Media information

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Systematic implementation of the strategy is paying off – record earnings for the Volkswagen Group in 2017

- **Group sales revenue in 2017 up significantly year-on-year at EUR 230.7 billion**
- **Deliveries to customers achieve new record of 10.7 million vehicles**
- **Operating profit before special items climbs EUR 2.4 billion to EUR 17.0 billion**
- **Dividend proposal: almost double to EUR 3.90 per ordinary share and EUR 3.96 per preferred share**
- **Net liquidity in the Automotive Division of EUR 22.4 billion still at a robust level**
- **CEO Matthias Müller: "Our plan for the future, TOGETHER – Strategy 2025, is taking effect and becoming increasingly tangible."**

Wolfsburg, February 23, 2018. The Volkswagen Group brought fiscal year 2017 to a successful conclusion, generating significantly higher sales revenue than in the year before. The Group also improved nearly all of its financial key performance indicators amid challenging conditions. Particularly the delivery record of 10.7 million vehicles lifted Group sales revenue by 6.2 percent year-on-year to EUR 230.7 billion. Special items attributable to the diesel issue once again reduced operating profit, which nevertheless rose by EUR 6.7 billion to EUR 13.8 billion. The Volkswagen Group expects to moderately exceed its latest record delivery figures in the current fiscal year.

"Looking ahead, we – like the entire industry – are facing major challenges and radical change," said Matthias Müller, CEO of Volkswagen AG. "The excellent financial result provides a strong basis for this and gives us every reason to be confident. In fact, our plan for the future, TOGETHER – Strategy 2025, is taking effect and becoming increasingly tangible."

The increase in the sales revenue of the Volkswagen Group was mainly due to strong unit sales as well as the healthy performance of the Financial Services Division; exchange rates had a negative effect. In fiscal year 2017, the Volkswagen Group recorded operating profit before special items of EUR 17.0 (14.6) billion, and the operating return on sales before special items increased to 7.4 (6.7) percent. The increase was mainly the result of volume-, mix- and margin-related factors as well as improvements in product costs. Special items contained in operating profit totaled EUR –3.2 (–7.5) billion for 2017 as a whole. The special items related exclusively to charges incurred in the Passenger Cars Business Area due to the diesel issue, driven specifically by higher expenses for buy-back and retrofit programs for 2.0 and 3.0 l TDI vehicles in North America as well as higher legal risks. The Group's operating profit after special items stood at EUR 13.8 billion; the operating return on sales rose to 6.0 (3.3) percent.

The share of operating profit attributable to the Chinese joint ventures (EUR 4.7 billion) was down slightly in the reporting period. The business of the Chinese joint ventures is not included in the Group's sales revenue and operating profit because it is accounted for in the financial result using the equity method. The Group's earnings before tax climbed to EUR 13.9 billion in the reporting year, exceeding the prior-year figure by EUR 6.6 billion. Profit after tax in 2017 amounted to EUR 11.6 (5.4) billion.

"The financial statements presented show that our operating business is strong and the Group's financial situation robust," underlined Chief Financial Officer Frank Witter. "Nearly 11 million customers worldwide – more than ever before – opted for a vehicle from one of our brands last year. We are very thankful for this confidence. All the same, we must not relax our efforts because huge challenges lie ahead. Shaping the Group's transformation will not only require a great deal of time and energy; it will also be very expensive. This is why we must continue to keep our expenditure under tight control and advance the necessary innovations at the same time."

As expected, there were high cash outflows in the reporting period due to the diesel issue, primarily for vehicle recalls and legal risks. Net cash flow in the Automotive Division decreased by EUR 10.3 billion year-on-year to EUR –6.0 billion. Nevertheless, net liquidity in the Automotive Division continued at a robust level, amounting to EUR 22.4 billion at the end of 2017.

The Board of Management and Supervisory Board will propose to pay a dividend of EUR 3.90 (previous year: EUR 2.00) per ordinary share and EUR 3.96 (previous year: EUR 2.06) per preferred share at the Annual General Meeting on May 3, 2018.

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January – December		2017	2016	%
Volkswagen Group, volume data[1]				
Deliveries to customers	(thousand units)	10,741	10,297	+4.3
Vehicle sales	(thousand units)	10,777	10,391	+3.7
Production	(thousand units)	10,875	10,405	+4.5
Employees at December 31		642,292	626,715	+2.5
Volkswagen Group (IFRSs)				
Total sales revenue	€ million	230,682	217,267	+6.2
Operating profit before special items	€ million	17,041	14,623	+16.5
as a percentage of sales revenue		7.4	6.7	
Special items	€ million	–3,222	–7,520	–57.1
Operating profit	€ million	13,818	7,103	+94.5
as a percentage of sales revenue		6.0	3.3	
Profit before tax	€ million	13,913	7,292	+90.8
Profit after tax	€ million	11,638	5,379	x
Profit attributable to Volkswagen AG shareholders	€ million	11,354	5,144	x
Earnings per share (basic)				
- Ordinary shares	€	22.63	10.24	x
- Preferred shares	€	22.69	10.30	x
Automotive Division[2]				
Cash flows from operating activities	€ million	11,686	20,271	–42.4
Cash flows from investing activities attributable to operating activities[3]	€ million	17,636	15,941	+10.6
- of which: capex	€ million	12,631	12,795	–1.3
Net liquidity at December 31	€ million	22,378	27,180	–17.7
Volkswagen AG (basis: HGB)				
Net profit	€ million	4,353	2,799	+55.5
Dividend proposal				
– per ordinary share	€	3.90	2.00	x
– per preferred share	€	3.96	2.06	x

1) Volume data including the unconsolidated Chinese joint ventures. Deliveries for the previous year 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: EUR 17,512 (18,224) million.

Outlook for 2018

The Board of Management of the Volkswagen Group expects the pace of global economic growth to slow slightly in 2018 and trends in the passenger car markets in the individual regions to be mixed in 2018. The Board of Management estimates that deliveries to customers of the Volkswagen Group in 2018 will moderately exceed the prior-year figure amid continuously challenging market conditions. Challenges in the current fiscal year will arise mainly from the economic situation, increasing competition, exchange rate volatility and the diesel issue. In the EU, there is also a new, more time-consuming test procedure for determining pollutant and CO_2 emissions as well as fuel consumption in passenger cars and light commercial vehicles (WLTP).

The Board of Management estimates that sales revenue for the Volkswagen Group may be up by as much as 5 percent on the prior-year figure. In terms of the Group's operating profit, the Board of Management anticipates an operating return on sales of between 6.5 and 7.5 percent.


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