



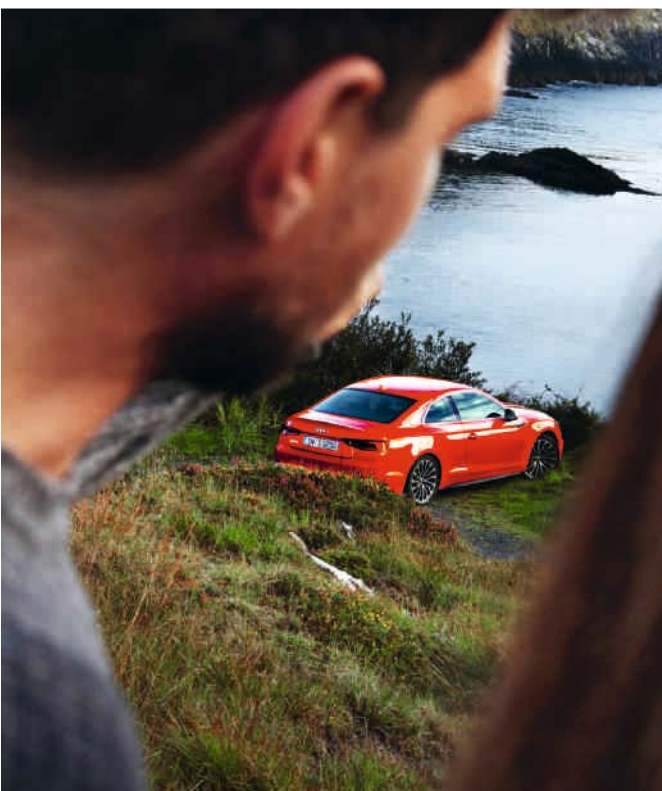
2016  
Annual Report

# turning.moment





PHOTOS: Sjoerd Ten Kate



The automotive industry is experiencing the biggest transformation in its history. A challenge we are facing full of confidence – while remaining **open, agile and positive**. From the revolutionary quattro drive to piloted driving: Change is in our DNA. We view it as an opportunity for continuous improvement. And we have now set new goals for ourselves:

## turning.moment

With this mindset, we live the concept of “Vorsprung” for our customers each day. And look forward to the future.



PHOTO: Uli Weber



*Dear Readers,  
Dear Shareholders,*

“Vorsprung” is our promise. Sustainable, customized premium automobiles, intelligent mobility offerings and services delight our customers worldwide. That is our vision for Audi in 2025.

We are realizing that vision step by step, making rapid yet cautious progress. We are in the midst of the largest transformation in our brand’s history. Changed customer behavior, additional business segments, new competitors – all these are business opportunities associated with the global megatrends of digitalization, sustainability and urbanization.

This transformation takes center stage in our 2016 Annual Report. Discover our open, agile and positive approach to shaping the future of mobility and an extended brand experience – with artificial intelligence, alternative drive systems and the digital ecosystem myAudi being key concepts here.

The future cannot exist without the present, which sees public attention still largely focused on the emissions issue. We deliver solutions – for all of our stakeholders. That entails providing full explanations, putting inspiring products on the road and giving our customers tailor-made products and services.

“Vorsprung” is our promise. A promise we will keep.

**Prof. Rupert Stadler**  
Chairman of the Board of Management of AUDI AG

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THE BOARD  
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1/12/2017  
10:23 a.m.

# FREEDOM IS THE FUTURE





Audi has written a laudable success story with “Vorsprung durch Technik.” With a consistent focus on delighting customers. Today, megatrends like digitalization, sustainability and urbanization are fundamentally changing the automotive industry. Audi is playing a leading role in shaping this change and is defining new strategic focuses: **turning.moment.**

**“NO COMPANY  
CARRIES CHANGE IN ITS  
DNA LIKE AUDI.”**

**Prof. Rupert Stadler**

Chairman of the Board of Management

“We are setting new goals for ourselves now and working on future areas that define the brand with the pioneering spirit we are known for,” says CEO Prof. Rupert Stadler.

For Axel Strotbek, Board Member for Finance and IT, agility is the central success factor for change at Audi: “At ever-shorter intervals, we are seeing new technical developments and disruptive innovations are having an impact.”

**“AGILE ENTREPRENEURSHIP IS  
A PRECONDITION FOR  
DOING THINGS  
RIGHT LONG TERM.”**

**Axel Strotbek**

Board Member for Finance and IT

This is the way – the only way – Audi can remain competitive and profitable in the future. “With this we are managing the investments required for the transformation from our own resources,” says Strotbek.

Audi has initiated product line management to further strengthen its core business, car manufacturing. “Entrepreneurs within the company” now work together with their teams on one product line, throughout its entire life cycle. “The new organizational form leads to clear lines of accountability and facilitates faster decision-making paths,” explains Strotbek.





Everyone at Audi knows: continuing the success story will require courage. And the freedom to think in new ways. Especially in challenging times, Audi benefits from the creativity and competence of its workforce. With the “Audi.Future.” pact, the company is sending a clear signal and supporting its strategic focus with a far-reaching job guarantee. “At the same time we are sustainably changing the working world of the Four Rings,” emphasizes Prof. h. c. Thomas Sigi, Board Member for Human Resources and Organization.

**“YOU CAN’T SHAPE TOMORROW  
WITH YESTERDAY’S PROCESSES  
AND STRUCTURES.”**

**Prof. h. c. Thomas Sigi**  
Board Member for Human Resources  
and Organization

New formats for working and refined leadership principles are creating room for innovation, while employees prepare for the issues of the future with a training initiative. Job profiles that used to be unusual in the industry are becoming increasingly important – from programmers and data analysts to battery chemists. Audi experts expand their network, enter into dialogue with startups and explore potential cooperation in places like Silicon Valley, Tel Aviv and Berlin – innovation meets innovation.

San José Chiapa, Mexico: The signs here also point to a **turning moment**. During the 2016 fiscal year, Audi opened its first factory that was fully planned in the virtual world using computer simulation – a first in the automotive industry. At the new plant all data, logistics and IT for the Audi Q5 run together in the central production control station, making it possible to connect from partner sites at any time.

“We have consistently digitalized the entire process chain and put the new plant into operation very quickly,” explains Prof. Dr.-Ing. Hubert Walzl, Board Member for Production and Logistics. Artificial intelligence is enabling a new production environment where human-robot cooperation could become standard along with 3D printers and drones. “A production facility will eventually be possible in which our cars are no longer produced on a production line, but instead according to a radically new concept – modular assembly,” says Walzl.

**“THE SMART FACTORY IS BECOMING REALITY BIT BY BIT. HOWEVER, PEOPLE REMAIN THE FOCUS OF ALL INNOVATIONS.”**

**Prof. Dr.-Ing. Hubert Walzl**  
Board Member for Production and Logistics

Continuing to perfect the product of the automobile technologically is an essential building block – but the needs of modern customers go much further.



**“FREEDOM IS THE MOST IMPORTANT CURRENCY FOR THE PREMIUM OF THE FUTURE.”**

**Dr. Dietmar Voggenreiter**  
Board Member for Marketing and Sales

Freedom for customers who live in the connected world and increasingly in urban spaces. For these customers, time, independence and sustainability are becoming increasingly important, while consumption, status and ownership are losing priority. “The car becomes a platform in the myAudi digital ecosystem – a diverse, personalized service, seamlessly linked with the customer’s living environment,” says Dr. Voggenreiter, Board Member for Marketing and Sales.

In addition to the possibilities of digitalization, Audi is rethinking sustainability.



PHOTOS: Uli Weber / TEXT: Jan Rentzow, Stefan Kemmerer

**“SUSTAINABILITY MEANS  
WE ARE READY FOR THE FUTURE,  
AND THAT APPLIES TO MORE THAN  
JUST OUR PRODUCTS.”**

**Dr. Bernd Martens**  
Board Member for Procurement

“In essence this involves combining ecological, economic and social standards in our corporate activities. Within Audi. Throughout our entire value chain,” says Dr. Martens, Board Member for Procurement. This also means acquiring and retaining the right suppliers at an early stage. Suppliers that can be depended on to act responsibly. And that are some of the most innovative in strategic areas for the future – in electric mobility as well as in piloted driving. “To shape the mobility of tomorrow, you need strong partners. We are developing cooperation with selected suppliers and, in this



way, are achieving a new quality of strategic dialogue. With this, we also want to safeguard 'Vorsprung durch Technik' for the long term," says Martens.

Audi is looking for intelligent solutions in the urban environment to ensure that sustainable, individual premium mobility is enjoyable and does not contribute to congestion in the cities. There is currently a paradigm shift away from the car-friendly city to mobility that is compatible with the city. The vision of a wide array of projects in cooperation with cities: an intelligent, sustainable and livable city with zero emissions and a networked traffic concept. "For Audi, digitalization, sustainability and urbanization go together," says Stadler.

And the automobile? It remains the focus. Audi will present groundbreaking product innovations this year and the next. For example, our full-size sedan, the new A8, debuts in 2017. It heralds the next phase for Audi in piloted driving. At the same time, it marks the beginning of a new styling direction that was primarily shaped by Audi design chief Marc Lichte. The Audi design of the future is also defined by the Q8 concept presented in Detroit in January 2017. Starting in 2018, Audi is opening up a new segment in the full-size class with the new design – with the elegant styling of a coupe and the typical spaciousness of an SUV. During the same year, Audi will bring all-electric driving to series production with an emotional electric SUV – sporty, with appealing driving dynamics and impressive range capacity.



**“AUDI HAS MADE ‘VORSPRUNG’  
IN MOBILITY DESIRABLE.  
THE AUTOMOBILE IS NOW  
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PEOPLE HAVE ALWAYS DREAMED  
OF. ‘VORSPRUNG’ IS  
OUR PROMISE.”**

**Prof. Rupert Stadler**  
Chairman of the Board of Management

**“We look forward  
to shaping change.”**



**Axel Strotbek**  
Finance and IT

**Dr. Dietmar Voggenreiter**  
Marketing and Sales

**Prof. h. c. Thomas Sigi**  
Human Resources  
and Organization

PHOTO: Uli Weber



**Prof. Rupert Stadler**  
Chairman of the  
Board of Management

**Prof. Dr.-Ing. Hubert Waltl**  
Production and Logistics

**Dr. Bernd Martens**  
Procurement

A vibrant red Audi A5 is parked on a gravel path overlooking a stunning coastal landscape. A man in a grey sweater and dark trousers stands by the driver's side, looking out at the sea. A woman in a brown top stands near the rear of the car, smiling. The background features a steep, forested hillside and a calm bay with rocky outcrops under a soft, overcast sky.

# open

PHOTO: Sjoerd Ten Kate





visionary

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01 / visionary

MEGATREND  
ARTIFICIAL  
INTELLIGENCE

12/12/2016

4:18 p.m.

# AI'S AGE

PHOTO: Christian Maistinger / TEXT: Susanne Mellinghoff



**Intelligent machines, humanoid robots and disruptive research are turning science fiction into science fact, accompanying humans and society into a new age. What possibilities will artificial intelligence (AI) open up for the automobile of the future? CEO Rupert Stadler, robot developer David Hanson and science fiction researcher Alan N. Shapiro meet in an Audi future lab to discuss these controversial issues. A conversation about knowledge pills, algorithms, self-learning and self-driving cars as well as the ethics and simplicity of humans.**

**You've created an attractive female robot that answers to the name of Sophia. Why do your robots look like humans, Mr. Hanson?**

**HANSON:** People like people. That's why humanoid robots appeal to our emotions and our nervous system. We feel attracted to them, we admire their looks and we identify with them. That's why children like playing with dolls. Humanoid robots make it easier for us to access artificial intelligence and make AI intuitively tangible. So why shouldn't they look like humans? We can even fall in love with these robots.

**Can you also develop feelings for cars?**

**STADLER:** Think of a thoroughbred sports car, and the butterflies in your stomach that it produces. We like our cars and definitely develop passionate feelings for them. In the future though, the car will also reciprocate these feelings. It will recognize us and understand us better. Maybe even better than we do ourselves. When we get into the car after a stressful day, for instance, it will play our favorite music, massage our back and know what we need. At Audi, we call it PIA, the personal intelligent assistant.

**We're all already familiar with robots as lawnmowers or in industrial manufacturing. But what do we need humanoid robots for?**

**SHAPIRO:** Androids like Sophia will play a role in all areas of life. You can think of it like in a science fiction film. Androids will be our friends and partners, and will also support us at home.

**So we humans are inadequate on our own?**

**SHAPIRO:** To be honest, we're actually pretty bad. In my view, the essential aim of AI should be to transform humans themselves to make them more empathetic and more ethical. To surpass themselves. The relationship between humans and AI should be a partnership in which we also learn what really constitutes human intelligence.



#### For example?

**SHAPIRO:** Intelligence consists of many facets. There are significantly more exciting aspects than those associated with rational, calculating intelligence. Think of a human's social intelligence, being able to behave appropriately in interpersonal situations.

**STADLER:** Another example is emotional intelligence, that is, the ability to perceive, interpret feelings and subsequently act accordingly.

#### So we do know precisely what constitutes intelligence?

**SHAPIRO:** No. The assumption that you can reproduce human intelligence in artificial intelligence is totally wrong. The idea of transferring biological algorithms to mathematical algorithms shows just how simplistic we humans are.

#### Are you serious?

**SHAPIRO:** Of course. We have huge shortcomings. People are dying of starvation around the world, there are wars and dictatorships. Another example is climate change, which we are unable to get under control. We obviously can't come up with solutions to serious man-made problems. On the contrary, we're doing everything we can to wipe out our world and ultimately ourselves.

#### So we're simply not viable. And that's why we need AI?

**STADLER:** That alone is surely not the sole motivation, but AI will enable us to use our resources much more efficiently. But self-learning machines can undoubtedly also make our everyday lives much easier.

**HANSON:** There are things that we humans simply cannot do. Machines and robots can, for instance, lift much heavier loads. They're more precise and much faster than we are. They don't get tired, get sick or need a vacation.

#### Are humans becoming superfluous?

**HANSON:** No, because we ultimately also have some outstanding strengths. Not everything is based on logic. Humans tend to make personal decisions in particular based on gut instinct. This intuitive did-everything-right feeling is alien to a robot. It's not about replacing us humans, but about extending our human potential. Assisted by robots, we can achieve more, become better and surpass ourselves.

**STADLER:** That applies equally to using AI in the working world. Robots are already working hand in hand with humans in our factories and are taking over strenuous tasks.

**SHAPIRO:** All of the technology that humans have developed thus far has been aimed at extending our possibilities. For many years, humans have had the benefit, for example, of



Future talk: (from left) Android Sophia, science fiction researcher Alan N. Shapiro, robot developer David Hanson, CEO Rupert Stadler and author Susanne Mellingshoff gaze into the future.



### PROF. RUPERT STADLER

Born in 1963. Chairman of the Board of Management of AUDI AG. A graduate in business administration, he joined Audi in 1990, working in Controlling for Marketing and Sales. In 1994 he was appointed Commercial Director of Volkswagen/Audi España S.A. in Barcelona. Rupert Stadler became Head of the Board of Management's Office for Volkswagen AG in 1997, and additionally Head of Group Product Planning starting in 2002. He joined the Board of Management of AUDI AG in 2003 and has been its Chairman since 2007. Stadler was also appointed to the Board of Management of Volkswagen AG in 2010. He lives in Ingolstadt with his wife Angelika and has three children.

medical implants that prolong life. In the future, though, this will go much further still. We will extend our cognitive skills, our intellectual capacity. We will, for instance, be able to assimilate things and knowledge, as and when required, with a pill. Such as a foreign language or a particular skill.

**Does that mean in the future I'll board a plane to Beijing, pop in a pill and be speaking fluent Mandarin when I land?**

**SHAPIRO:** Believe it or not, you won't need a dictionary anymore. You will become the dictionary yourself.

**Sounds tempting. And when will all this be possible?**

**SHAPIRO:** It'll be some time yet. There are many obstacles to overcome before we can actually turn all science fiction technologies into reality. We still don't have the right IT systems and what we're still missing in AI research is an interdisciplinary approach. This is why I don't believe that machines will be equal to us or even exceed our abilities in the foreseeable future.

**So at the end of the day it's all just fiction?**

**HANSON:** It is in fact still very early days. AI is already much more reliable than we humans when it comes to analyzing medical images, or rapid stock exchange trading. But the

breakthrough will come. And it isn't an issue for our children's children, it's something we ourselves will experience.

**Mr. Stadler, can you imagine, given these enormous prospects, soon working with an android as a colleague on the Board of Management?**

**STADLER:** As a next step, I would prefer to have a woman on the Board of Management ...

**... but hypothetically speaking, an android certainly acts with less emotion than we humans, right?**

**STADLER:** Absolutely. A touch of rationality wouldn't hurt in certain decisions made by humans. It's the interplay of the two that makes all the difference.

**Mr. Shapiro is skeptical about crediting humans with intelligence, while Mr. Hanson is working on the robot of the future. What is Audi doing, Mr. Stadler?**

**STADLER:** We're looking at machine learning, among other things. This means a computer, in our case the car's operating system, learns to act without being preprogrammed explicitly for a certain situation. Machine learning is essential for piloted driving and enables the car to act autonomously even in unforeseen situations. The car initially learns from specific situations, but can later generalize what it has learned. The more miles it clocks, the better it becomes. We are working hard on this issue and that is also why we went to one of the world's most important conferences for experts in AI in 2016. We presented a model



#### **DR. DAVID HANSON**

Born in 1969, Hanson is a robot developer, founder and CEO of the startup Hanson Robotics in Hong Kong. His company is renowned worldwide for humanoid robots. Hanson's best-known android "Sophia" understands language and is able to hold conversations and imitate more than 60 human facial expressions. In 2013, Hanson won the World Technology Award for IT hardware.

car that uses machine learning to develop intelligent parking strategies. In the next step we will transfer that to a real car. The goal is the intelligent car that can make independent decisions even in complex situations.

**Isn't the expertise for programming artificial intelligence actually in other sectors?**

**STADLER:** You might not necessarily associate AI with a car manufacturer. But to push piloted driving forward, we need to assimilate AI as a core competence. Meantime, consortia such as the one between Audi, Mercedes and BMW with the HERE map service are becoming increasingly important as a way of pooling expertise.

**Is that why Intel suddenly decided to join this alliance?**

**STADLER:** Intel brings enormous expertise in developing and optimizing hardware and will support us decisively in our future projects. Together we want to develop a digital platform so that we can update high-resolution maps in real time.

**Automobile literally means self-driving. Why has it taken the car industry over 130 years to discover automated driving?**

**STADLER:** The dream of the self-driving car is as old as the dream of perpetual motion. Only so far, we haven't had the technology to fulfill this dream. Now solutions are emerging to some of the problems that have for a long time been regarded as insurmountable. And so, enhanced computing power is finally allowing us to utilize the huge amounts of information and take the next step toward piloted driving.

**What does that do for me personally?**

**SHAPIRO:** You get freedom back. For us Americans, the automobile is synonymous with freedom. The American way of driving, so to speak. But since I'm not the only person with a car, particularly in urban areas, then I'm constantly stuck in a traffic jam. My car becomes a sort of cage, the traffic jam therefore a form of confinement.

**STADLER:** You call it confinement, for me it's wasting time. That's why we want to give our customers a 25th hour with piloted driving ...

**... my day only has 24 hours.**

**STADLER:** Mine too. But what we tend not to have is time for ourselves, a personal 25th hour. Piloted driving is no longer about getting from A to B. If the car of tomorrow has piloted driving, people will be able to use their time differently. You won't waste time in traffic jams. The Audi of the future will be a place to work, relax and enjoy experiences. Finally, we will once again have time to listen to music, read a good book, watch movies or Skype with the family.

**SHAPIRO:** Generally speaking, technology should no longer be seen as just a tool. Instead, it should be a living environment.



First lady: (from left)  
Android Sophia converses with  
David Hanson, Rupert Stadler  
and Alan N. Shapiro.

**The car collects masses of data to facilitate automated driving. Can we use that data for anything else?**

**HANSON:** Instead of cars, imagine fish, birds or insects. Many species of animals move in swarms, orient themselves with members of their species and benefit from doing so. The same applies to swarm intelligence in traffic. One car on its own knows little, many cars know a lot. Each individual car can help enhance the overall performance of all cars. It works by providing the data to all other cars via a cloud. Taking that idea further, you can end up with a brand-new value creation system. Data becomes currency. The more data a car collects, the more value it adds for society.

**Is that really what your customers want, Mr. Stadler?**

**STADLER:** The data belongs to the customer. What happens to that data is entirely up to him or her. But it is also clear that with artificial intelligence, Big Data will be the oil of the twenty-first century. We are in the age of the Big Data Economy.

**If someone hacks into my computer at home, my data is at risk. What happens if they hack into my car as I'm driving – is my life then in danger?**

**STADLER:** No. Safety is our top priority. We're running through every possible scenario in the development process to identify vulnerabilities and eliminate them in advance.

**Automated driving raises ethical questions in particular. How should a self-driving car respond in an unavoidable**

**accident situation where either a child in the road, or the occupant, could be killed?**

**STADLER:** No car manufacturer can decide on its own how to resolve this kind of dilemma. To define a binding framework for action we need a broad public debate with all the affected stakeholders – from insurers to accident researchers and courts that deal with traffic issues. I'm confident that piloted driving will substantially reduce the number of traffic accidents overall. After all, human error currently accounts for more than 90 percent.

**How realistic do you find the idea of one day having zero accidents?**

**SHAPIRO:** It's an interesting vision. But you need to realize that accidents are inherent in any technology. They are the midwives for progress. Airplanes may crash, power plants explode. It's inevitable. But that's no reason to fear technology will lead to dystopia and the end of mankind. We need instead to foster trust in technology. Think of it as making our lives and our world better.

**You have a great deal of trust in these supposedly intelligent machines. How should we integrate them into our society?**

**SHAPIRO:** First we need to understand that machines are not dead. They are alive and equal to us. So we need to treat them sympathetically, show them feelings, appreciate them and grant them autonomy and rights.



### PROF. ALAN N. SHAPIRO

Born in 1956, Shapiro is a science fiction expert, software developer and interdisciplinary thinker. He lectures in Transdisciplinary Design as visiting professor at the Folkwang University of the Arts in Essen and regularly gives presentations at academic conferences. His book “Star Trek: Technologies of Disappearance” continues to be regarded as a seminal work in the field of science fiction studies.

#### I beg your pardon? Did you say rights?

**SHAPIRO:** Yes. We need to grant them the same rights as a human. That way, we’ll also surpass ourselves.

#### Will we then need a separate jurisdiction for machines?

**HANSON:** Absolutely. As soon as machines have consciousness and a will, the law and statutes will change around the globe. In the future, machines will even be morally, ethically and, ultimately, also legally responsible for their actions.

#### Back in 1942, Isaac Asimov described three robot laws in a science fiction story. Are the Asimov laws now obsolete?

**HANSON:** The three laws – that robots may not harm a human being, must obey their orders, and should protect their own existence as long as that does not conflict with the first two laws – still apply. Yet the machines and robots of the future will be far better morally than we are. This notion goes way beyond the Asimov laws.

#### What does that mean?

**HANSON:** Machines will make impartial decisions so that, at some stage, we will call for them to be given power. Companies, legislators, and indeed society as a whole will demand this happens. Gradually, we will leave the field to robot judges, robot politicians and robot cars.

#### Isn’t there the risk that machines will eventually see us as a problem and want to wipe us out, just like the Terminator scenario?

**HANSON:** No. If machines not only exceed human capabilities but are also far superior to us morally, they won’t be able to turn against us.

#### That sounds like conflict. The renowned physicist Stephen Hawking warns us that AI could destroy us some day.

#### Aren’t you being overly optimistic, Mr. Hanson?

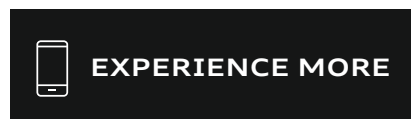
**HANSON:** We’re treading a fine line here. Of course there are risks, and some of these are big. But without optimistic visions, progress will elude us. For an AI enthusiast like me, it is absolutely clear that a positive future awaits us. I’m convinced that AI will usher in a golden age for us.

#### Let’s just return to the self-driving car for a moment.

#### Why would I buy an Audi R8 if I’m not even allowed to drive it myself?

**STADLER:** An R8 will also benefit from piloted driving. Imagine you’re on a racetrack. As a self-driving car, the R8 will show you how to achieve your best time. It monitors you and coaches you. Believe me, it’s an entirely new experience!

The film of the interview and a dialogue with the female robot Sophia can be found online.



[audi-reports.com/visionary](http://audi-reports.com/visionary)



## ARTIFICIAL INTELLIGENCE

Artificial intelligence (AI) is a branch of computer science that aims to replicate human-like intelligence in machines and software. Strictly speaking it entails intelligent software that constantly gets better by itself so it can solve problems and achieve goals autonomously. Research into artificial intelligence is geared to making all areas of life easier for humans, from robots taking over tedious tasks to greater safety and reliability

in the area of transportation. Constantly increasing computing power, the huge growth in data and intelligent algorithms are currently helping AI research make enormous progress.

The term was popularized in 1950 by British mathematician Alan Turing and the Turing test named after him. To verify the point at which a machine can be regarded as intelligent, a test person communicates via a computer terminal with two partners, which the person cannot see, namely a machine

and a human. If the test person cannot distinguish between the human and machine, the machine is said to be intelligent. Whether a machine has already passed the Turing test is open to debate. The computer program Eliza developed by computer scientist Joseph Weizenbaum at MIT (Massachusetts Institute of Technology) in 1966 is one early implementation test. The program simulates a psychotherapist, can conduct a dialogue and is regarded as the precursor of modern-day chatbots.



# SMART FACTORY AT THE CUTTING EDGE

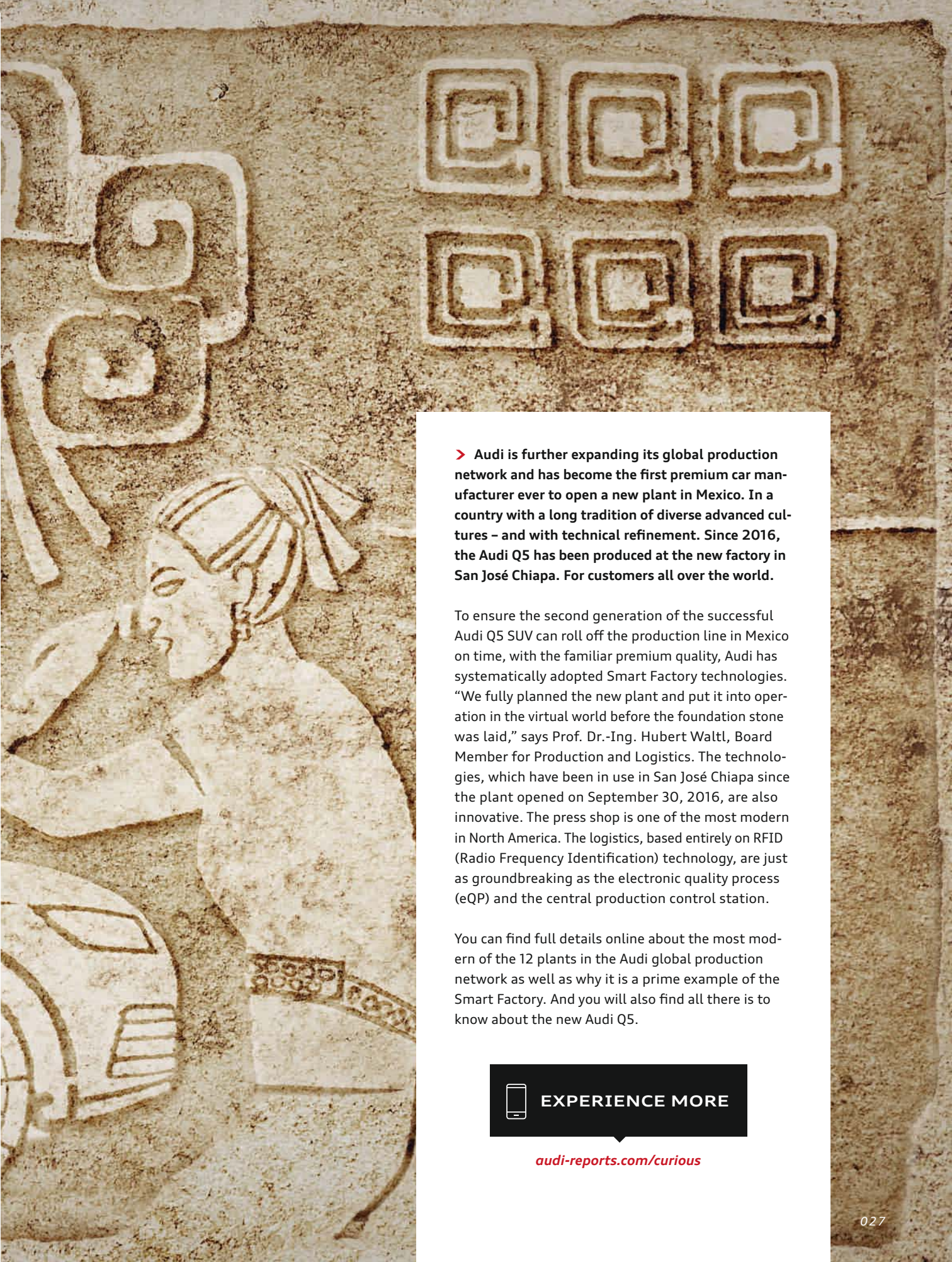
ILLUSTRATION: Simone Bacher, Nico Vetter / TEXT: Benedikt Still

02 / curious

THE MOST  
MODERN  
AUDI PLANT  
IN THE  
WORLD

9/30/2016

9:30 a.m.



➤ Audi is further expanding its global production network and has become the first premium car manufacturer ever to open a new plant in Mexico. In a country with a long tradition of diverse advanced cultures – and with technical refinement. Since 2016, the Audi Q5 has been produced at the new factory in San José Chiapa. For customers all over the world.

To ensure the second generation of the successful Audi Q5 SUV can roll off the production line in Mexico on time, with the familiar premium quality, Audi has systematically adopted Smart Factory technologies. “We fully planned the new plant and put it into operation in the virtual world before the foundation stone was laid,” says Prof. Dr.-Ing. Hubert Walth, Board Member for Production and Logistics. The technologies, which have been in use in San José Chiapa since the plant opened on September 30, 2016, are also innovative. The press shop is one of the most modern in North America. The logistics, based entirely on RFID (Radio Frequency Identification) technology, are just as groundbreaking as the electronic quality process (eQP) and the central production control station.

You can find full details online about the most modern of the 12 plants in the Audi global production network as well as why it is a prime example of the Smart Factory. And you will also find all there is to know about the new Audi Q5.



**EXPERIENCE MORE**

[audi-reports.com/curious](https://audi-reports.com/curious)



PHOTO: Shutterstock / TEXT: Jgn Renzow

# How smart logistics combines time and space

Audi produced around 1.9 million cars in the 2016 fiscal year, which means that the production volume has almost doubled in 10 years. And no longer at just three sites as at the turn of the millennium, but at 12 factories, spread across the entire globe.

A complex task therefore also for Audi Logistics: networking people, processes and knowledge in the best way possible. Or in other words, production with zero empty runs and the availability of all the necessary information and components in the right place at the right time.

One particular challenge that needs to be mastered is the increasingly varied product portfolio due to individual customer requirements for equipment and variants. In this way, hardly any two Audi cars are the same.

And what about employees? They play the central role in this cross-site network. The diversity of the multinational workforce is the key to international markets, with very different customer needs in each region.

Faster, more efficient, more sustainable – that is the logistics of the future. Digital information flows speed up processes, and real-time data allows complexity to be managed. Take a look at Talking Business online to find out how Audi, with its global growth, resolves the differences between space and time,

and what role a strong corporate culture plays in this respect.

Prof. Dr.-Ing. Hubert Waltl, Board Member for Production and Logistics: “With the aid of Big Data, we provide the right information at the right time and place.”

- Every Audi model can be individually configured by the customer – down to the smallest equipment detail. The result: a constantly growing range of variants.
- The Smart Factory helps manage the complexity of production, makes processes more flexible and efficient, and further enhances the high level of quality at Audi.
- A global production network requires intelligent logistics to optimize inventories and material flows.



**MORE FACTS**

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# CHI NESE NEW DEAR

PHOTO: Andreas Mader / TEXT: Christiane Kühl

03 / dynamic

CULTURE  
CHANGE IN  
THE MIDDLE  
KINGDOM

12/11/2016  
7:07 p.m.

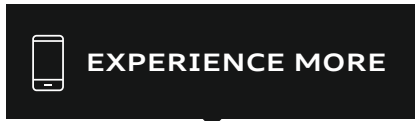


➤ China's economic development over the last few decades is unprecedented. As a result, gross domestic product has grown consistently over the past 30 years. Thanks to its economic muscle, the Middle Kingdom now ranks only behind the United States in terms of GDP. The income of the 1.3 billion inhabitants has grown steadily on the whole, increasing more than eight-fold since 1990. Anyone who was successful during this boom openly enjoyed the fruits of their success. This gave rise to the cliché of wealth reflected in purses, chandeliers and luxury cars covered in brand logos.

And today? The demonstration of wealth is changing. Success and prosperity now mean freedom and the opportunity to express your personality – but in a rather more subtle way. This shift in values is being driven by a younger generation that is letting go of the traditional values of their elders. This generation no longer wants to please society at all costs. Personal needs are increasingly coming to the fore. Their generation is also the first to grow up as digital natives – always connected with their environment. That has shaped them – they not only know more about the world and are more open than the generations before them. They also want to be online all the time, and they primarily use mobile internet due to its unbeatable convenience.

How should a premium car manufacturer respond to these changes? How should this new generation be understood? How can you find out what they want? And what services suit their lifestyle?

The Audi answer is to create innovative access to the brand's products in order to serve the young, urban Chinese generation, too. Find out online how this actually works. With no clichés whatsoever.



[audi-reports.com/dynamic](http://audi-reports.com/dynamic)





# Urban agenda

Tomorrow's cities are being planned today. What role will the car play here?

Audi is working to ensure it will be a decisive one. One that benefits cities. One that completely reinterprets how we handle space and time. There will be no traffic jams in this future. Instead there will be lush inner cities and people with more leisure time.

By 2030 there will be 41 megacities around the globe with more than ten million inhabitants. Parking space, which is already well beyond the means of many families in China, will become increasingly expensive. Superblocks will become exclusive pedestrian areas to create space for nature and leisure.

And the car of all things is set to become the game changer here? Absolutely! Future Audi solutions are as multifaceted as the challenges they address. With electric mobility to reduce emissions. With self-parking automobiles that cut the space needed for parking, freeing up room in downtown areas to improve urban quality of life. With Car-to-X communication to eliminate hours wasted in traffic jams. With autonomous vehicles for greater freedom on the move. With premium mobility services, tailored to individual needs.

Read Talking Business online to find out where the Audi urban agenda is already taking effect and how Audi is gradually getting closer to the Smart City.

A quick sneak preview of the smart Audi world of tomorrow:

- **Piloted parking will save commuters up to 100 hours annually in the future and reduce parking space by up to 60 percent because, for example, driving lanes and parking spaces can be reduced to a minimum size.**
- **The Audi connect service traffic light information helps make the best possible use of green light phases and therefore optimizes traffic flow.**
- **The new A8 is already setting new standards for Audi in 2017. In piloted driving mode, it steers its driver through congested traffic at speeds up to 60 kilometers per hour to reduce stress.**



**MORE FACTS**

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# TIME OUT FROM PERFEC TION ISM

04 / courageous

NEW WAYS  
OF WORKING  
AT AUDI

10/10/2016  
9:47 a.m.

PHOTO: Katrin Ebner / TEXT: Lisa Först



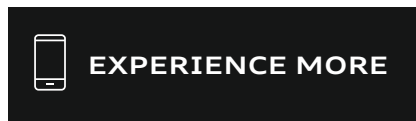
**> How can a company claim “Vorsprung durch Technik”? With innovations, of course. But these don’t develop by chance – especially when the basic parameters for automotive companies are changing as drastically as they are at the moment.**

On the road to becoming a digital car company, courage is essential. The courage to question proven technologies as well as time-tested structures and learned ways of thinking, and to try something new. In certain projects, Audi is already deliberately using

unconventional new formats and configurations for working that offer employees completely new freedoms. This releases abundant potential for creativity and innovation, since employees can collaborate here in a self-organized and interdisciplinary way, free of silo mentality. In different cities, in different countries, newly inspired and full of enthusiasm. And all the while they are allowed to make an occasional mistake.

Which new locations employees are discovering as their place of work, what has triggered a startup boom in Tel Aviv,

why red beanbag chairs encourage innovation, and why working while standing up makes you more creative: All answers are online – including the answer to why taking time out from perfectionism is actually a true innovation booster.



[audi-reports.com/courageous](https://audi-reports.com/courageous)

# A breath of fresh air for the working world of the future

**“When the winds of change blow, some build walls while others build windmills” – this saying is a metaphor for transformation. Driven by the megatrends digitalization, sustainability and urbanization, customer requirements are also changing radically in the automotive industry.**

The result: Existing value chains that had been stable for decades are being forced open and new competitors are pushing into the market. The decisive point is to view this as an opportunity rather than as a setback. Established car manufacturers are working steadily to advance development of business models that have worked for them up to now. There is no formula for success here. The winners in this transformation will include those able to offer sustainable, individual premium mobility in the future – with the automobile as a digital platform at the center. Audi is positioning itself clearly here with its Strategy 2025 and, during fiscal 2016 alone, has hired around 1,200 experts in future-focused areas such as electric mobility and digitalization.

**“I am certain that in 10 years, our daily work routine will look completely different.”**

**Dr. Jochen Haberland,**  
Head of HR Policy and Key Issues


Companies that enjoy sustained success continuously reinvent themselves. This transformation is shaped by

APPRECIATION  
AND  
RESPECT

SUPPORTING  
EMPLOYEES AND  
OFFERING THEM  
CHALLENGES

DEALING  
WITH  
MISTAKES

people but requires a work environment that encourages creativity and strengthens the ability to innovate. “I am certain that in 10 years, our daily work routine



will look completely different,” says Dr. Jochen Haberland, Head of HR Policy and Key Issues at AUDI AG. In the digital age, for example, new models for collaborating will become much more important.

Short decision-making paths are a must – this also means greater responsibility and focus on results for project managers and employees, flatter hierarchies and less need for coordination. The basis for this is provided by the refined leadership principles at Audi which have been developed successively since 2013 with the participation of managers, employees and the Works Council. Aspects such as “appreciation and respect,” “supporting employees and offering them challenges” and the principle of “dealing with mistakes” motivate employees and exemplify a corporate culture that offers room for innovation.

The Board of Management and Group Works Council of AUDI AG reached a company agreement in 2016 regarding mobile working. The agreement gives Audi employees a right to work independent of location and at flexible times, provided that this is compatible with their specific duties. This policy not only covers office jobs, but also offers variable flexitime and part-time arrangements in production areas, along with pilot projects aimed at adding more flexibility to shift systems. In addition, organizing work schedules based on the employee’s life phase will in the future help individuals adapt their own work to their respective life situations. For instance, employees could free up time this way for pursuing a degree while they work, for parental leave, for traveling the world or for caring for a family member at home.

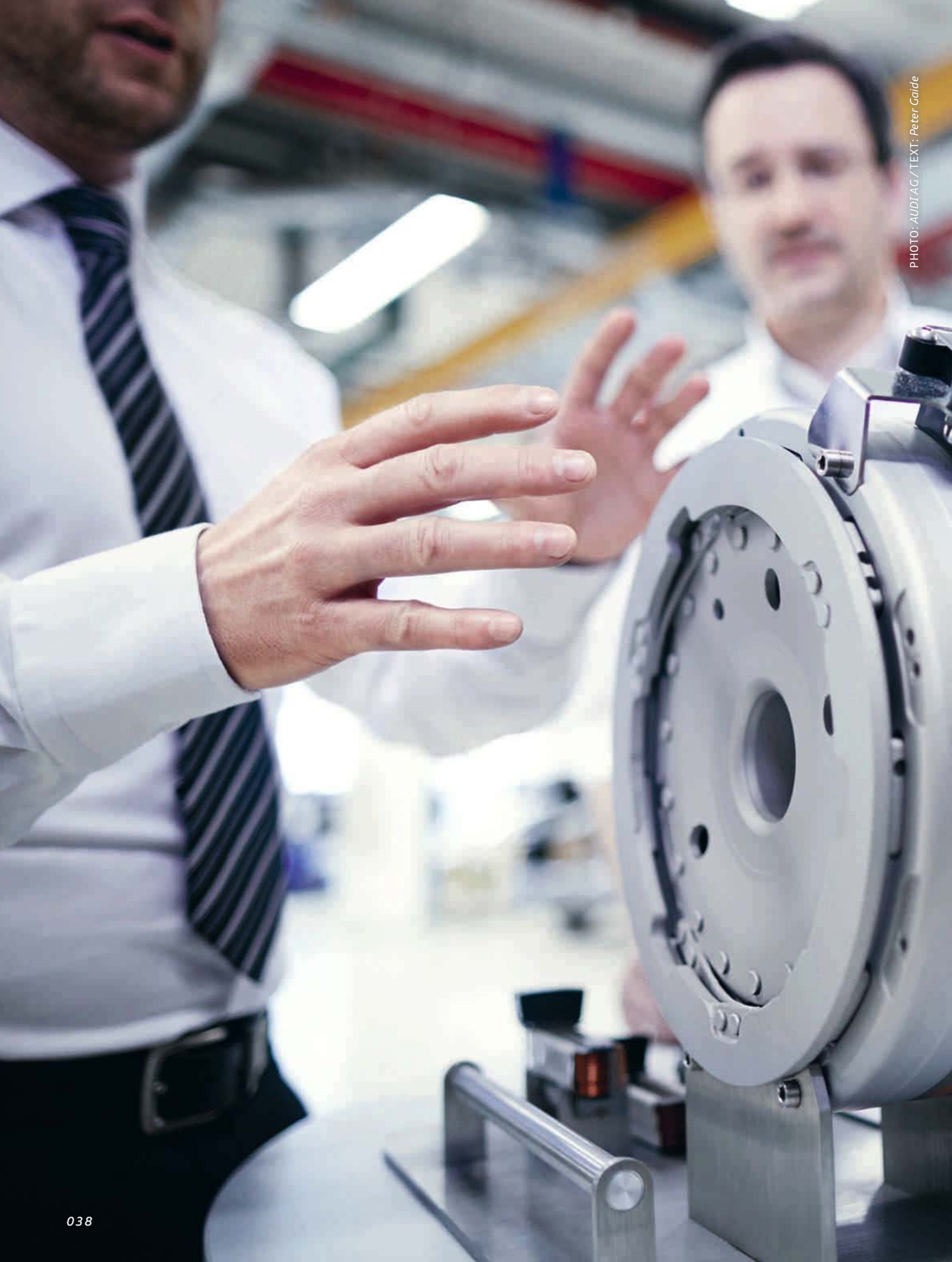
### Thinking out of the box

Especially in times of transformation, Audi benefits tremendously from the creativity and the competence of its team. To successfully conclude strategic initiatives, it is important to strengthen employees’ readiness and will to change. The company has therefore launched various measures that further boost the creative potential of its workforce.

For instance, interdisciplinary teams meet up at events like the Audi Innovation Sprint in Berlin. The goal here is to develop a “minimum viable product” – the first executable version of a digital software service – within 100 days. At the Audi X-Labs, groups of Audi employees aim to develop an innovative product and business idea, and then present it directly to the Board of Management.

In the Audi Fellowship Program, on the other hand, managers from all business divisions experience the digital hot spots Silicon Valley, Berlin and Tel Aviv firsthand. When they return, they bring back with them valuable networks and strategic partnerships, platform know-how and starting points for digital business models. All these initiatives help develop new business segments at Audi.

Audi is also taking an innovative approach to workplace design. In a new office building in Ingolstadt for up to 2,500 people, an open design promotes direct interaction, facilitates teamwork and offers a high degree of flexibility. “Quiet work stations” are available for tasks that require full concentration. In addition, a modular building structure allows for variable use of space, such as for individual offices or open-space work stations.



## TALKING BUSINESS

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### Customized training

Custom-tailored qualification creates a breeding ground for successful transformation of the automotive industry. One example of this is the significant issue of electric mobility. The ambitious strategic goal for 2025 is for one-third of all automobiles produced by Audi to be electric cars. “The automotive industry is in a period of transition,” says Thomas Sigi, Board Member for Human Resources and Organization. “New competencies in innovative fields like electrification, urbanization and digitalization are more important today than ever before in terms of strategic human resource planning. This is why we are also increasingly focusing on partnering with science and education.”

**“We are in the middle of shaping the working world of tomorrow and positioning ourselves to be future-proof in all business divisions.”**

Thomas Sigi, Board Member for Human Resources and Organization

For example, a partnership initiated with the Technical University of Ingolstadt offers drive system developers the chance to further expand their expertise in the field of electric mobility. The lesson plan includes topics such as “Electric Machines and Power Electronics” and “Concepts for Electrified Vehicles and Energy Storage.” The first participants from Drive Development completed their training in January 2017. The partnership serves as a kind of model. If the project runs successfully, similar programs will follow for employees throughout the entire company.

Ultimately, all of the projects and measures described are helping to accelerate the transformation of Audi into an even more agile organization and to make the company even more competitive in an age of electrification and digital automobility: a company where employees transform their visions into innovations.



**MORE FACTS**

[audi-reports.com/courageous\\_tb](https://audi-reports.com/courageous_tb)

# open

for intelligent solutions



Artificial intelligence //

## Audi at NIPS

Self-learning systems are a **key technology for piloted driving**. That is why Audi has already built up a wealth of know-how in machine learning. In 2016, the company was the only car manufacturer represented at **NIPS** (Conference and Workshop on Neural Information Processing Systems) in Barcelona. As one of the world's leading conferences on artificial intelligence, NIPS showcases advancements made each year in the areas of machine learning and computational neuroscience. Audi used a 1:8 scale model

car, the **Audi Q2 deep learning concept**, at NIPS to demonstrate an **intelligent parking procedure**.

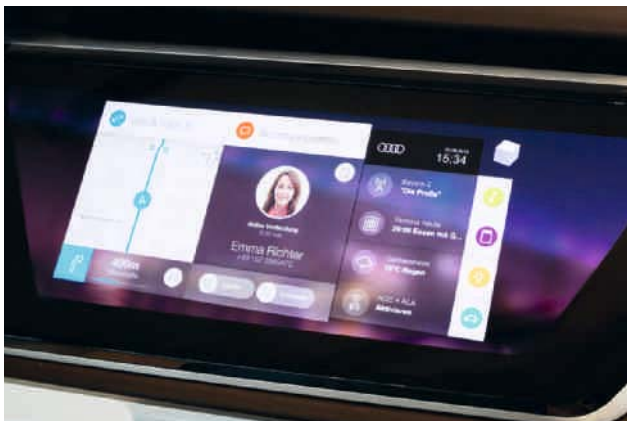
In January 2017, Audi presented the next step toward piloted driving with artificial intelligence at the **CES** (Consumer Electronics Show) in Las Vegas: the **Audi Q7 deep learning concept**. In the context of the NVIDIA keynote, the brand demonstrated the intelligence of the concept car on a specially designed, variable open course.





EXPERIENCE MORE

[audi-reports.com/open](http://audi-reports.com/open)



## Intelligent assistant // **PIA thinks for itself**

Unveiled in September 2016, PIA, the **personal intelligent assistant**, is due to enter series production by 2019 and assist Audi drivers on the road. **PIA** is one of the first in-car systems that continually learns. When activated, it remembers the driver's decisions and **assists auto-**

**matically** as soon as it detects a pattern. The vehicle gets to know drivers in this way and acts in accordance with their preferences.



## Digital payment systems // **On the move with AudiPay**

Audi and Volkswagen Financial Services worked together to create **AudiPay, a global platform that offers a smart, safe and fast way for customers to bill and pay** for new digital products and services. With AudiPay customers will be able to do things like purchase function-on-demand

features with their preferred methods of payment. In the future, AudiPay will be expanded with additional functionalities. An e-wallet function, a bonus system and payment with cryptocurrencies are among the possibilities.

A man in a grey sweater and dark pants is performing a handstand on a sandy dune. He is balanced on his right hand, with his legs raised and feet tucked towards his chest. The background is a clear blue sky with a bright light source on the right side. The word "agile" is written in large white letters across the center of the image.

# agile

on the way

... to offering **emission-free premium mobility** in the future – with e-tron, h-tron, g-tron, mild hybrids and e-fuels, Audi is taking an integrated approach.

**PAGE 044**

interactive

... **interior design** of tomorrow. We examine its importance for the **piloted driving car**.

**TALKING BUSINESS:**

Audi is redefining the requirements of **sustainability** at the strategic level.

**PAGE 050**

versatile

... performance by the **Audi Q2** in Cuba: Historic architecture meets the current geometry of the Audi design language.

**TALKING BUSINESS:**

Why Audi continues to focus on the strong **SUV segment**.

**PAGE 054**

entrepreneurial

**TALKING BUSINESS:**

... discussion between Axel Strotbek and Prof. Dr. Klaus Möller about the customer as the **key to agile planning and management**.

**PAGE 058**

# REF?O

05 / on the way

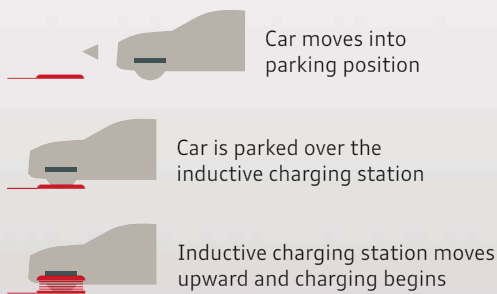
PREMIUM  
MOBILITY  
OF THE  
FUTURE

7/20/2016  
10:02 a.m.

ILLUSTRATION: Golden Section Graphics / TEXT: Lisa Feldmann

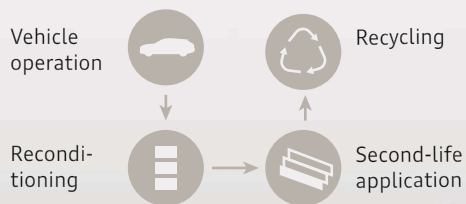
## Audi e-tron inductive charging

With this technology, Audi is developing a solution that makes it possible to automatically charge overnight with the amount of energy required for the distance driven daily – in the convenience of your own garage or private parking space. The energy is transferred via a floor charging plate connected to the electric grid.



## Second life for used batteries

After they have been used in cars, batteries still possess a large portion of their capacity – too high for them simply to be recycled. Audi is therefore working on a concept for turning the used batteries into stationary energy storage devices. These can be used in the future to compensate for large fluctuations when generating electricity from renewable energy sources.



**e** 2017  
Creation of a high-power charging network as part of a joint venture in Europe



**Audi e-tron quattro concept**  
Local CO<sub>2</sub> emissions\*: 0 g

## e-tron

Electric mobility is a key topic for the company. The strategic goal for 2025 is for one-third of all automobiles produced by Audi to be electric cars. The focus during development is on a holistic approach in which all systems and components are matched as well as possible. As a premium manufacturer, Audi has high standards for the everyday practicality of its automobiles, such as with respect to range and charging convenience. This applies to the existing plug-in hybrids of the A3 and Q7 models as well as to the first all-electric series-production SUV from Audi, which will be delivered to customers from 2018 with a range of more than 500 kilometers. Based on the **Audi e-tron quattro concept**, the model will be

produced at the Brussels site, which is building a battery production facility especially for it. At the same time, Audi continues to work systematically toward attractive parameters for electric mobility, such as with the charging infrastructure. With renewable electricity from wind and solar energy, it is possible to drive the Audi e-tron models almost carbon neutrally.



Electricity generation

**Audi e-power**

# Vision: emission-free mobility made by Audi

**e** **2018**  
Launch of the first all-electric series-production SUV

**e** **From 2018**  
Continuous expansion of the all-electric Audi model portfolio

**h** **By 2020**  
Expansion of the h-tron technology demonstrators



**Audi h-tron quattro concept**  
Charging time: 4 min.

## **h**-tron

Emotional, highly efficient and clean – fuel cell technology from Audi, in which hydrogen serves as the energy source, offers numerous advantages. The **Audi h-tron quattro concept** study combines a highly efficient fuel cell achieving an output of up to 110 kW, with a battery that provides a temporary boost of 100 kW. The Audi h-tron quattro concept uses only around one kilogram of hydrogen per 100 kilometers. The car can be completely refueled in four minutes, has a range of up to 600 kilometers and, rather than exhaust gases, emits nothing more than a few drops of water. Audi is responsible for fuel cell technology within the Volkswagen Group,

with the Neckarsulm site designated as a competence center. The Audi h-tron quattro concept drives with not just zero local emissions, but also virtually zero global emissions – when renewable energy is used to produce the hydrogen, like it is at the Audi e-gas plant in Werlte, Lower Saxony.



2025

**e** 1/3  
↑ of the cars produced are all-electric

**h** h-tron  
↑ in series production

**c** **g** 2/3  
↑ ↑ of the cars produced are conventionally powered

**h** By 2025  
Introduction of fuel cell technology in low-volume production

**c** By 2022  
Expansion of mild hybrid technology

**c** 2017  
Rollout of the 12-volt and 48-volt mild hybrids with belt-starter generator

**g** 2017  
Expansion of the portfolio with the A4 Avant g-tron and A5 Sportback g-tron. Expansion of the Audi e-gas® purchasing concept to all of Europe.

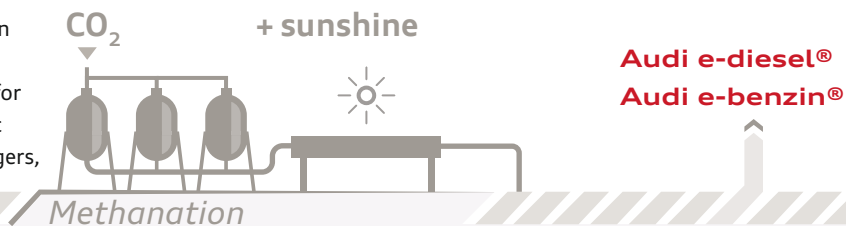


**Audi SQ7 TDI**  
Range: 1,100 km

## Combustion engines

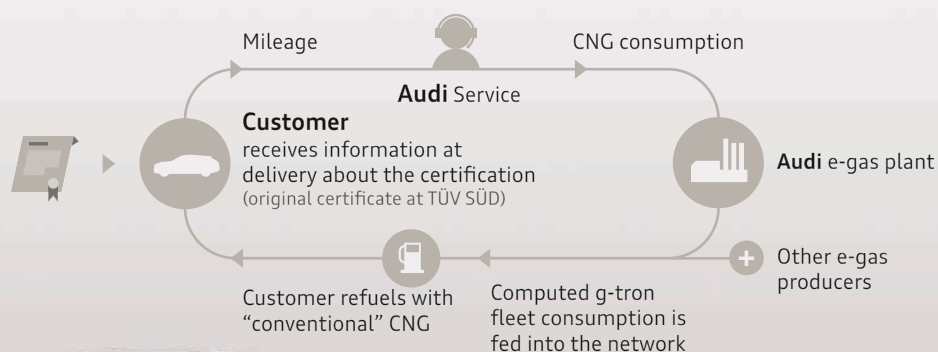
Audi combustion engines are steadily becoming more efficient. The Four Rings are turning primarily to mild hybrids that support the combustion engine electrically and can use recuperation, for example, to reduce fuel consumption. Within the next ten years, Audi is planning to offer this technology in all models with a conventional drive system. The higher-power 48-volt electrical system, which made its series-production debut as an electrical subsystem in the **Audi SQ7 TDI**, enables a multitude of innovative and attractive technologies for the drive system and suspension, such as the electric powered compressor. This supports the two turbochargers,

especially at lower engine speeds, to provide for very dynamic off-the-line performance. To also reduce the CO<sub>2</sub> emissions of its combustion engines, Audi is developing synthetic and therefore petroleum-independent fuels such as Audi e-benzin® or Audi e-diesel®. Fuel production follows the Audi e-fuels formula: The amount of CO<sub>2</sub> captured is precisely the amount emitted when the car is driven.



## Driving “greener” with Audi e-gas®

Determining the carbon footprint of the Audi g-tron fleet is simple: Audi calculates the total consumption of the g-tron fleet based on measured and standardized consumption figures as well as statistical data and feeds the corresponding amount of Audi e-gas® into the public natural gas network. Audi began rolling out the intelligent purchasing system for all g-tron models throughout Europe in early 2017. The best part is that every g-tron customer ordering in 2017 receives a free three-year package so that they can drive “greener.” Audi is also working to successively increase production capacities for Audi e-gas®.



### Audi A4 Avant g-tron

Consumption: 3.8 kg CNG/100 km = EUR 4

## g-tron

The drive system portfolio is rounded out by the Audi g-tron models with CNG technology. These automobiles can be fueled with either natural gas or particularly climate-friendly Audi e-gas®. This is a regenerative fuel that Audi produces itself from water and CO<sub>2</sub> using wind power at its power-to-gas plant in Werlthe, Lower Saxony, for example. Depending on demand, it can also be supplemented with biomethane from waste. Electrolysis and methanation are used to produce the synthetic methane, which is fed into the public natural gas network. Large quantities of electricity produced from fluctuating wind and solar energy can thus be stored, and CNG fueling

stations can be supplied with renewable energy. Audi introduced the brand’s first series-production model with a CNG-powered drive system back in 2014: the A3 Sportback g-tron. The **Audi A4 Avant g-tron** and Audi A5 Sportback g-tron available from 2017 consume less than four kilograms of gas per 100 kilometers (combined), with customers benefiting from low fuel costs as a result. The CNG share at Audi is set to expand by 2025.

**Audi e-gas®**

► Methane



Audi is already developing the emission-  
free mobility of the future today with  
alternative drive concepts tailored to the  
needs of customers. With a holistic con-  
sideration of the energy and emissions  
footprint. A look at the premium mobility  
of tomorrow.



**EXPERIENCE MORE**

*[audi-reports.com/ontheway](https://www.audi-reports.com/ontheway)*

# VISION POS SIBLE

PHOTO: Michael Schnabel / TEXT: Franziska Oetting

06 / interactive

REVO  
LUTION  
IN THE  
INTERIOR

1/16/2017  
11:07 a.m.

D4



> Cars have always needed someone to steer them. Now we are approaching the point where we can let go of the steering wheel and surrender control – a strange idea for many. For some it's simply inconceivable. But of those who have tested the concept, most sum it up with the very words that make it possible: I trusted the car.

This is the trust that the “senses” of a piloted driving car work just as effectively as those of a human driver. Even better, in fact. For example, through cameras, radar sensors, ultrasound, laser scanners and phenomenal computing power. Information is gathered all around the car, many miles in advance, and used to define spot-on responses. It all happens unseen. But how can the passenger inside be convinced to feel trust?

It is all a question of transparency and communication. A new dialogue is taking shape between car and driver – the design of the Human Machine Interface is becoming more important than ever before.

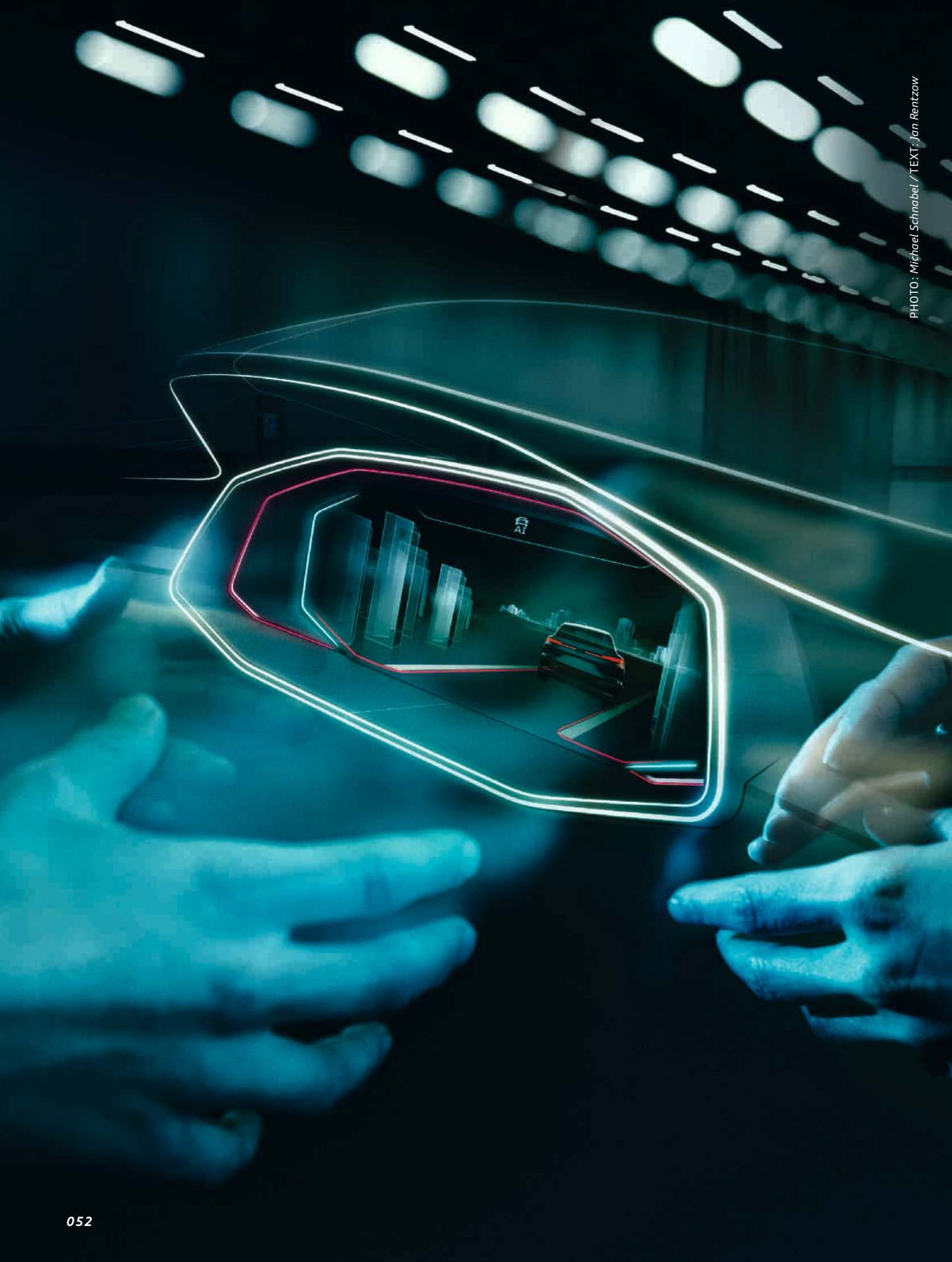
But what does that mean for the designers? How do you design an interior that acts as a relaxing oasis for the driver even though they surrender control?

And, in straightforward practical terms, how do you actually create trust that makes the driver feel safe? Read online to find out more about the vision and mission of the interior of the future.



**EXPERIENCE MORE**

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# Rethinking sustainability

Over 60 percent of millennials would rather live in the city. Around half of those in the United States believe it is more important for a house to be environmentally friendly than to have luxury furnishings. The majority of consumers say they are interested in battery-powered vehicles.

The common thread running through these statements is the importance that leading a sustainable lifestyle already occupies in many people's minds. It is more than just a trend. Sustainability is becoming a lifestyle, a movement that more and more people are joining.

Audi is developing sustainable solutions required for the connected, individual mobility of the future. This creates fresh experiences and frees up time. That is the goal. "We're giving our customers a 25th hour in the day, and with it, more freedom and independence," declares Prof. Rupert Stadler, Chairman of the Board of Management. The company is thus redefining the requirements of sustainability – along with the implications of the megatrends digitalization and urbanization – at the strategic level.

"Our understanding of sustainability is all-encompassing. This is a task that includes processes along the entire value chain," explains Dr. Bernd Martens, Board Member for Procurement. "The circular economy, for example, is becoming a fundamental

principle for the production and marketing of our products," says Prof. Dr.-Ing. Hubert Walth, Board Member for Production and Logistics. Read more about sustainable "Vorsprung" at Audi in the detailed Talking Business online.

Three important goals at a glance:

- **The electrification roadmap is ready: By 2025, one-third of the vehicles built by Audi will be electric cars.**
- **The circular economy will be a fundamental principle in the entire value chain at Audi in the future. The vision is to use raw materials in a closed loop wherever possible.**
- **Audi is aware of its responsibility as part of this society. Integrity as well as maintaining high social and ecological standards are essential aspects of the strategic focus of Audi.**



**MORE FACTS**

[audi-reports.com/interactive\\_tb](https://audi-reports.com/interactive_tb)

07 / versatile

URBAN SUV  
MEETS  
HAVANA

5/29/2016  
3:38 p.m.

# # VIVA EL Q2

EMPRESA  
PROVINCIAL  
DE COMERCIO  
LA HABANA

UNIDAD 112-04  
El Arlequín  
HORARIO  
DE 8:00 A 7:30

8:00 A 10:00  
4:30 A 7:30


PHOTO: Tobias Sagmeister / TEXT: Lidija Marinkovic



> People standing in the middle of the street to wave enthusiastically at a new car with its Tango Red paintwork? Where would you actually find anyone doing that? In Cuba! Or, to be more precise, on the bustling streets of Havana. The first vehicle presentation in decades took place here in May 2016. But why is Audi showcasing the new Q2 on the once-forbidden island, of all places?

Because it is hip to blaze a new trail here, 60 years after Fidel Castro declared the revolution that changed everything? Or maybe because the new Audi Q2 and Cuba are both equally multifaceted, exciting and surprising? And because both are almost impossible to pigeonhole?

Learn why the new Audi Q2 is not a traditional SUV and why Cuba's classic cars remain forever young. Why Tango Red is the new black, and German and Russian are sometimes more useful than English in Cuba. Why Q2 drivers always have a guardian angel on board and "head-up" takes on a whole new meaning at Audi. This is something you cannot explain. You have to experience it. Come with us to Cuba and find out for yourself – by taking an online sightseeing tour. Just as unconventional as the Audi Q2. **#untaggable**

 **EXPERIENCE MORE**

[audi-reports.com/versatile](https://audi-reports.com/versatile)

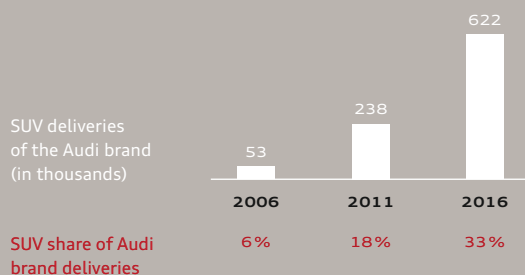
# With foresight into the future

There is no doubt. The most interesting segment in the automotive industry at present has three letters: SUV. No other type of car has higher growth figures at the moment. With the Q2, the sporty, compact city SUV for young urban trendsetters, Audi is expanding its premium portfolio for entirely new target groups and shoring up the future success of the popular Q family.

Yet where is the SUV market really heading? How much are the challenges of the future associated with digitalization, sustainability and urbanization really changing this segment?

A look ahead: Tomorrow's automobile buyers will also expect attractive design from low-emission vehicles. And no compromises in terms of performance. Here the inventor of the quattro drive can fully leverage its know-how for the benefit of customers.

SUVs have clear package advantages on the way to the electric mobility era. Will tomorrow's world be driving electric vehicles? If so, then that world will very probably also be driving an SUV.



Audi is set to launch the first all-electric series-production SUV as early as 2018. It will offer a compelling range of over 500 kilometers combined with everyday practicality.

From the Q7 and Q5 to the Q3, Audi has rolled its SUVs out onto the market and more than doubled the sales volume of SUVs over the past five years.

What indicators point to the ongoing success of the SUVs? Additional facts at a glance:

- > The Audi Q5 is the brand's best-selling SUV model worldwide.
- > 2018 will not only see the launch of the first all-electric series-production Audi SUV, it will also be the debut year of the first series-production SUV from Lamborghini.
- > The world's first TDI plug-in hybrid with quattro drive, the new Audi Q7 e-tron quattro, already impresses with the intelligence of two drive worlds and low fuel consumption.

 **MORE FACTS**

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08 / entrepreneurial

THE CUSTOMER AS KEY  
TO AGILE PLANNING

1/9/2017  
9:54 a.m.

# THE ART OF PERFOR MANCE

A photograph of two men in dark suits and ties walking through a modern office hallway. The man on the left is wearing a pink tie, and the man on the right is wearing a blue tie and glasses. They are both looking towards each other and appear to be in conversation. The background shows a bright, open-plan office with glass partitions and modern furniture.

PHOTO: Klaus Mellenthin / TEXT: Peter Galde

## TALKING BUSINESS

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**New customer requirements, new competitors, new business segments, an increasingly volatile environment. And, despite all that, highly profitable? There is no doubt: The time has come for new strategic impetus. For Audi. For the Finance division. Axel Strotbek, Board Member for Finance and IT, and Dr. Klaus Möller, Professor at the University of St.Gallen, talk about agile entrepreneurship.**

**Mr. Strotbek, the automotive industry is currently reinventing itself. The megatrends of digitalization, sustainability and urbanization are in the spotlight. How is Audi responding?**

**STROTBEK:** Audi was very successful over the past few years. We managed to break into the premium segment and established a sustainably profitable business model. But it is also clear that our business model needs to be refined. We now face changes which are unprecedented in terms of their intensity and pace. Changes that to a certain extent also require high upfront expenditure on our part without immediately seeing higher revenue in return. For that reason we've not only approved a new strategy in 2016, but have also underpinned it with a wide-ranging package of measures – SPEED UP! Both represent in equal measure a paradigm shift at Audi. It's not about being number one in terms of volume, whatever the cost. It's increasingly about the number of customer contacts and about the quality of customer relationships. And about doing business profitably over the long term. That's what our stakeholders expect from us.

**Professor Möller, as an academic and controlling expert, how do you perceive the transformation in the automotive industry?**

**MÖLLER:** I basically see two challenges for this industry. First, we have a political and economic environment that is uncertain, complex and volatile. At the same time, car manufacturers have to reconcile two different worlds – the world of digital apps and services, characterized by much shorter cycles, with the world of industrialized, capital-intensive

series production. The automotive industry needs to adapt to this change by thinking and making decisions with greater agility than ever before.

**Agility is a complex term. What lies behind it and to what extent does it benefit companies?**

**MÖLLER:** Agility means the ability to adapt an organization and the ability to respond flexibly. In recent years software development has particularly focused on agile principles. The idea behind it is to work closely with customers and their requirements with few rules and with quick iterations. Particularly in times of change, you can work more entrepreneurially and quickly with principles like transparency, flexibility and self-organization.

**Is Audi embracing these principles, Mr. Strotbek?**

**STROTBEK:** I believe we've taken a significant step over the past few years. One example is the newly created post of Chief Digital Officer, who prioritizes our digital activities and defines strategic roadmaps. With product line management, we have also set up a new concept that allows us to control and monitor product development more stringently than ever. And we're creating the conditions for a future-proof working world, such as with new leadership principles – that way, we can embrace more efficient processes and strengthen the spirit of innovation among our employees.

**MÖLLER:** Agility is extremely important in times of major change. But it also leads to uncertainty and can bring inefficiency in its wake. Organizations must therefore analyze very closely in which areas they want to be agile and where they would prefer to focus on efficiency. There are more than enough well-known examples of businesses that unintentionally embarked on the road to ruin due to a reluctance to change. It seems important to me that the area of finance also assumes responsibility and takes on a driving role with regard to agility. Only this area can map the financial repercussions of changing business models and point out opportunities and threats.

## TALKING BUSINESS

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**STROTBEEK:** Finance is synonymous on the one hand with accuracy, with precise statements, good analysis and reliability. That is something it must and will continue to do. Yet, on the other hand, we also need new rules. We need to focus considerably more on issues like bandwidths, scenarios, sensitivities and best-estimate calculations for project invoices and planning processes. Employees in finance are increasingly helping maximize business value for operational and strategic business.

**MÖLLER:** Absolutely, in my opinion that gives rise to three core tasks in the finance area. In addition to meeting compliance and governance requirements as well as continually handling core financial processes, performance management is becoming a particularly important task. Performance management provides important impetus for necessary organizational change and is therefore increasingly relevant in terms of strategy. Put simply, every undertaking needs clear goals and tensions. And the controller must also systematically ensure this is embraced. That also applies increasingly to non-financial value drivers. With our SPMM – St. Gallen Performance Management Model – we are proposing a specific structure in this respect.

**STROTBEEK:** The core of our business will continue to be attractive, emotive and innovative automobiles. At the same time, we are opening up new business segments around this core product. We will maintain closer, more dynamic contact with our customers and offer them not just a vehicle, but also a digital ecosystem with myAudi. This will allow customers to acquire upgrades in the future, such as the Matrix function for LED headlights before a long nighttime journey. Features that are already fitted to the vehicle can then be activated digitally afterwards. We call it function on demand. With AudiPay we will offer a global platform that provides simple, secure payment of these new services.

### **What do you expect from the new feature?**

**STROTBEEK:** For our customers it means greater flexibility, greater individuality, greater convenience.

Nowadays, we all decide spontaneously to order one thing or another with our smartphone. People don't do "one" big shopping trip anymore, but consume in smaller units, buy more often. And of course we also hope to gain additional business potential as a result. Starting from 2025, we want to generate a substantial operating profit with digital services and new business models.

### **Professor Möller, are you aware of any companies that have similarly extended their business model and reaped the benefits?**

**MÖLLER:** Hilti for example. The company extended its sales model – beyond classic sales of top-quality power tools – several years ago. After all, customers using the tools are primarily interested in reliability. That calls for technologically advanced products, but you don't necessarily have to own them. Hilti therefore offers a flexible leasing model, which means you need to be very close to customers. That of course changes a great deal for the company: everything from sales through to profit and loss account, since now you need to analyze and calculate the success of a customer relationship above all else. Car manufacturers are also now facing a similar challenge.

### **And financial planning and control may well change as a result, right?**

**STROTBEEK:** The interesting question is how many customers order optional equipment as part of the initial purchase and how many will select a certain feature down the line through add-on options. We are currently expanding our methods for assessing these things. In the past we – put simply – would forecast a price and an installation rate, and multiply the two. Then we knew roughly what cost target we could assign for product development. In the future we will need to increasingly include the customer life cycle factor in the calculation. This will also change our pricing and incentive logic – here we are increasingly using algorithm-based, dynamic models. For Audi that means the return for each vehicle remains crucial, but the return per customer will increasingly become a key control value.

## AXEL STROTBEK

### Board Member for Finance and IT

Axel Strotbek was born in 1964 in Hamlin in Lower Saxony and studied Industrial Engineering in Karlsruhe and Linköping (Sweden). After earning his MBA at the University of Illinois in Chicago, he joined the Volkswagen Group in 1991 as Assistant to the Board Member for Controlling and Accounting of the Volkswagen brand. Following various posts within the Group he served as Executive Vice President Finance of Volkswagen Group China from 2004 to 2007. In 2007, Strotbek joined the Board of Management of AUDI AG with responsibility for Finance and IT.



## PROF. DR. KLAUS MÖLLER

### Professor of Performance Management/Controlling

Prof. Dr. Klaus Möller was born in 1969 in Mannheim. After studying Industrial Engineering (Mechanical Engineering) at TU Darmstadt, Klaus Möller obtained a doctorate and qualified as a professor in the Chair of Controlling at the University of Stuttgart under Prof. Dr. Dr. h. c. mult. Péter Horváth. Following academic posts in Munich and Göttingen, he was appointed Professor of Performance Management/Controlling at the University of St.Gallen in 2011. Among other things, he is Academic Director of the Hilti Lab for Integrated Performance Management and has co-published various trade journals.



## TALKING BUSINESS

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**MÖLLER:** As part of overall digitalization, we're seeing a substantial increase in the pace of change through the enormous scaling opportunities. Never before in economic history was it possible to grow so fast. Take the IT giants from Silicon Valley, for instance. On the other hand, these kinds of business models are also vulnerable, since they are based less on physical assets and increasingly on intangible assets. Innovation, employee and process expertise and network effects are thus becoming key success drivers, but do not appear in any of today's balance sheets. So the days of complex, tedious planning and budgeting processes are numbered. Tech companies are justifiably pursuing different approaches: a strong vision, intensive and continual strategy work, followed by rolling, quarterly-based control.

**Mr. Strotbek, you said before that the Finance division will in the future have to establish itself more as an adviser and business enabler. How do you intend to do that?**

**STROTBEEK:** We are essentially trying to facilitate that internally by reducing complexity in existing core processes and increasingly digitizing these processes in order to generate scope for new ideas and projects. But we need to support this through additional valuation methods, which will also fit in with new topics such as function on demand, electric mobility and piloted driving. We are now preparing intensively for these changes – our 1Finance program is a key driver. In this way we are optimizing, digitizing and fine-tuning our financial processes.

**MÖLLER:** In the financial and controlling environment, we have generally been discussing for several years the skills that will be needed in the finance area going forward. One insight from this debate is

that in the past we focused relatively strongly on specialist and methodological skills. Now, everyone involved more or less agrees that we need to concentrate on a broader set of skills that includes more interaction, communication, analysis and interpretation skills. And that is precisely what Audi is now doing.

- **The customer's living environment is coming into focus. Audi premium automobiles are increasingly becoming a platform and enriched with services. One example: function on demand.**
- **Growth is important – yet seen in isolation, it does not tell you anything. The key indicator is primarily the return and not the volume.**
- **The return targets Audi has set remain ambitious. Agile planning and control as well as fully digital financial processes ensure effective performance management.**



**MORE FACTS**

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# agile

with straightforward  
concepts



## Environmental progress in production // **More from less**

In 2016, Audi opened one of the **world's most environmentally friendly paint shops** at its **Ingolstadt site**. State-of-the-art technologies such as air recirculation, dry separation and exhaust air cleaning reduce heating energy and water consumption, for example, by 20 percent per car. In addition, CO<sub>2</sub> emissions are 30 percent lower per painted car and VOC (volatile organic compounds) emissions are cut by 90 percent. The **Győr** and **San José Chiapa** sites are also using technologies to permanently improve **sustainability in the production chain**.



## Circular economy // **Water recycling**

Audi is building a **membrane bioreactor** at its Ingolstadt plant to save water. Three treatment stages turn wastewater into hygienic process water. In the first stage, organic pollutants are degraded microbiologically. This is followed by ultrafiltration, while the final stage removes

minerals from the water. The process eliminates **one third of the freshwater requirements in production**. A pioneering project.





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Production in the future //

## Revolutionary assembly

Production lines make way for assembly workshops. After over 100 years of the production line setup, Audi is gradually introducing **modular assembly**. Unlike on the production line, the processes are completed here **with a great deal of flexibility in terms of time and space**, and divided up into individual work steps. For employees, that means they no longer have to work in sync with machinery or move along the line. In the future, **Automated Guided Vehicles** will bring the vehicles to the right station instead.



Smart Factory //

## Flying transport with express drones

As automobile plants grow over time, space for **additional transport paths** often runs out. In the future, the airspace in the factory halls could be used to **transport goods quickly with no barriers**. The first test flights with drones were conducted in September 2016. Further

series of tests are due to follow soon – enabling Audi to open up the **third dimension** in production.



# positive

PHOTO: Sjoerd Ten Kate



individual

... aptly describes **Audi Fit Driver**, a project that focuses on the fitness and well-being of the customer. Just like the training and preparation of the professional soccer players at FC Bayern Munich.

**PAGE 068**

exciting

... defines the spirit of Audi Sport: Five pioneers and five reports of their experiences from more than three decades of **motorsport**.

**TALKING BUSINESS:**

**Audi Sport GmbH** and its four pillars.

**PAGE 074**

captivating

... meets street style in the "haute carbon" of the **Lamborghini Centenario Roadster on the streets of Paris**.

**PAGE 078**

powerful

... presence of the limited-edition **Ducati 1299 Superleggera**, showcased here on the race track in Aragón.

**TALKING BUSINESS:**

Freedom for the customer as the **new premium promise**: Audi connects, Audi simplifies, Audi surprises.

**PAGE 080**



09 / individual

FIT DRIVER  
@ FC BAYERN

11/15/2016  
1:17 p.m.

# A TEAM OF FIT DRIVERS

PHOTOS: Peter Schreiber / TEXT: Ljilja Marinkovic



> It is cold in Munich. An icy wind is blowing. But even at two degrees Celsius, FC Bayern Munich's players are still out on the pitch at the Säbener Strasse training ground. "Three fast laps, short steps, stick close to the cones!" Dr. Holger Broich not only gives the instructions, he also performs the routine himself. The scientific director of the Fitness and Health department at Germany's record-breaking champions is an absolute expert in his field. As is Christiane Stark, who is observing training from the sidelines. The Audi manager and her team study automotive health. The name of the project: "Audi Fit Driver."



The project brings together two key requirements of our age: mobility and personal well-being. The car, as a private place of retreat but also a connected space, is ideal not only for monitoring fitness and health, but also for actively improving a person's health and general condition. By drawing on intelligent services and functions, according to the vision, Audi will give drivers a luxury that everyone appreciates: well-being.

**“Our vision is of drivers who step out of their car at their destination more relaxed than when they climbed in.”**

**Christiane Stark**  
Audi Fit Driver Project Manager

The fitness and health market has experienced rapid growth in recent years. This is evident not only in gym membership figures, but also in booming digital business in the sphere of health and e-health: Revenue for the sector worldwide reached some USD 160 billion in 2016. Fitness behind the wheel is also a crucial aspect of safe driving.

Audi has recognized the potential of topics such as fitness, health and well-being, and now has launched the Audi Fit Driver research project. “Customer studies show that Audi drivers are especially passionate about sport and fitness,” explains Christiane Stark.

So who better to discuss the topic with than a genuine expert on sport? Dr. Holger Broich makes the fittest athletes even fitter. The doctor of sports science and performance diagnostics has been in charge of Fitness and Health at FC Bayern Munich since 2014.



## FITNESS AT THE PUSH OF A BUTTON

Holger Broich has invited Christiane Stark to observe a very special training session for the professional team. Today the players are being given rigorous fitness checks, and are kitted out with GPS and a heart rate monitor. Holger Broich is monitoring the readings as they come in, out on the soccer field. At first glance there appears to be little common ground between professional sport and Audi Fit Driver – but the sports scientist and project manager quickly put that assumption to rest. After only a short while, they are engaged in lively discussion. And the similarities between what each expects of their system soon become clear: “Monitoring important

physiological functions and performance optimization are precisely the issues that preoccupy us here at FC Bayern. We gather about four-and-a-half million snippets of data per match!” declares Dr. Broich. The specialist is particularly interested in how to process it all. “Producing the data is easily done, but evaluating it is a real challenge. We need to specify what the decisive parameters are,” he reports. “We, too, treat data evaluation as a priority. We find that self-learning algorithms deliver the best possible results,” replies Christiane Stark. One particularly important aspect: regularity. “That’s definitely an important point! Daily monitoring is the basis for meaningful data – and professional soccer is no exception. Only by doing that can we genuinely keep tabs on stress and performance development. And a complete overview gives us scope to protect our players better against injury,” adds Dr. Broich. He is an ardent advocate of the topic. It is clearly more than merely a job for him. “I need regular monitoring, ideally daily. The scientific basics and precision are, of course, also essential.” This is the perfect lead-in for Christiane Stark. She interjects with a smile: “In the future, an Audi could offer you all that.” For example, some of the data Dr. Broich and FC Bayern need from their players could simply be gathered while they are driving to training – with no extra effort. This includes vital functions such as pulse and breathing. Condition analysis at the push of a button, so to speak.



“The players wouldn’t lose any time and we’d have initial information even before starting training. That would make my job easier and open up whole new horizons for me.”

**Dr. Holger Broich**

Scientific Director of Fitness and Health,  
FC Bayern Munich





## RELAX, REFOCUS, REFUEL

Whenever sensitive data is being accessed, people instinctively want reassurances about data protection. Christiane Stark understands the delicate nature of the topic: “At Audi, data protection and security is our primary quality criterion when handling customer data. Our privacy-by-design data protection concept ensures that customers decide for themselves when and with whom to share specific data. We therefore consistently offer customers high transparency when handling their data.” Dr. Broich nods in agreement and explains: “Data protection is right at the top of our agenda, too – after all, the players’ privacy is at stake. Because we use a web-based program to gather the data, we work closely with our trusted partner SAP. That gives us the reassurance that all data is treated in the strictest confidence.”

With the new possibilities, the focus is even more intensively concentrated on the individual condition of each driver. The future Audi is more than simply an automobile equipped with cutting-edge technology – it is also beginning to develop a kind of “emotional intelligence.” It analyzes the vital functions of the person behind the wheel and considers what might be helpful to them at any given moment. “Thanks to intelligent algorithms, over time the car gets to know the driver better and better, and knows what will suit them in a specific

situation. This will make the Audi more than just a car. It will be more like a digital companion with the mission of making the trip a relaxing, stress-free experience. This can be summed up in three words: relax, refocus, refuel,” explains Christiane Stark.



PHOTOS: Peter Schreiber / TEXT: Lidija Marinkovic



That also tallies with Holger Broich's approach. Consistent performance at the limit is vitally important in professional soccer, of course, but it is not the whole picture: "Rejuvenation and prevention are just as important as performance. Here at FC Bayern, we usually have to handle Champions League games as well as our league and cup commitments, and most of the players in our squad also play in internationals for their countries. That's a double or triple burden. But our players obviously still need to be fit and healthy at all times. So it's part of my job to work with my team to keep them consistently at a high level physically and mentally. Physiotherapy and massages are also part of our program. One of many techniques that we use at FC Bayern is whole-body cryotherapy, for instance. Of course, the players also need to follow the correct diet to aid carbohydrate and protein metabolism." He adds: "It's important to respect the fact that humans are humans. We are not machines, nor are our players. That's why we try to keep the checkups we need for diagnostic purposes and for application in training as simple as possible." Christiane Stark also works toward the same goal with her team of researchers, and she shows him the technology demonstrator, based on the Audi Q7 e-tron quattro – a car he knows inside out, since he drives one himself.



## MY AUDI CARES FOR ME

Christiane Stark briefs him on the system's functions: "We want to create an empathetic car, an intelligent guardian angel, in Audi Fit Driver. In keeping with our motto: My Audi cares for me. So we're employing cutting-edge technologies, including stress and health monitoring. The driver's current condition is determined from vital parameters and vehicle sensors. Innovative interior lighting concepts, adaptive infotainment, massage seats and intelligent brake management are also conducive to relaxation," explains the project manager. And that's not all. In the future, an app could be used to collect individual data, with the driver receiving a monthly health report. Dr. Broich is especially taken with the music massage in the technology demonstrator: "It's like listening to music through the seats. Even through the thick fabric of your jacket."

Another innovative feature would be the ability to actively reduce stress in the car and improve concentration. A high stress level could, for example, be reduced by a special breathing technique initiated in the cockpit. According to Christiane Stark, other functions that will help address the driver's individual needs are possible in the future: "The car is ideal for offering certain health services such as measuring health data, basic diagnoses and communicating with your doctor or personal trainer by telephone or video appointment. And we have plenty more ideas for the future well-being of our customers."

### myAudi

With myAudi, the company is creating a digital ecosystem that will shift the focus in the future from the product to the customer: A unique personal customer identifier paves the way for comprehensive customer care at all touchpoints. The main advantages for the customer are that personal settings and preferences are fully transferable, regardless of which Audi they are currently traveling in, and that there is easy access to Audi and third-party products and services. With this, Audi is creating a diverse, personalized portfolio of solutions for the car and beyond, seamlessly connected to the world of the customer.



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# FIVE FOR THE FUTURE

10 / exciting

ROLE MODEL  
AUDI SPORT

10/26/2016

7:28 a.m.



**> In racing, the truth is found out on the track. In the DTM, at Le Mans, on dusty rally courses – with the pioneering spirit of Audi Sport. And in the future this spirit will also stay alive in Formula E.**

Audi always makes consistent use of racing to test and refine new technologies for later series production. With its races in the hearts of major cities, Formula E is the ideal stage for this – and the ABT Schaeffler Audi Sport team is a logical partner.

The split-second decisions are mainly made by the people behind the scenes, who determine the success of the entire team and have to accept responsibility themselves in the process. They are often working without any kind of safety net.

Is it really a surprise then that Audi Sport vehicles have for decades been successful in a variety of racing series?

How do you manage to grow from the setbacks and defeats experienced along the way? And what can an entire compa-

ny group take from the experiences of a successful racing history to master the challenges of the future?

Listen to what five pioneers, who themselves live the spirit of Audi Sport, have to say.



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## TALKING BUSINESS

# The race is on!

**Volume or exclusivity? From a business perspective, the answer seems simple: More is more. More creates more revenue. More creates a faster return on investment. But other rules apply at the top of the automotive dream scale.**

Not being found on every street corner is not a flaw here, but rather the whole point. Only the sportiest and most prestigious Audi models are allowed to bear the Audi Sport label. Having said that, the R and RS derivatives pack some successful DNA. They combine more than 80 years of successful racing with the engineering and manufacturing methods of one of the most modern handcrafted production facilities in the world, the Böllinger Höfe outside Neckarsulm. Efficiency here is not the result of volume, but rather of intelligent production methods. Individuality, high manufacturing quality and flexibility are not in conflict here, but instead are ideal complements. For example, R8 series-production models and R8 race cars for customer racing are built on one and the same line. A unique concept that is moving into the future with a new name: quattro GmbH is now Audi Sport GmbH.

Find out more about the new focus of the brand with the red rhombus, the enthusiasm of the customers and the strategy for the future. After the name change, Audi Sport includes the following four business segments under its umbrella:

- The high-performance Audi RS and Audi R8 families.
- The racing activities under Audi Sport customer racing.
- The Audi exclusive customization division.
- The accessories and lifestyle articles in the Audi Sport collection.



**MORE FACTS**

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Audi Sport  
Team WRT

down

DU-P



# CARBON COU TURE

11 / captivating

HAUTE  
COUTURE  
IN PARIS

9/28/2016

8:03 p.m.



PHOTO: Steffen Jahn / TEXT: Claudia Rülke

> When tout Paris is abuzz and the elite of the fashion world patiently waits in line for hours, it can only mean one thing: It is Fashion Week in the fashion capital and therefore high season for haute couture. The Paris fashion association “Chambre Syndicale de la Haute Couture” decides who is allowed to present their exclusive creations here. And the association is strict. Only a few “membres invités” are invited to the twice-yearly High Mass of the fashion industry.

Also in Paris this year: Lamborghini. And how! The Centro Stile in the Italian town of Sant’Agata Bolognese has defined the trend for the season with a real eye-catcher – the Centenario Roadster. A supercar built entirely by hand: carbon couture.

What is it about the hypercar that starts established captains of industry raving like little boys, the same effect that the latest must-have designer bag has on fashionistas the world over? Is it the unmistakable sound of the supercar with the bull in the logo? The silhouette shimmering in the new Argento Centenario matte silver? The lines, which are sharp and edgy up front and powerful and masculine in the rear? Or the intoxicating idea of driving faster than 350 kilometers an hour with the top down, thanks to its output of 556 kW (770 hp)? The show took place in top secret behind locked doors, of course. But online, you are in the front row. Without even having to wait in line.



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# CARBON RACER



12 / powerful

THE  
SUPERLIGHT  
BEAUTY  
FROM BORGO  
PANIGALE

10/24/2016  
9:02 a.m.

PHOTO: Victor Jon Coico / TEXT: Alexander Stiehle





**> 9 a.m. at the Motorland racetrack in Aragón. Grey skies. Air temperature 20 degrees Celsius, asphalt temperature 15 degrees Celsius. Perfect conditions for the first ride on the latest masterpiece from the Ducati motorcycle foundry.**

You hear it long before you see it. Aggressive. It approaches at full throttle. Then an abrupt downshift before the legendary corner, the Aragón Corkscrew. Your pulse races. You hold your breath: Finally! There she is: the 158 kW (215 hp) beauty from Borgo Panigale. Like a fire-red cannonball, the Ducati 1299 Superleggera

shoots left, out of the spectacular downhill curve. Time to breathe. But only briefly. The next corner is approaching. Barely two minutes later the spectacle repeats itself. It doesn't need any longer than that for the 5,345 meter long race-track. What a rocket!

Is it because it has the most powerful two-cylinder engine Ducati has ever built? Or because the Superleggera is the world's first series-production motorcycle whose frame, swingarm, subframe and even wheels are made of carbon fiber? Because all this carbon makes the bike extremely light, with a

dry weight of just 156 kilograms? Or is it maybe precision and exceptional handcraftsmanship that makes it so damned fast? All the answers are online. And you had better click pronto! There are only 500 units of the strictly limited Ducati 1299 Superleggera.



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## TALKING BUSINESS

# Premium<sup>3</sup>

### Three strong brands – under one roof

In 1998, AUDI AG acquired the supercar manufacturer Automobili Lamborghini. Thanks to large investments in the model lineup and in technological innovations, the acquisition has developed into a success story. And the legendary brand from Sant'Agata Bolognese is entering a new business dimension with a third model series, an SUV based on the Ursus concept car.

Located about 30 kilometers from Automobili Lamborghini headquarters, Bologna is home to the Italian motorcycle manufacturer Ducati, which has been a member of the Audi family since 2012. Thanks primarily to new models, Ducati is on track economically as it pursues ambitious

growth targets. Recently, the 1299 Panigale S, Multistrada 1200 S, Scrambler Icon and XDiavel S models joined the Audi select mobility range.

The two brands share more than just passionately loyal fans, high design competence and sporty DNA. Lamborghini and Ducati as well as Audi are members of a strong family of brands and thus a solid foundation for the financial success of the Audi Group in past years.



PHOTOS: Steffen Jahn, Victor Jan Goico / TEXT: Jan Rentzow

### When “Vorsprung” creates freedom

What do tomorrow’s customers expect? What must sustainable, personalized premium mobility offer? On the way into the future, Audi has developed a new brand strategy. And is making its customers a promise that goes far beyond the exceptional quality of the product: the promise of freedom, their very own “Vorsprung.” Audi is consistently exploiting the possibilities of digitalization and is radically rethinking all of its processes, services and products. Under the roof of the Four Rings, the brand is creating a progressive, sophisticated mobile ecosystem that anticipates the wishes of its customers not just in the automobile, but along the entire mobility chain.

“The old brand model was based at its core on a hardware product – sporty, sophisticated, progressive,” says Dr. Dietmar Voggenreiter, Board Member for Marketing and Sales. “Now digitalization, sustainability and urbanization have moved us into complementary digital services fields. We

will concentrate in the future on the complete system with digital services focused around the automobile.”

**Audi connects**

**Audi simplifies**

**Audi surprises**

The new brand model focuses on the goal of creating more personal freedom for customers: Audi connects, simplifies and surprises.



**MORE FACTS**

[audi-reports.com/brand2025\\_tb](http://audi-reports.com/brand2025_tb)



# positive

focus on customers



Mobility services //

## Audi select now also on two wheels

A Ducati in your own garage. This idea can now become reality for Audi select customers. The **mobility portfolio**, which already allows customers to drive **up to three different Audi models** a year, has been extended to include selected **Ducati** models. Audi

select customers can now also ride the models **1299 Panigale S, Multistrada 1200 S, Scrambler Icon or XDiavel S** for six months. Besides Germany and Denmark, Audi select will be available in other markets as well in the future.



Viral marketing //

## The comeback

What do a **T-Rex** and a **piloted driving Audi** have in common? Exactly: they are both heroes in a brand **commercial** – and have become a **runaway success**. **“The Comeback”** video was a **viral hit**, receiving over 14.3 million clicks in 2016. Audi also captured

the public’s imagination with other commercials – managing to generate a **total of 44 million clicks** on its German YouTube channel alone in 2016 with its videos.



EXPERIENCE MORE

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Light technology //

## Into the future with OLED technology

Rear lights in **Matrix OLED technology** (organic light emitting diode) are available for the first time as an option for a series-production Audi. They produce an **extremely homogeneous and precise** light which does not cast any hard shadows and does not

require any reflectors. This makes the OLEDs in 3D design efficient, lightweight and visually impressive. In the future, OLED technology will also play a major role in the interior.



Virtual reality in sales //

## Perfect settings for digital innovations

**myAudi Sphere** at Munich Airport covers 700 square meters and provides virtual demonstrations of assistance and lighting systems and **cutting-edge technology**. VR glasses provide a **virtual experience** of the current Audi **product range**. You can

even take a virtual seat in your car of choice. At the same time, the **Audi City** showroom concept is being extended. Following London and Berlin, 2016 saw **Istanbul, Moscow and Paris** also open their doors.

# FINANCIAL EVENTS 2017

**March 15, 2017**

Annual Press Conference 2017



**reddot award**  
communication design

Winner 2016

**May 4, 2017**

First Quarter Report 2017



Winner 2017

**May 18, 2017**

Annual General Meeting 2017



Gold & Silver 2016

**July 28, 2017**

Interim Financial Report 2017



Gold 2016/17

**October 30, 2017**

Third Quarter Report 2017





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