Speech

by Prof. Dr. Martin Winterkorn
Chairman of the executive board of Porsche Automobil Holding SE

Annual Press Conference and Analyst Conference
on 19 March 2013 in Stuttgart

Wire embargo: Start of speech
Check against delivery

Ladies and gentlemen:

Welcome to the annual press and analyst conference of Porsche Automobil Holding SE here in Stuttgart-Zuffenhausen. My colleagues on the executive board and I are happy to present the annual report for the fiscal year 2012 to you today. First I would like to highlight: Porsche SE has developed into a financially strong holding company and is today in an excellent position. All the stakeholders have emerged stronger from the creation of the Integrated Automotive Group in August 2012: Porsche SE as well as our anchor investment, Volkswagen AG, and, of course, also Porsche AG.

As of 1 August 2012, Porsche SE contributed its remaining share in Porsche's operating business to Volkswagen AG. As a result, we achieved our great common goal: we created the Integrated Automotive Group. In return, Porsche SE received one ordinary share and 4.5 billion euro from Volkswagen. Thus, the remaining liabilities to banks could be repaid in full. With net liquidity of around 2.6 billion euro, our company is now on an extremely solid financial footing.

But it is not only the creation of the Integrated Automotive Group that has sent out positive signals. We have also made significant progress on the legal side: In September 2012, the Regional Court of Braunschweig dismissed two claims for damages in the total amount of around 4.7 million euro. The plaintiffs have not appealed this, and the judgments are therefore final and legally binding. At the end of 2012, the New York State Supreme Court Appellate Division also denied its responsibility for the claims filed by 26 hedge funds. This vindicated our legal standpoint that the United States are not the correct place of jurisdiction. This case concerned damages of more than 1.4 billion US dollars. The plaintiffs have not appealed the decision after we agreed to waive a statute-of-limitations defense for a certain period in the event of a claim being filed in Germany.

With regard to a further claim originally filed against Porsche SE by 46 hedge funds an U.S. Federal Court, declared itself not responsible and dismissed this claim at the end of 2010. The claim is now awaiting decision before the court of appeal. A few days ago, twelve of the total of 32 plaintiffs in the appeal proceedings withdrew their appeal against the dismissal of their claims. However, this does not affect the appeal proceedings relating to the remaining 20 plaintiffs.

Let me point out: We continue to consider all pending claims against Porsche SE to be without merit – and those in the United States and the United Kingdom to be legally insufficient. And we will continue to use all legal means at our disposal to defend ourselves against the damage claims filed.

Ladies and gentlemen:
Let me now turn to the development of Porsche SE. In the fiscal year 2012, our company benefited from the excellent development of the Volkswagen group via its 32.2-percent share in total capital. While the entire automobile industry has been hard hit by the debt crisis in Europe, 2012 was a very successful year for Volkswagen. For the first time in its history, the group delivered more than nine million vehicles worldwide. The operating result of 11.5 billion euro again surpassed the record prior-year figure.

An important factor in these impressive key indicators has been and is the extensive global presence of the Volkswagen group and its twelve brands. The international automobile markets mainly saw stable development in 2012. Almost 67 million passenger vehicles were sold worldwide in the reporting year. With the exception of Western Europe, all markets have contributed to this growth. The main growth drivers were North America and Asia-Pacific, which recorded double-digit growth rates. And the automotive industry also made significant gains in Brazil and Russia.

The Volkswagen group consequently took advantage of these market opportunities. In North America the group brands experienced a veritable boom. This is reflected by more than 26 percent increase in vehicles delivered. In the Asia-Pacific region, China was again the growth engine. Here the group sold 2.8 million vehicles – 24.5 percent more than in the prior year. This is further impressive testimony to Volkswagen's leading position in China. And in its home market of Germany, the group also won additional market shares.

You see: The Volkswagen group has grown considerably in almost every region of the world. Only in Western Europe the group was unable to avoid the effects of the general downward trend – though it fared considerably better than its competitors. Nearly all passenger car brands reached a clear plus in 2012. The Volkswagen passenger car brand continues to be the strong driving force for the group. The prior-year record was again surpassed by about 5.7 million vehicles delivered and growth of 12.7 percent. Audi remains in the fast lane of the premium segment. With 1.5 million vehicles delivered and growth of 11.7 percent, 2012 was another very strong year for Audi. SKODA is also maintaining a fast pace and increased its deliveries to 939,000 vehicles. Due to the decreasing market in Southern Europe, deliveries of SEAT fell to 321,000 vehicles.

However, the brand demonstrated growth in important individual markets, such as Germany and the United Kingdom. The Volkswagen group's luxury brands saw the highest percentage increases: Lamborghini saw a rise of 30 percent and delivered more than 2,000 vehicles. Bentley delivered more than 8,500 units to customers. This reflects that is a 21.5-percent increase.

Since 1 August 2012, the Porsche brand has belonged to the Volkswagen group. In the year as a whole, Porsche exceeded its ambitious growth targets. With over

141,000 vehicles, deliveries reached a new record level. This is 18.7 percent more than in the prior year. In addition, Porsche is and remains one of the most profitable automakers in the world. As Porsche SE directly held a share of 50.1 percent in Porsche's operating business until 31 July 2012, we also benefited greatly from these outstanding developments.

Let us turn now to the Volkswagen group's commercial vehicles business: The Volkswagen commercial vehicles brand increased its deliveries of around four percent to more than 550,000 vehicles. By contrast, the Scania and MAN brands clearly felt the effects of the reticence in the market for heavy trucks in 2012: Scania delivered 67,000 in the past fiscal year. This corresponds to a decrease of 16 percent. However, the company remains very profitable and recorded a return on sales of 10 percent despite the sector downturn. MAN also struggled against the slump in the commercial vehicles market, delivering about 134,000 units worldwide.

Above all, these figures and results show that the Volkswagen group is entering 2013 in a strong position.

- With a clear, persuasive strategy for the future.
- With three profitable business areas: passenger cars, commercial vehicles and power engineering, as well as financial services.
- With its considerable financial substance and solidity.
- With twelve brands and 280 models that cover virtually every desire and need of our customers – from motorcycle to heavy truck.
- With its strong global presence comprising 100 plants and 20,000 dealerships in all the key regions of the world.
- With the technological expertise and ingenuity of more than 40,000 developers.

- And with convincing solutions for the major ecological challenges that confront our industry: from lightweight construction to economical combustion engines, from natural-gas engines to plug-in hybrids, through to fully electric cars.

In short: The Volkswagen group has the economic and ecological capabilities needed to set the standards in the automotive industry. And Porsche SE, as the largest shareholder, will also benefit greatly from this.

Ladies and gentlemen:
Let us now turn to the results of operations and financial position of Porsche SE.

Porsche SE reported profit after tax of 7.8 billion euro for the fiscal year 2012. This was mainly due to the non-recurring effect of 4.75 billion euro from the contribution of the holding business operations to Volkswagen AG. On the one hand, the contribution yielded income of 3.4 billion euro. On the other, it resulted in an increase in the profit from investments accounted for at equity totaling 1.3 billion euro. Profit from investments accounted for at equity totaled 4.3 billion euro. Taking into account the effects from the contribution, the Volkswagen group contributed 4.2 billion euro and the Porsche Holding Stuttgart GmbH group 0.1 billion euro. Of course, the earnings contribution of the Porsche Holding Stuttgart GmbH group only pertains to the period from the start of the fiscal year to the date on which accounting for the investment at equity ceased.

The put and call options were also transferred to Volkswagen AG on 1 August 2012. Since then, they have had no further effects on the results of operations of the Porsche SE group. The final valuation as of 31 July 2012 resulted in total income of 205 million euro. In the fiscal year 2012, Porsche SE was able to significantly improve its financial result, from minus 185 million euro to minus 30 million euro. This was essentially due to the repayment in full of the liabilities to banks in August 2012.

As a result of the contribution and the repayment in full of the liabilities to banks in 2012, Porsche SE has now discharged most of its debts. Overall, net liquidity improved considerably as of the reporting date to 2.6 billion euro. To remind you: As of 31 December 2011, net liquidity had still been minus 1.5 billion euro. That covers the results of operations and financial position. Mr. Pötsch will be happy to answer any specific questions you may have afterwards.

Volkswagen is and will remain Porsche SE's core investment. With the 2.6 billion euro available to us, we intend to complement this core investment in ways that are highly profitable and sustainable. Our clear strategic focus is on investments along the automotive value chain. This opens up a broad spectrum of future investments for us: From basic technologies for the development and production process through to vehicle- and mobility-related services.

In this context, we are first and foremost backing the major global trends in the automotive industry such as: sustainability, conservation of resources and the increasingly networked automotive world. Specific examples include new drive concepts and materials as well as technologies for vehicle safety and connectivity. Porsche SE intends to and will profitably leverage these trends by means of selected investments. I am convinced: our unique expertise in the automotive sector will enable us to make optimal investment decisions. Our focus is on strategic investments in midsize companies in Germany and abroad with experienced management.

We are currently analyzing and examining suitable investments. We on the executive board are confident that we will be able to successfully transform the investment opportunities identified in this way into investments. Our principle here is: It is more important that particular investments meet our expectations and, above all, create sustainable value than that we are quick to invest.

The foundation for successfully implementing our investment strategy has been built: Since August 2012, we have been continuously expanding our network of experts for the strategic selection process and created all necessary structures. This includes the investment management function on the executive board for which Mr. von Hagen is responsible and the newly created corporate strategy function headed by Mr. Müller.

This enhanced organizational and management structure and deployment of expertise within our network are key factors for the success of further strategic investments. We also want to further enhance our competencies and bring select, highly qualified new employees on board. In addition, we have an excellent network of external experts in industry, banking and consultancy on whose extensive expertise we can draw.

Mr. von Hagen and Mr. Müller will be happy to answer your questions on these matters afterwards.

2013 and 2014 promise an encouraging development for Porsche SE. Our investment in Volkswagen and our long-term investment strategy geared to sustainability will play a decisive role. On the basis of the current group structure, we therefore expect a positive low single-digit billion-euro profit after tax for the next two years.

At this point, I have more good news for our shareholders: The dividend proposed for distribution for the fiscal year 2012 is higher than in the prior year. Porsche SE intends to distribute a dividend for the fiscal year 2012 of 2.010 euro per share to holders of preference shares. Holders of ordinary shares will receive 2.004 euro per share. This proposal will be submitted to the annual general meeting in Leipzig for decision on 30 April 2013. In addition, some members of the supervisory board of Porsche SE will come up for reelection at the meeting.

Ladies and gentlemen:

Let me sum up briefly: Three-and-a-half years ago, we assumed responsibility for this business. Since then, we have succeeded in discharging Porsche SE's debt, without touching the core investment, the 50.7 percent of the ordinary shares in Volkswagen AG. Following the creation of the Integrated Automotive Group with Volkswagen, the company has clear and highly promising prospects for the future.

Today, our company is already benefiting from the strengths of the Volkswagen group. And we see vast potential for increasing the value added of our company in the coming years. We are looking to the future with optimism.