
Media information

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Volkswagen Group paves the way for capital market readiness at Volkswagen Truck & Bus

- **Important milestone for the Group as part of its “TOGETHER – Strategy 2025”**
- **Efficiency and innovativeness at Volkswagen Truck & Bus to be further increased by achieving capital market readiness**
- **Change of legal structure of Volkswagen Truck & Bus GmbH to a German stock corporation (Aktiengesellschaft)**
- **MAN, Scania, Volkswagen Caminhões e Ônibus and RIO have grown together under a new umbrella**
- **In 2017, Volkswagen Truck & Bus sold 205,000 commercial vehicles, an increase of 11.6% over 2016 – revenues grew by 12.1% to €23.9 billion and operating profit before special items increased by 26.8% to €1.7 billion**

Wolfsburg, April 12, 2018 – Just about three years after the formation of Volkswagen Truck & Bus, the Volkswagen Group has taken an important step to prepare the company for its capital market readiness. Capital market readiness opens up a wide range of opportunities for the Group's sustainable further development on its way to becoming a Global Champion.

Andreas Renschler, CEO of Volkswagen Truck & Bus GmbH: “Creating Volkswagen Truck & Bus in 2015 was exactly the right decision: today, our commercial vehicle brands are working more closely and successfully together than ever before. Paving the way for capital market readiness is the next logical step in the successful development of our company. We are now ready to gear up through the achievement of capital market readiness. Obviously, this is something that cannot be done overnight. We have therefore launched ‘Next Level’, a comprehensive project that has brought together nearly 200 employees who work for all of our brands and in all parts of the world. As a team, we will fulfill the requirements necessary to tap additional financing opportunities offered by the capital market. In doing so, we can flexibly accelerate the profitable growth of our commercial vehicles business. Our customers, employees and the entire Volkswagen Group will benefit equally from this step.”

To achieve capital market readiness, the Supervisory Board of Volkswagen AG has approved the change of the legal structure of Volkswagen Truck & Bus GmbH. As an initial step, the Group is to

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be converted into an Aktiengesellschaft (AG) and as a second step into a Societas Europaea (SE). However, the latter still requires further approval from the Supervisory Board. These steps are to be carried out as soon as possible.

Heading towards the next level well equipped and focused on clear goals

Volkswagen Truck & Bus will strictly move forward with the transformation process designed to turn it into a more mature company. The group already has a well-equipped and agile organization with 31 locations in 17 countries and 81,000 employees who produce trucks and busses. In its first financial years 2016 and 2017, the company spent €2.9 billion in total on Research & Development. Volkswagen Truck & Bus has a leading market position in Europe and Brazil. In addition, it has forged strong partnerships in the growth markets North America and China.

With 'Next Level', Volkswagen Truck & Bus has launched a project that will further increase the company's maturity, efficiency and innovativeness. The project is focusing on seven initiatives driving Volkswagen Truck & Bus faster on the journey to becoming Global Champion in the transportation business:

- Brand performance: further enhancement of brands' performance with individual identities, strengths and profiles
- Global expansion: further global expansion to leverage scale and be ahead of competition
- Future business models: develop solutions for future transportation (in such areas as autonomous driving and e-mobility)
- Cooperation & synergies: increase cooperation and leverage synergies between brands
- Optimization of the organizational structure: reassessment of the organizational structure and further development of joint values
- Communications: pursue an active and open communications approach
- Achievement of capital market readiness: meet technical and structural requirements of the capital market

"Since 2011, the employee representatives of Volkswagen, MAN and Scania have been supporting the strategy that our truck division requires global presence to maximize synergies," said Bernd Osterloh, Chairman of the Volkswagen Group Works Council. "With capital market readiness we are paving the way to sustain growth – if necessary – financially and thus open up new perspectives for our strong brands MAN and Scania and secure jobs in the long term. It is a common understanding of Andreas Renschler and us that the Global Champion is playing in the premier league not only economically, but also with regards to the rights of the employees at Scania and MAN. This is going to be a win-win situation for both, the employees and the companies." The Works Council intends to engage closely in the company's further transformation

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from a GmbH into an AG. "What we see at the end of the process is a Societas Europaea (SE). We attach great importance to that, because we want strong co-determination for our colleagues at MAN and Scania. And the SE is the only way to ensure that this is the case," Bernd Osterloh continues.

Successful initial years of Volkswagen Truck & Bus

The Volkswagen Group decided in 2015 to bundle its truck and bus brands – MAN, Scania and Volkswagen Caminhões e Ônibus – under the umbrella of an independent legal entity: Volkswagen Truck & Bus GmbH. The new company has made significant progress ever since: key structures and positions in the organization were put into place. Furthermore, collaboration among the brands has improved on a continuous basis while first synergies between the brands were realized. As part of this effort, Volkswagen Truck & Bus has significantly intensified collaboration between the brands by introducing "Lead Engineering", which saves time and costs. Via "Lead Buying", the brands are also jointly addressing commercial levers through volume bundling and joint purchasing strategies for a total of some 40 components. Furthermore, the Group's Modularization Management reduces complexity and enables commercial scale effects.

In autumn 2016, Volkswagen Truck & Bus introduced the cloud-based RIO platform and underscored its strong position in the digital transportation business at the same time. The Group has already become the market leader in Europe for connected trucks. Through its strategic alliance with Navistar, the company also gained access to the important North American market. And the most recent strategic partnership with Hino Motors further expands the Group's presence on the Asian and Japanese market. In its second operational year 2017, Volkswagen Truck & Bus achieved sales of 205,000 commercial vehicles, an increase of 11.6% over 2016. Group revenues went up 12.1% to €23.9 billion mainly due to a strong increase of unit sales throughout the Group. Operating profit before special items increased by 26.8% to €1.7 billion, corresponding to an operating return on sales of 6.9%.

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 Group operates 120 production plants in 20 European countries and a further 11 countries in the Americas, Asia and Africa. Every weekday, over 610,000 employees worldwide produce nearly 42,000 vehicles, and work in vehicle-related services or other fields of business. The Volkswagen Group sells its vehicles in 153 countries. With its TOGETHER – Strategy 2025 future program, the Volkswagen Group is paving the way for the biggest change process in its history: the realignment to become a globally leading provider of sustainable mobility.

About Volkswagen Truck & Bus: Volkswagen Truck & Bus GmbH is a wholly-owned subsidiary of Volkswagen AG and a leading commercial vehicle manufacturer worldwide with its MAN, Scania, Volkswagen

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Caminhões e Ônibus, and RIO brands. In 2017, Volkswagen Truck & Bus GmbH's brands sold around 205,000 vehicles in total. Its offering comprises light-duty commercial vehicles, trucks, and buses which are produced at 31 sites in 17 countries. The Company had a workforce of around 81,000 worldwide across its commercial vehicle brands as of December 31, 2017. The Group seeks to realign the transportation system through its products, its services, and as a partner for its customers.



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