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Volkswagen Brand – First-quarter sales revenue and profit down on previous year due to impact of Covid-19

- Sales revenue from January to March fell to around EUR 19 billion (-11.9 percent)
- Operating profit remained positive at EUR 481 million (- 47.7 percent in comparison to previous year)
- Operating return on sales stood at 2.5 percent (previous year: 4.3 percent)
- COO Ralf Brandstätter: "After a solid start to the year, the global pandemic severely impacted our business as the quarter progressed. We are reviewing all our projects to reassess their importance to our short-term needs."
- Chief Financial Officer Alexander Seitz: "Rigorous discipline with regard to expenditure and costs is more important than ever in the current situation. We remain on a solid financial footing."

Volkswagen Passenger Cars experienced a substantial impact on its business in the first three months of 2020 due to the Covid-19 pandemic. Despite a solid start to the year, deliveries to customers by the core Volkswagen brand decreased by around 25 percent to 1.1 million vehicles over the January to March period of 2020. In the same quarter, sales revenue fell by some EUR 2.6 billion (-11.9 percent) to around EUR 19 billion. The core brand's operating profit remained positive. Standing at around EUR 481 million, it fell by 50 percent in comparison to the previous year's figure before special items. The operating return on sales in the first quarter of 2020 was 2.5 percent (4.3 percent in previous year before special items).

Ralf Brandstätter, COO of the Volkswagen brand: "After a solid start to the year, the global pandemic severely impacted our business as the quarter progressed. Our current focus is therefore ensuring liquidity. We are reviewing all our projects to reassess their importance to our short-term needs. However, this will have no impact on strategic projects such as the new ID.3¹."

Alexander Seitz, CFO of the Volkswagen brand: "The Volkswagen brand was taking an extremely resolute approach to costs even before Covid-19 appeared. We will be reinforcing this policy with further measures to enhance efficiency and productivity. Rigorous discipline with regard to expenditure and costs is more important than ever in the current situation. We remain on a solid financial footing."

Volkswagen brand with solid start to year, but severe decline in February

The Covid-19 pandemic caused the already difficult economic situation over the last few months to become even more challenging. After a solid start to the year, the brand experienced a substantial decline in deliveries to customers from February onwards. In the first three months of 2020, the brand delivered a total of 1,091,500 vehicles (same period of the previous year: 1,456,400).

Net cash flow positive despite difficulties in first quarter

The ongoing measures to enhance the profitability and efficiency of the Volkswagen brand are having a positive effect in a challenging overall situation. In the first quarter of 2020, the net cash flow before special items of around EUR 0.5 billion remained in the positive range.

Media contacts Volkswagen Communications

Corporate Communications
Christoph Oemisch
Spokesperson Finance & Sales
Phone: +49 5361 9-18895
christoph.oemisch@volkswagen.de

Thomas Küter
Head of Investor Relations
Phone: +49 5361 9- 126735
thomas.kueter@volkswagen.de



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Volkswagen focuses on attractive product portfolio, with sights firmly fixed on e-mobility

The Volkswagen brand is focusing on an attractive product portfolio, a strategy supported by its regionalized range of SUVs. Very much in demand, these models belong to the top-selling vehicles in their respective markets. Examples include the Tiguan and T-Roc in Western Europe (particularly Germany) and China, and the T-Cross in South America. Volkswagen is continuing its product initiative across all segments. The new Golf 8 is now being introduced into a growing number of markets. This summer, Volkswagen plans the Europe-wide roll-out of the fully-electric ID.3¹, the first updatable electric car based on the MEB toolkit.

¹) This vehicle is not yet offered for sale in Europe



Key figures for the Volkswagen brand:

	Jan. – Mar. 2020	Jan. – Mar. 2019	Change
Deliveries (incl. China)	1,091,500	1,456,400	-25.1%
Vehicle sales	765,000	910,000	-16.0%
Sales revenue (€ million)	18,965	21,538	-11.9%
Operating profit* (€ million)	481	921	-47.7%
Operating return on sales*	2.5%	4.3%	-1.8 ppt
Net cash flow* (€ million)	470	601	-21.8%

* before special items

Deliveries to customers by market	Jan. – Mar. 2020	Jan. – Mar. 2019	Change
Western Europe	297,300	383,500	-22.5%
Central and Eastern Europe	54,500	62,000	-12.2%
North America	117,300	132,100	-11.2%
South America	101,600	105,100	-3.3%
China (incl. HK)	455,800	703,400	-35.2%
Rest of Asia-Pacific	29,800	37,600	-20.9%
Middle East/Africa	35,200	32,700	+7.8%
Brand overall	1,091,500	1,456,400	-25.1%

About the Volkswagen brand:

The Volkswagen Passenger Cars brand is present in more than 150 markets throughout the world and produces vehicles at over 50 locations in 14 countries. In 2019, Volkswagen delivered 6.3 million vehicles including bestselling models such as the Golf, Tiguan, Jetta or Passat. Currently, 195,878 people work for Volkswagen across the globe. The brand also has over 10,000 dealerships with 86,000 employees. Volkswagen is forging ahead consistently with the further development of automobile production. E-mobility, smart mobility and the digital transformation of the brand are the key strategic topics for the future.
