



SEAT

TECHNOLOGY TO ENJOY

a brand **on the move**

ANNUAL REPORT **2015**



The new **SEAT**
vehicles incorporate
state-of-the-art technology


**To be always
on the move**

 See video





To be permanently
connected with
the **outside**
world

 See video





RADIO

MEDIA

PHONE

VOICE

NAV

TRAFFIC

CAM

PHONE

Full Link

PASSENGER AIR BAG

21 F

OFF
ON
AC

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SEAT is firmly committed to digital technology to develop the connectivity of all its vehicles.

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Dr. García Sanz, Chairman of the Board of Directors, and Luca de Meo, Chairman of the Executive Committee, highlight the achievements of the company.

PROGRESS

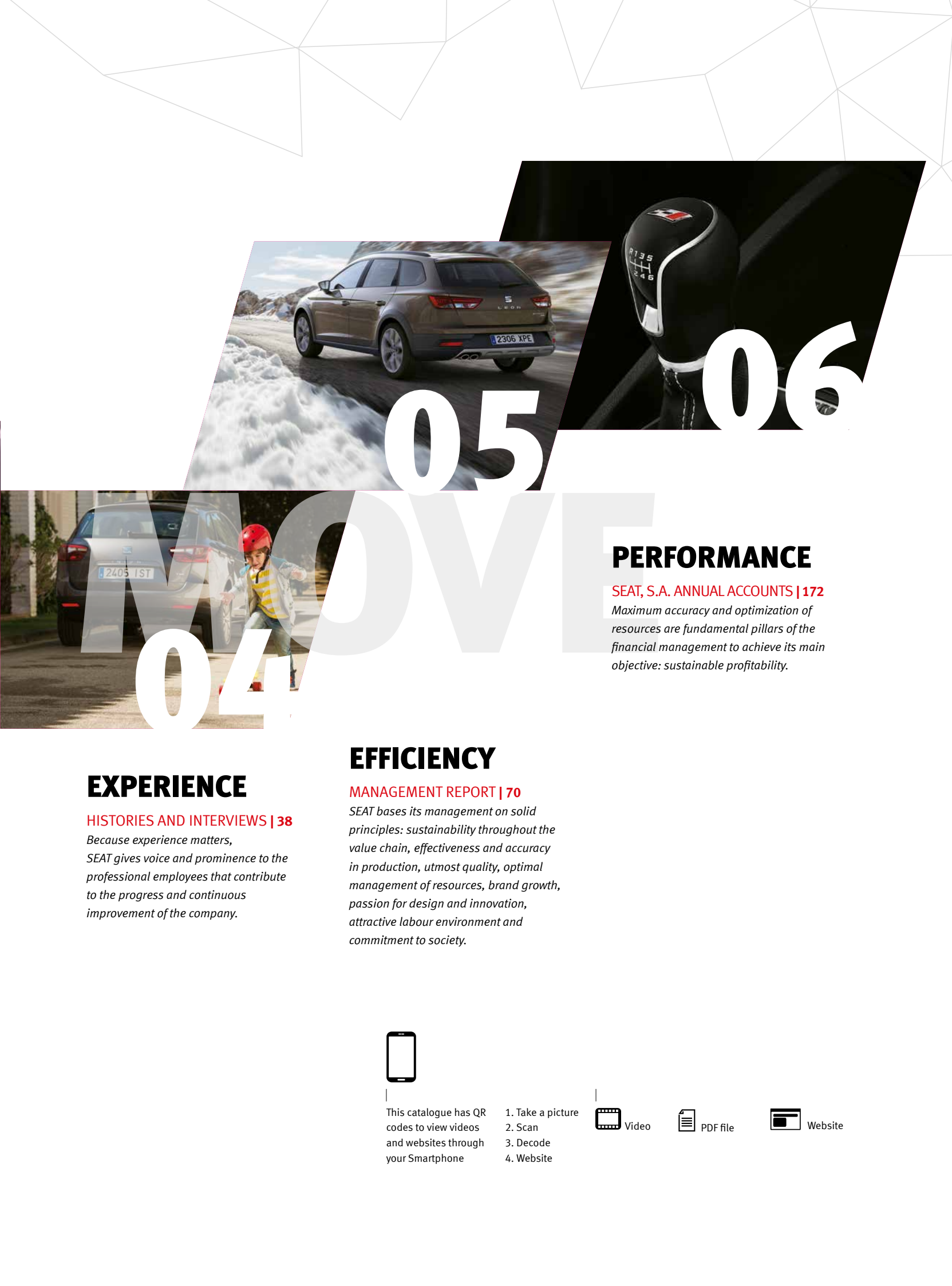
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SEAT has led a 2015 full of success and good news.



Visit the Microsite of the SEAT Annual Report 2015
Publication available at: www.seat.com





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EXPERIENCE

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Because experience matters, SEAT gives voice and prominence to the professional employees that contribute to the progress and continuous improvement of the company.

EFFICIENCY

MANAGEMENT REPORT | 70

SEAT bases its management on solid principles: sustainability throughout the value chain, effectiveness and accuracy in production, utmost quality, optimal management of resources, brand growth, passion for design and innovation, attractive labour environment and commitment to society.

PERFORMANCE

SEAT, S.A. ANNUAL ACCOUNTS | 172

Maximum accuracy and optimization of resources are fundamental pillars of the financial management to achieve its main objective: sustainable profitability.



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Video



PDF file



Website

01

ON THE MOVE

WITH

ANNUAL SUMMARY

2015 in numbers and images—06



START
ENGINE
STOP

20VED

PROGRESS



2015

IN NUMBERS AND IMAGES



PRODUCTION
IN MARTORELL
477,077 vehicles
+7.8% OVER THE PREVIOUS YEAR



RETAIL SALES
400,037 vehicles
+2.4% OVER THE PREVIOUS YEAR



BASIC WORKFORCE
12,753 employees
+1% OVER THE PREVIOUS YEAR



INVESTMENTS
464.4 million euros
+109.3% OVER THE PREVIOUS YEAR



OPERATING
CASH FLOW
781.3 million euros
+49.5% OVER THE PREVIOUS YEAR



NET SALES
8,332.1
million euros
+11.1% OVER THE PREVIOUS YEAR



RESULT AFTER TAX
6 million euros
+109.1% OVER THE PREVIOUS YEAR

SEAT wins the Top Employer award

February 10

The company is the first car manufacturer to win the Top Employer certification, which accredits it as one of the best companies to work for in Spain.

See video



20V20, designed for the future

March 2

SEAT presents the 20V20 at the Geneva International Motor Show, a four-door SUV coupé which announces the company's vision for the future in terms of design and technological innovations in driving.

See video






SEAT and SAMSUNG, an alliance for always being connected

March 2

The two companies sign an agreement to develop technological solutions that allow total connectivity in SEAT models. The brand presents the SEAT ConnectApp, which links the car to the smartphone.


 See video



The new Ibiza and Alhambra are unveiled

May 7

The brand presents at the Barcelona Motor Show the new models of the Ibiza, which improves its infotainment systems, connectivity options, interiors and range of engines; and of the Alhambra, with a new exterior look, more efficient engines and a wide range of driver-assistance systems.

 See video





A Digital Museum for a unique history

May 18

SEAT announces *Archithon*, an event in which it chooses the winning project for its Digital Museum from among the works of 40 architecture students. In September, at the Frankfurt Motor Show, the brand presents the first phase of that virtual space.

See video



The Martorell factory opens its doors

June 27

Company employees and their family members visit SEAT's facilities to discover how a car is produced, in a festive day which includes dozens of leisure activities.


See video



The Italian police back the Leon

July 3

SEAT wins the tender to supply the Polizia di Stato and the Carabinieri with new police cars. The company supplies a fleet of Leon cars with armour and special equipment.


 See video



40 years of innovation in the CTS

September 8

The President of the Spanish Government, Mariano Rajoy, visits SEAT's Technical Centre which celebrates its 40th anniversary. The then Chairman of the company's Executive Committee, Jürgen Stackmann, announces on that day four new models in two years and 3,300 million of investment in R&D.

 See video




**Cars connected to the future,
in Frankfurt**

September 14

The brand presents at the Frankfurt International Motor Show the Leon Cross Sport, a crossover with the spirit of a sports car, the new CONNECT range, which equips its models with the best functionalities in the area of connectivity, and the new Ibiza CUPRA.



 See video



Roadmap to 2025

October 30

The company gathers together 550 executives and market directors in one event to present its roadmap to 2025. The models with a large sales margin, customer satisfaction and being an attractive employer are the pillars of the strategy for success.



**Luca de Meo, new Chairman
of the Executive Committee**

November 1

Luca de Meo joins SEAT as the new Chairman of the Executive Committee. The man who has been Executive Vice-President of Sales and Marketing at AUDI AG up until now takes the place of Jürgen Stackmann, selected Vice-President of Sales, Marketing and Aftersales of the Volkswagen brand.

**350 new employees
and more than
400,000 vehicles sold**

December 31

SEAT closes the year with 350 new employees, 100 of them in the SEAT Technical Centre. The Martorell factory records the highest production since 2001, and surpasses the hurdle of 400,000 vehicles sold for the first time since 2007.



02

ON THE MOVE

WITH

MANAGEMENT

Letter from the Chairman of the Board of Directors—**16** *Interview with the Chairman of the Executive Committee*—**18** *Board of Directors*—**22** *Executive Committee*—**23**



LEADERSHIP



“ **IT IS
TIME TO
THINK
AND TO
ACT IN THE
MEDIUM
AND LONG
TERM** ”

Any assessment of the year 2015 cannot be detached from the case of the emissions of Volkswagen AG. For the Group, and for all the brands that are part of it, it has meant a year of challenges without precedent. As we have said in the last few months, the NOx case emerged as a result of a combination of three factors: firstly, the misconduct and personal failures of some individuals; secondly, the weaknesses in some of the processes; and thirdly, an attitude of tolerance towards failure to comply with the rules in some divisions of the company.

Now, in addition to the technical measures that are being implemented, the priority of which is to give a clear and satisfactory response to customers, we cannot allow this situation to paralyse the Group. On the contrary, this crisis is also an opportunity for all of us, since it has enabled us to identify improvements and optimisations in our internal processes in order to increase transparency and to strengthen the organisation. Furthermore, we are implementing a new structure that will guide us into the future. This represents an opportunity for the Group and for SEAT, which we must know how to make the most of.

For our brand, 2015 was also the year in which the investment of 3,300 million euros was announced. This is an unprecedented amount that will allow us to cast ourselves towards the future and will open new horizons up to 2019. In the short term, it will materialise in the form of new models, starting with the compact SUV, the first in our brand's history, which very soon will be circulating on the roads. Besides this investment, which is already underway, with the presentation of the 2025 Strategy last October, we are also showing that it is time to think and to act in the medium and long term.

Our future plan is perfectly integrated into the company strategy of the Volkswagen Group, from the point of view of the brand

and, also, from an industrial perspective. The decision taken by Audi to award the production of the A1 to the Martorell plant is a conclusive example of the confidence in SEAT's know-how. This decision makes me especially proud because it reflects the path towards excellence followed by the brand in the last few years in each and every one of its areas.

The presentation of the 2025 Strategy also acted out Jürgen Stackmann's replacement by Luca de Meo. As I said then, I am proud of the work performed by Stackmann in his two and a half years at the head of SEAT. As well as the solid growth in sales, some 25% between 2012 and 2015, his leadership and that of his management team delivered a clear roadmap for the brand over the next few years. The

appointment of Luca de Meo as his successor maintains, with the personal seal that he will bring, this same line and I have complete confidence that he will successfully implement the strategy and will continue developing the projects initiated in order to complete the transformation of the brand.

To the new phase that began in 2012 with the third generation of the SEAT Leon, this year an essential chapter is added: the Ateca, which will make a decisive contribution to the goal of achieving a profitable and sustainable growth for the company and which opens the doors to a family of SUV's that will cover the fastest growing segments in Europe. The compact all-terrain vehicle also comes at an exciting time for the car industry. Electric mobility, full connectivity, automated driving and the new consumer trends will change the sector as we have known it to date from top to bottom and will cast it into a future that was unimaginable a few years ago. At SEAT, we are ready to be protagonists of this change.



A professional portrait of Luca De Meo, a middle-aged man with grey hair, smiling. He is wearing a dark blue suit jacket, a white shirt, and a blue tie with a red polka-dot pattern. A white pocket square is visible in his jacket. The background is dark with a subtle grid pattern. In the top left corner, there are red geometric lines forming a partial shape.

WE TALK WITH
LUCA DE MEO,
CHAIRMAN OF THE EXECUTIVE COMMITTEE

“MY OBJECTIVE IS TO REFINE THE SEAT BRAND AND TO MAKE IT UNIQUE”

The Chairman of SEAT feels at home in Barcelona because it reminds him of his native Italy and also because he easily integrates into any culture. Having worked in France, Germany and the United Kingdom, as well as Italy, facilitates that adaptation. He has lived in 12 countries, among them Brazil and some African countries when he was a child. Born in Milan in 1967, he has been in the Volkswagen Group for six years. Matthias Müller, Chairman of the German consortium, and Doctor Francisco Javier García Sanz, the Group's Vice-President and Chairman of SEAT's Board of Directors, have entrusted the brand to him in order to make it stronger and take it up to the next level.

How do you evaluate SEAT's current momentum?

Sales have shot up 25% in three years and in 2015 we have exceeded the 400,000-units hurdle for the first time since 2007, which represents the best result in sales in the last 8 years. This tailwind will strengthen the next three financial years.

In a question of months, we will introduce very interesting products that will bring more dynamism to the current momentum of the brand. I

am optimistic, because we have all the grounds to continue in the current direction. My work is going to be to continue in this direction and ensure that the 2020 plan will be carried out and implemented perfectly. But from my position, I also have to think about what the next path will be, the plan to follow after five years.

Is maintaining and increasing that rhythm going to represent a major challenge?

Production at Martorell has reached the highest volume since 2001, with more than 477,000 cars including the successful Audi Q3, which represents 7.8% more than in the last financial year. We have the factory that produces the most cars in Spain and it has had six consecutive years of growth. Between 2009 and 2015, the volume of production has grown by almost 60%. We just have to continue this trend, because SEAT is a company with a solid base, a good production of quality and a Technical Centre made up of competent young engineers who want to achieve more. Our focus is now on the Europe region, a market which is proving very dynamic. In 2016 we are entering the SUV segment for the first time, a segment which is going through a sales "boom" and is growing exponentially. The SUV is the third leg to make the SEAT table more stable, after the Ibiza and the Leon. Strengthening the Europe region and the introduction of new products in growth segments are the keys.



What would you highlight of the sales figures in 2015?

The growth in sales has been driven by the recovery in Spain, with 77,200 vehicles sold, 14.3% more than in 2014. But also in Italy (15,900 and a 22.1% increase), the fifth consecutive year of growth in Germany (87,800; +3.8%) and the success of the Mexican market (24,100; +13.2%), SEAT's fourth largest. Also in 2015 we have achieved the historic record of sales in countries such as Switzerland, the Czech Republic, Denmark, Turkey, Israel, Tunisia and Morocco. In terms of the models, the Leon grew by 4.4%, with a total of 160,900 units. Once again it is the brand's highest-selling vehicle. The Alhambra, for its part, registers the highest growth (17.2%) and achieves the second best sales result in this model's history (27,000 units), while the Ibiza has increased by 2.4% and reaches a total of 153,600 vehicles delivered.

What learning points does the company take away from the case of the diesel engines?

It is an opportunity for the Group to identify improvements and to optimise internal processes in order to achieve maximum transparency. An opportunity that should be made the most of in order to guarantee that something like this can never happen again. It will take some time to establish a new mentality, but from the very beginning action has been taken with this goal in mind. The Group is finding a new energy to resolve this situation in a very professional manner and we will emerge from it stronger.

What should SEAT's position be in the future, both in the market and in the Group itself?

We have a plan that is going to make us stronger, bigger and more profitable, with a better and more defined image. We have to look even further, starting with strengthening SEAT's identity, because

we are convinced that it has a lot of potential. A path which we have to follow to make the brand unique. We have to focus on the things that make SEAT unwavering, especially for consumers.

What is the way forward? And on the horizon for 2025, what is the main objective and what personal approach are you going to give it?

The next two or three years are quite clear, according to the products we have, the factories, the brand, the development, the design, etc. This represents a perfect opportunity for thinking with the team about what will come next. My goal from this point is to refine the image of the company and of the brand, in order to make SEAT unique.

Is SEAT late to join the SUV segment?

No, because the growth of this segment is not going to saturate. The forecasts are very positive. According to some studies, the A-SUV segment will grow 25% up to 2020, and the segment of the slightly smaller A0-SUV, some 40% up until then, and for that reason we want to enter a market that is experiencing rapid growth.

What other segments does the company work in?

The story of the third pillar, the SUV, is only the beginning, because there are many possibilities for strengthening that segment. I have seen it in the success of Audi. We will have to be better in engineering, since CO₂ is going to be ever more important in the competitiveness of any car brand. And in this area, SEAT is very well positioned, because we have a CO₂ average that is well below the commitment that the authorities ask for. Furthermore, we are strong in "infotainment" and in the



connectivity of vehicles to make them more intelligent. It is in these two aspects that I believe the stage will be for the majority of the industry, which is beginning to take its first steps. The story of the connected car is going to be bigger than that of the car itself. That is what we have to learn: to go from an organisation driven by product development to an ecosystem driven by development. For us, it is a major revolution.

An example of connectivity is that the vehicle can now report a breakdown to the repair garage...

Yes, that is already on the market. The most important thing from the business' point of view is that the car should be capable of being connected to the dealership, because there are many more interaction possibilities between the product and the distribution, which means that you can generate more business opportunities, to bring the consumer closer to the ecosystem. It is also possible to connect the vehicle to infrastructure, car parks, traffic lights, etc.; and you can even connect cars with cars. This is a new world that is coming and, personally, I believe it is the most important trend in the sphere of technological innovation, like the move towards electric vehicles and automated driving.

In fleets, SEAT has taken a giant leap forward. Is there a long way still to go in that market niche?

We are growing because we started to have a range of products that allows us to cover some segments that are very important. In the past we tended to have Ibizas, which are the A0 segment, vehicles that fit the needs of car rental companies very well, but not so much so as a company car, which is now a B segment. That was until we entered that business with the Leon. This future push will come as a result of the product range. Meanwhile, the

Leon allows us to compete shoulder to shoulder with the main European brands, thanks to its quality and technology.

What does the production of the Audi A1 mean for Martorell?

The announcement about the production of the A1 in Martorell from 2018 is a magnificent piece of news that demonstrates the complete confidence placed by Audi and the Volkswagen Group in SEAT and in our Factory, following the successful experience of the manufacturing of the Audi Q3. This assignment will strengthen the production of the A0 segment in the factories of the Volkswagen Group in Spain and will enable the synergies that are generated as a result to be made the most of, as well as guaranteeing investments in Martorell and it will contribute to reaching the maximum production capacity.

What expectations does this year offer?

The year 2016 will be another positive year for SEAT and it will be a year for preparing for the acceleration of 2017 and 2018, which will be even better years, thanks to our continued and regular offensive of products.



CORPORATE STRATEGY

SEAT presented in October the corporate strategy, which sets out the roadmap that the Company intends to follow up until the year 2025, in order to achieve sustainable profitability. The three pillars in which SEAT is going to focus on are the development of models in growth segments with a large sales margin, applying the success formula of the Leon, prioritising customer satisfaction and being the most attractive employee in the automotive sector in Spain.



8



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3

BOARD OF DIRECTORS

The Extraordinary Shareholders' Meeting, held on January 2, 2015, approved the appointment of Bernd Osterloh to the Board of Directors of the company, with effect as of the same day, as well as of Dr. Stefan Piëch and Mark Philipp Porsche with effect from March 16, 2015.

The Extraordinary Shareholders' Meeting, held on November 1, 2015, approved the appointment of Luca de Meo to the Board of Directors of the company, with effect as of the same day, replacing Jürgen Stackmann.

Chairman

Dr. Francisco Javier García Sanz

Board Members

Martin Mahlke

Matthias Müller

Bernd Osterloh

Dr. Stefan Piëch

Mark Philipp Porsche

Luca de Meo

Klaus-Gerhard Wolpert

Secretary and Legal Counsel

Luis Comas Martínez de Tejada



EXECUTIVE COMMITTEE

1 Luca de Meo	Chairman
2 Holger Kintscher	Finance, IT & Organisation
3 Dr. Andreas Offermann	Sales & Marketing
4 Ramón Paredes	Governmental & Institutional Relations
5 Dr. Matthias Rabe	Research & Development
6 Xavier Ros	Human Resources
7 Dr. Andreas Tostmann	Production
8 Klaus Ziegler	Purchases

The Board of Directors appointed Xavier Ros as Human Resources Vice-President, with effect from September 1, 2015, replacing Josef Schelchshorn.

The Board of Directors appointed Luca de Meo as new Chairman of the Executive Committee of SEAT, S.A. in place of Jürgen Stackmann, with effect from November 1, 2015.

03

ON THE MOVE

WITH

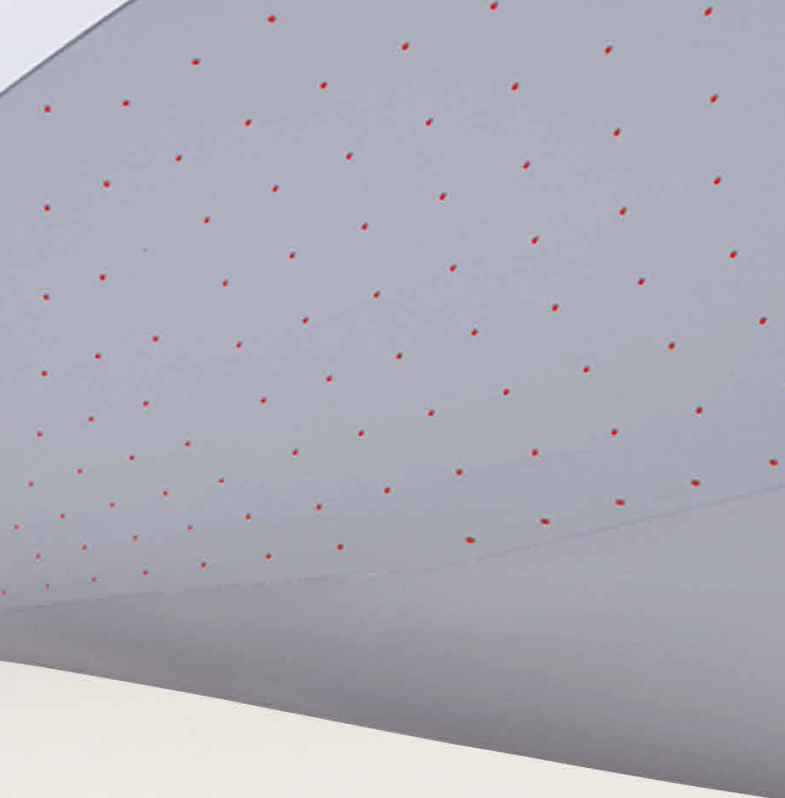
THE CONNECTED CUSTOMER

The new SEAT Digital Museum—**26** *Meet the social brand*—**28** *The world inside SEAT*—**29**
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TECHNOLOGY





THE NEW SEAT DIGITAL MUSEUM

The co-creation process: *The Archithon*

SEAT wanted to share its rich history and heritage in a unique and accessible way and therefore held an event called *The Archithon* in Barcelona. The result would be the foundations of the SEAT Digital Museum - an online space that perfectly captures SEAT's spirit in a dynamic and innovative way.

Co-creation

40 international architectural students were chosen from across Spain and Germany to come to Barcelona and participate in *The Archithon* event. An aptly named 48-hour, non-stop event in May that saw the participants split into 17 teams and tasked with creating a virtual museum exterior that perfectly captured the SEAT spirit.

Digital Museum

The SEAT Digital Museum, a virtual space to showcase SEAT's rich heritage and history. The winning design helped to lay the foundations for what would become the perfect place to share the past and present and offer users a glimpse of the future. The SEAT Digital Museum was unveiled at the 2015 International Frankfurt Motor Show.



48 Hours



40 People



Visit our Digital
Museum

MEET THE SOCIAL BRAND

Socialising 'on the road'

Nowadays, people are driven by technology and differentiate ever less between doing something online and offline, since their natural state is to be connected to one another at all times. For that reason, SEAT as a young-spirited social brand, intends to socialise with customers by engaging them in collaborative conversations, pairing products and the technology behind them with that philosophy. As a result, SEAT developed the CONNECT range in partnership with SAMSUNG to offer consumers the possibility to be 'always on' and connected whilst on the road.

One of the main priorities for SEAT as a Social Brand is to engage in a one-to-one conversation with current and future customers in order to understand their tastes and needs.

We live surrounded by friends we rarely see and we are in touch with colleagues we barely get to spend time with face to face. In an era defined by connectivity and virtual relationships, it seems that we are losing touch with the true nature of friendships. To continue the transition from friendships in virtual spaces to face to face friendships, SEAT has developed campaigns that enabled us to socialise with friends from our cars as well.

The *Friend-to-friend* campaign is proof of the commitment to bringing back the essence of friendships in the real world, of having real interaction, face to face, helped by our technology: the maximum expression of *Technology to enjoy*.



THE WORLD INSIDE SEAT

What is Inside SEAT?

Inside SEAT is a platform with a collection of shared content and stories from behind the scenes that reflect the dedication of SEAT employees along with their passion for work and the perfection they strive for each day. Each section, with different target groups, can be found under the 'Why SEAT' section on SEAT.com. This content consists of videos, images and texts that offer an inside look at the non-visible elements of the brand and ultimately bring credibility and a confirmation of quality to the consumer.

Inside SEAT opens the doors to what goes on behind the scenes, showing the way things work and offers a level of transparency to consumers. This helps to build deeper relationships and what is more, trust.

Brand Pillars

Content on the Inside SEAT platform is divided into six pillars:

Heritage

Stories from SEAT's past and the legacy that has been created by the brand.

Quality/Production

How technology serves to help SEAT create high quality cars and ensure the brand is always living up to the 'passionate perfectionism'.

Design

Offers a behind the scenes look at the design processes and conceptualisation of cars.

Sustainability

Demonstrates the ways in which SEAT aims to improve internally and externally. Stories about the strategic pillars concerning sustainability: Economical, Environmental and Social.


Performance

Stories about how technology improves the driving experience and performance.

Innovation (R&D)

The ways in which research and development benefit the brand and consumers.



 See website



INNOVATION LAB

SEAT Innovation Lab was set up a year ago, to help overcome the changes that are arising in the company due to the digitalisation of SEAT's traditional business models.

The aim of the Innovation Lab is to focus on current business challenges by testing and developing innovative technologies and tools.

Econometric Model

Business Challenge

Be able to know the optimal media investment.

Initiative

Econometric model that forecasts the offers that will be made based on different media investment scenarios and optimises the impact of each media channel for each car model.

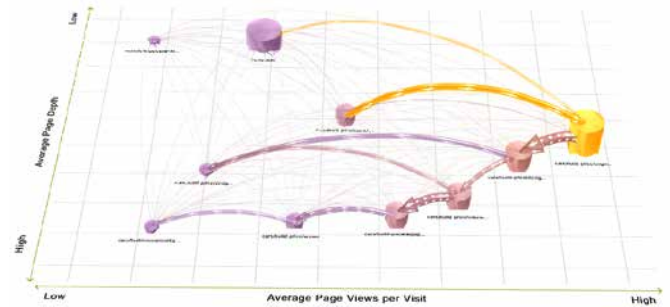
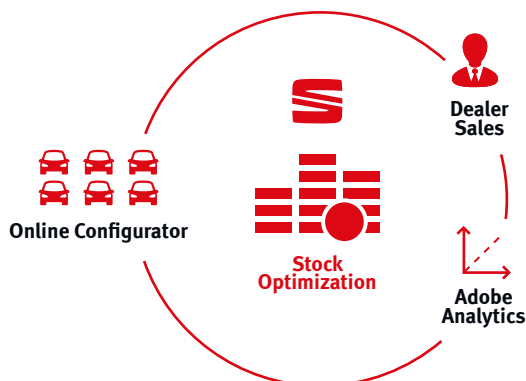
Programmatic Buying

Business Challenge

Reach audiences with more precise targeting.

Initiative

Use programmatic buying for more efficient ad buying, addressing the right consumer segments with the right message at the right moment. This will also change the traditional media buying approach to a fully transparent model (costs, margins and algorithms) and full control and ownership of the data.



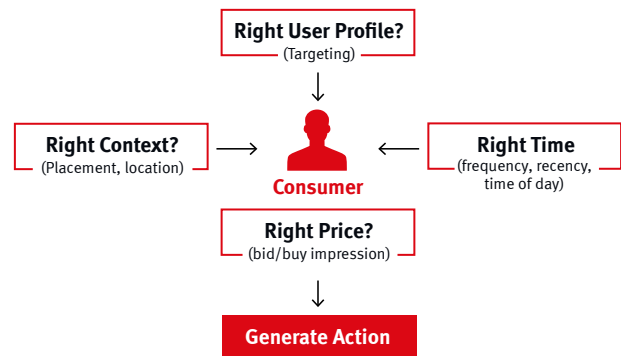
Content Personalisation

Business Challenge

Currently every user that enters the SEAT website sees the same content no matter if it is their first visit or if they are already interested in a specific car model.

Initiative

Analyse users' online behaviour within the SEAT websites and via Adobe's Target module in order to show personalised content to each specific segment to improve the user experience and conversion rates.



Stock Optimisation

Business Challenge

Dealers do not usually have insights about the customer online Car Configurator, the most desired features and trends.

Initiative

Use the Car Configurator and incoming order data of the Market to develop a predictive model that can forecast the demand at local level and stock the car models accordingly.

BRAND ADVERTISING CAMPAIGNS

THE SEAT LEON 5D

PARENT APPROVED TECHNOLOGY

After a turning point campaign in terms of brand communication at the end of 2012 with the *Technology to enjoy* concept, this year the SEAT Leon 5d needed a new communication campaign to support its sales in all markets.

The SEAT Leon 5d is equipped with technology to help provide safety and comfort to young families. To communicate this to consumers, SEAT created the campaign *Parent Approved Technology*. This concept reinforces 'reliability, safety and comfort' and synthesises a clear positioning message for the Leon as a car that is 'full of technology'.

The communication objective was to convey the benefits of technology and comfort in a mainstream and family-oriented way. SEAT created TVCs and Print adverts along with *technology in other words* which feature digital videos to convey this to the target.



Thought for a great driving experience with a detailed interior design.

The best technology including reliability, safety and comfort



Online Media



TV Commercial



Printed Media



Watch the latest TV Commercial

THE SEAT LEON 5D PARENT APPROVED TECHNOLOGY



THE NEW SEAT IBIZA

IT FEELS EVEN BETTER



Live it up in the city with a truly young spirit.

THE NEW SEAT IBIZA IT FEELS EVEN BETTER

The New SEAT Ibiza's interior has been upgraded and redesigned to offer the driver a more ergonomic and enjoyable driving experience. What is more, it comes with a wide range of Colour Packs allowing customisation options that were not possible before. To communicate this, SEAT created the campaign *It Feels Even Better*. The campaign's primary aim was to highlight how the new interior design and quality, along with the new technology, including Full Link and a second generation Easy Connect Infotainment system, make the New SEAT Ibiza the ideal social space in short and long distances. Secondly, it intended to communicate the customisation possibilities with colour packs and an increased efficiency with the new EcoTSI engine.

SEAT created one product video to show the whole Ibiza range, three TVCs and a print campaign to showcase the New SEAT Ibiza as the perfect social space, with an emphasis on the new connectivity technology inside the car. The creative digital activation *Friend to Friend* also worked to further engage the online community and communicate that the New SEAT Ibiza was now part of the connected world and the best social space on the road to enjoy with friends.



Online Media



Product Video



Printed Media



Watch the latest
TV Commercial

THE NEW SEAT CONNECT RANGE

NATURALLY CONNECTED

To reinforce SEAT's brand technology focus, SEAT released the SEAT CONNECT range under the campaign umbrella *Naturally Connected*, integrating the mobile phone into the car with connectivity technology and also, placing it as the enabler of the natural connections consumers need at all times. This campaign and range of cars aimed to capitalise on connectivity capabilities provided by Full Link technology and a partnership with SAMSUNG, to gain more global reach and build real technology credentials.

SEAT created three TVCs, two featuring the SEAT Ibiza CONNECT and the other one featuring the SEAT Leon CONNECT along with a print campaign to support the message *SEAT + Mobile + You = Naturally Connected*. There will also be a digital activation using famous youtubers that will demonstrate how CONNECT technology works in a relatable and entertaining way for the target audience. This will further emphasise the key message that the car is no longer a barrier to communication but rather, an enabler.



Make every journey a smart one, in or out of your car.



Online Media



TV Commercial



Printed Media

THE NEW SEAT CONNECT RANGE

NATURALLY CONNECTED



POWERED BY SAMSUNG

THE NEW SEAT IBIZA CUPRA

INTENSIFY THE EVERYDAY



THE NEW SEAT IBIZA CUPRA INTENSIFY THE EVERYDAY



Beautiful lines that make it
a true Ibiza CUPRA.

With the New SEAT Ibiza CUPRA, the underlying campaign aim was to keep building on the CUPRA territory already established by the Leon CUPRA, *Intensify the everyday*, bringing the SEAT Ibiza's personality to the CUPRA range and its upgraded interior design and 192 hp engine. SEAT created a print campaign along with social media and CRM content that conveyed these key messages.

The aim of the SEAT Ibiza CUPRA campaign was ultimately to consolidate the positioning of CUPRA as a sub-brand and to highlight SEAT's dynamic brand values.



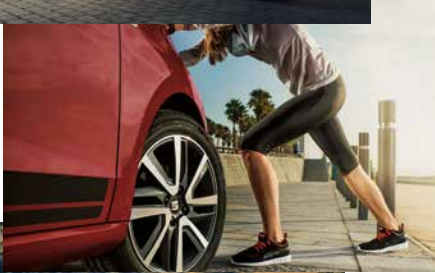
Online Media



Printed Media



The most powerful
engine with an
outstanding design



THE NEW SEAT Mii COLLECTION

SMALL DETAILS CHANGE EVERYTHING

When you change a detail, it changes everything. Nowadays consumers are increasingly looking for a car that matches their personality and the small details are the ones that differentiate them from others, especially considering the female target of the range. The New SEAT Mii Collection offers this with more Colour Packs to make the SEAT Mii stand out even more.

The campaign communicated this through the concept *Small Details Change Everything* and demonstrated the variety of choice available to consumers in the new SEAT Mii Collection. SEAT created a product video featuring Mii by MANGO Limited Edition, Mii FR-Line and Mii CONNECT with a print campaign featuring beauty and lifestyle imagery along with an online campaign to effectively communicate the key message to the female target.



Watch the latest TV Commercial



Online Media



Product Video



Printed Media

THE NEW SEAT Mii COLLECTION

SMALL DETAILS CHANGE EVERYTHING



THE NEW SEAT ALHAMBRA

POWER TO FAMILY TRIPS



THE NEW SEAT ALHAMBRA POWER TO FAMILY TRIPS

To improve the consumer's perception of the Alhambra, SEAT upgraded it, making the New SEAT Alhambra a more technological, versatile and well-equipped MPV to stand out from the rest and erase any doubt about its superiority. The campaign *Power to Family Trips* had therefore to maintain the model's attractiveness and increase its awareness and familiarity across key markets. This was done with a product video that demonstrated all the technology features and spaciousness in a story relevant to the target and photo-shots showing how the targets experience their day-to-day lives with the car.



Product Video



Printed Media



Watch the latest
TV Commercial

Designed to stand out
from the rest of the crowd



The technological and
versatile MPV for daily life.

THE NEW SEAT TOLEDO

FOR DADS LIKE YOU

The re-launch of the Toledo had to come with a new communication campaign that centred on product highlights and emphasised technology whilst refreshing the commercial offering to reinforce customer profile characteristics (comfort, safety, roominess and functionality). This was done under the campaign umbrella *For Dads Like You*, conceived in partnership with Mexico, the country with the highest sales of the SEAT Toledo in the world. Given the target's practical nature, this communication helped enhance the features in the launch campaign and had an impact on people who value the main features of a sedan.



Online Media



Product Video



Printed Media



Watch the latest TV Commercial



Fun and comfortable for all the family.

THE NEW SEAT TOLEDO FOR DADS LIKE YOU



04

ON THE MOVE

WITH

HISTORIES AND INTERVIEWS

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EXPERIENCE



THE ROADMAP FOR THE STRENGTHENING OF THE BRAND



THE CAR INDUSTRY IN 2025 WILL BE VERY DIFFERENT TO HOW IT IS TODAY. IN ORDER TO DEAL WITH THIS SWEEPING CHANGE, SEAT IS RELYING ON ITS STRONG POINTS IN A GROWTH SCENARIO, FOLLOWING A FINANCIAL CRISIS ON A GLOBAL SCALE, AND ITS VEHICLES OF THE UTMOST QUALITY. IN ORDER TO PROLONG AND DEEPEN THIS PERIOD OF SUCCESS, THE COMPANY HAS SET OUT AN AMBITIOUS STRATEGIC PLAN FOR PROFITABILITY, IN WHICH IT WILL PUT CUSTOMERS AT THE CENTRE OF ITS ACTIVITY, IMMERSSED IN THE DIGITAL ERA. THIS STRATEGY WAS PRESENTED AT THE MANAGEMENT KONFERENZ MMK 2015, HELD IN BARCELONA ON 30 OCTOBER AND ATTENDED BY MORE THAN 500 PEOPLE, INCLUDING MANAGERS AND REPRESENTATIVES OF THE WORKFORCE AND IMPORTERS.



~ Jürgen Stackmann, Dr Francisco Javier García Sanz and Luca De Meo, during the MMK.

A solid brand needs to be relevant for the customer, differential with regard to the competition and to demonstrate a clear coherence between the idea and the implementation. This involves the entire value chain, since the brand strength has an external dimension (image) as well as an internal dimension (identity): “the identification of the employee with the brand, the pride of belonging, the capacity to explain it and to contribute to its growth is as important as the efforts made in advertising and the value of the product itself. It all adds up”. Those are the words of Andrea Arrieta and Maite Marín, heads of Brand and Customers in Corporate Strategy and of the Market Development Plans, respectively. Both emphasise the importance of the implication of all departments for the successful development of the brand, as it must be taken on as an overarching commitment of the organization and not the responsibility of one specific division.

The starting point is good, among other reasons because the growth of the Leon family has given the company a boost. But that is not enough, because there are trends in Europe that indicate that the strategic change of the market will be significant. One of those important trends is that customers over 50 are now opting for cars that are slightly smaller, but fully equipped and ergonomically better designed. This is where the SUV segment comes in, which continues to grow in sales for that very reason. With the launch of the Ateca, SEAT’s SUV, the company is going to take part in that growth.

At the recent Management Konferenz MMK 2015, the roadmap for the future journey that the company has embarked on was presented. In order to achieve the ambitious profitability goal, the company must endeavour to provide customers with pleasurable experiences and to ensure every person that make up SEAT’s workforce, in every single department, sings the brand’s story together like a choir. In order to set a course for the future, social macro-trends have been taken into consideration.

THE IMPORTANCE OF STRATEGY

Michael Porter, engineer and professor of the Harvard Business School, considered one of the most influential academic experts in business management, states that “competitive strategy consists of developing an extensive formula for how the company is going to compete, what its goals should be and what policies will be necessary to reach those goals”. With this as a basis, the action plan has been drawn up that SEAT will implement in the next ten years, after interpreting the company’s trends and gaining a deep understanding of the competitors of the automotive sector.

At the same time, the Organisation team led by Norman Wickboldt has studied the optimisation of the activities of all departments. The goal of profitable growth through efficiency is set in the VIA + plan, a path that will only achieve success if it is followed collectively, as Wickboldt underlines. VIA + is the acronym that responds to: value, innovation, agility and the plus of success. An objective based on the conviction that “if we are seeking extraordinary results, we need a new way of organising ourselves”. A mantra inspired by one of the most famous phrases of Albert Einstein: “Insanity is doing the same thing over and over again and expecting different result”. Achieving greater added value in the activities of SEAT, fostering a culture of innovation and giving the company more agility in its processes and in taking decisions are the three goals of the VIA SEAT + plan, which requires reducing complexity in the work, with simpler structures and faster and more transparent decision-making channels.

~ Norman Wickboldt, Organisation manager and head of VIA+.





~ Andrea Arrieta and Maite Marín during a meeting at SEAT's offices.

THE CUSTOMER IS THE CENTRE OF THE COMPANY

The company has found the formula for success with the Leon, which joins the iconic Ibiza. Now, the brand will also have a third pillar with the Ateca, in the SUV segment

The roadmap places the customer at the centre of the activity of all the departments of the company, which not only continues innovating with its vehicles, but also has digitised all working processes. The analysis of the mobility guidelines of SEAT's customers in big cities, together with the development of more efficient vehicles, are other axes of the strategic plan which the company will implement and which are getting underway at an excellent time, given that the growth in sales brings with it a continuous improvement in results with the help, for example, of the success of the fleets programme.

The company has found the success formula with the Leon and the expansion of this family, which joins the iconic Ibiza as a pillar of the company. Now it has been proposed to strengthen its range through the decisive forward-looking move to enter the SUV segment, experiencing extraordinary sales growth, with which SEAT intends to deepen the change of the portfolio of products and demonstrates that the brand is undergoing a major transformation and gaining strength. This change of direction seeks to offer vehicles that are better-equipped and with a larger contribution margin for the brand. The 2020-2025 strategy has been extensively worked on in all areas of the company over the last few months, in order to incorporate the specific aspects of each and every one of the experts of the departments that have taken part.

The strategy clarifies the profile of SEAT's final customer in the next ten years and how to achieve vehicle user experiences that are in line with the company's DNA. The potential is huge and those that have taken part in the elaboration of the strategy consider that the whole organisation has to understand what those future SEAT customers are really going to want and how their needs can be satisfied in order to convert them into enthusiasts of the brand.

IMPROVING THE **USER** **EXPERIENCE**

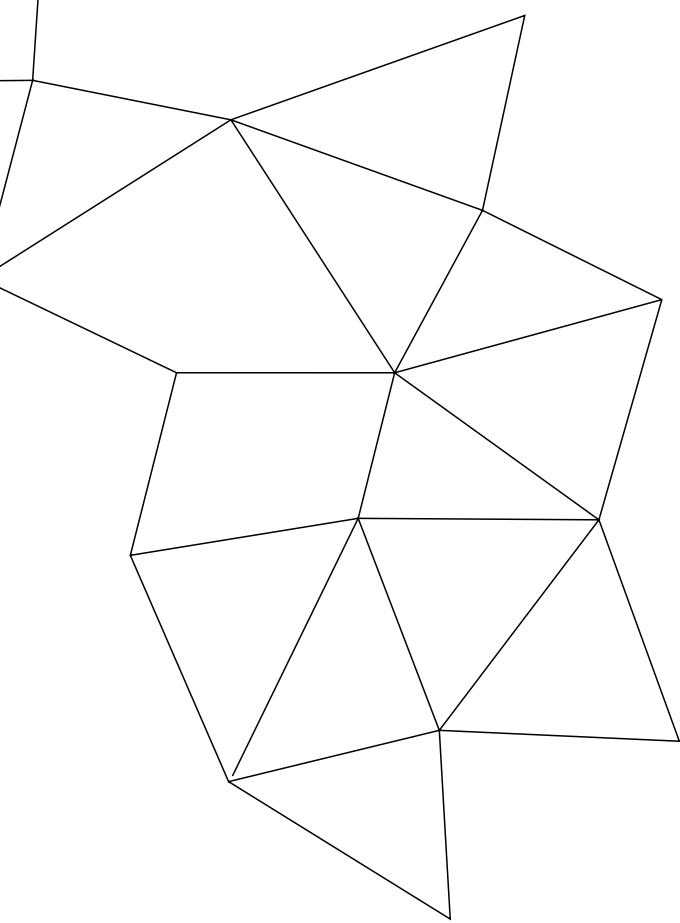
The ultimate goal of the strategic plan is to achieve the profitability of the company. A goal which not only will be reached by selling more cars, but also with better products, a more cohesive team and all the organisation having the customer as the centre of their activity, because only creating a satisfactory experience will be true to the brand. To achieve this, the plan sets out the need for all employees to get involved together, like the choir and the orchestra of the opera. From there, the communication must be permanently reinforced, so that every employee and manager incorporates into their tasks the philosophy and goals of the strategic plan.

New macro-trends are coming and they require new solutions in terms of mobility. In addition to the ageing of the European population, owing to the lengthening of life expectancy, under 40's do not want a car just for driving. They are the customers that most wish to have a pleasurable experience at the wheel, without ceasing to be connected and entertained. Although young people do not want to own cars as fervently as previous generations did, they are nevertheless going to invest in mobility. The progressive urbanisation of humanity is another aspect that the company will have to tackle, with proposals that can include car-sharing services and intermodal travel. The fact that SEAT is one of the few car manufacturers to be situated in one of the four main metropolitan regions in Europe determines the benefits that this dialogue will bring with it.



~ Maite Marín, head of Market Development Plans. (below) Andrea Arrieta, head of Brand and Customers in Corporate Strategy.





ALWAYS- CONNECTED DRIVERS

THE INTERNET OF THINGS AND AUTOMATED DRIVING ARE MEGATRENDS IN WHICH VEHICLES WILL BE TO MOBILITY WHAT SMARTPHONES ARE TO CONNECTIVITY. SEAT IS WORKING IN THESE TWO FIELDS AS PART OF THE 2025 STRATEGY, WITHIN THE PRODUCT PILLAR, WITHOUT FORGETTING THE “LEONISATION” OF THE MODELS THAT WILL BE APPEARING IN THE NEAR FUTURE, STARTING WITH THE ATECA, THE SUV PRESENTED AT THE GENEVA INTERNATIONAL MOTOR SHOW 2016. AND THE LEON HAS BEEN A TURNING POINT IN THE COMPANY DUE TO THE SUCCESS SEWN ON THE BASIS OF A FORMULA THAT COMBINES DESIGN AND FUNCTIONALITY, DYNAMISM AND COMFORT, ACCESSIBILITY AND QUALITY AND, ABOVE ALL, DUE TO ITS ABILITY TO CREATE EMOTIONS AND THE TECHNOLOGY IT INCORPORATES. BECAUSE ONE OF THE PILLARS OF THE PRODUCTS THAT SEAT DEVELOPS IS THE TECHNOLOGY AND THE CONNECTIVITY INCORPORATED INTO THE NEW MODELS.





~ The interface has been designed to guarantee an intuitive operation, it guarantees a safe drive and includes exclusive services.

In the last decade, motorists have connected different devices within the car, whether a mobile phone in order to make calls or a USB device to listen to their favourite music. SEAT's CONNECT range is already an example of a car that is truly connected with its environment. The range has the best levels of connectivity thanks to the latest generation of infotainment systems, the exclusive SEAT application ConnectApp, which is offered preinstalled in a SAMSUNG smartphone that is supplied with every vehicle, and the Full Link function. This function developed by SEAT enables connectivity with Android 5.0 and iOS 7.1 or subsequent operating systems, which guarantees a compatibility with a wide spectrum of mobiles on the market. The content from the mobile is projected on the screen of the car in a safe manner, allowing the user to remain connected without missing important message, as they are read out loud through the car's speakers and the customer can also dictate the replies using voice recognition, without having to write the message. As such, the driver is prevented from having to handle their smartphone, something which occurs every 7.5 minutes on average throughout the day.

Thanks to the agreement which SEAT and SAMSUNG signed in March to develop technological solutions together that enable connectivity of the automotive company's models, both companies have worked together to improve mobile devices, both smartphones and wearables, in order for the in-car connectivity to be optimal with midrange devices within the reach of a larger volume of customers.

The CONNECT editions of the Ibiza, Leon, Toledo and Alhambra models offer the option to personalise the car's screen, whether configuring the screen background with the customer's favourite image or positioning the widgets or functionalities of the App as

desired. The interface has been designed to guarantee an intuitive operation, it guarantees a safe drive and includes exclusive services. "The important thing is that the customer remains connected without distractions", states Roger Giralt, head of the connected car at the SEAT Technical Centre.

Now work is being carried out in order for the car to remain connected, even when the driver exits the vehicle with their smartphone. "To have the car permanently connected, a telematics control panel with an integrated SIM card has to be installed", Giralt points out. This is a solution that SEAT is analysing and which allows the vehicle's status to be known remotely and for services to be activated, from the heating in winter to all kinds of services that the company can offer through permanent geolocation and knowledge of the vehicle's and the customer's needs.



~ Presentation of the new Ibiza at the Barcelona Motor Show.



~SEAT's CONNEC T range is already an example of a car that is truly connected.

DIGITAL REVOLUTION

With the connected vehicle, SEAT will be able to contact the customer in order to attend to their needs, which represents a qualitative change throughout the company, because it involves all departments, the dealerships and the after sales and repair garage services. In this way, the driver of a SEAT driving, for example, on the roads of Northern Europe in periods and temperatures close to freezing would receive offers for changing winter tyres and indications regarding where the closest dealership is, through geolocation and the knowledge of the wheel change history. “The challenge of connectivity represents a true revolution at the heart of the company, since digitalising the information offers many more opportunities to serve customers in a personalised manner, with them becoming the centre of all of the company’s and all of the network’s operations, from Marketing, Sales and After sales”, highlights Giralt.

74% of the population of Europe lives in cities, a trend that will increase in the future, like the exponential growth of digital data. The user experience of cars is moving towards the driver having intelligent routes that provide a door to door journey, finding parking easily and sharing information, all while remaining permanently connected. Another matter SEAT is considering is which direction in which cities are going. From this concern, projects have arisen such as the pilot that was initiated in March

2015 in the Les Corts district of Barcelona in order to find a response to the needs of drivers searching for a parking space in the streets. Through an app developed by SEAT, Parkfinder, the driver is guided to the places that are free based on real-time data provided by the iCity platform of the city of Barcelona, which results in an improvement in mobility and in the environment.

The challenge of connectivity represents a true revolution at the heart of the company, since digitalising the information offers many more opportunities to serve customers

CARNET PLATFORM WITH THE UPC

The vehicle connected with its environment is a new dimension prior to the next step in “clustered” intelligence, that is, vehicles connected with each other, which will facilitate mobility management in cities. A vehicle with GPS, radars, front and rear cameras, is a car that can see what is going on around it. It could be said that the vehicle is “conscious” that there are other cars around it and that it is driving around a road network. In other words, the car continuously measures the distance with the vehicles around it and the speed relative to them, thereby increasing safety since, for example, it allows for automatic control of brake assist systems. Incorporating a connectivity electronic control panel with a SIM card facilitates the collection of data and enables the vehicle to send it to a processing centre, which represents a first step towards the totally autonomous car.

“Today we only have statistical information on the vehicles, but with the connected car and then the autonomous car, not only will they change the design of their interior and the usability, which will be completely different, but also it will require the legal framework to be modified, because the cars will drive by themselves”, points out Giralt. The 2025 strategic horizon positions SEAT to be prepared for that cultural and regulatory jump, as long as the road infrastructure is ready to enable the full autonomy of vehicles.

The fact that Barcelona is the global capital of mobile technologies has made it possible for SEAT and the Volkswagen Group to boost the transfer of knowledge through an agreement with the Polytechnic University of Catalonia (*Universitat Politècnica de Catalunya*, or UPC). The first collaboration between SEAT and the UPC was through the SEAT UPC Chair, founded in 2007. Only six months ago, the chair evolved to become included in the Cooperative Automotive Research Network (CARNET), with special focus on innovation in car technology and also in sustainable mobility.

Doctor Jaume Barceló is the academic director of CARNET, the platform that incorporates the investigation into car technologies, which range from the materials to the manufacturing processes, as well as the recycling of components. The other area of interest of the UPC is the efficient design of cars, computational tools, simulation techniques and matters related to the car architecture and connectivity, since electronics allow the vehicle to have a vision of its surroundings. Initially, the work of the UPC was focused on increasing safety through driving aids, “but now we are at an intermediate step towards autonomous vehicles”, states Barceló, given that electronics already provide information about the surroundings through sensors that measure the distances between the surrounding vehicles, maintaining the cruising speed and also facilitating break assist systems.

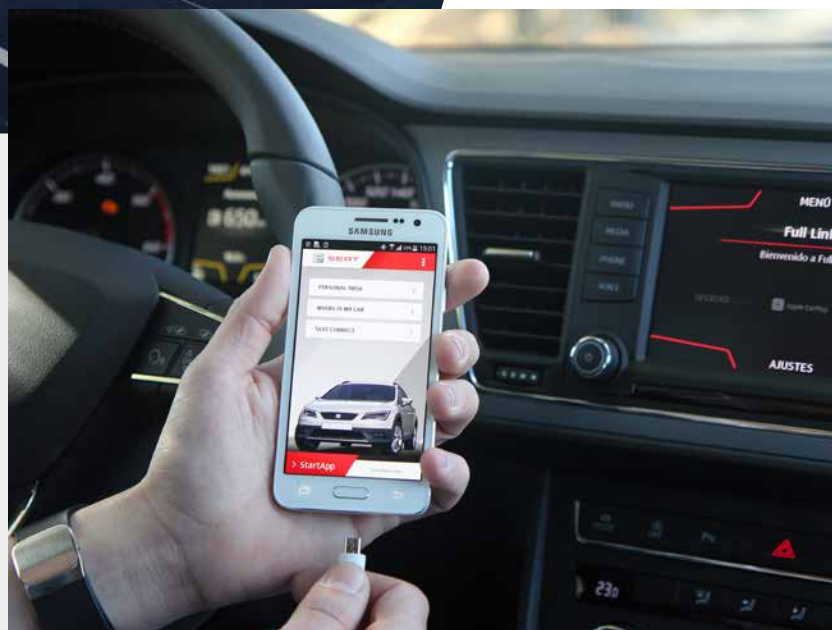
For Doctor Barceló, the development of apps that assist parking is only a piece of the big puzzle of mobility that has to be put together. The academic is interested in reaching a single function that includes all the information in a simple manner and in the system planning how to go from one point to another with mixed suggestions of public transport and private vehicles. The various





~ Presentation of the CONNECT range at the Frankfurt Motor Show.

disciplines that come together at the UPC elevate the investigators to more ambitious and complex projects, since vehicle electronics are becoming active to the point “that it has perception, it realises what is going on around it”. And car manufacturers are aware of this change at the same time as they are anticipating the evolution of cities, which in the past have spread with the advance of individual transportation, with the consequential effects on mobility and contamination.

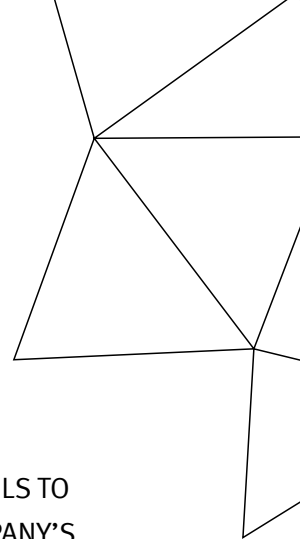


THE KEY ON YOUR MOBILE

Various studies indicate that the current digital generations will no longer have such an interest in buying cars and will focus more on mobility services, where the vehicle will continue to play an important role, from the point of view of the service of point to point transportation, but always connected. “I have experienced a car rental service using an app which, through geolocation, sends me an electronic key for activating a car parked 200 metres away. Once I reached my destination, I parked and the system closed the car and it became available for another user and I only paid for the time I used it, combined with the distance travelled”, explains Doctor Barceló, emphasising the worry-free approach that this type of service entails.

Another complex interdisciplinary project that the UPC is studying is that of electric cars. Professor Barceló wonders what would happen in the Barcelona metropolitan area if 20% of cars were electric if they all charge their batteries at night. The same would happen with buses if they all charged their batteries at the same time coinciding with the change of shift. “There would probably be a power cut in the city, since the quick recharges would suck a huge amount of energy from the grid”, he points out. On top of this problem would be that of the production of the electric energy, because the vehicles would not contaminate the cities but the electricity would have to be produced elsewhere, perhaps in nuclear power stations.





APART FROM TRENDS AND MANAGEMENT GURUS, SEAT WORKS WITH EMPIRICAL TOOLS TO ANALYSE INTANGIBLES SUCH AS THE COMPANY'S CULTURE OR THE WORKING ENVIRONMENT AMONG ITS EMPLOYEES. BECAUSE "FOR THE NEW GENERATIONS, THE COMPANY CULTURE IS GOING TO GAIN IMPORTANCE IN COMPANIES, WHERE NOT ONLY THE REMUNERATION AND PROFESSIONAL CAREER ARE IMPORTANT", STATES MARKUS SCHMADERER, MANAGER OF PERSONAL DEVELOPMENT AT SEAT. IN ORDER TO GET TO KNOW SEAT'S CULTURE BETTER, THE LAST CHAIRMAN, JÜRGEN STACKMANN, COMMISSIONED IN 2014 "A THOROUGH STUDY THAT HAS PROVEN VERY USEFUL FOR WORKING ON ALL THE AREAS OF THE 2020-2025 STRATEGY, SINCE A COMPANY'S CULTURE CANNOT BE CHANGED FROM ONE DAY TO THE NEXT". THIS STUDY FORMS PART OF THE INITIATIVES PUT INTO OPERATION TO STRENGTHEN ONE OF THE FOUR PILLARS OF THE STRATEGY DESIGNED FOR THE NEXT TEN YEARS: THAT OF 'TEAM'.

CONSTRUCTING CARS TOGETHER

“The staff feel proud to work at SEAT, which is a company that conveys security to them. Now we have to continue working on the link of the employees with the fantastic cars we produce, so that they can get to know them better and better, and feel more satisfied”

INTERNATIONAL CULTURE

One of SEAT's strong points is the varied international origins of a large part of its workforce, which is not just limited to Spaniards and Germans but has a considerable presence of French, Italians and Dutch, among other nationalities, which, in Schmaderer's point of view, is “an advantage” that contributes to enriching the international vision of a company that is global.

For the manager of Personal Development, it is not only important to have a ten-year future strategy, but it is fundamental for that plan to be conceived from within the company, as has been the case in SEAT; an aspect that turns out to be “an absolute milestone, very useful to bind the organisation together and to have a very good starting point”. The pillar named Team in the 2020-2025 strategy has been worked on collectively, involving all departments, which makes a lot of sense according to this psychologist because “it creates a link across the divisions, but also among the employees”.

Appealing to the need for all the staff to contribute to constructing the future of SEAT is not simply a phrase, but a goal which in 2015 has received two important boosts, earning the Top Employer certification, being the first car manufacturer in Spain to gain that recognition, and holding a Family Day, on which thousands of people, between employees, family members and friends, discovered the ins and outs of SEAT in an area equivalent to 75 football pitches, where around a hundred activities were scheduled.

Both initiatives, together with the Stimmungsbarometer (working environment survey) with which it is hoped to improve the staff satisfaction results, “are two sides of the same coin: being the most attractive company on the outside and also on the inside”, underlines Schmaderer.

~ Markus Schmaderer collects the Top Employer 2015 award.





~ The Stimmungsbarometer (working environment survey) is hoped to improve the staff satisfaction results.

Obtaining that certificate in Spain positions SEAT in an unparalleled position to attract talent. The award for Schmäderer does not represent an endpoint, but rather the path to follow in the medium and long term. “The objective of consolidating ourselves as a *top employer* company is transversal and involves all the divisions, not only that of Human Resources”, points out SEAT’s manager of Personal Development, for whom the company’s digitalisation is essential, both in workshops and in the offices.

The Vice-President of Human Resources, Xavier Ros, and the Vice-President of Governmental and Institutional Relations at SEAT, Ramón Paredes, appealed in the Management Konferenz MMK 2015 in October to the need for all employees to press ahead in the construction of the future of SEAT, undertaking to foster a culture of dialogue, acting with transparency and collaborating in a more transversal manner among all the divisions: “If we go together, we will be stronger”, they remarked.

The Top Employer certification positions SEAT in an unparalleled position to attract talent. The award does not represent an endpoint, but rather the path to follow in the medium and long term

NEW RECOGNITIONS

It is also necessary to adapt to times of constant change which involve, on the one hand, continually learning in order to obtain a better qualification and, on the other, redirecting company policies in order to attract the talents of the new generations. On this point, other forms of recognition are weighed up besides money and career progression, emphasises Schmäderer: “We have to offer horizontal careers and more freedom and space to try things, to grow personally”. This means “rethinking the old forms of rewards related to finances, hierarchy and authority. For example,



~ Participation of the employees in the presentation of the new Ibiza.



transforming training, with other formats and contents, as well as the way in which it is offered”, he concludes.


As for internal motivation initiatives, the Family Day in summer was a resounding success in the forging of pride of belonging “because the employees felt, together with their family members and friends, part of the SEAT family thanks to the participation of all the divisions of the company”, affirms Schmaderer. It is a success which represents the culmination of a five-year period in which staff motivation and participation measures have been increased “to expand and deepen the pride of forming part of this family, also through the experience with the vehicles we manufacture”.

UNIQUE EXPERIENCES

In addition to showing cars to the press and to sellers from around the world, exclusive presentations are organised for a selection of employees and their companions

The participation of the employees in the various presentations of the new models that are launched onto the market is another measure that fosters the link between the staff and the vehicles they manufacture. Each time SEAT launches a new car, in addition to being shown to the press and to sellers from around the world, exclusive presentations are organised for a selection of employees and their companions who have signed up for this activity in advance and who are invited by the company to learn first-hand about the new vehicles and also to try them.

Another success in terms of staff ties with the brand’s culture was at the SEAT Leon Eurocup championship, when more than 1,000 employees attended the last race of the competition’s calendar at the *Circuit de Catalunya* (Montmeló) and were able to learn first-hand about the abilities of the Leon Cup Racer. Employees attended the race with their families and their children, just like on the Family Day.



~ A trainee of the Apprentice School together with Manoli Arjona, a SEAT employee who also began her training in the centre.

INTERNAL REINFORCEMENT

The barometer of internal satisfaction, or *Stimmungsbarometer*, reinforces the internal face of the Top Employer medal. This is a tool of the Volkswagen Group that measures satisfaction in the working environment. It is made up of twelve questions that cover different areas and each of the company divisions, with the support of Human Resources, painstakingly work through the responses in order to find and implement the most suitable measures. “It is a ritual in the good sense, because its objective is to make things better”, underlines Schmäderer. One of the critical points that the *Stimmungsbarometer* reveals is the improvement of the quality in the working processes and the need for more internal information, “as it is never enough, particularly in a group as large as ours, in which information usually flows slowly”, he notes.

The Team strategy in the 2025 horizon involves, definitively, “turning the circle of success in order to be the best team and in order to be sustainably the best employer in the automotive industry in Spain”; a circle of success which, for Schmäderer, begins with the need to have an excellent team that has an excellent performance, which is the basis for success. And success forms part of the Top Employer recognition, “which completes the circle because if we are *top employers*, we will procure the best talents, who will make up excellent teams, and so on until we complete the circle of success once again”. In order to achieve this, all the departments are involved in making the work attractive and the job secure, in ensuring teamwork and that there are development possibilities, encouraging leadership, ensuring the remuneration is appropriate and that the image of the product and of the company are perceived with pride. Leaderships and hierarchies change, but they have no impact if the company culture is shared.

The *Stimmungsbarometer* measures satisfaction in the working environment and is made up of twelve questions that cover different areas

CUSTOMER-FOCUSED

WITH THE LAUNCH OF THE LAST VERSION OF THE LEON IN 2012, SEAT BEGAN TO REDIRECT ITSELF TOWARDS A NEW TARGET CUSTOMER. THE FOCUS WAS PLACED ON AN URBAN LIFESTYLE PROFILE, SOMEONE WHO ENJOYS FAMILY LIFE, ALWAYS CONNECTED, PREPARED TO BETTER EQUIP THEIR CAR, OLDER, AND OPEN TO LEARNING ABOUT THE ENVIRONMENT THAT SURROUNDS THEM. THE RESULTS OF BROADENING THE FOCUS ARE PATENTS, ALTHOUGH THERE IS A LOT LEFT TO DO, TO REINFORCE THE BRAND'S IMAGE, WHICH TODAY IS PERCEIVED AS MODERN, PRACTICAL, SPORTY AND ECONOMICAL. THE 2020-2025 STRATEGY POSITIONS THE CUSTOMER AS ONE OF ITS FOUR PILLARS AND PLACES THEM AT THE CENTRE OF ALL THE WORK THAT THE COMPANY CARRIES OUT.

~ The new Ibiza, in one of the activities organised as part of the Central Launch Training.



In order to achieve the desired results, the challenge involves improving customer satisfaction with a project that is already of high quality, commencing from a sales process that represents a real commitment with the brand. But the happiness that comes with acquiring a vehicle should endure during its useful life thanks to the satisfaction that a good after sales service provides, as Gaspar Alcaide, after sales training manager, points out. Only in this way will greater faithfulness be achieved, which will result in a drastic reduction of claims inversely proportional to the increase in new buyers, starting with those who are repeat buyers of a SEAT.

“The brand’s potential will be wherever we want to take it”, affirms Ferran Jover, head of the development of the commercial network. “We have the youngest customers in the industry and many opportunities to respond to their needs provided that we put them at the centre of all of our actions”, he adds. The world of the commercial network is usually very traditional but has to adapt in leaps and bounds to a customer that, before visiting them, has already found out about the car and, instead of visiting the dealership an average of seven times like they did previously, they do so no more than twice. “They usually come with a clear idea”, such that the moment of the sale is key.





One of the brand's dealerships that has already adopted SEAT's new corporate image.



FINE TUNING OF THE IDENTITY

Helping the sales and after sales network is essential, above all in training, but beforehand there must be a fine tuning of the corporate identity to keep it uniform, both in the online world and in the physical world of the dealership in order to achieve the best service towards customers. The launch of the current version of the Leon coincided with the renovation of the SEAT brand image. This is a matter that will culminate with the launch of the SUV. The idea is that the dealerships have larger and warmer spaces so that the customer lives the SEAT experience in comfort. The diagonal line that is present in the design of the latest models and in Barcelona itself, thanks to one of its most famous avenues, appears on the main elements of the sales space, which emphasises the dynamism of the brand.

Coherence above all else. Also in the identifying colours, red and oranges, and the transparency that a greater abundance of large windows provides in order to give a sense of spaciousness. Once inside, the customer feels at the centre, with the range of vehicles around them and always attended by the salesmen and service advisors. Just as in the online world, the concept of the design of the dealership makes it easier to browse around the shop interior, starting with a comfortable waiting area.

A network of 1,700 dealerships and exhibitors plus a similar number of service points require an efficiency plan. To date, 500 projects have been carried out to renew the corporate identity and points of sale and after sales spread across 30 countries, which represents around 20% of the network. Jover's objective is for them to be prepared this year for the arrival of the Ateca, a new model for which the best presentation letter will be SEAT's new corporate identity applied to the whole network. "In the end, all the effort made by the brand materialises at the key moment of the customer's visit to the dealership", highlights Jover.

To date, 500 projects have been carried out to renew the corporate identity and points of sale and after sales spread across 30 countries



✓ Víctor García, head of the department of Commercial Training.



TRAINING FOR SUCCESS

Customer satisfaction as an objective is a philosophy that is only transmitted if all members of staff of the company believe in it. “Us customers are not stupid and a brand is not perceived on the basis of what it says, but on the basis of what it does”, insists Jover. Hence the importance of training. Last summer the Central Launch Training took place in SEAT, a training event that gathered together, for the first time, a total of 4,500 people that make up the sales force of the brand in 40 countries. The centralised training was carried out over three weeks in Port Aventura (Tarragona), at the rate of 288 people per day to learn about and to drive the new 2015 Ibiza. The vehicle incorporates multiple new features, from more efficient engines and the Full Link connection to guarantee integration with smartphones, to new personalisation packages both in the interior and in the exterior. But in order to explain it, it would be necessary to experience it.

The challenges of the CLT culminated successfully, affirms Víctor García, head of the department of Commercial Training, since in addition to the logistical complexity of training 4,500 salesmen, the workshops were given in 19 different languages by 76 trainers, each one with the specific culture of each participating country. Prior to this, all of the salesmen together had completed a total of 13,500 online courses and 768 workshops had been conducted, which facilitated the process of each participant being given two practical courses of knowledge of the vehicle and another two of driving.



A SEAT EXPERIENCE

The centralised training also had the objective of the sales network receiving the same corporate message. In this way, the participants were permeated with the brand's philosophy and experience through complete immersion, right from the moment they landed up until they returned to their respective countries the following day. All of them were received by a member of the SEAT executive committee, engaged with the initiative. For the launch of the SUV, a Global Launch Training programme will be carried out so that, instead of concentrating all the salesmen in one point, it would be the training team who would travel to their countries. The department led by Víctor García is preparing the training materials in 19 languages with the particularities of each country in order for the dealerships to receive them together with the vehicles and, therefore, the salesmen can try and experience them. Prior to this, the various trainers of each country will be given training.

The results of the CLT are measurable in the sales success of the Ibiza, which has been confirmed once again as one of the fundamental pillars of the company, declares García. Some managers say that the Central Launch Training was "decisive" due to the positive influence that the training had on sales, as well as positively the improvement of the economic situation making a positive contribution. "Apparently the Ibiza did not have any new features, but nevertheless it was totally new, above all in connectivity, a point that cannot be



~ One of the presentations included in the Central Launch Training.

appreciated simply by looking and that has to be explained in order for the customer to see it and to know all the possibilities within their reach", notes Víctor García, who states that "it was a success to carry out the training of the salesmen in an event that was also motivational and about branding, because the participants left very happy. The average satisfaction on the event was 4.59 out of 5, i.e. outstanding in all respects".

With events like the CLT, the foundations are being laid in order for the salesmen to be the first fans of the brand and to contribute to decant customers' purchase decision with a human and highly personal approach. One of the actions planned in the department's strategy consists of offering qualified training so that the commercial network is excellent. "We must not forget that purchasing a car represents the second most important purchase a person makes after their home", points out García.

PROFESSIONAL COMMITMENT

The after sales environment is at a key moment that implies new services related, for example, to the advances in connectivity with which the vehicles are equipped. The offering of services and products is extensive in order to suit the needs of each user and to achieve maximum customer satisfaction throughout the vehicle's useful life. This satisfaction with the company is fundamental when it comes to ensuring that the customer trusts in the brand again to buy a SEAT car.

Through the new all-inclusive after sales training strategy in the department, the technical sphere, customer service and business aspects are covered. It is a training that focuses on qualifying 14 specialities. The launch of the brand's first SUV, the Ateca, will be a new opportunity to train the representatives of the commercial network in new technologies and customer service, in the countries in which the brand is present.

Next April, the 16th edition of the Top SEAT People will take place in Barcelona. The SEAT After Sales department is a pioneer in this motivational competition in which the best professionals from 26 countries take part in the various after sales specialities:

service manager, spare parts, service adviser, head of guarantee and garage management and, of course, the mechanics and the painting specialists. For two days they enjoy the competition, an emotional experience in Barcelona that also totally immerses them in the brand's values. In order to reinforce the links between sale and after sale, 2016 is the first year in which the salesmen and specialists in fleets from each country also took part in the event. "As well as choosing the best team, the Top SEAT People represents an incentive in order to create brand loyalty among the employees", underlines Juanjo Bofill, head of Top SEAT People.

Gaspar Alcaide emphasises the challenge of an international competition in which 170 professionals, a selection of the best technicians from the commercial network, participate. The Top SEAT People brings those employees to the company's place of origin: an experience that has a strong motivational component, representing a unique opportunity to visit the Martorell plant, a total immersion in the values that the brand promotes and an ideal opportunity to check the rigour with which work is performed in the different fields involved in the production of a car.

~ Participants from the last edition of Top Service People.





A FORMULA FOR **SUCCESS**

SEAT MAINTAINS THE MOMENTUM OF THE LAST FEW YEARS, AFTER A DIFFICULT GLOBAL FINANCIAL CRISIS, AND HAS ACCUMULATED A SALES INCREASE OF 25% SINCE 2012, AFTER CLOSING 2015 EXCEEDING THE HURDLE OF 400,000 VEHICLES SOLD IN ONE YEAR, WHICH REPRESENTS AN INCREASE OF 2.4% COMPARED WITH THE PREVIOUS YEAR. BUT THERE IS STILL A LOT OF WORK TO DO IN ORDER TO ENSURE THAT GROWTH IS PROFITABLE AND SUSTAINABLE ON THE BASIS OF BUILDING A SOLID BRAND. THOSE GOALS, EXPRESSED BY THE CHAIRMAN OF SEAT'S EXECUTIVE COMMITTEE, LUCA DE MEO, ARE FURTHER CLARIFIED BY THE VICE-PRESIDENT OF FINANCES, IT AND ORGANISATION, HOLGER KINTSCHER, WHO EXPLAINS THAT THE FOUR INDICATORS THAT WILL ALLOW THAT OBJECTIVE TO BE REACHED INCLUDE THE IMPROVEMENT OF THE RETURN ON SALES AND OF THE RETURN ON INVESTMENT, THE GROWTH OF THE SALES VOLUME AND THE INCREASED ACCEPTANCE OF THE BRAND. THEY ARE INDICATORS WHICH, ACCORDING TO DE MEO, "WILL LEAD US TO SUCCESS IF WE PUT ALL OF OUR EFFORTS INTO LOOKING AFTER THE CUSTOMER, DEVELOPING PRODUCTS IN THE MOST INTELLIGENT WAY AND WORKING AS A TEAM".



In order to achieve those objectives, it is essential that the company has a focused and more efficient organisation, where profitability is the basis that helps to sustain growth. It is on this basis that the team led by Norman Wickboldt, head of Organisation, has chosen the acronym VIA+ as the path to follow. A path in which SEAT is not seeking efficiency in order to save resources, but rather "we are seeking a change of activities where value is of greater importance and where we are more competitive and the important thing is to optimise the programme", notes Wickboldt, highlighting that efficiency and effectiveness are two basic elements.

Companies seek stability with the decisions they take, an aspect that Wickboldt considers "vital to achieve profitability, because the most basic thing is optimisation to prepare for the future". The difference with the VIA+ programme is that it is not related to a product nor to a department, because the focus is on the extra that will benefit the company. In VIA+ the production departments have not been included, pending their completion of a new aptitude programme that was already carried out two years ago. However, "the staff will confirm that some decisions will be able to be taken more directly, without having to go through the most senior manager", asserts Wickboldt.

SUCCESS IN SALES

The growth in sales has been boosted by the recovery in Spain (77,200 vehicles; +14.3%) and Italy (15,900; +22.1%), the fifth consecutive year of growth in Germany (87,800; +3.8%) and the success of the Mexican market (24,100; +13.2%), SEAT's fourth largest. Furthermore, the brand has achieved in 2015 the historical sales record in countries such as Switzerland (8,374; +5.7%), the Czech Republic (7,901; +16.6%), Denmark (6,470; +4.3%), Turkey (13,891; +15.3%), Israel (7,536; +23.3%), Tunisia (2,182; +10%) and Morocco (1,775; +18.1%). As for the models, the Leon grew by 4.4%, with a total of 160,900 units delivered and it is, once again, the brand's most sold vehicle. For its part, the Alhambra registers

the largest increase (17.2%) and has achieved the second best sales result in this model's history, with 27,000 units. The Ibiza has also progressed 2.4% and accumulates a total of 153,600 vehicles delivered.

Regarding 2016, Luca de Meo has foreseen that "the year will be marked by the launch of the first compact SUV in the company's history, the Ateca", which will arrive at dealerships in the middle of the year and to which three more new models will be added in 2016 and 2017. "The SUV is destined to become the third great pillar of the brand, together with the Leon and the Ibiza, and it will allow us to cover the segment with the highest growth in the last few years", the Chairman of SEAT's Executive Committee said.

Production lines in the Martorell factory.





~ A fleet of the Leon ST delivered in 2015.

THE MOMENTUM OF FLEETS

The increase in sales in the fleets strand is another of the successes of 2015, in which a third of the vehicles sold, including rental cars, belong to this market segment. The success of fleets in SEAT is largely due to Giuseppe Tommaso, head of the department, and to his team and to the positive response of the markets, which has achieved in only three years “the inoculation of the virus of fleets in the company, representing a change in SEAT’s culture”.

In the fleets market, purchasing decisions are predominantly rational, but also emotional, because companies, whether multinationals, SME’s or self-employed workers, choose the vehicles that are best suited to their professional activity and trust in their profitability.

The Leon ST is a highly valued model as a fleet vehicle that has made a notable contribution to the increase in sales in this channel; a channel that has particularly grown in the large European markets such as Germany, Spain, the United Kingdom, France and Italy. Among SEAT’s customers are Siemens, which has already purchased close to 1000 vehicles; Glaxo, which has acquired 400, and other companies such as Vodafone, Cannon,

The Leon ST is a highly valued model as a fleet vehicle that has made a notable contribution to the increase in sales in this channel, which has particularly grown in the large European markets

Adecco and Zurich, which have acquired between 500 and 1000 cars. For the market of large companies, SEAT also has the collaboration of the Volkswagen Group, with the Group Fleet International department that has an international team that works for all of its brands and in which the brand is represented, although SEAT also has direct contact with the large customers.



~ SEAT Leon included in the first fleet of vehicles delivered to the Carabinieri, in Italy.

SALES TO THE ITALIAN AND FRENCH POLICE FORCES

SEAT has managed to have, at the end of 2015, more than 200 salesmen specialised in fleets in different European countries and to sell 18,000 vehicles within that programme

Another success sewn in the fleets programme in 2015 has been the sale of vehicles that will be delivered over the next three years to the Italian law enforcement agencies, the Polizia di Stato and the Carabinieri. This is the first occasion that a non-Italian vehicle wins a tender of this type and for SEAT it is excellent news to be able to contribute to public safety with reliable vehicles. The Italian Police chose the five-door Leon equipped with the 2.0 TDI engine with 150 HP (110 kW). Its equipment includes a number of modifications, from special tyres with suspension settings tailored to the needs of the police, alert and warning lights, a radio and communications equipment. In order to put this model for the Police to the test, different and rigorous types of tests were carried out, both inside and outside, over 30,000 kilometres of road.

Giuseppe Tommaso adds that a few weeks ago, SEAT also won another tender in France to provide close to 400 Ibiza, Leon and Alhambra vehicles to the French Gendarmerie.



Presentation of the fleet of vehicles delivered to the Carabinieri and the Polizia di Stato.

The market of self-employed workers, entrepreneurs and SME's cannot be treated like the sale of large fleets and requires a different commercial approach, indicates Tommaso. After training and dedicating a person in the dealerships located in major cities, SEAT has managed to have more than 200 salesmen specialised in fleets in various European countries at the end of 2015. They are salesmen who proactively visit SME clients in their area. The success of this professionalisation is beginning to bear its first fruit, as SEAT's head of fleets highlights, since 18,000 vehicles have been sold in this channel in 11 markets.

In Giuseppe Tommaso's opinion, SEAT will continue to increase its sales in the fleets market with the arrival of the new Ateca and the entry into a new segment of customers that purchase better equipped cars. With this new model, together with the expansion of the Leon range, the offering of cars continues to be highly competitive and complete. The company is also working on offering more and more complementary services to fleet customers, to which maintenance packages are added, for example. In this area, Tommaso points out that there is a lot of scope for growth because, remember, one of every three vehicles that SEAT sells is in the fleets market.

05

ON THE MOVE

WITH

MANAGEMENT REPORT

Sustainable throughout the value chain—**72** *Maximum efficiency and accuracy*—**88**

Optimal management of resources—**98** *A growing Brand*—**104**

40 years innovating towards the future—**132** *People, the most important asset*—**150**

Commitment to society—**158** *Towards sustainable profitability*—**164**



EFFICIENCY

SEAT
LEON

2306 XPE

05.1

SUSTAINABLE

THROUGHOUT

THE **VALUE**

CHAIN



CORPORATE SOCIAL RESPONSIBILITY

*Committed to sustainability—***74** *Close to employees and society—***76**
*A responsible and sustainable business—***79** *In favour of the environment—***84**

COMMITTED TO SUSTAINABILITY

The efforts made in matters of sustainability during 2015 have multiplied compared with the previous year. The company's strategy is materialising with new projects developed around three fundamental pillars: economic, social and environmental. The activities carried out in these three areas have attained the recognition of the brand, both at a national and an international level.

Since the expectations of the main stakeholders were identified, SEAT has put all of its effort and dedication into exceeding them. As a result of this effort, the company has received awards for social and environmental commitment: the Top Employer certification recognises it as one of the main drivers of employment in Spain and the Lean & Green Management Award positions it as one of the most efficient and environmentally friendly companies in the car manufacturing process.

SEAT understands sustainability as an exercise of constant improvement in all its areas. For this reason, the company has also designed different initiatives to strengthen its economic activity. Among others, the intensification of the anti-corruption training for its staff and the commencement of sustainability audits in its suppliers are particularly noteworthy. Furthermore, these activities help to extend the culture of social responsibility throughout the company's value chain.

Since the expectations of the main stakeholders were identified, SEAT has put all of its effort and dedication into exceeding them. The projects developed by the company in matters of sustainability are analysed by a Sustainability Team



The projects developed by the company in matters of sustainability are analysed by a specific task force, called the Sustainability Team, which includes representatives of all the areas. Close collaboration between these areas is vital for the objectives defined to be achieved and, above all, it will continue to be the key to the success of the company's sustainability strategy.



SOCIAL COMMITMENT

**SUSTAINABLE
GROWTH**

**ENVIRONMENTAL
EFFICIENCY**



CLOSE TO EMPLOYEES AND SOCIETY

Participation and values

During 2015, SEAT encouraged and expanded the participation of family members of employees in all sorts of initiatives. The public success of the Family Day, an open day on which family members and friends could get to know and enjoy the company from the inside, is a clear example. For 11 hours, the Martorell factory, the Technical Centre, the Original Spare Parts Centre and the Purchases buildings, SEAT Spain and Product Management remained open to show how the vehicles are designed and manufactured, the technological advances employed in the plant and the offices and facilities which people do not normally have the opportunity to see.

For the third consecutive year, SEAT opened its doors to invite the twenty best students of the Catalonia university entrance exams to a very special visit around its facilities. They were a part of the 3,130 students who were able to learn about the company with their schools and universities. The number of visits by young people increased in 2015 by 70.7% over the previous year.

The Montmeló race track also welcomed employees and their companions on two occasions: the Final of the Leon Eurocup and the Formula Student Spain, a competition that SEAT sponsored for the sixth consecutive year, in which young people from different universities around the world competed for the single-seater car that they had designed, developed and built for a year to be the best in the panel's opinion. This edition stood out due to the high level of participation: 1,700 engineering students from 13 countries made up the 68 teams that took part.

The company continued to support sport as a vehicle for encouraging teamwork and solidarity. The eighth edition of the SEAT Cup, the football tournament for company employees, showed its more cohesive side once again, in collaboration with the social project of the Cruyff Foundation.



WORLD BREAST CANCER AWARENESS DAY

SEAT showed once again its more charitable side by participating in the *Go Pink (Súmate al rosa)* campaign of the Spanish Association Against Cancer (AECC). The funds raised through the purchase of sun glasses by the workforce, together with the company's financial contribution, were put towards a free psychological support programme for people diagnosed with this cancer and for their family members.

See video



FAMILY DAY

SEAT opened the doors of Martorell to all employees and their family members and friends. The company celebrated SEAT Family Day on Saturday 27 June, an open day for all the staff to be able to share the satisfaction of forming part of the company.



IDEAS FOR IMPROVEMENT 2015 RESULTS



14,183

Ideas received

7,278

Ideas rewarded

1,900,000

Prize money in euros

47%

Participation

13,500,000

Savings in euros

Another way in which it participated was through the Ideas for Improvement programme, which the company has promoted for the past few years among employees to encourage and reward their proposals for financial and energy savings or general improvements in their working environment. In 2015 the efficiency of this programme achieved a saving of 13.5 million euros, a figure which exceeded that generated the previous year by almost 4 million.

Equal opportunities

SEAT takes equal opportunities in the company very seriously. For this reason, once again it called on the workforce to participate in a new edition of the Equality Competition, which coincided with the celebration of International Women's Day. This initiative, designed to promote equal rights and gender equality, also served to disseminate SEAT's Equality Plan and raise awareness of its importance among the workforce.

Also as part of promoting gender equality, the company's participation in the third edition of the *Promociona* Project stood out. This is an Executive Programme of Women in Positions of High Management, an initiative supported by the Ministry of Health,

Social Services and Equality and led by ESADE, the objective of which is to improve the technical and leadership skills of women.

Altruism and solidarity

The attainment of the Top Employer certificate, which credits SEAT as one of the best companies to work for in Spain, is linked, among other aspects, to the values and the solidarity culture of the workforce. It is the employees that ask the company to be able to take part in charitable campaigns and activities and, on occasions, that get them underway. This was the case in the collaboration, following one member of staff's initiative, with the Talita Foundation, an entity which promotes the integration and inclusion of children and young people with learning disabilities and special educational needs. Not leaving out the youngest in society, a collaboration was established with the Juegaterapia Foundation, whose mission is to improve the quality of life of children that are hospitalised for long periods, encouraging creativity and play among them. As part of this collaboration, SEAT donated more than 200 Sony PS4 consoles in order to contribute to this foundation's cause.

Similarly, on 19 October, coinciding with World Breast Cancer Awareness Day, SEAT took part in a fundraising campaign with the Spanish Association Against Cancer (AECC). The workforce collaborated by making a mass purchase of pink-coloured sun

glasses designed for the occasion and financial donations, on a day when the entrances were decorated with flags with a pink ribbon as a symbol of the company's commitment to the fight against cancer.

On top of this initiative were the now usual campaigns among employees and their entourage called *We are SEAT, We are charitable* and *Humanitarian Alliance for Children's Food* in which the staff collaborated with the Red Cross by collecting 360 toys, 4,550 kilogram of food and donations for those most in need.

Commitment to the new generations and their education continues to be one of the company's priority objectives. SEAT continued the tradition of donating vehicles for educational purposes to schools and public and private educational centres. Of particular note were the delivery of vehicles to the Castile-La Mancha Autonomous Community, to Vocational Training Institutes in Catalonia and Galicia as well as to the Guttman Institute for therapeutic use. Another form of collaboration materialised with the donation of half a car body for the exhibition *Vestir el automóvil*, of the Textile Museum of Terrassa, the aim of which was to present and explain the presence, importance and the technology of the textile elements that are found in a vehicle.

See video



HOW MANY BOOKS FIT IN THE BOOT OF A CAR?

On the occasion of International Book Day, SEAT launched the challenge to guess how many books fitted in the boot of the SEAT Leon X-PERIENCE. To carry out this initiative, the vehicle was placed inside the public library of Sant Pere de Ribes (Barcelona). In total, 1,168 books were placed into the boot with a capacity of 1,470 litres.



See video



60 VISUALLY IMPAIRED PEOPLE EXPERIENCE THE PLEASURE OF DRIVING A SEAT LEON

Thanks to the joint initiative of SEAT, RACE and ONCE, a total of 60 visually impaired people have been able to fulfil the dream of driving for themselves, accompanied by a group of expert instructors, within the Jarama race track.



› SEAT collaborates with Red Cross in the campaigns *We are SEAT, We are charitable* and *Humanitarian Alliance for Children's Food*.



↪ *The identification of risks is a priority objective.*

A RESPONSIBLE AND SUSTAINABLE BUSINESS

From a financial point of view, SEAT understands and develops its Corporate Social Responsibility strategy based on a very clear principle: the future of the business is only sustainable if the company maintains a constant spirit of understanding and cooperation with the environment, and if the long-term future of the company is assured with a responsible financial management that includes the management of risks in all areas of its business.

Financial sustainability

SEAT assures its future vision through long-term planning of the business and its development. This process allows the company to select the strategies to be adopted and to establish the specific action plans to achieve the objectives.

The plans are reviewed periodically to adapt them to the new market situations and to define specific actions when required. In this way, investment planning takes on a fundamental role, being meticulously

SEAT assures its future vision through long-term planning of the business and its development. This process allows the company to select the strategies to be adopted and to establish the specific action plans to achieve the objectives

planned in order to develop future products which meet customers' demands and guarantee the company's sustainable future.

Good governance, risk management and compliance

SEAT, through its Governance, Risk and Compliance (GRC) department, promotes efficient and transparent risk management, as well as regulatory compliance, contributing with this system to the company's sustainability.

As part of this integrated system, all areas of the company receive specific training on managing risks of any type, from the most operational risks to those related to regulatory compliance.

All departments of SEAT participate in the annual GRC process. Thanks to this process, it is possible to systematically carry out a standardised analysis of the status of the company's risks, as well as of the efficiency of the measures and controls established. In this process, both strategic and operational risks as well as regulatory compliance risks are included.

This risk map and controls analysis allows the company to provide a complete report to the SEAT's management on the main risks that affect it, their triggers, the way in which they are managed and the effectiveness of the controls in place.

During 2015, a specific procedure was developed to ensure that the annual GRC process systematically includes and links all the risks identified in the company's long-term financial planning.

Another significant project carried out during the year has been the application of the risk management methodology to SEAT's sustainability objectives. The people in charge of the three pillars of Corporate Social Responsibility have analysed political, economic, social, environmental and technological development factors that could have an impact on those objectives. In this way, the company is preparing itself for unforeseen future events.

In SEAT, compliance is seen as an integral part of its business. An example thereof is the advisory work performed by the Compliance team in the preparation of internal standards and projects. It also has a consultancy role in the processes of the delivery and acceptance of gifts and invitations, as well as the approval of sponsorships, donations and tickets distribution. Furthermore, consultations sent to the email address compliance@seat.es and



~ Training sessions delivered by the Compliance department.

the channels set up for reporting compliance-related irregularities are also being used effectively.

Additionally, a culture of compliance and respect for the values of the Code of Conduct of the SEAT Group are encouraged among the employees and third parties through regular awareness and training campaigns on relevant matters. In particular, during 2015, as part of the anti-corruption programme, mandatory training sessions were run for all of the company's management and for the employees most likely to find themselves facing risk scenarios. The aim of these sessions was to help to prevent, identify and combat irregular conducts through role plays and the theatrical dramatization of situations in which they could find themselves and to offer recommendations on how to deal with them.



In an effort to galvanise continuous improvement and adaptation to market demands, the company participates in discussion forums and presentations on good governance, sustainability, risk management and ethics, such as those organised by the Sustainability Excellence Club, the IESE Business School or Corporate Excellence.

Sustainability in supplier relations

SEAT implements all the measures necessary to convey to suppliers the importance of compliance with the sustainability requirements within the supply chain. These requirements are set out in the Guiding Principles subscribed by the majority of car manufacturers in March 2014, among them the Volkswagen Group. In recent years the company has focused its activities on training and informing suppliers about all the aspects that sustainability encompasses in the supply chain within the automotive industry, based on business ethics, the required environmental standards and working conditions and human rights.

Compliance with these principles has become an indispensable requirement for becoming part of SEAT's supply chain, as well as for the awarding of new projects.

In this area, the company seeks to achieve a high level of commitment in the supply chain, from the source of the raw material to its processing and the receipt of the equipment, including all its components. It is worth highlighting the implication of the majority of the suppliers, since almost 80%

of them have committed in writing to fulfilling the sustainability requirements established by the company.

In 2015 SEAT took another step by starting to carry out audits on Corporate Social Responsibility, becoming one of the first car companies to perform this type of check on its suppliers in the Iberian Peninsula. The audits separately assess different employment aspects (staff salaries and timetables, health and safety at work), the existence of internal risk management systems and the environmental side, and they allow an overall final result to be awarded. Thanks to these checks, SEAT has cooperated in the detection and resolution of situations of non-compliance with the sustainability requirements on the part of some suppliers. In these cases, through an internal team of experts, the company analyses the measures necessary to achieve their compliance and agrees their implementation with the supplier.



^ Customer satisfaction is a priority for the company.



~ SEAT constantly monitors its customers' satisfaction.

Customer satisfaction

Customer satisfaction continues to be an area of focus for the company. In order to increase the incorporation of new customers and brand loyalty, measures have been established to improve the processes and the quality of service offered by official service points and dealerships.

With the results obtained through different customer satisfaction studies in the sales and after-sales areas, the brand can identify the areas for improvement and carry out the corresponding action

plans. A fundamental tool for quickly and effectively adapting to the demands of the customers in these areas is the international online platform Customer Satisfaction Survey.

Among the most important actions that are regularly carried out, of particular note are: the monthly satisfaction surveys, the systems for assessing the services provided such as Mystery Shopping and Phantom Test, an extensive training programme to guarantee the professionalism of the sales network and the Focus Groups with customers to learn about their experiences first hand. All these tools help the dealerships and the brand to analyse the situation, adapt to customer needs and, ultimately, to offer a better service.

Thanks to the multiple action plans developed and the effort of commercial and service consultants, the improvements achieved in the last few years continue to be sustained. According to the latest data available from the Customer Satisfaction Survey, the reference index in the area of sales has achieved a significant increase in the 2012-2015 period, going from 9.2 to 10.5. Furthermore, in the same period the after-sales CSS index rose from 8.1 to 9.3, which also shows a continuous improvement (CSS sales and after-sales index scale from -4 to 12).

RESPONSIBLE BUSINESS

GRC



170
participants in
the GRC process



2,800
participants in
the GRC training
sessions



65
risk categories
analysed



14,000
visits to the GRC
internal website

150
risk trigger
factors identified

380
consultations
received at
Compliance@seat.es

Customers



CSS* index of sales



9.2
2012

10.5
2015

CSS* index of
after-sales



8.1
2012

9.3
2015

Suppliers



80%
Suppliers
accredited in
their compliance
with the
sustainability
requirements

3
Cases of
non-compliance
with the
sustainability
requirements
detected among
suppliers

*Customer Satisfaction Survey

Impact of the SEAT Group on the Spanish economy (2014 figures)

The SEAT Group, as the foremost group of the automotive sector in Spain, actively contributes to the economic and social growth of the country. The investments made generate employment, revenues and taxes which facilitate sustainable development. This contribution allows it to participate in developing a better quality of life and well-being for the public, by carrying out economic and social activities that yield benefits for people, companies and public administrations.

- SEAT Group impact*
- SEAT, S.A impact

BUSINESS GENERATION

0000 BRN

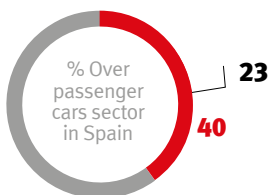
Passenger car registrations

200,701 / 67,894



Passenger car production

748,377 / 442,677

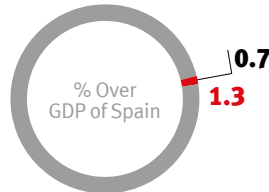


INCOME GENERATION



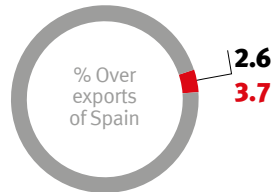
Income from sales

13,016 / 7,497 million euros



Export

8,939 / 6,162 million euros

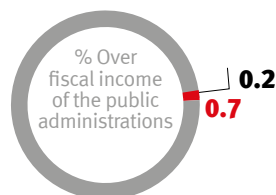


TAXES AND VAT GENERATION



Taxes paid to the public administrations

1,684 / 476 million euros

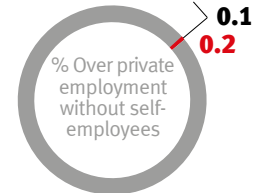


EMPLOYMENT GENERATION



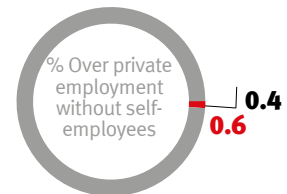
Direct employment **

20,345 / 12,939



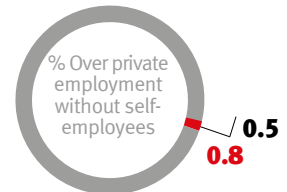
Induced employment

69,000 / 50,000



Direct + induced employment

89,345 / 62,939

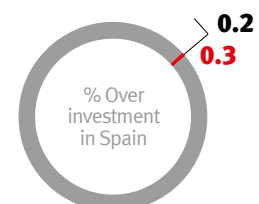


INVESTMENT GENERATION



Total investment + R&D expenses

605 / 457 million euros



The largest industrial investor in Spain

* It does not include companies located outside of Spain.

** It does include employees in partial retirement and apprentices with labour contracts.



^ SEAT has managed to reduce the consumption of water required to produce a car by 24% since 2010.

IN FAVOUR OF THE ENVIRONMENT

In processes

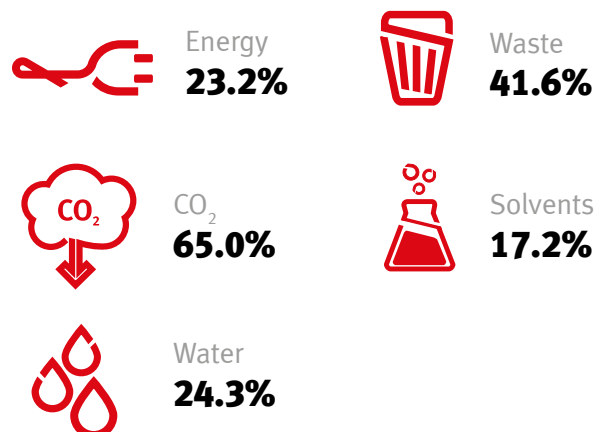
The actions carried out during the period allowed very positive progress to be made in the Ecomotive Factory project, one of its goals being to reduce the main environmental aspects and the consumption of resources per vehicle produced by 25% in the period 2010-2018. This has been reflected in a significant improvement of the indicators for 2015 compared with the previous year, as shown below:



- / Energy consumption: the energy saving and efficiency measures applied achieved a reduction equivalent to 21,838 MWh, an improvement per vehicle produced of 3.4%. Among the actions carried out, of particular note are: the incorporation of high-efficiency electric engines with variable speed drives, the introduction of LED lights, the replacement of high-efficiency incinerators in the painting ovens, the improvement in the insulation of plants and workshops, as well as the reuse of heat and cold for air conditioning.
- / CO₂ emissions: the proposals introduced to improve energy efficiency, the green energy supply contract that guarantees that it comes from sources certified as 100% renewable and high-efficiency cogeneration sources, as well as the supply of external heat produced with biomass in the SEAT Barcelona plant, reflect some of the measures that have allowed CO₂ emissions to be reduced.

SEAT is also equipped with the photovoltaic facility SEAT al Sol, which has six solar energy plants located at the Martorell factory and has a total power of 10.6 MW. During the year it generated 17,857 MWh of clean electricity, free of CO₂.

- / Water consumption: the savings and optimization initiatives applied led to a 9.5% reduction per vehicle produced. The efficiencies achieved were due to the completion of various projects, such as the reuse of water by a second stage of inverse osmosis, the use in other processes of the condensation water from air conditioners, or the improvements introduced in the water purification and filtration systems in the rain test that have allowed a significant amount of water to be reused.

ACCUMULATED PERCENTAGE IMPROVEMENT IN ENVIRONMENTAL INDICATORS 2010-2015



BARCELONA	CNG ALTERNATIVE ENERGY	↑	MADRID
	50% more economical than petrol and 30% more than diesel	Sales of CNG cars have multiplied by six times in the last five years in Spain	 615 kilometres
	CO ₂ saving of 25% compared with petrol and an 87% reduction of nitrogen oxide compared with diesel		21,53 kilograms of compressed natural gas

BARCELONA-MADRID FOR 20 EUROS: TEST PERFORMED WITH A LEON ST TGI

Driving with a compressed natural gas (CNG) car is up to 50% more economical than with petrol and 30% more compared with diesel.

See video



/Emissions of solvents (volatile organic compounds): the projects implemented achieved a reduction of 3.3% per vehicle produced. Major contributing factors to this reduction have been: the automation of line 1 for the painting of the inside of the car bodies with a greater efficiency and lower consumption of paint, and the complete replacement of protective waxes with solvents in the mobile elements for others that are solvent-free.

/Waste disposal: the automation measures applied for the painting of the inside of the car bodies and the boosting of resources for sorting waste in workshops and offices have contributed to a substantial reduction in the amount of waste sent for disposal or to landfills by 10.2% per vehicle produced.

In products

The number of cars on the road is growing and, therefore, it is necessary for cars to generate an ever smaller impact on the environment. SEAT works to reduce this environmental impact throughout the life cycle of its models, in the manufacturing, use and end-of-life phases.

The scarcity of resources has become a real problem. For this reason, it is important to move towards a circular economy: a product at the end of its useful life is no longer a waste product, but a source of materials that can be reused. The car is one of the most highly recycled consumer goods and from 2015 onwards, the rate of recycling and reuse must reach a minimum of 95% of the weight of the vehicle. All SEAT models are designed, developed and produced with the requirement to comply with European Directive 2000/53/CE, thus ensuring that they are at least 95% recyclable.

The recognition of the environmental characteristics of the brand's models is reflected in the results of the VCD (*Verkehrsclub Deutschland*) 2015/2016 environmental ranking, which evaluates

400 different models sold in Europe. The SEAT Mii 1.0 Ecofuel Start&Stop holds third place in the general category and the second place in the *Klimabesten* category (best CO₂ emissions) with 79 g of CO₂/km, therefore standing out among the best.

During 2015, an exhaustive monitoring exercise has been carried out of the substances which, under the REACH regulation (Registration, Evaluation and Authorisation of Chemicals) or following European Directive on End-Of-Life Vehicles (2000/53/CE), must no longer be used in materials intended for the manufacturing of vehicles.



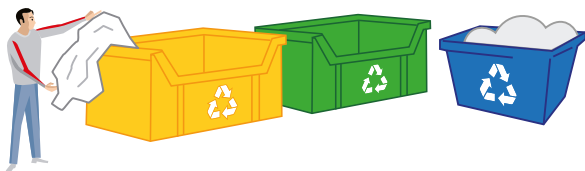
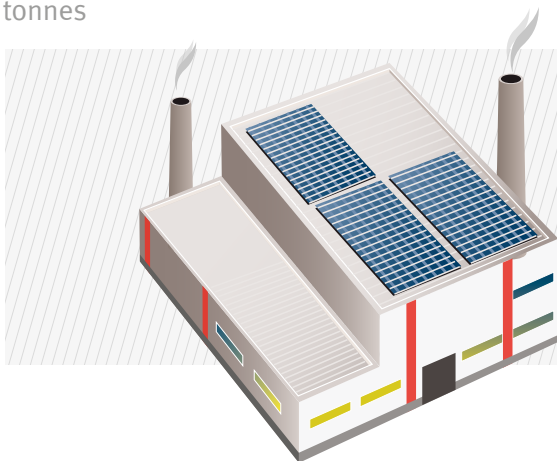
^ SEAT is committed to cars designed to function using compressed natural gas (CNG).

Maximum recovery of waste

SEAT **recycles and recovers 97%** of the waste it produces. In 2015, the target established for 2018 to reduce waste disposed of per vehicle produced by 25% has already been surpassed. The new target is now to reduce disposed waste to a minimum.

WASTE GENERATED IN THE SEAT GROUP
2015 figures

140,820
tonnes



Increase of waste sorting.

- / Metallic waste*
- / Paper and cardboard
- / Wood and pallets
- / Plastics
- / General waste
- / Mineral oil
- / Others

RECOVERED
136,430
tonnes

RECOVERED
97%

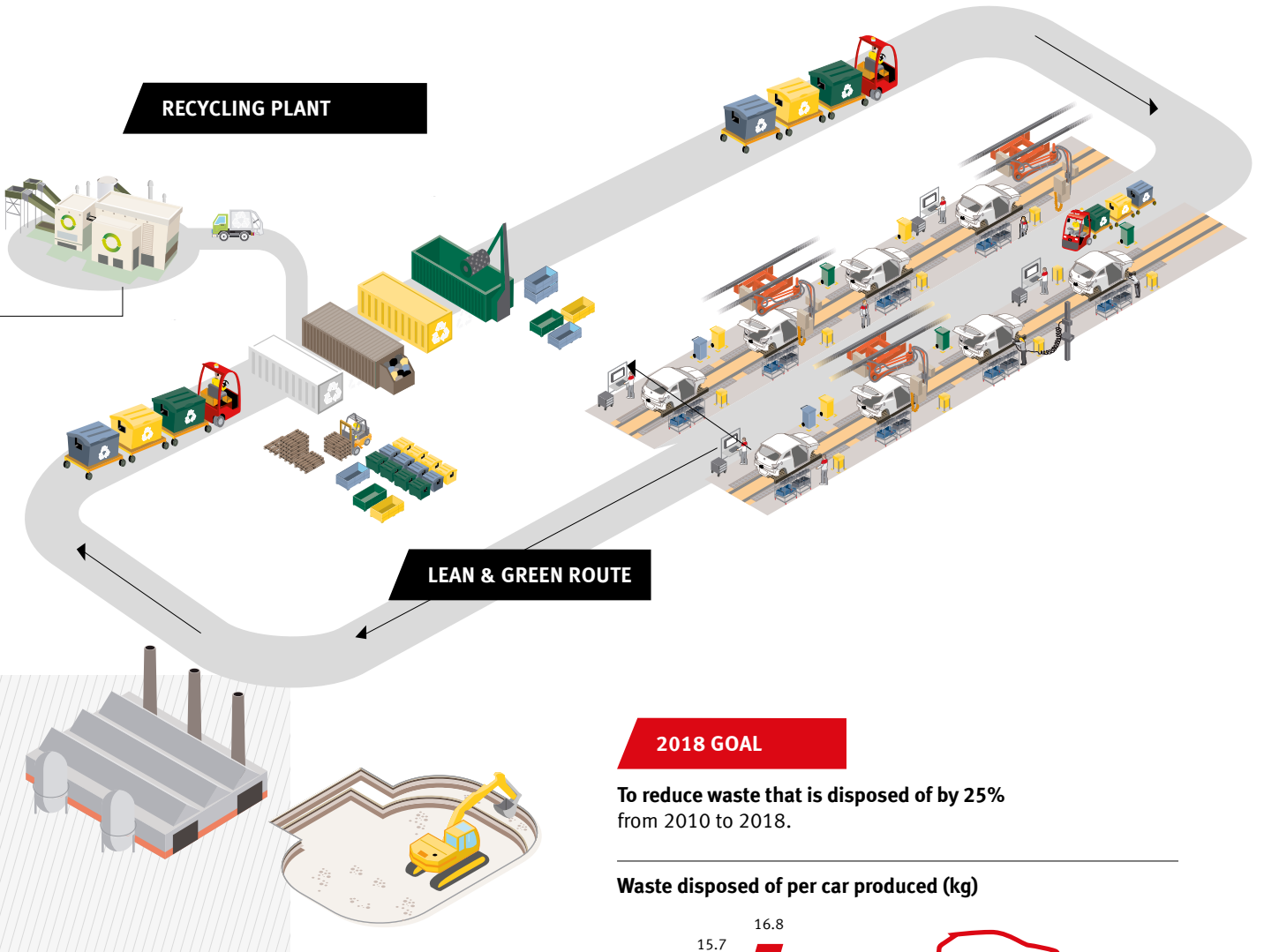


DISPOSED
3%

PRIORITIES IN WASTE MANAGEMENT

- / Reduction
- / Reuse
- / Recycling
- / Recovery

* 126,863 tonnes.



RECYCLING PLANT

LEAN & GREEN ROUTE

TREATMENT PLANT

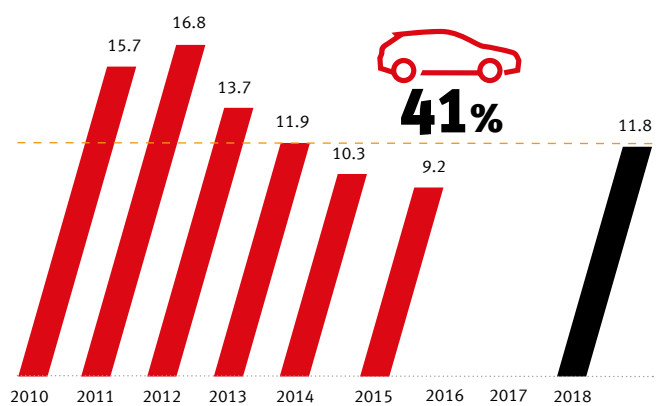
- / Sewage sludge
- / General waste
- / Impregnated cloths and absorbent towels
- / Floor cleaning products
- / Machine sludge
- / Others

DISPOSED
4,390
tonnes

2018 GOAL

To reduce waste that is disposed of by 25% from 2010 to 2018.

Waste disposed of per car produced (kg)



FINAL GOAL

To achieve a management process based on **minimum generation** and total use.

05.2

MAXIMUM

EFFICIENCY

AND

ACCURACY



PRODUCTION AND QUALITY

Production growth—**90** *Efficiency of the production processes*—**92**

Quality: a brand-value—**96**

PRODUCTION GROWTH

The favourable evolution of sales of the models manufactured in the Martorell plant allowed the production volume to increase by 7.8% compared with 2014, reaching 477,077 vehicles, the highest figure in the last 13 years. In the month of October, its assembly lines produced the 9 millionth unit since the opening of the plant in 1993.

Thanks to the most state of the art technology in the sector, the bestseller Ibiza achieved an excellent product quality and the launch of the updated model was a resounding success. The new engines, together with the new electronics and the new finishes, allowed the Ibiza to be well received in the market again and to maintain high production levels. On the other hand, at the beginning of July, production of the Altea family was discontinued, after a production of 516,244 units since 2004.



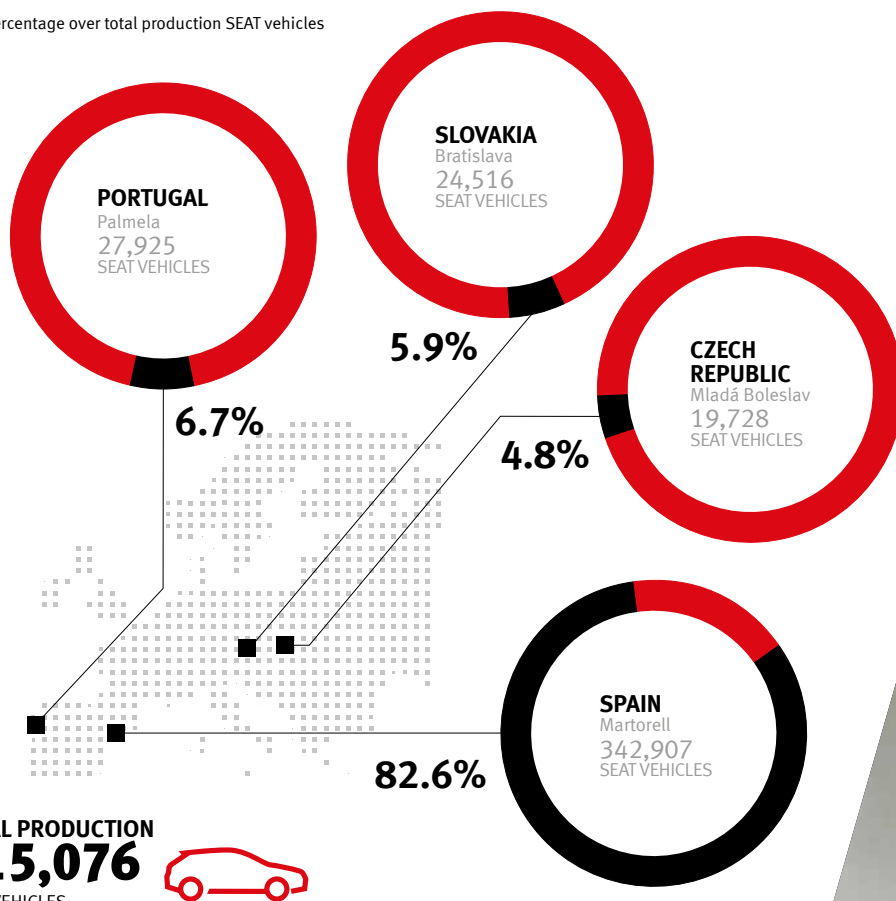
SEAT produced in Martorell
477,077



Increase in production
7.8%

PRODUCTION OF SEAT MODELS IN VOLKSWAGEN GROUP PLANTS

■ Percentage over total production SEAT vehicles



TOTAL PRODUCTION
415,076
SEAT VEHICLES



COMPROMETIDOS
CON NUESTRO
PROCESO

QUALITY

PRODUCTIVITY

TEAM

EFFICIENCY OF THE PRODUCTION PROCESSES

The increase of the production volume during 2015, even with the discontinuation of the Altea and Altea XL models, represented an improvement in the productivity and in the stability of the manufacturing programmes. The training activities completed through workshops, together with the improvements in the management of ideas and a programme adapted to the needs of the assembly line, allowed the productivity of the Martorell plant to increase by 4% over the previous year, on the same basis.

PQT is a strategy led by the areas of Production and Quality, in order to permanently improve quality and productivity in the manufacturing process. This is based on three pillars (Productivity,

SEAT UNVEILS ITS FUTURE AND THAT OF THE SECTOR

In the *Technologie Marktplatz*, a forum organised by the areas of Production and Quality, the company unveiled its key technologies and the trends in the production of cars at the hand of its best experts. A sector which is moving towards Industry 4.0, in which information updated in real-time will allow for constant improvement.

Quality and Teamwork) and is defined through 10 initiatives, the objectives of which were developed as part of a workshop held in January 2015.

The goal of the strategy is to make SEAT the number 1 company in Europe in production and quality in 2025. To this end, the initiatives defined have different areas of action with specific projects that are time-bound in a series of measures. In July, an informative convention (*Marktplatz PQT*) was held on the strategy, in order to strengthen communication within the areas of Production and Quality at all levels of the management.

The Centre for Prototype Development (CPD) completed, for the first time in its facilities, the prototype phase of a model that will not be manufactured in the Martorell plant, the brand's first SUV. It also spearheaded the creation of a new approval process for vehicles that are presented in car showrooms. The procedure incorporates a new activity called virtual check, which shows a virtual view of the stand where the brand's vehicles and each of the cars on show will be separately displayed. In this way, their configuration can be confirmed before their construction and their appearance in the showrooms can be visualised in the most realistic way possible. Furthermore, the CPD of Workshop 8 premiered a room for the approval of special cars. It is a piece of equipment with the resources necessary to generate the atmosphere of a car showroom, which makes it possible to appreciate in detail any possible deviation before approving it.



This trouble-free, efficient and effective process confirms the CPD's slogan, *From virtuality to reality*.

In 2015, the Training Centre of the SEAT Production System (SPS) focused its activities in three fundamental areas of training, which more than 6,800 employees attended. The first one was training in the area of logistics to improve the organisation of production flows. The second was the completion, together with the Volkswagen Group, of a pilot project of manufacturing incident resolution techniques. The third was the launch of the new training on the PQT III strategy (Quality in the process), which is divided into two different modules: PQT III Experience, lasting four hours and aimed at all company staff, and PQT III Personal Trainer, direct training on the production line with the work teams, which lasts one week.

PQT is a strategy led by the areas of Production and Quality, in order to permanently improve quality and productivity in the manufacturing process

~ SEAT bases its manufacturing system on the continuous improvement of all its processes.



~ Sophisticated technology has a fundamental role in the car manufacturing process; nevertheless, human intervention is key.



PRODUCTION AT THE MARTORELL PLANT (units)

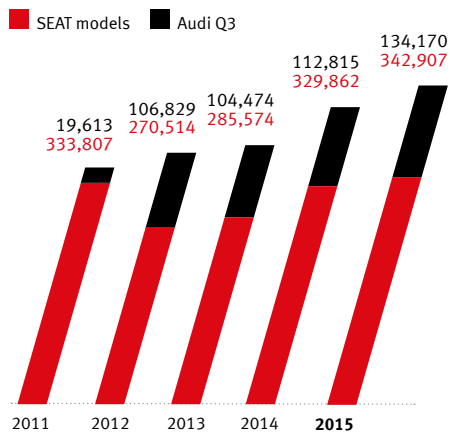
	2015	2014	Variation	
			Absolute	%
SEAT models	342,907	329,862	13,045	4.0
Ibiza	160,451	153,633	6,818	4.4
Altea	13,001	19,142	(6,141)	(32.1)
Leon	169,455	157,087	12,368	7.9
Audi models	134,170	112,815	21,355	18.9
Q3	134,170	112,815	21,355	18.9
Total production (*)	477,077	442,677	34,400	7.8

* Figures for 2015 and 2014 do not include 72,169 and 64,998 SEAT vehicles produced at other Volkswagen Group plants, respectively.

The efficiency of the manufacturing processes allows the company to reach the productivity and quality targets that customers deserve.



PRODUCTION AT THE MARTORELL PLANT (units)



Increase in production 2011-2015 **35%**

The SPS also led an ergonomic plan on indirect job positions of the Production area offices. An evaluation of 819 positions was performed, with a particular emphasis on the anatomical position of the employee at their desk, the temperature, ambient noise and the performance of relaxation exercises. Also, after two years of work, the implementation of the Shopfloor Management was completed in the direct areas of the Martorell plant, SEAT Componentes and SEAT Barcelona. The goal of this tool is to improve the flows of information and the resolution of incidents in order to optimise processes and to obtain greater efficiencies.

The digitalisation of society also affects all industry and, in particular, the car industry. In order to prepare the company and the workforce for these changes, an offensive was initiated within the framework of the PQT strategy called Smart Factory, which offers many opportunities: collaborative robots, intelligent facilities that automatically adapt to the production processes and virtual replicas of the real factory developed in order to visualise the processes that take place in it, to simulate them or understand them better.



In the SEAT Barcelona plant, a total of 58 million parts were produced in 2015, which represents an increase of 4.4% compared with 2014 and 16% over 2013. In the last ten years, the production levels have grown continuously, registering record figures. This upward trend has helped productivity to also increase by around 5%. For its part, SEAT Componentes maintained the production of gearboxes at 645,850 units, with an improvement of 5% in its productivity. Both factories, SEAT Barcelona and SEAT Componentes, produce parts and gearboxes intended both for the Martorell plant and for other centres of the Volkswagen Group.



RESOUNDING SUCCESS OF THE FIRST SEAT PQT RACE

Team building is one of the pillars of the PQT Strategy of Production and Quality. For this reason, its acronym served as the name for this initiative which has emerged from the workforce of SEAT Componentes. More than 600 staff and family members from the different centres of SEAT took part in the race.

SEAT WINS THE LEAN AND GREEN PRIZE FOR THE EFFICIENCY OF ITS PROCESSES

This is the second award that the Martorell plant has won in two years. After being the first factory in Spain to win the prestigious European Lean Award in 2013, in 2015 it received the Lean & Green Management Award, which recognises the Martorell plant as the most efficient factory of the automotive industry in Europe.



More than **2,400** robots that perform more than **3,000** million welds



2,100 vehicles per day across the different product ranges



A new car is produced every **40 seconds**



QUALITY: A BRAND-VALUE

SEAT faces the challenge of converting quality into a fundamental brand value. In order to achieve this, the continuous reduction of claims is not enough, the brand must provide added value in terms of the quality perceived by customers.

Two good examples of the work carried out in this area are the 52% reduction of customer claims under guarantee during the last five years and achieving the first place in the NEVQS (New European Vehicles Quality) survey in the ranking of brands in terms of customer satisfaction in the German market.

Through the optimization of the production process, SEAT has taken another step towards the goal of achieving “zero defects”. In Workshop 3, the rain test station was renovated, which led to an increase in the effectiveness of the tests. In bodyshop a new laser measuring machine with a higher accuracy was acquired. In the Quality Lab, a new variable-pressure scanning electron microscope was installed, which allows the analysis of parts up to 5 kg and non-conducting materials without the need to cover them.

The Quality area played a significant role in the launch of the new Ibiza and of the Audi Q3 update, supervising and ensuring the

See video



A PUZZLE OF MORE THAN 3,300 PIECES

The Quality team, made up of more than 600 people of 16 nationalities, works with state of the art measurement systems in order to fit each part of the car perfectly.



Investments made in quality in the period 2011-2015
10.8 mill. €



Reduction of customer claims in the period 2011-2015
52%



SEAT invests in the training and development of its employees in order to guarantee the utmost quality of its products.

correct introduction of the interior and exterior modifications. The simultaneous engineering activities have begun to guarantee the quality of the launch of the new Audi A1, which will be produced in Martorell. This confirms the high qualification of our professionals and the confidence of the Volkswagen Group in SEAT.

We have also worked together with ŠKODA to confirm that the brand's future SUV meets our high quality standards. To achieve this, workshops with directors, managers and technical personnel of quality of both companies were arranged. In these workshops, issues such as qualification of parts, assurance of the suppliers' processes and the approving of the production process at the Kvasiny factory were addressed. In this way, the collaboration strengthens the commitment of both brands to achieve a successful launch.

In the customer service area, the twentieth edition of the Top Technical Meeting (TTM) took place, a meeting which gathered together in Barcelona employees in charge of service at dealers and importers from 19 countries. The aim of this annual event is to exchange techniques and experiences to provide a fast response to possible technical claims.

SEAT achieves the first place in the NEVQS (New European Vehicles Quality) survey in the ranking of brands in terms of customer satisfaction in the German market

SEAT WINS THE Q-INNOVATO AWARD FOR QUALITY PROMOTION

The photogrammetry measurement facility used to assure the quality of the Leon ST has been recognised as the Best Technological Innovation by the Spanish Quality Association, awarding it the first prize in the Quality Promotion category. The price rewards the 100% in-line measurement in bodyshop, together with the use of the most advanced off-line optical measuring devices (laser and photogrammetry).

SEAT LEADER IN QUALITY IN MEXICO

Market research specialist J.D. Power has named the Toledo and Leon as the best models in the compact and subcompact segments in its 2015 'Vehicle quality and reliability study' in Mexico.

THE AUDI Q3 WINS THE J.D. POWER AND CONSUMER REPORT AWARDS IN THE UNITED STATES

The first car produced in Martorell for the demanding North American market, the Audi Q3, has been awarded for achieving the highest quality in its category (Small Premium SUV) in the Initial Quality Study (IQS) performed by J.D. Power and Associates. It was also distinguished with the first place in its segment by the prestigious magazine *Consumer Reports*. This confirms SEAT as a world class car manufacturer.

05.3

OPTIMAL

MANAGEMENT

OF

RESOURCES



PURCHASES

Purchases growth—**101** *Resource optimisation*—**102**

Learn in order to advance—**103** *Common systems and processes*—**103**



EFFICIENT MANAGEMENT

SYNERGIES WITH THE GROUP

COLLABORATION WITH SUPPLIERS

PURCHASES GROWTH

In 2015, the Purchases area managed 6,904 million euros for the acquisition of products, goods and services. Of the total, 82% corresponds to production materials and 18% to the purchase of general goods and services.

The total volume of the purchases managed shows an increase of 19.2% compared with 2014, as a result of the increase of production and the growth of the brand's business activities. In addition to the components and materials necessary for the production process of SEAT vehicles, the purchases include those for the Audi Q3 model which is also produced in the Martorell plant.



Volume of
purchases
6,904 mill. €



Increase in
purchases
19.2%



Total of
production
purchases
82%





RESOURCE OPTIMISATION

The FMK programme (Material Cost Forum), the aim of which is the optimisation of product costs, once again met its objectives with ease. During 2015, improvement proposals were carried out on purchases amounting to 1,872 million euros and savings of 76 million euros were obtained, with the work performed in the Leon model family being of particular note. This programme, in which Purchases works together with the R&D area and in close collaboration with the remaining company departments, continues to yield successes year after year.

The FSK programme (Service Cost Forum), the aim of which is to reduce the costs of services used by the company, also met its objectives with ease. During 2015, improvement proposals were carried out on purchases amounting to 110 million euros and savings of 10 million euros were obtained.

SEAT actively promotes the strengthening of the relationship with suppliers through joint events and meetings in which the exchange of experiences enables the optimisation of resources. This close collaboration is also complemented with various initiatives aimed at reducing the costs of the materials and services.

In this area, of particular note is the Iberia Sourcing programme, which promotes work with suppliers that are geographically close to the manufacturing centres. Its goal is to seek candidates for future projects, within the area that includes the Iberian Peninsula and North Africa. In this way, contacts have already been initiated with associations of car component companies in these areas, in order to analyse the business possibilities that the brand's new models will generate.

In July, a team from Purchases met with the Moroccan Association for the Automotive Industry and Commerce in Morocco, and used the trip to visit various suppliers in the region and the logistical facilities of the port of Tangier. In September, SEAT took part in the conference organised by the Automotive Cluster of

PROGRAMMES PURCHASES AREA



Material Cost Forum Programme
 Ideas implemented **183**
 Savings in millions of euros **76**
 Improvement over target **36%**



Service Cost Forum Programme
 Ideas implemented **30**
 Savings in millions of euros **10**
 Improvement over target **98%**



~ The close collaboration with the brand's suppliers makes it easier for materials and resources to be managed efficiently.

The Iberia Sourcing programme promotes work with suppliers that are geographically close to the manufacturing centres. Its goal is to seek candidates for future projects, within the area that includes the Iberian Peninsula and North Africa

Aragon, in which the forty automotive component and equipment manufacturing companies that operate in Aragon unveiled the partnership projects that they are carrying out to improve their competitiveness. As part of this conference, visits were made to nine companies of the sector and one Technological Centre to learn *in-situ* about the technical capacity of the associated companies.

STRENGTHENING THE RELATIONSHIP WITH SUPPLIERS

The Purchases and Quality Assurance areas biannually organise an event called Suppliers' Day, in which suppliers receive direct feedback on the evolution of the components they supply to SEAT and their influence in the overall quality of the brand's vehicles.

LEARN IN ORDER TO ADVANCE

In 2015 the SEAT Purchases Academy, set up last year, established the basis for its future development, defining the specific profiles of the job positions. This has enabled the training needs of the people of the area to be identified, for their subsequent development through different qualification tools.

The creation of a Committee of Purchasing Experts, which will deliver the training on matters specific to the area, guarantees the transfer of knowledge to improve the skills of the staff and their professional development. The first training sessions carried out were widely accepted by the participants.

Continuous and specialised training is a tool which helps to grow both the company that promotes it and the employees that use it, since the common goal is to learn in order to advance.

COMMON SYSTEMS AND PROCESSES

SEAT works intensely in collaboration with the ŠKODA brand for the development of the new SUV that the company with headquarters in Martorell will launch during 2016. This project allows significant synergies to be obtained in managing purchases, due to the standardisation and integration of the common systems and processes between the two brands.

The partnership has not been limited to managing the assignment of the parts of the new model, but also includes the industrialisation phase and fine tuning of the pre-series cars. It is a pioneering project of collaboration between the two companies, the complexity of which makes it possible to acquire more experience and to strengthen future partnerships.

The completion within the Volkswagen Group of actions such as Common Sourcing also generates common improvements and optimisations for the different participating brands. In this way, significant competitive advantages are obtained thanks to the economies of scale and to the geographical proximity of the production plants to the suppliers.



05.4

A **GROWING
BRAND**



SALES AND MARKETING

Sales growth—**107** *Commercial network consolidation*—**111**
New technologies in after sales—**113** *SEAT digital strategy: the connected customer*—**114**
New digital ecosystem—**116** *Presentations and motor shows*—**118**
Sponsorships and other events—**121** *SEAT range*—**122**

**CUSTOMER
SATISFACTION**

**CONTINUOUS
GROWTH**

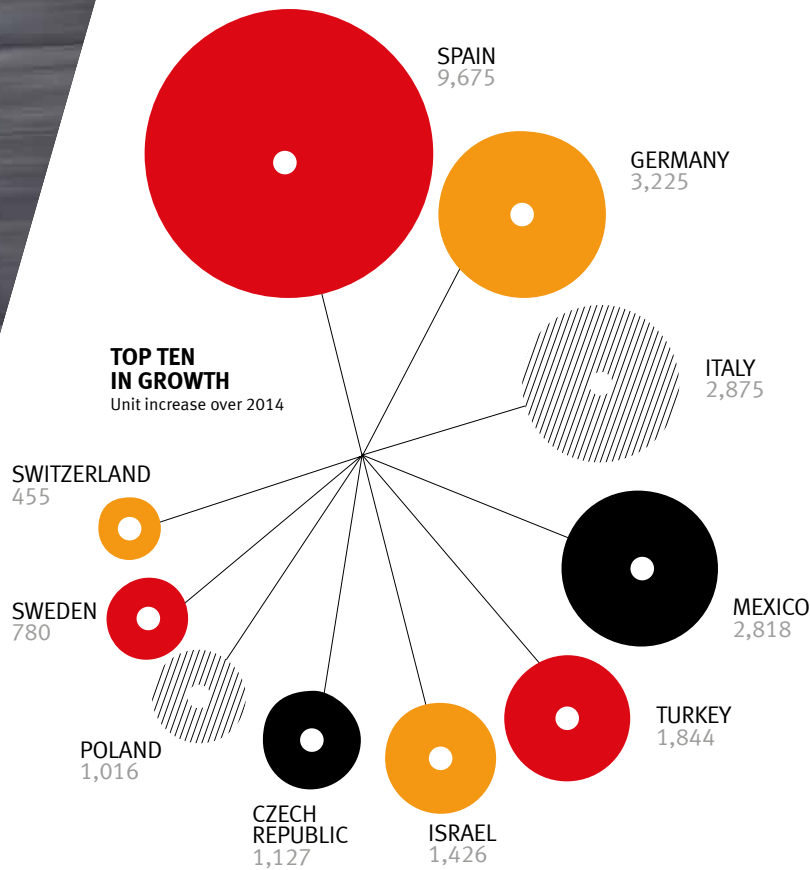
**NEW CORPORATE
IDENTITY**



SALES GROWTH

In 2015 the global economy registered a positive growth as global commerce rebounded moderately and the spending cuts in developed economies have been reduced. The increase in consumption gave rise to a significant improvement in the automotive sector, especially in the European Union where the number of car registrations grew by 9.3% compared with 2014. In this context, the main European markets recorded increases: 20.9% in Spain, 15.8% in Italy, 6.8% in France, 6.3% in the United Kingdom and 5.6% in Germany.

SEAT managed to increase its sales for the third consecutive year. Deliveries to final customers totalled 400,037 units, which represents an improvement of 2.4% on the previous year. The increase achieved is very significant, considering the fact that the brand did not yet have an SUV (Sport Utility Vehicle) model in the segment of the market that grew the most, by around 13%.



SEAT delivered to end customers worldwide
400,037



Increase in sales
2.4%

SEAT a global brand

Main distribution markets for retail sales 2015

COUNTRIES

- Top ten in sales
- SEAT presence in world

ALBANIA
ALGERIA
 ANDORRA
 ANGOLA
AUSTRIA
 BAHRAIN
 BELGIUM
 BOLIVIA
 BOSNIA-HERZEGOVINA
 BULGARIA
 CAPE VERDE
 CHINA
 COLOMBIA
 CROATIA
 CUBA
 CURAÇAO
 CYPRUS
 CZECH REPUBLIC
 DENMARK
 DOMINICAN REPUBLIC
 EGYPT
 ESTONIA
 FINLAND
FRANCE
 FRENCH GUIANA
 GEORGIA
GERMANY
 GREECE
 GUADELOUPE
 GUATEMALA
 HUNGARY
 IRELAND
 ISRAEL
ITALY
 JORDAN
 KUWAIT
 LATVIA
 LEBANON
 LIBYA
 LITHUANIA
 LUXEMBOURG
 MALTA
 MARTINIQUE

MEXICO
 MOROCCO
NETHERLANDS
 NORWAY
 OMAN
 PALESTINE
 PANAMA
 PERU
 POLAND
 PORTUGAL
 QATAR
 REPUBLIC OF AZERBAIJAN
 REPUBLIC OF MACEDONIA
 REPUBLIC OF MAURITIUS
 REPUBLIC OF MOLDAVIA
 REUNION ISLAND
 ROMANIA
 RUSSIA
 SAUDI ARABIA
 SERBIA
 SLOVAKIA
 SLOVENIA
SPAIN
 SWITZERLAND
 SYRIA
 SWEDEN
 TUNISIA
TURKEY
 UKRAINE
 UNITED ARAB EMIRATES
UNITED KINGDOM
 VENEZUELA
 YEMEN

4 MEXICO  24,148

3 UNITED KINGDOM 🚗 47,209

5 FRANCE 🚗 22,384

1 GERMANY 🚗 87,787

9 NETHERLANDS 🚗 8,947

8 AUSTRIA 🚗 13,018

7 TURKEY 🚗 13,891

2 SPAIN 🚗 77,156

6 ITALY 🚗 15,875

10 ALGERIA 🚗 8,517

76
COUNTRIES

Total retail sales
2015 | **400,037**



~ The new Alhambra is an intelligent and versatile minivan, which is fitted with the latest generation of SEAT Easy Connect infotainment systems.

In Europe, SEAT increased its sales to final customers by 3.2% and consolidated the growth initiated in previous years in the majority of countries: 22.9% in Sweden, 22.1% in Italy, 16.6% in the Czech Republic, 16.2% in Poland, 14.3% in Spain, 5.7% in Switzerland and 3.8% in Germany. It is also worth highlighting the growth experienced by the brand in markets such as Israel (23.3%), Turkey (15.3%) and Mexico (13.2%).

By models, the Leon range consolidated its position at the forefront of SEAT's sales, with 160,887 units, which represents 40.2% of the total. The Ibiza range for its part, with 153,557 units and 38.4% of the total sales, joins the Leon as a solid pillar of the brand.

During 2015, SEAT has carried out a further expansion of its product offering. In March the CUPRA version of the Leon ST was launched, a family car that is unique in its segment, perfectly combining performance, versatility and efficiency. In July the new Alhambra and Ibiza arrived. The new Ibiza has latest-generation three-cylinder engines, improved and customisable finishes inside and out, as well as the SEAT Connect App. This exclusive application, developed jointly with SAMSUNG, provides the vehicle with a complete set of connectivity and infotainment options, which have been incorporated into the other models of the range. Lastly, the expansion of the FR Line version to the Mii, Toledo and Alhambra models that do not have the FR version is also worthy of mention.

The sales strategy in the fleets channel has led to a significant growth of SEAT's deliveries. During 2015, the company delivered

a total of 74,134 units in the fleets and leasing (true fleet) channel, which represents an improvement of 11% compared with the previous year. The most notable growths were in Mexico (128%), Belgium (38%) and Italy (21%), the latter due to the delivery of a part of the fleet intended for the Polizia and the Carabinieri.

In 2014, a programme specialising in fleets and dedicated to the dealership network was launched (Dealer Fleet Programme) in the EU5 countries (Germany, Spain, France, Italy and United Kingdom). The programme's success gave rise to its expansion in 2015 to other countries such as Portugal, the Netherlands, Sweden, Austria and Switzerland. It now has a total of 200 specialised dealerships, whose goal is to provide the best service to small and medium-sized companies. Also, in 2014 the multi-brand programme of the Volkswagen Group, *Das WeltAuto.*, was launched in Spain and France for the sale of used cars. In 2015 the launch was completed in these markets with a total network of 205 dealerships.

See video



THE LEON X-PERIENCE REACHES ALL CORNERS OF THE EARTH

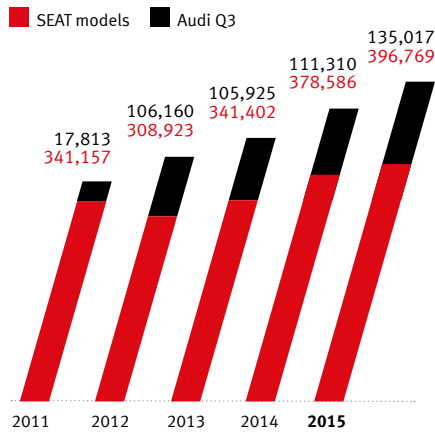
The Leon X-PERIENCE began 2015 driving around the plains, mountains and the coast of New Zealand. More than 19,000 kilometres away from Martorell, it has proven its ability to adapt and demonstrated that there is no terrain that it cannot handle.

MIKEL PALOMERA, BEST EXECUTIVE OF 2015

The Motor Press Association of Catalonia awarded this prestigious prize to the Director of SEAT Spain for his well-recognised professional career and the excellent work performed in the Spanish market.



WHOLESALES OF NEW VEHICLES (units)



Increase in sales
2011-2015
48.1%

COMMERCIAL NETWORK CONSOLIDATION

Economic and political instability between Russia and Ukraine affected the distribution networks. Nevertheless, the application by SEAT of structural and rationalisation measures across its sales network succeeded in strengthening its structure, adapting to the different situation of the market, and maintaining its stability.

SEAT's sales network did not experience significant fluctuations at a global level during 2015 and at the end of the year had a total

See video



SAMSUNG AND SEAT, THE PERFECT ALLIANCE FOR ALWAYS BEING CONNECTED

SAMSUNG and SEAT have signed an agreement to develop technological solutions that allow complete connectivity in all models of the company's range. SAMSUNG is the ideal partner to satisfy the expectations and needs of the brand's customers.

See video



A BULLET-PROOF CAR

The SEAT Leon has been subjected to ballistic tests and heavy blows in order to test its armour after becoming the new car of the Italian security forces. The doors of the car resist the impact of 44 Magnums and 357 Magnums.

WHOLESALES OF NEW VEHICLES (units)

	Variation			
	2015	2014	Absolute	%
SEAT models	396,769	378,586	18,183	4.8
Mii	24,291	25,707	(1,416)	(5.5)
Ibiza	152,433	145,753	6,680	4.6
Altea	12,385	18,584	(6,199)	(33.4)
Leon	161,981	150,133	11,848	7.9
Toledo	18,375	16,105	2,270	14.1
Exeo	0	21	(21)	-
Alhambra	27,304	22,283	5,021	22.5
Audi models	135,017	111,310	23,707	21.3
Q3	135,017	111,310	23,707	21.3
Total wholesales (*)	531,786	489,896	41,890	8.6

* Figures for 2015 and 2014 do not include 12,722 and 12,264 used vehicles, respectively.

The reference indicator (CSS) of customer satisfaction in sales experienced an increase of 1.94% compared with the same period last year. The recommendation of SEAT customers rose by 0.9% and declared loyalty also rose by 0.94%

of 1,704 official dealers and showrooms. The brand continued its expansion with the opening of new dealerships and second facilities in the strategic areas of large cities such as Hamburg (Germany), Vienna (Austria), Barcelona (Spain) or Milan (Italy), among others.

The Brand is operating in 76 countries and has incorporated three new markets (Singapore, Mauritius and Moldavia). In the majority of the markets, the sales network's profitability has substantially improved thanks, among other factors, to the sustained and continuous increase of SEAT's sales in the last three years.

The optimisation of the sales network continues to be a priority for the brand. To this end, during 2015 various programmes

were successfully completed to increase commercial profitability, customer satisfaction and market coverage. Of particular note, above all, are the projects designed to increase efficiency and to reduce costs in the dealerships, as well as the events conducted with potential investors to whom the brand and future models are presented in order to attract new partners that allow SEAT's sales network to expand.

The brand's customer satisfaction continued to increase in 2015. The reference indicator (CSS) of customer satisfaction in sales experienced an increase of 1.94% compared with the same period last year. The recommendation of SEAT customers rose by 0.9% and declared loyalty also rose by 0.94%. These results demonstrate that the actions carried out in the last years have had a very positive impact on the brand's customer satisfaction.

See video

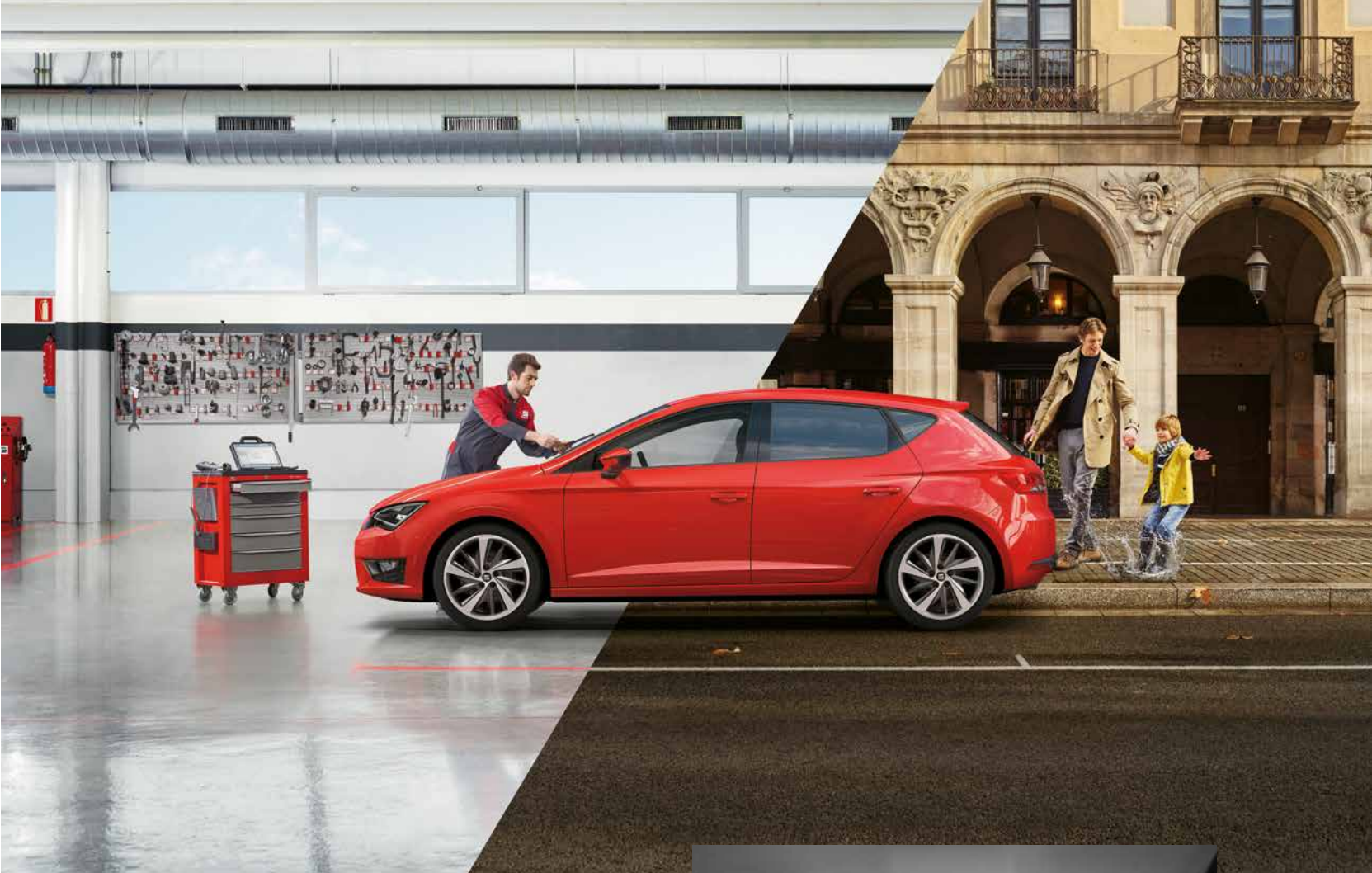


SEAT IBIZA CENTRAL LAUNCH TRAINING

From 21 June until 12 July, different training events on the new Ibiza were run at PortAventura. More than 4,500 sales managers and salesmen from SEAT dealerships of 40 markets around the world were able to receive homogenous training and acquire uniform knowledge about the product.



~ Live the SEAT experience to the maximum.



NEW TECHNOLOGIES IN AFTER SALES

SEAT incorporates the new technologies that customers demand from their vehicles and keeps a sales network available that is perfectly equipped to operate with the latest innovations. The After Sales area oversees various activities and initiatives that enable that continuous adaptation between vehicle, customer and service, such as the digitalisation of the on-board literature that offers all the up-to-date user information for multi-format viewing. It is also worth highlighting On-line Booking, a program which allows appointment bookings in the service points to be made, from any location and with different platforms (mobile, tablet and PC) or the Digital Active Reception, an application which offers the service consultant the possibility to run through with the customer all their car's useful information.

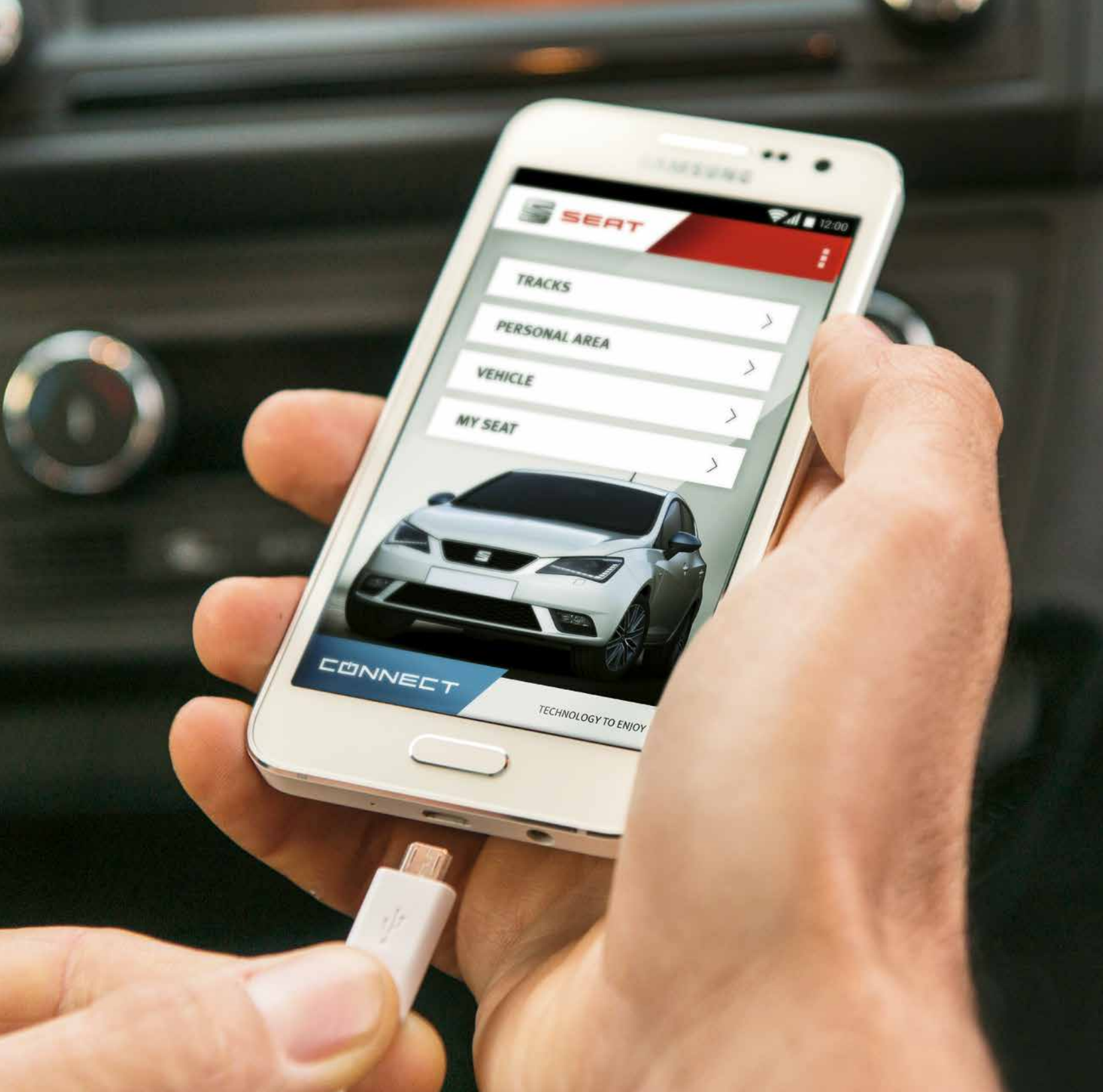
The equipment installed in the SEAT models of the latest generations have the advantage of being able to be serviced



SEAT Service, the best support for the brand's vehicles.

with the most up-to-date software, hence these devices improve the car's handling, safety and functionality without replacing parts. It is a route that the brand has already opened towards the personalisation of every vehicle and the adaptation both to the user and to the real support needs. In 2015, more than 39,000 updates were carried out by the After Sales network in SEAT vehicles.

Customers acknowledge the value of this strategic work through the score they award to After Sales services in Customer Satisfaction Surveys. The brand has achieved a significant improvement in many countries: Spain, Germany, France, Italy, Hungary and Mexico, amongst others.



People nowadays are living digitally, at work, at home and even more in their social circles. This has transformed the way SEAT is connecting with customers

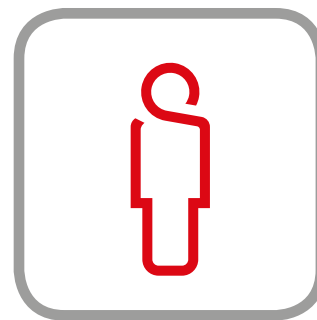
SEAT DIGITAL STRATEGY: THE CONNECTED CUSTOMER

Changing the paradigm

SEAT has the challenge to understand what the needs of the connected customers are, in order to build valuable, meaningful relationships with them.

Digital media consumption habits have evolved; the connected customer looks for convenience and ease of use, to have everything available at the touch of a button. SEAT has improved the customer experience with this in mind by listening to what consumers are looking for and encouraging connection with the brand, delivering the right content at the right time.

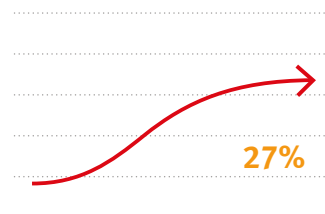
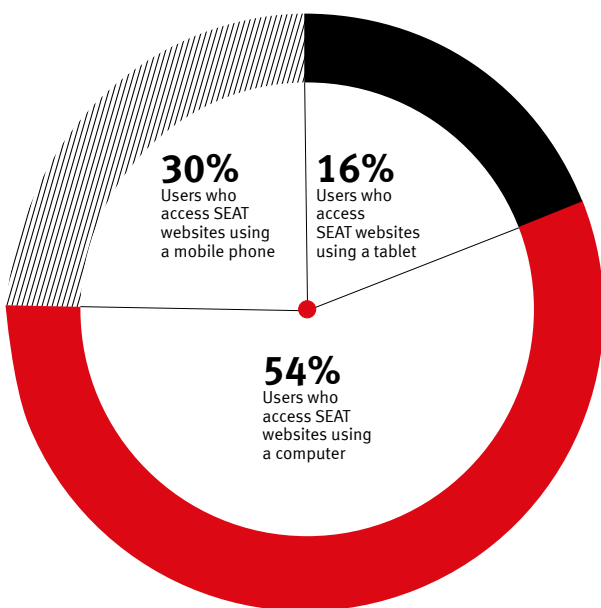
The new SEAT website is responsive and focuses on providing a better user experience. It comes with new functionalities and tools, like a brand new Car Configurator and is more image-rich, making navigation easier.



42,000,000
unique SEAT web users

SEAT is also improving its CRM (Customer Relationship Management) strategy by including its social media channels in order to enhance the customer experience. With Social CRM tools, SEAT provides its community with the latest news of the brand, while improving loyalty and raising consumer satisfaction through the maximisation of Social Media impact.

SEAT has developed a new responsive digital ecosystem for mobile in order to increase business impact, amplify communication and inoculate mobile culture.



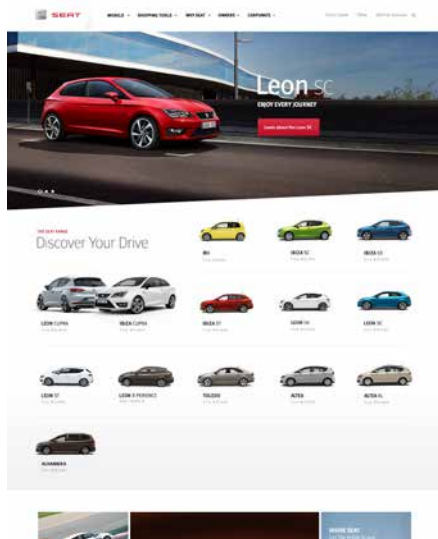
INCREASE IN UNIQUE USERS

Source: Adobe Omniture
Period: Oct 2014 - Oct 2015

NEW DIGITAL ECOSYSTEM

New website and Car Configurator

2015 saw the launch of the new SEAT website and Car Configurator. The new online presence came in the form of an intuitive and user-friendly, content driven website based on users' behaviour. With the rich use of imagery, the website is easier to navigate and offers a user experience adapted to all types of consumers. The new online environment is responsive and adaptable to all mobile devices, making it easier for users to view content on the go, thus offering a completely integrated experience.



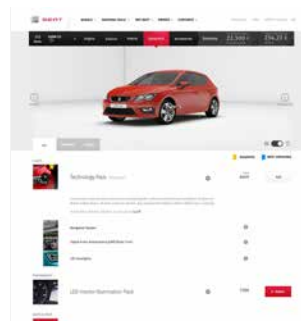
A new experience

The user experience is intuitive and the new SEAT website is based on the individual's profile and is automatically adapted to their navigation behaviour. The homepage has a clean, easy to navigate responsive design. Users can quickly view all the latest news from SEAT and explore and compare all models. The simplistic design is focused on offering an image-rich, easily-navigable user experience that makes searching for a car an even more enjoyable experience.



Content Personalisation

Customers expect unique experiences and personalised offers. With the new SEAT website the aim is to understand customer wishes and demands and dynamically adapt content to users entering the site, ultimately improving the customer experience as well as conversion rates.



Configure and price vehicle

It is now easier than ever to configure the perfect SEAT and compare it to other cars. The Car Configurator on the new SEAT website allows customers to check every single detail of their new car and view the different finance options available for each.



Mobile: Thinking ahead

In 2015, the global mobile device penetration has climbed up to 30%, which means that almost every third person in the world is connected to a mobile device in their daily life. Considering this, SEAT has been working to improve the connectivity between users, cars and mobile devices (Full Link Technology), thus driving innovation through the different mobile channels and enhancing the *Technology to enjoy* philosophy. The user is more connected every day and mobile communications have become an absolute must.

SEAT has been working on a set of mobile actions that include on-car/off-car apps and mobile banners, etc. which address different audiences including internal employees, final users, dealers and events. The mobile ecosystem is based on 3 strategic pillars: Increasing business impact using mobile for awareness and lead generation, amplifying the communication role by being present where clients like to be, and inoculating mobile culture by sharing knowledge and passion for the mobile world, while making the clients' lives easier.

Furthermore, SEAT is working to improve the mobile user experience with innovative ideas, putting mobile first and providing apps and mobile assets with added value by ensuring coherence with brand communication.



Social CRM

SEAT has taken the CRM strategy to the next level by merging it with all the capabilities that come from Social Media. This unique approach makes it possible to combine the best of both worlds, to engage the customers in a collaborative conversation. And this is what true Social CRM stands for.

SEAT has developed a set of CRM programmes (from Acquisition, Welcome, Retention and Repurchase to a best-in-class Loyalty programme) to ensure the customer has the best experience, regardless of where they are along their journey. SEAT has also worked out a unique strategic segmentation pilot to leverage insights and make them actionable when launching campaigns. Needless to say, this is all supported by the right tools, which guarantee the perfect fit between business needs and efficient operation.

On the other hand, SEAT's Social Media playbook aims for being S.O.C.I.A.L.: Scalable, Open, Consistent, Intuitive, Active and Limitless. We frame that around several pillars, with engagement and loyalty / advocacy being the key ones. SEAT enables this through intelligence and measurement: listening and content management, along with the perfect-fit tools to operate so as we can deliver amazing customer experiences.

See video



~ Geneva Motor Show:
SEAT unveiled its future
with the 20V20.



PRESENTATIONS AND MOTOR SHOWS

The success of the Leon family is an indisputable fact. For the second year running, more units were sold of this vehicle than of the Ibiza and it has become one of the brand's most solid pillars. The range was completed with the presentation of the Leon ST CUPRA at the beginning of the year, coinciding with the Brussels and Vienna Motor Shows. This family version of SEAT's most sporty model combines design and functionality with the highest capabilities in a way that is unique in its segment.

At the Geneva Motor Show, SEAT unveiled its future strategic vision through the showcar 20V20 (2020 Vision), an SUV that advances

the future of the brand and its new design language. The SEAT Toledo FR Line was the other major novelty. The Toledo is now sportier: it has an exclusive version that offers a combination of design and versatility at an exceptional price, it comes with TSI and TDI engines from 1.2 to 1.6 litres and it is equipped with Full LED headlights.

At the Barcelona Motor Show, the new Ibiza was presented, the first car of its segment that offers maximum connectivity with all types of smartphones and includes the latest technology and the most efficient engines. The other novelty was the new Alhambra, equipped with engines that consume 15% less.

**At the Frankfurt Motor Show,
SEAT displayed the showcar Leon Cross
Sport, which combines the features of a
compact sports car with the versatility of
a vehicle that has four-wheel drive**



NEW SEAT LEON ST CUPRA PREMIERES AT THE VIENNA MOTOR SHOW

The arrival of the compact family car with the most punch was a highly anticipated launch, a vehicle that is unique in its segment and that is perfect for enjoying leisure time and driving. With this new launch, the CUPRA version is available for the first time in the three car bodies of the Leon (SC, five doors and ST).

See video



> Presentation of the showcar Leon Cross Sport at the Frankfurt Motor Show.



See video



< SEAT presented the new Ibiza and the new Alhambra at the Barcelona Motor Show.

At the Frankfurt Motor Show, SEAT displayed the showcar Leon Cross Sport, which combines the features of a compact sports car with the versatility of a vehicle that has four-wheel drive, a 300 HP engine and accelerates from 0 to 100 km/h in only 4.9 seconds. The Frankfurt Motor Show also served to show that SEAT is connecting its cars to the future. The new CONNECT range presented equips its models with the best functionalities in the area of connectivity. The new versions are fitted with a modern SAMSUNG device which includes the applications developed by SEAT. Furthermore, they are equipped with Full Link technology, which enables compatibility with any smartphone and the

exclusive SEAT Connect App preinstalled on the mobile device that is provided with them.

Another major innovation by the brand was the new Ibiza CUPRA. A vehicle that completes the family of the model and comes with a 192 HP 1.8 TSI engine (it accelerates from 0 to 100 km/h in 6.7 seconds with a maximum speed of 235 km/h). It also stands out for having an average consumption of only 6 litres per 100 kilometres.



Sponsor of Rock in Rio 2016.



SEAT participated with four vehicles in the 7th Historic Rally of Spain.



~ The SEAT Mii by MANGO, official car of 080 Barcelona Fashion.

SPONSORSHIPS AND OTHER EVENTS

SEAT gives visibility to the brand, communicates its values and brings its products closer to the customer through sponsorship. Music, football and sporting events related to the motoring world are the lines of action of its initiatives.

In 2015, the company continued its commitment as a main sponsor of the largest music festivals in Germany. In total, more than 180,000 spectators attended the festivals Rock am Ring, Rock im Park and Rock'n'Heim.

SEAT was official sponsor of the 2015 final of the Copa del Rey (King's Cup) between FC Barcelona and Athletic Club de Bilbao. In doing so, the brand maintains its support for football in Spain. In Germany, SEAT continued its successful partnership with the football team Eintracht Braunschweig.

The company's support for sports has strengthened in 2015 by becoming the national partner of the Euroleague Basketball in Turkey. This competition is Europe's most important professional basketball contest.

Additionally SEAT became the institutional sponsor of Real Club Polo de Barcelona, a sports institution with more than 10,500 members that has been linked with the brand for the last seven years. This agreement also places SEAT as the official vehicle of the CSIO Barcelona, one of the world's main equestrian events.

After the enormous success in its first year, the SEAT Leon Eurocup celebrated its second season in 2015. The grand final took place in Barcelona, the company's home city. Hundreds of employees, their families and passionate fans attended the event to support the brand.

~ SEAT, official sponsor of the final of the Copa del Rey (King's Cup).

See video



SEAT RANGE



/ AWARDS

Green Car Award Year 2015 in Finland for the Mii Ecofuel, chosen from among 46 models of 17 brands that had to comply with environmental, economic and practicality requirements. The acknowledgement took place at the Espoo Innovation Garden of the Helsinki Technology University campus.

SEAT Mii 3D

With new interiors, colour packs, FR Line, Mii by Mango and with its new Limited Edition, many details have been added to the model.

SEAT Mii 5D


Practical and designed with a pure love for detail. What is more, this version offers an added bonus for practicality: 5 doors in less than 3.6 m.



EURO NCAP SAFETY RATING





 See website

Miii

THE SEAT MII IS THE PERFECT COMPANION FOR CITY-LOVERS, SMALL ON THE OUTSIDE BUT SPACIOUS INSIDE. DESIGNED WITH THE LATEST HANDLING AND SAFETY TECHNOLOGIES. WITH THE NEW MII COLLECTION, THE CUSTOMISATION POSSIBILITIES GROW. BECAUSE SMALL THINGS CHANGE EVERYTHING.

/ AWARDS

Leyenda del Motor award for the Ibiza, awarded by the television programme *Más que coches* of the channel Telecinco, for its more than five million units sold, making it the most highly sold model in the history of SEAT, the indisputable leader in its segment in Spain and the instrument of the brand's internationalisation.



SEAT IBIZA SC

Incorporates LED headlights and new rim designs in 16" and 17". The CUPRA version offers a more powerful engine (up to 192 HP) with manual transmission.

SEAT IBIZA 5D

Offers the possibility to be always connected thanks to a new multimedia system with a 6.5" screen and Full Link technology.

SEAT IBIZA ST

Improved safety thanks to the rear camera and the tiredness recognition system.



EURO NCAP SAFETY RATING






THE SEAT IBIZA HAS BEEN RENOVATED OUTSIDE AND IN, WITH A MORE ERGONOMIC, CUSTOMISABLE INTERIOR AND WITH THE MOST CUTTING-EDGE TECHNOLOGY IN ORDER TO OFFER ITS USERS A NEW EXPERIENCE IN CONNECTIVITY. THE NEW EU6 ENGINES OFFER LOWER FUEL CONSUMPTION, MAINTAINING ITS POWER AND AGILITY.

IBIZA




 See website

THE SEAT LEON HAS PROVEN ITSELF AS A CAR FOR ENJOYING TECHNOLOGY AND DRIVING EXPERIENCE, AND NOW CONNECTIVITY AS WELL. ADDED TO ITS PRECISE AND DYNAMIC DESIGN AND THE SENSATIONAL DRIVING EXPERIENCE, IT OFFERS NEW TECHNOLOGICAL IMPROVEMENTS TO MAKE THE LEON A SAFER, MORE CONNECTED AND MORE DYNAMIC CAR THAN EVER.

LEON



 See website





/ AWARDS

Best Car 2015 for the Best Sports Car, for the Leon CUPRA because of its quality, design, sportiness and technology, awarded by the magazine *Automóvil* of the Motorpress Ibérica group. An accolade with an important added value for the brand, having been received following an exhaustive analysis of the top cars on the market by the publication's editors.

Best family car 2015, for the Leon X-PERIENCE for its adventurous look, interior comfort, technology and boot capacity, awarded by users of the specialist website *coches.net* in the fourth edition of the awards, integrated into the Schibsted Motor Awards 2015 organised by the Norwegian communications group, Schibsted Classified Media Spain.

Car of the Year in Portugal in the crossover category in the Carro do Ano 2015 awards, for the Leon X-PERIENCE for its versatility, chosen ahead of another 18 rivals by a panel made up of 21 journalists from different general and specialist media that assessed aspects such as construction quality, comfort, safety, performance, consumption and price.

SEAT receives the Best multi-platform advertiser award thanks to the SEAT Leon X-PERIENCE campaign, in the 13th edition of the Internet Auto Awards organised by the car website Autoscout24, in collaboration with Smartclip.

Best Family Car 2015 for the Leon, awarded by the British web publication *carbuyer.co.uk*.

Runner-up in Best Imported Compact Car for the Leon, at the 2015 edition of the Best Cars. Awarded by the readers of the prestigious German magazine *auto motor und sport*.

SEAT LEON SC

All CUPRA versions are updated with 290 HP engines and the Sport HMI screen, which helps the driver to know the car's status and to optimise its performance.

SEAT LEON ST

New safety and driver-assistance systems with the recognition of traffic signals or the new rear-view camera.

SEAT LEON 5D

The Infotainment systems have been renovated with screens of up to 6.5" and the new Full Link which offers Apple CarPlay™, Google Android Auto™ and MirrorLink™.

SEAT LEON X-PERIENCE


The family car with an adventurous spirit improves in comfort and includes DCC as standard for its 4DRIVE versions and the interior lighting pack.



EURO NCAP SAFETY RATING





 See website



TOLEDO

THE SEAT TOLEDO IS A MODEL WITH AN ELEGANT DESIGN AND OPTIMUM COMFORT. IT HAS A HIGH LEVEL OF SAFETY EQUIPMENT THANKS TO THE TIREDNESS DETECTOR, FRONT ASSIST AND MULTI-COLLISION BRAKE SYSTEM. THE MOST SIGNIFICANT TECHNOLOGICAL INNOVATIONS ARE FULL LINK, THE KEY-LESS OPENING AND IGNITION SYSTEM, AND THE FRONT AND REAR PARKING SYSTEM (WITH REAR-VIEW CAMERA).

SEAT TOLEDO

Two new versions appear, the FR Line for lovers of dynamic handling, and CONNECT for those who always want to be connected to the world.



EURO NCAP SAFETY RATING





/ AWARDS

Best Imported MPV for the fifth consecutive year for the Alhambra, at the 2015 edition of the Best Cars. Awarded by the readers of the prestigious German magazine *auto motor und sport*.



SEAT ALHAMBRA


Offers a new range of engines with increased power and efficiency, including four-wheel drive versions. Two new trim versions are added to the range: the FR Line and the CONNECT.



EURO NCAP SAFETY RATING





 See website

THE SEAT ALHAMBRA COMBINES LARGE CAPACITY WITH THE MOST MODERN TECHNOLOGY, SUCH AS THE NEW INFOTAINMENT SYSTEMS INCLUDING FULL LINK CONNECTIVITY. WITH FEATURES LIKE BLIND SPOT DETECTION, DRIVER SEAT WITH MASSAGE AND A KEY-LESS OPENING AND IGNITION SYSTEM, THE SEAT ALHAMBRA IS EXTREMELY SAFE AND COMFORTABLE. IT ALSO OFFERS A MORE SPORTY AND ELEGANT DESIGN WITH ITS NEW FRONT GRILLE AND LED TECHNOLOGY IN THE REAR AND NUMBER PLATE LIGHTS.

ALHAMBRA

05.5

40 YEARS

INNOVATING

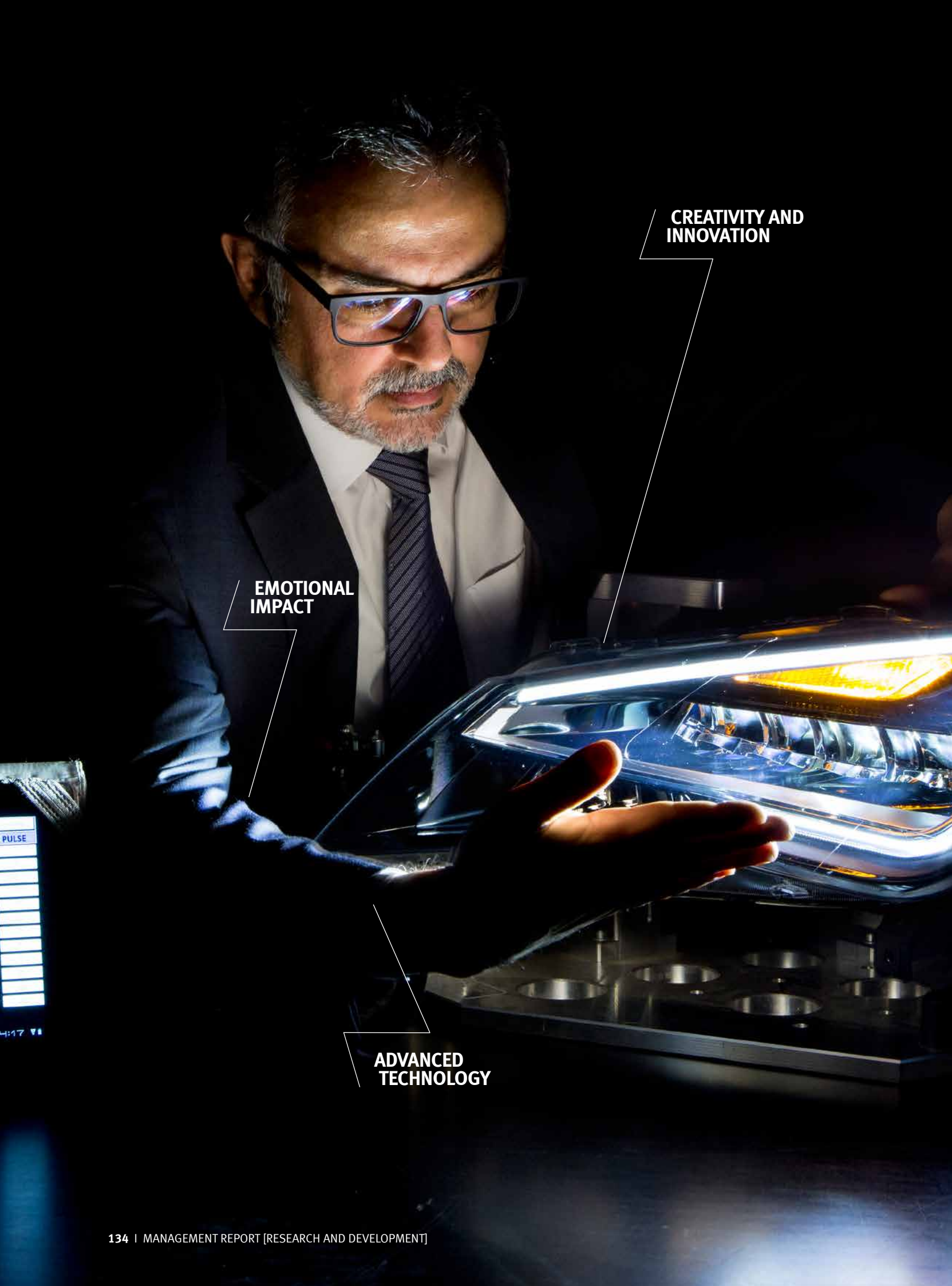
TOWARDS

THE **FUTURE**

RESEARCH AND DEVELOPMENT

Activity growth—**135** *Innovation and product*—**136**
Training and agreements—**139** *Dream factory*—**140**
We live competition—**146**





**CREATIVITY AND
INNOVATION**

**EMOTIONAL
IMPACT**

**ADVANCED
TECHNOLOGY**

PULSE

4:17

ACTIVITY GROWTH

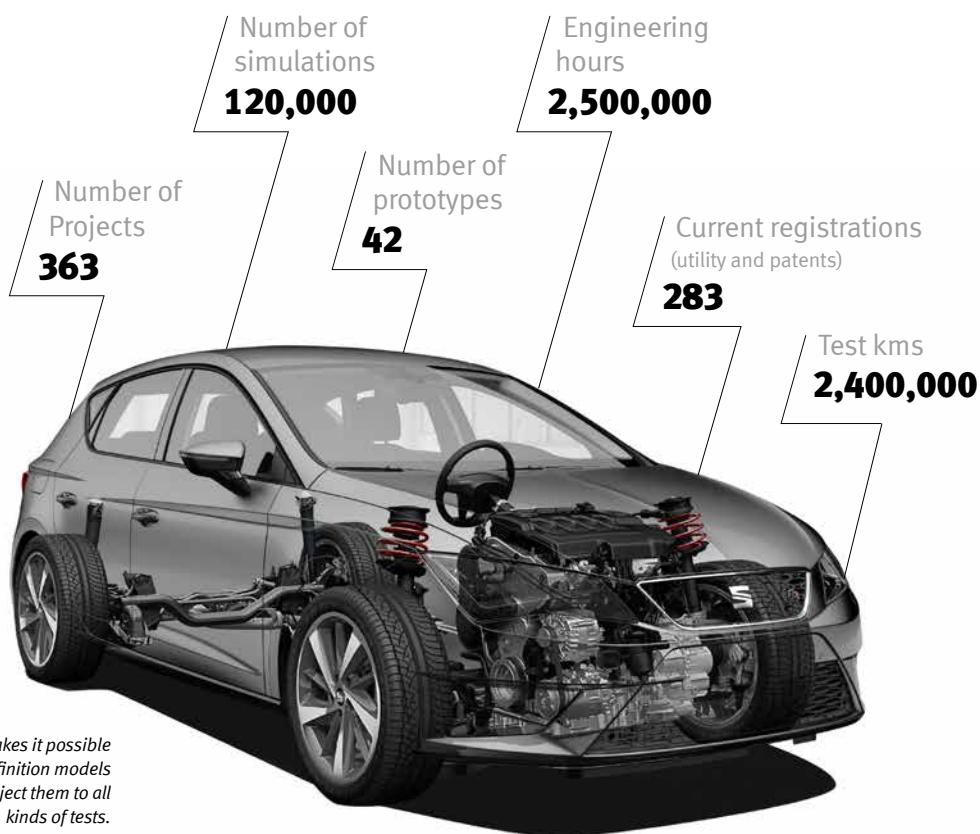
The SEAT Technical Centre (CTS) is the only R&D&I centre in Spain where cars are developed from start to finish. In it, creativity and technology meet, which together with the passion for detail of its employees results in the success and excellence of the brand's vehicles. This year it marks its 40th anniversary, 40 years of experience during which it has guaranteed the company's success. Today it works to create the best product offering in the history of SEAT.



Facilities of almost
44,000 m² fitted with
the latest systems and
equipment



968
employees work at
the SEAT Technical
Centre in Martorell



Virtual reality makes it possible to create high-definition models in 3D and to subject them to all kinds of tests.



INNOVATION AND PRODUCT

Product

The launch of the Leon ST CUPRA allowed the company to continue with the successful run begun by the three and five-door models, thus completing the Leon family, one of the fundamental pillars of the company. It is a refined and high-performance car which uniquely combines its excellent dynamics with the utmost comfort in long distances. This huge potential is provided by the pioneering technology it incorporates, such as the 2.0 TSI engine with dual injection and variable camshaft timing which allows it, in its 280 HP version, to accelerate from 0 to 100 km/h in only 6 seconds. This model is the first family car with front-wheel drive to complete the famous Nürburgring circuit in under 8 minutes, thus adding to the record achieved by its little brother, the Leon SC in 2014. Continuing with the CUPRA strategy, at the end of 2015 the power in the three models of the Leon CUPRA was increased to 290 HP, improving the excellent performance of the most powerful model in the history of SEAT.

The *leonisation* of the brand continued with the launch of the new Ibiza, in which intensive work was undertaken to improve the quality of its interior with a new driver-orientated dashboard,

better connectivity for customers with the Full Link system, the introduction of new, more efficient engines, as well as a new suspension and steering that allow for more comfortable, dynamic and agile handling. The update of the Alhambra and Toledo models, and the introduction of the CONNECT range, should also not be forgotten.

Before presenting the new models in the major European motor shows, the so-called showcars are shown. These vehicles are prototypes equipped with the latest technology and are a glimpse of future models, and serve to test the market and show the brand's creative capacity.

The two last showcars presented by SEAT in the Motor Shows of Geneva and Frankfurt held during 2015 show that the brand is moving towards the launch of its first SUV. The 20V20 and the Leon Cross Sport show the future of multi-purpose products with

See video



SEAT 20V20, AWARD FOR THE BEST PROTOTYPE DESIGN

The German Design Council, which encompasses more than 200 companies with a total of 2 million employees, chose the SEAT 20V20 (showcar presented at the Geneva Motor Show that represents the brand's 2020 Vision) as the winner in the prestigious Automotive Brand Contest, within the prototypes category.

See video



LEON ST CUPRA, THE FASTEST FAMILY CAR

Just 7:58.12 minutes is what the Leon ST CUPRA needed to cover the famous route of the Nürburgring circuit. Its engine's 280 horse power, its magnificent capabilities and the driving qualities of the brand's ambassador driver, Jordi Gené, have made this new record for the brand possible.

↳ SEAT 20V20, a clear vision of the future materialised in the form of a powerful and exceptionally sporty SUV. This athletic vehicle with sculpture lines reveals the evolution of the brand's design language.



↳ SEAT Leon Cross Sport, new crossover concept based on the Leon CUPRA.

the best capabilities. Both showcars are compact and dynamic vehicles with a very personal and attractive image that serve to prepare the upcoming launches.

Technological advances

The SEAT Technical Centre is at the cutting edge of technology, both in the technology that is introduced into the vehicles and in the equipment it uses to develop them. Every year around 9 million euros are invested in maintaining its facilities.

Among the technological advances introduced in the brand's vehicles during the year, the new engines based on downsizing technology stand out. This development combines the reduction of engine displacement and weight with supercharging to achieve a reduction in fuel consumption. The performance was increased to guarantee customers' fun at the wheel. Clear examples of these engines are the 1.4 TDI, which can be found in the Ibiza, or the 1.0 TSI, available in both, the Ibiza and the Leon.

In addition, out of the various investments made, the upgrading of the systems in the virtual reality hall, which allow virtual models to be viewed in greater detail and quality, are particularly noteworthy. The technical equipment for carrying out tests associated with the latest Euro NCAP requirements, which involve

The SEAT Technical Centre is at the cutting edge of technology, both in the technology that is introduced into the vehicles and in the equipment it uses to develop them

the development of new AEB (Autonomous Emergency Braking) safety functions, were also acquired. Furthermore, the Pass-By track had to be transformed in order to carry out the tests that the future vehicle exterior noise regulation requires.



Connectivity

With the introduction in 2015 of Full Link in the Ibiza, Leon, Toledo and Alhambra models, SEAT was one of the first brands to offer its customers the most pioneering functionality in Smartphone Integration, including on a single platform MirrorLink™, Android Auto™ and Apple CarPlay™ technologies. These applications allow customers to intuitively connect their smartphone and to continue enjoying their experience while driving in safety.

The first applications developed by the SEAT Technical Centre for their use while driving completed the brand's connectivity commercial offer during 2015, after being presented at the Mobile World Congress with a great acceptance by the attending public.

~ For SEAT, believing in innovation means having a workforce of 1,000 employees in the Technical Centre, where the brand's new cars are conceptualised and designed.

Patents

SEAT is one of the most active Spanish companies in the sphere of innovation and, for this reason, it enhances the protection of its industrial property. Over the past five years it has applied for a total of 206 registrations including utility models and patents. In 2015, the company filed a total of 39 registrations: 2 utility models (MU), 24 national patents (RN) and 13 international patents (RI). SEAT's current patent portfolio comprises 283 registrations, including utility models and patents.

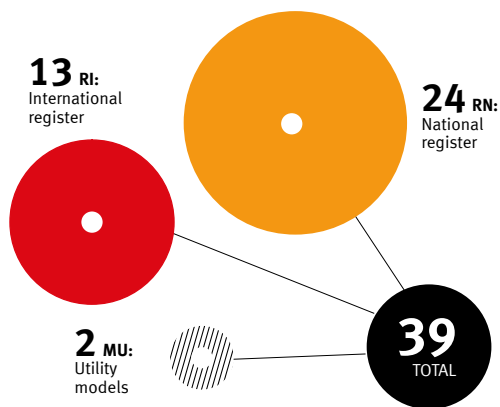
The CTS recognises the importance of its human capital by organising each year the SEAT Inventors Awards, an event that serves as both a tribute to and an act of gratitude for the most creative and innovative people in the company.

SEAT is one of the most active Spanish companies in the sphere of innovation and, for this reason, it enhances the protection of its industrial property. Over the past five years it has applied for a total of 206 registrations including utility models and patents

Awarding conventional prizes to all the inventors whose proposals become protected is complemented with three special prizes, which in the last edition corresponded to:

- / Best international registration: the boot with adjustable floor, which optimises loading space.
- / Best national registration: the optical aspect standardisation device for headlights, which achieves an impressive and high-quality result with minimal investment.
- / Best innovation of the year: the Connected Car, with the integration of devices and services, as well as the partnership with new partners.

ANNUAL PATENT 2015



TRAINING AND AGREEMENTS

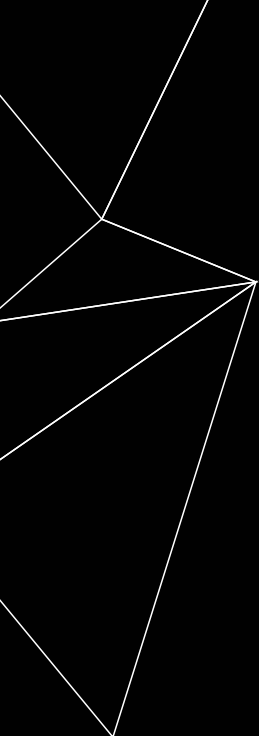
SEAT continues to enhance collaboration with universities. During 2015, the CARMAT and ELTICA postgraduate courses reached their respective sixth and seventh edition and provided training that is unique in the automotive sector to the more than 180 students that studied in its different editions.

In addition to the sponsorship of the SEAT Chair, of Formula Student teams and of the Formula Student Spain event, a competition between university students from around the world, the company took part in the birth of the CarNet project (Cooperative Automotive Research Network), an international network of influential agents in terms of technologies and innovations of the automotive sector.

Within the framework of the CarNet platform, more than 39 R&D projects are being carried out. Its goal is to enhance the knowledge of various mobility suppliers in order to create a multi-discipline and unique approach. Also, together with professional students from different sectors and institutional advisers, SEAT and the Volkswagen Group are leading advances in new concepts around urban mobility through sponsorships, grants and active collaboration in the development of new products and services.



~ SEAT propels Formula Student Spain: future engineers design and develop their own formula cars.



DREAM FACTORY

The SEAT Technical Centre works on the future of the company. It has been the area responsible for creating and safeguarding the style, nature and common traits of the company's models throughout the last 40 years. Its activity guarantees a signature style and the incorporation of the most advanced technologies in all the brand's vehicles.



1975 INTERNAL R&D CENTRE

The Technical Centre has developed a large number of projects of all kinds in its 40 years. Below we highlight some of them in terms of showcars:



Proto C

*Presented at the 1990 Paris Motor Show.
Inspiration for the second generation of the Ibiza.*



Bolero

*Presented at the 1998 Geneva Motor Show.
Ahead of its time.*



Salsa

*Presented at the 2000 Geneva Motor Show.
Alma mater of the Leon II and Altea.*



Tango

*Presented at the 2001 Frankfurt Motor Show.
The dream of a brand.*



IBe

*Presented at the 2010 Geneva Motor Show.
The third generation of the Leon.*



IBL

*Presented at the 2011 Frankfurt Motor Show.
At the cutting edge.*



20V20

*Presented at the 2015 Geneva Motor Show.
The future vision for new series launches.*

SEAT CELEBRATES 40 YEARS OF THE TECHNICAL CENTRE

The creation of SEAT's own Technical Centre in 1975 marked a before and an after, not only for the company but also for the automotive industry in Spain. It is in this Centre that the vehicles that brought mobility to the masses in Spain and continue to do so were developed. Thanks to the CTS, SEAT has positioned itself as a creative and innovative company that looks to the future.

From the first development, the 1200 Sport known as Bocanegra, to the presentation of the latest showcar, the Leon Cross Sport, the tireless work of the designers and engineers has made it possible to embody the trends and ideas at each specific time and to seek new technological and style solutions.

The Technical Centre carries out the entire vehicle development process in which all the areas participate simultaneously: from the initial design phases, to the simulation or prototype phases among others, up until the validation phase, where the vehicle undergoes an exhaustive and meticulous variety of tests to ensure the utmost quality in the series.



See video





DESIGN

Inspiring design, emotional impact and precision provide the Leon with an unmistakable language of design that is recognised and appreciated throughout the world.

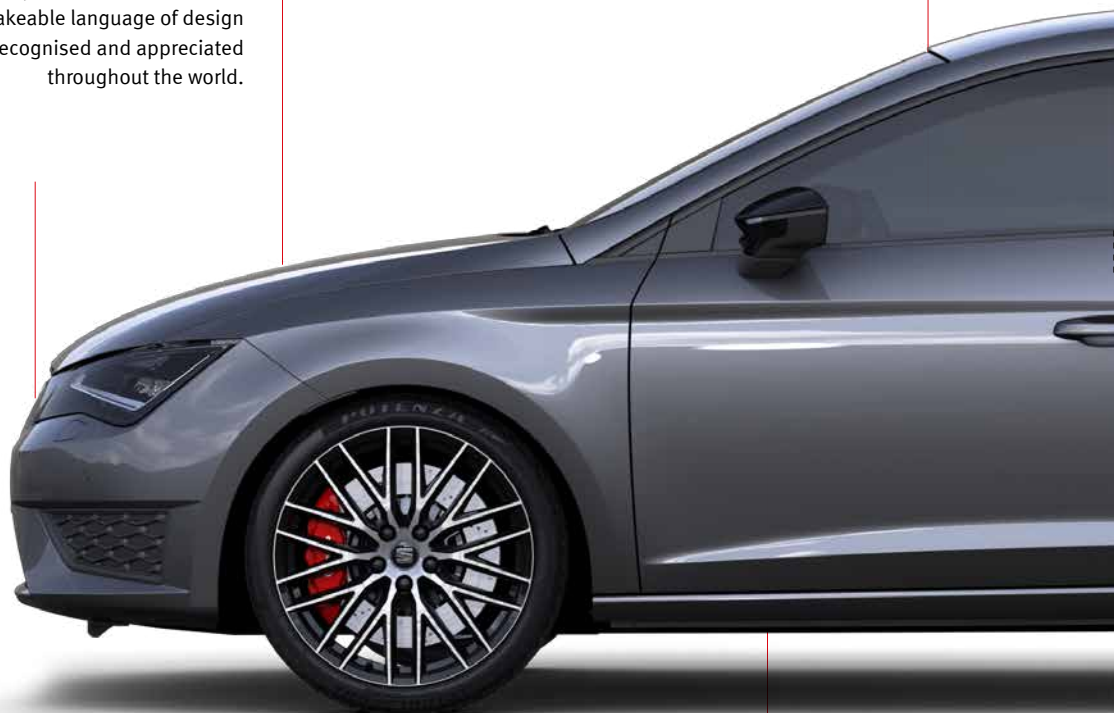
FUNCTIONALITY

The balance between technology, design and creativity that responds to drivers' real needs bestows the Leon with some practical and useful features.



ACCESSIBILITY

The Leon offers state of the art technology at an attainable price within its segment. The perceived value for money is one of the main reasons people buy it.



EMOTION

All aspects of the Leon are designed to convey emotions, whether through its unmistakable interior and exterior design or its sensations at the wheel.

The **LEON** formula

DYNAMISM

The dynamic handling of a Leon conveys agility, safety and fun. The engine and the chassis join up to transmit the best sensations at the wheel with the most innovative active safety systems.

COMFORT

The Leon stands out for its balanced performance in all the factors that affect comfort, particularly with the driving position consistent with the brand value.



QUALITY

Passion for detail makes the quality perceived by the client very high in any of the Leon's aspects and, because of this, very high ratings were received in the customer satisfaction surveys, which has enabled it to reach the top positions in the brand rankings.

TECHNOLOGY

The Leon is fitted with the most innovative, distinguishing, precise and customer-focused technology.



WE LIVE COMPETITION

In 2015, SEAT continued its track record in sports competitions with the second season of the Leon Eurocup, a single-brand championship that offered maximum sporting action. Seven Grand Prix were vied for in Europe, on seven highly prestigious circuits, five of them Formula 1 circuits. The star of this championship was the SEAT Leon Cup Racer, a spectacular racing car with an engine capacity of 330 hp and a wide range of technological elements entirely developed between the CTS and SEAT Sport. The championship was a success in terms of participation once again, maintaining a registration level of 30 cars per race, reaching 33 registrations in the last one. The SEAT Leon Cup Racer is a car in very high demand from teams and drivers from around the world, even reaching countries such as China, Thailand, Macao or Dubai. In total, the company has already delivered more than 100 vehicles, 60 of them in 2015, to the 109 teams from 22 countries that actively race with the SEAT brand in national and international championships.

SEAT Sport was also the protagonist making its debut in the TCR International Series (Touring Car Championship). The global championship with 11 rounds, three of them together with the F1, was the new platform for the SEAT Leon Cup Racer that competed

The SEAT Leon Cup Racer is a car in very high demand from teams and drivers from around the world, even reaching countries such as China, Thailand, Macao or Dubai



See video



SEAT SPORT DELIVERS LEON CUP RACER NUMBER 100

In just 14 months, SEAT Sport has sold a hundred units of the Leon Cup Racer, which has displayed an exceptional performance both in the single-brand SEAT Leon Eurocup championship and in other competitions, such as the new TCR International Series or the Spanish Endurance Championship (CER).





SEAT Leon Eurocup, an extraordinary single-brand championship held on legendary European circuits.

with other brands such as VW, Honda, Subaru, Ford or Opel. In its first year, the grid comprised a total of nine SEAT Leon Cup Racers spread across three major teams. Finally, the brand was the winner of the championship.

With the commencement of the TCR Series, two additional international series appeared where the brand had representation. The TCR Asia, disputed on the Asian continent (Shanghai, Macao, Burniam, among other places), had its debut in mid-September and the dominating car was again the SEAT Leon Cup Racer, both in terms of the number of cars on the grid and in the podium positions. Furthermore, in the TCR Benelux, the brand had an extensive participation.

SEAT Sport also continues with the policy of supporting private customers, offering them technical assistance in different races and championships such as the Barcelona 24 Hour Race, the Spanish Endurance Championship (CER), the European Touring Car Championship (ETCC), the Ibiza Cup Italy and various national championships.

In the Barcelona 24 Hour Race, SEAT was the brand with the strongest presence of cars, a total of 14 out of the 74 registered. In the race, SEAT's ambassador Laia Sanz and driver Francesc Gutiérrez repeated for the second consecutive year the challenge of finishing the 24 hours. On this occasion, they finished in 2nd place within their category behind another Leon Cup Racer.

In the Italian championship, as well as the 4th edition of the SEAT Ibiza Cup, it included the launch of the SEAT Leon Italy Cup. Also, in the CITE (the Italian Endurance Championship) two SEAT Leon Cup Racers took part, in its version with sequential gearbox that will be the basis for the new car of the TCR. In this Championship, driver Valentina Albanese claimed victory ahead of other brands such as BMW or FIAT.

SEAT Sport also takes part in projects of the Volkswagen Group and provides technical support to Audi in the German Touring Car Championship (DTM) and in the development and manufacturing of vehicles for Audi Motorsport and for Volkswagen Motorsport. SEAT develops the Group's models with the platform of the Leon for race track competitions and also, has become the supplier of these cars for their championships, producing a total of 35 AUDI TT Cup models and three VW GOLF TCR models.



See video



SECOND SEASON OF THE SEAT LEON EURO CUP

After the enormous success seen during its first year, the SEAT Leon Eurocup began its second season in the month of April. The single-brand automotive competition has the Leon Cup Racer as the protagonist of seven European meetings in France, Portugal, England, Austria, Germany, Italy and Spain.



Number of cars
60



Number of drivers
33



Number of countries
22



05.6

PEOPLE,
THE MOST
**IMPORTANT
ASSET**



HUMAN RESOURCES

A growing workforce—**153** *Training and development: future guarantees*—**154**
Interculturality and mobility—**155** *The labour attraction of a top company*—**157**

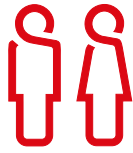


**PROUD
TO WORK AT SEAT**

**EMPLOYEES
MOTIVATION**

**TOP EMPLOYER
SPAIN 2015**

A GROWING WORKFORCE

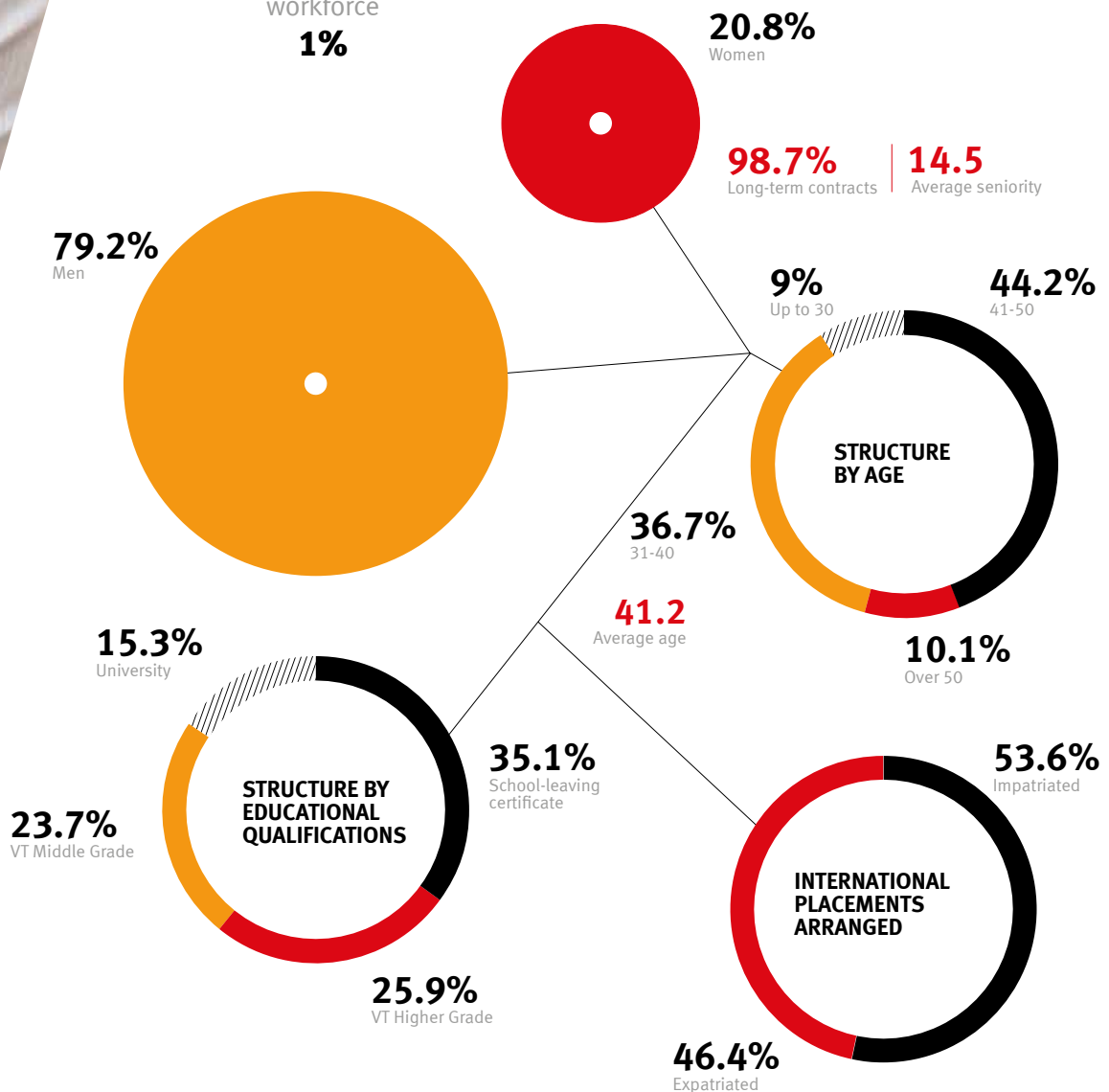


SEAT's basic workforce
12,753



Increase in workforce
1%

2015 was a year marked by the positive evolution of the business, a trend closely related to the management of human resources. The assignment of new projects translated into the hiring of 89 new engineers for the Technical Centre and another 144 that were shared mostly among Production and Quality. With regard to the staff dedicated to production, a coordinated exercise to manage their availability was carried out, entering into contracts through Temporary Employment Agencies, which ensured the flexibility necessary in order to cover absences due to illness and legal guardianship, as well as ad-hoc needs of a temporary nature.





TRAINING AND DEVELOPMENT: FUTURE GUARANTEES

The SEAT Apprentice School started 2015 with the enrolment of 73 new apprentices. The Dual Vocational Training (DVT) offered is endorsed by the German Chamber of Commerce and by the Catalan Government (Generalitat de Catalunya), and is governed according to the principles of the German model. The three programmes currently underway amount to a total of 189 apprentices, which represents a 68% increase compared with years previous to the beginning of the DVT. This edition was notable for the presence of the greatest number of women enrolled to date: 12% compared with 3% in the previous programme – a fact which demonstrates SEAT's commitment to equal opportunities and the development of young talents regardless of their gender.

The continuous training of the workforce had a high participation in the four areas offered by the company (technology, specific, languages and management): 17,198 students, 2,325 courses delivered and 300,650 contact hours. For its part, staff training by state-recognised professional qualification categories (*Familias Profesionales*) has increased the number of different types of skills, reaching a total of 55 profiles available. In this

way, the number of people in the company that have a skills profile has increased considerably (1,640 in 2015 compared with the 1,030 in 2014). The progressive implementation of this type of training to all the areas of the company has taken another step forward with the foundation of the Product Management Academy in January 2015.

SEAT also nurtures relationships with universities and business schools, in which it organises different types of events to present its programmes to the new generations. Of particular note, among others, are the Dual Degree, which combines university studies in Business Management and in Business Administration and Management with Vocational Training and work placements in the company; and the work placement programme, in which a total of 543 training programme and university students participated. Furthermore, SEAT and the CTS participate in educating students about knowledge of cars, with more than 70 teachers who give more than 500 hours of classes per year in different universities.

ACADEMY OF AREAS: CUSTOMISED LEARNING

SEAT has set up a new way of understanding learning and development, based on state-recognised professional qualification categories (*Familias Profesionales*). The new staff training concept, driven by Human Resources and the different areas of the company, offers a learning process that is more personalised and focused on the specific needs of each position through self-study, workshops, briefings and expert advisory.

See video



SEAT RECEIVES THE AWARD FROM THE MINISTRY OF EMPLOYMENT AND SOCIAL SECURITY

The Minister Fátima Báñez presented to the then Vice-President of Human Resources, Josef Schelchshorn, a plaque of recognition for SEAT's adherence to the Ministry's Youth Entrepreneurship and Employment strategy. This programme allows companies' initiatives on matters related to employment to be channelled.



Staff development is the basis for achieving a motivated top team.

INTERCULTURALITY AND MOBILITY

SEAT promotes the international mobility of its employees to other brands of the Volkswagen Group, since cultural diversity leads to business, professional and personal achievements.

2015 was a year of advances in terms of international placements. One of the bases of these changes was the results obtained in a consortium opinion survey, a measure that evaluates the satisfaction of employees on international placements and identifies the points for improvement in all the related processes and procedures. Following the proposals made by the employees, the International Placement Policy was published on the Intranet, based on the Group's regulations and adapted to Spanish law and to SEAT's internal regulations. At present, any employee can consult the process and the conditions.

Within this mobility framework, the continuation of the StartUp Europe programme is of particular note. It is a professional skills and development system for young Spanish engineers which, through a two-year work placement contract, offers the possibility to complete a placement (3/6 months) in SEAT, followed by an international placement (18/21 months) in one of the brands of the Volkswagen Group, with the possibility to join them in the future.

SEAT also nurtures relationships with universities and business schools, in which it organises different types of events to present its programmes to the new generations

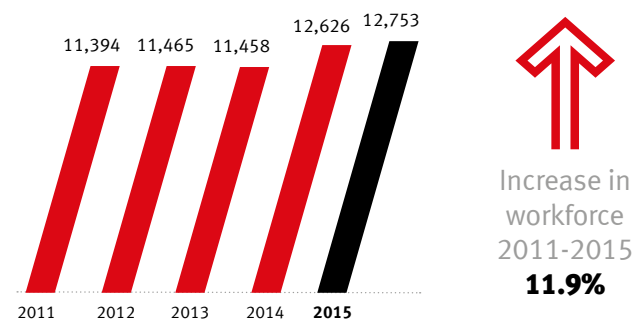
BASIC WORKFORCE BY FUNCTIONS AND CENTRES

At december 31

	2015	2014	Variation	
			Absolute	%
Direct	8,199	8,270	(71)	(0.9)
Martorell	6,696	6,766	(70)	(1.0)
SEAT Barcelona	664	662	2	0.3
SEAT Componentes	839	842	(3)	(0.4)
Indirect	4,554	4,356	198	4.5
Martorell	3,726	3,532	194	5.5
SEAT Barcelona	532	526	6	1.1
SEAT Componentes	253	255	(2)	(0.8)
Other centres	43	43	0	0.0
Total workforce (*)	12,753	12,626	127	1.0

* Figures for 2015 and 2014 do not include 94 and 145 employees in partial retirement, respectively. Likewise, figures for 2015 and 2014 do not include 186 and 168 apprentices with labour contracts, respectively.

BASIC WORKFORCE At december 31







THE LABOUR ATTRACTION OF A TOP COMPANY

See video



SEAT, LEADING CAR MANUFACTURER THAT RECEIVES THE TOP EMPLOYER SPAIN CERTIFICATION

SEAT has received the Top Employer Spain 2015 certification, which confirms that it is one of the best companies in the country to work for. The Top Employers Institute highlights the staff professional development programmes and the programmes for the attraction and retention of talent applied by the company.

1. Opportunities
2. Stable jobs
3. Attractive workplace
4. Leadership
5. Commitment
6. Professional development



Behind the attainment of the Top Employer Spain 2015 certification lies the efforts of 12,753 SEAT employees and the excellent working environment that surrounds them. Being one of the best employers in Spain is underpinned by many different pillars. Motivation and pride of belonging to the company is one of them. In 2015 a plethora of activities and events were fostered once again, which continued to cultivate the company's values and culture. From the presentation to the workforce of the new Ibiza, which converted the employees into brand ambassadors and reporters, with the dissemination on social media of their positive experiences and sensations; to the active participation of the staff and their family members, which was best expressed at the Length of Service Award event, in the mass reception for the Family Day celebration or at the final of the SEAT Leon Eurocup.

Motivation and participation are also fostered by providing the adequate channels for fluid and constructive communications between the staff and the company. The definitive implementation of the *Chats with the employee*, conducted by the Personnel Managers with the whole workforce, and the participation for the first time of 100% of the indirect general agreement personnel in the Feedback Survey were good examples of this.

SEAT also has a well-known and consolidated model for the management of health and safety at work, with the optimum review resources for caring for its staff. In 2015, a plan for the study and improvement of mental health was begun, taking a step towards excellence by supporting preventative medicine, physical exercise and healthy habits as a strategy to deal with the evident and inevitable ageing of the population. The renovation of the Medical Service facilities of Workshop 11 and the effective workplace health and safety campaigns contributed to an improvement in the health and wellbeing of the workforce.

In the sphere of Labour Relations, the holding of the union elections in February and the expiry of the 18th Collective Labour Agreement were of particular note. Once this agreement has been denounced by the Employee Representatives, the Negotiation Committee will be established. The balance between maintaining the company's competitiveness and the improvement of the workforce's employment conditions are the key to these negotiations.

AENOR CERTIFIES SEAT AS A MODEL OF A HEALTHY COMPANY

This certification recognises the activities carried out to protect and promote the health, safety and wellbeing of staff, as well as the sustainability of the workplace within a process of continuous improvement.

05.7

COMMITMENT
TO SOCIETY



GOVERNMENTAL AND INSTITUTIONAL RELATIONS

Institutional sphere—**160** *Business sphere*—**162**

INSTITUTIONAL SPHERE

During 2015, SEAT had a central role in leading, in the Spanish Chamber of Commerce, the Presidency of the Education Commission and in emphasising the fundamental role of teaching in the new generations in order to strengthen the Spanish industrial sector.

The Vice-President of Governmental and Institutional Relations of SEAT, Ramón Paredes, attended the royal audience where Their Majesties the King and Queen of Spain received the Alliance for Dual Vocational Training, an institution promoted by the Princesa de Girona Foundation, the Bertelsmann Foundation, the Spanish Chamber of Commerce, the CEOE and representatives from major Spanish companies. The goal of this institution is to support the development of Dual Vocational Training and to position it as a pivotal element for improving the employability of young Spaniards.

One of the most noteworthy visits was that of the Prime Minister of Spain, Mariano Rajoy, to commemorate the 40th anniversary of the SEAT Technical Centre. During his visit, he was able to see the design and quality processes as well as the company's future models, accompanied by the chairmen of the Board of Directors and the Executive Committee of SEAT, Dr. Francisco Javier García Sanz and Jürgen Stackmann respectively. In turn, the Prime Minister highlighted the company's importance as a leader in employment, innovation and training.

One of the most noteworthy visits was that of the Prime Minister of Spain, Mariano Rajoy, to commemorate the 40th anniversary of the SEAT Technical Centre. During his visit, he was able to see the design and quality processes as well as the company's future models

~ Audience with Their Majesties the King and Queen of Spain at the Alliance for the Promotion of Dual Vocational Training in Spain.



DEVELOPMENT OF
TECHNOLOGIC AGREEMENTS

INSTITUTIONAL
PRESENCE

PROMOTION
OF ECONOMIC ACTIVITY





It is also worth mentioning the visit of the Prime Minister of Spain, Mariano Rajoy, and of the president of the Catalan Government (Generalitat de Catalunya), Artur Mas, to the SEAT stand at the Barcelona Motor Show, as well as that of the Minister for Employment and Social Security, Fátima Báñez, and the Executive Director of the Public Employment Service, Reyes Zarataín, to the Martorell facilities, where they acknowledged the work that the brand carries out in the integration of young people into employment and the preparation, qualification and training of its staff.

BUSINESS SPHERE

In 2015, the second and third edition of the *Encuentros SEAT* meetings were held, presided by the then chairman of the Executive Committee, Jürgen Stackmann. The first one was dedicated to the future of the automotive industry and included the participation of the Vice-President of R&D, Dr. Matthias Rabe, and the ex-minister for Industry, Miguel Sebastián. In the second one, entitled *SEAT: Generation of Talent for an Industry 4.0*, the then Vice-President of Human Resources, Josef Schelchshorn, focused on the importance of education and employment as basic pillars of society and companies. This breakfast meeting also benefited from the experience of Marcos Peña, chairman of the Economic and Social Council. Both meetings were a success in terms of participation, bringing together institutional and business representatives, experts and journalists.

Another noteworthy milestone was the Spanish-German summit which took place in Berlin, where Dr. García Sanz, chairman of the Board of Directors of SEAT and Vice-President of Purchases for the Volkswagen Group worldwide, participated together with Angela Merkel, German Chancellor, Mariano Rajoy, Prime Minister of Spain, and other members of both governments, in high-level debates

See video



THE PRIME MINISTER OF SPAIN VISITS SEAT'S FACILITIES IN MATORELL

The Prime Minister, Mariano Rajoy, visited SEAT's facilities in Martorell as part of the celebration of the 40th anniversary of the company's Technical Centre, where the brand's future models are developed. He was accompanied on the visit by the chairman of the Board of Directors of SEAT, Dr. Francisco Javier García Sanz, and the then chairman of the Executive Committee of SEAT, Jürgen Stackmann.

See video



THE PRIME MINISTER, MARIANO RAJOY, AND THE PRESIDENT OF THE GENERALITAT, ARTUR MAS, VISIT SEAT'S STAND AT THE BARCELONA MOTOR SHOW

before leading Spanish and German companies. At the summit, Dr. García Sanz emphasised the importance and the weight of SEAT and the Volkswagen Group in the Spanish economy. The meeting culminated with a joint declaration that identified the priorities for Europe's economic recovery. Also, the partnership with the German society present in Spain is of great importance for SEAT, which has as one of its slogans *We are Spanish, We are German*. For this reason, the company maintains a close collaboration with the German

In the Spanish-German summit Dr. García Sanz, chairman of the Board of Directors of SEAT and vice-chairman of Purchases for the Volkswagen Group worldwide, emphasised the importance and the weight of SEAT and the Volkswagen Group in the Spanish economy

Embassy and the German Chamber of Commerce in Spain, where it holds a place on the committee.

SEAT, through its participation in the National Association of Car and Lorry Manufacturers (known as ANFAC), also pushed for the approval of the PIVE 7 and 8 plans, which have continued to contribute to the modernisation of the stock of cars in circulation in Spain and incentivising the acquisition of new energy-efficient models.

During the year, the company continued its venture for the consolidation of CNG (Compressed Natural Gas) technology in Spain. In this regard, new and decisive players in vehicular natural gas in Spain have joined its partners Gas Natural Fenosa, Madrileña Red de Gas and the Gasnam Association. Partnership agreements were also signed for the development CNG infrastructure and cars with EDP, Naturgas and HAM. At the same time, the company became a member of the Industrial Gas Association, an institution whose goal is to galvanise consumer interest in order to ensure a reliable supply and a competitive price. The intensive activity carried out by SEAT in this field rests on a strategic commitment for CNG to become the alternative fuel in Spain.

~ The Encuentros SEAT meetings brought together in Madrid representatives from the most important institutions and companies in Spain.

Following the tradition of previous years, at the Geneva and Frankfurt Motor Shows, two of the most important motor shows in the world where brands display their prototypes and innovations, the company received the support and the visit of the Spanish ambassadors in Switzerland and Germany, thus strengthening the Spanish Brand and SEAT's relations with the representatives of our country abroad. In line with this, SEAT's participation in the business missions to Cuba and Iran, accompanying the Spanish Government, served as an opportunity to find out more about the market and our brand's potential in both countries.

See video



EDP, SEAT AND VOLKSWAGEN-AUDI SPAIN SIGN AN AGREEMENT TO PROMOTE MOBILITY USING CNG IN SPAIN

The goal of the agreement is to promote the development of Compressed Natural Gas cars and the infrastructure necessary to use this alternative fuel, which saves costs for the user and reduces emissions. In this way, the fight against climate change and the improvement of air quality in cities are strengthened.



05.8

TOWARDS

**SUSTAINABLE
PROFITABILITY**



FINANCE, IT AND ORGANISATION

Improvement of the business model **—167** *Unstable economic environment* **—168**
Upward trend in the automotive sector **—169** *Another step towards profitability* **—170**

**DEVELOPMENT
OF NEW PRODUCTS**

**COMMERCIAL
PERFORMANCE**

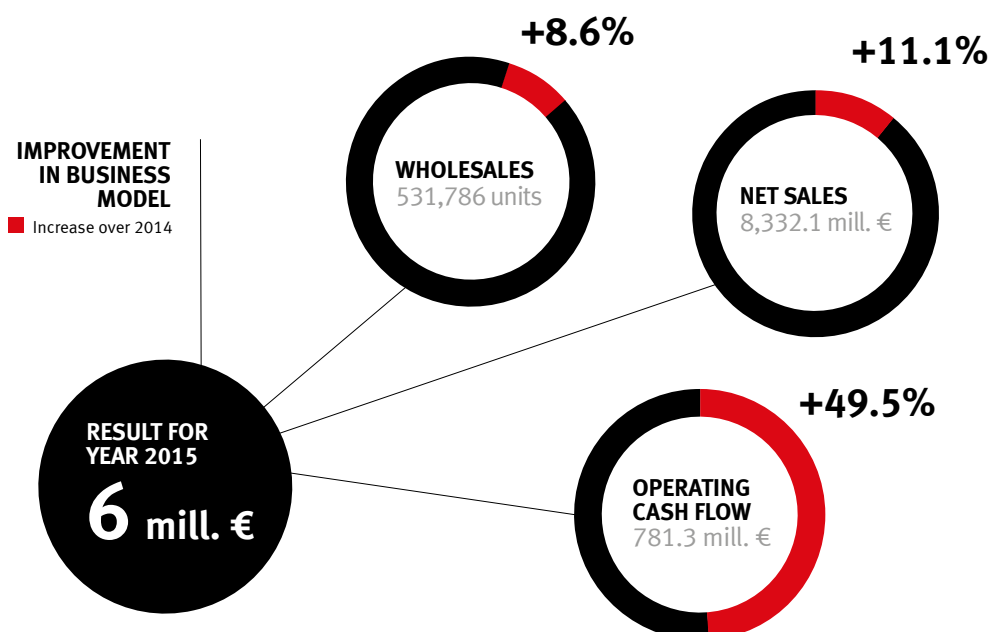


**COST
EFFICIENCY**



IMPROVEMENT OF THE **BUSINESS MODEL**

The continuous improvement in the volumes, revenues, cash flow and result bring the company closer to the goal of profitability. SEAT's strategy is focused on three pillars to ensure that this growth is sustainable and to make it a solid brand: boosting the development of models in segments that generate a large profit margin, applying the success formula of the Leon; prioritising customer satisfaction; and becoming the most attractive employer in the automotive sector in Spain.





UNSTABLE ECONOMIC ENVIRONMENT

The global economy recorded a lower-than-expected growth in 2015, marked by the growing doubts over the sustainability of growth in China and its consequences for the financial markets, in terms of volatility and declines in the stock markets.

The difficulties of the Asian giant in managing its economic model became apparent with various symptoms that signalled the deceleration of its economy: stock market crashes, the decline of exports, a fall in industrial output and devaluations of its currency. Nevertheless, China continued to act as the engine of the global economy with very high growth rates, albeit lower compared with the levels of previous years.

The tensions of the Chinese economy put the progress of other emerging countries' economies at risk due to the fall in the prices of raw materials, triggered by lower demand, and the deterioration of the financial conditions. Among the most affected were the Latin-American economies (especially Brazil and Venezuela), Russia and other oil-exporting countries in the Middle East and North Africa.

The deceleration of the emerging markets and the economic tensions linked to different geopolitical conflicts, among which Eastern Europe, the Middle East and Syria stand out, ended up also affecting the developed markets, which had to lower their growth forecasts over the year.

The countries of the Eurozone secured their activity through the combination of an expansive monetary policy, the depreciation of the currency, the structural reforms carried out and, also, they benefitted from the fall in the price of oil and energy. The economic recovery was based on rising internal demand which was assisted by the low interest rates, the increase of credit and an inflation which was at negative rates for several months. The approval of a third round of financial assistance for Greece in exchange for demanding structural reforms momentarily resolved the open crisis with its possible exit from the euro, but it continues to be a focal point of uncertainty for the future of the region.

For its part, the Spanish economy was one of the ones that grew the most on the international landscape. The fall in oil prices and the devaluation of the euro had a soothing effect which helped to improve its macroeconomic variables. The recovery of consumer spending and investment, together with the rise in exports, allowed the GDP to grow at the highest rate in the last eight years and to accumulate 10 consecutive quarters of continuous growth. This accelerated rate of progress assisted in the control of the public deficit, in line with the objectives established by the European Commission, and the reduction of unemployment, which continues to remain at levels well above the average of the Eurozone countries.



UPWARD TREND IN THE AUTOMOTIVE SECTOR

The lack of uniformity of the markets at a global level explains their differing evolution in terms of the production and sales of cars in 2015. While the volumes of the United States, China and Europe began to grow again, albeit less than expected, countries such as Russia, Brazil and Japan experienced a contraction of their records.

The market of the European Union closed the year managing to maintain a continued growth of sales for 28 consecutive months. Particularly significant is the recovery of the large markets of Southern Europe, where the records of Spain, France, Italy and Portugal increased significantly. The increases in Germany, Greece, Ireland, the United Kingdom and countries of Eastern Europe were also significant.

The Spanish automotive industry is one of the most dynamic in the world because of its flexibility and competitiveness. The sector continues to be one of the pillars of the economic recovery thanks to the growth of its volumes.

The figures in Spain show a very positive trend: the production of vehicles reached 2.7 million units, exports were 2.3 million vehicles and registrations of passenger cars exceeded a million units once again after six years. These figures represent a very significant

2015 FIGURES FOR THE SECTOR IN SPAIN

0000 BRN

Increase in
passenger car
registrations
over 2014
20.9%



Vehicle exports
2,300,000



Increase
in vehicle
production
over 2014
13.7%



~ SEAT invests in new products to adapt them to customers' needs.

The Spanish automotive industry is one of the most dynamic in the world because of its flexibility and competitiveness. The sector continues to be one of the pillars of the economic recovery thanks to the growth of its volumes

increase in volumes: 13.7% in vehicle production, 11.5% in vehicle exports and 20.9% in passenger car registrations.

The reasons that explain these increases are multiple: growth of the European markets and of the exports of United States, Turkey and the South Korea; greater activity in the renewal of company car fleets; and the recovery of sales to private customers, thanks to the improvement of the economic environment and to two new meetings of the Efficient Vehicle Incentives Programme (PIVE 7 and 8).

ANOTHER STEP TOWARDS PROFITABILITY

SEAT continues to take steps towards the goal of sustainable growth. The increase of production volumes and sales allowed it to close the year once again with the highest net sales figure in its history, 8,332.1 million euros. In the last five years, revenues have increased by 65%.

The increase of sales income by 11.1% over 2014 is due, mainly, to the empowerment of European markets and the launch of products with greater added value. In this way, revenue in the Spanish market, 1,404.2 million euros, increased by 5.2% and exports, 6,927.9 million euros, grew by 12.4%.

The strong increase of revenues was accompanied by a thorough cost reduction programme. The optimisation of revenues and expenses managed to achieve, for the first time since 2008, a positive result for the financial year: 6 million euros. Nevertheless, the considerable financial effort carried out in the development of the brand and the new models, together with the activities carried

out due to the incidents relating to the emissions (NOx) of the EA189 diesel engines of Volkswagen AG that the company used in some of its vehicles, limited the improvements achieved and contributed to the year ending with operating losses of 7.3 million euros. During 2016, the Volkswagen Group intends to implement the appropriate technical solutions, hence no significant impact is expected on the brand's volumes.

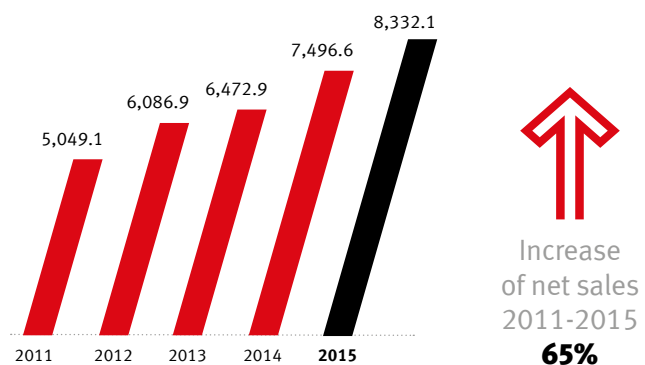
The cash flows generated from operations reached 781.3 million euros, which represents 9.4% as a proportion of net sales. The acquisition of these considerable levels of internal funds allowed the company to cover, for the third consecutive year, all of the investments made, amounting to 464.4 million euros.

Investing in the future continues to be one of the company's priorities. In order to optimise its investment plan, SEAT has designed the liquidity and profit improvement plan, which it will apply over the coming two years. Through this plan it is hoped to save around 100 million euros per year by improving processes, developing the activities that provide a greater added value and reducing costs that do not affect the core business. In order to improve the cost structure, an exhaustive review will be performed of the costs of external services, as well as of all the logistical, production and administrative processes, in addition to implementing new measures to increase energy efficiency.

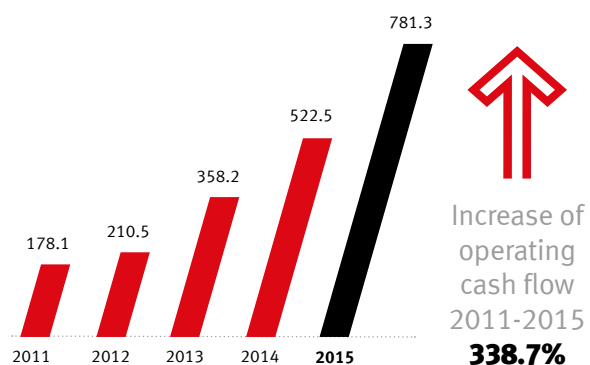
Design, efficiency, quality and customer satisfaction are attributes of the brand that contribute to the continuous growth of SEAT's revenues.



NET SALES (millions of euros)



OPERATING CASH FLOW (millions of euros)



The company does not have, and has not carried out, operations with its own shares or derivatives during the financial year. The weighted average payment period to company suppliers was 34 days in 2015. There have been no events having an impact on the financial statements after the closure of the financial year.



06

ON THE MOVE

WITH

SEAT, S.A. ANNUAL ACCOUNTS

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Statement of Changes in Equity—**178** *Cash Flow Statement*—**180** *Notes*—**182** *Appendix 1. Evolution*
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PERFORMANCE

AUDITOR'S REPORT



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

INDEPENDENT AUDITOR'S REPORT ON ANNUAL ACCOUNTS

Report on the Annual Accounts

We have audited the accompanying annual accounts of SEAT, S.A., which comprise the balance sheet as at December 31, 2015, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

Directors' Responsibility for the Annual Accounts

The company's directors are responsible for the preparation of these annual accounts, so that present fairly the equity, financial position and financial performance of SEAT, S.A., in accordance with the financial reporting framework applicable to the entity in Spain, as identified in Note 3 to the accompanying annual accounts, and for such internal control as directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with legislation governing the audit practice in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As indicated in Note 21 to the annual accounts, the disclosure of the remuneration of the directors and senior management is presented in aggregated, with no separation of the two groups, as required under the Spanish General Accounting Plan and the Spanish Capital Companies Act. Our audit report of the annual accounts as at 31 December 2014 and for the year then ended included a qualification in respect of this item.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª.
Inscrita en el R.G.A.C. con el número S0242 - CIF: B-79 051290



Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of SEAT, S.A. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' Report for 2015 contains the explanations which the directors consider appropriate regarding the company's situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the directors' Report is in agreement with that of the annual accounts for 2015. Our work as auditors is limited to checking the directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the company's accounting records.

PricewaterhouseCoopers Auditores, S.L.

José M Solé Farré

23 February 2016

6.2

BALANCE SHEET

At December 31 (millions of euros)

ASSETS	Note	2015	2014
Non-current assets		2,938.9	2,949.2
Intangible assets	6b	647.1	571.6
Tangible assets	6c	967.1	1,003.0
Long-term Group companies investments	6d	962.9	962.9
Long-term financial investments		1.5	1.5
Deferred tax assets	18	360.3	410.2
Current assets		1,060.7	881.8
Non-current assets available for sale	5n	0.0	0.0
Inventories	9	362.1	366.4
Trade and other receivables	10	661.8	497.8
Short-term Group companies investments	11	34.8	16.0
Short-term financial investments	11	0.0	0.0
Short-term prepaid expenses		1.9	1.6
Cash and cash equivalents		0.1	0.0
Total		3,999.6	3,831.0

EQUITY AND LIABILITIES	Note	2015	2014
Equity		536.0	533.4
Shareholders' equity	12	526.1	520.1
Grants	13	9.9	13.3
Non-current liabilities		391.2	383.6
Long-term provisions	14	266.1	257.2
Long-term liabilities	15	86.9	97.5
Long-term Group companies liabilities	15	0.0	0.0
Deferred tax liabilities	18	10.6	12.4
Long-term prepaid income		27.6	16.5
Current liabilities		3,072.4	2,914.0
Short-term provisions	14	799.1	692.0
Short-term liabilities	15	59.9	72.6
Short-term Group companies liabilities	15	521.6	775.3
Trade and other payables	16	1,671.8	1,359.0
Short-term prepaid income		20.0	15.1
Total		3,999.6	3,831.0

6.3

PROFIT AND LOSS STATEMENT

January 1 to December 31 (millions of euros)

CONTINUING OPERATIONS	Note	2015	2014
Net sales	19a	8,332.1	7,496.6
Change in inventories of finished goods and work in progress	19b	(3.2)	78.2
Material, wages and overheads capitalized as assets		229.8	101.5
Supplies	19c	(6,375.1)	(5,727.8)
Other operating income	19d	473.2	510.8
Personnel costs	19e	(718.7)	(669.6)
Other operating expenses	19f	(1,592.0)	(1,499.1)
Depreciation of fixed assets	6a	(311.6)	(361.9)
Change of grants from non-financial fixed assets and others	13	4.9	5.5
Excess of provisions		62.2	16.6
Impairment and result on disposal of fixed assets	6a	(108.9)	(117.5)
Operating result		(7.3)	(166.7)
Financial income	19g	62.5	54.2
Financial expenses	19h	(17.7)	(16.4)
Exchange rate differences	17	(41.8)	(13.7)
Impairment and result on disposal of financial instruments	19i	0.0	3.8
Financial result		3.0	27.9
Result before tax		(4.3)	(138.8)
Corporation tax	18	10.3	73.1
Result for year		6.0	(65.7)

6.4

STATEMENT OF CHANGES IN EQUITY

At December 31 (millions of euros)

STATEMENT OF RECOGNISED INCOME AND EXPENSES	Note	2015	2014
A) Result of profit and loss statement		6.0	(65.7)
For valuation of financial instruments		0.0	0.0
<i>Financial assets available for sale</i>		0.0	0.0
<i>Other income/expenses</i>		0.0	0.0
For coverage of cash flow		0.0	0.0
Grants	13	0.0	0.6
For actuarial gains and losses and other adjustments		0.0	0.0
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		0.0	(0.2)
B) Total income and expenses entered directly to equity		0.0	0.4
For valuation of financial instruments		0.0	0.0
<i>Financial assets available for sale</i>		0.0	0.0
<i>Other income/expenses</i>		0.0	0.0
For coverage of cash flow		0.0	0.0
Grants	13	(4.9)	(5.5)
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		1.5	1.6
C) Total transfers to profit and loss statement		(3.4)	(3.9)
D) Total recognised income and expenses (A+B+C)		2.6	(69.2)

STATEMENT OF TOTAL CHANGES IN EQUITY	Subscribed capital	Share premium	Reserve	Profit/loss from prev. years	Profit/loss for year	Subventions	Total
FINAL BALANCE 2013	0.1	1,008.1	0.0	(381.5)	(148.7)	13.5	491.5
Adjustments for changes of criterion	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments for errors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted balance beginning 2014	0.1	1,008.1	0.0	(381.5)	(148.7)	13.5	491.5
Total recognised income and expenses	0.0	0.0	0.0	0.0	(65.7)	(3.5)	(69.2)
Operations with partners or owners	0.0	0.0	107.8	0.0	0.0	3.3	111.1
<i>Capital increase</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital reduction</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Conversion of financial liabilities into equity</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Distribution of dividends</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Operations with own shares or participations (net)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Variation in equity due to business combinations (*)</i>	0.0	0.0	107.8	0.0	0.0	3.3	111.1
<i>Other operations with partners or owners</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other variations in equity	0.0	0.0	0.0	(148.7)	148.7	0.0	0.0
Final balance 2014	0.1	1,008.1	107.8	(530.2)	(65.7)	13.3	533.4
Adjustments for changes of criterion	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments for errors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted balance beginning 2015	0.1	1,008.1	107.8	(530.2)	(65.7)	13.3	533.4
Total recognised income and expenses	0.0	0.0	0.0	0.0	6.0	(3.4)	2.6
Operations with partners or owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital increase</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital reduction</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Conversion of financial liabilities into equity</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Distribution of dividends</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Operations with own shares or participations (net)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Variation in equity due to business combinations</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Other operations with partners or owners</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other variations in equity	0.0	0.0	0.0	(65.7)	65.7	0.0	0.0
Final balance 2015	0.1	1,008.1	107.8	(595.9)	6.0	9.9	536.0

(*) See Notes 12 and 23.

6.5

CASH FLOW STATEMENT

January 1 to December 31 (millions of euros)

	2015	2014
A) Cash flow from operating activities	781.3	522.5
Result before tax	(4.3)	(138.8)
Adjustment of result	553.2	544.8
<i>Depreciation of fixed assets</i>	311.6	361.9
<i>Valuation corrections due to impairment</i>	126.9	114.4
<i>Variation of provisions</i>	137.5	101.7
<i>Accounting entry of grants</i>	(6.1)	(7.1)
<i>Results of disposal of fixed assets</i>	0.0	3.9
<i>Results of disposal of financial instruments</i>	(3.4)	0.0
<i>Financial income</i>	(62.5)	(54.2)
<i>Financial expenses</i>	9.1	11.3
<i>Exchange rate differences</i>	41.8	13.7
<i>Valuation at reasonable value in financial instruments</i>	0.0	0.0
<i>Other income and expenses</i>	(1.7)	(0.8)
Changes in current capital	145.0	41.5
<i>Inventories</i>	(11.3)	(75.2)
<i>Trade and other receivables</i>	(165.9)	16.1
<i>Other current assets</i>	(0.3)	(0.1)
<i>Trade and other payables</i>	306.5	109.7
<i>Other current liabilities</i>	16.0	(9.0)
<i>Other non-current assets and liabilities</i>	0.0	0.0
Other cash flow in operating activities	87.4	75.0
<i>Payment of interests</i>	(5.6)	(8.0)
<i>Collection of dividends</i>	59.6	53.5
<i>Collection of interests</i>	0.4	0.7
<i>Collection (payment) for corporation tax</i>	33.0	28.8
<i>Other payments (collections)</i>	0.0	0.0
B) Cash flow from investment activities	(470.2)	(120.5)
Payments for investment	(475.0)	(229.4)
<i>Group and associated companies</i>	(2.5)	(4.8)
<i>Intangible assets</i>	(262.1)	(123.5)
<i>Tangible assets</i>	(209.9)	(100.8)
<i>Other financial assets</i>	(0.5)	(0.3)

	2015	2014
Collection for disinvestments	4.8	108.9
<i>Group and associated companies</i>	0.5	108.6
<i>Intangible assets</i>	0.1	0.0
<i>Tangible assets</i>	3.7	0.0
<i>Other financial assets</i>	0.5	0.3
<i>Non-current assets available for sale</i>	0.0	0.0
C) Cash flow from financing activities	(269.2)	(388.3)
Collection and payments for equity instruments	1.2	2.2
<i>Acquisition of own equity instruments</i>	0.0	0.0
<i>Disposal of own equity instruments</i>	0.0	0.0
<i>Grants</i>	1.2	2.2
Collection and payments for financial liability instruments	(270.4)	(390.5)
<i>Issue</i>	0.1	0.0
<i>Borrowing from credit institutions</i>	0.0	0.0
<i>Borrowing from Group and associated companies</i>	0.0	0.0
<i>Other liabilities</i>	0.1	0.0
<i>Repayment and depreciation of</i>	(270.5)	(390.5)
<i>Borrowing from credit institutions</i>	0.0	0.0
<i>Borrowing from Group and associated companies</i>	(260.3)	(386.9)
<i>Other liabilities</i>	(10.2)	(3.6)
Payments for dividends and remuneration of other equity instruments	0.0	0.0
<i>Dividends</i>	0.0	0.0
<i>Remuneration of other equity instruments</i>	0.0	0.0
D) Effect of exchange rate variations	(41.8)	(13.7)
E) Net increase/decrease in cash or equivalents (A+B+C+D)	0.1	0.0
Cash or equivalents at beginning of year	0.0	0.0
Cash or equivalents at end of year	0.1	0.0

NOTES

Notes to Annual Accounts
(Financial year ending December 31, 2015)

1. Company activity

a) Registered offices and legal form

SEAT, S.A. was legally constituted on May 9, 1950, and is currently included in the Barcelona Mercantile Register, Volume 23,662, Folio 1, Page B 56,855, CIF A-28049161. On June 7, 2006, the Ordinary Shareholders' meeting changed the company's registered offices, with effect the same day, to its present site at: Autovía A2, Km 585 (E-08760 Martorell).

b) Business aim and activities

The company's business aim is the manufacture and sale of cars, parts, spare parts, accessories and any other complementary or related services, including technical assistance and service. Through its subsidiaries SEAT also undertakes commercial sales and marketing activities.

2. Exemption from presenting consolidated Annual Accounts

The General Shareholders' Meeting, held on June 20, 1991, voted exemption of the companies making up the SEAT Group, pursuant to the terms of Article 43 of the Code of Commerce, from presenting Consolidated Annual Accounts. In accordance with the provisions of the above-mentioned Article 43, SEAT, S.A. (Unipersonal Joint Stock Parent Company of the SEAT Group) is exempt from the obligation of presenting Consolidated Annual Accounts, as it is a wholly-owned subsidiary of Volkswagen Finance Luxemburg S.A. (its sole shareholder, with registered offices in Luxembourg), and indirect subsidiary of VOLKSWAGEN AG (with registered offices in Wolfsburg, Germany); the pertinent financial statements, together with those of its subsidiaries, are included in those of the Volkswagen Group, of which VOLKSWAGEN AG is the parent company.

From the aforementioned agreement, the Consolidated Annual Accounts of VOLKSWAGEN AG, as well as the Consolidated Management Report and the Group's Auditors' Report, are presented in their Spanish translation for deposition at the Barcelona Mercantile Register.

3. Presentation basis of Annual Accounts

a) True and faithful account

The Annual Accounts — comprising the Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement and Notes — have been prepared on the basis of the company's accounting records, and are presented in accordance with the Spanish General Accounting Plan approved by Royal Decree 1514/2007 of November 16, in addition to subsequent modifications to said Plan by Royal Decree 1159/2010 of September 17.

The Annual Accounts provide a true and faithful account of the company's equity, its financial situation and results of business, cash flow and changes in equity.

b) Comparability of information

The figures contained in the Annual Accounts are expressed in millions of euros.

The company merged on April 1, 2014 (with retroactive effect to January 1, 2014) with Gearbox del Prat, S.A., hence the current annual accounts for the period ending December 31, 2014 include explanations of the amounts incorporated due to said merger in the Notes to the Annual Accounts.

As explained in Note 23, the company carried out the merger by absorption of Gearbox del Prat, S.A., wholly owned by SEAT, S.A., by means of dissolution without liquidation of the company absorbed. The operation was executed on the basis of the Balance Sheet ending December 31, 2013, of all equity elements comprising the assets and liabilities of the company absorbed, entailing wholesale transfer of its equity to the absorbing company.

c) Grouping of headings

In order to present the figures clearly, the headings are grouped together in the Balance Sheet and the Profit and Loss Statement and broken down in the Notes (Art. 256 of new Capital Company Law).

d) Items appearing under several headings

There are some items whose amounts are shown under different headings of the Balance Sheet, due to their being credits or liabilities whose collection arises in different financial years, with the items receivable or payable in the next year shown as short-term items, while amounts that will fall due in the forthcoming years are shown as long-term.

e) Measurement and estimation of uncertainty

In preparing the Annual Accounts, company management was required to make estimates and assumptions that may affect the accounting policies finally adopted as well as the value of assets, liabilities, income, expenditure and breakdowns related thereto.

Estimates and hypotheses are based, inter alia, on past experience or other factors considered reasonable in view of the factors or circumstances considered at the balance sheet date, the result of which constitutes the basis for decisions concerning the book value of the assets and liabilities which cannot be determined immediately in any other fashion. Actual results may differ from initial estimates.

Some accounting estimates are considered significant if the nature of the estimates and assumption is material, and if the impact of the estimates and assumptions on the financial position or the operative performance is material. Details are provided below of the principal estimates made:

/ Useful life of elements of fixed assets (see Notes 5a, 5b and 6).

/ The calculation of taxes on profits requires interpretations of tax legislation applicable to the company. The company assesses the recoverability of assets via deferred taxes on the basis of the existence of future tax bases against which it is possible to realize said assets (see Notes 5i and 18).

/ Provisions are recognised when it is probable that a current obligation, the result of past events, gives rise to an outflow of resources and the amount of the obligation can be estimated in a reliable fashion. To comply with the requirements of accounting standards, significant estimates are necessary. The company makes estimates by evaluating all information and relevant events concerning the probability of occurrence of the contingencies as well as the amount of the liability to be settled in the future (see Notes 5g and 14).

4. Application of results

At its meeting on February 23, 2016, the Board of Directors formulated a proposal to the General Shareholders' Meeting whereby profit generated in 2015 (6 million euros) be administered to the compensation of losses from previous years.

In compliance with the new Capital Company Law, dividends which reduce the balance of reserves below outstanding balances for R&D expenses amortization may not be distributed.

5. Standards for recording and valuation

a) Intangible assets

Those specifically individualized development projects which present sound motives for technical success and economic-commercial profitability are activated as intangible assets. Projects will be amortized according to their useful life (see Appendix 1).

Software is valued at acquisition price and cost is depreciated over a three-year period. Likewise, expenditure related to software maintenance is accounted for as such when incurred.

When the book value of an asset is higher than its estimated realizable value, its net value is reduced immediately to its recoverable amount. Those assets subject to depreciation are submitted to loss tests due to impairment, provided that any event or change in circumstances

indicate that the book value may not be recoverable. A loss due to impairment is recognised by the excess of book value of the asset over its recoverable amount, the latter being understood as the fair value of the asset less the retail costs or value in use, whichever is the greater. With a view to valuing losses due to impairment, assets are grouped together at the lowest level so as to provide separately identifiable cash flow (cash generating units). Non-financial assets, distinct from goodwill, which are seen to have undergone loss due to impairment, are submitted to periodical reviews at each Balance Sheet date in case there have been possible reversions of the loss.

The costs related to SEAT's participation in the manufacturing of tooling needed for the production of shared parts for the platforms of the Volkswagen Group, which incorporate the new models of the Group's different brands, are shown under this heading and will have a linear depreciation for a five-year maximum period from the date of the model's launching. Financial costs (estimated at 1.3% in 2015 and 1.4% in 2014) assigned to long-term projects involving R&D developments by Group companies are also shown under this heading.

Greenhouse gas emission rights, obtained for consideration are valued at acquisition price. Rights received via the National Attribution Plan are valued at the beginning of the calendar year they correspond to, in line with a Group-wide uniform single policy.

As gas emissions are generated, the company reflects the cost deriving from the obligation to return the corresponding rights by establishing a 'Short-term provisions' item. The rights have been received gratis by the company, so that the amount of the subsidy posted should be applied in a general nature, as emissions associated with rights received gratis are booked against costs.

b) Tangible assets

Tangible assets are valued at their acquisition price or production cost. Assets acquired before December 31, 1983 were revalued in accordance with the provisions of Law 76/1961, Decree 12/1973, Law 1/1979, Law 74/1980 and Law 9/1983.

When an asset's book value is greater than its estimated realizable value, its net value is reduced immediately to its recoverable value (see previous Note).

Repair and maintenance expenses are posted as expenses when incurred. Expenses that represent an improvement or lengthening of the useful life of assets are capitalized and depreciated over the new estimated useful life. Depreciation is calculated using the straight-line method, based on the estimated useful life of the assets.

c) Leases

1. When company is lessee

Leases of tangible assets in which the company substantially has all the risks and rewards deriving from ownership are classified as finance leases. They are capitalized at the beginning of the lease period at the fair value of the property leased or the current value of the minimum payments agreed for the lease, whichever is the lesser. The interest rate implicit in the contract is used to calculate current value; failing that, the company's usual interest rate in similar transactions is applied. Each lease payment is distributed between liabilities and financial charges. Total financial charges are distributed over the duration of the lease operation and are booked to the Profit and Loss Statement of the financial year in which they accrue, applying the method of effective interest rate. The contingent quotas are costs of the financial year in which they are incurred. The corresponding obligations for the lease operation, net of financial charges, are included under 'Creditors for financial leasing'. The fixed assets acquired under finance leases are depreciated during their useful life.

Those leases in which the lessor maintains a substantial part of the risks and rewards deriving from ownership are classified as operating leases. Payments for operative leases (net of any incentive received from the lessor) are booked to the Profit and Loss Statement during the financial year when they accrue, on a straight-line basis for the duration of the leasing period.

II. When company is lessor

When assets are leased under operating leases, the asset is entered on the Balance Sheet in accordance with its nature. Income deriving from leases is recognised on a straight-line basis for the duration of the lease operation.

d) Financial instruments

I. Long-term investments

Financial investments are shown on the Balance Sheet at acquisition cost or put-in value. Where applicable, provisions are recorded for recognizing value depreciations deriving from negative development of subsidiary company's equity. Capital increases with non-cash contributions in Group companies are valued at the amount resulting from the book value of the goods contributed.

II. Receivables

Receivables are recorded at their nominal value, less provision for insolvency and, for balances payable after more than 1 year, the necessary provision to show the current value of the debt. Receivables are classified as short- or long-term depending on the maturity date on the Balance Sheet date. Those whose maturity dates fall within a twelve-month period after the end of the financial year are regarded as current; those beyond said period being regarded as non-current.

III. Short-term investments

Short-term investments are entered at nominal value.

IV. Liabilities

These are posted at their current value. Liabilities are classified as short- or long-term depending on maturity dates at Balance Sheet date. Debts which fall due in the 12 months following the year's end are regarded as current, and those in excess of this period as non-current.

e) Inventories

Inventories are valued at cost or net realizable value, whichever is less, the pertinent value corrections being made. The following methods are used to determine the cost of inventories:

- / Raw materials: At acquisition cost, applying the FIFO method (first in, first out).
- / Work in progress, vehicles, gearboxes and spare parts produced by the company: At raw material cost, according to the method described previously, adding labour costs and other direct and indirect manufacturing expenses of production.
- / Acquired spare parts: At acquisition cost as per invoice (plus customs, insurance and transport costs), applying the FIFO method.

The vehicle fleet utilized by the company for its own use, whose useful life or sales period is considered lower than one year, is maintained within the year's inventory and is not shown under tangible assets, registering the corresponding valuation correction.

Vehicles handed over to rental car companies with a purchase commitment are recorded in this section with the corresponding depreciation applied. The amount of the consideration received at the moment of initial delivery of the vehicles is booked on the liability side of the balance sheet. The difference between the amount received and the agreed repurchase price is transferred to results linearly in the period ranging between the initial delivery and the repurchase date.

f) Grants

Capital grants are posted to equity, at the amount granted when they are not repayable. These grants are transferred to results as a function of the depreciation of the assets associated to the subsidized projects. For their part, non-repayable grants related to specific costs are recognised on the Profit and Loss Statement in the same financial year in which the corresponding costs accrue, with those granted to offset a business deficit being entered in the financial year in which they are granted, except when given to offset a business deficit in future years, in which case they are entered during said financial years.

g) Provisions and risks

The provisions include known risks at year's end, for the estimated value of such. Long-term provisions are shown at their present value.

h) Foreign currency transactions

The conversion into euros (functional currency) of the cost of fixed assets and inventory items whose original value was expressed in foreign currency is conducted at the going exchange rate on the date of acquisition.

Positive and negative differences which may arise between payables and receivables and their corresponding exchange rates in force on the closing date are entered in the Profit and Loss Statement in the year in which they arise.

i) Corporation tax

The company is subject to corporation tax under the consolidated tax regime, which includes all Group companies that fulfill the requirements required by current legislation.

The Profit and Loss Statement includes as corporation tax income or expenses attributed to the company arising from tax consolidation, calculated according to the criteria established for groups of companies with consolidated taxation (see Note 18).

The expense (income) for taxes on profits is the amount that accrues under this item in the financial year, and which comprises both the expense (income) for current as well as deferred tax.

Both the expense (income) for current and deferred taxes are recorded on the Profit and Loss Statement. This notwithstanding, the tax effect related to items directly entered to equity is recognised on equity.

Deferred taxes are recorded with the liability method, based on time differences arising between taxation bases of assets and liabilities and their book values.

Deferred taxes are determined by application of the rules and tax rates approved or about to be approved at the Balance Sheet date, and which are expected to be applied when the corresponding asset due to deferred tax is realized or when the liability due to deferred tax is paid.

Assets due to deferred taxes are recognised insofar as it is probable that there will be future tax gains which can be used to offset time differences.

j) Income and expenses

Income and expenses are posted when realized or incurred, for the reasonable value of the consideration received, and represent the amounts receivable or payable for goods delivered and services rendered, less returns, reductions, discounts and value added tax.

Income from dividends is entered as income on the profit and loss account when the right to receive payment is established. In the event of coming from results generated prior to the date of acquisition it is entered by reducing the book value of the investment.

k) Compensation for termination of contract

Compensation for termination of contract is paid by the company to employees as a result of the decision to terminate their labour contract. The company recognises this compensation when it has committed itself demonstrably to terminating the contracts of employees in accordance with a formal detailed plan.

l) Environmental expenses

Expenses deriving from business activities aimed at protecting and improving the environment are posted as expenses in the financial year in which they are incurred. Said expenses are posted at greater value of fixed assets when involving additions to tangible assets whose objective is minimizing environmental impact and protecting the environment.

m) Transactions with Group companies

As a general rule, operations between Group companies are accounted for at the initial moment for their fair value. In the event that the agreed price is different from the fair value, the difference is recorded with consideration for the economic reality of the operation. Later valuation is carried out in accordance with provisions in the applicable standards.

n) Non-current assets available for sale

Non-current assets available for sale are valued at the moment of classification at either book or reasonable value, whichever is the lower, after deduction of estimated sales costs.

In December 31, 2014, this heading included the 100% totally depreciated holding in SEAT Saint-Martin SAS. The SEAT, S.A. Board of Directors meeting, held on September 5, 2014 decided to proceed with the sale of the company to the Volkswagen Group subsidiary Villers Services Center S.A.S, with effect from January 1, 2015.

6. Non-current assets

a) Evolution of non-current assets

Movements of the items included in non-current assets are detailed in Appendix 1 of these Notes.

b) Intangible assets

Correction due to impairment amounts to 68.6 million euros (54.6 in 2014). Said corrections are linked to the estimate of future sales volumes of the vehicles comprising the model range. The current value of the margin of contribution to sales during the life cycle of the models has been calculated on the basis of an annual discount rate of 6.5% in 2015 (6.6% in 2014). A variation of ±10 percentage points in the hypotheses used would not have a significant effect on the present annual accounts. The sum total of investments activated under R&D is acquired from Group companies.

On November 15, 2013 the Spanish Cabinet approved the definitive individual assignment of emission rights for greenhouse gases for 2013-2020. SEAT, S.A. obtained a free assignment of 304,122 tonnes of CO₂ for the above-mentioned period.

The saleable value of this fixed asset amounts to 0.4 million euros (0.4 in 2014). The counterpart for assignation of these rights has been entered to equity under the section 'Official capital grants'. During the financial year acquisitions of 34,000 emission rights (EUAs), to the value of 272,204 euros, have been made (16,516 emission rights, to the value of 2,973 euros in 2014).

During the year, 25.2 million euros (9.4 in 2014) corresponding to the use of tooling and technology of the Group, were capitalized under sub-section 'Payments on account and intangible assets in progress'.

The value of totally depreciated and in-use assets amounts to 1,245.6 million euros (1,106.6 in 2014).

At the end of the financial year, the company has firm commitments for the purchase of goods to the amount of 0.5 million euros (0.8 in 2014).

In 2015 and 2014 no grants for the acquisition of R&D assets were received.

c) Tangible assets

The estimated useful life of the goods in tangible assets are as follows: buildings and other constructions, from 10 to 50 years; technical equipment and machinery, from 4 to 18 years; other facilities, tooling and office equipment, and other assets, from 1.3 to 35 years.

Correction due to impairment amounts to 43.7 million euros (55.1 in 2014). Said corrections are linked to the estimate of future sales volumes of vehicles in the model range. The current value of the margin of contribution to sales during the life cycle of the models has been calculated on the basis of an annual discount rate of 6.5% in 2015 (6.6% in 2014). A variation of ±10 percentage points in the hypotheses used would not have a significant effect on the present annual accounts.

The section on land and buildings embraces the gross value of both in a single section. Of the total amount, 6% corresponds to land, and the remaining 94% to buildings (6% and 94% respectively in 2014).

At year's end, goods outside the operation, amounting to 3.5 million euros, are totally depreciated, the value of goods totally depreciated and still in use amounting to 3,399.9 million euros (3,578.7 in 2014). Of them 130.8 million euros come to buildings (123.5 in 2014).

Likewise, in 2015 investment in tangible assets acquired from VW Group companies amounted to 15.7 million euros (10.3 in 2014).

The principal amounts of assets (listed according to origin, utilization and location) are as follows:

Millions of euros	2015		2014	
	Gross Value	Depreciation	Gross Value	Depreciation
Tangible assets acquired from VW Group companies	426.0	310.0	458.6	299.4
Tangible assets used by VW Group companies	48.7	32.7	48.7	31.6
Tangible assets used by non-Group suppliers	1,326.5	1,254.7	1,334.2	1,237.9
Tangible assets placed abroad	146.4	131.8	141.2	122.8

In 2014, disposals under the headings 'Tangible assets acquired from VW Group companies' and 'Tangible assets used by VW Group companies' deriving from the merger between the company and Gearbox del Prat, S.A. (see Note 23) in both cases total 0.2 million euros, in gross value and depreciation.

The financial year results deriving from disposal of tangible assets totalled 3.4 million euros (0 in 2014).

The company has taken out various insurance policies to cover risks to which tangible assets are subject. The coverage of these policies is considered sufficient.

At year's end the company assumed firm commitments to purchase capital goods to the value of 216 million euros (40 in 2014).

d) Long-term Group companies investments

The companies in which SEAT, S.A. has an investment of 20% or more in the share capital are listed in Appendix 2 of these Notes. None of the companies is quoted on the Stock Exchange.

7. Leases and other similar operations

a) Finance leases

Details of rights over goods under the system of finance leases included in the section 'Land and Buildings' of tangible assets is as follows:

Millions of euros		Length of contract (years)	Cost	Purchase option value	Quotas pending payment	Quotas pending payment
Corporate building	(02.02.05)	10	21.1	0.0	0.9	3.4
Dining building	(20.09.06)	10	2.0	0.0	0.2	0.5
T-Systems building	(20.09.06)	10	3.4	0.0	0.5	0.9
SAT building	(20.09.06)	10	5.2	0.0	0.7	1.4
Smelter building	(30.11.06)	10	5.0	0.0	0.6	1.2

The current values of quotas pending payment are distributed by maturity date in the following way: 2.7 million euros in 2016 and 0.2 million euros between 2017-2020. The impact of updating said quotas amounts to 0.1 million euros.

b) Operating leases

The company also has operating leases. The amounts paid for rent to other Group companies or third parties, excluding those already mentioned in the previous paragraph, and comprising mainly information technology, land, buildings, fork-lift trucks, containers, fields and warehouses, total 14.8 million euros (11.3 in 2014). Rents received, mainly for buildings, fields and warehouses, amounted to 6.4 million euros (6.2 in 2014). Future amounts to be paid and received, in the event of early cancellation of contracts, are calculated not to be substantially different from those in the present financial year.

8. Financial instruments

a) Impact on financial situation and results

1. Balance Sheet

The categories of financial assets and liabilities appearing on the company's Balance Sheet can be broken down thus:

Millions of euros	Equity instruments		Borrowing securities		Credits, derivatives and others	
	2015	2014	2015	2014	2015	2014
Long-term financial assets						
Group companies investments (Note 6a)	962.9	962.9	0.0	0.0	0.0	0.0
Financial investments (Note 6a)	0.0	0.0	0.0	0.0	1.5	1.5
Short-term financial assets						
Loans and receivables	0.0	0.0	0.0	0.0	586.5	413.0
<i>Trade receivables and others (Note 10)</i>	0.0	0.0	0.0	0.0	551.7	397.0
<i>Group companies investments (Note 11)</i>	0.0	0.0	0.0	0.0	34.8	16.0
<i>Financial investments (Note 11)</i>	0.0	0.0	0.0	0.0	0.0	0.0

Millions of euros	Borrowing from credit institutions		Bonds and other negotiable securities		Derivatives and others	
	2015	2014	2015	2014	2015	2014
Long-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	86.9	97.5
<i>Group companies liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	86.9	97.5
Short-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	2,221.0	2,177.5
<i>Group companies liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	521.6	775.3
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	59.9	72.6
<i>Trade payables and others (Note 16)</i>	0.0	0.0	0.0	0.0	1,639.5	1,329.6

During the financial year, SEAT did not hold any own shares, and therefore carried out no related operations; neither was this the case in 2014.

II. Profit and Loss Statement and equity

The net amount of valuation corrections due to impairment for financial interests in Group companies at the end of the financial year totalled 0 million euros (–0.1 in 2014).

III. Other information

SEAT has formalized various commercial surety contracts jointly with other companies within the Group, for the issue of guarantees covering the refundable advances made by government bodies, and covering third parties, to a maximum total amount of 295.3 million euros (315.3 in 2014).

b) Nature and level of risk

The company's activities are exposed to diverse financial risks: market risks (including exchange rates, interest rates and prices), as well as credit and liquidity risks. The company's global risk management programme centres on managing the uncertainty of financial markets and aims to minimize potential adverse effects on financial profitability.

Risk management is under the purview of company Management, which identifies, assesses and covers financial risks in accordance with the policies approved by the Board of Directors. The Board provides guidelines for global risk management, as well as for more specific areas such as exchange rate risk, interest rate risk, liquidity risk, the use of derivatives and non-derivatives as well as investment of excess liquidity.

The company has the necessary financing for its business operations via financial support provided by the Group.

I. Market risk

Exchange rates

As an operator with global reach, the company is exposed to exchange rate risk via currency operations, especially with the US dollar, pound sterling, Swiss franc, Japanese yen, Polish zloty, Russian rouble, Chinese yuan, as well as Czech, Danish, and Swedish crowns. The exchange rate risk emerges from future commercial transactions, recognised assets and liabilities, and net investment in operations abroad. This notwithstanding, the risk is covered by the Volkswagen Group through centralization of foreign currency operations management.

Price

The company is not exposed to the risk of the price of securities since it does not include in its Balance Sheet investments held for sale or at a fair value with changes in the Profit and Loss Statement. The company limits its risk exposure to the price of commodities by participating in covering operations applied at a Volkswagen Group level so as to ensure the price of certain metals such as aluminium, copper and lead.

Interest rates

Since the company does not possess any major remunerated assets, income and cash-flow from its business activities are substantially unaffected by changes in market interest rates.

II. Credit risk

Credit risk arises out of cash and equivalents, deposits with banks and financial institutions, and clients. With regard to banks and financial institutions, independent creditworthiness scales are used. If clients have been assessed independently, the resulting scale is used; failing an independent creditworthiness check, credit control assesses the client's creditworthiness, taking into account the financial situation, previous experience and other factors. Individual credit limits are established on the basis of internal and external credit qualifications, with regular oversight of use of said limits.

III. Liquidity risk

Precaution in the management of liquidity risk involves maintaining sufficient cash and negotiable securities as well as financing availability via a sufficient amount of committed credit facilities. Management undertakes close scrutiny of forecasts of the company's liquidity reserves on the basis of expected cash-flows.

9. Inventories

Millions of euros	31.12.15	31.12.14
Acquired products	70.7	54.1
Raw materials and other supplies	53.8	75.9
Work in progress and partly-finished goods	60.2	60.6
Finished goods	177.4	175.8
Total	362.1	366.4

At year's end the impairment of inventory amounted to 141,7 million euros (126 in 2014), with provision for the financial year totalling 15.7 million euros (4.5 in 2014).

In 2014, the additions of inventories and impairment of value deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) total 15.7 and 6 million euros respectively. The incorporation of acquired products inventories, raw materials, supplies and work in progress goods was completed with a new finished goods warehouse for gearboxes, spare parts and components. Management of this new line of business has also impacted on the Profit and Loss Account: an increase in net sales (see Note 19a) and changes in inventories (see Note 19b) by marketing gearboxes, as well as a reduction in supply costs (see Note 19c) with said product being manufactured directly.

The company maintains a commitment to purchase cars invoiced to rental car companies (see Note 5e) to the value of 31.9 million euros (39.5 in 2014).

The company has taken out various insurance policies to cover risks to which inventories are exposed. Coverage provided by these policies is deemed sufficient.

10. Trade and other receivables

Millions of euros	31.12.15	31.12.14
Trade receivables	71.9	92.3
Group companies receivables	476.1	296.9
Other receivables	3.0	6.9
Personnel	0.7	0.9
Current tax assets	20.6	23.5
Government bodies	89.5	77.3
Total	661.8	497.8

Impairment of the value of credits due to commercial operations totalled 1.3 million euros (2.3 million in 2014).

In 2014, the additions and disposals of trade and other receivables deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) total 14.7 and 4 million euros respectively.

11. Short-term investments

Millions of euros	31.12.15	31.12.14
Group companies	34.8	16.0
<i>Loans</i>	2.4	0.5
<i>Other financial assets</i>	32.4	15.5
Third-party	0.0	0.0
<i>Loans</i>	0.0	0.0
<i>Other financial assets</i>	0.0	0.0
Total	34.8	16.0

In 2014, additions in short-term investments deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) total 140.3 million euros. This amount corresponds to balances with Group companies and includes two loans granted by Gearbox del Prat, S.A.: one to Volkswagen Group Services (VGS) for 65.3 million euros, and another to SEAT, S.A. for 75 million euros.

The 'Loans in Group companies' section includes credits at current market interest rates, while 'Other financial assets in Group companies' includes mainly the net value of balances generated on an annual basis by the tax assessment bases of the Group companies subject to corporation tax under the consolidated tax regime applicable to SEAT (see Note 18).

During the fiscal year the company has maintained loans and deposits with Group companies and credit institutions at a weighted average interest rate of 0% (0.3% in 2014).

12. Shareholders' equity

The breakdown and evolution of company equity may be found in the Statement of Changes in Equity.

On February 25, 2010, the sole shareholder of SEAT, S.A., the German company Volkswagen AG, transferred its participation (100%) in SEAT's share capital to the Dutch company Volkswagen International Finance N.V. On May 13, 2014, Global VW Automotive B.V. became

sole shareholder of SEAT, by means of a partial division ('split-off') from VW International Finance N.V. Later, on June 28, 2014 Volkswagen Finance Luxemburg S.A. became sole shareholder of SEAT, by means of cross-border absorption of its subsidiary Global VW Automotive B.V.

The share capital amounts to 120,200 euros which represents 20,000 shares at 6.01 euros per share, entirely subscribed and disbursed by the sole shareholder Volkswagen Finance Luxemburg S.A. Share premium totalling 1,008.1 million euros and legal reserves, totally provided for in compliance with current legislation, totalling 24,040 euros.

Reserves deriving from the merger of the company carried out in 2014 with Gearbox del Prat, S.A. (see Note 23) total 107.8 million euros.

13. Grants

Non-repayable capital grants appearing on the Balance Sheet in the current section have been provided by central and autonomous governments for projects in production process improvement as well as new product development. Movement is as follows:

Millions of euros	2015	2014
Initial balance	13.3	13.5
<i>Addition merger</i>	0.0	3.3
<i>Addition</i>	0.0	0.4
<i>Transferred to results</i>	(3.4)	(3.9)
End balance	9.9	13.3

In 2014, additions of non-repayable capital grants deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) correspond to income from loans with subsidised interest granted by central government for the execution of development projects for new products.

The company has also received operating grants, basically to cover costs associated with R&D projects as well as activities relating to training, commercial development and energy efficiency (see Note 19d).

The total amount of operating grants amounts to 1.2 million euros (1.6 in 2014).

14. Provisions and risks

Millions of euros	Balance 01.01.15	Addition 2015	Disposal 2015	Balance 31.12.15
Trade operations	362.7	223.2	(94.8)	491.1
Personnel benefits	30.6	31.1	(28.9)	32.8
Environmental activities	4.5	0.6	(0.4)	4.7
Other provisions	551.4	140.1	(154.9)	536.6
Total	949.2	395.0	(279.0)	1,065.2

At year's end, the provisions amounted to 1,065.2 million euros, of which 266.1 million euros were long-term (updated to current market rate) and 799.1 million euros were short-term.

In 2014, additions of provisions deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23), correspond to personnel benefits (0.9 million), production plant risks (3.6 million), labour law cases (3.9 million) and general risks (4.2 million).

The 'Trade operations' section includes mainly provisions for vehicle warranties. The estimated cost of warranties has been calculated on the basis of historic ratios held by the company on vehicles sold.

The 'Personnel benefits' section includes those provisions made to implement the workforce reduction plan mutually agreed on for 2014 by the company and trade unions.

The 'Environmental activities' section includes those activities aimed at recycling vehicles based on the 2000 European directive on end-of-life vehicles (see Note 20b), as well as those provided for concerning assigned emission rights for 2013-2020 (see Note 6b). The estimated cost for the provision of vehicle recycling has been based on two factors – the average useful life of vehicles per country and cost of scrapping. Provision for emission rights is calculated on the basis of annual consumption of the same.

The 'Other provisions' section covers basically provisions for production, legal and trading risks. The estimated cost of these provisions has been based on the probable settlement of claims received, as well as the likely risks to be assumed by the company.

Calculations of provisions have been discounted to present value at a rate of 0.4% in 2015 (3% in 2014).

The investigation procedures on possible anti-competitive practices among companies of the sector initiated by the Spanish National Markets and Competition Regulator (CNMC) in 2013 have been closed in 2015 without any fine or liability for the company.

15. Liabilities

Millions of euros	31.12.15	31.12.14
Group companies	521.6	775.3
Third-party	146.8	170.1
Financial institutions	0.0	0.0
Financial leasing	2.7	7.1
Other financial liabilities	144.1	163.0
<i>Official loans with granted interest</i>	98.9	104.2
<i>Bonds and deposits received</i>	0.6	0.6
<i>Suppliers of fixed assets</i>	44.6	58.2
Total	668.4	945.4

At year's end liabilities amounted to 668.4 million euros, 521.6 million euros with Group companies (short-term), and 146.8 million euros with third parties (86.9 long-term and 59.9 short-term).

Liabilities (mainly with official organizations at zero interest rate and with Group companies) are distributed according to maturity date as follows: 581.5 million euros in 2016, 41.5 million euros for 2017-2020 and 45.4 million euros in later financial years (847.9; 42.9; and 54.6 respectively in 2014).

In 2014, additions and disposals of liabilities deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) total 31.6 million euros (5.3 with Group companies and 26.3 with third parties) and 5.2 million euros (with Group companies) respectively. Of the total of additions, 21.5 million euros correspond to official credits with subsidised interest rates (see Note 13).

When granting a loan to the company financial institutions apply current market interest rates applicable at time of authorisation. Likewise, interest rates applied to liabilities with Group companies are also subject to market conditions.

Credit lines granted to the company by Group companies totalled 1,800 million euros on December 31, 2015 of which 309 million euros were used (1,800 and 570 respectively in 2014).

16. Trade and other payables

Millions of euros	31.12.15	31.12.14
For third-party suppliers	877.9	681.9
For Group companies suppliers	628.0	541.3
Other payables	65.5	43.7
Personnel (remunerations pending)	68.1	62.7
Government bodies	32.3	29.4
Total	1,671.8	1,359.0

In 2014, additions and disposals regarding trade and other payables deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) total 32.4 and 0.2 million euros respectively.

In accordance with the current payments policy established by the Volkswagen Group, in 2014 SEAT took the decision not to renovate the existing 'confirming programme' with some of its suppliers.

Payment periods to suppliers comply with limits established by Law 15/2010 of July 5, modifying Law 3/2004 concerning late payments in commercial operations.

Said law stipulates a limit for payment of 75 days for 2012, and 60 days from January 1, 2013 onwards. At year's end, payments made within the legally established time-frame totaled 8,860.7 million euros and pending payments totaled 731.3 million euros. Furthermore, the weighted average payment period to company suppliers was 37 days, with the ratio of transactions paid being 37 days and the ratio of transactions pending payment, 28 days.

17. Foreign currency

The net value of balances in foreign currency totalled a credit balance of 12 million euros on December 31, 2015 (debit balance of 31.9 million euros in 2014), held mainly in US dollar, pound sterling, Swiss franc, Mexican peso, Japanese yen, Polish zloty, Russian rouble, Chinese yuan, as well as Czech, Danish and Swedish crowns. Of this total, 21.6 million euros correspond to favourable balances with Group companies and other suppliers, and 9.6 million euros to negative balances with Group companies and other customers (34.4 and 66.3 respectively in 2014). The amounts attributed to income and expenses during the year total 43.3 and 85.1 million euros, respectively (17.6 and 31.3 in 2014).

Amounts (in millions of euros) of the main transactions carried out in foreign currency are as follows:

Millions of euros	2015	2014
Purchases	118.2	96.3
Sales	1,543.6	1,565.8
Services received	67.5	59.0
Services rendered	5.0	4.8

18. Tax situation

As of November 5, 2010, SEAT S.A.'s Board of Directors agreed on adhesion to the Code of Best Tax Practices.

The Code contains a raft of recommendations and commitments designed to improve application of the taxation system, increase legal certainty and reciprocal cooperation relations - on the basis of transparency and good faith - between the Spanish Taxation Authority and companies, the latter pledging themselves to apply fiscal policies which are responsible and known to the Board of Directors.

By agreeing to adhere to the Code, SEAT, S.A. makes a formal public commitment to implementing a fiscal policy the principles of which form an integral part of its business culture, namely:

- / The design and implementation of operations within the legal framework of each country it operates in, with total fiscal transparency in all such operations.
- / A cautious approach in its fiscal policy, visible via its consultations with the relevant Tax Authority when in doubt as to interpretation, proceeding in compliance with prevailing administrative practice and legal requirements.
- / Constant oversight of operations and criteria applied to the same so as to avoid significant taxation risks.

Throughout fiscal year 2015, SEAT, S.A. maintained a fiscal policy which followed the above-mentioned principles, as a result of which the company was fully compliant with the commitments set out in the Code of Best Tax Practices, and was not aware of any operation with fiscally relevant repercussions.

SEAT, S.A., has been integrated in the SEAT Group since 1988, under the consolidated tax system of corporation tax, with No. 2/88.

In the 2015 financial year, as a result of the application of the new Corporation Tax Act, the Tax Group of which SEAT was the parent company has expanded to include all of the Spanish companies in which VW AG holds an investment that meet the requirements established by this Act, with SEAT having been named its representative. Furthermore, the Group has agreed the inclusion of financial entities in it, meaning that the Group pays tax at the rate of 30%.

In 2015, the positive tax result of the SEAT Group deriving from its consolidated corporation tax totalled 54.1 million euros, after offsetting negative tax assessment bases for previous years amounting to 120.3 million euros, and applying fiscal deductions amounting to 54.2 million euros.

The conciliation of the posted result with the tax assessment base for the corporation tax for SEAT, S.A., including eliminations and adjustments from tax consolidation, is as follows:

Millions of euros	Profit and loss statement			Equity		
	Increase	Decrease	Total	Increase	Decrease	Total
Result for year	6.0	0.0	6.0	0.0	0.0	0.0
Corporation tax	0.0	(10.3)	(10.3)	0.0	0.0	0.0
Permanent differences	7.8	(62.1)	(54.3)	0.0	0.0	0.0
Specific to the company	7.8	0.0	7.8	0.0	0.0	0.0
From consolidation adjustment	0.0	(62.1)	(62.1)	0.0	0.0	0.0
Timing differences	324.0	(117.9)	206.1	0.0	0.0	0.0
Specific to the company	321.1	(116.1)	205.0	0.0	0.0	0.0
<i>Originating in the year</i>	320.7	(0.6)	320.1	0.0	0.0	0.0
<i>Originating in previous years</i>	0.4	(115.5)	(115.1)	0.0	0.0	0.0
From consolidation adjustment	2.9	(1.8)	1.1	0.0	0.0	0.0
<i>Originating in the year</i>	0.0	(1.8)	(1.8)	0.0	0.0	0.0
<i>Originating in previous years</i>	2.9	0.0	2.9	0.0	0.0	0.0
Tax assessment base	337.8	(190.3)	147.5	0.0	0.0	0.0

Corporation tax comprises income of 33 million euros of current tax and expenses of 32,5 million euros of deferred tax.

107.4 million euros in SEAT, S.A. negative tax assessment base corresponding to previous years have been applied to the consolidated corporation tax settlement, as well as 45.1 million euros in fiscal deductions.

Additionally, due to the adjustments from the previous year and as a result of the tax inspection process, an income has been accrued and posted on the Profit and Loss Statement for corporation tax of 9.8 million euros.

As a consequence of consolidated taxation, the total reciprocal debts and loans between the Group companies amount to 88.9 million euros.

At December 31, 2015, the accumulated deferred asset taxes amounted to 360.3 million euros, of which 346.5 million euros arise from timing differences; 13.8 million euros come from negative tax assessment bases pending application.

For their part, deferred taxes on liabilities amount to 10.6 million euros, of which 6.3 million euros arise from timing differences, basically due to the tax depreciation of assets acquired under the system of finance leases, and 4.3 million euros are related to equity items.

Variation during the fiscal year on assets and liabilities due to deferred taxes total -49.9 and -1.8 million euros respectively. The detailed breakdown of net movement of the same is as follows:

Millions of euros	2015	2014
Initial Balance	397.8	349.1
<i>Addition merger (see Note 23)</i>	0.0	3.0
<i>Deferred taxes entered directly to profit and loss statement</i>	(49.6)	44.3
Deferred taxes entered directly to equity	0.0	(0.2)
<i>Deferred taxes transferred to profit and loss statement</i>	1.5	1.6
End Balance	349.7	397.8

In the 2012 financial year, deductions due to reinvestment were generated amounting to 0.1 million euros.

At December 31, 2015, SEAT, S.A. tax credits or tax incentives for the following items and amounts in millions of euros were left pending for application:

Millions of euros	Maturity date					
	Balance 31.12.15	2016	2017	2018	2019	Later
R&D	230.9	0.0	0.0	0.0	0.0	230.9
Export companies	8.7	0.0	0.0	0.0	0.0	8.7
Environmental investment	7.3	0.0	0.0	0.0	0.0	7.3
Vocational training	0.8	0.0	0.0	0.0	0.0	0.8
Pension plans contributions	0.3	0.0	0.0	0.0	0.0	0.3

These tax credits and incentives will be applied in accordance with consolidated settlements of the Group, within the legal period established for each one. Likewise, at year's end the negative tax bases generated in the Group total 45.9 million euros, with no cut-off period.

The company is open to an administrative audit for non-prescribed taxes for the period 2012-2015, with the exception of corporation tax which extends to the period 2012-2014.

During this financial year, the tax inspection which began in 2013, corresponding to the taxes of the period 2009-2011, has ended without any significant adjustment to them.

19. Income and expenses

a) Distribution of net sales

The distribution of items is as follows:

Millions of euros	2015	2014
Vehicles	7,388.4	6,571.9
Spare parts	519.7	497.8
Gearboxes	224.3	231.6
Other sales	199.7	195.3
Materials	160.1	156.8
<i>By-products and reusable waste</i>	33.1	34.4
<i>Services</i>	6.5	4.1
Total	8,332.1	7,496.6

The geographical distribution of markets is as follows:

Millions of euros	2015	2014
Spain	1,404.2	1,334.8
Rest of European Union	6,085.8	5,361.5
Rest of world	842.1	800.3
Total	8,332.1	7,496.6

Net sales are affected by the increase in income deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23).

b) Change in inventories of finished goods and work in progress

Millions of euros	2015	2014
Decrease/increase of inventory	3.8	85.8
<i>Work in progress</i>	(14.9)	24.9
<i>Partly-finished goods</i>	(1.1)	(0.9)
<i>Finished goods</i>	19.8	61.8
Impairment of inventory	(7.0)	(7.6)
Total	(3.2)	78.2

c) Supplies

Millions of euros	2015	2014
Acquired products	1,151.7	1,037.2
<i>Purchases</i>	1,159.3	1,015.0
<i>Decrease/increase of inventory</i>	(7.6)	22.2
Raw materials and other supplies	5,200.3	4,680.7
<i>Purchases</i>	5,200.2	4,692.4
<i>Decrease/increase of inventory</i>	0.1	(11.7)
Other external expenses	14.4	13.0
Impairment of acquired products, raw materials and others	8.7	(3.1)
Total	6,375.1	5,727.8

d) Other operating income

Millions of euros	2015	2014
Sundry income	471.2	479.6
Operating grants (see Note 13)	1.2	1.6
Discounted provisions	0.6	4.0
Other income	0.2	25.6
Total	473.2	510.8

The 'Sundry income' section includes income from the rendering of services to Group companies and personnel, and other income.

e) Personnel costs

Millions of euros	2015	2014
Wages, salaries and similar concepts	556.0	520.2
Social costs	163.8	149.6
<i>Social security</i>	149.2	144.1
<i>Others</i>	14.6	5.5
Provisions	(1.1)	(0.2)
Total	718.7	669.6

f) Other operating expenses

Millions of euros	2015	2014
External services	1,421.0	1,361.5
Taxes	10.3	10.1
Losses, impairment and variation in provisions due to trade operations	160.6	124.9
Greenhouse gas emission rights	0.1	0.1
Other expenses	0.0	2.5
Total	1,592.0	1,499.1

g) Financial income

Millions of euros	2015	2014
For participations	62.1	53.5
<i>Group companies</i>	62.1	53.5
<i>Third-party</i>	0.0	0.0
For other investments and financial instruments	0.4	0.7
<i>Group companies</i>	0.0	0.1
<i>Third-party</i>	0.4	0.6
Total	62.5	54.2

h) Financial expenses

Millions of euros	2015	2014
For Group companies debts	3.0	5.1
For third-party debts	6.1	6.2
Discounted provisions and debts	8.6	5.1
Total	17.7	16.4

i) Impairment and result on disposal of financial instruments

This heading contains principally those impairments and reversals of stakes in Group companies.

20. Environment

a) Environment-related assets

Under the 'Tangible assets' section, the company possesses a waste water treatment facility, plus a heat and power co-generation plant, at the Martorell factory, as well as other environment-related assets. The combined gross value of these facilities amounts to 146.1 million euros, and accumulated depreciation stands at 113.6 million euros (140.9 and 108.6 respectively in 2014).

In 2014, additions in gross value of facilities dedicated to environmental protection deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) total 12 million euros, with accumulated depreciation standing at 4.8 million euros.

In the wide-ranging investment programme implemented in 2015, a capitalised amount of 5.9 million euros, plus another totalling 3.9 million euros (5.3 and 1.1 respectively in 2014) corresponding to firm commitments for the purchase of capital goods has been identified, which can be devoted entirely to environmental protection-related activities.

b) Environment-related liabilities

In compliance with the European Union directive on end-of-life vehicles, approved in 2000, the company set up a provision to cover risks deriving from end-of-life vehicle recycling (see Note 14).

c) Environment-related expenses

Expenses for material and outside services have been identified. Said expenses, earmarked for protection and improvement of the environment, can be broken down as follows:

Millions of euros	2015	2014
Control and monitoring of air pollution	0.6	0.2
Waste water treatment and management	2.7	2.5
Industrial waste treatment and management	5.5	5.2
Energy savings	1.3	1.1
Visual impact improvement	0.2	0.3
Communication management	0.1	0.1
Environmental process management	0.4	0.3
End-of-life vehicles management	0.2	0.2
Miscellaneous	0.2	0.8
Total	11.2	10.7

Expenses incurred for the financial year, regarding amortization of environment-related assets, amount to 5.8 million euros (5.2 in 2014).

The overall estimated staff costs of SEAT employees devoted to total or partial implementation of environmental protection-related activities amount to 1.7 million euros (1.5 in 2014).

d) Environment-related income

Income deriving from the sale of by-products and reusable waste totalled 33.1 million euros (34.4 in 2014).

21. Related party transactions

a) Group companies

The following transactions were carried out with Volkswagen Group companies. In addition to the companies included in Appendix 2 of these Notes, the most noteworthy being: Audi AG; Audi Hungaria Motor Kft.; Audi Tooling Barcelona, S.L.; Groupe VW France s.a.; Skoda Auto a.s.; Skoda Auto Slovensko s.r.o.; VW AG; VW de México, S.A.; VW Group Services S.A.; VW Group UK Ltd.; VW Insurance Service Correduría de Seguros S.L.; and VW Slovakia a.s.

Millions of euros	2015	2014
Supplies	2,390.8	2,133.5
<i>Materials</i>	1,365.1	1,234.5
<i>Spare parts</i>	195.0	183.1
<i>Vehicles</i>	830.7	715.9
Net sales	6,238.3	5,430.4
Services received	618.7	578.0
Services rendered	311.9	394.4
Accrued financial income	0.0	0.1
Dividends received	62.1	53.5
Accrued financial expenses	3.0	5.1

The breakdown of the total amount of the main transactions carried out in foreign currencies is as follows:

Millions of euros	2015	2014
Supplies	33.7	37.0
Net sales	1,219.9	1,126.6
Services received	58.3	41.9
Services rendered	4.3	4.1

Supplies refer mainly to the acquisition of vehicles, parts, accessories and machinery. Sales corresponded mainly to vehicles produced in Spain for export markets. Services received comprise R&D, transport of sales, maintenance of equipment, logistics, marketing, consulting services and training. Services rendered refer mainly to transport, warranties, advertising, technical assistance, training, vehicle rental and leasing of buildings. Financial income and expenses stem from loans and current account operations between Group companies.

The margin generated by sales operations with Group companies is broken down by business lines as follows: 27.8% in materials (30.3% in 2014), 31.2% in spare parts (26.6% in 2014), 13.5% in vehicles (13.9% in 2014) and 20.3% in gearboxes (20% in 2014). Purchases made from Group companies were done so in normal market conditions.

In the Notes, other transactions with Group companies are referenced: Notes 6b and 6c, additions of assets; and Note 18, net charges for tax consolidation.

Transactions carried out with the parent entity of the Volkswagen Group are: supplies 1,179.4 million euros (1,215.9 in 2014); net sales 168.3 million euros (147.2 in 2014); services received 150.2 million euros (176.6 in 2014); services rendered 147.1 million euros (219.4 in 2014); accrued financial income 0 million euros (0.1 in 2014); accrued financial expenses 0.1 million euros (0.1 in 2014). Likewise, balances at year's end with the parent entity of the Volkswagen Group are: customers and other trade receivables 83.9 million euros (5.7 in 2014), and suppliers and other trade payables 63.1 million euros (94.8 in 2014).

On December 31, 2015, SEAT, S.A. (Unipersonal Company) and Volkswagen Finance Luxemburg S.A., sole shareholder of the company (see Note 12), have no agreements in force.

b) Board of Directors

The total amount of remuneration received under all headings by members of the Board of Directors and by Senior Management in the exercise of their functions during 2015 stood at 11.2 million euros (11.2 in 2014).

No advances or credits have been accorded to either members of the Board of Directors or Senior Management, nor other commitments made vis-à-vis pensions, insurance policies, credits, guarantees or similar items during the 2015 and 2014 financial years.

Members of the Board of Directors make no declaration of interest concerning Article 229 of the new Capital Company Law, referring to posts or responsibilities which Board Members hold or discharge in companies outside the Group of which SEAT is a member, concerning activities similar, analogous or complementary to the stated business aims of the company.

Fulfilling their duty to avoid conflicts with the company's interests during the financial year, the members of the Board of Directors have complied with the obligations provided for in Article 228 of the consolidated text of the Capital Company Law. Likewise, they and their affiliates have not entered into the conflicts of interest provided for in Article 229 of said Law, except in cases where authorization has been given.

22. Other information

a) Workforce

The breakdown of the total average basic workforce by functions of SEAT, S.A. is as follows:

	2015	2014
Productive wage earners	8,236	8,016
Time-rate wage earners	910	939
Managers, technicians, administrative and support staff	3,517	3,481
Members of the Executive Committee	8	8
Total	12,671	12,444

The breakdown of SEAT, S.A.'s basic workforce at December 31 is as follows:

	2015			2014		
	Men	Women	Total	Men	Women	Total
Productive wage earners	6,497	1,702	8,199	6,561	1,709	8,270
Time-rate wage earners	881	25	906	867	26	893
Managers, technicians, administrative and support staff	2,713	927	3,640	2,602	853	3,455
Members of the Executive Committee	8	0	8	8	0	8
Total	10,099	2,654	12,753	10,038	2,588	12,626

SEAT, S.A.'s Board of Directors comprises 7 members (male).

Both the basic average workforce, and the workforce at December 31, 2014 are affected by the incorporation of 1,100 employees proceeding from the merger of the company with Gearbox del Prat, S.A. (see Note 23).

b) Auditors

The fees accrued by PricewaterhouseCoopers Auditores, S.L. for audit services were 0.4 million euros (0.4 in 2014). Likewise, the fees received for other services provided by the auditor and other companies which use the PricewaterhouseCoopers brand totalled 0.1 and 0.5 million euros, respectively (0.5 and 0.3 in 2014).

c) Emissions

In September 2015, the United States Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) reported that they had detected that some diesel engines (EA189) of Volkswagen in the USA had a piece of software installed that detected when the vehicle was in the test bank, modifying the NOx emission values. Volkswagen AG undertook with the authorities to apply the measures necessary to review the behaviour of these engines in the test bank and began an exhaustive internal and external investigation to clarify everything related to the case.

Volkswagen AG reported that the software was installed in some 11 million vehicles throughout the world of the Volkswagen, Audi, ŠKODA, SEAT and Volkswagen Commercial Vehicles brands, of which approximately 700,000 were of the SEAT brand. During 2016, the appropriate technical solutions are planned to be implemented, the cost of which will be borne by Volkswagen AG. All the vehicles are technically safe and roadworthy.

In November 2015, Volkswagen AG reported that within the internal investigations it was detected that around 800,000 vehicles of the whole Volkswagen Group could present discrepancies in their certified CO₂ values. However, in December 2015 and after exhaustive measurement checks, Volkswagen AG confirmed that only slight discrepancies had been found in a limited number of models. SEAT, for its part and in accordance with current European regulations, requested for the purposes of prudence the extension of the rate certification for some of the SEAT Leon and Ibiza models. The new values were published last December of 2015.

The Volkswagen Group is in permanent contact with the various European authorities in this matter, acting quickly and transparently. In some countries outside of the European Union, the national certification is based on the recognition of the EC/ECE certification and the Volkswagen Group is in close contact with the respective authorities in order to define the corresponding measures.

The directors have assessed the possible risks that may arise as a result of this situation and have acted consequently considering all existing circumstances with impact in the Annual Accounts.



23. Merger by absorption

The respective Boards of Directors of SEAT, S.A. and Gearbox del Prat, S.A., approved the project of merger by absorption of Gearbox del Prat, S.A., (absorbed company) and SEAT, S.A. (absorbing company) on February 14, 2014 in both cases.

On February 24, 2014 the Annual General Shareholders' Meeting agreed on approval of the project of merger by absorption through the dissolution without liquidation of the absorbed company, with wholesale transfer of the entirety of the absorbed company's assets and liabilities to the absorbing company, fully subrogated in all rights and obligations proceeding from the absorbed company, with no reservation, exception or limitation.

The merger was based on the Balance Sheet ending December 31, 2013 of the two companies involved. Since at the time of the merger the absorbing company had a 100% equity holding in the company absorbed, the exchange of shares was not pertinent, and therefore there was no need to issue new shares, since the assets and liabilities of the company absorbed were incorporated in those of the absorbing company, having as a counterpart its assets and liabilities.

Once legal time limits had been complied with, on April 1, 2014 the merger was presented to the Barcelona Mercantile Register, where the company absorbed was officially withdrawn from the register on April 10, 2014.

The merger was carried out in accordance with the Special Tax Neutrality Régime for Mergers as established in Chapter VIII of Title VII of Law 4/2004 of March 5, which approves the revised text of the Corporate Tax Law.

The merger was registered as being an operation between companies of the same Group, since SEAT, S.A. had previously held control of Gearbox del Prat, S.A. As a result, said merger was entered into the accounts in accordance with Norm 21 of the Spanish General Accounting Plan as approved by RD 1514/2007 of November 16. Thus, the assets acquired and liabilities assumed were entered into the accounts in terms of their book value before the merger operation on the individual accounts.

24. Events after closure of financial year

On February 23 2016, the respective Boards of Directors of SEAT, S.A. and Centro Técnico de SEAT, S.A. will approve the merger-by-absorption project of Centro Técnico de SEAT, S.A. as absorbed company and SEAT, S.A. as absorbing company. At a later date, the Shareholders' Meeting will approve the merger-by-absorption, to be implemented on May 1 2016, with retroactive effect to January 1.



6.7

APPENDIX 1. EVOLUTION OF NON-CURRENT ASSETS

Cost of acquisition or manufacture							
2014 Millions of euros	Initial Balance 01.01.14	Addition/ Disposals merger 01.01.14 (*)	Additions	Disposals	Transfers	Impairment	End Balance 31.12.14
Intangible assets	1,807.4	2.0	124.9	(10.3)	0.2	0.0	1,924.2
Research and Development	1,419.1	0.0	5.7	(10.0)	60.2	0.0	1,475.0
Software	49.7	2.0	1.6	(0.2)	0.2	0.0	53.3
Greenhouse gas emission rights	0.5	0.0	0.1	(0.1)	(0.1)	0.0	0.4
Other intangible assets	267.3	0.0	11.8	0.0	5.7	0.0	284.8
Payments on account and intangible assets in progress	70.8	0.0	105.7	0.0	(65.8)	0.0	110.7
Tangible assets	4,879.3	412.7	91.9	(153.0)	(0.2)	0.0	5,230.7
Land and buildings	705.9	44.6	2.0	(0.1)	0.0	0.0	752.4
Technical equipment and machinery	1,896.0	301.3	34.2	(90.8)	10.7	0.0	2,151.4
Other facilities, tools and office equipment	2,241.5	63.3	50.8	(58.1)	0.9	0.0	2,298.4
Other tangible assets	24.5	3.1	1.3	(4.0)	0.0	0.0	24.9
Payments on account and tangible assets in progress	11.4	0.4	3.6	0.0	(11.8)	0.0	3.6
Long-term Group companies investments	1,122.9	(58.9)	4.9	(104.6)	(1.0)	0.0	963.3
Participations in Group companies	1,122.9	(58.9)	4.9	(104.6)	(1.0)	0.0	963.3
Loans to Group companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	1.5	0.1	0.2	(0.2)	(0.1)	0.0	1.5
Other participations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	1.0	0.1	0.2	(0.2)	(0.1)	0.0	1.0
Other financial assets	0.5	0.0	0.0	0.0	0.0	0.0	0.5
Deferred tax assets	361.5	4.8	43.9	0.0	0.0	0.0	410.2
Total	8,172.6	360.7	265.8	(268.1)	(1.1)	0.0	8,529.9

(*) See Note 23.

Depreciation / Impairment						Net book value		
Initial Balance 01.01.14	Addition/ Disposals merger 01.01.14 (*)	Additions	Disposals	Transfers	Impairment	End Balance 31.12.14	Initial Balance 01.01.14	End Balance 31.12.14
1,168.4	1.9	129.9	(2.4)	0.2	54.6	1,352.6	639.0	571.6
924.4	0.0	109.9	(2.2)	0.0	41.8	1,073.9	494.7	401.1
48.2	1.9	1.2	(0.2)	0.2	0.0	51.3	1.5	2.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.4
195.8	0.0	18.8	0.0	0.0	12.8	227.4	71.5	57.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	70.8	110.7
3,751.2	342.6	232.0	(153.0)	(0.2)	55.1	4,227.7	1,128.1	1,003.0
317.0	28.6	16.1	(0.1)	0.0	2.9	364.5	388.9	387.9
1,461.3	256.6	122.0	(90.8)	0.0	20.6	1,769.7	434.7	381.7
1,950.7	54.5	92.8	(58.1)	(0.2)	31.6	2,071.3	290.8	227.1
22.2	2.9	1.1	(4.0)	0.0	0.0	22.2	2.3	2.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.4	3.6
1.3	0.0	0.0	0.0	(1.0)	0.1	0.4	1,121.6	962.9
1.3	0.0	0.0	0.0	(1.0)	0.1	0.4	1,121.6	962.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	361.5	410.2
4,920.9	344.5	361.9	(155.4)	(1.0)	109.8	5,580.7	3,251.7	2,949.2

Cost of acquisition or manufacture

2015	Initial Balance	Additions	Disposals	Transfers	Impairment	End Balance
Millions of euros	01.01.15					31.12.15
Intangible assets	1,924.2	265.0	(0.1)	0.0	0.0	2,189.1
Research and Development	1,475.0	23.8	0.0	19.5	0.0	1,518.3
Software	53.3	1.0	0.0	0.0	0.0	54.3
Greenhouse gas emission rights	0.4	0.1	(0.1)	0.0	0.0	0.4
Other intangible assets	284.8	16.9	0.0	0.0	0.0	301.7
Payments on account and intangible assets in progress	110.7	223.2	0.0	(19.5)	0.0	314.4
Tangible assets	5,230.7	198.9	(310.1)	0.0	0.0	5,119.5
Land and buildings	752.4	7.4	(0.2)	(0.2)	0.0	759.4
Technical equipment and machinery	2,151.4	42.8	(194.0)	3.9	0.0	2,004.1
Other facilities, tools and office equipment	2,298.4	37.2	(113.6)	(1.6)	0.0	2,220.4
Other tangible assets	24.9	3.2	(2.3)	0.0	0.0	25.8
Payments on account and tangible assets in progress	3.6	108.3	0.0	(2.1)	0.0	109.8
Long-term Group companies investments	963.3	0.0	0.0	0.0	0.0	963.3
Participations in Group companies	963.3	0.0	0.0	0.0	0.0	963.3
Loans to Group companies	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	1.5	0.5	(0.2)	(0.3)	0.0	1.5
Other participations	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	1.0	0.5	(0.2)	(0.3)	0.0	1.0
Other financial assets	0.5	0.0	0.0	0.0	0.0	0.5
Deferred tax assets	410.2	0.0	(49.9)	0.0	0.0	360.3
Total	8,529.9	464.4	(360.3)	(0.3)	0.0	8,633.7

Depreciation / Impairment						Net book value		
Initial Balance 01.01.15	Additions	Disposals	Transfers	Impairment	End Balance 31.12.15	Initial Balance 01.01.15	End Balance 31.12.15	
1,352.6	120.8	0.0	0.0	68.6	1,542.0	571.6	647.1	
1,073.9	89.4	0.0	0.0	64.0	1,227.3	401.1	291.0	
51.3	1.5	0.0	0.0	0.0	52.8	2.0	1.5	
0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	
227.4	29.9	0.0	0.0	4.6	261.9	57.4	39.8	
0.0	0.0	0.0	0.0	0.0	0.0	110.7	314.4	
4,227.7	190.8	(309.8)	0.0	43.7	4,152.4	1,003.0	967.1	
364.5	16.4	0.0	0.0	0.3	381.2	387.9	378.2	
1,769.7	95.7	(194.0)	1.0	20.2	1,692.6	381.7	311.5	
2,071.3	77.5	(113.6)	(1.0)	23.2	2,057.4	227.1	163.0	
22.2	1.2	(2.2)	0.0	0.0	21.2	2.7	4.6	
0.0	0.0	0.0	0.0	0.0	0.0	3.6	109.8	
0.4	0.0	0.0	0.0	0.0	0.4	962.9	962.9	
0.4	0.0	0.0	0.0	0.0	0.4	962.9	962.9	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	
0.0	0.0	0.0	0.0	0.0	0.0	410.2	360.3	
5,580.7	311.6	(309.8)	0.0	112.3	5,694.8	2,949.2	2,938.9	

APPENDIX 2. SUBSIDIARY COMPANIES

2014 Millions of euros	Location	Holding	
		Direct	Indirect
Production (**)			
SEAT Sport, S.A. (*)	Martorell (Barcelona)	100	
Volkswagen Navarra, S.A. (*)	Arazuri (Navarre)	100	
Distribution and Marketing SEAT (****)			
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98
SEAT Deutschland GmbH	Weiterstadt (Germany)	100	
SEAT Deutschland Niederlassung GmbH	Frankfurt (Germany)		100
SEAT Motor España, S.A. (*)	Barcelona		100
Distribution and Marketing VW/Audi/Skoda			
Volkswagen-Audi España, S.A. (*)	Prat de Ll. (Barcelona)	100	
Volkswagen Group Retail Spain, S.L. (*)	Prat de Ll. (Barcelona)		100
Astur Wagen, S.A. (*)	Gijón (Asturias)		100
Audi Retail Barcelona, S.A. (*)	Barcelona		100
Volkswagen Madrid, S.A. (*)	Madrid		100
Volkswagen Barcelona, S.A. (*)	Barcelona		100
Leioa Wagen, S.A.	Leioa (Vizcaya)		100
Levante Wagen, S.A. (*)	Valencia		100
Málaga Wagen, S.A. (*)	Málaga		100
Sevilla Wagen, S.A. (*)	Seville		100
Valladolid Wagen, S.A. (*)	Valladolid		100
Audi Retail Madrid, S.A. (*)	Madrid		100
Services (***)			
Centro Técnico de SEAT, S.A. (*) (****)	Martorell (Barcelona)	100	
Volkswagen Finance, S.A. (*)	Alcobendas (Madrid)	100	
Volkswagen Renting, S.A. (*)	Alcobendas (Madrid)		100
Volkswagen Insurance Services Correduría de Seguros, S.L. (*)	Prat de Ll. (Barcelona)		100
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100	

(*) Companies subject to corporation tax under the consolidated tax regime.

(**) In 2014, Gearbox del Prat, S.A. was absorbed by merger with SEAT, S.A. (see Note 23).

(***) On October 27, 2014 Volkswagen Argentina, S.A. together with its subsidiaries Volkswagen Compañía Financiera, S.A. and Volkswagen S.A. De Ahorro Para Fines Determinados, was sold to Volkswagen AG.

(****) In 2014, SEAT, S.A. became sole shareholder of the Centro Técnico de SEAT, S.A. by acquiring 3.77% of shares held by Audi AG for 4.9 million euros.

(*****) 2014 does not include SEAT Saint-Martin SAS, since it has been reclassified under "Non-current assets available for sale" (see Note 5n).

	Gross value 31.12.14	Depreciation 31.12.14	Book value 31.12.14	Equity 31.12.14	Profit/loss for year 2014	Dividend received 2014
	0.1	0.0	0.1	1.0	0.4	
	654.4	0.0	654.4	668.2	52.9	45.2
	0.0	0.0	0.0	0.3	(0.1)	
	51.1	0.0	51.1	60.0	7.7	
				0.3	0.0	
				0.2	(0.1)	
	16.0	0.0	16.0	124.9	17.6	8.3
				28.4	(1.6)	
				2.1	0.0	
				0.7	0.0	
				2.6	0.2	
				0.6	0.0	
				3.7	0.9	
				5.0	1.2	
				0.9	0.0	
				5.4	0.2	
				1.7	0.6	
				2.0	0.6	
	104.5	0.0	104.5	137.5	6.4	
	136.6	0.0	136.6	437.9	43.7	
				23.8	9.0	
				3.3	2.9	
	0.6	(0.4)	0.2	0.2	0.0	

2015

Millions of euros

	Location	Holding	
		Direct	Indirect
Production			
SEAT Sport, S.A. (*)	Martorell (Barcelona)	100	
Volkswagen Navarra, S.A. (*)	Arazuri (Navarre)	100	
Distribution and Marketing SEAT			
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98
SEAT Deutschland GmbH	Weierstadt (Germany)	100	
SEAT Deutschland Niederlassung GmbH	Frankfurt (Germany)		100
SEAT Motor España, S.A. (*)	Barcelona		100
Distribution and Marketing VW/Audi/Skoda			
Volkswagen-Audi España, S.A. (*)	Prat de Ll. (Barcelona)	100	
Volkswagen Group Retail Spain, S.L. (*)	Prat de Ll. (Barcelona)		100
Astur Wagen, S.A. (*)	Gijón (Asturias)		100
Audi Retail Barcelona, S.A. (*)	Barcelona		100
Volkswagen Madrid, S.A. (*)	Madrid		100
Volkswagen Barcelona, S.A. (*)	Barcelona		100
Leioa Wagen, S.A.	Leioa (Vizcaya)		100
Levante Wagen, S.A. (*)	Valencia		100
Málaga Wagen, S.A. (*)	Málaga		100
Sevilla Wagen, S.A. (*)	Seville		100
Valladolid Wagen, S.A. (*)	Valladolid		100
Audi Retail Madrid, S.A. (*)	Madrid		100
Services			
Centro Técnico de SEAT, S.A. (*)	Martorell (Barcelona)	100	
Volkswagen Finance, S.A. (*)	Alcobendas (Madrid)	100	
Volkswagen Renting, S.A. (*)	Alcobendas (Madrid)		100
Volkswagen Insurance Services Correduría de Seguros, S.L. (*)	Prat de Ll. (Barcelona)		100
MAN Financial Services España, S.L. (**)	Alcobendas (Madrid)		100
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100	

(*) Companies subject to corporation tax under the consolidated tax regime.

(**) In 2015 the company was acquired by Volkswagen Finance, S.A. from MAN Finance International GmbH.

	Gross value 31.12.15	Depreciation 31.12.15	Book value 31.12.15	Equity 31.12.15	Profit/loss for year 2015	Dividend received 2015
	0.1	0.0	0.1	0.4	(0.5)	
	654.4	0.0	654.4	679.8	60.8	47.6
	0.0	0.0	0.0	0.4	0.1	
	51.1	0.0	51.1	67.2	7.2	
				0.3	0.0	
				(1.4)	(1.6)	
	16.0	0.0	16.0	125.5	12.5	14.5
				27.4	(0.7)	
				2.1	0.0	
				0.6	(0.2)	
				2.6	0.1	
				(0.2)	(0.8)	
				4.1	0.8	
				5.1	1.4	
				1.0	0.1	
				4.9	(0.5)	
				1.7	0.6	
				2.1	0.1	
	104.5	0.0	104.5	156.1	18.7	
	136.6	0.0	136.6	484.1	46.1	
				37.3	13.5	
				4.4	4.0	
				21.5	(10.6)	
	0.6	(0.4)	0.2	0.5	0.3	

SEAT, S.A. KEY FIGURES (2011/2015)

	2011	2012	2013	2014	2015
Sales					
Retail sales (units)	350,009	321,002	355,004	390,505	400,037
Wholesales of new vehicles (units)	358,970	415,083	447,327	489,896	531,786
Wholesales of used vehicles (units)	8,062	10,633	12,677	12,264	12,722
Production					
Production in Martorell plant (units)	353,420	377,343	390,048	442,677	477,077
Production of SEAT brand in Group plants (units)	19,129	50,802	67,250	64,998	72,169
Workforce					
Basic workforce at 31.12	11,394	11,465	11,458	12,626	12,753
Martorell (includes Spare Parts Centre)	10,129	10,257	10,233	10,298	10,422
SEAT Barcelona	1,223	1,164	1,180	1,188	1,196
SEAT Componentes	0	0	0	1,097	1,092
Other centres	42	44	45	43	43
Partial retirement workforce at 31.12	5	134	133	145	94
Apprentices with labour contract at 31.12	0	111	166	168	186
Financial key figures					
Net sales (millions of euros)	5,049.1	6,086.9	6,472.9	7,496.6	8,332.1
Spain	1,261.4	1,006.4	1,080.8	1,334.8	1,404.2
<i>Vehicles</i>	787.3	578.4	646.5	806.1	868.5
<i>Spare parts</i>	319.2	292.2	281.8	289.9	300.4
<i>Gearboxes</i>	0.0	0.0	0.0	71.5	73.4
<i>Other sales</i>	154.9	135.8	152.5	167.3	161.9
Export	3,787.7	5,080.5	5,392.1	6,161.8	6,927.9
<i>Vehicles</i>	3,575.2	4,869.7	5,168.6	5,765.8	6,519.9
<i>Spare parts</i>	184.1	182.5	196.0	207.9	219.3
<i>Gearboxes</i>	0.0	0.0	0.0	160.1	150.9
<i>Other sales</i>	28.4	28.3	27.5	28.0	37.8
Shareholders' equity (millions of euros)	656.3	626.7	478.0	520.1	526.1
Result before tax (millions of euros)	(154.2)	(79.4)	(144.4)	(138.8)	(4.3)
Result after tax (millions of euros)	(61.5)	(29.6)	(148.7)	(65.7)	6.0
Depreciation (millions of euros)	301.2	268.9	336.5	361.9	311.6
Investments (millions of euros)	417.1	554.0	337.1	221.9	464.4

CONSUMPTION AND EMISSION FIGURES

Consumption (mveg) l/100 km - CO₂ (g/km) emissions

Model (*) (**)	Power		Gearbox		Consumption (mveg) l/100km			CO ₂ emissions Average (g/km)
	KW	HP	Man.	Aut.	Town	Out of town	Average	
Mii								
1.0 MPI	44 / 55	60 / 75	•		5.6 / 5.8	3.9	4.5 / 4.6	105 / 106
1.0 MPI SQ100	44 / 55	60 / 75		•	5.3 / 5.5	3.9 / 4.0	4.4 / 4.5	103 / 105
1.0 MPI SQ100 Ecomotive	44	60		•	4.6	3.7	4.0	93
1.0 MPI SQ100 Start&Stop	55	75		•	4.6	3.8	4.1	95
1.0 MPI Start&Stop Ecomotive	44	60	•		5.0	3.6	4.1	95
1.0 MPI Start&Stop	55	75	•		5.1	3.7	4.2	98
1.0 MPI Ecofuel (***)	50	68	•		5.5 – 3.6	3.8 – 2.5	4.4 – 2.9	79
Ibiza/SC/ST								
1.0 MPI Start&Stop	55	75	•		5.8 / 5.9	4.2 / 4.3	4.8 / 4.9	108 / 110
1.0 MPI	55	75	•		6.5	4.5	5.2	118
1.0 EcoTSI Start&Stop Ecomotive	70	95	•		5.1	3.7	4.2	98
1.0 EcoTSI Start&Stop	70	95	•		5.1	3.8	4.3	101
1.0 EcoTSI Start&Stop	81	110	•		5.2	3.8	4.3	99
1.0 EcoTSI DSG Start&Stop	81	110		•	5.3	3.9	4.4	102
1.2 TSI	66	90	•		6.4	4.0	4.9	116
1.2 TSI	81	110	•		6.8	4.3	5.2	119
1.4 TSI ACT Start&Stop FR	110	150	•		6.0	4.1	4.8	112
1.8 TSI START&STOP CUPRA (SC)	141	192	•		7.8	5.3	6.2	145
1.4 TDI CR	55 / 66	75 / 90	•		4.7 / 4.8	3.5 / 3.6	3.9 / 4.0	104 / 106
1.4 TDI CR Start&Stop Ecomotive	55	75	•		4.1 / 4.2	3.3 / 3.4	3.6 / 3.7	93 / 95
1.4 TDI CR Start&Stop	66	90	•		4.2 / 4.3	3.4 / 3.5	3.7 / 3.8	95 / 97
1.4 TDI CR DSG Start&Stop	66	90		•	4.1 / 4.2	3.5 / 3.6	3.7 / 3.8	97 / 99
1.4 TDI CR Start&Stop	77	105	•		4.4 / 4.5	3.6 / 3.7	3.9 / 4.0	100 / 102
Toledo								
1.2 TSI	66	90	•		6.3	3.9	4.8	114
1.2 TSI Start&Stop	66	90	•		6.0	4.0	4.7	107
1.2 TSI	81	110	•		6.8	4.3	5.2	119
1.2 TSI Start&Stop	81	110	•		6.2	4.1	4.9	110
1.4 TSI DSG Start&Stop	92	125		•	6.1	4.1	4.8	114
1.4 TDI CR	66	90	•		4.6	3.4	3.8	99
1.4 TDI CR Start&Stop	66	90	•		4.2	3.4	3.6	94
1.4 TDI CR DSG Start&Stop	66	90		•	4.2	3.6	3.8	99
1.6 TDI CR	85	110	•		5.5	3.7	4.4	114
1.6 TDI CR Start&Stop	85	110	•		5.1	3.7	4.2	109

Model (*) (**)	Power		Gearbox		Consumption (mveg) l/100km			CO ₂ emissions Average (g/km)
	KW	HP	Man.	Aut.	Town	Out of town	Average	
Leon/SC/ST								
1.4 TGI Start&Stop	81	110	•		7.1 / 7.2	4.5 / 4.6	5.4 / 5.5	126 / 128
1.4 TGI Start&Stop (CNG)	81	110	•		6.9m ³ / 7.0m ³	4.5m ³ / 4.6m ³	5.4m ³ / 5.5m ³	96 / 97
1.4 TGI Start&Stop	81	110		•	6.5 / 6.6	4.5 / 4.6	5.2 / 5.3	121 / 123
1.4 TGI Start&Stop (CNG)	81	110		•	6.8m ³ / 6.9m ³	4.4m ³ / 4.5m ³	5.3m ³ / 5.4m ³	94 / 95
1.0 TSI Start&Stop Ecomotive	85	115	•		5.4	3.8	4.4	102
1.0 TSI DSG Start&Stop Ecomotive	85	115		•	5.4	3.8	4.4	102
1.2 TSI	63 / 81	86 / 110	•		6.4	4.4	5.1	119 / 120
1.2 TSI Start&Stop	81	110	•		6.1 / 6.2	4.2 / 4.3	4.9 / 5.0	114 / 116
1.2 TSI DSG Start&Stop	81	110		•	5.9 / 6.0	4.3 / 4.4	4.9 / 5.0	112 / 114
1.4 TSI Start&Stop	92	125	•		6.7 / 6.8	4.3 / 4.5	5.2 / 5.3	120 / 124
1.4 TSI Start&Stop (X-PERIENCE)	92	125	•		6.8	4.4	5.3	122
1.4 TSI ACT Start&Stop	110	150	•		5.9 / 6.1	4.3 / 4.5	4.8 / 5.0	113 / 117
1.4 TSI ACT DSG Start&Stop	110	150		•	5.7 / 5.8	4.3 / 4.5	4.8 / 5.0	114 / 118
1.8 TSI Start&Stop	132	180	•		7.5	5.1	6.0	138
1.8 TSI DSG Start&Stop	132	180		•	7.1	5.1	5.8	134
1.8 TSI DSG Start&Stop (X-PERIENCE)	132	180		•	8.0	5.6	6.5	152
2.0 TSI Start&Stop CUPRA	195 / 213	265 / 290	•		8.8 / 8.9	5.5 / 5.6	6.7 / 6.8	156 / 158
2.0 TSI DSG Start&Stop CUPRA	195 / 213	265 / 290		•	8.3 / 8.5	5.4 / 5.5	6.5 / 6.6	149 / 154
1.6 TDI CR	66	90	•		4.8	3.8	4.1 / 4.2	108 / 109
1.6 TDI CR	81	110	•		5.0 / 5.1	3.9 / 4.0	4.3 / 4.4	111 / 112
1.6 TDI CR Start&Stop	81	110	•		4.6 / 4.7	3.7 / 3.8	4.0 / 4.1	102 / 103
1.6 TDI CR DSG Start&Stop	81	110		•	4.3 / 4.4	3.7 / 3.8	3.9 / 4.0	101 / 102
1.6 TDI CR Start&Stop Ecomotive	81	110	•		4.1	3.4	3.6	94
1.6 TDI CR Start&Stop 4Drive (ST / X-PERIENCE)	81	110	•		5.6 / 5.7	4.2 / 4.3	4.7 / 4.8	123 / 124
2.0 TDI CR	110	150	•		5.4 / 5.6	4.1 / 4.3	4.6 / 4.8	119 / 124
2.0 TDI CR Start&Stop	110	150	•		5.2 / 5.4	3.8 / 4.0	4.3 / 4.5	110 / 115
2.0 TDI CR Start&Stop 4Drive (ST / X-PERIENCE)	110	150	•		5.6 / 5.8	4.1 / 4.3	4.7 / 4.9	122 / 126
2.0 TDI CR DSG Start&Stop	110	150		•	5.1 / 5.3	4.0 / 4.2	4.4 / 4.6	115 / 120
2.0 TDI CR Start&Stop	135	184	•		5.3 / 5.4	4.1 / 4.2	4.5 / 4.6	118 / 121
2.0 TDI CR DSG Start&Stop	135	184		•	5.4 / 5.7	4.2 / 4.3	4.6 / 4.8	120 / 125
2.0 TDI CR DSG Start&Stop (X-PERIENCE)	135	184		•	5.4	6.1	5.0	139
Alhambra								
1.4 TSI Start&Stop	110	150	•		7.9 / 8.0	5.5 / 5.6	6.4 / 6.5	148 / 151
1.4 TSI DSG Start&Stop	110	150		•	8.0 / 8.1	5.8 / 5.9	6.6 / 6.7	154 / 157
2.0 TSI DSG Start&Stop	162	220		•	9.2 / 9.3	6.0 / 6.1	7.2 / 7.3	167 / 168
2.0 TDI CR Start&Stop	85 / 110	115 / 150	•		6.0 / 6.1	4.5 / 4.6	5.0 / 5.1	130 / 132
2.0 TDI CR DSG Start&Stop	110	150		•	5.9	4.7	5.2	136 / 137
2.0 TDI CR 4WD Start&Stop	110	150	•		6.7	5.0	5.6	146 / 147
2.0 TDI CR Start&Stop	135	184	•		6.7	4.5	5.3	138 / 139
2.0 TDI CR DSG Start&Stop	135	184		•	6.1	4.8	5.3	138 / 139

(*) Engines sold in European Union in 2015 (MY'16). Discontinued models not included.

(**) Where different models provide different results, data shown refer to minimum and maximum values.

(***) Consumption (m³/100km - kg/100km).

SEAT CREDITS

This version sets forth the Management Report, the Auditors' Report and the Annual Accounts of SEAT, S.A. (Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement, Notes and Appendices 1 and 2) for the year 2015, compiled according to the criteria and rules established by Spanish law*.

This version of the Annual Report is a translation of the Spanish original. Once approved by the General Meeting of Shareholders, the Annual Accounts and Management Report will be deposited in the Commercial Registry in Barcelona together with the Auditors' Report. These reports are authoritative.

The Consolidated Annual Accounts of VOLKSWAGEN AG, jointly with its Management Report and Auditors' Certificate will be deposited at the same Registry**.

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