

A photograph of a business meeting in progress. Several people in professional attire are seated around a wooden table. One person is pointing at a tablet displaying a spreadsheet, while others look on attentively. Papers, a laptop, and a coffee cup are visible on the table.

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

**Leading the Transformation.**

**Volkswagen AG**

**UniCredit Automotive Credit Conference, 24 - 25 June 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.

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## **Volkswagen AG**

**Alexander Hunger – Group Investor Relations**

**Bjoern Reinecke – Head of Financial Markets**

## **Volkswagen Financial Services**

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

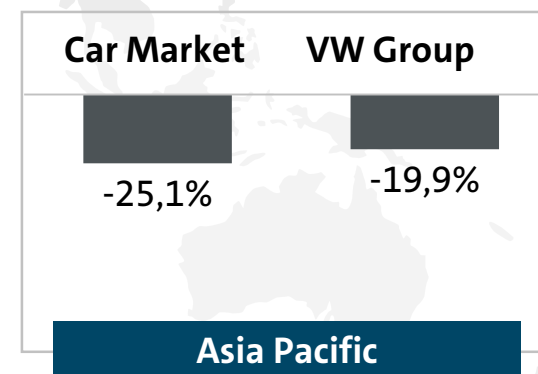
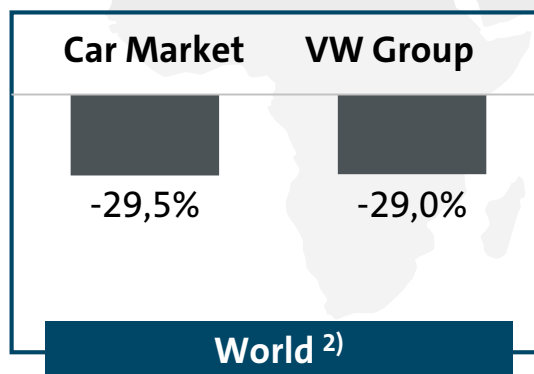
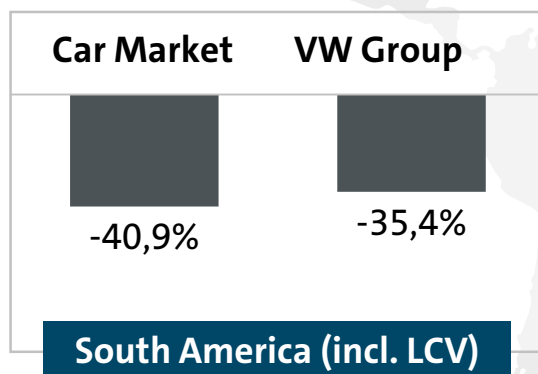
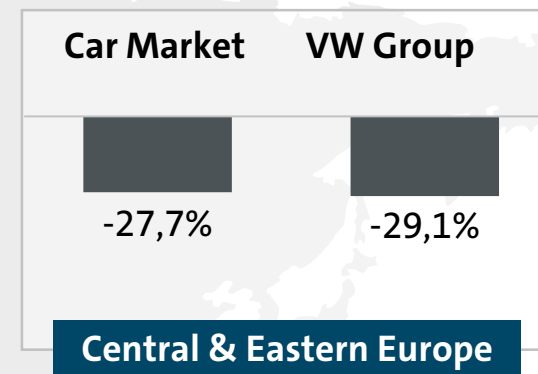
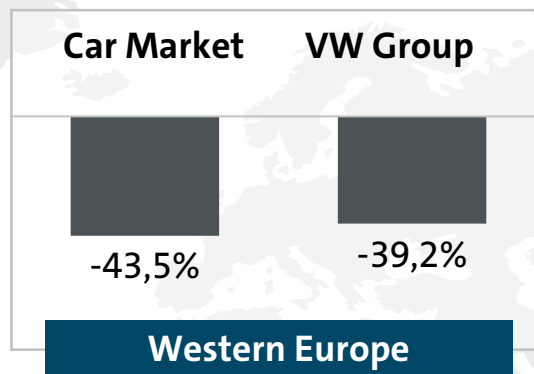
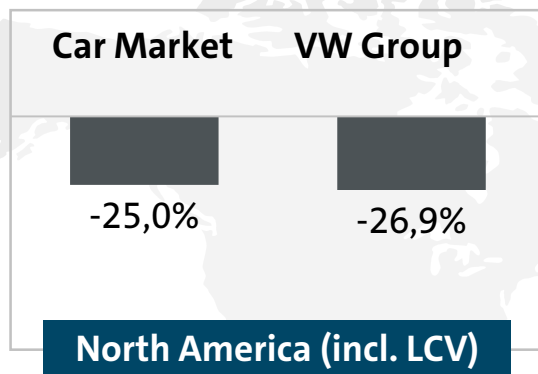
**Katja Hauer – Investor Relations**



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Deliveries to Customers

# Development World Car Market vs. Volkswagen Group Car Deliveries to Customers<sup>1)</sup> (Growth y-o-y in deliveries to customers, January to May 2020 vs. 2019)

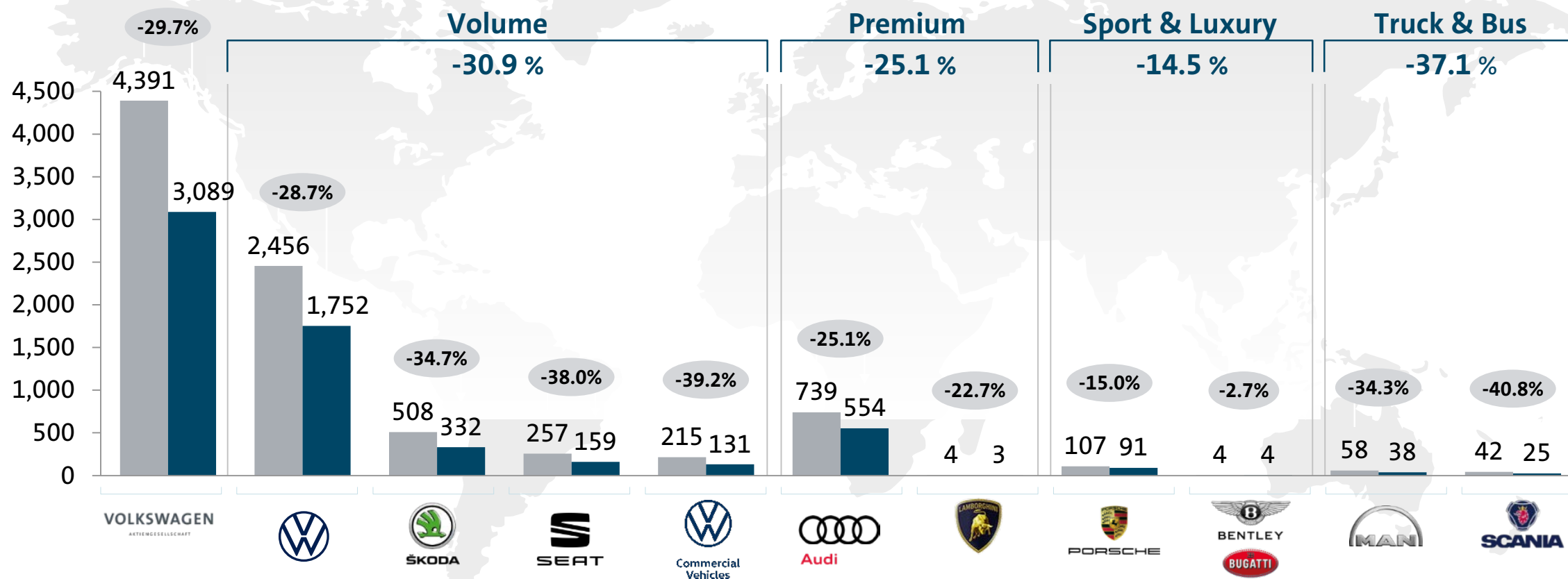


<sup>1)</sup>Volkswagen Group Passenger Cars excl. Volkswagen Commercial Vehicles <sup>2)</sup>incl. LCV in North America & South America

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

[thsd. units]

■ January - May 2019  
■ January - May 2020



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



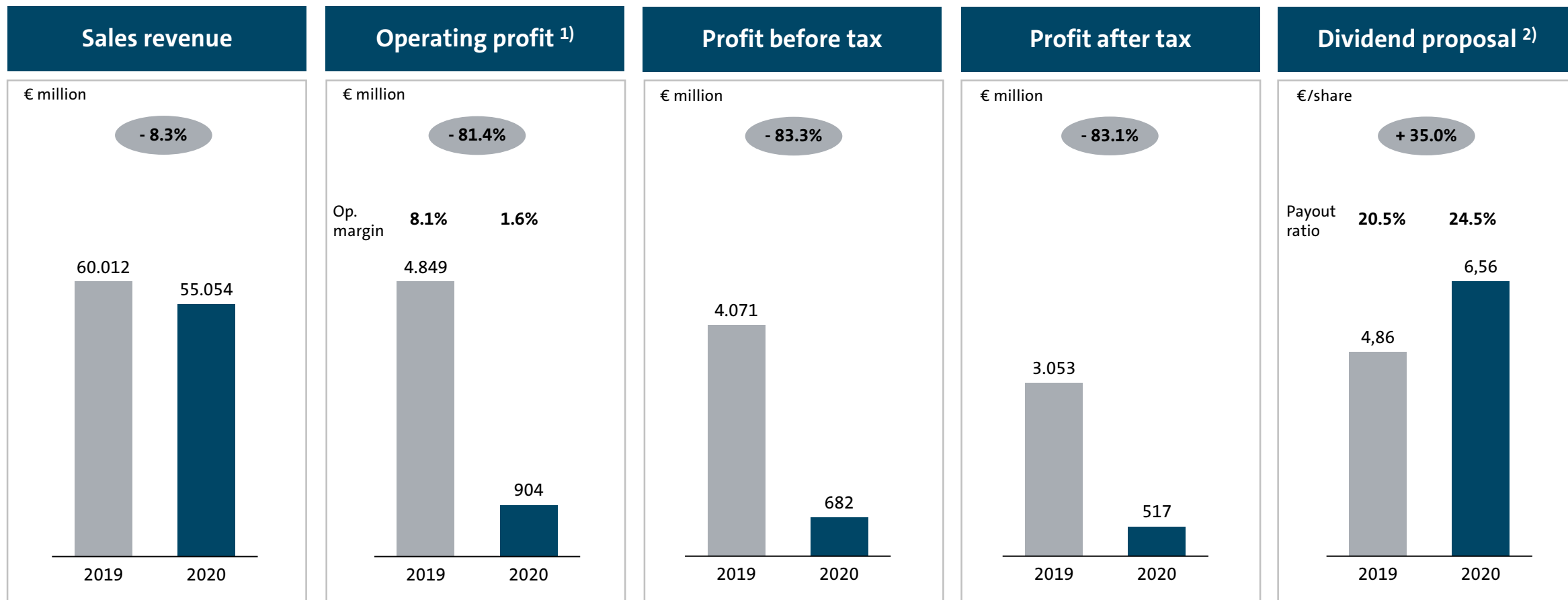
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Key Financials



# Volkswagen Group – Financial Highlights

(January to March 2020 vs. 2019)



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



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

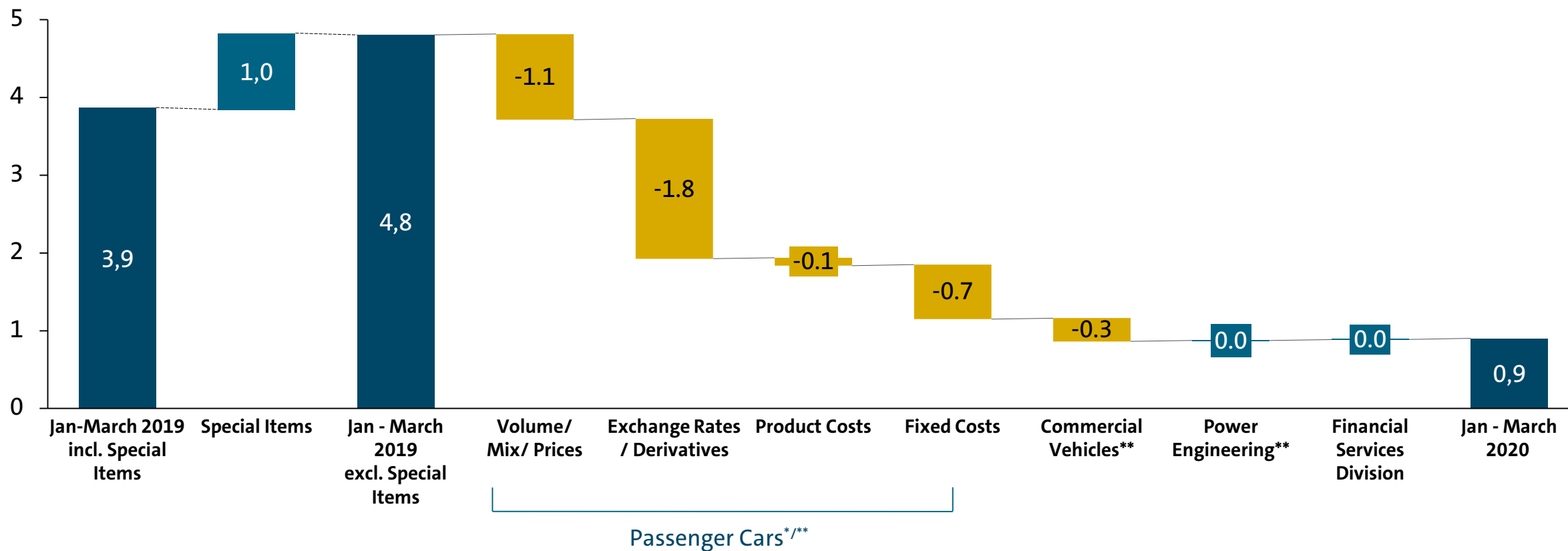
## (January to March 2020)

	Vehicle sales		Sales revenue		Operating profit		Operating margin	
	2020	2019	2020	2019	2020	2019	2020	2019
thousand vehicles / € million / percentage								
Volkswagen Passenger Cars	765	910	18,965	21,538	481	921	2.5	4.3
Audi	268	305	12,454	13,812	15	1,100	0.1	8.0
ŠKODA	237	275	4,850	4,920	307	410	6.3	8.3
SEAT	140	176	2,558	3,053	-48	89	-1.9	2.9
Bentley	3	3	620	456	56	49	9.0	10.7
Porsche Automotive <sup>2)</sup>	56	57	5,394	5,224	529	829	9.8	15.9
Volkswagen Commercial Vehicles	99	129	2,671	3,294	14	291	0.5	8.8
Scania <sup>3)</sup>	19	24	2,982	3,350	256	370	8.6	11.0
MAN Commercial Vehicles	28	34	2,633	2,988	-83	115	-3.2	3.8
Power Engineering	-	-	922	891	16	9	1.7	1.0
VW China <sup>4)</sup>	503	901	-	-	-	-	-	-
Other <sup>5)</sup>	-180	-229	-8,842	-8,220	-1,293	28	-	-
Volkswagen Financial Services	-	-	9,847	8,706	654	638	-	-
<b>Volkswagen Group before Special Items</b>	-	-	-	-	<b>904</b>	<b>4,849</b>	<b>1.6</b>	<b>8.1</b>
Special Items	-	-	-	-	-	-981	-	-
<b>Volkswagen Group</b>	<b>1,937</b>	<b>2,583</b>	<b>55,054</b>	<b>60,012</b>	<b>904</b>	<b>3,868</b>	<b>1.6</b>	<b>6.4</b>
Automotive Division <sup>6)</sup>	1,937	2,583	44,650	50,777	197	3,166	-	-
of which: Passenger Cars	1,891	2,526	38,165	43,581	120	2,803	-	-
of which: Commercial Vehicles	46	57	5,564	6,305	121	420	-	-
of which: Power Engineering	-	-	922	891	-44	-56	-	-
Financial Services Division	-	-	10,404	9,236	707	701	-	-

<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Porsche (Automotive and Financial Services): sales revenue € 6,016 (5,799) million, operating profit € 572 (868) million. <sup>3)</sup> Scania (Automotive and Financial Services): sales revenue € 3,098 (3,458) million, operating profit € 282 (402) million. <sup>4)</sup> The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of € 276 (1,074) million. <sup>5)</sup> In operating profit mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. <sup>6)</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

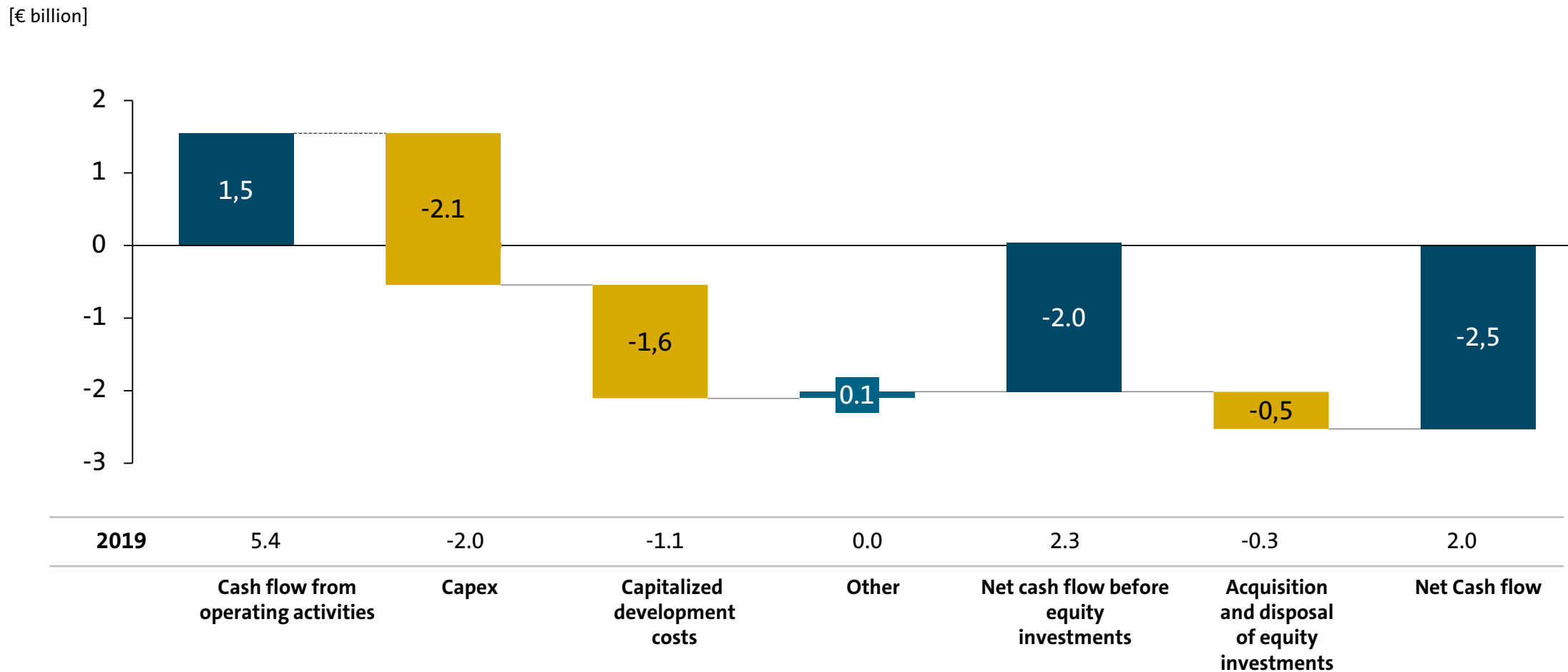
# Volkswagen Group – Analysis of Operating Profit <sup>1)</sup> (January to March 2020)

[€ billion]



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

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

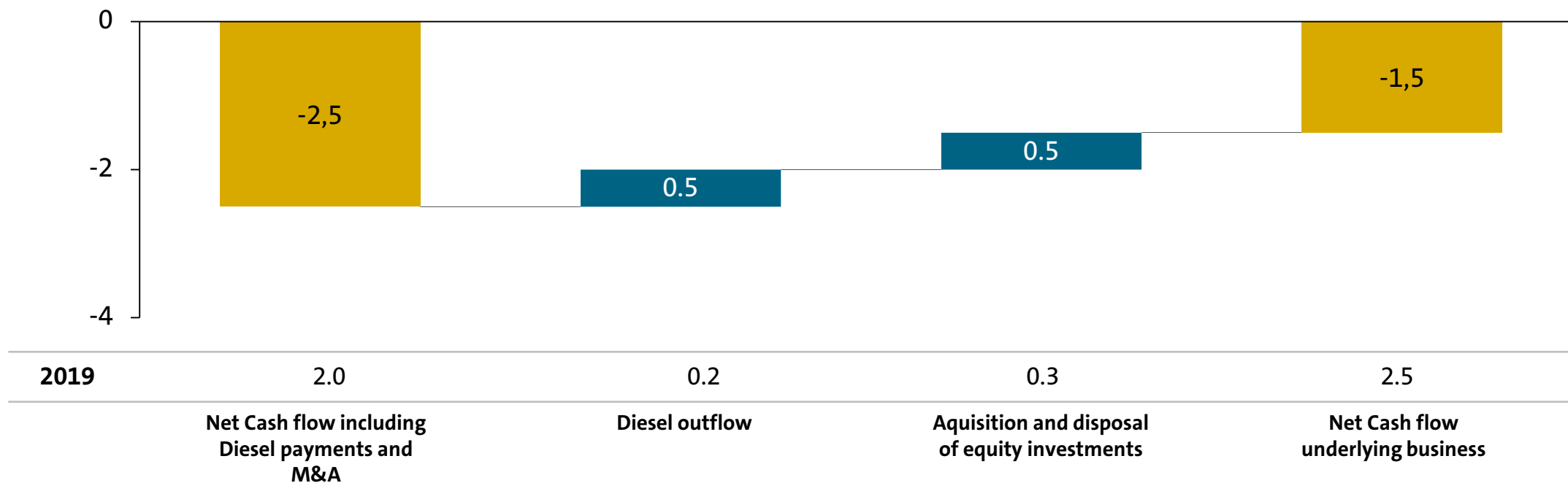


<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Including allocation of consolidation adjustments between Automotive and Financial Services divisions.



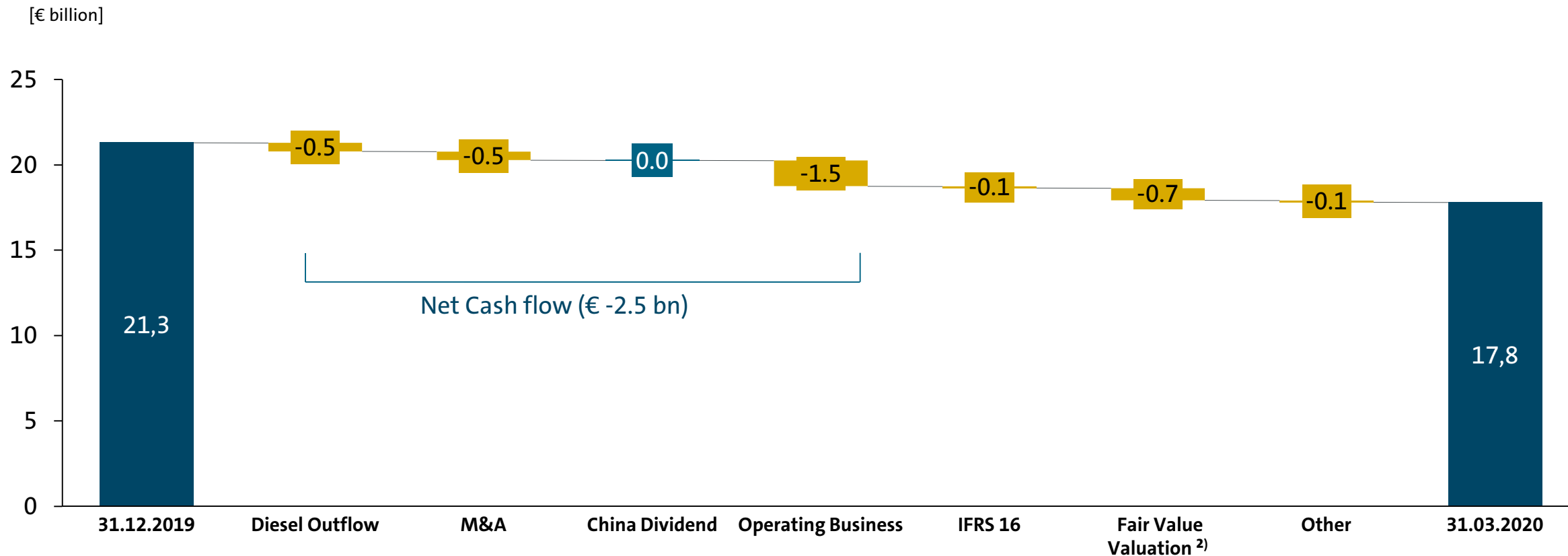
# Automotive Division – Net Cash Flow <sup>1)</sup> (January to March 2020)

[€ billion]



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

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



<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Valuation at Fair Value of securities and financial liabilities.

**Volkswagen Group – Funding Programs & Outstandings**  
**As of March 31, 2020**

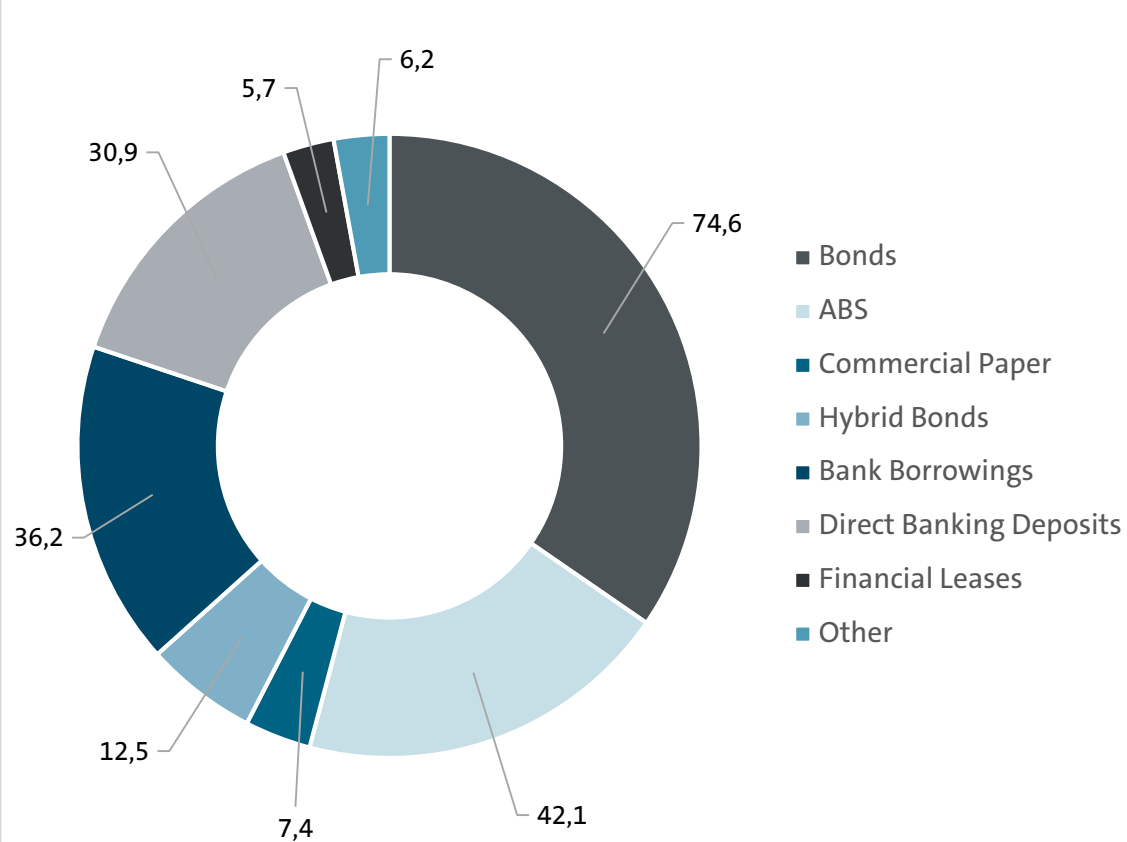
<b>Money and Capital Markets</b>	<b>In € billion</b>	<b>Borrowings</b>	<b>In € billion</b>
Commercial Papers	7.4	Bank Borrowings	36.2
Bonds	87.1	Direct Banking Deposits	30.9
<i>thereof: Hybrid Bonds</i>	<i>12.5</i>	Financial Leases	5.7
ABS	42.1	Other	6.2



# Volkswagen Group Funding Strategy – Overview

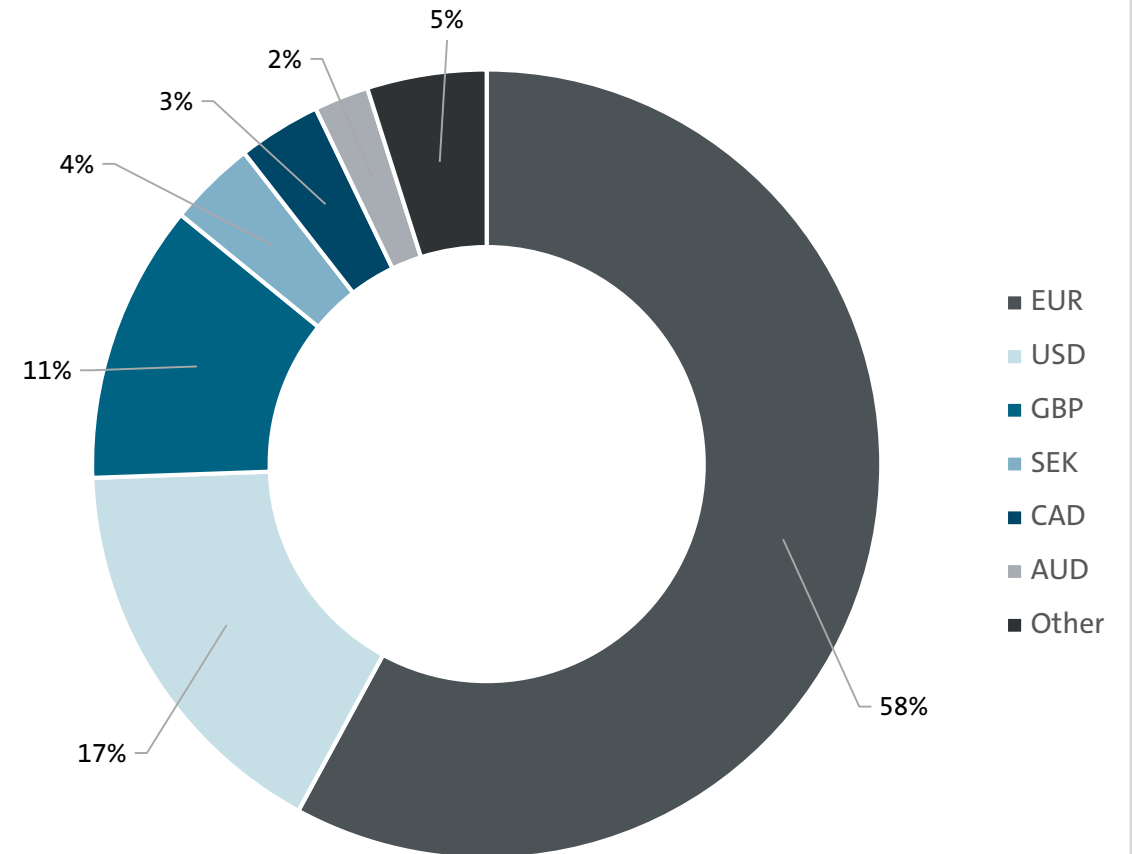
## As of March 31, 2020

### Funding Sources in €bn



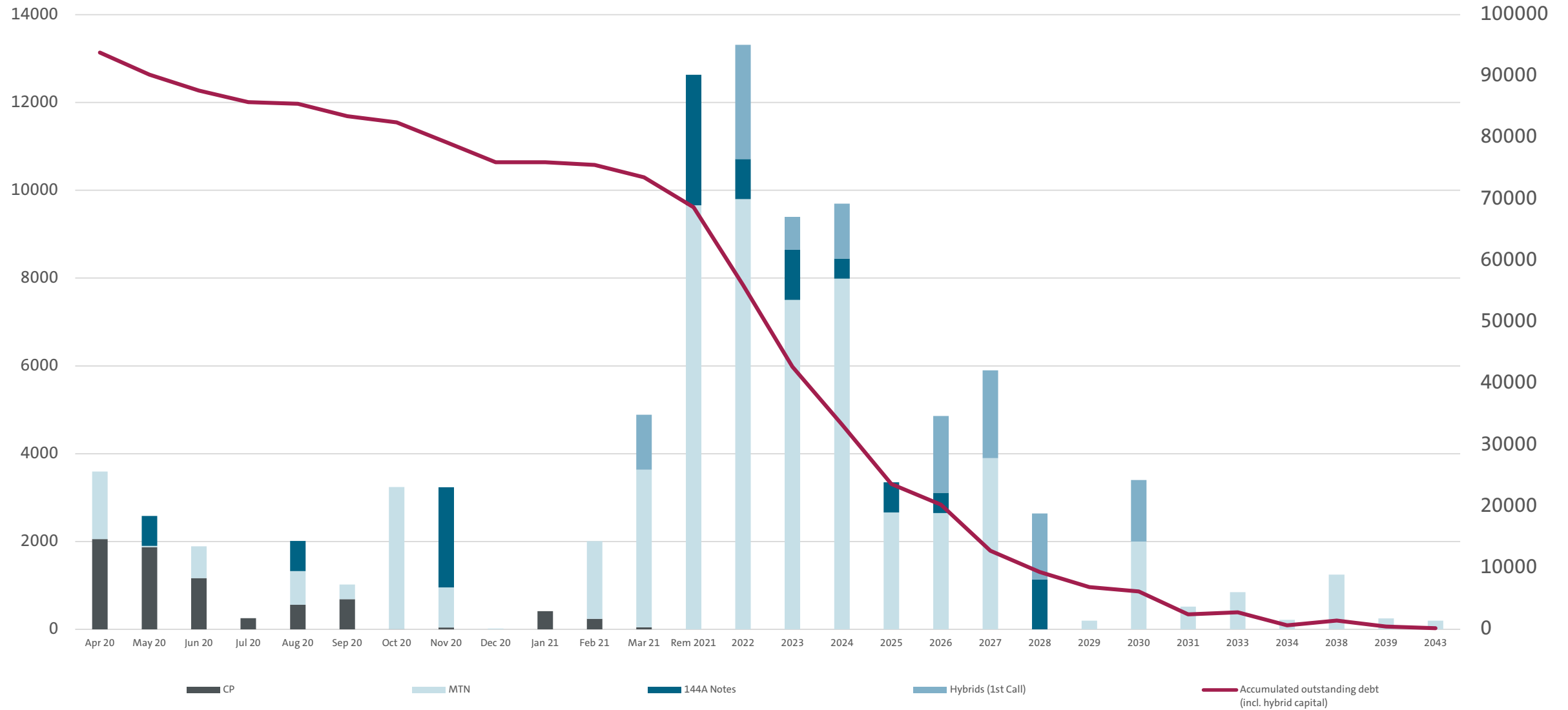
### Currency Breakdown in %

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



# Volkswagen Group Funding Strategy – Bond Maturity Profile

## As of March 31, 2020 (in € million)<sup>1)</sup>



Source: Volkswagen Group

## **Volkswagen Group Funding Strategy**


### **Major Issuances in 2019 and H1 2020**

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




# Volkswagen Green Finance Framework

## Summary of the Framework & Second Party Opinion




### Use of Proceeds – Clean Transportation

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




### Project Evaluation and Selection

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



### Management of Proceeds

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



### Reporting

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

## Second-Party Opinion

# Volkswagen Green Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Volkswagen Green Finance Framework is credible and impactful and aligns with the four core components of the ICMA Green Bond Principles 2018 and LMA Green Loan Principles 2018. This assessment is based on the following:

**USE OF PROCEEDS** The eligible category for the use of proceeds is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that Clean Transportation will lead to positive environmental impacts and advance the UN Sustainable Development Goals 9 and 11.

**PROJECT EVALUATION / SELECTION** Volkswagen's Green Finance Committee (GFC) will evaluate and select the eligible green projects to approve whether the projects are aligned with the Framework. The GFC is comprised of cross-functional representatives from Group Treasury, Sustainability Department, Group Accounting, Group Controlling, Group Legal and business units developing eligible projects. This process is in line with market practice.

**MANAGEMENT OF PROCEEDS** Volkswagen will allocate the proceeds to an Eligible Green Project Portfolio. Volkswagen will track expenditure and development costs using internal reporting systems. Pending full allocation or reallocation, the unallocated proceeds will be invested in cash or other liquid marketable instruments. This process is in line with market practice.

**REPORTING** Volkswagen intends to annually publish allocation and impact reporting of proceeds on the Volkswagen Group's website until full allocation. Allocation reporting will include the balance of allocated and unallocated proceeds as well as the number of new and existing projects. In addition, impact reporting will disclose data of CO2 emissions avoided in the use and production phases, along with the description of the green projects and results of Life Cycle Assessment. Sustainalytics views Volkswagen's allocation and impact reporting plans to be aligned with market practice.

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

**Report Sections**

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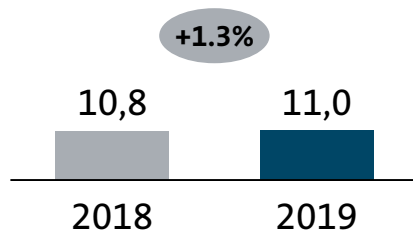
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Outlook & Operative Excellence

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



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

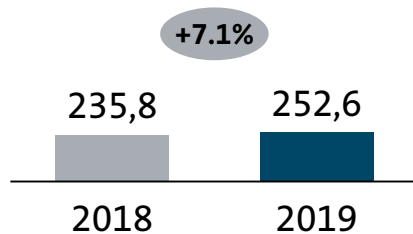


significantly below prior year

2020



**Sales revenue**  
(€ billion)

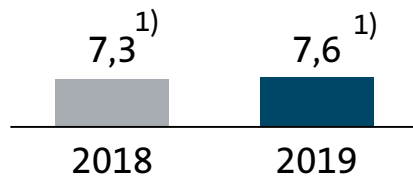


significantly below prior year

2020



**Operating return on sales**  
(%)



Operating result severely below prior year

However, positive

2020

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

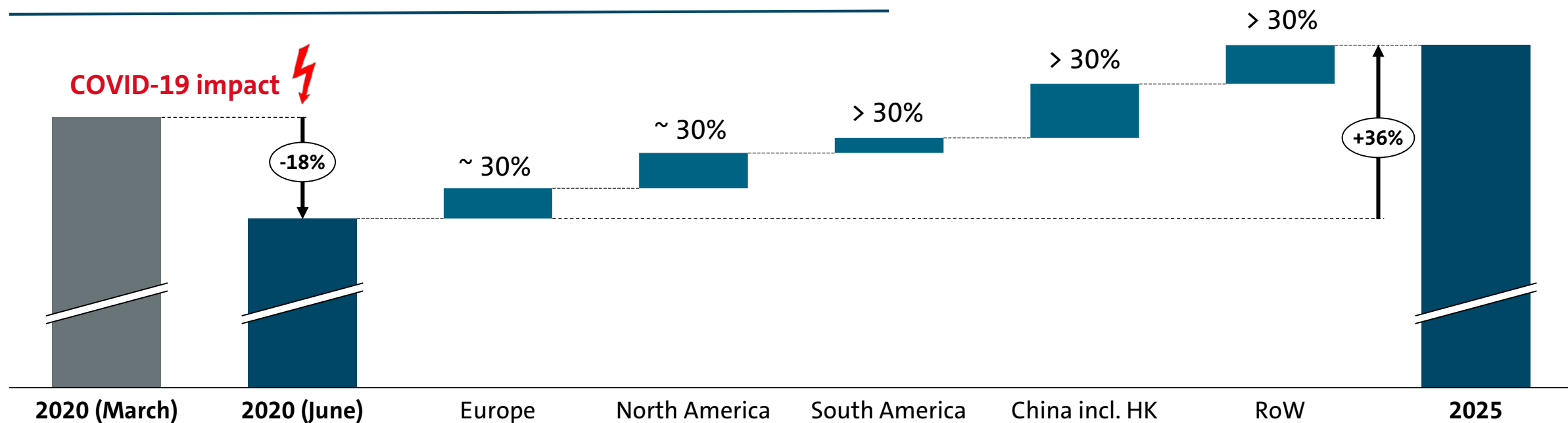
## Strategic Group KPI's

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

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

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

## Markets by regions (2020-2025)

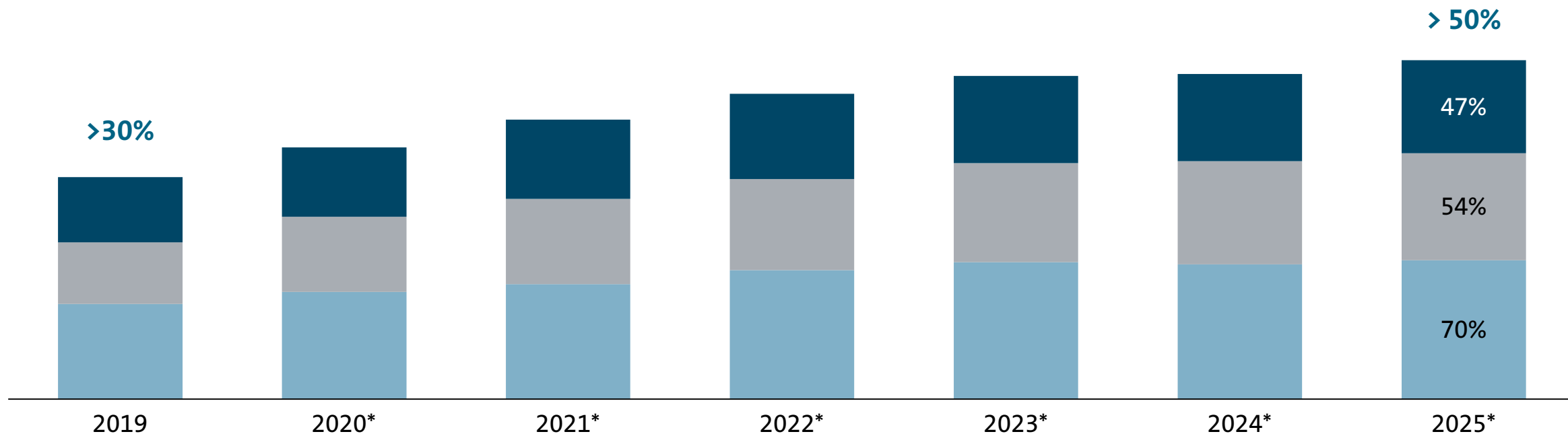


<sup>1)</sup> North America and South America incl. Light Commercial Vehicle; Source: IHS Markit | March | June 2020

# Our worldwide SUV mix is expected to increase strongly

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

■ Europe ■ China ■ NAR



<sup>1)</sup>Target

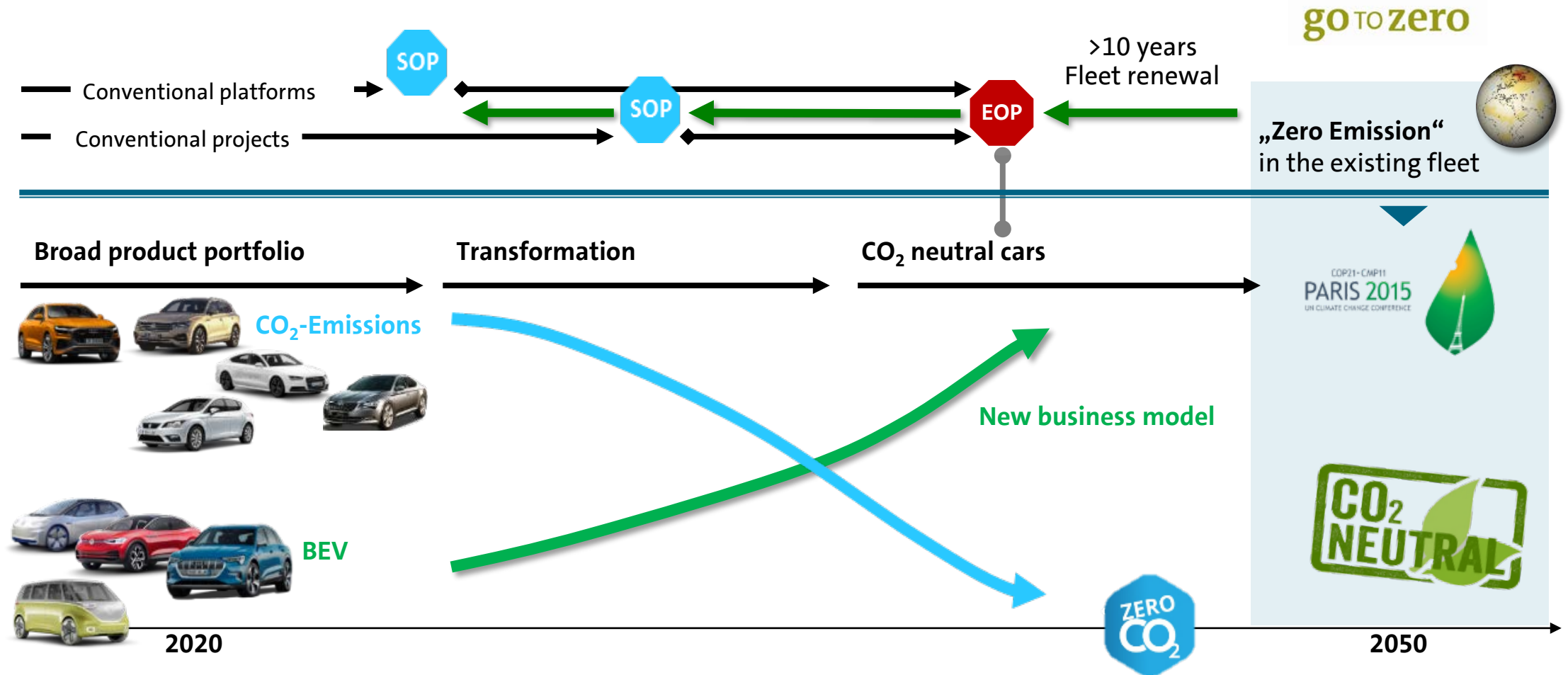


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Shaping e-mobility

# “Go to zero” Transformation of portfolio underway

## Paris Implications and Transformations Path

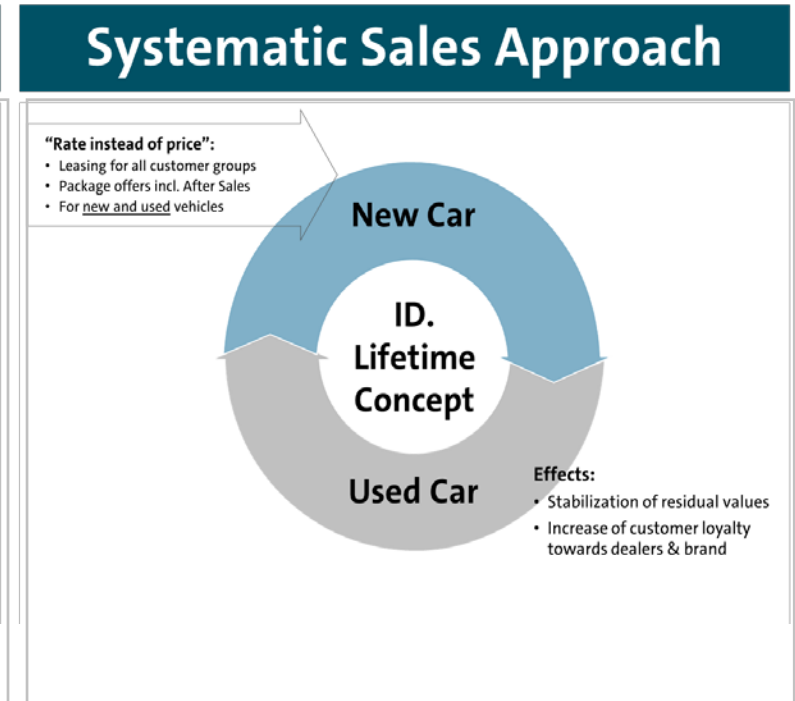
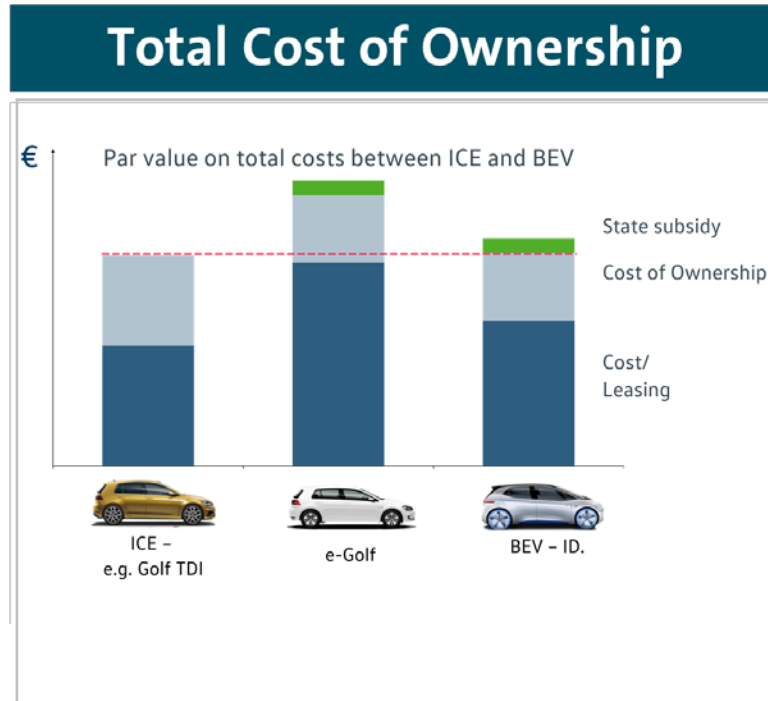


# BEV challenges addressed by three key elements

## Usability / Range

**e-Golf**  
up to 231 km (WLTP)

**MEB-platform**  
330 km (WLTP) | up to 550 km (WLTP)  
scalable





# 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  
body styles



Big wheels



Rear-wheel  
& four-wheel drive



Central  
computing unit



Trunk volume  
~ ICE



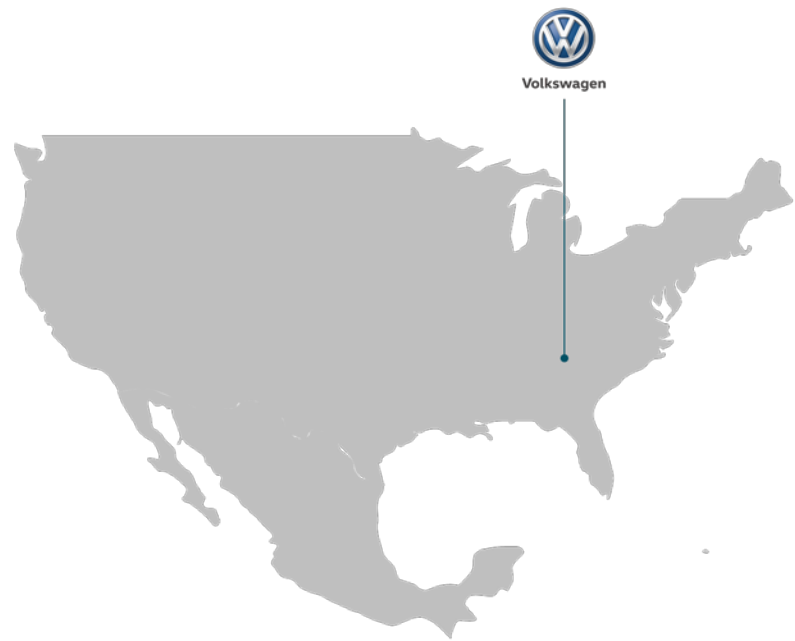
New Design



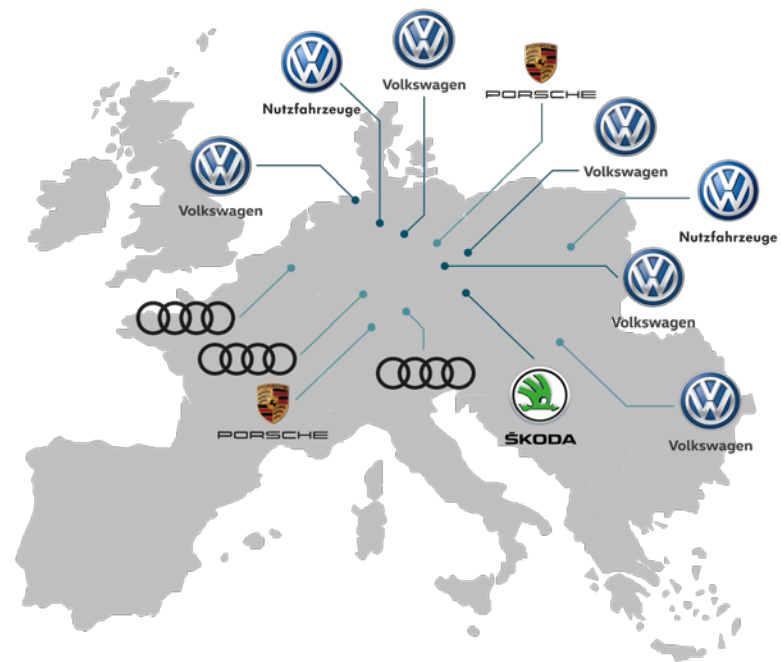
# Expanding Group production of electric vehicles worldwide on a massive scale by end 2022



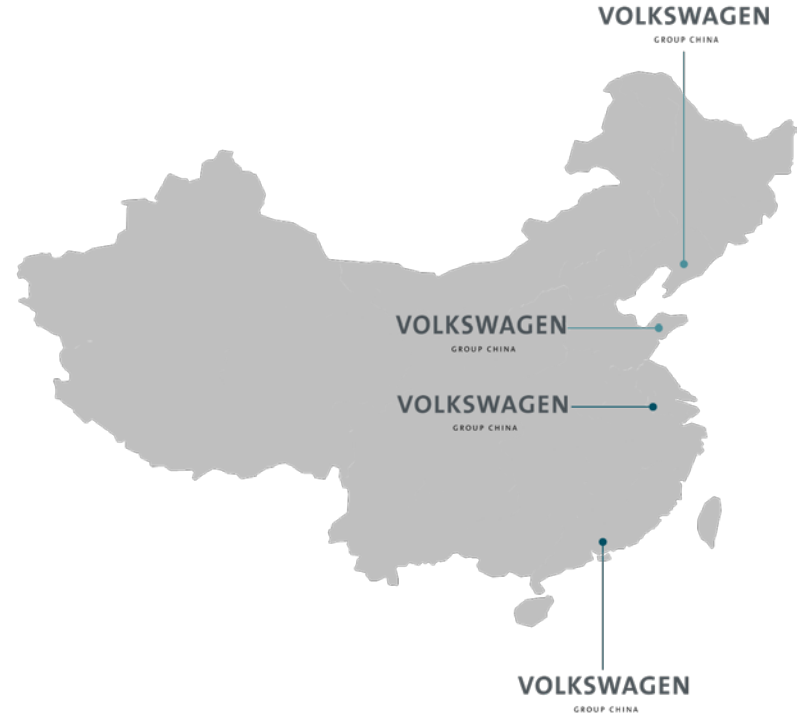
## NORTH AMERICA



## EUROPE

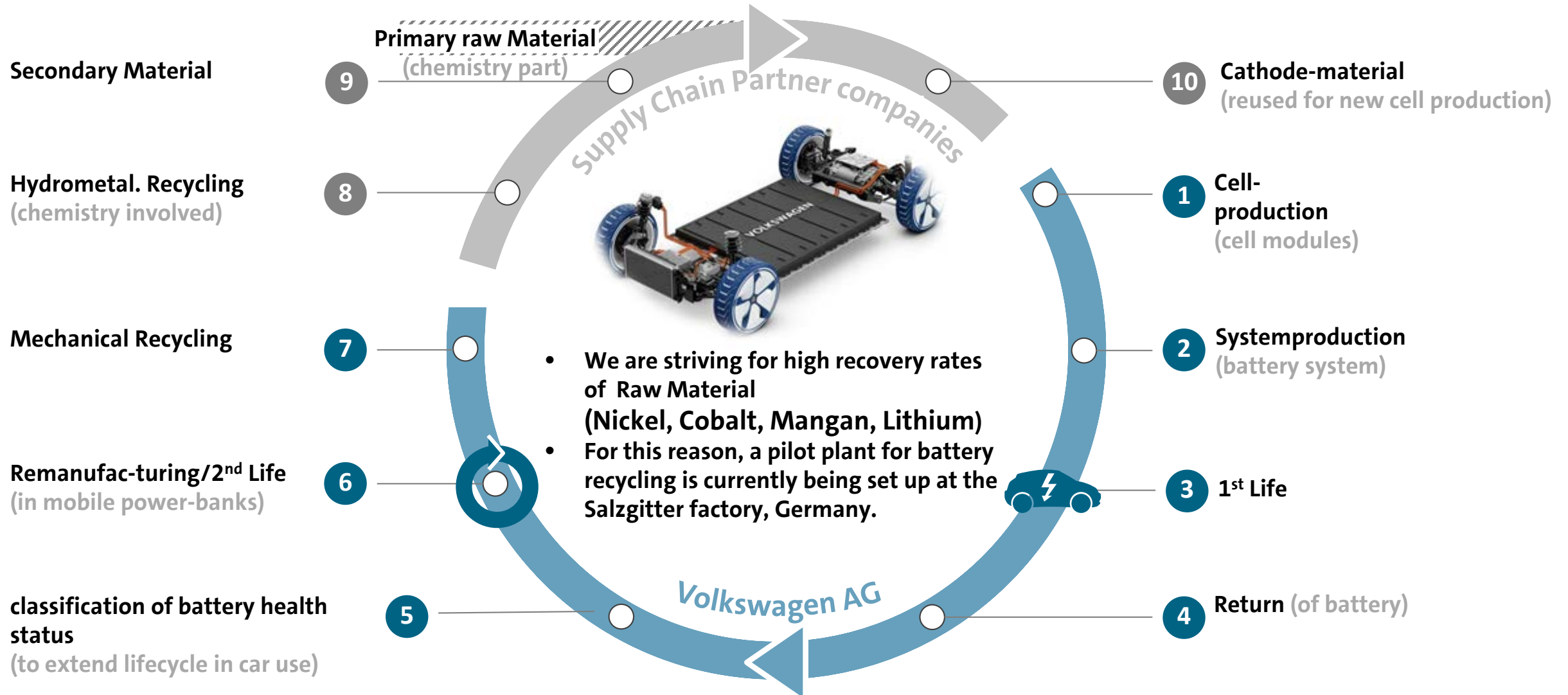


## CHINA



MEB | Other

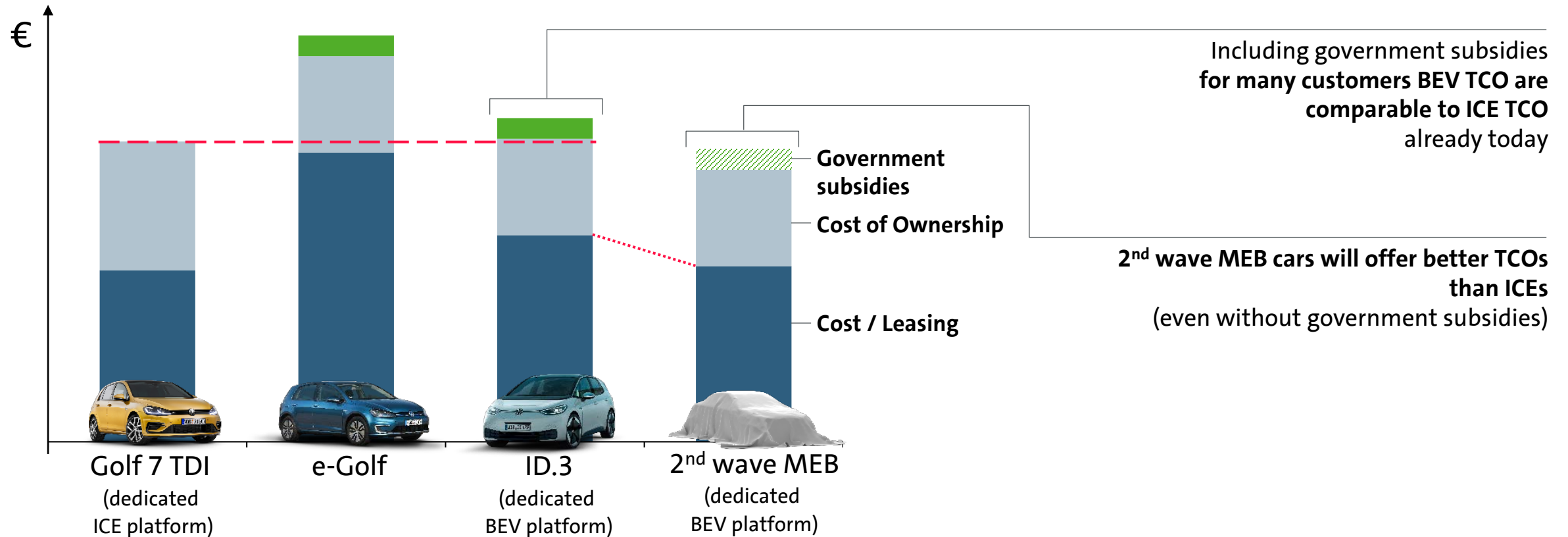
# Principle of Closed Loop Battery Materials





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

## TCO comparison <sup>1)</sup>



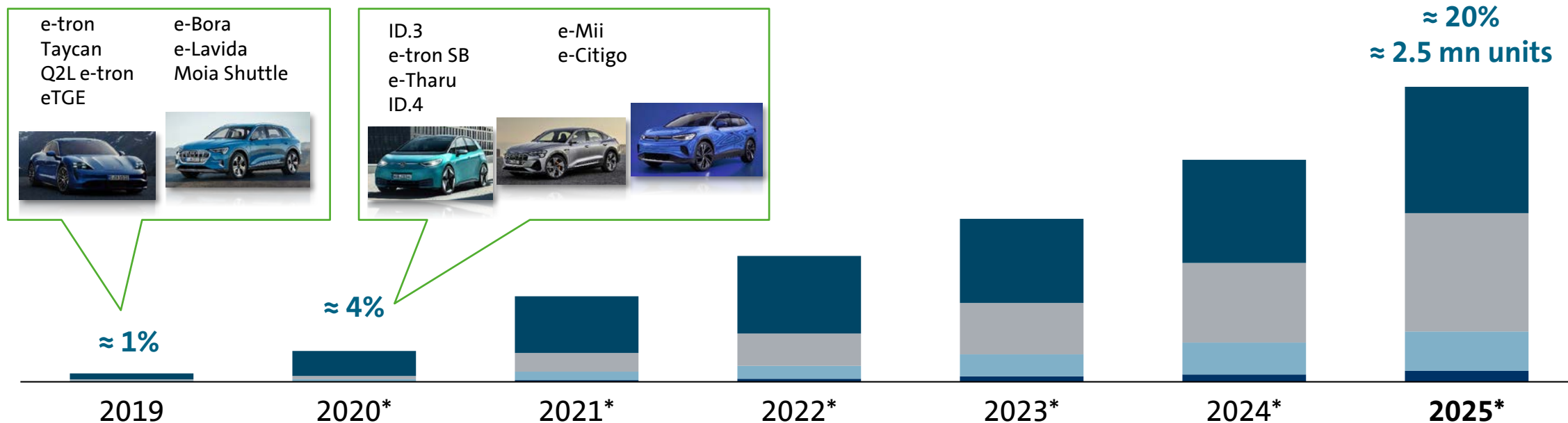
<sup>1)</sup> Schematic overview | TCO = Total Cost of Ownership

# Concrete Road map – BEV deliveries

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



Europe China NAR RoW



<sup>1)</sup>Target



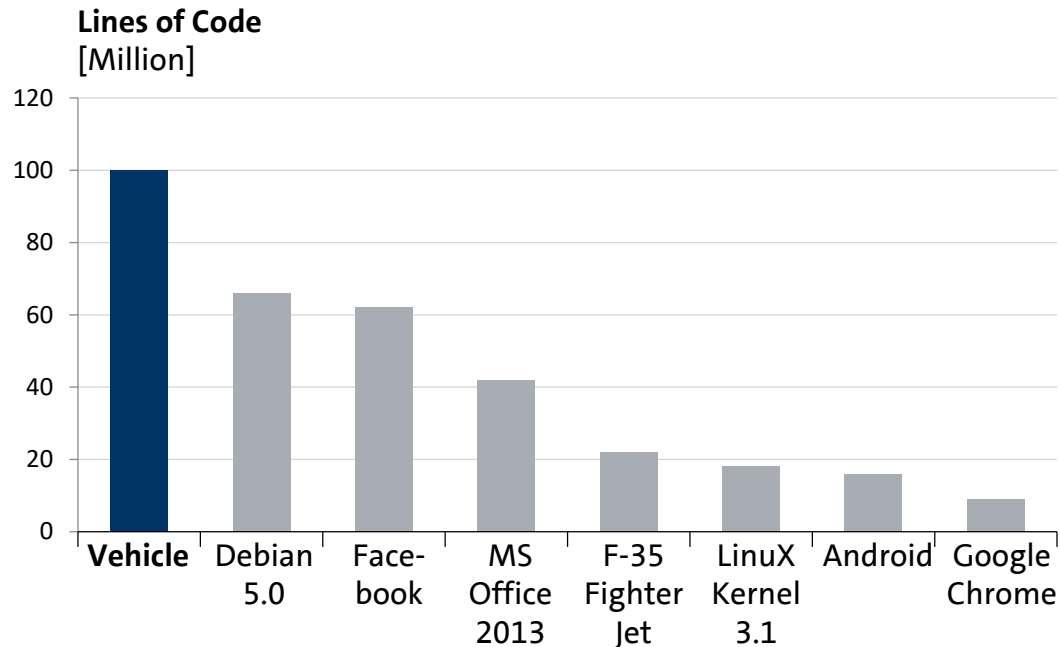
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Strategy – Software-enabled [atom.com](https://atom.com)

# Car becomes most complex internet device

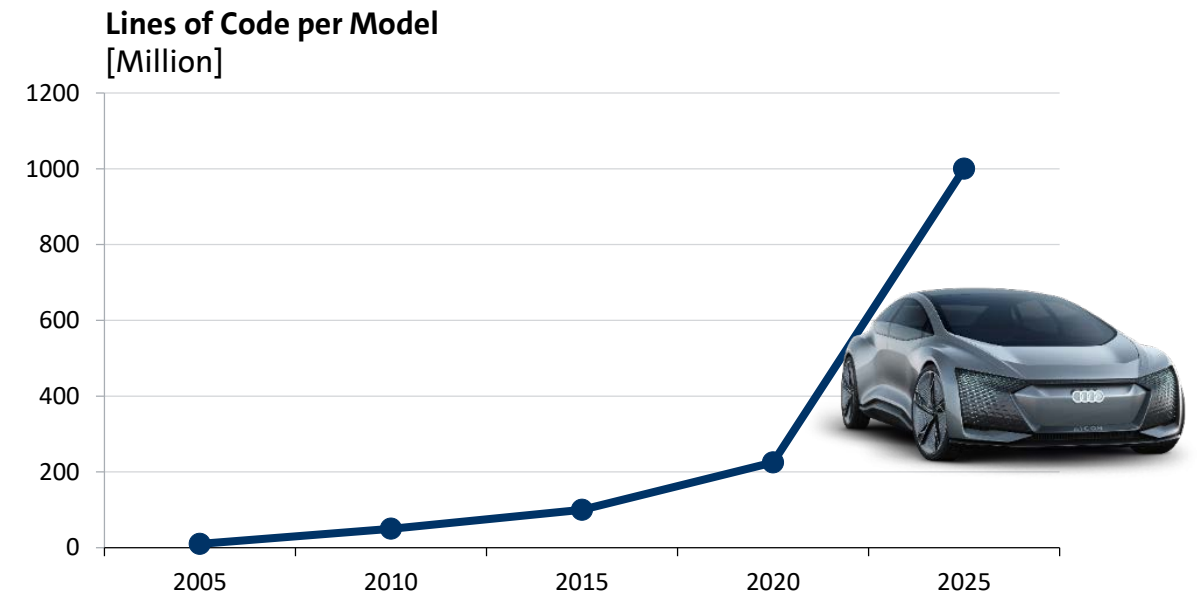
## Today

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



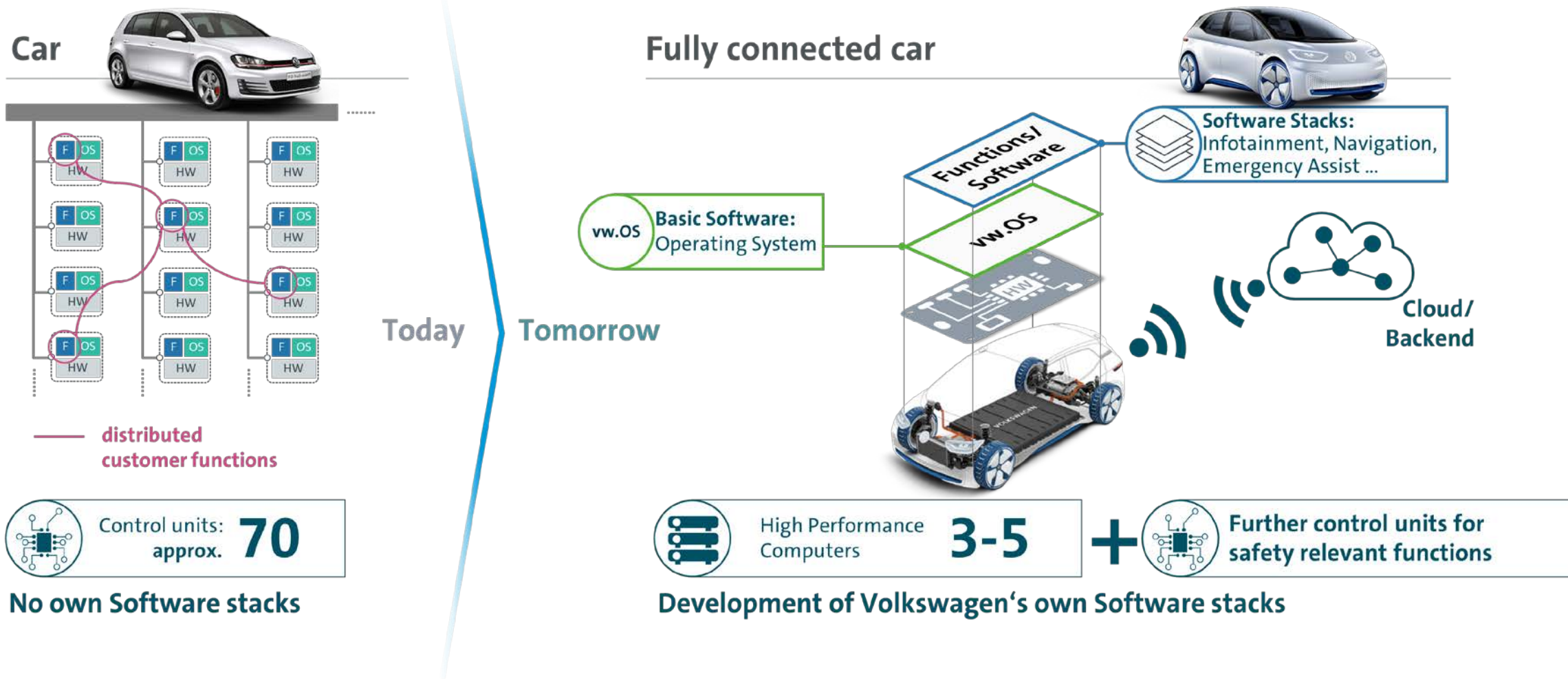
## Tomorrow

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





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

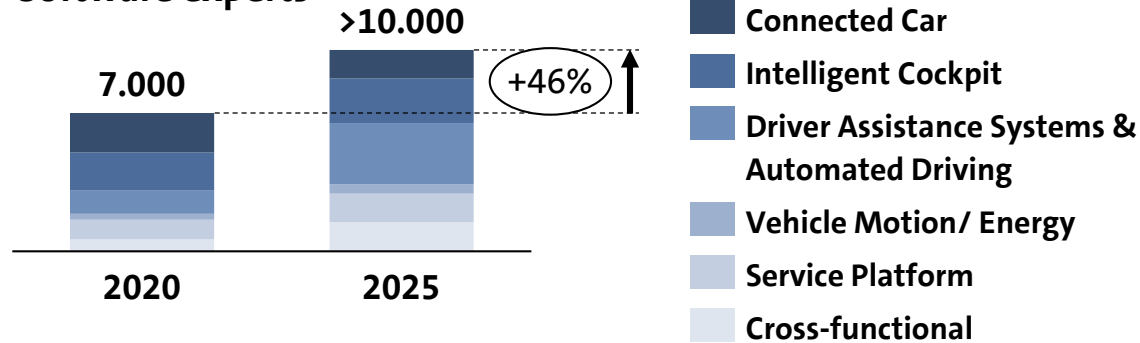


# Dedicated software organization to develop own Groupwide scalable stack

7 bn started 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

Alle Brands



## Car.SW Org.

## ...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

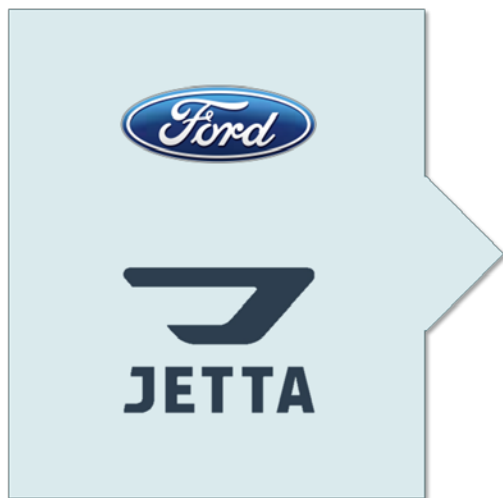
- Cost reduction due to
  - significantly lower direct material cost
  - reduced development cost
  - smoother new vehicle launches
  - reduced warranty cost

**~ 0.5 bn**  
synergies by 2025 from  
standardisation of  
infotainments Example

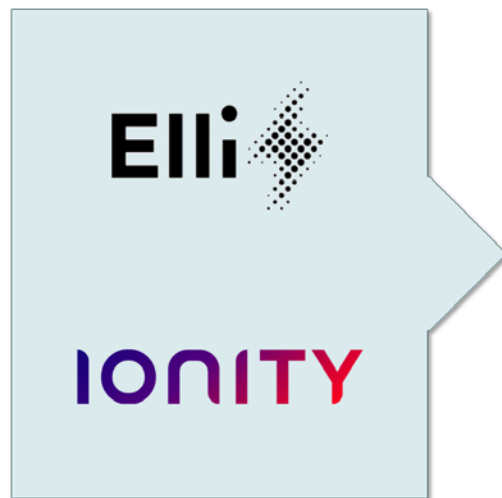


## Driving forward Strategy: New collaborative approach

### Market/ Product



### E-Mobility services



### Software



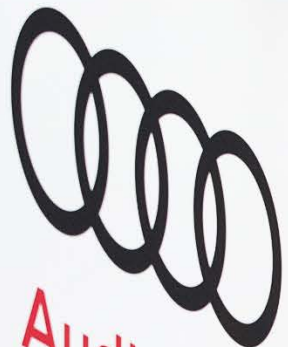
### Technology



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



Volkswagen



Audi



SEAT



ŠKODA



BENTLEY



BUGATTI



PORSCHE

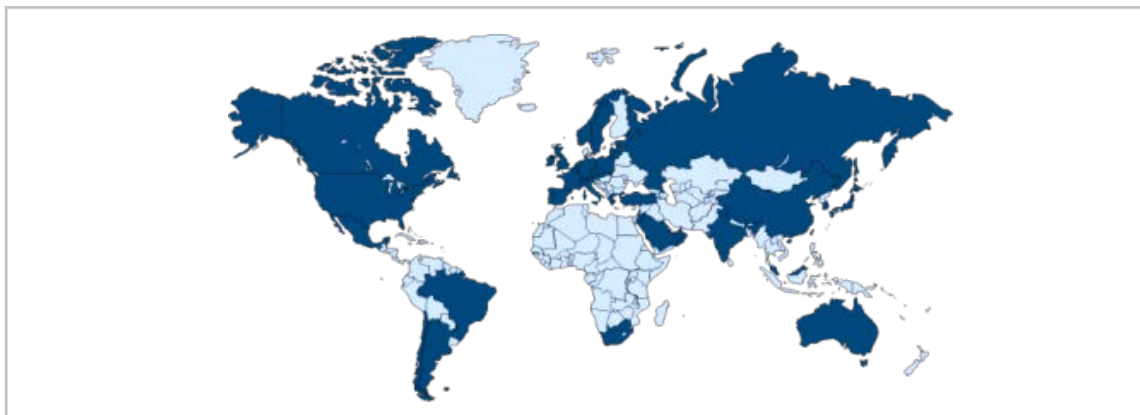


Leading the Transformation.

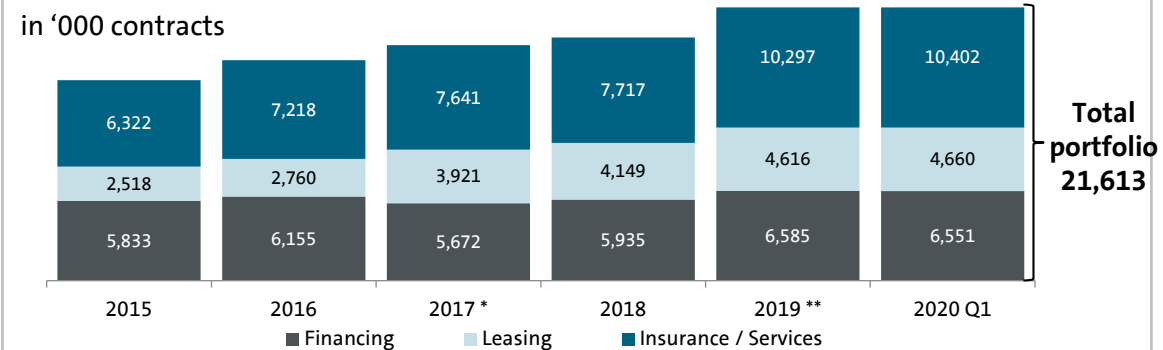
Strong brands & global footprint

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

## Strong global presence

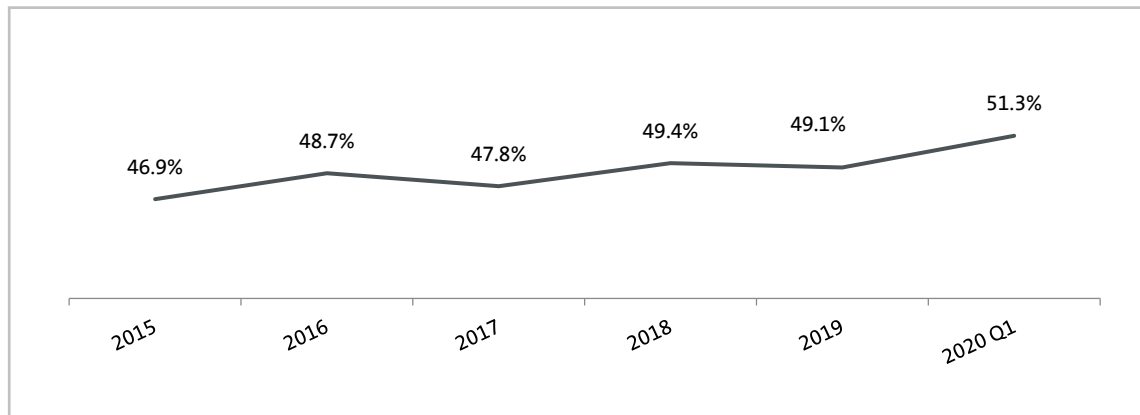


## Continuous portfolio expansion

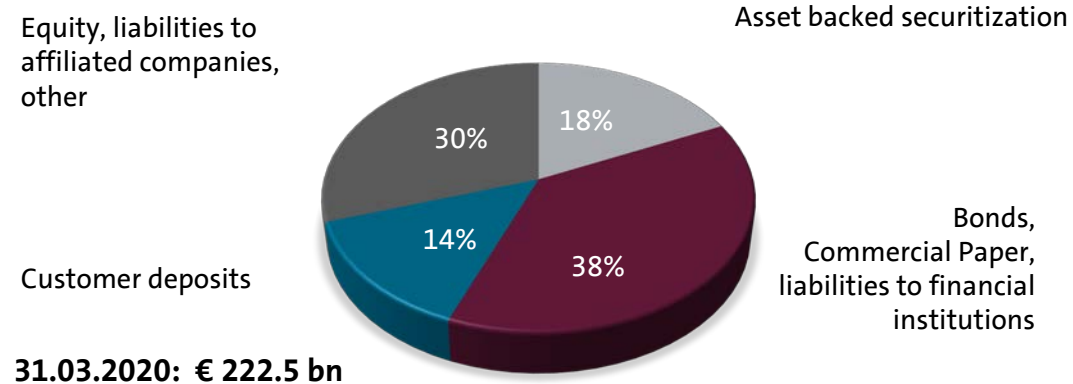


\* Reclassification Finance / Lease contracts \*\* contracts from international JVs included

## Rising penetration rates (without China)



## Diversified funding structure



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

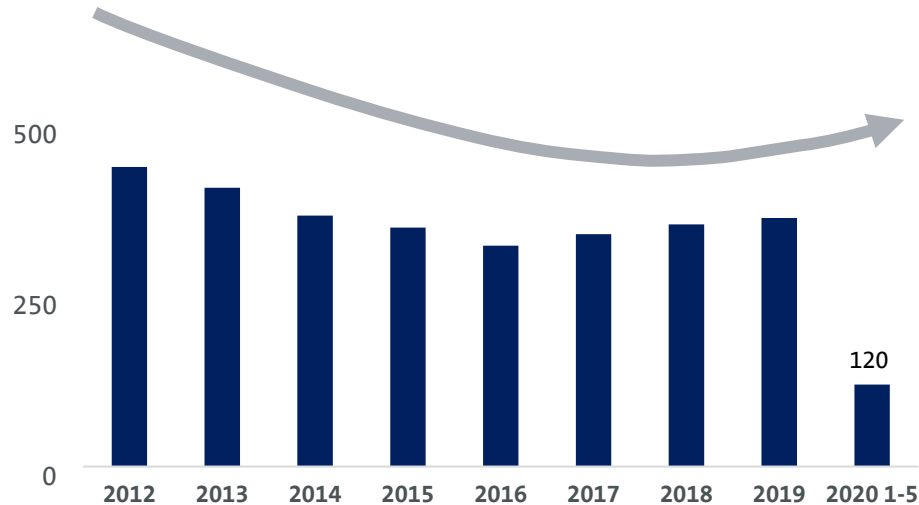
# Volkswagen Brand – Pushing the Turnaround in the US



- 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

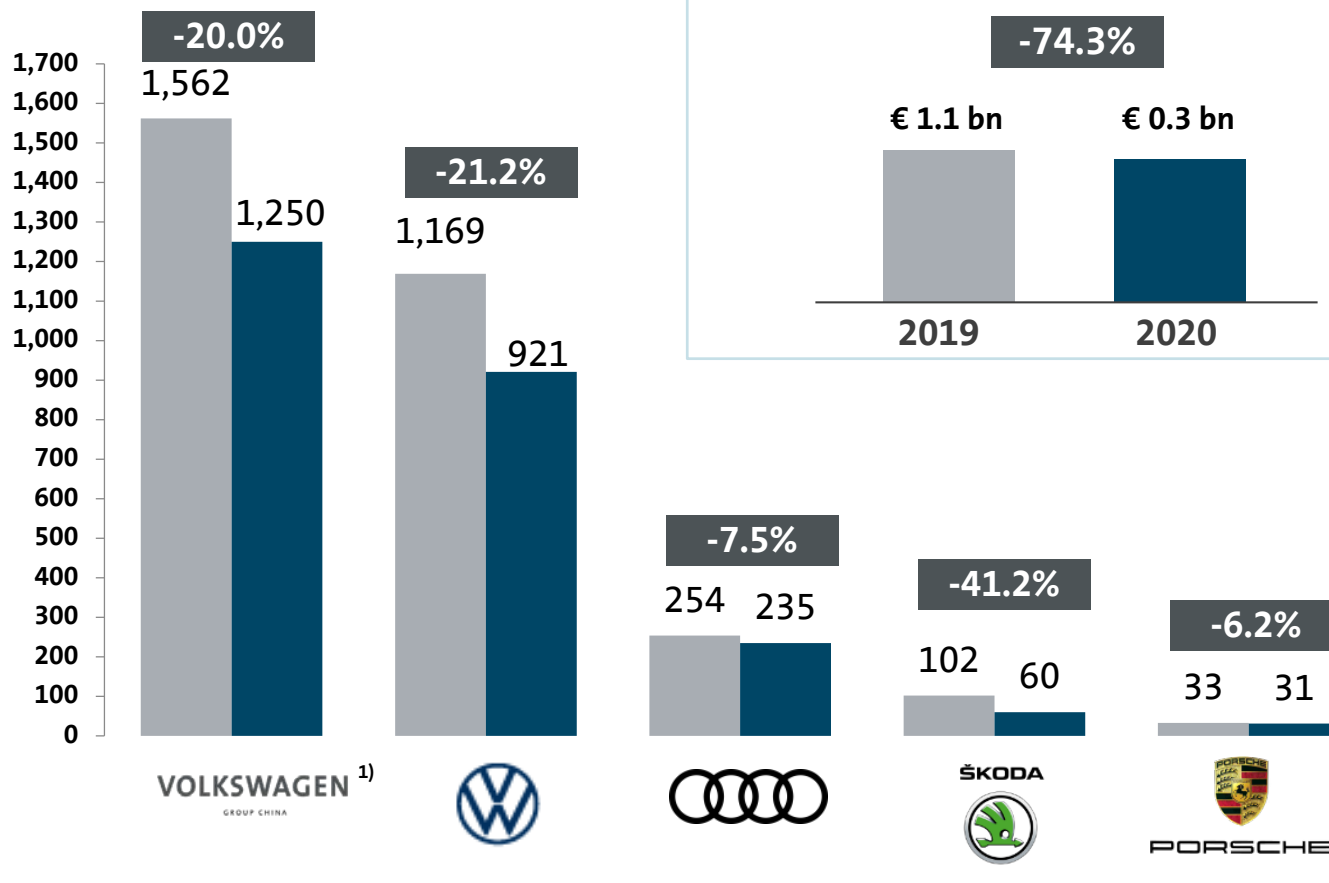


SUV offensive #1	New Sedans	SUV offensive #2	Electric transition
2017	2018-19	2020-21	2020 +
<p>All-new Atlas</p> <p>All -new Tiguan</p>	<p>Jetta</p> <p>Passat</p> <p>Arteon</p>	<p>Atlas Cross Sport</p> <p>Compact SUV</p>	<p>Compact SUV e</p> <p>ID Buzz</p> <p>New Model</p>

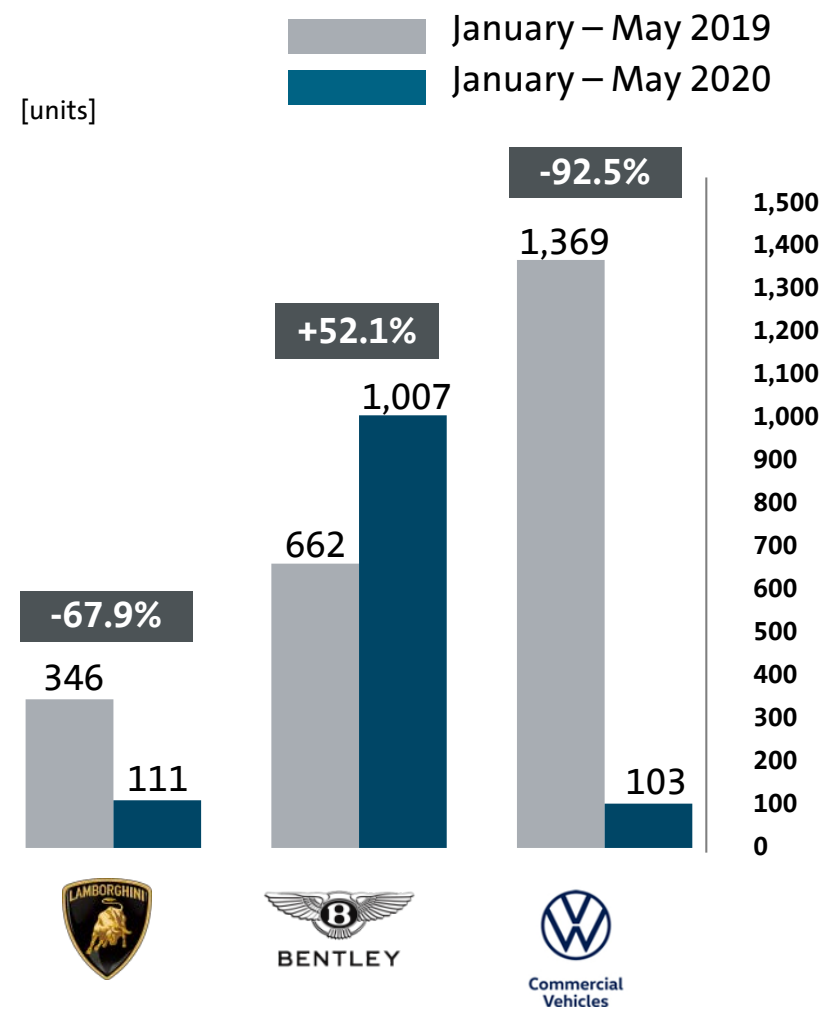
# Volkswagen Group China performance (January to May 2020)



[thsd. units]



[units]



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



Leading the Transformation.

Integrity & Compliance





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

## STRATEGY

Ethics and compliance is central to business strategy

## RISK MANAGEMENT

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

## SPEAK-UP ENVIRONMENT

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



## CULTURE OF INTEGRITY

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

## RESOLUTE ACCOUNTABILITY

The organization takes action and holds itself accountable when wrongdoing occurs

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



Leading the Transformation.

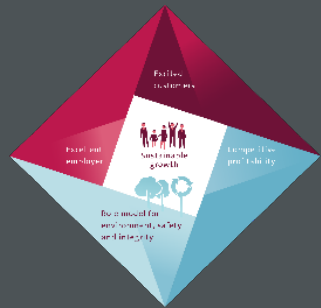
Commitment

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

# TOGETHER 2025<sup>+</sup>

FOCUS AND SPEED

Shaping  
mobility –  
for generations  
to come.



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

Unleash value

Integrity as the foundation of a successful business

## Investor Relations Team

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



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Telephone: +49 5361 9 31106



Leading the Transformation.

Appendix

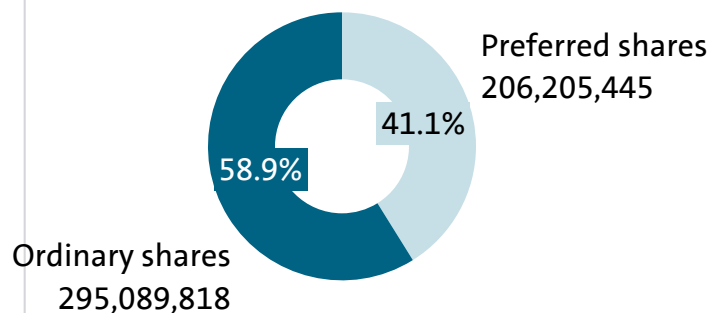




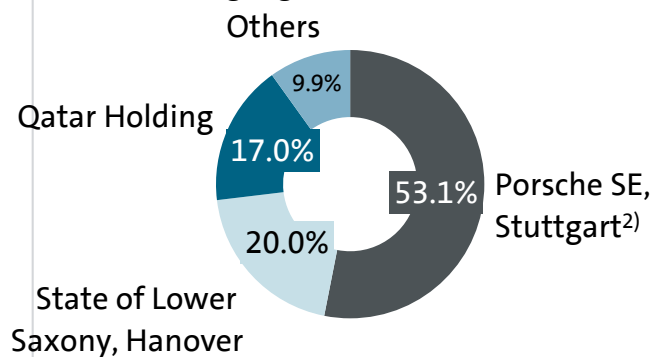
# The Shareholder Structure, Supervisory and Management Board

## Shareholder Structure of Volkswagen AG

### Number of Outstanding Shares



### Current Voting Rights Distribution



(as at December 31, 2019)

## Supervisory Board of Volkswagen AG

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

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

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

<sup>1)</sup> Each Board Member is responsible for one or more functions within the Volkswagen Group. The work of the Board of Management of Volkswagen AG is supported by the boards of the brands and regions as well as by the other group business units and holdings. <sup>2)</sup> On May 12 2020, Porsche SE announced increase in voting rights to 53.3% Exact figure not disclosed.

## Diesel issue: Special Items & payments

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



**VOLKSWAGEN**

AKTIENGESELLSCHAFT



# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



## **Creating Value with Financial Services**

Volkswagen Financial Services AG and Volkswagen Bank GmbH

UniCredit Automotive Credit Conference, 24 - 25 June 2020

## Volkswagen Investor Update

Volkswagen AG

Alexander Hunger – Group Investor Relations

Bjoern Reinecke – Head of Financial Markets

Volkswagen Financial Services

Bernd Bode – Head of Group Treasury and Investor Relations

Katja Hauer – Investor Relations



# Impact of COVID-19



## Business Continuity Management

Involving the Supervisory Board, Security, Communication and HR.



## Dealer Support Package

In close cooperation with Volkswagen Group brands

## Residual Value Risk

No major extraordinary write downs conducted in Q1.



## Credit Risks

Historically very low.  
Measures implemented.



## Funding

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



# Volkswagen Group: Management Model



1) Allocation to be verified  
 As of 04.09.2019

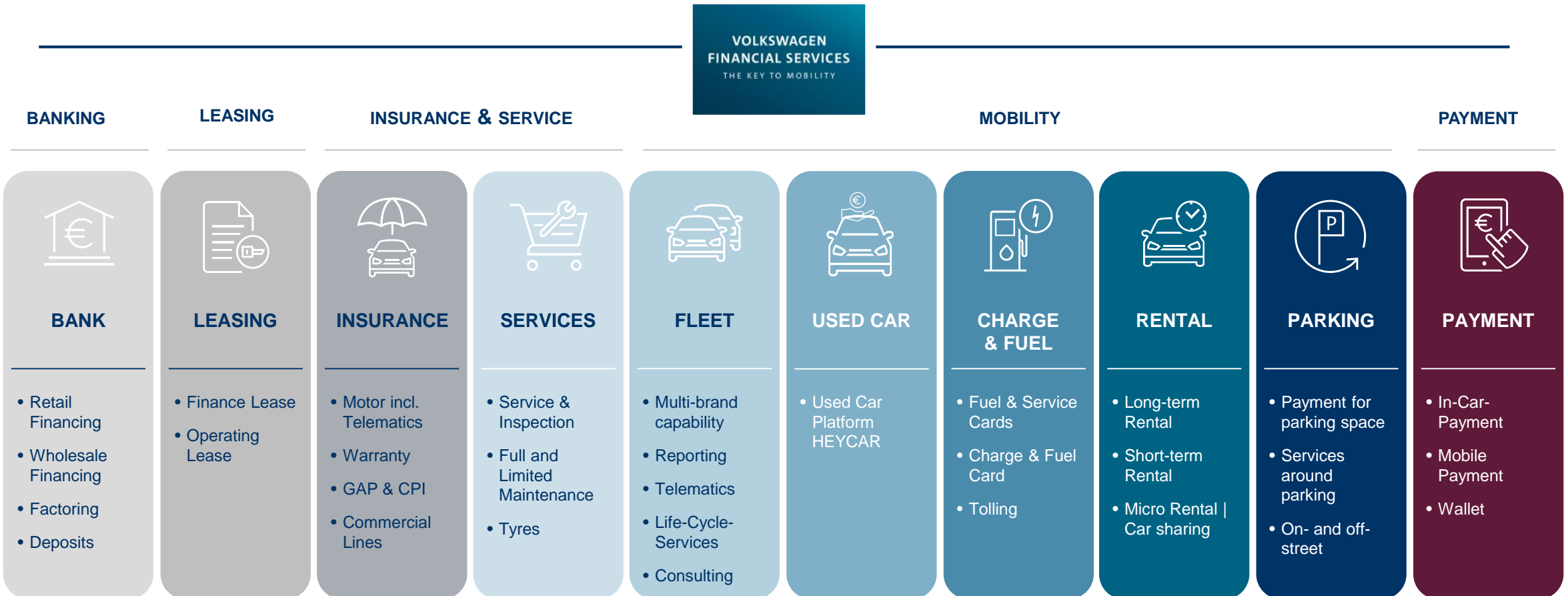
# Our business model interfaces customers, automotive brands and dealers



# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

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



PROFITABILITY

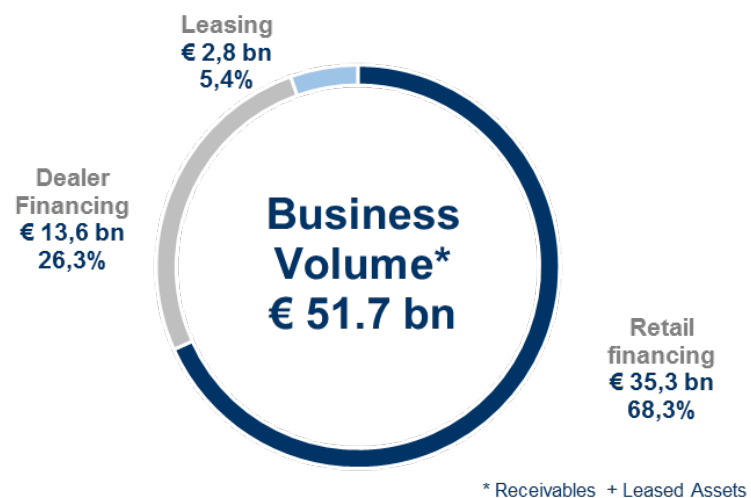
CONTACT FREQUENCY

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

## At a glance as of 31.12.2019

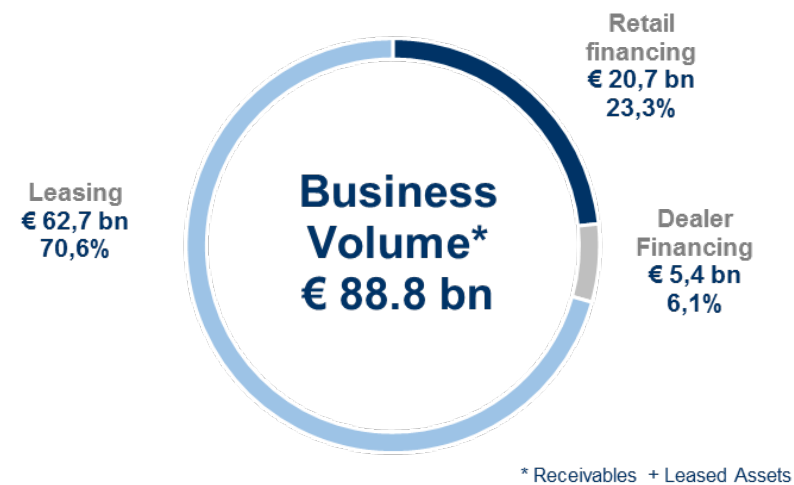
### Volkswagen Bank GmbH

Total assets	€68.4 billion
Equity	€10.0 billion
Customer deposits	€31.7 billion
Operating profit	€757 million
Employees	1,954
Contracts (units)	3.9 million



### Volkswagen Financial Services AG

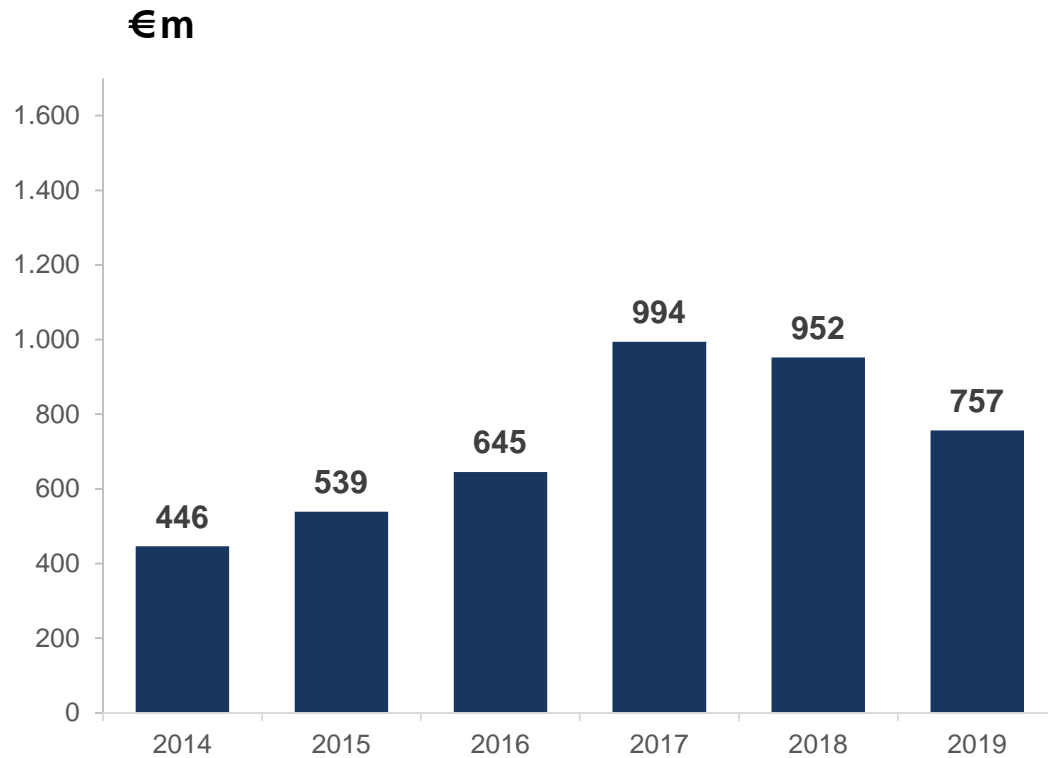
Total assets	€112.4 billion
Equity	€12.0 billion
Customer deposits	€70.0 million
Operating profit	€1.2 billion
Employees	10,773
Contracts (units)	10.2 million



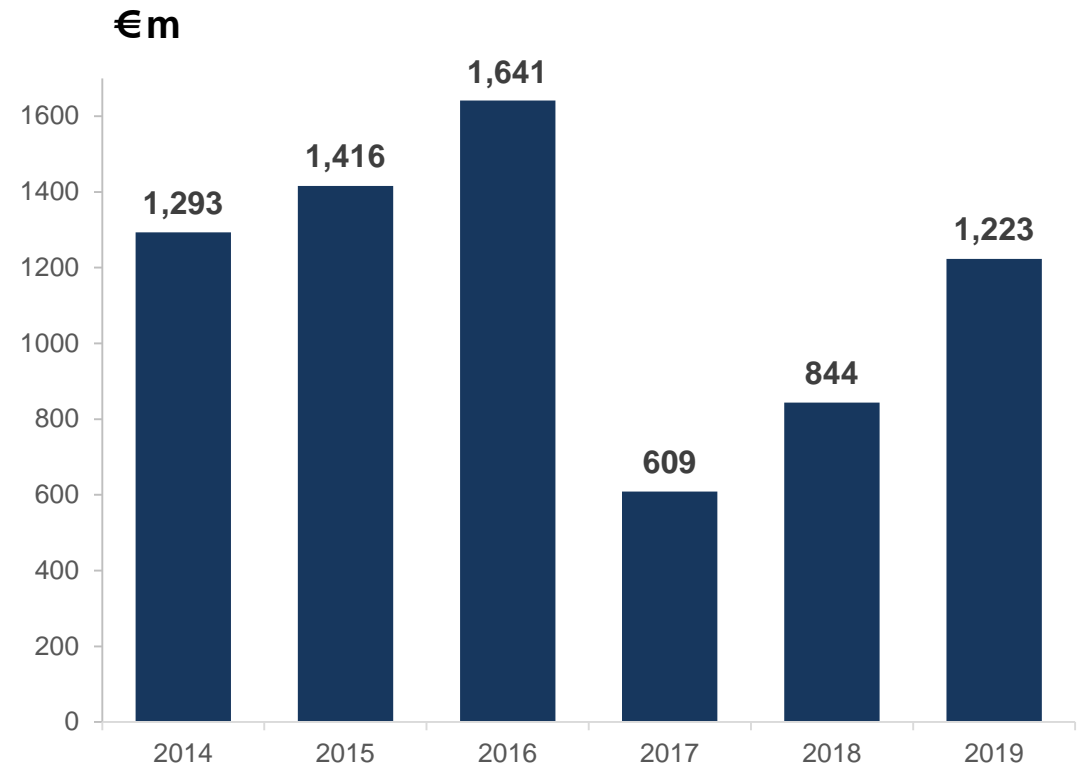


# Operating Income

## Volkswagen Bank GmbH

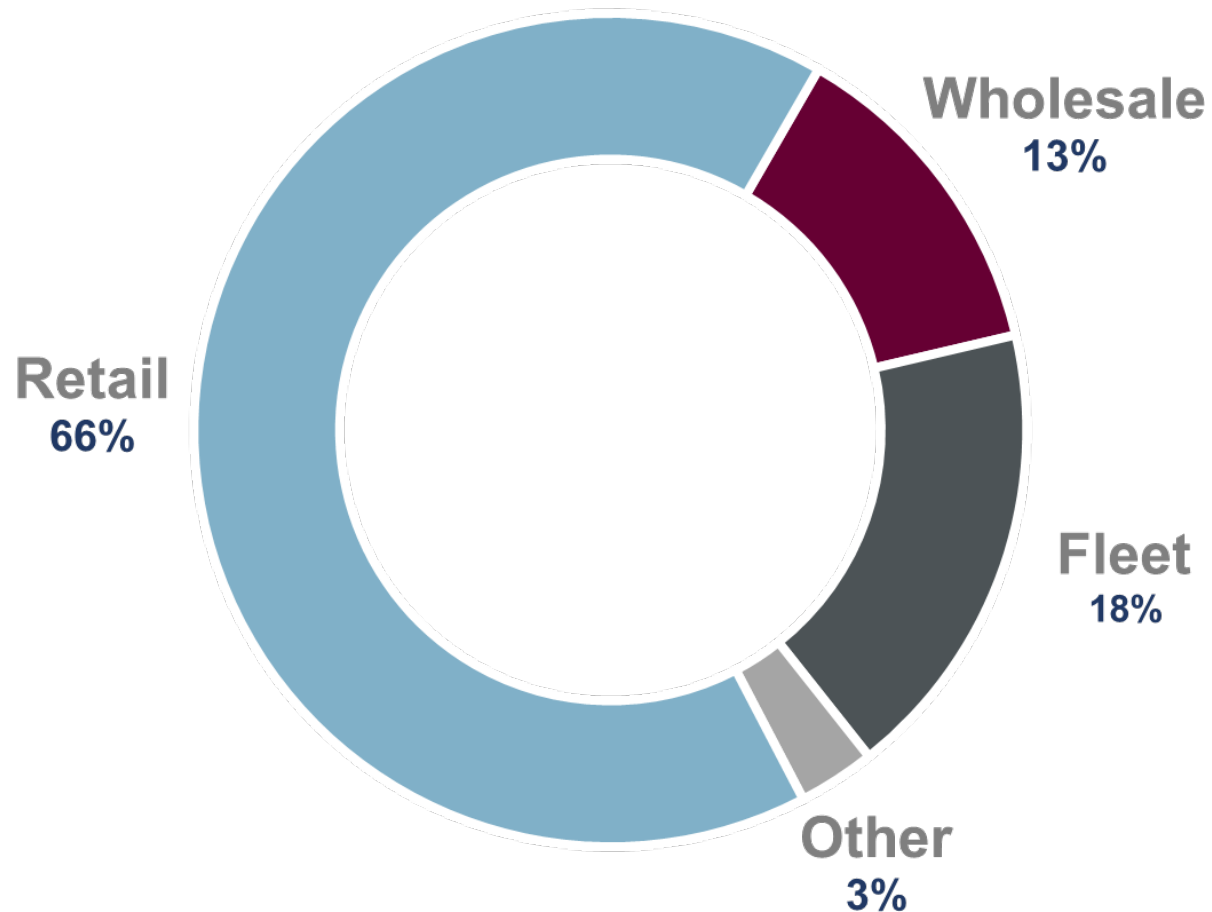


## Volkswagen Financial Services AG\*



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

# Portfolio structure Volkswagen Financial Services



## Credit Risk

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

## Residual Value Risk

Residual values are monitored closely and regularly adjusted to the current market situation for new business. Completely covered by provisions and equity according to IAS 36.

## Other substantial risk types:

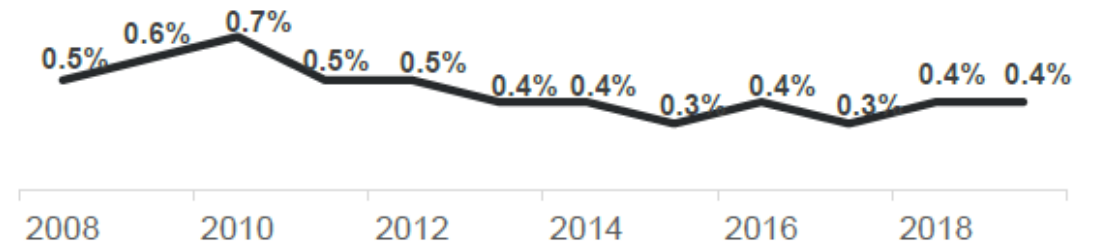
- Earnings Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2018

# Credit risk management at Volkswagen Financial Services

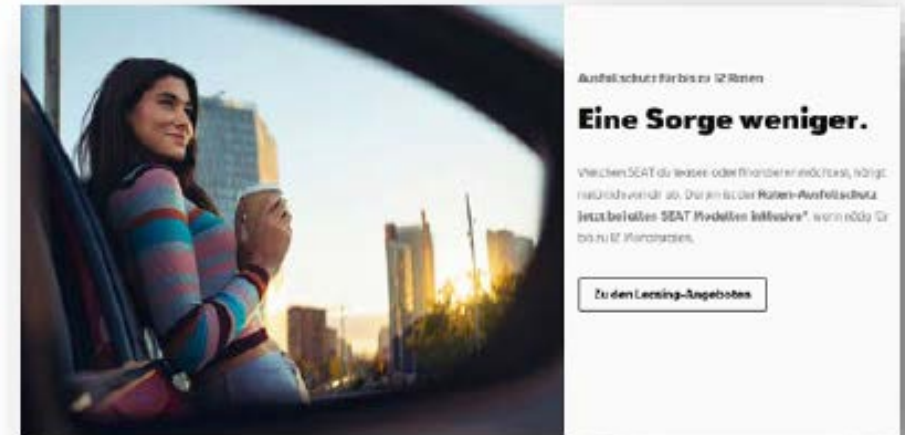
- Portfolio **conservatively managed** and comfortably provisioned.
- **Some pressure** on credit risk due to current COVID-19 crisis but until now no impacts visible in Q1.
- In history VWFS credit losses **on a very low level**.
- Extremely **low exposure to subprime**.
- **Tailor made services** offered in Corona crisis e.g. bridge financing for our dealer partners or insurance offers for our retail customers.
- Payment freeze for customers possible on an individual basis. Until now only low one digit percentage **payment holidays** granted.
- We are **monitoring the current risk situation closely**.
- **Slight rise possible** this year.
- **No extraordinary provisioning in Q1**.

Credit loss ratio historically on a very low level

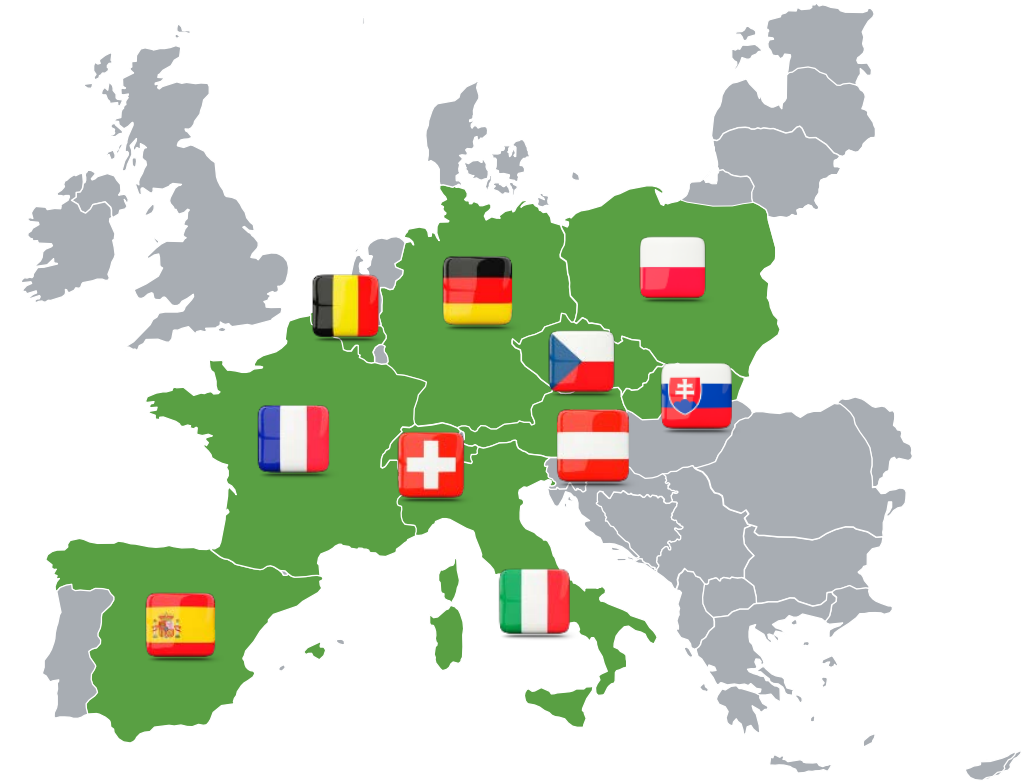
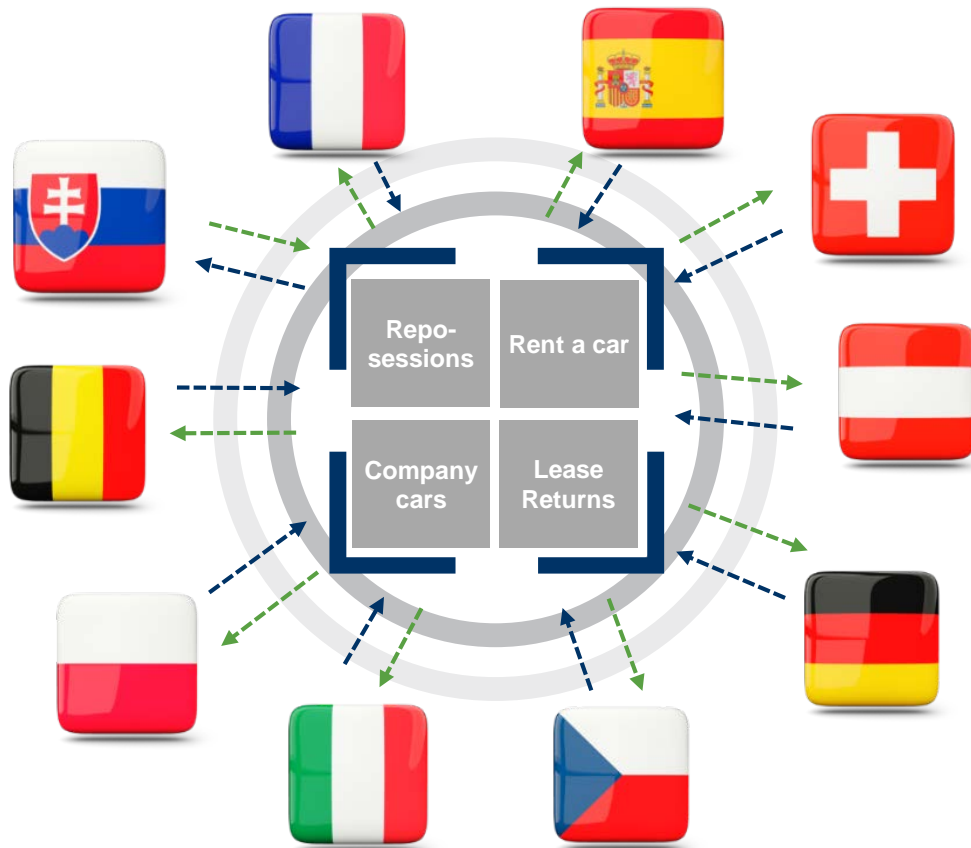


# Residual value risk management at Volkswagen Financial Services

- Priority of Volkswagen Financial Services is to support the sales of the Volkswagen group brands and to **keep the residual values stable** by offering attractive financial service products.
- **Currently some pressure** on residual values due to Corona Crisis.
- Volkswagen Financial Services is offering attractive products for used car financing and operates the **used car platform Heycar**.
- We are experts in residual value management - **more data points** available than at external data providers.
- Provisioning is done **very conservatively**. All residual value risks completely covered by risk provisions and equity.
- **No major extraordinary write downs conducted in Q1.**



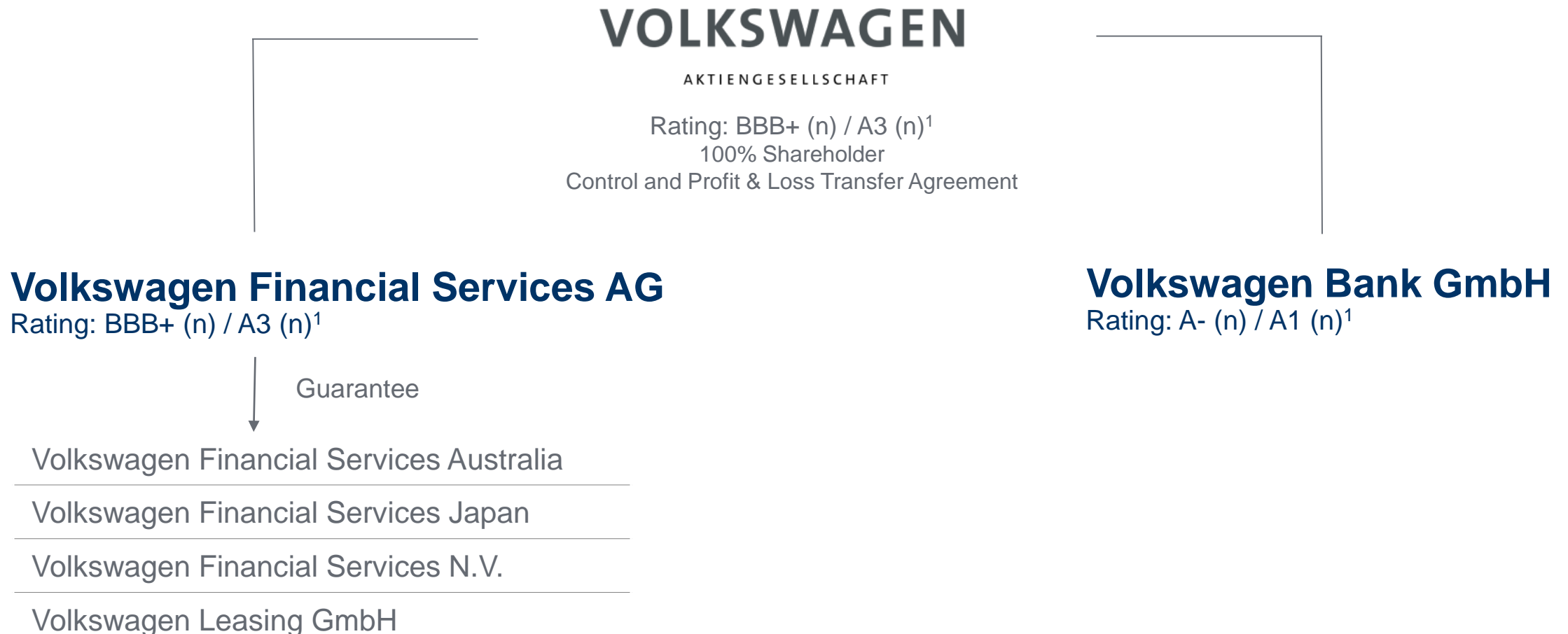
# International used car brokerage safeguards residual values



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

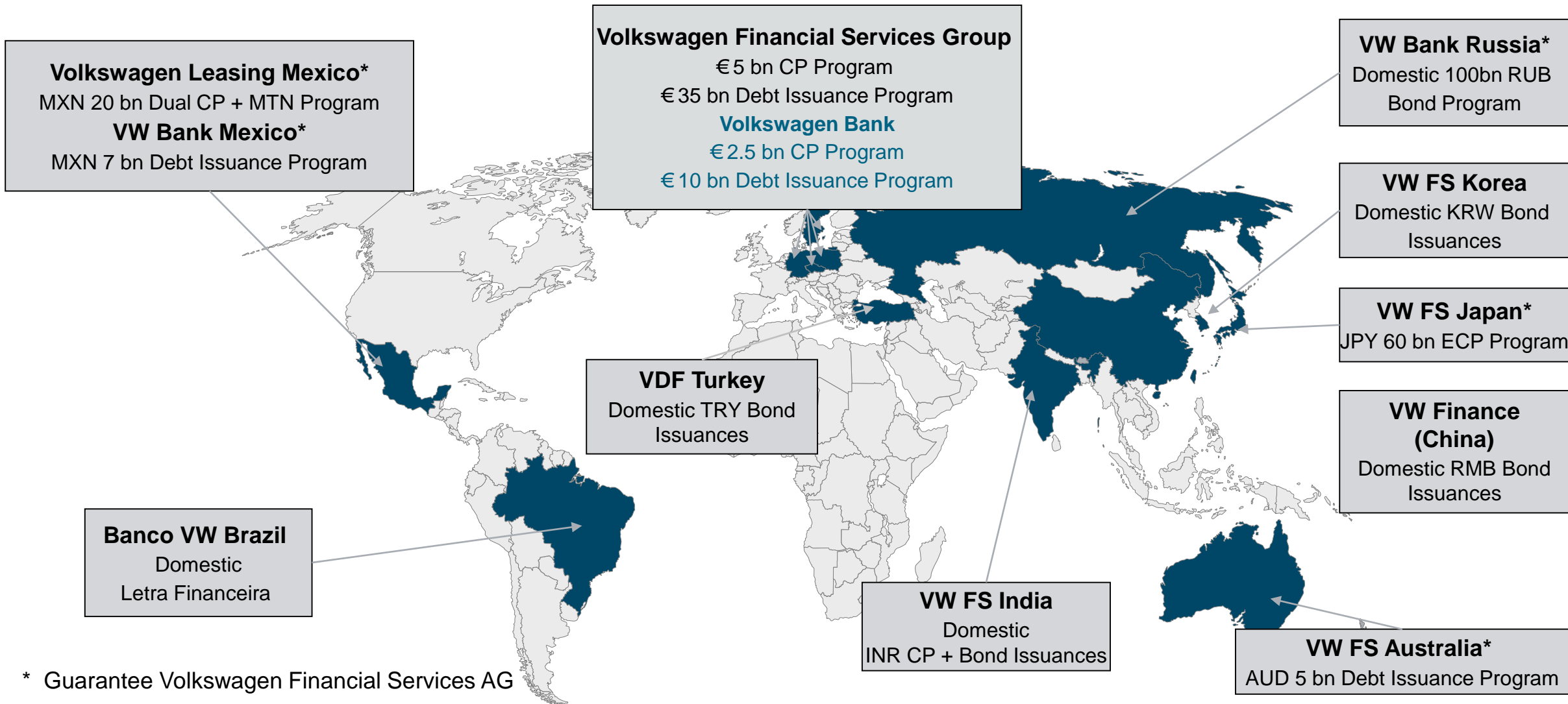


# Volkswagen Financial Services organisational structure and guarantee scheme



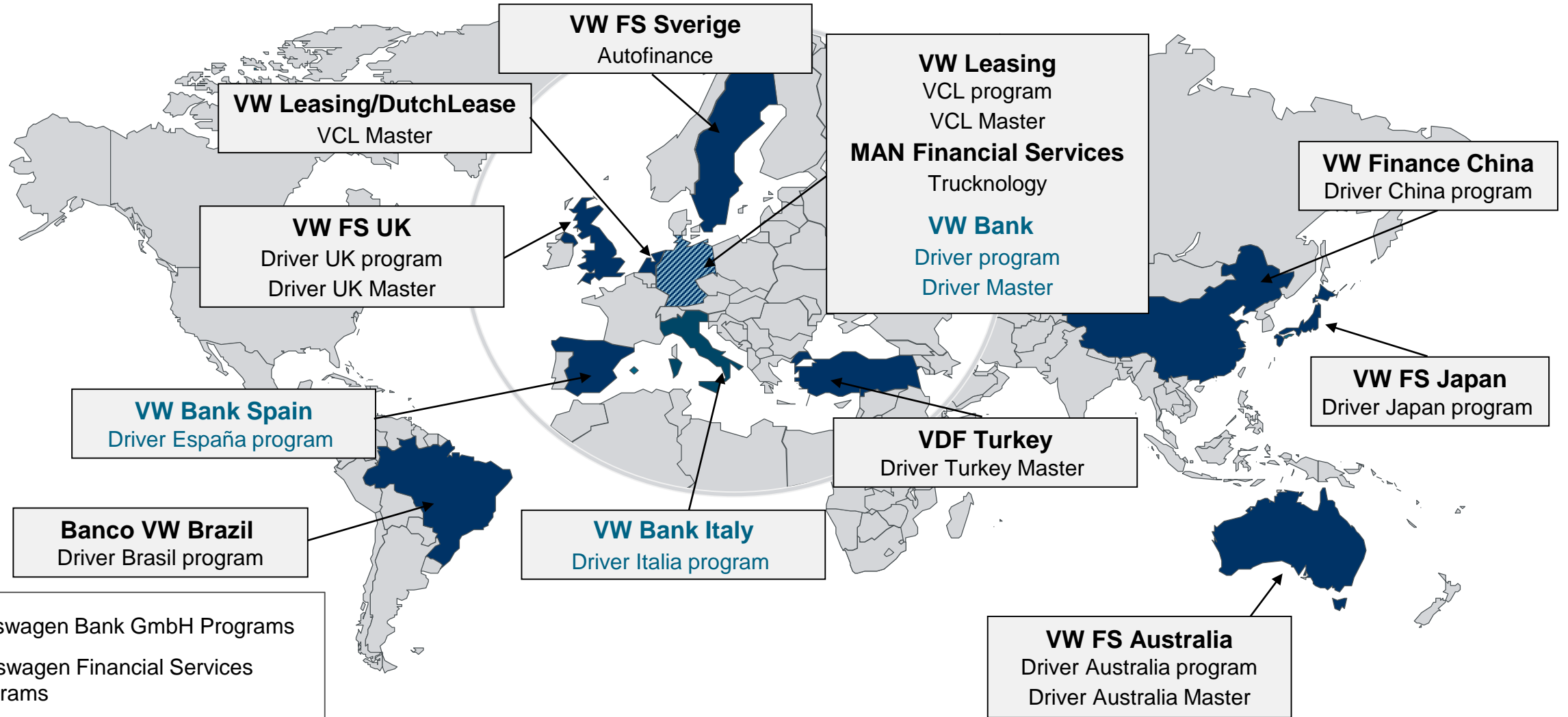
<sup>1</sup>Credit Ratings from Standard&Poors / Moody's as per 16 June 2019; (n) Outlook negative, (s) Outlook stable, (RfD) Under Review for Downgrade

## Worldwide capital market activities



\* Guarantee Volkswagen Financial Services AG

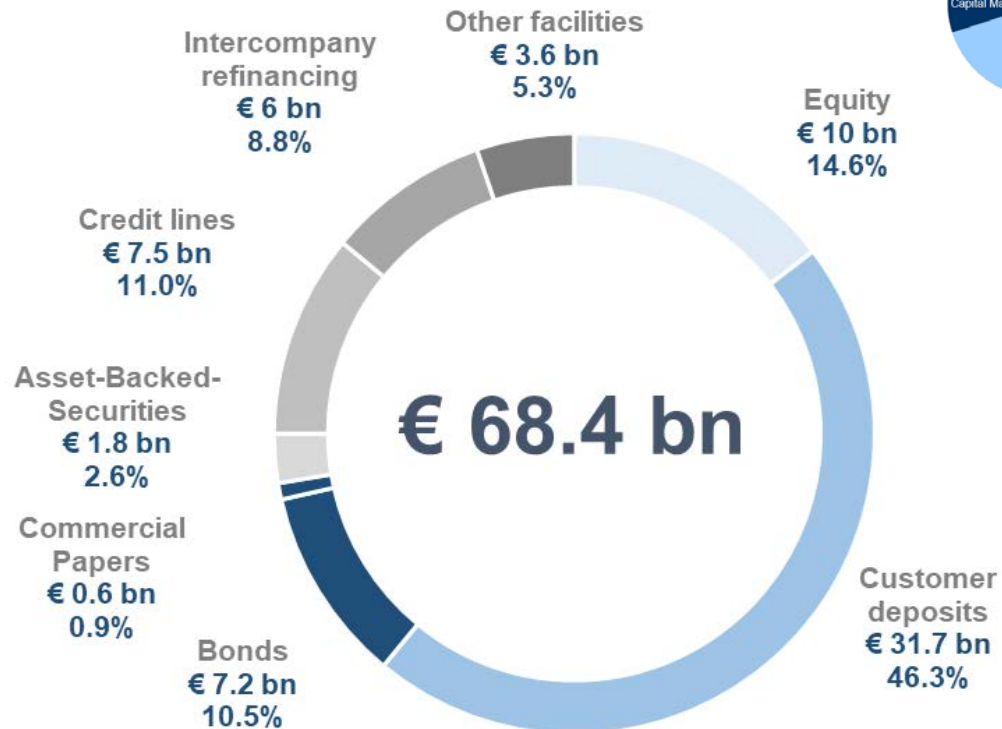
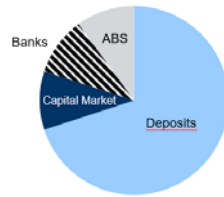
## Worldwide ABS activities



# Strategic funding allocation as of 31.12.2019

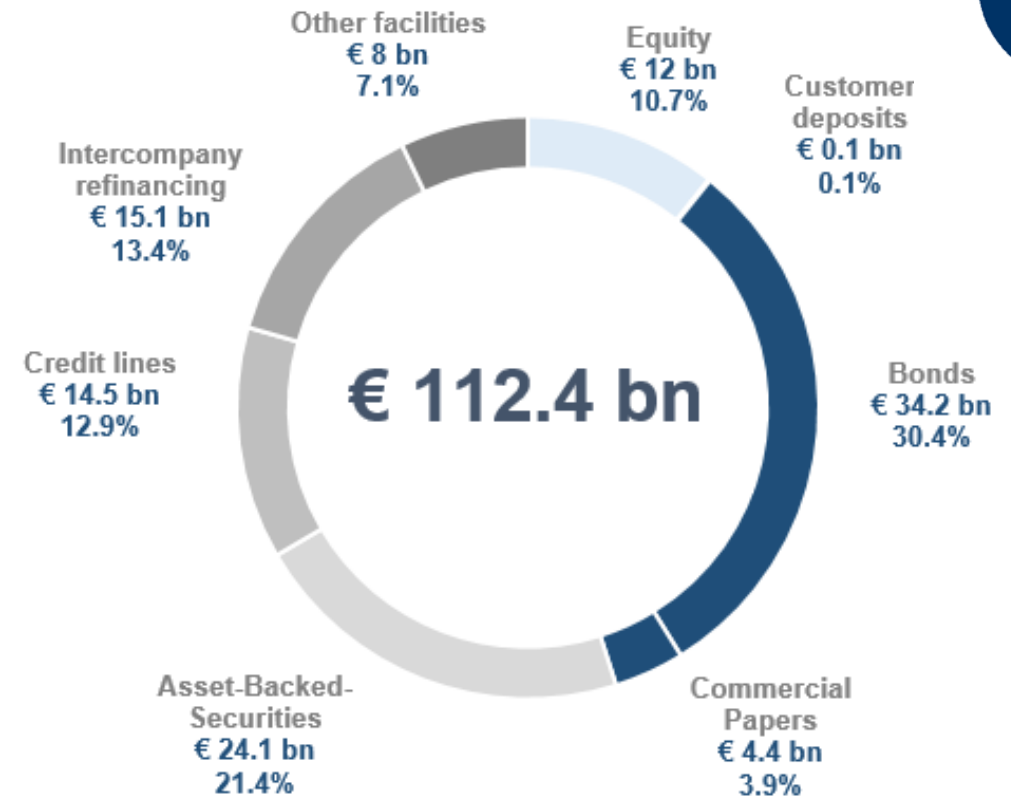
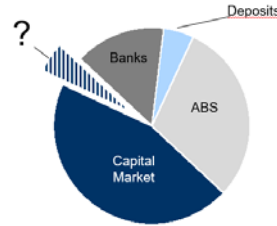
## Volkswagen Bank GmbH

Strategic Funding Mix



## Volkswagen Financial Services AG

Strategic Funding Mix



# Strategy ROUTE2025 | Focus Topics

**Digitalization**

**Operational Excellence**

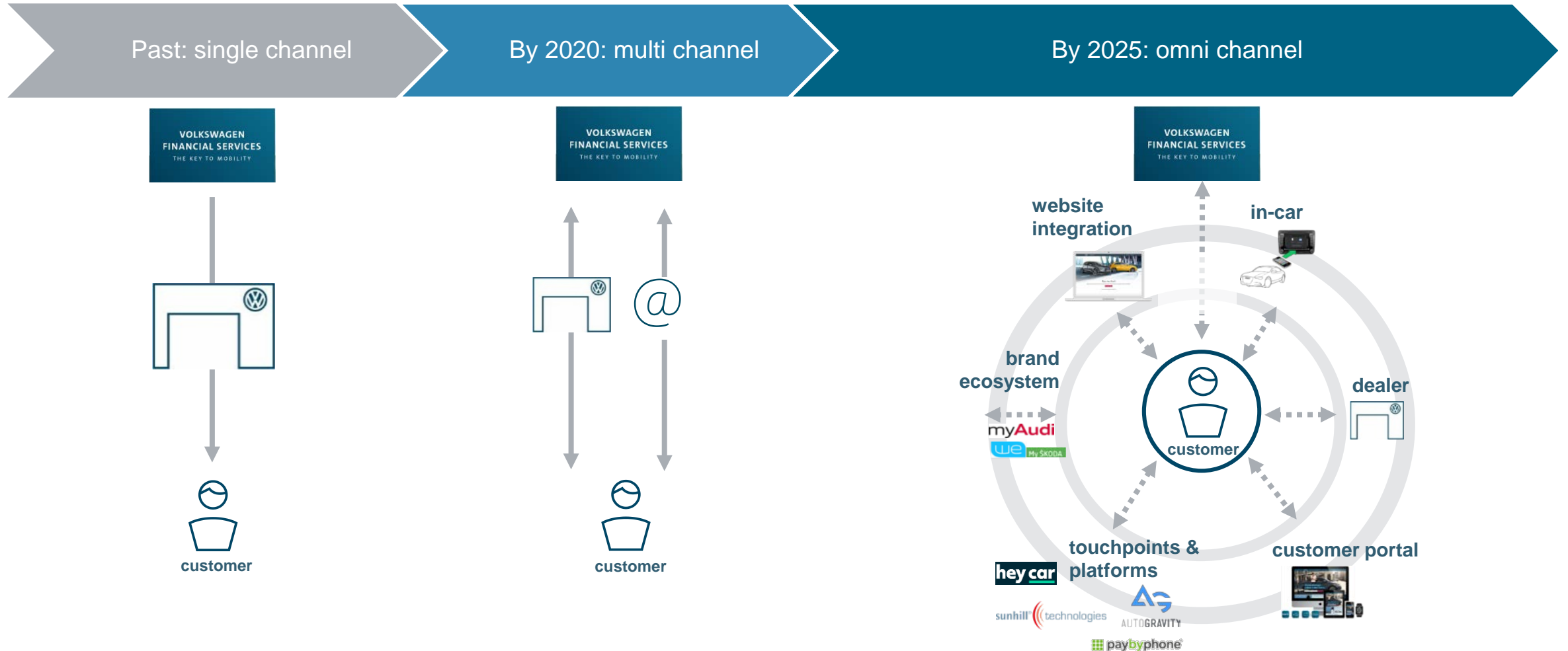
**Used Cars**

**Electrification**

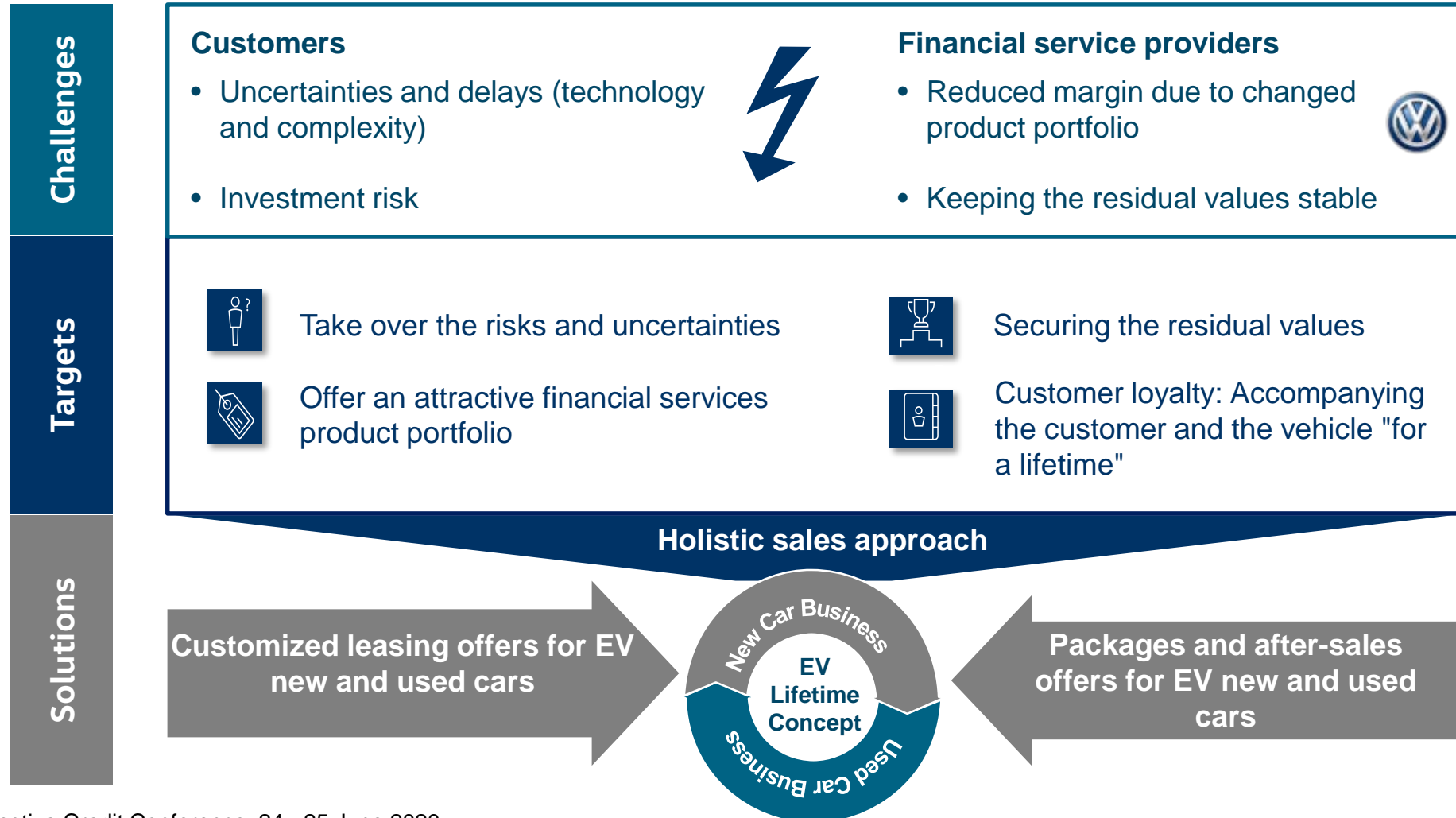




# Volkswagen Financial Services will digitalize all core products by 2020 and extends it's distribution channels



# Electrification creates new challenges for automotive financial service providers





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## Thank You.

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38112 Braunschweig  
Germany  
[www.vwfsag.de/en](http://www.vwfsag.de/en)

# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

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**Thank You.**

Volkswagen Bank GmbH

Gifhorner Str. 57

38112 Braunschweig

Germany

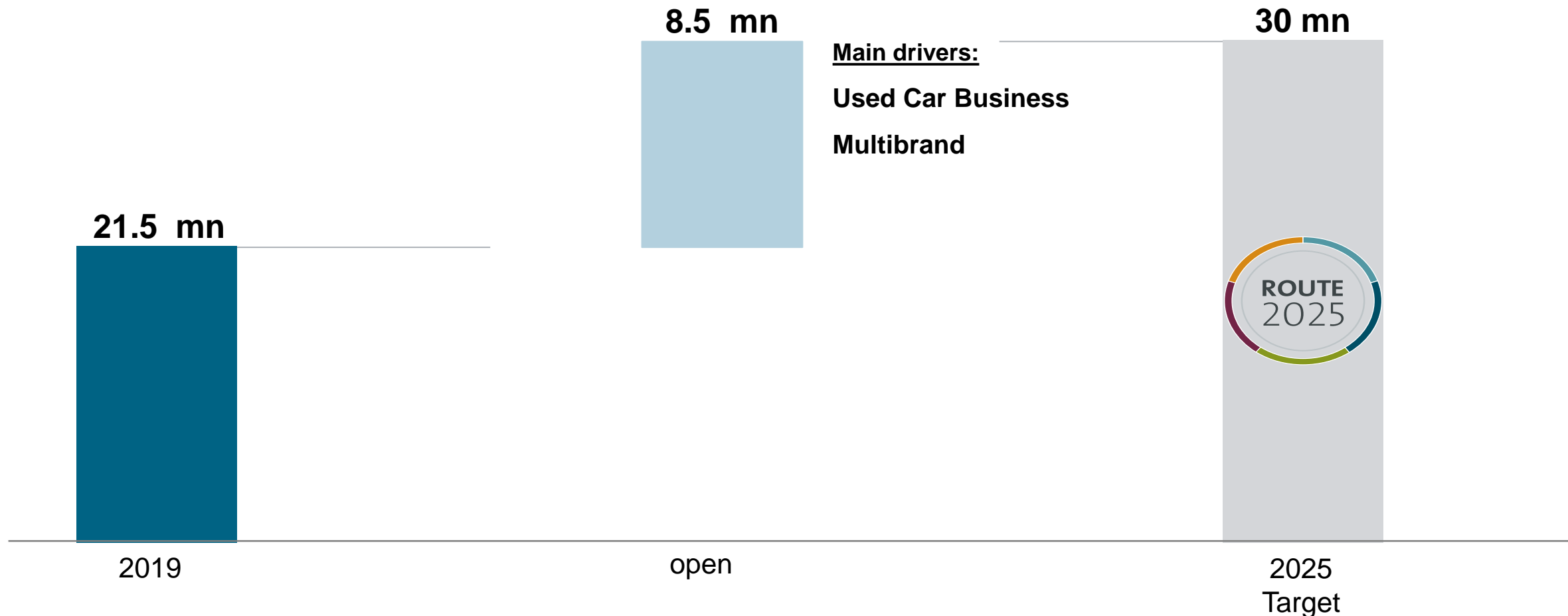
# Vision and targets of Route2025





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

## Major driver: used cars

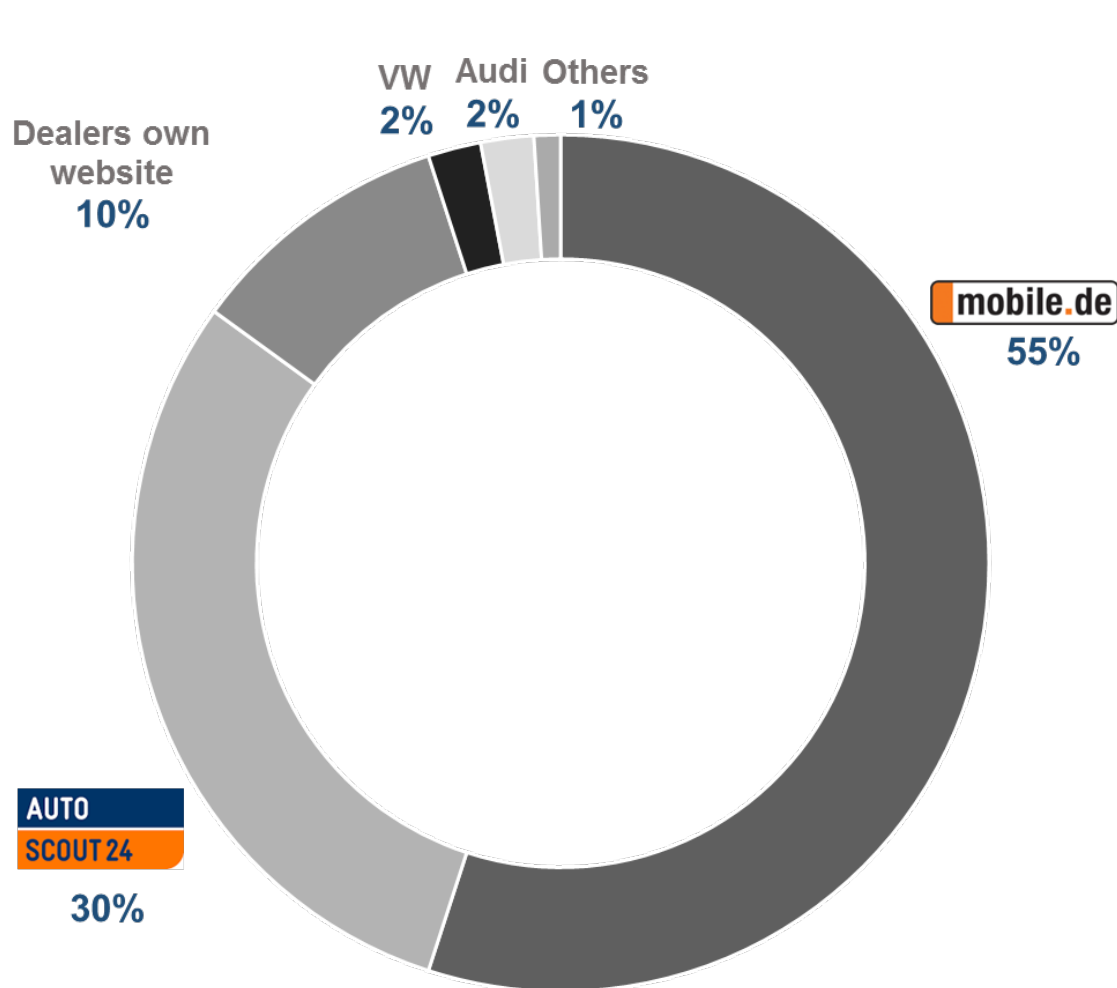


\* Contract portfolio including contracts of non-consolidated companies



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

## Online share of trades



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



▶ Hey Car is being developed in close cooperation with dealers

▶ Further shareholders: Daimler Financial Services and Volkswagen AG