Speech

by Hans Dieter Pötsch

Chairman of the board of management and Chief Financial Officer of Porsche Automobil Holding SE

Annual General Meeting taking place as a virtual Annual General Meeting on 2 October 2020 in Stuttgart

Check against delivery

Ladies and gentlemen,

I, too, would like to warmly welcome you to the Annual General Meeting of Porsche Automobil Holding SE. The board of management and supervisory board are pleased to report on Porsche SE’s fiscal year 2019 to you today, albeit in a different form. In light of the ban on meetings in place in connection with the coronavirus pandemic, our Annual General Meeting could not be held in the Porsche Arena in Stuttgart on 19 May 2020 as planned. When we made the decision in March to postpone the meeting, we did so still in the hope that the situation would ease up over the course of the year. As you all know, this has not been the case. The German legislator has responded to this and enacted legislation to mitigate the impact of the Covid-19 pandemic. At a European level, the six-month period within which companies organized as a European stock corporation have to hold their Annual General Meeting after the end of the fiscal year was extended to 12 months. We made use of this possibility in order to convene our Annual General Meeting at a time when the key data is available for making the decision regarding dividends. With the health of all those attending in mind, we have decided this year to hold our Annual General Meeting virtually for the first time in the history of our company.

In the interest of our shareholders, employees and service providers, we have organized this event such that as few people as possible are together in one place today.

We would like to express our most sincere thanks for your understanding that we had to postpone this year’s Annual General Meeting and are now holding it virtually. As we see it, this decision is in everyone’s best interest.

Before I talk about the figures for the fiscal year 2019, I would like to touch briefly on the figures for the current fiscal year 2020. The business figures for the first six months show that the current year is in the grip of the coronavirus pandemic. The group result after tax of Porsche SE came to minus 329 million euro, compared to plus 2.38 billion euro in the prior-year period. The group result is significantly influenced by the result from the investment accounted for at equity in Volkswagen AG of minus 291 million euro. In the prior-year period, this had amounted to plus 2.42 billion euro. The decrease reflects the impact of the Covid-19 pandemic at the level of the Volkswagen Group.

After the outbreak of the pandemic, it quickly became clear to us that this was an extraordinary unprecedented situation. On account of the uncertainty regarding business development at the level of the Volkswagen Group, the ability to forecast at the level of the Porsche SE Group is likewise seriously restricted. For this reason, the board of management of Porsche SE decided on 16 April of this year to no longer uphold the forecast for the group result after tax for the fiscal year 2020. Even today it is still not possible to make a reliable and realistic forecast. However, we do expect a positive group result after tax for the fiscal year 2020.

The forecast on group net liquidity remains unchanged. Without taking any potential additional investments into account, it lies in a corridor of 0.4 billion euro to 0.9 billion euro as of 31 December 2020.

Moving on from the current fiscal year, I would like to turn to the fiscal year 2019, which is the focus of today's annual general meeting. Looking back on 2019, one thing stands out very clearly: The debate surrounding climate change and the related discussion about CO_2 emissions has intensified further. The automotive industry is fundamentally affected by this. Our most important investment, Volkswagen AG, takes this issue very seriously and is shouldering its corporate responsibility with a clear, future-oriented strategy geared to sustainability. Electromobility, digital connectivity and autonomous driving will revolutionize and redefine the industry in the years to come. Volkswagen sees this transformation as an opportunity. The Volkswagen Group is planning to invest around 33 billion euro in Electromobility and 14 billion euro in the development of its IT-expertise and autonomous driving by 2024.

With its strategy, the Volkswagen Group has set itself the target of transforming into a technology group as well as increasing the enterprise value. We support this strategy. Volkswagen can shape this digital transformation from a position of strength.

This transformation is also of great importance for Porsche SE. We are therefore focusing on these forward-looking topics in our search for investments along the automotive value chain. The successful development of Volkswagen and the increase in enterprise value is fundamentally in Porsche SE's own interest. Porsche SE's financials and likewise its dividend policy are heavily influenced by the development of the Volkswagen Group. I would therefore like to touch briefly on the key business figures of Volkswagen AG in the fiscal year 2019.

2019 was a highly successful year for the Volkswagen Group. The group was operationally strong and a number of important steps were taken. The global market for automobiles declined by four percent in 2019. By contrast, the Volkswagen Group increased its revenue by 7.1 percent to 252.6 billion euro. 10.97 million vehicles were delivered, that is an increase of 1.3 percent.

The operating result reached 19.3 billion euro before special items, up 12.8 percent on the prior-year value. The operating return on sales before special items stood at 7.6 percent and therefore was slightly above the target corridor set by the Volkswagen board of management. The net cash flow in the automotive division reached 10.8 billion euro.

The figures for 2019 show that the Volkswagen Group has achieved a position in a persistently challenging environment from which it can successfully shape its transformation. 2020 and 2021 will be decisive. The Covid-19 pandemic will remain the most important topic for the time being. It is uncertain how it will impact the Volkswagen Group in terms of severity and duration. It is therefore still virtually impossible to make a reliable forecast.

Ladies and gentlemen,

Over the years the Volkswagen Group has advanced into the world's largest automotive manufacturer. Never before has a manufacturer sold more vehicles. Despite this, Volkswagen AG is, in our opinion, undervalued, independent of the price decline caused by the coronavirus pandemic. The board of management of Volkswagen AG dealt intensely with this issue in the past fiscal year and in this connection increased its focus, among other things, on software as an integral component of digital vehicle architecture.

The transition to electromobility and digitization requires considerable investment in the future. Volkswagen will only be able to shoulder these if sales and also earnings power are raised. Therefore, the Volkswagen Group has sharpened its group strategy: it stands for more speed, greater focus and stringency and therefore ultimately for greater profitability.

The decision to raise our investment in Volkswagen Group to 53.3 percent of the ordinary shares demonstrated that we at Porsche SE remain convinced of the Volkswagen Group's potential for increasing value added. In the fiscal year 2019, 0.7 percent of the ordinary shares in Volkswagen AG were acquired for 311 million euro in capital market transactions and in the current fiscal year 2020 an additional 0.2 percent of the ordinary shares in Volkswagen AG were acquired for 81 million euro.

Ladies and gentlemen,

As I already explained at the beginning of my speech, the economic development of Volkswagen AG again had a major impact on Porsche SE in 2019.

Porsche SE's group result after tax reached 4.4 billion euro in the past fiscal year, an increase of around 26 percent compared to the fiscal year 2018.

As of 31 December 2019, net liquidity stood at 553 million euro, down from 864 million euro one year before. The decrease is primarily attributable to the acquisition of Volkswagen ordinary shares.

Ladies and gentlemen,

In addition to personnel changes on the board of management of Porsche SE that Dr. Wolfgang Porsche already explained to you, there were also personnel changes at our subsidiary PTV Group. In 2019, the whole board of management of PTV was reappointed. Now on the board are Christian Haas as CEO as well as Klaus Lechner as CFO and Dr. Peter Overmann as CTO. The new board of management team has already been able to report first successes: Thanks to a strong fourth quarter, revenue increased significantly to 116 million euro in the fiscal year 2019. The bottom line is double-digit revenue growth and at PTV AG level a positive operating result of 5 million euro. PTV was able to generate considerable growth with its software for the modeling and simulation of traffic infrastructure and traffic flows.

PTV's new board of management has devised a strategy for realigning the company. On the basis of its worldwide leading position as a software provider in the area of planning mobility infrastructure as well as the optimization of logistics processes, PTV's product portfolio is gradually being refined. In essence, it involves greater focus on cloud-based applications. In the medium term, the new PTV platform will generate higher revenue growth, either with a diverse offering of industry-specific applications or by providing traffic models for new target groups. This strategy is supported by an optimization of the sales organization and the business processes, which is expected to improve profitability significantly.

Moving to the cloud will allow the end customer to access any software they want at any time. The continuous improvement of products is ensured by regular updates. By establishing a "Software as a Service" business model, PTV expects improved scalability of its products, reduced complexity as well as enabling it to tap into new customer groups.

As a long-term investor, we are supporting PTV in this transformation phase. We are convinced that the new strategy will open up promising growth prospects for the company. In the short term, the transition to the new business model may cause revenue growth to slow. Overall, however, we expect the transformation to have a positive effect on the growth and profitability of PTV in the medium to long term.

In the current fiscal year, the impact of the coronavirus pandemic is also noticeable at PTV. For the first half of 2020, an operating result of minus 4 million euro was recorded at the level of PTV AG, taking transformation costs into account. Nonetheless, the board of management of PTV expects to generate a positive operating result in the fiscal year 2020.

Our venture capital investments developed positively. Back in January 2018, we already invested in the US company AEVA. AEVA is specialized in Light Detection and Ranging, LIDAR for short, and in this area has developed a highly integrated solution that significantly reduces the costs involved in using this technology.

LIDAR is a key technology for advanced driver assistance systems and will be pivotal for automated and autonomous driving. Our investment in AEVA will allow us to benefit in the long term from the expected dynamic market development in the field of LIDAR.

In August 2020, we invested in the Israeli technology company Aurora Labs. For the investment volume of around 2.5 million US dollar, we acquired a low single-digit capital share.

Aurora Labs was founded in 2016 and specializes in the validation and verification of software in the area of automotive and connected devices. The technology of Aurora Labs is specifically designed for efficient and secure software updates via a radio interface, known as over-the-air updates. In light of the increasing extent of software functions in vehicles and the associated necessity of always being able to update them, we expect strong growth for this market.

Ladies and gentlemen,

I would now like to turn to the more significant developments on the legal side.

A case according to the Capital Markets Model Case Act (in short: KapMuG) against Porsche SE in connection with increasing our share in Volkswagen AG has been pending at the Higher Regional Court of Celle for more than three years now. 40 plaintiffs in this case are claiming damages totaling around 5.4 billion euro. According to a preliminary opinion of the Higher Regional Court of Celle, the claims are legally unfounded. This is also the opinion of Porsche SE.

In the past year, the plaintiffs kept on delaying the proceeding. Overall, they have already submitted 29 motions for recusal for fear of bias. To the extent the motions have been ruled upon, they were all rejected. Again this year 17 hearing dates were canceled at the request of the plaintiffs or due to motions for recusal filed by the plaintiffs. We consider our legal position endorsed by the course of the proceeding to date and the preliminary opinion of the Higher Regional Court of Celle.

Porsche SE is also facing investor lawsuits in connection with the diesel issue. A total of 199 proceedings are pending at the Regional Court of Stuttgart, two proceedings at the Higher Regional Court of Stuttgart and 30 at the Regional Court of Braunschweig. Claims are being made for damages of approximately 1.1 billion euro. 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 some proceedings, a number of plaintiffs and also Porsche SE filed model case applications pursuant to the KapMuG. The Higher Regional Court of Stuttgart ruled that the pending model case was inadmissible as the model case pending at the Higher Regional Court of Braunschweig has priority for the time being. Some plaintiffs of the initial proceedings lodged an appeal with the Federal Court of Justice against this ruling. By court order from June, the Federal Court of Justice lifted the court order of the Higher Regional Court. The case is now back again at the Higher Regional Court of Stuttgart for appointment of a model case plaintiff.

Despite previously having suspended cases, the Regional Court of Stuttgart granted claims in two proceedings with a total of 47 million euro and dismissed the claims in the amount of approximately 117 million euro. Both Porsche SE and the plaintiffs appealed these decisions. The Higher Regional Court of Stuttgart suspended the appeal proceedings with reference to the KapMuG proceedings pending at the Higher Regional Courts of Braunschweig and Stuttgart. The plaintiffs have each lodged an appeal on points of law with the Federal Court of Justice against these rulings. In one proceeding, the appeal on points of law against the order to suspend the proceeding has meanwhile been withdrawn. In the other proceeding, the Federal Court of Justice in June of this year lifted the order to suspend the proceeding by the Higher Regional Court of Stuttgart and ordered that the proceeding be resumed.

I would now like to mention the model case filed with the Higher Regional Court of Braunschweig. Here, Porsche SE is a co-defendant, besides Volkswagen AG. The Higher Regional Court of Braunschweig has ruled that it will not address issues that relate to claims asserted solely against Porsche SE. The Federal Court of Justice rejected an appeal filed against this ruling by some parties.

On the legal issues please also note that the proceeding regarding the challenge of resolutions of the annual general meeting of 29 June 2016 was finally terminated. The resolutions of the annual general meeting 2016 regarding the approval of the acts of the members of the executive and of the supervisory board were declared null and void because the Stuttgart courts found some answers to questions insufficient. There are no resulting consequences from this for the activities of the company or its board members.

To sum up, I would like to reiterate that we regard the lawsuits brought against Porsche SE in connection with the diesel issue to be without merit and in some cases also to be inadmissible. We are convinced that we will prevail in all proceedings that are still ongoing.

Ladies and gentlemen,

Please allow me to summarize once more:

- The current fiscal year 2020 is well and truly in the grip of the coronavirus pandemic. This is reflected in the business figures for the first six months of the year. It is very difficult to project how the pandemic will pan out. We nonetheless expect Porsche SE to generate a positive group result after tax in the fiscal year 2020.

- Our investment Volkswagen AG has responded to the transformation of the automotive industry with a strategy that aims to both increase the enterprise value and to transform it into a technology group. Porsche SE is supporting Volkswagen on this journey. It will be important that Volkswagen continues to dynamically pursue its ambitious goals and lays the foundations for the widespread availability of electric vehicles.

- The board of management of PTV is working on implementing its strategy to realign the company. PTV's product portfolio is gradually being refined. By establishing a "Software as a Service" business model, PTV expects to improve the scalability of its products, to reduce complexity as well as to allow it to tap into new customer groups.

- On the legal side of things, we remain convinced that Porsche SE will prevail in all proceedings that are still ongoing.

Ladies and gentlemen,

At the end of July, the board of management and supervisory board of Porsche SE agreed to propose to the Annual General Meeting the distribution of a dividend of 2.21 euro per preference share and 2.204 euro per ordinary share. In March, the Board of Management and Supervisory Board of Porsche SE had proposed a dividend per preference share of 3.11 euro and a dividend per ordinary share of 3.104 euro. This reason for this adjustment was an announcement by Volkswagen AG that the dividend proposal would be on a par with its prior-year dividend. Volkswagen explained that it was reacting to the way the fiscal year 2020 had developed so far as a result of the Covid-19 pandemic. The corresponding resolution was taken at the Volkswagen AG's Annual General Meeting on

30 September 2020. After the adjustment, the dividend proposal of Porsche SE is also on a par with our prior-year dividend.

For the shareholders of Porsche SE, this results in a total distribution amount of around 676 million euro. We submit this dividend proposal to the vote of the Annual General Meeting today.

To close, I would like to thank you for listening and above all for your understanding that we had to postpone this year's Annual General Meeting and hold it virtually. I hope you find the virtual event interesting.