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**China Site Communications**

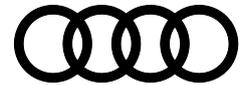
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**BASIC PRESS INFORMATION**

**Audi in China**

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► **The China site**

Audi has been active in China since 1988 and has been the leader in the country's premium segment ever since. AUDI AG is represented in China by a joint venture and a one-hundred-percent subsidiary, Audi China in Beijing. The Audi joint venture FAW-Volkswagen produces the models Audi A4 L, Audi A6 L, Audi A6 L e-tron, Audi Q3\* and Audi Q5\* in Changchun in northern China. The Audi A4 L and the Audi A6 L were developed especially for China with a longer wheelbase. At the Foshan plant in the south of China, the joint venture produces the Audi A3 Sportback\* and the Audi A3 Sedan\*. Another localized model will roll off the assembly line in China in 2018: the Audi Q2 L.

The Audi transmission plant at Volkswagen Automatic Transmission Tianjin (ATJ) has been producing highly efficient 7-speed S tronic transmissions for locally built Audi models since 2016. The Audi A4 L is the first vehicle with the locally produced transmission. Audi can produce 240,000 transmissions a year at the new plant. Thanks to the modular production concept, the company can double the plant's capacity in a second expansion stage.

In 2017, the brand with the four rings increased sales in China plus Hong Kong by 1.1% to 597,866 vehicles. This new record restored Audi as the best-selling premium brand in China.

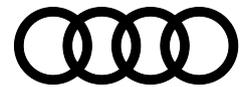
► **The site in brief**

**Audi China**

Audi China was founded in 2009 as a one-hundred-percent subsidiary of AUDI AG in Beijing. The company has approximately 600 employees and coordinates business partnership between AUDI AG, the FAW Group and the joint venture FAW-Volkswagen. The chief executive of Audi China is Joachim Wedler.

Audi China includes the divisions Audi R&D Beijing, Digital Business, Corporate Strategy and Planning, Audi China Purchasing and Quality/Technical Services.

The Audi R8 LMS Cup, the first brand cup from Audi worldwide, is organized by Audi Sport customer racing Asia, which also offers technical support for Audi entries in the region's leading race series and events. In 2017, Audi won the award for the best motorsport platform from auto motor und sport China.



## **Growth drivers**

Driving growth are the locally produced models with 545,000 units delivered. The Audi Q5\* was once again China's best-selling premium SUV (125,226 units). With the Audi A3 Sportback\*, the Audi A3 Sedan\* and the Audi Q3\*, the brand with the four rings is the leader in the growth segment of premium-compact cars. China's overall car market is the world's largest. Deliveries in 2017 totaled 23.85 million units.

Audi and FAW are intensifying their partnership with a long-term business plan. This plan calls for four locally produced battery-electric vehicles to be added to the Audi product range in the next four years. This will also include vehicles with an electric range of over 500 kilometers (310.7 mi). For 2018, Audi and FAW are planning to establish a joint venture dedicated to mobility and digital services. Furthermore, Audi is expanding its collaboration with the major players in China, such as Tencent, Alibaba and Baidu.

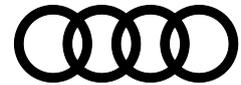
### ▶ **Key pillars**

#### **Production**

The production of automobiles by the joint venture in Changchun includes the four major areas of car manufacturing: press shop, body shop, paint shop and assembly. The plant currently produces the models Audi A4 L, Audi A6 L, Audi A6 L e-tron, Audi Q3\* and Audi Q5\*. Production at the joint venture meets the standards set by AUDI AG for all of the company's plants worldwide. Audi had already brought state-of-the-art automotive and manufacturing technology, such as laser welding and hot-wax flooding, to China in the late 1990s. In 2012, the brand with the four rings was the first car manufacturer to integrate lightweight components into local production with the new Audi A6 L.

Completed in late 2013, the FAW-Volkswagen plant in the southern Chinese city of Foshan produces the Audi A3 Sportback\* and the Audi A3 Sedan\*. It is the first plant in China to build models based on the new MQB platform.

The flexible plant structure allows the gradual expansion of capacity. Audi has a production capacity of 600,000 vehicles in China. Over the next few years, Audi and its partner FAW-Volkswagen can flexibly increase capacity to over 700,000 units as a function of market demand.



### **Audi sales and marketing**

Audi vehicles are sold in China through an exclusive dealer network. Sales operations are managed by the Audi Sales Division (ASD) at FAW-Volkswagen and encompass roughly 480 4S dealerships in more than 200 cities.

In addition to the locally produced models Audi A6 L, Audi A6 L e-tron, Audi A4 L, Audi Q3\*, Audi Q5\*, Audi A3 Sportback\* and Audi A3 Sedan\*, 38 additional models are available in China as imported cars.

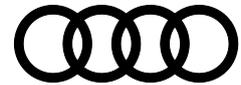
As the premium market leader, Audi continues to set standards for customer satisfaction. The brand with the four rings was once again the best premium brand according to the J.D. Power Customer Service Index (CSI). The 2017 J.D. Power study “Sales Satisfaction Index (SSI)” also confirmed Audi as the test winner for the eighth time in a row.

As in the preceding years, Audi once again conducted extensive training and qualification measures in 2017 to guarantee the high level of customer advice and service. More than 20,000 retail employees took part in classic face-to-face training. Audi also provides employees of the Chinese dealerships with access to an innovative e-learning platform available at any time on WeChat and to special training apps. The Audi Sales Division operates the world’s two largest Audi Training Centers in Beijing and the western Chinese city of Chengdu.

### **Research and development**

Audi R&D Beijing was established as part of Audi China in 2013. The development center in China’s capital city is part of the global Technical Development division of AUDI AG. The engineering teams work closely with customers in Asia on regional product modifications. The products are then tested in the local market. Furthermore, the R&D employees ensure that innovations and trends from Asia flow into the concept phase of future AUDI AG products. All areas of the global Technical Development division of AUDI AG are represented at Audi R&D Beijing. The development center is located in the Audi China building in Beijing’s 798 Art Zone. Designers at Audi R&D Beijing create China-specific designs and concepts, and collaborate closely with the headquarters in Ingolstadt.

In the battery testing laboratory, extreme temperatures from minus 40 to plus 120 degrees Celsius and relative humidity of up to 95 percent can be simulated. The battery for the Audi A6 L e-tron developed for China is also tested here.



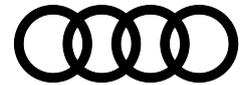
Engineers use a special test stand to work on driver assistance systems, including piloted driving. In 2015, during the first Consumer Electronics Show Asia (CES) in Shanghai, Audi became the first premium manufacturer to demonstrate the traffic jam pilot in everyday road traffic in the Chinese metropolis.

Audi R&D Beijing collaborates with strong local partners. Memorandums of understanding have been signed with Alibaba, Baidu and Tencent to strengthen collaboration in the areas of data analysis, establishment of an internet-vehicle platform and intelligent urban traffic. The strategic partnership with Baidu integrates the Chinese internet company's popular CarLife services into the car. Audi is working with Tencent to integrate Tencent MyCar services, such as location sharing, into Audi models. The brand with the four rings worked with Alibaba to become the first premium manufacturer in China to offer high-resolution 3D maps. In the area of data communication, Audi cooperates with telecommunications equipment supplier Huawei and the mobile network operators China Mobile and China Unicom. Audi engineers are also working with local companies on the development of lithium ion cells and modules for the Chinese market and on the integration of local wireless charging solutions.

Since 2008, Audi engineers in Beijing have been developing infotainment solutions for automobile customers in China, Japan and South Korea, including a touchpad for entering handwritten Asian characters into the navigation system.

Together with its Chinese partner FAW, Audi has been active in local automobile development in China for 29 years now. These activities include country-specific trials based in part on local geographic requirements, such as desert worthiness. The joint venture is also involved in the prequalification and testing of locally sourced parts.

Special long-wheelbase versions for the Chinese market (Audi A6 L and Audi A4 L) were also developed in close collaboration with FAW. The additional space in the back addresses the preferences of Chinese customers. Audi was the first premium manufacturer to offer a long-wheelbase version explicitly for the Chinese market. The long-wheelbase Audi A6 L e-tron is the first locally produced Audi plug-in hybrid.



► **Audi's engagement in China**

**Environmental protection**

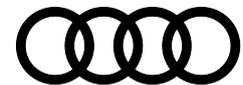
AUDI AG aims to reconcile economy and ecology. It takes a transparent approach to operational environmental protection and involves all employees in such activities. The company can thus sustainably implement its environmental policy goals. The Audi Production System (APS) has been used intensively for this purpose in recent years as a means of implementing the numerous environmental aspects and Audi's environmental policy at all levels. Audi's environmental standards also apply to production in Changchun and Foshan within the framework of the APS.

The factory in Foshan is built in accordance with ecological criteria. Among the measures implemented there are heat recovery, closed-loop use of process water and integrated recycling. Green spaces are watered using specially treated recycled water from a reverse osmosis system.

In 2015, a ten-megawatt solar system was installed on the factory roofs. Since commissioning, the system has met five percent of the plant's annual electricity needs.

The paint shop has been using the state-of-the-art E-Cube paint separation system since 2017. This significantly reduces the energy requirement and water consumption compared with conventional paint separation systems. The Foshan press shop uses cutting-edge electric-powered servo presses, which reduces oil consumption and machine wear. Thanks to these and other measures, CO<sub>2</sub> emissions at Foshan can be reduced by as much as 300,000 metric tons per year.

The Audi A3 e-tron\* was launched in 2015 as the first Audi PHEV. The Audi A6 L e-tron was specially developed for the Chinese market and is produced in Changchun. The imported Audi Q7 e-tron has been available since 2017. Audi and its partner FAW-Volkswagen will produce four all-electric models in the next four years.



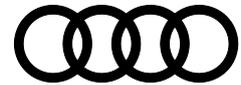
## **Social engagement**

Audi is involved in numerous cultural and sports initiatives in China. The company sponsors six Chinese Olympic winter sports national teams (figure skating, speed skating, short track speed skating, snowboard half pipe, alpine skiing and freestyle skiing) as well as the “World Snow Day.” Audi has supported the Beijing Music Festival for twelve years now and also supports other cultural projects, such as the Salzburg Festival in China. Audi has been involved in improving health care for orphans for over five years. Together with the Aiyou Charitable Foundation, Audi operates the Aiyou FAW-VW Audi Shanghai Babies’ Home. Through the end of 2017, 1,295 orphaned children with health problems have been taken in. 1,231 of them are now back in good health. Audi won three CSR prizes in China in 2017:

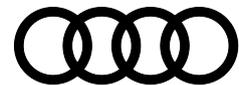
- 2017 Philanthropy Prize from *China Youth News*
- 2017 Annual Brand Public Welfare Award from *China Automotive News*
- 2017 China Annual Benchmark Award for Automobile CSR from *Auto Business Review*

### ▶ **The history of Audi’s activities in China**

- 1988 On August 13, AUDI AG and First Automotive Works (FAW) sign the contracts for the production of the Audi 100 under license in Changchun. Assembly of the Audi 100 from imported component kits at the FAW plant begins and establishment of customer service organization.
- 1995 Audi becomes a ten-percent stakeholder in the FAW-Volkswagen joint venture established in 1991. Volkswagen holds 30 percent, FAW 60 percent.
- 1996 The joint venture begins production of the Audi 200 (an updated Audi 100 with V6 engine).
- 1999 Production of the Audi A6 in China begins. The model features an extended wheelbase and was developed especially for China.
- 2003 Market launch of the Audi A4 produced in Changchun.
- 2005 Market launch of the next Audi A6 generation. The long-wheelbase version produced in China bears the new name Audi A6 L.
- 2006 Establishment of the Audi Sales Division (ASD) as an independent Marketing and Sales department within the FAW-Volkswagen joint venture.
- 2009 Market launch of the Audi A4 L, the first long-wheelbase version of a premium car in the upper-midsize class.  
Establishment of Audi China as a fully-owned subsidiary of AUDI AG in Beijing.



- 2010      Market launch of the Audi Q5\* produced in Changchun.  
            In October, Audi and FAW celebrate the delivery of the one-millionth Audi in China.
- 2012      Market introduction of the new Audi A6 L.
- 2013      Opening of Audi City Beijing and Audi R&D Center Beijing.  
            Market launch of the Audi Q3\* produced in Changchun.  
            25 years of Audi in China.  
            Delivery of the two-millionth Audi in China.
- 2014      Market launch of the Audi A3 Sportback\* and Audi A3 Sedan\* produced in Foshan.
- 2015      Delivery of the three-millionth Audi in China.  
            The e-tron era begins in China with the imported Audi A3 e-tron\*.  
            Audi keynote at the first CES Asia in Shanghai.
- 2016      Market launch of the new Audi A4 L.  
            First China brand summit in Shanghai.  
            Start of production of the first locally produced PHEV model, the Audi A6L e-tron.  
            Inauguration of the first local Audi transmission plant in Tianjin.
- 2017      Market launch of the Audi Q7 e-tron quattro\* (import).  
            Launch of Audi on demand+ in Beijing.



► **Facts and figures**

**AUDI AG**

Chairman of the Board of Management:	Rupert Stadler
Chairman of the Supervisory Board:	Matthias Müller
Employees (AUDI AG):	61,172
Employees (Audi Group):	91,231
Deliveries to customers:	1,878,100 automobiles of the Audi brand
Production:	1,879,840 automobiles (including Lamborghini and CKD)

*(all data as of December 31, 2017)*

**Audi Changchun site**

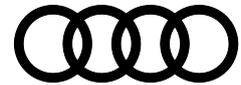
Site:	FAW-Volkswagen Automotive Company Ltd.
Established:	1988
Plant director:	Wang Guofu
Plant director Audi/Volkswagen:	Volker Germann
Models:	Audi A4 L, Audi A6 L, Audi A6 L e-tron, Audi Q3*, Audi Q5*
Production:	467,468 automobiles

*(all data as of December 31, 2017)*

**Audi Foshan site**

Site:	FAW-Volkswagen Automotive Company Ltd.
Established:	2013
Plant director:	Holger Nestler
Models*:	Audi A3 Sportback, Audi A3 Sedan
Production:	85,191 automobiles

*(all data as of December 31, 2017)*



► **Fuel consumption of the models named above\***

**Fuel consumption of the Audi A3 Sportback:**

Combined fuel consumption in l/100 km: 8.4 – 3.9 (*28.0 – 60.3 US mpg*)

Combined CO<sub>2</sub> emissions in g/km: 192 – 103 (*309.0 – 165.8 g/mi*)

**Fuel consumption of the Audi A3 Sedan:**

Combined fuel consumption in l/100 km: 8.4 – 3.9 (*28.0 – 60.3 US mpg*)

Combined CO<sub>2</sub> emissions in g/km: 191 – 102 (*307.4 – 164.2 g/mi*)

**Fuel consumption of the Audi A3 e-tron:**

Combined fuel consumption in l/100 km: 1.8 – 1.6 (*130.7 – 147.0 US mpg*)

Combined CO<sub>2</sub> emissions in g/km: 40 – 36 (*64.4 – 57.9 g/mi*)

Combined electrical consumption in kWh/100 km: 12 – 11.4

**Fuel consumption of the Audi Q3:**

Combined fuel consumption in l/100 km: 8.6 – 4.2 (*27.4 – 56.0 US mpg*)

Combined CO<sub>2</sub> emissions in g/km: 203 – 109 (*326.7 – 175.4 US mpg*)

**Fuel consumption of the Audi Q5:**

Combined fuel consumption in l/100 km: 8.5 – 4.5 (*27.7 – 52.3 US mpg*)

Combined CO<sub>2</sub> emissions in g/km: 195 – 117 (*313.8 – 188.3 g/mi*)

\*Fuel consumption and CO<sub>2</sub> emissions figures given in ranges depending on the tires/wheels used. Further information on official fuel consumption figures and the official specific CO<sub>2</sub> emissions of new passenger cars can be found in the “Guide on the fuel economy, CO<sub>2</sub> 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](http://www.dat.de)).