M.M. Warburg Fieldtrip
September 14th, 2017

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Head of Financial Communication/Analysis, AUDI AG
The Audi brand comes from a unique growth story in units during the last 10 years deliveries doubled.

* January to August 2017
Challenges and redirection in China leave a negative impact on deliveries

Audi deliveries to customers in units and percent (YTD 1-8/2017 vs. 1-8/2016)

- Worldwide: 1,202,415 cars (1,235,007), -2.6%
- USA: +5.2%
- Western Europe: +1.5%
- China (incl. Hongkong): -6.6%
Strategic realignment temporarily effects China deliveries but will drive sustainable and profitable local growth in the long run

Audi deliveries to customers in units and percent (YTD 8/2017 vs. 8/2016)

**Short term effects...**

**China**
(incl. Hongkong)

360,225
(385,734)

-6.6%

**vs. long term growth**

Key points of the
10 year growth plan

- expansion of CKD and FBU portfolio
- electric product offensive: 5 electric products within the next 5 years
- paves the way for a second local partner
After strategic realignment Audi continues its growth story in China.

Since June, Audi gains back its leading position in the Chinese premium market.
After strategic realignment Audi continues its growth story in China
Audi slightly increases deliveries in Western Europe

Audi deliveries to customers in units and percent (1-8/2017 vs. 1-8/2016)

Western Europe

- Germany: 210,112 (+0.8%)
- United Kingdom: 109,107 (+1.2%)
- Italy: 45,710 (+9.9%)
- France: 41,628 (+0.0%)
- Spain: 38,470 (+5.3%)

Top 5 markets

- A4: 543,683 (+1.5%)
- Q2: (535,846)
In the US Audi continues its success story with a significant volume growth. Audi deliveries to customers in units and percent (1-8/2017 vs. 1-8/2016):

- **USA**
  - **Q3**: +5.2%
  - **SUV family**: +11.9%
  - **A4 model line**: +14.1%
new A5 family up more than 35%

new Q2 sold more than 60,000 units
Audi Q7 remains a bestseller

more than 67,600 deliveries to customers YTD
Audi makes progress in solving the diesel issue and aims to maintain the future viability of diesel engines

**USA**

**first half 2017**
Settlements with US-authorities & next steps
- determination of measures
- installment of monitor Larry Thompson

**Europe & other markets**

**July/2017**
Retrofit programm
software update of up to 850 tsd. cars of EU5 and EU6 normed V6 and V8 TDI engines

Moreover, we strengthen our **compliance organization** and systematically examine **engine-transmission-combinations** in our portfolio.
Markets  Financials  Outlook
AUDI AG, M.M. Warburg Fieldtrip

*SPEED UP!* drives cost & process optimizations on our *Audi.2025* course

### Strategic goals

**Digitalization**

- e.g. through *SPEED UP!*
  - streamline products and power units
  - optimized use of common parts
  - reduction of complexity
  - efficient and profitable sales processes
  - process digitization

**Sustainability**

**Urbanization**

Audi.2025 aims at a **sustainable, highly profitable business model**

### Optimization of processes & structures

### Transformation of our business model

- 2016
- today
- 2025
Despite declining deliveries revenue remains at the prior year level

EUR million

Revenue

<table>
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<tr>
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<th>1-6/2016</th>
<th>1-6/2017</th>
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<tbody>
<tr>
<td></td>
<td>30,134</td>
<td>30,143</td>
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Drivers

- Volume decline
- Market success of Audi A5 family and Audi Q2
- Growth in North-America and stable development in Western Europe
- Motor business and Original parts business
We achieved good cost relations
EUR million

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<tr>
<th></th>
<th>1-6/2017</th>
<th>1-6/2016</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>30,143</td>
<td>30,134</td>
</tr>
<tr>
<td><strong>Cost of goods sold</strong></td>
<td>24,826</td>
<td>24,431</td>
</tr>
<tr>
<td><strong>Distribution costs</strong></td>
<td>2,583</td>
<td>2,921</td>
</tr>
<tr>
<td><strong>Other operating result</strong></td>
<td>271</td>
<td>–63</td>
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Audi with a strong Net cash flow – even in the light of significant outflows due to the diesel issue

EUR million

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<tbody>
<tr>
<td>Net cash flow</td>
<td>1,879 (2,085)</td>
<td>18,468 (17,150)</td>
</tr>
<tr>
<td>Net liquidity</td>
<td></td>
<td></td>
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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, but significantly below the previous year level due to diesel issue
- **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%
We are keeping a strong focus on our long-term targets

**Strategic goals**

<table>
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<tr>
<th>Digitalization</th>
<th>Sustainability</th>
<th>Urbanization</th>
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Financial long-term targets are the framework

<table>
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<tr>
<th>Operating return on sales</th>
<th>Return on investment</th>
<th>R&amp;D ratio</th>
<th>Ratio of capex</th>
<th>Net cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 – 10%</td>
<td>21%</td>
<td>6.0 – 6.5%</td>
<td>5.0 – 5.5%</td>
<td>positive</td>
</tr>
</tbody>
</table>
Markets  Financials  Outlook
Upcoming product launches will give further impetus for volume growth

**Launched end of 2016/2017**
- Q2
- Q5
- A5
- A8

**Planned in 2018**
- A1
- Q3
- A6
- A7
- Q8
- e-tron

**Planned in 2019**
- Q4
- e-tron Compact car
- e-tron Sportback

...and more to come
Focus areas

Future Powertrain

Piloted Driving

Digital Business Models
Coming up in 2018: Our first fully electric car will be an SUV with a range of more than 500 km.
Together with Porsche we develop the premium electric architecture of the future and also realize best synergies within the VW Group. 30% efficiency through synergies are our competitive advantage. Scale effects through the group.
BEV platforms will allow maximum synergies on the road towards electrification starting from 2022.
Audi g-tron rounds up our alternative drivetrain portfolio and makes carbon-neutral driving possible already today
The new Audi A8 is our next milestone on our path towards fully automated driving

- **2015**
  - Q7 with active cruise control & active lane assist
  - Level 1 Level 2
  - Assisted

- **Now**
  - New A8 features L3 functions
  - Level 3
  - Highly automated

- **Next**
  - Work in progress
  - Level 4
  - Fully automated

- **Future**
  - Solution by
  - Level 5
  - Autonomous

Continuous automation of the driving task
Level 4 & Level 5
use cases

ELAINE & AICON
powered by Audi AI
Technologies for the city of the future

- Piloted parking & driving
- Connected infrastructure
- Swarm intelligence in Internet of Things
- HERE digital maps with real-time reality index

Digital business models
We will gather customers & fans in our digital eco system and create added value for them.

Digital platform

10 million users by 2025 for integrated, connected premium mobility & digital services.
Revolutionary concept in the car industry

Function on demand
Vorsprung remains our promise!
This presentation contains forward-looking statements and information on the business development of the Audi Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast.

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. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen and Chinese renminbi.

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