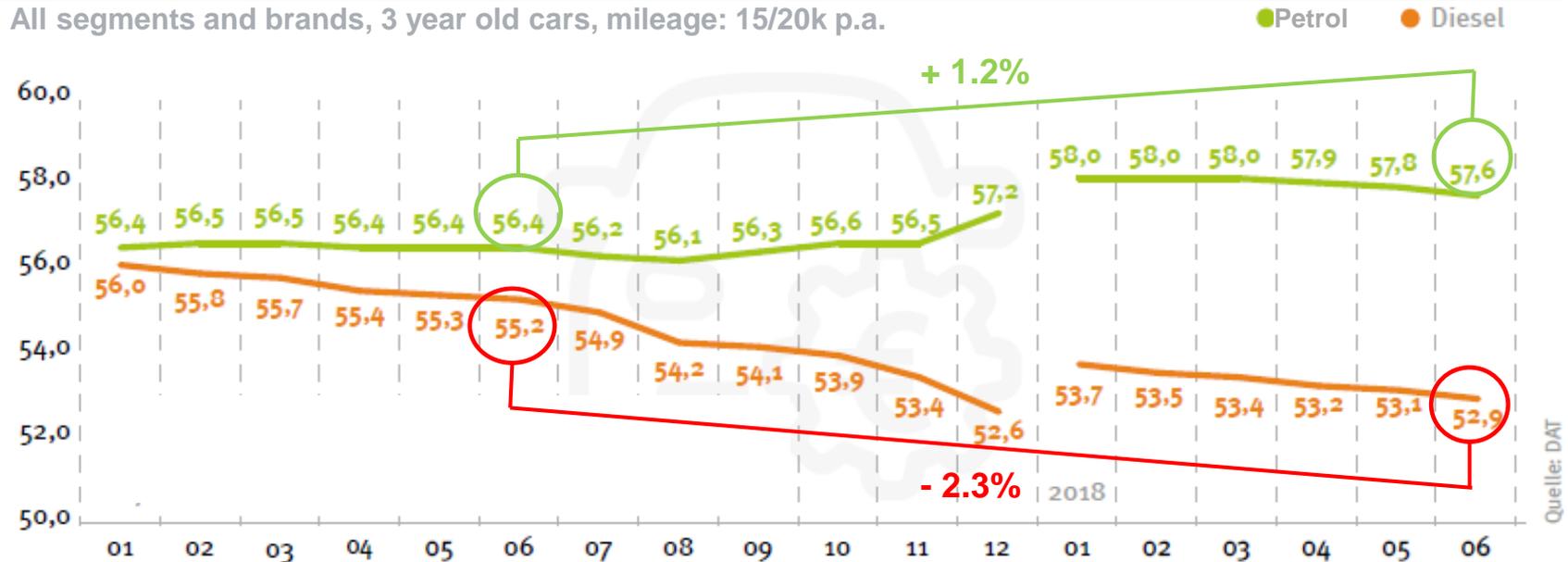
Ø Dynamic Loss Ratio

Dynamic Loss Ratio = drawings on provisions including direct write-offs relative to the average volume of receivables (last four quarters)

Report by Deutsche Automobil Treuhand (June 18)

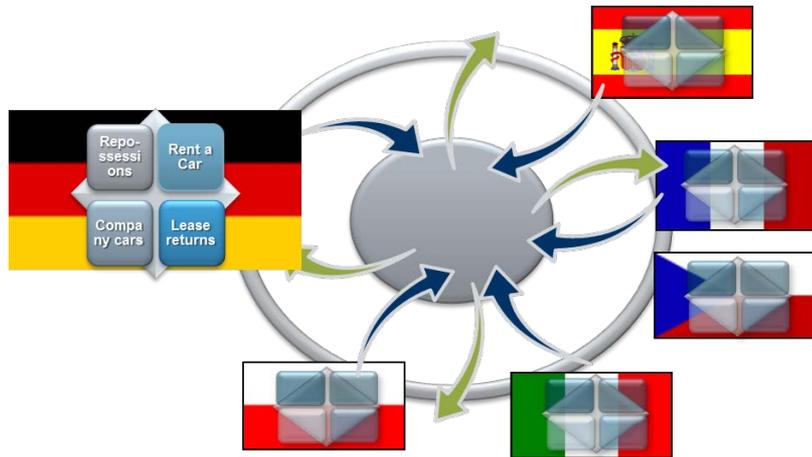
Residual Value Development from list price in %

All segments and brands, 3 year old cars, mileage: 15/20k p.a.



- Generally, Automotive and Financial Services Division are operating “at Arms Length” when setting residual values. Adequate provisioning for our existing portfolio is done on the basis of a regular portfolio assessment.
- All residual value risks are completely covered by provisions and equity according to IAS 36.

The International Used Car Broker is the additional and international channel in remarketing, implemented in several European countries



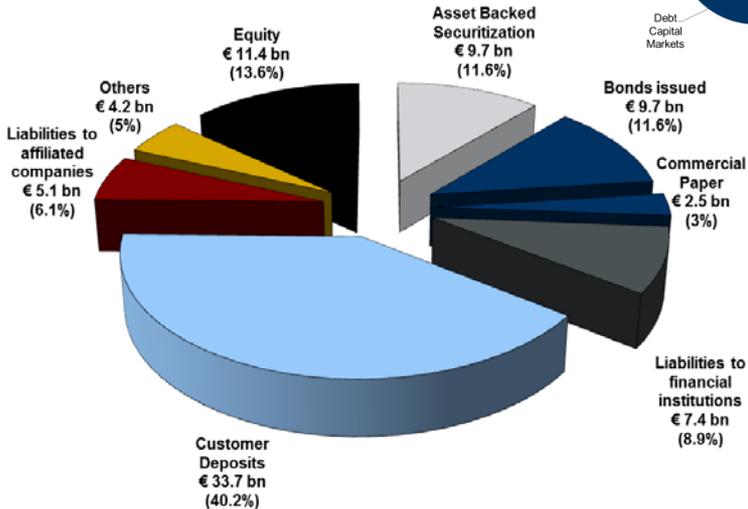
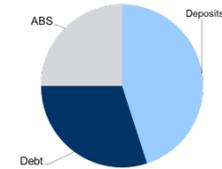
- Currently 8 VW FS AG countries participating
- 2 additional countries in discussion

Strategic Funding Allocation as of June 30, 2018

Volkswagen Bank GmbH

Total €84.3 bn

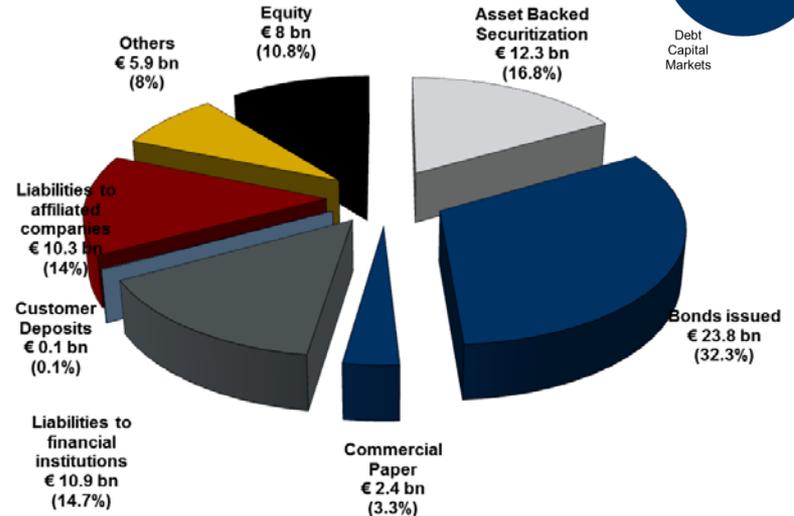
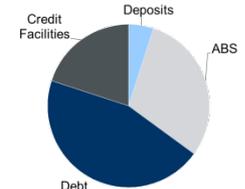
Strategic Funding Mix



Volkswagen Financial Services AG

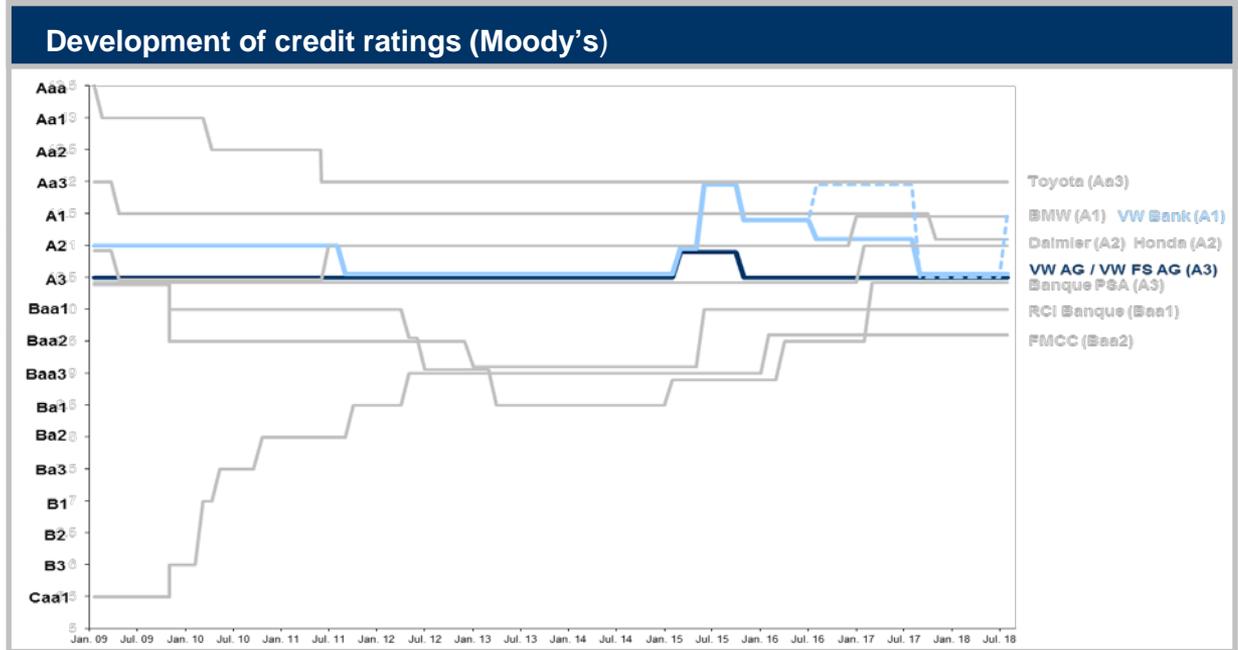
Total €73.7 bn

Strategic Funding Mix



Rating History (08/13/2018) – Moody's

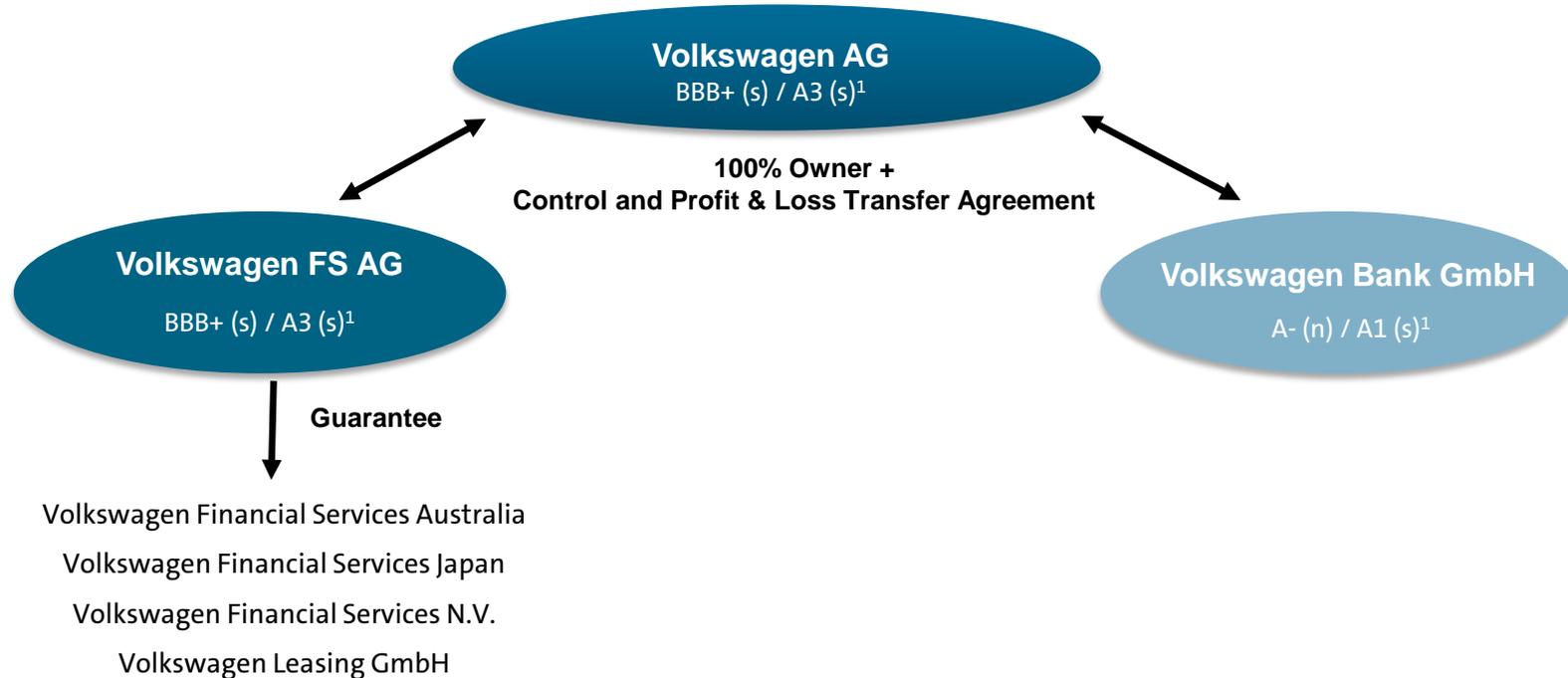
	Moody's	S&P
Toyota	Aa3	AA-
Honda	A2	A+
BMW	A1	A+
VW AG	A3 ²⁾	BBB+ ²⁾
VW FS AG	A3 ²⁾	BBB+ ²⁾
VW Bank GmbH	A1 ^{2) 3)}	A- ^{1) 3)}
Scania	--	BBB+ ²⁾
Daimler	A2	A
RCI Banque	Baa1	BBB
FMCC	Baa2	BBB
Banque PSA	A3	-*



¹⁾ Outlook: negative ²⁾ Outlook: stable ³⁾ Bonds are rated senior subordinated BBB+ (S&P) and junior senior unsecured A3 (Moody's) * withdrawn at bank's request

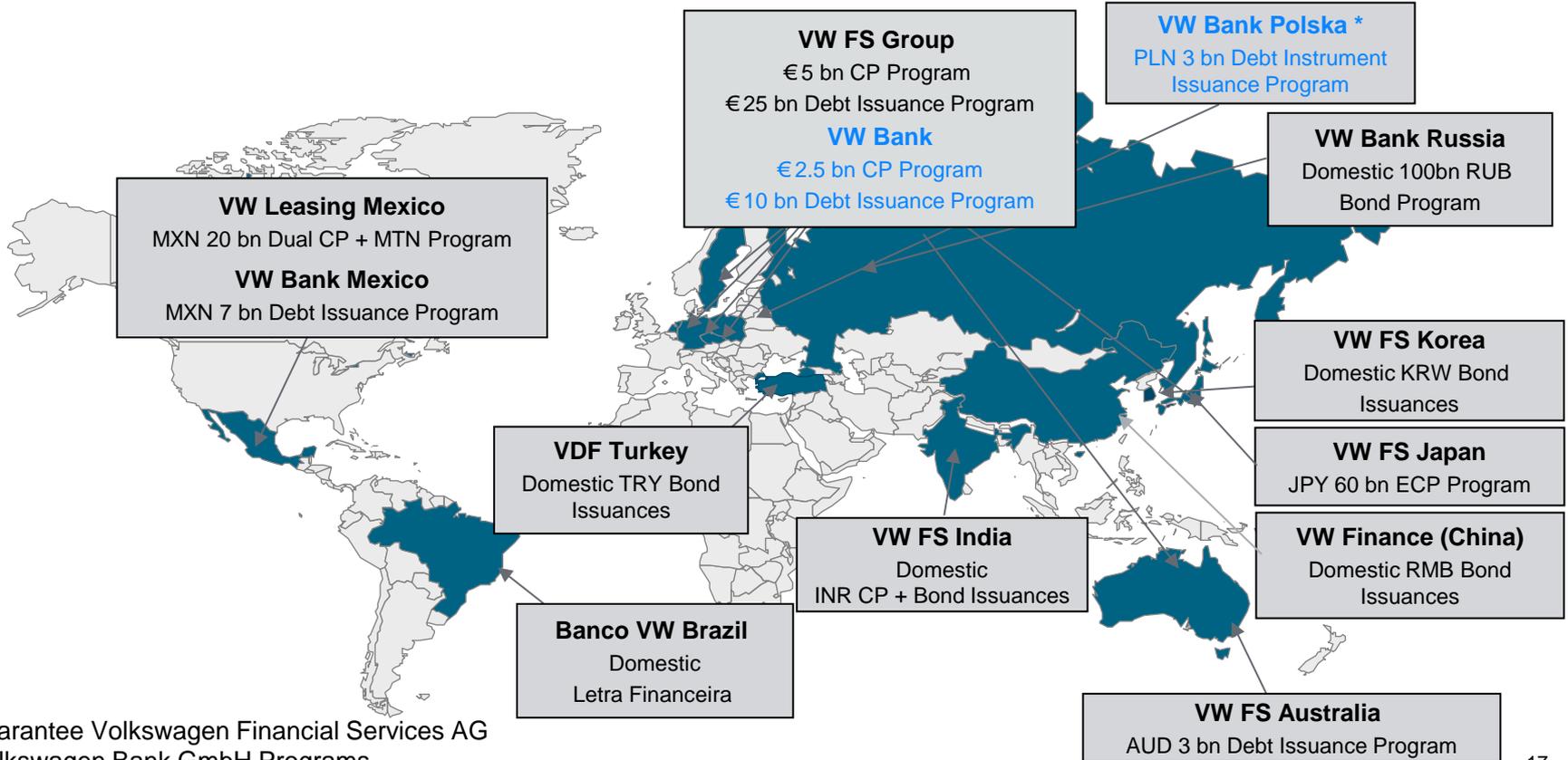
Volkswagen Financial Services has a solid and stable rating history.

Volkswagen Financial Services organisational structure and guarantee scheme



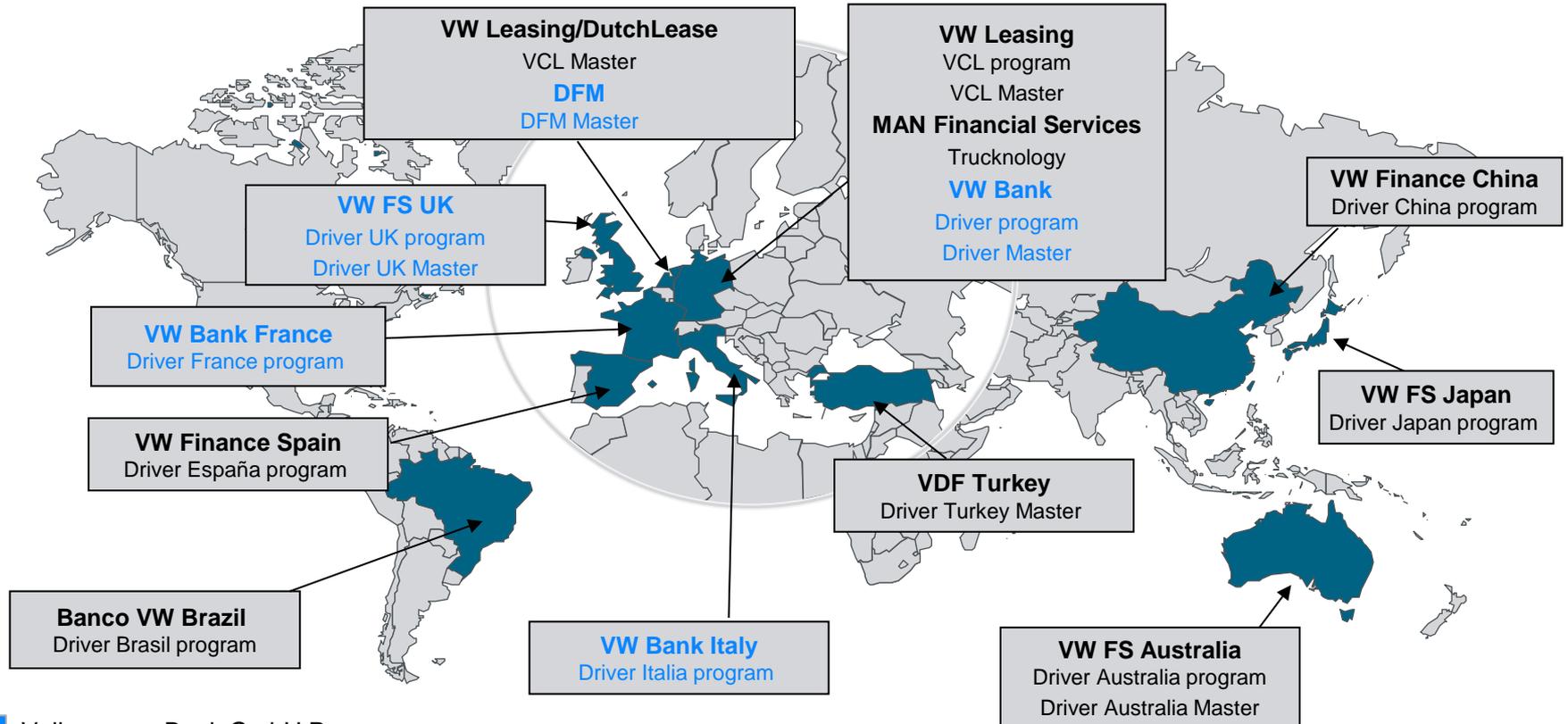
¹Credit Ratings from Standard&Poors / Moody's as per 13 August 2018; (n) Outlook negative, (s) Outlook stable

Worldwide Capital Market Activities



* Guarantee Volkswagen Financial Services AG
 Volkswagen Bank GmbH Programs

Worldwide ABS Activities



Recent Public DCM Deals 2018 (Volkswagen Financial Services AG and Volkswagen Bank GmbH)

Volkswagen Bank GmbH

- Volkswagen Bank GmbH: 06/2018 EUR 2bn, due 09/2021, 12/2021, 06/2024
- Volkswagen Bank GmbH: 12/2017 EUR 2bn, due 06/2021, 06/2023, 12/2025

Volkswagen Financial Services AG

- Volkswagen Financial Services N.V.: GBP 300m 02/2018, due 06/2022
- Volkswagen Financial Services AG: EUR 2.25bn 04/2018, due 10/19, 04/21 & 04/23
- Volkswagen Financial Services N.V.: NOK 500m 04/2018, due 04/2021
- Volkswagen Financial Services Australia PTY LTD: AUD 400m 04/2018, due 04/2021
- Volkswagen Financial Services N.V.: SEK 500m 05/2018, due 05/2021
- Volkswagen Leasing Mexico S.A. de C.V.: MXN 2bn 05/2018, due 05/2022
- Banco Volkswagen S.A.: BRL 489.2m 06/2018, due 06/2020
- Volkswagen Financial Services AG: EUR 500m 07/2018, due 07/2020
- Volkswagen Leasing GmbH: EUR 2.5bn 08/2018, due 02/2021 & 02/2023 & 08/2025
- Volkswagen Financial Services N.V.: GBP 500m 08/2018, due 09/2021
- OOO Volkswagen Bank RUS: RUB 5bn 08/2018, due 08/2021
- Volkswagen Financial Services Australia PTY LTD: AUD 350m 08/2018, due 02/2022

Recent Public ABS Deals 2018 (Volkswagen Financial Services AG and Volkswagen Bank GmbH)

Volkswagen Bank GmbH

- Driver Espania five (Volkswagen Finance S.A.): EUR 1.0bn (02/2018)
- Driver fourteen (Volkswagen Bank GmbH): EUR 900m (03/2018)
- Driver Italia one (Volkswagen Bank GmbH): EUR 500m (04/2018)
- Driver fifteen (Volkswagen Bank GmbH): EUR 750m (08/2018)

Volkswagen Financial Services AG

- Driver China eight (Volkswagen Finance (China) Co.): RMB 3.2 bn (12/2017)
- Driver Japan seven (Volkswagen Financial Services Japan): JPY 55 bn (02/2018)
- Driver Turkey Master (Volkswagen Dogus Finansman S.A.): TRY 1.1 bn (02/2018)
- VCL 26 (Volkswagen Leasing GmbH): EUR 1.5 bn (03/2018)
- Driver Australia five (Volkswagen Financial Services Australia Pty Ltd.): AUD 750m (04/2018)

Volkswagen Financial Services follows consequently its vision and the targets of Route2025



ROUTE 2025 | Our Focus Topics

Digitalization



Operational Excellence



Mobility Services



Used Car Business



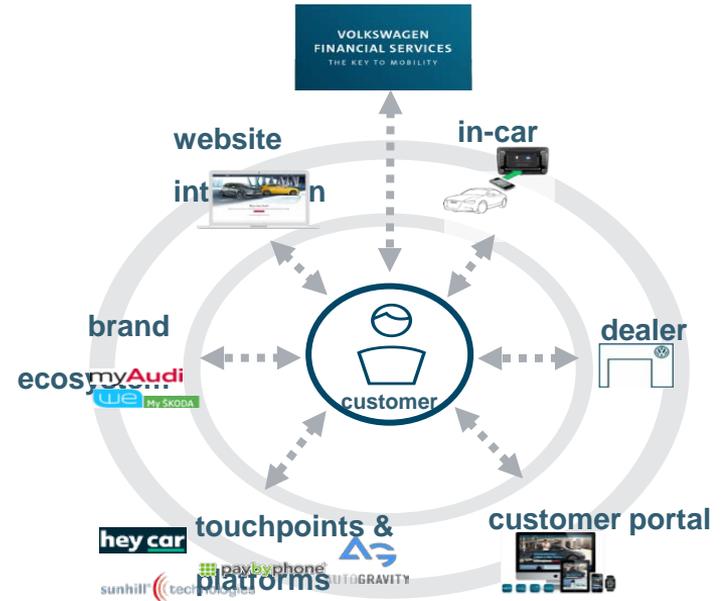
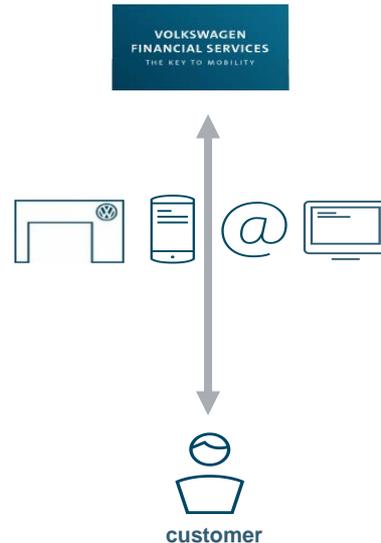
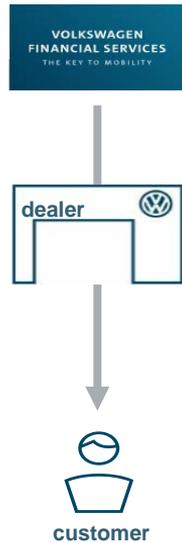


Volkswagen Financial Services will digitalize all core products by 2020 and extends its distribution channels

Past: single channel

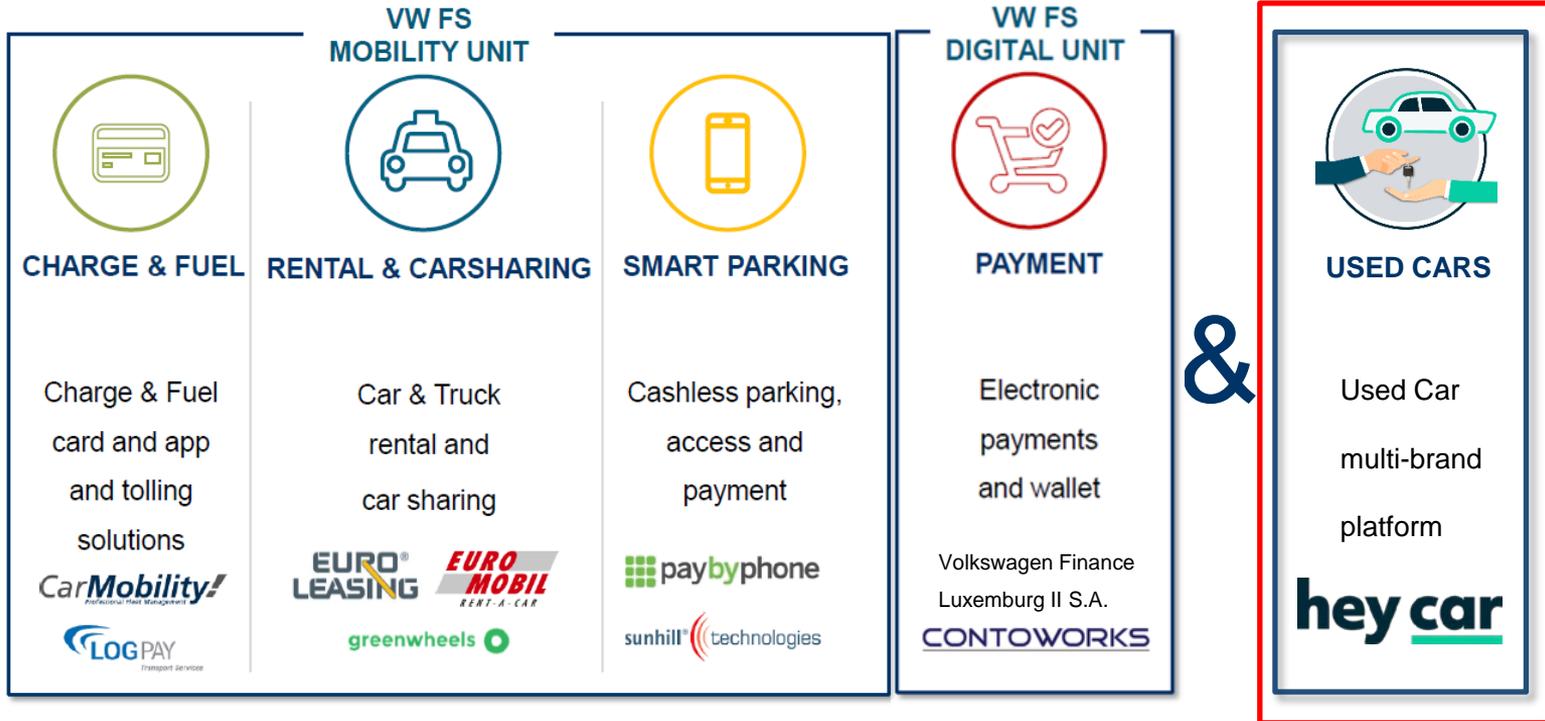
By 2020: multi channel

By 2025: omni channel





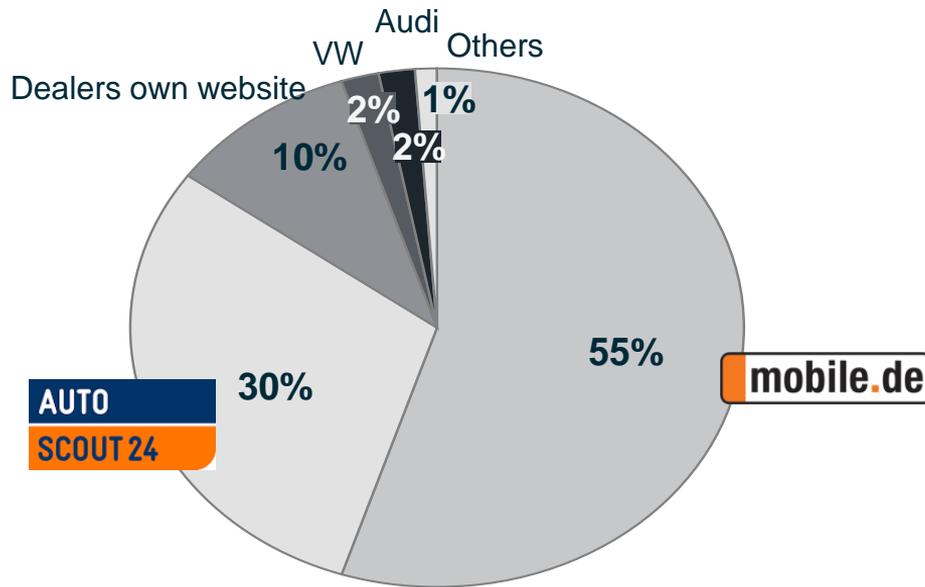
Growing business with leading companies per business segment





Used Car Business - Hey Car: development of a real alternative to the current duopoly

Online share of trades



- mobile.de and AUTO SCOUT 24 counts for 85% of the Market
- **Constant price increase** for both platforms
- Dominant platforms **controlled by American tech companies**

Hey Car is being developed as an alternative in close cooperation with dealers

Outlook

Volkswagen Financial Services AG (Half-Yearly Financial Report 2018)

We anticipate that the trend toward an increase in new contracts and growth in the portfolio of current contracts from previous years will continue. In addition, we assume that we will be able to keep our 2018 penetration rate at 2017 levels in a vehicle market generally expected to expand more slowly. We expect the business volume to increase slightly.

Assuming that margins remain stable, the operating profit in fiscal year 2018 is expected to **be at the level achieved** in fiscal year 2017.

(This forecast is based on the current corporate structure of Volkswagen Financial Services AG and does not take into account any future changes that may result from the restructuring program that has been initiated.)

Volkswagen Bank GmbH (Half-Yearly Financial Report 2018)

We anticipate that we will be able to sustain stable levels of new contracts, current contracts, penetration and volume of business in 2018. The volume of deposits is also projected to remain stable in 2018.

We expect the operating profit for fiscal year 2018 to be **moderately below the level** achieved in fiscal year 2017 because of the positive nonrecurring items recognized in 2017.

(This forecast is based on the current corporate structure of Volkswagen Bank GmbH and does not take into account any future changes that may result from the restructuring program that has been initiated.)

Thank You.

Volkswagen Financial Services AG
Gifhorner Str. 57
38112 Braunschweig
Germany
www.vwfsag.de/en

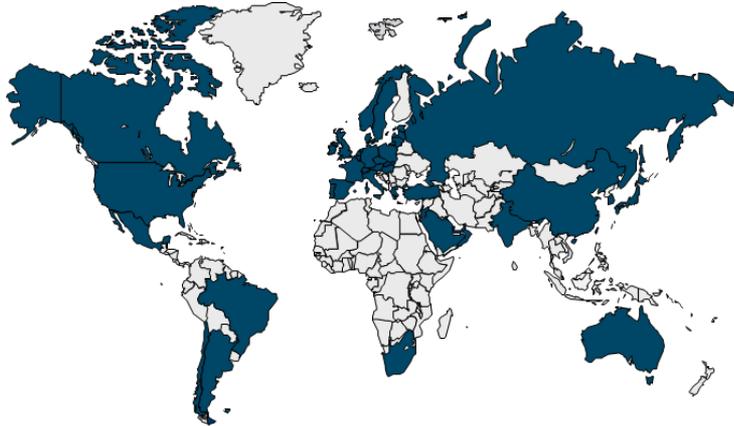


Katja Hauer
Investor Relations
Volkswagen Financial Services

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

Volkswagen Financial Services at a glance (06/30/2018)

Worldwide Presence

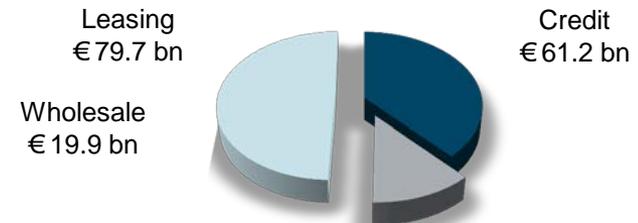


Volkswagen Financial Services conducts business in **48 markets**.

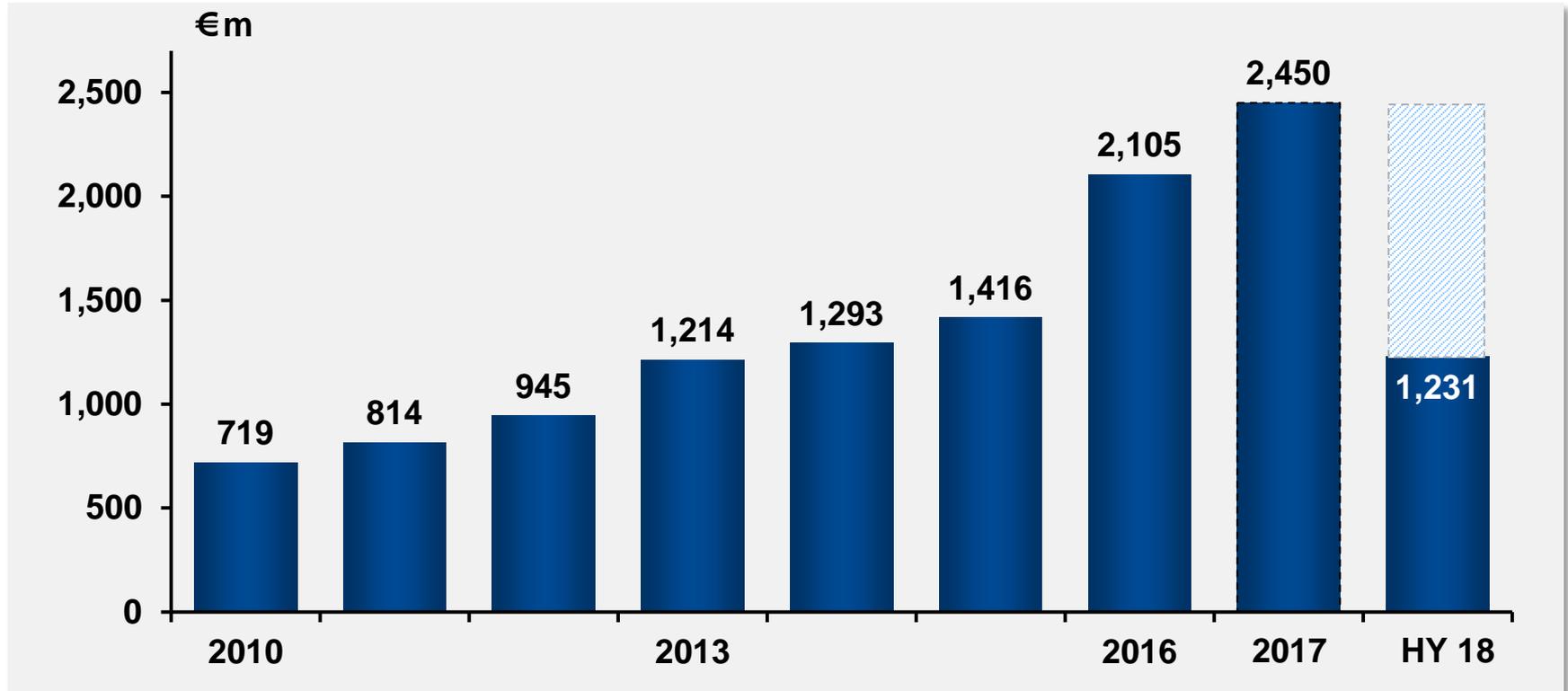
Key Figures

Total Assets	€ 196.5 bn
Equity	€ 25.6 bn
Customer Deposits	€ 33.6 bn
Operating Profit	€ 1.2 bn
Employees	13,943
Contracts (units)	16.8 m

Business Volume*



Operating Income Volkswagen Financial Services

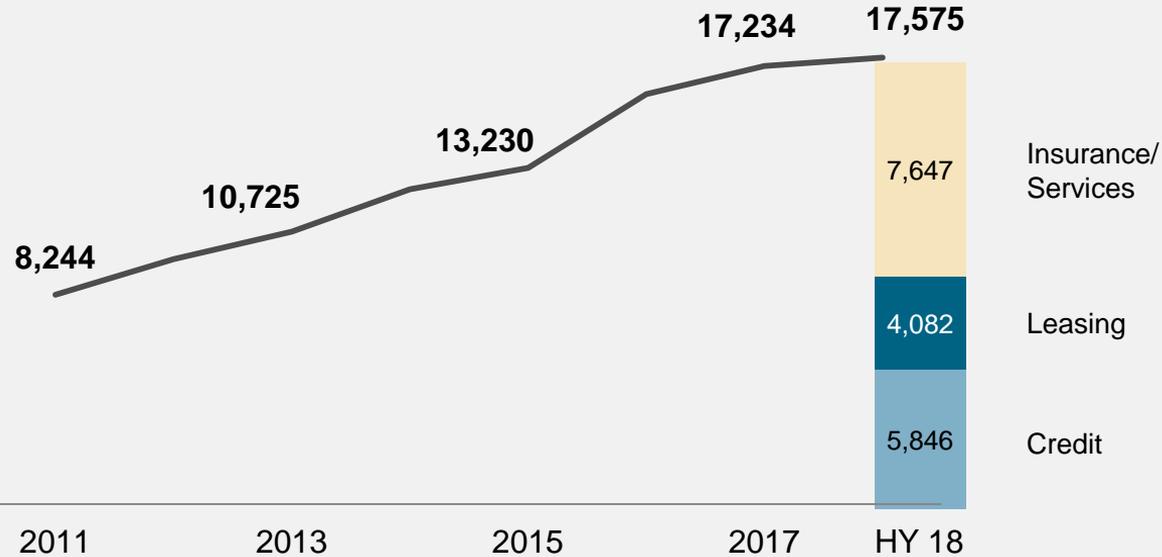


Contract Portfolio

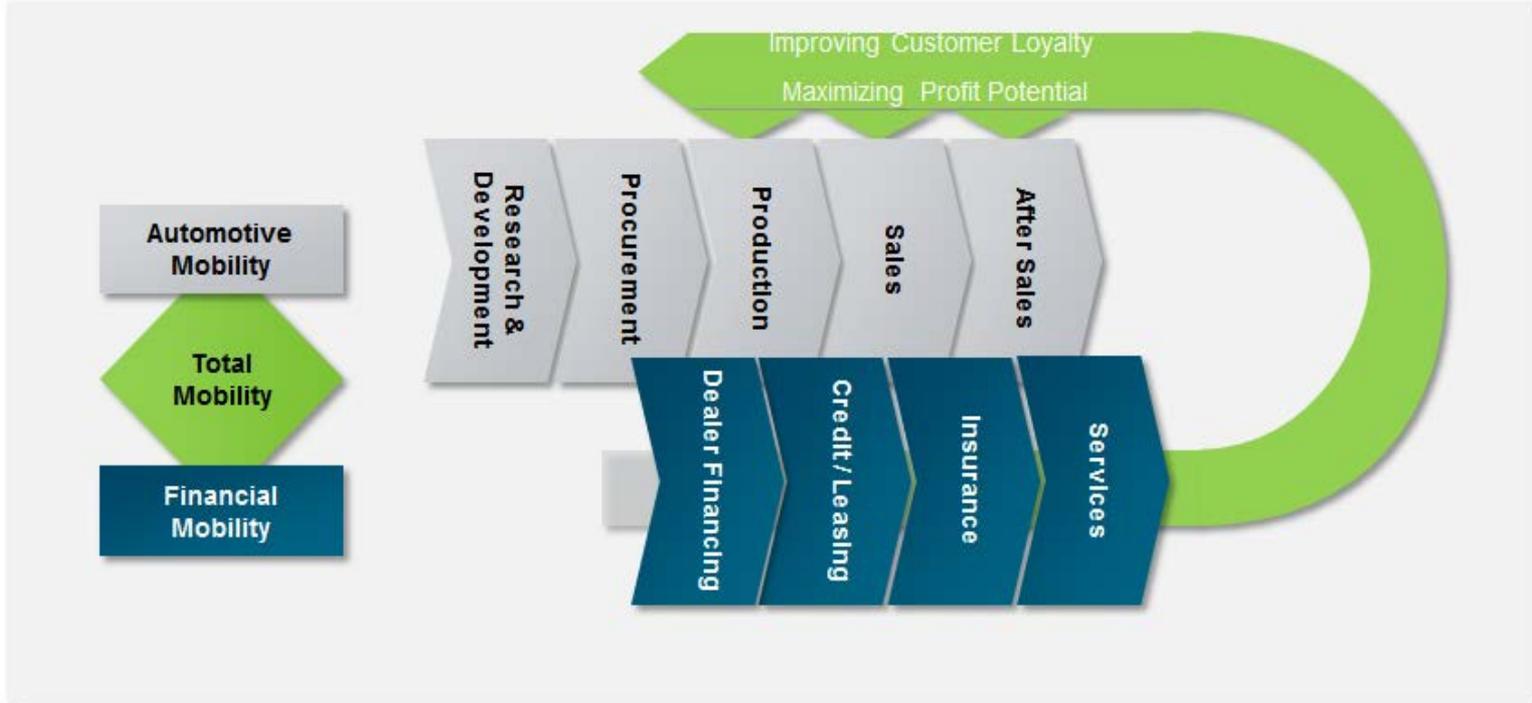
Continuous portfolio expansion

Volkswagen Financial Services

in '000 units



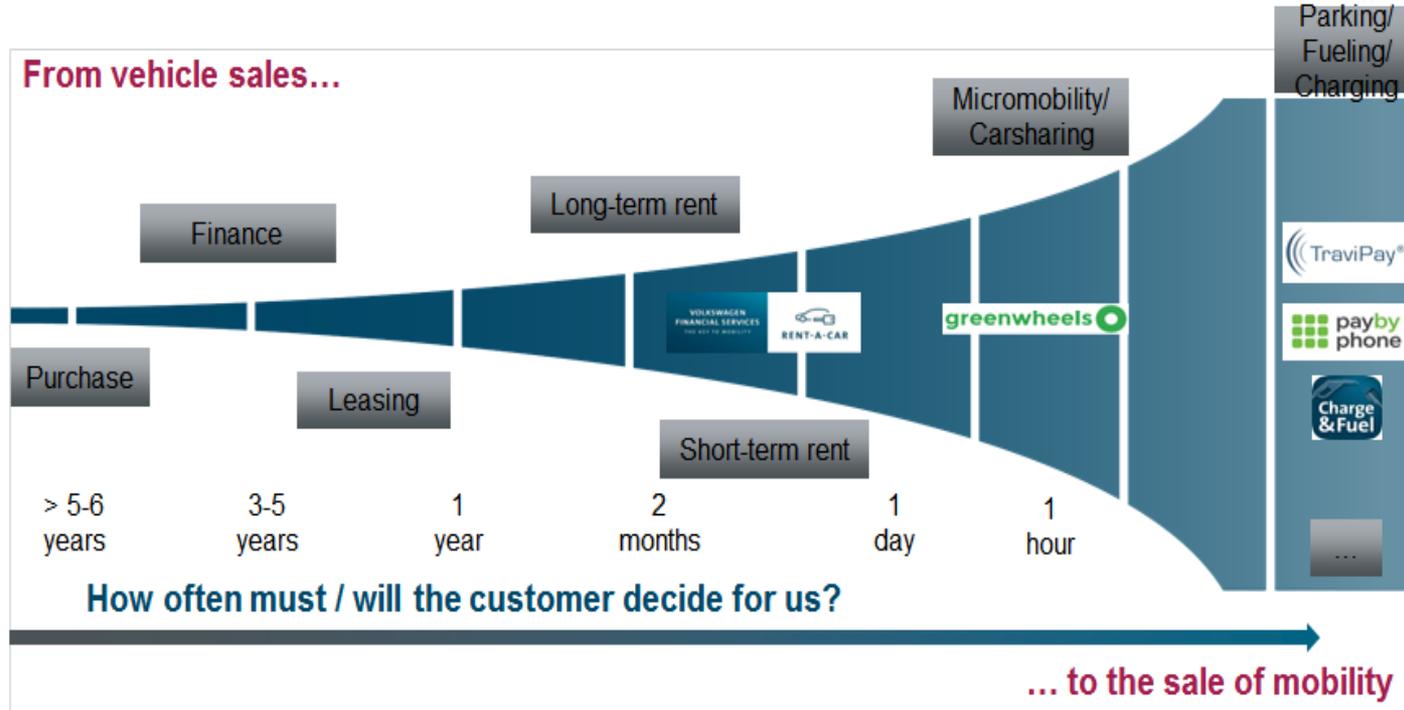
Integrating Automotive and Financial Services



Creating Value

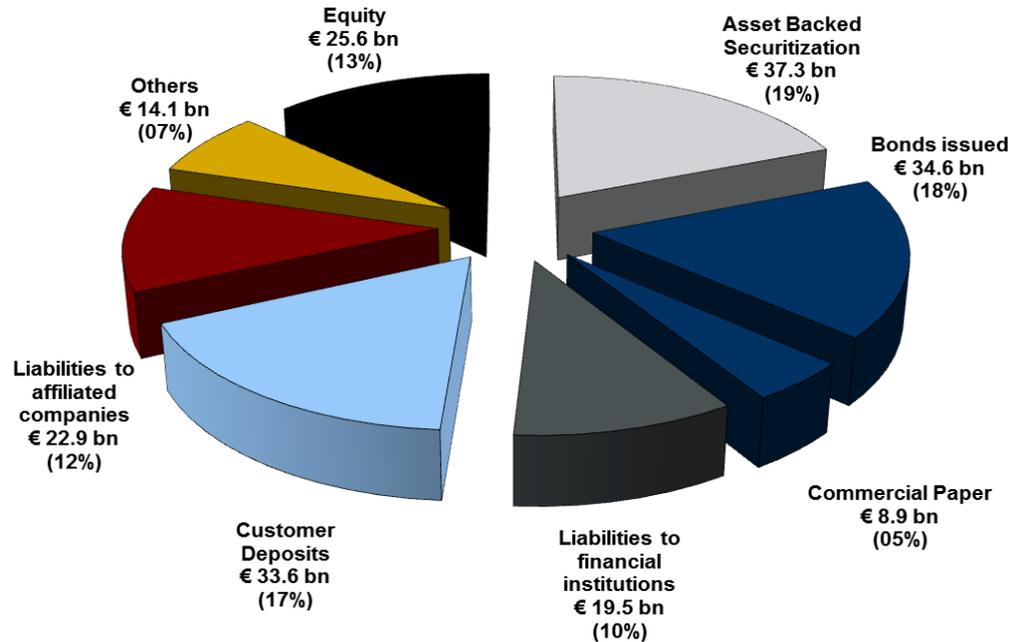


Volkswagen Financial Services offers the key to mobility also for future mobility concepts



Strategic Funding Allocation as of June 30, 2018

Total €196.5 bn



Volkswagen Bank GmbH Key data 2014 – HY 2018 (IFRS)

	2014	2015	2016	2017	HY 2018
Portfolio ('000)	2,565	2,767	3,002	5,533	5,710
Retail + Leasing receivables (€ mn)	23,887	25,814	27,954	52,316	55,298
Dealer financing (€ mn)	8,928	10,302	10,538	12,430	13,103
Customer deposits (€ mn)	25,252	27,877	35,666	33,583	33,712
Employees	1,123	1,185	1,293	3,549	3,584
IFRS profit before tax (€ mn)	464	575	669	992	575

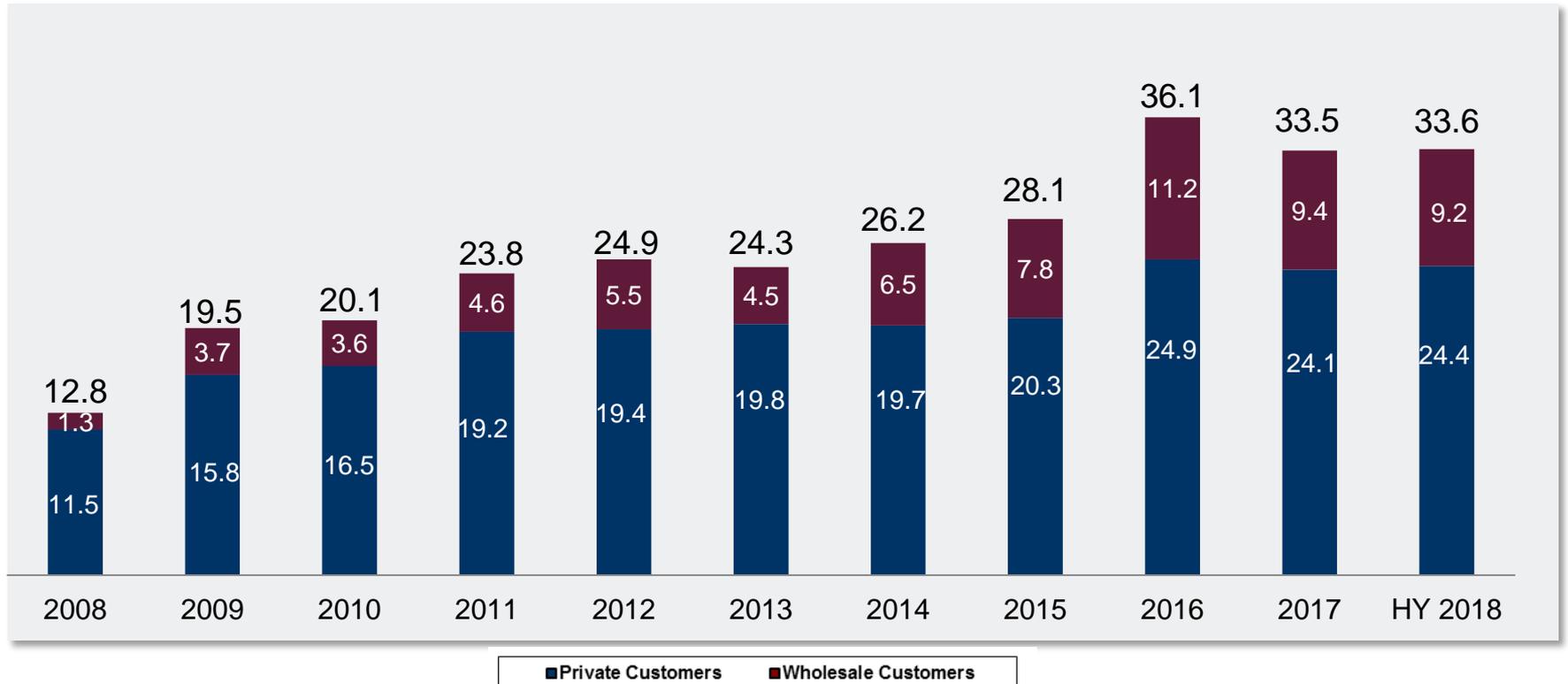
Volkswagen Financial Services AG

Key data 2014 – HY 2018 (IFRS)

	2014	2015	2016	2017*	HY 2018*
Portfolio ('000)	10,249	12,081	13,244	8,524	8,397
Retail + Leasing receivables (€ mn)	76,749	83,351	90,666	46,649	47,604
Dealer financing (€ mn)	12,625	13,967	14,638	3,584	3,949
Customer deposits (€ mn)	26,224	28,109	36,149	69	69
Employees	11,305	11,746	11,819	8,555	8,449
IFRS profit before tax (€ mn)	1,317	1,513	1,650	643	352

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

Customer Deposits in bn Euro



Volkswagen Two Strong Brands in the Automobile Securitisation Market

Driver

- Securitisation Programme of VW Bank GmbH/ VW FS AG
- Portfolio of auto loans
- Program established in 2004
- 51 public transactions placed in the market so far
- Volume of public transactions: € 32.2bn

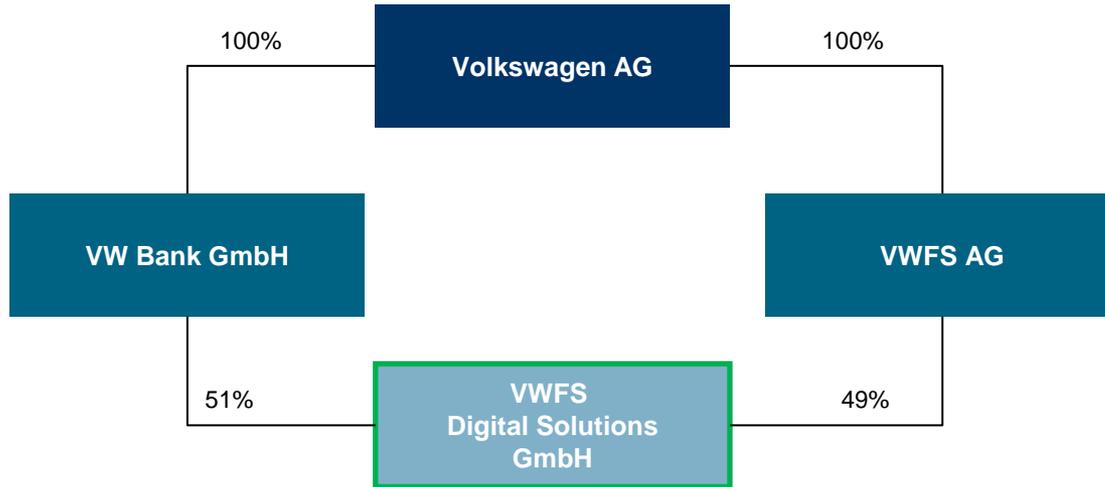
VCL

- Securitisation Programme of VW FS AG
- Portfolio of auto leases
- Program established in 1996
- 26 public transactions placed in the market so far
- Volume of public transactions: € 26.2bn

- Highly granular risk profile
- International roll out (2008 UK, 2011 Spain, 2012 Japan and Brazil, 2013 France and Australia, 2014 China, 2016 Netherlands, 2018 Turkey)
- Stable and diversified investor base

Source: VW Bank GmbH

Volkswagen Financial Services Digital Solution GmbH (VW FS DS) Target Structure & Status



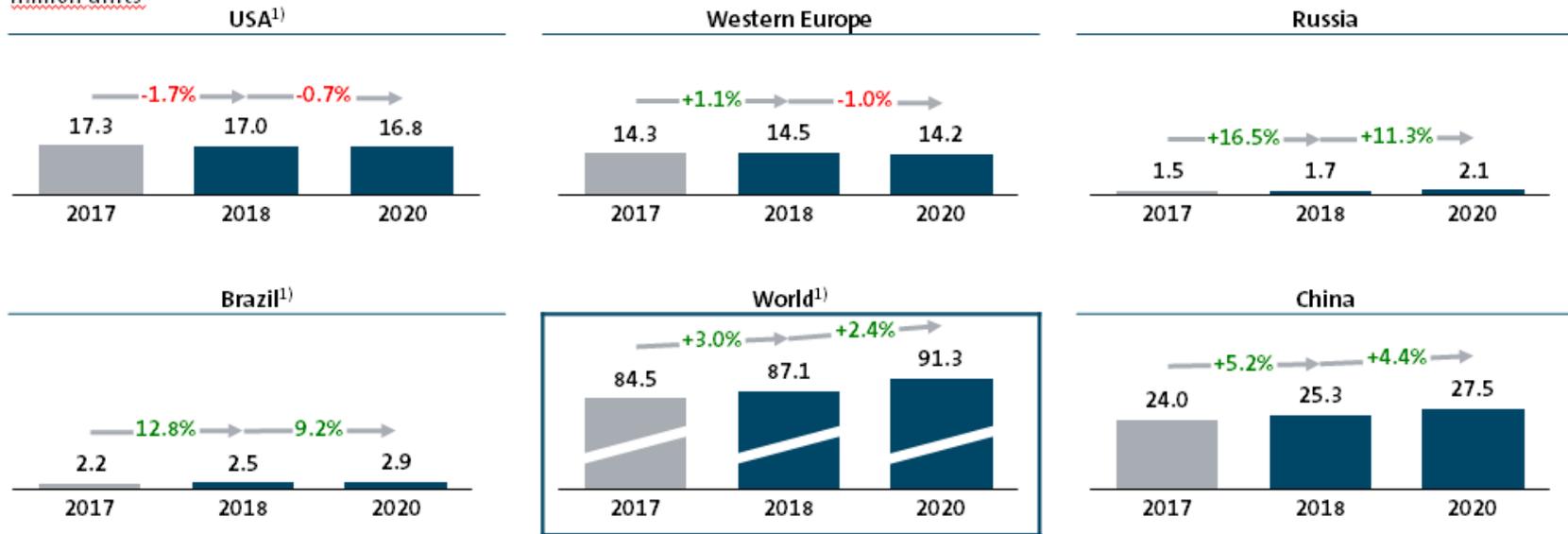
Structure and Business Activities

- Shareholders of Volkswagen Financial Services Digital Solutions GmbH are Volkswagen Bank GmbH (51%) and Volkswagen Financial Services AG (49%)
- VW FS DS will provide services exclusively for Volkswagen Bank GmbH and Volkswagen Financial Services AG
- Business activities concentrated within VW FS DS largely comprise of IT, Customer Services, Process Management and Internal Services.

Global Passenger Car Market 2017/2018/2020

Slowdown in Western Europe due to falling demand in UK; Stagnation in USA at a high level; Recovery in Brazil and Russia from a low level; China remains largest driver of passenger car demand

million units



■ Actuals ■ Forecast

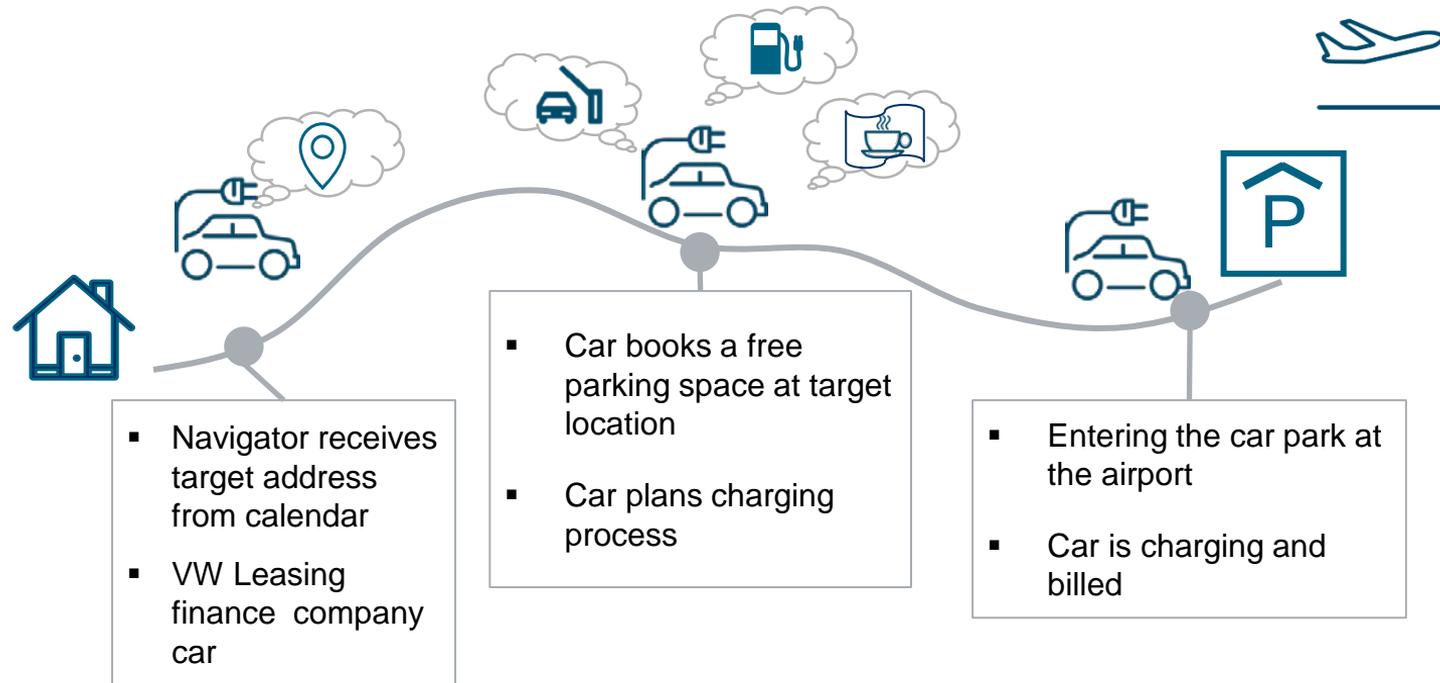
Data source: IHS Automotive (06.2018)

¹⁾ Volume for North & South America includes light commercial vehicles (definition 'Light Vehicles') growth 2018-2020 = Compound Annual Growth Rate / yearly average



Our Vision | A look into the (near!) future: new services will be utilized „in the car“ and „seamless“ (I/II)

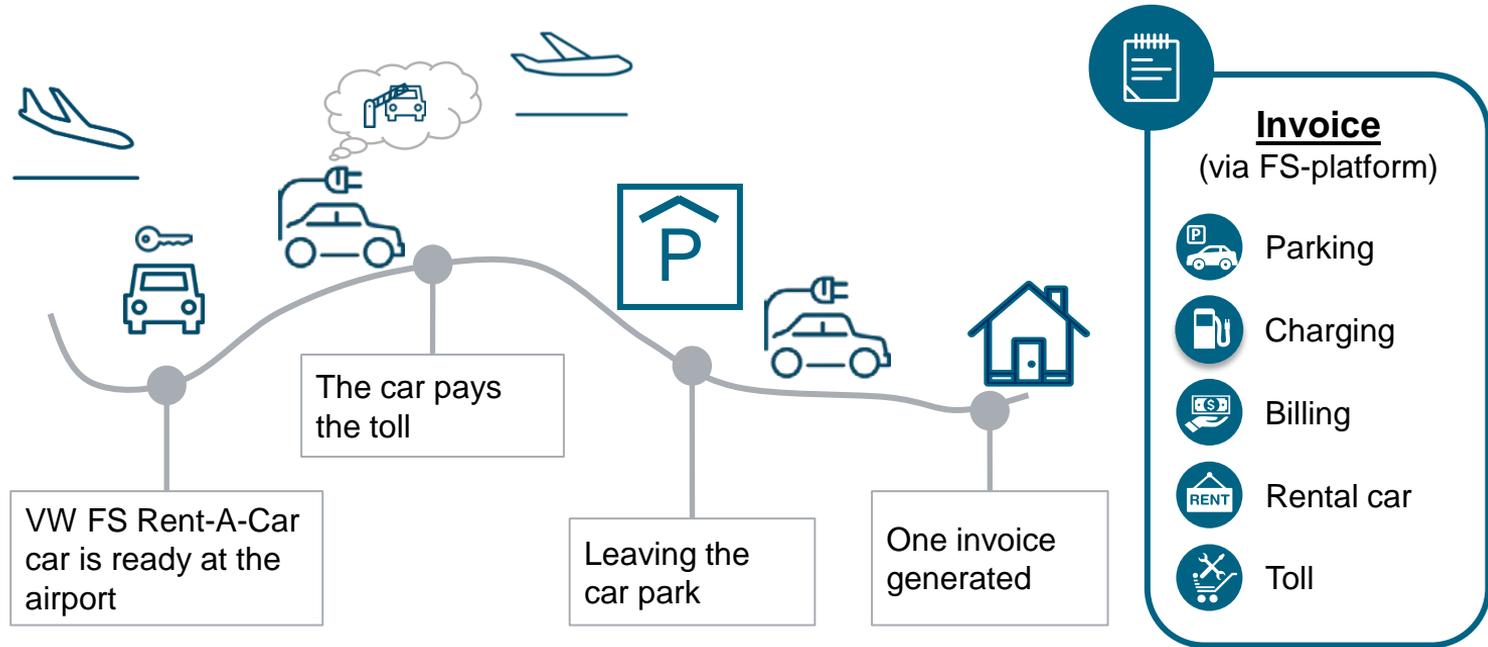
Example: Business trip from London to Frankfurt





Our Vision | A look into the (near!) future: new services will be utilized „in the car“ and „seamless“ (II/II)

On arrival at airport Frankfurt flexible mobility is guaranteed



We are stepping on the gas in terms of profitability,
innovative power and sustainability

VOLKSWAGEN GROUP

