



Prof. Rupert Stadler



Axel Strotbek

Speeches

Annual Press Conference

March 3, 2016 | AUDI AG, Ingolstadt



Prof. Rupert Stadler
Chairman of the Board of Management of AUDI AG

Speech at the Annual Press Conference
March 3, 2016

Review

-Check against delivery-

Ladies and gentlemen,
welcome to all of you from my Board of Management colleagues and myself!

I met many of you the day before yesterday in Geneva, where we presented the new Audi Q2**. You can see the star of Geneva here next to us. The Q2 is made in Ingolstadt. With this car, we are entering a new market segment, and giving our customers a new entry into the world of SUVs. Another new Audi is still covered. Which? We will let you into this secret in about half an hour.

A key topic for me today is Audi 2025. And in this context, it's worth having a look in the rear-view mirror: We now sell twice as many automobiles as in 2006. In China, we have actually multiplied our sales seven-fold since then. And each new product makes it clear that we are accelerating our innovation every year.

Let's now reflect on the year 2015. This year's review includes a report on our situation in the diesel scandal. At this point, I would like to state very clearly: We sincerely regret what happened. We will ensure full transparency. And we assure you: We will fix it! Immediately after the matter at Volkswagen was announced, we at Audi decided on three things: To clear up the matter fully at the entire Group. To remedy the situation for customers. And in light of our future, to ensure that honesty has the utmost priority as a business principle.

An early pioneer of the automotive industry once said: "Don't find fault, find a remedy." We are doing both: clarifying what happened and finding solutions. Matthias Müller will explain the results of the Group-wide clarification in April. I hope you understand we are focusing today on the technical solutions the Volkswagen Group has presented to the authorities. As soon as the Federal Motor Transport Authority grants its approval, we will start promptly with the recall of the 2-liter TDI engine in the Audi A4. About 90 percent of all the affected models have 4-cylinder 2-liter TDI engines. They will be given a software update. The other 10 percent of affected models have the 1.6-liter TDI engine. They will be upgraded with both software and hardware. To be specific, we will install a flow rectifier. For our customers, that means a short visit to the workshop of less than an hour. We will probably be busy with the recall of the affected models in Europe until the end of the year.

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What about the 3.0-liter V6 TDI engine developed by Audi? In Europe, the engine complies with type-approval requirements. For North America, we have presented CARB and EPA with a technical solution, which is now being examined by those authorities. We anticipate a total amount in the mid double-digit million euro range for the technical measures.

Two weeks ago, some of my Board of Management colleagues and I were in the United States. In Austin, we met with the team of Audi of America and with Audi dealers. 40 US cities were connected: nearly 300 dealers, approximately 11,000 employees in total. I can tell you that our US colleagues and our dealers fully support our brand. They are doing an excellent job. They are working with their full efforts every day. Since 2008, the US dealers alone have invested more than a billion US dollars in our brand. They plan to invest a similar amount again by 2020, and they look to the future with full confidence. That is based on the large number of models we are currently launching. And the Americans are convinced of our strategy.

Our American customers are also convinced of our products. For them, Audi is the best car brand of 2016. That's the result of the latest "Consumer Report". Three quarters of a million drivers gave their opinions. First place for all Audi models without exception in the categories of customer satisfaction, reliability, road test and safety. This is where our years of work on quality pay off. And the top ranking is mainly to the credit of many employees who are personally committed to our demanding quality standards.

Right now, we are moving closer to our customers on the American continent. In October, we started production in Brazil. Following the A3 Sedan*, production of the Audi Q3 will start there in March. Curitiba is our 16th production site. And in the second half of the year, we will open a new Audi factory in Mexico. This will be a key growth driver for us in North America. But more about that later.

2015 was a year of many challenges for us. But despite all of that – political crises in Russia and Brazil, currency turbulence, and economic ups and downs in China – we successfully mastered the year! We set a record for deliveries of Audi automobiles last year: 1.8 million cars sold worldwide, which is 300,000 units more than we had targeted in our strategy for 2015; growth in unit sales in more than 60 markets; 72 record months in succession. We also see new records for unit sales by our Italian brands, Lamborghini and Ducati.

In our income statement for last year, we present our earnings before and after special items. This allows an absolutely transparent assessment of the Group's profitability. In 2015, we achieved an operating profit at the prior-year level; it amounts to 5.1 billion euros. After deducting the effects of special items, it amounts to 4.8 billion euros. And we will continue with our high levels of investment. My colleague Axel Strotbek will soon explain to you the financial results in detail.

Ladies and gentlemen,

let's first look at Audi's major sales regions: In the United States, the investment in our brand and our strategy of sustainable growth are now paying off: We grew twice as fast as the market in 2015. Our unit sales in the US increased by 11 percent to exactly 202,202 automobiles in 2015. For the first time, we passed the mark of 200,000 deliveries. We have doubled our unit sales in the United States within five years. The main growth drivers in that market are the Audi Q5, the Audi Q3 and the Audi A3. The A3 Sedan established itself right from the start as the most popular compact sedan in the US premium market.



In Europe, we confirmed our position as the premium-market leader. We achieved growth of nearly 5 percent to nearly 800,000 cars. We performed well in Germany, our domestic market, where we are also the number one. In France, we grew by a good 5 percent. In Italy and Spain, we actually achieved double-digit growth. With 166,000 cars delivered, Audi UK made a significant contribution to our sales growth in Europe. Every fifth Audi in Europe goes to the United Kingdom. Our sales in this region were boosted above all by the models at the top of the range: The Audi A6 achieved an increase of 10 percent to nearly 100,000 units sold. This makes the A6 the number one in its segment. And we delivered more than 27,000 Audi Q7 SUVs in Europe last year. So the new model has made an excellent start.

In addition to Europe, we were the undisputed number one in the premium segment also in China in 2015. With more than 570,000 automobiles delivered, we continue to achieve very high sales there. With its volatility, 2015 was certainly a special year for the Chinese economy. People were unsettled there by a series of equity-price fluctuations on the stock markets and uncertainty in the real-estate market. And the overall car market contracted in several months. But the market stabilized again significantly towards the end of the year. As the market leader, we decided to consolidate in 2015. This meant continuing our focus on customer satisfaction and profitability. Our Chinese product portfolio is about to go through a broad-based generation change. By this summer, we will replace models that make up 60 percent of our unit sales in that market. To sum up: China is and will continue to be a very solid growth market in the long term – with great potential for the Audi brand.

Ladies and gentlemen,

last year we launched twelve Audi models on the market – either new or upgraded – above all the Audi A4 and the Audi Q7. Both of them are crucial drivers of our ongoing growth. We are setting standards with the ninth generation of the A4 and the second generation of the Q7. Both cars stand out with innovative solutions in all areas of technology: with lightweight construction, powertrain and suspension, with infotainment and with assistance systems. The Audi Q7 is proof that SUVs are a strong market trend. And Audi was the most popular SUV brand in the premium segment in 2015.

The Audi A4 is the bestselling Audi of all time. Since the first Audi 80 in 1972, we have produced more than twelve million automobiles of this model series. And this success story is continuing. We have already received more than 120,000 orders for the new Audi A4. Our successful model has been awarded several prizes: the “Golden Steering Wheel” for example; “Car of the Year 2016” by the British magazine “What Car?” as the best car in all categories. Following their market launch in Europe in 2015, the Audi A4 and Audi Q7 will be available in many international markets this year, which will accelerate our growth.

The super sports cars from Sant’Agata Bolognese are also well known for their power and acceleration. Lamborghini posted a record year in 2015 – the fifth in succession. For the first time, our Italian subsidiary passed the mark of 3,000 cars delivered to customers: a substantial increase of 28 percent compared with the previous year. The Lamborghini Huracán* is responsible for a large part of that success. Its market launch was in 2014 and 2015 was its first full year of sales. More than 2,200 fans became happy owners of the new model in 2015. The second model from Sant’Agata is the Aventador*, which is available as a coupe or a roadster. Last year, we sold more than 1,000 of them. The brand is in the ascendancy; the bull is stronger than ever. A lot of that success is down to Stephan Winkelmann. Lamborghini has created about 500 permanent jobs in the past five years. The brand’s unit sales have doubled since 2005.

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In Geneva, Stephan Winkelmann symbolically handed over the steering wheel to Stefano Domenicali: Welcome on board at Lamborghini! Stephan Winkelmann will take over as head of quattro GmbH in Neckarsulm as of March 15. We thank him for his commitment and passion.

We also thank Heinz Hollerweger, our present head of quattro GmbH, who is about to retire. He has made decisive contributions to the success of that subsidiary. Last year, he increased the sales of our Audi sport models by 13 percent to more than 17,000 units, and boosted its profit by 20 percent. Heinz Hollerweger has also been one of the initiators of our roadmap into electric mobility.

Claudio Domenicali also achieved record unit sales in 2015 with our other Italian subsidiary Ducati. Our colleagues in Bologna for the first time passed the mark of 50,000 units in one year – and by a significant margin, with deliveries of almost 55,000 Ducati motorcycles. That’s approximately 10,000 more than in 2014 – an increase of 21.5 percent. Ducati grew significantly faster than the overall market in 2015 and kept establishing itself as a top premium brand. Last year, we increased our market share for motorcycles with engines above 500 cubic centimeters to 5.4 percent. That is a whole percentage point more market share than the previous year. The new Ducati Scrambler was responsible for a large part of that success, with sales of more than 16,000 units in its first year. So the Scrambler got into the list of the world’s top ten bestselling bikes right from the start. In addition to the Scrambler, Ducati fans are thrilled by other models, such as the new Multistrada 1200 and the new Monster 821, followed by the 1299 Panigale, 899 Panigale and Diavel. More than 700 Ducati dealers in 90 countries are involved in the success of “La Rossa di Borgo Panigale,” as well as the 1,500 employees worldwide.

Ladies and gentlemen,

85,000 people all over the world now work for the Audi Group – helping us to achieve our ambitious targets day by day. In 2015, we brought about 7,500 new employees on board, mainly at Audi México and AUDI AG. In Germany alone, we recruited more than 4,000 people, including 1,600 experts with know-how in digitization and electric mobility. Before I pass you on to Mr. Strotbek, it’s important to me at this point to say thank you – to all of our employees at our sites all over the world. It’s the people who make a company’s success possible. And whoever contributes to that success should also participate in it. That’s why we have profit sharing at Audi. Employees of AUDI AG paid according to collective-bargaining agreements will receive an average of 5,420 euros this year. Our team’s enthusiasm for our brand makes my Board of Management colleagues and me proud to be at Audi.

Thank you.



Axel Strotbek
Member of the Board of Management of AUDI AG,
Finance and Organization

Speech at the Annual Press Conference
March 3, 2016

-Check against delivery-

Ladies and gentlemen,
with our movie to our Annual Report with the guiding theme: “tomorrow.now!” I also would like to welcome you most cordially to our Annual Press Conference.

2015 was, as our Board of Management Chairman Rupert Stadler has already described, a challenging year for the Audi Group. To briefly mention just a few of those challenges: the cooling off of the Chinese economy, increasingly intense competition, and the diesel issue. And in parallel, we at Audi started the next stage of our model initiative in 2015, driven by the biggest investment program in our company’s history. Certainly, conditions were demanding, – perhaps more demanding than we originally expected. Resilience and a good performance – the Audi Group successfully proved those qualities in the past financial year. In just a few minutes, I will present to you the development of our key financial metrics.

Let’s first have a look at the general economic environment, in which we were operating in 2015. Growth of the world economy of 2.5 percent was slightly lower than in the previous year. The economies of key regions developed very disparately once again. In many industrialized countries – especially in Western Europe – the overall economic situation improved, partially due to the expansive monetary policy of the central banks. In most of the emerging markets, however, ongoing falls in energy and raw-material prices had a negative economic impact. China continued to be one of the strongest-growing economies despite a lower growth rate of 6.9 percent in 2015.

Worldwide demand for cars was also affected by a varied growth pattern in 2015: The overall car market developed positively, especially in the regions of Western Europe, North America and Asia-Pacific. But car markets contracted significantly in the regions of Central and Eastern Europe and South America. In Western Europe, unit sales of cars increased by 9 percent and gained momentum again, in particular due to catch-up effects – for example in Spain and Italy. Audi also profited from this development and achieved a growth in unit sales of 6 percent in Western Europe. In Central and Eastern Europe, demand for cars was especially impacted by the difficult economic situation in Russia. The region’s overall market contracted by 23.3 percent. But Audi had a significantly lower decrease of 9 percent. In the whole of Europe, we delivered about 800,000 cars to Audi customers. Our unit sales in the North America region increased by 11 percent – significantly better than the overall market growth rate.

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We delivered nearly a quarter of a million automobiles to customers in the United States and Canada. Within just five years, we doubled our volume there. The South American car markets experienced a substantial drop in demand in 2015. Especially the Brazilian car market suffered from the overall economic situation in the country. Customers were unsettled by increasing interest rates and taxes. The Audi brand was untouched by that development: With growth of 17.9 percent, our deliveries in South America also developed significantly better than the overall premium market. The Asia-Pacific region was one of the main drivers of global demand for cars also in 2015, with registrations of 31 million new cars. China continues to be the most important single market.

However, the premium segment expanded at a lower rate than the overall car market. But in total, Audi delivered about 680,000 automobiles in the Asia-Pacific region, which is nearly as many as in the previous year. Worldwide demand for cars of the Audi brand grew faster than the overall car market once again in 2015. As a result, we further strengthened our position in the worldwide premium segment.

Let's now have a look at our key financial metrics: In 2015, the Audi Group set a new record with revenue of more than 58 billion euros! That represents growth of 8.6 percent compared with the previous year. The main drivers of the revenue growth were the good development of unit sales and positive currency effects. Demand was especially positive for our SUV models, the upgraded A6 series and the A3 family. In the motorcycles segment, the Ducati brand achieved record revenue of 702 million euros.

Let's have a look at the income statement: At 47 billion euros, the Audi Group's cost of goods sold increased by about 6 percent due to the growth. As a result, the Audi Group increased its gross profit by 21.4 percent to 11.4 billion euros. Due to our ongoing growth, distribution costs increased to 5.8 billion euros in 2015. The main reasons for the increased costs were the higher number of cars delivered, upfront expenditures for the market launch of new models and higher marketing expenses, especially as a result of the market situation, increasingly intense competition and generational changes in our product portfolio, for instance the new A4. Currency effects were also noticeable. Administrative expenses increased by 53 to 640 million euros, primarily due to our corporate growth. That also includes personnel expenses for our new plant in Mexico. We are currently setting up a strong team with intensive training and education measures, for the start of production of the new Audi Q5.

Other operating result in 2015 amounted to -119 million euros and – as in previous fiscal years – is affected by currency hedges. Unlike the prior year, higher expenses for the settlement of currency hedges had a significantly negative impact. Overall, together with the positive currency effects on revenue I already mentioned, we clearly benefited from exchange rate effects. The bottom line is that the Audi Group achieved an operating profit of 4.84 billion euros. The figures do not include the operating profit of our Chinese partner company, which is consolidated using the equity method. Our proportionate share of its earnings are presented in the Audi Group's financial income.

Ladies and gentlemen,
our operating profit is 6 percent lower than in the prior year. How is this development to be assessed? Against the backdrop of the diesel issue, that Mr. Stadler has already mentioned, we recognized an extraordinary expense of 228 million euros in 2015. That includes financial expenses for technical solutions, legal risks and actions focusing on our customers and retailers. In addition, we announced a precautionary recall a few weeks ago in North America. Cars equipped with driver side front airbags from the Japanese manufacturer Takata have to make a precautionary visit to workshops for the safety of our



customers. We have recognized provisions for that recall leading to a one-time expense of about 70 million euros. Adjusted for these special items, we achieved a stable operating profit of 5.1 billion euros – close to the prior-year level.

Let's now have a closer look at the main drivers of the earnings development: As in previous years, increased demand for cars of the Audi brand was a key factor. In 2015, we also profited from favorable currency developments. In addition, we had a positive impact on our operating profit from further process and cost optimizations along our entire value chain. However, there were negative effects on earnings from the intense level of competition in some key markets. And our high investment focused on further growth and investment-related expenses had an initially negative impact on our earnings development. We are making advance expenditure for tomorrow. I have already explained to you the special items.

In a nutshell, Audi is continuing along its growth path. And Audi is on the right track for the future. The year 2015 featured intensive advance expenditure for high-quality growth, in order to set a successful course for the future.

Let's continue with the development of earnings in the motorcycles segment: The Ducati brand achieved operating profit of 54 million euros – an increase of 12.5 percent. There was a positive effect above all from the increased sales volume. Ducati has hit the mark with the new edition of the legendary Scrambler. Mr. Stadler has already talked about the positive development of our Italian subsidiary Lamborghini. Both those brands are making positive contributions to the successful operations of our Group.

I would now like to explain to you the financial result of the Audi Group, which decreased to 448 million euros. The main cause of this development is the measurement and settlement of cash flow hedges at the balance-sheet date. Income from investments, including investments accounted for using the equity method, remained stable. Our proportionate share of the earnings of our Chinese partner company FAW-Volkswagen reached the level of the previous year, despite the challenging market situation in China. Profit before tax amounted to 5.3 billion euros.

A glance at our return on sales shows the strong profitability of the Audi Group. In a phase of high investment and advance expenditure for future topics, we continued to achieve an operating return on sales within our ambitious strategic target corridor. Before the special items I previously mentioned, we achieved an operating return on sales of 8.8 percent: in the middle of our strategic target corridor of 8 to 10 percent. And even after special items, our operating return on sales of 8.3 percent was within the strategic target corridor. With 19.4 percent we once again achieved a return on investment on a high level.

Ladies and gentlemen,

let's now have a look at the financial strength of our company. The cash inflow from operating activities of 7.2 billion euros was at the prior-year level. The cash outflow for investments in operating activities increased by more than a quarter to 5.6 billion euros. That was primarily due to increased investments in property, plant and equipment for the expansion of our international production structures and of our product range. The cash-effective portion of the purchase price for the acquisition of the stake in HERE is 668 million euros. With HERE, a provider of cloud-based real-time maps and mobility services, we have made an important strategic investment.



As in the previous years, we fully financed all operating and strategic investments out of our cash flow. We generated a significant net cash flow of 1.6 billion euros. Adjusted for the purchase price of the HERE transaction, our net cash flow of 2.3 billion euros was even higher, and, thus, in line with our initial forecast for 2015. Our high net liquidity of 16.4 billion euros offers us – as also in the previous years – important scope for strategic action. The Audi Group once again demonstrated its financial strength.

Let's now continue with the outlook for 2016: For the worldwide automobile markets, we anticipate only slight growth, with a continuation of regionally disparate developments. Continuing the success of the previous years, and thanks to numerous new models and generation changes, we anticipate a better development of Audi deliveries compared with the overall car market in 2016. We expect moderate growth for the Audi brand. Especially in our key markets, we intend to increase our market share and enhance our strong competitive position. In China for example, we anticipate positive demand stimulus from the revised long version of the A6, the new Q7 and later this year from the next generation of the new A4 series.

And not only the Audi brand is on a growth path. We anticipate a moderate increase in deliveries also for our Italian subsidiary Lamborghini. In the motorcycle segment we expect sales for our Ducati brand to increase significantly.

Against this backdrop, we expect a moderate growth in revenue for the Audi Group in 2016. We once again aim to achieve an operating return on sales within the strategic target corridor of 8 to 10 percent. Our target for return on investment in 2016 is between 16 and 18 percent. As in the previous years, we want to finance our entire corporate growth out of our own resources, and anticipate a net cash flow of between 2 and 2.5 billion euros.

Also in 2016, the Audi Group will continue investing in the future and in additional growth. In that context, we plan to have a ratio of capex within the strategic target corridor of 5 to 5.5 percent. The prime objective of the investment is to develop and further enhance the strong position of the Audi brand.

We plan capital expenditures in property, plant and equipment of more than 3 billion euros in 2016. The main area for investment will be our product and technology portfolio. The model initiative we have started will be continued systematically: By 2020, we plan to expand our product portfolio to approximately 60 different models. In Ingolstadt for example, the newcomer Audi Q2** will drive off the assembly lines in 2016. In addition, we will complete the new A4 product family, and launch the second generation of the very successful A5 series. We will constantly expand our range of alternative drive systems and gradually electrify our model portfolio. We are particular focusing on the plug-in-hybrid technology and on purely electric drive.

Another focus of investment is the expansion of our worldwide production structures. In 2016, we will kick-off production in our ultra-modern plant in Mexico. The locally produced new Audi Q5** will create further growth potential on the American continent.

For the continuation of the Audi success story, it is important that we keep on inspiring our customers with our premium automobiles. This successful business approach has to be transferred from the analog to the



digital world, so that the opportunities of changing value-added patterns and new business models can be best utilized. Digitalization will also help us to carry out further cost and process optimization. This will give us the required scope for important investment in our future.

Ladies and gentlemen,

Many numbers! You will also find them in our Annual Report. They prove that the Audi Group is continuing along its successful path in a changing environment. And they also show that we are facing these challenges self-confidently and well prepared. We here at Audi think the future is already today, and we have set the course: "tomorrow.now!" That's also the motto of our Annual Report 2015. That's our ambition. And that's what defines our Vorsprung.

Thank you.



Prof. Rupert Stadler
Chairman of the Board of Management of AUDI AG

Speech at the Annual Press Conference
March 3, 2016

Outlook

-Check against delivery-

Ladies and gentlemen,

we will see sports action this year also on the world's racetracks. Audi is competing this season once again in three motorsport disciplines, in the World Endurance Championship, in DTM and in customer sport. And you can rest assured: We will be on the offensive again – as of May in DTM and in mid-June at Le Mans. We have already gained victories in the first customer-sport races in Dubai, Daytona and Bathurst.

We are launching some sporty models also for the roads in 2016: the Audi TT RS as coupe** and roadster**, and the R8 Spyder**. We intend to continue our growth in 2016. This year, we will launch a total of more than 20 new or revised Audi models on the market. In the mid-size category, the A4 Sedan* and A4 Avant* will be joined by the Audi A4 allroad quattro* and the Audi S4 as Sedan** and Avant**. We are also looking forward to the successor of the Audi A5 as a coupe**, including its sporty brother, the Audi S5**. In our Q range, the following cars had their premieres this year: the Audi Q7 e-tron* and the Audi SQ7 TDI** as well as our latest Q, the Audi Q2**. This urban SUV will be launched in Europe this fall, and is aimed at a new, young target group in the cities. We will also present the new Audi Q5** in 2016. The team at our new plant in San José Chiapa is working hard on the start of production of this bestseller, which will be ready in the second half of the year.

Setting up a completely new plant on a greenfield site in just three years with a new team and a new product – that's a terrific achievement by our employees. We have so far recruited more than 2,000 colleagues locally – and have received 200,000 job applications for this. We have signed contracts with approximately 180 suppliers. Two thirds of the components that we are purchasing for the Q5 are sourced in North America. In the medium term, we want to localize significantly more, thus counteracting currency fluctuations with entrepreneurial farsightedness. The new training center is a guarantee for an extremely well-qualified workforce – and thus for top-quality products. The plant in Mexico sets standards also with regard to the environment, with the most environmentally friendly paint shop on the American continent.

And now to Italy. At Lamborghini, we are about to have the groundbreaking ceremony for the plant expansion. We are going to double the floor space in Sant'Agata Bolognese to 150,000 square meters and create 500 new jobs. As of 2018, we will produce the super sports SUV there. This third model series will secure significant growth and more financial stability for Lamborghini.

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In 2016, Ferruccio Lamborghini would have celebrated his 100th birthday. He would certainly be thrilled with these new models – above all, with the limited edition on his birthday: the Lamborghini Centenario* special model; the edition is already sold out. Ferruccio would also be thrilled with the Lamborghini Huracán* and its latest derivatives, the Huracán Spyder and the Huracán rear-wheel drive. And with the Lamborghini Aventador* and its current derivative, the Superveloce as a coupe* and a roadster*.

Ducati will present nine new models this year. They will include: The XDiavel, another cruiser model that will support further growth in the North America region. With the Multistrada Enduro, Ducati will enter a new segment. The Multistrada Enduro is a new motorcycle for off-road adventure. And the Ducati Scrambler Sixty2 is an even lighter Scrambler with a smaller 400 cubic-centimeter engine.

We also have news from Italdesign: Our third Italian subsidiary positioned itself anew at the Geneva Motor Show – with a new show car and a new brand image. Our design and engineering specialist Italdesign is going to offer its services to automotive brands all over the world again. So our colleagues in Turin will be continuing a success story: In nearly 50 years since it was founded, Italdesign has designed more than 200 exciting automobiles for various markets, some of which it also developed and produced. With record revenue of nearly 200 million euros, Italdesign is on a healthy footing. The new market strategy offers exciting prospects to the nearly one 1,000 employees of Italdesign.

Ladies and gentlemen,

an important signal was sent out from Paris in late 2015: A new world climate agreement was reached at the climate conference. Global warming is to be limited to less than two degrees Celsius. In addition, the countries agreed to reduce net global greenhouse-gas emissions to zero in the second half of this century. That means a gradual end to the use of fossil fuels. And it will involve a significant upheaval for us as well. A car manufacturer that – concerning future investments – prioritizes solely fossil fuels is in danger of becoming a fossil itself.

Audi stands for Vorsprung. We think differently. We deliberately turn things upside down. We reinterpret the mobility of the future. We provide answers to the megatrends, for example to the following questions: How can we make the automobile into the hottest digital device? How can we support the climate goals with a sustainable product range? And how can we shape mobility for the city of the future? In this context, I will present to you three milestones for Audi 2025: digitization, sustainability and urbanization.

Firstly: We will create a central digital platform for mobility.

Already today, 90 percent of our innovations are based on electronics: sensors and digital assistants, resulting in more driving intelligence. Vorsprung means utilizing the potential of digitization. Assistance systems for example. The new generation of driver assistance systems is predictive, using information that the driver cannot yet have. Before a traffic jam occurs, your navigation system is already planning a new route in the background. Before you drive over the crest of a hill or into a dangerous bend, your car knows about an accident there or an oil slick. In a transaction amounting in the billions of euros in 2015, we acquired HERE, the digital mapping business of Nokia – together with BMW and Daimler.



HERE is the global market leader amongst the providers of maps exact to a few centimeters. The data of HERE will be updated in real time. The maps will then include not only geographic information, but also for example, data on the road surface, the weather and danger spots. When such real-time information flows directly into our assistance systems, they will be able to act predictively. Because they will use not only their own sensors, but those of all the other cars around them as well.

Why is platform thinking generally so important? It's the platform that turns incredible amounts of data into valuable information. It's the platform that allows us to collate data, connect it and analyze it with intelligent algorithms. And only on our platform can we guarantee our customers that their data is in good hands. That's a matter of trust. People have been trusting us with their personal safety for more than a hundred years. And they know that their virtual identity is safe with us as well.

Vorsprung also means performing pioneering work. We have repeatedly demonstrated with spectacular actions since 2009: Audi is the leader for piloted driving. Just three weeks ago, a driverless Audi A8 chauffeured Daniel Brühl to the red carpet of the Berlin Film Festival. How is that possible? Our system recognizes buildings and pedestrians, and thus moving images, allowing it to master complex situations in urban traffic. We use a special camera system, a 3D camera with a chip developed by our partner Mobileye. Meanwhile, we have had encouragement from the legislative side: The US National Highway Traffic Safety Administration, the NHTSA, has now acknowledged that a computer can count as a driver on board in the legal sense. In many countries, laws are now being passed for this key technology. The next generation of the Audi A8 as of 2017 will master piloted parking and piloted driving up to 65 kilometers an hour. You will then really be able to take your hands off the steering wheel for several minutes at a time!

Our customers will profit from piloted driving in the long term: We see the Audi of tomorrow as a workplace, as a place of relaxation and as a place of enjoyment. We at Audi call it the "25th hour." When the car of the future drives automatically, the people on board will be able to make good use of their time. When cars communicate with each other and with the infrastructure, people will also get to their destinations faster, and in any case more conveniently and with less stress. This will all save time. And time is the biggest present that one can give society, and thus the customer, nowadays. That's why we're investing so much energy in this topic. Our designers and development engineers are rethinking the concept of the car's interior: going as far as a completely different operating logic when we use the time in the car differently.

We express our theory of the 25th hour as a formula: The more automated driving becomes, the more time becomes available for the driver. The result of this formula is the mobile time index. It means for the future: more control over one's own time. Spend less time in control of a car, and less time occupied with technology. It's the technology that should support us. More productive time, and more time for enjoyment and relaxation.

The second milestone is sustainability. The future of mobility is emission-free.

Our roadmap for electric mobility is ready. Our first fully electric large-series car will go into production the year after next. And we are also thinking about electric mobility in high-volume terms. Electric mobility requires an effective charging infrastructure: at least 150 kilowatts, or better 350 kilowatts – for fast charging along the autobahns. We need a global rapid-charging network and hydrogen filling stations.



Vorsprung means shaping premium solutions for electric mobility. That could include our customers reserving a place at a charging station while driving. Electric mobility is increasingly taking shape in our society. For us, it is now important to actively and vigorously push forward with this transformation. Hybrids and plug-in hybrids are a transitional and bridge technology for about the next ten years. In parallel, we will offer various battery-electric models in different volume series until 2025. At present, we are preparing our production facilities for the next stage of electric mobility. At our site in Brussels, we will begin the large-series production of our first fully electric SUV in 2018. That plant will also produce its own batteries. Audi Brussels will be the pioneer for electric mobility at the Audi Group. For the battery cells, we rely on our strategic partners LG Chem and Samsung SDI. Both of them have developed a high degree of expertise over many years. Both of them develop extremely high-performance cell modules: according to our specifications – and in Europe.

We also see great potential in fuel-cell technology. Our Audi h-tron quattro concept study operates solely on electric power, and with hydrogen as an energy source – hence the name h-tron. The hydrogen tanks can be filled in about four minutes, with enough energy for a range of 600 kilometers. Audi will have competence-center responsibility within the Volkswagen Group, and will bring this technology out of research into series development in the coming years.

Alternative drive systems will change the requirements for expertise. In the future, we will need more chemical engineers with knowledge of batteries and hydrogen, more high-voltage specialists and electric-motor engineers, and more informatics experts, software and app developers. In 2016, we will strengthen our workforce in these strategic areas for the future with approximately 1,200 additional experts in Germany alone. And we will take on another 800 apprentices – also in Germany alone.

Vorsprung means performing old tasks even better. So striving for efficiency and sustainability includes the entire world of Audi technology – quattro is a current example. To date, we have equipped more than seven million cars with our system of permanent all-wheel drive – and now we are making it even more efficient. In the middle of this year, we will launch quattro with ultra technology. This drive system thinks for itself and ensures maximum efficiency. It is always ready – permanently available. When quattro isn't required, the Audi operates with front-wheel drive. That reduces fuel consumption and thereby emissions by four to five grams of CO₂ per kilometer.

The third milestone of our strategic roadmap until 2025 is urbanization. Individual mobility will be connected with the city of the future.

Space is scarce in metropolises. The United Nations have calculated that two thirds of humanity will live in cities by 2050. Mobility providers will need to have answers to that in the future. The city of the future needs an urban compact model, connected with the city, sustainable, emission-free, agile, space-saving, piloted. The city of the future also needs new ideas on sharing – at the premium level. With conventional car sharing, the car is just parked somewhere nowadays. With us, it is provided by a concierge. Or one day, it will drive to the customer in piloted mode. Since 2014, we have gained experience in international pilot projects. We are now creating specific, internationally scalable business cases out of that know-how: Audi select – for customers who want to drive more than one model. Audi shared fleet – the company car fleet with an additional value for employees. And Audi on demand – according to the motto “an Audi when I want it and where I want it.”

Annual Press Conference | March 3, 2016 | AUDI AG, Ingolstadt

* 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 these speeches.

** These cars are not yet on sale. They do not have type approval and are therefore not subject to Directive 1999/94/EC.



An app will be at the core of our new mobility offering. It will allow Audi customers to deliver the desired car to the desired place at any time by pushing a button. And that's not enough: Our business model will range far beyond the car in the future. With a digital platform as the basis and with artificial intelligence, a multitude of new services will be possible.

Vorsprung means understanding urban centers and their logic. Whoever understands the city of the future will hold its golden key in his or her hand. That's why we've been studying urban mobility since 2010. You know about our Audi Urban Future initiative. Now we've turned a successful research project into a strategic project. In Somerville near Boston, in Mexico City and in Ingolstadt, we are involved in three urban-development projects. We are combining all of our know-how and developing it further – from assistance systems for the city, to mobility concepts for flexible use, and to the application of intelligent algorithms for data analysis. Our sales experience is also tailored to the metropolis. We are this year expanding the digital Audi City sales format from London, Berlin and Beijing to other cities: Paris, Istanbul and Moscow will be the next.

Ladies and gentlemen,
a few weeks ago, I met an astronaut in Detroit: Gene Cernan from the last Apollo mission. He has that can-do attitude – a great way of opportunity thinking. Whoever explores new territory needs start-up mentality. One needs curiosity to leave the beaten path and discover something new every day. That's exactly what makes us special at Audi.

Behind Audi, is Vorsprung: the best offering from a digital car brand, the most sustainable products and production methods, and the most customer-friendly solutions for the city. The one that finds the best answers will be the most attractive car brand.

I'd like to summarize how I see Audi 2025: The “new premium” is digitally connected, efficiently emission-free – and fully in tune with the urban lifestyle. That's how to measure Vorsprung.

Thank you.

– End –

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Annual Press Conference | March 3, 2016 | AUDI AG, Ingolstadt

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Fuel consumption figures of the models named above

The fuel consumption and the CO₂ emissions of a vehicle vary due to the choice of wheels and tires. They not only depend on the efficient utilization of the fuel by the vehicle, but are also influenced by driving behavior and other non-technical factors.

Audi A3 Sedan:

Combined fuel consumption in l/100 km: 7.1 – 3.7;
Combined CO₂ emissions in g/km: 164 – 98

Audi A4 Sedan:

Combined fuel consumption in l/100 km: 6.3 – 3.7;
Combined CO₂ emissions in g/km: 144 – 95

Audi A4 Avant:

Combined fuel consumption in l/100 km: 6.4 – 3.8;
Combined CO₂ emissions in g/km: 147 – 99

Audi A4 allroad quattro:

Combined fuel consumption in l/100 km: 7.1 – 5.4;
Combined CO₂ emissions in g/km: 164 – 139

Audi Q7 e-tron 3.0 TDI quattro:

Combined fuel consumption in l/100 km: 1.9 – 1.8;
Combined CO₂ emissions in g/km: 50 – 48

Lamborghini Aventador:

Combined fuel consumption in l/100 km: 16.0;
Combined CO₂ emissions in g/km: 370

Lamborghini Aventador Superveloce:

Combined fuel consumption in l/100 km: 16.0;
Combined CO₂ emissions in g/km: 370

Lamborghini Centenario:

Combined fuel consumption in l/100 km: 16.0;
Combined CO₂ emissions in g/km: 370

Lamborghini Huracán:

Combined fuel consumption in l/100 km: 12.3 – 11.9;
Combined CO₂ emissions in g/km: 285 – 278