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Volkswagen Group achieves robust annual results for 2023, with a strong fourth quarter

- Sales revenue up 15 percent year-on-year to EUR 322.3 billion, driven by increase in deliveries in Europe and North America
- Order bank in Western Europe normalizes further at the beginning of the year to 1.1 million vehicles
- Deliveries of battery-electric vehicles (BEV) up by 35 percent to 771,000 units in 2023; share of Group deliveries increased continuously throughout the year and reached 8,3 percent in 2023
- Operating profit before special items of EUR 22.6 billion remains at previous year's level; positive volume, price and mix effects largely offset higher product costs and negative valuation effects of EUR 3.2 billion
- Operating profit margin slightly down compared to the previous year at 7 percent
- Net cash flow in the Automotive Division more than doubled to EUR 10.7 billion, supported by a sharp reduction in inventories at the end of the year
- Automotive Division's net liquidity remained at a robust level of EUR 40.3 (43.0) billion at the end of the year, after dividend payments of around EUR 11 billion
- Oliver Blume, CEO Volkswagen Group, said: "2023 was an important year for the Volkswagen Group in terms of our realignment. Last year, we continued to implement our 10-point program and the performance programs. The clean-up work has been completed. The main course has been set for the restructuring of the Volkswagen Group. We can build on this in 2024 and have a solid basis for an accelerated ramp-up from 2025."
- Arno Antlitz, CFO & COO of Volkswagen Group, said: "The results for the financial year 2023 show that we have become even more robust. We have excellent products and have launched ambitious Group-wide efficiency programs. Therefore, we are confident about 2024, despite the muted economic outlook and intense competition."
- Board of Management and Supervisory Board propose dividend of EUR 9.00 per ordinary share and EUR 9.06 per preferred share; payout ratio at 28 percent
- Group Outlook for 2024: Sales revenue expected to grow by up to 5 percent, supported by positive effects, in particular from the market launch of new products; operating return on sales expected to range between 7.0 and 7.5 percent; automotive net cash flow between EUR 4.5 and 6.5 billion and net liquidity between EUR 39 and 41 billion expected

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Wolfsburg, March 01, 2024 - Volkswagen Group achieved robust financial results in 2023. This was driven by a strong fourth quarter, with sales revenue of EUR 87 billion and an increase in operating profit of more than a quarter compared to the previous year. During the year, the Group made further progress with the implementation of its strategy and systematically pushed ahead with its restructuring. The focus was on customer-oriented products and compelling design, in addition to the strengthening of the regions, particularly China and North America. By introducing performance programs in all divisions, the Group has made notable strides towards a sustainable increase in profitability.

The Group's sales revenue grew by 15 percent to EUR 322.3 billion in 2023, driven by an increase in deliveries, an improved product mix and positive price effects. Deliveries of battery electric vehicles (BEV) increased by 35 percent to 771,000 units, driven by growth in all regions. The share of BEVs rose continuously over the course of the year, reaching 8.3 percent for 2023, compared to 6.9 percent in the previous year. The total number of vehicles delivered grew by 12 percent to 9.24 million. All regions contributed to this growth, with Europe (+20 percent) and North America (+18 percent) as the main drivers. In China, the Group's largest single market, deliveries to customers grew by 2 percent, despite a demanding market environment.

Oliver Blume, CEO Volkswagen Group, said: "2023 was an important year for the Volkswagen Group in terms of our realignment. Last year, we continued to implement our 10-point program and the performance programs. The clean-up work has been completed. The main course has been set for the restructuring of the Volkswagen Group. We can build on this in 2024 and have a solid basis for an accelerated ramp-up from 2025."

At EUR 22.6 (22.5) billion, operating profit before special items remained at previous year's level despite significant negative valuation effects, particularly from commodity hedging, amounting to EUR 3.2 billion. This corresponds to an operating return on sales before special items of 7.0 (8.1) percent.

The Automotive Division's net cash flow amounted to EUR 10.7 (4.8) billion. The increase is primarily due to growth in the operating business. The elimination of bottlenecks in the supply chain for finished vehicles also led to a sharp reduction in inventories of around EUR 5 billion by the end of the year.

At EUR 40.3 (43,0) billion, after dividend payments of around EUR 11 billion, the Automotive Division's net liquidity remains at a robust level.

The Board of Management and Supervisory Board are proposing to the Annual General Meeting a dividend of EUR 9.00 per ordinary share and EUR 9.06 per preferred share, representing an increase of EUR 0.30 per ordinary and preferred share respectively compared to the previous year's figures. The payout ratio corresponds to 28 percent and is therefore slightly below the Group's ambition of at least 30 percent.

Arno Antlitz, CFO & COO Volkswagen Group: "The results for the 2023 financial year show that we have become even more robust. We have excellent products and have launched ambitious

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Group-wide efficiency programs. Therefore, we are confident about 2024, despite the muted economic outlook and intense competition. On that basis, we will consistently drive the transformation of the Volkswagen Group forward. We expect a tailwind from a large number of new product launches, a positive trend in product costs and continued cost discipline. Our flexibility is our strength: we are continuing to invest in the electrification and digitalization of our product range, while simultaneously keeping our combustion vehicles competitive during the transition phase.”

The Volkswagen Group is continuing to invest particularly in the Chinese market, new products, its battery business, and its platforms for BEVs and combustion models. In 2024, the investment ratio will peak at an expected 13.5 to 14.5 percent. In the following years, the Group anticipates the investment ratio to gradually approach the target level of 11 percent by 2027. By better leveraging its synergies, the Group will be able to limit its upfront investments to EUR 170 billion in the upcoming five-year plan from 2025 to 2029.

Outlook 2024

The Volkswagen Group expects the sales revenue to exceed the previous year's figure by up to 5 percent. The operating return on sales is expected to range between 7.0 percent and 7.5 percent.

In the Automotive Division, the Group assumes an investment ratio of between 13.5 percent and 14.5 percent in 2024. The automotive net cash flow for 2024 is expected to be between EUR 4.5 and EUR 6.5 billion. This will include in particular investments for the future and cash outflows from mergers and acquisitions for the battery business, which are a vital pillar of the Volkswagen Group's transformation. Net liquidity in the Automotive Division is expected to be between EUR 39 billion and EUR 41 billion in 2024. It remains the Group's goal to continue its solid financing and liquidity policy.

Challenges will arise in particular from the economic situation, the increasing intensity of competition, volatile commodity, energy and foreign exchange markets, and more stringent emissions-related requirements.

Key Figures

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	Q4 2023	2023	2022 ¹	%
Volume Data² in thousands				
Deliveries to customers (units)	2,524 (+14.4%)	9,240	8,263	+ 11.8
Financial Data (IFRS), € million				
Sales revenue	87,182 (+14.5%)	322,284	279,050	+ 15.5
Operating result before special items	6,335 (+25.9%)	22,576	22,509	+ 0.3
Operating return on sales before special items (%)	7.3	7.0	8.1	
Special items	-	0	-399	x
Operating result	6,335 (+25.9%)	22,576	22,109	+ 2.1
Operating return on sales (%)	7.3	7.0	7.9	
Automotive Division³				
Total research and development costs	6,207	21,779	18,908	+ 15.2
R&D ratio (%)	8.5	8.1	8.1	
Cash flows from operating activities	16,118	37,851	29,865	+ 26.7
Cash flows from investing activities attributable to operating activities ⁴	10,358	27,153	25,058	+ 8.4
of which: capex	5,653	14,371	12,731	+ 12.9
Ratio of capex to sales revenue (%)	7.7	5.4	5.5	
Net cash flow	5,760	10,698	4,807	x
Net liquidity at Dec. 31		40,289	43,015	-6.3
Return on investment (ROI) in %		12.3	12.0	

¹Prior-year figures adjusted (see disclosures on IFRS 17).

²The figures also include the equity-accounted Chinese joint ventures. Prior-year deliveries have been updated to reflect subsequent statistical trends.

³Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

⁴Excluding acquisition and disposal of equity investments: €25,038 (22,061) million.

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About the Volkswagen Group:

The Volkswagen Group is one of the world's leading car makers, headquartered in Wolfsburg, Germany. It operates globally, with 114 production facilities in 19 European countries and 10 countries in the Americas, Asia and Africa. With around 684,000 employees worldwide. The Group's vehicles are sold in over 150 countries.

With an unrivalled portfolio of strong global brands, leading technologies at scale, innovative ideas to tap into future profit pools and an entrepreneurial leadership team, the Volkswagen Group is committed to shaping the future of mobility through investments in electric and autonomous driving vehicles, digitalization and sustainability.

In 2023, the total number of vehicles delivered to customers by the Group globally was 9.2 million (2022: 8.3 million). Group sales revenue in 2023 totaled EUR 322.3 billion (2022: EUR 279.1 billion). The operating result before special items in 2023 amounted to EUR 22.6 billion (2022: EUR 22.5 billion).
