Porsche SE increases group profit for the year to 3.5 billion euro

Voting interest in Volkswagen AG raised to 53.1 percent / Dividend increased by 26 percent to 2.21 euro per preference share

Stuttgart, 19 March 2019. Porsche Automobil Holding SE (Porsche SE), Stuttgart, again benefited from the positive development of Volkswagen AG, Wolfsburg, in the past fiscal year. The group result for the year increased to 3.5 billion euro – an increase of 6 percent compared to the prior-year result of 3.3 billion euro. The group result is significantly influenced by the result from the investment accounted for at equity in Volkswagen AG. This amounts to 3.6 billion euro, compared to 3.4 billion euro in the prior year.

Net liquidity of the Porsche SE Group decreased to 864 million euro as of 31 December 2018. The decrease is primarily attributable to the acquisition of further ordinary shares in Volkswagen AG. Porsche SE has expanded its stake from 52.2 percent to its current level of 53.1 percent of voting rights. Overall, around 400 million euro has been invested in the acquisition of shares over the past few months. Hans Dieter Pötsch, chairman of the executive board of Porsche SE, commented at today's annual press and analyst conference: "We remain convinced that the Volkswagen Group has vast potential for increasing value added and that its current valuation on the capital market does not reflect this. We have therefore decided, in consultation with the supervisory board, to further expand our stake in Volkswagen AG."

Investment strategy with regard to the automotive value chain

In addition to acquiring further ordinary shares in Volkswagen, Porsche SE will continue to pursue its current investment strategy with regard to the automotive value chain. Porsche SE also continues to expand its existing investments such as that in PTV AG, Karlsruhe. Pötsch commented: “As a long-term investor, we support PTV on its journey from being a pure-play software provider to also offering platform-based solutions. We see great potential in this area. Porsche SE is thus investing in mobility management of the future, which is also becoming increasingly relevant for automotive manufacturers like the Volkswagen Group.”

Legal disputes

On the legal side, a model case according to the Capital Markets Model Case Act (KapMuG) against Porsche SE in connection with expanding the investment in Volkswagen AG is still pending at the Higher Regional Court of Celle. The initial proceedings concern 40 plaintiffs asserting alleged claims for damages of around 5.4 billion euro. To judge by the way the hearing has proceeded thus far, Porsche SE sees its opinion that the lawsuits are without legal basis confirmed.

Porsche SE is also facing investor lawsuits in connection with the diesel issue. A total of 198 proceedings are pending before the Regional Court of Stuttgart and several other proceedings before the Regional Court of Braunschweig. Claims are being made for damages totaling around 1.1 billion euro. Porsche SE is also a model defendant in a model case at the Higher Regional Court of Braunschweig in connection with the diesel issue. For two lawsuits in which damages of approximately 164 million euro have been claimed, the Regional Court of Stuttgart delivered judgments in October 2018 despite motions for suspension of the proceedings having been filed, and granted these actions in the amount of approximately 47 million euro. Porsche SE has appealed this decision and considers these claims to be without merit.

Dividend increased to 2.21 euro per preference share

Porsche SE plans to distribute a dividend of 2.21 euro per share for the fiscal year 2018 to the holders of preference shares. Holders of ordinary shares are to receive 2.204 euro per share. This proposed dividend will be presented for decision to the annual general meeting on 27 June 2019. The 26 percent increase in the dividend compared to the prior year underlines the fact that Porsche SE's dividend policy is geared to sustainability.

Forecast for 2019

Porsche SE expects a group profit for the year of between 3.4 billion euro and 4.4 billion euro for the fiscal year 2019. This forecast is based in particular on Porsche SE's expectations regarding the future development of the Volkswagen Group and subject to the uncertainty that continues to surround possible special effects in connection with the diesel issue. Moreover, the Porsche SE Group aims to achieve positive net liquidity in the region of

0.3 billion euro to 0.8 billion euro as of 31 December 2019, not taking future investments into account.

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