

Annual General Meeting of Volkswagen Aktiengesellschaft 2023 Speech by Oliver Blume

Introduction

Many thanks, Hans Dieter Pötsch.

Dear Shareholders,
Dear Colleagues,

A very warm welcome to our Annual General Meeting here in Berlin.

Shaping mobility – for the present and for the future. That is our mission.
Our motivation. Our passion.

The Volkswagen Group is facing big challenges – indeed, our entire industry is facing big challenges.

We have a ten-point plan for our operational and strategic areas of action. With concrete milestones. A plan that is sustainable and measurable. And we are making good progress with implementing it.

Today, we are looking back on the past year and overall, we can be very satisfied.

We achieved very solid financial results in a difficult environment. We forged ahead with the transformation towards e-mobility and digitalization. And we have charted the course for the Volkswagen Group – and done so swiftly, with ambition and determination.

That was a strong performance by a strong team. My thanks and appreciation go to everyone in the Volkswagen Group!

On this basis, we can look to the future with confidence. We have laid a stable foundation on which to build.

However, there are undoubtedly also areas where we must do better. The only way we can constantly improve is by never ceasing to challenge ourselves.

What is important is that we can continue with our strong and focused investment in the future. We are accelerating the pace of our e-mobility ramp-up. We are focusing on our own reengineered software platform. And we are expanding our know-how in battery technology.

The Volkswagen Group brands are entering a new era of electric and digital mobility. Our ambition is to be even more sustainable in this new age – and even more successful.

Financial highlights 2022 / Brand groups

The figures for 2022 show that the Volkswagen Group is well placed. And we can operate from a strong financial position.

Once again, we faced a challenging environment: a flagging economy, rising interest rates, supply chain disruptions. The semiconductor shortage continued to be challenging. As a result, our unit sales were down on the previous year.

At the same time, the trend towards higher-value, better-equipped vehicles continued. Our sales revenue therefore grew to €279 billion – a significant rise of around 12 percent compared with the previous year.

We were able to increase our operating profit before special items by around 13 percent to €22.5 billion. And our operating margin also grew, moving up to 8.1 percent

We cater to all mobility needs with our ten strong, iconic brands. They operate independently, with their own positioning and strategic orientation – for the success of the Group as a whole. And last year's results proved that their attractive models are a compelling argument for customers.

Volkswagen, Volkswagen Commercial Vehicles, Škoda, Seat and Cupra have been brought together to form the Volume Brand Group. This Brand Group saw a rise in sales revenue, operating result and return on sales. We are convinced that the Volume Brand Group has the potential to make an even stronger contribution to the success of the entire Group.

We are currently working on the programs to bring this about. We will improve the brand positioning even further – by giving the brands an even sharper profile. In addition to comprehensive profitability programs, we intend to leverage synergies even more strongly, for example in development, production or after-sales.

At the same time, of course, we are also about the appearance of our brands. The connection of our tradition with the future.

Our Premium Brand Group also grew significantly in terms of sales revenue – and above all as regards operating result before special items. Audi, Bentley, Lamborghini and Ducati have a profitable and resilient business model. They have impressively proved that with strong margins.

Then there is the Sport & Luxury Brand Group with Porsche. Here, too, we reported higher sales revenue, a higher operating result and a strong operating return on sales. Added to that is a top performance by Porsche shares since the IPO in the fall. Not forgetting Porsche AG's fast entry into the DAX.

We also posted strong results with Financial Services. Profit drivers there were the high demand for used vehicles and positive effects from derivatives.

In the commercial vehicles business, TRATON posted its best results for unit sales and sales revenue and saw a sharp rise in the operating result.

Once again, we are pleased to be sharing the overall success of the Volkswagen Group with you, our shareholders. We are therefore today proposing a dividend of €8.70 per ordinary share and €8.76 per preferred share.

This equals a payout ratio of 29.4 percent and represents a year-on-year increase of 15.9 percent and €1.20 per share. That takes us well above last year's payout ratio of 25.3 percent.

In early January, we also distributed the special dividend from the successful IPO of Porsche AG: €19.06 per ordinary and preferred share.

The Volkswagen Group made a solid start to the 2023 fiscal year. In the first quarter, operating profit excluding the negative effects from the valuation of commodity hedges rose more sharply than sales revenue, despite the persistently challenging environment.

Sales revenue grew around 22 percent to €76 billion. The main drivers were resurgent sales volumes in Europe and North America. An improved price positioning also had a positive effect.

Operating profit before the abovementioned effects rose significantly by 35 percent to €7.1 billion. As a result, the operating return on sales before valuation effects came in at around 9 percent.

With this solid financial performance and an order backlog on hand of 1.8 million vehicles at the end of the first quarter in Western Europe alone, we are looking to the current fiscal year with optimism and confirm our outlook.

For the 2023 fiscal year, we expect deliveries to customers of the Volkswagen Group to reach about 9.5 million vehicles. We also anticipate that the Group's sales revenue will be 10 to 15 percent above the level of the previous year – and that the operating return on sales will remain at a very solid figure of 7.5 to 8.5 percent.

New set-up / Dual role / Management team

Ladies and Gentlemen,

Volkswagen is a fantastic Group.

For me, it is a great honor to lead this Group. I am guided by some fundamental principles:

- I am fully focused on our customers, our brands and products.
- People are at the heart of everything I do.
- The same applies for entrepreneurship.
- And finally, sustainability plays a prominent and overriding role for me in every decision we make in the Group.

We have already got things moving in the last few months. We have set important courses and took decisions that were also complex and far-reaching. And we have progressed faster than I had hoped.

That is testimony to our team. To the shared desire to set the Volkswagen Group up for a successful future – in terms of operations, organization, technology and culture.

The first few months since I took office have shown that my dual role as CEO of the Volkswagen Group and Chairman of Porsche AG works well and is paying off.

At Porsche, I am closely involved in the processes. In the technologies. With the people. Based on this, I can make sound strategic decisions in the Group – and that benefits all our brands.

The autonomous management of Porsche AG following the IPO means that conflicts of interest are avoided from the very outset.

At Group level, overarching key functions are based on the same logic: we also match these key tasks with dual roles at Group and brand level. As a result, we have established a powerful new team to speed up execution – in production and procurement, sales and quality, development and design as well as communications.

This is working extremely well and is having a visible effect. Teamed up with all the brands, this is how we create greater strength. The leadership model it is not only efficient, it is also particularly effective.

What is our approach? We analyze and prioritize. We decide and execute – our actions are sustainable and measurable. And we do all of this as a team.

We are extending Volkswagen's global positioning even further – strong in Europe and in China, and with an ambitious plan in North America. And we are also keeping other growth regions such as India and South East Asia in our sights.

We want – and indeed we must – become stronger when it comes to software and digitalization.

We are building up business in new technology areas – for example, the entire battery value stream. We are comprehensively safeguarding our raw material chains with global partners. That reinforces our robustness over the long term.

And we are becoming more sustainable. We have a clear focus on e-mobility and renewable energies. That reduces our emissions on a massive scale – and permanently.

Ten-point plan

The ten-point plan we drew up last year sets our course and functions as our guardrails. This program bundles the issues that are decisive for the future of the Volkswagen Group. In terms of operations and strategy.

When I took office, I said: these are the balls lying on the pitch. And these are the balls that must be in the back of the net by the end of the year.

Today, I can say: we have already kicked many of these balls between the goalposts. As for the rest – we are playing them forward swiftly and precisely.

I would like to take this opportunity to briefly outline the individual points in our plan once again.

1. Planning round

Our strategic investment planning systematically lays the foundation for the future. We have developed a strategy that focuses our capital investment on the most attractive profit pools worldwide – in other words, on high-return segments.

We plan to invest a total €180 billion up to 2027 – and over two thirds of that sum will be ploughed into digitalization and electrification. We are also focusing on our world regions to put us in an even more robust position.

Our strategy is bearing fruit. Across the Group, we delivered around 26 percent more all-electric vehicles last year than we did in 2021.

The share of EVs in total deliveries thus rose to around seven percent. That is a new record for us – and a milestone on which we continue to build.

Our target for the current year is a share of around ten percent. And our goal for 2025 is for every fifth Group vehicle delivered globally to be all-electric.

2. Products

A little earlier I said that one principle is a full focus on our customers, our brands and our products.

That is because people buy brands. And we have cult brands. They have tradition and charisma. And their icons are what shape these brands.

Take the Golf, for instance. Or the Bulli. Or the Porsche 911.

Millions of people associate something with these vehicles: memories. Experiences. Emotions – all over the world, from generation to generation.

Our brands are part of automobile history – there is great strength in that. And we plan to harness that strength.

The success of our ID. Buzz shows that the combination of tradition and state-of-the-art technology gets a very warm reception from our customers.

Our icons must – and will – be part of the e-mobility of the future. We must, we will, and we can, position these models where they belong in terms of brand image.

We are concentrating on product strategy, design, quality and a future-proof technology profile for our products ranging from small cars to heavy trucks.

This is underpinned by clear product strategies and a focused portfolio of attractive models tailored to the markets.

This year alone sees the debut of several important all-electric models.

- The new ID.3, for example – the second generation of our all-electric bestseller with a comprehensive upgrade.
- The ID.7 that celebrated its world premiere in Shanghai in April – our efficiency champion with a high level of comfort, long ranges of over 700 kilometers and an operating concept specially designed for China that features an avatar for easy communication with the vehicle.
- Or the ID. Buzz with a long wheelbase – the model is already an icon. I personally am a fan of this particular vehicle.
- Then there is the Q8 e-tron – the top model in Audi's electric SUV portfolio.
- And the CUPRA Tavascan – an electric vehicle charged with emotion and pure efficiency.

Porsche will begin delivering the all-electric Macan to customers in 2024 – based on the new Premium Platform Electric.

In the middle of the decade, the 718 is to go all-electric – followed by the all-electric Cayenne. Porsche also plans to add a new all-electric luxury SUV to its product portfolio, a sporty model to sit above the Cayenne.

ŠKODA is also accelerating and expanding its electric offensive. A further three all-electric models will be making their debut up to 2026.

In addition, we plan to launch ten new Volkswagen electric models up to 2026 – including an entry-level model with a price tag of around €25,000.

3. China

In China we are the market leader and operate from a position of strength. Last year, we more than doubled deliveries of all-electric vehicles from the ID. family in the country.

We need the right strategy and the right pace to consolidate this position for the future.

The pace set by the Chinese market when it comes to electrification and digitalization is impressive.

Our response is our 2030 target vision for China. Together with our China team and the Group Board of Management, we recently set the key cornerstones during the Shanghai Auto Show.

In essence we are looking to tailor our products even closer to Chinese customers, accelerate the development of new technologies and leverage more synergies.

Our approach is: In China, for China.

Guided by this approach, we are focusing on local partnerships. We concluded such a partnership with Horizon Robotics, for example, in 2022. Together, we are forging ahead with the development of driver assistance systems and highly automated driving in China.

We are also building up our own development capabilities in the near term. Our aim is to step up the pace of research and development and map out a technology concept for China. For instance, we expect to see the development time for a new model cut by around one third. In addition, we have founded CARIAD China and are expanding these operations on a targeted basis.

Furthermore, we start production at our Volkswagen Anhui electric joint venture this year.

The start of this year is giving us tailwind: In the first four months, we grew faster than the Chinese market as a whole.

4. North America

At the same time, we are making great strides and important progress in putting the Volkswagen Group in a much stronger position in North America.

That puts us in the right place at the right time. In North America, customers are ready to go electric. And industrial policy in North America with its excellent framework is a positive factor for investors.

Last year, we commissioned a new electric assembly line at our factory in Chattanooga, Tennessee, and are now building the very successful VW ID.4 there.

We have launched the “Boost Plan” under Electrify America. Our aim is to increase the number of our fast-charging points from 3,500 to 8,000 by the end of 2025.

Moreover, we took the decision to build a battery cell factory in Canada. We are thus safeguarding and strengthening our value stream in North America and opening up to partnerships for raw materials and sustainable energy.

With the electrification of the revived iconic U.S. Scout brand, we have seized the opportunity to enter the highly attractive pickup and rugged SUV segment. This segment accounts for over one third of the U.S. market. So we are taking an important step towards increasing our presence and our profitability in North America. We will produce the Scout models in South Carolina.

5. CARIAD

One key element in the 10-point plan is the realignment of CARIAD, and we have already made good progress. In the last few months, we have analysed and made decisions: we have organised our software generations in terms of content and timing and additionally optimised processes, methods and tools. We now set the next milestones for advancing strategic, structural and personnel development.

CARIAD focuses on the development of digital future technologies for the Group brands. We are stepping up the pace and broadening our approach to partnerships. This is designed to combine our competences with the best solutions on the market for the benefit of our customers. The outcome is even closer software-vehicle development interaction.

When I took office in September 2022, I underscored that CARIAD is a key success factor for the Volkswagen Group. That is still the case.

The goal is clear: CARIAD should, and will, deliver.

6. Platforms and technology

We have restructured our future platform, the SSP – the Scalable Systems Platform – in terms of technology and organization and as regards possible synergies.

Organizing the lead roles for the Volkswagen, Audi and Porsche brands and the product strategy was central to this.

This will give us a high-performance, scalable system that we will be rolling out at all brands by the end of the decade. Based on our decisions about platforms and products, we will also allocate specific models to specific production sites. That enables us to leverage further synergies.

We have defined extensive technological updates for our current MEB and PPE platforms.

The MEB is our successful modular electric drive toolkit. Last year alone, half a million electric vehicles were built on this platform. That makes it one of the leading e-mobility platforms worldwide.

We have named the further development of this platform the MEB+. And the MEB+ will enable us to make significant leaps – in automated driving functions, in range and in charging times.

The MEB+ production debut will be at our main plant in Wolfsburg in 2026 – and the platform will be used to build electric vehicles in the booming, high-volume compact SUV segment.

7. Battery, Charging, Energy

We have made major progress in establishing our own battery production capabilities and in expanding the charging infrastructure.

PowerCo bundles all our activities throughout the battery value stream – from raw material supply and development through to the construction and operation of gigafactories.

We have already laid the foundation stone for our battery cell factory in Salzgitter. Further decisions on site locations have already been taken – Valencia in Spain and, as I already mentioned, St. Thomas in Canada.

However, if ramping-up e-mobility is to succeed we also need swift expansion of the charging infrastructure. That is why we are active worldwide in this regard. Along with partners, we will be setting up around 45,000 fast-charging points in Europe, China and the USA by 2025.

8. Mobility solutions

We are organizing and prioritizing our mobility map. We have discontinued some activities. We are developing others further with a stronger focus.

One example is the Europcar transaction that we concluded together with partners last year. The Europcar Mobility Group will be the cornerstone of Volkswagen's future mobility platform.

And it caters to a wide variety of customers' mobility needs. From car sharing for a few minutes to car rental for several days and car subscriptions for multiple months.

9. Sustainability

We are also tackling the issue of climate change with commitment and determination. Volkswagen's approach to sustainability is holistic – ecological, economic and social.

We address the entire value chain, from development, our supplier network and production through to energy sources for our electric vehicles.

Last year, we tightened our CO₂ targets in production even further. Our ambition is to reduce CO₂ emissions from the production of our passenger cars and light commercial vehicles by 50 percent by 2030. By the end of this year, 100 percent of the energy used at our European production sites will already come from renewable sources.

10. Capital market

We firmly believe we can achieve a sustainable increase in the value of our company.

The ten-point system with the prioritized areas of action has already proved its worth in the Group. That is why we have now customized the system specifically to suit our brands and organizations.

This means we have set transparent, binding and measurable targets. And it also gives us the right focus and the speed we need – as well as providing our teams with a clear orientation.

This is about the unique positioning of our brands. What are our strengths – and how can we showcase them even more effectively? Where are our weaknesses – and how do we remedy them?

We have defined ambitious, binding financial targets for all brands. For the return on sales, for instance, or net cash flow, break-even and fixed costs – and identified the necessary measures.

Each brand runs a program to improve operational and strategic performance – in the short, medium and long term.

We are thus consistently leveraging synergies and scaling effects – with our platforms and value drivers, throughout the Group, across all brands.

We are developing a clear, a unique, profile for each of our brands based on all these factors.

We will be presenting an overview of where the Volkswagen Group stands today, what we offer the market and where we want to be three years from now at our Capital Markets Day in June.

The presentation will focus on the new team, the new spirit of entrepreneurship, our strong technology platforms and the benefits they bring our brand groups, our regional strategies and our future financial targets.

Outlook / Thanks / Closing remarks

Ladies and Gentlemen,

I have clearly defined our ambition: we want to shape and mold the mobility of the present and the future – with strong brands, with innovative technologies, inspiring products and with a strong team.

And we are making very good progress.

If we compare our company to a house, then you could say we have worked on renovating, reorganizing and upgrading. We have taken several good and important decisions and presented a clear plan. For the Volkswagen Group and its brands – and for all the people behind our company.

Watching the way our team tackles all the difficult tasks is impressive – witnessing their team spirit, their speed and their passion.

Overall conditions remain challenging. Crises have unfortunately become the new normal. That affects society as a whole, our company and the people.

It is important to always focus on the opportunities.

We have a clear plan for transforming and realigning our company:

- We strengthen the position of our brands even more , make better use of synergies, and work hard on costs and efficiency.

- We scale our electric platforms and develop a relevant automotive software stack.
- And we continue to invest in future-proof mobility services.
- And we take responsibility for sustainable business.

All of this is founded on solid finances and based on our values.

We have already come a long way in the last few months. But we also know that the Volkswagen Group has even more to offer.

We see the potential. And we are resolved to leverage it.

And I am delighted to have you by our side as we move forward.

With that, I hand over to my colleague Arno Antlitz.

Thank you.