

**VOLKSWAGEN**

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## **Volkswagen Group: Stability in Volatile Times**

**Lennart Schmidt, Kai Otto, Ulrich Hauswaldt**

Volkswagen AG, Volkswagen Financial Services

Commerzbank Investorday, Frankfurt, 16 September 2015

## 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 relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast.

Consequently, 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 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 Investor Update**

Volkswagen AG

Lennart Schmidt – Group Investor Relations

Kai Otto – Head of Capital Markets, Asset Management and Bank Policy

Volkswagen Financial Services

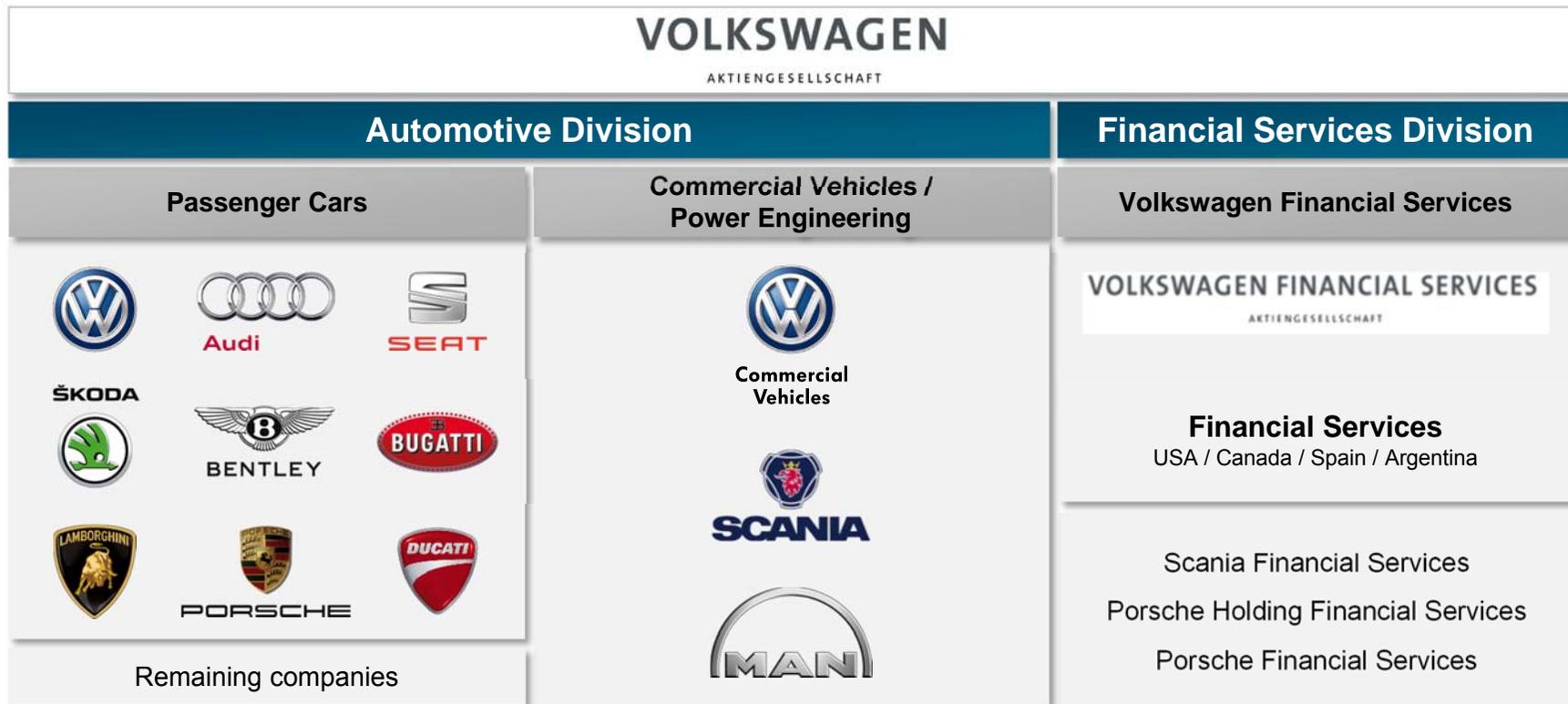
**Ulrich Hauswaldt –Investor Relations**

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## Volkswagen Group – Leveraging the strength of the three pillars



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## Volkswagen Financial Services at a Glance (06/30/2015)

### Worldwide presence



Volkswagen Financial Services  
conducts business in **51 countries**

### Key company figures

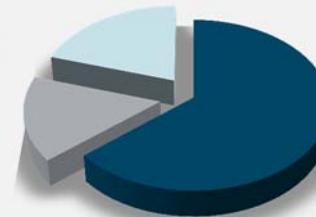
Total assets	€ 147.0 bn
Equity	€ 17.3 bn
Customer deposits	€ 25.7 bn
Operating profit	€ 970 m
Employees	13,174
Contracts (units)	12.6 m

### Receivables

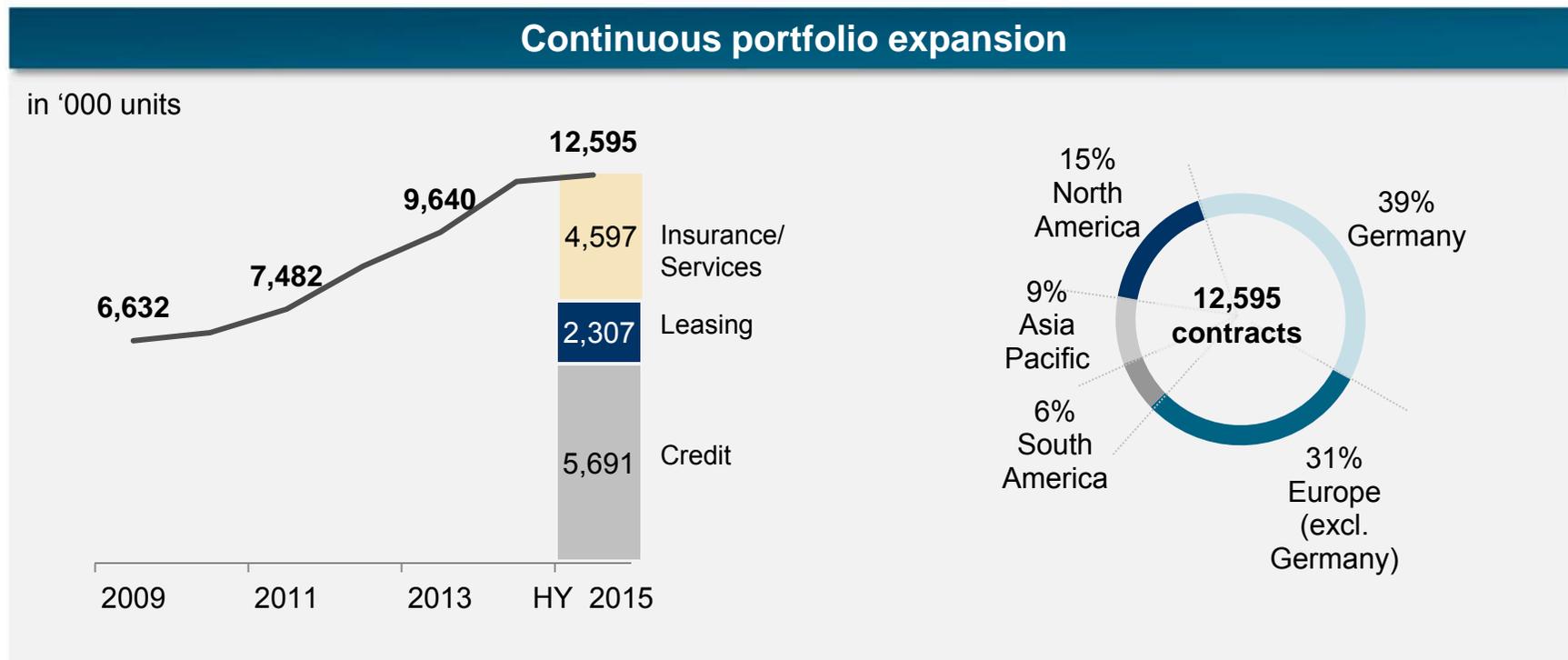
Leasing  
20.1 %

Credit  
63.4 %

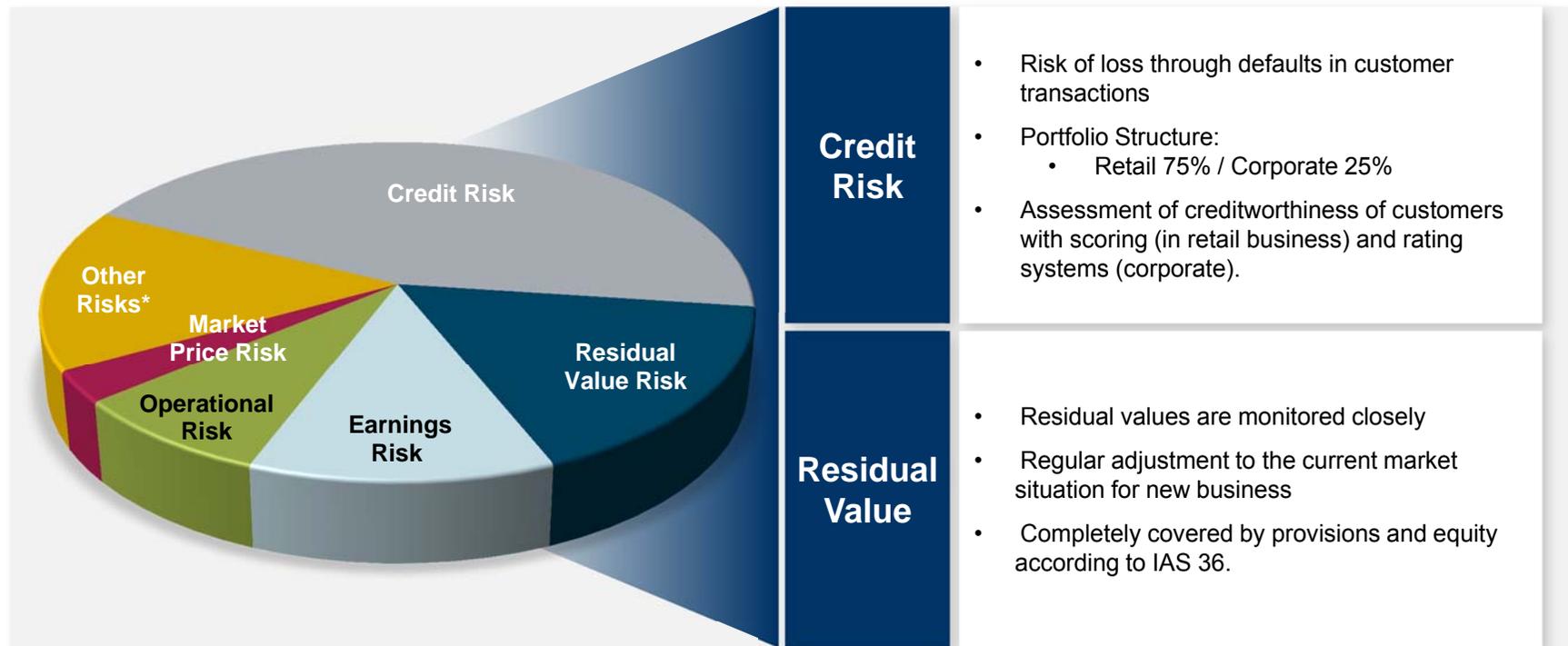
Wholesale  
16.5 %



## Contract portfolio Volkswagen Financial Services

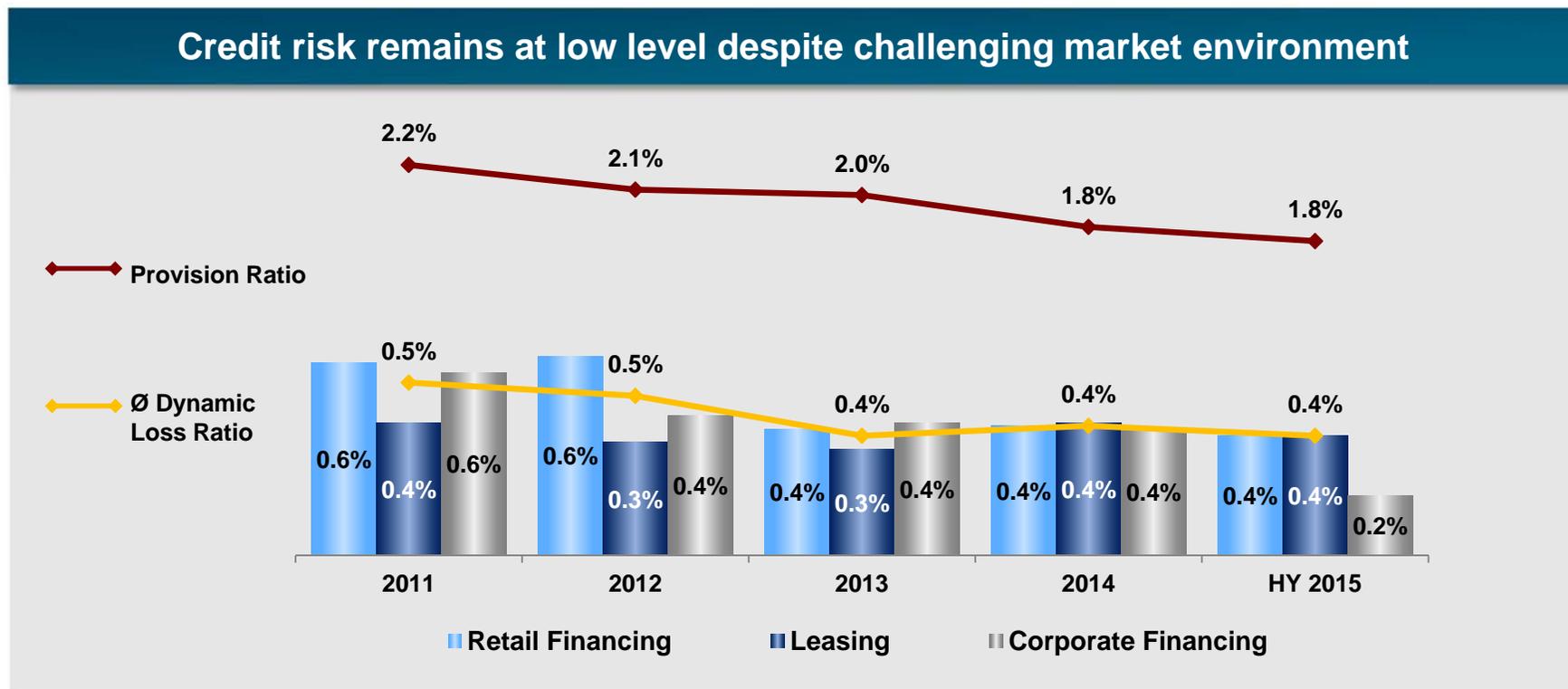


## Risk management

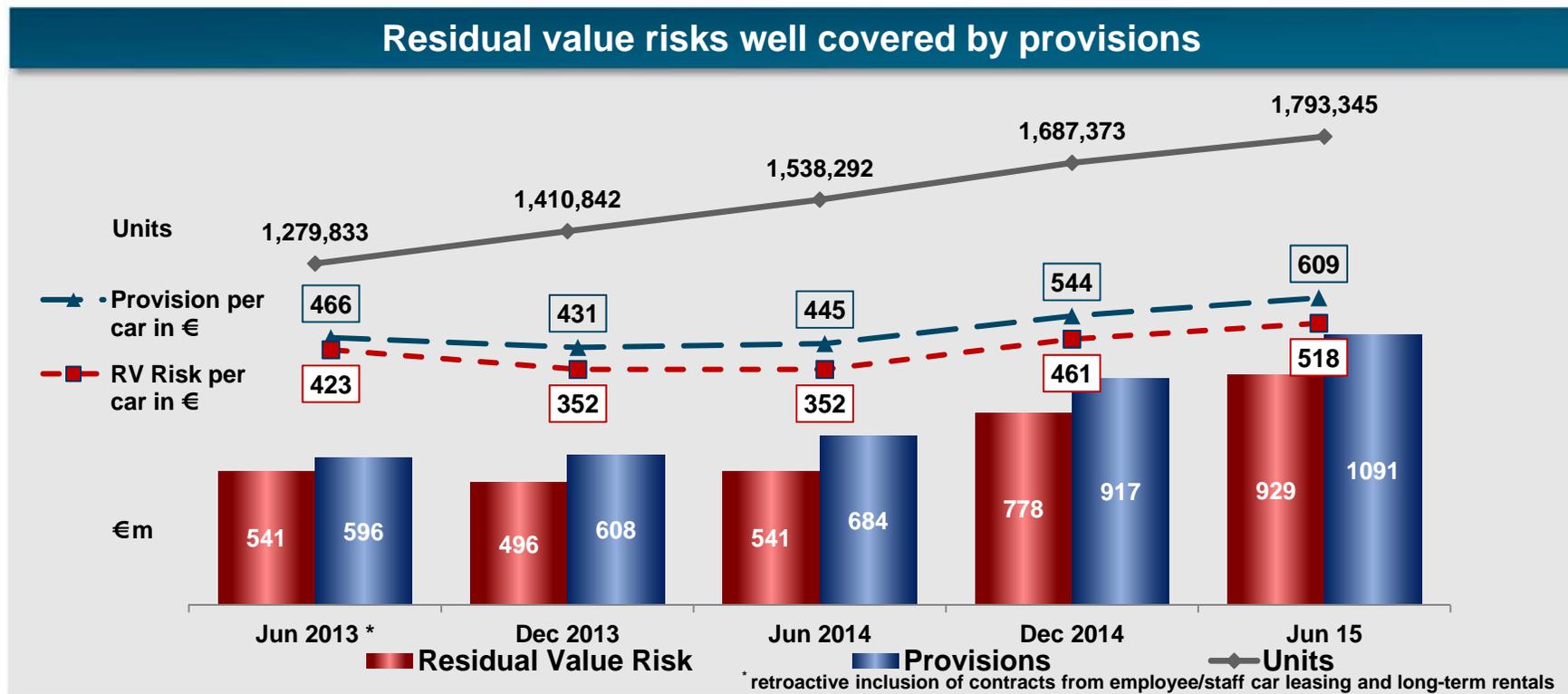


\* Shareholder Risk + Issuer Risk + Counterparty Risk + lump sum for non-quantified Risk: Liquidity Risk, Strategic Risk, Reputational Risk

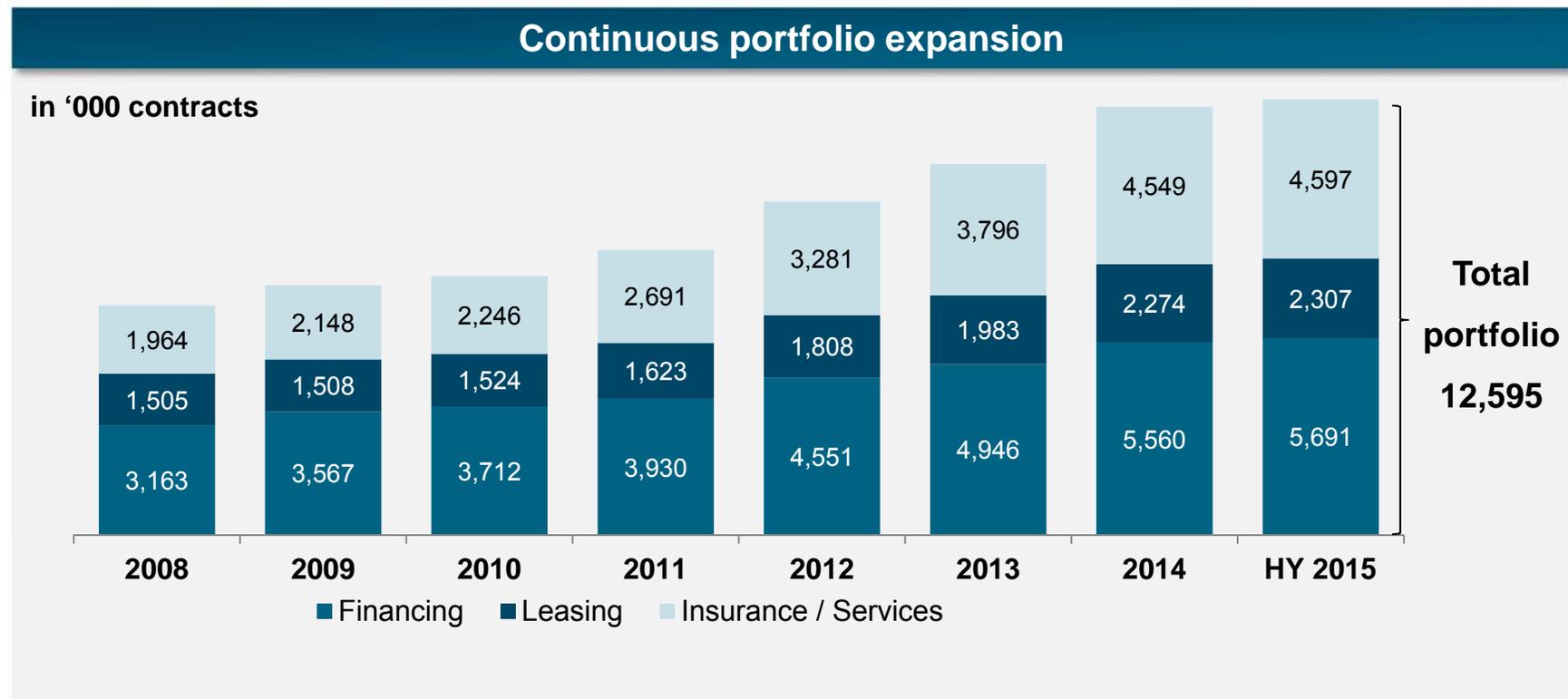
## VW Financial Services – Credit risks



## VW Financial Services – Residual value



## Contract portfolio Volkswagen Financial Services

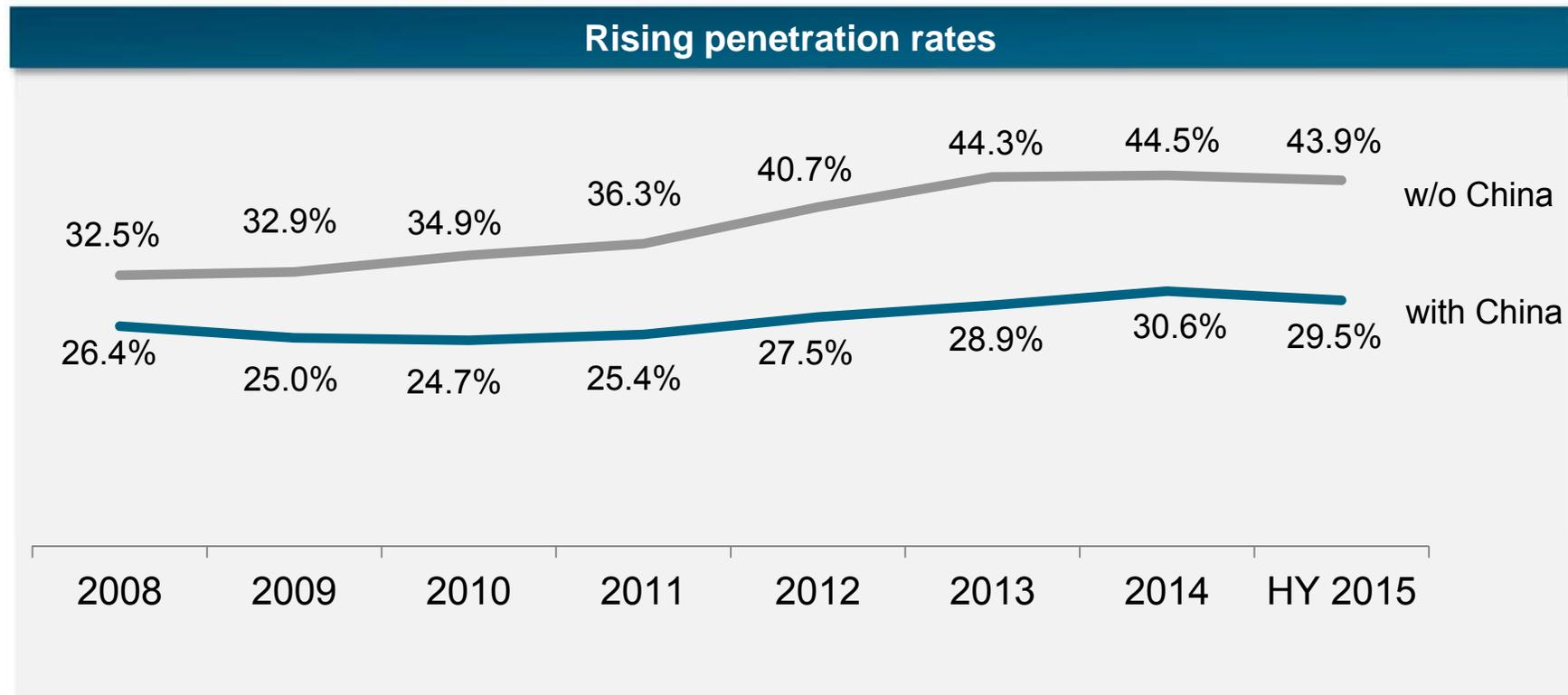


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## Penetration VW FS



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## Volkswagen FS offers the whole Range of Services under one roof

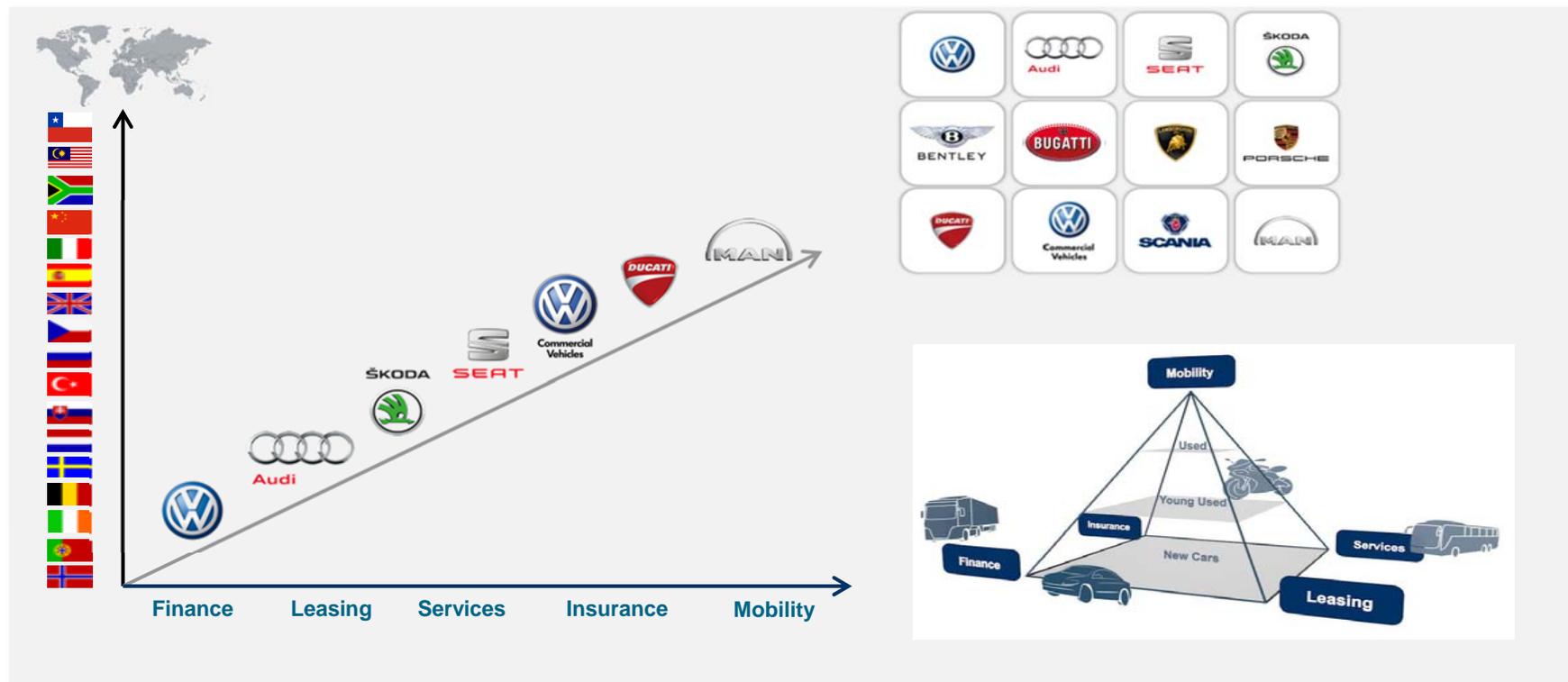
BANK		LEASING	INSURANCE	MOBILITY	
					
<ul style="list-style-type: none"><li>• Retail Finance</li><li>• Dealer Finance</li><li>• Factoring</li></ul>	<ul style="list-style-type: none"><li>• Deposits</li><li>• Instalment Loans</li><li>• Investment Products</li></ul>	<ul style="list-style-type: none"><li>• Finance Lease</li><li>• Operating Leasing</li></ul>	<ul style="list-style-type: none"><li>• Automotive</li><li>• Payment Protection</li><li>• Industry</li></ul>	<ul style="list-style-type: none"><li>• Fleet Management</li><li>• Service &amp; Maintenance</li><li>• Tyres</li></ul>	<ul style="list-style-type: none"><li>• Long-term rent</li><li>• Short-term rent</li><li>• Carsharing</li></ul>

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## Growth dimensions



## Brands: Fleet Management and Trucks & Bus: Customer focus

### What the customers have in common

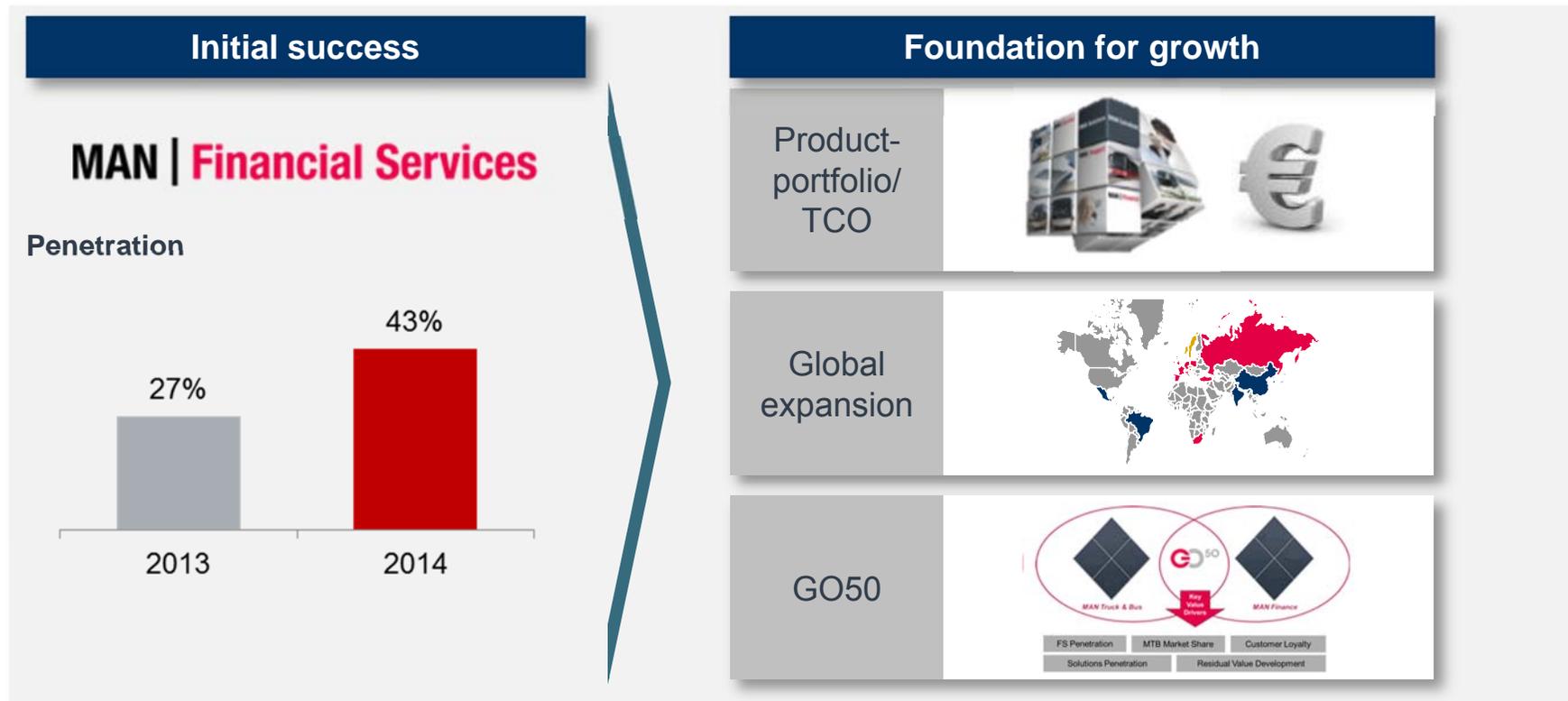
- Corporate customers focusing on TCO
- Truck and Fleet is an investment decision, not emotional driven. The vehicle is a tool for the customer.
- Buying holistic TCO solutions and services, not financing only
- Need for reporting, telematics or comprehensive services (technical and monetary)
- International tender processes



### Where the customers differ

- A truck goes cross-boarder – a fleet customer sources cross-boarder, but does not drive cross board
- Lifecycle costs : 100 T€ p.a. truck vs 10 T€ p.a. car
- Risk Management principles: Area of use and specs for truck vs Balance Sheet of fleet customer
- Different services are required: e.g. toll collect, sophisticated fuel solutions

## MAN Finance Initial Success – Foundation for Growth



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## Volkswagen Financial Services in China – A true VOLKSWAGEN company

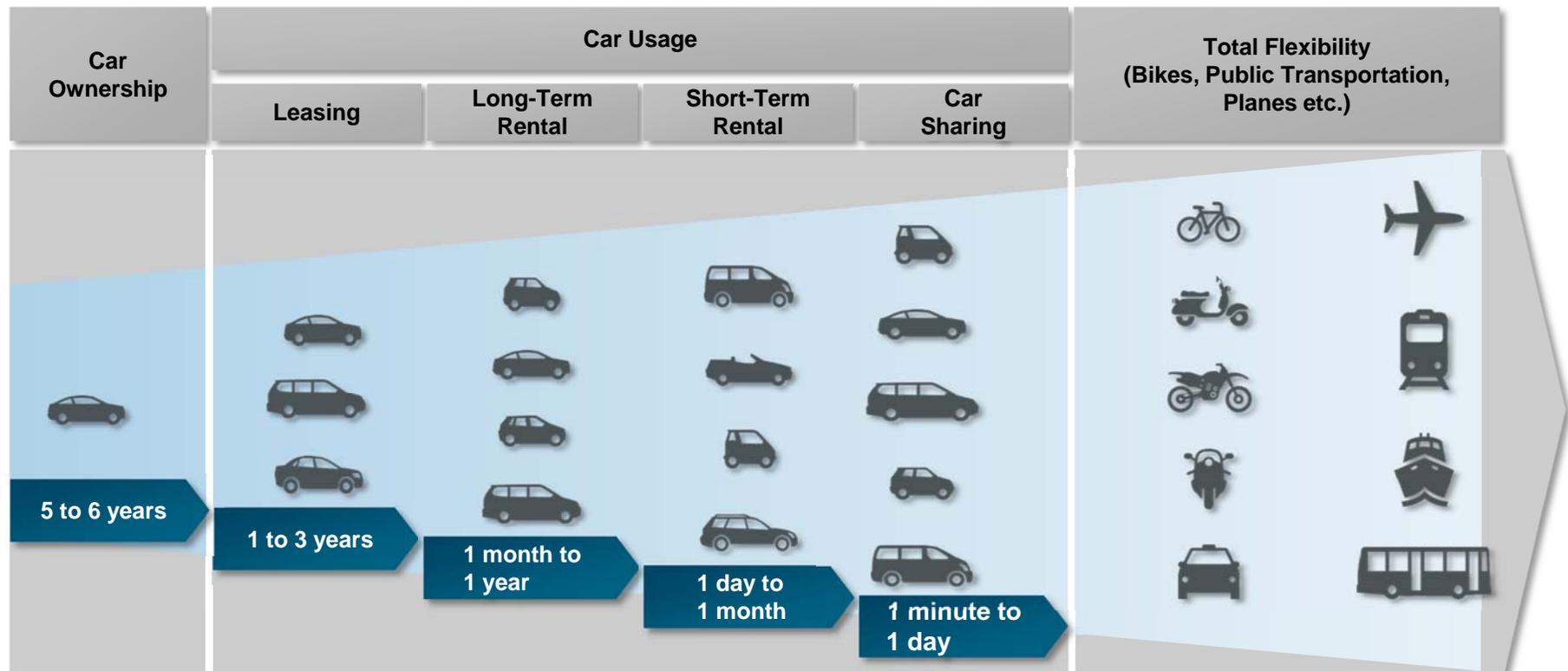


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## Growth dimension - Product



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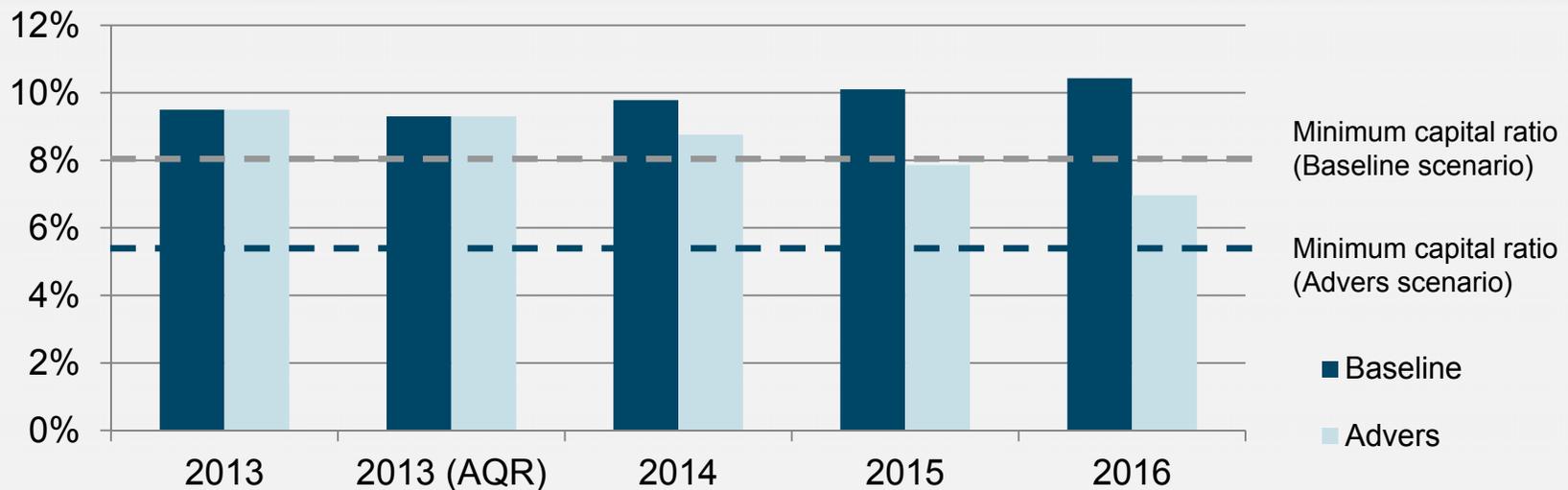
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## Volkswagen Financial Services follows Route 2025



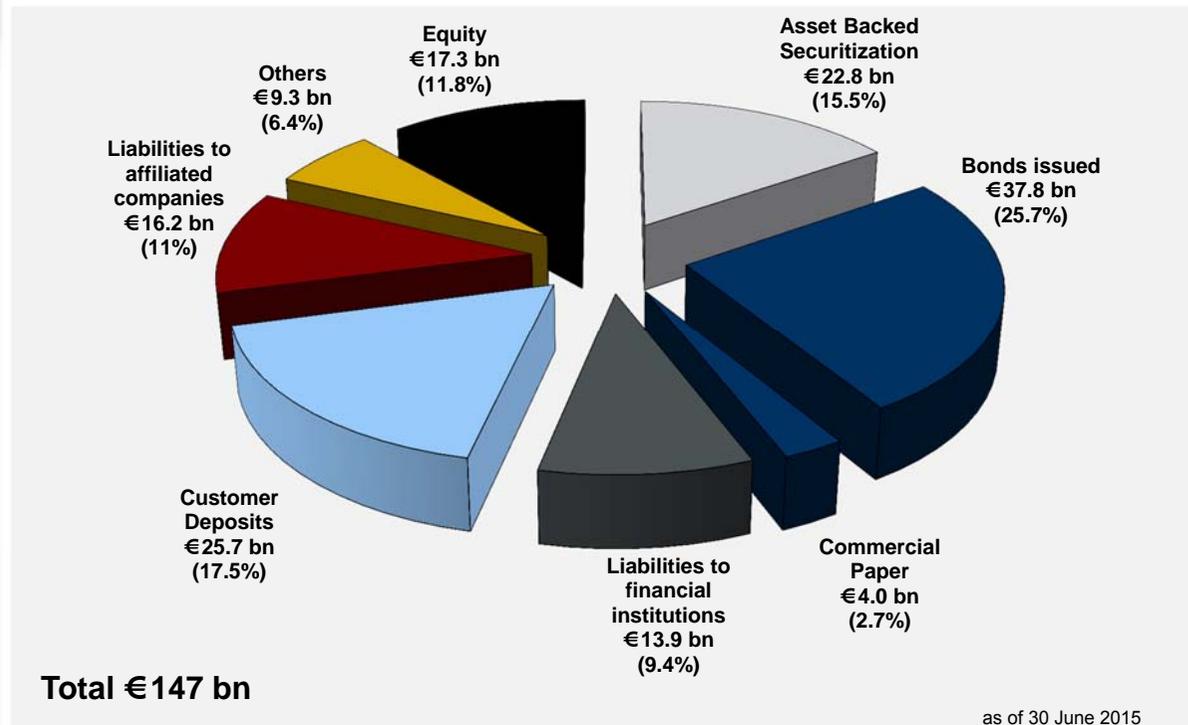
## VW Financial Services AG – Asset Quality Review

### The Comprehensive Assessment was successfully passed



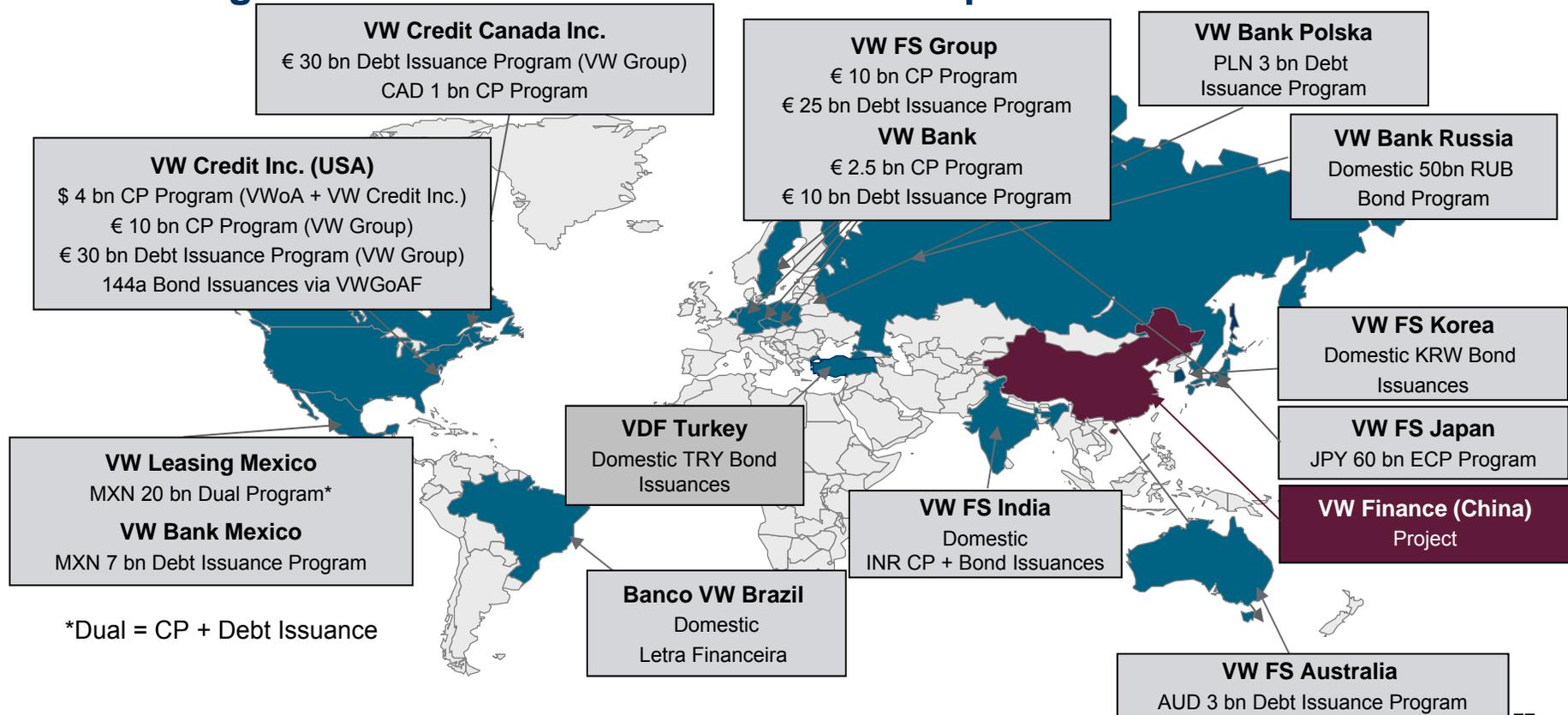
Volkswagen Financial Services AG achieved a capital ratio (CET 1) of 7% (6.96%) in the stress test and exceeded the supervisory threshold (pass mark) of 5.5% by a significant extent

## Funding Structure Volkswagen Financial Services



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## Volkswagen Financial Services' Worldwide Capital Market Activities

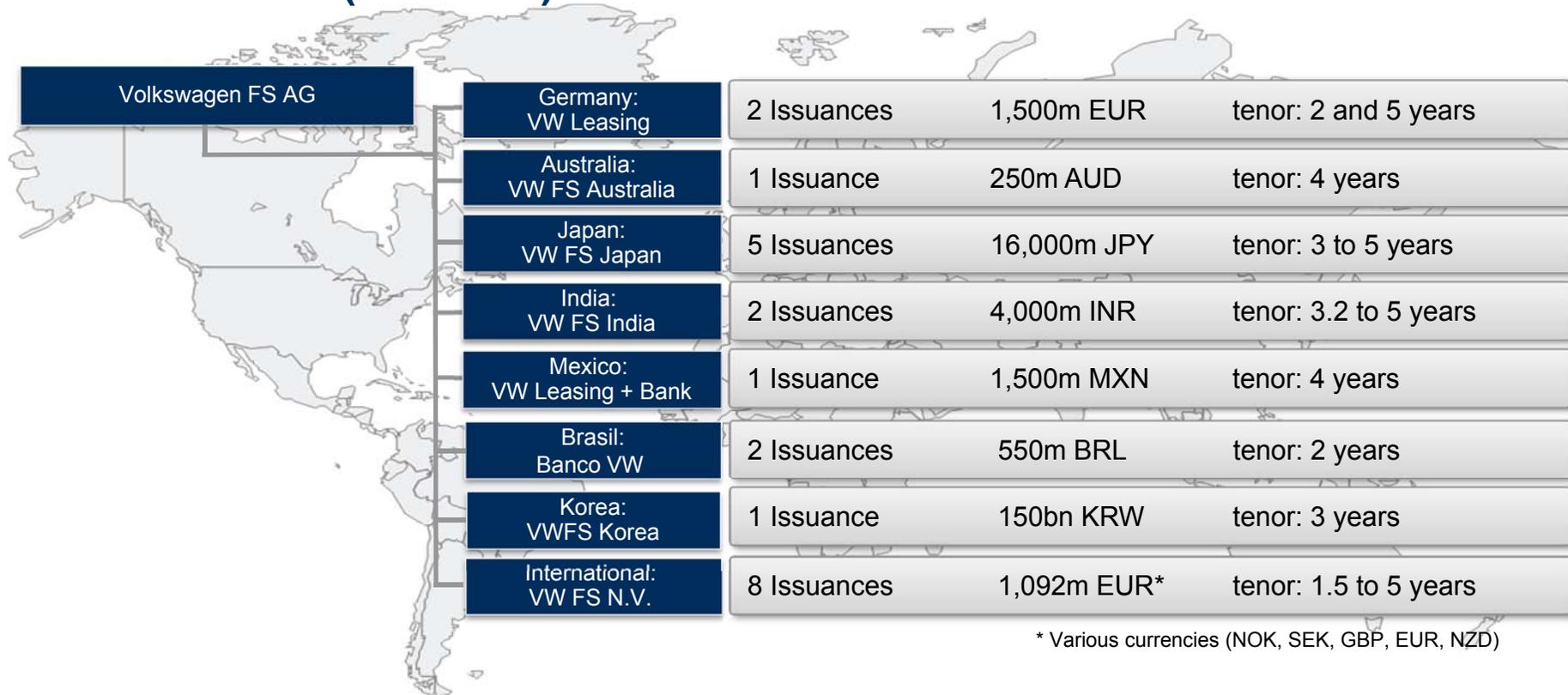


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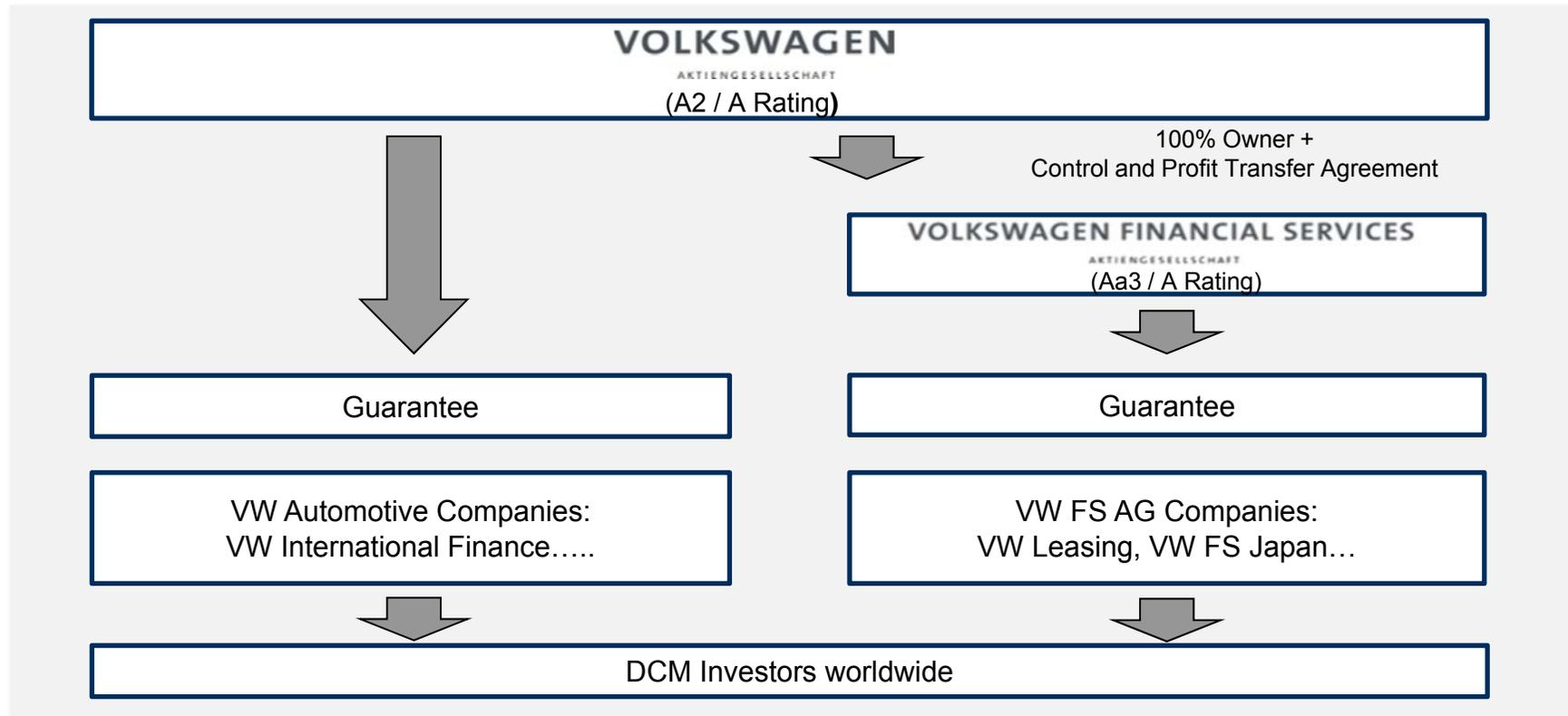
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## DCM Activities (2015 YTD)



\* Various currencies (NOK, SEK, GBP, EUR, NZD)

## DCM Strategy VW Automotive and VW Financial Services

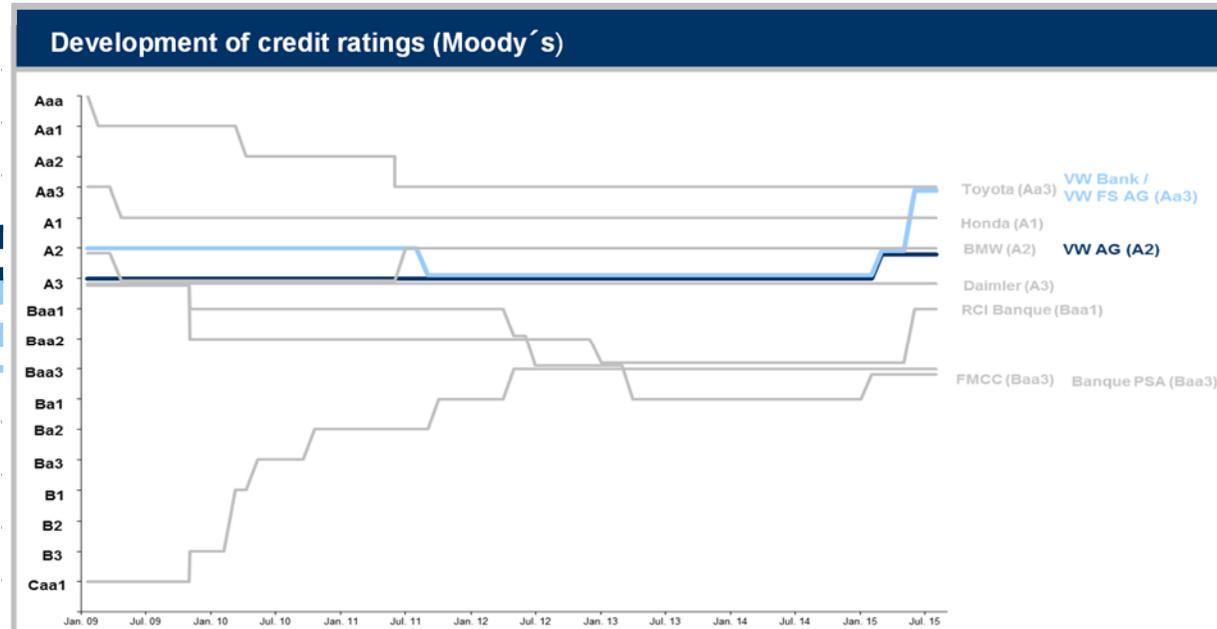


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## Rating History (08/31/2015)

	Moody's	S&P
Toyota	Aa3	AA-
Honda	A1	A+
BMW	A2	A+
VW AG	A2 <sup>1)</sup>	A <sup>1)</sup>
VW Bank GmbH / VW FS AG	Aa3 <sup>1)</sup>	A <sup>1)</sup>
Scania	--	A-
Daimler	A3	A-
RCI Banque	Baa1	BBB
FMCC	Baa3	BBB-
Banque PSA	Ba1	BB



<sup>1)</sup> Outlook: stable

Volkswagen Financial Services AG has a solid and stable rating history.

Data Source: Reuters

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### S&P and Moody's value VWFS's strategic position within VW Group

*S&P: "We consider VW FS to be core to its ultimate parent, VW AG, and equalize our ratings on VW FS with those on VW AG."*

*Moody's: "VW FS AG benefits from a domination and profit-and-loss transfer agreement with Volkswagen that reflects the entity's core strategic role for Volkswagen."*

*S&P: "We consider VW FS' corporate strategy to be prudent, well-executed, and focused on its core business, in which it has expertise."*

*Moody's: "Because of the strength of the contractual and strategic links between Volkswagen and its subsidiaries, Moody's expects both VW FS AG and VW Bank to benefit from "affiliate backing", the highest degree of affiliate support (...)."*

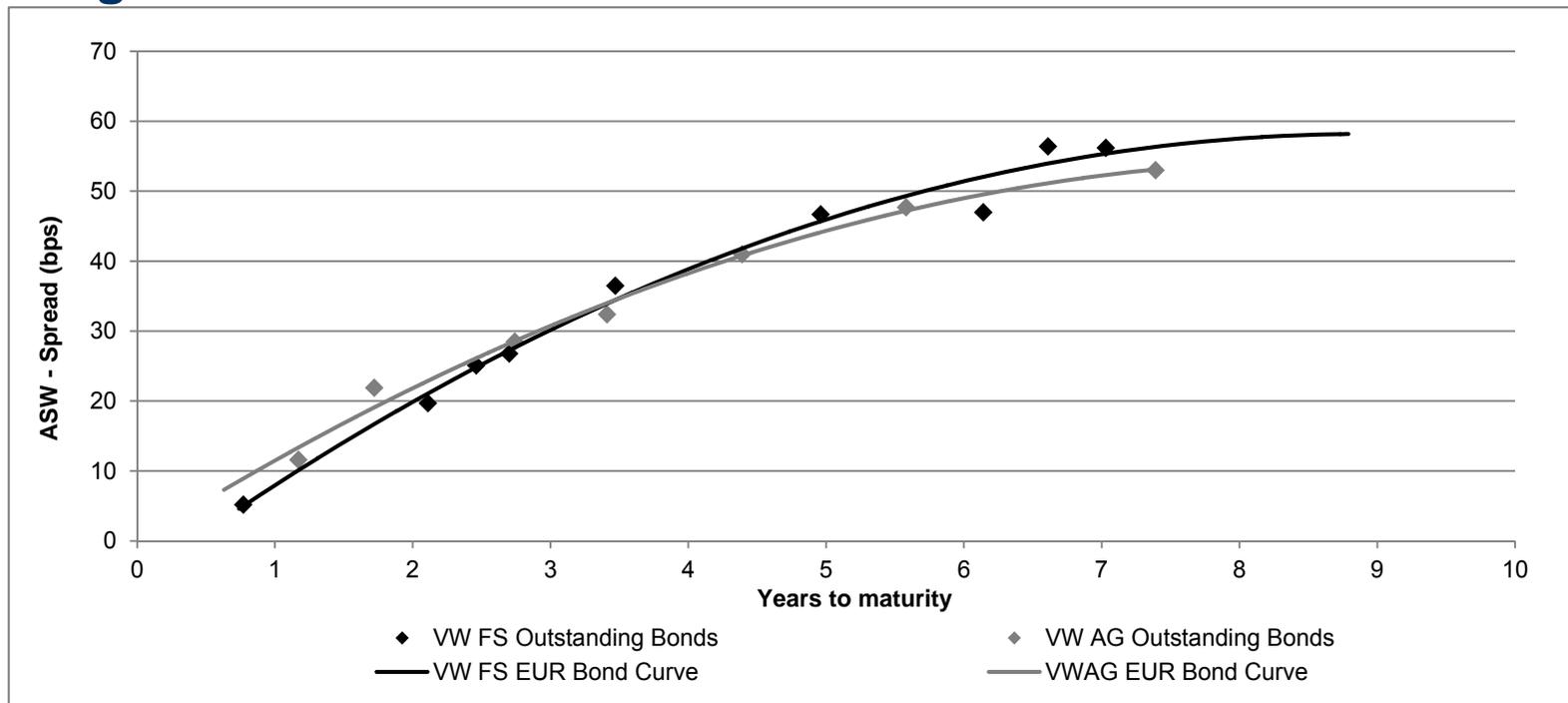
*S&P: "(...) reflects our view that captive finance operations will remain integral to the VW group's overall corporate strategy."*

*"S&P: We believe that VW FS will preserve its current conservative capital and risk management, and that its asset mix and growth trends are unlikely to change materially in the short to medium term."*

Source: S&P Research, July 31, 2014 and Moody's Global Credit Research, March 20, 2015.

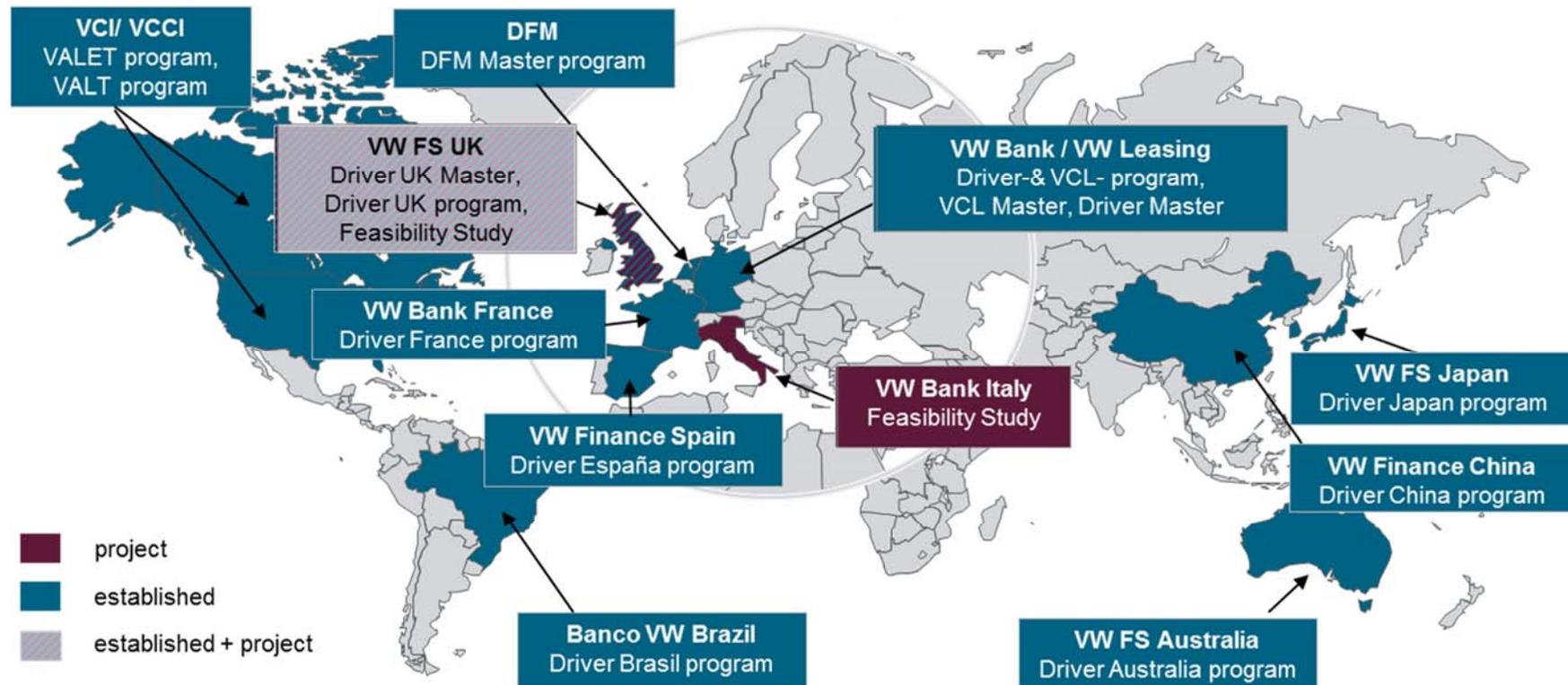
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## Investor's Risk Evaluation – EUR Bond Curve Volkswagen AG compared to Volkswagen Financial Services AG



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## VW Financial Services' worldwide ABS activities



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