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Porsche and Volkswagen see encouraging operating business

Structural changes impact Porsche SE group’s results

Stuttgart, 18 June 2010. Porsche Automobil Holding SE, Stuttgart, is able to report that its holdings' operations continued to develop favorably throughout the first nine months of fiscal 2009/10, which ends on 31 July 2010. In this period, Porsche Zwischenholding GmbH group, in which Porsche SE holds a 50.1 percent share and which is primarily made up of Porsche AG and its subsidiaries, achieved an operating result of 0.6 billion euro. The group continues to report a two-digit return on sales. Revenue increased by 11.8 percent in relation to the comparative period of the prior year to 5.2 billion euro. The group sold 53,605 vehicles, comparable with the number sold in the same period of the prior year in which 53,635 vehicles were sold. The steep rise in revenue while unit sales remained almost constant is due in part to the new Panamera model series, for which the variants with the highest-performing engines were launched on the market as a first step. The Volkswagen group, in which Porsche SE holds a 32.2 percent share following a capital increase by Volkswagen AG and unchanged 50.7 percent of the ordinary shares, was included in Porsche SE's interim report with figures for the period from 1 July 2009 to 31 March 2010. Unit sales for this period came to 5,004,745 vehicles. With revenue of 82.6 billion euro, the operating result amounted to 1.5 billion euro.

For the first nine months of fiscal 2009/10, the Porsche SE group reports a loss after tax of 0.7 billion euro, a better figure than expected. This result also includes all non-recurring effects brought about by the structural changes, as well as the effect of the capital increase at Volkswagen AG in which Porsche SE did not participate.

A profit of 4.2 billion euro was generated in the same period in the prior year. While the result in the prior year was above all influenced by positive effects from cash settled options relating to

Volkswagen AG's shares, the result for the reporting period has been strongly affected by the structural changes already reported in the six-month report. These stem mainly from the deconsolidation of the Volkswagen group and the Porsche Zwischenholding GmbH group, as well as the inclusion of both groups in the consolidated financial statements of Porsche SE using the equity method.

By issuing approximately 65 million new preference shares, Volkswagen AG increased its share capital by a notional 166.2 million euro, generating total net issue proceeds of approximately 4.1 billion euro in March and April. As Porsche SE did not participate in the capital increase, its share of Volkswagen AG's total capital was diluted from 37.4 percent to 32.2 percent. Porsche SE's 50.7 percent share in
Volkswagen AG's ordinary shares remained unchanged. The capital increase gave rise to a total net non-cash effect of around minus 1.4 billion euro for the Porsche SE group in the third quarter of fiscal 2009/10.

The net liquidity of the Porsche SE group has improved dramatically since 31 July 2009. It amounted to minus 6.0 billion euro as of 30 April 2010. The positive development is primarily attributable to the cash received in connection with Volkswagen AG's investment in Porsche Zwischenholding GmbH amounting to 3.9 billion euro that was mainly used to redeem liabilities to banks. The deconsolidation of the Porsche Zwischenholding GmbH group was another factor.

Porsche Zwischenholding GmbH group performs well despite difficult conditions

A look at the individual model series of the Porsche Zwischenholding GmbH group, i.e. Porsche AG and its subsidiaries, reveals a high level of interest in the new Panamera, which sold 13,906 units despite the fact that the Gran Turismo was not launched until September 2009. In some regions the market launch was not until December 2009. The best selling model series remained the Cayenne with 18,932 vehicles sold. This corresponds to a reduction of 23.3 percent, which can be attributed to the fact that the current generation of this model is approaching the end of its lifecycle. Its successor will be launched on markets worldwide in the next few months. In the period from 1 August 2009 to 30 April 2010, the 911 achieved sales of 13,137 units, a 35.1 percent reduction on the prior year reflecting the challenging economic environment. Unit sales of vehicles from the Boxster model series, including the Cayman models, dropped 12.2 percent to 7,630 vehicles.

An examination of the individual regions reveals that in Europe, Porsche Zwischenholding GmbH group's unit sales fell 5.1 percent to 18,607 units. In North America, the 15,592 vehicles sold constituted a fall of as much as 17.8 percent, reflecting the ongoing challenging economic conditions in one of Porsche's key markets. In other regions of the world, Porsche Zwischenholding GmbH group saw strong growth. At 19,406 units, sales were up 28.9 percent on the same period in the prior year. This development is mainly attributable to the new markets and China in particular. Porsche continues to assume that unit sales for the full fiscal year 2009/10 will exceed the prior-year figure of 75,238 vehicles.

A total of 60,043 vehicles were produced in the reporting period, up 0.7 percent on the same period in the prior year. A total of 19,841 units of the Cayenne series rolled off the line in Leipzig. Production of the new Panamera came to 16,970 vehicles. The number of vehicles of the 911 series produced by the Zuffenhausen plant fell to 14,344 units. Production of the Boxster (including the Cayman models) series fell to 8,888 units.

Volkswagen group enjoys high level of demand

In the reporting period between July 2009 and March 2010, the Volkswagen passenger car brand sold 2,753,692 vehicles. Above-average demand was seen for the Fox, Polo, Scirocco, Golf and Golf Plus models, as well as for the versions of the Jetta and the Passat available in China. Unit sales of the Audi brand in the period stood at 932,194. In addition to the Audi A3 Cabrio, Audi A3 Sportback and Audi Q5, encouraging sales figures were also seen for the new Audi A5 Sportback, the new Audi A5 Cabriolet and the new Audi A4 allroad quattro. The Škoda brand sold 431,624 vehicles. The Octavia and Superb models saw increased demand. The new Škoda Yeti was well received by the market. Sales of the SEAT brand in the reporting period came to 252,572 units. Unit sales of the Bentley brand in the reporting period came to 3,493 vehicles. The Chinese joint venture boosted unit sales by 1,188,604 vehicles. Volkswagen commercial vehicles sold 213,281 units between July 2009 and March 2010. Scania sold a total of 34,723 vehicles.

In the reporting period, the Volkswagen group sold 2,619,834 vehicles in the Europe / other markets region. In North America, unit sales amounted to 363,983 vehicles. Unit sales in South America in the reporting period came to 643,018 vehicles, a figure positively impacted by the Brazilian government's support package, among other things. Including the joint ventures in China, the Volkswagen group sold 1,377,910 vehicles on the passenger car markets in the Asia Pacific region in the first nine months of the 2009/10 fiscal year. In this region in particular, demand for the group's models remained consistently high.

In the first nine months of the 2009/10 fiscal year, the Volkswagen group produced 4,966,060 vehicles.

The Volkswagen group's presence in all key regions around the world, its multi-brand strategy and technological expertise and, as a result, the most up-to-date, most environmentally friendly and broadest vehicle range are key advantages. The nine brands of the Volkswagen group will present a large number of new models in 2010, continuously expanding the group's position on the world's markets in the process. The Volkswagen group therefore expects the number of vehicles delivered to customers in 2010 to exceed the 2009 level.

Outlook

In the first nine months of the 2009/10 fiscal year, the results of Porsche SE were strongly impacted by the aforementioned structural changes and the effect of not participating in the capital increase at Volkswagen AG. Taking into account the planning of Porsche SE and the anticipated result from investments in
Porsche Zwischenholding GmbH and Volkswagen AG, that are accounted for at equity, Porsche SE anticipates a negative overall result at the end of the fiscal year of under one billion euro - and therefore an improvement on forecasts made at the time the six-month report was published.

Porsche SE sees itself as being on the right track with regard to the transaction steps foreseen by the basic agreement. A capital increase at Porsche SE is scheduled for the first half of 2011. Plans are to reach the final stage in creating an integrated automotive group, namely the merger between Porsche SE and Volkswagen AG, following a capital increase.

The combination of Volkswagen and Porsche in a group with ten strong brands has compelling strategic, industrial and financial logic. The integrated group is expected to be able to realize considerable additional growth potential in future.

The entire interim report by Porsche Automobil Holding SE on the first nine months of fiscal 2009/10 can be downloaded from www.porsche-se.com/interimreport.

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