



Media information

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One year of ACCELERATE strategy: Volkswagen strengthens efficiency and speeds up transformation

- Volkswagen CEO Ralf Brandstätter: "We have become much more profitable, more crisis-resistant and more effective than we were in 2020. With ACCELERATE, we have once more stepped up the pace of our transformation into a tech company."
- Despite an appreciable drop in unit sales: Sales revenue grew to EUR 76.1 billion in a difficult environment, operating profit before special items rose by some EUR 2 billion to EUR 2.5 billion, return on sales before special items of 3.3% well within target corridor
- Sustained boost in efficiency: Fixed costs more than EUR 1 billion below the figure for 2019
- Strong regions: North and South America set up for sustained profitability
- Outlook: An appreciable rise in deliveries of all-electric vehicles planned. 6% return on sales in 2023 confirmed

Wolfsburg – Volkswagen made good progress in its transformation into a tech company in the first year of its ACCELERATE strategy. Important milestones were achieved in 2021 with respect to the key elements of e-mobility, digitalization and new business models. At the same time, the company gave a sustained boost to efficiency in a challenging competitive environment: There was an appreciable increase in sales revenue, return and operating profit in the last fiscal year despite significantly lower unit sales.

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"2021 was an extraordinary year. In an extremely demanding environment, we not only stayed on course in operating terms, but also gave our efficiency a sustained boost. Today, we are much more profitable, more crisis-resistant and more effective than we were just a year ago. At the same time, we have once more stepped up the pace of our transformation into a tech company with the ACCELERATE strategy", Ralf Brandstätter, CEO of Volkswagen Passenger Cars, said. "In 2022, we will continue to forge ahead



with our transformation and with strengthening our resilience. However, it is not possible at the present time to predict the course of the war in Ukraine and, more particularly, the impact on supply chains and the global economy as a whole. But we laid a robust basis in 2021 to master this crisis, too."

Optimized cost structure, strict expenditure discipline, good product mix

At 4.9 million units, vehicle deliveries in a difficult competitive environment in 2021 were 8 percent lower than the previous year (2020: 5.3 million). Nevertheless, sales revenue grew 7 percent to EUR 76.1 billion (2020: EUR 71.1 billion). Operating profit before special items also grew significantly, increasing by EUR 2 billion to EUR 2.5 billion (2020: EUR 0.5 billion). The operating return on sales before special items in 2021 was 3.3 percent (2020: 0.6%), within the target corridor of 3 to 4 percent.

As a result of a restrictive expenditure policy, the overhead target was more than met in 2021. Fixed costs were over EUR 1 billion below the figure for the pre-crisis year of 2019. At the same time, Volkswagen continued to invest in the big topics of the future: Approximately every second euro invested or spent on research and development was earmarked for e-mobility. The company will be investing EUR 18 billion in e-mobility, hybridization and digitalization up to 2026.

North and South America regions return to sustained profitability

"We have consistently pursued the transformation of Volkswagen through focused investments in future projects, optimized overhead structures, and achieved a clear improvement in earnings quality through attractive products and a good product mix. Together with the turnaround in the regions we further strengthened the resilience of Volkswagen in 2021", Volkswagen CFO Alexander Seitz commented.

In 2021, sales revenue and result in the two regions of North and South America were significantly above the level of the previous year, and the regions returned to profitability for the first time in several years. "In North and South America, we have consistently aligned the product portfolio to local market requirements, lowered fixed costs and adjusted local production. The regions have now achieved sustained profitability and have a strong plan for the future to further improve their competitiveness in the coming years", Ralf Brandstätter said.

Important milestones in e-mobility and digitalization

With the ACCELERATE strategy launched last year, Volkswagen is not only strengthening its competitiveness, but also accelerating the ramp up for e-mobility and digitalization.

In the 2021 fiscal year, the company delivered more electric vehicles worldwide than ever before: In total, more than 369,000 electric vehicles (+73 %) – of which some 106,000 were PHEVs (+33 %) and 263,000 were all-electric vehicles (+97 %) – were delivered to customers. Volkswagen therefore doubled BEV deliveries compared with the previous year. Three new electric models were launched in 2021: The ID.4¹ and the ID.5² – both featuring a top-of-the-range GTX³ model – and the ID.6⁴ in China. 2022 already saw the debut of the ID. Buzz⁵ a few weeks ago. Advance sales start in May, delivery of the first models is scheduled for the fall.

Production capacities are being systematically expanded in response to fast-growing demand. Following the conversion of the Zwickau plant into a dedicated electric vehicle production facility, three further plants – in Emden, Hanover and Chattanooga (USA) – begin building electric vehicles in 2022.



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The company also reached important milestones in digitalization: In 2021, Volkswagen became the first volume car manufacturer to offer over-the-air (OTA) updates. More than 100,000 software updates have already been installed in customers' vehicles in Europe. OTA will also be launched in the major markets of the USA and China before the end of this year. The company is thus laying the international groundwork for new business models such as on-demand functions – additional services that customers can book.

Volkswagen is improving the customer experience with the new ID. 3.1 software for all vehicles in the ID. family. The new software generation will debut in the ID.5 and the ID. Buzz and will be made available successively to all ID. customers. It shortens charging times, enhances comfort and optimizes operation.



Wolfsburg becomes development trailblazer – and gathers even more speed

Under ACCELERATE, Volkswagen is also driving ahead with the transformation of the main plant in Wolfsburg. The plant will begin building the first all-electric model, the ID.3⁶, in 2023. Production of a second electric model, the Trinity⁷, will commence in 2026. This model has a much shorter charging time and a range of over 700 kilometers. It is equipped with the Group's state-of-the-art software and is technically ready for automatically driving, Level 4. The foundation is the Group's new SSP platform that will be developed by Volkswagen in Wolfsburg.

Volkswagen plans to invest some EUR 2 billion in a dedicated production facility built close to the main plant. Moreover, an additional EUR 800 million is to be spent on a new development center at the site. Called Campus Sandkamp, this is where the new SSP electric platform and Trinity will be developed with a view to significantly accelerating development and production and setting new benchmarks. Going forward, the goal is to cut development time by 25 percent, with vehicle projects being completed in 40 months rather than 54 months as in the past.

Outlook for 2022: Higher sales revenue, earnings and electric vehicle deliveries

Volkswagen plans to significantly increase deliveries of all-electric vehicles in the current fiscal year. This will be helped by the improved availability of semiconductors expected for the second half of 2022 at the latest. Furthermore, Volkswagen expects



to see an increase in the operating profit, sales revenue and the return on sales. “We confirm our goal of a 6 percent return on sales in 2023. We will set the next milestones for achieving that goal in 2022”, Volkswagen CFO Alexander Seitz said.

However, this guidance is subject to the further development of the war in Ukraine and in particular the impact on the Group’s supply chains and the global economy as a whole. At the time of preparing this outlook, there is a risk that the latest developments in the war in Ukraine will have a negative impact on the business of Volkswagen Passenger Cars.

Financial figures Volkswagen Passenger Cars

	2020	2021	Change in %
Deliveries (million)	5,3	4,9	-8 %
Sales revenue (€ billion)	71,1	76,1	+7 %
Operating profit before special items (€ billion)	0.5	2.5	+451 %
Operating return on sales before special items (%)	0.5	3.3	
Operating Net cash flow (€ million)	89	212	+138 %

¹⁾ ID.4 - combined energy consumption in kWh/100 km: combined 16.3-15.6 (NEDC); CO2 emissions in g/km: 0; efficiency class: A+++.

²⁾ ID.5 - combined energy consumption in kWh/100 km: 16.2 (NEDC); CO2 emissions in g/km: 0; efficiency rating: A+++.

³⁾ ID.5 GTX - combined power consumption in kWh/100 km: 17.1 (NEDC); combined CO₂ emissions in g/km: 0; efficiency class A+++.

⁴⁾ ID. 6 - The car will not be available in Germany.

⁵⁾ ID. Buzz - The vehicle is a near production concept car and has not gone on sale yet.

⁶⁾ ID.3 - combined power consumption in kWh/100 km: 14.0-13.7 (NEDC), CO2 emissions in g/km: 0; efficiency class: A+++.

⁷⁾ Study.

The Volkswagen Passenger Cars brand is present in more than 150 markets worldwide and produces vehicles at more than 30 locations in 13 countries. In 2021, Volkswagen delivered around 4.9 million vehicles. These include bestsellers such as the Polo, T-Roc, Golf, Tiguan or Passat as well as the successful all-electric models ID.3 and ID.4. Last year, the company handed over more than 260,000 battery electric vehicles (BEV) to customers worldwide, more than ever before. Around 184,000 people currently work at Volkswagen worldwide. In addition, there are more than 10,000 trading companies and service partners with 86,000 employees. With its ACCELERATE strategy, Volkswagen is consistently advancing its further development into a software-oriented mobility provider.
