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Volkswagen Reports New Records in Unit Sales, Sales Revenue and Earnings in Fiscal Year 2014

- Sales revenue up 2.8 percent year-on-year to EUR 202.5 billion; negative exchange rate effects, particularly in the first half of 2014
- Operating profit rises by EUR 1 billion to EUR 12.7 billion; positive impact from volume and mix effects as well as optimized product costs
- Earnings before tax amount to EUR 14.8 billion (EUR 12.4 billion); equity-accounted profit of the Chinese joint ventures exceeds the high prior-year figure
- Net liquidity in Automotive Division increases to EUR 17.6 billion (EUR 16.9 billion)
- Dividend proposed to increase to EUR 4.80 per ordinary share (EUR 4.00) and EUR 4.86 per preferred share (EUR 4.06)

Wolfsburg, February 27, 2015 – The Volkswagen Group improved its earnings strength again in 2014 and continued along its qualitative growth path despite major economic challenges. With sales revenue of EUR 202.5 billion (previous year: EUR 197.0 billion) and an Operating profit of EUR 12.7 billion (EUR 11.7 billion), the Group generated new record highs. This was announced by Volkswagen Aktiengesellschaft this Friday on conclusion of the Supervisory Board meeting.

The operating margin improved to 6.3 percent (5.9 percent), reaching the upper end of the forecast range of 5.5 percent to 6.5 percent. The Group's profit before tax increased to EUR 14.8 billion (EUR 12.4 billion), while the return on sales before tax rose from 6.3 percent to 7.3 percent. The equity-accounted profit of the Chinese joint ventures exceeded the high prior-year figure. The activities of the Chinese joint ventures have always been accounted for in the financial result using the equity method and are therefore not included in the Group's sales revenue and operating profit.

“We can look back on the past fiscal year with satisfaction: despite the difficult economic environment, we achieved our goals for 2014. At the same time, our forward-looking efficiency program “Future Tracks” has laid the groundwork that will enable us to continue our successful trajectory with all our strength”, said Prof. Dr. Martin Winterkorn, Chairman of the Board of Management of Volkswagen Aktiengesellschaft, in Wolfsburg on Friday.

Profit after tax came in at EUR 11.1 billion (EUR 9.1 billion). Net cash flow in the Automotive Division increased by EUR 1.7 billion to EUR 6.1 billion thanks to the robust business model.

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Net liquidity in the Automotive Division rose to EUR 17.6 billion (EUR 16.9 billion) as of year-end 2014.

In light of the successful fiscal year, the Board of Management and the Supervisory Board will be proposing to the Annual General Meeting to increase the dividend by 20 percent to EUR 4.80 (EUR 4.00) per ordinary share and EUR 4.86 (EUR 4.06) per preferred share. This would result in a distribution ratio of 21.2 percent (20.6 percent). The medium-term distribution target is 30 percent.

The Board of Management expects Group deliveries to increase moderately in full-year 2015 and, depending on economic conditions, Group sales revenue to increase by up to 4 percent year-on-year. In terms of the Group's Operating profit, Volkswagen is forecasting an operating return on sales of between 5.5 percent and 6.5 percent in light of the challenging economic environment.

“Given the subdued growth prospects in regions outside China, there is no guarantee that 2015 will be a successful year – either for the industry or for the Volkswagen Group. Continuing political uncertainty, strong currency fluctuations and tough environments in markets such as Russia and Brazil present major challenges for the Volkswagen Group this year as well. In light of this, the scenarios underlying our forecast are based on conservative assumptions. Nevertheless, our goal is not only to increase our volumes, but also to lift sales revenue and earnings again”, said Chief Financial Officer Hans Dieter Pötsch, adding that “The continuing high liquidity and our robust financial position give us the necessary flexibility to successfully implement our Strategy 2018”.

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Volkswagen presents 2014 consolidated financial statements:

January – December		2014	2013	+/- (%)
Volkswagen Group (IFRSs):				
Deliveries to customers	'000 units	10,137	9,731	+ 4.2
Vehicle sales	'000 units	10,217	9,728	+ 5.0
Production	'000 units	10,213	9,728	+ 5.0
Employees	Dec. 31	592,586	572,800	+ 3.5
Sales revenue	EUR million	202,458	197,007	+ 2.8
Operating profit	EUR million	12,697	11,671	+ 8.8
Profit before tax	EUR million	14,794	12,428	+ 19.0
Profit after tax	EUR million	11,068	9,145	+ 21.0
Profit attributable to shareholders of Volkswagen AG	EUR million	10,847	9,066	+ 19.6
Earnings per share (basic*)				
- Ordinary shares	EUR	21.84	18.61	+ 17.4
- Preferred shares	EUR	21.90	18.67	+ 17.3
Automotive Division (including allocation of consolidation adjustments between the Automotive and Financial Services divisions):				
Cash flows from operating activities	EUR million	21,593	20,612	+ 4.8
Cash flows from investing activities				
attributable to operating activities**)	EUR million	15,476	16,199	- 4.5
- of which investments in property, plant and equipment	EUR million	11,495	11,040	+ 4.1
Net liquidity at December 31	EUR million	17,639	16,869	+ 4.6

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		2014	2013	+/- (%)
Volkswagen AG (German Commercial Code)				
Net income	EUR million	2,476	3,078	- 19.6
Dividend proposal				
Dividend - per ordinary share	EUR	4.80	4.00	
- per preferred share	EUR	4.86	4.06	

*) Prior-year figures adjusted to reflect application of IAS 33.26

**) Excluding acquisition and disposal of equity investments: EUR 15,719 million (previous year: EUR 14,497 million).

Prospects for 2015:

The Volkswagen Group's brands will press ahead with their product initiative in 2015, modernizing and expanding their offering by introducing new models. Our goal is to offer all customers the products and innovations they need, sustainably strengthening our competitive position in the process.

We expect that the Volkswagen Group will moderately increase its deliveries to customers year-on-year in 2015 in a persistently challenging market environment. The difficult market environment, fierce competition, interest rate and exchange rate volatility, and fluctuations in raw materials prices all pose challenges. We anticipate a positive effect from the efficiency programs implemented by all brands and, increasingly, from the modular toolkits.

Depending on economic conditions, we expect 2015 sales revenue for the Volkswagen Group and its business areas to increase by up to 4 percent above the prior-year figure. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the Commercial Vehicles/Power Engineering Business Area.

In terms of the Group's Operating profit, we anticipate an operating return on sales of between 5.5 percent and 6.5 percent in 2015 in light of the challenging economic environment. The operating return on sales is expected to be in the 6.0 percent and 7.0 percent range in the Passenger Cars Business Area and between 2.0 percent and 4.0 percent in the Commercial Vehicles/Power Engineering Business Area. For the Financial Services Division, we are forecasting an Operating profit at the prior-year level. Disciplined cost and investment management and the continuous optimization of our processes remain integral elements of the Volkswagen Group's Strategy 2018.

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The Annual Media Conference and Investor Conference will be held in Berlin on March 12, 2015.

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