



Audi Investor Relations

# Insight

December 7, 2020 | 13:30 CEST



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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, pound 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.





Audi Investor Relations

# Insight

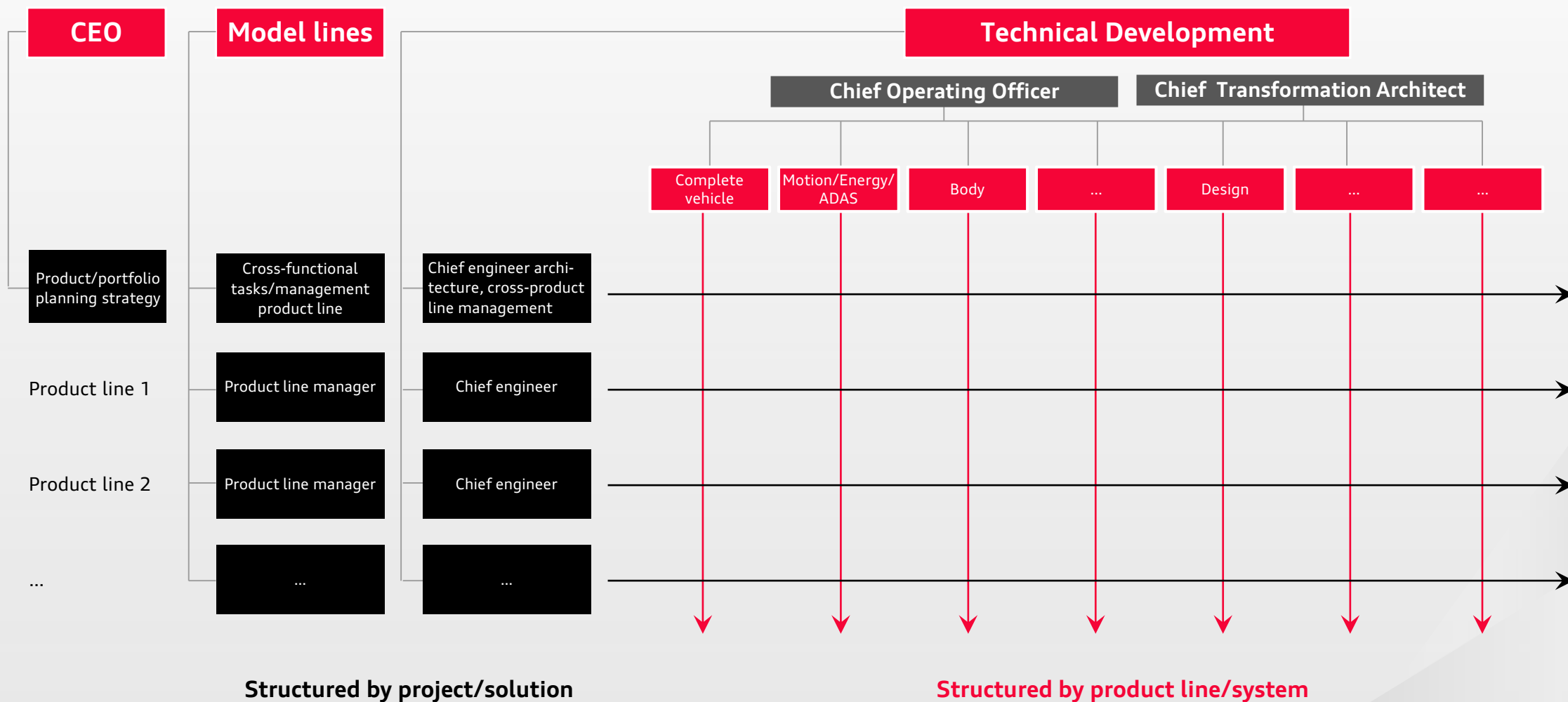
## Markus Duesmann

CEO

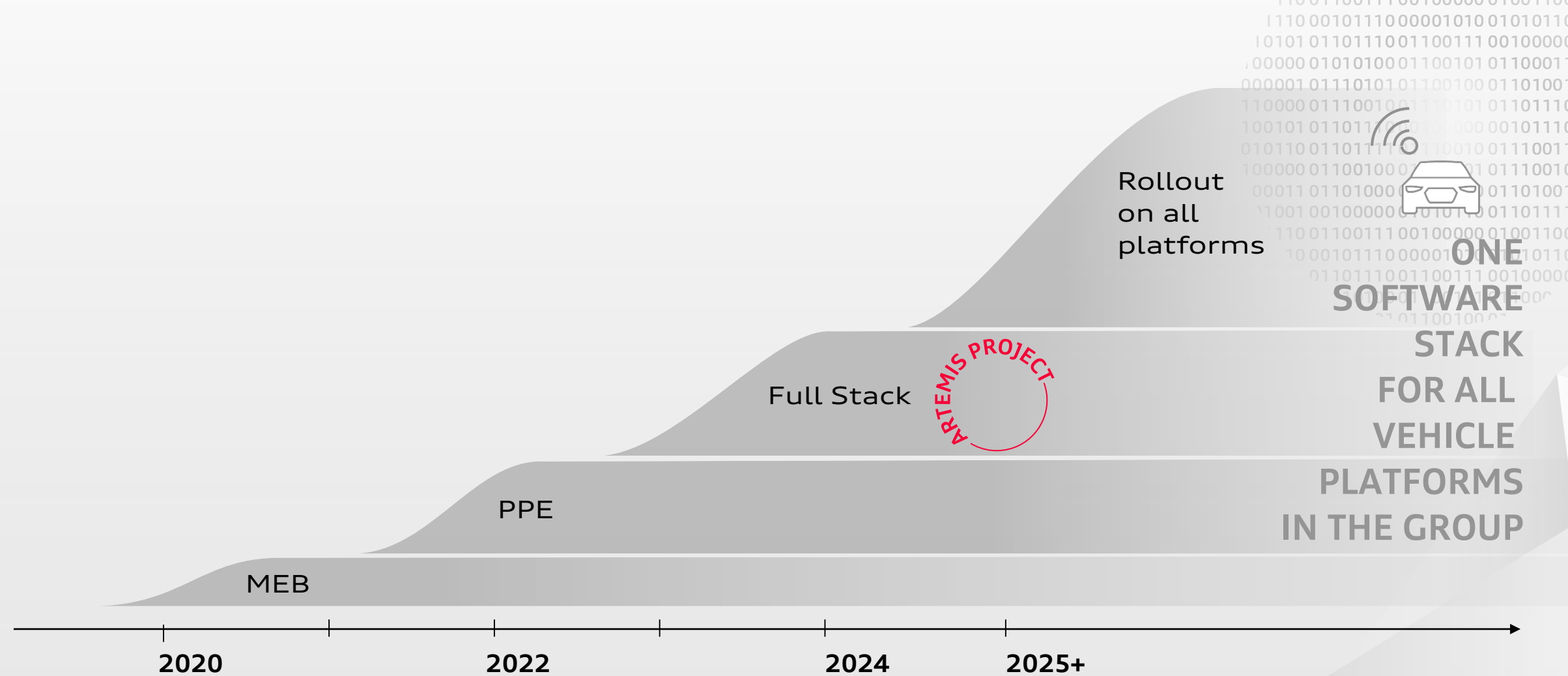
December 7, 2020

| 13:30 CEST

# Matrix structure enables efficient, delivery-oriented development processes.



# car.Software Organisation lifts use of synergies to a new level.





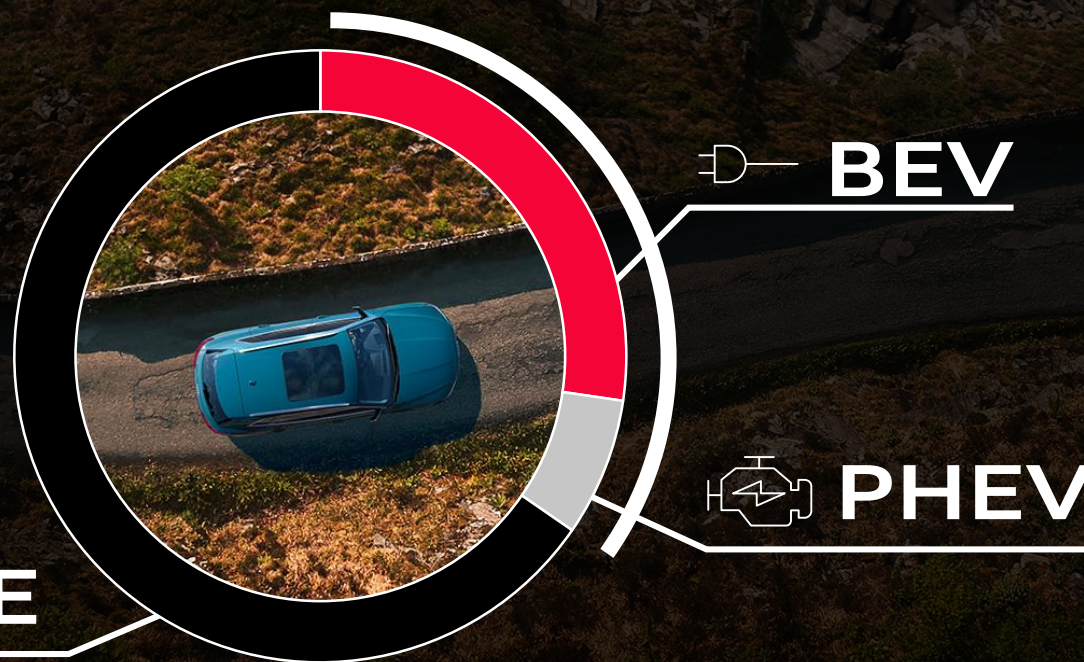
Balanced portfolio is key — “best in class“ for both BEV and ICE.

# 2025

## mix by powertrain<sup>1)</sup>

 **ICE**

NEV share<sup>1)</sup>  
~1/3



 **BEV**

 **PHEV**

<sup>1)</sup> target, as share of customer deliveries





# Audi e-tron GT

prototype





Audi Investor Relations

**Insight**

**Dr. Arno Antlitz**

CFO

December 7, 2020

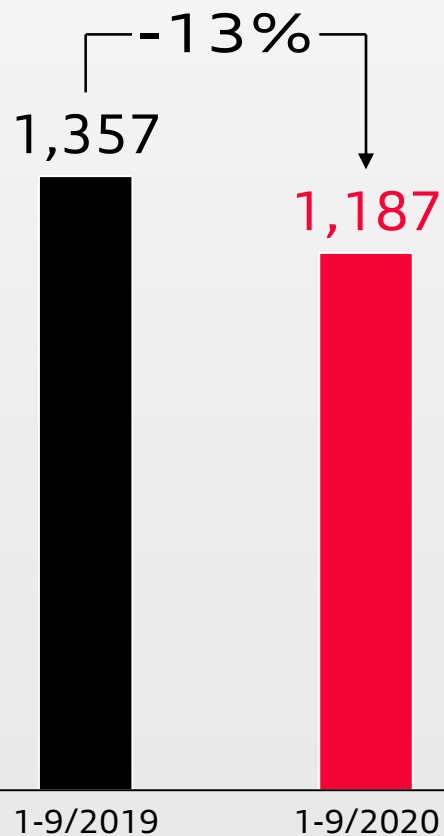
| 13:30 CEST



2020 YTD shaped by Covid-19: deliveries declined, resulting in revenue drop. Operating result additionally burdened by valuation effects.

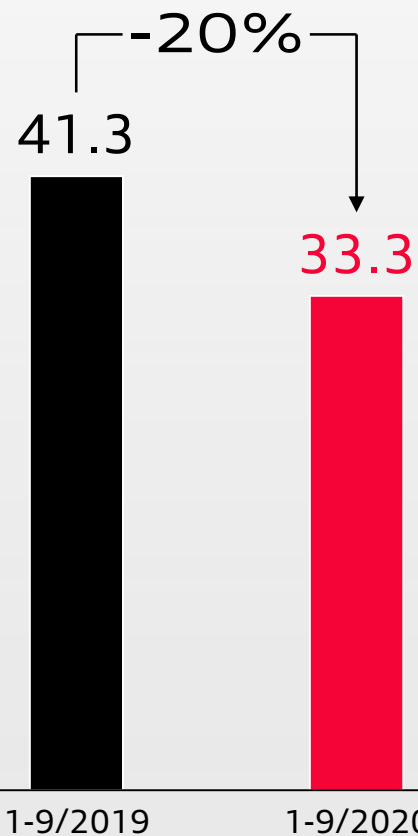
## Deliveries to customers

Audi brand, in k units



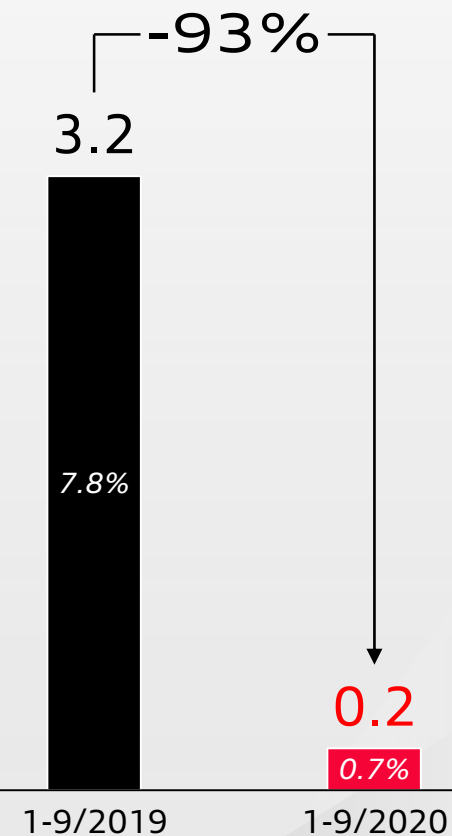
## Revenues

Audi Group, in €bn



## Operating result

Audi Group, before special items<sup>1)</sup>, in €bn

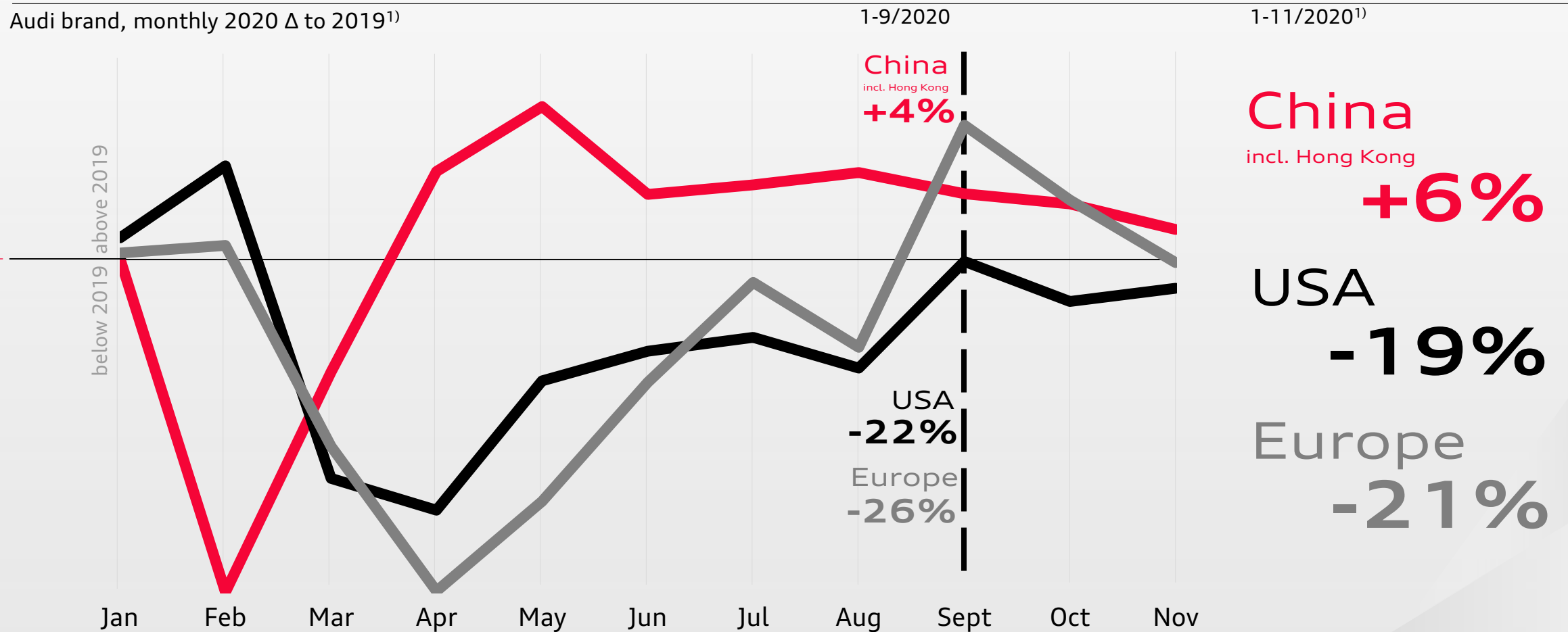


<sup>1)</sup> diesel-related special items

All world regions have recovered since the lockdown: China with the fastest recovery followed by Europe – the U.S. hit the previous year’s level in September.

## Deliveries to customers

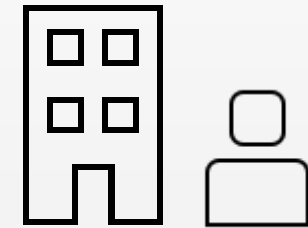
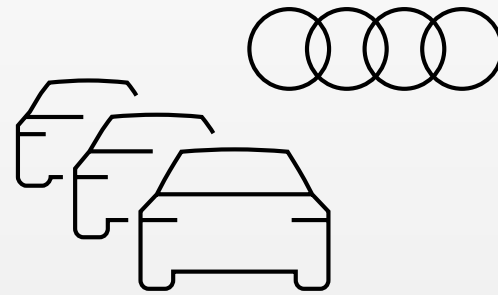
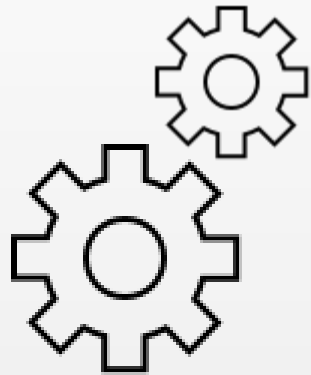
Audi brand, monthly 2020 Δ to 2019<sup>1)</sup>



<sup>1)</sup> November figures preliminary



We are working together with our suppliers and dealers to limit the impact of the second Covid-19 wave on our operations.



## Suppliers

## Audi production

## Dealers & customers

Supplier network remains intact

Currently minor problems at suppliers in Eastern Europe, Germany and Mexico

All production sites running

Strict hygiene measures

Focus on the health of our employees

Restrictions especially in Europe

Home delivery in all core markets with complete lockdown

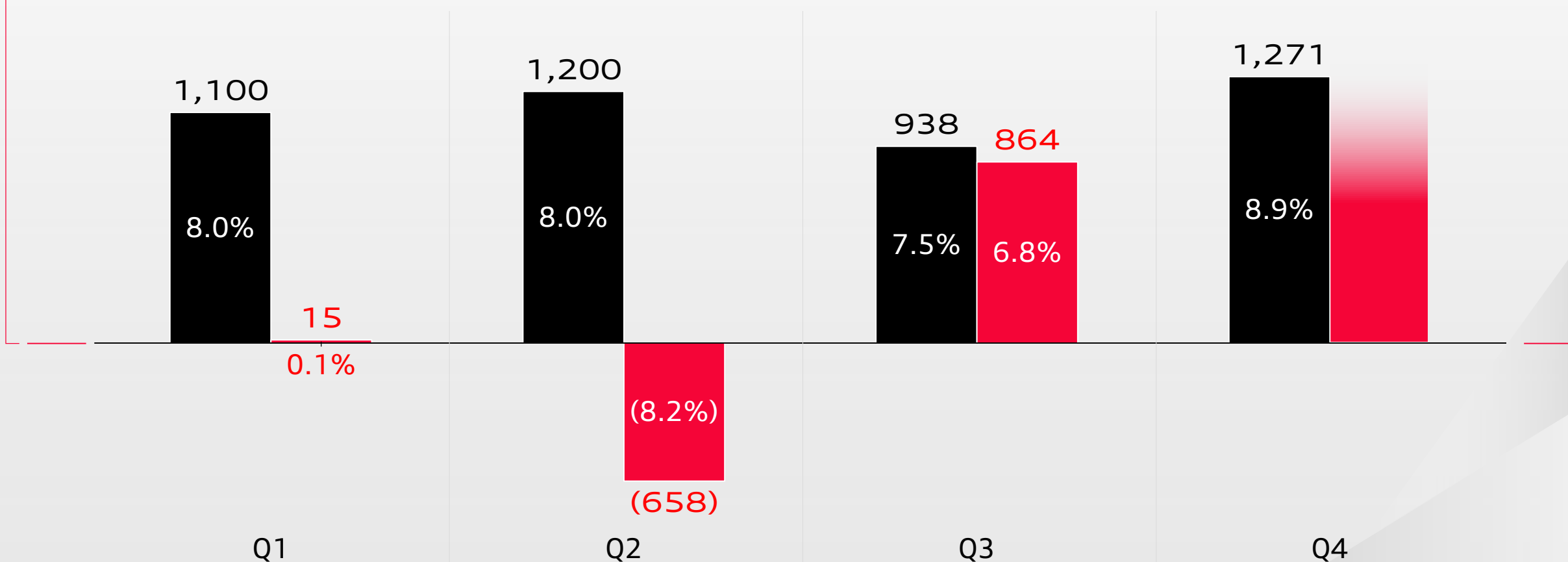
Focus on digital sales initiatives

Volatile developments in the markets reflected in the operating result. Should recovery continue in Q4, performance could be on prior-year level.

## Operating result

Audi Group, before special items<sup>1)</sup>, in €m; operating return on sales in %

■ 2019 ■ 2020



<sup>1)</sup> diesel-related special items



## Updated guidance FY 2020: Net Cash Flow now above prior year level. Operating Result still expected significantly below prior year, but clearly positive.



### Deliveries to Customers

Audi brand, in k units

1,846

2019

significantly below  
prior year level

**2020**



### Revenues

Audi Group, in €bn

€55.7bn

2019

significantly below  
prior year level

**2020**



### Return on Sales

Audi Group, operating, before special items<sup>1)</sup>, in %

8.1%

2019

substantially below prior  
year, but clearly positive

**2020**



### Capex ratio

Audi Group, in %

4.9%

2019

significantly below  
prior year level

**2020**

despite significantly  
lower revenues



### R&D ratio

Audi Group, in %

7.9%

2019

below prior year level

**2020**

despite significantly  
lower revenues



### Net Cash Flow

Audi Group, in €bn

€3.2bn

2019

above prior year level<sup>3)</sup>

**2020**

update

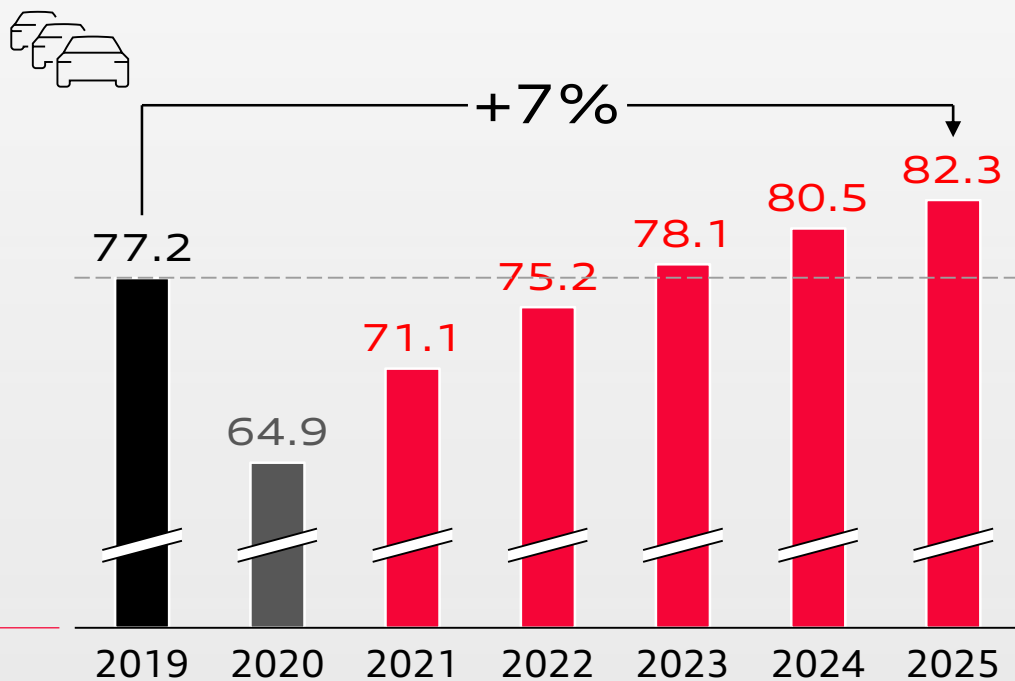
<sup>1)</sup> before diesel-related special items; <sup>2)</sup> 2018 figures adjusted for deconsolidation of multi-brand national sales companies for comparability;

<sup>3)</sup> including VW-Group internal transfer of participations in H1 2020, amounting to ~ €1.5bn;

In the upcoming years premium automotive market is expected to grow faster than overall market – Audi intends to increase the market share.

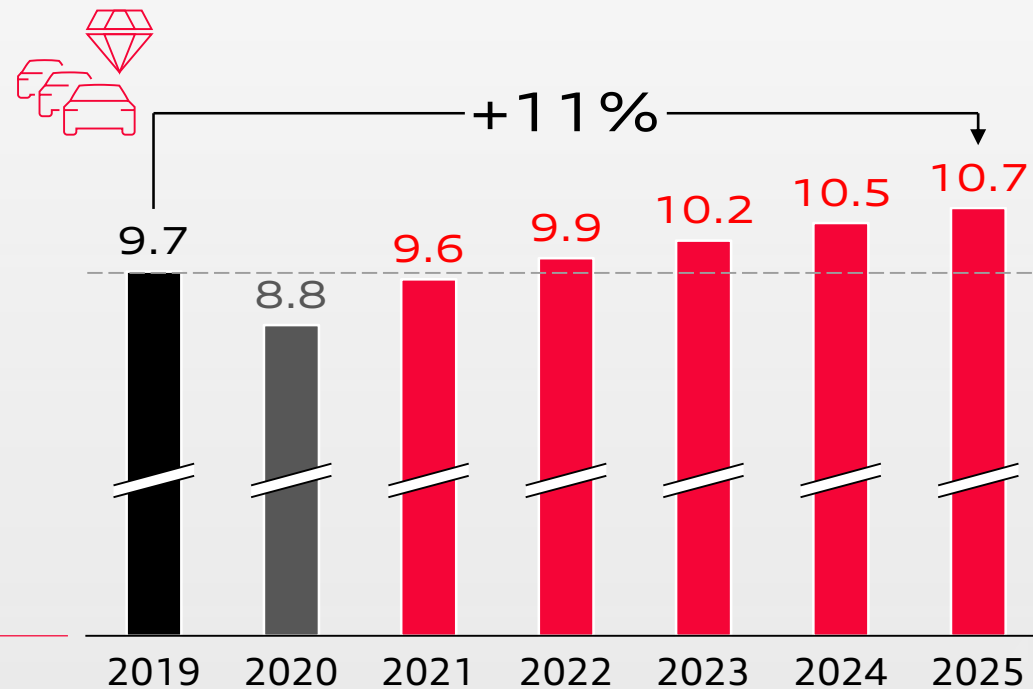
## Automotive market

Worldwide, in m units<sup>1)</sup>



## Premium automotive market

Worldwide, in m units<sup>1)</sup>



**Ambitious Target  
Increase Audi Market Share**

<sup>1)</sup> Source: IHS Markit Light Vehicle Forecast as of 11/2020

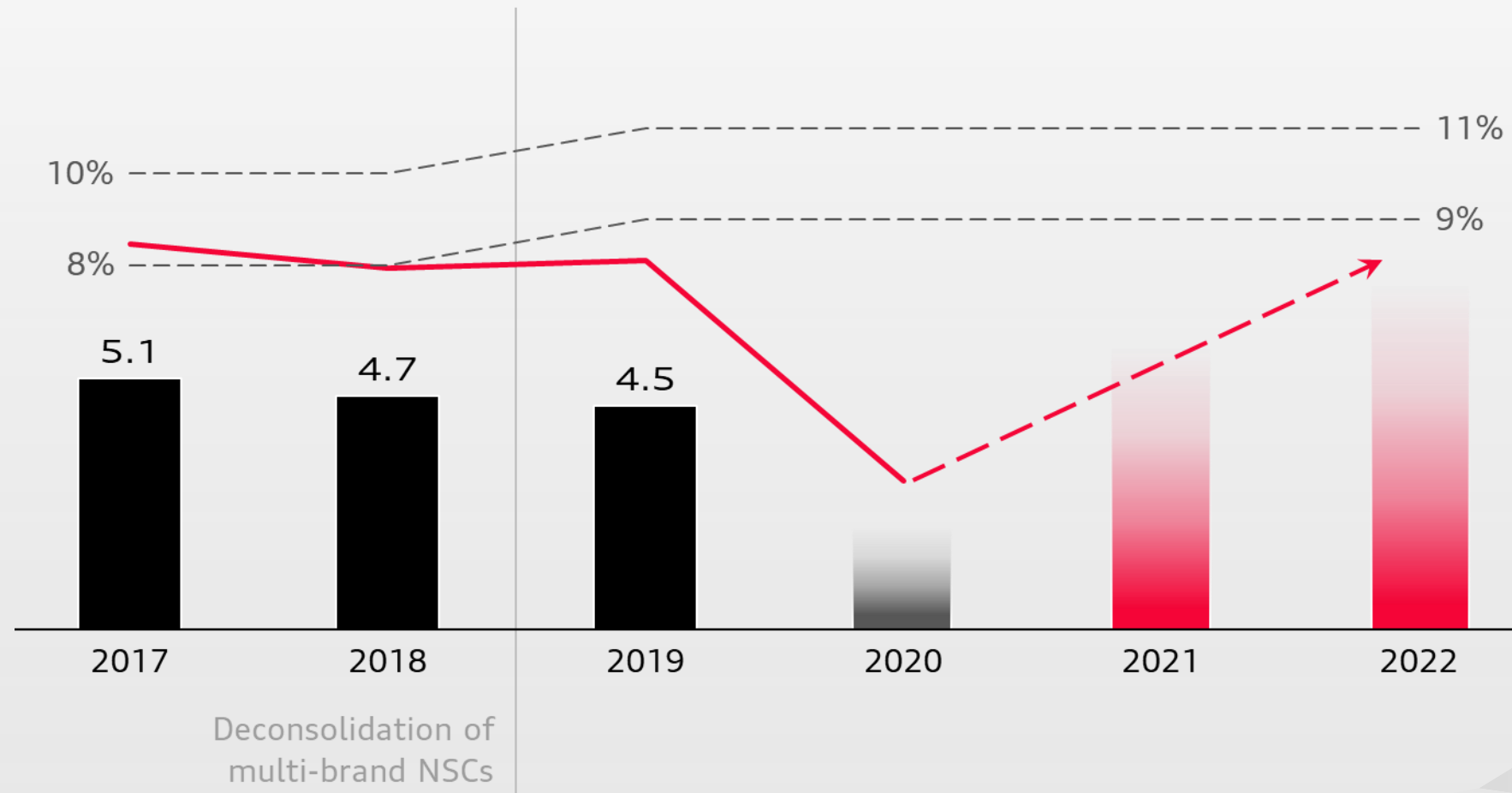


Attractive product portfolio and strict cost discipline drive ambitions for post-coronavirus recovery.

## Operating result, operating return on sales

Audi Group, before special items<sup>1)</sup>, in €bn / %

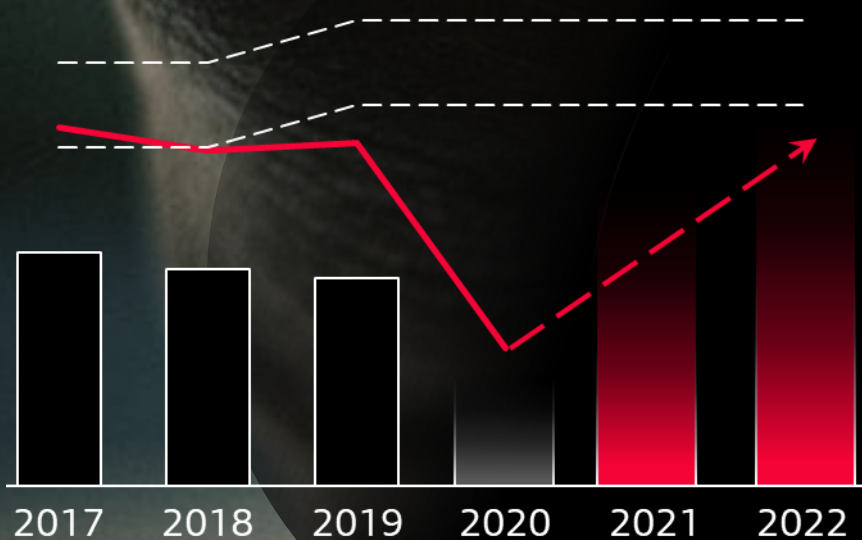
■ Operating result — Operating return on sales



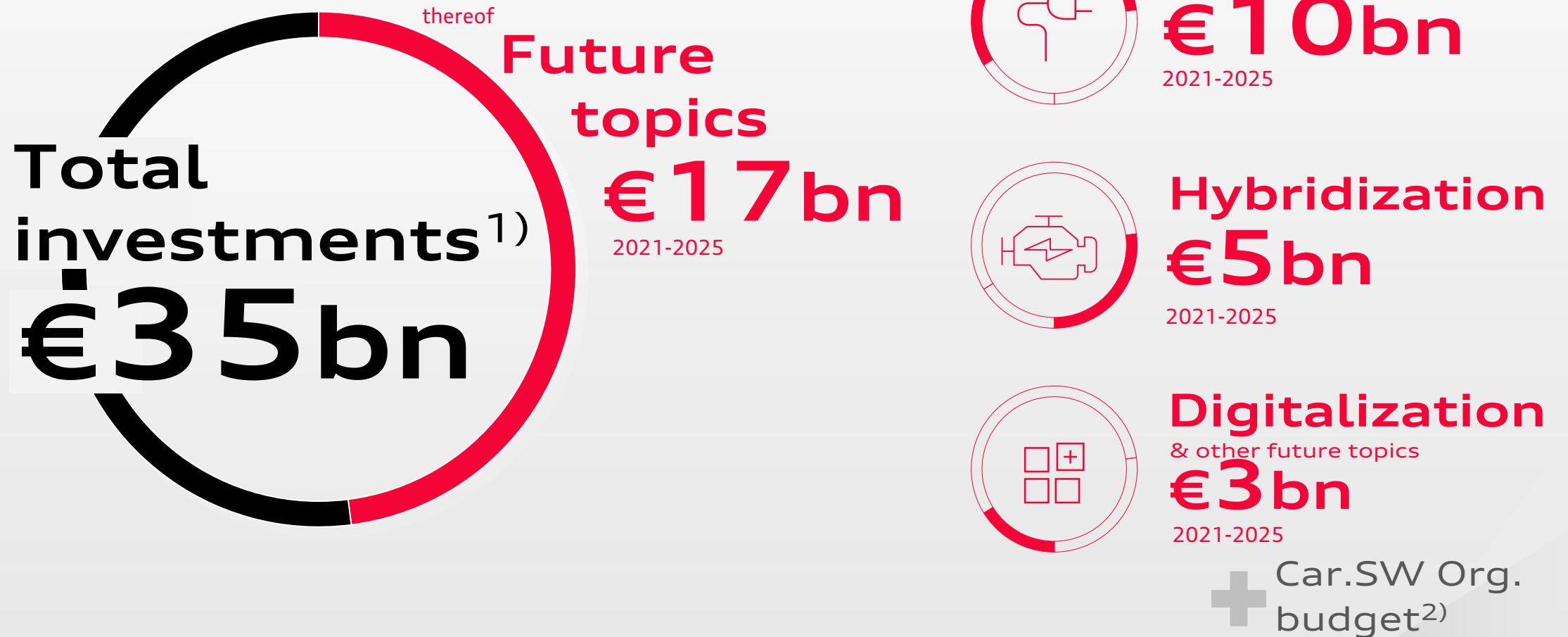
<sup>1)</sup> mainly diesel-related special items

CFO Agenda: in order to achieve ambitious targets during the transformation, we engage all levers.

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



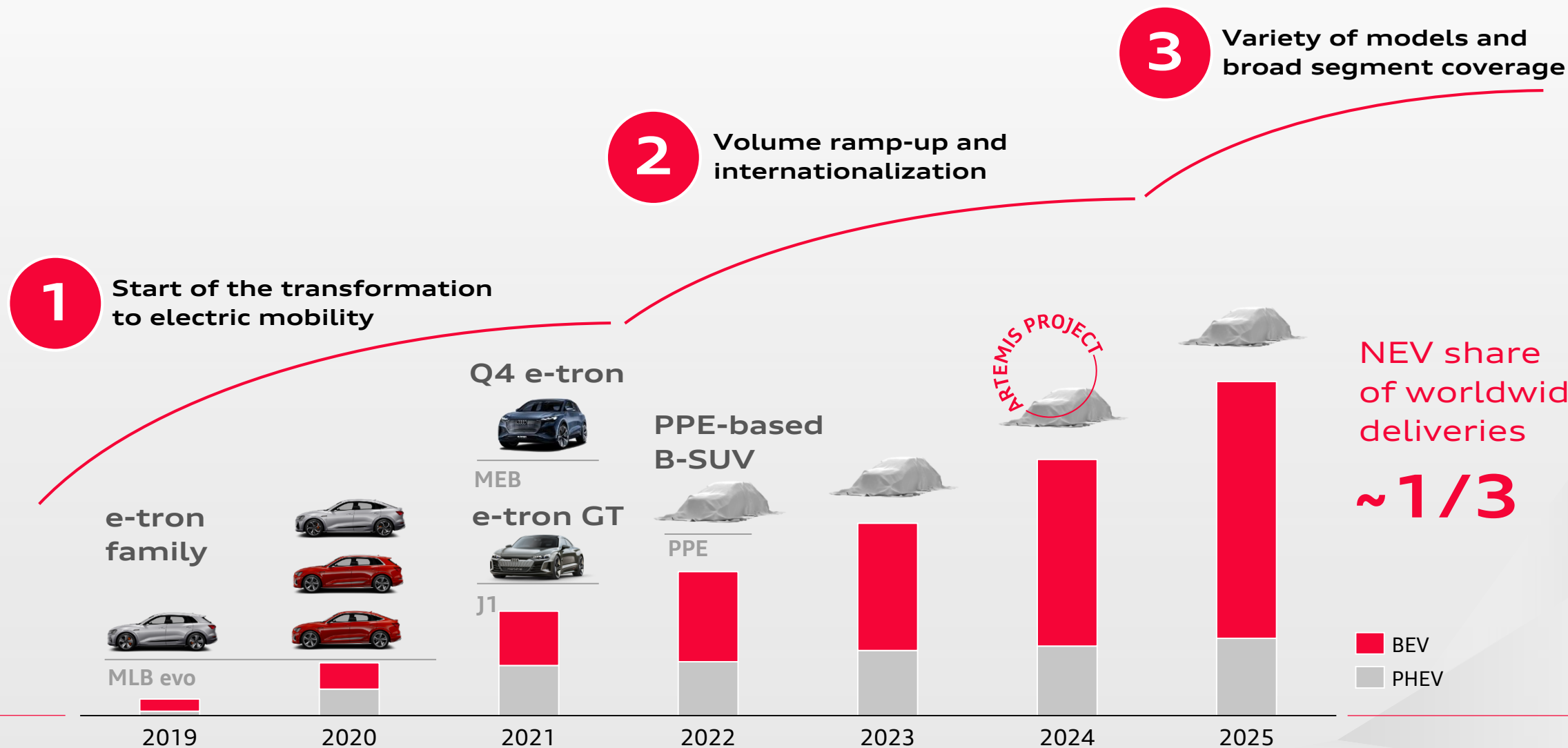
Product transformation supported by substantial investments in R&D and Capex – almost half of €35bn investment reserved for future topics.



<sup>1)</sup> All figures rounded to the nearest billion; discrepancies may arise when figures are added together individually; <sup>2)</sup> Not included in Audi figures, budgeted on Group level

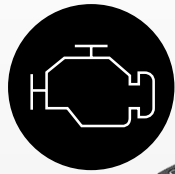


BEV roadmap well on track with market introduction of MEB-based Q4 e-tron family and e-tron GT in 2021, followed by PPE-based cars from 2022 onwards.



<sup>1)</sup>2021-2025 targets

# The margin gap between ICE and BEV is closing.



## ICE



Tightening CO<sub>2</sub>/  
emissions regulations (e.g. EU7)



Tax disadvantages

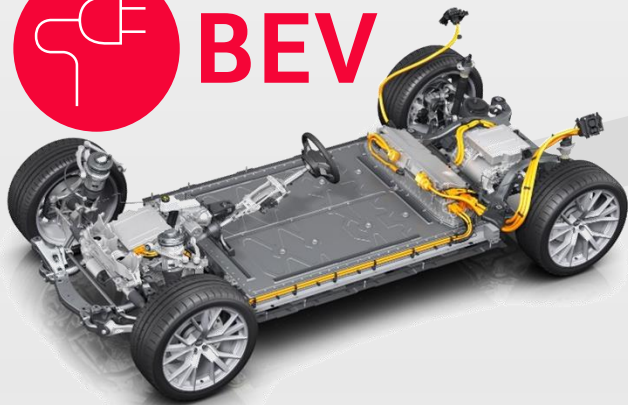


margin

effective  
**margin gap**  
to close within  
2-3 years



## BEV



Lower R&D thanks to shared  
platform and group synergies



Battery cost savings



Increasing economies of scale



Lower factory costs thanks  
to multi-brand factories



margin

We are the only premium manufacturer to benefit from synergies on a high scale in hardware and software.

# Hardware

# Software



## ICE-platforms

### MQB



### MLB



## BEV-platforms

### MEB

# ~19m

vehicles by 2030<sup>1)</sup>



### PPE

# ~7m

vehicles by 2030<sup>1),2)</sup>



## car.SW Org

ONE  
SOFTWARE  
STACK  
FOR ALL  
VEHICLE  
PLATFORMS  
IN THE GROUP

<sup>1)</sup> Across all brands of the VW Group; <sup>2)</sup> Includes small number of fully electric vehicles based on other platforms.



Consistent implementation of Audi Transformation Plan and Audi.Zukunft contributes to cost base optimization.

## Audi Transformation Plan

# €15bn

cumulative contribution by 2022

## Audi.Zukunft

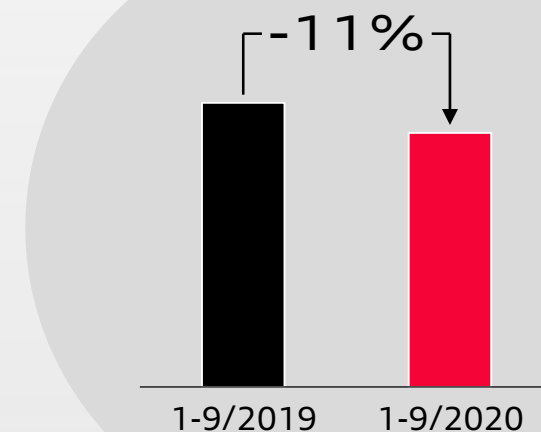
# €6bn

cumulative contribution by 2029

- platform-based plant allocation
- capacity reduction in German plants
- headcount reduction of 9-9.5k by 2025
- up to 2k new jobs in innovation areas

### Fixed-cost reduction delivered in 2020.

in €bn, change in %



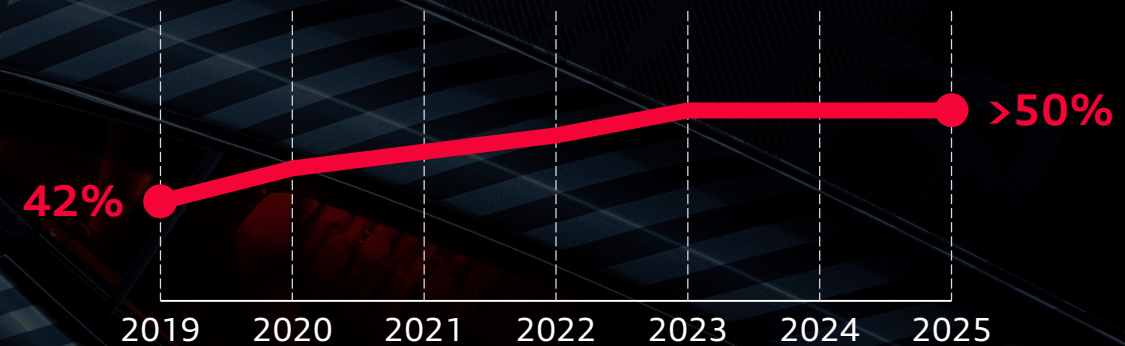
Strengthening our brand enables growth in highly attractive segments: by 2025 SUVs will make up over 50% of deliveries, around 30% deliveries in C/D segment.

1. Focus on relevant customer needs of our target segments
2. Consistent decision making in line with our brand essence “Living Progress”
3. Investment in core pricing levers product & communication
4. Consistent narrative in all markets & regions
5. High-quality brand appearance in all central touch points (digital, dealers, etc.)

→ increase in pricing power

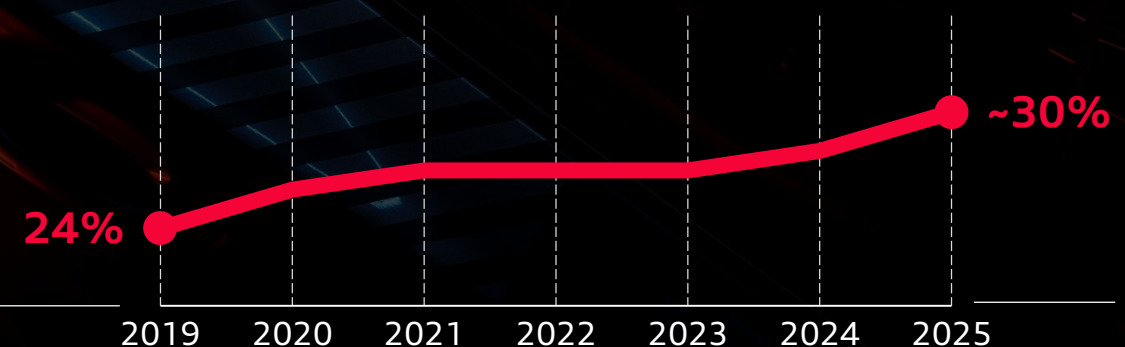
## SUV share

in % of deliveries to customers



## C/D share

in % of deliveries to customers





Together4Integrity-framework continues to shape our value-driven actions.





We strive to reach our strategic target corridor for Operating Return on Sales of 9-11% in 2022.

		ambitious targets	ambitious targets
 <b>Return on sales</b> Audi Group, operating, before special items <sup>1)</sup> , in %	8.1% 2019	<b>9–11%</b> 2022	<b>9–11%</b> 2025
 <b>Capex ratio</b> Audi Group, in %	4.9% 2019	<b>4–5%</b> 2022	<b>5–6%</b> 2025
 <b>R&amp;D ratio</b> Audi Group, in %	7.9% 2019	<b>6–7%</b> 2022	<b>5–6%</b> 2025
 <b>Net cash flow</b> Audi Group, in €bn	€3.2bn 2019	<b>&gt;€3bn</b> 2022	<b>€3bn–€4bn</b> 2025

<sup>1)</sup> before mainly diesel-related special items



The specified fuel consumption and emission data have been determined according to the measurement procedures prescribed by law. Since 1st September 2017, certain new vehicles are already being type-approved according to the Worldwide Harmonized Light Vehicles Test Procedure (WLTP), a more realistic test procedure for measuring fuel consumption and CO<sub>2</sub> emissions. Starting on September 1st 2018, the New European Driving Cycle (NEDC) will be replaced by the WLTP in stages. Owing to the more realistic test conditions, the fuel consumption and CO<sub>2</sub> emissions measured according to the WLTP will, in many cases, be higher than those measured according to the NEDC. Therefore, the usage of CO<sub>2</sub> emission values measured according to WLTP for vehicle taxation from 1st September 2018 on can cause changes in this regards as well. For further information on the differences between the WLTP and NEDC, please visit [www.audi.de/wltp](http://www.audi.de/wltp).

We are currently still required by law to state the NEDC figures. In the case of new vehicles which have been type-approved according to the WLTP, the NEDC figures are derived from the WLTP data. It is possible to specify the WLTP figures voluntarily in addition until such time as this is required by law. In cases where the NEDC figures are specified as value ranges, these do not refer to a particular individual vehicle and do not constitute part of the sales offering.

They are intended exclusively as a means of comparison between different vehicle types. Additional equipment and accessories (e.g. add-on parts, different tyre formats, etc.) may change the relevant vehicle parameters, such as weight, rolling resistance and aerodynamics, and, in conjunction with weather and traffic conditions and individual driving style, may affect fuel consumption, electrical power consumption, CO<sub>2</sub> emissions and the performance figures for the vehicle.

For further information on the official fuel consumption and official specific CO<sub>2</sub> emissions of new cars, please refer to the "Guide to the fuel and energy consumption and CO<sub>2</sub> emissions of new cars", which is available free of charge at all points of sale and from Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, D-73760 Ostfildern or under [www.dat.de](http://www.dat.de).



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 CO<sub>2</sub>-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 CO<sub>2</sub>-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](http://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 CO<sub>2</sub>-Emissionen und die Fahrleistungswerte eines Fahrzeugs beeinflussen.

Weitere Informationen zum offiziellen Kraftstoffverbrauch und den offiziellen spezifischen CO<sub>2</sub>-Emissionen neuer Personenkraftwagen können dem „Leitfaden über den Kraftstoffverbrauch, die CO<sub>2</sub>-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](http://www.dat.de) unentgeltlich erhältlich ist.