Speech

by Hans Dieter Pötsch

Chairman of the executive board and Chief Financial Officer of

Porsche Automobil Holding SE

Annual general meeting

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Dear shareholders,
ladies and gentlemen:

Welcome to the annual general meeting of Porsche Automobil Holding SE. Welcome to your company.

The executive board and supervisory board are pleased to welcome you all here at the Porsche-Arena today and to report on Porsche SE's fiscal year 2016.

Our investment in Volkswagen represents more than 90 percent of Porsche SE's assets – again nothing changed in this respect in the fiscal year 2016. Porsche SE's financial indicators and its share price are heavily influenced by the development of the Volkswagen Group. I would therefore like to briefly turn to our core investment.

2016 was without question a challenging year for Volkswagen. On the one hand, it was dominated by the management of the diesel crisis. On the other hand, Volkswagen was operating in an extremely challenging environment, as was the entire industry. Core markets such as Brazil and Russia were in crisis mode. In Western Europe and China the competition was and is very tough.

The agenda of the Volkswagen Group for the fiscal year 2016 was therefore two-fold: firstly, it was necessary to keep the operating business on track. And secondly, the diesel issue had to be overcome and the group realigned.

The business figures show: operatively, 2016 was a remarkably successful year for the Volkswagen Group. In the "crisis year", as 2016 has often been called, Volkswagen again increased its deliveries by around 4 percent to 10.3 million vehicles.

The Volkswagen Group’s revenue also increased in the past fiscal year by around 2 percent to more than 217 billion euro. Before special items, the operating result increased by 14 percent to 14.6 billion euro.

The operating result after special items, which was still negative in the prior year, was clearly positive again at 7.1 billion euro, even though the result was again significantly impacted by special items of 7.5 billion euro due primarily to burdens recognized through profit or loss. There is no question about it: Volkswagen felt the consequences of the diesel issue in the past year, not just in financial terms. However: The Volkswagen Group took countermeasures and, despite everything, returned a record performance in the operating business.

Ladies and gentlemen,

The diesel issue continues to weigh heavily on our core investment. As announced by Volkswagen, the law firm Jones Day began clarifying the diesel issue and the reasons behind it in September 2015 on behalf of Volkswagen’s supervisory board and with the support of the audit firm Deloitte. According to the information provided, more than 750 interviews have since been conducted with employees and managers at the Volkswagen Group and a data room with more than 100 million documents has also been analyzed. Volkswagen reports that Jones Day has acted entirely independently.

According to reports by Volkswagen, Jones Day has regularly reported orally to Volkswagen’s supervisory board and in particular to the special diesel engines committee set up by the supervisory board on the status and findings of its investigations. Volkswagen states that they have cooperated with the authorities from the very beginning, not just with the US authorities but also with the authorities in Europe and numerous other countries. According to its own statement, it is being as transparent with the authorities as legally possible, likewise with the US Department of Justice. According to Volkswagen, this means that Jones Day has passed on its findings from establishing the facts of the matter to the Department of Justice at its own discretion and without consulting Volkswagen AG. The findings from Jones Day's examination of the facts have been incorporated into the Department of Justice's statement of facts. The statement of facts reflects the findings and facts obtained on the emergence and development of the diesel issue, which are relevant from the perspective of the US authorities. The statement of facts was published by the Department of Justice and is in the public domain.

I ask for your understanding, dear shareholders, that Porsche SE as shareholder of Volkswagen AG does not have any further information on the status of the investigation beyond that contained in Volkswagen AG's reports and presented in the statement of facts. We welcome the progress made by Volkswagen AG in handling the diesel issue and perceive the settlement with the Department of Justice in particular as well as the approval of the agreement reached with private plaintiffs in the US and the US Federal Trade Commission as a very positive sign.

Ladies and gentlemen,

This brief summary shows: Operationally, the Volkswagen Group is in very robust shape, despite the diesel issue. This was confirmed in the first quarter of 2017: Group revenue increased by a good 10 percent in the first three months of the year to more than 56 billion euro. The operating result also exceeded expectations considerably at 4.4 billion euro. At 23.6 billion euro, net liquidity in the automotive division was at a robust level at the end of March. The Volkswagen Group thus also remains on a very sound financial footing.

With a new decentralized group structure, Volkswagen is also strengthening its brands and regions: This allows the strengths and synergy potential of the multi-brand group to be used in a way that is far more targeted and quicker than in the past.

2016 was, however, more for Volkswagen than just overcoming the diesel crisis: Beyond its day-to-day operations, the Volkswagen Group paved the way for the biggest transformation in its history – and its operating result is far better than expected. For the fiscal year 2017, the aim is to build on the operating success of the prior year and to pick up speed with the implementation of strategy 2025.

Ladies and gentlemen,

As I already explained at the beginning of my speech, the economic development of Volkswagen AG also had a major impact on Porsche SE in 2016.

While the group net profit was still clearly negative in the fiscal year 2015, Porsche SE was back in the black in the fiscal year 2016: Group profit for the year stands at 1.37 billion euro.

This includes the profit from the investments accounted for at equity of 1.45 billion euro.

Despite renewed burdens stemming from the diesel issue on Volkswagen's group profit, the profit corridor of between 1.4 billion euro and 2.4 billion euro forecast for the fiscal year 2016 was only narrowly missed by 26 million euro. In January 2017, we already announced that we could not rule out falling short of the forecast profit corridor.

The cash flow from operating activities came to minus 97 million euro in the fiscal year 2016. This includes in particular the positive effect from the dividend payment received from Volkswagen AG of 17 million euro. There was a net cash outflow from income taxes paid and received of 45 million euro. The other cash outflows of 69 million euro are mainly attributable to interest payments – including interest paid on taxes – and operating expenses.

In the prior year, the cash flow from operating activities amounted to 599 million euro, primarily due to higher dividends received.

There was a cash outflow from financing activities of 308 million euro in the fiscal year 2016. This exclusively concerned the dividends distributed to shareholders of Porsche SE.

Net liquidity decreased from 1.70 billion euro as of 31 December 2015 to 1.30 billion euro as of the end of the past fiscal year and was thus within the forecast corridor. This decrease is above all due to the dividend payment made to the shareholders of Porsche SE.

As of 31 December 2016, the equity of the Porsche SE Group increased to 27.89 billion euro, largely due to the net profit for the period. In the prior year, the equity had amounted to 27.08 billion euro. The equity ratio thus increased slightly from 98.1 percent to 98.3 percent as of 31 December 2016.

Ladies and gentlemen,

In addition to our core investment Volkswagen, Porsche SE has an approximate 10 percent shareholding in the American technology company INRIX. The company that specializes in the delivery of real-time data and looks back on a challenging fiscal year 2016. INRIX could not achieve the goals it set itself due to fierce competition in the industry compounded by the fact that the connectivity of vehicles and infrastructure is progressing more slowly than predicted by many market experts. An impairment test performed as a result of this put the carrying amount of the investment at 21 million euro as of year-end. However, we believe strongly in the long-term market potential for INRIX. Cars will continue to become more and more connected, thus making corresponding transport solutions more attractive.

The company also made decisive steps forward regarding development in the past fiscal year. This has seen INRIX develop from a pure data supplier to a standardized industrial platform for content, analytics and apps in the area of smart mobility. It concluded several strategic partnerships with payment services and parking area operators. This has put INRIX in a position to increase its global connection of parking spaces and at the same time make it possible to automatically pay for and reserve parking spaces in the connected vehicle. More and more automotive manufacturers in Europe and the US have since turned to INRIX's real-time services to look for parking spaces and gas stations. This allows drivers to find available parking spaces in parking garages or be guided to on-street parking spaces.

INRIX also further expanded its activities in the field of analytics for connected cities and companies. This means that INRIX uses its data sources to analyze the movements of traffic and people as well as pedestrian flows in cities. The company therefore not only supports authorities operating in the area of city planning and traffic control centers, but also companies from the retail or the real estate industries.

They can use movement data to analyze how many potential customers pass by a store or building at a certain point in time. For this, INRIX uses its global data network which covers eight million road kilometers in more than 45 countries with around 300 million data sources in total.

Ladies and gentlemen,

The past fiscal year again saw us continue our search for investments as we pursue our goal to establish Porsche SE as a financial investor and preferred investment partner in the market. By having a well-balanced risk profile, we wish to generate a sustainable increase in value for our shareholders.

With this in mind, we have continued to look hard at which technical possibilities and business models could play a role in the mobility of the future. This has seen us evaluate several companies in the past fiscal year.

Our management, which has both automotive and industrial experience, offers Porsche SE many advantages in the search for attractive investments. We thus benefit from the large network of experts we have built up over the past few years.

Ladies and gentlemen,

I now come to the legal proceedings in which we were also very successful on the whole in the past year: I would like to make particular mention of the ruling that the Federal Court of Justice handed down just before Christmas, which addressed the somewhat clunky-sounding “Dismissal of a complaint against the refusal to appeal on points of law”. What was that all about? In 2015, as part of a lawsuit with an original claim of more than 1.3 billion euro, the Higher Regional Court of Stuttgart ruled in our favor and did not permit any appeal on points of law to be lodged to the Federal Court of Justice. Although our legal opponents challenged this refusal to appeal they were unsuccessful. Having had several actions with smaller claims ruled in our favor in prior years, this was the first time that we were able to successfully defend ourselves against a lawsuit involving over 1 billion euro and, for the first time, after the jurisdiction of the Federal Court of Justice was invoked.

We were even more successful in 2016 on the criminal proceedings side: To begin with – back in fall 2015 – investigations of the public prosecutor's office against members of the supervisory board were terminated. Then, after several months of intensively collecting evidence, the Regional Court of Stuttgart cleared the former members of the executive board of Porsche SE of all allegations of information-based market manipulation made against them and dismissed the motion for imposing a fine on Porsche SE. In the grounds for the judgment, the court made it clear that the allegations lodged by the Stuttgart public prosecutor are without merit.

The public prosecutor had initially appealed the ruling, but then withdrew the appeal. The acquittal is thus final and binding. After more than six years of investigations and extensive witness hearings during the trial, all the public prosecutor’s claimed suspicions have thus proven to be unfounded.

For Porsche SE, these two court rulings are decisive. Firstly, because the criminal file on the allegation of market manipulation in connection with the expansion of the investment in Volkswagen AG could be closed. And secondly, because not only have we been proven right for the seventh time in a row on the civil law side, but also because the ruling of the Federal Court of Justice now means that our interpretation of the law has been confirmed by the highest court.

I therefore repeat again today what we have constantly been emphasizing over the last eight years: In expanding its investment in Volkswagen AG, Porsche SE always provided accurate information during the years from 2005 to 2009. The 13th chamber of the Regional Court of Stuttgart responsible for economic offenses and the Federal Court of Justice confirmed this in their rulings in 2016.

Overall, there are currently still seven civil lawsuits pending due to alleged market manipulation, six against Porsche SE with the Regional Court of Hanover and one with the Higher Regional Court of Stuttgart. The plaintiffs at the Regional Court of Hanover have alleged overall damages of around 5.4 billion euro. The amount in controversy in the proceedings at the Higher Regional Court of Stuttgart is around 195 million US dollars.

I will begin with the proceedings in Hanover: Here, four out of six plaintiffs filed an application for establishment of a model case according to the Capital Markets Model Case Act (KapMuG). The Regional Court of Hanover initiated such a model case by means of an order of reference by which it referred the case to the Higher Regional Court of Celle. Subject of the case are alleged damage claims based on alleged market manipulation and inaccurate information in connection with the acquisition of the investment in Volkswagen AG. It bundles 97 so-called establishment objectives that all the actions have in common in order to answer them within this model case and to deliver a binding basis to the initiating court for its decisions.

All six proceedings at the Regional Court of Hanover are now suspended until the Higher Regional Court of Celle has made a final decision on the establishment objectives in the model case. The Higher Regional Court of Celle has already scheduled several oral hearings from September 2017.

A seventh proceeding with a payment order of around 195 million US dollars is pending at the Higher Regional Court of Stuttgart. Here we have been arguing for almost five years now with our opponents as to which court was seized first. We are therefore still at a very early stage of the proceedings. Our opposing parties want to have the case tried in London; however, we see Stuttgart as the correct court of competent jurisdiction. In 2013, the Regional Court of Stuttgart confirmed our opinion. The opposing parties appealed this decision. The appeal was dismissed by the Higher Regional Court of Stuttgart in January 2015, whereupon our opposing parties lodged an appeal with the Federal Court of Justice. In turn, the Federal Court of Justice overturned the Higher Regional Court of Stuttgart's decision in September 2016 and referred the issue of which court was seized first back to the Higher Regional Court of Stuttgart for reconsideration.

Our position here is also clear: We are convinced that the proceedings belong in Stuttgart. I would like to stress once more that these proceedings have so far only been procedural. Matters of substance, that is to say content issues, have not yet been discussed at all, and it will presumably also take some time until we get that far.

As for the diesel issue, Porsche SE is faced with lawsuits from investors. We have since been served with 159 lawsuits by the Regional Court of Stuttgart and 6 lawsuits by the Regional Court of Braunschweig to pay damages totaling around 902 million euro. The plaintiffs accuse Porsche SE of alleged nonfeasance of capital market information in connection with the diesel issue. At the same time, some of the plaintiffs also simultaneously filed applications for establishment of a KapMuG model case.

We have also filed applications for establishment of a KapMuG model case with our own establishment objectives. At the end of February of this year, the Regional Court of Stuttgart initiated a model case by publishing an order of reference on the diesel issue. The Higher Regional Court of Stuttgart will now have to look into this order of reference.

Ladies and gentlemen,

Please allow me to say a personal word: The past year was not only a difficult one for Volkswagen and Porsche SE, it was also difficult for myself. Following the charges brought by the Financial Supervisory Authority (BaFin) in summer 2016 against me and my executive board colleague Matthias Müller as well as against the former CEO of Porsche SE, Prof. Dr. Martin Winterkorn, a criminal investigation has since been launched on account of alleged market manipulation in connection with the diesel issue. Porsche SE is currently not aware of any further details regarding charges and the criminal investigation. Porsche SE firmly believes that none of its board members have breached any statutory capital market or criminal law regulations.

To close, I would like to repeat once more what I already said last year with regard to our legal disputes that have been ongoing since 2010: Porsche SE considers all allegations to be without merit.

Ladies and gentlemen,

Porsche SE is a lean financial holding company with 30 employees that has no operating business of its own. In light of this, the executive board and SE works council concluded on 1 February 2017 an amendment to the co-determination agreement, i.e., the agreement that governs co-determination of employees in our company. The agreement suspends co-determination in Porsche SE's supervisory board. The supervisory board will therefore comprise only six shareholder representatives in the future.

In light of the current group structure of Porsche SE, the original co-determination agreement from 2007 no longer adequately reflected current needs. As the statutory co-determination rights continue to apply at Volkswagen AG, there is no longer any need for these to be duplicated at the level of Porsche SE. Suspension of co-determination at the level of Porsche SE simplifies the organization. The co-determination rights shall therefore be exercised at the level of Volkswagen AG and the Volkswagen Group in the future, where they are secured in a number of ways. This is also in the interest of the employee representatives, who approved the suspension agreement.

Having performed the so-called status proceedings, Porsche SE's annual general meeting today will adjust the articles of association to bring them in line with the new co-determination agreement. As all supervisory board mandates end with the conclusion of the annual general meeting – also a consequence of the status proceedings – the supervisory board members on the capital side will stand for re-election during today's annual general meeting.

Ladies and gentlemen,

Let me briefly wrap things up. In this connection, I would like to mention a small anniversary that Porsche SE is celebrating this year. It has been ten years since the company was founded in November 2007 as part of a change in legal form. It has experienced many highs and lows during this period; the years have been very eventful and often turbulent. However, for all of the negative headlines there have been during this time, I would like to highlight four central aspects:

- First: Porsche SE holds the majority of the ordinary shares of Volkswagen and is a stable anchor shareholder for Europe’s largest automotive group
- Second: It certainly made sense to contribute Porsche AG to the Volkswagen Group; under the Volkswagen umbrella, the sports car manufacturer has continued to develop both dynamically and successfully.
- Third: Porsche SE itself has proven to be a reliable financial holding company and pursues a dividend policy that is geared to sustainability.
- Fourth: All accusations of alleged market manipulation lodged by the office of the Stuttgart public prosecutor in connection with the expansion of the investment in Volkswagen AG have so far proven to be unfounded. Where rulings have been made in this regard in civil lawsuits, these have also been fended off.

I am therefore convinced that our company will continue to develop very positively in the future.

What does this mean exactly for the current fiscal year? Based on the current group structure, Porsche SE expects a group profit for the fiscal year 2017 of between 2.1 billion euro and 3.1 billion euro. This forecast is based in particular on the Volkswagen Group’s expectations regarding its future development and the uncertainty that continues to surround possible special effects in connection with the diesel issue.

Furthermore, we aim to achieve positive net liquidity. This is expected to be between 1.0 billion euro and 1.5 billion euro as of 31 December 2017, not taking future investments into account.

The business figures for the first three months of 2017 confirm this outlook.

- In the first quarter of 2017, Porsche SE reported a group profit for the period of 986 million euro.
- Equity increased from 27.89 billion euro as of 31 December 2016 to 29.14 billion euro as of 31 March 2017.
- Net liquidity decreased slightly to 1.28 billion euro compared to the end of 2016.

Ladies and gentlemen,

When determining our dividend proposal for Porsche SE's annual general meeting, we took into account the dividend inflow to our company from Volkswagen AG. The annual general meeting of Volkswagen AG has approved a dividend of two euro per ordinary share for the fiscal year 2016. This translates into a dividend inflow to Porsche SE of 308 million euro compared to a figure of 17 million euro in the prior year.

Over the past few years, we have always emphasized that Porsche SE's dividend policy is geared to sustainability. And we will continue to abide by this principle. The executive board and supervisory board of Porsche SE therefore propose to the annual general meeting a dividend of 1.01 euro per preference share for the fiscal year 2016. Holders of ordinary shares will receive 1.004 euro per share. This results in an amount to be distributed of around 308 million euro. We would thus pass on the dividends flowing to us from Volkswagen AG entirely to the holders of our ordinary and preference shares.

I would like to take this opportunity for us and myself to thank in particular the employees of Porsche SE. Your commitment and skills were and remain key to Porsche SE being on a good and promising course. For this, the executive board and supervisory board would like to express their sincere thanks to the entire team.

Dear shareholders,

This year we have again organized an exhibition of vehicles for you in the Hanns-Martin-Schleyer-Halle, where you can find seven current and one classic model from the Porsche brand. Once again we would like to demonstrate our commitment to our company's Swabian roots. This year's highlights are a 911 GT3 as well as a Panamera Turbo S with a hybrid drive system – both were revealed to the public for the first time at the International Motor Show in Geneva at the beginning of March.

I hope you enjoy yourselves in the Schleyer-Halle. And I thank you for your attention.