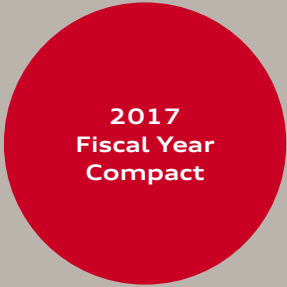


TALKING BUSINESS

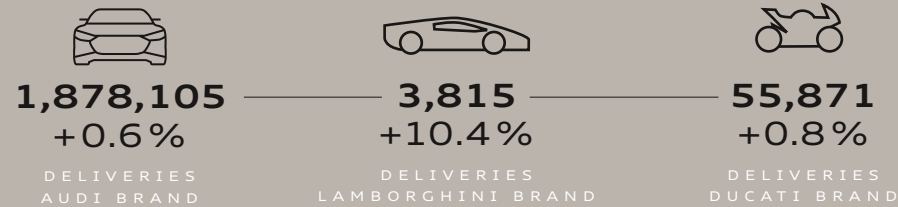


2017
Fiscal Year
Compact

traction



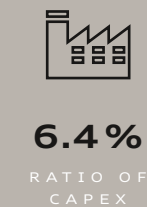
Audi Group with robust operating performance



- › In 2017, the Audi brand increased its deliveries for the eighth year in succession and set a new record – despite major challenges. The Italian subsidiary brands Lamborghini and Ducati also posted higher volumes.
- › For the first time ever, Audi Group revenue exceeded the EUR 60 billion mark.
- › Operating profit before special items amounted to EUR 5.1 (2016: 4.8) billion. This placed the operating return on sales at 8.4% (2016: 8.2%) and therefore within the strategic target corridor of 8 to 10%.
- › Negatively impacted by special items in connection with the diesel issue, operating profit amounted to EUR 4.7 (2016: 3.1) billion, representing an operating return on sales of 7.8% (2016: 5.1%).
- › In 2018, Audi will be launching more new models on the market than ever before and heading into the fully electric era with the e-tron. Six core car lines, including the new Audi A6, will be renewed, which means that a new model will go into production on average every three weeks.
- › Against this backdrop, Audi anticipates another challenging fiscal year before the model initiative should positively and lastingly impact delivery and profit figures starting in 2019.

- › In addition, Audi has set a far-reaching transformation process in motion and is rapidly turning its attention to the action areas of digitalization, sustainability and urbanization.
- › This strategic realignment is based on an ambitious program of measures known as the Audi Action and Transformation Plan. The company is using it to streamline costs, reduce complexity and tap new potential for additional revenue. This is designed to unlock some EUR 10 billion in earnings potential by 2022 – enabling Audi to confirm its return targets also for future mobility.

Audi Group: financial highlights



- › In the 2017 fiscal year, Audi delivered 1,878,105 cars to customers worldwide – an increase of 0.6 % compared with the previous year. This set a new record.
- › In addition to the market success of the new Audi A5 family, the SUV models Q2, Q5 and Q7 were chiefly responsible for this volume growth.
- › The growth trend in the North American region was particularly dynamic (+8 %), driven primarily by strong demand in the United States (+8 %). Audi also recorded a slight increase in volume in Western Europe (+1 %). In China, the company was back on track for success in the second half of the year and recorded a total increase in deliveries of 1 %.
- › The Italian brand Lamborghini sold more supercars in 2017 than ever before in its history. A total of 3,815 cars were delivered to customers (+10 %).
- › With 55,871 motorcycles passing into new owners' hands, the Italian motorcycle manufacturer Ducati raised its delivery volume slightly (+1 %).

+11 %

The Audi SUV models were again very popular with customers last year. Deliveries of the Q car lines rose worldwide by 11 %. More than one out of every three Audi vehicles sold in 2017 was therefore an SUV.

Deliveries to customers by model

	2017	+/- (% versus 2016)
Audi A1	95,725	-16.4
Audi Q2	93,483	n/a
Audi A3	321,934	-13.0
Audi Q3	207,774	-10.5
Audi TT	23,899	-23.1
Audi A4	341,371	+1.3
Audi A5	106,824	+58.1
Audi Q5	281,854	+1.0
Audi A6	256,165	-6.3
Audi A7	18,641	-26.6
Audi Q7	106,004	+3.9
Audi A8	21,323	-12.6
Audi R8	3,068	+6.6
Internal vehicles before market introduction	40	n/a
Audi brand	1,878,105	+0.6
Lamborghini brand	3,815	+10.4
Ducati brand	55,871	+0.8

Selected product highlights



Audi A8

MARKET INTRODUCTION STARTING 11/2017



Audi A7 Sportback

MARKET INTRODUCTION STARTING 2018



Audi Q5

MARKET INTRODUCTION STARTING 1/2017



Audi S5 Cabriolet

MARKET INTRODUCTION STARTING 3/2017



Lamborghini Urus

MARKET INTRODUCTION STARTING 2018



Ducati SuperSport S

MARKET INTRODUCTION STARTING 2017

Audi S5 Cabriolet: Fuel consumption* in l/100 km urban/extra-urban/combined: 10.5/6.5-6.4/8.0-7.9; combined CO₂ emissions* in g/km: 181-179 | **Lamborghini Urus:** Fuel consumption* in l/100 km urban/extra-urban/combined: 16.7/9.7/12.3; combined CO₂ emissions* in g/km: 279

* Fuel consumption and CO₂ emission figures given in ranges depend on the tire/wheel sets used.



Learn more online about Audi activities in the United States (www.audi.com/ar17/usa) and in China (www.audi.com/ar17/china).

TALKING BUSINESS

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Read more in the section "Deliveries and distribution" in the Audi 2017 Annual Report starting on page 118.



› The Audi Group generated revenue of EUR 60.1 (2016: 59.3) billion in the 2017 fiscal year – an increase of 1.4 % compared with the previous year – despite a challenging environment for the company in certain respects.

› Positive factors here were chiefly the dynamic volume growth in the new Audi A5 family and for the Audi Q2 coupled with the strong increase in deliveries in North America. Aspects exerting a negative impact were the current model cycle in the upper car lines, challenging conditions for Audi in the Asia-Pacific region and the devaluation of the pound sterling.

› Before special items, the company's operating profit totaled EUR 5.1 (2016: 4.8) billion. At 8.4 % (2016: 8.2 %), operating return on sales before special items was within the strategic target corridor of 8 to 10 %.

› Negatively impacted by special items in connection with the diesel issue, operating profit amounted to EUR 4.7 (2016: 3.1) billion, representing an operating return on sales of 7.8 % (2016: 5.1 %).

Condensed Income Statement Audi Group

EUR million	2017	2016
Revenue	60,128	59,317
Cost of goods sold	-50,545	-49,390
Gross profit	9,584	9,927
Distribution costs	-5,297	-5,807
Administrative expenses	-685	-663
Other operating result	1,069	-405
Operating profit	4,671	3,052
Financial result	112	-5
Profit before tax	4,783	3,047
Income tax expense	-1,304	-980
Profit after tax	3,479	2,066

Operating profit Audi Group

EUR million	2017	2016
Operating profit before special items	5,058	4,846
Special items	-387	-1,794
<i>of which diesel issue</i>	-387	-1,632
<i>of which Takata</i>	-	-162
Operating profit	4,671	3,052

EUR 5.1 billion

Before special items, Audi achieved an operating profit of EUR 5.1 billion. At 8.4 %, the operating return on sales was within the strategic target corridor of 8 to 10 %.

Condensed Balance Sheet Audi Group

EUR million	12/31/17	12/31/16
Non-current assets	29,469	28,599
Current assets	33,846	32,403
Available-for-sale assets	365	87
Balance sheet total	63,680	61,090
Equity	28,171	25,321
Liabilities	35,509	35,685
<i>of which non-current liabilities</i>	<i>14,301</i>	<i>14,980</i>
<i>of which current liabilities</i>	<i>21,208</i>	<i>20,705</i>
Liabilities classified as held for sale	-	84
Balance sheet total	63,680	61,090

› Among other factors, the increase in the Audi Group's total assets to EUR 63.7 (2016: EUR 61.1) billion relates to higher property, plant and equipment as a result of investing activities.

› Investments totaled EUR 5.2 (2016: EUR 5.5) billion in the 2017 fiscal year.

› The Audi Group's equity ratio reached 44.2 % (2016: 41.4 %) as of December 31, 2017.

Selected items Cash Flow Statement Audi Group

EUR million	2017	2016
Cash flow from operating activities	6,173	7,517
Investing activities attributable to operating activities	-1,861	-5,423
<i>of which capital expenditure</i>	<i>-3,872</i>	<i>-3,409</i>
<i>of which capitalized development costs</i>	<i>-1,243</i>	<i>-1,676</i>
<i>of which acquisition and sale of participations</i>	<i>3,190</i>	<i>-366</i>
Net cash flow	4,312	2,094
Cash flow from investing activities	-5,498	-943
Cash flow from financing activities	-524	-2,454
Net liquidity (Dec. 31)	20,788	17,232

› In the 2017 reporting year, Audi once again financed all capital investments from its own resources, achieving a positive net cash flow of EUR 4.3 (2016: 2.1) billion.

› One of the key drivers was a positive non-recurring effect of EUR 3.3 billion in connection with the sale of a minority interest to Volkswagen AG. Meanwhile, net cash flow was impacted by approximately EUR 1.5 billion in cash outflows related to the diesel issue.

› Net liquidity was EUR 20.8 (2016: EUR 17.2) billion as of December 31, 2017.



Read more in the section
"Financial performance indicators"
in the Audi 2017 Annual Report
starting on page 123.

- › The Audi brand delivered over 1.87 million cars to customers worldwide in 2017. In light of our intensified model initiative, this is also the benchmark for the 2018 fiscal year. The company has set the target of a delivery volume approximately on a par with the record 2017 level – despite temporary effects from the numerous model changeovers as well as the large number of production starts and phase-outs.
- › A driver of this will be the Audi brand's attractive model portfolio. The Four Rings' popular SUV models in particular are expected to generate a positive volume stimulus again in 2018. Demand for the new Audi A6, Audi A7 and Audi A8 models is also likely to develop positively.
- › Above all, the Urus Super SUV presented in 2017 is driving the volume growth of the subsidiary Lamborghini in 2018, further strengthening brand awareness and boosting profitability.
- › The Ducati brand is also expected to benefit from a large number of new models. Plans include innovative, competitive models of the Panigale and Scrambler series.
- › For the 2018 fiscal year, the Audi Group anticipates a slight rise in revenue, influenced above all by an improved model mix and growth in other automotive business.
- › Audi expects an operating return on sales within the strategic target corridor of 8 to 10 %.
- › In addition to the projected growth in revenue, the development in return will benefit from the first positive effects of the Audi Action and Transformation Plan.
- › The main factors negatively impacting return are the imminent model changeovers, restructuring of the production network, legislative changes in exhaust measurement and product-related upfront spending. In the medium term, however, these activities should increasingly show positive effects.



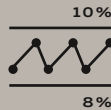
at prior-year level

DELIVERIES OF CARS OF THE AUDI BRAND TO CUSTOMERS



slight increase

REVENUE



within the strategic target corridor of 8 to 10 %

OPERATING PROFIT/
OPERATING RETURN ON SALES



within a range of 14 to 17 %

RETURN ON INVESTMENT (ROI)



between EUR 2.7 and 3.2 billion

NET CASH FLOW



slightly above the strategic target corridor of 6.0 to 6.5 %

RESEARCH AND DEVELOPMENT RATIO



moderately above the strategic target corridor of 5.0 to 5.5 %

RATIO OF CAPEX



In 2017, Audi launched an unparalleled **model initiative**, which continues to build momentum in the current fiscal year.

One highlight is the **Audi e-tron** – the Four Rings' first fully electric series-production vehicle. It heralds the beginning of an electric mobility product extravaganza. Today, a total of more than ten fully electric cars are already earmarked for investments in the cycle plan. By the year 2025, one in every three Audi models sold will be an electric vehicle.

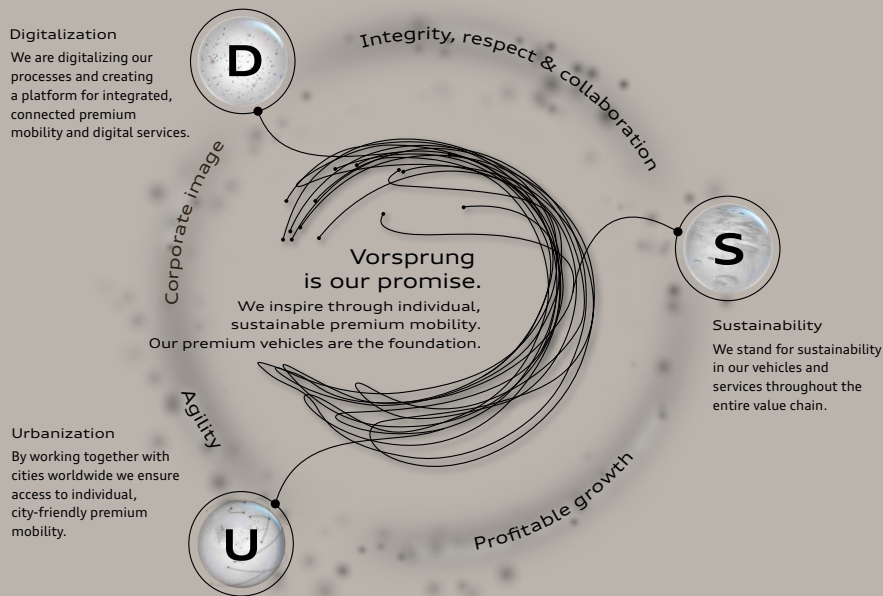
- › Based on the projected operating return on sales, the Audi Group expects return on investment (ROI) within a range of between 14 and 17 %.
- › The Audi Group intends to finance itself entirely from internally generated cash flow once again in 2018. The company anticipates a net cash flow in the range of between EUR 2.7 and 3.2 billion.
- › The research and development ratio is expected to be slightly above the strategic target corridor of 6.0 to 6.5 % in the 2018 fiscal year – despite extensive, future-oriented activities such as those in the technology fields of electric mobility and autonomous driving. This is partially the result of efficiency measures in Research and Development that Audi is stepping up with its Action and Transformation Plan.
- › Primarily the new products in the upper segments, but also the Four Rings' first fully electric series-production vehicle – the Audi e-tron – will influence capital expenditure in 2018. The company also expects further measures for restructuring the production network. On the other hand, efficiency efforts are having a positive effect here, too, so that – all things considered – the ratio of capex is forecast to be moderately above the strategic target corridor of between 5.0 and 5.5 %.



Read more in the "Report on expected developments" in the Audi 2017 Annual Report starting on page 140.

- › Audi has set an extensive, future-oriented process in motion and is rapidly turning its attention to tomorrow's mobility.
- › Step by step, the company is operationalizing the **Audi. Vorsprung. 2025** strategy it launched back in 2016.
- › Its vision: "Vorsprung is our promise." As a provider of sustainable, individual premium mobility, Audi will continue to delight customers worldwide in the future.
- › In order to make advances in the strategic growth areas of digitalization, sustainability and urbanization, the company has defined far-reaching and **ambitious goals:**

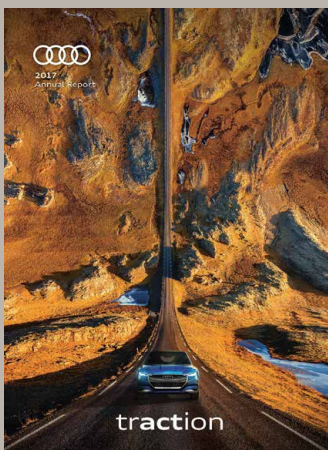
- › **Profitable growth:** Audi is pursuing a qualitative growth trajectory based on a robust return.
- › **Agility:** As an agile company, Audi adapts to new challenges swiftly and flexibly.
- › **Integrity, respect and collaboration:** This is how Audi underscores its aspiration to inextricably link economic success with responsible action.
- › **Corporate image:** An image that has the edge on the competition and is the driver of the Audi premium business model.



- › The company's strategic realignment is flanked by a comprehensive program of measures known as the Audi Action and Transformation Plan.
- › To ensure the success of Strategy 2025, the program realigns the organization and creates the necessary financial leeway for future projects.
- › **All in all, the Action and Transformation Plan is intended to unlock around EUR 10 billion in earnings potential by 2022**, thus enabling Audi to confirm its return targets also for future mobility.
- › The Action and Transformation Plan is subdivided into seven work packages, with two Board members in tandem responsible for each one.

Implementation of the measures with seven work packages





A change of perspective opens up new ways of thinking. At Audi, we use these to achieve our goals faster and avoid standing still. On the contrary: Challenges stimulate, boldness inspires, complexity motivates. We derive strength from this thirst for action. Strength to create innovations that we put on the streets.

Feel the **traction!**

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