

## Speech

by Hans Dieter Pötsch

Chairman of the board of management of Porsche Automobil Holding SE

Annual press and analyst conference

on 23 March 2023 in Stuttgart

Check against delivery

Ladies and gentlemen,

I, also would like to warmly welcome you to the annual press and analyst conference of Porsche SE.

We can look back on a economically successful fiscal year 2022. The highlight was without doubt the acquisition of 25 percent plus one share of the ordinary shares of Porsche AG. With this investment, we added to our portfolio a company with a strong growth and dividend profile that is uniquely positioned in the sport and luxury segments of the automotive industry.

Despite a difficult market environment, the IPO of Porsche AG was the largest in terms of market capitalization that has ever taken place in Europe. Just a few weeks after the opening price, Porsche AG was already included in the German Stock Index (DAX) in December 2022.

The IPO was also extremely successful for the Volkswagen Group, giving it the additional financial headroom to help accelerate the industrial and technological transformation of the group and support further growth. The IPO also made Porsche AG's valuation transparent in the capital market. This also indicates an attractive valuation perspective for Volkswagen that, in the opinion of many analysts, is currently not reflected in Volkswagen's share price.

Finally, the IPO means that Porsche AG can now evolve with greater entrepreneurial freedom, while retaining synergies with the Volkswagen Group.

Porsche SE was able to add a second, strong core investment to its portfolio, granting a greater degree of diversification and allowing it to benefit from a second

dividend stream. With the acquisition of the blocking minority in Porsche AG, Porsche SE will in the future have significant influence over Porsche AG, while the voting majority remains with Volkswagen with 75 percent minus one share of the ordinary shares. Porsche SE also made an important financial contribution for a successful transformation of the Volkswagen Group. As its anchor shareholder, we support this transformation and view it as an additional considerable value driver for both Volkswagen and Porsche AG.

The acquisition of Porsche AG ordinary shares for a total value of 10.1 billion euro required a sound financing plan. The purchase price for the first tranche of 17.5 percent plus one share, in the volume of 7.1 billion euro, was debt-financed. By contrast, we were able to fully finance the acquisition of the second tranche of 7.5 percent of the ordinary shares for a purchase price of 3.0 billion euro from the special dividend that Volkswagen AG distributed to its shareholders in the transaction.

In the run-up to the transaction, Porsche SE had concluded a financing agreement with an international syndicate of banks for an original volume of 8.9 billion euro, which we were able to secure attractive conditions for.

As a first step towards refinancing the transaction in the long term, over the past few weeks we placed a Schuldschein loan with a volume of around 2.7 billion euro. The investors were offered maturities of three, five, seven and ten years. Thanks to the high demand, the original target volume was substantially exceeded and the interest rates were set at the lower end of the price range. Roughly 120 institutional investors such as banks, pension funds and insurance companies participated in the Schuldschein loan. The volume achieved marks an important step towards our refinancing. And we are proud to say that this was the largest promissory note ever

issued by a company. The high level of interest shown by investors has impressively demonstrated Porsche SE's attractiveness.

Let me now come to the earnings figures of Porsche SE. We raised our group result after tax to 4.8 billion euro in the fiscal year 2022 compared to 4.6 billion euro in the prior year. This group result after tax is significantly influenced by the result of our core investment in Volkswagen AG accounted for at equity of 4.5 billion euro. Overall, the Volkswagen Group performed robustly despite the sustained effects of the Covid-19 pandemic as well as Russia's ongoing war against Ukraine and the resulting problems with the supply chains and high inflation. Porsche AG also closed the fiscal year 2022 very successfully. Following the acquisition of ordinary shares of Porsche AG, the result of the Porsche SE Group will be more strongly influenced in the future by the earnings situation of the Porsche AG Group.

Net liquidity of the Porsche SE Group amounted to minus 6.7 billion euro as of 31 December 2022, compared to 641 million euro reported at the end of 2021. This development primarily reflects the roughly 7.1 billion euro in debt capital we raised to purchase the ordinary shares of Porsche AG. However, I firmly believe: The acquisition of this second core investment is a very important step for our company towards creating sustainable value.

Ladies and gentlemen,

As already mentioned, our investment in Volkswagen AG has a significant influence on the key figures of Porsche SE. Therefore, I would like to give you a brief overview of the developments within the Volkswagen Group.

In 2022, the Volkswagen Group generated a sound result and improved its profitability. And all that in a challenging environment. Revenue increased by 12 percent to 279 billion euro. The trend towards higher quality and better equipped vehicles seen in the prior year continued.

The result after tax came to 15.8 billion euro, an increase of 2.6 percent on the prior year. At year end, net liquidity of the automotive division stood at 43 billion euro. This was driven, among other things, by the proceeds from the IPO of Porsche AG. After the net payout of the special dividend of 6.5 billion euro, a net liquidity of 36.5 billion euro remains as of January. On this basis, Volkswagen will continue to consistently implement its strategy.

Porsche AG can also look back on a successful fiscal year 2022. Group revenue stood at 37.6 billion euro, an increase of 13.6 percent on the prior year and a new record high.

The operating group result of Porsche AG came to 6.8 billion euro for the fiscal year 2022. This is 27.4 percent more than in the prior year. The operating margin increased from 16 percent to 18 percent.

With “Road to 20”, Porsche AG has also announced an ambitious program. The number 20 stands for the strategic target of an operating return on sales of more than 20 percent. Porsche AG is thus developing its 2025 earnings program further.

Porsche AG has its sights firmly trained on growth and profitability. The luxury segment that Porsche AG serves is a structural growth market with financially strong customers.

We at Porsche SE support the strategic direction of both Volkswagen AG and Porsche AG and are convinced that our two core investments are extremely valuable assets.

Let me now come to the further investment activities of Porsche SE. In the area of portfolio investments, we have expanded our activities and consistently developed our existing investments. We currently hold more than 10 portfolio investments in growth and technology companies. In addition to providing growth capital, Porsche SE enables its portfolio companies to access a unique industrial network of technology partners and potential customers. For example, not only do we support our portfolio company Isar Aerospace financially, but also through the networking with experts in the areas of production, 3D printing and plant construction.

An example of the successful development of our portfolio is PTV, in which we are invested together with our partner Bridgepoint via the joint holding company European Transport Solutions. In the past year, we were able to strengthen the product portfolio by acquiring the California based Econolite Group and the Belgian company Conundra.

The combination of PTV's software products and Econolite's traffic management solutions transforms the group in a global and technologically leading provider of future-oriented end-to-end solutions in the mobility space. In the logistics segment, Conundra supplements PTV's product portfolio with software as a service applications for the planning of complex logistics and supply chain processes.

In addition to this, we were able to strengthen our portfolio with several growth companies.

We have invested a double-digit million amount in the Swiss company ABB E-mobility, a leading provider of charging solutions for electric vehicles. The subsidiary of ABB has already sold more than 50,000 direct current charging stations, giving it the largest installed base of fast chargers in the market. Due to the fast growth in the area of electromobility, we expect that the demand for chargers will continue to grow rapidly in the coming years.

In the field of young technology companies, we have invested in Xanadu and Quantum Motion Technologies, two companies that are each pursuing very promising approaches in the development of quantum computers.

The Canadian company Xanadu is pursuing a technological approach based on photonics. Compared to established technologies, This approach offers considerable advantages in the scaling of compute power. Furthermore, Xanadu is developing a hardware-agnostic software platform specially designed for the programming of quantum computers.

Quantum Motion Technologies, a start-up spun out from Oxford University and University College London, is developing a quantum computer on the basis of a novell technology approach. Using existing production processes from the semiconductor industry, the company plans to realize high performance quantum computers in a cost-effective way based on conventional microchips.

A central component of our investment strategy is the collaboration with strong partners and co-investors. We are therefore delighted that with DTCP we were able to add another partner to further expand our investment activities. DTCP is a successful global investment company that currently has around 2.2 billion euro of

assets under management. As part of the planned strategic collaboration, we invest a double-digit million amount in DTCP's Growth Equity Fund III, which focuses on companies in the area of cloud-based enterprise software.

To date, we have invested around 500 million euro in portfolio investments and were able to realize a profit on the sale of a substantial part of our investments. This shows that our investment strategy is working and is creates value for our shareholders.

We will continue our investing activities over the course of the current fiscal year. Our goal is to position Porsche SE as a globally renowned investment company and valued investment partner, thus consistently and sustainably creating value for our shareholders beyond macroeconomic cycles.

Ladies and gentlemen,

I would now like to turn to the developments on the legal side. In the case according to the Capital Markets Model Case Act (KapMuG) in connection with the increase of our investment in Volkswagen AG, at the end of September the Higher Regional Court of Celle dismissed or declared groundless all of the establishment objectives requested by the plaintiffs against our company. In the underlying initial proceedings, 40 plaintiffs are asserting alleged claims for damages totaling around 5.4 billion euro plus interest.

The decision reached by the Higher Regional Court of Celle is an important stage victory for us. The plaintiffs filed an appeal against the decision with the Federal Court of Justice. However, and I am convinced of this: Ultimately, we will assert

ourselves with our arguments and the actions will be dismissed in their entirety in all initial proceedings.

Porsche SE also continues to be directly confronted with investor lawsuits in connection with the diesel issue of Volkswagen AG. Claims are being made for damages of around 929 million euro plus interest. The plaintiffs accuse Porsche SE of alleged nonfeasance of capital market information or alleged incorrect capital market information in connection with the diesel issue.

In this complex of proceedings, there was also a very positive decision for us in the past fiscal year. The Higher Regional Court of Stuttgart granted Porsche SE's appeal against a judgment of the Regional Court of Stuttgart and fully rejected the appeal of two US hedge funds. The reasoning: The plaintiffs claiming compensation of 158 million euro plus interest against Porsche SE had not suffered any damage. This decision has since become legally binding.

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,

Please allow me to briefly summarize:

- This past fiscal year was very successful for Porsche SE. Despite difficult conditions, our group result after tax increased to 4.8 billion euro.

- With the acquisition of 25 percent plus one share of the ordinary shares of Porsche AG, we were able to add to our core portfolio a company with a strong growth and dividend profile that is uniquely positioned in the sport and luxury segments of the automotive industry.
- We also aim to further expand our investment activities. We have strengthened our investment portfolio with additional promising investments.
- On the legal side, we were able to achieve two major successes in the fiscal year 2022 with the decisions of the Higher Regional Court of Celle on the increase of our investment in Volkswagen AG and the Higher Regional Court of Stuttgart on the diesel issue.

Ladies and gentlemen,

I would like to take this opportunity to give you an outlook for the current fiscal year 2023.

For the year as a whole, we expect to record a group result after tax of between 4.5 billion euro and 6.5 billion euro. As always, this forecast is subject to any risks that may arise. We also aim to achieve group net liquidity as of 31 December 2023 that is expected to be between minus 6.1 billion euro and minus 5.6 billion euro, not taking future investments and divestments into account.

Based on the proposed dividends for the ordinary shares of Volkswagen AG of 8.70 euro and the ordinary shares of Porsche AG of 1.00 euro, we expect dividend

income to amount to around 1.5 billion euro for Porsche SE. Porsche SE expects to receive this dividend amount without deduction of capital gains tax.

The dividend inflows put us in a position to pursue a stable dividend policy as well as to consistently reduce the debt incurred in connection with the acquisition of shares of Porsche AG. We will also continue to work on strengthening Porsche SE as an investment company and make additional portfolio investments in a systematic and targeted manner.

As in the past, we will allow our shareholders to participate appropriately in Porsche SE's success. For the fiscal year 2022, 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. It is important to us that this proposed dividend finds a balance between a stable dividend and the steady reduction of our debt.

An important topic both for investors and for us on Porsche SE's board of management is the discount in the valuation of our company measured against market capitalization. We do not consider this discount in the share price compared to the net asset value to be justified.

Our investments in Volkswagen and Porsche AG alone have a current market value of around 39 billion euro. Taking into account our financial liabilities, this already results in a net asset value of more than 32 billion euro, not including our portfolio investments. This would correspond to a share price significantly over 100 euro. If you compare that with our current market capitalization of 16 billion euro, the

significant difference of around 17 billion euro between the value of our investments and our market value becomes apparent.

Holding companies such as Porsche SE are generally valued by the capital market somewhat below the sum of their investments. This is known as a holding discount. However, due to our streamlined holding structure at Porsche SE and the value of our assets that are transparent for every investor, we do not believe that such an enormous discount can be fundamentally explained nor do we consider it justified.

We are determined to highlight this disparity in our capital market communication and to work out the clear exaggeration in the discount. Some analysts cite Porsche SE's debt as one of the possible explanations for the high discount.

First of all, it should be noted that the debt has already been taken into account in my calculation, i.e., it has already been deducted in our net asset item. Irrespective of this, Porsche SE has a solid financing and repayment plan in place and will systematically repay the debt over the coming years.

We also remain clearly committed to allowing our shareholders to participate in the success of Porsche SE and its investments. With the dividend proposal presented, we show that we can achieve an attractive dividend yield. Even with Porsche SE's current indebtedness, we remain committed to a sustainably stable dividend. Moreover, as the liabilities are successively repaid, the leeway for future dividends will increase.

Last but not least, the developments on the legal side over the last few years make us confident that potential discounts stemming from legal proceedings are also not justified. Even though the decisions are not yet all legally binding, this still reaffirms

our conviction that not a single one of the alleged claims brought by the plaintiffs is valid.

Summing it up, I want to conclude: We believe that Porsche SE is significantly undervalued.

And that is all from me on the fiscal year 2022. I will now hand over to Dr. Bamler and Mr. Gaube, who will host the Q&A session.