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The company at a glance: ŠKODA AUTO continues its success and enters the era of electromobility

- › ŠKODA AUTO sees increased operating profit and sales revenue in first half of 2019
- › Czech manufacturer successfully enters the era of electromobility by launching iV E-Mobility sub-brand and electrified production models, the CITIGO^e iV and SUPERB iV
- › INDIA 2.0: ŠKODA AUTO is responsible for leading Volkswagen Group's model campaign in India
- › ŠKODA AUTO DigiLab boosts the company's innovative capability and digital development expertise

Mladá Boleslav / Frankfurt, 9 September 2019 – ŠKODA AUTO is consistently pressing ahead with its transformation from purely a car manufacturer into a Simply Clever company for innovative mobility services. The Czech carmaker impresses with its modern product portfolio and a financially robust position. In the first half of 2019, ŠKODA continued its success in terms of sales and financial results. What's more, the manufacturer officially entered the era of electromobility by launching the iV E-Mobility sub-brand and its CITIGO^e iV and SUPERB iV electrified production models. ŠKODA is continuously advancing the implementation of its 2025 Strategy when it comes to digitalisation too: ŠKODA AUTO DigiLab has sites in Prague, China and the IT hotspot of Israel. It has already brought several new digital services onto the market and entered partnerships with start-ups. In addition, the carmaker is responsible for leading Volkswagen Group's model campaign on the Indian market as part of the INDIA 2.0 project.

ŠKODA AUTO is continuing its growth in 2019 too. From January to June, the company boosted sales by 10.8 per cent to 10.154 billion euros; its operating profit increased by 0.3 per cent to 824 million euros in the same period. The manufacturer delivered 620,900 cars all over the world during the first six months of this year, slightly below the record result of last year (January to June 2018: 652,700; - 4.9%). The main reason for this is that the overall passenger car market in China is currently declining. In the rest of the world, deliveries to customers in the first six months of the year rose by 1.6 per cent to 495,000 cars (first half of 2018: 487,200). Given the consistently high demand and the considerable sums spent on E-Mobility and digital mobility services, ŠKODA feels it is key to create and utilise additional capacity in good time.

As part of its growth strategy, ŠKODA utilises an international and efficient production network. At present, the company manufactures at a total of 16 sites in nine countries. The successful internationalisation of the ŠKODA brand is also reflected in the fact that it built its 22 millionth car in mid-April 2019 in China.

Successful starts of production in 2019

This year alone, ŠKODA AUTO has successfully started producing three models at its Czech plants. Production of the SCALA began at the main plant in Mladá Boleslav in early February. And with this, a new chapter began for ŠKODA in terms of technology: the compact car is the brand's first model to be based on Volkswagen Group's MQB-A0 platform.

Another all-new model has been rolling off the line in Mladá Boleslav since the beginning of July – the compact KAMIQ city SUV, which completes ŠKODA's SUV portfolio at the lower end. ŠKODA has invested approximately 100 million euros in its main plant to prepare for KAMIQ production.



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The production line has been adapted for the MQB27 platform and new press tools have been created. In the paint shop, body shop and final assembly, ŠKODA made numerous changes to facilitate the assembly of the new split headlights with LED technology, for example. Each day, 400 new KAMIQs leave the factory.

In the same month, production of the modernised ŠKODA SUPERB began. All of the variants of the flagship are traditionally made at the state-of-the-art Kvasiny facility, where in 2018 more than 300,000 cars rolled off the line in one year for the first time. ŠKODA is continuing with this success story by beginning production of the comprehensively updated version of its third SUPERB generation.

September 2019 sees the start of a new era for the staff in Kvasiny, as they are set to start manufacturing the SUPERB iV plug-in hybrid. The Czech car manufacturer's first electrified production model will be built on the same lines as the other SUPERB variants. This makes Kvasiny the only Volkswagen Group plant to produce plug-in hybrids and cars with a conventional engine using the same machines.

New paint shop opened in Mladá Boleslav

In August 2019, ŠKODA AUTO opened a new paint shop at its main plant in Mladá Boleslav. Up to 168,000 car bodies will be coated with paint there each year, taking the site's total annual painting capacity up to 812,000 vehicles. ŠKODA AUTO has invested 214.5 million euros in the new building, creating more than 650 new jobs. The facility is one of the most cutting-edge and eco-friendliest of its kind in Europe. Robots have taken over numerous production steps.

Electromobility: ŠKODA has entered a new era

In mid-May, the company presented its new iV E-Mobility sub-brand in the Slovakian capital of Bratislava. There, the manufacturer also showcased the two first electrified production models in its history: the all-electric CITIGO[®] iV and the SUPERB iV plug-in hybrid, which are both set to make E-Mobility Simply Clever – offering quick charging, long ranges and affordable prices. ŠKODA has thus officially entered the era of electromobility, setting the course for a successful future.

More than 13,000 employees already trained in electric vehicle production

Whilst the ŠKODA SUPERB iV is beginning production at the state-of-the-art, recently and comprehensively expanded ŠKODA AUTO Kvasiny plant in September 2019, the brand's all-electric models will be built in Mladá Boleslav. ŠKODA AUTO is comprehensively preparing its staff for the demands of electromobility. The company has already trained more than 13,000 employees in electric car production. ŠKODA AUTO is safeguarding jobs for the long term through an extensive training and qualification programme.

High-voltage traction batteries made in Mladá Boleslav

The company's main plant is set to begin manufacturing electric components for several Volkswagen Group brands in September 2019. ŠKODA AUTO makes high-voltage traction batteries in Mladá Boleslav. And these will supply the electric energy for Volkswagen Group plug-in hybrids, which are based on the MQB platform. The battery packs are being installed in the ŠKODA SUPERB iV, for example.

ŠKODA invested 25.3 million euros in the production lines for high-voltage batteries. Around two years ago, the brand began preparing the Mladá Boleslav plant for the manufacturing of electric



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components. Over the next few years, ŠKODA will further increase its initial production capacity of 150,000 units per year.

Approximately 200 employees work, either directly or indirectly, on the production of electric components. ŠKODA obtains battery cells and modules, the basic components of traction batteries, from external suppliers. Battery systems are not only assembled on the production line, they are also tested and charged there before being installed in the vehicles.

Expansion of the charging infrastructure at ŠKODA AUTO's Czech sites

At the same time, ŠKODA is supporting the development of an efficient charging infrastructure for electric vehicles. Today, the Technical Development, Quality Control, Sales and Production departments are already putting the charging infrastructure to the test at the ŠKODA site in Mladá Boleslav. The manufacturer invested a total of around 3.4 million euros last year: 1.65 million went into the modernisation and expansion of the power network, whilst ŠKODA AUTO spent a further 1.75 million on installing more than 300 charging points. These include more than 220 AC and more than 80 DC stations. More than 450 charging points are currently available; the company expects to have created approximately 7,000 by 2025 and plans to invest around 32 million euros to make this happen. Over 3,600 e-charging points at the plants themselves will be joined by another 3,100 in the surrounding area. These will be available to all ŠKODA staff.

Digitalisation: consistently driving forward with Industry 4.0

The digitalisation of processes, production and services are some of the key areas of activity in ŠKODA's 2025 Strategy. These include the implementation of technologies into vehicle production in line with Industry 4.0 principles. Today, ŠKODA AUTO already runs some of the most state-of-the-art car production facilities in the world. At the prestigious Lean Production awards, the Czech Kvasiny plant was presented with a 'Special Award – Smart Digital Application' for the ŠKODA project 'dProduction'. This initiative makes manufacturing more efficient, saves staff time, prevents errors, makes it easier to find digital documents as well as manuals, and helps with workplace orientation. The Czech manufacturer launched 'dProduction' in April this year at its Kvasiny factory for the ŠKODA SUPERB and ŠKODA KODIAQ assembly line. ŠKODA invested more than 1.2 million euros in the project. The company has been continuously modernising its production site in Eastern Bohemia for years so that it can run at maximum capacity.

INDIA 2.0: ŠKODA is responsible for VW Group's model campaign in India

ŠKODA took over management of the INDIA 2.0 project in June 2018. In this role, the carmaker is responsible for leading Volkswagen Group's model campaign on the Indian market. As part of the project, Volkswagen Group is investing one billion euros in its implementation, predominantly between 2019 and 2021. The investments are primarily being ploughed into developing ŠKODA and Volkswagen brand vehicles that are specially tailored to suit the needs of customers on the Indian subcontinent. The first of these is an SUV in the A0 segment. The car manufacturer will introduce the first design study as early as next year at the Auto Expo in Delhi.

The opening of the technology centre in Pune in January 2019 was the first major step in the implementation of the project. To ensure closest-possible proximity to the market, ŠKODA AUTO will achieve radical localisation of 95 per cent – virtually all of the vehicle components are made in India. Most of the technical development will take place locally. Around 250 Indian engineers will



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be responsible for the project management, electronics, infotainment, body design, interior, chassis and the vehicle as a whole.

ŠKODA AUTO DigiLab: innovative capability and digital development expertise

ŠKODA AUTO DigiLab serves as a key instrument and driving force of many digital innovation processes. This innovation workshop enhances the brand's development expertise in terms of digitalisation. As well as in the initial location of Prague, a joint venture between ŠKODA AUTO DigiLab and the Israeli ŠKODA importer Champion Motors began at the start-up hotspot Tel Aviv in early 2018. This was called ŠKODA AUTO DigiLab Israel Ltd. In April 2019, ŠKODA founded another spin-off of its innovation workshop in Beijing, called ŠKODA AUTO DigiLab China. All of the labs are considered part of the start-up scene, think outside the box and act in an agile manner. They design new business models, solutions and products for the mobility of the future.

Current projects illustrate how the clever digital services from the various DigiLab branches make customers' lives easier. Since March 2019 and in collaboration with the Czech online shops Alza.cz and Rohlik.cz, ŠKODA AUTO DigiLab in Prague has been developing a delivery system which has the courier place the delivery directly in the boot of the recipient's car. The service is currently being trialled in Prague. Based on the subsequent evaluation, the service will be optimised before ŠKODA will start to establish it in the market. At the IAA, the manufacturer will demonstrate for the first time how the **'Deliver by ŠKODA AUTO'** boot delivery is integrated with ŠKODA Connect in production models.

By launching the **CareDriver** mobility and social care service, ŠKODA AUTO DigiLab introduced a chauffeur service for children, the elderly and those with disabilities. ŠKODA AUTO DigiLab recently adapted it for the Chinese market. In addition to providing transport, specially trained drivers also look after their passengers.

Thanks to the **Citymove** app developed by ŠKODA AUTO DigiLab, the best route across the city is now just a touch away. The app consolidates urban public traffic, a rental bike service and ride hailing. ŠKODA AUTO DigiLab is also working on integrating other services, such as payment of parking fees. Citymove enables individual services to be booked and paid for in one app and is now available free of charge for Prague.

WeShare is the electric car-sharing service, thus offering emission-free and sustainable urban mobility. By doing so, WeShare is helping to make cities cleaner and quieter as well as to create more living space for everyone. The WeShare customer journey is completely app-based – from registration to booking and locking/unlocking the car – offering ultra-modern comfort. The WeShare service was successfully launched in June 2019 in Berlin by VW and, in collaboration with ŠKODA, will be brought to Prague in 2020. In addition, WeShare will expand to other European cities next year.

Users of the recently launched e-scooter sharing service **BeRider** in Prague can access a fleet of electric scooters. Fitted with LED headlights as well as front and rear brake discs, they enable users to make headway safely and efficiently in urban traffic. A category B driving licence is required to ride the electric scooters; two helmets are stowed in the top case of each scooter. With a range of up to 70 km, the zero-emission e-scooters are ideal for short to mid-range distances.



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Simple Care allows a car to be washed without any waiting times. The clever app reserves a car wash, directs the driver to it and manages the payment. At the car wash, the vehicle is identified automatically via the number plate.

In addition, ŠKODA AUTO is consistently developing the ŠKODA Connect functions and services. ŠKODA owners can now also use the **ŠKODA Connect Alexa skill** in Spanish and Italian, for example. And the system now comes with new functions: ŠKODA drivers can find out about the transmission and other information about the vehicle, as well as planned oil changes and maintenance. The same functions will soon be available for Google Home too. With the ŠKODA Connect Alexa skill, ŠKODA is offering its customers an even more convenient way to communicate with their own car. This can be done with ease from home using an Amazon Echo speaker or on the go via the Alexa smartphone app.

GreenFuture strategy reduces environmental impact in a variety of ways

ŠKODA groups its wide range of environmental activities under its GreenFuture strategy. ŠKODA AUTO has greatly reduced its environmental impact over the past few years – in car production for example. The company has reduced the energy used per vehicle built by 28 per cent since 2010 and reduced the amount of non-recyclable waste generated per vehicle built by 76 per cent.

One of the key GreenFuture projects in the manufacturer's home country is reforestation. Since back in 2007, the brand has been planting one tree for every ŠKODA car sold in the Czech Republic. By the end of 2019, more than 912,000 new trees will have been planted as part of the scheme. The unique initiative contributes to restoring forests and increasing biodiversity across the Czech Republic.



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ŠKODA AUTO

- › was founded during the pioneering days of the automobile in 1895, making it one of the longest-established car companies in the world.
- › currently offers its customers nine passenger-car series: the CITIGO, FABIA, RAPID, SCALA, OCTAVIA, KAROQ, KODIAQ, as well as the KAMIQ and the SUPERB.
- › delivered more than 1.25 million vehicles to customers around the world in 2018.
- › has been part of Volkswagen Group since 1991. Volkswagen Group is one of the most successful vehicle manufacturers in the world. In association with the Group, ŠKODA AUTO independently develops and manufactures vehicles, as well as components such as engines and transmissions.
- › operates at three locations in the Czech Republic; manufactures in China, Russia, Slovakia, Algeria and India mainly through Group partnerships, as well as in Ukraine and Kazakhstan with local partners.
- › employs over 39,000 people globally and is active in more than 100 markets.
- › is pressing ahead with the transformation from a traditional car manufacturer to the 'Simply Clever company for the best mobility solutions' as part of the ŠKODA 2025 Strategy.