

Volkswagen inaugurates R&D center for e-mobility in China

- **Anhui province to be global center for competence and e-mobility hub**
- **Start of production of pure-electric models based on Volkswagen Group's MEB platform will begin in 2023**
- **Joint venture JAC Volkswagen renamed as Volkswagen (Anhui)**

Hefei, December 8, 2020. Anhui province is to be transformed into a new center of competence and e-mobility hub for the Volkswagen Group in China. As a first step, today saw the inauguration of a new Research & Development center at the company's facilities in Hefei. At the same time, the joint venture JAC Volkswagen was renamed as Volkswagen (Anhui) Automotive Company Limited. With a 75 percent stake in the joint venture, Volkswagen takes over management control at Volkswagen (Anhui). The company's future products will be based on the Group's Modular Electric Drive Matrix (MEB), with plans for a step-by-step expansion of local R&D competence in the localization of MEB-based derivatives, and the aim of capitalizing on global synergies. The first vehicle is expected to roll off the Anhui production line in 2023.



New Research & Development center in Anhui province

„Volkswagen Anhui is a promise for stronger partnership and e-mobility power in China. Within the next three years, we can expect state-of-the-art MEB production, a new full-electric portfolio and technology solutions from its R&D center in Anhui. This year's investment of around one billion Euro accelerates the progress within the joint venture. Volkswagen Anhui will strengthen China's role in the electrification and digitalization of the Volkswagen Group,” said Dr. Herbert Diess, CEO of Volkswagen AG.

“With our commitment to Volkswagen (Anhui), we will fully leverage the global synergies of the Group to intensify our e-mobility strategy in China and help us achieve net-carbon neutrality come 2050,” said Volkswagen Group China CEO Dr. Stephan Wöllenstein. “Through this new R&D center, we will strengthen the local expertise and production efficiency of Volkswagen (Anhui), which will play a key role in rapidly growing and optimizing our NEV portfolio to address the differing needs of Chinese

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customers in what is the world's largest NEV market. At Volkswagen, we appreciate the further opening up of the country, which allows for us to accelerate our transformation towards e-mobility.”

In Hefei, research and development, quality assurance, simultaneous engineering and full capability pre-series manufacturing and testing will all be united in one facility, with integration across the industrial value chain. By combining these key functions and using the MEB platform, Volkswagen will speed up development cycles and allow for significantly faster time-to-market for new products. Volkswagen (Anhui) is now increasing local talent, the majority being in R&D, to number around 500 employees by 2025. The second phase of Volkswagen (Anhui)'s transformation will start in 2021, with the expansion of infrastructure and equipment for the production lines, plus the building of a battery workshop as well as a vehicle and component validation workshop. The full-scale factory for pure-electric vehicles, with a maximum production capacity of 350,000 units per annum, is due to be completed by the end of 2022, with the first model planned to go into series production in 2023.

Volkswagen Group has invested around one billion Euros to increase its shareholding in Volkswagen (Anhui), formerly known as JAC Volkswagen, from 50 to 75 percent. Also included in the investment is the acquisition of 50 percent of JAG, the parent company of Volkswagen's joint venture partner JAC. With the closing of this transaction, Volkswagen now takes over management control at Volkswagen (Anhui). The joint venture will be fully consolidated in the Group's operating results.

Anhui, and its provincial capital of Hefei, have become rising new hubs for technology and innovation. Since the creation of the formerly known JAC Volkswagen joint venture back in 2017, Volkswagen has become a fixture in Anhui's local ecosystem of NEV manufacturers and suppliers. For example, Volkswagen recently acquired a strategic stake in Hefei-based battery supplier Gotion. Volkswagen is starting talks to establish a supplier park near to the factory in Hefei. And in addition to an e-mobility hub, Volkswagen also aims to establish a digital hub in Anhui to support future connectivity and digital services across the Group's portfolio.

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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 range from pick-ups to buses and heavy trucks. Every weekday, 671.205 employees around the globe produce on average 44,567 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2019, the total number of vehicles delivered to customers by the Group globally was 10.97 million (2018: 10.83 million). The passenger car global market share was 12.9 percent. Group sales revenue in 2019 totaled EUR 252.6 billion (2018: EUR 235.8 billion). Earnings after tax in the fiscal year now ended amounted to EUR 14 billion (2018: EUR 12.2 billion).
