

## SEAT posts positive financial results and faces a challenging year

- Double-digit sales growth drives key financial indicators to record figures
- Profit after tax goes up by 17.5% and reaches 346 million euros
- SEAT devoted 1.259 billion euros to investments and R&D expenses (+3%)
- Carsten Isensee: “The 2019 results provide a solid foundation on which to build the future”
- **Wayne Griffiths:** “CUPRA will **be key to boosting the company’s** long-term operating margin”
- The company will pay employees a profit-based bonus of 1,550 euros
- **Carsten Isensee:** “The coronavirus pandemic prevents any reliable forecast regarding the impact on the global economy and SEAT’s **performance in 2020**”

Martorell, 25/03/2020\*. In 2019 SEAT maintained the positive momentum of the last four years and achieved record financial results that enable to successfully tackle the challenges of 2020. The Spanish company posted a profit after tax of 346 million euros, 17.5% more than in 2018 (294 million). Operating profit rose by 57.5% to 352 million euros (2018: 223), and turnover grew by 11.7 percent for a total of 11.157 billion euros compared with 2018 (9.991), driven by increased sales.

SEAT President and Vice-president for Finance and IT Carsten Isensee emphasised that “2019 was a positive year for SEAT. The figures obtained thanks to the teamwork of the entire organisation put us in an optimal position. Last year’s results provide a solid foundation on which to build **the company’s long**-term future.”

In 2019, SEAT allocated 1.259 billion euros to accelerate its investment programme, mainly for the development of new models, including electrified vehicles. This is 3% more than in 2018 (1.223) and is the highest amount in the company’s history. Of this volume, 705 million, 6.4% of the total turnover figure, was allocated entirely to R&D, 7.5% more than in 2018 (656). Almost 5% of the total R&D expenditure in Spain in 2019 corresponded to SEAT, the country’s leading industrial investor in R&D.

Furthermore, operating cash flow went up by 56.2% to 1.092 billion euros (2018: 699), 9.8% of turnover. SEAT is one of the 10 best Spanish companies in terms of operating cash flow, which demonstrates its financial sustainability as well as the capacity to self-finance future investments.

Isensee pointed out that “these figures support **SEAT’s financial** strength. The efforts made by all areas of the company to optimise expenses have enabled us to achieve efficiencies in product costs, promote innovation among our suppliers and control indirect costs. Our main objectives are to increase the profitability of the range, gain efficiency and improve **our operating margin.**”

Sales, a strong pillar of growth

SEAT deliveries totalled a record high for the second year running, amounting to 574,078 vehicles delivered in 2019, up 10.9% from a year earlier. The positive evolution of this result was based on the

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\* Due to the effects of COVID-19, and on an exceptional basis, SEAT has not called a press conference this year to present the company’s annual results.



commercialisation of vehicles with a higher contribution margin. In 2019, SEAT increased its average revenue per vehicle by 4.2% to 15,050 euros/car (2018: 14,450 euros) thanks to SUVs (44% of the cars sold by SEAT in 2019 were either Arona, Ateca or Tarraco models) and CUPRA. The new brand made a substantial contribution to these results, with sales reaching 24,662 units, 71.8% more than the year before.

In 2019, SEAT's exports of both vehicles and components reached 81% of turnover (9.014 billion euros), a figure that consolidates it as Spain's leading industrial exporter, with around 3% of the country's total exports.

In this context, and as part of its global strategy, the company looks to Latin America with the ambition of growing in this region in the future. Mexico is the leading market in Latin America with 24,314 vehicles sold last year, 5.4% more than in 2018. SEAT started its commercial activity in Chile last year and launched an expansion plan in Colombia. In February 2020, the brand also kicked off a growth strategy in Peru.

In Europe, the automaker set a new sales record in Germany, with 132,537 vehicles sold, up 16.1%, while in Spain it led the market again with 107,954 vehicles delivered, up 0.2%. In the United Kingdom, the company's third largest market, sales continued to grow, reaching a record 68,822 units (+9.5%). SEAT also posted its highest ever sales volume in relevant markets such as Austria, Switzerland, Poland, Israel, Sweden and Denmark.

According to SEAT Vice-president for Sales and Marketing and CUPRA CEO Wayne Griffiths, "our deliveries increased by double digits for the third year in a row, in a context of slowdown. Our main goal for this year is to improve the profitability of our sales and stabilise our market share." Griffiths added that "CUPRA is a strategic priority within SEAT. With more emotional models and a higher contribution margin, CUPRA aims to reach a turnover of 1 billion euros when all its models are in the market. The brand will be crucial in boosting the **company's operating margin.**"

Martorell, the leading car manufacturing plant in Spain

From an industrial standpoint, SEAT vehicle production grew by 12.1% in 2019 to a record 592,019 cars (2018: 528,293). In 2019, SEAT produced vehicles in Martorell, Kvasiny and Mladá Boleslav (Czech Republic), Wolfsburg and Zwickau (Germany), Palmela (Portugal) and Bratislava (Slovakia).

In 2019, SEAT Martorell produced a total of 500,005 vehicles and despite the production stoppage due to the fire at the facilities of a supplier, achieved its highest production output since 2000. This figure was 5.4% more than in 2018 (474,300) and enabled Martorell to consolidate its position as the factory that produces the most cars in Spain, the second largest car production market in Europe.

Martorell closed the year with a utilisation level above 90% of its maximum capacity and a production of almost 2,300 vehicles per day. In 2020, the plant will debut production of the new Leon, with the SEAT and CUPRA badge, and the CUPRA Formentor. In addition, for the first time it will start manufacturing electrified vehicles with the plug-in hybrid versions of the Leon series.

As part of its commitment to combat climate change and decarbonisation, SEAT allocated 27 million euros to investments in sustainable initiatives at the Martorell plant with the aim of reducing CO<sub>2</sub> emissions. SEAT is working on an ambitious environmental strategy, called Move to Zero, which among other measures aims to reduce CO<sub>2</sub> emissions in the entire product cycle. One of the main objectives of this plan is to achieve a zero carbon footprint for the Martorell plant by 2030.

With a core workforce of 14,663 on 31 December 2019, SEAT is one of the largest employers in Spain. 98% of the employees have a permanent contract. Thanks to the extraordinary results, SEAT will pay its employees a profit-related bonus of 1,550 euros, 250 euros more than established in the collective agreement and the highest in history, in recognition of their decisive contribution to last year's results.

2020, a challenging year

The automotive industry is at the greatest moment of transformation in its history and the next few years will be decisive, with profound changes that will impact the entire sector. The most imminent challenges are the development of the electric vehicle, emission reduction targets, new mobility, the fight against climate change, and an adverse macroeconomic scenario, compounded by the serious impact of COVID-19, which has forced SEAT to launch a Temporary Employment Adjustment Plan.

SEAT President and Vice-president for Finance and IT Carsten Isensee stated that **“in 2020, we will work very hard to address the various challenges that will affect our business, such as the downturn in the markets and especially the effects of COVID-19. The coronavirus pandemic prevents any reliable statement regarding the impact on the global economy and SEAT's business performance in 2020. In this context, the implementation of measures to secure liquidity will be of the utmost importance while this crisis continues. When it is over, our priority will be to resume normal production and sales as quickly as possible.”**

In order to stay ahead of the challenges of the future, in 2019 SEAT adopted strategic decisions related with important projects. In this sense, and within the framework of the revision of the strategy of the brands, markets and production systems of the Volkswagen Group, SEAT decided to postpone its entry into China and will not be part of the shareholding structure of JAC Volkswagen, although it will continue to collaborate in the areas of Design and R&D. Moreover, Volkswagen is now leading the development of the Group's Modular Electric Propulsion (MEB) platform for electric vehicles of around 4 metres in length and SEAT is actively collaborating on this project together with other Group brands.

There are also other uncertainties in some markets, such as the United Kingdom or Algeria, which can hamper the company's activity. For example, following the regulatory changes agreed in Algeria in mid 2019, SEAT stopped assembling vehicles, as did all other manufacturers in the country. SEAT and the Volkswagen Group are currently analysing possible ways to continue operating in Algeria with the authorities, as they maintain their commitment and interest in the country and the entire region.

The electrification of SEAT and CUPRA kicks off

SEAT and CUPRA will launch five new electric and plug-in hybrid models in 2020 and 2021, which will join the electric version of the SEAT Mii which is already on sale. The Leon model lineup will feature plug-in hybrid electric models under the SEAT and CUPRA brand, the SEAT Tarraco will have a PHEV

version and the CUPRA Formentor, the first model designed and developed for the CUPRA brand, will also have a plug-in hybrid electric variant. In addition, the el-Born will be the company's second 100% electric vehicle after the Mii electric.

The SEAT range will also have more efficient combustion engines over the next few years to increase the options available to customers. In this sense, the new Leon will be launched with petrol, diesel, plug-in electric hybrid, micro hybrid and compressed natural gas versions.

In 2020, the company will also continue its commitment to urban mobility and for the first time in its almost 70-year history is launching an electric e-Scooter and a new electric kickscooter. In 2019, SEAT sold 11,000 units of the SEAT EXS KickScooter. With these vehicles and the product offensive under way, SEAT is preparing to tackle the transformation of the automotive industry and offer alternative mobility services as well.

(\* ) SEAT prepares its financial statements individually according to the Spanish General Accounting Plan, without including its subsidiaries. The Volkswagen Group applies international accounting standards (IAS/IFRS) and consolidates the SEAT brand figures.

SEAT is the only company that designs, develops, manufactures and markets cars in Spain. A member of the Volkswagen Group, the multinational has its headquarters in Martorell (Barcelona), exports 81% of its vehicles, and is present in more than 75 countries. In 2019, SEAT sold 574.100 cars, the highest figure in its 70-year history, posted a profit after tax of 346 million euros and a record turnover of more than 11 billion euros.

In 2019, SEAT allocated 1.259 billion euros to accelerate its investment programme, mainly for the development of new electrified models. In addition, and as part of its commitment to decarbonisation, it invested 27 million euros in sustainable initiatives and is working on an ambitious environmental strategy, called Move to Zero, which aims to make Martorell a zero-carbon footprint plant by 2030.

SEAT employs over 15,000 professionals and has three production centres – Barcelona, El Prat de Llobregat and Martorell, where it manufactures the highly successful Ibiza, Arona and Leon. Additionally, the company produces the Ateca in the Czech Republic, the Tarraco in Germany, the Alhambra in Portugal and the Mii electric, SEAT's first 100% electric car, in Slovakia.

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