

**Speech (part I)**

**Dr. Oliver Blume**

**Chairman of the Executive Board of  
Dr. Ing. H. c. F. Porsche AG**

**on the occasion of the Porsche AG  
Annual Press Conference**

**on March 11th, 2016**

**at the Porsche Museum  
in Stuttgart-Zuffenhausen**

Check against delivery!

Good morning ladies and gentlemen,

I, too, would like to wish you all a warm welcome to our museum. It pleases me very much to welcome you to the Porsche AG Annual Press Conference personally for the first time today.

2016 started for us with a high level of impact. We are just two and a half months into the year, and Porsche has already showcased new cars at two international motor shows: In early January, the new 911 Turbo celebrated its world premiere in Detroit. And just last week, we showcased the brand new 718 Boxster and 911 R in Geneva. The response to our new cars has been very positive, both from sports car fans and journalists. The new year's start for Porsche has been a good one.

This is reflected in our figures for global units shipped for January and February: All-in-all, we have delivered more than 35,000 vehicles to our customers. This is X.X percent more than in the first two months of last year, and forms a good basis to build on our successes of 2015.

These successes are altogether very encouraging, as well: during the past fiscal year, we have been able to raise the bar by a good bit more again: In comparison to our previous record in 2014, we managed to increase the number of units shipped by 19 percent to over 225,000 units. In terms of sales, we recorded an increase from 25 percent to 21.5 billion Euros, which represents another significant record. Despite the very high level of investments in production sites and the steep rise in development costs, our operative result has also increased by some 25 percent to 3.4 billion Euros.

2015 was the fifth record year in succession for Porsche, and, as such, the most successful our company has ever had. This was certainly not a success that just fell into our laps, however, but the result of the commitment of our some 25,000 highly motivated employees.

As the new record for our shipping figures shows, our clear focus on products has clearly paid off:

Launched in April 2014, demand for the Macan was particularly strong last year. With over 80,000 units shipped in its first year of full availability, this sporty compact SUV proved to be the most sought after Porsche ever. The runner-up on our best-seller list was the Cayenne, with more than 73,000 units shipped. The 911 has proven to be unswerving as a legend: with more than 31,000 new cars shipped in 2015, this iconic Porsche sports car lay four percent above the previous year's figures. While the figures for the Cayman grew slightly with a good 10,870 units shipped, the Boxster and Panamera model line remained below the previous year's level. Both stood at the end of their life cycles in 2015.

Numbers are not of so much consequence when it comes to purist performance machines like the 911 GT3, 911 GT3 RS or Cayman GT4. The same applies to our super sports car, the 918 Spyder. And we shouldn't underestimate the uncompromising sportiness and pronounced exclusivity that make these models important pillars of our successful business model at Porsche. They raise the profile of the brand, and also make a comparatively high contribution to the margin.

Ladies and gentlemen,

Our sales figures are an impressive reflection of the powerful magnetism of the Porsche brand. In the same way, they reflect the attractiveness of our existing model range, and one which we are constantly expanding and improving upon by adding new products and derivations. In 2015 alone, we showcased eight new products in the market. These were the 911 Targa 4 GTS and GT3 RS, the Cayman GT4 and Boxster Spyder, the new nine-eleven generation comprised of the Carrera 2, Carrera 4 and Targa 4 and the Macan GTS models.

Numerous prizes demonstrate the attractiveness of our sports cars and our brand. I would like to name just a few of these awards:

- Porsche came in first in seven out of 15 categories in the Readers' Choice category of the sport auto Award in October 2015.
- In November 2015, Porsche took the top spots in the "Auto Trophy" award in the categories for sports cars and convertibles. Our brand also won the Special Award for best quality in all segments worldwide.

- Porsche secured top spots several times in representative customer surveys conducted by the US market research institute J.D. Power in the USA and China. American and Chinese customers rated Porsche as the best brand for product quality, customer service, attractiveness and satisfaction. Several of our models came in first in the quality comparison in their respective segment.
- In early December, Springer-Verlag, the Welt-Gruppe and the consulting firm Accenture awarded Porsche 1st prize in the "Top 500 award for sustainable growth". The award evaluated criteria like sustainable earnings growth, strategic and innovative strength, and environmental focus and corporate culture.
- Further accolades followed in January of this year when Porsche received three Readers' Choice "Best Cars" awards from the *auto, motor und sport* magazine. In February, Porsche was awarded the "Best Brands Award" – the industry's "brand Oscar" – as the best corporate brand in Europe.

Porsche also generated a great deal of enthusiasm in the world of motor sport. From a sporting point of view, 2015 was, in many concerns, gilded with emotion and success: Porsche achieved an historic double victory in June in Le Mans. Our team won the 24-hour race with confidence. 17 years after its last victory, and for the 17th time in the history of Le Mans, Porsche, once again, achieved overall first place. This win was probably the most emotional moment of the year for Porsche fans. Porsche also clinched the constructors' title at the end of the FIA World Endurance Championship, and took first place in the drivers' championship.

Ladies and gentlemen,

Our sites form the basis for Porsche's success in sporting and commercial competition. This is where we are laying the foundation for the future:

We have built a modern training centre for 30 million Euros in Zuffenhausen. And another 80 million Euros is being invested in the development of a new engine plant at our headquarters. Half a billion Euros is flowing into the expansion of our production facility for the end-to-end production of the Panamera in Leipzig. And a 100 million Euro investment at our development centre in Weissach also included the construction of a new drive-system test building.

In June, Porsche acquired the toolmaking division from Kuka. The division employs a workforce of some 600 at two facilities in Saxony and Slovakia. This strategic integration has allowed us to intelligently expand our value chain.

The growth which has taken place at Porsche has also created new jobs. In 2015, the size of our workforce grew by around 2,000 employees to the 24,500 we have now. The introduction of modern and flexible programmes for individual working hours has made Porsche more attractive as an employer and has enhanced the level of satisfaction with the working conditions at our sites. This is also reflected in our low rate of staff turnover, which currently stands at just 0.6 percent. By comparison, in Western Europe, average employee turnover stands at 18.3 percent. Within the context of our 2020 job security initiative that we initiated together with our workers' representation at the end of last year, we will invest more than 1.1 billion Euros in the expansion and modernisation of our Zuffenhausen, Ludwigsburg and Weissach facilities by the end of the decade. Also linked to this is an employment guarantee for the next five years.

However, it is not only our workforce and the labour market that will benefit from our improving performance. For Porsche, profitability and social responsibility are linked inseparably. Here are a few examples to illustrate this: Porsche aids cultural achievement of international importance through its support for the Stuttgart Ballet Company and Leipzig Gewandhaus Orchestra. In a social context, we support numerous charitable foundations and organisations both in Germany and worldwide. Education and science comprise a further focus of our social commitment. Here, we cooperate with selected schools, colleges and universities. Porsche is also involved in promoting sports, such as the Porsche Tennis Grand Prix and the Porsche Team Germany in women's tennis, and also the European Open in golf. In addition, we support youth work at the grass roots level at our company locations.

And that's not everything either: Given our record results, we plan to expand our commitment to society even further. Under the slogan "By the workforce for society", we will continue to make an even larger contribution. We'll provide you with more details of this in due course.

One of the reasons why we find our successes even more gratifying is because of the global economic conditions of 2015, which were far less than perfect. Growth in the world economy fell slightly in the 2015 fiscal year to 2.5 percent. That was the lowest level since 2009, the year the global economic downturn took place in the wake of the financial crisis. Weak overall economic development has had an impact on the global demand for motor cars: Global car sales in 2015 only increased by 2.6 percent to 75.6 million vehicles. Our 19 percent increase in units shipped stands clearly against this backdrop and shows that Porsche has largely managed to uncouple itself from these adverse conditions.

Ladies and gentlemen,

Late last year, a very surprising subject came up for us which still concerns us today. On 2nd November 2015, we were informed of the findings of the US Environmental Protection Agency regarding our 6-cylinder, 3-litre diesel engines. These engines can be found in the diesel version of the Porsche Cayenne as well as other models. It goes without saying that Porsche has cooperated fully with the relevant US authorities from the very outset in the unreserved investigation of this case. Porsche has decided to voluntarily suspend sales of Cayenne Diesel vehicles in the USA as a precautionary measure. We and our engine supplier Audi have submitted a plan within the deadline set to the California Air Resources Board CARB to repair the vehicles affected and are now waiting for its approval.

We are confident that our US customers will continue to support Porsche and our brand values in future. Amongst other things, positive US shipping figures from the first two months of this year speak in favour of this.

Ladies and gentlemen,

The 2018 Porsche Strategy succeeded again in pointing us in the right direction last year. Our overriding concentration on the development, production and marketing of highly emotional sports cars has paid off:

- Never before has Porsche been better positioned. We combine fascinating and sporting driving experiences with environmental and resource-friendly mobility like no other car manufacturer around.

- Never before have we had more highly desirable Porsche vehicles in our programme: We now have an unprecedented range of emotional and exclusive premium sports cars in our stable.
- And never before have we so clearly demonstrated the tremendous potential of the Porsche workforce. With their high level of commitment and effort, they put everything into keeping the Porsche legend alive with every car they make. This is why I wish to express my deep thanks to all of our employees for their dedication and passion.

All this makes one thing clear: 2015 was the most successful year in our company's history. At this point, it is important for me not to forget to mention that it was Matthias Müller who put us on the right track for this success.

**Speech (part 2)**

**Dr. Oliver Blume**

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Ladies and gentlemen,

our observations concerning the past financial year clearly show that Porsche is going strong. The most important thing for us now is to maintain the form we have today in the long run and improve on it even more if we can. Another thing is certain as well: we set the bar very high for ourselves in our record year in 2015. And the current economic forecasts for 2016 and 2017 are very different.

Against this background, forecasts for the development of the motor vehicle market are cautious: There will hardly be any growth in car sales in Western Europe. Slight growth rates are forecast for Eastern Europe. Even in the United States, no enormous increases in sales are expected for now. In China, car sales are expected to increase less strongly in the current year than in 2015. As a conclusion to all of this, it can be said that 2016 is certainly not going to be a boom year for the international automotive industry. Global sales for cars, however, are expected to remain stable at a high overall level. There are some positive signals for our company though: With all probability, the premium segments will develop better than the volume segments.

As realists though, we are also aware that 2016 will not be an easy year for Porsche and will be a great challenge to our entrepreneurial skills. But we are well prepared. Strategically, operationally and organisationally, our company is set-up so that we can react flexibly and quickly to market changes. And we have the knowledge and the team to shape Porsche robustly and sustainably.

This is why we have been focussing on continuity, which for me means 'continuous improvement'. For we know very well that without constant improvements in productivity and processes and the continuous optimisation of cost structures, we will not be able to achieve our ambitious return target on a permanent basis.

Although Porsche has grown at a rapid pace in recent years, we have still managed to add value to it. Now we need to consolidate our structures and processes and adapt to the new order of magnitude. We want to stabilise the company and make it weatherproof.

At the same time, we intend to prepare the company to meet future challenges by making a full round of investments and targeted innovations. There are more than enough challenges for our industry at the moment, which even go well beyond the fluctuations in demand and the economy. This is because, just like our industry, society is currently changing at a very rapid pace as well. This is particularly true for the ubiquitous technological transformation. Electrification, digitisation and connectivity also play a major role for Porsche. For our products of the future this means combining our traditional Porsche DNA with the technologies of tomorrow, all with a good sense of proportion.

For instance, take the innovative topic of 'autonomous driving'. We know that our customers do not place 'autonomous driving' high on their list of things they want in a car. After all, the sporting driving experience is the focus of our being at Porsche, and as such are active drivers. On the other hand, traffic jam and parking assistants make general sense for Porsche drivers as well. And an assistance system, which may appear totally unnecessary for the majority of the 718 drivers, may be an important criterion for making a purchasing decision for Panamera customers. This is the reason why we rely on individual modules of autonomous driving and have chosen to differentiate via our model lines, without losing sight of the essentials. Because, for sure, in the future, no one will want a Porsche that you can't drive yourself.

Ladies and gentlemen,

Now we come to another much more serious development for car manufacturers. Today, we stand on the threshold of a new era. I'm talking about the gradual replacement of the internal combustion engine by all-electric engines. This is why we are just about to open up a new chapter in the history of the sports car. The Mission E will be the first all-electric production sports car from Porsche. Boasting a 500 km range, a mere 15 minutes to recharge the battery to 80 percent, 600 hp in performance and an acceleration time of zero to 100 km/h in just 3.5 seconds, this is impressive key data that distinguishes our concept from all other electric vehicles. At the end of this decade, this e-sports car from Porsche will make an important contribution to a wider acceptance of electric vehicles, provided that a suitable and modern charging infrastructure with full-coverage is created in the coming years.

We will produce the Mission E here in Zuffenhausen. To get to this point, we intend to invest around 700 million euros in the site over the coming years, in addition to the 800 million euros we are already spending in the context of securing the viability of our sites. The result of this will be the creation of some 1,000 new and sustainable jobs. Here, our tariff-based and non-tariff employees have made a valuable joint contribution to the future in order to turn the project into reality here in Zuffenhausen.

We firmly believe in the future of electric mobility. And this is something we need, as well, to enable us to comply with the global provisions for CO<sub>2</sub> emissions. We are accepting this challenge head on, and not just from today. You can see it reflected in our attitude. And we also view it as our social responsibility.

In addition to pure electric drives, we are also committed to systematically pursuing hybridisation – in the not too distant future, even for the 911. On top of that, we are working on continuously improving our internal combustion engines. This is because – even the one thing on everybody's lips these days is electro-mobility – conventional engines will still dominate car markets for many years to come, whether in the form of single drive engines, or in combination with electric motors in hybrid systems.

All-in-all, this requires major investments, which represent a huge feat for Porsche, and have a significant impact on the future development of yields. We have to and we will face up to this challenge, both operationally and strategically. Now that the success of the 2018 Porsche strategy has led us to the point where we are today and several of the goals we set out for ourselves five years ago have already been achieved, we are now thinking very hard about the 2025 Porsche strategy for the future.

Ladies and gentlemen,

The future business success of our company is based on four pillars:

Primarily: tradition, because a future needs a heritage. This is why, Porsche was, is and will always remain a manufacturer of sports cars. Fascinating sports cars will always be at the focus of our product policy. And in every segment we operate in, we will continue to deliver the sportiest of offerings.

The challenge we face today is to transport the Porsche tradition into the digital age while keeping the genetic code of the brand intact.

Secondly: our strategy. We at Porsche think in the long-term. Our entrepreneurial actions are not determined by short-term sales success, but by building sustainable values that endure permanently. We also have to position our brand in the next decade so that it continues to be perceived as attractive and desirable. We have to face up to the digital challenges of today and tomorrow to remain sustainable. In terms of organisation, structures and procedures, our company needs to be so well placed, so that the ultimate in flexibility and scalability is guaranteed in the long run. Our vision of successful strategic work means that every employee is included at the operational level and can thus contribute to successful strategy implementation.

Thirdly: innovation. We make a claim to innovative leadership with the core competencies of our brand such as powertrain, chassis and design. But we want to be innovative in the methods and processes we use as well.

Fourthly: the people. They are at the heart of our business, whether as part of the workforce or as a customer. We take their needs and their requirements for our brand seriously.

Projected internally, this means that our social obligation towards all our employees is of the highest priority. We train and qualify them so that they are ready for the challenges that the working world of the future will bring.

Outwardly all this means an unconditional orientation towards the customer. We provide our customers precisely with the products they would expect from Porsche: fascinating sports cars that meet the highest standards of quality, environmental compatibility and driving dynamics.

This profile allows us to pursue our three main goals:

- First of all: customer enthusiasm. With exclusive, technically innovative and high-value premium sports cars that deliver a fascinating driving experience, we convince our customers of Porsche as a brand.
- Secondly: return on sales. A high earnings quality for our products, coupled with strict cost discipline and systematically made business decisions, is the only way to keep us on track towards our yield targets.
- Thirdly: jobs. The market success and profitability of our products form a prerequisite for securing the jobs that already exist at the company and creating new ones.

This focus forms the basis upon which we will lead Porsche successfully into the future.

Ladies and gentlemen,

Because there have been a few personnel changes over the past few months, I would like to conclude by introducing the new management team with whom Porsche will shape the future.

- You already know Lutz Meschke, the Deputy Chairman of the Executive Board, who took over responsibility for Finance and IT in 2009.
- Another Member of the Executive Board at Porsche AG is Uwe-Karsten Städter, who heads up the Procurement department.
- Andreas Haffner, a home-grown talent from Porsche with Group experience was appointed to the Porsche Executive Board in October last year. He is the Board's Labour Director and responsible for human resources.
- A new face on the Porsche Executive Board is Albrecht Reimold. He took over responsibility for production and logistics on 1st February this year. Previously, Albrecht Reimold was Plant Manager at Audi in Neckarsulm and in his last position was Managing Director of Volkswagen in Bratislava.
- Our former CEO in America, Detlev von Platen, joined the Board on 1st November and is now responsible for Sales and Marketing.

Ladies and gentlemen,

We stand for continuity, innovation and a corporate strategy created for the long-term that has value-creating growth and sustainable business success firmly in its sights.

We are also very aware that we have a highly motivated and qualified team to back us up. These are the very best conditions for looking into the future with confidence.