
Media information

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Volkswagen Group with positive business performance in 2019

- Sales revenue increases to EUR 252.6 billion (+7.1 percent) – operating profit before special items grows to EUR 19.3 billion (+12.8 percent)
- Automotive Division: Net cash flow increases markedly to EUR 10.8 (-0.3) billion; net liquidity reaches EUR 21.3 (19.4) billion
- Board of Management and Supervisory Board propose an increase of the dividend to EUR 6.50 (4.80) per ordinary share and EUR 6.56 (4.86) per preferred share
- Deliveries in 2020 forecast to be in line with the previous year; sales revenue expected to be up to 4 percent higher year-on-year with an operating return on sales of 6.5 to 7.5 percent

Wolfsburg, February 28, 2020 – The Volkswagen Group has completed fiscal year 2019 successfully. Sales revenue increased by EUR 16.8 billion to EUR 252.6 billion and operating profit before special items rose to EUR 19.3 (17.1) billion. At 7.6 (7.3) percent, the operating return on sales before special items slightly exceeded the forecasted range for 2019. Operating profit also improved to EUR 17.0 (13.9) billion. Negative special items in connection with diesel decreased to EUR 2.3 (3.2) billion. In the Automotive Division, net cash flow increased markedly to EUR 10.8 (-0.3) billion, with net liquidity reaching EUR 21.3 (19.4) billion. Board of Management and Supervisory Board propose an increase of the dividend to EUR 6.50 (4.80) per ordinary share and EUR 6.56 (4.86) per preferred share. This would raise the payout ratio to 24.5 (20.4) percent.

“In 2019, our attractive product portfolio convinced many customers, allowing us to expand our position in an overall declining market,” said Frank Witter, member of the Group Board of Management responsible for Finance and IT. “We increased sales revenue and operating profit of the Group as well as net cash flow and net liquidity in the Automotive Division, which means that financially we are still very robust. We expect a continuously challenging market environment this year. Consequently, achieving our ambitious targets will require a major effort from the entire company.”

One of the drivers of the Volkswagen Group’s operating profit in 2019 was the slight increase in deliveries to customers, which rose to 10.97 million vehicles (+1.3 percent). Growth was recorded above all in Europe and South America, while deliveries to customers in North America and the Asia-Pacific region slightly declined due to overall market trends. The Group’s market share rose in almost all regions. Higher sales volumes, improvements in the mix and the good performance of the Financial Services Division positively impacted the higher sales revenues, while exchange rates had an opposing effect. Profit before tax improved by 17.3 percent to EUR 18.4 billion and

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the return on sales before tax increased to 7.3 (6.6) percent. Despite challenges in the Chinese market, the share of operating profit attributable to the Chinese joint ventures remained close to the previous year's level at EUR 4.4 (4.6) billion.

Net cash flow in the Automotive Division rose to EUR 10.8 billion compared with the low prior-year level. The main reasons were the increase in profit, a decline in cash outflows attributable to diesel and a smaller increase in inventories. Despite negative effects from IFRS 16 (accounting for leases), net liquidity in the Automotive Division developed positively compared with the end of 2018 and increased to EUR 21.3 (19.4) billion. The R&D ratio (research and development costs as a percentage of sales revenue) actually fell marginally below the prior-year level to 6.7 (6.8) percent. The ratio of capex to sales revenue stayed unchanged at 6.6 (6.6) percent.

Outlook

Volkswagen expects that deliveries to the Volkswagen Group customers in 2020 will be in line with the previous year amid a continued challenging market environment. Challenges will arise particularly from the economic situation, the intensifying competition, volatile commodity and foreign exchange markets and more stringent emissions-related requirements. We expect the sales revenue of the Volkswagen Group to grow by up to 4 percent in 2020 and the sales revenue of the Passenger Cars Business Area to be moderately higher than the prior-year figure. In terms of the operating profit for the Group and the Passenger Cars Business Area, we forecast an operating return on sales in the range of 6.5–7.5 percent in 2020. For the Commercial Vehicles Business Area, we anticipate an operating return on sales of 4.0–5.0 percent amid a moderate decrease in sales revenue. In the Power Engineering Business Area we estimate that sales revenue will match the previous year's level and that the operating loss will narrow. For the Financial Services Division we anticipate that sales revenue and operating result will be in line with the previous year. In addition to the described challenges, the expectations presented in the outlook are subject to assessment uncertainties due to, among other factors, continuing geopolitical tensions and conflicts as well as epidemics spreading across countries and regions, as we are currently seeing in the case of the corona virus, whose effects must be closely monitored.

In the Automotive Division, the R&D ratio and the ratio of capex to sales revenue will probably range between 6.0–6.5 percent in 2020. We expect further cash outflows in 2020 as a result of diesel as well as significantly higher cash outflows for mergers and acquisitions activities. Accordingly, we estimate that net cash flow will be distinctly positive albeit perceptibly below the prior-year figure. Excluding the effects from diesel and mergers and acquisitions activities, we continue to aim for a net cash flow in 2020 of at least EUR 10 billion.

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	2019	2018	%
Volume Data¹ in thousands			
Deliveries to customers (units)	10,975	10,834	+1.3
Vehicle sales (units)	10,956	10,900	+0.5
Production (units)	10,823	11,018	-1.8
Employees at Dec. 31	671.2	664.5	+1.0
Financial Data (IFRSs), € million			
Sales revenue	252,632	235,849	+7.1
Operating result before special items	19,296	17,104	+12.8
Operating return on sales before special items (%)	7.6	7.3	
Special items	-2,336	-3,184	-26.6
Operating result	16,960	13,920	+21.8
Operating return on sales (%)	6.7	5.9	
Earnings before tax	18,356	15,643	+17.3
Return on sales before tax (%)	7.3	6.6	
Earnings after tax	14,029	12,153	+15.4
of which attributable to Volkswagen AG shareholders	13,346	11,827	+12.8
Basic earnings per share			
ordinary shares	26.60	23.57	
preferred shares	26.66	23.63	
Automotive Division²			
Cash flows from operating activities	30,733	18,531	+65.8
Cash flows from investing activities attributable to operating activities	19,898	18,837	+5.6
of which: capex	14,007	13,218	+6.0
Net cash flow	10,835	-306	x
Net liquidity at Dec. 31	21,276	19,368	+9.9
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	2019	2018	%
Financial Data (HGB), € million			
Net income for the fiscal year	4,958	4,620	+7.3
Dividends (€)			
per ordinary share	6.50	4.80	
per preferred share	6.56	4.86	

1 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. Prior-year deliveries updated to reflect subsequent statistical trends.

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

Note:

Details on the performance of the individual brands and business fields of the Volkswagen Group will be released at the financial press conference around 7 a.m. Traton SE is expected to make its key data for 2019 public at 8:00 on March 23.

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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products range from pick-ups to buses and heavy trucks. Every weekday, 664,496 employees around the globe produce on average 44,567 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2018, the total number of vehicles supplied to customers by the Group globally was 10.8 million (2017: 10.7 million). The passenger car global market share was 12.3 percent. In Western Europe 22.0 percent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totaled EUR 235.8 billion (2017: EUR 231 billion). Earnings after tax in the fiscal year now ended amounted to EUR 17.1 billion (2017: EUR 11.6 billion).
