Audi Group First Half-Year: Operating Profit at All-Time High

- CEO Duesmann: “Global fossil fuel crisis affirms strategic focus on e-mobility and carbon-neutral production.”
- CFO Rittersberger: “A strong first half-year shows that Audi has mastered the turbulence well and systematically seized opportunities.”
- Revenues of €29.9 billion, operating profit of €4.9 billion, operating margin of 16.5%, net cash flow of €2.6 billion.

Ingolstadt/Neckarsulm, July 29, 2022 – The Audi Group is presenting a solid balance sheet for the first half of 2022. Due to the ongoing semiconductor crisis and COVID-19-related lockdowns in China, Audi could not meet the high demand for its core brand vehicles. Despite this, the Audi Group’s revenues increased by two percent to €29.9 billion, and its operating profit reached a new high of €4.9 billion. At 16.5%, the operating margin was well above the previous year and above the strategic target corridor of 9 to 11%. Earnings were driven by the good price position, the solid operating performance of the Lamborghini and Bentley luxury brands, and support from raw material hedging. The Audi Group confirms its forecast for deliveries, revenue, and returns.

“Our financial performance in the first six months of 2022 shows just how strong and profitable our brand group is. Despite the challenging economic and geopolitical environment, we were able to increase revenue and returns significantly,” says Markus Duesmann, Chairman of the Board of Management of AUDI AG. “At the same time, the current situation in the world makes it clear that economies and society need to move away from fossil fuels even quicker. Expanding renewable energies and switching to e-mobility are important steps in this direction. That’s why we’re on the right track with our strategic focus on e-mobility and carbon-neutral production.”

Significant Growth in Deliveries of Electric Vehicles and Luxury Brands
Against the backdrop of the challenging supply situation, the Premium brand group delivered 797,587 cars to customers in the first six months (2021: 986,567). Compared to record deliveries in the first half of 2021, deliveries of Audi brand automobiles fell by 20% to 785,099 (2021: 981,681). Demand remained strong despite the ongoing semiconductor crisis and COVID-19-related lockdowns in China.
However, Ducati delivered 33,265 (2021: 34,515) motorcycles. The decline of 3.6% compared to the strong previous year reflects semiconductor availability. With 5,090 (2021: 4,852) vehicles delivered, Lamborghini recorded an increase of 4.9%, while the British brand Bentley – the newest member of the brand group – sold 7,398 (2021: 7,199)1 vehicles.

**Audi Continues to Implement its Electrification Strategy**

The Audi brand increased the number of all-electric vehicles delivered to 50,033 (2021: 32,775) – an increase of 52.7% over the previous year. The Audi e-tron* remained particularly popular with customers but the Audi Q4 e-tron* recorded the highest growth. Against this backdrop, the share of all-electric vehicles delivered by the brand group increased to 6.3%.

With the successful rollout of the Audi charging hub, Audi is showcasing a solution for fast and uncomplicated electric vehicle charging in urban areas. “The feedback from customers on the launch of the pilot site in Nuremberg is extremely positive, with a hub in Salzburg and other locations to follow in the course of 2022” says Hildegard Wortmann, Member of the Board of Management for Sales and Marketing. Three additional sites in German metropolises will help meet the increased charging demands in urban spaces starting in 2023. Moreover, Audi is planning to open even more sites in German cities by mid-2024. Another milestone in the electrification strategy was the cornerstone laid for the smart factory for electric models at the Changchun site at the end of June. Following completion at the end of 2024, models based on Premium Platform Electric (PPE) will be rolled off the line for the Chinese market via sustainable and digitally connected production. The 150-hectare plant will have an annual production capacity of more than 150,000 vehicles.

**Revenues Increased**

In the first six months of the year, the Audi Group generated revenues of €29,869 (2021: 29,212) million. Despite declining sales figures, the brand group was able to increase its revenue by two percent. This growth was mainly due to the first consolidation of the luxury brand Bentley since January 1, 2022. The Group succeeded in further improving its already strong price position thanks to the high demand for its attractive range of models. Measured against the Audi Group’s total revenue, the share of EU-taxonomy-compliant revenue increased to 12.3% in the first half of 2022. This way, the company underlines the importance of the ESG sustainability criteria anchored in its “Vorsprung 2030” strategy for all company and product decisions.

**Operating Margin Significantly Exceeds the Strategic Target**

For the first half of 2022, the Audi Group recorded a new high of €4,933 (2021: 3,113) million in operating profit, an increase of 58.5%. Operating margins climbed to 16.5% (2021:10.7%).

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1 Prior-year figures not included in the key financial figures of the Audi Group.
In addition to the good price position and strong operating performance of the Lamborghini, Bentley, and Ducati brands, the operating profit includes positive effects from commodity hedges totaling €0.4 billion. Following a significant tailwind during the first quarter (€1,2 billion), the impact has eroded substantially.

“The significant increase in the operating profit and the operating return on sales in the first half of 2022 way above the strategically defined target corridor of 9 to 11% shows that we have mastered the turbulence well and systematically seized the opportunities at the same time,” says Jürgen Rittersberger, Member of the Board of Management for Finance and Legal Affairs of AUDI AG.

Strong Operating Performance for Lamborghini, Bentley, and Ducati
The Lamborghini brand increased its sales in the first half of the year by 30.6% to €1,332 (2021: 1,020) million. The brand’s operating profit increased by 69.3% to €425 (2021: 251) million, with a margin of 31.9% (2021: 24.6%). Bentley achieved revenues of €1,707 (2021:1,324) million while operating profit increased to €398 (2021: 178) million to a new record high. The margin was 23.3% (2021: 13.4%) \(^1\). A strong price position offset Ducati’s declining delivery figures. The motorcycle brand increased its revenue by 5.4% to €542 (2021: 514) million, generating an operating profit of €68 (2021: 59) million – corresponding to an operating margin of 12.6% (2021: 11.5%).

Financial Result and Net Cash Flow
The financial result in the year’s first half was €754 (2021: 762) million. This result includes the lion’s share of the business in China, which amounted to €431 (2021: 565) million, lower than the previous year. The decline is a consequence of the COVID-19 lockdowns in China in the second quarter. Earnings after taxes soared to €4,390 (2021: 3,386) million – an increase of 29.6%.

Compared to the very high figure in the previous year’s first half, net cash flow normalized to €2,593 million in the first six months of 2022 (2021: 5,512 million). Among other things, this is due to increased inventories caused by disruptions to logistics and supply chains, especially by COVID-19 lockdowns in China and inadequate semiconductor availability. Additionally, investments, for example, in the new production site at Audi’s FAW NEV Company Ltd. in Changchun and the transfer of participations within the Volkswagen Group reduced Audi’s net cash flow.

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\(^1\) Prior-year figures not included in the key financial figures of the Audi Group.

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*The collective fuel/electric power consumption and emissions values of all models named and available on the German market can be found in the list provided at the end of this text.*
Despite the Challenges: Forecast for Deliveries, Revenue, and Margin Confirmed

The Audi Group’s forecast includes the currently foreseeable short-term consequences of the war in Ukraine, the ongoing semiconductor crisis, and the COVID-19 lockdowns in China in the first half of the year. The other effects of the geopolitical situation and the gas shortage on the global economy cannot be predicted with sufficient certainty.

The brand group expects deliveries of between 1.8 and 1.9 million vehicles and revenues of between €62 and €65 billion for the full year 2022. The operating margin is forecast to be between 9 and 11%. Net cash flow is expected to reach between €4.5 and €5.5 billion. Audi anticipates a Capex ratio of between 4 and 5 percent. Due to higher upfront expenditure on future technologies, the ratio of research and development costs is now expected to be slightly above the 6 to 7% corridor.

> Quarterly Update and Fact Pack for the first half of 2022

> Assessment from Jürgen Rittersberger, Member of the Board of Management for Finance and Legal Affairs of AUDI AG, as of the first half of 2022.

> The Audi sustainability Hub always provides up-to-date and bundled information on projects that run through all divisions of the Audi Group as part of its sustainability strategy.

**Selected Audi Group key figures at a glance**

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<th>First half of 2022</th>
<th>First half of 2021</th>
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<td><strong>Audi brand deliveries</strong></td>
<td>785,099</td>
<td>981,681</td>
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<td><strong>Audi Group revenues</strong> in EUR million</td>
<td>29,869</td>
<td>29,212</td>
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<td><strong>Operating profit</strong> Audi Group in EUR million</td>
<td>4,933</td>
<td>3,113</td>
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<td><strong>Operating margin</strong> Audi Group in percent</td>
<td>16.5</td>
<td>10.7</td>
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<td><strong>Net cash flow</strong> Audi Group in EUR million</td>
<td>2,593</td>
<td>5,512</td>
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The collective fuel/electric power consumption and emissions values of all models named and available on the German market can be found in the list provided at the end of this text.
Fuel/electric power consumption and emissions values** of the models named above:

**Audi e-tron**
Combined electric power consumption in kWh/100 km (62.1 mi): 26.1 – 21.0 (WLTP); 24.3 – 20.9 (NEFZ); combined CO₂ emissions in g/km (g/mi): 0 (0)

**Audi Q4 e-tron**
Combined electric power consumption in kWh/100 km (62.1 mi): 21.4 – 16.5 (WLTP); 18.3 – 15.0 (NEFZ); combined CO₂ emissions in g/km (g/mi): 0 (0)

**The indicated consumption and emissions values were determined according to the legally specified measuring methods. Since September 1, 2017, type approval for certain new vehicles has been performed in accordance with the Worldwide Harmonized Light Vehicles Test Procedure (WLTP), a more realistic test procedure for measuring fuel consumption and CO2 emissions. Since September 1, 2018, the WLTP has gradually replaced the New European Driving Cycle (NEDC). Due to the more realistic test conditions, the consumption and CO2 emission values measured are in many cases higher than the values measured according to the NEDC. Additional information about the differences between WLTP and NEDC is available at www.audi.de/wltp.**

At the moment, it is still mandatory to communicate the NEDC values. In the case of new vehicles for which type approval was performed using WLTP, the NEDC values are derived from the WLTP values. WLTP values can be provided voluntarily until their use becomes mandatory. If NEDC values are indicated as a range, they do not refer to one, specific vehicle and are not an integral element of the offer. They are provided only for the purpose of comparison between the various vehicle types. Additional equipment and accessories (attachment parts, tire size, etc.) can change relevant vehicle parameters, such as weight, rolling resistance and aerodynamics and, like weather and traffic conditions as well as individual driving style, influence a vehicle’s electric power consumption, CO2 emissions and performance figures.

Further information on official fuel consumption figures and the official specific CO2 emissions of new passenger cars can be found in the “Guide on the fuel economy, CO2 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-Scharnhausen, Germany (www.dat.de).