VOLKSWAGEN

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Volkswagen increases sales revenue and profit

- **Group sales revenue up by 6.9 percent to EUR 186.6 billion**
- **Operating profit before special items increases by EUR 1.5 billion to EUR 14.8 billion; improvements especially in the mix and EUR 0.5 billion from fair value on derivatives**
- **Operating profit up EUR 2.7 billion year-on-year at EUR 13.5 billion; negative special items of EUR -1.3 (-2.4) billion relating to the Diesel issue**
- **Profit before tax rises to EUR 14.6 (12.5) billion**
- **Automotive Division's net cash flow at EUR 8.6 billion, EUR 5.1 billion higher than the low figure for the prior-year period; capex ratio of 5.2 (5.3) percent**
- **Net liquidity in the Automotive Division of EUR 19.8 billion; negative effect of EUR 5.3 billion on reported net liquidity due to the application of the new IFRS 16**
- **CFO Frank Witter: "The Volkswagen Group achieves a good performance amid a challenging market environment."**

Wolfsburg, October 30, 2019 – In the first nine months of the current financial year, the Volkswagen Group continued to perform well in a difficult market environment. Between January and September sales revenue grew by 6.9 percent year-on-year to EUR 186.6 (174.6) billion. Operating profit before special items increased significantly by 11.2 percent to EUR 14.8 (13.3) billion, mainly due to improvements in the mix and in the fair value on derivatives. The operating return on sales before special items stood at 7.9 (7.6) percent. Special items, which were due to legal risks in connection with the diesel issue, amounted to EUR -1.3 (-2.4) billion after nine months. Operating profit (after special items) improved by 24.5 percent to EUR 13.5 (10.9) billion, bringing the operating return on sales up to 7.3 (6.2) percent. Profit before tax rose by 16.9 percent to EUR 14.6 billion.

"The Volkswagen Group achieves a good performance amid a challenging market environment. The performance in the first nine months of the financial year makes us optimistic that we will achieve our full-year targets for 2019," said Frank Witter, Member of the Board of Management of Volkswagen AG responsible for Finance and IT. "Continuous improvement in our profitability is key to mastering our ongoing transformation on our own. We will continue to work systematically towards this goal."

Outlook for sales revenue and operating return on sales confirmed

Despite the gain in market share, the Volkswagen Group anticipates that vehicle markets will contract faster than previously anticipated in many regions of the world. In view of this situation, Volkswagen now expects deliveries to customers in 2019 to be on a level with the previous year. Up to now, a slight increase had been expected. The Group nevertheless confirms its forecasts for sales revenue and profit: the Volkswagen Group's sales revenue will exceed the prior-year figure by as much as 5 percent. In terms of the Group's operating profit before special items, an operating return on sales of between 6.5 and 7.5 percent is predicted. Including special items, the Group projects an operating return on sales at the lower end of the range announced.

Net liquidity in the Automotive Division affected by transition to IFRS 16

Net liquidity in the Automotive Division stood at EUR 19.8 billion at the end of September, despite the negative impact of the initial application of the accounting standard IFRS 16 that amounted to EUR 5.3 billion. At the end of December 2018, net liquidity amounted to EUR 19.4 billion. Automotive Division's net cash flow is at EUR 8.6 billion, thus EUR 5.1 billion higher than the low figure for the prior-year period. Amounting to EUR 10.7 billion for the first nine months, research and development costs were up 8.6 percent on the prior-year period, giving an R&D ratio of 6.8 (6.6) percent. Capex in the Automotive Division amounted to EUR 8.2 (7.9) billion. The ratio of capex to sales revenue in the Automotive Division therefore fell slightly to 5.2 (5.3) percent.

Brands and business areas

The **Volkswagen Passenger Cars** brand sold 2.8 (2.8) million vehicles in the first nine months of this year. Higher demand was recorded in particular for the T-Roc, Tiguan, Touareg and Atlas models. The new T-Cross was very well received by the market. Sales revenue increased by 4.7 percent year-on-year to EUR 65.4 billion. Operating profit before special items climbed to EUR 3.2 (2.3) billion. Improvements particularly in the mix and price positioning compensated for lower sales of the models from Volkswagen Passenger Cars and negative exchange rate effects. The diesel issue resulted in special items of EUR -0.7 billion in the first nine months of the year.

The **Audi** brand sold 900 (1,107) thousand vehicles worldwide between January and September 2019. Sales revenue slipped to EUR 41.3 (44.3) billion, particularly due to the reallocation of multi-brand importers within the Group. Negative effects resulting from WLTP-related lower volumes, model launches and phase-outs, higher upfront expenditure for new products and technologies as well as personnel cost increases reduced operating profit to EUR 3.2 (3.7) billion. Improvements in the mix and product costs had a positive impact. The financial key performance indicators for the Audi brand include Lamborghini and Ducati.

The **ŠKODA** brand lifted its unit sales to 805 thousand vehicles in the reporting period, 15.3 percent more than a year before. Sales revenue was up 17.6 percent on the prior-year period at EUR 14.8 billion. At EUR 1.2 billion, operating profit was EUR 92 million higher than in the previous year. Volume increases, mix optimizations and pricing measures more than compensated for negative effects resulting from cost increases, exchange rates and higher upfront expenditure for new products.

The **SEAT** brand sold 517 thousand vehicles in the first nine months of 2019, an increase of 11.8 percent on the previous year. At EUR 8.8 billion, sales revenue gained 14.0 percent on the good prior-year figure. Operating profit improved by 4.2 percent to EUR 248 million due to volume and mix effects. Meanwhile, cost increases had a negative impact.

The **Bentley** brand lifted its unit sales in the reporting period to 7,224 (6,654) vehicles. Sales revenue increased to EUR 1.3 (1.1) billion. Operating profit improved to EUR 65 (-137) million.

Porsche sold 205 thousand vehicles worldwide from January to September 2019, 7.7 percent more than in the prior-year period. Sales revenue amounted to EUR 18.7 (17.5) billion. At EUR 3.2 (3.2) billion, the operating result before special items was on a level with the previous year.

Global sales at **Volkswagen Commercial Vehicles** amounted to 344 (337) thousand vehicles in the first nine months of 2019. Sales revenue was up 2.1 percent on the prior-year period at EUR 8.8 billion. Higher fixed and development costs for new products reduced operating profit to EUR 497 million, a decrease of 20.9 percent.

Scania Vehicles and Services increased its unit sales during the reporting period to 76 (69) thousand vehicles. Sales revenue increased to EUR 10.4 (9.3) billion. Operating profit improved to EUR 1.2 (0.9) billion. In addition to higher vehicles sales and a stronger genuine parts and service business, improvements in the mix as well as exchange rate effects had a positive impact on profit.

MAN Commercial Vehicles sold 104 thousand units in the first three quarters of this year, exceeding the prior-year figure by 6.8 percent. Sales revenue amounted to EUR 9.2 (8.6) billion. Operating profit showed an improvement on the previous year at EUR 297 (222) million.

Power Engineering generated sales revenue of EUR 2.9 (2.5) billion between January and September 2019. At EUR 91 (142) million, the operating result declined due to expenses and mix effects.

The operating profit of **Volkswagen Financial Services** improved by 6.2 percent to EUR 2.0 billion in the first nine months of 2019, driven by growth in business and exchange rate effects.

Note:
Press text, images, charts and other documents are available for downloading online: 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 Europan 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, 664,496 employees around the globe produce on average 44,567 vehicles, are involved in vehicle-related services or work in other areasof business. The Volkswagen Group sells its vehicles in 153 countries.

In 2018, the total number of vehicles supplied to customers by the Group globally was 10,8 million (2017: 10,7 million). The passenger car global market share was 12.3 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totalled €235.8 billion (2017: €231 billion). Earnings after tax in 2017 amounted to €17.1 billion (2017: €11.6 billion).