Speech

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Ladies and gentlemen,

I, too, would like to welcome you to the press briefing and analysts conference of Porsche Automobil Holding SE. I will begin today by presenting the details of our company's results of operations and financial position. I will then go on to give you insight into the further course of the current fiscal year.

At the end of the fiscal year 2011, Porsche SE reports a profit after tax of 59 million euro, following a profit after tax of 1.29 billion euro recorded for the short fiscal year 2010. You may wonder how this reduction could have come about when the two investments Porsche AG and Volkswagen AG presented excellent results. To answer this question, two main factors with an influence on profit or loss have to be taken into consideration.

First, Porsche SE did indeed benefit to a very great extent from the excellent economic development of its two investments. Profit from investments accounted for at equity came to 4.66 billion euro. Of this figure, 395 million euro was attributable to the Porsche Zwischenholding GmbH group and 4.27 billion euro to the Volkswagen group. As a point of comparison: in the short fiscal year 2010, which ran for five months, the profit from investments accounted for at equity still totaled 1.08 billion euro.

Second, the very encouraging profit from the investments accounted for at equity was largely absorbed by a special effect from the adjustment of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH held by Porsche SE. The impact on profit due to the special effect totaled minus 4.37 billion euro. The comparative figure for the short fiscal year 2010 was minus 389 million euro. I would like, however, to emphasize that, while this adjustment of the value of the options had a massive negative effect, this effect does not impact liquidity.

In the following, I will explain briefly how this special effect came about. The negative effect of the valuation of the put and call options in the fiscal year 2011 was primarily driven by two factors: on the one hand, the theoretical probability of exercise of the options and, on the other hand, the actual enterprise value of Porsche Zwischenholding GmbH.

Let us begin by looking at the first factor, the theoretical probability of exercise of the options: as the merger of Porsche SE into Volkswagen AG could not be achieved within the framework and timeframe of the basic agreement, the valuation of the put and call options as of 31 December 2011 had to be based on a theoretical probability of 100 percent that the options will be exercised. To remind you: one year earlier, that is, on 31 December 2010, theoretical probability that the options would be exercised was still 50 percent. The increase to 100 percent at the end of the reporting year resulted in a considerable impact on profit.

Regarding the second factor, enterprise value, an update of the corporate planning of Porsche Zwischenholding GmbH group and the planning of the Macan sporty off-roader in fiscal year 2011 resulted in an increase in the enterprise value and thus in a further reduction in group profit. The background to this reduction is Porsche SE's obligation, resulting from the call option, to purchase the shares in Porsche Zwischenholding GmbH at a fixed price irrespective of their current valuation. Due to this obligation, increases in the value of Porsche Zwischenholding GmbH lead to negative effects on Porsche SE's profits, which – and I would like to stress this again – do not impact liquidity. All in all, these two effects together resulted in the above-mentioned considerable impact on profit from the valuation of the options.

If we now consider that the financial result, which mainly contains expenses from loans, was 185 million euro, the profit before tax is 28 million euro. Including a tax income of 31 million euro, the profit after tax amounted to 59 million euro as mentioned earlier.

This brings me to the financial position of the Porsche SE group, which was significantly more positive as of 31 December 2011 than it was twelve months before. The most important reason for this improved liquidity situation and financial position is the capital increase performed in April 2011, from which Porsche SE received a net issue volume of around 4.9 billion euro. At that time, we offered our shareholders a total of 65.625 million new ordinary and preference shares for subscription. The subscription price was 38 euro per share for both classes of shares. The holders of ordinary shares exercised all their subscription rights. The subscription rate for the new preference shares was 99.72 percent. The remaining preference shares were sold by the underwriters over the stock exchange. As a result of the capital increase, the company’s share capital increased by 131.25 million euro to 306.25 million euro.

Porsche SE used the entire net issue volume plus additional available liquidity to repay bank loans totaling 5.0 billion euro. The remaining liability to banks in a nominal amount of two billion euro was then refinanced in October 2011 through a new syndicated loan at considerably improved conditions. In this connection, the collateral provided by Porsche SE was also restructured and its scope considerably reduced. In addition, the trust relationship for the shares held by Porsche SE in Porsche Zwischenholding GmbH was ended as of the end of the fiscal year.

The net liquidity of the Porsche SE group, that is cash and cash equivalents less liabilities to banks, improved significantly in the fiscal year 2011 due to the capital increase performed, and came to minus 1.52 billion euro as of 31 December 2011. One year earlier, the corresponding figure still was minus 6.34 billion euro.

To sum up, I am happy today to be able to tell you that the Porsche SE group not only succeeded in significantly reducing its debts as of the end of the reporting year. Thanks to future dividend income, we believe it will also have a solid liquidity situation in the future. In the fiscal year 2011, Porsche SE received gross dividends – that is including tax on investment income and solidarity surcharge – totaling around 330 million euro from Volkswagen AG and 155 million euro from Porsche Zwischenholding GmbH.

Looking to the future, we can also see an encouraging development in the current fiscal year 2012. In view of the positive expectations of its two investments, Porsche SE expects the profit/loss attributable to it from investments accounted for at equity to develop positively. Moreover, the partial repayment of the previous syndicated loan in the first half of the fiscal year 2011 and the refinancing performed in October 2011 will reduce interest expenses in the fiscal year 2012. As a result, we expect Porsche SE to generate a significant profit before special effects at group level in the fiscal year 2012.

However, in the fiscal year 2012, too, a special effect will arise from an adjustment through profit or loss, but without effect on cash, of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE. Naturally, I cannot tell you today the amount of this special effect in the fiscal year 2012 and whether it will be positive or negative. Nonetheless, presumably it is to be expected that it will be considerably smaller than in 2011. However, all in all, and taking into consideration this special effect, Porsche SE considers a profit after tax in the fiscal year 2012 to be highly probable.

As you already know, following the cancellation of the merger within the framework and timeframe of the basic agreement in September of last year, Porsche SE and Volkswagen AG are examining what economically viable alternatives could be available for the planned creation of the integrated automotive group besides the put and call options provided for in the basic agreement. Regarding this topic, I cannot provide any details at this stage since the examinations have not yet been finalized.

And finally, good news for the shareholders of Porsche SE: the dividend proposal for the holders of preference shares, which will be submitted for voting to the annual general meeting on 25 June, provides for a distribution that is 50 percent higher than in the short fiscal year 2010. Porsche SE intends to distribute a dividend of 76 euro cents per share to holders of preference shares. Holders of ordinary shares are to receive 75.4 euro cents per share. For the short fiscal year 2010, the dividend was 50 euro cents per preference share.