

Meeting with Goldman Sachs fieldtrip group

Munich, June 21, 2018



Anton Poll

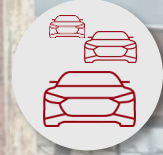
Head of Financial Communication/Analysis, AUDI AG

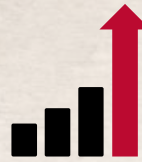


significant growth worldwide

Deliveries

Audi brand



 **+6.4%**



successful SUV models

Deliveries

Audi brand

Thereof SUV

37 percent

287,457 units



outperform US-market

1-5/2018

Deliveries

Audi brand



Q-models

+12.5%



A5 family

A4 family



88,471 cars
(83,555)



+5.9%

growth by >27% in China
1-5/2018

Premium market
share >25%

Q5



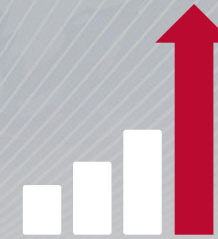
A4L



A6L



258,413 cars
(202,885)



+27.4%

Deliveries

Audi brand

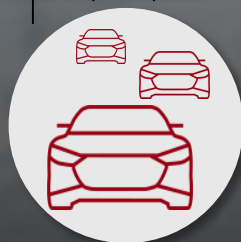
1.2 million deliveries by 2023

China

more than
double CKD portfolio

launch of
10 new SUVs

~10 electrified models



expand
product range

JV
digital services
& mobility

independent
sales company

...



expand
business model

comprehensive market initiative

model initiative on the verge

1-5/2018

Deliveries

Audi brand



339,035 cars
(357,550)



-5.2%

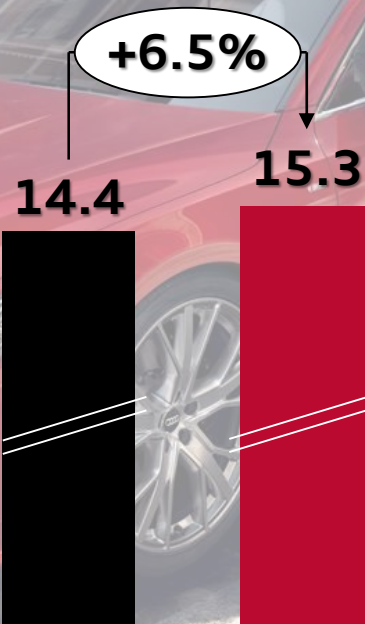
good start to the year

Q1/2018



Revenue
significantly above
prior year

billion euros

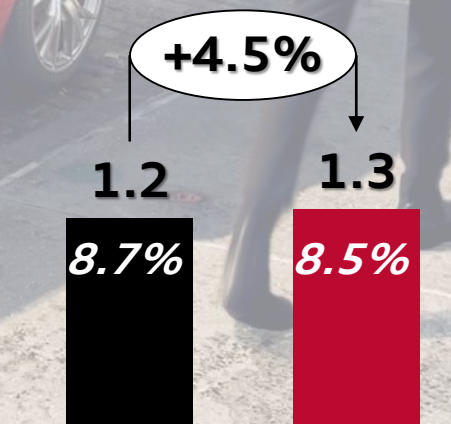


1-3/2017 1-3/2018



Operating profit
significantly above
prior year

billion euros



1-3/2017 1-3/2018

impressive financial strength in Q1



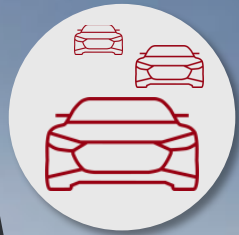
1,919 mil. euros
(1,487)



Net cash flow

Deliveries

Audi brand



at
prior year
level

Revenue

slight
increase



Outlook
2018



between
8 and 10%

between
2.7 and 3.2
billion euros



Operating margin

Net cash flow

more than 20 launches in 2018

new products

e-tron

Urus

A1

Q3

Q8

A6

...and many
more to come



presented at Audi China Summit

Audi Q8



attracts young customers

Audi A1



highlight in 2018

Audi e-tron



>8,000
pre-orders

Audi in 2025



Upfront expenditure of approx. €40 bn. for digital, electric and autonomous mobility by 2025



Operating profit from **new business models** of €1 bn.



Action and Transformation Plan frees up at least €10 bn. by 2022 already



Securing a **margin** between 8 and 10% over the long term

Future topics



Action & Transformation Plan

Future topics



Goldman Sachs fieldtrip
Dr. Roland Villinger (CSO/ CDO)



TODAY'S AGENDA

1

**Perspectives on industry development:
present-forward & future-back**

2

**Key pillars of Audi's strategy: sustainability/
electrification, digitalization, urbanization/ mobility**

3

**Audi's Action & Transformation Plan fully under way to
accelerate strategy implementation**

TODAY'S AGENDA

1

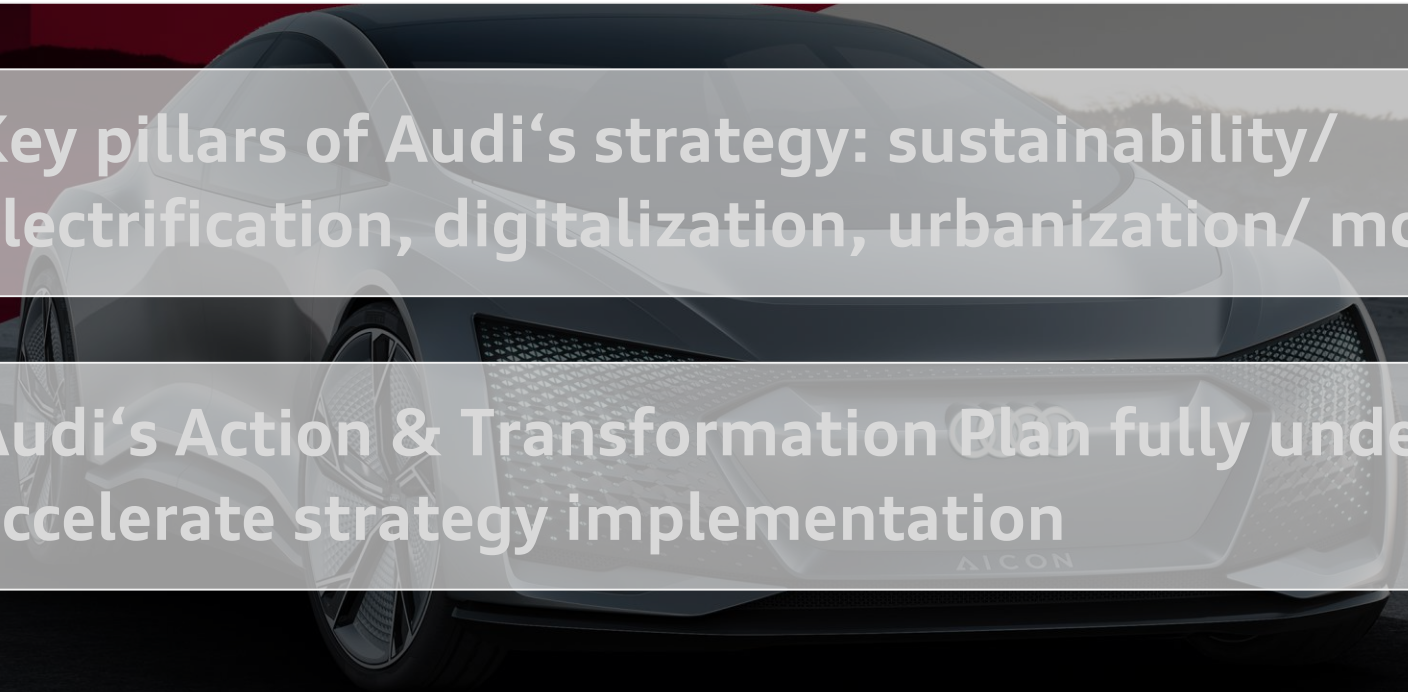
**Perspectives on industry development:
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How will the market develop?

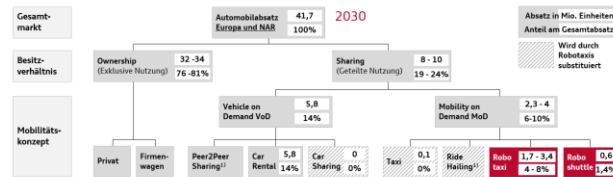
The Audi Premium Portfolio Vision is being developed through two approaches: “Present Forward” and “Future Back”

PRESENT FORWARD

URBAN MOBILITY STRATEGY

18 Audi AG | 1/2014 Audi Urban Solutions | VSE-Urbane Mobilitätsstrategie | 15.01.2018

In 2030 werden konventionelle Mobilitätskonzepte weitgehend durch Robotaxis und -shuttles substituiert



- Car Sharing, Taxis und Ride Hailing werden durch Robotaxis substituiert
- Firmenwagen werden durch Mobilitätservices für Mitarbeiter verdrängt
- Car Rental hat im interurbanen Raum weiter Bedeutung

Quellen: Bsp., VW, Strategik, McKinsey, eigene Berechnungen. Studien um extreme Szenarien basierend. Summen zu nicht 100% beruhen auf Rundungungsungenauigkeiten.
1) Absatzzahlen sind in Bewertung enthalten zur Veranschaulichung der Bedeutung

32 Audi AG | 1/2014 Audi Urban Solutions | VSE-Urbane Mobilitätsstrategie | 15.01.2018

Audi Urbane Mobilitätsstrategie im Überblick

A. Drei strategische Säulen:

1. Säule: Klassisches Fahrzeuggeschäft (Sharing-fähig (peer-2-peer))
2. Säule: Interurbane Car Rental/ Sharing (Aicon)
3. Säule: Urbane Premium Robotaxis

B. Drei Robotaxi-Positionierungen:

1. Positionierung: Mobilitätsanbieter für B2C-Kunden (Audi Lovers)
2. Positionierung: Mobilitätsanbieter für Premium B2B Kunden
3. Positionierung: Fahrzeughersteller mit Flottenlösung für große Mobilitätsplattformen

C. Auf Städte fokussierter Rollout, tiefe Durchdringung relevanter Quartiere



Schlüsselimplikationen:

- Bis 2025 urbanes Audi Robotaxi in Serie (Neo?)

- Kundenschnittstellen in Premiumsegmenten besetzen (Kontrollpunkte sichern)

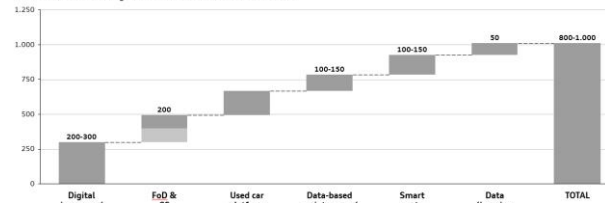
- Optimierung Wirtschaftlichkeit durch Netzwerk- und Auslastungseffekte

DIGITALIZATION STRATEGY

20 Audi AG | Audi Premium Portfolio Vision | E-Mobilitätsstrategie | 15.01.2018

Profit growth from digital services – 7 focus initiatives with a profit potential of 800-1.000 mio. € forecasted for 2025

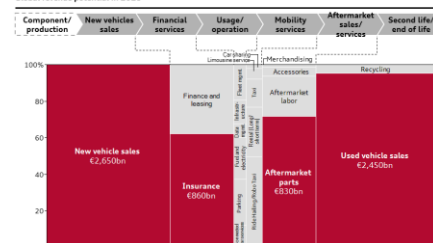
EBIT contribution in 2025 in €M (incremental to existing Audi business; all numbers rounded)



2 Audi AG | 1/2014 VPE, UPE cooperation with Bsp. Parttime Headline Audi's Digitalization Strategy 2025 | Sep. 21, 2017

Top-down analysis to prioritize value pools Where to play

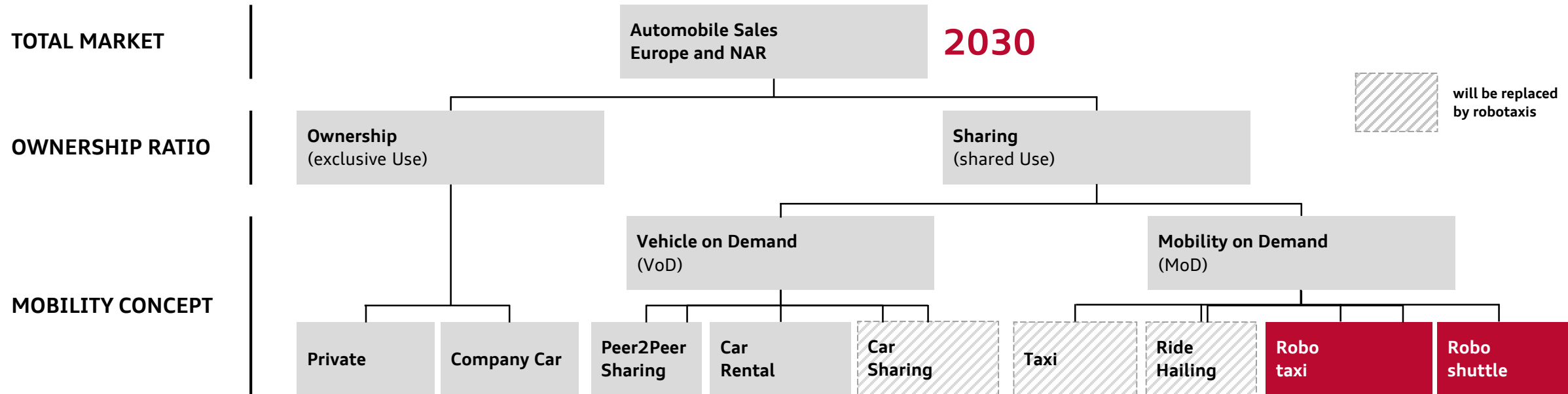
Global revenue potential in 2025



Note: Revenue from fuel and public transport not included. Figures reflect light vehicles market. Source: Proffand, Statista, UPE, UPE Automotive, Pohl, WorldMarket, Kraftfahrzeugtechnik (Kfz), Bsp, Bsp analysis

How will the market develop?

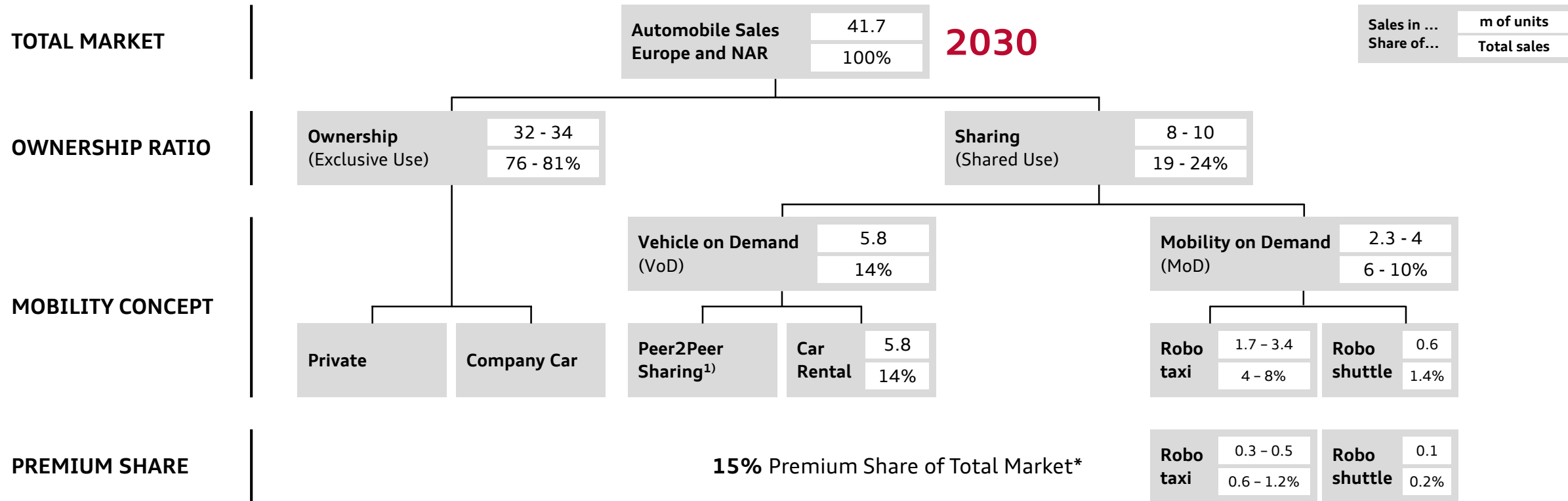
By 2030, conventional mobility concepts will largely have been replaced by robotaxis and robo shuttles



- » **Car sharing, taxis and ride hailing** will be replaced by **robotaxis**
- » Company cars will be displaced by **mobility services for employees**
- » **Car rental** will continue to be important in the **interurban environment**

How will the market develop?

Market estimates produce a potential annual market share of 50,000 – 90,000 robotaxis in Europe and NAR for Audi in 2030



Sources: Bain, VW, Strategy&, McKinsey, LMC, own calculations; studies adjusted for extreme scenarios; amounts not adding up to 100% are due to inaccuracies arising from rounding up or down

* Premium Share (sedan services) in European taxi market and USA is currently 15-20% (source: Bain 2017); premium share of all light vehicle sales (all markets) 2016 Europe and NAR averaged: 15% (source: LMC); assumption: no change until 2030

**Audi share of premium market 2016 Europe und NAR averaged: 18% (source: LMC, Audi); assumption: no change until 2030

1) Sales figures are included in "Ownership" to avoid double counting

How will the market develop?

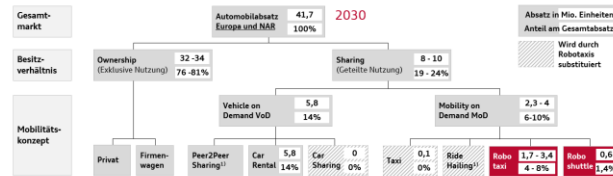
Development of a need for premium sharing and digital services

PRESENT FORWARD

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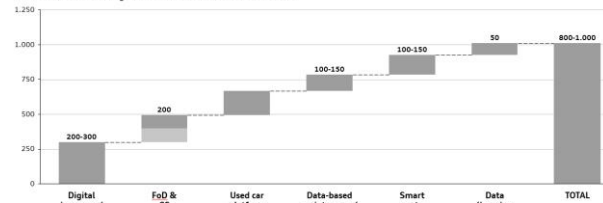
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DIGITALIZATION STRATEGY

20 Audi AG | Audi Portfolio Vision | E-Mobilitätskonzepte | 12.03.2018

Profit growth from digital services – 7 focus initiatives with a profit potential of 800-1.000 mio. € forecasted for 2025

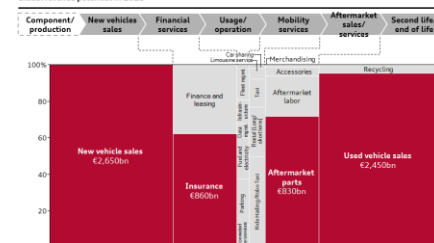
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2 Audi AG | 1/2014 VPE, UPE, UPE cooperation with Bsp. Parttime Reselling Audi's Digitalization Strategy | 15.01.2018

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Where to play

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Note: Revenue from fuel and public transport not included; figures reflect light vehicles market
Source: Proffund, Statista, UPE, UPE, UPE cooperation with Bsp. Parttime Reselling Audi's Digitalization Strategy | 15.01.2018

A

By 2030, robotaxis/roboshuttles will have replaced conventional Mobility on Demand services. **Robotaxis** as key to **urban premium services**.

B

Robotaxi market in **China larger** in 2030 than **EUR & NAR** combined. Classic **ownership business** will initially remain dominant worldwide, however.

C

Pure **connectivity features** will become a **basic requirement** – high customer expectations of “simplicity & seamlessness“, **limited profit potential**.

D

Profitability of digital services will be achieved through **data-driven, scalable and platform-based business models**.

How will the market develop?

Living environments 2030+ and use cases as basis for customer-focused portfolio strategies

FUTURE BACK

E

Market in 2030 up to **80% urban** (and growing), therefore focus competitiveness on urban spaces (inc. Interurban, Last Mile & potentially Third Dimension).

F

Huge global differentiation between urban living environments will cause an increase in external complexity.

G

The trend towards sharing could mean a **decline in premium sales**; at the same time, **new premium use cases** will be created.

H

Customer expectations of premium mobility will develop “**from a driver experience to an experience drive**”.

LIVING ENVIRONMENTS/ FUTURES OF MOBILITY

GROUP-WIDE ALIGNED MOBILITY-RELATED ‘LEBENSWELTEN’ 2030+
WE DEFINED URBAN MOBILITY LANDSCAPES BASED ON THE URBAN CITY CLUSTERS OF THE PORSCHE SE ‘XY’ REPORT

STARTING POINT: DEVELOPMENT OF CUSTOMER’S ‘LEBENSWELTEN’ 2030+ AS AN ELEMENTARY BASIS
FOR THE DESIGN OF FUTURE PRODUCTS & SERVICES AND THEIR REALIZATION IN OUR BRANDS & GROUP



RELEVANCE OF CITYCLUSTER IN 2030+
CITIES – ENERGIES OF THE WORLD ECONOMY

CITIES
From 2015 to 2030 97% of the world's population growth will occur in cities.
• By 2030, people living in large cities alone will account for 81% of global consumption.

URBAN/ RURAL AREAS
Most urbanized regions include Northern America (82%), Latin America and the Caribbean (80%), and Europe (73%). Africa and Asia are home to nearly 90% of the world's rural population. India has the largest rural population (857 million), followed by China (835 million).
• All regions are expected to urbanize further over the coming decades.

Two major challenges can be localized:
1. The increasing digital integration of urban infrastructures (global smart city visions) and
2. The specific cultural and geographical features of cities and regions. In addition to the focus on urban space, a focus is on the rural areas that are still inhabited by 20% of the world population by 2050.

Source: McKinsey & Co.

RELEVANCE OF URBANIZATION

Today 54 % of the world's population live in urban areas.
• By 2050, 80% (10 billion) of the world's population is projected to be urban.
• Today's global rural population is close to 3.4 billion; expected to decline to 3.2 billion by 2050

TODAYS AND FUTURE MEGA-CITIES

Tokyo is the world's largest city (38 million inhabitants), followed by Delhi with 25 million, Shanghai with 23 million, and Mexico City, Mumbai and São Paulo, each with around 21 million inhabitants.

AUDI USE CASE-BASED VEHICLE CONCEPTS

USE-CASE-BASIERTE FAHRZEUGKONZEPTE UND FAHRERLEBNISSE
Herr Jürgen (EB), Herr Lachow (ED), Hr. Müller (EF)

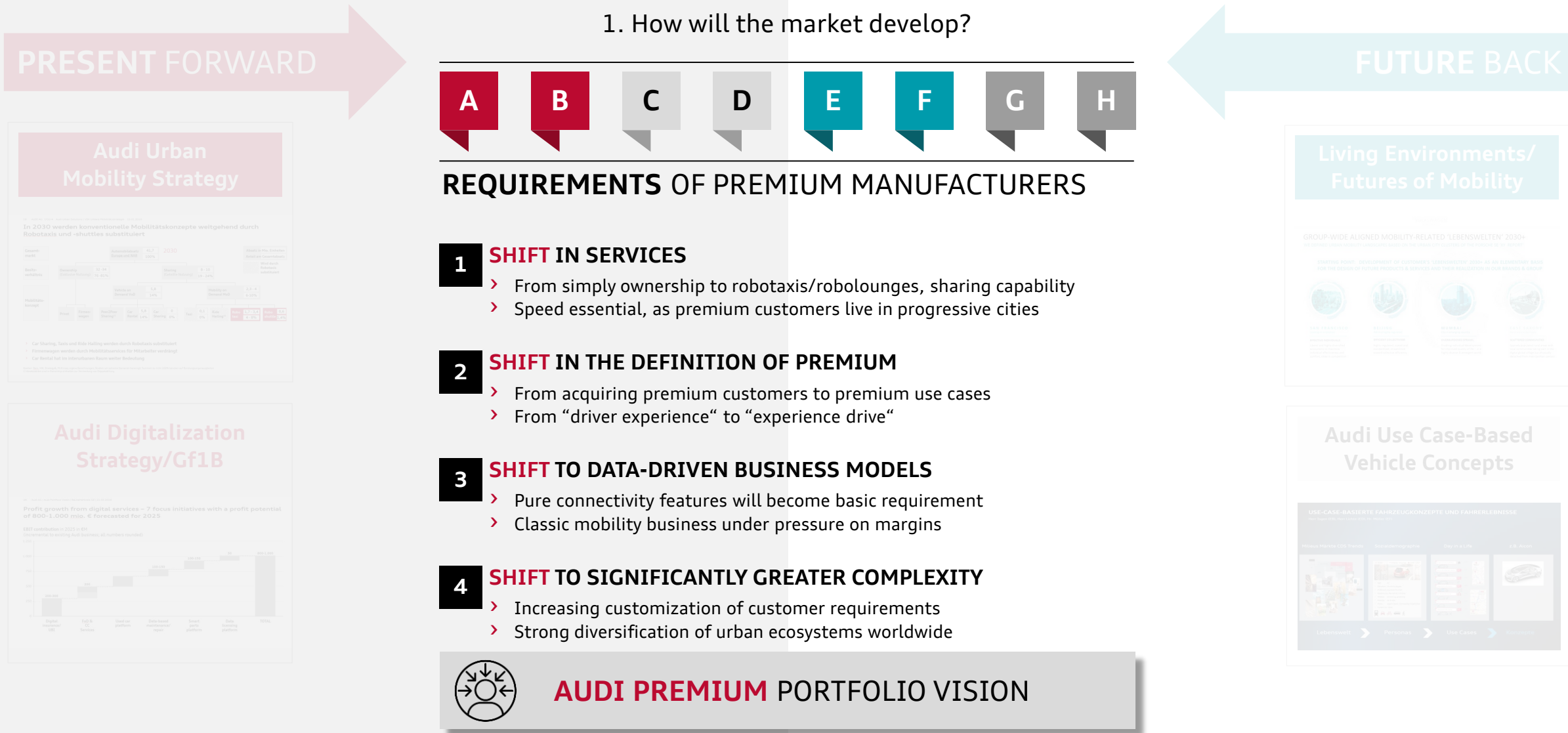


AICON



How will the market develop?

Markets and customers in 2030+ will demand a rethink regarding the essential competences of premium manufacturers



TODAY'S AGENDA

1

Perspectives on industry development:
present-forward & future-back

2

**Key pillars of Audi's strategy: sustainability/
electrification, digitalization, urbanization/ mobility**

3

Audi's Action & Transformation Plan fully under way to
accelerate strategy implementation

Vorsprung durch Technik



The New Premium
Revolutionizing mobility

Audi Corporate Strategy – Mission Statements

S

Sustainability

We take electric mobility to the next level.

D

Digitalization

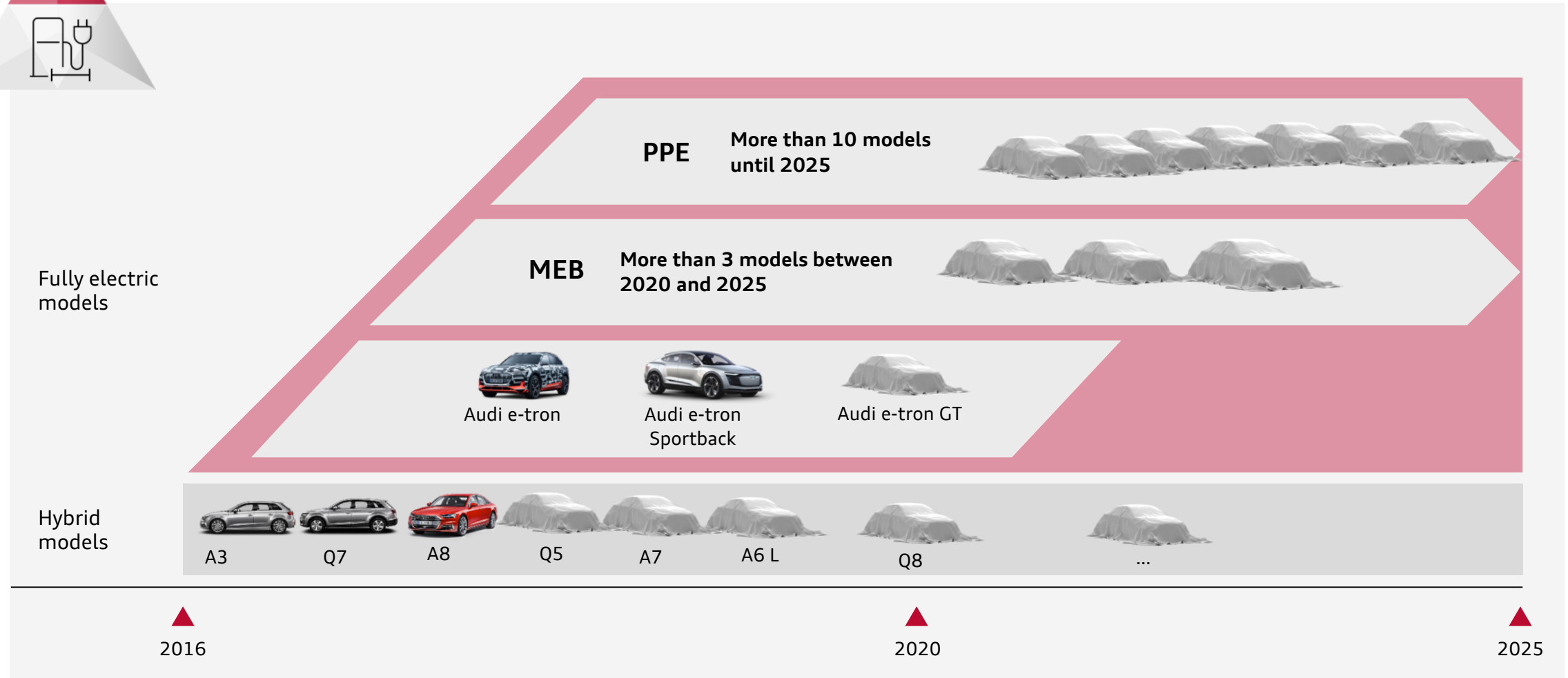
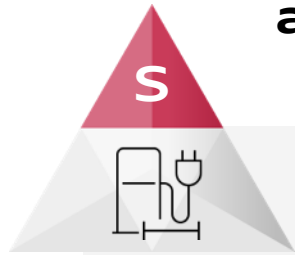
We create the digital experience of the future.

U

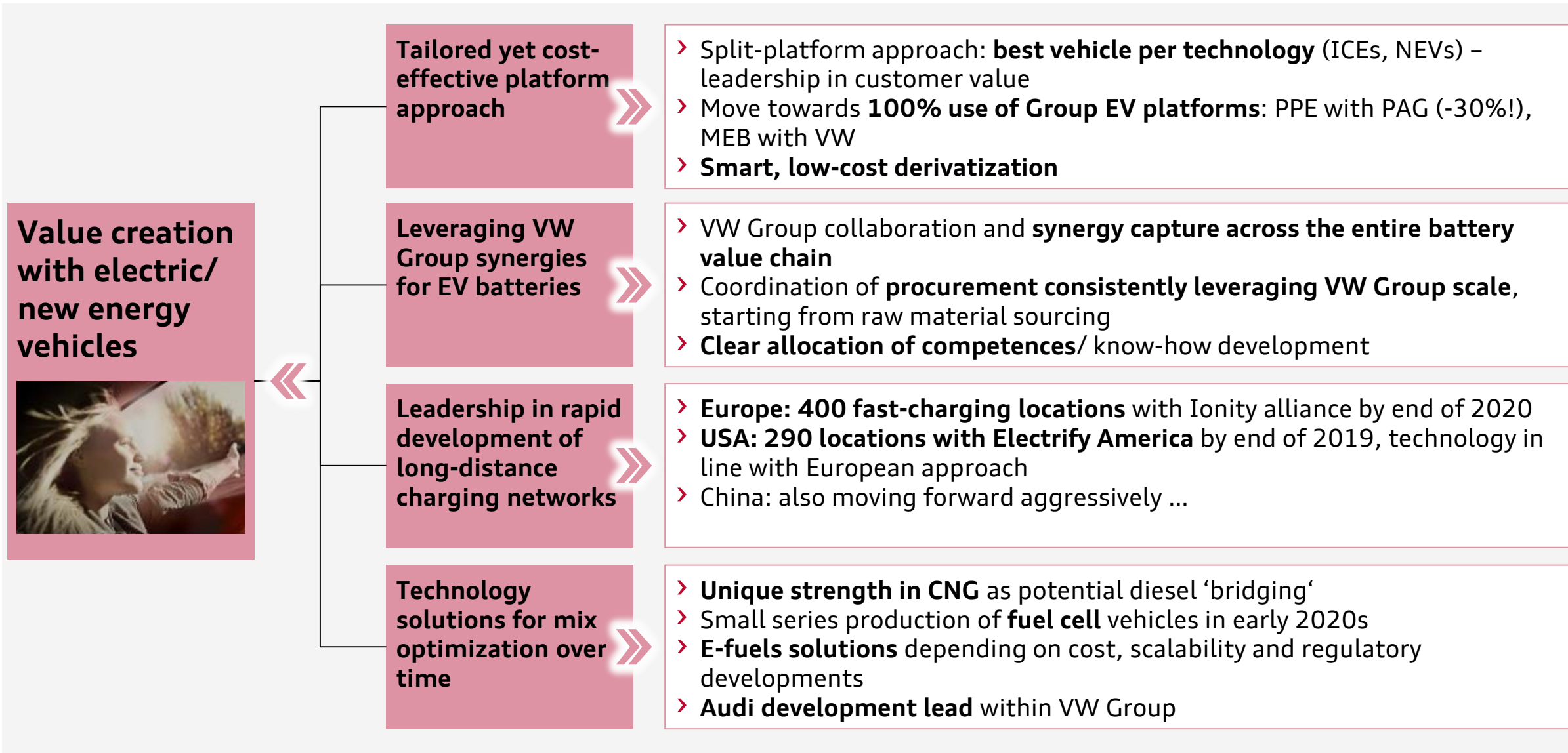
Urbanization

We are trendsetters for autonomous mobility.

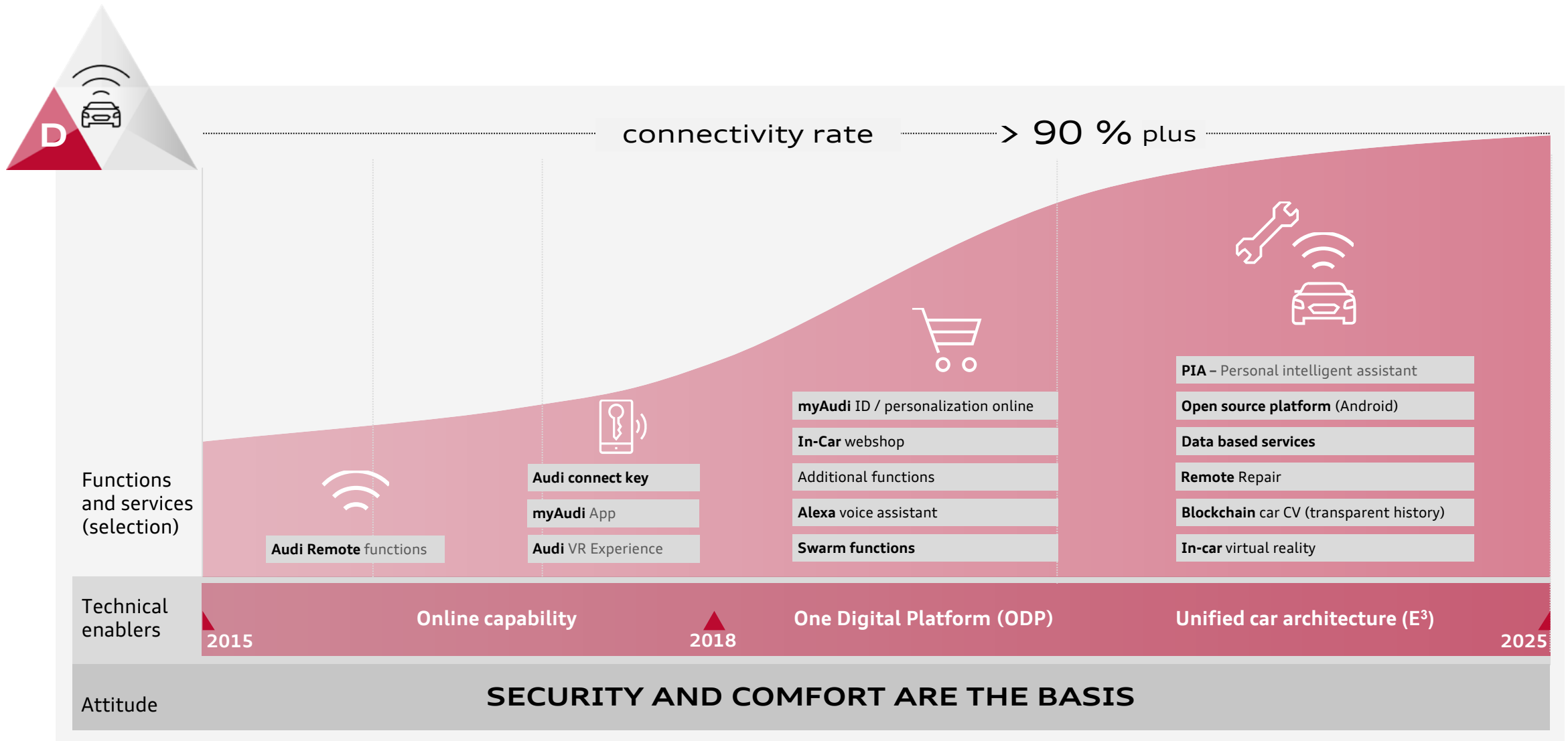
800,000 electric cars and plug-in hybrids sold in 2025 and all production sites to be carbon-neutral by 2030



Sustainability – making money with electrification



€ 1 bn operating profit in 2025 from new business modell



Intuitive Userinterface

MULTIMODAL

- › Flexible Userinterface with MMI Touch Response
- › Hybrid-Speech control

ADAPTIV

- › Personalization enabled by myAudi ID
- › Intelligent and situationally

PROACTIV

- › Routine functions
- › Smart recommendations based on AI

Infrastructure **ready** for the Future



CAR ARCHITECTURE

Unified car architecture across all vehicle lines

Flexible development cycles by decoupling of hardware and software

BACKEND

Scaleability und cost efficiency through unified Backend-infrastructure

Flexibility for digitale services by independence of vehicle SOPs

Making the company faster

BUSINESS UNIT FOR DIGITAL PRODUCTS

- › Digital business at eye level of classic business
- › Consistent DevOps approach



HOLISTIC DIGITALISATION

- › Agility along the entire value chain
- › Virtuelle test drives to reduce prototypes

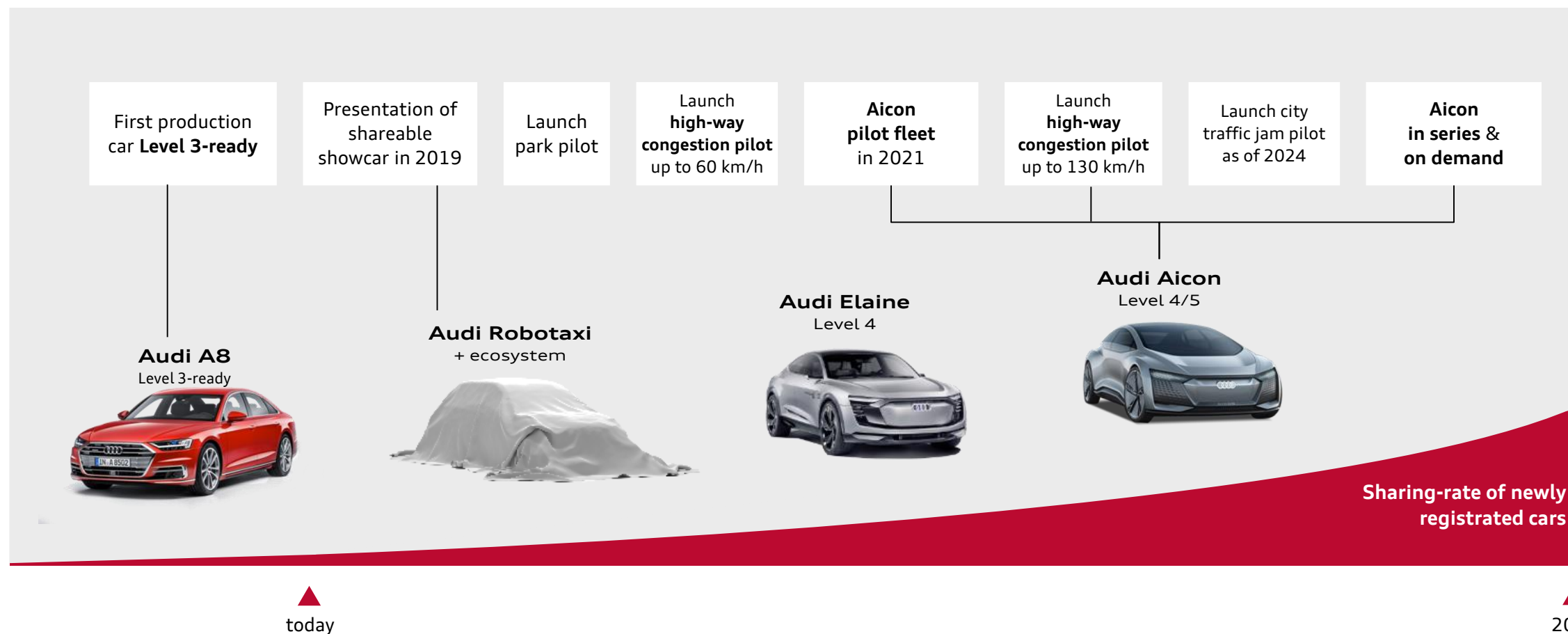


COOPERATION AND PARTNERSHIPS

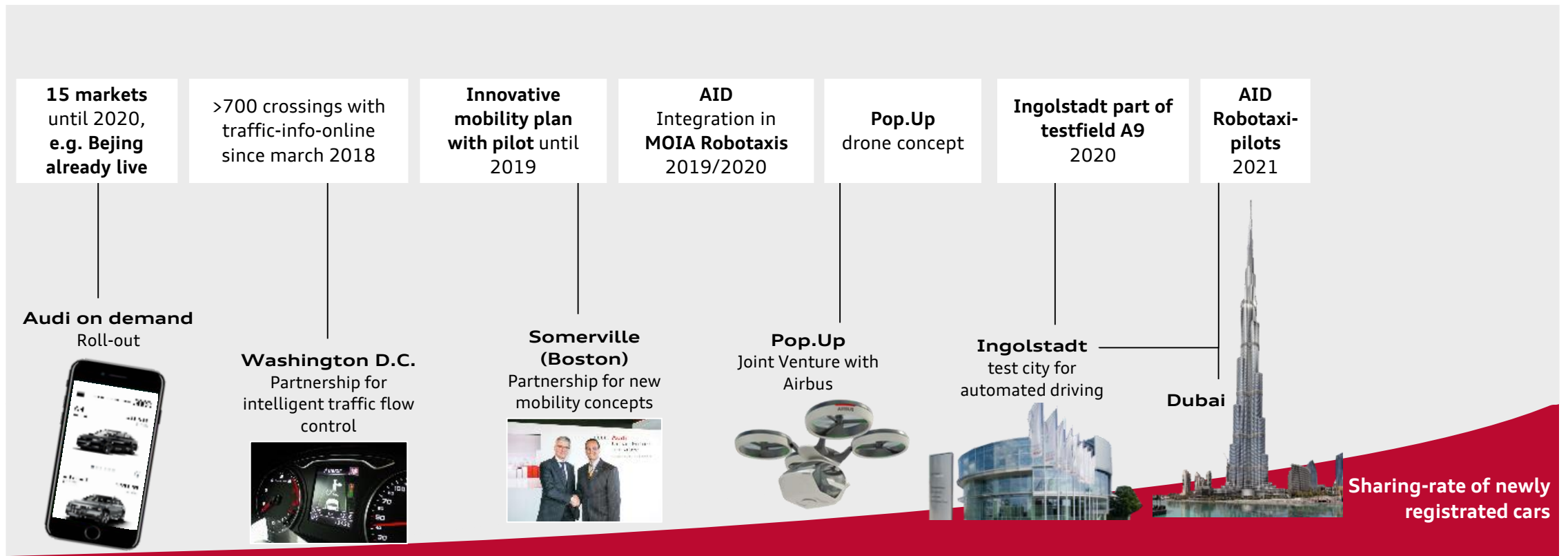
- › Cooperation for platform development (HERE, Ionity)
- › Talent acquisition by Tech-JVs



Global leader in Autonomous Driving (owned and shared)



Global leader in Autonomous Driving (owned and shared)



heute

2030

Audi is taking a dual approach to SDS development

1 Internal evolutionary development

- › Securing competitiveness in today's business model
- › Further development of piloted functions with high availability



Audi pre sense side
Passive Safety



Traffic jam pilot
Active safety



Highway pilot
Active safety



Audi A8



Fully autonomous
driving capability

2 Need for speed



- › Technology development for urban mobility business
- › Technology and know-how transfer to series production



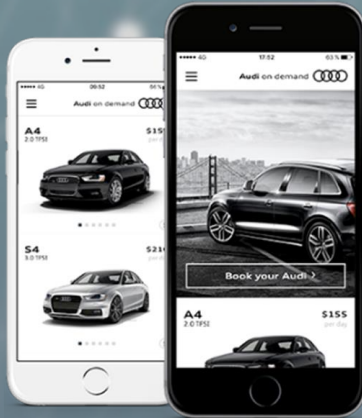
Robotaxi with
mobility service

Audi Aicon



Easy access to Premium mobility

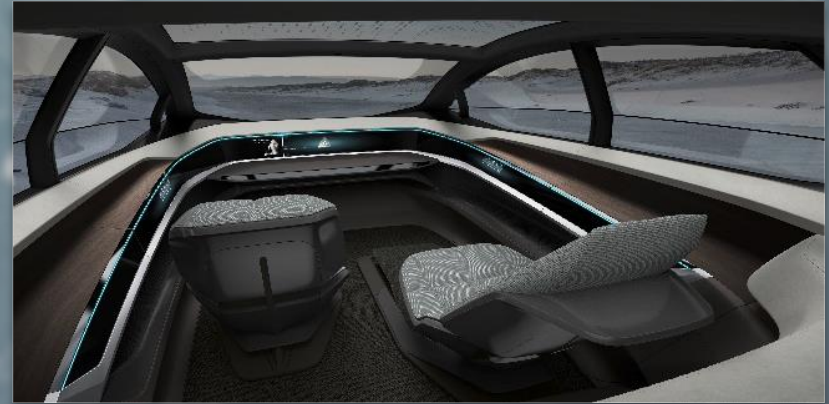
ALREADY AVAILABLE MOBILITY SOLUTIONS



AUDI ON DEMAND



CONSEQUENTLY THOUGHT PREMIUM USE CASES



AUDI AICON

Until 2025 Audi invest € 40 Mrd. in digitalization, electrification and autonomous mobility



One Digital Platform



e-tron



Aicon



E³-architecture



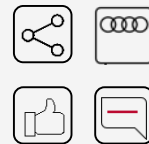
MEB/PPE



Autonomous driving



Digitizing Audi



Fuel cell



Pop.Up



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Perspectives on industry development:
present-forward & future-back

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Key pillars of Audi's strategy: sustainability/
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**Audi's Action & Transformation Plan fully under way to
accelerate strategy implementation**

The Audi „Action & Transformation Plan“ is the foundation for successfully implementing our Strategy 2025

Audi. Vorsprung. 2025.



Digitalization



Sustainability



New/ Urban Mobility



Audi Angriffsplan

I
Modell-
offensive

II
Markt-
durch-
dringung

III
Material-,
Invest- &
ind. Ein-
kaufskosten

IV
Fabrik-
kosten

V
TE Trans-
formation

VI
Organi-
sation

VII
China

€10
billion

Audi SPEED UP!



2016

2017

2018

2019

2020

2021

2022

2023

2024

2025

Comprehensive „Action & Transformation Plan“ approach across 7 work packages



**Material,
Invest & Indirect
Purchasing Costs**

B, E

Plant Costs

P, S

Model Push

G, V

Profitable Products



**Market
Penetration**

V, S

China

G, V

TE Transformation

E, B

Organization

S, F

Audi's new strategy is translated in tangible value for our customers and we're already delivering against it — 'Vorsprung durch Technik'

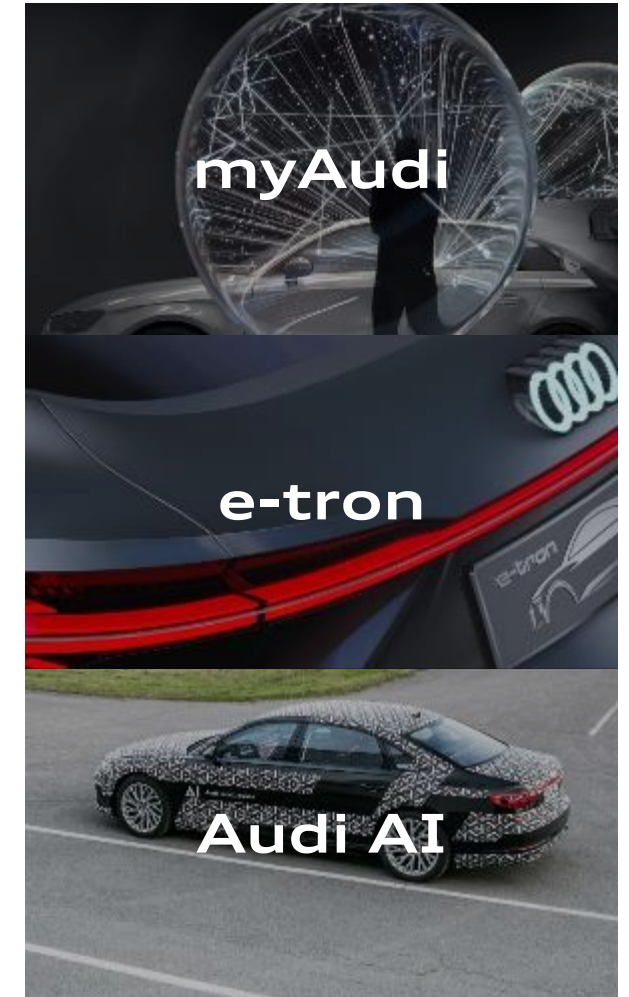
Audi Origins



Changes



Audi tomorrow



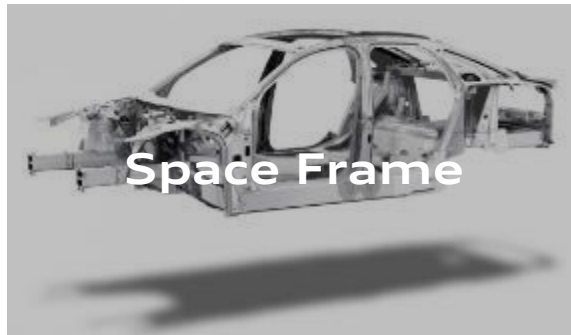
TRANSFORMATION

Audi's new strategy is translated in tangible value for our customers and we're already delivering against it — 'Vorsprung durch Technik'

Audi Origins

Changes

Audi tomorrow



Online-Used car platform live since October 2017



100 Audi VR Experience equipped dealers until end of 2017



Introduction FoD with Audi e-tron (2018)



Audi g-tron powered with e-gas (2014)



≥ 20 fully/ partly electrified vehicles until 2025



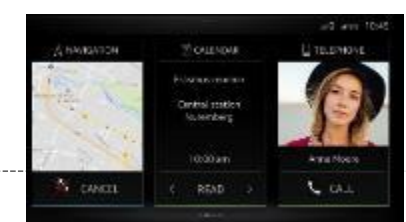
Releasing h-tron small series



Piloted driving at level 3 in our new Audi A8 (2017)



AID GmbH for enabling Level 5 (founded 2017)



Personal Intelligent Assistant (PIA)

TRANSFORMATION

Audi Investor Relations



Anton Poll

Head of Financial Communication/ Analysis, AUDI AG

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Disclaimer

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Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, 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 in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.