Audi Investor & Analyst Day

Dr. Dietmar Voggenreiter
Board Member for Sales & Marketing
1.87 MILLION CARS
ANOTHER RECORD – BREAKING YEAR 2016

+97% VOLUME GROWTH
COMPARSED TO 2009
MARKET PERFORMANCE

NORTH AMERICA
GROWTH IN 2016
+5.3%

EUROPE
GROWTH IN 2016
+7.1%

ASIA-PACIFIC
GROWTH IN 2016
+0.5%
164,000 UNITS

THE NEW AUDI A4

EUROPE’S MARKET LEADER IN ITS PREMIUM SEGMENT
THE AUDI Q7

DOUBLED THE AVERAGE ANNUAL SALES OF ITS PREDECESSOR

HIGHLIGHTS 2016

100,000 UNITS
HIGHLIGHTS 2016

20,000 CARS SOLD IN 2016

+18% SALES VOLUME GROWTH IN 2016
2017
2017

USA: +14.3%
EUROPE: +2.5%
CHINA: -24.0%

GROWTH Jan-Feb
Audi. Reloaded
80% PRODUCT + 20% DIGITAL SERVICES
We drive profitable growth through brand desirability and inspiring customer experiences.
Audi Investor & Analyst Day

Nils Wollny
Digital Business Strategy & Customer Experience
Audi Digital Strategy 2025

Connected
Mobility

Connected
Car

Connected
Retail

Connected
Data

myAudi
myAudi

Connecting to everything that drives you.
Delivering relevant information & inspiration

Social by design to foster dialogues

Open for participation and 3rd party integration

Commerce functionalities for cars, features and accessories

Seamless connection to vehicles and their surroundings

Customer Data & Consent Storage

Personalized Experience Layer
The Pulse
A hyper-individual value stream that is habit-forming

The Beats
Wow-moments – radically adaptive to contextual needs
Connected Retail

myAudi
Customer Private Lounge + Virtual Reality
Welcome, Till Kressin

purchase your dream car online within 15 minutes, without putting down your smartphone.
Audi Matrix-LED Package 1

Choose your favorite payment

- Monthly subscription
  0,00 €
- Annual subscription
  0,00 €
Connected Mobility
Connected Mobility - NEW
Connected Mobility - NEXT

Dealer Integration
Connected Data

myAudi
Digital Performance Dashboard
The flight-deck for data-driven Decisions

Data Marketplace
Audi Investor & Analyst Day

Axel Strotbek
Board Member for Finance & IT
Support program SPEED UP! ensures profitability

SPEED UP!
is the first step of the long-term transformation program

SPEED UP!

Audi 2025

today

2025
Audi revenue
EUR million

2015: 58,420
2016: 59,317

+1.5%

Drivers
- Unit sales
- Currency effects
- Launch of new models/model change
## Selected items of the Income Statement

### EUR million

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of goods sold</td>
<td>49,390</td>
<td>47,043</td>
</tr>
<tr>
<td>Improvement in product costs/productivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion of model and technology portfolio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ramp-up costs for new plant in Mexico</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special items diesel</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Selected items of the Income Statement

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution costs</td>
<td>5,807</td>
<td>5,782</td>
</tr>
<tr>
<td>Lower marketing expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special items diesel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Other operating result</td>
<td>-405</td>
<td>-119</td>
</tr>
<tr>
<td>+ Result of currency hedging transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Special items diesel</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Key earnings figures
**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>3,052</td>
<td>4,836</td>
</tr>
<tr>
<td>Special items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>thereof diesel</td>
<td>1,632</td>
<td>228</td>
</tr>
<tr>
<td>thereof Takata</td>
<td>162</td>
<td>70</td>
</tr>
<tr>
<td>Operating profit adjusted</td>
<td>4,846</td>
<td>5,134</td>
</tr>
<tr>
<td>Operating return on sales adjusted</td>
<td>8.2%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>
Audi has a strong ability to generate funds internally

2016 vs. 2015

2,094
(1,627)

Net cash flow

EUR million


17,232
(16,420)

Net liquidity

EUR million
Clear focus on return!

**SPEED UP!**

- Streamlining products and power units
- Optimizing the use of common parts
- Complexity management
- Digitalizing processes
- Efficiency measures (i.e. development costs, investments)

...
Research and development shifting into future topics
EUR million

Future topics

Conventional model portfolio
(renewal and expansion)

Basics

2015 2016

4,240 4,446

+4.9%
E-Mobility
Launch of 3 fully electric cars by 2020

2018
Audi e-tron

2019
Audi e-tron Sportback

2020
Premium Compact car
Function on Demand – we are expanding our business model

Flexibility

Individuality

Comfort

Matrix LED

AudiPay

Return per customer will be a new performance metric!
Outlook 2017 remains ambitious

- Deliveries of cars of the Audi brand to customers: slight increase
- Revenue: slight increase
- Operating profit/Operating return on sales: within the strategic target corridor of 8 to 10%
- Return on investment (ROI): within a range of 15 to 18%
- Net cash flow: positive, significantly below the previous year level due to diesel
- Ratio of capex: within the strategic target corridor of 5.0 to 5.5%
- Research and development ratio: slightly above the strategic target corridor of 6.0 to 6.5%
Audi 2025 – Clear goals, clear responsibilities and clear measurability

Financial long-term targets are the framework

1. Operating return on sales: 8 – 10%
2. Return on investment: 21%
3. R&D ratio: 6.0 – 6.5%
4. Ratio of capex: 5.0 – 5.5%
5. Positive net cash flow

Projects directly reported to the Board of Management

Agility constitutes an Audi core competence!
Vorsprung remains our promise!
Disclaimer

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Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in China or the USA, will have a corresponding impact on the development of our business.

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