



June 14, 2023

## Performance program: Volkswagen brand aims to become more efficient and more profitable

- Global “ACCELERATE FORWARD | Road to 6.5” program for greater efficiency and higher profits at lower cost
- Implementation of 6.5 percent return on sales to safeguard future investment and employment
- Sustainable increase in earnings of around 10 billion euros in 2026
- CEO Thomas Schäfer: “The program is the number one priority for the entire Board of Management. We are getting an enormous concerted effort off the ground to build new strength for the Volkswagen brand and position it robustly for future growth.”
- General Works Council Chairwoman Daniela Cavallo: “I expect a convincing dovetailing of the strategically decisive fields of Group management, cooperation between the brands, focus on software and product quality.”
- Stephan Wöllenstein appointed as head of the Project Management Office (PMO)
- Program milestones are to be developed and adopted in consultation with employee representatives by October 2023

**Wolfsburg, June 14, 2023 – Volkswagen intends to drive up its performance and profitability in the long term with the “ACCELERATE FORWARD | Road to 6.5” global performance program. The goal is to sustainably achieve a return on sales of 6.5 percent to safeguard investments in future technologies and jobs. To this end, the brand plans to improve earnings by around 10 billion euros in 2026. At today’s works meeting held at the Wolfsburg headquarters, Volkswagen CEO Thomas Schäfer outlined important milestones of the program, such as streamlining and accelerating administrative processes, increasing efficiency in development and production, streamlining the model range, and at the same time reducing the number of equipment variants and further improving product quality. Volkswagen is setting up a Project Management Office (PMO) to develop and manage the program. Stephan Wöllenstein, top manager at VW, will take over its management. The program is to be implemented in close consultation with the employee representatives. All measures should be up and running by October 2023.**

### Media contact

Volkswagen Communications  
Elena Storm  
Corporate Communications  
Volkswagen Passenger Cars  
Tel. +49 5361 9 87575  
elena.storm@volkswagen.de

Heiko Lossie  
Spokesperson Group Works Council  
Tel. +49 5361 9 962013  
heiko.lossie@volkswagen.de



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Volkswagen intends to drive up its performance and profitability in the long term with the "ACCELERATE FORWARD | Road to 6.5" global performance program.

The decision of the VW Board of Management to launch "ACCELERATE FORWARD | Road to 6.5" follows an analysis of the very challenging market environment and the economic situation. Schäfer: "The program is the number one priority for the entire Board of Management. We must build new strength for the Volkswagen brand and position it robustly for future growth, which is why we are now getting an enormous concerted effort off the ground. We need to achieve a sustainable return on sales of 6.5 percent in the Volkswagen brand. Achieving this in 2026 is very ambitious, but feasible if we pool our efforts. This will enable us to safeguard jobs, finance our future from our own resources and continue to invest in new vehicles and technologies, in the modernization of our plants and in staff training." Schäfer reveals the keys to this: "Leveraging synergies and becoming more efficient, faster and more effective across all divisions of the Company. Stephan Wöllenstein is one of the most experienced international managers we could have chosen to manage this core program. With "ACCELERATE FORWARD | Road to 6.5" we will collectively lay the foundations for successful implementation of our brand strategy."

### **Successful future of VW brand – a common goal for Board of Management and Works Council**

At the works meeting, the Management Board and the Works Council confirmed that they would continue to work together on the common and equally important goals of profitability and job security. General Works Council Chairwoman Daniela Cavallo said: "We all agree that we need to achieve the targeted savings without reducing collectively agreed wages or shedding jobs. Because the decisive levers are others." Cavallo highlighted the fields of Group management, cooperation between the brands, focus on software and product quality. "I expect a convincing dovetailing of the strategically decisive fields. We must finally consistently set these central levers in motion in order to exploit those opportunities for improvement that are inherent in our company in the long term. In this context, it is also important to keep the workforce well informed and involved throughout the entire process."



## Media Information

### **New program structure with interdisciplinary flagship projects**

At its core, in 2026 alone, "ACCELERATE FORWARD | Road to 6.5" is expected to improve earnings by around 10 billion euros in order to sustainably realize a return on sales of 6.5 percent. The program will be implemented at two levels. The first level entails major action areas within the brand: administration, technical development, material costs, products, price/mix, vehicle construction as well as sales and quality. Each action area will pursue specific goals and measures and thus help to achieve the program's objectives in terms of costs and revenues. In addition, ACCELERATE FORWARD will follow a new, collaborative strategy on a second level of measures: flagship projects spanning multiple action areas will ensure greater efficiency and increase profits. The focus here will be on aspects such as reducing complexity and the number of variants, the sales model, reducing red tape, as well as product and yield optimization in the two primary toolkits, the Modular Transverse Toolkit (MQB) and the Modular Electric Drive Toolkit (MEB).

Schäfer gave the first concrete examples at the works meeting: Volkswagen intends to focus more on volume models. Lower-volume models like the VW Arteon will be discontinued. Schäfer: "We will focus on a small number of – though genuine – Volkswagen core models. This will reduce complexity and deliver higher profits." Reducing the number of variants provides another opportunity: For the ID.7, for example, this means 99 percent fewer configuration options compared to a Golf 7. In addition, the Company intends to optimize the plant capacity utilization in order to increase profitability and be able to respond more flexibly to fluctuations in demand and the market in the future.

### **Brand Board of Management with overall responsibility, PMO management to be taken over by Stephan Wöllenstein**

The performance program will be organized by a lean Project Management Office (PMO) under the direction of Stephan Wöllenstein. Responsibility for managing the overall program lies with the Brand Board of Management. Individual Board of Management members will take the lead in the action areas and flagship projects. The specific steps are to be defined by mid-September in consultation with the employee representatives. The program is expected to be up and running by October 2023 with all its details defined and its measures in place and will be transposed into an agreement with the employee representatives in the context of the planning round.

### **Further synergy potential in the Volume brand group**

The Volume brand group provides additional important leverage on the path to more synergies and higher returns. In this group, Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, SEAT/CUPRA and Škoda all work closely together. For example, production within the Volume brand group will be geared even more systematically to multi-brand plants and vehicle platforms in the future – for example, in connection with VW's planned entry-level electric vehicle costing around 25,000 euros SEAT/CUPRA is to take the lead of the Small-BEV-Family Cluster. Another example for synergies is the joint development and production of the Volkswagen Passat and Škoda Superb, which achieves efficiencies of 600 million euros over the life of both models. Over and above this, the brands in the Volume brand group intend to press ahead with the

# Media Information



optimization of selling expenses and overheads consistently across brands, for example, through a joint after-sales business.

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The Volkswagen Passenger Cars brand is present in more than 140 markets worldwide and produces vehicles at 29 locations in twelve countries. In 2022, Volkswagen delivered around 4.6 million vehicles. These include bestsellers such as the Polo, T-Roc, T-Cross, Golf, Tiguan or Passat as well as the successful all-electric models ID.3, ID.4, ID.5 and ID.6. Last year, the company handed over more than 330,000 all-electric vehicles to customers worldwide. Around 170,000 people currently work at Volkswagen worldwide. With its ACCELERATE strategy, Volkswagen is consistently advancing its further development into the most desirable brand for sustainable mobility.

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