



Development and Perspectives of ŠKODA

WINFRIED KRAUSE

Board Member for Commercial Affairs (CFO)

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Agenda

The history of the ŠKODA Group

Continuous development of the brand ŠKODA

Development of relevant markets and sales volume

Financial performance and outlook





ŠKODA AUTO - one of the longest established car companies in the world



1905 - the first car
from Mladá Boleslav: the Voiturette A



ŠKODA 860 (1932)



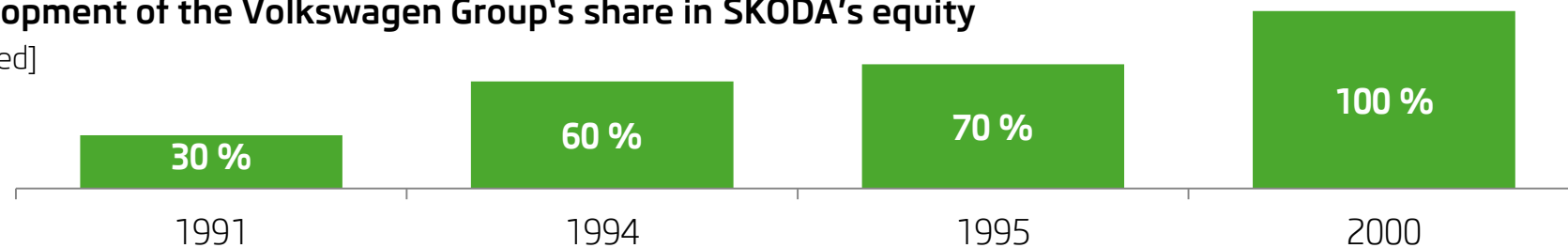
The development of ŠKODA as a brand of the Volkswagen Group

Why did Volkswagen invest in the Czech Republic?

- The Czech government was looking for **a strategic partner** to establish a joint venture
- Good short and medium-term **growth expectations of car markets in the CEE area**
- Production of **technologically advanced** cars at a already established **low-cost location**
- High educational standards and **technical competencies** of ŠKODA employees

Development of the Volkswagen Group's share in ŠKODA's equity

[rounded]





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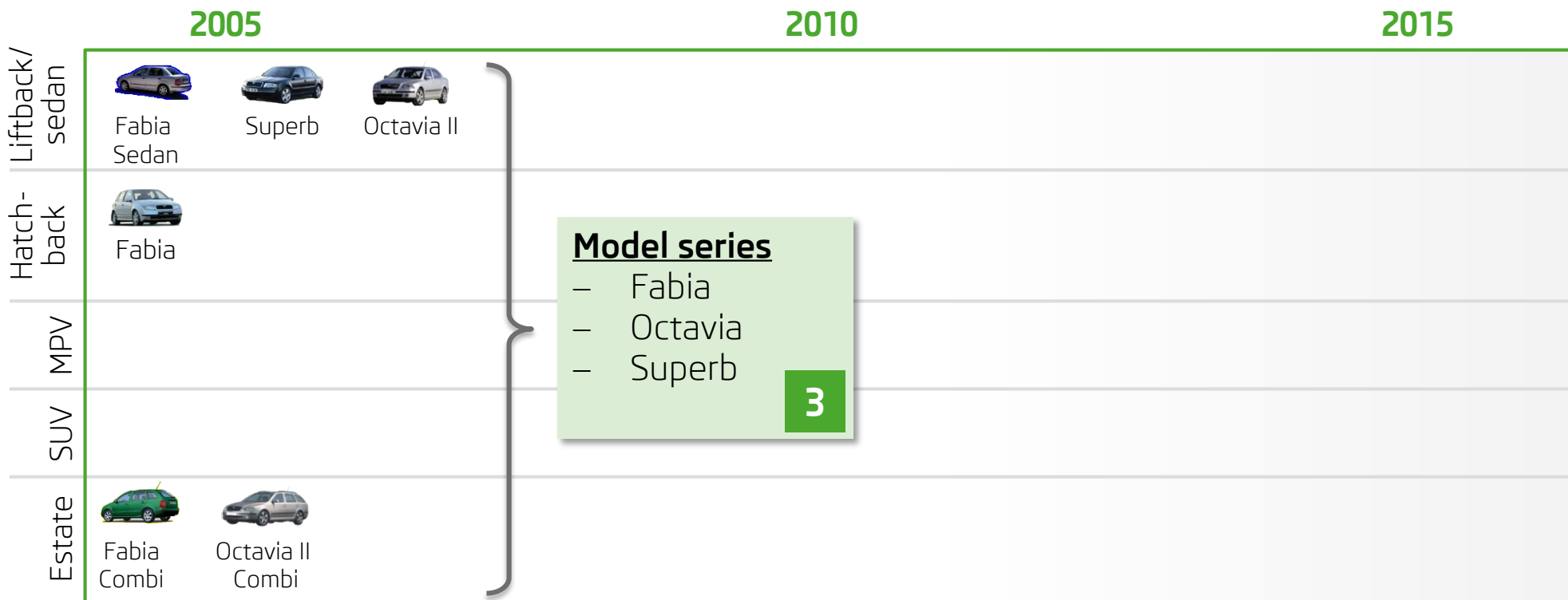
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Development of the ŠKODA product portfolio - 2005



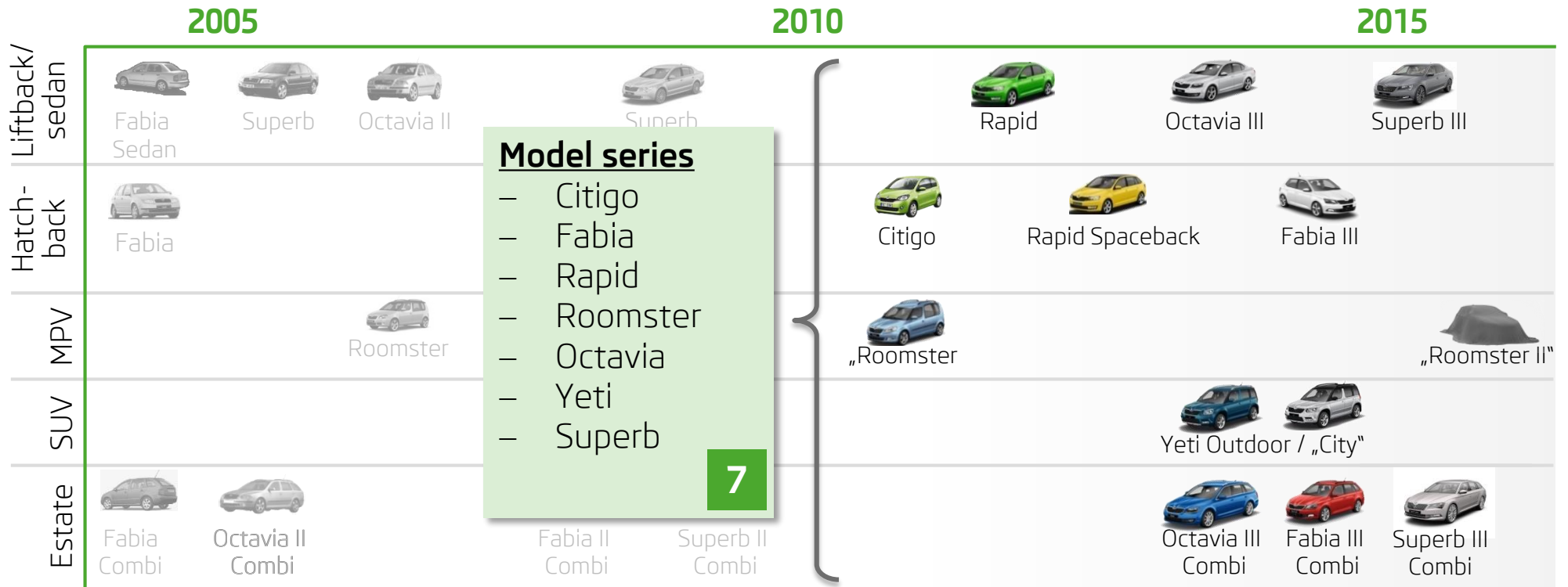


Development of the ŠKODA product portfolio - 2010





Development of the ŠKODA product portfolio - 2015





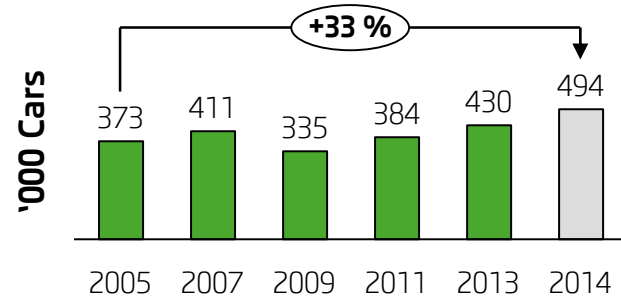
ŠKODA AUTO - Production sites



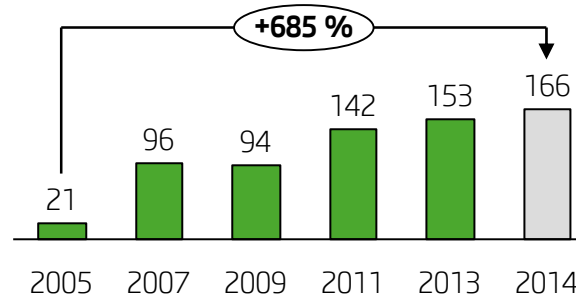


ŠKODA AUTO - Production of cars in the Czech Republic

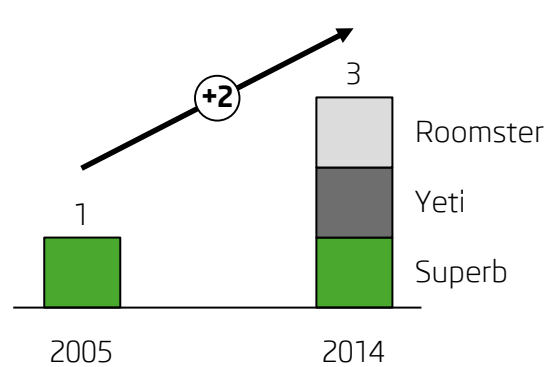
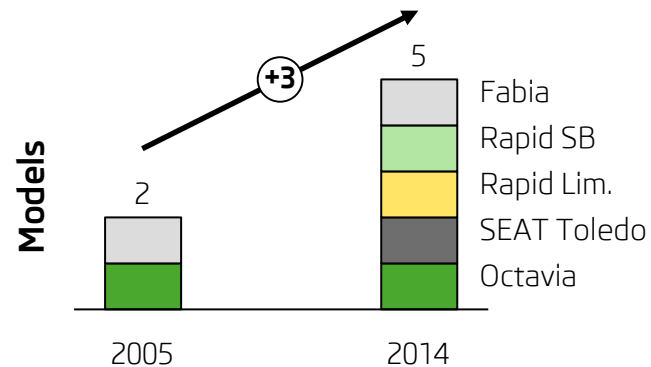
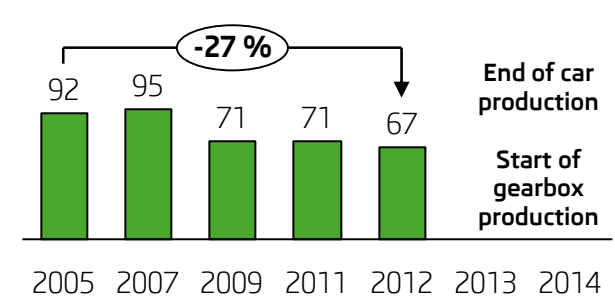
Mladá Boleslav



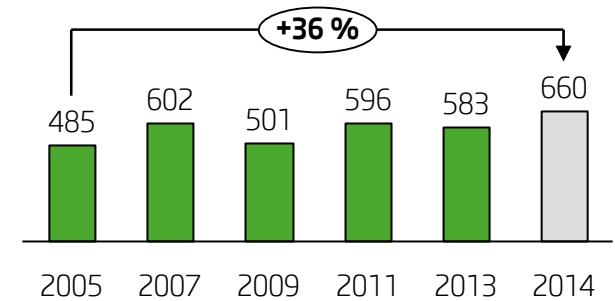
Kvasiny



Vrchlabí



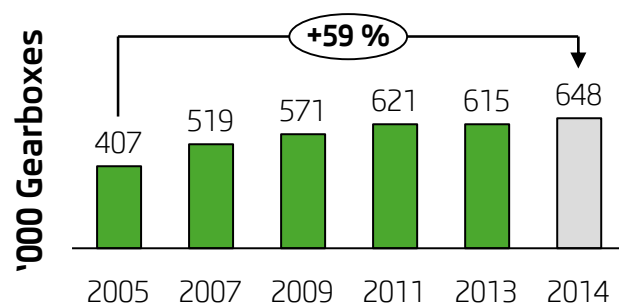
Total production in CZ





ŠKODA AUTO - Production of gearboxes and engines in the Czech Republic

Mladá Boleslav



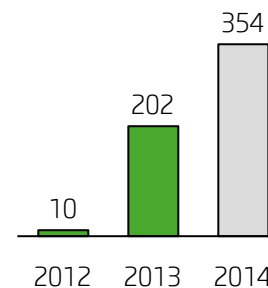
MQ/SQ100



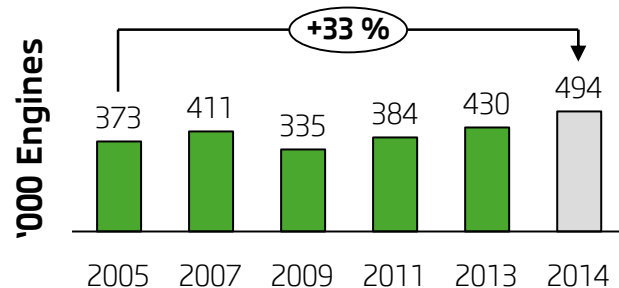
MQ200



Vrchlabí (only gearboxes)



DQ200

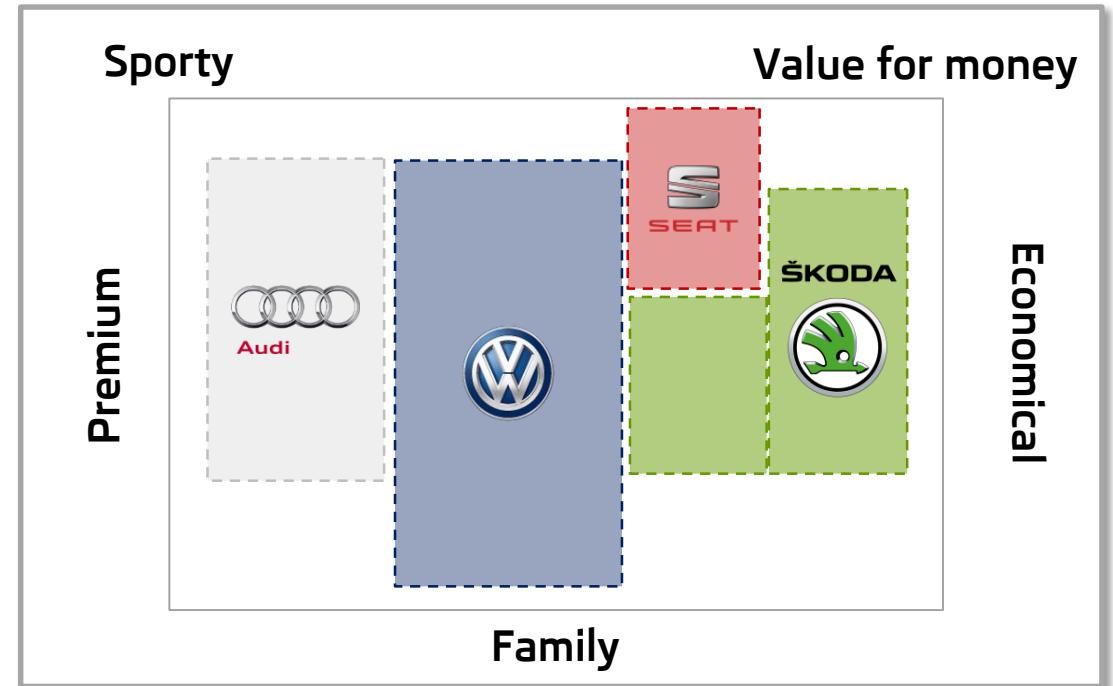
EA111/211
1.0/1.2 MPIEA111/211
1.2/1.4 TSIEA211
1.6 MPI



ŠKODA - Positioning within the Volkswagen Group

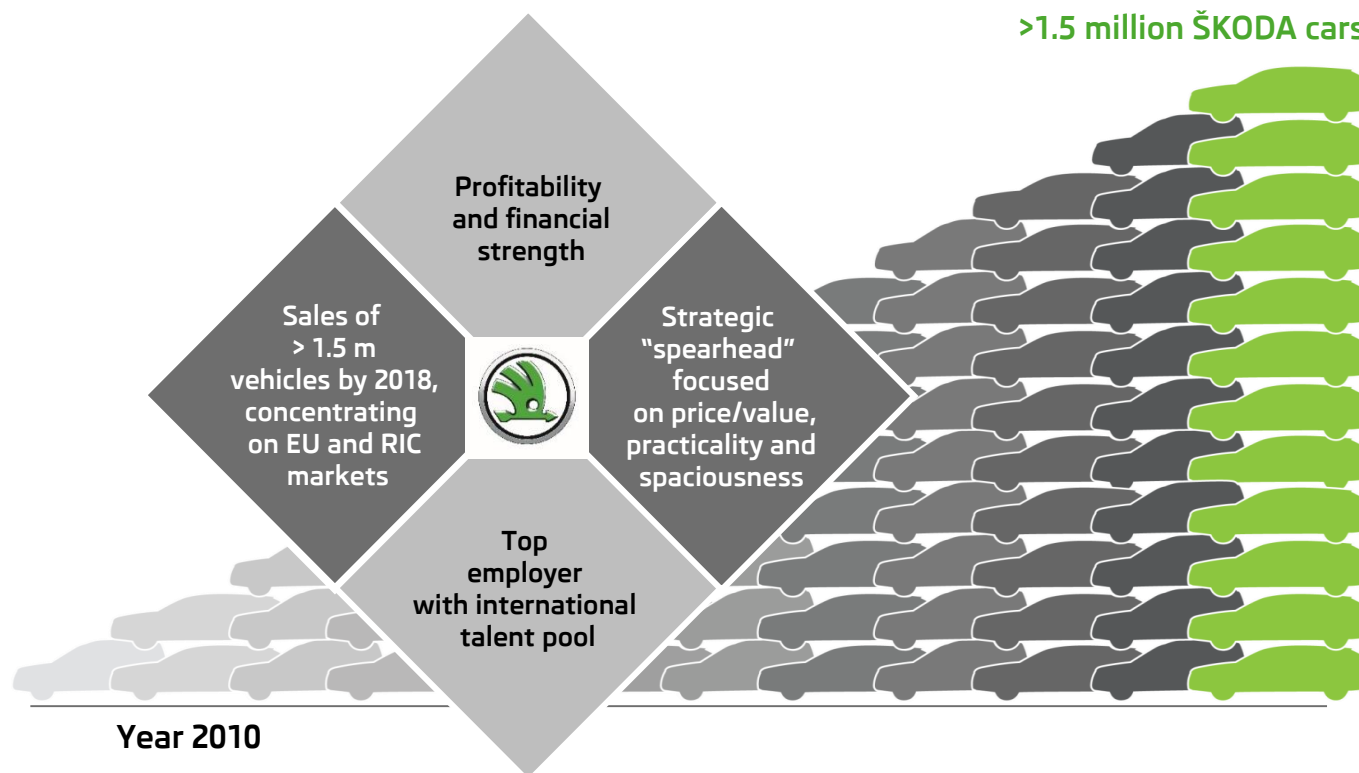
Positioning focus

- **Audi** - progressive prestige for the innovation seekers
- **Volkswagen** - mainstream mobility for the upmarket drivers
- **ŠKODA** - functional and roomy cars for the product-value focussed audience
- **SEAT** - sporty and stylish - for the young and young-in-mind driver





ŠKODA growth strategy - Profitability and financial strength as a core element!





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ŠKODA - Western Europe and China are the most important markets!

[Deliveries to customers, January-December 2014]

Total 2014: 1,037 k

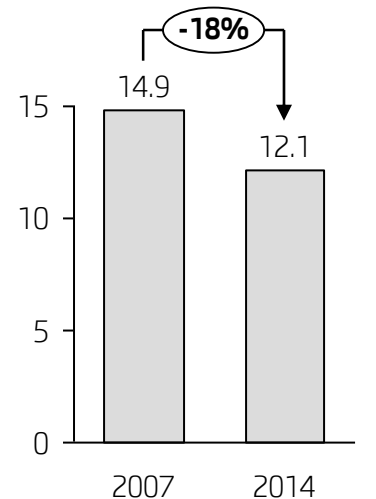




Car markets: Sharp market decline in Western Europe since 2007 - Improved market shares!

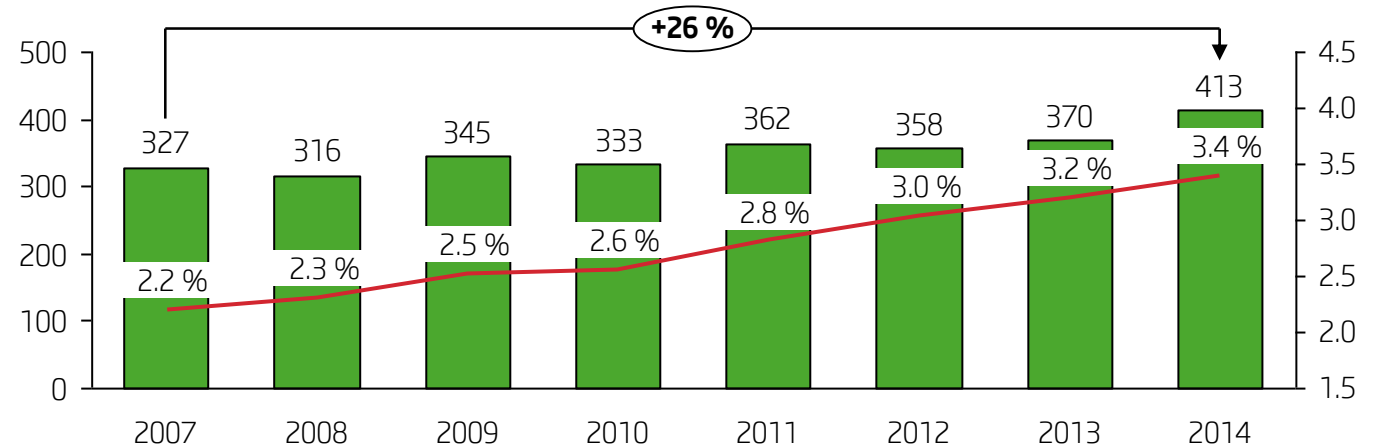
[Definition: Austria, Belgium, Canary Islands, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK]

Market development



■ Total market development
[in million cars]

Deliveries to customers & market share



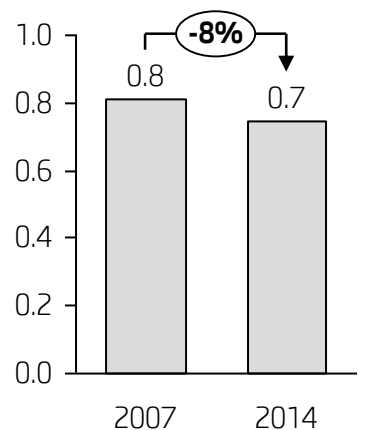
■ Deliveries to customers [in thousand cars, left scale]
— Market share [in %, right scale]



Car markets: Market share in Central Europe on a high level!

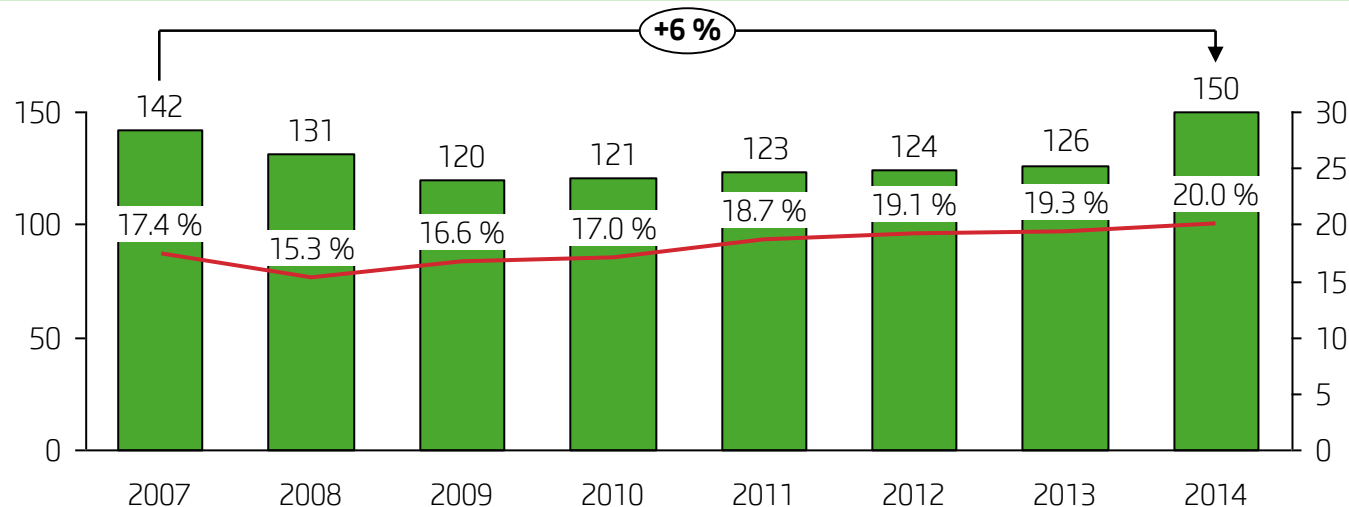
[Definition: Croatia, Czech Republic, Hungary, Poland, Slovakia, Slovenia]

Market development



■ Total market development
[in million cars]

Deliveries to customers & market share



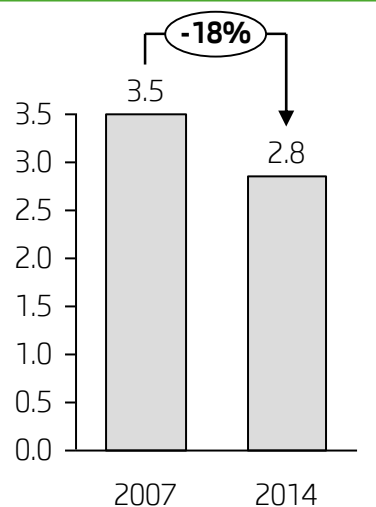
■ Deliveries to customers [in thousand cars, left scale]
— Market share [in %, right scale]



Car markets: Market shares in Eastern Europe (incl. Russia) on a good level

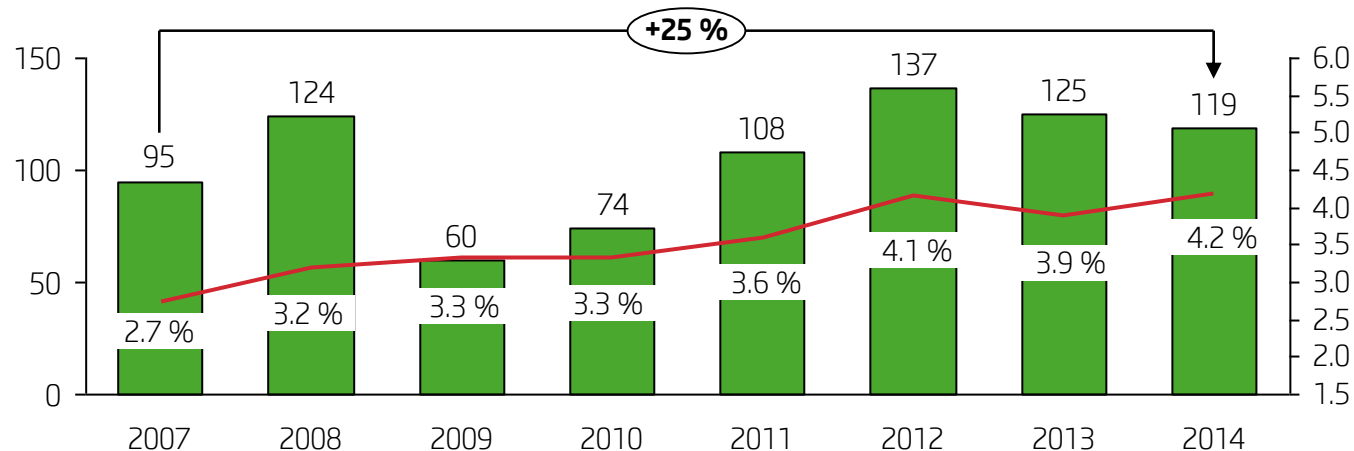
[Definition: Belarus, Bosnia, Bulgaria, Estonia, Kazakhstan, Latvia, Lithuania, Moldova, Romania, Serbia, Russia, Ukraine, Rest of Middle Asia, Rest of South-East Europe]

Market development



■ Total market development
[in million cars]

Deliveries to customers & market share



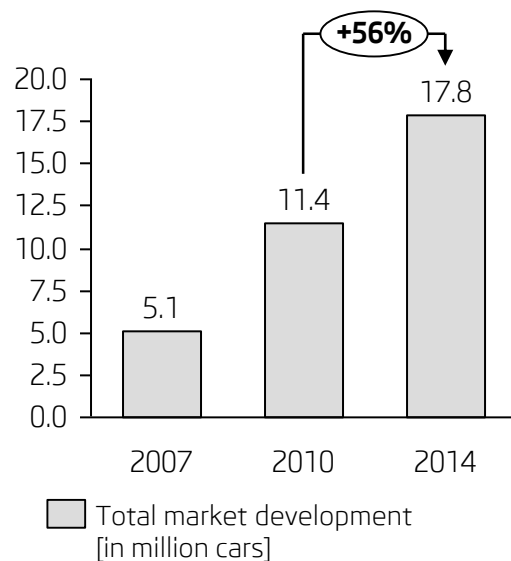
■ Deliveries to customers [in thousand cars, left scale]
— Market share [in %, right scale]



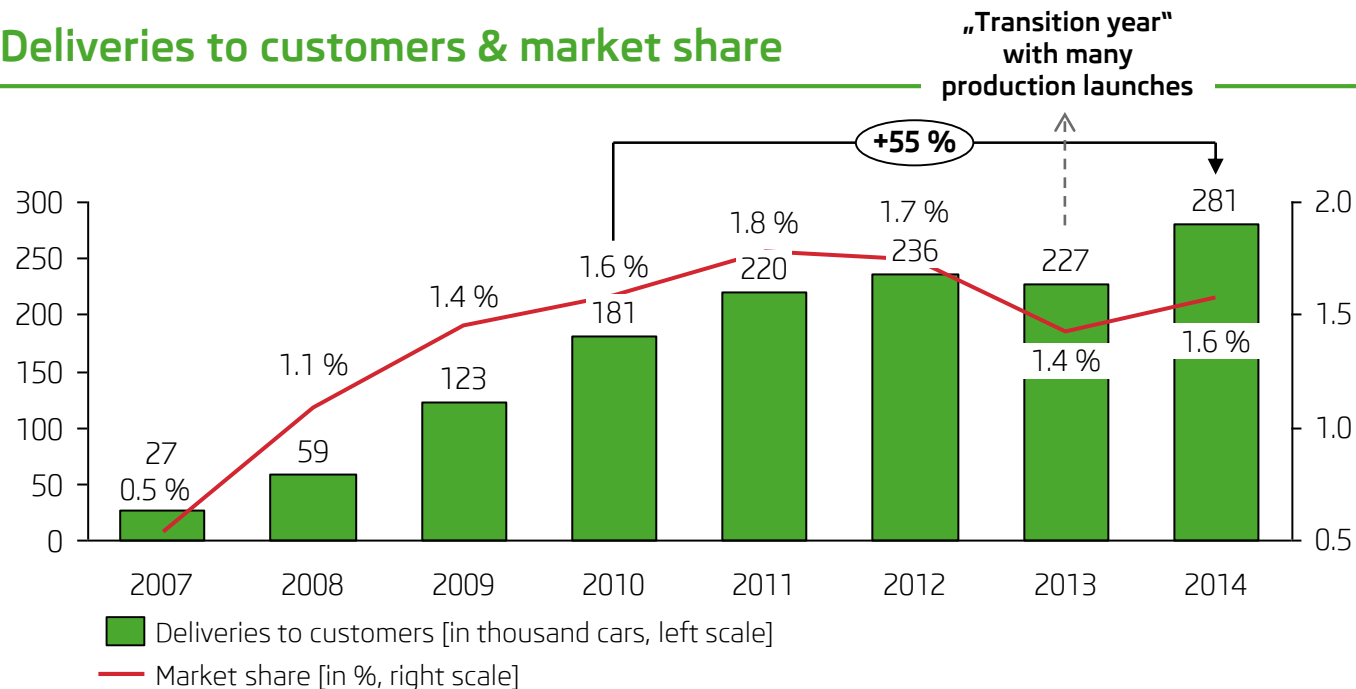
Car Markets: China - A market of growing importance to ŠKODA!



Market development



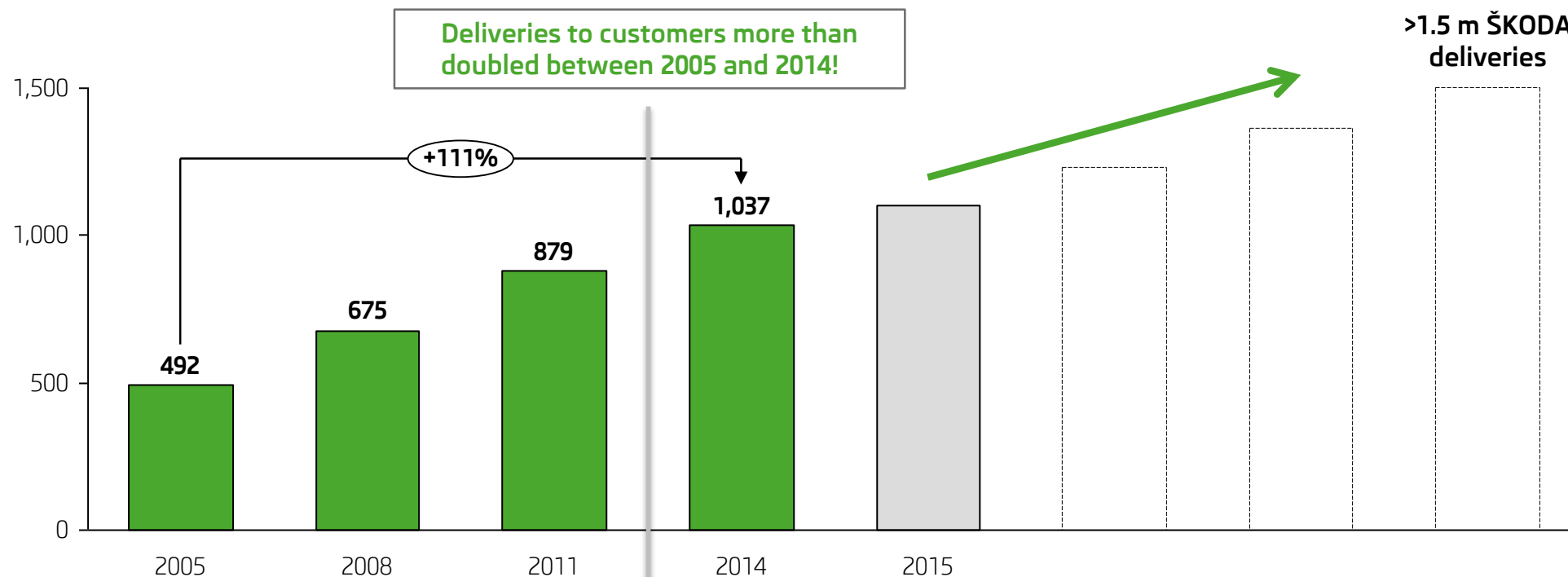
Deliveries to customers & market share





Having surpassed the 1 million deliveries level in 2014 our focus is on the next target

[in thousand cars]





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ŠKODA's model offensive

[Main models]

NEW = New or completely revised car



Citigo (NEW)



Rapid India (NEW)



Rapid EU (NEW)



Spaceback (NEW)



Yeti



Superb (Lim+Combi)



Octavia (Lim+Combi) (NEW)



Octavia RS (NEW)



Fabia (NEW)



Octavia Scout (NEW)



Fabia Combi (NEW)



Superb Combi (NEW)



Superb (NEW)



New SUV

2011

2012

2013

2014

2015

2016



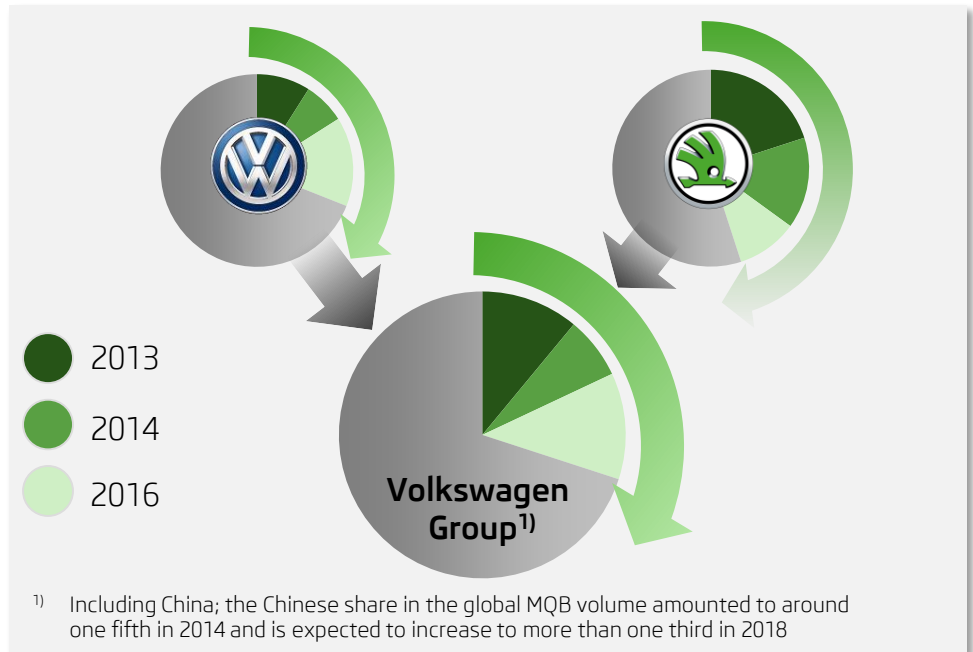
Sustainable success secured through the roll-out of modular toolkits

ŠKODA products based on the MQB platform



**Roll-out of the MQB platform in the future
on other models (e.g. A Plus SUV, etc.)**

MQB production share of total production volumes















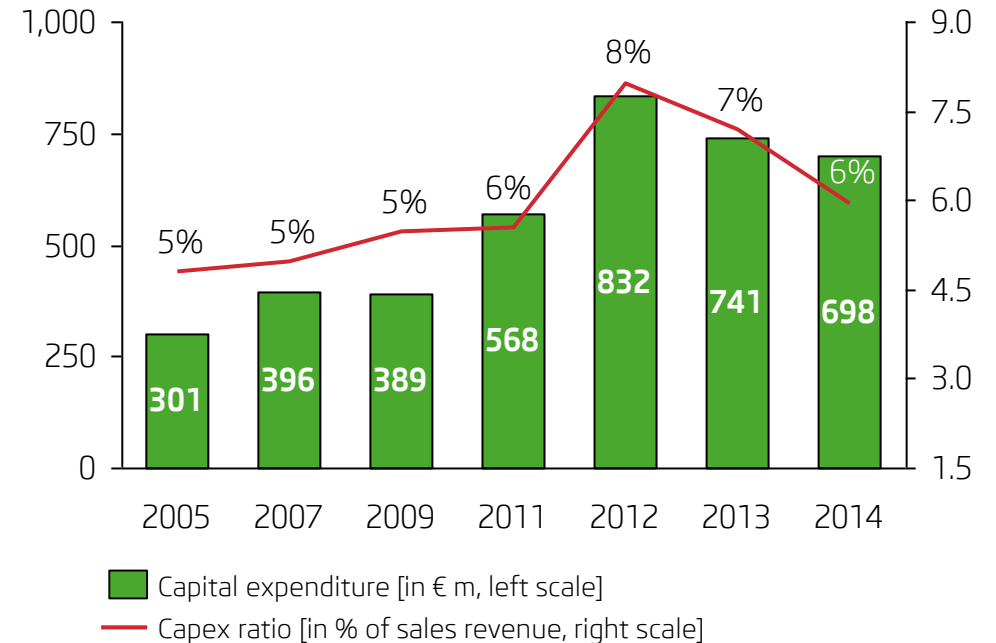
Development of model range and investments

Model range

Year 2010 → TODAY

New car series		Rapid Spaceback
		Rapid
		Citigo
Completely revised		Superb Combi
		Superb
		Octavia Combi
		Octavia
		Fabia Combi
		Fabia
Facelift		Yeti

Investments

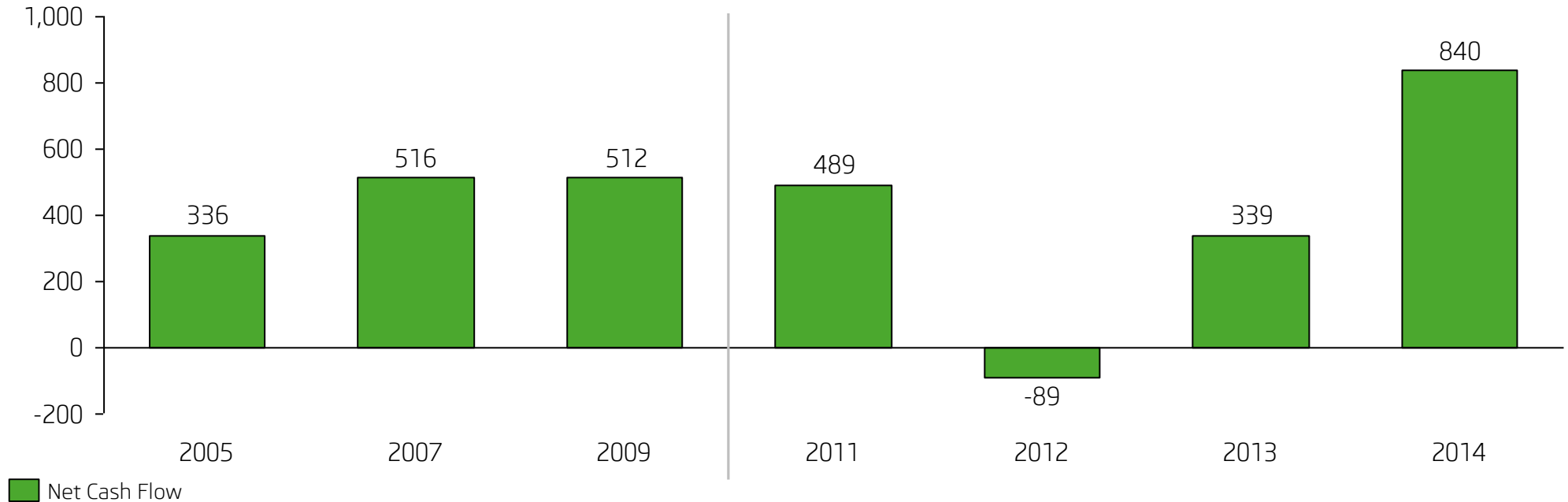




Development of net cash flow - Investments fully self financed

(€ million)

Cash flow

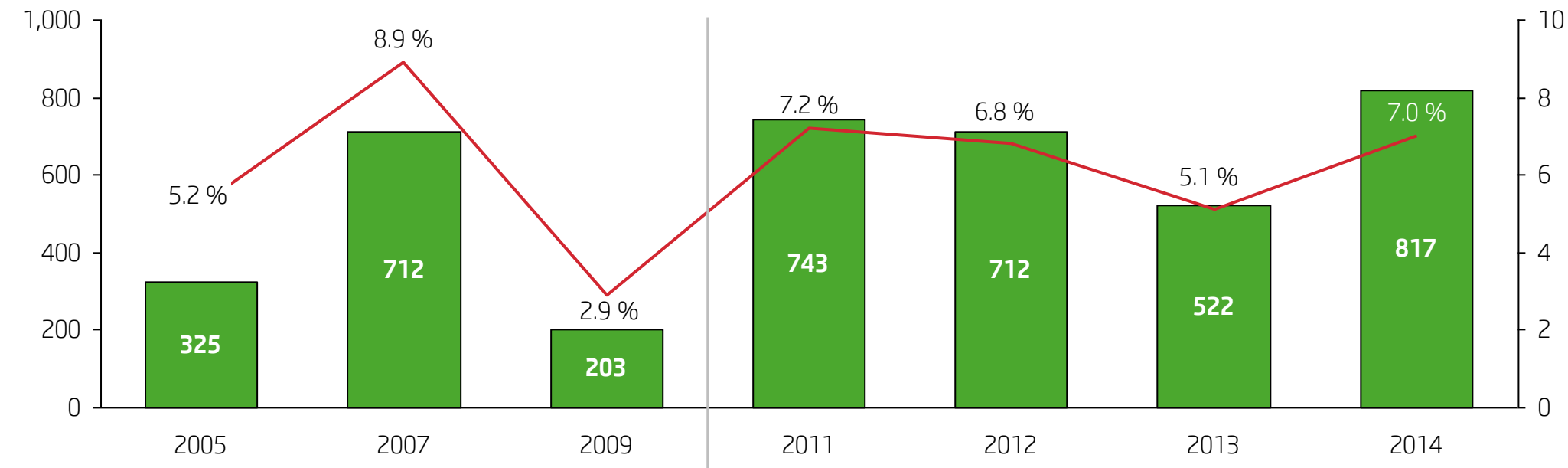




Return on sales on a high level

(€ million)

Operating result & return on sales

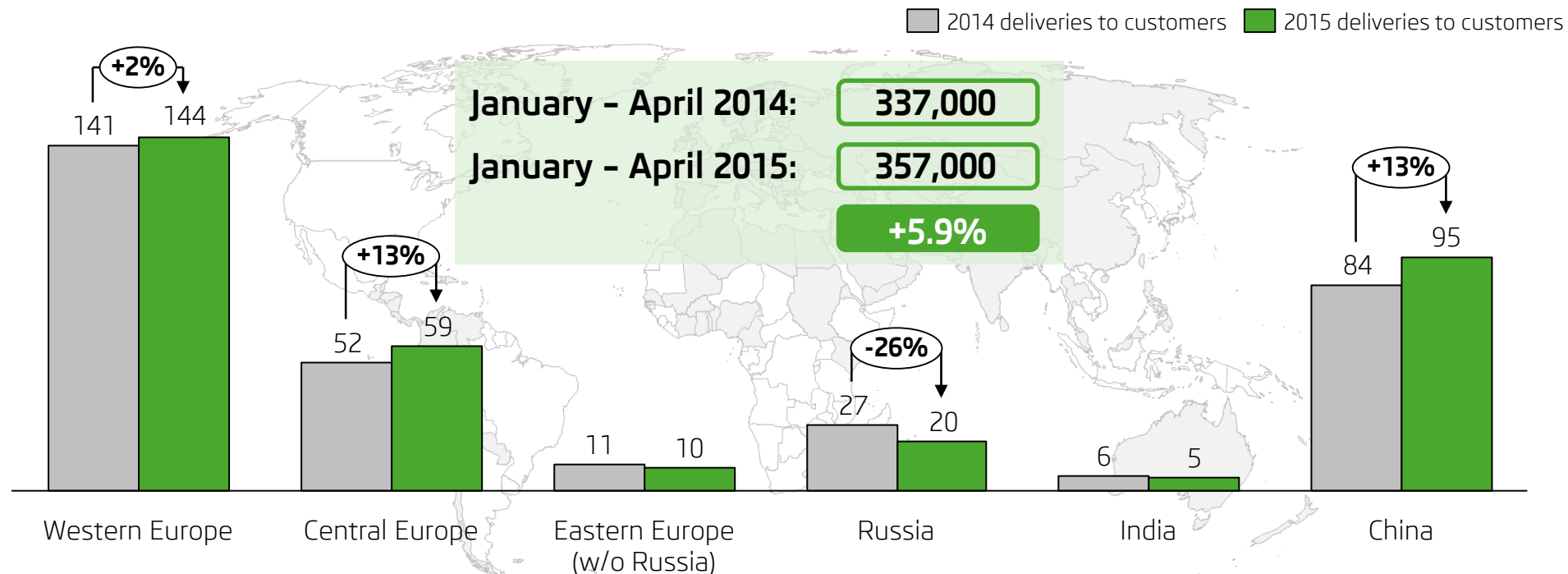


■ Operating result — Return on sales



ŠKODA record: More than 350 thousand deliveries to customers within the first four months of 2015!

(in '000 units, Jan. - Apr. 2015 vs. 2014)





Key figures - January to March

(€ million; '000 units)

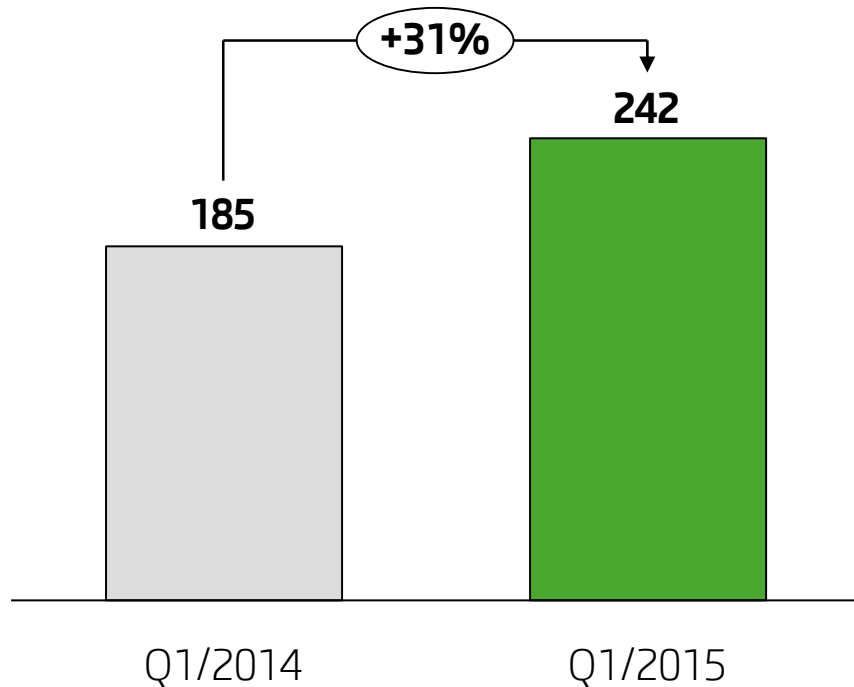
	2014	2015	Change in %
Deliveries to customers (incl. China)	247	265	+7.2
Deliveries to customers (excl. China)	185	193	+4.5
Sales revenue	2,986	3,175	+6.3
Operating profit	185	242	+30.9
Return on Sales	6.2	7.6	+1.4*

*Note: Change in % corresponds to percentage points



Operating profit

Reconciliation January - March 2015 to 2014 (€ million)



Positive effects from

- Higher volume
- Better mix (Octavia)
- MQB

Negative effects from

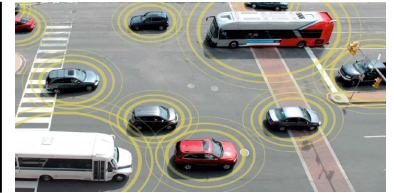
- Higher depreciation



The automotive industry is changing significantly...



New technologies have to be developed much more quickly



Autonomous Driving



Customer preferences and their attitudes towards cars are changing



Connectivity



More legislative regulations (CO₂) require higher investments and new car concepts



CO₂ Targets



...therefore we will make ŠKODA fit for the future in current good times:
Project "High Performance Organisation"

A simplified organisational structure and **quicker decision-making processes** have been introduced

Agility of the organisation

Redesigned career paths / new development opportunities for employees

Career paths and performance

Deep analysis of core / non core activities

Efficiency of the core business

Intelligent administration by less bureaucracy **and more intelligent IT tools**

Intelligent administration

modern



agile



flexible





Summary

- ŠKODA ... **continuously improved and expanded its product program!**
- ŠKODA ... **financed all investments from its own cash flow!**
- ŠKODA ... is a **highly profitable company** with return on sales at the upper level of the volume segment in Europe!
- ŠKODA ... aims to achieve **>1.5 m deliveries to customers**





Thank you.

