



Bank of America | EU Autos Virtual Conference

# Steering Audi towards transformation

Dr. Arno Antlitz

September 30<sup>th</sup>, 2020 | 12:00 CEST



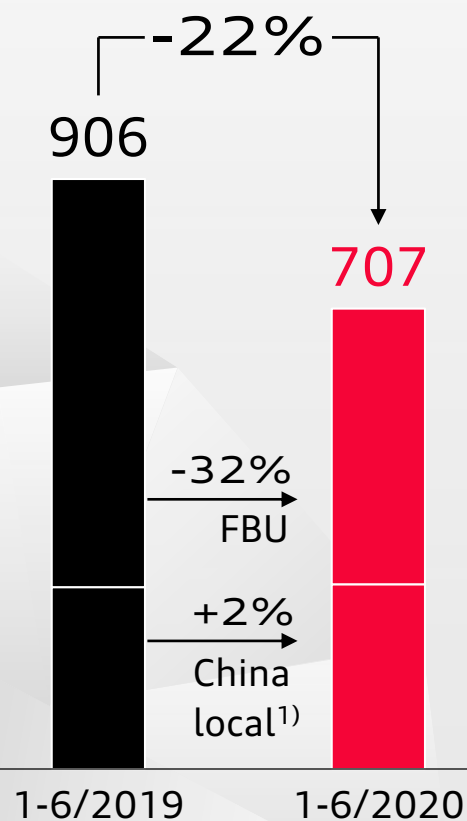
# Disclaimer

The following presentations contain forward-looking statements and information on the business development of the 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, 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 forecasts. The Audi Group currently faces additional risks and uncertainty related to pending claims and investigations in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Audi Group vehicles. The degree to which the Audi Group may be negatively affected by these ongoing claims and investigations remains uncertain. The recent outbreak of COVID-19 (commonly referred to as coronavirus) has negatively impacted and may continue to impact economic and social conditions in some of Audi's primary markets, including China and Europe, as public, private, and government entities implement containment and quarantine measures. The continued spread of COVID-19 may cause shortages of necessary materials and parts from suppliers directly or indirectly affected by the outbreak and may cause operational disruptions and interruptions at Audi's production facilities, leading to significant production downtimes. A negative development relating to ongoing claims or investigations, the continuation of COVID-19, an 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, and trade disputes among major trading partners 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.

# Financial performance in H1 heavily impacted by the Coronavirus pandemic.

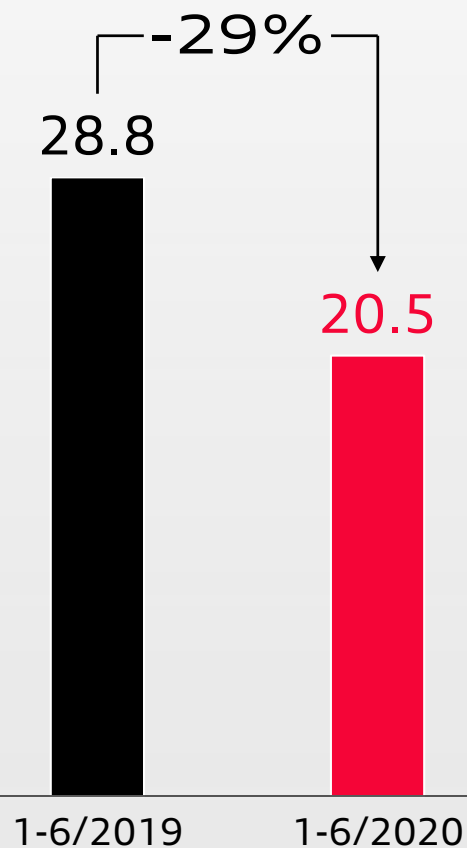
## Deliveries

Audi brand in k units, worldwide



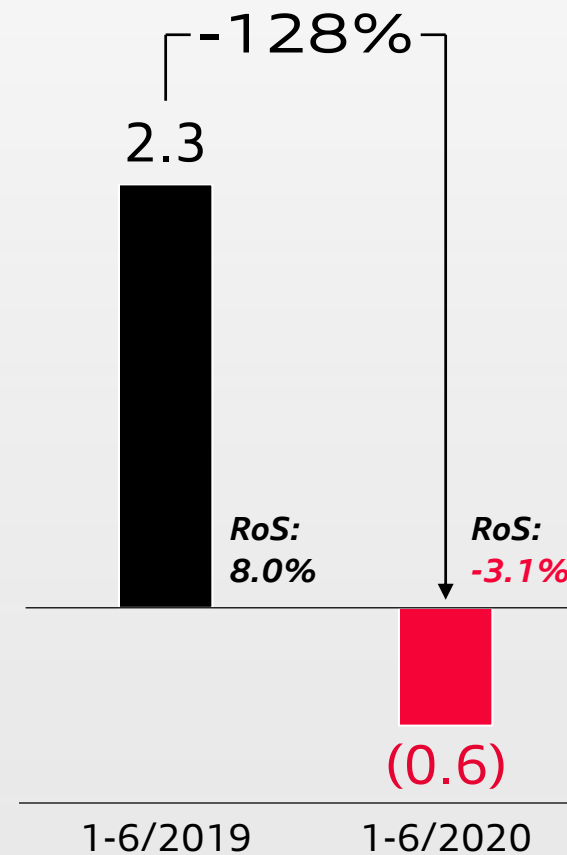
## Revenues

in €bn



## Operating result

before special items, in €bn



<sup>1)</sup> Audi models produced by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China)

Robust liquidity and strong Net Cash Flow due to investment discipline, active inventory management and one-time effects from participations.

## Net Liquidity

in €bn

21.8



December 31,  
2019

19.9



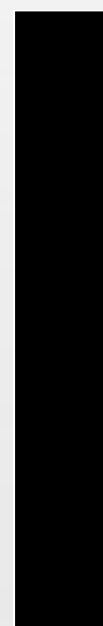
June 30,  
2020

profit  
transfer  
to the  
Volkswagen  
Group:  
- €3.8bn

## Net Cash Flow

in €bn

2.3



1-6/2019

2.0



1-6/2020

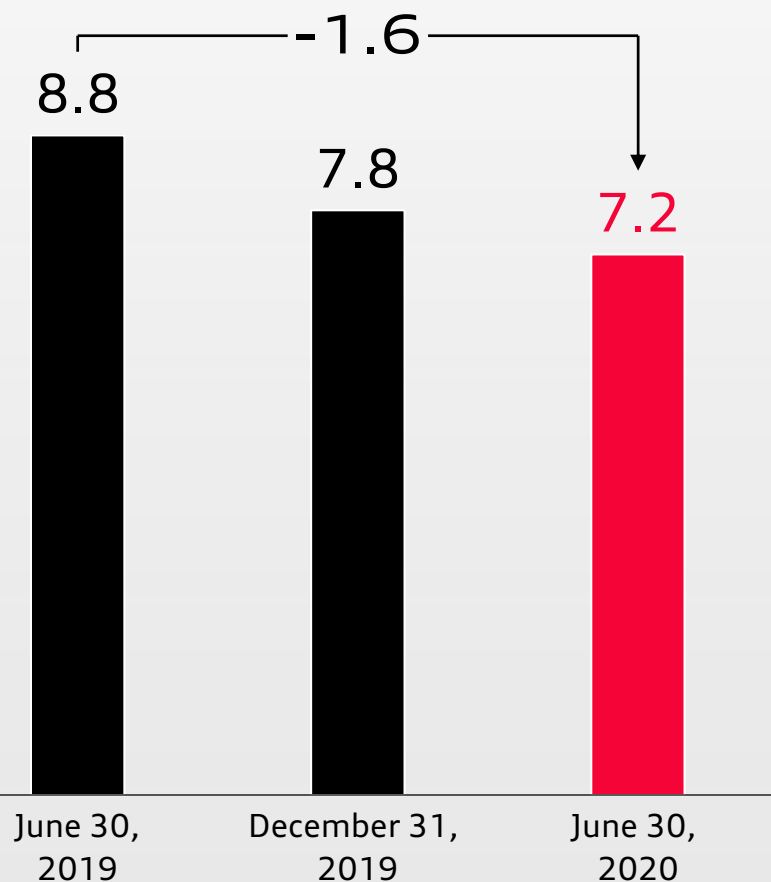
adjustment of  
participations<sup>1)</sup>:  
+ €1.6bn

<sup>1)</sup> mainly Volkswagen Group internal transfers of Autonomous Intelligent Driving GmbH, Audi Electronics Venture GmbH, 4% share in FAW-Volkswagen Automotive Co. Ltd.

Reduced inventories thanks to strict alignment of the production ramp-up with demand recovery enables us to return to pre-pandemic utilization levels in H2.

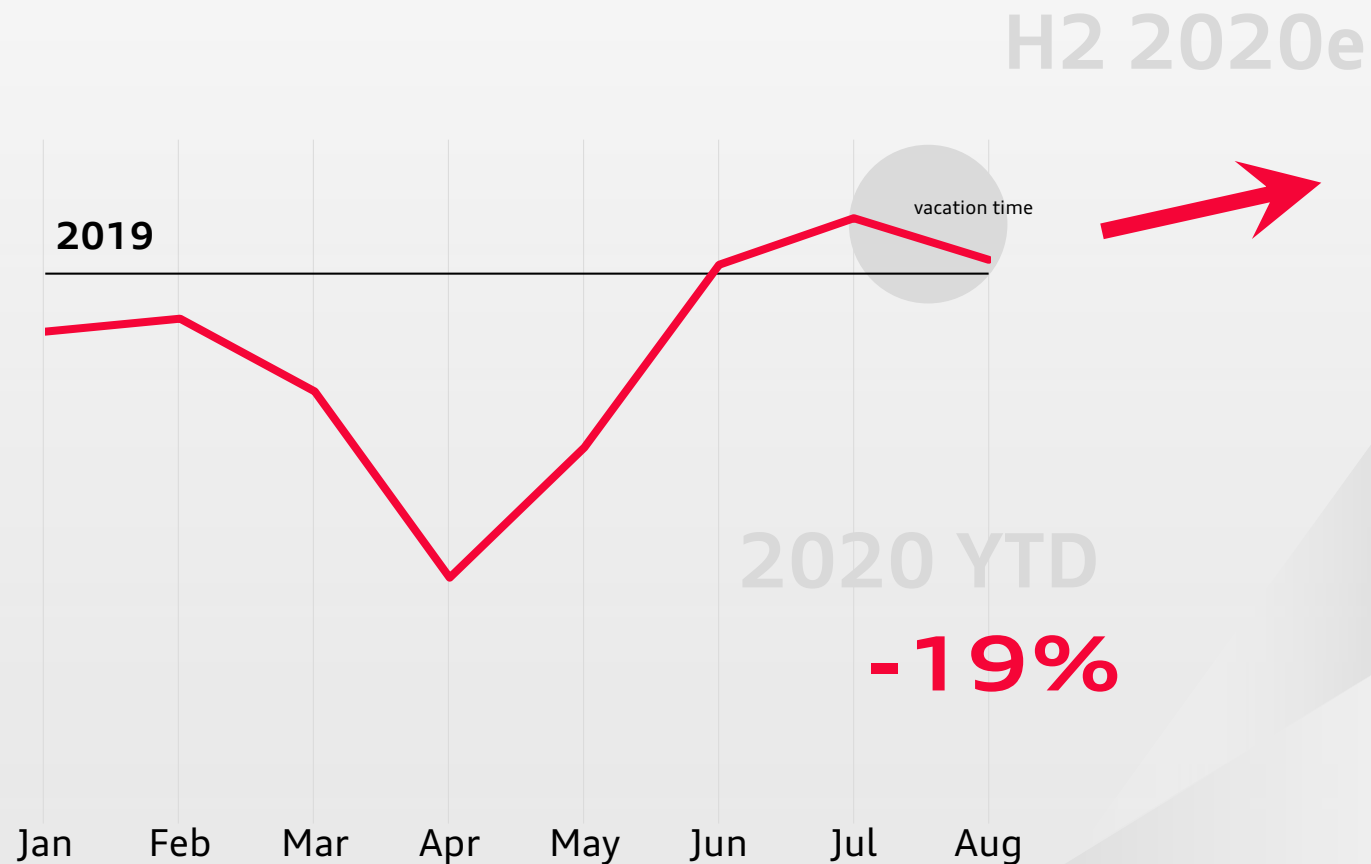
## Inventories

in €bn



## Production

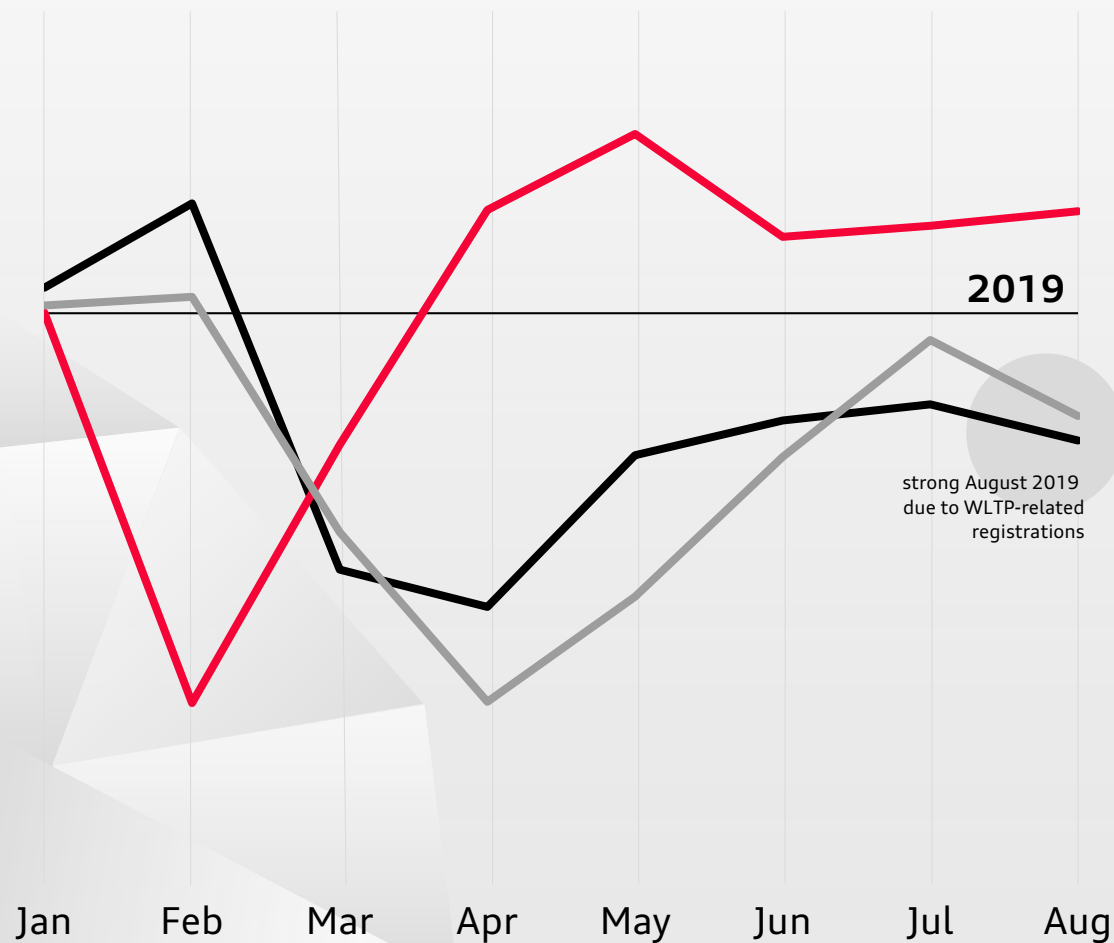
Audi brand, 2020 Δ to 2019 in %



In the second half of 2020 we expect further recovery in the markets with heterogeneous pace across the regions.

## Deliveries to customers

Audi brand, 2020 Δ to 2019 in %



2020 YTD

H2 2020e

**China**

incl. Hong Kong

**+3%**



Europe

**-31%**



USA

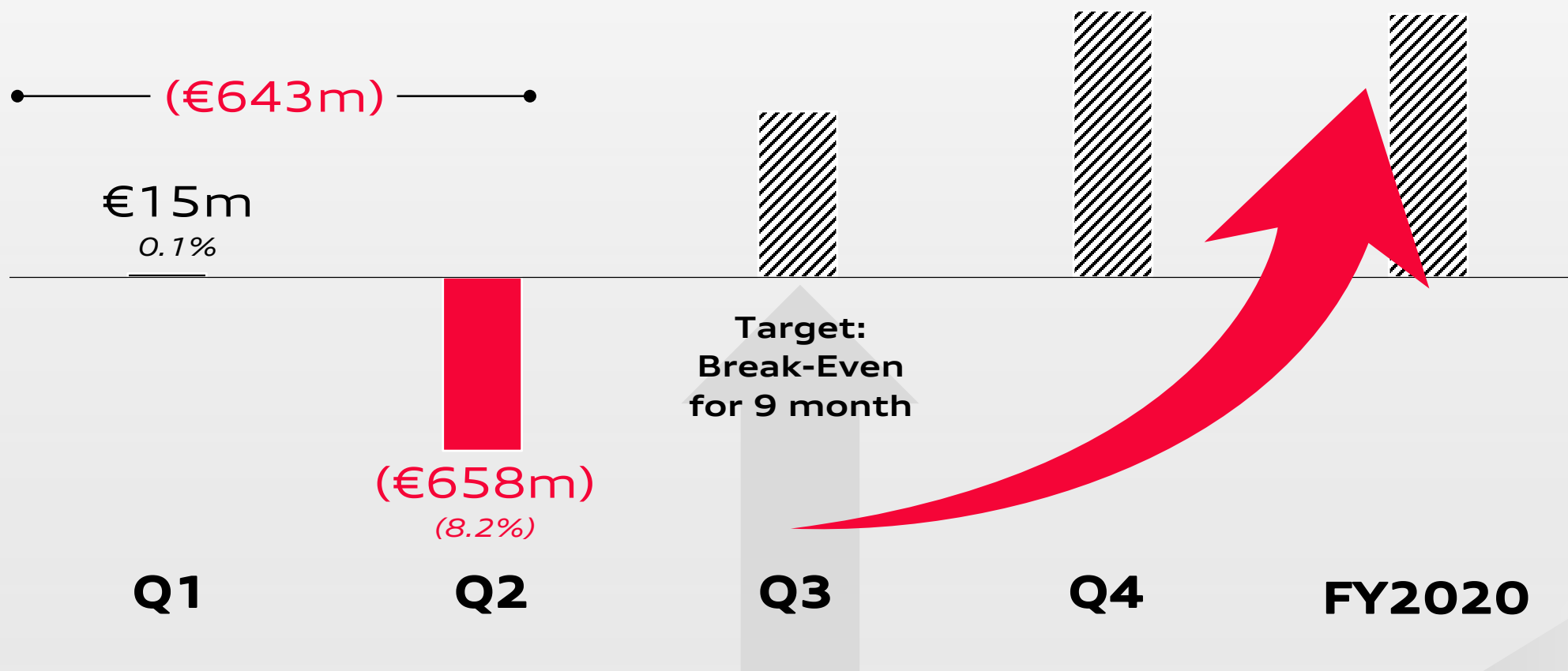
**-24%**



Cautious optimism for H2: Break-even in Q3, clearly “above zero” in the full year.

## Operating result before special items<sup>1)</sup>

in €m, operating return on sales in %



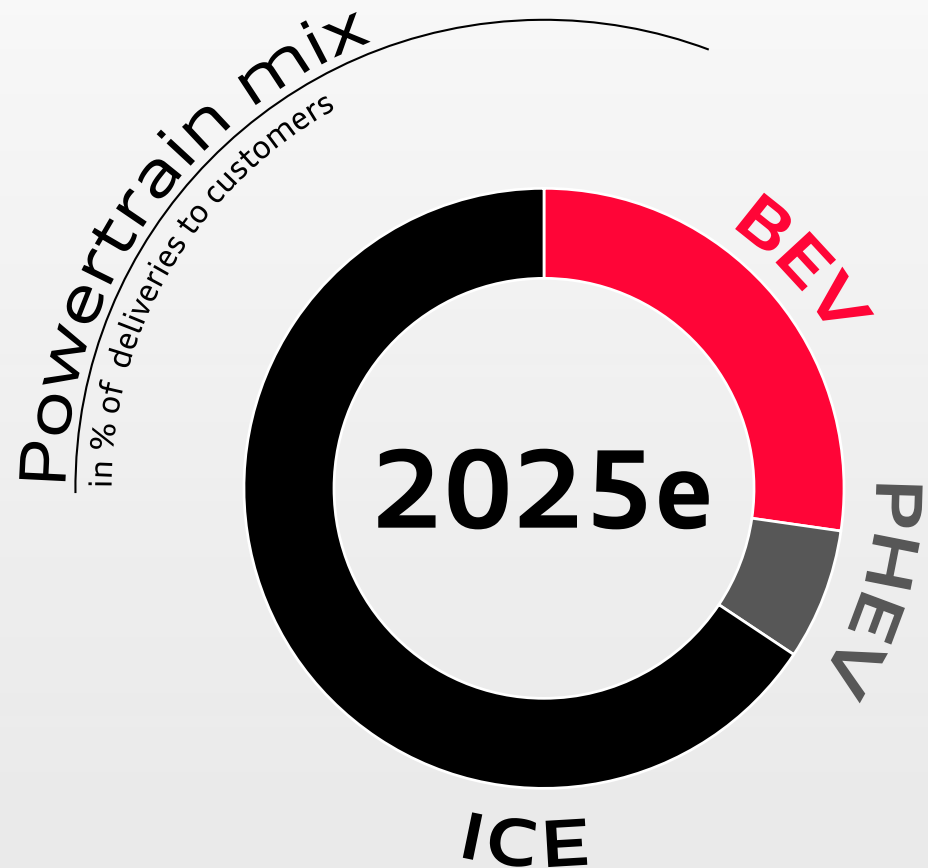
<sup>1)</sup> Special Items in connection with the diesel issue.

Audi has all the tools to make our organization and processes future-proof and power the transformation.

- 
- **product transformation**
  - **synergies**
  - **digitalization**
  - **brand**
  - **cost structure & efficiency**
  - **integrity & values**



**Product transformation:** strong growth in NEV share with ICE continuing to make up substantial share of the mix for the foreseeable future.




# Synergies: Shared platforms enable us to sufficiently scale BEV and ICE architectures - for uncompromising product design for different technologies.

**MQB**     
Modular transverse matrix

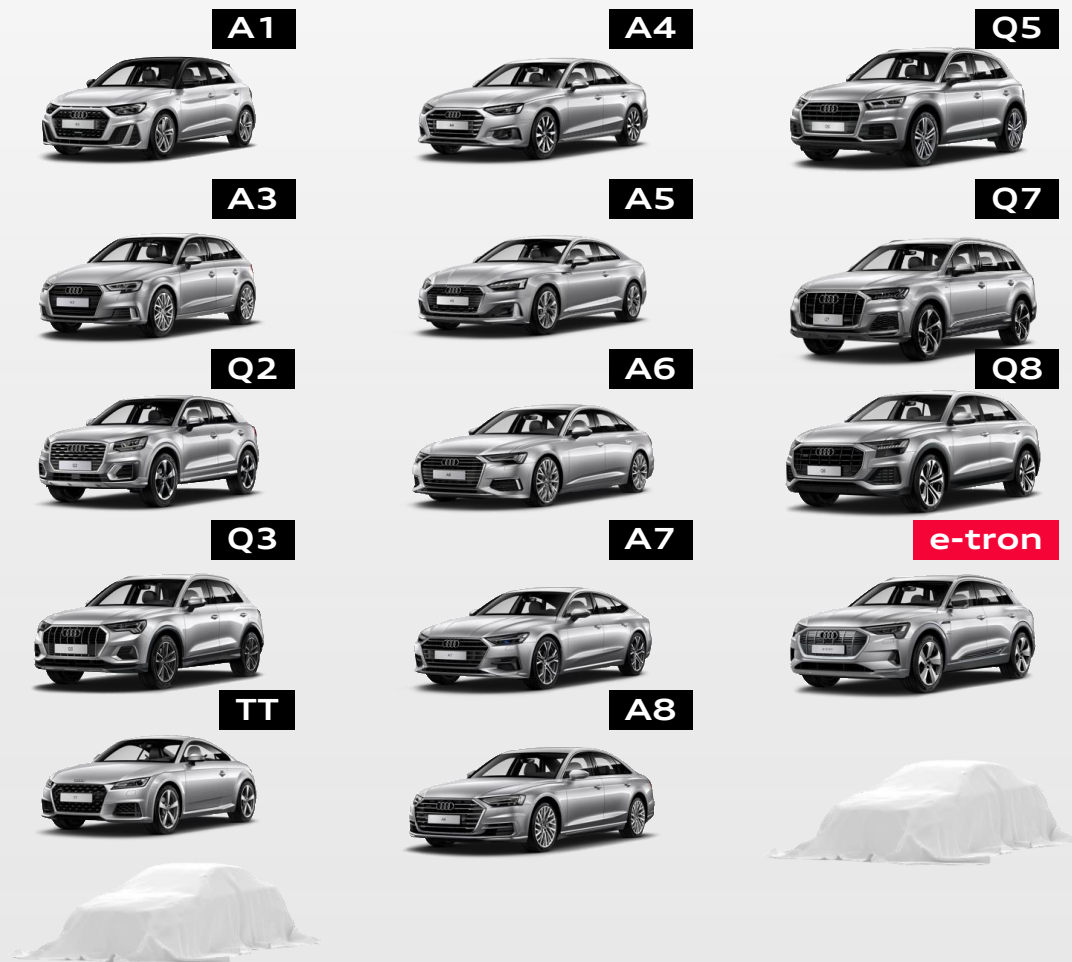
**MLBevo**     
Modular longitudinal matrix

**J1** 

**MEB**    
Modular electric drive matrix

**PPE**   
Premium platform electric

dedicated BEV Platforms<sup>1)</sup>

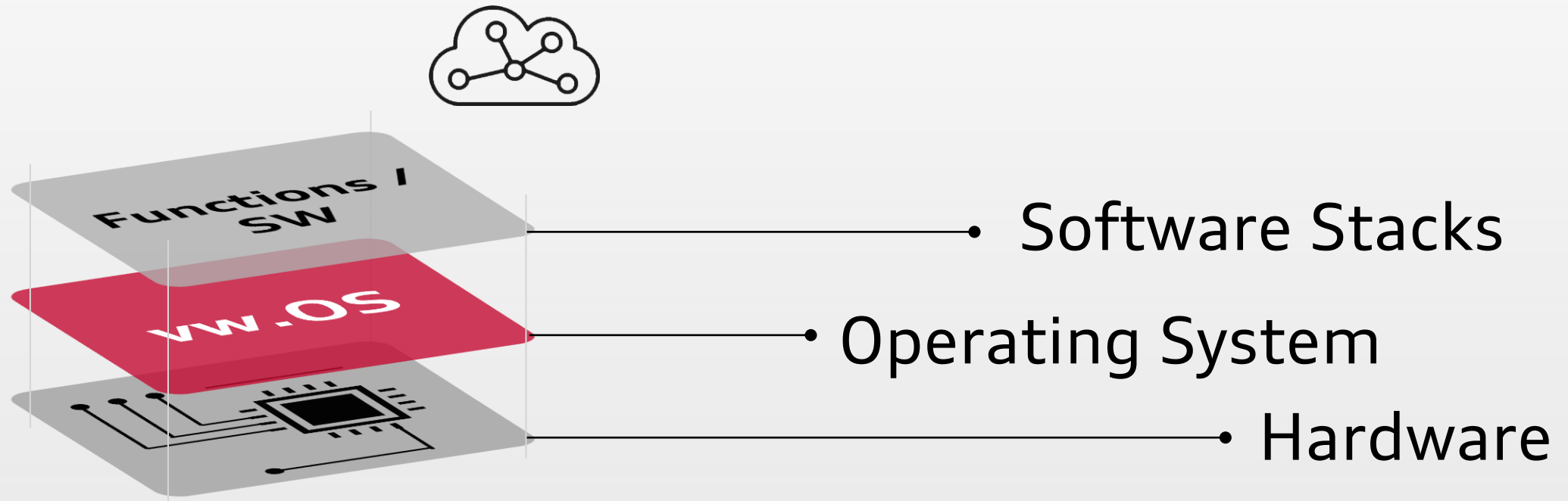


**~ 20m** units  
over all VW group brands  
by 2029

**~ 6m** units  
over all VW group brands  
by 2029

1) visualisation not indicative of the number of planned models

**Digitalization:** Car.Software organization – own software stack will be the enabler to differentiate within automotive industry at a cost-competitive level.



Customer-focused product portfolio, a strong brand and good housekeeping are the basis for sustainable profitability.

- 
- **product transformation**
  - **synergies**
  - **digitalization**
  - **brand**
  - **cost structure & efficiency**
  - **integrity & values**



