

ŠKODA AUTO A.S. - SIMPLY CLEVER

KLAUS-DIETER SCHÜRMAN (CFO)



ŠKODA



01/22/2019 18th German Corporate Conference
UniCredit | KeplerCheuvreux
Frankfurt am Main (Germany)

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Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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ŠKODA AUTO A.S.: 124 YEARS DRIVEN BY INVENTIVENESS



Inventiveness through smart engineering



ŠKODA & VW GROUP: A CZECH SUCCESS STORY

- > Longstanding automotive history
- > Engineering expertise & Skilled labour
- > Established supplier network

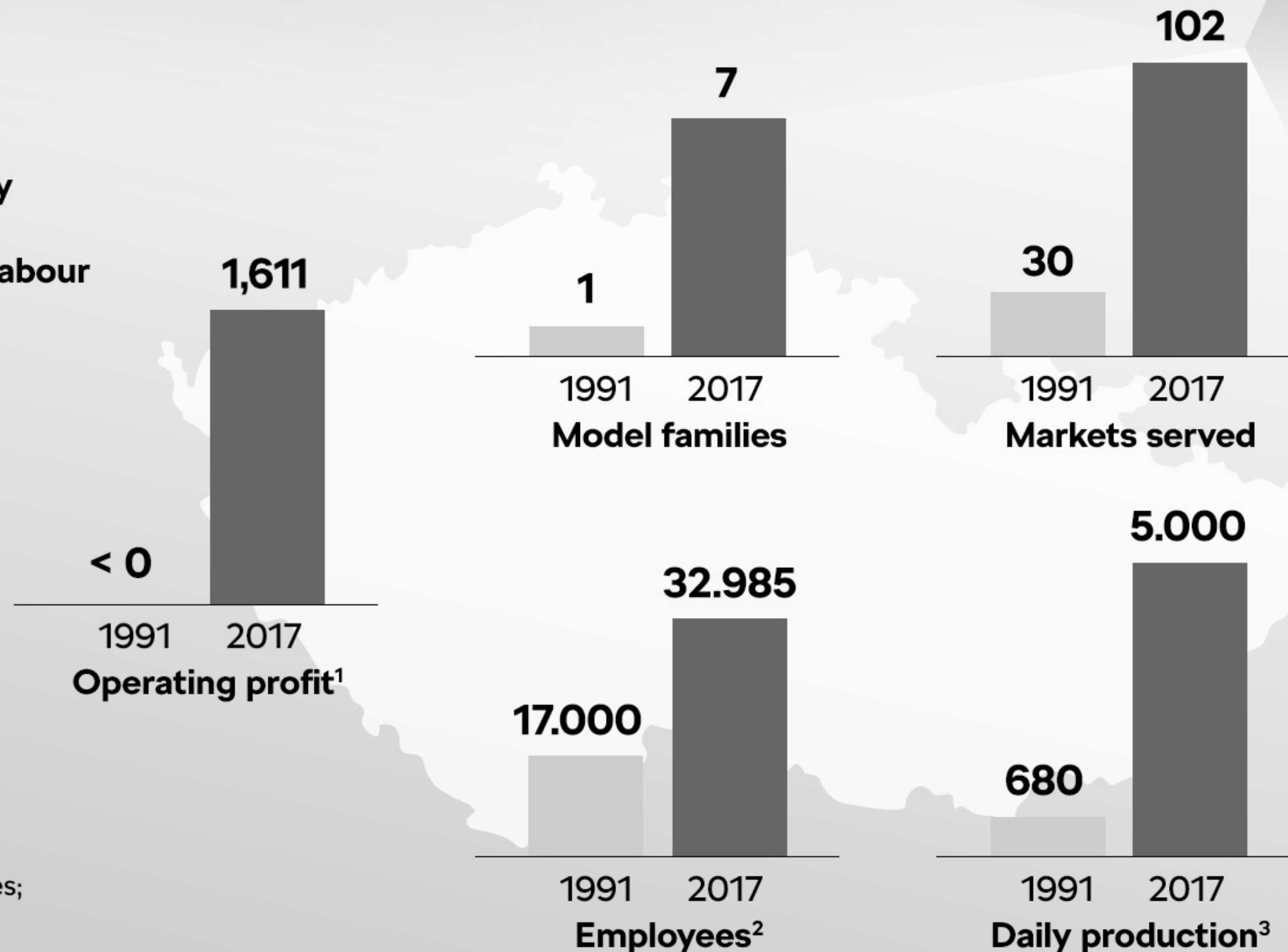


- > Good infrastructure
- > Cost advantages
- > Synergies from VW group


¹ In million € (1991 acc. Czech accounting rules; in CZK converted to D-Mark, then Euro)

² International w/o agency staff

³ In cars/day



STRONG POSITION IN 2018/Q1-3

	Q1 - 3 2018		Q1 - 3 2017
Deliveries to customers Cars (thsd.), incl. China	939.1	+7.8%	871.1
Deliveries to customers Cars (thsd.), w/o China	658.5	+4.6%	688.5
Sales revenues € (million)	12,598	+2.1%	12,338
Operating profit € (million)	1,083	-10.2%  WLTP, FX, etc.	1,208
RoS %	8.6	-1.2*	9.8

* Percentage points

SOLID PERFORMANCE DESPITE HEADWINDS IN 2018/Q1-3

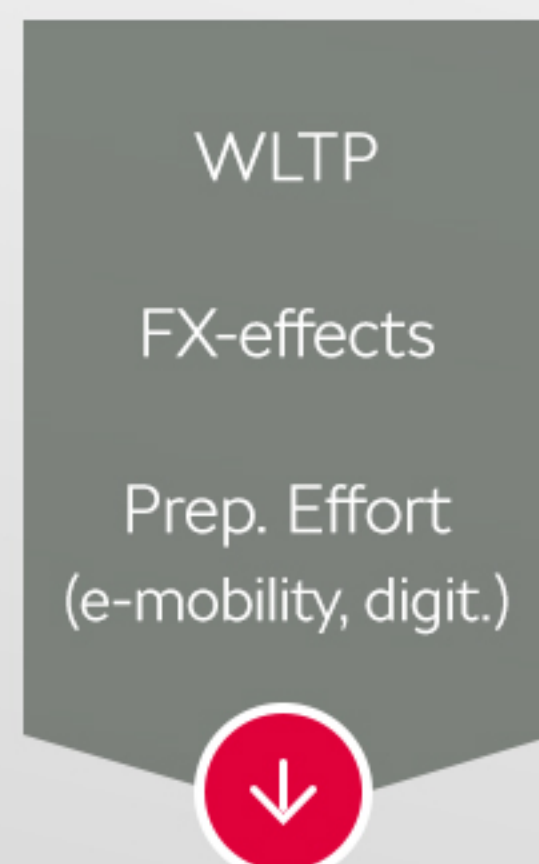
Exceptional year

- > Commercialization of SUPERB & KODIAQ
- > Favourable currency effects
- > Maximum capacity utilization

1.206



2017
Q1-3



Headwinds



Countermeasures

1.083

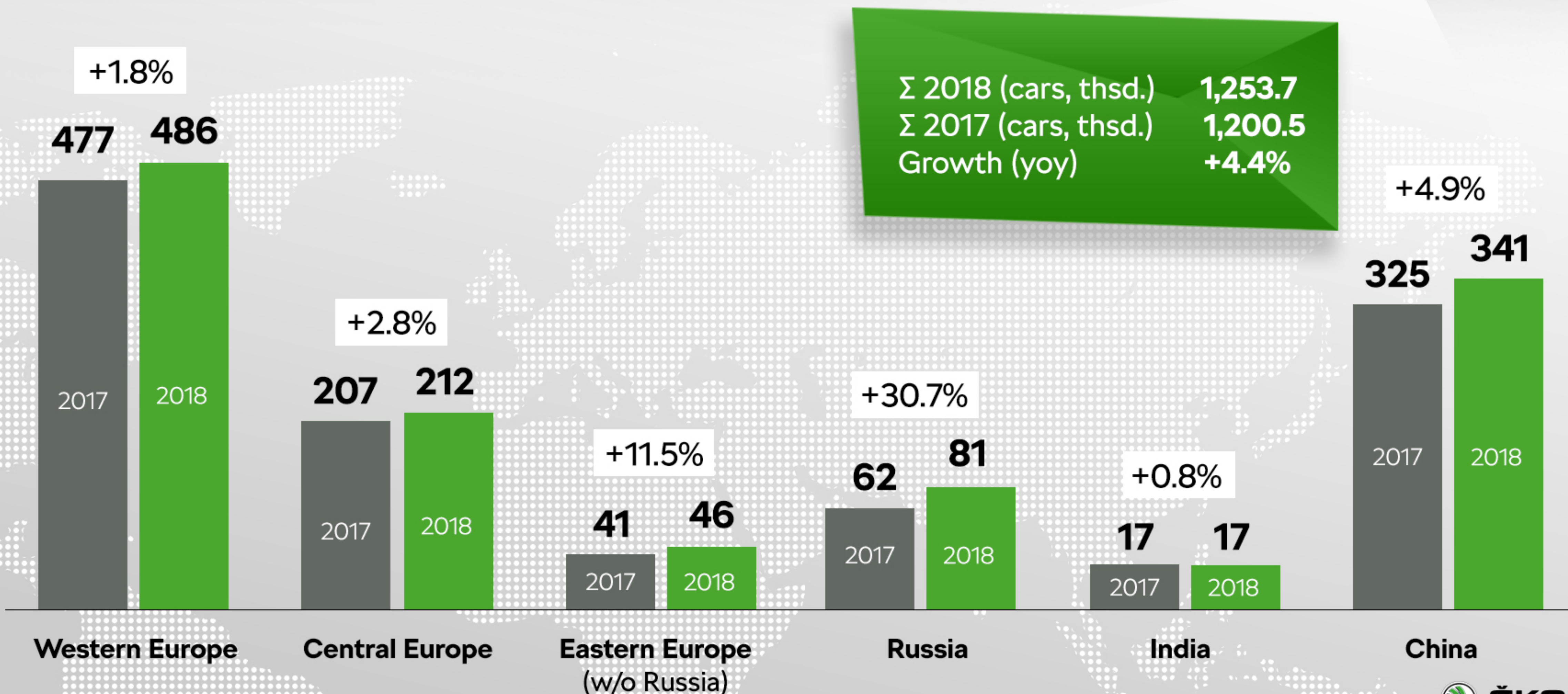


2018
Q1-3






Challenging environment

- > WLTP effects, limited product availability
- > Negative currencies & inflation/pay raise
- > Preparatory efforts (e-mobility, digitalization)

RECORD DELIVERIES TO CUSTOMERS IN 2018



ŠKODA OUTLOOK FOR 2018

	2016	2017	2018 (Outlook)
Deliveries to customers cars (in thsd.), incl. China	1,126.4	1,200.5	 Again above prior year (+ 4,4 %) at 1,253.7 
Sales revenues € (in million)	13,905	16,559	 Up to + 5% (yoy) 
Operating return on sales %	8.7	9.7	 n/a ¹

¹ Not available due to quiet period

FAST FORWARD: TRANSFORMING THE BUSINESS

**~ 2.0BN € INVESTMENT
(2019-23)**



**Multimodal
mobility services**
(incl. ride-sharing/SDV¹)



**BEV &
e-mobility solutions**

**Connectivity &
Digital services**
(incl. After-Sales)



**Traditional ICE
+ Spare parts**



**Upgraded ICE/PHEV
(CO₂ requirements)**



¹SDV = Self-Driving Vehicle

Vision 2025: The 'simply clever' company for the best mobility solutions



STRATEGY 2025 FOR PROFITABLE GROWTH

SUV Offensive



Electromobility



Internationalization



Digitalization



Target 2025: RoS \geq 7%

POWERFUL SUV OFFENSIVE

KAROQ vs. VX GrandlandX & Renault Kadjar
"We'd like to say this was a close contest, but the reality is quite the opposite. Yep, the Karoq [is] [...] outscoring its rivals here in the majority of areas."
What Car? [UK], 05/12/2018

2017

KODIAQ
KODIAQ SCOUT
KODIAQ SPORTLINE



KAROQ
KAROQ SCOUT
KAROQ SPORTLINE



KODIAQ vs. LR Discovery Sport, Hyundai Santa Fe & Honda CR-V
"The Skoda Kodiaq wins. It's the one that leaves tradition furthest behind [...]. It's grafter, and when all's said and done, that's what you're after."
Top Gear [UK], 12/17/2018

2018

KAMIQ



KODIAQ GT



KAMIQ GT



2019

KODIAQ RS



CITY SUV



GREAT NEW ICE & E-MOBILITY PRODUCTS UNTIL 2020¹

ICE



SCALA



KODIAQ RS



SUPERB HATCH & ESTATE

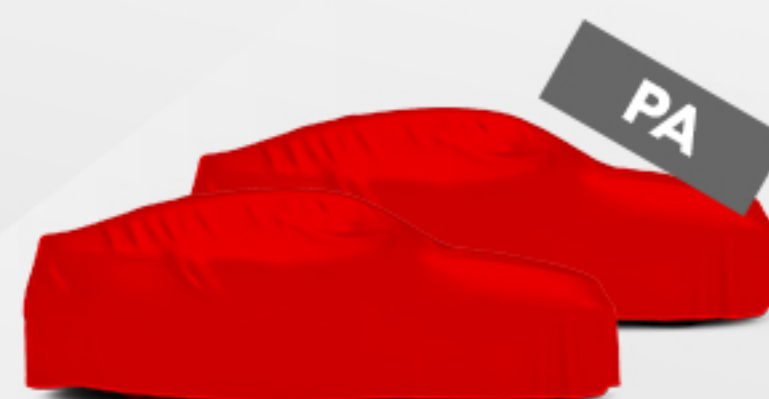


OCTAVIA HATCH & ESTATE

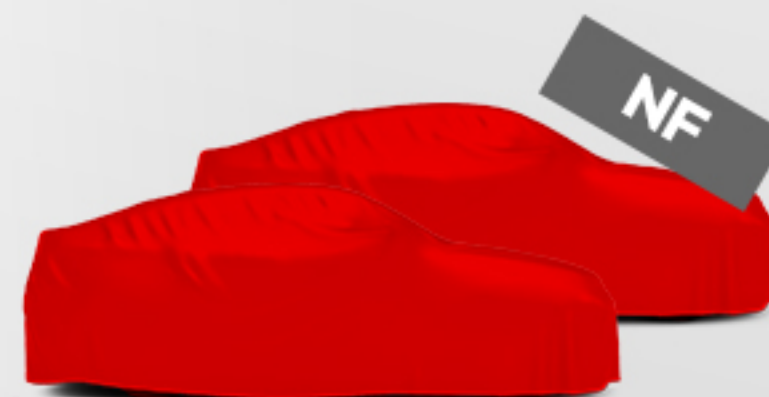


PHEV

NEW



SUPERB HATCH & ESTATE



OCTAVIA HATCH & ESTATE

BEV

NEW



E-CITIGO



VISION E (A SUV-E)

¹ w/o China-specific products

EXPLORATION OF KEY GROWTH MARKETS



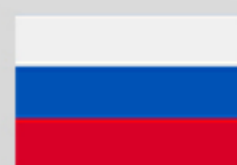
CHINA

Double the business at sustainable profitability
(Brand building; local portfolio; efficiency)



INDIA

Tap market potential with MQB A0 project
& joint forces of VW group
(India 2.0; 1.0BN € joint investment; localization)



RUSSIA

Expand momentum in interesting market
(Responsibility for VW group from 2019 on)



EXPANSION OF CONNECTIVITY TO NEXT LEVEL

FLEET MANAGEMENT SERVICES
DATA MONETIZATION
SMART SUBSCRIPTIONS
REVENUE SHARING
LOCATION BASED OFFERS



Tech focus shows ŠKODA is ready to lead

“Two of the Scala's biggest plays to attract a younger, more connected audience are its new technology and an upgraded infotainment system [...].”
autocar.co.uk, 12/06/2018

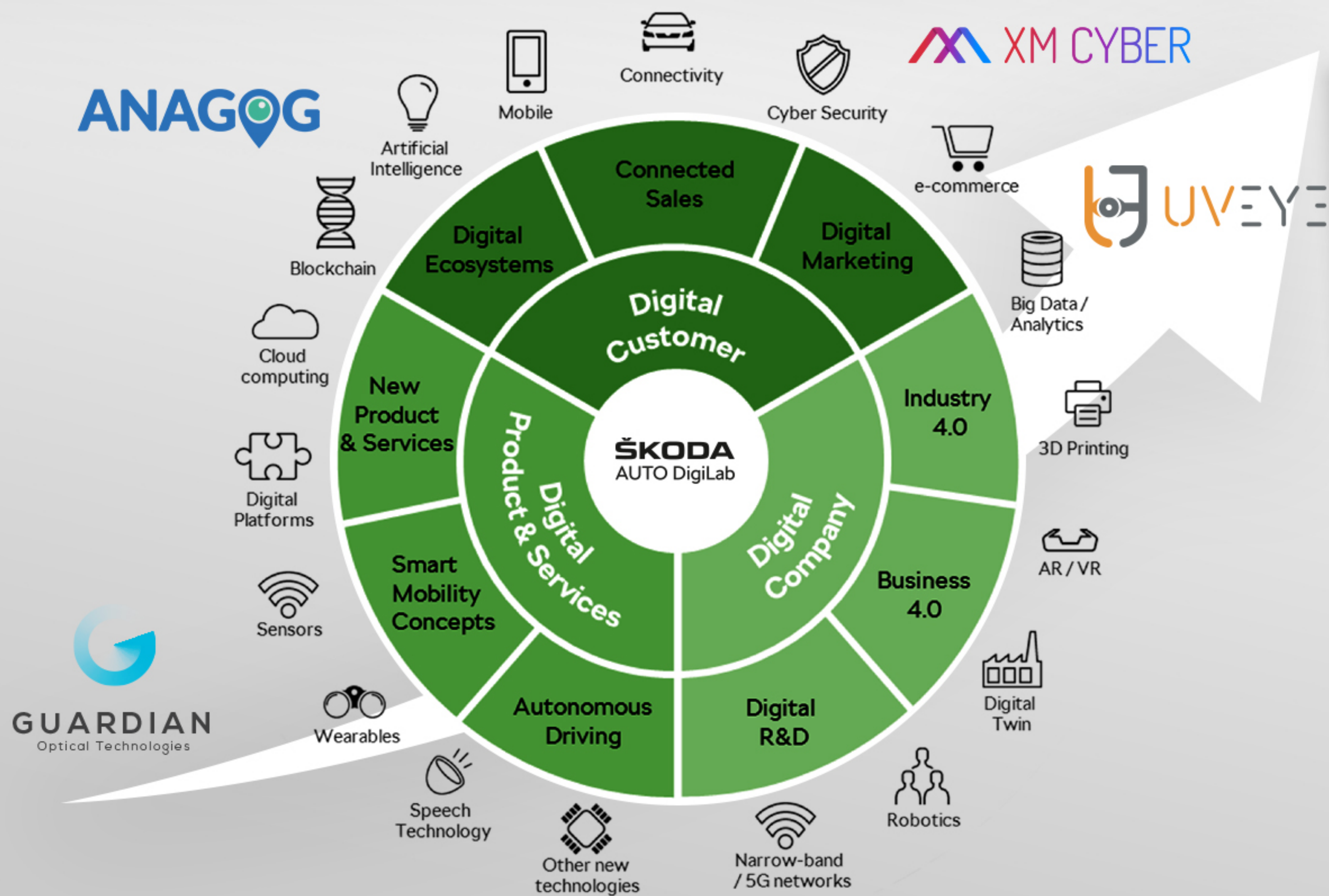
Tschechen als Vorreiter

“Digitale Dienste halten Einzug ins Automobil - Skoda bietet diese serienmäßig in jedem Fahrzeug an”
Hannoversche Allgemeine & Leipziger Volkszeitung [DE], 04/21/2018

Richtig verbunden

“Skoda lässt sich serienmäßig vom Handy aus bedienen. Neue Technik kurbelt Verkauf an”
WAZ [DE], 04/28/2018

ŠKODA AUTO DIGILAB: FUTURE MOBILITY SOLUTIONS



2025
ŠKODA - The 'simply clever'
 company for the best
 mobility solutions

- > Focus on core products & markets
- > Smart partnerships & alliances
- > Control on CAPEX & fixed costs

GUARDIAN
 Optical Technologies

“ATTACK PLAN” TO MAKE THINGS HAPPEN

Tasks

Exploit market penetration

Manage product cost

Control CAPEX & fixed costs

Reduce complexity

Sustain RoS & cash generation

Measures

Active volume-mix management
Offer optimization & pricing strategy

Product optimization & CO₂-steering
Value engineering (incl. sustainability)

Project prioritization & platform discipline
Efficiency of indirect areas

Product variants & engine/gearbox efficiency
Design to manufacture

Safeguard internal financing
Enable transformation

Programme “ATTACK PLAN” in implementation: Full impact ~ 500M € from 2020 on



TAKING BENEFITS FROM NEW VOLUME GROUP

TOGETHER 2025 (GROUP STRATEGY)

VOLUME



Volkswagen



ŠKODA



SEAT



Commercial
Vehicles

MOIA
NEW MOBILITY MODES

PREMIUM



Audi



LAMBORGHINI¹



DUCATI¹

SPORT & LUXURY



PORSCHE



BENTLEY



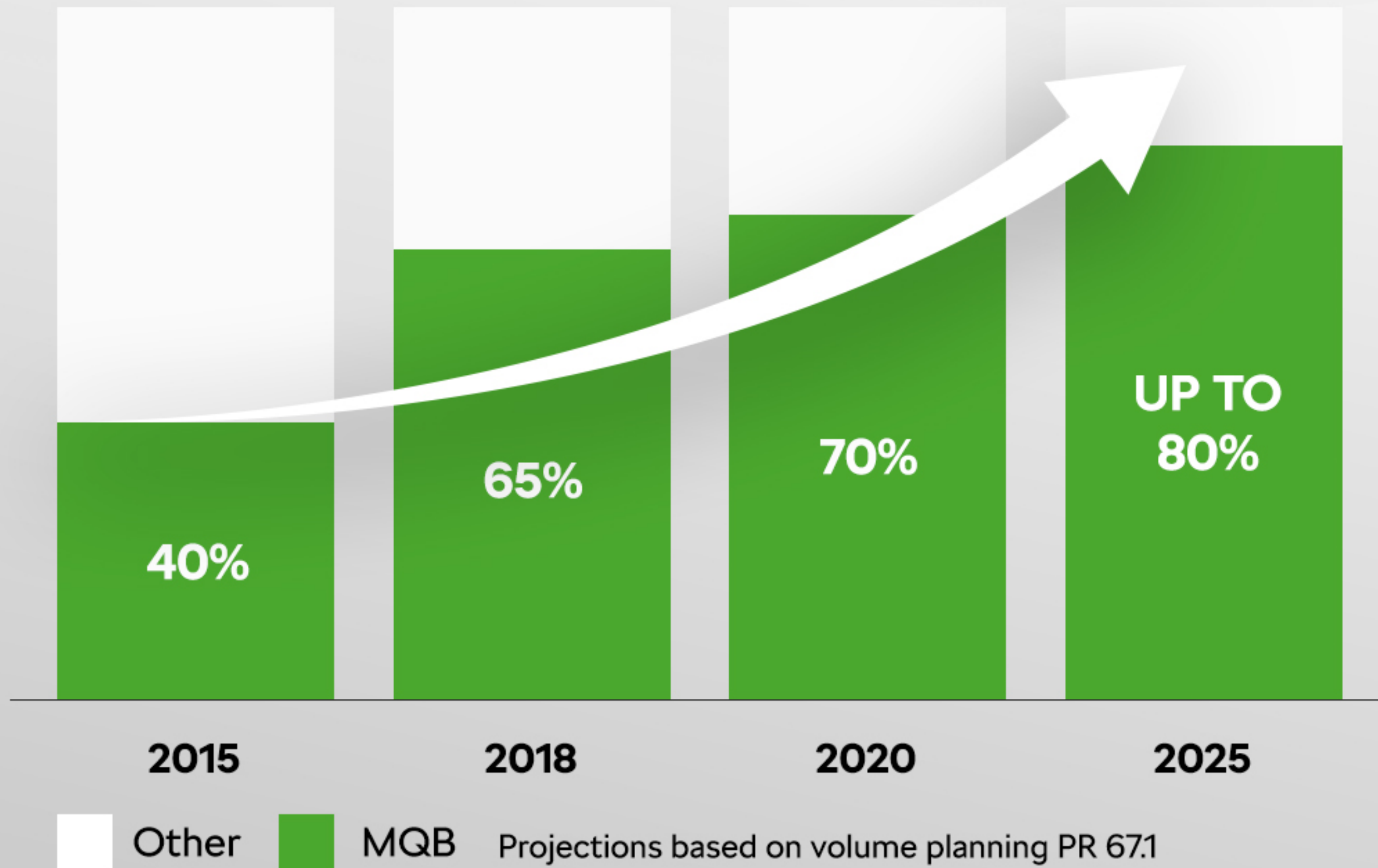
BUGATTI

- > Clear brand missions & differentiation
- > Focused synergy strategies (hard-/software)
- > Economies of scale:
Next level platform & production approach
- > Reduced complexity & fast coordination
- > Best practice sharing & mutual learning

¹ Allocation to be verified

Improvements in CAPEX, profits & flexibility

EXPLOITING SCALE FROM MQB ROLL-OUT



**MQB share
in overall production**



**Platform-centered project
produced in the same plant**

Similar approach for BEV with MEB

ALIGNED CULTURAL CHANGE & SYSTEMS

CULTURE



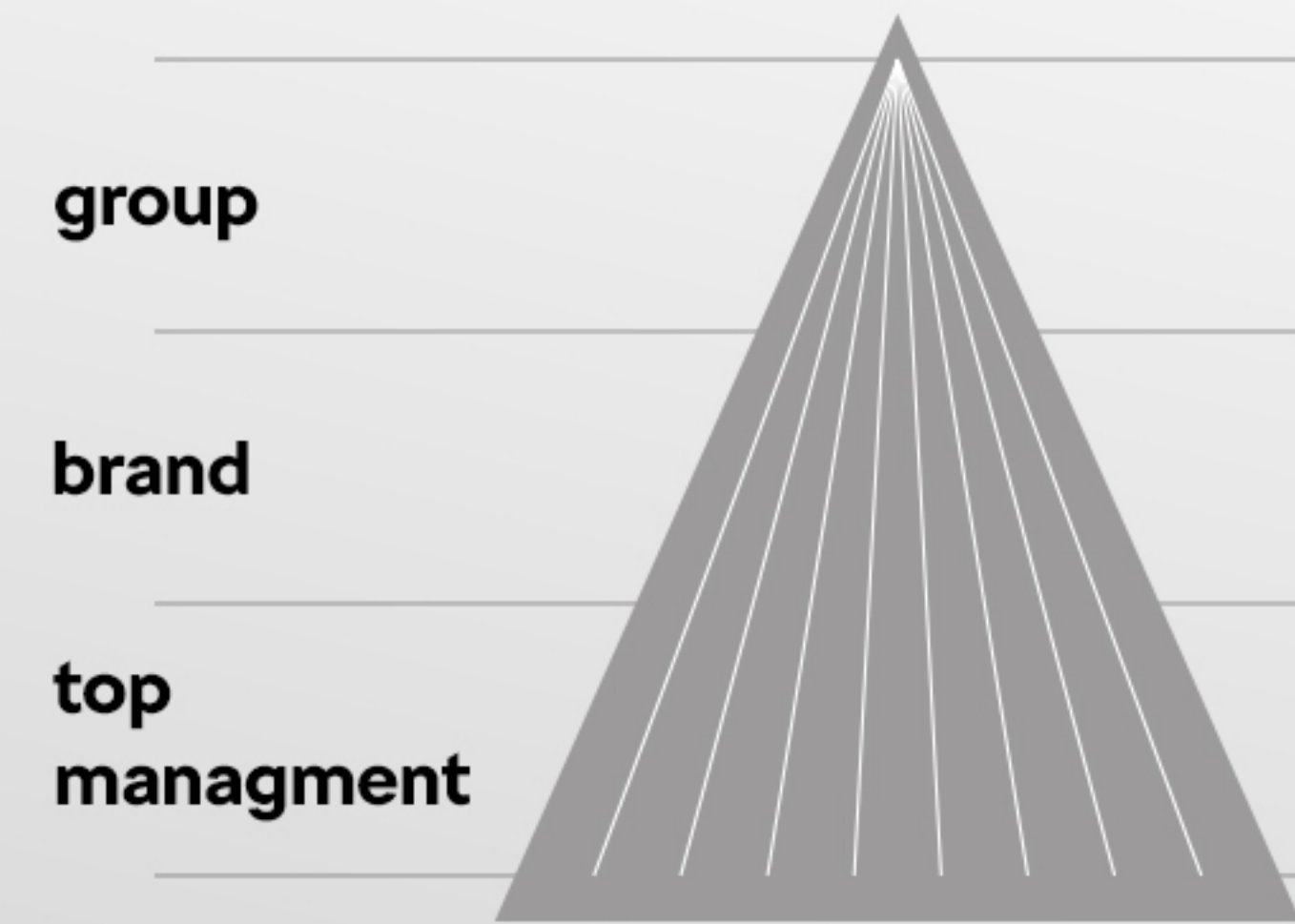
> **Common values
& accountability**

STEERING



> **Common priorities
& focus**

COMPENSATION



> **Common performance
& collaboration**

OUTLOOK: STRATEGY 2025 ON TRACK

- > **We push the dynamics of our growth and product offensive further:**
Outstanding feedback from customers & the press on our new models
- > **We go against the headwinds of current and future challenges:**
Programme “ATTACK PLAN” in execution, tight investment control
- > **We make great progress in going international:**
More markets served, first local products in China, India 2.0 as next milestone
- > **We drive the transformation for digitization, connectivity and services:**
New product SCALA & SKODA Digilab with its partnerships lead the way
- > **We start the new era of e-mobility:**
First PHEVs/BEVs in pipeline; production sites & charging solutions well prepared