



October 30, 2017

### Volkswagen continues on successful course

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- **Group's core brand reports further growth in sales revenue and operating profit before special items in third quarter**
  - **"Transform 2025+" strategy brings sustainable results**
  - **Cost development remains under control despite biggest product offensive in history of brand**
  - **Turnaround program in North America taking hold**
  - **Return on sales for 2017 as a whole expected to be moderately higher than previously forecast range of 2.5 to 3.5 percent (before special items)**
  - **Brand CEO Diess: "We are well on the way to achieving our key strategic goals"**
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Wolfsburg – The Volkswagen brand continued its successful business development in the third quarter of 2017. Sales revenue from January to September based on the new demarcation between the Group and the brand, which has been applied since the beginning of the year, climbed 8.3 percent compared with the previous year to €58.9 billion. In the first nine months, Volkswagen more than doubled operating profit before special items to €2.5 (1.2) billion. This was impacted by additional provisions for the buyback/retrofit program for 2.0l TDI vehicles in North America in approximately the same amount already announced by the Group and recognized in the brand's figures for the third quarter. Adjusted for this special item, the brand's operating margin improved to 4.3 (1.6) percent after nine months. In light of the good development, Volkswagen has slightly raised its forecast for 2017 as a whole. The Brand Board of Management expects the operating return on sales (before special items) to be moderately higher than the previously forecast range of 2.5 to 3.5 percent.

"The Volkswagen brand is systematically implementing its Transform 2025+ strategy. Our model offensive is increasingly paying off, the turnaround programs in the markets are taking hold, the brand's new strategic orientation is producing good results overall. Our operational earning power has improved faster than we anticipated and we are well on the way to achieving our key strategic targets: to make Volkswagen competitive for tomorrow's mobility", Dr. Herbert Diess, CEO of the Volkswagen brand, said.

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Deliveries to customers reflect this positive development at the Volkswagen brand in the first nine months. 4.49 million vehicles were handed over to customers worldwide in the period up to the end of September, an increase of 2.7 percent compared with the previous year. Deliveries gathered significant momentum as the year progressed, with particularly strong gains in the South America region during the first nine months (+24.0 percent). The situation in the home market of Germany, where the debate on the future of diesel powertrains affected deliveries during the course of the year, is also showing signs of recovery.

“Volkswagen has sent a strong signal so far this year with new models and the associated trend in unit deliveries. We have returned to growth in all regions – and have every reason to look to the future with optimism”, Jürgen Stackmann, Brand Board Member for Sales, commented.

### **Financial figures further improved, forecast for return on sales raised**

The visible market success has been a significant factor in positive sales development so far this year. Volume, mix and margin effects had a positive impact on operating profit before special items. This upward trend was also attributable to further improvements in the cost situation, in part as a result of the successful implementation of the Future Pact agreed the previous year. Despite the continued product offensive, fixed costs were maintained at the level of the previous year. Ongoing progress with the turnaround in North America and Russia also contributed to the improvement in the margin situation.

For the remainder of the year, the Volkswagen Brand Board of Management expects the positive business development of the first three quarters to continue. On a comparable basis, sales revenue is still forecast to rise by about 10 percent over the previous year. The operating return on sales before special items is now expected to be moderately higher than the range of 2.5 to 3.5 percent. In light of the future investments expected during the coming years, Volkswagen’s medium- and long-term return on sales targets of at least 4 percent by 2020 rising to 6 percent by 2025 remain unchanged.

Dr. Arno Antlitz, Volkswagen Brand Board Member for Finance, commented: “Step by step, we will achieve a sustained improvement in our earning power in the coming years. We will focus on further improving competitiveness, systematically implementing the turnaround in the regions, and continuing the biggest model offensive in the brand’s history.”



In addition, Volkswagen will forge ahead with preparing for the offensive with innovative electric vehicles from 2020.

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**About the Volkswagen brand: "We make the future real"**

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 2016, Volkswagen produced about 5.99 million vehicles including bestselling models such as the Golf, Tiguan, Jetta or Passat. Currently, 196,000 people work for Volkswagen across the globe. The brand also has 7,700 dealerships with 74,000 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.

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