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Ladies and Gentlemen,
Dear Shareholders,

I too would like to welcome you to the 127th Annual General Meeting of AUDI AG in Ingolstadt.

In 2015, we were confronted with challenging circumstances in car markets worldwide, including the slowdown of China’s economy, more intense competition in a number of core markets and the diesel issue in the VW Group.

Given these conditions, our 1.8 million deliveries to customers of the Audi brand represent not only a new sales record – but also fresh proof of the strength of the Audi brand. We have launched the biggest investment program in our company’s history and are in the midst of a far-reaching model initiative. We are focusing intense efforts on important future technologies as well as on expanding our worldwide production network.

In this context, the Audi Group put in a solid performance in financial terms as well in 2015. I would now like to provide you with a detailed overview of our key financial performance measures – starting with the Income Statement.

The Audi Group also set a new record for revenue in 2015, with a total of EUR 58 billion. That figure is up 8.6 percent on the previous year. The main revenue drivers were the healthy sales performance of the Audi brand worldwide, together with positive exchange rate effects.
In terms of deliveries, the North America region achieved a notable performance with growth of 11 percent. In Western Europe, we led the market with a sales increase of 6 percent overall. Despite the economic upheaval, we succeeded in defending our market position in China, with deliveries matching the previous year’s level. China remains our most significant single market and still offers good growth prospects.

In 2015, demand was especially vigorous for our SUV models, the redesigned A6 car line and the A3 family. The launches of the new-generation A4 and Q7 also provided important impetus within our broad-based product initiative.

The Ducati brand established a new revenue record in the Motorcycles segment of EUR 702 million.

Now let’s delve deeper into the Income Statement, which clearly demonstrates the growth trajectory of the Audi Group: There was a growth-led increase of around 6 percent in the cost of goods sold, taking the total to EUR 47 billion. Audi Group gross profit climbed to EUR 11.4 billion. Also driven by growth, our distribution costs rose to EUR 5.8 billion.

The main reasons for this development were the higher volume of deliveries and upfront spending in preparation for the market launch of new models. Higher marketing costs – primarily due to the market situation, increasingly intense competition and the large number of model changes, including that of the Audi A4 – and exchange rate factors also had an impact on our distribution costs.

Administrative expenses went up by EUR 53 million to EUR 640 million. This also includes personnel costs for our new plant in Mexico. We are providing intensive training and qualification measures for our new colleagues there in preparation for the production start of the new Audi Q5.

The other operating result came to minus EUR 119 million for 2015. As in previous years, this reflects the impact of currency hedging. In 2015, this position was dominated by significantly higher expenditure for the settlement of foreign currency hedges. Together with the influence of positive exchange rate factors on revenue I mentioned earlier, we nevertheless benefited on the whole from exchange rate effects.

The bottom line is that the Audi Group achieved an operating profit of EUR 4.84 billion – around 6 percent down on the previous year. Let me say a few words about this:

As a consequence of the diesel issue, there was a non-recurring cost affecting income of EUR 228 million in the past fiscal year. This covers financial expenditure for technical solutions, legal risks as well as measures directed specifically at our customers and the dealers.

A few weeks ago, we also announced the precautionary recall in North America of vehicles fitted with driver airbags made by Takata. To ensure the safety of our customers, the vehicles involved need to be brought into the workshop as a precautionary measure. We have set aside provisions affecting income amounting to EUR 70 million for this.

If we strip out these two special items, we achieved an operating profit of EUR 5.1 billion, almost on a par with the previous year’s level. One more brief remark in this connection:

The figures I have quoted do not include the result for our Chinese partner company FAW-VW, which is consolidated at equity and reported pro rata within the financial result of the Audi Group.
Now let’s take a look at the key drivers of the profit performance: As in previous years, the positive sales performance by the Audi brand was a major success factor. On top of that, exchange rates were in our favor in 2015. Further process and cost optimizations along the entire value chain also had a positive impact on operating profit.

On the other hand, very intense competition reduced profit. We continue to spend with an eye to the future. As a result, our high capital investments, which are aimed at further growth, and investment-related expenditure initially had a negative impact on our profit performance. I have already mentioned the impact of the special items on profit.

Ladies and Gentlemen, dear Shareholders: The key financial ratios in the Income Statement clearly reflect the growth trajectory of the Audi Group. And they also demonstrate that we at Audi are focused on the future. 2015 saw us concentrate intensively on upfront spending for qualitative growth, and as a result, we have charted a clear course for the future.

The profit performance in the motorcycles segment also merits a few words: The Ducati brand increased its operating profit to EUR 54 million. That is a 12.5 percent increase. The growth in deliveries to customers played a key role in this achievement. For example, Ducati scored a big hit last year with the new version of the legendary Scrambler.

Mr. Stadler has already mentioned the positive development of our other Italian subsidiary, Lamborghini. Between them, the two brands are making a big contribution to the success of the Audi Group’s operations.

I would now like to take closer look at the financial result of the Audi Group. The decline in the financial result to EUR 448 million is mainly attributable to the reporting-date-based measurement and settlement of foreign currency hedging transactions. The result from investments, including those accounted for using the equity method, remained stable. The share of the income included here from the Chinese partner company FAW-VW was maintained at the previous year’s level, despite the challenging market situation in China.

We achieved a profit before tax of EUR 5.3 billion. Our key rate of return ratios highlight the strong profitability of the Audi Group: With capital investments and upfront spending on future topics remaining high, we again achieved an operating return on sales of 8.3 percent – within our ambitious strategic target corridor of 8 to 10 percent. After adjustment for the special items I discussed earlier, our operating return on sales came in at 8.8 percent, in the middle of our strategic target corridor. Overall we again achieved a high return on investment, at 19.4 percent.

Let us now turn our attention to the development of key balance sheet ratios as of December 31: The equity of the Audi Group rose by 13.4 percent to EUR 21.8 billion. In conjunction with the profit transfer, we subsequently received a capital injection by Volkswagen AG. The amount of EUR 1.6 billion reinvested in strengthening the equity base represents 50 percent of the transfer of profit for the previous year. The balance remaining after the transfer of profit in the 2015 fiscal year increased our retained earnings by EUR 1.5 billion. On the other hand, measurement effects to be recognized with no effect on profit or loss under IFRS rules reduced our equity by EUR 572 million. These include the measurement of currency hedging transactions, pension obligations and the associated deferred taxes.
Our equity ratio was 38.4 percent, actually a slight improvement on the prior-year figure. Likewise on the equity and liabilities side, borrowed capital rose by EUR 3.4 billion to EUR 35 billion mainly as a result of growth and exchange rate factors. The balance sheet total for the Audi Group consequently rose by 11.8 percent to EUR 56.8 billion.

This now brings us to the financial strength of the Audi Group: Cash flow from operating activities was almost at the prior-year level, at EUR 7.2 billion. Cash used in investing activities for operations rose to EUR 5.6 billion – which was more than a quarter higher. That can mostly be attributed to higher capital investments for expanding our worldwide manufacturing structures and our product range as well as to the cash portion of the purchase price for acquisition of the participation in HERE amounting to EUR 668 million. HERE is a provider of cloud-based real-time maps and mobility services. Acquiring this participation represents an important strategic investment.

As in previous years, we financed all operating and strategic investments entirely from our own cash flow. We achieved a substantial surplus with a net cash flow totaling EUR 1.6 billion. After adjusting for the purchase price of the HERE transaction, our net cash flow of EUR 2.3 billion was even higher and was therefore in line with our forecast. Our high net liquidity of EUR 16.4 billion provides us – as in previous periods – with a more than sound financial base.

In summary, it is fair to say that the Audi Group once again proved its financial strength in 2015.

That brings us to the current financial year and the outlook for 2016. In the first four months we have experienced a 4.9 percent growth in deliveries of cars of the Audi brand. For 2016 overall, we expect to see a moderate increase in deliveries by the Audi brand. With a large number of new models and generation changeovers, we want to build on our success in recent years and expect to perform better yet again than the market as a whole.

In China, for example, we expect the redesigned long-wheelbase version of the A6, the new Q7 and – towards the end of the year – the next generation of the new A4 car line to have a positive impact on demand. And this growth trajectory is not only limited to the Audi brand. We also expect our Italian subsidiary Lamborghini to produce a moderate rise in deliveries. And in the motorcycles segment, we actually anticipate a significant increase in the volume of deliveries.

In light of all this, we expect moderate growth in revenue for the Audi Group in 2016 overall. Our target for the operating return on sales is again within the strategic target corridor of 8 to 10 percent. The return on investment for the 2016 fiscal year is budgeted to come in at between 16 and 18 percent. As in previous years, we intend to self-finance our entire corporate growth, meanwhile targeting a net cash flow of between EUR 2 billion and 2.5 billion.

The Audi Group will continue to make capital investments in its future and in additional growth in 2016. We expect the ratio of capex to lie within the strategic target corridor of 5 to 5.5 percent. The overarching goal of all investment measures is to further extend the strong position of the Audi brand.

With that in mind, we will be making capital expenditure in excess of EUR 3 billion over the course of 2016. Our investment priority is to renew our product and technology portfolio. To achieve our goal of expanding our product range to around 60 different models by 2020, we will be systematically advancing our model initiative: We have already prepared the production line in Ingolstadt for the arrival of our newcomer, the Audi Q2, which will delight a number of new customers.
starting in the second half of 2016. We will be completing our new A4 product family and we are looking forward to introducing the second generation of our highly successful A5 car line.

We are proceeding systematically with the expansion of our range of drive concepts as well, and are gradually electrifying our model range: Our focus is in particular on plug-in hybrid technology and on all-electric drive.

Another key focus of our investments is the expansion of our manufacturing structures worldwide. Our plant in Mexico will be going on stream in 2016 with the new Audi Q5. Local production of our popular SUV model will enable us to exploit growth potential in the Americas even more effectively in the future.

Digital technologies are increasingly becoming a core component of our internal processes and production structures. Customers can experience digital technologies in our cars as well as through our services – in the form of significantly enhanced comfort, safety and service. This is a basic requirement that we must fulfill if we are to continue to delight customers with our premium automobiles in the future.

Technologies for digitization are therefore an area of focus for our investment measures. The digital transformation is changing our entire environment and therefore also existing business models. All our future investments will be accompanied by further cost and product optimizations along our entire value chain. We will once again exploit the potential offered by digitization.

Ladies and Gentlemen, dear Shareholders, you will have received our Audi 2015 Annual Report today at the information counter, with its central theme “tomorrow. now!” I invite you to discover the future at Audi, starting right now. In this changing environment we are continuing to make successful progress, and we are confident and well prepared to address these challenges.

Thank you for accompanying us along this path.

- End -

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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:**
Combined fuel consumption in l/100 km: 8.3 – 3.8
Combined CO₂ emissions in g/km: 154 – 99

**Audi A4 Sedan:**
Combined fuel consumption in l/100 km: 6.3 – 3.7
Combined CO₂ emissions in g/km: 144 – 95

**Audi A4 Avant:**
Combined fuel consumption in l/100 km: 6.4 – 3.8
Combined CO₂ emissions in g/km: 147 – 99

**Audi A4 allroad quattro:**
Combined fuel consumption in l/100 km: 5.5 – 5.1
Combined CO₂ emissions in g/km: 146 – 137

**Audi A6 Avant:**
Combined fuel consumption in l/100 km: 7.8 – 4.4
Combined CO₂ emissions in g/km: 182 – 114

**Audi SQ7 TDI (5 Seater):**
Combined fuel consumption in l/100 km: 7.5 – 7.2
Combined CO₂ emissions in g/km: 198 – 189

**Audi Q7 e-tron 3.0 TDI quattro:**
Combined fuel consumption in l/100 km: 1.9 – 1.8
Combined CO₂ emissions in g/km: 50 – 48

**Lamborghini Huracán:**
Combined fuel consumption in l/100 km: 12.3 – 11.9
Combined CO₂ emissions in g/km: 285 – 278