



AUDI INVESTOR & ANALYST DAY

November 29th, 2019

Audi e-tron Power consumption combined*: 24.6-23.7 kWh/100km (NEFZ); CO₂-emissions combined*: 0 g/km
Audi e-tron Sportback Power consumption combined*: 22.7 - 20.6 kWh/100 km (NEFZ); CO₂-emissions combined*: 0 g/km

Disclaimer

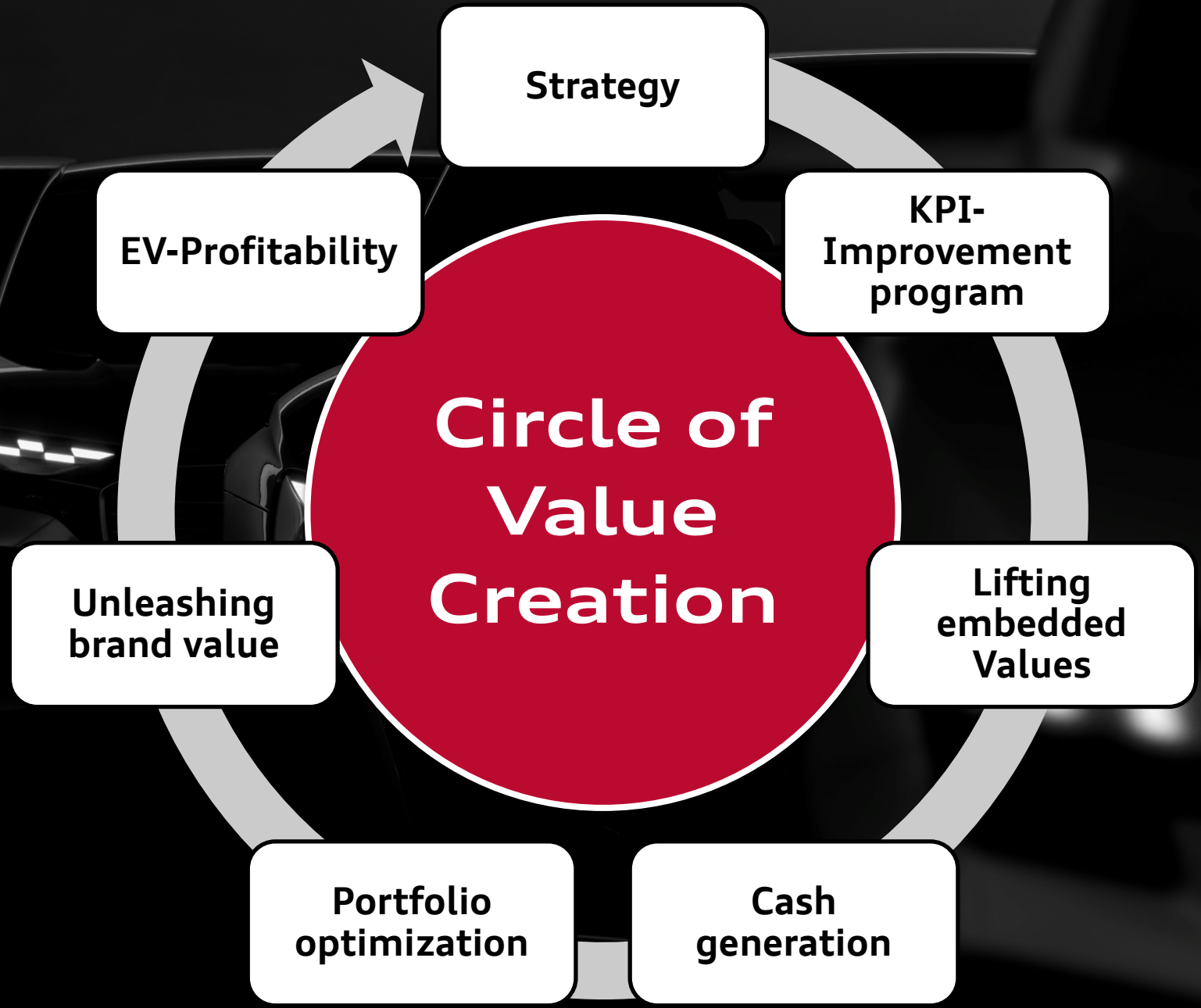
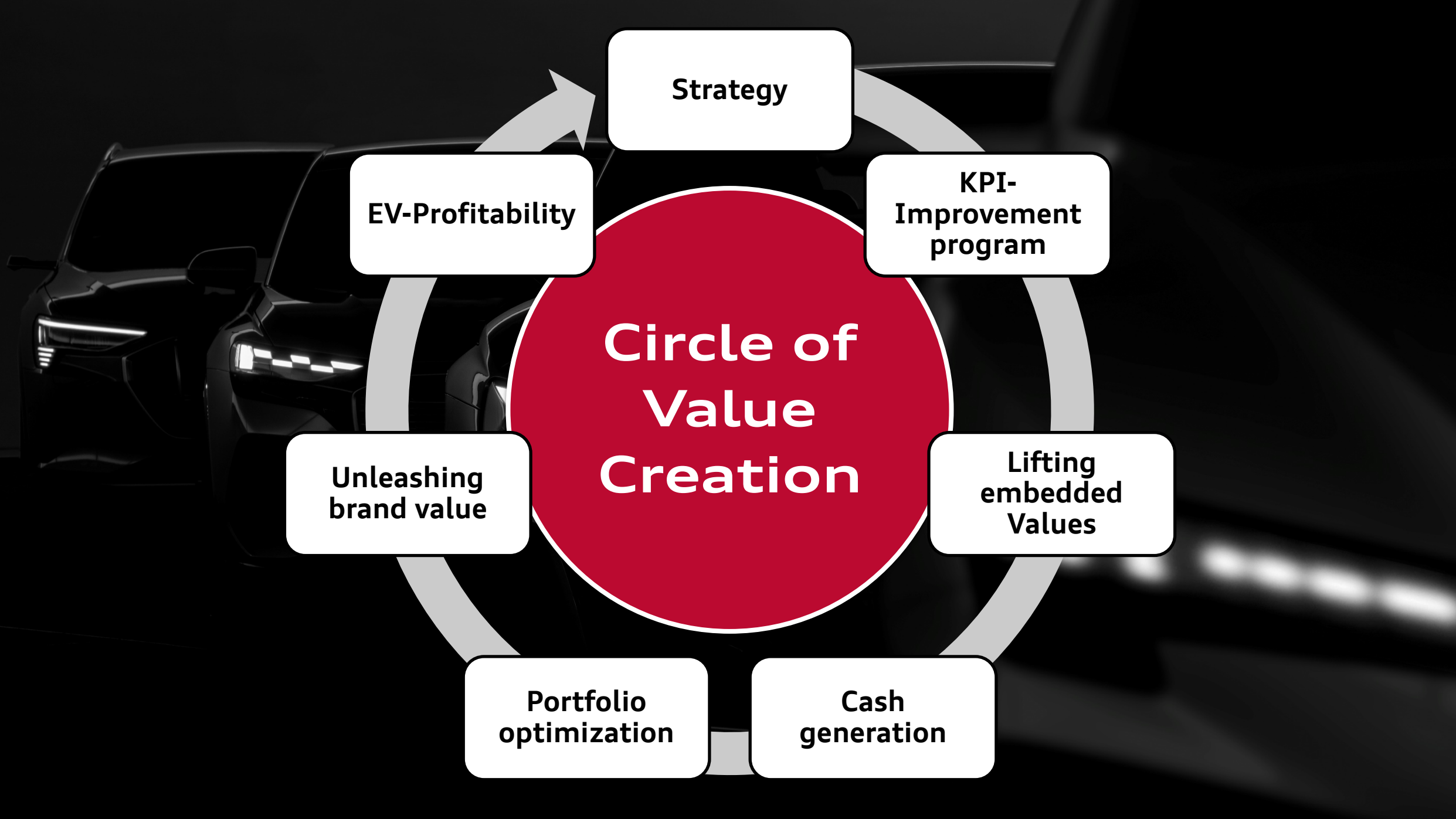
The presentations contain forward-looking statements and information on the business development of the Volkswagen Group/Audi Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” 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.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

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.





DR. JAN MICHEL

Head of Corporate Strategy
November 29th, 2019

Our vision:

Unleash the beauty of sustainable mobility

That means...

- › CO₂-neutral mobility
- › Team with courage and integrity
- › Unique customer experience
- › Sustainable value growth
- › Acting responsible

Our mission:

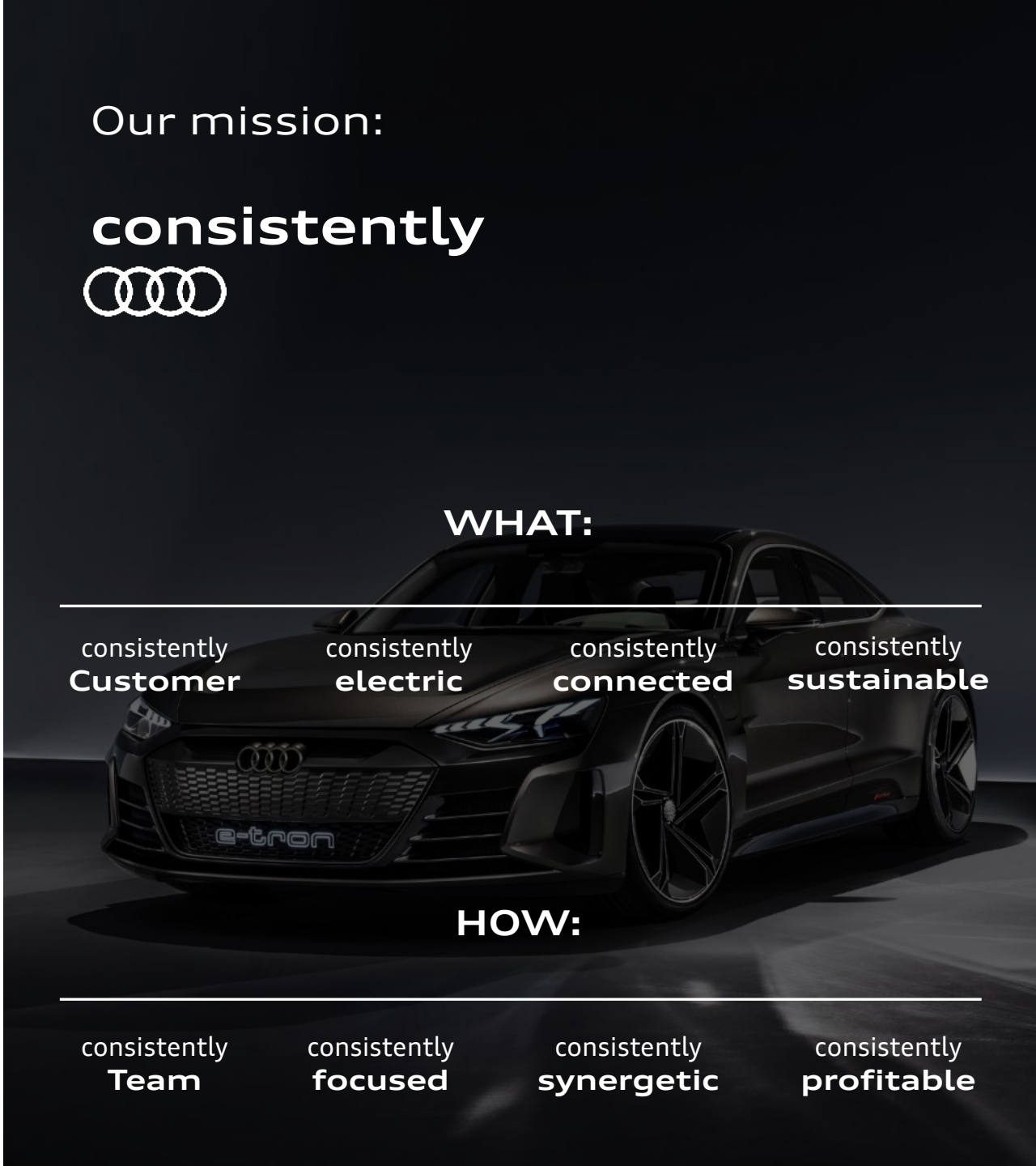
consistently


WHAT:

consistently **Customer** consistently **electric** consistently **connected** consistently **sustainable**

HOW:

consistently **Team** consistently **focused** consistently **synergetic** consistently **profitable**



WHAT:



CONSISTENTLY CUSTOMER

We want to be the company with the most satisfied customers.



CONSISTENTLY ELECTRIC

We will put ourselves on the forefront of the transformation to e-mobility.



CONSISTENTLY CONNECTED

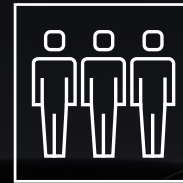
We create an open and digital ecosystem.



CONSISTENTLY SUSTAINABLE

We manage our business responsibly, transparently and with integrity. We act in harmony between ecology and economy with a clear long-term perspective.

HOW:



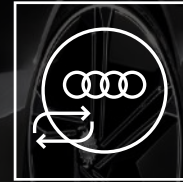
CONSISTENTLY TEAM

WE instead of ME – Audi spirit with agile entrepreneurship.



CONSISTENTLY FOCUSED

We focus the maximum resources on our key projects.



CONSISTENTLY SYNERGETIC

We enter into smart partnerships within and outside the group.




CONSISTENTLY PROFITABLE

We want to operate sustainably and be profitable in every aspect.

KPIs (Key Performance Indicators) measure the success of consistently Audi



Measurement of target achievement through 16 KPIs 

Net Promoter Score	NEV Share	Connected Vehicle Share	Decarbonization index	Time to fill	Milestone adherence	Platform efficiency	ROI (after CO ₂)
Customer Lifetime Value	NEV Profits	Digital & Mobility Business Revenues	Integrity Share	Leadership & Culture Index	Parts Number Target Achievement	COP Target Achievement	Enterprise Value

consistently



TOGETHER

STRATEGY 2025⁺

**CORPORATE
STRATEGY**

**BRAND
STRATEGY**

**REGIONAL
STRATEGY**

**FUNCTIONAL
STRATEGY**

**PRODUCT
STRATEGY**



Strategy Summit

Aug 29, 2019

Target Summit

Nov 18, 2019



Northstar

Ressources

Ambition

Fields
of Action

Budget

Competencies

Strategic Direction

Implementation



A portfolio of prioritized consistently initiatives with clear responsibilities has been defined



Sustainability

Portfolio

Connectivity

Autonomous driving (Ownership)

Mobility Services

Social and environmental sustainability

1

Future power-train portfolio

3

In-car user experience

5

Automated driving

8

Mobility venturing & partnering

10

Integrity & compliance

2

Product portfolio strategy

4

Seamless customer touchpoints

6

Highly auto-mated driving

9

New mobility services

11

Data-based business models

7

Transformation enablers

Inspire & empower people

Audi Transformation Plan (ATP)

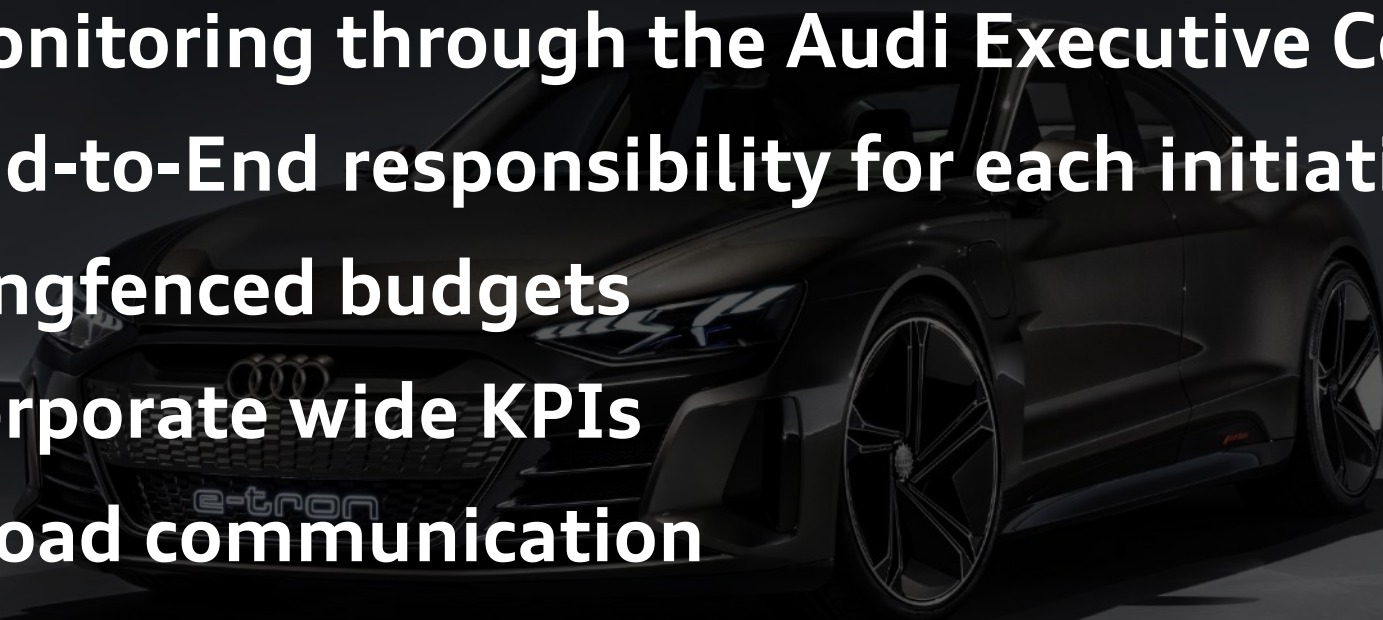
FuSE

UNECE Cyber Security

Strategic Enterprise IT Management

Implementation focus

NEW:

- └ Annual strategy process (Strategy-/Target Summit)
 - └ Monitoring through the Audi Executive Committee
 - └ End-to-End responsibility for each initiative
 - └ Ringfenced budgets
 - └ Corporate wide KPIs
 - └ Broad communication
- 



DIETRICH BRASSLER

VP of Corporate Finance
November 29th, 2019

Major Challenge: Managing areas of tension.

PROFITABILITY CO₂

PORTFOLIO CGU

MODEL CGU

ASSET-LIGHT ASSET-HEAVY

INTEGRATED

STAND-ALONE

HIGH-PERFORMANCE-CARS SUSTAINABILITY

PREMIUM PRODUCT

COMPLEXITY REDUCTION

SHOOTING FOR THE MOON

NICHE

PLATFORM ECONOMICS

PHYSICAL BUSINESS

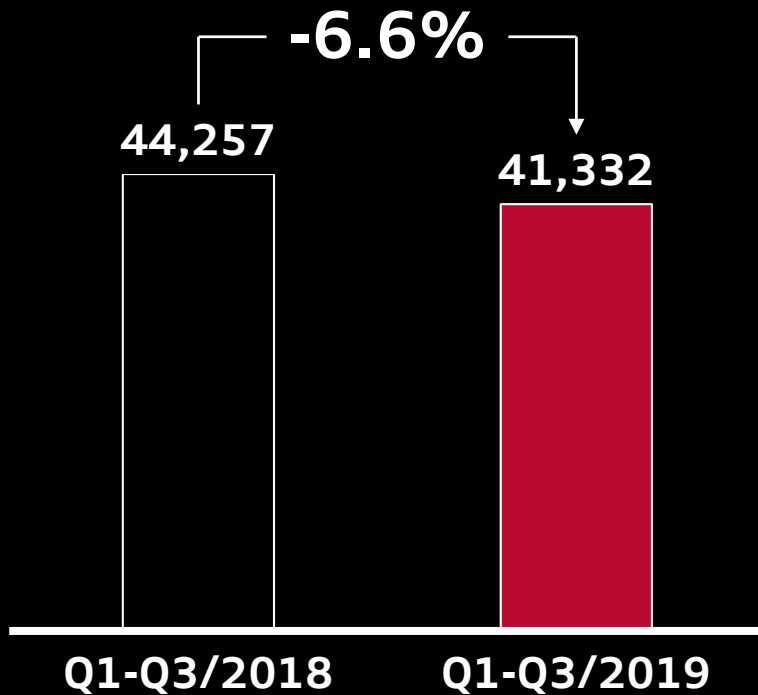
INVESTMENT DISCIPLINE

COST CUT DAMAGES

YTD: Robust financial performance in turbulent times.

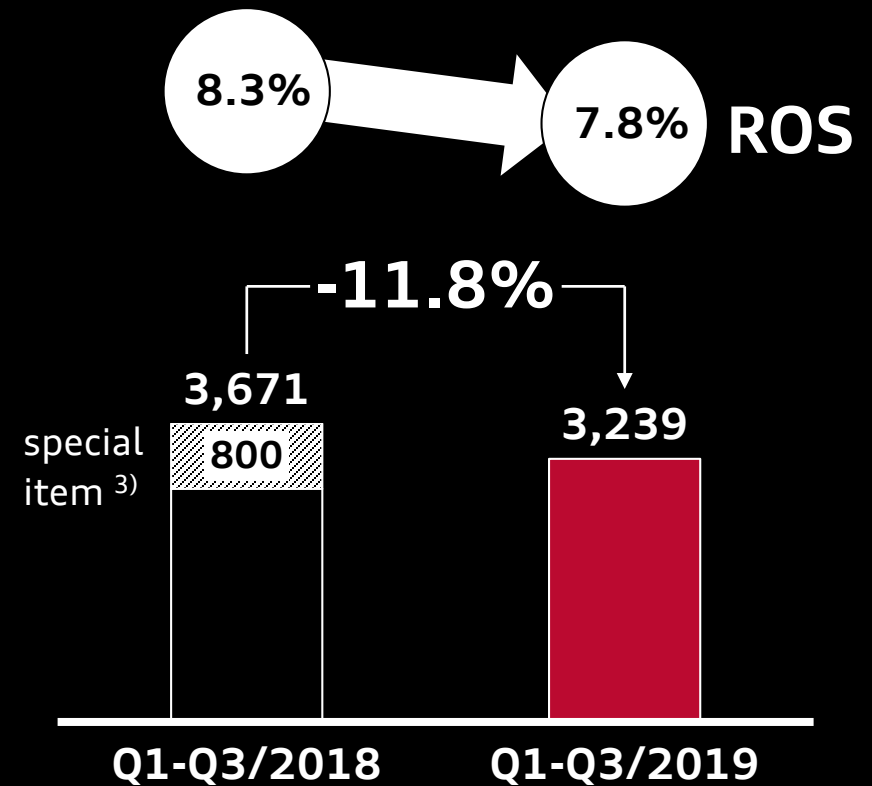
REVENUE¹⁾

in m euros



OPERATING PROFIT²⁾

in m euros, in percent



1) +3.3% w/o one-time effect deconsolidation of multibrand national sales companies

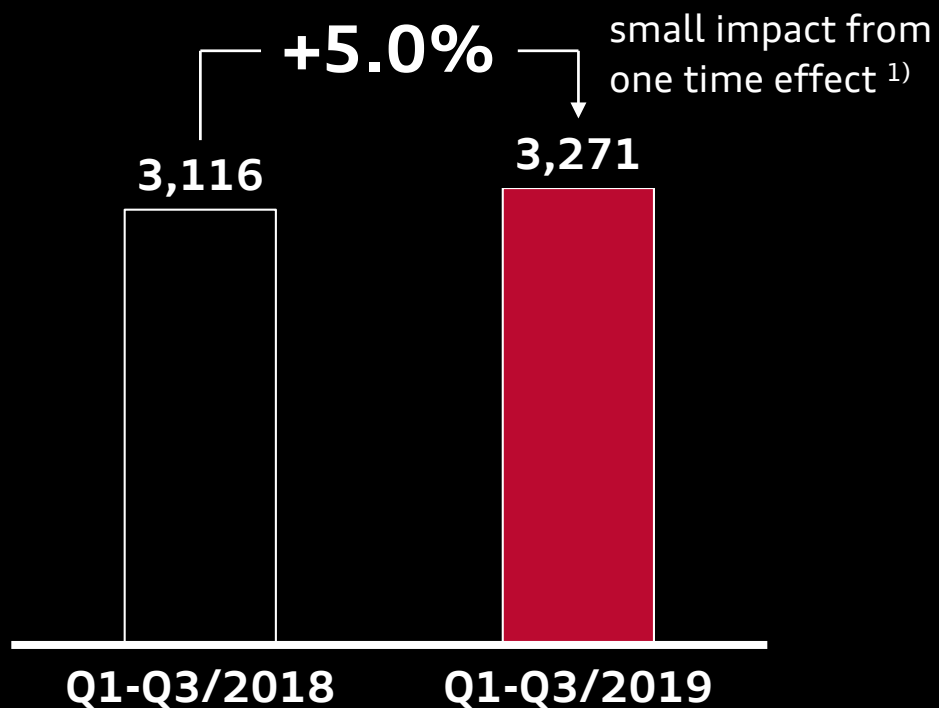
2) Operating profit before special items

3) 0.8 bn euros fine issued by German prosecutors' investigation in Q3 2018 over "deviations from regulatory requirements" in diesel engines

Strong cash conversion thanks to strict investment discipline.

NET CASH FLOW

in m euros



CAPEX

-33%

-6%

NET WORKING CAPITAL²⁾



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

2) Net working capital: External View (Inventories + Receivables - Payables)

Q4: full year guidance broadly confirmed.



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 %

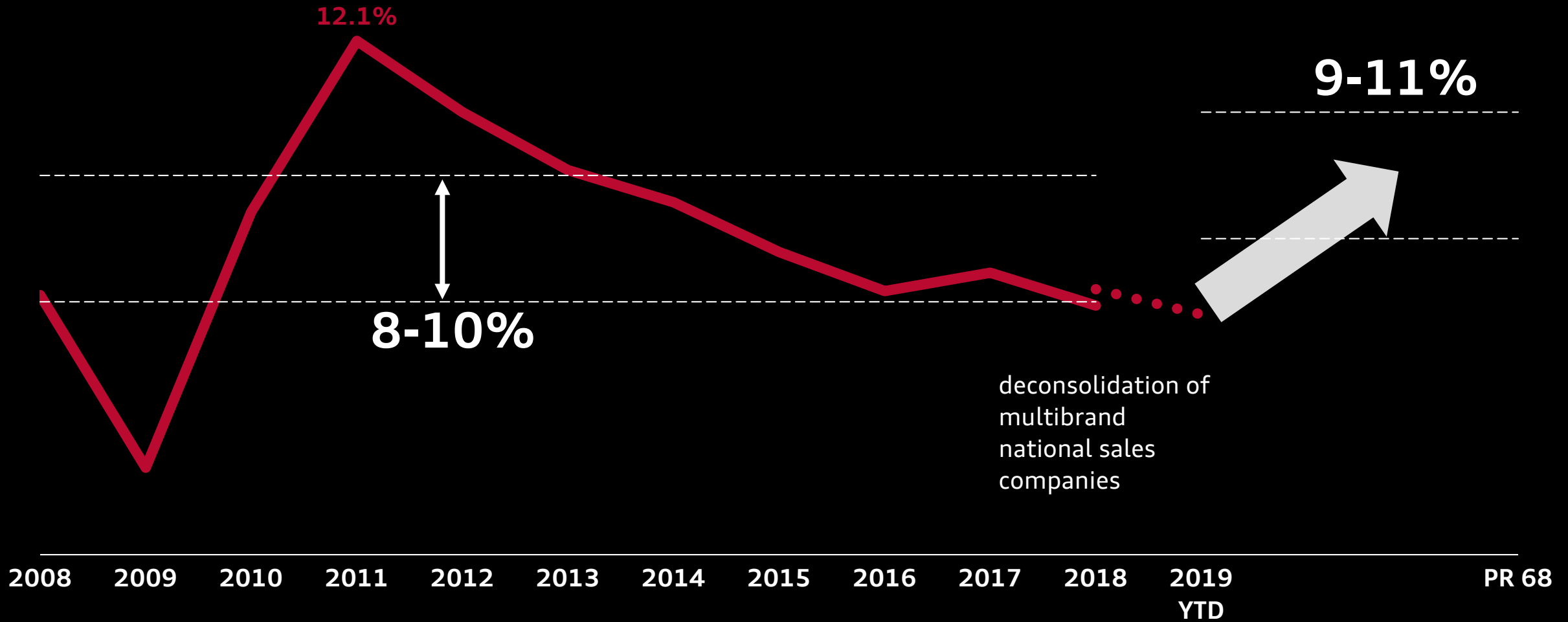
2018: 2,080¹⁾ **NET CASH FLOW**
2.5 to 3.0 bn euros

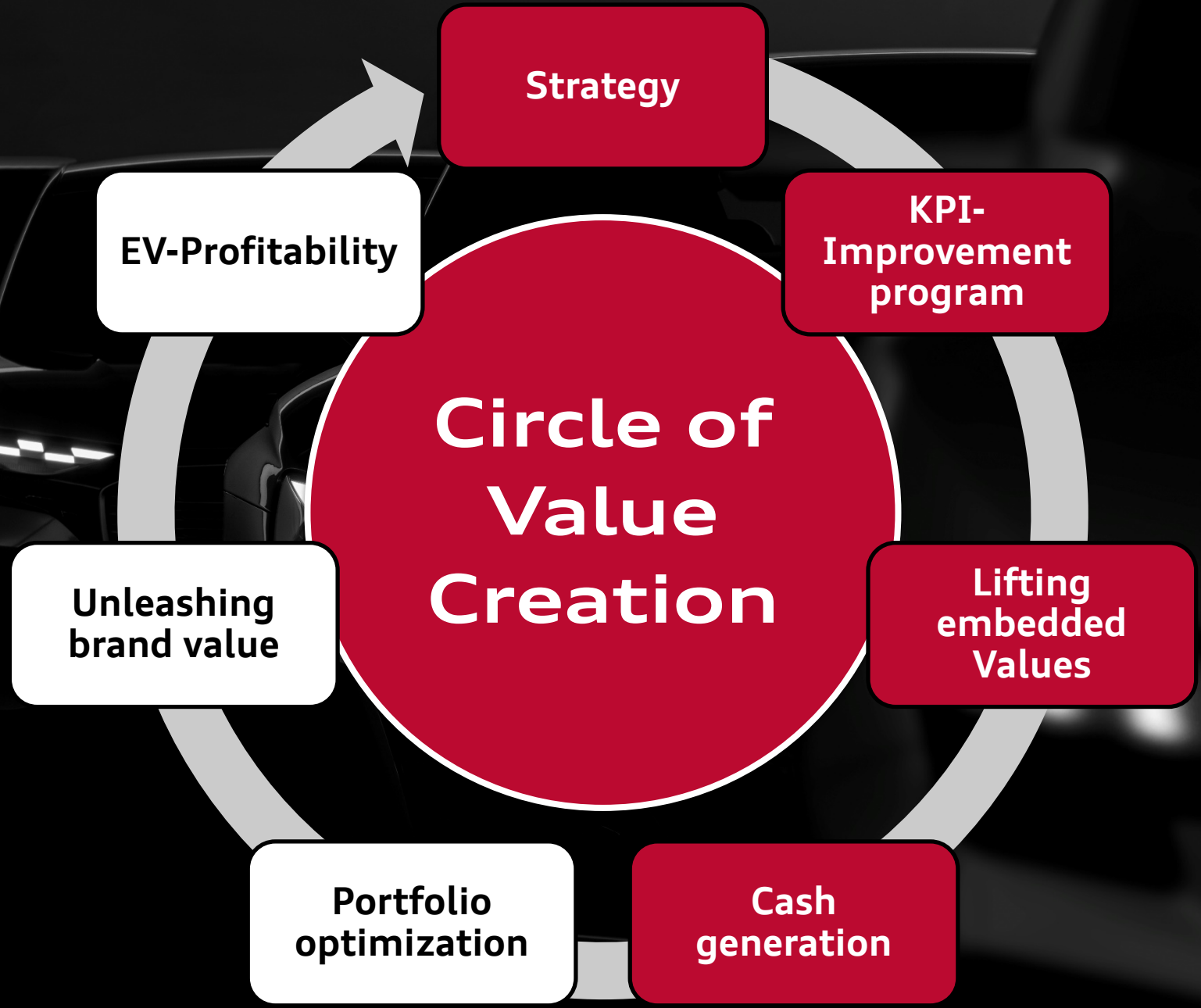
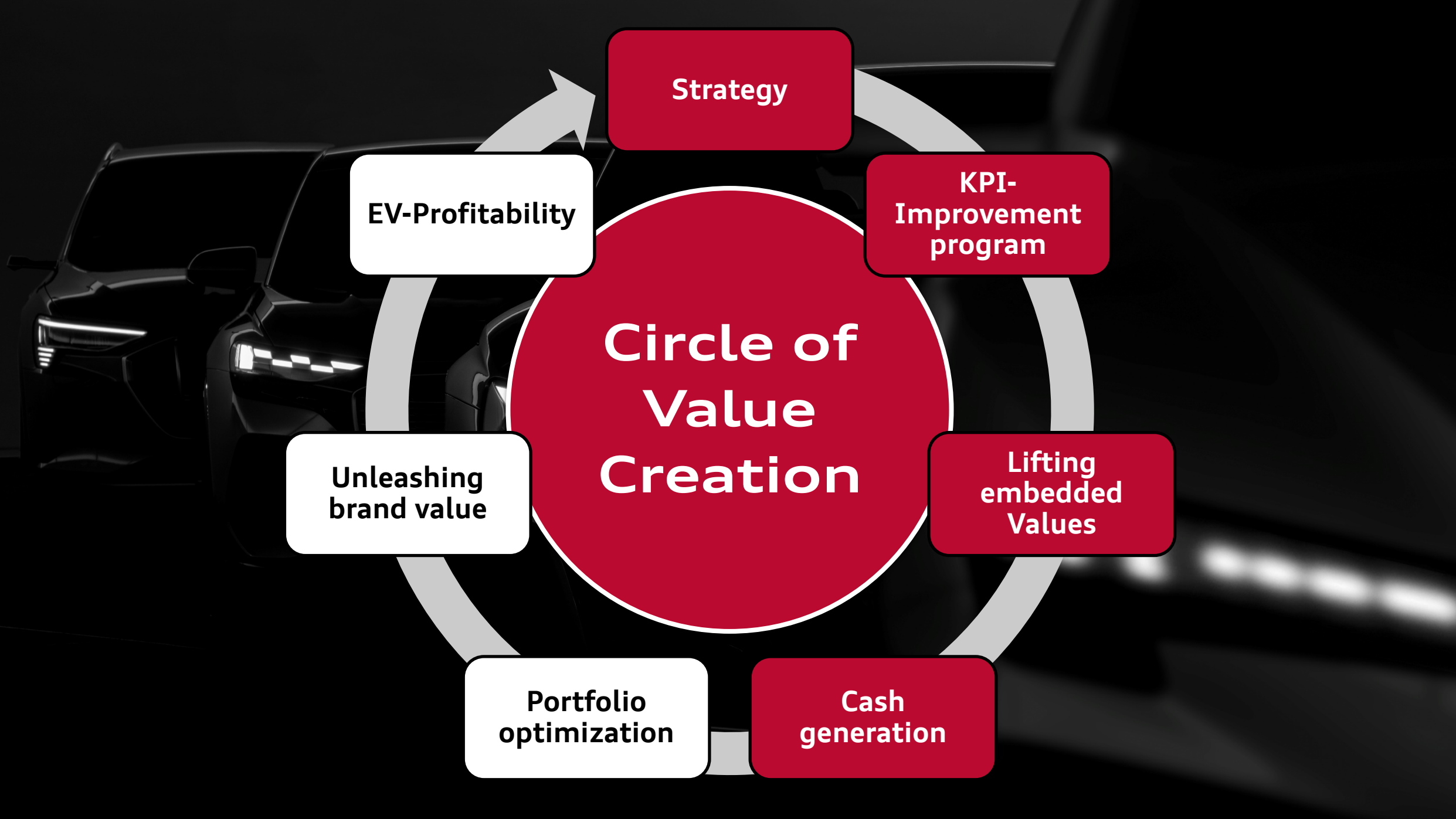
1) Adjusted for deconsolidation of multibrand national sales companies

Strategic RoS-target 9-11% remains valid.



Return on Sales







DR. DANIEL KAUER

Head of Product Strategy
November 29th, 2019

The BEV transformation of our portfolio has already begun.

20 new all-electric models until 2025

Phase 1 until 2021

Phase 2 starting from 2022



Q4 e-tron



e-tron GT



Q2L e-tron



e-tron Sportback



e-tron



PHEV Push: ~10 PHEV models until 2022



Corporate synergies through different BEV platforms.

MLBevo





J1






MEB








~20m units until 2029

PPE






~6m units until 2029

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

The Audi corporate strategy consistently Audi

translates directly into our portfolio strategy.

» Most progressive premium brand

- › Strengthening of progressive premium customer segments
- › Progressive design
- › Audi Sport



consistently
customer

» Vorsprung durch Technik

- › Superior product characteristics
- › Innovative drive concepts
- › Connectivity / Infotainment
- › Highly automated driving



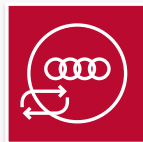
consistently
focused



consistently
connected

» Profit and efficiency

- › High-profit segments
- › Complexity reduction
- › Economies of scale and platform synergies



consistently
synergetic



consistently
profitable

» Sustainability

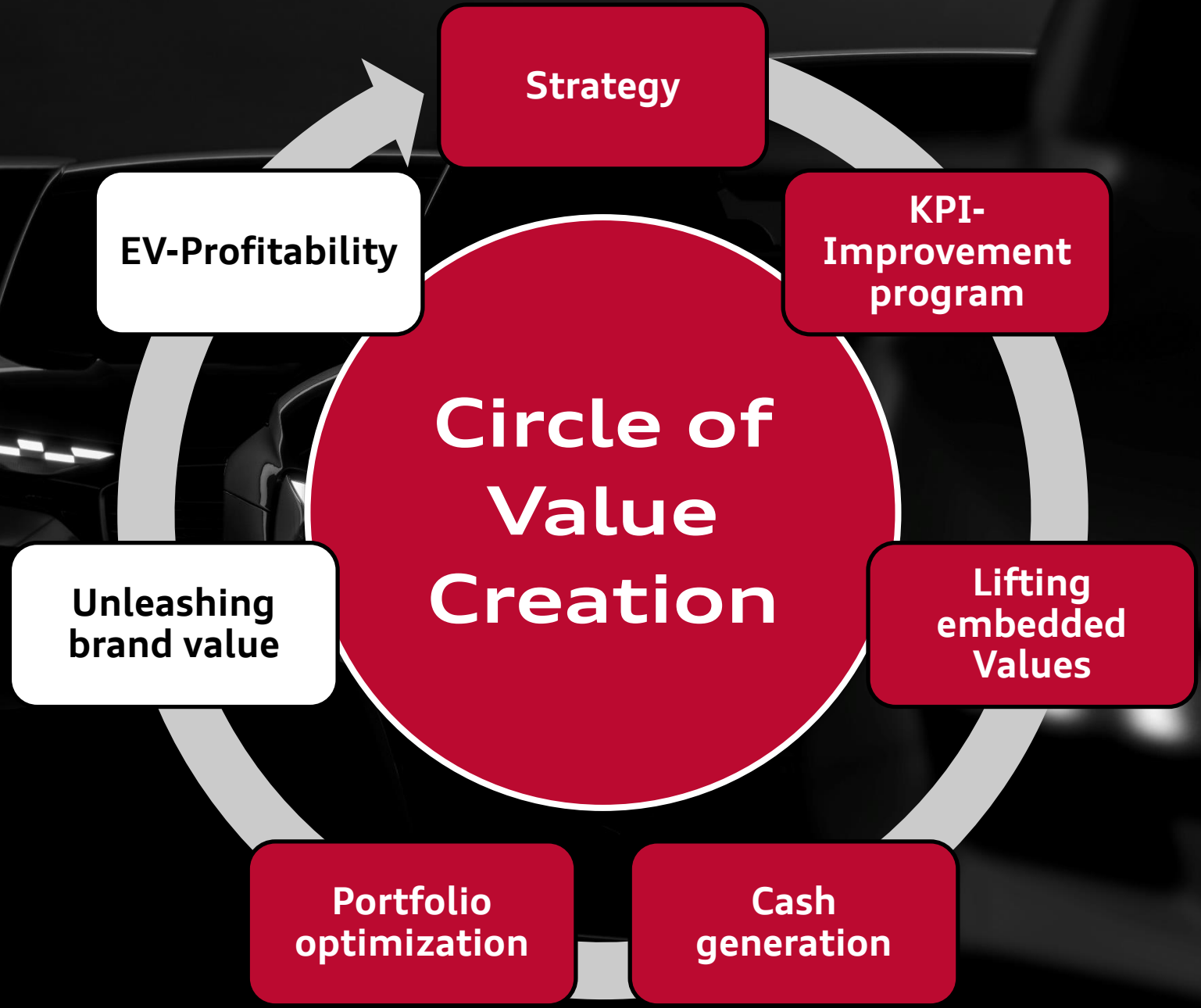
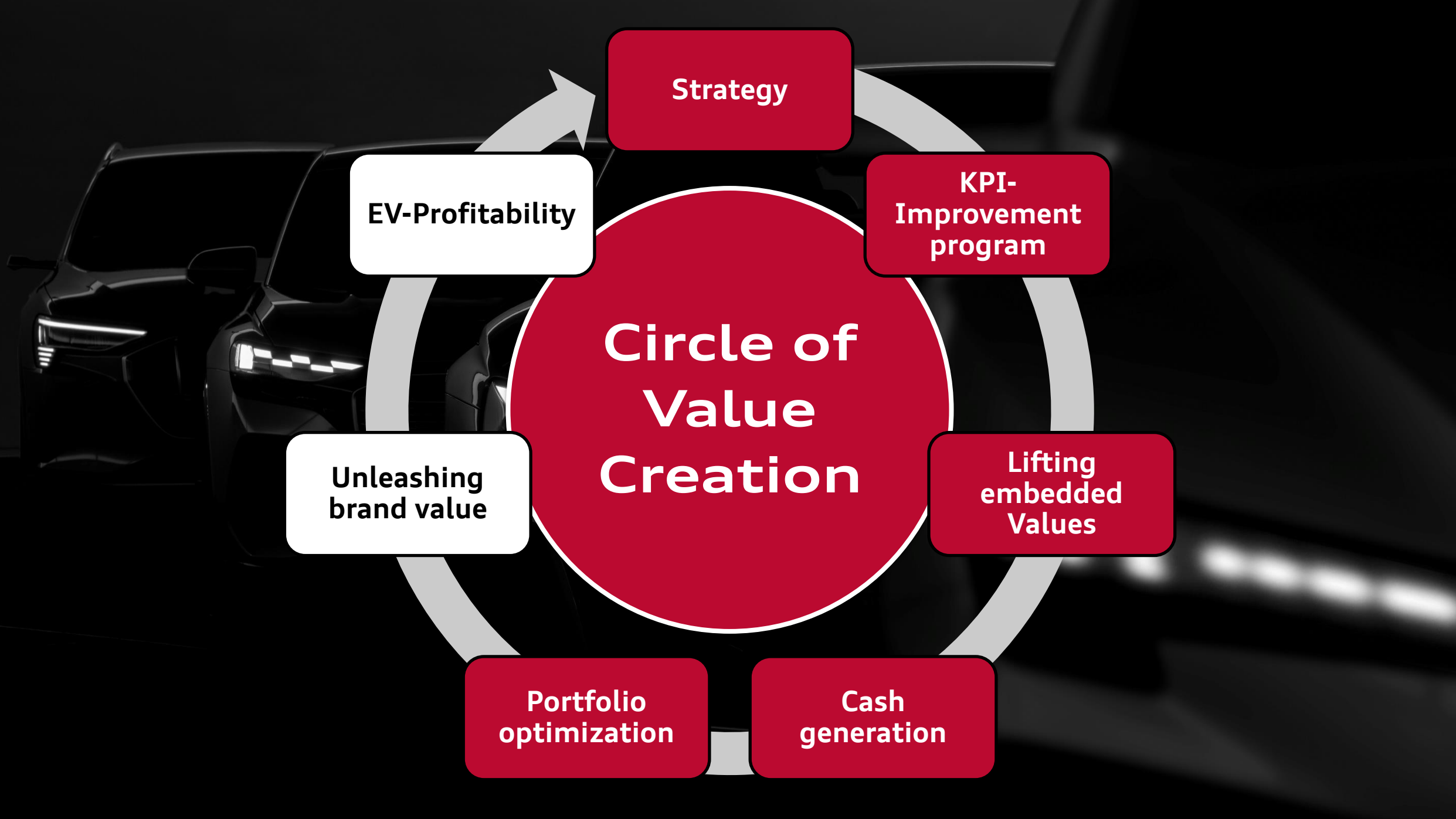
- › Best in class BEV in premium segment
- › CO₂-neutrality in product
- › Overall decarbonization



consistently
electric



consistently
sustainable





Audi Investor & Analyst Day 2019

Munich





Hildegard Wortmann

Member of the Board of Management AUDI AG



Deliveries

January – October 2019 (vs. 2018)

	Jan. – Oct.	vs. 2018	
 Europa	649.350	+1.063	+0,2%
 Germany	233.917	+6.104	+2,7%
 USA	177.643	-5.833	-3,2%
 China	551.194	+11.464	+2,1%
Welt	1.506.250	-19.028	-1,2%

stabilized our deliveries
reduced stock
stronger performance in 2020

Largest and youngest product portfolio



2.3

years

∅ 5.2 years



2017

∅ 3.5 years



2018



2019

Further strengthened C/D mix and SUVs



Further strengthened C/D mix and SUVs



Reducing engine/transmission variants by 30%

Audi Sport



2019:

**largest RS model
launch in the
history**



by 2023

**double volume of
high-performance
models planned**



Our vision



**Unleash the beauty
of sustainable mobility**

consistently electric

10

PHEV
within the next two years



20

BEV
by 2025



40%

of total sales by 2025
with electrified models



e-tron solutions



Home charging

amazon
home services



Public charging

electrify
america



110,000 charging points

400+ CPOs
Charge Point Operators

21 EU markets



The most progressive premium brand

**Vorsprung
durch Technik**

**Unleash the beauty
of sustainable mobility**

Starting new global brand campaign in 2020

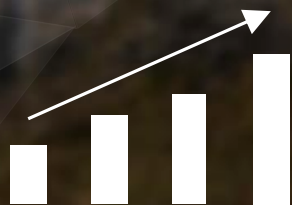
Dedicated investment into brand building



In a nutshell



clear game plan



managed
turnaround now
growth continues in
2020



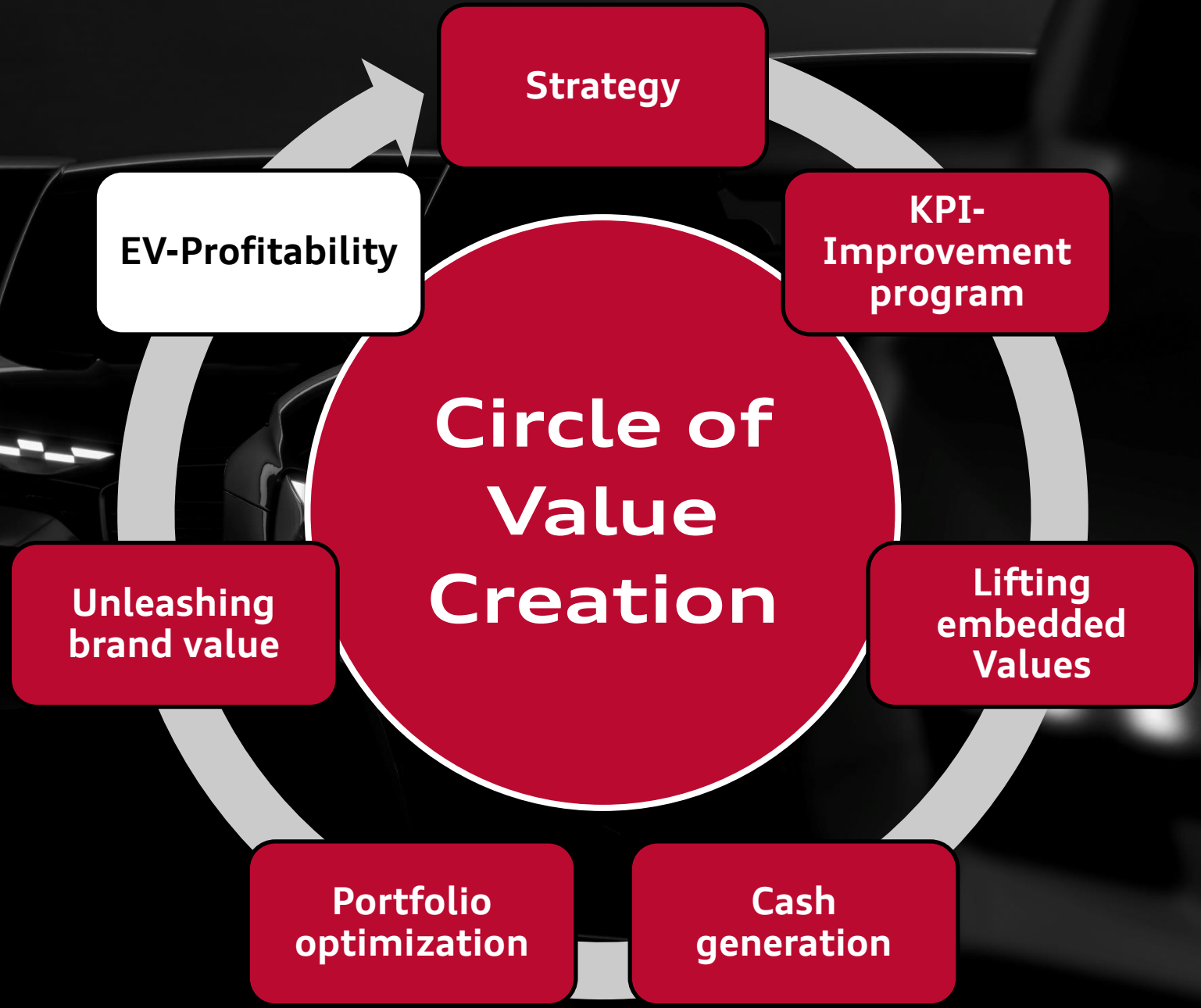
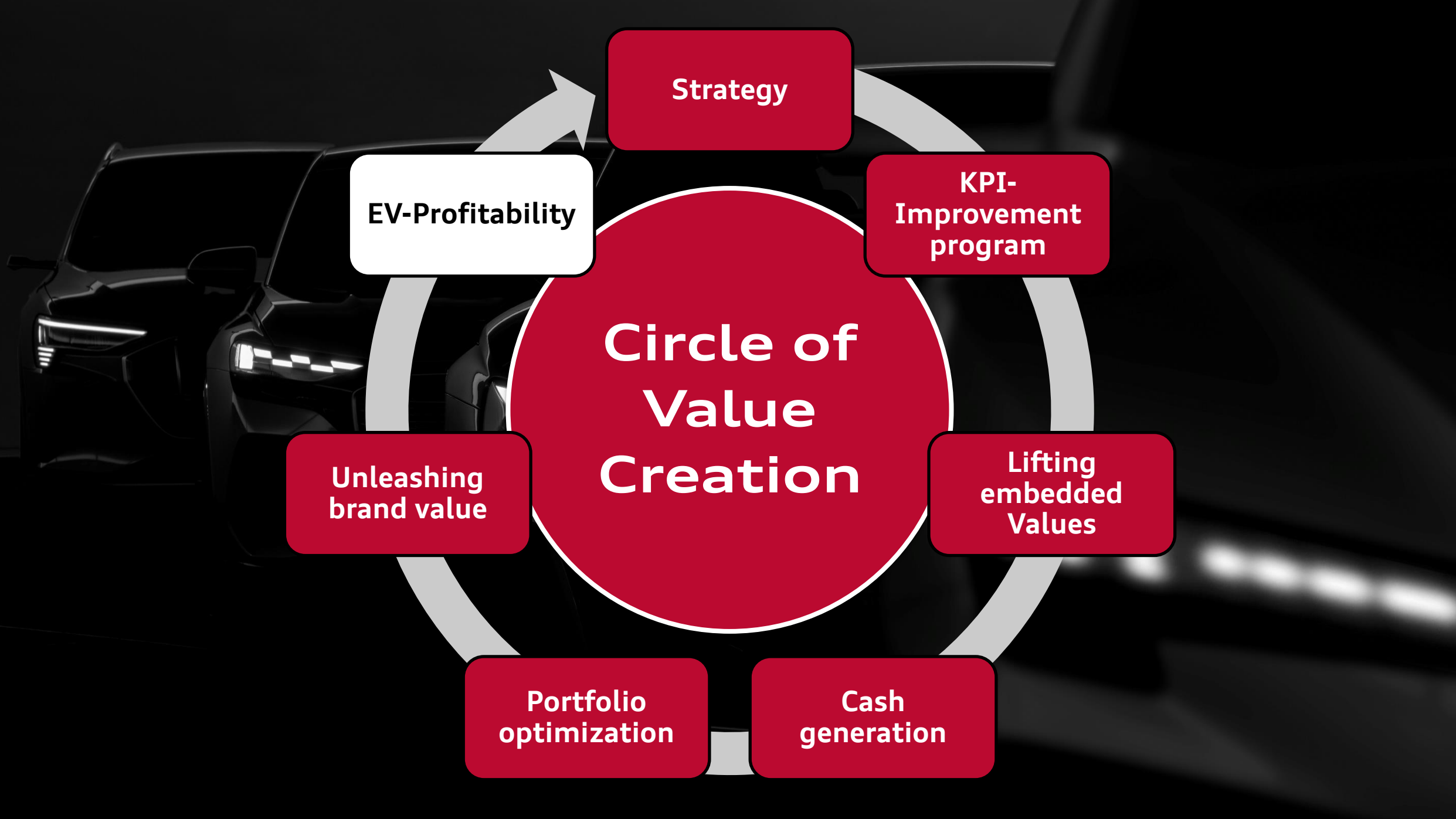
electric mobility as
profitable business
model

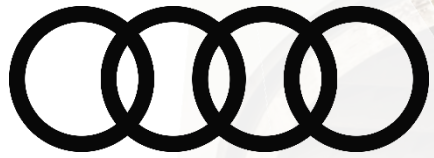


priorities:
business, product
brand



new brand campaign
is backbone
massiv investment





ELECTRIC GOES PROFITABLE

Alexander Seitz

Member of the Board of Management AUDI AG

November 29th, 2019



An ambitious e-roadmap leads audi into the future.



2020ies

FURTHER MEB MODELS

START OF PPE

2018

PRESENTATION OF AUDI E-TRON

2025

~30 ELECTRIFIED MODELS

20 THEREOF BEVs

2020

12 ELECTRIFIED MODELS

5 THEREOF BEV

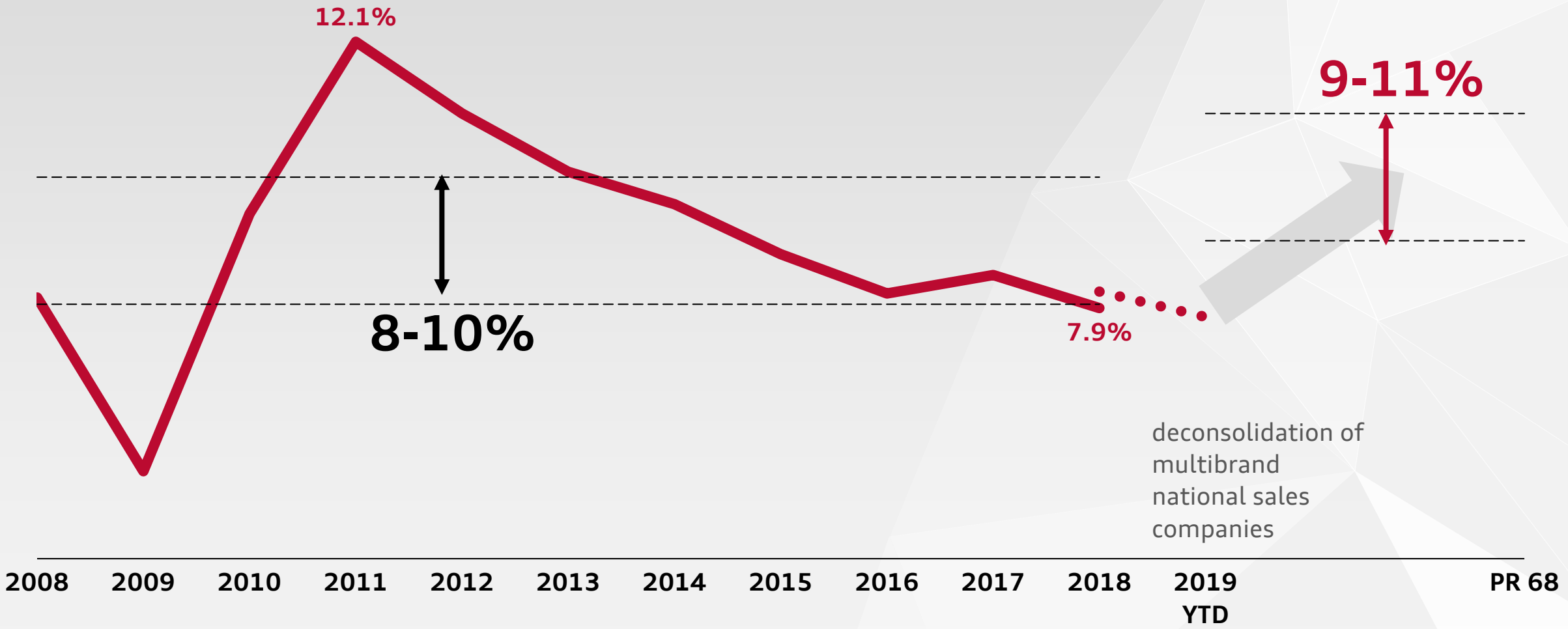
40% of deliveries electrified

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

Electric mobility is not an excuse:

target-margin 9-11%.

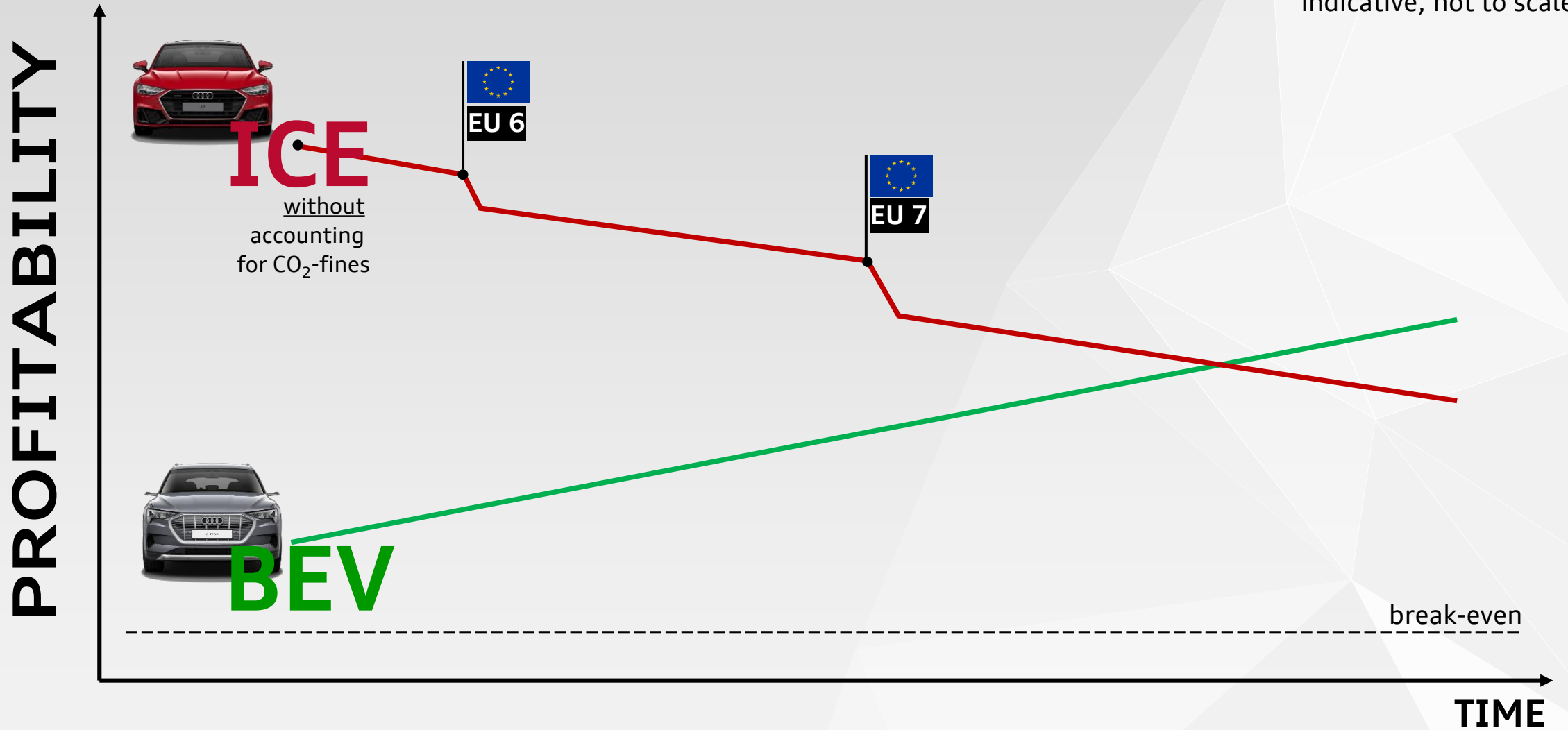
Return on Sales



deconsolidation of
multibrand
national sales
companies

Profitability of electric cars is not yet there.

indicative, not to scale



A lot of work to be done –

we leave no stone unturned.

Profitable E-Mobility

REVENUES

VOLUME

E-MOBILITY ACCEPTANCE

marketing budget focus on e-tron

NEW BUSINESS MODELS

functions on demand

battery recycling

PRICE

PRICE POSITIONING

attractive portfolio

taking incentives into account

COSTS

R&D

SYNERGIES/PLATFORMS

use of architectures (MEB,PPE)

cooperations

reduction of complexity, variants

DESIGN-TO-COST / COP

E-DRIVE TRAIN OPTIMISATION

efficiency improvement

reduction of rare earths content

PROCUREMENT

BATTERY

raw materials (availability, price)

suppliers and capacity

technology

MATERIAL COSTS

PRODUCTION

FACTORY COSTS OPTIMISATION

reduction of engine assembly time

multi-brand-factories

FIXED COSTS

LEAN COMPANY

capacity adjustment

structural costs

organisational structures adjustment

*schematic/simplified depiction;

Group synergies and complexity reduction

drive profitability.

PRODUCT GROUPS

**MULTI-BRAND
FACTORIES**

VARIANTS

COST DISCIPLINE

platforms

bodies

modules

architecture-based
layouts

focus of the product
and technology
portfolio

design-to-cost
(early phase)

carry-over-parts (COP)

fine-tuning of projects



LEARNING CURVE & ECONOMIES OF SCALE

BEV platforms in the VW Group provide enormous potential.

MEB

Modular Electrification Toolkit

Audi Q4 e-tron concept

PPE

Premium Platform Electric

J1

Performance Platform

Audi e-tron GT concept

MLB evo

Audi e-tron

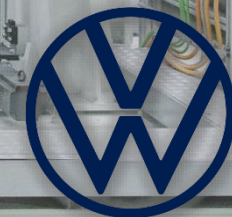


Multi-brand factories utilize production synergies.

ZWICKAU
Q

BEV S

for Q4 e-tron



Electric layout allows to address different segments

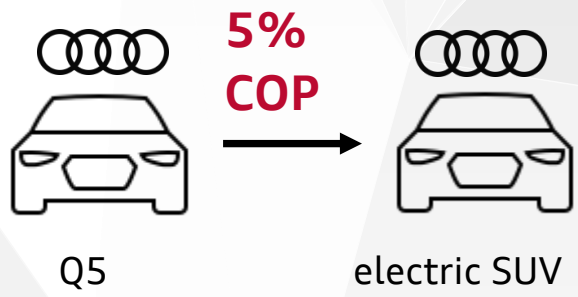
with one product.



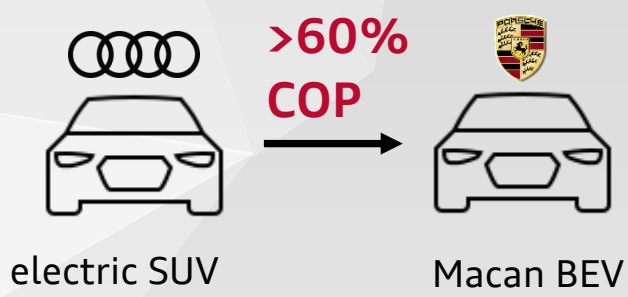
**MORE VOLUME
PER MODEL**

Consistent use of carry-over-parts

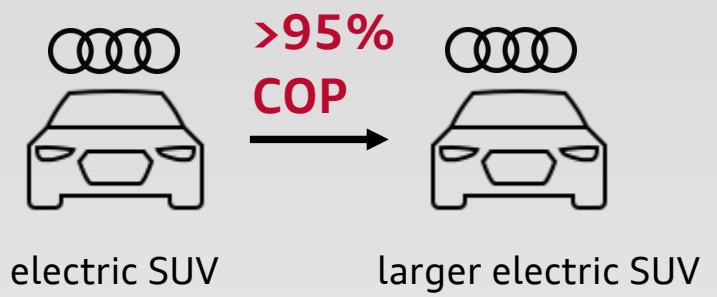
enables cost-effective differentiation.



SYNERGIES IN CURRENT PORTFOLIO



SYNERGIES WITH SISTER BRANDS



SYNERGIES FOR DERIVATIVES

Battery is the major cost factor

RAW MATERIAL PRICES

long-term delivery contracts
hedging

PRODUCTION CAPACITIES

pressure on oligopoly
through VW/Northvolt JV

BATTERY TECHNOLOGY

standardisation of battery
systems in the group/industry
reduction of cell variants
new technology

Investment requirements are high.

FOCUS

&

DISCIPLINE

ARE FUNDAMENTAL

~€12bn

for electric mobility by 2024

Electric mobility drives the transformation

ATP provides stability during the transition phase.

TARGET

15 bn EUR

by the end of 2022

NEW MINDSET

PROFIT-ZONE

before comfort-zone

CONCRETE MEASURES

for **80%**

of the target

Audi.Zukunft ensures long-term competitiveness.

First agreements reached.



ALLOCATION OF MODELS

platform-oriented

Ingolstadt PPE & MQB
Neckarsulm MLB

~€6bn



STRATEGIC PLANT CAPACITY

-25%

**positive impact
on earnings
by 2029**



WORKFORCE ADJUSTMENT

reduction of 9,500 jobs

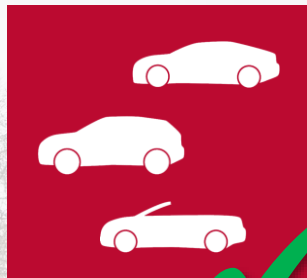
Audi has a clear game plan

to make electric mobility a success.

consistent
use of
architectures



highly
attractive
portfolio



complexity
reduction



multi-brand
factories



advances in
battery
technology
& scale
effects



pricing
power
through
strong brand
positioning



learning
curve & scale
effects



