

Corporate Communications

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Audi Group Interim Financial Report: Record sales, revenue and profit

- **Revenue: €17.387 billion (+ 0.1 percent),
profit before tax: €1.372 billion (+ 24.2 percent)**
- **Rate of return before tax advances from 6.4 to 7.9 percent**
- **Audi chairman Stadler: “Results offer impressive proof of our company’s strong profitability.”**
- **Finance chief Strotbek: “In spite of an environment that continues to be difficult, we expect to see further improvement of key profitability performance indicators year on year.”**

Ingolstadt – Setting new highs in vehicle sales, revenue and profit in the first half of the 2008 fiscal year, Audi is on its way to another record year. In spite of a difficult environment, such as soaring raw materials prices, weak currencies in major markets and globally weakening economic dynamics, the company succeeded in again improving all key profitability performance indicators over the records that were set in 2007.

In the midst of the largest product initiative in the company’s history and against the backdrop of stronger negative external factors, the Audi Group is again presenting an Interim Financial Report that is characterized by new records: “The results of the first half year offer impressive proof of our company’s strong profitability,” notes the Chairman of the Board of Management of AUDI AG, Rupert Stadler.



In spite of negative currency effects, essentially in connection with the U.S. dollar and the pound sterling, the Audi Group grew its **revenue** by 0.1 percent to €17.387 billion (€ 17.378 billion)* in the first half of the year. Adjusted for exchange rate parities, revenue would have been 2.8 percent higher.

Audi brand **deliveries to customers** rose by 1.4 percent to 516,211 (508,842) in the first six months of the year.

Amounting to € 14.852 billion, **cost of sales** was down 0.6 percent year on year (€ 14.942 billion), in spite of the company's expanded volume of business.

"This encouraging development is the result of our ongoing efforts aimed at sustained process improvements and optimization of our product costs," explains Axel Strotbek, the Member of the Board of Management of AUDI AG in charge of Finance and Organization.

What remains after deducting cost of sales from revenue is a **gross profit** of €2.535 billion, around 4.1 percent higher year on year (€2.436 billion). This increased the company's **gross margin** from 14.0 to 14.6 percent.

Distribution costs rose to €1.603 billion (€ 1.398 billion), first and foremost as a result of the market launch of the new Audi A4 and the Audi A3 Cabriolet, as well as the further expansion of the distribution infrastructure. **General administrative expenditure** amounted to € 143 million (€ 121 million). Other operating income rose to €510 million (€97 million), primarily as a result of income realized from hedging transactions.

Advancing by 28.1 percent to € 1.299 billion (€ 1.014 billion), the Audi Group earned the highest **semiannual profit from operating activities** in the company's history.



The **financial result** for the first half of the year stood at € 73 million (€91 million). The Audi Group's **profit before tax** thus rose by € 267 million, or 24.2 percent, to a new record level of € 1.372 billion (€ 1.105 billion).

At € 442 million, income tax expense for the first half of the year was up moderately over the previous year (€ 426 million). This enabled **consolidated profit after tax** to be increased by 37 percent to € 930 million.

In the first half of 2008, the **rate of return** before tax increased from 6.4 to 7.9 percent. The strong financial position of the Audi Group is reflected in a significant rise in **net liquidity**. At € 8.868 billion, this metric was up 24.5 percent over the previous year (€ 7.122 billion).

“Our task in the second half of the year will be to sustainably continue this high quality of profitability and returns. Therefore, it will be necessary to offset numerous negative external factors. Thanks to our product initiative, which is being fully sustained in the second half of the year, as well as the process- and cost-optimization measures that we initiated early on, we view ourselves as being well equipped for mastering these challenges,” stresses Strotbek.

The Audi Group intends to boost its global vehicle sales to a new record high of one million automobiles by year end. Contributing first and foremost to this will be the rejuvenation and extension of the company's model portfolio.

The new generation of models in the Audi A4 line will then be fully available in all major markets, with the Audi Q5 being brought to market toward the end of the year. Additional growth impulses will come from product improvements to the Audi A3 and the Audi A6.



In the second half of the year, too, the Audi Group's revenue will be burdened by the exchange rate situation that will continue to be unfavorable.

"Given our company's strong profitability, we anticipate that the full fiscal year will see a further improvement of key profitability performance indicators year on year," says Strotbek.

*) Previous year's figures in parentheses

- End -

The full 2008 Interim Financial Report of the Audi Group can be downloaded from www.audi.de/interimfinancialreport.

Photos and further information are available at www.audi-mediaservices.com/en

AUDI AG sold a total of 964,151 cars in 2007 and thus achieved its twelfth consecutive record year. With revenue of €33,617 million and profit before tax of €2,915 million, the company attained its best figures ever. Audi produces vehicles in Ingolstadt and Neckarsulm (Germany), Győr (Hungary), Changchun (China) and Brussels (Belgium). At the end of 2007, production of the Audi A6 started in Aurangabad, India. The company is active in more than 100 markets worldwide. AUDI AG's wholly owned subsidiaries include Lamborghini S.p.A. in Sant'Agata Bolognese, Italy, and quattro GmbH in Neckarsulm. Audi currently employs around 54,000 people worldwide, including 45,000 in Germany. The brand with the four rings invests more than €2 billion each year in order to sustain the company's technological lead embodied in its "Vorsprung durch Technik" slogan. Audi plans to significantly increase the number of models in its portfolio by 2015, from the 26 currently on offer to 40.