

Volkswagen eyes separate stock market listing for Porsche

February 22 2022, by Sebastien Ash



The need for cash to fund electrification plans is pushing carmakers into share listings for luxury brands.

German auto giant Volkswagen said Tuesday it is drawing up plans to list

its luxury brand Porsche as it looks to raise the funds for its move to electric vehicles.

Volkswagen and its largest shareholder Porsche SE had "negotiated a framework agreement which should form the basis for further steps" towards a separate stock market listing, the carmaker said in a statement.

A "final decision" on the future of the storied sports car brand had not yet been taken, the group said.

The flotation would represent a major shake up at Volkswagen, which is searching for a ways to finance its shift away from traditional combustion engines towards electric vehicles.

The group plans to put some 25 percent of Porsche shares on the market, a source inside the company who asked not to be named told AFP, confirming press reports.

Volkswagen group's parent company and main shareholder is Porsche SE, which is also listed on the Frankfurt Stock Exchange.

Shares in Porsche SE jumped more than 11 percent Tuesday, those of Volkswagen by nearly 8 percent, in a market hit by the Ukraine crisis.

Blockbuster deal

Analysts value Porsche, maker of the famous 911 sports car, at between 60 and 80 billion euros.

The blockbuster deal could see the similarly named holding company directly "purchase stock in Porsche AG", it said in a statement.

Porsche SE, which manages the investments of the Porsche-Piech

family, could in turn finance the move by selling part of its majority stake in the Volkswagen group, according to recent reports in the local press.

The consent of the two parties' supervisory boards is still needed for the deal to go through.

But approval seems likely given the familial ties between the two groups and the fact that a number of members of the carmaker's supervisory board also have roles at the holding company.

The Volkswagen group—whose 12 brands include Audi, Porsche and Skoda—is pumping 35 billion euros into the shift to electric vehicles and aims to become the world's largest electric carmaker by 2025.

The world's second largest automaker is in a tussle with its American rival Tesla, which has parked its tanks on Volkswagen's lawn by building a factory in Germany.

Herbert Diess, the German group's CEO, has sought to overhaul the group's image, turning it from an auto behemoth into a more of a technology company focussed on electric vehicles.

As part of the shake-up, Volkswagen introduced its bus and lorry subsidiary Traton onto the stock exchange in 2019 and let go its majority in the niche luxury carmaker Bugatti last year.

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