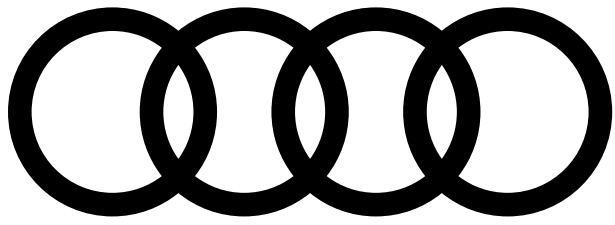
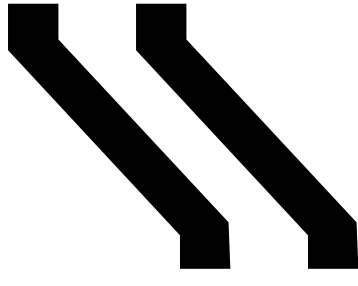


TALKING

BUSINESS

Future market China
Digital business
Electric mobility
Rethinking responsibility

2018



e-valuation

TALKING BUSINESS

Transparency is our mission:
The numbers have to be right.
It takes more to make the
transformation of Audi tangible
and to keep all stakeholders
informed.
It takes backgrounds.
Strategic. Substantiated. Compact.
Here we are **Talking Business.**

[audi.com/talking-business](https://www.audi.com/talking-business)

[audi.com/annual-report](https://www.audi.com/annual-report)

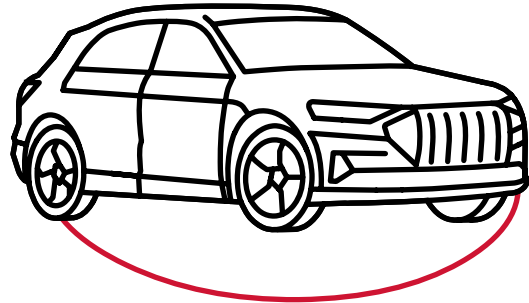
AUDI GROUP – DELIVERIES AND DISTRIBUTION

Deliveries

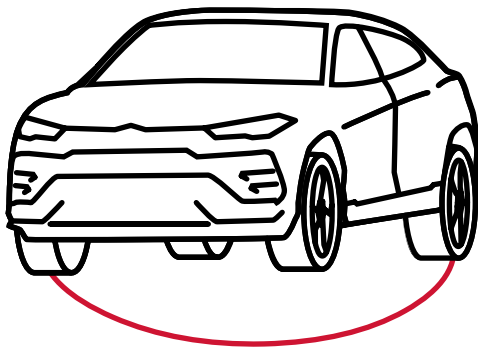
Audi brand

–3.5 %

1,812,485



>> Above all switching the entire product portfolio to the new WLTP test procedure caused deliveries of the Audi brand to decline by 3.5 % to 1,812,485 units.



Deliveries

**Lamborghini
brand**

5,750

+50.7 %

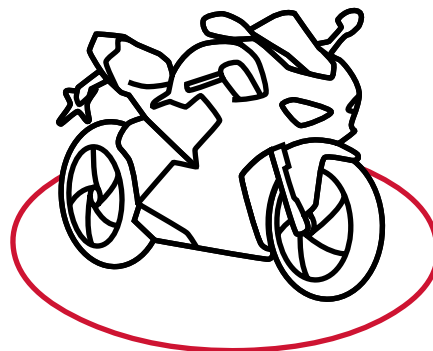
>> 5,750 cars of the Lamborghini brand were handed over to customers in 2018 – an increase of over 50 %. The main driver of sales was the new Super SUV, the Lamborghini Urus.

Deliveries

Ducati brand

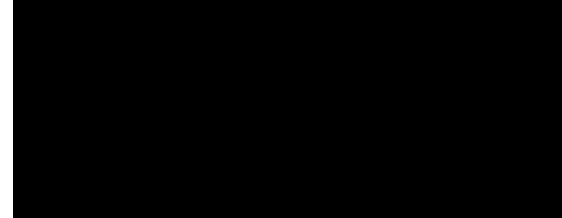
–5.1 %

53,004



>> Amid difficult overall market demand, Ducati handed 53,004 motorcycles over to customers worldwide in the 2018 fiscal year – a decline of 5.1 %.

FINANCIAL HIGHLIGHTS



Revenue

59,248	EUR million
---------------	--------------------

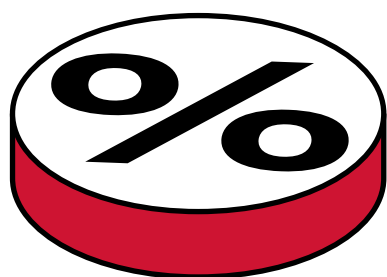
>> With lower deliveries and an improved product mix, the Audi Group generated revenue amounting to EUR 59.2 billion.



Operating return on sales

6.0%

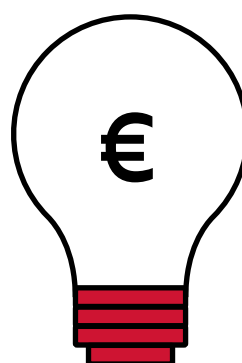
>> The operating return on sales was negatively affected particularly by the special items in connection with the diesel crisis as well as by WLTP effects. The successful launch of the Audi Transformation Plan had a positive impact. Before special items, the operating return on sales came to 7.9%.



Research and development ratio

7.1%

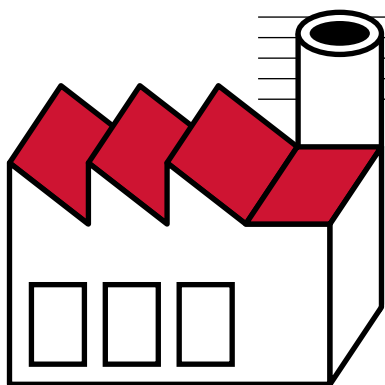
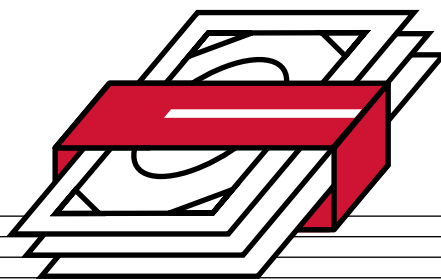
>> The research and development ratio came to 7.1% and reflects, for example, initiatives in the areas of automated and autonomous driving as well as in electrifying the product portfolio.



Net cash flow

2,141 EUR million

>> Despite high outflows as a result of the diesel crisis and extensive investments, the net cash flow was again clearly positive in 2018 and reached EUR 2.1 billion.



Ratio of capex

>> 5.9%

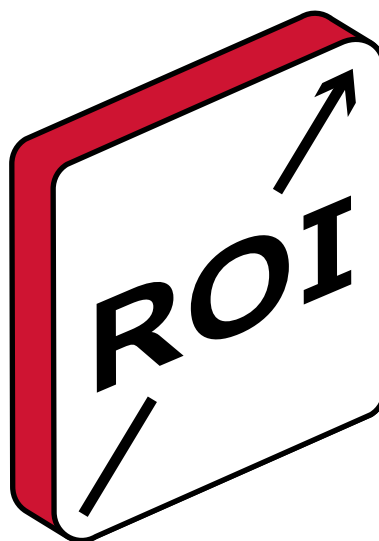
>> The ratio of capex was 5.9% in 2018. This reflects high upfront expenditures in connection with the model and technology initiative.

Return on investment (ROI)

10.0%



>> At 10.0%, the return on investment only narrowly exceeded the minimum rate of return of 9.0%. This key figure is a reflection of the lower profit, but also of the Audi model and technology initiative along with the associated effects on invested assets.



DELIVERIES AND DISTRIBUTION

/// Read more in the section
"Financial performance indicators"
in the Audi 2018 Annual Report
starting on page 113.

Deliveries to customers by model

■ In 2018, Audi delivered 1,812,485 (previous year 1,878,105) cars to customers worldwide – down 3.5 % on the previous year's record level.

■ Model changeovers, political and economic uncertainties as well as the switch to the new WLTP test cycle dominated business for Audi in Western Europe. Overall deliveries to customers there were down 13.9 %, at 693,330 (previous year 805,388) units.

■ In China, Audi confirmed its position as the most successful premium brand. In total, 663,049 (previous year 597,866) Audi vehicles were delivered. This represents an increase of 10.9 % even though the overall market contracted.

■ In the United States, Audi once again achieved strong sales in 2018, ending the year with 223,323 (previous year 226,511) deliveries to customers, slightly below the comparative figure for 2017 (-1.4 %).

■ The most important new product in 2018 was the Audi e-tron. The fully electric SUV is being well received by customers: Even before its official market introduction, around 20,000 advance orders had already been placed by the end of the year.

Selected product highlights



Audi e-tron
Market introduction 2019



Audi A1 Sportback
Market introduction 2018



Audi A7 Sportback
Market introduction 2018



Audi Q8
Market introduction 2018



Lamborghini Urus*
Market introduction 2018



Ducati Panigale V4R
Market introduction 2019

2018 +/- % versus 2017

Audi A1	81,513	-14.8
Audi Q2	97,091	+3.9
Audi A3	297,897	-7.5
Audi Q3	170,458	-18.0
Audi TT	14,641	-38.7
Audi A4	344,586	+0.9
Audi A5	107,779	+0.9
Audi Q5	294,905	+4.6
Audi A6	253,820	-0.9
Audi A7	19,974	+7.2
Audi Q7	95,768	-9.7
Audi A8	20,045	-6.0
Audi Q8	10,543	-
Audi R8	2,760	-10.0
Internal vehicles before market introduction	705	n/a
Audi brand	1,812,485	-3.5
Lamborghini brand	5,750	+50.7
Ducati brand	53,004	-5.1



+10.9%

In China, Audi confirmed its position as premium-segment market leader in 2018 and achieved its best ever result with a 10.9 % increase in unit sales to 663,049 units.

* Combined fuel consumption
in l/100 km: 12.7; combined
CO₂ emissions in g/km: 325

FINANCIAL DEVELOPMENT

/// Read more in the section
"Financial performance indicators"
in the Audi 2018 Annual Report
starting on page 118.

- The Audi Group generated revenue of EUR 59.2 (previous year 59.8) billion in the 2018 fiscal year.
- Revenue performance was held back by a temporarily limited sales range because of the new WLTP test cycle, model changeovers affecting a large number of product lines as well as exchange rate factors.
- Positive drivers included especially the market success of the new Audi Q8 as well as volume growth in China, the largest single market for Audi.
- The operating return on sales of 6.0 (previous year 7.8) % in particular reflected special items associated with the diesel crisis. The performance was also eroded by supply-end distortions from the change to WLTP.
- Before special items, the operating return on sales came to 7.9 (previous year 8.5) % thanks in particular to the successfully launched Audi Transformation Plan.

Operating profit Audi Group

EUR million	2018	2017
Operating profit before special items	4,705	5,058
Special items	-1,176	-387
Operating profit	3,529	4,671
Automotive segment	3,505	4,643
Motorcycles segment	25	28
Profit before tax	4,361	4,717

3.5 EUR billion

Operating profit after special items; operating return on sales: 6.0 %

4.7 EUR billion

Operating profit before special items; operating return on sales: 7.9 %

Selected items Cash Flow Statement Audi Group

- In 2018, the Audi Group generated a cash flow from operating activities of EUR 7.0 (previous year 6.2) billion. The increase was achieved essentially through working capital management. Conversely, cash outflows in connection with the diesel issue had a negative impact.
- Despite high investment in the future of the Audi Group as well as the continuing product initiative, capital expenditure was successfully reduced to EUR 3.5 (previous year 3.9) billion.
- Audi again financed all investments from its own resources in the 2018 reporting year, achieving a positive net cash flow of 2.1 (previous year 4.3) billion.

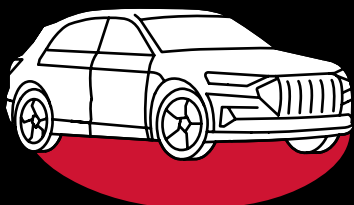
Condensed Income Statement Audi Group

EUR million	2018	2017
Revenue	59,248	59,789
Cost of goods sold	-50,117	-50,076
Gross profit	9,131	9,713
Distribution costs	-4,155	-4,925
Administrative expenses	-696	-682
Other operating result	-751	565
Operating profit	3,529	4,671
Financial result	831	46
Profit before tax	4,361	4,717
Income tax expense	-898	-1,285
Profit after tax	3,463	3,432

EUR million	2018	2017
Cash flow from operating activities	7,013	6,173
Investing activities attributable to operating activities	-4,871	-1,861
of which capital expenditure	-3,493	-3,872
of which capitalized development costs	-1,593	-1,243
of which acquisition and sale of participations	136	3,190
Net cash flow	2,141	4,312
Cash flow from investing activities	-7,169	-5,498
Cash flow from financing activities	-2,564	-524
Net liquidity (Dec. 31)	20,442	20,788

OUTLOOK 2019*

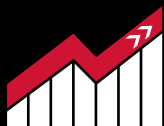
Audi is making a concerted push in a new direction in 2019: In light of the transformation of the automotive industry, the Four Rings want to realize untapped potential with a new, focused strategy.



**moderately above the
previous year's level**

Deliveries of cars
of the Audi brand to
customers

>> In 2018, 1.81 million cars of the Audi brand were delivered to customers worldwide. A moderate increase on this level is the target for 2019. Volume development is likely to be influenced above all by the next stage of the WLTP test cycle, the continuing model initiative as well as further measures to optimize inventories.



slight increase
Revenue

>> The planned volume growth should also be reflected in a slight rise in revenue amid a negative currency environment.



**between 7.0
and 8.5 %**

Operating
profit/
operating
return
on sales

>> The Audi Group expects operating return on sales to reach 7.0 to 8.5 % in 2019 as a year of transition. **Long-term, the company's aim is a strategic target corridor of 9.0 to 11.0 %.** Continuing high upfront expenditures on the future viability of Audi weigh on the rate of return. Positive effects will come from the development in revenue and the next stage of the Audi Transformation Plan (ATP).

**between 11.0
and 14.0%**

Return on
investment (ROI)



**between EUR 2.5
and 3.0 billion**

Net cash flow



>>> Based on the forecast operating return on sales, Audi expects a return on investment (ROI) within the range of 11.0 to 14.0% and therefore above its minimum rate of return of 9.0%.

>>> The Audi Group again intends to finance itself fully from internally generated cash flow in 2019. The company expects a net cash flow of between EUR 2.5 and 3.0 billion.

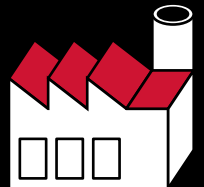
**slightly above
the strategic
target corridor of
6.5 to 7.0%**

Research and
development ratio



**within the
strategic target
corridor of
5.5 to 6.0%**

Ratio of capex



>>> Audi expects a research and development ratio slightly above the new strategic target corridor of 6.5 to 7.0% in 2019. Efficiency improvements in research and development will be offset by high upfront expenditures to rejuvenate the model range and for future topics, such as electrification and autonomous driving.

>>> Preparations for the production of new models are the main driver of capital expenditure in the 2019 fiscal year. On the other hand, the drive for efficiency and also increasingly the optimized employment of capital are proving beneficial here. The ratio of capex should therefore remain within the strategic target corridor of 5.5 to 6.0%.

* The forecast for 2019 is based on adjusted figures. The background to this is an adjustment in management responsibility for multi-brand sales subsidiaries with effect from January 1, 2019. Read more on this effect in the "Report on expected developments" starting on page 135 of the Audi 2018 Annual Report.

TALKING BUSINESS

2018 T — B

The motto of the Audi 2018 Annual Report “e-valuation” stands for a transparent company that lives its values and creates value sustainably. Read in four dossiers how Audi is further developing its business model.

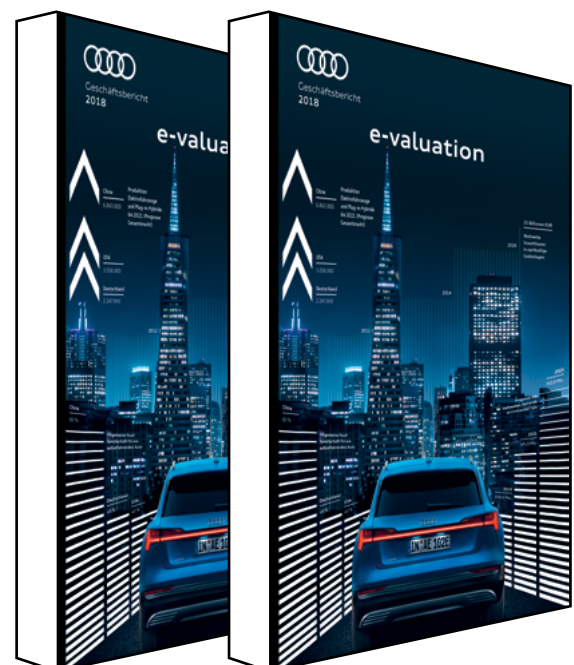
>> audi.com/talking-business

FUTURE MARKET CHINA

ELECTRIC MOBILITY

DIGITAL BUSINESS

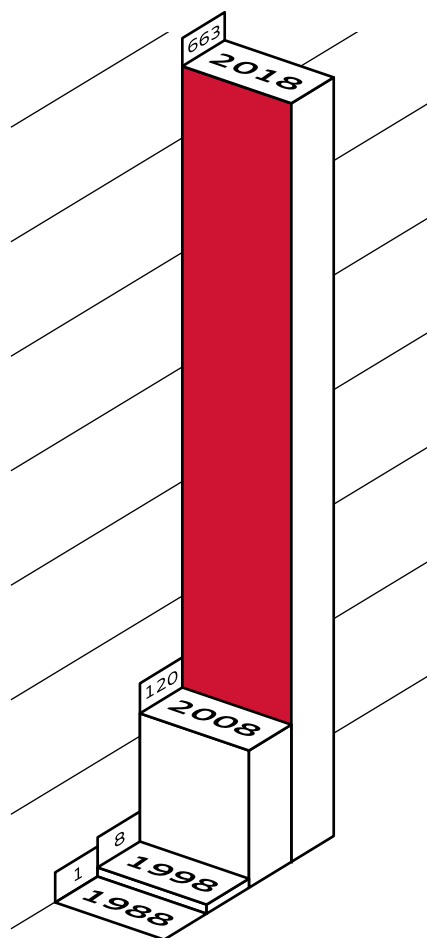
RETHINKING RESPONSIBILITY



ANNUAL REPORT

30 years of Audi in China

Deliveries to customers
(in thousand vehicles)

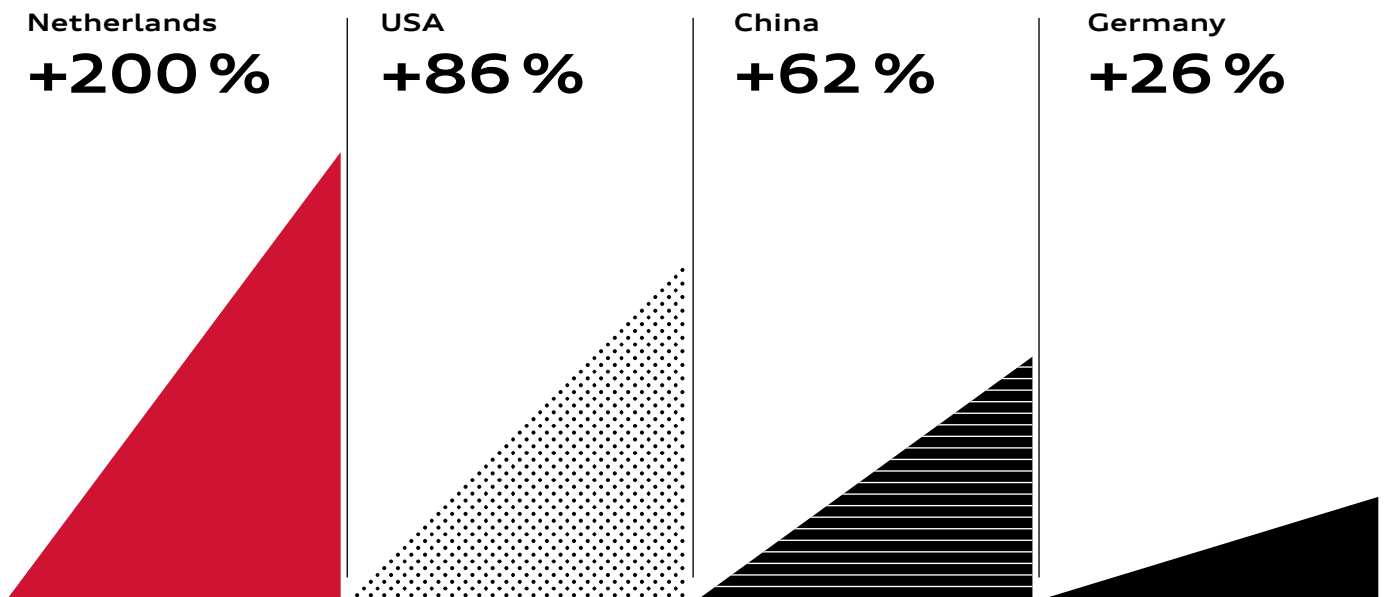


In China, the world of tomorrow is emerging today. China's enthusiasm for technical advances has turned the country into the blueprint for the automotive world. Alexander Seitz is the CFO at Audi – and has been additionally responsible for the China business since 2018. This newly created position reflects the country's importance for the Four Rings. "China is the most powerful motor of growth at Audi," Seitz says. The company is fueling this growth by conducting more research locally, by producing more local models and by intensifying existing partnerships and initiating new ones. More on the future market China in the Audi Annual Report starting on page 46.



ZUKUNFTSMARKT CHINA

▼ Increase of sales of electric vehicles and plug-in hybrids 2018

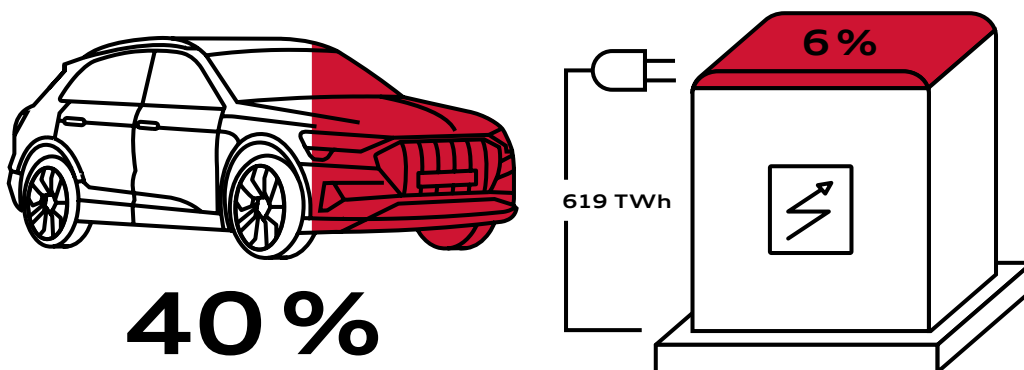


Electric mobility is changing our daily lives. For the automotive industry, what will really count in the future is optimal networking and the right partners. The two most important questions are: Where does the power come from? And who provides the infrastructure? That is something car manufacturers cannot do alone. There is far more to electrification than the car – it only works as a system. Read more on this topic in the Audi Annual Report starting on page 10.

SOURCES: Center of Automotive Management, McKinsey & Company

▼ Share of electric cars in electricity demand

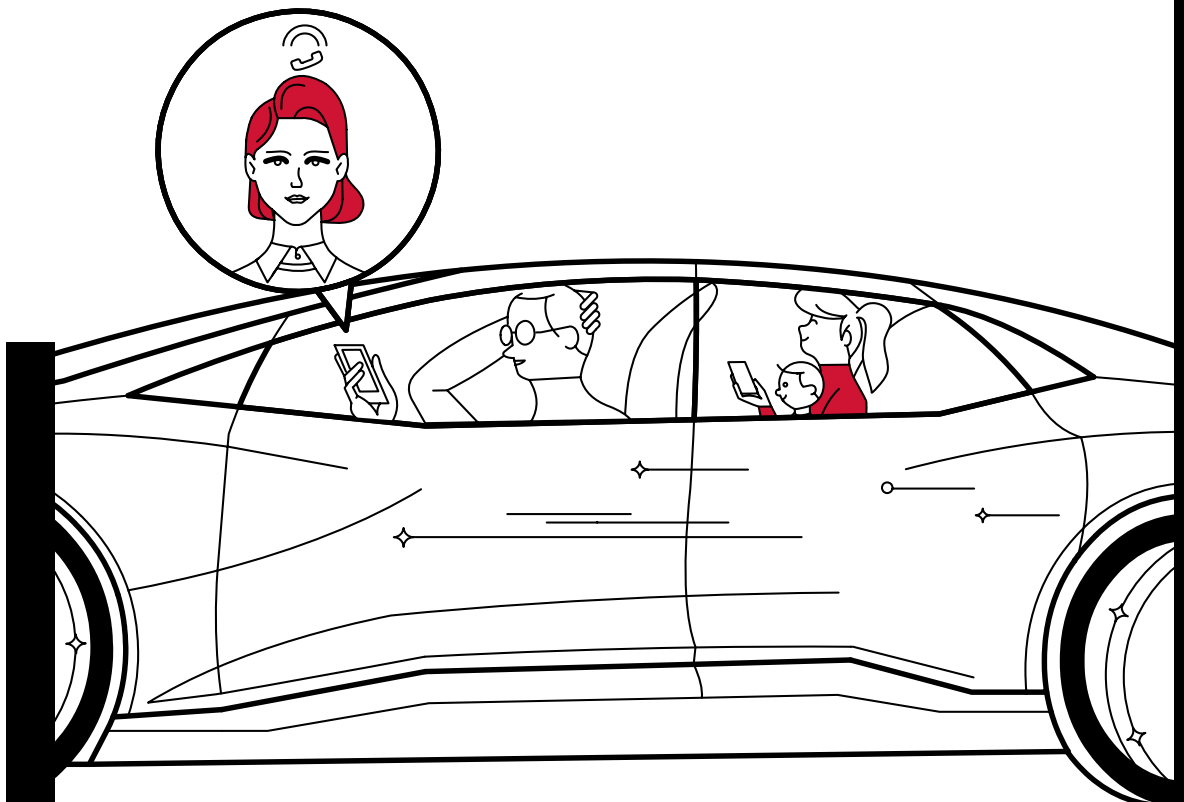
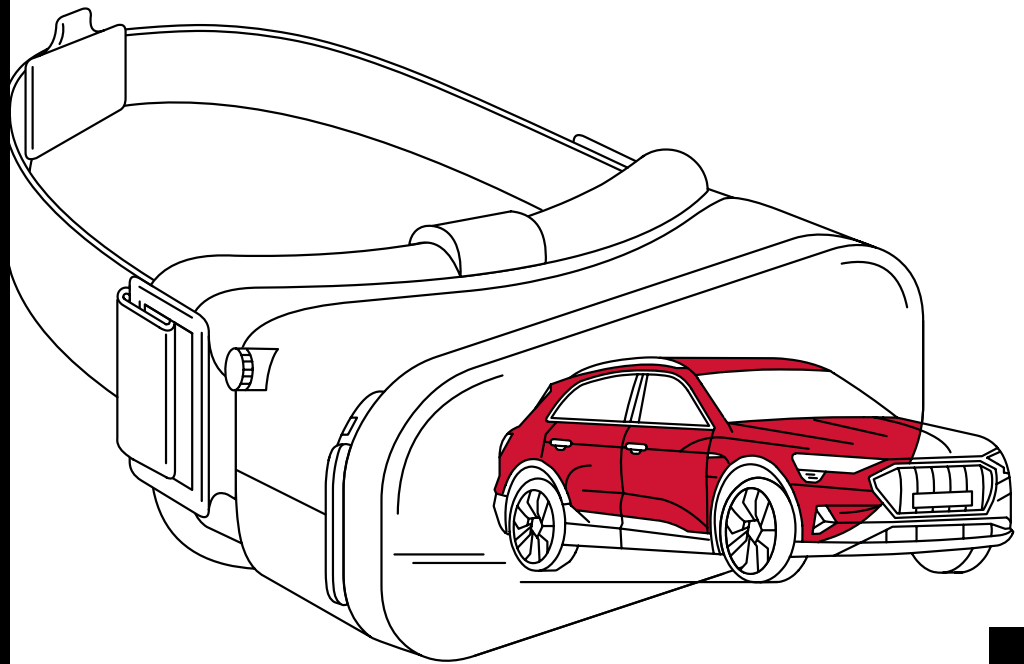
(forecast 2050 for Germany)



Share of electric cars in inventory

Share of electricity usage

The mobility of tomorrow builds on people's digital worlds. So car manufacturers are using digital services to find new business models and sources of income. Now the rules of the game are changing and OEMs are questioning the way they have always defined themselves. They are thinking beyond cars as a product and focusing on the digital world of the customer, worlds in which mobility is naturally integrated. The best possible user experience is what is required: Customers want to book, use and manage digital services as conveniently as possible. Sounds pretty abstract, right? Read more in the Audi 2018 Annual Report starting on page 24.



“Success depends on speed. And speed requires simple processes. Simple and clear processes come from confident people. We need more collective intelligence and less hierarchy.”

Audi CEO Bram Schot

Responsible action becomes a competitive advantage. Together with Reto Ringger, a value-driven asset manager and CEO of Globalance Bank, Audi CEO Bram Schot looks at how companies can speed up processes and make decisions more quickly – and why the capital markets reward this decisiveness. The full interview in the 2018 Annual Report starting on page 62.



Audi financial events 2019

March 14, 2019

Annual Press Conference

May 3, 2019

First Quarter Report

May 23, 2019

Annual General Meeting

July 26, 2019

Interim Financial
Report

October 31, 2019

Third Quarter Report



AUDI AG
**Financial Communication/
Financial Analysis I/FU-23**

email ir@audi.de

>>> [audi.com/talking-business](https://www.audi.com/talking-business)