



Photos: Christoph Bauer, Porsche AG

Participants in a shareholders' meeting naturally tend to be more interested in the future than in the past. While one can speak of a promising future at Porsche AG—a fact borne out by the figures for the first half of the new fiscal year—the past cannot be ignored. Chairman of the Board Dr. Wendelin Wiedeking deliberately included a look “back to the future” at the end of his one-hour speech to the 3,100 shareholders and guests who made up a record crowd at Stuttgart’s Liederhalle Convention and Cultural Center. His promise that the coming years at Porsche will continue to be exciting was followed by a reaffirmation of the importance of common sense that is so fundamental to this company’s strength: “By now we have learned how to handle our success, and we know better than to be smug. Because we’ve taken a great fall once, so we know how far one can fall—a fact that comes to mind very quickly as soon as one feels one has reached the top. Believe me, the scars keep reminding us of the pain. Even amidst all the good feelings of this day.”

These good feelings result in part from the figures for the 2001–02 fiscal year, which once again bested the previous year’s achievements. “I have to say it again,” Wiedeking noted almost apologetically, “never before in the history of our company have we achieved our goals so impressively. In the past three years we have done unexpectedly well, and during this period we have earned more than in the preceding fifty years.” An even more impressive measure of achievement is the distribution of dividends totaling about €297 million: Ten years ago that sum just about represented the total market value of the company’s stock.

In the first half of the current fiscal year (1 August 2002 through 31 January 2003) Porsche AG has advanced even farther beyond those figures. During these six months, corporate profits amounted to €185.7 million—an increase of 18.7 percent over the corresponding period of the previous year (€156.5 million). At €102.0 million, after-tax profits exceed the previous year’s level (€89.4 million) by 14.1 percent. Corporate sales increased 20.0 percent over the first half of the previous fiscal



From theory to practice: The Cayenne powertrain in the lobby

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## What’s New

# Numbers Aren’t All That Counts

In the first half of the current fiscal year, the upward trend at Porsche is continuing. At the shareholders’ meeting there was a great deal of discussion not only about business success but also about social responsibility.



year, to €2.21 billion. Adjusted for the contribution of the consolidated financial services companies (about €181 million), sales increased by 10.1 percent, to €2.03 billion. Unit sales increased by 5.3 percent, to 24,727 vehicles. For the whole 2002-'03 fiscal year, the company forecasts corporate unit sales—including the Cayenne—of 65,000 vehicles (54,234 units last year). The company projects an increase in sales volume as well as profits.

Figures alone can't take the place of words. Dr. Wiedeking earned the most enthusiastic applause not for the excellent financial data, but above all for announcements and statements about programs related to Porsche's policies. "Companies simply must realize that their activities are intimately tied to their social environment. Managing one's money is a social process. The social acceptance alone that our culture has helped us earn for our product, our brand and our company is worth its weight in gold. Nobody is going to buy a Porsche if the neighbors are pointing fingers. And nobody points fingers at our customers!"

Wiedeking accepts this as a part of the corporate mission: "Anyone who disregards this insight will have even more problems in the future than in the past. Companies need an unblemished environment of public trust. A company that has created such an environment, that has created trust and therefore social capital, won't be so readily thrown off the right track in the regional or global competition. It will be able to build on something that's been receiving too little attention in the present situation as a safeguard against a downturn: credibility based on trust. Nothing will be able to convince us that we, as a corporation in a modern, enlightened economy, should function solely according to the rules of the capital market."

Porsche remains committed to the offensive: "The ball is in our court. And as soon as it's in the right position, we'll go for the score. To be sure, our opponents are growing in numbers and strength. But although we are tough competitors, we'll continue to play fair—in a way that is fitting for a manufacturer committed to sportsmanship." ◀



Pivotal to Porsche's future: Shareholders and the Cayenne

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