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Successful start to the new fiscal year for Volkswagen

- Brand doubles its Q1 2021 operating profit year-on-year to EUR 900 million
- Positive outlook for full year 2021– margin target of 6 percent in 2023 confirmed
- Strong recovery in the Chinese market as well as North and South America
- Sales of all-electric vehicles almost doubled and those of plug-in hybrids more than tripled
- CEO Ralf Brandstätter: “The increases in all key performance indicators show that our *ACCELERATE* strategy and rigorous cost management of the past months are gaining traction.”

Wolfsburg, May 7, 2021 – Volkswagen has got off to a successful start in 2021 despite the global shortage of semiconductors and restrictions due to the coronavirus pandemic. Sales revenue in the first quarter grew by 5.4 percent to EUR 20 billion. Following the pandemic-related drop to EUR 481 million in the previous year, operating profit increased sharply to EUR 900 million and was thus almost at the level of the pre-crisis year 2019. The operating return on sales likewise rose sharply to 4.5 percent (previous year: 2.5 percent). Volkswagen CEO Ralf Brandstätter: “We’ve managed to carry over the momentum from the second half of 2020 into the new year – despite the continuing challenges posed by the pandemic and the global shortage of semiconductors. The increases in all key performance indicators show that our *ACCELERATE* strategy and rigorous cost management of the past months are gaining traction. On the basis of that, we’ll systematically continue to drive our transformation with a focus on e-mobility and digitalization.”

In particular, the good delivery figures, as well as the e-offensive and the faster pace *ACCELERATE* has injected into it, contributed to the good results. In the first three months of the year, the brand almost doubled deliveries of all-electric vehicles (BEVs) delivered to 30,700 units year-on-year (+95 percent) The increase for plug-in hybrids was even larger: The brand delivered 31,850 units, 227 percent more vehicles compared with the same quarter of 2020. All in all, Volkswagen delivered 1.36 million vehicles to customers worldwide in the first quarter, an increase of 25 percent over the prior-year period. The recovery in China made a particularly strong contribution to that, with deliveries there increasing by 61 percent. The brand’s global market share rose by a total of 0.3 percentage points to 7.4 percent.

Klaus Zellmer, Board Member for Sales at Volkswagen: “Our objective was to increase our global market share – and the past quarter showed we’re reaping initial successes. We’re lining up with the right products at the right time, and our dealership organization is fully on board and pulling its weight. That makes us feel confident about the rest of the year, during which in particular our global e-offensive with the new models will continue to pick up momentum.”

The ID.4¹ plays a key role in the e-offensive. Around 39,000 orders for it in Europe, including Germany, have already been received by the end of April – and the vehicle is already in pole position: For example, the ID.4 became the top-selling vehicle across all drive systems in April in Sweden and Norway – soon after as it was launched.

Media contact
Volkswagen Communications
Christoph Oemisch
Spokesperson Finance & Sales
Tel: +49-5361-9-18895
christoph.oemisch@volkswagen.de

Volkswagen Communications
Jörn Roggenbuck
Spokesperson Volkswagen brand
Tel: +49-173-37607-55
joern.roggenbuck@volkswagen.de



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The e-offensive is flanked by many new and attractive models with highly efficient combustion engines – such as the Taos for South America, the Tiguan Allspace (a long version of the bestseller Tiguan) or the new Polo.

On track as regards fixed costs and the regions

Volkswagen has earmarked around 16 billion euros for investment in the future trends of e-mobility, hybridization and digitalization up to 2025. To be able to finance the sizable investments and to further improve competitiveness, the company will systematically work on increasing its efficiency with *ACCELERATE*. Against that backdrop – and the continuing challenges posed by the coronavirus pandemic – cost efficiency still has top priority for Volkswagen.

The fixed-cost ratio could be further reduced in the first quarter compared with the previous year. The turnaround plans for the regions are also having an impact and resulted in a positive trend in the first quarter: Operating profit in North and South America as well as Russia could be increased significantly. Volkswagen plans to break even this year in the USA and South America. Alexander Seitz, CFO of the Volkswagen brand: "The turnarounds in the regions, our continued strict cost discipline and the ongoing positive trend for deliveries and sales revenue will make a major contribution to enabling us to achieve our margin target of 6 percent by 2023 and ensure the brand's sustainable profitability."

Outlook for 2021 confirmed

The Volkswagen brand is confirming its forecast for the current fiscal year after the first three months – depending on further development of the coronavirus pandemic and the semiconductor shortage. The brand anticipates a significant year-on-year increase in deliveries and sales revenue in 2021 and, despite the fact that the general economic conditions are growing tougher, still aims to post an operating return on sales in the target corridor between 3 and 4 percent.

Overview of financial figures for the Volkswagen Passenger Cars brand:

	Q1 2020	Q1 2021	Change in percent
Deliveries	1,091,400	1,360,100	+24.6%
Vehicle sales	764,910	768,780	+0.5%
Sales Revenue (€ million)	18,965	19,984	+5.4%
Operating Profit (€ million)	481	900	+87.0%
Net cash flow (€ million)	470	425	-9.6%



Deliveries by the Volkswagen Passenger Cars brand by region:

	Q1 2020	Q1 2021	Change in percent
Western Europe	297,300	271,100	-8.8%
Central and Eastern Europe	54,000	53,800	-0.3%
North America	117,300	127,500	+8.7%
South America	101,600	109,200	+7.4%
China incl. HK	455,800	732,400	+60.7%
Rest of Asia-Pacific	30,300	29,500	-2.4%
Middle East/Africa	35,200	36,500	+3.9%
Worldwide	1,091,400	1,360,100	+24.6%

¹⁾ ID.4 - power consumption in kWh/100 km (NEDC): combined 16.9-15.5; CO₂ emissions in g/km: 0; efficiency class: A+

The Volkswagen Passenger Cars brand is present in more than 150 markets worldwide and produces vehicles at more than 30 locations in 13 countries. Volkswagen delivered around 5.3 million vehicles in 2020. These include bestsellers such as the Golf, Tiguan, Jetta or Passat as well as the fully electric successful models ID.3 and ID.4. 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.
