Speech

by Prof. Dr. Martin Winterkorn

Chairman of the executive board of Porsche Automobil Holding SE

Annual general meeting

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Dear shareholders,
ladies and gentlemen!

Welcome to the Porsche-Arena for the annual general meeting of your company, Porsche Automobil Holding SE. The executive board and supervisory board are pleased to be able to welcome you here today and to report on the fiscal year 2013.

For Porsche SE, 2013 was a year of consolidation.
But 2013 was also a year in which we moved forward with Porsche SE:

- We have reinforced our financial basis
- We have adapted our internal structures
- We have thus created all the prerequisites to target investments along the value chain in the automotive industry. But more on that later on.

Firstly, I would like to comment on how your company developed over the last twelve months.

In the fiscal year 2013, Porsche SE generated a very satisfactory group profit for the year of €2.4 billion. The most significant factor in this respect was the profit from the investment accounted for at equity in Volkswagen AG of €2.7 billion.

The group profit for the prior year still came to €7.9 billion. It should be noted in this context that this figure was the result of significant special effects. These included a non-recurring effect on earnings stemming from the contribution of the operating holding business to Volkswagen AG totaling €4.9 billion.

In the fiscal year 2013, cash flow from Porsche SE’s operating activities came to €665 million.

- This amount includes, in particular, the positive effect from the net dividend payment by Volkswagen AG of €386 million.
- In addition, income taxes of €326 million were refunded to the company.
- The dividend distribution to the shareholders of Porsche SE, on the other hand, resulted in cash outflow of €615 million.
- Cash, cash equivalents and time deposits rose to €2.91 billion.

Taking account of loan liabilities to the Volkswagen group, net liquidity stood at €2.61 billion at year-end.

The equity of the Porsche SE group increased to €30.47 billion in the past fiscal year. The equity ratio increased to 97.4 percent.

This also underscores the strong financial power of your company.

Now let us move on to developments of a legal nature. We took another great step forward in the past year. We succeeded in persuading all the plaintiffs before the New York State Supreme Court and the majority of plaintiffs before the U.S. District Court in New York to withdraw their claims. Only 8 of the former 46 plaintiffs before the U.S. District Court remain in the USA.

With regard to the appellate proceedings by this group of plaintiffs, we have been waiting for a ruling by the judges for more than two years. We continue to assume that the claims in the USA are legally insufficient.

We would have liked the claims pending in Germany to be heard as soon as possible. However, some plaintiffs have repeatedly evaded us over the past year. They filed a large number of motions, which ultimately led to significant delays in the proceedings in Braunschweig. Oral proceedings were held in three lawsuits before the Regional Court of Braunschweig in April and May 2014. The court announced that it would pass rulings in these lawsuits on 30 July 2014.

Another lawsuit was referred to the Regional Court of Hanover. Based on the same alleged claims, the plaintiffs also filed an action against two members of the supervisory board of Porsche SE before the Regional Court of Frankfurt am Main in the fall of 2013. From the company's perspective, this action is of a purely tactical nature. Porsche SE has joined the proceedings as intervenor on the side of the defendants.

A further claim by hedge funds for an amount of around €1.36 billion was dismissed by the Regional Court of Stuttgart. Even if 19 of the original 23 plaintiffs filed appeals against this decision, this ruling vindicates our legal opinion and gives us cause for optimism regarding the other litigation.

Moreover, the chamber of the Regional Court of Stuttgart responsible for economic offenses did not admit the charge by Stuttgart public prosecution against the former members of the executive board of Porsche SE, Dr. Wendelin Wiedeking and Mr. Holger Härter. The court did not see any indication that Porsche SE had made any false statements in its press releases in 2008. The public prosecution filed an appeal against this decision with the higher regional court of Stuttgart.

There is one thing I would like to underscore once again at this point: We consider all actions against Porsche SE, members of its supervisory board and former members of its executive board to be without merit, and to be legally insufficient in the USA and the UK. We are not willing to come to a settlement. And we will continue to use all legal means at our disposal to defend ourselves.

Ladies and gentlemen,

Now let us move on to the development of our core investment, the Volkswagen AG, in the past fiscal year.

2013 was an extremely challenging year for the automotive industry, especially for European automakers. Neither the domestic markets nor the exchange rates provided any tail wind. Quite the reverse, in fact.

It is therefore an even greater achievement for us to be able to say that: in spite of everything, the Volkswagen group kept its word – meeting its goals for 2013 and even exceeding them.

- The group for the first time delivered more than 9.7 million vehicles worldwide – an increase of almost 5 percent compared to the prior year.
- Sales revenue increased to €197 billion.
- And, at €11.7 billion, operating profit was again at a high level.

In light of these figures it is important to realize that the number of deliveries by the Volkswagen group also includes the more than three million vehicles produced by the Chinese joint ventures. The group's sales revenue and operating profit, however, do not include the results of the two Chinese joint ventures. They have always been consolidated at equity and accounted for in the financial result.

To give you an idea of the magnitude involved: The pro rata operating profit of the Chinese joint ventures totaled around €4.3 billion in the 2013 fiscal year. Further proof for the high earnings power of the Volkswagen group, also and above all in China.

Ladies and gentlemen: in summary**, we can say that: the Volkswagen group cut an excellent figure in a challenging environment.**

One key reason for this is its global presence. In the past year, the Volkswagen group continued to grow in virtually all regions of the world. Only in South America did the weak market and upcoming makeover of the model range leave their mark. In other regions of the world, such as North America, however, the group saw growth and even bucked the market trend – for example, in Europe. Development was particularly dynamic in the Asia-Pacific region, where deliveries increased by 14.7 percent.

The picture presented by the group's brands is likewise gratifying. Let's start with passenger cars, the first pillar of the Volkswagen group.

Porsche, SEAT and Bentley saw double-digit growth. Volkswagen passenger cars, with just under six million deliveries, and Audi also performed well despite adverse conditions. ŠKODA was down slightly year-on-year, due to the change in its core Octavia model, but has now picked up again impressively.

Volkswagen masters the balance between the volume and premium segments like no other automotive group. Today, Audi, Porsche, Bentley, Lamborghini and Bugatti are together synonymous with the best that the automotive world has to offer. And this strength in the premium segment literally pays off.

- Audi has already achieved its target of 1.5 million deliveries two years ahead of schedule.
- Porsche is growing in every respect – from its return on sales to its innovative power to its range of models. The new Macan, manufactured in Leipzig, is symbolic of this. A Porsche through and through, it is also a clear commitment to Germany as an industrial location.
- With strong delivery figures and fascinating innovations, Lamborghini and Bentley have yet again proved that out-of-the-ordinary vehicles will always have their place in the automotive world.

The commercial vehicle business of Scania, MAN and Volkswagen commercial vehicles is increasingly becoming the second strong pillar of the Volkswagen group. Here, the volatile economic situation made itself clearly felt. Nonetheless, MAN grew by 4.5 percent and Scania by an impressive 19.4 percent.

There is one important thing at this point:
The commercial vehicles industry still offers considerable potential for synergies that the Volkswagen group is now tapping into, step by step.

For this reason, it is pleasing that the required number of minority shareholders in Scania has accepted Volkswagen AG's tender offer to fully take over Scania. This is now the next logical step on the way to becoming an integrated commercial vehicle group with Scania, MAN and Volkswagen commercial vehicles.

The industrial logic is self-evident. This will allow Volkswagen to further improve the performance, efficiency and flexibility of its commercial vehicle business, by introducing a modular toolkit strategy of its own, for example.

On average, the Volkswagen group expects long-term synergy potential of at least €650 million operating profit per year – in addition to the synergies already mentioned in excess of €200 million, which will be leveraged by the end of 2014.

Financial services are the third main pillar of the Volkswagen group. They support the brands not only when it comes to winning new customers around the globe and retaining them for the long-term. They also remain an important source of earnings.

On the basis of this broad footprint, the Volkswagen group will systematically continue on its course to the very top of the automobile industry. Its starting position is as sound as it is promising thanks to:

- 12 fascinating brands and more than 310 models, covering virtually every customer desire and need.
- 106 plants around the globe and a leading role in many key regions.
- The technological innovation of more than 40,000 developers and the modular toolkits, representing even greater innovation and economy.
- The necessary financial substance and solidity.
- And, most of all, a persuasive strategy for the future.

In short: The Volkswagen group has everything it needs to achieve its ambitious goals.

Now more than ever, the focus is on qualitative growth. In other words:

- The Volkswagen group is working very hard to become even better, more efficient, environmentally friendly and customer-oriented.
- With all brands, in all regions and all departments – from development to production and sales to personnel.

The Volkswagen group is making every effort, great expertise and investing a lot of money to achieve this aim.

- By 2018, the group intends to make investments in the automotive segment of around €84 billion in plants, products and technologies.
- This figure does not include more than €18 billion invested by the joint venture companies in China, financed from their own cash flow.

This €100 billion investment program has a clear message: Volkswagen is driving forward its Strategy 2018 with extreme focus, and is furthermore paving the way to beyond 2018 with its major “Future Tracks” program.

These programs boil down to even more flexibility, even more innovation and, most importantly, even more proximity to the customer.

This in turn also means: The Volkswagen group continues to offer excellent prospects.

The key figures for the first quarter also demonstrate that: Volkswagen is keeping up speed and has gotten off to a good start to the fiscal year.

- In the first three months of the year, deliveries to customers increased by 5.6 percent to 2.4 million vehicles.
- Sales revenue rose despite negative currency effects by 2.7 percent to €47.8 billion.
- The operating profit stood at €2.9 billion, up 21.8 percent. Here, once again, this figure does not include the pro rata operating profit of the Chinese joint ventures in excess of €1.2 billion in the first quarter.
- And with a pre-tax return on sales of 7 percent, the Volkswagen group has taken a further step towards its strategic goal of **at least** 8 percent by 2018.

I believe: This successful start to the year is reason enough to wish for more!

As of April, the Volkswagen group once again grew in excess of 6 percent, delivering more than 3.2 million vehicles worldwide for the first time.

In the coming years, for the automotive industry a great deal will depend on how the economy and the markets develop. But I am convinced that our current course toward qualitative growth will have a long-term and sustainable positive impact on the quality of the Volkswagen group's profit. With the associated positive implications for your company, Porsche SE.

This, ladies and gentlemen, takes us to our company's investment concept.

The shares held in Volkswagen represent around 90 percent of Porsche SE's assets. One can, therefore, justifiably state: Volkswagen is our core investment. The aim is now to complement this investment usefully and step-by-step.

We intend to invest a large portion of the net liquidity of €2.6 billion available to us in investments along the automotive value chain.

We will benefit from our profound automotive expertise when making such investments. **I am convinced: On this foundation, we can and will make the right investment decisions at the right time.**

It remains true that there are many opportunities for promising investments. These range from basic technologies geared to supporting the development and production process, such as plant and tools, through to vehicle- and mobility-related services. The emphasis for us is first and foremost on the major global automotive trends: Sustainability, conservation of resources and the increasingly networked world. Specific examples include new drive concepts and materials as well as innovative technologies for vehicle safety and connectivity.

During the past year, we took a closer look at more than two dozen companies, and they certainly included a number of interesting candidates. However, various specific issues ultimately stood in the way of an investment.

So it became clear once again that we are operating in a highly demanding market environment for strategic investments. There is a large amount of liquidity in the market. As a result, valuations for investments are currently very high.

We bear great responsibility for the assets entrusted to us, which we want to increase successfully. We are therefore not prepared to acquire attractive investments at any price. Substance and profitability take precedence over speed. This principle remains unchanged at Porsche SE.

However, I am convinced that we will master the task of investing the available liquidity usefully. In the interests of our company and in your interests, dear shareholders.

To this end, we further expanded our network of experts. Today, we have excellent links to industry, to banks and to consultants. This ensures that we have appropriate expertise for carefully and comprehensively assessing potential investments.

All the preconditions for successfully implementing our investment strategy have been created. **I therefore see it as merely a matter of time before we report on the first transaction.**

Ladies and gentlemen: Porsche SE has created a sound basis for promising investments. This is essentially the result of the hard work of your company's employees.

Our team may be small in terms of numbers. But it is highly professional and very dedicated.

And so I would like to take this opportunity to cordially thank all our employees for their excellent work in the past fiscal year. Your dedication and your skills were the decisive factor in steering Porsche SE towards such a good and auspicious future. Also on behalf of all shareholders: Thank you very much!

There is also good news as regards the dividend.

This year, as in prior years, you should and will participate in the positive development of your company, dear shareholders.

The proposed dividend involves a distribution of €2.010 per preference share for the fiscal year 2013. Holders of ordinary shares are to receive €2.004 per share.

For Porsche SE, this proposal is an important step towards a sustainable development of dividends.

Dear shareholders,
ladies and gentlemen,

Let me summarize:

The creation of the integrated automotive group in August 2012 has paid off for all involved. Having joined forces, Porsche AG and the Volkswagen group are able to exploit considerable synergies.

Generally speaking: The alliance of 12 strong brands, from Volkswagen to Audi and Porsche, and from Ducati to MAN and Scania, is unique within the automobile industry. Porsche SE and its shareholders benefit very considerably from this. At the same time, as the anchor shareholder, our company ensures that Volkswagen has a long-term, stable and sustainable orientation.

On the basis of everything we currently know, 2014 promises a favorable development for Porsche SE. Our investment in Volkswagen and our investment strategy will be key factors in this.

Based on the current group structure, we expect Porsche SE to record a profit for the current fiscal year of between €2.2 billion and €2.7 billion.

The first three months of 2014 underline one thing: We are on the right track.

- For example, your company generated a profit for the period of €728 million. This constitutes a rise of €127 million on the prior-year quarter.
- At €2.6 billion, the net liquidity was only slightly down on year-end 2013.

We are convinced:
Porsche SE will gradually establish itself as an attractive investment holding company in the market and has vast potential for increasing value added. We are therefore looking to the future with optimism.
And we will tackle the tasks that lie ahead systematically and with determination.

We take this opportunity to ask for your ongoing trust and your ongoing support. And we are convinced that this trust will be repaid in every way.

Ladies and gentlemen,
By the very nature of this meeting, we have spent the last few minutes talking about financial figures and business models. I firmly believe, however, that the vehicles themselves should and must not be missing from the annual general meeting of Porsche SE.

So, as I draw to a close, please let me draw your attention to our large vehicle exhibition in the Hanns-Martin-Schleyer-Halle.

A clear commitment to our Swabian roots, this year's traditional exhibition covers the current range of vehicles under the Porsche brand.

We extend a warm welcome to you all to visit our exhibition. I am sure that it is particularly worthwhile this year!

Because the exhibition is dedicated to Porsche’s return to Le Mans. Today, we will be unveiling the new LMP1 vehicle with which Porsche will be entering the legendary 24 hour race in just under three weeks. Furthermore, the vehicles we have brought with us for you to view include the hybrid super sports car 918 Spyder, the new Macan and the 911 Targa.

Enjoy your visit to the Schleyer-Halle and thank you very much for listening.