Audi Investor & Analyst Day

Dr. Dietmar Voggenreiter
Board Member for Sales & Marketing
1.87 MILLION CARS
ANOTHER RECORD – BREAKING YEAR 2016

VOLUME GROWTH
+97% COMPARED TO 2009
MARKET PERFORMANCE

NORTH AMERICA
GROWTH IN 2016
+5.3%

EUROPE
GROWTH IN 2016
+7.1%

ASIA-PACIFIC
GROWTH IN 2016
+0.5%
164,000 UNITS

THE NEW AUDI A4

EUROPE’S MARKET LEADER IN ITS PREMIUM SEGMENT
THE AUDI Q7

DOUBLED THE AVERAGE ANNUAL SALES OF ITS PREDECESSOR

HIGHLIGHTS 2016

100,000 UNITS
20,000 CARS SOLD IN 2016

+18% SALES VOLUME GROWTH IN 2016
2017
MARKET PERFORMANCE

2017

USA: +14.3%
EUROPE: +2.5%
CHINA: -24.0%

GROWTH Jan-Feb
Audi. Reloaded
80% PRODUCT + 20% DIGITAL SERVICES
Audi. Reloaded

We drive profitable growth through brand desirability and inspiring customer experiences.
Audi Investor & Analyst Day

Nils Wollny
Digital Business Strategy & Customer Experience
myAudi

Connecting to everything that drives you.
Delivering relevant information & inspiration

Social by design to foster dialogues

Open for participation and 3rd party integration

Commerce functionalities for cars, features and accessories

Seamless connection to vehicles and their surroundings

Customer Data & Consent Storage

Personalized Experience Layer

Content

Conversation

Collaboration

Commerce

Connection

myAudi Vision

Core

CX
The Pulse
A hyper-individual value stream that is habit-forming

The Beats
Wow-moments – radically adaptive to contextual needs
Connected Retail

myAudi
Connected Car

myAudi
Connected Car - NEW
Choose your favorite payment

- Monthly subscription
  - 0,00 €
- Annual subscription
  - 0,00 €
Connected Mobility

myAudi
Connected Mobility - NEXT

Dealer Integration

Book your Audi

A3
1.4 TFSI PHEV
120 $ per day
Connected Data

myAudi
Connected Data - NEW

Digital Performance Dashboard
The flight-deck for data-driven Decisions

Data Marketplace
Audi Investor & Analyst Day

Axel Strotbek
Board Member for Finance & IT
Support program SPEED UP! ensures profitability

SPEED UP!
is the first step of the long-term transformation program

Audi 2025
<table>
<thead>
<tr>
<th></th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>58,420</td>
</tr>
<tr>
<td>2016</td>
<td>59,317</td>
</tr>
</tbody>
</table>

Audi revenue
EUR million

Drivers

- Unit sales
- Currency effects
- Launch of new models/model change
## Selected items of the Income Statement

**EUR million**

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of goods sold</td>
<td>49,390</td>
<td>47,043</td>
</tr>
<tr>
<td>Improvement in product costs/productivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion of model and technology portfolio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ramp-up costs for new plant in Mexico</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special items diesel</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Selected items of the Income Statement

**EUR million**

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<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distribution costs</strong></td>
<td>5,807</td>
<td>5,782</td>
</tr>
</tbody>
</table>

- **Lower marketing expenses**
- **Special items diesel**
<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other operating result</td>
<td>-405</td>
<td>-119</td>
</tr>
<tr>
<td>Result of currency hedging transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special items diesel</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Key earnings figures

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>3,052</td>
<td>4,836</td>
</tr>
<tr>
<td>Special items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>thereof diesel</td>
<td>1,632</td>
<td>228</td>
</tr>
<tr>
<td>thereof Takata</td>
<td>162</td>
<td>70</td>
</tr>
<tr>
<td>Operating profit</td>
<td>4,846</td>
<td>5,134</td>
</tr>
<tr>
<td>Operating return on sales adjusted</td>
<td>8.2%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>
Audi has a strong ability to generate funds internally

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>2,094</strong></td>
<td><strong>17,232</strong></td>
</tr>
<tr>
<td><strong>(1,627)</strong></td>
<td><strong>(16,420)</strong></td>
</tr>
</tbody>
</table>

**Net cash flow**

EUR million

**Net liquidity**

EUR million
Clear focus on return!

SPEED UP!

- Streamlining products and power units
- Optimizing the use of common parts
- Complexity management
- Digitalizing processes
- Efficiency measures (i.e. development costs, investments)

Cost discipline

Future investments
Research and development shifting into future topics
EUR million

Future topics:
- Conventional model portfolio (renewal and expansion)
- Basics

2015
2016

4,240
4,446

+4.9%
E-Mobility
Launch of 3 fully electric cars by 2020

- **2018**
  - Audi e-tron

- **2019**
  - Audi e-tron Sportback

- **2020**
  - Premium Compact car
Function on Demand – we are expanding our business model

Flexibility
Individuality
Comfort

Matrix LED

Return per customer will be a new performance metric!
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, significantly below the previous year level due to diesel
- 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%
Audi 2025 – Clear goals, clear responsibilities and clear measurability

Strategic goals

Digitalization  Sustainability  Urbanization

Financial long-term targets are the framework

1. Operating return on sales: 8 – 10%
2. Return on investment: 21%
3. R&D ratio: 6.0 – 6.5%
4. Ratio of capex: 5.0 – 5.5%
5. Positive net cash flow

Projects directly reported to the Board of Management

Agility constitutes an Audi core competence!
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.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

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