



ECONOMIC ENVIRONMENT

The global economy expanded in the first nine months of 2014, with the degree of dynamism varying from region to region. Despite continuing structural challenges, economic conditions improved in most industrial nations. On the other hand, the economic development of a number of emerging economies was held back by structural deficits and volatile exchange rates. In Western Europe, the economic recovery continued at a moderate rate. The majority of countries in the northern half of Western Europe achieved positive growth rates, while most countries in the south of the region started to come out of recession. In Germany, the economic recovery slowed as the year progressed, but remained robust overall thanks to stable labor market data and positive consumer sentiment. Economic development in Central Europe made positive progress. In Eastern Europe, by contrast, the economic situation deteriorated further as a result of the tensions between Russia and Ukraine. Economic growth in the United States gathered momentum over the course of the year thanks to the drop in unemployment and positive consumer sentiment. The Chinese economy again served as a major growth driver of the global economy, even if its rate of growth eased slightly.

Worldwide demand for cars continued to rise over the year through to the end of September, though the pace of growth

weakened somewhat as the year progressed. The individual regions present a mixed picture. While new car registrations in Western Europe, Central Europe, North America and the Asia-Pacific region were up, the automotive market in Eastern Europe and Latin America experienced declining demand. In Germany, the country's robust overall economic development had a positive impact on the car market, which enjoyed a 2.9 percent rise in new registrations. Western European export markets saw more new vehicles registered too, an increase of 6.0 percent. There was also a healthy development in sales of passenger cars and light commercial vehicles in the United States, with 5.5 percent growth. China again acted as a major driver of global demand for cars. New registrations in that market increased by 12.4 percent.

The established motorcycle markets in the displacement segment above 500 cc enjoyed a 5.4 percent rise in demand from January through September. The general economic recovery brought steady growth in registrations of new motorcycles in almost all major markets of Western Europe. On the other hand, demand for motorcycles in the United States was only slightly up on the prior-year level. Sales of motorcycles in Japan were noticeably up despite the higher VAT rate from April 1, 2014.

PRODUCTION 1)

Audi stepped up its production of cars to 1,341,886 (1,203,728) vehicles from January through September 2014. Of this total, the Chinese joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun, manufactured 371,358 (311,068) Audi vehicles at the two locations Changchun and Foshan. In total, 1,340,247 (1,202,061) cars of the brand with the four rings and 1,639 (1,667) supercars of the Lamborghini brand were built in

the first three quarters. 38,874 (38,074) motorcycles of the Ducati brand were produced in the same period.

In the first nine months of 2014, we manufactured 441,148 (441,641) cars at the Group headquarters in Ingolstadt. Over the same period we produced 206,063 (207,852) vehicles at the Neckarsulm plant.

AUDI HUNGARIA MOTOR Kft. built a total of 98,151 (23,076)

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



cars of the TT model line and A3 family in Győr (Hungary). There was especially high demand for our new A3 Sedan. 91,027 (92,760) vehicles of the A1 car line left the Brussels (Belgium) plant, operated by AUDI BRUSSELS S.A./N.V., between January and September.

In addition, the two Volkswagen Group locations Bratislava (Slovakia) and Martorell (Spain) built 47,546 (46,561) of the Audi Q7 and 84,954 (79,103) of the Audi Q3 respectively. The Chinese joint venture FAW-Volkswagen Automotive Company, Ltd. produced a total of 348,642 (311,044) cars of the A4L, A6L, Q3 and Q5 models at its company headquarters in Changchun, and 22,716 (24) vehicles of the A3 family

in the southern Chinese city of Foshan.

The Ingolstadt, Neckarsulm, Győr, Bratislava and Martorell locations manufactured 7,324 (6,522) parts and components for the assembly plant in Aurangabad (India) in the first nine months of the fiscal year.

Audi produced 419,838 (387,695) cars worldwide in the third quarter 2014. This total included 418,904 (387,185) vehicles of the core brand Audi. 934 (510) supercars of the Lamborghini brand were manufactured. The Ducati brand produced 8,367 (7,578) motorcycles in the third quarter of the fiscal year.

Car production by model 1) 2)

	1-9/2014	1-9/2013
Audi A1	27,999	30,761
Audi A1 Sportback	63,028	61,999
Audi A3	19,979	25,042
Audi A3 Sportback	141,984	123,783
Audi A3 Sedan	78,394	5,581
Audi A3 Cabriolet	16,197	2,743
Audi Q3	145,114	112,820
Audi TT Coupé	8,731	11,675
Audi TT Roadster	2,512	3,084
Audi A4 Sedan	165,309	178,432
Audi A4 Avant	66,172	65,113
Audi A4 allroad quattro	14,711	13,521
Audi A5 Sportback	36,695	39,417
Audi A5 Coupé	19,334	23,769
Audi A5 Cabriolet	13,798	14,969
Audi Q5	191,315	173,820
Audi A6 Sedan	180,735	171,969
Audi A6 Avant	39,367	37,147
Audi A6 allroad quattro	8,415	6,176
Audi A7 Sportback	20,589	22,577
Audi Q7	47,546	46,561
Audi A8	30,664	29,158
Audi R8 Coupé	1,012	1,207
Audi R8 Spyder	647	737
Audi brand	1,340,247	1,202,061
Lamborghini Gallardo	-	813
Lamborghini Huracán	798	31
Lamborghini Aventador	841	823
Lamborghini brand	1,639	1,667
Automotive segment	1,341,886	1,203,728

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

²⁾ The table also includes the vehicles built in China by the joint venture FAW-Volkswagen Automotive Company, Ltd.



Car engine production

	1-9/2014	1-9/2013
AUDI HUNGARIA MOTOR Kft.	1.499.764	1.454.471
AUDI HUNGARIA MUTUR KIL.	1,499,764	1,454,471
Automobili Lamborghini S.p.A.	836	805
Car engine production	1,500,600	1,455,276

Within the Audi Group, 1,500,600 (1,455,276) engines were produced in the Automotive segment in the first three quarters of the year under review.

Motorcycle production

	1-9/2014	1-9/2013
Scrambler	16	_
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	23,013	18,512
Dual/Hyper (Hypermotard, Multistrada)	8,528	14,231
Sport (Superbike)	7,317	5,331
Ducati brand	38,874	38,074
Motorcycles segment	38,874	38,074

Worldwide, the Ducati brand manufactured 38,874 (38,074) motorcycles in the first nine months. 34,528 (34,322) bikes were produced at the company headquarters in Bologna (Italy). Over the same period the Ducati brand manufactured 3,575 (3,209) motorcycles of the Diavel, Hypermotard, Monster, Multistrada and Superbike models at the Amphur Pluakdaeng plant (Thailand). The Manaus plant (Brazil) produced 771 (543) units of the Diavel, Hypermotard, Monster, Multistrada and Superbike model lines on a contract manufacturing basis.

DELIVERIES 1)

The first nine months of the fiscal year saw the Audi Group step up deliveries of vehicles to customers by 9.9 percent to 1,443,684 (1,314,114) cars worldwide. 1,298,643 (1,180,748) vehicles of the core brand Audi were delivered to customers – an increase of 10.0 percent. On top of that, 1,570 (1,688) supercars of the Lamborghini brand were handed over to customers, while 143,471 (131,678) cars of other Volkswagen Group brands were delivered. Worldwide, the Ducati brand presented 37,450 (36,661) motorcycles to their new owners in the first nine months of the fiscal year.

In Germany, demand for vehicles of the Audi brand again made good progress in the first three quarters of 2014. We increased deliveries to customers in our home market Germany by 3.9 percent to 198,043 (190,607) cars.

Elsewhere in Western Europe too, deliveries progressed satisfyingly from January through September 2014. We presented 347,265 (329,670) cars of the Audi brand to their

new owners, an increase of 5.3 percent. In the United Kingdom in particular, the Audi brand remains as popular as ever. The total number of cars delivered there in the first three quarters came to 126,840 (115,137) – a rise of 10.2 percent.

The region Central and Eastern Europe saw 44,670 (44,527) Audi vehicles handed over to customers.

With 130,983 (114,411) cars delivered – representing a growth rate of 14.5 percent – the brand with the four rings put in another very positive performance in the United States. In the Asia-Pacific region, we increased deliveries of Audi vehicles by 16.3 percent to 491,485 (422,590) cars. The main growth driver was again the Chinese market (including Hong Kong), where we succeeded in boosting deliveries to customers to 415,704 (358,213) cars.

The Audi brand equally proved very popular in Japan and South Korea. From January through September of the current fiscal

year, we delivered 23,408 (21,428) and 21,334 (14,674) cars to customers in those markets respectively.

The Audi Group delivered 472,156 (439,777) cars to customers worldwide in the period from July through September 2014. This

total comprised 429,288 (400,281) of the core brand Audi and 42,254 (38,974) of other Volkswagen Group brands. 614 (522) supercars of the Lamborghini brand were delivered to customers. The Ducati brand handed over 10,719 (10,679) motorcycles to their new owners in the third quarter of the fiscal year.

Car deliveries to customers by model 1)

	1-9/2014	1-9/2013
Audi A1	28,144	30,876
Audi A1 Sportback	62,747	65,188
Audi A3	21,275	28,448
Audi A3 Sportback	129,662	115,676
Audi A3 Sedan	61,449	2,192
Audi A3 Cabriolet	10,433	4,067
Audi Q3	144,770	105,382
Audi TT Coupé	9,917	11,840
Audi TT Roadster	2,880	3,636
Audi A4 Sedan	167,962	177,875
Audi A4 Avant	63,596	66,934
Audi A4 allroad quattro	14,377	13,657
Audi A5 Sportback	37,708	37,028
Audi A5 Coupé	20,106	23,266
Audi A5 Cabriolet	13,886	15,283
Audi Q5	182,271	174,610
Audi A6 Sedan	180,801	170,433
Audi A6 Avant	39,475	36,558
Audi A6 allroad quattro	7,928	6,525
Audi A7 Sportback	22,194	21,171
Audi Q7	46,792	41,717
Audi A8	28,477	26,340
Audi R8 Coupé	1,089	1,246
Audi R8 Spyder	704	800
Audi brand	1,298,643	1,180,748
Lamborghini Gallardo	259	915
Lamborghini Huracán	413	-
Lamborghini Aventador	898	773
Lamborghini brand	1,570	1,688
Other Volkswagen Group brands	143,471	131,678
Automotive segment	1,443,684	1,314,114

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

Motorcycle deliveries to customers 1)

	1-9/2014	1-9/2013
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	19,999	18,543
Dual/Hyper (Hypermotard, Multistrada)	9,402	11,424
Sport (Superbike)	8,049	6,694
Ducati brand	37,450	36,661
Motorcycles segment	37,450	36,661

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

Worldwide, the Ducati brand delivered 37,450 (36,661) motorcycles to customers in the first nine months of 2014. In the United Kingdom, demand for motorcycles of the Ducati brand again developed very positively. The U.S. market also saw deliveries to customers rise again in the first three quarters of 2014. Meanwhile, motorcycle deliveries in the Asia region went up again. This contrasted with the home market Italy, where deliveries of motorcycles fell in the first nine months of 2014.

ADDITIONS TO THE PRODUCT RANGE

We have continued with the expansion of our diverse A3 family since the start of the year. New models added include the S3 Sedan, which is outfitted with a powerful 2.0 TFSI engine producing 221 kW (300 hp). It has been on sale since February of this year. The new A3 Sportback g-tron was introduced in Germany in March. The CNG vehicle can run on natural gas, biomethane and Audi e-gas. This latter fuel is made using green power, water and CO₂ at our Audi e-gas plant in Werlte, the world's first industrial power-to-gas plant. This facility converts power from fluctuating sources such as wind and solar into a fuel that can be stored in the natural gas network. Thanks to Audi e-gas, the A3 Sportback g-tron can run almost CO₂-neutrally because it only releases as much CO₂ into the atmosphere as was previously captured in the production process for the gas. The new A3 Cabriolet also went on sale in March 2014. The S3 Cabriolet is an especially sporty version that we brought onto the German market in June and are now gradually rolling out in other markets.

The third generation of our design icon, the Audi TT Coupé, celebrated its debut at the Geneva Motor Show in March. The new model presents a thoroughly revised, sharper design. The characteristic TT elements from the first generation have been revived and intensified. We offer our customers of the third-generation TT the added convenience of our innovative Audi virtual cockpit. This fully digital instrument cluster, with its versatile, detailed displays, takes the place of the analog instruments and the MMI monitor. It offers precision graphics

and various individually adjustable displays. The new Audi TT has already received multiple awards for its innovative display and operating system. For example, around 42,700 readers of the trade magazines auto motor und sport and CHIP voted the Audi TT top in the "Connected Car" category (auto motor und sport, issue 16/2014, p. 114 ff.). At the "Automotive Interiors Expo Awards 2014" the Audi virtual cockpit was proclaimed "Interior Innovation of the Year" (www.automotive-interiors-expo.com/english/awards_14_ winners.php). The new Audi TT can also be supplied with the innovative Matrix LED headlights as an option. At the start of the year we exhibited the Audi TT quattro sport concept at the Geneva Motor Show and presented a concept vehicle by the name of Audi TT offroad concept at Auto China 2014 in Beijing. The Audi TT offroad concept blends the sports appeal of a coupe with the versatility of an SUV, and is powered by a plug-in hybrid drive with two electric motors. In addition, the showcar features Audi wireless charging technology, which is designed to enable contactless charging by induction. We also showed the Audi TT Sportback concept at the Paris Motor Show. The design of the five-door sports car takes the specific formal idiom of the TT and develops it further into a new, stretched sculpture. The showcar is equipped with a 2.0 TFSI engine that has 294 kW (400 hp) of power at its disposal. The new Audi TT Roadster and TTS Roadster were also given their first international showings in Paris, ahead of going on sale from spring 2015. They combine the dynamism of a sports car with the driving experience of an open two-seater.





We also took the wraps off the improved models of the A6 family in Paris. In addition to a sharper design as well as new engine versions and headlights, the new Audi A6 Sedan and A6 Avant are supplied with attractive infotainment solutions and driver assistance systems. The engine range comprises three TFSI power units with outputs ranging from 140 kW (190 hp) to 245 kW (333 hp) and five TDI engines from 110 kW (150 hp) to 235 kW (320 hp). CO₂ emissions have been reduced by up to 22 percent. The versatile A6 allroad quattro and the S6 Sedan, S6 Avant and RS 6 Avant sports models also come with an array of new features that were showcased in Paris. For example, the 4.0 TFSI engine develops 331 kW (450 hp) and accelerates the Audi S6 Sedan from 0 to 100 km/h in 4.4 seconds. When operating at part load, innovative cylinder on demand technology activates just four of the eight cylinders, to maximize the drivetrain's efficiency.

The new Audi S1 and S1 Sportback models have been available since the second quarter of 2014. As well as quattro permanent all-wheel drive, they are equipped with a powerful 2.0 TFSI engine developing 170 kW (231 hp). The compact sports car accelerates from 0 to 100 km/h in 5.8 or 5.9 seconds and has a top speed of 250 km/h.

The completely modified A7 Sportback incorporates many new features and has been available since the end of the third quarter. The large five-door full-size model combines the sports appeal of a coupe with the comfort of a sedan and the functional utility of an Avant. It is available in a variety of attractive engine and transmission versions ranging in performance from 160 kW (218 hp) to 245 kW (333 hp). The high-performance power unit, the 4.0 TFSI engine, is available in two models - the S7 Sportback and the RS7 Sportback - and features efficiency-boosting cylinder on demand technology. In the S7 Sportback it develops 331 kW (450 hp), and 412 kW (560 hp) in the RS 7 Sportback.

As a premium car manufacturer, we have made it our task to achieve further reductions in the CO_2 emissions of our products. To that end, we are systematically developing more economical engines and using ever-lighter materials. The model with the lowest CO₂ emissions in each car line is badged as "Audi ultra."

This stands for sustainable mobility for everyday driving. We currently have a total of 30 ultra models in the A3, TT, A4, A5, A6 and A7 car lines - 20 of them equipped with TDI engines. The Audi ultra models achieve average fuel consumption of between 3.2 and 5.9 liters per 100 kilometers and CO₂ emissions averaging from 85 to 137 g/km, making them currently the most economical cars in their respective classes without in any way compromising driving dynamics and comfort.

The Lamborghini brand presented the newly developed Huracán LP 610-4 in Geneva as the follow-up model to the successful Gallardo. The Huracán boasts a crisp-edged design and especially sporty handling characteristics. Its powerful V10 engine delivers 449 kW (610 hp). The supercar accelerates from 0 to 100 km/h in 3.2 seconds and has a top speed of 325 km/h. In addition, the Lamborghini Asterion LPI 910-4 made its international debut at the Paris Motor Show. This is the first concept vehicle of the Lamborghini brand to showcase plug-in hybrid technology. Its high-performance hybrid drive combines a 5.2-liter V10 engine with three electric motors and achieves a system output of 669 kW (910 hp). The high-performance sports model accomplishes the sprint from 0 to 100 km/h in 3.0 seconds and is capable of a top speed of 320 km/h. On average, this technology demonstrator consumes 4.1 liters of Super Plus gasoline per 100 kilometers, with average CO₂ emissions of 98 g/km. When running exclusively on the battery, it has a range of up to 50 kilometers and can reach a top speed of 125 km/h.

In the Motorcycles segment, the Ducati brand unveiled the new 1199 Superleggera – a lightweight superbike to be built in a limited run of 500 units – as well as what is already the third generation of the popular Monster 1200 and 1200 S. These new models offer substantially more power and comfort, and are especially versatile. Ducati also brought a new mid-size bike onto the market, the Monster 821. The new Diavel has likewise been extensively revised and offers a new take on the distinctive, sporty design of the model family. In addition, it is equipped with the latest generation of the Testastretta 11° Dual Spark engine. In the carbon-fiber version - the Diavel Carbon – it also incorporates high-quality lightweight components that bring a further reduction in weight and

emphasis. The new model will go on sale at the start of 2015 in four different versions – Icon, Classic, Full Throttle and Urban Enduro.

FINANCIAL PERFORMANCE

The Audi Group's revenue rose 6.3 percent to EUR 39,300 (36,965) million in the first nine months of fiscal 2014, despite volatile and unfavorable exchange rates. We increased revenue for the Automotive segment to EUR 38,824 (36,489) million. High demand for the vehicles in our new A3 family and healthy revenue growth in Western Europe, Asia and North America proved especially beneficial. The Motorcycles segment achieved revenue of EUR 476 (479) million.

For the period January through September 2014, the Audi Group posted an operating profit of EUR 3,831 (3,743) million and an operating return on sales of 9.7 (10.1) percent. The Automotive segment, the business performance of which is influenced by increased research and development spending on forward-looking technologies and products as well as by expansion of the international production network, generated an operating profit of EUR 3,802 (3,693) million. The operating return on sales for the segment was thus 9.8 (10.1) percent. Over the same period, the Motorcycles segment achieved an operating profit of EUR 29 (50) million and an operating return on sales of 6.1 (10.5) percent, reflecting mix effects and expenditure for the expansion of international manufacturing structures.

The pre-tax profit of the Audi Group for the nine-month reporting period amounted to EUR 4,568 (4,270) million.

This represents a return on sales before tax of 11.6 (11.6) percent. The after-tax figure of consolidated net profit came to EUR 3,435 (3,132) million.

These factors also shaped our business performance in the third quarter, even if exchange rate effects had a slightly positive impact on revenue in that period. The Audi Group thus generated revenue of EUR 12,610 (11,731) million from July through September. This total comprises EUR 12,503 (11,630) million for the Automotive segment and EUR 107 (101) million for the Motorcycles segment.

The third-quarter operating profit of the Audi Group came to EUR 1,160 (1,100) million and the operating return on sales to 9.2 (9.4) percent. The Automotive segment achieved an operating profit of EUR 1,172 (1,106) million for the third quarter, while the Motorcycles segment posted an operating profit of EUR -12 (-6) million for a period in which seasonal factors are especially pronounced.

The Audi Group's operating profit before tax for July through September of the current fiscal year totaled EUR 1,467 (1,296) million, with the return on sales before tax amounting to 11.6 (11.0) percent.

After deduction of income tax expense, we achieved a profit of EUR 1,113 (954) million.



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The group of consolidated companies has been extended since December 31, 2013 to include Audi Electronics Venture GmbH, Gaimersheim, AUDI Immobilien GmbH & Co. KG, Ingolstadt, and DUCATI DO BRASIL INDÚSTRIA E COMÉRCIO DE MOTOCICLETAS LTDA.. São Paulo (Brazil).

The initial inclusion of these subsidiaries did not have any material effects on the presentation of the net worth,

WORKFORCE

In 2014, as part of the Audi growth strategy, we will recruit some 3,000 employees at AUDI AG in Germany alone.

In addition, around 750 young people commenced vocational training at the Ingolstadt and Neckarsulm locations of AUDI AG in September.

financial position and financial performance.

September 2014 for around EUR 73 million.

In May 2014, AUDI AG acquired 26 percent of the shares in

the Audi Group. The share was increased to 40 percent in

Volkswagen Automatic Transmission (Tianjin) Company Limited,

Tianjin (China) for EUR 72 million which is measured at equity in

PERSONNEL CHANGES

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

Board of Management member for Production and Logistics at Volkswagen Passenger Cars from October 2009.

REPORT ON EXPECTED **DEVELOPMENTS, RISKS AND OPPORTUNITIES**

Report on expected developments

The Audi Group anticipates slightly stronger expansion for the global economy in 2014 as a whole than in the previous year. While industrial nations should again achieve moderate growth rates, Asia's burgeoning economies are once again likely to deliver the most vigorous growth. On the downside, economic prospects worldwide are clouded by geopolitical tensions and conflicts.

In our assessment, global demand for cars will exhibit mild growth over the year as a whole, though there will be no consistent pattern across the various different regions. While we anticipate rising new registrations in the regions of Western Europe, Central Europe, North America and Asia-Pacific, sales of passenger cars in Eastern Europe and Latin America are expected to fall.

For 2014 overall, we still expect a slight rise in demand in the established motorcycle markets 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. The forecasts for the key performance indicators for the full year of 2014, which are outlined in the Group Management Report on pages 194 and 195, remain valid. In addition, we now expect a moderate increase in revenue in 2014 overall, mainly thanks to higher volume growth.

Increasing the value of our Company is one of the elementary goals of managing the Audi Group. The Group-wide risk management system is of central importance in identifying potential risks and opportunities at an early stage, creating transparency and preparing farsighted solutions. It establishes the basis for responding as swiftly as possible to changing conditions and for implementing effective control measures. Overall, the Audi Group encounters industry-typical risks and opportunities, which are described in detail in the 2013 Group Management Report and remain valid. In addition, the high

volatility of currency markets points to a foreign currency risk that is typical for the industry. This risk factor is significantly reduced through our strategic currency hedging. Furthermore, in certain cases the Audi Group seeks to invoice in liquid currencies such as the U.S. dollar. Despite the Audi Group's high level of market diversification, foreign currency risks in certain emerging economies as well as geopolitical risks – such as those currently present in Ukraine, Russia and the Middle East – are fundamentally impossible to avoid altogether.

EVENTS OCCURRING SUBSEQUENT TO THE BALANCE SHEET DATE

There were no reportable events of material significance after September 30, 2014.

DISCLAIMER

The Third Quarter Report contains forward-looking statements relating to anticipated 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.





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