Audi
Communications

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Finance and Organization

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-Check against delivery-

Ladies and Gentlemen,

I also would like to welcome you cordially to the 125th Annual General Meeting of AUDI AG. As Professor Stadler has already explained, the Audi Group can look back on a successful year 2013. We not only significantly surpassed our strategic volume target two years earlier than planned. We also performed well in financial terms, and continued along our path of profitable growth. I would now like to give you an overview of the development of the key financial metrics.

I will start with the key figures of the income statement. In the past financial year, we increased the revenue of the Audi Group to 49.9 billion euros – mainly due to the strong demand for the new models of our A3* premium compact series. Compared with the high level of the previous year, this represents growth of 2.3 percent, despite negative currency effects.

Since July 2012, the revenue of the Audi Group also includes the revenue of the Ducati Group. In 2013, the motorcycles segment achieved total revenue of about 570 million euros.
The Audi Group's cost of sales amounted to about 40.7 billion euros last year. The increase of 4.2 percent is due not only to the expansion of our production volume, but in particular also to the expansion of our international manufacturing structures.

* 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 Speech.

When we compare the development of cost of sales with the increase in revenue adjusted for currency effects, we have a nearly proportional picture. Gross profit of 9.2 billion euros in 2013 was below the high prior-year figure; the gross return on sales was 18.4 percent.
The Audi Group's distribution costs of 4.6 billion euros were only slightly above the prior-year level, despite the dynamic growth. Administrative expenses increased to approximately 570 million euros in 2013.
In addition to the general growth of the Audi Group, the increase of 7.5 percent is mainly the result of consolidation effects. Other operating result increased to about 1 billion euros in 2013. The significant increase compared with the previous year primarily reflects the improved gains on the settlement of currency hedging transactions. In total, we achieved an operating profit of 5.0 billion euros.

As well as the higher intensity of competition, the development of earnings in the 2013 financial year largely reflects our efforts to continue the focus of the Audi Group on global growth and the requirements of the future! In this context, the significant advance expenditure that we have made for future topics was the biggest factor with a negative impact on earnings in the year 2013.

The expansion of our international manufacturing capacities was one focus of our investments. We have expanded the Hungarian site in Győr into an automobile plant with a full process chain. And with our new plant in Mexico, we are strengthening our successful growth path in the North American market. In the first step, the Audi Q5* successor generation will get off the assembly lines there as of 2016.

In addition to higher depreciation due to the larger investment volume, the decrease in earnings was caused by increased expenditure for research and development: For example, we worked intensively on the long-term structure of our model portfolio – especially against the backdrop of stricter CO_2 regulations worldwide.
In addition to the continuous optimization of combustion engines, our efforts focused above all on the increasing electrification of our product range. At the same time, our earnings performance was affected by the aforementioned intensity of competition in some key markets; because we clearly felt the resulting pressure on prices, especially in China and Western Europe. Two other factors with negative impacts on earnings were exchange-rate

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effects and mix effects – especially due to falling demand in the markets of Western Europe affected by the sovereign-debt crisis.

Now let’s turn to the drivers of earnings: The significant growth of our unit sales was the biggest positive effect on our operating profit: We benefited on the one hand from the dynamic growth of the Audi brand’s unit sales in the premium compact segment. Dynamic growth rates were achieved above all by the new models of the A3 family*, such as the A3 Sportback* and the A3 Sedan*. On the other hand, we had significant sales impetus from our SUV models: the Q3*, Q5* and Q7*.

Furthermore, we were able to further optimize our product costs once again last year. The resulting positive impact on earnings of approximately 400 million euros is mainly the reflection of improved procurement and the consistent focus of our processes on efficient procedures and methods.

In addition, I would like to inform you about the earnings development of the “Motorcycles” segment: In the context of purchase-price allocation, in accordance with the provisions of IFRS, acquired assets are to be revaluated and systematically depreciated. With consideration of this one-off effect, the operating profit of the Ducati brand amounted to 33 million euros. Adjusted for this effect, operating profit amounted to 59 million euros.

The Audi Group’s financial income in 2013 of 293 million euros was significantly lower than the high level of the previous year. This primarily reflects changes in the fair values of derivative financial instruments. Furthermore, due to the ongoing very low level of market interest rates, we achieved only a low return on the investment of liquid funds. On the other hand, income from investments developed positively, driven in particular by our Chinese joint venture. So the Audi Group’s profit before taxes amounted to a total of 5.3 billion euros.

Ladies and gentlemen,

the strong profitability of the Audi Group is also reflected by the main return figures. So in 2013, despite the challenging market environment, we achieved an operating return on sales of 10.1 percent, and were thus once again above our strategic target corridor of eight to ten

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percent. This means that also in the past financial year, the Audi Group was one of the most profitable manufacturers in the premium segment. The development of our return on sales before taxes was no less successful at 10.7 percent.
Another crucial metric is our return on investment, that is, the rate of return on the average amount of capital invested. This amounted to 26.4 percent in 2013, and is thus also evidence of the quality of our growth path.

Ladies and gentlemen,

let me now turn to the development of our key balance sheet items. The Audi Group’s balance sheet total of 45.2 billion euros at the end of the 2013 financial year was 11.8 percent higher than a year earlier. The increase in non-current assets to approximately 20 billion euros mainly reflects increased property, plant and equipment as a consequence of our increased investment activity. Current assets increased in 2013 by 12.8 percent to 25.2 billion euros.

That significant growth is primarily due to the increase in cash and cash equivalents as well as the increase in receivables caused by the positive business development.
On the other side of the balance sheet, liabilities increased by about 1.3 billion euros to 26.6 billion euros, mainly because of higher trade payables. At the balance sheet date, the Audi Group’s equity increased by approximately 3.5 billion euros to 18.6 billion euros. This mainly reflects the capital contribution from Volkswagen AG of 1.9 billion euros.

Another factor strengthening the equity capital base was the allocation to retained earnings of the 0.8 billion euros of net profit that remained after the profit transfer. The Audi Group’s equity ratio thus improved – despite the increased balance sheet total – by 3.7 percentage points to 41.1 percent.

I now turn to selected items of our cash flow statement. In the past financial year, we increased the cash flow from operating activities to 6.8 billion euros. As a result of the aforementioned extensive advance expenditure, the cash outflow for operating investments increased by about 10 percent to 3.6 billion euros.

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I would like to point out that we financed all investments in the expansion of our international sites as well as in new models and technologies fully from our own resources once again last year. In 2013, we generated a net cash inflow of just over 3.2 billion euros, which is 10.9 percent higher than the high level of the previous year, despite high investments. Net liquidity thus increased to 14.7 billion euros at the end of the year.

Ladies and gentlemen,

the 2013 financial year featured challenging economic conditions in many markets.
In this environment, the Audi Group defended its strong market positioning in the competitive global premium segment and continued along its path of qualitative growth.

And we intend to continue our qualitative growth this year as well. With sales in the first quarter of 413,000 automobiles of the Audi brand, we surpassed the high level of deliveries of the prior-year period by 11.7 percent. We increased our revenue accordingly to nearly 13 billion euros in the first quarter. We maintained our operating profit at the high level of 1.3 billion euros, despite the continuation of costly advance expenditure for the expansion of our international manufacturing structures and to expand our model and technology portfolio. The bottom line is that we achieved an operating return on sales of 10.1 percent.

We now come to the outlook for full-year 2014.

Ladies and gentlemen,

although we anticipate declining growth dynamism for the global automobile market, we plan to increase deliveries significantly once again in 2014 thanks to our attractive model range. And we have similarly ambitious growth targets also for the motorcycle segment.
As a result, we intend to further increase the revenue of the Audi Group – for the first time in the company's history – to more than 50 billion euros.

We will continue the systematic expansion of our production network. In addition to the new plants in Hungary, Mexico and Brazil, we are also continuing our high levels of investment at our German sites in Ingolstadt and Neckarsulm. At the same time, we are increasing the

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tempo of investment in new models and technologies. We plan a bandwidth of 5 to 5.5 percent for our rate of investment in property, plant and machinery.
Despite this intensive advance expenditure in the future of our company, we plan to achieve an operating return on sales within our strategic target corridor of eight to ten percent. With this robust level of profitability, we will also lay the foundations for further profitable growth in the coming years.

At the end of last year, we approved the biggest single investment program in our company's history. We did that deliberately – despite the great challenges. By 2018, we plan to invest a total of approximately 22 billion euros, with a clear focus on innovations and technologies. With our second model initiative, we are setting the course on our way to becoming the globally leading brand in the segment of premium automobiles.

In concluding my speech, allow me to refer briefly to our Annual Report 2013. You all received a copy of it at the information desk today, together with the documents on the Annual General Meeting. In addition to the printed Annual Report in the languages German, English and Chinese, we also offer you once again this year a multimedia experience for various devices with interesting audio and video features.

– End –

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Fuel consumption figures of the models named above

Audi A3:
Combined fuel consumption in l/100 km: 7.1 - 3.2
Combined CO_2 emissions in g/km: 165 - 85

Audi A3 Sportback:
Combined fuel consumption in l/100 km: 7 - 3.3
Combined CO_2 emissions in g/km: 162 - 88

Audi A3 Sedan:
Combined fuel consumption in l/100 km: 7 - 3.3
Combined CO_2 emissions in g/km: 162 - 88

Audi Q3
Combined fuel consumption in l/100 km: 8.8 - 5.2
Combined CO_2 emissions in g/km: 206 - 137

Audi Q5:
Combined fuel consumption in l/100 km: 8.5 - 4.9
Combined CO_2 emissions in g/km: 199 - 129

Audi Q7:
Combined fuel consumption in l/100 km: 10.7 - 7.2
Combined CO_2 emissions in g/km: 249 - 189

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