Shares and Bonds

Volkswagen AG's ordinary and preferred shares were trading higher than at year-end 2018 amid a volatile market environment in 2019. A strong cash flow reduced the refinancing volume.

EQUITY MARKETS AND PERFORMANCE OF THE PRICE OF VOLKSWAGEN'S SHARES

In the period from January to December 2019, prices on the international equity markets rose overall amid volatile trading.

The DAX recorded an increase compared with the end of 2018. The more expansionary monetary policy pursued by the US Federal Reserve and the European Central Bank had a positive effect. Uncertainty regarding the economic policy of the US government, the continuing Brexit negotiations between the United Kingdom and the EU and the growth of the global economy had a negative impact on share prices.

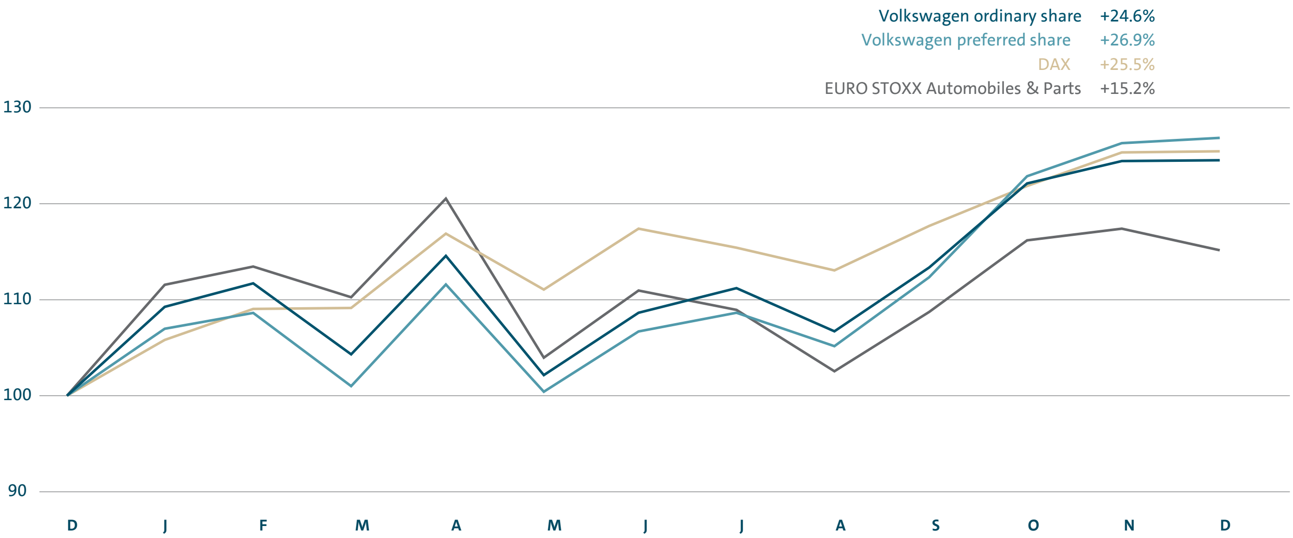
The prices of Volkswagen AG's preferred and ordinary shares also exceeded the 2018 year-end level in 2019. Healthy business figures were the main drivers of the uptrend. In particular, uncertainty regarding the future regulatory framework for diesel and electric vehicles, the US tariff policy, the continuing Brexit negotiations between the United Kingdom and the EU, the slowdown of the Chinese market and the WLTP (Worldwide Harmonized Light-Duty Vehicles Test Procedure), which is a test procedure for determining pollutant and CO_2 emissions and fuel consumption for passenger cars and light commercial vehicles, led to volatile share prices.

VOLKSWAGEN KEY SHARE FIGURES AND MARKET INDICES FROM JANUARY 1 TO DECEMBER 31, 2019

		High	Low	Closing
Ordinary share	Price (€)	182.50	135.60	173.25
	Date	Nov. 7	Jan. 3	Dec. 30
Preferred share	Price (€)	184.24	134.76	176.24
	Date	Nov. 7	Jan. 3	Dec. 30
DAX	Points	13,408	10,417	13,249
	Date	Dec. 16	Jan. 3	Dec. 30
ESTX Auto & Parts	Points	527	412	486
	Date	Apr. 18	Jan. 3	Dec. 30

PRICE DEVELOPMENT FROM DECEMBER 2018 TO DECEMBER 2019

Index based on month-end prices: December 31, 2018 = 100



DIVIDEND POLICY

Our dividend policy matches our financial strategy. In the interests of all stakeholders, we aim for continuous dividend growth so that our shareholders can participate appropriately with our business success. The proposed dividend therefore reflects our financial management objectives – in particular, ensuring a solid financial foundation as part of the implementation of our strategy.

The current dividend proposal can be found in the chapter entitled "Volkswagen AG (condensed in accordance with the German Commercial Code)", on page 130 of this annual report. The Board of Management and Supervisory Board of Volkswagen AG are proposing a dividend of €6.50 per ordinary share and €6.56 per preferred share for fiscal year 2019. On this basis, the total dividend amounts to €3.3 (2.4) billion. The payout ratio is based on the Group's earnings after tax attributable to Volkswagen AG shareholders. This amounts to 24.5% for the reporting period and stood at 20.4% in the previous year. In our Group strategy, we aim to achieve a payout ratio of at least 30%.

DIVIDEND YIELD

Based on the dividend proposal for the reporting period, the dividend yield on Volkswagen ordinary shares is 3.8 (3.5)%, measured by the closing price on the last trading day in 2019. The dividend yield on preferred shares is 3.7 (3.5)%.

EARNINGS PER SHARE

Basic earnings per ordinary share were €26.60 (23.57) in fiscal year 2019. Basic earnings per preferred share were €26.66 (23.63). In accordance with IAS 33, the calculation is based on the weighted average number of ordinary and preferred shares outstanding in the reporting period. Since the number of basic and diluted shares is identical, basic earnings per share correspond to diluted earnings per share.

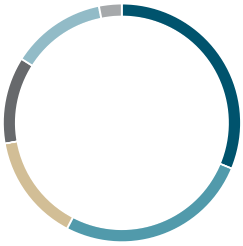
See also note 11 to the Volkswagen consolidated financial statements for the calculation of earnings per share.

FURTHER INFORMATION ON VOLKSWAGEN SHARES

www.volkswagenag.com/en/InvestorRelations.html

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2019

as a percentage of subscribed capital



Porsche Automobil Holding SE	31.3
Foreign institutional investors	26.4
Qatar Holding LLC	14.6
State of Lower Saxony	11.8
Private shareholders/Others	12.9
German institutional investors	3.1

VOLKSWAGEN SHARE DATA

	Ordinary shares	Preferred shares
ISIN	DE0007664005	DE0007664039
WKN	766400	766403
Deutsche Börse/Bloomberg	VOW	VOW3
Reuters	VOWG.DE	VOWG_p.DE
Primary market indices	CDAX, Prime All Share, MSCI Euro, S&P Global 100 Index	DAX, CDAX, EURO STOXX, EURO STOXX 50, EURO STOXX Automobiles & Parts, Prime All Share, MSCI Euro
Exchanges	Berlin, Dusseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart, Xetra, SIX Swiss Exchange	

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2019

At the end of the reporting period, Volkswagen AG's subscribed capital amounted to €1,283,315,873.28. The shareholder structure of Volkswagen AG as of December 31, 2019 is shown in the chart on this page.

The distribution of voting rights for the 295,089,818 ordinary shares was as follows at the reporting date: Porsche Automobil Holding SE, Stuttgart, held 53.1% of the voting rights. The second-largest shareholder was the State of Lower Saxony, which held 20.0% of the voting rights. Qatar Holding LLC was the third-largest shareholder with 17.0%. The remaining 9.9% of ordinary shares were attributable to other shareholders.

Notifications of changes in voting rights in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) are published on our website at www.volkswagenag.com/en/InvestorRelations/news-and-publications.html.

i OUR INVESTOR RELATIONS TEAM IS AVAILABLE FOR QUERIES AND COMMENTS:

WOLFSBURG OFFICE (VOLKSWAGEN AG)

Phone	+49 (0) 5361 9-00
Fax	+49 (0) 5361 9-30411
E-mail	investor.relations@volkswagen.de
Internet	www.volkswagenag.com/en/InvestorRelations.html

VOLKSWAGEN SHARE KEY FIGURES

Dividend development		2019	2018	2017	2016	2015
Number of no-par value shares at Dec. 31						
Ordinary shares	thousands	295,090	295,090	295,090	295,090	295,090
Preferred shares	thousands	206,205	206,205	206,205	206,205	206,205
Dividend[1]						
per ordinary share	€	6.50	4.80	3.90	2.00	0.11
per preferred share	€	6.56	4.86	3.96	2.06	0.17
Dividend paid[1]	€ million	3,271	2,419	1,967	1,015	68
on ordinary shares	€ million	1,918	1,416	1,151	590	32
on preferred shares	€ million	1,353	1,002	817	425	35

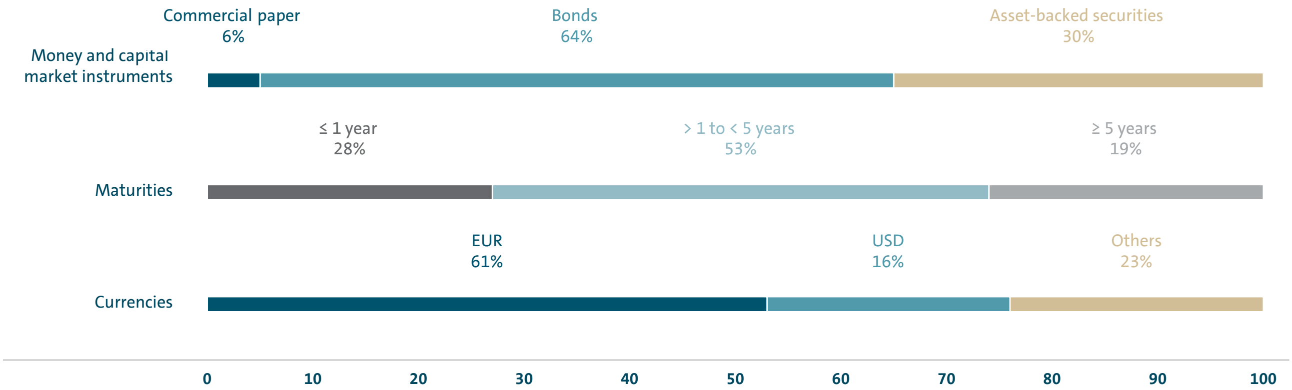
Share price development[2]		2019	2018	2017	2016	2015
Ordinary share						
Closing	€	173.25	139.10	168.70	136.75	142.30
Price performance	%	+ 24.6	– 17.5	+ 23.4	–3.9	–21.0
Annual high	€	182.50	188.00	173.95	144.20	247.55
Annual low	€	135.60	131.10	128.70	108.95	101.15
Preferred share						
Closing	€	176.24	138.92	166.45	133.35	133.75
Price performance	%	+ 26.9	– 16.5	+ 24.8	–0.3	–27.6
Annual high	€	184.24	188.50	178.10	138.80	255.20
Annual low	€	134.76	133.70	125.35	94.00	92.36
Beta factor[3]	factor	1.17	1.17	1.12	1.22	1.28
Market capitalization at Dec. 31	€ billion	87.5	69.7	84.1	67.9	69.6
Equity attributable to Volkswagen AG shareholders and hybrid capital investors at Dec. 31	€ billion	121.8	117.1	108.8	92.7	88.1
Ratio of market capitalization to equity	factor	0.72	0.60	0.77	0.73	0.79

Key figures per share		2019	2018	2017	2016	2015
Earnings per ordinary share[4]						
basic	€	26.60	23.57	22.28	10.24	–3.20
diluted	€	26.60	23.57	22.28	10.24	–3.20
Equity attributable to Volkswagen AG shareholders and hybrid capital investors at Dec. 31	€	242.93	233.63	217.13	184.90	175.67
Price/earnings ratio[5]						
Ordinary share	factor	6.5	5.9	7.5	13.4	x
Preferred share	factor	6.6	5.9	7.3	13.0	x
Dividend yield[6]						
Ordinary share	%	3.8	3.5	2.3	1.5	0.1
Preferred share	%	3.7	3.5	2.4	1.5	0.1

Stock exchange turnover[7]		2019	2018	2017	2016	2015
Turnover of Volkswagen ordinary shares	€ billion	3.3	4.3	3.5	3.3	6.9
	million shares	20.9	28.0	23.6	25.4	45.4
Turnover of Volkswagen preferred shares	€ billion	41.0	54.1	45.1	41.1	72.4
	million shares	266.0	346.6	312.3	347.0	444.4
Volkswagen share of total DAX turnover	%	4.6	5.4	5.4	5.0	7.1

1 Figures for the years 2015 to 2018 relate to dividends paid in the following year. For 2019, the figures relate to the proposed dividend.
2 Xetra prices.
3 See page 126 for the calculation.
4 See note 11 to the consolidated financial statements (Earnings per share) for the calculation. 2017 figure adjusted (IFRS 9).
5 Ratio of year-end-closing price to earnings per share.
6 Dividend per share based on the year-end-closing price.
7 Order book turnover on the Xetra electronic trading platform (Deutsche Börse).

REFINANCING STRUCTURE OF THE VOLKSWAGEN GROUP
as of December 31, 2019



REFINANCING

Refinancing of the Volkswagen Group is important to ensure that the Group remains solvent at all times. Cash flows from operating activities contributed to the positive development of net liquidity in 2019. Consequently, the refinancing volume through bonds on the money and capital markets for the Automotive Division declined year-on-year.

Benchmark bonds with an aggregate volume of €7.0 billion were issued for the Financial Services Division. In addition to this, private placements were issued in various currencies. In the US capital market a bond with a total volume of USD 3.0 billion was placed with investors in five tranches. Notes with a volume of CAD 1.5 billion were issued in the Canadian refinancing market.

Alongside the placement of senior, unsecured bonds, asset-backed securities (ABS) transactions were another element of our refinancing activities. ABS transactions in the amount of €2.0 billion were placed in Europe. In addition, ABS transactions were issued in USA, China and Australia among other countries.

The Volkswagen Group was also actively involved in the commercial paper market with several issuing companies.

Furthermore, Dr. Ing. h.c. F. Porsche AG issued a green promissory note loan in the amount of €1.0 billion. The proceeds of this transaction will be used to finance the all-electric Porsche Taycan vehicle project.

The proportion of fixed-rate instruments in the past year was roughly four times as high as the proportion of floating rate instruments.

In our refinancing arrangements, we generally aim to exclude interest rate and currency risk as far as possible with the simultaneous use of derivatives.

The table below shows how our money and capital market programs were utilized as of December 31, 2019 and illustrates the financial flexibility of the Volkswagen Group:

PROGRAMS	Authorized volume € billion	Amount utilized on Dec. 31, 2019 € billion
Commercial paper	42.0	9.0
Bonds	162.0	88.5
of which hybrid issues		12.5
Asset-backed securities	92.6	41.1

RATINGS

	VOLKSWAGEN AG			VOLKSWAGEN FINANCIAL SERVICES AG			VOLKSWAGEN BANK GMBH		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Standard & Poor's									
short-term	A–2	A–2	A–2	A–2	A–2	A–2	A–2	A–2	A–2
long-term	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	A–	A–	A–
outlook	stable	stable	stable	stable	stable	stable	negative	negative	negative
Moody's Investors Service									
short-term	P–2	P–2	P–2	P–2	P–2	P–2	P–1	P–1	P–1
long-term	A3	A3	A3	A3	A3	A3	A1	A1	A3
outlook	stable	stable	negative	stable	stable	negative	stable	stable	negative

Volkswagen AG's syndicated credit line of €5.0 billion agreed in July 2011 was replaced in December 2019 by a new syndicated credit line of €10.0 billion. The new credit line has a term of five years, with the option to extend the term twice after obtaining approval from the respective banks, each for a period of one year, until 2026 at the latest. This credit facility was unused as of the end of 2019.

Of the syndicated credit lines worth a total of €10.1 billion at other Group companies, €1.4 billion has been drawn down. In addition, Group companies had arranged bilateral, confirmed credit lines with national and international banks in various other countries for a total of €6.9 billion, of which €2.4 billion was drawn down.

RATINGS

In 2019, the rating agencies Standard & Poor's and Moody's Investors Service conducted the regular update of their credit ratings for Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH.

In November and December, Standard & Poor's confirmed its short-term and long-term ratings of A–2 and BBB+ for Volkswagen AG and Volkswagen Financial Services AG, and of A–2 and A– for Volkswagen Bank GmbH. The outlook for Volkswagen AG and Volkswagen Financial Services AG was left at "stable" and that for Volkswagen Bank GmbH at "negative".

In July and August, Moody's Investors Service left its short-term and long-term ratings for Volkswagen AG and Volkswagen Financial Services AG unchanged at P–2 and A3 and those for Volkswagen Bank GmbH at P–1 and A1. The outlook for each company was left at "stable".

SUSTAINABILITY RATINGS

Analysts and investors are referring increasingly to company sustainability profiles when making their recommendations and decisions. They draw primarily on sustainability ratings to evaluate a company's environmental, social and governance performance. At the same time, sustainability ratings are instrumental in determining whether we are meeting our goal, and they provide the basis for implementing internal measures.

After the diesel issue became public knowledge, the Volkswagen Group was downgraded significantly in the MSCI, RobecoSAM, Sustainalytics, oekomISS, VigeoEiris, EcoVadis and RepRisk sustainability indices and consequently removed from sustainability indices such as the Dow Jones Sustainability Index and the FTSE4Good Index. In fiscal year 2019, Volkswagen continued to have a score of A– in the CDP and a rating of A in the Water Disclosure Project (WDP).