

FY2020 FY2020

Quarterly Update Audi Group



Audi Q4 e-tron concept / Audi Q4 Sportback e-tron concept

Introduction

Audi redesigns its financial communication with a strong focus on ESG.

Audi Report
annually



Quarterly Update Audi Group
quarterly



Audi Fact Pack
quarterly



The **Audi Report 2020** is part of a continuous communication process via relevant channels, both internal and external, and is being published this year for the first time as a combined financial and sustainability report.

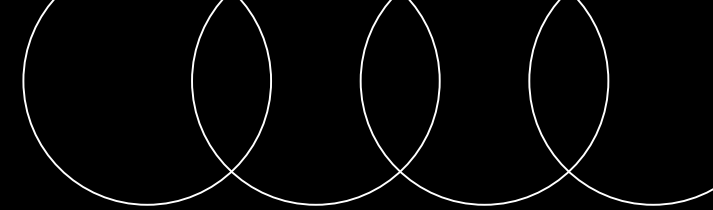
The Audi Report combines financial perspectives as well as **Environment, Social and Governance (ESG)** issues in a unique and transparent manner and provides comprehensive information about the company. In the process, it addresses aspects generated on the one hand by stakeholders' demands, and on the other hand by the company's strategic focus points. In terms of time, the report reviews 2020, takes a look at the Audi situation today and considers what to expect from Audi in the near future. The Audi Report is published annually.

In addition, the **Audi Quarterly Update** depicts the highlights of the Audi Group each quarter with the focus on finance as well as on ESG activities. The Audi Quarterly Update will be supported by the **Audi Fact Pack**, which provides the essential financial figures in a clear and easy-to-handle Excel format.

The Audi Quarterly Update and the Audi Fact Pack will replace the former Quarterly Report and the Half-Year Financial Report and will be published every quarter with the latest figures. In addition, the Audi Quarterly Update and the Audi Fact Pack will accompany the Audi Report for the full year.

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FINANCIAL HIGHLIGHTS & KPI OVERVIEW

2020

FULL YEAR

↘ State restrictions and supply chain interruptions particularly in the first half-year led to production stops and short-time work at Audi sites resulting in a global decrease in sales volume

↗ Market recovery starting with China and strong operating performance in the second half-year as well as record quarter in Q4

↘ Majority of KPIs for FY 2020 significantly below previous year's figures despite good performance towards the end of the year

↗ Audi outlook for 2021 cautiously optimistic, however ongoing coronavirus pandemic complicates forecast

(numbers in brackets represent prior-year figures)



Revenue



declined to **€50.0bn**
(€55.7bn)



Deliveries to customers



of the Audi brand amounted to
1,692,773
(1,845,573)

-8% decline ahead of the overall automotive market, which dropped -15%.

Deliveries of fully electric models increased by +94% to

51,564
(26,568)



Operating result/margin



declined to **€2.6bn**
(€4.5bn)

Corresponding margin declined to
5.1%
(8.1%)

Before special items, operating income amounted to €2.7bn (€4.5bn), corresponding margin to 5.5% (8.1%)



**Net cash flow/
net liquidity**



NCF increased to **€4.6bn**
(€3.2bn)

Year-end net liquidity increased to
€22.4bn
(€21.8bn)



R&D ratio



declined to **7.3%**
(7.9%)



Capex ratio



declined to **3.8%**
(4.9%)



Return on investment



declined to **7.4%**
(12.7%)

FINANCIAL HIGHLIGHTS & KPI OVERVIEW

2020

4th QUARTER

↗ Most successful quarter in company history, more than 500,000 cars delivered in one quarter for the first time

↗ Revenue, operating result and corresponding margin increased significantly compared with the previous year

↗ Strong net cash flow due to continued cost discipline and strong sales performance

↘ R&D and capex ratio declined due to increased R&D efficiency, budget transfer to Car.Software organization and cost discipline

(numbers in brackets represent prior-year figures)



Revenue



increased to

€16.7bn
(€14.3bn)



Deliveries to customers



of the Audi brand amounted to

505,583
(488,471)

A +3.5% increase year-on-year lead to the record quarter.

Deliveries of fully electric models increased by +61% to

16,746
(10,391)



Operating result/margin



increased to

€2.5bn
(€1.3bn)

Corresponding margin increased to

14.7%
(8.9%)

Before special items, operating income amounted to €2.5bn (€1.3bn), corresponding margin to 15.1% (8.9%)



Net cash flow



increased to

€0.8bn
(-€0.1bn)



R&D ratio



declined to

5.6%
(7.7%)



Capex ratio



declined to

6.4%
(9.9%)

1. Highlights of the year – Selected model introductions

Dynamic, fast and electric: The Audi e-tron S and the Audi e-tron S Sportback



Audi e-tron S Sportback:
combined electric power consumption in kWh/100 km: 27.6-27.5 (NEDC); combined CO₂ emissions in g/km: 0

Audi is showing consistency and continuing with its electric initiative – with the new **Audi e-tron S** and the new **Audi e-tron S Sportback**.

Both models deliver dynamics in a new dimension. In S gear, they provide their **full boost performance** for eight seconds – **370 kW of power and 973 Nm of torque**. The standard sprint takes just 4.5 seconds and acceleration ends at 210 km/h. The S models with fully electric drive use **three electric motors**, two of which operate on the rear axle. Their intelligent drive control raises vehicle safety, and dynamic handling in particular, to a new level. In addition to the **electric all-wheel** drive, the vehicles are equipped with electric torque vectoring with active and fully variable torque distribution on the rear axle.



Audi e-tron S:
combined electric power consumption in kWh/100 km: 28.2 (NEDC);
combined CO₂ emissions in g/km: 0

1. Highlights of the year – Selected model introductions

More dynamic than ever before: The Audi A3 Sportback and the Audi A3 Sedan



Audi A3 Sportback:
combined fuel consumption in l/100 km: 4.8–3.9 (NEDC); combined CO₂ emissions in g/km: 111–99

The **Audi A3** established the premium compact class in 1996 and combines sporty performance with high efficiency.

From its cockpit to its light signature and infotainment, the new Audi A3 Sportback is **digitalized**.

With its progressive steering, adaptive suspension and powerful engines, the compact five-door car demonstrates that it not only looks sporty, but also is **dynamic on the road**.

With support from innovative assist systems, electrified drives ensure a high level of efficiency.

Whether as a five-door Sportback or as a four-door Sedan – the A3 captivates with its design and technology.



Audi A3 Sedan:
combined fuel consumption in l/100 km: 5.0–3.6 (NEDC);
combined CO₂ emissions in g/km: 114–96

1. Highlights of the Year – Milestones

Launch of Car.Software organization, squeeze-out & electric mobility investment

Car.Software organization

The **Car.Software organization** started as a separate entity within the Volkswagen Group in 2020.

For efficient and competitive cost structures, the Volkswagen Group is gradually combining all activities in the context of software development within the new Group entity.

Audi **CEO Markus Duesmann** is named Chairman of the Supervisory Board of the Car.Software organization.

The main objectives are an in-house operating system for all models of the Volkswagen Group, an automotive data cloud and a new electronic architecture.

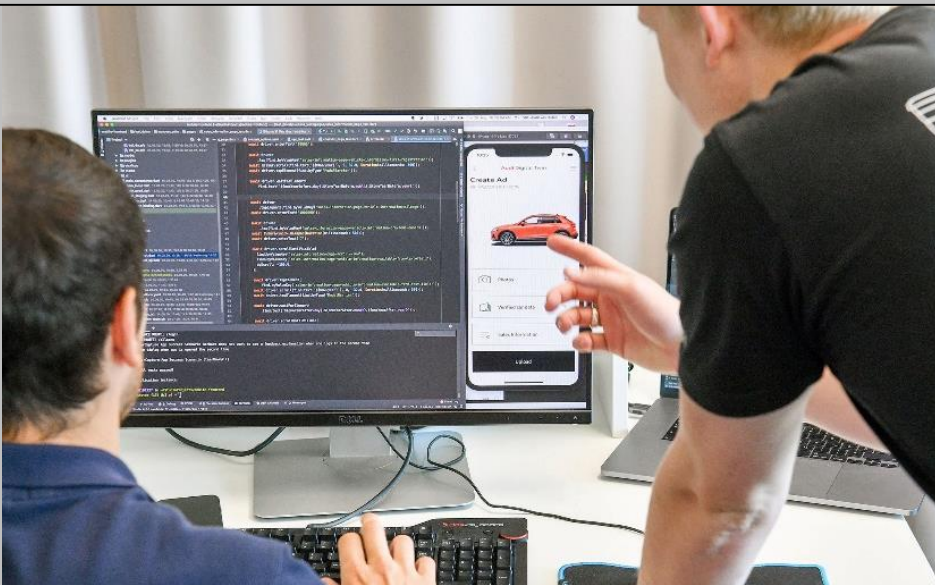


Audi invests €17bn in future technologies

With its investment planning for the next five years, AUDI AG is pushing ahead its transformation into a provider of connected and sustainable premium mobility: With a **total amount of approximately €35bn up to 2025**, investments remain at a high level, especially for future vehicle projects, in spite of a difficult business environment.

Some **€17bn**, amounting to half of the investment sum, is allocated to **future technologies** alone.

Like the Volkswagen Group as a whole, **Audi is stepping up investments in electric mobility**. The premium manufacturer has earmarked approximately **€15bn** for this and the future topic of hybridization, thus underlining the **key importance of its Roadmap E**.



Squeeze-out and delisting

On July 31, 2020, the **Annual General Meeting of AUDI AG** decided the transfer of the shares of the minority shareholders of AUDI AG to **Volkswagen AG, Wolfsburg**, in return for an adequate **cash compensation of €1,551.53**.

All shares held by minority shareholders of AUDI AG were transferred by operation of law to Volkswagen AG on **November 16, 2020**, and the listing of AUDI AG shares has been discontinued since.

AUDI AG is now a **100 percent subsidiary** of Volkswagen AG. This new structure will enable the Volkswagen Group – as part of the reorganization of competencies – to utilize synergies more efficiently.



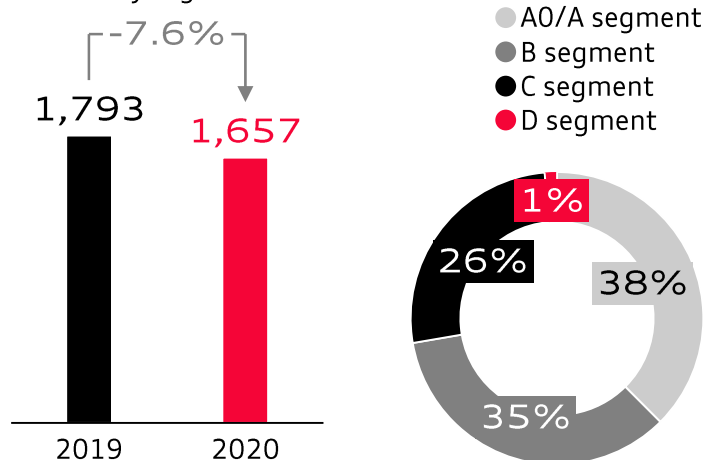


2. Finance and key figures – Production

Decline in production due to production stops – NEV share increases to 6.8%

Production

in units/by segment in % of total



In 2020, the **Audi brand produced** a total of **1,657,015** (1,793,409) cars. This figure includes 671,970 (614,836) Audi vehicles built locally by the associate FAW-Volkswagen Automotive Company, Ltd., Changchun (China).

The **-7.6% decline in production** compared with the prior-year is principally attributable to the global economic situation in the context of the spread of the coronavirus. During the first quarter of 2020, the Audi brand adjusted production, not simply because of the significant reduction in demand, but also in response to supply chain difficulties and factory shutdowns in some countries.

In the course of the **second half-year**, the situation in the entire Audi **production network stabilized** further, resulting in a 12.2% increased year-on-year production volume for the months July to December 2020.

The **New Energy Vehicle (NEV) share** – in other words, battery electric (BEV) and plug-in hybrid electric (PHEV) vehicles as a proportion of total Audi production – **reached 6.8% (3.5%)** in the financial year.

In 2020, the production of the **new Audi A3 family** started in Ingolstadt and Qingdao (China). Moreover, local production of the first fully electric vehicle in Germany – the **Audi e-tron GT** – started successfully in Neckarsulm in the fourth quarter.

Production

by site in units



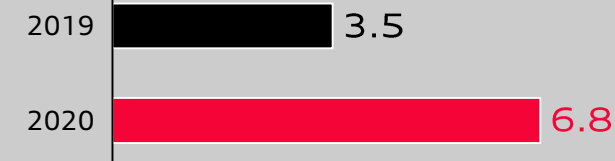
	2020	2019	Δ %
Ingolstadt (GER)	338,095	441,608	-23.4
Neckarsulm (GER)	157,230	177,209	-11.3
Győr (HUN)	155,157	164,817	-5.9
San José Chiapa (MEX)	124,298	156,995	-20.8
Brussels (BEL)	42,188	43,376	-2.7
China (all sites)	671,970	614,836	9.3
Other sites	168,077	194,568	-13.6
Total	1,657,015	1,793,409	-7.6

of electrified vehicles in units

	2020	2019	Δ %
BEV production	46,913	46,243	1.4
PHEV production	65,106	16,054	X
Total	112,019	62,297	79.8

NEV share

in % of total



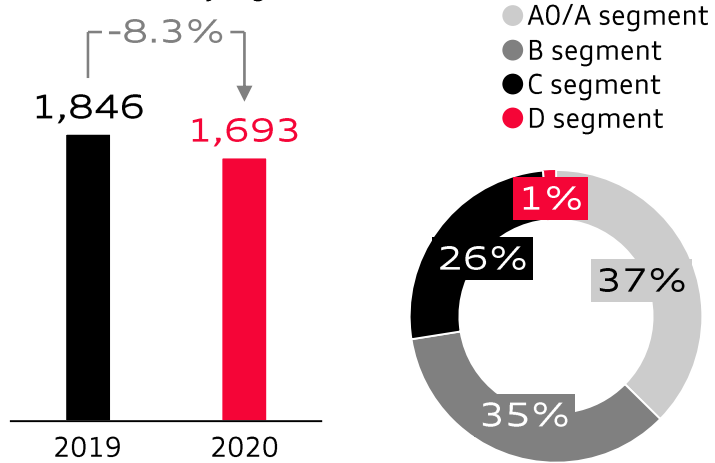


2. Finance and key figures – Deliveries to customers Audi brand

Deliveries heavily affected by coronavirus pandemic – Strong Q4 & Chinese market

Deliveries to customers

in units / in % by region



The **Audi brand** delivered **1,692,773** (1,845,573) cars to customers worldwide in the financial year 2020. With a pandemic-induced **decline of -8.3%**, deliveries of Audi brand vehicles developed less negatively than overall market demand, which recorded a considerable drop of -15.2%.

In **China**, however, the number of deliveries has picked up considerably since March 2020. Starting in April, the monthly deliveries exceeded the previous year numbers in every following month. Cumulatively, **deliveries to customers** in China **increased by 5.4%** year-on-year setting a new record in full-year deliveries for the region.

Dealerships in Europe and the United States also gradually reopened from April 2020 as the authorities eased restrictions. Since then, there have been signs of an upturn in demand from customers and thus in order intake in Europe and North America.

Although new lockdowns and sales restrictions in certain regions occurred in the **fourth quarter**, Audi ended the year 2020 with the **most successful quarter in the company's history**: Between October and December, the company supplied **505,583 cars** to its customers.

Despite the overall decline in deliveries to customers in 2020, the **Audi e-tron, Audi Q3 and Audi A6 car lines** posted a **positive trend** compared with the prior-year period. Moreover, the deliveries in the **C segment** **increased by 5.5%**.

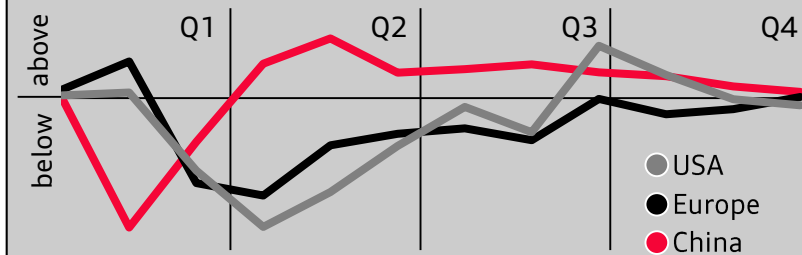
Deliveries to customers

by region in units



	2020	2019	Δ %
Europe	619,723	769,585	-19.5
<i>of which Germany</i>	214,427	271,613	-21.1
China incl. Hong Kong	727,358	690,083	5.4
USA	186,620	224,111	-16.7
Other markets	159,072	161,794	-1.7
Total	1,692,773	1,845,573	-8.3

by region 2020, monthly Δ compared to 2019



in units / in % of total

	2020	2019	Δ %
BEV deliveries	51,564	26,568	94.1
<i>BEV share</i>	3.0	1.4	+1.6 ppt
SUV deliveries	769,944	778,351	-1.1
<i>SUV share</i>	45.5	42.2	+3.3 ppt
CKD China	674,700	630,800	7.0
<i>CKD China share</i>	39.9	34.2	+5.7 ppt

2. Finance and key figures – Income statement

Operating performance mostly shaped by the corona pandemic

Income Statement

Audi Group, in €m / in % of revenues



	2020	2019	Δ %
Revenue	49,973	55,680	-10.2
Cost of goods sold	-44,178	-47,597	-7.2
Gross profit	5,795	8,082	-28.3
Distribution expenses	-3,158	-3,418	-7.6
Administrative expenses	-598	-687	-13.0
Other operating result	530	533	-0.5
Operating result	2,569	4,509	-43.0
<i>Return on sales (ROS)</i>	5.1	8.1	-3.0 ppt
of which Automotive segment	2,558	4,481	-42.9
<i>ROS Automotive segment</i>	5.2	8.2	-3.0 ppt
of which Motorcycles segment	12	29	-59.8
<i>ROS Motorcycles segment</i>	1.7	4.0	-2.3 ppt
Financial result	1,618	713	126.9
of which China business	1,009	688	46.7
Profit before tax	4,187	5,223	-19.8
Income tax expense	-413	-1,279	-67.7
Profit after tax	3,774	3,943	-4.3
Operating result before special items	2,739	4,509	-39.3
<i>ROS before special items</i>	5.5	8.1	-2.6 ppt

↘ The year-on-year decline in **revenue** was mainly due to a reduction in the number of vehicles sold as a consequence of the coronavirus pandemic. Revenue from engines, powertrains and parts deliveries was €9,136m (€8,102m).

↘ The **cost of goods sold** decreased, mainly due to lower expenses for production materials and freights as a result of the pandemic-induced reduction in sales.

↘ **Distribution expenses** declined due to a drop in sales of vehicles and lower expenditures for events, trade shows and sponsorship.

↘ Year-on-year, positive factors affecting **other operating result** included income of €495m from the sale of Autonomous Intelligent Driving GmbH, Munich, within the Volkswagen Group.

↗ Increased Group-wide **cost discipline** also had a positive impact on the operating result of the Audi Group. In the context of the **Audi.Zukunft** fundamental agreement, more than 1,300 employees took up the early-retirement offer and left the company on July 1, 2020. In addition, the **Audi Transformation Plan (ATP)** once again had a positive effect on the operating result. In 2020 alone, measures totaling around €2.6bn were implemented. With a significant portion these measures directly affect the operating result and will contribute sustainably to subsequent years.

↗ **Special items** of €170m were reported in connection with the diesel issue.

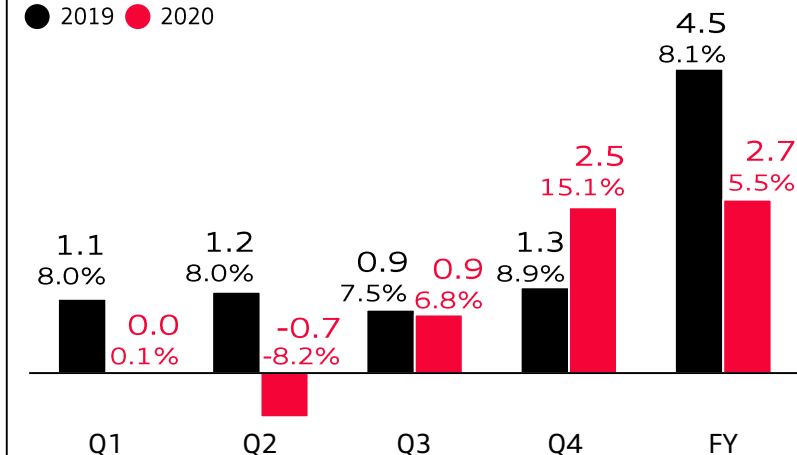
↗ The operating result picked up considerably due to a pleasing performance in the second half of the year and, above all, the **best fourth quarter in the company's history**.

Operating result (before special items)

in €bn / in % of revenue



● 2019 ● 2020



Audi A4 Avant: combined fuel consumption in l/100 km: 9.2–3.8 (NEDC); combined CO₂ emissions in g/km: 211–100

2. Finance and key figures – Balance sheet and Return on investment (ROI)

Coronavirus pandemic with impact on balance sheet & ROI

Balance sheet



Audi Group, in €m

	Dec. 31, 2020	Dec. 31, 2019	Δ %
Non-current assets	32,443	34,211	-5.2
Current assets	34,785	32,422	7.3
Assets classified as held for sale	-	246	-
Balance sheet total	67,229	66,878	0.5
Equity	24,253	28,395	-14.6
Liabilities	42,975	38,431	11.8
<i>of which non-current liabilities</i>	17,638	16,212	8.8
<i>of which current liabilities</i>	25,337	22,219	14.0
Liabilities classified as held for sale	-	52	-
Balance sheet total	67,229	66,878	0.5

↘ **Non-current assets** declined, mainly due to the reduction in property, plant and equipment.

↘ The decline in **equity** was primarily due to lower reserves, together with a y-o-y increase in the profit transfer to Volkswagen AG, Wolfsburg; the **equity ratio** amounted to **36.1%** (42.5%).

↗ **Non-current liabilities** were higher partly owing to a rise in provisions for pensions as a result of a reduction in the interest rate applied for discounting. The rise in the **current liabilities** was mainly caused by a higher profit transfer to Volkswagen AG.



Audi Q8 60 TFSI e quattro:
combined fuel consumption in l/100 km: 2.8–2.7 (NEDC);
combined electric power consumption in kWh/100 km: 22.9–22.6 (NEDC);
combined CO₂ emissions in g/km: 63–62

Return on investment (ROI)



Audi Group, in €m

	2020	2019	Δ %
Operating result after taxes	1,799	3,157	-43.0
Invested assets (average)	24,312	24,930	-2.5
Return on investment (ROI)	7.4	12.7	-5.3 ppt

↘ The **return on investment (ROI)** was **7.4%** (12.7%) in the 2020 fiscal year and thus below our minimum required rate of return of 9%. Year-on-year, the negative development of the return on investment is largely attributable to the pandemic-related reduction in the operating result after tax.

↘ The **average capital invested** in the year under review was **€24,312m** (€24,930m). On the asset side, property, plant and equipment fell to €13,037m (€14,618m) due to our prioritization of investment. **Inventories** declined to €7,095m (€7,819m) due to destocking, while **trade receivables** – particularly within the Volkswagen Group – increased to €5,998m (€5,011m). On the non-interest-bearing liabilities side, **trade payables** increased to €7,533m (€7,106m) at year-end, driven by increased production in December.

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

Strong net cash flow and high net liquidity show self-financing capability

Cash flow statement

Audi Group, in €m

	2020	2019	Δ %
Cash and cash equivalents at beginning of period	11,747	8,550	37.4
Cash flow from operating activities	6,308	7,479	-15.7
Investing activities attributable to operating activities	-1,720	-4,319	-60.2
<i>of which capital expenditure</i>	<i>-1,888</i>	<i>-2,731</i>	<i>-30.8</i>
<i>of which capitalized development costs</i>	<i>-1,365</i>	<i>-1,146</i>	<i>19.1</i>
<i>of which acquisition and sale of participations</i>	<i>1,460</i>	<i>-497</i>	<i>X</i>
Net cash flow	4,589	3,160	45.2
Change in cash deposits and loans extended	-1,032	1,201	X
Profit transfer to Volkswagen AG	-3,752	-1,096	X
Lease payments, change of other financial liabilities	-200	-104	91.9
Change in cash & cash equivalents due to changes in exchange rates	-199	36	X
Change in cash and cash equivalents	-595	3,196	X
Cash and cash equivalents at end of period	11,152	11,747	-5.1
Net liquidity	22,377	21,754	2.9
Cash flow from investing activities	-2,752	-3,118	-11.8
Cash flow from financing activities	-3,952	-1,200	X



↘ In the 2020 fiscal year, the Audi Group generated **cash flow from operating activities** of €6,308m (€7,479m). The decline was principally due to lower earnings as a result of the pandemic.

↘ The **cash flow from investing activities** attributable to operating activities came to -€2,752m (-€3,118m) in 2020. This reflected the Audi Group's increased investment discipline. For instance, we greatly reduced capex to -€1,888m (-€2,731m).

The **ratio of capex** was **3.8%** (4.9%) in the 2020 fiscal year. Intragroup sales of subsidiaries and the transfer of shares in associates amounting to approximately €1.5bn had a positive effect on cash flow from investing activities. This was countered by cash deposits and loans extended due to a change in the investment horizon.

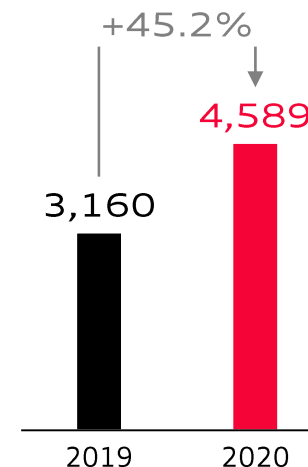
↗ The **net cash flow** of the Audi Group totaled €4,589m (€3,160m) in the 2020 fiscal year.

↘ **Cash flow from financing activities** amounted to -€3,952m (-€1,200m). It mainly comprised the profit transfer to Volkswagen AG of -€3,752m for 2019.

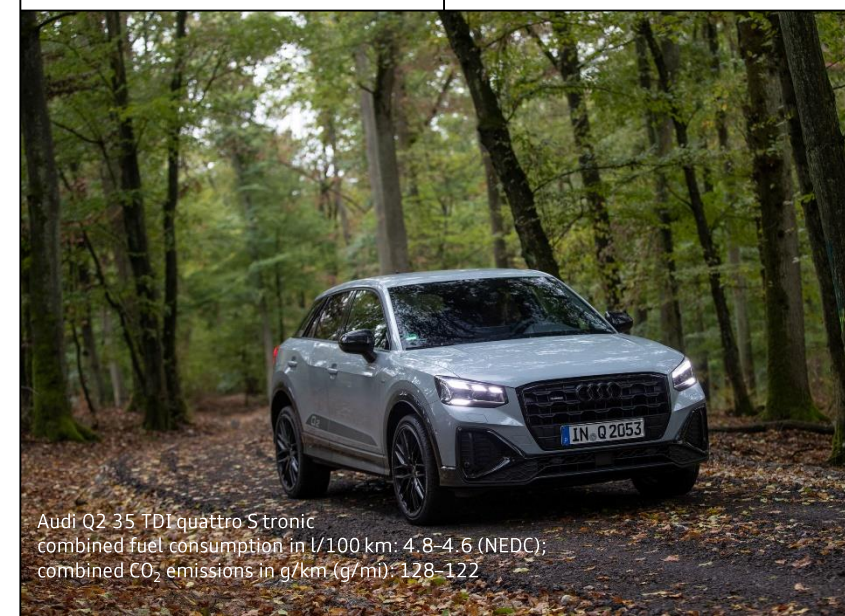
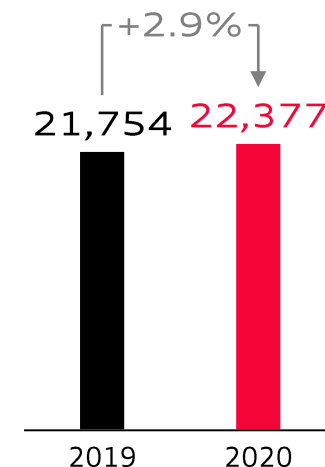
↘ As of the balance sheet date, our **cash funds** declined to €11,152m (€11,747m).

↗ The **net liquidity** of the Audi Group as of December 31, 2020, amounted to a total of €22,377m (€21,754m).

Net cash flow in €m



Net liquidity in €m



Audi Q2 35 TDI quattro S tronic
combined fuel consumption in l/100 km: 4.8–4.6 (NEDC);
combined CO₂ emissions in g/km (g/mi): 128–122



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

Audi improves R&D efficiency and focuses investments on future products

Research & development

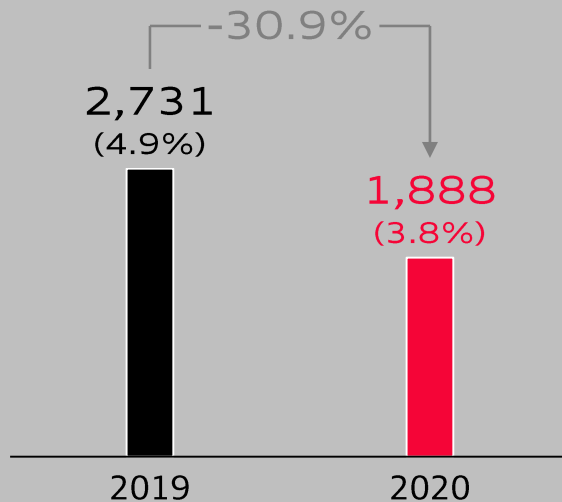
in €m



	2020	2019	Δ %
Cash R&D	3,662	4,426	-17.3
<i>R&D ratio</i>	<i>7.3%</i>	<i>7.9%</i>	
Capitalized R&D	1,365	1,146	+19.1
<i>Capitalization ratio</i>	<i>37.3%</i>	<i>25.9%</i>	
Amortization of capitalized R&D	1,257	1,087	+15.6
R&D costs	3,553	4,368	-18.6

Capital expenditure

in €m / in % of revenues



↘ 2020 Cash R&D declined by -17.3% thanks to optimization of development structures and processes, prioritization of vehicle projects as well as transfer of the software development budget to the Car.Software organization. As a result, the **R&D ratio declined to 7.3%**.

↗ **Capitalization ratio increased to 37.3%** due to the change in the cash-generating unit in the fourth quarter of 2019, as well as greater focusing of project funds, coupled with the considerable reduction in research and development activities.

↗ Increased amortization is due to high investments in the previous periods. **R&D costs reached €3,553m.**

↗ To enable accelerated product transformation towards electrification and digitalization, Audi **adjusted its strategic target corridor for the R&D ratio to 6-7%** (previously 5-6%).

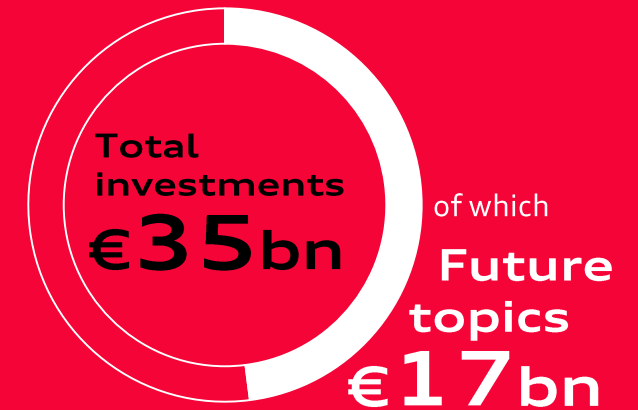
↘ **Capital expenditure went down by -30.9%** in 2020 due to our cost discipline and prioritization measures.

↘ To compensate for the increase in R&D ratio, Audi **reduced the strategic target corridor for the capex ratio to 4-5%** (previously 5-6%). This is possible thanks to investment discipline and the consistent redirection of capital expenditure towards product-related investments.

↗ Nevertheless, Audi invests €35bn in cash R&D and capex from 2021-2025 with the focus on electrification to safeguard future development.

Investment in the future

Cash R&D & capex, in €bn, Σ 2021-2025¹⁾



Electrification
€10bn



Hybridization
€5bn



Digitalization²⁾
€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 Car.Software organization budget

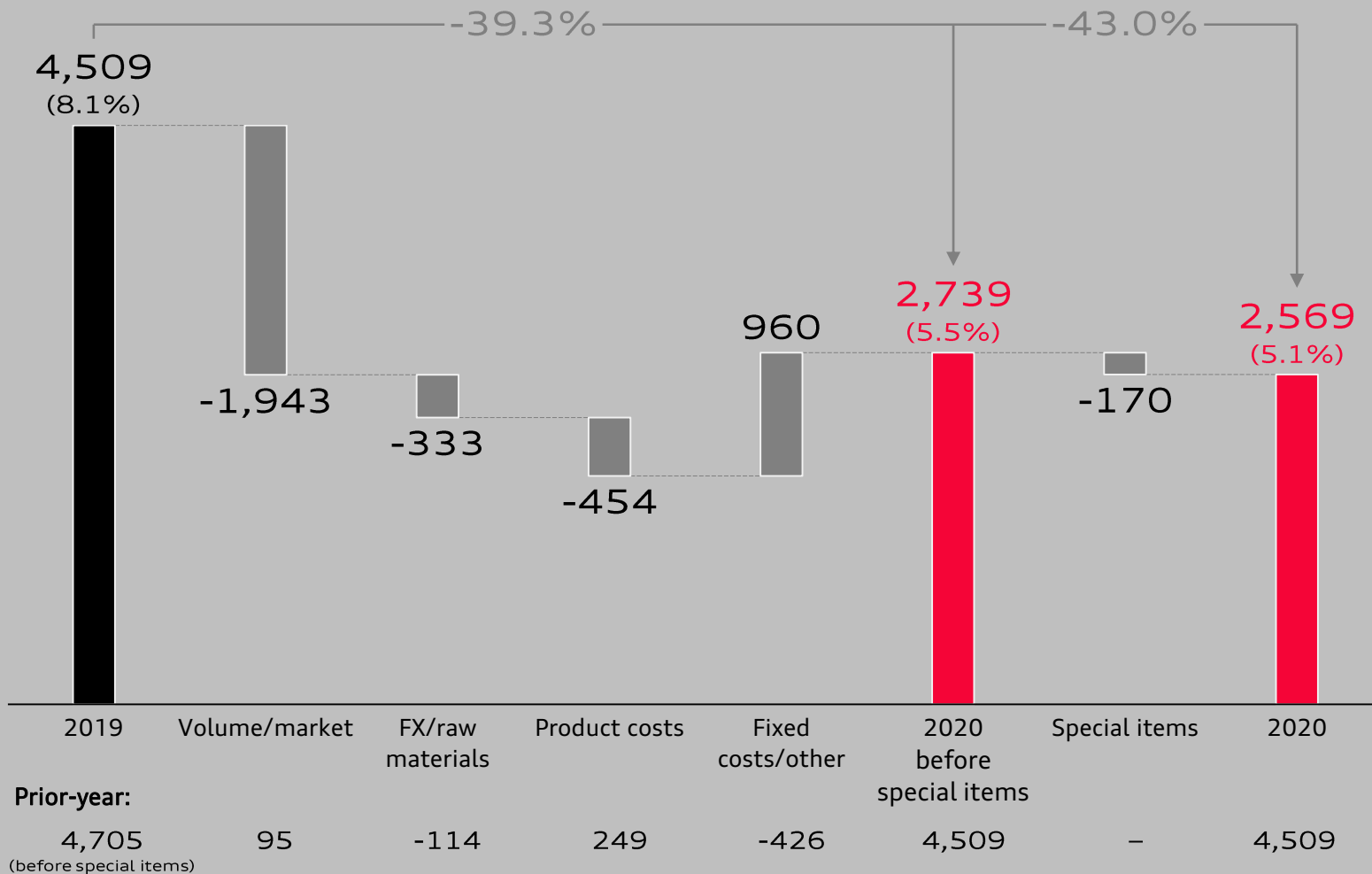


2. Finance and key figures – Value drivers: Operating result FY 2020

Cost measures partly compensate volumes decline

Operating result bridge

in €m / in % of revenues



↘ **Volume/market:** The decline in sales volume due to the coronavirus pandemic significantly impacted the operating result in FY 2020. Thanks to the recovery and catch-up effects in the 2nd half-year and a quick recovery in China, it was possible to limit volume and market effects to -€1.9bn.

↘ **FX/raw materials:** Foreign exchange rates and raw material prices were volatile during FY2020, resulting in negative valuation effects during the year. These were partly reversed until the end of the year, resulting in an overall negative effect of -€0.3bn in year-on-year comparison.

↘ **Product costs** increased by €0.5bn due to lower production volumes as well lower purchase quantities in connection with the corona pandemic.

↗ **Fixed costs/other:** Audi has intensified costs measures already in place in 2020. With the continued implementation of the Audi.Zukunft agreement and the Audi Transformation Plan (ATP), Audi consistently addresses the fixed cost base – the decline in overhead costs contributed around €0.5bn. At the same time, there was an improvement in R&D efficiency and Audi benefited from a higher capitalization rate. In addition, a software development budget was transferred to the Car.Software organization. A further contribution of €495m to the operating result came from the sale of Autonomous Intelligent Driving GmbH within the Volkswagen Group.

↗ **Special Items:** Special items relating to the diesel issue amounted to -€170m.

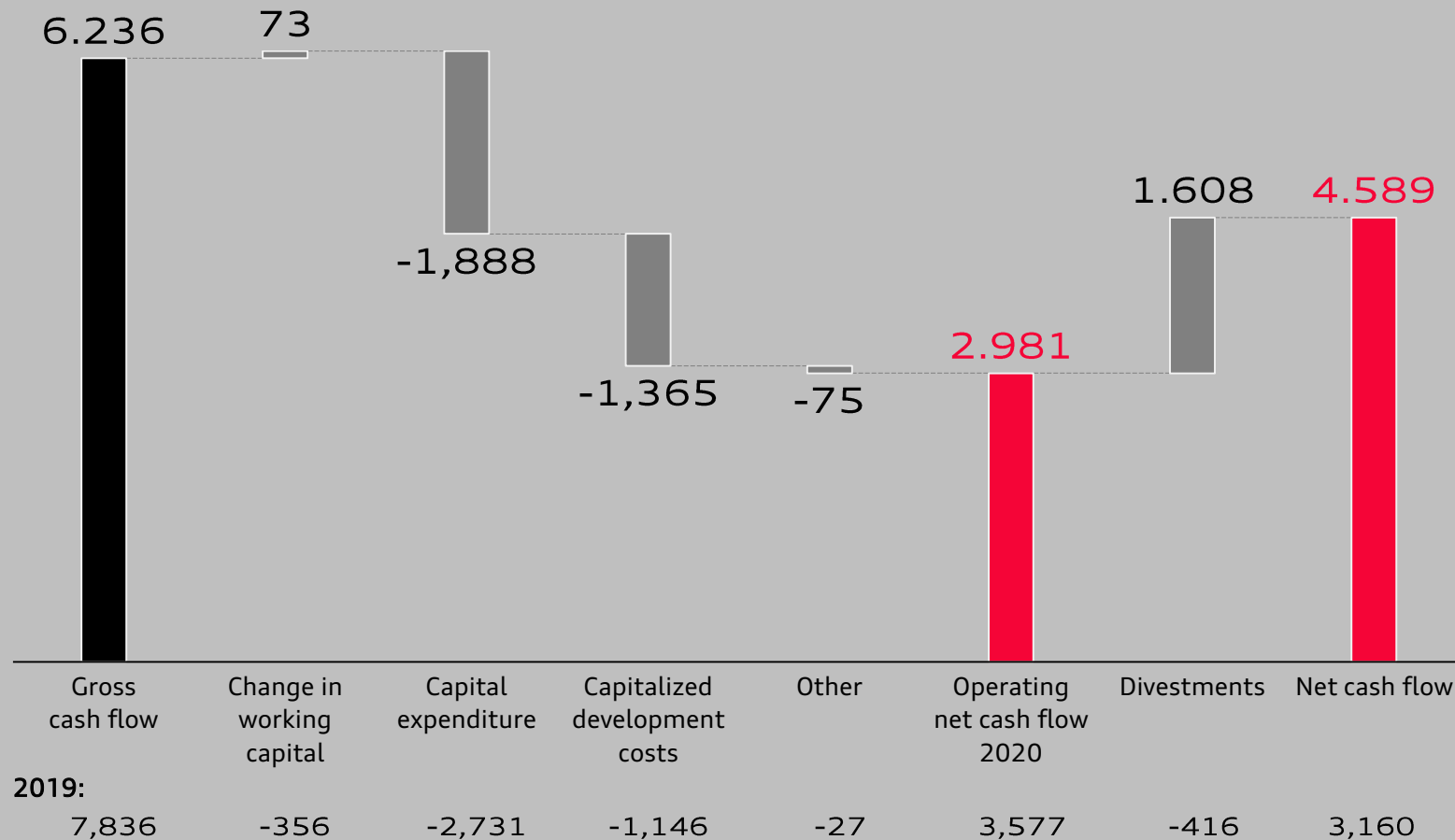


2. Finance and key figures – Value drivers: Net cash flow FY 2020

Alongside capex discipline, inventories management played a pivotal role

Net cash flow bridge

in €m



↘ **Gross cash flow** was mainly affected by the lower result before profit and taxes.

↗ **The change in working capital** reflects higher trade receivables – mainly due to the high sales volume in the fourth quarter – while inventories were down in 2020 because of production stops and the reduction of our stock. Trade payables rose in line with our high production volume in December, while provisions also increased.

↘ We were able to reduce **capital expenditure** as a result of our cost discipline, which was intensified in 2020 due to the coronavirus pandemic.

↘ The **capitalized development costs** reflect mainly the redefinition of the cash generating unit in 2019 and therefore a higher capitalization rate since 2020.

↗ The **divestment** position reflects the Volkswagen Group internal sale of our companies Audi Electronics Venture GmbH and Autonomous Intelligent Driving GmbH as well as the transfer of the beneficial ownership of 4 percent of our participation in FAW-VW.



2. Finance and key figures – Value drivers: Workforce

Workforce at Audi Group decreased mainly due to Audi.Zukunft in FY 2020

In the 2020 financial year, the average level of the **Audi Group workforce** was **87,996** (90,783) employees. There were 86,860 (90,640) employees at the end of 2020.

This reduction was largely based on the **Audi.Zukunft** fundamental agreement concluded in 2019. More than 1,300 employees of AUDI AG took up the early-retirement offer and left the company on July 1, 2020.

The number of employees at **Audi Hungaria Zrt.** was also reduced as a result of fluctuation and adaption of the production program. The deconsolidation of **Autonomous Intelligent Driving GmbH**, Munich, and **Audi Japan Sales K.K.**, Tokyo, also brought a reduction in the workforce.

Audi.Zukunft

fundamental agreement on structural issues in November 2019; in short:

- **optimization of strategic production capacity** at the two German sites
- **socially acceptable adaptation of jobs** along the basis of demographic developments by 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



	2020	2019	Δ %
Domestic companies ¹	58,432	60,083	-2.7
Foreign companies	26,612	27,669	-3.8
Employees	85,044	87,752	-3.1
Apprentices	2,493	2,585	-3.6
Employees of Audi Group companies	87,537	90,337	-3.1
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	459	446	2.9
Workforce Audi Group	87,996	90,783	-3.1
Workforce Audi Group at year-end	86,860	90,640	-4.2

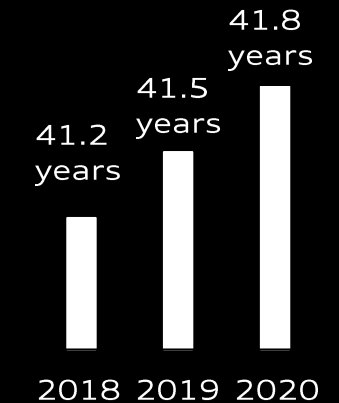
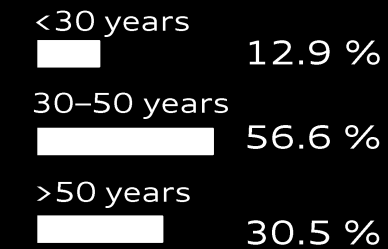
¹ Of these employees, 2,104 (1,945) were in the passive stage of their partial retirement.



Structural data FY 2020

Age structure (AUDI AG, excl. apprentices)

Average age (AUDI AG)



Proportion of women [in percent]

15.2



Labor turnover rate [in percent]

0.6



∅ Seniority [in years]

18.3



∅ Training time per employee [in hours]

9.0

2. Finance and key figures – Lamborghini

Lamborghini maintained strong operating performance despite coronavirus

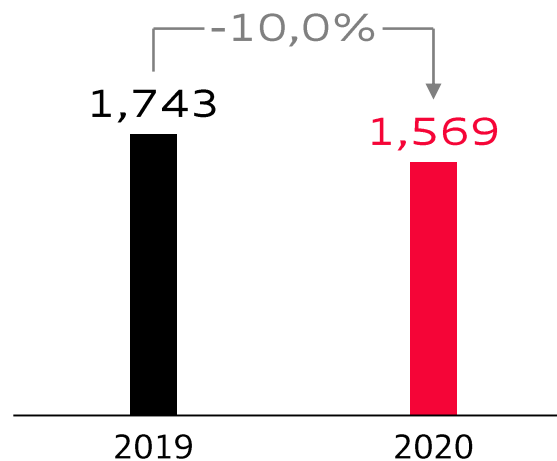


Lamborghini Sián Roadster:
combined fuel consumption in l/100 km: 18.5 (WLTP);
combined CO₂ emissions in g/km: 447 (WLTP)



The super sport brand Lamborghini was heavily affected by the coronavirus pandemic in FY 2020. A **production stop lasting several weeks** impacted operations in the first half of the year. Thanks to a strong order book, Lamborghini **succeeded in limiting the impact on sales and revenue** and recorded the **strongest second half of the year in the brand's history**. Lamborghini maintained its profitability and contributed well to the operating result of the Audi Group.

Revenue from the sale of cars in €m

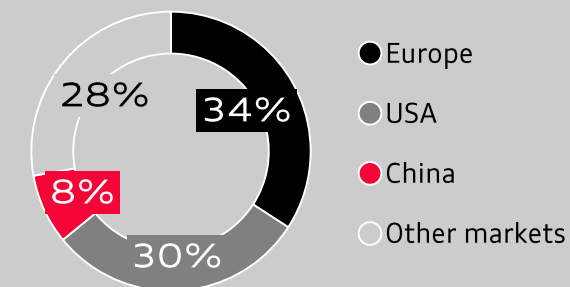


Deliveries to customers in units



	2020	2019	Δ %
Urus	4,391	4,962	-11.5
Huracán	2,193	2,139	2.5
Aventador	846	1,104	-23.4
Lamborghini brand	7,430	8,205	-9.4

by region



Production in units



	2020	2019	Δ %
Urus	4,364	5,233	-16.6
Huracán	2,010	2,426	-17.1
Aventador	876	1,005	-12.8
Lamborghini brand	7,250	8,664	-16.3



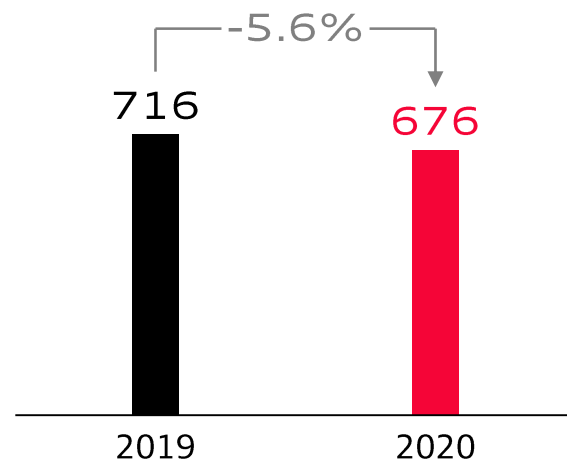
2. Finance and key figures – Ducati

Challenging FY 2020 – strong recovery in second half-year

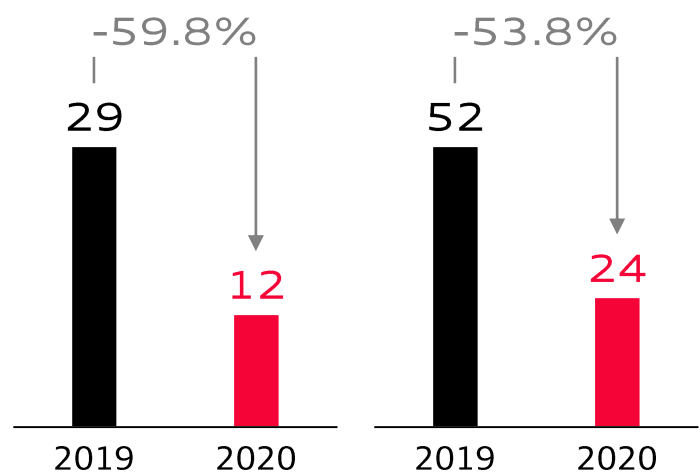


Ducati's FY 2020 was complex and defined by the corona-virus pandemic. Due to a **seven-week halt in production** in Italy, the number of motorcycles produced by Ducati decreased. The **best-ever six-month period** allowed Ducati to end the year with a **limited decrease in deliveries**. Thanks to this strong recovery, **Ducati limited the decline in revenue** and maintained its profitability in FY 2020.

Revenue in €m



Operating result in €m

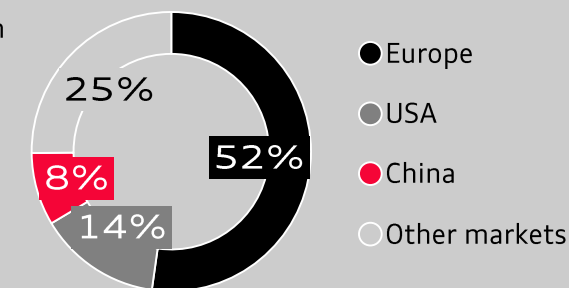


Deliveries to customers in units



	2020	2019	Δ %
Scrambler	9,265	11,873	-22.0
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	16,162	13,820	16.9
Dual/Hyper (Hypermotard, Multistrada)	12,373	16,632	-25.6
Sport (SuperSport, Panigale)	10,242	10,858	-5.7
Ducati brand	48,042	53,183	-9.7

by region



Production in units



	2020	2019	Δ %
Scrambler	8,201	9,350	-12.3
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	15,865	14,976	5.9
Dual/Hyper (Hypermotard, Multistrada)	11,672	17,353	-32.7
Sport (SuperSport, Panigale)	9,089	10,044	-9.5
Ducati brand	44,827	51,723	-13.3



Ducati Superleggera V4

2. Finance and key figures – Guidance 2021

Uncertainty is expected to shape 2021: guiding operating return on sales of 7–9%



Audi RS e-tron GT:
combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC);
combined CO₂ emissions in g/km: 0

The Board of Management of AUDI AG anticipates that the **global economy will stabilize in 2021 and grow by a good 4 percent**. Development in the **global passenger car markets is expected to be significantly positive**, though diverse across the regions.

In general, **Audi is looking cautiously optimistic into 2021**. However, the **uncertain further development of the coronavirus pandemic** in combination with the relating recovery of the global economy complicate the forecast. There is a further risk regarding sufficient supply of semiconductors for the entire automotive industry. We are striving to keep the operating impacts of the current undersupply of semiconductors as low as possible and to compensate them as far as possible during the remainder of the year.

Guidance 2021

	2020	2021 guidance	strategic target
Deliveries to customers in units	1,692,773	significantly above 2020	
Revenue in €m	49,973	significantly above 2020	
Operating return on sales in %	5.1%	between 7 and 9%	between 9 and 11%
Capex ratio in %	3.8%	within the strategic target corridor	between 4 and 5%
R&D ratio in %	7.3%	within the strategic target corridor	between 6 and 7%
Net cash flow in €m	4,589	between €3.5bn and €4.5bn	
Return on investment in %	7.4%	between 12 and 15%	above 21%



Audi e-tron GT quattro:
combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC); combined CO₂ emissions in g/km: 0
Audi RS e-tron GT:
combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC); combined CO₂ emissions in g/km: 0



3. ESG – Environment – Social – Governance

Supplementing Audi's financial communication with ESG-relevant information

ENVIRONMENT

SOCIAL

GOVERNANCE

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 **Audi Quarterly Update**. 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)

The goal is zero: environmental program Mission:Zero

MISSION:ZERO

DECARBONIZATION

Climate change, water shortage, dwindling resources and the considerable loss of **biodiversity** are among the greatest **challenges** today. Audi recognizes the need for **sustainability** at its worldwide Audi sites for **production and logistics** and is contributing significantly to this with a key component of its **corporate strategy**: the **Mission:Zero** environmental program.

The goal is to consistently reduce the **ecological footprint** in the direction of **zero**, because **economic success** and **environmental protection** are not mutually exclusive; instead, they are inextricably **linked** and build on each other. Ideally, the one accelerates the success of the other, and does so along the **entire value chain** of the car.

To achieve the **goal of Mission:Zero**, **four action areas** play a central role:

Decarbonization: Audi wants to achieve net carbon-neutral operations at all its sites by 2025.

Water usage: To prevent water shortage and protect drinking water quality, Audi has introduced a sustainable water KPI.

Resource efficiency: Audi wants to constantly improve the use of resources and is continuously developing its recycling expertise.

Biodiversity: Audi is committed to preserving biodiversity and therefore joined the “Biodiversity in Good Company” initiative several years ago.

MISSION:ZERO

RESOURCE EFFICIENCY

MISSION:ZERO

WATER USE

MISSION:ZERO

BIODIVERSITY



3. ESG – Social (S)

Environment, people and innovation form the basis of a responsible supply chain

Responsible supply chain

Sustainability in the **supply chain** – this is both a challenge and an opportunity. Audi is present in more than **100 markets** and works with more than **14,000 direct suppliers** from more than **60 countries**.

The company's supply chain is therefore **widely branched**. It is also subject to constant change and is highly **complex** due to the wide array of process steps and materials.

Audi is particularly committed and pursues a clear **strategy** to ensure responsibility in its **supply chain**. **The company** works exclusively with partners who share the same **values** and focuses on three areas: **environment, people and innovation**.

Environment

With the “Audi CO₂ Program” launched in 2018, measures for **CO₂ reduction** are identified together with suppliers. The **Aluminum Closed Loop project** also makes a significant contribution to CO₂ reduction.

For more **comparability** and **transparency**, Audi introduced a so-called **S-Rating** (sustainability rating) for suppliers on July 1, 2019.

The **Water Stewardship Program** is used together with suppliers to analyze **potential water management risks**. Therefore, processes which use large amounts of water are identified and developed with site-specific concepts.



People

In this area, Audi continuously strives to improve working conditions for **people** in the **supply chain**, for example when handling **critical raw materials**. There are some **1,600 kilograms** of **different raw materials** in an Audi car. This leaves not only an **ecological footprint**, but a **social one as well**.

The **Code of Conduct for Business Partners** of the Volkswagen Group summarizes the requirements that Audi places on all its partners. The company is all about taking its responsibility seriously.

Audi is also committed to improving working conditions globally.

Innovation

Around **14,000 direct suppliers**: This is an impressive number, but the topic becomes even more complex when the **upstream chain is considered**.

In order to identify **sustainability risks** at an early stage and to ensure continuous transparency in the global and complex supply chains, Audi is relying **on the increased integration of artificial intelligence in the global and complex supply chains**.

Negative reports about suppliers or raw material producers are thus **identified at an early stage and Audi can systematically deal with them via the Supply Chain Grievance Mechanism**, if necessary.

In this way, Audi promotes transparency.



3. ESG – Governance (G)

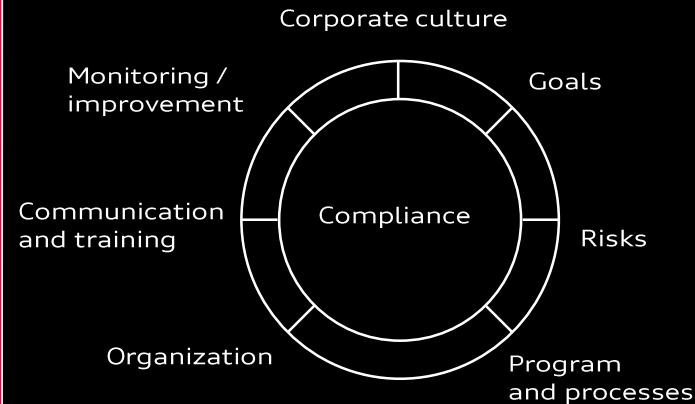
Win-win-win-situation for humankind, society and the environment

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.

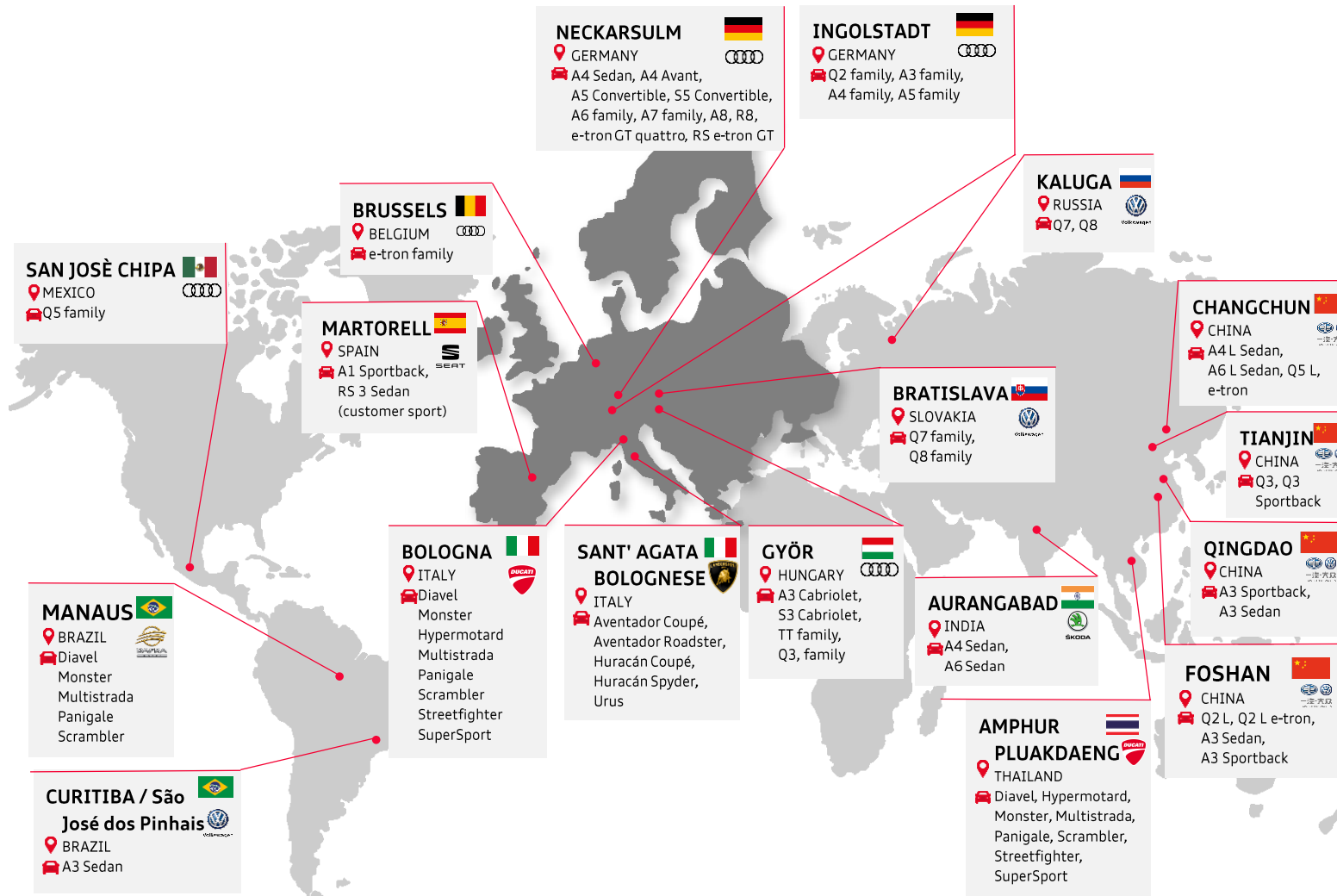
A large number of the T4I measures have already been **implemented** at the German sites of AUDI AG. At the same time, AUDI AG is responsible for **rolling out the T4I program** at its **subsidiaries and participations**.





4. Audi Facts – Structures/locations of Audi production sites

The number of Audi Group sites is growing in China



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 AG has been a fully owned subsidiary of Volkswagen AG since November 16, 2020.

Audi is present in more than 100 markets worldwide and produced at 18 locations in 12 countries in 2020.





4. Audi Facts – Audi model range

Overview of Audi models (German market)

● Fully electric models (BEV) ● Plug-in hybrids (PHEV)

e-tron GT	e-tron	A1	A3	A4	A5	A6	A7	A8	Q2	Q3	Q5	Q7	Q8	TT	R8

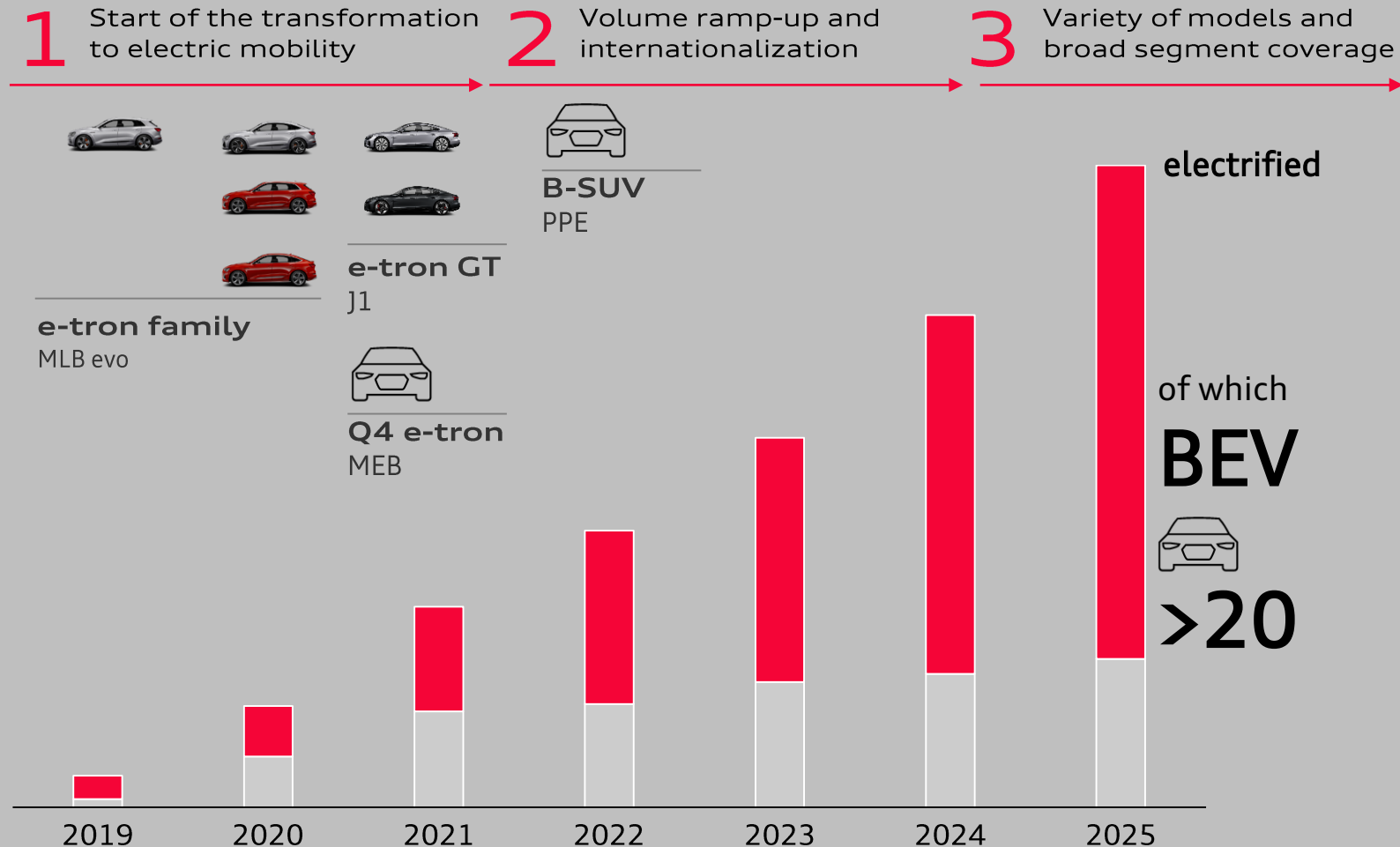


4. Audi Facts – Roadmap E

Ambitious Roadmap E ensures competitiveness for the years to come

Roadmap E

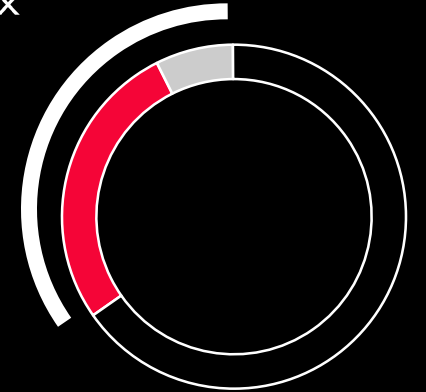
○ PHEV ● BEV



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 CO₂ emissions.** With the Audi e-tron family, the brand entered the electric age in 2019. 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.

In 2021, with the market introduction of the Q4 e-tron family, Audi will benefit from the **modular electric drive matrix (MEB)**, developed by Volkswagen Passenger Cars.

Premium Platform Electric (PPE) jointly developed by Audi and Porsche will be the basis for the full-size class vehicles from 2022 onwards.

4. Audi Facts – Financial Calendar

Upcoming events

Quarterly Update Q1/21
May 7, 2021

Quarterly Update Q2/21
July 30, 2021

Quarterly Update Q3/21
October 29, 2021



Audi Q4 e-tron concept / Audi Q4 Sportback e-tron concept

Fuel/electric power consumption and emission figures

Model	Combined fuel consumption (l/100 km)	Combined CO ₂ -emissions (g/km)
Audi A1 Sportback	5.0-4.6	115-106
Audi A1 citycarver	5.2-4.9	119-112
Audi Q2	7.7-4.0	176-107
Audi Q3	9.0-4.5	205-118
Audi Q3 Sportback	9.0-4.5	206-119
Audi A3 Sportback	7.4-3.9	170-102
Audi A3 Sedan	7.3-3.8	166-97
Audi TT Coupé	8.5-6.0	194-137
Audi TT Roadster	8.7-6.4	200-147
Audi A4 Sedan	7.1-4.0	167-104
Audi A4 Avant	9.2-4.0	211-106
Audi A4 allroad quattro	7.3-4.8	168-126
Audi A5 Sportback	8.8-4.0	200-105
Audi A5 Coupé	8.7-4.0	199-104
Audi A5 Cabriolet	8.2-4.2	188-112
Audi Q5	7.5-4.7	185-123
Audi Q5 Sportback	7.6-4.7	186-123
Audi A6 Sedan	7.6-4.3	173-114
Audi A6 Avant	11.6-4.5	265-118
Audi A6 allroad quattro	7.8-5.0	178-132
Audi A7 Sportback	11.6-4.4	265-117
Audi Q7	12.1-6.9	278-181
Audi Q8	12.3-6.9	281-182
Audi A8	10.8-6.5	248-170
Audi R8 Coupé	13.5-13.0	310-297
Audi R8 Spyder	13.6-13.2	311-303
Lamborghini Urus	12.6	292
Lamborghini Huracán	14.5-14.0	329-324
Lamborghini Aventador	20.1-18.8	499-452
Lamborghini Sián	19.8	449

Vehicles with natural gas drive	Combined CNG consumption (kWh/100 km)	Combined CO ₂ -emissions (g/km)
Audi A3 Sportback g-tron	3.6-3.5	99-96
Audi A4 Avant g-tron	4.1-3.9	111-105
Audi A5 Sportback g-tron	4.1-3.8	111-104

Plug-in hybrid vehicles	Combined fuel consumption (l/100 km) and combined electric power consumption (kWh/100 km)	Combined CO ₂ -emissions (g/km)
Audi Q3 TFSI e	1.7/16.0-1.4/14.4	39-32
Audi Q3 Sportback TFSI e	1.7/15.9-1.4/14.6	38-33
Audi A3 Sportback TFSI e	1.5/14.1-1.4/13.0	34-30
Audi Q5 Sportback TFSI e	2.0/19.6-1.8/19.3	45-42
Audi Q5 TFSI e	1.9/19.5-1.8/19.3	44-41
Audi A6 Sedan TFSI e	1.6/17.8-1.4/16.7	36-31
Audi A6 Avant TFSI e	1.6/18.1-1.5/17.5	37-34
Audi A7 Sportback TFSI e	1.6/17.9-1.4/16.9	36-32
Audi Q7 TFSI e	3.0/22.4-2.6/21.7	64-59
Audi Q8 TFSI e	2.8/22.9-2.6/21.9	63-59
Audi A8 TFSI e	2.4/19.0-2.2/18.7	54-50

Fully electric vehicles	Combined electric power consumption (kWh/100 km)	Combined CO ₂ -emissions (g/km)
Audi Q2 L e-tron	13.9	0
Audi e-tron	28.8-21.4	0
Audi e-tron Sportback	28.3-20.9	0
Audi e-tron GT quattro	19.6-18.8	0
Audi RS e-tron GT	20.2-19.3	0

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 forecast. 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 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.

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