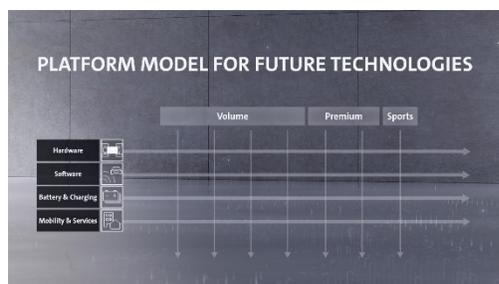

Media information

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Volkswagen Group set to use platform model for issues of the future

- Hardware, software, batteries and charging as well as mobility services of all Group brands are to be based on largely standardized technical foundations in future
- New CFO Arno Antlitz presents his agenda for the coming years
- CEO Herbert Diess: “By pooling the strengths of our brands, we will be able to scale up our future technologies even faster and maximize the number of people benefiting from them. Our good performance in 2020, a year dominated by crisis, will give us momentum for accelerating our transformation.”

Wolfsburg, March 16, 2021 – The Volkswagen Group is stepping up the pace of its transformation into the leading provider of individual mobility in the electric and fully connected age. To this end, the Group will systematically enhance its successful platform strategy. In future, vehicles and services of all Group brands are to be based on largely standardized technical foundations. The Group’s new platform roadmap has four elements: Hardware, software, batteries and charging, as well as mobility services. This is how the Volkswagen Group will reduce complexity, leverage economies of scale and synergies between brands, and generally accelerate the Group’s transformation, which has already begun. In order to secure the investments in future technologies, the Group will continue to focus its core business and strengthen its financial foundation.



The Group’s new platform roadmap

In this context, Herbert Diess, CEO of Volkswagen Aktiengesellschaft, said at the presentation of the financial statements for the past fiscal year: “Electrification and digitalization are changing the vehicle faster and more radically than ever before. Economies of scale are absolutely critical for both issues. Our platform roadmap will put us in an even better position to tap the full potential of our Group alliance. By pooling the

strengths of our strong brands, we will thus be able to scale up our future technologies even faster and maximize the number of people benefiting from them.”

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In the Modular Electric Drive Toolkit (MEB), Volkswagen already has one of the most powerful all-**electric platforms** in the industry. This platform is now being scaled up worldwide with production in Europe, China and the USA. By 2022, 27 MEB-based models will be offered throughout the Group. In addition, as early as next year, the Group will launch its first vehicles based on the Premium Platform Electric (PPE), with faster acceleration, higher ranges and shorter charging times. By the middle of the decade, the Group wants to develop the Scalable Systems Platform (SSP), the next generation of all-electric, fully digital and highly scalable vehicle platforms, on which models of all brands and segments can then be built.

For on-board **connectivity and software**, Volkswagen is aiming to achieve synergy effects across all brands in the coming years. All of this will be based on the VW.OS operating system supplied by Car.Software-Org., which was established in 2020. Version 1.2 is set to follow in the PPE. Version 2.0 will subsequently be rolled out throughout the Group with the SSP. By then, the in-house share of car software development is set to rise from the current 10 percent to 60 percent. Car.Software-Org. is also developing the technical foundations for autonomous driving, data-based business models and new mobility services.

In addition, Volkswagen is also pursuing a platform strategy for **batteries and charging**: Starting in 2023, the Group will introduce a unified cell to be scaled up around the world. By 2030, the unified cell is to be installed in around 80 percent of all the Group's electric vehicles across brands. Volkswagen will thus reduce the cost of battery cells by up to 50 percent in the entry-level segment and by up to 30 percent in the volume segment. To ensure that demand for battery cells can be met, Volkswagen and its partners plan to build six cell factories with a total capacity of 240 gigawatt hours in Europe by the end of the decade. The Group is also driving the expansion of the public fast-charging network in Europe, China and the USA.

The fourth element of the new platform roadmap comprises **mobility services and other services**. These include, among others, the MOIA ride pooling service, the WeShare car sharing offering and flexible subscription services from Volkswagen Bank. As it evolves its service offerings, Volkswagen is acquiring systems expertise which it is developing with partners as necessary.

Herbert Diess: "Volkswagen will also be the platform champion in the new world of mobility. Our roadmap clearly sets out how this will be achieved, allowing us to accelerate our transformation into a software-driven mobility group. We will embark on this journey with a newly configured Board of

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Management and on a solid financial foundation. Our good performance in 2020, a year dominated by crisis, will give us added momentum.”

Review: Fiscal year 2020 successfully concluded despite challenges posed by Covid-19

Volkswagen already announced the Group’s key figures for the past fiscal year and an outlook for 2021 at the end of February. The Annual Report published today presents detailed figures on the business performance of the brands and regions.

Frank Witter, member of the Group Board of Management responsible for Finance and IT, said: “The Volkswagen Group again proved its robustness in 2020, despite the continuing challenges posed by the Covid-19 pandemic. Our operating profit before special items of more than €10 billion significantly exceeded the expectations at the peak of the pandemic in spring 2020. We are very satisfied that – despite the pandemic – the Volkswagen Group met its strategic target of generating clean cash flow of more than €10 billion in 2020.”

China, the most important single market, recovered quickly and proved itself as an anchor of stability in the crisis. All Group brands represented there achieved positive results. In **South America**, the Company increased its market share to a new record of more than 14 percent. The Group expects a return to profitability there in the current fiscal year. Five years on from the diesel crisis, Volkswagen staged a comeback in **North America** with a large number of new models tailored to the US market. In **Europe**, unit sales of electric vehicles rose sharply following the launch of the ID.3¹. The share of electric vehicles in Western Europe increased to 10.5 percent of overall deliveries (2019: 1.9 percent). The Volkswagen Group thus ranks top in the all-electric segment in Western Europe, accounting for a share of around 25 percent.

Despite the resulting significant progress in reducing its CO₂ fleet emissions in Europe, the Group narrowly missed its target by around 0.8 g/km for the pool operated with other partners. This value is based on updated calculations compared with the provisional figures communicated in January. The final results will be publicized by the EU later in the year. In the current year, the Group expects to achieve the CO₂ target in Europe due to the substantially growing share of electrified vehicles.

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Delivery of 1 million electric vehicles planned for the current year

Volkswagen's **big electric offensive** is working. In 2020, the Group more than tripled its sales of all-electric vehicles. The Group aims to be the global market leader for electric mobility by 2025 at the latest. To this end, the Company is planning to invest around €46 billion in electric mobility and the hybridization of its fleet in the next five years. By 2030, the share of all-electric vehicles in Europe is set

to rise to up to 60 percent. The Group has refused to commit to a fixed end date for combustion engine technology, with reference to regional differences in primary energy usage and regulatory conditions.

New CFO Arno Antlitz presents his agenda for the coming years

In its outlook for 2021, which has already been published, the Volkswagen Group anticipates that its business will recover significantly compared with the previous year – assuming successful containment of the Covid-19 pandemic. For subsequent years, the Volkswagen Group aims to further improve its profitability, the goal being to bring the operating return on sales back into the target corridor of 7 to 8 percent. The continuing recovery of unit sales as well as increased cost discipline will be contributing factors in this process. Fixed costs (excluding R&D and capex) are expected to decline from 2020 levels by around €2 billion or 5 percent by 2023. The aim is to reduce material costs by 7 percent by the same time. The Group is planning to lower the R&D and capex ratios in the Automotive Division to around 6 percent each by 2025. In addition, synergies are to be leveraged more widely across the Group, and intragroup financial management is in future to be based on a matrix of brands as well as electric, software and mobility platforms.

Arno Antlitz, who is currently the member of the Board of Management of AUDI AG responsible for Finance and Legal Affairs and will succeed Frank Witter as the Group's CFO on April 1, said: "We aim to put the ambitious transformation of the Volkswagen Group on a solid financial basis. The focus is firstly on allocating and redirecting resources and capital to electrification, digitalization and mobility services. Secondly, we want to secure and reinforce our financial foundation by taking measures on the income and cost side that will enable us to make the investments in future technologies."

1) ID.3 - power consumption in kWh/100 km (combined): 17.7-14.5 (NEDC); CO₂-emissions in g/km: 0 (combined); efficiency class: A+

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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, 671.205 employees around the globe produce on average 44,567 vehicles, 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: 10.97 million). Group sales revenue in 2019 totaled EUR 252.6 billion (2018: EUR 236 billion). Earnings after tax in fiscal year 2019 amounted to EUR 14.0 billion (2018: EUR 12.2 billion).
