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Media information

NO. 406/2018

Volkswagen confirms sales revenue and profit target

- **The Volkswagen Group increases deliveries to customers by 4.2 percent year-on-year in the first nine months, despite challenges presented by the WLTP test procedure**
- **Group sales revenue up by 2.7 percent to EUR 174.6 billion due to volume-related factors**
- **At EUR 13.3 billion, the operating profit before special items remained at the previous year's level**
- **Slight increase in operating profit to EUR 10.9 billion – negative special items in connection with the diesel issue amount to EUR 2.4 billion, following the previous year's EUR 2.6 billion**
- **Profit before tax improves by EUR 2.2 billion to EUR 12.5 billion**
- **Net liquidity in the Automotive Division at EUR 24.8 billion**
- **CEO Herbert Diess: "The development in the first nine months of the current fiscal year is encouraging. We are still facing major challenges."**

Wolfsburg, October 30, 2018 – The Volkswagen Group continued to grow during the first nine months of the fiscal year and is well on track to achieve its sales revenue and profit target. Despite the switch to the new WLTP test procedure, which resulted in the anticipated temporary third-quarter decline in unit sales particularly in Europe, the Group's key figures for the first nine months are above the prior-year figures. Group sales revenue rose to EUR 174.6 billion, following EUR 170.1 billion in the prior-year period. Amounting to EUR 13.3 billion (previous year: 13.2 billion), operating profit before special items was on a par with the previous year, thus the operating return on sales stood at 7.6 percent. In the first nine months, the diesel issue gave rise to special items of EUR 2.4 billion (previous year: EUR 2.6 billion). Profit before tax increased by EUR 2.2 billion to EUR 12.5 billion. Net liquidity in the Automotive Division amounted to EUR 24.8 billion.

Dr. Herbert Diess, Chairman of the Board of Management of Volkswagen AG, explained: "The development in the first nine months of the current fiscal year is encouraging. We are still facing major challenges, that we and the entire automotive sector have to overcome. As we are currently in the midst of a groundbreaking transformation, we have to continue picking up the pace."

The positive operations in the first three quarters are borne by the overall continued improvement in vehicle sales. In the first nine months, the Volkswagen Group delivered 8.1 million vehicles to customers throughout the world, thus allowing the company to increase deliveries worldwide by 4.2 percent over the prior-year period. The strong development in the first half of the year and during the summer months was able to compensate for September's decline in deliveries, which was mainly caused by the WLTP transition.

This was not least due to the continued solid development of business in China. The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These companies are accounted for using the equity method and recorded a proportionate operating profit of EUR 3.3 billion (previous year: 3.3 billion). The trade dispute between China and the United States dampened business and consumer confidence, among other things, and brought about a significant market decline in the third quarter.

Slight decrease in the Automotive Division's net liquidity

At the end of September 2018, net liquidity in the Automotive Division stood at EUR 24.8 billion. This amounts to a slight year-on-year decline of 2.6 percent. Research and development costs totaled EUR 9.9 billion in the first nine months and were therefore at the level of the prior year; the R&D ratio amounted to 6.6 percent (previous year: 6.8 percent). The ratio of capex to sales revenue in the Automotive Division stood at EUR 7.9 billion, following EUR 7.1 billion in the prior-year period. Therefore, the ratio of capex to sales revenue in the Automotive Division climbed to 5.3 percent. "The Volkswagen Group has the financial strength that is needed to finance substantial future investments, which we plan to carry out in the coming years, using our own resources. We still regard combining financial discipline with the focus on key cutting-edge fields as important," reaffirmed Frank Witter, member of the Group Board of Management responsible for Finance and IT.

Outlook

The Volkswagen Group confirmed its targets for the current fiscal year, despite continuously challenging market conditions. The Group expects that full-year deliveries in 2018 will continue to moderately surpass the previous year's figure. The sales revenues of the Volkswagen Group and its business areas are intended to grow by as much as 5 percent year-on-year. In terms of the operating profit before special items for the Group and the Passenger Cars Business Area, we forecast an operating return on sales in the range of 6.5 – 7.5 percent in 2018. Including special items, the operating return on sales is expected to fall moderately short of the expected range for both the Group and the Passenger Cars Business Area.

Brands and Business Fields

Sales revenue at the **Volkswagen Passenger Cars** brand rose in the first three quarters by 7.3 percent to EUR 62.5 billion. Operating profit before special items amounted to EUR 2.3 (2.5) billion. In addition to the changeover to the WLTP, higher distribution expenses resulting from factors such as the scrapping premium, exchange rate effects and upfront expenditures for new products, especially in connection with the implementation of the electric mobility campaign, weighed on the operating profit. However, higher vehicle sales and improved product costs had a positive effect. The diesel issue resulted in special items of EUR 1.6 billion.

Sales revenue at the **Audi** brand increased to EUR 44.3 (44.0) billion from January to the end of September. Operating profit before special items amounted to EUR 3.7 (3.9) billion. Improvements in the mix and positive exchange rate effects were unable to compensate for lower vehicle sales and higher sales costs, both of which also reflect the impact of the WLTP. The diesel issue gave rise to special items of EUR 0.8 billion. The financial key performance indicators for the Audi brand include the Lamborghini and Ducati brands.

At EUR 12.6 billion, the sales revenue at ŠKODA rose year-on-year by 2.1 percent in the reporting period. Operating profit decreased by 10.2 percent to EUR 1.1 billion, due in particular to negative exchange rate and mix effects, in addition to higher upfront expenditures for new products. However, cost optimization and improved price positioning had a positive effect.

Sales revenue at the SEAT brand amounted to EUR 7.7 billion in the first nine months, representing a 6.7 percent boost over the prior-year figure. Operating profit increased by 54.4 percent to EUR 237 million, with the effects of upfront expenditures for new products being more than compensated for by positive volume and mix effects.

The Bentley brand's sales revenue slipped to EUR 1.1 (1.3) billion. Operating result amounted to EUR -137 (31) million, impacted mainly by exchange rate effects and delays in the start-up of the new Continental GT.

Porsche Automotive's sales revenue rose to EUR 17.5 (15.7) billion in the first nine months. The operating profit improved by 10.6 percent to EUR 3.2 billion, due in particular to positive mix effects and higher volumes.

Sales revenue for Volkswagen Commercial Vehicles amounted to EUR 8.6 billion, representing a 3.9 percent decline compared to the previous year figure. Despite positive mix effects and material cost optimization, an unfavorable exchange rate trend and challenges presented by the WLTP played a major role in the 10 percent fall in operating profit to EUR 628 million.

Sales revenue at the Scania brand stood at EUR 9.6 (9.3) billion from January to the end of September. Scania generated an operating profit of EUR 991 (947) million, mainly on the back of higher volumes, a favorable exchange rate trend and an improved financial services business. Cost increases had a negative effect.

MAN Commercial Vehicle's sales revenue improved to EUR 8.6 (8.0) billion in the first three quarters. Operating result fell to EUR 222 (269) million, as higher volumes were unable to compensate for the expenses incurred in connection with the restructuring of activities in India.

MAN Power Engineering recorded sales revenue of EUR 2.5 (2.4) billion in the reporting period. Operating result amounted to EUR 142 (107) million.

In the first nine months of 2018, the operating profit at Volkswagen Financial Services climbed by 8.6 percent to EUR 1.9 billion. Business growth in particular had a positive effect.

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Note:

This text and further documents are available at:

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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 include ranges from pick-ups, buses and heavy trucks. Every weekday, 642,292 employees around the globe produce on average 44,170 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2017, the total number of vehicles supplied to customers by the Group globally was 10,741 million (2016: 10,297 million). The passenger car global market share was 12.1 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2017 totalled €231 billion (2016: €217 billion). Earnings after tax in 2017 amounted to €11.6 billion (2016: €5.4 billion).