Škoda Auto: Future-proofing the brand, advancing internationalisation

- **Deliveries: Over 730,000 vehicles delivered worldwide in 2022 despite supply chain disruptions and war in Ukraine**
- **Internationalisation: Sales in India more than doubled in 2022 (+127.7% y-o-y); market entry in Vietnam; strategically leading the Brand Group Volume in the ASEAN; strengthening business activities in the Middle East**
- **Transformation: Production of MEB battery systems launched in May 2022; expansion of capacities in 2023**
- **Electrification: Three additional battery-electric models by 2026, serving all customer groups**
- **Explore More: New design language and corporate identity to be rolled out in 2023**

Mladá Boleslav, 16 March 2023 – Škoda Auto delivered more than 730,000 vehicles in 2022 in an extremely challenging market environment. The company has adopted important future-proofing measures, including further internationalisation, an accelerated e-campaign and an entirely new brand design. Thanks to the successful strategy in India, the Czech car manufacturer more than doubled its deliveries (+127.7% year-on-year) on the sub-continent. Škoda is consistently advancing its internationalisation strategy by entering the Vietnamese growth market this year, strategically leading the Brand Group Volume in the ASEAN region, strengthening its presence in Southeast Asia and expanding business activities in the Middle East. At the same time, the brand is focusing on electrification in its home market: Škoda Auto launched the production of MEB battery systems at its Mladá Boleslav plant in May 2022, with a second production line opening this year to expand capacities to 1,500 units a day. In addition, Škoda Auto has stepped up its e-mobility offensive; the company will be launching three more battery electric vehicles (BEVs) by 2026, with more to follow. Škoda aims to boost the BEV share of deliveries in Europe to more than 70% by 2030 and will be investing 5.6 billion euros in electrification by 2027.

Škoda Auto CEO Klaus Zellmer, says: "Škoda Auto has demonstrated its resilience throughout 2022. Despite the various challenges our industry is facing, we sharpened our strategic focus by unveiling a new design language and corporate identity, launching the production of our MEB battery systems, accelerating our e-mobility offensive and advancing Škoda Auto's internationalisation. We are going to use our entry into the Vietnamese market to drive the Volkswagen Group's growth across the ASEAN region, for which we recently assumed Brand Group Volume strategic leadership. At the same time, we will be focusing on significantly expanding our business activities in the Middle East. Through these measures,

we are future-proofing the company and positioning it to best serve our customers with attractive and highly efficient products from both worlds – EV and ICE."

Model portfolio meets strong demand; Fabia RS Rally2 to continue Motorsport tradition

The Škoda Octavia continued to be the brand's bestseller in 2022 with 141,100 units delivered to customers. Demand also remained high for the Kamiq (96,300 units) and Kodiaq (94,500 units) SUVs, followed by the Fabia (92,700 units). The launch of the dynamic, efficient, and sustainable Enyaq Coupé iV provided further impetus for the successful all-electric Enyaq iV family: In 2022, 53,700 units were delivered to customers. The top RS version of the Enyaq Coupé iV was introduced as the first BEV in the sporty Škoda RS range at the end of January. In December 2022, the Czech car manufacturer also launched the Enyaq RS iV SUV. In addition, Škoda presented the popular Monte Carlo trim line for the fourth-generation Fabia, complementing the offer in the entry-level-segment. In June, Škoda Motorsport unveiled the Fabia RS Rally2. As the successor to the Fabia RS Rally2 evo – the most successful rally car in its category – the Fabia RS Rally2 has all the credentials to continue its predecessor's legacy.

Parts supply: More MEB batteries for the Volkswagen Group, production of wire harnesses mirrored

In terms of component production, Škoda Auto has taken an important step towards establishing the Czech Republic as an e-mobility hub in the past year: In May 2022, the company launched the production of battery systems for BEVs based on the Volkswagen Group's Modular Electrification Toolkit (MEB) at its main plant in Mladá Boleslav. The investment in the newly built production line totalled around 130 million euros. Another assembly line will be added this year, raising the total capacity to 1,500 batteries a day. The MEB battery systems manufactured in Mladá Boleslav will not only be installed in Škoda models but also in vehicles built by Volkswagen, Audi and SEAT. Mladá Boleslav is the only European location outside Germany where battery systems for MEB vehicles are produced.

Another measure aimed at securing component supplies further demonstrated Škoda's resilience under very challenging conditions in 2022: In the first half of the year, production of the all-electric Enyaq iV had to be suspended for eight weeks due to supply bottlenecks caused by the war in Ukraine. To best meet customer demand and reduce the high order backlog, the car manufacturer relocated part of its Ukrainian component production to Mladá Boleslav in close cooperation with suppliers. These steps enabled manufacturing capacities to be duplicated in Europe and North Africa within only a few weeks.

Internationalisation: Škoda Auto is rolling out its strategy

Under its Next Level – Škoda Strategy 2030, the company continuously evaluates potential new market entries. The car manufacturer is thus pressing ahead with its internationalisation strategy, leveraging growth potential for the Volkswagen Group in promising growth markets.
The strategy is yielding results in the key market of India; Škoda more than doubled its deliveries there in 2022 (+127.7% year on year) and will be strengthening its presence in Southeast Asia: The carmaker is on the cusp of entering the dynamic Vietnamese market and is also strategically leading Brand Group Volume in ASEAN, which represents a strategic gateway to the broader Indo-Pacific area. ASEAN is the fastest-growing region in the world with a strong overall economy (+ 8% per year) and a market volume of over 4.1 million vehicles in 2030. Its geographical proximity to India also offers significant synergy effects.

Synergies also play a major role in Škoda's involvement in the Middle East, where the company projects a potential annual sales increase to around 5,000 units over the next three years. Škoda joined Audi Volkswagen Middle East on 1 February 2023 in order to integrate the Czech car manufacturer into the existing National Sales Company for the Audi and Volkswagen brands.

Sustainability: Pursuing clearly defined ambitious goals

Škoda Auto is pursuing its ambitious goals in another area of its Next Level Škoda Strategy 2030, too: The company takes a holistic approach to sustainability along the entire value chain. In terms of sustainable production, Škoda is incorporating increasingly more recyclable materials in its models. In addition, the company is committed to recycling the high-voltage batteries from its e-vehicles. Škoda Auto will also be operating its three Czech plants with net-zero carbon emissions by the end of the decade. The share of renewable energies at the Czech sites was around 35% in 2022. At the plant in Pune, India, Škoda recently commissioned one of the country's largest solar-power rooftop systems in the automotive industry, covering up to 30% of the plant's total energy consumption.

Regarding the decarbonisation of its fleet, Škoda Auto aims to reduce fleet emissions by more than 50% by 2030 compared to 2020. During the transformation phase, vehicles with internal combustion engines (ICE) will also play a crucial role for Škoda; the carmaker is consistently optimising its economical and modern ICE models and will be presenting the new generation of the Superb and Kodiaq model series later this year. Both models will be available with plug-in hybrid drives too, a first in the Kodiaq model range.

2023 outlook: Introducing new models and setting the course for a successful future

Škoda Auto expects the overall situation to remain challenging throughout 2023, yet the company remains on track; the Next Level – Škoda Strategy 2030 is delivering results, and the attractive, modern portfolio has been very well received by customers. To advance the brand's positive development, Škoda will be introducing the next generation of its successful electric SUV family, with the refreshed Enyaq iV featuring the new Modern Solid design language.

The strategic foundation for the company's dynamic expansion has been laid, and the new brand identity 'Explore More' is leading the way. It brings with it a new design language, a new logo and the most radical change to its corporate identity in the last 30 years. As part of 'Explore More', unveiled at the end of August 2022, the car manufacturer is stepping up its e-mobility offensive; the company will be introducing three new BEVs in the small, compact and large segments as early as 2026. The first insights will be presented in the second quarter of 2023.

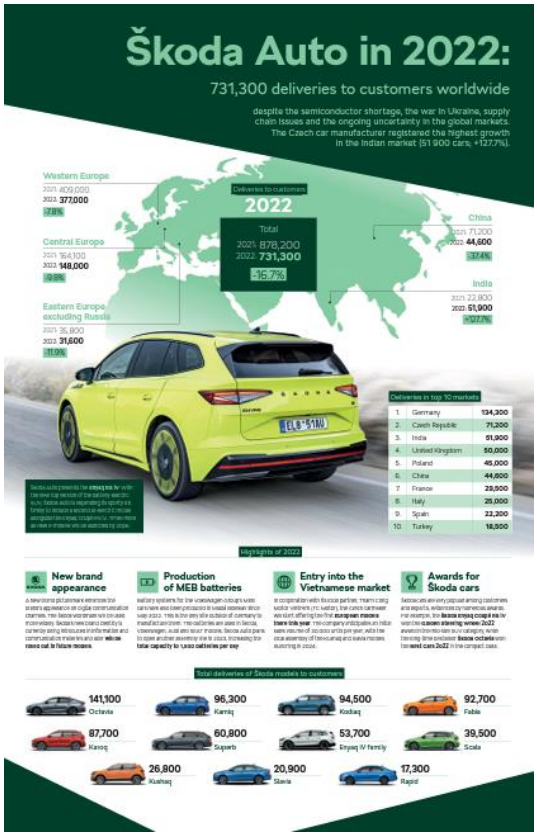
The goal is to offer a complete range of electric products from entry-level cars to spacious family vehicles and boost the BEV share of European sales to more than 70% by 2030. To achieve these objectives, the car manufacturer will be investing 5.6 billion euros in electrification and a further 700 million euros in digitalisation by 2027.

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Infographic and media images



Infographic: Škoda Auto: Future-proofing the brand, advancing internationalisation

Infographic: Despite difficult conditions, the car manufacturer produced more than 780,000 vehicles worldwide in 2022.

Source: Škoda Auto



Škoda Auto: Future-proofing the brand, advancing internationalisation

Škoda Auto started manufacturing battery systems for all-electric vehicles based on the Volkswagen Group's Modular Electrification Toolkit (MEB) in May 2022.

Source: Škoda Auto



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Current brand logo of the car manufacturer Škoda Auto, since 2022.

Source: Škoda Auto

Škoda Auto

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