# **moving** forward

# Management


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# Advancing towards the future.

# 2017, a year of records

## Luca de Meo

Chairman of the Executive Committee of SEAT

# SEAT steps on the accelerator

## Dr. Francisco Javier García Sanz

Chairman of the Board of Directors of SEAT

**Isidro Fainé**
Chairman of the "la Caixa" Group

For years, Gas Natural Fenosa and SEAT have been firmly pursuing Compressed Natural Gas (CNG) as a sustainable and efficient alternative fuel. What does the future hold for the use of CNG in cars?

**Luca de Meo:** CNG vehicles make an active contribution to efficient mobility in cities, reducing emissions and complying with new environmental criteria. Italy has been a leader in the use of this fuel in Europe and we are convinced that other countries can follow its example and pursue the same path. CNG has become one of the major alternatives in the transition from combustion engine vehicles to electric vehicles. SEAT already has three models powered by CNG (Mii, Ibiza and Leon), with the Arona due to join them this year. For it to be implemented fully, however, we need it to become a more accessible technology. To this end, the support of the public administrations and greater investment in infrastructure to increase the number of recharge points are essential.

To talk about SEAT and 2017 is to talk about transformation. Over the last twelve months, the company has experienced the change heralded in previous years - a change that allows us to ensure that SEAT now finds itself in a whole new dimension, both in the market as a whole and within the Volkswagen Group.

There are three factors that explain this paradigm shift. One of them is the company's results. Sometimes the numbers speak for themselves and I think that is the case on this occasion. For the fifth consecutive year, SEAT has ended the year with growth, reaching nearly 470,000 vehicles sold. This is almost 15% more than in 2016 and represents the best result in the last 16 years. Furthermore, the company has achieved historical sales records in many of its major markets, such as Germany and the United Kingdom, which has placed us among the fastest growing car brands in Europe with two-digit growth.

The second factor is SEAT's product strategy. The encouraging sales are sustained by the biggest offensive of new models in the company's history, which began in 2016 with the launch of the Ateca and continued in 2017 with the facelift of the Leon, the launch of the fifth generation of the Ibiza, the premiere of the Arona, SEAT's first crossover and the announcement of the Tarraco, an SUV with up to seven seats for 2018. These new vehicles allow us to ramp up production and have a direct bearing on job creation, generating up to 500 new jobs in our facilities between 2015 and 2017.

Lastly, this change could not be explained without a firm commitment to the future. Digitalisation has been one of the company's priorities over the past year and 2017 saw the inauguration of our digital centre Metropolis:Lab Barcelona, as well as agreements being drawn up with Amazon Alexa, Telefónica and Saba, our carsharing projects and a whole host of other initiatives.

**"SEAT now finds itself in a whole new dimension, both in the market as a whole and within the Volkswagen Group"**

All in all, 2017 has been a year of transformation for SEAT. It has been a year in which, thanks to each of our employees and collaborators, we have managed to take that step we have been working towards to offer better results, a more extensive range and optimum service to our customers. Ladies and gentlemen, I would like to thank you all and welcome you to the next level.

For SEAT, 2017 has been the year of acceleration and growth driven by new product launches. Twelve months on, it is time to take stock and reflect on the company's current situation. To do this, allow me to start by looking back. Two years ago, we were able to return to profitability. After times of containment, SEAT became profitable once again thanks to the effort, rigour, commitment and talent of all the members of the company. Since then, the acceleration we have experienced has been extraordinary.

Returning to the present, SEAT has finished 2017 with a net profit of 281 million euros, 21% higher than the prior year before extraordinary items. We are now seeing the results of the most significant product offensive in the company's history. This has made us one of the fastest growing companies in the sector in Europe, placing us in a privileged position within the Volkswagen Group.

If we look at the core elements that make up our 2025 strategic plan, as of today we can be sure that we are complying with the roadmap laid out. With the new releases, we now have a portfolio that answers our customers' needs. We have been able to adapt to the new market trends, developing models in segments experiencing growth and prioritising customer satisfaction and the achievement of the strategic objectives over everything else. This has allowed us to achieve record sales in key markets in the last year and to take a firm step forward in many others. In addition, we have established ourselves as one of the most important employers in Spain and we have deepened our contribution to the growth of the Spanish economy even more.

Having reached this point, now is not the time to stop. The virtuous circle in which we have placed ourselves obliges us to continue to move forward, to make a firm commitment to R&D and digitalisation and to be bold. There are no limits to our capacity to continue improving and improvement is what will lead us to our goal: to aspire to be leaders and not followers.

**"The virtuous circle in which we have placed ourselves obliges us to continue to move forward"**

We are ready. Take a seat, fasten your seat belt and enjoy, because SEAT will continue to step firmly on the accelerator.

**Juan Rosell**
President of the CEOE

The car industry has become one of Spain's main economic drivers. What aspects does the sector need to work on in order to remain a major player in Europe and at a global level?

**Dr. García Sanz:** The Spanish automotive industry is undergoing an important period of acceleration. We represent 10% of the national GDP, we are the second largest vehicle manufacturer in Europe and the eighth largest in the world. We have a network of first-rate suppliers and very good infrastructure. Most importantly, the country has the foundations on which to sustain a prosperous future full of growth.

At the same time, it is necessary to continue to make progress and to strive to not be left behind. We must continue to improve competitiveness and drive the sector forward so that it can become one of the catalysts for the shift of Spain's production model towards digitalisation. What is the key to bringing all this about? We have no doubt about it: investing in R&D and big industry plans that drive both Spain's industry and its economy in general, just as the CEOE has set out in its report "Industry as a driver of growth: analysis and recommendations", which was debated in the Congress of Deputies.

**“Digitalisation represents a major opportunity and a transformation in which we are all taking part”**

Luca de Meo

**Katja Trippen**
HMI Infotainment technician at SEAT

What plans does SEAT have for training its employees and adapting to the inevitable digital transformation?

**Luca de Meo:** The world is changing and, logically, so are companies. Digitalisation represents a major opportunity and a transformation in processes in which we are all taking part, either directly or indirectly. Our commitment to training in this regard is absolute and we are fully aware of its importance for our employees’ development.

Over the last few years we have hired more than 150 professionals for positions related to digitalisation and we are working to carry out a campaign to increase our digital capabilities, through the so-called SEAT Digital Index. In parallel, our programme for trainees now has a new format which we call Digital Trainees, and we are going to offer training plans to all SEAT staff so that they can access the training in their free time, whether it is related to their job position or not.

**Salvador Alemany**
Chairman of the Abertis Group

We are witnessing a transformation of mobility as a result of new consumer habits, the technological revolution and environmental factors. How should the car industry and infrastructure facilities deal with this global shift to achieve a leading position?

**“For the implementation of the car of the future, we will all need to be aligned in the same direction”**

Dr. Francisco Javier García Sanz

**Dr. García Sanz:** The car industry is currently facing the biggest transformation in its history. In just one decade, it will undergo a paradigm shift that will completely change how we currently understand the mobility of people. If we add to this the need to improve air quality and new consumer habits, we see the irruption of the three technologies that will define the car of the future: the electric car, the connected car and the autonomous car.

With this in mind, are we ready for the change? The challenge that lies before us requires the involvement of all players. The car of the future requires infrastructure and legislation consistent with the changes it will undergo. Furthermore, in order to ensure its implementation, industry, administrations and associations will need to cooperate and we will all need to be aligned in the same direction.

**Andrea Dovizioso**
MotoGP motorcycle racer

We have recently witnessed the launch of the new CUPRA brand. What plans does SEAT have for this brand?

**Luca de Meo:** CUPRA represents a major opportunity for our customers, for our dealerships and also for SEAT. The new brand, which over the years had already become an emblem, will now have an independent personality of its own.

From now on, a new phase begins in which CUPRA reinterprets sportsmanship and offers experiences which extend beyond just the car. During 2018, the public will see the first ideas that we have prepared, and I can guarantee that they will be surprised.

**"SEAT has a network of first-rate suppliers"**

Dr. Francisco Javier García Sanz

**José Manuel Sánchez**
Manufacturing supervisor at SEAT

The Martorell factory is increasingly digitalised and now has more than 2,000 robots operating in its facilities. What challenges does Industry 4.0 pose today?

**Dr. García Sanz:** Adapting its production centres to Industry 4.0 is one of SEAT's biggest commitments at the present time. The company is the midst of digitalising its production plants and, in addition to the more than 2,000 robots, it is already using technologies that are key to the digital transformation of industry, such as virtual reality and 3D printing.

Our goal for the present and the future is to continue to push training so that our team can continuously learn, helping them to adapt to this new paradigm. To this end, in 2017 we launched a training programme on the fourth industrial revolution, with the aim of allowing employees to develop their full potential by transforming themselves together with the industry.

**Carlos Grau**
CEO of Mobile World Capital Barcelona

At SEAT, you consider the car to be the second digital platform, after the mobile phone. Could you describe what services the car of the future will offer users?

**Luca de Meo:** At SEAT, we are working to create an ecosystem in which the car is no longer simply an object that transports us but becomes a digital platform, fully integrated into and connected to this new ecosystem. Our goal is to help to define the mobility of the future, and we believe that optimising the time that drivers and passengers spend in their cars is one of the key aspects of this change.

The connected car will also play an essential role in terms of safety. Information shared between users and the urban infrastructure will improve mobility and minimise the number of accidents in cities.

**María Helena Antolín**
President of SERNAUTO

SEAT is firmly committed to positioning the Martorell factory as a benchmark in Spain's industrial sector. What is the role of Spanish suppliers in achieving this goal?

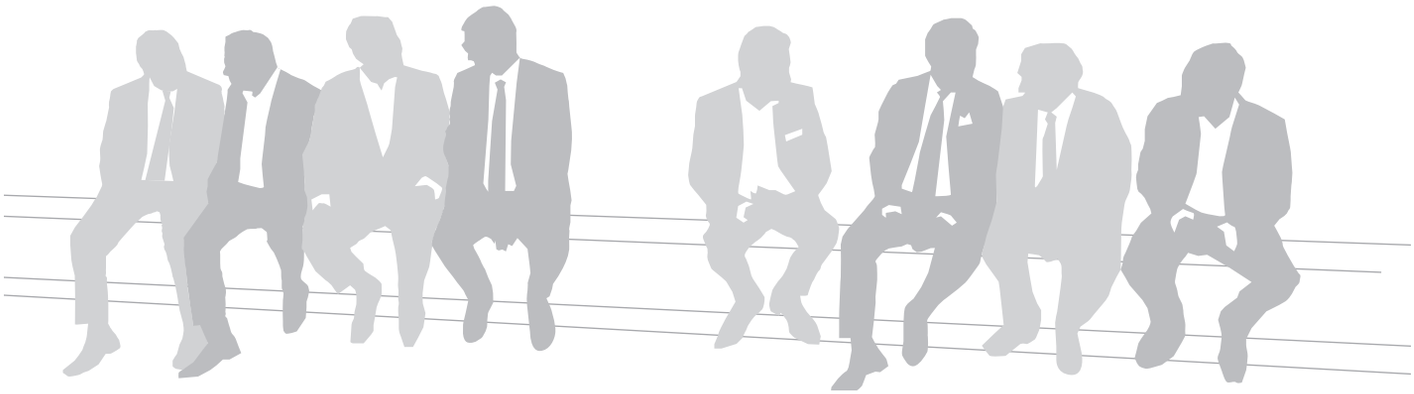
**Dr. García Sanz:** Today, Martorell is the car factory that produces the most cars in Spain. This is largely thanks to the network of first-rate component suppliers and industry available to SEAT and the Volkswagen Group in Spain. Over 60% of the factory's suppliers are based in Spain, a figure which we are convinced will increase over the next few years with the introduction of the models manufactured on the new MQB A0 platform, which SEAT first used with the Ibiza, and if the sector maintains its current level of excellence.

SEAT's use of national suppliers represents one of the foundations on which its progress and that of the car industry in Spain is based. In fact, we are convinced that without this top-level industry, we could not have achieved the production figures we have today.

**"Our goal is to contribute to defining the mobility of the future"**

Luca de Meo

# Moving to the next level



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# Board of Directors.

**Chairman**
Dr. Francisco Javier García Sanz

**Board Members**
Dra. Ingrun-Ulla Bartölke
Dr. Karlheinz Blessing
Dr. Oliver Blume
Luca de Meo
Bernd Osterloh
Dr. Stefan Piëch
Dr. Josep Piqué
Mark Philipp Porsche

**Secretary and Legal Counsel**
Luis Comas Martínez de Tejada

The Extraordinary and Universal Shareholders' Meeting of the Company, in its session held on 25 November 2016, appointed Dr. Karlheinz Blessing and Dr. Josep Piqué as new members of the Board of Directors, with effect as of 2 January 2017.

The Extraordinary and Universal Shareholders' Meeting of the Company, in its session held on 31 March 2017, appointed Dr. Ingrun-Ulla Bartölke as a new member of the Board of Directors, replacing Klaus-Gerhard Wolpert, all with effect as of the same day.

# Executive Committee.

1 **Luca de Meo**
Chairman

2 **Luis Comas Martínez de Tejada**
Legal Services & Good Governance

3 **Wayne Anthony Griffiths**
Sales & Marketing

4 **Holger Kintscher**
Finance, IT & Organisation

5 **Ramón Paredes**
Governmental & Institutional Relations

6 **Dr. Matthias Rabe**
Research & Development

7 **Xavier Ros**
Human Resources

**Dr. Andreas Tostmann**
Production

8 **Klaus Ziegler**
Purchases

The Board of Directors of the Company, at its meeting held on 31 March 2017, agreed to appoint Luis Comas Martínez de Tejada as vice-president of Legal Services and Good Governance of SEAT, with effect as of 1 April 2017.

On 1 February 2018, Dr. Andreas Tostmann became vice-president of the Production and Logistics division of the Volkswagen brand.