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Media Information

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# Brand Group Core improves result and return in 2023 – closer cooperation between the volume brands is gaining traction

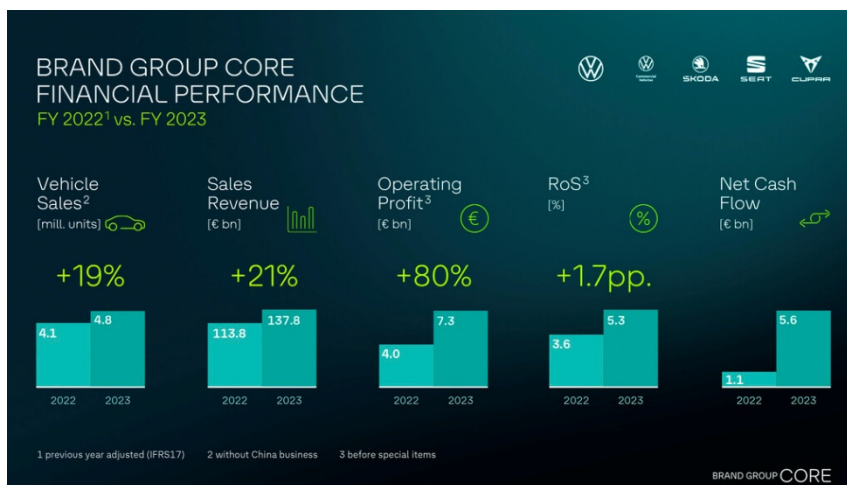
- Brand Group Core operating profit grew 80% in 2023 to 7.3 billion euros
- Operating return rose to 5.3% in 2023 on the back of a rigorous focus on cost discipline and profitability
- Year-on-year improvement in return at all five volume brands SEAT/CUPRA, Škoda, Volkswagen Commercial Vehicles and Volkswagen
- Brand Group Core sales revenue increased by 21% to 138 billion euros
- Systematic reduction of inventories significantly improved net cash flow to 5.6 billion euros in 2023
- The Brand Group Core plans to increase its result in 2024, bolstered by the related effects from the volume brands' ongoing performance programs
- Thomas Schäfer, Member of the Board of Management of Volkswagen AG, Head of the Brand Group Core & CEO of the Volkswagen Passenger Cars Brand: "The Brand Group Core has a clear strategy – and we are delivering: through close cooperation between our brands, we are working more efficiently, becoming more competitive and boosting our innovativeness for our customers worldwide. It is very important that we continue to improve our economic performance in a difficult environment. That gives us the financial leeway to make targeted investments in vehicles and technologies that enable us to meet customers' high expectations of our brands."

Wolfsburg, March 14, 2024 – The Brand Group Core delivered robust financial results in 2023. Higher volume and price effects, improved availability of parts and lower fixed costs had a positive effect, while higher product costs and the deconsolidation of Volkswagen Group Rus had a negative impact on the result. The global market and competitive environment remains challenging. The Brand Group Core is working on further stabilizing its performance with a view to improving its resilience against external factors, in particular given the slower development of the e-mobility market in Europe.

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The systematic expansion of cooperation in the agreed cross-brand core action areas is having a sustained positive effect on key financial performance indicators: Brand Group Core **operating profit before special items** in 2023 grew 80% year-on-year to 7.3 billion euros (2022: 4.1 billion euros). The main driver here was a 19% increase in **unit sales** to 4.826 million vehicles (2022: 4.069 million vehicles). **Net cash flow** increased from 1.1 billion euros in 2022 to 5.6 billion euros. This development was chiefly attributable to the one-off reduction of inventories that largely corrected the inventory build-up due to the shortage of logistics resources in the previous year. The **operating return before special items** improved by 1.7 percentage points to 5.3% (2022: 3.6%), **sales revenue** climbed 21% to 138 billion euros (2022: 114 billion euros).



Focus on rigorous cost discipline and profitability in the Brand Group Core.

Thomas Schäfer, Member of the Board of Management of Volkswagen AG, Head of the Brand Group Core & CEO of the Volkswagen Passenger Cars Brand, said: “The closer cooperation in the Brand Group Core is gaining traction. Our work is beginning to pay off. Our networking has become stronger and more systematic. We now have several projects where cooperation extends beyond former brand boundaries. We have the right team spirit. As the volume brands’ CEO team, we have pushed hard to drive this transformation forward in recent months. Our common goal: to fully exploit our performance potential as a brand group by sharing knowledge and working together to find the best solutions. With our strong, clearly differentiated models we ideally cover important market segments without cannibalizing business for our sister brands. And our networking will become ever closer in order to leverage our enormous combined potential even more effectively in future under difficult economic conditions and within a rapidly changing automotive industry. That is good for each brand, for the Group and for our customers.”

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Key figures for the Brand Group Core:

Key financials	2023	2022	Change 23/22
Unit sales (incl. other brands' vehicles)	4,826,276 vehicles	4,069,342 vehicles	+19%
Sales revenue	137.770 billion euros	113.762 billion euros	+21%
Operating profit before special items	7.273 billion euros	4.045 billion euros	+80%
Operating return before special items	5.3%	3.6%	+1.7%-points
Net cash flow	5.625 billion euros	1.131 billion euros	

All the individual brands Volkswagen, Škoda, SEAT/CUPRA and Volkswagen Commercial Vehicles contributed to the positive overall performance of the Brand Group Core – and thus also the Volkswagen Group – in the 2023 fiscal year.

**Unit sales**<sup>1</sup> at the **Volkswagen brand** grew by 13% to 2,519 million vehicles (2022: 2,236 million vehicles) in the 2023 fiscal year. The brand's **sales revenue** climbed to 86,4 billion euros (2022: 73,8 billion euros). The main drivers here were the license business with China and a strong performance in after-sales business. The **operating profit before special items** of 3.5 billion euros (2022: 2.6 billion euros) also mirrors the new focus on efficiency and profitability. At 4.1%, the **operating return before special items** was 0.5 percentage points above the figure for the previous year (2022: 3.6%). The improved operating result in 2023 shows that the brand is strengthening its resilience and improving its competitiveness. Given the increasing intensity of competition worldwide and the associated enormous pressure on prices and costs, the performance program agreed last December will contribute to stabilizing the return on sales trajectory from 2024. The Volkswagen brand is thus laying the groundwork to reinforce resilience in a persistently challenging market environment.

Patrik A. Mayer, Member of the Board of Management of the Volkswagen Brand responsible for "Finance", commented: "The solid results for the 2023 fiscal year show we are becoming more financially robust. Volkswagen is the Group's core brand and we must live up to our responsibility – with good products, and also with good figures. Systematically implementing our Accelerate Forward performance program will make us significantly more effective and faster by 2026: not only in our factories and in development, but also in administration and sales. We therefore believe we are well prepared for a demanding year in 2024 with its muted economic outlook."

**Škoda Auto** also reported a successful 2023 fiscal year. Global **unit sales** by Škoda Auto last year ran at 866,800 vehicles (+18,5%), with the all-electric Enyaq recording the highest growth (81,700 vehicles sold; +52%). The all-electric model was one of the best-selling electric vehicles in many

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European markets. The Škoda Auto Group reported **record sales revenue** of 26.5 billion euros in 2023 (2022: 21,0 billion euros; +26,2 %). The brand's operating profit before special items came in at 1.8 billion euros, 183% higher than the prior-year level (2022: 0.63 billion euros).

At 6.7%, the **operating return before special items** was well above the level of the previous year (2022: 3.0 %). These strong results underpin the company's robust business model for making the necessary investments in the ongoing transformation to e-mobility.

**SEAT/CUPRA** put on a convincing performance last year with a marked 28% rise in **unit sales** to 602,000 vehicles (2022: 468,000 vehicles). The brand reported 31% growth in **sales revenue** to 14,3 billion euros (2022: 10,9 billion euros). **Operating profit before special items** ran at 625 million euros, well up on the previous year's figure of 33 million euros. The group-wide increase in profitability is clearly visible: the **operating return before special items** rose to 4.4% (2022: 0.3%). This is chiefly attributable to the success of CUPRA with higher unit sales and positive effects from efficiency improvements.

Business development at the **Volkswagen Commercial Vehicles (VWN)** brand was also positive: **unit sales** increased by some 25% to 423,000 vehicles (2022: 340,000 vehicles) and **sales revenue** grew 34% to 15 billion euros (2022: 11 billion euros). Furthermore, there was a 65% rise in **operating profit before special items** to 873 million euros (2022: 529 million euros). Progress with driving profitability was confirmed by an increase in the **operating return before special items** to 5.7%, compared to 4.6% in the previous year. This record performance is attributable to the brand's robust positioning. Vehicles for private and commercial customers, the iconic ID.Buzz and the distinctive California models satisfy individual customer wishes. This performance was achieved through the systematic implementation of the efficiency program at VWN and the associated cost discipline.

### Outlook

The Brand Group Core plans to increase its result in 2024, bolstered by the related effects from the volume brands' ongoing performance programs.

Overall, the Brand Group Core continues to target an operating return of 8% in 2026. Improved cooperation among the sister brands is expected to leverage synergy and scale effects and contribute to achieving this target. This includes optimizing product costs, reducing overheads under the various performance programs in place at the individual brands, and thereby safeguarding sustainable growth. In addition, the Brand Group Core plans further volume growth as a result of the improved supply situation for critical raw materials and components. Further growth in key regions (e.g. North America) as well as the development of new markets (e.g. Škoda Auto / Vietnam) are expected to have a positive effect on return. The current fiscal year will be shaped by strong competition, political challenges and the necessary investments for the future. Clear-cut responsibilities and a task-sharing approach form the basis for the strong cooperation that will continue to drive the success of the Brand Group and the entire Volkswagen Group in future.

<sup>1)</sup> without other brands' vehicles; without China business

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### Organizational note:

Škoda Annual Press Conference	Friday, March 15, 10:00 a.m.
VWN Annual Press Conference	Thursday, March 21, 09:00 a.m.
SEAT/CUPRA Annual Press Conference	Thursday, March 21, 11:00 a.m.

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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).

### About the Brand Group Core

The brands belonging to the Volkswagen Group are organized in the Brand Groups Core, Progressive, Sport Luxury and Trucks. In addition, there are CARIAD, Group Technology, Financial Services and MOIA. Within the Brand Group Core, 200,000 employees of the sister brands Volkswagen, Škoda, SEAT/CUPRA and VW Commercial Vehicles work together at 24 plants to realize their existing enormous synergy potential. By standardizing and streamlining processes and making greater use of joint resources, these brands can significantly improve overall efficiency – thus freeing up the space needed for the coordinated and sustainable development of best-in-class products in the relevant market segments. In order to act as the high-volume core of the Volkswagen Group, the Brand Group Core is targeting a sustainable consolidated return on sales of eight percent through the joint definition of clearly-defined key areas.

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