
Media information

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Volkswagen to start review of Porsche AG IPO

- **Management Board and Supervisory Board conclude framework agreement and decide to assess the feasibility of a potential IPO**
- **Volkswagen envisages dividing share capital of Dr. Ing. h.c. F. Porsche AG into preferred and ordinary shares and to place up to 25% of the preference shares**
- **Porsche Automobil Holding SE would acquire 25% plus one share of the ordinary shares in Porsche AG**
- **Initial public offering of Porsche AG would mark next step in Volkswagen's transformation from brand manufacturer to a vertically integrated mobility Group, providing additional flexibility to accelerate Group's NEW AUTO strategy**
- **Listing would provide more entrepreneurial freedom to Porsche AG, while crystalizing the company's value for Volkswagen shareholders**
- **Shareholders would receive special dividend of 49% of total gross proceeds in the event of a successful transaction**
- **Employees of Volkswagen AG would participate in the Group's success with a one-time payment of 2,000 Euros per employee**

Wolfsburg, February 24, 2022 – Volkswagen AG today announced that it will conduct an assessment on the feasibility of a potential initial public offering of Dr. Ing. h.c. F. Porsche AG. The Management Board and the Supervisory Board of Volkswagen concluded a framework agreement reflecting the respective discussions between Volkswagen AG and Porsche Automobil Holding SE and providing a basis for the next steps to prepare a potential listing. The Group's Board of Management believes that a possible IPO of Porsche would be an important next step in the successfully launched transformation of Volkswagen into a vertically integrated mobility group and leading provider of software-based and emission-free mobility. The actual feasibility of an IPO depends on several different parameters as well as general market conditions. No final decisions have been made.

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„The automotive industry is changing fundamentally. Volkswagen is determined to play a leading role in a world of zero-emission and autonomous mobility. We have set the right course with our NEW AUTO strategy and thanks to our substantial cash flows will invest with clear focus to enter new profit pools such as battery & charging, autonomous driving and our own mobility platform in the next few years. An IPO of Porsche AG would give us additional flexibility to further accelerate the transformation. Porsche AG would gain more entrepreneurial freedom and at the same time continue to benefit from group synergies,” said Herbert Diess, CEO of Volkswagen AG.

Jörg Hofmann, Deputy Chairman of the Supervisory Board of Volkswagen AG, said:

"Volkswagen is tackling the decisive years of transformation with clear focus and vigor. This also includes seizing the potential that a changed structure of the Group could offer. That is precisely what we have agreed on. The premise of all considerations is that Volkswagen's innovative power must be strengthened in order to expand its competitive edge in the vital issues of the future. All stakeholders will benefit from this – including the employees, of course."

VW would hold a majority stake in Porsche AG – Placement of up to 25% of preference shares

In the event of an initial public offering, the capital stock of Dr. Ing. h.c. F. Porsche AG is envisaged to be divided into 50% preference shares and 50% ordinary shares and up to 25% of the preference shares are to be placed on the market as part of a possible initial public offering. Porsche Automobil Holding SE would acquire 25% plus one share of the ordinary shares in Porsche AG from Volkswagen AG at the placement price of the preference shares plus a premium of 7.5%. It is not intended to list the ordinary shares on the stock market. Volkswagen AG would continue to hold a majority stake and include Porsche AG in its financial statements by way of full consolidation. The industrial cooperation between Volkswagen AG and Porsche AG would continue after an IPO.

Employees and shareholders would benefit from a possible listing

Volkswagen AG would be able to use the proceeds from a potential IPO of Porsche AG to accelerate the industrial and technological transformation of the Volkswagen Group. This includes investments in transforming its global production capacities to electric vehicles and funding of additional growth alongside its value drivers. In addition, in the event of a successful IPO, Volkswagen AG would propose to shareholders to distribute a special dividend amounting to 49% of the total gross proceeds from the placement of the preferred shares and the sale of the ordinary shares.

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QIA has been a valuable and trusted partner as well as a major shareholder of Volkswagen AG for many years. Volkswagen AG thus welcomes QIA's intention to also become a strategic investor in Porsche AG's preferred shares as a natural expansion of the existing relationship.

Stephan Weil, Minister President of the State of Lower Saxony, which is also a major shareholder in Volkswagen, said: "The planned IPO of Porsche offers considerable opportunities for the further development of the VW Group as a whole and, above all, its Lower Saxony sites. That is why the state agrees with the presented framework agreement and will accompany the further process constructively."

Employees of Volkswagen AG and of VW Sachsen GmbH would also benefit from a potential IPO. According to the current state of discussions, around 130,000 employees would receive a one-time payment of 2,000 Euros each through an employee participation.

"The employee representatives on the Supervisory Board support the feasibility assessment. From our point of view, reorganizations can take place if the prospects for the employees are right, and the future is being shaped sustainably in the interests of the workforce. One thing is always clear to us: The competitiveness of our sites must be a priority in order to safeguard jobs in the Group. With the agreed guard rails, this would also be the case this time. It goes without saying that we will continue to closely monitor the proceedings and help shape the process." said Daniela Cavallo, Chairwoman of the General and Group Works Council.

The State of Lower Saxony has been benefiting from the Group's investments into the transformation and will continue to do so, including at Volkswagen's main site in Wolfsburg and its other sites. As part of the Group's planning round 70, Volkswagen has decided to invest around 21 billion Euros in the vehicle and component plants in Lower Saxony over the next five years. This includes the Volkswagen brand's project Trinity, a state-of-the-art electric car, which will provide autonomous driving to the masses, as well as the most modern development center in Germany.

Note: On 25 February 2022 at 8:00 a.m. CET the board of management of Volkswagen AG will hold a media, analyst and investor conference call to explain the current considerations on a possible IPO of Porsche AG.

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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises ten core brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, Cupra, ŠKODA, Bentley, Lamborghini, Porsche, Ducati and Volkswagen Commercial Vehicles. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products range from pick-ups to buses and heavy trucks. Every weekday, 662.600 employees around the globe are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2020, the total number of vehicles delivered to customers by the Group globally was 9.31 million (2019: 10.98 million). Group sales revenue in 2020 totaled EUR 222.9 billion (2019: EUR 252.6 billion). Earnings after tax in 2020 amounted to EUR 8.8 billion (2019: EUR 14.0 billion).
