

**#MAKE
MOBILITY
EASY**

01

Management





**Dr. Herbert Diess,
Chairman of the Board of Directors of SEAT**

Leading new projects

From now on, SEAT will see further momentum with a new product offensive.

The results of this Annual Report come as no surprise to me. SEAT again closed a record year and has kept up sustainable growth over the past few years, especially the previous three. The evolution of SEAT in this period has not gone unnoticed, neither by the Volkswagen Group nor by the automotive industry itself. SEAT has managed to turn the difficult situation around, and in terms of sales, become the fastest growing volume car brand in Europe.

The Tarraco was the biggest novelty of 2018 and joins the SUV range which already features the two top-selling models Arona and Ateca. Destined to become the brand's flagship model, the new Tarraco will enable the company to sustain sales growth this year and increase its profit margin, which is exactly what the new CUPRA brand's first model, the CUPRA Ateca, is achieving. From now on, SEAT will see further momentum with a new product offensive which we will be detailing in upcoming months, and will include electrified models.

In my new role as Chairman of the Board of Directors of SEAT, in recent months I have had the chance to actively participate in the development and implementation of the company's strategy and can confidently say that it is advancing on the right path. The sustainable growth of recent years has consolidated a basis for stability and trust, focusing on growth opportunities and new markets.

SEAT is an attractive brand for the Volkswagen Group because it attracts young customers. Indeed, SEAT customers are 10 years younger than the sector average. And today, this company is also ready to take the lead in projects such as the development of the consortium in North Africa.

In this context, the Group is also placing its trust in SEAT to spearhead various endeavours that will shape the future of urban mobility such as, for example, the 2-wheelers strategy. This effort is already beginning to bear fruit.



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Our sights are clearly set on future mobility. Electric cars are the solution to meeting CO₂ objectives and, therefore, to meeting the Paris 2050 climate change targets for our sector. In this respect, the Volkswagen Group has a firm global commitment - to offer electric vehicles to millions of people, not to millionaires.

The electric vehicle and connectivity are going to transform future mobility as well as cities.

The MEB platform is going to revolutionise the affordability of electric vehicles as it will enable us to optimise production processes in order to manufacture different models, and will therefore significantly reduce costs. We will be able to launch electric cars priced similarly to conventional vehicles, and in this strategy, SEAT is going to be relevant

starting in 2020. Indeed, when speaking of electrification, we must emphasise the inclusion of SEAT, as Group leader of the project, in the JAC Volkswagen dedicated electric vehicle joint venture. Thanks to the agreements signed in 2018, SEAT is also going to reach the Chinese market, which will be an important milestone for the brand.

The electric vehicle and connectivity are going to transform future mobility as well as cities. We will go from manufacturing vehicles to offering mobility services, especially in urban areas. I am firmly convinced that we carmakers, for whom mobility is in our DNA, are going to spearhead the new ecosystem. And I use the term ecosystem because we have already moved past the scope of the sector itself.

Let us picture in our minds a scenario which includes multiple players collaborating to develop mobility solutions based on connectivity, new

energy sources and new models of consumption. This picture is more complex than we can imagine, as not only do all these businesses collaborate, but they also compete to take the lead and capitalise on progress. And allow me to add the engine, which is conviction. Luca de Meo and I are both convinced that SEAT will be able to play a prominent role in this new scenario.

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Luca de Meo, Chairman of the Executive Committee of SEAT

A futureproof company

SEAT has never been so competitive as it is today.

2018 was our best year so far. When I look at the commitment, the determination, and the open mindset of our people, it seems easy to believe that SEAT's tomorrow will be better than today. Now stronger than ever, we are entering a time of challenges but also of great opportunities. We are convinced that all the discontinuities that the automotive industry will experience on the technological side and on the demand side represent a big chance for us to start the next race in a better position. Our foundations are solid, our attitude is the right one. With a turnover of 10,000 million euros and an after-tax profit of almost 300 million, our financial situation has never been so good. These results were achieved thanks to unprecedented sales of 518,000 vehicles, an all-time record in the company's 68-year history and a sign of customer confidence and of the competitiveness of our models. In fact, we have never been so competitive as we are today.

With the successful launches of the Ateca, Ibiza, Arona and Tarraco, we

completed a first cycle of the renovation of our portfolio. Soon we will begin a new, even more exciting, second phase with the ambition of being major players in the fields of electrification, connectivity and shared mobility.

Let us not forget that 2018 saw the birth of the CUPRA brand. This represents a new dimension for our company, an opportunity to win over new customers and to introduce more sophisticated technologies, but above all it is very good news for automotive enthusiasts.

2018 was also a key year for laying down the foundations of our globalisation strategy. SEAT still has a lot of potential in Europe and the double-digit growth we have experienced in the last years is clear proof of this, but, at the same time, we are looking at seizing opportunities beyond European borders. The success stories in Algeria and Mexico, for example, show the potential of our brand globally. Last year we took on a leadership role in developing the Volkswagen Group's presence in the North Africa region. The Relizane production plant's construction and ramp up in Algeria represents a successful starting point. But our ambition goes beyond this project; it is to secure

the Volkswagen Group's leadership across the entire region, a region of markets with a lot of untapped potential for our brands.

Then, of course, there is China. Globalisation today cannot exist without having a presence in the world's biggest market and the partnership with JAC represents a turning point in this process. China will set trends in the automotive industry. Being able to compete in this arena means being able to play a role in the future of mobility. It is as simple as that.

Everywhere we will be present, we will be striving to make cities cleaner and safer, and mobility more accessible. We will build expertise in battery technology, new fuels for combustion engines, 5G connectivity, autonomous driving functionalities, and in integrating our products into mobility platforms. We have the privilege of being part of one of the biggest automotive groups in the world, Volkswagen. This puts us in a much stronger position than many of our direct competitors.

Being competitive in the next 10 years will demand cooperation with other sectors and will require a fundamental re-engineering of our business model and supply chain. In recent months, we have been strengthening connections with global players and startups to create an open, fluid ecosystem, especially in Spain. With Telefónica, for example, we ran the first experiment in Europe involving a 5G connected car, with real use cases. We are also sharing innovations across sectors with key players such as Google, IBM, CaixaBank and Naturgy in order to find synergies and to avoid investing twice in the same area.

In the meantime, we can acknowledge the benefit of engaging directly with startups, taking advantage of their agility, creativity and speed. This is Start4Big: a major open innovation platform that includes some of the leading companies in Spain and the best national and international startups, which have been invited to find solutions to common challenges.

We are convinced that vehicles will become the second largest connected platform after the mobile phone and we will have the chance to integrate them into a rich ecosystem. This transformation forces us to innovate and move beyond the scope of being just a carmaker, stretching our value chain towards new mobility services, platforms and data businesses.

Being able to compete in China means being able to play a key role in the future of mobility.

SEAT is going to lead the development of the Volkswagen Group's micromobility strategy. We are immersed in a metropolitan environment and the Barcelona area is not only the European Urban Mobility Capital, the Mobile World Capital and one of the top 5 innovation

hubs on the continent, but it is also full of tradition in the two-wheeler industry. All in all, it offers an ideal opportunity to find ideas and is the perfect place to experiment with new solutions.

We believe that great companies are those that not only can produce good results and develop good products, but that also drive progress and share prosperity amongst their stakeholders. This is the ambition that we set ourselves as the leading Spanish industrial organisation: to deserve, year after year, to be part of the league of great companies.

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Board of Directors

Chairman

Dr. Herbert Diess

Board Members

Dra. Ingrun-Ulla Bartölke

Dr. Oliver Blume

Luca de Meo

Bernd Osterloh

Dr. Stefan Piëch

Dr. Josep Piqué

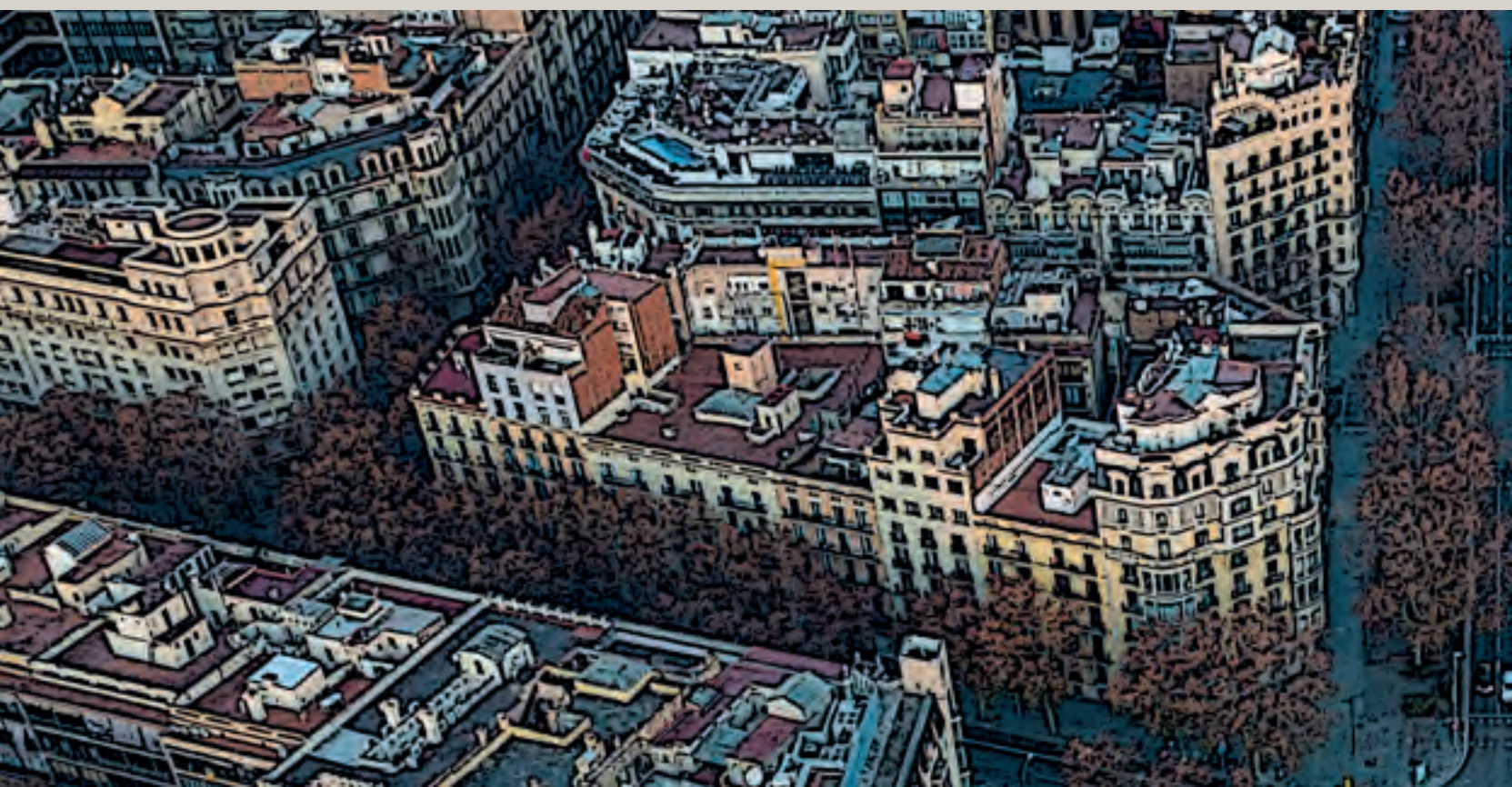
Mark Philipp Porsche

Hiltrud Dorothea Werner

Secretary and Legal Counsel

Luis Comas Martínez de Tejada

The Extraordinary and Universal Shareholders' Meeting of the Company, in its session held on 12 April 2018, accepted the resignations presented by Dr. Francisco Javier García Sanz and Dr. Karlheinz Blessing from their positions as members of the Board of Directors of the Company, and appointed Dr. Herbert Diess as a new member and as Chairman of the Board of Directors of the Company, as well as Hiltrud Dorothea Werner as a new member of the Board of Directors of the Company, all with effect as of the same day.



Executive Committee

The Board of Directors of the company, at its meeting held on 28 February 2018, agreed to Dr. Andreas Tostmann standing down as vice-president of Production and Logistics, with effect as of 31 January 2018, as well as to appoint Dr. Christian Vollmer for that position with effect as of 1 July 2018. In addition, with effect as of 30 September 2018, the position of vice-president of Governmental and Institutional Relations was discontinued and Ramón Paredes stood down from his duties as vice-president of that area.

01 Luca de Meo

Chairman

02 Luis Comas Martínez de Tejada

Legal Services & Good Governance

03 Wayne Anthony Griffiths

Sales & Marketing

04 Holger Kintscher

Finance, IT & Organisation

05 Dr. Matthias Rabe

Research & Development

06 Xavier Ros

Human Resources

07 Dr. Christian Vollmer

Production & Logistics

08 Klaus Ziegler

Purchases

