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VOLKSWAGEN

AKTIENGESELLSCHAFT

Media information

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Volkswagen plans dual listing for TRATON SE

- **Volkswagen plans public offering of existing shares**
- **Dual listing planned on Frankfurt Stock Exchange and Nasdaq Stockholm**
- **Offering expected to be completed before the summer break, subject to market conditions**
- **Frank Witter: "With today's announcement Volkswagen and its subsidiary TRATON open a new chapter. We are committed to continue to create value for our shareholders."**
- **Andreas Renschler: "The IPO is an important milestone for TRATON. It provides us with entrepreneurial flexibility to further execute our strategy to create a Global Champion."**

Wolfsburg and Munich, June 3, 2019 – Volkswagen AG ("Volkswagen") and TRATON SE ("TRATON") announce that they are preparing an initial public offering ("IPO") of TRATON and a listing of TRATON shares on the Regulated Market of the Frankfurt Stock exchange (Prime Standard) and the Regulated Market of Nasdaq Stockholm (Large Cap Segment). The IPO is expected to be completed before the summer break 2019, subject to market conditions. Given TRATON's strong balance sheet, the IPO is anticipated to consist of existing shares held by Volkswagen only. Volkswagen, which intends to remain a committed shareholder of TRATON, will retain a majority stake in TRATON following the completion of the IPO.

Frank Witter, CFO of Volkswagen, said: "With today's announcement Volkswagen and its subsidiary TRATON open a new chapter. We are committed to continue to create value for our shareholders. TRATON is a prime example of how we want to create that value – by focusing on the core of our business and what is best for our stakeholders. It was the right decision to strengthen the independence of our commercial vehicles business. We are delivering step by step on our promise to prepare the Volkswagen Group for the future."

Andreas Renschler, CEO of TRATON and member of the Board of Management of Volkswagen, said: "The IPO is an important milestone for TRATON. It further underlines that we have grown together into one Group with leading brands in little more than just three years' time. We have focused on delivering sustainable and profitable growth right from the start. We were able to leverage initial synergies and set the right course to exploit our full synergy potential in the years to come. The IPO will lay the foundation for TRATON's further growth by providing us with enhanced entrepreneurial flexibility and access to capital markets. We have one very clear goal for TRATON: creating a Global Champion in the transportation industry."

IPO fosters further successful development

The IPO will strengthen TRATON's Global Champion strategy by increasing flexibility and granting direct capital market access. Given TRATON's strong capital structure and cash flow generation capabilities, there are no plans to raise equity capital in the course of the IPO. Therefore, the IPO will only comprise secondary shares held by Volkswagen AG. The TRATON SE shares are expected to be listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard) and the Regulated Market of Nasdaq Stockholm (Large Cap Segment).

The IPO is expected to comprise a public offering in Germany and Sweden and private placements in certain other jurisdictions. In the United States of America, the shares of TRATON are planned to be offered and sold only to Qualified Institutional Buyers as defined in and in reliance on Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"). Outside the United States, the shares of TRATON SE are planned to be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act.

Citigroup, Deutsche Bank, Goldman Sachs International and J.P. Morgan are acting as Joint Global Coordinators in connection with the planned transaction. BofA Merrill Lynch, Barclays, BNP PARIBAS, SEB as well as UniCredit Bank AG are Joint Bookrunners and COMMERZBANK, HSBC, Landesbank Baden-Württemberg and Société Générale have been appointed as Co-Lead Managers.

TRATON is dedicated to creating a Global Champion in the transportation industry

Comprising Volkswagen's truck and bus business, TRATON is a leading global commercial vehicles manufacturer with its brands MAN, Scania and Volkswagen Caminhões e Ônibus (VWCO). The Group was formed in 2015 in order to bundle these brands under one roof and to create a Global Champion in the transportation industry in terms of profitability, global presence and innovation. TRATON's portfolio comprises trucks and buses, light-duty commercial vehicles, aftersales services and financial services. TRATON is the market leader for heavy-duty trucks in its home markets in Europe and South America. The Group features around 81,000 employees at 29 production and assembly sites in 17 countries with almost 233,000 units sold in 2018.

Three strong brands as basis for profitable growth

The TRATON GROUP's operations are divided into two reportable segments, the Industrial Business segment and Financial Services segment. The Industrial Business, which constitutes the core of the Group's business and accounted for 95% of the Group's sales revenue in the fiscal year 2018, comprises the three strong operating units MAN Truck & Bus, Scania Vehicles & Services, and VWCO, which each have a longstanding track record of innovative solutions. Financial Services offers its customers an extensive range of financial services, including dealer and retail financing, leasing, banking and insurance products.

MAN: reliable business partner

MAN's brand is positioned as a reliable partner, supporting, facilitating and simplifying its customers' business operations with a full range of products. In 2018, sales revenue of the MAN Truck & Bus operating unit rose by about 8% to EUR 10.8 billion. The adjusted return on sales was 5.0% (previous year: 4.8%).

Scania: premium innovation leader

Scania's brand is positioned as the premium innovation leader of sustainable transportation solutions. In 2018, the sales revenue of the Scania Vehicles & Services operating unit rose by more than 4% and totalled about EUR 13 billion. The adjusted return on sales at Scania (including Scania Financial Services) was 10.1% (previous year: 10.0%).

VWCO: long-term market leader with the best value for money

VWCO's brand positioning is best value for money, with tailor-made products. In 2018, sales revenue of VWCO's operating unit increased by about 22% to EUR 1.4 billion. VWCO's operating profit recovered to EUR 28 million on the back of this increase in sales revenue and the implementation of efficiency programs.

Global expansion approach

For the TRATON GROUP, going global means tapping into global profit pools via "smart partnerships" such as those with Sinotruk, Navistar, and Hino as well as growing organically in global markets and expanding the existing business. In China, TRATON holds a 25% plus one share stake in Sinotruk via MAN. The partnership with one of the country's largest manufacturers of heavy trucks was founded in 2009 and has continuously expanded ever since. With Navistar, in which TRATON holds a 16.8% equity stake, TRATON gained direct access to North America. Since establishing the partnership in 2017, both companies have continuously stepped up their cooperation in powertrain and related technologies. In procurement, the partners were able to realize significant purchasing synergies through a joint venture. Hino Motors is the youngest partner of TRATON and features a strong position in Japan and South-East Asia. The companies plan to intensify their partnership by establishing a procurement joint venture and will also investigate a closer cooperation on e-mobility.

Well positioned through new truck generations across all brands

All three brands have just introduced or will soon launch new products for a major part of their portfolio. Considering the long product cycles of up to 20 years, this is one of the key drivers of TRATON's growth potential. Scania has recently introduced the NTG which sets new standards in terms of fuel efficiency and vehicle uptime. MAN Truck & Bus will launch its new truck generation between 2019 and 2021. VWCO has launched a new Delivery truck, which enables VWCO to gain market share in a recovering Brazilian market and beyond.

Significant upside potential based on intensified cooperation and synergies

The cooperation with its global partners as well as the cooperation between TRATON's brands offer significant upside potential in terms of synergies. The Group is beginning to use common parts and component modularization across brands as well as joint purchasing. The core of the cooperation will be a joint powertrain platform for heavy-duty trucks. This platform will comprise a joint engine called "CBE" (Common Base Engine), which will be first introduced at Scania, as well as a gearbox and an exhaust treatment system.

Enabling customers through innovation

TRATON's brands have been innovation leaders based on their customer-oriented innovation approach. TRATON aims to leverage these innovative strengths to help its customers to improve total cost of ownership. TRATON is ready for the next wave of technological trends: autonomous driving, connectivity, alternative powertrains and fuels. With a connected fleet of more than 450,000 vehicles on the road and the data sent by those trucks, TRATON is already now able to offer advanced connectivity services to its customers. At the same time, Scania is offering one of the broadest engine ranges for alternative fuels.

Track record of profitable growth

TRATON has maintained its growth path in 2018 and 2019. In 2018, the TRATON GROUP achieved record sales with almost 233,000 vehicles sold, exceeding the prior-year figure by 14% while significantly increasing sales revenue and operating profit. Sales revenue across all brands increased by around 6% to EUR 25.9 billion. Adjusted operating profit rose by approximately 13% to EUR 1.65 billion. This corresponds to an adjusted return on sales (RoS) of 6.4% (previous year: 6.0%). In the first quarter of 2019, Group sales revenue rose by 6.0% to EUR 6.4 billion across all brands. Operating profit increased by 26.9% to EUR 490 million, corresponding to RoS of 7.6%.

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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 twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. 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 include ranges from pick-ups, buses and heavy trucks. Every weekday, 642,292 employees around the globe produce on average 44,170 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2018, the total number of vehicles supplied to customers by the Group globally was 10,8 million (2017: 10,7 million). The passenger car global market share was 12.3 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totalled €235.8 billion (2017: €231 billion). Earnings after tax in 2018 amounted to €17.1 billion (2017: €11.6 billion).

About TRATON: TRATON SE is a wholly-owned subsidiary of Volkswagen AG and a leading commercial vehicle manufacturer worldwide with its brands MAN, Scania and Volkswagen Caminhões e Ônibus, and RIO. In 2018, TRATON GROUP's brands sold around 233,000 vehicles in total. Its offering comprises light-duty commercial vehicles, trucks, and buses at 29 production and assembly sites in 17 countries. The Company had a workforce of around 81,000 employees worldwide across its commercial vehicle brands as of December 31, 2018. The Group seeks to transform the transportation system through its products, its services, and as a partner for its customers.

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