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## Media information

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# Volkswagen posts robust H1 results, enabling investment in mobility, battery platforms and software as future profit pools

- Stable H1 sales revenue at EUR 132.3 billion, 2 percent up from previous year levels including first-time consolidation of Navistar
- Worldwide BEV deliveries grew 27 percent in H1, with order intakes in Western Europe increasing 40 percent compared with prior-year's level – reflecting rapid growth in customer demand
- Robust operating performance with H1 operating result before special items of more than EUR 13 billion (16.1 percent increase over 2021), showcasing the power of Volkswagen's brands
- Results driven by improved mix mainly through Premium and Sport brand groups and stronger Volume Group
- Full-year 2022 Group guidance confirmed with a positive second half ahead
- Arno Antlitz, Volkswagen CFO: "Despite unprecedented global challenges, Volkswagen has demonstrated a remarkable financial performance."

**Wolfsburg, July 28, 2022 – Volkswagen Group posted robust operating results in the first half, enabling important investments in future profit pools and new platforms. The Group continued to make great strategic progress in Q2, registering crucial developments across its tech-platforms – mobility services, batteries and software.**

"Despite unprecedented global challenges, Volkswagen has demonstrated remarkable financial robustness. The operating margin in the first half of the year reflects the strong product substance and proportionately higher sales in the premium segment. In addition, the volume group has proven that it can deliver good results even in a challenging environment," said CFO Arno Antlitz on the occasion of presenting the quarterly figures.

BEV demand continued to grow rapidly in Q2, with the order intake in Western Europe for H1 2022 40 percent above the previous year's level. Despite supply bottlenecks, a temporary stop of production in Europe and Covid-related lockdowns in China, 118k BEVs were delivered in Q2 – reflecting a share of total deliveries of 6 percent. In the first half of the year, BEV deliveries increased by 27 percent to 217,000 vehicles. Volkswagen added production capacities for the ID.4 in Emden, Chattanooga and for

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the ID. Buzz<sup>1</sup> in Hanover in the second quarter to support the planned increase of global BEV production in the second half of the year and beyond.

Despite global headwinds and supply chain issues, the Group demonstrated financial resilience in Q2. Sales revenue for the quarter stood at EUR 69.5 billion (3.3 percent increase over 2021). Operating profit before special items in Q2 came in at EUR 4.7 billion and included roughly EUR 2.4 billion of negative fair value effects from derivatives outside hedge accounting (mainly from raw material hedging), a reverse effect compared to Q1. Before these book value losses, the underlying performance even improved over a good Q1 2022.

Operating result before special items for H1 totaled EUR 13.2 billion, a 16.1 percent increase on H1 2021. This was driven by strong performances from the Premium and Sport brand groups, as well as improvements in the Volume Group which achieved a 5.0 percent margin in H1, further underlining the solidity of Volkswagen's business. In China, the monthly production run-rate noticeably recovered towards the end of Q2, positioning the Group well for the remainder of the year as Covid restrictions continue to ease. The region represents the Group's second-largest BEV market (29 percent of sales in H1 and Q2), and the biggest growth driver re BEV-deliveries, registering a more than threefold increase on 2021 with 63,500 BEVs delivered in H1 2022.

The Group continued to prioritize investment in future BEV technology and software. R&D expenditure increased to EUR 4.9 billion in Q2 accelerating Volkswagen's progress towards becoming a software-driven mobility provider.

"The Group's strong operating profit and financial position enable important investments in future profit pools," Antlitz said. "Volkswagen also made important strategic progress in the second quarter and significantly advanced the development of its battery, mobility services and software platforms."

## **Advancing Volkswagen as one of the leading companies for mobility services**

The acquisition of Europcar represents a significant strategic step with which Volkswagen is expanding its mobility services business, tapping into a growth market with customer demand expected to increase rapidly. Future profit pools are very promising. As a result, Volkswagen will be enabled to provide access to all its customers through Europcar's infrastructure, including key transfer points in airports, train stations and city center locations, from which it can expand mobility services.

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Volkswagen is planning to provide its customers with all their mobility needs from a single app, including ride hailing, ride pooling, car sharing, rentals and vehicle subscriptions.

## **New PowerCo paves the way for battery production expansion**

The Salzgitter-based PowerCo, which was formally established in July, is bundling global battery activities from raw materials to recycling.

At the same time, construction work started on the company's first own cell factory. This will provide a highly standardized blueprint for Volkswagen's global roll-out of sustainable cell factories that are designed to secure supply and cut battery costs for Volkswagen Group.

## **CARIAD launches new software updates**

CARIAD made significant progress in Q2, expanding its automated driving capabilities and delivering powerful updates to its customers which provide a significantly improved level of automation and add new functionality such as an automatic lane change with Travel Assist, automated parking and Plug & Charge.

CARIAD also signed multiple agreements to secure high-performing hardware for the Group's software platform and further future-proof the next generation of vehicles.

## **Outlook**

Volkswagen Group confirms its outlook for 2022 after a solid first half as supply constraints ease. The supply of wiring harnesses has been managed successfully and is mostly back to normal levels. The Group expects the product mix to normalize in H2 as the semi-conductor situation improves in combination with a strong order book. A noticeable recovery of the monthly sales towards the end of Q2 additionally bodes well for H2 sales.

However, it is still not possible to conclusively assess the specific effects of the war in Ukraine or effects of the Covid-19 pandemic on the Volkswagen Group's business, on the global economy and growth in the industry in fiscal year 2022. In Europe in particular, there are uncertainties regarding energy supply.

"Despite all the caution in the face of the volatile market environment and geopolitical risks, we are confident that we can further accelerate the transformation of the Group," CFO Antlitz concluded.

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## Key Figures

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	Q2			H1		
	2022	2021	%	2022	2021	%
<b>Volume Data<sup>1</sup> in thousands</b>						
Deliveries to customers (units)	1,977	2,547	-22.4	3,875	4,979	-22.2
Vehicle sales (units)	2,011	2,326	-13.5	4,006	4,660	-14.0
Production (units)	2,116	2,194	-3.5	4,160	4,512	-7.8
Employees (on June 30, 2022/Dec. 31, 2021)				668.0	672.8	-0.7
<b>Financial Data (IFRSs), € million</b>						
Sales revenue	69,543	67,293	+ 3.3	132,285	129,669	+ 2.0
Operating result before special items	4,735	6,546	-27.7	13,188	11,358	+ 16.1
Operating return on sales before special items (%)	6.8	9.7		10.0	8.8	
Special items	-230	-	x	-360	-	x
Operating result	4,505	6,546	-31.2	12,828	11,358	+ 12.9
Operating return on sales (%)	6.5	9.7		9.7	8.8	
Earnings before tax	5,140	6,690	-23.2	14,034	11,153	+ 25.8
Return on sales before tax (%)	7.4	9.9		10.6	8.6	
Earnings after tax	3,914	5,040	-22.3	10,638	8,454	+ 25.8
<b>Automotive Division<sup>2</sup></b>						
Total research and development costs	4,930	3,774	+ 30.6	9,289	7,735	+ 20.1
R&D ratio (%)	8.5	6.8		8.5	7.2	
Cash flows from operating activities	7,803	10,197	-23.5	13,604	19,088	-28.7
Cash flows from investing activities attributable to operating activities <sup>3</sup>	7,002	4,711	+ 48.6	11,311	8,897	+ 27.1
of which: capex	2,385	1,853	+ 28.7	4,089	3,777	+ 8.3
capex/sales revenue (%)	4.1	3.3		3.7	3.5	
Net cash flow	801	5,486	-85.4	2,293	10,191	-77.5
Net liquidity at June 30				28,209	35,048	-19.5

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: Q2 €4,846 (3,553) million, H1 €8,694 (7,359) million.

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## Key Figures by Brand and Business

### Brand Groups

As at Q1, and in line with its NEW AUTO strategy, the Group reports on its brand groups Volume, Premium and Sport & Luxury. In addition, CARIAD is visible as a separate unit, as is TRATON, which is reported on without separate disclosure of Scania & MAN and Navistar.

Thousand vehicles/€ million	VEHICLE SALES		SALES REVENUE		OPERATING RESULT	
	2022	2021	2022	2021	2022	2021
Volume brand group	1,956	2,388	53,010	55,345	2,646	2,874
Volkswagen Passenger Cars	1,218	1,552	33,322	35,819	1,860	1,202
ŠKODA	447	463	10,223	10,199	676	974
SEAT	236	310	5,377	5,656	-97	-26
Volkswagen Commercial Vehicles	153	188	5,046	5,298	187	87
Tech. Components	-	-	8,147	9,755	-28	575
Consolidation	-97	-125	-9,105	-11,382	50	62
Audi (Premium brand group) <sup>1</sup>	513	609	29,869	30,536	4,965	3,291
Porsche Automotive (Sport & Luxury brand group) <sup>2</sup>	149	152	16,425	15,107	3,261	2,660
TRATON Commercial Vehicles <sup>3</sup>	138	127	17,613	13,404	617	355
Equity accounted companies in China <sup>4</sup>	1,431	1,522	-	-	-	-
MAN Energy Solutions	-	-	1,632	1,581	131	82
CARIAD	-	-	249	170	-978	-502
Volkswagen Financial Services	-	-	21,943	21,556	2,983	2,339
Other <sup>5</sup>	-180	-138	-8,457	-8,029	-438	258
<b>Volkswagen Group before special items</b>	-	-	-	-	<b>13,188</b>	<b>11,358</b>
Special items	-	-	-	-	-360	-
<b>Volkswagen Group</b>	<b>4,006</b>	<b>4,660</b>	<b>132,285</b>	<b>129,669</b>	<b>12,828</b>	<b>11,358</b>
Automotive Division <sup>6</sup>	4,006	4,660	109,066	107,027	9,726	8,841
of which: Passenger Cars Business Area	3,868	4,533	89,820	92,041	8,978	8,521
Commercial Vehicles Business Area	138	127	17,613	13,404	618	334
Power Engineering Business Area	-	-	1,632	1,581	129	-14
Financial Services Division	-	-	23,220	22,642	3,102	2,517

1 The previous year's figures were calculated by means of the simple addition of the figures for Bentley.

2 Porsche (including Financial Services): sales revenue €17,922 (16,525) million, operating result €3,480 (2,792) million.

3 Includes Navistar as of July 1, 2021.

4 The sales revenue and operating result of the equity-accounted companies in China are not included in the consolidated figures; the share of the operating result generated by these companies amounted to €1,402 (1,272) million.

5 In the operating result, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation, as well as companies not allocated to the brands.

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

<sup>1</sup> ID. Buzz Pro: Power consumption in kWh/100 km: combined 18.9 (NEDC); combined 21.7–20.6 (WLTP); CO<sub>2</sub> emissions combined in g/km: 0; 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. Ten brands from seven European countries belong to the Group: Volkswagen Passenger Cars, Audi, SEAT, Cupra, ŠKODA, Bentley, Lamborghini, Porsche, Ducati and Volkswagen Commercial Vehicles. 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, 672,800 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 2021, the total number of vehicles delivered to customers by the Group globally was 8.9 million (2020: 9.3 million). Group sales revenue in 2021 totaled EUR 250.2 billion (2020: EUR 222.9 billion). Earnings after tax in 2021 amounted to EUR 15.4 billion (2020: EUR 8.8 billion).

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