



# Audi Group Quarterly Report

January 1 to September 30, 2019



## AUDI GROUP FROM JANUARY TO SEPTEMBER 2019 – CORE MESSAGES

- ▶ **Stable business figures despite numerous challenges:**
  - Difficult market environment as well as model changeovers and therefore temporarily restricted portfolio in certain countries impact delivery figures
  - Robust financial key figures despite lower volume and the need to continue investing in the future
  - Revenue and related key performance indicators significantly influenced by the deconsolidation of multi-brand sales companies, as forecast
- ▶ **Deliveries to customers** Audi brand down by **-3.6 percent** to **1,357,102** (1,407,672) vehicles (global demand for cars -5.0 percent); declines in Europe and the USA – growth and record volume in China
- ▶ **Revenue** lower than in the prior-year period at **EUR 41.3** (44.3) **billion** owing to elimination of multi-brand trading business (deconsolidation); **Audi brand revenue +5.8 percent** as a result of mix effects thanks to welcome growth in the full-size segment
- ▶ **Operating profit** reaches **EUR 3.2** (2.9) **billion**, with the prior year negatively impacted by special items (EUR -800 million); **Operating return on sales** at **7.8** (6.5) **percent** – before special items: 7.8 (8.3) percent
- ▶ **Audi Transformation Plan:** measures with an effect on the operating business of **more than EUR 1.3 billion** implemented in the period under review
- ▶ **Net cash flow** still strong at **EUR 3.3** (3.1) **billion** thanks to investment discipline
- ▶ **Outlook:** forecast for financial figures for 2019 as a whole stable
  - **Adjustment:** Audi brand deliveries now expected to be slightly above prior-year level
  - Slight increase in revenue thanks to positive mix effects
  - Operating return on sales still at 7.0–8.5 percent
  - Net cash flow on target within range of EUR 2.5–3.0 billion
  - Research and development ratio moderately higher than the strategic target corridor of 6.5–7.0 percent, ratio of capex slightly below 5.5–6.0 percent
  - Further positive effects expected from the Audi Transformation Plan

Fuel/power consumption and CO<sub>2</sub> emission figures as well as the efficiency classes can be found on page 18.



## INTERIM MANAGEMENT REPORT OF THE AUDI GROUP FROM JANUARY 1 TO SEPTEMBER 30, 2019

### ECONOMIC ENVIRONMENT

The global economy continued to grow in the first nine months of 2019, although momentum declined over the course of the year. In both developed and emerging economies, average growth in gross domestic product (GDP) was lower than in the prior-year period. The economic development was influenced, in particular, by increasing trade disputes worldwide and the rise in market uncertainty.

In Western Europe, GDP increased slightly overall, but the pace of growth declined year-on-year. Negative factors included, among others, a rise in global tension, weaker worldwide demand and the continued risk of the United Kingdom leaving the European Union (EU) without a withdrawal agreement (“no-deal Brexit”). Central and Eastern Europe, especially Russia, the largest economy in this region, also generated slower year-on-year growth. In contrast, the U.S. economy continued to grow robustly – although with dwindling momentum – on the back of good consumer spending. Brazilian GDP increased somewhat, albeit from a low base. The People’s Republic of China reported a slightly slower growth rate, yet still high by international standards. Measures taken by the Chinese government to support the economy had a stabilizing effect.

Global demand for cars declined by –5.0 percent to 59.2 (62.3) million vehicles between January and September 2019, partly due to increased economic uncertainty. The Western Europe, North America, South America and Asia-Pacific regions saw a drop in new registrations. Sales figures only stabilized year-on-year in Central and Eastern Europe.

In the Western European car market as a whole, new registrations were down by –2.0 percent. However, demand for passenger cars in individual Western European markets varied. In Germany, new registrations performed positively, rising 2.5 percent on the back of higher commercial demand.

By contrast, demand for passenger cars in the United Kingdom fell by –2.5 percent, partly because of the uncertain impact of the exit negotiations between the United Kingdom and the EU. Similarly, sales of passenger cars declined by –1.6 percent year-on-year in both France and Italy. The passenger car market in Spain contracted significantly by –7.3 percent. In Central and Eastern Europe, new registrations were around the previous year’s level. The individual markets developed at different rates, however. In Russia, for example, sales of passenger cars fell by –1.9 percent in the first nine months of 2019.

The U.S. market for passenger cars and light commercial vehicles contracted by –1.2 percent year-on-year. However, the shift in demand toward SUVs and pick-up models in the USA remains intact. Contrary to the general market trend in South America, the Brazilian market for passenger cars and light commercial vehicles continued to recover and new registrations rose by 8.8 percent.

China, the world’s largest passenger car market, recorded a decline of –7.6 percent. In particular, the ongoing trade dispute between China and the USA held back purchases by Chinese customers in the first nine months of the year.

The decline in market demand and major challenges arising from the need to bring business models in line with future requirements prompted numerous companies in the car and supplier industries to introduce or tighten efficiency programs in the first nine months of 2019.

From January to September 2019, the established motorcycle markets in the displacement segment above 500 cc recorded a rise in demand of 1.0 percent. Demand improved particularly in Western Europe. By contrast, new registrations of motorcycles in the USA were below the prior-year level.

## PRODUCTION

In the period January through September 2019, the Audi Group produced a total of 1,321,501 (1,402,393) cars. This figure includes 418,140 (457,619) Audi vehicles manufactured by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China). The decline can be attributed, among other things, to the drop in market demand worldwide, adjustments to the production program in line with inventory reduction as well as to numerous model changeovers. Of the total number of vehicles built by the Audi Group worldwide, 1,315,009 (1,398,301) cars were manufactured by the premium brand Audi and 6,492 (4,092) vehicles by the Lamborghini brand. The Lamborghini Urus of our Italian subsidiary went into series production last year, contributing to significant growth in the production volume year-on-year. In addition, the Ducati brand manufactured 44,392 (45,372) motorcycles.

At our Group headquarters in Ingolstadt, a total of 333,815 (367,270) cars of the Audi brand left the production lines in the first nine months of 2019.

In Neckarsulm we manufactured 133,621 (135,431) Audi models in the same period.

Audi México S.A. de C.V. produced 127,373 (134,134) of the Audi Q5 at the site in San José Chiapa (Mexico).

In Győr (Hungary) we manufactured 122,396 (69,753) vehicles at Audi Hungaria Zrt in the period under review. The year-on-year increase is attributable in particular to the start of production of the Audi Q3 and the Audi Q3 Sportback models at this site.

At our Belgian production site in Brussels, we manufactured a total of 27,768 (64,310) vehicles of the brand with the Four Rings at Audi Brussels S.A./N.V. The significant reduction is due to the restructuring of the site for carbon-neutral production of electric vehicles. To this end, production of the two fully electric models, the Audi e-tron and the Audi e-tron

Sportback, is being ramped up successively in Brussels, while the Audi A1 previously manufactured at this site is now coming off the production line in Martorell (Spain).

Audi do Brasil Indústria e Comércio de Veículos Ltda., São Paulo (Brazil), produced a total of 1,794 (5,710) cars in São José dos Pinhais near Curitiba in the period under review.

In the first three quarters of 2019, a total of 61,186 (67,907) and 86,791 (89,870) Audi vehicles were produced at the Volkswagen Group sites in Martorell (Spain) and Bratislava (Slovakia) respectively.

In addition, 2,125 (6,297) vehicles of the brand with the Four Rings were manufactured at the Volkswagen Group site in Aurangabad (India).

In China, the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China), manufactured 309,780 (390,559) cars of the Audi brand at its company headquarters in Changchun and 83,581 (66,971) Audi vehicles in the southern Chinese city of Foshan in the period under review. Furthermore, 24,779 (89) vehicles were produced at the Tianjin site. Local series production of the Audi Q3 had commenced in Tianjin in the first quarter of 2019, while the Q2 L e-tron – the first fully electric vehicle for the Chinese market – will be produced at the Foshan site from the fourth quarter.

The Audi Group produced 400,824 (377,640) vehicles worldwide in the third quarter of 2019. This figure includes 151,036 (151,181) Audi vehicles manufactured by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China). The Audi brand accounted for 398,925 (375,918) of the total cars produced, and the Lamborghini brand for 1,899 (1,722). The Ducati brand manufactured 9,633 (7,375) motorcycles in this period.

Fuel/power consumption and CO<sub>2</sub> emission figures as well as the efficiency classes can be found on page 18.



Audi Q3 Sportback

Car production by model <sup>1)</sup>

	1-9/2019	1-9/2018
Audi A1	-	8,750
Audi A1 Sportback	60,096	55,916
Audi A1 citycarver	1,072	2
Audi Q2	93,254	69,765
Audi A3 Sportback	93,871	124,211
Audi A3 Sedan	76,838	93,204
Audi A3 Cabriolet	6,563	8,229
Audi Q3	133,421	137,172
Audi Q3 Sportback	3,600	-
Audi TT Coupé	9,996	7,352
Audi TT Roadster	2,605	2,293
Audi A4 Sedan	169,577	180,457
Audi A4 Avant	62,590	65,506
Audi A4 allroad quattro	6,876	12,622
Audi A5 Sportback	51,411	59,466
Audi A5 Coupé	9,585	14,543
Audi A5 Cabriolet	8,838	10,291
Audi Q5	212,336	235,208
Audi A6 Sedan	121,998	143,652
Audi A6 Avant	41,446	34,748
Audi A6 allroad quattro	3,209	7,571
Audi A7 Sportback	10,907	15,296
Audi e-tron	27,621	449
Audi e-tron Sportback	147	-
Audi Q7	52,514	81,225
Audi Q8	34,716	9,263
Audi A8	18,211	19,446
Audi R8 Coupé	1,143	1,156
Audi R8 Spyder	568	508
<b>Audi brand</b>	<b>1,315,009</b>	<b>1,398,301</b>
Lamborghini Urus	3,994	1,033
Lamborghini Huracán	1,751	2,153
Lamborghini Aventador	747	906
<b>Lamborghini brand</b>	<b>6,492</b>	<b>4,092</b>
<b>Automotive segment</b>	<b>1,321,501</b>	<b>1,402,393</b>

1) The table includes 418.140 (457.619) Audi models produced by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China).

## Car engine production

	1-9/2019	1-9/2018
Audi Hungaria Zrt.	1,526,621	1,495,364
Automobili Lamborghini S.p.A.	735	927
<b>Car engine production</b>	<b>1,527,356</b>	<b>1,496,291</b>

## Motorcycle production

	1-9/2019	1-9/2018
Scrambler	8,074	11,962
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	13,056	9,354
Dual/Hyper (Hypermotard, Multistrada)	15,269	11,713
Sport (SuperSport, Superbike)	7,993	12,343
<b>Ducati brand</b>	<b>44,392</b>	<b>45,372</b>
<b>Motorcycles segment</b>	<b>44,392</b>	<b>45,372</b>

Worldwide, the Ducati brand produced a total of 44,392 (45,372) motorcycles in the first nine months of 2019. 36,999 (37,774) of these were built at the company headquarters in Bologna (Italy). In the same period, Ducati also produced 6,789 (6,756) motorcycles at the Amphur Pluakdaeng site in Thailand. In addition, 604 (842) motorcycles were built in Manaus (Brazil) on a contract manufacturing basis.



Read more about the production sites of the individual models on page 91 of the Audi 2018 Annual Report.

Fuel/power consumption and CO<sub>2</sub> emission figures as well as the efficiency classes can be found on page 18.



Audi RS 4 Avant

## DELIVERIES AND DISTRIBUTION <sup>1)</sup>

In the first nine months of 2019, the Audi Group delivered 1,363,659 (1,612,388) cars to customers worldwide. It should be noted that the prior-year figure still includes deliveries of other Volkswagen Group brands by multi-brand sales companies, which are no longer reported by the Audi Group as of January 1, 2019, as management responsibility for these companies has been transferred to Volkswagen AG, Wolfsburg.

6 — 1,357,102 (1,407,672) vehicles of the Audi brand were delivered to customers. The decline of -3.6 percent is mainly attributable to weakened market demand. Thus, total market volume shrank by -5.0 percent in the same period. Audi was therefore able to keep its market share stable. Furthermore, our current product cycle affected delivery figures, as not all new models were yet available worldwide in the reporting period. Of the total Audi models delivered, 446,330 (440,197) units were manufactured locally by FAW-Volkswagen Automotive Company, Ltd., Changchun (China). The Lamborghini brand delivered a total of 6,517 (3,554) vehicles to customers in the first three quarters of 2019. Compared with the prior-year period, this was positively influenced by the market success of the Super SUV Lamborghini Urus, which has been available since summer 2018. In addition, the Ducati brand recorded a delivery volume of 43,827 (43,948) motorcycles.

In Western Europe, our delivery volume was affected by the restricted availability of model variants at the start of the year due to the changeover to the WLTP test cycle and by renewal of our product portfolio. As a result, the volume declined to 559,994 (577,877) Audi brand vehicles.

Deliveries on our home market Germany declined slightly year-on-year to 215,515 (218,662) cars. Our volume in the United Kingdom fell to 113,336 (124,081) Audi vehicles, impacted by the continuing uncertainty surrounding Brexit, which has still not been resolved. With 47,811 (47,008) deliveries of the Audi brand, we recorded a slightly higher volume than in the prior-year period in the Italian market. While demand for Audi vehicles in France improved by 2.6 percent, our sales figures in Spain dropped by -12.1 percent.

In the Central and Eastern Europe region, we delivered a total of 35,166 (38,272) cars with the Four Rings to customers in the first nine months of 2019. In Russia, deliveries were at the previous year's level, while the volume declined in many other Central European countries.

In the same period we handed 192,437 (207,422) cars of the Audi brand over to customers in the North America region. In the USA, deliveries fell by -5.3 percent to 158,471 (167,420) units. The encouraging trend of our full-size models could not offset the restricted availability of vehicles and the challenging competitive situation in the reporting period. In Canada, our deliveries were also down.

Our sales figures in the South America region totaled 11,669 (13,943) Audi models, which was lower than in the prior-year period - partly due to decreasing deliveries in Brazil.

With 534,607 (542,858) Audi vehicles delivered to customers, we also recorded a slight decrease in volume in the Asia-Pacific region. By contrast, in China - our biggest single market - our sales figures rose to 491,040 (483,001) cars, an increase of 1.7 percent and thus a new record volume for the reporting period.

In the third quarter of 2019, our delivery figures dropped to 452,899 (512,467) vehicles worldwide. It should be noted that the prior-year figure still includes deliveries of other Volkswagen Group brands by multi-brand sales companies, which are no longer reported by the Audi Group as of January 1, 2019. A total of 450,922 (458,439) Audi brand models were delivered, including 167,054 (157,613) built locally by FAW-Volkswagen Automotive Company Ltd., Changchun (China). The Lamborghini brand delivered a total of 1,964 (1,227) vehicles worldwide between July and September 2019, while the Ducati brand delivered 12,105 (11,659) motorcycles in this period.

Car deliveries to customers by model <sup>1) 2)</sup>

	1-9/2019	1-9/2018
Audi A1	153	9,817
Audi A1 Sportback	62,615	59,989
Audi Q2	98,043	73,493
Audi A3	15	970
Audi A3 Sportback	113,274	123,981
Audi A3 Sedan	82,267	99,439
Audi A3 Cabriolet	7,342	8,748
Audi Q3	130,215	138,883
Audi TT Coupé	9,143	10,934
Audi TT Roadster	3,201	2,997
Audi A4 Sedan	178,116	187,545
Audi A4 Avant	64,654	73,832
Audi A4 allroad quattro	5,382	14,317
Audi A5 Sportback	57,545	59,789
Audi A5 Coupé	10,545	16,804
Audi A5 Cabriolet	9,030	13,251
Audi Q5	219,365	226,433
Audi A6 Sedan	119,455	138,324
Audi A6 Avant	46,110	35,731
Audi A6 allroad quattro	2,028	7,268
Audi A7 Sportback	13,574	14,579
Audi e-tron	16,180	436
Audi Q7	61,950	72,317
Audi Q8	31,296	3,099
Audi A8	14,216	12,359
Audi R8 Coupé	951	1,507
Audi R8 Spyder	437	830
<b>Audi brand</b>	<b>1,357,102</b>	<b>1,407,672</b>
Lamborghini Urus	3,896	270
Lamborghini Huracán	1,751	2,283
Lamborghini Aventador	870	1,001
<b>Lamborghini brand</b>	<b>6,517</b>	<b>3,554</b>
<b>Other Volkswagen Group brands</b>	<b>40</b>	<b>201,162</b>
<b>Automotive segment</b>	<b>1,363,659</b>	<b>1,612,388</b>

1) The table includes deliveries of 446,330 (440,197) vehicles produced locally by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China).

2) The figures for the prior-year period have been marginally adjusted.

Motorcycle deliveries to customers <sup>3)</sup>

	1-9/2019	1-9/2018
Scrambler	9,648	10,733
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	11,292	10,885
Dual/Hyper (Hypermotard, Multistrada)	14,086	11,661
Sport (SuperSport, Superbike)	8,801	10,669
<b>Ducati brand</b>	<b>43,827</b>	<b>43,948</b>
<b>Motorcycles segment</b>	<b>43,827</b>	<b>43,948</b>

3) The figures for the prior-year period have been marginally adjusted.

The Ducati brand delivered 43,827 (43,948) motorcycles to customers worldwide in the first three quarters of 2019. Ducati increased deliveries in Western Europe in particular, while sales figures on the North American motorcycle market declined.

Fuel/power consumption and CO<sub>2</sub> emission figures as well as the efficiency classes can be found on page 18.



Audi A5 Sportback

**Market introductions in 2019: Audi models presented or introduced in the period under review**

Models	Main characteristics and new features
<b>Audi TTS Coupé</b> <i>(product improvement)</i> 	<ul style="list-style-type: none"> <li>&gt; Sporty, sharper exterior design with three-dimensional radiator grille and new bumpers</li> <li>&gt; High-performance engine with gasoline particulate filter and new 7-speed S tronic, precise and dynamic handling with progressive steering</li> </ul>
<b>Audi TTS Roadster</b> <i>(product improvement)</i> 	<ul style="list-style-type: none"> <li>&gt; Wider range of standard equipment (e.g. Audi drive select and Bluetooth)</li> <li>&gt; Digital connectivity thanks to Audi connect using high-speed LTE standard and Audi smartphone interface (optional)</li> <li>&gt; Presentation in July 2018, market introduction since January 2019, initially in Europe</li> </ul>
<b>Audi e-tron</b> <i>(new model, no predecessor)</i> 	<ul style="list-style-type: none"> <li>&gt; Full-size SUV as first fully electrically powered series-production Audi model with electric all-wheel drive</li> <li>&gt; Range of up to 411 km (according to WLTP), premium charging service with access to more than 110,000 charging points in Europe and fast-charging capability at up to 150 kW ensure high everyday suitability</li> <li>&gt; Virtual exterior mirrors as a high-end option available for the first time in a series-production Audi car</li> <li>&gt; Presentation in September 2018, market introduction since March 2019</li> </ul>
<b>Audi R8 Coupé</b> <i>(product improvement)</i> 	<ul style="list-style-type: none"> <li>&gt; Fastest series-production Audi with a more sporty design and higher performance</li> <li>&gt; Optimized naturally aspirated engines with outstanding sound, particulate filters as well as more power and torque</li> </ul>
<b>Audi R8 Spyder</b> <i>(product improvement)</i> 	<ul style="list-style-type: none"> <li>&gt; Improvements to suspension provide even more stability and precision</li> <li>&gt; Presentation in October 2018, phased market introduction since the first quarter of 2019</li> </ul>
<b>Audi TT RS Coupé</b> <i>(product improvement)</i> 	<ul style="list-style-type: none"> <li>&gt; Compact sports car with completely redesigned front end, larger side air intakes and striking rear end with side winglets on the rear wing giving it a dynamic look</li> <li>&gt; Five-cylinder engine with distinctive sound; plus quattro permanent all-wheel drive</li> </ul>
<b>Audi TT RS Roadster</b> <i>(product improvement)</i> 	<ul style="list-style-type: none"> <li>&gt; Optional RS sport suspension plus with adaptive dampers ensures excellent handling</li> <li>&gt; Presentation in February 2019, market introduction since spring 2019</li> </ul>
<b>Audi S6 TDI Sedan</b> <i>(new model)</i> 	<ul style="list-style-type: none"> <li>&gt; As an S model with TDI engine in Europe, combines versatility with sportiness and efficiency</li> <li>&gt; V6 TDI engine with electric powered compressor and mild-hybrid technology with 48-volt electrical system delivers impressive driving dynamics with economical fuel consumption and low emissions</li> </ul>
<b>Audi S6 TDI Avant</b> <i>(new model)</i> 	<ul style="list-style-type: none"> <li>&gt; quattro permanent all-wheel drive as well as optional dynamic all-wheel steering and ceramic brake system</li> <li>&gt; Presentation in April 2019, gradual market introduction since May 2019</li> </ul>
<b>Audi S7 TDI Sportback</b> <i>(new model)</i> 	<ul style="list-style-type: none"> <li>&gt; As an S model, four-door coupé with a TDI engine for sportiness and efficiency for the first time in Europe</li> <li>&gt; V6 TDI engine with electric powered compressor and mild-hybrid technology with 48-volt electrical system delivers impressive driving dynamics with economical fuel consumption and low emissions</li> <li>&gt; quattro permanent all-wheel drive as well as optional dynamic all-wheel steering and ceramic brake system</li> <li>&gt; Presentation in April 2019, gradual market introduction since May 2019</li> </ul>
<b>Audi SQ8 TDI</b> <i>(new model, no predecessor)</i> 	<ul style="list-style-type: none"> <li>&gt; Sporty top model in the Q series and an accomplished companion for business and leisure</li> <li>&gt; Elegance of a four-door premium coupé combined with the practical versatility of a large SUV</li> <li>&gt; V8 TDI biturbo engine with 900 Nm torque combines sportiness and efficiency: the electric powered compressor supports the turbocharger during acceleration, the 48-volt mild-hybrid system reduces consumption</li> <li>&gt; Extensive infotainment as standard: Audi virtual cockpit and MMI navigation plus with MMI touch response</li> <li>&gt; Presentation in June 2019, phased market introduction since September 2019</li> </ul>

<p><b>Audi A6 allroad quattro</b> (new model)</p> 	<ul style="list-style-type: none"> <li>&gt; New generation with quattro permanent all-wheel drive, adaptive air suspension with adjustable ground clearance and the body raised by up to 45 mm (compared with the Audi A6 Avant) for increased off-road capability</li> <li>&gt; Superior features such as hill descent control as standard and optional dynamic all-wheel steering</li> <li>&gt; Powerful V6 TDI engines, as standard with mild-hybrid technology for increased efficiency</li> <li>&gt; Presentation in June 2019, market introduction since September 2019</li> </ul>
<p><b>Audi SQ5 TDI</b> (new model)</p> 	<ul style="list-style-type: none"> <li>&gt; Sporty version of the Q5 model range with distinctive exterior design</li> <li>&gt; V6 diesel engine with 700 Nm torque in Europe; 48-volt mild-hybrid technology, classic turbocharger and electric powered compressor combine superior and spontaneous power with improved efficiency</li> <li>&gt; Standard suspension with damper control as well as optional air suspension</li> <li>&gt; Presentation in February 2019, market introduction since September 2019</li> </ul>
<p><b>Audi Q7/SQ7 TDI</b> (product improvement)</p> 	<ul style="list-style-type: none"> <li>&gt; Full-size SUV with generous space and excellent comfort in a new design and touch control concept in the interior</li> <li>&gt; Electromechanical active roll stabilization and optional all-wheel steering for increased ride comfort</li> <li>&gt; Engines with eight-speed tiptronic, permanent all-wheel drive and, in many engines, mild-hybrid technology; additionally, a V6 TFSI plug-in hybrid will be available in two performance levels from the end of 2019</li> <li>&gt; Presentation in June 2019, gradual market introduction since September 2019</li> </ul>
<p><b>Audi A4/S4 TDI Sedan</b> (product improvement)</p> 	<ul style="list-style-type: none"> <li>&gt; Mid-size models get sportier design accents, new engines and high connectivity</li> <li>&gt; Electrification with mild-hybrid technology (depending on the engine) increases comfort and efficiency – in Europe, S4 TDI combines V6 TDI engine with 48-volt electrical system and electric powered compressor</li> </ul>
<p><b>Audi A4/S4 TDI Avant</b> (product improvement)</p> 	<ul style="list-style-type: none"> <li>&gt; New MMI touch display with acoustic feedback, more computing power and new Audi connect features</li> <li>&gt; Presentation in June 2019, market introduction since September 2019</li> </ul>
<p><b>Audi A4 allroad quattro</b> (product improvement)</p> 	<ul style="list-style-type: none"> <li>&gt; Multi-talent with off-road character, characteristic design and high functionality</li> <li>&gt; quattro permanent all-wheel drive; 35 mm more ground clearance compared with the Audi A4 Avant and the optional suspension with damper control combine a high level of ride comfort and good off-road qualities</li> <li>&gt; New MMI touch display with acoustic feedback, more computing power and new Audi connect features</li> <li>&gt; Presentation in June 2019, market introduction since September 2019</li> </ul>
<p><b>Audi A1 citycarver</b> (new model, no predecessor)</p> 	<ul style="list-style-type: none"> <li>&gt; New model in the A1 series with robust off-road look and large octagonal-design Singleframe</li> <li>&gt; Higher ride height, more ground clearance and underbody protection look in painted stainless steel</li> <li>&gt; Cutting-edge infotainment components: large digital instrument cluster, optional Audi virtual cockpit and MMI navigation plus, including Wi-Fi hotspot for mobile devices and parking information</li> <li>&gt; Presentation in July 2019, introduction from fall 2019, initially in Europe</li> </ul>
<p><b>Audi Q3 Sportback/RS Q3 Sportback</b> (new model, no predecessor)</p> 	<ul style="list-style-type: none"> <li>&gt; First compact crossover model from the Audi brand, featuring an expressive design and good driving dynamics</li> <li>&gt; Sport suspension, progressive steering and Audi drive select dynamic handling system as standard</li> <li>&gt; Digital instrument cluster as standard, highly variable interior and longitudinally sliding rear seat</li> <li>&gt; High-performance engines, optionally with mild-hybrid system, and powerful five-cylinder engine in the RS Q3 Sportback</li> <li>&gt; Presentation in third quarter of 2019, gradual market introduction from fall 2019</li> </ul>
<p><b>Audi Q2 L e-tron</b> (new model, no predecessor)</p> 	<ul style="list-style-type: none"> <li>&gt; First fully electric Audi model in China with a range of up to 265 km (NEDC)</li> <li>&gt; Longer wheelbase, designed specifically to meet the needs of Chinese customers</li> <li>&gt; Electric motor on the front axle delivers 290 Nm torque</li> <li>&gt; Produced and distributed exclusively in China, market introduction from November 2019</li> </ul>
<p><b>Audi S8</b> (new model)</p> 	<ul style="list-style-type: none"> <li>&gt; Performance in the luxury class: emotion and driving performance join comfort and efficiency</li> <li>&gt; V8 TFSI engine delivers 800 Nm torque thanks to twin turbochargers; integrated 48-volt mild-hybrid system with cylinder shutdown for fuel savings</li> <li>&gt; Standard active suspension for greater comfort, dynamic all-wheel steering and sport differential</li> <li>&gt; Presentation in October 2019, market introduction from November 2019, initially in Europe</li> </ul>
<p><b>Audi RS 4 Avant</b> (product improvement)</p> 	<ul style="list-style-type: none"> <li>&gt; Power Avant with new design language and high-torque V6 biturbo engine</li> <li>&gt; MMI touch display with acoustic feedback as the heart of the new operating system</li> <li>&gt; Personalization of the driving experience by adjusting damper response (optionally in combination with RS sport suspension plus) via Audi drive select</li> <li>&gt; More than 30 driver assist systems (some optional) underline all-round characteristics</li> <li>&gt; Presentation in October 2019, market introduction from December 2019</li> </ul>

Fuel/power consumption and CO<sub>2</sub> emission figures as well as the efficiency classes can be found on page 18.

**Audi RS 7 Sportback**  
(new model)



- > High-performance Sportback with a wider body offers uncompromising sportiness combined with unrestricted functionality
- > V8 biturbo engine with mild-hybrid technology delivers even more power with increased efficiency
- > Wheel-selective torque control, optional quattro sport differential and dynamic all-wheel steering ensure agile and safe handling
- > RS adaptive air suspension with controlled damping is standard for maximum performance, optional RS sport suspension plus with Dynamic Ride Control (DRC) and three-stage dampers
- > Presentation in September 2019, market introduction from December 2019, initially in Europe

**Audi RS 6 Avant**  
(new model)



- > High-performance Avant in new design with a wider body, combines sportiness and practical benefits
- > V8 biturbo engine with mild-hybrid technology delivers even more power with increased efficiency
- > Audi drive select dynamic handling system delivers agility and dynamics, optionally in combination with RS sport suspension plus with Dynamic Ride Control (DRC) and three-stage dampers, dynamic all-wheel steering and quattro sport differential
- > Presentation in August 2019, market introduction from December 2019, initially in Europe

**Audi RS Q3**  
(new model)



- > Compact, high-performance SUV combines performance and everyday suitability
- > High-performance, award-winning five-cylinder engine with optional RS sport exhaust system for a distinctive sound
- > Audi drive select dynamic handling system and specific RS sport suspension plus with damper control (optional) for enhanced dynamics, precise stability and agile handling coupled with even greater comfort
- > Presentation in September 2019, available from the end of 2019, initially in Europe

**Audi A5 Coupé/SS Coupé TDI**  
(product improvement)



- > Distinctive update of the exterior with elements from the new design language of the full-size class

**Audi A5 Sportback/SS Sportback TDI**  
(product improvement)



- > Cutting-edge MMI touch operating concept with new 10.1-inch touch display and acoustic feedback
- > New functions-on-demand offering: Audi MMI navigation plus, DAB+ digital radio and Audi smartphone interface can be booked at any time after purchase online via the myAudi app
- > Many engines deliver greater efficiency through mild-hybrid technology – S models in Europe with TDI engine for impressive dynamic handling with economical fuel consumption and low emissions

**Audi A5 Cabriolet**  
(product improvement)



- > Presentation in September 2019, market introduction from early 2020, initially in Europe

**Electric and electrified models presented or introduced in the period under review**

Electric vehicles	Plug-in hybrid vehicles
<ul style="list-style-type: none"> <li>&gt; <b>Audi e-tron</b> (market introduction since March 2019)</li> <li>&gt; <b>Audi Q2 L e-tron</b> (market introduction in China in November 2019) <sup>1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>&gt; <b>Audi A6 TFSI e</b> (market introduction from October 2019)</li> <li>&gt; <b>Audi A7 Sportback TFSI e</b> (market introduction since the third quarter of 2019)</li> <li>&gt; <b>Audi A8 TFSI e</b> (market introduction from the fourth quarter of 2019)</li> <li>&gt; <b>Audi Q5 TFSI e</b> (market introduction since the third quarter of 2019)</li> <li>&gt; <b>Audi Q7 TFSI e</b> (market introduction at the end of 2019) <sup>1)</sup></li> </ul>

1) These cars are not yet available for sale. They do not yet have type approval.

## Market introductions in 2019: Lamborghini models presented or introduced in the period under review

Models	Main characteristics and new features
<b>Lamborghini Aventador SVJ</b> <i>(new model)</i> 	<ul style="list-style-type: none"> <li>&gt; Limited-edition generation of V12 top model from Lamborghini</li> <li>&gt; New design features with focus on aerodynamic performance</li> <li>&gt; All-wheel drive, all-wheel steering and lightweight construction for technical brilliance and optimized handling</li> <li>&gt; Presentation in August 2018, gradual market introduction since start of 2019</li> </ul>
<b>Lamborghini Huracán EVO</b> <i>(product improvement)</i> 	<ul style="list-style-type: none"> <li>&gt; Next-generation V10 supercar takes performance of Huracán Performante to the next level</li> <li>&gt; Lamborghini vehicle dynamics control system combined with permanent all-wheel drive and all-wheel steering produces even more agility and easiness to drive</li> <li>&gt; New infotainment system with ultramodern connectivity solutions</li> <li>&gt; Presentation in January 2019, gradual market introduction since spring 2019</li> </ul>
<b>Lamborghini Huracán EVO Spyder</b> <i>(product improvement)</i> 	<ul style="list-style-type: none"> <li>&gt; Open-top version of the Huracán EVO with a light, electro-hydraulic convertible top for pure Spyder feeling</li> <li>&gt; Lamborghini vehicle dynamics control system combined with permanent all-wheel drive and all-wheel steering produces even more agility and easiness to drive</li> <li>&gt; New infotainment system with ultramodern connectivity solutions</li> <li>&gt; Presentation in February 2019, gradual market introduction since summer 2019</li> </ul>
<b>Lamborghini Aventador SVJ Roadster</b> <i>(new model)</i> 	<ul style="list-style-type: none"> <li>&gt; A limited-edition roadster with the power, performance and technology of the Aventador SVJ</li> <li>&gt; New design features with focus on aerodynamic performance</li> <li>&gt; All-wheel drive, all-wheel steering and lightweight construction for technical brilliance and optimized handling</li> <li>&gt; Presentation in March 2019, gradual market introduction since summer 2019</li> </ul>
<b>Lamborghini Sián FKP 37</b> <i>(small limited edition)</i> 	<ul style="list-style-type: none"> <li>&gt; Most powerful Lamborghini of all time: supercar combining the legendary V12 engine with innovative hybrid technology and an electric motor with a supercapacitor for improved pulling power in a visionary design</li> <li>&gt; Hybrid system uses regenerative braking system to charge the energy storage system</li> <li>&gt; “Ad Personam” full customization program for each customer</li> <li>&gt; Presentation in September 2019 – limited edition of 63 vehicles, already sold out</li> </ul>

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## Ducati models introduced in the period under review

The Ducati brand has introduced a large number of new and revised models in 2019. One example is the market launch of the Panigale V4 R, the most powerful series-production motorcycle ever built by Ducati. In addition, the Ducati V4 S Corse model variant comes with an exclusive MotoGP paint finish.

Complementing the new Ducati Multistrada 1260 Enduro, the versatile Multistrada 950 and 950 S – the latest additions to the Multistrada range – feature state-of-the-art technology to improve safety and enhance ride comfort. Other new launches

in the 2019 model year are the second generation of the Diavel 1260 and 1260 S as well as the Ducati Hypermotard 950 and 950 SP, which have been completely revised, including improvements to the suspension and a highly modern electronics package. The Ducati Monster range also includes the revised versions of the 797 and 797+, along with a new model variant, the Monster 821 Stealth. In addition, the Scrambler models Icon, Café Racer, Full Throttle and Desert Sled were extensively revised for 2019.

Fuel/power consumption and CO<sub>2</sub> emission figures as well as the efficiency classes can be found on page 18.



## FINANCIAL PERFORMANCE INDICATORS

### **/ FIRST-TIME ADOPTION OF NEW ACCOUNTING STANDARDS**

Since January 1, 2019, the Audi Group has recognized leases in accordance with IFRS 16. Due to the first-time recognition of rights of use and the corresponding lease liabilities, the balance sheet total increased slightly. In addition, this had a moderate impact on individual income statement items and on our financial key figures.

### **/ CHANGES TO THE GROUP OF CONSOLIDATED COMPANIES**

Effective January 1, 2019, management responsibility for the multi-brand sales companies Volkswagen Group Italia S.p.A., Verona (Italy), Audi Volkswagen Korea Ltd., Seoul (South Korea), Audi Volkswagen Middle East FZE, Dubai (United Arab Emirates), and Audi Volkswagen Taiwan Co., Taipei, was transferred to Volkswagen AG, Wolfsburg, under a control agreement and as a result the companies concerned were deconsolidated. Since the start of the 2019 fiscal year, these companies have been recognized in the consolidated financial statements of the Audi Group using the equity method – the legal ownership structures remain unchanged.

In addition, Autonomous Intelligent Driving GmbH (AID), Munich, a wholly owned subsidiary of AUDI AG, was fully consolidated in the consolidated financial statements of the Audi Group, also effective January 1, 2019. The initial consolidation of this company did not have a material impact on the net worth, financial position and financial performance of the Audi Group. On July 12, 2019, Volkswagen AG, Wolfsburg, announced that together with Ford Motor Company, Dearborn (USA), it will invest in Argo AI, Pittsburgh (USA), a company that specializes in software platforms for

autonomous driving, and that this is to be effected, among other things, by the contribution of AID.

Prior to this, AUDI AG will sell its shares in AID to Volkswagen. The selling price has not yet been agreed and therefore it is not possible to state whether and in what amount a capital gain will result.

### **/ FINANCIAL PERFORMANCE**

The Audi Group generated revenue of EUR 41,332 (44,257) million in the first nine months of 2019. The decline is attributable to the deconsolidation of the multi-brand sales companies, which contributed a total of EUR 4.2 billion to revenue in the prior-year period.

In the Automotive segment, revenue was likewise below the prior-year level as a result of this, reaching EUR 40,765 (43,659) million. At the same time, revenue from the Audi brand car business improved to EUR 29,577 (27,958) million, partly as a result of mix effects due to the market success of the SUV model Audi Q8 and our new fully electric SUV Audi e-tron. In addition, revenue from the Lamborghini brand increased to EUR 1,343 (813) million as a result of high demand for the new Lamborghini Urus. While our revenue from business with engines and powertrains was at the prior-year level, revenue from the delivery of parts declined – due, among other things, to market management measures for our local production in China. Furthermore, there was a decrease in revenue from other automotive business, which primarily includes our genuine parts business.

In the Motorcycles segment, revenue generated by the Ducati brand amounted to EUR 567 (599) million. Stable volume was offset by predominantly negative mix effects.



### Key operating performance figures, Audi Group

EUR million	1-9/2019	1-9/2018
<b>Operating profit before special items</b>	<b>3,239</b>	<b>3,671</b>
<b>Special items</b>	<b>–</b>	<b>– 800</b>
<b>Operating profit</b>	<b>3,239</b>	<b>2,871</b>
Automotive segment	3,200	2,832
Motorcycles segment	39	39
<i>adjusted for effects of PPA<sup>1)</sup></i>	<i>56</i>	<i>56</i>
<b>Profit before tax</b>	<b>3,668</b>	<b>3,458</b>
<b>in %</b>	<b>1-9/2019</b>	<b>1-9/2018</b>
<b>Operating return on sales before special items</b>	<b>7.8</b>	<b>8.3</b>
<b>Operating return on sales</b>	<b>7.8</b>	<b>6.5</b>
Automotive segment	7.8	6.5
Motorcycles segment	6.9	6.5
<i>adjusted for effects of PPA<sup>1)</sup></i>	<i>9.9</i>	<i>9.4</i>
<b>Return on sales before tax</b>	<b>8.9</b>	<b>7.8</b>

1) Effects of purchase price allocation

The operating activities of the Audi Group are reflected in the operating profit of EUR 3,239 (2,871) million, which corresponds to an operating return on sales of 7.8 (6.5) percent. The prior-year figure includes special items of EUR –800 million for the fine imposed on AUDI AG under the administrative order issued by the Munich II public prosecutor in connection with the regulatory offense proceedings which were completed in October 2018. The revenue reduction resulting from the deconsolidation of the multi-brand sales companies had a positive effect on the return ratio.

In the Automotive segment, we generated an operating profit of EUR 3,200 (2,832) million and an operating return on sales of 7.8 (6.5) percent. The lower volume of vehicles and the associated weaker capacity utilization of our plants had a negative impact. Increased upfront expenditure for future mobility solutions and a rise in personnel costs also weighed on current profitability, while lower distribution costs had a positive effect. In addition to an improved model mix and the encouraging figures reported by the Lamborghini brand, the successful continuation of the Audi Transformation Plan (ATP) also had a positive influence on our financial key figures in the period under review. Between January and September 2019, we implemented measures with an effect on operating business of more than EUR 1.3 billion. Since the start of the ATP in 2018, the program has already brought in more than EUR 3.3 billion. By 2022, the ATP is expected to raise a total of EUR 15 billion.

In the Motorcycles segment, the operating profit of the Ducati brand matched the prior-year level in the first three quarters of 2019 at EUR 39 (39) million. This represents an operating return on sales of 6.9 (6.5) percent. After elimination of the effects of purchase price allocation, Ducati achieved an operating profit of EUR 56 (56) million and an operating return on sales of 9.9 (9.4) percent.

### Financial result, Audi Group

EUR million	1-9/2019	1-9/2018
Result from investments accounted for using the equity method <sup>1)</sup>	130	191
<i>of which FAW-Volkswagen Automotive Company, Ltd.</i>	<i>138</i>	<i>137</i>
<i>of which Volkswagen Automatic Transmission (Tianjin) Company Ltd.</i>	<i>134</i>	<i>116</i>
<i>of which SAIC Volkswagen Automotive Company Ltd.</i>	<i>19</i>	<i>4</i>
Net interest result	– 48	89
Other financial result	347	306
<i>of which brand settlement/ performance-related income, China business<sup>2)</sup></i>	<i>243</i>	<i>203</i>
<i>of which dividend of FAW-Volkswagen Automotive Company, Ltd.<sup>3)</sup></i>	<i>–</i>	<i>162</i>
<b>Financial result</b>	<b>429</b>	<b>586</b>
<i>of which China business<sup>4)</sup></i>	<i>535</i>	<i>622</i>

1) Influenced by the effect of initial consolidation of multi-brand sales companies

2) Financial brand settlement agreed between AUDI AG and Volkswagen AG, Wolfsburg, and performance-related income for China business in connection with associated companies

3) One-time effect in 2018

4) Includes the items FAW-Volkswagen Automotive Company, Ltd., Volkswagen Automatic Transmission (Tianjin) Company Ltd., SAIC Volkswagen Automotive Company Ltd., brand settlement for China business and dividend from FAW-Volkswagen Automotive Company, Ltd.

The financial result of the Audi Group was EUR 429 (586) million in the first nine months of 2019. The net interest result decreased due to higher expenses for the valuation of long-term provisions owing to interest rate cuts. In addition, dividend income as a one-time effect from the portion of the participating interest in FAW-Volkswagen Automotive Company, Ltd., classified as available for sale was included in the financial result for the previous year.

In the same period, the profit before tax of the Audi Group increased to EUR 3,668 (3,458) million and the return on sales before tax increased accordingly to 8.9 (7.8) percent. Profit after tax ultimately came to EUR 2,842 (2,598) million.

In the third quarter of 2019, the Audi Group generated revenue of EUR 12,571 (13,074) million. In this period, too, revenue was affected by the deconsolidation of the other Volkswagen Group brands, which had a positive effect of around EUR 1.3 billion on revenue in the prior-year quarter. Revenue of EUR 12,440 (12,924) million came from the Automotive segment. In the Motorcycles segment revenue amounted to EUR 131 (151) million.

The operating profit of the Audi Group for the period July through September 2019 was EUR 938 (110) million. This was impacted by a significantly lower year-on-year capitalization ratio of 17.7 (34.6) percent, caused by factors such as the development cycle. In addition, the prior-year figure was significantly affected by special items of EUR -800 million. The same applies for the operating return on sales of 7.5 (0.8) percent.

The financial result of the Audi Group in the third quarter of 2019 was up on the previous year at EUR 149 (136) million. The Audi Group posted a profit before tax of EUR 1,088 (246) million in this period, and the return on sales before tax was 8.7 (1.9) percent.

Profit after tax came to EUR 850 (218) million.

#### **/ NET WORTH**

As of September 30, 2019, the balance sheet total of the Audi Group increased to EUR 68,069 (65,598) million compared with the position as of December 31, 2018.

Non-current assets amounted to EUR 33,783 (32,393) million. The main driver was the year-on-year rise in investments accounted for using the equity method as a result of the first-time valuation of shares in the multi-brand sales companies using the equity method. In addition, initial application of IFRS 16 as of January 1, 2019, led to an increase in non-current assets.

Current assets totaled EUR 34,286 million, compared with EUR 33,205 million as of December 31, 2018. In particular, cash and cash equivalents rose. This was countered by a lower inventory level and reduced trade receivables, due in part to the deconsolidation of the multi-brand sales companies.

The equity of the Audi Group as of September 30, 2019, amounted to EUR 29,255 (29,698) million. Influenced by interest effects relating to provisions for pensions and valuation effects for hedging, the equity ratio of the Audi Group decreased to 43.0 (45.3) percent as of September 30, 2019, compared with December 31, 2018.

At the end of the first three quarters of 2019, non-current liabilities changed to EUR 17,330 million compared with EUR 14,549 million at the end of 2018. Valuation effects from falling interest rates led to increases in long-term parts of provisions for pensions. Non-current and current financial liabilities also increased as a result of the initial application of IFRS 16 as of January 1, 2019.

Current liabilities totaled EUR 21,483 million, compared with EUR 21,351 million as of December 31, 2018.

#### **/ FINANCIAL POSITION**

The Audi Group generated cash flow from operating activities of EUR 5,791 (6,248) million in the nine months of 2019.

The net cash flow in the period January through September 2019 was EUR 3,271 (3,116) million, which was positively influenced by, among other things, a further improvement in investment discipline.

The net liquidity of the Audi Group as of September 30, 2019, rose to EUR 22,086 million compared with EUR 21,430 million as of September 30, 2018.

Fuel/power consumption and CO<sub>2</sub> emission figures as well as the efficiency classes can be found on page 18.



## PERSONNEL CHANGES

With effect from July 1, 2019, Hildegard Wortmann assumed responsibility for Marketing and Sales within the Board of Management.

This position had previously been held temporarily by Abraham Schot, who is also the Chairman of the Board of Management.

## EMPLOYEES

We want to shape the transition of the automotive industry and make ourselves fit for the future with our Audi Transformation Plan. This requires flexibility in order to remain economically viable in the future. We are therefore currently reviewing our processes and structures, creating new models of collaboration and developing new forms of working. We are currently in dialogue with the employee representatives regarding the joint "Audi.Zukunft" procedure and aim to reach an agreement on the most important cornerstones in the remaining course of 2019. Taking account of the future product portfolio, long-term volume planning and the resulting plant assignment, the focus is on ensuring the long-term competitiveness of our Company. This includes adjusting the strategic capacity of our plants and reviewing employment

structures along the demographic trend. Furthermore, changed customer requirements are associated with the need for optimization in our production network and flexibility in shift organization. Another focus is on training our employees with an eye to future tasks. For this reason, the Company increased its budget for further training by one-third in 2018 to an annual total of EUR 80 million. AUDI AG wants to invest more than half a billion euros by 2025.

The Volkswagen Group Essentials form the basis of our collaboration. We strive for a corporate culture that is in keeping with these principles and with our Code of Cooperation.

## REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

### */ REPORT ON EXPECTED DEVELOPMENTS*

For 2019 as a whole, the Audi Group still anticipates a slight slowdown in global economic growth compared with the previous year. We anticipate weaker economic momentum than in 2018, both in the advanced economies and in emerging markets. The Asia-Pacific region should continue to generate the highest GDP growth rates. However, geopolitical tensions and conflicts, structural weaknesses in individual countries, financial market turbulence and increasing trade disputes continue to represent potential disruptive factors with regard to global economic growth.

The Audi Group expects demand for cars to develop at different rates in the individual regions in 2019. Overall, we now think that global demand for new vehicles will probably

be below the 2018 level. For Western Europe as well, we currently expect new registrations to be lower than in the 2018 reporting year. In the Central and Eastern Europe region, we expect a rise in vehicle sales. New registrations of passenger cars and light commercial vehicles are likely to be below prior-year levels in North America's largest sales market, the USA. We now also expect to see a drop in demand for passenger cars and light commercial vehicles in South America. Based on the current estimates, the development of new registrations in the Asia-Pacific region – and especially in the region's largest market for passenger cars, China – is also likely to be negative.

In the motorcycle markets that are relevant for the Ducati brand in the displacement segment above 500 cc, we now anticipate that the volume of new registrations will increase slightly in 2019 as a whole in the face of an overall market that continues to be challenging worldwide.

The forecasts for the key performance indicators for the full year 2019, which are explained in detail in the 2018 Annual Report on pages 137 f., fundamentally remain valid. The impact of the deconsolidation of multi-brand sales companies has already been factored in.

However, given the currently challenging worldwide market situation, we expect deliveries of the Audi brand to customers

### ***/ REPORT ON RISKS AND OPPORTUNITIES***

The central task of risk and opportunity management is to systematically render risks transparent and improve their controllability, while also providing the impetus to generate or exploit opportunities. The priority is to increase the value of the company.

The function of the risk and opportunity management system as well as the opportunities and risks to which the Audi Group is subject to are presented in detail in the 2018 Annual Report on pages 140 to 152. The report also contains statements regarding the risk situation for the 2019 fiscal year that fundamentally remain valid.

As a result of the current international trade disputes, the risk persists of tariffs being levied on vehicle imports with a corresponding impact on our delivery volume and our financial key figures. In addition, the trade sanctions that currently exist between the USA and China may also have a negative impact on our supply chain. This risk is counteracted through ongoing monitoring by a task force and a review of the adjustment options for individual components.

In addition, there is a fundamental risk to market supply through our global dealer network in connection with possible changes in the Company's strategic direction, in China for example. Volume and profit risks could result from this. Risk management is conducted by means of an ongoing exchange with our partners and regular reporting to top management.

Volkswagen AG and certain affiliates, including AUDI AG, have reached a settlement in principle of the consumer protection claims asserted by the Attorney General of the U.S. state of New Mexico. New Mexico was the last remaining state asserting consumer protection claims.

Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliated companies, including AUDI AG, continue to

to be only slightly up on the prior-year level. In the 2018 Annual Report we assumed that they would rise moderately. Furthermore, we currently expect a research and development ratio moderately above the strategic target corridor of 6.5 to 7.0 percent due to intensified development activities. In the 2018 Annual Report, we had anticipated a research and development ratio slightly above the corridor of 6.5 to 7.0 percent.

However, for the ratio of capex we now anticipate a figure slightly below the strategic target corridor of 5.5 to 6.0 percent with intensified investment discipline. In the 2018 Annual Report, we had anticipated a ratio of capex within the target corridor of 5.5 to 6.0 percent.

litigate claims asserted by the attorneys general of certain U.S. states and municipalities based on alleged violations of local environmental laws. In March 2019, the Tennessee Court of Appeals dismissed the claims of the Attorney General of the State of Tennessee as preempted by federal law. The Tennessee Attorney General declined to pursue further appeal so the decision of the Tennessee Court of Appeals is final. Also in March 2019, the New Mexico Attorney General voluntarily dismissed its environmental claims.

In June 2019, the U.S. District Court for the Northern District of California dismissed two putative class action complaints brought by purchasers of German luxury vehicles alleging that, since the 1990s, several automobile manufacturers, including Volkswagen AG and other Group companies, conspired to unlawfully increase the prices of German luxury vehicles in violation of U.S. antitrust and consumer protection law. The court held that the plaintiffs have not stated a claim for relief because the allegations of the complaints do not plausibly support the alleged anti-competitive agreements. Plaintiffs filed amended complaints, which Volkswagen moved to dismiss.

Volkswagen has been responding to information requests from the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) related to automatic transmissions in certain vehicles with gasoline engines. In August 2019, Volkswagen agreed with the EPA to forfeit approximately 220,000 Greenhouse Gas Emission Credits in response to the EPA's inquiry. Also in August 2019, Volkswagen and the Plaintiffs' Steering Committee announced the settlement of civil claims relating to approximately 98,000 Volkswagen, Audi, Porsche and Bentley vehicles. Volkswagen's testing of these vehicles in connection with the information requests resulted in a 1 mile per gallon change, when rounded according to EPA rules, in the fuel economy

disclosed on the “Monroney label” required by U.S. regulations. In October 2019, the Court granted preliminary approval of the settlement.

In April 2019, the European Commission issued a statement of objections to Volkswagen AG, AUDI AG and Dr. Ing. h.c. F. Porsche AG in connection with the Commission’s antitrust investigation of the automobile industry. These objections state the European Commission’s preliminary evaluation of the matter and afford the opportunity to comment. Volkswagen and Audi will examine the statement of objections. The subject matter of the proceedings is limited to the cooperation of German automobile manufacturers on technical questions in connection with the development and introduction of SCR systems and gasoline particulate filters for passenger cars that were sold in the European Economic Area. The manufacturers are not charged with any other misconduct such as price fixing or allocating markets and customers. Volkswagen and Audi were given access to the investigation files in July 2019 and are preparing their reply to the statement of objections of the European Commission. In the same matter, the Chinese Competition Authority also issued an information request to Volkswagen AG, AUDI AG and Dr. Ing. h.c. F. Porsche AG in March 2019.

In July 2019, the Munich II Office of the Public Prosecutor issued indictments including one against the former Chairman of the Board of Management of AUDI AG, charging, among other things, fraud relating to 3.0 TDI engines in connection with the diesel issue.

Based on the information available at the present time, no change in the risk situation of the Audi Group results from these indictments.

Beyond this, there were no significant changes in the reporting period compared with the disclosures on the Audi Group’s expected development in the 2019 fiscal year in the “Report on expected developments” and “Report on risks and opportunities” sections – including the paragraphs in the “Diesel issue” section – of the Combined Management Report in the 2018 Annual Report. In particular, based on existing and acquired information, there continue to be no conclusive findings or assessments available to the Board of Management of AUDI AG regarding the described facts that would suggest that a different assessment of the associated risks should have been made.

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## EVENTS OCCURRING SUBSEQUENT TO THE BALANCE SHEET DATE

There were no reportable events of material significance after September 30, 2019.

Fuel/power consumption and CO<sub>2</sub> emission figures as well as the efficiency classes can be found on page 18.



Audi A1 citycarver

## FUEL/POWER CONSUMPTION AND EMISSION FIGURES AS WELL AS EFFICIENCY CLASSES

The fuel/power consumption and emission figures as well as the efficiency classes for the passenger cars mentioned in the document are given below.

Fuel consumption in l/100 km (combined): 20.1–1.9

Electric vehicles: power consumption in kWh/100 km (combined): 24.6–23.7

Plug-in hybrid vehicles: power consumption in kWh/100 km (combined): 21.2–12.2

Hybrid gas vehicles: fuel consumption (CNG) in kg/100 km (combined): 4.1–3.5

CO<sub>2</sub> emissions in g/km (combined): 464–0

Efficiency classes: G–A+

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

## DISCLAIMER

This report contains forward-looking statements on the future business development of the Audi Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. Any changes in significant parameters relating to our key sales markets or any significant shifts in exchange rates or commodity prices relevant to the Audi Group will have a corresponding effect on the development of our business. In

We are currently still required by law to state the NEDC figures. In the case of new vehicles which have been type-approved according to the WLTP, the NEDC figures are derived from the WLTP data. It is possible to specify the WLTP figures voluntarily in addition until such time as this is required by law. In cases where the NEDC figures are specified as value ranges, these do not refer to a particular individual vehicle and do not constitute part of the sales offering. They are intended exclusively as a means of comparison between different vehicle types. Additional equipment and accessories (add-on parts, different tire formats, etc.) may change the relevant vehicle parameters, such as weight, rolling resistance and aerodynamics, and, in conjunction with weather and traffic conditions and individual driving style, may affect fuel consumption, electrical power consumption, CO<sub>2</sub> emissions and the performance figures for the vehicle.

Further information on official fuel and power consumption figures and the official specific CO<sub>2</sub> emissions of new passenger cars can be found in the “Guide on the fuel economy, CO<sub>2</sub> emissions and power consumption of all new passenger car models,” which is available free of charge at all sales dealerships and from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, 73760 Ostfildern, Germany or at [www.dat.de](http://www.dat.de).

In addition, there may be departures from our expected business development if the assessments of the risks and opportunities presented in the 2018 Annual Report develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

The figures in brackets represent those for the corresponding prior-year period. All figures are rounded off, which may lead to minor deviations when added up.

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