

Prospects for 2021

Our planning is based on the assumption that global economic output will recover overall in 2021, provided lasting containment of the Covid-19 pandemic is achieved. This growth will most likely be sufficient for the economy to recover to approximately its pre-pandemic level. We continue to 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 ongoing geopolitical tensions and conflicts. We anticipate that both the advanced economies and the emerging markets will experience positive momentum.

We predict that trends in the markets for passenger cars in the individual regions will be mixed in 2021. Overall, the volume of demand worldwide for new vehicles is expected to be noticeably up on the reporting year, provided successful containment of the Covid-19 pandemic is achieved; however, it will not recover to its pre-pandemic level. For 2021, we anticipate that the volume of new passenger car registrations in Western Europe will be significantly above that recorded in the reporting year. In the German passenger car market, we expect a moderate year-on-year increase in demand in 2021. Sales of passenger cars in 2021 are expected to distinctly exceed the prior-year figures in markets in Central and Eastern Europe. The volume of demand in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America as a whole in 2021 is also likely to be distinctly higher than the previous year's level. We expect to see a large increase overall in new registrations in the South American markets in 2021 compared with the previous year. The passenger car markets in the Asia-Pacific region are expected to be noticeably up on the prior-year level in 2021.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed in 2021; on the whole, we anticipate a moderate rise in demand for 2021, assuming that containment of the Covid-19 pandemic is successful.

For 2021, we expect a significantly positive development in new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes compared with the previous year in the markets that are relevant for the Volkswagen Group. A moderate increase in overall demand for 2021 is likely in the bus markets relevant for the Volkswagen Group.

We anticipate that automotive financial services will be of great significance to global vehicle sales in 2021, particularly in the context of the ongoing challenges posed by the Covid-19 pandemic.

We believe we are well prepared overall for the future challenges pertaining to automotive 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 our 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 anticipate that deliveries to Volkswagen Group customers will be significantly up on the previous year in 2021 – assuming successful containment of the Covid-19 pandemic – amid continued challenging market conditions.

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

We expect the sales revenues of the Volkswagen Group and Passenger Cars Business Area in 2021 to be significantly higher than the prior-year figure. 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 5.0% to 6.5% in 2021. For the Commercial Vehicles Business Area, we anticipate an operating return on sales of 4.0% to 5.5% before restructuring measures amid a significant year-on-year increase in sales revenue. We expect the Power Engineering Business Area to reach the break-even point amid a noticeable decline in sales revenue compared with the previous year. For the Financial Services Division, we forecast that sales revenue will be noticeably higher than the prior-year figure and that the operating result will be in line with the previous year.