

Expanding global footprint: Škoda Auto strategically leads Brand Group Volume in ASEAN and extends business in the Middle East

- › **ASEAN: Škoda Auto to strategically lead the Brand Group Volume and maximise growth potential for the Volkswagen Group**
- › **Vietnam: Market entry this year; completely knocked down (CKD) production planned for 2024**
- › **India: Key market in Škoda's internationalisation plans and future export hub**
- › **Middle East: Škoda Auto expands business activities, joined National Sales Company (NSC) Audi Volkswagen in early February**
- › **Exploring dynamic growth markets a central pillar of Next Level – Škoda Strategy 2030**

Mladá Boleslav, 16 March 2023 – Škoda Auto is forging ahead with its internationalisation strategy. The Czech manufacturer will be strategically leading the Brand Group Volume in its future expansion across the ASEAN region and maximise growth potential for the Volkswagen Group. The company will draw on its expertise in price-sensitive entry-level segments and effectively leverage existing potential. Škoda Auto is on the cusp of entering the Vietnamese market with imported models in 2023 and local CKD production planned for 2024. India is set to become an export hub for the Czech car manufacturer as a further step in to successfully implementing its India strategy. Additionally, Škoda Auto will be taking the next step in the Middle East by further expanding its business activities and leveraging comprehensive synergy effects with its production in India.

Klaus Zellmer, Škoda Auto CEO, says: “We are expanding Škoda's global footprint by taking over the strategic leadership of the Brand Group Volume in the ASEAN region. This shift in responsibilities underscores the trust and confidence the Volkswagen Group has in the expertise of the Škoda team. We have a clear roadmap and a long-term vision for the region. Our goals are ambitious but achievable: We want to secure a market share of over five per cent for the Brand Group Volume, and we are taking the lead to leverage the immense growth potential in these markets.”

Martin Jahn, Škoda Auto Board Member for Sales and Marketing, adds: “ASEAN is the fastest-growing region in the world with a projected market volume of more than 4.1 million vehicles in 2030. We are convinced that our model portfolio has tremendous potential in this region. Alongside our strong partners, we are developing and expanding production capacities and the sales network. I am sure that we will quickly gain a foothold locally. At the

same time, we will be stepping up our business activities in the Middle East; we see great opportunities there and expect to significantly increase our sales.”

Internationalisation as an integral element of the corporate strategy

Thanks to its Next Level – Škoda Strategy 2030, Škoda Auto will be even more international by 2030. To this end, the company is continuously evaluating and developing promising markets for the Volkswagen Group.

In Asia, Škoda Auto already bears Group responsibility for the Indian market. Now, the brand will be strategically leading the entire ASEAN region as part of the Market & Regions Sales Steering of the Volkswagen Brand Group Volume. The aim is to establish Škoda as a strong brand in the region, achieve profitable long-term growth in the volume segments and a significant Group-wide market share in the respective markets. The Czech car manufacturer is now developing a regional steering strategy for these important growth markets.

ASEAN growth region

The ASEAN region offers promising growth opportunities; the overall economy is growing by 8% annually. The automotive market is projected to encompass more than 4.1 million vehicles in 2030. The strategic advantages include geographical diversification of production activities, synergies with other regions where Škoda is active and free-trade agreements encouraging product localisation. In addition, the car manufacturer will be drawing on its considerable experience in the Indian market to strengthen its position in the competitive market.

Škoda anticipates significant sales potential in ASEAN and will contribute its expertise in the price-sensitive entry-level segments – competitive AO vehicles under 20,000 euros. Saloons and SUVs, in particular, have major potential in these markets. With an estimated electrification rate of around 30% by the beginning of the next decade, the future in the market also lies with electric-drive vehicles.

Vietnam: Gateway to the ASEAN region

Škoda Auto considers Vietnam the strategic gateway to ASEAN and the broader Indo-Pacific region. In cooperation with Thanh Cong Motor Vietnam (TC Motor) as the local partner for production and sales, Škoda Auto will gradually start importing the Kodiaq and Karoq this year, followed by the Superb and Octavia series from Europe in 2024. Local production of the Kushaq and Slavia from India from CKD format will commence in 2024 in Quang Ninh Province. The electric Enyaq iV family will round off the offering on the Vietnamese market from 2025 onwards.

Taking into account Škoda Auto's responsibility for the global development of the MQB-AO platform within the Volkswagen Group, Vietnam represents an important customer base for Škoda products based on this platform.

Škoda Auto is projecting a rapid expansion of the dealer network to more than 50 partners and an annual sales potential of 30,000 units initially, increasing to over 40,000 units from 2030.

Vietnam has considerable growth potential in terms of gross domestic product and unit sales, its automotive market is extremely dynamic; there are currently only 34 vehicles per 1,000 inhabitants – with a population of around 100 million people. Nonetheless, Vietnam is already the fourth-largest automotive market in Southeast Asia.

With the gradual removal of customs duties on goods due to the EVFTA (EU – Vietnam Free Trade Agreement), Škoda is anticipating a strong increase in the sale of vehicles manufactured in the Czech Republic and imported into Vietnam.

Major success in India

India is a key market in Škoda Auto's internationalisation plans. Under the India 2.0 project, the Czech car manufacturer has been responsible for the Group's activities on the subcontinent since 2019. The locally developed and produced India 2.0 models – the Kushaq and Slavia – have been very well received by Indian customers. The brand more than doubled its deliveries there in 2022 (128% over 2021). This made the highly dynamic market the carmaker's third largest individual market in 2022.

Škoda Auto has a long-term plan and a clearly defined strategy for developing the Indian market further. One crucial aspect is localisation: A localisation rate of 95% ensures maximum market proximity. The Group's investments in the region amount to one billion euros to date, of which 250 million euros flowed into research and development projects in India. Most of the technical development is carried out locally. In the long term, Škoda is targeting a combined market share of five per cent with the Volkswagen brand, depending on market and segment developments.

The company is advancing the India 2.0 project by exporting vehicles from India, thus gradually transforming India into an export hub. The Czech car manufacturer began exporting the Kushaq to the Gulf States in October 2022. This makes the Middle East the first export region for the brand's made-in-India model.

Expansion across the Middle East

The brand is expanding its business in the Middle East, anticipating rapid growth in the region. To this end, the company joined the National Sales Company Audi Volkswagen Middle East (AVME) based in Dubai on 1 February. As the Czech car manufacturer's first Managing Director in the region, Lukáš Honzák will be facilitating Škoda's integration into the National Sales Company for the Audi and Volkswagen brands. Honzák is an accomplished sales professional and has many years of international experience in the areas of sales, marketing and developing the sales network.

The existing sales structure of AVME, which is represented throughout the Middle East, opens up additional growth opportunities. Škoda is currently active in four countries on the Arabian Peninsula: Bahrain, Kuwait, Qatar and the United Arab Emirates.

In the Middle East, Škoda Auto offers a wide variety of its European ICE models. Last year, the brand delivered a total of 1,200 vehicles to customers in the region. Through its expansion initiative, the company aims to reach 5,000 deliveries a year. The Kushaq is expected to account for more than half of future sales. Looking ahead, Škoda also intends to offer electric vehicles in the Middle East.

Škoda's comprehensive corporate and production strategy also incentivizes dealers in the region to push ahead with their sales activities. Considering the expected increases in sales, they are investing heavily in their showrooms. Dubai is currently home to one of the brand's largest dealerships in the world. Additional showrooms are planned for Kuwait and Abu Dhabi in the near future.

Contact

Tomáš Kotera

Head of Corporate and
Internal Communications

T +420 326 811 773

tomas.kotera@skoda-auto.cz

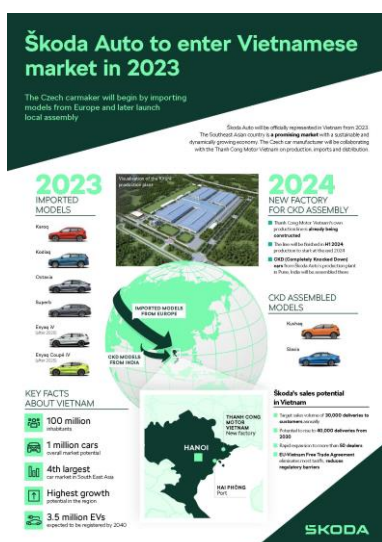
Simona Novotná

Spokesperson for Sales, Finance and
International Markets

T +420 734 299 135

simona.novotna@skoda-auto.cz

Infographic and media images:



Infographic: Škoda Auto strategically leads Brand Group Volume in ASEAN and drives forward its internationalisation strategy

The Czech carmaker is on the cusp of entering the Vietnamese market. The country will serve as a gateway to the region as Škoda Auto assumes strategic leadership of the Brand Group Volume in ASEAN markets.

Source: Škoda Auto



Škoda Auto is taking another step in its internationalisation strategy by expanding in the Middle East

Lukáš Honzák took over as the Czech car manufacturer's first Managing Director in the Middle East on 1 February. One of his main tasks will be integrating Škoda into the National Sales Company for the Audi and Volkswagen brands.

Source: Škoda Auto



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Source: Škoda Auto



The Czech car manufacturer has been responsible for the Group's activities in India since 2019 under the India 2.0 project

Success stories from the Kushaq and Slavia: the built-in-India models are extremely popular. The brand more than doubled deliveries in the highly dynamic growth market in 2022 compared to the previous year (128% over 2021).

Source: Škoda Auto

Škoda Auto

- › is successfully steering through the new decade with the Next Level – Škoda Strategy 2030.
- › aims to be one of the five best-selling brands in Europe by 2030 with an attractive line-up in the entry-level segments and additional e-models.
- › is emerging as the leading European brand in important growth markets such as India and North Africa.
- › currently offers customers twelve passenger-car series: the Fabia, Rapid, Scala, Octavia, Superb Kamiq, Karoq, Kodiaq, Enyaq iV, Enyaq Coupé iV, Slavia and Kushaq.
- › delivered over 731,000 vehicles to customers around the world in 2022.
- › has been a member of the Volkswagen Group for 30 years. The Volkswagen Group is one of the most successful vehicle manufacturers in the world.
- › independently manufactures and develops not only vehicles but also components such as engines and transmissions in association with the Group.
- › operates at three sites in the Czech Republic; has additional production capacity in China, Slovakia and India primarily through Group partnerships, as well as in Ukraine with a local partner.
- › employs 45,000 people globally and is active in over 100 markets.