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## Media information

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## Strong first quarter for Volkswagen Group

- **Positive business development from second half of 2020 continues, leading to strong financial performance in first quarter**
- **Deliveries up 21.2 percent on previous year to 2.4 (2.0) million vehicles, sales of electrified vehicles more than doubled to 133,300 units**
- **High sales revenue of EUR 62.4 (55.1) billion thanks to increased unit sales and improved product mix**
- **Solid operating profit of EUR 4.8 (0.9) billion despite Covid-19 and slight impact from semiconductor shortages, operating return on sales reaches strong 7.7 (1.6) percent**
- **Profit before tax climbs significantly to EUR 4.5 (0.7) billion**
- **Profit after tax also significantly improved at EUR 3.4 (0.5) billion**
- **Automotive Division: Adjusted net cash flow reaches high level of EUR 5.5 (–1.5) billion; net liquidity increases to a very solid EUR 29.6 billion**
- **Group outlook for operating return on sales for full year 2021 raised to 5.5 to 7.0 percent, expectations for net cash flow and net liquidity also raised**
- **CEO Diess: “We started the year with great momentum and are on a strong operational course, as the good quarterly figures show. Our e-offensive continues to gain momentum and we are making good progress with the transformation. There is still much more we can achieve in the remainder of the year.”**

Wolfsburg, May 6, 2021 – The positive business development of the Volkswagen Group in the second half of 2020 continued in the first quarter of this year. This resulted in strong financial performance with significant improvements over the weaker prior-year period that was impacted by the pandemic. Some key figures even came in above pre-crisis levels from the first quarter of 2019. Successful management of the Covid-19 pandemic and semiconductor shortages, along with recovery in the markets, were key to this positive development. As a result, sales revenue increased by 13.3 percent to a high level of EUR 62.4 billion. Operating profit soared compared to the prior-year level to 4.8 (0.9) billion. The higher earnings were mainly due to increased unit sales, improvements in the product mix, positive effects from the valuation of raw material hedges and initial success from the fixed cost reduction program. One-off restructuring expenses of EUR 0.4 billion had a negative impact. The Automotive Division underscored the robustness of its

**business model with a high adjusted net cash flow of EUR 5.5 (–1.5) billion. The Division’s net liquidity rose to a very solid level of EUR 29.6 billion. The Volkswagen Group raised the outlook for its operating margin for full year 2021 to 5.5 to 7.0 percent. It was previously 5.0 to 6.5 percent.**

Herbert Diess, CEO of the Volkswagen Group: “We started the year with great momentum and are on a strong operational course. This is clearly reflected in our positive quarterly figures. At the same time, we remain fully committed to our transformation into a climate-neutral and software-driven mobility group. Our successful e-offensive continues to gain momentum and we have significantly expanded it with attractive new models. We are also making good progress with the key topic of digitalization and have reached important milestones. There is still much more we can achieve in the remainder of the year.”

Arno Antlitz, CFO of the Volkswagen Group: “The Volkswagen Group delivered a strong performance in the first quarter. The operating return on sales stood at 7.7 percent. The adjusted net cash flow of EUR 5.5 billion impressively proves the robustness of our company even in challenging conditions. We managed the effects of Covid-19 and the semiconductor shortages responsibly, continued to invest in the electrification and digitalization of our vehicles, and simultaneously worked on our cost base. The shortage of semiconductors throughout the industry is expected to have a more significant impact in the second quarter than before. Nevertheless, we are confident regarding business development in the full year and have therefore raised our outlook.”

## **Strong operating business**

In the first quarter, deliveries from the Volkswagen Group increased significantly by 21.2 percent to 2.4 million vehicles over the same period last year, which was already impacted by the Covid-19 pandemic. Global market share of passenger cars grew by 0.2 percentage points to 12.4 percent in the same period. A key driver of this increase in volume was China, the Group’s largest single market. This market showed the strongest recovery over the prior year at +61.4 percent.

The Group’s successful e-offensive continued to gain momentum and likewise contributed to this positive development. In the first three months, deliveries of electrified models more than doubled over the prior year to 133,300 vehicles. 59,900 customers (+78 percent) opted for a battery electric vehicle (BEV), while 73,400 (+178 percent) chose a model with plug-in hybrid drive (PHEV).

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Due to increased sales volumes and stronger demand for higher-margin models, Group sales revenue rose significantly by 13.3 percent to a strong EUR 62.4 (55.1) billion, also exceeding the pre-crisis level of 2019 (EUR 60.0 billion). Operating profit in the prior-year quarter was only EUR 0.9 billion due to the pandemic and soared to EUR 4.8 billion in the current year. The operating return on sales was therefore a strong 7.7 percent. The increase in earnings over the prior year is mainly due to higher sales volumes, improvements in the product mix and positive effects from the valuation of raw material hedges. Progress in the ongoing cost reduction programs also had a positive effect. One-off restructuring expenses of EUR 0.4 billion had a negative impact.

Earnings before and after taxes also climbed significantly to EUR 4.5 (0.7) billion and EUR 3.4 (0.5) billion, respectively. Earnings per preferred share thus reached a solid level of EUR 6.51 (0.84).

## **Automotive Division: Excellent cash performance, net liquidity improved once again**

Systematic inventory management and successful measures to lower costs and safeguard liquidity had a positive impact on financial performance. Net cash flow in the Automotive Division reached a high level of EUR 4.7 (–2.5) billion, more than double that of the first quarter in pre-crisis year 2019 (EUR 2.0 billion). Adjusted for mergers and acquisitions and diesel, net cash flow amounted to a strong EUR 5.5 (–1.5) billion. Net liquidity in the Automotive Division also showed positive growth and climbed to a very solid level of EUR 29.6 billion. It amounted to EUR 26.8 billion at the end of 2020.

Research and development costs increased to EUR 4.0 (3.6) billion due to necessary future-oriented investments in new models and technologies. The R&D ratio was 8.0 percent in the prior-year period due to pandemic-related lower sales revenue and fell to 7.7 percent in the current year. Improved investment discipline and greater use of Group synergies led to significant progress with capital expenditures. These decreased by 7.8 percent over the prior-year period to EUR 1.9 (2.1) billion. As a result, the capex ratio fell significantly to 3.7 (4.7) percent, putting it below the level of the pre-crisis quarter in 2019 (4.0 percent).

## **Outlook 2021**

Based on the positive business performance in the first quarter of 2021, the Volkswagen Group is raising its forecast for operating profit, net cash flow and net liquidity.

The Group anticipates that – assuming successful containment of the Covid-19 pandemic – deliveries to customers in 2021 will be significantly up on the previous year amid continued challenging market conditions. Challenges will arise particularly from the economic situation, the

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increasing intensity of competition, volatile commodity and foreign exchange markets, securing supply chains and more stringent emissions-related requirements. Sales revenue of the Volkswagen Group in 2021 are expected to be significantly higher than the prior-year figure. In terms of the operating profit, the Group anticipates an operating return on sales of between 5.5 and 7.0 percent in 2021.

In the Automotive Division, net cash flow is expected to rise strongly over the prior year with lower cash outflows from diesel and significantly higher effects from mergers and acquisitions, which will lead to a significant rise in net liquidity. The plans are based on the Volkswagen Group's current structures. The intended acquisition of all outstanding shares in Navistar International Corporation and associated effects on the results of operations, financial position and net assets are not included in the Volkswagen Group forecast.

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	Q1		%
	2021	2020	
<b>Volume Data<sup>1</sup> in thousands</b>			
Deliveries to customers (units)	2,432	2,006	+ 21.2
Vehicle sales (units)	2,334	1,937	+ 20.5
Production (units)	2,319	1,997	+ 16.1
Employees (on March 31, 2021/Dec. 31, 2020)	662.7	662.6	+ 0.0
<b>Financial Data (IFRSs), € million</b>			
Sales revenue	62,376	55,054	+ 13.3
Operating result	4,812	904	x
Operating return on sales (%)	7.7	1.6	
Earnings before tax	4,463	682	x
Return on sales before tax (%)	7.2	1.2	
Earnings after tax	3,414	517	x
<b>Automotive Division<sup>2</sup></b>			
Total research and development costs	3,962	3,563	+ 11.2
R&D ratio (%)	7.7	8.0	
Cash flows from operating activities	8,890	1,546	x
Cash flows from investing activities attributable to operating activities <sup>3</sup>	4,186	4,064	+ 3.0
of which: capex	1,924	2,087	-7.8
capex/sales revenue (%)	3.7	4.7	
Net cash flow	4,705	-2,518	x
Net liquidity at March 31	29,650	17,787	+ 66.7

1 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. Prior-year deliveries have been updated to reflect subsequent statistical trends.

2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

3 Excluding acquisition and disposal of equity investments: Q1 €3,806 (3,553) million.

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## Note:

This text and further documents are available at:

[www.volkswagen-newsroom.com](http://www.volkswagen-newsroom.com).



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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 twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. 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. Every weekday, 662.600 employees around the globe are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2020, the total number of vehicles delivered to customers by the Group globally was 9.31 million (2019: 10.98 million). Group sales revenue in 2020 totaled EUR 222.9 billion (2019: EUR 252.6 billion). Earnings after tax in 2020 ended amounted to EUR 8.8 billion (2019: EUR 14.0 billion).

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