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Volkswagen brand recovers from Covid-19 slump in third quarter and confirms outlook

- **Third-quarter deliveries almost on a level with previous year; year-to-date decline of 18.6 percent**
- **Sales revenue of EUR 47.2 billion in the first nine months; rate of year-on-year decline has narrowed to –27.9 percent after three quarters**
- **Return to profitable territory in third quarter, nine-month operating result before special items of EUR –1.0 billion**
- **Measures to counter the Covid-19 pandemic showing results; model initiative provides added momentum**

After the pandemic-related slump in the first half of the year, business performance at the Volkswagen Passenger Cars brand recovered noticeably in the period from July to September. With 1.5 million vehicles delivered worldwide, the core brand of the Volkswagen Group delivered almost as many vehicles to customers in the third quarter of 2020 as in the prior-year period (–2.7 percent). In the period from January to September, however, deliveries still decreased by 18.6 percent. The gradual recovery is also reflected in the brand's financial key performance indicators: Sales revenue amounted to EUR 47.2 billion after nine months, down 27.9 percent on the previous year. After the first six months of the year, a 35.3 percent drop had been recorded. With an operating result before special items of EUR 522 million, the brand was back in positive territory in the third quarter. The nine-month operating result before special items improved accordingly to EUR –1.0 billion (first six months: EUR –1.5 billion).

Alexander Seitz, CFO of the Volkswagen brand: "Despite the ongoing challenges from the Covid-19 pandemic, the brand returned to profitability in the third quarter. This is above all due to the systematic measures taken to cut costs and secure liquidity and the dedicated efforts of our employees, who gave their all to catch up on the backlog following the temporary shutdown in spring. Thanks to our strong product substance, we are gaining market share in many regions. In the final quarter, we are doing everything in our power to get the brand's full-year operating result into positive territory."

Gradual recovery of business continues

The gradual recovery in delivery figures after the significant falls at the beginning of the year continued in the course of the third quarter. While the Volkswagen Passenger Cars brand recorded single-digit percentage declines in July and August compared with the prior-year months, in

Media contacts
Volkswagen Communications

Corporate Communications
Christoph Oemisch
Spokesperson Finance & Sales
Phone +49 53619-18895
christoph.oemisch@volkswagen.de

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



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September the brand was already almost at the previous year's level, at -0.7 percent. The drivers of the gradual improvement in sales are in particular the new compact electric vehicle, the ID.3¹, of which around 20,000 units have already been delivered, as well as the brand's plug-in hybrids, which are in high demand, and the significant pick-up in demand for the Golf 8.

Continuation of effective countermeasures

Despite signs of a recovery, the further development of the Covid-19 pandemic remains difficult to forecast. The brand will therefore continue the strict cost management measures it has initiated. In this way, it successfully reduced fixed costs in the first nine months compared with the prior-year period. For 2020 as a whole, the brand still anticipates deliveries and sales revenue to be significantly below the prior-year level. The operating result before special items is expected to be severely lower than in 2019, but still positive.

Electric mobility offensive continues in fourth quarter

Following the market introduction of the all-electric ID.3 in September, the Volkswagen brand will continue to roll out its successfully launched e-offensive in the fourth quarter. Customers can already place orders for the ID.4², the second model to be based on the Modular Electric Drive Matrix (MEB). Being an all-electric SUV, the ID.4 has been designed as a world car, which is to be built and sold in all key regions of the world – Europe, North America, China. In addition, the brand is driving the electrification of its portfolio by launching a significant number of plug-in hybrids: PHEV versions of the new Golf and the Touareg can already be ordered. Electrified derivatives of the new Tiguan³ as well as the new Arteon³ and Arteon Shooting Brake³ will follow shortly. In addition, PHEV versions of the Passat⁴ and Passat Variant⁵ have also been available for a while now.



Key figures for the Volkswagen brand:

	Jan. – Sep. 2020	Jan. – Sep. 2019	Change
Deliveries (incl. China)	3,674,300	4,514,600	-18.6%
Vehicle sales	1,630,000	2,344,000	-30.5%
Sales revenue (€ million)	47,184	65,447	-27.9%
Operating result* (€ million)	-969	3,152	x
Net cash flow* (€ million)	-1,711	2,425	x

* before special items

Deliveries to customers by market	Jan. – Sep. 2020	Jan. – Sep. 2019	Change
Western Europe	794,300	1,123,100	-29.3%
Central and Eastern Europe	156,800	197,400	-20.6%
North America	332,900	425,700	-21.8%
South America	264,800	358,500	-26.1%
China (incl. HK)	1,954,100	2,197,600	-11.1%
Rest of Asia-Pacific	86,500	109,200	-20.8%
Middle East/Africa	84,900	103,100	-17.6%
Brand overall	3,674,300	4,514,600	-18.6%

¹⁾ ID.3: power consumption in kWh/100 km: 15.4-13.5 (combined); CO₂ emissions in g/km: 0; efficiency class: A+

²⁾ ID.4: power consumption in kWh/100 km: 16.9-16.2 (combined); CO₂ emissions in g/km: 0; efficiency class: A+

³⁾ PHEV version of the vehicle is not yet offered for sale in Europe

⁴⁾ Passat GTE: fuel consumption l/100 km: combined 1.5-1.4; power consumption, kWh/100 km: combined 14.2-13.8; CO₂ emissions, g/km: combined 34-32; efficiency class: A+

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⁵⁾ *Passat Variant GTE: fuel consumption l/100 km: combined 1.6; power consumption, kWh/100 km: combined 15.1-14.7; CO₂ emissions, g/km: combined 37-36; efficiency class: A+*

About the Volkswagen brand:

The Volkswagen Passenger Cars brand is present in over 150 markets and produces vehicles at more than 50 locations in 14 countries. Volkswagen delivered about 6.3 million vehicles in 2019, including bestsellers such as the Golf, Tiguan, Jetta or Passat. The company has a current workforce of 195,878 employees around the globe. Added to this are more than 10,000 dealers with 86,000 employees. Volkswagen consistently pursues the enhancement of automotive construction. Electric mobility, smart mobility and digital transformation of the brand are the key strategic topics for the future.
