

02

ON THE MOVE

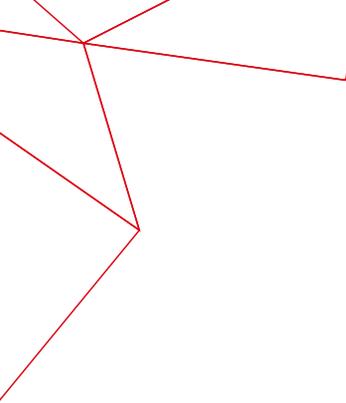
WITH

MANAGEMENT

Letter from the Chairman of the Board of Directors—**16** *Interview with the Chairman of the Executive Committee*—**18** *Board of Directors*—**22** *Executive Committee*—**23**



LEADERSHIP



“ **IT IS
TIME TO
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AND TO
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AND LONG
TERM** ”

Any assessment of the year 2015 cannot be detached from the case of the emissions of Volkswagen AG. For the Group, and for all the brands that are part of it, it has meant a year of challenges without precedent. As we have said in the last few months, the NOx case emerged as a result of a combination of three factors: firstly, the misconduct and personal failures of some individuals; secondly, the weaknesses in some of the processes; and thirdly, an attitude of tolerance towards failure to comply with the rules in some divisions of the company.

Now, in addition to the technical measures that are being implemented, the priority of which is to give a clear and satisfactory response to customers, we cannot allow this situation to paralyse the Group. On the contrary, this crisis is also an opportunity for all of us, since it has enabled us to identify improvements and optimisations in our internal processes in order to increase transparency and to strengthen the organisation. Furthermore, we are implementing a new structure that will guide us into the future. This represents an opportunity for the Group and for SEAT, which we must know how to make the most of.

For our brand, 2015 was also the year in which the investment of 3,300 million euros was announced. This is an unprecedented amount that will allow us to cast ourselves towards the future and will open new horizons up to 2019. In the short term, it will materialise in the form of new models, starting with the compact SUV, the first in our brand's history, which very soon will be circulating on the roads. Besides this investment, which is already underway, with the presentation of the 2025 Strategy last October, we are also showing that it is time to think and to act in the medium and long term.

Our future plan is perfectly integrated into the company strategy of the Volkswagen Group, from the point of view of the brand

and, also, from an industrial perspective. The decision taken by Audi to award the production of the A1 to the Martorell plant is a conclusive example of the confidence in SEAT's know-how. This decision makes me especially proud because it reflects the path towards excellence followed by the brand in the last few years in each and every one of its areas.

The presentation of the 2025 Strategy also acted out Jürgen Stackmann's replacement by Luca de Meo. As I said then, I am proud of the work performed by Stackmann in his two and a half years at the head of SEAT. As well as the solid growth in sales, some 25% between 2012 and 2015, his leadership and that of his management team delivered a clear roadmap for the brand over the next few years. The

appointment of Luca de Meo as his successor maintains, with the personal seal that he will bring, this same line and I have complete confidence that he will successfully implement the strategy and will continue developing the projects initiated in order to complete the transformation of the brand.

To the new phase that began in 2012 with the third generation of the SEAT Leon, this year an essential chapter is added: the Ateca, which will make a decisive contribution to the goal of achieving a profitable and sustainable growth for the company and which opens the doors to a family of SUV's that will cover the fastest growing segments in Europe. The compact all-terrain vehicle also comes at an exciting time for the car industry. Electric mobility, full connectivity, automated driving and the new consumer trends will change the sector as we have known it to date from top to bottom and will cast it into a future that was unimaginable a few years ago. At SEAT, we are ready to be protagonists of this change.



A professional portrait of Luca De Meo, Chairman of the Executive Committee. He is a middle-aged man with grey hair, smiling warmly at the camera. He is dressed in a dark navy blue suit jacket, a white dress shirt, and a blue tie with a red polka-dot pattern. A white pocket square is visible in his jacket's breast pocket. The background is a dark, textured wall with a grid-like pattern. 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”

The 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 CO₂ 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 CO₂ 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.



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BOARD OF DIRECTORS

The Extraordinary Shareholders' Meeting, held on January 2, 2015, approved the appointment of Bernd Osterloh to the Board of Directors of the company, with effect as of the same day, as well as of Dr. Stefan Piëch and Mark Philipp Porsche with effect from March 16, 2015.

The Extraordinary Shareholders' Meeting, held on November 1, 2015, approved the appointment of Luca de Meo to the Board of Directors of the company, with effect as of the same day, replacing Jürgen Stackmann.

Chairman

Dr. Francisco Javier García Sanz

Board Members

Martin Mahlke

Matthias Müller

Bernd Osterloh

Dr. Stefan Piëch

Mark Philipp Porsche

Luca de Meo

Klaus-Gerhard Wolpert

Secretary and Legal Counsel

Luis Comas Martínez de Tejada



EXECUTIVE COMMITTEE

1 Luca de Meo	Chairman
2 Holger Kintscher	Finance, IT & Organisation
3 Dr. Andreas Offermann	Sales & Marketing
4 Ramón Paredes	Governmental & Institutional Relations
5 Dr. Matthias Rabe	Research & Development
6 Xavier Ros	Human Resources
7 Dr. Andreas Tostmann	Production
8 Klaus Ziegler	Purchases

The Board of Directors appointed Xavier Ros as Human Resources Vice-President, with effect from September 1, 2015, replacing Josef Schelchshorn.

The Board of Directors appointed Luca de Meo as new Chairman of the Executive Committee of SEAT, S.A. in place of Jürgen Stackmann, with effect from November 1, 2015.