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# ANNUAL PRESS CONFERENCE

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**Porsche in numbers 2017**

The most successful year in Porsche's history





**Oliver Blume**

Chairman of the Executive Board

**Lutz Meschke**

Deputy Chairman of the Executive Board  
Member of the Executive Board for Finance and IT



**Record year**

"Delighting our customers, safeguarding jobs and social responsibility are our top priorities when it comes to our business."

"With a profit margin of 17.6 per cent, Porsche continues to be among the most profitable automobile manufacturers in the world."

"We are using our high earnings to support an unprecedented future development plan."

"Our aim for 2018 is to stabilise sales and deliveries at this high level."

**Outlook for 2018**

"Within the last three years, the operating result has been boosted by over 50 per cent."

**Performance**

**Our product strategy**



"For the next ten years, Porsche intends to continue with a three-pronged approach, incorporating optimised combustion engines, plug-in hybrid models and purely electric sports cars – all in typical Porsche style of course."

"Our two world premieres in Geneva underline this approach: The GT3 RS, a new, purist super sports car. And the Mission E Cross Turismo, the almost production-ready concept for the first purely electric Cross-Utility Vehicle from Porsche."

**Motorsport**

"Motor racing is, and will remain, a part of the Porsche identity. After four very successful years in the LMP1 prototype class, we are now focusing our efforts on GT motorsport and plan to enter Formula E in 2019:"

"The race track is our test lab for series production."

"We don't see conflict between economic, ecological and social aspects. They must work in harmony with each other."

**Responsibility**



# Porsche paves the way for the future with substantial investments

**Revenue of 23.5 bn euro – operating result of 4.1 bn euro – operating profit margin of 17.6 per cent**

**Stuttgart.** Porsche AG set new records for deliveries, revenue and operating results in the 2017 financial year, delivering a total of 246,375 vehicles (+4 per cent) and increasing its revenue by five per cent – to 23.5 billion euro. Its operating profit rose by seven per cent to 4.1 billion euro (2016: 3.9 billion euro). As a result, its operating return on sales increased from 17.4 per cent in the previous year to 17.6 per cent. At the end of 2017, Porsche employed 29,777 people, representing an increase of eight per cent compared to the previous year.

“This successful financial statement confirms our strategy. We are using our high earnings level to support an unprecedented future development plan,” explained Oliver Blume, Chairman of the Executive Board of Porsche AG, at the annual press conference. In addition to making sizeable investments in its core sports car business, Porsche is also doubling its expenditure on trends for the future, with a commitment to invest over six billion euro in electromobility by 2022. The money will be spent on derivatives of the Mission E, hybridisation and electrification of the current model range, as well as on developing a charging infrastructure and smart mobility.



**„This successful financial statement confirms our strategy. We are using our high earnings level to support an unprecedented future development plan.“**

– Oliver Blume

“We have succeeded in boosting our operating result by over 50 per cent within the last three years,” emphasised Lutz Meschke, Deputy Chairman of the Executive Board and Member of the Executive Board for Finance and IT. “With a profit margin of 17.6 per cent, Porsche continues to be among the most profitable automobile manufacturers in the world. This is down to continuous improvements in productivity, our stringent cost management strategy as well as our outstanding product range,” continued Meschke. Digitisation, electrification and connectivity are major challenges that require substantial investment. “Nevertheless, we are sticking to our strategic return target of at least 15 per cent. We must and we will generate growth potential alongside the actual vehicle business. In the medium term, we want to generate a double-digit percentage of sales through digital services.”

Meschke is optimistic in his outlook: “Our aim for 2018 is to stabilise revenue and deliveries at this high level.” Porsche expects the next boost in sales to come when the Mission E, the first purely electric vehicle, hits the market.

Plans for derivatives of the Mission E are also under way: Just last week, Porsche presented a production-ready concept study of the Mission E Cross Turismo at the Geneva Motor Show. The purely electrically driven Cross-Utility Vehicle (CUV) has a system power of over 600 hp (440 kW), a range of more than 500 kilometres and accelerates from 0 to 100 km/h in under 3.5 seconds. The charging time is four minutes for a range of approximately 100 kilometres.

For the next ten years, Porsche intends to continue with a three-pronged approach, incorporating optimised combustion engines, plug-in hybrid models and purely electric sports cars – all in typical Porsche style of course. “The regions of the world are developing at different rates. We are therefore gearing ourselves up as flexibly as possible for the transitional period,” said Blume.

Porsche also unveiled the 911 GT3 RS in Geneva. “The GT3 RS features the most powerful naturally aspirated engine Porsche has to offer,” said Oliver Blume, Porsche CEO. The new high-performance sports car delivers 383 kW (520 hp) from a four-litre displacement, accelerates from 0 to 100 km/h in just 3.2 seconds and boasts a top speed of 312 km/h. Following the launch of the 911 GT3 and the 911 GT2 RS, this latest release saw Porsche present its third GT road-approved sports car within a year.

Blume also emphasised the role of Porsche within society: “We never view our economic success in isolation. We always have a clear focus on the non-financial aspects of our business too – our social responsibility. We don't see conflict between economic, ecological and social aspects. They must work in harmony with each other.”

**„We don't see conflict between economic, ecological and social aspects. They must work in harmony with each other.“**

– Oliver Blume

Blume cites the subject of training by way of example. In 2017, 230 young people commenced training at Porsche. With the launch of the Mission E, the sports car manufacturer plans to increase the number of technical training again – from the current 106 to 156 in the future. A total of around 750 training places are currently available at Porsche. Through the integration year for refugees and the preparatory year, Porsche enables applicants who would have little opportunity on the basis of general selection criteria to gain foundation qualifications. Socially disadvantaged young people in South Africa and the Philippines are trained as part of a collaboration with Don Bosco.

Through charitable donations totalling over six million euro, Porsche supported over 200 initiatives benefiting the environment, social and cultural projects, sports, education and science in 2017. The sports car manufacturer also sponsors



The new concept study

**Mission E Cross Turismo**





regional cultural and sports facilities, including the Stuttgart Ballet, the Gewandhaus orchestra in Leipzig and the "Turbo for Talents" project for young athletes.

Sustainable business also plays a large role in its core business: Since January 2017, Porsche AG has used 100 per cent green energy. In addition, the sports car manufacturer is transforming its rail logistics transport into a completely carbon neutral process. In 2017, Porsche once again received multiple international awards for sustainable building. The company conducts its own internal audits to ensure that its suppliers implement the high ensuring sustainability requirements. In addition, the company intends to produce the Mission E using a CO<sub>2</sub>-neutral process.

**Outlook for the next 10 years: optimised combustion engines, plug-in hybrid models, purely electric sports cars.**



**Consumption data**

**911 GT3:** Fuel consumption combined 13.3-12.7 l/100 km, urban 20.2-19.4 l/100 km, extra urban 9.2-8.8 l/100 km; CO2 emissions 302-288 g/km

**GT2 RS:** Fuel consumption combined 11.8 l/100 km, urban 18.1 l/100 km, extra urban 8.2 l/100 km; CO2 emissions 269 g/km

**911 Carrera T:** Fuel consumption combined 9.5-8.5 l/100 km, urban 13.5-11.5 l/100 km, extra urban 7.1-6.8 l/100 km; CO2 emissions 215-193 g/km

**718 Boxster GTS:** Fuel consumption combined 9.0-8.2 l/100 km, urban 12.3-10.9 l/100 km, extra urban 7.0-6.6 l/100 km; CO2 emissions 205-186 g/km

**718 Cayman GTS:** Fuel consumption combined 9.0-8.2 l/100 km, urban 12.3-10.9 l/100 km, extra urban 7.0-6.6 l/100 km; CO2 emissions 205-186 g/km

**Cayenne Turbo:** Fuel consumption combined 11.9-11.7 l/100 km, urban 16.4-16.2 l/100 km, extra urban 9.5-9.3 l/100 km; CO2 emissions 272-267 g/km

**Panamera Turbo S E-Hybrid:** Fuel consumption combined 2.9 l/100 km; electricity consumption (combined) 16.2 kWh/100 km; CO2 emissions 66 g/km

**911 Turbo S Exclusive Series:** Fuel consumption combined 9.1 l/100 km, urban 11.8 l/100 km, extra urban 7.5 l/100 km; CO2 emissions 212 g/km







WOODSUNG

# Progress with the right attitude

Oliver Blume on an exciting year 2017, social responsibility and the Porsche culture



**Oliver Blume**

Chairman of the Executive Board

**Key events  
in 2017**

**“In the beginning, I  
looked around and  
could not quite find the  
car I dreamed of.  
So I decided to build  
it myself.”**

– Ferry Porsche

Continuing the pioneering spirit of Ferry Porsche. Building the cars that people dream of. Shaping the future of the sports car. These things make up our mission, and in 2017 we succeeded in our aims:

#### World premieres

- The new 911 GT3 with its motorsport emphasis.
- The Panamera Turbo S E-Hybrid and the Sport Turismo.
- The fastest 911 of all time – the GT2 RS.
- The 911 Turbo S Exclusive Series, which has long since sold out.
- The third generation of the Cayenne, with the Cayenne Turbo as the flagship model.
- The 718 Boxster GTS and the 718 Cayman GTS.
- And the puristic lightweight Carrera T.

#### Prizes & awards

Porsche is synonymous with products that delight: The Panamera Turbo Sport Turismo was named “best sports car” of the year in the 2017 “Das goldene Lenkrad” awards. It was





also the new Panamera that secured victory in the luxury segment in the "Best Cars" reader's poll conducted by the German industry magazine *auto motor und sport*. And the 911 Cabrio made it all the way to the top in the cabriolet category. Finally, the 911 Carrera was crowned best sports car for the fifth time in succession.

We are also very proud of the results achieved in the latest studies by J.D. Power. The US market research institute has been the go-to body for quality evaluations in the automotive industry for more than five decades. In addition to the Initial Quality Study, for the last 22 years they have also been conducting the APEAL Study. This study looks at the attractiveness of vehicles and surveys more than 69,000 new vehicle customers in the US every year.

Porsche was ranked top in the overall evaluation of the APEAL Study – for the 13th time in a row. In addition to various individual awards for quality and appeal, in 2017 we were also recognised in the Total Ownership Experience category. This new competition category summarises the results from the five key J.D. Power areas, and Porsche took the top spot here too.

### Production anniversary

In addition to our success in various awards, the 911 gave us another reason to celebrate: Some of you may even have been here at the Zuffenhausen plant in May when "the one-millionth 911" rolled off the production line. A Carrera S in Irish Green – the favourite colour of our company founder Ferry Porsche. The one-millionth 911 recently went on a world tour taking in Scotland, the USA and China. It will also be on display in Berlin from Monday, as part of the special "70 years of sports cars" exhibition taking place at "Drive", Unter den Linden. When the exhibition ends, our anniversary 911 will have a permanent home here in the Porsche Museum.

### Motorsport

We made motorsport history in 2017 too: At the 24 Hours of Le Mans, the Porsche 919 Hybrid helped us to secure our

19th overall victory. This successful performance marked our third consecutive victory in the toughest race in the world.

We also achieved a spectacular triple in the World Endurance Championship – taking the world championship title for the third time in a row. This was the perfect way to mark the end of our participation in the LMP1 class.

### The move to Formula E & commitment to the GT class

In 2019, we will enter Formula E with our own works team. Formula E is the racing series for sports cars with electric motors. And it is therefore the ultimate environment for promoting the development of high-performance vehicles – including in terms of efficiency, sustainability and being environmentally friendly. Alongside this, we are reinforcing our commitment to the GT class. Because motor racing is, and will remain, a part of the Porsche identity. The race track has been our test lab for series production for seven decades.

### Other highlights

- Our sporting successes in 2017 also extended to the clay court, with the 40th Porsche Tennis Grand Prix in Stuttgart.
- We also opened our new training centre in Leipzig. The centre is currently providing more than 120 young people with vocational training for technical positions.
- Also worthy of note is our first site on Sylt – providing exhibition space, Porsche Drive offerings, vehicle advice and a small workshop.
- And one more thing that really delights us: As of last year, the premium lifestyle brand Porsche Design Group is now 100 per cent Porsche-owned, rather than just 65 per cent.

### Diesel

As you know, 2017 was not an exclusively positive year. As part of the Volkswagen Group, we are also affected by the diesel issue. Although Porsche itself does not develop or produce diesel engines, it goes without saying that we accept full responsibility.

In agreement with the German Federal Motor Transport Authority (KBA), in summer 2017 we recalled the Cayenne 3.0-litre V6 diesel vehicle in the EU6 emissions class. Our internal investigations revealed irregularities in the engine control software. We actively shared this information with the German Federal Motor Transport Authority and agreed that we would issue a software update to correct the issue.

Across Europe, the recall affects around 21,500 vehicles built between 2014 and 2017. Of the approximately 6,000 affected vehicles in Germany, more than half have already been

converted. We expect the majority of vehicles to receive the software update during the 2018 calendar year.

In the case of the Macan Diesel 3.0 V6 TDI (Euro 6), a voluntary service campaign has also been underway since autumn 2016. This campaign aims to further improve our approach to reducing emissions. In Germany, the campaign has already been implemented in more than 93 per cent of vehicles, which is an above-average rate.

We are in constant contact with the German Federal Motor Transport Authority to resolve any ambiguities and correct any errors. If there is a problem of some kind we will work to resolve it.

Diesel engines traditionally play a subordinate role at Porsche – the figure for 2017 was just twelve per cent. This is offset by the increased interest in hybrid models. With the new Panamera,

for example, the hybrid rate since market launch in Europe is around 60 per cent. Set against this backdrop, we have adjusted production planning for our diesel models and currently no longer offer any vehicles with diesel engines. However, this in no way indicates that Porsche is intending to move away from diesel. We intend to produce a diesel version of the new Cayenne, as we have announced. However, we do not yet have a fixed timeline for this model.

#### Global economy & politics

We were also a little concerned by the “Brexit” issue and the question marks hanging over future relations between the EU and the United Kingdom. The United Kingdom is traditionally a key sales market for Porsche. Other matters causing uncertainty in the sector are the tendency towards protectionist policies and geopolitical tensions and conflicts – primarily in the Near and Middle East, but also in Asia.

## Operating result







## The Porsche brand has a strength that gives us great visibility.

The Panamera posted by far the biggest increase. With a total of 27,942 new deliveries, our shooting star achieved an increase of almost 83 per cent compared with the previous year. And what is particularly remarkable is that 60 per cent of all Panamera orders in the EU include plug-in hybrid technology.

### Porsche AG KPIs

“Faster. Higher. Further.” Even though our current development strategy may give the impression we only apply this mantra to the race track. Record delivery figures and revenue are not what is driving us. At Porsche we measure our economic success a little differently. Our top priorities are delighting our customers, generating a good return and safeguarding jobs.

And we were successful with this strategy in 2017: From revenue of 23.49 billion euro, we achieved an operating result of 4.14 billion euro – delivering an operating profit margin of 17.6 per cent. We have outstripped even last year's strong figure of 17.4 per cent. Our figure for 2015 was 15.8 per cent.

Our results confirm that we are on the right path. But Porsche is about much more than just results. We always have a clear focus on the non-financial aspects of our business too – our social responsibility. We don't see conflict between economic, ecological and social aspects. They must work in harmony with each other.

### Sustainability

Sustainability is also a fundamental part of our corporate strategy. We are currently working on various projects designed to make the way in which we think and act at Porsche even more sustainable. Since 2017, we have been helped in this work by our own Sustainability Advisory Board, made up of various well-respected experts.

### DGNB award

The German Sustainable Building Council has confirmed for us that we are on the right track. Last year, the council issued certification to Plant 4 right here in Zuffenhausen. Our new

Given the global news picture, it is all the more pleasing that consumers remained optimistic in 2017. The global economy posted a gross domestic product (GDP) growth of 3.2 per cent in 2017. In both the more mature economies and the emerging nations, there is an increased economic dynamism.

### Global automotive market

This trend was also apparent in new registrations in 2017. Globally, the figure increased by 2.9 per cent in the last year, to 83.5 million. The increase for Western Europe was 2.5 per cent. In the USA, on the other hand, there has been an overall decrease of 1.8 per cent in new registrations – but SUV models such as our Macan and Cayenne bucked the trend and were very much in demand.

### Porsche delivery figures in the key markets

Porsche has delivered a total of 246,375 new vehicles to customers over the last year. This is more than ever before in the history of Porsche. It represents growth of four per cent compared with 2016.

We were able to increase deliveries by two per cent in both Europe and the United States. In China the figure was an impressive ten per cent. This puts Porsche way ahead of the average new registrations increase of 4.5 per cent. With more than 71,000 deliveries, China was once again our strongest individual market in 2017; some 80 per cent of those new registrations were for our SUV models.

The Macan was also our biggest seller in 2017 when you look at the data as a whole. With 97,202 deliveries for this model, there has been an increase of two per cent compared with 2016. The 911 was, with 32,204 deliveries in the last full year of the current generation, at the high level of the previous year.

**Porsche**  
**within society**

engine plant, the central workshops and the office areas were all certified "Platinum", the highest award. And we were the first company in Germany to achieve this feat.

### eJIT

Porsche is also undertaking pioneering work with the eJIT logistics project in Leipzig. The project has seen Porsche become the first automotive manufacturer in the European parts delivery sector to use purely electric 40-tonne trucks. The trucks are powered 100 per cent by renewable energy sources. Since January 2017, the same has also been true of all our production sites in Germany.

### CO<sub>2</sub>-neutral production

And we also have an ambitious goal for Zuffenhausen. This is where we are building the plant that will manufacture the Mission E, our first purely electric sports car. Our plan is for the car itself not to be the only thing that is emission-free. We hope to make the production process CO<sub>2</sub>-neutral too.

Our rail logistics transport is already completely carbon neutral. As a result of this switch to green energy, we will reduce the annual CO<sub>2</sub> emissions of our logistics operations by three per cent, eliminating the generation of more than 6,000 tonnes of carbon dioxide.

From 2020 onwards, a further 5,000 tonnes of carbon dioxide will be saved per year by converting the heat supply at the main plant to biogas.

### Drinking water forest

We also invest in external projects, both as a donor and a supporter. For example, we support the "Drinking water forest"



project, which aims to generate more mixed foliage forests. In addition to being good for the climate and for biodiversity, such forests also generate more groundwater. With our help, Trinkwasserwald e.V. was able to plant 4.6 hectares of forest in 2017 in Weissach, Rutesheim and Ludwigsburg.

It is already well known that we are a strong supporter of the Leipzig Gewandhausorchester and of the Stuttgart Ballet. Our "Turbo for Talents" sports programme is also gaining widespread attention and counts Sami Khedira as a high-profile supporter.

We also support lots of comparatively small projects, particularly in places where the company has sites. In the past year, we have donated more than six million euro to support around 200 initiatives. We focus on sustainable projects in five core fields: the environment, social, education and science, culture and sport.

### Six-hour run

We are also happy to donate our running shoes to support a good cause: More than 3,000 Porsche colleagues took part in the six-hour run in September. Porsche donated five euro for every lap run. In total we raised 185,000 euro, which was used to support five initiatives here in Zuffenhausen.



**200 supported initiatives: environment, social, education and science, culture and sport**





### **Role model in society**

Our awareness of our social responsibilities is not limited purely to our production sites. The Porsche brand has a strength that gives us great visibility. We may be a relatively small company, but our products delight people all over the world. Almost every child knows Porsche.

And this means that we have a social responsibility: For many people, Porsche is

- » **the epitome of perfection and joie de vivre.**
- » **A role model for performance and innovation.**
- » **We consult on development and provide opportunities – for example with our social education projects in Cape Town and The Philippines. There is also the integration year for refugees and the year of support for young people who have had a difficult start in life.**
- » **We train – around 750 young people in Germany.**
- » **And on top of that, we are a sought-after employer. At Porsche, people are at the centre of everything.**





**The automotive industry is undergoing a period of transformation that will continue into the future and eclipse the level of change seen in the preceding decades.**

#### **Porsche as an employer**

As at the end of December 2017, Porsche had 29,777 employees. This is almost eight per cent more than the figure one year earlier, and around 18 per cent more than in 2015. Our workforce has actually more than doubled since 2012. And the new production set-up for the Mission E will see another 1,200 colleagues employed in Zuffenhausen.

We are working as a team to expand our skill set, particularly in the areas of e-mobility, digitalisation, autonomous driving, artificial intelligence and connectivity. In order to create the space required for growth and innovation, we are currently redesigning our work environments – both spatially with open-plan work areas and organisationally with flexible working time models.

#### **Transformation**

All this work demands a lot from our colleagues – more than anything the courage to change. I'm not telling you anything you don't already know here, but this is particularly important because the automotive industry is undergoing a period of transformation that will continue into the future and eclipse the level of change seen in the preceding decades.



**Porsche culture**

**If we are to overcome these considerable challenges, we need more than just the right expertise. We also need to think about building up the ability to remain agile and flexible.**

#### **Concept**

If we are to overcome these considerable challenges, we need more than just the right expertise. We also need to think about building up the ability to remain agile and flexible. This requires a corporate culture that keeps people grounded, gives them confidence and motivates them. To help make this happen, over the last year we have worked with our colleagues to develop a corporate culture concept. It defines the values that underpin cooperation at Porsche.

#### **Thank you to the employees**

Lutz Meschke will now present the details of the operating result. But before that, I would like to take this opportunity to thank all our colleagues for their contribution to our results. In 2017, our entire team has once again demonstrated what Porsche is all about. Our Motivation: passion. Our core: courage. Our strength: performance. Porsche: one team.





# A successful start in the future

Lutz Meschke on the Porsche way, strategic developments and the digital transformation

## Lutz Meschke

Deputy Chairman of the Executive Board  
Member of the Executive Board for Finance and IT



Passion, courage, performance and team spirit – these are the four pillars of our unique corporate culture, and as such they provide the foundation for our business success.

I would also like to offer you a very warm welcome. I am delighted that so many of you have made the trip to Zuffenhausen today from all over the world.

As you have already heard from Oliver Blume, the 2017 financial year was the most successful in Porsche's history.

**Passion, courage,  
performance and team spirit –  
these are the four pillars of  
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the foundation for our  
business success.**

In terms of deliveries, revenue and operating result, we outstripped even the historic record figures achieved in 2016 – despite some difficult framework conditions. For the past seven consecutive years now, Porsche has been setting record after record. With such strong figures to report, any Chief Financial Officer would be delighted to attend an annual press conference.

I would like to give you just a few details about the key items on our income statement. Firstly, I would like to highlight our outstanding profitability: Our operating result for 2017 was up seven per cent to 4.1 billion euro. Earnings before tax totalled 4.2 billion euro. After deduction of tax in the amount of almost 1.1 billion euro, we posted earnings after tax of 3.1 billion euro – approximately half a billion euro up on 2016.

And here is something we are particularly proud of at Porsche: With an operating profit margin of 17.6 per cent, we have improved our profitability still further compared with 2016 and remain within the leading group of our industry for this key performance indicator.

This didn't happen by chance, ladies and gentlemen. There are compelling reasons for our success. The key factor is that our products are extremely attractive: Global demand for Porsche sports cars is higher than ever before. We have successfully seized our opportunities in the global markets by delighting our customers with the right models and a fascinating brand experience.

Profitability was further boosted by pre-emptive currency hedging continuous improvements in productivity and our stringent cost management strategy.

Standing right here a year ago, I spoke of the difficult balancing act between containing costs and making investments. Keeping a sensible balance was no mean feat in 2017. Especially given that we are making a considerable financial investment in order to ensure that Porsche remains fit for the future in these times of radical change. But we succeeded in maintaining our strong earnings position by being consistent, implementing considered solutions and making goal-oriented decisions.

# 2017

## in numbers



**In terms of deliveries, revenue and operating result, we outstripped even the historic record figures achieved in 2016.**

For example: In the year under review, costs relating to research and development increased by five per cent compared with 2016, to 2.3 billion euro. We also posted an increase in material assets. In 2017, we invested some 1.7 billion euro in our vehicle business. Personnel expenditure totalled 3.2 billion euro, which represents an increase of eleven per cent on the previous year.

### Cashflow

**4.1 bn €**

from operating activities  
Porsche AG Group

### Registered capital ratio

**43 %**

Porsche AG Group

### Return on investment

**28 %**

vehicles business





## Financial Data

Porsche's cost and balance sheet structure is in good shape. This is demonstrated in particular by the further improved equity ratio of 43 per cent and by the high return on investment figure of 28 per cent. Once again, these are complete benchmark figures for us.

There has also been a very positive trend with cash flow from operating activities: In 2017, we posted an improvement of some 200 million euro on the previous year, taking the figure to 4.1 billion euro. We have generated additional liquidity in the automotive division: As at the balance sheet date, net liquidity was 2.2 billion euro. This represents an increase of almost 300 million euro on the figure as at December 31, 2016.

And finally, I would like to draw your attention to our financial services business. Alongside the core business of vehicles, financial services is another cornerstone for the Porsche Group: For 2017, our normalised return-on-equity ratio was an impressive 28 per cent.

That brings me to the end of the figures for 2017. You can find further details about our earnings and financial situation for the past financial year in our Annual and Sustainability Report. And, of course, I will be available afterwards to answer your questions about our annual financial statements.

In Visconti's famous film adaptation of "The Leopard", the protagonist Tancredi has a noteworthy quote: "For everything to stay the same, everything must change." I believe this is exactly the situation in which the automotive industry – and by extension Porsche – currently finds itself.

If we wish to remain successful and profitable as a company, there can be no "business as usual". We are therefore adapting to the newest trends for the future, to the changing framework conditions and to the new demands that our customers and society are set to place on our products and on mobility in the future.

**We are making  
changes – big ones.**



# The Porsche way



In short: We are making changes – big ones. But as we make these changes, we are taking care to unite the new with the traditional and with our core values; with the strength of our brand and with our experience in sports car manufacturing. These are the things that make Porsche Porsche, and that set us apart from our competitors. This is the approach we are using to anticipate what the future will expect of Porsche. And then we will do things our own way – the Porsche way.

This strategy ensures that we leave as little as possible to chance. Not only is our approach fast and flexible, it is also systematic, consistent and goal-oriented – just as you see on the race track. Without systematic preparation, without a goal-oriented strategy and without efficient processes, we would never have won at Le Mans – certainly not three times in a row.

Porsche is on route to the future – a future that is full of opportunity and that we can consciously and actively help to

## Strategy 2025

Porsche as the leading provider of digital mobility solutions in the premium automotive segment.

shape. Strategy 2025 represents a fundamental transformation process tackling all areas of the company. Our aim is clear: We intend to develop Porsche into the leading provider of digital mobility solutions in the premium automotive segment.

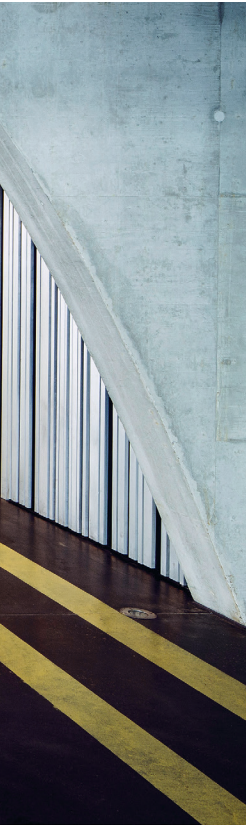
Our guiding principle is to be open to new and unknown things. This much is clear: There are many things that we do not know we don't know. Those are the things we need to know if we are to create something new. And those are precisely the things we are looking for today – primarily in areas that may initially appear to have nothing to do with our core business of sports car manufacturing.

To understand what I mean you only need to think about topics like artificial intelligence, the Internet of Things or blockchain – all technologies with enormous potential and that will have an important role to play in the future. We are in the process of discovering how to harness this potential to our advantage, for Porsche.

This involves seeking out skilled partners: new start-ups and creative minds that generate visionary thinking and want to change the world with completely new ideas and with disruptive technologies and business models.

We give this creativity free rein in the fields of action that are relevant for us. Examples include changing our company pro-





cesses and networked automation for the future Production 4.0. Or the creation of a digital online platform for innovative customer interfaces on the road, at home and in stationary retail.

Our partners support us with networking our sports cars – “connected car” – or with developing function modules for autonomous driving that are in keeping with our brand. Together, we are developing new functions that we will soon be able to offer to our customers “on demand” and “over the air”.

In the future, it will be possible to temporarily fine-tune the chassis and the engine to deliver a particularly sporty performance if a Porsche driver is planning a weekend at the race track. The vehicle will then autonomously take the driver around the course, finding the ideal line, as a training exercise. And everything will simply be charged via the individual Porsche ID that all customers already have access to. This is just one of many examples.

Porsche Digital GmbH was founded specifically to network our brand with potential partners from the start-up scene. Our subsidiary got off to a roaring start in mid-2016 and has achieved a huge amount since then:

**the establishment**

of a start-up accelerator, working in collaboration with media group Axel Springer,

**the partnership**

with Stuttgart-based start-up Home-iX for networking our sports cars with Smart Home,

**the collaboration**

with the start-up Evopark to develop new car parking services for our customers,

**the establishment**

of a branch in California's Silicon Valley,

**the investment**

in the two Israeli venture capital funds Magma and Grove.

**Porsche is on route to the future – a future that is full of opportunity and that we can consciously and actively help to shape.**



Our Digital Lab in Berlin is also a real success story. The lab now employs almost 20 people and has already sparked work on numerous topics at Porsche as well as piloting successful innovation projects. It now plans to increase the focus on its activities relating to artificial intelligence, the Internet of Things and blockchain technologies.

And speaking of blockchain: Four weeks ago, we became the first manufacturer to demonstrate how this technology of the future can be used directly in a car. Working in collaboration with the Berlin-based start-up Xain, Porsche has developed and tested various applications – with quite some success.

This will allow us to deliver complete data security, which we know is paramount for our customers. Decisions about how their data is used are made exclusively by them – and we will respect their wishes. But that's not all: We also ensure that their personal and vehicle-related data is kept completely safe from hackers.

Transactions based on this blockchain technology are both secure and can be processed far more quickly than anything that has come before. The applications tested range from temporary access authorisations for the vehicle through to new business models arising from encrypted data capture. This application has the potential to help with development of autonomous driving. Our electric initiative is also supported with blockchain in the vehicle: Starting with faster, simplified and more secure authentication at the charging pedestal and continuing on to a streamlined payment process.

At Porsche, our focus is not purely on collaborating with start-ups and venture capital funds in order to access external expertise and innovative technologies. We also intend to shape this knowledge and this creative environment into a new mindset at the heart of the company.

Digital satellite locations such as our Berlin lab, Porsche Digital and also the "Innovation Office" opened in Tel Aviv in 2017 should serve as a source of inspiration for our employees. We believe that once our employees have experienced the fascinating start-up and innovation culture at first hand, they will inevitably help to drive transformation within our company.

We are already using agile methods to develop new products and services, and involving our customers at an early stage of the process. This makes our actions quicker and more customer-focused.

When developing new digital offerings for the mobility sector, it is vital that we keep the needs of our customers in mind – particularly if we hope to generate profit and tap into new business areas. Our offerings will only be successful in the market if they offer customers genuine utility value or an unbelievably fascinating product experience.

It is therefore imperative that our digital services are developed with great care and consideration. And we must also be bold enough to leave old ways of thinking behind us and embrace fresh ideas in order to create something truly innovative and forward-looking. If we are successful in these aims, we will have a great opportunity to start generating a sizeable portion of our revenue from digital services in the foreseeable future. In the medium term we can look to generate a double-digit percentage.

As you can see, Porsche is well-positioned for the future. But digital transformation presents both opportunities and challenges, and not just for our company. With this in mind, we are increasing our IT budget by around 60 per cent to 450 million euro per year. The additional budget will be directed exclusively towards digitalisation activities.

Another equally difficult challenge is the transition from conventional drive systems to electromobility. Porsche is already extremely well-positioned here with the Mission E, but it goes without saying that we intend to push even further ahead with this topic, and, indeed, are already doing so.

Working in collaboration with Audi, we are currently developing the "Premium Platform Electric", which will produce three new model families. This collaboration means that we can

**We must also be bold enough to leave old ways of thinking behind us and embrace fresh ideas in order to create something truly innovative and forward-looking.**





benefit from the development capacities of both companies and also reduce our costs. If we had to tackle the tasks before us alone, our costs would be around 30 per cent higher.

Another collaborative project we are involved in is Ionia, which is a joint venture with BMW, Daimler, Ford and the Volkswagen Group with Porsche and Audi. Our goal is to create an infrastructure of 400 fast charging parks in Europe by 2020. The first 20 charging stations are already under construction.

To help us push ahead more intently with projects like this, the Supervisory Board has approved a doubling of our investment in electromobility from three to six billion euro by 2022. This increase is to compensate for the fact that electrification – just like digitalisation – is associated with high costs. The cost of investment in new technologies is enormous.

Stricter emissions regulations and modified test procedures are also resulting in greater expenditure. This is compounded by the fact that increased hedging is required against currency fluctuations.

In the current climate, it is scarcely possible to make reliable predictions about the development of the global economy. We live in a world of rapid change. Sudden geopolitical upheaval or nervy financial markets can completely derail any forecast overnight. It is therefore important that we maintain our high level of flexibility so that we can continue to respond promptly to any unforeseen developments in the future.

Assuming that the trend within the global economy is relatively stable, and based on the situation as it appears today, I would expect us to be able to maintain a stable level of deliveries this year.

We are also sticking with our key strategic goal for 2018 – an operating profit margin of 15 per cent. We are well aware that this is no small undertaking given the consistently high level of investment in the future and the associated depreciation and amortisation. However, the positive trend during the first two months of the current financial year gives us cause to be confident that we will be able to offset cost pressure with increased revenue.



## Outlook

**We live in  
a world of  
rapid change.**



# „Porsche is and will remain Porsche“

Oliver Blume on digitalisation, e-mobility, motor racing and tradition



## Oliver Blume

Chairman of the  
Executive Board

The automotive industry is undergoing a period of transformation. In the coming years it will change more than in the last 50 years combined. This transformation is centred on the electrification of drives. On the digitalisation of processes and products. And on networked global services.

It is our belief that these technological advancements will open up significant opportunities and possibilities, including for a sports car manufacturer. It will be vital for us to prioritise and prepare effectively. The Porsche Strategy 2025 will serve as our “compass” during this period, driving us forward with the vision of making Porsche into the most successful brand for exclusive and sporty mobility.

### Goals

Our goal is to delight our customers by providing them with a unique product and brand experience. We aim to set new standards with our innovative strength and sustainable action. We hope to maintain our reputation as an outstanding employer and business partner, and retain our excellent profita-

bility, with a profit margin in excess of 15 per cent. Value-creating growth will remain our primary focus throughout.

Together with our mission and our vision, these goals form the roof of the Porsche Strategy 2025. There are six cross-sectoral strategies at the centre of the strategy. These include the key themes, which all areas of the company will concern themselves with over the coming years.

### Cross-sectoral strategies & strategy map

The strategies are: Our brand strategy, the product strategy, digital transformation, innovation, flexibility and scalability, and sustainability. The departmental strategies include content from the cross-sectoral strategies and – complemented by department-specific content – provide us with our strong foundations.

In order to embed Strategy 2025 firmly into the corporate landscape, we have developed a strategy map – which is broken down into individual regions,







## Product strategy

subsidiaries and people within the company. This is important, because having clearly-defined responsibilities and sub-goals helps us with our day-to-day work.

The first projects are already underway in the various strategic areas. For example:

- The Digital City Showroom, a pilot project in Guangzhou in China.
- Our Porsche ID with the platform My Porsche.
- Collaborations such as Startup Autobahn and our joint ventures give our innovative strength even greater momentum.
- And our new body construction facilities here in Zuffenhausen for the Mission E and 911 are setting new standards in terms of flexibility and scalability.
- In addition, the entire new production set-up for the Mission E is designed to be CO<sub>2</sub>-neutral, helping us to boost sustainability.

With our Strategy 2025 as a guide, we are carrying forward the core values of the Porsche brand into the future. At the same time, we will link them with everything that is technologically possible and useful. We have also developed our product strategy accordingly.

**Digitalisation is not just an end in itself.**

**There's no doubt about it: In the long run, the car of the future will drive out the mass of combustion engines.**



### Model range

In order to meet the different needs of our customers, our model range encompasses four dimensions:

- » **The first is our successful "Basis" dimension. This is where we examine the market segments in which it makes sense to introduce model derivatives. One example is the Panamera Sport Turismo, a version of our luxury saloon with plenty of extra storage space.**
- » **Another dimension is called "Image": These are very sporty vehicles with motor racing DNA, just like our GT and RS models.**
- » **In the "Lifestyle" dimension, we combine modern cars with popular elements of previous generations.**
- » **And last but not least: the "Future" dimension. This represents all plug-in hybrids and purely electric vehicles, all fully digitised, of course.**

### Combination of drive concepts

There's no doubt about it: In the long run, the car of the future will drive out the mass of combustion engines. Political plans to continue reducing emissions from road traffic will see this happen even without further developments.

However, the different regions of the world are developing at different rates. We are therefore gearing ourselves up as flexibly as possible for a transitional period of approximately ten years: With models with further optimised combustion engines, with attractive plug-in hybrids and with all-electric sports cars.

### E-mobility

We need e-mobility. And we want it too. Because it fits in with Porsche: It is efficient, environmentally friendly and does not rely on fossil raw materials. Added to this are the outstanding performance characteristics of the electric motor.

Our customers are already brilliantly accepting of our hybrid models: Since the market launch, around 60 per cent of all



## We need e-mobility. And we want it, too.

Panamera vehicles delivered in Europe have been equipped with a hybrid drive. This figure was significantly higher on incoming orders in some countries and even reached around 90 per cent in Scandinavia.

We expect a stable trend for a strong hybrid share in the future. And we predict that by 2025, more than half of all vehicles supplied by Porsche will have an electric motor.

We intend to invest in hybrid development and e-mobility until 2022 – over six billion euro. These plans include around three billion euro of investment in material assets, and slightly more than three billion euro in development costs.

### New plant for Mission E

We are investing a billion euro in the Zuffenhausen site alone. The new production facility for e-vehicles operates like a “plant within the plant”, with its own paint shop and assembly area. We are expanding the existing body shop and the engine plant. In future, we will also be able to manufacture electric drives at the site.



# 100 %

electric



# < 3,5 sek.

from 0 to 100 km/h



# 250 km/h

top speed



# 15 min.

400 km range

All this for the Mission E, the first all-electric Porsche. As well as being quick to drive, this vehicle will also be quick to charge. With its 800-volt architecture, the Mission E can be charged in four minutes to cover a distance of 100 kilometres.

This makes it suitable for everyday use and especially for long distances. This vehicle will also set new standards in terms of design, driving experience and performance. And as you have just seen in the film: It will not remain the only electrically driven sports car at Porsche.

We are working on the Mission E Cross Turismo, an off-road look vehicle designed for people who are active and who like to spend their free time playing sport or heading out into the countryside with their families: Fully electric and suitable for everyday use, this Cross-Utility Vehicle sprints from 0 to 100 km/h in fewer than 3.5 seconds. Its top speed is 250 km/h and the range is around 500 kilometres in the NEDC.

The Ionity joint venture that Lutz Meschke has already mentioned is one measure being implemented to help create a strong charging infrastructure. Our goal is to create an infrastructure of 400 fast charging parks in Europe by 2020. We will also be offering our customers home-based solutions, providing charging points in our retail sites, and developing inductive charging stations.



### Serving as an example

Porsche and electro-mobility are a perfect match. We intend to set new standards in this field, both on the race track and on the road. Not only do we want to use the wide range of the Mission E and a comprehensive charging infrastructure to delight our customers; we also see ourselves as having a responsibility here to set a good example by helping e-mobility to become more widely accepted in society.



# Electrification at Porsche



As you can see, Porsche is very well positioned. We have got promising projects off the ground and have reached some key milestones.

- Thanks to our attractive products, in 2017 we have also delighted our customers and won some important prizes and awards.
- We have celebrated historic successes in the field of motorsport.
- We have once again set new standards in terms of quality, innovation and sustainability.
- And we have also created more than 2,000 new jobs.
- And on top of that, we have yet again exceeded our ambitious returns target of at least 15 per cent.

## **Porsche takes responsibility & shapes the future**

Success is not measured by the figures alone. For Porsche, success is also about responsibility. Our responsibility as a trainer, as a provider of opportunities and as a development partner; plus our social and sustainability responsibilities.

We understand our responsibilities and we show this by helping to shape the future. We are investing considerable sums of money in electrification, digitalisation and connectivity.

## **Challenges & risks**

But these topics are by no means a sure-fire way to success.

- They are associated with high costs, which we cannot and do not want to pass on to our customers directly.
- We need to invest a huge amount in new technologies, experiment and take risks.
- Moreover, emission regulations are to be tightened up considerably in many countries, notably in China. From 2019 onwards, there will be a fixed quota on cars with electric drives in China. We're not too worried about this fact, however; rather it drives us on.
- In terms of the test procedure, the "Worldwide Harmonised Light-Duty Vehicles Test Procedure", or WLTP for short, has replaced the NEDC. This also presents us with major new challenges.
- Added to this is the fact that increased hedging is required against currency fluctuations.

## **Outlook for 2018**

Against this backdrop, it is important in 2018, more so than ever before, to rally our financial forces. To put a stringent cost management strategy into practice. To improve our productivity. And to tap into new sources of income.

To see digitalisation, connectivity and e-mobility as an opportunity, as a basis for entirely new business models. We are in an unrivalled position to bring together digital innovations with modern drive concepts and sports-performance driving dynamics. In 2018, we intend to further reinforce this power play as far as our products are concerned.

In terms of business development, Porsche is very well-positioned. Our company is highly profitable. In three years, we have increased our operating profit by over 50 per cent to more than four billion euro. Our product range is more attractive and varied than ever. Collaboration with our sister brands within the Group creates synergies and reduces costs.

Even if our investments in the future of the company are making themselves felt: For the 2018 financial year, we anticipate that deliveries and sales will stabilise at the high level achieved. The basis for this is our product portfolio and primarily, the new generation of the Cayenne, which will be introduced to all markets in 2018.

We are in the middle of a transformation. We are looking to the future with confidence and self-assurance. Within the automotive industry, Porsche is strongly associated with tradition. We are undergoing some changes and yet we remain faithful to our mission: To build sports cars that people dream of – yesterday, today and tomorrow.

**Porsche is and will remain Porsche.** Of this you can be certain.

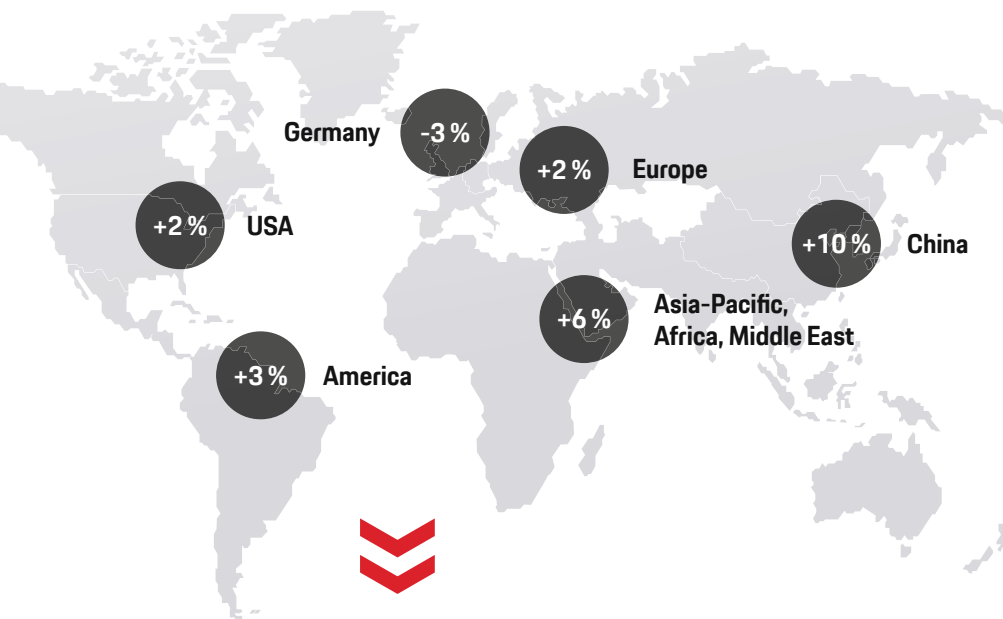
**Porsche and  
electro-mobility  
are a perfect  
match.**



# Porsche fiscal year 2017

## Facts and figures

### Deliveries by region 2017



» Topseller  
Macan

**97.202** +2%

» Icon  
911 inkl. 918

**32.204** -1%

» Newcomer  
Panamera

**27.942** +83%

60% orders of the new Panamera in the EU are Hybrid-Cars

Deliveries 2016

**237.778**

Deliveries 2017

**246.375**

Global increase

+4%

Europe



Germany



America



USA



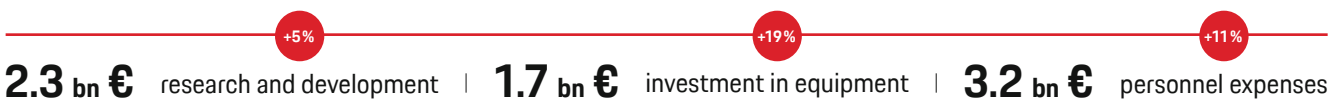
Asia-Pacific,  
Africa, Middle  
East



China



### Development of costs 2017



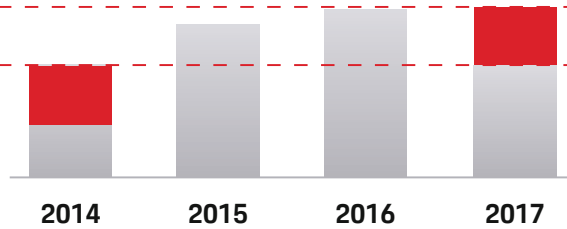


## 2017 – the most successful year in Porsche's history

Increase operating income

2.7 bn €    3.4 bn €    3.9 bn €    4.1 bn €

2014 - 2017: +52%



Return on sales

**17.6%**

2016: 17.4%

Revenue

**23.5 bn €**

+5%



» Result after tax

**3.1 bn €**

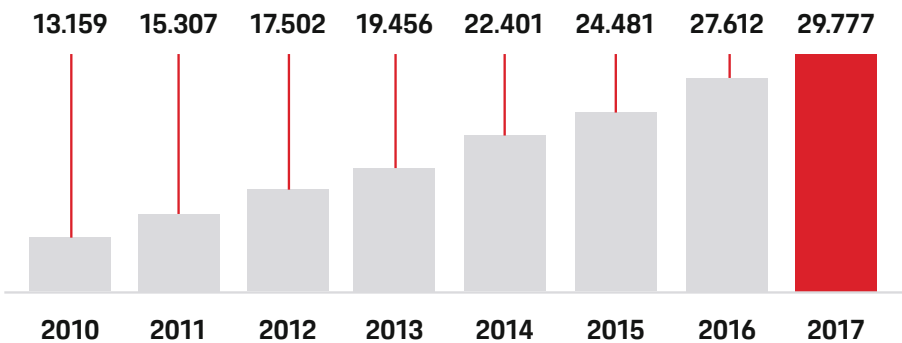
+19%

» Result before tax

**4.2 bn €**

+14%

### Employee growth



Investment in e-mobility until 2022

**6 bn €**

### Registered capital ratio

Porsche AG Group

**43%**

### Return on investment

vehicle business

**28%**

### Net liquidity

vehicle business

**2.2 bn €**

### Cashflow

» **4.1 bn €**

from operating activities  
Porsche AG Group

### Normalized return on equity

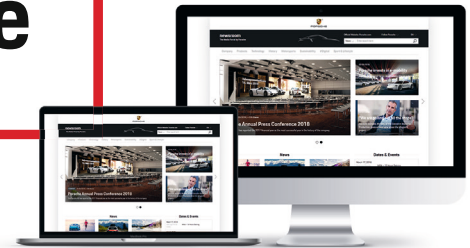
» **28%**

financial services business



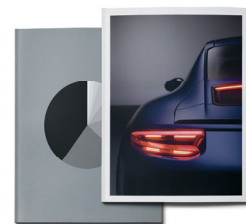
# Experience performance

In Stuttgart Zuffenhausen in front of the Porsche Museum.



## Newsroom

On "newsroom.porsche.com" you can find texts, pictures and graphs.




## Annual and Sustainability report

On "newsroom.porsche.com/reports" you can find a microsite and the report as a PDF-file.

## Porsche in numbers

House of results  
from March 16<sup>th</sup> to April 27<sup>th</sup>, 2018

## Social Media

 @PorscheNewsroom  
#PorschePerformance



**Dr. Josef Arweck**  
Vice President Communications  
Tel.: +49 (0)711 / 911 26260  
josef.arweck@porsche.de



**Frank Scholtys**  
Director Corporate Communications  
Tel.: +49 (0)711 / 911 24277  
frank.scholtys@porsche.de



**Tanja Deutschenbaur**  
Spokesperson, Finance and IT  
Tel.: +49 (0)711 / 911 27828  
tanja.deutschenbaur@porsche.de



**Nadine Toberer**  
Spokesperson, Sales and Marketing  
Tel.: +49 (0)711 / 911 23088  
nadine.toberer@porsche.de



**Christian Weiss**  
Spokesperson, Production, Logistics  
and Sustainability  
Tel.: +49 (0)711 / 911 22155  
christian.weiss@porsche.de



**Matthias Rauter**  
Spokesperson, Human  
Resources  
Tel.: +49 (0)711 / 911 24332  
matthias.rauter@porsche.de



**Anja Wassertheurer**  
Director Product and Technical  
Communications  
Tel.: +49 (0)711 / 911 24628  
anja.wassertheurer@porsche.de

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