



**Speech by Herbert Diess, CEO Volkswagen AG,  
at the Annual General Meeting of Volkswagen AG on May 12, 2022**

- Check against delivery -  
- Translated from German -

---

Dear Shareholders, Ladies and Gentlemen,

On behalf of the entire Board of Management, I would like to welcome you to this virtual Annual General Meeting of Volkswagen Aktiengesellschaft.

Volkswagen made good progress in 2021. We are **financially robust** and our **strategy** is taking hold.

Our **brands** are stronger than ever before. We have the right cars in the market and have been able to improve our position in the **world's major regions**.

Our **crisis management** works. We can see that again in the current situation.

In February, Russia attacked Ukraine. The **effects of the war** are devastating. The images of war crimes in Ukraine are disturbing. Millions of people have been forced to flee their country.

Volkswagen is helping: at many of our sites, employees are collecting donations in kind. We are providing vehicles for aid organizations. Our subsidiaries VW Poznan, VW Motor Polska and ŠKODA are supporting refugees and their families. They act as interpreters and assist with visa applications.

The majority of the **wiring harnesses** for our vehicles in Europe are manufactured in Ukraine. Together with our suppliers, our Task Force was able to find quick, pragmatic solutions to significantly ease supply bottlenecks. A strong team performance!

We managed to largely offset production shortages in Europe. To do that, we ramped up production at our factories in China and South America at short notice. At the same time, we are expanding wiring harness production for Europe in other regions.

We expect the supply situation to normalize even in the event of a prolonged war. Our order situation is good. Following a successful first quarter, we have therefore confirmed our **outlook for the full year**.

## **1. Volkswagen strengthened its resilience in 2021**

Last year, we again generated solid results. Group-wide, we increased **sales by 12 percent to €250 billion**. Even though we built 2 million fewer cars than originally planned.

We refocused production on our high-margin models and reduced discounts. Our financial services benefited from the rise in prices for used cars. And we consolidated Navistar, the U.S. truck manufacturer, for the first time.

We nearly doubled the **operating result before special items** to €20 billion in 2021. The operating margin across the Group was almost 8 percent. We reduced our overheads by 10 percent compared to 2019. As a result, we achieved our cost target earlier than planned. **Net cash flow was €8.6 billion**, an increase of 35 percent. We have thus laid the groundwork for vigorously driving forward the Group's restructuring in 2022 as well.

We want our shareholders to participate in this positive development. We are therefore proposing to you a **dividend** of €7.50 per ordinary share and of €7.56 per preferred share.

We delivered in 2021. Financially, by becoming more resilient. But strategically, too.

We rearranged our brands last year. Into the Premium, Volume and Sport brand groups. The goal: less complexity, more customer focus, new synergies through battery cells, charging infrastructure, software and a single platform.

Our **Premium brand group** performed particularly well in 2021. That was chiefly due to strong demand for Audi's Q3 and Q5 model lines. The electric vehicles sold well, too.

Above all, the new models Audi Q4 e-tron<sup>1</sup> and Audi e-tron GT<sup>2</sup>. In total, Audi sold almost 60 percent more purely electric vehicles than the previous year. With its announcement that all new models being launched from 2026 will be electric vehicles only, Audi is breaking new ground in the premium market

For the first time, we have a clear demarcation in terms of design and positioning for the **volume brands**. We are addressing more closely the different customer groups: timeless and progressive with the **Volkswagen** brand, modern and solid with **ŠKODA**, young and emotional with **CUPRA**, leisure-oriented with the light **commercial vehicles**. The technical basis is always the same.

We now also have models tailored specifically to suit our regional markets. The result: in the **USA**, the Volkswagen brand is making a profit for the first time in more than ten years. In 2021, we sold more cars in America than we have done since 2013. The Atlas<sup>3</sup>, Taos<sup>3</sup> and Tiguan tick all the right boxes for our customers.

The same applies in **South America**, where Volkswagen made the turnaround in 2021.

Our colleagues there are especially proud of the Nivus<sup>3</sup>. For the first time, we have

---

<sup>1</sup> Q4 e-tron: Power consumption combined in kWh/100 km: 18,2–15,8; CO2 emissions combined in g/km: 0; Efficiency class: A+

<sup>2</sup> e-tron GT – Power consumption combined kWh/100km: 19,6–18,8; CO2 emissions combined in g/km: 0; Efficiency class A+

<sup>3</sup> Car is not sold in Europe

developed a model in Latin America that we also produce in Europe. The European version is called Taigo.

In **India**, we offer an attractive model again with the ŠKODA Kushaq<sup>3</sup>. We have doubled sales there. In Central and Eastern Europe, sales of the Rapid, Kamiq and Karoq models are very encouraging.

**SEAT and CUPRA** reach our young customers. With models such as the SEAT Arona, the SEAT Ibiza or the CUPRA Formentor, we sold more cars on almost all markets than the previous year. With CUPRA, we will take SEAT into the electric future.

We reported vehicle sales by brand group for the first time in the first quarter of this year. It clearly showed: There is room in the volume brand group in particular to leverage even greater synergies. Thomas Schäfer will be taking care of that from July when he starts in his new role as head of the Volume brand group.

In the **Sport brand group**, we repositioned Bugatti in a joint company with Rimac. The goal: electric hypercars. As a result, the brand Bugatti is no longer part of our portfolio.

In 2021, **Porsche** proved that the brand also has what it takes to succeed in the world of e-mobility. In fact, the Taycan<sup>4</sup> even outsold the 911. The return on sales was 16.5 percent. This is the perfect time for an IPO. That is why we have started a review

---

<sup>4</sup> Taycan: Power consumption combined in kWh/100 km (WLTP): 23,9 – 19,6; CO2 emissions combined in g/km: 0; Efficiency class A+

process. Porsche will have even more entrepreneurial freedom. And at the same time, economies of scale and synergies for Porsche will be preserved.

**TRATON**, our truck division, grew sales by one third in 2021 through the acquisition of the U.S. truck manufacturer Navistar. TRATON is now a global player with a leading market position in Europe and North and South America.

## **2. The e-mobility ramp-up is on track**

Five years ago, we decided to convert our model portfolio to e-mobility in order to achieve the climate targets. Today, our customers can buy an electric alternative to almost all models. This means that our range of electric cars is larger than that of any other car manufacturer. The ID.3<sup>5</sup> is the electric alternative to the Golf. The ID.4<sup>6</sup> is the counterpart to the Tiguan. Starting next year, we will also be offering an electric alternative for the Passat<sup>7</sup>. The ID.5<sup>8</sup> and the ID.6<sup>9</sup> round off the ID.family. And with the ID.Buzz<sup>10</sup>, we now have an electric alternative for the T7.

---

<sup>5</sup> ID.3: Power consumption combined in kWh/100 km (NEFZ): 14,0-13,7; CO2 emissions combined in g/km: 0; Efficiency class: A+++

<sup>6</sup> ID.4: Power consumption combined in kWh/100 km (NEFZ): 15,6-16,3; CO2 emissions combined in g/km: 0; Efficiency class: A+++

<sup>7</sup> Concept car

<sup>8</sup> ID.5: Power consumption combined in kWh/100 km: 16,2 (NEFZ); CO2 emissions combined in g/km: 0; Efficiency class: A+++

<sup>9</sup> Car is not sold in Europe

<sup>10</sup> Car not on sale yet

The **ID.Buzz**<sup>10</sup> made its world premiere two months ago. When I first joined Volkswagen in 2015, I already wanted to put the Bulli back on the road. Because it embodies everything the Volkswagen brand stands for: Passion. Freedom. Reliability. Optimism. Appeal. The dawning of a new era.

There were already many studies of a new edition of the legendary T1. None of them made it to commercialization. E-mobility was the trigger for creating this modern incarnation of the cult classic. That is because an electric motor takes up much less space than an internal combustion engine. The ID.Buzz<sup>11</sup> with its new forms and modern design works miracles with space. The response has been overwhelming.

The ID.Buzz<sup>11</sup> shows: we are talking about much more than a drivetrain. We are redefining the car.

In 2021, every fourth electric car in Europe came from the Volkswagen Group. In Zwickau, we produce six electric models from Volkswagen, Audi and SEAT/CUPRA. We are currently converting the plants in Hanover and Emden to electric.

In **Wolfsburg**, production of the ID.3<sup>12</sup> is scheduled to start in 2024. We plan to build the Volkswagen Trinity in Wolfsburg from 2026. A sedan with a flat body, a high range and a software architecture enabling autonomous driving. Last year, we decided to build a new factory to produce the Trinity. We are thus setting new standards. In

---

<sup>11</sup> Car not on sale yet

<sup>12</sup> ID.3: Power consumption combined in kWh/100 km (NEFZ): 14,0-13,7; CO2 emissions combined in g/km:0; Efficiency class: A+++

addition, we are investing €800 million in a new development center. It will be the most advanced of its kind in Germany.

In the **USA**, around 8 percent of all electric vehicles came from the Volkswagen Group. That means our EV market share is double that of ICEs. We have sold almost 17,000 ID.4<sup>13</sup>. More than two thirds of these buyers are new customers. Already this year, we will be offering eight electric models.

In **China**, we sold 93,000 electric cars in 2021. Four times as many as the previous year. We now offer five electric models from the ID.family. With our ID. City Stores, we have opened 120 new branches in city centers. Audi also launched two electric models in 2021: the e-tron<sup>14</sup> and the e-tron Sportback<sup>15</sup>.

The **e-mobility ramp-up is on track**: we sold more electric vehicles from quarter to quarter last year. Demand is increasing. By the end of March, we had delivered almost 100,000 electric cars. 65 percent more than the previous year.

We expect the e-mobility business to match the **profitability** of our ICE business **earlier than planned**. Because we are rolling out our e-mobility toolkits across the board,

---

<sup>13</sup> ID.4: Power consumption combined in kWh/100 km (NEFZ): 15,6-16,3; CO2 emissions combined in g/km: 0; Efficiency class: A+++

<sup>14</sup> e-tron: Power consumption combined in kWh/100km: 24,3–21,4; CO2 emissions combined in g/km: 0; Efficiency class A+

<sup>15</sup> e-tron Sportback: Power consumption combined in kWh/100km: 24,0–20,9; CO2 emissions combined in g/km: 0; Efficiency class A+



converting a growing number of production plants and selling our technology to competitors such as Ford. In February, we intensified our partnership with Ford.

### 3. Volkswagen is driving the change

At the Annual General Meeting two years ago, I said that Volkswagen is changing. Away from its role as an automaker with cars from fascinating brands that are built with passionate and masterful engineering skill and sold through dealerships. Towards a company that shapes the mobility of tomorrow: fully connected, with a constant stream of new features, safe and sustainable. Always in direct contact with customers.

Today, our competitors are Tesla, BYD, Foxconn, CATL, Uber or Cruise.

Last year, we presented a new Group strategy called "**NEW AUTO**". The car is becoming the most complex and attractive digital end device. Autonomous driving is creating new sales and earnings potential.

That is why we are developing a new **single platform**, on which over 40 million vehicles will be built from 2026.

**Software** is the central nervous system of our platform. Last year, our software unit CARIAD hired 1,000 additional developers. They are working on the in-house development of the software for autonomous driving. We integrated the camera software manufacturer Hella Aglaia and acquired other tech companies. We bought patents from Bosch for several hundred million euros. Bosch has built up a lot of

expertise in autonomous driving in recent years. We have set up a joint team to pick up even more speed.

Already today, our ID. customers can download the latest software updates without having to visit a workshop. With our most recent update, the vehicle now not only automatically adapts its speed to speed limits, it also automatically lowers the speed before reaching bends or roundabouts. And it even changes lane by itself.

Taking software development 100 percent in-house is an entirely new approach that will need two life cycles. In the automotive industry, that means 15 years. We set an important course last year and are now moving into implementation.

In Europe, we will build **six gigafactories** by 2030. After Salzgitter and Sweden, we recently decided on the third location in Valencia, Spain. Together with the Spanish government, we are converting the country to electro-mobility. Volkswagen is investing 7 billion euros: in battery cell production, the conversion of two plants and the expansion of the charging infrastructure. We have electrified our German sites with e-cars in the Golf and Tiguan classes. We are electrifying the Spanish automotive market with small and compact cars.

We have introduced a fixed pricing model for charging in Europe. With one card, you now have access to a network of over **300,000 charging points**. In Düsseldorf, we teamed up with BP to launch the first fast charger at an Aral retail site. At the end of 2024, it should be 4,000 fast chargers.

With the **ID.Buzz AD**<sup>16</sup>, we have started the test operation of autonomous shuttles in Munich together with ARGO AI. That means we have achieved a major milestone. We are aiming to offer the first autonomous shuttle services in Hamburg from 2025.

We plan to complete the acquisition of **Europcar** by the end of June. Our goal: to provide a mobility service platform to suit all everyday mobility needs. Whether you just want to be driven a short trip from A to B, use a car via carsharing or rent a car for a long-distance journey. With stations at key transport hubs such as railway stations or airports.

\*\*\*

Individual mobility will still account for the largest share in the transportation sector in 2030. As one of the world's largest automotive groups, we are moving forward in the **fight against climate change**.

We reduced our **carbon footprint** further in 2021. CO<sub>2</sub> emissions were reduced by 1.7 tonnes per newly produced vehicle across the Group. We relate our CO<sub>2</sub> emissions to the vehicle's entire lifecycle. We have set ourselves even more ambitious goals in production: we aim to halve emissions of climate-damaging gases in our factories by 2030. SBTi, the independent climate protection initiative, recently confirmed that we support to reach the 1.5-degree target by that.

---

<sup>16</sup> Concept car

We also help other companies to become climate neutral through our subsidiary **MAN Energy Solutions**. Last year, we supplied compressor systems for a Norwegian cement factory. From the summer of 2024, 400,000 tonnes of CO<sub>2</sub> will be captured annually, compressed, liquefied and stored underground.

#### **4. Volkswagen continues to back a globalized world**

Ladies and Gentlemen,

the war in Ukraine has called our world order into question. The hope that tough sanctions would bring a swift end to the war has failed to materialize. Western powers have not yet come up with an effective response to Putin.

Nevertheless, the premature farewell to the “change through trade” model is flawed. Bloc building cannot be our answer. Quite the opposite: interdependence among economic regions makes sure we do in fact talk to one another. We can only solve global challenges such as the climate catastrophe through our joint efforts.

For decades, globalization has brought us peace, prosperity and technological progress. With their export-oriented business model, Europe and Germany are especially dependent on open markets and free trade. Over the last decades our economic power has given us a strong voice in the world.

Volkswagen believes in globalization and is further expanding its presence in the major regions of the world.

**China** is the automotive market of the future. With over 90,000 local employees and over 40 plants, Volkswagen Group China is the clear market leader. And with a 16 percent market share, the most successful automaker. We are also systematically converting to e-mobility in China. We are using the further opening of the economy to expand our position in e-mobility - with companies such as Volkswagen Anhui and Audi-FAW in Changchun, which are majority-managed by us.

We are developing our site in Anhui into a hub for e-mobility, with a state-of-the-art R&D center. In Anhui province, we have acquired a stake in the cell manufacturer Gotion to secure battery supplies. We are doubling the number of our software experts to 1,200. They will develop customer-specific applications for China.

From summer, we again have a Group board member in the world's most innovative automotive market: Ralf Brandstätter will lead our successful business into the electric and autonomous future.

In the **USA**, Volkswagen can become a relevant mobility company in the world's second largest car market through the switch to e-mobility. To this end, we are investing 7.1 billion US dollars over the next five years: in new electric cars, more local research and development and the expansion of production. Electrification brings the opportunity to enter the US pick-up market as well. For this we are reviving the American cult brand Scout. Yesterday the Supervisory Board gave the go-ahead for us to develop an electric pick-up truck and an electric RUV in the USA. We are establishing our own company for this purpose.

\*\*\*

Ladies and Gentlemen,

Allow me to sum up:

Volkswagen demonstrated its **resilience** in 2021. We are well positioned financially.

With our **crisis management** we emerged from the crisis stronger than before.

Our strategic decisions of recent years are proving successful: we have returned to profitability in the key regions of **South and North America**. The **e-mobility** ramp-up is on track.

We need to be in good shape. We are facing the biggest change in the history of the automobile. The car will very soon become the most important digital device. And it will be driving on its own. With NEW AUTO we have the right strategy to play a leading role in the new mobility world.

We will forge ahead with our realignment in 2022, too, despite the geopolitical and economic challenges. Our teams are keen to change the world of mobility.

May I thank you, our shareholders, for traveling with us so far.

And I look forward to continuing the journey with you. Thank you!