Volkswagen Group Generates Operating Profit Before Special Items Of €10.2 Billion (€9.4 Billion) By The End Of September

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The Volkswagen Group generated an operating profit before special items of EUR 10.2 billion (EUR 9.4 billion) in the first nine months of the year. Sales revenue grew by 8.5 percent to EUR 160.3 billion. The operating return on sales before special items amounted to 6.4 percent. Earnings were impacted by charges of EUR 6.7 billion in the third quarter for forth coming measures relating to the diesel issue. As a result, operating profit after special items amounted to EUR 3.3 billion (EUR 9.4 billion). Profit after tax was EUR 4.0 billion (EUR 8.7 billion). As already announced, the full-year earnings forecast was adjusted accordingly.

“The figures show the core strength of the Volkswagen Group on the one hand, while on the other the initial impact of the current situation is becoming clear. We will do everything in our power to win back the trust we have lost”, said Matthias Müller, Chairman of the Board of Management of Volkswagen Aktiengesellschaft, in Wolfsburgon Wednesday.

The Group's operating profit and sales revenue exclude the activities of the Chinese joint ventures, which are accounted for in the financial result using the equity method. The share of operating profit attributable to the Chinese joint ventures to the end of September remained level at EUR 3.8 billion (EUR 3.9 billion).

“The Volkswagen Group has very solid and robust liquidity resources. This will help us manage the challenging situation caused by the financial impact of the diesel issue”, said Chief Financial Officer Frank Witter.

Net liquidity rises in the Automotive Division

The Automotive Division's net cashflow increased considerably year-on-year to EUR 11.8 billion (EUR 5.5 billion) thanks to the Group's robust business model. Net liquidity in the Automotive Division amounted to EUR 27.8 billion at the end of September (end of December 2014: EUR 17.6 billion). The Automotive Division's investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) increased to EUR 7.3 billion (EUR 6.5 billion). The ratio of capex to sales revenue in the Automotive Division amounted to 5.3 percent (5.0 percent).

Brands and Business Fields

The Volkswagen brand's operating profit before special items relating to the diesel issue rose to EUR 2.2 billion (EUR 1.7 billion). Positive effects from exchange rates, optimized sales revenue and costs, and the efficiency program more than off set the negative effects of the markets in South America and Russia.

Audi lifted operating profit to EUR 4.0 billion (EUR 3.8 billion) due to sales growth, positive changes in the mix and favorable exchange rate movements. Earnings were negatively impacted by high upfront investments in new products and technologies, as well as the expansion of the international production network.

Operating profit at ŠKODA increased to EUR 734 million (EUR 651 million), mainly due to mix effects, optimized material costs and more favorable exchange rates.

The SEAT brand's operating profit rose to EUR 12 million (previous year: operating loss of EUR 82 million). This was mainly due to higher volumes, positive exchange rate effects and optimized costs.

Bentley generated an operating profit of EUR 57 million (EUR 125 million) due to lower vehicle sales and higher upfront expenditures. Exchange rate effects and lower costs were unable to offset this trend.

Operating profit at Porsche improved to EUR 2.5 billion (EUR 1.9 billion) due to volume and exchange rate effects. Porsche's growth is uniform in the key global markets. Changes to the mix, increased structural costs and higher development costs had a negative impact on earnings.

Volkswagen Commercial Vehicles continued to renew its product range and posted an operating profit of EUR 313 million (EUR 378 million).

Scania generated an operating profit of EUR 748 million (EUR 700 million); this increase was primarily due to the service business and positive exchange rate effects. MAN's operating profit before restructuring expenses amounted to EUR 271 million (EUR 304 million). The negative trends in the commercial vehicles market in South America weighed on earnings. Restructuring measures resulted in special items of EUR –170 million.

Operating profit at Volkswagen Financial Services amounted to EUR 1.4 billion (EUR 1.2 billion) on the back of positive volume and exchange rate effects.

Earnings forecast adjusted

The Volkswagen Group expects deliveries to customers in 2015 to remain on a level with the previous year in a persistently challenging market environment.

Depending on economic conditions, 2015 sales revenue for the Volkswagen Group and its business areas is expected to increase by up to four percent above the prior-year figure. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the Commercial Vehicles/Power Engineering Business Area.

Because of charges related to the irregularities in the software used for certain diesel engines, we expect 2015 operating profit for both the Group and the Passenger Cars Business Area to be down significantly year-on-year. We expect an operating return on sales before special items of between 5.5 and 6.5 percent for the Group's operating profit; this will amount to between 6.0 and 7.0 percent in the Passenger Cars Business Area.

	2015 Q3	2014 Q3	%	2015 9M	2014 9M	%
Volume data						
Deliveries to customers ('000 units)	2,392	2,476	–3.4	7,431	7,542	–1.5
Vehicle sales ('000units)	2,350	2,439	–3.7	7,440	7,646	–2.7
Production ('000 units)	2,125	2,404	–11.6	7,438	7,638	–2.6
Employees ('000 at Sep. 30/Dec.31)				613.9	592.6	+3.6
Financial data (IFRSs), EUR million						
Sales revenue	51,487	48,910	+5.3	160,263	147,718	+8.5
Operating profit before special items	3,206	3,230	–0.7	10,197	9,416	+8.3
Special items	–6,685	–	X	–6,855	–	X
Operating profit/loss	–3,479	3,230	X	3,342	9,416	–64.5
as a percentage of revenue	–6.8	6.6		2.1	6.4	
Profit/loss before tax	–2,522	3,713	X	5,142	11,490	–55.2
as a percentage of revenue	–4.9	7.6		3.2	7.8	
Profit/loss after tax	–1,673	2,971	X	3,990	8,687	–54.1
Automotive Division						
Cash flows from operating activities	7,420	6,556	+13.2	18,973	14,942	+27.0
Cash flows						

from investing activities attributable to operating activities*)	459	3,929	–88.3	7,220	9,398	–23.2
of which: capex	2,688	2,904	–7.4	7,340	6,482	+13.2
as a percentage of sales revenue	6.1	6.8		5.3	5.0	
Net cash flow	6,962	2,627	X	11,753	5,544	X
Net liquidity at Sep. 30				27,755	16,785	+65.4
Net liquidity at Sep. 30/Dec. 31				27,755	17,639	+57.4

*) Excluding acquisition and disposal of equity investments: Q3: EUR 3,573 million (EUR 3,845 million), January to September: EUR 10,246 million(EUR 9,694 million).

Figures by brand from Jan. 1 to Sept. 30	Sales revenue in € m		Operating profit in € m		Operating margin in %	
	2015	2014	2015	2014	2015	2014
Volkswagen Passenger Cars	79,972	73,390	2,229	1,696	2.8	2.3
Audi	43,695	39,300	4,024	3,831	9.2	9.7
ŠKODA	9,280	8,784	734	651	7.9	7.4
SEAT	6,388	5,622	12	–82	0.2	–1.5
Bentley	1,364	1,259	57	125	4.2	9.9
Porsche *)	16,471	12,241	2,546	1,927	15.5	15.7
Volkswagen Commercial Vehicles	7,537	6,976	313	378	4.2	5.4
Scania *)	7,686	7,511	748	700	9.7	9.3
MAN	9,981	10,214	271	304	2.7	3.0
Volkswagen Financial Services	19,403	16,058	1,381	1,215	7.1	7.6

*) Including financial services.

Volkswagen Group Communications

Claus-Peter Tiemann Spokesperson for Finance
Phone:+49(0) 5361 / 9 – 7 11 21
E-mail: claus-peter.tiemann@volkswagen.de

www.volkswagen-media-services.com
www.volkswagenag.com

Company Contact:

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