

Volkswagen AG

The affirmation of Volkswagen AG's (VW) Long-Term Issuer Default Ratings (IDRs) reflects Fitch Ratings' expectation that profitability and free cash flow (FCF) generation will recover to levels consistent with the company's rating sensitivities by around 2028, despite continued challenges across the global automotive sector. This assumes the effects of the group's restructuring and cost-cutting programme and stabilisation of European production volumes. VW's business profile remains supported by its position as the world's leading automotive manufacturer, with a strong balance sheet continuing to anchor the rating.

The Negative Outlook reflects execution risks associated with the scale and complexity of the restructuring programme, as well as potential governance constraints. A downgrade would likely follow if we view profitability and FCF generation as structurally impaired below the rating sensitivities, including due to a weakened business profile driven by market share losses.

Key Rating Drivers

Stress on Profitability Intensifies: Fitch forecasts VW's EBIT margin will remain below 6% until 2028, one year later than previously projected. The delayed recovery reflects the effects of prevailing tariffs, a challenging macroeconomic environment, characterised by higher interest rates and fuel prices, and intensifying competition from Chinese original equipment manufacturers (OEMs) in Europe and China. Nevertheless, we expect VW's profitability to recover to levels consistent with its rating sensitivities from around 2028, as the benefits of its sizeable restructuring programme become increasingly visible in margins.

Positive Cash Generation: Fitch forecasts VW will maintain positive FCF margins of about 1% over the medium term, although this remains below levels consistent with its rating sensitivities. Nevertheless, positive FCF generation should support leverage metrics throughout our four-year rating case forecast horizon.

Fitch incorporates annual restructuring-related cash outflows of EUR3 billion from 2027 to 2029, partly offset by a revised five-year capex programme of EUR135 billion, reduced from EUR160 billion previously. We expect dividend distributions to remain modest, with cash outflows partly balanced by proceeds from portfolio realignment and asset disposals (not significantly affecting the automotive revenues and cash flows).

Robust Capital Structure: Fitch expects VW's capital structure to remain commensurate with the 'a' rating category median under its automotive sector criteria, representing a key credit anchor despite near-term FCF volatility. We assess the group's strong balance sheet, supported by anticipated disposal proceeds, as more than sufficient to absorb restructuring-related cash outflows without materially impairing the group's liquidity position.

Strategic Shift, Execution Uncertainty: VW has announced a broad multi-year restructuring programme targeting an operating margin of 9%. It includes a reduction in technical installed production capacity to 9 million units from the current 11 million, a headcount reduction of approximately 100,000 (including 50,000 agreed in 2024) and up to 50% rationalisation of the product model range. Fitch views execution risk as elevated, given the scale and complexity of the programme, VW's governance structure, and the challenging macro and competitive backdrop, which could delay implementation and hinder the realisation of targeted efficiency gains, which, in turn, drive the Negative Outlook.

Intensifying European Competition: Competition in the European market has intensified since early 2026, driven by rapid market share gains from Chinese OEMs. Chinese OEMs captured 10.2% of the market in the first eight months of 2026, up from 5.4% in 2025, supported by growing consumer demand for battery electric vehicles (BEVs) and hybrids, partly underpinned by the outbreak of the Middle East conflict. Fitch expects sustained Chinese OEM growth to disproportionately pressure mass-market brands and anticipates that domestic policy and regulatory frameworks will play a material role in shaping the competitive landscape.

Persistent Weakness in China: We expect western OEMs, including VW, to face continued structural challenges in China amid deteriorating market conditions. Auto sales have declined approximately 20% year to date, and imported vehicle volumes fell drastically. Fitch has revised down its EBIT margin and Chinese JV dividend assumptions to reflect lingering market stress, and views VW's 'local-for-local' product strategy as insufficient to offset near-term structural pressures.

Porsche, Audi North America Focus: North America is an increasingly critical pillar of VW's strategic repositioning, with Porsche and Audi central to strengthening the group's premium positioning and geographic diversification away from China. Porsche is focused on protecting its high-margin franchise through product and powertrain flexibility, while Audi is pursuing renewed growth through a US-focused SUV portfolio and greater localisation. Successful execution would support meaningful diversification. However, high import dependency, US tariff exposure and the requirement for greater local production capacity are material execution and margin risks.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- FCF margins below 2.0% for a sustained period.
- Industrial operating margin remaining below 6%.
- Sharp deterioration in key credit metrics, including EBITDA net leverage of 1x.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Tighter corporate governance.
- FCF margins above 3.0% for a sustained period.

Issuer Profile

VW is among the largest global car and commercial vehicle manufacturers. Its product offering spans volume, premium, sport and luxury cars, motorcycles, commercial vehicles, engines and turbochargers.

Financial Summary

(EURm)	2023	2024	2025	2026F	2027F	2028F
Gross revenue	268,156	265,887	259,777	254,005	261,812	271,904
EBITDA margin (%)	13.1	14.0	13.3	10.9	11.5	13.0
EBIT margin (%)	7.0	6.6	4.2	2.4	4.6	6.1
FCF margin (%)	2.3	-0.5	-0.1	—	—	—
EBITDA net leverage (x)	-0.8	-0.7	-0.8	-1.1	-1.0	-0.9

Source: Fitch Ratings, Fitch Solutions, VW

Corporate Rating Tool Inputs and Scores

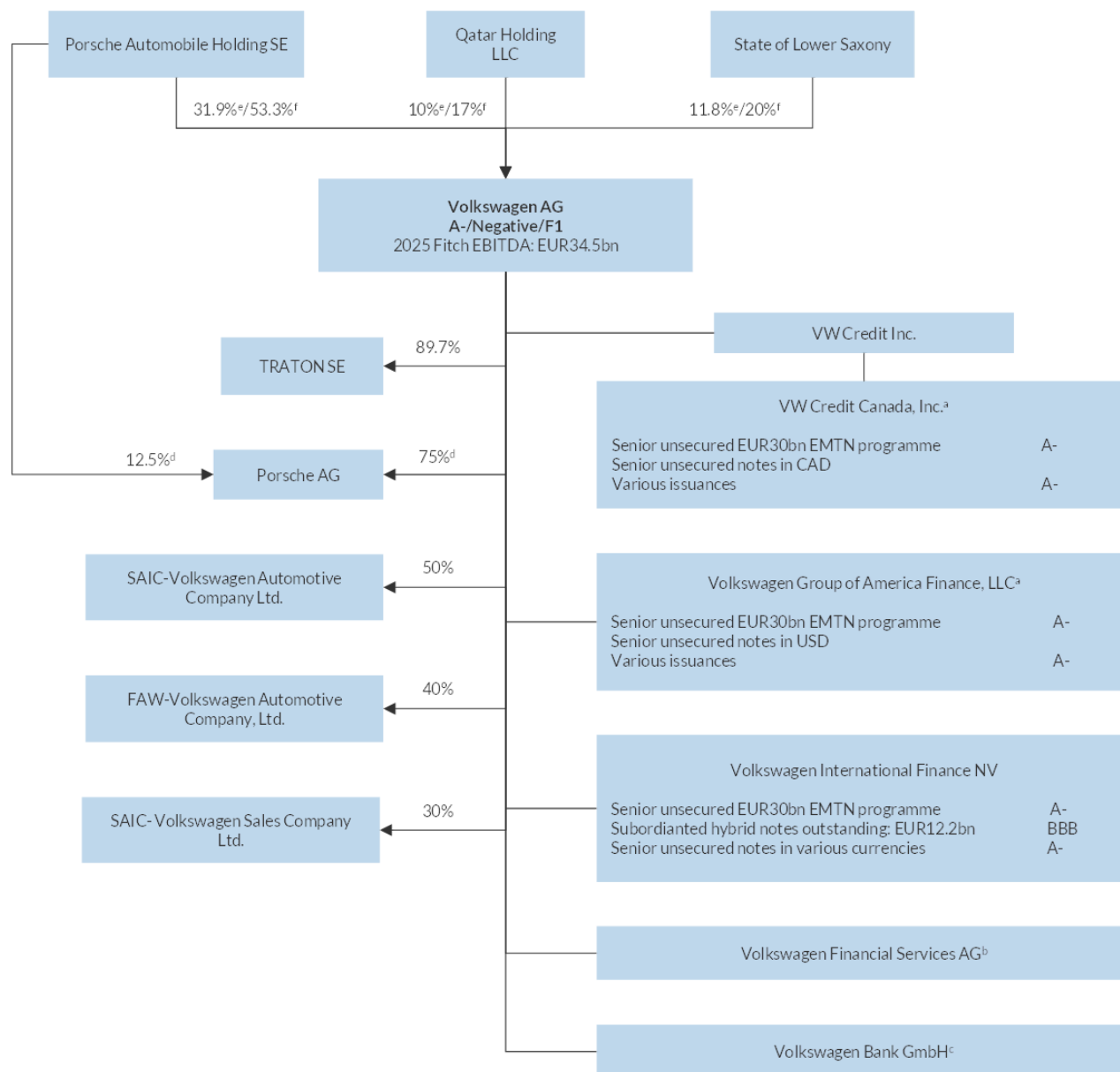
Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

- Business and financial profile factors (assessment, relative importance): management ('bbb', higher), sector characteristics ('bbb', moderate), market and competitive positioning ('a', higher), diversification and asset quality ('a', moderate), company operational characteristics ('bbb+', moderate), profitability ('bbb+', higher), financial structure ('a', moderate), and financial flexibility ('a+', moderate).
- The quantitative financial subfactors are based on custom CRT financial period parameters: 20% weight for the latest historical year 2025, 20% for the forecast year 2026, 20% for the forecast year 2027, 20% for the forecast year 2028 and 20% for the forecast year 2029.
- The governance assessment of 'good' has no impact.
- The operating environment assessment of 'a+' has no impact.
- The SCP is 'a-'.

To derive the Long-Term IDR:

- Fitch made no adjustments to the SCP, resulting in an IDR of 'a-'.

Simplified Group Structure Diagram



^a Guaranteed by Volkswagen AG.

^b Subsidiaries debt: Guaranteed by Volkswagen Financial Services AG. Volkswagen Financial Services AG is supported by a back-to-back domination and profit transfer agreement from Volkswagen AG.

^c Volkswagen Bank GmbH is supported by a back-to-back domination from Volkswagen AG and profit transfer agreement from Volkswagen Financial Services AG.

^d VW AG owns 75% - 1 common share of economic capital of Porsche AG. Porsche Automobile Holding SE owns 12.5% + 1 common share.

^e Economic Interests

^f Voting Rights

Source: Fitch Ratings, VW, as of December 2025.

Ratings Navigator

Automotive Manufacturers

	Business Profile					Financial Profile			Standalone Credit Profile	Foreign Currency LT Issuer Default Rating
	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility		
aaa									aaa	AAA
aa+									aa+	AA+
aa									aa	AA
aa-									aa-	AA-
a+									a+	A+
a									a	A
a-									a-	A- Neg
bbb+									bbb+	BBB+
bbb									bbb	BBB
bbb-									bbb-	BBB-
bb+									bb+	BB+
bb									bb	BB
bb-									bb-	BB-
b+									b+	B+
b									b	B
b-									b-	B-
ccc+									ccc+	CCC+
ccc									ccc	CCC
ccc-									ccc-	CCC-
cc									cc	CC
c									c	C
d or rd									d or rd	D or RD

Factor Outlook

■ Stable
◆ Evolving
▲ Positive
▼ Negative

Relative Importance

■ Lower
■ Moderate
■ Higher

Additional Adjustments to the Standalone Credit Profile

	Assessment	Impact
Weakest link considerations	Not applied	0
Additional sector considerations	Not applied	0
B+ to CC considerations	Not applied	0
Governance	Good	0
Operating environment	a+	0
Other risk elements	Not applied	0
Calibration	Not applied	0
Standalone Credit Profile		a-
Parent and subsidiary linkage	Not applied	—
Government-related entities	Not applied	—
Other criteria considerations	Not applied	0
Country Ceiling considerations	Not applied	0

Management

Factor / Subfactor	Score / Outlook / Importance	Description
Management	bbb / stable / higher	
Risk tolerance	bbb / moderate	Management committed to conservative risk profile. Only modest/short-term deviations from strategy allowed.
Management strategy	bbb / moderate	Good track record of implementing coherent and stable strategy.
Management quality	bbb / moderate	Experienced management or proven track record. Management composition is broadly stable. No evidence of material risk management weaknesses.

Sector Characteristics

Factor / Subfactor	Score / Outlook / Importance	Description
Sector characteristics	bbb / stable / moderate	
Regulatory risk	b / lower	High (>50% of sales) exposure to markets with 100% ZEV transition mandates.
Sector standards	a / moderate	Leader in ZEV transition goals and execution in terms of capacity, technology, ZEV mix and product pipeline.
Pricing dynamics	bbb / moderate	Good record of mix benefits from pricing control stemming from a good brand portfolio and innovation.

Market and Competitive Positioning

Factor / Subfactor	Score / Outlook / Importance	Description
Market and competitive positioning	a / stable / higher	
Market positioning	a / moderate	Sustainable top three to top five positions in key markets.
Product positioning	a / moderate	Well-balanced portfolio combining premium and large mainstream brands.
Scale - brand value	a / moderate	Extremely strong and stable brand value (>USD15bn) and recognition.
Scale - units	a / moderate	Top-tier manufacturer (sales >6 million units).

Diversification and Asset Quality

Factor / Subfactor	Score / Outlook / Importance	Description
Diversification and asset quality	a / stable / moderate	
End-market diversification	a / moderate	Minimum reliance on one to two end-markets (<40% of total unit sales).
Product and service diversification	a / moderate	Minimum reliance on three to four key products or product families (top four products <50% of total unit sales).
Production diversification	a / moderate	Little concentration of production in one country/region and minimum mismatch between sales and production.

Company Operational Characteristics

Factor / Subfactor	Score / Outlook / Importance	Description
Company operational characteristics	bbb+ / stable / moderate	
Company capacity utilization	bbb / moderate	Moderate cost structure and lower and more volatile capacity utilisation rates.
Potential for synergies	a / moderate	Significant potential for synergies without external alliances.

Profitability

Factor / Subfactor	Score / Outlook / Importance	Description
Profitability	bbb+ / negative / higher	
EBITDA margin (%)	a+ / moderate	11.0
EBIT margin (%)	bbb+ / moderate	4.0
Funds from operations (FFO) margin (%)	a+ / moderate	9.0
FCF margin (%)	bb+ / moderate	0.5
Volatility of margins	bbb / moderate	More volatility leading to low but positive margins at cycle trough.

Financial Structure

Factor / Subfactor	Score / Outlook / Importance	Description
Financial structure	a / stable / moderate	
EBITDA leverage (x)	a / moderate	0.5
EBITDA net leverage (x)	a+ / moderate	< 0.0
FFO leverage (x)	a / moderate	0.5
(Cash flow from operations (CFO)-capex)/debt (%)	a+ / moderate	20.0
Cfo/debt (%)	a / moderate	100.0

Financial Flexibility

Factor / Subfactor	Score / Outlook / Importance	Description
Financial flexibility	a+ / stable / moderate	
Financial access	a / moderate	Unequivocal access through the cycle to: Local financial markets with FMD of 'a' and above, or International financial markets with (primarily) FMD of 'a' and above. If the issuer is an infrequent/ untested issuer, the issuer must be very likely to be able to freely access these markets through the cycle.
Liquidity	aa / higher	No need for external funding beyond committed facilities in the next 24 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
EBITDA interest coverage (x)	a+ / moderate	9.0
FFO interest coverage (x)	bbb+ / moderate	7.0
FX exposure	bbb / moderate	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging in place.

Governance

Factor / Subfactor	Score / Outlook / Importance	Description
Governance	Good / — / —	
Ownership and decision-making concentration	Some Deficiencies / moderate	Concentrated ownership or decision-making. Unclear board oversight or checks and balances. Potential for key person risk.
Group structure transparency and contagion risk	Good / moderate	Transparent group structure. No contagion risks.
Information quality/transparency	Good / moderate	Timely and good provision of financial and operational information, facilitating the analysis of the credit profile.

Fitch's Key Rating-Case Assumptions

- Low-to-mid single-digit revenue growth between 2026 and 2029
- Gradual EBIT margin improvement toward 6% by 2028
- Modest working capital investment in line with volume assumption
- Capex ratio excluding Rivian capital injection in line with investment ratio, as guided by company
- Dividend payout ratio in line with dividend policy
- Restructuring cash charges of EUR3 billion a year between 2027 and 2029
- Proceeds from sale of 51% in Everlence stakes of about EUR7 billion in 2026; potential IPO of remaining stakes will strengthen VW's liquidity position

Liquidity and Debt Structure

VW's industrial business has a consistent record of strong liquidity and a net cash position. Its industrial operations reported EUR26.2 billion in cash and equivalents and EUR25.3 billion in marketable securities at end-2025. Fitch restricts around EUR6.5 billion, or about 2.5% of annual sales, for working capital and operational purposes.

VW's liquidity profile is supported by its renewed and increased EUR12.5 billion syndicated credit line with a five-year maturity and two extension options. At the group level, the company had EUR30.6 billion in bilateral and syndicated credit lines, with only EUR0.1 billion drawn at end-2025. It has a solid record of capital market access, even under stress conditions, and benefits from diversified funding sources.

Liquidity and Debt Maturities

Liquidity Analysis

(EURm)	2026F	2027F	2028F
Available liquidity			
Beginning cash balance	45,006	62,098	63,647
Rating case FCF after acquisitions and divestitures	6,469	1,549	4,748
Total available liquidity (A)	51,475	63,647	68,395
Liquidity uses			
Debt maturities	10,623	—	—
Total liquidity uses (B)	10,623	—	—
Liquidity calculation			
Ending cash balance (A+B)	62,098	63,647	68,395
Revolver availability	12,500	12,500	12,500
Ending liquidity	74,598	76,147	80,895

Liquidity score (x)	-6.0	Not meaningful	Not meaningful
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Source: Fitch Ratings, Fitch Solutions, VW

Scheduled Debt Maturities

(EURm)	31 December 2025
2026	-10,623
2027	—
2028	—
2029	—
2030	—
Thereafter	34,419
Total	23,796

Source: Fitch Ratings, Fitch Solutions, VW

Financial Data

(EURm)	2023	2024	2025	2026F	2027F	2028F
Summary income statement						
Gross revenue	268,156	265,887	259,777	254,005	261,812	271,904
Revenue growth (%)	15.4	-0.9	-2.3	-2.2	3.1	3.9
EBITDA before income from associates	35,198	37,131	34,493	27,691	29,990	35,470
EBITDA margin (%)	13.1	14.0	13.3	10.9	11.5	13.0
EBITDA after associates and minorities	42,225	39,841	36,747	28,591	31,390	37,370
EBIT	18,720	17,666	10,870	6,100	11,925	16,709
EBIT margin (%)	7.0	6.6	4.2	2.4	4.6	6.1
Gross interest expense	-1,369	-2,380	-43	-2,261	-2,159	-1,862
Pre-tax income including associate income/loss	19,418	13,812	5,965	5,039	10,766	15,747
Summary balance sheet						
Readily available cash and equivalents	44,215	40,599	45,006	48,210	48,569	52,317
Debt	10,494	12,979	16,659	17,044	17,244	17,244
Net debt	-33,722	-27,620	-28,348	-31,166	-31,325	-35,073
Summary cash flow statement						
EBITDA	35,198	37,131	34,493	27,691	29,990	35,470
Cash interest paid	-1,819	-2,025	-4,555	-2,061	-1,959	-1,862
Cash tax	-6,328	-4,959	-3,897	-1,361	-2,907	-4,252
Dividends received less dividends paid to minorities (inflow/outflow)	7,027	2,710	2,254	900	1,400	1,900
Other items before FFO	-281	-260	-5,848	-1,000	—	—
FFO	32,839	31,578	24,435	23,805	25,824	30,457
FFO margin (%)	12.2	11.9	9.4	9.4	9.9	11.2
Change in working capital	2,062	28	2,567	967	-559	-1,479
CFO (Fitch-defined)	34,901	31,606	27,002	24,772	25,265	28,978
Total non-operating/non-recurring cash flow	-717	-3,000	-1,300	-1,100	-3,000	-3,000
Capex	-25,513	-27,193	-24,077	—	—	—
Capital intensity (capex/revenue) (%)	9.5	10.2	9.3	—	—	—
Common dividends	-2,567	-2,656	-1,859	—	—	—
FCF	6,104	-1,243	-234	—	—	—
FCF margin (%)	2.3	-0.5	-0.1	—	—	—

Net acquisitions and divestitures	-2,115	—	—	—	—	—
Other investing and financing cash flow items	2,352	-1,650	410	—	—	—
Net debt proceeds	1,376	139	1,944	185	—	—
Net equity proceeds	-2,053	-1,844	—	—	—	—
Total change in cash	5,664	-4,598	2,120	3,204	359	3,748
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-30,912	-32,849	-27,236	-18,303	-23,716	-24,231
FCF after acquisitions and divestitures	3,989	-1,243	-234	6,469	1,549	4,748
FCF margin after net acquisitions (%)	1.5	-0.5	-0.1	2.5	0.6	1.7
Gross leverage ratios (x)						
EBITDA leverage	0.2	0.3	0.5	0.6	0.5	0.5
(CFO-capex)/debt (%)	89.5	34.0	17.6	12.3	32.9	51.8
Net leverage ratios (x)						
EBITDA net leverage	-0.8	-0.7	-0.8	-1.1	-1.0	-0.9
(CFO-capex)/net debt (%)	-27.8	-16.0	-10.3	-6.7	-18.1	-25.5
Coverage ratios (x)						
EBITDA interest coverage	23.2	19.7	8.1	13.9	16.0	20.1

Source: Fitch Ratings, Fitch Solutions, VW

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Fitch Adjusted Financials

(EURm, 31 December 2025)	Formulas	Standardised values	Analytical adj	Criteria Adjustments	Adjusted values
				Lease treatment	
Income statement summary					
Revenue		259,777	—	—	259,777
EBIT		5,159	6,000	-289	10,870
Add: depreciation and amortisation		25,167	—	-1,544	23,623
EBITDA	(a)	30,326	6,000	-1,833	34,493
Add: dividends received from associates/paid to minorities	(d)	2,254	—	—	2,254
EBITDA after associates/minorities	(e)= (a+d)	32,580	6,000	-1,833	36,747
EBITDAR after associates/minorities	(f)= (c+d)	32,580	6,000	-1,833	36,747
Debt and Cash					
Balance sheet debt including preferred stock		9,521	14,275	—	23,796
Add: discounts/(premiums), fair value adjusted		—	—	—	—
Other		—	—	—	—

Debt before discounts/premiums, fair value adjusted		9,521	14,275	—	23,796
Hybrids equity credit		—	-7,138	—	-7,138
Other off-balance sheet debt		—	—	—	—
Debt (Fitch-defined)	(g)	9,521	7,138	—	16,659
Lease-equivalent debt		—	—	—	—
Lease-adjusted debt		9,521	7,138	—	16,659
Readily available cash and equivalent	(h)	51,506	-6,500	—	45,006
Not readily available cash and equivalent		—	6,500	—	6,500
Cash flow summary					
EBITDA		30,326	6,000	-1,833	34,493
Cash dividends from associates/paid to minorities		2,254	—	—	2,254
Interest paid	(i)	-4,844	—	289	-4,555
Interest received	(j)	3,963	—	—	3,963
Preferred dividends paid	(k)	-1,975	—	—	-1,975
Cash tax paid		-3,897	—	—	-3,897
Other items before FFO		-1,148	-4,700	—	-5,848
FFO	(l)	24,679	1,300	-1,544	24,435
Change in working capital		2,567	—	—	2,567
CFO	(m)	27,246	1,300	-1,544	27,002
Non-operating/non-recurring cash flow		—	-1,300	—	-1,300
Capex	(n)	-24,077	—	—	-24,077
Common dividends paid		-1,859	—	—	-1,859
FCF		1,310	—	-1,544	-234
Gross leverage (x)					
EBITDA leverage	(g)/(e)	0.3	0.1	0.0	0.5
(CFO-capex)/debt (%)	(m+n)/(g)	33.3	-6.5	-16.2	17.6
Net leverage (x)					
EBITDA net leverage	(g-h) / (e)	-1.3	0.6	-0.1	-0.8
(CFO-capex)/net debt (%)	(m+n)/(g-h)	-7.5	-8.2	3.7	-10.3
Coverage (x)					
EBITDA interest coverage	(e) / (-i)	6.7	1.2	0.0	8.1

Note: Numbers in the Standardised values column are based on a methodology to present financials consistently across a range of accounting standards.

Reported items may not match the Fitch approach.

Balance sheet debt including preferred stock, in the Standardised values column, excludes lease liabilities of EUR7,657m.

Source: Fitch Ratings, Fitch Solutions, VW

Peer Analysis

VW is the largest car manufacturer by deliveries in Europe and among the top global manufacturers, like Toyota Motor Corporation (A+/Stable), Hyundai Motor Company (A-/Stable), General Motors Company (BBB/Positive) and the global alliance between Renault SA (not rated), Nissan Motor Co., Ltd. (BB+/Negative) and Mitsubishi Motors Corporation (not rated).

VW's Fitch-adjusted operating margins have been under pressure, reflecting its broad geographic footprint and simultaneous exposure to overcapacity in Europe, tariff-related pressures in the US and weaker market conditions in China. Fitch expects the company's EBIT and FCF margins to remain below its rating sensitivities over the next two years. Any recovery will depend on the success of management's operational and portfolio measures, which carry execution risk.

The pressure on VW's profitability is more pronounced than for US peers, which generally have lower exposure to both the Chinese and European markets. Nevertheless, we view VW's business profile as significantly stronger, supported by its scale, brand portfolio and substantial asset base. The latter provides financial flexibility, as selected assets could be monetised to support portfolio realignment without materially affecting leverage metrics. VW is the most diversified auto manufacturer in the world, in line with Toyota, with substantial product and geographic exposure as well as production diversification.

Volkswagen's capital structure remains a relative strength, despite pressure on profitability, supported by a net cash position. Its EBITDA gross leverage is lower than that of General Motors and Ford Motor Company (BBB-/Stable) and is more comparable with Toyota's. This is an important anchor for the strong investment grade rating.

Navigator Peer Comparison

Issuer		Business profile (Score/Relative Importance)									Financial profile (Score/Relative Importance)					
Name	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility							
Volkswagen AG	A-/Negative	bbb	bbb	a	a	bbb+	bbb+	a	a+							
Toyota Motor Corporation	A+/Stable	bbb	bbb	a+	a+	a	a+	a	a+							
Hyundai Motor Company	A-/Stable	bbb	bbb+	a-	a-	bbb+	bbb+	a+	a+							
General Motors Company	BBB/Positive	bbb	bbb+	bbb	bb+	bbb	bbb	a-	bbb+							
Ford Motor Company	BBB-/Stable	bbb-	bbb-	bbb	bbb	bbb	bb-	bb+	bbb+							
Relative importance: Higher Moderate Lower																
Source: Fitch Ratings																

Issuer		Business profile (Score/Outlook)						Financial profile (Score/Outlook)		
Name	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility	
Volkswagen AG	A-/Negative	bbb	bbb	a	a	bbb+	bbb+ ▼	a	a+	
Toyota Motor Corporation	A+/Stable	bbb	bbb	a+	a+	a	a+	a	a+	
Hyundai Motor Company	A-/Stable	bbb	bbb+	a-	a-	bbb+	bbb+	a+	a+	
General Motors Company	BBB/Positive	bbb	bbb+	bbb ▲	bb+	bbb	bbb ▲	a-	bbb+	
Ford Motor Company	BBB-/Stable	bbb-	bbb-	bbb	bbb	bbb	bb-	bb+	bbb+	

Rating categories: ■ b/cc ■ bb ■ bbb ■ a ■ aa ▲▼ Factor outlook direction.

Source: Fitch Ratings

Peer Financial Summary

Company	Issuer	Financial statement date	Gross revenue (EURm)	EBIT margin (%)	Capex/gross revenue (%)	EBITDA net leverage (x)
Volkswagen AG	A-					
	A-	2025	259,777	4.2	-9.3	-0.8
	A-	2024	265,887	6.6	-10.2	-0.7
	A-	2023	268,156	7.0	-9.5	-0.8
Toyota Motor Corporation	A+					
	A+	2026	250,790	6.3	-5.4	-2.9
	A+	2025	270,859	9.4	-5.0	-0.8
	A+	2024	257,086	11.5	-5.1	-0.8
Hyundai Motor Company	A-					
	A-	2025	110,471	6.1	-5.9	9.0
	A-	2024	116,255	8.1	-5.9	6.9
	BBB+	2023	113,875	9.3	-5.4	4.9
General Motors Company	BBB					
	BBB	2025	142,955	5.4	-5.5	-0.1
	BBB	2024	165,117	7.2	-6.2	-0.1

	BBB	2023	143,902	4.5	-6.8	-0.0
Ford Motor Company	BBB-					
	BBB-	2025	148,082	2.8	-5.0	0.0
	BBB-	2024	166,175	2.4	-5.0	-0.1
	BBB-	2023	151,425	4.3	-4.9	-0.5

Source: Fitch Ratings, Fitch Solutions

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify credits with higher exposure to climate-related risks. If Fitch identifies an entity as higher risk (i.e. its Climate.VS in 2035 is 50 or higher), the entity receives additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Fitch's latest [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#) report.

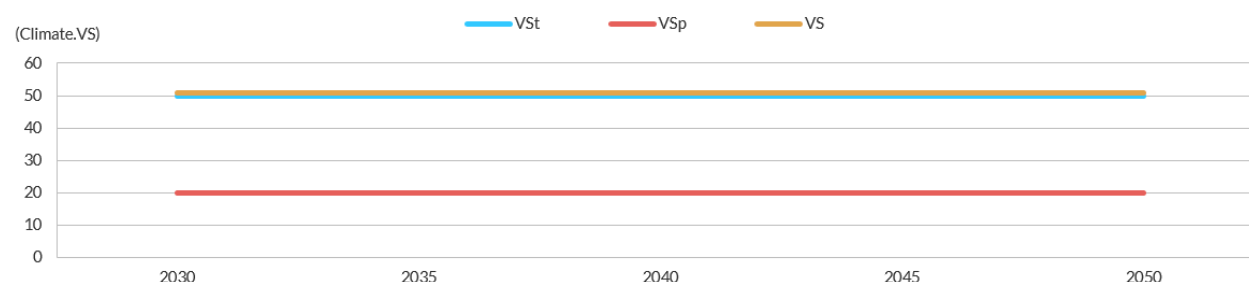
The Climate.VS for 2035 is 51 out of 100. This reflects a VSp of 20 and a VSt of 50. This suggests the company has moderate exposure to climate-related risks in that year.

VW's revenue-weighted Climate.VS of 51 by 2035 is largely in line with that of other auto manufacturers. This score reflects the potential risks related to policies that will encourage the take-up of alternative drivetrain vehicles, which pose additional risks to automakers including higher capex, reduced margins during the technology changeover, and product risks. With several countries already targeting zero sales of fossil fuel-burning internal combustion engines in 2030-2035, we expect this risk to peak at this point. VW's Climate.VS score remains below its pure auto maker peers until 2035, as 17% of its revenues are derived from truck manufacturing, which we consider under industrial scores that we expect to ramp up later in the decade.

Our rating construction includes consideration of these risks and VW's plans to address them.

VW is one of the global leaders in BEVs and will benefit from the accelerating transition to electrification. Fitch expects growing sales on the group's dedicated electric platforms to bring large economies of scale and to gradually absorb significant investments committed to electrified powertrains. VW's BEV sales mix was 11% in 2025, mirroring that of other European OEMs.

Climate Vulnerability Signals



Source: Fitch Ratings

ESG Considerations

VW has an ESG Relevance Score of '4' for Governance Structure due to a lack of independence at the supervisory board level, potential conflicts of interest with board members and a 20% blocking minority in voting resolutions. The Porsche AG (PAG) IPO further increased VW's governance structure complexity given the creation of ordinary and non-voting preferred shares in PAG. VW's governance structure and limited board independence is embedded in Fitch's rating assessment of VW. This has a negative impact on the credit profile and is relevant to the rating in conjunction with other factors.

VW has an ESG Relevance Score of '4' for GHG Emissions and Air Quality due to stringent emission regulations, notably in Europe and China, which are its main markets. Investments in lower emissions are a key driver of the group's strategy and cash generation, which has a negative impact on the credit profile and is relevant to the rating in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.



Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	4	Emissions and pollutants from vehicles sold	Market and Competitive Positioning; Profitability; Financial Structure
Energy Management	2	Fuel economy requirements of the product	Market and Competitive Positioning; Profitability; Financial Structure
Water & Wastewater Management	2	Water usage in manufacturing	Market and Competitive Positioning; Company Operational Characteristics; Profitability; Financial Structure
Waste & Hazardous Materials Management; Ecological Impacts	3	Waste and recycling in manufacturing operations; use of environmentally friendly materials	Market and Competitive Positioning; Profitability; Financial Structure
Exposure to Environmental Impacts	1	Manufacturing facilities and inventory exposure to extreme weather events	Market and Competitive Positioning; Diversification and Asset Quality; Company Operational Characteristics; Profitability; Financial Structure



Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Data security; vehicle safety	Market and Competitive Positioning; Profitability
Labour Relations & Practices	3	Impact of labour negotiations and employee (dis)satisfaction	Company Operational Characteristics; Profitability
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	3	Cities' focus on promoting less vehicle ownership; shift in consumer preferences toward cleaner energy	Profitability



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Strategy development and implementation	Management; Governance
Governance Structure	4	Board independence and effectiveness; ownership concentration	Governance
Group Structure	3	Complexity, transparency and related-party transactions	Governance
Financial Transparency	3	Quality and timing of financial disclosure	Governance



ESG Scoring

ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

Credit-Relevant ESG Scale

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Ratings

Volkswagen AG

Long-Term IDR	A-
Short-Term IDR	F1
Outlook	
Long-Term Foreign-Currency IDR	Negative

VW Credit Canada, Inc.

Senior unsecured debt - Long-Term Rating	A-
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Volkswagen International Finance NV

Senior unsecured debt - Long-Term Rating	A-
Subordinated Long-Term Rating	BBB

Volkswagen Group of America Finance, LLC	
Senior unsecured debt - Long-Term Rating	A-

[Click here for the full list of ratings](#)

ESG and Climate

Highest ESG Relevance Scores

Environmental	4
Social	3
Governance	4
2035 Climate Vulnerability Signal	51
Transition (Climate.VSt)	50
Physical (Climate.VSp)	20

Applicable Criteria

Corporates Recovery Ratings and Instrument Ratings Criteria (August 2024)
Corporate Hybrids Treatment and Notching Criteria (April 2025)
Corporate Rating Criteria (January 2026)
Sector Navigators – Addendum to the Corporate Rating Criteria (January 2026)

Related Research

Global Corporates Macro and Sector Forecasts

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