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Volkswagen making good headway with transformation

- €19 billion for future technologies through 2024, of which €11 billion for e-mobility
- Model and electric offensive in 2020: 34 new models in total
- Newly-established Car.Software organization starts operating on January 1, 2020
- “Transform2025+” strategy gaining foothold
- Financial metrics improve in 2019 as world market shrinks

Wolfsburg – The Volkswagen brand will be launching 34 new models worldwide next year, including twelve SUVs and eight electric or hybrid vehicles. Volkswagen COO Ralf Brandstätter commented: “We are at the beginning of a new era. We mean business with e-mobility. The brand will be investing €19 billion in future technologies through 2024, €11 billion alone in the further development of e-mobility. And Volkswagen starts the biggest electric offensive in the automotive industry next year: The ID.3¹ goes on sale in the summer, soon followed by the ID.Next², our first electric SUV. Our ID. family makes emission-free mobility accessible to many people for the first time. That is New Volkswagen.”

The brand continues to stand by its commitment to the Paris climate goals. Vehicles and the company are to achieve a carbon-neutral balance by 2050. CO₂ emissions from production are to be halved by 2025. Volkswagen is well on track in this respect thanks to its electric offensive.

The digital transformation roadmap is an important stepping stone for the company in its modernization and digitalization efforts. Signed off in 2019, the roadmap follows on from the pact for the future and focuses in particular on further improvements in competitiveness and earnings power over the coming years. It also lays the groundwork for expanding the software expertise of the brand and the Group. The Car.Software organization will already begin operating as an independent business unit in January 2020. By 2025, the in-house share of car software development and vehicle-related services is to rise from under ten percent today to at least 60 percent.

2019 sees the Volkswagen brand in the homestretch. COO Brandstätter underscored the strong team performance: “In a shrinking overall market the Volkswagen brand has

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won market shares worldwide and significantly improved its operating result. Ongoing restructuring of core business, including the positive effects of the pact for the future, and the success of the worldwide SUV offensive have been key to this achievement. Improved earnings in the regions and successful WLTP management have been just as important." The pact for the future signed in 2016 is also bringing results. Some €2.6 billion of the planned €3 billion cost savings will have already been achieved by the end of 2019.

CFO Arno Antlitz said: "Our strategy is gaining a foothold. Our vehicles are convincing customers and our consistent discipline with respect to costs and investments is having a positive impact. We therefore confirm our target of an operating return on sales of four to five percent for the full year 2019 in a difficult market environment. As announced, we expect to generate cash flow from operating activities significantly in excess of one billion euros in 2019. Our financial targets for 2020 remain unchanged. Furthermore, we reaffirm our targets for 2022 of an operating return on sales of at least six percent and cash flow in excess of 2 billion euros."

Production has also become more efficient in 2019, with the brand exceeding its annual productivity improvement target of five percent. The improvement by the end of the year is expected to be more than seven percent.

Last, but not least, 2019 was a successful year for vehicle premieres: In particular the Golf 8 and ID.3 as well as the T-Cross, Teramont³, T-Roc R⁴, and T-Roc Cabrio⁵ were extremely well received by customers.

1. ID.3.: The vehicle is not yet available for sale in Europe.
2. ID.Next: Study
3. Teramont: The vehicle is not for sale in Germany
4. T-Roc R: Fuel consumption, l/100 km: urban 9.5 - 9.1, extra-urban 6.6 - 6.5, combined 7.7 - 7.5; CO2 emissions combined in g/km: 176 - 171; efficiency class: D
5. T-Roc Cabriolet: The vehicle is not yet for sale

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 2018, Volkswagen delivered 6,2 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.
