ŠKODA AUTO A.S. - SIMPLY CLEVER

KLAUS-DIETER SCHÜRMANN (CFO)

01/22/2019 18th German Corporate Conference
UniCredit | KeplerCheuvreux
Frankfurt am Main (Germany)
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The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

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.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

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This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
ŠKODA AUTO A.S.: 124 YEARS DRIVEN BY INVENTIVENESS

The origin
Founders
Laurin & Klement

Eventfull period
WWII
Communism

New era
(powered by VW group support)

1895 1905 1925 1939 1990 2019

Next level
E-mobility
Digitalization
Mobility services

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

![Graphs showing changes in model families, markets served, operating profit, employees, and daily production from 1991 to 2017]
## STRONG POSITION IN 2018/Q1-3

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

* Percentage points
SOLID PERFORMANCE DESPITE HEADWINDS IN 2018/Q1-3

Exceptional year

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

1.206

WLTP
FX-effects
Prep. Effort (e-mobility, digit.)

Growth Optimization Efficiency

1.083

Challenging environment

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

2017 Q1-3 Headwinds Countermeasures 2018 Q1-3
RECORD DELIVERIES TO CUSTOMERS IN 2018

Σ 2018 (cars, thsd.) 1,253.7
Σ 2017 (cars, thsd.) 1,200.5
Growth (yoy) +4.4%

Western Europe 2017 2018
207 212 +2.8%

Central Europe 2017 2018
41 46 +11.5%

Eastern Europe (w/o Russia) 2017 2018
62 81 +30.7%

Russia 2017 2018
17 17 +0.8%

India 2017 2018

China 2017 2018
325 341 +4.9%
## ŠKODA OUTLOOK FOR 2018

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018 (Outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliveries to customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cars (in thsd.), incl. China</td>
<td>1,126.4</td>
<td>1,200.5</td>
<td>Again above prior year (+ 4.4 %) at 1,253.7</td>
</tr>
<tr>
<td>Sales revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€ (in million)</td>
<td>13,905</td>
<td>16,559</td>
<td>Up to + 5% (yoy)</td>
</tr>
<tr>
<td>Operating return on sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>8.7</td>
<td>9.7</td>
<td>n/a¹</td>
</tr>
</tbody>
</table>

¹ Not available due to quiet period
FAST FORWARD: TRANSFORMING THE BUSINESS

~ 2.0BN € INVESTMENT (2019-23)

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

Connectivity & Digital services (incl. After-Sales)

BEV & e-mobility solutions

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 ≥ 7%
POWERFUL SUV OFFENSIVE

2017
KODIAQ
KODIAQ SCOUT
KODIAQ SPORTLINE

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

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 gratter, and when all’s said and done, that’s what you’re after.”
Top Gear [UK], 12/17/2018

2018
KODIAQ GT

KAROQ vs. Nissan Qashqai & Renault Kadjar
„Eine schlechte Wahl treffen Sie mit keinem der drei […] SUV. Mit dem neuen Skoda Karoq allerdings eindeutig die beste.“
Auto Bild [DE], 06/01/2018

2019
KODIAQ RS

KAMIQ
KAMIQ GT

CITY SUV

ŠKODA AUTO a.s. – Simply Clever (Presentation at DTM German Corporate Conference – 19/12/2019 for internal use only (Germany))
GREAT NEW ICE & E-MOBILITY PRODUCTS UNTIL 2020

ICE
- SCALA
- KODIAQ RS
- SUPERB HATCH & ESTATE
- OCTAVIA HATCH & ESTATE

PHEV
- SUPERB HATCH & ESTATE
- OCTAVIA HATCH & ESTATE

BEV
- 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 – Škoda bietet diese serienmäßig in jedem Fahrzeug an”
Hannoversche Allgemeine & Leipziger Volkszeitung [DE], 04/21/2018

Richtig verbunden
“Škoda 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
### “ATTACK PLAN” TO MAKE THINGS HAPPEN

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Measures</th>
</tr>
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<tbody>
<tr>
<td>Exploit market penetration</td>
<td>Active volume-mix management</td>
</tr>
<tr>
<td>Manage product cost</td>
<td>Offer optimization &amp; pricing strategy</td>
</tr>
<tr>
<td>Control CAPEX &amp; fixed costs</td>
<td>Product optimization &amp; CO₂-steering</td>
</tr>
<tr>
<td>Reduce complexity</td>
<td>Value engineering (incl. sustainability)</td>
</tr>
<tr>
<td>Sustain RoS &amp; cash generation</td>
<td>Project prioritization &amp; platform discipline</td>
</tr>
<tr>
<td></td>
<td>Efficiency of indirect areas</td>
</tr>
<tr>
<td></td>
<td>Product variants &amp; engine/gearbox efficiency</td>
</tr>
<tr>
<td></td>
<td>Design to manufacture</td>
</tr>
<tr>
<td></td>
<td>Safeguard internal financing</td>
</tr>
<tr>
<td></td>
<td>Enable transformation</td>
</tr>
</tbody>
</table>
Taking benefits from new volume group

**TOGETHER 2025**
*Group strategy*

<table>
<thead>
<tr>
<th>Volume (VW, Škoda, SEAT, Commercial Vehicles, MOIA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium (Audi, LAMBORGHINI™, DUCATI™)</td>
</tr>
<tr>
<td>Sport &amp; Luxury (PORSCHE, BENTLEY, BUGATTI)</td>
</tr>
</tbody>
</table>

- 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

40%  65%  70%  UP TO 80%

2015  2018  2020  2025

Other  MQB  Projections based on volume planning PR 67.1

Similar approach for BEV with MEB
ALIGNED CULTURAL CHANGE & SYSTEMS

CULTURE

> Common values & accountability

STEERING

> Common priorities & focus

COMPENSATION

> Common performance & collaboration

- group
- brand
- top management
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