



PORSCHE

**Oliver Blume, Chairman of the Executive Board, Dr. Ing. h.c. F. Porsche AG
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A warm welcome from me also.

I am delighted that you are here – watching the live stream, in front of a monitor, in your office or at home.

Current topic: coronavirus

Let me first turn to the topic that is currently dominating our lives: the coronavirus.

We at Porsche already set up an interdisciplinary expert group very early on. The members of this group re-assess the current situation on a daily basis and decide on the appropriate measures. Protecting our employees has the highest priority. Because at Porsche, and you don't know us any differently, people come first.

For this reason, we inform our workforce comprehensively about the latest developments and recommended behaviour. We already reduced travel activities to practically zero some weeks ago. And all employees who are able to started mobile working on Monday. Meetings are now taking place only virtually or in very small groups. We have also taken further steps: the day care centres and schools were closed this week at our sites in Baden-Württemberg and Saxony.

The Executive Board and Works Council therefore decided at short notice to give employees who do not have the possibility of mobile working the day off on the first day of closure so that they could organise child care for the coming period.

The pandemic poses enormous challenges for us which we can overcome only together and with systematic measures. That is why we have decided as the last step for the time being to stop production in Zuffenhausen and Leipzig for two weeks as from Monday.

I would like to make it clear that these are all measures to protect our colleagues and their families. But in this way, we are also meeting our responsibilities towards society. The more consistently we act now, the faster we will overcome the crisis. That is what we now already are preparing for.

Agenda

That is all for the moment on the coronavirus. I would now like to inform you about business development last year. Because there was a lot going on at Porsche.

Highlights 2019

Ladies and gentlemen,
the year 2019 was extremely eventful. Porsche launched more new products in 2019 than ever before:

Starting with the 911 Cabriolet and the 718 T.

At the end of 2018, we presented the new 911 Coupé in Los Angeles: our timeless sports car is more powerful, fast and digital than ever before. In March 2019, the open-top variant of the 911 followed with the Cabriolet.

The 718 T stood next to this on the stage. This model stands for a purist driving experience with maximum driving pleasure.

Cayenne Coupé

We added an even sportier variant to the third generation of the Cayenne in March: the Cayenne Coupé. With its dynamic design and new technical details, it is even more progressive, athletic and emotive.

911 Speedster

In May, we then presented the 911 Speedster as a series production car. The model is limited to 1,948 units and establishes a bridge to our history.

A high-revving 510 PS four-litre naturally aspirated boxer engine delivers an emotive sound experience in the cockpit. The six-speed GT transmission is shifted manually.

Spyder and GT 4

We used the occasion of the legendary Festival of Speed in Goodwood to present the new 718 Spyder and 718 Cayman GT4: two especially emotive, powerful and purist models.

World premiere of the Taycan on three continents

With a spectacular world premiere, we finally presented our first all-electric sports car at the beginning of September. The premiere took place simultaneously in North America, China and Europe, the most important sales markets for the Taycan. The event locations also stood for three forms of sustainable energy:

- The Niagara Falls in Canada for hydropower,
- the solar farm near Berlin for solar energy and
- the wind farm in China for wind power.

A live stream broadcast the triple event simultaneously worldwide.

Taycan presentation at the IAA

The unveiling to the public took place just a few days later at the IAA in Frankfurt. The Taycan links the tradition of our brand to the future. It is a unique package that combines typical Porsche performance, connectivity and full everyday usability. Ultra-modern production methods and the product features of the Taycan also set new standards in the areas of sustainability and digitalisation.

Factory opening

We celebrated the opening of our new factory for the Taycan in Zuffenhausen with guests from politics, industry and the media. After a construction period of only three years, the vehicles are now built in a factory of the future – flexible, networked and with 4.0 production technology. It is also a further step towards the “Zero Impact Factory”, that is to say production with no negative environmental impact. Production at the Zuffenhausen site is already carbon-neutral.

Opening of PEC in Hockenheim

Located only around 100 kilometres away from our parent plant at the Hockenheimring, we opened the seventh Porsche Experience Centre worldwide together with 70,000 visitors in October. The site covers an area of 170,000 square metres and includes a customer experience centre, a handling track, dynamic circuits as well as an off-road course.

Motorsport successes: all WEC titles in 2019

Motorsport is and will remain an integral part of the Porsche brand. And our commitment was rewarded many times over last year: in GT motorsport, 2019 was the most successful year in the history of Porsche. We won all the world championship titles for professional and amateur drivers in the WEC.

Porsche wins all IMSA titles in 2019

Porsche also won all the titles in the important IMSA racing championship in North America and in the Intercontinental GT Challenge.

Successful entry into Formula E

After an intensive period of preparation, we entered Formula E in 2019.

The team has started well. Nevertheless, there is still plenty for Porsche to learn in this purely electric racing championship, which will receive World Championship status in the coming year.

911 Turbo S

We presented the new flagship model of the 911 series just a few weeks ago with the Turbo S: more powerful, more dynamic and more comfortable than ever before. Its beating heart is a new 3.8-litre boxer engine. With an output of 650 PS, this delivers 70 PS more than the predecessor. The sprint from zero to 100 km/h is reduced to 2.7 seconds, while the top speed remains unchanged at 330 km/h.

Current company situation

So much about the key events and new products in 2019. Let us now move on to the economic development of the company.

Automotive market 2019

The global automotive market remained below the level of the previous year for the second time in succession. The market shrank by four percent in 2019. Only the new registrations in Europe increased slightly. The market volume in the US remained below the prior-year level with 17 million units. The trade dispute with the US affected the Chinese market in particular, where new registrations fell by six percent year-on-year. The delivery figures of Porsche are all the more pleasing against this background.

Vehicle deliveries according to regions

In the United States, 61,000 vehicles were delivered to customers in 2019. Eight percent more than in the previous year. China was again the individual market with the highest volume: we delivered a total of more than 86,000 vehicles there. The growth was also eight percent. In Germany, our home market, we delivered more than 31,000 vehicles. This represents an increase of 15 percent compared with the previous year. The increase for the Macan was particularly strong at 40 percent to over 9,000 vehicles. The 911 followed in second place with 8,300 units.

Porsche deliveries overall

In the year under review, Porsche delivered 280,800 vehicles worldwide in total – the most ever. The growth rate compared with 2018 was 10 percent.

Revenue, operating result and return in 2019

With the launch of the Taycan, 2019 did not just mark the start of a new era for Porsche. It was also economically very successful: In spite of difficult conditions, we succeeded in increasing sales revenue and the operating result before special items to new record values. The operating result before special items increased by three percent year-on-year to 4.4 billion euros, while the sales revenue grew by 11 percent to 28.5 billion euros. The return on sales was 15.4 percent before special items. This figure was 16.2 percent in the automotive division.

Business development since 2014: vehicle deliveries

Our five-year balance sheet documents value-creating growth: we have increased our vehicle deliveries by more than 50 percent since 2014.

Business development since 2014: revenue

At the same time, our sales revenue has grown by more than 60 percent ...

Business development since 2014: operating result

... and the operating result also by more than 60 percent. The average performance of Porsche in the past five years is therefore more than 10 percent per year.

Porsche assumes responsibility

Economic success has an important role. It is the prerequisite for ensuring that we can also meet our responsibilities in the long term. Sustainable actions are part of our basic understanding of ourselves as a company. And this applies across the board in all areas. As an employer – with around 11,000 new jobs in the past five years – and as a taxpayer: since 2015, Porsche has had a tax expenditure of more than 5 billion euros of taxes on earnings – and on top of this there are the income taxes paid by the employees in their respective countries. Porsche is an innovation driver: since 2015, we have invested around 20 billion euros in future technologies, in research and development and in tangible assets. We have reduced the burden on the environment: by more than 75 percent CO₂ per vehicle in the last five years. And we are active on behalf of society: we have supported around 450 charitable social projects since 2015.

Development of Sport/Luxury brand group

Porsche is also responsible in the Volkswagen Group for the Sport/Luxury brand group with its sister brands Bentley and Bugatti. Bentley has returned to the profit zone with an impressive turnaround, and it has increased the operating result by around 350 million euros. I would like to thank the team at Bentley for their strong performance and our colleagues from Porsche who supported them.

Success factors in the transformation

In this time of transformation, five factors are decisive for success: the right strategy. Products that create enthusiasm. Innovative strength and a strong brand that is backed up by a strong team.

Success factor: strategy

The Porsche Strategy acts as a reliable compass for us – flexible enough to adapt itself to the boundary conditions, which are changing more and more quickly.

Technological and social change

The evolution scientist Charles Darwin already knew how important this is: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change."

Mission

Porsche too is changing – and is therefore following the pioneering spirit of the company founder Ferry Porsche. His motivation is our mission today:

"In the beginning I looked around and could not find quite the car I dreamed of. So I decided to build it myself." And that is also how we are shaping future mobility at Porsche.

Vision

We are developing from being a manufacturer of exclusive sports cars into a provider of exclusive and sporty mobility. This widened focus will give us space in the future not just to offer vehicles, but also all kinds of services for our sports cars.

Horizontal strategies

With the Porsche Strategy we have a clear concept with an exact timetable – combined with the flexibility to question this on a regular basis and change course if necessary. The supporting pillars of this strategy are the brand and product strategy, digital transformation, innovative strength and sustainability.

Strategy map

We are working with a strategy map with clear milestones and responsibilities. The crucial thing is to fill a strategy with life.

Success factor: products

Our products are at the heart of our strategy as a key success factor. Our product strategy is built on four pillars:

Basis dimension

We understand the “Basis” to mean the further development of our core model lines and supplementation of these with suitable derivatives such as the Panamera Sport Turismo or Cayenne Coupé.

Image dimension

Our “Image” products comprise vehicles that are closely derived from motorsport – such as the GT2, GT3 or GT4.

Lifestyle dimension

The “Lifestyle” dimension consists of modern sports cars, which we combine with popular elements from previous generations. The 911 Speedster was the first vehicle here.

Future dimension

Plug-in hybrids and pure electric vehicles stand for the “Future”. Modern, high-performance powertrains with a high level of digitalisation.

Success factor: innovations

Success factor number 3 is our innovative strength. Our clear goal is to act as a technological pioneer. We will invest a total of 10 billion euros in future technologies by 2024: in e-mobility, digitalisation, connectivity and new mobility solutions. Lutz Meschke will deal with this in detail afterwards.

Success factor: brand

Our new products, strategic company orientation and our sustainable actions all benefit the brand value – a further important success factor for Porsche in the transformation. In 2019, we saw a significant increase in the brand value rating from the renowned rating agencies.

Success factor: employer

Let us come now to the fifth and last success factor: our employees and the teamwork at Porsche. Our goal to be an excellent employer is on the uppermost level in the Porsche Strategy. The fact that we are on the right track here is confirmed by the current ranking of “glassdoor”, a leading website for industry-wide employer ratings. Its users chose Porsche as Germany's best employer in 2019 – across all industries.

Responsibility and sustainability

We do not just want to be an attractive employer for image reasons. We see this as part of our entrepreneurial responsibility.

Responsibility based on tradition

Responsibility and sustainability are topics which have strongly influenced social discussions over the course of the last year. However, the concept of sustainability has been firmly anchored at Porsche for a long time already. Ferry Porsche himself always included finite raw materials and energy reserves in his considerations.

Sustainability action fields

We take a holistic approach to our entrepreneurial responsibility at Porsche and apply this to economical, ecological and social aspects. We have set ourselves clear goals for continuous improvement of our sustainability performance. We make our results measurable and transparent with our self-developed Porsche Sustainability Index and with the Sustainability Rating, which specifies sustainability requirements for our suppliers. Last year we also joined the Value Balancing Alliance in order to standardise the social value contribution of companies across industries and to make this measurable.

CO₂ reduction as a central goal

Six percent of global CO₂ emissions are caused by individual transport. Innovative technologies are essential to significantly reduce these emissions and to avoid them completely in the foreseeable future.

Drive strategy

Our drive systems are one of the areas in which we are focussing our efforts. We increase the efficiency of our cars with combustion engines in every generation. We are significantly reducing CO₂ emissions with our hybrid models. And Porsche customers can experience carbon-neutral driving with our electric vehicles. This three-pronged approach is the correct strategy for the coming years. Because the markets are developing at different speeds.

Simulation model for drive types at Porsche

We simulate the demand for the respective drive type on the basis of specific analysis criteria for all Porsche markets. The result is a so-called heat map.

Simulation model for Porsche 2020/2025/2030

Let us take a look at the worldwide development of the demand for electric vehicles: In 2020, large parts of the world map are still red, the demand is still quite low. A quite different picture develops by 2025. And in 2030, large areas are green with a high market share of electric vehicles. We update this analysis continuously and make strategic product decisions based on it.

Charging infrastructure

In order to ensure that the use of electric vehicles is attractive, convenient and climate-friendly for customers, we need a charging infrastructure with blanket coverage and the highest possible share of energy from renewable sources. Porsche is therefore making large investments in establishing a high-performance charging network. The Porsche Charging Service provides customers with access to more than 100,000 AC and DC charging points. With Porsche Destination Charging, more than 1,000 AC charging points are available for guests at selected destinations in 20 countries. The network is growing continuously to include further countries and charging points. The entire Porsche dealer network will also be equipped with 800-volt high-power charging stations. There are also already more than 220 high-power charging parks from Ionity in operation on motorways and major traffic routes in Europe, and it is planned to increase this number to around 400 by the end of 2020.

eFuels as a carbon-neutral solution for vehicles with combustion engines

But what do we do with the markets where the e-mobility infrastructure will also still not be sufficient even in 10 to 15 years?

And what about the vehicles that are already on the road? 70 percent of all Porsche vehicles ever built are still on the road, and that should remain the case for as long as possible. For both these questions we see a possible solution with synthetic fuels. Produced from renewable sources using optimised and cost-reduced processes, these fuels can make an important contribution to reducing CO₂ emissions. And that not just for new vehicles, but also for the existing vehicle pool.

Carbon-neutral factory

In production also, we want to continuously reduce our carbon footprint. The first step here is always to avoid CO₂ emissions in the first place. Where they cannot be avoided, we reduce them as far as possible. Offsetting is the last option.

Progress in our production

In the past five years, we have already succeeded in reducing CO₂ emissions per vehicle by more than three quarters. Our parent factory in Zuffenhausen is already completely carbon-neutral in terms of its energy supply. These are important first steps. But there is still plenty of work for us to do in the overall process chain.

Ferry Porsche Stiftung

We also see our sustainable responsibility in the social area. Children and young people are particularly important to us. The newly established Ferry Porsche Stiftung started its work in 2018. It supports projects at our company sites in the social sector and in the areas of environment, education and science, culture and sport.

Most successful year in the history of Porsche

For Porsche, 2019 was in a number of ways the most successful year in the company's history. Never before has Porsche presented such a variety of new sports car models in a single year.

The undisputed highlight of this product spectacular was the Taycan – 100 percent electric, 100 percent sporty, 100 percent Porsche. We have made a clear statement in motorsport: Porsche was, is and will remain at heart a sports car brand with a high power of fascination. Porsche is actively meeting its responsibilities – for our customers and employees, for the climate and for society. With the Strategy 2025, we have implemented a comprehensive sustainability programme with the first important successes.

A pioneer of sustainable mobility

The success of the year 2019 is more than just a snapshot in time. It is the provisional high point of a success story: since 2015 we have achieved growth rates of more than 10 percent year on year. This shows that Porsche is growing continuously and in a value-creating and sustainable way. In a nutshell, Porsche is a pioneer of sustainable mobility.

Before I now hand over to Lutz Meschke, I would like to express my hope that you and your families come through this crisis well both in terms of your health and economically. I wish you all the very best.

Thank you.