

ŠKODA AUTO Volkswagen India Media Night

Delhi, 03.02.2020

Speech Bernhard Maier

CEO ŠKODA AUTO

Ladies and gentlemen, dear guests,

Welcome to Škoda Auto Volkswagen India Private Ltd. – good evening to everybody!

Have you ever been on a road trip?

You know - To just set off, discover something new, accept uncertainties, dive into an adventure...

Zbislav Peters, a lawyer from Prague and national ice hockey player, headed off on such an adventure on 12 May back in 1934:

He rounded up a handful of people, prepared four ŠKODA POPULAR to start – lets name it an expedition - from Prague to Calcutta, 11,000 kilometres away – without Google Maps, smartphones or a hotel reservation app. And also the cars neither had four-wheel drive, nor variable traction control or an integrated emergency call. ☺

Their trip took them straight through the Arabian desert, which was no problem for the cars; because they were equipped with a larger radiator, hinged windshield and sunroof. And that wasn't all: They had additional petrol and water tanks and – simply clever – rotating searchlights to make sure they stayed on track even at night, in fog and during sandstorms.

Ladies and gentlemen,

Why am I telling you this anecdote?

The road trip had a welcome side effect – in addition to satisfying their thirst for adventure, it was free advertising for the quality and reliability of the ŠKODA POPULAR. The result of the – admittedly rather unusual – campaign was that 90 ŠKODA POPULARs were sold in India in the second half of the 1930s.

Let's put it this way: It was a start! ☺

And it really shows, ŠKODA does already have a strong heritage in the Indian market. And now we are heading off to a prospering future in the upcoming years.

A lot has happened since then:

In India and in the automotive Industry. ŠKODA is now part of the Volkswagen Group, which is represented by famous brands like Volkswagen, Audi, Porsche, Lamborghini and of course ŠKODA.

We are operating two plants in Aurangabad and Pune, selling around 52,000 vehicles last year and are operating in over 225 branches in India.

Compared to the total group sales of 10.9 million units globally, however, India is still a 'tender shoot' for us. And of course we do have bigger plans! ; Especially in a market that is about to get more and more mature in the upcoming years.

Indeed, India has shown a high level of economic volatility in the recent years which is quite normal in that stage of development. Even more important is that the long-term perspective is more than positive. Experts predict the car market will almost double by 2035 from three million today to five to six million units a year.

We are convinced of the market's vast potential; the demographic and economic indicators are promising:

- By 2050, India will be the world's most populous country with 1.6 billion inhabitants
- ... and one of the youngest by already 2025 – with an average age of just 25 years.
- And after a brief lean period last year, the International Monetary Fund estimates that economy growth will rise again to 5.8% this year and a even higher 6.5% in 2021.

In short, India is meant for growth!

And individual mobility is one of those key drivers of the country's prosperity and economic progress. Development is being boosted by infrastructure projects worth 1.3 trillion euros.¹ And according to experts, the car market will soon be the third-largest in the world.

That is why, one and a half years ago, we launched the INDIA 2.0 project, because the Volkswagen Group commissioned ŠKODA to assume responsibility for the Indian subcontinent and a new platform for the model campaign.

What have we achieved since the project started?

- The operational set up is completed: With the merger of the legal entities we are working much faster and efficiently.
- Our development centre in Pune has been in full swing for over a year now – more than 200 engineers have been hired and the trend is rising.
- And the degree of localisation is already 95%.

Ladies and gentlemen,

With these proof points we are honouring exactly the commitments we announced in mid-2018. We are creating the essential prerequisites to implement our future plan with full speed.

Our goal is ambitious: Volkswagen and ŠKODA achieving a joint market share of 5% in the medium term – of course - depending on the market and segment development.

¹ Source: German Trade & Invest, 12/2019

For ŠKODA this means India is becoming one of our five largest sales markets worldwide and an important pillar of our growth plan: ŠKODA has the potential to sell up to two million vehicles a year over the course of this decade.

In other words: INDIA 2.0 is one of the top priorities of both brands and firmly anchored in our Strategies 2025.

Ladies and gentlemen,
together with Volkswagen we are investing one billion euros in this - which clearly shows – we mean business

With such a high investment, the fundamental thing for us is predictability! New legislation should provide sufficient lead time so that we can adapt and offer our customers the right products at the right time.

The Volkswagen Group is best equipped to handle the new demand of electric vehicles across the world with major investments being made into alternate fuel technologies. It is important that we bring these new technologies to the markets whenever the necessary prerequisites like infrastructure and with that acceptability amongst customers is in place.

E-mobility is a global topic which will also be valid for India.

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What does this mean for ŠKODA Auto?

Overall, we are in the middle of the biggest product offensive ever. From 2019 to the end of 2022, we will be launching over 30 new models. More than 10 of which will be partially or fully electric.

We already started into e-mobility in Europe with the SUPERB iV and the CITIGO e iV and we are electrifying our entire model portfolio step by step.

And this is not all – we are taking great strides towards being carbon neutral, we are adopting the use of renewable and clean energy in all of our production facilities. By 2025, we will be carbon neutral in our main production site in the Czech republic. Which is by the way the second largest plant in Europe. Here in India 25% of our energy requirement is already generated through solar power.

Ladies and gentlemen,

You see, we have ambitious plans for the future – especially for India. And that's exactly what a great team is working on and what is firmly anchored in the motto of this evening. Together, towards tomorrow.

Since day one, I have been impressed by the speed and consistency the team around Gurpratap Boparai has been in action. INDIA 2.0 is not only about a new plant and new products – it's also a great example of how collaboration can work across the group, brands and cultures.

Gurpratap: Well done, keep on pushing!

Ladies and gentlemen,

The time has come for you to experience our INDIA 2.0 model portfolio exclusively and for the first time. We are looking forward to your feedback!

And by no means, that's not all: Today we are presenting the brand's complete portfolio with which the Volkswagen Group is making waves here in India: Let's get started with the premium brands Audi, Porsche and Lamborghini.

I wish you all an exciting evening and now I would like to hand over to Gurpratap Boparai who will give you further insights into our India business.

Gurpratap – the stage is yours!

Ladies and gentlemen,

Dear guests,

Diversity is one of the strengths of the Volkswagen Group and we are well positioned with our brand portfolio in India. We have the right model for every customer.

The series versions of the Volkswagen Concept and the ŠKODA VISION IN will soon be entering the world of Volkswagen – we can hardly wait to get them on the road next year. They are the beginning of our INDIA 2.0 product campaign – developed and produced here in India with our Indian colleagues and for our Indian customers.

And one thing is crystal clear: this is just the beginning! We are already intensively planning the next steps and have a lot of ideas in mind!

Ladies and gentlemen,

Thank you for being our guests today. My colleagues and I are ready to answer your questions. And ow, I'd like to ask the management team to join me on stage for a photo.
