

VOLKSWAGEN

AKTIENGESELLSCHAFT

Leading the Transformation.

**Frank Witter, Chief Financial Officer
Volkswagen AG**

Investor Conference Call with Société Générale, 23 March 2020

Disclaimer

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

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

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

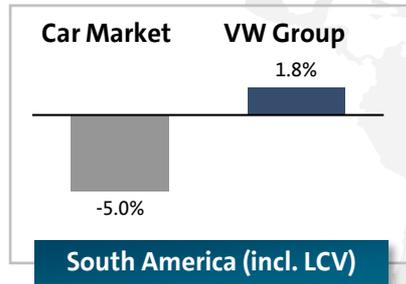
If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

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

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

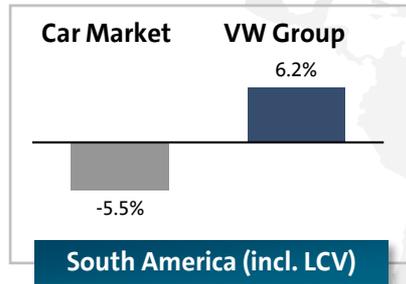
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾

(Growth y-o-y in deliveries to customers, January to December 2019 vs. 2018)



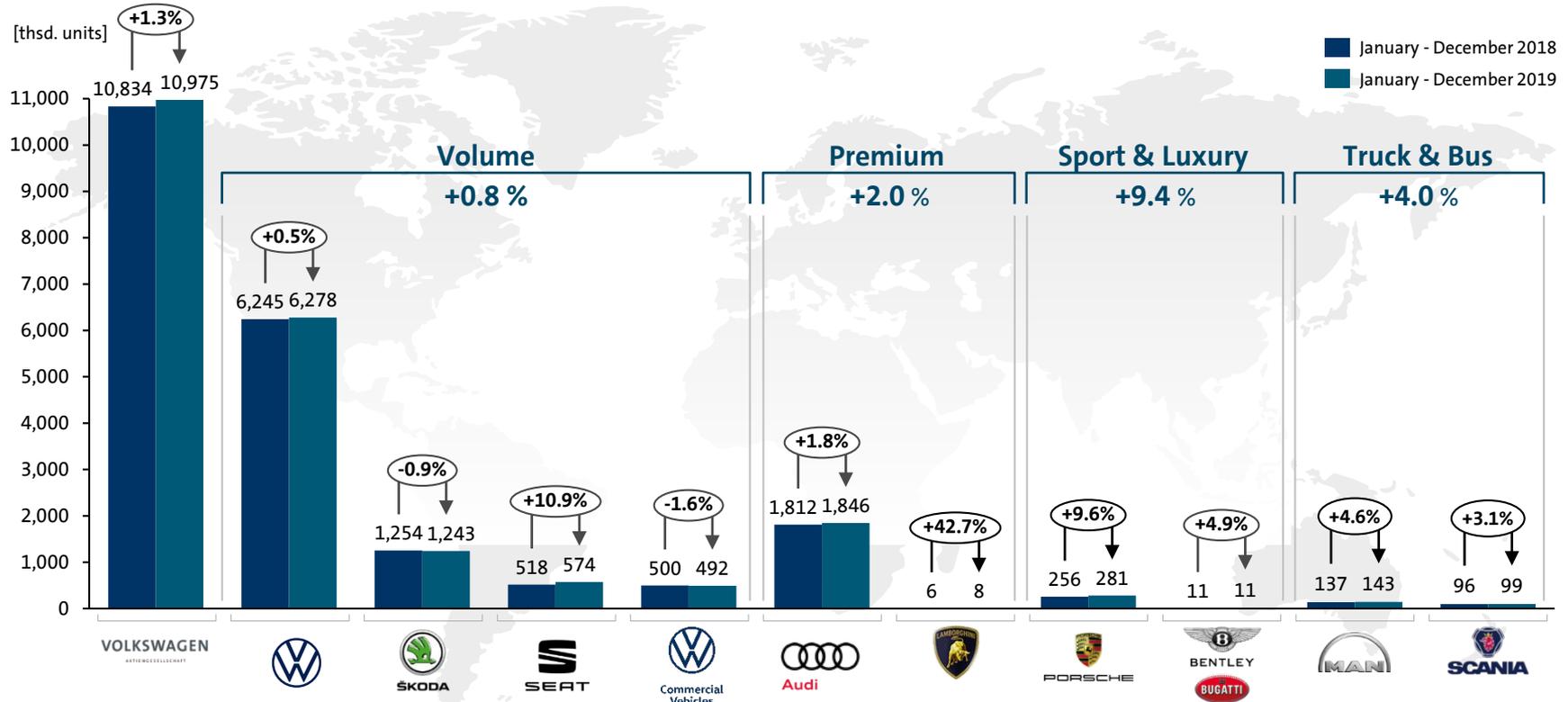
¹⁾ Volkswagen Group Passenger Cars excl. Volkswagen Commercial Vehicles ²⁾ incl. LCV in North America & South America

Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾ (Growth y-o-y in deliveries to customers, January to February 2020 vs. 2019)



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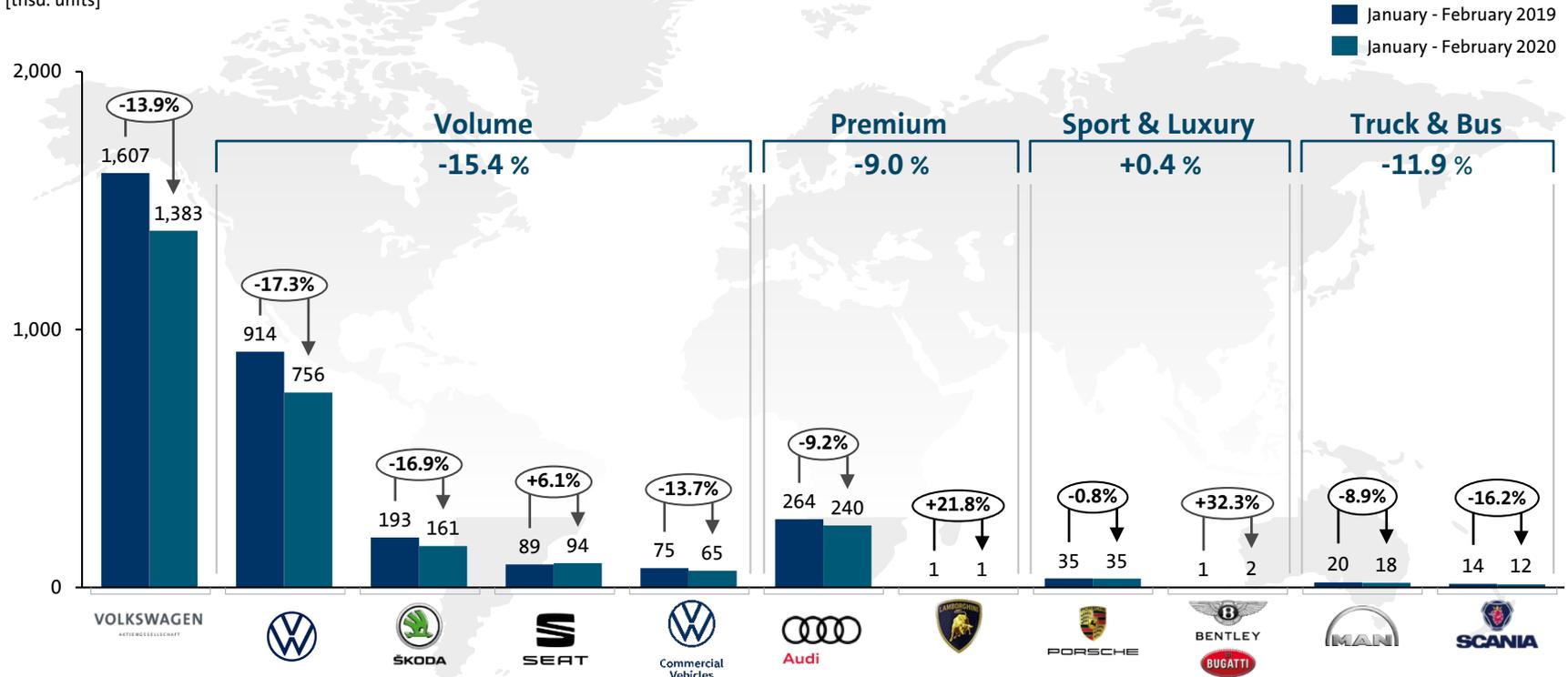
Volkswagen Group – Deliveries to Customers by Brands¹⁾ (January to December 2019 vs. 2018)



¹⁾ Volkswagen Group excl. Ducati

Volkswagen Group – Deliveries to Customers by Brands¹⁾ (January to February 2020 vs. 2019)

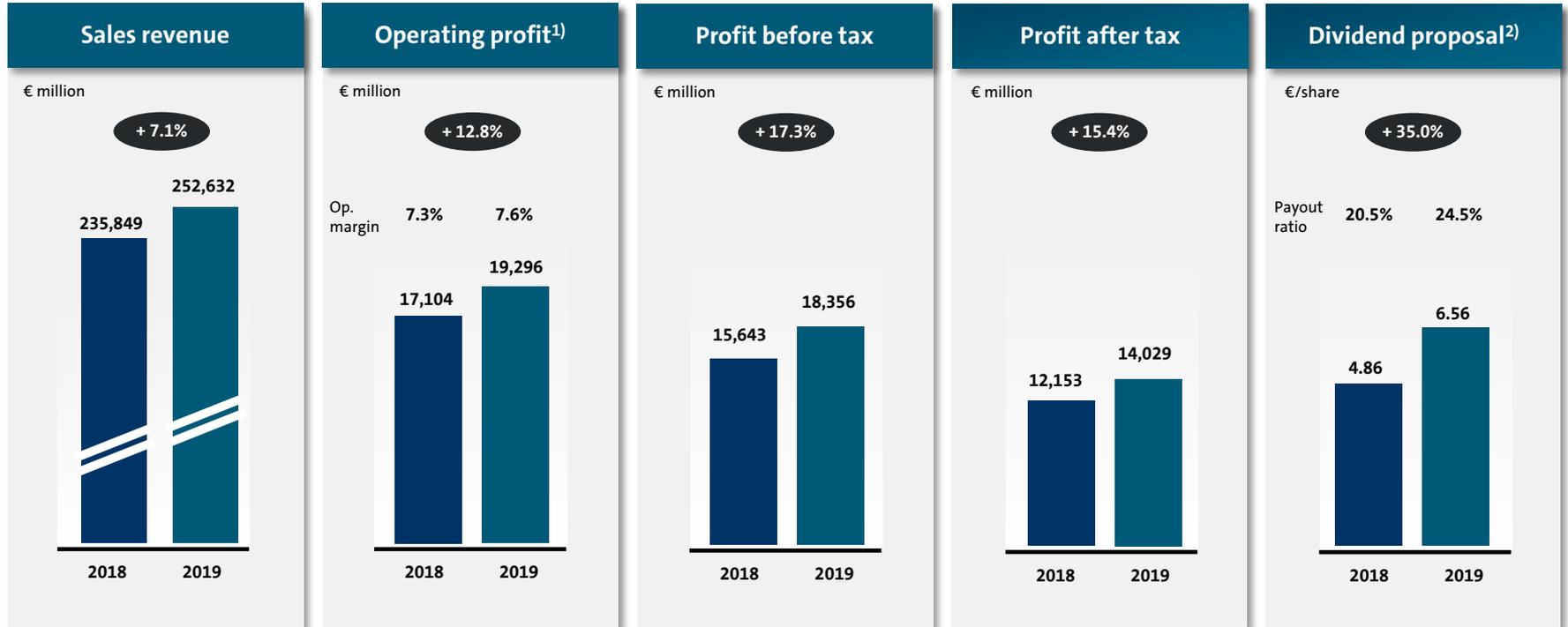
[thsd. units]



¹⁾ Volkswagen Group excl. Ducati

Financial Highlights – Volkswagen Group

(January to December 2019 vs. 2018)



¹⁾ Before special items. ²⁾ Per preference share. Per ordinary share 6.50 (2018: 4.80) €.

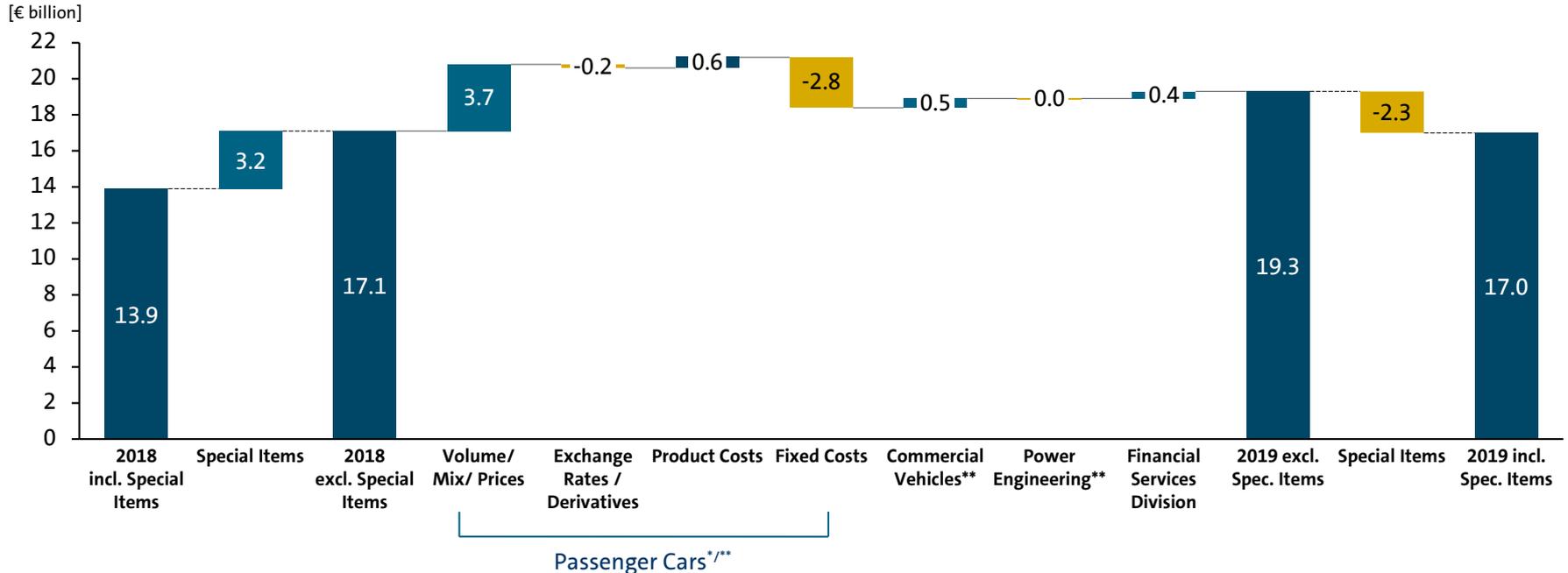
Volkswagen Group – Analysis by Business Line¹⁾ (January to December 2019 vs. 2018)

thousand vehicles / € million	Vehicle sales		Sales revenue		Operating profit		Operating margin	
	2019	2018	2019	2018	2019	2018	2019	2018
Volkswagen Passenger Cars	3,677	3,715	88,407	84,585	3,785	3,239	4.3	3.8
Audi	1,200	1,467	55,680	59,248	4,509	4,705	8.1	7.9
ŠKODA	1,062	957	19,806	17,293	1,660	1,377	8.4	8.0
SEAT	667	608	11,496	10,202	445	254	3.9	2.5
Bentley	12	10	2,092	1,548	65	-288	3.1	-18.6
Porsche Automotive ²⁾	277	253	26,060	23,668	4,210	4,110	16.2	17.4
Volkswagen Commercial Vehicles	456	469	11,473	11,875	510	780	4.4	6.6
Scania ³⁾	101	97	13,934	12,981	1,506	1,207	10.8	9.3
MAN Commercial Vehicles	143	137	12,663	12,104	402	332	3.2	2.7
Power Engineering	-	-	3,997	3,608	159	193	4.0	5.3
VW China ⁴⁾	4,048	4,101	-	-	-	-	-	-
Other ⁵⁾	-685	-912	-30,931	-34,029	-917	-1,418	-	-
Volkswagen Financial Services	-	-	37,957	32,764	2,960	2,612	-	-
Volkswagen Group before Special Items	-	-	-	-	19,296	17,104	7.6	7.3
Special Items	-	-	-	-	-2,336	-3,184	-	-
Volkswagen Group	10,956	10,900	252,632	235,849	16,960	13,920	6.7	5.9
Automotive Division ⁶⁾	10,956	10,900	212,473	201,067	13,748	11,127	-	-
of which: Passenger Cars ⁷⁾	10,713	10,666	182,031	172,678	12,188	10,000	-	-
of which: Commercial Vehicles ⁷⁾	243	234	26,444	24,781	1,653	1,191	-	-
of which: Power Engineering	-	-	3,997	3,608	-93	-64	-	-
Financial Services Division	-	-	40,160	34,782	3,212	2,793	-	-

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Porsche (Automotive and Financial Services): sales revenue € 28,518 (25,784) million, operating profit € 4,396 (4,291) million. ³⁾ Scania (Automotive and Financial Services): sales revenue € 14,391 (13,360) million, operating profit € 1,648 (1,346) million. 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 € 4,425 (4,627) 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. ⁷⁾ Since 1st January 2019 Volkswagen Commercial Vehicles is reported in the Automotive division, prior year figures have been adjusted.

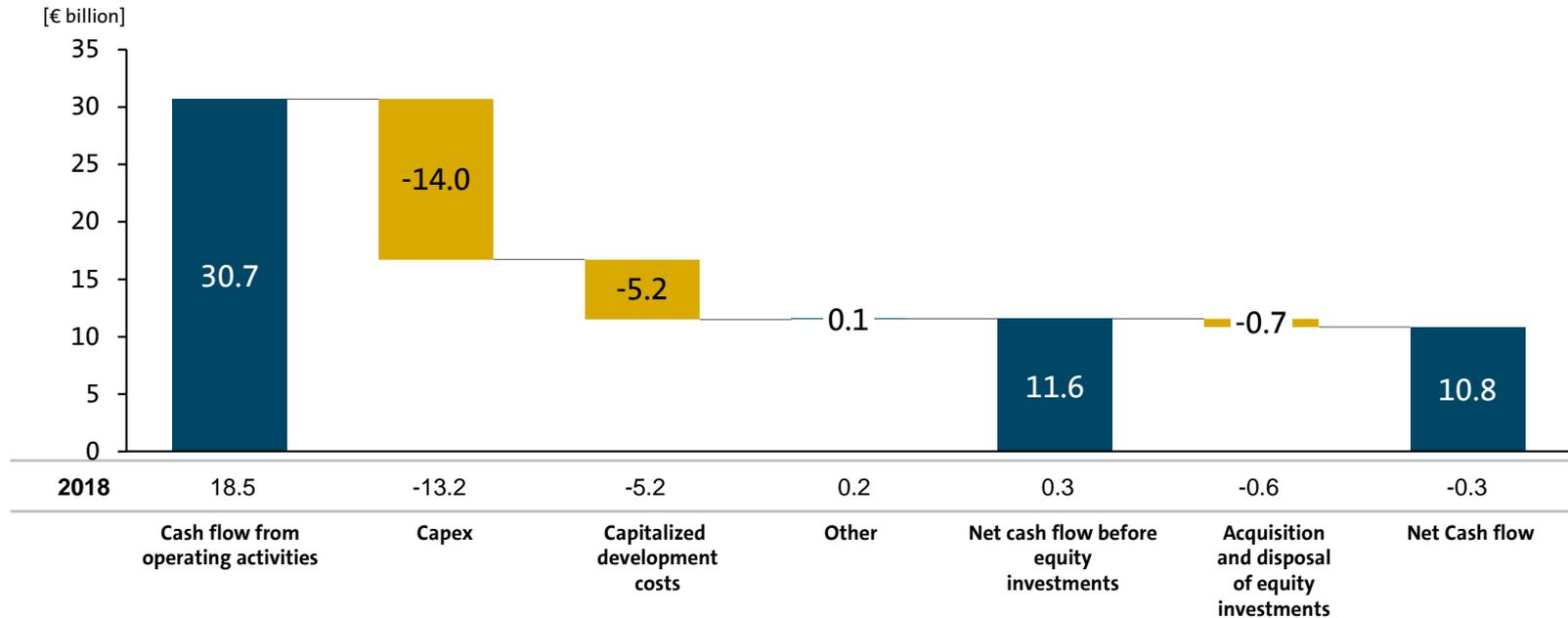
Volkswagen Group – Analysis of Operating Profit¹⁾

(January to December 2019 vs. 2018)



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

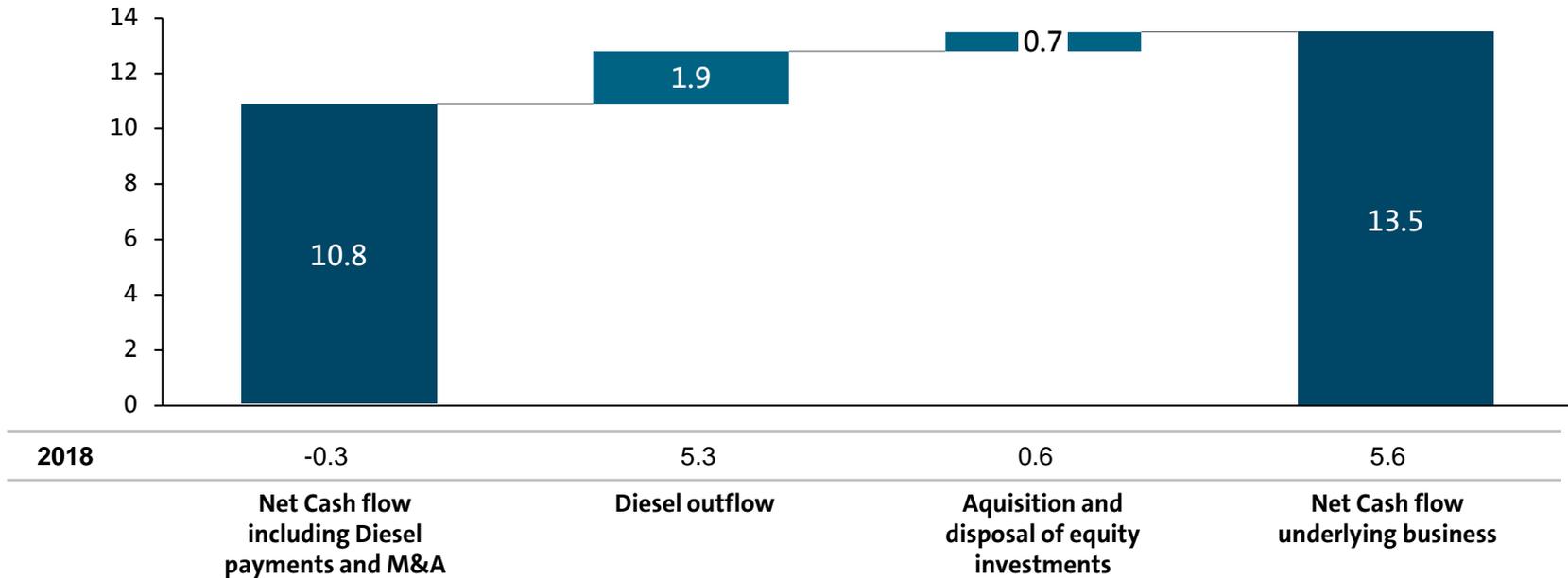
Automotive Division – Net Cash Flow Development ^{1) 2)} (January to December 2019)



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.

Automotive Division – Net Cash Flow¹⁾ (January to December 2019)

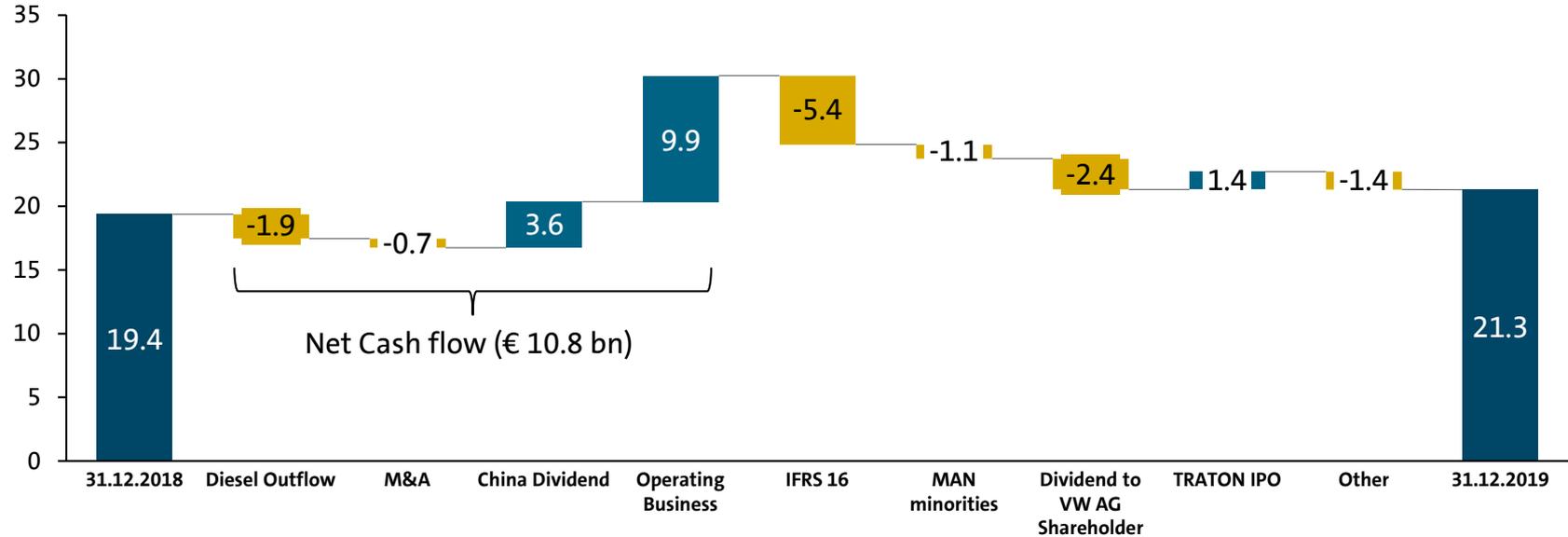
[€ billion]



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

Automotive Division – Analysis of Net Liquidity¹⁾ (January to December 2019)

[€ billion]

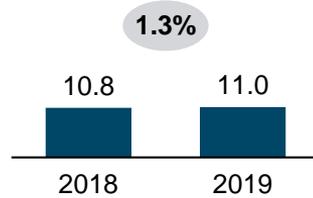


¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts.

Volkswagen Group – Outlook for 2020¹⁾



Deliveries to customers
(‘000 vehicles)

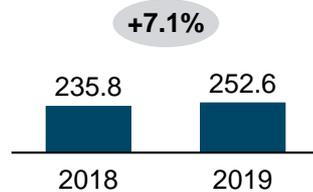


On the level of prior year

2020



Sales revenue
(€ billion)

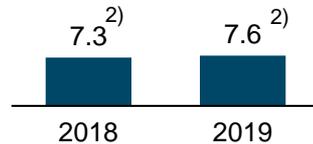


grow by as much as 4%

2020



Operating return on sales
(%)



Range of 6.5 – 7.5% (before Special Items)

2020

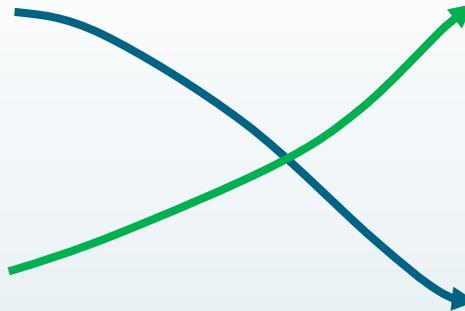
¹⁾ In light of Corona, under constant review. ²⁾ before Special Items.

The transformation of our portfolio has started

Broad product portfolio

Transformation

CO₂ neutral cars

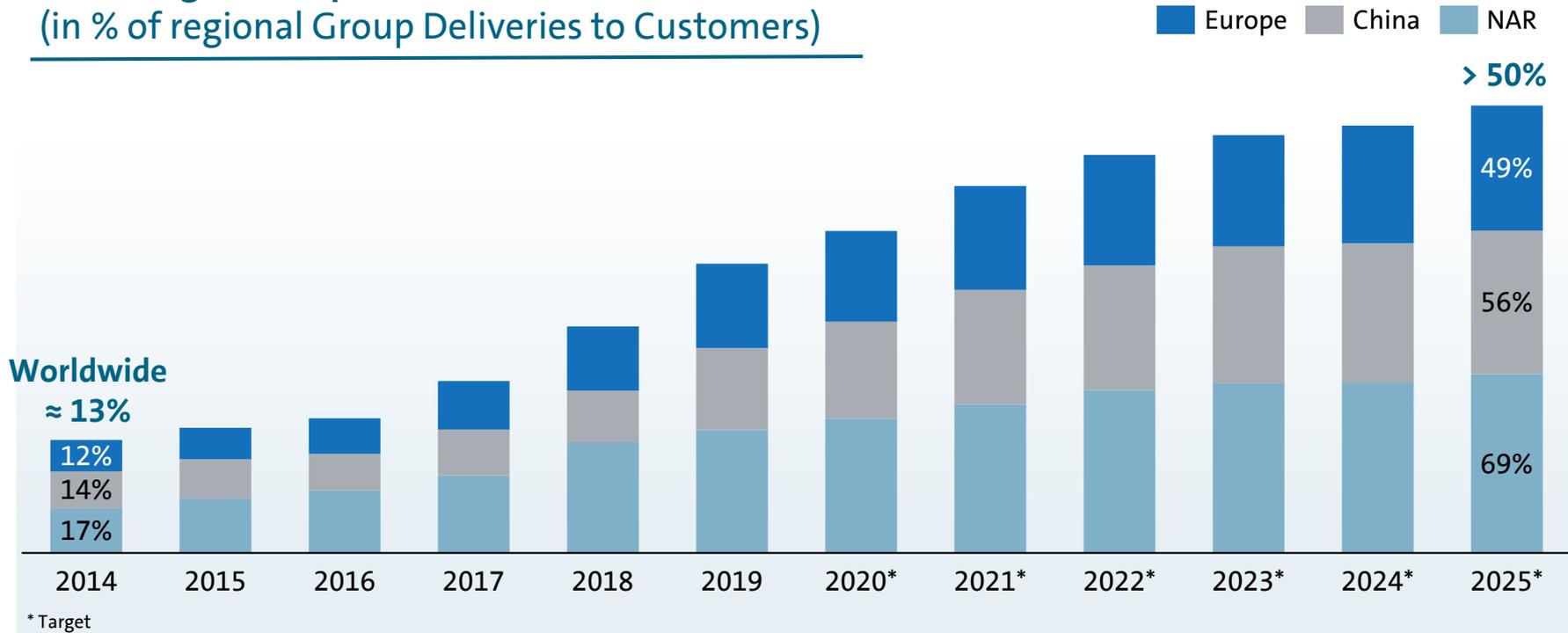


2020

2050

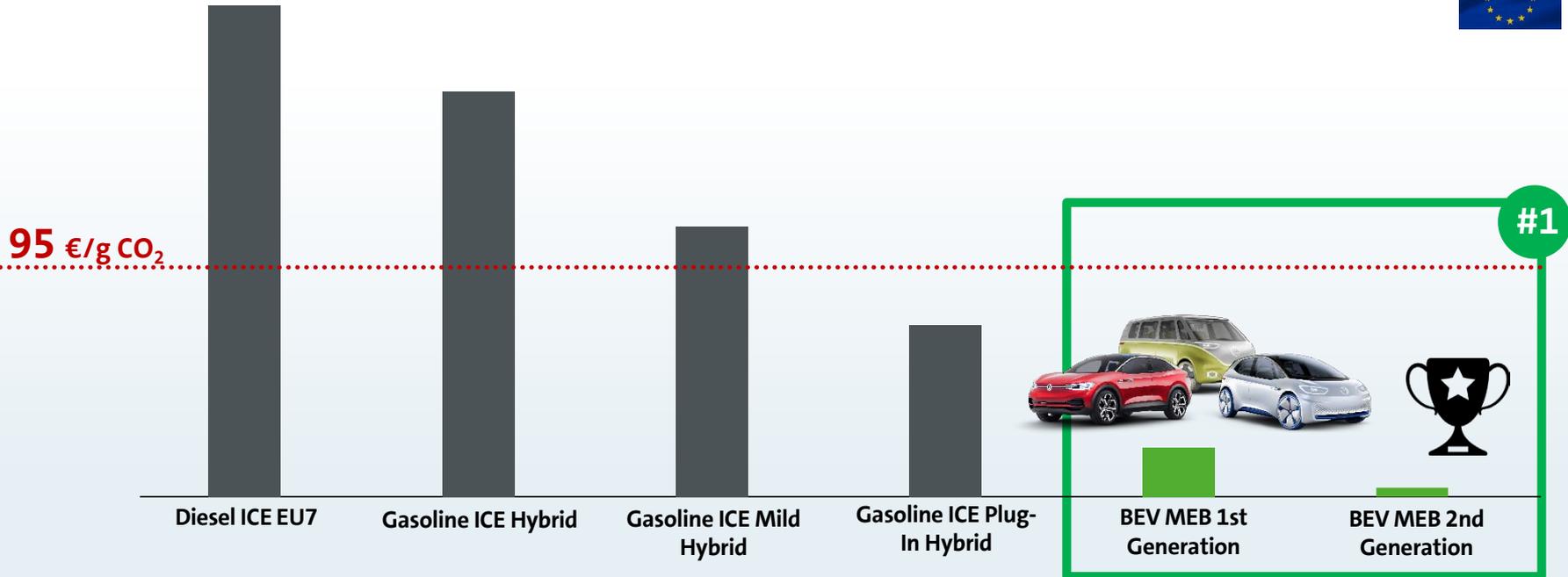
Our worldwide SUV mix is expected to increase strongly

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



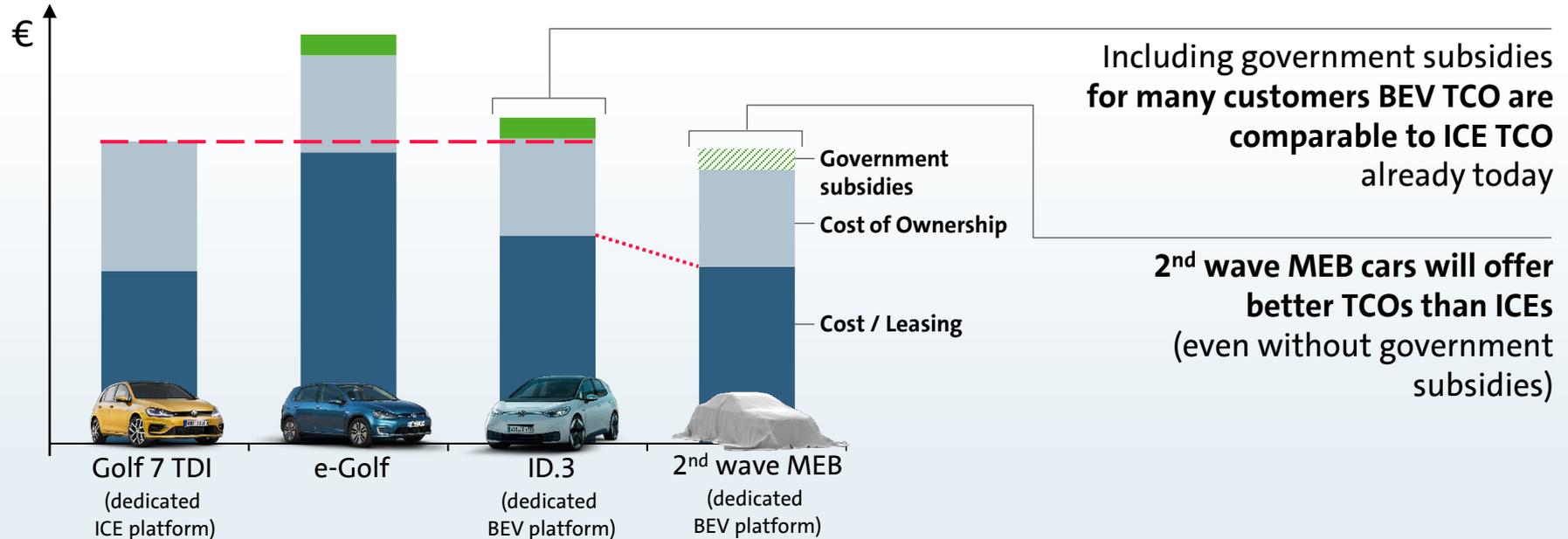
BEVs are the first choice as the most cost-efficient solution for CO₂ reduction

Measures for CO₂ reduction in €/g CO₂



Customers already experience comparable TCOs in 2020 – 2nd wave BEV will provide even more attractive TCOs

TCO comparison¹⁾

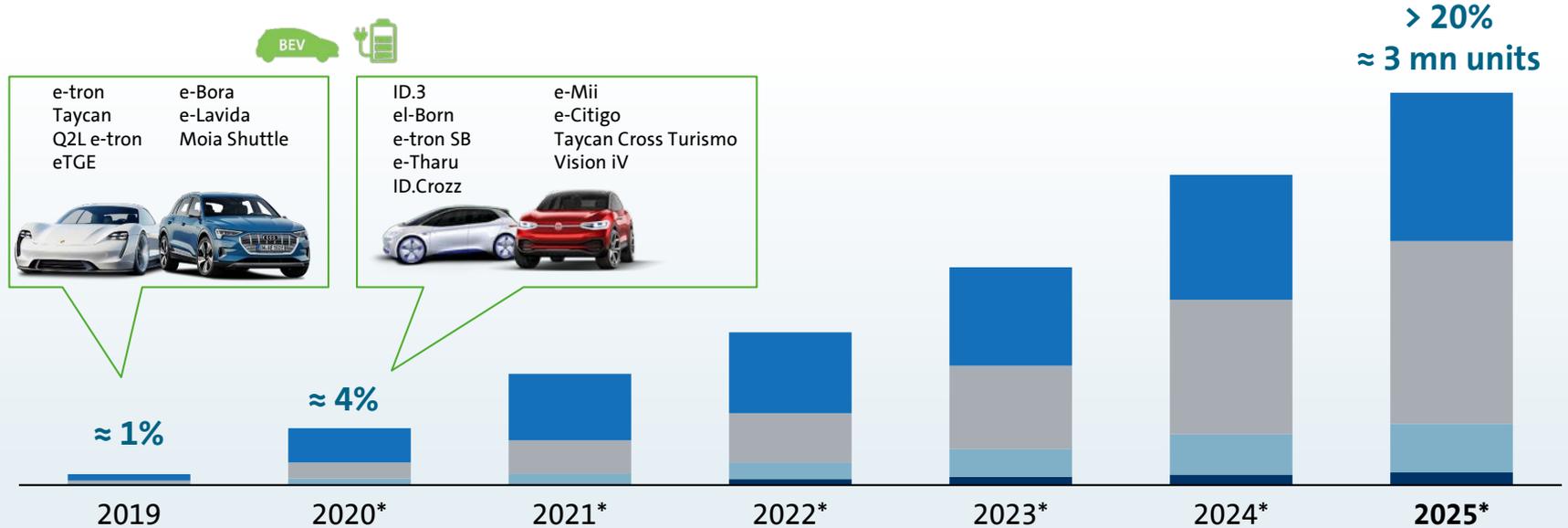


¹⁾ Schematic overview | TCO = Total Cost of Ownership

The significant increase in BEV deliveries will support CO₂ compliance

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

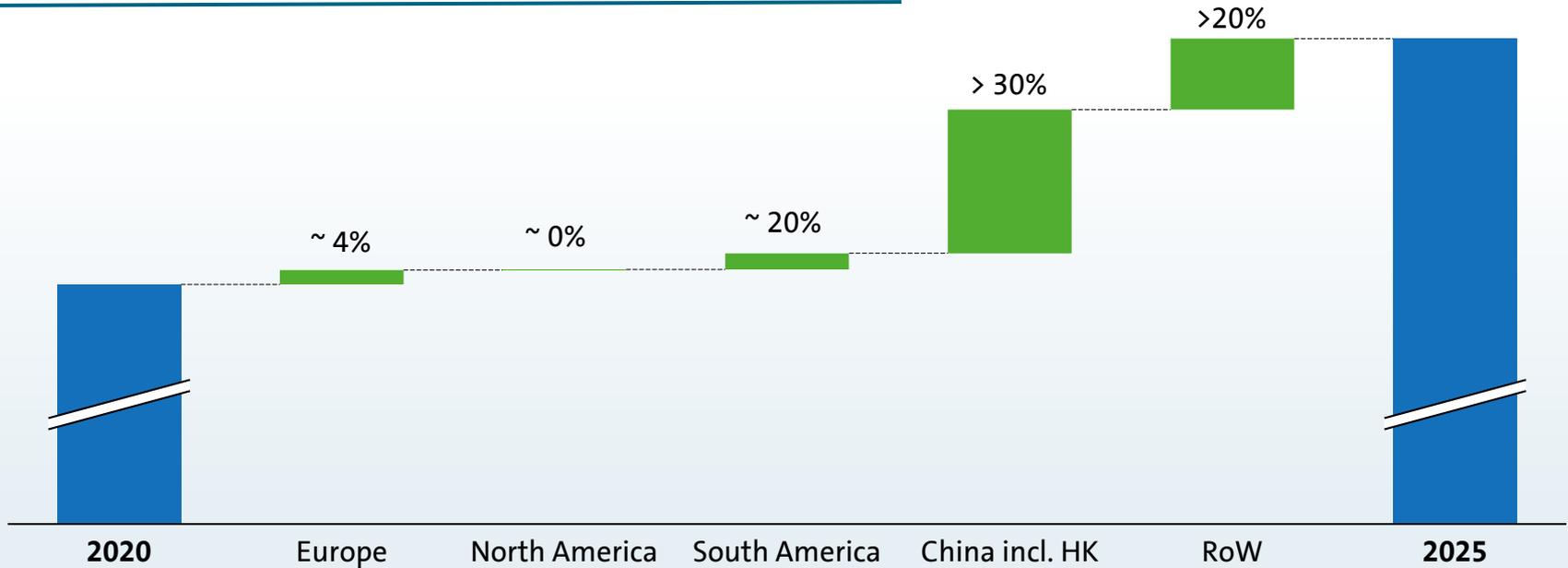
Europe China NAR RoW



* Target

Development Global passenger car markets

Markets by regions (2020-2025)



Strategic Group KPI's

Key financial targets	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Outlook ¹⁾	2025 Strategic Targets
Operating return on sales <small>before Special Items</small>	6.7%	7.4%	7.3%	7.6%	6.5 – 7.5%	7 – 8%
Return on investment <small>Automotive Division after Special Items</small>	8.2%	12.1%	11.0%	11.2%	11 – 13% ³⁾	>14% ³⁾
Capex ratio <small>Automotive Division</small>	6.9%	6.4%	6.6%	6.6%	6 – 6.5% ⁴⁾	6%
R&D cost ratio <small>Automotive Division</small>	7.3%	6.7%	6.8%	6.7%	6 – 6.5% ⁴⁾	6%
Cash						
<small>Automotive Division</small>						
a) Net Cashflow²⁾	€ 4.9 bn	€ 10.3 bn	€5.6 bn	€ 13.5 bn	≥ € 10 bn	> € 10 bn
b) Net Liquidity	€ 27.2bn	€ 22.4 bn	€ 19.4 bn	€ 21.3 bn ²⁾	> € 20 bn ³⁾	~10% of Group turnover

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

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



Long wheelbase
short overhangs



Spacious interior for
driver & passengers



No center tunnel



Various
bodystyles



Big wheels



Rear-wheel
& four-wheel drive



Central
computing unit



Trunk volume
~ ICE



New Design



The ID. DNA | What makes our ID. Family special



Visionary design



New sense of space



Smart connected



Intuitive usability



Sustainable platform

Affordable | High Ranges | Fast Charging Technology | Good residual values

To maximize the climate impact of MEB we are open to share it to other car manufactures as well

1  Large range

2  attractive costs

3  maximum security

4  robustness and availability

5  worldwide use

7  high performance

8  designed for fast charging

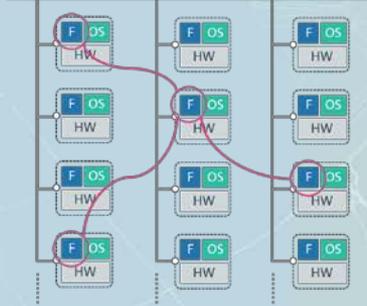
6  long lifespan



The car becomes the most complex internet device



Car



distributed customer functions

Control units: approx. **70**

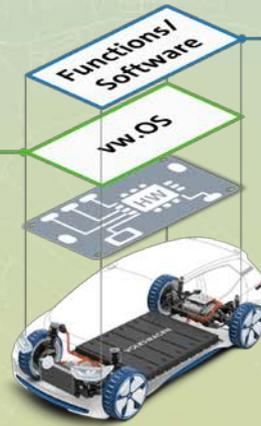
No own Software stacks

Today

Fully connected car



vw.OS Basic Software: Operating System



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



High Performance Computers **3-5**

+ Further control units for safety relevant functions

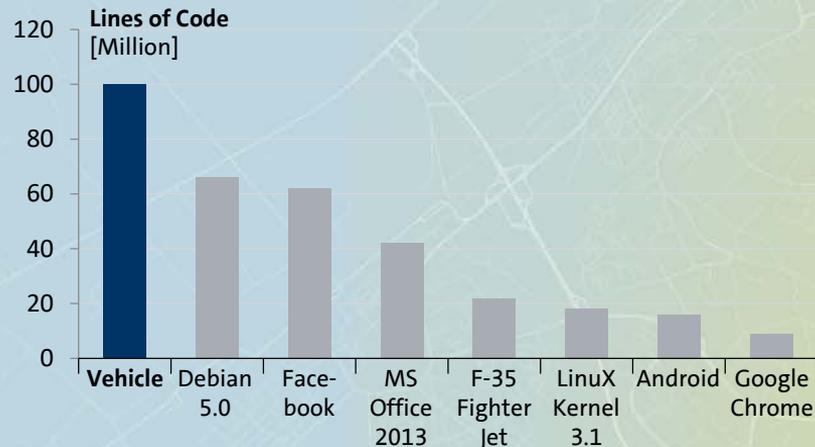
Development of Volkswagen's own Software stacks

Tomorrow

In the future, software will be a main differentiator in the automotive industry...

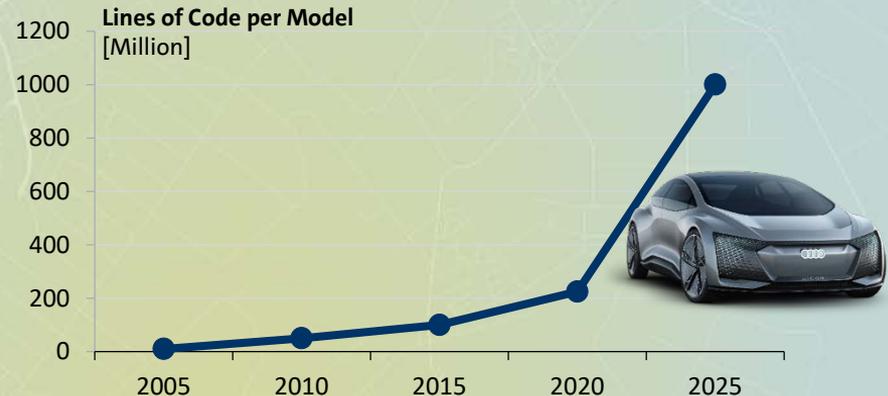
Today

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



Tomorrow

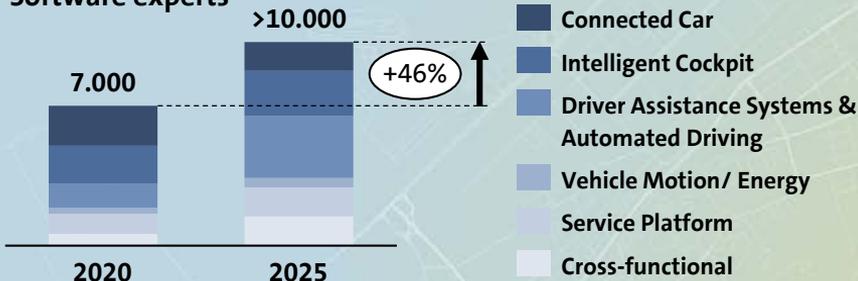
- > 200 - 300 million lines of code are expected
- Level 5 autonomous driving will take up to 1 billion lines of code



...therefore, we invest 7 billion Euro in a dedicated software organisation and will start operation in January 2020

A strong team...

Software experts



More customer value...

- Always up-to-date functions in all vehicles
- Higher residual values
- Lower maintenance downtimes



...develops software in-house

- Increase in-house share software development from 10% to 60%
- All new cars on VW.OS from 2025 on
- Migrate parallel solutions to gain scale, e.g. One Infotainment & One cloud

...less complexity for us

- Cost reduction due to
 - significantly lower direct material cost
 - reduced development cost
 - smoother new vehicle launches
 - reduced warranty cost

~ 0.5 bn
 synergies by 2025 from
 standardisation of
 infotainments Example

Expanding production of electric vehicles worldwide on a massive scale by the end of 2022



NORTH AMERICA



EUROPE



CHINA



BEV challenges addressed by three key elements

Usability / Range



e-Golf

up to 231 km (WLTP)



MEB-platform

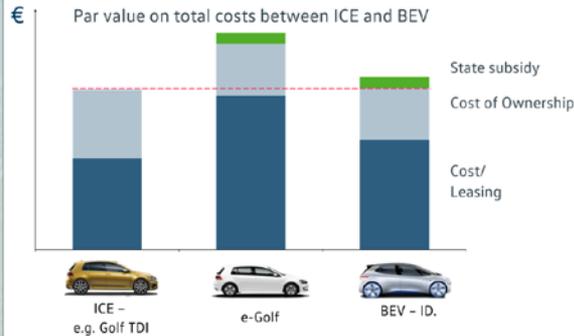
330 km (WLTP)

up to 550 km (WLTP)

scalable



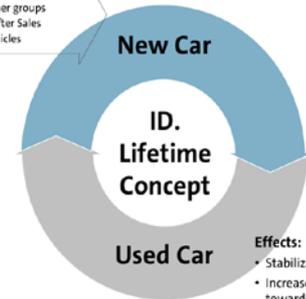
Total Cost of Ownership



Systematic Sales Approach

"Rate instead of price":

- Leasing for all customer groups
- Package offers incl. After Sales
- For new and used vehicles



Effects:

- Stabilization of residual values
- Increase of customer loyalty towards dealers & brand

Driving forward Strategy: New collaborative approach

Market/ Product



E-Mobility services



Software



Technology



New Scale dimensions

Ford and Volkswagen extend global alliance, Volkswagen simultaneously invests in Argo AI

ANNOUNCED 2019

VOLKSWAGEN TO SUPPLY
MEB PLATFORM TO FORD

EQUAL SHAREHOLDER WITH FORD;
TRANSACTION REPRESENTS
\$7.25B VALUATION*
NEW COLLABORATION

COMMERCIAL VAN
AND PICKUP

FULLY ELECTRIC
VEHICLES

VOLKSWAGEN
MAKES
AUTONOMOUS
DRIVING
INVESTMENT



VOLKSWAGEN
AKTIENGESELLSCHAFT



Key Messages

1.

Leading the transformation to e-mobility

2.

Cost effective transformation path

3.

First in transforming into software OEM

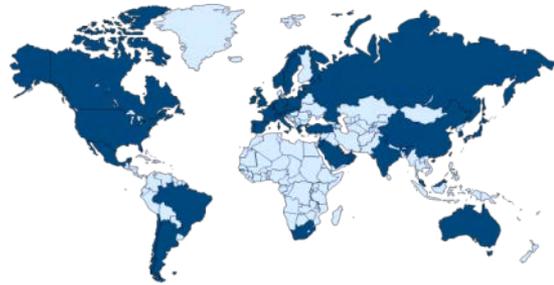
4.

Increased focus on value creation

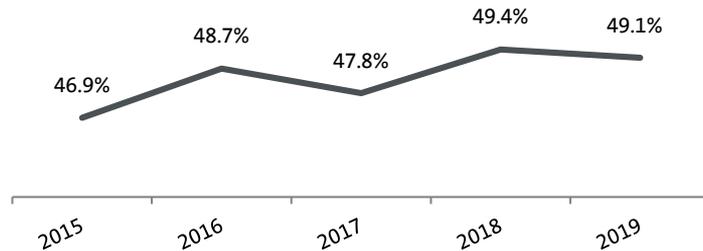


Volkswagen Financial Services ¹⁾: global, well diversified and successful

Strong global presence



Rising penetration rates (without China)



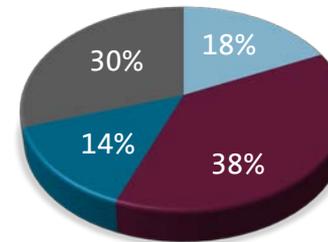
Continuous portfolio expansion



Diversified funding structure

Equity, liabilities to affiliated companies, other

Customer deposits



31.12.2019: € 223.5 bn

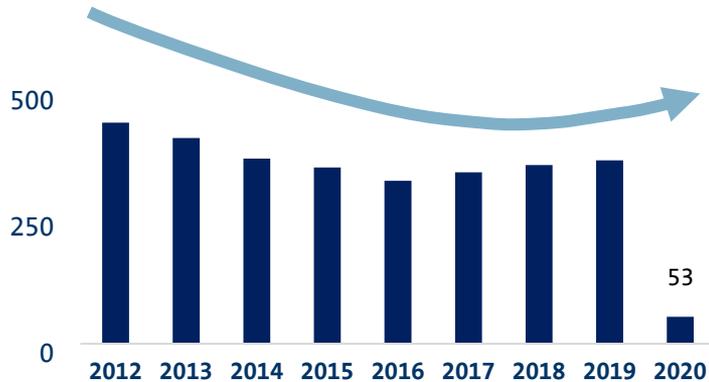
¹⁾ Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.



Volkswagen Brand – Pushing the Turnaround in the US, break even by 2020

- Product portfolio renewal with focus on profitable products
 - Significant reduction in incentive spend
 - Improved model mix, mainly SUVs
- Fix costs improvements
- Focus on efficient local production and logistics
 - > 90% of US sales produced in North America
 - Lower material costs and one-offs due to less complexity
 - MQB share up from 20% in 2015 to 80% in 2020

Deliveries to US customers, '000' units



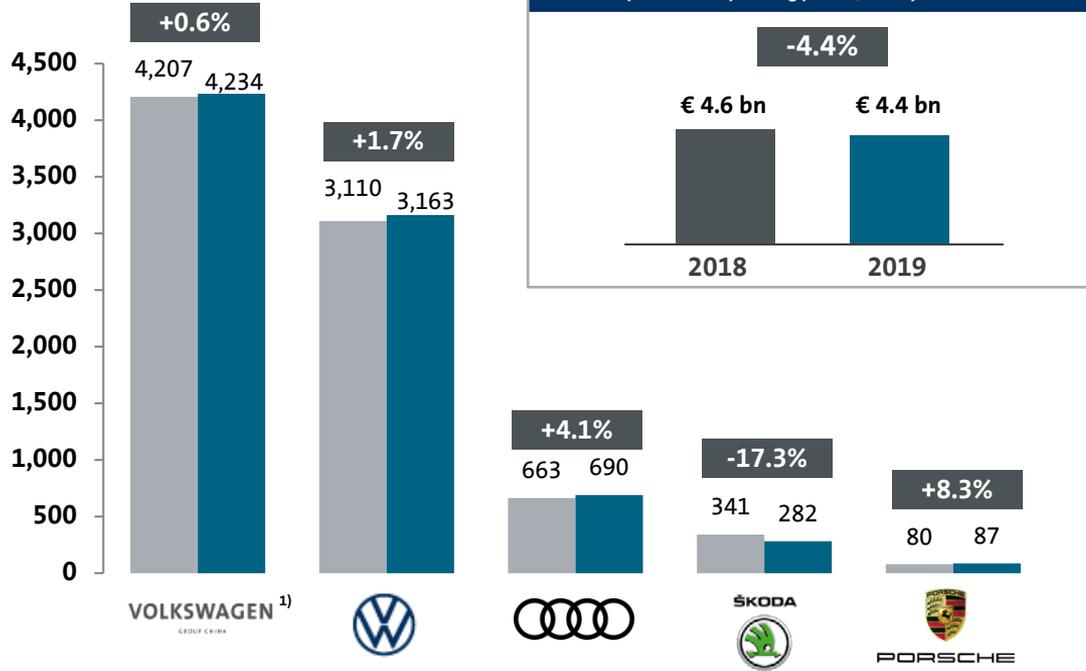
SUV offensive #1	New Sedans	SUV offensive #2	Electric transition
2017 All-new Atlas All-new Tiguan	2018-19 Jetta Passat Arteon	2020-21 Atlas Cross Sport Compact SUV	2020 + Compact SUV e ID Buzz New Model



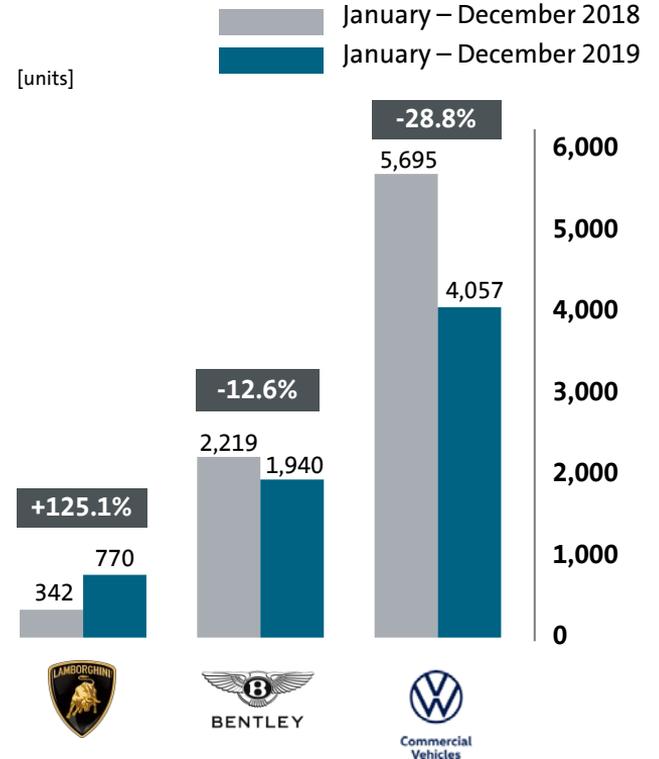
Volkswagen Group China performance

(January to December 2019 vs. 2018)

[thsd. units]



[units]



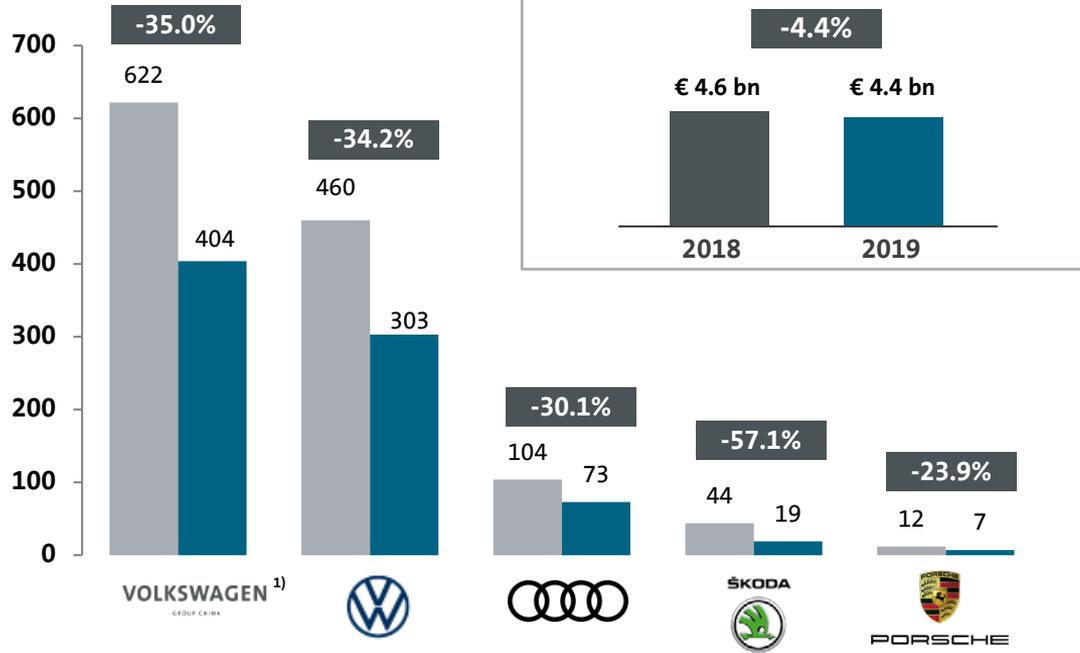
¹⁾ Incl. Hong Kong, excl. Ducati. Group numbers incl. Volkswagen Commercial Vehicles, Scania and MAN.



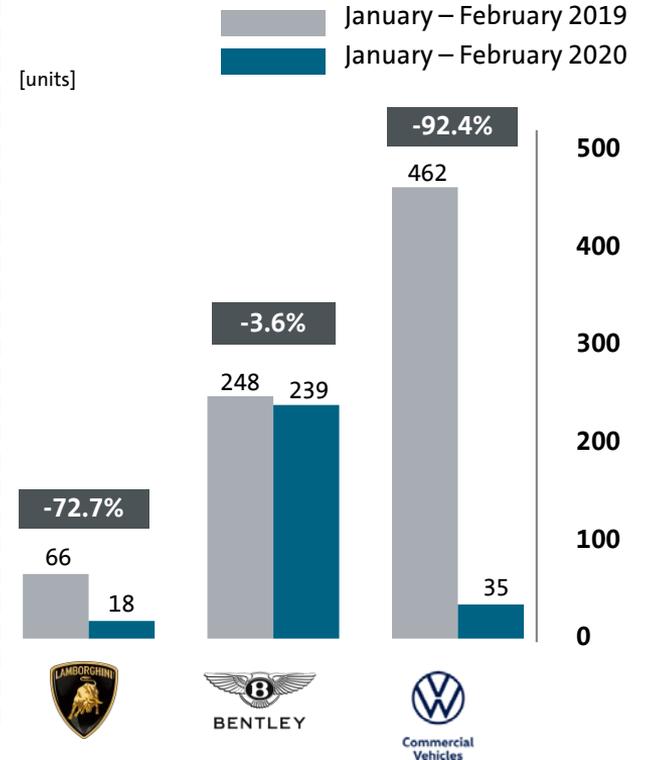
Volkswagen Group China performance

(January to February 2020 vs. 2019)

[thsd. units]



[units]



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

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

STRATEGY

Ethics and compliance is central to business strategy

RISK MANAGEMENT

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

SPEAK-UP ENVIRONMENT

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



CULTURE OF INTEGRITY

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

RESOLUTE ACCOUNTABILITY

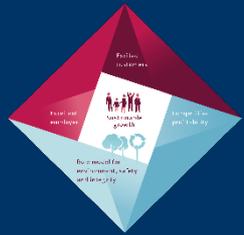
The organization takes action and holds itself accountable when wrongdoing occurs

¹⁾ Group entities covered; as of 12th March, 2019.

We are convinced that we have a strong Investment Proposition

TOGETHER 2025⁺
FOCUS AND SPEED

Shaping
mobility –
for generations
to come.



- Strong brands with clear positioning and great products that inspire customers
- A leading position in China with global footprint and value creating growth
- Fully committed to "Go to Zero" and shaping e-mobility
- Transforming to one of the leading automotive software players
- Business portfolio optimisation and rigorous allocation of capital
- Taking complexity out and pushing for industry-leading economies of scale
- Delivering on demanding financial targets and committed to dividend pay out ratio

Unleash value

Integrity as the foundation of a successful business

Investor Relations Team

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



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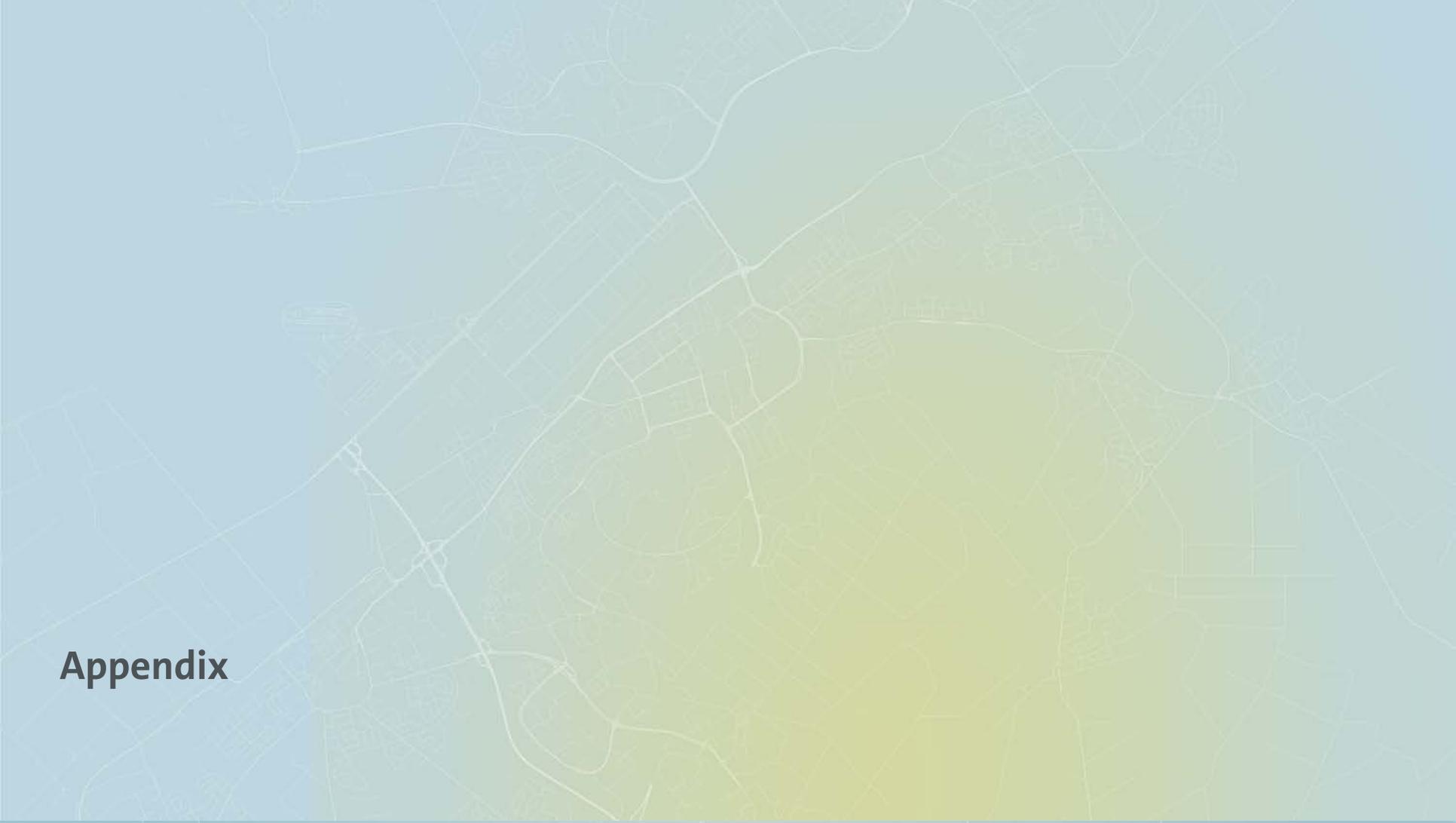
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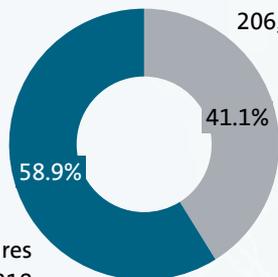
Appendix

The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

Number of Outstanding Shares

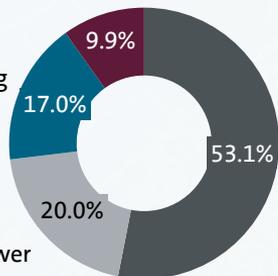
Preferred shares
206,205,445



Ordinary shares
295,089,818

Current Voting Rights Distribution

Others



Qatar Holding

Porsche SE,
Stuttgart

State of Lower
Saxony, Hanover

(as at December 31, 2019)

Supervisory Board of Volkswagen AG

Chairman

Hans Dieter Pötsch

Members

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

Board of Management of Volkswagen AG¹⁾

Chairman of VW AG and VW Passenger Cars brand

Dr. Herbert Diess

Porsche AG

Dr. Oliver Blume

Human Resources

Gunnar Kilian

TRATON Group

Andreas Renschler

Audi AG

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.

Diesel issue: Special Items & payments

€ (bn)	Diesel special items	Payments
2015	Legal 7.0	-
	Other items 9.2	
	16.2	
2016	Mainly legal risks 6.4	~3.0
2017	Buyback/retrofit program 2.2	~16.1
	Legal 1.0	
	3.2	
2018	Mainly legal risks 3.2	~5.3
2019	Mainly legal risks 2.3	~1.9
2020	-	Expected ~3.0
Total	31.3	Payments made until end of 2019 ~26.2

VOLKSWAGEN

AKTIENGESELLSCHAFT

We are speeding up the transformation and becoming the leading provider of sustainable mobility.

VOLKSWAGEN

GROUP

