

NO. 76/2023

## Volkswagen Group makes solid start to fiscal year 2023 with strong increase in revenues and underlying operating profit

- Strong sales revenue growth in Q1 primarily driven by volume recovery in EU and NAR, up 22 percent to EUR 76 billion
- Strong increase in operating profit by 35 percent to EUR 7.1 billion before valuation effects, mainly from commodity hedging; operating return on sales before valuation effects of around 9 percent
- Operating profit of EUR 5.7 billion, operating margin stands at 7.5%
- Automotive net cash flow at EUR 2.2 billion at end of Q1 2023
- BEV deliveries rose 42 percent to 141,000 in Q1 (7 percent share of total deliveries)
- The Group continues to see strong demand, with an order backlog of 1.8 million vehicles in Western Europe alone, including 260,000 BEVs
- Guided by the Ten Point-Plan, the Group continues to systematically invest in digitization and electrification of the company, both in Europe and in global growth regions, North America and China
- Arno Antlitz, CFO & COO, said: “Volkswagen Group has made an encouraging start to 2023. We saw strong growth in revenues and operating profit before the non-cash valuation effects from commodity hedging. With this solid performance and an order book of 1.8 million vehicles at the end of Q1, we confirm our financial outlook for 2023.”

**Wolfsburg, May 4, 2023 – The Volkswagen Group made a solid start to fiscal year 2023. Despite the challenging global environment, operating profit before negative valuation effects, mainly from commodity hedging activities saw a strong increase in the first quarter.**

Sales revenue grew by 22 percent to EUR 76 billion primarily driven by a recovery in sales volumes in Europe and North America. In addition, improved pricing had a positive effect.

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Operating profit before valuation effects from commodity hedging increased by 35 percent to EUR 7.1 billion. The corresponding margin increased to 9.3 percent, and was therefore above the forecast target corridor for the Volkswagen Group of 7.5 to 8.5 percent.

Operating profit decreased year-on-year from EUR 8.3 billion to EUR 5.7 billion due to negative non-cash effects mainly from commodity hedging outside hedge accounting of EUR 1.3 billion in Q1 2023. In the prior-year quarter, operating profit had benefited from positive non-cash effects from commodity hedging of EUR 3.2 billion. Operating return on sales was 7.5 percent in the first quarter.

The Automotive Division generated net cash of EUR 2.2 billion in Q1 2023. Working capital suffered from continuing disruptions in the supply chains increased by EUR 1.9 billion year-on-year. Net cash flow also contained EUR 0.4 billion cash out from M&A transactions in the quarter.

Net liquidity in the automotive business decreased to EUR 38.4 billion, as expected in the first quarter due to the payment of the special dividend- in connection with the Porsche AG IPO. However, this decline was smaller than the special dividend distributed to shareholders.

The Group continued to systematically implement its BEV strategy, with a 42 percent year-on-year increase in deliveries in Q1. Deliveries totaled 141,000 BEV vehicles, representing a share of around 7 percent of total deliveries.

Overall deliveries continued to recover and were up 7.5 percent year-on-year. In March 2023, global deliveries increased significantly by 23.9 percent year-on-year. Deliveries in China fell by 14.5 percent in the first quarter, but the Group is confident that due to the expanded model range and China-specific technology, deliveries in this region will recover during the remainder of the year. With a high order book of 1.8 million vehicles in Western Europe, including 260,000 BEVs, customer demand for Volkswagen Group vehicles remained strong.

Based on the solid figures, Volkswagen Group confirms its outlook for the 2023 fiscal year issued on March 3, 2023.

**Arno Antlitz, CFO, Volkswagen Group, said:** “Volkswagen Group has made an encouraging start to 2023 with strong growth in revenues and operating profit before negative valuation effects from commodity hedging transactions. Based on this solid performance and an order book of 1.8 million vehicles at the end of Q1, we confirm our financial outlook for 2023.”

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“Volkswagen is committed to investing in its global key growth regions. In Q1, we announced plans for a new factory in the US for the iconic Scout brand in the highly attractive rugged SUV and pick-up segment. We also announced the Group’s first overseas battery cell factory in Canada and launched the all-new ID.7<sup>1</sup> at the Auto Shanghai.”

## **Continued expansion into the Chinese and North American markets**

Led by the “In China, for China” approach, the Group has introduced the new ‘100%TechCo’ project, which combines vehicle and component R&D and procurement. This is expected reduce development times for new products and technologies by around 30 percent. The Group plans to invest EUR 1 billion to establish a new center for innovation for fully connected electric cars, headquartered in Hefei. Volkswagen continues to work with on-ground partners, such as the joint venture between CARIAD and Horizon Robotics, to accelerate the development of automated driving in China and enable faster software development of China-specific technology concepts. The Group also unveiled the ID.7 in China, a further milestone on the path to a purely electric model range.

In North America, the Group is ramping up its global battery business with the Group’s first overseas battery cell factory in Canada. New BEV models like the ID. Buzz will further enlarge our portfolio of full-electric vehicles in the US. The Group is also driving the “Electrify America Boost Plan”, doubling the number of charging points by 2026 to 8.000. By electrifying the iconic “Scout” brand, the Group is entering the highly attractive truck and rugged SUVs segment. Therefore, plans to expand US charging capabilities are complemented by those to build a factory capable of producing 200,000 EVs a year in South Carolina.

## **Brand Groups Results**

In the brand group Volume, vehicle sales increased by 36 percent compared to the prior period, even more than deliveries at 30 percent. Operating profit came in at EUR 1.7 billion. Operating margin increased by 1.7 percentage points to 5.3 percent.

The Premium brand group recorded a solid performance, with an operating profit of EUR 1.8 billion and an operating margin of 10.8 percent. Negative effects from fair value valuation of EUR 0.4 billion impacted operating profit in the first quarter of 2023. Net cash flow was impacted by investments in BEV production capacities and a build-up of working capital.

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In Brand Group Sport & Luxury, Porsche's operating margin remained stable in Q1 at 18.5 percent thanks to higher volumes, improved pricing, and better product mix. The automotive net cash flow is up from solid prior year level.

## TRATON

TRATON reported a unit sales increase by 25 percent, with overall sales revenues up 31 percent driven by strong volume growth, positive price-mix effects and vehicle services. Operating margin was 8 percent (4 percent in, Q1 2022) due to better capacity utilization and positive price/mix compensating for higher input costs. Net cash flow recorded a strong increase despite a further build-up of working capital as a result of the improved operating performance and proceeds from the intragroup sale of Scania Finance Russia. Because of the solid start TRATON increased its margin guidance for FY 2023 for return on sales to a range of 7 to 8% (before 6 to 7%).

## CARIAD

CARIAD saw sales revenues improve by 53 percent, driven by license revenues with brand groups. Operating profit was stable with EUR -0.4 billion, in addition investments in software platforms were made.

## Capital markets day on June 21

On Capital Markets Day, the Volkswagen Group will provide a strategy update. The presentation will focus on the new team, the new entrepreneurial spirit, our strong technology platforms and how our brand groups will benefit from it, our regional strategies and our future financial targets.

<sup>1)</sup> ID.7 - The vehicle has not gone on sale yet.

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## Key Figures

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	Q1		%
	2023	2022 <sup>1</sup>	
<b>Volume Data<sup>2</sup> in thousands</b>			
Deliveries to customers (units)	2,041	1,898	+ 7.5
Vehicle sales (units)	2,124	1,995	+ 6.5
Production (units)	2,273	2,044	+ 11.2
Employees (on March 31, 2023/Dec. 31, 2022)	676.9	675.8	+ 0.2
<b>Financial Data (IFRSs), € million</b>			
Sales revenue	76,198	62,711	+ 21.5
Operating result before special items	5,747	8,458	-32.1
Operating return on sales before special items (%)	7.5	13.5	
Special items	0	-130	x
Operating result	5,747	8,328	-31.0
Operating return on sales (%)	7.5	13.3	
Earnings before tax	6,453	8,916	-27.6
Return on sales before tax (%)	8.5	14.2	
Earnings after tax	4,730	6,743	-29.9
<b>Automotive Division<sup>3</sup></b>			
Total research and development costs	5,071	4,359	+ 16.3
R&D ratio (%)	8.0	8.5	
Cash flows from operating activities	7,576	5,800	+ 30.6
Cash flows from investing activities attributable to operating activities <sup>4</sup>	5,332	4,309	+ 23.7
of which: capex	2,458	1,703	+ 44.3
capex/sales revenue (%)	3.9	3.3	
Net cash flow	2,244	1,491	+ 50.5
Net liquidity at March 31	38,441	31,065	+ 23.7

1 Prior-year figures adjusted (see disclosures on IFRS 17).

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

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

4 Excluding acquisition and disposal of equity investments: Q1 €4,954 (3,848) million.

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## Key Figures by brand groups and business fields from January 1 to March 31

Thousand vehicles/€ million	VEHICLE SALES		SALES REVENUE		OPERATING RESULT	
	2023	2022	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>
Volume brand group	1,193	918	33,163	24,361	1,742	877
Premium brand group (Audi)	323	244	16,883	14,282	1,816	3,535
Sport & Luxury brand group (Porsche Automotive <sup>2</sup> )	85	66	9,333	7,317	1,727	1,359
CARIAD	–	–	168	110	–429	–416
Battery	–	–	0	0	–72	–6
TRATON Commercial Vehicles	85	68	10,938	8,353	875	331
MAN Energy Solutions	–	–	901	761	101	55
Equity-accounted companies in China <sup>3</sup>	609	765	–	–	–	–
Volkswagen Financial Services	–	–	11,980	10,876	985	1,501
Other <sup>4</sup>	–171	–67	–7,168	–3,348	–997	1,222
• Volkswagen Group before special items	–	–	–	–	5,747	8,458
Special items	–	–	–	–	–	–130
• Volkswagen Group	2,124	1,995	76,198	62,711	5,747	8,328
Automotive Division <sup>5</sup>	2,124	1,995	63,463	51,210	4,583	6,784
of which: Passenger Cars Business Area	2,039	1,927	51,623	42,096	3,611	6,400
Commercial Vehicles Business Area	85	68	10,938	8,353	872	330
Power Engineering Business Area	–	–	901	761	100	54
Financial Services Division	–	–	12,736	11,502	1,164	1,544

1 Prior-year figures adjusted (see disclosures on IFRS 17).

2 Porsche (including Financial Services): sales revenue €10,097 (8,043) million, operating result €1,840 (1,467) million.

3 The sales revenue and operating result of the equity-accounted companies in China are not included in the consolidated figures; the share of the operating result generated by these companies amounted to €625 (824) million.

4 In the operating result, 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.

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

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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 ten core brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, CUPRA, ŠKODA, Bentley, Lamborghini, Porsche, Ducati and Volkswagen Commercial Vehicles. 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. Around 675,800 employees around the globe are involved in vehicle-related services or work in other areas of business. With its brands, the Volkswagen Group is present in all relevant markets around the world.

In 2022, the total number of vehicles delivered to customers by the Group globally was 8.3 million (2021: 8.9 million). Group sales revenue in 2022 totaled EUR 279.2 billion (2021: EUR 250.2 billion). The operating result before special items in 2022 amounted to EUR 22.5 billion (2021: EUR 20.0 billion).

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