

TALKING BUSINESS

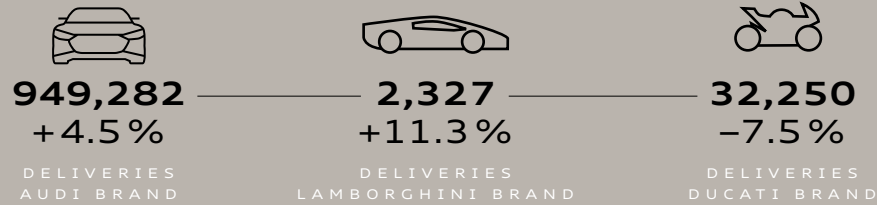


H1/2018  
Compact

traction



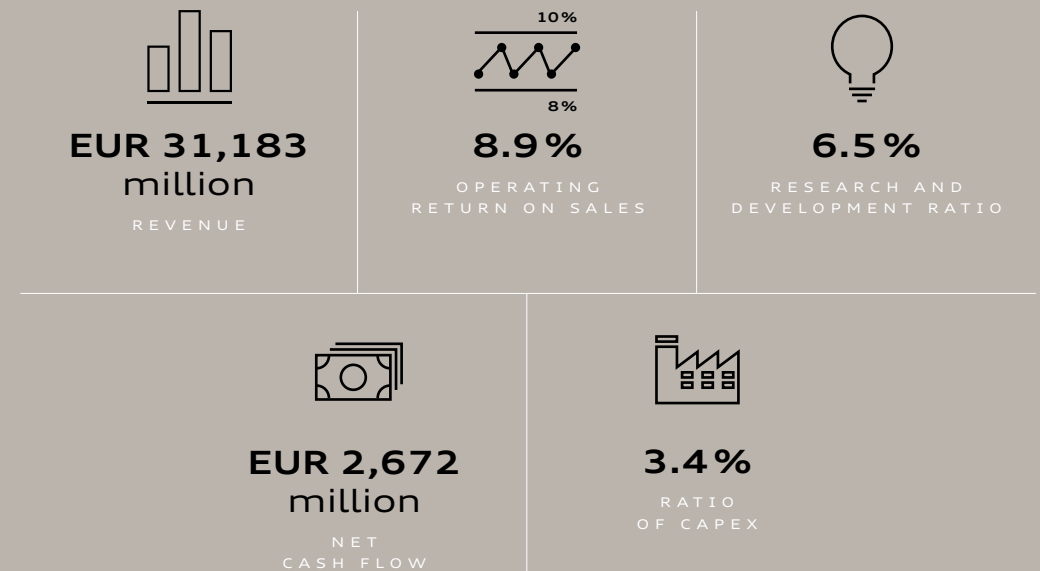
## Audi firms up strategy and remains on track in exceptional year 2018



- › 2018 is an exceptional year for Audi: The company is bringing more models onto the market than ever before and launching the age of fully electric mobility with the e-tron. Six core car lines are being updated, with a new model going into production on average every three weeks.
- › In this phase of upheaval, the Audi Group remained on track in the first half of 2018: The core brand Audi increased its deliveries by 4.5% to 949,282 cars. Revenue reached EUR 31.2 billion, and operating profit EUR 2.8 billion. The operating return on sales of 8.9% was clearly within the strategic target corridor of 8 to 10%.
- › The systematic implementation of the **Audi Transformation Plan** is increasingly benefiting the robust performance. The aim of this plan is to unlock new sources of income, improve cost structures and advance the transformation with new business models. Mid-way through 2018, the company has already implemented initial measures that will add more than EUR 0.5 billion to profit over the year as a whole. By 2022, the overall impact on profit achieved through the Audi Transformation Plan should reach EUR 10 billion.
- › The program of measures is the basis for implementing the refined strategy **Audi.Vorsprung.2025**, which was unveiled at the Annual General Meeting on May 9, 2018.

- › The forecast for the Audi key performance indicators for the full year 2018, which are explained in detail in the 2017 Annual Report on pages 141 ff., fundamentally remain valid.
- › The second half will be dominated by the model and technology initiative, which continues to gather momentum. Additional challenges arise mainly from new rules on emissions and consumption measurement (WLTP), which could temporarily limit the availability of individual model versions.

## Audi Group: financial highlights



Selected product  
highlights

## Audi A6 Avant

MARKET INTRODUCTION  
FROM FALL 2018

## Audi A1 Sportback

MARKET INTRODUCTION  
FROM FALL 2018

## Lamborghini Urus

MARKET INTRODUCTION  
FROM SUMMER 2018

## Ducati Panigale V4

MARKET INTRODUCTION  
START OF 2018Deliveries  
to customers  
by model

	1-6/2018	+/- (year on year)
Audi A1	47,727	-8.2
Audi Q2	52,862	+14.1
Audi A3	156,392	-4.3
Audi Q3	94,618	-3.6
Audi TT	10,821	-18.5
Audi A4	183,014	+10.8
Audi A5	60,762	+26.9
Audi Q5	147,800	+18.8
Audi A6	126,554	+0.8
Audi A7	10,171	+9.1
Audi Q7	48,216	-6.6
Audi A8	7,806	-18.5
Audi R8	1,642	-9.8
Internal vehicles before market introduction	897	NEW
Audi brand	949,282	+4.5
Lamborghini brand	2,327	+11.3
Ducati brand	32,250	-7.5

**+7 %**

The Audi Q models again proved hugely popular with customers in the first half of 2018 – unit sales increased by 7%. More than one in three Audi cars sold is now an SUV. In the first half of the year, the segment received a further lift from the new Audi Q8 and a long-wheelbase version of the Audi Q5 for the Chinese market.

Condensed  
Income Statement  
Audi Group

EUR million	1-6/2018	1-6/2017
Revenue	31,183	30,011
Cost of goods sold	-25,963	-24,616
<b>Gross profit</b>	<b>5,221</b>	<b>5,395</b>
Distribution costs	-2,128	-2,423
Administrative expenses	-341	-323
Other operating result	10	31
<b>Operating profit</b>	<b>2,761</b>	<b>2,680</b>
Financial result	450	71
<b>Profit before tax</b>	<b>3,211</b>	<b>2,751</b>
Income tax expense	-831	-689
<b>Profit after tax</b>	<b>2,380</b>	<b>2,062</b>

**8.9 %**

With an operating return on sales of 8.9%, the strategic target corridor of 8 to 10% was clearly achieved.

› The Audi Group achieved revenue of EUR 31.2 (previous year 30.0) billion in the first half of 2018. Especially the market success of the Audi Q5 as well as higher income from deliveries of parts sets for local production of Audi models in China had a positive impact. At the same time, the revenue performance was held back by model changeovers in a large number of car lines and negative currency effects.

› With an operating profit of EUR 2.8 (previous year 2.7) billion, the operating return on sales for the Audi Group reached 8.9 (previous year 8.9)% – clearly within the strategic target corridor of 8 to 10%.

› The systematic implementation of the company-wide Audi Transformation Plan is also making an increasing contribution to the robust financial health of AUDI AG. In the first half of 2018, the company already implemented initial measures that will boost operating profit by more than EUR 0.5 billion over the full year, and will continue to roll out the program rigorously.



Find out more in the section "Deliveries and distribution" starting on page 7 in the Interim Financial Report.

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Find out more in the section "Financial performance indicators" starting on page 11 in the Interim Financial Report.



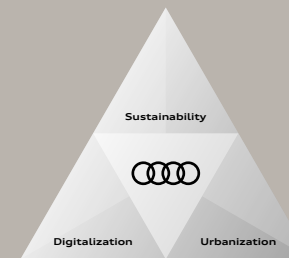
- › The forecast for the Audi key performance indicators for the full year 2018, which is explained in detail in the 2017 Annual Report on pages 141 ff., fundamentally remain valid.
- › The company's operating performance in the second half of the year is likely to be defined mainly by the following developments:
  - › Audi's model and technology initiative continues to gather momentum. For example, the market introduction of the A7 Sportback has been a success and the new A6 models will be arriving at dealers shortly. Other product highlights in the 2018 fiscal year are the new Audi Q8, the new A1 and the new Q3.
  - › In fall, the fully electric Audi e-tron will be presented to the public – series production will commence before the year is out.
  - › Audi has embarked on the comprehensive restructuring of its production network. The aim is clear: to utilize Group synergies to the full.
  - › The changeover to new rules for emissions and consumption measurement (WLTP) may temporarily limit the availability of individual model versions.
- › The bottom line for Audi, as forecast at the start of the year, is that it aims to achieve a delivery volume approximately on a par with the record level of the 2017 fiscal year – despite the challenges indicated.
- › Full-year revenue is expected to show a slight rise.
- › In addition, the Audi Group stands by its expectation of an operating return on sales within the strategic target corridor of 8 to 10 %.
- › The company expects the research and development ratio to be slightly above the long-term target corridor of 6.0 to 6.5 %.
- › Audi equally forecasts a ratio of capex slightly above the target mark of 5.0 to 5.5 %.
- › Overall, the Board of Management considers the Audi Group to be well equipped to handle both current and future challenges.



Find out more in the section  
"Report on expected developments"  
starting on page 16 in the Interim  
Financial Report.

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## Vorsprung durch Technik



## The New Premium

- › The refined strategy **Audi.Vorsprung.2025** was presented to the public at the Annual General Meeting on May 9, 2018.
- › Three global megatrends are shaping future mobility: digitalization, sustainability and urbanization. Audi has a clear strategic plan for its claim to "Vorsprung durch Technik" in this context. And is defining premium for tomorrow's world.
- › One area of focus is electric mobility: Audi wants to sell around 800,000 electric cars and plug-in hybrids in 2025 – meaning that around one in three Audi vehicles sold will have electric drive.
- › This goal is underpinned by an ambitious Roadmap E, which sets out the plan to launch over 20 electrified models in rapid succession by 2025. The Audi e-tron goes into production later this year, followed by the e-tron Sportback in 2019, then the e-tron GT from Audi Sport and an electric model in the premium compact segment in 2020.
- › Some EUR 40 billion will be spent on investments for the future by 2025, mainly in areas such as electric mobility, autonomous driving and digitalization.
- › Audi has adopted the Transformation Plan to safeguard its strong level of return despite this high investment volume – and to ready itself both financially and organizationally for the big tasks of the future.



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