PORSCHE SE

Speech

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

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Good morning, ladies and gentlemen,

I, too, would like to warmly welcome you to the annual press and analyst conference of Porsche Automobil Holding SE here in Stuttgart. I have the pleasure of reporting to you today on the fiscal year 2017 of Porsche SE.

In the past year, we for the first time acquired a company in the form of the PTV Group. On top of this, we also purchased a stake in two other companies from the field of 3D printing. However, our core investment is and remains Volkswagen AG, representing more than 90 percent of Porsche SE's assets. Thus Porsche SE's financial indicators and likewise its share price continue to be heavily influenced by the development of the Volkswagen Group.

Mr. Müller and Mr. Witter already presented and explained the figures of the Volkswagen Group last week. I will therefore only touch upon the key points:

One thing can be said overall: The Volkswagen Group is in excellent shape. A new record has been set with revenues of 230.7 billion euro. The same goes for the operating profit before special items of 17.0 billion euro, which has seen significantly stronger growth than the volume indicators. And even taking into account the additional special items to overcome the diesel issue, Volkswagen, with an operating profit of 13.8 billion euro, is at a level the group has never achieved before.

At 22.4 billion euro, net liquidity in the automotive division at the end of 2017 was down only a good 2 billion euro on year-end 2015, even despite the cash outflow in the double-digit billions of euros in the wake of the diesel issue. This clearly demonstrates the financial robustness of the Volkswagen Group.

The delivery volumes, too, remain promising: the record of 10.7 million vehicles sold in the past fiscal year is attributable to substantial growth in all key regions of the world. 2017 was without a doubt a successful year for the Volkswagen Group and its brands.

As for the operating business, Volkswagen AG's board of management is confident after an encouraging start to the current fiscal year: it expects delivery volumes to see moderate growth again. The Volkswagen Group is targeting revenue growth of up to 5 percent.

Ladies and gentlemen,

As I already explained at the beginning of my speech, the economic development of Volkswagen AG again had a major impact on Porsche SE in 2017.

Porsche SE generated a group profit for the fiscal year 2017 of 3.33 billion euro. That compares to 1.37 billion euro in the prior year, an increase of 143 percent.

The profit is largely driven by the profit from investments accounted for at equity. This amounts to 3.41 billion euro – compared to 1.45 billion in the prior year – and relates exclusively to the investment in Volkswagen AG.

The full consolidation of the PTV Group starting from the beginning of September 2017 led to a change in the income statement of the Porsche SE Group. For the first time in a while, we again generated revenue worth mentioning at 34 million euro. Furthermore, the inclusion of the PTV Group in the Porsche SE Group raised the headcount from 30 at the beginning of the year to 823 internationally at year-end.

The cash flow from operating activities came to 250 million euro in 2017, an increase of 347 million euro on the prior year. This cash inflow mainly takes into account the positive effect from the dividend payment of 308 million euro from Volkswagen AG. Cash outflows of 58 million euro are mainly attributable to operating expenses as well as interest payments.

There was a cash outflow from financing activities of 609 million euro, compared to 308 million in the prior year. This related almost exclusively to the dividend payment to the shareholders of Porsche SE of 308 million euro as well as the full repayment of financial liabilities to the Volkswagen Group totaling 300 million euro in June 2017.

Net liquidity decreased from 1.30 billion euro as of the beginning of 2017 to 937 million euro as of 31 December 2017. The decrease is primarily attributable to the acquisition of the PTV Group.

As of 31 December 2017, the equity of the Porsche SE Group increased to 31.41 billion euro compared to 27.89 billion euro in the prior year, largely due to the net profit for the period. The equity ratio thus increased from 98.3 percent to 99.1 percent as of 31 December 2017.

Ladies and gentlemen,

Please allow me to briefly mention a change in the ownership structure of Porsche SE. In the past fiscal year, Prof. Dr. Ferdinand Piëch sold the majority of the ordinary shares he held in Porsche SE to other members of the Porsche and Piëch families. On the one hand, his withdrawal from our supervisory board signals the end of an era. On the other hand, our family shareholders have signaled their strong commitment to Porsche SE through this share acquisition and once again underlined their status as long-term investors. They have been active in the automotive industry for many decades now and have a fundamental interest in the long-term success of Porsche SE and its investments.

Independent from this change in the ownership structure, the executive board and the supervisory board of Porsche SE will propose to the annual general meeting in Stuttgart on 15 May 2018 to expand the supervisory board from six to ten members. The aim of this measure is to strengthen the supervisory board by adding further fourth-generation family members as well as additional external experts.

As mentioned in our press release the week before last, Mr. Hans-Peter Porsche is retiring from his position on the supervisory board effective as of the end of the coming annual general meeting. This means a total of six positions have to be filled. The new members proposed for the board are lawyer Dr. Günther Horvath, managers Marianne Heiß and Prof. Siegfried Wolf as well as the entrepreneurs Mag. Josef Michael Ahorner, Dr. Stefan Piëch and Peter Daniell Porsche.

Ladies and gentlemen,

After the important successes we had on the legal side in the fiscal year 2016, there was movement again in the fiscal year 2017.

As you know, a model case according to the Capital Markets Model Case Act (“KapMuG” for short) in connection with the acquisition of the shareholding in

Volkswagen AG is pending against Porsche SE with the Higher Regional Court of Celle. The Regional Court of Hanover suspended all six proceedings pending before it against Porsche SE up until a final decision about the establishment objectives in the model case before the Higher Regional Court of Celle. The initial proceedings concern 40 plaintiffs asserting alleged claims for damages of around 5.4 billion euro.

At the first trial date on 12 October 2017, the Higher Regional Court of Celle explained its preliminary view on the state of affairs and of the dispute and confirmed Porsche SE’s position on all significant points. Subsequently, the plaintiffs filed several motions to recuse the judges at the Higher Regional Court of Celle, all of which have been dismissed in the meantime. A new date for continuation of the oral hearing has not been scheduled yet.

Porsche SE is of the opinion that all lawsuits filed in connection with the acquisition of the shareholding in Volkswagen AG and the establishment objectives submitted to the court are without merit and that the establishment objectives will be rejected. We consider our position endorsed by the previous course of the oral hearing before the Higher Regional Court of Celle.

Porsche SE is also facing lawsuits in connection with the diesel issue. A total of 188 proceedings against us are pending before the Regional Court of Stuttgart and five proceedings before the Regional Court of Braunschweig. Claims are being made for damages totaling around 934 million euro.

In the various proceedings, the plaintiffs accuse Porsche SE of alleged nonfeasance of capital market information in connection with the diesel issue. A part of the plaintiffs filed applications for establishment of a model case according to the KapMuG. As a precautionary measure, Porsche has also applied in a total of ten proceedings for the issuance of a KapMuG-based order of reference. There are two orders of reference of the Regional Court of Stuttgart, the second dated 6 December 2017 dealing with issues of jurisdiction. The Regional Court of Braunschweig has also issued an order of reference. Numerous proceedings have been suspended in the meantime.

In the Braunschweig model case, Volkswagen AG has since submitted its statement of defense, specifying that until well into summer 2015 the members of its executive board did not have any knowledge of the software applications deemed illegal under US law. For all proceedings with regard to the diesel issue, it is also the case that an individual sitting on a number of boards is not the same as having the same board. The members of the executive board of Volkswagen AG, which at the same time were or are also members of the executive board of Porsche SE, were and are generally subject to a strict duty of confidentiality regarding presumed insights obtained as part of their mandate at Volkswagen AG. Such presumed insights can therefore not be attributed to Porsche SE. We regard all lawsuits brought against Porsche SE in connection with the diesel issue to be without merit and in some cases also to be inadmissible.

This also relates to the action of nullity and for annulment against resolutions passed at the 2016 annual general meeting, in relation to which Porsche SE filed an appeal against the ruling made by the Regional Court of Stuttgart.

The same also applies to the investigation proceedings initiated by the Stuttgart public prosecutor on account of alleged market manipulation in connection with the diesel issue against my executive board colleague Matthias Müller and me as well as against the former chairman of the executive board of Porsche SE, Prof. Dr.

Martin Winterkorn. Porsche SE firmly believes that none of its board members have breached any statutory capital market or criminal law regulations.

To conclude this legal part, I would like to reiterate that all civil proceedings brought against Porsche SE so far in connection with the acquisition of the shareholding in Volkswagen AG have ended either with dismissal or withdrawal. These claims originally totaled around 1.36 billion euro. Furthermore, former members of the executive board of Porsche SE were cleared of all allegations of information-based market manipulation in the criminal proceedings brought against them and the motion for imposing a fine against Porsche SE was dismissed.

I therefore repeat again today what I have constantly been emphasizing over the last few years: In connection with the acquisition of the shareholding in Volkswagen AG in the years from 2005 to 2009 and also in connection with the diesel issue, Porsche SE has always provided accurate information. We are therefore firmly convinced that in the end we will succeed in those proceedings still pending.

Ladies and gentlemen,

Please allow me to briefly summarize once more:

- Porsche SE holds the majority of the ordinary shares of Volkswagen and is fully committed to the Wolfsburg automotive group as a stable anchor shareholder.
- With the acquisition of Prof. Dr. Ferdinand Piëch's ordinary shares, the Porsche and Piëch families have demonstrated a strong commitment to Porsche SE. They have a fundamental interest in the long-term success of our company.

- In 2017, Porsche SE acquired investments in two start-ups as well as an established company.
- On the legal side, all claims for damages have so far been ruled in our favor.

As for the general business development, we are also confident: Based on our current group structure, we expect a group profit for the current fiscal year of between 3.4 billion euro and 4.4 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 0.7 billion euro and 1.2 billion euro as of 31 December 2018, not taking future equity investments into account.

Ladies and gentlemen,

Again this year, we have taken into account the expected dividend inflow from Volkswagen AG when determining our dividend proposal. Volkswagen AG has proposed a dividend of 3.90 euro per ordinary share for the fiscal year 2017.

This would mean a dividend inflow to Porsche SE of 601 million euro in 2018, compared to a figure of 308 million euro in 2017.

In past years we have always emphasized one principle in particular: Porsche SE's dividend policy is geared towards sustainability. We will continue to abide by this principle. The executive board and supervisory board of Porsche SE therefore propose a dividend of 1.76 euro per preference share for the fiscal year 2017. Holders of ordinary shares should receive 1.754 euro per share.

This results in a distribution amount of around 538 million euro. We will present the proposed dividend for decision to the annual general meeting on 15 May 2018 in Stuttgart.

And that is all from my side on the fiscal year 2017. Mr. von Hagen will now elaborate to you on Porsche SE's investment strategy and present our three new investments in more detail. Over to you, Mr. von Hagen.