



Volkswagen AG Pre Close Call FY 2023

January 23 2024

Disclaimer

The following presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. All figures are rounded, so minor discrepancies may arise from addition of these amounts.

At the time of preparing these presentations, it is not yet possible to conclusively assess the specific effects of the latest developments in the Russia-Ukraine conflict on the Volkswagen Group's business, nor is it possible to predict with sufficient certainty to what extent further escalation of the Russia-Ukraine conflict will impact on the global economy and growth in the industry in fiscal year 2023.

Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, energy and other commodities or the supply with parts relevant to the Volkswagen Group will have a corresponding effect on the development of our business. In addition, there may also be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

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 Such statements are valid on the date of publication and can be superseded.

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

Volkswagen Group delivered 9.24 million vehicles in 2023



Global deliveries
Q4 +14% YoY
FY23 +12% YoY

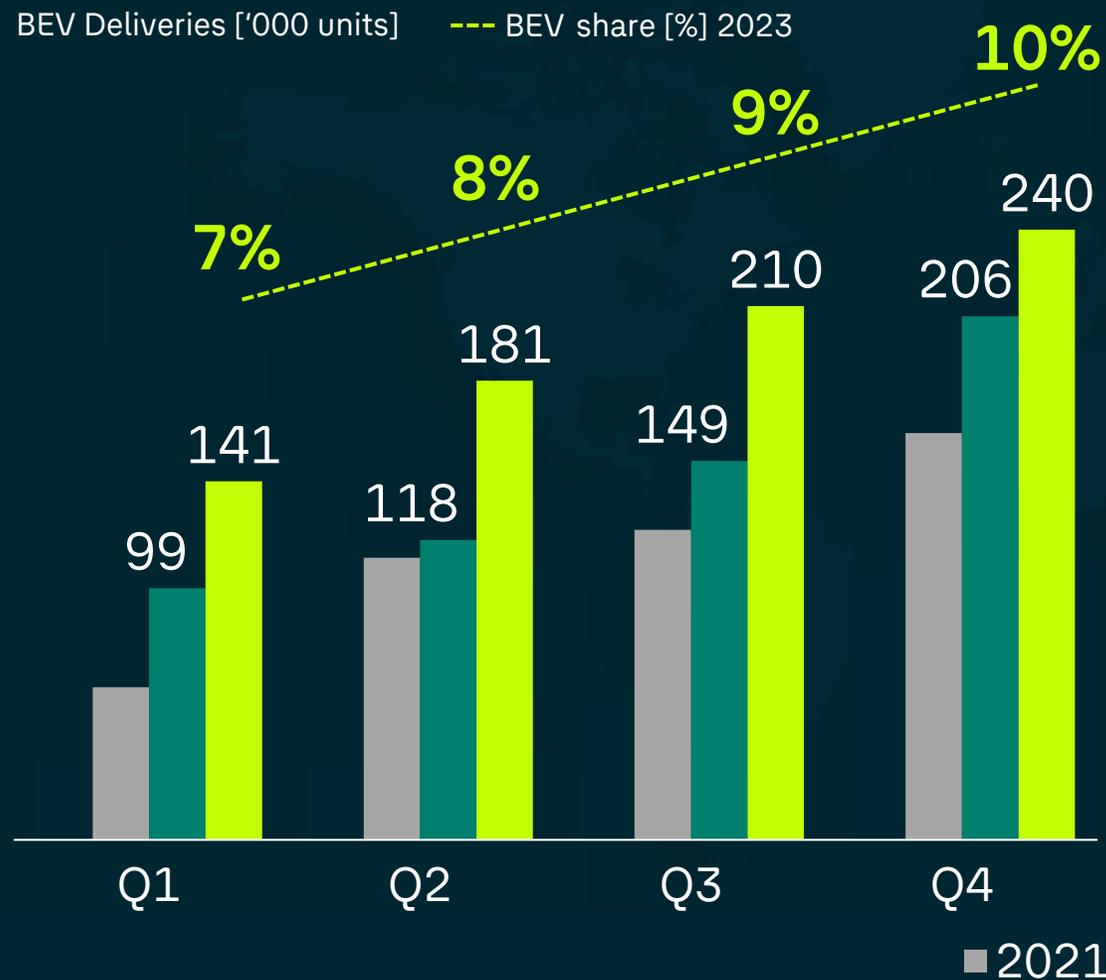
BEV deliveries
increased by
+35% YoY in 2023

Slovenia flooding
 impacted production by
>100k units in H2 2023

771k BEVs were delivered to customers in 2023 (+35%)

FY23 target of 8 to 10% achieved at lower part of range

Quarterly Development



BEV share increased to 8.3% in 2023



Volkswagen Group

2023 ¹ Guidance firmly in sight

	Actual 2022 ¹	9M 2023	Outlook 2023 ²
Deliveries to customers	8.3m vehicles	6.7m vehicles (+11%)	9.24m vehicles (+12% - outlook was 9.0m to 9.5m)
Sales revenue	€ 279.2bn	€ 235.1bn (+16%)	€ 307bn to € 321bn (+10% to +15%)
Operating result (bef. special items) ³	€22.5 bn (8.1%)	€ 16.2 bn (6.9% - underlying 8.0%)	around level of previous year
Automotive Investment ratio ⁴	13.7%	12.5%	~ 14.5%
Automotive Reported Net Cash flow	€ 4.8bn ⁵	€ 4.9bn	€ 6bn to € 8bn ⁶ (expected at lower end of the range)
Automotive Net Liquidity	€ 43.0bn ⁷	€ 36.7bn	€ 35bn to € 40bn

1. Previous year adjusted (IFRS 17) | 2. The Russia-Ukraine conflict has created considerable uncertainty, particularly with regard to the potential impact of the actions of the political players, primarily where the duration, intensity and allocation of energy supplies and their impact on the supply chain are concerned. Particularly, the supply of energy, other raw materials and parts for the production process could result in greater constraints, especially in Europe, where a gas shortage is possible. Higher energy and commodity prices plus greater volatility could add to the strain. Furthermore, inflation rates could reduce purchasing power, adversely affect consumer behavior and put a damper on demand for our products. Moreover, the need might arise to recognize further impairment losses on assets and additional risk provisions | 3. Before special items | 4. R&D & Capex combined | 5. Including cash outflows in connection with the EU antitrust proceedings against Scania | 6. Including about € 5bn budgeted for M&A | 7. Total Net Liquidity of € 43bn including € 16.1bn Porsche IPO proceeds of which Porsche IPO special dividend of € 6.5bn (net); payout in January 2023

Latest achievements: Delivery on our CMD promises

- 1 Software:** Clear restructuring plan for CARIAD

- 2 China:** Localization strategy unfolding, next step China CMD in April 2024

- 3 New steering model:** Management remuneration aligned to NCF and Brand Group KPI

- 4 ESG:** Independent China audit conducted in 12/23; MSCI red flag removed

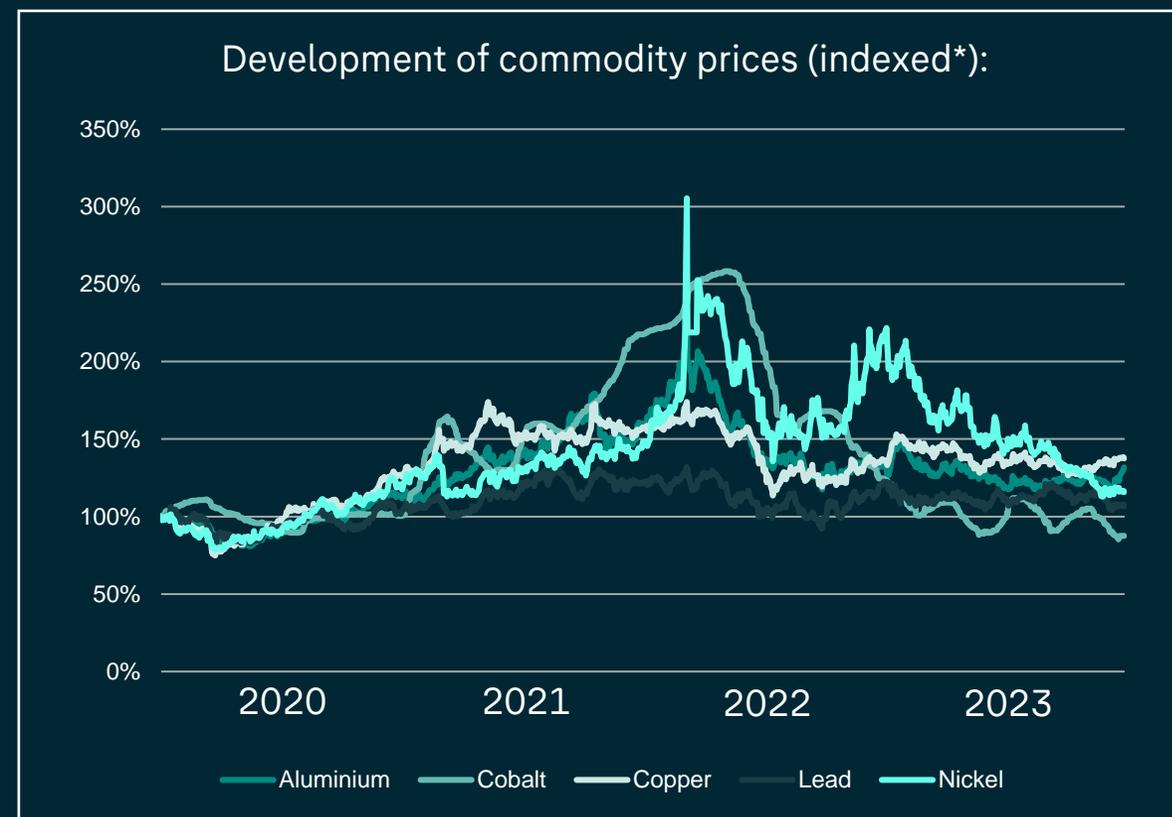
- 5 Financials:** VW brand PP on track; important milestone reached before X-mas break

Implementation of Commodity Hedge Accounting



Implementation of Commodity Hedge Accounting within the Volkswagen Group

➤ Operating result 2022/23 heavily impacted by mark-to-market valuation of commodity derivatives



Implementation of Commodity Hedge Accounting within the Volkswagen Group

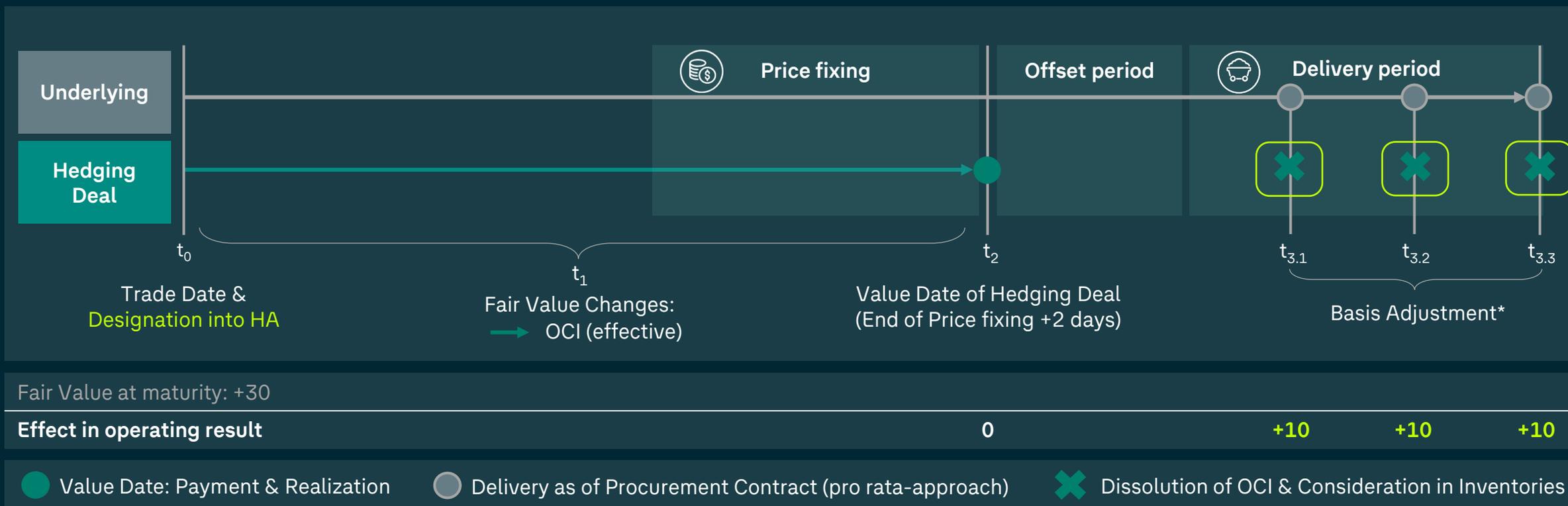
- By applying Commodity Hedge Accounting (CHA), valuation effects of commodity hedges are accounted for in OCI (other comprehensive income) of Group equity accounts, thus **eliminating valuation effects from mark-to-market valuation** of derivatives **on operating result**
- Realization effects of commodity hedges („Economic Result“) at time of delivery continues to be accounted for in operating result
- From Q1 2024 Volkswagen will start to apply CHA for all new contracts; existing commodity deals will be gradually transferred into hedge accounting („late designation“)
- Valuation effects in operating result thus can still occur in 2024 but risk exposure is declining quarter after quarter
- **Q4 2024** is expected to be the **first quarter in which hedge accounting will be applied for the whole commodity portfolio**
- **2025** will be the first year in which hedge accounting will be applied for the **whole commodity portfolio**
- The described procedure includes the current hedging activities within the MEB environment

New Hedging Deals for Commodities: Effects in Operating Result within Hedge Accounting

„No effects on operating result within lifetime of the hedging deal. Effects only at delivery.“

Schematic representation

Q1/2024 onwards, all commodity types



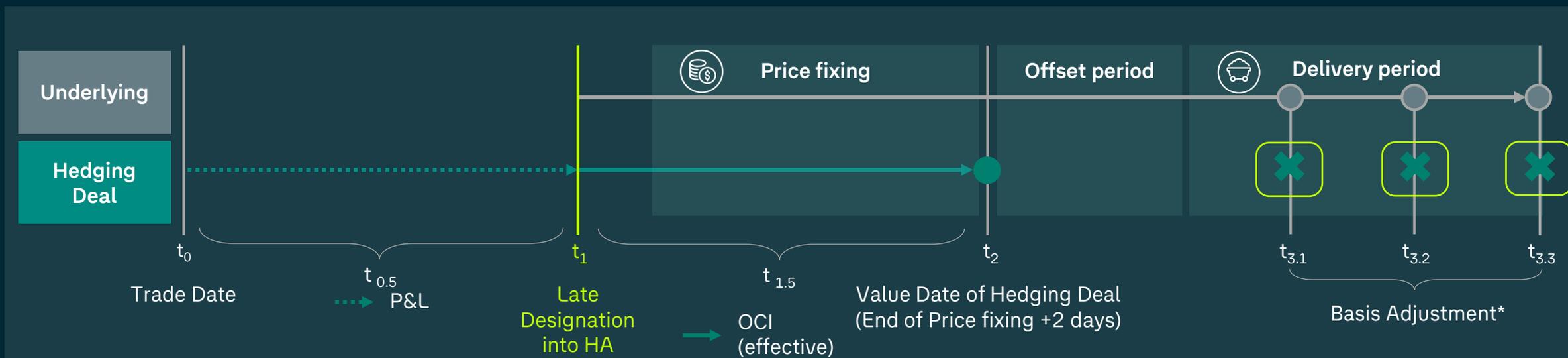
*Assumption: Just-in-Time Delivery

Existing Hedging Deals for Commodities: Effects in Operating Result within Hedge Accounting

„Until late designation, valuation effect will still be accounted for in operating result.“

Schematic representation

Q1/2024 onwards, all commodity types



Fair Value at maturity: +30

Effect in operating result

+18

0

+4

+4

+4

● Value Date: Payment & Realization

● Delivery as of Procurement Contract (pro rata-approach)

✘ Dissolution of OCI & Consideration in Inventories

Implementation of Commodity Hedge Accounting in 2024

Current Time Planning



Summary: Implementation of Commodity Hedge Accounting

- From Q1 2024 onwards, new commodity contracts are accounted within Hedge Accounting.
- Valuation effects of contracts within Hedge Accounting are accounted for in the OCI
- Realization effects will continue to be accounted for in the operating result at delivery
- Step-by-step transfer of existing commodity contracts into hedge accounting (Late Designation)
- Valuation effects in operating result can still occur in 2024 particularly in H1, but the commodity portfolio exposed to raw material price volatility is gradually declining quarter after quarter.
- Q4 2024 expected to be the first quarter in which hedge accounting is fully applied to the whole commodity portfolio



Volkswagen AG Credit Rating
Fitch starts at A-

Volkswagen Group now with three solicited ratings

Overview of long-term ratings as of January 2024

MOODY'S

S&P Global
Ratings

FitchRatings

Investment grade	Aaa	
	Aa1	
	Aa2	
	Aa3	
	A1	
	A2	
	A3	VW AG (S), VW FS AG (S), VW Bank (S) ¹⁾
	Baa1	
	Baa2	
	Baa3	
Subinvestment grade	Ba1	
	Ba2	
	Ba3	
	B1	
	B2	
	B3	

Investment grade	AAA	
	AA+	
	AA	
	AA-	
	A+	
	A	
	A-	
	BBB+	VW AG (S), VW FS AG (S), VW Bank (S)
	BBB	
	BBB-	
Subinvestment grade	BB+	
	BB	
	BB-	
	B+	
	B	
	B-	

Investment grade	AAA	
	AA+	
	AA	
	AA-	
	A+	
	A	
	A-	VW AG (S)
	BBB+	
	BBB	
	BBB-	
Subinvestment grade	BB+	
	BB	
	BB-	
	B+	
	B	
	B-	

Outlook: (P)ositive, (S)table, (N)egative, RfD = Rating under review for Downgrade, RfU = Rating under review for Upgrade

¹⁾ Moody's unsecured debt rating for Volkswagen Bank GmbH; Deposit and issuer ratings: A1 (stable)

Save the date: China Capital Markets Day, Beijing

Continuing execution on
'building block strategy'

Comprehensive
China strategy update

April 24, 2024

Hosted by

**Volkswagen Executive Management and
Volkswagen Group China Senior
Management**

Including Group Media Night
with current **product highlights**

CMD right before
Beijing Autoshow
(from April 25)

VOLKSWAGEN GROUP