



Media information

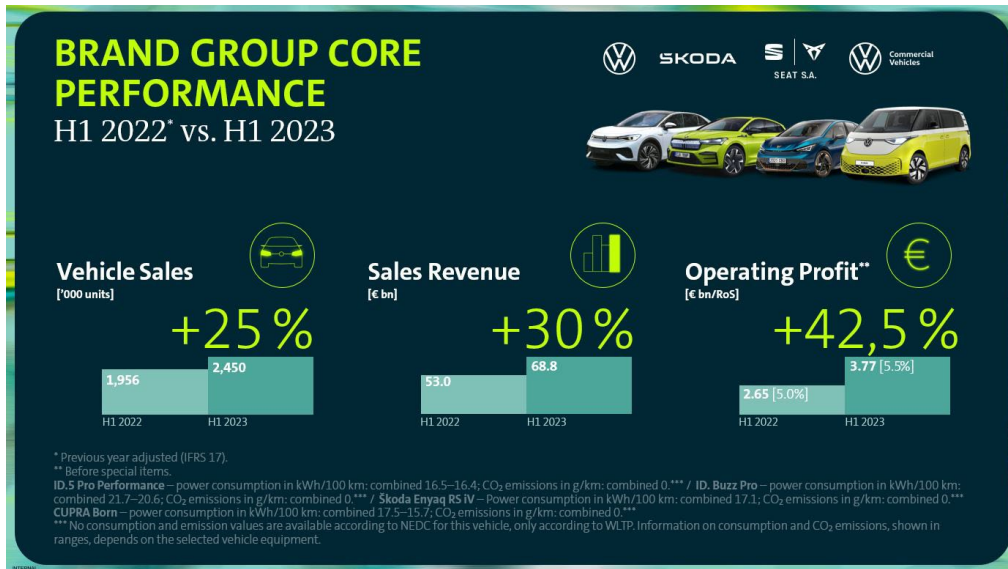
NO. 120/2023

Brand Group Core increases returns and operating profit in first half of 2023 – systematically moving towards greater profitability in volume segment

- Brand Group Core posts 42.5 percent increase in operating profit in first half of 2023 compared with the same period last year
- Result driven by increases in efficiency in key synergy areas and higher year-on-year sales volumes
- New steering model combines strengths of the individual brands with economies of scale in Group's five volume brands – changing name from Brand Group Volume to Brand Group Core underscores this focused approach
- Thomas Schäfer, Member of the Group Board of Management: “The Brand Group Core’s solid development in the first half of 2023 shows we are on the right track with our focus on more efficiency and profitability. But we have by no means crossed the finishing line yet. In an extremely demanding environment, we must continue to intensify our cooperation and systematically leverage all synergy potential. The individual brands, the brand group and the Volkswagen Group all benefit from that. Above all, though, it is our customers who benefit, because this lays the foundation for our investment in innovations and technologies and enables us to continue to offer vehicles that are superior to those of the competition going forward.”

Wolfsburg, July 28, 2023 – The Volkswagen Group’s Brand Group Core continued its development in the first half of 2023. Thanks to intensified cooperation between the sister brands Volkswagen, ŠKODA, SEAT/CUPRA and Volkswagen Commercial Vehicles, efficiency and profitability increased through the entire brand group. The new designation of Brand Group Core reflects the central role of the brand group as the backbone of the Volkswagen Group. With its new steering model, the Volkswagen Group’s ambition is to leverage the performance of the brand groups as efficiently as possible while at the same time harnessing the Group’s economies of scale to the greatest possible effect.

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The Brand Group Core successfully continued on its path to more profitability with improved sales figures and efficiency gains.

The clearest confirmation of the immediate success of this course over recent months is the operating result before special items; at EUR 3.77 billion (H1 2022: EUR 2.65 billion), the Brand Group Core posted a 42.5 percent increase over the same period in the previous year. The operating return on sales before special items also rose – from 5.0 percent in the first half of the previous year to 5.5 percent. Consolidated sales revenue climbed 30 percent to EUR 68.76 billion (H1 2022: EUR 53.01 billion), while net cash flow increased to EUR 2.56 billion (H1 2022: EUR 1.75 billion; +46.4 percent). The increase in earnings is attributable not only to synergies and scaling effects, but also to pricing measures from 2022 that offset expenses in connection with higher commodity prices and the deconsolidation of Russian companies.

Unit sales by the Brand Group Core grew 25 percent in the first half of 2023 from 1.96 million vehicles in the same period of the previous year to 2.45 million in 2023. The Brand Group Core also reported noticeable growth in vehicle deliveries compared with a weaker prior-year period. In total, 3.12 million vehicles were handed over to customers in the first six months. That is 11.6 percent more than in the first half of 2022. The rise was particularly strong in the BEV segment: a total of 227,300 electric vehicles were delivered – an increase of 54.1 percent (147,500 vehicles).

“The Brand Group Core’s solid development in the first half of 2023 shows we are on the right track with our focus on more efficiency and profitability. But we have by no means crossed the finishing line yet. In an extremely demanding environment, we must continue to intensify our cooperation and systematically leverage all synergy potential. The individual brands, the brand group and the Volkswagen Group all benefit from that. Above all, though, it is our customers who benefit, because this lays the foundation for our strong investment in innovations and technologies and enables us to continue to offer vehicles that are superior to those of the competition going forward. The Brand Group Core still has plenty of potential. It is a key element of Group steering, both now and in the future,” Thomas Schäfer, Member of the Volkswagen Group Board of Management responsible for the Brand Group Core, said.

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Key figures for the Brand Group Core:

Key financials	H1 2023	H1 2022	Change 23/22
Unit sales	2,450,000 vehicles	1,956,000 vehicles	+25%
Sales revenue	EUR 68.76 billion	EUR 53.01 billion	+30%
Operating profit before special items	EUR 3.77 billion	EUR 2.65 billion	+42.5%
Operating return on sales before special items	5,5%	5,0%	+0.5%-points
Net cash flow	EUR 2.56 billion	EUR 1.75 billion	+46.4%

Overall, the Brand Group Core's half-yearly results are due to the systematic development of the individual brands Volkswagen, ŠKODA, SEAT/CUPRA and Volkswagen Commercial Vehicles.

In the first half of 2023, the **Volkswagen brand** grew unit sales by 25 percent from 1.22 million vehicles in the same period last year to 1.52 million vehicles in 2023. Higher product costs and a special charge in connection with Russia had a negative impact on the operating profit before special items that ran at EUR 1.64 billion, compared with EUR 1.86 billion for the same period in 2022. Sales revenue increased from EUR 33.32 billion in the first half of 2022 to EUR 42.95 billion in the same period in 2023. The operating return on sales before special items came in at 3.8 percent in the first half of 2023, 1.8 percentage points down on the same period in 2022.

ŠKODA Auto reported a strong first half-year, and delivered 432,173 vehicles to customers worldwide (+19.9 percent). The company generated sales revenue of EUR 13.75 billion, an increase of 34.5 percent over the comparable period in 2022. The operating profit before special items increased by 34.8 percent to EUR 911 million. The return on sales came in at 6.6 percent, and was therefore at the same solid level as the previous year, even though a special charge in connection with the termination of business in Russia had an impact on the financial result.

SEAT/CUPRA reported unit sales of 317,395 vehicles, a strong rise of 35 percent. The company recorded its best half year ever. Operating profit for the first half of the year amounted to EUR 371 million, EUR 486 million higher than the same period in 2022. The return on sales in H1 rose to 5.0 percent. Sales revenue increased to EUR 7.41 billion, 37.8 percent higher than the first half of 2022.

Volkswagen Commercial Vehicles (VWN) continued the positive business development of 2022 in the first half of 2023. Unit sales increased by 38 percent to 211,747 vehicles. Sales revenue rose 47 percent to just short of EUR 7.42 billion. Operating profit before special items grew to EUR 448 million in the first half of the year, compared with EUR 187 million in the first six months of the previous year. As a result, the return on sales increased from 3.7 percent in the first half of 2022 to 6.0 percent in H1 2023.

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Outlook

In line with the steering model presented at the recent Capital Markets Day, the Brand Group Core will continue to focus on meeting the targets for profitability and efficiency increases in the second half of this year. Building on the successes of the first six months, the brand group is aiming for a higher return on sales for 2023 than in 2022 (3.5 percent) an.

Patrik Andreas Mayer, CFO of the Volkswagen brand and responsible for Finance at the Brand Group Core, said: “In a challenging market environment we will continue to improve the competitiveness of the Brand Group Core with the performance programs launched at all brands, and move the Volkswagen Group towards more profitability and long-term success through economies of scale and synergies.”

In these efforts, the Brand Group Core will benefit from the improved availability of parts, including semiconductors. At the same time, the individual brands will respond to the ongoing challenges presented by e-mobility and energy supply with value-oriented production, strict cost discipline and the identification and harnessing of synergies.

In combination with planned growth and gains in market share, these measures will help generate further momentum for the Brand Group Core in the coming years and meet the long-term target of a consolidated return on sales of 8 percent.

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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises ten core brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, CUPRA, ŠKODA, Bentley, Lamborghini, Porsche, Ducati and Volkswagen Commercial Vehicles. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products range from pick-ups to buses and heavy trucks. Around 675,800 employees around the globe are involved in vehicle-related services or work in other areas of business. With its brands, the Volkswagen Group is present in all relevant markets around the world.

In 2022, the total number of vehicles delivered to customers by the Group globally was 8.3 million (2021: 8.9 million). Group sales revenue in 2022 totaled EUR 279.2 billion (2021: EUR 250.2 billion). The operating result before special items in 2022 amounted to EUR 22.5 billion (2021: EUR 20.0 billion).

About the Brand Group Core

The brands belonging to the Volkswagen Group are organized in the Brand Groups Core, Progressive, Sport Luxury and Trucks. Within the Brand Group Core, the sister brands Volkswagen, ŠKODA, SEAT/CUPRA and VW Commercial Vehicles cooperate to realize their existing huge synergy potential. By standardizing and streamlining processes and making greater use of joint resources, these brands can significantly improve overall efficiency – thus freeing up the space needed for the coordinated and sustainable development of best-in-class products in the relevant market segments. In order to act as the high-volume core of the Volkswagen Group, the Brand Group Core is targeting a sustainable consolidated return on sales of eight percent through the joint definition of clearly-defined key areas.