Speech

by Hans Dieter Pötsch
Chairman of the board of management and Chief Financial Officer
of Porsche Automobil Holding SE

Annual general meeting taking place as a virtual annual general meeting
on 23 July 2021 in Stuttgart

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Ladies and gentlemen,

I, too, would like to warmly welcome you to the annual general meeting of Porsche Automobil Holding SE.

This year we are again holding the annual general meeting virtually. As a result of the restrictions still in place on account of the Covid-19 pandemic, events with larger numbers of attendees are still not permitted in enclosed spaces. For overriding reasons in the interest of the company, we have selected a date shortly after the annual general meeting of Volkswagen AG.

The board of management and supervisory board have the pleasure of reporting to you today on the fiscal year 2020 of Porsche SE. Shareholders had the opportunity again this year to submit questions on all points on the agenda in advance via the annual general meeting portal. As with an in-person event, the board of management and supervisory board of Porsche SE will provide comprehensive answers to all of your questions.

Ladies and gentlemen,

I would now like to turn to the developments in the past fiscal year and begin with our core investment. Despite the impact of the Covid-19 pandemic, the Volkswagen Group proved to be robust and performed well in 2020. As expected, global passenger cars sales for all manufacturers decreased by 15 percent to 68 million units due to the coronavirus pandemic. The Volkswagen Group delivered a total of 9.3 million vehicles in this difficult market environment, likewise down around 15 percent on 2019.

Revenue stood at 222.9 billion euro in 2020, down 11.8 percent on the prior year. The operating result before special items came to 10.6 billion euro, down 8.7 billion euro on the prior year. Nevertheless, the expectations adjusted in the wake of the Covid-19 pandemic were surpassed significantly. As the number of new cases started to fall, the automotive business began to stabilize again in the second half of the year. Furthermore, Volkswagen AG recorded an extraordinarily good fourth quarter with an operating result before special items of 8.2 billion euro. This corresponds to a return on sales of 12.2 percent in this quarter.

In the coming years, the transition to e-mobility will be one of the most important strategic topics for the Volkswagen Group. In the past fiscal year, Volkswagen already performed strongly in this area: Around 230,000 fully electric vehicles were delivered, that is three times more than in 2019. For the current fiscal year 2021, Volkswagen expects sales of fully electric vehicles to continue to grow. Looking forward, the Volkswagen Group expects the share of sales of electric vehicles to increase to around 50 percent by 2030. By 2040, almost 100 percent of new vehicles in the group in the main markets are to be emission free. The group aims to be completely climate neutral by 2050 at the very latest.

At the same time, Volkswagen AG stepped up its transformation into a software-oriented mobility group. Volkswagen expects a gradual shift in revenue and profit pools: Initially from cars with combustion engines towards battery electric vehicles and later more towards software and services. This trend will be accelerated further by autonomous driving.

Following this transformation, Volkswagen aims to be an even stronger company. This is also reflected in the targets for the operating return on sales in 2025:

Volkswagen group revised its original range upwards from between 7 percent and 8 percent to a new ambition level of between 8 percent and 9 percent.

These efforts are no surprise, but rather carry on from the recently announced new strategy of the Volkswagen Group until 2030. Over the past few years, Porsche SE has repeatedly pointed out that we consider Volkswagen to be undervalued. A glance at the positive development of the price of Volkswagen's ordinary share and of its preference share since the beginning of the year shows: Volkswagen delivers. The Volkswagen group's electric strategy is increasingly convincing the capital market. The transformation has gained significant momentum and we expect it to increase in the coming years.

We at Porsche SE again underlined our conviction of the Volkswagen Group's potential for increasing value added in the past year when we acquired a further 0.2 percent of Volkswagen ordinary shares for a total of 81 million euro at the beginning of 2020, at a considerably lower share price level at that time. Since then, we have held 53.3 percent of the voting rights. The fact that the market value of our investment in Volkswagen has increased significantly since then confirms that our assessment was right. Porsche SE benefits from the increase in value of the Volkswagen Group, as do you, our shareholders. We can say with confidence: Our trust in Volkswagen is paying off. This is confirmed by the positive share performance of Volkswagen AG.

Ladies and gentlemen,

As I just mentioned, the economic development of Volkswagen AG had a major impact on Porsche SE in the fiscal year 2020. Let me explain this in a bit more detail.

Our company generated a group profit after tax for the fiscal year 2020 of 2.6 billion euro. Compared to the prior year, this is a significant decrease of around 40 percent. However, if these figures are considered in light of the economic impact of the Covid-19 pandemic, it becomes clear how robustly and strongly Porsche SE is positioned with its investment in the Volkswagen Group. As a result, Porsche SE recorded a clearly positive group result after tax for 2020 – despite persistently difficult conditions.

Net liquidity stood at 563 million euro at the end of 2020, and was thus virtually unchanged on the prior year.

This positive trend seen in the fourth quarter of 2020 has strengthened over the course of the current year 2021. The figures as of the first quarter are therefore very encouraging. The group result after tax of Porsche SE increased significantly in the first three months of 2021 to 995 million euro. This compares to the 99 million euro reported in the prior-year period. This is primarily attributable to the positive earnings development of the Volkswagen Group. As of 31 March 2021, net liquidity was virtually unchanged at 558 million euro compared to the end of 2020.

Dear shareholders,

We received some good news from Deutsche Börse in March of this year: Porsche SE has been admitted to the MDAX. We are pleased to be included in what is Germany’s most important share index after the DAX. Since then, demand from index-oriented investors and funds has increased. And if you have been following reports in business and stock market publications, you will have seen that our company is attracting more attention. This is good news for us and opens up new possibilities, for example in the area of investment management.

From September of this year, it also looks as though it will be possible for Porsche SE to be admitted to the DAX in light of the gradual changes being made to the regulatory framework of Deutsche Börse. In the fall, the German leading share index will be expanded by 10 to a total of 40 companies. The final decision on this by Deutsche Börse will be made in September.

Ladies and gentlemen,

Porsche has also had some success in the area of investment management – in particular with regard to our investments in technology companies.

Porsche SE has held an investment in AEVA since 2018. The US company specializes in laser-based object recognition with the help of LIDAR sensors, LIDAR standing for “Light detection and ranging”. LIDAR sensors play a decisive role in developing driver assistance systems for self-driving vehicles. In March 2021, AEVA celebrated its stock market debut on the New York Stock Exchange. Based on the issue price when initially listed, Porsche SE virtually quadrupled the value of its investment and therefore benefited significantly from the increase in value of AEVA. Realizing this successful development is part of our investment strategy.

Porsche SE has held an investment in the US 3D printing company Markforged since 2017. Here too, we recorded a significant increase in value as a result of its stock exchange listing in July 2021. Measured by the issue price at the initial listing, our investment in Markforged is several times higher than our entry level.

What these two examples clearly show is that Porsche SE is successful regarding its investment management. You, our shareholders, are also benefiting from this.

Let me now outline the development of our other investments:

PTV AG is continuing to push ahead with its strategic development. The software company from Karlsruhe was acquired by Porsche SE in 2017. In the fiscal year 2020, the PTV Group generated a positive operating result at the prior-year level of around 5 million euro, despite a decrease in revenue caused by Covid-19. At the level of the Porsche SE Group, there is also a negative effect from the continuation of the purchase price allocation of just under 13 million euro. As a result, there was a profit contribution of minus 7 million euro from the PTV Group at the level of the Porsche SE Group.

In the past fiscal year, the implementation of its new strategy was PTV's top priority. This primarily relates to the transition of the product portfolio from the local desktop toward scalable cloud applications.

The cloud-based PTV platform is expected to accelerate revenue growth, for instance with a diverse offering of industry-specific applications in the area of transport logistics or by providing traffic models for new target groups. Furthermore, PTV is working on optimizing its sales organization and its business processes.

To highlight this, I would like to mention two examples of PTV’s current projects. First, PTV won the order from the US state of Florida to develop a central traffic model as a basis to analyze and optimize the traffic situation there for all traffic participants. Second, PTV is working with a larger research team to analyze the traffic behavior of the City of Munich on behalf of the Federal Ministry of Transport and Digital Infrastructure. More specifically, the project is exploring how public transportation can be usefully expanded by automated driving. The research findings not only provide recommendations for Munich, but also for other cities.

To sum up: We are supporting the board of management of PTV with the implementation of its strategy while at the same time constantly exploring prospects for the further development of the company. We expect the strategic realignment to have a positive effect on the growth and profitability of PTV.

INRIX, a software company from Greater Seattle in the US, also took an important strategic step last year. Using the new software-as-a-service platform INRIX IQ, the company now also offers its data in the form of analytics software. This allows new customer segments to be tapped, which can then make quicker and smarter decisions using INRIX’s software. INRIX IQ can for example help understand how mobility behavior has changed in the course of the Covid-19 pandemic or how traffic light signals can be improved. INRIX already generates around 10 percent of revenue in this new business segment and expects this revenue share to increase further in the coming years.

A further investment in our portfolio is Seurat Technologies. The US company is working on a new type of technology in the area of 3D metal printing. Seurat was able to recently conclude a new financing round, winning additional renowned investors in the process. This shows us that Seurat is developing well.

In August 2020, we invested in Aurora Labs. The Israeli company develops software based on machine learning. It is particularly suited for efficient and secure software updates over the air as well as rectifying software errors in vehicles. We also see considerable potential for increasing value added with this investment.

In a nutshell: Porsche SE has a successful investment management policy. We aim to increase our activities in the area of mobility and industrial technology even further in the future.

Ladies and gentlemen,

On the legal side of things, there has been little movement in the past few months. Almost all hearings were canceled due to the Covid-19 pandemic. Despite this, I would still like to give you an overview of the most important developments in proceedings in 2020 and in the current fiscal year.

A case according to the Capital Markets Model Case Act (Kapitalanlegermusterverfahrensgesetz, "KapMuG") in connection with increasing our investment in Volkswagen AG is still pending at the Higher Regional Court of Celle. 40 plaintiffs in this case are claiming damages totaling around 5.4 billion euro plus interest. According to a preliminary opinion of the Higher Regional Court of

Celle, the claims are legally without merit. Porsche SE also shares this opinion. We consider our legal position endorsed by the course of the proceedings to date.

Porsche SE is also facing investor lawsuits in connection with the diesel issue. A total of 199 proceedings are pending before the Regional Court of Stuttgart, two proceedings before the Higher Regional Court of Stuttgart and 30 before the Regional Court of Braunschweig. Claims are being made for damages of around 1.1 billion euro plus interest. The plaintiffs accuse Porsche SE of alleged non-publication of capital market information or alleged publication of untrue capital market information in connection with the diesel issue.

In some proceedings, a number of plaintiffs and also Porsche SE filed applications for the establishment of a KapMuG model case. By ruling from 27 March 2019, the Higher Regional Court of Stuttgart determined the model case to be inadmissible as the model proceedings filed with the Higher Regional Court of Braunschweig initially have priority. Some plaintiffs of the initial proceedings lodged an appeal with the Federal Court of Justice against this ruling. By court order from June 2020, the Federal Court of Justice overturned the court order of the Higher Regional Court of Stuttgart. On 22 October 2020, the Higher Regional Court of Stuttgart appointed a model case plaintiff. The first hearing will take place on 28 July 2021.

In the model proceedings brought before the Higher Regional Court of Braunschweig, Porsche SE is, in addition to Volkswagen AG, model case defendant. The Higher Regional Court of Braunschweig has ruled that it will not address issues that relate to claims asserted solely against Porsche SE. The Federal Court of Justice rejected an appeal filed by parties. In June of this year, the oral hearings in these model proceedings were continued again following a longer interruption.

The criminal investigation launched against Prof. Dr. Martin Winterkorn, Matthias Müller and myself on the suspicion of market manipulation in connection with the diesel issue has since been dropped.

I would like to reiterate that we regard all lawsuits brought against Porsche SE to be without merit and in some cases also to be inadmissible. We are convinced that we will prevail in the proceedings that are still ongoing.

Ladies and gentlemen,

Please allow me to briefly summarize:

- Thanks to the automotive business of the Volkswagen Group stabilizing in the second half of the year, Porsche SE generated a positive group result after tax of 2.6 billion euro in the fiscal year 2020, despite persistently difficult conditions.

- The transformation of the Volkswagen Group has picked up considerable pace. The changeover from conventional vehicles to electromobility and software is in full swing. The electric strategy of the Volkswagen Group is convincing the capital market. We are also benefiting from this at Porsche SE.

- We were pleased at Porsche SE being admitted to the MDAX. As a result, demand from index-oriented investors and funds has increased. Public attention for our company has also grown.

- In the past few months, Porsche SE has been successful with its investments, particularly those in technology companies. With AEVA, our investment has almost quadrupled with being listed. Following the listing of Markforged in July 2021, we also saw a significant increase in value. These examples show: Porsche SE has a successful investment management policy.

- By contrast, there has been little movement on the legal side of things in recent months. Virtually all hearings were canceled in 2020 and the first half of 2021 on account of the Covid-19 pandemic. Irrespective of this, we are more convinced than ever that Porsche SE will prevail in all proceedings still pending.

Ladies and gentlemen,

To conclude, I would like to give you an outlook for the fiscal year 2021 of Porsche SE. The first half of the year saw an upturn in key automotive markets. In light of the positive earnings development of our core investment, Volkswagen AG, we currently expect to generate a group result after tax closer to the upper limit of our forecast corridor at 4.1 billion euro. This is consistent with current market expectations and analysts' estimates. Net liquidity is expected to range between 0.4 billion euro and 0.9 billion euro as of 31 December 2021, not taking into account future investments.

For the fiscal year 2020, the board of management and supervisory board of Porsche SE propose an unchanged dividend compared to the prior year of 2.21 euro per preference share and 2.204 euro per ordinary share. As in the prior year, this corresponds to a payout of around 676 million euro.

That is all from me on the fiscal year 2020 and current developments. I would like to thank you for listening and hope you find the rest of the virtual annual general meeting interesting.