

Prospects for 2020

The Volkswagen Group's Board of Management expects the global economy to continue growing in 2020 at the level of the previous year. We still believe that risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects will be negatively impacted by continuing geopolitical tensions and conflicts as well as epidemics spanning countries and regions, such as the current spread of the coronavirus. We anticipate that momentum in both the advanced economies and the emerging markets will be similar to that seen in 2019. We expect to see the strongest rates of expansion in Asia's emerging economies.

We predict that trends in the markets for passenger cars in the individual regions will be mixed in 2020. Overall, the volume of global demand for new vehicles will probably match that of 2019. For 2020, we anticipate that the volume of new passenger car registrations in Western Europe will be distinctly below that recorded in the reporting period. After a positive performance overall in recent years, we expect demand in the German passenger car market to fall noticeably year-on-year in 2020. Sales of passenger cars are expected to fall slightly short of the prior-year figures in markets in Central and Eastern Europe in 2020. The volume of demand in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America in 2020 is likely to be slightly lower than in the prior year. We expect to see an overall moderate increase in new registrations for passenger cars and light commercial vehicles in the South American markets in 2020 compared with the previous year. The passenger car markets in the Asia-Pacific region are expected to be at the prior-year level in 2020.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed in 2020; on the whole, we anticipate a slight dip in demand.

We expect a distinct year-on-year fall in 2020 of new registrations of mid-sized and heavy trucks with a gross weight of more than six tonnes in the markets relevant for the Commercial Vehicles Business Area. In the bus markets that are relevant for the Volkswagen Group, we expect to see a slight increase in overall demand in 2020 compared with the previous year.

We believe that automotive financial services will again be very important for vehicle sales worldwide in 2020.

The Volkswagen Group is well prepared for the future challenges pertaining to automobility business activities and for the mixed development of the regional automotive markets. Our brand diversity, our presence in all major world markets, our broad and selectively expanded product range, and our technologies and services put us in a good competitive position worldwide. As part of the transformation of our core business, we are positioning our Group brands with an even stronger focus on their individual characteristics, and are optimizing the vehicle and drive portfolio. The focus is primarily on our vehicle fleet's carbon footprint and on the most attractive and fastest-growing market segments. In addition, we are working to leverage the advantages of our multibrand Group even more effectively with the ongoing development of new technologies and the enhancement of our toolkits.

We expect deliveries to customers of the Volkswagen Group in 2020 to be in line with the previous year amid market conditions that continue to be demanding.

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

We expect the sales revenue of the Volkswagen Group to grow by up to 4% in 2020 and the sales revenue of the Passenger Cars Business Area to be moderately higher than in the prior year. In terms of operating profit for the Group and the Passenger Cars Business Area, we forecast an operating return on sales in the range of 6.5–7.5% in 2020. For the Commercial Vehicles Business Area, we anticipate an operating return on sales of 4.0–5.0% amid a moderate decrease in sales revenue. In the Power Engineering Business Area we expect that sales revenue will match that of the previous year and that the operating loss will become smaller. For the Financial Services Division we forecast that sales revenue and the operating result will be in line with the previous year.