



First Quarter Report 2014

January 1 to March 31, 2014

Vorsprung durch Technik

Audi



ECONOMIC ENVIRONMENT

Global economic growth gained momentum in the first three months of 2014. Despite lingering structural challenges, the impetus for growth increasingly came from industrial countries. Economic recovery in Western Europe likewise continued. Most Southern European countries showed signs of pulling out of recession, while Germany and most countries further north in Western Europe achieved steady growth rates in gross domestic product. In the United States, the economic upturn continued at the start of the year. Structural deficits and exchange rate fluctuations hampered economic growth in some emerging economies. By contrast, the Chinese economy – despite isolated indications of a slowdown – remained robust and was again a major driver of global economic growth.

Worldwide demand for cars increased further in the first quarter of 2014. There was nevertheless some variation between the individual markets. While sales of passenger cars in Europe, North America and the Asia-Pacific region were up on the prior-year period, demand in Latin America declined. In Germany, the country's healthy overall economic development had a positive impact on the car market, which enjoyed a 5.6 percent

increase in demand. Equally, the passenger car markets in most other Western European countries benefited from the improved economic environment. Sales of passenger cars in those markets were up 7.7 percent. In the United States, new registrations of passenger cars and light commercial vehicles rose by 1.5 percent despite the exceptionally harsh winter. Against a backdrop of continuing economic buoyancy, sales of cars in China increased by 13.4 percent and were consequently yet again the major factor driving worldwide growth in new registrations.

International motorcycle markets in the displacement segment above 500 cc developed positively in the first quarter of 2014. A rise of 14.2 percent in overall demand was registered in the established markets. In Western Europe, almost all major markets saw growth in registrations of new motorcycles on the back of the general economic recovery. In the United States, too, demand improved despite the adverse weather conditions. In Japan, sales of motorcycles were boosted by customers making early purchases to beat the value added tax increase announced for the second quarter of 2014.

PRODUCTION

The Audi Group increased its production of cars to a total of 447,414 (392,818) vehicles in the first quarter of 2014. Of that total, the Chinese joint venture FAW-Volkswagen Automotive Company, Ltd. built 104,457 (87,594) cars of the Audi brand. Worldwide, a total of 447,103 (392,337) Audi vehicles and 311 (481) supercars of the Lamborghini brand were produced in the first three months of 2014. The Ducati brand built 13,566 (12,820) motorcycles in the first quarter. At the Group headquarters in Ingolstadt, we built 160,260 (155,017) cars in the first three months of the year under

review. 70,360 (67,317) Audi vehicles were produced at the Neckarsulm plant in the same period.

In Győr (Hungary), AUDI HUNGARIA MOTOR Kft. manufactured a total of 31,886 (7,184) vehicles of the TT car line and A3 family. This sharp increase can be attributed in particular to the positive development in demand for the new A3 Sedan. AUDI BRUSSELS S.A./N.V. built 33,741 (32,736) Audi vehicles of the A1 car line in Brussels (Belgium) in the first quarter of 2014.



In the same period, 15,546 (13,501) of the Audi Q7 and 30,853 (28,988) of the Audi Q3 were completed at the Volkswagen Group locations in Bratislava (Slovakia) and Martorell (Spain) respectively.

In China, the joint venture FAW-Volkswagen Automotive Company, Ltd. manufactured 104,457 (87,594) vehicles of

the A4 L, A6 L, Q3 and Q5 models and of the A3 family.

To supply the assembly plant in Aurangabad (India), 1,552 (1,452) parts and components were produced at the Ingolstadt, Neckarsulm, Bratislava (Slovakia) and Martorell (Spain) locations.

Car production by model ¹⁾

	1-3/2014	1-3/2013
Audi A1	10,882	10,583
Audi A1 Sportback	22,859	22,153
Audi A3	8,114	10,287
Audi A3 Sportback	45,172	38,264
Audi A3 Sedan	21,305	129
Audi A3 Cabriolet	2,848	2,314
Audi Q3	44,861	31,229
Audi TT Coupé	5,957	3,396
Audi TT Roadster	1,797	1,345
Audi A4 Sedan	58,777	59,696
Audi A4 Avant	23,549	24,088
Audi A4 allroad quattro	4,966	5,035
Audi A5 Sportback	13,206	14,865
Audi A5 Coupé	8,092	8,454
Audi A5 Cabriolet	6,312	6,254
Audi Q5	66,293	55,328
Audi A6 Sedan	52,644	54,354
Audi A6 Avant	12,811	11,612
Audi A6 allroad quattro	2,427	1,999
Audi A7 Sportback	7,355	7,192
Audi Q7	15,546	13,501
Audi A8	10,740	9,609
Audi R8 Coupé	368	390
Audi R8 Spyder	222	260
Audi brand	447,103	392,337
Lamborghini Gallardo	-	204
Lamborghini Huracán	30	-
Lamborghini Aventador	281	277
Lamborghini brand	311	481
Automotive segment	447,414	392,818

1) The table includes the vehicles built in China by the joint venture FAW-Volkswagen Automotive Company, Ltd.

Car engine production

	1-3/2014	1-3/2013
AUDI HUNGARIA MOTOR Kft.	537,529	493,696
Automobili Lamborghini S.p.A.	281	277
Car engine production	537,810	493,973

The Audi Group produced a total of 537,810 (493,973) car engines in the first quarter of 2014.



Audi A3 Sportback e-tron

Motorcycle production

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	1-3/2014	1-3/2013
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	6,701	6,712
Dual/Hyper (Hypermotard, Multistrada)	3,777	4,187
Sport (Superbike)	3,088	1,921
Ducati brand	13,566	12,820
Motorcycle segment	13,566	12,820

From January through March 2014, Ducati manufactured 13,566 (12,820) motorcycles worldwide. 12,266 (11,943) bikes were built at the company headquarters in Bologna (Italy). Ducati produced 1,035 (877) of the Diavel, Hypermotard, Monster, Multistrada and Superbike models at the Amphur Pluakdaeng plant (Thailand) in the first quarter of 2014. 265 (–) of the Diavel, Monster and Multistrada model lines were built in Manaus (Brazil) on a contract manufacturing basis.

DELIVERIES ¹⁾

The Audi Group increased deliveries to customers by 11.6 percent in the first quarter of 2014, to 462,472 (414,448) cars worldwide. The total includes 412,846 (369,494) vehicles of the core brand Audi, which increased its deliveries to customers by 11.7 percent. 529 (519) supercars of the Lamborghini brand were handed over to their new owners in the period under review, while deliveries of other Volkswagen Group brands came to 49,097 (44,435) cars.

The Ducati brand delivered 10,449 (9,842) motorcycles worldwide to customers in the first three months of 2014.

In Germany, demand for vehicles of the brand with the four rings made very good progress. Deliveries to customers climbed 12.4 percent to 66,458 (59,116) cars, easily outperforming the market as a whole. Elsewhere in Western Europe, 119,213 (114,451) Audi vehicles were handed over to customers.

In the United Kingdom, demand for vehicles of the Audi brand again developed highly satisfactorily. From January through March of the current fiscal year, we increased deliveries to customers there by 11.3 percent, taking the total to 43,671(39,242) cars.

In Central and Eastern Europe, 14,680 (14,001) cars were delivered to customers in the first quarter of 2014. Deliveries of the Audi brand in Russia, the region's biggest sales market, remained stable at 8,286 (8,278) units despite a contracting overall market.

In the United States, we again increased deliveries of the brand with the four rings. 35,228 (34,186) customers were given the keys to their new Audi vehicle in that market in the period under review.

In the Asia-Pacific region, we achieved a noticeable increase of 21.3 percent in deliveries to customers, handing over a total of 150,660 (124,155) cars of the Audi brand. China (incl. Hong Kong) was again the key growth driver; we succeeded in increasing deliveries there by 21.1 percent to 124,520 (102,810) units. In Japan and South Korea, too, there was a very satisfying trend in demand for our vehicles. Deliveries of cars to customers there reached 8,975 (7,572) and 6,815 (4,412) respectively in the first quarter of this year.

1) The figures for the prior-year period have been marginally adjusted.

Car deliveries to customers by model ¹⁾

	1-3/2014	1-3/2013
Audi A1	10,274	10,361
Audi A1 Sportback	21,332	22,294
Audi A3	8,138	11,834
Audi A3 Sportback	41,390	28,976
Audi A3 Sedan	14,947	126
Audi A3 Cabriolet	1,276	2,025
Audi Q3	44,967	28,530
Audi TT Coupé	4,487	3,739
Audi TT Roadster	1,508	1,363
Audi A4 Sedan	53,657	54,420
Audi A4 Avant	21,066	24,631
Audi A4 allroad quattro	4,646	4,842
Audi A5 Sportback	12,608	12,300
Audi A5 Coupé	5,993	7,558
Audi A5 Cabriolet	4,309	4,176
Audi Q5	56,974	56,350
Audi A6 Sedan	55,875	54,601
Audi A6 Avant	12,645	11,569
Audi A6 allroad quattro	2,439	2,403
Audi A7 Sportback	7,836	6,821
Audi Q7	15,970	11,626
Audi A8	9,823	8,283
Audi R8 Coupé	422	419
Audi R8 Spyder	264	247
Audi brand	412,846	369,494
Lamborghini Gallardo	183	266
Lamborghini Aventador	346	253
Lamborghini brand	529	519
Other Volkswagen Group brands	49,097	44,435
Automotive segment	462,472	414,448

1) The figures for the prior-year period have been marginally adjusted.

Motorcycle deliveries to customers ¹⁾

	1-3/2014	1-3/2013
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	4,903	5,280
Dual/Hyper (Hypermotard, Multistrada)	2,986	2,473
Sport (Superbike)	2,560	2,089
Ducati brand	10,449	9,842
Motorcycles segment	10,449	9,842

1) The figures for the prior-year period have been marginally adjusted.

From January through March 2014, the Ducati brand delivered 10,449 (9,842) motorcycles to customers worldwide.

Demand for motorcycles of the Ducati brand was especially lively in the United Kingdom. In the United States, too, there was a year-on-year increase in deliveries. There was also a positive trend in deliveries of motorcycles in the Asia region in the period January through March 2014.

ADDITIONS TO THE PRODUCT RANGE

We pressed ahead with the expansion of our product portfolio in the first three months of 2014.

For example, we brought further models of the A3 family onto the markets at the start of the year. The sporty S3 Sedan has been on sale since this February, equipped with a powerful 2.0 TFSI engine developing 221 kW (300 hp). The efficient high-performance engine combined with the 7-speed S tronic transmission achieves average fuel consumption of 6.9 liters of premium-grade gasoline per 100 kilometers, equating to average CO₂ emissions of 159 g/km. Then, in March 2014, the CNG model A3 Sportback g-tron was given its market introduction; it can run on natural gas, biomethane and Audi e-gas. This synthetic methane, made with green power, water and CO₂, is produced at the Audi e-gas plant in Werlte; as the world's first industrial power-to-gas plant, it is a way of storing power from fluctuating sources such as wind and solar in the natural gas network. The A3 Sportback g-tron can therefore be operated largely carbon-neutrally, because it only releases as much CO₂ into the atmosphere as was previously captured in the production process for the gas. In addition, the new A3 Cabriolet has been delivered to customers since the end of the first quarter; this is the open-top version of the versatile compact model with an array of high-end solutions for infotainment and driver assistance. The sporty top model – the S3 Cabriolet – made its debut in March 2014 at the Geneva Motor Show. It will be on sale from this summer.

Other new models given their first showing in Geneva were the Audi S1 and S1 Sportback, which will arrive at dealers from the second quarter of this year on. These compact sports cars are equipped with permanent quattro drive and a 2.0 TFSI engine developing 170 kW (231 hp). The powerful high-performance four-cylinder engine accelerates the Audi S1 and S1 Sportback from 0 to 100 km/h in 5.8 and 5.9 seconds respectively; their top speed is 250 km/h.

The Geneva Motor Show was also the venue for the world premiere of the new models of the design icon Audi TT. The third generation of the compact sports car has evolved in every area – for instance with its sharper design, the light and sporty styling of the interior, the Audi virtual cockpit and the Matrix LED headlights. From launch, Audi is offering the new model generation with a choice of three four-cylinder engines with turbocharging and direct injection. Their performance ranges from 135 kW (184 hp) to 228 kW (310 hp) in the Audi TTS. The brand with the four rings also demonstrated the dynamic potential of the new Audi TT in the shape of the Audi TT quattro sport concept show car. Its 2.0 TFSI engine develops 309 kW (420 hp) and accelerates the vehicle from 0 to 100 km/h in 3.7 seconds.

We aim to further reduce CO₂ emissions and fuel consumption in our products' phase of use. To that end, Audi is systematically developing more economical engines and using ever lighter materials. The most fuel-efficient model in a car line, for both diesel and gasoline, is badged as the "ultra" version. One such example is the new Audi A4 Avant 2.0 TDI ultra, which with an output of 100 kW (136 hp) achieves average consumption of 4.2 liters of diesel fuel per 100 kilometers, and CO₂ emissions of 109 g/km. Alongside the Audi A4 Avant 2.0 TDI ultra, there are other ultra models available in the A3, A4, A5 and A6 car lines. We will be adding further ultra models to the range over the course of the year.

The Lamborghini brand presented the newly developed Huracán LP 610-4 in Geneva, the follow-up model to the successful Gallardo. The new high-performance model has a unique design replete with sharp edges, along with overtly sporty handling characteristics. Its powerful V10 engine develops 449 kW (610 hp) and accelerates the supercar from 0 to 100 km/h in 3.2 seconds. Its top speed is 325 km/h.



Audi TTS Coupé



Ducati Diavel Carbon

The Ducati brand also systematically expanded its product portfolio. As well as the new 1199 Superleggera – a lightweight superbike which is being produced as a limited edition of 500 units – Ducati presented the third generation of the Monster 1200 and 1200 S. The new model offers significantly more power, more comfort and is particularly versatile.

Revised from the ground up, the Diavel carries on the unmistakable, sporty design of the model series and offers the latest generation of the Testastretta 11° Dual Spark engine as well. The new Diavel Carbon also features high-quality lightweight components. These have reduced weight further and additionally increased the sporty bike's performance as a result.

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FINANCIAL PERFORMANCE

The Audi Group's revenue reached EUR 12,951 (11,734) million in the first three months of the fiscal year, representing an increase of 10.4 percent on the prior-year level. The Automotive segment achieved revenue of EUR 12,796 (11,569) million, while the Motorcycles segment brought in EUR 155 (165) million. High demand for the models of the new A3 family, along with dynamic revenue growth in Asia and North America, were the main beneficial factors for the Audi Group. There was a pleasing trend in first-quarter revenue in Europe, too.

The operating profit of the Audi Group came to EUR 1,314 (1,307) million in the first quarter of 2014, while the operating return on sales was 10.1 (11.1) percent. The Automotive segment, which has invested substantial amounts up front in new products and technologies as well as in the expansion of

the international production network, achieved an operating profit of EUR 1,300 (1,287) million. The operating return on sales for the segment was 10.1 (11.1) percent. In the Motorcycles segment, the operating profit for the first quarter reached EUR 14 (20) million mainly because of mix effects, resulting in an operating return on sales of 8.7 (12.3) percent.

Over the period January through March 2014, the Audi Group generated a profit before tax of EUR 1,398 (1,432) million, equivalent to a return on sales before tax of 10.8 (12.2) percent. Profit after tax amounted to EUR 1,028 (1,055) million.

There was no change in the group of consolidated companies in the first quarter of 2014.

EMPLOYEES

Audi's growth strategy means there are again plans to recruit a large number of new employees in the 2014 fiscal year. In Germany alone, we intend to take on around 2,500 new

people at AUDI AG. In addition, some 750 young people are expected to embark on vocational training at the AUDI AG locations Ingolstadt and Neckarsulm.

PERSONNEL CHANGES

After a total of seven years in charge of Audi Production, Dr.-Ing. Frank Dreves retired at the close of March 31, 2014. He was succeeded by Dr.-Ing. Hubert Walzl, who was a

member of the Volkswagen Passenger Cars brand Board of Management with responsibility for Production and Logistics from October 2009.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

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Report on expected developments

The Audi Group expects global economic growth to continue in the 2014 fiscal year.

This growth is likely to be increasingly driven by the industrial countries, though the economic development of those countries will probably still have to cope with various structural challenges. We expect the emerging economies in Asia to maintain their dynamic growth.

In our assessment, worldwide demand for cars will see slight growth in 2014. We anticipate rising new registrations in the Western Europe, North America and Asia-Pacific regions, while

sales of passenger cars in Central and Eastern European and in Latin American are likely to fall.

For the forecasting period, we still expect a slight rise in overall demand in the motorcycle markets that are relevant for the Ducati brand, in the displacement segment above 500 cc.

All in all, the Audi Group considers that it is well placed to rise to the challenges that lie ahead and to maintain a course of qualitative growth in line with our strategic objective, which is explained in detail in the 2013 Annual Report and remains valid.

Report on risks and opportunities

The Audi Group is managed on the basis of goals and opportunities, with a clear focus on increasing the value of our Company. The Group-wide risk management system plays a key role in the task of highlighting potential risks and opportunities at an early stage, providing farsighted solutions to minimize or avoid risks, and responding promptly and comprehensively to changing conditions. The Audi Group is exposed to industry-typical risks that are explained in detail in the 2013 Annual Report and remain valid.

The Audi Group also faces a growing foreign currency risk that is typical for the industry, along with a related increase in the volatility of currency markets. These factors are

addressed by means of strategic currency hedging. In addition, in certain cases the Audi Group seeks to invoice in liquid currencies, such as the euro or the U.S. dollar. However, the Audi Group is not entirely immune to the foreign currency risk that has increased latterly especially due to devaluations of the currencies of some emerging economies and also as a result of the tense political situation in Ukraine. In the event of escalating political tension between Russia and Ukraine, those sales markets could also suffer. Thanks to the high level of market diversification, that would be unlikely to have any notable effect on the future development of the Audi Group.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no reportable events of material significance after March 31, 2014.

DISCLAIMER

This First Quarter Report contains forward-looking statements relating to anticipated future developments. These statements are based upon current assessments and are by their very nature subject to risks and uncertainties. Actual outcomes may differ from those predicted in these statements.



AUDI AG

Financial Communication/Financial Analysis
I/FF-3

85045 Ingolstadt
Germany

Phone +49 841 89-40300

Fax +49 841 89-30900

email ir@audi.de

www.audi.com/investor-relations