

FIELDTRIP EVERCORE ISI

November 19th, 2019



Disclaimer

The presentations contain forward-looking statements and information on the business development of the Volkswagen Group/Audi Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of 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. These statements are based on assumptions, 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. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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AGENDA FOR TODAY

LATEST FINANCIALS & STRATEGIC OVERVIEW

ANTON POLL Head of investor relations

AUDI E-TRON & PPE DRIVETRAIN STRATEGY

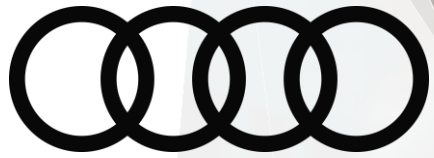
DR.-ING. JOACHIM DOERR Head of electric motor design & electric axle drive design

SUSTAINABILITY IN AUDI'S SUPPLY CHAIN

MARCO PHILIPPI Head of strategy procurement

DRIVING EXPERIENCE

AUDI SQ8 TDI | AUDI Q5 TFSI e | AUDI e-tron



LATEST FINANCIALS & STRATEGIC OVERVIEW

Anton Poll, Head of Investor Relations

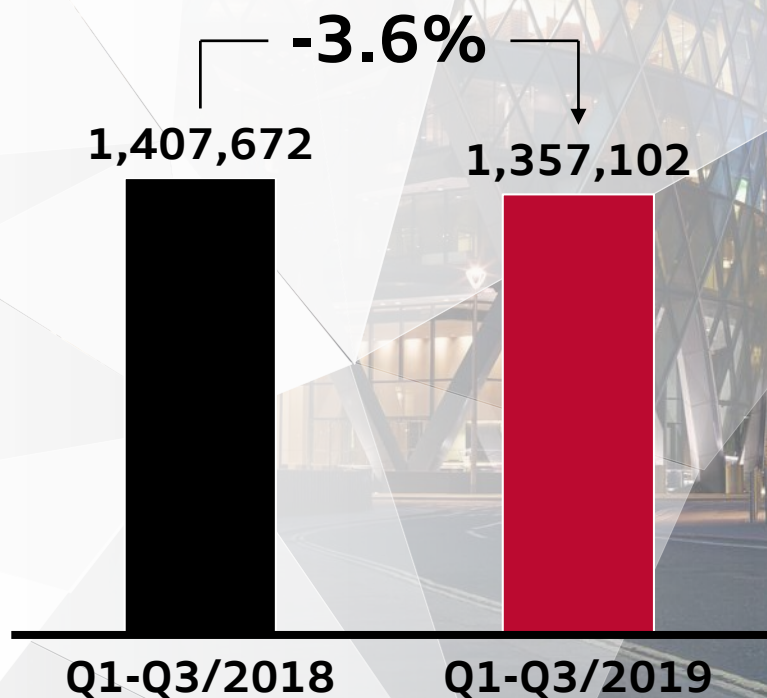
November 19th, 2019



SOLID DELIVERIES IN DIFFICULT MARKET ENVIRONMENT

DELIVERIES

Audi brand, worldwide, in units



EUROPE
-3.4%

CHINA
+1.7%

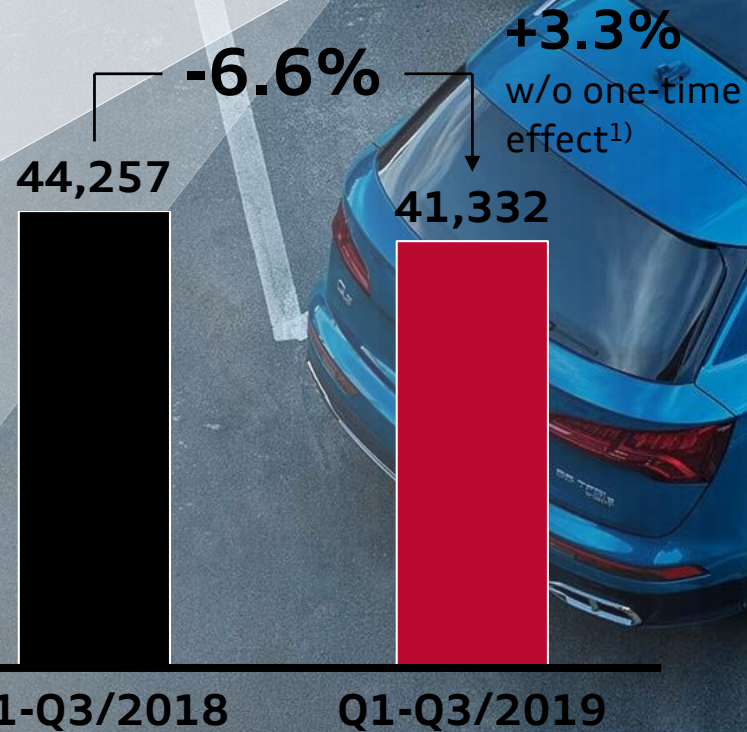
USA
-5.3%



ROBUST FINANCIAL PERFORMANCE IN TURBULENT TIMES

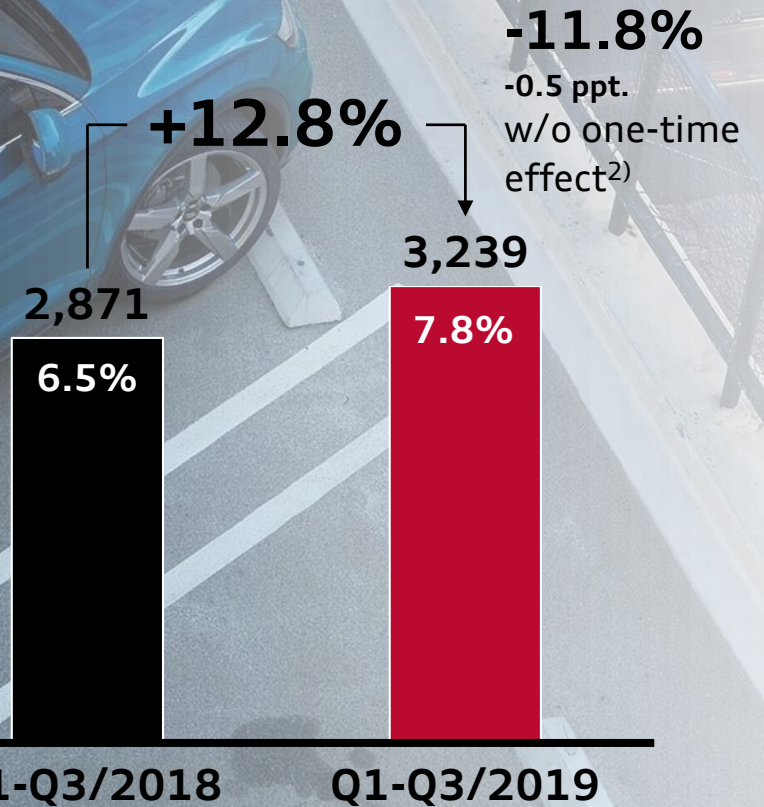
REVENUE

in m euros



OPERATING PROFIT

in m euros, in percent



1) deconsolidation of multibrand national sales companies

2) 0.8 bn euros fine issued by German prosecutors' investigation in Q3 2018 over "deviations from regulatory requirements" in diesel engines

STRONG CASH CONVERSION

NET CASH FLOW

small impact from
one time effect¹⁾

3.3 bn euros

(Q1-Q3/2018: 3.1 bn euros²⁾)

NET LIQUIDITY

22.1 bn euros

(30.09. 2018: 21.4 bn euros²⁾)

1) deconsolidation of multibrand national sales companies; 2) prior year figure with positive impact from inflows from changes in participations

Audi A8 Fuel consumption combined*: 8.3-5.7 l/100km CO₂-emissions combined*: 190-151 g/km

SMALL ADJUSTMENT TO THE FULL YEAR GUIDANCE

2018:
1,812,485

DELIVERIES

before:
moderate increase

slight increase

2018:
53,617¹⁾

REVENUE

slight increase

2018:
6.6%¹⁾

OPERATING

RETURN ON SALES

7.0 % to 8.5 %

2018:
2,080¹⁾

NET CASH FLOW

2.5 to 3.0 bn euros

¹⁾ adjusted for deconsolidation of multibrand national sales companies

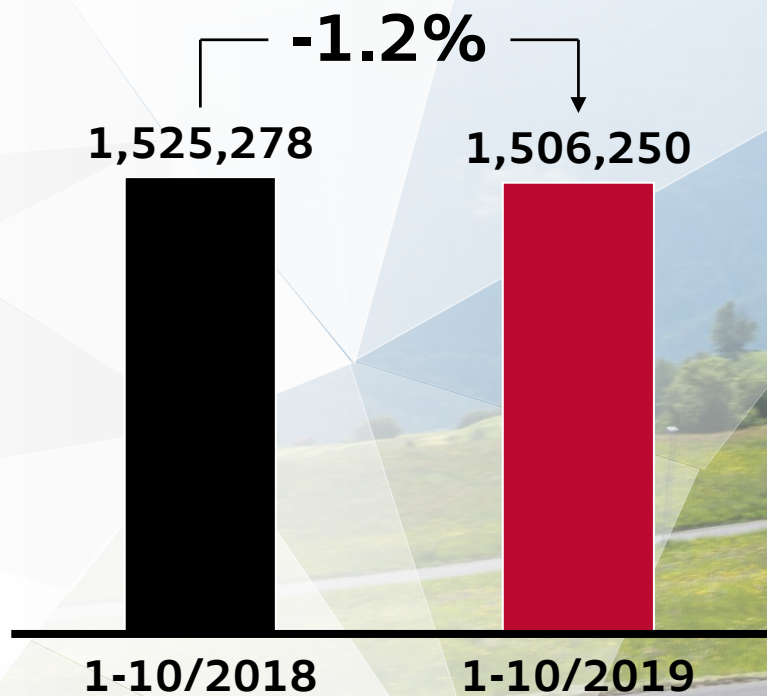
Audi e-tron Power consumption combined*: 24.6-23.7 kWh/100km (NEFZ); CO₂-emissions combined*: 0 g/km

OCTOBER DELIVERIES UP 27%

WE ARE ON TRACK TO FULFILL THE GUIDANCE

DELIVERIES

Audi brand, worldwide, in units



EUROPE
+0.2%

CHINA
+2.1%

USA
-3.2%



OUR VISION

Unleash the **beauty**
of sustainable
mobility



BRAND POSITIONING

MOST PROGRESSIVE PREMIUM BRAND

best
customer experience

exciting customer-relevant

innovations

breathtaking

design



OUR VISION

CO₂-neutral mobility with strongest range of **electric models** amongst the premium competitors

increasing **expectations** for plug-in hybrids and electric cars to **40%** of unit sales

reducing **CO₂ footprint** of Audi fleet over its entire lifecycle **by 2025**

in the long-term perspective, **to manage without CO₂ emissions** throughout the company



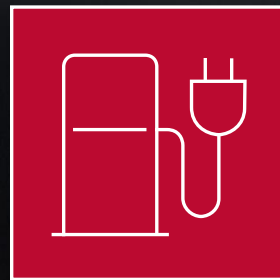
Consistently Audi



What:



consistently
customer



consistently
electric



consistently
connected



consistently
sustainable

ELECTRIFICATION IS IN THE CORE OF THE AUDI STRATEGY



2018
presentation
of Audi e-tron

2020
12 electrified
models
(5 BEV)

**beginning of
2020ies**
start of PPE and
MEB models

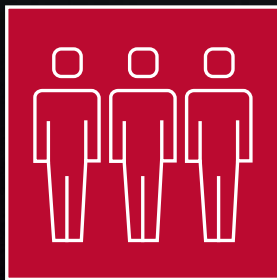
2025
30 electrified models
20 thereof BEVs

by 2025

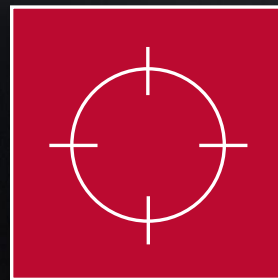
**40% of
deliveries
electrified**

Consistently
Audi

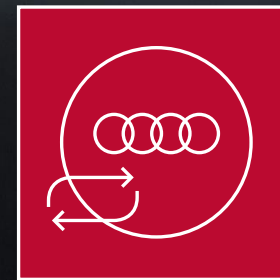
How:



consistently
team



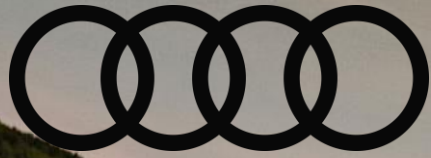
consistently
focused



consistently
synergetic



consistently
profitable



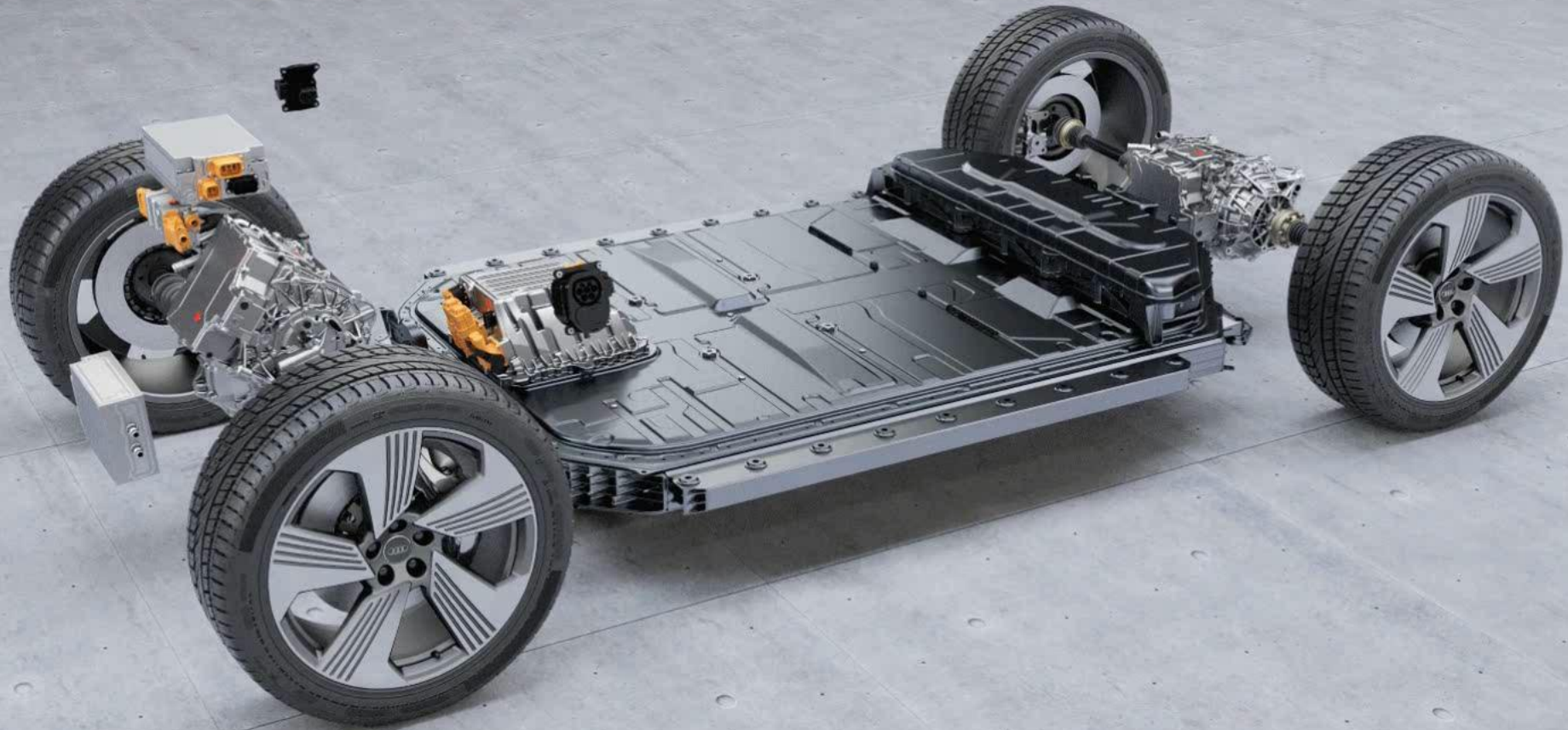
AUDI E-TRON ELECTRIC DRIVETRAIN & PPE DRIVETRAIN STRATEGY

Dr.-Ing. Joachim Doerr, Head of electric motor design & electric axle drive design

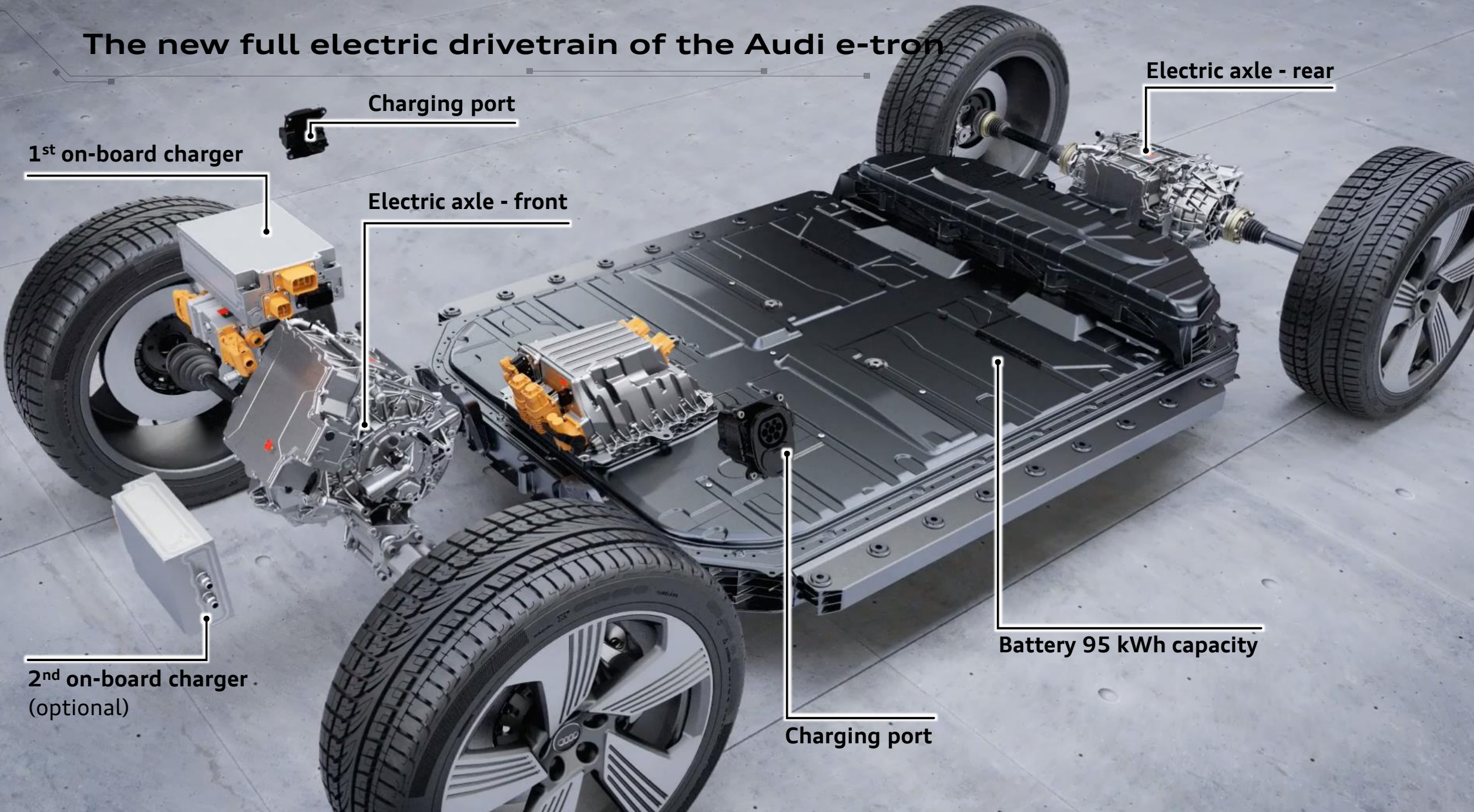
November 19th, 2019



The new full electric drivetrain of the Audi e-tron



The new full electric drivetrain of the Audi e-tron



1st on-board charger

2nd on-board charger
(optional)

Charging port

Electric axle - front

Electric axle - rear

Battery 95 kWh capacity

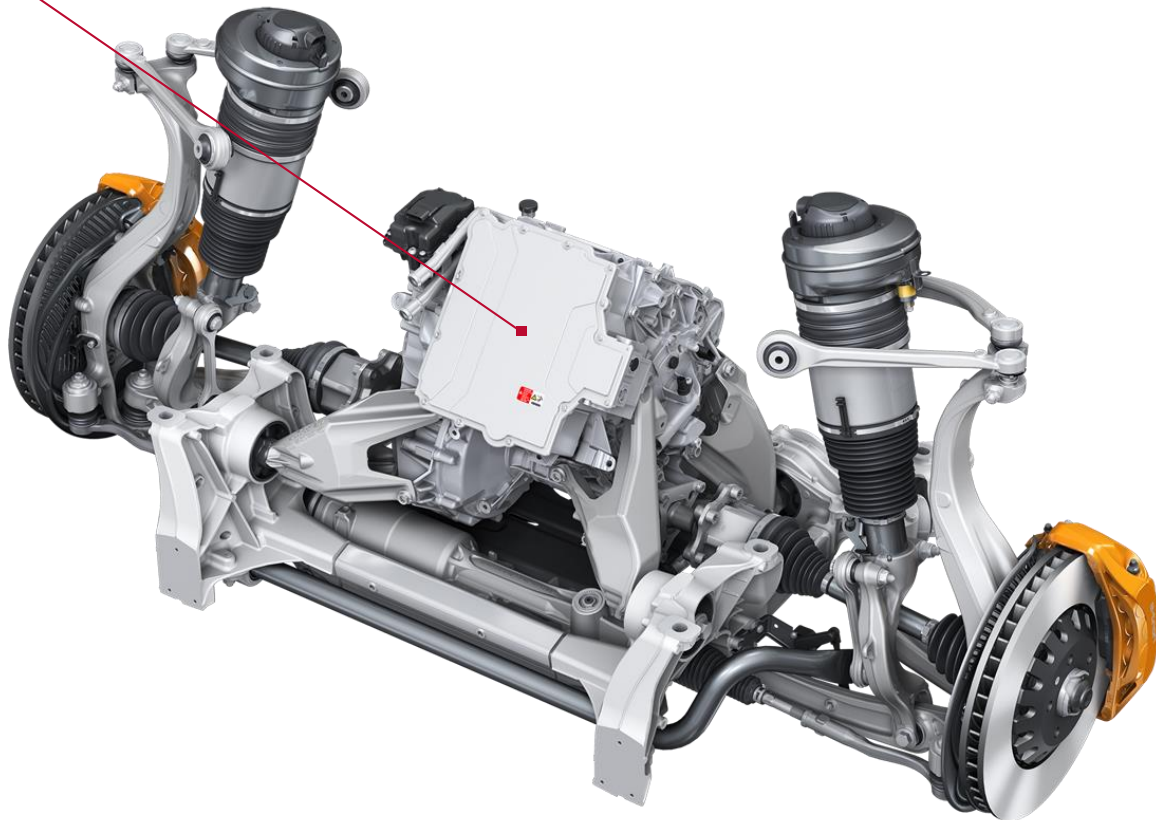
Charging port

Two E-axles have a combined power of 265 kW (300kW in boost mode)

front electric motor

axial parallel, approx. 250Nm (APA250)

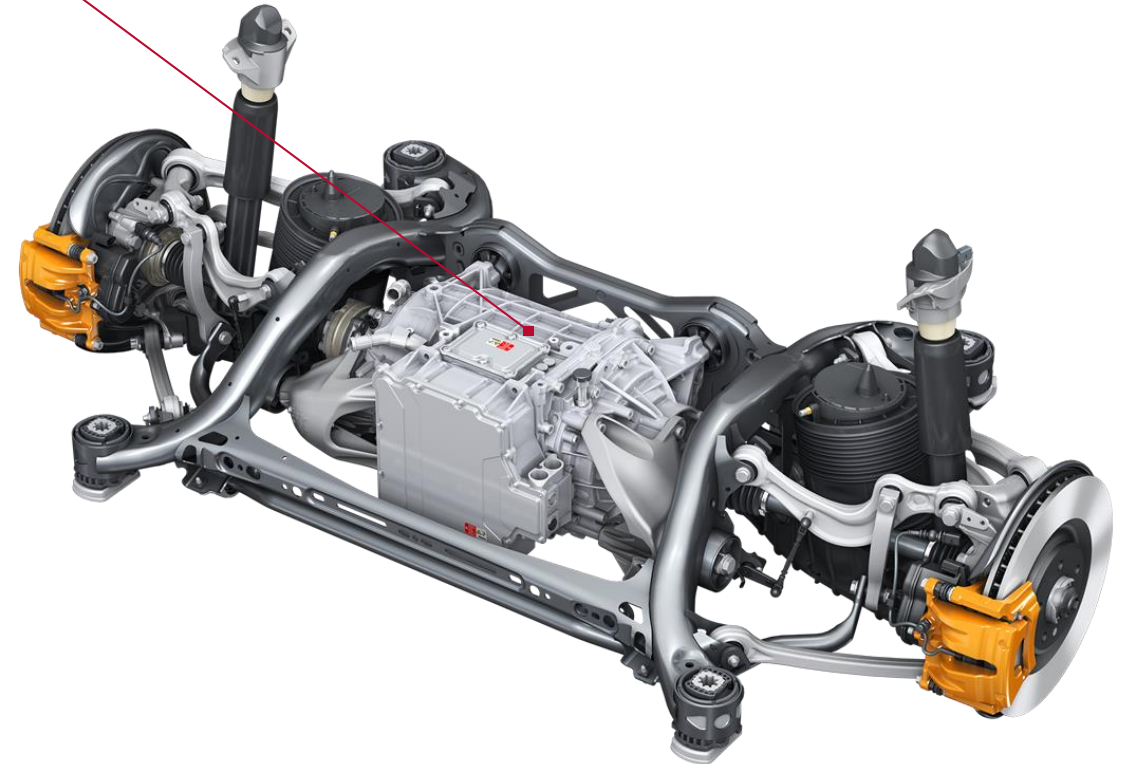
Power: 125 kW [+10 kW boost mode]



rear electric motor

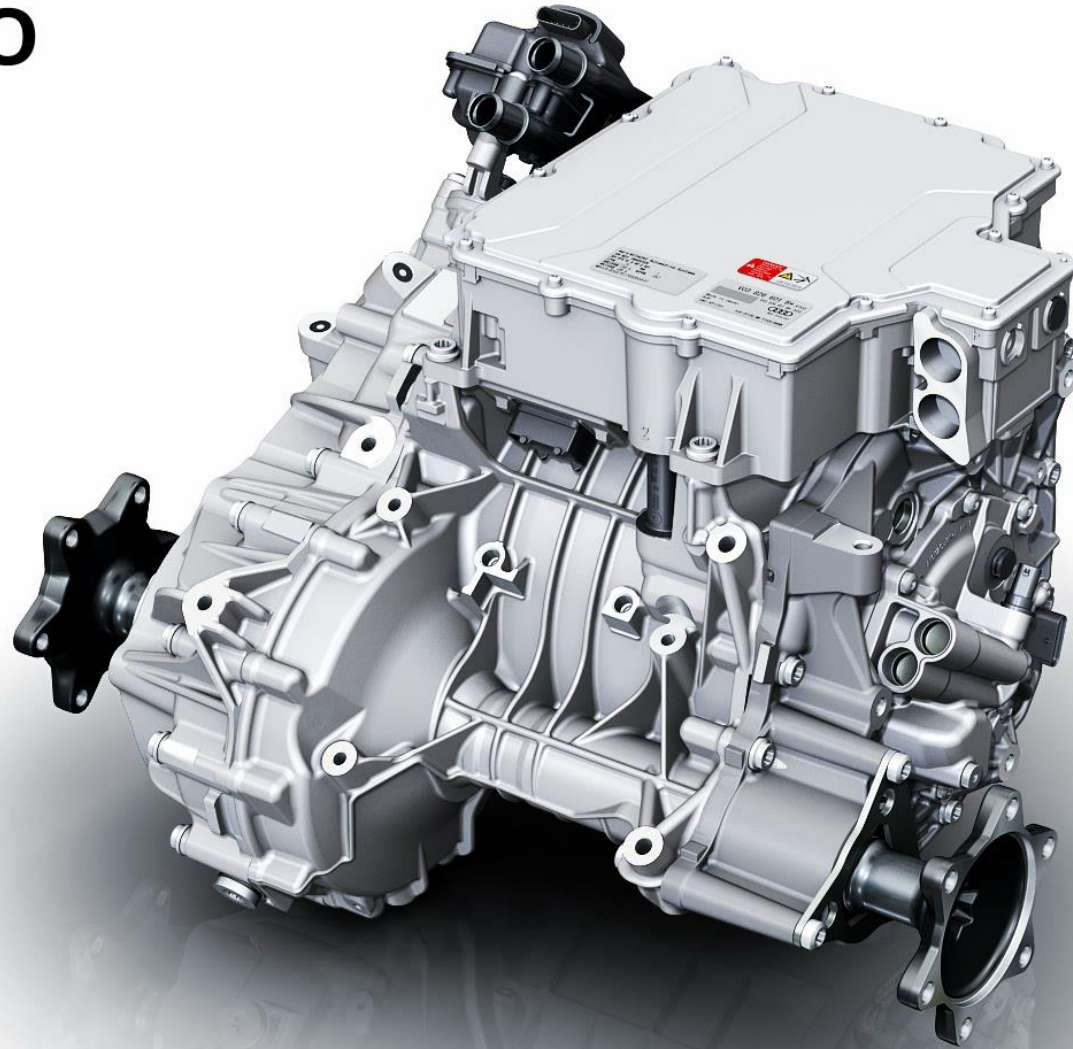
coaxial, approx. 320 Nm (AKA320)

Power: 140 kW [+25 kW boost mode]



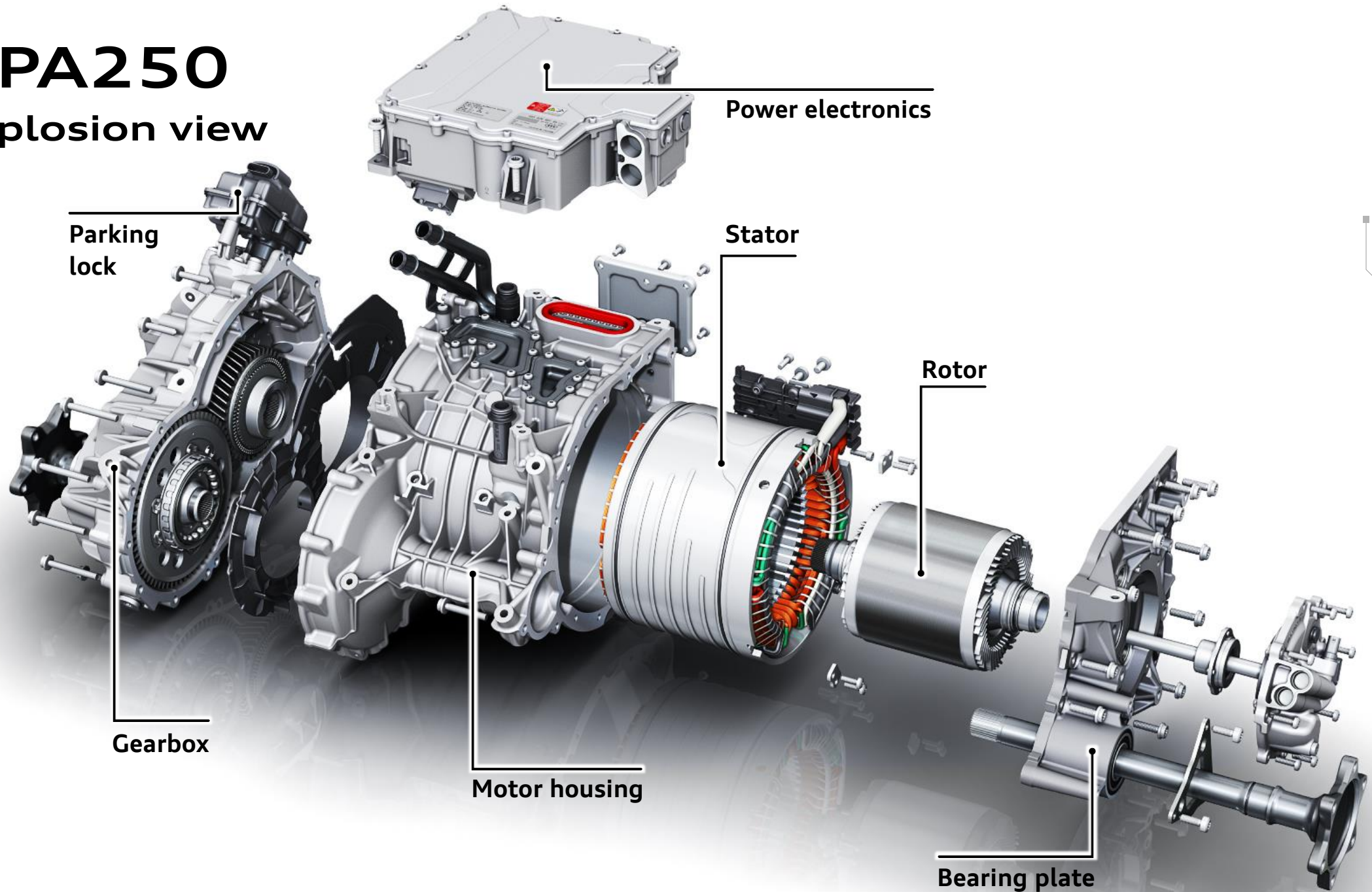
Front and rear E-axles largely use the same components...

APA250

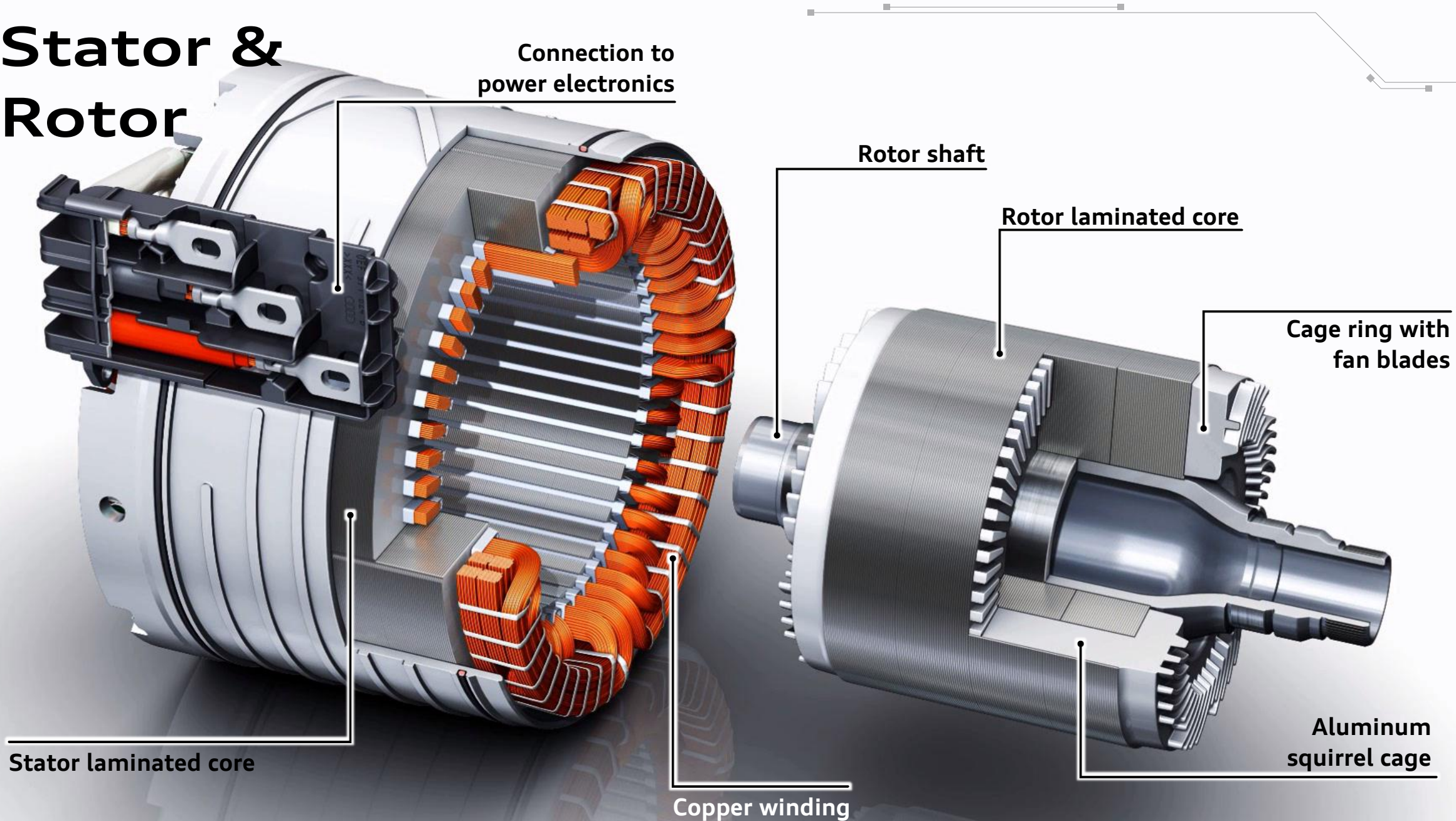


APA250

Explosion view



Stator & Rotor



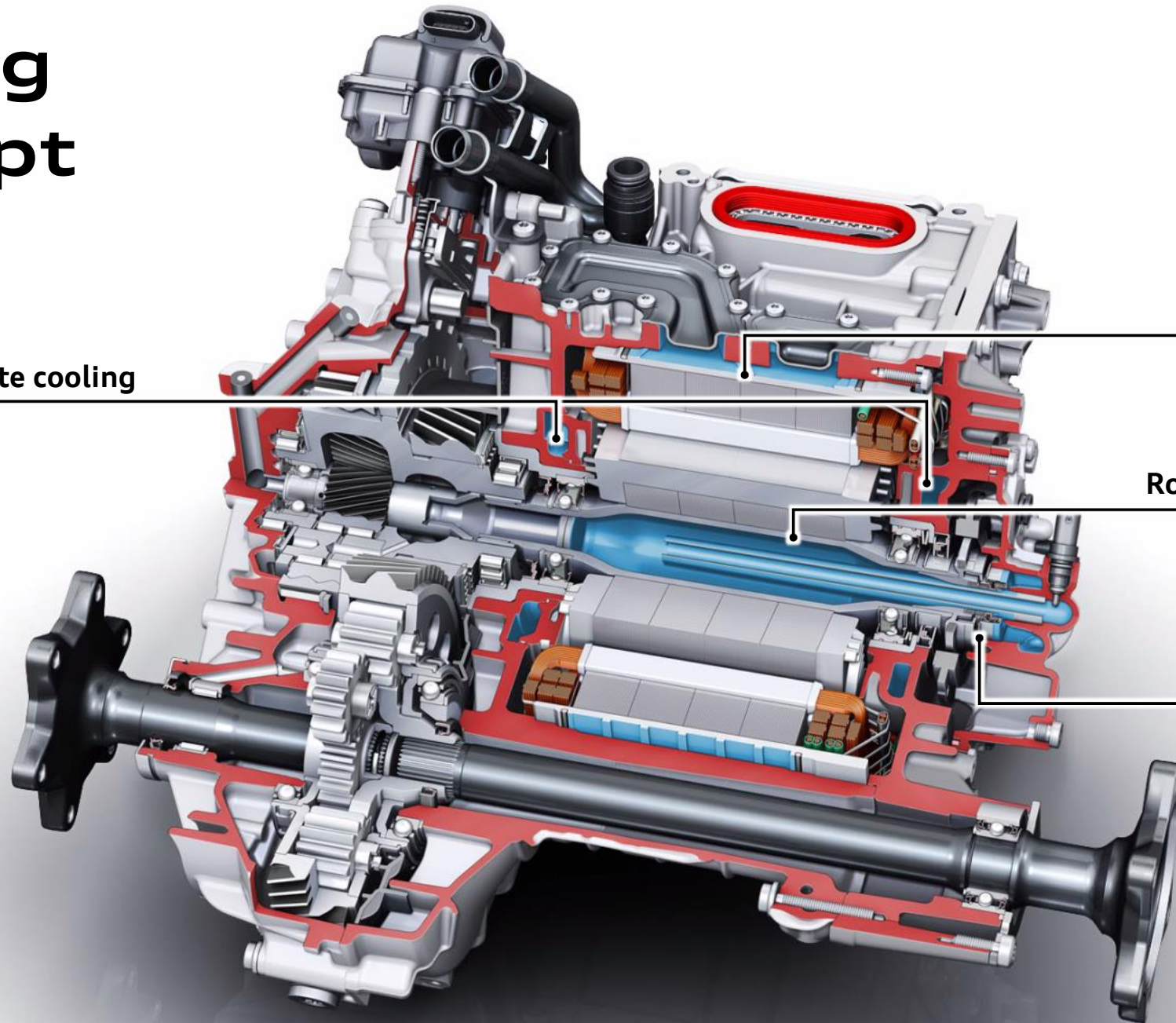
Cooling Concept

Bearing plate cooling

Stator cooling

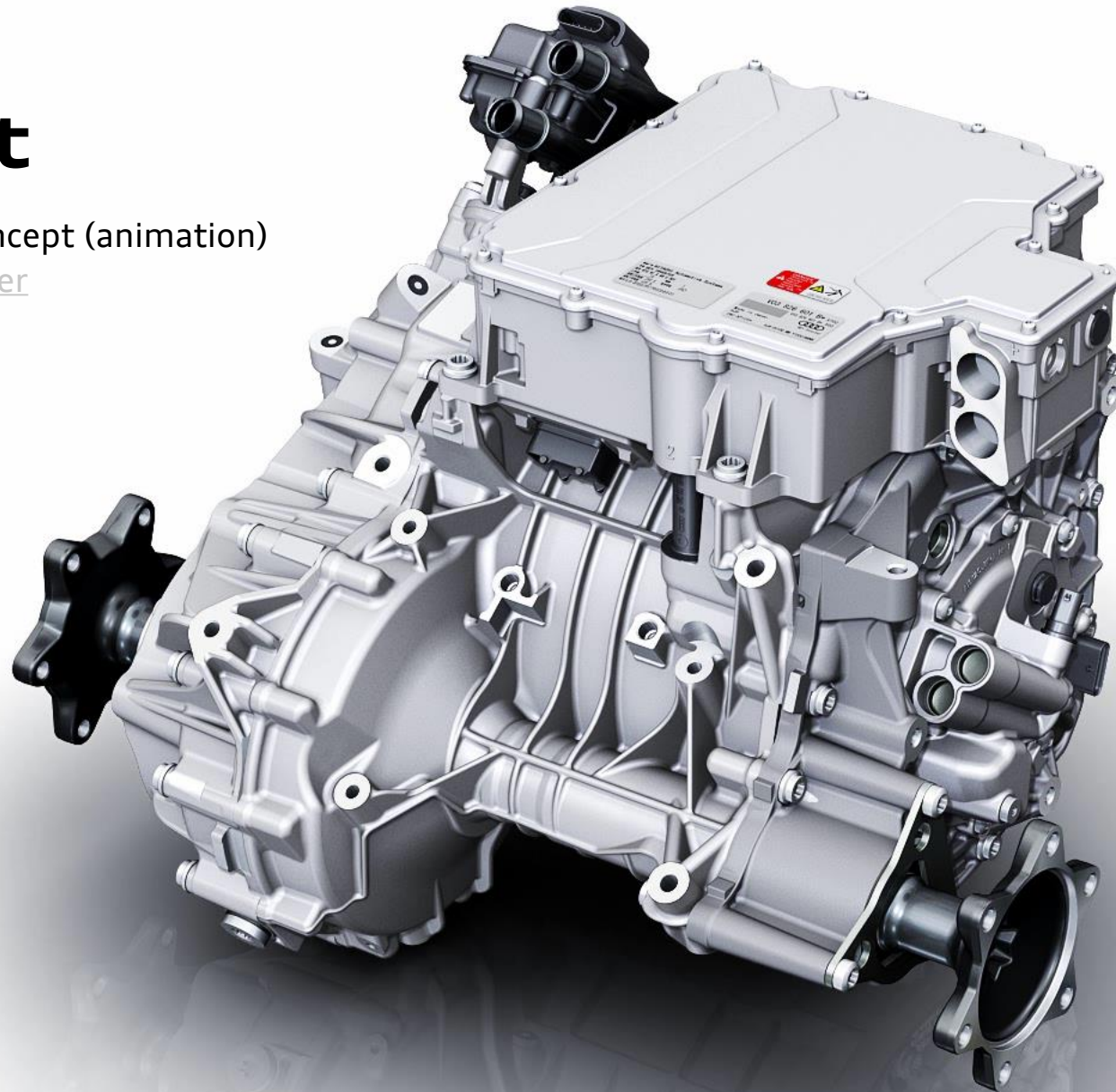
Rotor internal cooling

Slide ring seal
with silicon carbide
sealing rings

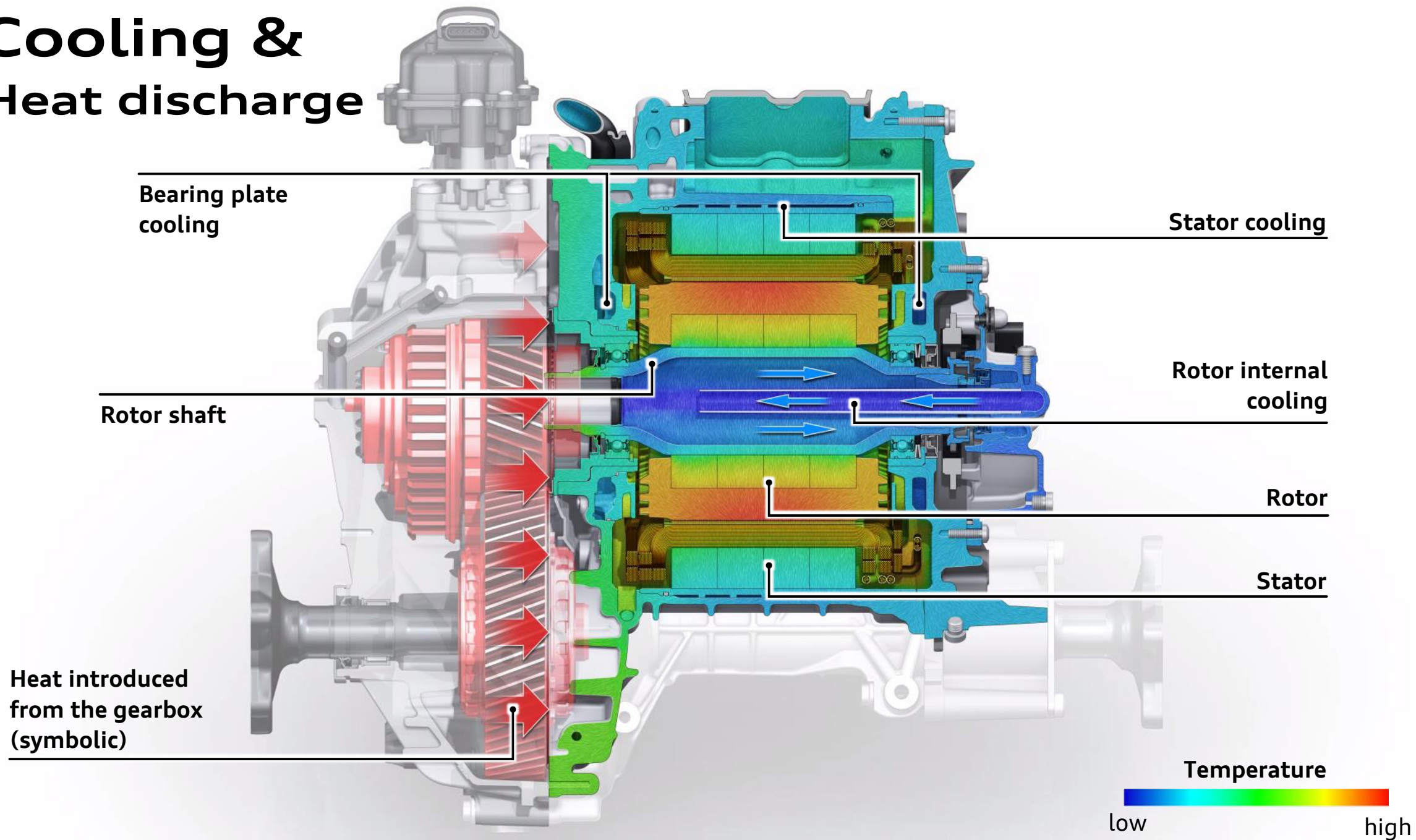


Cooling Concept

Audi e-tron cooling concept (animation)
in the [Audi MediaCenter](#)



Cooling & Heat discharge



Driving Performance

Boost Mode

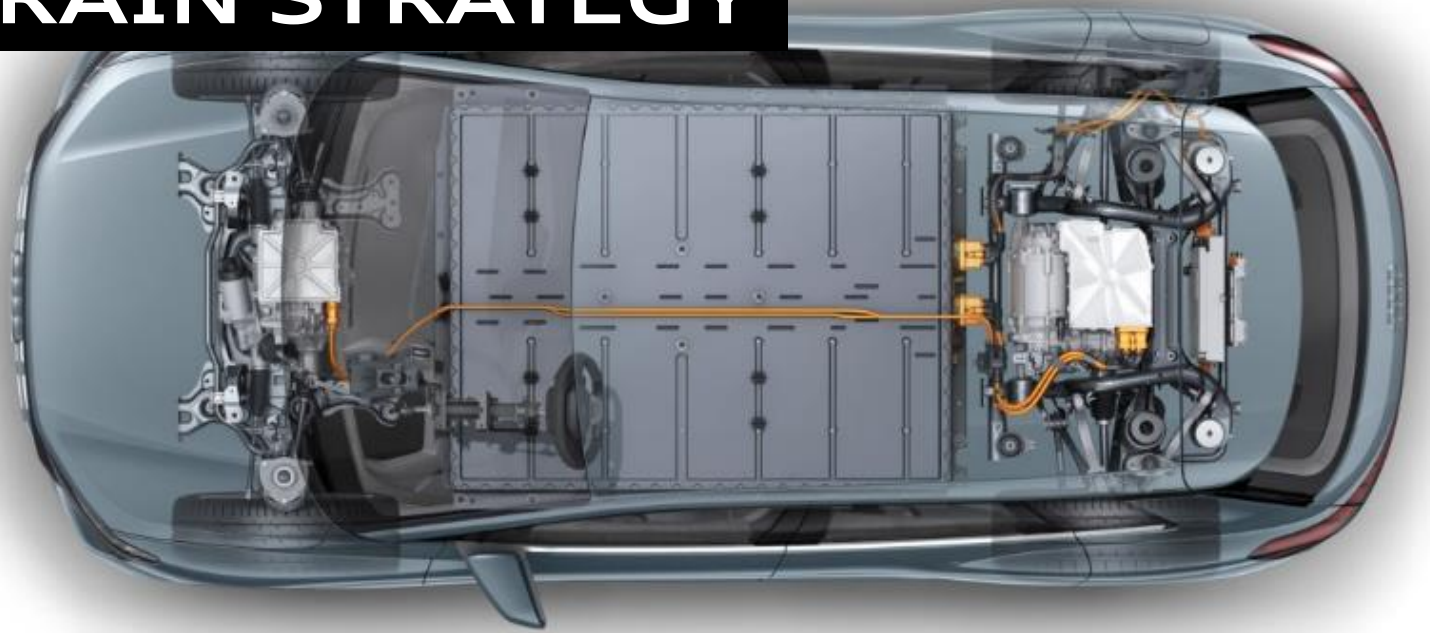
- power output: **300 kW**
- torque: **664 Nm**
- 0-100 km/h: **5.7 s**
- 0-60 mph: **5.5 s**

- power output: **265 kW**
- torque: **561 Nm**
- 0-100 km/h: **6.6 s**
- 0-60 mph: **6.4 s**
- V_{\max} : **200 kph**



OUTLOOK:

PPE DRIVETRAIN STRATEGY



Upcoming Audi models are based on VW Group platforms

MEB 2021
Modular Electrification Toolkit

Audi Q4 e-tron concept

2022 **PPE**
Premium Platform Electric

J1 2020
Performance Platform

Audi e-tron GT concept

2018
MLB evo
Audi e-tron



Audi and Porsche develop Premium Platform electric (PPE)

MEB 

Modular Electrification Toolkit

J1



Performance Platform



PPE

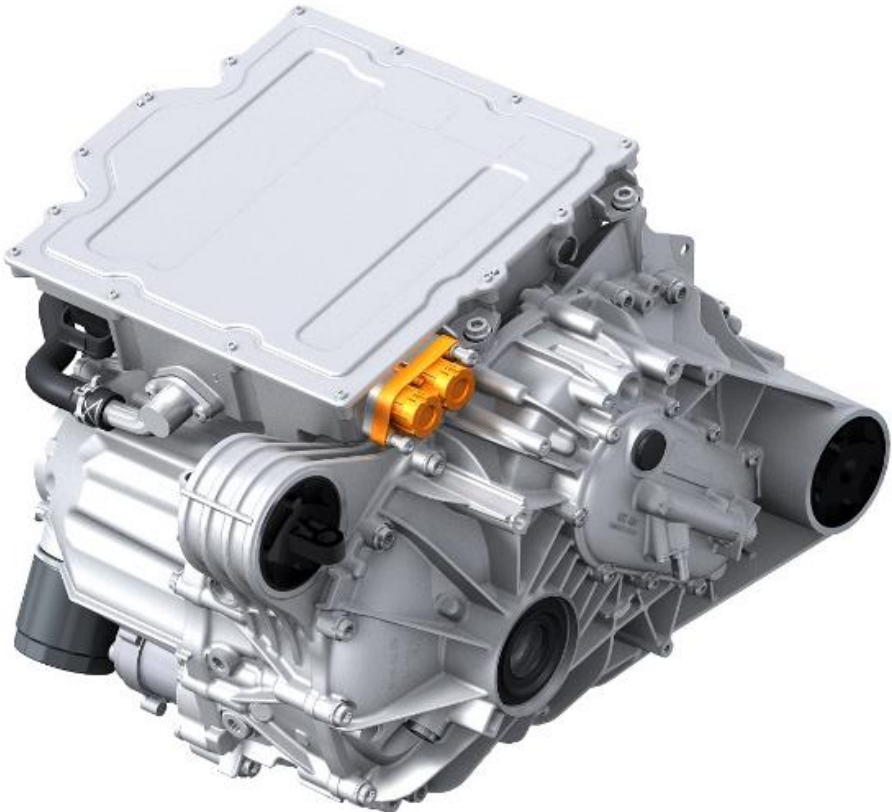
Premium Platform Electric

MLB evo 




Audi BEV Platforms (animation) in [Audi MediaCenter](#)

To sum it up...



- **Electric drivetrain is a strategically important component** to maintain technological leadership in the electric age
- **Audi leads the way in E-axle development** for the Premium Platform Electric (PPE) and is **Center of Competence** for E-axle in the Volkswagen Group
- **In-house development** allows Audi to build up **know-how** to achieve **superior efficiency** and **performance** and **minimize procurement risks**
- **Design-to-cost** and **design-to-manufacture** enable Audi to benefit from **economies of scale** and **reduced complexity** in development, procurement and production

The background of the slide is a dark, industrial scene featuring several robotic arms in a factory. One prominent yellow robotic arm is on the right, and another green one is on the left. They are positioned around a large, metallic, cylindrical component. The lighting is dim, highlighting the metallic surfaces and the complex machinery.

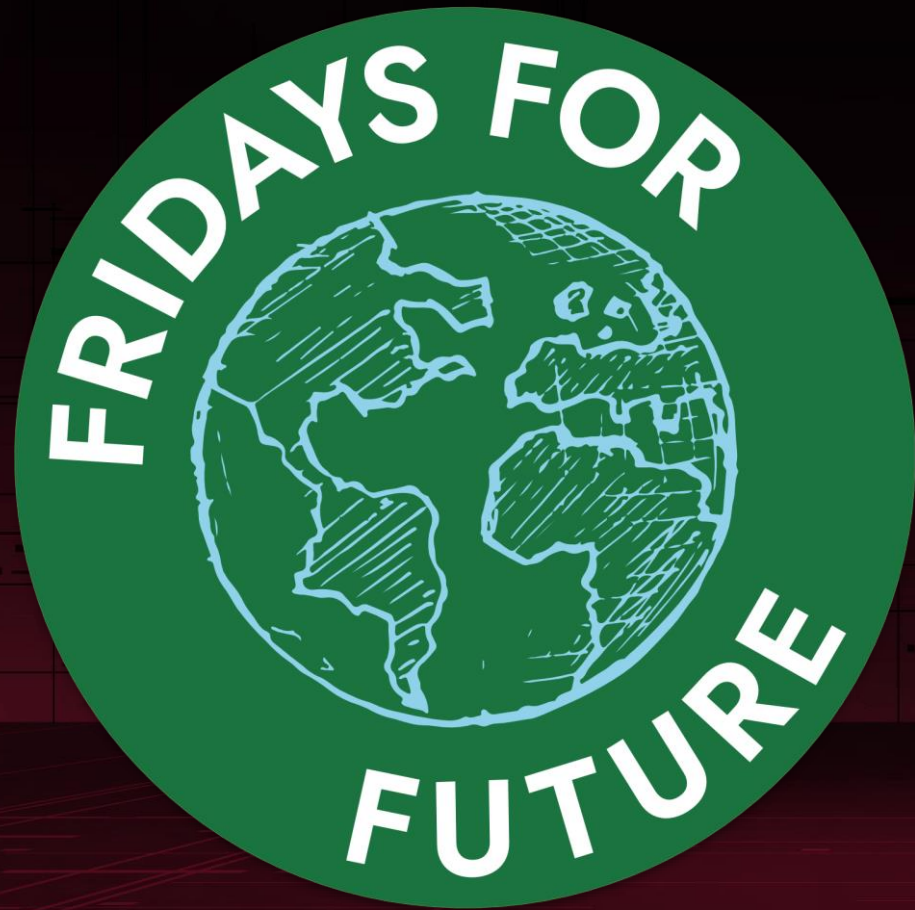
Implementing the four rings of sustainability in Audi's supply chain

INVESTOR meeting

November 19, 2019

Marco Philippi, Head of Strategy Procurement AUDI AG

Global call for sustainability

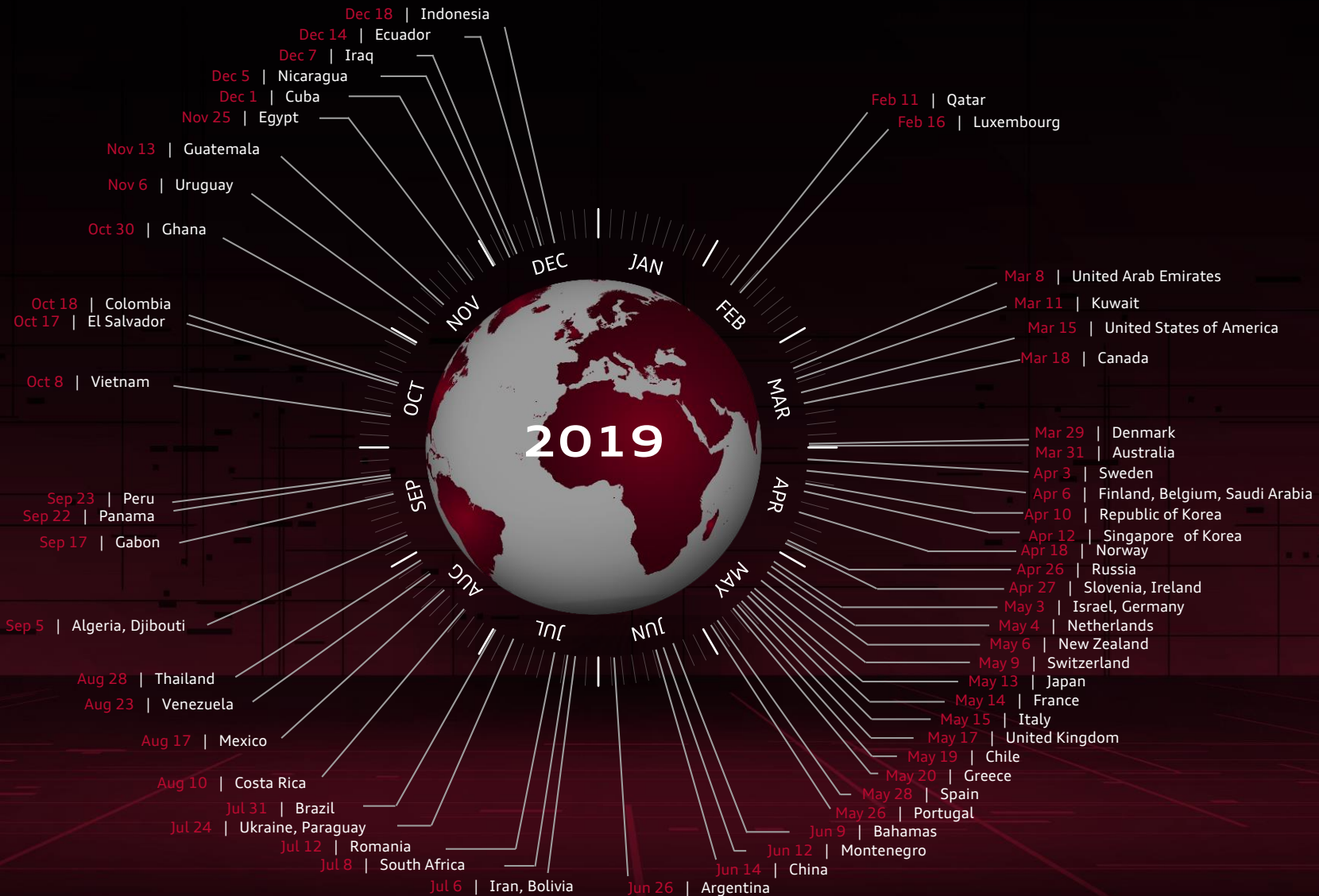


We are using the resources of 1.7 earths



**There is no
Planet B**

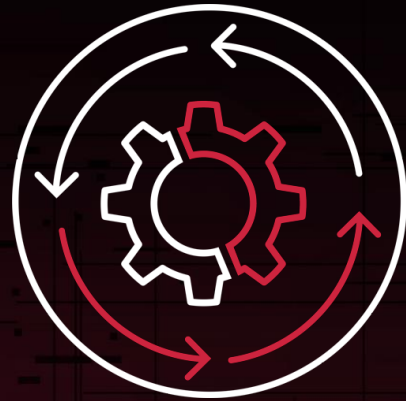
Country Overshoot Days 2019



The four rings of sustainability



Reduce



Re-use



Recycle

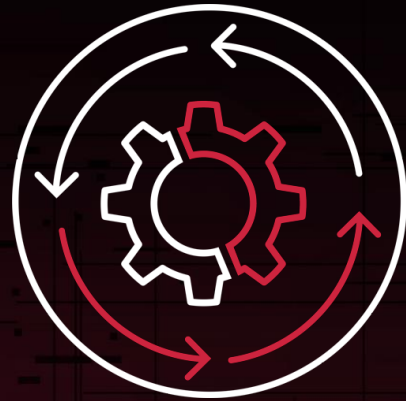


Rethink

The four rings of sustainability



Reduce



Re-use



Recycle

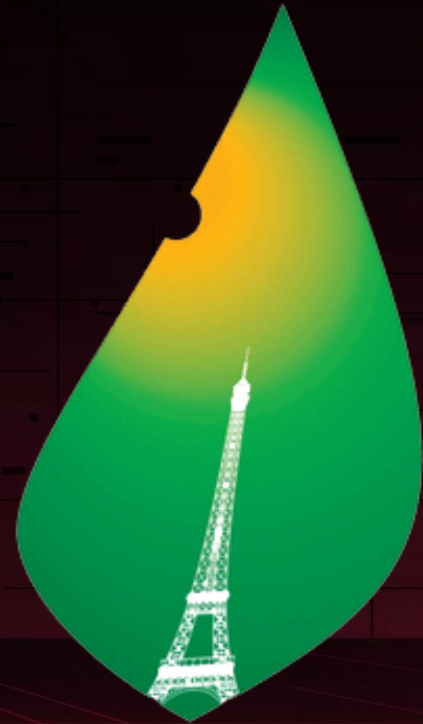


Rethink

Commitment to the Paris Climate Agreement



COP21 • CMP11
PARIS 2015
UN CLIMATE CHANGE CONFERENCE



Decarbonization of the value chain

On the way
to CO₂-neutral mobility



Carbon neutrality



By 2050

we aim to achieve
corporate-wide

carbon neutrality

on balance

CO₂ emissions

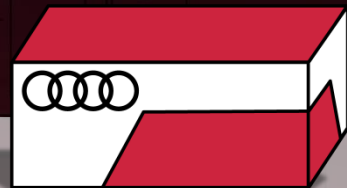
By 2025
we aim to reduce CO₂ emissions
by ~30%



Resources



Suppliers



Production

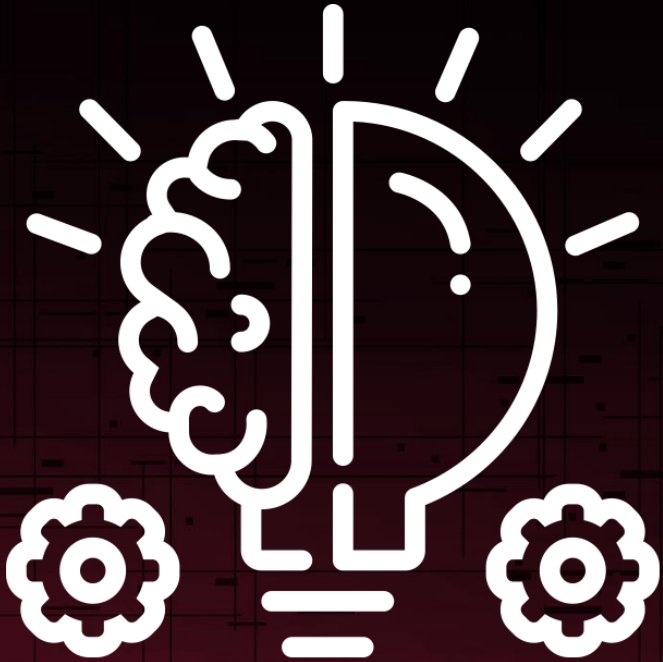


Vehicle use



Recycling

Decarbonization of the supply chain



Workshops with suppliers



Closing of
ressource cycles



Use of
renewable
energies



Increased
proportion of
recycled materials

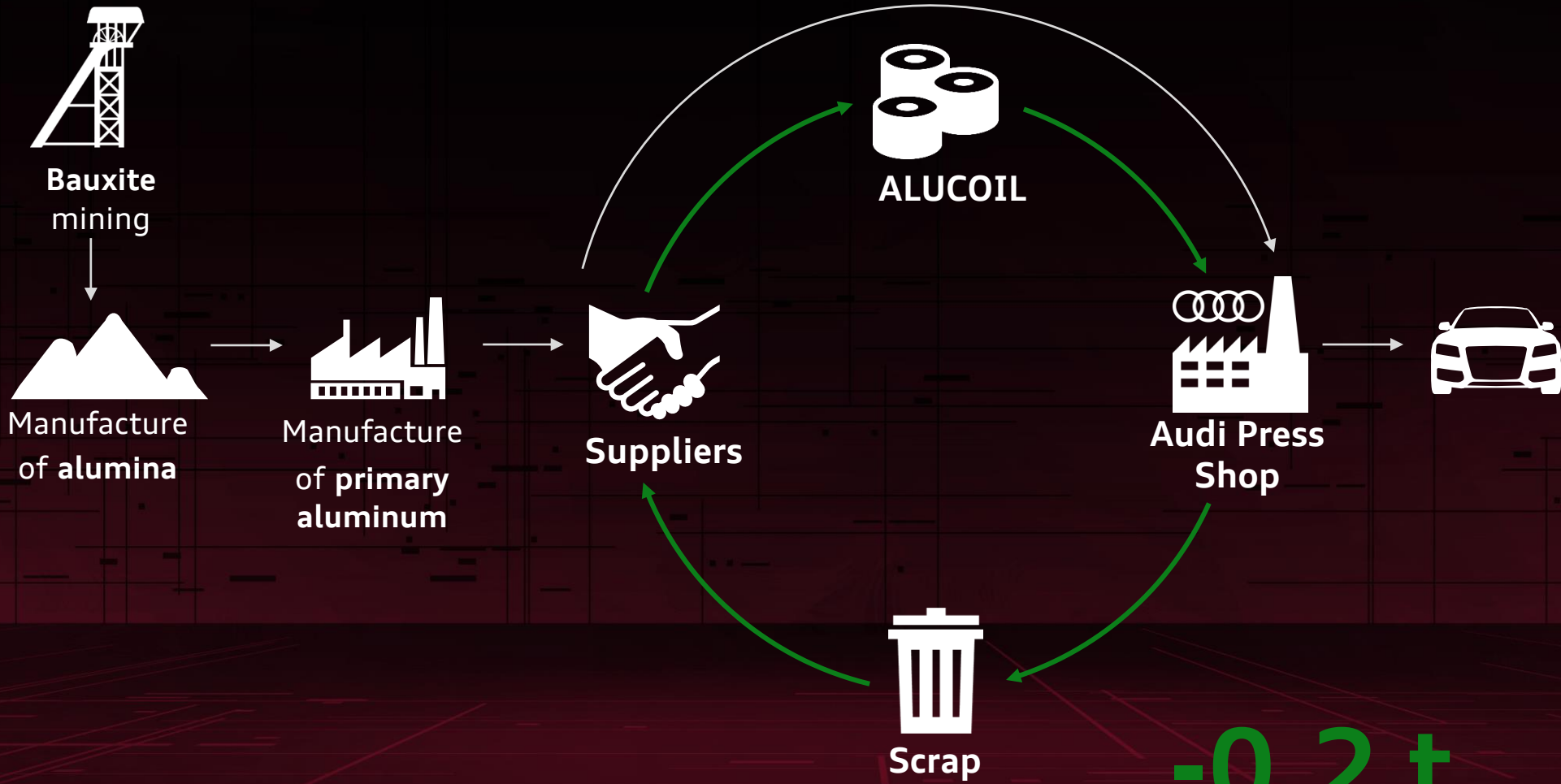
30 CO₂ workshops

50 measures to reduce CO₂

-1.2 t
per vehicle



Aluminum closed loop



-0.2 t

per vehicle on average portfolio



Renewable energy in cell production



-0.5 t

per vehicle on
average portfolio*



* -2t per Audi e-tron

The four rings of sustainability



Reduce



Re-use



Recycle



Rethink

Sustainability – a mandatory nomination criterion



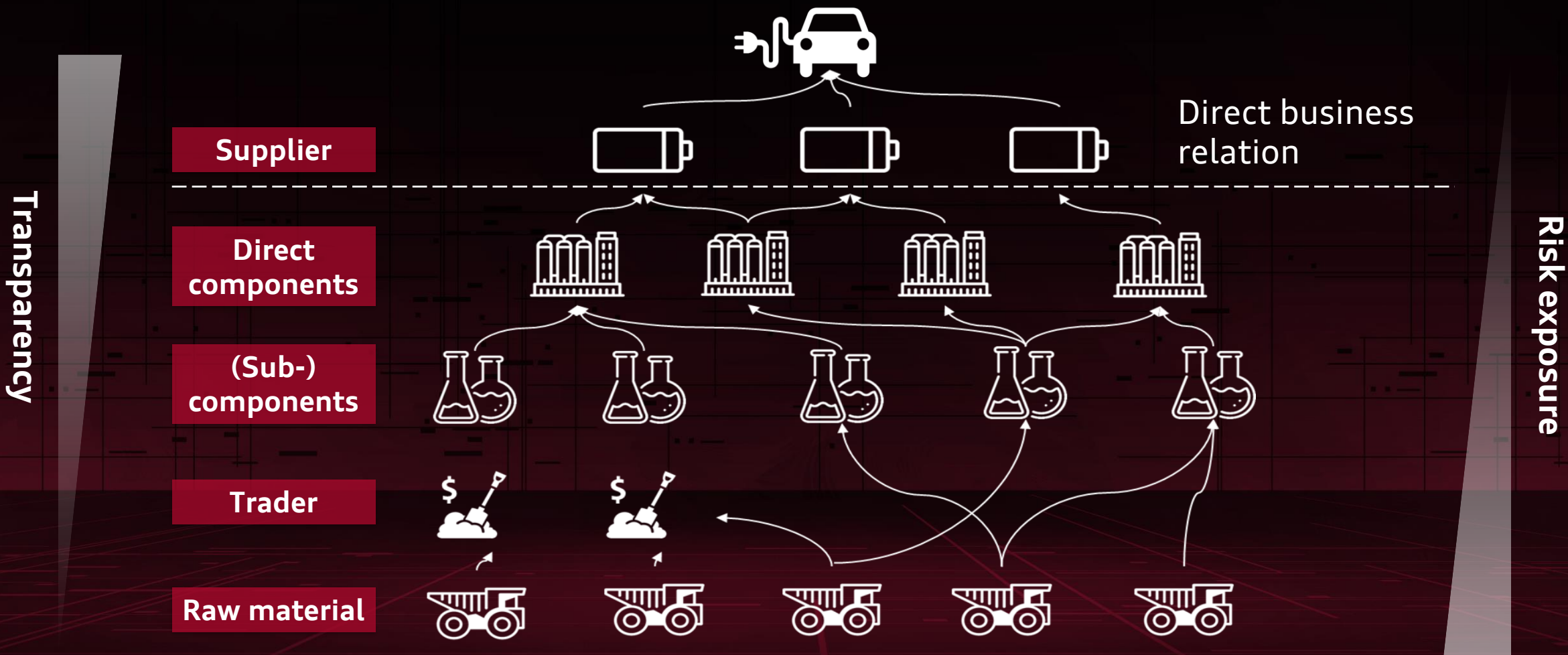
Current status S-Rating

More than...

- › **12,000** SAQ's completed
- › **2,000** on-site checks done
- › **670** suppliers locally trained



Our responsibility goes much further than tier 1



TOP 16 critical raw materials are identified



Conflict minerals	tin	tantalum	tungsten	gold
E-raw materials	cobalt	graphite	lithium	rare earths
Other materials	leather	aluminum	copper	rubber
	nickel	steel	platinum	mica

Material analysis component
Supply chain mapping
Audit hotspots
Certification
On-site projects
Commitment to initiatives



Technology

New Technological

approaches regarding transparency

Process efficiency

- › Intelligent contracts and autonomous payment flows
- › Paperless processes

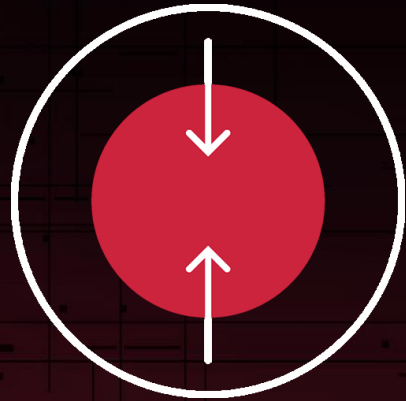
Reliability of supply

- › Continual comparison of demand & capacity in entire SC network
- › Transparency of the entire down to tier-N sub-suppliers

Sustainability

- › Complete documentation of the Supply Chain
- › Detect and avoid high-risk material / sources

The four rings of sustainability...



Reduce



Re-use



Recycle



Rethink

...within just one topic



To sum it up...

- We have set the foundation for Audi's vision for 2050: **to be entirely CO₂-neutral**
- **We take our responsibility seriously – beyond the Tier 1 level:**
Focus on critical parts & materials, e.g. HV-Battery
- **We have implemented control mechanisms** that ensure us to manage our supply chains – even though they are global, diverse & volatile
- **Supply chain transparency** and traceability is essential for a resilient supply chain and our reputation
- **We partner with suppliers and service providers** to identify supply chain actors and **pilot new technologies** for more transparency



* Die angegebenen Verbrauchs- und Emissionswerte wurden nach den gesetzlich vorgeschriebenen Messverfahren ermittelt. Seit dem 1. September 2017 werden bestimmte Neuwagen bereits nach dem weltweit harmonisierten Prüfverfahren für Personenwagen und leichte Nutzfahrzeuge (Worldwide Harmonized Light Vehicles Test Procedure, WLTP), einem realistischeren Prüfverfahren zur Messung des Kraftstoffverbrauchs und der CO₂-Emissionen, typgenehmigt. Ab dem 1. September 2018 wird der WLTP schrittweise den neuen europäischen Fahrzyklus (NEFZ) ersetzen. Wegen der realistischeren Prüfbedingungen sind die nach dem WLTP gemessenen Kraftstoffverbrauchs- und CO₂-Emissionswerte in vielen Fällen höher als die nach dem NEFZ gemessenen. Dadurch können sich ab 1. September 2018 bei der Fahrzeugbesteuerung entsprechende Änderungen ergeben. Weitere Informationen zu den Unterschieden zwischen WLTP und NEFZ finden Sie unter www.audi.de/wltp.

Aktuell sind noch die NEFZ-Werte verpflichtend zu kommunizieren. Soweit es sich um Neuwagen handelt, die nach WLTP typgenehmigt sind, werden die NEFZ-Werte von den WLTP-Werten abgeleitet. Die zusätzliche Angabe der WLTP-Werte kann bis zu deren verpflichtender Verwendung freiwillig erfolgen. Soweit die NEFZ-Werte als Spannen angegeben werden, beziehen sie sich nicht auf ein einzelnes, individuelles Fahrzeug und sind nicht Bestandteil des Angebotes. Sie dienen allein Vergleichszwecken zwischen den verschiedenen Fahrzeugtypen. Zusatzausstattungen und Zubehör (Anbauteile, Reifenformat usw.) können relevante Fahrzeugparameter, wie z. B. Gewicht, Rollwiderstand und Aerodynamik verändern und neben Witterungs- und Verkehrsbedingungen sowie dem individuellen Fahrverhalten den Kraftstoffverbrauch, den Stromverbrauch, die CO₂-Emissionen und die Fahrleistungswerte eines Fahrzeugs beeinflussen.

Weitere Informationen zum offiziellen Kraftstoffverbrauch und den offiziellen spezifischen CO₂-Emissionen neuer Personenkraftwagen können dem „Leitfaden über den Kraftstoffverbrauch, die CO₂-Emissionen und den Stromverbrauch neuer Personenkraftwagen“ entnommen werden, der an allen Verkaufsstellen und bei der DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, D-73760 Ostfildern oder unter www.dat.de unentgeltlich erhältlich ist.