

Porsche AG is preparing for its Initial Public Offering

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05/09/2022 Dr. Ing. h.c. F. Porsche AG ("Porsche AG", and together with its consolidated subsidiaries, the "Porsche Group" or "Porsche") is moving ahead at full speed to prepare for its Initial Public Offering ("IPO").

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- Porsche AG welcomes the decision of Volkswagen AG to offer up to 25% of Preferred Shares of

Porsche AG in an Initial Public Offering (IPO).

- Listing is planned on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange.
- The IPO is targeted for the end of September or beginning of October and is expected to be completed by year end, subject to capital market conditions.
- Porsche CEO Oliver Blume: “This is a historic moment for Porsche. We believe an IPO would open up a new chapter for us with increased independence as one of the world's most successful sports car manufacturers.”
- Preferred Shares would also be offered to retail investors via a public offering in Germany and several other European countries.

The Supervisory Board of Volkswagen AG (“Volkswagen”) has decided to pursue an IPO of up to 25% of non-voting Preferred Shares of the luxury automotive manufacturer. The Preferred Shares are planned to be listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard). The planned IPO is targeted for the end of September or beginning of October and is expected to be completed by year end, subject to capital market conditions.

“We very much welcome the decision of the Volkswagen Supervisory Board in favor of an IPO of Porsche AG,” Oliver Blume, Chairman of the Executive Board of Porsche AG said. “This is a historic moment for Porsche. We believe an IPO would open up a new chapter for us with increased independence as one of the world's most successful sports car manufacturers. It would strengthen our ability to further execute our strategy.”

In preparation for the IPO, the share capital of Porsche AG was divided into 50% Preferred Shares and 50% Ordinary Shares. In the IPO itself, up to 25% of the Preferred Shares in Porsche AG would be listed to support a meaningful free float and help create a liquid aftermarket for the Porsche AG shares.

Public offer to retail investors in several European key markets

The IPO would comprise public offerings in Germany, Austria, France, Italy, Spain and Switzerland as well as private placements to institutional investors. Lutz Meschke, Deputy Chairman of the Executive Board and Board Member responsible for Finance and IT, emphasized: “Porsche has established a strong financial track record, delivering compelling financial results and fulfilling the dreams of sports car fans around the world. We are fully committed to continue our successful path in the future and aim to benefit from a structural growth environment for our modern luxury vehicles. We believe Porsche is well positioned and will continue to focus on high-quality and exclusive products, electromobility and sustainability. Therefore, I am optimistic that we could attract a very strong and well-diversified shareholder base with the IPO.”

Porsche is aiming to unleash its full potential by leveraging its many strengths, including: i) its iconic brand and racing heritage, ii) structural growth environment, iii) superior customer experience, iv) innovative battery electric vehicle ("BEV") technologies, v) commitment to sustainable luxury, vi) people-centric performance culture as well as vii) compelling financial performance.

Thus, Porsche AG intends to targets a dividend payout ratio of 50 percent of the Porsche Group's IFRS consolidated profit after tax attributable to its shareholders in the mid-term.

Increased entrepreneurial independence

The IPO is intended to provide Porsche with increased entrepreneurial independence to execute its strategy. Therefore, the domination agreement and profit and loss transfer agreement currently in place with Volkswagen AG would be terminated by the end of this year. At the same time, Volkswagen and Porsche have agreed to maintain their successful cooperation and plan to continue to benefit from joint synergies in the future. Porsche and Volkswagen have agreed to conclude an industrial cooperation agreement, on an arm's length basis, to govern their future industrial and strategic relationship.

Iconic brand, attractive sports car portfolio and sustainability

Porsche is an iconic brand which stands for design and engineering heritage, racing legacy, performance, modern and sustainable luxury, prestige, innovation, technological achievement and reliability. Its high-quality portfolio of sports cars operates in a structural growth environment that has allowed the company to become one of the world's most successful sports car manufacturers.

Porsche is active in attractive luxury market segments which are expected to experience growing fundamental demand in the coming years, with BEVs and sport utility vehicles (SUVs) being among the main drivers.

In addition, a commitment to a comprehensive understanding of sustainability is an integral part of Porsche's strategy. Following the successful launch of the Taycan, Porsche is pushing ahead its electrification strategy and has set itself ambitious targets: Porsche's ambition is for BEVs to comprise over 80% of new vehicles delivered in 2030. As part of its strategy, Porsche is also working towards a net carbon-neutral value chain in 2030 and a net carbon-neutral use phase for future BEV models.

Ambitious financial targets

Porsche looks back to a decade of consistent revenue growth. In the first half of 2022, Porsche again posted strong growth in revenue, operating profit and return on sales. For the full year 2022, the company is aiming for Group revenues in the range of approximately 38 to 39 billion euros and a Group return on sales in the range of 17 to 18 percent. The outlook is based on certain assumptions including,

among other factors, the expectation of continued positive currency tailwinds and no significant deterioration in economic or political conditions or further significant disruptions in supply chains.

In addition, Porsche targets to deliver in the mid-term Group revenue growth at an approximately 7 to 8 percent compound average growth rate (CAGR), a Group return on sales in a range of approximately 17 to 19 percent and Automotive EBITDA margin in a range of approximately 25 to 27 percent while generating an Automotive net cash flow margin of approximately 12.5 to 14 percent.

Porsche has further set itself the long-term ambition of achieving a Group return on sales of more than 20 percent.

Details of the Offering

The listing of Porsche AG is planned on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange. Acting as Joint Global Coordinators and Joint Bookrunners in connection with the proposed transaction are: BofA Securities, Citigroup, Goldman Sachs and J.P. Morgan. BNP Paribas, Deutsche Bank, Morgan Stanley, Santander, Barclays, Société Générale, UniCredit are acting as Joint Bookrunners. Commerzbank, Crédit Agricole, LBBW and Mizuho are acting as Co-lead Managers. Mediobanca is acting as Financial Advisor to Porsche AG.

Further information will be available on https://investorrelations.porsche.com/en/

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The forward-looking financial information set forth above is based on a number of assumptions, including no significant deterioration of economic conditions or the COVID-19 pandemic situation in Porsche's main markets, no significant disruptions in the supply chain, especially relating to semiconductors, energy and materials parts and components, no material price increases of raw materials and no further escalation of the conflict in Ukraine. Such forward-looking financial information also assumes that in the second half of the fiscal year 2022 the euro remains weak against the currencies of Porsche's main markets.

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This announcement also contains statements relating to certain of Porsche's sustainability-related ambitions, including without limitation in relation to electrification of its vehicles and its ambition to work towards a net carbon neutral value chain, including a net carbon neutral use phase for future BEV models (including its ambition to procure green energy certificates to enable such net carbon neutral use phase). Emissions from cars delivered in previous years, before achieving net carbon neutrality, will not be included in the assessment of carbon neutrality. Such ambitions are subject to progress made in individual areas, such as technological advancements, market and regulatory developments and other matters that in certain cases cannot be influenced by Porsche, and therefore might not be achievable. In addition, offsets (including carbon reduction and carbon removal) are included in Porsche's decarbonization ambitions.

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