

Audi 2017 1st half

Investor & Analyst Day

July 28th, 2017

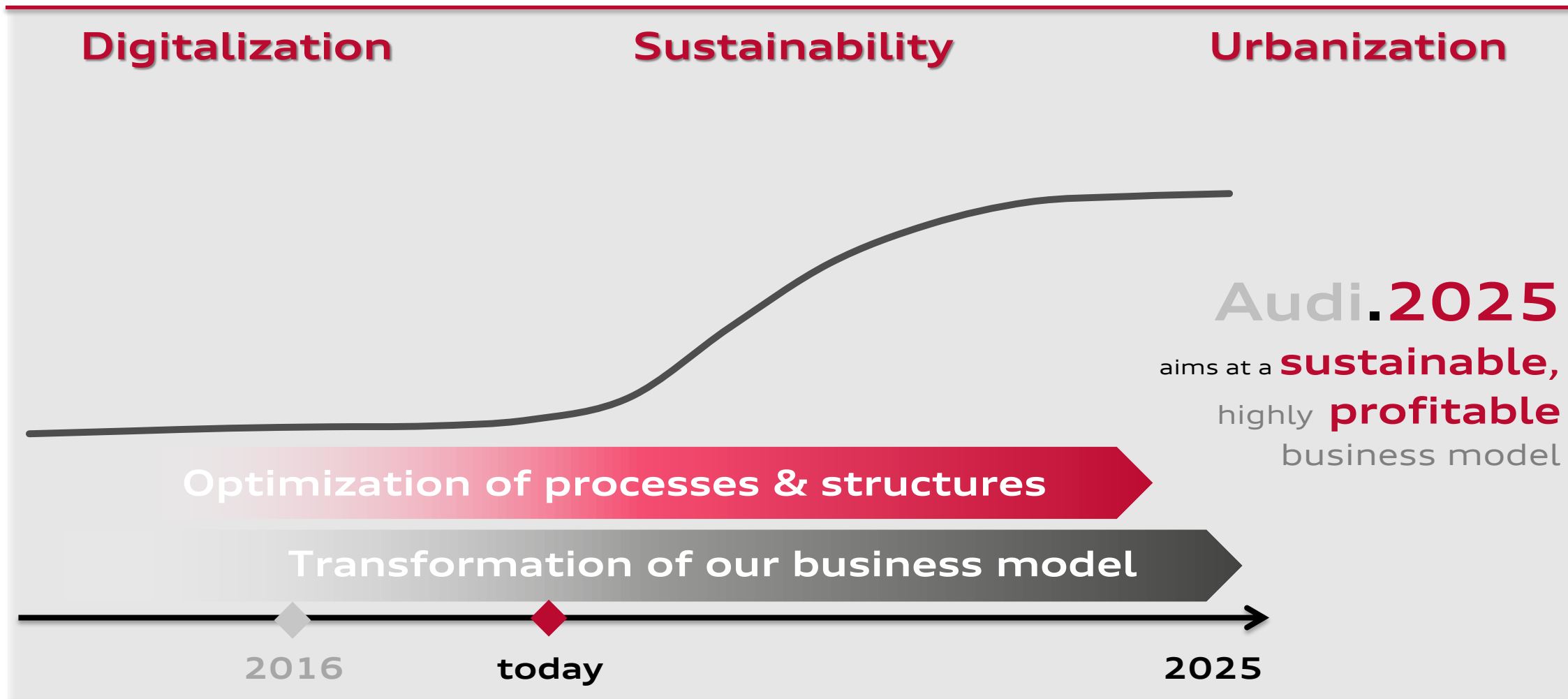


Axel Strotbek

Board Member for Finance, IT & Integrity, AUDI AG

One year after we kicked off *Audi.2025* first progress is already visible

Strategic goals



Markets



Financials



Outlook

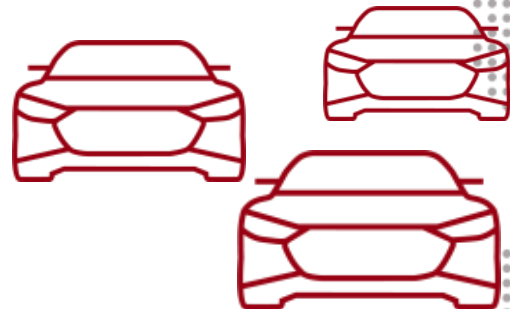


Worldwide market challenges leave their mark on Audi deliveries

Audi deliveries to customers in units and percent (1-6/2017 vs. 1-6/2016)

-4.7%

908,955
(953,293)





new
A5 family
up almost **30%**



new **Q2**
more than
46,000 units
sold



Audi Q7

remains a **bestseller**



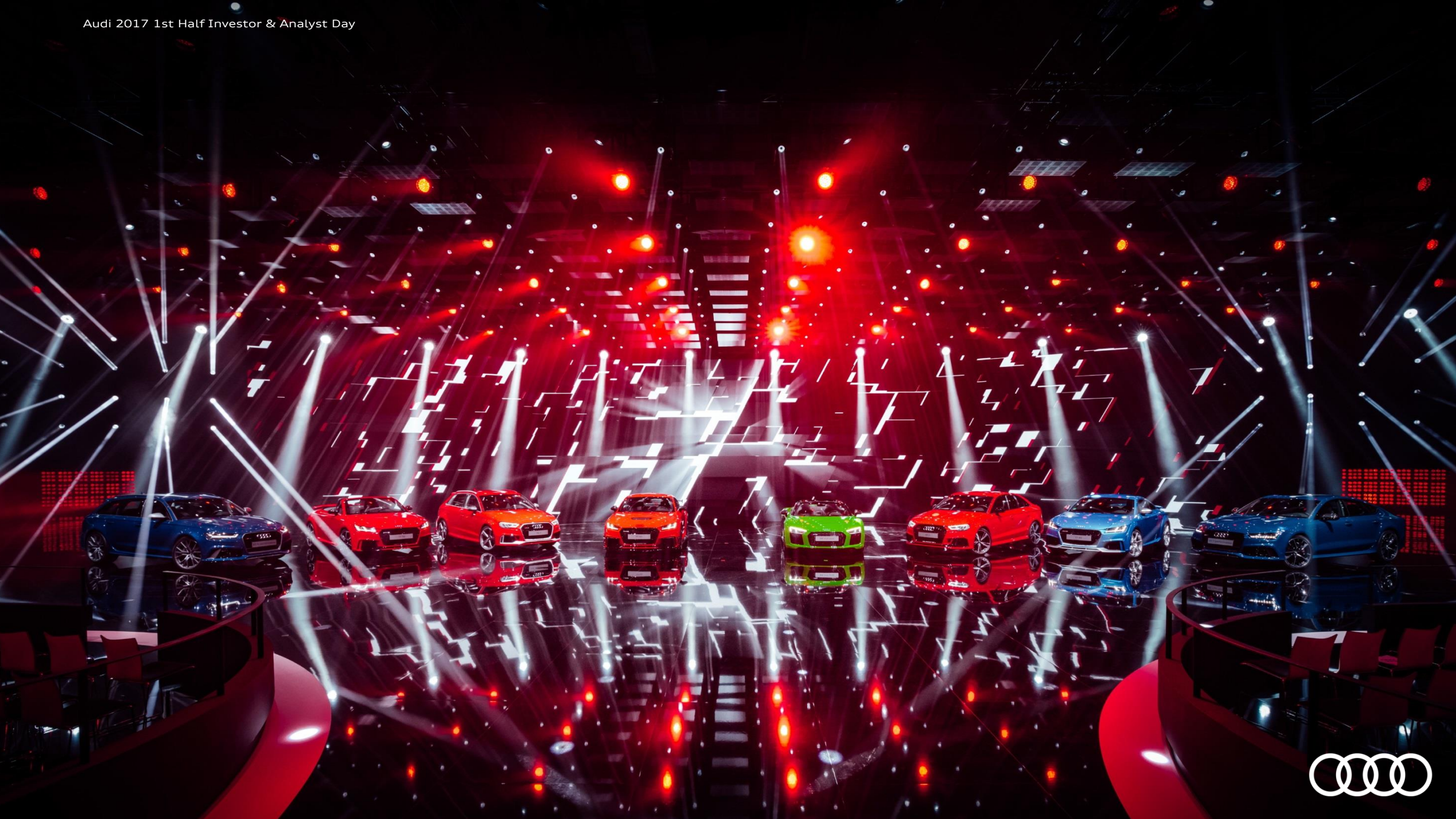
more than 51,600
deliveries to customers in H1



THE EVENT
Audi
BARCELONA — 2017
Summit







A + I + ↑





AUDI.VORSPRUNG.2025.



AUDI.VORSPRUNG.2025.







Audi makes progress in solving the diesel issue and aims to maintain the future viability of diesel engines

We welcome a monitor on board.

We establish a compliance department.

We process what has happened...

...and work hard to find solutions.

We examine engine-transmission-combinations in our portfolio

We start a retrofit program.

Audi
MediaInfo

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For the future of the diesel engine: Audi starts free retrofit program for up to 850,000 cars

- Audi offers retrofit program for up to 850,000 cars with V6 and V8 TDI engines EU5 and EU6 in Europe and other markets*
- No costs involved for customers
- Audi provides impetus so that diesel engines remain viable for the future and make a contribution towards improving air quality

Ingolstadt, July 21, 2017 – Audi is offering its customers in Europe and other markets* a



Global sales strongly impacted by temporary extraordinary effects in China

Audi deliveries to customers in units and percent (1-6/2017 vs. 1-6/2016)

908,955

(953,293)

-4.7%

World

USA



+6.2%

Europe



+0.8%

China*



-12.2%



In the US Audi continues it's success story with a significant volume growth

Audi deliveries to customers in units and percent (1-6/2017 vs. 1-6/2016)

USA



+6.2%

102,971
(96,934)

#1

2016 ANNUAL
AUTO ISSUE
BEST & WORST NEW CARS
SAFER CARS FOR EVERYONE. → NEW TECHNOLOGY THAT SAVES LIVES
Consumer Reports

SUV family

+14.1%



Q3



Q5



Q7

+18.4%

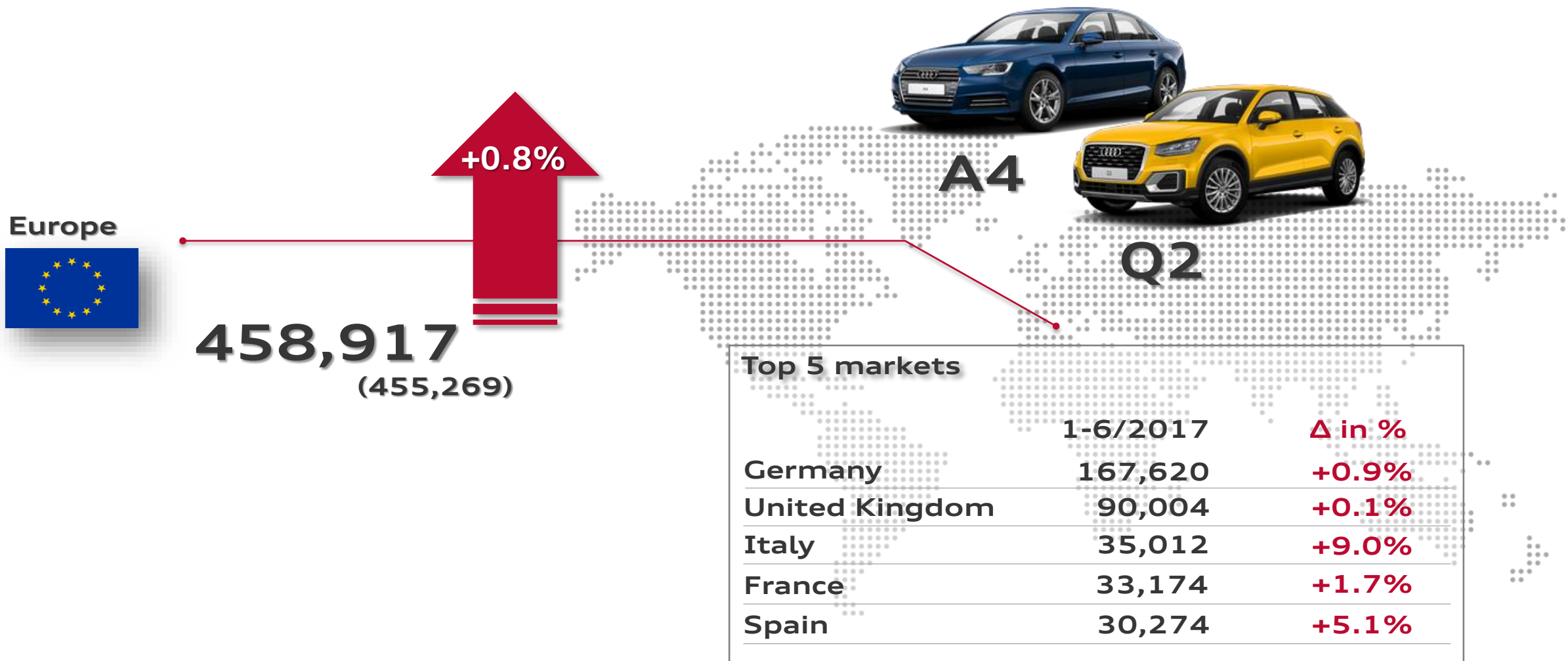


A4 model line



Audi keeps European deliveries at a high level

Audi deliveries to customers in units and percent (1-6/2017 vs. 1-6/2016)

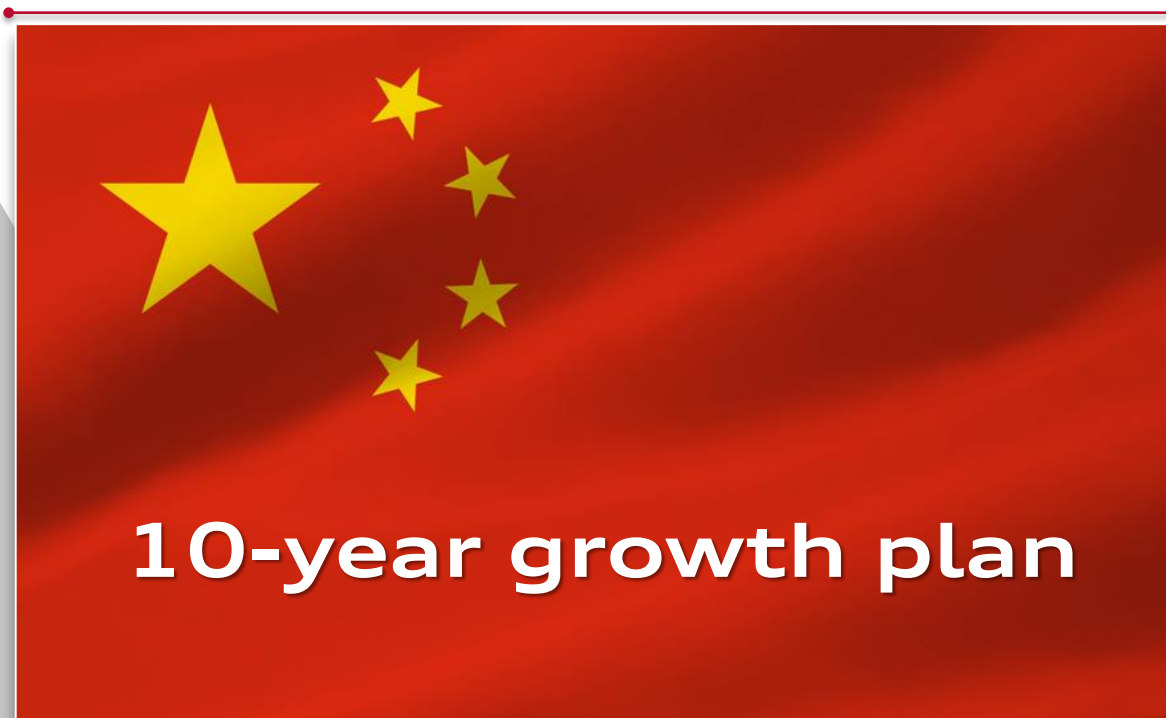


Audi teams up with local partners for the next stage of growth

Audi deliveries to customers in units and percent (1-6/2017 vs. 1-6/2016)



Audi defines future network strategy with partners in China – an agreement with the Audi dealer council was signed in May 2017



Changchun



5 new e-tron
models within
the next

5 years!

Shanghai

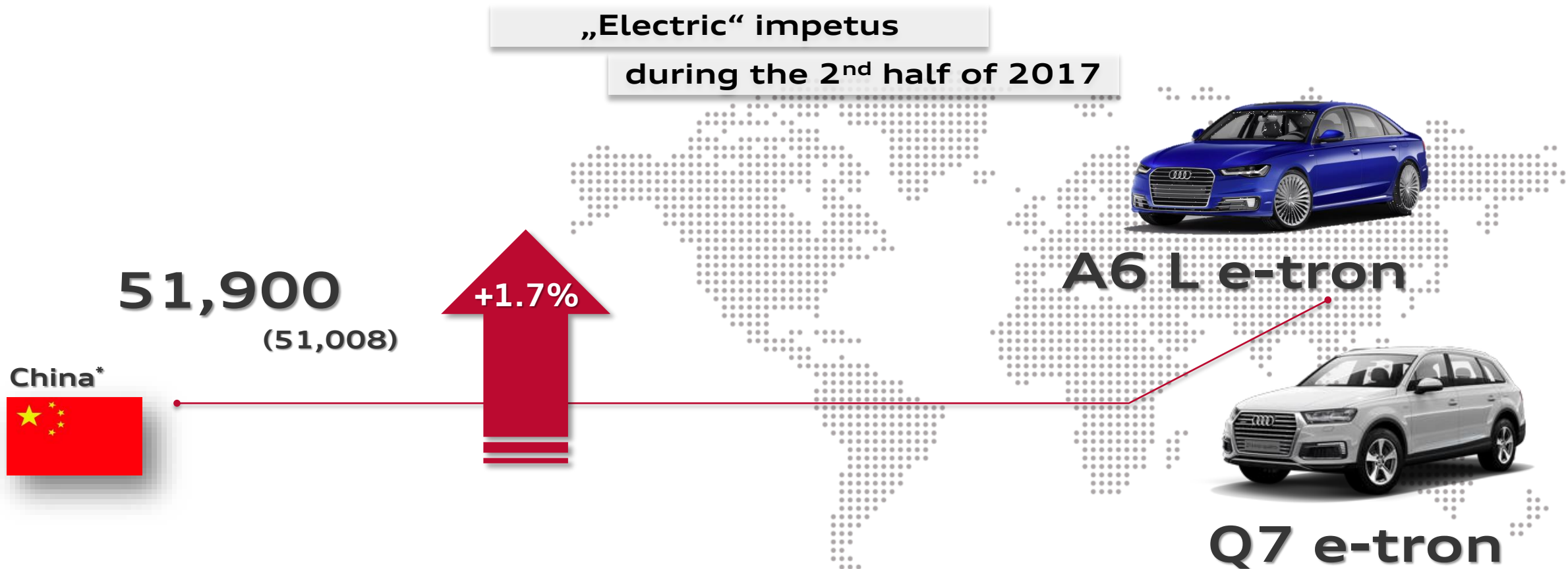


memorandum
of understanding



Back on track: Best June-deliveries in the history of Audi's presence in China

Audi deliveries to customers in units and percent (6/2017 vs. 6/2016)



Markets



Financials



Outlook



SPEED UP! drives cost & process optimizations on our *Audi.2025* course

Strategic goals

Digitalization

e.g. through ***SPEED UP!***

- streamline products and power units
- optimized use of common parts
- reduction of complexity
- efficient and profitable sales processes
- process digitization

Sustainability

Urbanization

Audi.2025

aims at a **sustainable,**
highly **profitable**
business model

Optimization of processes & structures

Transformation of our business model

2016

today

2025



We boost our efficiency by using synergies with the VW Group strategically



Audi & Porsche team up

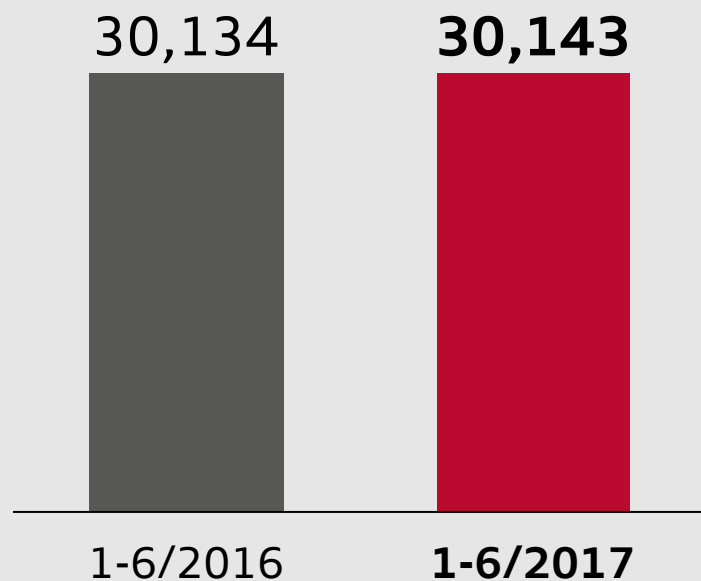
for future premium electric mobility



Despite declining deliveries revenue remains at the prior year level

EUR million

Revenue



Drivers



Volume decline



Market success of Audi A5 family and Audi Q2



Growth in North-America and stable development in Western Europe



Motor business and Original parts business



We achieved good cost relations

EUR million

	1-6/2017	1-6/2016
Revenue	30,143	30,134
Cost of goods sold	24,826	24,431
Distribution costs	2,583	2,921
Other operating result	271	-63



Lamborghini
increases its deliveries
by 3.9%



...and contributes well to the
Audi Group's **Operating profit**



Ducati

gains speed in
Q2^{/2017}



Audi with a strong Net cash flow – even in the light of significant outflows due to the diesel issue

EUR million

1,879

(2,085)

Net cash flow

1-6/2017 vs. 1-6/2016

18,468

(17,150)

Net liquidity

June 30, 2017 vs. June 30, 2016



Outlook remains ambitious



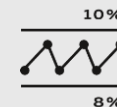
Deliveries of cars of the Audi brand to customers

slight increase



Revenue

slight increase



Operating profit/ Operating return on sales

within the strategic target corridor of 8 to 10%



Return on investment

within a range of 15 to 18%



Net cash flow

positive, but significantly below the previous year level due to diesel issue



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%



Markets



Financials



Outlook



A8^{The} new premium

WORLD PREMIERE
BARCELONA 2017

WORLD PREMIERE
BARCELONA 2017



The **Q8**
will top up
our **SUV family**



The **Urus** introduces
a new era
of **luxury**



500 kilometers
fully electric



e-tron



...more
to follow.



We are keeping a strong focus on our long-term targets

Strategic goals

Digitalization

Sustainability

Urbanization

Financial long-term targets are the framework

**Operating
return on sales**

**Return on
investment**

R&D ratio

**Ratio
of capex**

Net cash flow

8 – 10%

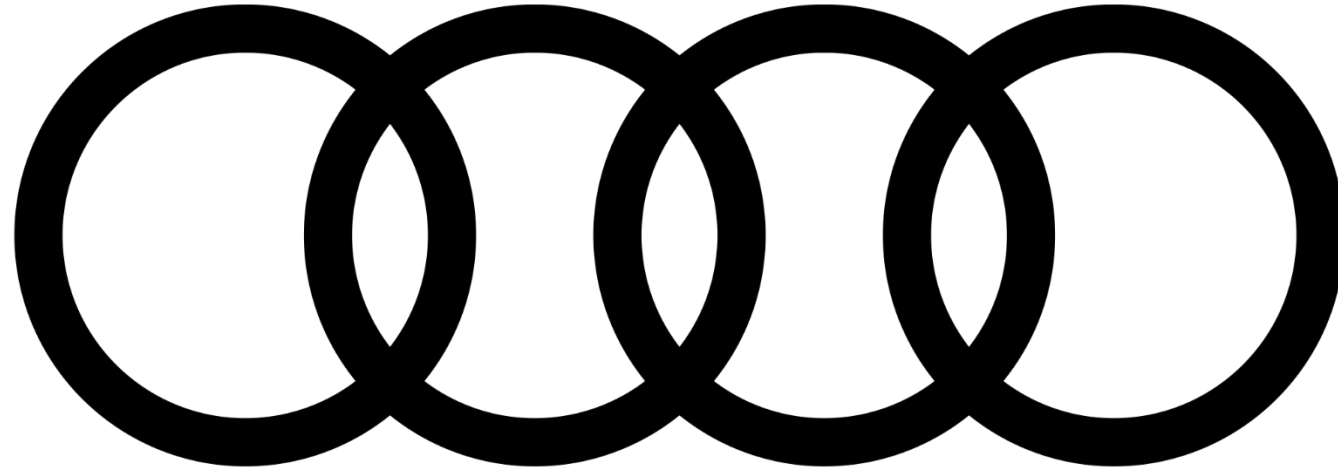
21%

6.0 – 6.5%

5.0 – 5.5%

positive





Vorsprung remains our promise!



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Dr.-Ing. Peter Mertens

Board Member for Technical Development, AUDI AG



Audi A8 Interiour Design

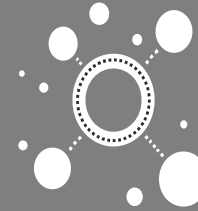




**Sustainable
Mobility**



**Autonomous
Driving**



Connectivity



HMI



Interior



Virtual Development

Audi e-tron Sportback concept world premiere Shanghai 2017



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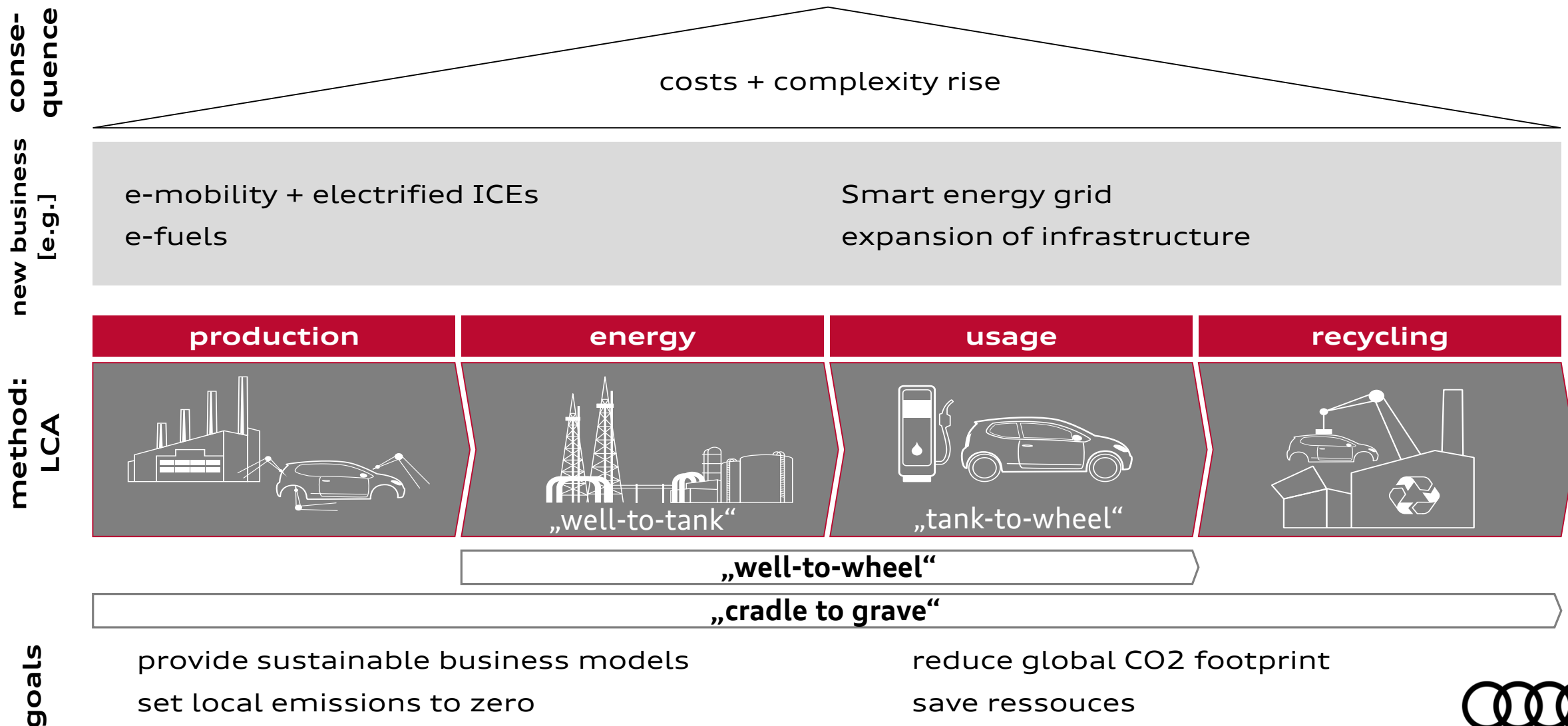


Dr. Nikolai Ardey

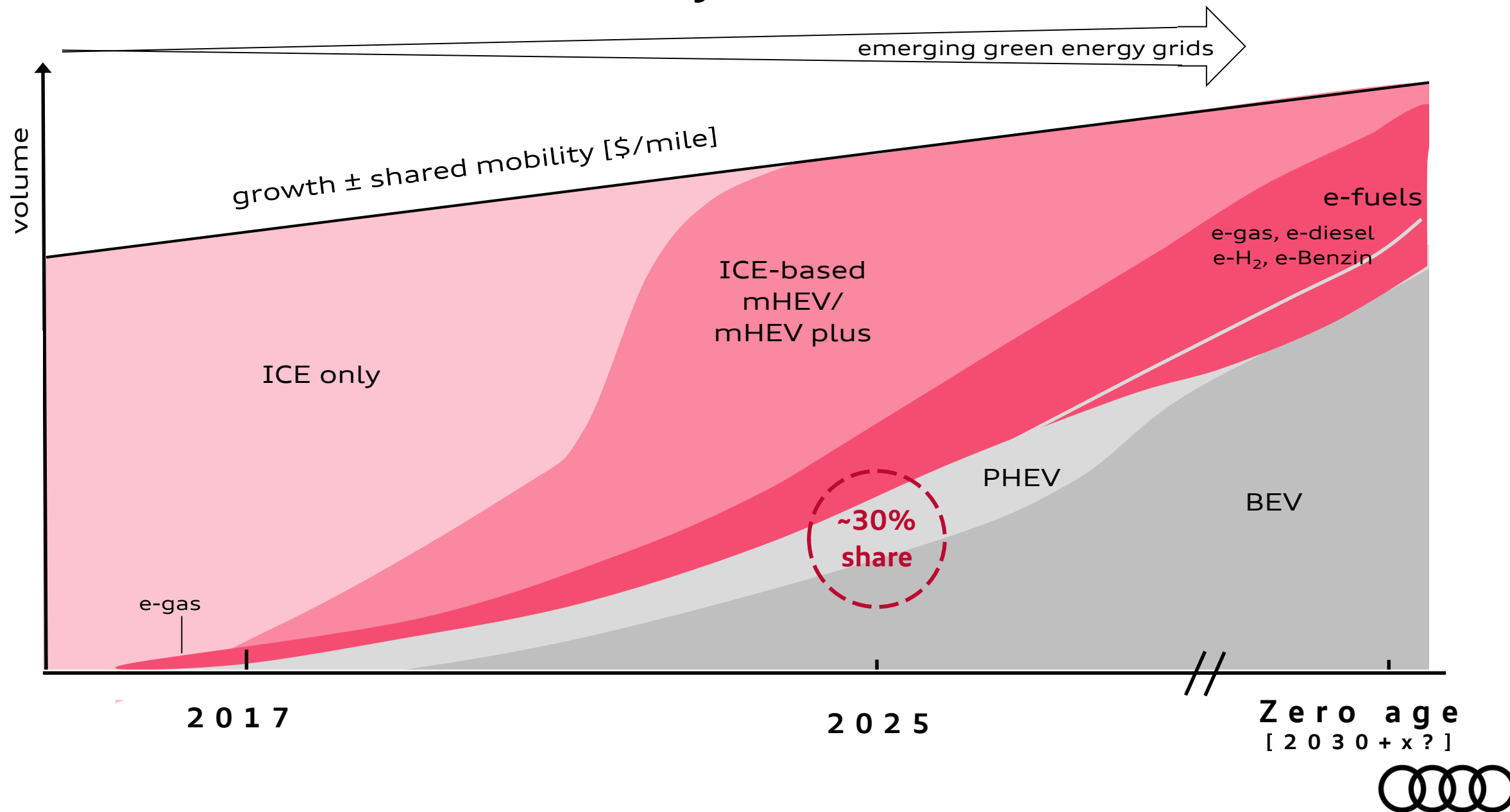
Head of Powertrain Development, AUDI AG

Ressource management and thinning of powertrain portfolio becomes inevitable

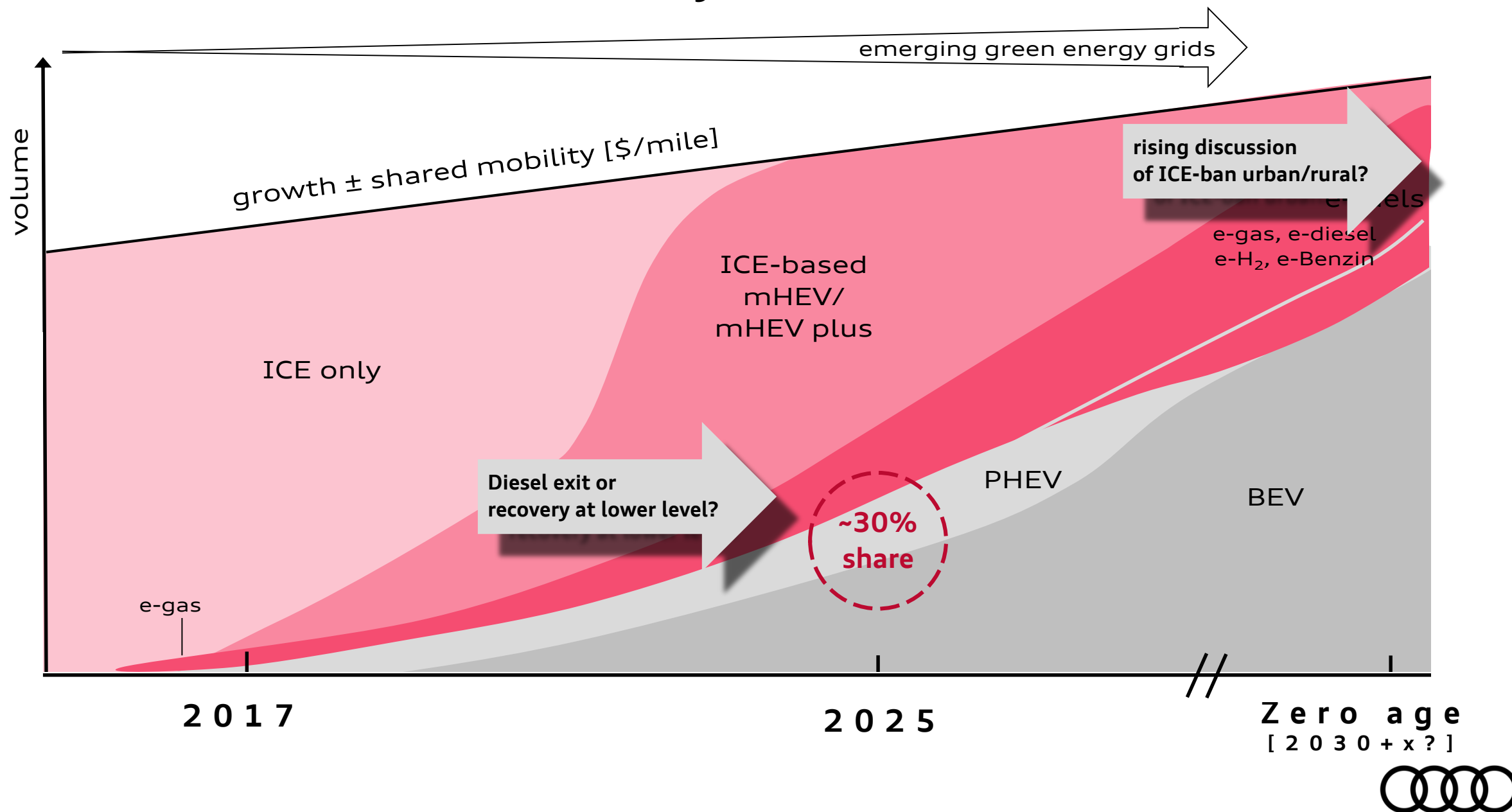
Challenge: intelligent ressource management + thinning of powertrain portfolio



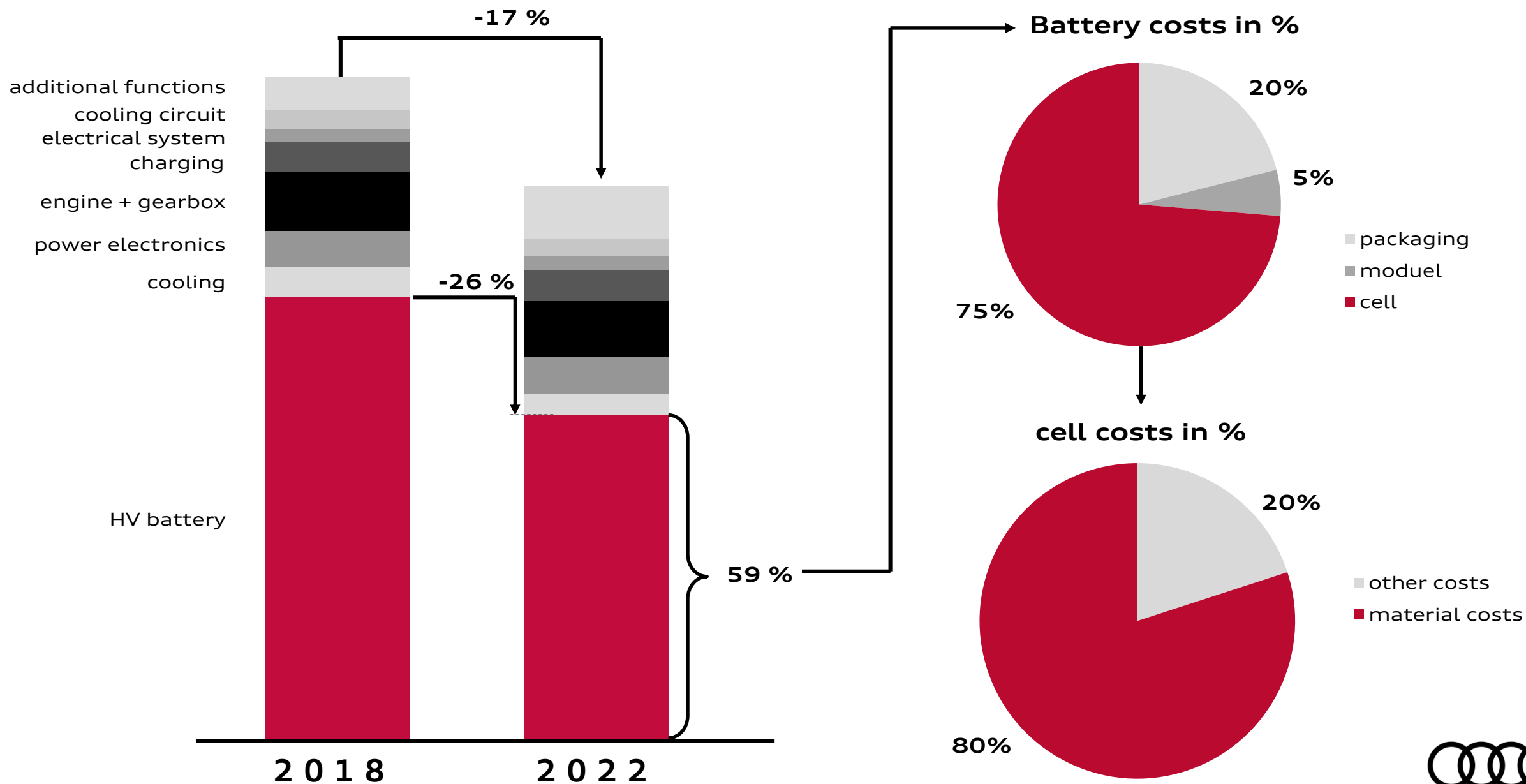
Future Powertrain Mix: In 2025 every Audi drives either electric or on e-fuels



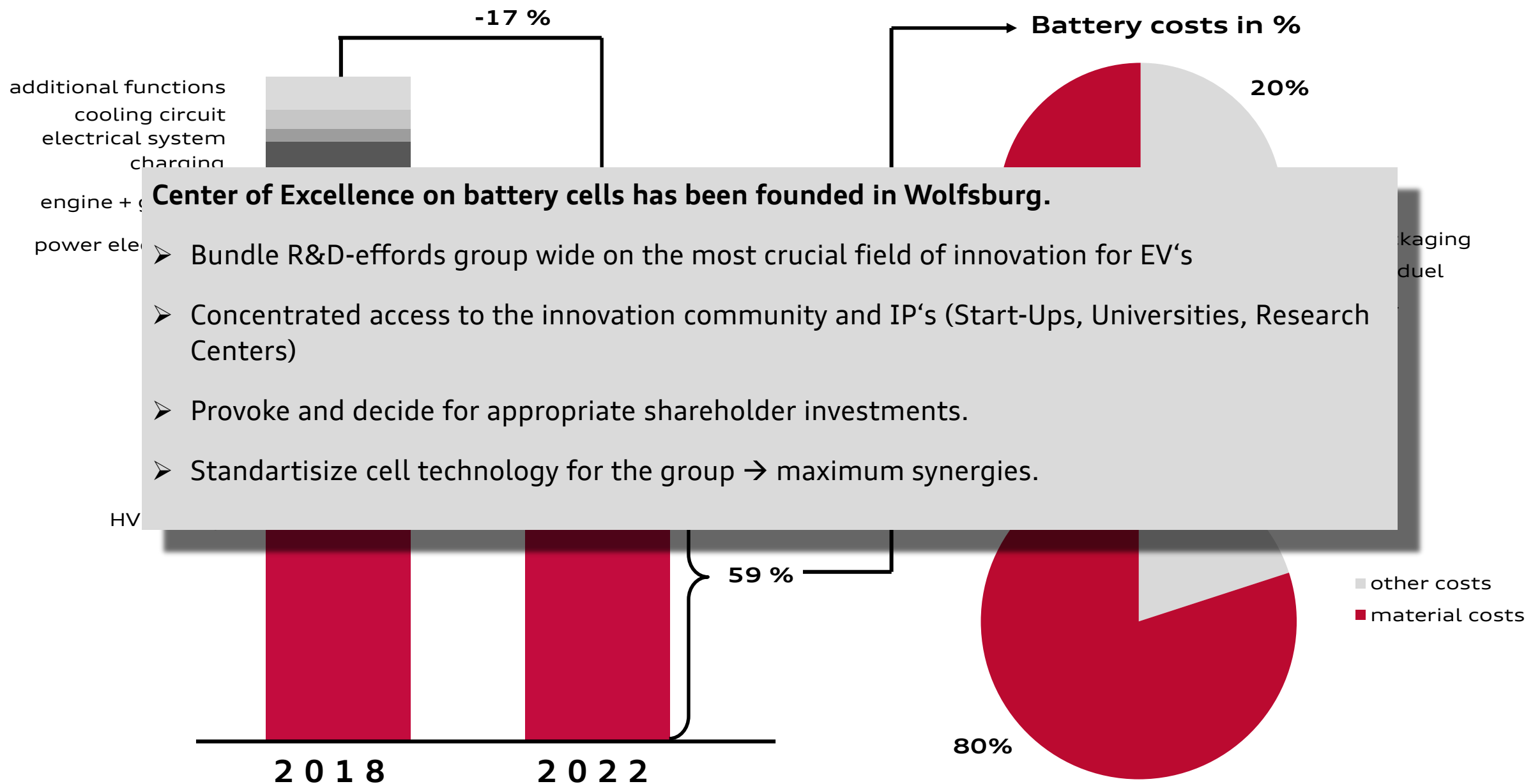
Future Powertrain Mix: In 2025 every Audi drives either electric or on e-fuels



Within battery cells material costs are the biggest cost driver

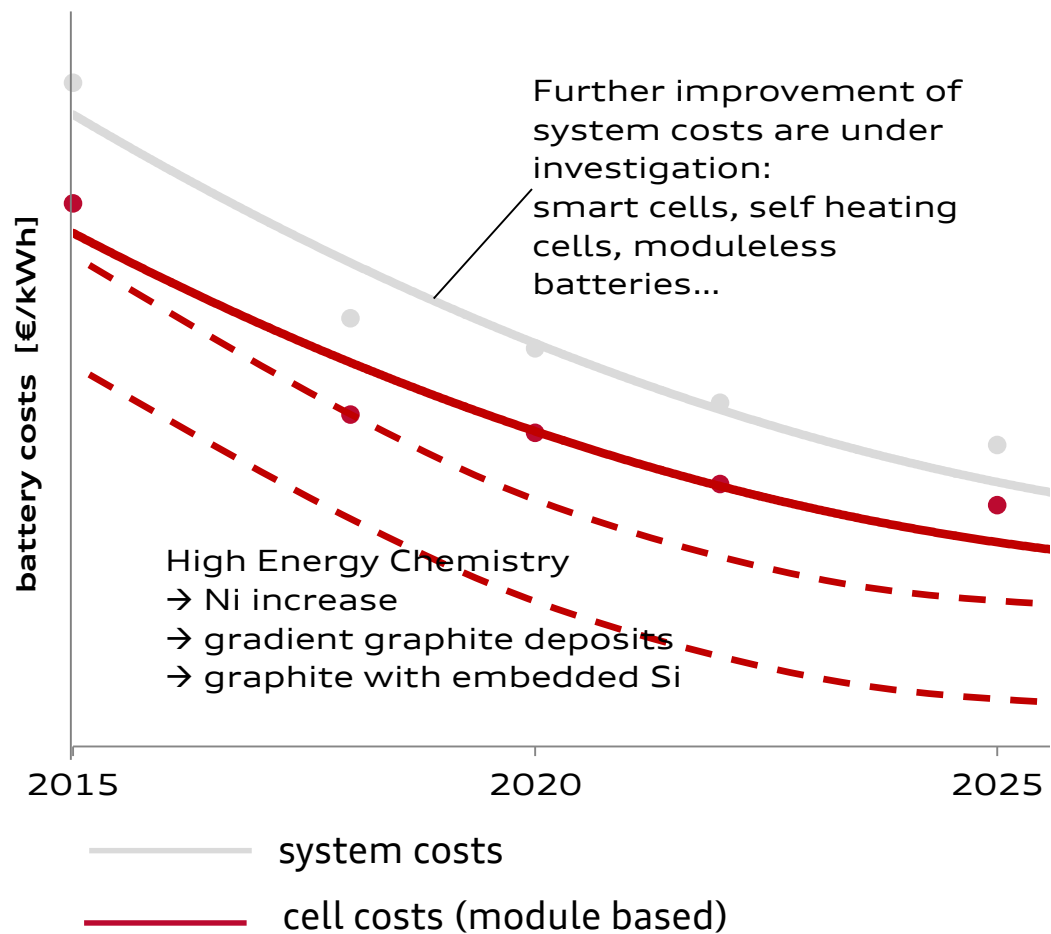


Within battery cells material costs are the biggest cost driver

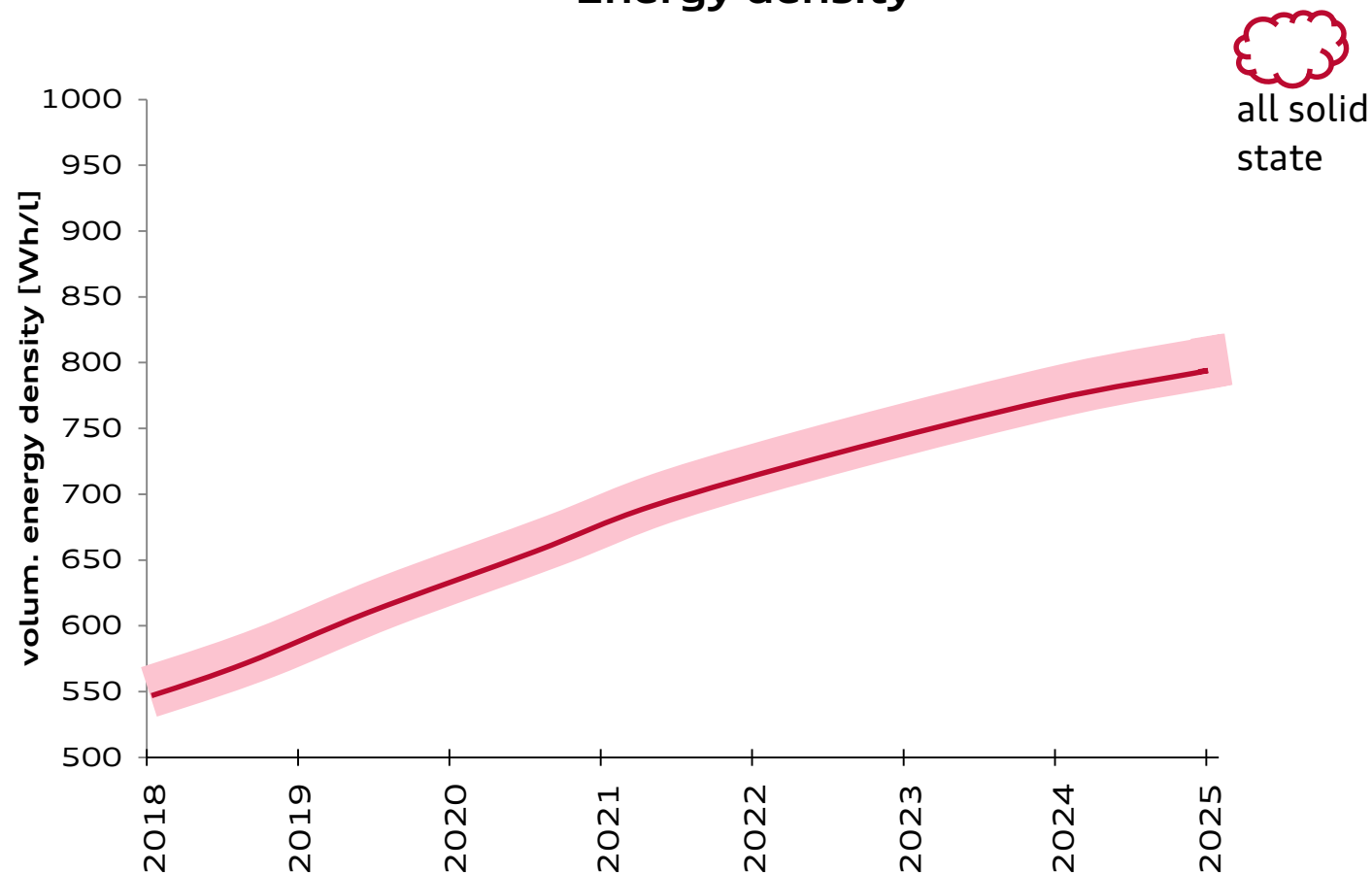


Allready known cell improvements on an evolutionary path

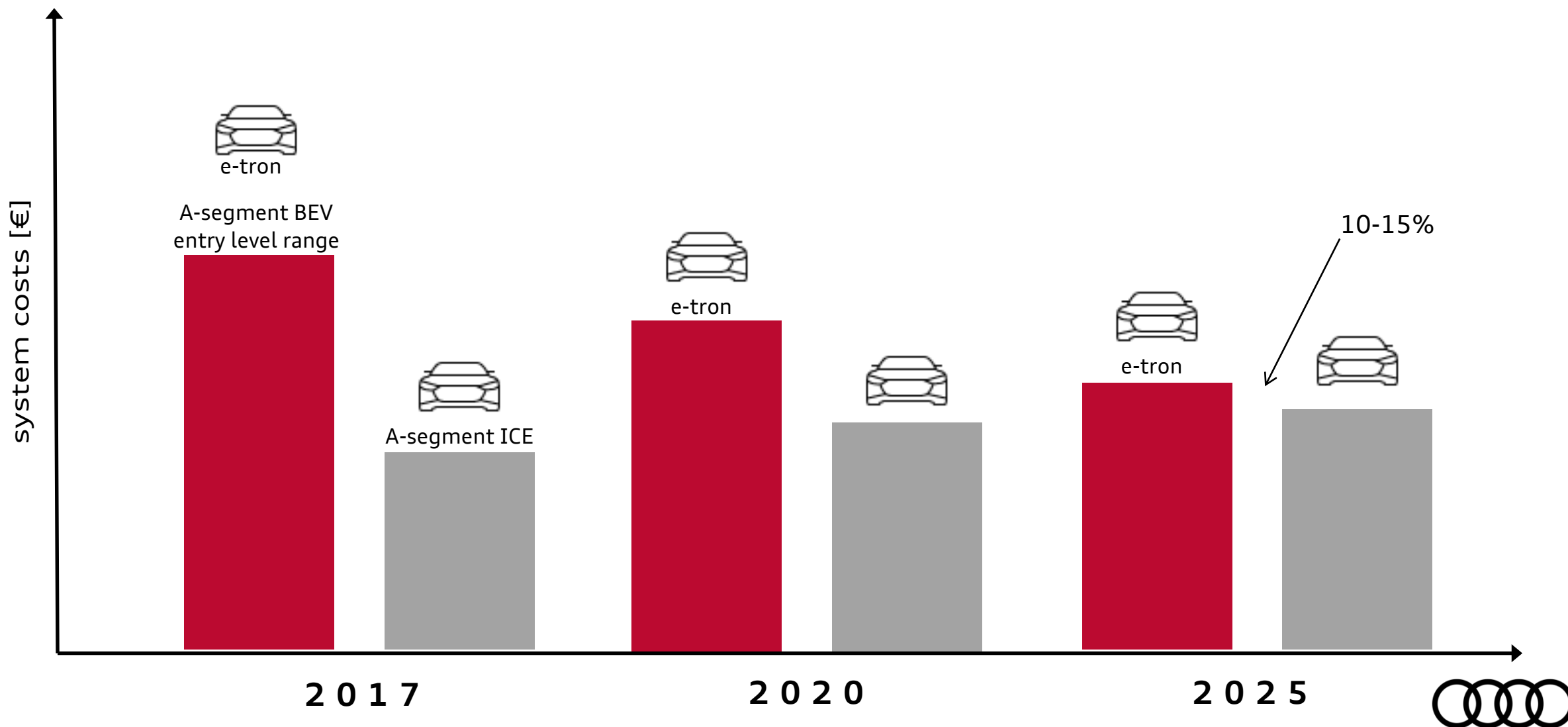
Costs of system and cells



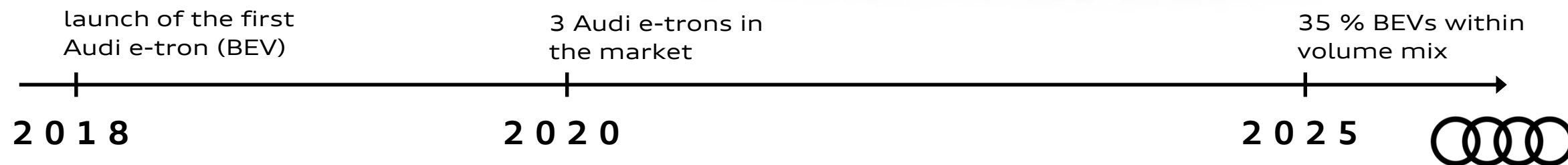
Energy density



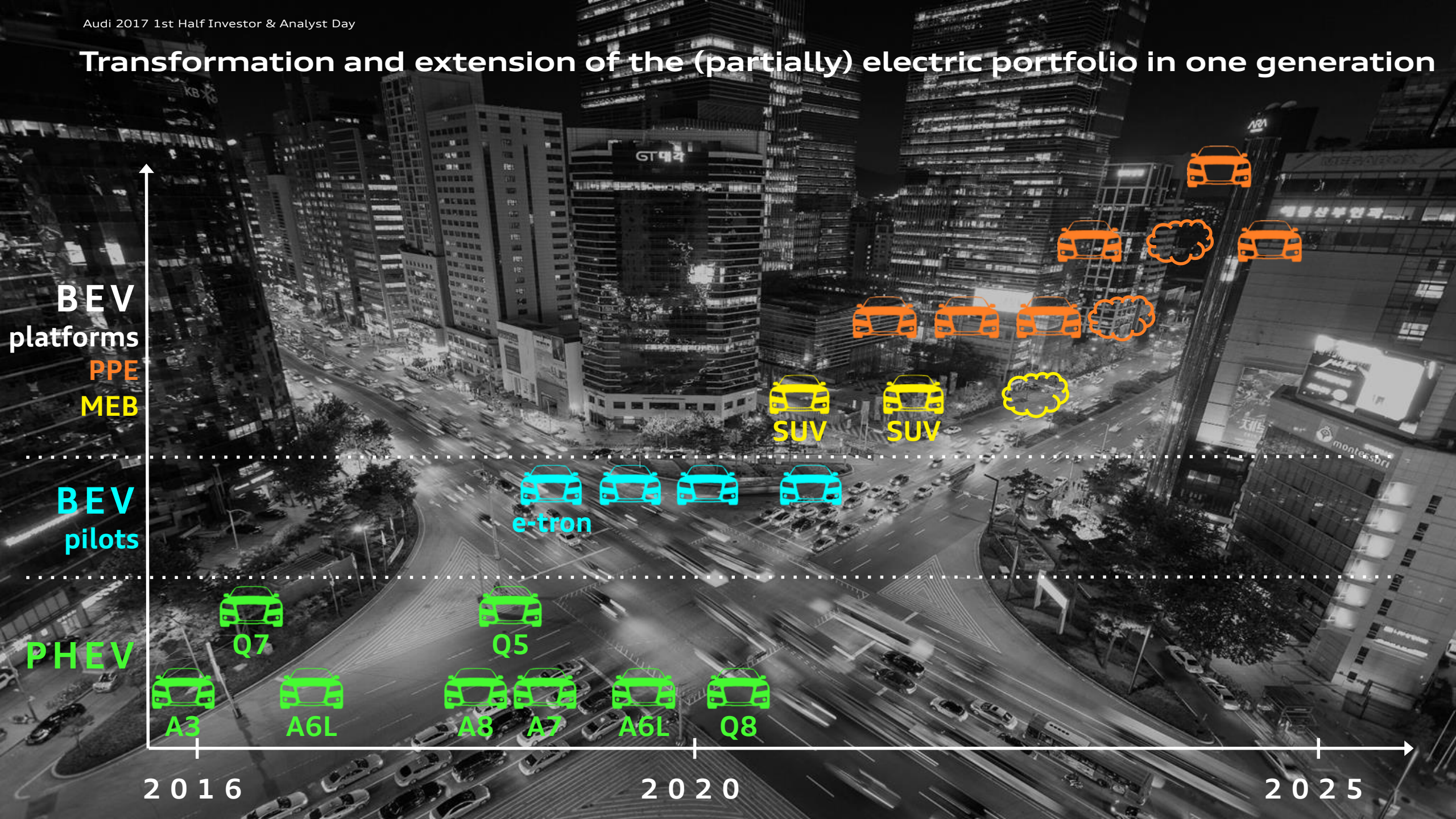
Technically induced BEV-costs become reasonable for high volume @ entrance level (range <300 km, max. speed 160 kmh)



The roll-out of Audi BEV models starts in 2018

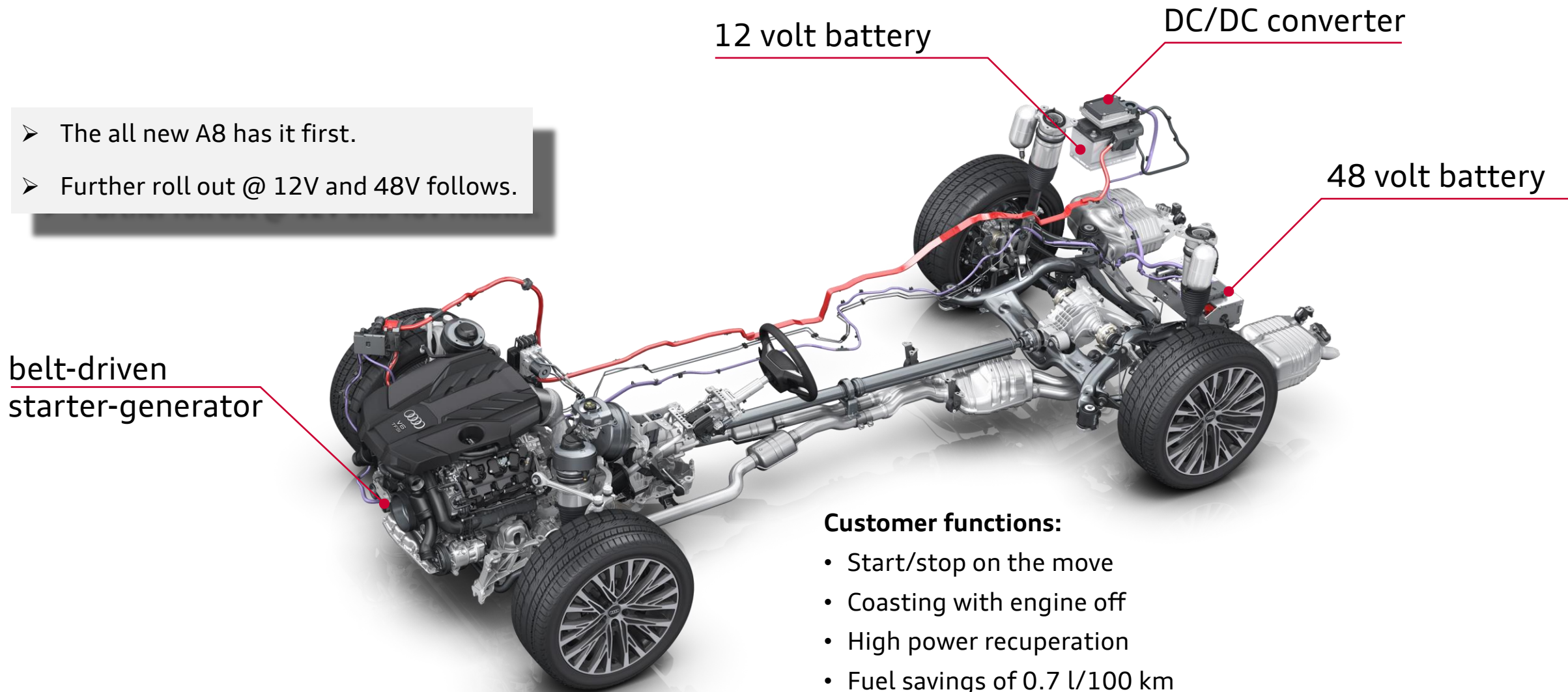


Transformation and extension of the (partially) electric portfolio in one generation



CO2 benefit for ICE-powertrains with minimum engine factory impact: **The mildhybrid system provides the customer a perfect symbiosis**

- The all new A8 has it first.
- Further roll out @ 12V and 48V follows.



mHEV plus offers even more functions and fuel savings (EM-power up to 20 kW, increased energy content of 48V-battery)

- › start/stop on the move
- › emissionfree coasting
- › high performance recuperation

Additional functions:

- › electric cruising
- › fuel savings of
additionally 1l/100 km

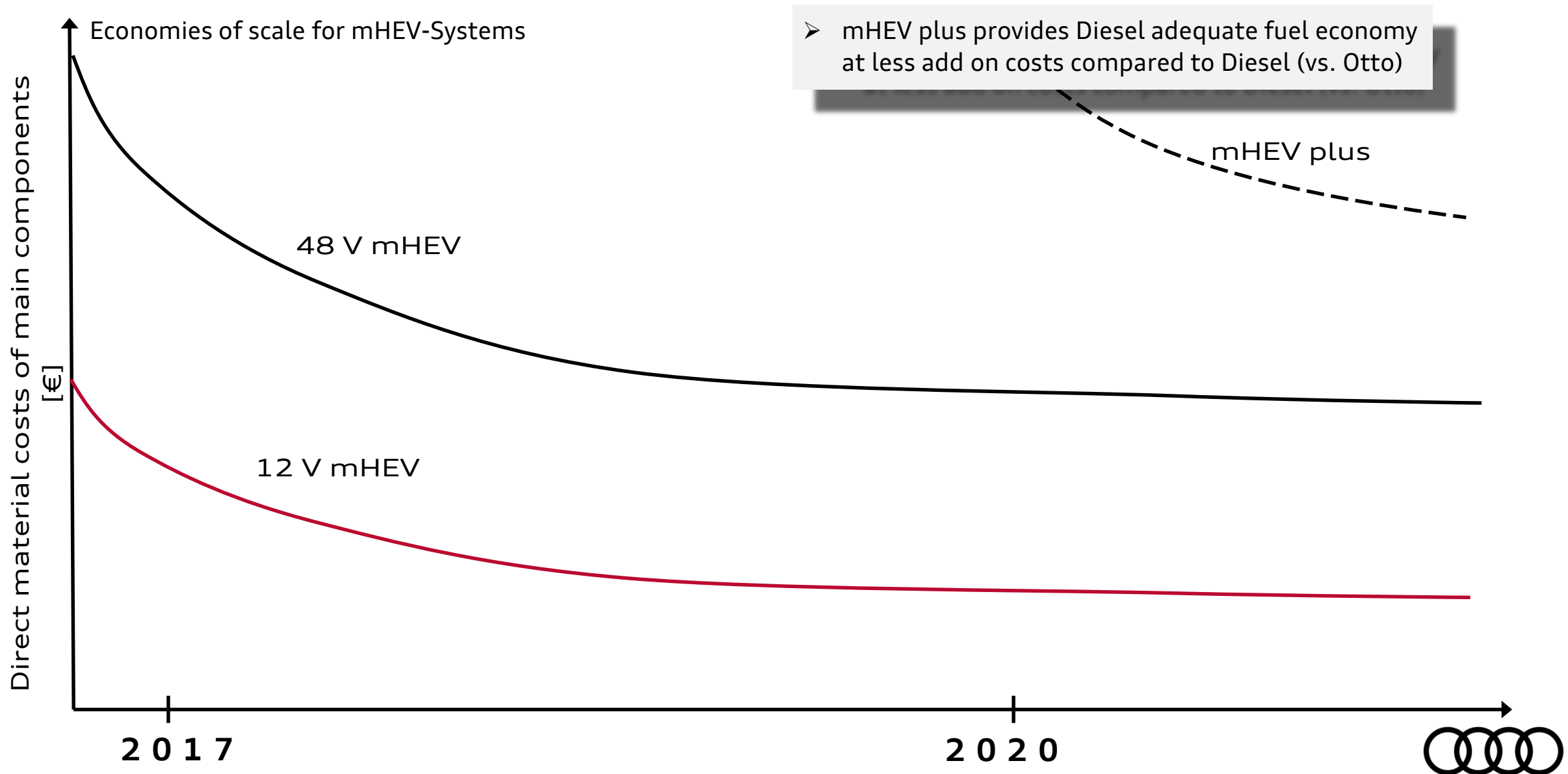
.... coming soon (2022)



Q8 sport concept with mHEV plus



Decreasing direct costs of mHEV components make system more profitable



Employees: Prepared for the future through organisational changes + trainings

Powertrain development

2.500 employees

Cross-linked departments

Organisational changes to link ICE developing departments with FCEV and BEV

Internal Academy

Qualification, training, knowlege transfer through „employees train employees“

Extra occupational training at Technical University of Ingolstadt

Focus on alternative powertrains



Disclaimer

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.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

