

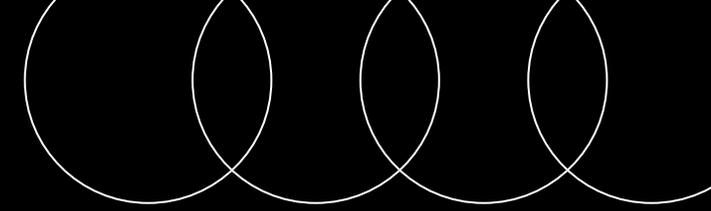
8M 2021  
9M 2021

Quarterly Update Audi Group



Audi skysphere concept: The vehicle shown here is a concept car that is not available as a production model.

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# FINANCIAL HIGHLIGHTS & KPI OVERVIEW

# 2021

## JAN - SEPT

↗ **Solid growth of 14%** in deliveries to customers compared with prior-year period. High demand in the markets could only partly be satisfied due to semiconductor supply shortages – especially third quarter heavily affected.

↗ **Revenue rose by 21%** supported by higher sales as well as favorable product mix and a very strong price position.

↗ **Operating profit** reached €3.9bn and the operating margin 9.5% – driven by operating performance as well as positive valuation effects of raw material hedges and decreased fixed costs.

↗ **Net cash flow strong** with €7.9bn, due to high profit, favorable working capital effects and capex discipline. Inventories in particular at a very low level.

↗ **Audi outlook for 2021 updated:** Guidance for ROS (9–11%) and net cash flow (€5.5bn–€6.5bn) has been raised despite volume losses due to semiconductor supply shortages. At the same time, the guidance for deliveries and revenue has been lowered.



**Deliveries to customers**



of the Audi brand amounted to

**1,347,637**

(1,187,190)

14% increase slightly ahead of the global automotive market, which rose by 13%.

Deliveries of fully electric models (BEVs) increased by 51% to

**52,774**

(34,850)



**Operating profit/margin**



increased to

**€3.9bn**

(€0.1bn)

Corresponding margin

**9.5%**

(0.3%)

Before special items, operating profit amounted to €3.9bn (€0.2bn), ROS at 9.6% (0.7%)

(numbers in brackets represent prior-year figures Jan-Sept)



**Revenue**



rose to

**€40.4bn**

(€33.3bn)



**Net cash flow/  
net liquidity**



NCF increased to

**€7.9bn**

(€3.8bn)

Net liquidity increased to

**€22.9bn**

(€22.4bn as of Dec 31, 2020)



**R&D ratio**



declined to

**7.4%**

(8.2%)



**Capex ratio**



declined to

**2.3%**

(2.5%)

# FINANCIAL HIGHLIGHTS & KPI OVERVIEW

2021  
2021  
2021  
3<sup>rd</sup> QUARTER

↘ Third quarter deliveries (-24%) heavily affected by semiconductor supply shortages and subsequent production adjustments. Insufficient inventories to meet persistently high market demand.

↘ Revenue decreased by -13% compared to the prior year period. The negative impacts of the lower sales volume could partly be offset by substantially positive price effects.

↘ Operating profit reached €0.7bn and the operating margin 6.6% - tailwind as a result of positive valuation effects of raw material hedges.

↗ Net cash flow strong at €2.4bn, supported by operating profit, favorable working capital effects and capex discipline.



**Deliveries to customers**



of the Audi brand amounted to

**365,956**

(479,965)

-24% decrease compared to Q3/20

Deliveries of fully electric models (BEVs) increased by 29% to

**19,999**

(15,491)



**Operating profit/margin**



decreased to

**€0.7bn**

(€0.9bn)

Corresponding margin

**6.6%**

(6.8%)

Before special items, operating profit amounted to €0.8bn (€0.9bn), ROS at 7.0% (6.8%)

(numbers in brackets represent prior-year figures Q3/20)



**Revenue**



declined to

**€11.2bn**

(€12.8bn)



**Net cash flow**



NCF increased to

**€2.4bn**

(€1.8bn)



**R&D ratio**



increased to

**9.4%**

(7.7%)



**Capex ratio**



increased to

**2.7%**

(2.6%)

## 1. Highlights of the reporting period – Selected model presentations

### Audi skysphere concept – the future is wide open



Audi skysphere concept: The vehicle shown here is a concept car that is not available as a production model.

Audi has unveiled the first member of a new family of concept vehicles, a spectacular roadster. Audi skysphere concept is the name of the electric-powered, two-door convertible whose lines lead directly to the Audi design of tomorrow.

With it, the brand is illustrating its vision for the progressive luxury segment of the future, in which the interior becomes an interactive space and the vehicle a platform for captivating experiences. This is being made possible thanks to automated driving, a revolutionary redesign of the interior and a seamless digital ecosystem.

In the same way as the interior design offers a new, contemporary interpretation of luxury, digitalization and the ecosystem open up unprecedented levels of freedom and worlds of experience for the vehicle's passengers.



Audi skysphere concept: The vehicle shown here is a concept car that is not available as a production model.

## 1. Highlights of the reporting period – Selected model presentations

### Audi grandsphere concept – first class toward the future



At the IAA MOBILITY 2021, Audi presented the Audi grandsphere concept. Like a first-class flight, the grandsphere sedan combines the luxury of private travel in the greatest comfort with a comprehensive onboard experience offering. Level 4 automated driving makes new dimensions of freedom possible: In this mode, the interior turns into a spacious sphere of experience without a steering wheel, pedals or displays.

The front seats become a first-class lounge with maximum space, freer views and access to all the functions of a holistic digital ecosystem that the Audi grandsphere concept is integrated into. The Audi grandsphere concept illustrates the brand's claim to become the trendsetter at the top of the automotive industry for technological transformation and completely new, holistic mobility offerings.



## 1. Highlights of the reporting period – Milestones

### Audi is prepared for the future – New strategy with new concepts presented

#### “Vorsprung 2030“: Audi is accelerating the transformation

In August 2021, Audi announced the key facts of its **new strategy “Vorsprung 2030.”** One part includes the already announced **accelerated transformation towards e-mobility.** Starting in 2026, Audi will only launch new all-electric models on the global market.

Further important aspects of the strategy are profitable growth – in the long term with a **return on sales (ROS) target of >11%** – and **differentiation through quality, design and driving comfort.** Additionally, Audi wants to **increase added value for customers,** which includes a seamless ecosystem for electric and autonomous driving. Audi will also more closely align business success with **sustainable activities on the basis of ESG.**

> The Audi Report 2021 (published in March 2022) will provide more information on the new strategy

Vorsprung

2030

increasing  
ESG  
consideration

SUSTAINABLE  
GROWTH



3m  
CARS  
p.a.



>11%  
ROS

AMBITION

LAST ICE SOP  
2025



LAST ICE EOP<sup>1)</sup>  
2033

1) Chinese market not included; SOP (start of production); EOP (end of production)



#### Audi exhibiting with new event concept at IAA MOBILITY

At the IAA MOBILITY in Munich in September, Audi put the **spotlight on e-mobility** with a new event concept. At the **“House of Progress”** brand pavilion, visitors were introduced to the **brand’s four values of sustainability, digitalization, design and performance,** and were able to discover the Audi grandsphere concept.

At the **“Charging experience”** Audi provided information on current and future charging options. The Audi brand talks provided panel discussions about Audi’s brand strategy, while demo drives at the Messe West parking garage showed practical benefits of autonomous parking. An additional vehicle exhibition at Munich Airport rounded out Audi’s IAA appearance.

#### The Audi Media Days – Ready for the future

During the Audi Media Days – a new digital format exclusively developed by Audi – in the run-up to the IAA, Audi showed the public how it is **transforming into a provider of sustainable premium mobility.** In a TV show-like format, journalists were provided with videoclips, interviews, various live-discussions with experts and chat functions to ask questions.

In this context, **Markus Duesmann,** CEO and Board of Management Member for Product Lines at AUDI AG, outlined the company’s vision for the future and gave his forecast for the future of mobility.

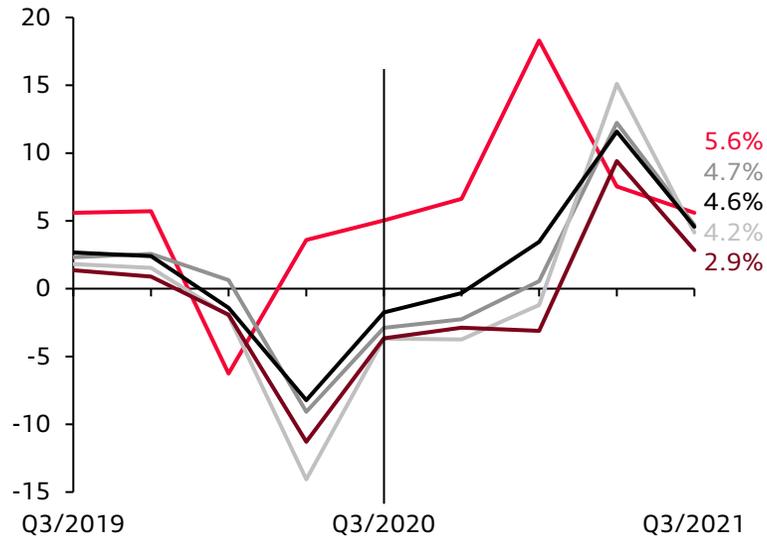


## 2. Finance and key figures – Economic environment

### Semiconductor supply shortages visible on automotive markets – decline in Q3

#### Real GDP growth, quarterly by % change from a year earlier (Data: IHS Markit)

● World ● USA ● Europe ● China ● Germany



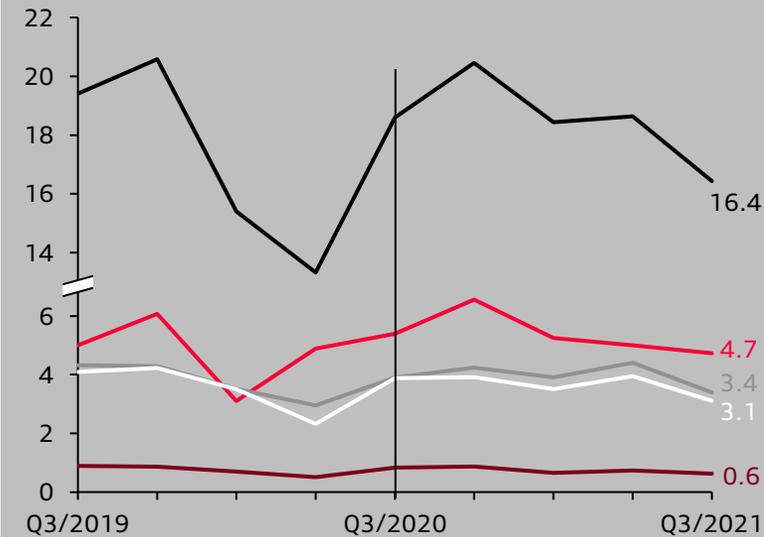
The **average rate of expansion of the gross domestic product (GDP)** in the advanced economies as well as in the emerging countries **was well above the negative value of the first nine months of 2020**.

At national level, the development in the reporting period was dependent, among other things, on the extent to which the Covid-19 pandemic unfolded its negative effects and the intensity with which measures were taken to contain it.

#### Automotive markets

by region in million units

● World ● USA ● Europe ● China ● Germany



From January to September 2021, global **demand for passenger cars significantly increased** compared with the weak level of the prior-year period. Due to the regionally differently pronounced effects of the Covid-19 pandemic in both the first nine months of 2020 and 2021, growth was inconsistent.

However, the **ongoing semiconductor supply shortages had an increasingly negative impact** on the development of the global automotive market, especially in the **third quarter of the year (-11.6%)**.

	Real GDP growth in %		Automotive markets in units		
	Q3/2021	Q3/2020	1-9/2021	1-9/2020	Δ %
Europe	4.2	-3.7	10,556,612	9,798,823	7.7
of which Germany	2.9	-3.7	2,017,561	2,041,831	-1.2
USA	4.7	-2.9	11,704,955	10,383,645	12.7
China <sup>1</sup>	5.6	5.0	14,967,510	13,375,345	11.9
<b>Worldwide</b>	<b>4.6</b>	<b>-1.8</b>	<b>53,505,748</b>	<b>47,312,531</b>	<b>13.1</b>

<sup>1</sup> Chinese car market including Hong Kong



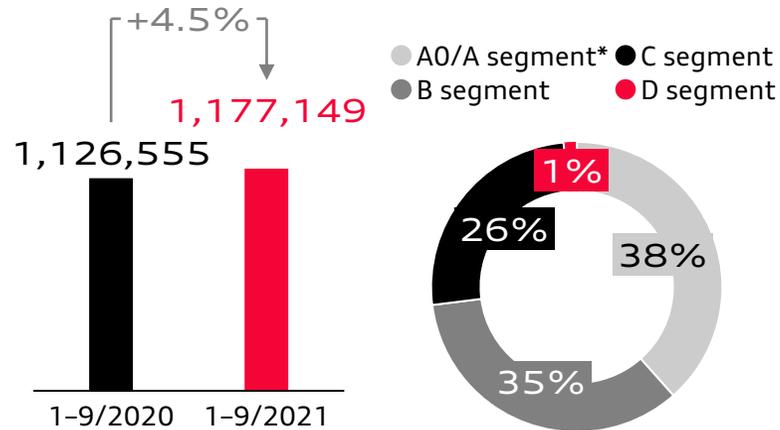


## 2. Finance and key figures – Production, Audi brand

### Production heavily affected by semiconductor supply shortages in Q3/21

#### Production

Audi brand, in units/by segment in % of total



Between January and September 2021, the Audi brand produced a total of **1,177,149 cars**. This figure includes 447,271 (464,991) Audi vehicles built locally by associated Chinese companies.

Production in the first nine months of 2021 increased by **4.5%** compared to last year.

In the first six months, the production volume increased significantly (35.2%) compared to the coronavirus-impacted prior-year period. After this, the semiconductor supply shortages heavily affected production volumes in the third quarter of 2021. This led to a **-41.0% decrease** in cars produced in this period.

The **New Energy Vehicle (NEV) share** – in other words, battery electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEV) as a proportion of total Audi production – **reached 10.5% (5.9%)** in the first nine months of the year.

Audi further expanded its presence in China in Q3 2021. With the start of production of the Audi A7 L (only available in China) in Anting, the first Audi vehicles were built by the second associated Chinese company SAIC Volkswagen Automotive Co., Ltd.

The production of the new Audi Q4 e-tron family started at the Volkswagen multi-brand plant in Zwickau in spring 2021, with 14,366 cars manufactured by the end of September.

\* Detailed information on car segments can be found in the Audi Fact Pack

#### Production

Audi brand, by site in units



	1-9/2021	1-9/2020	Δ %
Ingolstadt (GER)	216,748	224,088	-3.3
Neckarsulm (GER)	109,454	106,201	3.1
Zwickau (GER)	14,366	173	X
Győr (HUN)	128,036	111,141	15.2
San José Chiapa (MEX)	112,904	81,537	38.5
Brussels (BEL)	30,636	25,782	18.8
China (all sites)	447,271	464,991	-3.8
Other sites	117,734	112,642	4.5
<b>Total</b>	<b>1,177,149</b>	<b>1,126,555</b>	<b>4.5</b>

of which electrified vehicles in units

	1-9/2021	1-9/2020	Δ %
BEV production	54,556	27,926	95.4
PHEV production	68,626	38,370	78.9
<b>Total NEV</b>	<b>123,182</b>	<b>66,296</b>	<b>85.8</b>

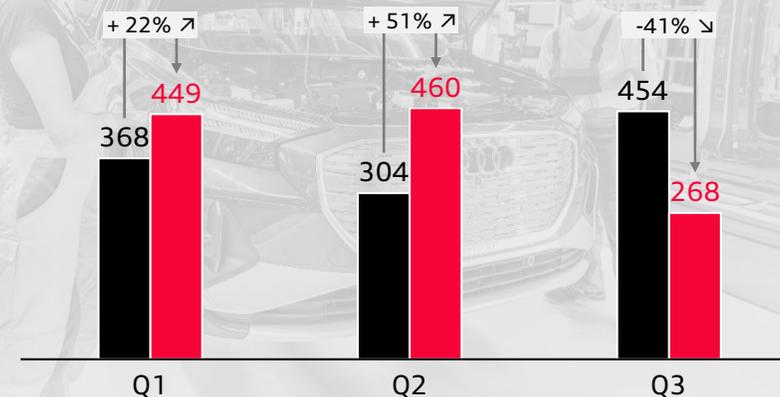
#### NEV share

in % of total production



#### Production

Audi brand, quarterly development in k units 2020, 2021



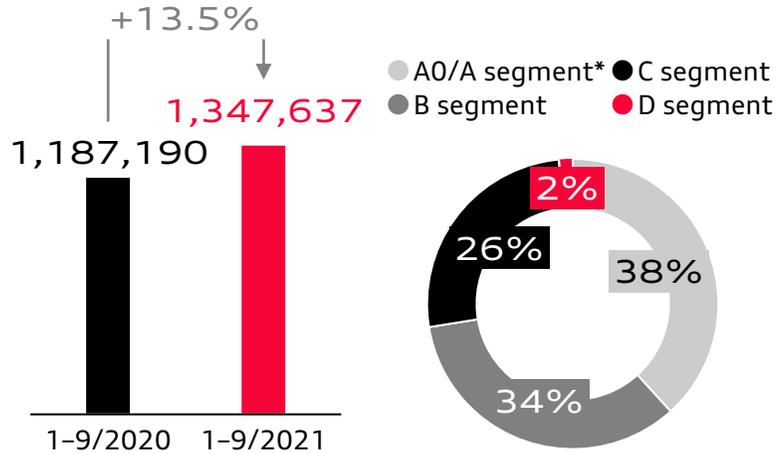


## 2. Finance and key figures – Deliveries to customers, Audi brand

### Strong market demand only partly satisfied due to semiconductor shortages

#### Deliveries to customers

Audi brand, in units/by segment in % of total



The Audi brand delivered **1,347,637** (1,187,190) cars to customers worldwide in the first nine months of 2021, an **increase of 13.5% overall**.

While in H1 2021, deliveries increased by +38.8% (best half-year in Audi history) compared with the coronavirus-impacted prior-year, in **Q3 2021** deliveries to customers went down significantly by **-23.8%** due to production adjustments in connection with semiconductor supply shortages.

Audi showed – considering the semiconductor supply shortages – a strong sales performance in all three key regions. In the **United States**, the Four Rings delivered **162,854** (124,103) cars to customers in the first nine months – an increase of **31.2%** compared with the prior-year period.

**In Europe**, Audi delivered a total of **492,210** (440,832) cars, an increase in deliveries to customers of 11.7%.

On the **Chinese market**, a total of **563,628** (512,891) units were delivered in the first nine months, which represents an increase of **9.9%**. However, in Q3 2021, deliveries to customers decreased by **-31.1%** compared to the strong Q3 2020 in that region.

Audi was able to substantially improve the mix, for example the SUV segment went up by **26.0%** (share of 49.4%) and the C/D share remained high at **27.6%**. In addition, fully electric vehicles (BEV) recorded a growth of **51.4%** (share of 3.9%).

\* Detailed information on car segments can be found in the Audi Fact Pack

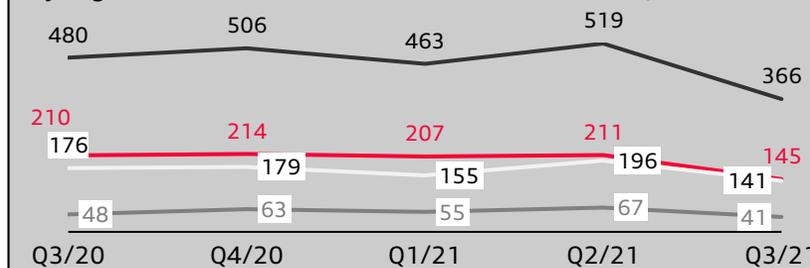
#### Deliveries to customers

Audi brand, by region in units



	1-9/2021	1-9/2020	Δ %
Europe	492,210	440,832	11.7
<i>of which Germany</i>	142,976	153,196	-6.7
China incl. Hong Kong	563,628	512,891	9.9
USA	162,854	124,103	31.2
Other markets	128,945	109,364	17.9
<b>Total</b>	<b>1,347,637</b>	<b>1,187,190</b>	<b>13.5</b>

by region in k units ● World ● USA ● Europe ● China

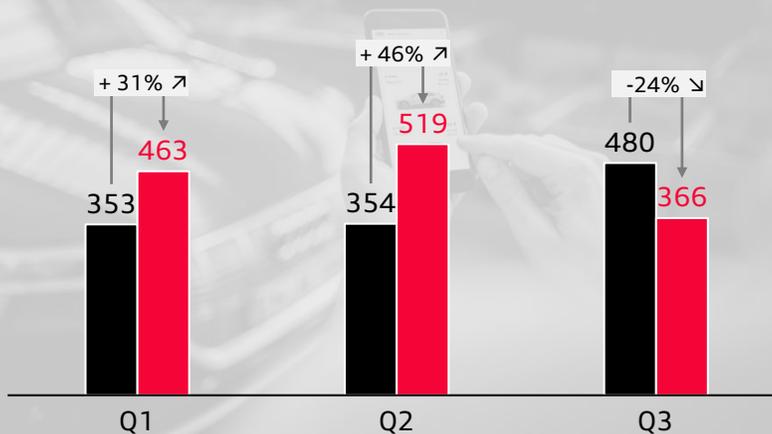


in units/in % of total

	1-9/2021	1-9/2020	Δ %
BEV deliveries	52,774	34,850	51.4
<i>BEV share</i>	3.9	2.9	+1.0 ppt
SUV deliveries	665,344	528,032	26.0
<i>SUV share</i>	49.4	44.5	+4.9 ppt
Locally produced in China	498,564	477,497	4.4
<i>locally produced in China share</i>	37.0	40.2	-3.2 ppt

#### Deliveries to customers

Audi brand, quarterly development in k units 2020, 2021





## 2. Finance and key figures – Income statement

# Market performance & valuation effects overcompensate semiconductor impacts

### Income statement

Audi Group, in €m/in % of revenue



	1-9/2021	1-9/2020	Δ %
Revenue	40,375	33,264	21.4
Cost of goods sold	-35,227	-30,864	14.1
<b>Gross profit</b>	<b>5,148</b>	<b>2,400</b>	<b>114.5</b>
Distribution expenses	-2,127	-2,118	0.5
Administrative expenses	-473	-456	3.6
Other operating result	1,304	288	X
<b>Operating profit</b>	<b>3,852</b>	<b>114</b>	<b>X</b>
<i>Return on sales (ROS)</i>	9.5	0.3	+9.2 ppt
of which Automotive segment	3,785	98	X
<i>ROS Automotive segment</i>	9.5	0.3	+9.2 ppt
of which Motorcycles segment	67	16	X
<i>ROS Motorcycles segment</i>	9.4	3.1	+6.3 ppt
Financial result	961	1,089	-11.8
of which China business	780	669	16.6
<b>Profit before tax</b>	<b>4,813</b>	<b>1,202</b>	<b>X</b>
Income tax expense	-645	-36	X
<b>Profit after tax</b>	<b>4,168</b>	<b>1,166</b>	<b>X</b>
<b>Operating profit before special items</b>	<b>3,894</b>	<b>221</b>	<b>X</b>
<i>ROS before special items</i>	9.6	0.7	+9.0 ppt

↗ The Audi Group generated **revenue** of €40,375m (€33,264m) in the first nine months of 2021. The year-on-year increase was mainly attributable to increased sales and a strong market performance with a higher SUV share and an ongoing strong C/D-segment amount. However, semiconductor supply shortages heavily impacted production and thus deliveries and revenues in Q3.

↗ **Cost of goods sold** increased due to the higher sales volume. **Distribution expenses** remained mainly constant, while **administrative expenses** increased slightly.

↗ The **other operating result** included a significant positive valuation effect from raw material hedges driven by higher prices as well as positive currency effects compared with the prior-year period. The previous year was positively influenced by the sale of the Autonomous Intelligent Driving GmbH (€495m).

↘ **Special items** of -€42m (-€108m) were reported in connection with the diesel issue.

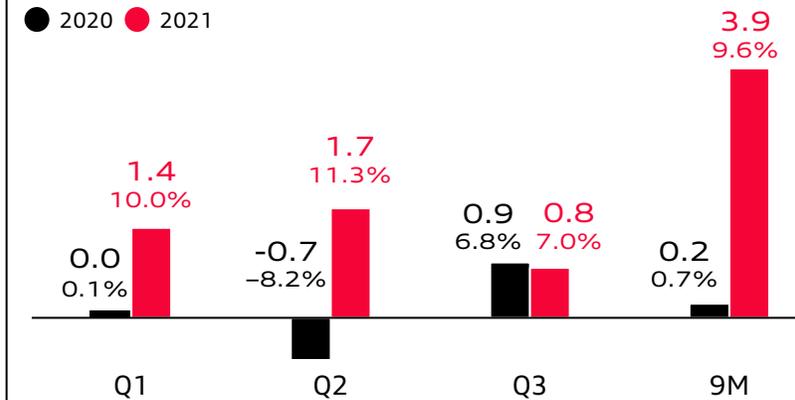
↗ Together with significant fixed cost improvements, this led to an **operating profit after special items** of €3,852m (€114m) and a corresponding **operating margin** of 9.5% (0.3%).

↘ The **financial result decreased** as the prior-year period was positively influenced by the sale of participations. Nevertheless, **China business remained strong** and increased to €780m (€669m).

↗ **Profit before tax** amounted to **€4,813m** (€1,202m).

### Operating profit (before special items)

in €bn/in % of revenue



## 2. Finance and key figures – Balance sheet

### Balance sheet influenced by investment discipline, among other things

#### Balance sheet

Audi Group, in €m



	Sept 30, 2021	Dec. 31, 2020	Δ %
Non-current assets	31,260	32,443	-3.6
Current assets	32,267	34,785	-7.2
Assets held for distribution to owners	1,364	-	X
<b>Total assets</b>	<b>64,892</b>	<b>67,229</b>	<b>-3.5</b>
Equity	27,593	24,253	13.8
Liabilities	36,616	42,975	-14.8
<i>of which non-current liabilities</i>	<i>16,864</i>	<i>17,638</i>	<i>-4.4</i>
<i>of which current liabilities</i>	<i>19,752</i>	<i>25,337</i>	<i>-22.0</i>
Liabilities held for distribution to owners	683	-	X
<b>Total equity and liabilities</b>	<b>64,892</b>	<b>67,229</b>	<b>-3.5</b>

↘ **Non-current assets** were down slightly compared to December 31, 2020, mostly as a result of lower property, plant and equipment, which is in line with our ongoing investment discipline.

↘ **Current assets** decreased mainly due to lower inventories (massive reduction of new and used cars) and lower trade receivables (low sales at end of reporting period due to supply shortages) compared to end of the year 2020.

↗ **Assets** classified as **held for distribution to owners** are in connection with the agreed transfer of national sales companies within the Volkswagen Group.

↗ **Equity** increased significantly, affected by higher retained earnings; the **equity ratio** amounted to **42.5%** (36.1%).

↘ **Non-current liabilities** declined mainly due to lower provisions for pensions driven by increased interest rates.

↘ The reduction of **current liabilities** was primarily caused by the payment of the profit transfer from 2020 to Volkswagen AG. Furthermore, trade payables decreased compared to December 31, 2020, also as a result of low production in Q3.

↗ **Liabilities held for distribution to owners** are also in connection with the agreed transfer of national sales companies within the Volkswagen Group.



Audi RS 3 Sedan 2.5 TFSI quattro: combined fuel consumption in l/100 km: 8.7–8.2 (NEDC); combined CO<sub>2</sub> emissions in g/km: 198–188  
Information on fuel/electric power consumption and CO<sub>2</sub> emission figures given in ranges depend on the tires/wheels used.

## 2. Finance and key figures – Cash flow statement and net liquidity

### Cash flow lifted by strong operating performance & working capital

#### Cash flow statement

Audi Group, in €m

	1-9/21	1-9/20	Δ %
Cash and cash equivalents at beginning of period	11,152	11,747	-5.1
Gross cash flow	6,530	2,946	121.6
Working capital	3,619	1,049	X
<b>Cash flow from operating activities</b>	<b>10,149</b>	<b>3,996</b>	<b>X</b>
<b>Investing activities attributable to operating activities</b>	<b>-2,232</b>	<b>-213</b>	<b>X</b>
<i>of which capital expenditure</i>	<i>-909</i>	<i>-825</i>	<i>10.2</i>
<i>of which cap. development costs</i>	<i>-1,326</i>	<i>-900</i>	<i>47.4</i>
<i>of which change in participations</i>	<i>-12</i>	<i>1,486</i>	<i>X</i>
<b>Net cash flow</b>	<b>7,917</b>	<b>3,783</b>	<b>109.3</b>
Change in cash deposits and loans extended	-134	-1,305	-89.7
Capital contribution	191	-	X
Profit transfer to Volkswagen AG	-7,834	-3,752	108.8
Lease payments, change in other financial liabilities	-203	-157	29.3
Change in cash & cash equivalents due to changes in exchange rates	205	-65	X
Change in cash and cash equivalents	141	-1,496	X
Cash and cash equivalents at the end of period	11,293	10,251	10.2
<b>Net liquidity</b> (Sept 30, 2021, compared to Dec 31, 2020)	<b>22,867</b>	<b>22,377</b>	<b>2.2</b>
<b>Cash flow from investing activities</b>	<b>-2,366</b>	<b>-1,517</b>	<b>56.0</b>
<b>Cash flow from financing activities</b>	<b>-7,846</b>	<b>-3,909</b>	<b>100.7</b>



↗ The **cash flow from operating activities** of the Audi Group amounted to €10,149m (€3,996m) in the first nine months of the year 2021. Compared to the previous year, the higher profit in particular and the favorable working capital development (see also page 16) had a huge impact on growth.

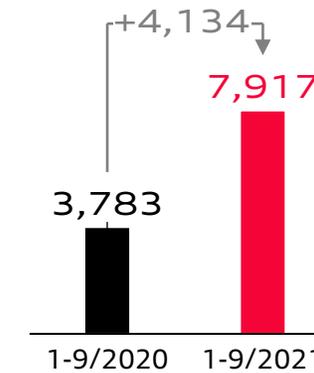
↘ In the same period, **investing activities attributable to operating activities** resulted in -€2,232m (-€213m). The main drivers for this development were higher capitalized R&D costs as well as one-time effects due to the disposal of subsidiaries and participations in the prior-year period. The **ratio of capex** remained low at **2.3%** (2.5%) representing Audi's ongoing investment discipline.

↗ The **net cash flow** of the Audi Group totaled €7,917m (€3,783m) in the reporting period.

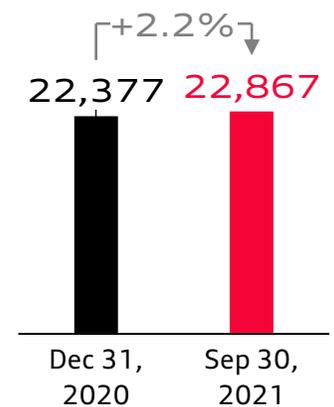
↘ **Cash flow from financing activities** came in at -€7,846m (-€3,909m). It mainly included the profit transfer to Volkswagen AG for 2020.

↘ The **net liquidity** of the Audi Group as of September 30, 2021, amounted to a total of €22,867m (Dec 31, 2020: €22,377m).

#### Net cash flow in €m



#### Net liquidity in €m



Audi Q4 e-tron

## 2. Finance and key figures – R&D and capex

### R&D ratio exceeds strategic target – capex ratio still reflects investment discipline

#### Research & development

Audi Group, in €m

	1-9/2021	1-9/2020	Δ %
R&D activities	2,999	2,723	10.2
<i>R&amp;D ratio</i>	7.4%	8.2%	-0.8 ppt.
Capitalized R&D	1,326	900	47.4
<i>Capitalization ratio</i>	44.2%	33.1%	11.2 ppt.
Amortization and reversals of capitalized R&D	1,031	905	13.9
R&D expenses	2,704	2,728	-0.9

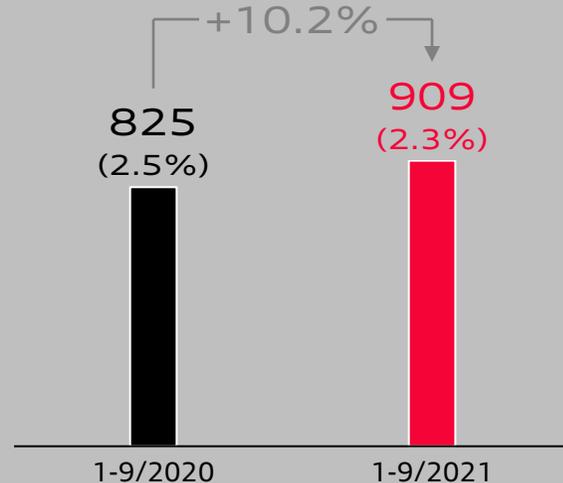
↗ In the first nine months of 2021, R&D activities increased to €2,999m. The increase is based on additional costs for future topics such as electrification and digitalization. The R&D ratio decreased to 7.4%, which slightly exceeds our strategic target corridor of 6 to 7%.

↗ While the capitalization ratio increased to 44.2% – reflecting the current product life cycle – R&D expenses were stable at €2,704m.

↗ Capital expenditure went up by 10.2% to €909m. The capex ratio reached 2.3% and therefore reflects the ongoing investment discipline of the Audi Group.

#### Capital expenditure

in €/m/(in % of revenues)



#### Investment in the future

R&D activities & capex, in €bn, Σ 2021-2025<sup>1)</sup>



Electrification  
**€10bn**



Hybridization  
**€5bn**



Digitalization<sup>2)</sup>  
**€3bn**

1) All figures rounded to the nearest billion; discrepancies may arise when figures are added together individually.

2) Including other future topics, not including CARIAD budget.

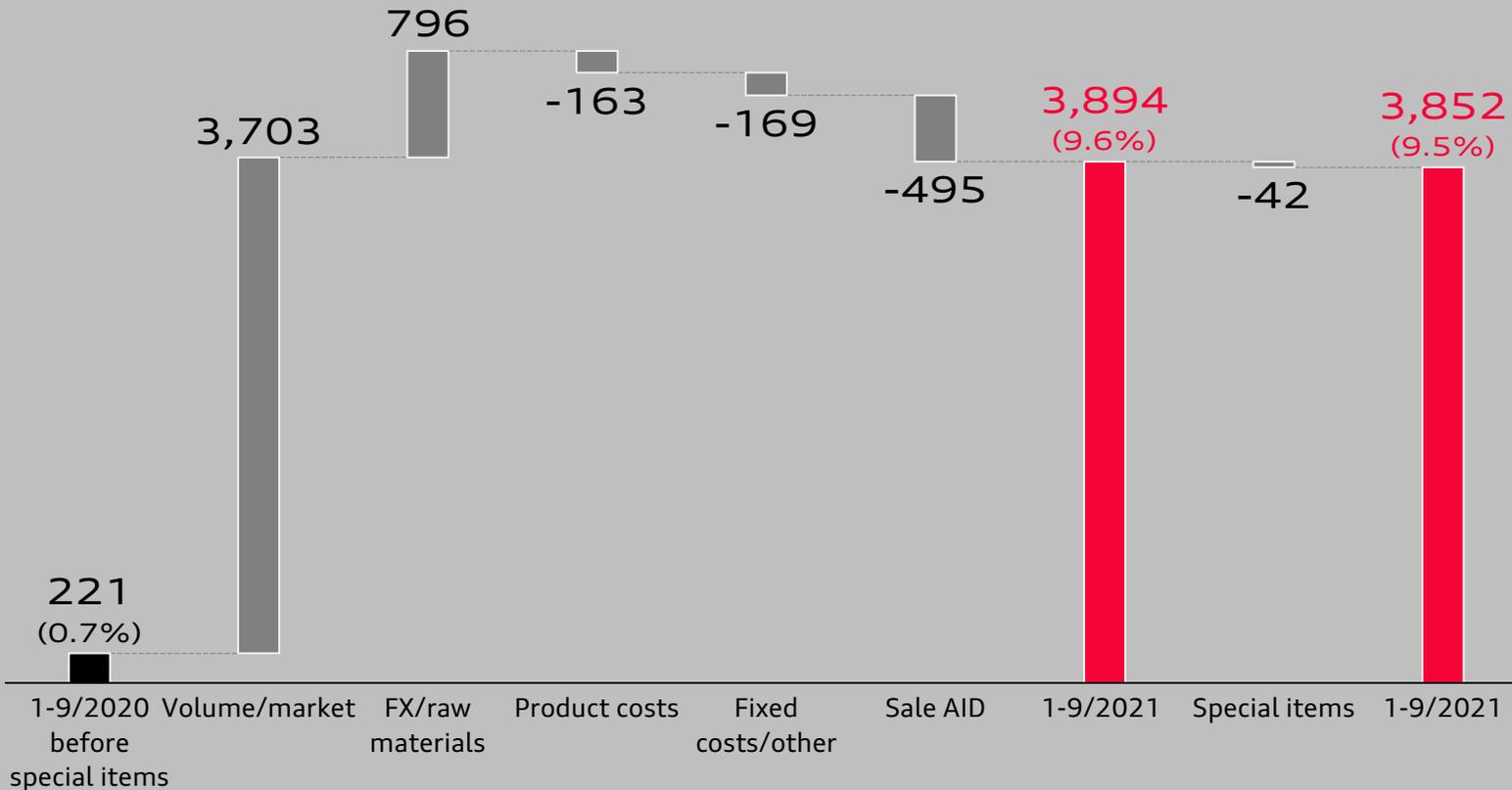


## 2. Finance and key figures – Value drivers: operating profit 9M/2021

### Market performance, valuation effects & fixed cost program lift profit

#### Operating profit bridge

in €m/(in % of revenue)



#### Prior year:

3,239	-3,210	-478	-369	+544	+495	221	-108	114
-------	--------	------	------	------	------	-----	------	-----

➤ **Volume/market:** Higher volumes – both FBU and supply for local production in China, better model mix as well as a substantially better pricing led to growth in the first nine months of 2021. This was supplemented by a better performance by Lamborghini and Ducati as well as of the original parts business.

➤ **FX/raw materials:** Positive valuation effects from raw material hedges due to higher prices and a favorable development of currencies influenced the operating profit positively in a year-on-year comparison.

➤ **Product costs** developed negatively compared to the prior year, mainly due to increased raw material prices (mainly aluminum).

➤ **Fixed costs/other:** Year-on-year difference in fixed costs and other items is driven by higher performance-based personnel costs in particular. At the same time, the Audi overhead costs have declined substantially by €0.6bn thanks to ongoing fixed cost programs.

➤ **The sale of the former Audi subsidiary AID** (Autonomous Intelligent Driving GmbH) within the Volkswagen Group influenced the operating profit positively in the prior-year period as a one-time effect.

➤ **Special items** related to diesel had a negative impact of –€42m (–€108m in previous year) on the operating profit.

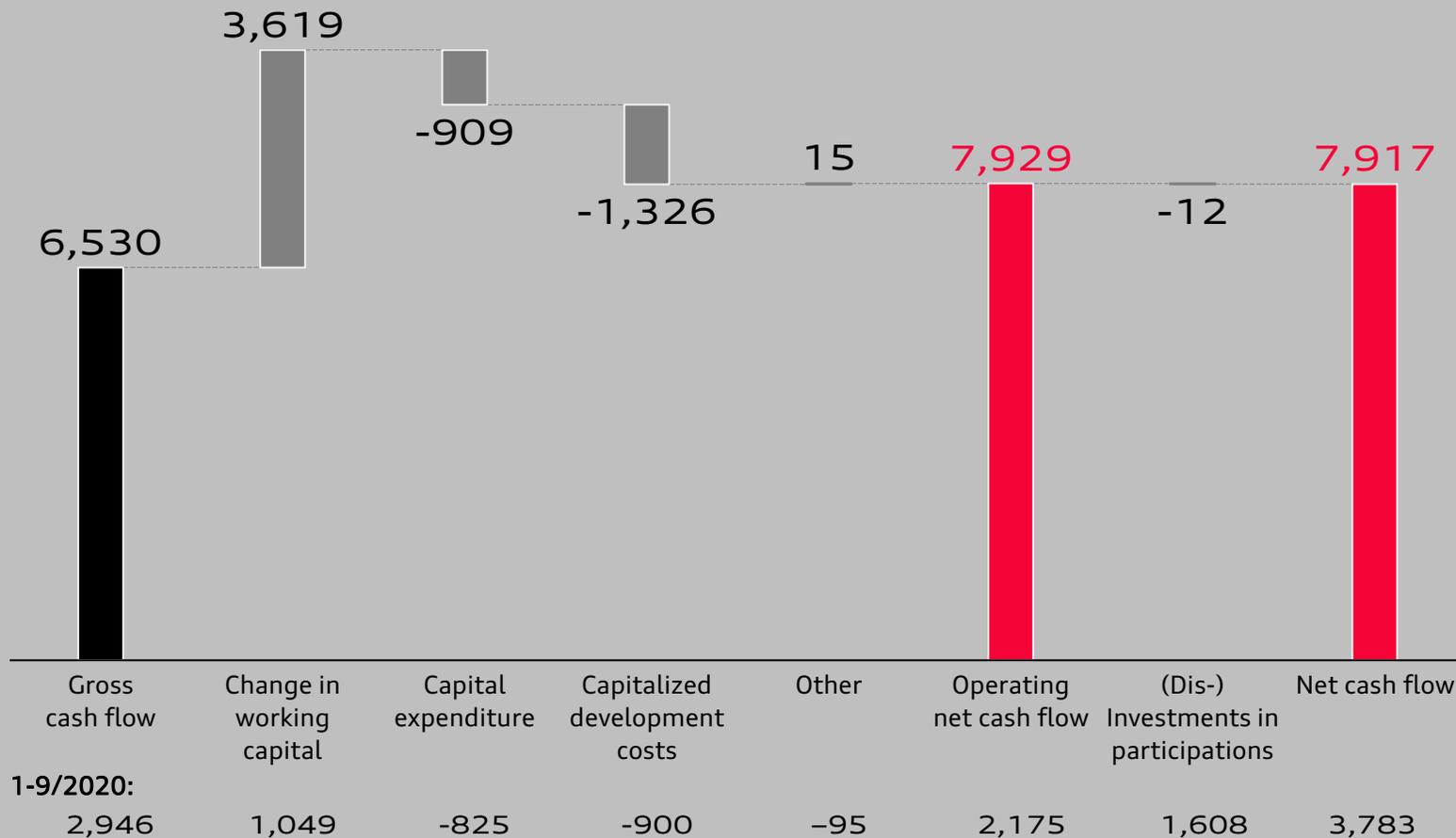


## 2. Finance and key figures – Value drivers: net cash flow 9M/2021

### High profit and favorable working capital development boost net cash flow

#### Net cash flow bridge

in €m



↗ High gross cash flow due to the strong operating performance.

↗ The change in working capital especially reflects higher trade payables in addition to increased liabilities for R&D spending as well as higher performance-based personnel liabilities. Besides, increased provisions had a positive impact on the working capital development.

Inventories further decreased: New and used cars were reduced to a very low level. At the same time, unfinished goods, raw materials and supplies were built up. This is caused by the high market demand and lower production as a result of bottlenecks in the semiconductor supply chain.

These production adjustments, especially at the end of the reporting period, led to lower deliveries and therefore to a reduction in trade receivables. Moreover, cash inflows from the strong Q4/2020, supported this development.

↘ Capital expenditure of the Audi Group went up. However, the capex ratio remained at a constantly low level and reflects Audi's ongoing investment discipline.

↘ The increase in capitalized development costs mainly reflects the current product development life cycle.



## 2. Finance and key figures – Value drivers: workforce

### Workforce at Audi Group decreased in accordance with Audi.Zukunft

In the first nine months of the 2021 financial year, the **Audi Group workforce** totaled **85,874** (88,375) **employees**, a reduction of 2,501.

Besides a restrictive handling of new hiring, this reduction was largely based on the **Audi.Zukunft** fundamental agreement concluded in 2019.

The number of employees in the Audi Group was also reduced as a result of fluctuation and adaptation of the production program.

#### Audi.Zukunft

Consistent realization of Audi.Zukunft, in short:

- focus in 2021 is necessary transformation of competencies & retraining in future job profiles
- **optimization of strategic production capacity** at the two German sites
- **socially acceptable adaptation of up to 9,500 jobs** along the basis of demographic development; employment of **additional 2,000 employees for future topics**
- at the same time extending **job guarantees until the end of 2029**

**Goal: maintain the long-term competitiveness of the German sites, secure the strategic target corridor for ROS of 9 to 11%**

#### Workforce Audi Group

average for the year



	1-9/2021	1-9/2020	Δ %
Domestic companies <sup>1</sup>	56,979	58,806	-3.1
Foreign companies	26,163	26,649	-1.8
<b>Employees</b>	<b>83,142</b>	<b>85,455</b>	<b>-2.7</b>
Apprentices	2,280	2,458	-7.2
Employees of Audi Group companies	85,422	87,913	-2.8
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	452	462	-2.2
<b>Workforce Audi Group</b>	<b>85,874</b>	<b>88,375</b>	<b>-2.8</b>

<sup>1</sup> Of these employees, 2,172 (2,062) were in the passive stage of their partial retirement.



#### Structural data

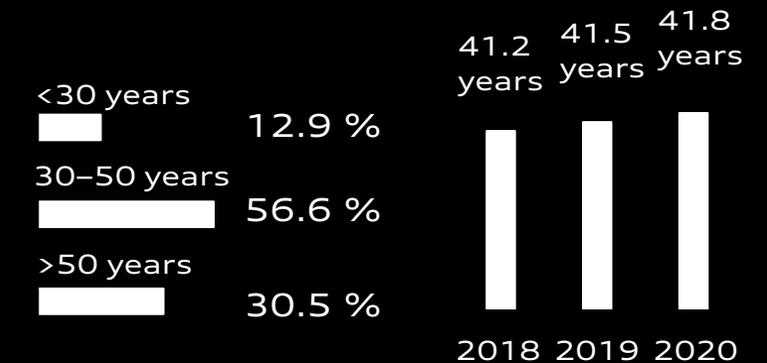
FY 2020 (as of Dec. 31)

##### Age structure

(AUDI AG, excl. apprentices)

##### Average age

(AUDI AG, excl. apprentices and fixed-term employees)



**Proportion of women**  
(in percent, Audi Group)

**15.2**



**Turnover rate**  
(in percent, excl. apprentices, average figure for the year)

**0.6**



**Average length of service**  
(in years, excl. apprentices)

**18.3**



**Average training time per employee**  
(in hours, indirect employees)

**9.0**

## 2. Finance and key figures – Lamborghini

### Lamborghini with strong increase in deliveries and revenue



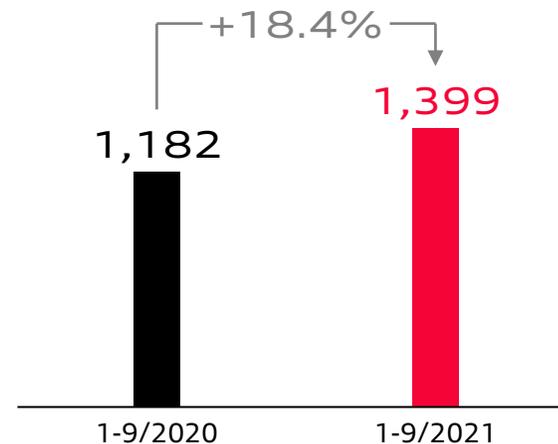
Lamborghini Sián Roadster:  
combined fuel consumption in l/100 km: 19.8 (NEDC);  
combined CO<sub>2</sub> emissions in g/km: 449



The luxury brand Lamborghini recorded a significant increase in deliveries to customers and revenue in the first nine months of 2021. Deliveries grew by 22.6% and therefore exceeded both the coronavirus-impacted prior-year figure and the 2019 pre-pandemic level. While the Lamborghini Urus continued its success story, the Huracán grew even stronger with 27.8%.

The increase in deliveries was coupled with a significant 18.4% growth in revenue in the reporting period.

#### Revenue from the sale of cars in €m



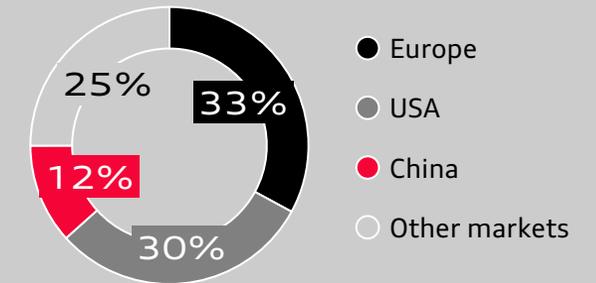
#### Deliveries to customers

in units



	1-9/2021	1-9/2020	Δ %
Urus	4,085	3,278	24.6
Huracán	2,136	1,672	27.8
Aventador	681	681	0.0
<b>Lamborghini brand</b>	<b>6,902</b>	<b>5,631</b>	<b>22.6</b>

by region



#### Production

in units



	1-9/2021	1-9/2020	Δ %
Urus	3,879	3,120	24.3
Huracán	1,709	1,395	22.5
Aventador	497	590	-15.8
<b>Lamborghini brand</b>	<b>6,085</b>	<b>5,105</b>	<b>19.2</b>



## 2. Finance and key figures – Ducati

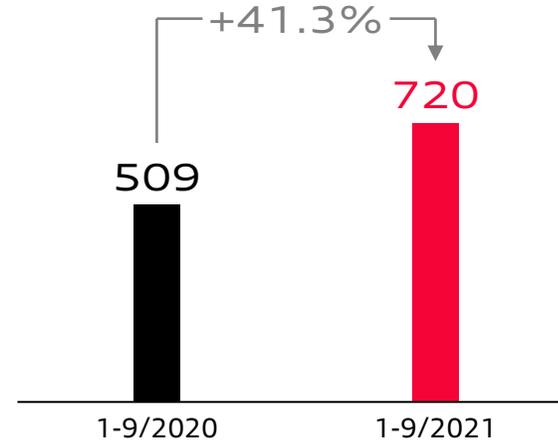
### Ducati in 2021 with convincing financial figures after nine months



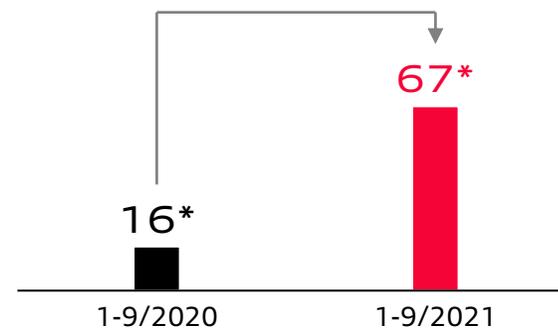
The Ducati brand delivered **49,693 (38,796)** motorcycles to customers worldwide in the first nine months of 2021 and has already exceeded FY2020.

Driven by this increase of **28.1%** in deliveries, but also due to an attractive product portfolio and a strong price position, Ducati significantly increased its revenue and operating profit in the reporting period. Both items not only surpassed the prior-year figures, but were even way above the pre-pandemic level of 2019.

#### Revenue in €m



#### Operating profit in €m



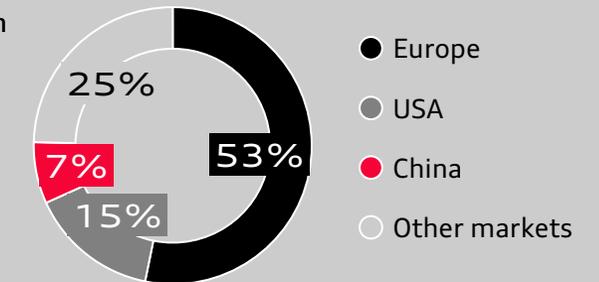
\*after purchase price allocation (ppa)  
Operating profit before ppa 2021: €68m; 2020: €29m;

#### Deliveries to customers in units



	1-9/2021	1-9/2020	Δ %
Scrambler	9,523	7,537	26.4
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	15,571	13,041	19.4
Dual/Hyper (Hypermotard, Multistrada)	14,912	9,882	50.9
Sport (SuperSport, Panigale)	9,687	8,336	16.2
<b>Ducati brand</b>	<b>49,693</b>	<b>38,796</b>	<b>28.1</b>

#### by region



#### Production in units



	1-9/2021	1-9/2020	Δ %
Scrambler	8,427	6,185	36.2
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	14,475	13,029	11.1
Dual/Hyper (Hypermotard, Multistrada, Desert X)	14,804	7,643	93.7
Sport (SuperSport, Panigale)	9,478	7,251	30.7
<b>Ducati brand</b>	<b>47,184</b>	<b>34,108</b>	<b>38.3</b>



Ducati Superleggera V4



## 2. Finance and key figures – Guidance 2021

### Guidance for all KPIs adjusted – supply of semiconductors remains a high risk

Audi adjusts the guidance for all KPIs for the FY 2021.

Especially the insufficient supply of semiconductors could have further impact on production & sales volumes. Audi is working intensively on keeping the operating effects of the current undersupply as low as possible to reach its ambitious financial goals. However, with very low inventory levels our potential to compensate production losses becomes smaller. Therefore, the Audi Group **lowers the forecast for deliveries to customers and revenue subsequently**. Nevertheless, revenue is expected to be moderately above 2020, mainly due to the strong price position and a favorable product mix.

Mainly thanks to a strong operating performance in the first nine months and an ongoing cost discipline, **Audi increases the guidance for the operating return on sales to 9–11%**.

While the strict investment discipline leads to a **lower expected capex ratio**, the **R&D ratio is now planned to be slightly higher** than expected before.

Audi increases the **guidance for the net cash flow to €5.5bn–€6.5bn** reflecting the higher operating profit, investment discipline as well as positive working capital effects.

Furthermore, the **outlook for the return on investment (ROI) is now estimated between 14 and 17%**.

### Guidance 2021

	2020	2021 guidance	2021 guidance adjustment	strategic target
Deliveries to customers in units	1,692,773	significantly above 2020	<b>approx. at prior-year level</b>	
Revenue in €m	49,973	significantly above 2020	<b>moderately above 2020</b>	
Operating return on sales in %	5.1%	between 7 and 9%	<b>between 9 and 11%</b>	between 9 and 11%
Capex ratio in %	3.8%	within the strategic target corridor	<b>slightly below the strategic target corridor</b>	between 4 and 5%
R&D ratio in %	7.3%	within the strategic target corridor	<b>slightly above the strategic target corridor</b>	between 6 and 7%
Net cash flow in €m	4,589	between €3.5bn and €4.5bn	<b>between €5.5bn and €6.5bn</b>	
Return on investment (ROI) in %	7.4%	between 12 and 15%	<b>between 14 and 17%</b>	above 21%



Audi e-tron GT quattro:

combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC); combined CO<sub>2</sub> emissions in g/km: 0

Audi RS e-tron GT:

combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC); combined CO<sub>2</sub> emissions in g/km: 0

Information on fuel/electric power consumption and CO<sub>2</sub> emission figures given in ranges depend on the tires/wheels used.



### 3. ESG – Environment – Social – Governance

## Supplementing Audi's financial communication with ESG-relevant information



**E**NVIRONMENT

**S**OCCIAL

**G**OVERNANCE

The aspect of sustainability plays a key role for Audi. The three factors **Environment, Social and Governance (ESG)** are repeatedly addressed and are one important focus of communication. Audi's aim is to convey a transparent and credible picture regularly. This is offered in a compact form once a year in the Audi Report, but will also serve as an integral part of the Quarterly Update Audi Group. Therefore, this section includes information and proof-points on how Audi acts with integrity and sustainability, what synergies are exploited in the process, in which areas Audi is involved and what measures are implemented.

Audi takes the issue of climate protection seriously and wants to play an active role in shaping the cross-industry transformation – together with employees and suppliers. The goal is to offer highly attractive products and services while protecting the environment and conserving resources.

Additionally, Audi takes on responsibility for providing good working conditions, as well as ensuring high quality and sustainability standards within the whole supply chain.

Making corporate decisions holistically, responsibly, transparently and with integrity: Audi believes that operating with integrity means taking its responsibility to society seriously. The aim is to achieve an optimum for all participants: employees, suppliers, customers and society.

### 3. ESG – Environment (E)

## “Vorsprung durch Technik” – today, tomorrow and beyond

### Second life or recycling?

### BattMAN rescues batteries from a needlessly short lifespan!

The question is on the minds of everyone who is interested in e-mobility: What happens to the battery when an electric vehicle has reached the end of its service life? The answer is simple: The new analysis software BattMAN ReLife checks their state of health in just a few minutes.

Depending on the capacity that the inspection system detects, a high-voltage battery may be reused in a vehicle either in whole or in part, receive a second life as a mobile or stationary energy storage, or the material might be returned to cell production by means of an innovative recycling process.

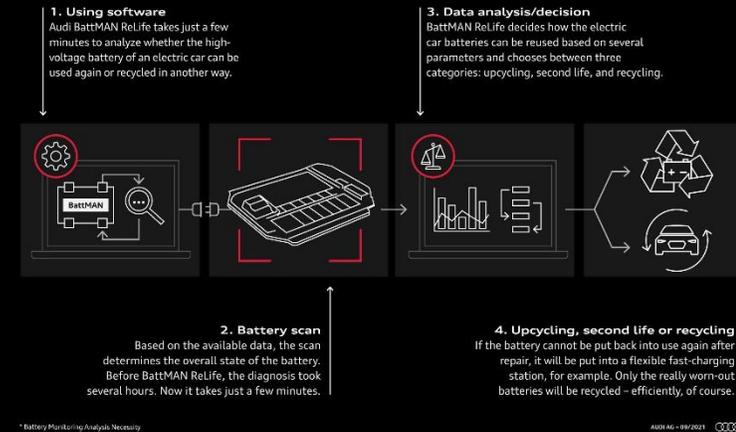
The first version of the BattMAN (Battery Monitoring Analysis Necessity) software was developed by the Audi Brussels quality management department for the quick and reliable analysis of the Audi e-tron’s high-voltage battery. It is already in use as a diagnostics tool for several brands of the Volkswagen Group.

↙ “The development of BattMAN ReLife is a great example of the success that cooperation between the various brands of the Volkswagen Group leads to.”

- Volker Germann, CEO of Audi Brussels

### The health check for batteries

How BattMAN ReLife\* works



### Audi charging hub: power in 2<sup>nd</sup> life storage

Audi is driving its transformation as a provider of sustainable premium mobility. The key to its success is the availability of a charging infrastructure.

With the Audi charging hub, the company with the Four Rings has developed a charging solution that will primarily cover peak demand as a supplement to the basic coverage that is on the market. It is designed as a premium concept with lounge and exclusive reservations.

The first Audi charging hub will go into operation in Nuremberg by the end of November. The upcoming pilot project aims to test operations and acceptance for a possible serial roll-out.

Cubes are the foundation of the Audi charging hub. These flexible container Cubes house charging points as well as used lithium-ion batteries for energy storage.

The use of 2<sup>nd</sup> life modules from disassembled development vehicles does not just give the battery cells a new, sustainable purpose – it also provides a great benefit in their suitability as ancillary storage for direct current. This makes a complex infrastructure with high-voltage lines and expensive transformers unnecessary.





### 3. ESG – Social (S)

## How digitalization is improving sustainability in the supply chain

### Digitization makes even more sustainability possible

**Sustainability means more than reducing carbon emissions.** In addition to the environmental aspects, Audi also assumes social responsibility and is committed to sustainable and transparent corporate governance.

Acting with entrepreneurial spirit inevitably involves risk, and it is essential to identify this risk early on and to always act in a way that ideally prevents it from arising or at least keeps it to a minimum. Audi has made risk-conscious conduct an integral part of its corporate philosophy and regularly reviews its in-house monitoring and inspection mechanisms. **The company also considers sustainability risks in its global supply chain.**



### Audi uses artificial intelligence to monitor risk in its supply chain

**Audi is increasingly using digital tools for automated, proactive monitoring.** For example, Audi has joined Porsche and Volkswagen in using technology from Austrian start-up Prewave. This system aggregates publicly accessible news in more than 50 languages from around 150 countries. **Artificial intelligence then semantically analyzes the information and consolidates the various sources.**

The AI understands the content of the reports and classifies them based on any suspicion of potential sustainability violations. And because the AI is constantly learning, the system is constantly improving its ability to recognize emerging risks in reports. **This covers a broad spectrum. In the case of criteria from the “Social” category, for example, the focus is on labor law developments, unrest among the workforce, child labor and discrimination in the workplace.** Relevant criteria from the “Environment” category use public data for aspects such as air pollution, water pollution and consumption or waste problems. Audi is automatically informed whenever a potential sustainability risk begins to develop.

**“When it comes to tackling the complexity in our supply chains in a responsible manner, digital solutions are important enablers for sustainability.”**

- Susanne Lenz, strategist for sustainability in the supply chain at Audi

In its Code of Conduct for Business Partners, Audi has defined sustainability requirements for more than 14,000 direct suppliers in more than 60 countries and tasked them with passing these requirements on to their upstream partners as well. **The environmental, social and compliance guidelines that the Code of Conduct contains are a basis for collaboration and an established element of the risk assessment process.** One example of this is the Sustainability Rating. Audi uses this procedure to check whether its contractual partners are complying with the Code of Conduct and to determine its suppliers’ performance in terms of sustainability. Audi will only consider working with the companies that receive a positive outcome.



### 3. ESG – Governance (G)

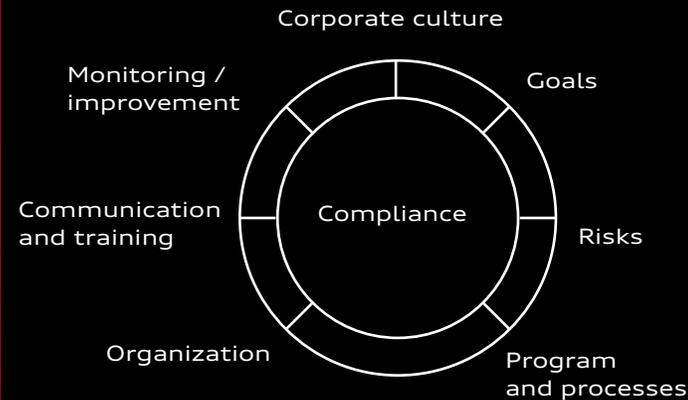
## Win-win-win-situation for humankind, society and the environment

Responsible and value-oriented corporate governance means making all decisions holistically, transparently and with integrity. Audi has implemented several programs and tools to ensure this goal.

#### Monitorship

The program is designed to prevent and detect violations of anti-fraud and environmental laws. The successful completion of the Monitorship was certified by Larry D. Thompson in September 2020 and applies to Volkswagen AG and its subsidiaries and affiliates – including AUDI AG.

### Audi Compliance Management System (CMS)



As part of its organizational duty, the Audi Board of Management has established a compliance management system and a compliance organization, which is divided into seven core elements (graph).

A Compliance Management System (CMS) refers to the principles, measures, processes and structures of the company for permanent compliance with laws and internal regulations by corporate bodies, employees and third parties. The Audi CMS also covers 44 subsidiaries and participations worldwide with predominantly local compliance officers acting as multipliers.

### Anti-corruption and prevention

Effective anti-corruption and prevention of corruption are regulated by Audi's own specialist department Integrity, Compliance and Risk Management.

The Code of Conduct provides employees with a concrete guideline on how to behave with integrity, thus also continuing the cultural change at Audi.

In 2020, the Compliance Organization of Audi supported 44 national and international affiliated companies with regard to the compliance focus topic of anti-corruption as well as implementing guidelines and holding training courses.

### Together4Integrity (T4I)

This is the integrity and compliance program of the Volkswagen Group and was introduced at AUDI AG back in 2018. The program is based on the principles of the Ethics & Compliance Initiative (ECI), a globally recognized standard for ethical corporate principles.

A large number of the T4I measures have already been implemented at the German sites of AUDI AG. At the same time, AUDI AG is responsible for rolling out the T4I program at its subsidiaries and participations.



Audi Q5

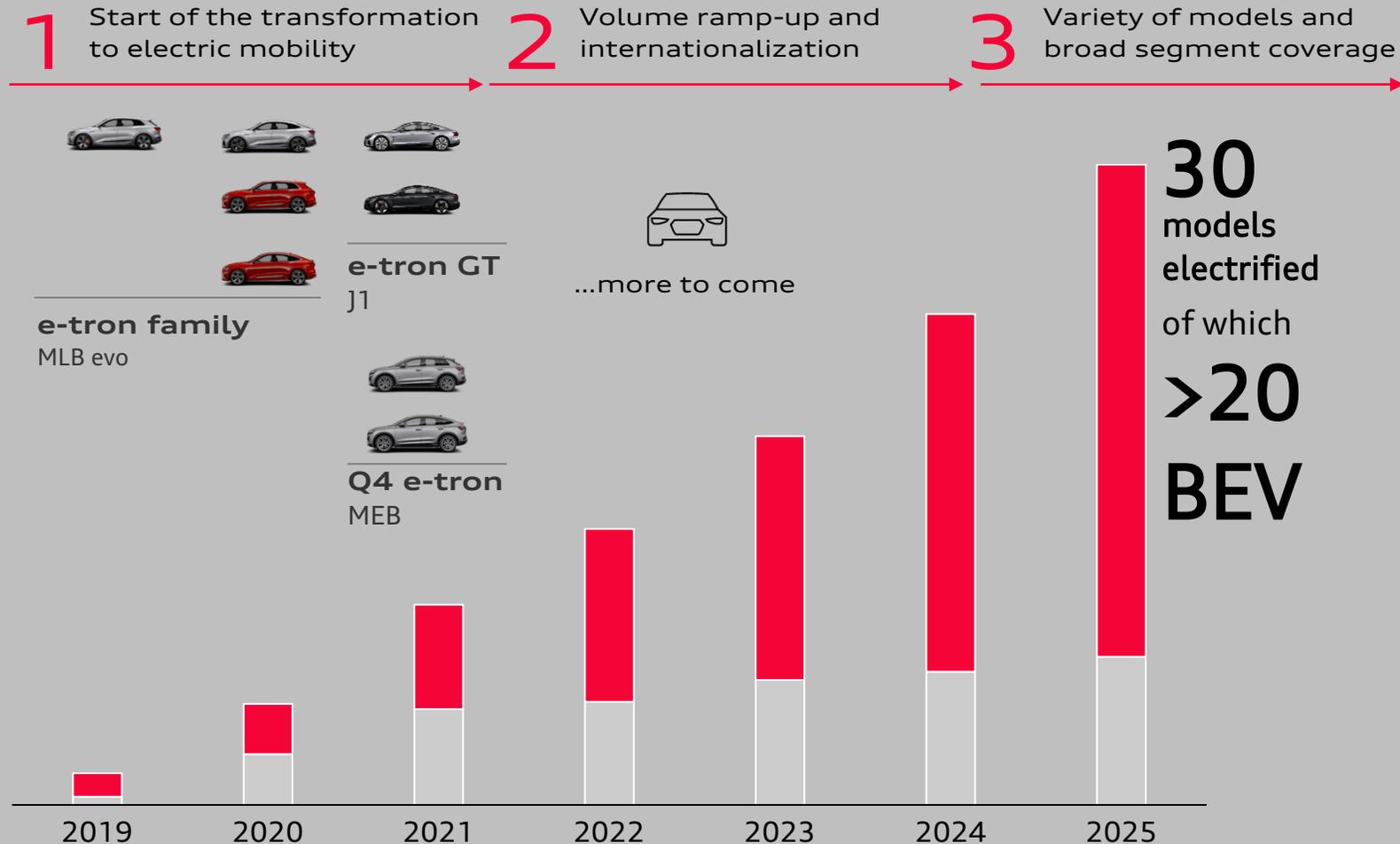


## 4. Audi Facts – Roadmap E

Roadmap E is on track – from 2026, Audi will only launch new all-electric models

### Roadmap E

○ PHEV ● BEV

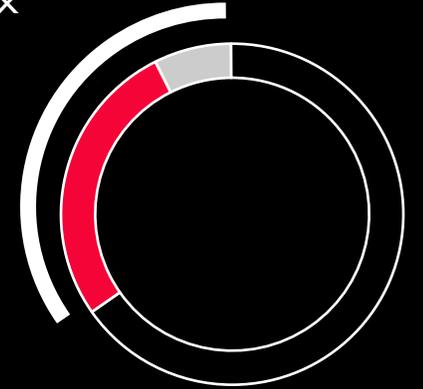


2025

powertrain mix  
in % of produced units

NEV share  
~1/3

● BEV ● PHEV ○ ICE



Audi is committed to the electrification of its fleet as this is the most efficient way to reduce CO<sub>2</sub> emissions. Sales success is the testimony to precise positioning and competitive performance.

Synergies within the Volkswagen Group play a pivotal role in scaling electric vehicles with attractive margins. Shared platforms enable Audi to benefit from R&D, production and process synergies.

From 2021, with the market introduction of the Q4 e-tron family, Audi will benefit from the modular electric drive matrix (MEB), developed by VW Passenger Cars. Premium Platform Electric (PPE) jointly developed by Audi and Porsche will be the basis for full-size class vehicles from 2022 onwards.

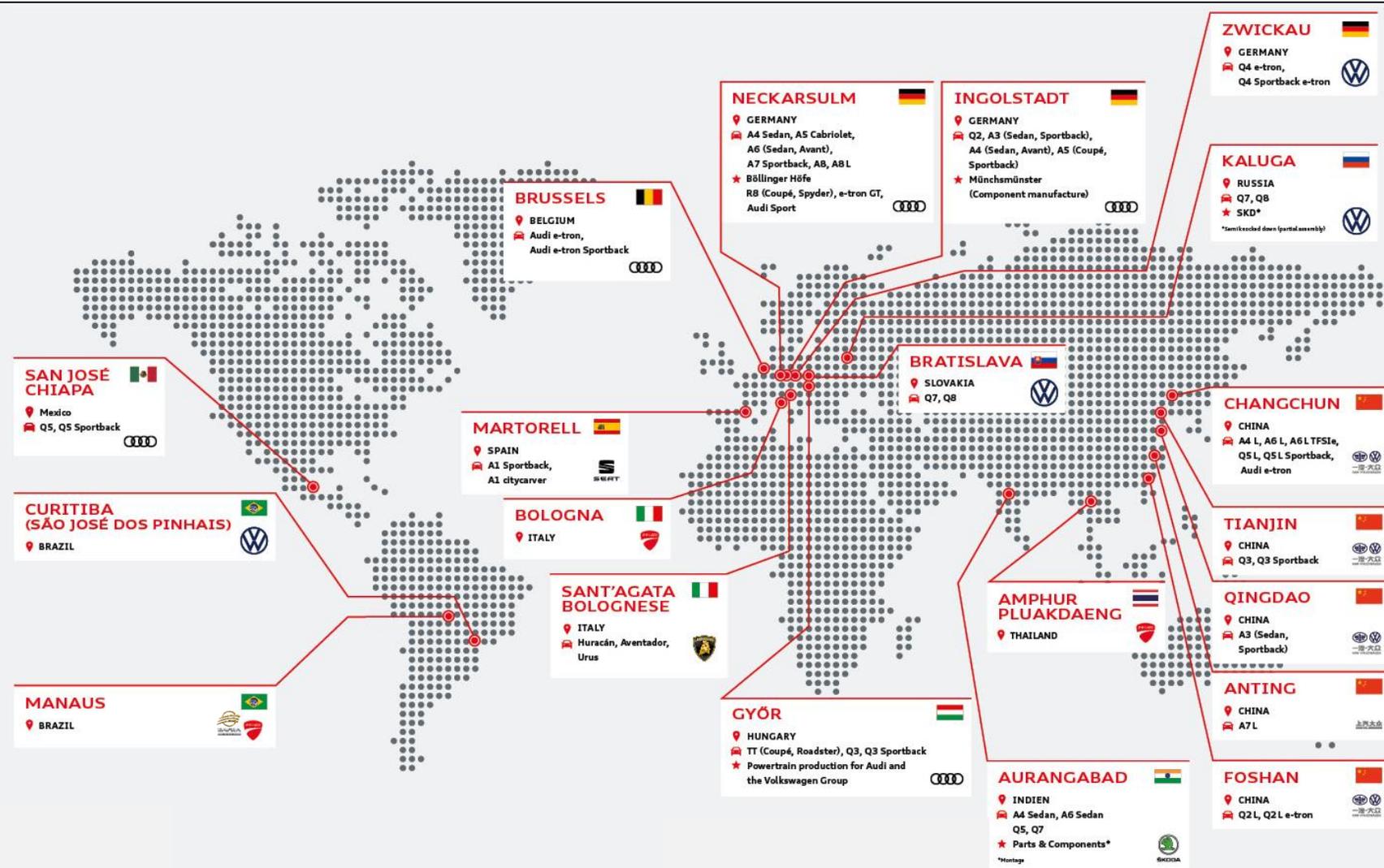
Starting in 2026, Audi will only launch new all-electric models on the global market and phase out production of the last internal combustion engines by 2033<sup>1</sup>.

<sup>1</sup>) Chinese market not included;



## 4. Audi Facts – Production sites

The Audi Group has a worldwide production network



The Audi Group, with its brands Audi, Lamborghini and Ducati, is one of the most successful manufacturers of automobiles and motorcycles in the premium and supercar segment.

Audi stands for sporty vehicles, high build quality and progressive design – for “Vorsprung durch Technik.”

To play an instrumental role in shaping the transformation as we head into a new age of mobility, the company is implementing its strategy step by step.

Audi is present in more than 100 markets worldwide and produces at 20 locations in 12 countries.





# 4. Audi Facts – Audi model range

## Overview of Audi models (German market)

ICE PHEV BEV

**A1**



**A3**



**A4**



**A5**



**A6**



**A7**



**A8**



**TT**



**R8**



**e-tron**



**e-tron GT**



**Q4 e-tron**



**Q2**



**Q3**



**Q5**



**Q7**



**Q8**



**NEV**

BEV 6x

PHEV 12x

## 4. Audi Facts – Financial calendar

### Upcoming events

Quarterly Update FY 2021  
March 17, 2022

Quarterly Update Q1/2022  
May 5, 2022

Audi skysphere concept: The vehicle shown here is a concept car that is not available as a production model.

## Disclaimer

The presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for 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 entail a degree of risk, and actual developments may differ from those forecast.

Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates or commodities or the supply with parts relevant to the Volkswagen Group or deviations in the actual effects of the Covid-19 pandemic from the scenario presented will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

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.



The indicated consumption and emissions values were determined according to the legally specified measuring methods. Since September 1, 2017, type approval for certain new vehicles has been performed in accordance with the Worldwide Harmonized Light Vehicles Test Procedure (WLTP), a more realistic test procedure for measuring fuel consumption and CO<sub>2</sub> emissions. Since September 1, 2018, the WLTP has gradually replaced the New European Driving Cycle (NEDC). Due to the more realistic test conditions, the consumption and CO<sub>2</sub> emission values measured are in many cases higher than the values measured according to the NEDC. Additional information about the differences between WLTP and NEDC is available at [www.audi.de/wltp](http://www.audi.de/wltp).

At the moment, it is still mandatory to communicate the NEDC values. In the case of new vehicles for which type approval was performed using WLTP, the NEDC values are derived from the WLTP values. WLTP values can be provided voluntarily until their use becomes mandatory. If NEDC values are indicated as a range, they do not refer to one, specific vehicle and are not an integral element of the offer.

They are provided only for the purpose of comparison between the various vehicle types. Additional equipment and accessories (attachment parts, tire size, etc.) can change relevant vehicle parameters, such as weight, rolling resistance and aerodynamics and, like weather and traffic conditions as well as individual driving style, influence a vehicle's electric power consumption, CO<sub>2</sub> emissions and performance figures.

Further information on official fuel consumption figures and the official specific CO<sub>2</sub> emissions of new passenger cars can be found in the "Guide on the fuel economy, CO<sub>2</sub> emissions and power consumption of all new passenger car models," which is available free of charge at all sales dealerships and from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen, Germany ([www.dat.de](http://www.dat.de)).