



ŠKODA Annual Press Conference

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Closing Words, Thomas Schäfer
CEO ŠKODA AUTO

Outlook 2021

*** check against delivery ***

Thanks, Martin!

Ladies and gentlemen,

I now come to the outlook for the current business year. One thing is clear: 2021 is and will remain extremely challenging and volatile – Corona is not yet defeated.

We are actively fighting the virus:

- At the beginning of March, we once again vastly expanded testing capacities at our Czech locations: Every employee working in the factory or office is now being tested once a week free of charge.
- Our vaccination centres are ready to vaccinate the ŠKODA AUTO team against COVID-19 at all Czech locations.
- As soon as the vaccine becomes available, we will get started: quickly, flexibly and, of course, free of charge for the workforce.

In cooperation with our social partner KOVO, we are doing everything we can to protect our employees.

And it's not just the virus itself that challenges us, but also its side-effects: Like everyone in the industry, we are challenged by the supply shortage of semiconductors. Currently we cannot assess the impact yet. However, we keep on fighting for every single car with effective countermeasures, for example, by adapting our production processes according to demand.

Ladies and gentlemen,

We have to deal with the pandemic. But we won't let it stop us. ŠKODA has some fantastic new products in the pipeline. It will be an exciting year!

- The first one is the Europe-wide rollout of our ENYAQ iV: Due to high demand, we are increasing our production capacities to up to 350 units per day.
- I am particularly looking forward to the world premiere of the ENYAQ iV Coupé: our second, highly evocative all-electric car, built on the MEB platform.
- The world premiere of the new FABIA generation is coming up in May; I'm already looking forward to it. I received lots of positive feedback from you during the Covered Drive in Zell am See in February. The new generation once again delivers on our promise of offering the best value for money in the entry-level segment. Furthermore we will once again bring a COMBI variant to the market.
- And we are making our best-selling SUVs KODIAQ and KAROQ fit for the years ahead.

These new models for 2021 demonstrate how impressively ŠKODA has evolved into an international player over recent years. Our model campaign is by no means limited to Europe; we will also be making a new start on the Chinese market in 2021. And I agree with what Herbert Diess was saying a few days ago at the Volkswagen Group Annual Press Conference: ŠKODA has everything to succeed in China.

Just a few weeks ago, we introduced our new OCTAVIA PRO. It meets the same high technical quality standards as the European RS version and has been specifically tailored to customers' needs in China: with a longer wheelbase and a slightly modified, very emotive design. There are more than 1.4 million OCTAVIA owners across China – I'm sure there will soon be many more thanks to the OCTAVIA PRO.

India is also making great strides – after two and a half years of intensive work on the INDIA 2.0 project, the big moment has now arrived: A week ago, we presented the KUSHAQ. Here it is! Our compact SUV is the first of four models that we will be realising before the end of 2022: two from ŠKODA; two from Volkswagen. We are counting on the Indian market – as is the International Monetary Fund, by the way: it expects India's economy to grow by 11.5% this year.

We are also stepping up our activities for the Group in Russia and North Africa; we see huge potential in both regions:

In Russia, we are benefiting from our many years of experience and from our deep understanding of the region. Last year, we were able to increase our market share by 6.8 percentage points – we want to maintain this successful course.

We are also going to strengthen our activities in Egypt, Morocco, Algeria and Tunisia. Egypt alone has around a hundred million inhabitants and wants to become a car nation. We are analysing how we can leverage this potential.

Ladies and gentlemen,

This year – in four days to be precise – we are celebrating a momentous anniversary: ŠKODA has been part of the Volkswagen Group for 30 years.

After the Czech Minister of Industry at the time, Jan Vrba, and the former VW Chairman of the Board, Carl Hahn, signed the contract in 1991 – which you can see here in the background – a true European success story unfolded:

- Our annual vehicle deliveries have increased six-fold since then.
- We now operate in more than 100 markets.
- In addition to the three original Czech production sites, we also produce in China, Russia, Slovakia, India and Ukraine.
- We are the largest private-sector company in the Czech Republic and account for 5% of the country's gross domestic product and 9% of its exports.
- Our brand is a real asset to the Volkswagen Group and now has taken on responsibility in a variety of ways, for example in the regions and in production.

The people involved at that time set the right course for the impressive development of ŠKODA AUTO – with determination, foresight and courage.

It is precisely these qualities that are important now, looking ahead.

This decade will determine ŠKODA AUTO's long-term competitiveness. Our company will certainly be very different: electrified, digital and even more international than it is today. We are working intensively on our Strategy 2030 – NEXT LEVEL ŠKODA which we will be presenting to you later this year.

It builds on the principles Expand, Explore, Engage that I already outlined in the first part of my speech. Leading us through this process is our authentic ŠKODA spirit.

Ladies and gentlemen,

With the long-term CO₂ targets set in 2020, the direction is now clear: our core market in Europe is going to be the electric-car market. Of course, we want to take a big slice of this cake – to safeguard jobs at ŠKODA and in the Czech Republic.

What are we doing specifically to achieve this?

We have brought electromobility to the Czech Republic and, in addition to our electric and plug-in hybrid models, we manufacture vital e-components here, including for the Volkswagen, Audi and SEAT brands. And this development will continue; I expect ŠKODA to have an electric share in Europe of more than 50 per cent by 2030.

There are still a few hurdles to overcome along the way, however: For example, we need more green electricity, and we urgently need a better infrastructure for electric vehicles. Also, it is clear that an automotive location as important as the Czech Republic will be handling battery production for electric vehicles in the future. We can see from the example of Spain how the private sector and politicians can work together to develop solutions to secure the future.

The Volkswagen Group announced on Monday to build six gigafactories in Europe by 2030 together with partners. So far, no decision has yet been made for any other site than Salzgitter in Germany and the location in Sweden. Further decisions will be taken after thorough negotiations with all responsible partners from private and public sectors in different countries. With regard to Czech Republic - ŠKODA would be happy to be part of it. A Gigafactory would be the next logical step to transform the Czech Republic into an e-mobility hub.

And that again brings us one step closer to our common goal: we want to make ŠKODA and the Czech Republic the winners in the automotive industry's transformation process.

Thank you very much for your attention. And we are now happy to answer any questions you may have.
