



# Volkswagen Brand

## Financial Results January to June 2020

Wolfsburg | July 31, 2020

ID. CROZZ: The vehicle is a concept car

# Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Brand. These statements may be spoken or written and can be recognized by terms such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "will" or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Brand currently faces additional risks and uncertainty related to pending claims and investigations in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Brand vehicles. The degree to which the Volkswagen Brand may be negatively affected by these ongoing claims and investigations remains uncertain.

The outbreak of COVID-19 (commonly referred to as coronavirus) has negatively impacted and may continue to impact economic and social conditions in some of Volkswagen's primary markets, including China and Europe, as public, private, and government entities implement containment and quarantine measures. The continued spread of COVID-19 may cause shortages of necessary materials and parts from suppliers directly or indirectly affected by the outbreak and may cause operational disruptions and interruptions at Volkswagen's production facilities, leading to significant production downtimes

A negative development relating to ongoing claims or investigations, the continuation of COVID-19, an unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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# Conference Call on the results January – June 2020



**Alexander Seitz**

Member of the Volkswagen Brand  
Board of Management for  
Controlling and Accounting



**Jürgen Stackmann**

Member of the Volkswagen Brand  
Board of Management for Sales,  
Marketing and After Sales



**Thomas Küter**

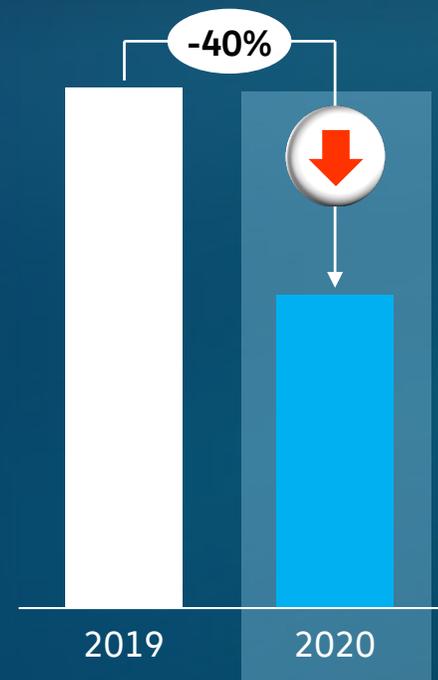
Head of Investor Relations  
Volkswagen Brand

# COVID-19 with severe impacts on operating performance of the Volkswagen brand from January to June 2020

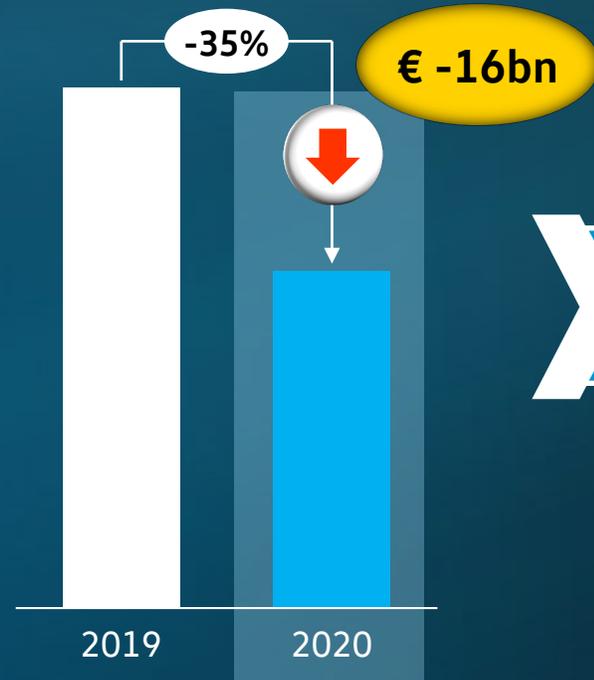
1.1 million vehicles

€ 28.6 billion

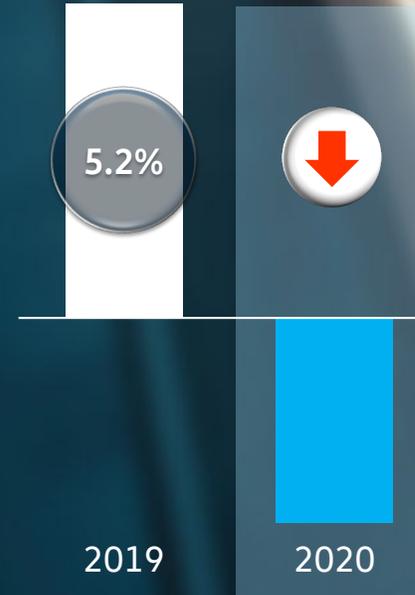
€ -1.5 billion



SALES<sup>1)</sup>



SALES REVENUE



OPERATING PROFIT  
before special items



Return on sales

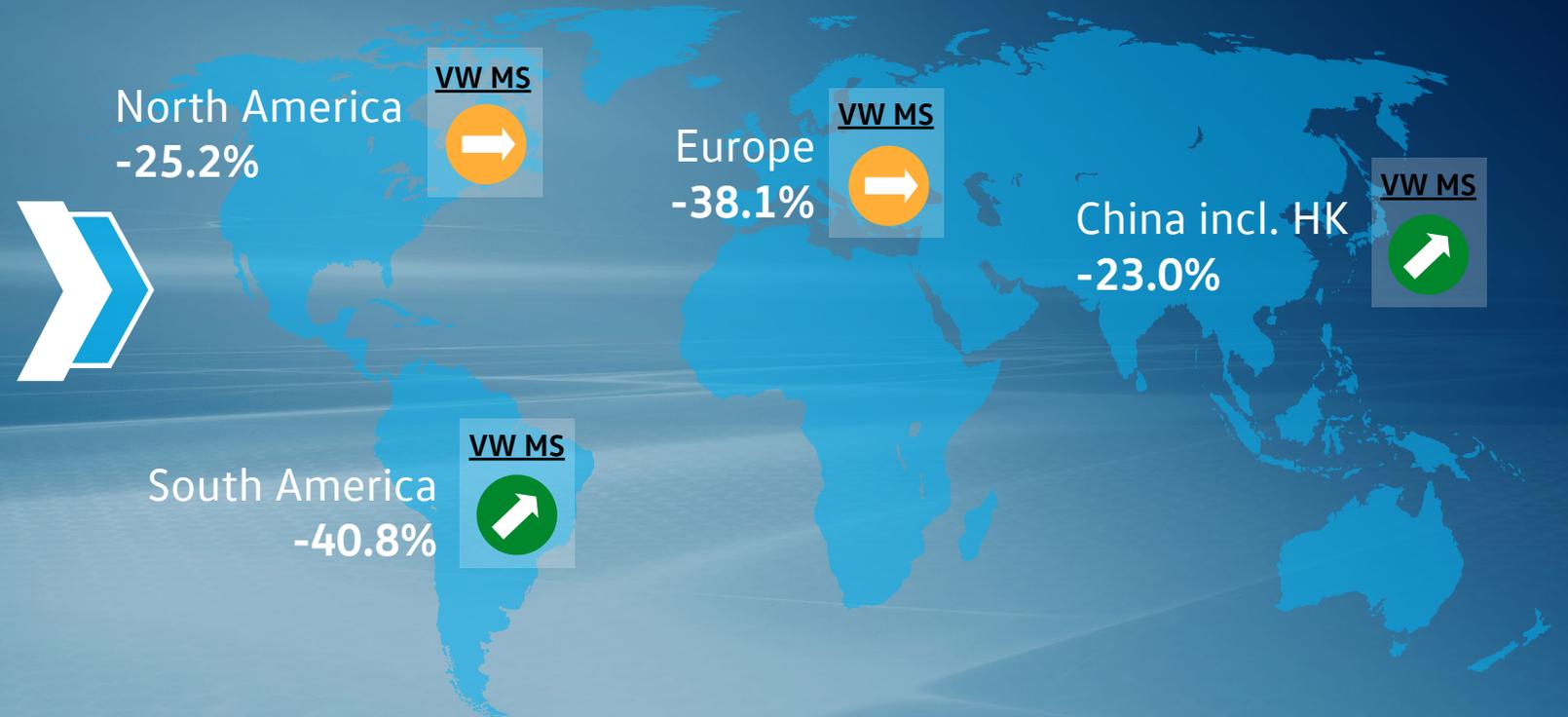
<sup>1)</sup> These figures do not include sales of our Chinese joint ventures.

ID.3 Pro Performance, 150 kW / combined power consumption in kWh/100 km: 16.9 - 15.4 (WLTP); 15.4 - 14.5 (NEDC); combined CO<sub>2</sub> emissions in g/km: 0  
ID.3 Pro S, 150 kW / combined power consumption in kWh/100 km: 17.7 - 15.9 (WLTP); 14.1 - 13.5 (NEDC); combined CO<sub>2</sub> emissions in g/km: 0



# Massive impact of Corona crisis on total markets...

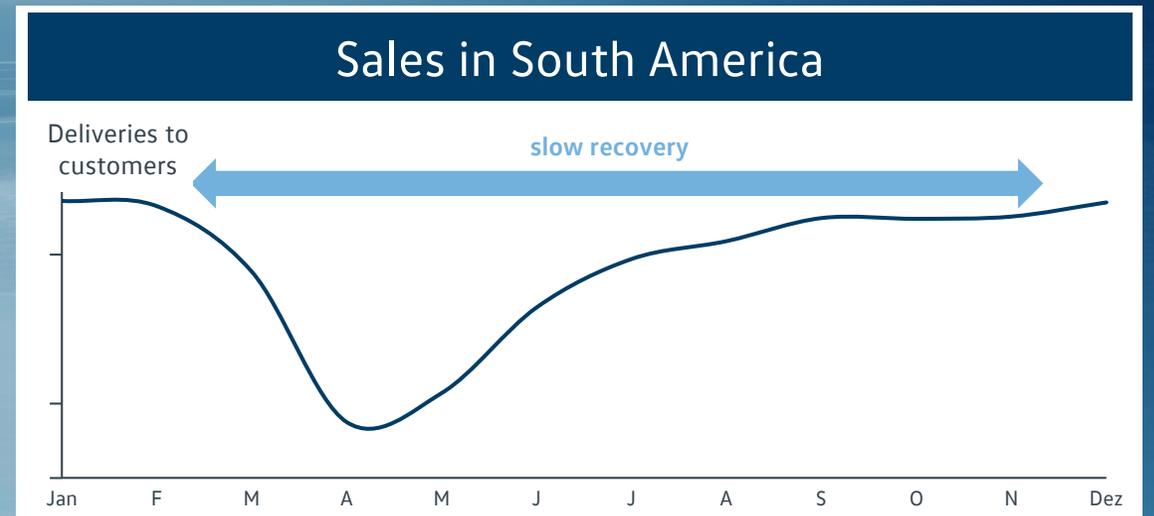
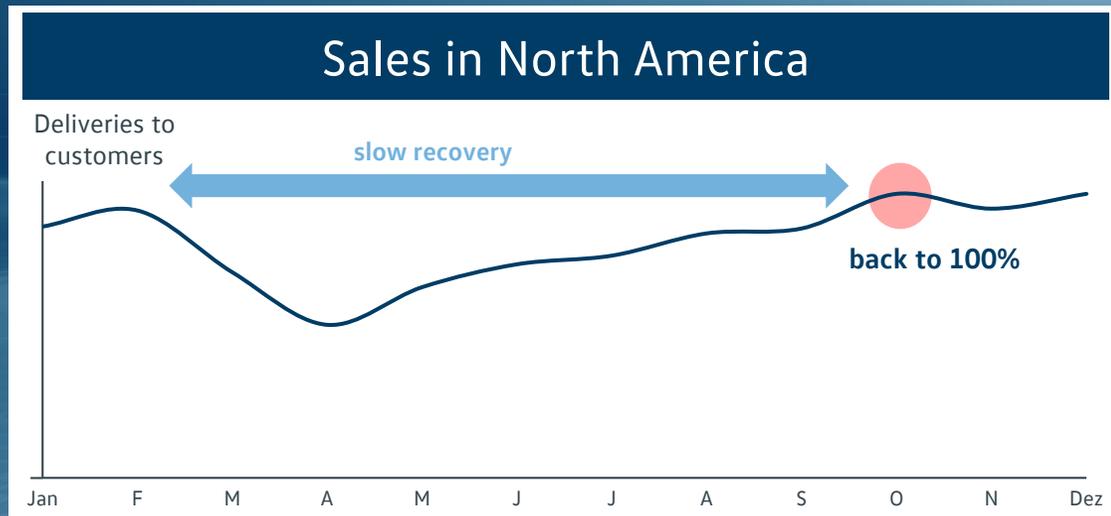
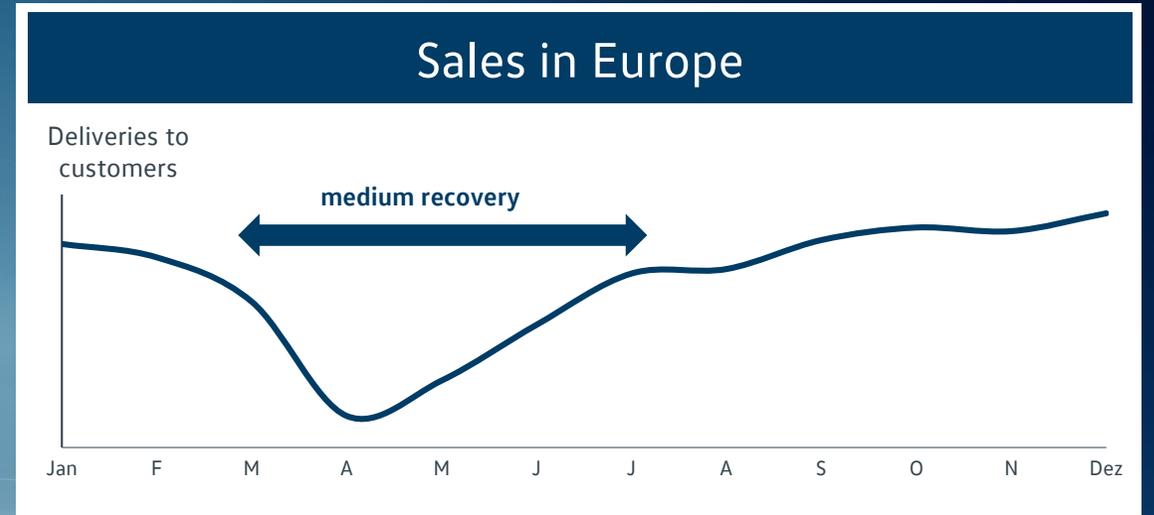
... but we gained market shares in SAM + CN, stable elsewhere



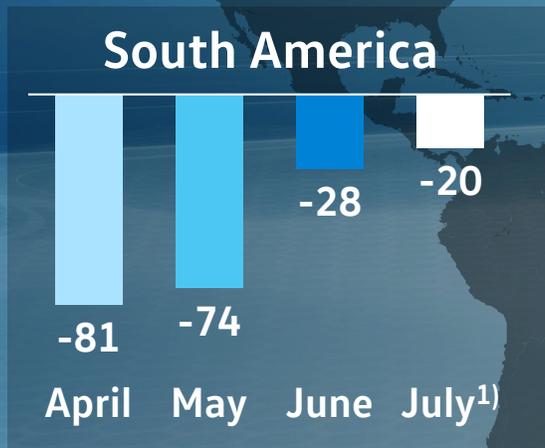
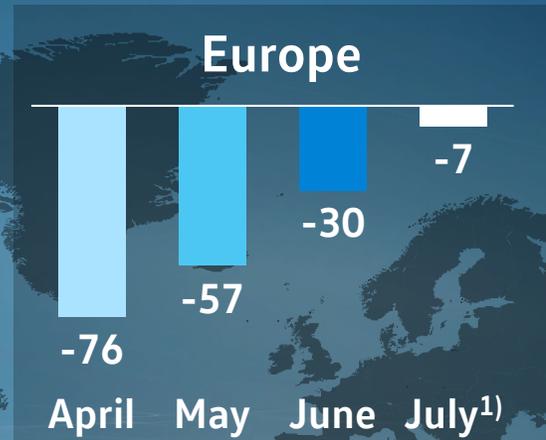
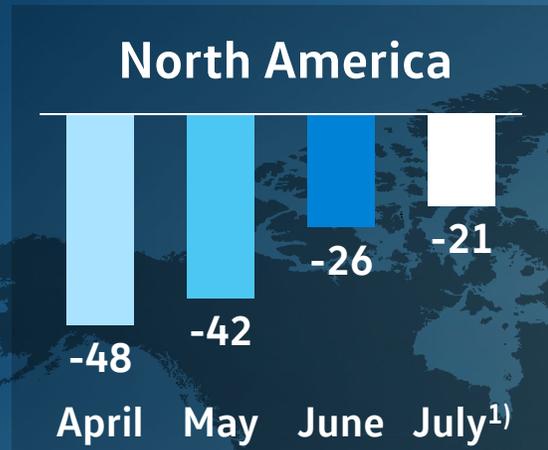
Total market passenger cars / Deliveries to Customer | Jan - June 2020 (Year to Date)



# Regions show different speeds of recovery



# Deliveries to customer show strong signs of recovery in June & July



Deliveries to customer in % | April – July<sup>1)</sup> 2020 vs. April – July 2019

<sup>1)</sup> Expectation



# Positive press feedback on the ID.3 after media event

So lang wie ein Golf, aber ein Radstand wie beim Passat: Das ist der VW ID.3.



**Auto Bild**

Gelungener Feinschliff: Neben der Dynamik passt jetzt auch die Abstimmung von Fahrwerk und Lenkung.



Umfrage zur E-Auto-Kompetenz: VW vor BMW und Mercedes



VW ID.3 (2020):  
Neuvorstellung –  
Marktstart – Preise - Info

**motor 1**.com



Der neue König unter den Elektroautos?

**discoverev**  
THE FUTURE OF MOTORING



Game changing Volkswagen ID.3

**Handelsblatt**



Heilsbringer mit Verspätung – eine erste Fahrt im VW ID.3

The ID 3 coasts without any perceptible mechanical drag when you lift off the accelerator, rolling on for seemingly impossible distances on flat roads



**AUTOCAR**



VW ID.3 FULL REVIEW  
Driving the new  
Volkswagen EV ID.3

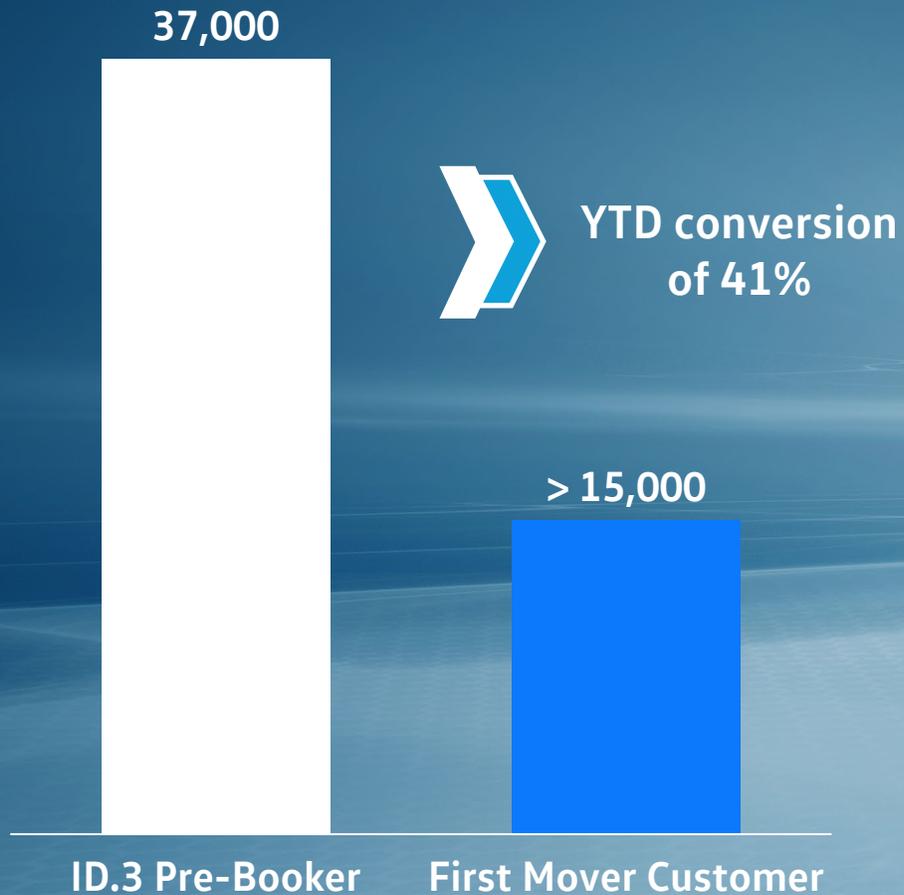
**SOY MOTOR**



Volkswagen ID.3 2020: ya a la venta en España



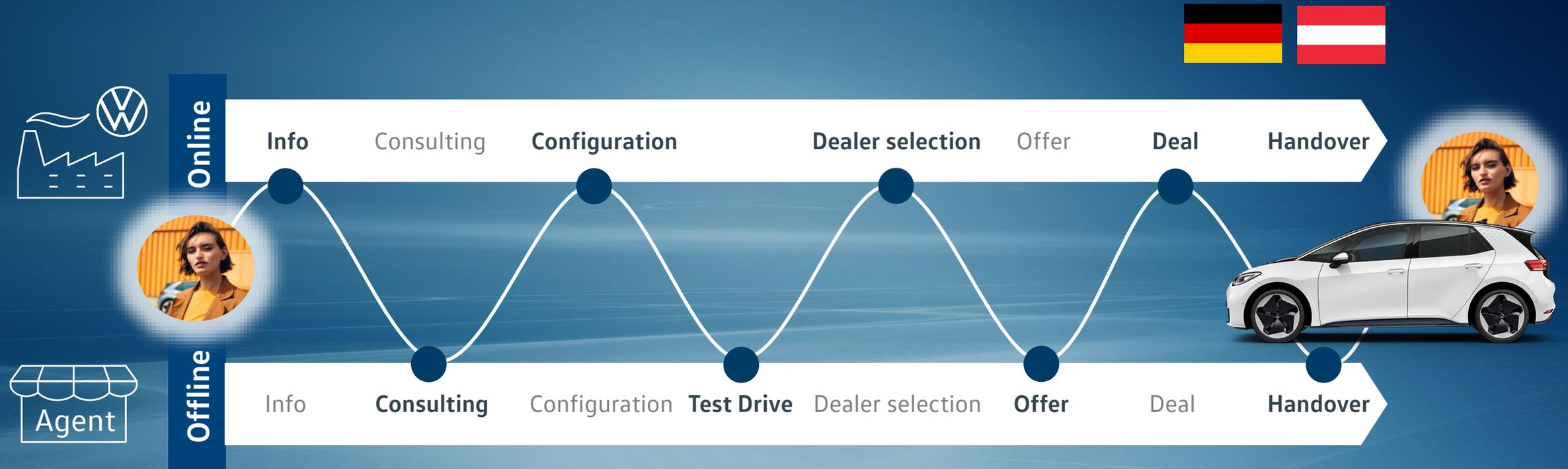
# ID.3 order take on target. Fast conversion of pre-bookers to first mover customers



 CW 38 First handover to customer



# ID.3 distributed via the agency model in GER & AUT – enabling omni-channel sales



# Rapidly growing BEV/ PHEV portfolio – journey “to zero” has kicked off

Golf GTE<sup>1</sup>



Touareg eHybrid<sup>1</sup>



Tiguan PA eHybrid<sup>1</sup>



ID.4<sup>1</sup>



2020

Q3

Q4

2021

ID.3<sup>2/3</sup>



Arteon Shooting Brake eHybrid<sup>1</sup>



Arteon PA eHybrid<sup>1</sup>

1) The vehicle is a near-production prototype

2) ID.3 Pro Performance, 150 kW / combined power consumption in kWh/100 km: 16.9 - 15.4 (WLTP); 15.4 - 14.5 (NEDC); combined CO<sub>2</sub> emissions in g/km: 0

3) ID.3 Pro S, 150 kW / combined power consumption in kWh/100 km: 17.7 - 15.9 (WLTP); 14.1 - 13.5 (NEDC); combined CO<sub>2</sub> emissions in g/km: 0



# Exciting new launches to push brand communication & sales – 2<sup>nd</sup> half-year

The New Golf



Extended launch through Corona



Golf GTE<sup>1</sup>



Golf GTD<sup>1</sup>  
GTI Clubsport<sup>1</sup>



Tiguan PA



Q1

Q2

Q3

Q4

2020

2021



Golf GTI<sup>1</sup>



Arteon  
Shooting Brake



Golf 8 Variant

1) The vehicle is a near-production prototype

2) ID.3 Pro Performance, 150 kW / combined power consumption in kWh/100 km: 16.9 - 15.4 (WLTP); 15.4 - 14.5 (NEDC); combined CO<sub>2</sub> emissions in g/km: 0

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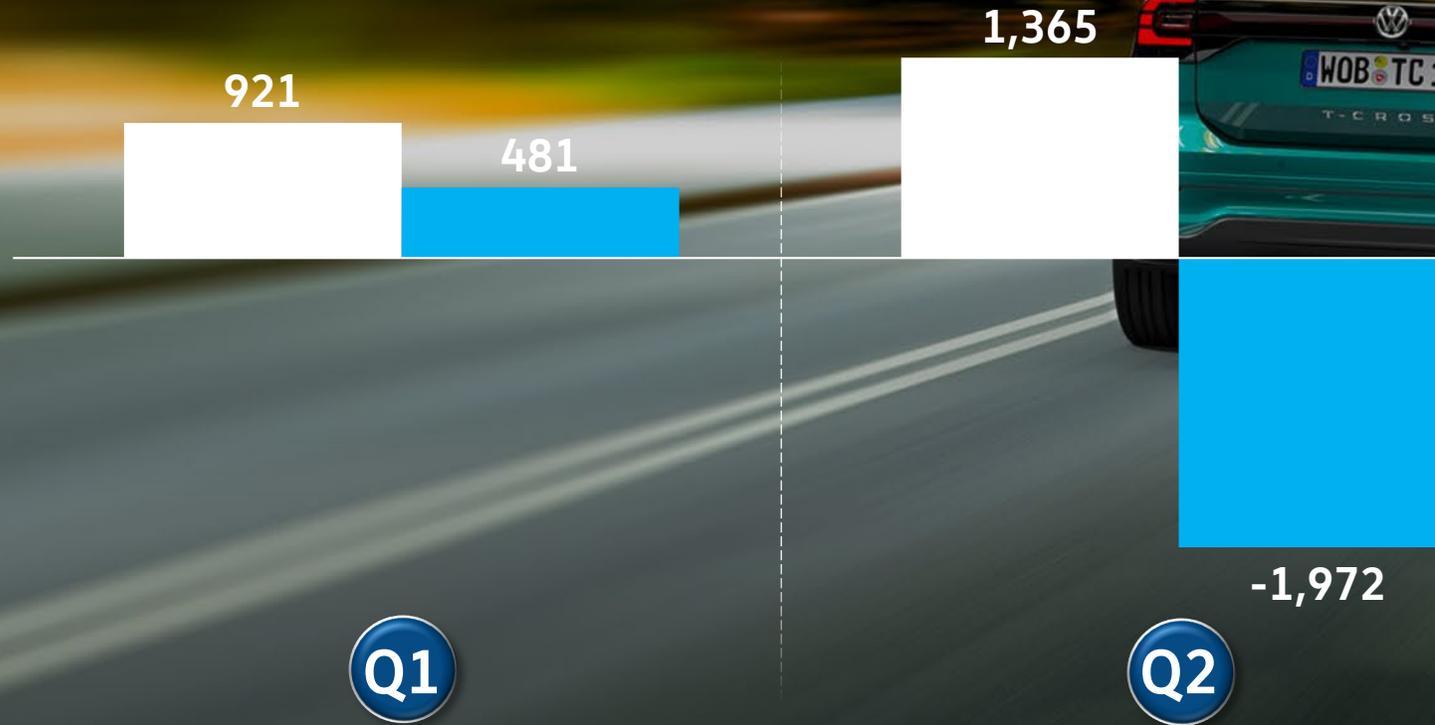


# Temporary production and dealer shutdowns led to a huge earnings drop, however, the monthly trend is clearly heading towards break-even

## OPERATING PROFIT

€ million

2019 2020



Q1

Q2

## SALES VOLUME

('000 unit)

910



-16%

765

976



-62%

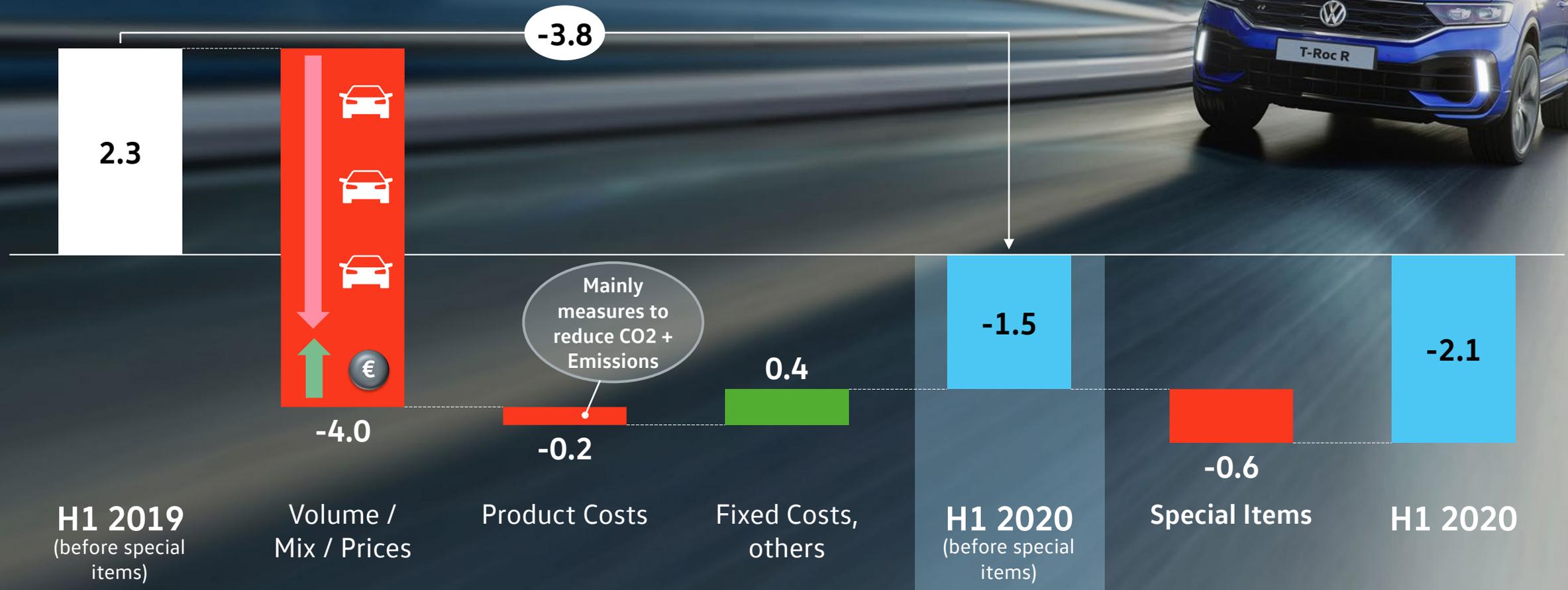
369



# Volume losses due to COVID-19 are the main reason for the negative earnings development

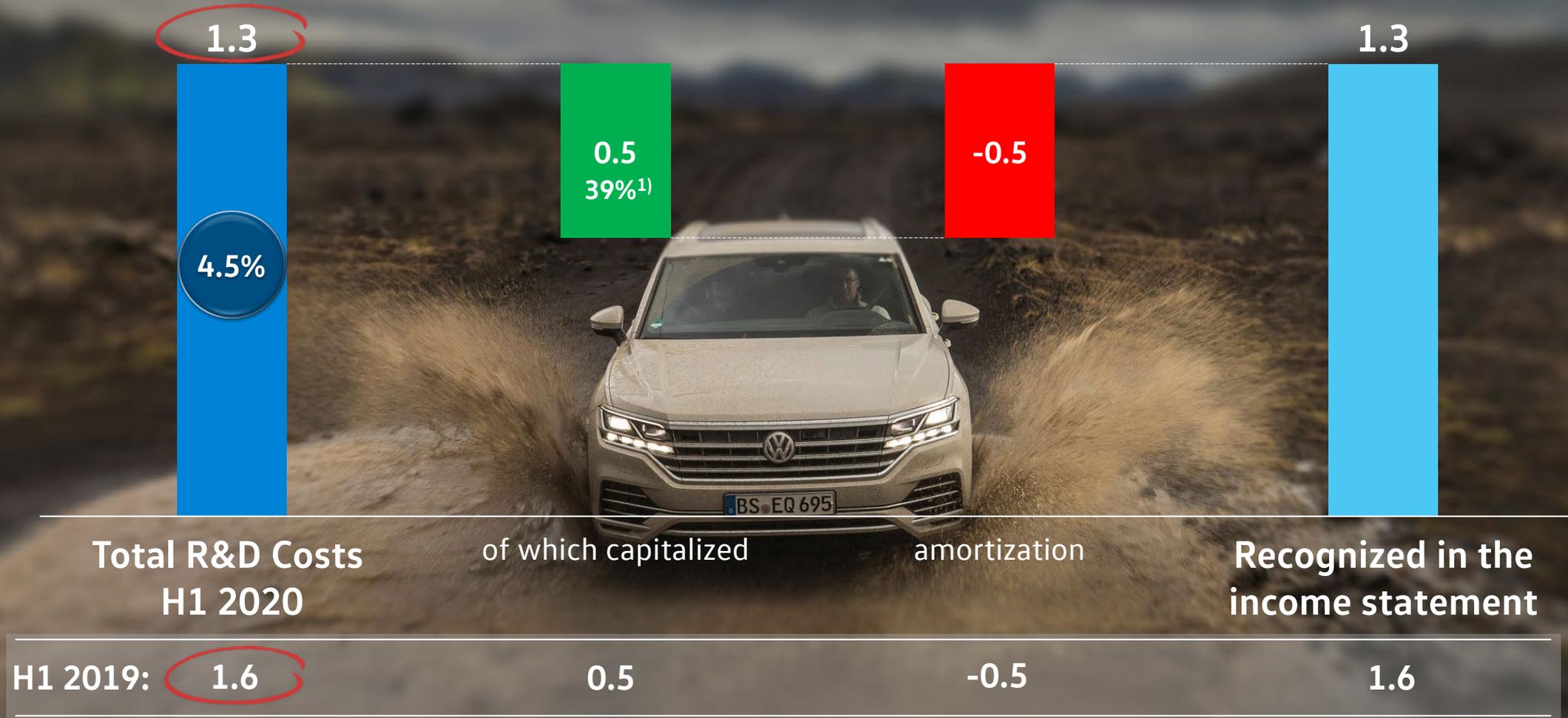
## OPERATING PROFIT

€ billion



# We have pushed the brakes on expenditures except for our strategic priorities

€ billion/ % percentage of sales revenue

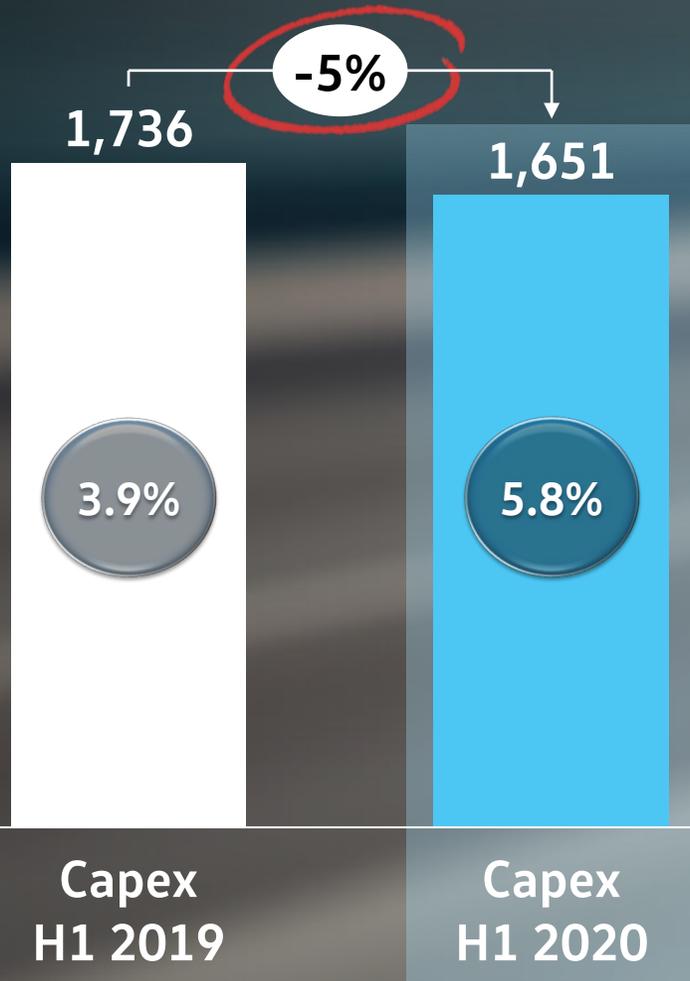


<sup>1)</sup> Capitalization ratio



# We have intensively challenged our investment needs but kept the focus on our transformation towards electrification and digitalization

€ million/ (%) percentage of sales revenue



## Efficiency measures

Capital discipline

Complexity reduction

Intra-Group synergies

MQB/MEB/VW.OS

Strategic target:  
**4-5%**



# Cash flow development reflects the negative earnings development but proactive management of stocks provided some relief

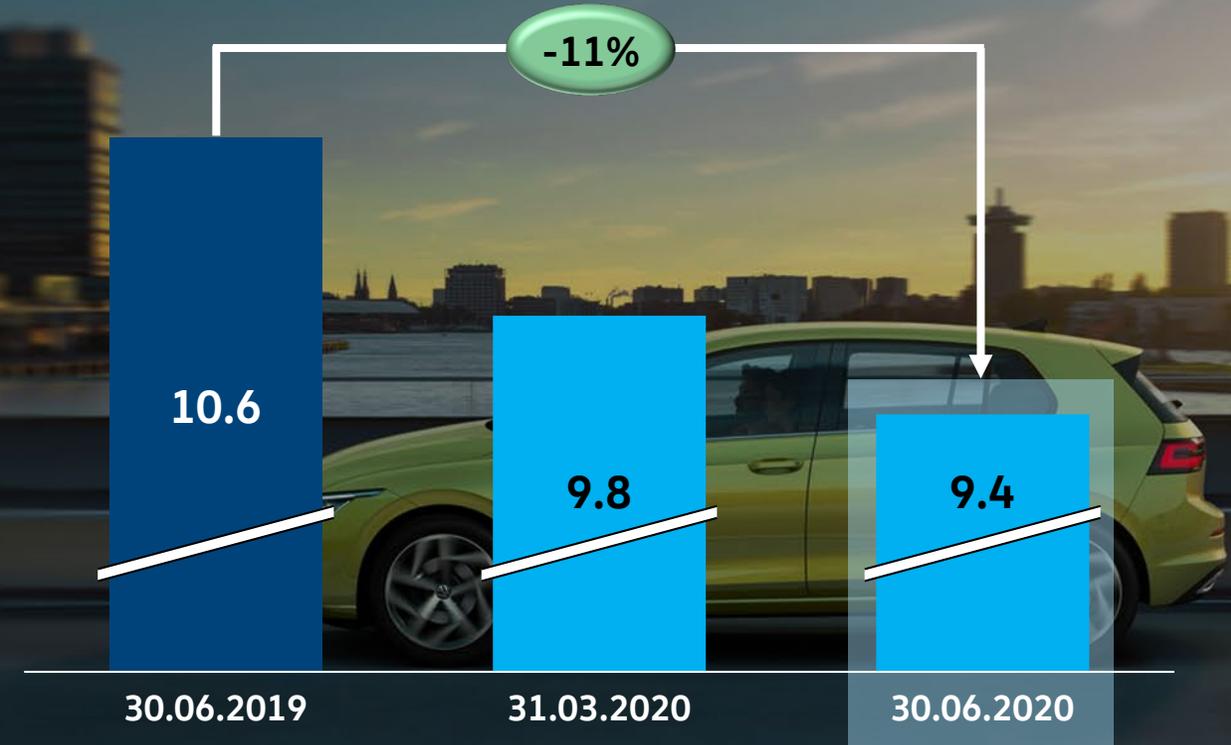
## Net-Cash flow from January to June 2020

€ billion



## Development of net inventories

€ billion



# Our countermeasures to limit the negative impacts of Corona



**Close alignment of sales and production planning**

**Strong focus on liquidity + Working Capital management + prioritizing Investments**

**Rigorous cost reductions and spending freeze**

**Steering of crisis response measures in the regions**



# Pushing for as much recovery as possible

## The positive aspects of the first half 2020:

- ✓ Successful crisis management in one of the worst economic situations in recent history
- ✓ Significant recovery in monthly development of sales volumes and financial performance
- ✓ Clear reduction of fixed costs, R&D spending and investments
- ✓ Net-inventories significantly reduced against prior year

	Outlook 2020	Target 2025
<b>Sales revenue</b>	Significantly below prior year	tbd
<b>Operating result</b> before special items	Operating result severely below prior year However, positive	> 6 %

