

**VOLKSWAGEN**

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**Leading the Transformation.**

Analyst and Investor Call H1  
Volkswagen AG

29 July 2021

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**Herbert Diess**

*Chairman of the  
Board of Management  
Volkswagen AG*



**Arno Antlitz**

*Chief Financial Officer  
Volkswagen AG*



**Helen Beckermann**

*Head of  
Group Investor Relations  
Volkswagen AG*

# In a nutshell: very strong first half of the year 2021

**Strong Q2 performance**  
in challenging environment



**E-Mobility ramp-up**  
gains further momentum

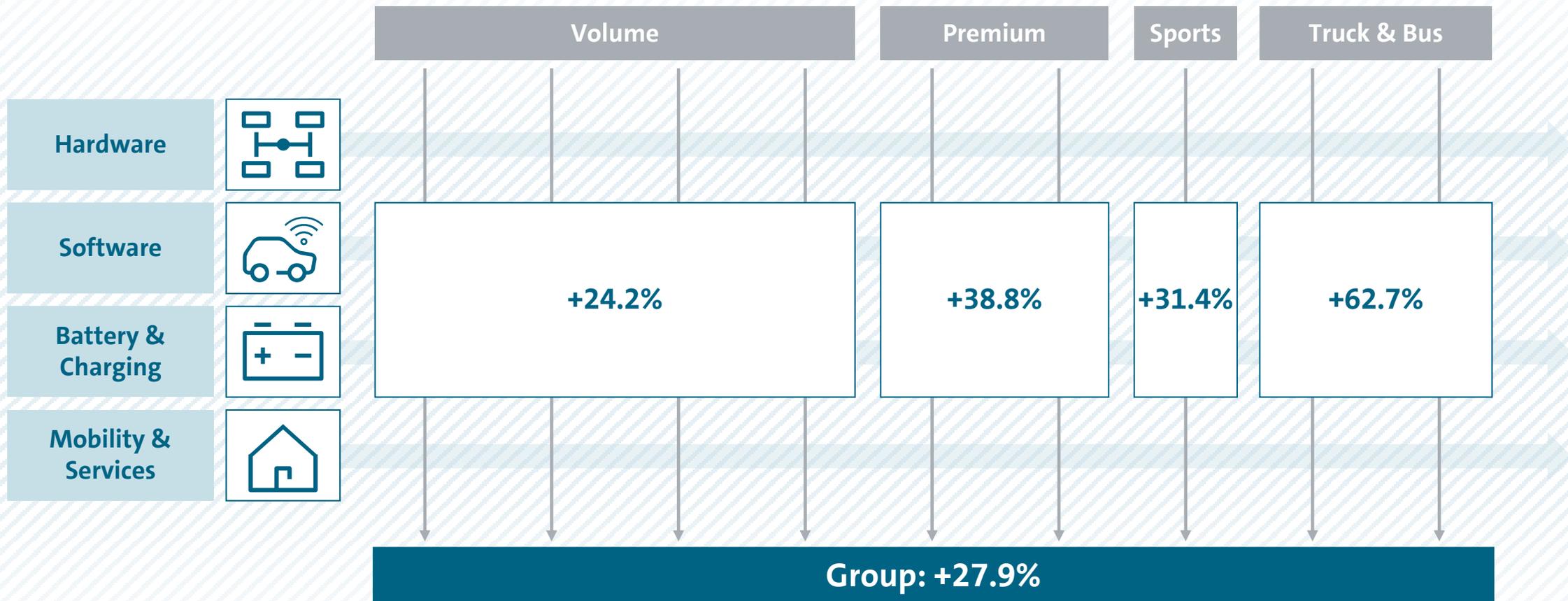
**NEW Auto**  
paves the way to 2030



**Updated guidance**  
amid product momentum & cost cuts

# All brand groups contributed to strong H1 performance

Volkswagen Group<sup>1</sup> Deliveries to Customers, January to June 2021 vs. 2020



1 Excluding Ducati

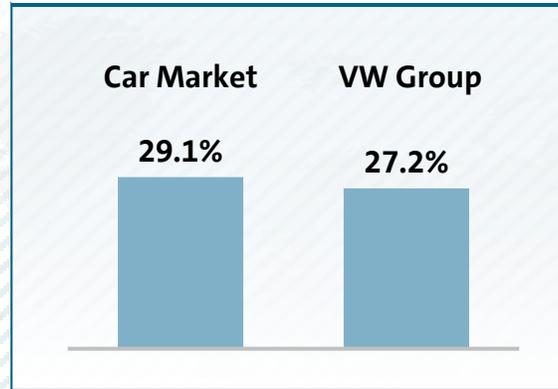
# In Europe and North America, Volkswagen Group gains market share<sup>1</sup>

## Growth y-o-y, January to June 2021 vs. 2020

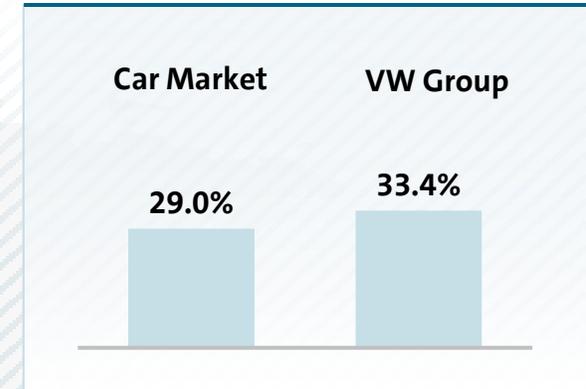
### North America<sup>2</sup>



### World<sup>2</sup>



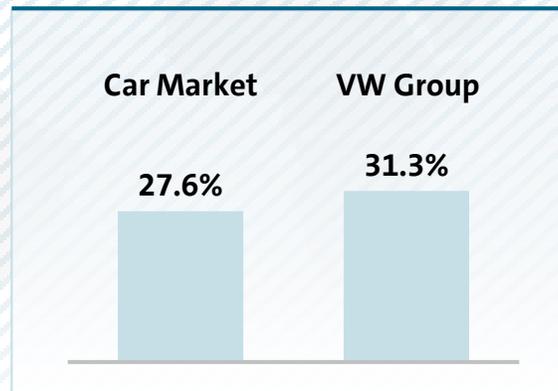
### Central & Eastern Europe



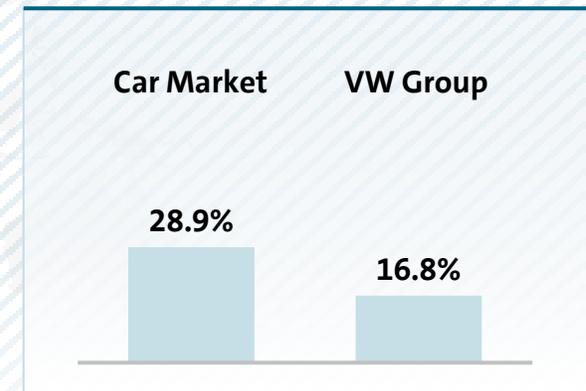
### South America<sup>2</sup>



### Western Europe



### Asia Pacific

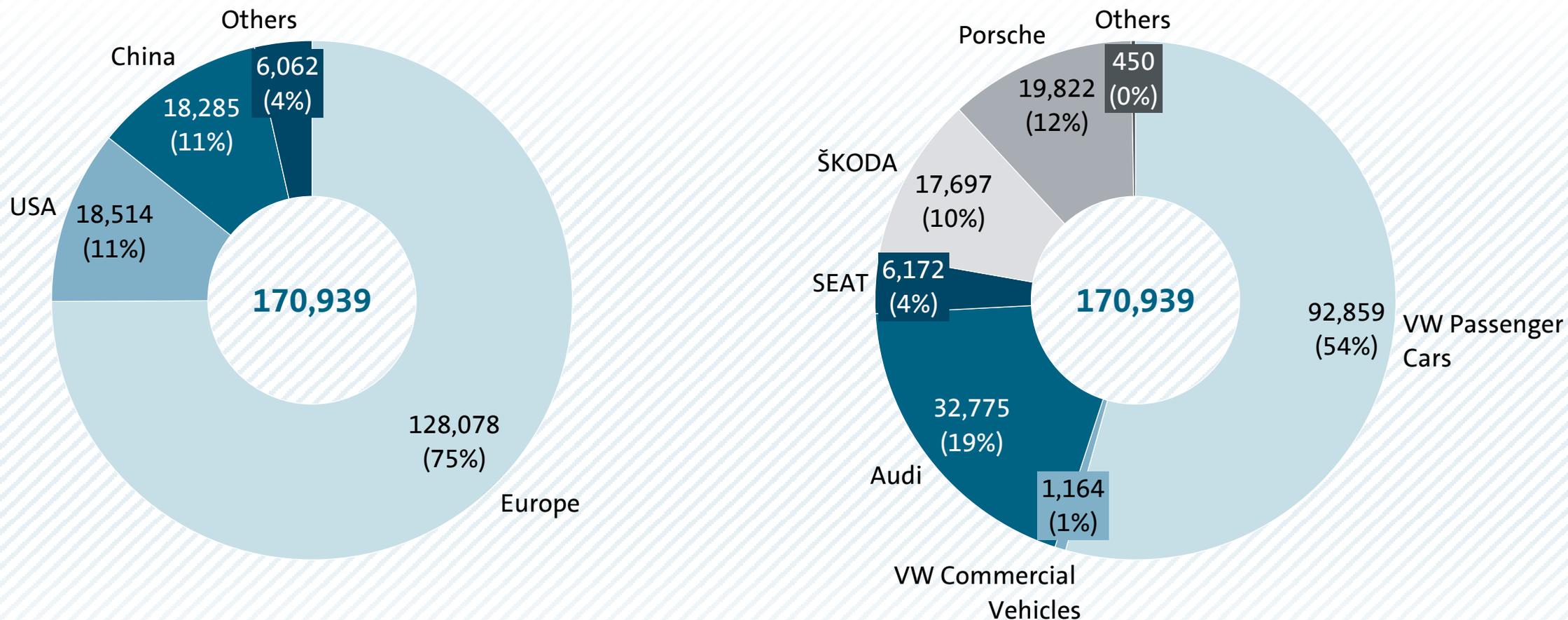


1 Volkswagen Group Passenger Cars excl. Volkswagen Commercial Vehicles 2) incl. LCV in North America & South America

# E-Mobility gaining momentum – BEV sales to further accelerate in H2

## Deliveries by regions and brands January to June 2021<sup>1</sup>

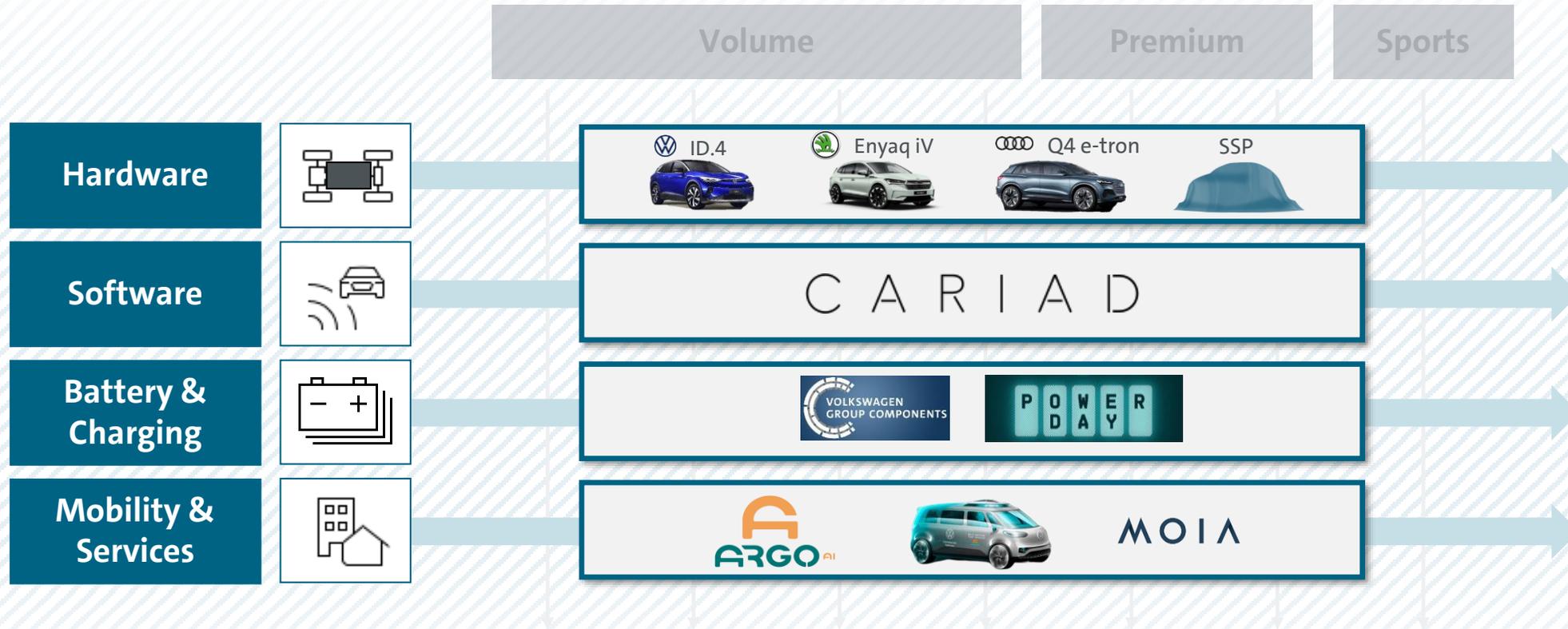
[Thsd units]



<sup>1</sup> Europe: EU 27+2+UK, China: Incl. HK

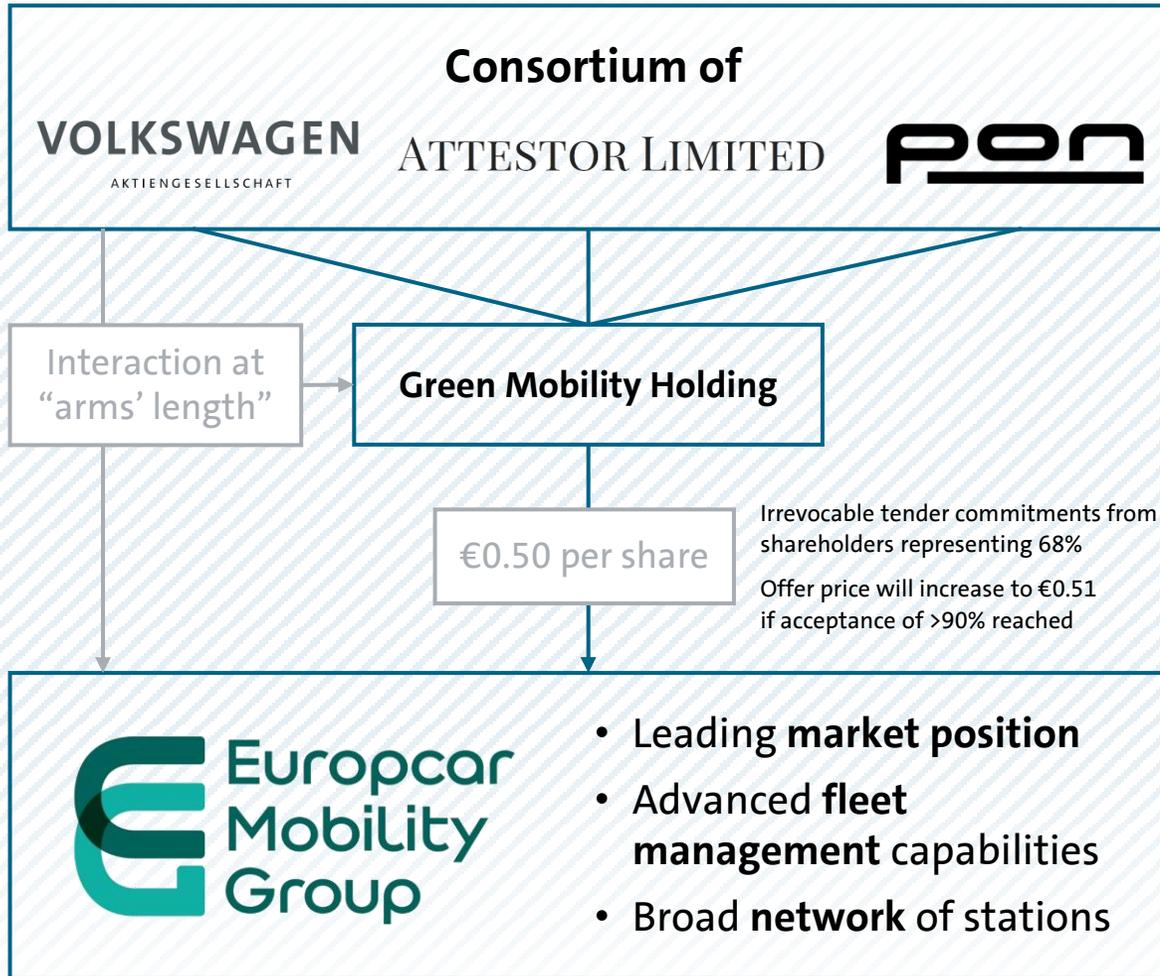
# VW Group Strategy

Group lays foundation to tap into future profit pools



ID.4 - power consumption in kWh/100 km (combined): 16.9-15.5 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+; Enyaq iV - power consumption in kWh/100 km (combined): 16.0-14.4 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+; Q4 e-tron - power consumption in kWh/100 km (combined): 17.3-15.8 (NEDC), 19.0-17.0 (WLTP); CO2-emissions in g/km: 0 (combined); efficiency class: A+; ID.Buzz - Concept Car

# Europcar deal provides compelling opportunity to create a leading mobility platform



## Accelerated delivery of mobility services targets

- Customers increasingly demand **new and innovative on-demand mobility solutions**, such as subscription and sharing models
- Building a **leading mobility platform** is a key priority of NEW AUTO strategy through 2030
- Leveraging the strong **transformation capabilities of Attestor** as well as the **international mobility services and customer experience of Pon**
- **Develop and transform** Europcar's business and **selectively add further services** from Volkswagen Group brands

# VW Group Strategy

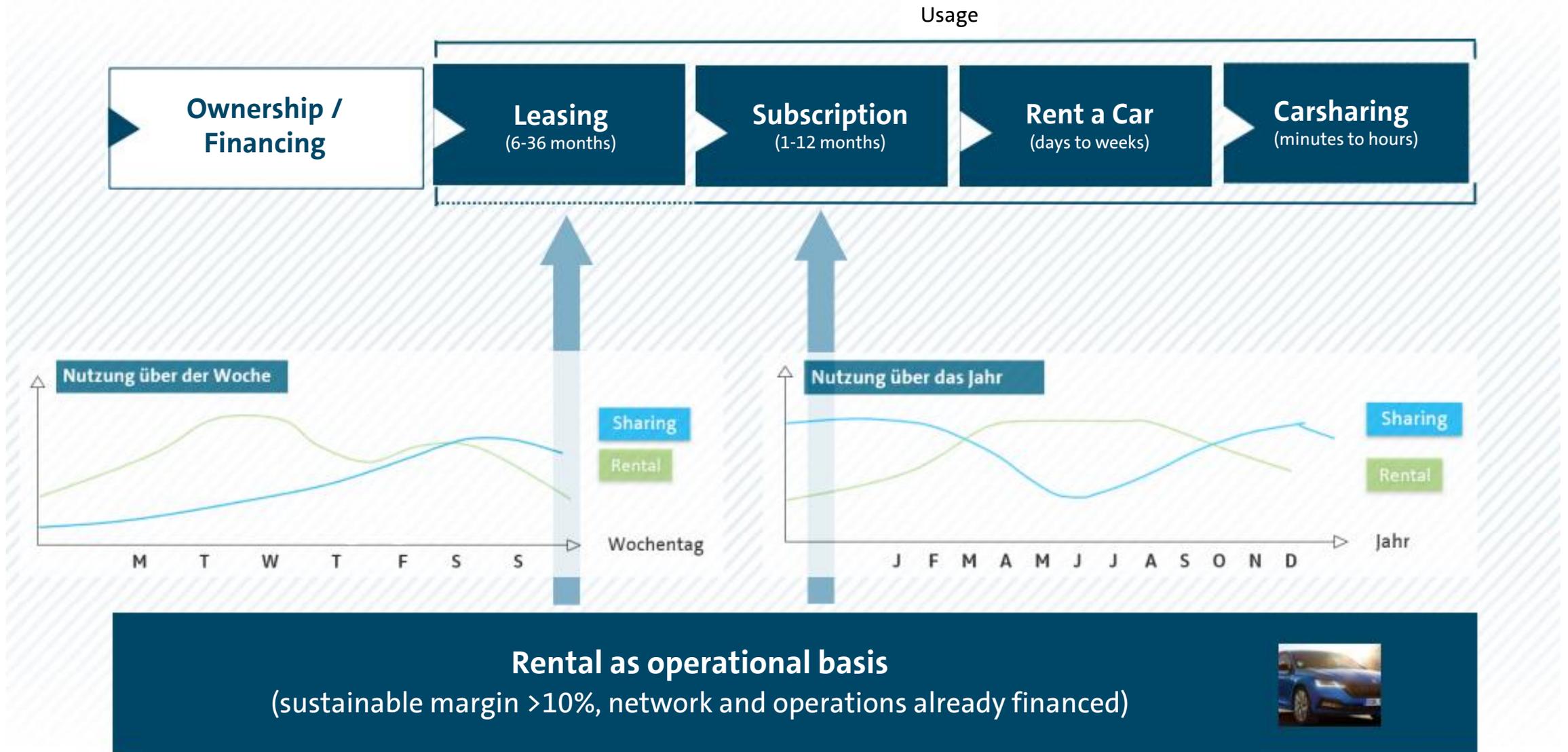
## Holistic mobility experience for customers

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
<i>Commuter</i>				<i>Business Trip</i>		
		<i>Meeting</i>			<i>Weekend Getaway</i>	
Daily trip to work with subscribed vehicle				Use leased car to get to client		
	<i>Sport</i>	Ride pooling from train station to client			Rent a van	
						
	Via car sharing to gym					



# VW Group Strategy

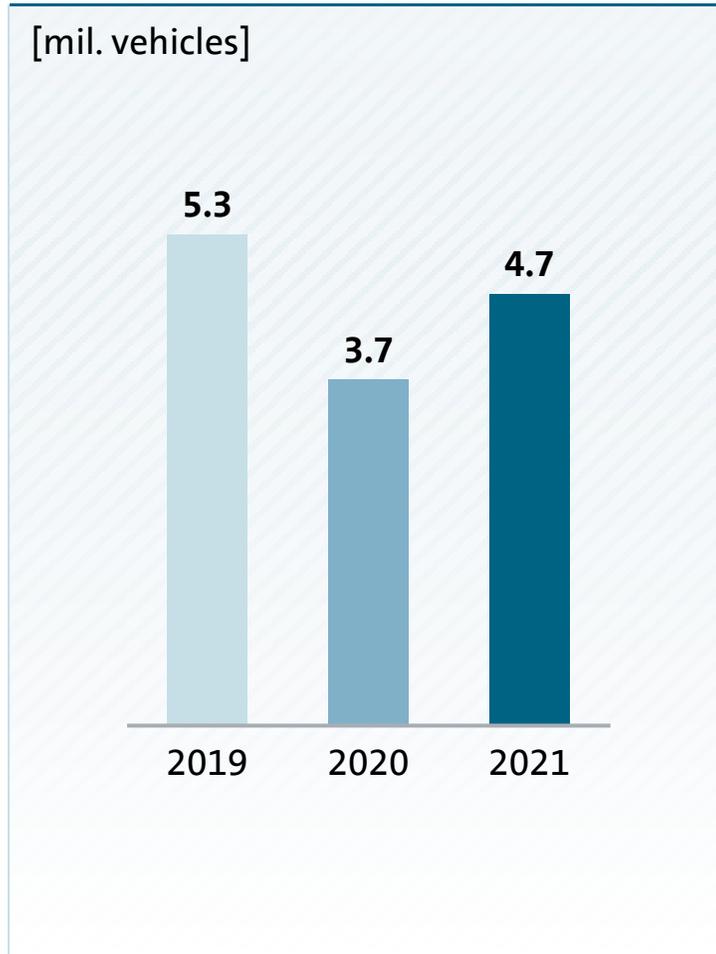
Continuing trend from ownership to usage of services



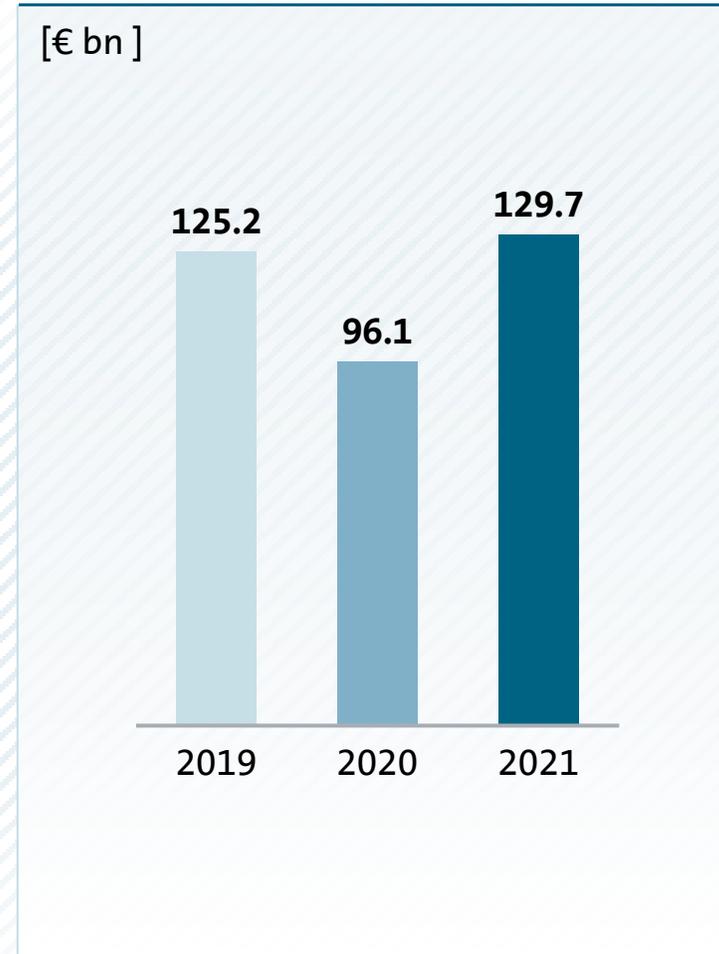
# Financial Highlights – Volkswagen Group

## January to June 2021 vs. 2020 vs. 2019

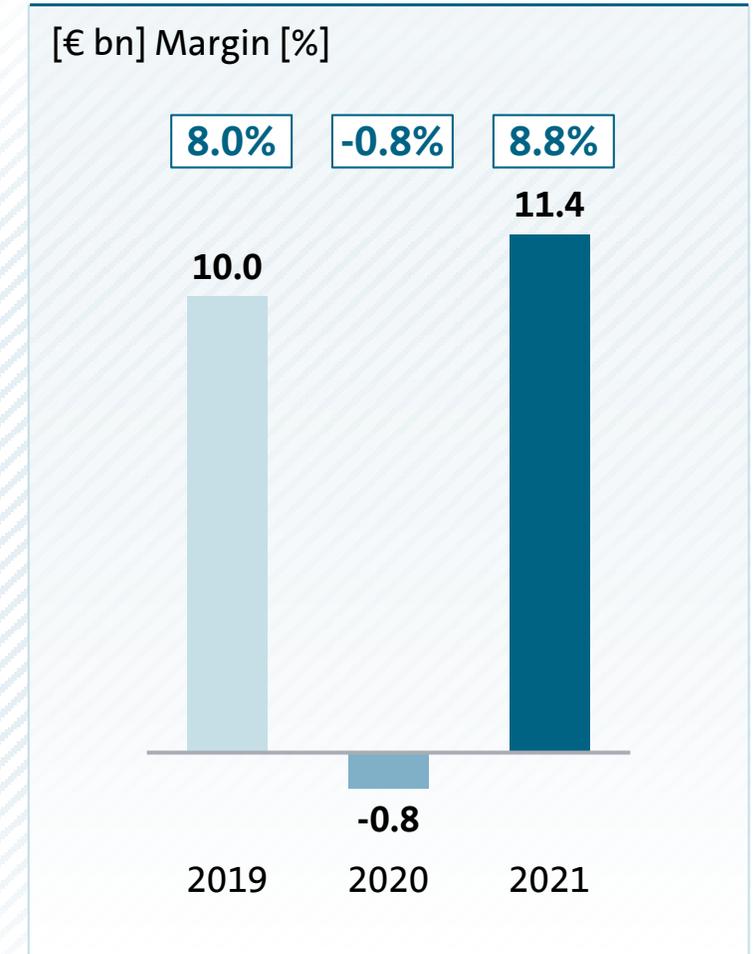
### Vehicles Sales H1



### Sales Revenue H1



### Operating Profit<sup>1</sup> and Margin H1

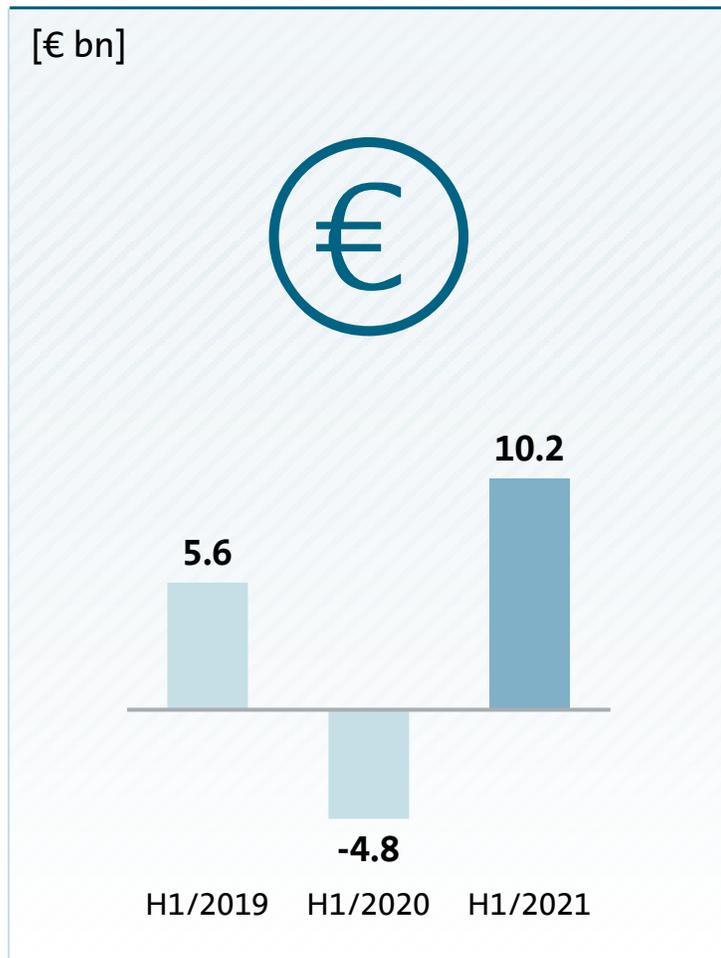


<sup>1</sup> before Special Items

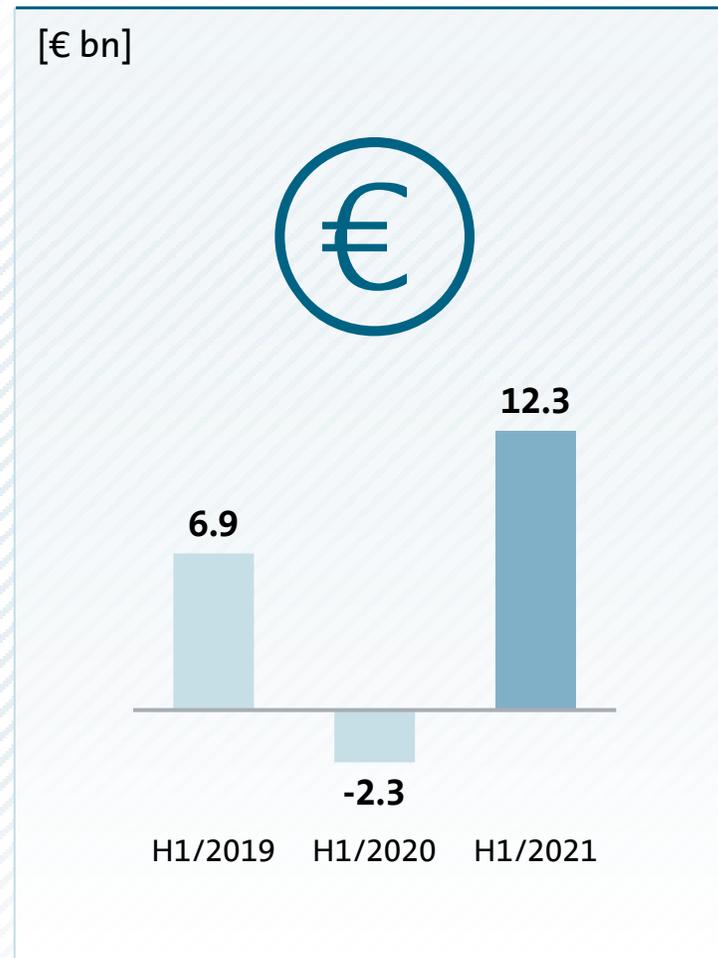
# Strong Automotive Cash Flow development

## Safeguarding liquidity to finance future

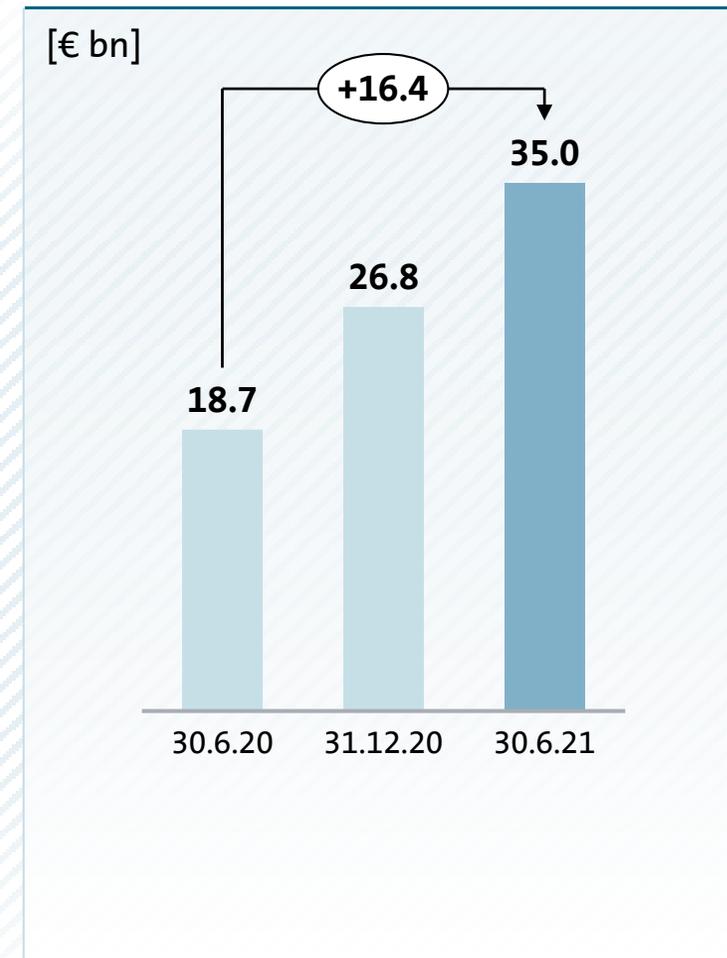
### Reported Net Cash Flow



### 'Clean' Net Cash Flow<sup>1</sup>



### Net Liquidity

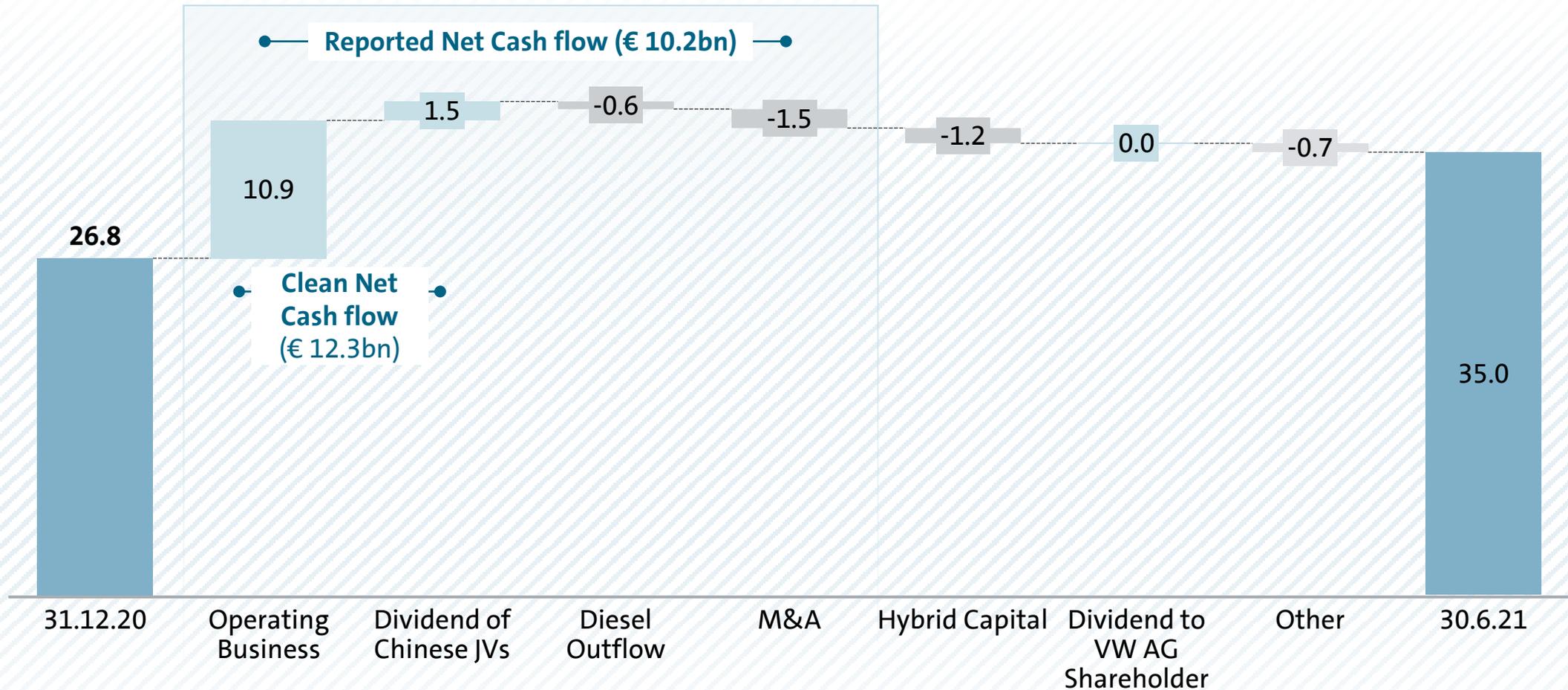


1 Reported net cash flow before M&A and Diesel

# Automotive Division – Analysis of Net Liquidity<sup>1</sup>

## January to June 2021

[€ bn]



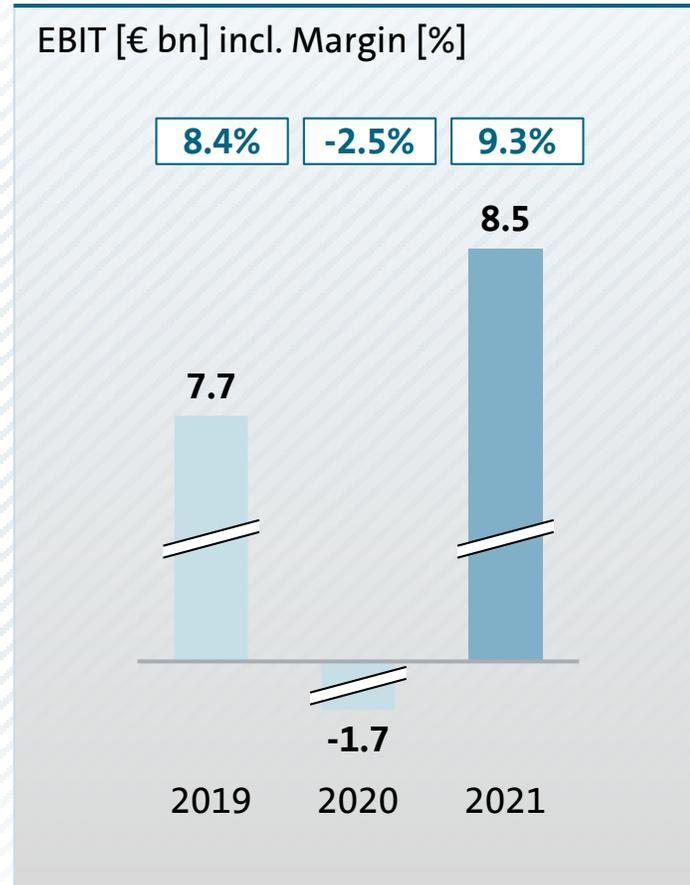
1 All figures shown are rounded, minor discrepancies may arise from addition of these amounts

# EBIT per Key Business Areas

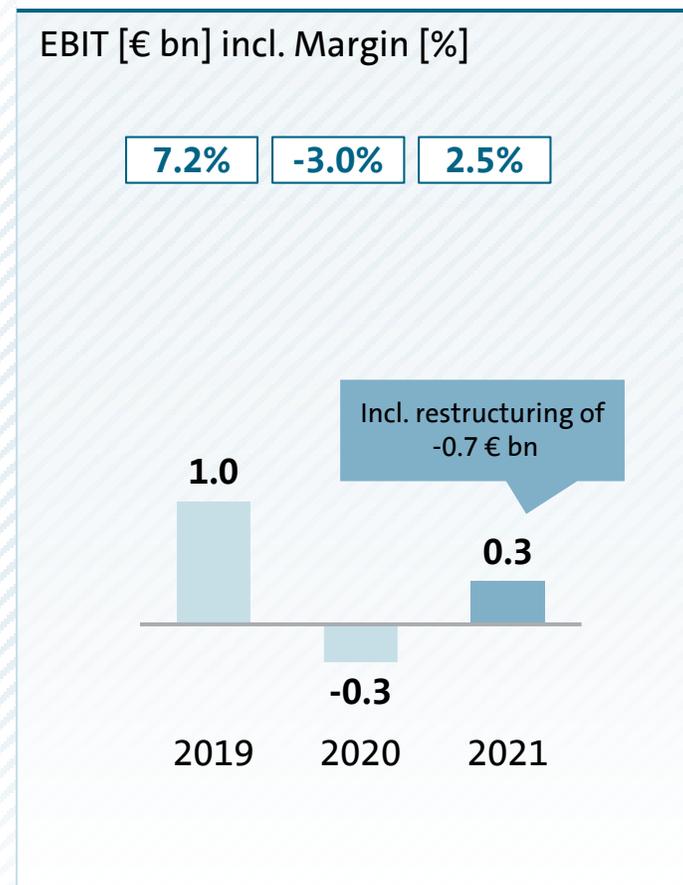
January to June 2021 vs. 2020 vs. 2019

## Automotive Division

### Passenger Cars<sup>1</sup>

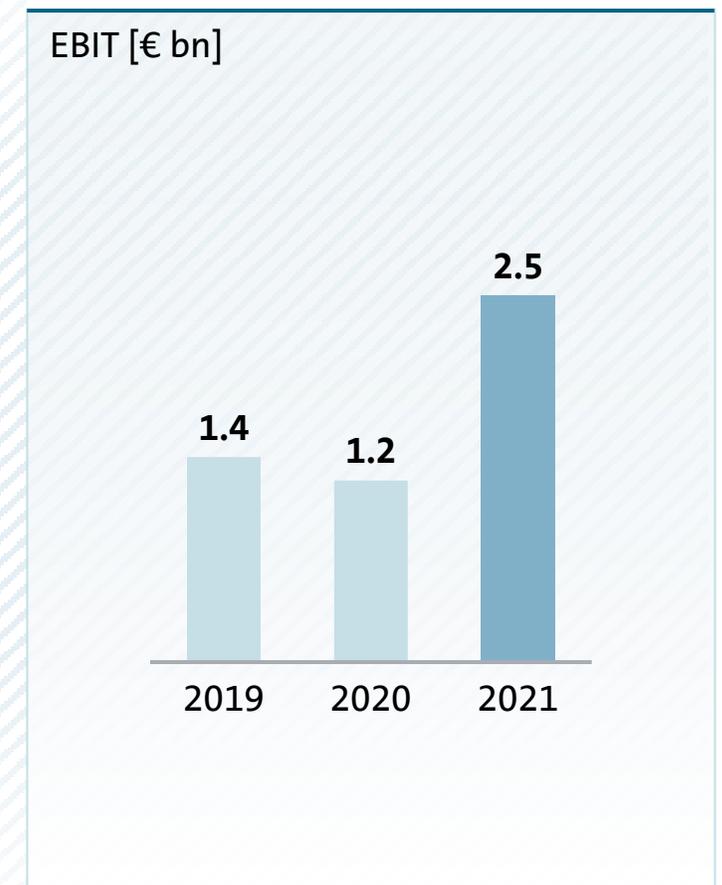


### Commercial Vehicles



## Financial Services Division

### Financial Services

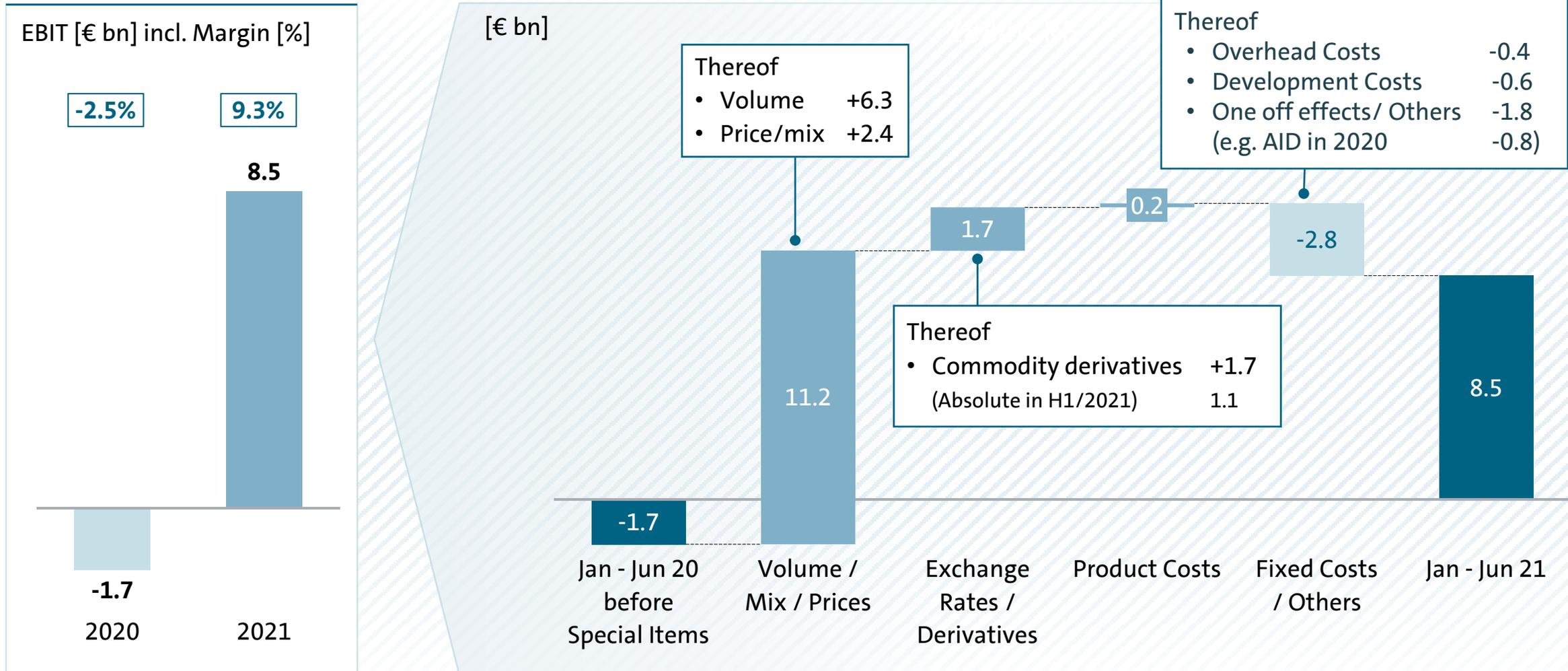


<sup>1</sup> before Special Items

# Passenger Cars EBIT-Bridge

## January to June 2021 vs. 2020

### Passenger Cars<sup>1</sup>

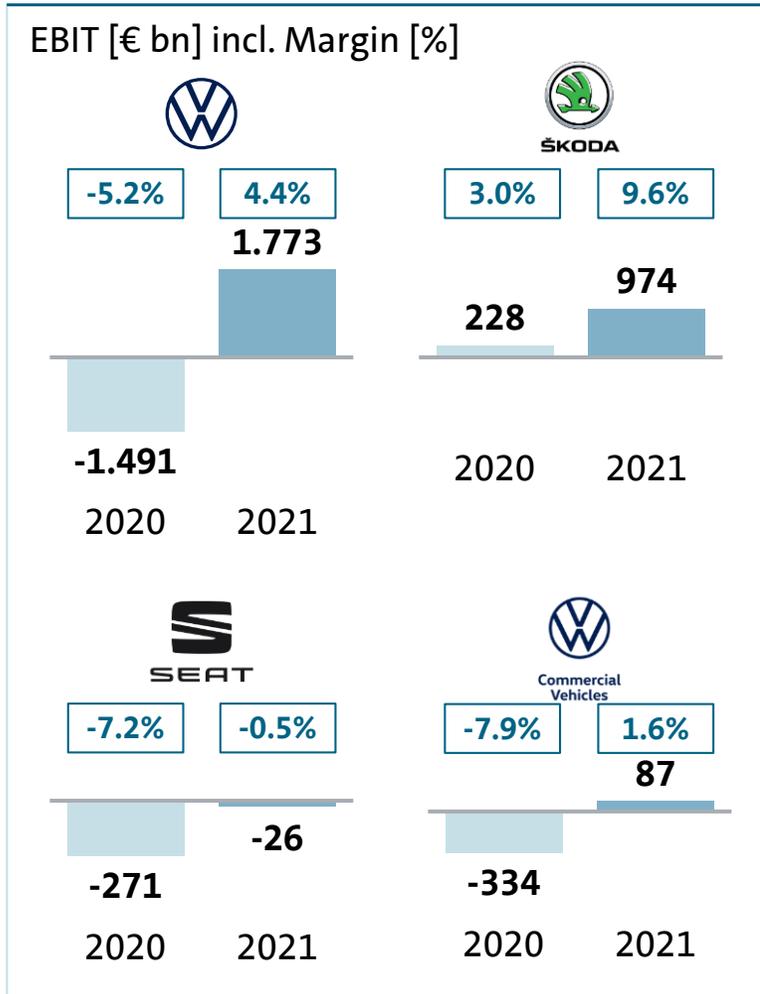


<sup>1</sup> before Special Items

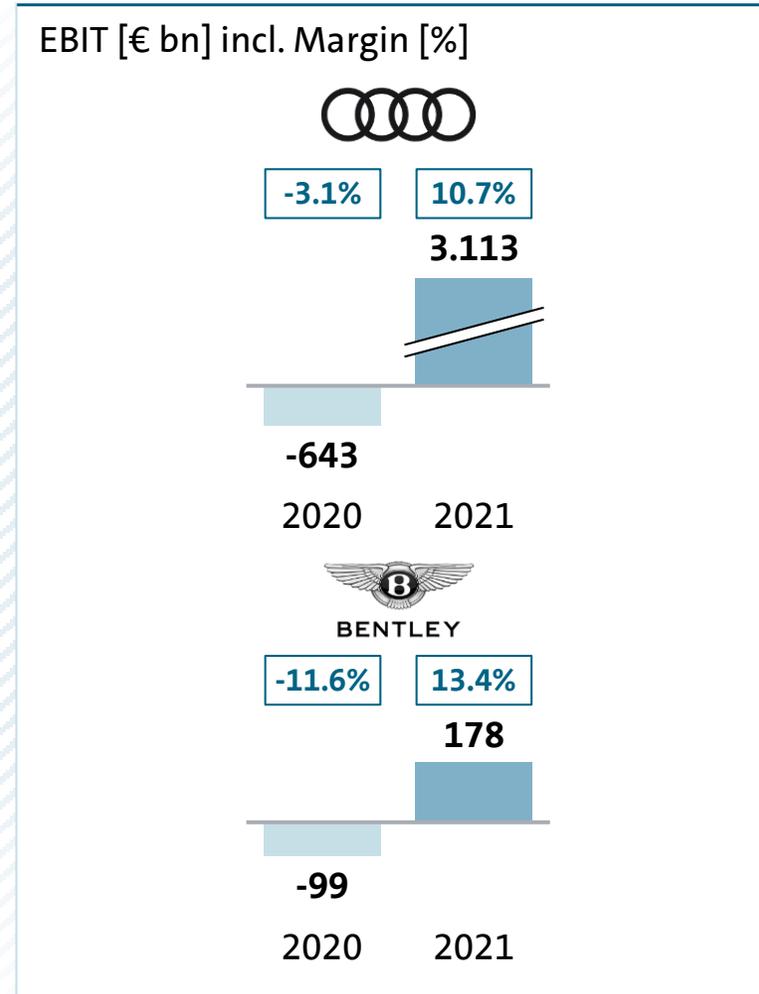
# Volkswagen Passenger Cars – Brand Groups Performance

## January to June 2021 vs. 2020

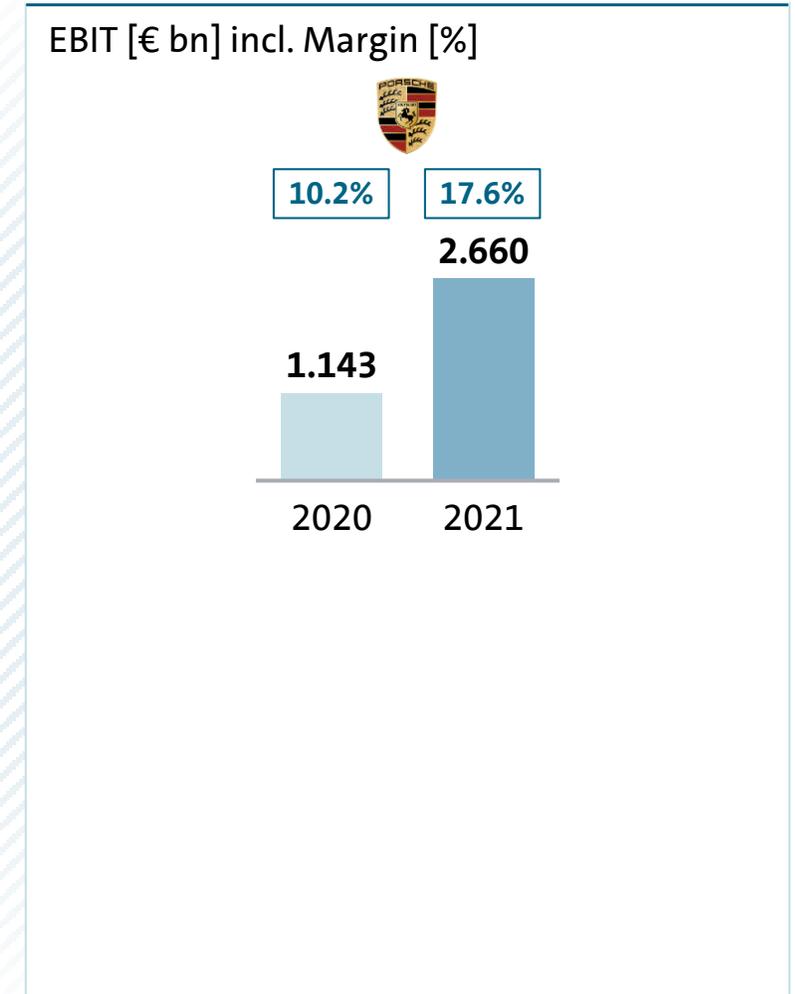
### Volume Group



### Premium Group



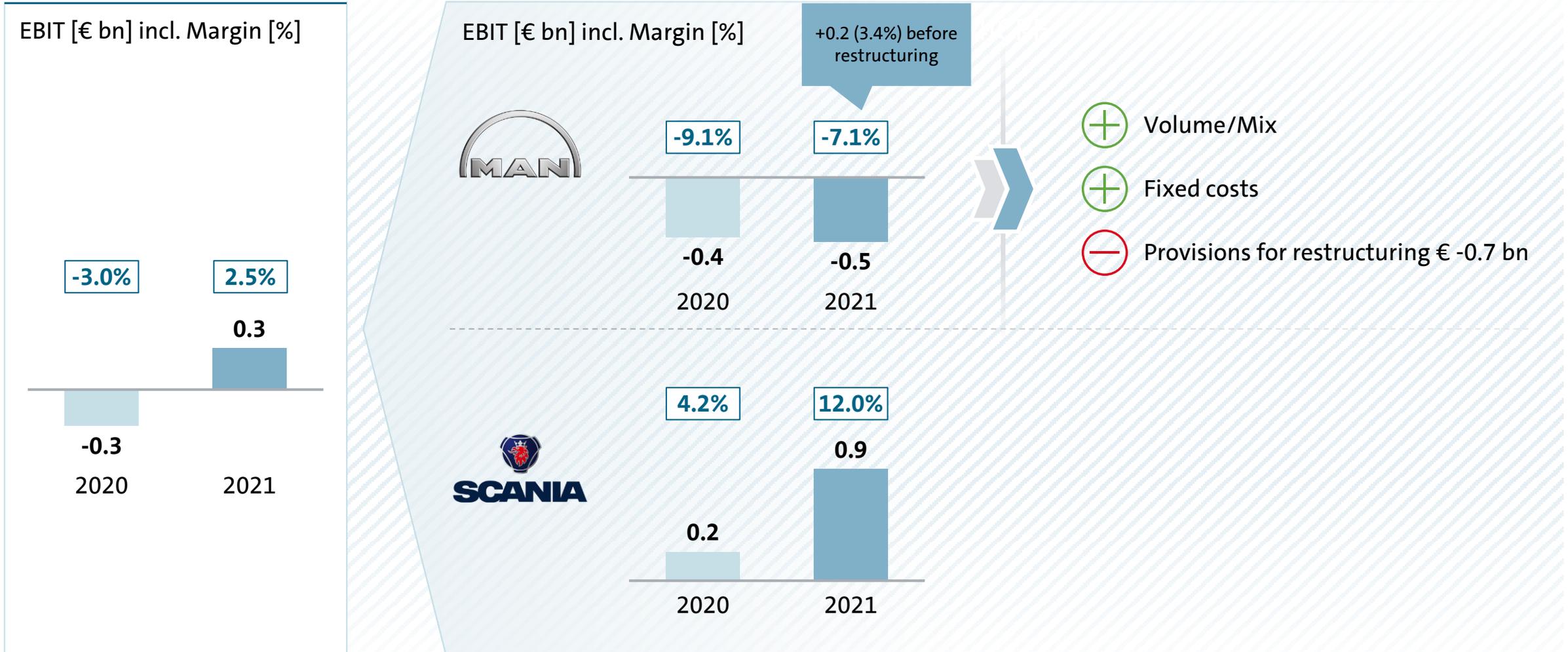
### Sport & Luxury Group



# Commercial Vehicles EBIT

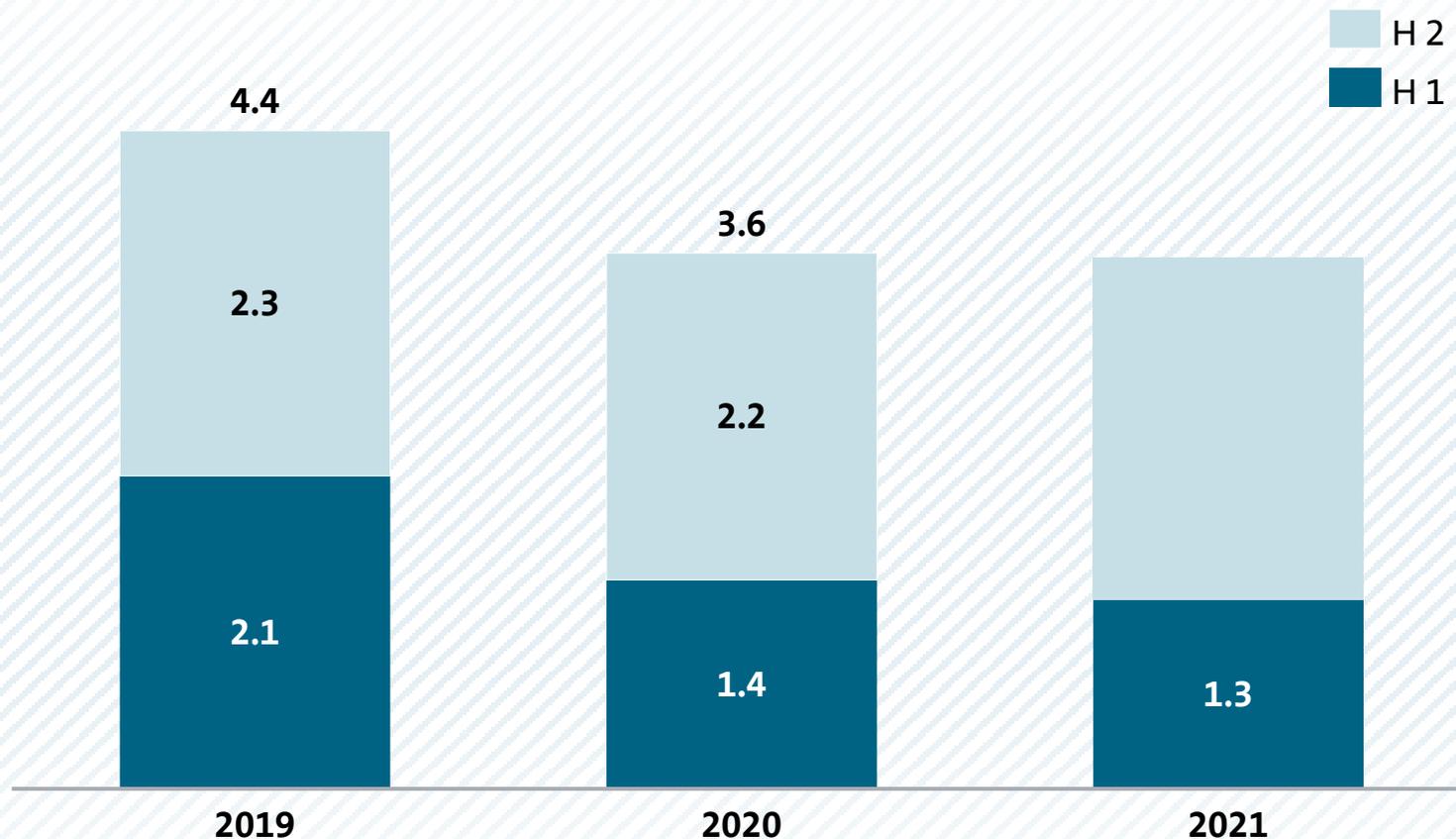
## January to June 2021 vs. 2020

### Commercial Vehicles/Trucks



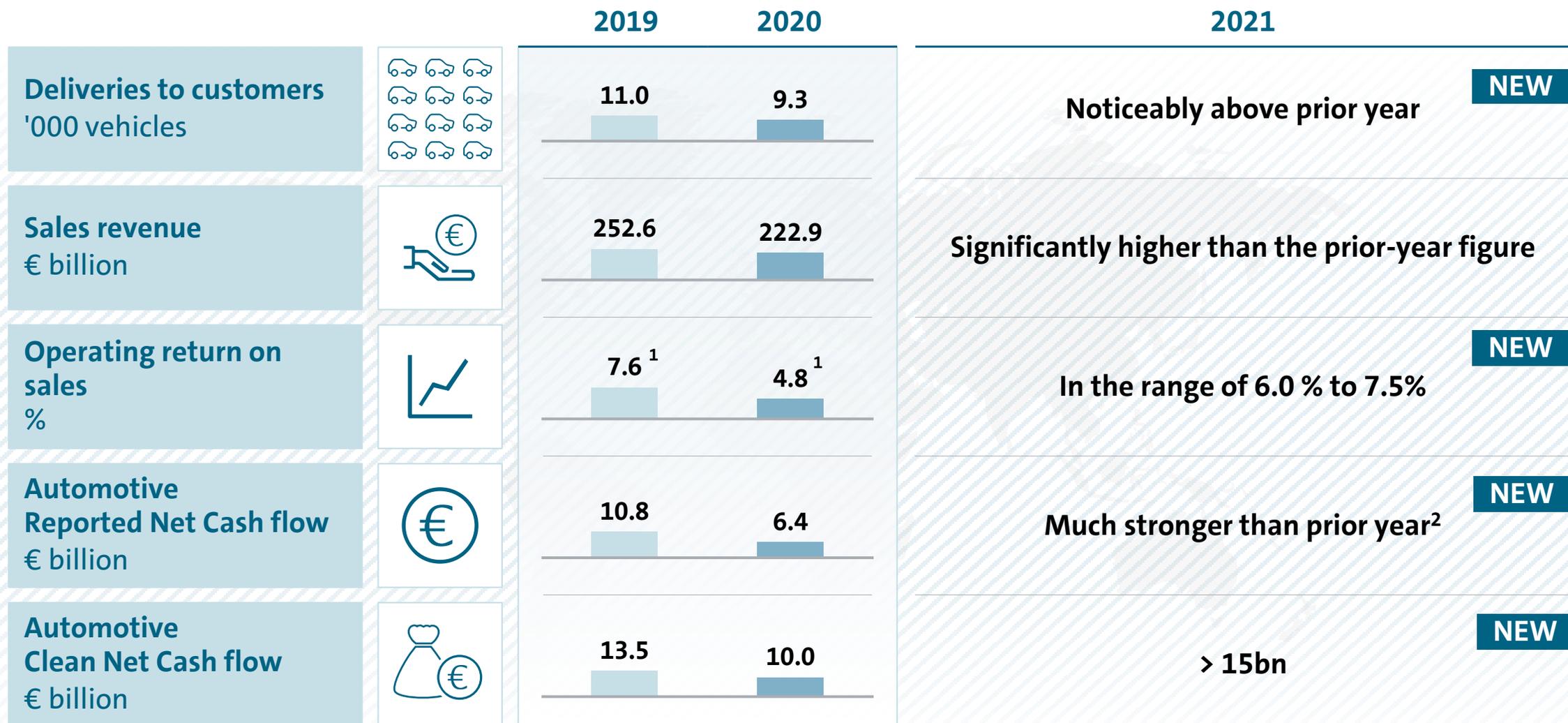
# China Joint Ventures – Proportionate Operating Profit

[€ bn]



## Drivers

- Continued strong premium performance, especially FAW-VW
  - Q2 2021 stronger affected by chip shortage
  - Competition in lower volume segment negatively impacted brand Volkswagen and ŠKODA
  - Upfront-Investment SAIC Audi
- 
- **Catch up program SVW initiated**



1 Before Special Items 2 Before Navistar

# Proof points of our Strategy

## Strategic CFO Targets

**Focused financial steering of the transformation**

(allocation of resources to future topics)



**Safeguarding and strengthening our financial foundation**

(... for continued investments in future technologies such as electrification, digital technology and autonomous driving)



## CFO Focus Areas

Focus on **product transformation towards electric**

**Digitalization: Advancing in software/services**

**Groupwide cost & efficiency programs**

**Capturing group-wide synergies**

**Managing margins and Cash Flows**



*Acting based on integrity and values*

# BEV ramp-up pushing for scale effects

## CFO Focus Areas

Focus on product transformation towards electric

Digitalization: Advancing in software/services

Groupwide cost & efficiency programs

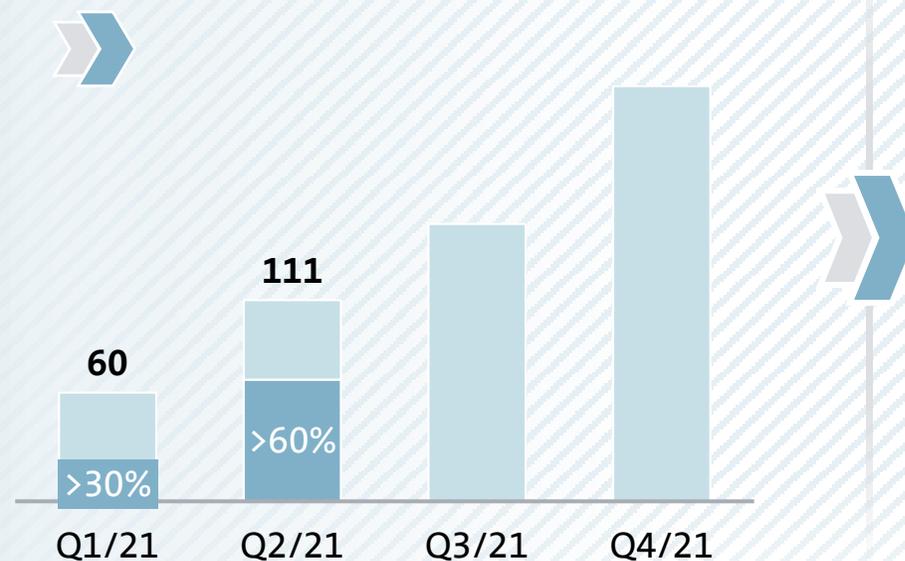
Capturing group-wide synergies

Managing margins and Cash Flows

## Worldwide Deliveries to Customers

[thousand units]

■ MEB share



- Synergy projects progressing by scaling up MEB platform groupwide
- ➔ VW ID.6, ŠKODA Enyaq iV, Audi Q4 e-tron/Q4 Sportback e-tron
- Group as market leader in the EU, with a share of about 26% in BEV deliveries
- Over-the-air functionality for ID family started in July with regular updates

# Business model: Software is a key differentiator for the future, 100% commitment to become Software-Enabled-Car-Company

## CFO Focus Areas

Focus on **product transformation towards electric**

**Digitalization: Advancing in software/services**

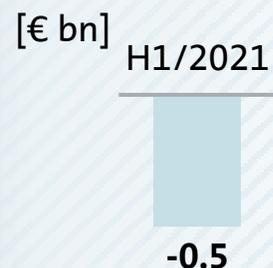
**Groupwide cost & efficiency programs**

**Capturing group-wide synergies**

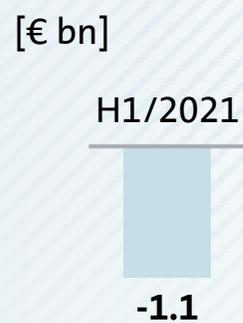
**Managing margins and Cash Flows**

C A R I A D

### Operating result



### Net Cash Flow



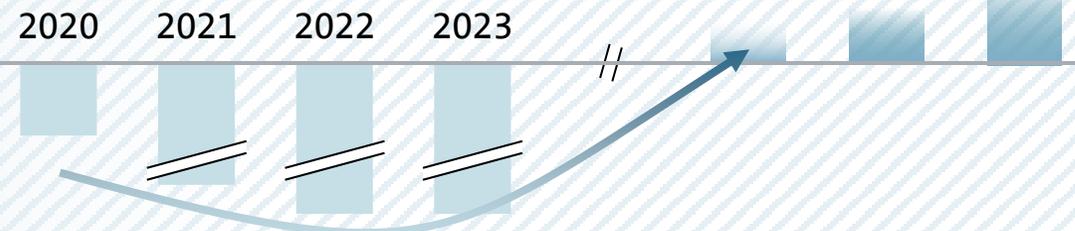
## Planned Business model CARIAD

Software development in brands

Investment phase R&D

Income phase through licenses

Based on primary R&D costs



- CARIAD currently included in 'Other line'<sup>1</sup>
- Brand R&D costs shifting to CARIAD
- H1 2021:
  - R&D € 1.0 bn
  - ca. 4.5 k headcount

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

# Financing the transformation: Fixed cost program ahead of schedule, further progress in Q2<sup>1</sup>

## CFO Focus Areas

Focus on **product transformation towards electric**

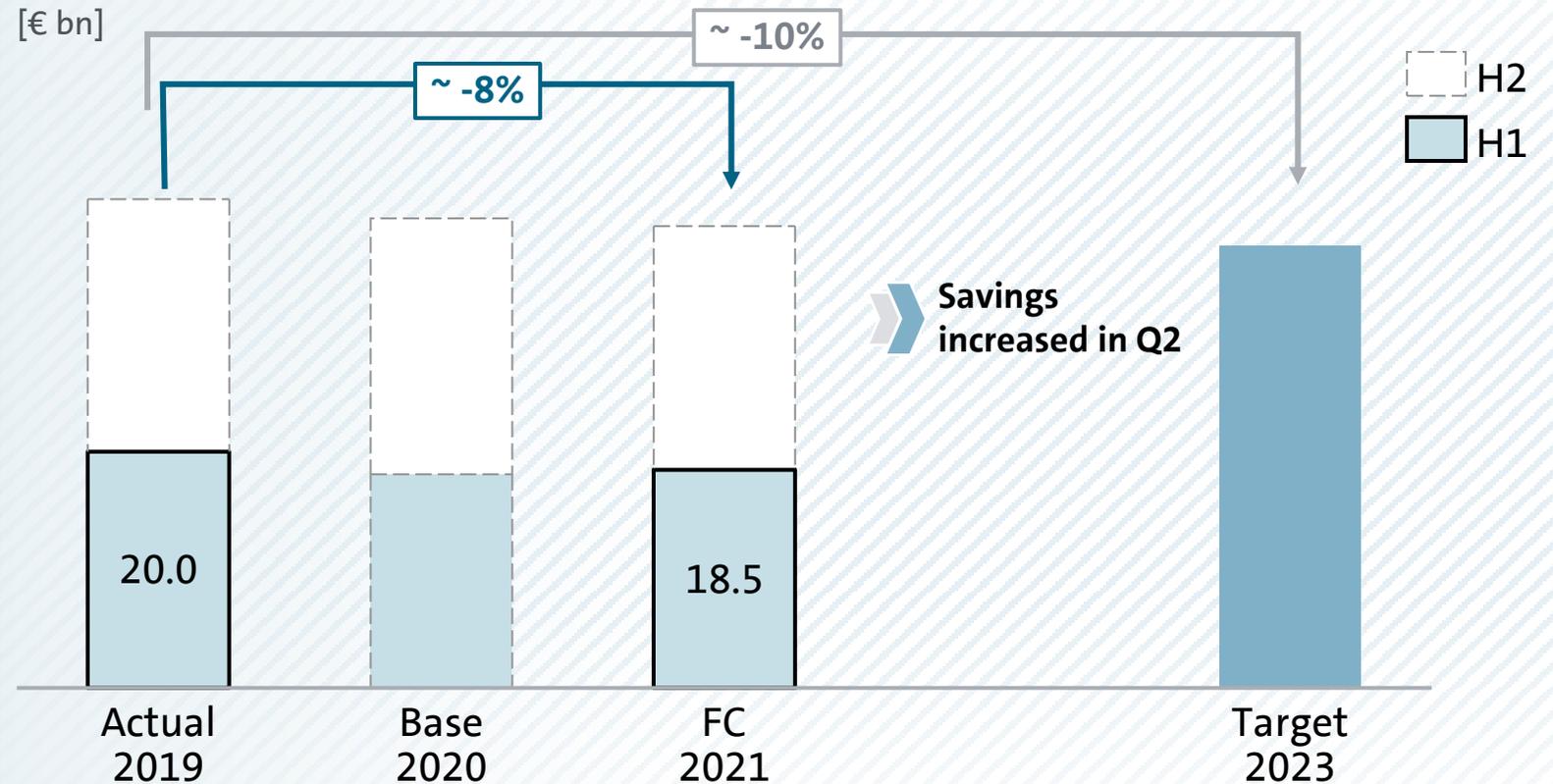
**Digitalization: Advancing in software/services**

**Groupwide cost & efficiency programs**

**Capturing group-wide synergies**

**Managing margins and Cash Flows**

### Group wide Overhead Cost Program (without R&D / Capex)



1 All figures shown are rounded, minor discrepancies may arise from addition of these amounts

# Capturing Groupwide Synergies - especially in Capex well under way

## CFO Focus Areas

Focus on **product transformation** towards electric

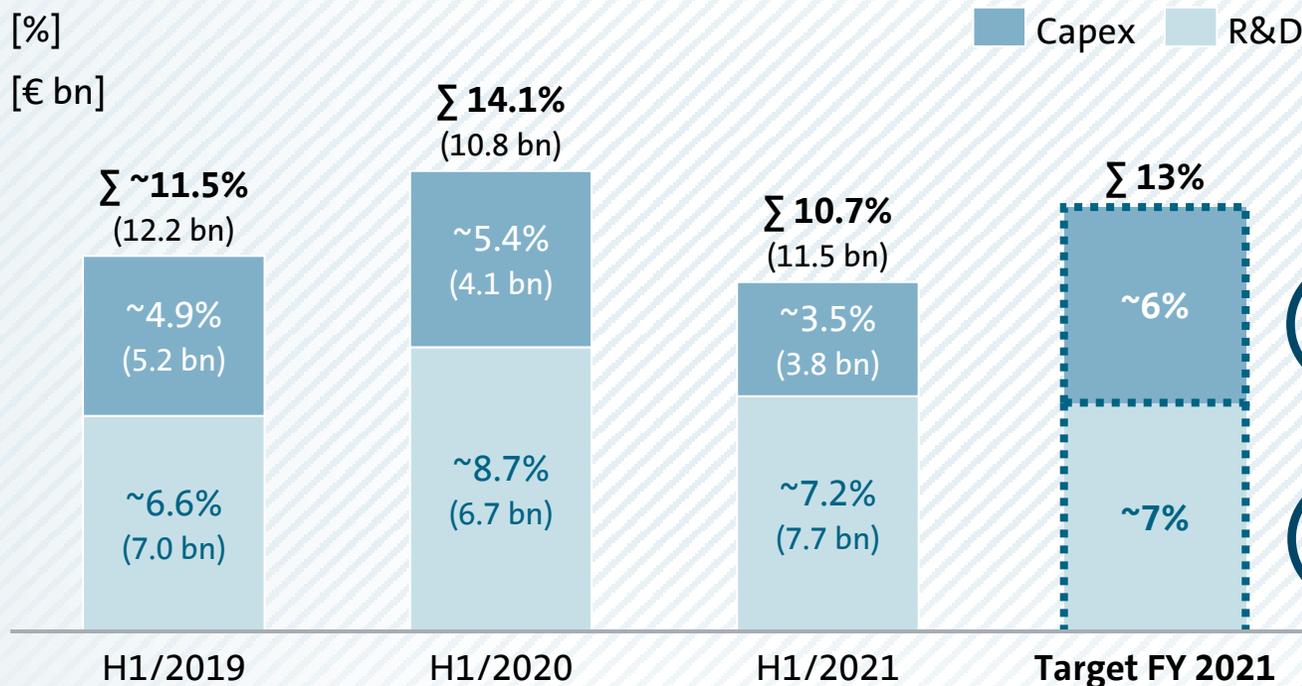
**Digitalization:** Advancing in software/services

**Groupwide cost & efficiency programs**

**Capturing group-wide synergies**

**Managing margins and Cash Flows**

### R&D / Capex – Absolute and Ratio (Automotive Division)



# Focus on cash flow – all Group companies clearly positive (except CARIAD)

## CFO Focus Areas

Focus on **product transformation towards electric**

**Digitalization: Advancing in software/services**

**Groupwide cost & efficiency programs**

**Capturing group-wide synergies**

**Managing margins and Cash Flows**

### Net Cash Flow by Brands, € mil.

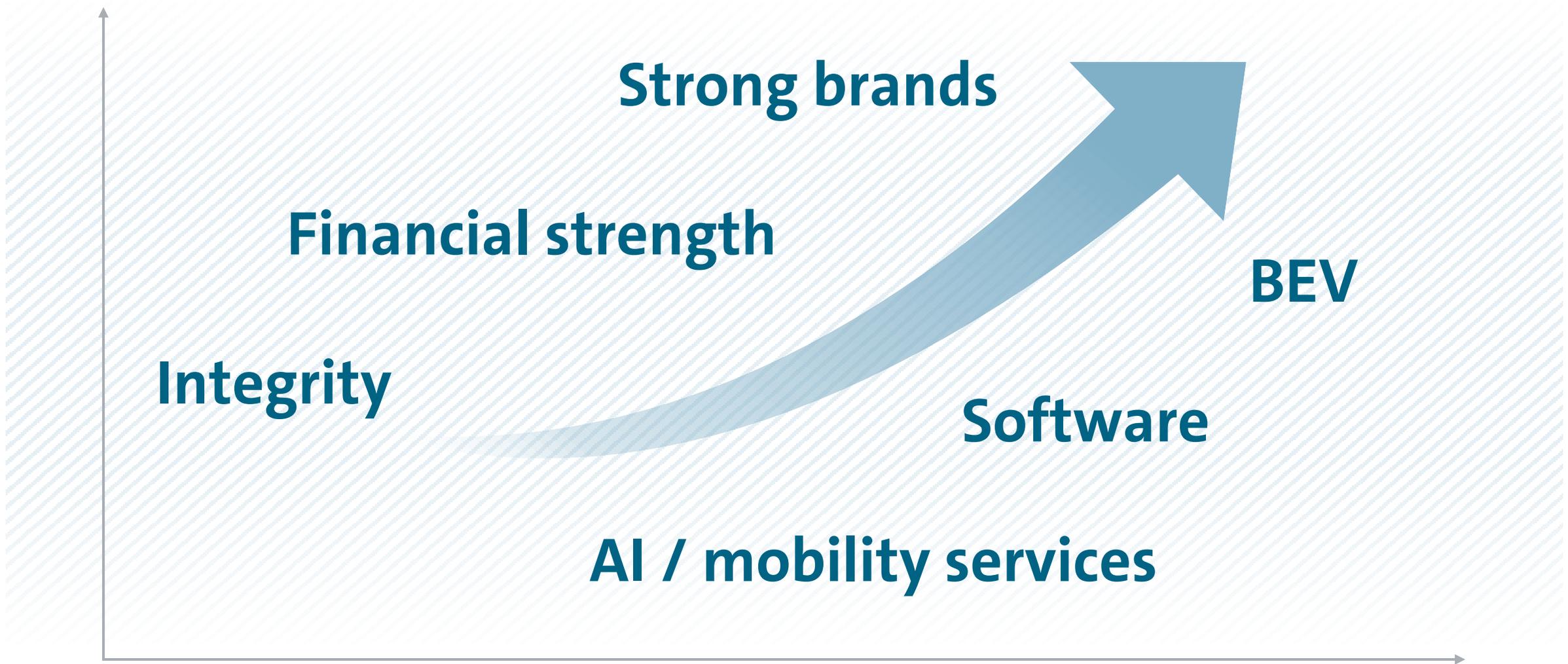
	Net Cash Flow (including Diesel Payout)	Diesel Payout
Volkswagen Passenger Cars	400	(404)
SEAT	356	
Škoda	678	
Volkswagen Commercial Vehicles	290	
Audi	5,512	(68)
Bentley	251	
Porsche Automotive	2,601	
MAN Commercial Vehicles	327	
Scania Vehicles and Services	354	
Other <sup>1</sup>	-579	(145)
<b>Automotive Division Reported Net Cash<sup>2</sup></b>	<b>10,191</b>	

<sup>1</sup> Consolidation and other non-brand companies including CARIAD

<sup>2</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions

All figures shown are rounded, minor discrepancies may arise from addition of these amounts

Overall ambition: Leading the transformation with integrity and based on our values



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**Leading the Transformation.**

Backup

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# Volkswagen Group – Analysis by Business Line <sup>1)</sup>

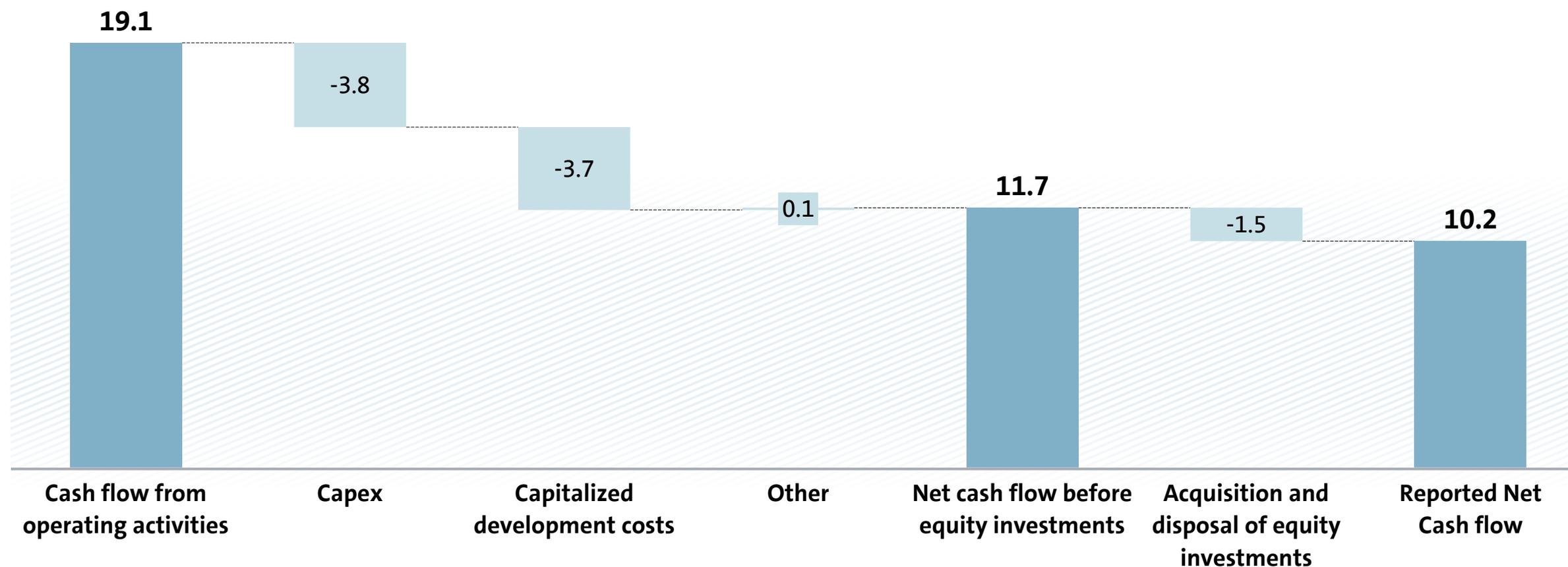
## (January to June 2021)

	Vehicle sales		Sales revenue		Operating profit		Operating margin	
	2021	2020	2021	2020	2021	2020	2021	2020
thousand vehicles / € million / percentage								
Volkswagen Passenger Cars	1.552	1.134	40.689	28.580	1.773	-1.491	4.4%	-5.2%
ŠKODA	463	372	10.199	7.546	974	228	9.5%	3.0%
SEAT	310	197	5.656	3.749	-26	-271	-0.5%	-7.2%
Volkswagen Commercial Vehicles	188	157	5.298	4.238	87	-334	1.6%	-7.9%
Audi	602	416	29.212	20.476	3.113	-643	10.7%	-3.1%
Bentley	7	5	1.324	860	178	-99	13.4%	-11.5%
Porsche Automotive <sup>2)</sup>	152	116	15.107	11.192	2.660	1.143	17.6%	10,2%
Scania Vehicles and Services <sup>3)</sup>	50	31	7.155	5.269	860	221	12.0%	4.2%
MAN Commercial Vehicles	77	47	6.405	4.669	-456	-423	-7.1%	-9.1%
Power Engineering <sup>4)</sup>	-	-	1.581	1.850	82	21	5.2%	1.1%
VW China <sup>5)</sup>	1.522	1.422	-	-	-	-	-	-
Other <sup>6)</sup>	-263	-160	-14.513	-10.361	-226	-312	-	-
Volkswagen Financial Services	-	-	21.556	18.063	2.339	1.155	-	-
<b>Volkswagen Group before Special Items</b>	-	-	-	-	11.358	-803	8.8%	-0.8%
Special Items	-	-	-	-	-	-687	-	-
<b>Volkswagen Group</b>	<b>4.660</b>	<b>3.736</b>	<b>129.669</b>	<b>96.131</b>	<b>11.358</b>	<b>-1.490</b>	<b>8.8%</b>	<b>-1.5%</b>
Automotive Division <sup>7)</sup>	4.660	3.736	107.027	77.015	8.841	-2.738	8.3%	-3.6%
of which: Passenger Cars	4.533	3.658	92.041	65.312	8.521	-2.350	9.3%	-3.6%
of which: Commercial Vehicles	127	78	13.404	9.854	334	-295	2.5%	-3.0%
of which: Power Engineering	-	-	1.581	1.850	-14	-93	-0.9%	-5.0%
Financial Services Division	-	-	22.642	19.115	2.517	1.248	-	-

<sup>1)</sup> All figures shown are rounded, minor discrepancies may arise from addition of these amounts. <sup>2)</sup> Porsche (Automotive and Financial Services): sales revenue € 16.525 (12.421) million, operating profit € 2.792 (1.233) million. <sup>3)</sup> Scania (Automotive and Financial Services): sales revenue € 7.377 (5.488) million, operating profit € 960 (266) million. <sup>4)</sup> Prior year including operations from Renk <sup>5)</sup> The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of € 1.272 (1.404) million. <sup>6)</sup> In operating profit, 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. <sup>7)</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

# Automotive Division – Net Cash Flow Development <sup>1)</sup> (January to June 2021)

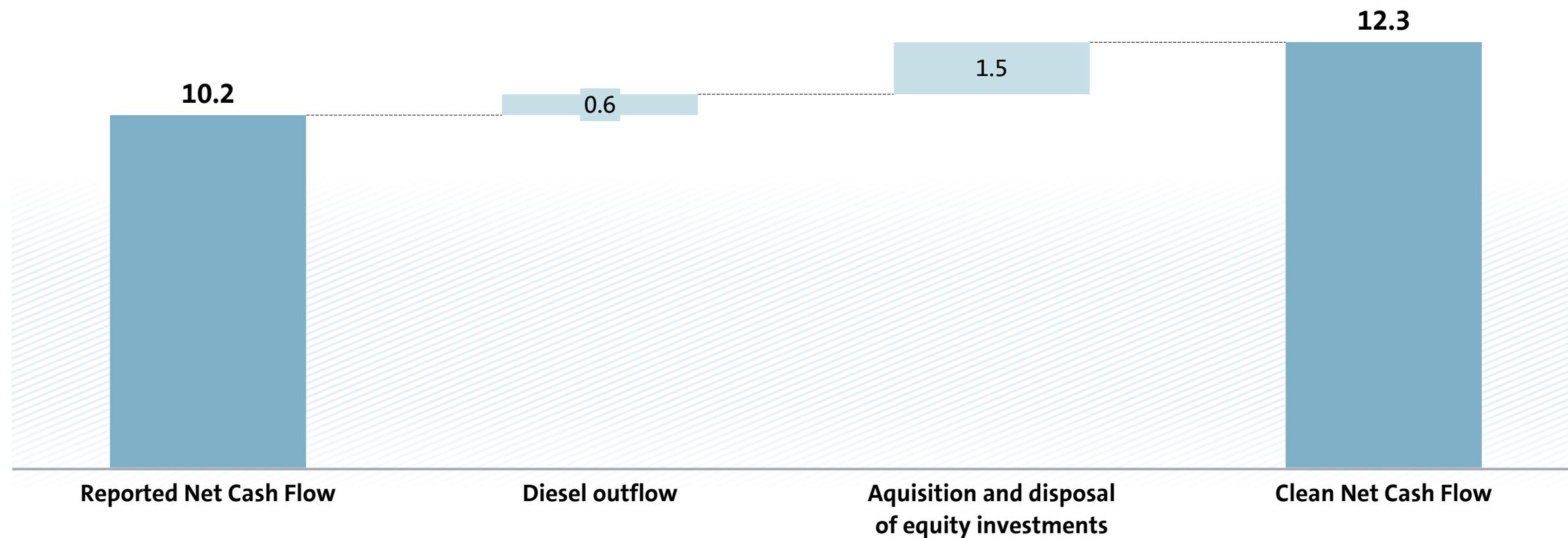
[€ bn]



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# Automotive Division – Net Cash Flow <sup>1)</sup> (January to June 2021)

[€ billion]



1) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

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