S&P Global Ratings

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Volkswagen AG

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This report does not constitute a rating action.

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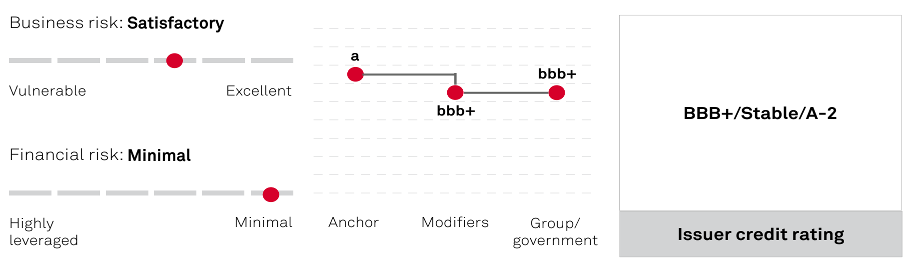
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
No. 2 global automaker, with a close to 10% global light vehicle (LV) market share in 2024, leading positions in Europe (21% market share) and China (11%), and a no. 9 position in the U.S. (4%).	Subdued performance by Audi and Porsche, a higher share of BEV sales, U.S. tariffs, and restructuring costs constraining profitability and cash flow below levels required for the rating in 2025.
Strong product breadth and diversity, ranging from volume to premium passenger cars, and light and medium-to-heavy-duty commercial vehicles, adding potential earnings stability if all brands operate efficiently.	Continued tough competition in China and sluggish demand in the Chinese premium and luxury segment, weighing on VW's market share and profits from this crucial market.
Leader in the battery electric vehicle (BEV) market in Europe, with a share of about 20% (2024).	Execution risks related to VW's initiatives to reduce its domestic workforce by close to 50,000 employees across its VW, Audi, and Porsche brands, and its plans to cut down on technical capacity in Germany.
Strong balance sheet (0.3x debt-to-EBITDA in 2024), enabling funding investments in new vehicle platforms, software, battery cell supply, and mobility services.	U.S. import tariffs creating additional earnings risks for VW's annual U.S. light vehicle (LV) imports, worth about €22 billion according to our estimates.
Well-established captive finance operations supporting vehicle sales, with a penetration rate of 35.9% in the first six months of 2025.	Shareholder and governance structure complicates cost-saving efforts and significant production footprint adjustments.

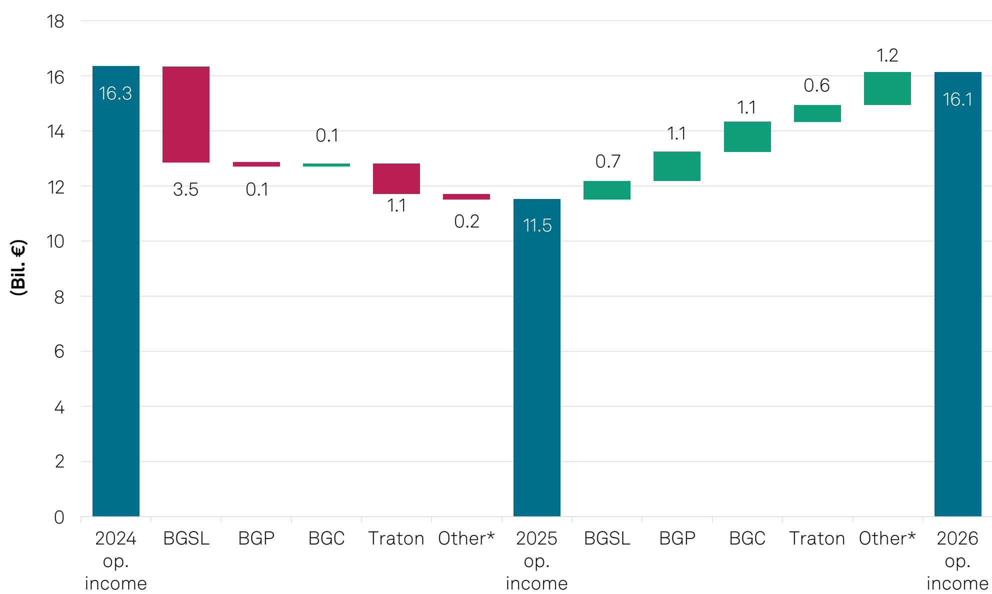
VW's free operating cash flow (FOCF) to sales ratio is set to remain well below our 3% threshold for the rating in 2025. This reflects several earnings headwinds and still-high investments this year. Specifically, Porsche and Audi are suffering from weak sales in the high-end premium and luxury market in China. Profitability is constrained by restructuring costs that we estimate at about €1 billion in 2025, concerning VW AG functions, CARIAD, and Audi and Porsche. This will depress Porsche's operating margin to 5%-6% in 2025, from 14.5% and 18.6% in 2024 and 2023, and limit the recovery of operating margins at Brand Group Progressive (BGP; includes Audi, Bentley, and Lamborghini) from a low of 6.0% in 2024 (see chart). We also expect TRATON's operating margin will decline by 170-220 basis points (bps) this year, from a peak of 9.1% in 2024, as its top line contracts in line with lower unit sales, particularly in Europe. Further headwinds for VW are coming from a sharp increase in its sales share of BEVs—to 11% in first-half 2025 from 7% in first-half 2024.

In addition to VW's earnings weakness, we expect its capital expenditure (capex) will decrease only slowly in absolute terms this year as it ramps up its battery cell production, and while investments in models and platforms remain high. Combined with cash outflows for restructuring of about €2 billion, we project FOCF to sales will be 1.0%-1.5% in 2025, after 2.0% in 2024, compared with our downside threshold of 3.0%.

Chart 1

VW's automotive operating income is under pressure in 2025

Changes in operating income in the automotive segment



*Other includes CARIAD, battery cell activities, and Scout. BGSL--Brand Group Sport & Luxury. BGP--Brand Group Progressive. Op.--Operating. According to new segment reporting. Source: S&P Global Ratings.

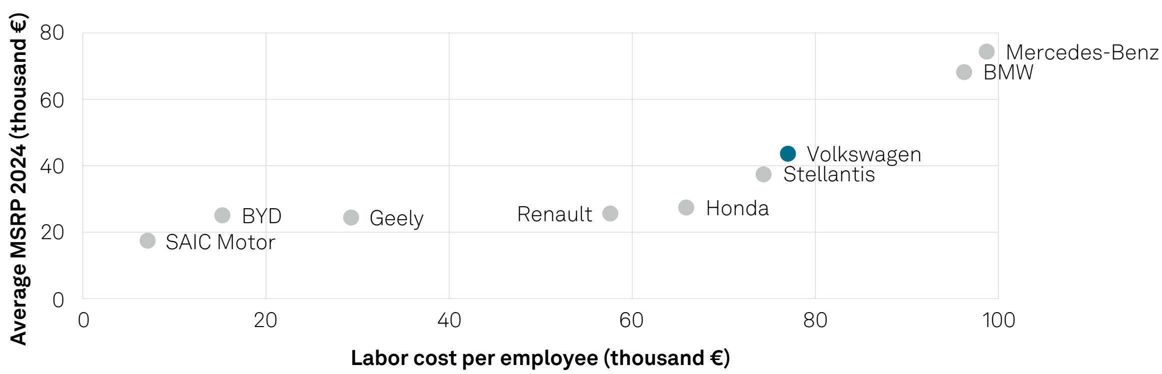
Rating headroom hinges on VW's ability to improve its credit metrics through cost savings from 2026. At about €77,000 per full-time employee, VW's labor costs remain higher than peers' and high relative to VW's own average price positioning (see chart). In late 2024, VW AG concluded an agreement with the trade unions aimed at reducing its domestic workforce for the VW passenger cars and VW light commercial vehicle brands, and the central VW group functions by about 35,000 (from about 110,000), suspending salary increases until 2030, and cutting more than 40% of installed technical production capacity in Germany from 2027. During first-half 2025, 4,000 employees left the company under the program and, according to VW, about 20,000 employees have agreed to depart under its early retirement and voluntary severance schemes. In our view, headcount reductions and elements of the program related to other factory cost improvements will be crucial to a recovery in earnings and cash flow from 2026. This is particularly so given that we expect earnings headwinds—related to BEVs' growing sales share, competitive conditions in China, and U.S. tariffs—to persist next year.

In 2026, we also anticipate savings from the February 2025 closure of the Audi plant in Brussels and initial contributions from the planned reduction of about 7,500 full-time positions at Audi and 3,900 at Porsche. Overall, our base case for 2026 assumes savings from headcount reductions alone (excluding other measures) of more than €1.0 billion. Together with other efficiency measures, gradually decreasing R&D spending, a reduced earnings burden from VW's battery cell production activities, and fully consolidated operations in China, VW should return to FOCF to sales of close to 3% next year, in our view.

Chart 2

VW's labor cost is high relative to its average price positioning

Labor cost per employee and average MSRP for selected original equipment manufacturers (2024)*



MSRP--Manufacturer suggested retail price. Source: S&P Global Ratings.

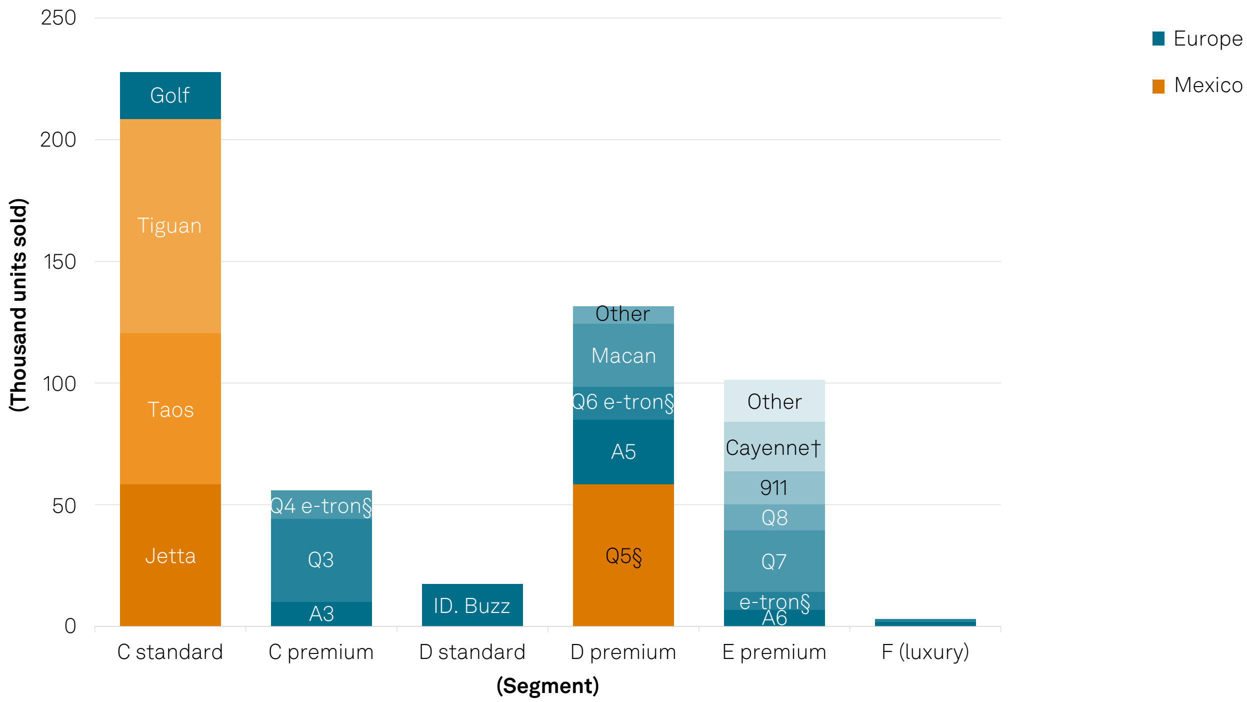
Mitigation measures will be crucial to containing the earnings impact from U.S. tariffs in 2025-2026. According to S&P Global Mobility's forecast, VW was expected to import about 267,000 vehicles from Mexico, and 273,000 vehicles from Europe, for sale in the U.S. in 2025 (about 6% of total 2025 LV sales) before the imposition of tariffs. The EU imports are mostly Audis and Porsches, and those from Mexico are VW Jetta, Taos, and Tiguan as well as the Audi Q5 (chart). We estimate the total value of these imports at about €22 billion, with the bulk being premium vehicles—Audi and Porsche (chart). In our forecast, we now assume a 27.5% tariff on imports of finished LVs from the EU for April-July 2025, and 15% thereafter, and a 27.5% duty for VW's finished LV imports from Mexico over 2025-2027 and on imports of non-USMCA compliant parts.

Given that Audi and Porsche lack a production footprint in the U.S., we think pricing will be VW's main short-term lever to contain earnings downside from tariffs, in addition to some transfer pricing and cost optimization. Our current forecast assumes that VW will gradually increase prices, and optimize mix and trim options, as well as transfer prices, to offset 25%-30% of its gross exposure. This reduces the earnings impact to €2.7 billion-€3.0 billion in 2025, and €2.5 billion-€3.0 billion in 2026. The optimal and achievable pricing pass-through will depend on price elasticities and the pricing behavior of key competitor vehicles in each segment. Although we currently expect VW will converge toward our thresholds for the rating in 2026, a permanent tariff of 27.5% would diminish its rating headroom, barring any additional mitigating actions with respect to trimming costs or investment spending. The effect of tariffs on parts is negligible in our forecast, given our assumption of more than 70% USMCA-compliant content in locally-produced WV ID.4 and Atlas models, and the tariff offsets for non-USMCA-compliant parts introduced by the U.S. administration at the end of April 2025.

Chart 3

VW's U.S. import volume includes a multitude of Audi and Porsche models

VW's expected FY2025 pre-tariff U.S. light vehicle import volume by segment*

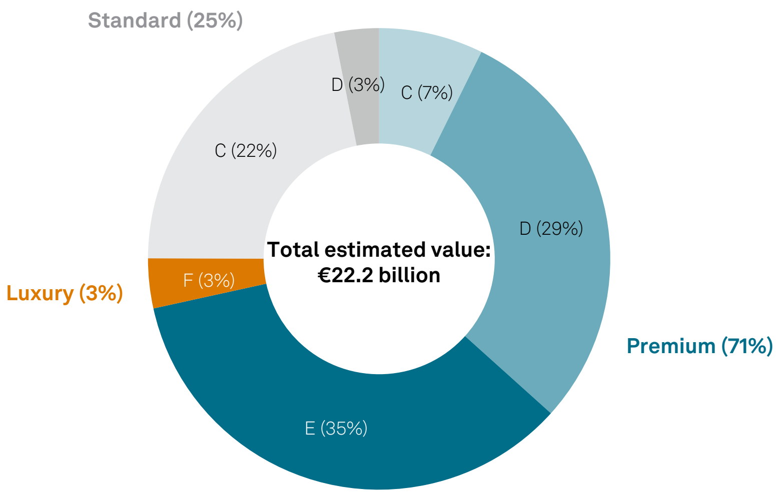


*Data refers to the March 2025 sales forecast by S&P Global Mobility. §Includes Sportback. †Includes Coupe.
Source: S&P Global Mobility, S&P Global Ratings.

Chart 4

Premium/luxury cars account for most of VW's U.S. imports by value

VW’s estimated FY2025 pre-tariff U.S. light vehicle import value by segment*



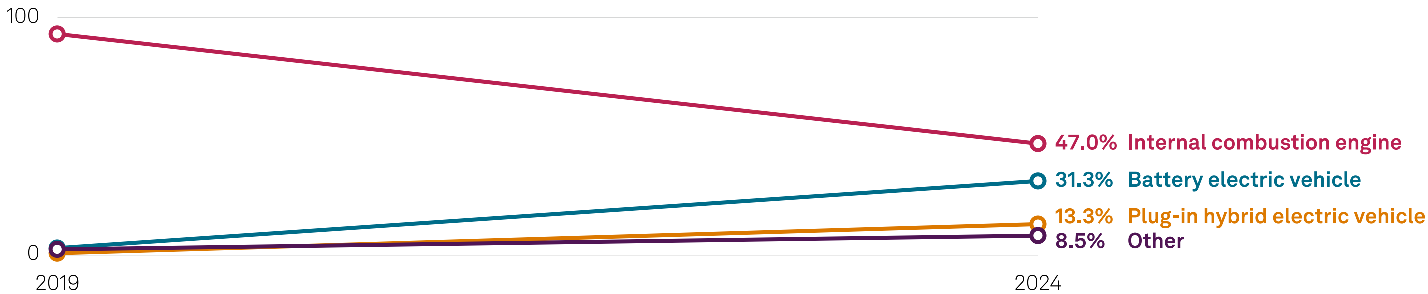
*Based on March 2025 sales forecast by S&P Global Mobility for volume data. EUR/USD of 1.10. Source: S&P Global Ratings.

We forecast VW to lose 1-2 percentage points of market share in China in 2025. Although VW is gaining share in the internal combustion engine segment, this part of the market has shrunk from well over 90% of the Chinese market in 2019 to less than half in 2024 (see chart). In that time, the share of BEVs and plug-in hybrid electric vehicles (PHEVs) has grown to more than 44%, from less than 5%, and we expect these powertrains will exceed 50% this year and increase to 58%-62% by 2027. Other powertrains such as range-extended EVs have also gained share. In our view, VW’s current BEV line-up is struggling to compete with the stream of models launched by Chinese OEMs—which have very competitive infotainment, ADAS, and powertrain propositions—and price competition remains ferocious. So far, VW has been all but absent from the PHEV segment with less than 5,000 units sold year-to-date. In addition to these challenges, Audi and Porsche are feeling the impact of weak demand in the high-end premium and luxury segment, with a 31% sales decline for Porsche and 15% for Audi in China in first-half 2025. This segment is particularly relevant from an earnings perspective, and we believe that cyclical weakness in demand might currently be masking a more structural shift in price points and customer behavior (see business risk section).

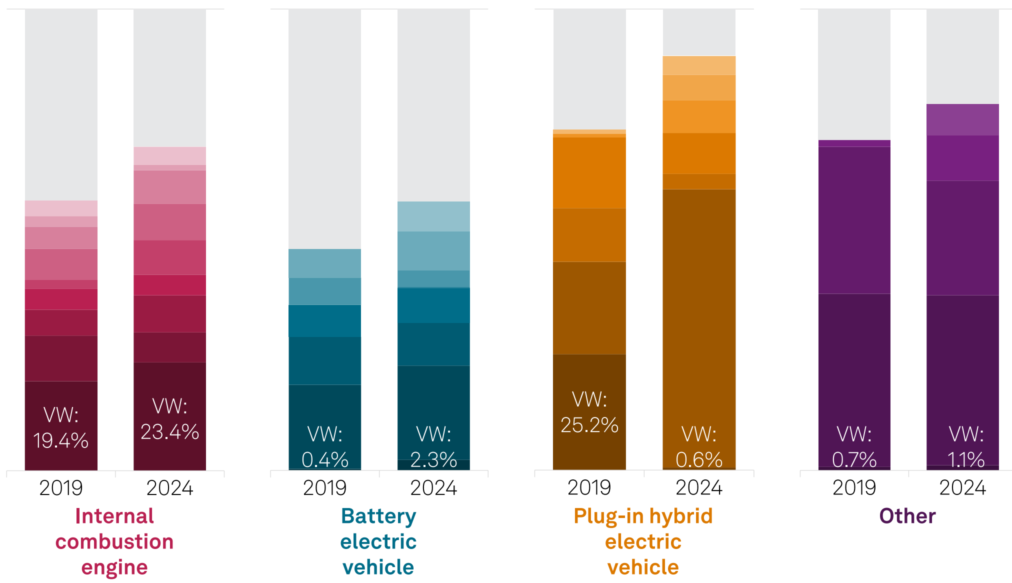
Chart 5

VW is solidifying its position in a shrinking Chinese internal combustion engine market

Share of different powertrains in the Chinese light vehicle market



Market shares by powertrain - VW and top Chinese original equipment manufacturers



Other comprises mild hybrid electric vehicles and fuel cell electric vehicles. Source: S&P Global Ratings, S&P Global Mobility.

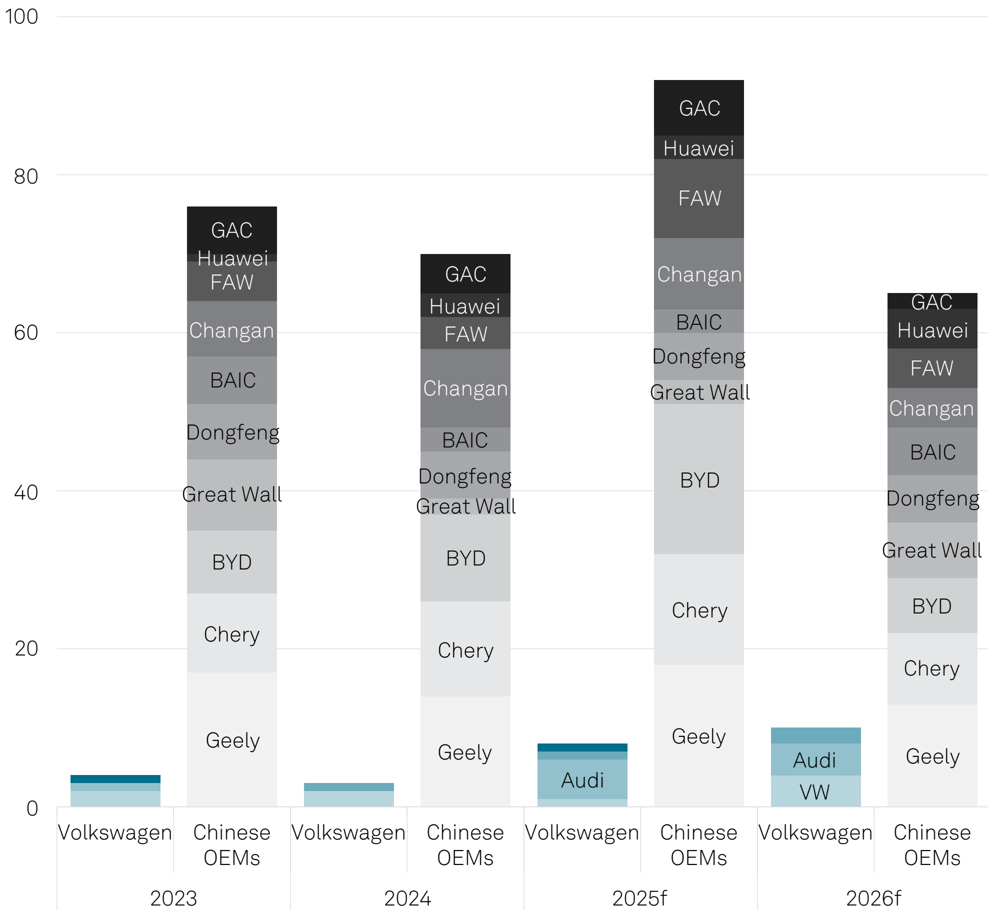
If executed well, VW's partnership with XPeng and its locally developed platforms could slow its market share erosion in China from 2026. VW plans to launch two VW brand models using a platform by local BEV OEM XPeng in 2026 (including the ID.EVO), and is cooperating with XPeng on the development of the electric/electronic (E/E) architecture of its own Compact Main Platform (CMP), which will underpin four BEV model launches in 2026 (including the ID.AURA) and two in 2027. The group is also localizing several Audi models on its new PPE platform in its joint venture (JV) with FAW Group (A6/Q6 e-tron) and will introduce three models under a more tech-focused Audi sub-brand on a newly developed platform by JV partner SAIC Motor, with a first launch in 2025 (E5 Sportback). Although benchmarking these launches against competition will only be possible after market introduction, we believe localized development and these partnerships could be an important step to narrowing the competitiveness gap with local players.

VW is also seeking to lower its variable costs with the new platforms and strengthen its ability to compete on price. For example, it targets a 50% reduction in material costs per unit on the CMP by 2026 compared to its current MEB BEV platform, with savings coming from the use of lithium iron phosphate (LFP) batteries, lower costs from localized R&D, and improved vehicle architectures and software. The success of the new models will be crucial from a rating perspective, because local competitors continue to put out new models with short development times and material improvements in infotainment, ADAS, and powertrain technology—as well as cost—with every successive model generation (see chart).

Chart 6

VW is stepping up its portfolio refresh in China

New light vehicle models introduced in China by VW and top Chinese OEMs (2023-2026f)



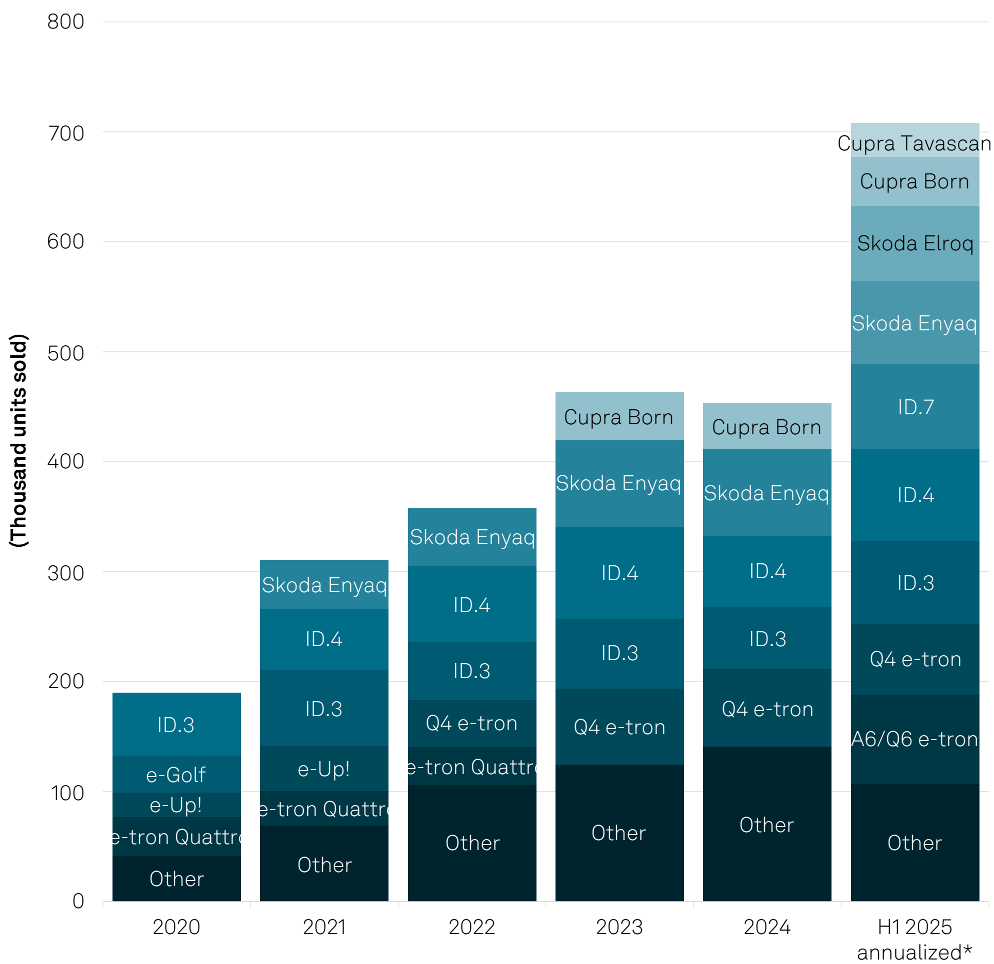
f--Forecast. OEM--Original equipment manufacturer. Source: S&P Global Mobility, S&P Global Ratings.

VW is expanding its BEV market position in Europe. Its market share increased to about 26% in Europe (Western Europe: 28%) in the first six months of 2025, up from about 20% in 2024 and well ahead of Stellantis (13%). In addition to competitive shifts and effects such as Tesla's model change-over for Model Y, we attribute most of the gain to VW's expanded BEV line-up, which now includes a broader offering for the important fleet customer segment, with the ID.7 and the new Audi A6/Q6 e-tron on its recently launched PPE platform (see chart). That said, we see a risk that retail customers' continued hesitation regarding BEVs, or competition from Chinese OEMs, or pricing behavior by other established OEMs—particularly those that engage in aggressive BEV pricing to help meet CO2 emissions targets in Europe—could undermine the convergence of BEVs' profitability with that of non-BEVs. Moreover, VW's success in complementing its BEV portfolio with launches at the lower end of the pricing spectrum, notably the CUPRA Raval, Skoda Epiq, and VW ID.1 and ID.2 BEVs, will be central to fending off more intense competition in this segment in the medium term.

Chart 7

VW's expanded BEV portfolio supports its market position in Europe

VW's BEV sales by key model in Europe (2020 to first-half 2025*)



*Annualized January-June 2025 sales. BEV--Battery electric vehicle. Source: J.D. Power, S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that VW's cost reduction measures, the extensive overhaul of its model portfolio, and its recent tech partnerships with Xpeng and Rivian will allow the company to maintain market leadership in Europe, and gradually slow--and eventually halt--the loss of market share in China, while moderately improving its profitability and cash conversion. This should enable VW to return to S&P Global Ratings-adjusted FOCF of about 3% of adjusted revenue and about 10% adjusted EBITDA margin from 2026 while maintaining leverage below 0.5x.

Downside scenario

We could consider a negative rating action if missteps in VW executing its cost-saving initiatives and its product and platform strategy (with respect to competitive alternative powertrain, infotainment, driver assistance, and software offerings) as well as intense competition lead to continued pressure on profitability and market shares in its key markets of Europe and China. These issues could be exacerbated by significant and prolonged tariffs on vehicle and parts imports into the U.S., or a failure to strengthen profitability at Porsche and Audi. Specifically, a downgrade could occur if either:

- VW's LV market share in China sustains a drop toward 5%, or--although not expected--we observe material market share losses in Europe from about 20% currently;
- The group's S&P Global Ratings-adjusted EBITDA margin does not recover to sustainably close to 10%;
- FOCF to sales remains lastingly below 3%, which corresponds to well above 1% of FOCF to sales after spending on strategic JVs and partnerships in battery cells, driver assistance, and software; or
- The S&P Global Ratings-adjusted debt to EBITDA ratio is approaching 1.5x or adjusted debt-to-capital (consolidated) is exceeding 70%.

Upside scenario

We could upgrade VW if it strengthens the competitiveness of its cost structure and model portfolio, enabling the company to hold a sustainable LV market share of about 10% in China while defending its market position in Europe and achieving modest market share gains in other regions. We would expect VW to achieve this while maintaining FOCF to sales of well above 3% with spending on JVs, partnerships, and acquisitions in line with our base-case scenario; an EBITDA margin of well above 10%; debt to EBITDA well below 1.5x; and adjusted debt-to-capital (consolidated) well below 70%.

Our Base-Case Scenario

Assumptions

- Eurozone real GDP growth of 0.8% in 2025 and 1.1% in 2026, after 0.8% in 2024 and 0.6% in 2023. In the U.S., we forecast real GDP growth of 1.7% in 2025 and 1.6% 2026, compared with 2.8% in 2024 and 2.9% in 2023. In China, we forecast real GDP growth of 4.3% in 2025 and 4.0% in 2026, after 5.0% in 2024 and 5.4% in 2023.
- Decline in global LV sales of zero to 2% in 2025 and 2026, after a growth of about 2.1% in 2024 and 9.8% in 2023 (see "Global Auto Outlook: From Drive To Dive," published May 6, 2025).
- Our assumption of a small increase in VW's LV deliveries in 2025 reflecting further loss of market share in China, and a decline in North America given the tariffs, offset by growth in Europe and South America. The modest decline in deliveries in 2026 results from a sales decline in China, but modest volume growth mainly in Europe and flattish sales in North America.

- The modest increase in revenue in 2025 reflecting a volume decline at Porsche and a 5%-8% revenue decline at TRATON, offset by volume-driven revenue growth at Brand Group Core and Audi. Growth in 2026 is supported by accelerating volume growth at Audi, an improved product mix, and some volume increases at Brand Group Core, as well as a return to growth at TRATON.
- Adjusted EBITDA margins in 2025 following weaker profitability at Porsche, linked to weak sales in China, U.S. tariffs, and additional investments and restructuring; a top-line-related margin contraction at TRATON; and costs for VW's own battery cell manufacturing activities and preparing for the Scout brand's entry into the U.S. market. We foresee flat margins at BGC as cost savings are offset by a higher BEV share and restructuring costs. We also expect flat margins for BGP as benefits from a refreshed model line-up are offset by a higher BEV share, weak China sales, U.S. tariffs, and restructuring costs. Our projected margin uplift in 2026 is supported by cost savings, volume growth at Audi and BGC, incremental positive mix effects at Porsche, and some growth in unit sales at TRATON. In addition, we expect reduced losses in the group's own battery cell manufacturing activities.
- About €1.0 billion in net restructuring costs across the Audi, Porsche, and VW brands as well as CARIAD in 2025.
- About €2 billion cash outflows in connection with restructuring measures at Audi and VW in 2025.
- Cash outflows for working capital of up to €0.5 billion annually in 2025-2026, from higher inventory in connection with new model launches and modest growth in wholesale volumes.
- Modest capex declines in 2025 and 2026 in absolute terms as VW manages its investment spending. However, capex remains high due to the ramp-up of activities such as battery cell manufacturing and a high number of new models introduced.
- Falling dividend receipts from equity affiliates, reflecting our assumption of near-term earnings pressure on VW's JVs in China from competition and investment related to the refresh of the local model portfolio and local development activities.
- Dividends of €4.5 billion in 2025 and €3.9 billion in 2026, including regular dividend payments and obligations to minority shareholders (for example, dividend leakage at Porsche), in line with VW's dividend policy, and including hybrid coupons. No share buybacks.
- Investments in partnerships and JVs in key strategic areas of about €2 billion annually over 2025-2026, after about €1.7 billion net cash outflows for equity participations in 2024.

Key metrics

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. EUR)	2022a	2023a	2024a	2025e	2026f	2027f
LV deliveries (mil. units)	8.0	8.9	8.7	8.9	8.8	9.0
Share of BEVs in LV deliveries (%)	7.3	8.5	8.6	12.1	16.0	20.2
Battery cell volume sourced (GWh)	About 47	About 61	About 62	About 91	About 122	About 158
Revenue*	255,275	298,386	294,459	298,796	302,567	311,788
EBITDA (reported)	50,639	50,149	50,413	48,331	55,141	60,264
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--
Plus/(less): mainly (captive finance EBITDA), (capitalized development costs), dividends from equity investments	(25,107)	(19,971)	(21,832)	(23,393)	(25,901)	(27,717)
EBITDA*	26,032	30,978	28,981	24,938	29,240	32,547
Funds from operations (FFO)*	21,840	23,583	22,697	20,399	23,497	25,736

Dividends from equity investments	2,781	2,450	2,614	1,700	1,000	1,250
Cash flow from operations (CFO)§	19,686	25,924	21,871	20,292	24,383	26,074
Capital expenditure (capex)	12,553	13,864	16,406	16,668	15,491	15,414
Free operating cash flow (FOCF)§	7,133	12,060	5,465	3,624	8,891	10,660
Dividends	4,084	11,454	5,454	4,148	3,500	4,985
Debt (reported)	198,800	226,306	246,905	258,905	271,905	285,905
Plus: Lease liabilities debt	6,385	6,493	7,176	7,176	7,176	7,176
Plus: Pension and other postretirement debt	22,710	24,054	22,414	22,414	22,414	22,414
Less: Accessible cash and liquid Investments	(51,903)	(46,809)	(44,465)	(41,886)	(43,118)	(46,784)
Plus/(less): hybrids, litigation, PSE debt, (captive finance debt)	(174,715)	(203,564)	(223,967)	(234,847)	(249,597)	(263,597)
Debt	1,278	6,481	8,063	11,762	8,780	5,114
Adjusted ratios						
Debt/EBITDA (x)	0.1	0.2	0.3	0.5	0.3	0.2
Annual revenue growth (%)*	12.5 **	16.9	(1.3)	1.5	1.3	3.0
EBITDA margin (%)*	10.2	10.4	9.8	8.3	9.7	10.4
FOCF/sales (%)§	3.0	4.4	2.0	1.2	2.9	3.4
Captive debt/equity (x)	4.6	5.1	5.3	5.4	5.4	5.5
Debt/debt and equity, consolidated (%)	53.3	55.9	56.7	57.3	56.7	55.9

*Based on new segment reporting. §Based on new segment reporting for 2025 – 2027, and on previous segment reporting until 2024. **Based on previous reporting. All figures are adjusted by S&P Global Ratings, unless stated as reported and except volume data. a--Actual. e--Estimate. f--Forecast. EUR--Euro.

Company Description

Headquartered in Germany, VW is one of the world's leading auto manufacturers. In 2024, it delivered 9.0 million passenger cars and commercial vehicles across the volume, premium, and luxury segments, including vehicles sold by unconsolidated JVs in China. Key brands include:

- Light vehicles: VW, Audi, Porsche, Skoda, SEAT/CUPRA, Bentley, Lamborghini, and VW Commercial Vehicles.
- Trucks and buses: Scania, MAN, International, and VW Truck and Bus.

VW's key markets are Europe and Asia-Pacific, together accounting for about 77% of total deliveries in 2024. In 2024, the group reported revenue of €324.7 billion, of which €55.0 billion was from financial services. Key shareholders include Porsche Automobil Holding SE, the holding company of the Porsche/Piech family (about 32% of shares and 53.3% of voting rights), Qatar Holding LLC (10.4% and 17%, respectively), and the State of Lower Saxony (11.8% and 20%).

Peer Comparison

Volkswagen benchmarks against Toyota and Stellantis, considering their scale, presence in the volume segment, and geographic reach. While Volkswagen manages a broader portfolio of brands compared to Toyota and has also diversified into trucks, it has faced challenges to its overall LV market share for several years, while Toyota continues to be the global market leader.

In China, Volkswagen faces intense competition from local players like BYD and is expected to cede the no. 2 position to Geely in 2025. Conversely, Toyota demonstrates a stronger market position in the U.S. (no. 2 behind General Motors) and exhibits higher profitability than VW but has focused mainly on hybrid technologies so far in electrifying its model line-up. Stellantis currently holds a no. 6 position in the U.S. market, but has lost market share in the U.S. and Europe in recent years, and its profitability has recently suffered from commercial challenges particularly in the U.S.

Compared to Tesla, Volkswagen benefits from larger scale, a wider range of models, and extensive captive finance operations, and leads the European BEV market. However, Volkswagen lags Tesla in the BEV market share in most markets outside of Europe, and its adjusted EBITDA margin and cash conversion are lower.

Volkswagen AG--Peer Comparisons

	Volkswagen AG	Toyota Motor Corp.	Tesla Inc.	Stellantis N.V.	General Motors Co.
Foreign currency issuer credit rating	BBB+/Stable/A-2	A+/Stable/A-1+	BBB/Stable/--	BBB/Negative/A-2	BBB/Stable/--
Local currency issuer credit rating	BBB+/Stable/A-2	A+/Stable/A-1+	BBB/Stable/--	BBB/Negative/A-2	BBB/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2025-03-31	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	269,659	269,130	94,358	154,832	165,753
EBITDA	28,581	37,227	15,399	8,373	17,912
Funds from operations (FFO)	22,297	22,239	13,583	4,463	15,848
Interest	3,692	650	588	1,808	870
Cash interest paid	1,325	481	531	1,169	804
Operating cash flow (OCF)	21,871	29,161	15,600	2,646	19,624
Capital expenditure	16,406	13,948	10,955	6,510	11,114
Free operating cash flow (FOCF)	5,465	15,212	4,645	(3,864)	8,511
Discretionary cash flow (DCF)	(1,133)	144	4,544	(11,525)	959
Cash and short-term investments	67,622	55,502	35,316	33,710	21,291
Gross available cash	47,199	89,210	35,316	35,515	21,291
Debt	8,063	0	0	0	4,973
Equity	144,742	193,050	71,167	73,969	48,678
EBITDA margin (%)	10.6	13.8	16.3	5.4	10.8
Return on capital (%)	11.0	16.7	13.9	6.0	12.9
EBITDA interest coverage (x)	7.7	57.3	26.2	4.6	20.6
FFO cash interest coverage (x)	17.8	47.2	26.6	4.8	20.7
Debt/EBITDA (x)	0.3	0.0	0.0	0.0	0.3
FFO/debt (%)	276.5	NM	NM	NM	318.7
OCF/debt (%)	271.2	NM	NM	NM	394.6
FOCF/debt (%)	67.8	NM	NM	NM	171.1
DCF/debt (%)	(14.1)	NM	NM	NM	19.3

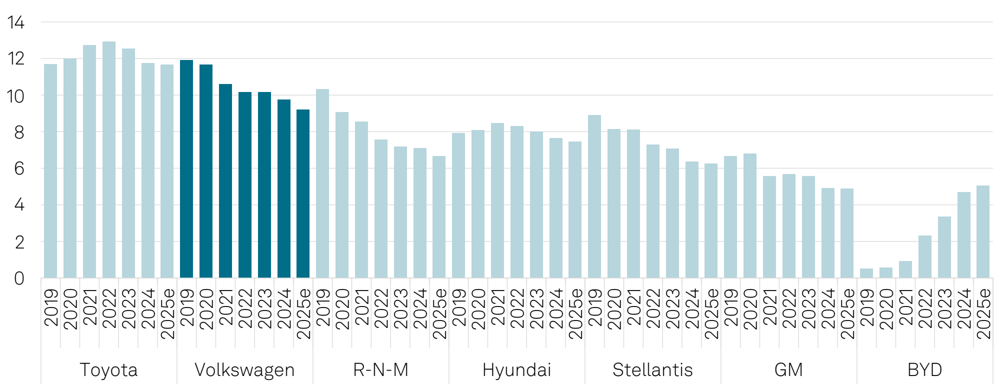
Business Risk

VW is still the world's second-largest carmaker. Our view of its business risk takes into account its position as no. 2 global carmaker, after Toyota, with 8.6 million LVs sold in 2024. VW's global LV market share (based on S&P Global Mobility data) is expected to decline to about 9.2% in 2025 (see chart below), from a peak of about 12% in 2019. This is partly because, as a former market leader, VW is materially exposed to tough market conditions in China. Nevertheless, globally VW remains well ahead of other volume OEMs such as Stellantis, which has also ceded market share in the last few years, and Hyundai or General Motors. VW's main stronghold is Europe, with market share of around 21% in 2024. The group fell to the no. 2 position in China last year with a share of about 11%, behind BYD at 15%, and was overtaken by Geely in the first quarter of 2025. For an OEM like VW that pursues high vertical integration and a lot of proprietary development, we think scale of operations remains a supporting factor as investments can be recovered more easily through high volumes--provided synergies are realized across platforms and brands.

Chart 8

VW remains the second-largest global carmaker

Global light vehicle market share for key original equipment manufacturers (%)



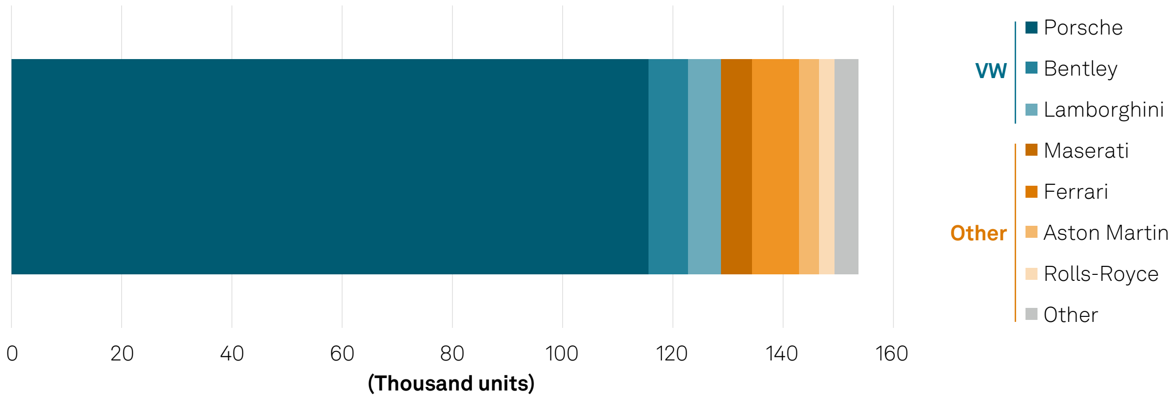
Source: S&P Global Mobility, S&P Global Ratings.

VW's position in the premium and luxury car segments is generally margin accretive. VW is also the third-largest global premium car OEM, with an estimated market share of about 14% in 2024, after BMW (17%) and Mercedes-Benz (17%), mainly reflecting its Audi and Porsche brands and small volumes of premium car sales under the VW brand. Furthermore, VW's Porsche, Bentley, and Lamborghini brands jointly dominate the global luxury and super luxury market (see chart below). Despite current challenges, we view the contribution from the premium and luxury segments to VW's sales as broadly favorable thanks to their lower price elasticity and higher margin potential.

Chart 9

VW brands dominate the global luxury market

Global luxury segment market share by brand (2024)



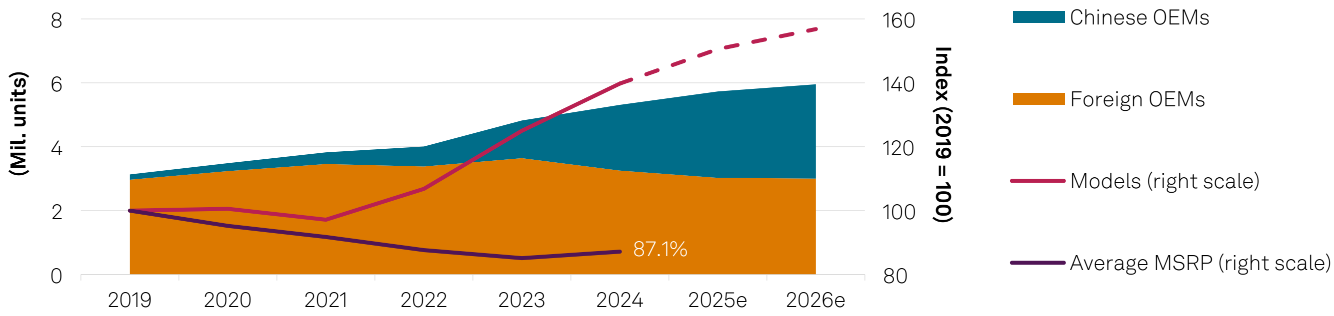
Source: S&P Global Ratings.

Changes in the Chinese premium car market pose challenges for Audi and Porsche. Porsche's first-half 2025 deliveries in China slumped by 31% year-on-year, and Audi's retail sales declined by 15%. This was partly due to a sharp drop in demand for premium vehicles (particularly above Chinese renminbi 400,000 [about $US56,000]) because of softer economic conditions. However, we also see a risk that a steady flow of BEV and PHEV models introduced by local brands such as Aito, Xiaomi, Denza, Li, NIO, or Zeekr could permanently alter the notion of premium in this former stronghold of foreign brands and precipitate the shrinking of the high-end premium pure combustion engine segment. Models by local brands often come with cutting-edge technology and at materially lower prices. Together with changing customer preferences to "buy local", this could greatly reduce customer loyalty and the pricing power of foreign premium brands over time. According to S&P Global Mobility, the overall premium market is expected to grow in 2025-2026, but all growth is forecast to be captured by local OEMs (see chart). The decreasing manufacturer's suggested retail price in the segment (13% lower in 2024 than in 2019) reflects the growing share of more affordable premium vehicles.

Chart 10

Chinese OEMs are changing the premium segment

MSRP and number of models in the Chinese premium car market, sales by OEM group



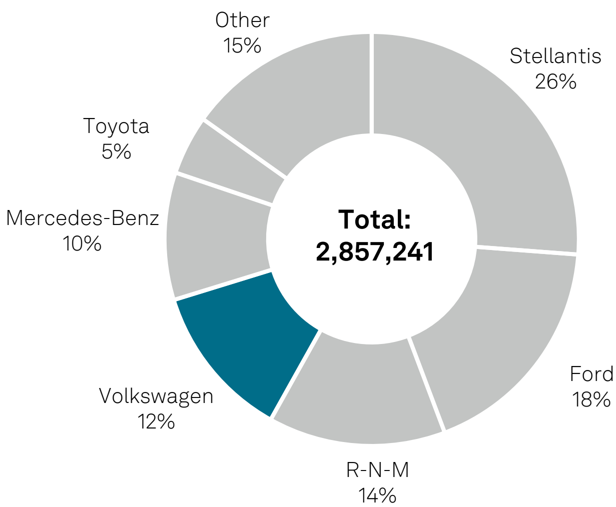
e--Estimate. MSRP--Manufacturer suggested retail price. OEM--Original equipment manufacturer.
Source: S&P Global Ratings.

VW's positions in light commercial vehicles (LCVs) and trucks diversify its earnings base. VW is the fourth-largest LCV OEM in Europe (no. 8 globally) with an estimated market share of about 12% in 2024, behind Stellantis, Ford, and Renault-Nissan-Mitsubishi (see chart). This is mainly based on VW's Transporter, Caddy, and Crafter models, which--combined--accounted for 79% of VW's European LCV sales last year. Medium and heavy-duty trucks and buses produced by its 87.5%-owned subsidiary, TRATON SE, add to VW's portfolio diversity, accounting for 14% of consolidated revenues (see our full analysis of TRATON SE , published Dec. 20, 2024, on RatingsDirect). Before the benign truck market conditions of 2023-2024, however, TRATON's profitability was below group average for many years. Its contribution to group earnings' stability hinges on continued operational improvements to reduce earnings cyclicality.

Chart 11

VW ranks No. 4 in the European LCV market

LCV market share by original equipment manufacturer (2024)



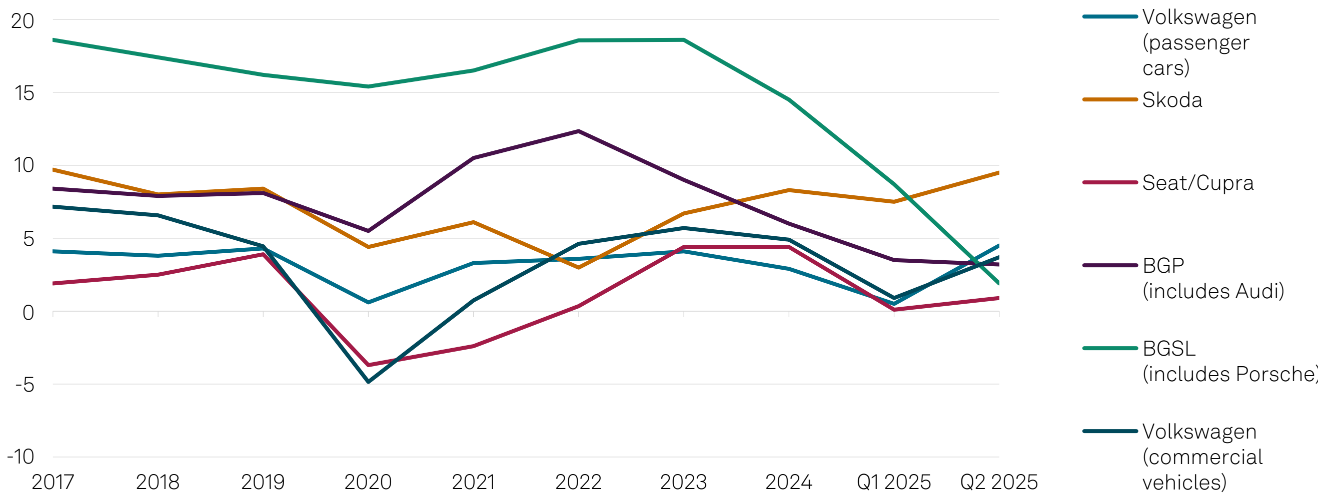
e--Estimate. LCV--Light commercial vehicle. Source: S&P Global Mobility, S&P Global Ratings

Margin weakness at Audi and Porsche means progress on volume brands' costs has become more pressing. For many years, the profitability of VW's LV operations has been strongly supported by Porsche—of which VW owns 75%—and partly by Audi (see chart). Porsche alone has usually contributed more than one-third of total operating income in the group's passenger car segment. Given these brands' current weak profitability, the key to retaining rating headroom—amid potentially sluggish margin recovery at Audi and Porsche—will be swift and structural profitability improvements under the cost-savings programs for Volkswagen passenger cars, VW LCVs, and the components business, as well as better margins at SEAT/CUPRA.

Chart 12

Porsche and Audi no longer boost VW's profitability

Operating margin by passenger car brand in the VW group (%)



BGP--Brand Group Progressive. BGSL--Brand Group Sport & Luxury. Source: Company reports.

VW's battery cell strategy is an important element for cost competitiveness. This is particularly evident in the Chinese market where many of its competitors in the BEV segment—particular the more affordable vehicles—use LFP batteries that are materially cheaper than the NMC cathode chemistry built into most of VW's current line-up (apart from the ID.3, which now has an LFP option). We think the successful introduction of competitive LFP batteries across a wider range of models, with the launch of the CMP platform in 2026, will be crucial for VW's business. Separately, VW is currently ramping up its own battery cell production through its subsidiary PowerCo. First deliveries of battery cells from series production are expected this year. The successful ramp-up is ratings-relevant not only because of the potential variable cost savings of VW's brands from access to a standardized competitive proprietary battery cell technology that is efficiently produced at scale, but also because PowerCo's start-up losses are constraining profitability at this stage. We expect operating losses at PowerCo to be about €1.0 billion this year, with a material loss reduction in 2026.

Financial Risk

Volkswagen maintains a robust balance sheet, providing financial flexibility for strategic investments. At the end of 2024, VW's adjusted debt to EBITDA ratio stood at 0.3x, well below our downside threshold of 1.5x, and despite current challenges to profitability and cash flow generation. This position provides VW with flexibility to invest in key areas such as vehicle architectures, driver assistance, and software, including through partnerships with XPeng and Rivian, as well as battery cell production and the associated supply chain, charging, and other initiatives. We view as predictable the company's dividend policy of targeting 30% of net income, and we think VW's ownership structure greatly reduces the risk of share buy-backs.

We consider VW's investments in strategic partnerships when setting our outlook thresholds. We think the company's partnerships in the areas of battery cell manufacturing, E/E architectures and vehicle software, and raw materials are highly strategically important for its powertrain and product strategy. As we seek to improve comparability between companies that make these investments internally and others that structure them as partnerships, we include in our adjusted debt calculations the proportion of external debt at these partnerships. We also include in our FOCF calculations the cash outflows for equity injections and/or intercompany loans, net of repayments, to the partnerships. Currently, VW fully consolidates its battery cell manufacturing activities but has unconsolidated JVs with Carizon, Rivian, and Umicore in the areas of E/E architectures, software, and raw materials, respectively. Although VW does not disclose the cash-flow effects and debt for these separately, we estimate the cash-flow effects will be less than 1% of adjusted revenue in 2025-2027. Our threshold of FOCF to sales of 3% for the 'BBB+' rating reflects that, including these cash outflows, FOCF to sales would be lower. We view the effect on adjusted debt as currently not material.

VW's captive finance operations remain well capitalized. Debt to equity in these operations, as measured by our criteria, stood at 5.4x as of Dec. 31, 2024. At the same time, we assess the credit quality of VW's financial receivables portfolios as strong, based on our average estimated net loss ratio in the last three years of below 0.5%. As a result, we assess VW's asset and leverage risk as low. Moreover, even with our expectation of more than 5% annual growth in earning assets, fueled by a higher penetration of BEVs and an expanding used car leasing business, we forecast debt to equity to modestly increase, but remain well below the 10x upper limit for the current asset and leverage risk category. Consolidated leverage, as measured by S&P Global Ratings-adjusted debt to capital (consolidated), was about 57% at the end of 2024. We expect this ratio to remain similar over the next three years.

VW has a track record of effectively managing residual value (RV) risk in its growing leasing business. Operating leasing as a share of net earning assets in VW's captive finance operations has steadily increased to around 32% in 2024, and we expect it to grow by another 2-3 percentage points by 2027. VW relies on a comprehensive RV modeling and forecasting that combines quantitative modeling with other inputs and draws on data from many used car transactions, partly from platforms owned by the group. This has contributed to the performance of RV predictions, with realized RVs typically exceeding VW's projections at contract inception consistently for the average of the portfolio. We therefore assess RV risk and our captive finance modifier as neutral to the rating, at this stage, despite VW's leasing exposure exceeding 25%. However, we believe RVs will be subject to higher volatility as the shift to alternative powertrains progresses. This is due to the rapid technological evolution of alternative powertrains, which increases obsolescence risks for earlier generation models, as well as less predictable shifts in customer adoption. With a rapidly rising share of BEVs in the portfolio (about 11% of VW's global deliveries in first-half 2025, and about 20% in Western Europe) we believe diligent RV forecasting and risk management is gaining importance, and we will monitor VW's track record in this regard.

VW's new segment reporting, implemented from first-quarter 2025, slightly dilutes our adjusted EBITDA margin. VW now separately reports the eliminations between its automotive and financial services divisions. Previously, the automotive segment's reporting included all such eliminations. In our view, this change allows for a clearer distinction between industrial and financial services activities. This is because it enhances transparency regarding internal revenue and profit eliminations related to vehicle sales from the automotive to the financial services division, particularly those intended for leasing. As a result of this shift, we forecast adjusted revenue to increase by €27 billion to €32 billion annually during 2025-2027, with adjusted EBITDA rising by €0.4 billion to €0.6 billion. The change will result in a 70-100 basis point dilution in the adjusted EBITDA margin compared to previous reporting. That said, we had considered this effect in setting our outlook thresholds for VW under the previous reporting (see our Volkswagen AG full analysis published Feb. 20, 2024).

Debt maturities

As of June 30, 2025, VW's debt maturities are as follows:

- Short-term financial debt: €126.0 billion (including €62.0 billion of deposits and €1.3 billion of lease liabilities).
- Long-term financial debt: €129.9 billion (including €3.3 billion of deposits and €5.7 billion of lease liabilities).

Volkswagen AG--Financial Summary

Period ending	**Dec-31-2019**	**Dec-31-2020**	**Dec-31-2021**	**Dec-31-2022**	**Dec-31-2023**	**Dec-31-2024**
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	212,472	182,106	209,194	235,375	272,286	269,659
EBITDA	25,832	19,399	22,952	25,532	30,178	28,581
Funds from operations (FFO)	20,972	14,358	19,089	21,340	22,783	22,297
Interest expense	2,618	2,519	2,316	2,108	4,090	3,692
Cash interest paid	2,672	3,032	534	631	1,068	1,325
Operating cash flow (OCF)	25,494	17,893	24,194	19,686	25,924	21,871
Capital expenditure	13,939	11,000	10,419	12,553	13,864	16,406
Free operating cash flow (FOCF)	11,555	6,893	13,775	7,133	12,060	5,465
Discretionary cash flow (DCF)	8,656	4,231	9,970	2,814	606	(1,133)
Cash and short-term investments	42,692	55,071	62,255	66,378	70,221	67,622
Gross available cash	33,226	41,726	43,165	55,903	50,909	47,199
Debt	23,946	22,971	18,811	1,278	6,481	8,063
Common equity	85,811	87,625	101,090	128,876	138,103	144,742
Adjusted ratios						
EBITDA margin (%)	12.2	10.7	11.0	10.8	11.1	10.6
Return on capital (%)	14.3	7.3	9.1	10.7	15.4	11.0
EBITDA interest coverage (x)	9.9	7.7	9.9	12.1	7.4	7.7
FFO cash interest coverage (x)	8.8	5.7	36.7	34.8	22.3	17.8
Debt/EBITDA (x)	0.9	1.2	0.8	0.1	0.2	0.3
FFO/debt (%)	87.6	62.5	101.5	1,670.5	351.6	276.5
OCF/debt (%)	106.5	77.9	128.6	1,540.9	400.0	271.2
FOCF/debt (%)	48.3	30.0	73.2	558.3	186.1	67.8
DCF/debt (%)	36.1	18.4	53.0	220.3	9.4	(14.1)

Reconciliation Of Volkswagen AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	**Shareholder Equity**	**Revenue**	**EBITDA**	**Operating income**	**Interest expense**	**S&PGR adjusted EBITDA**	**Operating cash flow**	**Dividends**	**Capital expenditure**
Financial year	Dec-31-2024									
Company reported amounts	246,905	182,295	324,656	50,413	19,060	1,862	28,581	17,151	5,779	27,446
Cash taxes paid	-	-	-	-	-	-	(6,187)	-	-	-

Reconciliation Of Volkswagen AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Cash interest paid	-	-	-	-	-	-	(8,780)	-	-	-
Lease liabilities	7,176	-	-	-	-	-	-	-	-	-
Debt-like hybrids	-	-	-	-	-	11	-	-	-	-
Intermediate hybrids (equity)	6,945	(6,945)	-	-	-	310	(326)	(326)	(326)	-
Postretirement benefit obligations/ deferred compensation	22,414	-	-	46	46	967	-	-	-	-
Accessible cash and liquid investments	(44,465)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	543	(543)	(543)	-	(543)
Capitalized development costs	-	-	-	(10,244)	(3,035)	-	-	(10,244)	-	(10,244)
Dividends from equity investments	-	-	-	2,614	-	-	-	-	-	-
Captive finance operations	(240,871)	(45,045)	(54,997)	(14,295)	(2,994)	-	9,552	15,832	-	(253)
Nonoperating income (expense)	-	-	-	-	2,790	-	-	-	-	-
Noncontrolling/ minority interest	-	14,437	-	-	-	-	-	-	-	-
Debt: Guarantees	800	-	-	-	-	-	-	-	-	-
Debt: Litigation	4,000	-	-	-	-	-	-	-	-	-
Debt: PSE net debt	5,159	-	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(36)	(36)	-	-	-	-	-
EBITDA: Derivatives	-	-	-	400	400	-	-	-	-	-
EBITDA: Business divestments	-	-	-	51	51	-	-	-	-	-
EBITDA: depreciation on leased assets in automotive segment	-	-	-	(368)	(368)	-	-	-	-	-
D&A: other	-	-	-	-	368	-	-	-	-	-
Total adjustments	(238,842)	(37,553)	(54,997)	(21,832)	(2,778)	1,830	(6,284)	4,720	(326)	(11,040)

Reconciliation Of Volkswagen AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	8,063	144,742	269,659	28,581	16,282	3,692	22,297	21,871	5,454	16,406

Liquidity

Our short-term rating on VW is 'A-2'. As of June 30, 2025, we assess the group's liquidity as strong because we expect liquidity sources to cover uses by slightly more than 2x in the next 24 months. We do not assess liquidity as exceptional because, in our view, the company might not be able to maintain its liquidity buffers such that its sources of liquidity exceed uses by more than 2x in weaker market conditions. We perform our liquidity analysis for VW on a joint basis, which looks at industrial and captive operations in combination.

As of June 30, 2025, our estimated net outflow from VW's portfolio run-off, portfolio reinvestment, and debt maturities can be broken down as follows:

- Gross portfolio run-off: Inflows from contractual repayments of loans and finance principal, as well as expected proceeds from the remarketing of leased assets, totaling about €83 billion and €42 billion in the following 12 months and subsequent 12 months, respectively.
- Net portfolio runoff: We net these amounts with our assumption of €19 billion of portfolio investments in the first 12 months and €10 billion in the subsequent 12 months, which we assume VW would undertake from own funds during periods of constrained capital market access. We base these estimates on an imputed debt-to-equity ratio that we apply to the gross portfolio runoff.
- Group debt maturities of about €87 billion in the first 12 months and €43 billion in the subsequent 12, which we calculate by subtracting our estimate of stable retail deposits from total maturities of €124 billion and €45 billion, respectively.

Our strong liquidity assessment for VW is also supported by the following considerations:

- Our view that VW enjoys well-established and solid banking relationships, with diverse and sizable revolving credit facilities (RCFs) and other bank debt across the group divisions.
- Our liquidity coverage metric (LCM) for the group being about 1.0x for the 12 months from June 30, 2025, well above the 0.5x threshold, under which we typically consider liquidity coverage to be weaker.
- The coverage ratio of scheduled asset maturities to contractual debt repayments being below 1x in the first 12 months, but balanced by the strong LCM.
- Good diversification of funding sources across markets and instruments, including bonds, bank debt, asset-backed securities, deposits, hybrid instruments, and commercial paper; and a track record of issuing these instruments in a variety of market conditions.

Principal liquidity sources	Principal liquidity uses

- Cash and liquid investments of about €63 billion for the group (industrial and captive finance operations) as of June 30, 2025.
- Undrawn committed credit facilities with a residual maturity of more than one year of €27.8 billion in the first 12 months (including RCFs at VW AG and TRATON SE of €12.5 billion and €4.5 billion due March 2030 and December 2028, respectively, and a €6.0 billion line at VW Financial Services AG due March 2027), and €121.8 billion in the subsequent 12 months.
- Cash FFO from VW's auto business of about €30 billion in the first 12 months and €33 billion in the subsequent 12.
- Minimum net cash receipts from operating lease installments of the existing leasing portfolio (excluding investments in new leased assets) of €10 billion in the next 12 months and €7 billion in the following 12.
- Cash outflow of about €22 billion in the first 12 months and €11 billion in the following 12 months. This reflects the net amount of cash receipts from the maturities of the existing captive asset portfolio, reduced portfolio reinvestment from VW's own funds, and the group's debt maturities.
- Capex (including capitalized R&D) of €24.5 billion-€26.5 billion in each period.
- Peak intra-year working capital swings of up to €5 billion and non-seasonal working capital requirements of up to €0.5 billion in the first 12 months and up to €1.0 billion in the subsequent 12 months.
- Our assumption of up to €2 billion in each period for committed investments in partnerships and JVs.
- Dividend payouts of about €3.9 billion in the first 12 months and about €5.3 billion in the subsequent 12 months, including hybrid coupons and dividends to minority owners of Porsche.

Covenant Analysis

Requirements

There are no financial maintenance covenants in the group's debt documentation, including for its unsecured bonds, RCFs, commercial paper, and bank debt.

Environmental, Social, And Governance

Environmental factors are a negative consideration in our credit rating analysis of VW. We expect VW's share of BEVs in global LV sales (8.6% in 2024) will gradually increase toward its target of 50% by 2030, and the lower profitability will initially dilute VW's profitability to the extent not mitigated by cost and revenue optimization measures. We also expect regulation; intense EV competition; the goal to become net carbon neutral in its LV division by 2050; and its ambitions with respect to battery cell production will require high investments in EV models and technology, plant upgrades, and the EV and battery supply chain. We estimate these at 11%-13% of adjusted sales (R&D plus capex in 2025-2027), complemented by substantial spending on partnerships in areas such as vehicle architectures with XPeng and Rivian. In our view, the shift toward EVs continues to provide opportunities for new players to gain market share, which intensifies competition in VW's key car markets, notably China and Europe.

Governance factors are also a negative consideration. VW's ownership structure and the composition of its supervisory board implies that important decisions often require a careful balancing act to reconcile the interests of key constituents, namely Porsche Automobil Holding SE, workers' representatives, the State of Lower Saxony, and Qatar Holding, whereas stakeholders not affiliated with these parties lack independent representation. This could slow down or—from a creditor's perspective—adversely influence important business decisions, for example with respect to footprint adjustments, restructuring and capacity reduction measures, vertical integration, or the disposal of assets, as seen in the partial IPO of Porsche. We recognize the comprehensive “Future Volkswagen” agreement reached between the company and trade unions in late 2024, noting that the threat of strike action and the influence of workers’ representatives induced management to backtrack on its original intentions to close two major plants in Germany. We will closely monitor the program’s implementation and VW’s ability to step-up cost reduction efforts should the savings agreed so far not materialize or prove insufficient in light of changing market conditions.

VW has progressed in overhauling its internal compliance and control structures and processes and has successfully emerged from the compliance monitorship mandated by the U.S. Department of Justice in 2020. However, it remains exposed to a certain level of litigation risk in connection with the diesel scandal as demonstrated by a contingent liability (€4.0 billion in 2024), which we include in our adjusted debt.

Issue Ratings--Subordination Risk Analysis

Capital structure

VW AG had €255.9 billion of financial debt on June 30, 2025, of which €17.0 billion relates to the auto business and the rest to VW's financial services business.

Analytical conclusions

Our issue ratings on the senior unsecured debt issued by Volkswagen International Finance N.V. and other issuing entities in the group are 'BBB+', the same as the issuer credit rating. In view of VW's minimal financial risk profile, we believe that structural subordination does not pose a material risk.

The issue rating on VW's hybrid instruments is 'BBB-', two notches below the issuer credit rating because of contractual subordination and deferability of interests. We assign intermediate equity content to the hybrid instruments outstanding, which we see as a permanent layer in VW's capital structure representing less than 15% of the group's adjusted capital.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB+/Stable/A-2**
Local currency issuer credit rating	**BBB+/Stable/A-2**
Business risk	**Satisfactory**
Country risk	Low
Industry risk	Moderately High
Competitive position	Strong
Financial risk	**Minimal**
Cash flow/leverage	Minimal
Anchor	**a**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Moderately Negative (-1 notch)
Comparable rating analysis	Negative (-1 notch)
Captive finance	Neutral (no impact)
Stand-alone credit profile	**bbb+**

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: The Impact Of Captive Finance Operations On Nonfinancial Corporate Issuers, Oct. 23, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Industry Credit Outlook Update Europe, Jul. 16, 2025
- Global Auto Outlook: From Drive To Dive, May 6, 2025
- Global Carmaker Volkswagen AG 'BBB+' Rating Affirmed As Strategic Actions Offset Short-Term Financial Pressure, Mar. 27, 2025
- Industry Credit Outlook 2025: Autos, Jan. 14, 2025
- Auto Industry Buckles Up For Trump's Proposed Tariffs On Car Imports, Nov. 29, 2024

Ratings Detail (as of September 01, 2025)*	
Volkswagen AG	
Issuer Credit Rating	BBB+/Stable/A-2
Issuer Credit Ratings History	
28-Apr-2021	BBB+/Stable/A-2
26-Mar-2020	BBB+/Negative/A-2
06-Nov-2017	BBB+/Stable/A-2
Related Entities	
Scania AB (publ.)	
Issuer Credit Rating	BBB/Stable/A-2
Nordic Regional Scale	--/--/K-2
South Africa National Scale	zaAAA/--/zaA-1+
Skofin s.r.o.	
Commercial Paper	
Local Currency	A-2
TRATON Finance Luxembourg S.A.	
Senior Unsecured	BBB
TRATON Financial Services Mexico, S.A. de C.V., SOFOM E.R.	
Issuer Credit Rating	
CaVal (Mexico) National Scale	mxAA+/Stable/mxA-1+
TRATON SE	
Issuer Credit Rating	BBB/Stable/A-2
South Africa National Scale	zaAAA/--/zaA-1+
Volkswagen Bank GmbH	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	
Local Currency	A-2
Senior Subordinated	BBB
Volkswagen Finance Overseas B.V.	
Commercial Paper	
Local Currency	A-2
Volkswagen Financial Services AG	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	

Ratings Detail (as of September 01, 2025)*

Local Currency	A-2
Senior Unsecured	BBB+
Short-Term Debt	A-2
Volkswagen Financial Services N.V.	
Commercial Paper	
Local Currency	A-2
Volkswagen Financial Services Overseas AG	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB+
Volkswagen Finans Sverige AB	
Issuer Credit Rating	
Nordic Regional Scale	--/--/K-1
Commercial Paper	
Local Currency	A-2
Volkswagen International Belgium S.A.	
Issuer Credit Rating	BBB+/Stable/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.