AUDI AG Annual Press Conference on February 22, 2005

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Ladies and Gentlemen,

Last year there was no uniform pattern to the worldwide development of car markets, with the picture distorted in some cases by high pressure of competition and the incentives being offered to customers.
Certain key car export markets such as the USA fell further compared with the previous year, despite the high discounts still being offered.

As Dr. Winterkorn has already mentioned, 2004 saw Audi maintain the successful progress of recent years from a financial viewpoint, too. Sales of vehicles of the Audi brand and revenue reached a new best-ever level in spite of the adverse conditions in certain markets and the many product launches in core car lines. Meanwhile we were also able to boost our profit both before and after tax compared with the previous year.

Allow me now to comment in greater detail on the changes to key items in the Income Statement for last year:

We posted a new record revenue figure of EUR 24.5 billion in spite of the continuing erosion of proceeds by exchange rate movements.

In Germany, we were able to boost revenue by 5.9 percent to more than EUR 7.8 billion, principally thanks to the trend towards more exclusive models and specifications.

In Europe excluding Germany, we succeeded in increasing sales of Audi vehicles by a higher rate than the growth of the market as a whole. This resulted in a 8.1 percent rise in revenue to EUR 12.2 billion. We are very satisfied with this achievement.

The revenue generated in North America in 2004 fell by 8.9 percent to EUR 2.3 billion. Revenue recorded in US dollars suffered particularly as a result of the continuing strength of the euro, though we were able to compensate for this effect in the earnings figure by means of our hedging strategy and the remedial measures taken.

As expected, the overall passenger car market in North America – excluding SUVs – moreover continued to shrink in the past financial year, despite the incentives offered to customers. Audi was unable to defy this general trend, above all in the light of the model changes that it had planned. The new Audi A6 saloon only appeared on the market there towards the end of the year, while other models such as the new Audi A4 line were not launched in North America until this year. In planning to launch the Audi A3 Sportback in the US during the next few months, we will be establishing a new vehicle category in the premium segment there, in the same way that we did successfully in Europe in the mid-1990s. This will provide us with the right basis of models for giving sales in North America a lasting boost in 2005. The positive development in unit sales in the first two months of this year are already an initial indication that we are on the right track with our new design approach.

After very high growth in 2003, the revenue generated in the Asia/Oceania region remained virtually at the previous year’s level, at EUR 1.9 billion. General demand for cars in China is slowing down particularly now that the state has introduced restrictions on the way passenger cars may be financed.
Despite this, vehicles with the four-ring badge remain very popular in China. In 2004, the rise in vehicle sales served to cement our position as market leader in China's burgeoning premium car market. China consequently also remained the Audi brand's third-largest export market last year.

On the basis of our young model range, we are planning to step up sales in this important market still further. Our vehicles continue to enjoy the best reputation of any models in the premium segment in China. This is reflected by the image survey already mentioned by Dr. Winterkorn and conducted in China at the start of the year, when the Audi brand was voted "Best Preferred Brand 2005".

Ladies and Gentlemen,

At this point I would like to give you an insight into how revenue is broken down by individual product line.
During the past financial year, we generated revenue totalling EUR 17.9 billion from the sale of vehicles of the Audi brand. The increase of some 4.2 percent on the previous year is attributable not only to the higher number of vehicles sold, but also to the more upmarket mix of models and specifications. The product drive comprising the 12-cylinder A8, A6 saloon, A3 Sportback and A4 saloon and Avant thus had a resoundingly positive impact on revenue. Whereas the revenue share of our Audi A4 line fell as expected by 4.5 percentage points to 42.4 percent as a result of the launch of the new model generation late on in the year in November, revenue from sales of Audi A6 models rose impressively. The revenue share consequently increased to 27.8 percent in 2004, even though the launch of important entry-level engine versions and of the new Audi A6 saloon in important markets such as North America did not take place until the second half of the year. We are expecting the forthcoming market launch of the new Audi A6 Avant to provide a further stimulus.
The Audi A3 car line continues to be a success in the premium compact segment, which we created. Thanks in no small measure to the appearance of the new Audi A3 Sportback, we enjoyed a further substantial rise in revenue in this segment, with the revenue share increasing by 1.5 percentage points to 21.4 percent.

Via our subsidiary AUTOGERMA S.p.A., we sell models of the Audi brand and also vehicles of the other VW Group brands in the Italian market. As you are aware, there has been intense competition on the Italian market in general in recent years. The market context remains difficult particularly for volume manufacturers, and there was only a slight improvement on the previous year in spite of the substantial incentives being offered to customers. As a result, sales of vehicles of other VW Group brands fell last year.

I would now like to continue with my comments on the main changes in the Income Statement:

The cost of sales rose to almost EUR 22 billion last year. The increase of 3.7 percent was therefore less than the increase in revenue. This meant that we enjoyed a substantial rise in gross profit of 14.4 percent to more than EUR 2.5 billion, in spite of the revenue-diminishing effects of movements in the exchange rate, particularly of the US dollar. The impressive rise in gross profit last year supplies further evidence of the methodical, efficient way in which we handle costs in our successful company.

The distribution costs rose to around EUR 1.75 billion above all as a result of higher expenditure for the launches of numerous new models, but also in consequence of the aggressive competitive practices that we were unfortunately unable simply to ignore.

Administrative expenses were slightly down on the previous year, at EUR 242 million.

The other operating result rose to EUR 717 million, among other reasons because of higher income from foreign currency hedging transactions and lower other operating expenses.

The profit from operating activities likewise showed an overall rise of 17.7 percent to more than EUR 1.2 billion. This marked rise reflects the successful development of the Audi Group in spite of the difficulties being experienced in certain markets, and in particular reflects our systematic approach to the management of costs and processes.

The financial result for the past financial year was minus EUR 95 million. The decrease on the previous year is, among other things, attributable to lower income from accounting for the shares in FAW-Volkswagen Automotive Company, Ltd. using the equity method. The measurement of currency option transactions at fair value because of the reporting date, required under the IFRS rules, also diminished the other financial results.

After deduction of the financial result, the profit before tax rose by 3.7 percent from EUR 1.101 billion to EUR 1.142 billion.
The profit before tax of the Audi Group incorporates the consolidated individual earnings figures of AUDI AG and its subsidiaries. I would like to comment briefly on the most significant of these.

The profit before tax of AUDI AG was 4.8 percent up on the previous year at EUR 768 million.

AUDI HUNGARIA MOTOR Kft. posted a profit before tax of EUR 300 million – an increase of 4.5 percent.

The profit before tax of COSWORTH TECHNOLOGY LIMITED fell to minus EUR 15 million as a result of restructuring costs incurred by closing down the Castings Division.
As you know, we sold our shares in COSWORTH TECHNOLOGY LIMITED and its subsidiary COSWORTH TECHNOLOGY, Inc. with effect from January 1, 2005, to the Stuttgart-based company Mahle, pending the approval of the antitrust authorities.

The Lamborghini Group, in this case shown separately from Autogerma, reached the break-even point for the first time with a pre-tax profit of more than EUR 4 million in the past financial year.

The profit before tax of AUTOGERMA S.p.A. was down on the prior-year figure to EUR 65 million. This is due to the aforementioned downturn in sales as a result of the difficult market conditions in Italy.

quattro GmbH witnessed a drop in earnings to EUR 28 million in the first instance as a result of falling licence income due to the winding-down of RS 6 business. The negative effects of vehicle business were offset in part by vigorous growth in S line business. With the forthcoming launch of the RS 4 models, vehicle sales should once more make a substantial contribution towards earnings this year.

Income tax expense in excess of EUR 271 million was 6.3 percent down on the previous year's figure.

We were able to boost profit after tax to a new record figure of EUR 871 million – a gain of 7.4 percent.
With sales of Audi vehicles having risen by 1.2 percent and revenue by 4.7 percent, this is revealing evidence of the qualitative improvement in the Audi Group's earnings.

Following the profit transfer of EUR 405 million to Volkswagen AG and deduction of the profit share of holders of minority interests, the net profit of the Group last year totalled EUR 463 million.

The successful business progress of the past year is also reflected in the key earnings data.

We succeeded in pushing the earnings per share up to a new record level of EUR 20.19.

The rate of return before tax was on a par with the previous year, at 4.7 percent. We nevertheless improved the rate of return from operating activities last year from 4.5 percent in 2003 to 5.0 percent.

Thanks to our efficient investment management approach and our measures to optimise costs and processes within operations, we were able to improve the return on investment by 1.1 percentage points to 8.7 percent. I believe this is an entirely respectable figure, compared with some of our competitors. In terms of the average capital market interest rate, we have consequently succeeded in increasing the value of the company by a highly satisfactory degree – or, put differently, have achieved positive economic value added.

Ladies and Gentlemen,

I should now like to look more closely at the development of cash flow and investments.

Despite the higher tied-up capital within working capital for reporting date reasons, the cash flow from operating activities remained at virtually the prior-year level of EUR 2.7 billion. This was yet again more than sufficient to finance all capital investments from operating activities last year. Investing activities were actually more than one percent up on the previous year, at EUR 2.041 billion. The consistently high, efficiently managed investment volume reflects the active approach to safeguarding the future within the Audi Group. In spite of the higher level of investing activity, there was a positive net cash flow of EUR 649 million last year.

We were thus able to boost our net liquidity substantially compared with the 2003 financial year, by more than 33 percent to over EUR 2 billion. This impressive rise in liquidity is attributable in no small measure to our company's high profitability, and provides an excellent basis on which to tackle the tasks of the next few years.

Capital investments totalling almost EUR 2.1 billion showed a further increase on the previous year's high level. As you can see, investments in property, plant and equipment again accounted for the lion's share of 60 percent of the total. This category represented over EUR 1.2 billion of capital investments, 70 percent of which was of a product-related nature. Development expenditure recognised as an intangible asset accounted for 32 percent of total capital investments, and amounted to EUR 652 million. This represents a year-on-year increase of around 10 percent. The immense efforts we made last year will take on a visible shape over the next few years as we bring an array of new models onto the market, and will stimulate and further strengthen the continuing development of our company.

Ladies and Gentlemen,

Before I turn my attention to various items on the balance sheet, may I take this opportunity to point out to you that a number of accounting standards changed last year. The major change was that the balance sheet has been reclassified on the basis of the maturities of items, pursuant to IAS 1. This resulted in the adjustment of the prior-year figures. It is moreover no longer permissible to recognise certain overheads within development expenditure as assets, pursuant to IAS 38. Here again, the prior-year figures have been adjusted for greater ease of comparison.

The balance sheet total rose by 5.6 percent last year, to EUR 14.8 billion.

The non-current assets showed a 3.8 percent increase on the prior-year figure, to just under EUR 8.9 billion. The intangible assets rose in particular as a result of the higher additions to development expenditure recognised as an intangible asset. The long-term investments in addition showed a year-on-year increase. As well as a capital increase at FAW-Volkswagen Automotive Company, Ltd., we further intensified our sales activities in particular through the establishment or acquisition of various sales companies in Germany and abroad.

Current assets rose by over 8 percent to EUR 5.9 billion last year. Whereas inventories were only slightly up on the prior-year figure at EUR 1.8 billion, a marked rise above all in cash and cash equivalents of more than 45 percent, likewise to EUR 1.8 billion, was responsible for the increase.

Equity rose – in particular as a result of the allocation of the net profit to other revenue reserves – by 7.9 percent to almost EUR 6 billion.

This consequently pushed up the equity ratio by 0.8 percentage points to 40.4 percent. This figure, which is very respectable for the industry, assures the security and stability of our company.

Liabilities likewise increased, by 4.1 percent to EUR 8.8 billion.

This was due in the first instance to the increase in non-current liabilities of over 12 percent to more than EUR 4 billion. The increased provisions for warranty claims and higher defined benefit liabilities are the principal reasons behind this rise. Future obligations and risks are thus adequately covered.

On the other hand, current liabilities eased back to less than EUR 4.8 billion. As well as financial liabilities, in particular trade payables were down.

The development in the balance sheet structures in the past financial year consequently provides another indication of the healthy growth of our group.

Ladies and Gentlemen,

As a company we yet again demonstrated last year that we are capable of building on the success of recent years even in difficult circumstances and in the face of pressures such as locally recessive markets, intense competition and numerous product launches.
The positive effects of the profitability enhancement programmes, which have given a further boost to the quality of our earnings, have played an instrumental role in this. We will continue

to leave nothing to chance and are keeping a close eye on the principal risks, such as exchange rates and product launches.

We are eager to face up to the tasks and challenges of the current year with what must be the youngest and most exciting model range in the history of our company, and believe that we are ideally equipped to add a new chapter to our success story.

Thank you for your attention.