Speech

by Hans Dieter Pötsch

Chairman of the board of management of Porsche Automobil Holding SE

Annual general meeting taking place as a virtual annual general meeting on 11 June 2024 in Stuttgart

Check against delivery

Ladies and gentlemen,
dear shareholders!

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

I am delighted to report today on the past and current fiscal year and present our key figures. Figures that are, of course, strongly influenced by our two core investments, Volkswagen and Porsche AG.

The fiscal year 2023 was a very successful one for Porsche SE. At the very beginning of last year, we completed the acquisition of 25% plus one share of the ordinary shares in Porsche AG, representing our second core investment. Throughout the year, we executed our financing strategy with determination, focusing mainly on the repayment and long-term refinancing of our financial liabilities. Here too, we have made good progress. The successful refinancing increases our flexibility to intensify our investment activities and further expand Porsche SE as an investment platform.

In doing so, we focus everything on our overarching goal of creating sustainable value for our shareholders. To achieve this goal, we invest in companies with strong technologies and future-proof business models that contribute to the mid- and long-term profitability of Porsche SE. We will continue to selectively expand our portfolio in the mobility and industrial technology sectors as well as in adjacent areas.

The acquisition of Porsche AG ordinary shares with a total volume of 10.1 billion euro was based on a solid financing plan. The purchase price of 7.1 billion euro for the first tranche of 17.5% plus one share was initially financed by means of a bridge loan and term loans. The purchase price for the second tranche of 7.5% of the ordinary shares amounted to 3.0 billion euro which was financed entirely from the special dividend that Volkswagen AG distributed to its shareholders in January 2023.

Following the acquisition of the shares in Porsche AG, our financing structure was largely shaped by the bank loans taken out for this purpose. Our aim was and is to achieve a long-term and balanced financing structure. In a first step, we placed a Schuldschein loan with a record volume of around 2.7 billion euro. Around 120 institutional investors such as banks, pension funds and insurance companies participated in this Schuldschein loan.

This was followed by our successful debut bond in April 2023. We issued a first bond with a volume of 750 million euro and a term until September 2028. The bond was likewise in high demand and was oversubscribed several times.

The proceeds from the bond together with the Schuldschein loan and the cash from the Volkswagen dividend enabled us to repay the bridge loan of 3.9 billion euro in full after just a few months in May 2023.

In June 2023, after repaying the bridge loan in full, we took advantage of the attractive market environment and issued a second bond with a volume of 1.25 billion euro. It is divided into two tranches with maturities until September 2027 and September 2030 and was used to partly refinance the bank loans.

In April 2024, we very successfully placed another bond with a volume of 1.6 billion euro with investors. According to the accompanying banks, this is the world's largest unrated bond placement on the market. The bond comprises two tranches with maturities until September 2029 and September 2032. This bond was also oversubscribed several times. Of these proceeds, 600 million euro was used to repay existing bank loans. The additional liquidity opens up opportunities for us to make further investments.

All in all, our successful refinancing once again demonstrates the high level of confidence and excellent reputation that we enjoy among investors in the debt capital markets.

It is our declared goal to consistently repay Porsche SE’s financial liabilities over the coming years. In the medium and long term, we plan to repay an annual mid-triple-digit million-euro amount. However, should attractive investment opportunities arise in the meantime, we will seize them in the interest of our shareholders – even if this means that the repayment schedule is somewhat delayed. Regardless of this, we will continue to pursue an investment grade profile in the further development of our financing. In the long term, we aim to achieve a low-double-digit loan-to-value ratio on our investments.

Now to the key figures for the fiscal year 2023: Porsche SE’s group profit after tax amounted to 5.1 billion euro, compared to 5.5 billion euro in the fiscal year 2022. It should be noted that the prior-year result included a non-cash income recognised in the balance sheet of 0.6 billion euro in connection with the acquisition of Volkswagen preference shares. Without this one-off accounting effect, the result for the fiscal year 2023 would have been higher than the prior-year result. Our group result after tax was significantly influenced by the result from our core investments accounted for at equity of 5.2 billion euro, of which 4.8 billion euro was contributed by the investment in Volkswagen AG and 0.4 billion euro by the investment in Porsche AG. Volkswagen AG and Porsche AG achieved good results despite the continuing difficult economic situation overall. Examples include Russia's war against Ukraine, the supply chain issues that have not yet been fully overcome and the above-average inflation in the past year.

Net debt of the Porsche SE Group decreased to 5.7 billion euro as of 31 December 2023, compared to 6.7 billion euro as of 31 December 2022. In addition to the dividends from our core investments in Volkswagen AG and in Porsche AG of more than 1.5 billion euro, Porsche SE received tax-related refunds of around 500 million euro. This has significantly strengthened our liquidity position and also increases our flexibility to repay financial liabilities and make further value-creating investments.

Ladies and gentlemen,

Let us take a brief look at the development of our core investments, which – as you know – have a decisive influence on Porsche SE's key figures.

In the fiscal year 2023, the Volkswagen Group once again demonstrated its substance and robustness. The entire group has made progress in its strategic core areas and is moving forward with its performance program faster than planned. The VW Group delivered a total of 9.2 million vehicles, 12% more than in the prior year. This growth in deliveries is also reflected in revenue, which increased by 15% to 322.3 billion euro. The operating result was 22.6 billion euro. The result after tax stood at 17.9 billion euro, around 2.1 billion euro higher than in the prior year.

Porsche AG also performed well in the past fiscal year, delivering around 320,000 vehicles. This is an increase of more than 3% compared to the prior year. Group revenue increased by 7.7% to 40.5 billion euro. The operating result increased by 7.6% to 7.3 billion euro. The operating return on sales was stable at 18.0%. The result after tax was 5.2 billion euro.

By contrast, the first quarter of 2024 was challenging for Volkswagen AG and Porsche AG. In the first three months of the year, the Volkswagen Group's revenue fell from 76.2 billion euro to 75.5 billion euro compared to the prior-year quarter. At 4.6 billion euro, the operating result was also down on the prior-year period. Volkswagen already expects a significant improvement in the second quarter thanks to the solid order situation and improving order intake in recent months. In addition to the launch of more than 30 new models across all group brands, the ongoing performance programs are also expected to have a clearly positive impact over the course of the year.

Porsche AG's revenue and operating result also declined. For Porsche AG, the first quarter was dominated by the launches of the new Panamera and the new Taycan. Porsche AG is also continuing to invest extensively in digitalization, research and development.

By the end of 2024, Porsche AG plans to renew four of its six model series. This complete upgrade of its product portfolio naturally comes at a high cost. However, these investments and product launches also form the basis for Porsche AG's future competitiveness.

Despite the subdued start to the fiscal year 2024, Porsche SE remains convinced of the potential for increasing the value of its core investments. Volkswagen and Porsche are currently setting the course for future success. This is demonstrated not least by the aforementioned product launches of both companies, which are starting in the transition year 2024 and will take full effect in 2025. We therefore remain optimistic about the future.

Let me now turn to the portfolio investments segment at Porsche SE. Our existing investments developed positively in the past fiscal year.

One example of the successful development of our portfolio I would like to mention is European Transport Solutions, or ETS for short, in which we have invested together with our partner Bridgepoint. In the past year, ETS further sharpened its product portfolio and strategic positioning in the mobility and logistics sectors and recorded strong growth in its revenue and operating result. With its combination of technologically leading software products and traffic management solutions in the mobility sector and state-of-the-art software-as-a-service applications for the planning of complex processes in the logistics sector, ETS is ideally positioned for further growth in both areas.

We were also able to strengthen our portfolio with several new investments in promising growth companies.

We invested a double-digit million amount in the Swiss company ABB E-mobility. ABB E-mobility is a leading provider of charging solutions for electric vehicles and has the largest installed base of fast chargers in the market with over 50,000 DC charging stations sold.

In the field of young technology companies, we were able to invest in three exciting companies.

We have invested in Quantum Motion Technologies, a start-up which was spun off from the University of Oxford and University College London. Quantum Motion Technologies is developing a quantum computer based on an innovative new technology approach. The company is using existing manufacturing processes from the semiconductor industry to develop high-performance quantum computers in a cost-efficient way in the future.

In addition, we acquired a stake in Ethernovia. The company is developing ethernet technology for in-vehicle data transmission using advanced semiconductor processes. Compared to other solutions, Ethernovia’s systems offer significantly higher transfer rates, improved energy efficiency and additional security features. Furthermore, Ethernovia’s semiconductors can be used in both existing as well as new vehicle architectures.

Artificial intelligence also plays an important role in Porsche SE’s investment strategy. Last year, for example, we invested in the California-based company Celestial AI. The company is developing a unique optical interconnect technology with high bandwidth, low power consumption and low latency. The technology can significantly increase the efficiency in the computation of AI models and is therefore a central building block for new types of data centers that are specially designed for AI workloads. At the beginning of this year, Celestial AI closed another financing round totaling 175 million US dollars, in which we also participated with a low-double-digit million amount.

We also set up the venture fund “Incharge I” together with the investment company DTCP, thus cementing the partnership between Porsche SE and DTCP that I announced last year. The fund’s investment focus is on software companies in the areas of mobility and connectivity. We have committed to investing 100 million euro over the term of the fund. Other investors, including Deutsche Telekom, are also participating in the fund alongside Porsche SE.

We are planning annual investments in the low triple-digit million range for the further expansion of the portfolio investments segment. To date, we have invested around 530 million euro in portfolio companies and have already been able to realize a significant portion of this by selling our shares at a profit. This shows that our investment strategy is working and is creating value for our shareholders.

Ladies and gentlemen,

Let me briefly address the ongoing legal proceedings. We have made further progress here. In March 2023, the Higher Regional Court of Stuttgart issued a model case ruling in a capital markets model case in connection with the diesel issue. The plaintiffs accuse Porsche SE of alleged nonfeasance of capital market communication or alleged incorrect capital market communication in connection with the diesel issue. In its ruling, the Higher Regional Court did not side with the plaintiffs and the establishment objectives sought against Porsche SE were overwhelmingly not made. On the basis of the establishment objectives made in the model case ruling and the current status of the matter in dispute in the initial proceedings, all investor claims against Porsche SE in the suspended initial proceedings would, as a result, have to be dismissed. The ruling is not yet legally binding. The model case plaintiff, several co-plaintiffs and Porsche SE have filed an appeal on points of law against the model case ruling with the Federal Court of Justice.

In the initial proceedings we occasionally obtain the dismissal of actions by the lower courts independent from the issues in dispute in the capital markets model case. Most recently the Regional Court Stuttgart dismissed in a not yet final and binding judgement of 30 April 2024 an action by a company with claims in the amount of 11.5 million Euros. More than 300 investors had transferred alleged claims for damage compensation against Porsche SE to the plaintiff in return for the promise that pursuing those alleged claims in court against Porsche SE will not trigger any costs for the investors as a process financing entity will stand up for those costs. The Federal Court of Justice had recently allowed such transfer and financing models in principle. The Regional Court Stuttgart, however, now followed Porsche SE in that this case was based on a not acceptable transfer of risks of the proceeding. The financial resources of the plaintiff and of the involved process financing entities were not sufficiently demonstrated. As a result, said the Regional Court Stuttgart, the transfer of the alleged claims for damage compensation to the vehicle used as plaintiff was null and void. This is an important step to protect companies like Porsche SE from questionable litigation models. We very much hope that potential appeal instances will follow the convincing reasoning of the Regional Court Stuttgart.

There were no significant developments in the fiscal year 2023 in the capital markets model case in connection with the increase in our investment in Volkswagen AG. As you know, the plaintiffs had filed an appeal against the model case ruling of the Higher Regional Court of Celle with the Federal Court of Justice.

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. Therefore, we are convinced that we will prevail in all proceedings that are still pending.

Ladies and gentlemen,

To sum up:

- The group result after tax of Porsche SE amounted to 5.1 billion euro in the fiscal year 2023. Net debt decreased considerably to 5.7 billion euro as of 31 December 2023 compared to 6.7 billion euro in the prior year.

- We have systematically developed our financing and investment strategy. The successful refinancing activities described above are important milestones for Porsche SE and clearly show that the trust we enjoy among investors in the debt capital markets is not solely based on our sound financial position.

- At the same time, Porsche SE has continued its cooperation with strong investment partners. We have expanded our activities in this area and invested in further promising growth companies. Our investment in the Incharge fund also shows that we are continuing along this path – together with our partners.

Let us now look at the current fiscal year. For the first three months of 2024, Porsche SE generated a group result after tax of 1.1 billion euro, compared to 1.3 billion euro in the prior year. As you know, our group result after tax is significantly influenced by the result of Volkswagen AG accounted for at equity in the amount of 1.0 billion euro. This compares to 1.3 billion euro in the prior year. Porsche AG's

result accounted for at equity amounted to 121 million euro, compared to 24 million euro in the prior year.
Net debt of the Porsche SE Group amounts to around 5.8 billion euro as of 31 March 2024, and is thus virtually unchanged compared to the end of the last fiscal year.

I gave an assessment of our core investments earlier. Despite the slow start to the first quarter, we still believe that the fiscal year 2024 will be successful for our core investments.

For the fiscal year 2024, we continue to expect Porsche SE to record a group result after tax of between 3.8 billion euro and 5.8 billion euro. We also aim to further reduce the group's net debt by 31 December 2024 to an estimated 5.0 billion euro to 5.5 billion euro.

As in prior years, we would like you, our shareholders, to participate in our company's success. We pursue a dividend policy based on reliability and stability. For the fiscal year 2023, we propose an unchanged dividend compared to the prior year of 2.56 euro per share to be distributed to the holders of preference shares and of 2.554 euro per share to the holders of ordinary shares. This is equivalent to a total distribution of around 783 million euro.

Ladies and gentlemen,

In the past fiscal year, we developed Porsche SE successfully and in a value-oriented manner. With our two strong core investments and a significantly enhanced portfolio in attractive technological areas, we are strategically well positioned. We will continue to take advantage of opportunities for value-adding investments in the future while maintaining our sound investment and financing strategy.

That is all from me on the fiscal year 2023 and current developments. Thank you for listening and I hope you enjoy the annual general meeting.