PORSCHE SE

Interim report

1 January – 12 May

2015

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Porsche Automobil Holding SE ("Porsche SE" or the "company"), as the ultimate parent of the Porsche SE Group, is a European Company (Societas Europaea) and is headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany. As of 31 March 2015, the Porsche SE Group had 32 employees (31 December 2014: 31 employees).

Porsche SE is a holding company. In particular, it holds the majority of the ordinary shares in Volkswagen Aktiengesellschaft ("Volkswagen AG" or "Volkswagen"), one of the leading automobile manufacturers in the world. The Volkswagen Group comprises 12 brands from 7 European countries: Volkswagen passenger cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen commercial vehicles, Scania and MAN.

On the basis of the structures in connection with the investment in Volkswagen AG, which have been in place for several years, Porsche SE has created the conditions in terms of organization and substance for the acquisition and management of new investments. To this end, clearly defined criteria and a systematic process have been created in order to identify and examine future investment opportunities.

Porsche SE's principal criteria for future investments are the connection to the automotive value chain, and above-average growth potential based on macroeconomic trends and industry-specific trends derived from them.

The automotive value chain comprises the entire spectrum of basic technologies geared to supporting the development and production process through to vehicle- and mobility-related services. The relevant macro trends include, for example, sustainability and conservation of resources, demographic change, urbanization and the increasingly networked automotive world. The industry-specific trends derived from these include new materials and drive concepts, shorter product life cycles and rising customer demands regarding safety and connectivity.

Taking these criteria into account, Porsche SE's investment focus is on strategic investments in midsize companies in Germany and abroad with experienced management. The main goal is to achieve sustainable value enhancement. New potential investment opportunities are examined on an ongoing basis.

This interim report by Porsche SE relates to the development of business and its effects on the results of operations, net assets and financial position in the first three months of the fiscal year 2015 and contains information on the reporting period from 1 January 2015 to 12 May 2015.

Contents

Significant developments in the Porsche SE Group

Change in the composition of the supervisory board
His Excellency Sheikh Jassim bin Abdulaziz bin Jassim Al-Thani has laid down his office as shareholder representative on the supervisory board of Porsche SE. He left the supervisory board effective as of the end of the day on 24 March 2015. His successor, Mr. Hans-Peter Porsche, was appointed as a member of the supervisory board by the Stuttgart Local Court on 25 March 2015. The court appointment is to be followed by the election of Mr. Hans-Peter Porsche as a member of the supervisory board by the annual general meeting on 13 May 2015.

Appointment of Mr. Müller as a member of the Volkswagen Group's board of management
On 27 February 2015, the supervisory board of Volkswagen AG appointed Mr. Matthias Müller, member of the Porsche SE executive board responsible for strategy and corporate development, as a member of the group board of management of Volkswagen AG with functional responsibility as "Chairman of Dr. Ing. h.c. F. Porsche AG", effective as of 1 March 2015.

Prof. Dr. Ferdinand K. Piëch lays down his supervisory board mandates within the Volkswagen Group
Volkswagen AG announced the following in an ad hoc announcement on 25 April 2015: "The chairman of the supervisory board of Volkswagen AG, Professor Dr. Ferdinand K. Piëch, has announced his resignation with immediate effect from his position as chairman as well as member of the supervisory board, as well as all other mandates within the Volkswagen Group. In addition, Ursula Piëch has announced her resignation from all mandates within the Volkswagen Group. The deputy chairman of the supervisory board, Berthold Huber, will temporarily assume leadership of the Board until the election of a new chairman." Upon application of Volkswagen AG, the Regional Court of Braunschweig appointed Dr. Louise Kiesling and Ms. Julia Kuhn-Piëch as members of the supervisory board of Volkswagen AG on 30 April 2015, with immediate effect. The appointment was made pursuant to Sec. 104 German Stock Corporation Act (AktG).

Significant developments and current status relating to litigation risks and legal disputes

Actions for damages in Germany and England
At the end of 2011, 6 plaintiffs asserting damages from their own rights and one plaintiff asserting damages from allegedly assigned rights of 6 other claimants filed an action for damages against Porsche SE, which is pending before the Regional Court of Hanover. In this action, the plaintiffs last alleged overall damages of about €1.81 billion (plus interest) based on alleged market manipulation and alleged inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG by Porsche SE. An oral hearing before the Regional Court of Hanover took place on 14 October 2014. During two further oral hearings on 6 and 7 May 2015 evidence was taken through examination

of two witnesses. Dates for continuation of taking evidence and for examination of further witnesses have not yet been scheduled. Porsche SE considers these claims to be without merit.

Based on the same alleged claims, the aforementioned plaintiffs filed an action against two members of the supervisory board of Porsche SE before the Regional Court of Frankfurt am Main in September 2013. Porsche SE has joined the proceeding as intervenor in support of the two supervisory board members. A trial date for hearing the case took place on 30 April 2015. The court has scheduled a date for rendition of a decision on the motion for providing security for legal costs by the plaintiffs for 21 May 2015. Porsche SE considers the claims to be without merit.

On 30 April 2013, 25 plaintiffs filed a complaint against Porsche SE at the Regional Court of Stuttgart and asserted claims for damages based on allegations of market manipulation and inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG in 2008. After withdrawal of the complaint by one plaintiff, the merger of two other plaintiffs and after the partial correction of the alleged damage claim, the remaining 23 plaintiffs asserted claims for damages in an amount of around €1.36 billion (plus interest) in the proceeding before the Regional Court of Stuttgart. The Regional Court of Stuttgart dismissed the action by decision of 17 March 2014. 19 of the 23 plaintiffs had filed appeals against this decision on 22 April 2014. The four plaintiffs who did not file appeals originally had asserted claims for damages in the amount of approximately €177 million (plus interest). Hence, the remaining claims for damages asserted in the appellate proceedings amounted to approximately €1.18 billion (plus interest). The Higher Regional Court of Stuttgart dismissed the appeals by decision of 26 March 2015 and thus confirmed the dismissal by the Regional Court of Stuttgart. Leave to appeal on points of law was not permitted. All 19 plaintiffs have lodged a complaint against the refusal of leave to appeal on points of law to the Federal Court of Justice (Bundesgerichtshof). Porsche SE considers the claims to be without merit.

At the end of 2011, ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought two actions before the Regional Court of Braunschweig against Porsche SE based on claims for damages in an amount of around €1.92 billion (plus interest) allegedly assigned to it by 69 investment funds, insurance companies and other companies. In each case, the plaintiff alleges that, in 2008, on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE, the companies behind the complaints either failed to participate in price increases of shares in Volkswagen AG and, hence, lost profits or entered into derivatives relating to shares in Volkswagen AG and incurred losses from these transactions due to the share price development in the amount claimed. During the oral hearings before the Regional Court of Braunschweig on 10 December 2014 the plaintiff filed an application for establishment of a model case according to the Capital Markets Model Case Act (KapMuG) and filed as a precautionary measure a motion to refer the case. By decisions of 4 March 2015, the Regional Court of Braunschweig referred the case to the Regional Court of Hanover as the competent court for antitrust matters because the plaintiff based its alleged claims also on antitrust law. A decision on further steps to be taken in the proceedings has not yet been made. Porsche SE considers the KapMuG motions to be inadmissible and the claims to be without merit.

An individual filed an action against the company in the amount of approximately €1.3 million (plus interest) with the Regional Court of Stuttgart in August 2012 based on asserted damage claims due to allegedly inaccurate information and the omission of information. After an oral hearing before the Regional Court of Braunschweig had taken place, the case was referred to the antitrust chamber of the Regional Court of Hanover in accordance with a request of the plaintiff. By a pleading of 18 February 2015, the plaintiff filed an application for establishment of a model case according to the Capital Markets Model Case Act (KapMuG). A decision on further steps to be taken in the proceedings has not yet been made. Porsche SE considers the KapMuG motion to be inadmissible and the claim to be without merit.

In September 2012, another company filed an action against Porsche SE in the amount of approximately €213 million (plus interest) with the Regional Court of Braunschweig. The plaintiff claims that it entered into options relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information by Porsche SE and that it incurred losses from these options due to the share price development in the amount claimed. By written pleading dated 24 April 2015, the plaintiff filed a motion to refer the case to the antitrust chamber of the Regional Court of Hanover because the alleged claims were now also based on antitrust law. A trial date before the Regional Court of Braunschweig has been set for 26 June 2015. Porsche SE considers the claim to be without merit.

In January 2013, another individual had substantiated his claim in the amount of around €130,000 (plus interest) based on allegedly inaccurate information and omission of information, previously asserted by reminder notice, entering thereby legal proceedings. After being referred, the proceeding was pending before the Regional Court of Braunschweig. The Regional Court of Braunschweig dismissed the plaintiff's action by decision dated 30 July 2014. The plaintiff has appealed this decision. Until now, no decision on the appeal has been rendered nor has a trial date been set. Porsche SE considers the claim to be without merit.

In March 2015, 32 companies (hedge funds, pension funds and other investment funds) filed claims for damages against Porsche SE before the Regional Court of Braunschweig. In this action, the plaintiffs allege overall damages of about €507 million (plus interest) on the basis of inaccurate information and the omission of information and have filed an application for establishment of a model case according to the Capital Markets Model Case Act (KapMuG). The court indicated that it had declared itself incompetent in comparable cases and that it has referred such cases to the antitrust chamber of the Regional Court of Hanover. Thereupon the plaintiffs filed a motion to refer the case, which has not yet been decided upon. Porsche SE considers the KapMuG motion to be inadmissible and the claim to be without merit.

On 7 June 2012, Porsche SE filed an action for declaratory judgment with the Regional Court of Stuttgart that alleged claims of an investment fund in the amount of around US$195 million do not exist. The investment fund had asserted out-of-court that Porsche SE had made false and misleading statements in connection with its acquisition of a stake in Volkswagen AG during 2008 and announced that it intended to file the alleged claim before a court in England. On 18 June 2012, the investment fund filed an action against Porsche SE with the Commercial Court in England. On 6 March 2013 the English proceedings were suspended at the request of both parties, until a final decision had been reached in the proceedings begun at the Regional Court of Stuttgart concerning the question of which court is the court first seized. On 24 July 2013, the Regional Court of Stuttgart decided that the Regional Court of Stuttgart is the court first seized. This decision of the Regional Court of Stuttgart has been appealed by way of an immediate appeal by one of the defendants. By decision dated 28 November 2013, the Regional Court of Stuttgart did not allow the appeal and submitted the appeal to the Higher Regional Court of Stuttgart for a decision. By decision dated 30 January 2015, the Higher Regional Court of Stuttgart dismissed the immediate appeal. The defendant has filed an appeal on points of law to the Federal High Court of Justice. Porsche SE considers the action filed in England to be inadmissible and the claims to be without merit.

Proceedings regarding shareholders' actions

A shareholder has filed an action of nullity and for annulment before the Regional Court of Stuttgart regarding the resolutions of the annual general meeting on 30 April 2013 on the exoneration of the executive board and the supervisory board for the fiscal year 2012, the election of five persons as members of the supervisory board as well as the resolution to refuse the motion to vote out the chairman of the general meeting. The Regional Court of Stuttgart dismissed the action by decision of 23 September 2014. The shareholder appealed this decision. The Higher Regional Court of Stuttgart has scheduled a trial date for 19 June 2015. Porsche SE considers the action to be partially inadmissible and in any event to be without merit.

The same shareholder has also filed an action of nullity and for annulment regarding the resolutions of the annual general meeting on 27 May 2014 as well as a precautionary action for determination that a shareholders' resolution has been adopted before the Regional Court of Stuttgart. Subject of the actions are the shareholders' resolutions on the exoneration of the executive board and the supervisory board for the fiscal year 2013 as well as the resolution to refuse the motion to vote out the chairman of the general meeting. As a precautionary measure, the shareholder additionally filed an action for determination that a shareholders' resolution has been adopted regarding the motion to vote out the chairman of the general meeting. A trial date has been set for 20 October 2015. Porsche SE considers the action to be partially inadmissible and in any event to be without merit.

Furthermore, the same shareholder claims a right to information against Porsche SE before the Regional Court of Stuttgart. With this motion, the disclosure of questions asked at the annual general meeting in 27 May 2014 is demanded. A trial date has been set for 20 October 2015. Porsche SE considers the motion to be without merit.

Investigations and criminal proceedings

In December 2012, the Stuttgart public prosecutor brought charges against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter with the chamber of the Regional Court of Stuttgart responsible for economic offenses on suspicion of information-based manipulation of the market in Volkswagen shares. According to the press release by the Stuttgart public prosecutor of 19 December 2012, they are held responsible for false declarations made in public statements of the company at their instigation in 2008 relating to the acquisition of the shareholding in Volkswagen AG. In five statements made in the period from 10 March 2008 to 2 October 2008, Porsche SE is alleged to have denied any intention to step up its investment to 75% of the voting capital despite already planning to do so at the time. In its charges, the public prosecutor assumes, that by February 2008 at the latest, it was already the intent of the accused former members of the executive board to increase Porsche SE's investment in Volkswagen AG to 75% of the voting capital before the end of the first quarter of 2009 in preparation for a control and profit and loss transfer agreement. Porsche SE's denials covered by the charges are alleged to have had an actual impact on the stock market price of Volkswagen ordinary shares. This is alleged to have led specific investors to sell Volkswagen ordinary shares that they already held and to sell short Volkswagen ordinary shares. The Regional Court of Stuttgart dismissed the opening of the main proceedings on 24 April 2014. Following the Stuttgart public prosecutor's appeal, this decision of the Regional Court of Stuttgart was annulled by the Higher Regional Court of Stuttgart on 18 August 2014 and the main proceedings were opened. This decision is final. A date for the main hearing has been set for 31 July 2015. On 20 October 2014 the Stuttgart public prosecutor requested an order by the Regional Court of Stuttgart for participation of Porsche SE as a secondary party with respect to the imposition of a fine in accordance with Sec. 30 German Act against Regulatory Offenses (OWiG) against Porsche SE concerning the alleged criminal offenses. In this context the Stuttgart prosecutor noted that it currently does not assume that Porsche SE obtained an economic benefit from the alleged criminal offenses (five statements made between 10 March 2008 and 2 October 2008) that could be confiscated. By decision dated 29 April 2015, the Regional Court of Stuttgart ordered that Porsche SE shall participate in the proceeding as secondary party.

In February 2013, it became known that the Stuttgart public prosecutor had launched investigations against all members of the supervisory board of Porsche SE from 2008 and a former employee with the allegation of jointly aiding and abetting violation of the prohibition on market manipulation by omission as charged against Dr. Wendelin Wiedeking and Holger P. Härter in the indictment of 17 December 2012.

In September 2014, the Stuttgart public prosecutor launched further investigations against the former executive board members Dr. Wendelin Wiedeking and Holger P. Härter concerning the press release by Porsche SE of 26 October 2008. Allegedly, the put options held by Porsche SE, which were not mentioned in the press release, were deliberately not mentioned. Thus, the press release had allegedly been false or deceptive and capable of influencing the price of Volkswagen shares, which it allegedly did as well. The Stuttgart public prosecutor has launched investigations for administrative and regulatory offenses against Porsche SE regarding these further investigations against the former executive board members Dr. Wendelin Wiedeking and Holger P. Härter, considering whether a fine in accordance with Sec. 30 OWiG shall be imposed on Porsche SE insofar as a body of the company is responsible for a breach of duty in that respect. Should charges be brought against the former executive board members Dr. Wendelin Wiedeking and Holger P. Härter concerning the press release of 26 October 2008, the Stuttgart public prosecutor would – as the case may be after consolidation with the criminal proceedings already pending – request an order for participation of Porsche SE as a secondary party also in this criminal proceeding with respect to the imposition of a fine in accordance with Sec. 30 OWiG concerning the alleged criminal offense. In case of conviction of the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter, the Regional Court of Stuttgart could impose a fine in accordance with Sec. 30 OWiG against Porsche SE. A possible economic benefit obtained by Porsche SE from the alleged criminal offense of the former members of the executive board could also be confiscated. Porsche SE considers the allegations made by the Stuttgart public prosecutor to be without merit and therefore does not see the possibility of a confiscation.

Porsche SE considers all allegations made in the aforementioned proceedings to be without merit.

Significant events at the Volkswagen Group

ŠKODA expands its production facilities in Kvasiny

The ŠKODA brand will modernize and expand its production location in Kvasiny, Czech Republic, by 2018. Up to 1,300 new jobs will be created and the plant's capacity will increase to 280,000 vehicles per year. In a "memorandum of understanding" with the company, the Czech government also agreed to expand public infrastructure and improve school and healthcare facilities over the same period. The plant in Kvasiny is one of the brand's three production locations in the Czech Republic. It currently employs around 4,500 people and produces the Roomster, Yeti and Superb models.

Acquisition of all Scania shares

On 14 March 2014, Volkswagen AG made a voluntary tender offer to Scania's shareholders for all shares not previously held by Volkswagen either directly or indirectly. Following completion of the offer, Volkswagen increased its interest in Scania's share capital to 99.57% at the end of 2014. A squeeze-out was initiated for the remaining Scania shares, and on 11 November 2014 the court of arbitration ruled in the squeeze-out proceedings that all Scania shares outstanding would be transferred to Volkswagen AG. Volkswagen AG has been the indirect and direct legal owner of all Scania shares since 14 January 2015, when the decision became final and unappealable. The arbitration proceedings to determine an appropriate settlement are continuing. Volkswagen aims to create a leading commercial vehicles group through close operational cooperation between Scania, MAN and Volkswagen commercial vehicles.

Business development

General economic development
The global economy saw robust growth in the first three months of 2015. While the economic recovery continued in many industrialized nations, growth in some emerging economies remained below average. Falling prices for energy and raw materials had a negative impact on individual countries' economies, but their effect on the global economy as a whole was supportive.

Trends in the passenger car markets
Global new passenger car registrations were up 3.7% year-on-year in the first quarter of 2015, although regional demand was mixed. The Asia-Pacific region, North America, Western Europe and Central Europe saw growth, while a sharp year-on-year drop in market volumes was recorded in Eastern Europe and South America.

Trends in the market for commercial vehicles
Global demand for light commercial vehicles saw a slight year-on-year increase in the first quarter of 2015. Global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was down year-on-year in the first three months of 2015. Demand for buses around the world and in the markets relevant for the Volkswagen Group was down year-on-year in the first quarter of 2015.

Employees in the Volkswagen Group
The Volkswagen Group had a total of 595,293 employees worldwide at the end of March 2015, up 0.5% on the number at year-end 2014. The expansion of the workforce was attributable to the increase in production and the recruitment of specialists and experts. At 272,175, the number of employees in Germany was up 0.4% on year-end 2014. The proportion of employees in Germany was at the same level as the previous year, at 45.7% (31 December 2014: 45.7%).

Sales and production in the Volkswagen Group
In the first quarter of 2015, the Volkswagen Group's unit sales to the dealer organization – including the Chinese joint ventures – amounted to 2,607,377 vehicles, thereby exceeding the comparable prior-year figure by 1.8%. The Volkswagen Group produced 2,720,508 vehicles in the period from January to March 2015, recording year-on-year growth of 6.1%. Production in Germany increased by 6.2% to 701,501 models. The proportion of vehicles produced in Germany rose to 25.8% (first quarter 2014: 25.7%).

The following graphic presents the Volkswagen Group's deliveries by region and by brand.

Deliveries of passenger cars, light commercial vehicles, trucks and buses from 1 January to 31 March[1]

	2015	2014	Change %
Regions			
Europe/Other markets	1,126,728	1,078,220	4.5
North America	205,814	197,768	4.1
South America	152,788	185,372	– 17.6
Asia-Pacific	1,002,097	981,180	2.1
Worldwide	**2,487,427**	**2,442,540**	**1.8**
by brands			
Volkswagen passenger cars	1,479,361	1,498,892	– 1.3
Audi	438,229	412,848	6.1
ŠKODA	265,097	247,184	7.2
SEAT	102,745	93,370	10.0
Bentley	2,232	2,579	– 13.5
Lamborghini	884	529	67.1
Porsche	51,102	38,663	32.2
Bugatti	10	8	25.0
Volkswagen commercial vehicles	108,217	103,237	4.8
Scania	17,500	18,844	– 7.1
MAN	22,050	26,386	– 16.4

1 Deliveries for 2014 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

Explanatory notes on results of operations, net assets and financial position

In the following explanations, the significant results of operations as well as the financial position and net assets for the first three months of the fiscal year 2015 and as of 31 March 2015 are compared to the corresponding comparative figures for the period from 1 January to 31 March 2014 (results of operations) and as of 31 December 2014 (financial position and net assets).

Results of operations of the Porsche SE Group
In the period from 1 January to 31 March 2015, the Porsche SE Group recorded a profit for the period of €870 million (prior year: €728 million). This result was significantly influenced by the profit from investments accounted for at equity of €881 million (prior year: €732 million), of which €882 million (prior year: €732 million) is attributable to the investment in Volkswagen AG and minus €1 million (prior year: €0 million) to the investment in INRIX Inc., Kirkland, Washington, USA. The profit from investments accounted for at equity also includes effects of the subsequent measurement of the purchase price allocations. The profit from investments accounted for at equity – and therefore the Porsche SE Group's profit in the first three months of the fiscal year 2015 – was reduced by a total of €30 million (prior year: €42 million) by the subsequent effects of these purchase price allocations, i.e., the subsequent measurement of hidden reserves and liabilities identified in the process.

The financial result for the first three months of the fiscal year 2015 comes to minus €7 million (prior year: minus €7 million). In the reporting period, this amount mainly contains expenses from loan interest of €5 million (prior year: €5 million), as well as from additions to provisions for expected interest on tax back payments of €3 million (prior year: €4 million).

As a result of the change in deferred tax liabilities, there was tax income of €4 million in the reporting period (prior year: tax income of €11 million).

Net assets and financial position of the Porsche SE Group
The Porsche SE Group's total assets decreased by €826 million, from €30,465 million as of 31 December 2014 to €29,639 million as of 31 March 2015.

The non-current assets of the Porsche SE Group came to €27,073 million as of 31 March 2015 (31 December 2014: €27,715 million) and mainly comprise the shares in Volkswagen AG accounted for at equity. Compared to 31 December 2014, these have decreased by €640 million to €27,032 million. This decrease is almost entirely attributable to expenses that are recognized directly in equity of the Volkswagen Group (mainly arising from pension obligations and hedging transactions) and have to be taken into account in the carrying amount of the investment.

Current assets, which mainly consist of cash and cash equivalents, time deposits and securities of Porsche SE and its subsidiaries, amount to €2,566 million as of 31 March 2015 (31 December 2014: €2,750 million). Due in particular to refunds of tax on investment income from dividends received, income tax receivables contained in current assets have decreased from €174 million as of 31 December 2014 to €10 million.

Despite the net profit for the period, the equity of the Porsche SE Group as of 31 March 2015 decreased from €29,493 million as of 31 December 2014 to €28,840 million. This is almost exclusively attributable to expenses which are recognized directly in equity according to at equity accounting.

Income tax provisions fell from €336 million as of 31 December 2014 to €216 million due to tax payments made.

Non-current financial liabilities remained unchanged compared to 31 December 2014, at a total of €300 million.

Net liquidity of the Porsche SE Group, i.e., cash and cash equivalents, time deposits and securities less loan liabilities, decreased slightly from €2,267 million as of 31 December 2014 to €2,253 million as of 31 March 2015. This figure does not yet contain the dividend received from Volkswagen AG in May 2015 for the fiscal year 2014.

Results of operations of the significant investment

The following statements relate to the original profit/loss figures of the Volkswagen Group. This means that effects from inclusion in the consolidated financial statements of Porsche SE, particularly relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocation, as well as from applying uniform group accounting policies, are not taken into consideration.

At €52,735 million, the Volkswagen Group's sales revenue in the first quarter of 2015 was 10.3% higher than in the prior-year period. In addition to exchange rate effects, it was positively affected mainly by higher volumes and an improved mix. The group generated 79.3% (prior year: 79.2%) of its sales revenue outside Germany.

Less cost of sales, gross profit in the reporting period came to €10,309 million, €1,347 million higher than in the prior-year period. The gross margin was 19.5% (prior year: 18.7%).

At €3,328 million, the Volkswagen Group's operating profit in the period from January to March 2015 was around €473 million higher than the comparative prior-year figure due to volume, mix and exchange rate effects as well as optimized product costs, while higher fixed costs had a negative impact. The operating return on sales improved to 6.3% (prior year: 6.0%).

Profit before tax rose by 18.2% year-on-year to €3,968 million. Profit after tax was €464 million higher than a year earlier at €2,932 million.

Outlook

Anticipated development of the Volkswagen Group

The Volkswagen Group’s strengths include in particular its unique brand portfolio, its diverse range of models, its steadily growing presence in all major world markets and its wide selection of financial services. Volkswagen offers an extensive array of attractive, environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups. This ranges from motorcycles through compact, sports and luxury cars to heavy trucks and buses, and covers almost all segments. The Volkswagen Group’s brands will press ahead with their product initiative in 2015, modernizing and expanding their offering by introducing new models. The Volkswagen Group’s goal is to offer all customers the products and innovations they need, sustainably strengthening its competitive position in the process.

The Volkswagen Group expects that it will moderately increase deliveries to customers year-on-year in 2015 in a persistently challenging market environment.

The difficult market environment, fierce competition, interest rate and exchange rate volatility, and fluctuations in raw material prices all pose challenges. A positive effect is expected from the efficiency programs implemented by all brands and, increasingly, from the modular toolkits.

Depending on the economic conditions, the Volkswagen Group expects 2015 sales revenue for the group and its business areas to increase by up to 4% above the prior-year figure. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the commercial vehicles/power engineering business area.

In terms of the group’s operating profit, Volkswagen anticipates an operating return on sales of between 5.5% and 6.5% in 2015 in light of the challenging economic environment. The operating return on sales is expected to be in the 6.0% to 7.0% range in the passenger cars business area and between 2.0% and 4.0% in the commercial vehicles/power engineering business area. For the financial services division, Volkswagen is forecasting an operating profit at the prior-year level.

Disciplined cost and investment management and the continuous optimization of its processes remain integral elements of the Volkswagen Group’s Strategy 2018.

Anticipated development of the Porsche SE Group

The Porsche SE Group's profit/loss will be largely dependent on the results of operations of the Volkswagen Group and therefore on the profit/loss of the investment in it accounted for at equity that is attributable to Porsche SE. The forecast is therefore largely based on the expectations of the Volkswagen Group regarding its future development. Differences between the forecasts of the Volkswagen Group and the Porsche SE Group can arise, as Porsche SE's forecast cannot be based on the core management indicators forecast by the Volkswagen Group.

The following forecast is based on the current structure of the Porsche SE Group. Effects from future investments of the company are not taken into account as it is not possible to make statements regarding their future effects on the results of operations, financial position and net assets of the group.

As of 31 March 2015, Porsche SE had net liquidity of €2,253 million. It is aimed to achieve positive net liquidity for both Porsche SE and the Porsche SE Group. The amount as of 31 December 2015 is still expected to be between €1.7 billion and €2.3 billion, not taking future investments into account.

Overall, based on the current group structure, in particular on the basis of the Volkswagen Group's expectations regarding its future development for the fiscal year 2015, without taking into account the expected effect of the dilution of Porsche SE's share in capital of Volkswagen AG in connection with the mandatory convertible bonds issued by Volkswagen AG, Porsche SE continues to expect a group profit for the year of between €2.8 billion and €3.8 billion.

Financial calendar

13 May 2015
Annual general meeting

3 August 2015
Six-monthly financial report

10 November 2015
Interim report 1 January – 9 November 2015

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