Rupert Stadler

Speech (Outlook)

126. Annual General Meeting

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Speech at the
126. Annual General Meeting AUDI AG

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Outlook

-Check against delivery-

Thank you, Axel Strotbek, for your summary of financial year 2014.

Ladies and gentlemen,
that brings us to 2015 – the year of the next stage of our model initiative. We will present twelve new Audi models this year; the three most important of them are: the new Audi Q7, the new Audi R8 as the sporty spearhead of our brand and our top seller, the new Audi A4. You have already been able to admire the new Q7 and R8 at the entrance. Both of them make a strong statement. Both of them stand for sportiness and top premium quality. And both of them underscore our claim to leadership.

We have produced more than 540,000 of the first-generation Q7. The new Audi Q7 is more than a worthy successor. It’s the lightest vehicle in its segment. By means of intelligent lightweight construction, we have reduced its weight compared with the predecessor by up to 325 kilograms, depending on equipment levels. It’s best in class also in terms of fuel consumption and emissions: As a diesel plug-in hybrid, the new Q7 consumes just 1.7 liters per 100 kilometers – that’s less than 50 grams of CO₂ per kilometer. At the same time, the new Q7 offers top performance: from 0 to 100 km/h in just over 6 seconds.

Finally: None of its competitors has as many infotainment features and assistance systems on board as the new Q7: new driver assistance for evasive maneuvers, for reversing with a trailer, for braking and starting in traffic jams and for anticipatory driving. In the area of infotainment, the Audi virtual cockpit is the benchmark. The second new model to be presented is the new Audi R8. Each of you today will take one home with you in dynamite red. On a scale of 1:43. This is a model that looks good also in miniature.

The R8 had its world premiere at the Geneva Motor Show in March, and comes with racing DNA. The V10 mid-mounted engine and a newly developed quattro drive system ensure sporty performance. In the top version – the Audi R8 V10 plus with 610 horsepower* – it has incredible acceleration from 0 to 100 km/h in just 3.2 seconds and a top speed of 330 km/h – that’s a high-performance sports car. The R8 is now available also in its racing version right from the start: The new R8 LMS debuted in the 24-hour race at the Nürburgring last weekend. The Audi customer sport team from Belgium took first place – making our GT3 racing car an endurance champ.

* 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.
The new R8 is an impressive and beautiful car, produced by our Audi employees in a separate factory here in Neckarsulm. Not for nothing is design the main reason to buy. At the auto shows in Los Angeles, Geneva and Shanghai, we therefore let visitors have a look at the Audi design of the future. With the Audi prologue, we are providing a glimpse of the large and full-sized premium automobiles of tomorrow.

This concept car was the first model by our new Head Designer Marc Lichte. And it received a thoroughly positive response. Meanwhile, there are three members of the family: The prologue was presented as a sedan in Los Angeles, as an Avant in Geneva this March and as an allroad version four weeks ago in Shanghai. In addition to a fascinating exterior design, the Audi prologue also offers absolutely new features in the interior: The architecture blends with the operating concept into a single unit.

As soon as they get in, the Audi prologue receives its passengers with discreet politeness. The “Butler” – our name for the innovative intelligent software – identifies them from their smartphones and adjusts the seats and air-conditioning according to their preferences. The system also makes suggestions for music and route planning in line with the driver’s usual habits.

This brings us into the middle of two great future topics for our industry: Digitalization and connectivity. The virtual and real worlds are merging. Our premium response to this trend is: We create added value for our customers in both worlds. We reduce complexity and enhance user friendliness.

We optimize our service and create new service offerings. And we are creating a unique world of experience – real and digital. The best example is our new Audi City: In the digital showroom, our customers experience the diversity of the entire model range on a powerwall. And they can do that in the middle of metropolises like London, Beijing and Berlin. As of this year, we are also bringing these digital elements to our dealerships. Digital presentation has advantages for both sides: Customers see the car they would like in advance, exactly as they have configured it. Dealers save space and money and can show all the models.

The Audi virtual reality experience is a new, very special set of glasses. They allow our customers to see their individually configured Audi in three dimensions – as if it were already standing in front of them. And we have just started Audi connect easy delivery: a pilot project whereby our customers can have parcels delivered to their Audi. The DHL courier knows where the Audi is and can open the truck once to place the parcel inside it. So you see: The possibilities of digital connectivity are very diverse. In the future, you will be able to manage your life and your work from your driving seat. That’s why we say: “The car gets bigger than the car.” While you are managing your world, your car will be driving itself. That’s our vision of piloted driving.

This vision will become reality the year after next – already in 2017. Our mission is to create added value for our customers in a digitally connected automobile. Because all of this might sound very abstract and far away at the moment, here are a few concrete examples of what it’s all good for. More than 90 percent of all accidents occur due to human error. Sensors, software and computers reduce that risk significantly: They cannot be easily distracted from their tasks. They don’t get tired. And they always react calmly and rationally, even in tight situations.

In mid-April, German Transport Minister Dobrindt experienced piloted driving in an Audi at 130 km/h. He traveled approximately 70 kilometers on the autobahn – without any hands on the steering wheel. And at
the beginning of this year, auto journalists in the United States traveled more than 900 kilometers with us in piloted mode – from Silicon Valley in California to Las Vegas in Nevada. With this journey, the A7 nicknamed “Jack” set a new world record. Before him, his brother “Bobby” lapped the Hockenheimring racetrack without any driver at all. At up to 240 km/h, he mastered all of the curves absolutely smoothly and safely. That was, and still is, the sportiest piloted drive of all time. With all of this, we have underscored our technological leadership. Piloted driving does not mean completely giving up control of the car. And piloted driving does not mean less driving pleasure. Piloted driving means: fewer accidents, less time wasted in stop-and-go traffic because you can take care of other tasks, and lower emissions because the computer drives in an extremely anticipatory manner. In brief: It ensures more safety, more comfort and more efficiency.

The Audi Q7 already has a traffic-jam assistant on board for speeds up to 65 km/h. The autonomous traffic-jam pilot for autobahns is the next step as of 2017. In the coming decade, we will master even more traffic situations and even higher speeds in piloted mode also in series-produced cars. We will make all of the technologies the digital revolution offers usable for the city of the future. The day before yesterday, we hosted EU and German federal politicians in Berlin. We showed them what technology we can contribute to make our cities more relaxed, greener, and generally better to live in. That requires interfaces between the city, infrastructure and transport. Most of today’s transport management systems are not yet designed for full connectivity. And we know that 75 percent of the urban infrastructure of the year 2050 has not yet been built. This is a great opportunity. We will only have intelligent cities tomorrow when we take the appropriate steps today. That also includes investments and bold pilot projects.

Ladies and gentlemen,
we at Audi see the automobile as part of the solution for future issues. Technology is never an end in itself. Technology changes our lives by making them simpler for us. The role of artificial intelligence for German industry and for our sector will increase enormously by 2030. In 2014, just seven percent of devices were connected with each other worldwide. In five years, that will rise to 25 percent – which means 50 million intelligent objects with sensors and interfaces. That will create collective knowledge – swarm intelligence affecting all areas of our lives.

We at Audi will utilize all advantages for our customers from “Vorsprung durch Technik” also in this area. That applies to our products as well as to the way we produce them. The intelligent factory will digitally connect all processes. Robots assist our team in production. They work hand in hand with our Audi employees. In logistics, we are the first industrial company to test driverless transport robots. They move our cars fully automatically, temporarily park them, and then sort them and place them into position for loading onto trains.

The human being is always at the center of all this: We support our employees with physically strenuous work and improve the ergonomics of our workplaces. And with this kind of high-performance production, we give our customers even more flexibility – and thus more options for their chosen car. At the same time, the intelligent factory allows a high degree of resource efficiency – another contribution to more sustainability. In our new Dialogs magazine that we have given you today, you will find out many details of the “smart factory” – our vision for the factory of the future.
With regard to saving resources, our ambition extends to the smallest detail: We fight for every liter of water and every kilowatt of electricity that we can reduce in production, for every gram in lightweight construction and for every drop of fuel. Our racing cars in Le Mans show you how we have already put this principle into practice. In the past eight years, we have halved the number of cylinders in our diesel racing engines and reduced their displacement by one third. We have increased their performance by 72 percent while reducing their fuel consumption by 38 percent. Efficient with engines, successful at the finishing line. We have entered the 24 Hours of Le Mans 16 times, and we have won it 13 times. And we have always applied pioneering technology: The first victory by a diesel racing car in 2006. The first victory by a hybrid sports car in 2012. Since then, the Audi R18 e-tron quattro has been unbeaten at Le Mans.

We get more output from less input. That’s the Audi ultra formula, our credo for sustainable success. But it’s about more. It’s about our most important race – metaphorically speaking. It’s about how we take responsibility and keep our planet a place worth living for future generations. We have established and live up to the principle of sustainability throughout the company. We do this in the conviction that success and sustainability are mutually dependent. A company that isn’t successful cannot invest in sustainability. And a company that does not invest substantially in sustainability will not remain successful.

We apply the Audi ultra success formula on the road as well. There, ultra is our label for the most efficient combustion-engine versions of each model series. In Europe, every third A6 customer decided in favor of the ultra version in 2014. The ultra models are a step along the way into CO₂-neutral mobility. Each of our drive concepts works towards this goal: whether high-tech combustion engines like TFSI, TDI and natural gas, whether plug-in-hybrids or pure electric cars – both of which we call e-tron, or fuel cells.

The crucial thing for the future of alternative drive systems is: What has the biggest chances of success in the market. In the medium term, that’s certainly the A3 e-tron* or the Q7 e-tron and the planned next plug-in hybrids: A6, A7 and A8. In the long term, we as a high-tech brand will raise electric mobility to a new level. For the next electric car alongside the R8 e-tron, we have set a target range of more than 500 kilometers. That will allow you to drive from here in Neckarsulm non-stop to Brussels. This is the level of technological maturity we mean when we talk about electric mobility with every-day practicality. Close to the customer, without any compromises.

Customers buy what they see as the best solution: At the end of the day, that’s what decides the competition between concepts. On the way to more efficiency and less CO₂, we have already achieved a lot: By spending billions of euros on innovations, we automobile manufacturers in Germany have reduced the average CO₂ emissions of our new-car fleets by more than 30 percent in just two decades. Nonetheless, we do everything possible to: develop ever more efficient drive systems, produce ever lighter cars and to operate ever more sustainably. You can read about how far we have progressed in this direction in our Sustainability Report.

Ladies and gentlemen, we have big plans in 2015 for our global growth path: We aim – as you would expect from us – to achieve new records. We intend to continue growing this year as well – faster than the world market and in all regions. This year has started well. Our brand is popular all over the world: So in the first five months of 2015 alone, our plants in Neckarsulm and Ingolstadt will have worked 34 additional shifts. In the next five years, we will expand our product range from the present 52 to about 60 models.
Audi is the world’s leading brand for premium SUVs. And we are continuing the success story of our Q models: The Audi Q1 will be the new entry-level model among our SUVs as of 2016. In the large luxury segment, we will make an impact with a sporty Q derivative: with the Audi Q8. And we are developing an electric vehicle also in the Q series to be ready by 2018 – a sporty SUV with a very emotive design and a range of more than 500 kilometers. The claim to uniqueness can be found in every single one of our products – throughout the Audi Group.

Ducati has set a new benchmark for high-performance sports bikes with the 1299 Panigale. Another highlight from Bologna is the Scrambler: the premium entry-level bike with cult status for young motorcycle fans and Ducati’s entry into a new market segment. Lamborghini is making more headlines with the Huracán*. In Geneva, the Aventador Superveloce* debuted – another high-class automobile from Sant’Agata Bolognese.

Ladies and gentlemen,
2015 will not be easy for the whole of our industry. But we at Audi continue to pursue our tasks with determination. What can be achieved when one pursues a goal determinedly can be seen from our market success in China. Round about now, we will be delivering the three-millionth Audi in China. We are very proud of this jubilee; because it is confirmation of our commitment to that market – for more than a quarter century now. Our goal is to understand the market and its people. We use that understanding to develop country-specific solutions for our biggest single market. That’s why we’ve had a Research & Development Center in Beijing since 2013. And that’s why we have trend scouts there.

We are now taking our next big step in China. We are cooperating intensively with the online company Baidu: On precise navigation – with digital maps of China and new algorithms for geo-positioning. And on the integration of smartphones into the car – with the Baidu CarLife platform, which enables you to operate popular smartphones conveniently and safely in the car. Also in this field, we are a pioneer once again.

Planning ahead and acting with determination and endurance – that’s our recipe for success also in motorsport. Tomorrow in three weeks will see the start of this year’s 24 Hours of Le Mans. And to paraphrase John F. Kennedy, I say: Not because it’s easy, but exactly because it’s hard to do; that’s why we want to win.

We shape the future of mobility. Our mission is the highly connected, extremely efficient, powerful automobile. The challenge we welcome exists not because the task is easy, but because it is difficult. That’s our motivation at Audi!

Thank you.

– End –
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 Sportback e-tron:**
Combined fuel consumption in l/100 km: 1.7 – 1.5;
Combined power consumption in kWh/km: 12.4 – 11.4;
Combined CO₂ emissions in g/km: 39 – 35

**Audi R8 V10 plus:**
Combined fuel consumption in l/100 km: 12.3
Combined CO₂ emissions in g/km: 287

**Lamborghini Huracán:**
Combined fuel consumption in l/100 km: 12.5
Combined CO₂ emissions in g/km: 290

**Lamborghini Aventador Superveloce:**
Combined fuel consumption in l/100 km: 16.0
Combined CO₂ emissions in g/km: 370