Lamborghini: the icon of luxury supersports

Sant'Agata Bolognese, 30th May 2018
HSBC Fieldtrip to Lamborghini
Sant‘Agata, May 30th 2018

Alexander Seitz
Board Member for Finance, IT & Integrity, AUDI AG
successful four months 2018

Deliveries Audi Brand

1-4/2017: 578,561
1-4/2018: 624,668

+8.0%
successful four months
2018

Thereof SUV
37% percent
229,164 units
Audi Brand Deliveries 1-4/2018

Q3, Q5, Q7 models
Q-models +15.4%

A5, A4 family

69,156 cars
(64,358)
+7.5%

Record sales: 88 months in a row

Outperform US-market
exceptional situation in Western Europe
1-4/2018

- 271,549 cars (286,059)
- -5.1%

Audi Brand Deliveries

- e-tron
- A1
- A6
- A3
- Q8

>20 models to come in 2018
growth by $>33\%$ in China
1-4/2018

Deliveries

Audi Brand

Premium market share $>25\%$

Q5

A4 L

A6L

202,681 cars
(154,873)

$+33.5\%$
1.2 million deliveries by 2023

- more than double CKD portfolio
- launch of 10 new SUVs
- ~10 electrified models
- expand product range

- JV digital services & mobility
- independent sales company
- expand business model

comprehensive market initiative
Revenue significantly above prior year

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<thead>
<tr>
<th></th>
<th>1-3/2017</th>
<th>1-3/2018</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>14.4</td>
<td>15.3</td>
</tr>
<tr>
<td>Increase</td>
<td>+6.5%</td>
<td></td>
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</tbody>
</table>

Operating profit significantly above prior year

<table>
<thead>
<tr>
<th></th>
<th>1-3/2017</th>
<th>1-3/2018</th>
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</thead>
<tbody>
<tr>
<td>Profit</td>
<td>1.2</td>
<td>1.3</td>
</tr>
<tr>
<td>Increase</td>
<td>+4.5%</td>
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</table>

Net cash flow impressive financial strength

<table>
<thead>
<tr>
<th></th>
<th>1-3/2017</th>
<th>1-3/2018</th>
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<tbody>
<tr>
<td>Flow</td>
<td>1.5</td>
<td>1.9</td>
</tr>
<tr>
<td>Increase</td>
<td>+29.1%</td>
<td></td>
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</tbody>
</table>
more than 20 new models

...and many more to come
Deliveries
Audi brand

Revenue

Outlook 2018

Operating margin
between 8 and 10% prior year level

Slight increase

Net cash flow
between 2.7 and 3.2 billion euros
drives change

Vorsprung durch Technik

The New Premium
Revolutionizing mobility
defines new premium

By 2025, Audi makes upfront expenditure of approx. €40bn. for digital, electric and autonomous mobility

One Digital Platform

E³-Architecture

Digitizing Audi
defines new premium

By 2025, Audi makes upfront expenditure of approx. €40bn. for digital, electric and autonomous mobility

<table>
<thead>
<tr>
<th>One Digital Platform</th>
<th>e-tron/ PHEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>E³-Architecture</td>
<td>MEB/PPE</td>
</tr>
<tr>
<td>Digitizing Audi</td>
<td>Fuel cell</td>
</tr>
</tbody>
</table>
...coming up 2018

pre-orders

>8,000

e-tron
in 2019
high performance EV
defines new premium

By 2025, Audi makes upfront expenditure of approx. €40bn. for digital, electric and autonomous mobility

One Digital Platform

E³-Architecture

Digitizing Audi

e-tron/ PHEV

MEB/PPE

Fuel cell

Aicon

Autonomous Driving

Pop.Up
Audi in 2025

Future topics

- Upfront expenditure of approx. €40 bn. for digital, electric and autonomous mobility by 2025
- Operating profit from new business models of €1 bn.
- Action and Transformation Plan frees up at least €10 bn. by 2022 already
- Securing a margin between 8 and 10% over the long term
Lamborghini: the icon of luxury super sports

Design

Innovation

Informal luxury

Emotion

Perceived quality

Future shapers

Performance

Creators of experiences

“Fun to drive”
“Different from the others”
Agenda

1. Our history
2. Trends, segment, competition
3. Lamborghini today
4. Strategy 2025 and transformation path
Automobili Lamborghini was founded in 1963 by Ferruccio Lamborghini

Ferruccio Lamborghini had a **vision**: the ultimate production sports car.

Nothing in the world matched that vision. So he went and built it himself.
Our history: a tradition of iconic cars

350 GT (1963-1964)

Miura (1966-1972)

Countach LP 400 (1974-1978)

Espada (1968-1978)

LM 002 (1986-1992)

Gallardo (2003-2014)
In the collective imagination, Lamborghini are super sports cars
350 GT
The first Lamborghini, all in aluminium and with V12 engine

Product innovations
- Aluminium body
Miura
The first super sports car ever

Product innovations
• First series car with V12 central transversal engine and integrated gearbox

Miura (1966-1972)
Countach

Technical and style innovation

Product innovations

- Powertrain architecture, excellent mass balance
- Style concept, first car ever with vertically opening doors ("scissor doors")

Countach LP 400 (1974-1978)
Aventador
The first super sports with carbon fibre monocoque and push rod suspensions

Product innovations
• Carbon fibre monocoque, fully developed and produced in-house
• Push rod suspensions

Aventador (2011)
Agenda

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4. Strategy 2025 and transformation path
Mega trends and implications for Lamborghini
The future of our segments: Exclusive Super Sports and Super SUV

**Super sports mega trends**

- **Fast product evolution**
  - Fast time to market
  - Derivatives strategy

- **Performance**
  - Performance and driving emotions
  - Weight-to-power ratio (excellence in light-weight materials)

- **Luxury experience**
  - Inspiring brand experience for customers and prospects

**Implications for Lamborghini**

- Connectivity, differentiating services

**Automotive mega trends**

- **Digitalization**
- **Sustainability**
- **Urbanization**

Driving-assistance features to enhance drivers’ capabilities

30.05.2018
Synthesis of competitive landscape

**BEV**
- BEV technology needs further improvements for super sports car due to weight, battery packaging and performance continuity

**Downsizing, turbo, hybridisation**
- Downsizing and turbo are established trends for regulatory reasons
- Hybridisation is a clear trend for both image and regulatory reasons; so far used in hyper cars as technology demonstrator but expected to widen its adoption

**Modularity**
- Synergies between model lines and Group platforms represent a strong lever of cost reduction and flexibility; product differentiation to be ensured

**Time to market**
- Fast time to market: <4 years for new models, <3 years for derivatives
- Lifecycles with heavy facelifts
Agenda

1. Our history

2. Trends, segment, competition

3. Lamborghini today
   - Product
   - Customer
   - Brand
   - Main figures

4. Strategy 2025 and transformation path
Our product range: 3 product lines, plus derivatives and few off

**Product lines**

- **Aventador S**
  - 740 HP
- **Huracan**
  - 610 HP
- **Urus**
  - 650 HP

**Derivatives**

- **Aventador Roadster**
  - 740 HP
- **Aventador Superveloce**
  - 750 HP
- **Aventador Superveloce Roadster**
  - 750 HP
- **Huracan Spyder**
  - 610 HP
- **Huracan 2WD**
  - 580 HP
- **Huracan 2WD Spyder**
  - 580 HP
- **Huracan Performante**
  - 640 HP
- **Huracan Performante Spyder**
  - 640 HP

**Few off**

- **Centenario roadster**
  - 770 HP

*Market entry: May 2018*
Ad Personam

Fulfilling the needs of our customers of feeling unique

Personalised service to our customers

Enhance the customer experience

Increase the feeling of exclusivity
Few off
New approach to luxury

- Innovate
- Strengthen brand value and exclusivity
- Satisfy customer target super-luxury oriented

<table>
<thead>
<tr>
<th>Model</th>
<th>Year</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reventon Coupe</td>
<td>2007</td>
<td>20</td>
</tr>
<tr>
<td>Reventon Roadster</td>
<td>2009</td>
<td>15</td>
</tr>
<tr>
<td>Sesto Elemento</td>
<td>2010</td>
<td>20</td>
</tr>
<tr>
<td>Veneno Coupe</td>
<td>2013</td>
<td>3</td>
</tr>
<tr>
<td>Veneno Roadster</td>
<td>2013</td>
<td>9</td>
</tr>
<tr>
<td>Centenario Coupe</td>
<td>2016</td>
<td>20</td>
</tr>
<tr>
<td>Centenario Roadster</td>
<td>2016</td>
<td>20</td>
</tr>
</tbody>
</table>

Suggested retail price w/o tax between 1 and 3 M. €
One off

The pinnacle of individualisation

Letting the most loyal customers design their own Lamborghini

Aventador J, 2012
Agenda

1. Our history

2. Trends, segment, competition

3. Lamborghini today
   - Product
   - Customer
   - Brand
   - Main figures

4. Strategy 2025 and transformation path
# Aventador & Huracan Customer Profile

<table>
<thead>
<tr>
<th><strong>WHO</strong></th>
<th><strong>AVENTADOR</strong></th>
<th><strong>HURACAN</strong></th>
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<tbody>
<tr>
<td><strong>LYIFESTYLE ORIENTED CUSTOMERS</strong></td>
<td>Looking for:</td>
<td><strong>SPORTSCAR CUSTOMERS</strong></td>
</tr>
<tr>
<td>✓ Comfortable &amp; roominess for weekend trips</td>
<td>✓ Driving emotions</td>
<td>✓ Performance</td>
</tr>
<tr>
<td>✓ High care of luxury details</td>
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<table>
<thead>
<tr>
<th><strong>REASONS TO BUY</strong></th>
<th><strong>DESIGN FOCUS</strong></th>
<th><strong>DRIVING EMOTIONS FOCUS</strong></th>
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<tbody>
<tr>
<td>1. Design</td>
<td>1. Design</td>
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<tr>
<td>2. Exclusivity</td>
<td>2. Driving Emotions (incl. sound)</td>
<td></td>
</tr>
<tr>
<td>3. Driving Emotions (incl. sound)</td>
<td>3. Performance</td>
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<table>
<thead>
<tr>
<th><strong>EXPECTED IMPROVEMENTS</strong></th>
<th><strong>WHAT CUSTOMERS LOOKING FOR</strong></th>
<th><strong>Source:</strong> Lamborghini Product Survey 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Focus on LUXURY design</td>
<td><strong>THE MOST REFINED AND LUXURIOUS</strong></td>
<td></td>
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<tr>
<td>+ Driving COMFORT oriented</td>
<td>SUPERSPORTSCAR</td>
<td></td>
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<tr>
<td>+ ENTERTAINMENT &amp; TECHNOLOGY</td>
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<td></td>
<td><strong>PURE PERFORMANCE</strong> SUPERSPORTSCAR</td>
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**30.05.2018**

39
Agenda

1. Our history
2. Trends, segment, competition
3. Lamborghini today
   - Product
   - Customer
   - Brand
   - Main figures
4. Strategy 2025 and transformation path
5. Wrap-up
Other relevant activities for Automobili Lamborghini

**Motorsport**

**Supertrofeo**
- The most successful one-make series with **four Championships Worldwide**: Europe, North America, Asia and Middle East
- **Ninety cars** in fleet, all sold to customer racing teams

**GT3**
- All cars sold to customer racing teams
- 5 victories in 2018 so far:
  - **Daytona 24h** (IMSA)
  - **Sebring 12h** (IMSA)
  - Oulton Park (British GT)
  - Zolder (Blancpain Sprint Series)
  - Oschersleben (ADAC GT Master)

**Brand**

Lamborghini Lounge
- Lifestyle experience for our guests

Collezione
- Licensing and apparel

Events & driving experience
- Exclusive events to promote our Brand
Agenda

1. Our history

2. Trends, segment, competition

3. Lamborghini today
   • Product
   • Customer
   • Brand
   • Main figures

4. Strategy 2025 and transformation path
Sales
Increasing volumes in a stable market

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Total car market</th>
<th>ESS</th>
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<tbody>
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<tr>
<td>2017</td>
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CAGR\(^1\)

\(^1\) Compounded Annual Growth Rate

30.05.2018
Geographical footprint
Balanced sales and dealer presence

Sales

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>APAC</td>
<td>26%</td>
</tr>
<tr>
<td>EMEA</td>
<td>39%</td>
</tr>
<tr>
<td>Americas</td>
<td>35%</td>
</tr>
</tbody>
</table>

Dealer coverage

- America: 42 dealers
- EMEA: 60 dealers
- APAC: 43 dealers

[units]

<table>
<thead>
<tr>
<th>Country</th>
<th>Units</th>
</tr>
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<tbody>
<tr>
<td>USA</td>
<td>1,095</td>
</tr>
<tr>
<td>Japan</td>
<td>411</td>
</tr>
<tr>
<td>UK</td>
<td>353</td>
</tr>
<tr>
<td>Germany</td>
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<tr>
<td>Canada</td>
<td>211</td>
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<tr>
<td>China</td>
<td>185</td>
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<tr>
<td>Middle East</td>
<td>164</td>
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<tr>
<td>Australia</td>
<td>131</td>
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<tr>
<td>France &amp; MC</td>
<td>127</td>
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<tr>
<td>Italy</td>
<td>119</td>
</tr>
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</table>

30.05.2018
Constant growth of turnover

Turnover [M. €]

CAGR +19%

Growth in 2018 vs. 2017 above CAGR

* forecast

30.05.2018
Significant investments in our site
Plant extension and CO₂ neutrality

First plant
10,000 m²

1963 - 64-65...

Carbon Fibre

2010

PSC-Protoshop
and Carbon Fibre
extension

2011

Logistic centre

2012

New Huracan
production line

2013

New plant
New logistic centre
New offices
New paintshop

80,000 m²

2014

160,000 m²

2015

2018

CO₂ NEUTRAL

30.05.2018
Agenda

1. Our history
2. Trends, segment, competition
3. Lamborghini today
4. Strategy 2025 and transformation path
Strategy 2025

Our new strategy 2025 is based on an aspirational vision and on two core elements that define how to get there

Vision
Why Lamborghini exists, which is our promise

Mission
How do we support our vision

Enablers
With significant impact

Targets
Our measurable goals
Breakthrough products
Main pillars of Lamborghini product strategy

1. Shift to Hybridization
   - Upgrade to new regulatory and technical trends
     - Sportscar PHEV from next generation
     - SSUV derivate PHEV

2. Volume increase
   - Heavy face-lift introduction in Lamborghini product portfolio
     - Life-cycle elongation
     - New car perception in 2nd lifecycle

3. Synergies in super sports car
   - Modularity of heavy items and Group plaftorms in new supersports cars portfolio
     - Cost efficiency
     - Product development optimization
Inspiring brand experience

Brand pillars

INFORMAL
LUXURY

FUTURE
SHAPERS

DESIGNERS
OF EXPERIENCES

12.8M Followers  1.7M Followers  12.6M Fans  0.6M Subscribers
Factory 4.0

Manifattura Lamborghini: a step-change improvement, always with the person at the centre of our activities

**Ambition**
Step-change improvement in efficiency, flexibility, quality and work conditions in manufacturing through extensive use of digital innovations

**Concept**
For new Urus assembly line: Manufacturing Execution System, Automated Guided Vehicles (AGV) and modular montage, collaborative robots, continuous end of line, virtual reality, sustainable plant

**Status**
Plant running, Urus in ramp-up
Digitalization

Connected car as an important enabler for breakthrough products

**Ambition**
- To deliver “in best class” and differentiating connectivity services in and out of the car
- To offer a digital, personalized, seamless, luxury experience valuable to the customer

**Ongoing projects**
- Smartphone mirroring
- Connected in-car experience
- Connected vehicle services
- Unique Lamborghini APP for our customers

**Next steps**
- Luxury and innovative customer-centric services to enhance brand, driving and ownership experience
Transformation path
Sustainable growth and double-digit profitability will be ensured through a set of actions organized in three phases

Phase I
New level with Urus
Game changer: introduce 3rd Model line

Phase II
Smart growth by derivatives
Urus derivatives
Smart lifecycle management

Phase III
Lamborghini next generation

Improve profitability
Transformation path
Urus as a game changer: the first Super Sports Utility Vehicle

**HEADQUARTER**
- Sustainable growth
- Right scale
- Increased profits

**SALES & MARKETING, AFTER SALES**
- Doubled volumes
- Enlarged customer base
- Brand visibility
- After sales’ turnover

**DEALERS**
- Improved Dealer operation standards
- Dedication to the Brand
- Improved Dealer profitability
Transformation path
Lamborghini Plant Expansion
Transformation path

Dealer network: solid base and growth in all regions

Dealer Network Development

+23 (in: 54 / out: 31) +20

<table>
<thead>
<tr>
<th>Year</th>
<th>Dealers</th>
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<tbody>
<tr>
<td>2012</td>
<td>122</td>
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<tr>
<td>2013</td>
<td>129</td>
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<tr>
<td>2014</td>
<td>130</td>
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<td>2015</td>
<td>132</td>
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<td>2016</td>
<td>136</td>
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<tr>
<td>2017</td>
<td>145</td>
</tr>
<tr>
<td>2018</td>
<td>155</td>
</tr>
<tr>
<td>2019</td>
<td>165</td>
</tr>
</tbody>
</table>

Milano

Bristol

Yokohama

30.05.2018
Transformation path
Sustainable growth and double-digit profitability will be ensured through a set of actions organized in three phases.

Phase I
New level with Urus
Game changer: introduce 3rd Model line

Phase II
Smart growth by derivatives
Urus derivatives
Smart lifecycle management

Phase III
Lamborghini next generation

2018-2019
2020-2021
2022-2025

Improve profitability
Lamborghini next level
Main drivers of profitability improvement

**Business development**
- Implementation of derivatives
- Brand leverage mainly through Licensing and Sponsorship

**Product marginality**
- Product costs optimization in next generation of super sports mainly thanks to a **modular approach** with common parts

**Efficiency program**
- Efficiency program at Company level focusing on corporate agility, profitability and sales performance
Transformation path
Growth planned to continue in the medium term

- **New level with Aventador and Huracan**
  - CAGR +18%
  - 2012: 2,121
  - 2013: 2,530
  - 2014: 3,245
  - 2015: 3,457
  - 2016: 3,815

- **Continuous growth**
  - 2018: >5,000

- **Next level of growth**
  - New level with Urus
  - Smart growth by derivatives

- **Next generation**
  - 2025: 10,000
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