



## **“Vorsprung 2030“: Audi accelerating transformation**

- **Audi strategy focused on profitable growth and differentiation**
- **New Audi models from 2026 will be all-electric – combustion engine production to end in 2033 – extensive ecosystem for electric cars under development – Audi expanding after-sales offering to include intelligent hardware and predictive service**
- **Sustainability enshrined in management processes**

**Ingolstadt, August 25, 2021 – Audi wants to be a sustainable, social, and technological leader by 2030. The premium brand wants to offer electric vehicle customers an unparalleled onboard system with its own ecosystem. “The corporate strategy ‘Vorsprung 2030’ will ensure that Audi remains viable long into the future,” says Audi CEO Markus Duesmann. The pace of change in our society is rapidly increasing. That’s why we’re accelerating our own transformation.” A few weeks ago, Audi announced that starting in 2026, it would only launch new models on the global market that are equipped with electric drive systems. The company will gradually phase out production of its internal combustion engines between now and 2033. This clear decision was the result of an intensive strategy process with the ambition to continue to grow profitably.**

In order to continue living up to Audi’s “Vorsprung durch Technik” (“Progress through Technology”) slogan in the future, the Board of Management spent the past few months formulating the company’s new “Vorsprung 2030” strategy. With a firm date now set for the company’s transition to e-mobility, the brand with the four rings is resolutely tackling its transformation. Audi embraces its role as a pioneer and driver of innovation in the automotive industry. “‘Vorsprung durch Technik’ remains necessary because we can only solve many of the world’s major problems, such as carbon emissions and global warming, through the use of clean technologies. We view ourselves as a company that guarantees the freedom and individual mobility of our customers,” emphasized Duesmann. That is why Audi is focusing on zero-emission drive systems. “We don’t simply develop technology for its own sake. It must be consequential and effective in keeping the world moving.”

Speaking at the “Corporate & Business” theme day during the Audi Media Days event in the run-up to IAA 2021, the CEO will be taking questions from the international press on September 1, 2021, including: What is Audi’s vision? How will the company change in the coming months and years in order to continue to drive technological progress and position itself for the future? What is the company doing to implement additional internal processes that promote further innovation? And what innovations and products can customers look forward to in the coming years?



### **Development of the new “Vorsprung 2030” strategy**

“Vorsprung durch Technik” has defined Audi’s DNA for 50 years. To ensure that this doesn’t change, Audi’s chief strategist Silja Pieh and her team developed a new process for creating a sustainable and forward-looking corporate strategy. Together with around 500 Audi employees from across hierarchical levels and from major markets such as China and the United States, she spent months analyzing more than 600 global trends in the mobility sector through 2030 that could become relevant to the company. This resulted in strategic areas of activity which the team discussed and evaluated in depth together with the Board of Management. Some of the insights are obvious – sales and profits will gradually shift, for example, initially from vehicles with combustion engines to electric cars, and later, when autonomous driving offers additional growth potential, to software and services.

“One thing our entire team finds extremely encouraging is that many employees and the Board of Management are already deeply committed to the issue of sustainability. We want to further emphasize responsible business practices in the future and rigorously adhere to them,” explained Pieh. The new strategy focuses on profitable growth and differentiation – and provides guidelines for prioritizing strategic areas of activity. This involves a number of different components, such as employee training, the corporate culture, and a new corporate management system all working in tandem.

In addition to the plan to phase out the internal combustion engine, more strongly differentiating Audi’s all-electric vehicles from the competition through quality and design as well as increasing the added value for customers play an important role. This includes a seamless ecosystem for electric and autonomous driving. As a result of the changes, Audi will be in closer and more frequent contact with their customers in the future, with new digital and physical offerings,” says John Newman, head of digitalization at Audi.

Audi will also more closely align business success with sustainable activities on the basis of environmental, social, and governance (ESG) criteria. These criteria include climate change mitigation and the protection of finite resources, occupational health and safety, social responsibility, and corporate governance practices related to compliance and risk management. Pieh points out that the strategy process isn’t finished, but is instead an ongoing development process: “The world and especially the transportation sector are rapidly evolving. We will respond to changes even more quickly and with greater flexibility in the future.” As part of the group’s integrated planning process, Audi will regularly analyze and, if necessary, refine its strategic framework.

The automaker wants to prove that it is indeed possible to reconcile premium individual mobility and an uncompromising commitment to sustainability. Together with the Volkswagen Group and its other brands, Audi intends to play a leading role in the new mobility world. In its transformation toward e-mobility and software, the group’s concentrated creative power represents a decisive competitive advantage. In July, the Volkswagen Group redefined its



priorities with its NEW AUTO strategy, which clearly supports the successful implementation of “Vorsprung 2030.”

Martin Primus, General Secretary of AUDI AG, believes the advantage of this strategic vision is that it allows all of the company’s employees to focus on the upcoming challenges – both within the brand and across the entire brand group with Bentley, Lamborghini, Ducati, and Italdesign. Setting this course early on gives the Audi team the necessary clarity and sufficient time to complete the transformation. A restructured, strong foundation will facilitate its implementation financially, organizationally, and in terms of human resources.

### **New ideas for the future – innovations at Audi**

Audi space frame, quattro, matrix LED headlights, and numerous patents related to e-mobility – the list of Audi innovations is long, and will become even longer in the future. Oliver Hoffmann, Member of the Board of Management for Technical Development at Audi, knows that the coming years will bring further highlights. “In the age of new mobility, we not only define “Vorsprung” as world-class engineering, state-of-the-art design, and a captivating digital experience. We don’t just think in terms of vehicles. In the future, the focus will increasingly be on holistic mobility solutions, including the surrounding infrastructure,” he explained.

Through the “Audi DNA” project, the new Head of Development intends to place a strong focus on innovations that customers can experience. In this context, the company is taking a deep dive into technical details such as steering angle requirements, hand torque, and acoustics in order to develop a one-of-a-kind Audi feel for its customers. “We need to give our products a clear, unmistakable DNA. In the future, we will be very explicit in our definition of what driving an Audi should feel like. This also applies to highly automated driving, by the way,” Hoffmann noted.

Like the entire company, Technical Development is undergoing the greatest transformation in its history – the most challenging decade in the automotive industry lies ahead. This includes the steadily increasing focus on software in the vehicles and autonomous driving. Alongside e-mobility, focal points of the Volkswagen Group’s strategy include enhancing connectivity, digital services, and expanding the use of internally programmed systems.

In the future, customers will be able to upgrade their vehicles and update or install subsystems as needed. Owners of vehicles with combustion engines in various countries will also receive exceptional service over their entire life cycle. “Our vehicles will be even more customer-centric, individualized, and sustainable thanks to intelligent hardware offered through our after-sales business,” said Hoffmann, explaining the decision.

In the new 2030 strategy, CARIAD plays an important role. The group’s software arm will develop a scalable software platform with a standardized operating system and cloud connectivity for all Volkswagen Group brands by 2025. “The E<sup>3</sup> 2.0 software platform will serve as the enabler of the synergies and innovations of the future, including autonomous driving,” explained Duesmann. While CARIAD is responsible for the technical implementation of



software-based solutions, integrating them into the vehicle will be carried out by the respective brands in coordination with CARIAD.

Jürgen Rittersberger, Member of the Board of Management for Finance and Legal Affairs, explained at the Audi Media Days event just how he intends to lay the financial foundation to drive innovation within the Audi Group. “Here at Audi, there’s a specific mindset behind each and every technical innovation: we want to think holistically and always keep the societal and social context in mind.” To ensure that innovations remain affordable, the company continues to optimize its processes and costs. “In order to tackle a transformation such as the one Audi is currently undergoing, we must and indeed will free up the appropriate financial resources. This is the only way to ensure that we remain competitive and viable over the long term,” declared Rittersberger. In addition to results-driven volume management and strong operating performance, leveraging hardware and software synergies within the Volkswagen Group plays a key role in the company’s success. The first half of 2021 has shown that Audi is on the right track – a record number of vehicles shipped and significant volume growth in battery-electric vehicles prove that the brand with the four rings is committed to sustainable and profitable mobility.

Through its Berlin-based innovation unit Denkwerkstatt, Audi has been developing new ideas for the future for around five years. In the meantime, Audi Denkwerkstatt is widely recognized as one of the leading innovation units operated by a German company, and with its start-up atmosphere, is a “speedboat” used by Audi to develop innovative business models in agile teams. In addition, Audi’s intrapreneurship program sees employees from various divisions develop business ideas in just a few weeks. At the end of each stage, a jury of experts evaluates whether a project should be continued or stopped on the basis of predefined criteria. “Our goal is to quickly transform new ideas into customer-relevant innovations. Audi Denkwerkstatt plays a major role in this process,” emphasized Hoffmann.

At the same time, Audi is aggressively working on efficient manufacturing processes and smart technologies in production. In the Audi Production Lab, for example, the company is driving the development of cutting-edge manufacturing solutions. To this end, the team draws on a network of institutes, start-ups, and global suppliers – and above all else, relies on the expertise and creativity of its employees. Meanwhile, the Audi site in Neckarsulm plays a pivotal role as a pilot factory and real-world laboratory for the digital transformation. IT solutions and input from technology partners such as Amazon Web Services, SAP, and Capgemini are being incorporated into the Industry 4.0 project to create a fully connected factory here.

### **Audi in China**

The Chinese market will continue to play an important role in the company’s new strategic alignment. Audi estimates that the market for premium vehicles here will grow to 4.5 million units annually by 2030 – in 2020, this figure stood at 3.1 million vehicles. Furthermore, electric vehicles’ share of this total could increase from 10 percent today to as much as 40 percent by the end of the decade.



As such, it is only logical for Audi to continue expanding its business in China. This includes increasing the supply of electric cars produced locally. Through its activities, Audi is helping drive the Chinese automotive industry's shift toward sustainable mobility. The headquarters of the joint venture between FAW and Volkswagen is located in Changchun, where Audi has been manufacturing automobiles for over 30 years – in addition to other locations in China. Together with FAW, the company will expand its locally produced product range to twelve models by the end of 2021. The first products from the collaboration with Audi's second Chinese partner SAIC Volkswagen will be launched in 2022. These will also be sold through the existing dealer investor network operated by FAW-Volkswagen Audi.

“Our approach here is based on the idea of ‘In China for China’, and as such, Audi is focusing on the specific needs of customers in the world's largest automotive market and actively driving innovation,” said Werner Eichhorn, president of Audi China. “Together with our two partners FAW and SAIC, we are well prepared for the challenges of the future.” To date, Audi has shipped a total of more than 7 million vehicles in the Chinese market, selling 727,358 vehicles in China in 2020 alone. In the first half of 2021, this figure stood at 418,749 vehicles.

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The Audi Group, with its brands Audi, Ducati and Lamborghini, is one of the most successful manufacturers of automobiles and motorcycles in the premium segment. It is present in more than 100 markets worldwide and produces at 19 locations in 12 countries. 100 percent subsidiaries of AUDI AG include Audi Sport GmbH (Neckarsulm, Germany), Automobili Lamborghini S.p.A. (Sant'Agata Bolognese, Italy), and Ducati Motor Holding S.p.A. (Bologna/Italy).

In 2020, the Audi Group delivered to customers about 1.693 million automobiles of the Audi brand, 7,430 sports cars of the Lamborghini brand and 48,042 motorcycles of the Ducati brand. In the 2020 fiscal year, AUDI AG achieved total revenue of €50.0 billion and an operating profit before special items of €2.7 billion. At present, 87,000 people work for the company all over the world, 60,000 of them in Germany. With new models, innovative mobility offerings and other attractive services, Audi is becoming a provider of sustainable, individual premium mobility.

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