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Chairman of the Board of Management of AUDI AG  

Speech at the Annual Press Conference  
Ingolstadt, March 11, 2014  

Part 1  

– Check against delivery –

Ladies and gentlemen,

in the next hour, we will inform you about an exceptional financial year 2013 for the Audi Group – and about how we will keep our company on track for success this year as well. Or to put it differently: How has our work been fruitful? And how will we sow the seeds for future harvests? In addition to remarkable financial metrics, we will report on our enormous globalization progress in recent years, on our product and technology initiative, which we are pushing forward, and on our company’s ongoing volume growth.

Audi is more popular today than ever before. In 2013, more than 1.57 million car buyers decided in favor of the Four Rings – 8.3 percent more than in 2012. In just four years, we have gained more than 600,000 customers. 1.57 million automobiles: bumper to bumper, this Audi fleet would stretch from Ingolstadt almost to Beijing.

In China alone, we delivered nearly 492,000 cars, over a fifth more than in the previous year. Our lead in China is bigger than ever before. We gained major impetus from our local production, which we expand step by step with new models. Since April, we have been producing the Audi Q3* in Changchun. And at the beginning of this year, our plant in Foshan started work. The A3 Sportback* is produced there, soon to be followed by the A3 Sedan*. We are the only premium brand to offer two SUV models and three compact cars from local production in China.

*The collective fuel consumption of all models named above and available on the German market can be found in the list provided at the end of this document. (3/2014)
Now let us look at Europe. Total car sales in Western Europe seemed to reach their lowest point in 2013. Since the pre-crisis year of 2007, the market has shrunk by a quarter. Audi is the only one of the three large premium manufacturers that successfully defied the crisis – we grew in that time by five percent, quite contrary to the market trend. In 2013, Audi delivered a total of 732,000 automobiles in Europe. That means: Europe is once again Audi’s strongest sales region. At the same time: Audi is the bestselling premium brand in Europe.

How was business in the North America? The Audi fan club there grew at a double-digit rate once again. From New York to Honolulu, we increased our US unit sales by 13.5 percent to nearly 160,000 cars. In North America overall, we sold more than 190,000 automobiles. Thanks to high-quality prestige products such as the A6*, the A8* and our RS models, we have been able to improve our price position significantly in recent years. And our residual values stand out with very good stability. Our SUV models are also extremely popular with the Americans. The Audi Q5* achieved sales growth of more than 40 percent in the USA, while unit sales of the Q7* actually increased by over 45 percent. This year, we are expanding our SUV portfolio there with the Audi Q3*.

Ladies and gentlemen,
the “coup with the Q” has been an unparalleled success for Audi. Worldwide, we have delivered more than 1.6 million Q models since we entered the SUV business in 2006. And the trend is still dynamic: Our growth in this segment is three times as fast as overall. Last autumn, we announced a new addition to the Q family: As of 2016, we will offer an attractive entry-level SUV below the Q3*: the Audi Q1.

We put 15 new models and derivatives on the road in 2013. Above all, we further expanded our A3 model series*. The three-door and the Sportback are already market leaders in Europe. The Sedan and the Cabriolet will give us additional impetus. In the luxury class, we have set a new “highlight” with the A8*. It is the first car with innovative matrix-LED headlights. This technology is unique in the automotive industry. And we have underscored our status as the sportiest premium brand with four new RS models.* We now offer more high-performance models than ever before. And all of them feature the latest turbocharging combined with significantly lower fuel consumption.

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Keyword “sport”: 2013 was one of the most successful years in our motorsport history. We are looking forward to competing again in Le Mans in the new season – now also against Porsche. I can promise you an exciting race.

Let us stay with the Group family: Our Italian subsidiaries were also very successful in 2013. At Lamborghini, 2,121 super sports cars delivered to customers set a new record for the third consecutive year. And at Ducati, more than 44,200 motorcycles surpassed the record of the previous year, despite all the difficulties affecting the motorcycle market.

If we add to our own three brands the cars that we handed over to customers for other brands of the Group, we generated record revenue of 49.9 billion euros last year. Our operating profit amounted to more than five billion euros, despite challenging economic conditions in some of our key markets. At the same time, we invested 3.6 billion euros last year – ten percent more than in 2012 – laying the foundations for our future success.

The focus of investment in 2013 was on expansion and thus new production sites. At the beginning of last year, we had ten car plants in nine countries. Today, we have twelve plants in ten countries; and in 2014, we will for the first time produce more cars abroad than in Germany. By 2016, we will have two more sites: in Mexico and Brazil. We will then be producing in all regions in which we anticipate above-average growth.

Let us now look at Mexico: Audi is the first premium manufacturer in the country. At this time last year, our site in San José Chiapa was completely untouched, but the plant is now taking shape. We are already completing some of the buildings. One of the first to go into operation this year is our training center, so that we can train our new employees. By the end of the year, more than 1,000 Mexicans will be on board. In total, we will create jobs for 3,800 people in San José Chiapa.
So far, we have received ten times that number of applications, nearly 40,000 that is.
We are creating attractive working conditions with a wide range of opportunities for further training, excellent health care, shuttle services to the transport interchanges in the vicinity, and working-time accounts that allow overtime to be offset on an individual basis – something completely new in the Mexican labor market.

A good 7,000 kilometers further to the southeast is Curitiba in Brazil. Last year, we decided to produce the Audi A3 Sedan* there as of 2015. The Q3* will follow a bit later. In this context, allow me now to say a few words about the economic outlook for the emerging markets. After the boom years, people there are now getting anxious – that is what we have been hearing recently. Because the end of the US Federal Reserve’s ultra-expansive monetary policy is putting pressure on those countries’ currencies and economies. We see things differentiated. The long-term impact depends less upon whether a country generally has emerging-market status than on which specific issues it has to solve in its economic structures.

We see Brazil in a good long-term position in this respect: External and public debt are low compared with other emerging markets. The country is rich in raw materials, giving it reliable sources of income. It has an effective education system. The population is young and the affluent middle class is growing. According to the latest industry studies, demand for premium automobiles in Brazil will double – some say it will nearly triple – by 2020. We want to utilize this market potential for Audi. We will create the right conditions to do so by developing our own production facility there.

Our plants in Győr, Hungary, and in Foshan in the south of China have already gone into operation. I have already mentioned the production of the A3* in Foshan. In Győr, we opened our new full plant last June. Following the A3 Sedan* and Cabriolet*, pre-series production of the new Audi TT* is also running there. So the plant is now fully operational.

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Ladies and gentlemen,
the man who ensured the success of these plant projects is going to leave us in a few weeks – my colleague Dr. Frank Dreves will soon retire. He not only established a global production network at Audi, with the introduction of the Audi Production System, he also made sure that we maintain top quality standards worldwide; and in quantitative terms, we have increased our production of automobiles by nearly two thirds under his guidance as a Member of the Board of Management.

Dear Dr. Dreves, you have always emphasized that such a workload can only be managed in a team. And you were a shining example of that spirit for your production team. I am sure that I speak for everyone at Audi when I say: We are reluctant to let you go. But you more than deserve your retirement after such an intensive working life of more than 30 years at Audi. We sincerely wish you all the best for the future!

Let us stay with the people at the Audi Group: In 2013, we recruited approximately 6,400 new employees. Ingolstadt and Neckarsulm account for the largest number, with 3,000 new employees including about 750 young people who started an apprenticeship or dual course of study with us. At the end of 2013, 73,751 people worked for us.

Audi is more attractive as an employer than ever before. The latest proof is delivered by a joint poll carried out by the magazine Focus and the career network Xing. 19,000 participants selected the best employers in Germany. The result: first place for Audi. The study gave special weighting to the fact that our employees are happy to recommend Audi as an employer. On behalf of the Board of Management, I can only return this compliment: I would also recommend our Audi employees at any time. But I would prefer to keep them here at Audi; because they are responsible for the good results of last year. For their outstanding work, the employees of AUDI AG paid according to wage-tariff agreements will this year once again receive a good profit-sharing bonus at an average of 6,900 euros.
Before I hand you over to Mr. Strotbek, just a few words about the rate of investment at Audi. We are now shifting up a gear in this respect. The lion’s share of our new investment program will flow into the next stage of our product and technology initiative. In a few years, we will have 60 models in our product range; we are reinforcing our claim to leadership in innovative fields such as lighting technology, lightweight construction, connectivity and piloted driving; we are investing in the further development of our quattro drive and our highly efficient advanced engines; and we are continuing with the rollout of our alternative drive systems. Dr. Ulrich Hackenberg will tell you more about that later.

– End –

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6/8  *The collective fuel consumption of all models named above and available on the German market can be found in the list provided at the end of this document. (3/2014)
Fuel consumption of the models named above:

**Audi A1/S1:**
Combined fuel consumption in l/100 km: 7.2 - 3.8;
Combined CO₂-emissions in g/km: 166 - 99

**Audi A1/S1 Sportback:**
Combined fuel consumption in l/100 km: 7.3 - 3.8;
Combined CO₂-emissions in g/km: 168 - 99

**Audi A3/S3:**
Combined fuel consumption in l/100 km: 7.0 - 3.2;
Combined CO₂-emissions in g/km: 162 - 85

**Audi A3/S3 Sportback:**
Combined fuel consumption in l/100 km: 7.0 - 3.3;
Combined CO₂-emissions in g/km: 162 - 88

**Audi A3/S6 Limousine:**
Combined fuel consumption in l/100 km: 7.0 - 3.8;
Combined CO₂-emissions in g/km: 162 - 99

**Audi A3/S3 Cabriolet:**
Combined fuel consumption in l/100 km: 7.1 - 4.2;
Combined CO₂-emissions in g/km: 165 - 110

**Audi A3 Sportback e-tron:**
Combined fuel consumption in l/100 km: 1.5;
Combined CO₂-emissions in g/km: 35

**Audi A3 Sportback g-tron:**
Combined fuel consumption: CNG 3.3 - 3.2 kg/100 km, petrol 5.2 - 5.0 l/100 km
Combined CO₂-emissions: CNG 92 - 88 g/km, petrol 120 - 115 g/km

**A4/S4**
Combined fuel consumption in l/100 km: 8.1 – 4.0;
Combined CO₂-emissions in g/km: 190 - 104

**A4/S4/RS4 Avant**
Combined fuel consumption in l/100 km: 10.7 - 4.2;
Combined CO₂-emissions in g/km: 249 - 109

**A4 allroad quattro**
Combined fuel consumption in l/100 km: 7.1 - 5.8;
Combined CO₂-emissions in g/km: 164 - 153

**A6/S6**
Combined fuel consumption in l/100 km: 9.6 - 4.4;
Combined CO₂-emissions in g/km: 225 - 114
A6/S6/RS6 Avant
Combined fuel consumption in l/100 km: 9.8 - 4.6;
Combined CO₂-emissions in g/km: 229 - 119

A6 allroad quattro
Combined fuel consumption in l/100 km: 8.9 - 6.1;
Combined CO₂-emissions in g/km: 206 - 159

A8/S8
Combined fuel consumption in l/100 km: 11.3 - 5.9;
Combined CO₂-emissions in g/km: 264 - 155

Audi Q3/RS Q3
Combined fuel consumption in l/100 km: 8.8 - 3.2;
Combined CO₂-emissions in g/km: 206 - 137

Audi Q5/SQ5
Combined fuel consumption in l/100 km: 8.5 - 5.3;
Combined CO₂-emissions in g/km: 199 - 139

Audi Q7
Combined fuel consumption in l/100 km: 10.7 - 7.2;
Combined CO₂-emissions in g/km: 249 - 189

Audi TT/TTS:
This car is not yet on sale. It has not yet been homologated and is therefore not subject to the 1999/94/EG guideline.
Provisional data:
Combined fuel consumption in l/100 km: 7.1 - 4.2;
Combined CO₂-emissions in g/km: 164 - 110

Lamborghini Huracán LP 610-4:
Combined fuel consumption in l/100 km: 12.5;
Combined CO₂-emissions in g/km: 290

Ducati Diavel:
Combined fuel consumption in l/100 km: 7.1;
Combined CO₂-emissions in g/km: 169

Ducati Monster 1200:
Combined fuel consumption in l/100 km: 6.4;
Combined CO₂-emissions in g/km: 150