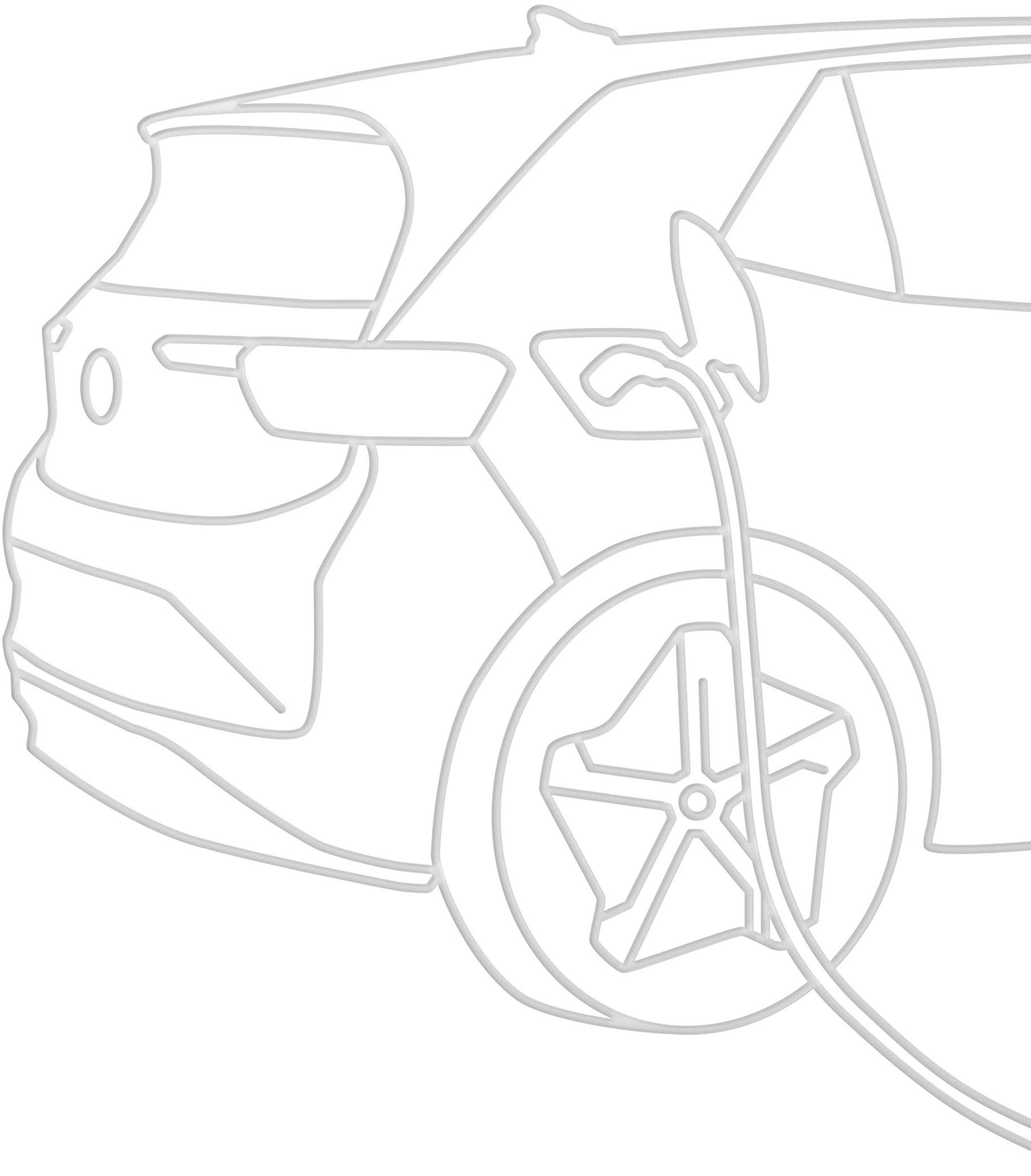


2
Divisions

DIVISIONS

Brands and Business Fields

The Volkswagen Group was heavily impacted by the Covid-19 pandemic in fiscal year 2020, which led to lower unit sales, sales revenue and profit. The diesel issue resulted in negative special items.

GROUP STRUCTURE

The Volkswagen Group consists of two divisions: the Automotive Division and the Financial Services Division. The Automotive Division comprises the Passenger Cars, Commercial Vehicles and Power Engineering business areas. Activities of the Automotive Division comprise in particular the development of vehicles, engines and vehicle software, and the production and sale of passenger cars, light commercial vehicles, trucks, buses and motorcycles, as well as businesses for genuine parts, large-bore diesel engines, turbomachinery, special gear units and propulsion components. Mobility solutions are gradually being added to the range. The Ducati brand is allocated to the Audi brand and thus to the Passenger Cars Business Area. The Financial Services Division's activities comprise dealer and customer financing, vehicle leasing, direct banking and insurance activities, fleet management and mobility services.

VOLKSWAGEN GROUP REPORTING STRUCTURE

AUTOMOTIVE DIVISION			FINANCIAL SERVICES DIVISION
Passenger Cars Business Area	**Commercial Vehicles Business Area**	**Power Engineering Business Area**	Dealer and customer financing
Volkswagen Passenger Cars	Scania Vehicles and Services	Power Engineering	Leasing
Audi	MAN Commercial Vehicles		Direct bank
ŠKODA			Insurance
SEAT			Fleet management
Bentley			Mobility offerings
Porsche Automotive			
Volkswagen Commercial Vehicles			
Others			

In this chapter, we present the key volume and financial data relating to the Group brands and to Volkswagen Financial Services. In light of the considerable importance of the development of business in the world's largest single market for the Volkswagen Group, we also report on business developments and the results of our activities in China in this chapter.

The production figures and deliveries to customers are differentiated by vehicle brands and their models that carry the corresponding brand logo. Unit sales figures contain vehicles sold by respective brand companies, including models of other Group brands. In some cases, there are marked differences between delivery figures and unit sales as a result of our business development in China.

KEY FIGURES BY MARKET

In 2020, the Covid-19 pandemic had a strong impact on business at the Volkswagen Group and its brands; this led to lower figures in terms of unit sales, sales revenue and profit throughout the Group. The Volkswagen Group generated an operating profit before special items of €10.6 (19.3) billion in the reporting year. Special items resulting from the diesel issue weighed on operating profit in the amount of €–0.9 (–2.3) billion.

The Volkswagen Group's unit sales fell to 9.2 (11.0) million vehicles in the past fiscal year due to the pandemic. Sales revenue declined by 11.8% to €222.9 billion.

In the Europe/Other markets region, unit sales decreased by 19.1% year-on-year to 3.9 million vehicles. The impact of the Covid-19 pandemic acted as a drag on business, particularly from the end of the first quarter onwards. Sales revenue fell to €133.5 (154.0) billion due to volume effects. Moreover, exchange rate effects had a negative impact, while a favorable mix made a positive contribution.

In the North American markets, the negative effects caused by the spreading of the SARS-CoV-2 virus became apparent somewhat later, namely at the beginning of the second quarter. At 744 thousand vehicles in the reporting period, our unit sales there were down 22.1% on the previous year's figure. Sales revenue amounted to €36.8 (43.4) billion.

In the markets of the South America region, we sold 471 thousand vehicles in the year 2020. This was 22.4% less than in the previous year. The Covid-19 pandemic dampened demand in the second and third quarter in particular. Declining volumes and an unfavorable exchange rate trend resulted in sales revenue falling by 23.6% to €8.6 billion.

In the Asia-Pacific region, the first to be affected by the Covid-19 pandemic at the beginning of the year, demand increased again as the year went on. In fiscal year 2020, the Volkswagen Group's unit sales – including those of the Chinese joint ventures – amounted to 4.0 (4.5) million vehicles. Sales revenue rose to €44.3 (44.0) billion. This figure does not include the sales revenue of our equity-accounted Chinese joint ventures.

Hedging transactions relating to sales revenue in foreign currency decreased the Volkswagen Group's sales revenue by €345 million in the reporting year. In the previous year, they increased sales revenue by €11 million.

KEY FIGURES BY BRAND AND BUSINESS FIELD

Thousand vehicles/€ million	VEHICLE SALES 2020	VEHICLE SALES 2019	SALES REVENUE 2020	SALES REVENUE 2019	OPERATING RESULT 2020	OPERATING RESULT 2019
Volkswagen Passenger Cars	2,835	3,677	71,076	88,407	454	3,785
Audi	1,017	1,200	49,973	55,680	2,739	4,509
ŠKODA	849	1,062	17,081	19,806	756	1,660
SEAT	484	667	9,198	11,496	–339	445
Bentley	11	12	2,049	2,092	20	65
Porsche Automotive[1]	265	277	26,086	26,060	4,021	4,210
Volkswagen Commercial Vehicles	345	456	9,358	11,473	–454	510
Scania Vehicles and Services[2]	73	101	11,521	13,934	748	1,506
MAN Commercial Vehicles	118	143	10,838	12,663	–631	402
Power Engineering	–	–	3,640	3,997	–268	159
VW China[3]	3,577	4,048	–	–	–	–
Other[4]	–418	–685	–26,573	–30,931	759	–917
Volkswagen Financial Services	–	–	38,637	37,957	2,803	2,960
Volkswagen Group before special items	**–**	**–**	**–**	**–**	**10,607**	**19,296**
Special items	–	–	–	–	–931	–2,336
Volkswagen Group	**9,157**	**10,956**	**222,884**	**252,632**	**9,675**	**16,960**
Automotive Division[5]	9,157	10,956	182,106	212,473	6,664	13,748
of which: Passenger Cars Business Area	8,965	10,713	156,311	182,031	7,224	12,188
Commercial Vehicles Business Area	191	243	22,156	26,444	–79	1,653
Power Engineering Business Area	–	–	3,640	3,997	–482	–93
Financial Services Division	–	–	40,778	40,160	3,012	3,212

1 Porsche (including Financial Services): sales revenue €28,695 (28,518) million, operating profit before special items €4,176 (4,396) million.
2 Scania (including Financial Services): sales revenue €11,950 (14,391) million, operating profit €855 (1,648) million.
3 The sales revenues and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of €3,602 (4,425) million.
4 In operating profit, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation, as well as companies not allocated to the brands.
5 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

KEY FIGURES BY MARKET

Thousand vehicles/€ million	VEHICLE SALES 2020	VEHICLE SALES 2019	SALES REVENUE 2020	SALES REVENUE 2019
Europe/Other markets	3,929	4,856	133,499	153,999
North America	744	956	36,810	43,351
South America	471	607	8,632	11,297
Asia-Pacific[1]	4,012	4,538	44,288	43,974
Hedges on sales revenue	–	–	–345	11
Volkswagen Group[1]	**9,157**	**10,956**	**222,884**	**252,632**

1 The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.

In 2020, Volkswagen Passenger Cars celebrated the debut of the ID.3, the first model based on the Modular Electric Drive Toolkit. The brand also expanded its portfolio of electric vehicles through the addition of an all-electric SUV, the ID.4.

BUSINESS DEVELOPMENT

The Volkswagen Passenger Cars brand aims to move you, and as such the TRANSFORM 2025+ strategy centers on a global model initiative through which the brand aims to lead innovation, technology and quality in the volume segment.

In fiscal year 2020, Volkswagen Passenger Cars launched the ID.3, the first model based on the Modular Electric Drive Toolkit (MEB). This efficient and fully connected all-electric car represents a milestone on the path towards zero-emission mobility for a broad customer base. Following on its heels in late 2020 was the ID.4, the brand's first fully electric SUV. Powerful proportions, sleek lines and a sculptured rear are the hallmarks of its exterior and give the all-rounder an outstanding aerodynamic quality. The interior impresses with generous space, puristic design and sustainable upholstery materials. The ID.4 is to be built and sold in the core markets of Europe and China in the future and later on in the United States as well. There were several additions to the popular Golf family in the reporting period. These derivatives, based on the eighth generation of the bestselling model, include the spacious Golf Estate, the robust Golf Alltrack and the sporty, iconic Golf GTI. With the Arteon Shooting Brake, Volkswagen Passenger Cars brought out a new body version of the Arteon series in 2020 that is a completely new interpretation of the estate concept and expands the brand's model range in the mid-size segment. In addition, the brand pushed the electrification of its portfolio with the introduction of plug-in hybrid versions of the Golf, Tiguan, Arteon, Arteon Shooting Brake and Touareg models.

The Volkswagen Passenger Cars brand delivered 5.3 million vehicles worldwide in fiscal year 2020 (–15.1%). Sales figures were below the previous year's level in almost all markets due to the pandemic. Sales of the T-Cross increased, thus bucking the trend, and the new Atlas Cross Sport was also very popular.

The Volkswagen Passenger Cars brand sold 2.8 (3.7) million vehicles in the reporting year. The difference between deliveries and unit sales is mainly due to the fact that the vehicle-producing joint ventures in China are not attributed to the companies in the Volkswagen Passenger Cars brand.

The Volkswagen Passenger Cars brand produced 5.1 (6.2) million vehicles worldwide in 2020. At the Zwickau plant, the last vehicle with a combustion engine rolled off the assembly line in 2020. With the ID.3 and the ID.4, only electric models from Volkswagen Passenger Cars are produced there now, and models from the Audi and SEAT brands are to follow in the future.

SALES REVENUE AND EARNINGS

The Volkswagen Passenger Cars brand's sales revenue fell by 19.6% year-on-year in 2020 to €71.1 billion. Operating profit before special items decreased to €0.5 (3.8) billion. Lower fixed costs and better price positioning were unable to compensate for the impact of lower volumes due to the Covid-19 pandemic or for negative exchange rate effects. The operating return on sales before special items amounted to 0.6 (4.3)%. The diesel issue gave rise to special items of €–0.8 (–1.9) billion.

5.1 million

Vehicles produced worldwide

PRODUCTION

Units	2020	2019
Tiguan	754,276	910,926
Passat/Magotan	477,892	543,706
Polo/Virtus	467,765	706,052
Jetta/Sagitar	422,908	541,715
Lavida	416,209	514,698
Golf	408,528	679,351
Bora	329,263	345,077
T-Cross	285,824	274,071
T-Roc	285,299	328,069
Atlas/Teramont	178,954	183,648
Santana	174,966	244,132
JETTA	165,681	68,612
Tharu/Taos	149,781	136,899
Gol	117,471	151,241
Lamando	65,730	92,903
ID.3	64,259	50
up!	59,786	108,676
Touran	56,833	90,366
Arteon/CC	55,899	51,868
Saveiro	41,146	54,941
Touareg	41,136	52,859
Sharan/Viloran	32,142	25,681
Fox/Suran	12,184	44,275
Phideon	10,344	13,750
ID.4	6,487	–
Beetle	–	20,580
	5,080,763	**6,184,146**

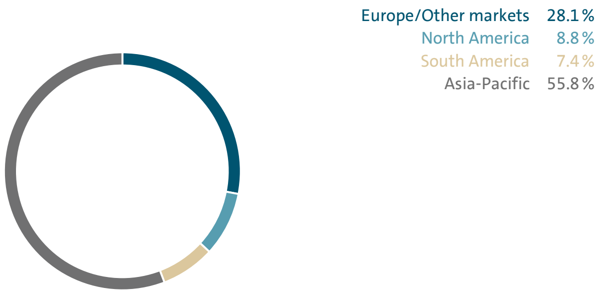
VOLKSWAGEN PASSENGER CARS BRAND

	2020	2019	%
Deliveries (thousand units)	5,328	6,279	–15.1
Vehicle sales	2,835	3,677	–22.9
Production	5,081	6,184	–17.8
Sales revenue (€ million)	71,076	88,407	–19.6
Operating result before special items	454	3,785	–88.0
Operating return on sales (%)	0.6	4.3	

ID.3

DELIVERIES BY MARKET

in percent



FURTHER INFORMATION www.volkswagen.com

Audi aspires to spearhead the Group both technically and technologically. A fascinating new electric vehicle – the e-tron Sportback – was presented in the reporting period.

BUSINESS DEVELOPMENT

"Vorsprung" is Audi's global brand promise that is currently being redefined by the brand with the four rings, as it moves away from the narrow focus on technical feasibility and towards a new approach, where the customer is at the center. In developing innovative technologies, Audi plays an influential role in the Group, not least with the Premium Platform Electric (PPE) for all-electric premium vehicles. With Artemis, Audi has also created an agile unit for new vehicle projects. The initial focus of the team of passionate specialists, who have been given a large degree of freedom, is to develop a highly efficient electric car. As such, Artemis is also to be the pilot and role model for the future development of vehicle projects in the Group. In the reporting period, Audi rolled out the second model in its e-tron product line. The Audi e-tron Sportback is a dynamic SUV coupé that combines the power of a spacious SUV with the elegance of a four-door coupé and the progressive character of an electric car. The all-electric drive provides up to 300 kW (408 PS) of power, while the high-performance version, the e-tron S Sportback, is capable of delivering up to 370 kW (503 PS). The e-tron Sportback's digital matrix LED headlights are a new optional feature now available for the first time in a large-scale production vehicle. The light is broken down into tiny pixels and can be controlled with exceptional precision. This makes safe lane centering easier on narrow stretches of road and shows the position of the vehicle in the lane. Production of the all-electric e-tron GT commenced at the end of the year 2020. The Q4 e-tron and the Q4 Sportback e-tron will expand the portfolio of electric vehicles in 2021. New model generations were launched in the popular A3 series during the reporting year.

Amid a difficult market environment, the Audi brand delivered a total of 1.7 million vehicles to customers in 2020 (–8.3%). The recovery of important core markets in the second half of the year was able to largely compensate for the volume losses that occurred in the first half of the year due to the pandemic.

Unit sales made by the Audi brand in the reporting period came to 1.0 (1.2) million vehicles. The Chinese joint venture FAW-Volkswagen sold a further 656 (620) thousand locally produced Audi vehicles. The Q3, A6 and e-tron models were in especially high demand. Unit sales at Automobili Lamborghini S.p.A. amounted to 7,460 (8,290) vehicles.

In 2020, Audi produced 1.7 (1.8) million units worldwide. Lamborghini manufactured 7,250 (8,664) vehicles.

SALES REVENUE AND EARNINGS

The Audi brand's sales revenue in fiscal year 2020 amounted to €50.0 (55.7) billion. The decrease in volumes and negative exchange rate effects reduced operating profit before special items to €2.7 (4.5) billion. Reduced fixed costs, the deconsolidation effect from the divestment of Autonomous Intelligent Driving GmbH (AID) as well as other effects from the Audi.Zukunft and Audi Transformation Plan programs had a positive effect. The diesel issue resulted in special items of €–0.2 billion in the reporting year. The operating return on sales before special items was 5.5 (8.1)%. The financial key performance indicators for the Lamborghini and Ducati brands are included in the financial figures for the Audi brand.

€50 billion

Sales revenue in 2020

PRODUCTION

Units	2020	2019
Audi		
A4	243,566	323,387
Q5	275,888	286,365
A3	206,482	240,795
A6	271,679	232,569
Q3	219,662	195,566
Q2	124,346	130,225
Q7	65,574	63,633
A1	62,099	81,287
A5	56,786	93,077
e-tron	43,157	43,376
Q8	37,845	44,727
A8	20,591	23,826
A7	18,083	17,068
TT	8,646	14,999
R8	1,517	2,121
	1,655,921	**1,793,021**
Lamborghini		
Urus	4,364	5,233
Huracán Coupé	1,258	1,495
Huracán Spyder	752	931
Aventador Roadster	595	219
Aventador Coupé	281	786
	7,250	**8,664**
Audi brand	**1,663,171**	**1,801,685**
Ducati, motorcycles	44,827	51,723

AUDI BRAND

	2020	2019	%
Deliveries (thousand units)	1,700	1,854	–8.3
Audi	1,693	1,846	–8.3
Lamborghini	7	8	–9.4
Vehicle sales	1,017	1,200	–15.2
Production	1,663	1,802	–7.7
Sales revenue (€ million)	49,973	55,680	–10.2
Operating result before special items	2,739	4,509	–39.3
Operating return on sales (%)	5.5	8.1	

e-tron Sportback S

DELIVERIES BY MARKET
in percent

FURTHER INFORMATION www.audi.com

ŠKODA

In 2020, ŠKODA presented its first MEB model, the Enyaq iV, taking the next step in the Czech brand's 125-year history in the systematic implementation of its e-mobility strategy.

BUSINESS DEVELOPMENT

The ŠKODA models are synonymous with smart understatement, featuring a superior spacious interior, the highest standards of functionality, excellent value for money and a distinct design. Added to that are a number of "Simply Clever" ideas and new digital services, all aimed at making customers' lives easier. ŠKODA AUTO celebrated its 125th anniversary as a company in 2020, as well as the 115th anniversary of when the company started automobile production. Founded in 1895, ŠKODA is one of the world's oldest operating automakers.

In fiscal year 2020, ŠKODA took the next step in the systematic implementation of its e-mobility strategy and presented the brand's first all-electric production vehicle, the Enyaq iV. The completely battery-electric MEB-based SUV boasts emotive and dynamic design language, and its striking ŠKODA profile is also available with an illuminated radiator grille as an option. It combines rear or all-wheel drive with a range of up to 510 km that is suited for everyday usability. ŠKODA also continues its emotive design language in the interior: the innovative SUV features the brand's typical spaciousness and a completely new concept for the interior. ŠKODA launched another electric model in 2020 – the Octavia iV with a plug-in hybrid drive, which is also available as a sporty, dynamic RS version. In the Octavia family, the Octavia G-Tec, which runs on compressed natural gas and the robust off-road Octavia Scout Combi were also brought onto the market.

The ŠKODA brand delivered 1.0 (1.2) million vehicles worldwide in the reporting period. China remained the largest individual market. However, deliveries there fell by 38.7%. Sales were also down on the previous year's levels in the other markets due to the pandemic, with the exception of Turkey (+56.3%) and Russia (+6.8%).

ŠKODA sold 0.8 (1.1) million vehicles in the past fiscal year. The Scala, Kamiq and Octavia Combi models were in especially high demand. The difference between figures for deliveries and unit sales is mainly due to the fact that the vehicle-producing joint ventures in China are not attributed to ŠKODA brand companies.

In fiscal year 2020, ŠKODA produced 0.9 million vehicles worldwide, a decrease of 24.3% versus 2019.

SALES REVENUE AND EARNINGS

The ŠKODA brand's sales revenue decreased by 13.8% in 2020 to €17.1 billion. Operating profit declined by €904 million to €756 million. Lower volumes due to Covid-19, negative exchange rate effects and emissions-related expenses were offset by cost optimization. The operating return on sales amounted to 4.4%, contrasting with 8.4% in the previous year.

125 years

Company history

PRODUCTION

Units	2020	2019
Octavia	233,902	358,356
Rapid/Scala	219,401	207,724
Karoq/Kamiq/Yeti	172,999	203,688
Kodiaq	117,825	177,163
Fabia	100,425	166,237
Superb	80,880	102,592
Citigo	14,482	27,306
Enyaq iV	939	–
	940,853	**1,243,066**

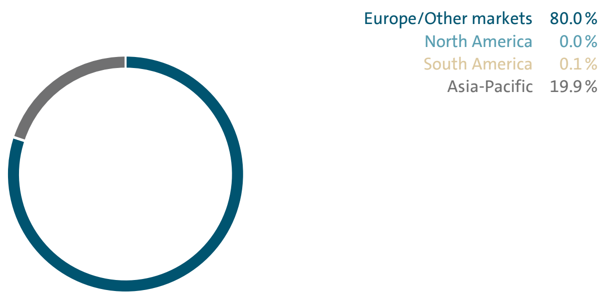
ŠKODA BRAND

	2020	2019	%
Deliveries (thousand units)	1,005	1,243	–19.1
Vehicle sales	849	1,062	–20.0
Production	941	1,243	–24.3
Sales revenue (€ million)	17,081	19,806	–13.8
Operating result	756	1,660	–54.4
Operating return on sales (%)	4.4	8.4	

Enyaq iV

DELIVERIES BY MARKET

in percent



FURTHER INFORMATION www.skoda-auto.com

SEAT is a company with two clearly defined brands: SEAT and CUPRA. Both brands launched a large product initiative in 2020 with the new Leon family and the Formentor, the first model developed exclusively for CUPRA.

BUSINESS DEVELOPMENT

The journey of the world-renowned Spanish car company began 70 years ago: SEAT was founded on May 9, 1950 and quickly brought mobility to the whole of Spain. Throughout its 70-year history, the company has demonstrated that it is capable of reinventing itself time and again and successfully overcoming challenges. SEAT has harnessed the power of change to transform itself from a pure car manufacturer into a robust technology and industrial company. An urban mobility hub was opened in the center of Barcelona in 2020 with CASA SEAT. The software development center SEAT:CODE was also further expanded and hired around 100 new employees.

SEAT is the Group brand with Europe's youngest customer profile and offers strikingly designed vehicles "Created in Barcelona." In 2020, SEAT brought out the new Leon, the brand's biggest seller. The vehicle impresses with a fresh design, clear lines, harmonious proportions and innovative lighting. The wide range of advanced drive concepts make the SEAT Leon even more efficient and for the first time, it offers PHEV and mild hybrid versions. In addition, the Leon is SEAT's first vehicle with complete digital connectivity.

CUPRA is an unconventional and emotionally-charged brand, which is defined by the progressive design and the performance of its electric models. Numerous new vehicles were launched in the reporting year: the CUPRA Leon family, the CUPRA Ateca and the CUPRA Formentor – a powerful SUV and coupé crossover and the first model developed specifically for CUPRA. With a total of seven high-performance and efficient drive systems, including two plug-in hybrid versions, its comprehensive connectivity functions and modern safety and comfort systems, the Formentor is equipped with state-of-the-art technology.

As a result of the Covid-19 pandemic, SEAT's deliveries to customers fell by 25.6% in fiscal year 2020 to 427 thousand vehicles. Sales figures fell year-on-year on almost all markets. The CUPRA brand recorded an increase of 11.1% to 27 thousand vehicles and was therefore one of the few brands that grew in Europe.

Unit sales at SEAT stood at 484 thousand vehicles in the past fiscal year, down 27.5% on the figure for 2019. This figure also includes the A1 manufactured for Audi. The Arona and Ateca SUV models and the Leon were in high demand.

In the reporting year, 406 thousand SEAT and CUPRA vehicles were manufactured; a decrease of 31.3% year-on-year.

SALES REVENUE AND EARNINGS

Sales revenue for SEAT in 2020 came to €9.2 billion, falling 20.0% short of the record figure achieved in the previous year. Operating result decreased to €–339 (445) million, mainly due to lower volumes as a result of the pandemic. Emissions-related expenses were also an adverse factor. The SEAT brand's operating return on sales declined to –3.7 (3.9)%.

70 years

SEAT company

PRODUCTION

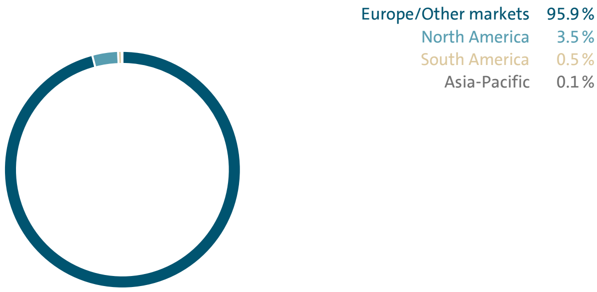
Units	2020	2019
Leon	124,323	153,837
Arona	78,823	134,611
Ateca	76,710	98,397
Ibiza	74,564	130,243
Tarraco	18,726	38,721
Alhambra	14,672	23,015
CUPRA Formentor	11,041	–
Mii	7,593	11,479
Toledo	–	1,506
	406,452	**591,809**

SEAT

	2020	2019	%
Deliveries (thousand units)	427	574	–25.6
Vehicle sales	484	667	–27.5
Production	406	592	–31.3
Sales revenue (€ million)	9,198	11,496	–20.0
Operating result	–339	445	x
Operating return on sales (%)	–3.7	3.9	

CUPRA Formentor

DELIVERIES BY MARKET
in percent



FURTHER INFORMATION www.seat.com

BENTLEY

In 2020, Bentley presented the extensively upgraded and popular Bentayga, which was rolled out by the British brand five years ago as the first luxury SUV on the market. In spite of the pandemic, deliveries rose year-on-year.

BUSINESS DEVELOPMENT

The Bentley brand is defined by exclusivity, elegance and power. In 2020, Bentley unveiled the update to its successful Bentayga, which was rolled out by the British brand around five years ago as the first luxury SUV on the market. Like its predecessor, the new Bentayga combines the abilities of a high-performance grand tourer with the characteristics of a luxury limousine, a spacious family car and an off-roader. The exterior design of the front and rear adopts the current Bentley design DNA, giving the vehicle a fascinatingly dynamic appearance and an air of elegance. The interior impresses with a next-generation infotainment system that is seamlessly integrated into the handcrafted dashboard. In addition to the V8 version that features a 405 kW (550 PS) twin-turbocharged 4.0 l petrol engine, the Bentayga is also available as the range-topping Bentayga Speed model with a 467 kW (635 PS) 6.0 l W12 engine, as well as an efficient plug-in hybrid. Bentley likewise attracted attention in 2020 with the exclusive and strictly limited Bacalar. The two-seater was presented by Bentley Mulliner, a specialist customization company whose roots date back to the 16th century. The roofless luxury grand tourer, whose design draws upon the spectacular EXP 100 GT concept car from the year 2019, offers open-air motoring with a powerful double-turbocharged W12 engine producing 485 kW (659 PS). Exquisite materials and smart use of technology round off this exclusive vehicle concept.

In spite of the pandemic, deliveries by the Bentley brand in 2020 rose slightly to 11,206 (11,006) units, a new record figure. Bentley saw growth in the USA (+5.7%) and China (+48.5%).

In fiscal year 2020, Bentley sold 11,296 (11,631) vehicles worldwide. Demand for the new Flying Spur was particularly strong.

The Bentley brand produced 10,693 vehicles in the reporting period, 14.0% less than in the previous year.

SALES REVENUE AND EARNINGS

In 2020, Bentley's sales revenue fell by 2.1% year-on-year to €2.0 billion. Operating profit decreased to €20 (65) million, mainly due to higher depreciation and amortization charges, one-off expenses for restructuring measures and exchange rate effects. The operating return on sales was 1.0 (3.1)%.

1.8%

Increase in deliveries in 2020

PRODUCTION

Units	2020	2019
Bentayga	3,946	5,232
Flying Spur	3,381	102
Continental GT Coupé	1,995	3,903
Continental GT Convertible	1,244	2,750
Mulsanne	127	443
	10,693	**12,430**

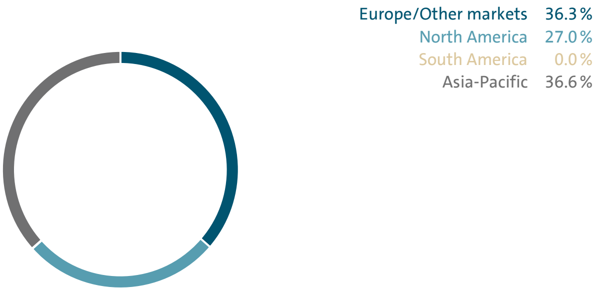
BENTLEY BRAND

	2020	2019	%
Deliveries (units)	11,206	11,006	+1.8
Vehicle sales	11,296	11,631	–2.9
Production	10,693	12,430	–14.0
Sales revenue (€ million)	2,049	2,092	–2.1
Operating result	20	65	–70.1
Operating return on sales (%)	1.0	3.1	

Bentayga

DELIVERIES BY MARKET

in percent



FURTHER INFORMATION www.bentleymotors.com

Porsche launched the new Panamera in fiscal year 2020. In spite of the challenges presented by the Covid-19 pandemic, the sports car manufacturer achieved its strategic target return.

BUSINESS DEVELOPMENT

Exclusivity and social acceptance, innovation and tradition, performance and everyday usability, design and functionality – these are the brand values of sports car manufacturer Porsche. In fiscal year 2020, Porsche presented its extensively revamped Panamera, which combines the performance of a sports car with the comfort of an exclusive saloon and now covers an even wider range: with its top model, the 463 kW (630 PS) Panamera Turbo S, the sports car manufacturer is underscoring its high standard of best-in-class performance. The Panamera 4S E-Hybrid is a consistent continuation of Porsche's E-Performance strategy and constitutes a new addition to the range of plug-in hybrids, offering a completely new drive system with 412 kW (560 PS). Compared with the previous hybrid models, the all-electric range has been boosted by up to 30%. Porsche celebrated the world premiere of the 911 Targa 4 and 911 Targa 4S models in 2020, completing its new generation of the 911 with the third vehicle body variant. The innovative, fully automatic roof system remains a distinguishing feature on all versions of the Targa; and just like the legendary original Targa model from 1965, it features the characteristic wide bar as well as an automated retractable roof section above the front seats and a wraparound rear window. An eight-speed dual-clutch transmission and intelligent all-wheel drive Porsche Traction Management deliver compelling performance and sporty driving pleasure. In the 911 series, the new generation of the 911 Turbo S has also been available in Coupé and Cabriolet versions since 2020. The new range-topping 911 offers unprecedented power, driving dynamics and luxury. It is being launched with a new 3.8 l boxer engine that delivers 478 kW (650 PS) of power, a whopping 51 kW (70 PS) more than its predecessor. The 911 Turbo S sprints from 0 to 100 km/h in just 2.7 seconds, while top speed is 330 km/h.

Porsche delivered 272 thousand sports vehicles to customers in fiscal year 2020, 3.1% fewer than in the previous year. China remained the largest single market, and Porsche was able to increase its sales there by 2.6% to 89 thousand vehicles.

Porsche's unit sales amounted to 265 thousand vehicles in the reporting period. This was 4.2% fewer than in the previous year. The 718 and the Taycan saw growth.

Porsche produced a total of 263 thousand vehicles in 2020, 4.1% fewer than in fiscal year 2019.

SALES REVENUE AND EARNINGS

Porsche Automotive's sales revenue was on a level with the previous year at €26.1 (26.1) billion in fiscal year 2020. Operating profit decreased by 4.5% to 4.0 billion (prior-year figure before special items); this was attributable to lower vehicle sales and to cost increases, especially for digitalization and electrification. Changes in exchange rates also had a negative impact. Despite the Covid-19 pandemic, early countermeasures, cost discipline and very good market performance in the second half of the year meant it was possible to achieve an operating return of 15.4 (16.2)% (prior-year figure before special items), which even slightly exceeded the target return.

15.4%

Operating return on sales in 2020

PRODUCTION

Units	2020	2019
Cayenne	82,137	95,293
Macan	78,490	89,744
Taycan	29,450	1,386
911 Coupé/Cabriolet	28,672	37,585
718 Boxster/Cayman	22,655	19,263
Panamera	21,832	31,192
	263,236	**274,463**

PORSCHE AUTOMOTIVE[1]

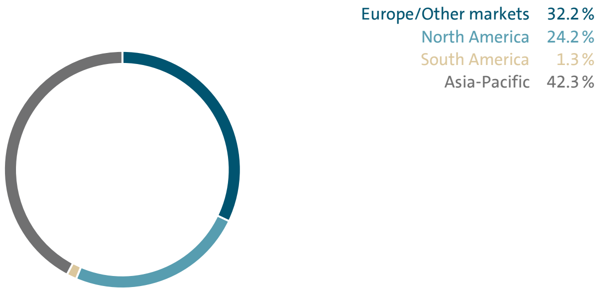
	2020	2019	%
Deliveries (thousand units)	272	281	–3.1
Vehicle sales	265	277	–4.2
Production	263	274	–4.1
Sales revenue (€ million)	26,086	26,060	+0.1
Operating result before special items	4,021	4,210	–4.5
Operating return on sales (%)	15.4	16.2	

1 Porsche (Automotive and Financial Services): sales revenue €28,695 (28,518) million, operating profit (in the prior-year before special items) €4,176 (4,396) million.

Panamera

DELIVERIES BY MARKET

in percent



FURTHER INFORMATION www.porsche.com

Commercial Vehicles

The Volkswagen Commercial Vehicles brand celebrated its 25th anniversary in 2020. The new Caddy was introduced as a completely new version of the bestselling model, also available for the first time as a California compact camper van.

BUSINESS DEVELOPMENT

As a leading manufacturer of light commercial vehicles, Volkswagen Commercial Vehicles is making fundamental and sustainable changes to the way goods and services are distributed in cities in order to improve quality of life, especially in inner city areas. That is why the brand is the Volkswagen Group's leader in autonomous driving as well as in mobility services such as Mobility-as-a-Service and Transport-as-a-Service. For these solutions, Volkswagen Commercial Vehicles will develop special-purpose vehicles such as robo-taxis and robo-vans in the future to keep the world of tomorrow moving with all its requirements for clean, intelligent and sustainable mobility. This is what Volkswagen Commercial Vehicle stands for with its brand promise: We transport success, freedom and the future.

The establishment of Volkswagen Commercial Vehicles was announced in Hanover on November 9, 1995 – then the Group's fifth brand along with Volkswagen Passenger Cars, Audi, SEAT and ŠKODA. The idea was to sharpen the focus of the Volkswagen Group's commercial vehicle activities, bringing product planning, development, purchasing, production and sales together under the umbrella of Volkswagen Commercial Vehicles. In 2020, the brand looked back at 25 years of success. Its product highlight was the launch of the new Caddy. The completely new all-rounder excels as a transporter and family van with high versatility. It is based on the MQB for the first time. The MQB brings new technologies to the model range such as Travel Assist, Trailer Assist and the lane-change assistant. For the first time, the Caddy is also available as a Caddy California compact camper van. This multi-functional, comfortable travel companion with many innovative and detailed solutions completes the series of camper vans along with the California and the Crafter-based Grand California. With the new generation of the Multivan, the Amarok's successor and the all-electric ID. BUZZ, many exciting vehicle projects are planned in the years to come.

At 372 thousand units, deliveries by Volkswagen Commercial Vehicles in fiscal year 2020 were below the prior-year (–24.4%). Turkey (+31.7%) and Argentina (+1.9%) registered growth.

Volkswagen Commercial Vehicles sold 345 thousand vehicles in the reporting period, 24.3% fewer than in the previous year.

In 2020, the Volkswagen Commercial Vehicles brand produced 344 thousand vehicles, falling 28.0% short of the figure for 2019. Production of the Amarok pickup at the main plant in Hanover ended.

SALES REVENUE AND EARNINGS

Sales revenue by Volkswagen Commercial Vehicles in fiscal year 2020 amounted to €9.4 (11.5) billion. Operating result declined to €–454 (510) million due to the pandemic-related fall in volume and the excess emissions premium that entered into force this year. Moreover, higher upfront expenditures and write-downs for new products as well as less favorable exchange rates had a negative effect on the operating result. However, product cost optimizations and mix effects had a positive impact. The operating return on sales fell to –4.9 (4.4)%.

25 years

Volkswagen Commercial Vehicles brand

PRODUCTION

Units	2020	2019
Caravelle/Multivan, Kombi	71,813	96,533
Transporter	66,357	91,585
Caddy Kombi	61,998	81,466
Crafter	58,235	72,906
Caddy	48,799	66,780
Amarok	36,343	68,010
	343,545	**477,280**

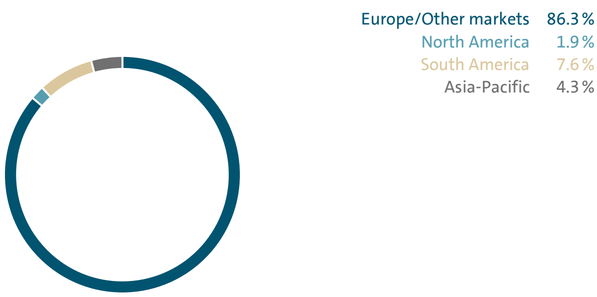
VOLKSWAGEN COMMERCIAL VEHICLES BRAND

	2020	2019	%
Deliveries (thousand units)	372	492	–24.4
Vehicle sales	345	456	–24.3
Production	344	477	–28.0
Sales revenue (€ million)	9,358	11,473	–18.4
Operating result	–454	510	x
Operating return on sales (%)	–4.9	4.4	

Caddy

DELIVERIES BY MARKET

in percent



FURTHER INFORMATION www.volkswagen-commercial-vehicles.com

The TRATON GROUP aims to become a global champion of the commercial vehicle industry and consistently pursued this goal in 2020. New partnerships are making future technologies workable for the commercial vehicle business.

BUSINESS DEVELOPMENT

With its MAN, Scania, Volkswagen Caminhões e Ônibus and RIO brands, TRATON SE aims to become a global champion of the commercial vehicle industry and drive the transformation of the logistics sector. Its mission is to reinvent transport for future generations, “Transforming Transportation”.

The TRATON GROUP reached new milestones in its global champion strategy in 2020. In the all-important North American market, a strategic partnership with the US manufacturer of commercial vehicles Navistar has existed since 2017. At the end of January 2020, the board of management of the TRATON GROUP decided to take the next logical step in the US market by submitting a takeover bid for Navistar, thus rising to the challenges posed by new regulations and dynamically evolving technologies in the fields of digital connectivity, drive systems and autonomous driving. Combining TRATON’s strong position in Europe and substantial presence in South America with Navistar’s status in North America provides the opportunity to create a leading company with global reach and complementary capabilities. In November 2020, the two partners reached an agreement that TRATON SE would acquire all outstanding shares of Navistar at a cash price of USD 44.50 per share. Expected to be completed in mid-2021, the transaction is subject to the approval of Navistar shareholders, the usual closing conditions and regulatory approvals.

Driving innovation is another pillar of the global champion strategy. In the forward-looking field of alternative drive technologies and as part of their strategic partnership, TRATON and Hino Motors signed a joint venture agreement in 2020 in order to plan and provide e-mobility products. The aim is to persue the development of electric mobility including battery electric vehicles, fuel cell vehicles and relevant components and to create a common platform for electric vehicles including software and interfaces. Through their collaboration TRATON and Hino Motors hope to shorten lead times for future e-mobility products with battery and fuel cell technology.

To play a leading part in the autonomous transport of the future, TRATON also entered into a global partnership with the US start-up TuSimple in 2020. The partnership is the first of its kind in Europe, bringing together a global commercial vehicle manufacturer and a producer of technology for highly automated driving at level 4 autonomy. In a joint development program, TRATON and TuSimple aim to operate a test route between Södertälje and Jönköping in Sweden where Scania trucks are to drive using level 4 driverless systems that almost exclusively take over the driving permanently. As part of the partnership, TRATON has also taken a minority stake in TuSimple.

190 thousand

Commercial vehicles delivered in 2020

PRODUCTION

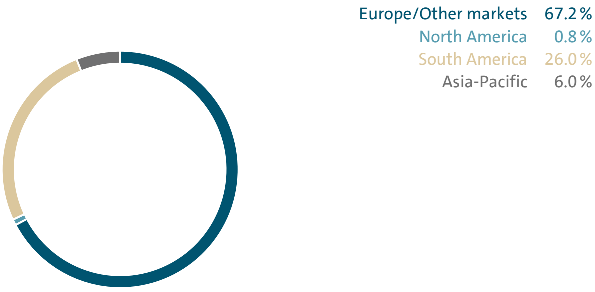
Units	2020	2019
Trucks	156,297	201,115
Buses	16,729	21,387
Light Commercial Vehicles	18,340	15,903
	191,366	**238,405**

DELIVERIES

Units	2020	2019
Trucks	156,378	205,936
Buses	16,174	21,496
Light Commercial Vehicles	17,635	14,789
	190,187	**242,221**

Strong brands

DELIVERIES BY MARKET
in percent



FURTHER INFORMATION www.traton.com

SCANIA

Scania unveiled its first fully electric truck in 2020, underpinning its position as one of the leading companies in the commercial vehicle industry for alternative drive technologies.

BUSINESS DEVELOPMENT

The Swedish brand Scania follows its values “Customer first”, “Respect for the individual”, “Elimination of waste”, “Determination”, “Team Spirit” and “Integrity”. In rolling out its first fully electric truck, Scania underpinned its position as one of the leading companies in the commercial vehicle industry for alternative drive technologies in 2020. Scania’s E-Truck was designed for urban operation and has an electric range of up to 250 km. In the reporting year, Scania also presented a hybrid truck with an electric range of up to 60 km. The new products will help Scania achieve its climate targets of reducing the carbon footprint from its business activities by 50% by 2025, and cutting emissions from Scania products by 20% in the same period. Vehicles with hydrogen technology are also playing their part: the Norwegian wholesaler ASKO is currently testing hydrogen-powered Scania trucks with fuel cell electric drives.

To electrify its model range, Scania plans to invest well over SEK 1 billion in a battery assembly plant in Södertälje, Sweden, in the coming years. The plant, which will be built adjacent to the chassis assembly plant in Södertälje, is to assemble battery modules and packs tailored to Scania vehicles.

To gain a firmer foothold in the Asian and especially the Chinese market, Scania is investing in a wholly owned truck production facility in Rugao in Jiangsu Province. Series production is scheduled to start in early 2022. In the long term, the company also plans to step up its research and development activities in the world’s largest commercial vehicle market.

The key figures presented in this chapter encompass Scania’s truck and bus, industrial and marine engine businesses.

Orders received at the Scania brand increased by 4.7% year-on-year to 93 thousand vehicles in fiscal year 2020. The number of vehicles delivered worldwide fell to 72 (99) thousand due to the pandemic; the number of buses delivered included in this figure declined to 5 (8) thousand units. Demand for services and replacement parts was also impacted by the Covid-19 pandemic, but the drop was comparatively smaller. New contracts signed at Scania Financial Services were also down on the prior-year figure, due mainly to lower unit sales.

Scania manufactured 73 (97) thousand commercial vehicles in the past fiscal year, including 5 (8) thousand buses.

SALES REVENUE AND EARNINGS

Scania Vehicles and Services generated sales revenue of €11.5 (13.9) billion in fiscal year 2020. Operating profit fell by 50.3% to €0.7 billion owing to the pandemic and exchange rate effects; in addition, steps were taken to realign the production facilities. A favorable product mix and cost savings had a positive effect. The operating return on sales amounted to 6.5 (10.8)% in the reporting period.

4.7%

Increase in orders received

PRODUCTION

Units	2020	2019
Trucks	67,106	89,276
Buses	5,430	7,719
	72,536	**96,995**

SCANIA VEHICLES AND SERVICES[1]

	2020	2019	%
Orders received (thousand units)	93	89	+4.7
Deliveries	72	99	–27.5
Vehicle sales	73	101	–27.1
Production	73	97	–25.2
Sales revenue (€ million)	11,521	13,934	–17.3
Operating result	748	1,506	–50.3
Operating return on sales (%)	6.5	10.8	

1 Scania (including Financial Services): sales revenue €11,950 (14,391) million, operating profit €855 (1,648) million.

BEV Truck

DELIVERIES BY MARKET

in percent

FURTHER INFORMATION www.scania.com

MAN revealed its extensively upgraded truck generation in 2020 and received the prestigious International Truck of the Year 2021 award for the TGX. The MAN Lion's City 18 E all-electric articulated bus starts scheduled operations.

BUSINESS DEVELOPMENT

Customer focus, enthusiasm for the product, and efficiency are the core values at MAN. In fiscal year 2020 , MAN revealed its extensively upgraded truck generation, which is consistently designed to meet the changing needs of the transportation industry, setting the standards for assistance systems, driver orientation and digital connectivity. The improvements to the drivetrain, aerodynamics and the MAN EfficientCruise efficiency assistant reduce fuel consumption in the new truck generation by up to 8% compared with the previous generation. The MAN TGX was named International Truck of the Year 2021 by 24 industry journalists. The award is one of the most prestigious in the transportation industry.

In the bus segment, the all-electric MAN Lion's City 18 E optimized for urban transportation was launched in 2020. The 18-meter articulated bus can carry up to 120 passengers and generates zero local emissions. The MAN Lion's City 18 E will begin scheduled operations in 2021 in Barcelona, Spain, and Cologne, Germany.

MAN teamed up with partner companies during the Covid-19 pandemic to convert its TGE model into an innovative diagnostic vehicle. With the molecular diagnostic PCR test equipment on board the MAN TGE, the results of nasal or throat swabs are available in just 39 minutes. Up to 800 tests can be carried out per day and analyzed directly in the vehicle.

In South America, Volkswagen Caminhões e Ônibus expanded its product portfolio in 2020 with its largest truck model to date. The Meteor is used in the heavy-duty sector, which is enjoying especially strong growth in the Brazilian market. In addition to the new Meteor, the successful VW Constellation model also celebrated its premiere with the new generation of the 13 l D26 engine. In 2021 in the field of alternative drive systems, Volkswagen Caminhões e Ônibus plans to begin with the supply of 100 "e-Delivery" electric trucks to Ambev, Latin America's largest beverage company. Ambev intends to deploy the e-Delivery in São Paulo and Rio de Janeiro starting in the second half of the year.

Incoming orders at MAN Commercial Vehicles decreased in fiscal year 2020 by 11.0% year-on-year to 123 thousand vehicles; the market decline anticipated for 2020 – especially in the EU27+3 region – was exacerbated by the Covid-19 pandemic. In America, MAN Commercial Vehicles recorded lower demand with its Volkswagen Caminhões e Ônibus brand, particularly in Brazil and Mexico. A total of 118 (143) thousand commercial vehicles were delivered to customers, of which 11 (14) thousand were buses.

MAN produced a total of 119 (141) thousand commercial vehicles in 2020, including 11 (14) thousand buses.

SALES REVENUE AND EARNINGS

Sales revenue at MAN Commercial Vehicles decreased by 14.4% in 2020 to €10.8 billion. The operating result dropped to €–631 (402) million as a consequence of the pandemic. This was attributable not only to lower vehicle sales but also to depreciation and amortization charges, as well as additional costs incurred in connection with the launch of the new truck generation. Measures to achieve consistent cost savings in all areas were unable to compensate for this decline. The operating return on sales was –5.8 (3.2)%.

8%

Fuel savings in the new truck generation

PRODUCTION

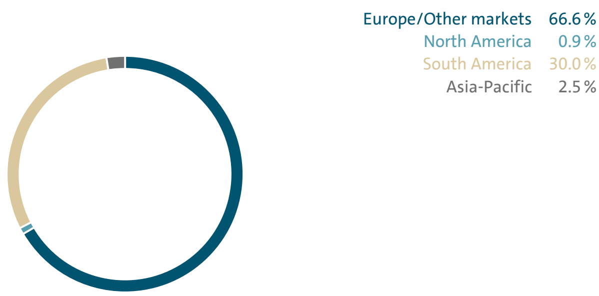
Units	2020	2019
Trucks	89,191	111,839
Buses	11,299	13,668
Light Commercial Vehicles	18,340	15,903
	118,830	**141,410**

MAN COMMERCIAL VEHICLES

	2020	2019	%
Orders received (thousand units)	123	139	–11.0
Deliveries	118	143	–17.3
Vehicle sales	118	143	–17.3
Production	119	141	–16.0
Sales revenue (€ million)	10,838	12,663	–14.4
Operating result	–631	402	x
Operating return on sales (%)	–5.8	3.2	

TGX

DELIVERIES BY MARKET
in percent



FURTHER INFORMATION www.man.eu

Volkswagen Group China

In the Chinese market, Volkswagen continued to put all its energies into the strategic direction of e-mobility in 2020. The negative impact of the Covid-19 pandemic on business operations remained limited.

BUSINESS DEVELOPMENT

China remained the largest single market for Volkswagen in 2020. In the Chinese market, the Group offers more than 160 imported and locally produced models from the Volkswagen Passenger Cars, JETTA, Audi, ŠKODA, Porsche, Bentley, Lamborghini, Bugatti, Volkswagen Commercial Vehicles, MAN, and Scania brands as well as motorcycles by the Ducati brand. At 3.8 (4.2) million units (including imports), we delivered fewer vehicles to customers in 2020 than in the previous year in a Chinese market distinctly weakened by the pandemic. However, the Volkswagen Group remained the clear number one with Chinese customers with a market share of 19.3%. New models achieved a good market performance, including the new Volkswagen Passenger Cars flagship Touareg e-hybrid, the Viloran, the JETTA SUV VS7, the Porsche Taycan and the Audi Q2 and Q3 models. The new Tayron and Tharu models quickly took the lead in the A-SUV market. As part of the SUV campaign, we launched ten new models in 2020. They contributed to increased deliveries in the SUV segment and helped us to maintain our number one position. The new energy vehicle (NEV) segment was the fastest growing segment in China in 2020. The seven new NEV models increased the Group's portfolio to 22 electrified models in China. The premium brands Audi, Porsche and Bentley again delivered strong sales figures, and the young entry-level brand JETTA also attracted a large number of customers in its first full year of sales.

In spite of the Covid-19 pandemic, Volkswagen continued to put all its energies into the strategic direction of e-mobility in China in 2020: the two MEB plants in Foshan and Anting celebrated the start of production on schedule, adding a production capacity of 600,000 units per year to the Group. The ID.4 X model from SAIC VOLKSWAGEN and the ID.4 CROZZ model from FAW-Volkswagen are the first vehicles whose production started in 2020. Three further models in the ID. family are to follow in 2021. By 2023, Volkswagen Passenger Cars will offer eight models in the ID. family on the Chinese market, which plays a decisive role in the Group's global e-mobility strategy. In 2020, Volkswagen increased its stake in Volkswagen (Anhui), formerly JAC Volkswagen, from 50 to 75%. The investment also included the acquisition of 50% of the shares in JAG, the parent company of Volkswagen's joint venture partner JAC. The Volkswagen (Anhui) plant for all-electric vehicles has a maximum production capacity of 350 thousand units per year and should be finished by the end of 2022. Series production of MEB-based models should start there in 2023. Volkswagen has found another partner to secure future requirements for battery capacity for its Chinese e-models: with a 26% stake, Volkswagen (China) Investment Co. Ltd. wants to become the largest shareholder in Gotion High-Tech Co., Ltd. and thus the first international automotive manufacturer to directly invest in a Chinese battery supplier. The Audi brand is working with joint venture partner FAW to jointly establish a company for the production of all-electric vehicles based on the Premium Platform Electric (PPE) from 2024, the next major step for local production of e-vehicles. The Group also strengthened the production of electric drive components in China in 2020 in order to be prepared for rapidly growing demand for e-mobility.

19.3%

The Group's share of the market in China

Thousand units	2020	2019	%
Deliveries	3,849	4,234	–9.1
Vehicle sales[1]	3,577	4,048	–11.6
Production	3,575	3,948	–9.5

1 Produced locally.

EARNINGS

€ million	2020	2019
Operating result (100%)	9,744	11,110
Operating result (proportionate)	3,602	4,425

Our joint ventures produced a total of 3.6 (3.9) million vehicles in fiscal year 2020. The joint ventures produce both established Group models and those specially modified for Chinese customers (e.g. with extended wheelbases), as well as vehicles developed exclusively for the Chinese market (such as the Volkswagen Lamando, Lavida, New Bora, New Santana and Teramont).

The proportionate operating result of the joint ventures in the reporting year stood at €3.6 (4.4) billion. The negative impacts of pandemic-related lower unit sales and more intense market competition were offset by improvements in the mix and cost optimization.

The figures of the Chinese joint venture companies are not included in the operating profit of the Group as they are accounted for using the equity method. Their profits are included solely in the Group's financial result on a proportionate basis.

ID.4 family

LOCAL PRODUCTION

Units	2020	2019
Volkswagen Passenger Cars	2,751,717	3,066,807
Audi	671,659	614,753
ŠKODA	151,245	266,377
Total	**3,574,621**	**3,947,937**

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

Volkswagen Financial Services delivered a robust performance in 2020, which proved to be a difficult year. The diverse product portfolio has been enhanced by the addition of interesting alternatives for individual mobility.

STRUCTURE OF VOLKSWAGEN FINANCIAL SERVICES

Volkswagen Financial Services comprises dealer and customer financing, leasing, direct banking and insurance activities, fleet management and mobility services in 48 countries. The key companies are Volkswagen Financial Services AG and its affiliated companies such as Volkswagen Leasing GmbH, as well as Volkswagen Bank GmbH, Porsche Financial Services and the financial services companies in the United States and Canada, the only exceptions being the financial services business of the Scania brand and of Porsche Holding Salzburg.

BUSINESS DEVELOPMENT

Volkswagen Financial Services and Naturschutzbund Deutschland e.V. (NABU) are expanding their successful collaboration in the field of nature conservation and climate action. To this end, the provider of financial and mobility services in the Volkswagen Group is providing €450 thousand for the nature conservation organization to restore the Aller river in the district of Verden between Hülsen and the mouth of the Weser River. The aim is to create more natural conditions for the riverbed and floodplain to increase biodiversity, but also to improve flood protection. Along with moorland protection, the restoration of watercourses is a further focus of the financial services provider's involvement.

Volkswagen Financial Services introduced a car subscription service (Auto-Abo) to its customers in 2020, and in doing so further expanded its mobility offering. Customers can book various vehicle classes and conclude a contract for a minimum of three months. Thereafter, this contract can be terminated on a monthly basis. Subscribers pay only for the use of the vehicle and for fuel. All other relevant costs such as registration, servicing, insurance and taxes are covered by the monthly mobility rate. In the dynamic market for mobility products, the financial service provider is responding to the customer's desire for a high degree of flexibility and comprehensive cost control with its Auto-Abo car subscription service.

Volkswagen Financial Services is supporting the Volkswagen Group's electric mobility offensive with its Lease&Care package solution, starting with the sales launch of the ID.3. This product offers customers a choice of various modular service options, allowing them to maintain full cost transparency when running their new electric vehicle. Volkswagen Financial Services is deliberately focusing on the advantages of leasing for electric mobility and assumes that around 80% of Volkswagen Group electric vehicles will be leased or financed through Financial Services.

Volkswagen Financial Services took over the business travel start-up Voya in 2020, adding business travel management to its mobility offering for fleet customers. Voya offers a digital travel assistant for companies as a smartphone app and for desktop use. Given that fleet and travel management are gradually converging in many companies, Volkswagen Financial Services aims to provide its fleet customers with a corresponding offering based on Voya in the future.

€2.8 billion

Operating profit for 2020

Following its launch in Germany and the United Kingdom, the online platform heycar was successfully rolled out in Spain in fiscal year 2020. Guaranteed used cars of all major automobile brands will now also be offered in Spain under the umbrella of Mobility Trader Spain S.L..

The main refinancing sources for Volkswagen Financial Services are money market and capital market instruments, asset-backed securities (ABS) transactions, customer deposits from the direct banking business and bank credit lines.

In 2020, Volkswagen Financial Services AG issued three bonds with different terms and a total volume of €2.15 billion. Due to the Covid-19 pandemic and the related turmoil in the money and capital markets, risk premiums were higher than in previous issuances. However, the high demand from investors attests to confidence in the business model.

Other bond transactions were conducted in countries such as the United Kingdom, Japan, Sweden and Norway. In addition to this, private placements were issued in various currencies.

Volkswagen Bank did not enter into any transactions with unsecured bonds in the reporting period.

In fiscal year 2020, Volkswagen Leasing GmbH placed two ABS transactions secured by lease receivables with a volume of €1 billion and €1.1 billion, respectively. The issuances met the quality criteria of the STS Securitization Regulation for particularly high-value securitizations and were oversubscribed several times.

Outside Germany, Volkswagen Financial Services issued a total of six ABS transactions in the United States, China, Spain and Japan. Driver China eleven represented the successful placement by Volkswagen Financial Services of its largest-ever auto ABS in Chinese renminbi (RMB). The transaction has a volume of over RMB 8 billion (around €1.0 billion) in receivables and is backed by financing contracts concluded with Volkswagen Finance (China). China is one of the most important markets for Volkswagen Financial Services with a current contract portfolio of more than 1.2 million units.

Auto-Abo

Volkswagen Financial Services was heavily impacted by the Covid-19 pandemic in fiscal year 2020. To avert and cushion the economic impact of the pandemic for customers, pinpointed stabilization measures were put in place together with the Group brands; these included payment deferrals and support for the dealer organization. The measures taken with the brands to promote sales had a positive effect on vehicle sales as well as on new contracts at Volkswagen Financial Services.

The number of new financing, leasing, service and insurance contracts signed in fiscal year 2020 fell by 6.9% year-on-year to 7.9 million. As of December 31, 2020, the total number of contracts was 21.9 million, up 1.9% from the year before. The number of contracts in the Customer Financing/Leasing area increased by 1.1% to 11.3 million. There were 10.6 million contracts in the Service/Insurance area, 2.7% more than in the previous year. With credit eligibility criteria remaining unchanged, the penetration rate, expressed as the ratio of financed or leased vehicles to relevant Group delivery volumes – including the Chinese joint ventures – was steady at 35.2 (34.2)%.

At the end of the reporting period, Volkswagen Bank GmbH managed 1.4 (1.3) million deposit accounts. Volkswagen Financial Services employed 14,560 people worldwide, including 7,299 in Germany, as of year-end 2020.

SALES REVENUE AND EARNINGS

The sales revenue of Volkswagen Financial Services in the reporting year amounted to €38.6 billion, a slight increase of 1.8% on the previous year. Operating profit decreased to €2.8 (3.0) billion, particularly due to risk costs.

VOLKSWAGEN FINANCIAL SERVICES

		2020	2019	%
Number of contracts	thousands	21,907	21,498	+1.9
Customer financing		6,635	6,585	+0.8
Leasing		4,692	4,616	+1.6
Service/Insurance		10,580	10,297	+2.7
Lease assets	€ million	49,653	47,222	+5.1
Receivables from	€ million			
Customer financing		69,380	68,517	+1.3
Dealer financing		18,448	23,093	–20.1
Leasing agreements		45,379	46,276	–1.9
Direct banking deposits	€ million	27,734	31,330	–11.5
Total assets	€ million	225,608	223,536	+0.9
Equity	€ million	29,406	28,428	+3.4
Liabilities[1]	€ million	187,545	187,092	+0.2
Equity ratio	%	13.0	12.7	+2.6
Return on equity before tax[2]	%	8.9	10.8	–17.5
Leverage[3]		6.4	6.6	–3.4
Operating result	€ million	2,803	2,960	–5.3
Earnings before tax	€ million	2,577	2,968	–13.2
Employees at Dec. 31		14,560	14,394	+1.2

1 Excluding provisions and deferred tax liabilities.
2 Earnings before tax as a percentage of average equity (continuing operations).
3 Liabilities as a percentage of equity.

ADDITIONAL INFORMATION
www.vwfsag.com