Report on Expected Developments

The global economy and many automotive markets are expected to continue growing in 2014. The main driver of the global economy is the rapidly expanding emerging markets. The Volkswagen Group intends to capitalize on this trend by building on the strength of its brand diversity, pioneering technologies and global presence.

In the following, we describe the expected future development of the Volkswagen Group and the general framework for its business activities. Risks and opportunities that represent a departure from the forecast trends are presented in the Report on Risks and Opportunities.

We prepare our forecasts on the basis of current estimates by third-party institutions. These include economic research institutes, banks, multinational organizations and consulting firms.

GLOBAL ECONOMIC DEVELOPMENT

Our plans assume that the global economy will grow slightly faster in 2014 than in the reporting period. Going forward, we anticipate that growth will remain strongest in the emerging economies of Asia. While we expect to see signs of recovery in the economies of the major industrialized nations, the rates of expansion will remain moderate in the medium term.

We believe that the global economy will continue growing in the period 2015 to 2018.

Europe/Remaining markets

In Western Europe, we are forecasting a consolidation in 2014 of the economic recovery that began in the reporting period. However, developments remain contingent on structural problems being resolved, especially in Southern Europe.

In Central and Eastern European countries, on the other hand, whose economies are heavily dependent on the economic situation in Western Europe, we believe that significantly faster growth on a level with the previous year is likely. We expect the Russian economy to record a slightly higher rate of expansion than in 2013.

In 2014, the South African economy will continue to suffer the effects of political uncertainty and social tensions resulting primarily from high unemployment levels, though the pace of growth should accelerate somewhat once again.

Germany

We believe that the uptrend in Germany will be sustained in 2014 with rising growth rates. The situation in the labor market is also expected to remain positive.

North America

We expect economic activity in North America to continue to pick up in 2014. In our view, growth in the USA, Canada and Mexico will strengthen compared with the prior year.

South America

In Brazil, we anticipate that growth rates in 2014 will be on a level with the prior year. Argentina’s economy is expected to continue growing, albeit at a slower pace and with persistently high inflation, which is weighing on the business climate.

Asia-Pacific

Growth in China will remain at a high level and in 2014 is again expected to reach the target set by the government. In India, we estimate that the pace of expansion will remain moderate following recent below-average growth. The Japanese economy is likely to continue growing on a level with the previous year on the back of the expansionary monetary policy.
TRENDS IN THE PASSENGER CAR MARKETS
In 2014, we expect to see mixed trends in the passenger car markets in the individual regions. Overall, the increase in global demand for new vehicles will probably be somewhat slower than in the reporting period.

The Volkswagen Group is well positioned to deal with the mixed developments in the automotive markets. Our broad product range featuring the latest generation of consumption-optimized engines gives us a global competitive advantage. We are pursuing the goal of offering all customers the mobility and innovation they need, sustainably strengthening our competitive position in the process.

We estimate that the demand for passenger cars worldwide will continue to increase in the period 2015 to 2018.

Europe/ Remaining markets
In Western Europe, we expect demand for automobiles to start rising again in 2014 after four years of decline. However, as the ongoing debt crisis is still unsettling consumers in many countries in the region and restricting their financial opportunities to buy new cars, we anticipate only modest growth. Particularly in core markets such as Spain and Italy, large-scale government austerity measures are also putting a damper on demand.

In Central and Eastern European markets, we expect a moderate increase in demand for automobiles in 2014 as against the prior-year level. The Russian market, which dominates this region, will be unable to compensate for the weaker 2013 demand in the short term and will see only a limited recovery in 2014.

We anticipate that the South African vehicle market will grow at a slightly slower pace in 2014 than in the previous year.

Germany
After recording initial losses, the German automobile market increasingly stabilized in the course of 2013. This trend is likely to continue in 2014, leading to modest market growth.

North America
Although the uncertainty regarding US fiscal policy in the final months of 2013 had an adverse effect on consumer confidence, the market continues to benefit from pent-up replacement demand, a trend we believe will endure in a weaker form in 2014. We estimate that demand in the Canadian market for passenger cars will be on a level with the previous year, but are expecting to see a positive trend in the Mexican passenger car market in 2014.

South America
Owing to their dependence on demand for raw materials, the South American markets are heavily influenced by developments in the global economy. Furthermore, increasingly protectionist tendencies are adversely affecting the performance of the region’s vehicle markets, especially in Brazil and Argentina, which have imposed restrictions on vehicle imports. In Brazil, the largest market in South America, demand for vehicles in 2013 was unable to keep pace with the high prior-year level in spite of tax breaks being extended. For 2014, when the tax breaks are expected to be extended, we are forecasting that the market volume will be only marginally higher than in the previous year. In view of the persistently high inflation and the challenging macroeconomic situation, we anticipate that the Argentinian market will contract sharply in 2014.

Asia-Pacific
The markets in the Asia-Pacific region look set to continue growing in 2014, albeit at a slower pace. Increasing demand for individual mobility will drive demand in China in particular. After a weak year in 2013, India is likely to see volume growth mirroring the prior-year level, though this will depend on the general business environment. On the strength of the encouraging trend in the Japanese economy, in 2013 the local vehicle market sustained its prior-year level, when the market had been boosted by incentive programs and backlog effects. A previously announced tax increase led to pull-forward effects in the reporting period, as a result of which the overall market will probably decline significantly in 2014.

The markets in the ASEAN region are expected to continue their growth trajectory in 2014.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES
The markets for light commercial vehicles will also see mixed trends in the individual regions in 2014. Overall, we envisage slight growth in demand for light commercial vehicles in the markets that are relevant for the Volkswagen Group, and this will continue in the period 2015 to 2018.

Based on the easing of the economic situation in Western Europe expected in 2014, there should be a modest recovery in demand for commercial vehicles in many markets.

We believe that Central and Eastern European markets will perform better in 2014 than in the previous year. In Russia, demand will improve somewhat on the level recorded in 2013.

The North American market for light commercial vehicles will continue to grow in 2014.

In South America, owing to inflation and rising debt, we estimate that demand in 2014 will only marginally exceed the prior-year figure. The expansion of the market for light commercial vehicles is being driven primarily by the growing popularity of SUVs for private use, which are reported as light commercial vehicles in these markets. In addition, continuing protectionist trends are still having a negative impact on market growth, especially in Brazil and Argentina, which have imposed restrictions on vehicle imports. In Brazil, rising interest rates and low consumer confidence are
adversely affecting the market, even though the tax breaks for new vehicle purchases are expected to remain in place for the time being. The Argentinian market is expected to experience only marginal growth in 2014 as a consequence of the macroeconomic situation.

The Asia-Pacific region looks set to see slight growth in 2014. We expect the market volume in China to be up slightly year-on-year. Provided that the economic environment stabilizes in India, an end to the downward trend is likely in 2014 following a weaker 2013. Japan benefited in the reporting period from the expansionary economic policy. We expect that the market volume for light commercial vehicles in Japan in 2014 will be down slightly on the prior year.

For the majority of the Asian automotive markets, including the ASEAN markets, we are forecasting further growth starting in 2014. Demand for mid-sized and heavy trucks rose slightly in 2013, and we are also forecasting a small increase in total volumes in the markets relevant to the Volkswagen Group in 2014, mostly in the second half of the year. We are expecting growth to continue in the period 2015 to 2018.

In Western Europe, the economic situation will improve, but market trends will continue to be determined by the introduction of the new Euro 6 emission standard, which has pulled forward an appreciable proportion of demand to 2013. Thus, we anticipate a reversal of this effect to noticeably depress market levels in 2014.

In Russia, we expect to witness significant growth in demand in 2014. After predominantly weak macroeconomic development in 2013, this is expected to perform more positively in 2014. We are anticipating a rise in truck sales, although changes to the details of the recycling fee may impact this considerably.

Despite the uncertain business climate, demand for trucks in the USA is expected to rise appreciably in 2014.

We are forecasting a small increase in demand in 2014 in the Brazilian market on the back of higher demand for replacement purchases and additional state-sponsored investment and financing programs, while economic growth is expected to remain merely moderate.

The market volume in China, the world’s largest truck market, is likely to be sharply below the prior-year level in 2014. This is primarily due to the pull-forward effects in 2013 from the amended emission standards and the government’s infrastructure measures that are being gradually phased out and may lead to largely saturated demand for replacement vehicles in 2014. In India, we expect that the market will perform significantly better than in the previous year.

Demand for buses is set to noticeably exceed 2013 levels in almost all regions in 2014, buoyed by increasing urbanization and the growing need for coaches. We expect the bus market in Western Europe to be stable in 2014 and are also forecasting a slight uptrend for China, the largest bus market.

For the period 2015 to 2018, we estimate that demand for buses worldwide will continue to increase overall.

**TRENDS IN THE MARKETS FOR POWER ENGINEERING**

The individual markets in the power engineering segment will again develop at different rates in 2014.

In the merchant shipbuilding market, we expect order volumes to remain at the level of the previous year on account of the continuing overcapacity. Energy efficiency and pollution control will largely determine the future of ship design. We also anticipate strong sales of special ships in 2014, including ships for offshore applications, LNG tankers, cruise ships and government vessels.

Growth in the power generation market will be determined by macroeconomic developments, especially in the emerging economies, where we anticipate a further slight recovery in 2014. In addition to global population growth, the burgeoning demand for energy and the trend towards more decentralized energy supplies are among the main factors. Natural gas-fired power plants will play an increasingly important role. There is also potential to be tapped in the growing demand for combined heat and power (CHP) plants and the need to stabilize the networks using peaking power plants, especially in connection with the increased use of renewable energies.

In the processing industry, we do not anticipate any improvement in the general environment in 2014. Despite high long-term demand for primary materials, the number of new contracts awarded will hover around the prior-year level. The price pressure will continue unabated.

The market outlook in the oil and gas industry is encouraging. We are seeing heavy investment in the exploitation of new deep sea oil reserves and pumping technology. The trend towards using natural gas as an alternative to oil is generally having a positive effect in all key regions. We therefore anticipate slight growth in the oil and gas industry in 2014.

The future in the offshore wind market in Germany is fraught with uncertainty. A positive outlook is not expected until the infrastructural and political framework has been clarified, something that is unlikely to happen in 2014. Going forward, sales opportunities could arise in other regions of the world as well.

We expect that the markets for power engineering will continue to record an increase in overall demand in the period 2015 to 2018.
DEMAND FOR FINANCIAL SERVICES
We expect automotive financial services to continue to grow in importance worldwide in 2014. We anticipate that demand for financial services will increase more strongly in those emerging markets in which market penetration is currently low, such as China. In regions with developed automotive finance markets, there will be a further shift in the offering towards enabling mobility at a manageable total cost, with integrated end-to-end solutions, comprising service modules such as insurance and innovative packages of services, and new mobility offerings like carsharing becoming increasingly important. We expect this trend to continue in the period 2015 to 2018.

We estimate that demand for financial services in the mid-sized and heavy commercial vehicles segment will gain momentum in the emerging economies, where financing solutions to support vehicle sales are an essential component of the sales process. In the developed markets, we believe that there will be greater demand for cost-optimized services for mid-sized and heavy trucks in 2014, a trend that will also continue in the period 2015 to 2018.

EXCHANGE RATE TRENDS
The global economy lost some of its momentum in 2013. The US Federal Reserve’s announcement of its plan to trim its bond-buying program in the near future led to an increased outflow of capital, primarily in countries with high-yielding currencies. This in turn substantially impacted exchange rates, leading to considerable volatility. The euro gained against the US dollar in the first four weeks of 2013 before weakening once more up to July. It then trended upwards again for the remainder of the year. For 2014, we expect euro exchange rates against the US dollar, sterling, Chinese renminbi and other key currencies to be relatively stable, despite continuing high volatility in the financial markets. However, there is still an event risk – defined as the risk arising from unforeseen market developments. We currently assume that this trend will continue in the period 2015 to 2018.

INTEREST RATE TRENDS
Interest rates remained extremely low in fiscal 2013 due to the ongoing expansionary monetary policy and the difficult overall economic environment. A number of countries actually cut their interest rates further in the course of the year. In 2014, we consider it unlikely that either Europe or the USA will adopt a more restrictive monetary policy, and hence increase interest rates. We are predicting that short- and long-term interest rates will only rise significantly if there is a sharp increase in inflation. For the period 2015 to 2018, we are predicting a gradual rise in interest rates.

COMMODITY PRICE TRENDS
Commodity prices fell in 2013. After peaks were recorded in the first quarter, prices tailed off as the year went on, principally due to the weaker economic signals from China and to supply overcharges. Assuming that the global economy continues to grow, we expect prices of most exchange-traded raw materials in 2014 to fluctuate around the current level. Provided there is a further recovery of the global economy, we believe that commodity prices will rise in the period 2015 to 2018.

NEW MODELS IN 2014
We will systematically press ahead with our model initiative in 2014 and modernize and expand our offering by introducing attractive new vehicles. Priority will always be given to what our customers want. We are also successively expanding our portfolio of vehicles equipped with alternative drive systems powered by gas or electricity.

Following on the heels of the e-up!, our first production vehicle to run on electrical power that we launched in 2013, we will also introduce the Golf GTE with a plug-in hybrid drive in 2014 to complement the e-Golf, the electric version of our bestseller. Furthermore, the Volkswagen Passenger Cars brand will enlarge the Golf family by adding the Golf Sportsvan, the successor to the Golf Plus. In addition, the brand will unveil the new generation of the Passat saloon and the Passat estate.

In 2014, the Audi brand will launch the sporty derivative versions S1, S3 saloon, A3 and S3 Cabriolet, as well as the new TT Coupe. Many models, including the A8 hybrid, will also be extensively upgraded. Audi’s first plug-in hybrid will be available in 2014 as the A3 e-tron.

ŠKODA is expanding the new generation of its Octavia family with the addition of the Scout and the natural gas-powered edition of the Octavia. The new edition of the Fabia – both as a hatchback and as the Fabia Combi – will score points with its new, contemporary design and once again set standards in its class with its spaciousness.

From 2014, the SEAT brand will offer the efficient CNG models of the Leon and the Leon ST.

In 2014, Porsche will roll out its fifth series with the Macan, the brand’s second SUV beneath the Cayenne. In addition to the entry-level version, the Macan will come in S, Diesel S and Turbo versions. We will expand the 911 series by adding the GT3 RS plus a Targa version. Other highlights for 2014 are the GTS versions of the Cayman and the Boxster, as well as the revamped Cayenne and Panamera series. The Cayenne S Hybrid will be upgraded.

Bentley will launch four dynamic models in 2014: the Flying Spur V8, the Continental GT V8 S, the Continental GTC V8 S Convertible and the Mulsanne Speed.
Super sports car manufacturer Lamborghini will introduce its successor to the Gallardo Coupé in 2014, the Huracán, featuring a carbon fiber and aluminum body as well as a new, efficient petrol injection system.

**PLANNED PRODUCT MEASURES**
The Volkswagen Group’s goal is to offer consistently efficient and carbon-optimized mobility, including options based on alternative drive technologies, so as to live up to its responsibilities with respect to sustainability. Given the increasingly strict exhaust and emission standards and the fact that vehicle taxation is CO₂-dependent, vehicle CO₂ emissions are playing a more and more important role in vehicle purchases. Volkswagen is therefore continuing to focus in depth on developing efficient drive technologies, thus extending its position as an innovation leader in the area of environmentally friendly mobility.

We shall continue to drive forward the issues of downsizing and zero emissions in our products in the coming years. Downsizing increases material and energy efficiency by reducing drivetrain sizes while retaining their original performance. We are expanding our e-mobility operations – in the form of both plug-in hybrids and purely electric drives – on the basis of our in-depth research. Our current and future projects are improving the Volkswagen Group’s environmental footprint on an ongoing basis.

The Volkswagen Group’s many different concepts underscore the individual brands’ high level of development and diversification expertise. At the beginning of 2012, the Group became the first manufacturer to implement fuel-saving technology in series production of a charged four-cylinder engine with its cylinder management concept. The Volkswagen Passenger Cars brand has consolidated its holistic ecological sustainability policy in its “Think Blue.” concept. This not only combines innovative technology and solutions such as the BlueMotion technologies, but also offers recommendations for reducing emissions and consumption, such as tips and training on how to save fuel. In addition to the BlueMotion vehicles, highly efficient technologies such as the BlueTDI and TSI EcoFuel drives (CNG) set standards for consumption and CO₂ emissions. They leverage innovations such as hybrid/electric drives, start-stop systems and brake energy recuperation. Other Group brands such as ŠKODA’s GreenLine model range and SEAT’s ECOMOTIVE models also make use of this technology. Audi offers efficiency technologies as standard. This brand is also developing products such as the fully electronic e-tron vehicles and the natural gas-powered A3 g-tron, which are based on sustainable supply concepts.

**STRATEGIC SALES FOCUS**
The multibrand structure, comprising largely independent brands that nevertheless achieve maximum synergies, is one of the defining features of the Volkswagen Group. The structures that have been put in place have been designed for managing a multibrand organization.

To facilitate the entry into new markets for other Group brands, we will further expand our multibrand structure in the growth markets in particular. We will also sharpen our customer focus across all sales levels and in customer service, for which we are continually enhancing employee qualifications in addition to optimizing our processes and systems to reflect changing customer demands and markets. The focus of our sales strategy remains the same – the integrated marketing of new and used vehicles, financial and other services, as well as genuine parts and accessories.

**BUILDING A FIRST-CLASS TEAM**
Only a top team can deliver the excellence that is necessary for Volkswagen to become number one in international automotive production, which is why, more than ever, we will nurture talented individuals in all areas of the Group.

Our goal for the next few years is to increase our employees’ already high level of expertise and problem-solving skills. Vocational training and a university degree are the basis for professional development in the vocational groups at Volkswagen. Employees then obtain further qualifications throughout their working lives. An important pillar of this strategy is the transfer of knowledge and experience by experts to other staff. Qualifications are provided in the form of dual vocational training and classroom education and closely integrate theoretical and practical forms of learning.
Based on our current planning, we shall invest a total of €84.2 billion in the Automotive Division in the period from 2014 to 2018. The lion's share of the total amount to be invested in property, plant and equipment in the Automotive Division will be spent on modernizing and extending the product range for our brands.

Among other things, the high level of investment results from investments in new facilities and models, as well as by developing alternative drives and modular toolkits. Volkswagen is laying the foundations for profitable, sustainable growth. These investments also include commitments arising from decisions taken in previous fiscal years. At €41.2 billion (roughly 65%), the lion’s share of the total amount to be invested in property, plant and equipment in the period from 2014 to 2018 will be at a competitive level of 6 – 7%. Besides investments in property, plant and equipment, investing activities will include investments in new facilities and models, as well as by developing alternative drives and modular toolkits. Volkswagen’s focus will be on new vehicles and successors in almost all vehicle classes, which will be based on the modular toolkit technology and the related components. This will allow us to systematically continue our model rollout with a view to tapping new markets and segments. In the area of drivetrain production, we will launch new generations of engine technology with improved performance and lower fuel consumption and emission levels, focusing for example on hybrid and electric motors.

Volkswagen will make cross-product investments of €22.2 billion over the next five years; this includes investments in new facilities and models, as well as by developing alternative drives and modular toolkits. In addition, Volkswagen will make cross-product investments in new facilities and models, as well as by developing alternative drives and modular toolkits. The main focus will be on new vehicles and successors in almost all vehicle classes, which will be based on the modular toolkit technology and the related components. This will allow us to systematically continue our model rollout with a view to tapping new markets and segments. In the area of drivetrain production, we will launch new generations of engine technology with improved performance and lower fuel consumption and emission levels, focusing for example on hybrid and electric motors.

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We endeavor to finance our investments in the Automotive Division using internally generated funds and expect cash flows from operating activities to amount to €115.8 billion over the 2014 to 2018 planning period. This means that the funds generated are expected to exceed the Automotive Division’s investment requirements by €31.6 billion, further improving our liquidity position. We expect net cash flow in the Automotive Division to be moderately lower in 2014 than in the prior year, but it will nevertheless make a significant contribution to strengthening the Group’s financial position.

These plans are based on the Volkswagen Group’s current structures. They do not take into account the possible settlement payable to other shareholders associated with the control and profit and loss transfer agreement with MAN SE. Our joint ventures in China are not consolidated and are therefore also not included in the above figures. These joint ventures will invest a total of €18.2 billion in new production facilities and products in the period from 2014 to 2018 and will finance these investments from the companies’ own funds.

We are planning to invest €2.6 billion in the Financial Services Division from 2014 to 2018. We expect the growth in leasing and rental assets and in receivables from leasing, customer and dealer financing to lead to funds tied up in working capital of €81.8 billion. Roughly 43% of the total capital requirements of €84.5 billion will be financed from gross cash flow. As is common in the sector, the remaining funds needed will be met primarily through established money and capital market debt issuance programs and customer deposits from the direct banking business.

**TARGETS FOR VALUE-BASED MANAGEMENT**

Based on long-term interest rates derived from the capital market and the target capital structure (fair value of equity to debt = 2:1), the minimum required rate of return on invested capital defined for the Automotive Division remains unchanged at 9%. We again clearly exceeded the minimum required rate of return in the reporting period, at 14.5% (see also pages 104 and 108). An increase in invested capital as a result of the largest volume of investments in the Group’s history will have a dampening effect on future returns. Nevertheless, we expect that our return will continue to be in excess of the minimum required rate of return. Under our Strategy 2018, our medium-term goal is a sustained return on investment of more than 16% in the Automotive Division, which is significantly above the minimum required rate of return.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany), the USA, Brazil, China, or Russia will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates, mostly against the euro and primarily in US dollars, sterling, Chinese renminbi, Swiss francs, Mexican pesos, Swedish kronor, Polish zloty and Australian dollars. In addition, expected business developments may vary if this report’s assessments develop in a way other than we are currently expecting.
SUMMARY OF EXPECTED DEVELOPMENTS

The Volkswagen Group’s Board of Management expects the global economy to record slightly stronger growth in 2014 than in the previous year, despite some uncertainties. The financial markets still entail risks resulting above all from the strained debt situation of many countries. While the industrialized nations will probably record moderate rates of expansion, we continue to anticipate that growth will be strongest in the emerging economies of Asia.

The automotive industry remains dependent on global economic developments. We expect that competition in the international automotive markets will continue to increase. The markets in which the Group’s brands operate remain challenging, particularly in Western Europe.

In 2014, we expect trends in the passenger car markets in the individual regions to be mixed. Overall, growth in global demand for new vehicles will probably be somewhat slower than in the reporting period. We anticipate a slight recovery in demand for automobiles in Western Europe, and volumes in the German market are also likely to increase again somewhat in 2014. The passenger car markets in Central and Eastern Europe will only just exceed the prior-year level. The upward trend in North America will probably weaken, while the South American passenger car markets will be on a level with the previous year. We anticipate further growth in 2014 for the markets in the Asia-Pacific region that are strategically important for the Volkswagen Group, although momentum there is expected to be lower than in the previous year.

The global markets for light commercial vehicles will probably experience slight growth overall in 2014, with the individual regions recording mixed trends.

We anticipate that the overall volume in the markets for trucks and buses that are relevant for the Volkswagen Group will see a slight increase in 2014 as against the previous year, with the greatest growth expected in the second half of the year.

We expect demand for automotive financial services to grow worldwide again in 2014.

The Volkswagen Group is well positioned to deal with the mixed developments in the automotive markets. Our strengths include our unique brand portfolio covering almost all segments, from motorcycles through subcompact cars to heavy trucks and buses, our steadily growing presence in all major markets in the world and our wide range of financial services. We offer an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups that is unparalleled in the industry. The Volkswagen Group will press ahead with its product initiative across all brands in 2014, and we will modernize and expand our offering by introducing attractive new vehicles. We are pursuing the goal of offering all customers the mobility and innovation they need, sustainably strengthening our competitive position in the process.

We expect that the Volkswagen Group will moderately increase deliveries to customers year-on-year in 2014 in a still challenging market environment. The new production facilities at our Chinese joint ventures will make a significant contribution to this development. We will also sharpen our customer focus across all sales levels and in customer service.

Challenges for the Volkswagen Group will come from the difficult market environment and fierce competition, as well as interest rate and exchange rate volatility and fluctuations in raw materials prices. The modular toolkit system, which we are continuously expanding, will have an increasingly positive effect on the Group’s cost structure.

Depending on the economic conditions, we expect 2014 sales revenue for the Volkswagen Group and its business areas to move within a range of 3% around the prior-year figure.

In terms of the Group’s operating profit, we are expecting an operating return on sales of between 5.5% and 6.5% in 2014, in light of the challenging economic environment, and the same range for the Passenger Cars Business Area. The Commercial Vehicles/Power Engineering Business Area is likely to moderately exceed the 2013 figure. The operating return on sales in the Financial Services Division is expected to be between 8.0% and 9.0%. We are aiming to achieve a sustainable return on sales before tax at Group level of at least 8% by 2018 at the latest.

In the Automotive Division, the ratio of capital expenditure to sales revenue will fluctuate around a competitive level of 6 – 7% in 2014. The return on investment (RoI) will be below the prior-year level due to the extensive investment program, but still well above our minimum required rate of return of 9%. Net cash flow will probably be moderately lower than in the previous year, but will nevertheless make a significant contribution to strengthening the Group’s finances. Our goal is also to maintain our positive rating compared with the industry as a whole and to continue our solid liquidity policy.

We are working to make even more focused use of the strengths of our multibrand group by constructing new plants and developing new technologies and toolkits. We will successfully meet the challenges of today and tomorrow thanks to a first-rate team, which delivers excellence and ensures the quality of our innovations and products at the highest level. Disciplined cost and investment management and the continuous optimization of our processes remain integral elements of the Volkswagen Group’s Strategy 2018.