

M.M. Warburg Fieldtrip

September 14th, 2017



Anton Poll

Head of Financial Communication/ Analysis, AUDI AG



Markets



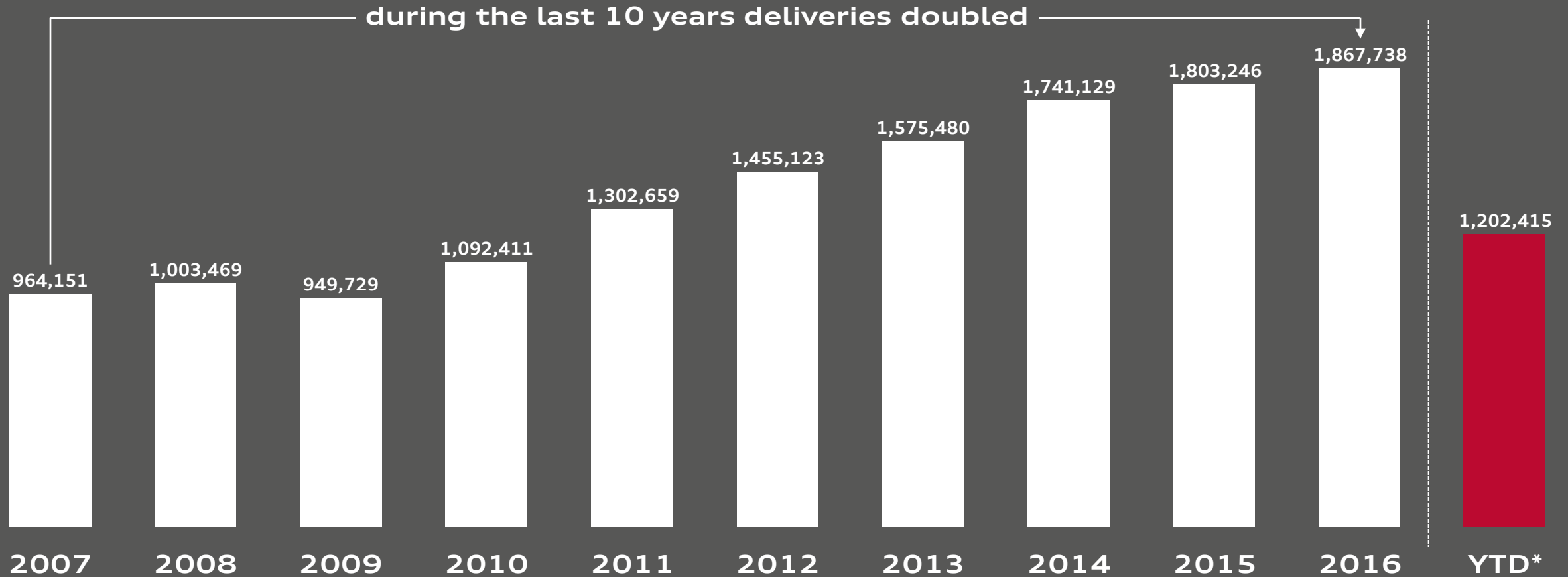
Financials



Outlook



The Audi brand comes from a unique growth story in units



* January to August 2017



Challenges and redirection in China leave a negative impact on deliveries

Audi deliveries to customers in units and percent (YTD 1-8/2017 vs. 1-8/2016)

Worldwide
1,202,415 cars
(1,235,007)

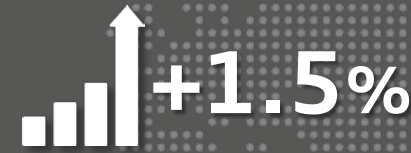
-2.6%



USA



**Western
Europe**



China
(incl. Hongkong)



Strategic realignment temporarily effects China deliveries but will drive sustainable and profitable local growth in the long run

Audi deliveries to customers in units and percent (YTD 8/2017 vs. 8/2016)

Short term effects...

China
(incl. Hongkong)



360,225
(385,734)



-6.6%

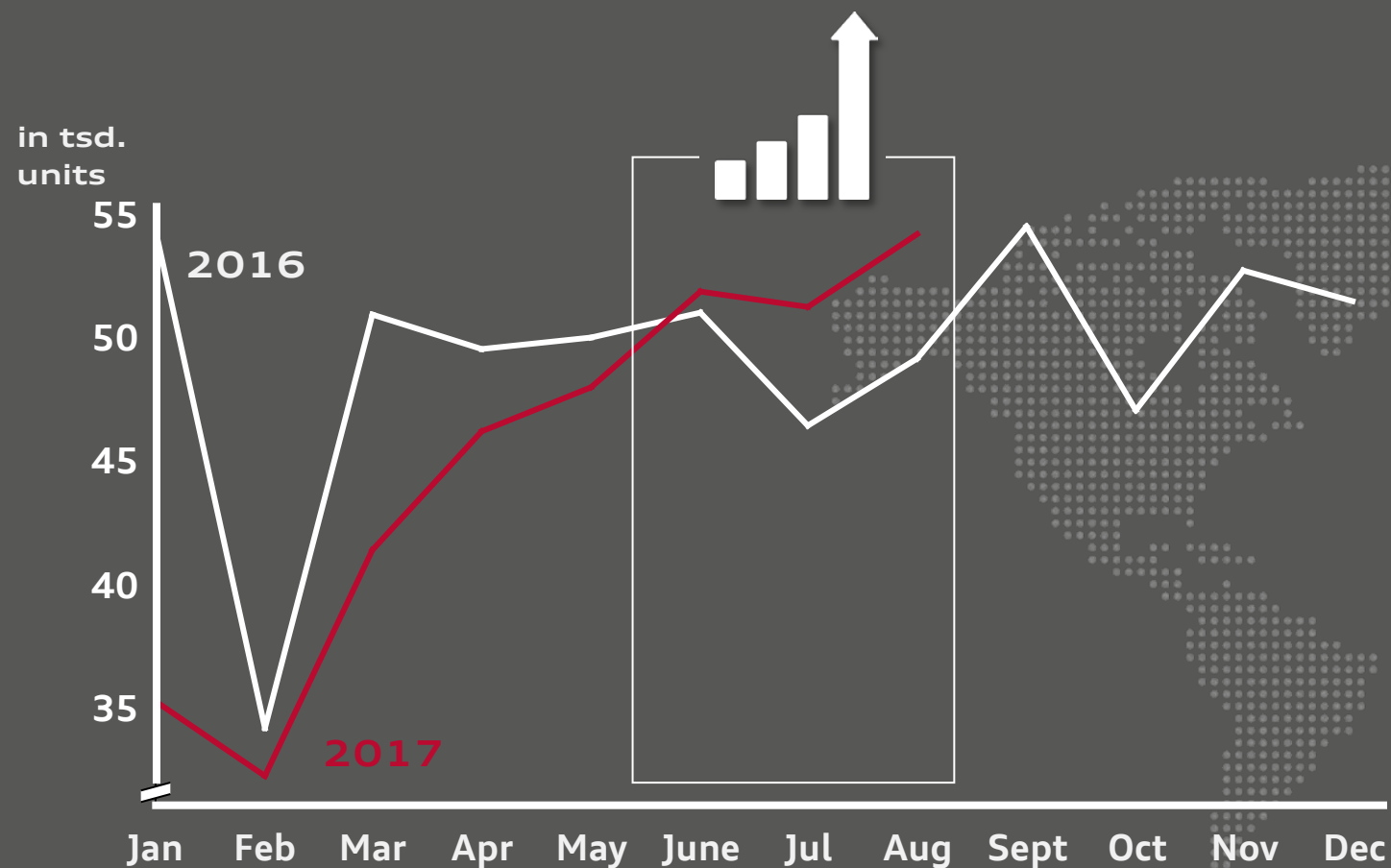
vs. long term growth

Key points of the
10 year growth plan

- expansion of CKD and FBU portfolio
- electric product offensive:
5 electric products within the next 5 years
- paves the way for a second local partner



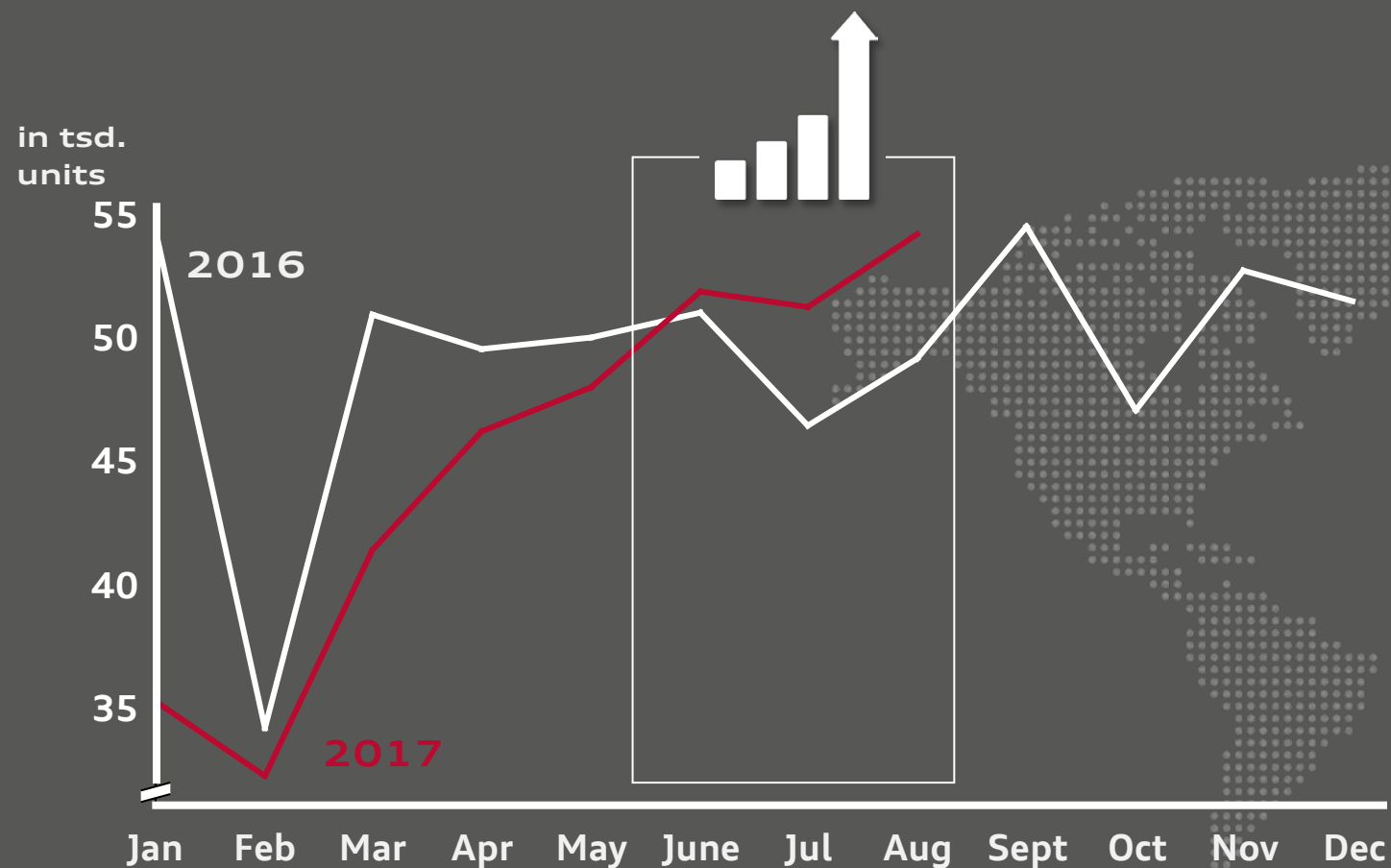
After strategic realignment Audi continues its growth story in China



Since June
Audi gains back
its **leading position**
in the **Chinese**
premium market



After strategic realignment Audi continues its growth story in China



A6 L e-tron



Q7 e-tron



2nd half with
electric impetus



Audi slightly increases deliveries in Western Europe

Audi deliveries to customers in units and percent (1-8/2017 vs. 1-8/2016)

Western Europe



543,683
(535,846)



+1.5%

 **A4**



 **Q2**



Top 5 markets

	1-8/2017	Δ in %
Germany	210,112	+0.8%
United Kingdom	109,107	+1.2%
Italy	45,710	+9.9%
France	41,628	+0.0%
Spain	38,470	+5.3%



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

Audi deliveries to customers in units and percent (1-8/2017 vs. 1-8/2016)

USA



141,606
(134,562)



+5.2%

Q3



Q5



Q7



SUV family
+11.9%



A4 model line
+14.1%





new
A5 family
up more than **35%**



new Q2
more than
60,000 units
sold



Audi Q7

remains a **bestseller**



more than 67,600
deliveries to customers YTD



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



USA

first half 2017

Settlements with US-authorities & next steps

- determination of measures
- installment of monitor Larry Thompson

Moreover,
we strengthen our
compliance organization
and systematically examine
**engine-transmission-
combinations**
in our portfolio.



Europe & other markets

July/2017

Retrofit programm

software update of up to 850 tsd. cars of EU5
and EU6 normed V6 and V8 TDI engines





Markets



Financials



Outlook



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

Strategic goals

Digitalization

Sustainability

Urbanization

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

Audi.2025

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

Optimization of processes & structures

Transformation of our business model

2016

today

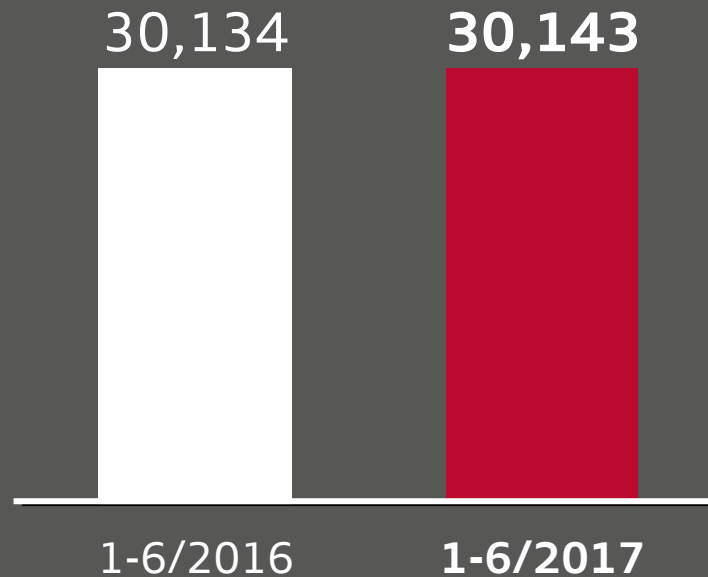
2025



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



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 2017 remains ambitious



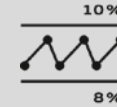
Deliveries of cars of the Audi brand to customers

slight increase



Revenue

slight increase



Operating profit/ Operating return on sales

within the strategic target corridor of 8 to 10%



Return on investment

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%



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



Markets



Financials



Outlook

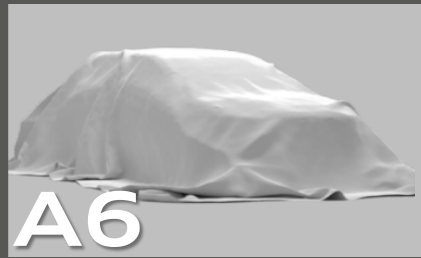


Upcoming product launches will give further impetus for volume growth

launched end of
2016/2017



planned in
2018



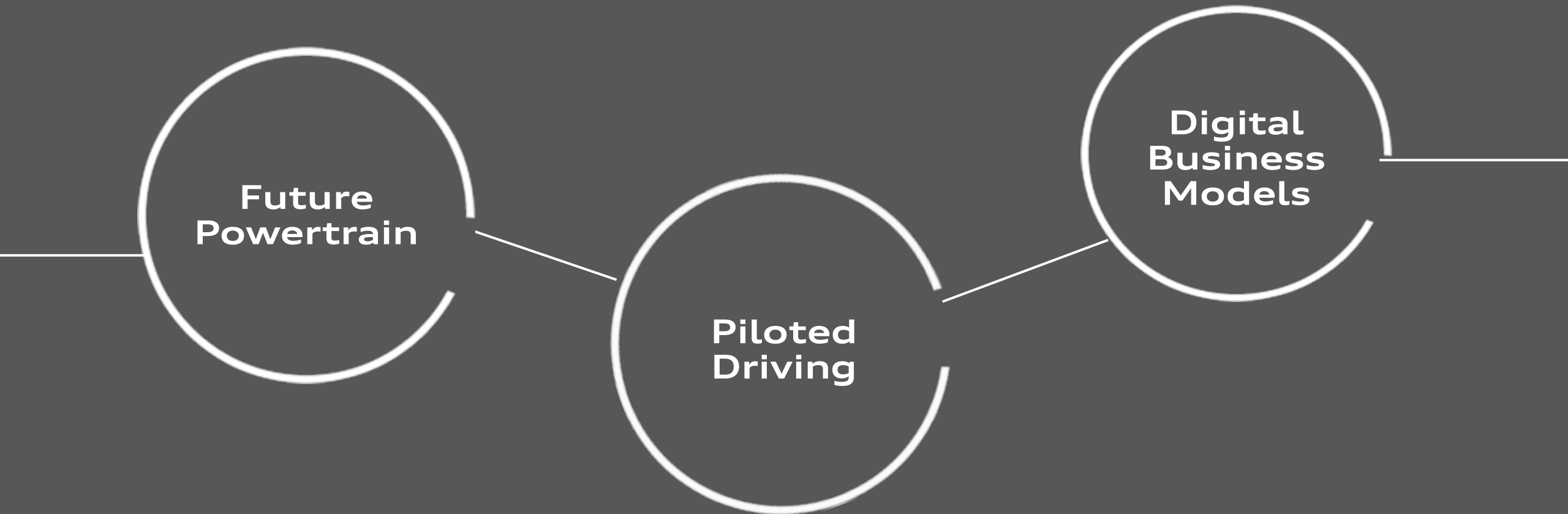
planned in
2019



...and
more
to come



Focus areas



Coming up in 2018: Our first fully electric car will be an SUV

Future
Powertrain



e-tron
with a
range of more than
500 km



Together with Porsche we develop the premium electric architecture of the future and also realize best synergies within the VW Group

Future
Powertrain

30% efficiency

through synergies

scale effects through the group

are our competitive advantage



BEV platforms will allow maximum synergies on the road towards electrification starting from 2022

Future
Powertrain

BEV
platforms

PPE

MEB

BEV
pilots

PHEV



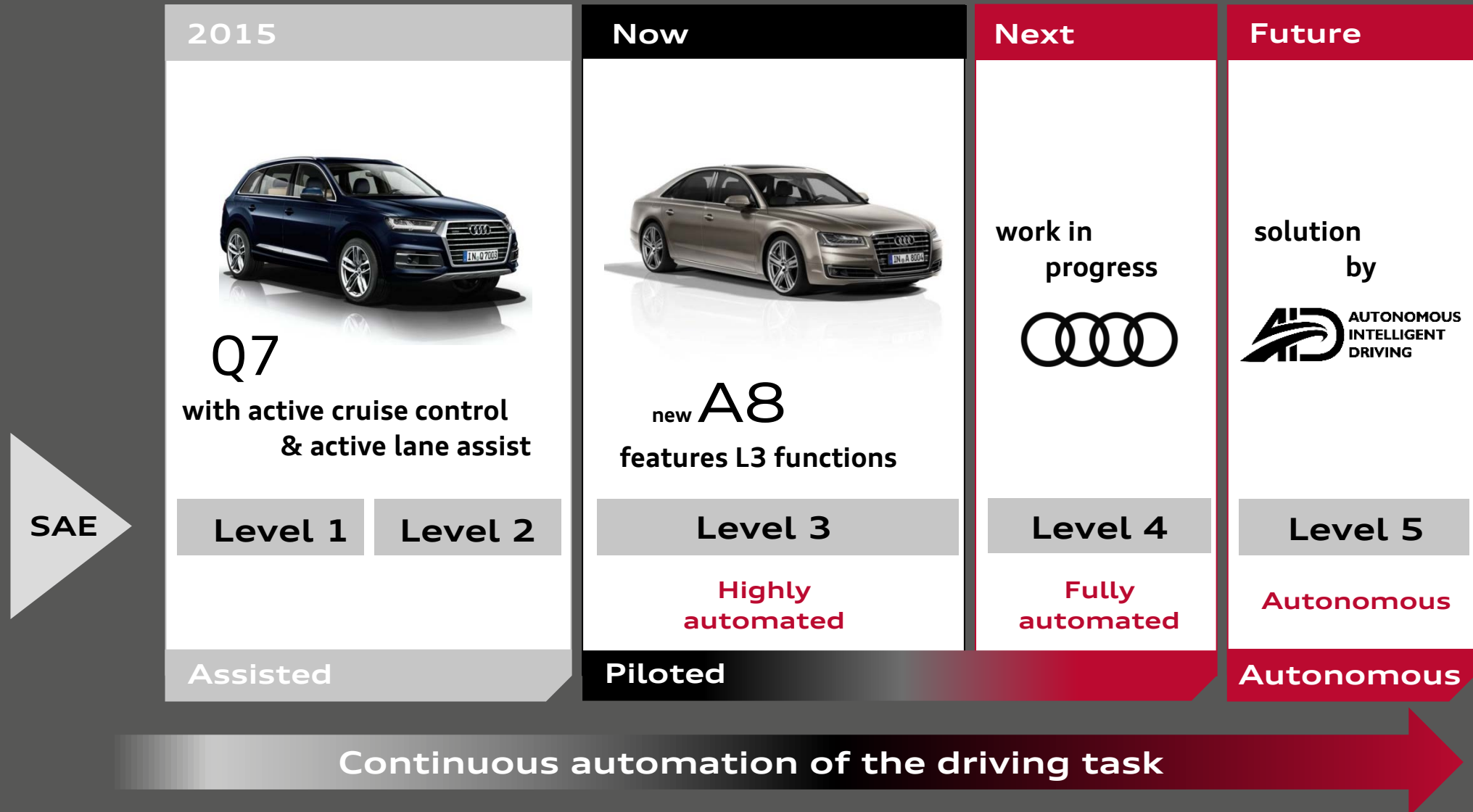
Audi g-tron rounds up our alternative drivetrain portfolio and makes carbon-neutral driving possible already today

Future
Powertrain



The new Audi A8 is our next milestone on our path towards fully automated driving

Piloted
Driving



Level 4 & Level 5

use cases



**ELAINE &
AICON**
powered by Audi AI



Piloted
Driving



Technologies for the city of the future

Digital
business
models



**Piloted
parking & driving**

**Connected
infrastructure**



**Swarm intelligence
in Internet of Things**

**HERE digital maps with
real-time reality index**



**We will gather customers & fans in our digital eco system
and create added value for them**

Digital
business
models



**Digital
platform**

**10 million users
by 2025
for integrated,
connected
premium mobility
& digital services.**



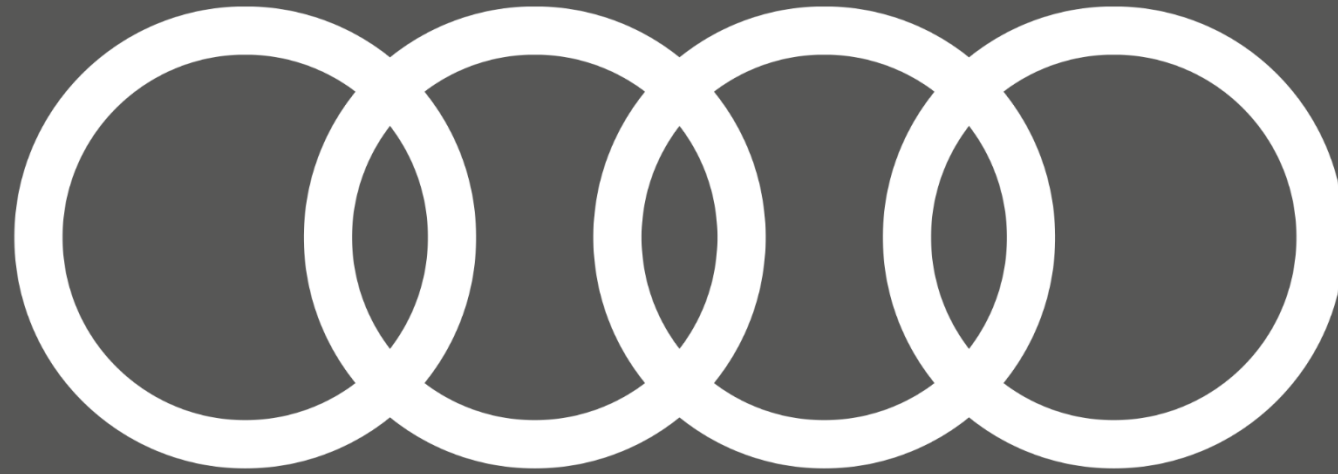
Revolutionary concept in the car industry

Digital
business
models



Function on demand





Vorsprung remains our promise!



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.

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