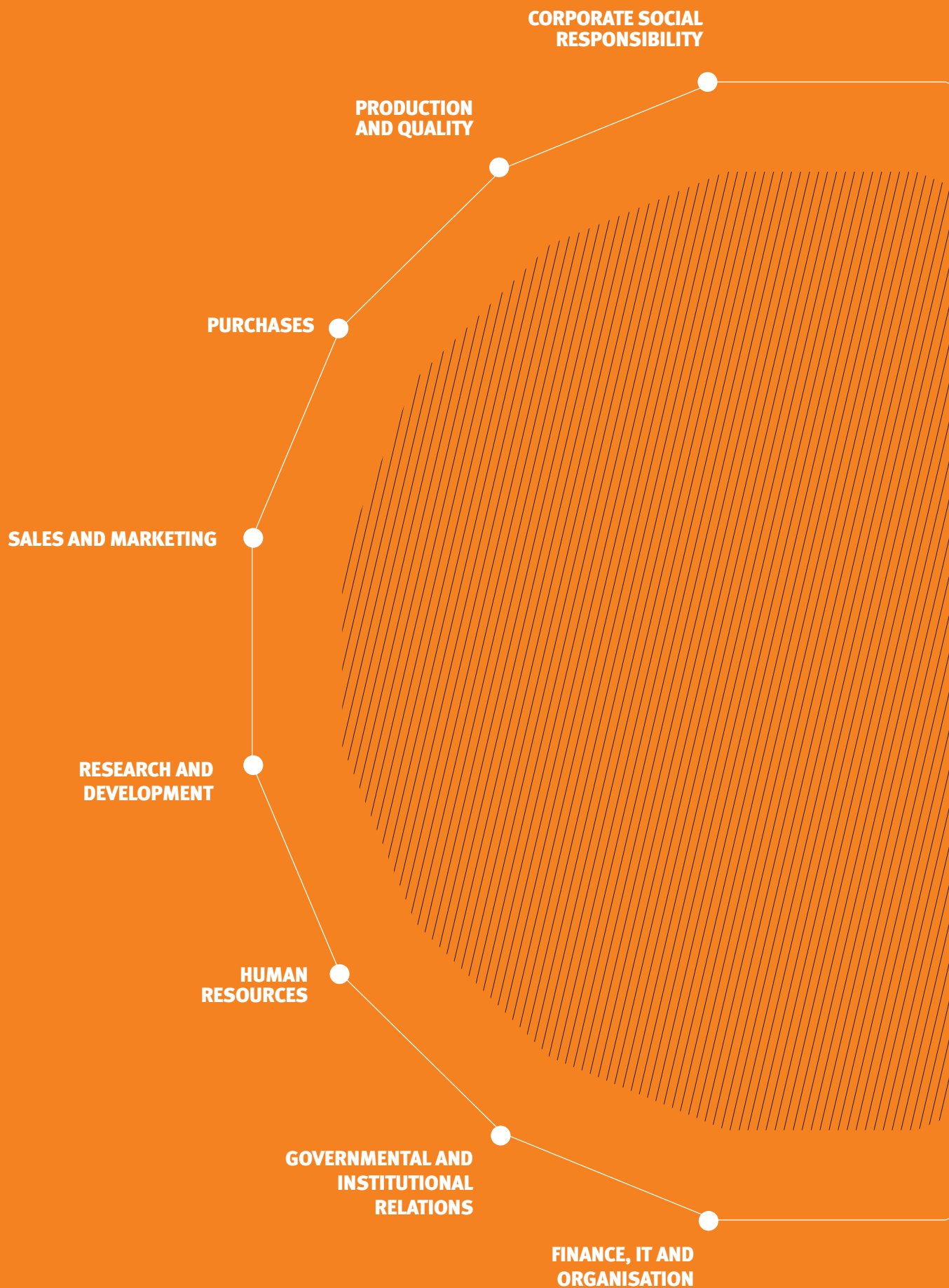


1

TEAMWORK

SEAT ATECA



SEAT's first SUV is the brand's most ambitious and global project in recent years. All areas of the company have aligned around a common goal to develop and launch the new star of the SEAT range: the success of the Ateca is a success for everyone.





PRODUCTION AND QUALITY

The industrialisation and production of the Ateca have put the small Czech town of Kvasiny and its 1,500 inhabitants on SEAT's map. Its factory has been producing cars since 1934 and in 1947, the first ŠKODA vehicle left its production line.

The Quality division's goal is to ensure quality in the manufacturing processes and to guarantee that the quality of all parts of the Ateca is perfect.

To this end, it subjects SEAT's new model to an exhaustive examination to test its quality, even in the finest detail.

PAGE 82



PURCHASES

The Purchases area has worked intensively since 2012 to make the Ateca a reality today and is responsible for ensuring that all the parts supplied comply with the quality requirements, deadlines, costs and production capacity. This is the first project in which Purchases is responsible for procurement (together with ŠKODA) and the launch of a car that is not produced in Martorell.

Once assembly line production has begun, Purchases ensures the optimisation of costs and supplier deliveries.

PAGE 90

SEAT ATECA TIMELINE



March 2014 THE ANNOUNCEMENT

During the annual results conference in front of the media, it is announced that SEAT will have its first SUV. The designers and the engineers of the SEAT CTS begin to give it shape.

June 2014 THE PRODUCTION

SEAT's Executive Committee confirms that the SUV will be manufactured at the ŠKODA factory in Kvasiny (Czech Republic).

October 2014 THE ENCOUNTER

SEAT and ŠKODA strengthen ties: more than 20 SEAT employees are transferred to Kvasiny to work on the perfect launch.

SALES AND MARKETING

More than 2,400 people from 59 countries attended the presentation of SEAT's strategy and future plans for its global dealerships network at the end of May – a route marked by the entry into a new segment with the Ateca.

All departments of the Sales and Marketing division have worked on this launch, into which a great deal of effort and passion have gone, with the common goal of enticing drivers.

The Sales and After sales networks are ready to offer the best service to SEAT Ateca customers.

PAGE 96



RESEARCH AND DEVELOPMENT

The Ateca has been developed 100% in the SEAT Technical Centre in Martorell (CTS). To varying degrees, practically all the engineers of the CTS have been involved in this project.

The Ateca is characterised by its distinctive SEAT design, with perfectly defined lines that highlight its character and sturdiness, and also by its magnificent dynamic performance, 100% true to SEAT's DNA.

A number of innovations have been introduced in the SEAT Ateca, from design elements such as the welcome light in the rear-view mirror, the Infotainment systems and the electric handbrake, to the driving aids such as Emergency Assist, Traffic Jam Assist and Lane Assist and other aids that increase comfort, such as Park Assist and Top View.

PAGE 114



February 2016 IT'S CALLED ATECA

The official presentation of the SUV is held at the Port of Barcelona: 130 journalists get a preview and the Chairman reveals its name.



March 2016 'WORLD PREMIERE'

More than 10,000 journalists and 687,000 visitors to the Geneva Motor Show get the privilege to see SEAT's SUV for the first time in public.

April 2016 VERSATILITY, ON THE MOVE

The Ateca is debuted on the road.



HUMAN RESOURCES

The exchange of specialist staff between SEAT and ŠKODA has been essential in ensuring the launch of the Ateca.

The Human Resources division has contributed to its success by managing the transfer and the integration of all the SEAT staff that have gone to the Czech Republic and the ŠKODA staff that have joined SEAT. This transfer of talent has enabled the Ateca's production in Kvasiny to be a success.

PAGE 126



GOVERNMENTAL AND INSTITUTIONAL RELATIONS

SEAT's first SUV is named after the Aragonese city of Ateca. With this vehicle, SEAT has continued the tradition of naming the brand's new models after Spanish towns and cities. The Ateca made its debut in the city in which it was conceived, Barcelona, and with which it shares the brand's attributes. The presentation, which was held at the Port of Barcelona, brought together more than 130 journalists.

PAGE 134



FINANCE, IT AND ORGANISATION

Making the project profitable, taking into consideration the market and the competition, is one of the tasks performed by the staff of the Finance department. That is, defining measures to guarantee the Ateca's profitability.

The price of a vehicle is one of the key elements for ensuring its commercial success. It is essential that the price of a new model fits the current market as well as possible, while always considering the commercial positioning goals for this product.

PAGE 140

April 2016 TAKING ORDERS

The network begins to market and sell the Ateca. It raises a lot of interest.



April 2016
THE FIRST ATECA
The first unit of the SUV leaves the Kvasiny production line.

June 2016 IT REACHES DEALERSHIPS

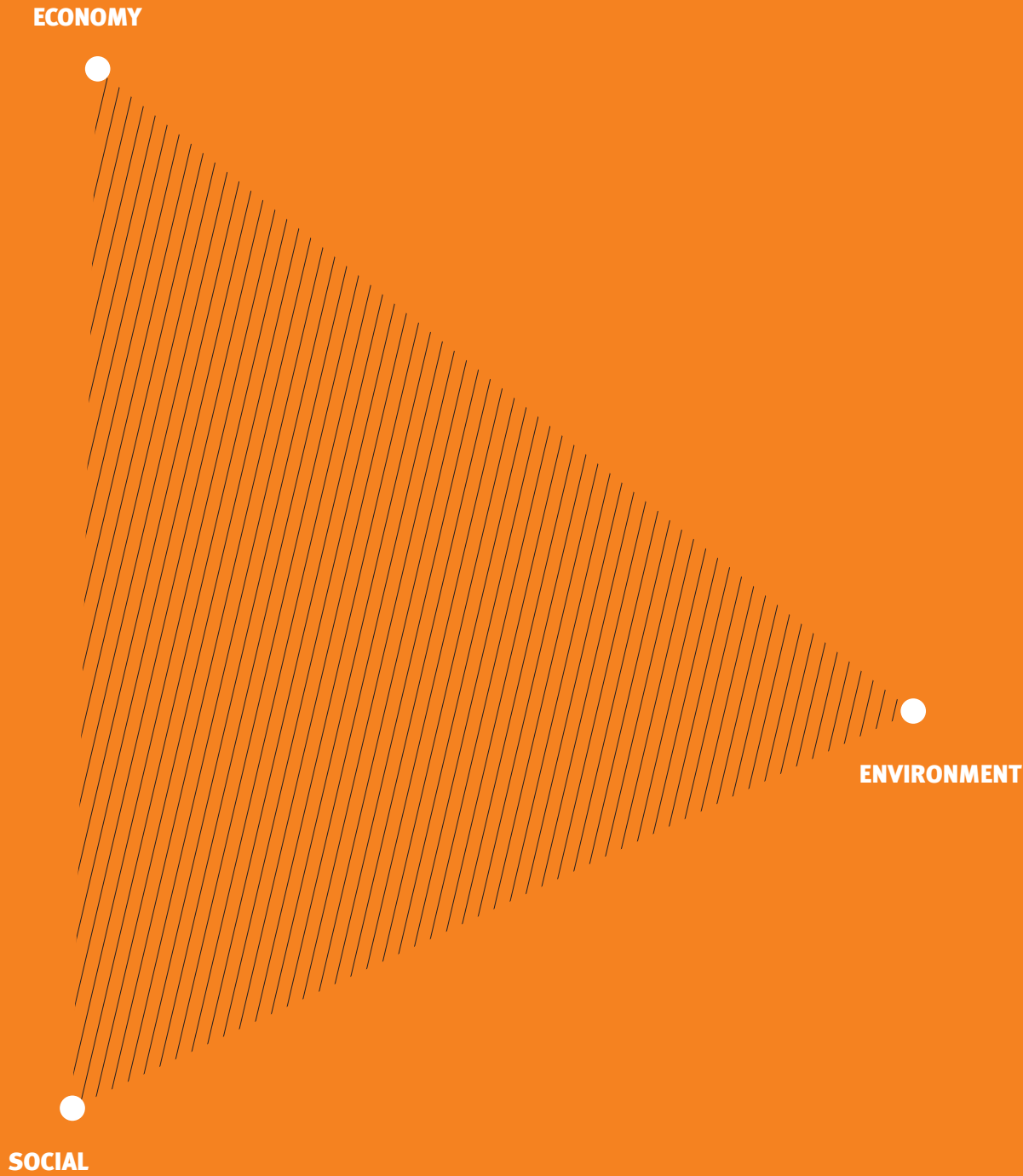
Dealerships prepare for the occasion of receiving the new model.



2

THE FUTURE BEGINS TODAY

CORPORATE SOCIAL RESPONSIBILITY



COMMITTED TO SUSTAINABILITY

SEAT has consolidated its sustainability strategy during 2016. In the social sphere, the company repeated the success of winning the Top Employer award and even improved the result achieved last year. Significant efforts were also made in the field of gender equality and, through projects such as the Women in Management programme, SEAT is showing this commitment. The collaborations with universities and business schools through the SEAT Chair at the UPC, the SEAT Chair in Innovation at IESE and the SEAT scholarships at ESADE are also of note.

The environment is another of the company's pillars of corporate social responsibility in which significant steps were taken. In the Martorell factory, the second ECOMOTIVE FACTORY Day was held. This gathering allowed the company to showcase the most significant projects carried out during the year and to set the company's environmental goals up to 2025. In 2016 a significant goal was also achieved in the development of the brand's vehicles and their environmental impact, upon receiving the Eco-design certificate in accordance with ISO standard 14006. Furthermore, the Ateca became the first SEAT model for which a complete analysis of its life cycle has been published.

The third pillar of the company's sustainability strategy lies in the financial sphere. In 2016, SEAT became profitable and demonstrated its capacity to generate sustainable economic growth. An essential factor for ensuring this growth is quickly identifying and minimising the potential risks that might arise, so a new process of quarterly reporting of operating risks was put in place. Lastly, this year activities were held to mark the 5th anniversary of the company's Code of Conduct. The fundamental values that form part of SEAT's DNA are yet another display of ethics, integrity and social responsibility.

IN 2016, SEAT BECAME PROFITABLE AND DEMONSTRATED ITS CAPACITY TO GENERATE SUSTAINABLE ECONOMIC GROWTH

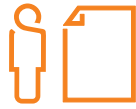


SEAT stakeholders universe



CUSTOMERS

/ Dealers
/ Fleet Operators



SUPPLIERS

/ Suppliers throughout
the Supply Chain



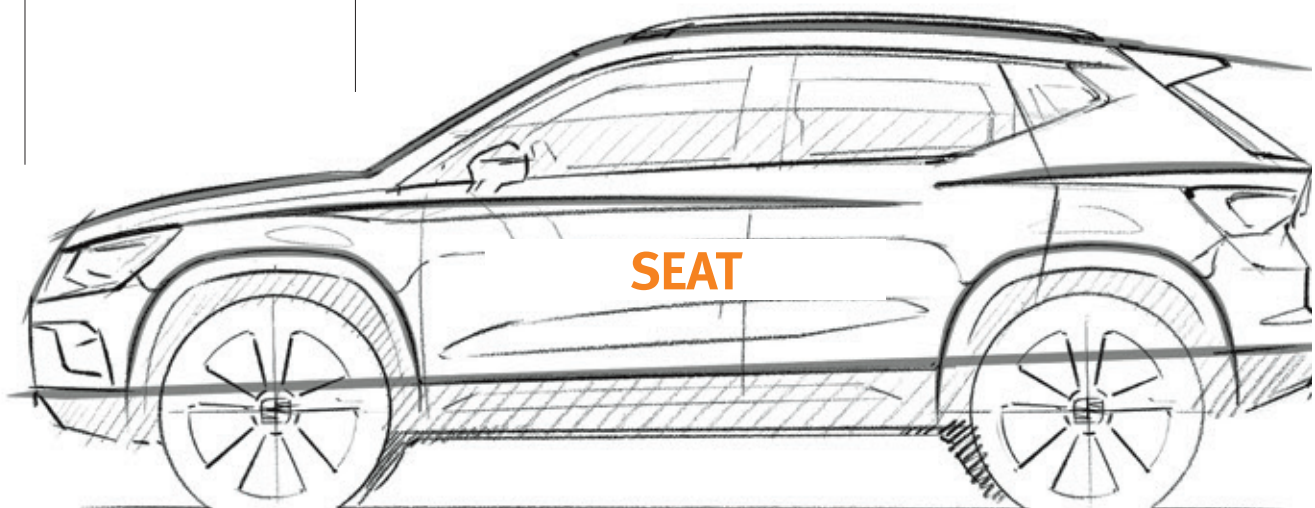
EMPLOYEES

/ Employees
/ Unions
/ Management



INVESTORS

/ Volkswagen Group
/ Financial Markets



EDUCATION

/ Universities
/ R&D Centres



MEDIA

/ Mass Media
/ Social Media



ADMINISTRATION

/ Government
/ Legislators

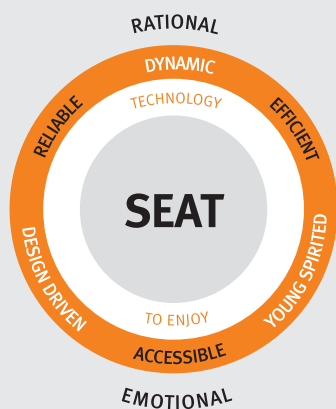


SOCIETY

/ NGOs
/ Foundations
/ Associations
/ Neighbours

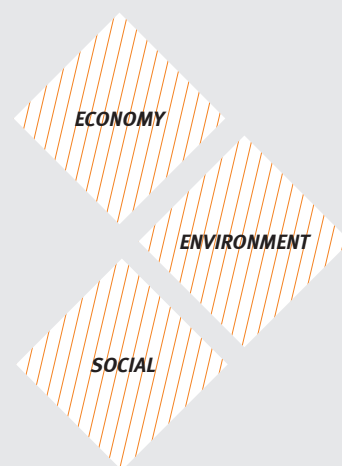
Sustainability strategy

The sustainability strategy is related to the company values and based on three pillars

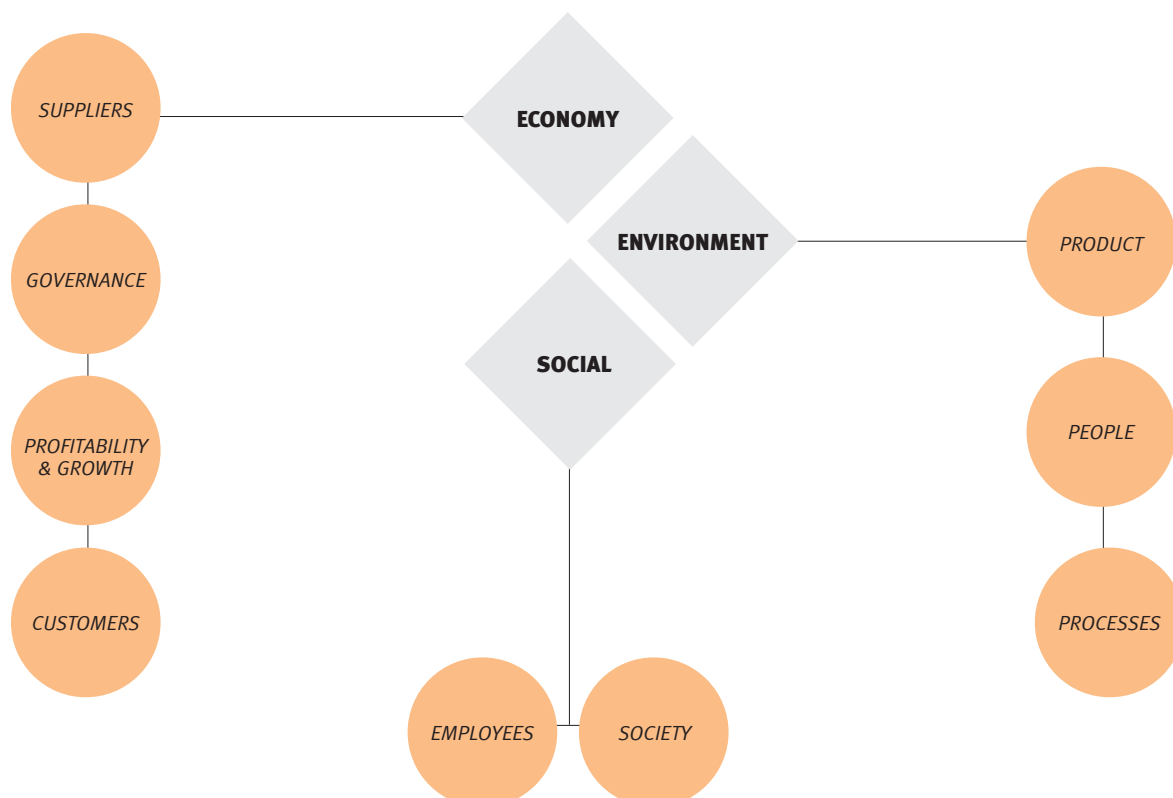


SUSTAINABILITY IN SEAT

VISION/ To be acknowledged by our stakeholders as one of the most sustainable companies in the automotive industry.
 "SEAT brings sustainable mobility to life"



Focus Areas



AUDIT, COMPLIANCE AND GOOD GOVERNANCE COMMITTEE

From 17 June 2016, with Act 22/2015 of 20 July on Financial Statement Audits coming into force, SEAT, as a “public interest entity”, has created an Audit Committee. Additionally, following the company’s transparency policies, and given that corporate governance best practices recommend listed companies to have an executive committee of the Board of Directors in charge of supervising the rules of good governance, the social responsibility policy and regulatory compliance, SEAT’s Board of Directors agreed that as a public interest entity, the company should have a committee within it that assumes these responsibilities.

In order to simplify and rationalise structures, it was considered that the committee could formerly assume the functions of supervising legal compliance and good governance. Therefore, on 11 March 2016, SEAT’s Board of Directors adopted the agreement to create within it the so-called Audit, Compliance and Good Governance Committee (ACGGC), which has been assigned the functions of supervising the rules of good governance and regulatory compliance, as well as the functions of the Audit Committee in the law. This committee has more extensive powers than those determined by the law and is fully independent.

To this end, SEAT ensures that the ACGGC has sufficient resources and an adequate structure for the proper supervision and control of the matters it is responsible for.

These decisions, adopted following careful consideration based on the compliance model implemented to date and taking into consideration the best practices in the market, were taken within the context of **SEAT’s desire to continue to promote transparency and good governance, as well as the commitment assumed for the entire organisation to promote the performance of its work while upholding ethical values.**



Functions of the Audit, Compliance and Good Governance Committee



COMPLIANCE

MONITOR THE SUITABILITY OF THE COMPANY'S COMPLIANCE AND RISK-MANAGEMENT MODELS

MONITOR THE EFFECTIVENESS OF THE CONTROLS OVER FINANCIAL REPORTING

MONITOR THE INDEPENDENCE AND EFFECTIVENESS OF THE INTERNAL AND EXTERNAL AUDITORS

MONITOR THE TRANSPARENCY OF FINANCIAL REPORTING

AUDIT OF FINANCIAL STATEMENTS



GOOD GOVERNANCE

MONITOR COMPLIANCE WITH THE COMPANY'S GOOD GOVERNANCE POLICIES



ON 11 MARCH 2016, SEAT'S BOARD OF DIRECTORS ADOPTED THE AGREEMENT TO CREATE WITHIN IT THE SO-CALLED AUDIT, COMPLIANCE AND GOOD GOVERNANCE COMMITTEE (ACGGC)



RESPONSIBLE AND SUSTAINABLE BUSINESS

Financial sustainability

In the last few years, an action plan has been carried out focused on controlling the cost and profitability of products, to ensure the sustained growth of the business. As a result of the work performed and the continuous monitoring of financial measures, in 2016 SEAT returned to being profitable.

The company's future economic development depends on a robust financial strategy. In this sense, during 2016 various work groups were set up to define the company's new strategic plans to adapt to the renewed challenges that the car industry faces. As part of this initiative, a cross-departmental team was created, responsible for identifying and developing new business models.

Risk management and compliance

SEAT has an organisational and management model that includes monitoring and control measures to prevent business risks and criminal offences from being committed. In this model, the Risk Management and Compliance departments encourage the efficient management of risks and regulatory compliance in all areas of the company, through different training and advisory activities in order to achieve goals and to guarantee SEAT's sustainable financial success.

Fifth Anniversary of the Code of Conduct

The Code of Conduct is the guide that sets out SEAT's principles and values, and which all those that form part of the company are required to comply with. Its first edition was published five years ago and during that period the Compliance department has carried out communication campaigns aimed at the entire workforce and general or specific training on specific subjects from it. The Compliance department celebrated the Code's fifth anniversary by focusing its awareness campaign on its most significant principles and values, through illustrated editions sent to all members of staff, as well as leaflets and slogans distributed across all of SEAT's facilities. This action was supported at all times by the Executive Committee and the Company Committee, showing their commitment to act in accordance with the principles and values of the Code.



Every year, the Risk Management department carries out the GRC (Governance Risk and Compliance) process in which all divisions of the company perform an analysis of the status of SEAT's systematic risks and of the controls established to prevent and minimise them. This process has been strengthened since its implementation and has been consolidated as a monitoring and transparency tool for SEAT's management.

In 2016, a new process was established that allows Management to know all the operating risks that can affect the company in the short term and to thereby improve their management. All divisions of SEAT report quarterly on their most significant specific risks in terms of their financial, legal and reputational impact. The Risk Management department leads this process and ensures coordination and monitoring of the evolution of the risks and of the action plans reported.

The Compliance department is also responsible for carrying out communication, training and advisory campaigns, according to the needs detected in the company, in order to foster at all times a culture of integrity in the daily actions of all those that form part of SEAT. The Compliance department offers support to all the divisions to answer questions related to the Code of Conduct, rules, processes or Compliance guidelines. The results are very positive, since the number of enquiries sent to the inbox *compliance@seat.es* is growing exponentially every year. In 2016, the number increased by 26% compared to the previous year. Also, the number of reports of irregularities or infringements received through the channels provided increased proportionally.

It is also important to underline the SEAT Group's commitment to assuming its social responsibility by meeting its fiscal obligations, in accordance with the laws and basic principles established in the Code of Good Tax Practices. The corresponding Tax Policy of the SEAT Group can be found in the Annual Accounts (note 18. Tax situation).



RISK MANAGEMENT IN THE DAILY WORK ROUTINE

In order to bring the benefits of risk management closer to all members of staff, SEAT employee Prudencio Segura shows in a video how risk management is part of the daily working routine, by making a comparison between personal and professional life.



GRC awards

In September 2016, the second global GRC conference of the Volkswagen Group was held. Different experiences on the various activities related to risk management and compliance issues were exchanged. Of particular note were the awards won by SEAT in two of the four categories of the GRC Awards organised by the GRC department of the Volkswagen Group. The Risk Management team won an award for the improvement achieved on the analysis of the production risk map, while the Compliance team was awarded with the Compliance Special GRC Award for the Anti-corruption programme. Furthermore, in 2016, the Compliance department was awarded with the Iberian Lawyer Gold Award, which recognises it as the Best Compliance Team of the year in Spain.

Sustainability in supplier relations

Compliance with the Sustainability Requirements of the Volkswagen Group has been an essential requirement to form part of SEAT's supply chain, as well as for the adjudication and renewal of projects.

During 2016, the company increased supplier training and awareness in the field of company ethics, environment, labour conditions and human rights. Furthermore, the controls on complying with these requirements for the companies that make up the supply chain were reinforced.

The controls, applied through audits and compliance declarations of the suppliers themselves, allow the company to detect cases of non-compliance that are analysed internally by SEAT's team of experts. In the event that an issue is detected, the supplier must apply a series of corrective measures in order to assure its place within the supply chain. If serious cases of non-compliance occur, the contracts are immediately terminated.

The increased stringency of the sustainability policy among suppliers and their controls, through various tools such as corporate social responsibility audits initiated in 2015 and extended in 2016, has provided greater visibility and control of the supply chain, as well as a greater capacity to react in the event of possible cases of non-compliance. To do this, it has been essential and indispensable to have the cooperation of all of SEAT's suppliers, since they have committed in writing to complying with the Sustainability Requirements of the Volkswagen Group.

DURING 2016, THE COMPANY INCREASED SUPPLIER TRAINING AND AWARENESS IN THE FIELD OF COMPANY ETHICS, ENVIRONMENT, LABOUR CONDITIONS AND HUMAN RIGHTS

RSC of North African suppliers

SEAT has intensified and increased relationships with Moroccan suppliers, so it has been necessary to take a closer look at the legal, financial and administrative obligations that the companies are subject to in order to perform the future analyses of their compliance with Sustainability Requirements in a realistic and effective manner. In October, SEAT took part in the Business Mission to Morocco of the Automotive Sector, promoted by the Catalan Government (Generalitat de Catalunya) and the Automotive Industry Cluster of Catalonia (Clúster de la Indústria de Automoció de Catalunya), in which several interviews were held with authorities, suppliers and local experts. The purpose of the meetings was to gather all sorts of information on the operation, procedures, uses and customs of the automotive sector and of the supply chain in Morocco. In this way, SEAT has taken the first steps for the Volkswagen Group on the future analyses of sustainability and corporate social responsibility of the automotive suppliers in North Africa.



Customer satisfaction

SEAT continues to work so that its customers feel satisfied and keep visiting and recommending the network of authorised dealerships and service centres. The company's goal is for customers to enjoy an excellent experience, both with the brand's vehicles and with its services. SEAT's priority is to assure the loyalty and trust of its current customers and also to attract new ones. With this goal in mind, particular attention is paid to comments published in various studies on the brand and its network of authorised dealerships and service centres. The analysis of these studies serves as the basis for establishing action plans aimed at continuing to improve the experience of the brand's customers.

SEAT continues to support new technologies in its relationship with its customers. The new management tools developed in the digital field allow the company to improve how it measures customers' satisfaction, while also providing a more pleasant experience by responding to surveys on the brand and the service provided in the network of authorised dealerships and service centres.

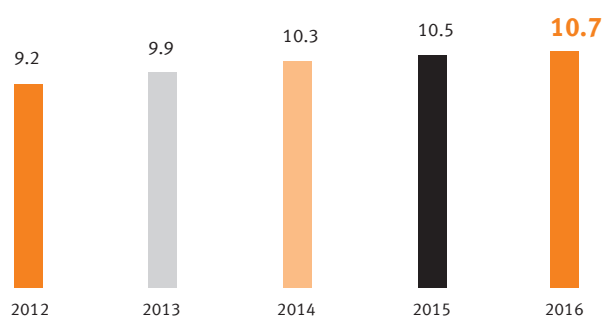
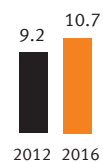
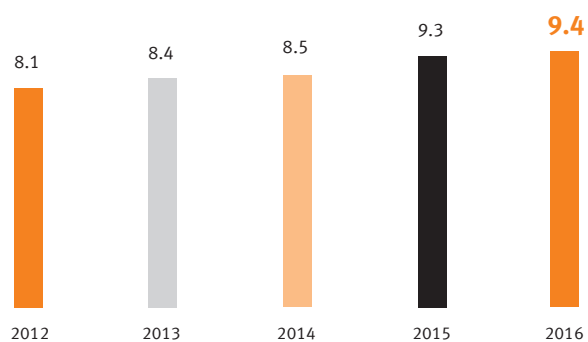
Among the most important actions being carried out regularly, of particular note are: the satisfaction surveys that are sent by email, the assessment of the quality of the service received using Mystery Shopping and Phantom Test, as well as an extensive training programme that guarantees the professionalism of the commercial network. The use and analysis of this varied range of tools allow the company to adapt to customers' needs and to offer them a better experience.

The greater professionalism and dedication of the entire human team of the network of authorised dealerships and service centres have allowed the improvements achieved to be sustained over time and have made SEAT a leader in customer satisfaction among its main competitors, in its most important markets. According to the latest data available from the Customer Satisfaction Survey (CSS), the reference index in the area of sales has achieved significant growth in the period 2012-2016, going from 9.2 to 10.7. Furthermore, in the same period the after sales CSS index increased from 8.1 to 9.4, reflecting a considerable increase in customer satisfaction (the sales and after sales CSS index ranges between -4 and 12).

THE COMPANY'S GOAL IS FOR CUSTOMERS TO ENJOY AN EXCELLENT EXPERIENCE, BOTH WITH THE BRAND'S VEHICLES AND WITH ITS SERVICES



Customers (Customer Satisfaction Survey)

CSS index
of sales**+16.3%**CSS index of
after-sales**+16.0%**

AT EMPLOYEES' AND SOCIETY'S SIDE

Participation and values

SEAT continued to promote the participation of the workforce and their family members in all kinds of initiatives. The launch of the new Ateca model provided the opportunity to get to know the product first hand. More than 300 employees from all the divisions of the company involved in its development and production enjoyed the Ateca Driving Day in May, a day on which they had the opportunity to drive the new Ateca on tarmac and dirt tracks. The Ateca experience was expanded in July when family members, friends and employees had the opportunity to become ambassadors of the model for an entire weekend, in the dynamic presentation that took place in Barcelona. These initiatives combine two goals: to reinforce employees' commitment and to strengthen the brand image. With these actions, SEAT helps staff to get to know the product better and to feel proud of the result of their work.

The Barcelona-Catalunya circuit hosted the Formula Student Spain, a competition that SEAT sponsored for the seventh consecutive year, in which young university students competed with the single-seater cars designed, developed and built by themselves. This latest edition involved 1,750 engineering students from 14 countries, distributed among 70 teams that took part. The proximity between SEAT and the students was also a constant. The company opened its doors to 5,000 students to make a very special visit to its facilities, during which they had the opportunity to get to know the company with their schools and universities. The number of visits by young people increased in 2016 by 60% over the previous year.

Formula student


1,750
engineering students


14
countries


70
teams

The company continued to support sport as a vehicle for cohesion of teamwork and solidarity. The ninth edition of the SEAT Cup, the football tournament for company employees, had a successful turnout once again.

Another means of participation was through the Ideas for Improvement programme, promoted by the company among the workforce for many years to encourage and award their proposals for financial and energy savings or general improvements in their working environment. In 2016, this programme achieved savings of 13.8 million euros, almost 0.3 million more than the savings of the previous year.

Also worthy of note in 2016 are the successful levels of participation and satisfaction in the Working Environment Survey (*Stimmungsbarometer*) aimed at the entire workforce. In 2016, this participation platform used a new format for the first time, with 22 questions divided into four blocks, aimed at getting to know employees' opinions in more depth and the areas for improvement in all aspects of their work.

Ideas for Improvement 2016 results


13,693
Ideas received

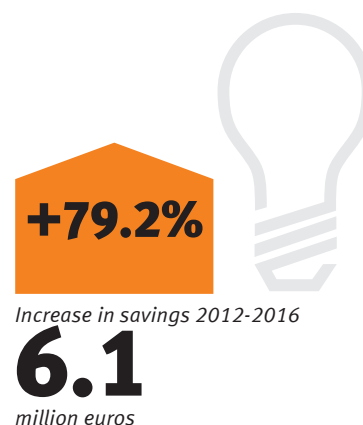
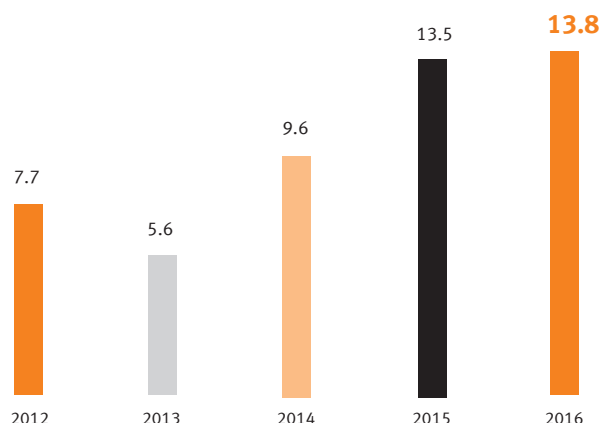
5,987
Ideas rewarded

1,995,927
Prize money in euros

38.4%
Participation

13,786,961
Savings in euros

Savings of the Ideas for Improvement programme (millions of euros)



Greater presence of women in positions of responsibility

SEAT focuses its efforts on promoting a greater number of women to managerial positions. To this end, a series of actions that will be implemented to achieve this goal were defined in a workshop organised by Human Resources, which was attended by a representation of female executives from various divisions of the company. These actions include providing mentoring, training and attending “conversations” with Management, in order to share experiences and learn from the pioneers in the management field. The initiative aims to facilitate a cultural change in the company through a pilot test, called Women in Management, with a small group of women to encourage their professional development.

SEAT IS THE SPANISH CAR MANUFACTURER WITH THE HIGHEST FEMALE PRESENCE IN ITS WORKFORCE (20.6%)

Equal opportunities

SEAT is the Spanish car manufacturer with the highest female presence in its workforce (20.6%). To mark the celebration of International Women’s Day, all employees were sent a leaflet summarising the origin and history of this significant day.

The initiative, aimed at promoting equal rights and encouraging gender equality, also served to increase awareness among staff of the importance of SEAT’s Equality Plan.

This stance in favour of equal treatment and opportunities has been included in SEAT’s 19th Collective Labour Agreement, in a specific clause that includes this principle as one of the company’s values, undertaking to make progress towards achieving equality in the company and women’s access to positions of responsibility.

Altruism and solidarity

Commitment to society is also one of the goals of the company and its employees, who take part in various campaigns and charitable activities, sometimes arranged by themselves. On 19 and 20 October, to mark International Breast Cancer Awareness Day, SEAT once again collaborated in a fund-raising campaign with the Spanish Association Against Cancer (known as AECC). The workforce contributed with the mass-purchase of pink sunglasses designed for the occasion, as well as by publishing their photos on social networks to spread awareness of the campaign. The company also contributed with a financial donation. Also in keeping with the company’s commitment to health and wellbeing, SEAT participated in the AIDS Gala, organised by the Fight AIDS Foundation, in order to contribute to the research in the fight against this disease performed by its founder, Dr. Bonaventura Clotet.

The collaboration with the Talita Foundation, which promotes the social integration of people with different disabilities, was also renewed. A donation of textile material with the SEAT image was also made to the organisation San Juan de Dios Solidaridad. In addition to these campaigns were the now regular campaigns among employees and their networks known as *We are SEAT*, *We are Charitable* and *Humanitarian Alliance for Children's Food*, in which staff collaborated with the Red Cross by collecting food and donations for those most in need over the Christmas period.

Providing training to the youngest in society is another of the company's commitments. SEAT continued the tradition of donating vehicles and equipment for educational purposes to different educational centres, museums and universities. Of particular note are the deliveries of vehicles to the Autonomous Community regions of Madrid, Cantabria and Catalonia; the loan of half a car body for the *Vestir el automóvil* exhibition of the Museo de Mataró, which ended up at the School of Technical Engineering of the UPC; and the donation of the surplus design equipment to the University of Design of La Coruña, so that students can train with the latest-generation equipment.

With regard to the digitalisation transformation process that society is currently undergoing, SEAT reaffirms the importance of access to new technologies for school-age children. In this field, the company acquired interactive whiteboards, which it delivered to the German School. Furthermore, as part of the CSIO Barcelona 2016, a world-renowned show jumping competition held in the Catalan capital, SEAT donated 35 tablet computers to the Ramón Berenguer III school in Barcelona, given to the centre and its students as winners of the competition sponsored by the #BCNalgalop initiative.



SEAT AND ESADE JOIN FORCES TO TRAIN THE EXECUTIVES OF THE FUTURE

SEAT signed a collaboration agreement with the business school and became an honorary member of the ESADE Foundation. Through this agreement, SEAT executives take part in ESADE's various training programmes. Two students of the Degree in Business Administration - BBA of ESADE received the new SEAT grant.

SEAT AND IESE LAUNCH A CHAIR IN INNOVATION FOR FUTURE EXECUTIVES

The two organisations will collaborate on integrating aspects related to innovation applied to different business models. Furthermore, company executives will take part in training programmes and seminars organised by IESE.



SEAT with those most in need

At SEAT, it is people that move us. That is why the company signed a collaboration agreement with Talita, an entity dedicated to caring for people with disabilities and their family members. The company made a financial contribution to support projects of this entity, such as its charity calendar, and to help it to achieve its primary objective: to increase the inclusion of young people and children with different disabilities. Equal opportunities start with changing society's view of and behaviour towards people with disabilities.



ENVIRONMENTAL FRIENDLINESS

In processes

The measures applied as part of the Ecomotive Factory project have achieved significant progress in the main environmental indicators. The overall goal of this programme is to reduce the main environmental indicators and the consumption of resources of producing a vehicle by 25% in the period 2010-2018. At the end of the 2016 financial year, significant improvements have been noted in all the variables and in 2 of them, the goal established has already been exceeded.

/ Energy consumption: the energy saving and efficiency measures applied in the period have achieved a reduction equivalent to 23,410 MWh. The actions carried out include: the replacement of electric motors with other highly efficient motors with variable-speed drives; the introduction of LED lights in outdoor areas, open spaces and workshops; the replacement of high-efficiency incinerators in the painting ovens; the improvement in the insulation of plants and workshops; as well as the installation of regulator systems for the automated and demand-based supply of efficient energy to the factories.

/ CO₂ emissions: the proposals introduced to improve energy efficiency, together with 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 factory, reflect some of the measures that have allowed the company to continue to reduce CO₂ emissions.

Accumulated percentage improvement in environmental indicators 2010-2016



21.7%
Energy



41.4%
Waste



66.2%
CO₂



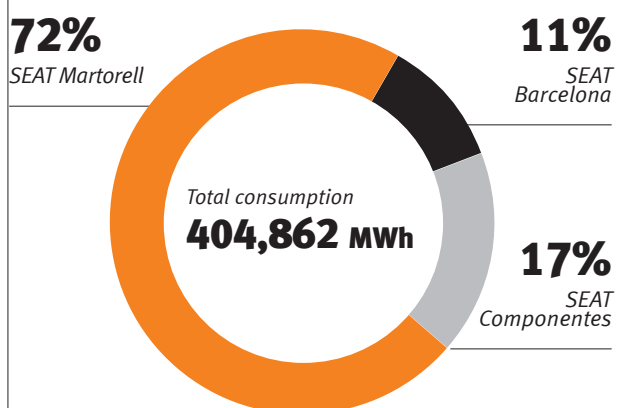
16.2%
Solvents



22.4%
Water

AT THE END OF THE 2016 FINANCIAL YEAR, SIGNIFICANT IMPROVEMENTS HAVE BEEN NOTED IN ALL THE VARIABLES AND IN 2 OF THEM, THE GOAL ESTABLISHED HAS ALREADY BEEN EXCEEDED

Electricity consumption at SEAT factories 2016



Clean energy sources

Primary uses in SEAT
Production process
Air conditioning
Lighting
Compressed air



100% of electricity comes from renewable, zero-emission sources

The six photovoltaic facilities of SEAT al SOL generated close to 17,170 MWh of electricity in 2016. The Martorell factory has a total of 10.6 MW of power from the solar panels located on the roofs and the vehicle parks for the generation of clean energy, free of CO₂.

/ Water consumption: the savings achieved through the application of various projects were due to savings and optimisation initiatives, such as the regulation of the water inputs for passing over bodywork in treating surfaces, or the improvement in the canalisation of the water used in the leak test of vehicles for its subsequent recovery.

/ Solvent emissions (volatile organic compounds): among the projects carried out that have contributed the most to the reduction are: the replacement of robotic paint sprayers for others that are more efficient, which reduce the consumption of paint and the emissions produced in applying paint to the bodywork, and the replacement of products for cleaning painting circuits with others that have a low solvent content.

/ Waste removal: the measures adopted in the prevention of waste, the increase of selective classification in the assembly workshops and the efficiency measures in the paint sprayers have allowed the waste that is sent to removal plants or controlled deposits to be reduced.

As part of the Green Logistics project, which seeks to reduce CO₂ emissions in the transport of parts and vehicles, various initiatives have been carried out, including:

/ The introduction of lorries that run on LNG (Liquefied Natural Gas) or CNG (Compressed Natural Gas) on the Madrid-Martorell route. With this measure, 480 tonnes of CO₂ emissions are reduced each year.

/ The introduction of the Megatruck, a type of articulated lorry measuring 25.25m and weighing 60 tonnes for the transportation of parts, which increases the loading capacity (weight/volume) by 50%. This measure is being extended to different long-distance routes, which enables a reduction of up to 200 tonnes of CO₂ per year. SEAT is the first company in Spain to use transport of this kind.

Water consumption at SEAT factories 2016

92%

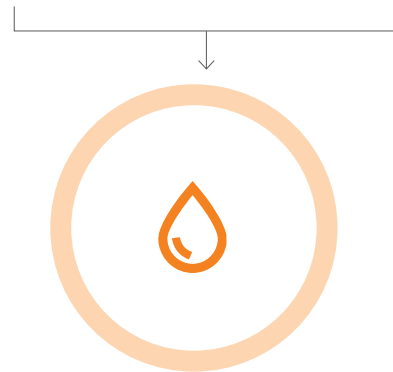
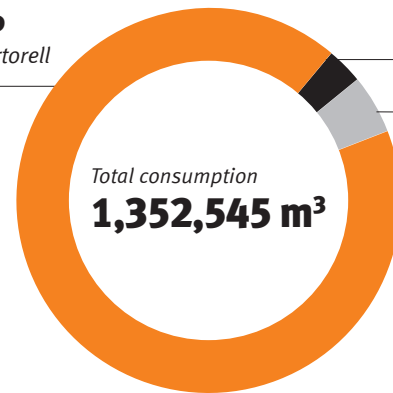
SEAT Martorell

3%

SEAT Barcelona

5%

SEAT Componentes



Coming from osmosis | 64%
SEAT uses a network of high quality water treated with reverse osmosis






THE MEGATRUCK STARTS UP IN SPAIN

The Megatruck drove for the first time in Spain in a pilot test promoted by the Automotive Industry Cluster of Catalonia and with the participation of SEAT as leader of the project.




New Ateca: performance and ecology




Built on a modified version of the MQB-A platform, the New SEAT Ateca has been designed bearing in mind our commitment to the environment. Efficiency and versatility in equal measure.


ENVIRONMENTAL OBJECTIVES OF THE TECHNICAL DEVELOPMENT PROCESS




-  Climate protection
-  Resources conservation
-  Health protection

ENGINES

A lower fuel consumption and a reduction in CO₂ emissions of between **10%** and **20%**.   




A modular-type configuration that allows for the reduction of components and assemblies, ultimately achieving a weight reduction of up to **30%**.   

Acoustic improvements in all engine types. 

START & STOP technology is integrated into all engines.   



BUMPERS

  
Making bumpers sleeker to reduce their weight.



PROMOTES ECOLOGICAL DRIVING

ECO TIPS

The car sends the driver recommendations for a more efficient and ecological driving experience.

ECO TRAINER

This feature helps the user to have a more efficient driving experience, indicating unnecessary accelerations and braking.

SEAT DRIVE PROFILE

Offers an ECO profile option that puts the vehicle into a particularly low fuel consumption mode.

AERODYNAMICS

A reduction in the aerodynamic coefficient of up to **0.33**.

Average emissions: **120 gCO₂/km**.

INTEGRATED LED HEADLIGHTS

Integrated Full LED headlights, considerably reducing their electrical consumption, increasing their lifespan and illumination power.

FRONT END

Made of plastic without sheet metal reinforcements, therefore, reducing its weight and making it easier to recycle.

CROSSBARS

Their weight is reduced through a hot stamping process.



INTERIOR AIR QUALITY ♥

The materials used in the interior have been designed to achieve low emission levels.

In particularly contaminating environments, a sensor temporarily shuts off the vehicle's entry air vents. The Pure Air system shuts out the exterior air and avoids the presence of allergens.



CLIMATE CONTROL ☀

A humidity sensor reduces consumption by disconnecting the compressor when it is not necessary, achieving a consumption reduction of **0.05 l/100 km**.



AIR CONDITIONING ☀

A new coolant is used that reduces its impact on global warming by **99.7%**.



ACOUSTICS ♥

Complies with the new European noise regulation directive "**2007/46/CE (< 72 dBA)**", with a reduction in the interior noise levels thanks to measures applied to the exhaust pipe and to the acoustic package.

EXHAUST PIPE

With integrated silencers. ♥

Volume and weight optimised to reduce consumption.



TYRES

Low rolling resistance.



They are made of **natural rubber**, representing 75% of the total amount of rubber found in the vehicle.

Indirect Tyre-pressure monitoring system (TPMS) to detect loss of tyre pressure, reducing fuel consumption and the tyre's wear and tear.



MATERIALS Renewable ♻

The total of weight of renewable materials used can reach **13 kg**.

Less lead ♥

Lead has been eliminated in the shock absorbers, in the welding of electric, electronic and glass components, and in dielectric ceramic materials of capacitors.

EXTERIOR AIR QUALITY ♥

The four-wheeled traction engines integrate catalytic converters into their exhaust systems.

STEERING WHEEL ♥♥♥☀

All versions include a magnesium - injected wheel skeleton that optimises the weight.

DOORS ♥♥♥☀

The weight of the doors has been reduced by decreasing their thickness.

FRONT WHEEL ARCHES

The front wheel arches and spare wheel compartment lining are made of **100% recycled** PP (Polypropylene).



The soundproofing materials are made of PET felt (Polyethylene terephthalate).



CHASSIS ☀♥♥♥

Using **84%** high-resistance steels together with hot stamping technology, allows for the reduction in thickness without compromising any mechanical properties.

MUDGUARDS ☀♥♥♥

Their weight has been reduced thanks to a thinner metal sheet.



5%

ALLOY WHEELS ☀♥♥♥

Subjected to fatigue and stress tests, they have been designed with the lowest possible weight.

SEATS ☀♥♥♥

Their weight has been reduced achieving optimised **4.5 kg**



4.5kg



In vehicles

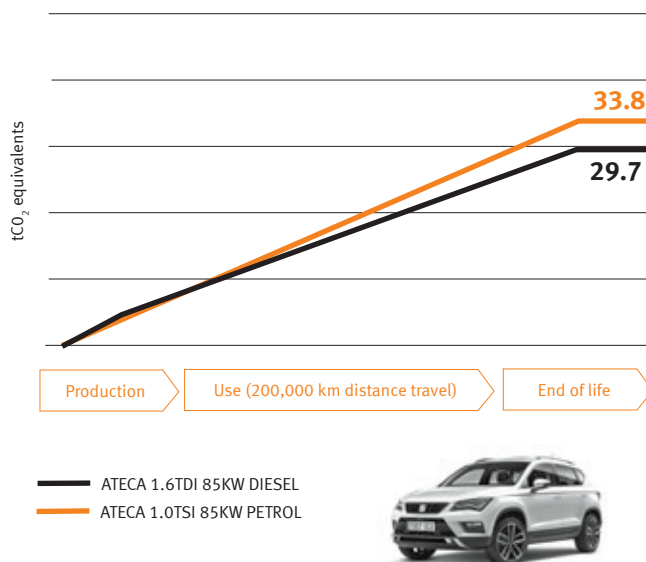
2016 has brought a new member into the SEAT family: the Ateca. Built on a modified MQB-A platform, the Ateca has been designed taking the commitment to the environment into account.

The best tool for measuring a product's environmental impact is the life cycle analysis (LCA). For the Ateca, this study has been performed in accordance with the standards ISO 14040 and ISO 14044 and has been certified by TÜV Rheinland. The analysis covers the entire process of the vehicle, known as "from cradle to grave": the materials and the energy consumption necessary in the phases of production, use (including the supply of fuel and emissions whilst driving) and the end of life treatment (recycling, recovery and landfill disposal).

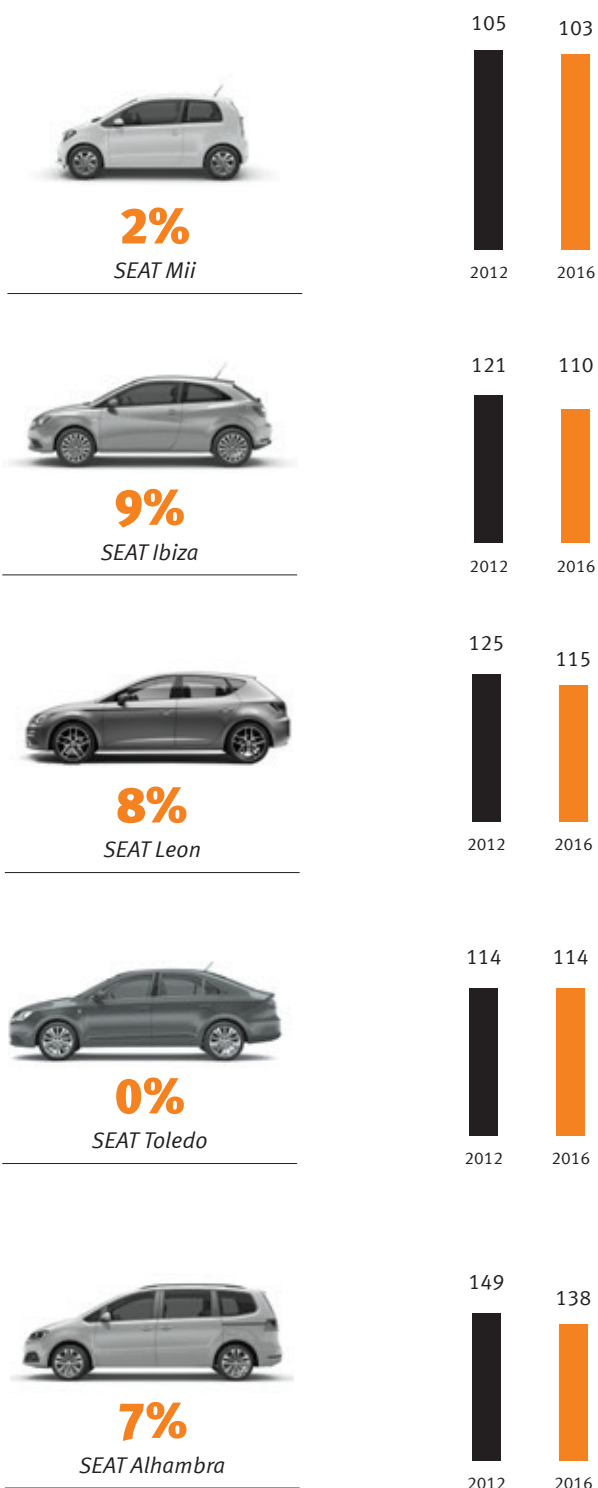
In order to perform this analysis, the data has been obtained in relation to the extraction of raw materials, their consumption and the energy required throughout the vehicle's life cycle. This information is essential for evaluating the most important categories of environmental impact in the automotive sector: greenhouse gases (potential for global warming), photochemical smog (implications for the health of human beings and for ecosystems), acidification (damage to forests, animals, buildings, etc.), depletion of the ozone layer (destruction of the protection against UV radiation) and eutrophication (high production of nutrients and reduction of O₂).

To make the company more competitive, "eco-innovation" is required, and to achieve this, "eco-designs" are needed. This is why SEAT has certified its vehicle design and development process in accordance with the ISO 14006 standard, which takes environmental aspects into consideration in the development of vehicles. Therefore, since September 2016, SEAT is certified by the TÜV Rheinland in Eco-design and has become the first company to hold the certification in accordance with the ISO 14006 standard in the automotive sector in Spain.

The greenhouse effect over Life Cycle



Reduction of average CO₂ emissions in SEAT's range of models (g/km)



Engines, for the good of the planet

ECOMOTIVE

The Ecomotive range offers excellent fuel consumption and low emissions. The Ateca can cover 100 km with only 4.3 litres of fuel.

MOTOR ACT

During low acceleration, the ACT system reduces fuel consumption and reduces emissions by deactivating two cylinders.

IBIZA ECOTSI

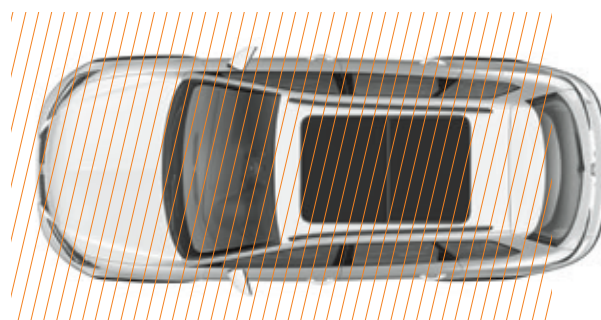
This powerful engine emits only 98 g of CO₂ per km, such that its emissions will always be low.

LEON TGI

The Leon TGI's 110 HP engine uses compressed natural gas (CNG) and has a range of up to 1,360 km adding together the capacity of the deposit of CNG and of unleaded petrol.

Compliance with the recycling rates

The recycling and recovery rate is **95%**



3

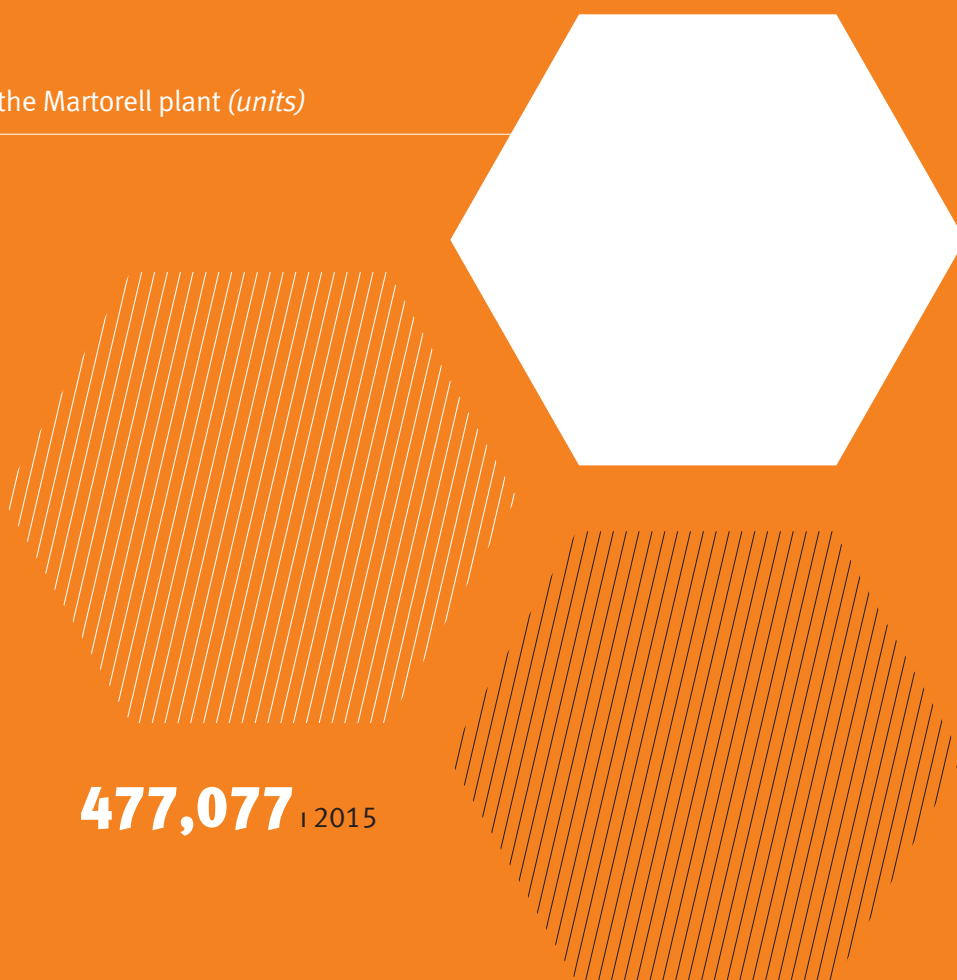
THE SMART FACTORY

PRODUCTION AND QUALITY

449,063

2016

Production at the Martorell plant (*units*)



477,077 | 2015

442,677 | 2014

EFFICIENCY: SEAT'S COMPETITIVE ADVANTAGE



Order to delivery 4.0

The strategic project Order to Delivery 4.0, which will make its debut in 2017 with a pilot test in the Austrian market, is cross-disciplinary and involves the whole company. Through this project, SEAT is seeking a new way to turn delivery time into one of the company's competitive advantages. This is in response to change in a society in which delivery time is now a key factor in the purchasing decision, providing greater flexibility and stability to the production process.

The launch of the Ateca in Kvasiny, the factory located in the Czech Republic, was a resounding success thanks to the close collaboration between the Production and Quality teams of the SEAT and ŠKODA brands. The market's excellent response to the model enabled a production volume of 35,883 units to be reached since its launch in April 2016. The Ateca is thus added to the external manufacturing of the SEAT brand: 18,720 units of the Mii in Bratislava (Slovakia), 18,029 Toledo in Mladá Boleslav (Czech Republic) and 31,214 Alhambra in Palmela (Portugal). In Spain, the Martorell factory closed the year with a volume of 449,063 vehicles. The 5.9% reduction on the production reached in 2015 (the highest figure in the last 13 years) was primarily due to the lower volumes of the Ibiza, mainly because of the works carried out to adapt the new generation of this model, and to the discontinuation of the Altea family, of which around 13,000 units were produced in 2015.

The bestselling Ibiza, in its penultimate year prior to the launch of the new model in 2017, maintained its position among the best-selling vehicles in its segment for another year, thanks to its advanced technology and excellent quality. The introduction of new electronic features, new engines and more finishes allowed

Production of SEAT models in Volkswagen Group plants

Bratislava (Slovakia)

18,720

SEAT vehicles

Martorell (Spain)

313,216

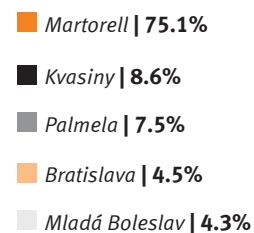
SEAT vehicles

Palmela (Portugal)

31,214

SEAT vehicles

Total production
417,012
SEAT vehicles
(+ 0.5% over 2015)



Mladá Boleslav (Czech Republic)

18,029

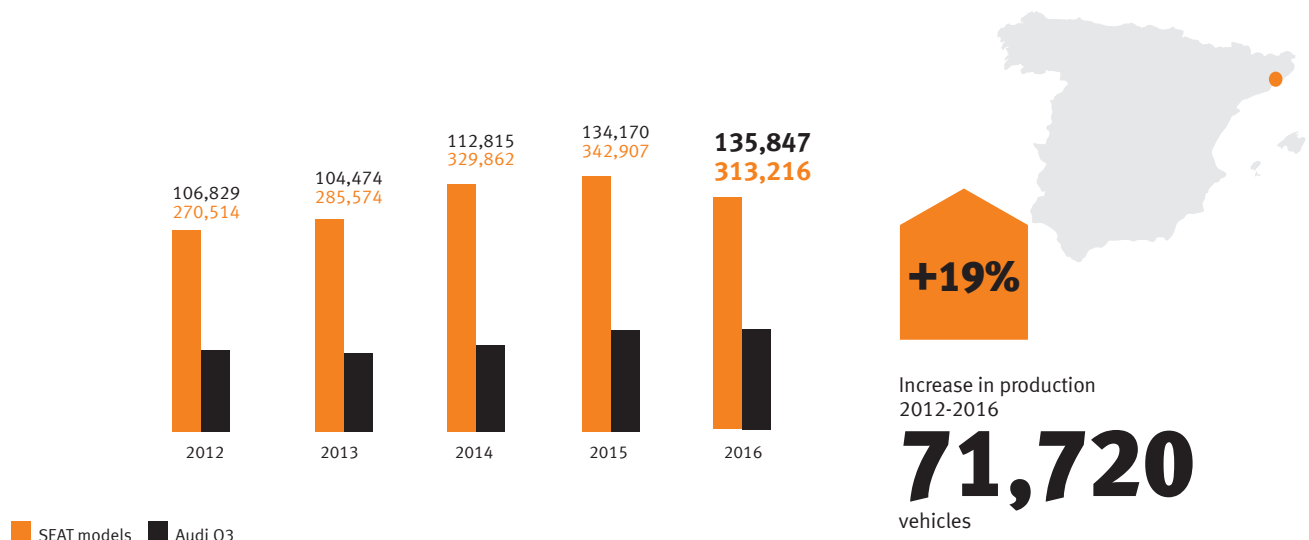
SEAT vehicles

Kvasiny (Czech Republic)

35,833

SEAT vehicles

Production at the Martorell plant (units)



it to maintain a high level of production thanks to its extensive acceptance on the market. In July, after 148,434 units had been produced since 2010, manufacturing of the Sport Tourer (ST) version of the Ibiza ceased. The Leon, on the other hand, continues to be one of the pillars of SEAT. At the end of 2016, the Martorell factory launched a facelift (PA) of this model with some excellent quality standards. Furthermore, in the Spring of 2016, the 500,000th unit of both the Q3, the first car of the Audi brand produced at the factory, and the MQB-A, the platform used to put the Leon together, left the assembly line.

The dedication of the Production and Quality teams to the efficiency of the process allowed the productivity and stability of the manufacturing programmes to increase for yet another year. The training activities carried out, together with the improvements in the management of ideas and a programme tailored to the needs of the assembly line, managed to increase the productivity of the Martorell factory by 7.4% compared with 2015. This success would not have been possible without daily teamwork and a common strategy known as PQT, which is promoted by the Production and Quality areas in order to permanently improve quality and productivity in the manufacturing process.

The PQT strategy is based on three pillars (Productivity, Quality and Team) and is supported by 10 initiatives developed to reach a specific goal: to make SEAT the number 1 company in Europe in production and quality in 2025. In January 2016, the team responsible for implementing this strategy met to assess the progress made in the last few years and to debate the future challenges in the changing industrial environment in which the automotive sector finds itself.



Ready to take on the fourth industrial revolution

Industry 4.0 will lead to a new way of organising production resources through the interconnection of objects, people and systems. SEAT is working to create a smart, digitalised and coordinated factory that will be able to adapt to production needs and processes, and that will manage resources and communication between the different areas of the company more effectively.

For the first time in its facilities, the Centre for Prototype Development (CPD) carried out the prototype phase of an Audi model manufactured in the Martorell factory. The A1 represents the completion of an integrated process of development, planning and production of a model of another brand for the first time in the Production division. Furthermore, the CPD has the most advanced virtual reality and simulation resources, which allows it to assess the project without the need for a physical car, with significant repercussions in the quality and precision of the product. This technology has been employed in the development phase of the new Ibiza, and achieved a 30% reduction in the time taken to manufacture a prototype.

Production at the Martorell plant (units)

	2016	2015	Variation	
			Absolute	%
SEAT models	313,216	342,907	(29,691)	(8.7)
Ibiza	149,988	160,451	(10,463)	(6.5)
Altea	0	13,001	(13,001)	–
Leon	163,228	169,455	(6,227)	(3.7)
Audi models	135,847	134,170	1,677	1.2
Q3	135,847	134,170	1,677	1.2
Total production (*)	449,063	477,077	(28,014)	(5.9)

* Figures for 2016 and 2015 do not include 103,796 and 72,169 SEAT vehicles produced at other Volkswagen Group plants, respectively.



The SEAT Leon is the most produced car in the Martorell factory

163,228
units

Furthermore, the optimisation of the logistical processes in general, and of the distribution process in particular, managed to free up an area of more than 12,500 m² of one of the sections of the Martorell factory, which will allow part of that area to be adapted for other uses.

In 2016, the activities of the Training Centre for the SEAT Production System (SPS) focused on various areas. The first was the completion of the PQT III modular training (“Quality in the process”) aimed at all manufacturing staff and various indirect divisions in the company, with more than 10,300 participants and 438 direct production teams being trained in situ with personal training on the production line. The second area of focus was the intensification of the specific training in the various manufacturing divisions for the launch of the new MQB-A0 platform, of which SEAT is a pioneer in the Volkswagen Group. This same pursuit of advanced training is evident in the



Martorell, factory of the year in “outstanding quality”

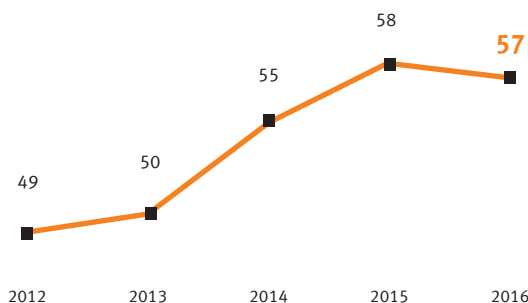
The brand’s main factory, Martorell, was recognised by the German magazine Produktion and the prestigious consultancy firm AT Kearney with the Award for factory of the year in the category of “outstanding quality”. This prize awards the continuous strive for excellence in the quality of its processes and recognises the work of the entire Production and Quality team of SEAT’s main factory, as well as the dedication of the whole company to achieve the utmost quality standards.

Centre for Logistical Training, whose team continues to strive for it to be recognised as a centre of excellence. In this field, of particular note is the training in new technologies and pilot technologies, such as 3D simulation to assure the quality of the process, prior to their implementation in the production line.

The SPS also completed its overhaul of ergonomics at the workstation, both within the direct and indirect areas. In the direct employees area, an ergonomic map of all the workstations was drawn up and those considered vulnerable to risks were reduced by 24%. Within the indirect area, more than 900 locations were assessed, with a particular emphasis on the anatomical position of the employee at their workstation, the temperature, ambient noise and the performance of relaxation exercises to achieve better satisfaction/wellbeing among the staff. Also, in addition to the uniform implementation of the Shopfloor Management programme (in situ management) in the direct areas of the Martorell, SEAT Componentes and SEAT Barcelona factories, the programme has begun to be implemented in the indirect areas as well, with the same goal of obtaining greater efficiencies by improving information flows and the resolution of incidents.

The phenomenon of digitalisation is having a significant impact on the industry and SEAT hopes to be a leader in this field. With this goal in mind, the PQT strategy has begun the Smart Factory programme, led by its technological innovation team. This programme of actions consists of three fundamental branches. Firstly, the generation of a new culture of innovation that seeks to maximise the team’s performance by taking advantage of the collective intelligence. Secondly, the development of experts in the new technological fields, such as mobile, collaborative and sensitive robotics, augmented and virtual reality, the interconnection of smart objects and the analysis and processing of big data. The third branch consists of the development and implementation of streamlined methods for developing ideas in innovation projects, together with the promotion of a network of external collaborations with start-ups and technology centres.

Production at SEAT Barcelona (millions of parts)



+16.1%

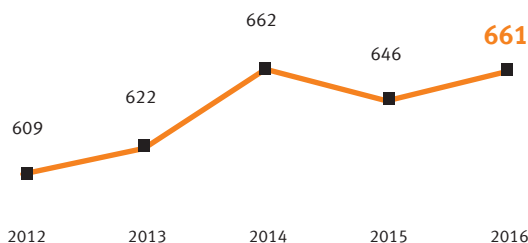
Increase in production
2012-2016

8

millions of parts



Production at SEAT Componentes (thousands of gearboxes)



+8.5%

Increase in production
2012-2016

52

thousands of gearboxes



In 2016, the SEAT Barcelona factory produced 56.7 million parts and maintained the production levels of the previous year. Since 2012, the volume of the plant has increased by 16.1%. This positive trend has allowed productivity to also increase in 2016 by 5.6%. As part of the PQT strategy, the factory has begun a thorough process of change and modernisation in various fields (infrastructure, organisation, product and attitude of the workforce) in order to make it more efficient and competitive. Furthermore, work began on installing the new PXL press assigned to SEAT Barcelona. This new facility, which will come into operation in the third quarter of 2017, represents an investment of 30 million euros. The SEAT Componentes factory, for its part, produced a total of 661,277 gearbox units, with an 8.8% improvement in its productivity, and in February it celebrated the production of its 13,000,000th gearbox. The units produced by these two factories are used both by the Martorell factory and by other centres of the Volkswagen Group.

**THE PHENOMENON OF DIGITALISATION
IS HAVING A SIGNIFICANT IMPACT
ON THE INDUSTRY AND SEAT HOPES
TO BE A LEADER IN THIS FIELD**



SEAT Componentes, the best factory in Spain according to IESE

Located in El Prat de Llobregat, the SEAT Componentes factory won the Award for Industrial Excellence from the CELSA Chair of IESE. The award recognises the Spanish companies that contribute to economic competitiveness and that support the most advanced and value-generating business strategies for society.

The factory carries out all the processes for the manufacture of gearboxes (casting, tooling and assembly) for different models of the Volkswagen Group and supplies factories in 13 countries. In 2014, it was recognised with the EMAS Certification of the European Commission for its excellence in environmental management of the production process.

TOWARDS PERFECTION IN QUALITY

The Quality department is present in the conception, development, production and after sales of a car, from the first drafts to the delivery to the final customer and the subsequent guarantee period. Analyses and checks are performed constantly and perfection is the result of hard work, passion and attention to detail. This premise is what allows the strict tests to be passed and customers' expectations to be met at all times. To this end, besides continuously reducing the number of complaints, SEAT provides added value in the quality perceived by the customer. This commitment is reflected in the results of the NEVQS survey (New European Vehicles Quality Survey), in which SEAT was classified as the top brand for customer satisfaction with the product in Germany.

With the goal of achieving quality levels to match customers' demands, SEAT spreads awareness of the importance of quality not only among its staff but also throughout the supply chain involved in the manufacture of its products. Through different activities, such as Supplier Day or Ibiza Day, the company's main suppliers are informed about the evolution of the quality of the components they supply and their influence on the overall quality of the brand's vehicles, while nurturing their commitment to meeting the goals established.

One of the most significant aspects of the launch of the Ateca was the surface finish of its components. The new model has strengthened the links between ŠKODA and SEAT. The experience of working together with different structures and working methods has strengthened the brand and has shown once again that a successful launch can be completed, just as it was for the Audi Q3 and it will be for the new Audi A1, which will be manufactured in Martorell.

Encouraging work and collaboration between the factories of the Group is a common objective. For this reason, the Quality Processes programme has been carried out in the Volkswagen Group once again, which was attended by three members of the SEAT team over the course of four months to acquire a



deeper knowledge of the tools of the Consortium. Furthermore, the Manufacturing Quality lines 1 and 2 and the Product Audit departments have new facilities attached to the Workshop 11 building, which offer them significant operating and logistical improvements to facilitate their operations. A new investment of 5.5 million euros was also made for the extension of the Cubing and Meisterbock centre, where SEAT's new models are given their shape.



QUESTION OF SMELL

We use our senses every day, including when getting into a car. The Quality division performs more than 400 tests per year to guarantee that the materials of a vehicle do not give off any unpleasant odour.



Investments made
in quality in the
period 2012-2016

12.3
million euros



Reduction of
customer complaints
in the period
2012-2016

49%



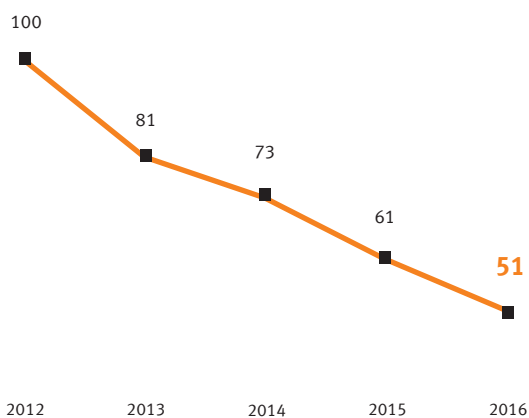
On 6 October, the Production and Quality Academies were established. Their role is to assure the transfer of knowledge and to develop the skills of these divisions' professionals through innovative learning techniques in order to develop specialists and experts in the company's key technologies.

The Audi Q3 and the Martorell factory win the JD POWER award

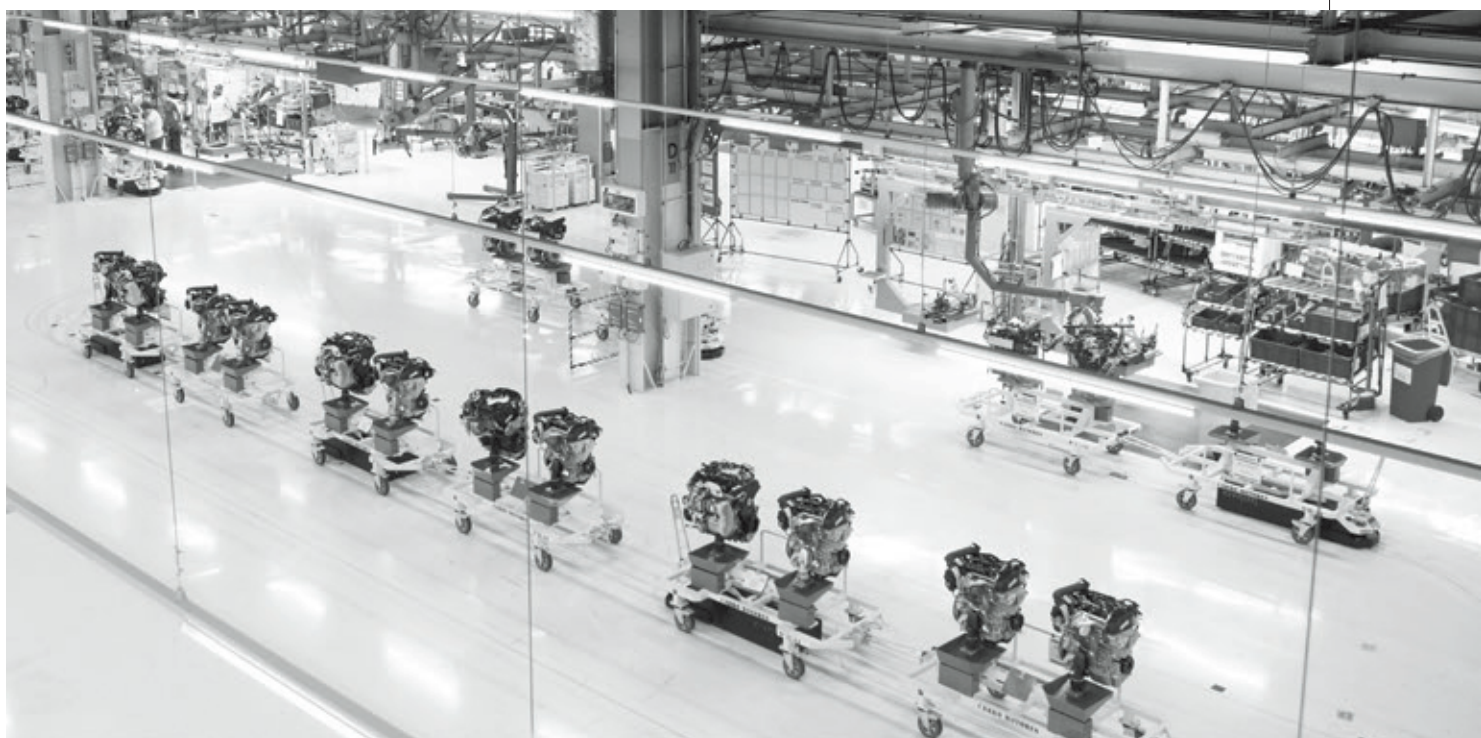
The Audi Q3, which is manufactured in the Martorell factory, was once again one of the winners in the Initial Quality Study (IQS) carried out by the consultancy firm J. D. Power and Associates and for the second consecutive year, it prevailed in the Small Premium SUV category.

The consultancy firm also awarded the silver award for quality in the Europe/Africa region to the Martorell factory for the manufacture of the Audi Q3. The IQS is one of the most influential studies in the sector for the North American industry and consumers.

Complaints / 1,000 end customers (base 100)



**PERFECTION IS THE RESULT
OF HARD WORK, PASSION AND
ATTENTION TO DETAIL**



4

OPTIMAL MANAGEMENT OF RESOURCES

PURCHASES

6,770
2016

Volume of purchases managed
(millions of euros)

6,904 | 2015

5,791 | 2014

PURCHASES MANAGEMENT

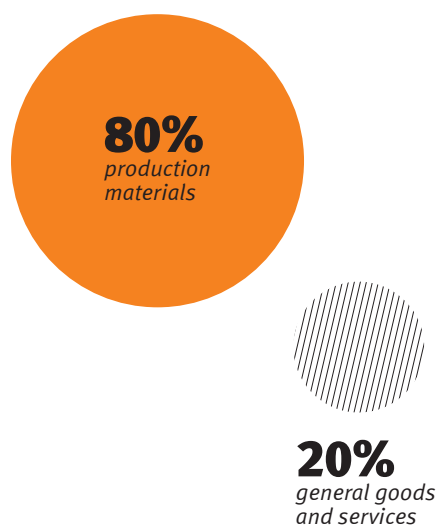
In 2016, the Purchases division managed 6,770 million euros for the acquisition of products, goods and services. Of this amount, 80% related to manufacturing materials, spare parts and accessories and 20% related to the acquisition of general goods and services.

The total volume of the purchases managed also includes the components and materials necessary for producing SEAT vehicles and the purchases for the Audi Q3 model, which is also manufactured at the Martorell factory.

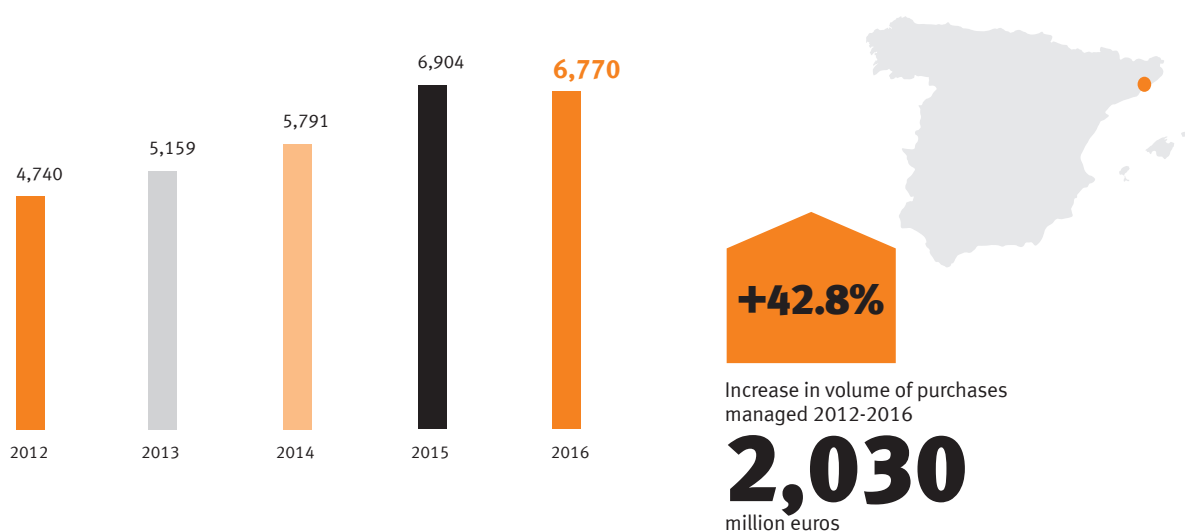
One of the cornerstones of the optimisation of production material costs is the FMK programme (Service Cost Forum), which the Purchases and the Research and Development areas work on together, supported by all the other areas of the company. Through this programme, during 2016 improvement proposals were carried out on purchases amounting to 2,025 million euros and savings of 85 million euros were achieved, with the work performed in the family of the Ibiza and Leon models being particularly noteworthy.

Distribution of purchases in 2016

Purchases destination



Volume of purchases managed (millions of euros)





Purchases management, a decisive tool

The Purchases division always aims to acquire components with the highest quality and at the best prices, paying particular attention to delivery dates. Logistical costs are also fundamental, so it works closely with suppliers and the other areas of the company to optimise the logistical chain. The exhaustive analysis of potential suppliers' capacities and of the company's needs enables us to choose the option that combines the best service at the best price.

The FSK programme (Service Cost Form) aims to reduce the costs of services used by the company. With this goal in mind, Purchases works together with the Finance division and with all the areas that require these services. In this programme, improvements were proposed on a total purchase volume of 117 million euros and savings of 7 million euros were achieved.

The launch of the Ateca model represented a new challenge for the Purchases division. One of the top priorities was to ensure that in the model's launch, the suppliers complied with all the requirements regarding costs, deadlines, capacity and quality. This work was particularly important due to the fact that the vehicle is manufactured at the Kvasiny factory located in the Czech Republic.

During 2016, the Purchases team played an active role in preparing for the brand's upcoming launches, which will take place in 2017: the fifth generation of the Ibiza and the new Arona. In both cases, the work performed with suppliers focused primarily on negotiation and on assigning the parts of these two new vehicles, as well as on managing the various modifications made, controlling their costs and deadlines to ensure the launches went as smoothly as possible.

Purchases area programme

Material Cost Forum Programme

Ideas implemented

155

Savings in millions of euros

85



Another major milestone will be the addition of the Audi A1 model to the list of vehicles to be manufactured in Martorell. This will be a new challenge and another step in the collaboration with the Audi brand in the development and launch of a new model, following the success of the Audi Q3. As well as being responsible for negotiating all the modifications in the project with the suppliers, the Purchases division is also responsible for acquiring the new equipment and facilities that will enable the future production of the A1 in Martorell. As such, it creates an additional opportunity for SEAT's local suppliers.

**IN 2016, THE PURCHASES DIVISION
MANAGED 6,770 MILLION EUROS
FOR THE ACQUISITION OF PRODUCTS,
GOODS AND SERVICES**



Management of purchases in the new SEAT Ateca model



Suppliers from
19
countries



Management of
2,936
new parts



Number
of suppliers
118



SEAT ATECA: AN ENTIRELY NEW EXPERIENCE

Fun at the wheel is one of SEAT's core criteria. The new Ateca offers a unique combination of design, versatility and dynamic driving that allows the driver to enjoy every day and every kilometre as if they were a completely new experience.

IBERIA SOURCING PROJECT

The aim of this joint project between SEAT and the Volkswagen Group is to prioritise and identify suppliers in the Iberian Peninsula and North Africa. It is in this context that the visits to different supplier associations were carried out during 2016 to establish contact with potential candidates, find out their capacity and present the company's needs.

In July, the company took part in the eleventh edition of the BAI 2016 (Basque Automotive Industry) event at the facilities of the AIC (Automotive Intelligence Center), located in Bilbao and managed by the Automotive Cluster of the Basque Country (ACICAE). The conferences presented the map of advanced manufacturing of the automotive sector for the Basque Country in 2025. Furthermore, practical industrial examples were shown of improved competitiveness through the implementation of advanced manufacturing strategies.

In September, a team from Purchases together with strategic suppliers met in Morocco with the Moroccan Association for the Automotive Industry and Commerce (AMICA) and a group of suppliers belonging to that association. The workshops served to establish contact and were named the Supplier Conference 2016. This visit forms part of the process of building relationships and communicating with suppliers in the region and was a continuation of the visit made in July 2015.

In both forums (Basque Country and Morocco), SEAT emphasised the multiple qualities that the company needs from its suppliers: sustainability, quality, capacity to innovate, competitiveness, productivity, stability, assurance of supplies, flexibility, financial liquidity, as well as the capacity to manage and carry out projects.

THE PURCHASES ACADEMY



Continuous and specialist training is a tool that helps to optimise working processes and staff motivation. This is why all divisions of the company carry out specific activities in this field.

The Purchases Academy, which was established two years ago, continued carrying out its training activities and added a new instrument, known as “Conversations” (*Charlas por perfil de competencia*), for assessing employees’ skills in order to learn more about the division’s staff. Throughout the year, one-on-one discussions were held with each employee, in which the skills profile of each position and specialist training needs were analysed.

At the same time, the Purchases Experts Committee held several specialist training sessions on topics such as Supplier Risk Management, Capacity Management and Cost Management. The functions of this committee focus on the transfer of knowledge that allows the company to improve employees’ skills and their professional development.

DIGITALISATION OF SYSTEMS AND PROCESSES

Collaboration with suppliers is one of the priorities of the Purchases division. In June 2016, Supplier Interaction Day was held, a day in which a team of SEAT representatives met with forty of its main suppliers. The purpose of the event was to improve the systems and processes used on the shared digital platform.

The different workshops organised throughout the day allowed the suppliers to contribute their experiences and points of view. All the contributions were collected and analysed and they served as a basis for planning future improvements as part of the company’s overall digitalisation strategy.

The organisation of these workshops forms part of a wider programme that includes all the brands of the Volkswagen Group, which aims to achieve in the medium term the complete digitalisation of all the processes and systems, both internal and with suppliers.

**COLLABORATION WITH SUPPLIERS
IS ONE OF THE PRIORITIES
OF THE PURCHASES DIVISION**

5

PRODUCT OFFENSIVE

SALES AND MARKETING

536,462

2016

Wholesales of new vehicles (*units*)

531,786 | 2015

489,896 | 2014

DELIVERIES TO FINAL CUSTOMERS

In 2016, the global economy consolidated its growth. The significant improvement in consumer spending was reflected in the sales of the automotive sector. Vehicle registrations grew globally by 4.3% compared to 2015, while in the European Union they grew by 6.8%. The main European markets recorded increases: 15.8% in Italy, 10.9% in Spain, 5.1% in France, 4.5% in Germany and 2.3% in the United Kingdom.

SEAT, for the fourth consecutive year, increased its sales compared to the previous year. Deliveries to final customers totalled 408,703 units, representing a 2.2% improvement on 2015. This is a significant increase, considering that the brand stopped manufacturing the Altea model in 2015 and that the launch of the new SUV Ateca took place in mid-2016. In the final quarter of the year, sales to final customers grew by 4.5%.

In Europe, SEAT once again improved its sales to final customers by 2.3% and consolidated the growth begun in previous years in most of its markets: 31.3% in Sweden, 23.6% in Finland, 22.1% in Poland, 17% in Portugal, 12.9% in Austria, 12.9% in Ireland, 11.1% in Hungary, 3.9% in Italy, 2.5% in Germany and 0.1% in Spain, among others. Also of note is the growth achieved by the brand in the markets of Turkey (41.5%) and Israel (6.2%) and the consolidation of Mexico as the brand's fourth largest market.

With regard to the models, the Leon range topped SEAT's sales for another year with 165,148 units, which represents 40% of the total. The Ibiza range, meanwhile, joined the Leon as a solid pillar of the brand, with 151,424 units sold and 37% of total sales. The

Alhambra played a major role with 30,683 vehicles delivered (the highest figure in its 20-year history) and the recent arrival of the Ateca showed that it is now the brand's third pillar, with its 24,031 units sold in just a few months on the market.

From a product point of view, 2016 was a key year for the company. In April, SEAT launched its first SUV, the Ateca, which allowed the brand to enter the fastest growing segment in Europe. The new model received very good reviews from the international press and its orders are proving successful. The Ateca includes a new trim, XCELLENCE, which gives SEAT access to customers seeking distinction, comfort and the latest innovations.



SEAT delivered
worldwide

408,703



Increase in deliveries
to final customers

2.2%



CUPRA RANGE: 20 YEARS MAKING DREAMS REALITY

The CUPRA range celebrates 20 years making customers' dreams reality. They are vehicles with the performance of a premium sports car that allow you to achieve a dream.



In June, the commemorative version of the Alhambra was introduced to celebrate its 20th anniversary, with a wealth of features and an exclusive design. The model also included a variant in its most powerful TDI engine, with a DSG gearbox and 4Drive.

In October, the new Leon was presented with changes in its exterior design that accentuate its sportiness and with new Full LED headlights. It also includes new driver assistance systems that increase safety, such as the pedestrian detector and a redesigned interior with improvements in comfort, including the electric handbrake, the 8" touchscreen and the wireless charger. The model also offers the new XCELLENCE trim, another reason that will allow it to achieve many successes.

Another new product added at the end of the year was the Mii by Cosmopolitan, a city car that has the most advanced technology and design offered by SEAT, designed in collaboration with Cosmopolitan magazine, which gives the model a unique personality.

New SEAT Ateca: an authentic compact and sporty SUV

The new Ateca is one of the most innovative SUVs in its segment. Continuing with the brand's tradition, it is named after a Spanish town that is located in the province of Zaragoza.

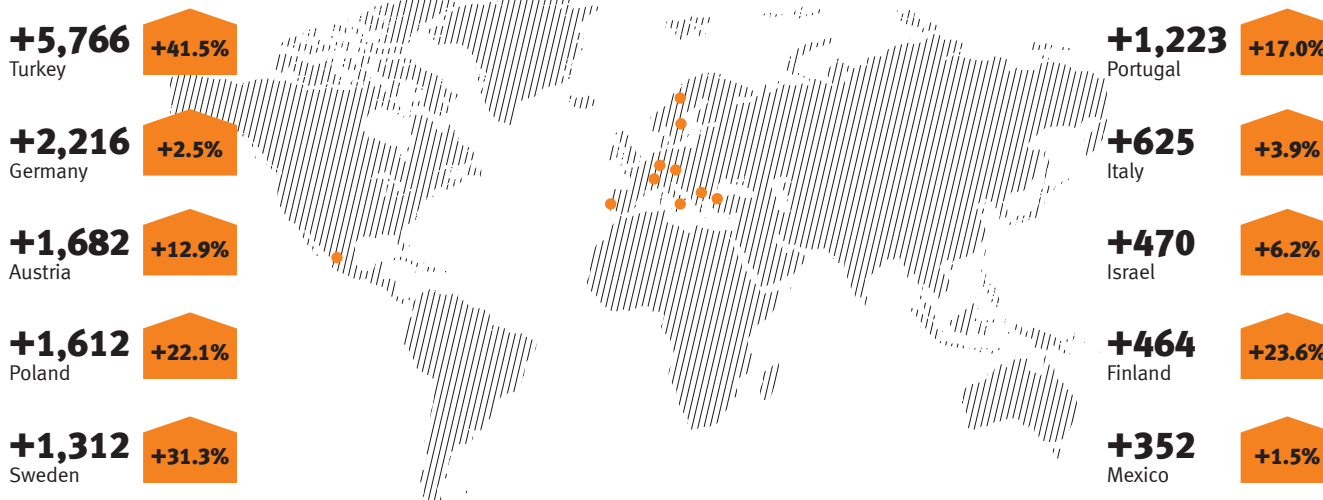
The new model is the protagonist of the brand's strategy, since it guarantees its continued growth and the improvement of its image. The Ateca marks the starting gun of the largest product offensive that SEAT has undertaken to date. The SUV segment is the fastest-growing segment and the Ateca symbolises a major step forward to become the brand's third pillar, together with the Ibiza and the Leon.



DELIVERIES TO FINAL CUSTOMERS TOTALLED 408,703 UNITS, REPRESENTING A 2.2% IMPROVEMENT ON 2015

Top ten in growth of sales to end customers

(Unit increase over 2015)



SEAT, a global brand

Distribution of 2016 retail sales among main markets

80

COUNTRIES

Total retail sales

2016 | **408,703**



165,148

SEAT Leon



151,424

SEAT Ibiza



30,683

SEAT Alhambra



19,522

SEAT Mii



24,031

SEAT Ateca



17,500

SEAT Toledo



395

SEAT Altea

24,500

4. Mexico

4

Countries

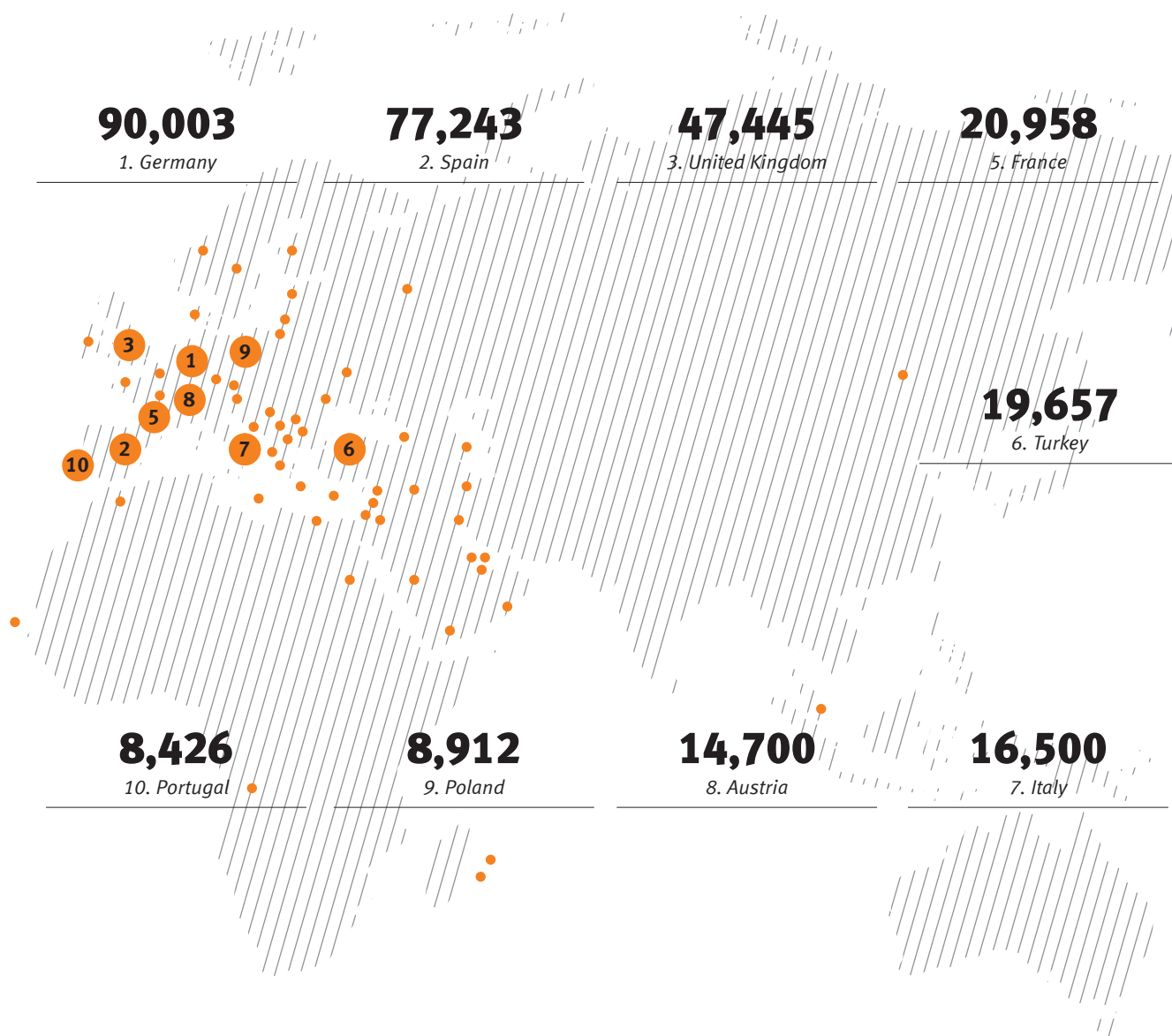
Albania
Algeria
Andorra
Angola
Austria
Bahrain
Belgium
Bolivia
Bosnia-Herzegovina
Bulgaria
Cape Verde
China
Colombia
Costa Rica
Croatia
Cuba
Curaçao

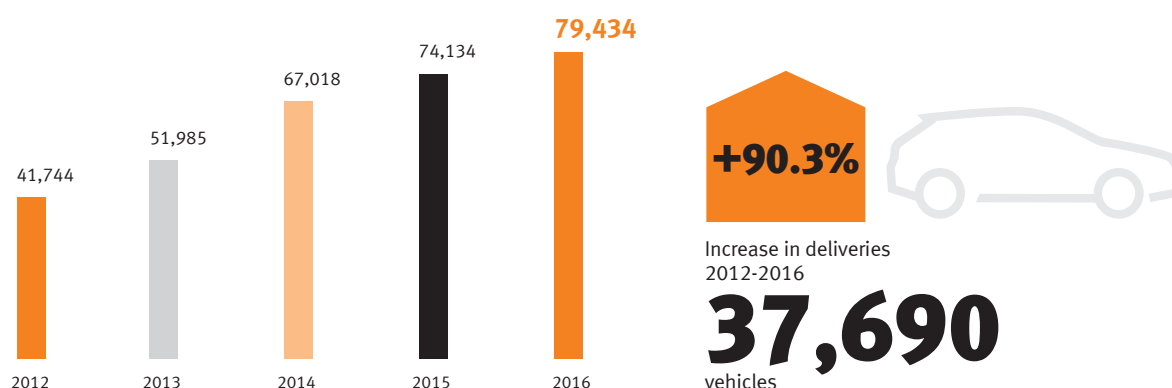
Cyprus
Czech Republic
Denmark
Dominican Republic
Ecuador
Egypt
Estonia
Finland
France
French Guiana
Georgia
Germany
Greece
Guadeloupe
Guatemala
Hungary
Iran

Ireland
Israel
Italy
Jordan
Kuwait
Latvia
Lebanon
Libya
Lithuania
Luxembourg
Malta
Martinique
Mexico
Morocco
Netherlands
Norway
Oman

Palestine
Peru
Poland
Portugal
Qatar
Republic of Azerbaijan
Republic of Macedonia
Republic of Mauritius
Republic of Moldavia
Réunion Island
Romania
Russia
Saudi Arabia
Serbia
Singapore
Slovakia
Slovenia

Spain
Switzerland
Syria
Sweden
Tunisia
Turkey
Ukraine
United Arab Emirates
United Kingdom
Uruguay
Venezuela
Yemen



Deliveries in the fleets channel (units)

In the fleets channel, the company maintained the strategy that provided continuous growth in the brand's deliveries. During 2016, the company sold a total of 79,434 units through the sale to companies and leasing (true fleet) channel, which represents a 7% improvement compared with the previous year. The most notable growths were registered in Mexico (61%), Poland (40%) and Italy (27%).

Thanks to the success achieved since its launch in 2013, the specialist fleets programme for SMEs (Dealer Fleet Program), designed to improve training in dealership networks, continues its expansion into new markets. It is currently established in 12 countries, with a total of 244 specialist dealerships.

Furthermore, in the used car market, the multi-brand used car programme of the Volkswagen Group (Das WeltAuto.) continues its expansion, with a network of 400 dealerships across 10 markets.

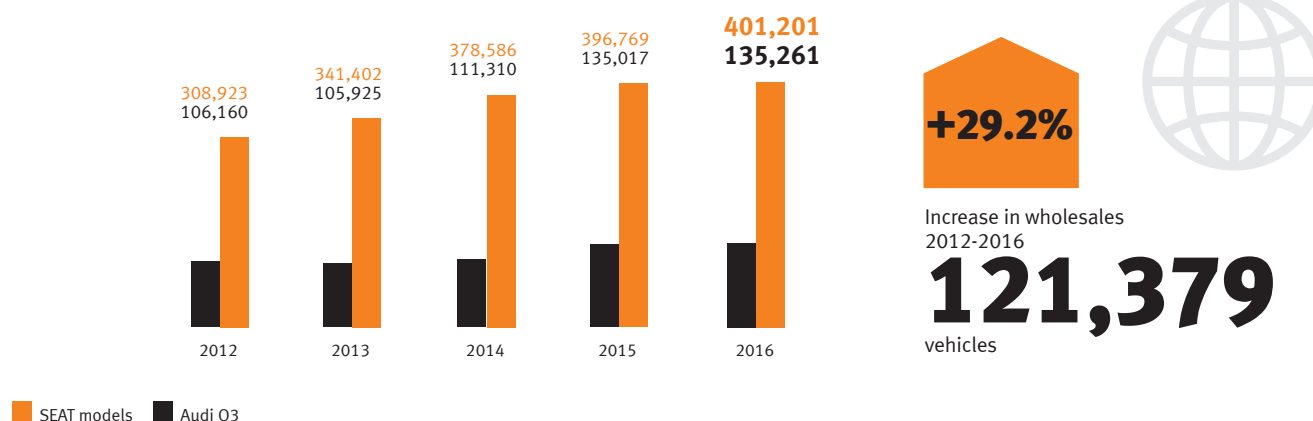
**An "EASY" purchase process**

SEAT and Amazon France joined forces to offer an exclusive sales campaign called #DeliveryToEnjoy. This initiative, aimed at selling 15 units of the Mii by Mango Limited Edition model online, consisted of placing the order for the vehicle directly on *Amazon.fr* and receiving it at home within just 72 hours, under the supervision of the nearest SEAT dealership. The two companies provided consumers a unique, simple, innovative and fast buying experience, adapting to new demands. The campaign was a success and was increased from 15 to 24 units of the Mii by Mango.



COMMERCIAL NETWORK

Wholesales of new vehicles (units)



AT THE END OF 2016, SEAT'S COMMERCIAL NETWORK HAD A TOTAL OF 1,716 DEALERSHIPS AND OFFICIAL SHOWROOMS, DISTRIBUTED ACROSS 80 COUNTRIES

At the end of 2016, SEAT's commercial network had a total of 1,716 dealerships and official showrooms, distributed across 80 countries. The brand has added five new markets (Costa Rica, Ecuador, Iran, Singapore and Uruguay) and now has the challenge of strengthening the current structure, maintaining stability, improving its profitability and adapting to new technological advances.



*The SEAT Leon is
the best-selling vehicle*
156,212
units

Wholesales of new vehicles (units)

	2016	2015	Variation	
			Absolute	%
SEAT models	401,201	396,769	4,432	1.1
Mii	18,227	24,291	(6,064)	(25.0)
Ibiza	144,961	152,433	(7,472)	(4.9)
Altea	294	12,385	(12,091)	(97.6)
Leon	156,212	161,981	(5,769)	(3.6)
Toledo	17,350	18,375	(1,025)	(5.6)
Ateca	33,423	0	33,423	–
Alhambra	30,734	27,304	3,430	12.6
Audi models	135,261	135,017	244	0.2
Q3	135,261	135,017	244	0.2
Total wholesales (*)	536,462	531,786	4,676	0.9

* Figures for 2016 and 2015 do not include 11,482 and 12,722 used vehicles, respectively.

Following on from this, the company has launched its first SEAT Store, an innovative multi-channel concept located in the Lakeside shopping centre in London. The project is part of the brand's strategy to become more accessible and to adapt to new consumer trends and habits. The SEAT Store also has its own online space (www.seat-store.co.uk/Lakeside) that allows visitors to digitally configure their favourite model, calculate financing, obtain a valuation for their current car and book test drives. The store can be accessed in multiple ways, at the shop itself or from smartphones, tablets or computers. Among the innovations this new space includes, besides the unaccompanied test drives available to users, of particular note is the possibility for buyers to have the vehicle delivered to them within seven days.

SEAT also offers potential customers a virtual showroom experience for the first time, through the pioneering platform SEAT Live Store. This innovative online communication system allows the user experience to be taken to a new digital dimension to help the customer choose the vehicle. During the call, an expert from the brand in the showroom gives a guided tour in which they show the user the inside and outside of the cars using various cameras and answers questions on the spot related to the features, technology and design of the Ateca, Leon and Ibiza models. They also show all the vehicle's details, offer online product videos, provide a configuration of the vehicle in real



The first SEAT store opens its doors in London

In 2016, SEAT launched its first SEAT Store, an innovative concept located in the Lakeside shopping centre, in London. This new project forms part of the company's overall strategy, which sets out to get even closer to customers, anticipate their demands and provide them with a unique, easy and digital brand experience. The SEAT Store allows visitors to search for and digitally configure the model that best suits their preferences, calculate its financing and request test drives on the spot or on future dates.

time and locate the customer's nearest dealership. The virtual showroom studio is located in Barcelona and is ready to service the Spanish and German markets.

Customers are proving to be increasingly satisfied with SEAT's dealership network. General satisfaction with dealerships (CSS) increased 0.95% compared with the same period last year. Customers' recommendation of the company, which is one of the main business drivers, remained stable and declared loyalty increased by 0.93%.

Information regarding the comercial network



The brand is operating in

80
countries



The brand is present in

1,716
dealerships and showrooms



Customer satisfaction in sales increase by

0.95%
over 2015



Declared customers loyalty increased by

0.93%
over 2015



THE CUSTOMER IS ALWAYS RIGHT

Product clinics are a test in which potential customers, between approximately 300 and 500 people split into small groups, evaluate a model in its development phase in order to identify aspects for improvement.



MUSICATHON

Los Angeles, the global mecca for the music industry, played host to the third and last stage of the Musicathon, the international co-creation competition organised by SEAT to develop the brand's musical logo.

AFTER SALES NETWORK

The data transfer capacity of new technologies is allowing SEAT's after sales network to break its dependency on fixed facilities. At present, there are already a number of remote services available, such as "Flashing Mobile", that allows software updates outside the official service centres, and the direct sale of software to customers, as part of the range of products integrated into the vehicle without the need for technical support. Accessibility to data, regardless of geographical location, brings the opportunity to create new services and functions for customers. In this sense, the car diagnosis application "Mycheck", available with the new Ateca model, has achieved great success as a result of the strong teamwork throughout the manufacturer-importer-dealer chain. This software tool helps workshops to check all relevant items of the vehicle and after it is used, it provides customised reports by centre and/or market based on the results obtained.

The new after sales Apps allow us to improve not only customer service but also the training provided to the company's own staff. Among these applications, "Online Booking" stands out. This is a programme implemented in seven countries that allows users to book appointments at services centres. Also worth mentioning is "Gamification", an application that reinforces the quality of training, by bringing concepts and teaching closer to each job, with answers to the exact question being posed and thus guaranteeing the professionalism offered.

The launch of the Ateca has enabled the company to prove the success of a new way of defining, designing and developing the vehicle's original line of accessories, with a complete range of accessories, both interior and exterior, already available from the very first day of sale on the market. The first line of lifestyle products, known as SEAT Collection, has also been developed and is grouped into three collections: *Essentials*, with branded generic articles; *Ateca*, aligned with the emblematic colours and style of the model; and *Motorsports*, consisting of items with a notably sporty look.

THE NEW AFTER SALES APPS ALLOW US TO IMPROVE NOT ONLY CUSTOMER SERVICE BUT ALSO THE TRAINING PROVIDED TO THE COMPANY'S OWN STAFF



SEAT wins the Eventoplus 2016 silver award

SEAT won the silver award in the best space category of the Eventoplus 2016 awards for the Ibiza Central Launch Training. This event, held in 2015 in PortAventura, set out to offer the dealership network complete training on the new model, as well as to motivate the network staff and allow them to live the brand.

The silver award recognises the excellence of the spaces created (which include conference rooms, a workshop area and a test track) to achieve the goals of this programme.



BRAND ADVERTISING



New SEAT Ateca: Marvellous routine

With the new Ateca, SEAT is seeking to bring the brand to people that live their daily lives in the city. Aimed at all those that make the very most of every minute of their routine, who are always thinking about enjoying themselves and see a life full of opportunities. Therefore, the company needed a campaign that showed the world that by **changing one's point of view, routine tasks can become something marvellous.**

ATECA receives **21%** of visits to the SEAT website



More than **15 million** people saw the launch advert in Spain



Engagement on social media has increased by **120%**



Average SEAT engagement

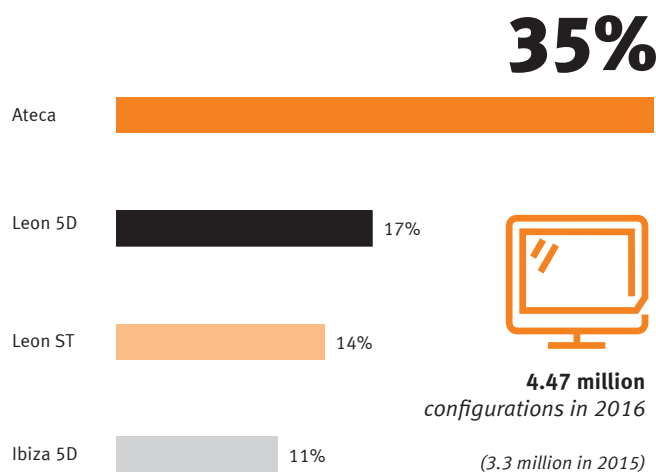


+120%

ATECA engagement



Ateca now represents 35% of all configurations



The TV Ad tells the story of a woman that lives her life as all the versions of herself that she wants to be. The new **SEAT Ateca and all its technology help her to enjoy** each one of the roles, turning her routine into something marvellous, and to successfully overcome all the challenges of the city.

The campaign has had a number of offline and digital assets for all phases. Furthermore, the Ateca model will have a new TV Ad in 2017 that will transmit the concept to a wider audience, focused on showing the public that every routine can be marvellous.



SEAT ATECA
Scan the QR
code to see the
campaign advert.



“Discover SEAT”

The campaign “Discover SEAT” was launched with the goal of strengthening the brand’s image and publicising its values, as well as the importance of the company in the car industry and in the Spanish economy. All of this with the new Ateca as the protagonist, a vehicle full of technology with which SEAT is entering the compact SUV segment for the first time.

The touching campaign shows the journey to the Moon of Apollo 8 where, far from marvelling at landing on it, what really surprised the crew was the beauty of planet Earth and its terrain. It was at that moment that they realised the endless number of places there were to enjoy and feel proud of.

The same thing happens with SEAT: an unforgettable past, a brilliant present and a promising future. This is our brand and that is why the company invites people to discover SEAT and to appreciate everything it has to offer. Because sometimes a different point of view makes you realise the great things around you.



THE NEW ATECA IS THE MOST ADVANCED CAR THAT SEAT HAS EVER DESIGNED. ITS COMBINATION OF DESIGN, VERSATILITY AND THE MOST ADVANCED TECHNOLOGY MAKE IT THE PERFECT CAR TO TURN DAY TO DAY TASKS INTO A MARVELLOUS ROUTINE

READY TO MOVE INTO THE FUTURE

The future is EASY

The world is changing and SEAT wants to be at the forefront of that change. **The company has begun a new stage with a great challenge: digitalisation,** especially with regard to connectivity, in order to meet people's needs through technology and make their life easier and more comfortable.

SEAT has one of the key platforms for this change: the car. The car will be a technological tool for people, like the mobile phone, which has gone from simply making and receiving calls to being the centre of everyone's daily experience.

To respond to this challenge, SEAT has created the Easy Mobility Team, a cross-departmental team summoned to lead the company's transformation. **The Easy Mobility Team consists of three pillars: the connected vehicle** with its respective functions and services and the future concepts of urban mobility, fields in which SEAT wants to be a leader; **the connected client,** who in the future will be placed at the centre of the ecosystem; **and the creation of new business models** through different initiatives and establishing partnerships with external companies or startups.

As a member of the Volkswagen Group, SEAT will take part in the various initiatives there are in mobility. Furthermore, within the various businesses and services that SEAT promotes, future innovations will be added in order to develop Easy mobility solutions.

BARCELONA, ONE OF THE MOST CREATIVE AND SMARTEST CITIES IN THE WORLD, IS OUR TEST CITY. WE CANNOT THINK OF A BETTER PLACE TO PUT OUR NEW CONCEPT FOR EASY MOBILITY INTO ACTION THAN HERE, IN OUR HOME





PRESENTATIONS AND MOTOR SHOWS

2016 stood out for being a year loaded with emotions for SEAT. At the Geneva Motor Show held in March, the long-awaited Ateca was presented, being one of the most innovative SUVs in its segment that offers a unique combination of technology, design, versatility and dynamic driving. A special 20th Anniversary edition of the Alhambra was also presented at this same show, to celebrate the first generation of the Alhambra presented two decades ago.

At the Paris Motor Show, SEAT added the *Created in Barcelona* concept as a central theme for its exhibition. The brand surprised with an innovative format consisting of two spaces:

/ A stand with a 4D interactive amphitheatre, made up of 48 movable seats and their respective interactive Samsung glasses, in which visitors had the opportunity to enjoy a visit to Barcelona through a virtual experience. It also included a car configuration tool with Bitbrain technology, in which users could configure the SEAT Ateca to best suit their emotions, simply through their physiological response to different visual stimuli.

/ In an outdoor area, a building was constructed that brought a piece of Barcelona to the heart of Paris, as part of a concept for a social area for visitors to the show. Through its design and decorative elements, based on famous designers and architects from Barcelona, visitors were able to directly connect with the

city that represents the spirit and inspiration of the brand and its design, as well as with the Ateca model shown in the stand. The atmosphere created could turn the everyday into something extraordinary and turn routine into something marvellous.

SEAT also presented at the Paris Motor Show the most adventurous version of its first SUV, the Ateca X-PERIENCE. This exercise in design, with an exceptional off-road performance, shows that the brand can overcome any limit and it was presented with a matte olive green colour associated with nature.



SEAT INTRODUCES THE NEW ATECA AT THE GENEVA MOTOR SHOW

SEAT presented its new compact SUV at the Geneva Motor Show. The Ateca has been designed and developed 100% in Barcelona.

Presentations at International Motor Shows

Brussels Motorshow

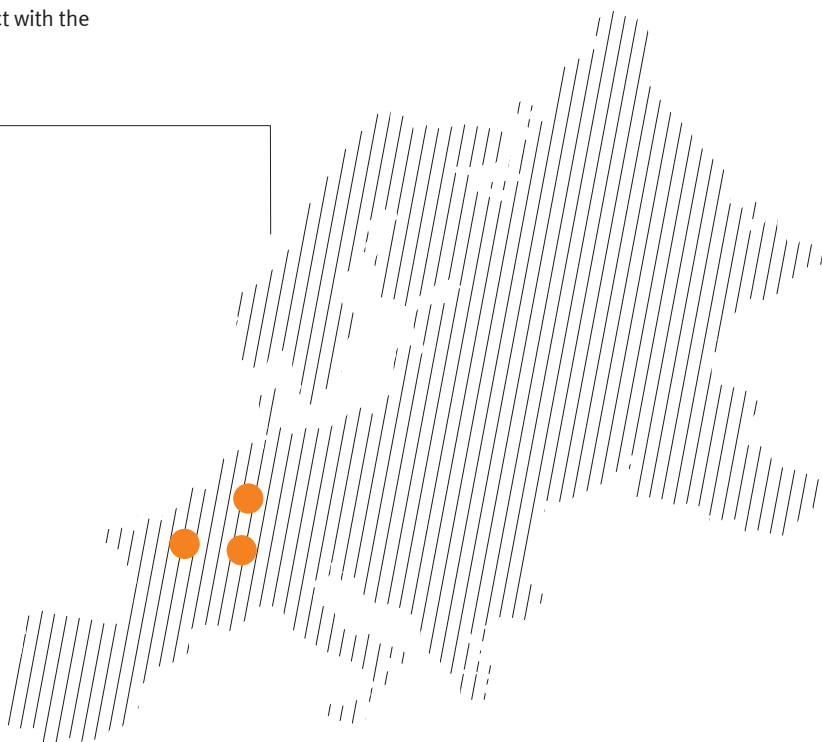
From 12 to 24 January
Presentation of the Showcar
Leon SC Cross

Geneva Motorshow

From 1 to 13 March
Presentation of the SEAT Ateca,
and Alhambra 20th anniversary

Paris Motorshow

From 29 September to 16 October
Presentation of the Ateca X-PERIENCE



SPONSORSHIPS AND OTHER EVENTS

SEAT carries out its sponsorship activity to give visibility to the brand, communicate its values and bring its products to the customer. The initiatives carried out in the spheres of music, football and other sporting events serve as a link to connect with society. Once again, in 2016 the company upheld its commitment as the main sponsor of the largest music festivals in Germany. In total, more than 160,000 spectators attended the Rock am Ring and Rock im Park festivals.

SEAT continued to support football in Spain and was once again the official sponsor of the 2016 final of the Copa del Rey (King's Cup), which saw FC Barcelona take on Sevilla FC. More than 33 million spectators followed the match on television. The 54,000 lucky ones that filled the Vicente Calderón stadium had the opportunity to enjoy the good football and a special spectacle presented by the new SEAT Ateca. In Germany, the brand maintained its successful collaboration with the football team Eintracht Braunschweig.

The company's relationship with sport was made even stronger by once again sponsoring the Euroleague, the most important basketball tournament at a European level, through its Turkish automotive partner.

The company's link with elite sport was also highlighted by continuing its commitment to the Real Club de Polo de Barcelona, a sports institution with 10,500 members that it has been linked to for the last seven years. For yet another year, SEAT sponsored the CSIO, the world's most important show jumping competition for national teams. More than 60,000 visitors came to the emblematic club in Barcelona during the four days of competition and had the opportunity to enjoy the new PoloPark, a public space of more than 18,000 m² with live music, a varied range of food and activities for all ages.

Motor racing was represented by the SEAT Leon Eurocup, which completed its third season in Barcelona, the company's home city. More than 12,000 employees accompanied by their families and motor sport fans united to see off its third edition, which everyone will remember for its thrilling final.



SEAT UNVEILS THE MII BY COSMOPOLITAN AT LONDON FASHFEST

It is the first time the company presents a car in London and outside of the usual circuit of the sector. It represents the culmination of a co-creation process between SEAT and the global creative team of Cosmopolitan, the directors of the magazine in each country and its readers in Europe. The Mii by Cosmopolitan is a car suited to today's lifestyle.



SEAT RANGE

When we manufacture SEAT models, every little detail counts. We immerse ourselves in the very essence of the design to express our values and our nature. In doing so, we take perfection to the next level and make beauty another one of our skills.

ENGINEERS OF BEAUTY



Mii

The SEAT Mii is the perfect ally for the city, compact on the outside but surprisingly spacious on the inside. With the ultimate in technology and Smartphone Integration, the Mii comes equipped with everything you need for an easy and safe drive. Now it offers more combinations, colours, details and customisation options to make it unique and suited to any lifestyle.



SEE WEBSITE



SEE WEBSITE



IBIZA

The SEAT Ibiza updates its range with the launch of the Colour Edition action model, reinforcing its comfort with exclusive packages of exterior and interior colours and a range of accessories created and designed especially for this model. Furthermore, to improve the Ibiza's technological image and strengthen co-branding with Samsung, the CONNECT action model has been extended to the most basic version of the vehicle.



SEE WEBSITE

LEON

The SEAT Leon has updated its exterior design with new bumpers and Full LED headlights, and its interior with a new central console that incorporates the electric handbrake. The new model adds numerous innovations such as traffic jam assist, pedestrian detector, wireless charger for smartphones and the new 8" colour touchscreen. The new Leon includes improvements in design, technology, comfort and safety for enjoying the driving experience even more.



TOLEDO

The SEAT Toledo combines the elegance of a coupé with the versatility of a family car. It incorporates driver assistance systems such as the rear-view camera or the Front Assist and the multi-collision brake system, which make the journey more comfortable and safer. It also comes with maximum connectivity, including Full Link to make the journey more enjoyable. Safety, comfort and entertainment to make every journey an unforgettable experience.



SEE WEBSITE



SEE WEBSITE



ATECA

The New SEAT Ateca tackles day to day tasks full of confidence thanks to its distinctive and dynamic style created by the sharp lines of its exterior design. In its interior, everything has been designed to turn your daily routine into a marvellous experience. From its ergonomic central console to its more-than-generous space, this SUV makes your day to day life exceed all expectations.

ALHAMBRA

The SEAT Alhambra commemorates its 20th anniversary with an exclusive model that incorporates technology and comfort. Among its features we find a navigator with reverse camera, Blind Spot Detection and exclusive Alcantara leather seats. Moreover, the Alhambra model now combines its most powerful diesel engine with 4Drive and a DSG gearbox with leavers on the steering wheel, making driving even safer.



SEE WEBSITE





AWARDS



SEAT IBIZA

Best-selling utility vehicle in Spain in 2015 for the Ibiza, in the first edition of the *Oscar del motor - Premios Alcobendas 2016* car Oscar awards for its young and sporty spirit, its design, its excellent features, the efficiency of its range of engines and the advanced technology it incorporates. The award confirms the attraction of the model, which has been an uninterrupted leader in its segment in Spain since 2001.

Best urban car 2016 in Spain for the Ibiza, in the fifth edition of the awards of the specialist website *www.coches.net*, included in the Schibsted Motor Awards 2016 organised by the Norwegian media group Schibsted, for its sportiness and magnificent value for money. The Ibiza is a SEAT icon and the most highly-produced and best-selling model in SEAT's history.



SEAT LEON

Estrella Luíke Motor Award in Spain for the Leon at the Madrid Motor Show, for being the best-selling car in the greater Madrid Community region. This is a distinction that confirms the model's success in the Spanish market and its leadership in its segment.

Fleets award 2016 in Spain for the Leon, awarded by AEGFA (the Association of Car Fleet Managers) for its excellent rate of sales in the company channel, which has allowed it to become the undisputed leader in this channel.

Seal of approval in the Auto Express New Car Awards in the United Kingdom for the Leon, the winner on three previous occasions, in the Compact Family Car category; the Leon ST, in the Family Car category; and the Leon CUPRA, which also repeats its success in the Sports Car category.

Best Automatic Car in the United Kingdom for the Leon, awarded by the publication *carbuyer.co.uk*, for the advanced technology of its gearbox (DSG).

Best Compact Car in the Top Car Mapfre awards in Mexico for the Leon, awarded by Mapfre together with the publications *Autos y Más*, *Autocosmos*, *Autoexplora* and *Autopistas*, based on their readers' votes.

Best Station Wagon of the Year in Turkey for the Leon ST, awarded by *Top Gear* magazine for its excellent sporty and technological qualities.



SEAT ATECA

Best Buy Car of Europe in 2017 for the Ateca in the sixteenth edition of the AUTOBEST 2017 awards, which represents a major international recognition from one of the most prestigious awards in the continent. The judges' panel, made up of specialist journalists from 31 countries, indicates the following attributes that make the Ateca the best buy: design, comfort, driveability, value for money and commercial and service network.

Best Crossover in the United Kingdom for the Ateca, in its first appearance in the Auto Express New Car Awards for its style, features, functionality and value for money. The award came just after the model received five stars in the first driving test on British roads carried out by the publication *Auto Express*. The Ateca has made a triumphant entrance into its category and represents a spectacular achievement for SEAT.

Top Gear mag's Best Cars in the World 2016 award in the United Kingdom for the Ateca in the Modern Families category, awarded by the publication *Top Gear* for its connectivity, design and dynamism.

Auto Trophy Awards in Germany for the Ateca in the Best Imported SUV up to 25,000 euros category, chosen by readers of the magazine *Auto Zeitung*, underlining its success in the German market.

Innovation award in France for the Ateca in the Design category, awarded by the French magazine *Auto Moto* for its aesthetics, dynamism and originality.

Best Compact SUV in Portugal for the Ateca, in the Gold Steering Wheel awards organised by the Portuguese magazine *Autofoco* and chosen based on the votes of its readers. An award that strengthens the success of the launch of the Ateca in Portugal.

SUV2017 Car in Spain for the Ateca, a prize awarded by the readers of the magazines *Car and Driver* and *DeViajes* for its efficiency, habitability and dynamic qualities. This award confirms the excellent reception of the model among the public and professionals of the sector.

Best Car of the Year ABC 2017 in Spain for the Ateca, in the 45th edition of the ABC Best Car of the Year award, the most prestigious award of the automotive sector in Spain, chosen by a specialist panel of judges after having been selected as a finalist by the readers of *ABC.es*.

Readers' Best Car of the Year 2017 in Spain for the Ateca, awarded by the readers of the Editorial Prensa Ibérica Group's newspapers and the newspaper *La Vanguardia*.

Best Car of the Year in Catalonia 2017 for the Ateca, awarded by the Motor Press Association of Catalonia. The judges' panel, made up of 46 professionals from different forms of media, has taken a positive view of aspects such as its design and its both active and passive safety features.



SEAT ALHAMBRA

Seal of approval in the Auto Express New Car Awards in the United Kingdom for the Alhambra, in the MPV category.

Best MPV in the Tow Car Awards of the United Kingdom for the Alhambra, awarded by the publication *Tow Car* thanks to its excellent performance and equipment.

Best MPV of 2016 in the United Kingdom for the Alhambra, chosen by the magazine *Professional Driver* through a panel of judges made up of experts of the sector and the team of editors, for its efficiency and optimal value for money.

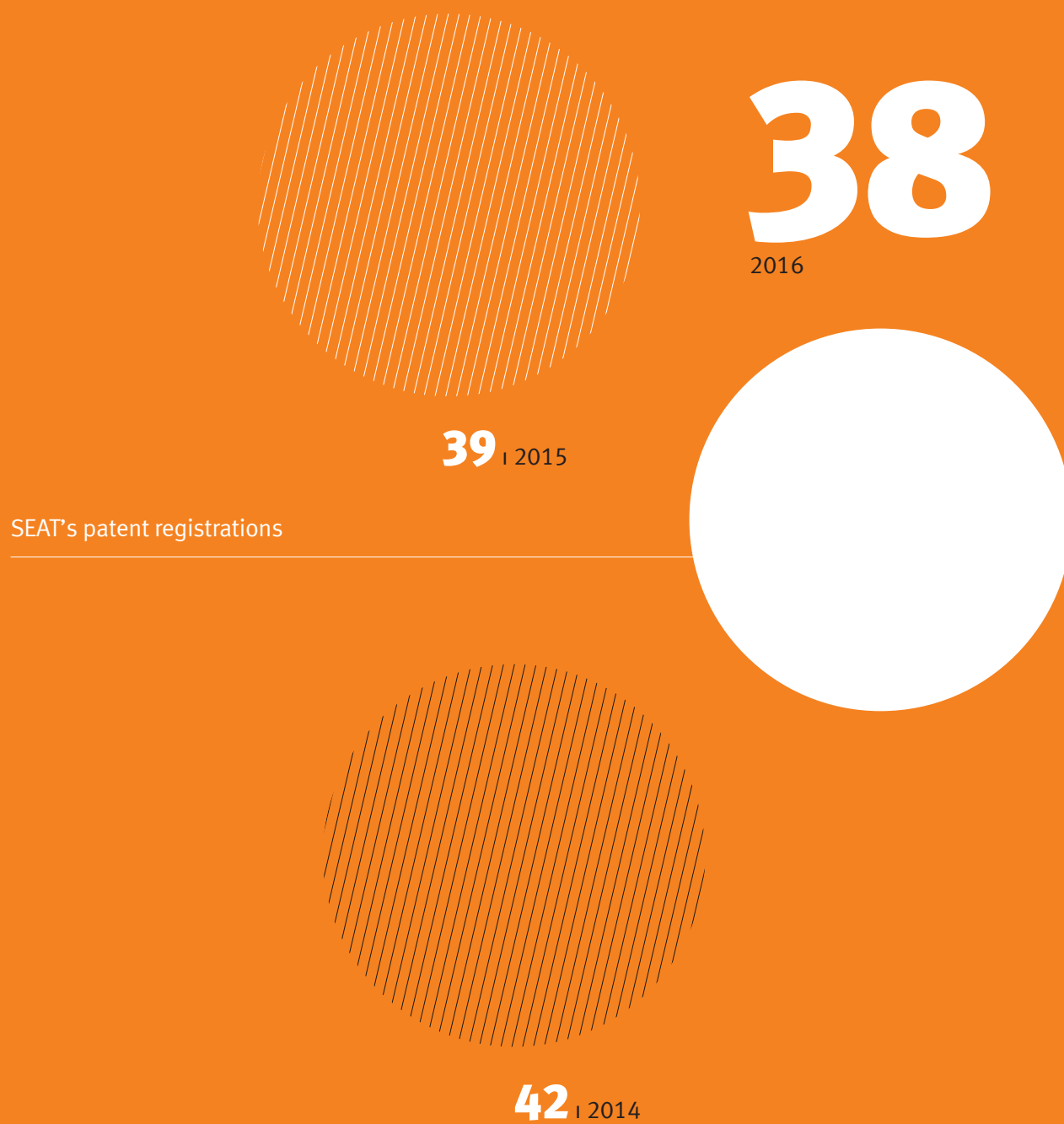
Auto Trophy Awards in Germany for the Alhambra in the Best Imported MPV category, chosen by readers of the magazine *Auto Zeitung* for its qualities that make it a practical and spacious vehicle.

Eurotax Award 2016 in Switzerland for the Alhambra in the MPV category, awarded by Eurotax, a leading supplier of data, solutions and services for the European car industry.

6

TECHNOLOGICAL ADVANCES

RESEARCH AND DEVELOPMENT



SEAT TECHNICAL CENTRE

After celebrating its 40th anniversary, in 2016 the SEAT Technical Centre (CTS) began a transformation process to deal with the technological challenges it will face over the next ten years. To respond to these challenges, the Technical Centre has ceased to be an independent company, becoming part of SEAT, S.A. The merger will allow for synergies and will improve the different processes for developing vehicles.

The CTS is a leading centre in R&D&I, the only one in Spain where cars are developed from start to finish. In it, some 1,000 engineers, designers and technicians work to find solutions based on electrification, digitalisation, new mobility services and the smart car. Its long history of over 40 years has made it a hub of knowledge, where the latest processes are applied to innovate in key areas such as reducing CO₂ emissions or the use of more functional and efficient designs. In doing so, the incorporation of the latest technological advances is assured and SEAT's DNA is kept alive in each and every one of the brand's vehicles.



1,400 days for a car

1,400 days, more than 1,000 sketches, 5,000 kilos of clay and 1,000 litres of paint. Those are some of the figures that sum up the design of a new model. The process lasts approximately four years and starts with a handicraft process, with a pencil and paper, until the vehicle ends up on the production line.



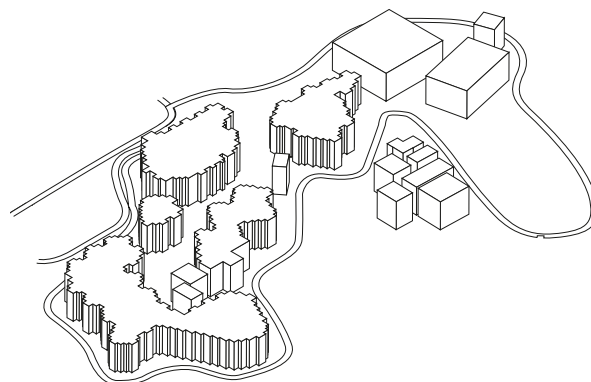
Number of designs

345



Test kms

1,300,000



Number of prototypes

82



Engineering hours

2,750,000

INNOVATION AND PRODUCT

Product

The development and launch of the Ateca model has introduced SEAT to the SUV segment, the fastest-growing segment in the market, with a vehicle loaded with technological features that is to become the third pillar of the brand, following the success of the Leon and the Ibiza.

The Ateca has a genuinely SEAT design and functional features in its interior that make it unique for its comfort and for its large boot that can be opened automatically thanks to the optional electric rear door. With regard to dynamic driving, the engineers of the Technical Centre have gone to great lengths to achieve a perfect harmony between sportiness and comfort, with a combination that is among the lightest in its segment. To strengthen its dynamic character even more, the Ateca has turbo petrol (TSI) or diesel (TDI) engines, with between 115 and 190 HP and with reduced fuel consumptions ranging from 4.2 to 5.1 litres per 100 km.

In terms of technology, the Ateca has an extensive package of driver assistance features, many of them never previously used by the brand and which make life on board easier, such as lane assist to correct unintentional movements, fatigue detection or traffic jam assist. The connectivity of the Ateca also takes on a leading role in the brand's new strategy, as it ensures that the driver can stay connected in the car with the utmost safety thanks to the 8-inch screen, the Full Link connection system and the wireless charger.

At the Paris Motor Show held in October 2016, SEAT presented the Ateca X-PERIENCE, a design exercise inspired by 4x4 vehicles which served to show the possibilities and potential of the Ateca family in the future. Aimed at the customer that wants to take their car to the extreme, the Ateca X-PERIENCE sets itself apart with a higher ground clearance, elevated suspension, off-road tyres, new bumpers and a matte olive green colour associated with nature.

SEAT's designers and engineers continue working to guarantee the success of the biggest product offensive in the brand's history. In 2017, the updated Leon will reach dealerships, the fifth generation of the Ibiza will be presented, and the new Arona will be introduced.



ONCE UPON A TIME... A NEW CAR

The pupils of the "Minions" class (7 years of age) at the Lasalle Gràcia school in Barcelona are paid a visit by an engineer and designer from SEAT to answer their questions about the process of creating a car.

THE ATECA HAS A GENUINELY SEAT DESIGN AND FUNCTIONAL FEATURES IN ITS INTERIOR THAT MAKE IT UNIQUE



Five Euro NCAP stars for the SEAT Ateca

The Ateca, the brand's first SUV, has shown its high level of safety by earning five stars, the highest score, in the Euro NCAP tests performed shortly before its arrival across the commercial network. The new model achieved an excellent result in each of the areas that make up the tests, particularly in the protection of adult occupants and in child protection, as well as in the protection of pedestrians and driver assistance systems. The effectiveness of the advanced safety systems that the Ateca includes as standard explains the success achieved in these tests.



CAN YOU DRIVE A CAR BLIND?

The Ateca's 360° camera allows the driver to have full vision thanks to the four cameras it has installed in it. A German couple takes on the challenge in Barcelona of driving a car with the windscreen and windows completely covered.



The SEAT Ateca offers multiple innovations

The Ateca is equipped with the latest innovations in driving assistance systems: the Kessy system, which allows you to unlock and start the car even with the key in your pocket or bag; an 8-inch screen and Full Link connection systems, which ensure connectivity inside the car with the utmost safety; Wireless Charger, which allows the driver to wirelessly charge electronic devices; Traffic Jam Assist, which guides the vehicle along the lane in dense traffic below 60 km/h; Emergency Assist, which emits visual and acoustic alarms to the driver or brakes when it detects that the driver is inactive for a certain amount of time; and Top View, which offers four cameras that cover the view of the whole area surrounding the car.

Technological advances

The Technical Centre is the heart of SEAT's innovation, the place where the brand conceives, designs and develops its cars to satisfy its customers' needs. It is where the engineers develop the most advanced technology and designs, as well as putting all the innovations to the test to guarantee that the vehicles meet the required quality standards. Throughout this process, virtually all parts of each model of the brand are created and even assembled. This way, the engineers can study every detail and ensure that everything is ready before adding innovations.

During 2016, SEAT has made a number of technological advances a reality in its cars. In the Ateca, the company has introduced a new generation of automatic transmissions which reduce the CO₂ emissions and help to reduce the decay of the lubricant oil by reducing internal friction. This allows the frequency with which the gearbox oil requires replacement to be increased to 100,000 km, compared to the current 60,000 km. Furthermore, the new transmission significantly improves driving through the addition of a seventh gear. Internal improvements have also been made to all the diesel engines of the Ateca to achieve a reduction of CO₂. Among the most significant improvements are the development of the disconnectable alternator, the optimisation of the engine's temperature control, the reduction of the flow of circulating oil, together with the addition of an improved low-friction oil and a reduction in the backpressure of exhaust gases.

The technological advances go beyond the purely mechanical aspects. The designers and engineers of the Technical Centre are trying to achieve the perfect balance between a beautiful design and a fully reliable bodywork that offers the best protection to pedestrians and occupants of the vehicle. With the launch of the Ateca and of the Mii by Cosmopolitan during 2016, SEAT has consolidated its design language based on concepts such as dynamism, strength, safety and functionality, without forgetting everyone's more human need: to be connected.



25,000 KM TO THE LIMIT

All SEAT models are tested in extreme conditions to check their reliability. In the case of the Ateca: 50 engineers, 80 tests, 25,000 kilometres and three weeks of work.

Connectivity

One of SEAT's priorities is to become a leading brand in the sphere of the new mobility services and smart cars. As a continuation of this strategy begun in 2015 with the first apps for use while driving produced in the Technical Centre, in 2016 SEAT has been the first car manufacturer to launch an app that is compatible with Apple CarPlay™ in Spain's Apple Store, the SEAT DriveApp. This application allows for a great connectivity experience in a simple manner, thanks to Apple's CarPlay™ technology which offers exclusive functions for users of SEAT Full Link, such as consulting the state of the vehicle, carrying out the recommended actions in the maintenance plans, viewing SEAT's service network with just a click or finding out about the offers available in the network.

During 2016, SEAT presented its future concepts around the smart car at leading events such as the Mobile World Congress and the Smart City Expo World Congress. One of the main projects is "Digital Access", a function that allows the user to access the car and transfer rights of use using their smartphone. This technology

will improve not only private customers' experience, but it will facilitate the consolidation of new shared mobility services.

Furthermore, the experience of parking will be revolutionised with three new concepts: the Ateca Smart City Car, a prototype that recognises parking spaces while you drive; and the Parkfinder and Mobile Payment applications, which allow the user to search for parking spaces by incorporating real-time data and to pay for them from the comfort of their car. In this field, cooperation between the city and smart vehicles is essential and this idea became the central theme of the SEAT stand at the Smart City Expo World Congress. This collaboration is materialised both in the cooperative parking map of Barcelona, from which the Parkfinder application takes its data (combining data from sensors around the city with data gathered by vehicles on the road), and in future mobility services based on on-demand shared transport systems.

A new driving and connectivity experience

The 11th edition of the Mobile World Congress (MWC) held in Barcelona was the perfect opportunity to showcase SEAT's new Connected Car, which includes various technological innovations.



FINGER PRINT

Security is important in connectivity. To access the new services and to make payments, the drivers must identify themselves with their finger print.



SEARCH FOR PARKING

Whenever we want to park, the new application will search for free parking spaces in the area, it will allow the driver to reserve a space and it will guide them to the car park using the GPS navigator.

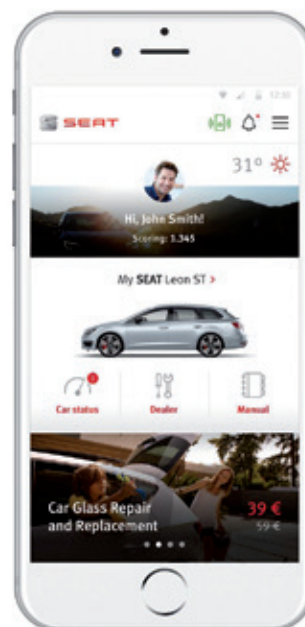


MAKE PAYMENTS WITHOUT LEAVING THE CAR

Upon finishing their stay, the driver can pay directly from the application without leaving the car. The barrier will open automatically.

DIGITAL KEY SHARING

This is an advanced concept of the Digital Key service to lock and unlock doors using a smartphone. Now it is also possible to authorise another person to use the car.



MY SEAT

During the Mobile World Congress, SEAT presented some technological innovations for the first time, such as the new generation of the customer app MY SEAT.

Smart city: a new ecosystem

In 2050 around 70% of the population will live in major urban concentrations. The goal will be to integrate the car into the new reality. This is how the mobility of the future will be.

ICITY PLATFORM

Mobility management systems and city data platforms will guide and provide vehicles with the information needed for efficient mobility.



SMART NAVIGATION

The real-time, high-definition navigator will provide information on free parking places at the nearest car parks and others further away. It will also indicate the best route to your destination. The route will be calculated considering the other vehicles on the road.



SMARTPHONE AS A DIGITAL KEY

Your car will recognise you by your fingerprint. The car's hard disk will have stored the driver profiles and will adapt to each one's preferences. The digital key will also provide access to smart parking and car sharing services, among others.

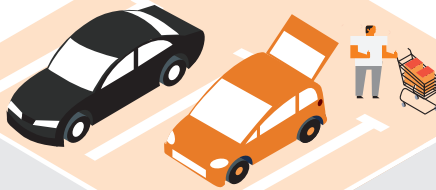
UNIVERSAL TRACKING (GEOFENCING)

Immediate location of the car within the urban road network and delimitation of its area of use (Geofencing). Service localisation: hospitals, markets, train stations and bus stops. Creation of updated interactive maps in near real-time.



LAST-MILE DEVICES

People who reach the city from the outskirts and park their vehicles in smart parking facilities will be able to continue their journey to the centre in a small vehicle that they can park when they reach their destination.



SERVICES IN SMART PARKING FACILITIES

Smart parking facilities are becoming a place you can use to access services. A digital key lets a vehicle owner give service providers access to the car even when he or she isn't there. For example, to have your car checked while it is parked or for a supermarket employee to leave your shopping in the boot.

AIRPORT



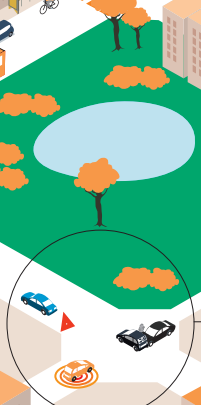
DRIVERLESS CARS

Occupants are "freed up" to do other things. The vehicle can drive without passengers and pick up people and goods.



SMARTER AND MORE SUSTAINABLE CARS

Used in a more rational fashion and powered by alternative energies (electric, CNG, hybrid vehicles...)



BREAKDOWN

ACCIDENT

CAR2CAR CONNECTIVITY

Cars that are close to each other will be inter-connected when they enter a particular city area and exchange useful information which is automatically and instantly updated. The car will use this information to "select" the best possible route.



CAR SHARING TRIPS

The important thing is to have a car available to you when you need it, not to own it. New business models will be created to manage these services.

Patents

SEAT is one of the most active companies in Spain in the sphere of innovation and, therefore, protecting its industrial property is essential.

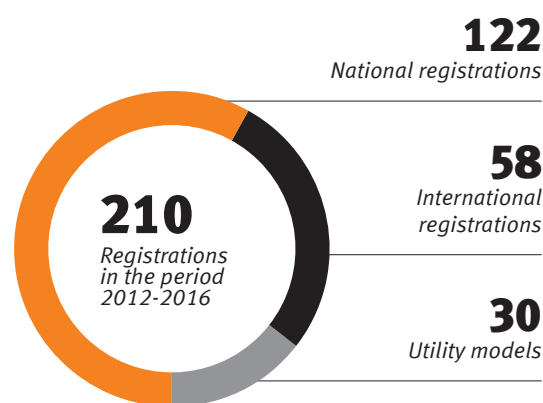
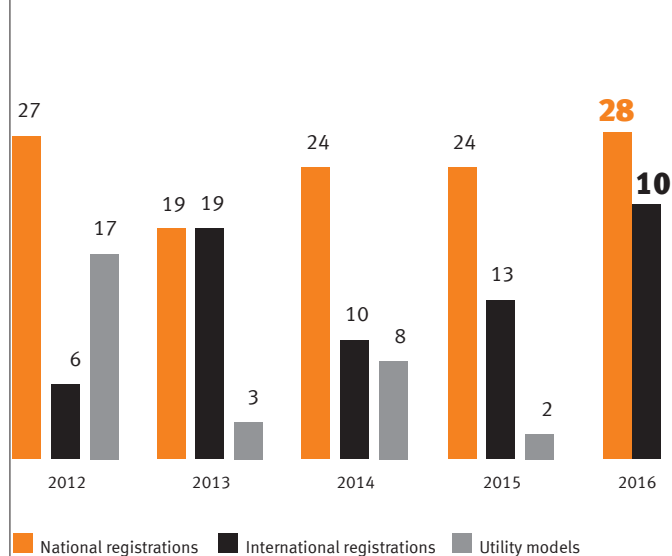
In 2016, the company completed a total of 38 registrations: 28 national patents (NR) and 10 international patents (IR). In the last five years, the company has applied for a total of 210 registrations, between utility models and patents. SEAT's current portfolio of registrations in force amounts to 301 registrations.

In order to recognise the work of the most creative and innovative people in the company, every year the Technical Centre organises the Inventors Awards. Through this initiative, SEAT sets out to recognise the importance of its team of people and awards all the inventors whose proposals are protected. In addition, three special prizes are awarded, which in the latest edition went to:

- / Best international registration: ignition switch with intermittency.
- / Best national registration: wheel angle regulator system.
- / Best innovation of the year: Parkfinder application (technological innovation) and Programmatic Buying Unit (marketing innovation).



SEAT's patent registrations



TRAINING AND AGREEMENTS

For SEAT, collaboration with universities is important for two reasons. On the one hand, it ensures future talent for the company and, on the other hand, it offers opportunities to investigate topics which in a few years are going to revolutionise the world of mobility.

In the sphere of university training, the company continues to support the CARMAT and ELTICA postgraduate courses. Through this training, which is unique in Spain, specific knowledge of car electronics, bodywork and materials has been transmitted to more than 220 students that have taken part in its various editions. Furthermore, the company maintains its collaboration with the SEAT/UPC chair through various research projects that are carried out jointly.

Furthermore, SEAT sponsored two Spanish teams that took part in the Formula Student - the UPC team ecoRacing from the ESEIAAT (UPC Terrassa) and the UPC Motorsport team from the ETSEIB (UPC Barcelona). Both managed to complete an exceptional season in which they demonstrated their ability in terms of engineering and innovation, winning at some of the most prestigious racing tracks on the tour such as Silverstone, Hockenheim and Barcelona-Catalunya.

2016 was also the starting gun for the CARNET platform (Cooperative Automotive Research Network). The collaboration between SEAT, the Polytechnic University of Catalonia (Universitat Politècnica de Catalunya, or UPC) and Volkswagen Group Research has brought to Barcelona the first major investigation and innovation hub in the field of cars and urban mobility of the future. The objective of the platform is to lead the creation of new technologies for mobility and to transform metropolitan areas into better spaces for living in. This initiative, which includes Barcelona as a focal point for the study, represents a very important project for the digital transformation plan that the company is currently immersed in.

THE OBJECTIVE OF THE CARNET PLATFORM IS TO LEAD THE CREATION OF NEW TECHNOLOGIES FOR MOBILITY AND TO TRANSFORM METROPOLITAN AREAS INTO BETTER SPACES FOR LIVING IN

CARNET platform (Cooperative Automotive Research Network)

55

Projects linked to future mobility



18

Companies and institutions that are members of the innovation hub



88

Teachers and students working on the projects



Award for the best training initiative

SEAT, Volkswagen Group Research and the Polytechnic University of Catalonia (Universidad Politècnica de Catalunya, or UPC) were recognised by the newspaper *ElEconomista* for leading the Best Training Initiative. The prize was awarded to the Creative Lab project, in which students from the UPC take part, together with professionals from the Group, in generating creative ideas and solutions for mobility. With this project, concepts have been developed such as a function of the vehicle's navigator that helps drivers to find parking, reducing journey times as well as saving money on fuel and CO₂ emissions.

MOTOR SPORTS COMPETITION



SEAT reaffirmed its long history in motor sports competition with a new edition of the SEAT Leon Eurocup. In its third season, this single-brand championship had an average of 17 drivers per race, making it once again a championship that offers maximum sporting action to professional teams. Once again, seven Grand Prix were vied for on seven highly prestigious European circuits, three of which are 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 features.

The SEAT Leon Cup Racer was improved to dispute the 2016 edition and all customers were also offered the possibility of an upgrade. The improvements introduced were made in aerodynamics, brakes, engine cooling, gearbox and weight distribution. The constant evolution of the SEAT Leon Cup Racer has made it a highly sought after car by teams and drivers from around the world, even reaching markets such as Thailand, where the brand has no commercial presence. Since its launch, a total of 190 vehicles (80 of them in 2016) have been delivered to 110 teams from 23 countries, which actively participate with the SEAT brand in national and international championships.

The SEAT Leon Cup Racer also competes in the TCR International Series (Touring Car Championship), in which it made its debut in 2015 and a team of SEAT customers managed to lift the drivers' trophy at the hand of the Swiss Stefano Comini. During 2016, this championship was once again held in Europe, Asia and the Middle East, with a total of 22 races held over eleven weekends and three of the circuits being included on the Formula 1 schedule: Bahrain, Singapore and Malaysia.

At the same time as the TCR International Series, other national TCR series have appeared in which SEAT has had a significant representation in the countries where these competitions have taken place: TCR Asia, TCR Benelux, TCR Germany, TCR Italy, TCR Portugal, TCR Russia, TCR Spain, TCR Thailand, TCES, the 24 Hours Series and the Nürburgring 24 Hour Race.

SEAT Sport also continues its policy of supporting private customers, offering them technical assistance in different events 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's ambassador Laia Sanz, together with driver Francesc Gutiérrez, repeated for the third consecutive year the challenge of finishing the competition. The former FC Barcelona football player Eric Abidal also took part in this edition as a SEAT driver.

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. The company develops the Group's models with the MQB platform of the SEAT Leon for race track competitions.

Timeline of the SEAT Leon Eurocup 2016

Date	Circuit
23-24 April	Estoril PORTUGAL
14-15 May	Silverstone UNITED KINGDOM
4-5 June	Paul Ricard FRANCE
16-17 July	Mugello ITALY
10-11 September	Red Bull Ring AUSTRIA
17-18 September	Nürburgring GERMANY
5-6 November	Barcelona-Catalunya SPAIN

THE SEAT LEON CUP RACER IS A SPECTACULAR RACING CAR WITH AN ENGINE CAPACITY OF 330 HP AND A WIDE RANGE OF TECHNOLOGICAL FEATURES



FROM THE PRAM TO THE RACING CAR

Mathilda provides the name for the racing team led by her father, the Mathilda Racing Team. Since she was a baby her father has been taking her to the races and now, at just seven years of age, she continues to go without missing a single race.



SEAT sport introduces its new website

The website of SEAT Sport was renovated to adapt its contents and viewing method to users' needs. The new page is responsive, which allows for optimal browsing regardless of the device used to visit it: www.seat-sport.com

7

**THE BEST
EMPLOYER**

HUMAN RESOURCES

13,968

2016*

Basic workforce (At December 31)

12,753 | 2015

12,626 | 2014

* In 2016, Centro Técnico de SEAT, S.A. was absorbed by merger with SEAT, S.A.

A COLLECTIVE AGREEMENT FOR THE FUTURE AND MORE EMPLOYMENT

On 20 June 2016, after six months of negotiation, SEAT's 19th Collective Labour Agreement was signed. Valid for five years, its most innovative aspect is the anticipation of the new scenario of Industry 4.0. The negotiation was organised into four blocks: remuneration, organisation of work, social aspects and competitiveness. In the first block, a new variable remuneration system is introduced, through which the company shares its successes with employees based on its operating profit. The main update in the organisation of work is a pilot project on remote working, an innovative initiative for a traditional sector like the car industry. In the social field, the most notable change is the company's desire to offer staff specific training on industry 4.0,

as well as another pilot test which seeks to eliminate attendance checks through clocking in and out, replacing it with "trust-based working". Lastly, with regard to competitiveness and looking to the future, new flexible working methods have been adopted and a new category of access has been consolidated.

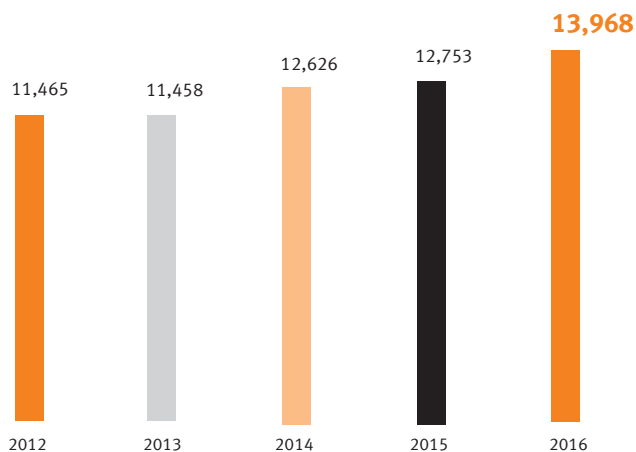
In parallel with the negotiations, the company supported job creation. A partial retirement plan was implemented, through a handover contract for 230 staff, which will generate the same number of jobs with an indefinite contract. Furthermore, 166 employees joined the Production division after having rendered their services through temporary employment agencies. Also, to guarantee the launch of Audi's A1 model in 2018, 60 new hires were taken on.



SEAT SIGNS A NEW COLLECTIVE LABOUR AGREEMENT

The new agreement is valid for five years, consolidates a stable framework in labour relations and supports competitiveness and the distribution of profits with the improvement in the variable remuneration system.

Basic workforce (At December 31)



+21.8%

Increase
in workforce
2012-2016

2,503
employees



Basic workforce by functions and centres (At December 31)

	2016	2015	Variation	
			Absolute	%
Direct	8,301	8,199	102	1.2
Martorell	6,795	6,696	99	1.5
SEAT Barcelona	673	664	9	1.4
SEAT Componentes	833	839	(6)	(0.7)
Indirect	5,667	4,554	1,113	24.4
Martorell	3,749	3,726	23	0.6
SEAT Barcelona	519	532	(13)	(2.4)
SEAT Componentes	254	253	1	0.4
SEAT Technical Centre**	1,102	0	1,102	—
Other centres	43	43	0	0.0
Total workforce (*)	13,968	12,753	1,215	9.5



The Martorell factory is the largest
manufacturing centre

10,544
employees

* Figures for 2016 and 2015 do not include 116 and 94 employees in partial retirement, respectively. Likewise, figures for 2016 and 2015 do not include 155 and 186 apprentices with labour contracts, respectively.

** In 2016, Centro Técnico de SEAT, S.A. was absorbed by merger with SEAT, S.A.

Basic workforce structure (At December 31)

79.4%



Men
11,098

20.6%



Women
2,870

8.9%

Up to 30

45.5%

41-50

32.1%

31-40

13.5%

Over 50

Structure
by age

19.3%

University

32.6%

School-leaving
certificate

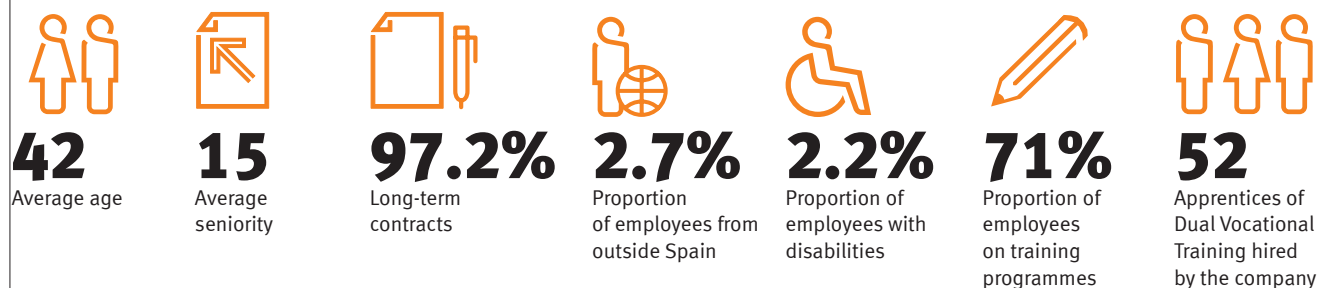
22.5%

VT Middle Grade

25.6%

VT Higher Grade

Structure
by educational
qualifications

Basic workforce structure (At December 31)**VALUE OF THE TALENT POOL**

The SEAT Apprentice School started 2016 with the intake of 60 new students, selected from among more than 800 candidates received from different places around Spain. After passing the selection process, the new students began the first course of the intermediate-level training cycles, with 30 of them in the mechanics module and 30 in the electro-mechanical equipment maintenance module. In total, the School currently has 168 apprentices.

The success of the Dual Vocational Training provided in the Apprentice School lies in the opportunity the young people have to learn a trade and to develop it in a real working environment, with the possibility to join the company's workforce when they finish their training. SEAT offers a full and practical programme in the school's classrooms, laboratories and workshops, as well as in various division of the company. The high technical level of

the facilities and of the trainers leads young people from all over Spain to want to join the Apprentice School.

Since 1957, when it began its activity, **more than 2,600 students have trained in it and 11% of the company's current executives come from the Apprentice School.** These are figures that back up SEAT's training strategy and the excellent results achieved.



SEAT and the Catalan Government (Generalitat de Catalunya) sign an agreement to promote professional training

The new agreement, signed for four more years, seeks to improve professional training in Catalonia to modernise and adapt it to the new challenges of the labour market, paying particular attention to the needs of the automotive sector. The agreement will also allow the work experience and non-regulated training of SEAT's employees to be academically recognised, as well as the continuous training that is provided in its centres. Furthermore, both parties will contribute to elaborating and organising the training curricula of the occupations of the automotive sector, at the same as SEAT will collaborate in the training given by the teaching staff of the Generalitat.



A HEALTHY COMPANY WITH NEW FACILITIES

In February 2016, the first stone was placed at the Martorell factory for what will become a brand new health centre for SEAT's workforce of around 14,000 employees in 2017. In the same ceremony, which was chaired by the Minister for Business and Knowledge of the Catalan Government (Generalitat de Catalunya), Jordi Baiget, and the Vice-President of Human Resources at SEAT, Xavier Ros, the company received from the chairman of AENOR, Carlos Esteban, the Healthy Company award. SEAT is the first company in the automotive sector in Spain to receive this recognition.

The new Health Care and Rehabilitation Centre (known as CARS) will cover an area of 1,300 m², it will represent an investment of three million euros and it will cover three fields: preventative, health care and rehabilitation medicine. To carry out this work, SEAT has, among others, a team of 25 professionals that specialise in traumatology, radiology and cardiology.

The centre will also offer nearly 3,000 women in the company the possibility to undergo an annual screening for the early detection of breast and cervical cancer, making SEAT the only automotive manufacturer in Spain to provide this kind of test within the company itself. Furthermore, it will have an innovative biometric laboratory that will allow the company to take another step towards the so-called Industry 4.0, applying the latest technology in the ergonomic design of the workstations and in monitoring the progression of musculoskeletal disorders.



Healthy Company Award

SEAT received the Healthy Company Award in the "Best Communication Plan" category by the Human Resources Observatory (HRO). This award recognises the Healthy Company project of the SEAT Group, which includes all the measures necessary for the prevention of accidents, occupational illnesses and the promotion of healthy habits.



SEAT AND HARVARD UNIVERSITY CONDUCT A STUDY ON HEALTHY EATING

The objective of this alliance is to initiate a joint investigation project into working health and healthy eating related to the Mediterranean diet at SEAT.

SEAT's health in figures

1,300 m²

dedicated to prevention and caring for the employees' health

Health centres

- 6** in SEAT Martorell
- 1** in SEAT Barcelona
- 1** in SEAT Componentes
- 1** in SEAT Apprentice School

Visits

12,000
general medical
examinations/year

27,000
specific medical
examinations/year

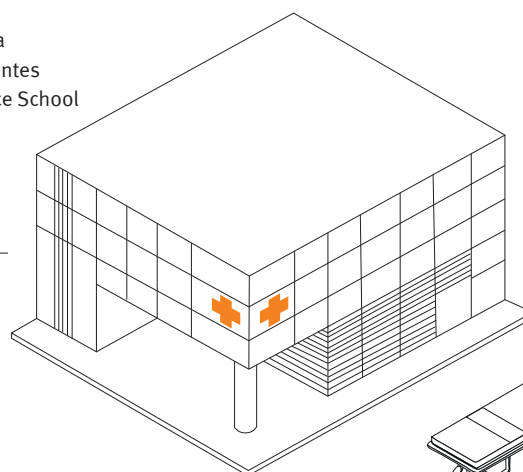
61,000
consultations/year

Ambulances

2
medical ambulances
with medics

Campaigns

4,000
activities in the
promotion of health
campaign



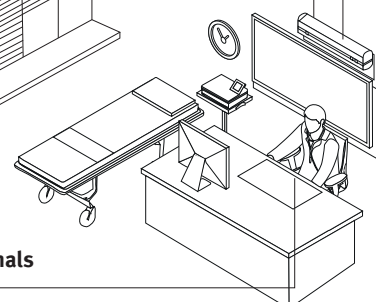
1,600

visits/year
to the rehabilitation
centre

24 hours

365 days
of Emergency
Medical Services

54
Qualified
professionals



A BORDERLESS WORLD OF TALENT DEVELOPMENT

SEAT continuously searches for young talent through various initiatives to attract new joiners and to offer a way of joining the company. Besides the Dual Training provided in the Apprentice School, it has other programmes that also contribute to generating employment: work placement programmes, trainee programmes, which are of an international nature and include a four-month placement at one of the brands of the Group; the doctorates programme, which drives innovation in various areas of the company; and StartUp Europe, aimed at young engineers.

Every year, SEAT invests an average of 14 million euros in training to foster talent development. The company has a wide range of training, with technical training, leadership and language programmes and personalised development programmes standing out. It also has a learning system based on Professional Families, which in 2016 made major progress through new digital learning formats. As such, the first expert tutorial videos were edited for relaying technical knowledge and the SEAT Talks format was bolstered, inspired by the viral format of TED Talks for the transfer of interdisciplinary knowledge.

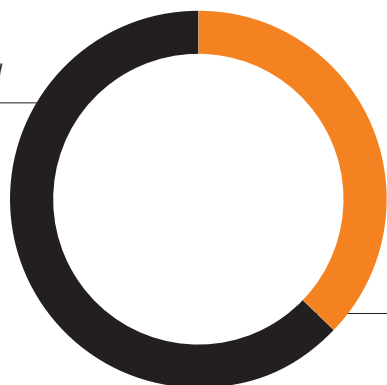
International placements are also offered, which facilitate the exchange of employees between brands of the Group. These placements allow not only the exchange of knowledge but also the development of talent, succession plans, the standardisation of processes and a maximum use of synergies and resources within the Volkswagen Group. In 2016, the first phase of the specialist employee exchange project between SEAT and ŠKODA, aimed at assuring the launch of the Ateca model, ended successfully. Within

this programme, the transfer and integration, both personal and professional, of 16 expatriates from SEAT (14 in the Czech Republic and 2 in China) and 6 inpatriates from ŠKODA was managed. In addition, for the development of another new model, the Audi A1, the transfers and integration of 22 expatriates and 17 inpatriates between Audi and SEAT were managed. On this note, in order to resolve the logical adaptation difficulties, preliminary trips are made in advance so that the employees can get to know the new country and company, search for the appropriate housing and the schools where their children are going to study. All of this is accompanied with language training for them and their family, as well as an inter-cultural course in which the most common questions are answered.

SEAT CONTINUOUSLY SEARCHES FOR YOUNG TALENT THROUGH VARIOUS INITIATIVES TO ATTRACT NEW JOINERS AND TO OFFER A WAY OF JOINING THE COMPANY

International placements managed in 2016

157
Expatriated



92
Inpatriated

StartUp Europe programme



2
year work placement
contract



3-6
month placement
in SEAT



18-21
month international placement
in the Volkswagen Group



112
young engineers incorporated
into the programme in
the period 2012-2016

TOWARDS A DIGITAL, CONNECTED AND FLEXIBLE COMPANY

SEAT pays particular attention to the evolution and concerns of its staff. Following on from this, the significance of the arrival of “Generation Y” (the so-called millennials) on the labour market and how this is going to affect our understanding of work over the coming years is clear. This is why the company wanted to involve millennials, 24% of its staff, to jointly define how the company works in the future. The organisation of an innovative and disruptive, collaborative, digital workshop based on Facebook, under the title “The future work at SEAT”, was a resounding success. 32 young employees with a maximum age of 27 took part in it and contributed more than 300 innovative ideas. **The desire of SEAT’s millennials is to work in a fully digital, connected and flexible company.** This idea is reflected in initiatives related to the development of autonomy and flexibility in space and time, the boosting of collaborative work, continuous cross-disciplinary and digital training, as well as the drive for internal co-creation and co-working.

Specifically, four areas for improvement were analysed: culture and leadership, learning and development, remuneration and performance, and ways of working. SEAT is currently immersed in a digital transformation in all areas and millennials are the key to constructing the company of the future. **53% of the employees hired in 2016 are under 30 years of age.**



The best company to work for

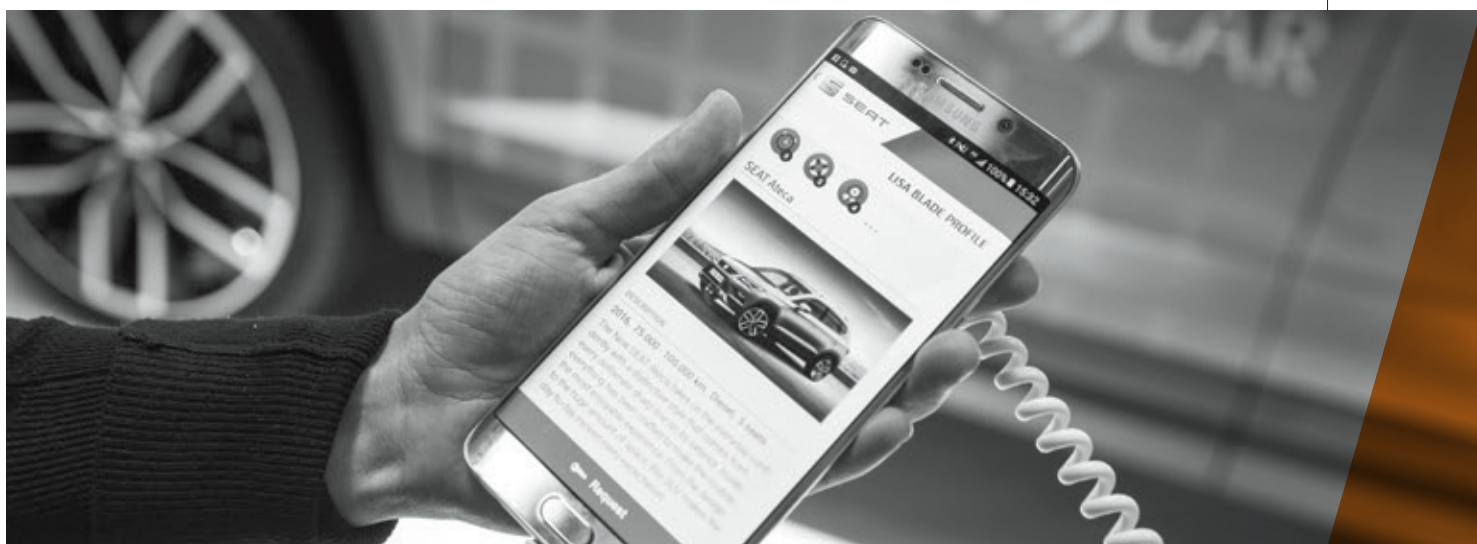
SEAT was once again recognised as one of the best companies in Spain to work for after receiving, for the second consecutive year, the Top Employer award. The company continues to be the only car manufacturer in Spain with this accreditation.

The Top Employers Institute, the organisation that globally certifies companies based on the working conditions they offer their employees, affirms that SEAT has an excellent working environment. The institution highlights the innovative programmes for attracting young talents, as well as the extensive development programmes created by the company.



SEAT'S MILLENNIALS OPT FOR A FLEXIBLE, DIGITAL AND CONNECTED COMPANY

Through a collaborative digital workshop in which more than 300 innovative ideas are contributed, SEAT's millennials defined the way of working in the company of the future.





GOVERNMENTAL AND INSTITUTIONAL PRESENCE

GOVERNMENTAL AND INSTITUTIONAL RELATIONS

INSTITUTIONAL SPHERE

During 2016, SEAT's institutional activity was focused on highlighting both the brand's Technical Centre and the investments committed by the Volkswagen Group in Martorell, as well as strengthening SEAT's connection and identification with the city of Barcelona.

The main example of SEAT's connection with Barcelona was in the collaboration agreement between the two institutions, signed by the mayor of Barcelona, Ada Colau, and SEAT's Chairman, Luca de Meo. Under this agreement, **SEAT and Barcelona City Council will promote the entrepreneurial environment and business cooperation**, with the company offering its knowledge on smart mobile mobility, in order to stimulate projects that improve citizens' quality of life. **The first project to come out of this agreement is the Metropolis:Lab Barcelona, the Volkswagen Group's sixth laboratory, which will be managed by SEAT and will be based in Barcelona.** This laboratory is expected to be brought into operation in 2017 and in it, more than 50 highly-qualified professionals will analyse and seek intelligent solutions to the mobility challenges of the future.

THE MAIN EXAMPLE OF SEAT'S CONNECTION WITH BARCELONA WAS IN THE COLLABORATION AGREEMENT BETWEEN THE TWO INSTITUTIONS, SIGNED BY THE MAYOR OF BARCELONA, ADA COLAU, AND SEAT'S CHAIRMAN, LUCA DE MEO

SEAT's commitment to Barcelona was also evident through the connection with the Barcelona Global association, whose mission is to actively contribute to making Barcelona one of the world's leading cities in attracting talent and economic activity. At an event sponsored by SEAT and chaired by the mayor of Barcelona, Ada Colau, SEAT's Chairman, Luca de Meo, told the guests of his experience as an executive living in Barcelona and highlighted the attributes of the brand and of the company's first SUV, the Ateca, which was created in this city.

The economic significance of SEAT's projects and initiatives and **the brand's commitment to society** also enjoyed the support and recognition of the country's main entities and institutions throughout the year.

The deputy mayor of Barcelona for Business, Culture and Innovation, Jaume Collboni, visited SEAT's facilities in Martorell together with other representatives of the city council. During the meeting with the Chairman of SEAT's Executive Committee, Luca de Meo, they discussed how encouraging the company's current momentum is and the challenges that the car industry faces in the future. The Vice-President of Governmental Relations and Institutions, Ramón Paredes, also took part in the meeting. The visit to the company included, among other facilities, SEAT's Design Centre, which is unique in Spain and where the design and quality processes were shown, as well as the brand's future models.

Furthermore, the Minister for Land and Sustainability of the Catalan Government (Generalitat de Catalunya), Josep Rull, participated in the presentation of the project led by SEAT, called Megatruck, in the scope of the Automotive Industry Cluster of Catalonia (CIAC). This initiative reinforces the importance of logistics as a key tool for the sustainability of companies and their environment. Furthermore, they highlight SEAT's leadership in relevant areas such as efficiency and environmental sustainability.





In order to strengthen the brand's image for the representatives of the countries in which SEAT is present, a visit to the Martorell facilities was organised by the official consular representatives in Barcelona. The consul generals were received by the Chairman of SEAT and had the chance to see for themselves the company's leadership in strategic areas such as innovation, employment and training.

Furthermore, SEAT continued to maintain and strengthen its links with German society and entrepreneurs present in Spain. Through the German Chamber of Commerce (AHK), representatives of Germany's most important companies had the chance to visit and get to know the Martorell facilities and to see the brand's high quality standards for themselves.



AWARDS AND HIGHLIGHTS LIKE "CHARLIE IN THE SEAT FACTORY"

Jasper, a 7-year-old boy from the United Kingdom, has his dream come true when he visits SEAT's facilities in Martorell and finds out how the brand's models are designed and built.



The Vice-President of the Catalan Government visits SEAT's facilities

The Vice-President and Minister for Economy and Finance of the Catalan Government (Generalitat de Catalunya), Oriol Junqueras, visited SEAT's facilities in Martorell in August. In his meeting with SEAT's Chairman, Luca de Meo, the Vice-President of Human Resources, Xavier Ros, and the Vice-President of Governmental and Institutional Relations, Ramón Paredes, they discussed various topics on the company's current situation and on the future challenges of the car industry, such as mobility and connectivity. SEAT's Chairman highlighted the company's desire to strengthen its relationship with the Barcelona brand and with institutions. SEAT is one of the leading companies in the country in economic and employment terms, and it is going to continue to promote innovation and the generation of wellbeing.

BUSINESS SPHERE

One of the main events of 2016 was the holding of the annual general meeting of FERRMED at the Martorell facilities, in which SEAT had the dual role of partner and host. FERRMED is a multi-sectoral association created to contribute to improving European competitiveness through the promotion of the Great Freight Railway Line between Scandinavia and the Western Mediterranean. At this meeting, a declaration in favour of promoting the so-called Mediterranean Corridor was made, with the strategic goal of improving the competitiveness of European companies. Furthermore, during 2016 SEAT remained highly involved in ANFAC, representing the brand on the political, industrial and commercial matters addressed in the Committees, Forums and Board meetings held within the organisation.

In the sphere of business cooperation, SEAT signed a collaboration agreement with the National Federation of Self-Employed Workers Associations (known as ATAs) to facilitate the mobility and transport of this group. With this agreement, preferential



SEAT awarded a prize by the Automotive Cluster of the Basque Country

SEAT received the AUTOMOCIÓN-ACICAE award, in the Vehicle Manufacturer category, awarded every year by the Automotive Cluster of the Basque Country (ACICAE). With this award, SEAT is recognised for its history as a car manufacturer connected to suppliers and for its success in its new car models. The Vice-President of Governmental and Institutional Relations of SEAT and of the Volkswagen Group in Spain, Ramón Paredes, collected the award in the company's name and gave thanks for the recognition given to the only Spanish company in the automotive sector that performs all its processes from start to finish: the design, development, manufacture and sale of its products.



The primary catalan employers' organisation recognises Dr. García Sanz

At an event chaired by His Majesty King Felipe VI of Spain and attended by the main Spanish and Catalan authorities, the primary Catalan employers' organisation, Foment del Treball Nacional, held the annual event to hand out the Medals of Honour and the Carles Ferrer Salat awards. In the 2016 edition, the Medal of Honour for the Businessman of the Year went to Dr. Francisco García Sanz, for his role as Chairman of SEAT's Board of Directors. The award recognises the great investment effort the company has made, the brand's commitment to generating wealth and employment opportunities, as well as SEAT's role as a driving force for Spain's industrial sector. The award was collected by the Chairman of SEAT's Executive Committee, Luca de Meo, on Dr. García Sanz's behalf.



conditions are made available to the self-employed, both for direct purchases and for leasing and renting. In addition, an agreement was reached giving them access to special financing conditions and a maintenance package.

SEAT also signed a collaboration agreement with FCC Aqualia to develop the innovative project known as SMART Green Gas, the purpose of which is to obtain renewable biofuel from wastewater in order to use it in vehicles that run on compressed natural gas (CNG). To this end, the company has delivered two SEAT Leon TGI vehicles to Aqualia, with which it will be able to carry out the necessary tests with the biomethane obtained from wastewaters to analyse and evaluate the use of this fuel in cars.

SEAT continued to support the promotion of CNG (Compressed Natural Gas) technology in Spain. In this way, together with its partner in this field, Gas Natural Fenosa, they delivered a Leon TGI model to the Guardia Civil (the Spanish police force), equipped with compressed natural gas and petrol, which stands out for its efficiency and reduced levels of consumption and emissions. This delivery forms part of a collaboration agreement to improve the energy efficiency of vehicles on the road and of facilities of the General Directorate of the Guardia Civil.

SEAT SIGNED A COLLABORATION AGREEMENT WITH FCC AQUALIA TO DEVELOP THE INNOVATIVE PROJECT KNOWN AS SMART GREEN GAS



SEAT's goal is to become a leading company in the field of connectivity

The Smart City Expo World Congress held in Barcelona was opened by the President of the Catalan Government (the Generalitat), Carles Puigdemont, who travelled to the exhibition venue, together with the Chairman of SEAT, Luca de Meo, driving a prototype electric vehicle, the SEAT e-Mii. The company also presented its smart mobility concept: the Ateca Smart City Car. This pioneering project boasts Smart City connectivity, which allows users to search for parking and to share their car with other users. SEAT is participating, and wants to be a key player, in the development of new urban and smart mobility concepts. In the field of smart cities, Barcelona represents the best city for investigating new solutions, due to its dimensions, industrial network and the presence of startups that boost innovation.





SUSTAINABLE GROWTH

FINANCE, IT AND ORGANISATION

8,597

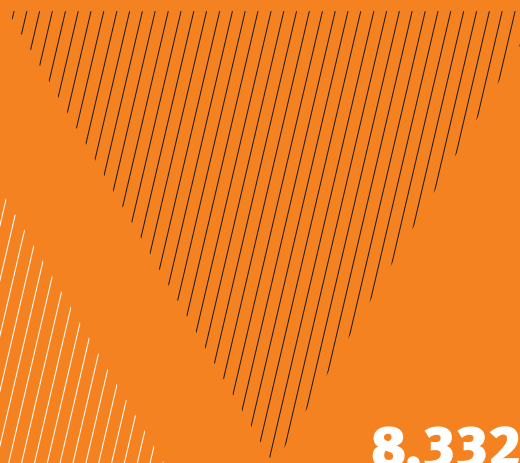
2016



Net sales (*millions of euros*)



7,497 | 2014



8,332 | 2015

ECONOMIC GROWTH

Eight years after the deep international financial crisis of 2008 began, the global economy has still not managed to fully recover. The policies applied to stimulate consumer spending, investment and growth have alleviated the negative consequences of the crisis, but they have not been able to fully restore confidence in the financial markets. The global economy recorded lower growth than expected again. The forecasts are now more volatile due to the uncertainty created by different risks. Added to geopolitical tensions are the questions surrounding the ability to correct the financial imbalances of the emerging economies. Furthermore, the consequences of the United Kingdom's departure from the European Union following the referendum held in June, in which the advocates of Brexit prevailed, are yet to be determined.

In 2016, the evolution of the global economy was marked by the moderate growth of the countries of the G8. It was also marked by the different behaviour of the emerging economies of the E7, where the progress experienced in countries such as China, India and Indonesia were offset by a new contraction suffered in the economies of Brazil and Russia. The recovery of the Eurozone, for its part, was underpinned by very favourable variables that are

gradually changing and which highlight the weakness of a growth based on the fall of the price of oil, the depreciation of the euro, low interest rates and the injection of liquidity into the financial system by the European Central Bank (ECB).

Among the main countries of the Eurozone, Spain performed particularly well, maintaining its high growth rate thanks to the strength of domestic consumption, higher exports and the strengthening of tourism. There was also progress in the labour market, both in the rate at which new jobs are being created and in the reduction of its high rate of unemployment. The sturdiness shown by the Spanish economy (it has experienced continuous growth for 14 consecutive quarters) has helped to maintain a climate of confidence abroad, which contrasts with the difficult domestic political environment. Following two general elections (December 2015 and June 2016), the various attempts by the two largest parties to form a government prolonged the period of the nation's interim Government until the end of October. The political uncertainty prevented progress from being made in fiscal consolidation and prevented new budgetary measures needed to significantly reduce the public deficit from being implemented.

AUTOMOTIVE SECTOR GROWTH

The growth of Asian markets such as China, India and South Korea, together with the momentum experienced by the European market, allowed the automotive sector to grow at a global level again, albeit below expectations. For the fourth consecutive year, Brazil (the largest market in South America) and Russia again experienced negative growth in their volumes.

The European Union also registered an increase in sales once again in almost all its member states. For the 34 months to June 2016, volumes in the single market grew continuously, only interrupted by a slight decline in the months of July and October. Furthermore, double-digit growth rates were achieved in various markets of the East, in Ireland and in countries of Southern Europe such as Spain, Italy and Portugal. The large markets such

as Germany, France and the United Kingdom also managed to improve their sales figures, but with more moderate growth rates.

In Spain, the extension until July 2016 of the Efficient Vehicle Incentives Programme (known as PIVE 8) was a key decision for the market. The extension of aids, together with the positive economic environment, the improvement in financing and the constant commercial efforts of the brands and dealerships explain the excellent result of the Spanish sector. Vehicle production reached 2.9 million units, exports amounted to 2.4 million vehicles and registrations of passenger cars exceeded 1.1 million units. These figures represent a highly significant increase in volumes: 5.6% in production, 7% in exports and 10.9% in passenger car registrations. The most optimistic analyses of the sector have

estimated that Spain's 17 car factories could produce around 3 million units in 2017. The positive trend in the figures for 2016 and the new forecasts now give rise to a new challenge for the Spanish sector: to produce 4 million vehicles in 2020.

2016 figures for the sector in Spain



*Increase in vehicle production
over 2015*

5.6%

*Increase in vehicle exports
over 2015*

7%

*Increase in passenger car
registrations over 2015*

10.9%



SEAT and Conector launch a start-up accelerator specialised in the automotive and mobility sector

SEAT and Conector joined forces to launch SEAT Accelerator by Conector, an accelerator that includes six start-ups in its first acceleration programme, whose offices will be in SEAT's facilities in Martorell. The entrepreneurs will be supported and accompanied by the brand and will follow the Conector methodology.

With this alliance, SEAT has the clear goal of supporting entrepreneurs that bring new solutions to the automotive and mobility world, supporting innovation in the automotive industry. For its part, the start-up accelerator Conector consolidates its support for alliances with large companies and the promotion of corporate accelerators.

These types of partnerships are aligned with SEAT's vision of the company's future to work towards a mobility ecosystem. The acceleration of start-ups allows for the sharing of knowledge and provides access to the best talent that stimulates the company's digital transformation.



Award for SEAT Accelerator by Conector

As part of the second edition of the Awards for the 50 Best Digital Ideas held by the newspaper *Expansión*, SEAT Accelerator by Conector was given an award in the Open Innovation category. The awards are divided into ten categories and recognise the efforts of Spanish companies and institutions to adapt their processes and services to the new digital economy, through original projects with market perspective and that provide value to society.

PROFITABILITY GROWTH

Sales revenue grew again for the sixth consecutive year, reaching a new record for the brand: 8,597.3 million euros, which represents a 3.2% increase over 2015. The company's revenues incorporate a new line of business (R&D services) arising from the fusion with the subsidiary Centro Técnico de SEAT, S.A. This company, dedicated to vehicle research and development, was absorbed by SEAT, S.A. on 1 May with retrospective effect from 1 January 2016 (see note 23 of the Annual Accounts). The fusion will enable SEAT to respond more efficiently to the technological challenges it will face in the future, as well as optimising resources, improving processes and obtaining greater synergies.

SEAT has taken a major step on its path towards sustainable profitability. In 2016, the brand achieved an operating profit of 143.5 million euros, the first operating profit generated since 2007. The success in the launch of the new Ateca, the improvement in the sales mix and reductions in costs through various efficiency plans have been key to obtain this result. Also, the increased demand for the range of models with a higher contribution margin has made the company more competitive and allowed it to optimise the quality of its revenues.

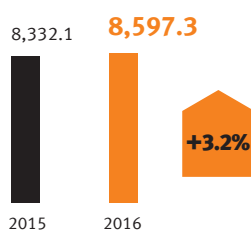


IN 2016, THE BRAND ACHIEVED AN OPERATING PROFIT OF 143.5 MILLION EUROS, THE FIRST OPERATING PROFIT GENERATED SINCE 2007

Improvement in business model (Increase over 2015)

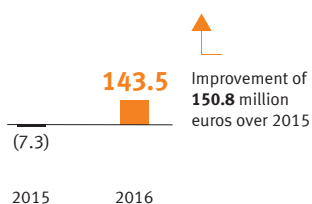
Net sales

(millions of euros)



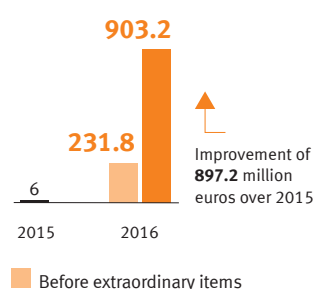
Operating result

(millions of euros)



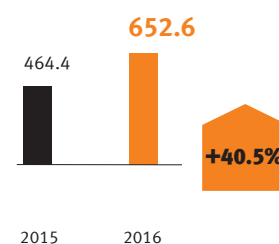
Result for year

(millions of euros)



Investments

(millions of euros)



THE EXCELLENT PERFORMANCE OF THE BUSINESS IS REFLECTED IN THE OPERATING CASH FLOW OBTAINED OF 761.1 MILLION EUROS

Profit for the year before extraordinary items amounted to 231.8 million euros, 38 times more than that obtained in 2015 (6 million euros). This result does not include a gain of 671.4 million euros generated by the sale of the company Volkswagen Finance, S.A. and its subsidiaries (Volkswagen Renting, S.L., Volkswagen Insurance Services Correduría de Seguros, S.L. and MAN Financial Services España, S.L.) to the company Volkswagen AG. If the impact of these extraordinary items are taken into account, profit after tax amounts to 903.2 million euros, 150 times more than that obtained in 2015.

SEAT also continues to improve its capacity to generate internal resources with which to self-finance its investments and consolidate its financial structure. The excellent performance of the business is reflected in the operating cash flow obtained of 761.1 million euros. This volume of resources, which represents 8.9% of sales revenue, has allowed the company to finance all the investments it has carried out, for the fourth consecutive year, amounting to 652.6 million euros.

SEAT, a reference in shared services

SEAT hosted the 22nd meeting of the Shared Service Centres Club, which includes some of the largest multinationals in Spain, such as Bayer, BBVA, Danone, Repsol and Telefónica.

In the meeting, the company presented the shared services model of the SEAT Group, which is a reference in this field. For thirteen years, SEAT has had an administrative shared service centre that provides services to all the companies and business units of the SEAT Group.

These shared service centres allow the company to optimise processes and costs by centralising functions for the different business units or companies.



Optimisation of the organisation

Key objectives and messages



EFFECTIVENESS

We create spaces for matters geared towards the future and we strengthen competencies

- / Focus on core competencies
- / Implementation and strategic strengthening of know-how



EFFICIENCY

We reduce complexity in the workplace and we FOCUS on the essentials

- / More efficient processes and an organisational structure geared towards processes, including new models of cooperation
- / Optimal structure, with committees and reports



EMPOWERMENT

We increase personal responsibility and accelerate decisions

- / More responsibility for employees
- / Faster and more transparent decision-making processes

The company is carrying out an ambitious investment programme aimed at optimising the organisation, launching new products, integrating new technologies into the vehicles and developing new mobility services. SEAT wants to play an active role in the process of change that will revolutionise the core business of the car sector with innovations such as electrification, digitalisation and the smart car.

One of the most important aspects to lead the changes which the sector finds itself immersed in is converting SEAT into an “easy & smart” organisation by improving effectiveness, efficiency and empowerment. Digitalisation and optimisation are two of the basic principles in which the company invests time and resources. Through the digitalisation of the business processes, the work is performed more effectively, eliminating tasks without added value. The goal of process optimisation is for the company to perform its activities more quickly, by liberating resources that focus on the new challenges the company faces.

The company does not conduct and has not conducted any operations with its own shares or derivative instruments during the period. The weighted average payment period to company suppliers was 37 days in 2016. There have been no events having an impact on the financial statements after the closure of the financial year.



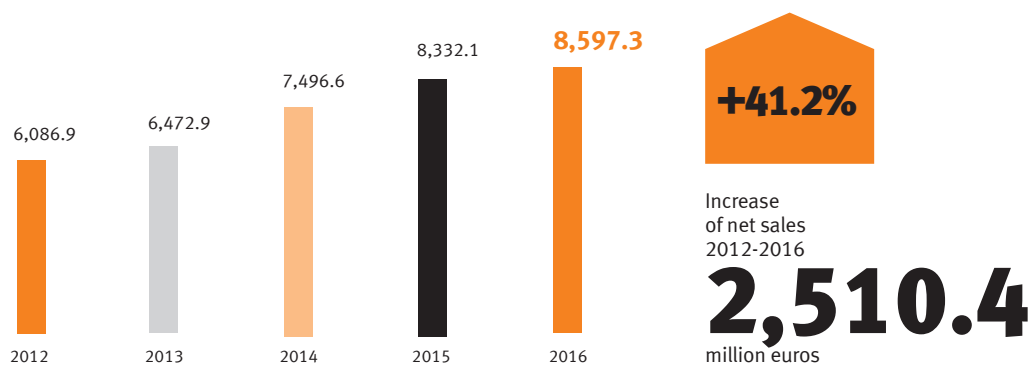
SEAT, one of the best spanish brands

SEAT is the first and only automotive brand to be included in the ranking of the 30 Best Spanish Brands 2015, drawn up by Interbrand, a leading global consultancy company with offices in more than twenty countries.

The study is published biannually and classifies brands according to their financial strength, their customer services and the possible future earnings derived from the brand.

The ability to anticipate changes and to contribute to the growth of the business through strengthening the brand is what has enabled SEAT to enter this ranking for the first time.

Net sales (millions of euros)



Investments (millions of euros)

