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## Volkswagen brand boosts sales revenue and result

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- **First-quarter sales revenue grows by 7.1 percent compared with previous year to €21.5 billion**
  - **Operating profit before special items rises by 4.8 percent to €921 million**
  - **Brand confirms operating return target of 4 to 5 percent for entire year**
  - **Board Member for Finance Dr. Arno Antlitz: "New SUV's enrich our range of products. Focus on efficiency and cost discipline is bearing fruit. At the same time, the brand is investing strongly in future-oriented technologies."**
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Wolfsburg – In the first quarter of the 2019 financial year, the Volkswagen Passenger Cars brand performed solidly in a challenging market environment. The lead brand of the Volkswagen Group was able to boost sales revenue and operating profit in the first three months despite a slight fall in deliveries. With an improved product mix, the sales revenue of the Volkswagen brand grew by 7.1 percent to €21.5 billion. After three months, the operating profit before special impacts was 4.8 percent up on the prior-year figure, at €921 million. Here too, Volkswagen benefited from an improved product mix, positive developments in product costs and especially an improvement in fixed costs. In the first quarter, the operating return on sales was at about the same level as in the previous year, at 4.3 percent. In the reporting period, legal risks gave rise to special items in the amount of €0.4 billion in connection with the processing of the diesel issue.

"The Volkswagen brand has made a good start to the new financial year. The figures for the first three months show that our consistent focus on improving efficiency and cost discipline within the company is the right approach and is bearing fruit. We must continue with the approach which we have adopted with a view to sustainably improving the earnings power of Volkswagen. At the same time, we are investing strongly in future-oriented technologies such as the MEB, the digitalization of our products and the implementation of our product offensive," said Dr. Arno Antlitz Member of the Board of Management of the Volkswagen brand responsible for Finance.

In the first quarter, the brand was able to boost market shares. Nevertheless, deliveries fell by 4.5 percent to 1,456,400 vehicles as a result of the sluggish overall market. The Volkswagen brand is continuing its

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product offensive this year and is especially adding SUV models such as the new T-Cross to its portfolio. Demand for these model variants across the market segments continues to be strong in many regions.

In terms of fixed costs, the Volkswagen brand recorded in the first quarter of 2019 an improvement of about €200 million compared with the prior-year quarter. This improvement was chiefly due to the consistent implementation of the measures defined in the pact for the future ('Zukunftspakt'). "During the remainder of the financial year, we will need to make further efforts to accommodate risks arising from the markets," said Antlitz.

The Volkswagen brand is also working to improve the productivity of its plants globally. By 2025, the brand intends to boost the productivity of its plants by 30 percent. In addition to consistent investment discipline and plant deployment across the boundaries of brands and models, Volkswagen expects considerable efficiency effects for its plants in the future from the use of new technologies such as the Volkswagen Industrial Cloud.

In the first three months of 2019, net operating cash flow before cash outflow caused by the diesel issue amounted to about €0.6 billion.

### Sales revenue and return targets confirmed

For the current financial year, the Volkswagen brand continues to expect an operating return on sales within the target corridor of 4 to 5 percent. Significant financial impact as a result of the second stage of the changeover to the WLTP test cycle is not expected in 2019.

The Board of Management of the Volkswagen brand has set an operating return on sales target of at least six percent by 2022 in order to provide the funds required for all future-oriented investments in e-mobility and digitalization from its own resources and to shape the transformation of the industry.

The first-quarter figures for the Volkswagen brand at a glance:

	Q1 2019	Q1 2018	Change, %
Deliveries (including China)	1,456,400	1,525,300	-4.5%
Unit sales	910,100	912,200	-0.2%
Sales revenue (€million)	21,538	20,115	+7.1%
Operating profit (€million)*	921	879	+4.8%
Operating return on sales*	4.3%	4.4%	

\*Before special effects



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**About the Volkswagen brand:**

Volkswagen Passenger Cars operates in more than 150 markets worldwide and produces vehicles at more than 50 locations in 14 countries. In 2018, Volkswagen produced around 6.24 million vehicles, including bestsellers such as the Golf, Tiguan, Jetta and Passat. Volkswagen has a current workforce of 195,878 employees around the globe. Added to this are more than 10,000 dealerships with 86,000 employees. Volkswagen is forging ahead consistently with the further development of automobile production. Electric mobility, smart mobility and digital transformation of the brand are the key strategic issues for the future.

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