Financial year 2019:
AUDI AG achieves its financial targets and sets a course for long-term competitiveness

- **CEO Bram Schot: "Exceptional situation due to corona: we are focusing on protecting our employees, contractors and guests and making the right business decisions in this volatile environment."**
- **In a difficult environment, Audi achieves its financial targets for 2019**
- **Operating profit of €4.5 billion; 8.1 percent operating return on sales is within forecast corridor for 2019**
- **Net cash flow slightly above forecast target at €3.2 billion**
- **CEO Bram Schot: "We have held our own against the competition with a stable return development"**
- **Increased focus on earnings quality**
- **Audi Transformation Plan (ATP) is delivering: accumulated €4.4 billion already achieved of overall €15 billion target by 2022**
- **CFO Dr. Arno Antlitz: "In order to achieve our ambitious return targets, we are consistently utilizing efficiency potential, tightening our cost discipline, and creating scope for future growth through targeted investments"**
- **Numerous presentations and launches of electric models in 2020**
- **CFO Dr. Arno Antlitz: "Our current focus is on the health of our employees and their families worldwide. Our task is to protect the company's liquidity and stability and to stabilize core processes."**

Ingolstadt, March 19, 2020 – Audi steered a steady course through a challenging 2019 financial year. The car manufacturer systematically reduced its WLTP inventories and achieved slightly higher deliveries for the Audi brand than in the previous year in a highly competitive environment. Revenue of €55.7 billion reflects the high demand for SUVs and top-end models. Operating profit and operating return on sales reached €4.5 billion and 8.1 percent. The Audi Transformation Plan (ATP) contributed €2.5 billion in the 2019 financial year. Significantly strengthened spending and investment discipline are reflected by the improved return on investment (12.7 percent). Audi is pushing ahead with its electrification initiative with numerous electric models this year. The company is intensifying the synergies with the

Volkswagen Group now also in software development. Against the backdrop of the spread of the coronavirus and the unclear effects on the economy, the manufacturer sees major challenges in the year 2020 and is focusing on the health of employees worldwide and on the liquidity and stability of the business.

In view of the spread of the coronavirus and in order to minimize the risk of infection for employees, contractors and guests, the Audi Group is not holding an annual press conference this year. “We are in an exceptional situation for which there are no tried-and-tested solutions or simple recipes. We are focusing on protecting our employees, contractors and guests and making the right business decisions in this volatile environment,” says Audi CEO Bram Schot. The company is shutting down its plants in Ingolstadt, Neckarsulm, Belgium, Mexico and Hungary in a controlled manner by the end of this week.

With regard to the 2019 financial year, Audi CEO Bram Schot says, “We can be satisfied; Audi is competitive. In a very challenging environment, we focused on our strengths and stabilized our business. Our operating return on sales was above 7 percent in each quarter of 2019 and was within our forecast corridor for the full year.” The company successively reduced its WLTP inventories from the previous year and successfully launched the next stage of its product initiative in the markets.

Deliveries by the core Audi brand gained considerable momentum, especially in the fourth quarter. In a declining overall market, the Four Rings ended the year with an increase in deliveries of 1.8 percent to 1,845,573 vehicles (2018: 1,812,485). Top-end models and SUVs, such as the all-electric Audi e-tron and the new Audi Q8, were very well received by customers.

Against this backdrop, the Audi Group’s **revenue** adjusted for the effects of deconsolidating the multi-brand importers in 2018 was above the prior-year level at €55,680 million (2018: €53,617 million*). Thanks to its strong product mix, the Audi core brand increased its revenue to €39,467 million (2018: €37,259 million).

Operating profit amounted to €4,509 million (2018: €3,529 million), whereby the previous year’s figure was reduced by €1,176 million due to special items related to the diesel issue. **Operating return on sales** was 8.1 percent (2018: 6.6 percent*). This was driven by the improved Audi product mix, the increased operating profit of Lamborghini and successfully implemented ATP measures totaling €2.5 billion. The program for improved earnings that was implemented in 2018 is expected to free up a total of €15 billion for future investments by 2022. Since the start of the program, the ATP has already generated an accumulated €4.4 billion and measures have already been identified for 80 percent of the overall target. The ATP is thus making a decisive contribution to improving the quality of earnings.

*** Figures for 2018 excluding multi-brand sales companies. See pages 8 ff of the Financial Report for more information on the deconsolidation of the multi-brand sales companies.**

The **financial result** amounted to €713 million (2018: €831 million). The prior-year figure was boosted by a one-off effect from the sale of an equity interest in the context of our business in China. At €5,223 million, **profit before tax** increased by 19.8 percent (2018: €4,361 million).

In recognition of their commitment in the year 2019, Audi employees will participate in the company’s earnings. For a skilled worker at the German plants, the **Audi profit-sharing bonus** for 2019 amounts to €3,880 (2018: €3,630). Profit-sharing arrangements also exist at Audi’s subsidiaries.

With a **net cash flow** of €3,160 million (2018: €2,080 million*), which is actually slightly above the forecast corridor stated in the 2018 Annual Report, the Audi Group once again confirms its high self-financing capability.

At the 2019 Annual General Meeting, the Board of Management had comprehensively presented Audi's new strategic direction. At the heart of the “consistently Audi” strategy are the accelerated electrification course and the systematic reduction of CO_2 emissions. Audi plans to offer approximately 30 electric models by 2025. The proportion of so-called new energy vehicles in production is to rise from 3.5 percent today to about 40 percent in 2025. Audi is planning upfront expenditure of approximately €12 billion by 2024 solely for the electrification of its portfolio, and the Audi Group is not compromising on its profitability targets. Audi confirms its target of a premium return on sales of between 9 and 11 percent and a return on investment of more than 21 percent. The company plans to achieve both return targets in the medium term. Audi has already improved its **return on investment**: Capital efficiency rose to 12.7 percent (2018: 10.4 percent*) in 2019.

In order to achieve efficient and competitive cost structures, the Volkswagen Group is successively bringing together all vehicle-related software development activities in the newly created unit Car.Software Organization. This means that the tried-and-tested modular and platform system will now be transferred to the digital world. In the future, Audi will benefit from decisive competitive Group synergies and optimized software costs per vehicle. Furthermore, Audi anticipates economies of scale from the planned cooperation on autonomous driving between the Volkswagen Group and Ford Motor Company. In light of this and additional efficiency gains, the Audi Group is raising its strategic target corridors for the ratios of **research and development expenditure** and **capex** to between 5.0 and 6.0 percent in each case (previously 6.5 to 7.0 percent and 5.5 to 6.0 percent respectively).

“We are the only premium manufacturer in the competitive arena that can utilize synergies to this extent for the benefit of its customers through cooperation within the Group,” said Arno Antlitz, Member of the Audi Board of Management for Finance, China and Legal Affairs since March 1, 2020. “In order to achieve our ambitious goals, we must consistently utilize efficiency potential, further increase our cost and investment discipline, and create scope for future

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growth by continuing to invest in the electrification and digitalization of our vehicle fleet." In the medium and long term, the "Audi.Future" agreement will also have a positive impact on the company's competitiveness. In addition to securing jobs at the German sites until 2029, the agreement is expected to generate savings of about €6 billion over its term.

In 2020, Audi will again present around 20 models and systematically continue its electrification course. By the end of the year, the Audi core brand will launch five all-electric models on the markets and increase its PHEV offering to a total of 12 models. A PHEV variant will then be available in more than half of the model series. The Audi Group is thus preparing itself for intense competition and increasingly strict CO_2 regulation.

The global economic situation has changed very significantly in the context of the spread of the coronavirus, which is also having a massive impact on our supply chains, the production of our vehicles and their marketing. Dr. Arno Antlitz: "The effects of the spread of the coronavirus on the economy and our business are uncertain. This makes a reliable forecast for the year 2020 almost impossible at present. Our focus is on our employees and their families worldwide. Audi will do its part to minimize the impact on the people in our country and at our Audi sites worldwide. We will continue to take all necessary measures to achieve this. In addition, it is our task to protect the liquidity and thus the stability of our company and, despite all the restrictions, to stabilize our core processes, for example in technical development or other areas of the company."

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Overview of selected key figures for the Audi Group

	2019	2018
Deliveries Audi brand	1,845,573	1,812,485
Revenue Audi Group in EUR million	55,680	53,617*
Operating profit before special items Audi Group in EUR million	4,509	4,705
Operating return on sales before special items Audi Group in percent	8.1	7.9
Operating profit Audi Group in EUR million	4,509	3,529
Operating return on sales Audi Group in percent	8.1	6.6*
Net cash flow Audi Group in EUR million	3,160	2,080*
Net liquidity Audi Group in EUR million	21,754	20,442
Return on investment Audi Group in percent	12.7	10.4*

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The Audi Group, with its brands Audi, Ducati and Lamborghini, is one of the most successful manufacturers of automobiles and motorcycles in the premium segment. It is present in more than 100 markets worldwide and produces at 16 locations in 11 countries. 100 percent subsidiaries of AUDI AG include Audi Sport GmbH (Neckarsulm, Germany), Automobili Lamborghini S.p.A. (Sant'Agata Bolognese, Italy) and Ducati Motor Holding S.p.A. (Bologna, Italy).

In 2019, the Audi Group delivered to customers about 1.845 million automobiles of the Audi brand, 8,205 sports cars of the Lamborghini brand and 53,183 motorcycles of the Ducati brand. In the 2019 fiscal year, AUDI AG achieved total revenue of €55.7 billion and an operating profit of €4.5 billion. At present, 90,000 people work for the company all over the world, 60,000 of them in Germany. Audi focuses on sustainable products and technologies for the future of mobility.

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