

VOLKSWAGEN GROUP

AMC 2026

Speech Arno Antlitz

Speech at the 2026 Annual Media Conference by Arno Antlitz, CFO & COO of Volkswagen Group, published on March 10, 2026.

Ladies and Gentlemen,

2025 was a demanding year, characterized by geopolitical tensions, tariffs, and highly intense competition.

In this challenging environment, we made significant progress and further strengthened the substance of the Volkswagen Group.

- We launched 30 inspiring models for our customers.
- And we made further progress in restructuring.
- We recorded a solid net cash flow.
- We stabilized net liquidity at a solid level.

I would like to thank all our employees who achieved this success.

In 2025, we improved key performance indicators compared with the previous year. However, our operating profit fell by about 50 percent.

The current margin level of 4.6 percent, after eliminating special effects, will not be sufficient for investing strongly in the future in the long term.

In this demanding environment, we will need to continue with the consistent reduction of costs, leverage Group synergies, reduce complexity and sustainably lift our earnings power to a higher level.

After these preliminary remarks, let me now turn to the figures.

We will start by looking at deliveries.

Despite the many challenges we faced, we delivered about 9 million vehicles to customers throughout the world in 2025 – almost on a par with the previous year.

Lower deliveries in China and the USA were offset by double-digit growth in South America and growth in Europe.

The **renewal of our product portfolio** is increasingly paying off.

Deliveries of battery-electric vehicles increased by 32 percent.

The BEV share in global vehicle deliveries therefore rose to 11 percent.

The main impetus came from **Europe**:

- The BEV share in vehicle deliveries in Europe reached around 19 percent.
- Every fourth electric vehicle sold in Europe now comes from the Volkswagen Group.
- This demonstrates impressively that our electric strategy is gaining traction.

As a result of currency effects, sales revenue was down slightly, at about €322 billion.

Operating profit fell by 53 percent compared with the previous year, to €8.9 billion.

That corresponds to a margin of 2.8 percent.

This result reflects the intense competition in our industry.

However, there were also significant special effects in 2025.

Special effects resulted in approx. €5.9 billion, mainly stemming from

- the Porsche goodwill impairment in the amount of €2.7 billion,
- the Porsche realignment, amounting to €2.0 billion, and
- restructuring expenses amounting to €1.3 billion.

Adjusting for these effects provides a **more precise picture** of the operating performance of the Volkswagen Group in 2025.

Before these effects, the operating margin came in at 4.6 percent.

This is a good indication of where we currently stand in this difficult environment.

If we also eliminate the effects of tariffs, which had a negative impact of €2.9 billion in the last nine months of 2025, we achieved a margin of 5.5 percent.

Against the backdrop of the many challenges we faced, this was certainly a respectable performance.

But of course, it is the operating result that counts in the final resort.

Tariffs are here to stay. And even a margin of 4.6 percent will not be sufficient to bolster our investments in the future.

To sustainably boost the resilience of Volkswagen, we must continue to consistently implement our performance programs and step up our efforts.

Net cash flow in the Automotive Division rose to €6.4 billion.

The improvement in cash flow was the result of targeted initiatives that have been implemented throughout the Group since last summer.

The net cash flow of €6.4 billion is chiefly due to a strong second half of the year, especially the fourth quarter, which was characterized by improved inventory management and strict investment discipline.

We can rightly be proud of the good work of our teams in the brands and other departments.

Their work made a key contribution to **strengthening the financial leeway of our Group.**

Ladies and gentlemen,

For greater transparency and to counter the unfounded speculations of the past few weeks, I would like to explain in greater detail how we achieved this net cash flow.

In the chart, you can see the key components of net cash flow in 2025 presented in simplified form.

The starting point is the gross cash flow. In 2025, it amounted to €28.7 billion.

The cash flow from business operations is the result of this gross cash flow plus changes in working capital – this mainly concerns changes in inventories as well as payables and receivables.

If we build up inventory, this ties up funds. If we reduce inventory, this brings in additional cash.

From this cash flow from business operations, we have to pay for investments, capitalized research and development expenses as well as the acquisition of companies such as Rivian. The result is the net cash flow.

These absolute figures for 2025 are not especially meaningful in themselves, which is why we have compared them with the values recorded in 2024.

As a result of weaker operating performance, our gross cash flow in 2025 was €6.7 billion **below** the value for 2024.

Against the backdrop of tariffs and high levels of uncertainty, we reduced our forecast for net cash flow during the year to around zero in September.

To decisively counter this development, we set up a **Group-wide task force**, to achieve improvements in the individual areas, with a view to reducing expenditure and optimizing inventories.

And our teams delivered:

- In the case of working capital, there was a positive contribution of €2.7 billion for 2025 as a whole. In the previous year, there had been a negative contribution of €1.1 billion.
- Most of the improvement in working capital compared with the previous year, a figure of about €2 billion, was the result of lower inventories at year-end.
- Thanks to strong cost discipline, capital expenditure was reduced by €1.9 billion.

- Lower capitalized R&D expenses contributed €1.2 billion.
- And we spent €1.1 billion less on M&A activities than in 2024.

In total, the measures of inventory optimization, investment discipline, lower R&D expenditure and lower expenses for acquisitions made a positive contribution of €6.2 billion to net cash flow.

... thus compensating almost in full for lower cash inflow from weaker operating performance.

The overwhelming part of this improvement came from the fourth quarter.

As already mentioned, the main driver for the working capital improvement was the reduction of inventories.

Inventory reduction in the fourth quarter is not unusual.

In 2025, this seasonal effect was reinforced by **sustained structural process improvements from production through to sales.**

During the chip shortage, our plants had problems in complying with precise delivery dates for customers. For this reason, vehicles were produced with a long lead time so that they would definitely be available in dealerships when customers' leasing contracts expired.

Thanks to significantly improved deadline adherence at our plants, we were able to reduce throughput times for vehicles over the entire value chain through to dealerships. This meant that we were able to reduce stocks without compromising customer availability.

In total, we were able to reduce inventories by €4.8 billion in the fourth quarter of 2025, compared with the third quarter, or by €2 billion compared with the end of 2024.

With the support of the positive development in net cash flow, we were able to stabilize net liquidity at a solid level of €34.5 billion.

I would now like to move on to the **performance of the individual divisions**.

Passenger Cars were especially impacted by the Porsche realignment, US tariffs and restructuring.

As a result, the segment only recorded an operating result of €5.0 billion.

This represents a fall of 64 percent compared with the previous year.

As regards Commercial Vehicles, especially lower sales volumes had a negative impact on the result.

Operating profit fell by 43 percent to €2.4 billion.

Financial Services boosted their operating result by 19 percent to €3.7 billion, driven mainly by strong business in Europe.

Let us take a look at the operating result in the Passenger Cars and Light Commercial Vehicles segment and the reconciliation with the previous year's figure:

Volume had a slightly positive effect.

The successful ramp-up of electric vehicles, which still have low margins, in Europe, came at a certain cost. As expected, the resulting price and mix effects had a negative impact of about €3.2 billion or one percentage point on our margin.

The effect of US import tariffs led to a further loss of one percentage point in margin.

In the case of fixed costs, the realignment of Porsche had a negative impact.

Fixed operating costs were however reduced in comparison with 2024.

Here, the consistent implementation of our performance programs is starting to pay off.

As a result, overhead costs in the Automotive Division fell by €1.5 billion.

Especially the Volkswagen brand made a significant contribution here.

Let us move on to the development of the Brand Groups.

We made good progress in the Brand Group Core.

We were able to increase sales volumes and revenue in a difficult market environment thanks to the successful ramp-up of the battery-electric vehicles.

Despite the impact of customs tariffs and the lower margins of electric vehicles, operating performance remained stable.

The operating result came in at €6.8 billion, with a margin of 4.7 percent, at about the prior-year level.

The outstanding performance of Skoda had a positive effect. With an operating margin of 8.3 percent, this brand impressively demonstrates what can be achieved if strong product substance based on Volkswagen platforms is combined with competitive cost structures.

The Volkswagen brand also made significant progress. This is especially clear from the fourth quarter. Over the year as a whole, the operating result remained stable. The impact of tariffs on the brand, at about €900 million, was fully offset.

These figures confirm impressively that: **we may have not yet reached our final destination with our performance programs, but we are certainly on the right track.**

Within Brand Group Progressive, Audi closed 2025 with a double-digit margin in the fourth quarter.

With its all-electric models, Audi achieved a delivery record.

Here too, good revenue figures were not reflected by the operating result due to US customs tariffs and the significantly higher share of all-electric vehicles with lower margins.

However, these effects were partially offset by the first benefits of the performance program.

As a result, Brand Group Progressive posted an operating result of €3.4 billion, 14 percent below the prior-year figure.

This corresponds to a margin of 5.1 percent.

The operating result of Brand Group Sport Luxury reflects lower sales volumes – especially on the Chinese market – and the significant special items incurred in 2025. Here too, tariffs had a negative impact.

With our technology platforms CARIAD and PowerCo, we achieved tangible progress in 2025, but there was still significant negative impact on the Group operating result.

CARIAD significantly increased software license revenues and reduced operating losses by €0.3 billion to €2.2 billion.

In battery business, operating losses were higher as a result of the ramp-up of battery production capacity.

PowerCo started cell production at the Salzgitter giga-factory according to plan at the end of 2025.

The first battery cells “made in Europe” are to be used in series production of our vehicles this year – this will be a major milestone in our electric strategy.

TRATON was significantly affected by a difficult market environment in the truck sector.

Sales revenue declined to €42.5 billion and the operating result fell to €2.4 billion, mainly due to lower volumes in North America and Brazil, negative exchange rate effects and costs for the China production plant.

Despite this, recent order intake gives us good reason for confidence that 2026 should see some improvement.

The proportionate operating result of our joint venture activities in China reached €958 million in the 2025 fiscal year.

Competitive pressure in China remains high – especially in the premium and luxury segments. Price levels in the volume segment stabilized in the course of 2025.

Looking ahead, new, locally developed electric vehicles are to be launched – with competitive technologies and costs.

These launches will have a negative financial impact in 2026 but growing financial contributions are expected again for 2027.

Our Group Board Member responsible for China, Ralf Brandstätter, will present the progress achieved in detail with his team within the framework of an investors and analysts event at the Beijing Auto Show in China in April.

Ladies and gentlemen,

This brings me to the financial outlook for the 2026 fiscal year.

We expect global customer demand to remain broadly stable. At the same time, we anticipate that competitive pressure will continue to be high.

Against this backdrop, we expect sales revenue of the Volkswagen Group to develop between **zero and plus 3 percent** for the 2026 fiscal year.

The **operating margin** is expected to be within the range of **4.0 to 5.5 percent**.

We expect net cash flow cash flow of between €3 and €6 billion and net liquidity in the range between €32 and €34 billion.

Ladies and gentlemen,

The Volkswagen Group meets all the requirements for successfully shaping the transformation of the industry.

With strong brands and inspiring products, we can leverage global scale effects.

However, these clear strengths are not yet reflected by our financial outlook for 2026.

They are overridden by the challenges we currently face,

- a volatile global economy and tariffs,
- increasingly intense competition, and
- high expenses for transformation.

In this environment, we intend to and indeed we must

- keep our ICE vehicles technologically competitive, and
- continue investing in **inspiring electric vehicles** and **the latest software solutions** for our customers,
- at the same time as expanding our regional presence, especially in the US.

We can only achieve these objectives if we continue to consistently reduce our costs, leverage Group synergy effects, reduce complexity and thus sustainably boost our earnings power.

We will be concentrating on these efforts over the next few months.

Thank you very much.
