



ŠKODA
SIMPLY CLEVER

Smart Mobility Summit 2019

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Speech Bernhard Maier

CEO ŠKODA AUTO

Shalom and thank you very much for the invitation to this year's Smart Mobility Summit, dear Anat Bonshtien!

Ladies and gentlemen,

Can you remember where you were when Neil Armstrong became the first person to step foot on the moon – if you were alive at the time...

I witnessed the event as an excited nine-year-old, watching it at home with my parents and at school with my classmates. Above all, I was deeply impressed by the astronauts' courage.

On 22 February this year, I was fascinated once again. You all know what I'm referring to: This was the first time Israel was sending an orbiter to the moon. I shared in the excitement when the rocket was launched and was saddened when Beresheet crashed on the lunar surface on 11 April.

Shortly before, the orbiter sent a final, almost iconographic selfie that's still fresh in my memory. It captures the Earth in the background and a flag that was attached to the lunar landing module. The short and clear inscription read 'Small country, big dreams.'

Do you know what has left a lasting impression on me? The reaction to the failure. There was no frustration; rather a powerful sense of self-confidence. We gave it a try!

You, ladies and gentlemen, are a great role model for us in Europe, where we often shy away from risks for fear of failure. Only one thing is clear – and you have known this for a long time: "If we are not making mistakes, it means we are not trying enough new things" – as Nike founder Phil Knight once put it.

Ladies and gentlemen,

Why am I telling you this story? No, ŠKODA isn't about to fly to the Moon – at least not in the foreseeable future...

I'm interested in the attitude of the people involved – both then and now: having the courage to break new ground, leave the own comfort zone and also to accept failure and learn from mistakes.

I can think of several other characteristics that are particularly noticeable here in Israel:

- Creativity and curiosity,
- The love of experimentation and speed,
- Unconventional approaches and consistency in the actions

This mindset, ladies and gentlemen, supports the fundamental prerequisite to create and invent great things – from the USB stick, the firewall and the most popular Intel processor to the drip irrigation systems that are also used in German vineyards – all inventions from Israel.

It comes as no surprise to me: Right here is the concentrated strength of innovation:

- There are currently 225 hubs including accelerators, co-working spaces and entrepreneurship programmes.
- 300 multinational corporations have their own R&D facilities in the country.
- Israel regularly sets the world record for the most start-ups per capita.
- The country is setting standards in the fields of agri-tech, medical technology and cybersecurity.¹
- And the country is also expanding its pioneering role in the automotive industry: the number of mobility start-ups has risen from 87 to 640 over the past six years; ten per cent of all start-ups in Israel are now involved in this sector.²

It's not only as a visitor that I witness this deep-rooted innovative strength but also as the CEO of ŠKODA. We have been inspired by this unique spirit and feel very much at home here, and that hasn't happened overnight.

- As early as 1949, 51 ŠKODAs made their way to the newly established state.
- In 1991, it really started with the import of our best-selling FAVORIT and FORMAN models.
- And for the past seven years, we have been the strongest European brand and fourth-largest automaker in the country with a market share of 8%.

Ladies and gentlemen,

This success is not a coincidence; it is the result of a strong partnership: We are building on the trusting and long-standing cooperation with our importer Champion Motors, which is part of the well-known Allied Group, a real powerhouse here in Israel.

In short: ŠKODA and Israel go hand in hand!
And I believe that is for three good reasons:

- First, our mindset: our brand essence expresses it in a nutshell: 'Driven by inventiveness – clever ideas since 1895'. Ingenuity is deep-rooted in our DNA. We dare to try new things, we're curious, and we never rest on our laurels. This mindset has helped us become one of the five longest-established carmakers in the world. And this mindset has helped Israel to become a magnet for inventors, pioneers and those who think out of the box.
- Secondly, we have a common understanding of functionality and aesthetics: we express that in the distinctive, timeless and elegant design of our vehicles – influenced and inspired by Bauhaus and Cubism. In Israel, you simply need to walk through the White City in Tel Aviv to experience the world's largest ensemble of Bauhaus architecture.
- And third, the 'simply clever' approach: we devise solutions to make our customers' lives easier, safer and more comfortable. Our focus is on the customer, and we think and act pragmatically and practically. We are the inventors of the ice scraper in the fuel tank cap and the luggage compartment hook. Also typical of ŠKODA: the umbrella in the driver's door and the all-new integrated funnel for the windscreen washer tank. This way of thinking is also evident in Israel, proven by the many inventions coming out of this country.

¹ all figures from: Startup Nation Central Annual Report, page 4

² Trade journal: "Hotspot Tel Aviv", 04.08.2019

Ladies and gentlemen,

I'm convinced: It is exactly this spirit that is needed to shape the mobility of the future. The automotive industry is in the midst of its most profound change. It will look significantly different ten years from now.

Thanks to digitalisation and autonomous driving, the car will become the 'perfect third place' after the office and our home. We will suddenly have much more free time. This means in the future, we will be spending significantly more time in the car than now.

Autonomous driving, in particular, will make the change so obvious: Today, a standard vehicle generates around 25 gigabytes of data per hour. For self-driving cars, it will be 3,600 gigabytes.

And we all know that – used intelligently – this vehicle data will be crucial for

- Increasing safety
- Lowering costs
- And – just as importantly from a business perspective – generating more revenue.

This presents us in the auto industry with questions that so far have only been posed by tech companies – for example, how to use data responsibly.

One thing is certain: we will continue to manufacture cars in the future. However, the prerequisites and conditions are going to change fundamentally. Not least due to the four major megatrends of our time: digitalization, demographic change, sustainability and urbanization. I am sure that they will also be discussed at this Summit.

At ŠKODA, we are addressing this transformation process at all levels through our Strategy 2025:

- From analogue to digital.
- From the internal combustion engine to the e-car.
- Towards agile processes with flat hierarchies
- From a traditional car manufacturer to the 'Simply Clever Company for the best mobility solutions'.
- And – if you like – from singular products to holistic solutions.

That's why it was logical and consistent for us to set up the DigiLab Israel in Tel Aviv as the first offshoot of our Prague DigiLab in January 2018. This takes our digitalisation activities to a new level:

We are networking intensively in the local start-up scene, working closely with the best minds in AI, big data, cybersecurity and vehicle sensor technology.

In our view, partnerships are tremendously important in expanding the digital business. Neither the established car manufacturers nor mobility start-ups will be able to create the new world of mobility alone. That's why we are opening ourselves up. Our motto is 'silo-thinking is out, partnering is key!'

We are now working with around a dozen promising start-ups through our ŠKODA DigiLab Israel. From the creative collaboration, concrete products, services and business models are now emerging that we are using to generate revenue and earnings today or in the near future.

And the Smart Mobility Summit is exactly the right place to share some exciting news about our partnerships:

- ŠKODA has been involved with Anagog, an AI software developer for the mobility sector, since July 2018. They are helping us to better understand customer behaviour in certain situations, and, for example, guide drivers to the nearest available parking space. The software will be ready for its first application by the end of the year: we will be using it to power our newly launched Citymove app, which calculates the smartest route through a city, allowing users in Prague to book different modes of transport. This will be rolled out successively in other cities.
- Chakratec is another exciting example: this start-up has developed the first kinetic charging station. The technology absorbs peak loads in the power grid and makes it possible to operate ultra-fast charging stations even in remote locations. The ingenious thing about it is that it's 100% mechanical, and so it does not require chemical batteries, making it particularly environmentally friendly. In mid-November, we will be launching the first charging station of its kind in Prague. And many others are in the pipeline.
- Our third example is Guardian – a group that develops intelligent cabin sensors that can detect, for example, trapped babies, tired drivers or incorrect seatbelt fastening. As soon as this technology is ready for series production, we are going to install it in our vehicles.

Ladies and gentlemen,

At this point, I would like to say a big thank you to all these teams who are working with great dedication, passion and ingenuity. It's inspiring and, at the same time, motivating to see us working side-by-side on solutions that are sustainably improving our customers' lives on the road – not just in five or ten years, but today.

And now we are joining forces with five new partners:

- Silentium.
- Neteera.
- ContinUse Biometrics.
- Intervyo.
- and Seebo.

Ladies and gentlemen, I'm looking forward to sharing thoughts with you, and I can hardly wait to incorporate your ideas into our products and services!

This brings us closer to our target vision we have defined for 2025. As you remember: 'ŠKODA – the Simply Clever company for the best mobility solutions.'

And we are not starting from scratch: with HoppyGo, SmileCar, CareDriver, Uniqway, weShare and BeRider, we already have a whole range of mobility-on-demand and vehicle-on-demand solutions in the programme.

Ladies and gentlemen,
The automotive industry is changing at a more fundamental level than ever before. Yes, this transformation is highly complex and sometimes nerve-wracking. But above all, it is incredibly fascinating – a once in a lifetime opportunity for everyone involved in shaping it.

And this year’s Smart Mobility Summit covers the topics that we need to talk about now:

- Alternative drive technologies
- Mobility as a service
- Autonomous Driving
- Smart cities
- And many many more.

At ŠKODA, we are seizing the opportunities offered by these fields. Our goal is to emerge stronger from the transformation process.

And that’s why we need to leave our comfort zone more often and more consistently. Let’s think outside the box, courageously break new ground and stay creative and curious!

Ladies and gentlemen,
We are all working together on the future of mobility, boldly looking ahead and drawing inspiration from Tel Aviv and its spirit! I’m sure I’ll be returning to Prague with many fresh impulses!

Tudah and yom tov!

