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Volkswagen Group continues its profitable growth – solid nine-month figures

- **Sales revenue grows significantly year-on-year to EUR 170.9 billion in the period up to end of September**
- **Operating profit before special items climbs to EUR 13.2 billion in the first nine months**
- **Net liquidity in the Automotive Division still at a robust EUR 25.4 billion despite high outflows related to the diesel issue**
- **Forecast for 2017 as a whole: Group's operating profit before special items will be moderately higher than the original target of between 6.0 and 7.0 percent**
- **Profit before tax rises by EUR 2.4 billion year-on-year to EUR 10.6 billion**
- **CEO Matthias Müller: "Our operating business is strong, our financial position robust."**

Wolfsburg, October 27 – The Volkswagen Group is continuing its profitable growth and has further consolidated its financial base with a strong third quarter. In the first nine months of the current fiscal year, operating profit before special items rose to EUR 13.2 billion from EUR 11.3 billion in the prior-year period. This corresponds to an increase of 17.4 percent. Sales revenue from January to September climbed 6.8 percent to EUR 170.9 billion, and operating profit before special items likewise rose from 7.0 to 7.7 percent. "The interim results for the period up to the end of September are very impressive and underpin the trust of customers worldwide in our brands and their products. For this we are thankful," said Matthias Müller, Chairman of the Board of Management of the Volkswagen Group. "These results were also achieved thanks to the hard work of all employees in our Group, who despite the difficult challenges they sometimes face simply do a good job."

The nine-month figures were impacted by additional provisions in connection with the diesel issue. As announced at the end of September, special items of EUR 2.6 billion had been recognized for this in the third quarter. After deduction of special items, operating profit for the period from January to September came to EUR 10.6 (8.6) billion. The Group's operating profit does not include the proportionate operating profit from the Chinese joint ventures. This amounted to EUR 3.3 (3.6) billion up to the end of September. These companies are accounted for using the equity method and are therefore solely reflected in the Group's financial result. After taxes, the Group's nine-month profit stood at EUR 7.7 (5.9) billion.

"Earnings in the first nine months make us quite optimistic about the year as a whole," said Frank Witter, Member of the Board of Management, responsible for Finance and Controlling. "This is a strong foundation that we can build on. With net liquidity of around EUR 25 billion in the Automotive Division, we have an adequate financial cushion. It is important to remember, however, that in this year alone we have seen outflows of around EUR 14.5 billion for the diesel issue." Witter also stressed that the diesel issue was nowhere near an end and would continue to necessitate great efforts throughout the entire Group. "Although there is still a lot to be done, we can definitely be satisfied with what we have achieved so far."

CEO Matthias Müller added: "Our operating business is strong, our financial position robust. And with our 'TOGETHER – Strategy 2025' we have a compelling plan for the future that is being implemented apace. Yet the latest interim financial statements also show what we can jointly achieve in our brand alliance, even under difficult conditions. If we continue to collaborate closely and make even better use of the synergies available in the Group, this will become a critical factor for success in the profound structural transformation our industry is undergoing."

Net liquidity in the Automotive Division of EUR 25.4 billion at the end of September

Net liquidity in the Automotive Division came to EUR 25.4 billion at the end of September. Capex in the Automotive Division fell by 9.2 percent to EUR 7.1 billion. The ratio of capex to sales revenue in the Automotive Division consequently decreased to 4.9 percent.

Brands and Business Fields

Unit sales by the **Volkswagen Passenger Cars** brand in the first nine months of 2017 amounted to 2.6 million vehicles. Operating profit before special items doubled to EUR 2.5 (1.2) billion. In addition to volume-, mix-, margin- and exchange rate-related factors, particularly cost optimizations resulting from the Future Pact had a positive effect.

Audi sold 1.1 million vehicles worldwide in the reporting period, a slight decrease compared with the previous year. The Chinese joint venture FAW-Volkswagen sold a further 412,000 Audi vehicles. At EUR 3.9 billion, operating profit before special items matched the prior-year level. Improved price positioning, exchange rate effects as well as optimization of costs had a positive impact. The financial key performance indicators for the Audi brand also include the **Lamborghini** and **Ducati** brands. Ducati sold 46,774 (47,125) motorcycles in the reporting period.

The **ŠKODA** brand lifted its unit sales in the first three quarters of 2017 to 700,000 (606,000) vehicles. The new Kodiaq met with a very positive reception in the market and had a major part in boosting unit sales. Operating profit improved by 28.3 percent to EUR 1.2 billion.

The **SEAT** brand sold 436,000 vehicles in the first nine months of this year, an increase of 9.1 percent. The Q3 produced for Audi is included in this figure. The new Ateca, in particular, contributed to the rise in unit sales. At EUR 154 (137) million, operating profit was up 12.3 percent on the prior-year period.

The **Bentley** brand's unit sales declined to 7,498 (7,825) vehicles in the period from January to September 2017. Operating profit declined to EUR 31 (54) million: negative volume-, price- and mix-related effects offset positive currency impacts and lower expenses from the development of the model portfolio.

Porsche Automotive recorded unit sales of 180,000 (177,000) vehicles worldwide. Above all, the new Panamera saw marked sales growth. Operating profit rose to EUR 2.9 (2.8) billion. The increase was mainly due to higher volumes.

The **Volkswagen Commercial Vehicles** brand sold 371,000 (342,000) vehicles worldwide in the first nine months of 2017. The Multivan/Transporter and Caddy were in high demand. Despite higher costs resulting from expansion of the production, operating profit climbed 78.0 percent to EUR 698 million due to margin, volume and exchange rate effects as well as product cost optimization.

The **Scania** brand lifted its unit sales in the first three quarters of 2017 to 65,000 (60,000) vehicles. Furthermore, the Scania brand boosted its operating profit to EUR 947 million from January to September 2017. This was attributable to higher vehicle sales as well as an enhanced service business.

At 80,000 units, sales of **MAN Commercial Vehicles** in the reporting period were up 8.4 percent year-on-year. Operating profit climbed to EUR 269 million due to volume and margin effects. The operating profit at **MAN Power Engineering** fell to EUR 107 (176) million in the first nine months of 2017.

Volkswagen Financial Services (includes Porsche Financial Services since the start of 2017) increased its operating profit to EUR 1.8 billion, a rise of 14.9 percent compared with the prior-year period. Along with the inclusion of additional revenue from Porsche Financial Services, the increase resulted primarily from improved margins and business growth.

Outlook

The Volkswagen Group expects that deliveries to customers will moderately exceed the prior-year volume amid persistently challenging market conditions. Challenges will arise particularly from the economic situation, intense competition in the market, exchange rate volatility and the diesel issue.

The Volkswagen Group's Board of Management expects the sales revenues of the Volkswagen Group, the Passenger Car Business Area and Commercial Vehicles Business Area to grow by more than 4 percent year-on-year in 2017. In terms of the Group's operating profit before special items, it is estimated that the operating return on sales in 2017 will be moderately higher than the original target of between 6.0 and 7.0 percent.

Note:

- Press text and images are available for downloading at www.volkswagen-media-services.com
- The interim report can be found at http://www.volkswagenag.com/ir/Q3_2017_e.pdf

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Volume data[1]	2017 / Q3	2016 / Q3	%	2017 / 9M	2016 / 9M	%
Deliveries to customers	2,651	2,493	+6.3	7,807	7,609	+2.6
(thousand units)						
Vehicle sales (thousand units)	2,642	2,454	+7.7	7,913	7,653	+3.4
Production (thousand units)	2,606	2,377	+9.6	8,039	7,645	+5.2
Employees				636.7	626.7	+1.6
(thousand at September 30, 2017/December 31, 2016)						
Financial data (IFRSs), EUR million						
Total sales revenue	55,002	51,997	+5.8	170,864	159,932	+6.8
Operating profit before	4,315	3,750	+15.1	13,231	11,267	+17.4
special items						
Special items	-2,595	-442	x	-2,595	-2,620	-0.9
Operating result	1,720	3,308	-48.0	10,636	8,647	+23.0
as a percentage of sales revenue	3.1	6.4		6.2	5.4	
Profit before tax	1,592	3,348	-52.5	10,552	8,159	+29.3
as a percentage of sales revenue	2.9	6.4		6.2	5.1	
Profit after tax	1,140	2,337	-51.2	7,735	5,915	+30.8
Automotive Division[2]						
Cash flows from operating activities	6,007	7,262	-17.3	8,040	16,998	-52.7
Cash flows from investing activities attributable to operating activities[3]	4,159	4,893	-15.0	10,988	9,495	+15.7
of which: capex	2,930	3,288	-10.9	7,089	7,803	-9.2
as a percentage of sales revenue	6.3	7.4		4.9	5.7	
Net cash flow	1,848	2,369	-22.0	-2,948	7,504	x
Net liquidity (at September 30)				25,443	31,115	-18.2
Net liquidity (at September 30/December 31, 2016)				25,443	27,180	-6.4

1 Volume data including the unconsolidated Chinese joint ventures. Deliveries for 2016 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: Q3 EUR 4,148 (4,850) million, January to September EUR 11,001 (11,788) million.