

A professional portrait of Luca De Meo, a middle-aged man with grey hair, smiling. He is wearing a dark blue suit jacket, a white shirt, and a blue tie with a red polka-dot pattern. A white pocket square is visible in his jacket. The background is a dark, textured wall with horizontal lines. In the top left corner, there are red geometric lines forming a partial triangle.

**WE TALK WITH**  
LUCA DE MEO,  
CHAIRMAN OF THE EXECUTIVE COMMITTEE

# “MY OBJECTIVE IS TO REFINE THE SEAT BRAND AND TO MAKE IT UNIQUE”

**T**he Chairman of SEAT feels at home in Barcelona because it reminds him of his native Italy and also because he easily integrates into any culture. Having worked in France, Germany and the United Kingdom, as well as Italy, facilitates that adaptation. He has lived in 12 countries, among them Brazil and some African countries when he was a child. Born in Milan in 1967, he has been in the Volkswagen Group for six years. Matthias Müller, Chairman of the German consortium, and Doctor Francisco Javier García Sanz, the Group's Vice-President and Chairman of SEAT's Board of Directors, have entrusted the brand to him in order to make it stronger and take it up to the next level.

## **How do you evaluate SEAT's current momentum?**

Sales have shot up 25% in three years and in 2015 we have exceeded the 400,000-units hurdle for the first time since 2007, which represents the best result in sales in the last 8 years. This tailwind will strengthen the next three financial years.

In a question of months, we will introduce very interesting products that will bring more dynamism to the current momentum of the brand. I

am optimistic, because we have all the grounds to continue in the current direction. My work is going to be to continue in this direction and ensure that the 2020 plan will be carried out and implemented perfectly. But from my position, I also have to think about what the next path will be, the plan to follow after five years.

## **Is maintaining and increasing that rhythm going to represent a major challenge?**

Production at Martorell has reached the highest volume since 2001, with more than 477,000 cars including the successful Audi Q3, which represents 7.8% more than in the last financial year. We have the factory that produces the most cars in Spain and it has had six consecutive years of growth. Between 2009 and 2015, the volume of production has grown by almost 60%. We just have to continue this trend, because SEAT is a company with a solid base, a good production of quality and a Technical Centre made up of competent young engineers who want to achieve more. Our focus is now on the Europe region, a market which is proving very dynamic. In 2016 we are entering the SUV segment for the first time, a segment which is going through a sales “boom” and is growing exponentially. The SUV is the third leg to make the SEAT table more stable, after the Ibiza and the Leon. Strengthening the Europe region and the introduction of new products in growth segments are the keys.



**What would you highlight of the sales figures in 2015?**

The growth in sales has been driven by the recovery in Spain, with 77,200 vehicles sold, 14.3% more than in 2014. But also in Italy (15,900 and a 22.1% increase), the fifth consecutive year of growth in Germany (87,800; +3.8%) and the success of the Mexican market (24,100; +13.2%), SEAT's fourth largest. Also in 2015 we have achieved the historic record of sales in countries such as Switzerland, the Czech Republic, Denmark, Turkey, Israel, Tunisia and Morocco. In terms of the models, the Leon grew by 4.4%, with a total of 160,900 units. Once again it is the brand's highest-selling vehicle. The Alhambra, for its part, registers the highest growth (17.2%) and achieves the second best sales result in this model's history (27,000 units), while the Ibiza has increased by 2.4% and reaches a total of 153,600 vehicles delivered.

**What learning points does the company take away from the case of the diesel engines?**

It is an opportunity for the Group to identify improvements and to optimise internal processes in order to achieve maximum transparency. An opportunity that should be made the most of in order to guarantee that something like this can never happen again. It will take some time to establish a new mentality, but from the very beginning action has been taken with this goal in mind. The Group is finding a new energy to resolve this situation in a very professional manner and we will emerge from it stronger.

**What should SEAT's position be in the future, both in the market and in the Group itself?**

We have a plan that is going to make us stronger, bigger and more profitable, with a better and more defined image. We have to look even further, starting with strengthening SEAT's identity, because

we are convinced that it has a lot of potential. A path which we have to follow to make the brand unique. We have to focus on the things that make SEAT unwavering, especially for consumers.

**What is the way forward? And on the horizon for 2025, what is the main objective and what personal approach are you going to give it?**

The next two or three years are quite clear, according to the products we have, the factories, the brand, the development, the design, etc. This represents a perfect opportunity for thinking with the team about what will come next. My goal from this point is to refine the image of the company and of the brand, in order to make SEAT unique.

**Is SEAT late to join the SUV segment?**

No, because the growth of this segment is not going to saturate. The forecasts are very positive. According to some studies, the A-SUV segment will grow 25% up to 2020, and the segment of the slightly smaller A0-SUV, some 40% up until then, and for that reason we want to enter a market that is experiencing rapid growth.

**What other segments does the company work in?**

The story of the third pillar, the SUV, is only the beginning, because there are many possibilities for strengthening that segment. I have seen it in the success of Audi. We will have to be better in engineering, since CO<sub>2</sub> is going to be ever more important in the competitiveness of any car brand. And in this area, SEAT is very well positioned, because we have a CO<sub>2</sub> average that is well below the commitment that the authorities ask for. Furthermore, we are strong in "infotainment" and in the



connectivity of vehicles to make them more intelligent. It is in these two aspects that I believe the stage will be for the majority of the industry, which is beginning to take its first steps. The story of the connected car is going to be bigger than that of the car itself. That is what we have to learn: to go from an organisation driven by product development to an ecosystem driven by development. For us, it is a major revolution.

**An example of connectivity is that the vehicle can now report a breakdown to the repair garage...**

Yes, that is already on the market. The most important thing from the business' point of view is that the car should be capable of being connected to the dealership, because there are many more interaction possibilities between the product and the distribution, which means that you can generate more business opportunities, to bring the consumer closer to the ecosystem. It is also possible to connect the vehicle to infrastructure, car parks, traffic lights, etc.; and you can even connect cars with cars. This is a new world that is coming and, personally, I believe it is the most important trend in the sphere of technological innovation, like the move towards electric vehicles and automated driving.

**In fleets, SEAT has taken a giant leap forward. Is there a long way still to go in that market niche?**

We are growing because we started to have a range of products that allows us to cover some segments that are very important. In the past we tended to have Ibizas, which are the A0 segment, vehicles that fit the needs of car rental companies very well, but not so much so as a company car, which is now a B segment. That was until we entered that business with the Leon. This future push will come as a result of the product range. Meanwhile, the

Leon allows us to compete shoulder to shoulder with the main European brands, thanks to its quality and technology.

**What does the production of the Audi A1 mean for Martorell?**

The announcement about the production of the A1 in Martorell from 2018 is a magnificent piece of news that demonstrates the complete confidence placed by Audi and the Volkswagen Group in SEAT and in our Factory, following the successful experience of the manufacturing of the Audi Q3. This assignment will strengthen the production of the A0 segment in the factories of the Volkswagen Group in Spain and will enable the synergies that are generated as a result to be made the most of, as well as guaranteeing investments in Martorell and it will contribute to reaching the maximum production capacity.

**What expectations does this year offer?**

The year 2016 will be another positive year for SEAT and it will be a year for preparing for the acceleration of 2017 and 2018, which will be even better years, thanks to our continued and regular offensive of products.



**CORPORATE STRATEGY**

SEAT presented in October the corporate strategy, which sets out the roadmap that the Company intends to follow up until the year 2025, in order to achieve sustainable profitability. The three pillars in which SEAT is going to focus on are the development of models in growth segments with a large sales margin, applying the success formula of the Leon, prioritising customer satisfaction and being the most attractive employee in the automotive sector in Spain.