PORSCHE SE

Interim report

1 January – 13 May

2013

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This interim report by Porsche Automobil Holding SE, Stuttgart (“Porsche SE” or “company”) relates to the development of business and its effects on the results of operations, net assets and financial position in the first three months of the fiscal year 2013, and contains information on the reporting period from 1 January 2013 through to 13 May 2013.

On 1 August 2012, Porsche SE contributed its operating holding business, including its 50.1 percent investment in Porsche’s operating business, to Volkswagen Aktiengesellschaft, Wolfsburg (“Volkswagen AG”), thereby creating the integrated automotive group of Porsche and Volkswagen. Since then, Volkswagen AG has directly held 100 percent of the shares in the Porsche Holding Stuttgart GmbH group (Porsche Holding Stuttgart GmbH, Stuttgart, and its subsidiaries) and has therefore indirectly held 100 percent of the shares in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart. For this reason, Porsche Holding Stuttgart GmbH group is no longer reported on separately.

Porsche SE received one new ordinary Volkswagen AG share as well as a cash amount of 4.5 billion euro from the transaction. The cash inflow enabled Porsche SE’s bank liabilities of 2 billion euro that existed at that time to be repaid in full. It is intended to use the majority of the net liquidity remaining thereafter for strategic equity investments, focusing along the automotive value chain. Since the transaction was executed Porsche SE group has become a financially strong holding company with attractive potential for increasing value added, with clear, sustainable structures and a solid outlook for the future.

On the basis of the structures and processes in connection with the investment in Volkswagen AG, which have been in place for several years, since August 2012 Porsche SE has gradually created the conditions in terms of organization and substance for the acquisition and management of new investments. To this end, clearly defined criteria and a systematic process have been created in order to identify and examine future investment opportunities.

Porsche SE’s principal investment criteria are the connection of a future investment to the automotive value chain, and above-average growth potential based on macro trends and industry-specific trends derived from them.

The automotive value chain comprises the entire spectrum of basic technologies geared to supporting the development and production process through to vehicle- and mobility-related services. The relevant macro trends include, for example, sustainability and conservation of resources, demographic change, urbanization and the increasingly networked automotive world. The industry-specific trends derived from these include new materials and drive concepts, shorter product life cycles and rising customer demands regarding safety and connectivity.

Taking these criteria into account, Porsche SE’s investment focus is on strategic investments in midsize companies in Germany and abroad with experienced management. The aim is to achieve a long-term increase in value. First potential investment opportunities are being examined.

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Significant events and developments

Annual general meeting

The annual general meeting of Porsche SE, which was attended by over 800 shareholders, took place at the Messe Leipzig exhibition center on 30 April 2013. The dividend approved for the fiscal year 2012 amounts to 2.010 euro per share to holders of preference shares and 2.004 euro per share to holders of ordinary shares. In the prior year, the dividend had been 0.760 euro per preference share and 0.754 euro per ordinary share. The amount distributed for the fiscal year 2012 therefore totaled 614,643,750 euro. The amount distributed for the fiscal year 2011 was 231,831,250 euro.

The executive board and supervisory board were exonerated. In the election of the members of the supervisory board at the annual general meeting, all the shareholder representatives were reelected for a further tenure of five years. The members of the supervisory board representing the employees had already been elected with effect as of the end of the annual general meeting on 30 April 2013. At the constituent supervisory board meeting of Porsche SE held directly after the annual general meeting, Dr. Wolfgang Porsche was reelected chairman of the supervisory board. Mr. Uwe Hück was again appointed as his deputy.

In addition, a domination and profit and loss transfer agreement with Porsche Beteiligung GmbH, Stuttgart, was approved. The annual general meeting also resolved to clarify the company's articles of association at two points and to streamline it at one point. In Art. 11 (4) of the articles of association, it was made clear that resolutions of the supervisory board can also be taken by means of conference calls and video conferences. Moreover, the rules in Art. 11 (8) of the articles of association, pursuant to which a member of the supervisory board should not participate in votes in particular cases, were amended to specify that an abstention does not constitute participation in a vote. Finally, Art. 13 of the articles of association was removed entirely. In the future, all types of transactions that require the approval of the supervisory board are to be specified in the executive board's rules of procedure and can be changed by the supervisory board without further changes to the articles of association. The above changes to the articles of association will become effective only when the entry has been made in the commercial register.

Significant developments relating to litigation risks and legal disputes

In 2010, 46 plaintiffs filed actions for damages in the USA against Porsche SE and, in some cases, also against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter with the United States District Court for the Southern District of New York. The plaintiffs alleged damages of more than 2.5 billion US dollars. Plaintiffs alleged in their complaints that, in connection with its acquisition of a stake in Volkswagen Aktiengesellschaft during the year 2008, Porsche SE issued false and misleading statements and engaged in market manipulation in violation of the United States Securities Exchange Act as well as in common law fraud. Porsche SE filed a motion to dismiss. On 30 December 2010, the U.S. District Court for the Southern District of New York granted Porsche's motion to dismiss the complaints in their entirety. Thirty-two of the original 46 plaintiffs have appealed the District Court's decision to the U.S. Court of Appeals for the Second Circuit. Oral argument before the Second Circuit was held on 24 February 2012 and the appeal is pending. In early March 2013, 12 of these 32 plaintiffs and at the end of April 2013 a further 12 plaintiffs in the appellate proceeding entered into stipulations with Porsche SE and withdrew their appeal before the U.S. Court of Appeals for the Second Circuit. The effectiveness of the withdrawals is still subject to their acceptance by the court. The appeal proceedings and the claims relating to the remaining eight plaintiffs remain unaffected by this. Porsche SE continues to consider the actions to be inadmissible and the claims to be without merit. For the 12 plaintiffs who withdrew their appeal at the beginning of March, the action for damages against Porsche SE that has been pending before the Regional Court of Braunschweig since the end of 2011 remains unaffected. In this action the plaintiffs last alleged overall damages of about 1.8 billion euro (plus interest), though it remained unclear to what extent the alleged damages were comprised of damages already asserted before the U.S. Court. Porsche SE considers the claim to be without merit.

Two actions for damages were filed with a New York State Court (court of first instance) by a total of 26 plaintiffs on 18 February 2011 and 15 March 2011. In their complaints, the plaintiffs asserted claims for common law fraud and unjust enrichment on the basis of allegations similar to those made in their complaints before the United States District Court for the Southern District of New York. The plaintiffs claimed to have lost at least 1.4 billion US dollars. Porsche SE's motion to dismiss the complaints and for summary judgment was denied on 6 August 2012. Porsche SE appealed this decision to the New York Supreme Court Appellate Division for the First Department, and on 27 December 2012 the New York Supreme Court Appellate Division for the First Department reversed the decision of the lower court and dismissed the complaints. Plaintiffs filed a motion to reargue or in the alternative for leave to appeal on 10 January 2013. On 31 January 2013, the parties entered into a stipulation under which Porsche SE agreed not to raise any statute-of-limitations defense against the plaintiffs' claims, provided these are filed before a court in Germany within 90 days and provided these claims were not already statute-barred when the plaintiffs first filed their actions in the USA. Irrespective of this, Porsche SE considers the claims filed to be without merit. Under the stipulation, the plaintiffs withdrew their motion to reargue and consented to entry of final judgments dismissing the plaintiffs' complaints against Porsche SE in the New York State Court in their entirety. The withdrawal of the plaintiffs' motion was confirmed by a decision of the appellate division on 4 April 2013. On 5 April 2013, the court of first instance announced the agreement of the parties. As a result of the decision of the appellate division and the announcement of the stipulation, this action before the New York State Court is effectively ended.

On 30 April 2013, 24 of the 26 plaintiffs who are parties to the abovementioned stipulation and another company filed a complaint against Porsche SE at the Stuttgart Regional Court and asserted claims for damages against the company in the total amount of around 1.36 billion euro (plus interest), based on allegations of market manipulation and inaccurate information in connection with the acquisition of a shareholding in Volkswagen AG in 2008. The 25 plaintiffs include 11 of the plaintiffs in the appellate proceeding who withdrew their appeal before the U.S. Court of Appeals for the Second Circuit at the end of April 2013. Porsche SE considers the alleged claims to be without merit and will respond by filing a motion to dismiss.

At the end of 2011, ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought two actions before the Regional Court of Braunschweig against

Porsche SE based on claims for damages allegedly assigned to it by a number of investment funds, insurance companies and other companies. One of the actions is also directed against Volkswagen AG. In the first action, following partial withdrawal of the claim and extension of the claim by 64 companies from an alleged assigned right, the plaintiff last alleged overall damages of 1.6 billion euro (plus interest). Some of the 64 companies are also applicants who had previously initiated conciliatory proceedings against Porsche SE. Six of the companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed. In the second action, ARFB Anlegerschutz UG (haftungsbeschränkt) filed alleged claims for damages on behalf of another five entities, also from an alleged assigned right in the total amount of approximately 310 million euro (plus interest). In each case, the plaintiff alleges that, in 2008, on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE, the companies behind the complaints either failed to participate in price increases of shares in Volkswagen AG and, hence, lost profits or entered into derivatives relating to shares in Volkswagen AG and incurred losses from these transactions due to the share price development in the amount claimed. Porsche SE considers the alleged claims to be without merit and has responded by filing motions to dismiss. The trial date for hearing the case in both proceedings, which had been planned for 17 April 2013, has been postponed until 30 October 2013.

In December 2011, a total of seven plaintiffs filed a complaint against Porsche SE at the Stuttgart Regional Court and asserted claims for damages against the company, based on allegations of market manipulation and inaccurate information in connection with the acquisition of a shareholding in Volkswagen AG in 2008. Six of the plaintiffs are hedge funds that had also filed claims against Porsche SE before a US Federal Court. The seventh plaintiff filed claims arising from an alleged assigned right of six more hedge funds that had also filed claims against Porsche SE before a US Federal Court. The six plaintiffs and the six hedge funds behind the seventh plaintiff are those US plaintiffs that withdrew their appeal against the first-instance decision of the US Federal Court. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig. Following partial withdrawal of the claim, the plaintiffs last alleged overall damages of 1.8 billion euro (plus interest). Porsche SE considers the alleged claims to be without merit and has responded by filing a motion to dismiss. By written pleading dated 15 April 2013, the plaintiffs filed a request for transfer of the action to the competent court based on alleged applicability of anti-trust bases for the claim. In the hearing on 17 April 2013, a court decision on the jurisdiction with regard to anti-trust aspects was scheduled for 19 June 2013.

An individual, who has previously initiated conciliatory proceedings against Porsche SE, filed an action against the company in the amount of approximately 1.3 million euro (plus interest) with the Regional Court of Stuttgart in August 2012. The plaintiff claims that he entered into options relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and that he incurred losses from these options due to the share price development in the amount claimed. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig by decision of 17 October 2012. Porsche SE considers the alleged claim to be without merit and has responded by filing a motion to dismiss. A trial date for hearing the case has been set for 30 October 2013.

In September 2012, a further company filed an action against Porsche SE in the amount of approximately 213 million euro (plus interest) with the Regional Court of Braunschweig. The action comprises alleged own and alleged assigned right. The claims had been asserted before out-of-court and in conciliatory proceedings. The plaintiff claims that it entered into options relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information by Porsche SE and that it incurred losses from these options due to the share price development in the amount claimed. Porsche SE considers the alleged claims to be without merit and has responded by filing a motion to dismiss. A trial date for hearing the case has been set for 30 October 2013.

In January 2013, another individual had substantiated his claim in the amount of around 130,000 euro (plus interest) previously asserted out-of-court and by reminder notice, entering thereby legal proceedings with the Regional Court of Stuttgart. The plaintiff claims that he entered into short positions relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and that he incurred losses from these positions due to the share price development in the amount claimed. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig by decision of 11 February 2013. Porsche SE considers the alleged claim to be without merit and has responded by filing a motion to dismiss. The trial date for hearing the case is to be 30 October 2013.

On 28 February 2012, an investment fund asserted an out-of-court claim for alleged damages in the amount of some 195 million US dollars and announced that it intended to file the alleged claim before a court in England. In the letter of claim, it is alleged that, in connection with its acquisition of a stake in Volkswagen AG during 2008, Porsche SE made false and misleading statements. Porsche SE considers the claim to be without merit and therefore on 7 June 2012 filed an action for declaratory judgment with the Regional Court of Stuttgart that the alleged claim does not exist. A trial date for hearing the case has not been scheduled yet. On 18 June 2012, the investment fund filed an action against Porsche SE with the Commercial Court in England. The claim form was transmitted to Porsche SE on 28 November 2012. Porsche SE has moved for a stay of the proceedings with the Commercial Court in England, due to the earlier recourse to the Regional Court of Stuttgart. No decision has yet been reached regarding the movement for a stay of proceedings. However, on 6 March 2013 the English proceedings were suspended at the request of both parties, until a decision has been reached in the proceedings begun at the Regional Court of Stuttgart concerning the question of which court is the court that was applied to earlier.

In 2009, 2010, 2011 and 2012, market participants in Germany, some of whom have also filed actions in the meantime, applied for conciliatory proceedings against Porsche SE and in part against Volkswagen AG with regard to the assertion of claims for damages on the basis of alleged breaches of statutory capital market regulations in connection with the acquisition of a shareholding in Volkswagen AG. One market participant has filed a further application for conciliatory proceedings against Porsche SE based on the same claims; the company received this application in February 2013. The application is also directed against Volkswagen AG. All of the claims alleged in conciliatory proceedings relate to alleged lost profits or alleged losses incurred estimated by the market participants to total approximately 3.3 billion euro. Porsche SE considers the allegations to be without merit, has not taken part in the conciliatory proceedings and is defending itself against the actions filed.

In February 2013, it became known that the Stuttgart public prosecutor had launched investigations against all members of the supervisory board of Porsche SE from 2008 and a former employee in connection with the allegation of jointly aiding and abetting violation of the prohibition on market manipulation by omission.

Significant events at the Volkswagen group

100th location in group production network

Mexican President, Enrique Peña, and the chairman of the board of management of Volkswagen group, Prof. Dr. Martin Winterkorn, opened the 100th plant in Volkswagen group's production network on 15 January 2013 in the central Mexican city of Silao. Volkswagen is driving forward its ambitious North American strategy with the new plant. In the medium term, the Silao plant will have an annual capacity of 330,000 drivetrains and will supply Volkswagen's North American plants in Puebla, Mexico, and Chattanooga in the USA with the latest generation of fuel-efficient TSI engines. Production meets the high environmental standards of the "Think Blue. Factory" program developed by Volkswagen.

Group's first battery system production facilities

Volkswagen opened the group's first battery system production facilities at its Braunschweig plant in the presence of members of the group and brand boards of management during an on-site symposium. Batteries for electric vehicles will be produced in a specially constructed building with an initial annual capacity of 11,000 battery systems. Electric and plug-in hybrid drives will also be developed here.

Supervisory board matters

The State of Lower Saxony appointed the new Minister-President, Stephan Weil, and the new Minister of Economic Affairs, Labor and Transport, Olaf Lies, to the supervisory board of Volkswagen AG effective 19 February 2013. They succeed David McAllister and Jörg Bode, who stepped down from the supervisory board as of the same day.

Business developments

General economic development

The global economy continued to be dominated by uncertainties and varying regional growth rates in the first three months of 2013. The economic situation in the industrialized nations continued to be impacted by structural obstacles. By contrast, emerging market economies mainly recorded robust growth.

Development of the passenger car markets

Worldwide new passenger car registrations rose year-on-year in the first quarter of 2013. Demand was mixed in the various regions. While the overall markets in western Europe as well as central and eastern Europe recorded considerable declines in some cases, new registrations continued to increase in the Asia-Pacific region and North America. Demand in South America in the reporting period almost reached the high level of the prior-year quarter.

Development of the market for commercial vehicles

Global demand for light commercial vehicles increased modestly in the first quarter of 2013. In the first three months of 2013, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was down significantly year-on-year. New bus registrations declined worldwide from January to March 2013 compared with the prior-year period.

Deliveries by brand

In the period from 1 January to 31 March 2013, the Volkswagen group delivered 2,314,100 vehicles to customers worldwide. This corresponds to an increase of 4.8 percent or 105,463 units compared with the prior year.

Deliveries to customers of the Volkswagen passenger cars brand in the period from 1 January to 31 March 2013 came to 1,425,776 vehicles (up 5.2 percent on the comparative period). The Audi brand delivered 369,494 vehicles in this period, up 6.8 percent on the prior-year period. The ŠKODA brand delivered 220,433 vehicles to customers in the reporting period, 9.2 percent down on the figure for the prior-year period. In the first quarter of 2013, the SEAT brand delivered 87,086 vehicles (up 8.7 percent). Deliveries of the Bentley brand increased by 25.8 percent to 2,212 vehicles in this period. In the first three months of the fiscal year 2013, Lamborghini delivered 519 vehicles to customers (up 2.8 percent). Deliveries of the Porsche brand came to 37,009 vehicles in this period. From 1 January to 31 March of this year, Volkswagen commercial vehicles delivered 124,154 vehicles to customers (down 5.0 percent on the prior-year period). Scania's deliveries came to 16,938 vehicles, which is equivalent to an increase of 4.3 percent in comparison to the prior-year period. In the reporting period, the MAN brand delivered 30,472 vehicles to customers (down 12.9 percent).

Regional differences

Over the period from 1 January to 31 March 2013, the Volkswagen group delivered 1,005,039 vehicles in the Europe/other markets region, thus falling short of the level of the corresponding prior-year period in which 1,049,998 vehicles were sold. In the North American market, deliveries increased by 14.8 percent to 206,171 units. Deliveries in South America decreased by 4.2 percent in comparison to the prior year, coming to 239,941 vehicles. Including the joint ventures in China, the Volkswagen group delivered 862,949 vehicles in the Asia Pacific region over the period from 1 January 2013 to 31 March 2013 (up 18.4 percent).

Unit sales, production and employees

The Volkswagen group sold 2,374,935 vehicles to the dealer organization worldwide in the first three months of 2013, a 5.1 percent increase year-on-year. The Volkswagen group produced a total of 2,387,577 vehicles worldwide in the reporting period, 3.0 percent more than in the same period of the prior year. A total of 607,163 vehicles were produced in Germany, 6.8 percent fewer than in the prior year; the proportion of domestically produced vehicles declined to 25.4 percent (28.1 percent).

As of 31 March 2013, the Porsche SE group had 33 employees (31 December 2012: 29 employees).

The Volkswagen group had a total of 552,425 employees worldwide as of 31 March 2013. This increase of 0.5 percent compared with the 31 December 2012 figure is mainly attributable to the initial consolidation of international dealerships of Porsche Holding Salzburg and the establishment of new production sites. At 250,077 (up 0.2 percent), group employees in Germany accounted for 45.3 percent (45.4 percent) of the total workforce.

Explanatory notes on results of operations, net assets and financial position

In the following explanations, the results of operations as well as the net assets and financial position for the first three months of the fiscal year 2013 are compared to the corresponding comparative figures for the first three months of the fiscal year 2012 (results of operations) and as of 31 December 2012 (net assets and financial position).

As a result of the first-time retrospective adoption of IAS 19 (rev. 2011) “Employee Benefits” individual prior-year comparative figures had to be adjusted. The retrospective adoption resulted in a reduction in profit after tax for the period from 1 January to 31 March 2012 from 327 million euro to 317 million euro. The carrying amount of investments accounted for at equity as of 31 December 2012 decreased from an original amount of 27,517 million euro to 25,862 million euro, with the result that total assets as of 31 December 2012 decreased from 31,211 million euro to 29,556 million euro. As of 31 December 2012, the equity of the Porsche SE group decreased from 30,150 million euro to 28,504 million euro.

Results of operations

In the period from 1 January to 31 March 2013, the Porsche SE group generated a profit after tax of 601 million euro (prior year: 317 million euro), which was significantly influenced by the profit from investments accounted for at equity of 600 million euro (prior year: 1,156 million euro). The Porsche SE group’s result in the comparative period from 1 January to 31 March 2012 was still significantly burdened by a non-cash special effect on earnings of minus 810 million euro from the adjustment of the valuation of the put and call options for the shares in Porsche Holding Stuttgart GmbH remaining with Porsche SE until the contribution of its holding business operations to Volkswagen AG as of 1 August 2012.

Profit from investments accounted for at equity decreased compared to the corresponding prior-year period from 1,156 million euro to 600 million euro. While in the comparative period the profit contributions of the Volkswagen group and the Porsche Holding Stuttgart GmbH group were contained in the profit or loss from investments accounted for at equity, in the period from 1 January to 31 March 2013 this includes only the profit contribution of the Volkswagen group attributable to Porsche SE. This also includes effects of the subsequent measurement of the purchase price allocation performed at the time of the renewed inclusion of Volkswagen AG as an associate. In the comparative period, the effects of the subsequent measurement of the purchase price allocation performed at the time of inclusion of Porsche Holding Stuttgart GmbH as a joint venture were also included. The profit from investments accounted for at equity – and therefore the Porsche SE group’s profit after tax – was reduced by 55 million euro in total by the effects of the subsequent measurement of this purchase price allocation, i.e., the subsequent measurement of hidden reserves and liabilities identified in the process (prior year: 100 million euro).

Compared to the comparative period, the financial result improved in the first three months of the 2013 fiscal year from minus 14 million euro to 10 million euro. In the reporting period, the financial result essentially contains interest paid for loans, which were more than compensated for by interest on tax in connection with a tax refund. In the comparative period, the financial result still mainly pertained to interest paid for and received from loans.

Net assets and financial position

The Porsche SE group's total assets increased by 306 million euro, from 29,556 million euro as of 31 December 2012 to 29,862 million euro as of 31 March 2013.

The non-current assets of the Porsche SE group essentially comprise the investment accounted for at equity in Volkswagen AG. The increase in the carrying amount of the investment accounted for at equity is primarily attributable to the positive business development of the investment.

Current assets mainly comprise the cash, cash equivalents and time deposits of Porsche SE and its subsidiaries, which have increased from 2,862 million euro as of 31 December 2012 to 3,201 million euro due to refunds of tax on investment income from dividends received.

As of 31 March 2013, the equity of the Porsche SE group increased to a total of 29,292 million euro (as of 31 December 2012: 28,504 million euro). Non-current financial liabilities remained unchanged compared to 31 December 2012, at a total of 300 million euro.

In the fiscal year 2012, Porsche SE had assigned to the Volkswagen group the right to income tax refunds, which was associated with the advance profit distribution performed by Porsche Holding Stuttgart GmbH prior to the contribution of business operations. The income tax refund received in the reporting period was therefore transferred to the Volkswagen group. Other liabilities fell significantly, mainly on account of the settlement of this liability resulting from the assignment.

The net liquidity of the Porsche SE group, i.e., cash, cash equivalents and time deposits less loan liabilities, improved from 2,562 million euro as of 31 December 2012 to 2,901 million euro as of 31 March 2013. The improvement is attributable to the refund of income tax. This figure does not yet include the net dividend for the fiscal year 2012 paid out by Volkswagen AG in April 2013 (after deduction of tax on investment income withheld by Volkswagen AG plus solidarity surcharge) of 386 million euro. The gross dividend totals 524 million euro. The abovementioned net liquidity also does not yet take into account the dividend totaling 615 million euro which was approved at the annual general meeting of Porsche SE on 30 April 2013 and distributed to the company's shareholders in May 2013.

Results of operations of the significant investment

The following statements relate to the ongoing operating business of the Volkswagen group. Effects from inclusion in the consolidated financial statements of Porsche SE, i.e., relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocation, are not taken into consideration.

At 46,565 million euro (prior year: 47,326 million euro), the Volkswagen group's sales revenue in the first three months of 2013 was roughly on a level with the prior year. Positive effects from the initial full-year consolidation of Porsche AG were offset by declining volumes – excluding the Chinese joint ventures – and exchange rate and mix deteriorations. The group generated 80.1 percent (prior year: 77.4 percent) of its sales revenue outside of Germany.

Less the cost of sales, gross profit in the reporting period came to 8,278 million euro, 630 million euro lower than in the prior-year period. Earnings in the Volkswagen group were impacted by higher depreciation as a result of increased capital expenditure and by contingency reserves. The gross margin declined to 17.8 percent (prior year: 18.8 percent).

The Volkswagen group's operating profit amounted to 2,344 million euro in the first quarter of 2013, down on the prior year (3,165 million euro). At 5.0 percent (prior year: 6.7 percent), the operating return on sales was lower than in the first three months of 2012.

The Volkswagen group's profit before tax declined by 1,560 million euro to 2,688 million euro in the reporting period. The prior-year figure had been positively influenced by effects from the measurement of the Porsche options. At 1,946 million euro, profit after tax was down 1,202 million euro year-on-year.

Attractive new models

North American International Auto Show in Detroit

In Detroit, Bentley unveiled the Continental GT Speed Convertible, the fastest four-seater convertible in the world. Powered by a 460 kW (625 PS) twin-turbocharged engine, the open-top super sports car has a top speed of 325 km/h. The hand-crafted interior marries contemporary luxury and striking, sporty design in the Mulliner Driving Specification, which comes as standard.

International Motor Show in Geneva

Volkswagen group brands presented a range of new models at the International Motor Show in Geneva. The group also reiterated its strategic goal to become the most ecologically sustainable automobile manufacturer in the world by 2018. Volkswagen aims to reduce the CO_2 emissions of its European new vehicle fleet to 95 g/km by 2020. This makes the group the first automobile manufacturer to commit to this ambitious target. The fleet would then only use an average of less than 4 liters of fuel per 100 km across all segments and vehicle classes.

The highlight at the Volkswagen passenger cars brand stand was the debut of the XL1, the group's technological spearhead. The aerodynamic two-seater systematically follows the lightweight construction principle and is the most economical production car in the world, boasting fuel consumption of only 0.9 l of diesel per 100 km. The XL1 emits only 21 g CO_2/km thanks to its plug-in hybrid system, consisting of a two-cylinder TDI engine with 35 kW (48 PS), an electric motor with 20 kW and a seven-speed direct shift gearbox. It can cover a distance of up to 50 km with no emissions in purely electric mode. Volkswagen manufactures the XL1 largely by hand at its Osnabrück plant.

Also at the center of attention was the Golf family, which celebrated five further world premieres. The brand unveiled the new Golf station wagon. The sporty, elegant all-rounder mirrors the lines of the Golf hatchback at the front and is up to 105 kg lighter than its predecessor, while the trunk has grown by an impressive 100 l to 605 l. Overall, the new Golf station wagon is longer, more striking, sportier and more exclusive. Sporty styling is also a key feature of the new Golf GTI and Golf GTD models. In the tradition of its predecessors, the new Golf GTI features superior dynamic handling while consuming 18 percent less fuel than the previous model. The new Golf GTD is both dynamic and an economical vehicle for longer journeys. Sporty highlights of the two models include separate front and rear bumpers, sports suspension, side sills and a roof spoiler, as well as smoked LED taillights. The world premieres of the new Golf TDI BlueMotion and the Golf TGI BlueMotion are impressive examples of the sustainable mobility offered by the Golf family. The Golf TDI BlueMotion is one of the most efficient cars around today, boasting fuel consumption of 3.2 l of diesel per 100 km and CO_2 emissions of 85 g/km. It features aerodynamic modifications, lightweight construction, a start-stop system, battery regeneration mode, low rolling resistance tires, enhanced engine technology and a high ratio gearbox. The Golf TDI BlueMotion will for the first time also be available as a station wagon. The Golf TGI's bivalent 1.4 TSI engine can be powered by both natural gas and petrol. With all tanks full, it can cover a distance of over 1,300 km. All of Volkswagen's natural gas models will wear the "TGI BlueMotion" badge in future. The Jetta Hybrid celebrated its European debut following its launch in North America at the end of 2012. The combination of a 110 kW (150 PS) high-tech petrol engine and 20 kW electric motor gives the vehicle superior performance but low fuel consumption and CO_2 emission levels, which average only 4.1 l and 95 g per kilometer. The Volkswagen passenger cars brand completed its showing in Geneva with a new member of the up! family – the cross up! Striking exterior elements such as black cladding on the wheel arches and sills, extra ride height and silver roof rails give the city car a rugged look.

Audi's A3 Sportback e-tron – a vehicle that is as innovative as it is dynamic – proved a magnet for visitors to the Geneva motor show. Its plug-in hybrid system, consisting of a 1.4 TFSI engine with 110 kW (150 PS) and a 75 kW electric motor, boasts a total output of 150 kW (204 PS). The vehicle has a total range of 940 km, of which up to 50 km is possible in purely electric mode. The A3 Sportback e-tron can accelerate from 0 to 100 km/h in only 7.6 seconds and has a top speed of 222 km/h. The brand is taking a further step towards sustainable mobility with the A3 Sportback g-tron. Alongside petrol and conventional natural gas, the vehicle can also run on carbon-neutral Audi e-gas, which will be produced at a power-to-gas plant in the Emsland region -– which operates using an MAN methanation system – from summer 2013 as part of Audi's e-gas project. This pioneering project brings together ecology, economy and technology. The tanks and electric gas pressure regulator used in the A3 Sportback g-tron represent the cutting edge of gas propulsion technology. Audi also showcased the S3 Sportback, the A3's sportiest sibling that also delivers in terms of efficiency. Its 2.0 TFSI engine with 221 kW (300 PS) can accelerate from 0 to 100 km/h in just 4.9 seconds. Even so, the model only uses an average of 6.9 l of fuel per 100 km. The Audi brand completed its showing with the world premiere of the RS 5 DTM, its race touring car for the 2013 models DTM season, and the RS 6 Avant, a 412 kW (560 PS) high-performance sports station wagon for everyday use.

At ŠKODA's stand, all eyes were on the new Octavia station wagon unveiled there. The third generation of the bestselling model sets new standards in the compact station wagon class in terms of space, quality, design, technology and value for money. ŠKODA also unveiled the new four-wheel drive version, the Octavia station wagon 4x4. The new Octavia was awarded five stars in the latest Euro-NCAP crash test for its safety features.

The new SEAT Leon SC, or Sport Coupé, offers an extra helping of sporty styling without compromising on everyday practicality. The compact three-door SC is the sportiest and most exciting model in the range, with a 35 mm shorter wheelbase than the five-door Leon, and perfectly embodies SEAT's design language. The Leon SC is available with four engines ranging from 63 kW (86 PS) to 135 kW (184 PS).

The highlight of the Bentley stand was the world premiere of the new Flying Spur. It marries fine craftsmanship, superior performance, elegant design and cutting-edge technology to create one of the most luxurious sports saloons in the world. The 460 kW (625 PS) W12 engine takes the Flying Spur from 0 to 100 km/h in only 4.6 seconds. The new model has a 14 percent better power-to-weight ratio than its predecessor.

The Porsche brand unveiled the new 911 GT3 to the world in Geneva to celebrate its 50th anniversary. The fifth generation of the racetrack-worthy series sports car boasts performance credentials – the naturally aspirated, 350 kW (475 PS) engine catapults the high-performance sports car from 0 to 100 km/h in only 3.5 seconds and its top speed is 315 km/h. Technical highlights of the GT3 also include active rear-wheel steering and optional full LED headlights.

Outlook

Anticipated development of the Volkswagen group

From January to March 2013, global demand for passenger cars rose at a somewhat slower pace than in the same period of the prior year. Growth in the global market for passenger cars is also likely to be weaker in full-year 2013 than in the prior year. The Volkswagen group is forecasting that the overall negative trend in the western European market will continue, with the German market also remaining below its 2012 level. Volkswagen expects that growth in central and eastern Europe will decline overall. The Asia-Pacific region is again expected to record higher-than-average growth rates in 2013. While Volkswagen expects to see encouraging development in the North American market, demand in South America will decline slightly.

The Volkswagen group anticipates that in 2013, the overall volume in the markets for light commercial vehicles, trucks and buses that are relevant for it will remain at the same level as in 2012.

The Volkswagen group's attractive brand portfolio covering almost all segments from motorcycles through subcompact cars to heavy trucks and buses, its steadily growing presence in all major markets in the world and its wide range of financial services gives the group decisive competitive advantages. Its expertise is unparalleled in the industry and it offers an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all regions and customer groups. In 2013, the Volkswagen group's brands will launch a large number of fascinating new models and so help further expand its strong position in the global markets.

The Volkswagen group expects that it will outperform the market as a whole in a challenging environment and that deliveries to customers will increase year-on-year. However, the Volkswagen group is not completely immune to the intense competition and the impact this has on business. The modular toolkit system, which is being continuously expanded, will have an increasingly positive effect on the group's cost structure.

Volkswagen expects the Volkswagen group's 2013 sales revenue to exceed the prior-year figure. Given the ongoing uncertainty in the economic environment, the Volkswagen group's goal for operating profit is to match the prior-year level in 2013. This applies equally to the passenger cars business area, the commercial vehicles, power engineering business area – which remains affected by high write-downs relating to purchase price allocation, among other things – and the financial services division. While the Volkswagen group will see positive effects from its attractive model range and strong market position, there will also be increasingly stiff competition in a challenging market environment. Disciplined cost and investment management and the continuous optimization of processes remain integral parts of Strategy 2018.

Anticipated development of the Porsche SE group

As of 31 March 2013, Porsche SE has net liquidity of 2,901 million euro. With regard to its anchor investment in Volkswagen AG, one of the largest and most successful automobile manufacturers in the world, Porsche SE plans to use the major portion of this net liquidity to acquire investments along the automotive value chain.

With the strategic acquisition of long-term investments, Porsche SE's objective is to promote the development of these investments, thereby generating a sustainable increase in the value of net assets. On the basis of macro trends and industry-specific trends, suitable potential investments in selected sectors along the automotive value chain are continuously being identified and examined. This comprehensive approach will ensure that as broad a range of potential targets for investment as possible can be captured.

The following profit forecast is based on the current structure of the Porsche SE group. Effects from future investments of the company are not taken into account as it is not possible to make statements regarding their future effects on the net assets, financial position and results of operations of the group.

In the fiscal year 2013, the Porsche SE's consolidated profit/loss will be largely dependent on the results of operations and the profit/loss of the Volkswagen group accounted for at equity that is attributable to Porsche SE. In view of the Volkswagen group's expectations regarding future developments in the fiscal year 2013, the company continues to expect a profit attributable to it from investments accounted for at equity in the low single-digit billion euro range. However, this will continue to be reduced by effects resulting from subsequent measurement of the purchase price allocation performed in 2009.

Overall, on the basis of the current group structure, Porsche SE continues to expect a low single-digit billion-euro profit after tax for the fiscal year 2013.

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