



Rupert Stadler

Speech (Review)

126th Annual General Meeting

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**Speech at the
126th Annual General Meeting of AUDI AG**

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

Neckarsulm, May 22, 2015

Review

-Check against delivery-

Ladies and Gentlemen,

I also would like to extend to you a warm welcome – on behalf of the Board of Management of AUDI AG. Today, we are taking stock of the 2014 financial year, a challenging and at the same time a very successful period. And we will also give you an outlook today of what you can expect from the Audi Group in the future.

2014 wasn't an easy year. Although the world economy grew by nearly 3 percent, the overall global picture was very varied: While Western Europe emerged from its stagnation, major growth markets began to falter. Structural problems, fluctuating raw-material prices, and geopolitical conflicts made things difficult for our industry. Despite this scenario, we maintained our targets. And in the end, we delivered more than we promised.

2014 was therefore one thing above all: very successful for our company. In 2014, we launched products on the market that are in demand worldwide. We sharpened our brand's profile with technical innovations on all continents. We set a new record for revenue and our success was reflected by our strong earnings. And with the biggest investment program in our history, we laid the foundation for future growth. All of that would not have been possible without our team. All of us, the people at Audi, are carrying our "Vorsprung durch Technik" into the future – with expertise, creativity and untiring commitment. Two weeks ago, that was to be seen in Ingolstadt at the 24-hour run. Nearly 4,000 Audi employees were on the go – for 24 hours. Audi people from all over the world. Together, they covered more than 50,000 kilometers. For a good cause. For me, this endurance of our team is symbolic of the long-term approach that is typical of us at Audi and of the determination with which we pursue our goals.

These typical Audi characteristics are reflected by our performance in another endurance race: the 24 Hours of Le Mans. Full of confidence, we stated in June 2014 that we "welcome challenges." Because there were a lot of challenges in this classic event: For the first time in many years, we were regarded as an outsider. We had to cope with our number three car dropping out at an early stage. And during the entire race, we had many thrilling duels with Porsche and Toyota. All of these adversities are what make motorsport so



exciting. I remember the finishing line with pleasure: Despite all of the difficult conditions, in the end, it was our team that triumphed. See for yourselves.

Ladies and gentlemen,
with this double victory, we showed our opponents and the world: Audi is in a class of its own. And Audi is capable of multiple consecutive wins. We also proved that at the start of the current motorsport season: First places in the Endurance World Championship at the 6-hour races at Silverstone and Spa. And first place in the DTM at Hockenheim.

Customers prefer to buy winning brands. More than 1.74 million Audi customers did that in 2014 – that is a new sales record and means growth in all regions of the world. With an increase of 10.5 percent, we grew significantly – and that was before the next stage of our model initiative. A great contribution to this success came from our models in the compact segment – and from our Q models. With more than half a million SUVs sold in 2014, Audi is the most successful premium brand in this segment. The Q3 and the Q5 are premium world market leaders. And sales of the Q7 increased even in the last full year of that model.

Let's look at the individual regions: In Europe, Audi is the Number 1 – with a new sales record. Approximately 763,000 automobiles were delivered to our European customers. That's an increase of 4.2 percent. In China, we are also the undisputed leader, and once again increased our lead. Last year, we delivered more than half a million cars in China – the first premium manufacturer to pass that mark in a single year. To be exact, we delivered 578,000 cars – as many as in the first 20 years of our involvement in China. The strong growth drivers in China are the automobiles that we produce locally. With the long versions of the A4 and A6, the Q3 and Q5, the A3 Sportback and Sedan, we are the only premium brand to produce six models in China. We performed extremely well also in the United States last year: 2014 was the fifth record year in a row for Audi of America. We sold more than 180,000 units. So we moved significantly closer to the next milestone of 200,000 cars in a year. We see great growth potential in the US market: The biggest driver of our growth there is the Q5 – the best-selling Audi in the United States. That's a good sign for our new production site in Mexico, where we will build the new Audi Q5 as of 2016.

We see rising demand also beyond our core markets: Canada, South Korea and Brazil stand out with double-digit growth rates last year. Let's look at Brazil for example. We are aware of course: The country has great structural problems at present. Its economy is generally weak. But the Audi dealers in Brazil recorded growth of nearly 90 percent in 2014. We are convinced that the Audi brand has great opportunities in Brazil. That's why we are starting production of the A3 Sedan in Curitiba this fall. The Audi Q3 will follow in 2016. We are well on the way to becoming the leading premium brand in Brazil.

And now to our Italian subsidiaries: Lamborghini also had a very successful year 2014. The brand delivered more than 2,500 exclusive super sports cars. So 2014 was the best year so far for our colleagues in Sant'Agata Bolognese. Strong demand was stimulated above all by the new Huracán. It made a fantastic start: We received more than 3,000 orders in 2014, and delivered just over a third of those cars to their customers before the end of the year. The numbers in 2015 are also promising: More than 600 Huracán models were delivered in the first quarter alone.

What about Ducati: In the motorcycle business, the markets were rather difficult in many countries in 2014. Nonetheless, Ducati concluded the year with a small plus. More than 45,000 motorcycles were delivered to "Ducatiisti" worldwide. The fans of "La Rossa" can look forward to additional new models. And



we are delighted about an excellent result in Europe's most important readers' vote. The new Multistrada 1200 is "Motorcycle of the Year 2015" – taking first place in the "Crossover" category.

Ladies and gentlemen,
our Group is internationally successful – and therefore has a worldwide presence. For our brands Audi and Lamborghini, automobiles are produced at twelve sites around the globe. And with the Ducati motorcycle brand, we have another three sites: in Italy, Thailand and Brazil. In order to utilize the potential of the American continent, the plant in Curitiba, Brazil will be supplemented with our completely new plant in Mexico, which will go into operation in 2016. We will have networks of efficient suppliers at both sites.

We are also continually expanding at our German plants. We are thus investing in the high-tech industrial site – Germany. In Neckarsulm for example: In mid-October 2014, we opened Audi Böllinger Höfe. We now produce all R8 models there under one roof. At our Ingolstadt site, we recently acquired a former industrial area in the east of the city. We will set up a new innovation campus there. Audi Neuburg is about 20 kilometers from the plant in Ingolstadt. Since last year, the Audi driving experience has been at home there – it offers driving and safety training for customers. Also since 2014, Neuburg has been the new home of Audi Sport. The Motorsport competence center is an important element of our worldwide development network. This is where we build our racing cars. And this is where we test the new technologies and assistance systems for series application.

We sharpened our brand's sporting profile also on the road last year. 2014 was the premiere year of the new Audi TT: The third generation of our design icon is a genuine sports car. This year, it will be launched in the United States and China. We have strengthened the top end of our performance range with ten new S and RS models. That means that we now offer our customers the broadest ever portfolio of sports versions: from the Audi S1 to the S8 and from the Audi RS 3 to the RS 7. And these models are very popular: Overall, we sold one third more of our sporty top models in 2014.

The A3 e-tron* was another impressive highlight of the year 2014: with its unique combination of performance, range and fuel consumption resulting in less than 35 grams of CO₂ per kilometer. It received the highest grade of five stars in the European NCAP crash test. And it is the "Value Champion 2015" with the best expected residual value. We produce our first plug-in hybrid at the Ingolstadt. And we do it on the same line as the other A3 models. This allows the optimal utilization of assembly synergies. To date, we have trained more than 25,000 employees for high-voltage systems – each of them individually instructed for his or her tasks.

Around the globe, more than 80,000 people now work for Audi. In 2014, we recruited 8,190 employees worldwide – more than 4,500 in Germany alone. This year, we plan approximately 6,000 new recruitments worldwide: 2,000 of them at our international sites and about 4,000 in Germany. This includes the 760 apprenticeships that we provide for young people at our sites in Ingolstadt and Neckarsulm. "Vorsprung durch Technik" attracts the experts of tomorrow – that's shown by many surveys and rankings. In the year 2014, the Audi Group received awards as the top employer in Italy, Hungary, Belgium and Germany. And just this April, we once again took top places in the rankings of "trendence" and "Universum": most popular employer for engineering students and most popular car brand for job seekers amongst students of informatics and natural sciences.



Ladies and gentlemen,
the Audi team is the driver of our progress – and of our success. We are therefore letting our employees participate in that success: with an average amount of 6,540 euros for the year 2014. Furthermore we in the Board of Management, I am certain together with you, would now like to give our Audi people a big round of applause for this success.

And now to the most interesting numbers for you: How is the year 2014 reflected in our financial statements? On the revenue side, we posted more than 50 billion euros for the first time. Despite all the advance expenditure, our operating profit is in excess of five billion euros – for the fourth consecutive year. This means: Our operating return on sales of 9.6 percent is at the upper end of our strategic target corridor. Our profit before tax amounts to approximately six billion euros. We are making use of our strong profitability and laying the foundations for further qualitative growth: In 2014, we invested 4.5 billion euros – one quarter more than in the previous year. By 2019, we will invest another 24 billion euros. This means we are implementing the biggest investment program in the company's history. My colleague Axel Strotbek will now explain to you the details of our financial statements.

– End –

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Fuel consumption figures of the models named above

The fuel consumption and the CO₂ emissions of a vehicle vary due to the choice of wheels and tires. They not only depend on the efficient utilization of the fuel by the vehicle, but are also influenced by driving behavior and other non-technical factors.

Audi S1:

Combined fuel consumption in l/100 km: 7.2 – 7.0

Combined CO₂ emissions in g/km: 39 – 35

Audi A3 Sportback e-tron:

Combined fuel consumption in l/100 km: 1.7 – 1.5

Combined electric power consumption in kWh/km: 12.4 – 11.4

Combined CO₂ emissions in g/km: 39 – 35

Audi RS3 Sportback:

Combined fuel consumption in l/100 km: 8.3 – 8.1

Combined CO₂ emissions in g/km: 194 – 189

Audi RS7 4.0 TFSI quattro:

Combined fuel consumption in l/100 km: 9.5

Combined CO₂ emissions in g/km: 220

Audi S8 4.0 TFSI quattro:

Combined fuel consumption in l/100 km: 9.6 – 9.4

Combined CO₂ emissions in g/km: 225 – 216