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Performance.

**Annual and
Sustainability Report
of Porsche AG
2016**

PORSCHE

Performance.

Sustainability in practice is an overall strategic objective for Porsche. Economic success, environmental awareness and social responsibility are not opposing concepts for the company. On the contrary, they are combined to form an overall idea that defines the company's attitude.

Economic success is one of Porsche's distinctive features, as is social compatibility. As a manufacturer of exclusive, powerful sportscars, Porsche is committed to achieving greater acceptance of its company and products around the world through socially and environmentally responsible conduct. Responsible actions that benefit not only the company, but also the environment and society, are not only what is expected by customers, business partners and investors – they are also crucial for ensuring competitiveness.

For the first time, Porsche has published a combined Annual and Sustainability Report. It wishes to set an example – that the two subjects belong together – not separately.

Economic strength, innovative vehicles, customer focus, environmental protection and employee responsibility: Porsche sets the highest standards in all areas and wishes to undergo continuous, long-term improvement.

You have two volumes in front of you: "Perspective" is intended to inspire, motivate

and encourage you, to confront, challenge and familiarise you with the topics and theories that an automotive company such as Porsche faces in times of an industrial system breakdown. What significance do origins have for the future? What about the spirit of enterprise? How much empathy do leaders need? Where do the benefits of digitalisation begin and when the control of people? Does "failure culture" mean allowing failure to happen or making new ideas possible?

For inspiration, consider the information regarding the Porsche philosophy within the triangle of electrification, digitalisation and networking, or consider our innovations in vehicle production, or how Porsche is helping to develop a region.

The second volume is called "Performance" and contains all events from the 2016 financial year. It contains trends, summaries, explanations, key performance indicators and documentation regarding Porsche's overall commitment to sustainability in all facets of the company.

The two volumes may be different, but they have one thing in common: communication on different levels. That is why some of the articles offer you the opportunity to experience "augmented reality". Information regarding this can be found on the relevant pages – where surprises await you.

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Finance and IT

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Chairman of the Executive Board

Uwe-Karsten Städter
Procurement

Michael Steiner
Research and Development

Detlev von Platen
Sales and Marketing

Andreas Haffner
Human Resources

Dear all,

Over the course of the last financial year, Porsche surpassed itself once again. Our attractive product range enabled us to exceed the high levels from the previous year. This was the result of a strong team. Focussing on developing, manufacturing and selling exclusive, highly emotive sportscars continues to be worthwhile. As a company, Porsche is in perfect health.

The Porsche Strategy 2018 provided the foundation for stability and value-creating growth. The company's new Strategy 2025 will build on this, marking the dawn of a new era. This strategy is paving the way for our continuing development from a manufacturer of exclusive sportscars to a provider of exclusive and sporty mobility solutions. Digitalisation, electrification and connectivity are challenges that we face and that we regard as opportunities. The main focus of our strategic conduct is our aim of transposing the emotional connection that our customers have with Porsche to a changed behaviour in terms of buying, ownership and use. For almost 70 years, Porsche has been synonymous with a unique product and driving experience. We see digitalisation as a historic opportunity to make Porsche even more innovative and efficient, thereby increasing our profitability – a chance to secure sustainable workplaces, generate value for customers and bring about benefits for society and the environment. Porsche is developing into one of the leading providers of digital mobility solutions in the premium segment of the automotive industry.

Record employment, new top figures for deliveries and sales, an operating result maintained at a high level and, even more important than sales, one of the best returns that the global automotive industry has generated — these are the ideal conditions for our company. Our figures for 2016 epitomise the power of our name, the enthusiasm for our products, the expertise of our team and the value of Porsche within the Volkswagen Group. Diminishing economic growth in crucial sales regions, concerns over political and economic stability as well as the ongoing discussion regarding the extent and responsibility of the diesel controversy within the Volkswagen Group and the general consequences of this cannot hide the fact that trust in the Porsche brand remains steadfast all over the world. The positive development across all relevant markets shows the dynamic effect of our strategy.

The highlights of the last financial year, namely the introduction of the mid-engine Boxster and Cayman model lines with the legendary 718 number, the world première and exceptionally successful sales launch of the second generation of our sporty Panamera luxury saloon and the presentation of our uncompromising 911 R driving machine symbolise our promise to combine the traditional Porsche spirit with the

power of new technology. New variants of the 911 and Panamera, such as the Sport Turismo, as well as the new Cayenne signify our product philosophy of sporty, modern mobility in 2017. We are now working on hybridising our vehicle fleet. At the end of the decade, the first purely battery-powered Porsche Mission E will completely redefine the segment of pioneering sports saloons in spectacular fashion.

Our innovations are driven by the world of motor racing. That's how we're able to secure our competitive edge on the roads. Our 18th overall victory in Le Mans and our second time winning the manufacturer and driver titles in a row at the sportscar World Endurance Championship (WEC) demonstrate Porsche's superiority in the endurance testing of new technologies, which are then incorporated directly into series production.

Remaining permanently successful means that we must understand and anticipate the needs and requirements of our customers, align ourselves with these and have the relevant technology available. We must continue to develop the skills and quality of our employees. This even means that we must keep on learning, reinventing ourselves and cooperating with both large and small companies. Porsche Digital GmbH and the Porsche Digital Lab are pioneering this change in thinking. In essence, this strategy means innovating at every level and in all sectors of the company. Industry 4.0, networked mobility, intuitive control concepts and the vehicle architectures of tomorrow are the key elements of a digital ecosystem in which a host of new services and business models are developing. In the medium term, Porsche plans to generate a double-digit percentage of sales through digital offerings.

At Porsche, our future is shaped by our past. Only by being aware of who we were and who we are will we be able to determine who we want to be. Tradition is our support. Passion is our drive. Knowledge is our capital.

Never has the legend of Porsche been more alive.

The Executive Board of Porsche AG

Important events

Outlook

Business performance



IMPORTANT EVENTS



Course set for first electric Porsche vehicle

At the end of the 2015 business year, the Supervisory Board of Porsche AG green-lighted the construction of the first purely electrically powered Porsche. As a result, the future vehicle generation has been at the centre of activities at the Zuffenhausen headquarters since 2016. Porsche is creating an additional 1,200 workplaces and is investing more than one billion euro into this effort. In the coming years, a new paint shop is to be created along with a separate assembly plant for the electric vehicle. The new engine plant opened in July is to be expanded for the manufacture of the electric drives, while the existing body shop will also be developed. Materials handling technology will connect the new paint shop with the final assembly.



Albrecht Reimold appointed to Executive Board

On February 1, 2016 Albrecht Reimold became the new Member of the Executive Board with responsibility for Production and Logistics. He succeeded Oliver Blume, who was appointed Chairman of the Executive Board in 2015. Reimold is a trained toolmaker and production technician, who has switched to Zuffenhausen from Bratislava. As Chairman of the Executive Board and Board Member with responsibility for Technology at Volkswagen Slovakia, he spent four years overseeing the Volkswagen plant at this location, which is also where the body of the Porsche Cayenne is manufactured. In the coming years, Reimold will mainly be tasked with integrating the production for an electric vehicle at the Zuffenhausen headquarters and safeguarding the journey of the long-standing site into the automotive future.

Dialogue and transparency

Due to the various construction measures required for the new electric vehicle, Porsche is seeking open dialogue with residents as well as an active exchange with local and regional politicians. The aim is to allay the concerns and reservations of all parties involved and to create absolute transparency. January saw the publication of the first issue of the residents' journal "targa", containing information on the current state of planning along with the background behind the project and development of the main plant. In March and April, Porsche held an event to inform its neighbours of the project progress in a face-to-face setting. In addition, the company is making information about the project available on a website.



Michael Steiner appointed new Member of the Executive Board for Research and Development

In May 2016, the Supervisory Board appointed Michael Steiner as the successor to Wolfgang Hatz in the role of Member of the Executive Board with responsibility for Research and Development. Steiner, who studied mechanical engineering at the Technical University of Munich, previously spent 14 years in leading roles at Porsche's research and development centre. Most recently, he had overseen Complete Vehicle Engineering/Quality Management since 2011. In his future role, Steiner will primarily be tackling such issues as electrification, digitalisation and connectivity. The aim is to combine new technologies with the traditional Porsche philosophy.



Strategy 2025

With its new corporate strategy, Porsche is setting itself ambitious targets to be achieved by 2025. The future of the sports car – this is the theme of Strategy 2025. At the heart of the strategy is the future product portfolio. The sports car of the future will blend the history and values of the Porsche brand with innovative technologies, while at the same time ensuring sustainability. In this regard, topics such as electromobility, digitalisation and connectivity will

With its new corporate strategy, Porsche is setting itself ambitious targets to be achieved by 2025. The future of the sports car – this is the theme of Strategy 2025.

play an important role. These areas will define the exclusive and sporty mobility of tomorrow. Yet the company will also continue to focus on its main goal of value-creating growth. Only by achieving such growth can Porsche make sustainable investments in innovative technologies, new products and the company workforce.



World premiere of the new Panamera

Porsche unveiled the new Panamera to the public in June at a spectacular event in Berlin featuring lights, music and choreography. More than ever before, the completely redeveloped second generation of the Gran Turismo combines two opposing characteristics: It offers the performance of a sports car and the comfort of a luxury saloon. The design language of the new Panamera draws parallels with the Porsche 911. The powerful biturbo engines of the Gran Turismo are more economical than ever thanks to the new eight-speed double-clutch transmission (PDK II).



Engine plant in Zuffenhausen put into operation

Porsche has invested around 80 million euro into a modern production facility for eight-cylinder engines at its Zuffenhausen headquarters. The innovative engine plant, construction of which began in 2014, was put into operation in July. On a surface area of 10,000 square metres, Porsche employees produce up to 200 eight-cylinder V-engines every day – initially for the new Panamera Turbo. Production takes place at the highest quality levels and using the most sophisticated modern technology. Porsche is also setting new sustainability benchmarks with the construction and operation of the engine plant.



Leipzig site expanded for the Panamera

The second generation of the Panamera is now produced entirely at the Leipzig site. For this purpose, the company invested a total of 500 million euro into the fourth expansion of the Leipzig plant. The production area was increased to around 60,000 square metres, while the assembly and infrastructure were also adapted. Among the highlights of the plant are the body shop with its new, highly innovative manufacturing methods, as well as the quality centre that is exemplary for the Group. Completed after a two-year construction period, this latest expansion makes Leipzig one of the most innovative and environmentally friendly production centres in the global automotive industry.

New drive and test centre in Weissach

With the new drive test building, Porsche's research and development centre is laying important foundations for facing the challenges posed by future technologies. Following around two years of construction, the building now houses all areas of the company's drive development, thereby creating an efficient network at the Weissach site. In addition to more than 500 office workstations, digital drive development can call upon special high-performance workstations to work on virtual solutions for the drives of tomorrow.

Digital GmbH: Porsche commences digital innovation offensive

Since the end of May 2016, Porsche Digital GmbH in Ludwigsburg has been identifying and developing digital customer experiences, products, business fields and business processes. In doing so, Porsche intends to cement its position as the leading provider of digital mobility solutions in the premium automotive segment. Particularly in the areas of connectivity, smart mobility and autonomous driving, Digital GmbH considers itself an interface between the Porsche brand and innovators from across the globe. With this in mind, further locations in Berlin, Silicon Valley and China are planned for the coming years.



Digital Lab opened in Berlin

At the end of August 2016, the Porsche Digital Lab, which works closely with Porsche Digital GmbH, was opened in the Berlin district of Friedrichshain. The Lab serves as a platform for Porsche to interact with technology companies, the world of science and the flourishing start-up scene. The ever-increasing networking of vehicles and altered mobility concepts are direct consequences of the digital transformation of the automotive industry. In the Digital Lab, teams from Porsche AG and MHP Management- und IT-Beratung GmbH identify and test innovative information technologies for internal processes, customer interaction as well as products and services – all of which will allow the Porsche brand to use the digital transformation in the automotive industry to its own advantage. Porsche also took a stake in the venture capital fund e.ventures and the parking service provider Evopark.



Establishment of the Porsche sustainability advisory committee

In November 2016, five renowned experts from the world of science and society met with the Executive Board of Porsche AG for the inaugural session of the Porsche sustainability advisory committee. Prof. Dr Maximilian Gege (co-founder of B.A.U.M., the largest corporate network for sustainable economies in Europe), Dr Sonja Peterson (Scientific Director of the Kiel Institute for the World Economy since 2012), Prof. Dr Lucia A. Reisch (member of the German Council for Sustainable Development since 2010 and Director of the Research Centre for Consumers, the Market and Politics at the Zeppelin University of Friedrichshafen since 2012), Prof. Dr Ortwin Renn (Scientific Director of the Institute for Advanced Sustainability Studies e.V. (IASS) in Potsdam) and Prof. Dr Klaus Töpfer (former German Federal Minister

for the Environment, Nature Conservation and Nuclear Safety) will advise the company on future questions and challenges relating to relevant ecological and social trends.

Joint venture for high-performance charging network

At the end of November 2016, Porsche invested in a joint venture for an ultra-fast, high-performance charging network for electric vehicles. With this effort, the Volkswagen Group with Audi and Porsche, Daimler AG, the BMW Group and Ford Motor Company intend to achieve significant gains in the long-distance travel capability of vehicles with electric motors. This year, the automotive manufacturers will begin with the creation of 400 new charging stations on motorways and other highly frequented roads along Europe's main travel routes. As a result, customers whose vehicles are equipped with the Combined Charging System (CCS) standard will gain public access to several thousand charging stations by 2020. The new charging network takes the existing technical standards of AC and DC charging to the next level of performance. The planned infrastructure will then enable rapid DC charging with a capacity of up to 350 kW.



New Experience Centre in Los Angeles

In mid-November 2016, Porsche opened the world's fifth Porsche Experience Centre in Los Angeles, in the US state of California. The company invested 60 million dollars into the 20-hectare site, on which customers and Porsche fans can test the power, dynamic performance and safety of the vehicles and gain first-hand experience of the Porsche brand. The new Experience Centre also features an ever-changing race car exhibition and a 6.5-kilometre test and development track with eight training modules. The site also serves as the headquarters of Porsche Motorsport North America.

Employees participate in company success

For the successful year 2015, employees at Porsche AG have received a voluntary bonus of up to EUR 8,911 gross. There are two components to the bonus: EUR 8,211 was the defined amount for the positive company result and for the exceptional performance of staff during the 2015 business year. EUR 700 was paid as a special contribution to the Porsche VarioRente pension scheme or to individual pension schemes. The bonus for 2015 was paid to around 15,600 employees at Porsche AG, adjusted to their individual working hours and length of service at the company.

20 years of environmental certification

Saving energy, avoiding waste, printing paper on both sides – every Porsche employee can help to save resources and make a contribution to the ecological sustainability of the company. In 2016, the level to which Porsche meets its environmental duties in operation and production was assessed by independent TÜV inspectors for the 20th time. As early as 1996, Porsche was one of the first companies in Baden-Württemberg to introduce an environmental management system in line with the Eco-Management and Audit Scheme (EMAS) and was awarded its certification for clearly defined processes, responsibilities and appropriate implementation.

Responsibility for the Stuttgart region

In close cooperation with the local authorities of the city of Stuttgart, Porsche is making its own contribution to forward-thinking mobility in the region. In September 2016, the sportscar manufacturer presented its own employee transport concept as a means of air pollution control: In the case of a fine dust alarm, for example, Porsche employees can use their company pass for free travel in the greater Stuttgart region via the Verkehrs- und Tarifverbund Stuttgart GmbH (VVS). The same also applies for commuting between the main plant in Zuffenhausen and the external location of Weilmordorf. On September 1, 2016, Porsche introduced a permanent ten per cent subsidy for the VVS company ticket. For 2017, the company is also planning a car-sharing and parking app.



Porsche initiates integration year for refugees

At the beginning of March 2016, Porsche AG introduced a comprehensive programme for the integration of refugees. Ten men and five women aged 16 to 38 and originating from Eritrea, Syria, Pakistan, Afghanistan, Iran and Iraq were given the opportunity to qualify for training or direct employment via a Porsche-developed, six-month integration programme. The programme focused on the German language, basic manual skills and cultural competencies.

Bonded loan placed

With a total volume of 1.1 billion euro, Porsche placed its largest ever bonded loan in March 2016. This was done to refinance a bond that expired in February 2016 as well as various planned investment projects. Around 150 institutional investors, including banks, pension funds and insurance companies, participated in the loan. Demand from foreign investors was particularly high, contributing around 45 per cent of the total volume. The originally intended volume of the bond was exceeded by a significant margin.



Victory at Le Mans and WEC champion again

The 2016 motorsport season could not have gone better for Porsche. Porsche dominated at the FIA World Endurance Championship with the 919 Hybrid. Luck was also with the drivers Romain Dumas, Neel Jani and Marc Lieb, who achieved Porsche's 18th victory in the 24 Hours of Le Mans in France – the toughest and most challenging endurance race in the world – and secured their place in the overall drivers' standings at the end of the WEC. Porsche had already won the coveted manufacturer's title early on in the competition. Most notably, the trio of drivers Timo Bernhard, Brendon Hartley and Mark Webber played their part in this success with first-place finishes. In 2017, a further developed LMPI race car is being deployed, as a completely redesigned race car is being used in the GTE class: the 911 RSR. The vehicle celebrated its racing première in January 2017 at the 24 Hours of Daytona. A total of 21 races are planned for 2017, with Porsche race cars appearing in the WEC and IMSA series.

Tailor-made financial services

As partners of the retail organisation, Porsche Financial Services (PFS) companies offer innovative, tailor-made financial services in 16 countries. The PFS Group is represented by a workforce of 262 employees in the key automotive markets for the Porsche Group. In collaboration with Porsche AG, PFS regularly examines opportunities to expand its offering into additional growth markets.

Alongside the core products of leasing and finance, the comprehensive product range includes insurance products, the Porsche Card and dealer financing. Exclusive financial services are offered under the brand names Bentley Financial Services and Lamborghini Financial Services for the Group brands Bentley and Lamborghini in countries and regions such as Germany, Italy, Switzerland, France, Russia, Singapore, the Middle East, USA and Canada. Bentley Financial Services is the most recent partnership, launching in Australia in autumn 2016 with a brand-specific offering. Individual solutions are also being developed for Bugatti customers.

In terms of core business, PFS was able to develop its business volume at the same pace as the Porsche new vehicle business, while the market position in North America, Europe and Asia was greatly expanded. A total of around 70,000 new contracts were concluded worldwide. The financial services division currently manages over 140,000 leasing and finance contracts, with a volume of more than 5.9 billion euro financed in the Financial Services companies. In addition, over 110,000 customers worldwide value the convenience and exclusive services offered by the Porsche Card and the insurance offers provided by PFS. Due to the increasingly stringent legal requirements faced by the financial services business, the PFS companies have developed their processes and methods in each market accordingly, including in areas such as risk management.

OUTLOOK

Further growth possible

Our plans are based on the assumption that growth in the global economy in 2017 will exceed the level of the previous year. The positive outlook of a continued economic recovery in most industrial nations gives us cause for optimism. However, a tendency towards protectionism, possible turbulence on the financial markets and structural deficits in certain countries all present risks. The outlook is also clouded by geopolitical tensions and conflicts.

In Western Europe, our forecasts indicate that the economic recovery will slow slightly in 2017 in comparison to the reporting year. The impact of the Brexit negotiations between the European Union (EU) and the United Kingdom is a source of uncertainty. However, we expect to see similarly strong growth in gross domestic product (GDP) in Germany in 2017 as in the reporting year. It is anticipated that the labour market will remain stable and continue to support private consumption. In North America, we expect that the economy will expand more strongly in 2017 than in the previous year. According to our forecasts for South America, Brazil will overcome its recession and record slight growth. We believe that the Chinese economy will continue to grow, but at a slower rate than in the previous year.

Mixed picture in the automobile markets

In 2017, we expect the global passenger car markets to develop at different rates in the individual regions. Overall demand for new vehicles is likely to increase at a slower rate than in 2016. In Western Europe, we anticipate that the market volume will be slightly below the very high level recorded in the reporting year. This includes our domestic market in Germany, where we expect the volume in 2017 to be slightly below that of the previous year, following positive developments in recent years. This is also true of the passenger car market – including light commercial vehicles (up to 6.35 tonnes) – in North America as a whole and the USA in particular, where we do not believe that the high levels of the previous year will be achieved. Vehicles in the SUV, pick-up and van segments are likely to remain the most in-demand models. Demand for passenger cars is predicted to rise in South America's largest market of Brazil, which had recorded very heavy losses in previous years.

Our forecasts show that the passenger car markets in the Asia-Pacific region will continue to grow in 2017, albeit at a slower rate. In China, demand will grow due to the ever-increasing need for individual mobility. The rate of growth is expected to slow in comparison to the previous year as the tax reduction for vehicles with a displacement of up to 1.6 litres was halved at the end of 2016.



Development forecast

In the 2017 financial year, Porsche AG expects to record moderate growth in deliveries and revenue compared with the 2016 reporting year. The attractive product range offered by Porsche will provide the basis to achieve this aim. We will gain impetus from the new Panamera, particularly with its plug-in hybrid versions and the Sport Turismo. Despite a high level of investment in vehicle projects and in the expansion and renewal of company sites, continuing productivity and process improvements coupled with strict cost management should ensure that the high earnings target at Porsche AG will continue to be met.

BUSINESS PERFORMANCE

Moderate growth in the global economy

In the 2016 financial year, global economic growth slowed slightly to 2.3 per cent (previous year: 2.6 per cent). Growth diminished particularly in industrial nations. The economic recovery continued in Western Europe, but growth in gross domestic product (GDP) was below the previous year (2.0 per cent) at 1.7 per cent. The United Kingdom's referendum in June 2016 had a subduing effect as a slight majority opted for the nation's withdrawal from the European Union (EU). Uncertainty in the financial markets and unclear economic prospects for both the UK and Europe were the immediate consequences. In Germany, however, positive consumer attitudes and the strong labour market prevailed. GDP in the reporting year grew by 1.8 per cent, which was slightly stronger than in the previous year (1.5 per cent).

The US economy lost momentum in 2016. At 1.6 per cent, growth was below the previous year's level of 2.6 per cent, and the economy was also supported by private consumer expenditure. The US dollar remained strong, putting pressure on domestic goods exports. In South America, Brazil experienced a second year of recession. Economic output dropped by 3.6 per cent. By contrast, the Chinese growth rate was 6.7 per cent, which is virtually the same as the 6.9 per cent from the previous year.

In 2016, the global automobile market grew by 5.4 per cent to 81.1 million vehicles. Demand increased in North America, Western Europe and the Asia-Pacific region, while South America and Eastern Europe did not attain the level of the previous year. In Germany, 3.4 million vehicles were registered as passenger cars in 2016, which shows a rise of 4.5 per cent compared with the previous year. The factors behind this were the higher level of real earnings, the strong position of the labour market and favourable financing options. The French market underwent similar growth, increasing by 5.2 per cent. In the United Kingdom, volume slightly exceeded the previous year's record level by 2.3 per cent. By targeting built-up demand, Italy (plus 15.4 per cent) and Spain (plus 10.9 per cent) even reported double-digit growth rates.

In the North American markets for passenger cars and light commercial vehicles (up to 6.35 tonnes), the reporting year's sales figures of 21.1 million vehicles were 1.8 per cent above the previous year's record. In the USA, demand slowed over the course of the year. Nevertheless, with a figure of 17.6 million units, it surpassed the previous year's peak level by 0.5 per cent. In Canada (plus 2.6 per cent) and Mexico (plus 18.6 per cent), sales figures continued to increase. In Brazil however, the slump in the market continued: The number of newly registered vehicles dropped by one fifth to 2.0 million – the fourth regressive year in succession.

In the Asia-Pacific region, the market volume for passenger cars rose by 11.9 per cent to 35.3 million units. The Chinese market was once again the clear driver of growth. The tax reduction introduced in October 2015 affecting the acquisition of vehicles with a displacement of up to 1.6 litres contributed to the new Chinese sales record of 22.9 million vehicles (plus 17.9 per cent). This predominantly benefitted low-cost, entry-level models.

Record year with new product highlights

In 2016, Porsche enjoyed another record year. This success is down to its appealing product range and outstanding customer focus. In every segment where the brand is represented, Porsche offers the sportiest vehicles – and this range was expanded in the past year to include further product highlights.

The newly established 718 model range is a reminder of historic racing victories, with the new 4-cylinder turbo boxer engine making it a sports car suitable for everyday driving. At 23,620 deliveries, including the predecessor range, the 718 Boxster and 718 Cayman models achieved a very positive market response, with substantially higher figures than in the previous year. Together with the iconic Porsche 911 sports car – for which the 2016 figure of 32,409 deliveries (incl. 44 units of the 918 Spyder) also exceeded that of the previous year – a tangible increase in demand for two-door sports cars was observed. The special 911 R model in particular received a great deal of attention. It represents the purest form of two-door, road-going sports car that Porsche offers. In spring 2016, the limited-edition series not only met with a fantastic media response, but also extremely high levels of customer interest.

+6%

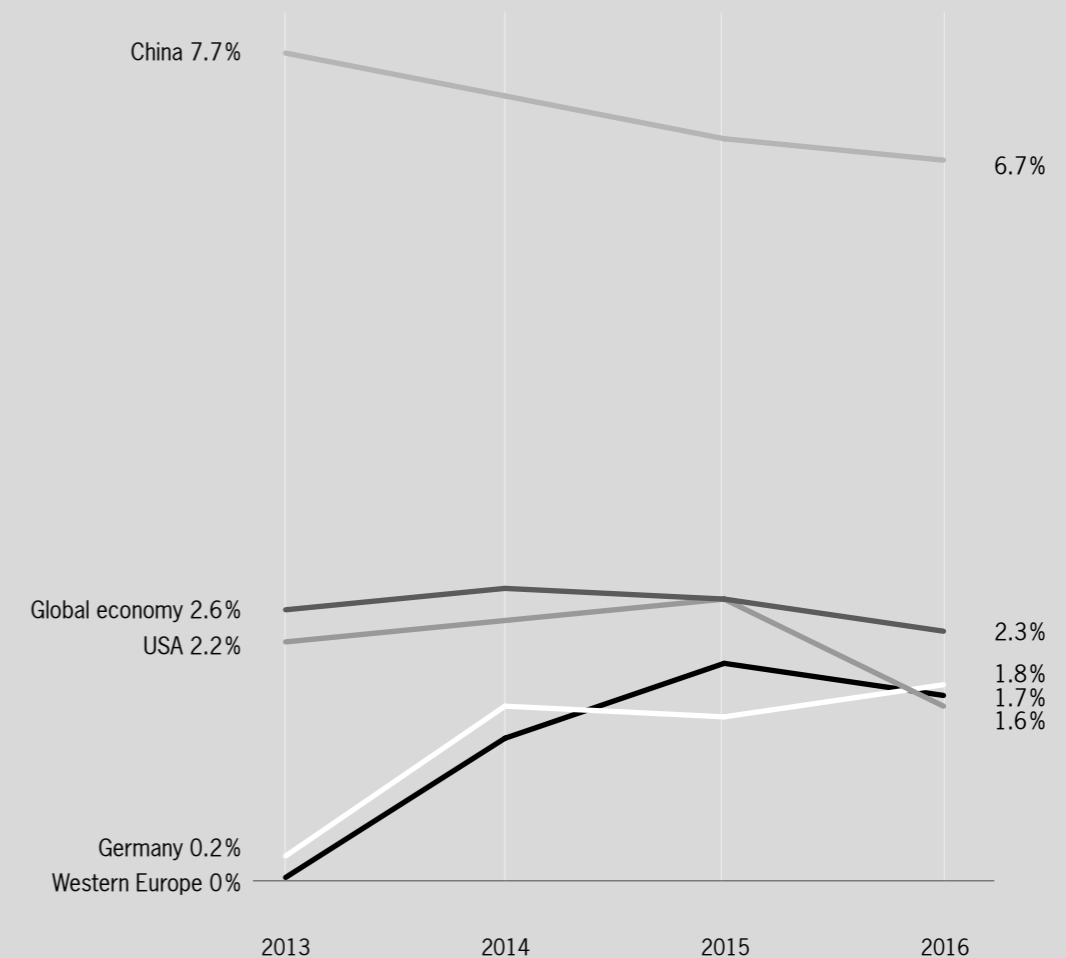
In total, the 2016 figure of 237,778 units means that more new vehicles were sold to customers than ever before in the history of Porsche.

In November, the market launch of the new Panamera – under the motto “courage changes everything” – was a sensation. The second generation of this vehicle type elegantly combines the seemingly contradictory concepts of performance and comfort. In the year of the model change, a total of 15,240 Panamera models were handed over to customers.

The high level of demand for the SUV models Macan and Cayenne – once again the best-selling model ranges in the 2016 financial year – demonstrates Porsche's strong position in these segments. The Cayenne saw

Economic growth

Percentage change in GDP



70,867 deliveries. At 95,642 vehicles, the Macan was the top-selling Porsche model.

In total, the 2016 figure of 237,778 units means that more new vehicles were sold to customers than ever before in the history of Porsche. Growth of six per cent was observed in comparison to 2015. All the major sales regions of China, North America and Europe were able to increase their deliveries compared with the previous year.

America

USA: Porsche growing faster than the automobile market

In the United States, Porsche delivered 54,280 vehicles to customers in the reporting year. This means Porsche has surpassed the previous year's performance for the seventh successive year: In the 2016 financial year, growth was five per cent. The front-runner among Porsche models was the Macan, with 19,332 vehicles sold. Since August 2016, the model has been delivered in the USA as a 2.0-litre turbo variant for the first time.

The Cayenne received great feedback again with 15,383 deliveries. Every eighth model delivered to customers was an S E-Hybrid. The USA is the largest market for the Porsche 911. The introduction of the most recent model generation was a great success. The engines, boasting enhanced efficiency and performance, enjoyed huge popularity. A total of 8,902 vehicles (incl. 918 Spyder) were delivered. The completely overhauled 718 Boxster and 718 Cayman mid-engine sports cars arrived at US dealers in summer and autumn 2016 respectively. The total number of deliveries for Boxster and Cayman was 6,260. There was great anticipation for the completely redesigned second generation of the Panamera, to be introduced in early 2017. Nevertheless, Porsche was still able to impress 4,403 customers with first-generation Panamera vehicles in the reporting year. In November 2016, Porsche opened a Porsche Experience Centre and test track on a 20-hectare site in Los Angeles. It is the second centre of its kind after Atlanta.

Canada: The record journey continues

In 2016, Porsche Canada achieved a figure of 7,061 new vehicle deliveries – an increase of ten per cent in comparison with the previous year and a new sales record. The 7,000-delivery mark was also reached for the first time. As in the four years prior, each of the 12 months of 2016 saw delivery figures higher than those in the corresponding month of 2015, giving Porsche the longest-standing record in the Canadian market. At 2,800 vehicles, the Macan overtook the Cayenne as the top-selling model range. With 946 deliveries (incl. 918 Spyder), the 911 achieved record sales. A successful market launch was enjoyed by the 718, with the Boxster in August 2016 and the 718 Cayman in

November 2016. Work is progressing at full speed at the Porsche Centre North Toronto – the first Porsche-owned branch in North America, which will also be home to the new headquarters and training centre for Porsche Cars Canada Ltd.

South America: Stable sales

The reporting year was characterised by a stable sales situation in Central and South America (excluding Brazil) and the Caribbean. The previous year's level was achieved, with a total of 3,240 new vehicles delivered to customers. Mexico alone contributed a 46 per cent share of sales. The Macan became the highest-volume model range, selling 1,184 vehicles and overtaking the Cayenne's 1,076 deliveries.

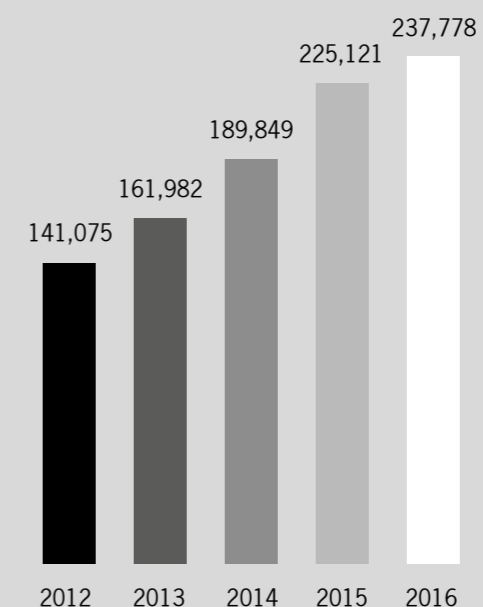
Fluctuating currency rates and a drop in the oil price were characteristic for the region and protectionist measures made importing vehicles difficult. In spite of this, delivering 409 mid-engine sports cars was a great start for the 718 model line, while the previous generation was also successfully discontinued. The 911 impressed over the course of the second generation rollout with an increase of 45 per cent, reaching 496 sales. The relevant regional office in Miami handles a total of 23 markets with 40 Porsche centres and showrooms.

Brazil: Growth in the second year

In its second year of business operations, the Porsche subsidiary in Brazil significantly exceeded the result from the previous year. In spite of difficult conditions such as recession and high import duties, deliveries rose by 38 per cent to 1,010 units. The greatest volume sold was for the Macan (352 units), ahead of the Cayenne (341 units). With the arrival of the new 911 in showrooms, demand increased from the middle of the year, resulting in 142 sports cars of this type being delivered by the end of the year – an increase of 137 per cent compared with the previous year. The mid-engine sports cars saw a total of 155 deliveries. The Brazilian subsidiary with headquarters in São Paulo is currently in charge of nine Porsche centres, of which three dealerships in Florianópolis, Campinas and Recife commenced operations in 2016.

In the United States, Porsche delivered 54,280 vehicles to customers in the reporting year. This means Porsche has surpassed the previous year's performance for the seventh successive year.

Deliveries of new vehicles



Europe

Germany: The success story continues

In the 2016 financial year, with 29,247 delivered vehicles (previous year: 28,953 units), Porsche enjoyed a sixth successive record year in its home market. At 8,073 vehicles, the Macan was the top-selling model. The launch of the Macan GTS played a considerable part in this achievement. Some 6,985 customers chose the Cayenne – an increase of eight per cent compared with 2015. At 8,015 deliveries, the 911 (incl. 918 Spyder) reconfirms its position as undisputed number one in the two-door sports car segment in Germany. The new mid-engine 718 Boxster and 718 Cayman sports cars had a delivery figure of 4,245 (incl. previous 981 model range) – an increase of ten per cent on the previous year.

Customers in Porsche's home market were keen to accept the completely redeveloped Panamera, with order quantities far surpassing expectations. With 1,929 vehicles sold, Porsche delivered more Panamera vehicles in the year of the model change than in the previous year.

The Porsche Centre Böblingen was opened in 2016. Porsche Deutschland took over the Porsche Centre Stuttgart Airport, increasing the number of Porsche-owned branches to six out of a total of 86 Porsche Centres in Germany.

+ 9%

Despite a tense political and economic situation, Porsche Cars Great Britain Ltd. enjoyed its best year yet with 13,288 customer deliveries.

United Kingdom: Record year despite referendum

In 2016, headlines in the United Kingdom were dominated by the referendum on the country's withdrawal from the European Union. Despite a tense political and economic situation, Porsche Cars Great Britain Ltd. enjoyed its best year yet with 13,288 customer deliveries, an increase of nine per cent. The most popular model range was the Macan (4,618 deliveries). Two-door sports cars also experienced strong growth of 11 per cent: The 4,836 deliveries of the 911 (incl. 918 Spyder), 718 Boxster and 718 Cayman (incl. 981 predecessor models) underline the British enthusiasm for Porsche rear- and mid-engine sports cars. Even immediately following the decision to leave the European Union, the number of orders received remained consistently above the previous year's level. Porsche's great popularity among Britons was also evident at the Porsche Experience Centre Silverstone, which welcomed almost 19,000 visitors.

France: Strong presence in Paris and Le Mans

In autumn 2016, around a million car enthusiasts attended the Paris Motor Show. One of the show highlights was the presentation of the new Panamera. Porsche also made motorsport history once again in France: In the 24 Hours of Le Mans, the Porsche works team emerged overall victors for the 18th time. In terms of sales, the Macan remained ahead of the Cayenne as the biggest-selling model range in France. In total, deliveries increased by 12 per cent to 5,592, thereby setting a new record.

Belgium/Netherlands/Luxembourg: Hybrid models in demand

With vehicle deliveries reaching 5,372 in Belgium, the Netherlands and Luxembourg, Porsche surpassed the high number of 4,996 units that was recorded in the previous year. The 911 models are particularly popular. At 564 units, the Dutch made up around 30 per cent of the total volume of 1,889 vehicles. This puts them virtually neck and neck with the strongest model range: the Macan. In Belgium, Porsche delivered 2,896 vehicles, representing an increase of 20 per cent. Luxembourg also observed a double-digit increase to 587 units. With a mixed share of 37 per cent for the Panamera and 62 per cent for the Cayenne, the plug-in hybrid models remained highly popular.

Italy: Automobile market continues to grow

Despite the ongoing political and economic uncertainty in the country, the Italian automobile market is growing at a pace. This development can be seen in the deliveries of Porsche models, with an increase of seven per cent to 5,162 units. The 911 gained a proportion of more than 50 per cent in its market segment. Other 2016 milestones were the expansion of the Porsche Centre Rome South and the Porsche Service Centre Catania into Porsche Classic partners. This means that there are now four Porsche Classic partners in Italy.

Spain/Portugal: Investment in the growth market

In a similar way to Italy, the passenger car market in Spain and Portugal grew substantially. Porsche deliveries increased by eight per cent to 2,797 units. Backed by these successes, Porsche is reinforcing its presence in the Spanish market. One example of this approach is the new build of the Porsche-owned centre at the Madrid North site. In Barcelona too, Porsche strengthened its market presence with the opening of a new city showroom.

Switzerland: High proportion of Turbo and GT models

In Switzerland, Porsche was once again able to improve slightly on the previous year's record, delivering 3,970 vehicles to customers. Demand for 911 Turbo and GT models was particularly strong (43 per cent). Porsche is continuing to focus on professionalising and optimising the dealership network. This includes opening Porsche Centres in Upper Lake Zurich and Locarno.

Austria: Two-door models popular

With 1,392 deliveries, Austria surpassed the previous year – which itself recorded strong sales – by two per cent. Two-door sports cars were especially successful, selling 538 units – an exceptional growth level of 80 per cent. The particularly sporty 911 GT3 RS and Cayman GT4 and the new 718 Boxster were the main drivers behind this achievement.

Central and Eastern Europe: A 12 per cent increase

In a diverse market environment featuring geopolitical risks, Porsche improved on the previous year's result by 12 per cent, delivering 5,550 units to customers. The best-selling Macan and Cayenne models achieved 2,540 and 1,847 deliveries respectively. A total of 845 vehicles were delivered to customers from the 911, 718 Boxster and 718 Cayman model ranges (incl. 981 predecessor models). In the reporting year, the Porsche Driving Centre in Istanbul offered more than 1,500 visitors the perfect environment in which to test every Porsche model. The opening of new Porsche Centres in Lviv (Ukraine), Herzliya (Israel), Istanbul (Turkey), Skopje (Macedonia) and Almaty (Kazakhstan) further supports the brand presence in additional parts of the region.

Russia: Stability despite recession

Despite the ongoing difficult market situation and another substantial deterioration in the Russian passenger car market, Porsche stabilised its position and delivered 4,961 units, roughly matching the previous year's 5,290. The top-selling model ranges were the Cayenne (2,606 deliveries) and the Macan (1,730). Regular driving experience events held at the Porsche Driving Experience Centre at the Moscow Raceway are reinforcing the brand presence in the Russian market.

Northern Europe: Significantly increased sales

In Scandinavia, sales increased by one fifth to 2,635 vehicles. The two-door 911, 718 Boxster and 718 Cayman sports cars (incl. 981 predecessor models) sold 783 units, substantially surpassing the figure from 2015 by 62 per cent. This excellent result is partly down to the buzz around motorsport brought on by the Carrera Cup Scandinavia. Sweden exhibited exceptionally strong growth once more. In Norway, the proportion of hybrids in the relevant model ranges was at 74 per cent.

Asia

China: Number one again

With a figure of 65,246 deliveries, China – including Hong Kong – increased sales in the 2016 financial year by 12 per cent, making it Porsche's highest-volume sales region worldwide for the second time in a row. The Macan was the most attractive model range, with vehicle sales of 34,015, putting it ahead of the Cayenne, which sold 22,204 units. Some 1,492 units of the 911 (incl. 918 Spyder) were delivered, with the mid-engine sports cars reaching a figure of 2,416 units sold to customers. Despite the forthcoming model change at the start of 2017, the Panamera achieved the sales volume from the previous year (5,119 delivered vehicles). China is the main consumer of Macan, Cayenne and Panamera models. A further six Porsche Centres commenced operations during the reporting year and at the end of the year, there were a total of 97 Porsche dealers.

+ 12%

With a figure of 65,246 deliveries, China – including Hong Kong – increased sales in the 2016 financial year by 12 per cent.

Japan: Continual growth

By delivering a total of 6,745 vehicles, Porsche Japan clearly improved on the previous year's record performance of 6,527 units. A large proportion of these sales was made up of the Macan model range, for which sales increased by 19 per cent to 2,538 models. Rear- and mid-engine sports cars were also able to expand on the strong figures observed during the previous year. Porsche supplied 1,533 vehicles from the 718 Boxster and 718 Cayman (incl. 981 predecessor models) ranges, and 1,420 units of the 911.

South Korea: Growth in the dealership network

In 2016, Porsche South Korea sold 3,270 vehicles to customers (previous year: 3,612). This figure includes 766 rear- and mid-engine sports cars. Macan sales increased by six per cent to 806 vehicles. With a new location in Seoul, the dealership network in South Korea continues to grow. It is set to open in spring 2017. In addition, Asia's second-biggest Porsche Service Centre opened in Seoul at the Bundang site.

Asia-Pacific: Previous year's standard matched

In the Asia-Pacific region, managed from Singapore, Porsche confirmed 5,589 customer deliveries, again matching the very high level of the previous year (5,583 units). The Macan played an important role in this success, contributing 2,626 vehicles. Deliveries of the Cayenne increased by ten per cent to 1,819 new vehicles. The 911 model range was in high demand, with 590 units delivered. Taiwan remained the

strongest market in the region, with 3,356 sales recorded. This result was helped in part by the opening of the Porsche dealership in Taoyuan – now the largest in the Porsche Asia-Pacific region.

Middle East, Africa and India: Numerous challenges

With 6,504 vehicles delivered in the Middle East, Africa and India, Porsche was able to overcome some extreme uncertainties in the region. Drastic fluctuations in exchange rates in India and South Africa, unclear import regulations, political instability and war, as well as the continued drop in the oil price, all negatively impacted business and consumer behaviour to a significant extent during the reporting year. With 2,878 deliveries of the Cayenne and 1,192 of the Macan, Porsche SUV models were responsible for 63 per cent of sales in the region. The regional office in Dubai manages the 24 diverse markets with 65 Porsche locations. An additional showroom in Abu Dhabi and a workshop in Beirut expanded the regional dealership network during 2016.

Australia/New Zealand: Record year again

Porsche Cars Australia again exceeded the record achieved in the previous year. The sportscar manufacturer delivered a total of 4,867 vehicles (an increase of eight per cent) to customers in Australia and New Zealand. Macan sales increased by seven per cent to 2,353 units. The Cayenne saw 1,480 deliveries. The 911 model range, with 480 units sold, also exceeded the high performance recorded during the previous year by 11 per cent. The mid-engine 718 Boxster and 718 Cayman sportscars (incl. 981 predecessor models) achieved an increase of 22 per cent, with deliveries totalling 505 units – a figure that was boosted by the success of the Cayman GT4 in particular.

Porsche financial year 2016 in figures

Figures relate to Porsche AG Group

1.41 billion euro

Investment in material assets
Investment in material assets (vehicle business) increased by 5 per cent.



27,612

Employees
The number of employees around the world increased by 13 per cent.

2.21 billion euro

Research and development costs
R&D costs rose by 3 per cent.



17.4%

Operating return on sales
Return on sales rose from 15.8 per cent in the previous year to 17.4 per cent.

22.32 billion euro

Revenue
Revenue increased by 4 per cent over the previous year.

95,642

Deliveries of the Macan
The Macan was the best-selling Porsche model with an increase of 19 per cent.

3.88 billion euro

Operating profit
The operating profit increased by 14 per cent.

237,778

Deliveries of new vehicles
In total, 6 per cent more Porsche vehicles were delivered than in the previous year.

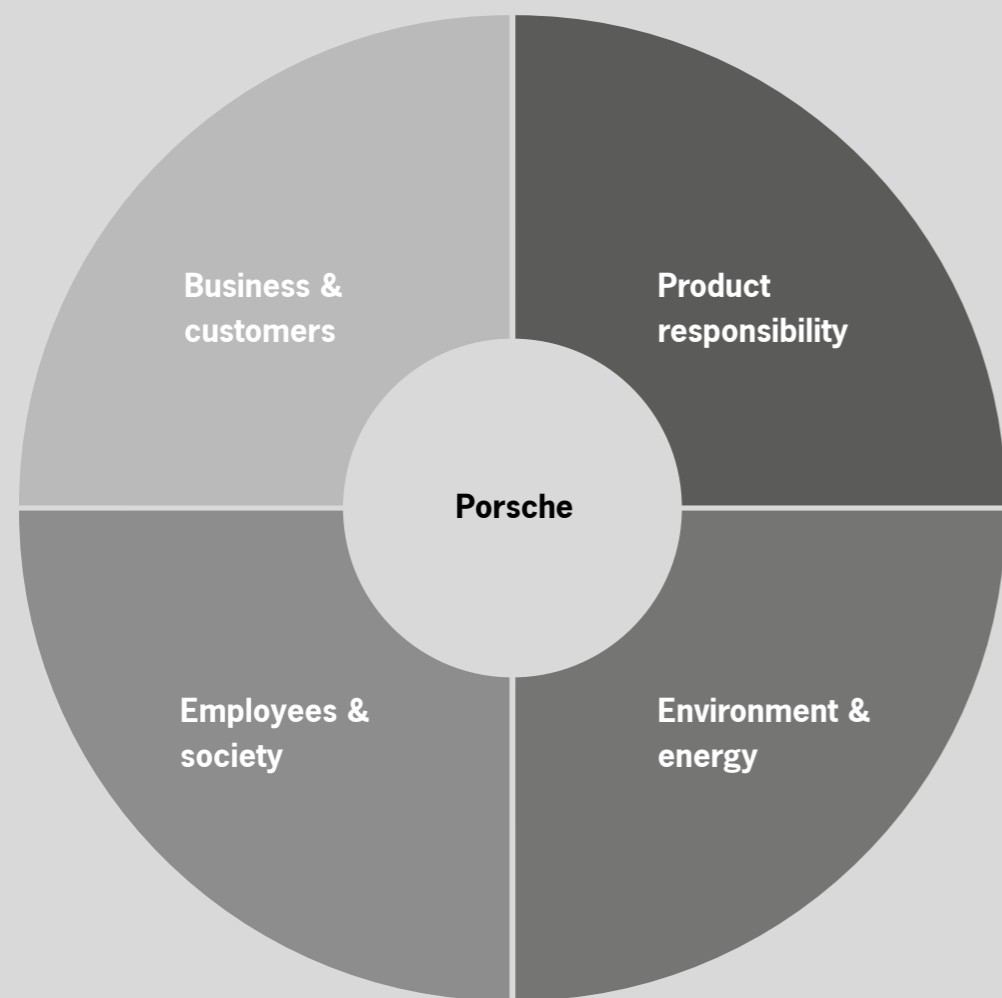
Sustainability strategy and sustainability management

Strategy and organisation

Stakeholder dialogue

Our way – management approaches in our spheres of activity





STRATEGY AND ORGANISATION

Sustainability is of utmost priority to Porsche. Sustainable action is a central business objective of the Porsche Strategy 2025. As a cross-sectoral issue, sustainability is firmly anchored in all areas of the company. Responsibility for this matter lies directly with the Chairman of the Executive Board. For Porsche, the assumption of responsibility for people, the environment and society is a central task of the company. Porsche also wants to set new benchmarks in this area.

The following designations (G4-x) refer to the Global Reporting Initiative (GRI) standard, Version 4. The sustainability information has been created in accordance with this standard.

Spheres of activity and general guidelines
(G4-18, G4-20, G4-21)

Porsche has defined four topic areas for structuring and managing the company's sustainability activities:

- Business & customers
- Product responsibility
- Environment & energy
- Employees & society

These not only cover the classic sustainability dimensions of economy, ecology and social matters, but also consider the role of Porsche as a manufacturing company. The four spheres of activity are used to structure all business activities and projects with sustainability relevance as well as the company's strategic considerations and objectives.

In day-to-day activities as well as for far-reaching company decisions, managers and employees alike are guided by the overarching principles of corporate governance. These provide a framework for productive and responsible cooperation in accordance with the law and contain guidelines for decision-making and management processes. The internal compliance code, for example, facilitates the observance of legal regulations and company-specific guidelines. As part of the 2025 corporate strategy, sustainability will be established as a central component of the compliance code. The Porsche culture is covered extensively in the management guidelines, which serve as the foundation for important internal topics such as employee development, internationality and cultural diversity, while also governing the specific matters of sustainability and social responsibility. In addition, numerous operating agreements as well as Group and company guidelines provide a regulatory framework.

Sustainability principles

(G4-21)

The company's activities with regard to sustainability are guided by four principles, which are based on the aforementioned subject areas and were approved at the highest level by the Executive Board of Porsche AG.

1st Business & customers

Satisfied customers, economic stability, value-creating growth and socially accepted products are the objectives of our corporate activities. We combat corruption and embrace fair competition, respect the observance of internationally recognised human rights and categorically reject any type of forced or child labour.

2nd Product responsibility

We develop high-quality, innovative and durable products offering typical Porsche performance. Quality, environmental compatibility and safety are continuously optimised throughout the lifecycle of our vehicles.

3rd Environment & energy

The conservation of natural resources is one of the primary objectives of our company. The environmental impact of development and manufacturing processes must be kept to an absolute minimum. With this in mind, environmental compatibility and the efficient use of energy are checked on a continuous basis along the entire value chain, and improvements made where necessary.

4th Employees & society

People are at the heart of Porsche – this applies both to our employees as well as to our society, of which we consider ourselves a part. We accept responsibility for these people and want to invest in their future. In addition to the continuous development and qualification of our employees, other important aspects of this Porsche culture include such matters as equal opportunities, diversity and co-determination as well as the ongoing improvement of our employees' work-life balance along with fair and performance-based remuneration. As part of our local and international social commitment in the areas of "social matters", "education and science", "culture" and "sport", we initiate our own projects and support external partners in conducting their own important social activities.

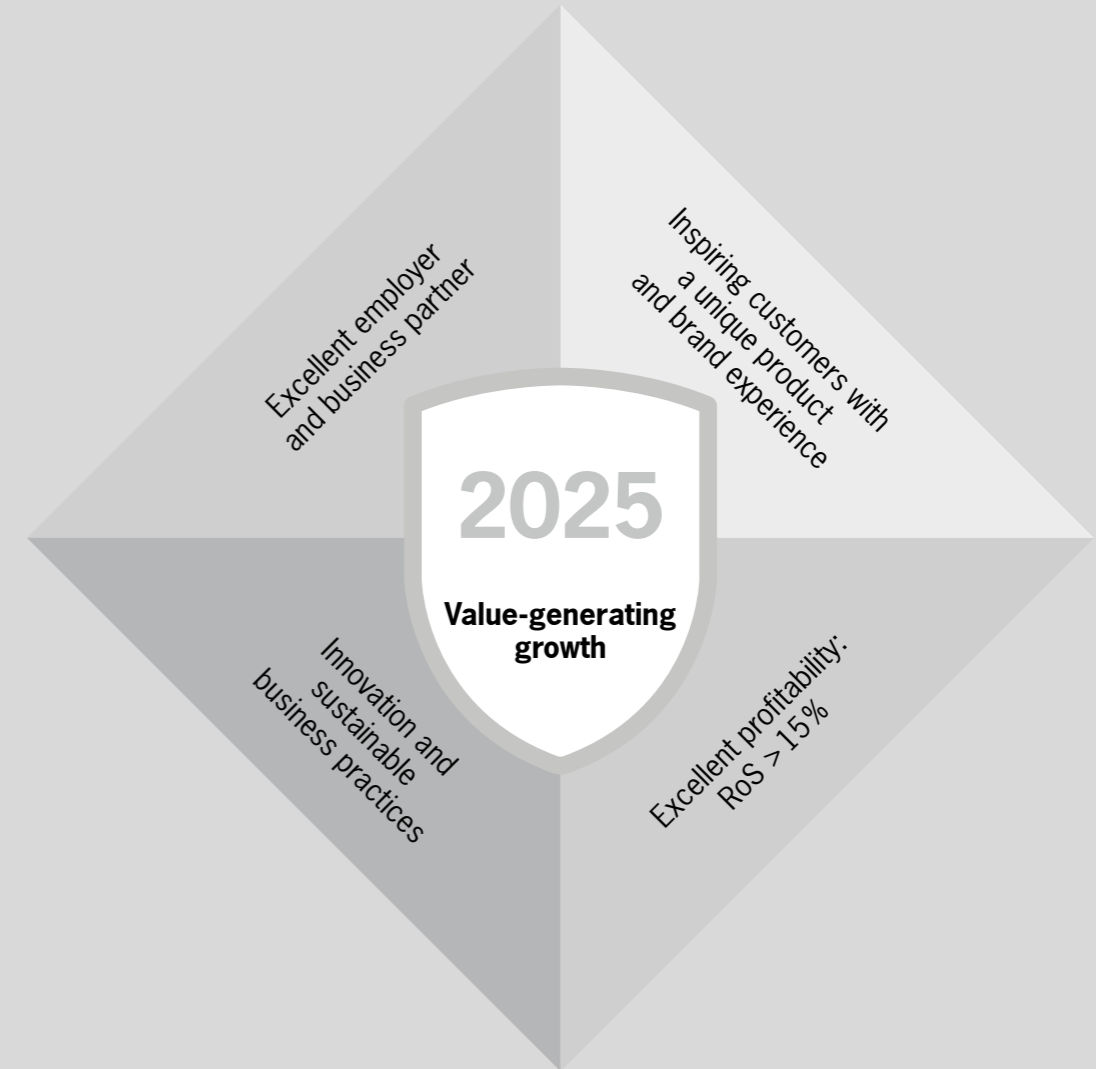
Sustainability in the Porsche Strategy 2025

Shaping the future of the sportscar – that is the theme of the Porsche Strategy 2025. In the 2016 reporting year, the workforce and management jointly established the new business strategy for the next decade. At the heart of the strategy is the future product portfolio. The sportscar of the future will blend the history and values of the Porsche brand with innovative technologies, while at the same time ensuring sustainability. In achieving this, topics such as electromobility, digitalisation and connectivity will play an important role. Porsche will assume the task of shaping the exclusive and dynamic mobility of tomorrow. The company's main objective is to achieve value-creating growth. Only by achieving such growth can Porsche make sustainable investments in innovative technologies, new products and the company workforce.

Porsche enthrals its customers with unique products and services. The company wants to further strengthen its excellent reputation as an outstanding employer and business partner that assumes responsibility for society and the environment. Profitability, efficiency and social responsibility are not mutually exclusive for Porsche.

In the future, sustainability aspects are to be well represented and promoted in all areas of the company – from development to sales. Consequentially, all departmental sub-strategies contain objectives and projects relevant to sustainability. These include concrete measures for enhancing sustainability in the supply chain, for improving the environmental compatibility of products throughout their lifecycle and for the further integration of sustainability in important company processes, such as risk management. All corresponding topics are structured according to the four central spheres of activity for sustainability at Porsche, as well as the additional work packages "Integration in processes" and "Communication and stakeholder dialogue". Responsibility for the ongoing definition and measurability of content as well as the continuous implementation of the cross-sectoral issue lies with the sustainability team of the "Politics and External Relations" department in cooperation with the individual subject managers in the specialist areas.

Porsche Strategy 2025



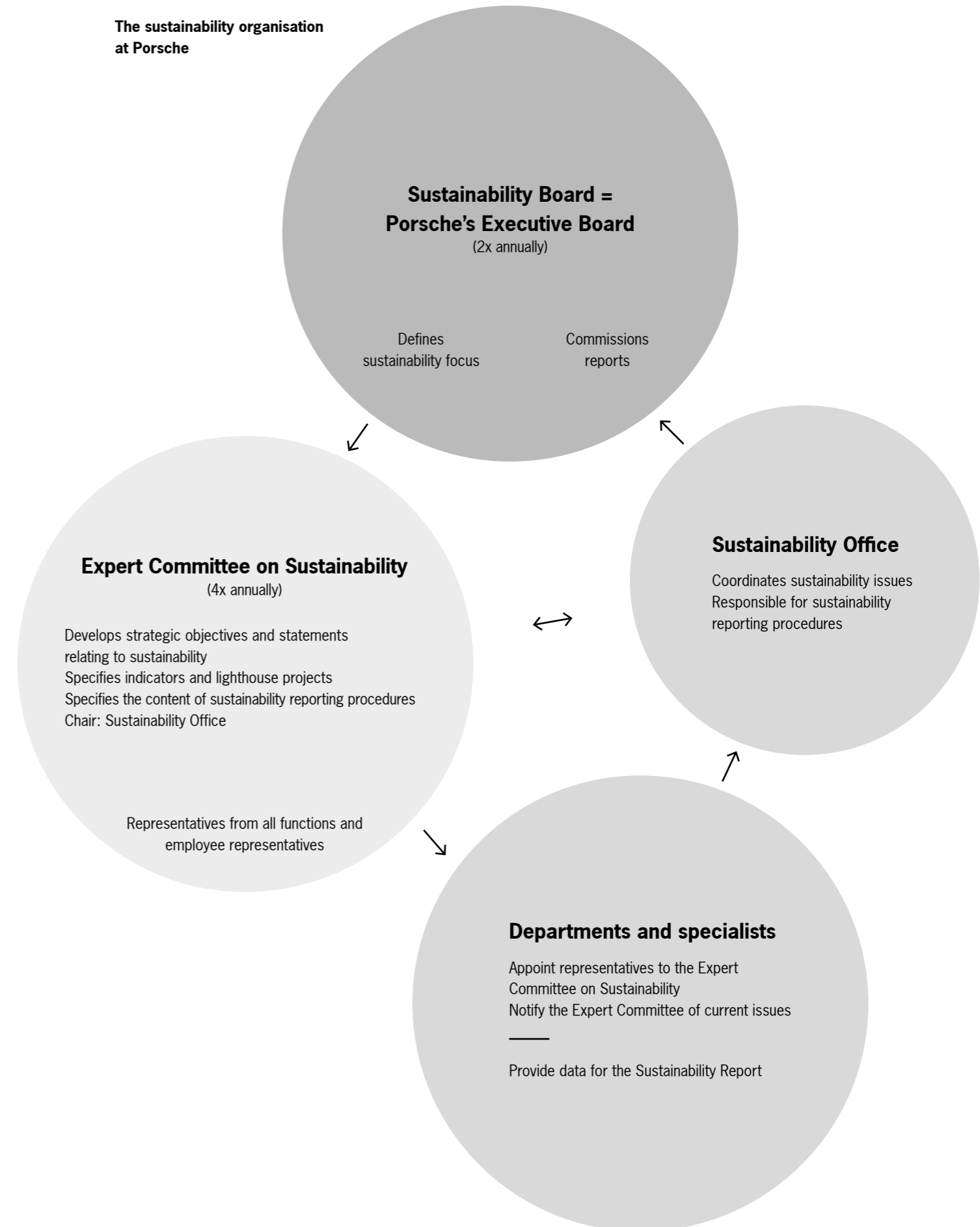
Sustainability organisation

(G4-18, G4-20)

A clear internal structure with defined roles and responsibilities enables stringent and effective processing of sustainability topics within the company.

The Executive Board of Porsche AG serves as the highest sustainability committee, which meets at least twice a year in the form of the "Sustainability Board". As well as deciding the company's basic strategic orientation, the committee also addresses the implementation of milestone projects and far-reaching sustainability measures. The sustainability team of the "Politics and External Relations" department acts as an interface for all sustainability-related topics within the company. It is tasked with the coordination of all sustainability activities, implementation of the sustainability strategy, reporting and inclusion in the Group-wide sustainability activities of the Volkswagen Group. In addition, it safeguards internal and external communication as well as the ongoing development of the stakeholder dialogue. The "body of experts on sustainability" is responsible for the alignment and content of the company's sustainability activities and for devising corresponding proposals for the Executive Board. It features a cross-departmental structure and convenes four times a year. The permanent members of the body of experts represent sustainability-related areas from all company departments, within which they function as multipliers for sustainability issues.

The sustainability organisation at Porsche



STAKEHOLDER DIALOGUE

Stakeholder management

(G4-19, G4-20, G4-21, G4-24, G4-25, G4-26, G4-27)

Porsche attributes great importance to the exchange with relevant stakeholders and its continuous development. The company therefore invites its stakeholders to engage in a dialogue on accompanying Porsche on the road to a sustainable future. Since the 2016 reporting year, this commitment has been bundled under the motto “JoinTheRoute”. Porsche is convinced that solutions for sustainable mobility can only be identified and implemented on a collaborative basis. The following figure shows the most important internal and external stakeholders of the company, as defined on the basis of internal analyses.

Establishment of the Porsche sustainability advisory committee

A central step in the expansion of the stakeholder dialogue was made in November in 2016 with the establishment of the Porsche sustainability advisory committee. Five internationally renowned experts from the world of science and society will support Porsche in its future endeavours to promote the subject of sustainability within the company:

- Prof. Dr Maximilian Gege, co-founder and chairman of the German Environmental Management Association (B.A.U.M.)
- Dr Sonja Peterson, Scientific Director of the Kiel Institute for the World Economy
- Prof. Dr Lucia A. Reisch, member of the Council for Sustainable Development and professor at Copenhagen Business School
- Prof. Dr Ortwin Renn, Scientific Director of the Institute for Advanced Sustainability Studies e.V. (IASS)
- Prof. Dr Klaus Töpfer, former German Federal Minister for the Environment, Nature Conservation and Nuclear Safety and former Executive Director of the United Nations Environment Programme (UNEP)

The committee will provide inspiration and ideas for the Executive Board of Porsche AG. In this capacity, they will meet at least twice a year to report on current environmental and social developments and to discuss possible sustainable solutions.

Internal stakeholder dialogue

(G4-19, G4-20, G4-24, G4-26, G4-27)

Open and direct communication is an important element of Porsche's corporate culture and is rooted in the management guidelines. A number of means are available to employees for voicing their concerns and utilising transparent communication paths and information channels. In the area of Porsche ideas management, for example, 19 employees were recognised in the reporting year for their contributions to the improvement of business processes, and were honoured in a special event. A newly devised ombudsman system enables

anonymous complaints and reporting of legal violations relating to the company. It is also established practice at Porsche to inform all employees and their elected representatives about important operational changes both comprehensively and in a timely manner. Adherence to this corporate practice is ensured by a number of means, including a Supervisory Board with equal representation, the works council committees, regular works meetings and the continuous maintenance of the works agreement database on the Intranet. The internal stakeholder dialogue, particularly on sustainability topics, is to be further developed in the future. The development and implementation of a corresponding concept is planned as part of the 2025 corporate strategy.

External stakeholder dialogue

(G4-18, G4-19, G4-21, G4-24, G4-26, G4-27)

Along with the newly established sustainability advisory committee, Porsche also interacts with external stakeholders by a number of other means. Since 2015, the “targa” journal has been published twice a year to inform residents at the Porsche site in Weissach and the neighbouring Mönshheim about current developments and special projects. Separate publications were also started for residents around the Zuffenhausen and Leipzig plants in 2016. In addition, our neighbours are notified of relevant measures, such as construction activity at the sites, in the form of project-specific letters and events. This gives residents the opportunity to discuss specific issues directly with the experts on-site. In 2016, two informational events with around 550 participants took place. Moreover, a e-mail address was set up to improve the complaints management process. To intensify the dialogue between local politicians and the company, Porsche continues to be involved in the “inter-municipal working group” initiated in 2015.

In the future, Porsche also intends to become more involved in relevant sustainability networks at local, national and international level. The first step was made with company's joining of the German Environmental Management Association, Bundesdeutsche Arbeitskreis für umweltbewusstes Management e.V. (B.A.U.M.), in the reporting year. By becoming a member of this association, Porsche has committed itself to the B.A.U.M. corporate code and the practice of sustainable and eco-friendly business activities.

Stakeholder survey

(G4-18, G4-19, G4-20, G4-21, G4-22, G4-24, G4-25, G4-26, G4-27)

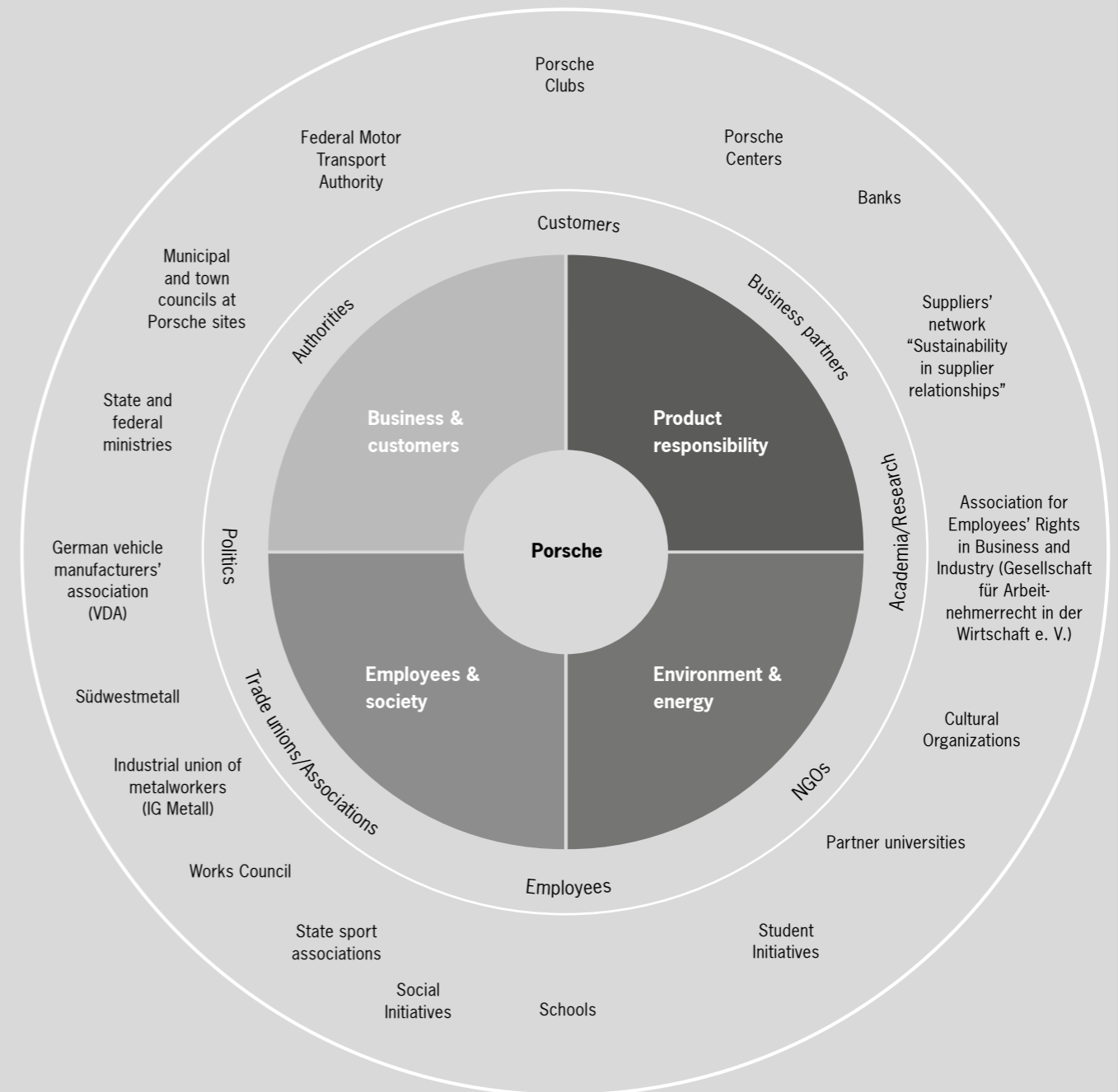
Regular stakeholder surveys provide systematic information on the opinions and expectations of relevant stakeholders with regard to sustainability. In the autumn of 2015, around 2,600 external stakeholders from Germany – including customers, business partners, representatives of authorities, associations, unions and non-governmental organisations, politicians, scientists and sustainability experts – were invited to participate in an online survey.

A central step in the expansion of the stakeholder dialogue was made in November in 2016 with the establishment of the Porsche sustainability advisory committee.

Our Stakeholders

(G4-24, G4-25, G4-26, G4-27)

The most important internal and external stakeholders of the company, as defined on the basis of internal analyses.



Representatives from the Volkswagen Group and the individual Group brands also took part. 15 per cent accepted the invitation. 94 per cent of those surveyed saw no contradiction in principle between corporate responsibility and the production of premium sportscars. 91 per cent consider the development of the company's sustainability activities as positive. The main challenges facing the company are the issues of "long-term economic stability", "long-term customer relations" as well as "fuel consumption and emissions of vehicles". Further information on the results can be found in the 2015 Porsche Sustainability Report. The next stakeholder survey is planned for the autumn of 2017 and will also include two international markets.

Materiality analysis

(G4-18, G4-19, G4-20, G4-21, G4-22, G4-24, G4-27)

A materiality analysis evaluates the results of the stakeholder survey in detail and considers them in terms of the significance of individual sustainability topics for the company. These topics were established on a systematic basis as part of an internal workshop with employees from sustainability-related areas of the company. The focus was on the subjects of "financial effects", "risks", "reputation" and "current social debates". This analysis served as the basis for the materiality matrix, which was approved by the body of experts on sustainability. Detailed information on this matrix is provided in the 2015 Porsche Sustainability Report. The next materiality analysis will take place following the stakeholder survey scheduled for the autumn of 2017.

For reasons of clarity, the dimension "low" has been omitted from the matrix shown here. Subjects were not classified as insignificant or of minimal relevance in either the internal analysis or the external survey. The importance that Porsche attributes to the opinion of its stakeholders is highlighted by the strategic application of the materiality analysis. The subjects identified in the analysis serve as the basis for sustainability aspects that are closely linked with other topics of the corporate strategy. The objective that can be derived from this is a matter of course for an ambitious company: Porsche also strives for continuous improvement in the area of sustainability.

Communication media for internal stakeholders 2016

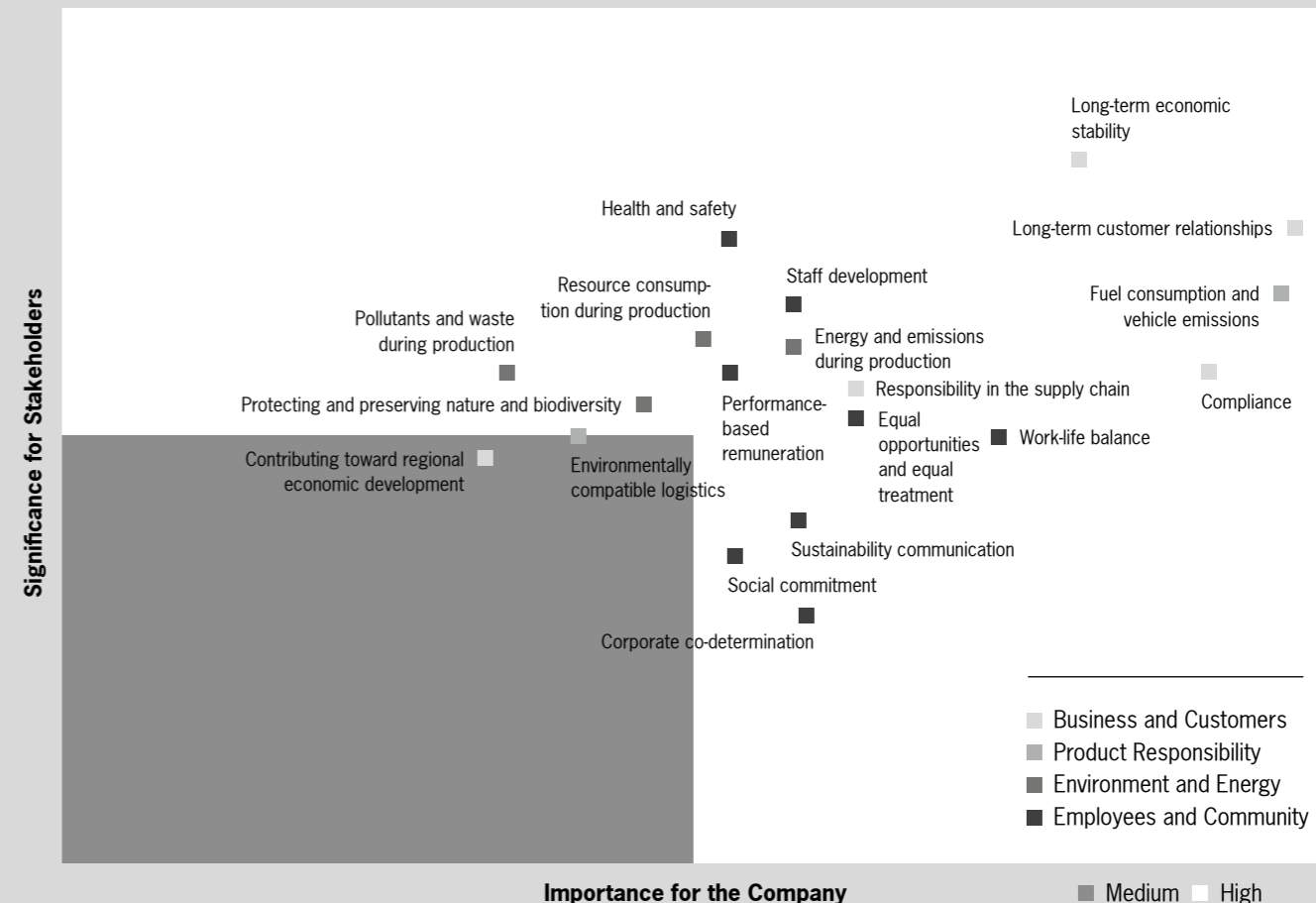
- “Carrera” media for employees (magazine, site newsletters, TV, Intranet)
- Introductory session for new employees (“Porsche Warm-Up”)
- Mood barometer (employee survey)
- Works meetings
- Body of experts on sustainability
- Management and employee training courses
- Porsche information boards

Communication media for external stakeholders 2016

- Annual Report 2015
- Sustainability Report 2015
- Porsche Internet presence (newsroom, corporate website)
- Press releases and (virtual) press conferences
- Activities in associations/networks and meetings with authorities
- Informational events for residents
- “targa” residents’ journal
- “Christophorus” customer magazine
- Plant tours and presentations on sustainability

Materiality Matrix

(G4-18, G4-19, G4-20, G4-21, G4-27)



OUR WAY – MANAGEMENT APPROACHES IN OUR SPHERES OF ACTIVITY

Business & customers

A company lives from its customers. Porsche therefore attributes utmost importance to maintaining its customer relationships and endeavours to uphold and enhance the fascination with the sports car. In doing so, the company incorporates not only its customers and interested parties, but also its employees, suppliers and service providers. Honest cooperation generates trust, which in turn creates economic stability and secure workplaces.

To develop good relationships with all stakeholders, interaction and dialogue are of central importance. Since 2014, Porsche has supplemented classic communication channels with new means of maintaining customer contact. Apps, video chats and social media channels allow us to keep customers informed in a quick and uncomplicated manner while also facilitating interaction. It goes without saying that personal contact remains essential when it comes to ensuring long-term customer loyalty. Our global customer market research aims to establish customer requirements and to act on these needs by incorporating them in the development of products and services at an early stage. More than 150,000 customer surveys per year allow Porsche to optimise its products and processes on an ongoing basis. The “forum for product quality and customer satisfaction” also revolves around the needs and concerns of customers. The Executive Board of Porsche AG addresses these issues in close cooperation with technicians and representatives from the areas of quality assurance, customer relations and after sales.

> 150,000

customer surveys per year allow Porsche to optimise its products and processes on an ongoing basis.

Adherence to the law and legislation is ensured by a compliance organisation based on the company’s business model as well as legally binding processes and measures for prevention and response. Porsche currently incorporates ten compliance subject areas in its compliance management system. Porsche has established a compliance organisation to prevent legal violations and support employees in upholding the law. It consists of the Chief Compliance Officer, compliance area managers at Porsche AG as well as the managing directors as local Compliance Officers within the Group companies.

Porsche’s compliance programme comprises a range of measures for prevention and response. Based on a systematic, Group-wide risk analysis, needs for action and

measures for prevention are defined on a continuous basis while taking into account the relevant business model, applicable environmental conditions and the type of the business partner relationships. Among the main prevention measures are the adoption and communication of clear guidelines, the provision of confidential compliance counselling as well as the regular training and updating of managers and employees with regard to relevant compliance topics.

The compliance code summarises the most important principles and expectations relating to lawful, ethical and sustainable actions within the Porsche Group in a binding guideline for all managers and employees. It addresses such matters as handling conflicts of interest, combating corruption in all its forms, appropriate behaviour inside the Group and towards customers, business partners and public officials as well as the assumption of responsibility for the economy, environment and society. In addition, a separate directive exists for each compliance topic, such as handling conflicts of interest, combating corruption, avoiding cartelisation and preventing money laundering.

Porsche’s central Compliance Help Desk serves as a contact point and advisory service for questions regarding compliance and for receiving information from the managers and employees of the company. To ensure and promote compliant behaviour, managers and employees are regularly trained and updated on integrity and compliance in a manner befitting their roles in the company.

As a main measure of response, an internal and external point of contact has been established to receive information regarding any potential legal violations relating to Porsche. Internally, Porsche managers and employees can report suspected criminal activity or serious irregularities to the Compliance Help Desk in a confidential manner. Outside the company, managers, employees, customers or business partners of Porsche, public officials or other external parties can use the ombudsman system to report any legal violations relating to Porsche in an anonymous fashion. In both cases, information is followed up with due care and diligence and any violations identified are responded to appropriately and in compliance with the relevant employment and co-determination guidelines. This also includes the implementation of suitable countermeasures and sanctioning of individual misconduct. The Executive Board of Porsche AG receives regular reports regarding the status of implementation of the compliance organisation as well as the preventive and reactive measures within the Porsche Group.

Porsche also maintains intensive and open dialogue with its own dealers and suppliers to facilitate the continuous optimisation of processes and products. With the implementation of its “Dealership Sustainability Initiative”, Porsche supports its global branches in the planning, construction and operation of environmentally sustainable Porsche Centres.

The strict compliance with the sustainability requirements defined in the Volkswagen Group is essential to the effective cooperation between Porsche and its suppliers.

Trustworthy cooperation and common values are also essential when it comes to the supply chain, particularly in times of rising sales numbers and the resulting increase in supplied parts. In this regard, strict compliance with the sustainability requirements defined in the Volkswagen Group is essential to the effective cooperation between Porsche and its suppliers. Within the Volkswagen Group, the concept of “sustainability in supplier relations” and the corresponding “code of conduct” ensure that all relevant parties observe and comply with the high environmental, social and human rights standards in accordance with the charter of the International Chamber of Commerce and the OECD guidelines for long-term, sustainable development. The relevant core labour laws of the International Labour Organisation (ILO) serve as the foundation for the sustainability requirements. Suppliers are also expected to follow the OECD guideline regarding the duty of care for supporting responsible supply chains for minerals from conflict and high-risk areas. These sustainability requirements form part of the supply contract, violation of which will result in reviews, representations and, in the worst case, termination of the business relationship. To exclude the risk of cooperation that is damaging to business or the company in general, Porsche conducts an initial risk assessment of potential new suppliers by subjecting them to a thorough integrity check. Using questionnaires, supplier country risk analyses, audits and e-learning modules/training courses, continuous supplier monitoring and development takes place throughout the cooperation. In addition, Porsche provides all internal managers with regular training concerning the guidelines for sustainability in the supply chain.

Product responsibility

More than any other automotive manufacture, Porsche's brand and products stand for dynamic performance, power and exclusivity – for the fascination with individual mobility. Yet society and, consequently, the demands that people place on high-performance sportscars are changing: Resources are becoming ever scarcer, emission regulations ever stricter and conurbations are crying out for new, intelligent mobility concepts. Fuel efficiency, reduced exhaust emissions, light-weight construction and reusability of materials are becoming fundamental characteristics of a modern vehicle architecture. Electrification, digitalisation and connectivity are bringing about systematic change in the automotive sector and establishing themselves as essential elements of a company's competitiveness. Porsche is tackling these challenges in a resolute manner and is endeavouring to build sportscars that combine performance with efficiency and exclusivity with social acceptance. The fuel consumption and emissions of the vehicles are of central importance to the company and its stakeholders.

Internal working groups have been set up to answer the questions raised by climate change and scarcity of resources as well as to present potential solutions and implement them as quickly as possible. First and foremost, the company is addressing the challenges on the basis of two typical Porsche principles: performance and efficiency. Developers are able to achieve high vehicle performance with comparatively low consumption values thanks to sophisticated, well-thought-out concepts, best possible efficiency, minimisation of energy losses and the use of intelligent technologies. Concrete product ecology measures are being devised in all areas.

With regard to lightweight construction, Porsche has been testing technologies and materials for many years. A low vehicle weight results in reduced fuel consumption. Despite the weight gain attributable to fuel-efficient turbo engines and additional equipment, the powerful S model of the current 911 is just 25 kg heavier than its predecessor. Porsche started its downsizing campaign with the company's front-engined vehicles, before moving on to the flat engines. Twin turbocharging and other technologies greatly increase the efficiency of the engines, resulting in higher performance figures with lower displacement and reduced fuel consumption. Direct fuel injection, coasting and assistance systems such as "InnoDrive" enable further optimisation of vehicle fuel consumption. In addition to consumption optimisation, the reduction of emissions represents a particularly big challenge, and modern exhaust after-treatment systems are used to reduce emissions.

In the world of low-emission hybrid vehicles, Porsche has achieved a special status by becoming the world's first manufacturer to offer three plug-in hybrids as standard in its premium class range. With the Mission E, Porsche will

launch the first purely electrically powered sportscar from Zuffenhausen by the end of the decade.

Durability, workmanship, low-wear materials and recycling are other topics that are of great importance to Porsche. More than two thirds of all Porsche vehicles ever built are still used on the road today. In the case of the materials, large plastic components are labelled with their material designation to facilitate later recycling. Recycled plastics are used instead of new materials, provided that they meet the exacting technical requirements. With Porsche's own "PN 1002" standard, the company has defined both legal and internal requirements for recycling-compatible product development and construction. In addition to other existing standards, it aims to achieve maximum environmental compatibility in conjunction with suppliers and their sub-suppliers. A Porsche is up to 95 per cent recoverable and up to 85 per cent recyclable.

Environment & energy

Shaping the mobility of the future in an environmentally friendly manner requires new entrepreneurial thinking and sustainable approaches to business activities. Porsche is aware of this challenge and ready to face it head-on. Environmentally conscious and energy-efficient activity is embraced at all sites and across all levels. For Porsche, dedicated environmental protection and careful use of natural resources are more than just duties – they are important company objectives. In defining the main aspects of the above, the stakeholders and the company have identified the subject areas of energy and emissions, protection and conservation of nature and biodiversity as well as the correct handling of pollutants and waste.

For many years now, Porsche has practised its own environmental policy with clear and binding guidelines, which also form part of the "environment & energy" sustainability principle. Environmental and energy-related aspects must be taken into consideration for all decisions and by all relevant parties. All activities along the entire value chain are analysed with regard to their ecological impact in order to minimise harmful environmental influences where possible. This is enabled, among other things, by environmental management systems. They ensure that specific goals and programmes are in place and rigorously implemented at all production sites. These efforts are supplemented by the Group guideline on "environmental management". It aims to establish standardised principles of environmental protection throughout the Group, to conserve resources and to support international efforts to solve global environmental issues. Responsibility for the above, as well as for the systematic implementation of corresponding measures, lies with the Member of the Executive Board for Production and Logistics. As part of the Porsche Strategy 2025, the relevant departmental strategy features a separate strategy field dedicated to the planning and implementation of sustainable measures in production. This company division also includes central environmental and energy management. It ensures that every employee is aware of the environmental impact of his work and endeavours to minimise it.

Porsche has based its internal regulations on the international environmental management standard ISO 14001, the standard for energy management ISO 50001 as well as EMAS (Eco-Management and Audit Scheme), a voluntary community scheme of the European Union for environmental management and environmental audits. As early as 1996, the Zuffenhausen site had its environmental management system validated according to EMAS, and later became the first plant in the global automotive industry to meet the ISO 50001 standard for energy management. Since then, Porsche Leipzig GmbH, the central parts warehouse in Sachsenheim as well as the company sites in Ludwigsburg, Hemmingen, Rutesheim, Asperg and Mönshheim have all been certified according to the standard. The Porsche

hazard response organisation is also in place to ensure early identification, assessment and rectification of damage cases involving environmentally hazardous substances. Porsche checks internal compliance with environmental and energy laws as part of annual system and process audits (compliance audits). External environmental and energy auditors are utilised for these audits, which are subject to very high standards. A site balance sheet method enables the assessment of the main environmental aspects based on data and key figures, as well as a grid for classification into high, medium or low environmental relevance. Based on this assessment, targeted measures are implemented to reduce the environmental impact and are integrated in a target identification process. With the Porsche Environment and Energy Cockpit (PUEC), the company has established a cross-departmental committee to conduct regular evaluations of the set targets and to establish necessary measures.

Open and transparent dialogue with all stakeholders is an important success factor, particularly in the area of environmental and energy management. On this basis, employees, service providers and suppliers, customers and the public are updated on relevant topics on a regular basis.

Balanced environmental performance requires measures and initiatives in a number of subject areas. Careful and economical use of water, for example, is a particularly important aspect. By means of circulation systems and multiple reuse, Porsche utilises this valuable resource as efficiently as possible. Another focus is on the handling of contaminated waste water from the company's production facilities. Regularly updated, decentralised treatment plants greatly undercut the limit values for water pollution levels. Waste prevention, low-waste technologies and sustainable disposal solutions are central aspects of the waste management concept that is practised both internally and by our suppliers based on the resource regulation for "environmental protection". The preservation of biodiversity represents an important contribution to the long-term protection of our nature and countryside, whereby conservation work at all sites must take into consideration the local circumstances typical of the regional countryside. This is of ever increasing significance, particularly in the context of the ongoing expansion of our sites. Porsche's construction management attributes great importance to the sustainable design of buildings, plants and workplaces.

Porsche also has very specific requirements when it comes to logistics. By means of efficient and continuous use of environmentally friendly modes of transport, Porsche is reducing its emissions and impact on the environment. All relevant processes are certified according to DIN ISO 9001 and ISO 14001.

Employees & society

With 27,612 employees at the end of 2016, Porsche has reached a new record – never before have so many people worked for the company. To continue the development of the unique Porsche culture in the future despite the workforce growth, we have made our attractiveness as an employer a central focus of both the 2025 corporate strategy and the human resource strategy. For us at Porsche, people are a focal point. For every single employee, Porsche wishes to be an outstanding employer offering excellent and safe working conditions and opportunities for personal development. The main spheres of activity are entrenched in the management guidelines, the compliance code and the Porsche business rules. Our “Fit for the Future” programme, which was jointly approved by the Executive Board and the general works council in 2015, aims to increase productivity, flexibility and efficiency, all the while maintaining social standards and providing job security up to mid-2020.

+ 13%

With 27,612 employees at the end of 2016, Porsche has reached a new record.

The special Porsche culture also includes continuous dialogue, open and direct communication as well as active co-determination. These aspects are rooted in the Porsche management guidelines as central elements of our corporate principles. The personnel department and the works council are traditionally very closely linked at Porsche. This applies to all subject areas that are of relevance to our employees. Respectful and honest interaction between company management and the employees or their representatives constitutes an important element of the communication culture practised at Porsche. Employees have a number of means of contacting committees or decision-making bodies – either openly or confidentially via special channels – with their suggestions, problems or complaints. In return, company management updates the workforce on developments at the company via various channels and on a continuous, transparent basis.

Secure workplaces are of utmost priority at Porsche. This also applies to safety in the workplace and employee protection. An organised and structured system for occupational health and safety ensures targeted and consistent procedures along with the implementation of legal provisions. This system helps to prevent accidents at work, occupational illnesses and work-related health hazards. The central processes are standardised and regulated by the Group guideline on “Occupational safety”. The latter represents an important element of the company’s compliance management system and is valid for all employees. The managers ensure that

their employees are familiar with the specifications of this guideline and comply with its provisions. Specialists in occupational safety are available to all employees in an advisory capacity.

To be well prepared for the challenges facing the automotive industry, Porsche identifies and retains qualified and enthusiastic professionals. This also includes the continuous development of the company’s training programmes. The Porsche trainee programme raises the attractiveness of the company to college and university graduates. Over the course of their professional life, employees also benefit from a wide range of programmes for individual development. Personnel training and development is a central component of the Porsche management guidelines and an instrument of the strategic management and planning processes. Individual training requirements are identified during annual employee appraisals, and relevant development opportunities established on this basis. All training programmes are continuously evaluated and optimised by means of a standardised feedback process. As a modern employer, Porsche also offers a range of practical, accessible services to allow employees to find the perfect work-life balance. The regulatory package “labour market of the future” contains corresponding measures, such as life-phase-oriented organisation of working hours, “home office” facilities and Porsche care time. The company pension scheme and regulated semi-retirement allow our older employees to make a smooth transition into retirement at fair conditions.

Equal treatment of all employees is also of central importance to Porsche. The company views equal opportunities as a means for all individuals to take advantage of personal development measures so that they can educate and further themselves in line with their own individual potential – regardless of their gender, ethnic origin or age. Of particular importance in the working environment is the ongoing increase in the proportion of women at all levels. With this in mind, the company has implemented special qualification and training opportunities, facilities for forewomen to exchange experiences as well as mentoring programmes.

For Porsche, placing a focus on people also means making a sustainable contribution to society. As an international company with a local presence, Porsche is therefore involved in a wide range of projects and initiatives in the areas of social affairs, education and science, culture, the environment and sport. Examples are the youth sport programme “Turbo for Talents”, education partnerships with local schools and colleges or the support of social projects at the company sites and beyond.

Further information regarding Porsche’s activities in the various areas can be found on the Internet page for the Annual and Sustainability Report:
www.newsroom.porsche.com/reports

Porsche sustainability 2016 in figures

Figures relate to Porsche AG and Porsche Leipzig GmbH

20

Number of years Porsche has held environmental management certification

Annual savings in carbon dioxide emissions thanks to the photovoltaic system on the new engine plant in Zuffenhausen

- 105t

>150,000

Global customer surveys per year

655

Number of apprentices

- 8.5%

Reduction in injury rate (compared to previous year)

100%

Proportion of new suppliers assessed on the basis of ecological criteria

- 2,254t

Savings in carbon dioxide emissions achieved through efficiency measures in Zuffenhausen, Leipzig and Sachsenheim

Solar energy per year from the photovoltaic system on the body shop in Leipzig

800,000 kWh

- 19% (in NEDC)

Reduced consumption in the Panamera 4 E-Hybrid (compared with the Panamera S E-Hybrid)

approx. **5.0** million euro
Total donations in 2016

43.57 million euro

Investment in environmental protection at the Zuffenhausen/Weissach sites

Employees, Sport and Society

Employees

Sport and society



EMPLOYEES

Porsche's success hinges on our employees – their abilities, their dedication and their passion. They identify with and embrace the values and objectives of the company. As at the reporting date of December 31, 2016, Porsche AG employed 27,612 people. That's an increase just short of 13 per cent on the previous year

Securing of sites and Mission E project for the future

Following arrangements to secure sites in 2015, the Executive Board and the general works council initiated the framework agreement and future safeguarding for the Mission E project in 2016. This comprises a ground-breaking package of measures for securing sites in the long term and envisages the production of several tens of thousands of electric vehicles at the Zuffenhausen site.

With the Mission E, Porsche is looking towards the future and opening doors for new, innovative technologies and an additional vehicle model. More than 1,400 new jobs are being created at the Zuffenhausen and Weissach sites, and existing jobs secured. At the Zuffenhausen headquarters alone, Porsche is investing an additional 700 million euro in the Mission E.

The entire company is pulling together to reach its ambitious goals in this area. Through the Zukunftsbeitrag or "future contribution", all employees who are subject to collective agreements, managers and executives are investing in Porsche's fitness for the future and in the company's entry into the alternative powertrain engineering market. For example, from increases under the regional collective agreement between 2016 and 2025, collectively organised employees will pay 0.25 per cent into the future contribution. From salary increases over the same period, managers at Porsche AG will play their own part by contributing 0.5 per cent. Starting in 2026, Porsche's pay scale tables will be adjusted to compensate for the wage increases that were not passed on to employees.

At Porsche, innovative technologies are not only being used in vehicles. They are also opening up new possibilities in different areas of the company. Extensive integration of man and machine is just around the corner for production processes, for example. Development of the smart factory is under way. Priority is being given to digitalisation, the safe, ergonomic design of workstations and doing sustainable, resource-saving business.

With the Mission E, Porsche is also continuing the agreements made for the "labour market of the future". The focus here is on further increases in flexibility and productivity as well as a better work-life balance. The fair framework conditions that are already in place at Porsche will also apply to agency and temporary workers in the future. Among other

things, these simplify inclusion in the core Porsche workforce and ensure equal pay. New rules governing the number of agency workers and the maximum duration for which they can be deployed have been adopted on a departmental basis by means of the "General works council agreement laying down conditions for using agency/temporary workers".

Attractiveness as an employer and working with young talent

The basis for successful HR work is Porsche's continued position as an attractive employer and its support for a number of initiatives to encourage young talent.

In the year under review, Porsche again scored highly in high-profile employer rankings. In the latest Universum study, the company was placed third in the Business/Commerce category and gained one place to rank second in the Engineering category. Among students taking automotive-related courses, Porsche is seen as the best car-maker, winning the "Automotive Top Career Award". Porsche also received a "Trendence Employer Branding Award" for the best careers website and an "HR Excellence Award" for the employer film. The Trendence study of the most attractive employers in Germany put Porsche in fourth place for Business/Commerce students, with prospective engineers placing Porsche third.

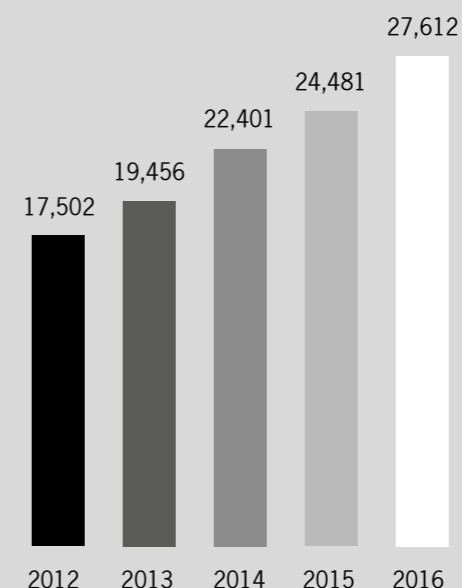
The attractiveness of Porsche as an employer is also evident from applicant numbers. In 2016, the Porsche Group received more than 166,000 applications, which is a new record.

In the year under review, Porsche continued to focus on partnerships with key organisations to encourage young talent. These included Formula Student Germany, an international design competition under the patronage of the Association of German Engineers, the Foundation of German Business, and Femtec, a programme established at TU Berlin that aims to encourage women to study science and engineering. Providing 42 scholarships, Porsche is also involved in the Deutschlandstipendium initiative of the German Federal Ministry of Education and Research and in the "Porsche Automotive Campus" (PAC) scholarship programme at Nürtingen-Geislingen University.

Awarded for the 15th time, the "Ferry Porsche Prize" recognised the top A-level students in their year from Baden-Württemberg in the core subjects of mathematics, physics and technology. 234 young people received the coveted award, with six also enjoying scholarships for a year. The draw for the six scholarships took place at the award ceremony that was held in the Porsche Development Centre.

"Ferry Porsche Prize": 234 young people received the coveted award, with six also enjoying scholarships for a year.

Employee development at the Porsche AG Group





Training and education

Needs-based training that focuses on future requirements, on-going skills acquisition, and options and routes for internal development are cornerstones of Porsche's HR policy. Porsche offers an extensive programme – starting with vocational training right through to training for top management.

Porsche vocational training forms the basis, with a range of ten technical and commercial occupations that require formal training, and seven programmes of study in collaboration with the Baden-Württemberg Cooperative State University (DHBW). In the last financial year, a total of 220 young people began their training at Porsche AG in one of the occupations or programmes offered.

Against the background of plant expansion and the upcoming production of the Mission E, Porsche is increasing the number of technical training places from 106 to 156. Alongside traditional occupations in the automotive industry, approximately half the extra training places will be for electro-mechanical engineers in vehicle system and high-voltage technology and electrical engineers for industrial technology.

Digitalisation – which continues apace in all areas of automotive engineering, electromobility and smart mobility – is leading to a significant focus on these topics in vocational training. All trainees must be able to keep up with technological progress. For this reason, they receive intensive preparation for new developments.

On the basis of general selection criteria, many applicants have little prospect of a training place. But Porsche is in no way abandoning these applicants. The aim of the foundation qualification – known as the preparatory year – is to increase their chances on the training market. Since 2012, 42 young adults have completed the preparatory year, with 39 of them qualifying for a subsequent apprenticeship at Porsche. Following this success, the preparatory year has now been expanded: 20 participants joined in 2016, which is nine more than the previous year.

Free travel with plant ID

Porsche is synonymous with cutting-edge, environmentally conscious mobility concepts. Through a host of measures, the company is also helping to prevent air pollution. As of last year, employees living in the Greater Stuttgart area can use local public transport free of charge during a Feinstaubalarm pollution warning. The company ID card serves as a travel ticket. The plant ID can also be used as a bus or train ticket when commuting between the Zuffenhausen headquarters and the Weillimdorf site.

Porsche has also been subsidising annual travel passes for the local public transport network by ten per cent since September 1, 2016. Employees who live outside the local network are also benefiting from improved conditions. Currently DB Job Ticket holders pay for ten months, but can travel for twelve. Porsche employees now also receive a further discount off the annual price.

Porsche wants to make it easier for its employees to switch to the bus and train, and not only during pollution warnings. The specific improvements include a more attractive connection to the S-Bahn station at the Zuffenhausen headquarters. This year, a new track underpass will open near Neuwirthaus station, to shorten the routes on site – and to the station. Porsche has been committed to increasing the attractiveness of local public transport for many years. The redesign of the S-Bahn underpass at the Porsche Museum ultimately stems from a Porsche initiative. The costs for the complex building measure were shared equally between Deutsche Bahn, Stuttgart City and Porsche.

Employees who rely on their cars to get to work can now easily pick up passengers with Porsche. A car-sharing app puts together car-sharing groups for travel to and from work and business trips. The app collates requests and creates individual timetables. Car-sharing reduces the amount of commuter traffic and relieves the burden on site infrastructure.



Employee development

Employee and manager development at Porsche supports life-long learning for all groups of workers. The focus is on systematic and future-oriented development of the necessary skills, and prospects and routes for professional enhancement at all levels and across all stages of employees' careers. This is supported by means of a high-quality, extensive range of training options and tailor-made personnel development programmes.

Work and the strategic approach to personnel development are being shaped by digitalisation and demographic change. It is absolutely essential that employees' skills are consistently aligned with company and departmental strategies.

New personnel development concepts take a more systematic approach to linking requirements arising from the Porsche Strategy 2025 with constant improvement in employee skills. Practical relevance and effective knowledge transfer are particularly important. Cross-departmental and international groups promote the best possible exchange of experience and networked working.

Porsche Warm Up

Skills acquisition starts from day one at Porsche: "Porsche Warm Up" is the induction programme for new employees and managers. The two-day training programme familiarises participants with fundamental issues such as sustainability, health management and the activities of the works council. In 2016, 1,934 people took part in Porsche Warm Up.

Trainee Programme

Following the successful completion of the second Porsche Trainee Programme, the programme started for the third time in November 2016 with ten participants. The 12-month programme for young academic talent provides an opportunity to learn about working processes across departmental and divisional boundaries. It includes project and practical work in Germany and abroad.

Under the Porsche Strategy 2025, targeted promotion of talent is a core element of the personnel development and skills strategy.

Encouraging new talent at Porsche

The skills programme to specifically prepare talented employees for management roles is based on the content and framework conditions of Strategy 2025: digitalisation, ability to innovate, internationalisation and life-long learning. 242 employees from Germany and abroad took part in the eighth running of the programme in 2016. The total number of employees who have successfully completed the programme rose to 750. The next round is due to start in 2017.

Development programmes in production

A pilot project in this area was still in its infancy in 2015; following very good results, the department-specific development programmes for talented employees in production are now part of regular operations. The aim is to universally develop personal and technical skills among production employees who have between one and five years' professional experience. The programmes are set to be extended to other areas of the company in the future.

Programmes at management level

The training on offer at management level in the Porsche Group includes two high-quality modular programmes, developed in collaboration with leading international business schools and tailored to current and future requirements for Porsche management.

The Porsche Advanced Management Programme was developed in collaboration with the Paris École des hautes études commerciales (HEC). It concentrates on leadership skills in a global and volatile environment. 19 top managers from Porsche AG and global subsidiaries of the Porsche Group successfully completed the programme in September 2016.

The Porsche Management Programme, which was created in close collaboration with the European Business School (EBS), focuses on promoting general management skills, expanding a shared understanding of leadership and building networks within the Group. The sixth Porsche Management Programme was completed in June 2016 with 53 participants from Porsche AG and the national and international subsidiaries. A total of 357 managers have already taken part in the programme.

Skills management

In 2016, the key elements of strategic skills management were the expansion and targeted anchoring of skills acquisition in the product creation process. Employees are being prepared for the new tasks they will be required to complete in the future. This will help considerably to reach the goals set out in the Porsche Strategy 2025.

Porsche sentiment barometer

In the year under review, the sentiment barometer was again used to conduct a company-wide employee survey at Porsche AG and in the German subsidiaries. In 2016, more than 17,000 employees took part in the latest company-wide sentiment barometer. Employees were asked their opinion on topics such as cooperation with colleagues and superiors, quality of work and provision of information on current developments at Porsche. After the results were analysed, they were discussed in all areas of the company. Managers and employees worked together to identify potential for improvement and defined a number of specific measures; for example, to improve processes or working conditions.

Work-life balance

Porsche places great importance on work-life balance. Six cooperation partners make sure that there are sufficient childcare places in nurseries near the sites. As in the previous year, children of employees enjoyed a holiday club during the school summer holidays at the Zuffenhausen and Weissach sites, which included a shuttle service. Childcare was also available during all other holiday periods, with the exception of Christmas.

Porsche is committed to flexible working – in terms of location and times. The options range from home-office working and flexitime aligned to the employee's current phase of life, through to voluntary periods off in the form of sabbaticals. Job sharing in leadership roles has also proven to be successful in a pilot project. These options enable workers to juggle work and family better. Our commitment in this area is being noticed: Porsche was named one of the “best companies for families” in the year under review – a campaign led by “Eltern” magazine for parents.

Co-determination

Porsche AG uses a range of media to inform employees about the many different offers that are available. The works council is also a comprehensive platform for information and discussion, holding three works meetings a year at the individual Porsche sites in Germany. Overall, co-determination is highly valued at Porsche and is a key pillar for company success.

Equal opportunities and diversity

At Porsche, equal opportunities means that employees and managers are encouraged to progress in their professional development as far as possible, given their respective abilities and regardless of gender or origin. More diversity also means a higher proportion of women at all levels of the company. This is an important action area in which Porsche is continually working on improvements.

+70%

Within the space of just four years, Porsche has increased the proportion of women in management by more than 70 per cent.

Within the space of just four years, Porsche has increased the proportion of women in management by more than 70 per cent. Measurable, binding equal opportunities are part of target agreements for all managers at Porsche. Upskilling and further training measures such as workshops, seminars and mentoring options are available in connection with this. At the start of the 2016 training year, the number of study places for vocational training (dual courses of study with the Baden-Württemberg Cooperative State University (DHBW)) was increased from 34 to 50. The aim is clear here too: to increase the proportion of female engineers and business data processing specialists. At the end of the year under review, women accounted for 39.1 per cent of DHBW students at Porsche – 5 per cent more than in 2015. One reason for this is that prospective female candidates are being addressed on a personal level, particularly at secondary schools. A DHBW info day was also held at the Porsche training centre, under the banner “Experience technology”, to get young women interested in studying technical subjects. A 50 per cent quota was achieved when recruiting for 2017 students.

In 2016, young women accounted for 35 per cent of training places on the technical/commercial training programme, more than three times the level just a few years before. The aim is for an even greater proportion.

Fostering young talent is a key tool for increasing the proportion of women in the company. Porsche pursues a large number of initiatives to address female students at an early stage so as to encourage a bond with the company.

For example, Porsche has successfully expanded its cooperation with Femtec, which has been in place for 15 years. Particular highlights in the year under review were the Femtec innovation workshop – a practical project spanning several months – and the Femtec commitment award. Porsche sponsored the award for three participants.

Porsche has been busy informing female students and young women with work experience about their options for joining the company – at women-specific fairs such as Jobunification, Women&Work and careers events for female students. 2016 was the first year that Porsche organised a careers day for female engineers and IT specialists. 50 selected candidates gained an insight into the company.

In April 2016, Porsche expanded its Girls' Day initiative, which has been established for many years, to include a Girls' Month. On Girls' Day, more than 150 female pupils from surrounding secondary schools were given an insight into the technical vocational fields at Porsche. A Porsche project for both male and female pupils at Stuttgart schools, in collaboration with the European Academy for Women in Politics and Business (EAF), uncovered differences in the way in which men and women communicate. Using an online quiz involving technical questions, Porsche issued a call for female pupils across Germany to take part in Girls' Month. Winners of the Ferry Porsche prize also met with tennis star and Porsche brand ambassador Angelique Kerber.

As part of the Diversity Congress organised by the Baden-Württemberg State Ministry of Economics, Porsche was involved in drawing up a recommendation paper for promoting diversity in business and politics. In doing so, the company emphasised its intention to continue moving towards a working environment in which the individual skills and capabilities of all employees can flourish in a corporate culture characterised by openness and integration. Seminars on “Diversity and Contribution” involving employees from the HR team and managers in the company underline this.

Targets for proportion of women on Supervisory Board, Executive Board and in management

The proportion of women on the Supervisory Board at Porsche was 10 per cent at the time when a specific target had to be set under the Act. Owing to the long-term obligation imposed on its members, the Supervisory Board set 10 per cent as the target for women on the Supervisory Board by 31 December 2016. This target was reached. The company will retain the 10 per cent target until the end of the target period on December 31, 2021.

At the time when a specific target had to be set under the Act, all departments were represented on the Executive Board by men. As the respective contract terms extend over several years, the Supervisory Board decided not to adjust the target for women on the Executive Board as of December 31, 2016. The status quo of zero was confirmed until December 31, 2021. The Porsche Supervisory Board has, however, set itself the goal of increasing the proportion of women on the Executive Board in the longer term.

The target quota of 9.3 per cent for women in first-tier management, set by Porsche AG, was not achieved at the end of the year under review – the figure was 8.2 per cent. This was due to a tragic accident and the fact that this senior role could not be filled by a woman at short notice. Porsche AG is setting a target of 15 per cent for women in first-tier management by December 31, 2021.

In second-tier management, the proportion of women was 8.1 per cent, slightly above the target of 8.0 per cent. A target has also been set to raise the proportion of women in second-tier management to 15 per cent by December 31, 2021.

Semi-retirement

Demographic changes and the associated lack of skilled workers pose a huge challenge for Porsche, just like other companies. The employability of older employees is key here. The aim is to keep them employed, while looking after their health and well-being, until the standard retirement age is reached. Independently of this, the option of semi-retirement is available at the company. Employees in particularly demanding jobs have the option of a gradual transition to retirement. Roles made vacant by semi-retirement are, in principle, re-filled with permanent staff.

Assistance for refugees

Diversity is a characteristic of our company, and social responsibility is part of our corporate culture. With the start of the “integration year for refugees” in the 2016 financial year, 13 refugees were given the chance of a training or work place in Germany. The first integration year ended successfully in August. All those assisted found a job, began their training or took part in other continuing measures. From January 2017, Porsche is continuing the programme in optimised form with 15 participants

13

refugees were given the chance of a training or work place in Germany in the 2016 financial year with the start of the integration year.

Employees have also volunteered to support refugees – from organising clothes donations and looking after children to arranging shared excursions. Visit “Porsche-hilft.de” to see the projects we are involved in. Here, you can also find a selection of other measures supported by the Volkswagen Group.

Health management

Porsche health management is proactively involved in the cross-departmental development of workplace framework conditions. The primary aim is to safeguard the health and fitness of employees and therefore their ability to work in the long term. One key element is the quick reintegration of employees who have been ill for an extended period and the employment of older people in keeping with their health needs.

Porsche health management develops preventative measures and runs pilot projects to test their effectiveness for daily use. Ergonomic assessments, for example, reduce unnecessary strain at work that can be prevented in specific situations. Workstations are designed to support health through ergonomics and accommodate all age groups. Porsche has also increased the range of job-related physiotherapy services, in parallel with holding of training measures to encourage preventative conduct.

As international activities have increased, the number of consultations relating to health and well-being for travel and compulsory medical precautions has risen considerably – by more than 60 per cent between 2015 and 2016 alone.

Porsche Gastronomie

Catering provided at the plants is a key benefit enjoyed at the Porsche Group. In the past financial year, 3.34 million hot meals were prepared and served at the 14 staff canteens currently in operation at the German sites. The canteens focus particularly on the freshness of the ingredients used and reducing food miles by sourcing from regional suppliers.

To keep employees going between meals, self-service shops and vending machines complete the picture. At the end of 2016, around 800 vending machines were replaced. The new generation of machines operates using CFC-free refrigerant.

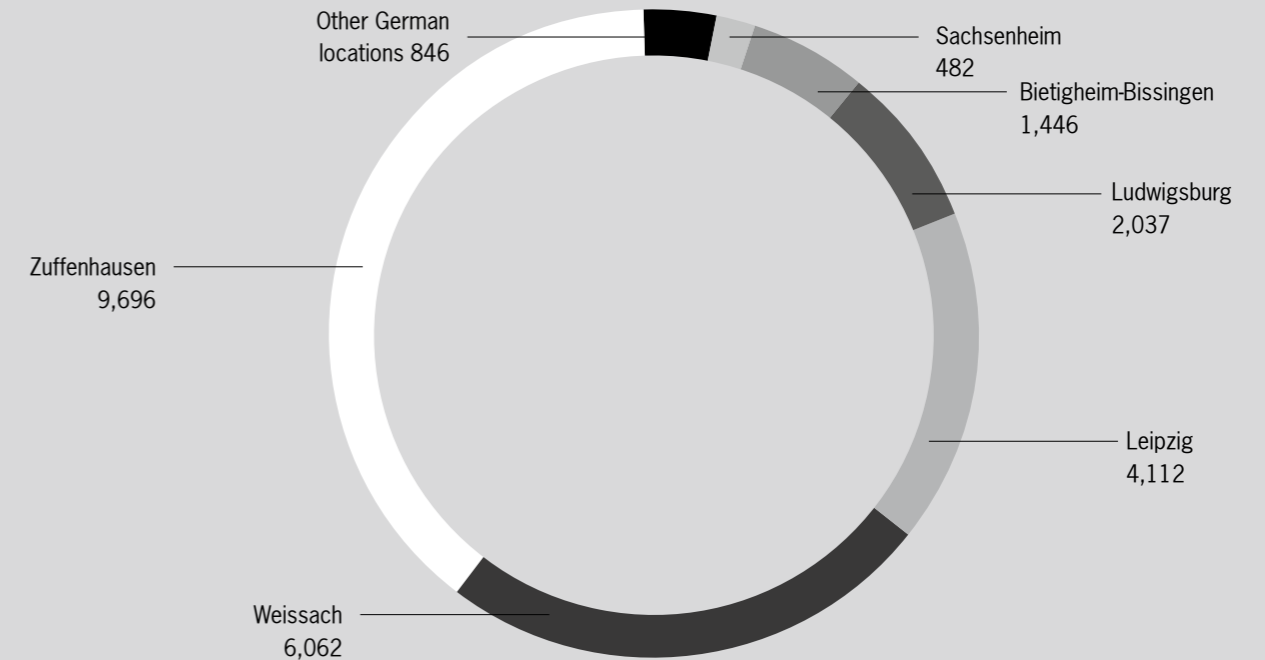
At many events, such as the Porsche Tennis Grand Prix or the Porsche Hocketse street party, Porsche Gastronomie has made for a perfect culinary setting. The high level of skill was also exhibited in the Porsche Museum and the Leipzig customer centre in 2016: Through the OpenTable booking website, guests voted the “Christophorus” restaurant in the museum as the second-best in Germany. In the Michelin Guide, it ranks alongside the top addresses in Stuttgart.

A big thank-you to our employees

Porsche’s success story is actively shaped from one day to the next by our employees. It is only thanks to their personal commitment, their love for detail, their courage and creativity that we can look back on the past year with pride. The Executive Board would like to extend a very personal thank-you to all staff for their tireless efforts. This gratitude is also extended to employee representatives, who unfailingly champion staff interests and have made such an active contribution to ensuring that the company is fit for the future.

Employees

at locations in Germany



SPORT AND SOCIETY

In the field of sport, Porsche is committed to supporting an extremely diverse range of activities. This includes professional tennis as well as the promotion of local sports clubs, enabling children and young people from difficult backgrounds to integrate into society. Porsche strives to achieve social acceptance – both for the company and for people who have had a tough start in life. But Porsche also supports the disadvantaged in society in other areas – such as young patients who, due to serious illness, would have to wear a respirator at all times and practically live in the intensive care unit. At the “Arche IntensivKinder” children’s hospice in Kusterdingen near Tübingen, Germany, young people are given the chance to determine their own lives thanks to the support of Porsche and many others.

€ 180,000

More than 3,000 employees took part in the six-hour run in Zuffenhausen. For every lap of the 911-metre circuit completed, five euros were donated to charity.



Porsche considers itself part of society both in Germany and abroad. It sponsors the public celebrations on German Unity Day and helps young people enter the workforce in Manila and Cape Town. Many employees choose to continue helping the disadvantaged in society in their own time and undertake voluntary work. More than 3000 employees took part in the six-hour run in Zuffenhausen. For every lap of the 911-metre circuit completed, five euros were donated to charity. The event raised EUR 180,000, which will do a great deal of good. The money is urgently needed at the children and young people’s hospice in Stuttgart, as well as the farm for children and young people in Zuffenhausen.

Even more “Turbo for Talents”

For people to achieve success and fulfilment in their career, they need to receive the best possible training. Porsche acts according to this philosophy – including outside its own company. Porsche considers it part of its social responsibility to support the personal development of children and young

people, as well as to overcome social divides and promote skills and enthusiasm. A key element of this commitment is the “Turbo für Talente” (Turbo for Talents) programme. At Porsche, this name has long stood for the development of youth sport – primarily in team sports at the different company sites.

Porsche reinforces this initiative every year. For example, the reporting year saw the start of a collaboration with the German second division football club VfB Stuttgart, aimed at promoting youth work. As a result, Porsche is the main partner of the VfB Fußballschule – a football school aimed at young football enthusiasts that actively finds and promotes new talent. The school organises more than 60 camps a year, where VfB coaches professionally train children and young people at local football clubs. The training sessions are primarily intended to promote a love of the game, along with values such as team spirit and fairness.

“Turbo for Talents” also applies to the partnerships with the youth teams at German first division football club RB Leipzig, as well as Stuttgarter Kickers and SG Sonnenhof Großaspach. The football school at RB Leipzig is aimed at boys and girls between the ages of 7 and 14. In October of the reporting year, some 30 grassroots footballers took part in the autumn training camp at “Soccerworld” in Leipzig. Ten of the children came directly from the families of Porsche employees, while a further 20 came from the projects “Generationenhof”, “Zukunft für Kinder” and “Charity Bulls”. Also at the camp was the Porsche Coaching Mobil, a trailer created especially for youth development, fitted with sports equipment and instruments for measuring performance data. Porsche and RB Leipzig also wanted to find out which district of Leipzig is the best at football. In the second Leipzig quarter final, the youngsters from the north of Leipzig won the tournament in the under-elevens category (U11). In the under-fourteens category (U14), the east of the city won the coveted trophy for the first time. In total, more than 750 girls and boys in 80 teams battled it out for the title.

The Porsche Coaching Mobil celebrated its debut with the youngsters at the Stuttgarter Kickers in June of the reporting year during the Porsche football holiday camp. Children and young people had fun finding out about fitness training methods, coordination, endurance and injury prevention.

In ice hockey, Porsche supports young players at the Bietigheim Steelers. The highlight is the annual ice hockey camp. In neighbouring Ludwigsburg, more than 2500 children and young people play at the Basketball-Akademie (BBA) – an alliance of 55 schools and 12 clubs. Porsche extended its partnership with the BBA during the reporting year.

All of these commitments are intended to develop talent, but above all to give young people a positive experience of society, regardless of their background and level of education, and to enable them to gain valuable and formative experiences for later life. This was also the motivation for the “Porsche Nacht der Talente” (“Porsche Night of Talent”), which was held for the first time in the reporting year for all partner clubs, with awards for best sporting development, best academic achievement and outstanding social commitment.



The Porsche Tennis Grand Prix

The good news from the headquarters of the Women’s Tennis Association (WTA) in Florida came just before Christmas, as the WTA Tour players once again voted the Porsche Tennis Grand Prix their favourite tournament in its category – making this the eighth time since 2006. Back then, the move to Stuttgart’s Porsche Arena heralded a new era for the event, which has been held since 1978. With the support of Porsche, the tournament has since become a flagship event on the worldwide WTA Tour. Stuttgart traditionally attracts the best female players in the world – in 2016, seven of the game’s top ten stars took part. In front of mostly sell-out crowds, it delivered thrilling matches featuring some spectacular rallies. It was easy to see why they were keen to take part, with not only a handsome sum of prize money awaiting the winner in Stuttgart, but also an exclusive Porsche sports car as the first prize. In 2016, Angelique Kerber successfully defended her title to drive away from centre court in the winner’s car for the second time. The Porsche brand ambassador beat newcomer Laura Siegemund in the first all-German final in the tournament’s history.

The Porsche Tennis Grand Prix is not only synonymous with world class tennis and top-quality entertainment for the whole family; it is also a model of sustainability and environmental compatibility. For instance, every admission ticket also doubles as a ticket for use on public transport. And the clay court, which is laid in the Porsche Arena every year for the tournament, is reused in road construction rather than being thrown away after the final match point.

“Simply fantastic”

Careers in elite sport are often a waiting game and frequently require patience. Almost 20 years after Steffi Graf, a female German player once again made it to the top of the ladies’ tennis rankings in September 2016: the Porsche brand ambassador Angelique Kerber. Her extraordinary winning streak began in January with her first Grand Slam win at the Australian Open. In April, she took the title at the Porsche Tennis Grand Prix 2016. In Stuttgart, this young woman from Kiel managed what no other female German player before her has ever achieved: a second win in a row at this tournament.

The tennis fairy tale continued. In July, Kerber made it to the final of Wimbledon and then went on to win a silver medal at the Summer Olympics in Rio de Janeiro. On September 10, two days after becoming the new world number one, Kerber won her second Grand Slam title at the US Open – a dream come true. It was in New York in 2011 that she reached the semi-final of a Grand Slam tournament for the first time in her career. “This is where my journey began. To win the US Open and be number one five years later is simply fantastic”. In the largest tennis stadium in the world, Kerber beat the Czech Karolina Pliskova 6:3, 4:6, 6:4 in a top-class match in front of 20,000 spectators. “We are proud of our brand ambassador”, said Oliver Blume, Chairman of the Executive Board of Porsche AG. “Angelique Kerber is an amazing sportswoman and a role model for young people”.



World-class golf

In September of the reporting year, the Porsche European Open teed off for the second time in Bad Griesbach. The tournament is one of the oldest on the European Tour, and its global renown is of particular importance to the professional golfers. The fan favourite in Europe's largest golf resort was Martin Kaymer of Germany. More than 35,000 spectators took the opportunity to see the two-time major winner and Germany's number one golfer in action. A total of 5 major winners as well as 13 former and 2 current Ryder Cup players took part at Bad Griesbach, along with many tournament winners from previous years. The latest winner was the Frenchman Alexander Lévy. Convinced by the great success of the tournament, Porsche has extended the title sponsorship by three years until 2020. The future venue will be the Green Eagle golf course in Winsen near Hamburg.

As well as the Porsche European Open, which was held for the first time in 2015, the company has also been involved in amateur golf since 1988 with the global Porsche Golf Cup. Porsche has expanded its commitment to golf this year with the Porsche Generations Open, an innovative nine-hole format for amateur golfers from two generations, which is initially limited to Germany.

High culture for all

At the two sites in Stuttgart and Leipzig, Porsche supports world-class institutions. For generations, the Stuttgart Ballet and the Leipzig Gewandhaus Orchestra have stood for excellence on the international cultural scene. In 2016, a total of 16 renowned music critics ranked the Leipzig ensemble, in its 272nd year of existence, as the fourth best orchestra in the world. The concert hall also scooped another award: Riccardo Chailly, Music Director since 2005, was named the world's best conductor.

In the 1960s, the Stuttgart Ballet won the hearts of its audiences under the artistic direction of John Cranko. Following international tours, most notably in the USA, critics spoke of the "Stuttgart ballet miracle". In the reporting year, the highlights of the season were the galas held by the ballet company and the John Cranko School as part of a week of celebrations to mark 20 years under the artistic direction of Reid Anderson. The construction of the new John Cranko

School is also ongoing, helped in no small part by a donation of ten million euros from Porsche AG.

As a sponsor of the Leipzig Orchestra and Stuttgart Ballet, Porsche wants to ensure that many people have the opportunity to enjoy these world-class institutions. Everyone should be able to experience a concert or a dance performance live at least once in the season. That is why the motto in Stuttgart and Leipzig is "outdoors and free". In Stuttgart, Porsche supports the open-air event "Ballett im Park", where the audience watches a live broadcast of the performance from the opera house on a big screen with Dolby surround sound.

In Leipzig on two June evenings, more than 25,000 guests attended the renowned open-air summer concert series "Klassik airleben" in the Rosental, a spacious green area of the city. Porsche was the main sponsor of this event for the third time in a row. Under the title "La Primadonna", Ricardo Chailly conducted works from musicals, films, operas and operettas with soprano Simone Kermes.

Education and science

For Porsche, supporting gifted young people and students is an investment in the future. The aim is to generate enthusiasm and create opportunities. For many years, its cooperation partners among the schools have been the Ferdinand Porsche Gymnasium and the Friedrich-Eugens-Gymnasium in Stuttgart, which are both known as "MINT" high schools due to their focus on mathematics, IT, natural sciences and technology. Porsche supports the schools with donations in kind, specialist lectures, careers information days and excursions.

As a cooperation partner in higher education, Porsche supports the student organisation AIESEC and Femtec, an international career platform that promotes women in engineering and natural sciences. Porsche has also been a supporting member of the Foundation of German Business (Stiftung der Deutschen Wirtschaft – SDW) for eight years. Scholarship holders regularly have the opportunity to attend trips and specialist lectures at Porsche. Porsche has also been involved for many years in the promotion of women who study a technical subject. Porsche is a founder member of the Berlin-based Femtec.GmbH, initiated in 2001 by EAF Berlin and the Technical University of Berlin. Femtec is the international career platform for women in engineering and natural sciences. It generates interest in MINT professions and offers ambitious students excellent career prospects, while also providing qualifications and placements for outstanding MINT professionals. Another significant benefit is the fact that the Femtec network has access to well-known technology companies, leading scientific institutions and technical universities.

Social commitment at the sites

As a successful company, Porsche feels it has an obligation to society as a whole, and especially to people at its various sites. That's why Porsche is taking an active role in promoting social and cultural life in these towns, cities and regions, making donations to support more than 100 projects at the sites in 2016.

In view of the current refugee situation, Porsche is providing financial aid to the Deutsche Tafel initiative in Mühlacker, Stuttgart, Pforzheim and Leipzig. Deutsche Tafel e.V. is a charitable relief organisation that collects food that is no longer in circulation and would otherwise be destroyed. It then distributes it free of charge or for a symbolic amount to people in need.

As part of Stuttgart's Unicef city partnership, donations in the six-figure range were made to the children's relief organisation. Porsche has also supported the "Mobifant" play bus in this context. This is aimed specifically at refugee residences in Stuttgart and offers the children that live there opportunities to play and exercise.

In addition, Porsche supports the "Bürgerstiftung Stuttgart" civic foundation. This is a charitable institution engaged in the areas of art, culture, youth issues, social affairs, education, science and research, health and sport. It awards a civic prize that recognises volunteer work, while its "Ausbildungscampus" (education campus) initiative makes a sustainable contribution to supporting refugees.

The "Kinder- und Jugendhospiz Stuttgart" – a hospice for children and young people in Stuttgart – is another institution that receives support from Porsche. The hospice helps people with terminal or life-limiting illnesses through their final days by providing both medical and spiritual support. The inpatient hospice for children and young people is currently under construction and is expected to open in 2017.

Porsche is involved with a number of initiatives in Leipzig, including the Generationenhof. The institution has been working since 2009 to support children, young people and older people to live and work together under one roof, under the motto "Jung und Alt – Gemeinsam miteinander" ("Young and old together"). The Generationenhof is particularly focused on providing a temporary or long-term home for children and young people who are no longer able to live with their own families, for a multitude of reasons.

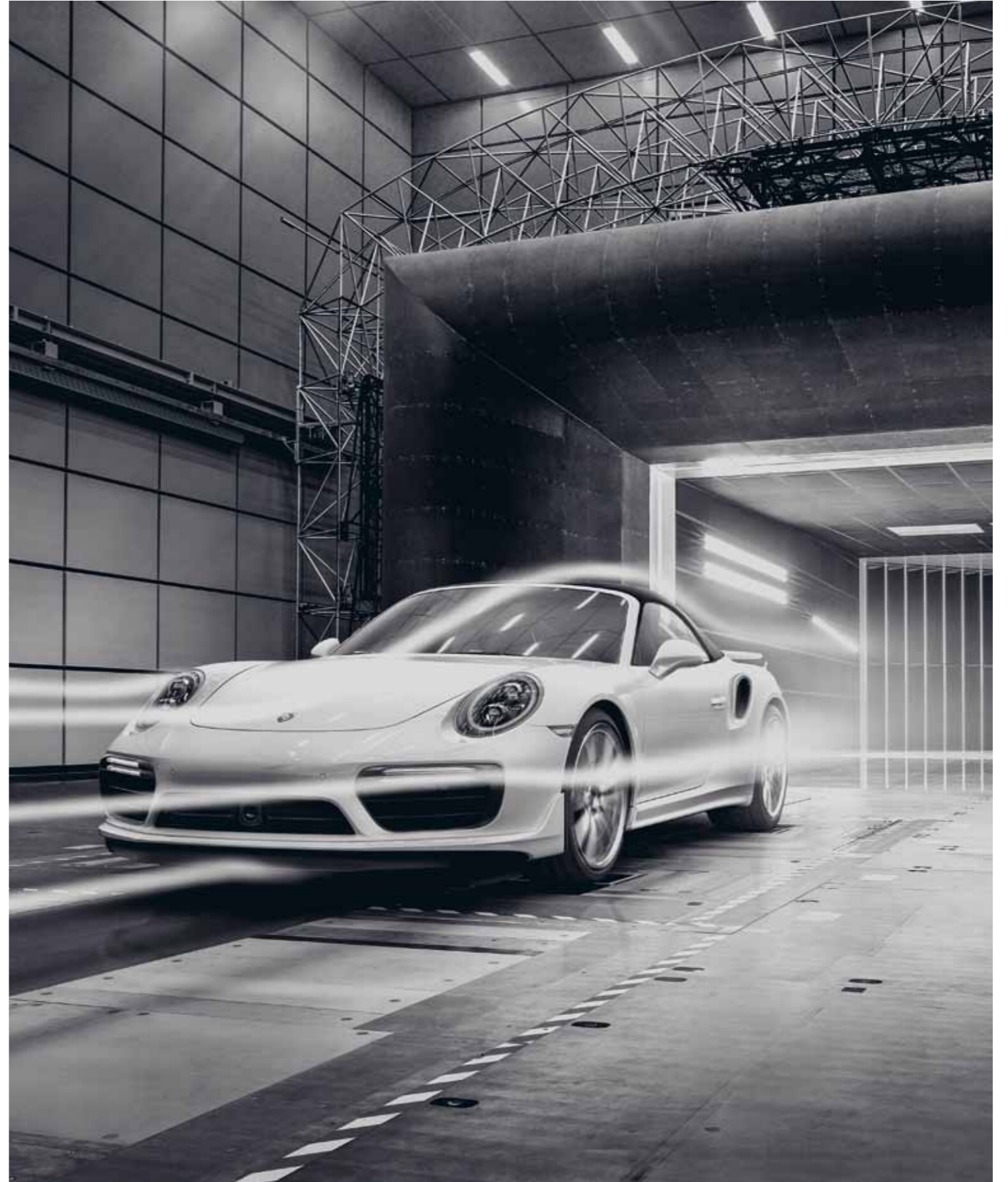
In 2016, Porsche Leipzig also organised a fund-raising football tournament to benefit three charitable institutions in Leipzig: "Paulis Momente hilft", "Pavillon der Hoffnung" and the Bärenherz children's hospice. The "Paulis Momente hilft" association and the Bärenherz children's hospice support severely ill children and young people, as well as their families. The "Pavillon der Hoffnung" is a community

centre where people from all backgrounds, cultures and ages can come together. As well as art, culture and social assistance, it puts on events for the homeless and other people in need.

Pilot project at the Cape of Good Hope

Porsche is breaking new ground in Cape Town, South Africa. Together with Don Bosco Mondo e.V. and the South African Porsche importer LSM Distributor, the company will train young men and women to become service mechatronics engineers from 2017 onwards. Another important partner is the Don Bosco Salesian Institute Youth Project, supported by the Catholic order of the Salesians. Don Bosco is active in youth work all around the world, predominantly in socially deprived areas, and is now a trusted cooperation partner of Porsche. Over three academic years, 75 young people from socially disadvantaged backgrounds will be given the opportunity to take part in the newly created vocational training programme in Cape Town. Porsche will be consciously training individuals to meet its own needs. In the next three years, the company will develop the basis for establishing the profession of service mechatronics engineer in South Africa. Porsche is developing the necessary syllabuses and examination regulations, as well as training tutors and providing the Don Bosco Institute in Cape Town with premises for theoretical and practical training.

The collaboration with the Salesians of Don Bosco has enjoyed success over many years. Since 2008, Don Bosco in the Philippines has been working with the local Porsche importer to train young men and women from socially disadvantaged backgrounds as service mechatronics engineers. In the capital Manila, the young people are mainly prepared for subsequent work abroad at importers in the Middle East. The income allows them and their families to enjoy a considerably higher standard of living. In 2015, Volkswagen and Audi joined the pilot project in Manila. Some 120 young Filipinos are now prepared for a service job every year.



RESEARCH AND DEVELOPMENT

Spectacular global innovations

At the North American International Auto Show in Detroit in January 2016, Porsche presented the new top models from its 911 model line to the global public: the 911 Turbo and 911 Turbo S. These high-performance sportscars are 15 kW (20 hp) more powerful than their predecessors and feature a sharper design and improved equipment. The biturbo six-cylinder engine with 3.8-litre displacement in the 911 Turbo now delivers 397 kW (540 hp), while the 911 Turbo S delivers 427 kW (580 hp). Porsche is still the only manufacturer to use turbochargers with variable turbine geometry in conjunction with petrol engines. These engines are now equipped with a dynamic boost function to further enhance the responsiveness of the vehicles, meaning that the boost pressure is sustained during a load change, i.e. when the accelerator pedal is released briefly. As a result, there is virtually no delay in the engine's response when the accelerator pedal is actuated again. The 911 Turbo S Coupé accelerates to 100 km/h in 2.9 seconds and has a top speed of 330 km/h, whereas the 911 Turbo reaches 100 km/h in 3.0 seconds and has a top speed of 320 km/h. In accordance with the New European Driving Cycle (NEDC), the Coupés have a fuel consumption of 9.1 l/100 km, while the Cabriolets have a fuel consumption of 9.3 l/100 km. This equates to a reduction of 0.6 litres per 100 kilometres for all variants compared to the predecessor models.

-13%

Thanks to the redeveloped four-cylinder flat engine with turbocharging, the latest generation of the 718 Boxster now delivers 26 kW (35 hp) more power at a fuel consumption level reduced by 13 per cent.

The 718 Boxster and 911 R celebrated their global debuts at the Geneva Auto Show in March in conjunction with the slogan "powerful and efficient". Thanks to the redeveloped four-cylinder flat engine with turbocharging, the latest generation of the 718 Boxster now delivers 26 kW (35 hp) more power at a fuel consumption level reduced by 13 per cent in accordance with the NEDC. This is the first time that Porsche has built sportscars with four-cylinder flat engines since the mid-1980s. Furthermore, Porsche now offers the mid-engine Roadsters in a fresh design: A more prominent nose section, a more masculine front with larger cooling air intakes and redesigned Bi-Xenon main headlights set this sportscar apart. The wider rear end is decorated by tail lights with three-dimensional LED technology and four-point brake lights. Sporty wings and door sills define the side view of the vehicle, and a redesigned dashboard frames the cockpit.

With a two-litre displacement, the 718 Boxster generates 220 kW (300 hp), while the 718 Boxster S performs at 257 kW (350 hp) with a displacement of 2.5 litres. Porsche has also installed a turbocharger with variable turbine geometry in the S model – the same used in the 911 Turbo. Turbocharging increases the torque, which is how the two-litre engine of the 718 Boxster is able to offer torque of 380 Nm, while the 718 Boxster S reaches up to 420 Nm. As a result of the Porsche double-clutch transmission (PDK) and the Sport Chrono Package, the 718 Boxster can go from zero to 100 km/h in 4.7 seconds, while the S model can do it in even less time: 4.2 seconds. These vehicles can reach top speeds of 275 km/h and 285 km/h respectively. Maximum performance around bends is ensured thanks to the sports chassis with ten per cent more direct electro-mechanical steering and the enhanced brakes. In accordance with the NEDC, the fuel consumption level for the 718 Boxster is 6.9 l/100 km and for the 718 Boxster S it is 7.3 l/100 km.

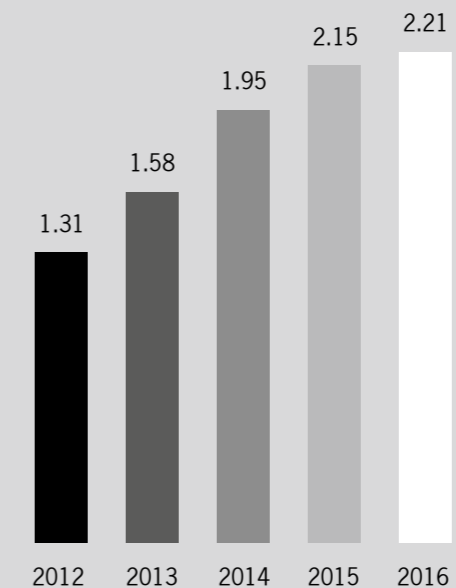


The new 911 R: a streamlined and classically designed sportscar

With its high-speed, six-cylinder naturally aspirated engine and manual six-speed sports gearbox, the Porsche 911 R is a driving machine that follows the Porsche principle of purity. The special edition model, limited to just 991 units, weighs just 1,370 kilograms with a full tank of fuel, making it the lightest 911 and a true high-performance sportscar, synonymous with consistent lightweight construction, maximum performance and an unfiltered driving experience. The 911 R is particularly suited to winding roads. The carbon bonnet and wings as well as the magnesium roof lower the vehicle's centre of gravity. The specially configured rear-axle steering guarantees extremely responsive steering behaviour and precise handling at a high level of driving stability. The Porsche Stability Management (PSM) control systems have been specially optimised for the 911 R. The six-cylinder flat engine, which was already featured in the 911 GT3 RS, with four-litre displacement, 368 kW (500 hp) and 460 Nm of torque, accelerates the vehicle from zero to 100 km/h in 3.8 seconds, with a top speed of 323 km/h. Total fuel consumption in the NEDC amounts to 13.3 l/100 km.

Research and development costs

in billion euro



Cayenne with modern infotainment

A high-resolution seven-inch touchscreen will be included as standard in all future Cayenne models. This model line has also featured the latest generation of Porsche Communication Management (PCM) since March 2016. The screen's user interface, which is similar to a smartphone, can be operated intuitively using multi-touch gestures. The user is able to integrate their smartphone or storage device via various interfaces and if iPhone and PCM are connected, it is also possible to use Apple Carplay®. Furthermore, the Cayenne is now equipped with a navigation module offering voice control and a high-resolution map display – now also available in 3D for the first time depending on the region.

Sporty and efficient: the Macan with new drive

The Macan debuted at the New York International Auto Show at the end of March 2016 with an in-line four-cylinder turbo engine with up to two bar boost pressure, charge-air cooling, direct petrol injection and variable valve timing. The latest entry-level model in the family of compact SUVs offers up to 185 kW (252 hp). The two-litre turbocharged engine with a torque of 370 Nm accelerates the Macan from zero to 100 km/h in 6.7 seconds. The Porsche double-clutch transmission (PDK) transforms the power of the engine into a top speed of 229 km/h. In accordance with the NEDC, the vehicle has a fuel consumption level of between 7.2 l/100 km and 7.4 l/100 km.

With an empty weight of 1,770 kilograms, the Macan is the lightest SUV offered by Porsche. Together with the agile chassis and precise steering, the standard active all-wheel drive Porsche Traction Management (PTM) ensures that the Macan's engine power translates into sporty driving dynamics.



718 Cayman impresses with striking design and muscular appearance

At the end of April 2016, Porsche presented the latest 718 Cayman at the Auto China Beijing Motor Show. The redeveloped fourth generation of the mid-engine sport Coupé offers a similar thrill to the 718 Boxster, with a four-cylinder flat engine and turbocharging. The result: 18 kW (25 hp) more power. The entry-level variant of the 718 Cayman provides 257 kW (300 hp) with two-litre displacement and the S model provides 257 kW (350 hp) with 2.5-litre displacement. Fuel consumption is between 8.1 litres and 6.9 litres

Joint venture planned for super-fast, high-performance charging network

In November 2016, the Volkswagen Group announced that it was planning a joint venture in collaboration with Audi, Porsche, the BMW Group, Daimler AG and Ford Motor Company. Together, the partners are hoping to establish the most powerful charging network for electric vehicles in Europe. To kick off the joint venture, the partners signed a Memorandum of Understanding. The planned infrastructure will support a charging capacity of up to 350 kW, enabling charging times that are considerably shorter than those possible with current fast charging networks. Around 400 stations are due to be constructed in 2017 as the first step in the plan. More than a thousand high-performance charging stations are planned by 2020, which will considerably increase the long-distance travel capability and appeal of electric vehicles. Porsche is thereby actively shaping the future of sustainable mobility – not only by developing environmentally friendly plug-in hybrid vehicles and purely electric models, but also by building the necessary infrastructure.

New generation of the best-selling racing car in the world

The second global debut at the Paris Motor Show was the 911 GT3 Cup. The specially designed four-litre flat engine of the near-series GT racing car with direct petrol injection and variable inlet and outlet camshaft control generates 357 kW (485 hp) and impresses with its reduced maintenance costs and improved durability of its naturally aspirated engine when in racing mode. For the first time in the world's most manufactured GT racing car, a valve drive with rigidly mounted rocker arms and a central oil feed have been installed. Ready to race, the latest 911 GT3 Cup weighs no more than 1,200 kilograms as a result of the intelligent aluminium steel composite construction. The optimised aerodynamics at the front and rear end provide the one-seater with greater traction.

per 100 kilometres in the NEDC. The acceleration, top speed and torque of the enclosed two-seaters are identical to the performance figures of the new generation of 718 Boxster.

Porsche has adjusted the brake system of the previous Cayman S to the increased performance of the 718 Cayman. The four-piston callipers of the 911 Carrera have been installed on the front axle of the latest S model with six-millimetre thicker brake discs.

The ten per cent more direct steering and half-inch wider rear wheels result in even better stability around corners in combination with the redeveloped tyres. In the latest 718 Cayman, Porsche has placed great emphasis on precision and agility. The enhanced driving dynamics are underlined by the vehicle's taut proportions, accentuated air intakes on the front and sides and a low silhouette. The interior also has a number of new features: The sports steering wheel in the 918 Spyder design and the individually expandable Porsche Communication Management (PCM) are available as standard equipment.



The new Panamera combines performance and comfort

An early highlight of the 2016 financial year for Porsche was the spectacular world première of the new Panamera in Berlin at the end of June. The second generation of the Panamera Gran Turismo distinctively combines two seemingly opposing concepts: sportiness and luxury. The entire vehicle, including its engine and transmission, has been completely redeveloped. The Panamera is a technology champion with an optimised design that boldly emphasises the ambition of a sporty luxury saloon. The flatter front section, adjusted side sections, a roof line that is even more dynamic, the flyline and other specific design details such as the three-dimensional tail lights and multi-material lightweight construction of the vehicle body draw parallels with the iconic 911 sports car.

With the new generation of the Panamera, Porsche is introducing its redeveloped V8 petrol engine with turbocharging to the road. The objective: enhanced performance, increased efficiency, greater power. The new generation offers three high-performance biturbo V-engines with a bank angle

of 90 degrees, and the engine block has been scaled down to 9.5 kilograms. In combination with the new eight-speed double-clutch transmission, Porsche has reduced the fuel consumption of its latest models by up to 16 per cent, while at the same time increasing the power. The new transmission design combines increased torque capacity, the ideal number of gears, optimum gear gradation and spread with excellent shift performance and maximum efficiency plus outstanding economy. In accordance with the NEDC, the fuel consumption figures for the Panamera Turbo are between 9.3–9.4 l/100 km, between 8.1–8.2 l/100 km for the Panamera 4S and between 6.7–6.8 l/100 km for the Panamera 4S Diesel. All three vehicles have been launched with all-wheel drive.

The new V8 petrol engine in the Panamera is a symbol of power and agility. The Panamera Turbo top-level version generates 404 kW (550 hp) from a mere four-litre displacement. This displacement reduction of 0.8 litres demonstrates the continuation of Porsche's successful downsizing strategy that has already been deployed in its front engine vehicles and subsequently extended to its flat engines. The engine reaches 770 Nm of torque at between 1,960 and 4,500 revolutions per minute (rpm), accelerating the Panamera Turbo from zero to 100 km/h in 3.8 seconds to a top speed of 306 km/h. For the first time ever, the drive of this model features adaptive cylinder control. At a speed range of between 950 rpm and 3,500 rpm and a torque limit of up to 250 Nm, this eight-cylinder engine transforms seamlessly into a four-cylinder engine by deactivating four of its cylinders, reducing fuel consumption in the process.

The Panamera 4S Diesel is driven by a four-litre V8 engine with 310 kW (422 hp) and 850 Nm of torque. The maximum torque is available from 1,000 rpm up to 3,250 rpm and this model accelerates from zero to 100 km/h in 4.5 seconds. With a top speed of 285 km/h, it is currently the world's fastest series-production vehicle with a diesel engine. A V6 petrol engine with 2.9-litre displacement and 324 kW (440 hp) drives the Panamera 4S. Between 1,750 rpm and 5,500 rpm, the six-cylinder engine delivers a powerful torque of 550 Nm to the drive axles, which helps the model to accelerate from zero to 100 km/h in 4.4 seconds with a top speed of 289 km/h.

Porsche has perfected the balancing act between sportscar and luxury saloon with a new three-chamber air suspension including the electronic damper control Porsche Active Suspension Management (PASM) and the new electronic 4D Chassis Control. The rear-axle steering, which is based on the 918 Spyder and the 911 Turbo, provides the precision and handling of a sportscar. The enhanced Porsche Dynamic Chassis Control Sport (PDCC Sport) including Porsche Torque Vectoring Plus (PTV Plus) supplements the overall concept. Electromechanical steering ensures greater driving comfort and efficiency.

Porsche also presents a forward-thinking display and control concept in this model line, in the form of the Porsche Advanced Cockpit with touch-sensitive panels and individually configurable displays. At the same time, the user is able to benefit from the clearer and more intuitive operation.

E-Performance: New hybrid strategy for the Panamera 4 E-Hybrid

At Porsche, sustainability and performance are not mutually exclusive. Hybridisation and electromobility are key principles for conserving resources and reducing energy requirements and emissions. At the same time, Porsche is able to combine sportiness with the highest level of technological ambition in its vehicles. Some winning examples of this design strategy include the Panamera S E-Hybrid, the 918 Spyder super sports car and the Cayenne S E-Hybrid. At the beginning of September 2016, Porsche presented the Panamera 4 E-Hybrid at the Paris Motor Show. The hybrid strategy used to control the drive originates from the 918 Spyder super sports car.

In the Panamera 4 E-Hybrid, an electric motor and petrol engine combine harmoniously, so that the 100 kW (136 hp) of power generated by the electric motor is available at the first touch of the accelerator. This, together with the new 2.9-litre V6 biturbo engine delivering 243 kW (330 hp), generates an impressive boost scenario, with the electric motor generating additional power at all times. This all-wheel Porsche delivers a system power of 340 kW (462 hp) and achieves a top speed of 278 km/h. In the redeveloped “Hybrid Auto” driving mode, the vehicle is able to automatically switch between and combine the two drive sources, guaranteeing ultimate driving efficiency. The plug-in hybrid – which always starts in purely electric mode – can cover a range of up to 50 kilometres and reach a maximum speed of 140 km/h as a zero-emissions vehicle for local driving. This sporty luxury saloon accelerates from zero to 100 km/h in 4.6 seconds, and can draw on a system torque of 700 Nm from a standing start. According to the NEDC for plug-in hybrid models, this model has an energy consumption of 2.5 l/100 km and 15.9 kWh/100 km of electric energy. The brake system in the Panamera 4 E-Hybrid was developed from the system in the 918 Spyder and is known as a “two-box system”, consisting of an electromechanical brake booster and a hybrid-compatible hydraulic unit. The Panamera 4 E-Hybrid benefits from recuperation, meaning that it recovers energy via the generator in the electric motor when the vehicle brakes. When the driver presses the brake pedal, the active recuperation management determines whether the car brakes as a result of torque from the electric motor and/or as a result of the conventional brakes. The driver cannot tell that this is happening, yet this process provides the maximum level of recuperation and efficiency.

New Panamera versions in Los Angeles

At the end of November, the long-wheelbase versions of the Panamera Turbo Executive with 404 kW (550 hp), the Panamera 4S Executive with 324 kW (440 hp), the Panamera 4 E-Hybrid Executive with 340 kW (462 hp) and the Panamera 4 Executive with 243 kW (330 hp) celebrated their world première at the Los Angeles Motor Show. The wheelbase of the Executive versions is 150 millimetres longer than with conventional Panamera models. For the first time, the Panamera, Panamera 4 and Panamera 4 Executive feature a new three-litre V6 turbo engine with a performance increase of 15 kW (20 hp) compared to the first Panamera generation. At the same time, Porsche has been able to reduce the fuel consumption of the Panamera 4 Executive by up to 1.0 l/100 km in accordance with the NEDC.

The exclusive standard equipment of the all-wheel drive Panamera Executive versions includes a large panoramic roof and electrically adjustable heated comfort seats in the front and rear, Porsche Active Suspension Management PASM and roll-up sunblind behind the headrests in the rear. The Panamera 4S Executive and the Panamera Turbo Executive also offer rear-axle steering and soft-close doors as standard. The additional features of the Panamera Turbo Executive include four-zone climate control, ambient lighting and LED main headlights including the Porsche Dynamic Light System (PDLS).

The Panamera and the Panamera 4 also debuted in Los Angeles. Delivering 243 kW (330 hp), these models represent the entry-level versions of Porsche’s line of luxury saloons.

Porsche 911 RSR to compete again

The Porsche 911 RSR was another highlight of the Los Angeles Motor Show. The model is distinguished by its consistent lightweight construction, new chassis, adjusted body structure, reworked aerodynamic concept and optimised engine and transmission. The GT racing car is driven by a modern, naturally aspirated, six-cylinder flat engine in front of the rear axle. Depending on the size of the restrictor, this powerhouse delivers up to 375 kW (510 hp). The power distribution in the vehicle is regulated by the sequential six-speed constant mesh transmission with magnesium casing, which is controlled via rocker switches. An extra-large rear diffuser ensures efficient aerodynamics. The aluminium/steel hybrid construction reduces the overall weight of the body, as previously demonstrated in the 911 GT3 Cup. Porsche has installed the latest assistance systems in the 911 RSR. The “Collision Avoid System” – a radar-assisted collision warning system – warns the driver of hazardous situations on the race track via a monitor in the cockpit, even when driving in the dark.

Responsible expansion of the Porsche Development Centre in Weissach

Fascinating products and innovative technology have long been a feature of the Porsche Development Centre in Weissach. In 2016, Porsche finished construction on the new drive and test centre in Weissach, which has a total floor area of 35,000 square metres. A total of 18 test stands support the development of new hybrid drives, combustion engines and electric motors. There are 600 Development Centre employees working in the building complex, where test stands, workshops and offices are combined under one roof.

Porsche is offsetting the extra space required for the continued expansion of the Development Centre with the implementation of compensatory measures agreed with the local authorities. Alongside an area-specific compensation measure, Porsche is implementing supplementary measures for promoting conservation. In the spring of 2016, a project was launched with the aim of planting over 30 new trees on the company grounds. The range of trees included lindens, field maples, beeches and oaks. With the development of a forest management concept as another environmental measure, Porsche is protecting a sufficient number of breeding sites for the variety of different mating birds that reside on the testing grounds of the Development Centre. Thanks to a joint effort by employees and the Porsche works council, bat boxes were introduced to the site and the surrounding woods for the first time in the reporting year, supplementing the numerous nesting boxes already available in the area. With these projects for protecting nature and the environment, Porsche is enabling responsible expansion of the Development Centre in Weissach.

Research and development costs

In the 2016 financial year, research costs and non-capital development costs (excluding depreciation and amortisation) at Porsche AG amounted to 981 million euro (previous year: 1.11 billion euro). Capitalised development costs amounted to 1.23 billion euro (previous year: 1.04 billion euro). The total research and development costs (excluding depreciation and amortisation) were 2.21 billion euro (previous year: 2.15 billion euro). In the 2016 financial year, the capitalisation rate was 56 per cent.

From the race track to the road – technology transfer in motorsport

Motorsport and sustainability – a combination that appears unlikely at first glance. It is only when you look closer that the link becomes clearer: Series-production vehicles are the true winners from motorsport. Race tracks are essentially a testing ground for Porsche. Testing new technologies and innovations under extreme pressure facilitates the continuous technological enhancement of series sportscars – and this is how Porsche transfers its technology. Racing has had a particularly noticeable impact on the development fields of lightweight construction and aerodynamics. However, Le Mans and other races are also enabling some pioneering work in other fields, such as developments in battery technology and the enhancement of exhaust energy recuperation systems. The result of this work is increased efficiency and reduced emissions, both on the race track and on the road. For example, the latest 911 Carrera saves 13 per cent more energy than its predecessor. The 718 Boxster that was introduced in spring 2016 also manages with 13 per cent less energy, despite being more powerful. Sportiness, performance and efficiency are not sacrificed at Porsche – these features are supplemented and improved.

Sales, Production, Procurement

Sales

Production

Procurement





Awards and recognition from all sides

A wealth of international studies have confirmed that our efforts to win customer loyalty and satisfaction have achieved exceptionally successful results. In 2016, Porsche won first place for the twelfth time running in the overall evaluation of the “Automotive Performance, Execution and Layout Study” (APEAL) conducted by J.D. Power, the renowned American market research company. Power. That means Porsche remains the most attractive vehicle brand for customers in the USA. In addition, the Porsche 911, Boxster and Macan models took first place in their respective categories. More than 80,000 new car owners took part in the survey, assessing 245 models from 33 manufacturers in 10 categories.

1st place

Porsche also came out on top as the best brand in the USA’s “Sales Satisfaction Index” (SSI) in 2016 for the first time.

Porsche also came out on top as the best brand in the USA’s “Sales Satisfaction Index” (SSI) in 2016 for the first time. The SSI is compiled every year by J.D. Power. It focuses on customer experiences with dealerships as well as new car buyers’ satisfaction during the buying process. The famous US consumer magazine “Kelley Blue Book” presented the Porsche brand with three Brand Image Awards – one for Porsche in the category “Best Performance Luxury Brand”, one for the Macan in “Best Resale Value – Luxury Compact SUV/Crossover” and one for the Panamera in “Best Resale Value – High-End Luxury Car”. Readers of the American car magazine “Car and Driver” chose the Boxster/Cayman as one of their “10 Best Cars”.

In Germany, more than 115,000 readers of the car magazine “auto, motor und sport” voted the 911 and the 911 Cabriolet into top spot in the sportscar and cabriolet category in the “Best Cars 2016” list for the second year running. “sport auto” readers chose Porsche models as the winners in four out of ten categories. The Boxster S, 911 Turbo S Cabriolet,

911 Carrera S Cabriolet and 911 R triumphed over the competition in their respective categories. This meant that Porsche came out on top as the most successful manufacturer in the survey. The British magazine “Top Gear” named the Cayman GT4 as “Sports Car of the Year” and the Porsche 911 GT3 RS as “Hardcore Car of the Year”. The German marketing prize “Best Brands” awarded Porsche the title of best corporate brand in Europe – a nod to the company’s commercial success and the appeal of its brand.

Professional service

In keeping with the company’s overall strategy in 2016, the after sales department focused on the market launch of the new Panamera as well as the global provision of spare parts for the second generation of the Porsche sports saloon. There were around 5,000 new parts available to the retail organisation and its customers at the time of the car’s sales launch – almost three times more than for the 718 Boxster and 718 Cayman models that were introduced shortly before. The after sales department is providing the Porsche retail organisation with the best possible preparation for future challenges. For example, the retail development team expanded its global area of operations to 32 countries and integrated new fields of expertise. The team works with dealerships on site to help them optimise the processes and procedures both in their workshops as well as in direct contact with customers. Consultants analyse individual weaknesses, then develop solutions in collaboration with colleagues on site and help to implement them. The retail development team implemented 75 of these operations in 2016.

In 2016, the after sales training department shifted the focus of its work at the Zuffenhausen headquarters. The team’s objective is to qualify the global retail organisation in view of technical vehicle innovations. The structure of the team’s specialist fields is now streamlined, flexible and effective, focusing on new training methods, technologies and responses to modified market requirements. The result of this is a comprehensive qualification strategy for the retail organisation, which will follow as the next step. To implement this strategy, more than 14,000 service employees working in Porsche Centres are being prepared to handle increasingly complex vehicle technology, including electromobility and digitalisation, as well as new customer requirements. This requires state-of-the-art training methods and media. “Learning on demand” will become an integral part of day-to-day work in the future thanks to virtual reality and new video portal concepts, including via mobile devices.

Another key focus of the team’s work in after sales is the electrification of the drivetrain, which involves expertly repairing high-voltage batteries. Fundamental to this is a programme for expanding repair bases at the importer and retail level. This programme was developed with the help of local market assistance over the course of the reporting year and contains concepts for optimising repair costs and providing customers with reliable long-term care.

Expanding expertise in terms of methodology is essential for ensuring continuous improvement of vehicle quality and service. Advanced analytics, for example, automatically and intelligently detect and draw links between cases and potential focus areas for repair using algorithms as part of automated learning. This system makes it possible to observe the entire guarantee and goodwill period for all existing customer and vehicle data. The result in the medium term is faster response times and increased efficiency. This expansion of the necessary infrastructure and relevant expertise enables further applications to be opened up based on “data and text mining” – the automated analysis of unstructured or poorly structured data and text.

Tradition and innovation closely interlinked

In addition to its current models, Porsche’s classic vehicles thrill fans of the brand all over the world. Porsche Classic is assuming responsibility for all vehicles that have generally been in production more than ten years. This remit includes all aspects, from the technical literature to delivery of 52,000 genuine parts, right through to complete restorations. The international dealership and service network was expanded in 2016 to ensure optimum vehicle maintenance and to become an expert point of contact for enthusiasts of classic Porsche cars. Customers and potential buyers have a choice of a 45 Porsche Classic partners around the world, two of which are Porsche Classic Centres. These Porsche Classic Centres bring the areas of services, workshop and classic sportscar sales together under one roof for the first time. This concept sees the sportscar manufacturer integrate the maintenance and value retention of modern and older classic cars into a single innovative service concept, which closely interlinks tradition and innovation.

Enhancing the dealership sustainability initiative

With the implementation of its “Dealership Sustainability Initiative”, Porsche AG is supporting the planning, construction and operation of environmentally sustainable Porsche Centres. The first reference project for this initiative in 2016 was the construction of a photovoltaic pylon on the site of the new Porsche Centre in the Berlin-Adlershof technology park – a clear affirmation of a sustainable approach to energy generation that conserves resources. The 25-metre high, 37-tonne steel construction with a striking convex façade is fitted with exactly 7,776 monocrystalline solar cells that generate up to 30,000 kilowatt hours of electricity per year – enough power to meet the Porsche Centre’s basic energy requirements. As a special service, visitors can charge their electric vehicles for free using solar energy from the pylon’s charging pedestal.

The photovoltaic car port is Porsche AG’s second pilot project in 2016 aimed at developing an environmentally sound design for Porsche dealerships. Developed in collaboration with CIP Architekten Ingenieure in Stuttgart, the car port makes it possible for plug-in hybrid and electric vehicles to be charged using locally generated, renewable energy. The intricate support structure with integrated Porsche Universal Chargers (AC) and a roof made from semi-transparent dual glass photovoltaic modules generates more than 3,000 kilowatt hours of energy per year – enough electricity to charge the battery of a Panamera 4 E-Hybrid more than 200 times. This equals a range of approximately 10,000 kilometres. The photovoltaic car port celebrated its debut on the holiday island of Sylt, allowing plug-in hybrid vehicles leased on the island by Porsche Drive to be charged. Porsche plans to offer this concept to all of its dealerships around the world with a view to implementing it at a later date.

PRODUCTION

New record: Porsche produced 239,168 vehicles in the 2016 financial year. This represents a 2 per cent increase over the previous year. All vehicles of the 911 (31,648 units) and Boxster (12,791 units) model lines rolled off the production line in the Stuttgart-Zuffenhausen plant. This is also where the Cayman (5,303 units) has been manufactured since August 2016. That means the sports car manufacturer produced a total of 49,742 sports cars at its headquarters in Zuffenhausen. At the Leipzig plant, Porsche manufactured a total of 158,432 vehicles, representing around 66 per cent of total production at Porsche. 97,177 units of the Macan model line originated from Leipzig, along with 47,037 Cayenne and 14,218 Panamera vehicles. At the multi-brand plant of the Volkswagen Group in Osnabrück, Porsche manufactured 24,656 Cayenne vehicles. Up to August 2016, 6,788 units of the Cayman were also produced here.

+ 2%

New record: Porsche produced 239,168 vehicles in the 2016 financial year.

Change on the Executive Board

On February 1, 2016, the Supervisory Board appointed Albrecht Reimold as the new Member of the Executive Board responsible for Production and Logistics. Oliver Blume's successor switched to Zuffenhausen from Bratislava. From 2012 to January 2016, the degreed engineer worked in the Slovakian capital as Chairman of the Executive Board and Board Member with responsibility for Technology at Volkswagen Slovakia, where the body of the Porsche Cayenne is manufactured. From 2009 to 2012, Reimold headed up the Audi plant in Neckarsulm.



New body manufacture in Leipzig

The world première of the Panamera sports saloon was among the highlights of 2016. When the Panamera was launched in 2009, the painted bodies were produced at the Volkswagen plant in Hanover. Yet now, the entire production process – from the body shop to the paint shop – takes

place at the Leipzig plant. Porsche invested 500 million euro into this move, which involved an increase in the production area to around 60,000 square metres and adjustments to the assembly and infrastructure. Following the fourth upgrade over an approximately two-year construction period, the site is now among the most sophisticated and innovative production facilities in the global automotive industry. One particular highlight is the multi-material mix in the body of the new Panamera. It is based on a high aluminium content, which required many new joining and manufacturing procedures to be implemented in the series production process.



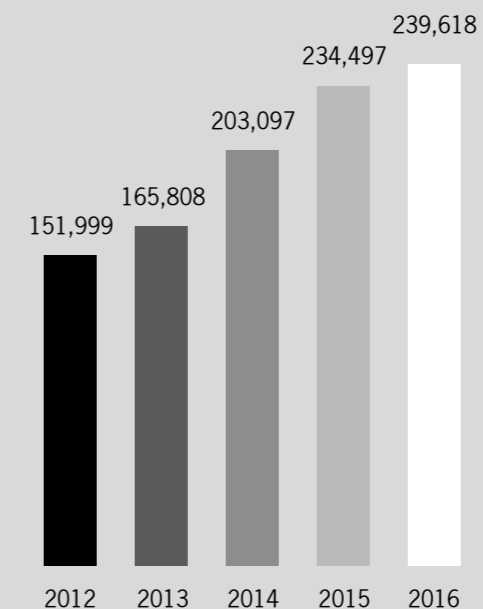
In its new body shop, Porsche is employing innovative and energy-efficient technologies, thereby reducing its energy consumption in a targeted manner. In the paint shop alone, a rock-flour filter system has allowed the company to reduce energy consumption by around 60 per cent in comparison with a water-based system. A photovoltaic system produces up to 800,000 kilowatt hours of electricity per year from solar energy. This is roughly equivalent to the annual power consumption of 150 four-person households in Western Europe. The special cooling of the robotic welding guns reduces annual electricity consumption by more than 365,000 kilowatt hours. This makes the Leipzig plant one of the most environmentally friendly facilities in the world.

The Panamera, Macan and Cayenne model lines roll off the Leipzig production lines every two minutes. In three-shift operation, the plant's technically installed capacity reaches up to 150,000 units per year. Porsche already set new benchmarks in Leipzig with the production of the Macan. To date, Porsche has invested a total of 1.3 billion euro in the development of the Leipzig site. During the fourth plant expansion, the company hired 600 new employees, meaning that the workforce exceeded the magical number of 4,000 for the first time.

Quality at the highest level

Porsche is synonymous with quality, and the new quality centre in Leipzig serves as the perfect example of the brand identity embraced by the company. Since June 2016, Porsche has bundled all vehicle optimisation efforts across the centre's 6,000 square metre area, all in the name of achieving utmost perfection in production. In doing so, Porsche continuously tackles the challenge of raising quality with each new

Production volume vehicles produced



vehicle model. Means of quality measurement include such methods as the exterior and seam master jig for pilot series qualification of body parts or the body-in-black for pilot series qualification of sheet metal parts. Cubing is used for the optimisation and pilot series qualification of assembly parts as well as for the functional analysis of add-on parts in the exterior and interior. The quality centre in Leipzig also includes a pilot centre for building pilot series vehicles. A total of 150 employees work at the site.

At the Zuffenhausen headquarters, the quality and analysis centre has also made an important contribution to the quality process since July 2014. Just as in Leipzig, this is an important prerequisite for ensuring ongoing and sustainable improvement to the emotional and functional quality of Porsche vehicles as well as their look and feel. Porsche continuously faces new challenges, particularly with regard to trends and technologies such as digitalisation, smart mobility and electromobility.

Top marks for perfection

The impressive levels of quality originating from Zuffenhausen have been recognised by the latest “Initial Quality Study” conducted by the US market research institute J.D. Power. In the plant ratings for Europe/Africa, the main Porsche plant in Zuffenhausen heads up the rankings of the American market researchers. The 911 is the highest placed vehicle of the entire study, which includes a total of 245 models from 33 manufacturers. In addition, the 911 once again achieved first place in its “Midsize Premium Sporty Car” segment, making this five victories in succession.

The Macan also defended its place at the top of the rankings. In its second involvement in the study, the youngest member of the Porsche model range again secured first place in the “Compact Premium SUV” segment. For the study, J.D. Power surveyed more than 80,000 private individuals 90 days after receipt of their vehicle. The overall rating is made up of 233 criteria, including “Driving experience”, “Exterior” and “Interior”.



New plant for eight-cylinder engines in Zuffenhausen

Porsche has achieved a new milestone in engine construction with the opening of the new production site for eight-cylinder engines at the main plant in Stuttgart. Since construction

of the new plant commenced in 2014, a modern factory was created across two levels covering a total of 10,000 square metres in the western expansion zone of the company headquarters. With logistics located on the ground floor, engine assembly takes place on the floor above. This efficient meshing of manufacture and automation gives rise to a flexible production process. The eight-cylinder V-engine will initially be used in the Panamera Turbo.

The production of a new eight-cylinder V-engine involves 6.2 hours and 110 work cycles. 95 workpiece carriers then transport the engines along a 432 metre production line. At full capacity, 200 eight-cylinder V-engines a day can be produced according to the highest quality standards. Porsche has invested some 80 million euro into the new production facility. The company employs the latest systems and tools as well as digitalisation and consistent data management. By means of an electronic production network, EC tools are adapted to the various assembly requirements, making them practically universally deployable throughout the assembly process. EC tools are just one of the almost 100 innovations that Porsche has implemented in the production site. This also includes autonomous, freely programmable forklift trucks. Thanks to the multi-functional structure of the production area, Porsche is well prepared for growth and future production processes.

Sustainability plays a very important part in this regard. A photovoltaic system on the roof of the engine plant produces up to 242,400 kilowatt hours of electricity every year. This results in savings of up to 105 tonnes of carbon dioxide per year when compared to a conventional production facility. The large-scale roof greening on the building also helps to improve the air quality at the Zuffenhausen location. These and other ecological measures, along with exceptional workplace design and process quality, have been recognised with top marks from the German Sustainable Building Council (DGNB). The 28 hectare site was one of the first industrial quarters in Germany to be awarded a gold pre-certificate from the DGNB.

Bio-energy for the main Porsche plant in Zuffenhausen

In collaboration with the public service authorities in Stuttgart, Porsche is making a key contribution to the energy concept of the state capital. Stuttgart intends to be climate-neutral by 2050 at the latest. In a joint letter of intent issued with the city's public services in the reporting year, Porsche has declared its intentions, as a regionally headquartered company, to switch the heat supply at the main plant in Stuttgart-Zuffenhausen to bio district heating by the end of 2018 at the latest. The starting point for the shared energy supply is a new bio-waste digester that has been set up locally and is being operated by Abfallwirtschaft Stuttgart (AWS), a municipal waste management operation. The project serves as an example of the development of large-scale local heating and district solutions with industrial partners and is

currently preventing some 5,000 tonnes of carbon dioxide – which is damaging to the environment – from being generated each year.

Successful production start in Zuffenhausen

A further milestone project of 2016 is the production of the 718 Cayman. For the first time, Porsche is manufacturing the third generation of the mid-engine sports coupé entirely in Zuffenhausen. Going forward, Porsche will therefore produce all two-door sportscars at its headquarters. The last Cayman rolled off the production line of the Volkswagen plant in Osnabrück in August. This is where Porsche manufactured the previous generation of this model line. The current model line boasts higher performance thanks to the newly developed four-cylinder flat engines with turbocharging. With the 718 Cayman, production capacity at the Stuttgart plant has been increased from 220 to more than 240 vehicles per day.

Site development in Sachsenheim

In line with the company's general growth trajectory, Porsche is also further expanding its logistics centre in Sachsenheim. Porsche has now developed the site for the fourth time since it was opened in 2008 in order to increase its logistics capacities. Construction for the latest phase began in July 2016 and is to be completed by 2018. Among other things, Porsche is enhancing its after sales parts logistics, which includes the installation of an automatic high-bay warehouse with more than 40,000 new rack and 4,500 container storage locations. The high-bay warehouse is characterised by its much improved space utilisation.

Expansion of environmentally friendly logistics

Inevitably, the transportation of goods to and from the plants involves emissions such as noise and an increased use of resources. Porsche is addressing this issue with the efficient and continuous use of environmentally compatible transport means. Porsche is striving towards the systematic reduction of emissions and achieving a positive effect on its own environmental impact. In the reporting year 2016, a Scania diesel/LPG hybrid truck began operating on the route between Soest and Zuffenhausen. Based on an annual distance of around 410,000 kilometres, CO₂ emissions were reduced by around 10 per cent. This equates to savings of around 22,506 kilograms per year. In 2017, the company plans to employ further vehicles of this type on the route between Heilbronn/Uhingen and Zuffenhausen/Kornwestheim. Moreover, preparations are currently underway in Leipzig for the use of an electric truck between the logistics centres and the plant. The concept phase is to be completed at the beginning of 2017, at which point the pilot phase will begin.

Tracking down potential savings

Conservation of resources along with environmentally conscious and energy-efficient activities are fixed components of the Porsche corporate strategy. The objective of maximum efficiency applies not only to the products, but also to the Zuffenhausen and Leipzig plants themselves. In 2016, for example, Porsche saved around one million euro in its production efforts thanks to careful use of resources.

A separate team in the Production and Logistics department – comprising operators, planners, maintenance and environmental experts – is devoted to tracking down energy savings potential in the individual plants. The paint shop at the Leipzig plant accounts for the lion's share of these savings. When no painting is taking place, the systems are switched to standby mode. This measure alone achieves annual savings of around 120,000 euro. When converted, this equates to 575 Porsche 911 Carrera vehicles covering 30,000 kilometres per year in a carbon-neutral manner. In addition, Porsche uses the waste heat from a biomass power plant in direct vicinity of the plant premises to cover 80 per cent of the paint shop's heat requirements without additional CO₂ emissions. Moreover, switching off the system lighting in the Leipzig body shop during weekend downtimes produces savings of more than 50,000 euro per year. The efficiency team also uncovered savings potential at the paint shop in Zuffenhausen. When maintaining the compressed air systems, any leaks are identified and rectified even faster. This alone saves an annual cost of 50,000 euro.

And this push towards enhanced efficiency extends beyond the country borders. By way of example, Porsche is employing an effective air-conditioning system at the technical training centre in Shanghai. It utilises heat exchangers and heat pumps to ensure simultaneous cooling and dehumidification of the tropically warm ambient air. At the North American headquarters in Atlanta, Georgia, the building façade provides thermal insulation in the winter while also serving as a heat shield in the summer. Elements of the demolished factory previously located at the site were recycled and used to construct the off-road track. In 2016, both projects were awarded a gold certificate in the internationally renowned LEED (Leadership in Energy and Environmental Design) rating system for exceptionally ecological and efficient buildings.

PROCUREMENT

For the procurement department of Porsche AG, 2016 was a year filled with special challenges. The product range was expanded significantly, and the company supplied a total number of 237,778 vehicles to customers – a new record. Thanks to its close, partnership-based cooperation with the supplier industry, the procurement department was able to maintain a constant supply of parts at all times.

Outstanding events for the Porsche procurement department during the 2016 financial year included the successful launch of the new mid-engine 718 Boxster and 718 Cayman sports coupés, equipped with the new four-cylinder turbo flat engine, as well as the sales launch of the second generation of the sporty Panamera luxury saloon. A further highlight was the 911 R. The vehicle, of which just 991 units will be built, is a striking representation of the traditionally close relationship between motor racing and series production.

Another highlight of last year was the outstanding motor-sport season in which Porsche succeeded in defending all of the titles it had won in the FIA World Endurance Championship (WEC) in 2015. In collaboration with all specialist areas involved, the procurement department brought the right partners on board to ensure this success.

Porsche is continually working on further enhancing the procurement organisation and building on its strengths together with the suppliers. We strive to be competitive and ensure optimum performance. The fact that the Porsche Strategy 2018 has already been successfully implemented is testament to the consistency with which key topics and objectives are pursued and realised at Porsche. Within the Strategy 2025, the procurement department will play a considerable part in achieving the company's goals, helping to further the positive development of recent years. In 2016, further important foundations were laid for the future of Porsche with over 700 award decisions.

Four strategic procurement targets can be derived from the Porsche Strategy 2025 and the global trends on the procurement markets. Firstly, delivering top quality at competitive conditions by actively developing technical and ecological innovation processes. Secondly, ensuring efficiency for the entire life of the products. Thirdly, guaranteeing reliability, by ensuring constant availability of the procurement volume, consistently high quality of the purchased parts, as well as stable and efficient commodity flows. And fourthly, increasing the attractiveness of the company for talented employees and ensuring a high level of satisfaction among our employees by creating the optimum working conditions.

Procurement of production material and non-production material

As in previous years, the material costs per vehicle were further optimised during the 2016 financial year. The close cooperation and early involvement of our business partners in various cost and product workshops led to substantial savings being made. In 2016, the material costs of Porsche AG amounted to 4,129 million euro (2015 financial year: 3,948 million euro).

The procurement department also made an important contribution during the reporting period towards achieving the company goals regarding non-production material and services. Due to the large number of infrastructure projects under way, investments in the 2016 financial year totalled 1,695 million euro. This development reflects the continued growth at Porsche (2015 financial year: 1,261 million euro).

Ensuring product quality and sustainability in procurement

A crucial factor for the success of the Porsche brand is the consistently high quality of the cars it sells. To ensure that this requirement can be met in the long term, the implementation of an optimum quality of purchased parts across all model lines was once again a focal point in 2016. To this end, procurement is further expanding the activities designed to optimise sub-supplier management. In addition, an overarching standard to harmonise and implement sustainability principles in the supply chain was launched. Both the transparency gained and the acceptance of our sustainability principles are instrumental in helping to identify risk areas at an early stage and continuing to improve quality. These efforts were corroborated in 2016 by the extremely positive feedback from customers in the context of various quality awards.

Since the end of 2015, virtually all brands and companies that make up the Volkswagen Group have been following standardised, fully digital processes within procurement. External partners are able to find the up-to-date information they require in the available systems at any time. The aim is to create a global, standardised digital network that maps all work processes between the procurement department and suppliers.

Sustainability in supplier relations

The consideration of sustainability aspects in the supply chain is a key focus area for Porsche. The company has been an active part of the group-wide sustainability procurement network and fully involved in the “sustainability in supplier relations” concept of the Volkswagen Group since as far back as 2013.

Three cornerstones were defined in order to establish the high environmental and social standards among business partners: mandatory sustainability requirements for

suppliers, an early detection system along the value chain to identify and minimise risks, and processes for monitoring and developing suppliers.

Strict compliance with the sustainability requirements is essential to the effective cooperation between Porsche and its suppliers. The internationally recognised human rights, the charter of the International Chamber of Commerce, the OECD guidelines for long-term, sustainable development and the relevant core labour laws of the International Labour Organisation (ILO) serve as the foundation for the sustainability requirements. Suppliers are now also expected to follow the OECD guideline regarding the duty of care for supporting responsible supply chains for minerals from conflict and high-risk areas. Conflict minerals represent a major problem area in the context of forming responsible supply chains. Since the reporting year, suppliers must be prepared to provide information on the smelting plants and refineries that they or their sub-suppliers use if requested.

As part of supplier monitoring, all suppliers are required to complete questionnaires on sustainability issues as well as submit a written statement if there are grounds for suspicion or possible deviations from the sustainability requirements in place. Porsche's own ad-hoc team of experts is responsible for the auditing, and is authorised to define and implement further measures in serious cases. In the reporting year, two ad-hoc cases were opened under the leadership of Porsche. In 2016, Porsche also introduced the industry-wide Self-Assessment Questionnaire (SAQ) across the board for all active suppliers of production material. The SAQ was developed together with other automotive companies in the working group on supply chain sustainability, coordinated by CSR Europe.

Since the start of the reporting year, Porsche has also had an independent audit service provider inspect selected business partners as part of its own sustainability audits. If violations or development potential are identified during the audit, an action plan for improvement is agreed upon. If necessary, Porsche will also provide assistance with the implementation of these measures. In the case of serious violations, an ad-hoc case is opened as well. In 2016, an independent service provider conducted one audit and has scheduled two further audits. Porsche plans to continually expand this process as part of the Strategy 2025.

For over 30 years, the Porsche procurement department at the main plant in Zuffenhausen has worked together with a facility for physically disabled people from the region. In 2015, Porsche entered into a further cooperation with a workshop in Zuffenhausen, and another project was launched in Leipzig in the 2016 reporting year. The ongoing promotion of cooperation with social organisations is firmly anchored in the corporate strategy.

Another focal point of the procurement strategy is the increased use of sustainable materials. In 2016, Porsche surveyed the main suppliers specifically regarding the use and availability of sustainable materials. A project on the subject of sustainable leather was also launched. At present, the company is also consciously requesting sustainable alternative materials from suppliers for use in future generations of vehicles.

Financial Analysis

Net Assets

Financial Position

Results of Operations

NET ASSETS

As of December 31, 2016, the total assets of the Porsche AG group stood at 32,235 million euro, 11 per cent higher than on the prior-year reporting date.

Non-current assets increased by 2,044 million euro to 23,592 million euro. The increase relates mainly to fixed assets and to deferred taxes. Non-current assets expressed as a percentage of total assets amounted to 73 per cent (prior year: 74 per cent).

At the end of the reporting period, the fixed assets of the Porsche AG group – i.e., the intangible assets, property, plant and equipment, leased assets, financial assets accounted for using the equity method and other financial assets – came to 12,841 million euro, compared with 11,009 million euro in the previous year.

Fixed assets expressed as a percentage of total assets increased to 40 per cent (prior year: 38 per cent). Intangible assets increased from 3,286 million euro to 3,965 million euro. The increase mainly relates to capitalized development costs. The largest additions relate to the Cayenne, Panamera and 911. Property, plant and equipment increased in comparison to the prior year by 536 million euro to 5,116 million euro, primarily due to additions to land and buildings, technical equipment and machinery, and other equipment, operating and office equipment. These additions consist mainly of tools and construction work for the new generations of vehicles. Leased assets increased by 612 million euro in comparison to the prior year to 3,373 million euro. This item contains vehicles leased to customers under operating leases.

Deferred income tax assets amounted to 879 million euro compared with 727 million euro in the prior year.

As a percentage of total assets, current assets amount to 27 compared to 26 per cent in the prior year. Inventories increased slightly from 2,509 million euro in the prior year to 2,536 million euro at the end of the reporting period.

Non-current and current receivables from financial services rose from 1,887 million euro to 2,010 million euro. This item mainly contains receivables from finance leases and receivables from customer and dealer financing.

Current other financial assets increased by 337 million euro to 1,337 million euro. This was primarily attributable to the clearing account with Porsche Holding Stuttgart GmbH.

Cash and cash equivalents increased significantly year on year, climbing by 404 million euro to 2,889 million euro.

The equity of the Porsche AG group increased by 1,280 million euro to 11,980 million euro compared

Net Assets of the Porsche AG Group

million euro	Dec. 31, 2016	%	Dec. 31, 2015	%
Assets				
Intangible assets	3,965	12	3,286	11
Property, plant and equipment	5,116	16	4,580	16
Equity-accounted investments	333	1	332	1
Other equity investments	54	0	50	0
Leased assets	3,373	11	2,761	10
Financial services receivables	1,363	4	1,289	5
Other financial assets	8,478	26	8,505	29
Other receivables	31	0	10	0
Tax receivables	-	-	8	0
Deferred tax assets	879	3	727	2
Non-current assets	23,592	73	21,548	74
Inventories	2,536	8	2,509	9
Trade receivables	591	2	486	2
Financial services receivables	647	2	598	2
Other financial assets	1,337	4	1,000	3
Other receivables	390	1	329	1
Tax receivables	194	1	145	0
Securities	59	0	43	0
Cash and cash equivalents	2,889	9	2,485	9
Current assets	8,643	27	7,595	26
	32,235	100	29,143	100
Equity and Liabilities				
Equity	11,980	37	10,700	37
Provisions for pensions and similar obligations	3,213	10	2,361	8
Other provisions	685	2	772	3
Deferred tax liabilities	864	3	749	2
Financial liabilities	3,669	11	2,549	9
Other financial liabilities	699	2	776	3
Other liabilities	316	1	265	1
Non-current liabilities	9,446	29	7,472	26
Provisions for taxes	77	0	63	0
Other provisions	1,636	5	1,460	5
Financial liabilities	1,830	6	2,768	9
Trade payables	2,589	8	2,214	8
Other financial liabilities	3,337	10	3,127	11
Other liabilities	783	3	850	3
Tax payables	557	2	489	1
Current liabilities	10,809	34	10,971	37
	32,235	100	29,143	100

with the prior-year reporting date. The profit after tax, minus profit transfer and dividends of 269 million euro, generated increases in equity together with currency translation differences, changes in the cash flow hedge (net of tax) and a capital contribution by Porsche Holding Stuttgart GmbH amounting to 1,076 million euro.

By contrast, pension plan remeasurements (net of tax) represented reductions in equity by 435 million euro.

Non-current liabilities relate to financial liabilities, pension provisions, deferred income tax liabilities, other financial liabilities, other liabilities and other provisions. They rose by a significant 1,974 million euro year on year to 9,446 million euro. Non-current liabilities expressed as a percentage of total capital increased from 26 per cent in the prior year to 29 per cent at the end of the fiscal year. Non-current financial liabilities grew by 1,120 million euro, mainly due to the placement of a debenture bond in March 2016.

The provisions for pensions and similar obligations rose by 852 million euro. This was primarily attributable to the change in the discount rate in Germany from 2.7 per cent to 1.8 per cent.

Non-current other financial liabilities declined by 77 million euro. This mainly relates to marking derivative financial instruments to market.

Deferred income tax liabilities amounted to 864 million euro compared with 749 million euro in the prior year.

Current liabilities decreased from 10,971 million euro to 10,809 million euro. Current liabilities expressed as a percentage of total capital fell from 37 per cent in the prior year to 34 per cent as of December 31, 2016. Current financial liabilities declined by 938 million euro, primarily due to the redemption of a 1,000 million euro bond in February 2016.

Trade payables rose to 2,589 million euro after 2,214 million euro in the previous year. This increase is attributable to higher volumes of investments and business.

Current other financial liabilities amounted to 3,337 million euro (prior year: 3,127 million euro). This mainly results from an increase in the liability for the profit transfer to Porsche Holding Stuttgart GmbH.

FINANCIAL POSITION

Cash flows from operating activities amounted to 3,864 million euro in the 2016 reporting period following 3,843 million euro in the prior year. The material effects resulted from increased profit and lower income taxes paid, and conversely higher outflows for leased assets.

The cash flows from investing activities resulted in a cash outflow of 2,724 million euro in the reporting period following 2,119 million euro in the prior year. Investments in intangible assets (excluding development costs capitalized) and property, plant and equipment increased from 1,388 million euro in the previous year to 1,438 million euro in the period under review. Additions to capitalized development costs amount to 1,228 million euro following 1,039 million euro in fiscal year 2015.

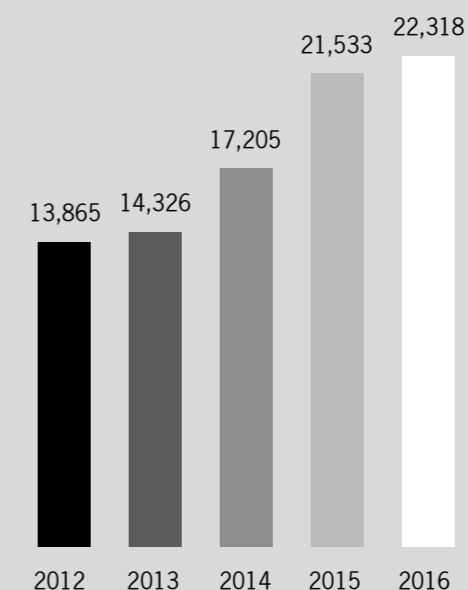
There was a change in cash flows from financing activities from minus 838 million euro in the prior year to minus 786 million euro in the current fiscal year.

Payments made in respect of profit transfer and dividends resulted in a cash outflow in the amount of 1,904 million euro (previous year: 1,232 million euro). This was partly offset by a capital contribution amounting to 1,076 million euro (prior year: 707 million euro) made by Porsche Holding Stuttgart GmbH.

The net available liquidity of the automotive division – i.e., its gross liquidity less financial liabilities and excluding the financial services business in each case – improved from 1,456 million euro as at December 31, 2015 to 1,965 million euro as at December 31, 2016.

Sales revenue

in million euros



RESULTS OF OPERATIONS

The Porsche AG group's profit after tax increased by 305 million euro from 2,335 million euro in the corresponding prior-year period to 2,640 million euro in the reporting period. The tax rate in the reporting period was 29 per cent (prior year: 31 per cent).

Consolidated revenue at the Porsche AG group amounted to 22,318 million euro in the reporting period (prior year: 21,533 million euro). In the last financial year, Porsche AG delivered 232,041 new vehicles. This corresponds to a 6 per cent increase in units sold compared with the previous year. The principal contributor to the increase in sales and revenue was the Macan model, with 97,105 units sold. In terms of regional figures, the Chinese market has shown particularly positive development, with 67,908 vehicles sold. This corresponds to a 17 per cent increase in units sold.

The cost of sales increased in line with revenue to 15,937 million euro (prior year: 15,441 million euro), which represents 71 per cent of sales revenue (prior year: 72 per cent). In absolute terms, the cost of sales rose by 496 million euro or 3 per cent. This disproportionately small increase was due to lower depreciation, amortization and impairment of intangible assets and property, plant and equipment, as well as lower research and development costs recognized in profit or loss due to the increase in the capitalization rate to 56 per cent (prior year: 48 per cent). The disproportionately small increase in the cost of sales caused the gross margin to increase from 28 per cent to 29 per cent.

Distribution expenses rose from 1,505 million euro to 1,703 million euro due to the higher volume of sales. Administrative expenses decreased from 908 million euro to 867 million euro. In relation to sales revenue, distribution expenses increased slightly to 8 per cent (prior year: 7 per cent), while administrative expenses remained level at 4 per cent.

The personnel expenses across all functions of the Porsche AG group increased from 2,605 million euro to 2,875 million euro. The average number of employees during the year rose by 2,710 to 26,251.

Results of Operations of the Porsche AG Group

million euro	FY 2016	%	FY 2015	%
Sales revenue	22,318	100	21,533	100
Cost of sales	-15,937	-71	-15,441	-72
Gross profit	6,381	29	6,092	28
Distribution expenses	-1,703	-8	-1,505	-7
Administrative expenses	-867	-4	-908	-4
Other operating income	1,206	5	1,286	6
Other operating expenses	-1,140	-5	-1,561	-7
Operating profit	3,877	17	3,404	16
Financial result	-180	0	-22	0
Profit before tax	3,697	17	3,382	16
Income tax income/expense	-1,057	-5	-1,047	-5
Profit after tax	2,640	12	2,335	11

Operating return on sales

in per cent



Depreciation, amortization and impairment across all functions increased to 2,081 million euro compared with 2,124 million euro in the prior year. This primarily relates to the depreciation, amortization and impairment of leased assets.

Other operating income declined from 1,286 million euro to 1,206 million euro. This was primarily due to lower income from the reversal of provisions and accruals. Other operating expenses decreased from 1,561 million euro to 1,140 million euro. The decline mainly reflects from lower expenses in connection with forward exchange transactions.

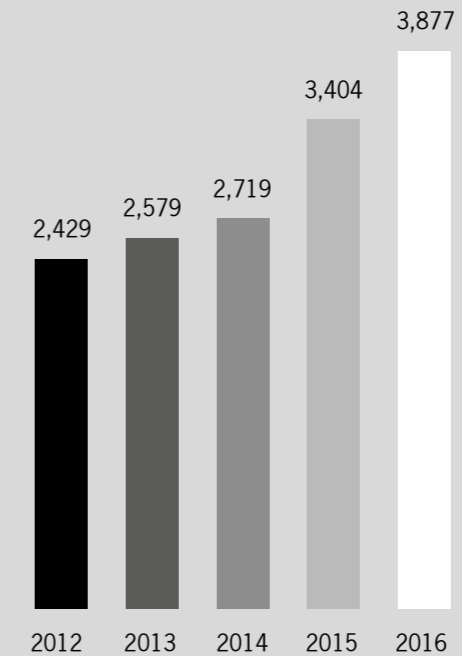
Operating profit amounted to 3,877 million euro, an increase of 473 million euro in comparison with the previous year.

The financial result amounted to minus 180 million euro (prior year: minus 22 million euro). The decrease in the financial result was due to higher expenses from fair value measurement relating principally to exchange rate and interest rate hedging transactions that are not included in hedge accounting.

The healthy cost structure and the sustainably high earnings power of the group are also reflected in the key performance indicators. The Porsche AG group achieved an operating return on sales of 17.4 per cent in the past fiscal year (prior year: 15.8 per cent). The pre-tax return on sales was 17 per cent (prior year: 16 per cent). The return on capital, defined as the ratio of the operating result after tax to the average invested assets of the automotive division, amounted to 31 per cent (prior year: 31 per cent). The return on equity after tax was 23 per cent (prior year: 23 per cent).

Operating profit (EBIT)

in million euros



Financial Data

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows

Consolidated Statement of Changes in Equity

Consolidated Income Statement

of Porsche AG for the period January 1 to December 31, 2016

million euro	FY 2016	FY 2015
Sales revenue	22,318	21,533
Cost of sales	-15,937	-15,441
Gross profit	6,381	6,092
Distribution expenses	-1,703	-1,505
Administrative expenses	-867	-908
Other operating income	1,206	1,286
Other operating expenses	-1,140	-1,561
Operating profit	3,877	3,404
Share of profit or loss of equity-accounted investments	8	4
Finance costs	-144	-142
Other financial result	-44	116
Financial result	-180	-22
Profit before tax	3,697	3,382
Income tax income/expense	-1,057	-1,047
Current	-1,074	-1,137
Deferred	17	90
Profit after tax	2,640	2,335
thereof profit attributable to shareholders	2,640	2,334
thereof profit attributable to non-controlling interests	0	1
Profit transferred to Porsche Holding Stuttgart GmbH	-2,370	-1,903

Consolidated Statement of Comprehensive Income
of Porsche AG for the period January 1 to December 31, 2016

million euro	FY 2016	FY 2015
Profit after tax	2,640	2,335
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	-619	211
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	184	-65
Pension plan remeasurements recognized in other comprehensive income, net of tax	-435	146
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	0
Items that will not be reclassified to profit or loss	-435	146
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	32	125
Transferred to profit or loss	-	0
Exchange differences on translating foreign operations, before tax	32	125
Deferred taxes relating to exchange differences on translating foreign operations	-	-
Exchange differences on translating foreign operations, net of tax	32	125
Cash flow hedges		
Fair value changes recognized in other comprehensive income	119	-1,429
Transferred to profit or loss	363	992
Cash flow hedges, before tax	482	-437
Deferred taxes relating to cash flow hedges	-144	130
Cash flow hedges, net of tax	338	-307
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	-	0
Transferred to profit or loss	-	0
Available-for-sale financial assets, before tax	-	0
Deferred taxes relating to available-for-sale financial assets	-	0
Available-for-sale financial assets, net of tax	-	0
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	0	0
Items that may be reclassified subsequently to profit or loss	370	-182
Other comprehensive income, before tax	-105	-101
Deferred taxes relating to other comprehensive income	40	65
Other comprehensive income, net of tax	-65	-36
Total comprehensive income	2,575	2,299
thereof profit attributable to shareholders	2,575	2,298
thereof profit attributable to non-controlling interests	0	1

Consolidated Statement of Financial Position
of Porsche AG as of December 31, 2016

million euro	Dec. 31, 2016	Dec. 31, 2015
Assets		
Intangible assets	3,965	3,286
Property, plant and equipment	5,116	4,580
Leased assets	3,373	2,761
Equity-accounted investments	333	332
Other equity investments	54	50
Financial services receivables	1,363	1,289
Other financial assets	8,478	8,505
Other receivables	31	10
Tax receivables	-	8
Deferred tax assets	879	727
Non-current assets	23,592	21,548
Inventories	2,536	2,509
Trade receivables	591	486
Financial services receivables	647	598
Other financial assets	1,337	1,000
Other receivables	390	329
Tax receivables	194	145
Securities	59	43
Cash, cash equivalents and time deposits	2,889	2,485
Current assets	8,643	7,595
	32,235	29,143
Equity and Liabilities		
Subscribed capital	45	45
Capital reserves	8,933	7,857
Retained earnings	3,001	2,796
Equity before non-controlling interests	11,979	10,698
Non-controlling interests	1	2
Equity	11,980	10,700
Provisions for pensions and similar obligations	3,213	2,361
Other provisions	685	772
Deferred tax liabilities	864	749
Financial liabilities	3,669	2,549
Other financial liabilities	699	776
Other liabilities	316	265
Non-current liabilities	9,446	7,472
Provisions for taxes	77	63
Other provisions	1,636	1,460
Financial liabilities	1,830	2,768
Trade payables	2,589	2,214
Other financial liabilities	3,337	3,127
Other liabilities	783	850
Tax payables	557	489
Current liabilities	10,809	10,971
	32,235	29,143

Consolidated Statement of Cash Flows

of Porsche AG for the period January 1 to December 31, 2016

million euro	FY 2016	FY 2015
Cash and cash equivalents at beginning of period	2,485	1,560
Profit before tax	3,697	3,382
Income taxes paid	-1,035	-1,148
Depreciation, amortization and impairment losses	2,081	2,124
Gain/loss on disposal of non-current assets	-26	5
Share of profit or loss of equity-accounted investments	-1	3
Other non-cash expense/income	314	312
Change in inventories	-29	-220
Change in receivables (excluding financial services)	-595	-542
Change in liabilities (excluding financial liabilities)	405	602
Change in pension provisions	231	208
Change in other provisions	81	63
Change in leased assets	-1,171	-827
Change in financial services receivables	-88	-119
Cash flows from operating activities	3,864	3,843
Investments in intangible assets (excluding capitalized development costs), and property, plant and equipment	-1,438	-1,388
Additions to capitalized development costs	-1,228	-1,039
Change in equity investments	-33	-26
Cash received from disposal of intangible assets and property, plant and equipment	88	77
Change in investments in securities	-17	-4
Change in loans and time deposits	-96	261
Cash flows from investing activities	-2,724	-2,119
Capital contributions	1,076	707
Profit transfer and dividends	-1,904	-1,232
Proceeds from issuance of bonds	2,707	2,536
Repayment of bonds	-3,582	-2,343
Change in other financial liabilities	917	-506
Cash flows from financing activities	-786	-838
Effect of exchange rate changes on cash and cash equivalents	-5	39
Net change in cash and cash equivalents	354	886
Cash and cash equivalents at end of period	2,834	2,485
Cash and cash equivalents at end of period	2,834	2,485
Securities, loans and time deposits	369	267
Gross liquidity	3,203	2,752
Total third-party borrowings	-5,499	-5,317
Net liquidity	-2,296	-2,566

Consolidated Statement of Changes in Equity
of Porsche AG for the period January 1 to December 31, 2016

million euro	Subscribed capital	Capital reserves	Retained earnings						Equity before noncontrolling interests	Noncontrolling interests	Group equity
			Accumulated profit	Other comprehensive income							
				Revaluations from pension plans	Securities marked to market	Cash flow hedges	Currency translation	Equity-accounted investments			
As of January 1, 2015	45	7,150	3,375	-723	0	-336	85	0	9,596	3	9,599
Effects of currency translation	-	-	-	-	-	-	125	-	125	-	125
Revaluations from pension plans	-	-	-	211	-	-	-	-	211	-	211
Financial instruments pursuant to IAS 39	-	-	-	-	0	-437	-	-	-437	-	-437
Taxes recognized in other comprehensive income	-	-	-	-65	0	130	-	-	65	-	65
Other comprehensive income	-	-	-	146	0	-307	125	0	-36	-	-36
Profit after tax	-	-	2,334	-	-	-	-	-	2,334	1	2,335
Total comprehensive income	-	-	2,334	146	0	-307	125	0	2,298	1	2,299
Capital contribution	-	707	-	-	-	-	-	-	707	-	707
Profit transfer and dividends	-	-	-1,903	-	-	-	-	-	-1,903	-2	-1,905
As of December 31, 2015	45	7,857	3,806	-577	0	-643	210	0	10,698	2	10,700
As of January 1, 2016	45	7,857	3,806	-577	0	-643	210	0	10,698	2	10,700
Effects of currency translation	-	-	-	-	-	-	32	-	32	-	32
Revaluations from pension plans	-	-	-	-619	-	-	-	-	-619	-	-619
Financial instruments pursuant to IAS 39	-	-	-	-	0	482	-	-	482	-	482
Taxes recognized in other comprehensive income	-	-	-	184	0	-144	-	-	40	-	40
Other comprehensive income	-	-	-	-435	0	338	32	0	-65	-	-65
Profit after tax	-	-	2,640	-	-	-	-	-	2,640	0	2,640
Total comprehensive income	-	-	2,640	-435	0	338	32	0	2,575	-	2,575
Capital contribution	-	1,076	-	-	-	-	-	-	1,076	-	1,076
Profit transfer and dividends	-	-	-2,370	-	-	-	-	-	-2,370	-1	-2,371
As of December 31, 2016	45	8,933	4,076	-1,012	0	-305	242	0	11,979	1	11,980

Key figures

Key economic figures

Key figures for environment and energy

Key figures for personnel and social matters

Key economic figures

The key figures concerning deliveries and production relate to the Porsche Group (including subsidiaries).

The key figures concerning suppliers relate to Porsche AG.

Deliveries		2016	2015	2014
Total	Vehicles	237,778	225,121	189,849
911	Vehicles	32,365	31,350	30,510
918 Spyder	Vehicles	44	566	301
Boxster / Cayman	Vehicles	23,620	22,663	23,597
Macan	Vehicles	95,642	80,216	44,636
Cayenne	Vehicles	70,867	73,119	65,941
Panamera	Vehicles	15,240	17,207	24,864
Production		2016	2015	2014
Total	Vehicles	239,618	234,497	203,097
911	Vehicles	31,648	31,373	31,590
918 Spyder	Vehicles	–	375	545
Boxster / Cayman	Vehicles	24,882	21,978	23,211
Macan	Vehicles	97,177	86,016	59,363
Cayenne	Vehicles	71,693	79,700	66,005
Panamera	Vehicles	14,218	15,055	22,383

Basis of consolidation

(G4-17)

Since August 1, 2012, Volkswagen AG has been the sole shareholder of Porsche Holding Stuttgart GmbH, which holds 100 per cent of the share capital in Porsche AG. Dependency agreements and profit transfer agreements exist between Porsche Holding Stuttgart GmbH and Porsche AG, as well as between Porsche AG and its major domestic subsidiaries. The basis of consolidation at Porsche AG includes a total of 105 fully consolidated companies, with 25 headquartered in Germany and 80 abroad.

Supplier origin 2016¹⁾

Suppliers of production materials

95.7% Based in the EU  4.3% Based outside the EU

Suppliers of non-production materials

98.0% Based in the EU  2.0% Based outside the EU

¹⁾ Based on the creditor's billing address.

	2016	2015	2014
Expenditure for local suppliers at main business sites¹⁾			
Proportion of allocated purchasing budget spent on local suppliers	98%	99%	99%

¹⁾ Suppliers are considered to be local if they are based in the EU. Zuffenhausen and Leipzig are considered the main business sites.

	2016	2015	2014
Supplier screening based on environmental criteria			
Proportion of screened suppliers	100%	100%	100%

Key figures for environment and energy

The key figures shown below concerning environment and energy relate to Porsche AG and Porsche Leipzig GmbH. In some cases, a distinction is made between production sites (Stuttgart-Zuffenhausen and Leipzig incl. administration) and other sites (Weissach and Ludwigsburg). A detailed overview of the key figures can be found in the Porsche Newsroom: www.newsroom.porsche.com/reports

Direct energy consumption according to primary energy sources in MWh	2016	2015	2014 ³⁾
Total¹⁾	293,623	265,915	250,219
Production sites	217,104	199,443	184,809
Other sites	64,603	53,530	52,585
Fuel (in litres)	1,385,573	1,504,843	1,491,297

Indirect energy consumption according to primary energy sources in MWh	2016	2015	2014 ³⁾
Total²⁾	296,873	282,369	263,855
Production sites	233,523	222,573	206,859
Other sites	63,350	59,796	56,996

¹⁾ The direct energy consumption is comprised of gas, combustible gas for manufacturing processes, heating oil, special energy products and fuel.

²⁾ The indirect energy consumption is comprised of electrical energy and district heating.

³⁾ The values published in the 2014 key figures update have been partially corrected.



Direct energy consumption in MWh/vehicle (Porsche production sites only)

2016	1.04
2015	0.96
2014 ¹⁾	0.98

Indirect energy consumption in MWh/vehicle (Porsche production sites only)

2016	1.12
2015	1.07
2014 ¹⁾	1.09

¹⁾ The values published in the 2014 key figures update have been partially corrected.

Emissions in t	2016	2015	2014 ²⁾
Direct and indirect GHG emissions in t CO₂ equivalent (Scope 1 and 2)			
Total	163,367	142,261	136,298
Production sites	129,183	110,795	104,742
Other sites	34,184	31,466	31,556
Direct GHG emissions in t CO ₂ equivalent (Scope 1)	53,136	49,659	46,903
Indirect GHG emissions in t CO ₂ equivalent (Scope 2)	110,231	92,602	89,395
Other indirect GHG emissions (Scope 3) ¹⁾	16,204	10,650	6,515
NOX emissions	45.01	40.37	37.98
SOX emissions	0.28	0.25	0.25
Weight of volatile organic compounds (VOC)	116.93	110.05	104.08
Weight of dust emissions	0.3	0.27	0.27

¹⁾ The emissions indicated relate only to business trips, i.e. made by train (Porsche AG only) and plane.

A method for calculating Scope 3 emissions in logistics is currently under development.

²⁾ The values published in the 2014 key figures update have been partially corrected.



Fresh water and waste water in m ³	2016	2015	2014
Water consumption (drinking water)	668,606	645,568	577,950
Volume of waste water	594,427	588,050	515,578

Volume of waste in t	2016	2015	2014
Total	21,269	18,802	16,764
Waste for recycling	19,312	17,121	15,468
Waste for disposal	1,957	1,681	1,296



Investments in environmental protection in euro	2016		2015		2014	
Total¹⁾	43.57	100%	42.73	100%	44.30	100%
Waste disposal	4.36	10%	7.26	17%	7.70	17%
Emissions control	10.89	25%	12.82	30%	12.90	30%
Remedy costs	7.84	18%	11.11	26%	11.40	26%
Prevention	20.48	47%	11.54	27%	12.30	27%

¹⁾ Investments at the Zuffenhausen and Weissach sites have been included in calculations

Key figures for personnel and social matters

Unless specified otherwise, the key figures shown below concerning personnel and social matters relate in principle to Porsche AG and Porsche Leipzig GmbH. A detailed overview of the key figures can be found in the Porsche Newsroom: www.newsroom.porsche.com/reports

Total workforce	2016	2015	2014
Porsche Group (including subsidiaries)	27,612	24,481	22,401
Of which Porsche AG ¹⁾	16,241	14,569	13,409
Of which Porsche Leipzig GmbH ¹⁾	3,994	3,667	3,061

¹⁾ The specified employee figures are based on reports by region (Porsche AG = Baden-Württemberg, Porsche Leipzig GmbH = Saxony).

Employee structure	2016	2015	2014
Employees by gender			
Female	2,872	2,483	2,200
Male	17,363	15,753	14,270
Employees by type of employment¹⁾			
Employees subject to wage agreements	18,312	16,419	14,804
Employees exempt from wage agreements and executive employees	1,923	1,817	1,666

¹⁾ Due to the equal payment and attractive framework conditions, the number of temporary employees has not been reported separately.

Proportion of foreign employees ¹⁾	2016	2015	2014
Porsche AG	12.2%	12.0%	12.0%
Porsche Leipzig GmbH	0.8%	1.0%	1.0%

¹⁾ We do not report on minorities, as we are not permitted to collect this data due to personality rights.

Employee turnover¹⁾

2016		0.60%
2015		0.60%
2014		0.76%

¹⁾ Employee turnover is not broken down by age group, gender and region. These figures are not essential to us as they are not relevant for management. The key figure is also calculated without including fixed-term employment contracts, employees entering into receipt of pensions and semi-retired workers.

Training programme participants ¹⁾	2016	2015	2014
Total number of participants	21,798	21,731	16,764
Female	3,461	3,768	2,931
Male	18,337	17,963	13,833
Distribution of participants by employee category			
Employees subject to wage agreements	90.7%	85.8%	79.4%
Employees exempt from wage agreements and executive employees	9.3%	14.2%	20.6%

¹⁾ We do not report on the average training hours per employee and year. This information is not essential to us as it is not relevant for management. The closing dates for the 2014 and 2015 key figures were 10/02/2015 and 05/02/2016.



Number of accidents, lost days and fatalities ¹⁾	2016	2015	2014
Accidents ²⁾	171	165	247
Lost days ³⁾	1,957	2,542	2,605
Fatalities	1	0	0

¹⁾ The closing dates for the 2014 and 2015 key figures were 15/01/2015 and 14/01/2016. It is not possible to report on employees from temporary employment agencies and external companies, or independent contractors.

²⁾ Non-serious injuries resulting from minor accidents are not included in the report. Accidents not resulting in lost days (calendar days) count as minor accidents.

³⁾ Working days are counted as lost days (usually Mo-Fr); the day of the accident is not included (>= 1 lost calendar day).

Donations made in million euro	2016	2015	2014
	Approx. 5.0	Approx. 4.6	Approx. 6.3

Further Information

The Supervisory Board

Emission and Consumption Information

GRI Content Index

Porsche in Figures – Brief Overview

The Supervisory Board
of Dr. Ing. h.c. F. Porsche AG

Dr Wolfgang Porsche

Diplom-Kaufmann
Chairman

Uwe Hück*

Deputy Chairman
Chairman of the general and group works council of Dr. Ing. h.c. F. Porsche AG
Chairman of the Zuffenhausen/Ludwigsburg/Sachsenheim works council
Deputy chairman of the works council of Porsche Automobil Holding SE

Dr Hans Michel Piëch

Lawyer

Dr Ferdinand Oliver Porsche

Investment management

Hans-Peter Porsche

Engineer

Hans Dieter Pötsch

Diplom-Wirtschaftsingenieur
Chairman of the Executive Board of Porsche Automobil Holding SE
Chairman of the Supervisory Board of Volkswagen AG

Matthias Müller

Chairman of the Executive Board of Volkswagen AG

Dr rer. pol. h.c. Francisco Javier Garcia Sanz

Betriebswirt
Member of the Executive Board of Volkswagen AG
with responsibility for Procurement

Frank Witter

Member of the Executive Board of Volkswagen AG
with responsibility for Finance and Controlling

Dr Karlheinz Blessing

Member of the Executive Board of Volkswagen AG
with responsibility for Human Resources and Organisation

Dr Hans Peter Schützing

Member of the Board of Management of Porsche Holding GmbH

Wolfgang von Dühren*

Head of Sales Planning

Antonio Girone*

Deputy chairman of the group works council
Member of the general works council
Member of the Zuffenhausen/Ludwigsburg/Sachsenheim works council
Member of the works council of Porsche Automobil Holding SE

Tanja Jacquemin*

Section manager, company and industry policy, Executive Board of the IG Metall trade union

Manfred Pache*

Member of the group works council and deputy chairman of the general works council
Chairman of the Weissach works council
Member of the works council of Porsche Automobil Holding SE

Hansjörg Schmierer*

Manager responsible for members and finances of the IG Metall trade union, Stuttgart

Peter Schulz*

Diplom-Ingenieur (FH)
Vice president of Human Resources, Management and Production

Jordana Vogiatzi*

Press officer for the IG Metall trade union – Stuttgart Administrative Office

Axel Weyland*

Head of Drivetrain Division at Porsche Engineering Services GmbH

Werner Weresch*

Member of the group works council
Member of the general works council of Dr. Ing. h.c. F. Porsche AG
Head of shop stewards' committee
Deputy chairman of the works council Zuffenhausen/Ludwigsburg/Sachsenheim
Member of the SE works council of Porsche Automobil Holding SE

*Employee representative

Emission and Consumption Information

Model	Power output [kW]	Power [hp]	Fuel consumption (urban) [l/100 km]	Fuel consumption (extra-urban) [l/100 km]	Fuel consumption (combined) [l/100 km]	CO ₂ emissions (combined) [g/km]
718						
718 Cayman	220	300	9.9	6.0	7.4	168
718 Cayman PDK	220	300	9.0	5.7	6.9	158
718 Cayman S	257	350	10.7	6.5	8.1	184
718 Cayman S PDK	257	350	9.5	6.0	7.3	167
718 Boxster	220	300	9.9	6.0	7.4	168
718 Boxster PDK	220	300	9.0	5.7	6.9	158
718 Boxster S	257	350	10.7	6.5	8.1	184
718 Boxster S PDK	257	350	9.5	6.0	7.3	167
911 (991 I)						
911 R	368	500	20.1	9.3	13.3	308
911 GT3 RS	368	500	19.2	8.9	12.7	296
911 (991 II)						
911 Carrera	272	370	11.7	6.3	8.3	190
911 Carrera PDK	272	370	9.9	6.0	7.4	169
911 Carrera S	309	420	12.2	6.6	8.7	199
911 Carrera S PDK	309	420	10.1	6.4	7.7	174
911 Carrera GTS	331	450	12.9	7.3	9.4	212
911 Carrera GTS PDK	331	450	10.7	6.9	8.3	188
911 Carrera Cabriolet	272	370	11.9	6.5	8.5	195
911 Carrera Cabriolet PDK	272	370	9.9	6.2	7.5	172
911 Carrera S Cabriolet	309	420	12.3	6.7	8.8	202
911 Carrera S Cabriolet PDK	309	420	10.2	6.5	7.8	178
911 Carrera GTS Cabriolet	331	450	12.9	7.3	9.4	214
911 Carrera GTS Cabriolet PDK	331	450	10.8	7.0	8.4	190
911 Carrera 4	272	370	12.2	6.7	8.7	201
911 Carrera 4 PDK	272	370	10.1	6.3	7.7	177
911 Carrera 4S	309	420	12.4	6.8	8.9	204
911 Carrera 4S PDK	309	420	10.3	6.6	7.9	180
911 Carrera 4 GTS	331	450	13.0	7.4	9.5	216
911 Carrera 4 GTS PDK	331	450	10.9	7.1	8.5	192
911 Carrera 4 Cabriolet	272	370	12.4	6.9	8.9	206
911 Carrera 4 Cabriolet PDK	272	370	10.3	6.5	7.9	182
911 Carrera 4S Cabriolet	309	420	12.6	6.8	9.0	208
911 Carrera 4S Cabriolet PDK	309	420	10.4	6.7	8.0	184
911 Carrera 4 GTS Cabriolet	331	450	13.3	7.6	9.7	220
911 Carrera 4 GTS Cabriolet PDK	331	450	11.2	7.3	8.7	196
911 Targa 4	272	370	12.4	6.9	8.9	206
911 Targa 4 PDK	272	370	10.3	6.5	7.9	182
911 Targa 4S	309	420	12.6	6.8	9.0	208
911 Targa 4S PDK	309	420	10.4	6.7	8.0	184
911 Targa 4 GTS	331	450	13.3	7.6	9.7	220
911 Targa 4 GTS PDK	331	450	11.2	7.3	8.7	196
911 Turbo	397	540	11.8	7.5	9.1	212
911 Turbo S	427	580	11.8	7.5	9.1	212
911 Turbo Cabriolet	397	540	12.1	7.6	9.3	216
911 Turbo S Cabriolet	427	580	12.1	7.6	9.3	216

Model	Power output [kW]	Power [hp]	Fuel consumption (urban) [l/100 km]	Fuel consumption (extra-urban) [l/100 km]	Fuel consumption (combined) [l/100 km]	CO ₂ emissions (combined) [g/km]
911 GT3 PDK	368	500	19.4	8.8	12.7	288
911 GT3	368	500	19.7	8.8	12.9	290
Panamera						
Panamera	243	330	9.8–9.7*	6.3	7.6–7.5*	173–171*
Panamera 4	243	330	9.9–9.8*	6.5–6.4*	7.8–7.7*	177–175*
Panamera 4 Executive	243	330	10.0–9.9*	6.7–6.6*	7.9–7.8*	180–178*
Panamera 4S	324	440	10.2–10.1*	6.8–6.7*	8.2–8.1*	186–184*
Panamera 4S Executive	324	440	10.4–10.3*	6.9–6.8*	8.3–8.2*	189–187*
Panamera Turbo	404	550	12.9–12.8*	7.3–7.2*	9.4–9.3*	214–212*
Panamera Turbo Executive	404	550	13.1–12.9*	7.4–7.3*	9.5–9.4*	217–215*
Panamera 4S Diesel	310	422	7.9	5.9–5.8*	6.8–6.7*	178–176*
Panamera Sport Turismo						
Panamera 4 Sport Turismo	243	330	10.0–9.9*	6.7–6.6*	7.9–7.8*	180–178*
Panamera 4S Sport Turismo	324	440	10.4–10.3*	6.9–6.8*	8.3–8.2*	189–187*
Panamera Turbo Sport Turismo	404	550	13.1–12.9*	7.4–7.3*	9.5–9.4*	217–215*
Panamera 4S Diesel Sport Turismo	310	422	7.9	5.9–5.8*	6.8–6.7*	178–176*
Macan						
Macan	185	252	8.6–8.4*	6.6–6.4*	7.4–7.2*	172–167*
Macan S	250	340	11.6–11.3*	7.6–7.3*	9.0–8.7*	212–204*
Macan S Diesel	190	258	6.9–6.7*	5.9–5.7*	6.3–6.1*	164–159*
Macan GTS	265	360	11.8–11.4*	7.8–7.4*	9.2–8.8*	215–207*
Macan Turbo	294	400	11.8–11.5*	7.8–7.5*	9.2–8.9*	216–208*
Macan Turbo Performance Package	324	440	12.6–12.3*	8.0–7.7*	9.7–9.4*	224–217*
Cayenne						
Cayenne Diesel	193	262	7.8–7.6*	6.2–6.0*	6.8–6.6*	179–173*
Cayenne S	309	420	13.0–12.4*	8.0–7.8*	9.8–9.5*	229–223*
Cayenne S Diesel	283	385	10.3–10.1*	7.2–7.0*	8.2–8.0*	215–209*
Cayenne GTS	324	440	13.2–12.9*	8.3–8.1*	10.0–9.8*	234–228*
Cayenne Turbo	382	520	15.9–15.5*	8.9–8.7*	11.5–11.2*	267–261*
Cayenne Turbo S	419	570	15.9	8.9	11.5	267
Plug-in hybrids						
Model	Power output [kW]	Power [hp]	Fuel consumption (combined) [l/100 km]	Power consumption [kWh/100 km]	CO₂ emissions combined [g/km]	
Panamera 4 E-Hybrid	340	462	2.5	15.9	56	
Panamera 4 E-Hybrid Executive	340	462	2.5	15.9	56	
Panamera 4 E-Hybrid Sport Turismo	340	462	2.5	15.9	56	
Panamera Turbo S E-Hybrid	500	680	2.9	16.2	66	
Panamera Turbo S E-Hybrid Executive	500	680	2.9	16.2	66	
Cayenne S E-Hybrid	306	416	3.4–3.3*	20.8–18.6*	79–75*	

* Range depending on the tyre set used



This business and sustainability report takes into consideration the guidelines of the fourth edition (G4) of the Global Reporting Initiative (GRI) in accordance with the “Core” option and has been checked by the GRI within the framework of a “Materiality Disclosure Service”. In the GRI Content Index below, the degree to which the indicators have been fulfilled and their location in the printed and online versions of the report are shown. A detailed version of the GRI Content Index is available in the Porsche Newsroom: www.newsroom.porsche.com/reports

General standard information	Level of achievement	Printed report "Performance"	Online version
Strategy and analysis			
G4-1 Foreword by the Chairman of the Executive Board	Full	6-7	→ Text
G4-2 Key sustainability effects, risks and opportunities	Full	28, 36-40	→ Text
Company profile			
G4-3 Name of the company	Full	115	→ Index
G4-4 Brands, products and services	Full	7, 16, 58-62, 108-109	→ Index/Text
G4-5 Headquarters of the company	Full	115	
G4-6 Countries in which the company operates	Full	18-22	
G4-7 Ownership structures and legal form	Full		→ Index
G4-8 Markets	Full	18-22	
G4-9 Scale of the company	Full	16-23, 45, 75-95, 98, 102	→ Kennzahlen
G4-10 Workforce	Full	23, 40, 44-45, 51, 102-103	→ Kennzahlen
G4-11 Coverage by collective bargaining agreements	Full		→ Index
G4-12 Description of the supply chain	Full	36-37, 41, 72-73, 99	→ Index/Text
G4-13 Changes during the reporting period	Full	4, 10-15, 114	→ Index
G4-14 Precautionary principle	Full	40, 43-50	→ Index/Text
G4-15 Support from external charters, principles and initiatives	Full	12, 32, 37, 39, 60, 73, 110-111, 114	→ Index
G4-16 Memberships of associations and interest groups	Full		→ Index/Text
Identified material aspects and boundaries			
G4-17 Entities included in the consolidated annual financial statements	Full	98	→ Index
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G4-19 Material aspects identified	Full	32, 34-35	→ Text
G4-20 Aspect boundaries within the company	Full	27, 30, 32, 34-35	→ Text
G4-21 Aspect boundaries outside the company	Full	27, 32, 34-35	→ Text
G4-22 Restatement of information reported previously	Full	32, 34, 114	→ Index
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G4-24 Stakeholder groups engaged	Full	32-34	→ Text
G4-25 Selection of stakeholders	Full	32-33	→ Text
G4-26 Approaches to stakeholder dialogue	Full	32-33	→ Text
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G4-34 Governance structure of the company	Full	6-7, 106-107	→ Text
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G4-56 Values, principles, standards and norms of behaviour	Full	27-29, 36-37, 39-40	→ Index/Text

Performance indicators	Level of achievement	Printed report "Performance"	Online version
Economic			
EC1 Value generated and distributed	Full	23, 41, 53-55, 75-95, 103, 113	→ Index/Kennzahlen
EC2 Financial implications and other risks and opportunities due to climate change	Partial		→ Text
EC3 Coverage of the defined benefit pension plan	Full		→ Index/Text
EC4 Financial assistance received from government	Full		→ Index
EC5 Ratio of standard entry-level wage to local minimum wage	Partial		→ Index
EC6 Proportion of senior management hired from the local community	Full		→ Index
EC7 Infrastructure investments and services supported	Full	10-13, 41, 44, 103, 113	→ Text/Kennzahlen
EC9 Spending on local suppliers at significant locations of operation	Full		→ Index/Kennzahlen
Environmental			
EN1 Materials used	Full	38, 73	→ Kennzahlen
EN3 Energy consumption within the company	Full	41, 67-68, 70-71, 100	→ Kennzahlen
EN5 Energy intensity	Full	100	→ Kennzahlen
EN6 Reduction of energy consumption	Partial	39, 42, 67-68, 70-71	→ Text
EN8 Total water consumption	Full	39, 101	→ Kennzahlen
EN11 Operational sites in protected areas	Full		→ Index/Text
EN12 Impact of activities in protected areas	Full		→ Index/Text
EN15 Direct greenhouse gas emissions (Scope 1)	Full	101	→ Kennzahlen
EN16 Indirect energy-related greenhouse gas emissions (Scope 2)	Full	41, 70-71, 101	→ Kennzahlen
EN17 Other indirect greenhouse gas emissions (Scope 3)	Full	71, 101	→ Kennzahlen
EN18 Greenhouse gas emission intensity	Full		→ Kennzahlen
EN20 Emissions of ozone-depleting substances	Full		→ Kennzahlen
EN21 NO _x , SO _x and other significant airborne emissions	Full	101	→ Kennzahlen
EN22 Total water discharge	Full	39, 101	→ Index/Kennzahlen
EN23 Waste by type and disposal method	Full	39, 101	→ Kennzahlen
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EN27 Measures for mitigating the environmental impact of products	Full	10-13, 38, 39, 41, 58-63	→ Text
EN29 Sanctions for non-compliance with environmental laws and regulations	Full		→ Index
EN30 Environmental impact of transport and logistics	Full	39, 46, 71, 101	→ Text/Kennzahlen
EN31 Environmental protection expenditure and investments	Full	41, 101	→ Kennzahlen
EN32 Screening of suppliers using environmental criteria	Full	41, 73, 99	→ Text/Kennzahlen
EN34 Negative environmental impact	Full	36	→ Index
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LA1 Total workforce, new hires and employee turnover	Full	40-41, 44-45, 51, 102-103, 113	→ Index/Kennzahlen
LA3 Return to work and retention rates after parental leave	Full		→ Index/Kennzahlen
LA4 Minimum notice periods regarding operational changes	Full	32	→ Index
LA5 Representation in joint management-worker committees	Full		→ Index
LA6 Injuries, lost days and fatalities	Full	40, 103	→ Index/Kennzahlen
LA7 Incidence and risk of work-related illness	Full	40, 50	→ Index/Text
LA9 Employee training	Full	40-41, 47-48, 103	→ Text/Kennzahlen
LA12 Composition of management bodies and breakdown of employees by employee category	Full	6, 10, 49-50, 102, 106-107	→ Index/Kennzahlen
LA13 Remuneration structure and salaries	Full		→ Index
LA14 Screening of suppliers using labour practice criteria	Partial	41, 73	→ Text
LA16 Grievances about labour practices	Full		→ Index
Human rights			
HR1 Investment agreements that include human rights clauses or underwent human rights screening	Full		→ Index
HR3 Incidents of discrimination and corrective actions taken	Full		→ Index
HR5 Operations with an increased risk of child labour	Full	73	→ Index/Text
HR6 Operations with an increased risk of forced labour	Full	73	→ Index/Text
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HR12 Grievances in relation to human rights impact	Full		→ Index
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S01 Impact on the local community	Full	12, 40-41, 50, 52-55, 103	→ Text/Kennzahlen
S03 Operations and sites assessed for risk of corruption	Full		→ Index
S04 Communication and training on anti-corruption	Full	36	→ Index/Kennzahlen
S05 Incidence of corruption and corrective actions taken	Full		→ Index
S06 Political contributions	Full		→ Index/Text
S07 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Full		→ Index
S08 Sanctions for non-compliance with laws and regulations	Full		→ Index
S09 Screening of suppliers using criteria relating to societal impact	Partial		→ Text
S011 Grievances in relation to societal impact	Full	32	→ Index
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PR1 Assessing products for health and safety impact	Full		→ Index/Text
PR3 Product information and labelling	Full	108-109	→ Index
PR5 Results of customer satisfaction surveys	Full	36, 41, 66	→ Text
PR6 Sale of banned or disputed products	Full		→ Index
PR7 Standards and voluntary codes of conduct in relation to advertising	Partial		→ Index
PR8 Grievances regarding breaches of customer privacy	Partial		→ Index
PR9 Sanctions for non-compliance with laws and regulations regarding the provision and use of products and services	Full		→ Index

		FY 2016	FY 2015	FY 2014
Deliveries	Units	237,778	225,121	189,849
911	Units	32,365	31,350	30,510
918 Spyder	Units	44	566	301
Boxster / Cayman	Units	23,620	22,663	23,597
Macan	Units	95,642	80,216	44,636
Cayenne	Units	70,867	73,119	65,941
Panamera	Units	15,240	17,207	24,864
Production	Units	239,618	234,497	203,097
911	Units	31,648	31,373	31,590
918 Spyder	Units	–	375	545
Boxster / Cayman	Units	24,882	21,978	23,211
Macan	Units	97,177	86,016	59,363
Cayenne	Units	71,693	79,700	66,005
Panamera	Units	14,218	15,055	22,383
Employees¹⁾	number	27,612	24,481	22,401
Personnel expenses	million euro	2,875	2,605	2,165
Financials				
Sales revenue	million euro	22,318	21,533	17,205
Total assets	million euro	32,235	29,143	26,060
Equity	million euro	11,980	10,700	9,599
Fixed assets	million euro	12,841	11,009	9,691
Capital expenditure ²⁾	million euro	2,666	2,427	2,114
Cost of materials	million euro	12,623	12,095	10,405
Depreciation, amortization and impairment losses	million euro	2,081	2,124	1,878
Cash flows from operating activities	million euro	3,864	3,843	3,179
Operating result (EBIT)	million euro	3,877	3,404	2,719
Profit before tax	million euro	3,697	3,382	3,060
Profit after tax	million euro	2,640	2,335	2,201

¹⁾As of December 31.

²⁾Relates to investments in intangible assets and property, plant and equipment.

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About this report

Contents of the report and reporting period

(G4-18, G4-23, G4-28)

This report represents the first time that Porsche has published a combined Annual and Sustainability Report. The financial analysis, key figures and data can be found in concise form at the end of this report and in detail online in the Porsche Newsroom (www.newsroom.porsche.com/reports). This is where Porsche also provides more information regarding its commitment to sustainability. Data was collected and processed using various internal reporting and processing systems. The subsequent internal consolidation and verification contribute to the reliability of the data. The 2016 Annual and Sustainability Report relates to the period of January 1, 2016 to December 31, 2016. Information from before this time period has been included to ensure that the report is comprehensive. The end date for all data is December 31, 2016. The editorial deadline for this report was in February 2017. All information relates to Dr. Ing. h.c. F. Porsche AG, unless specified otherwise.

Reporting standard and assurance

(G4-32, G4-33)

The information on sustainability engagement at Porsche was authored in compliance with the guidelines of the Global Reporting Initiative (GRI G4) in accordance with the “Core” option. In the GRI Content Index, the degree to which the indicators have been fulfilled and their location in the printed and online versions of the report are shown. A full external audit of the information and key indicators for the 2016 financial year has not taken place.

Reporting cycle

(G4-22, G4-23, G4-29, G4-30)

In future, the combined Annual and Sustainability Report is expected to be released annually. Previously, a completely revised sustainability report was published every two years – most recently in May 2016 – in addition to the annual report. If corrections have been made to previously reported information, this has been marked accordingly in footnotes.

Legal notice

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Digital design

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Porsche Newsroom App

stormingdesign

Printing

das druckhaus print & neue medien

Paper

Scheufelen phoenixmotion Xenon
Metapaper SMOOTH white



