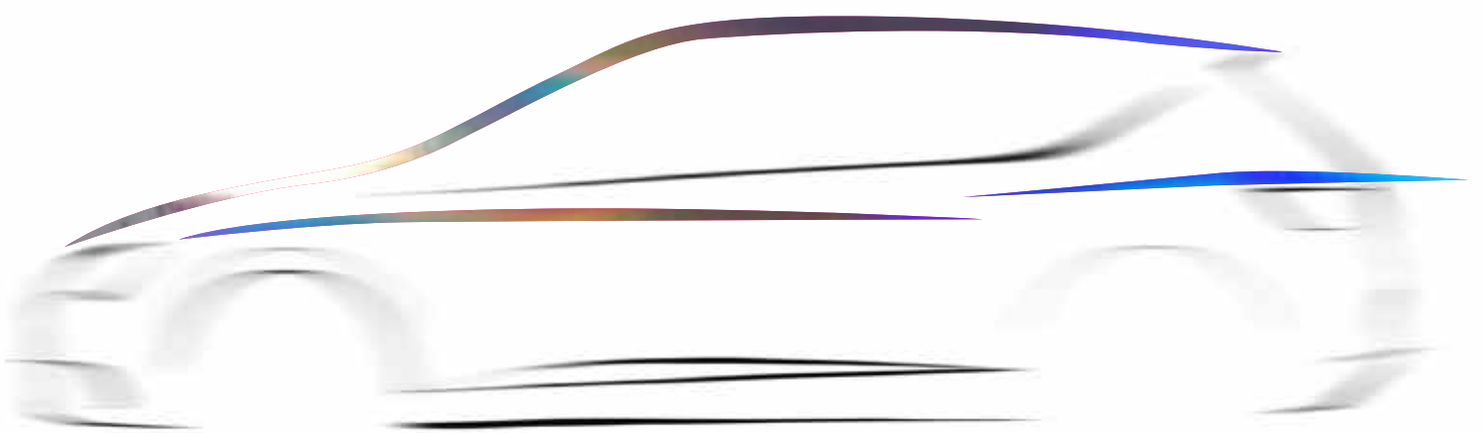
SEAT

TECHNOLOGY TO **ENJOY**



ANNUAL REPORT **2014**

Getting you to your destination isn't
the end of the journey for our cars.
It's just the beginning. We want them
to inspire you as well.

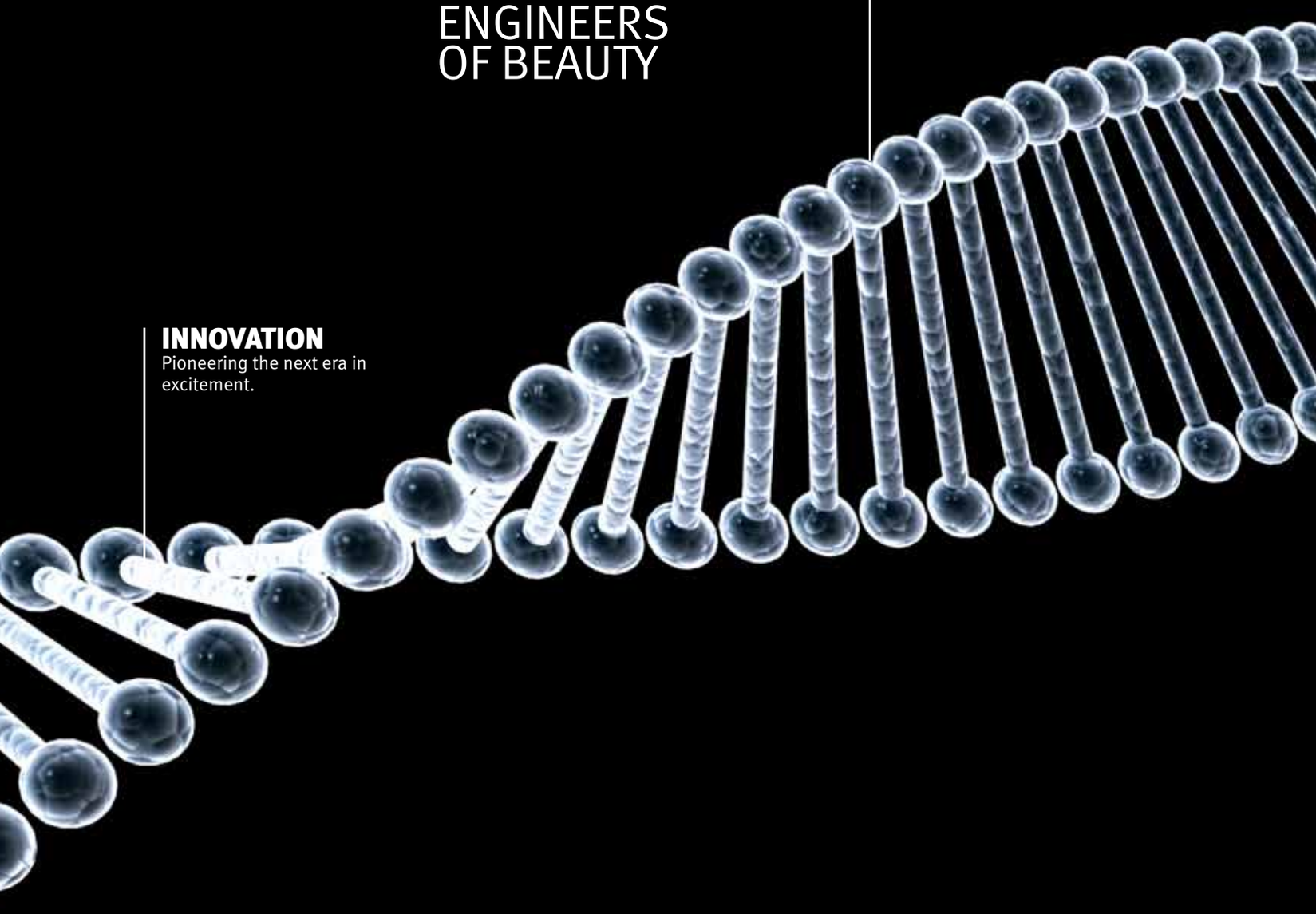
So we engineer them with your enjoyment
in mind. It's this philosophy that lies
behind everything we do as a company.

WHAT IS **TECHNOLOGY TO ENJOY?**

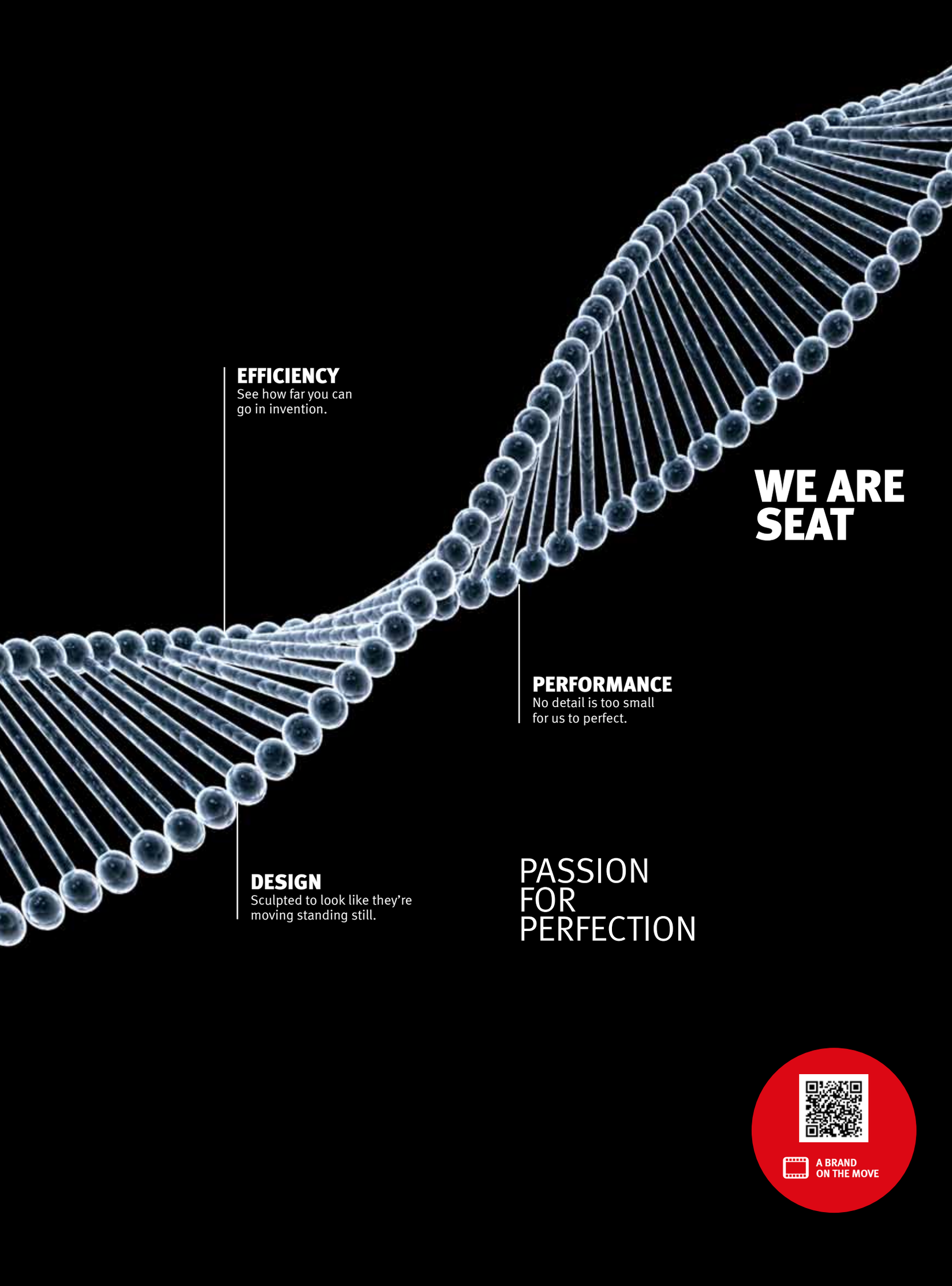
When you get behind the wheel of a SEAT car, you don't just go for a drive, you go for an experience. One that will capture your imagination and touch your emotions.

TECHNOLOGY
Using the latest to give you the greatest.

ENGINEERS
OF BEAUTY



INNOVATION
Pioneering the next era in excitement.


EFFICIENCY
See how far you can go in invention.
WE ARE SEAT
PERFORMANCE
No detail is too small for us to perfect.
DESIGN
Sculpted to look like they're moving standing still.
PASSION FOR PERFECTION
A BRAND ON THE MOVE

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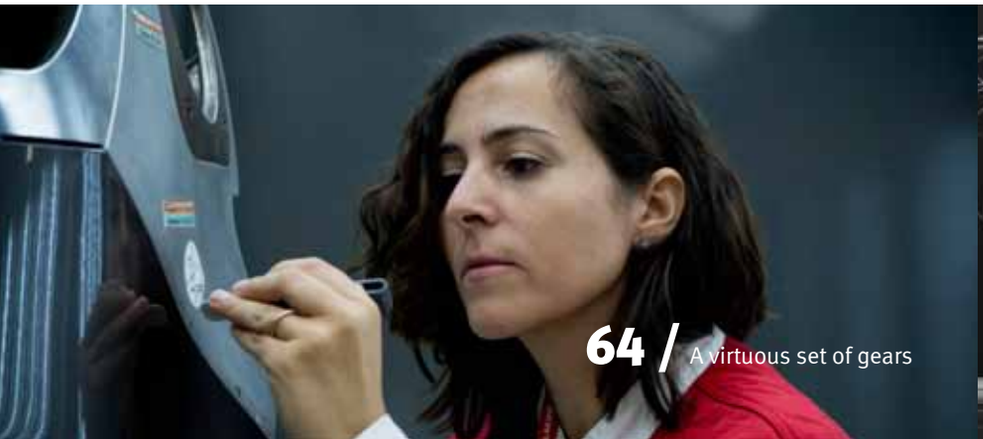

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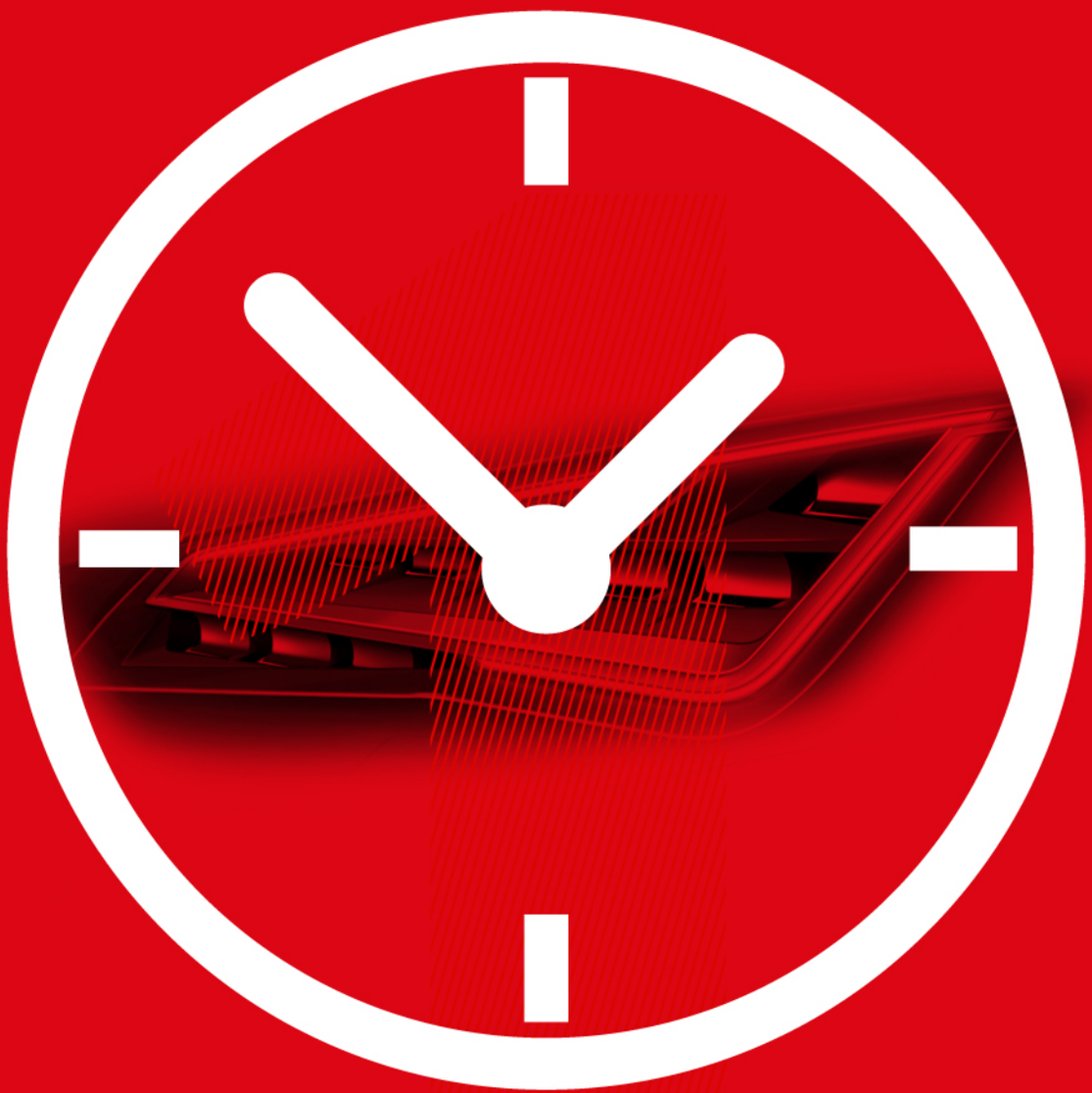
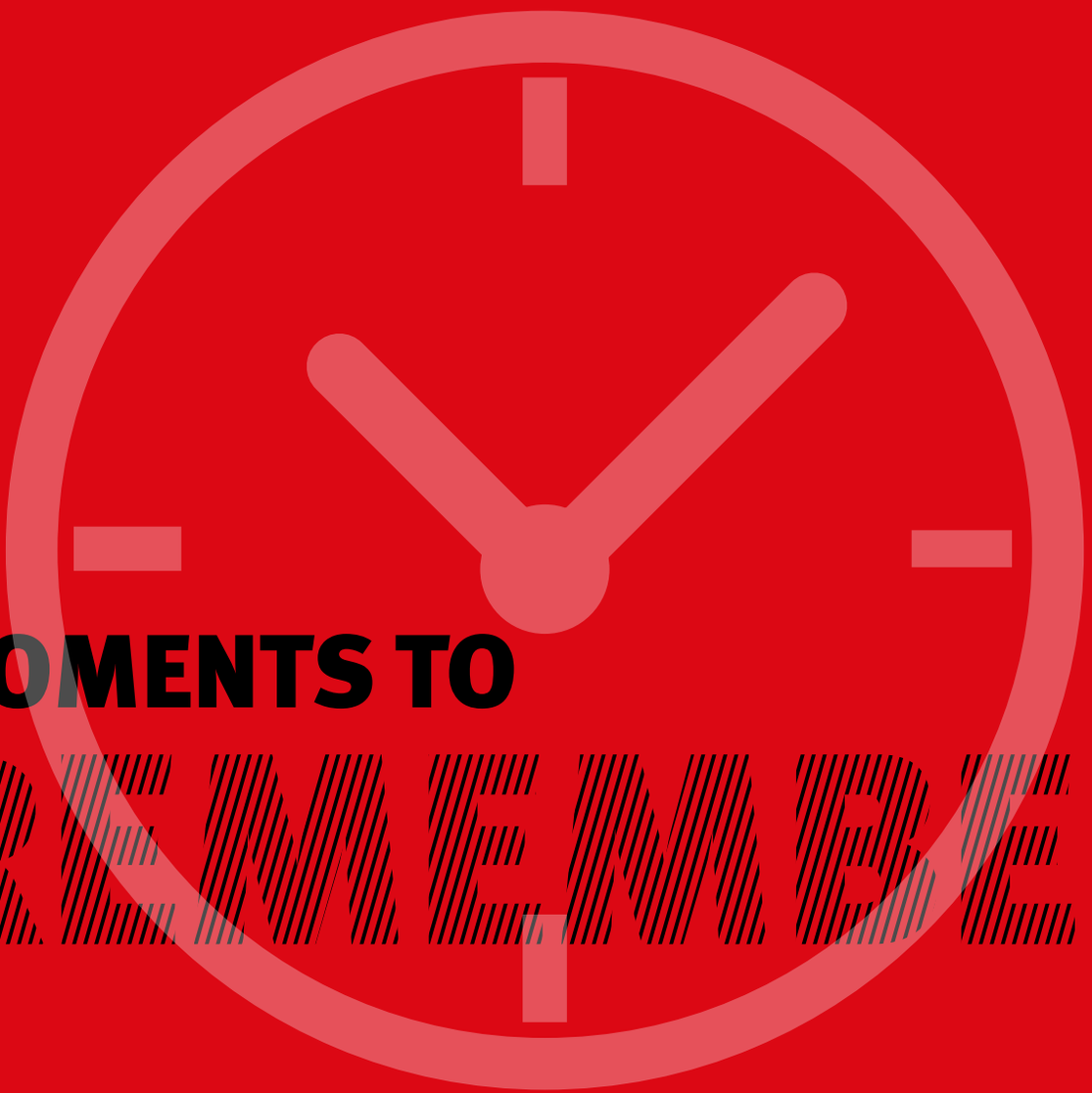
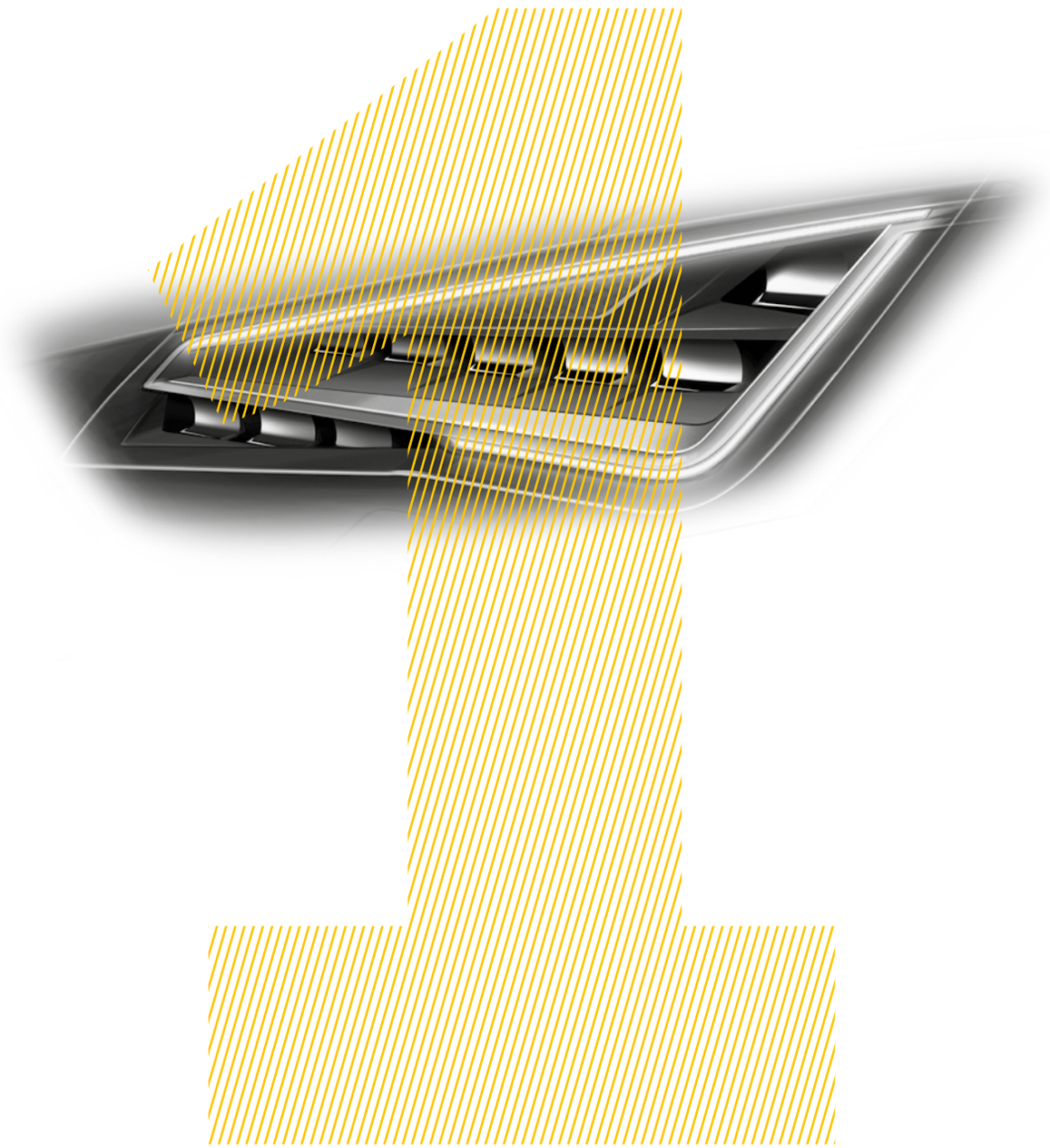
MOMENTS TO REMEMBER





MOMENTS TO REMEMBER



2014

A year of achievements and good news

Play video

MARCH 4

Leon CUPRA, King of Nürburgring

At the Geneva Motor Show SEAT unveils the new version of the compact – sporty in character and capable of beating the German circuit's speed record.

MARCH 10

Increase in Leon production

Growth in sales of model prompts addition of third shift to Line 2 at Martorell production plant. Over the year, SEAT hires 800 new employees.

MARCH 26

New SUV to extend range

During the presentation of 2013 annual results, SEAT President Jürgen Stackmann announces production of the brand's first SUV, with marketing to begin in 2016.

Play video

APRIL 23

SEAT Ibiza blows out 30 candles

SEAT's most popular and best-selling car celebrates the 30th anniversary of production of the first unit.

Play video

JUNE 10

Company seen from the inside

SEAT brings together more than 2,400 company dealership network representatives from over fifty countries to show them the brand's future strategy and projects.

Play video

JUNE 27

From apprentices to hired hands

SEAT takes on first 45 apprentices from its Dual Vocational Training (VT) programme, after completion of a three-year middle grade course and awarding of double German-Spanish qualifications.

Play video

SEPTEMBER 29

The Ibiza hits the 5 million mark

Ibiza number 5 million leaves the Martorell production plant.
70% of vehicles manufactured since 1984 have been exported.

Play video

OCTOBER 2

The Leon X-PERIENCE rolls into Paris

SEAT presents a new version of the compact car at the French capital, with estate bodywork, permanent 4-wheel drive and off-road look.

OCTOBER 14

Encuentros SEAT

In Madrid the brand holds the first of the *Encuentros SEAT* meetings, bringing together representatives from the company, the business world, politics and institutions.

Play video

NOVEMBER 2

The Leon Eurocup, the chequered flag

The Barcelona-Cataluña racing circuit hosts the last and decisive race in the Leon Eurocup, which ends in party mood with more than 11,000 invited employees and families.

Play video

DECEMBER 5

Felipe VI visit, crowning achievement of Ibiza anniversary

His Majesty King Felipe VI visits the Martorell production plant on the 30th anniversary of the Ibiza, obtaining first-hand knowledge of SEAT's technological capacity.

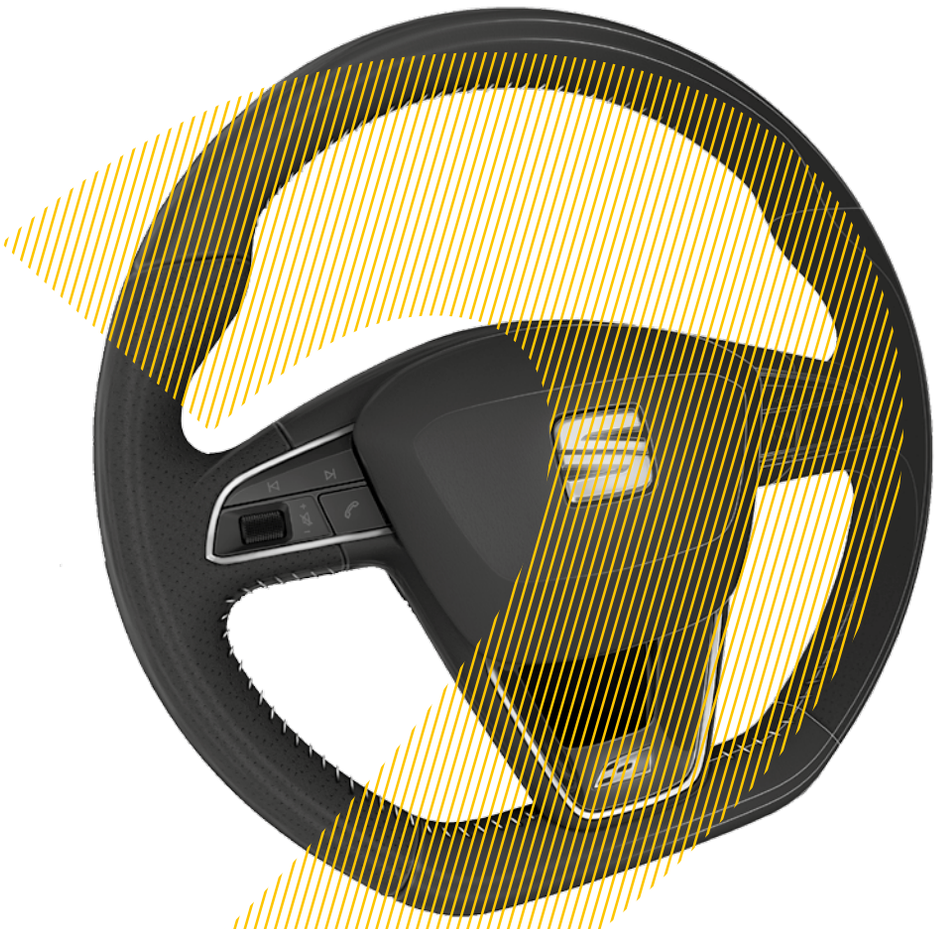
DECEMBER 31

Increase in sales and production

The company increases sales by 10% over previous year, boosting production at the Martorell plant by 13.5%, to 442,677 vehicles, the highest figure since 2002.

IDEAS TO REACH SUCCESS

IDEAS TO REACH SUCCESS



“THE LEON IS A TURNING POINT IN SEAT’S HISTORY”

Dr. Francisco Javier García Sanz
CHAIRMAN OF THE BOARD OF DIRECTORS

> “The compact SUV is a perfect fit with the company’s strategy”

The world is going through sweeping changes. Events come fast and furious, demanding greater speed in decision-making. Internet and the social networks both accelerate and have a multiplying effect on new trends – and the automotive world is not immune. Changes that need to be read, decoded and accurately interpreted to create strategies and determine the way companies should move forward.

If there is one sphere that has successfully read globalisation, there is no doubt that it is the automotive sector. As a member of the Volkswagen Group, SEAT has understood globalisation and has strengthened two aspects that to my mind form the mainstay of the future of any company: innovation and people. Over the past five years SEAT has invested more than 2 billion euros – more than half of which in R&D alone – to continue developing new products responding to the needs of its customers. Today SEAT’s workforce comprises more than 14,000 persons, some 800 new employees having been added over 2014. Their commitment and – as we say – passion for perfection are contingent on how the brand evolves.

The increase in the SEAT workforce came on the back of a double-digit upturn in sales for the second year running, with a boost to production at the Martorell plant. Once more the Leon was the key player in these results. More than a model, it is a formula for success. The ‘Leon Formula’ is showing us the way forward. The Leon is a winner not only because it has become SEAT’s best-selling car, but because it has also given us solid growth in a sector providing a higher contribution margin, as well as taking us to new customers such as fleets.

The Leon family – to which new versions are being added – is a runaway success and has transformed the image of SEAT. It has meant a turning point in company history, as was the case in its day of the Ibiza, which in 2014 celebrated its 30th anniversary by surpassing the figure of five million units sold worldwide. The Leon and the Ibiza will be joined by our first SUV next year. This compact with the off-road look is a perfect fit with the company’s strategy. This is the model we need, and it will be yet another milestone enabling us to return to sustainable profitability and consolidate a future that we now face with much greater optimism. A future that will no doubt see further developments to cater to the changing needs of our customers.

AWARD FOR OUTSTANDING FIGURE IN THE FIELD OF AUTOMOTION
Dr. Francisco Javier García Sanz received this prestigious award from José Manuel Soria, Spanish Minister for Industry, Energy and Tourism. With this award the Barreiros Foundation recognised Dr. García Sanz’s contribution to development of the automotive sector in Spain.

ILLUSTRIOUS PERSONAGE OF THE SPANISH AUTOMOTIVE SECTOR
The Spanish Association of Automotive Professionals (ASEPA) appointed Dr. Francisco Javier García Sanz ‘Illustrious Personage of the Spanish Automotive Sector’. This award is given to personalities who are regarded as benchmarks within the Spanish automotive industry in view of their values and work.

"SEAT IS HAVING STRONG SALES MOMENTUM AND CONTINUES TO INCREASE MARKET SHARE IN EUROPE"

Jürgen Stackmann (Buxtehude, Germany, 1961) has been Chairman of SEAT's Executive Committee since 2013. He sees the company making good progress on the way to sustainable profitability. The company's sales have developed strongly over the past two years, seeing a 21.7% growth and a massive shift into a profitable mix. And 2015 is getting off to a good start: further product launches, extension of the dealership network, celebration of the SEAT Technical Centre's 40th anniversary, and deep commitment to technological innovation are just some of the milestones going forward.

SEAT ended 2014 with a 10% increase in sales over 2013. How do you rate the year?
2014 was a good year for SEAT and a major milestone in our journey towards making it a sustainable and profitable company. Not only did we successfully improve sales figures over the previous year – getting the best results since 2007–, but at the same time, the sales mix shifted into the more profitable Leon segment. SEAT is now based on two equally strong pillars: the Ibiza and Leon families.

At Martorell 443,000 cars were built (13.5% up on the previous year's figures and the best result for the past 12 years), and we also hired 800 employees over the year, 350 of whom are now on an open-ended contract since the beginning of 2015.

Our focus on the European core region is paying off. Our market share is now 2.5% and four out of five big European markets have seen double-digit growth.

What do you put this growth down to?
The key driver of our growth in 2014 is our new Leon family, specifically the ST version. The Leon family as a whole has seen sales growth of 50%. For the first time in the history of the company we have achieved a sales equilibrium between the Leon and the Ibiza; we've actually sold a few more of the Leon. The balance provided by this second pillar is a crucial achievement and key to creating a sustainable and profitable future. Achievements in 2014 make us optimistic about maintaining our growth path throughout 2015.

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PROFIFOTO
Wein
ARCHITECTURE NOW

PRODUCT SALES PERFORMANCE BUSINESS MODEL

What's the Leon's secret? Design? Technology? A combination of both?
Perfect balance is the secret – we call it the 'Leon Formula'. The right proportions between functionality and emotion. Customers know that we are providing them with a top-quality product, outstanding reliability and world-class technology at an affordable price. We give them the thrill of driving and agility paired with excellent day-to-day comfort. And it is all wrapped up in a design concept intended to make you feel younger, including unique technology innovations like our full LED front lights.

There is constant mention of the 'momentum' the company is experiencing. What does this concept mean exactly?
The term 'momentum' is very wide-ranging, but I personally use it to describe the push or thrust we are currently feeling as a company, something that comes from the marketplace, from our customers, from our dealer partners, journalists as well as our own employees. We can see that SEAT is having strong sales momentum and continues to increase market share in Europe. This momentum is created by the new generation of models we are launching – it is substantial. All our research tells us that the brand's profile is rising in all markets at the same time. Secondly, externally the momentum is building trust in our brand and our strategy within the Volkswagen Group itself. As a result we have been given the go-ahead for our first SUV, to be launched in 2016.

Why a commitment to the SUV?
The SUV market accounts for 10% of total demand in Europe – in many markets even reaching 20% of demand. Customers are looking for a functional, roomy car with a higher seat position, combined with expressive design. At SEAT we believe we can deliver this in an excellent way and repeat the Leon success in the SUV market. We expect to carve out a substantial share of this market. For SEAT the SUV will be a volume product, not a niche one. We intend to add a third strong pillar to our two existing ones, the Ibiza and the Leon. These pillars are completed with a base of models such as the Mii, the Alhambra and the Toledo, which are targeted at specific customer groups.

You have mentioned you want sustainable growth on your watch. How do you expect to achieve this?
As the Executive Committee and a

management team, we believe that our task is not to pursue short-term (and short-lived) success, but rather to prepare all elements of our company for a profitable sustainable future. There are three main drivers involved in the sustainable growth we are looking for: an intelligent and focussed product portfolio, with quality models offering a high revenue potential and good market volume; secondly, a strong professional dealership network and brand image, and finally strict cost control.

How are you going to strengthen the dealership network?
We are working with our dealer partners in two dimensions. Firstly, our present and planned sales growth needs corresponding network growth. There are plans to open more than 100 new dealerships in 2015, 90% of which in Europe. Most of them in countries like Germany, the United Kingdom and France. Secondly, we are focussing on dealerships' appearance, sales service professionalization and capability to meet expectations of our customer groups.

What can the company do to encourage customer loyalty?
Firstly, to expand and shift our portfolio into vehicle segments with high demand market coverage to keep customers loyal. The future success of the brand is based on excellent products and a market distribution system to make customers feel satisfied. Secondly, we are focusing on a lasting and satisfying ownership experience. This again is essential, as the dealership network is our interface with the customer.

We are committed 100% to this issue: brand and customer. This means investment not only in product but infrastructure, marketing, systems and dealerships. This is the way to achieve long-lasting success for the brand.

What does the 40th anniversary of the Technical Centre entail?
SEAT feels particularly proud of its capability to develop its own vehicles from A to Z, from design to production. More than 900 engineers work at the SEAT Technical Centre (CTS), some of them also alternating with the Volkswagen Group. We are a highly-trained team who can develop world-class products. We have a design team comprising 130 direct and indirect employees. The main challenge for the next few years – production apart – will be to cut back on CO_2 emissions and satisfy customers on matters of connectivity and *infotainment*. In 2015 we will take a significant step and put new developments on the market halfway through the year.

8 | 6 | 3 | 7

BOARD OF DIRECTORS

Chairman
Dr. Francisco Javier García Sanz

Board Members
Martin Mahlke
Matthias Müller
Jürgen Stackmann
Klaus-Gerhard Wolpert

Secretary and Legal Counsel
Luis Comas Martínez de Tejada

EXECUTIVE COMMITTEE

1 Jürgen Stackmann	Chairman
2 Holger Kintscher	Finance & Organization
3 Dr. Andreas Offermann	Sales & Marketing
4 Ramón Paredes	Governmental & Institutional Relations
5 Dr. Matthias Rabe	Research & Development
6 Josef Schelchshorn	Human Resources
7 Dr. Andreas Tostmann	Production
8 Klaus Ziegler	Purchases

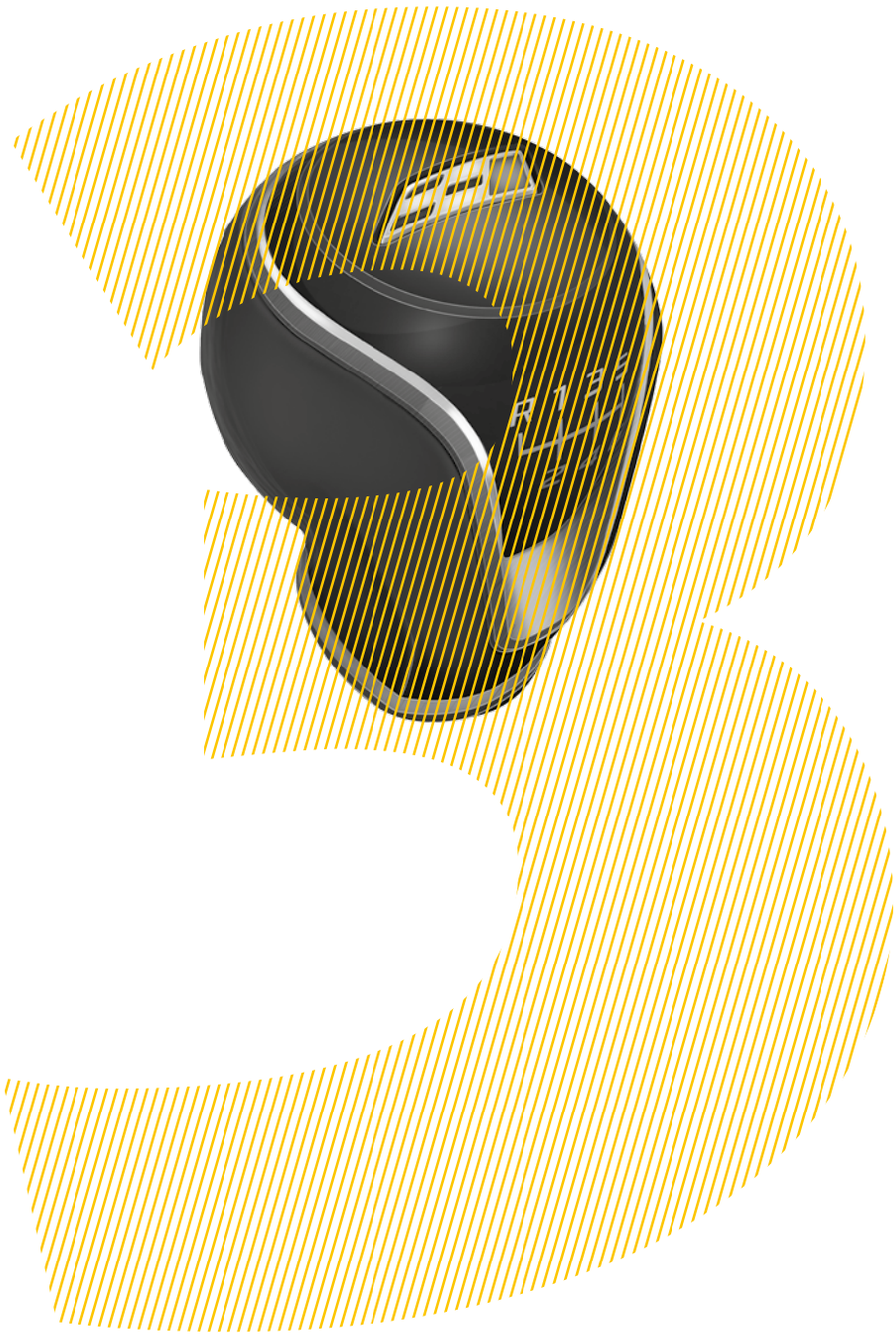
The Board of Directors appointed Klaus Ziegler as Purchases Vice-President, with effect from October 15, 2014, replacing Dieter Seemann.

BUILDING BEAUTIFUL THINGS

BUILDING

BEAUTIFUL

THINGS



A WORLD WHERE BEAUTIFUL THINGS HAPPEN

The world is full of beauty. Enjoyable things happen around us every day, things that fill us with emotions and experiences. At SEAT we start every new day with the same objective: helping others experience beautiful things through our work and technology. And we do so by putting our hearts and minds into each detail. Because beauty does not just happen spontaneously.

Quality is the result of a passion for perfection. It is creativity and inspiration at the service of technology and precision. We can only make beautiful things happen when we put passion into every millimeter of our work. This is the way we like to work. And our cars are the ultimate expression of this mindset.

"AT SEAT WE BELIEVE THAT TECHNOLOGY MUST BE CREATED TO ENJOY"

CHANGING THE QUESTIONS TO FIND NEW ANSWERS

Experiments repeated in the same conditions give the same result. It is the personality of those who take part in the process that generates new points of view, new details which take us towards new answers. The human touch is the key to make the difference.

Under the starry sky we feel that we belong to something bigger than ourselves. Although we do not understand it, we have a feeling for the complexity that lies behind its boundless beauty. The hypnotic vision of its perfect harmony makes us dream. In the cosmos, mathematical precision is revealed in the most beautiful way.

"THE PERSONALITY AND THE QUALITY OF OUR CARS IS REVEALED IN EVERY DETAIL"

DESIGNED TO EXECUTE BEAUTY

A meticulously-sculpted body is accurately ‘designed’ to carry out complex movements with maximum precision. The firm, toned muscles are both tough and flexible. This is the balance that lies in the beauty of classical ballet. At the peak of each position the structure is rigid, unyielding, but a few seconds later the body loosens up and moves with the grace and softness of someone who dominates it with the precision of a perfect gear assembly.

The harmony of movements and agility of the dance transmit that feeling of floating-like lightness. The taut lines of the dancer's body and the grip in each movement evoke the pleasure of dancing. A body that extends and retracts with apparent ease of spontaneous movements. It is the concept of enjoyment made manifest in flowing movements.

"BECOMING ONE WITH THE ROAD FEELING THE PRECISION IN THE SHAPE OF EVERY CURVE: THAT IS THE SEAT DRIVING EXPERIENCE"

Music has the power to give flight to our emotions. The brightness of the higher pitches, the texture of the lower ones: each pitch takes us to a state of mind. When many instruments are brought together, enjoyment increases greatly. Melodies are more complex and rhythms more intense. The musicians share the emotion of creating something together. It is enjoyment resulting from the perfect sum of the parts as a whole.

"THE SEAT SOUND SYSTEM IS A STATE-OF-THE-ART EXPRESSION OF THE WAY WE LIKE TO LIVE: YOUNG-SPIRITED, ENJOYING EVERY STEP OF THE WAY"

THE ART OF GIVING SHAPE TO EMOTIONS

Each line of the design, each fragment of wood, each joint... Any detail of the manufacturing process will influence the final outcome. The craft of a luthier is a painstaking building process involving perseverance and exigency at every step. The passion for perfection in the material will be rewarded with a perfect sound. Music makes visible the invisible in every chord on the instrument.

THE REASON THAT BUILDS DREAMS

Design, calculation, technique. The slightest mistake might have serious consequences. Architecture uses all building elements to create strong, reliable structures. Useful, accessible spaces with an efficient design that respects its environment. Most constructions end here, rationally. But in some exceptional cases genius is unleashed and dreams come true, building the impossible, the fantastic, the extraordinary.

When architects dream, they can reach beyond the limits of their own creations. They also model a part of our lives. The new building becomes a point of interaction and it is then we understand its real meaning. When it relates to the people who live in and around it, who play within its walls and identify themselves with it. A building can provide us with a place to enjoy. This is the very purpose of architecture.

"WHEN WE DESIGN A CAR, AT SEAT WE ALSO DESIGN THE EMOTION AND THE ENJOYMENT OF DRIVING IT"

THE VALUE OF THE PAST TO BUILD THE FUTURE

Identify the traces of evolution in the landscape that surrounds us. Understand the secrets of our ecosystem to promote its conservation today, and ensure its survival tomorrow. The botanist studies nature with a meticulous procedure, looking for precision in each detail. Under expert eyes, the present reveals the heritage of the past.

In the heart of nature trees and plants anchor their powerful roots in the soil. A view of the landscape arouses our emotions. The explosion of stimuli makes us feel alive and reminds us that the magnificence of the present is the fruit of what was carefully sown in the past.

"THE STRENGTH OF OUR BRAND IS ROOTED IN OUR HISTORY AND DRIVES US TOWARDS THE FUTURE"

The emotion and excitement of perfect play is seen from the stands. A cheering wave carries the players forward. The anticipation of goal is a heart-stopping moment, and a second later the spectators burst forth. Some teams can move millions of people the world over by simply touching the ball. Some teams can place your emotions on a knife's-edge.

"EACH WORKER AT SEAT IS KEY IN BUILDING THE PERFECT MODEL, THE ONE CAPABLE OF AROUSING EMOTIONS"

EXCELLENCE AS A RESULT OF TEAMWORK

A historic list of clubs and moments have traced the time-line of football, developing and improving its techniques. The way some teams such as F.C. Barcelona currently play is the sublime culmination of that tradition. An example of precision, calculation and method. A dynamic game which is only possible thanks to coordination and teamwork. An innovative style that has become a brand.

THE SCIENCE OF THE FIVE SENSES

The moment a kitchen opens up to science, beautiful things start to happen. Physics and chemistry merge with gastronomy to create something new. The bases of traditional cuisine are placed at the service of innovation. An aproned chef mixes ingredients with the precision and rigor of a white-coated scientist. The kitchen is a laboratory. We are beyond gastronomy.

Molecular, techno-emotional gastronomy... *we still do not know what to call it but we all consider it the revolution of the senses. Creations that go beyond taste to conquer vision and smell. Culinary works of art that are audible, whose textures provide shivers of pleasure from an unknown feeling. The simple act of eating becomes a festival of stimuli, an experience for the senses.*

"INNOVATION IS IN SEAT'S DNA. THE PARTICULAR FORMULA OF EVERY DETAIL TURNS DRIVING INTO A UNIQUE SENSORY EXPERIENCE"

BEAUTIFUL THINGS MAKE LIFE ENJOYABLE

We just need to take a look around us to realize that when genius and reason come together, beautiful things happen, providing greater enjoyment. At SEAT we have been working for a lifetime to connect people with those moments.

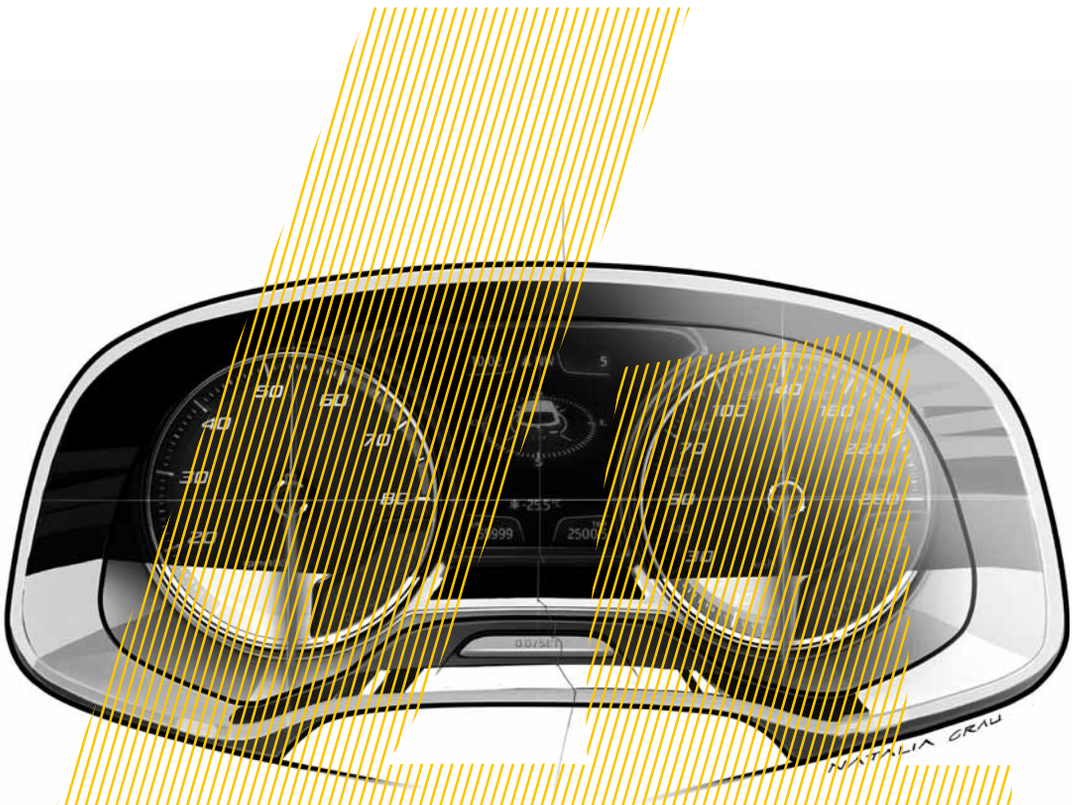
Our heart is firmly set in the passion and creativity of Barcelona, the city that gave birth to us. Our desire for excellence merges with the German spirit of the Volkswagen Group, which has made us grow. We are the result of this special combination between design and precision, creativity and science. We are engineers of beauty. We are passionate perfectionists.

WE ARE SEAT
TECHNOLOGY TO ENJOY

INSIDE SEAT

NATALIA GRAU

INSIDE
SEAT


NATALIA GRAU

SEAT
PASSION
HARD WORK
PERSISTENCE

A BRAND ON THE MOVE

In a highly-competitive environment where the main source of information is the world wide web, SEAT has come up with a new dealership concept. To explain this change and the strategy going forward, nothing better than to open the gates of the Martorell production facility and invite 2,400 representatives from company points of sale in more than 50 countries. At the same time, the new corporate identity is forging ahead, with 180 dealerships all over the world making the transition.

Members of the Executive Committee, at the *Inside SEAT* event in June.

Every thirty seconds SEAT's workforce puts the finishing touches to a precision-built car at the Martorell production plant. To show how it was done, several Production and Quality operatives carried out a rapid door assembly on the stage of the *Inside SEAT* event in Workshop 15. The best way of showing the precision and love for detail to the surprised attendees, who could see for themselves the reality of the SEAT spirit during their tour around a production plant, temporarily turned into a school. For the first time ever, between July 10th and 11th Martorell provided the backdrop for a meeting bringing together more than 2,400 professionals from dealerships in over fifty countries.

The event was officially opened by SEAT President Jürgen Stackmann, with the express aim of "firing up dealerships with enthusiasm". *Inside SEAT* was conceived as a proposal to transmit to its dealers all the company's values, "for them to transmit those same values with feeling to our customers". "It is a unique occasion for our dealership network to get to know SEAT, to immerse itself in our design, technology and quality, love for detail, and passion for perfection in building our cars". Attendees were shown around the design, technical and prototype centres, the press shops, bodywork and assembly shops; they could even see a staging of the opening of a new brand dealership, as well as enjoy digital techniques. An intense, two-day open day tour at Martorell to get first-hand knowledge of the product which would then be offered to customers.

The convergence of interests between production and retail sales is directly related to renewal of the dealership network, which "entails the final step in the brand's change of corporate identity that began in Paris in 2012 with the launch of the new Leon", quotes SEAT Marketing Director Christian Stein. At the opening of the first flagship dealership in Berlin in March 2014 the company's new image was put on display. "We were getting calls from all countries asking for a change, because it really is a major improvement in spirit, functionality and colours". The new dealership concept combines the six values that the company wants to highlight: design, dynamism, young spirit, efficiency, reliability and accessibility.

Christian Stein remarks that the relationship between the dealership and the auto repair shop has come about in a more natural, visible way. "The repair shop is no longer the bit you don't want to show. Customers can now see their cars at all stages". Every month SEAT converts between five and ten dealerships in countries such as Spain, Germany, the United Kingdom and Algeria, to mention just a few. At the end of the year, there were 180 projects for change under way all over the world. When compared to the competition, this renovation is highly visible — there for everyone to see.

> SEAT brought together 2,400 dealership professionals in a single event to transmit company values

/ A MORE MATURE BRAND

In parallel with the movement at the dealerships, the brand itself is also moving ahead. "For years, SEAT has

José Miguel Aparicio, SEAT Head of Sales, and Christian Stein, Head of Marketing, at one of the brand's dealerships.

been associated with the Ibiza. A brand is built on the basis of its products. For this reason, it was necessary to launch a second emblem, as powerful as the Ibiza. This was our aim, and with the Leon we have achieved that goal. And if we want to continue making progress in the future we will need a third successful model, no doubt the SUV in 2016, a compact vehicle for city use. That is the best way to build the brand", insists Stein. The Ibiza has always attracted mainly young buyers between the ages of 20 and 25, who when older and wanting to change cars, look to the competition. "That was one of the reasons behind unsteady customer loyalty", comments the Frenchman. Now, many Ibiza customers go on to buy a Leon, which fits their changing requirements to perfection.

"We are responding better than five years ago to changing market needs. This means we view the future with optimism, because Leon users very often change to an SUV", adds Christian Stein, who reminds us that for families the brand can offer the Alhambra.

In the opinion of José Miguel Aparicio, Sales Director at SEAT, entry into the SUV segment will provide the stimulus to boost the brand's position in the sales rankings. In Western European countries – SEAT's main markets and where this type of vehicle gets a very good reception – SUV sales are expected to grow by 32% over the next decade.

Another point of development of the brand is focussed on accentuating dynamism over sportiness. This is one of the market trends, together with connectivity. "We have observed that customers are looking for more dynamic, comfortable cars, and not purely sports cars. We have anticipated this change, and have channelled our efforts towards the FR style and connectivity functionalities", points out Christian Stein.

/ AN ESSENTIAL BUY

Buying a car is one of the most important purchases in anyone's life, second only to buying a house. The decision is a major one involving many variables, in which the internet and social networks play an increasingly important role. Tests, comparative tests, opinions, blogs, lists, specialised media: a whole universe of information for the customer to make a decision about buying long before going anywhere near a dealership. This is a profound, sweeping change in social habits. Research carried out by the Capgemini consultancy agency showed that 95% of buyers had obtained information from as many as 24 internet information sources before even stepping into a dealership. More than that, 50% of them have already decided what car they want to buy.

Stein qualified the importance of these percentages. "The vast majority of potential buyers have checked out the car's performance, price, promotional campaigns, finance and other features on the internet. But this does not mean that they know exactly what they want. Although they come along extremely well-briefed, they still need guidance and advice". So, the Director of Marketing thinks that today only a small part of the market is ready for on-line purchase.

José Miguel Aparicio and Victor García, who heads Production Training, are of the same mind. The former explains that the company "has developed a management model for prospective sales based on a

Víctor García (background), head of Product Training, oversees how a customer is advised.

temperature scale of cold, warm and hot, ranging from three months to five days, depending on how close the moment of purchase is. Historically, sales staff work on the latter time period, but now we want to go upstream and work at the time when the customer has not as yet made a final decision".

On this point, the responsibility of the brand is growing, creating digital content to help the potential buyer to decide on what to buy. "The Marketing department is working on all digital stages and on customer relations. But dealerships can also help with this strategy, with all sorts of interactions they receive: calls from customers interested in their products, who go to the auto repair shop, to motor shows to see what new models the company is offering, and who participate in events. Any kind of input is welcome so as to step in before the decision to buy has been made". In short, Aparicio considers that "anyone who has driven a SEAT, who wants to get to know our products or who has been in touch with us is a potential customer". The Sales Director usually points out to heads of dealerships that a point of sale in any provincial capital may deal with approximately 1,500 people per year. Depending on the total population, this figure may represent some 2% of the total. "So, we draw an analogy with the impact levels described on networks like LinkedIn, 1,500 persons may reach out to 150,000 people, which means that we can get to an entire middle-sized city via comments and opinions on the world wide web concerning the service we have provided. This means that dealerships can do much more than they think to strengthen the brand".

/ ACCOMPANYING THE CUSTOMER

All these changes in behaviour can be seen in the new SEAT dealership concept, where the customer is the centre of attention. And so it should be in the sales staff area. A person who comes into a dealership is already well-briefed, but it is "customer attention that closes the deal", argues Víctor García, who heads Product Training.

The sales person has to become an advisor. The relationship with the customer has changed. Now it is no longer necessary to describe the car's features, but first of all find out what the concerns are of the person who has just come in through the dealership door. "You don't have to be an expert psychologist either. Being open and transparent is enough. But you have to get on the customer's side, not try to sell them the product on show without having listened beforehand to the reasons why they want to buy a car, for example", adds José Miguel Aparicio.

Many customers say they want a luggage compartment with a capacity of 550 litres. What does that mean exactly? The sales person can show them that by folding the seats the amount of room increases, or that certain models can carry objects of a certain length. The same thing goes for power output. "I need a 125 horsepower car. All well and good, but the sales person needs to ask what the customer usually does with the car so as to provide them with the appropriate advice", says Víctor García on this point.

Likewise, when the decision is between a petrol or diesel engine, to mention the availability of other technologies such as compressed natural gas: "How many kilometres does the customer drive per year? About 15,000? Then a petrol engine is the answer. When does the customer intend to change cars? In six years' time? In that case you need to calculate what is best for him or her". Some of these issues

are classic, and the response to them will determine to a great extent whether "the customer leaves the point of sale satisfied. This is the only way will we can win their loyalty in the future", he reiterates.

Likewise, the technological offering has to be adjusted to the type of customer. For some, of a certain age, a USB connection and Bluetooth for telephone calls is enough. However, the first thing a younger buyer values is the infotainment (information and entertainment) offering. "You should not try and sell a car that does not match a customer's requirements, because there are solutions for everything, not forgetting that even the same car has different finishes", points out Víctor García.

One of the virtues of a good sales person for example is advising a potential buyer to save 2,000 euros on a model they do not need and spend the savings on accessories and add-ons for another car that does satisfy their requirements. Another must-do in the manual of the good sales person is the test drive. "Today selling a car without driving it beforehand is unthinkable".

/ TRAINING IS BASIC

A dealership advisor should be given good training. In-depth knowledge of the product being sold is crucial. "In 2010 we realized that on-line training was the best resource. Currently 80% of training is distance training. It is more expensive for the brand, but the dealership head is thankful for it: the system is effective and adaptable to the professionals' working day", indicates Víctor García.

The technological support used for this training is the SEAT Academy. More than 80% of the dealership network has followed the course content and passed, with a protocol to measure course attendance. Theme content never lasts for more than 25 minutes per session, and an attempt is made to make it attractive, like a video game. Then comes the Training Master Plan programme, which begins with basic training and then advanced training for two years, leading to a certificate. Also, SEAT intends to organise training sessions for sales staff in those countries where the brand has a presence.

An extra add-on for training, a series of practical and automatic reactions must be created in sales teams: daily meetings with the teams, weekly meetings with the dealership manager and between sales and after-sales departments. Staff motivation is another of the foundations of the evolving brand, "something that could increase performance two-fold", highlights José Miguel Aparicio.

In short, SEAT must accompany customers at all times, adapting to their product needs and the advanced services they require. Here, the integration of goals with the dealership is crucial. Training of sales advisors and knowledge of the brand have become essential as a sales argument. This has been clearly borne out by events such as *Inside SEAT* in June 2014.

80% of dealership professionals' training is done on-line, an efficient and flexible system

Participants at the *Inside SEAT* event visit one of the new SEAT dealerships.

CREATIVITY AND EXIGENCY

Five employees. Five examples of different approaches to a profession and as many examples of the solid dependability of the SEAT workforce. The human factor at the service of technology in the most extreme conditions, whether choosing the colour of a car or ensuring a seat can also protect life and limb. Ways to make the mobile phone provide value-added services and ensure that 2,000 cars a day are forwarded seamlessly to their respective destinations.

JAUME CAMPS

Response to extreme conditions

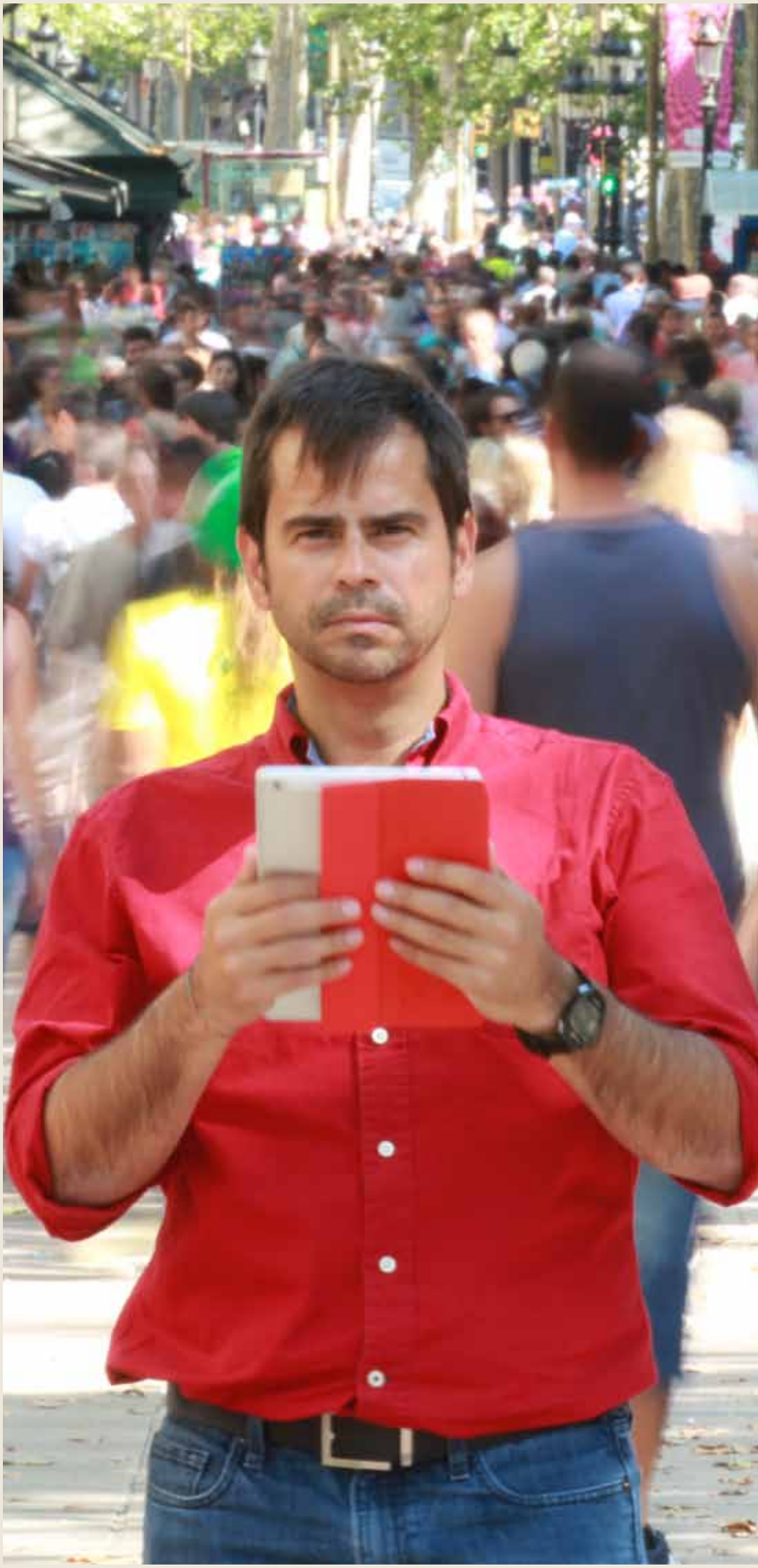
Cars, road trips and hardiness. Endurance. These four elements taken together define the team of more than 50 intrepid engineers and technicians who make sure that a car provides top-level performance on all kinds of road surface and at all latitudes. SEAT sells its products in 76 countries all over the world. So each and every model has to be prepared to withstand the harshest of conditions before volume production is undertaken. Jaume Camps heads the Technical Centre's Special Tests unit, organising the tests in which a group of technicians put prototypes through their paces in desert, snow or ice at extreme temperatures. The summer test puts each model to the test by driving it 20,000 kilometres at a temperature of 45ºC in southern Spain's desert to check that the air filter change interval should be 90,000 kilometres or more, and also see how electronic systems stand up to dusty conditions. Or even to examine the vehicle's seal-tightness. Checks also have to be carried out to evaluate the impact of grit and gravel on the car's underbody, or make sure that the 3,000 parts in a car generate no annoying noises for the driver and passengers under any driving conditions, or else test the air-conditioning system's efficiency in extreme conditions. A spirit of adventure. "I once had a boss who said to me: Jaume, you've got the perfect job. You drive and travel. That's any boy's dream", he says during one of his tests. From hellish heat to colder-than-cold at forty below. Low-temperature or winter tests are carried out to check things like brake response, tyres, traction controls and stability control systems on very slippery surfaces. Globalization means being ready to sell a car in both Algeria and Finland.

During testing, every model covers 20,000 kilometres and undergoes tough endurance and reliability challenges

PABLO BARRIOS

Your car in a smartphone

The mobile phone and the car have just struck up what promises to be a long-term fruitful friendship. It is already possible for example to find the car you parked a couple of hours earlier thanks to the mobile phone, or pay your parking fee in a pay-and-display area. Pablo Barrios heads SEAT's Digital Marketing unit, and is acutely aware of the revolution sparked by the coming together of the mobile phone and automotive worlds. The new technologies have changed the way people buy cars, and so companies have changed their business models as a result. SEAT has clearly understood the dynamic nature of the market, and has been able to reinvent its processes, keeping pace with the changes happening around it. Examples of this are the new mobile phone apps, enabling the car maintenance manual to be kept on a smartphone, the instruction manual to be consulted, and, in the event of an accident, a report of the vehicle's exact location. The Digital Marketing team contributes not only to the development of these apps but also to the process of improving the experience of choosing a vehicle online (95% of people check out car purchase on the internet before buying a car, and consider that 7 of the 10 most important sources of information are on the world wide web). SEAT is at the forefront of adjusting its new business model. Thus, 30% of investment in the media is earmarked for digital channels, on the understanding that, in this new everyday universe, social networks are fundamental; and users' opinions, crucial.



CAROL GÓMEZ
Designing a car colour

Carol Gómez is up to date with all fashion and art magazine content in her SEAT Design Center office. But it's not to pass the time of day. It's part of her job. Carol is a member of the Color & Trim team, which means she has to be in the know about all artistic trends. The Mediterranean's light and the brand's dynamism provide the basis for the colour palette of the SEAT range. A more cosmopolitan Barcelona suggests all sorts of sensations to her technical team. "The individual personality of the Catalan capital's different neighbourhoods is a constant source of inspiration for us", says Carol. Similarly, appropriate colours for each of the SEAT models have to be chosen. It is one thing to create a colour for a Mii with its more youthful and bold style; it is a very different matter for a Leon with its sporty and fresh character, or for a more sophisticated and elegant Alhambra. Even though she has been with the company for 15 years, Carol admits that she is still surprised when "on the street I see a colour I have worked on for so many months. I have a feeling of enormous satisfaction". All told, two whole years of work are devoted to choosing and developing a colour before arriving at a finished product. Although difficult to believe, a never-ending series of durability and endurance tests have to be carried out. A car's colour responds to a series of features, "to the sensations it transmits", she emphasises, but it must also keep all its properties from the design stage until the bodywork is actually painted, and of course should be able to withstand the onslaught of sunlight, staying colourfast without fading.

ALBERTO RAMA

Car care till the end of the line

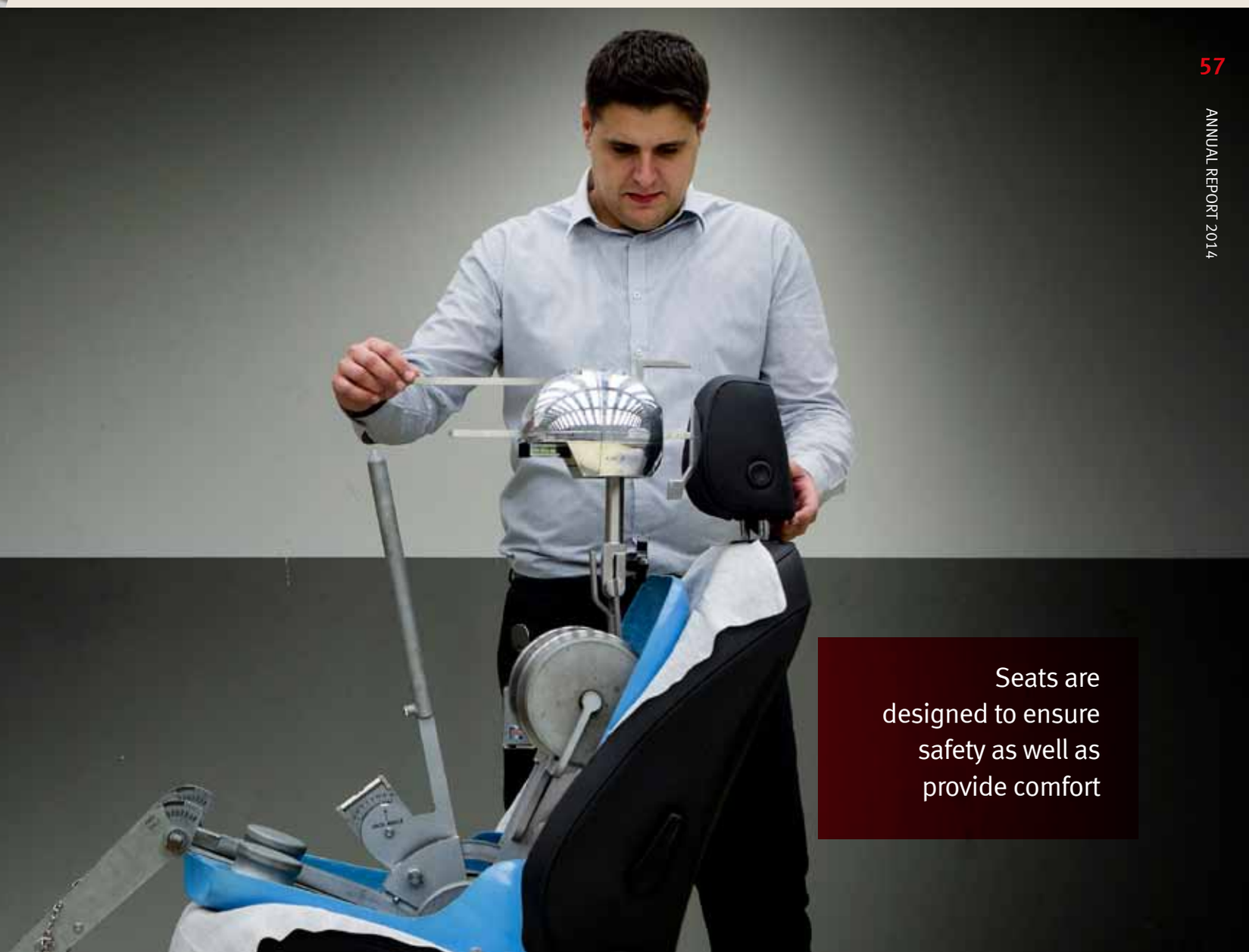
Row after row of perfectly aligned cars await their final destination on the 170,000 square metres of car holding areas at the Martorell production facility. If the manufacturing process of a car is all-important, the logistics system for delivery to the end customer is no less so. Many of the cars will end up in a dealership in Germany, Finland, Algeria or Mexico; the fact is that more than 80% of production at SEAT is exported to 75 countries. Alberto Rama, supervisor of the Martorell car holding areas, now in his eleventh year with the company, weaves his way expertly through the rich tapestry of car colours.

With forwarding papers in order, he makes sure that the cars are in the right place at the right time for seamless coordination with the transport system required. This is a high-attention, high-responsibility task because, as he acknowledges, “the end product is in our hands”, and because more than 2,000 cars leave the Martorell production facility every day. The smallest mistake means that the end customer gets the car later than expected.

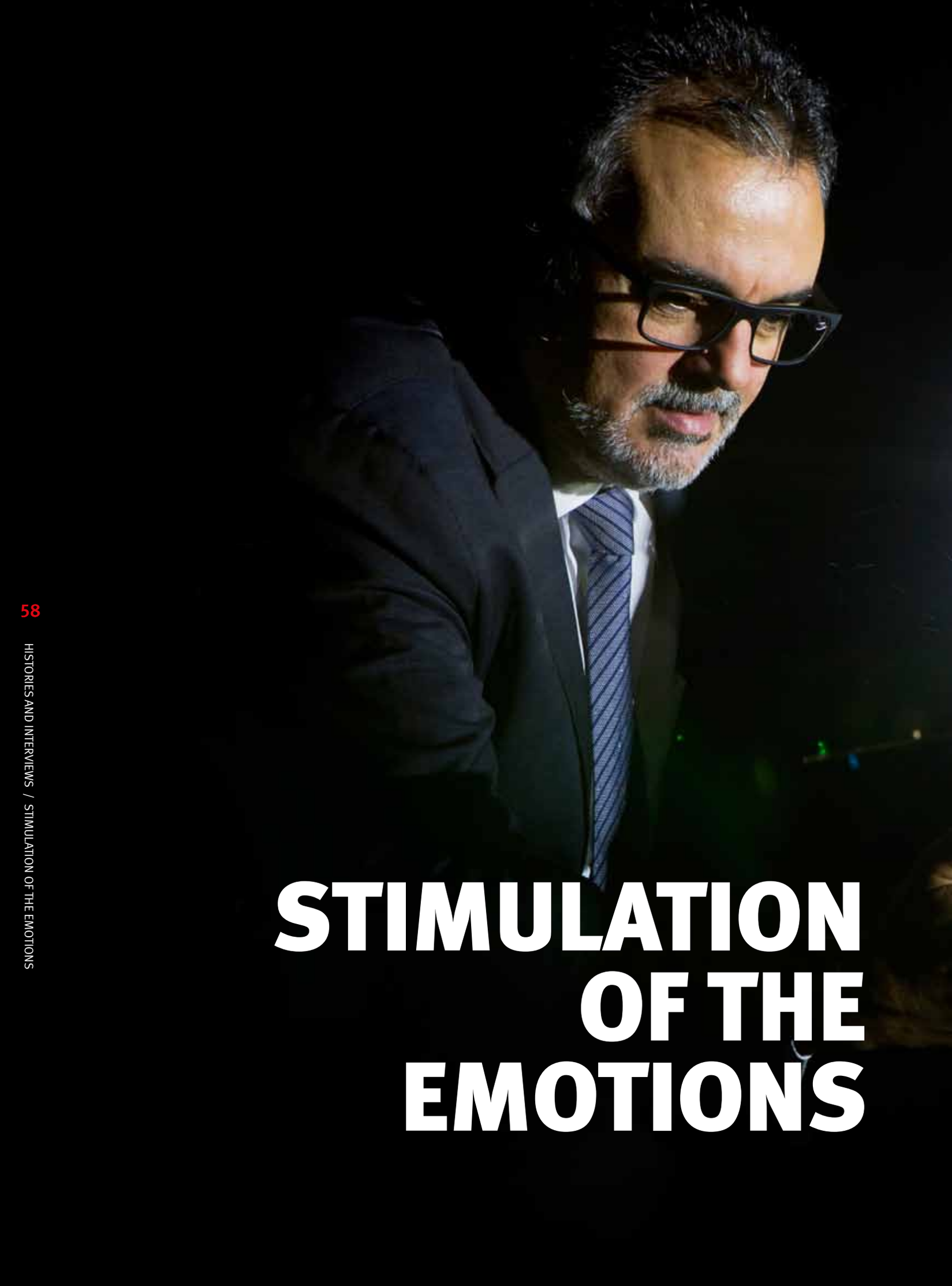
“We have a fixed number of three trains a day loading at the facility itself for onward transport to the Port of Barcelona. Depending on daily volume, we may have another one or two trainloads for domestic or international delivery”, says Alberto. The use of rail transport has increased over the past few years, leading to a reduction in CO_2 emissions; 32% of the vehicles were transported by rail in 2014. But road and sea transport continue to be essential to reach all destinations. At Martorell cars are loaded on to 170 lorries every day; over last year almost 200,000 cars were forwarded by sea.

JAVIER GARCÍA
Seats put to the test

Getting into a car, the first thing we look at is the interior equipment, the functionality of the model and the accessories. After checking all these things out we realise that we have settled in to one of the most important elements of the car: the seat. And it's not just because of the comfort, but also because a seat is one of the most important safety features of a car. The headrest, which "many people do not adjust properly", may prevent neck injuries in an accident, says Javier García, engineer in charge of experiments and comfort for seats at SEAT's Technical Centre. It might seems that there is nothing left to discover, but this is not the case, because choices have to be made about the kind of structure, foam and fabric to ensure endurance, functionality and comfort, for a wide range of different body types, weights and heights. A good part of Javier's work is devoted to checking seat behaviour: driving on different road surfaces to check comfort and retaining power. These are the so-called *test drives*. In addition to checking out functionality in the real world, wear and tear also have to be looked at, for which different tests are carried out at the Technical Centre. Javier goes into the room where the weather test is carried out dressed in what looks like a ski outfit; the aim of the test is to see how the seat responds to temperatures ranging from 30ºC below to 80ºC above zero. Another machine simulates a person continuously getting into and out of the car, as well as folding and unfolding the seat as many as 10,000 times. This engineer dreams of a time when the seat will work as a smart system: it would be the seat itself that automatically detects the right position for comfort and safety.



Seats are designed to ensure safety as well as provide comfort



STIMULATION OF THE EMOTIONS

Carlos Elvira, opposite a Toledo equipped with Full-LED.

A thrill comes on first sighting a SEAT. As we get nearer, our attention is drawn by the personality and strong character emanating from the bodywork and the visual strength of its headlamps and lights. Getting inside we discover design and safety has been taken to a whole new level. A six-and-a-half inch screen offers us connectivity options, while we listen to our favourite music. Just like in a concert hall. Technology to Enjoy.

We propose a journey from the outside in, from the bodywork to the interior finish of a SEAT to discover all the advances it has to offer us. Even when stationary, a SEAT car oozes power and dynamism. This impressive image includes technology applied to all aspects of driving and a growing catalogue of services and connections to social networks and the mobile phone. Additionally, the car conceals other not-so-obvious technologies, such as those termed 'passive safety'. The SEAT team of engineers have used all the latest advances to protect persons — both pedestrians and car drivers.

/ CARING FOR PASSENGERS AND PEDESTRIANS

SEAT's Passive Safety department, headed by Mario Hurtado, centres its activity on developing safety systems and optimising the car's structure so that it can cope with all the contingencies deriving from an accident, protecting driver and passengers so that personal injuries are kept to a minimum if one happens. The main elements making up the work of the safety team are: bodywork, safety belts and airbags, while not forgetting other safety features on the car.

Once an accident occurs, the driver and passengers are no longer active, and become passive participants. The idea is that from the moment of impact it is the car's safety protection systems that take over and work in an optimum way. This involves collapsing of the steering column so it does not protrude into the passenger compartment, the pedals remaining in a position that does not injure the driver, the door panels having the most appropriate geometry in the event of a side collision, and the fuel tank remaining intact and sealed after receiving a hit.

Mario Hurtado offers the accident of Nikki Jeffreys as an example. Nikki was driving her SEAT at 100 kilometres per hour in south-eastern England when she collided with another vehicle which had spun out of control. She ended up on a verge with two broken ribs, multiple bruises and a collapsed lung. But the clear mark of the safety belt left on her testified to her life having been saved. Mario Hurtado explains that "the police told her they had seen many similar accidents, and that in most cases injuries were fatal, but in this instance she had been saved by her Altea. Nikki then got in touch with us via the social networks to thank us for the reliability of SEAT's passive safety features. The Communication department invited her to visit us and see for herself what we do." So Nikki witnessed the raft of development tests carried out over the year so as to minimize the possibility of injuries to driver and passengers. "The end result of all this is that we were awarded five stars at the Euro NCAP tests", adds Mario Hurtado.

The Passive Safety department liaises continuously with all SEAT areas to provide them with input concerning this issue during a model's design stage. The aim for example is to avoid the design of instrument panels with rough edges, recommend a change in the route followed by a petrol feed-line or make sure that a battery's earth cable does not snap and leave the vehicle without power after an accident. It must be ensured that a door opens or an airbag is released when needed. Work is also done with the Seat department and manufacturers to minimize the whiplash effect of the headrest airbags.

Mario Hurtado heads the Passive Safety department.

SEAT uses the triangle as a basic form in its designs.

"We also make sure that the car's front-end is as unaggressive as possible for pedestrians. The bumpers and bonnet must crumple", says Mario Hurtado. All this technology applied to materials is complemented by specific advances such as external sensors which help the car to brake before an accident happens. This is known as anticipatory braking. "For this reason, now we are going to change the name of the department and call it Integrated Safety, because we will also be involved in what happens before a collision occurs".

/ DESIGN WITH ATTITUDE

The right balance between functionality and looks. Part of the work of Tony Gallardo, one of the people in charge of Exterior Design, has been to design the Leon X-PERIENCE, a version of the Leon ST, "whose bumpers, fender skirts and wheel arches we changed to emphasise its robustness and protection against hostile elements. The ground clearance of the bodywork has been increased, and we have added special wheels. It is a new vehicle with its own character". Gallardo points out that his department endeavours to imprint brand identity on all the car's elements so that is it recognisable as a SEAT. But at the same time, each range should have its own personality and, taking things one step further, each model must be different. "A CUPRA, with its very tense, dynamic, sporty lines is not the same animal as an Alhambra, which needs to communicate a feeling of family. Both have to carry SEAT's DNA but the former is more sporty and the second more aimed at functionality".

And how is this SEAT DNA noticed? In addition to its proportions and overall design criteria, the brand uses a triangle as a basic form. It is an icon that people recognise at first sight. "We designers are given a very free hand, so you can make it stable or more dynamic", adds Gallardo. The upper line in the front headlights provides the character, whereas the lower area represents stability and in the balance of the three vectors, dynamism. Additionally, on the front headlamp and the rear lights converge another of the brand's bodywork features: the blister. These two prominent lines running the length of the sides of the Leon and Ibiza are "inheritors of the old romantic line".

It is very important for the 58 workers of the department to be able to work on the proportions of each new model: the overhangs (distance between the car's ends and wheel axle), the wheelbase (distance between axles) and the proper proportion between bodywork and glass area. This latter aspect is crucial. "We need to find the proper balance between these two volumes. If the first predominates then the car might seem to be over-protected, and with a wide glass area it might look like a commercial van", according to Gallardo. The wheels are another exterior element with greater influence in the general perception of the design of a car.

> We endeavour to imprint the brand's identity on all the car's design elements

/ MORE THAN JUST LIGHT

Carlos Elvira, in charge of Electrical Development, considers that "the headlamp, above and beyond its normal functions, has now become a sales

^ The Infotainment services are designed to be useful without distracting the driver.

argument". The distinctive personality offered by a full-LED (all headlamp functions through light-emitting diodes) makes for rapid identification of the car via the so-called daytime running light. SEAT was a pioneer in incorporating this technology in a compact car like the Leon. Likewise, in models like the Toledo, which in 2014 was the first to incorporate full-LED headlights in its segment "the car takes on a new appearance" with the new technology. This development allows for the introduction of important new design features and functions. According to Carlos Elvira, "since the LED light source is smaller, it offers greater freedom in design and functionality", both on the exterior and for future interior lighting of the car. "LED technology will assert itself very quickly, because the perception of quality cannot be matched by any other light source".

The advantages of the LED concept can be summarized in three points. On the one hand an LED has a useful life-span of up to 10,000 hours, whereas a halogen lamp lasts for only 600 hours. On the other hand LED technology is more robust, because it uses electronic components. And finally it produces less heat. These three features therefore pave the way for the use of other materials in the shaping of headlamps. Carlos Elvira devotes his time to two disciplines within the department: lighting and indicating. The difference lies in the fact that the former refers to the car's front lighting, whereas indicating refers to the car's rear lighting, used basically to send information concerning manoeuvres and states of driving: the indicators, brakes and reversing.

/ CONNECTED ON BOARD

Seated in front of the steering wheel, it is now that the technological changes are most tangible. The new six-and-a-half-inch touch screens (larger than those of some smartphones) have been developed under the supervision of SEAT and have also been installed on the Volkswagen Polo and ŠKODA Fabia, explains Leyre Olavarría, who heads the department of Connected Car & Infotainment (information and entertainment). They offer an on-board computer integrated into the car's instrument panel, in the place of yesteryear's radio-cassette. The display offers 3-D maps (making it easier to find out where you are and where you want to get to), configuration of lights so they stay on for 20 or 30 seconds to light the way when the driver has parked the car in the garage ('coming home' and 'leaving home' systems), and voice-controlled mobile phone.

> The infotainment equipment with 6½-inch screen is today's true on-board computer

The concept of infotainment has evolved with the years from simply providing information to embrace the concept of entertainment. "The term *navigator* is no longer used – now it is *infotainment*", says Olavarría. And it is not just the radio, now the use of CDs, DVDs, USBs, SD cards and mobile connectivity must be added. Music on the smartphone can be connected via Bluetooth and listened to on the car speaker system. Currently it is even possible for the driver to watch a video when caught in a traffic jam. When the car starts up and exceeds a specific minimum speed, the video cuts off automatically.

To avoid driver distraction, infotainment services can be controlled via buttons on the steering wheel. Additionally, priority is given to information via the voice. "We are prioritising this kind of system a great deal, particularly telephony. To avoid distractions for the driver when moving, the time will come when the

The Car Audio team works for the passenger compartment's acoustics to sound like a concert hall.

vehicle itself will tell us that an e-mail or a telephone call has been received, and it can even read the message for us. And things don't stop there; SEAT will be developing its own apps so that car status and consumption can be seen more accurately", anticipates Leyre Olavarría.

The main trend is for screens to grow in size, but for the touch buttons to be located intuitively and easier to use, they are located on the corners. "This service is a SEAT patent which has won an internal award". In this sense of maximum functionality, it is possible to personalise telephone contacts with photos, or else choose a radio station by simply touching its logo.

Another of the functionalities already on offer as standard in cars is when the driver brings his or her hand close to the display, the interface becomes simpler, offering larger size buttons. "One of our main internal partners is the design area; we talk to them so as to identify the easiest way of representing the display icons", indicates Olavarría.

/ SCIENCE MEETS ART

Together with the Infotainment team, at his post in Car Audio Acoustics Adrián Mateo is in charge of making the passenger compartment sound as good as a concert hall. How to anchor the speakers, how stiff they should be, where to place them, how to point them, how to adapt their response to that of the passenger compartment are just a few of his tasks. Science meets Art. Mateo is an amateur musician and sound engineer both inside and outside SEAT. He has successfully taken his equalised acoustics to the entire range, bearing in mind the different types of customers. "Every car is different, even the versions of the Leon are not the same. A three-door model does not sound the same as a five-door or an ST, and they also combine different sound equipment. We have generated some 50 different equalisation curves for the Leon family", he clarifies. Renewal of this range was one of the Car Audio Acoustics team's work in progress throughout 2014, together with the development of future models and the launch of the SEAT Sound System in the Mii, with a 300-watt external amplifier.

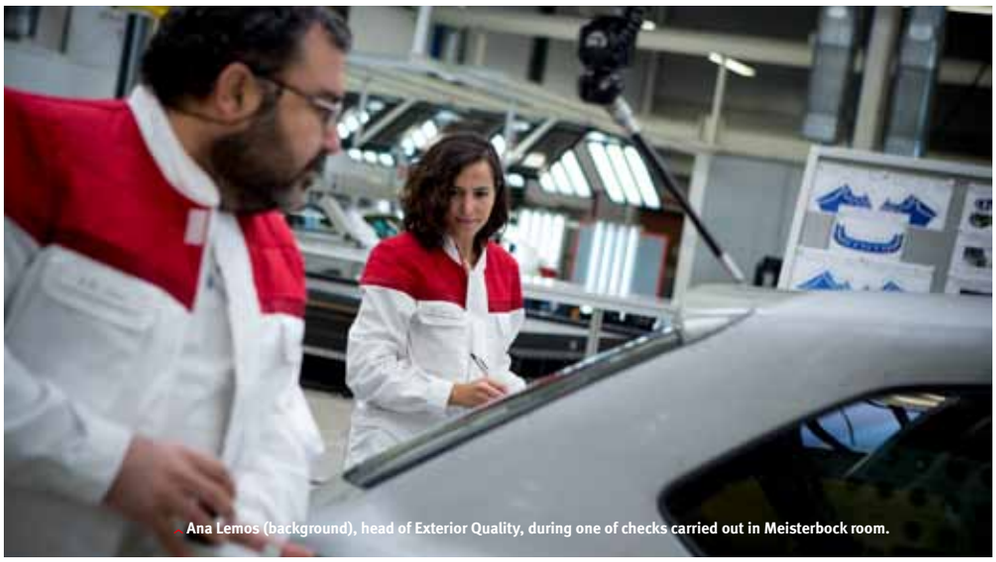
Precision could not be greater. So much so that introducing small delays in the speaker signal enables adjustment of the instant the sound reaches the ear of driver and passengers so as to achieve the desired sound image. So, although in the car we see some speakers closer than others, their response can be adapted to where we are sitting. Adrián Mateo points out another curious fact: family cars are sound equalised in a different way, in view of the fact that children, who are more sensitive to higher frequency sounds, may be on board.

In five brief overviews, we have taken a look at the technology developed in SEAT and also valued in the Volkswagen Group. The end customer perceives all this effort put into quality and performance both inside and outside the car, thus raising the profile of the brand image. SEAT reinforces and adapts its distinguishing features as technology advances, while end users just have a good time enjoying themselves.

A VIRTUOUS SET OF GEARS

What is the common denominator between a supplier's bumper (type-approved by the Quality area), the press shop, the car holding areas and SEAT's after-sales service? The answer is teamwork, precision and speed - passion for perfection.

The car production process involves close coordination between all SEAT areas together with suppliers. The entire chain is crucial for a car to reach the dealership; from initial design of parts and development, negotiation with suppliers, to tenths-of-a-millimetre precision in the dies, supplier punctuality, as well as a meticulous approach to logistics and proactive after-sales service.



Ana Lemos (background), head of Exterior Quality, during one of checks carried out in Meisterbock room.

/ MEASURING PERFECTION

Supplier parts make up more than 70% of a car. So it is essential to supervise quality and check proper fit on the car's bodywork before standard production begins. The task of Ana Lemos, head of Exterior Quality, consists of working together with supply companies in the pre-production stages to instil SEAT's DNA.

Lemos type-approves 700 keys. For example, the bumper is the bulkiest and most complex part to fit (it generates more than 150 keys), having a clearance tolerance of one to zero millimetres. For type-approval it has to fit perfectly and be stable. Exterior quality control takes between eight months to a year at the initial stages of the project. Everything is done as teamwork, and involves SEAT departments ranging from the R&D laboratory to the Purchases area.
" We look at the criteria for choosing the best supplier and the most appropriate technology, working in preventive quality at the car development stage. Then we advise on whether a particular part can be signed off on", says Lemos.

Once the supplier is chosen, the component's technical features are determined. Then the moulds are prepared; when the first part arrives from the supplier it needs to be tested on what we call the Meisterbock (measuring room) against the exact replica of the corresponding bodywork part. In addition to the exterior, there are three other groups of parts: bodywork and mechanics (engine); interior (instrument panel, door mouldings) and electrics. Confirmation is needed of correct assembly for every part, conformity of dimensions, absence of ergonomic issues, correct kinematics, looks (colour, gloss etc.), and that the part maintains its original properties in adverse weather conditions with the passage of time, to mention just a few aspects.

Thus "at the suppliers' we check the capacity and quality of product manufacture, injection systems, assembly, welding spots ... everything", adds Lemos. Once these tests have been successfully passed, the part is ready for production, although the laboratory first has to check specifications for type-approval. Ana Lemos must also check the modifications made every year to the cars already in standard production. "Wherever there's a supplier part to be type-approved, that's where you'll find us". This is the case with the fuel tank cap on the Leon, which has to reproduce exactly the flow lines (blisters) on the bodywork sides, defining features of the brand. In addition to all the day-to-day checks, "we are launching an initiative, entitled 'Love for Detail', in which one of our teams visits our most important suppliers to identify possible areas for improvement".

The Quality area aims at the perfect car, but also introduces improvements in materials and the latest technological developments, such as reducing the weight of the bumper, since it is a very bulky part, and eliminating nuts and bolts, "provided that our input does not compromise quality".

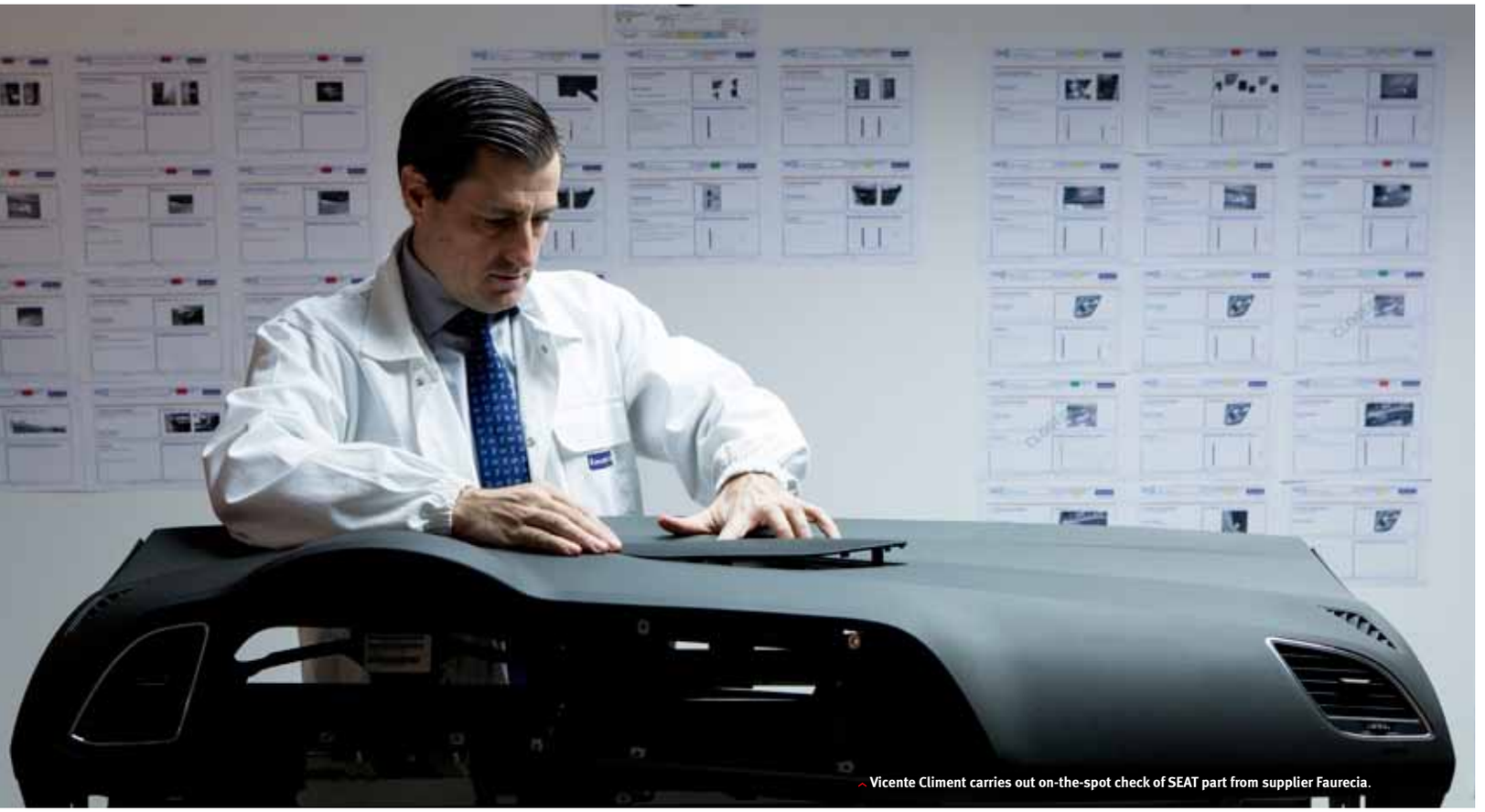
/ SHARP GEOMETRY

Supplier parts make a perfect fit on the bodywork of a SEAT, which begins to take shape at the Martorell production facility's press shop. From the very outset, the dies of the Leon and Ibiza carry the brand's genetic code – the defined profile of the side blisters, slightly arched to enhance tension and highlight its young spirit. This personality was heightened in 2014, since "we have managed to define the blisters of the Ibiza with a more prominent radius, making it 20% smaller, after having already done the same thing with the Leon", says a proudly satisfied Jordi Junyent, head of Presses, the area producing 80% of the stamped surface parts of new models built at the Martorell production facility.

> Exhaustive measurements are carried out to make sure all vehicle parts fit perfectly

"With technological change in the process of die construction, with the Leon's blisters we have achieved the sharpest profiles in the entire Volkswagen Group. We are an example, a benchmark", emphasises Junyent. The work done on the Ibiza's blisters deserves plaudits on two counts, because this success (welding, reaming, and copying the blister under the press) has been achieved at minimum cost and without interrupting production, thanks to changes made in August 2014, using the same series dies.

Technological changes in dies enabled sharper and more attractive profiles



Vicente Climent carries out on-the-spot check of SEAT part from supplier Faurecia.

SEAT staff work with suppliers to instil company's love for detail

"We have been preparing for three months, because we knew that we had to make the most of the summer and cover the first three-day production batch in September".

Also, "our die-masters have been the main players in 90% of the tasks – and the vast majority of them come from the Apprentices School. I did my own training there, with the advantage that when you leave you have already internalised the company's philosophy", he insists.

/ ALWAYS ON TIME

Vicente Climent has spent 19 years managing the SEAT account at Faurecia, a supplier of interior equipment, located at Abrera. "After so many years working together, we feel we are another branch of SEAT", he says. This supplier provides the Martorell production facility with the instrument panel and central console plus armrest for the Leon, the Audi Q3's instrument panel, the Ibiza's door modules (including mechanical elements such as the power windows and door mechanism) and finally the instrument panel and central console for the Altea.

In addition to the supplier's own in-house quality plans, SEAT has launched the 'Love for Detail' programme, which aims to extend the brand's own standards and perfection patterns to external equipment manufacturers. In two-day sessions, SEAT personnel visited suppliers to transmit the company's sensitivity to this issue and showed what processes to apply to achieve perfection in production. In different groups, suppliers analysed their product and the impact their parts have on the end customer. "In our case, last year we set up a Leon in a tent for a week at our production plant and, by shifts, our injection and assembly workers examined the car from top to bottom and checked the final result. We asked personnel for a change in mindset, in other words, that they should not think like a Faurecia employee but rather like an end customer wanting to buy a car", says Vicente Climent. "To tell the truth the experience was a runaway success, especially this insight into the concept of perfection in the final product. In addition to this, this year we are going to go one step further, with the aim of instilling this sensitivity in our parts suppliers", he remarks.

SEAT's requirements are very high. Audits with A, B, and C classifications make parameters of perfection mandatory. "We are an A class supplier type-approved in development and production for many years, which means that we comply with requirements set by SEAT". Prompt supply is one of the critical points. Proximity is an important aspect for the supplier in the task of feeding the production line at the same pace as the cars come out of the bodywork and paint sections. "SEAT stipulated a time of 180 minutes between issuing the label for the assembly sequence and the car passing through the assembly point where we have to supply the ready part. Subtracting transport time, we have little more than an hour for production", reflects Climent about the need to maintain close collaboration with SEAT and supply perfect parts within very tight time slots.

Aurora Romero y Manuel López make sure that cars built at Martorell reach destination in perfect conditions.

/ FROM MARTORELL TO THE WORLD

Once manufacture is complete, Logistics takes over. The car must reach the dealership in perfect shape, regardless of its geographical location. Intermodality, the management of time and control of the holding areas where the cars await onward forwarding is crucial. Road, rail and sea. Martorell builds more than 2,000 cars per day. The holding area next to the manufacturing plant, the only one of the group protected with anti-hail netting and covered with solar panels, has a storage capacity of some 6,000 vehicles – three days' production in other words. Aurora Romero and Manuel López, in charge of quality at Logistics and Distribution, make sure that the cars arrive in mint condition to the point of sale. Bumpers, doors and wheels are the most exposed elements. "You can't gift-wrap a car", points out López. It is a product that is delivered as brand new but it has been handled, loaded and unloaded, and carefully transported over a substantial distance. A truck travels 1,500 kilometres to Austria to deliver a set of cars, for example. It has to be ensured that cars reach their destination in exactly the same condition as when they came off the assembly line.

In any handling of a finished car, the professionals' working kit is paramount in damage prevention. All members of the logistics chain are issued with type-approved clothing (no buttons for example) and must leave behind watches, rings and any other object that might damage or soil the interior or exterior of the car.

The best way to control all this movement is by means of evaluation. "You can literally see the improvement in the handling and transport of cars in the company since 2002, when we began the audits of mode of transport and checks at destination. We have reduced claims by 85% since then". In audits carried out within the Volkswagen Group to evaluate the processes of holding, infrastructure, movement and distance between parked cars, amongst other things, SEAT is the benchmark, according to Aurora Romero.

To the question of whether it is possible to continue improving, a very quick answer: "Last year we thought it would be difficult to make any improvements, but we did". IT systems are necessary to reach the level of excellence achieved by Logistics, enabling real time control of what happens throughout the chain, together with audits of all processes to ensure that they are carried out to perfection, coupled with additional measures to reinforce some weaker points.

> Heads of Logistics and Distribution work tirelessly for cars to reach destination in mint condition

/ ACHIEVING CUSTOMER LOYALTY

The degree of satisfaction of a new SEAT owner has increased over the past few years, rising from 9.21 in 2012 to 9.81 in 2014. This improvement has also been reflected in after-sales, where customer satisfaction has improved over the past

Pedro Elorduy, together with one of the after-sales staff.

two years, the company being given a score of 8.63 (8.06 in 2012), on a scale of –4 to 12. Achieving this positive rating level in after-sales is no easy matter, since the customer has to invest in maintenance during this stage or else resolve issues with the car. Even so, the company is getting a good response to the improvements in services provided.

"A satisfied user will come back to the repair shop, and will eventually buy another car from you. It is much more difficult to win back a customer you have lost than keep one you already have", argues Pedro Elorduy, in charge of After-sales and Customer Satisfaction at SEAT in Spain. He highlights the importance of this stage in customer relations: the process of buying a car usually lasts three months, but after this the customer spends seven, eight or nine years going to the repair shop for maintenance.

It is crucial to keep the customer on the strength of quality of service and reasonable prices. The result of the passion for perfection applied by SEAT to all its processes is that cars improve continuously, reducing the number of times the customer goes to the repair shop. Previously service intervals were 15,000 kilometres; now they are longer – and happen when the car itself alerts the owner.

Training is one of the tools to put the seal of approval on the quality of SEAT services and increase after-sales activity. In addition to training operators how to carry out repairs with new technologies like CNG (compressed natural gas), "we are focusing on what we call active reception. When a customer visits the repair shop, they are asked whether they want to be informed of a special offer on tyres in three months' time, for example", comments Elorduy. SEAT has also set up the so-called 'bodywork expert' service (a fixed-price scheme for small dent repair) and predictive marketing, so as to offer customers what they need, such as being alerted to the termination of the warranty so the car can be checked before it runs out. And all this, of course, with all the annual quality audits. Even with 'ghost customers', forever vigilant that everything is in perfect working order.

In short, the taste for a job well done, above and beyond customer expectations. The satisfaction of a SEAT user can be seen clearly in all production areas of the car, because it is down to teamwork. A virtuous set of gears running from the Quality department to the end of the logistics chain in the dealership, not forgetting a major commitment from suppliers. All these roads lead to customer loyalty.

It is crucial to keep the customer on the strength of quality of service and reasonable prices

6 GLOBAL BRAND TAKES

Customers of all sorts and profiles end up in a SEAT dealership. Most of them have already used the internet to compare from basic features to crash tests of the car they need. Test drives have successfully proved their use in moving from theory to practice. Six drivers with as many different takes tell us of their experience behind the wheel of a SEAT. We travel from United Kingdom to Mexico via Spain. Image, design, technology, interior roominess and the all-important value-for-money are the main values which dynamic-spirited drivers discover in the brand.

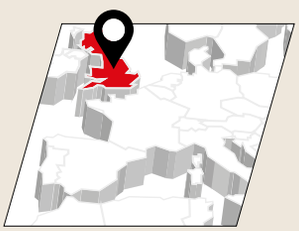
Kate Sheen has a radiant smile on her face in front of her SEAT Leon. She travels a lot, and is particularly appreciative of the mobile phone, music and navigation complements

MEXICO

Fan phenomenon

Buying a car involves many factors, and it is sometimes difficult to reach a decision. At the other extreme, there is always the unconditional lover of a model who does not hesitate for an instant. Here is where 30-year-old Mexican Aarón Alcántara stands: after going to a dealership to buy an Ibiza 2.0 he founded a fan club in his country for this SEAT-designed car . “It means so much to me, that when I had the steering wheel of an Ibiza in my hands, I decided to share the experience with all my friends by creating a club in honour of the model. Today the Ibiza MX Club is one of the most important automobile clubs in the entire country”, with more than 7,400 members. In effect, Ibiza-lovers in Mexico use social networks to contact each other and share all kinds of hobbies. Aarón has his own advertising business, and logically his hobbies centre on sports car racing and exhibition. And why an Ibiza? The answer is easy: “because it was the automobile that best fitted my needs, with excellent fuel consumption, comfort, accessibility, sporty and dynamic handling, sunroof and reliability”. All Ibiza qualities. And all the uses. “I use my Ibiza in the city, on the motorway, in cold, hot or wet conditions. It’s always ready to get out there and roll”.

It is difficult to find a more satisfied customer than **Aarón Alcántara** inside his Ibiza. So satisfied in fact, that he has set up a fan club



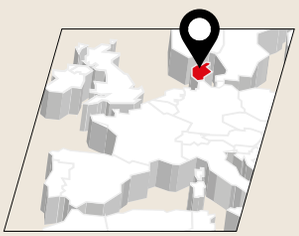
UNITED KINGDOM

The desired car

Kate Sheen always had the idea of driving a SEAT Leon at the back of her mind, and when the opportunity arose to buy a car she made straight for the nearest dealership. To keep her brother happy she compared the model with similar ones from other brands, but the decision had been taken. The upshot was a brand-new dazzling white 140 hp 1.4 TSI Leon FR, which in terms of design and performance fitted her like a glove. The advice and services provided by the sales person was a deal-clincher, so much so that Kate says categorically: “I am extremely happy with the car. I would definitely get another one. I don’t think I would ever go to another brand”.

This statement of intent and loyalty is surprising in such a young person as Kate, who at 26 is brimming over with enthusiasm. She lives in Nottingham and works as a regional advisor for the NVQ (National Vocational Qualifications), training students to the highest levels of service in care homes. Kate usually spends her holidays in the UK and loves the theatre. She travels a lot by car, both for work and pleasure, taking her stepdaughter with her on many of her trips. In view of her intense schedule Kate Sheen (who preferred the petrol version), really appreciates the performance of her Leon, its sporty handling and its infotainment extras in the shape of mobile phone, music and navigation.

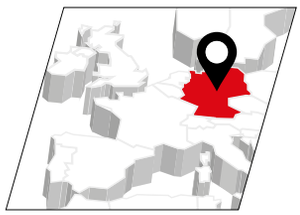
Helle Charis Dyhr was looking for a small car, and found the SEAT Mii to be the most comfortable and versatile solution



DENMARK

The smallest member of the household

Helle Charis Dyhr is Danish, and works as an accountant in an insurance company. She needed to change her second car, and after researching the passenger car market chose a SEAT 5-door petrol-engine Mii Ecomotive because of its value for money, “as well as the many extras”. She normally uses the Mii for short trips, commuting from home to work and back. Helle explains that the car perfectly meets all the requirements of a small car, with good visibility, safety, a spacious luggage compartment for the substantial shopping she does at the hypermarket, quietness, an essential aspect in comparison with cars of its same category. “I felt comfortable immediately”, she admits. With its classical elegance, the car is sufficiently large for her whole family. She was even able to add a tow-bar for bicycles, a deciding factor enabling her to take her two daughters around the city. Being with the family and seeing her two youngsters grow up is what she most likes to do during her spare time. Helle also uses the Mii for long trips, but without the whole family.



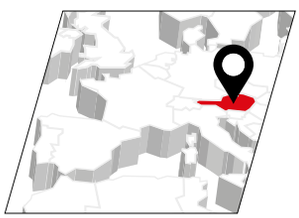
GERMANY

Work and leisure on wheels

A company car must cater to both the professional and private needs of its owner. This is the case of Ilona Pfänder. Born in the German town of Kircheim unter Teck in the state of Baden-Württemberg, she drives a 150 hp 2.0 full-LED Leon ST Style which she acquired as part of a SEAT fleet programme. She drives it to visit work centres as a PRETTL group fleet manager, but also for travel during the holiday period. She uses its estate version capacity to the full, carrying two electric bicycles. With them, Ilona enjoys long rides, one of her passions, together with hiking. “The car meets all my needs, it has attractive lights, roominess and handles well”, she remarks. When asked what she would highlight about SEAT, Pfänder answers that it is not just one but a series of things: “its character, the high-quality interior, value for money, mature technology”. In short, she says that it is real pleasure in its purest form. “I am extremely satisfied with my car. I have been convinced by its power, behaviour, exterior, interior, and above all fuel efficiency”.

Ilona Pfänder appreciates the sporty exterior of her Leon ST, its power and fuel efficiency

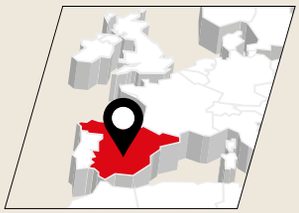
Michael Rosenberg particularly rated the size of the luggage compartment and safety features on his SEAT Alhambra



AUSTRIA

A growing family

Michael Rosenberg's car was already too small when his first child was born in 2011. But when the second one arrived in 2014, there was an urgent need to change. Rosenberg, head of department at the National Employment Institute in Vienna, Austria, thought of a larger replacement. He started his search for an MPV on the internet and read various test drive reports. After researching and making a shortlist of models, "I finally decided to buy a 115 PS SEAT Alhambra TDI Family on the strength of the test drive as well as the very patient and competent advice at the dealership". Though this was his first contact with SEAT, Rosenberg is very satisfied. "To me the decisive factors on the Alhambra were the enormous luggage compartment, the positive safety test results on different websites, and the very practical sliding doors". In addition to these pluses, Michael also highly rated SEAT technology and the confidence that the brand generates. "I am convinced that I shall be driving this car for many years to come". As a good Viennese, Michael likes music, reading and travelling with his family. "When we went on holidays to Croatia, there was still room in the luggage compartment, even though we were carrying two children's pushchairs and luggage for two adults".



SPAIN

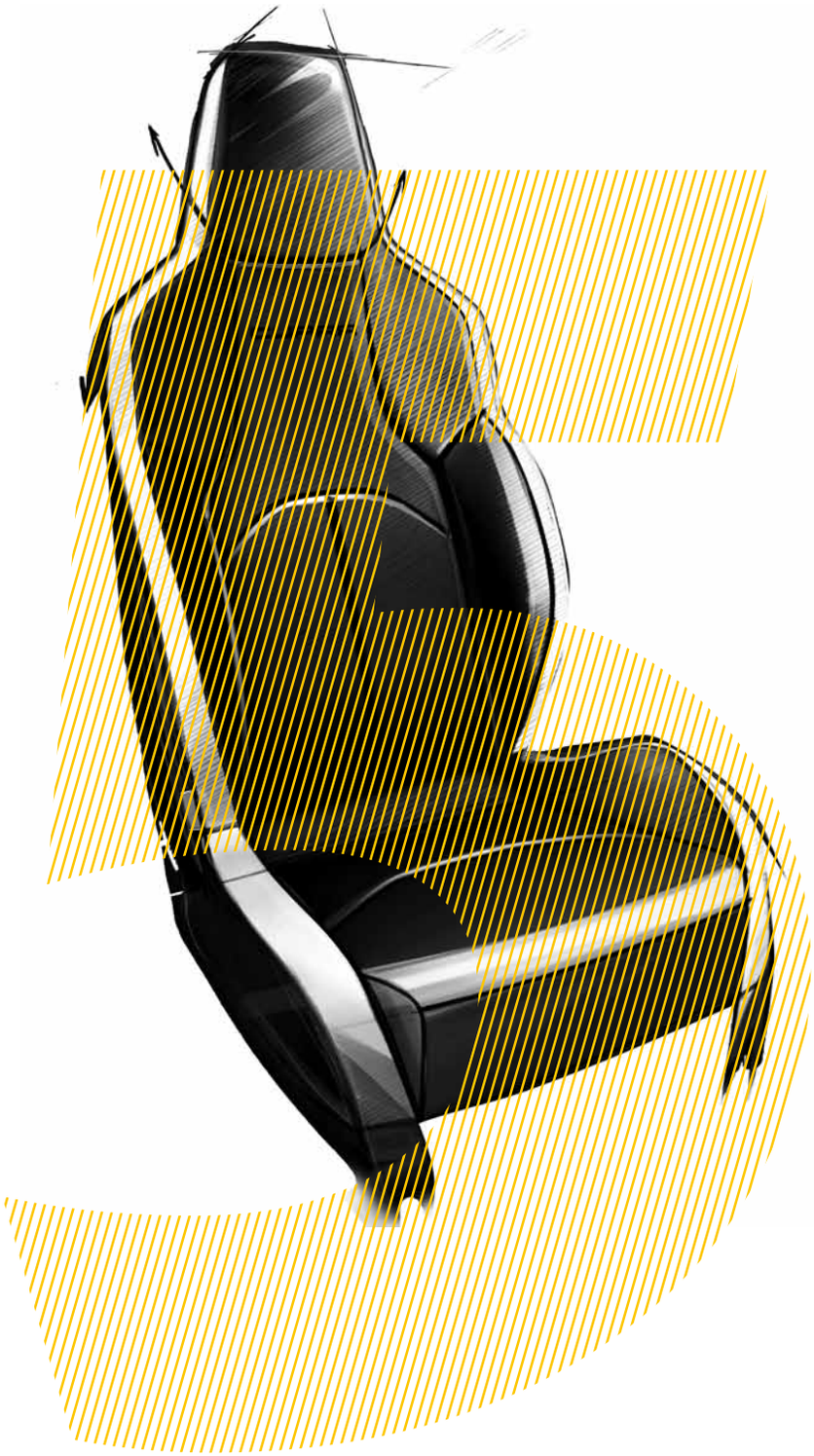
A question of trust

Design was the main factor that swayed José Manuel Rodríguez in his decision to buy a SEAT Toledo. Interior roominess and the size of the luggage compartment were also the two most decisive aspects. Of the cars with similar features in the same market segment he had studied, the SEAT Toledo was the one that most met his expectations of space and pocket. In short, “the most competitive in terms of value for money”, he comments. He finally opted for a 105hp 1.2 TSI model, with alloy wheels, comfort pack and top-of-the-range radio and CD player. And so from theory to practice, from the dealership to the street: José Manuel Rodríguez is delighted with his new car’s performance. As a public sector employee for the Andalusian administration or Junta, born in Cazalla de la Sierra in Seville, he deals with building maintenance. In his spare time he cycles and practices athletics. He uses his Toledo to drive the family around, as well as the occasional trip. The always-positive reviews of the brand over more than 50 years complemented his inside knowledge, having worked as a car mechanic before sitting the competitive examination for his present post.

Positive references to the brand over more than 50 years provided **José Manuel Rodríguez Mateo** with a guarantee

A YEAR OF PROGRESS

A YEAR OF PROGRESS



“SEAT IS COMMITTED TO BECOMING THE MOST SUSTAINABLE CAR BRAND IN THE SPANISH MARKET BY 2025”

Jürgen Stackmann
CHAIRMAN OF THE EXECUTIVE COMMITTEE

Sustainability goes far beyond carrying out actions to comply with regulations. For this reason, the company is constantly striving to strike up a close individual relationship with each of its stakeholders. The sustainability projects developed by the company can be found throughout the entire value chain: designing more efficient products during the conception stage; producing the vehicles in an environmentally- and employee-friendly manner; controlling emissions during dispatch; and finally delivering to customers recyclable products having the least environmental impact at the end of their life cycle.

FOR A SUSTAINABLE FUTURE

CORPORATE SOCIAL RESPONSIBILITY

SOCIAL COMMITMENT
RESPONSIBLE BUSINESS
ENVIRONMENTAL PROTECTION

SOCIETY
ECONOMY
ENVIRONMENT

2014 was a key year for SEAT in matters of sustainability. The company designed an intensive programme of activities to take forward relations with its stakeholders, and to find out what particular issues are most relevant to them.

As regards workers, the trade unions and the sales and marketing network, different initiatives were taken, such as the creation of Focus Groups, qualitative interviews and diverse on-line questionnaires. These initiatives provided knowledge regarding the perception of SEAT family members concerning the projects currently being rolled out regarding sustainability issues developed by the company. In addition to the excellent cooperation received vis-à-vis the organization of joint activities, a high level of participation confirmed the company's conviction of the tremendous interest awakened by this kind of initiative.

As regards the company's outreach activities, contacts were maintained with diverse commercial partners, suppliers, sector experts, CSR specialists and the media. The goal was to obtain first-hand knowledge of how they perceive the position of SEAT regarding sustainability, as well as to see on which specific issues efforts should be concentrated so as to achieve maximum recognition for the brand.

On an organizational level, the company's sustainability strategy is in sync with the Volkswagen Group, and rests on three fundamental pillars: society, economy and the environment.

All company areas are committed to this overarching goal, and are coordinated through the Sustainability Team so as to jointly develop the different projects defined in each of the three spheres: Government Relations and Human Resources for social issues; Finances, Sales & Marketing and Purchases on economic issues; and Production and the Technical Centre for environmental issues. Likewise, all of them receive support from Communication, Business Strategy and Legal Services on cross-cutting matters.

This well-defined and structured organization has enabled the implementation of major projects, which have proved to be a matter of great pride for the brand. One clear-cut example is the consolidation of the Dual Vocational Training programme, a system pioneered by SEAT in Spain, and which in 2014 produced its first Class of young talents. Other examples are SEAT's Compliance-Competition Law programme, which has become a benchmark within the Volkswagen Group; or else *SEAT al Sol*, the photovoltaic facility in Martorell, which in 2014 reached its production peak of clean, emissions-free energy.

Sustainability projects developed by the company can be found throughout the entire value chain: designing more efficient products during the conception stage; producing the vehicles in an environmentally- and employee-friendly manner; controlling emissions during dispatch; and finally delivering to customers recyclable products having the least environmental impact at the end of their life cycle.

The company plans and implements this entire product life cycle looking towards the future with optimism, enthusiasm and ambition. SEAT understands that the way to success is through constant improvement, and so it regards as crucial maintaining its degree of commitment to society, the environment and the context which the Volkswagen Group has been able to endow itself with, and which has taken it to one of the leading positions in the prestigious Dow Jones Sustainability Index.

Concerning the Spanish market, the strategic vision is clear: SEAT wants to position itself as the most sustainable car brand in Spain. In order to take on this challenge the company acts throughout the entire value chain, focusing not only on the product but also on the means, respecting the environment and positioning itself as a source of value generation for all its stakeholders.

The work done over the year in matters of sustainability has been very intense. Continuous dedication and unrelenting efforts in the search for efficiency in all its activities is one of the company's hallmarks. All its members pursue the same goal: to convert SEAT into an increasingly sustainable brand.

WE ARE PASSIONATE PERFECTIONISTS. WE ARE SEAT
Making an active contribution to achieving the objectives laid down by the Volkswagen Group in matters of sustainability is a weighty responsibility for the company. To this end, relations with stakeholders have become even more intense throughout 2014, so as to identify their priorities and design new sustainability projects that take their interests into account.

Mapalé was the winning team of the SEAT Cup 2014.

SOCIAL COMMITMENT

/ SPORT AND TEAMWORK IN THE SEAT CUP

Once more the company showed its commitment to sport as an element of cohesion for its workforce and a driving force for the spirit of fair play and sporting competiveness. Thus, throughout 2014 the seventh edition of the SEAT Cup was held, the football tournament for company employees.

The competition is open to both women and men, and enjoys great popularity among SEAT employees, in view of the very high participation: a total number of 1,200 employees put down their names.

Of the 84 participating teams, 8 classified for the final stages of the tournament, in which there were quarter-finals, semi-finals and the grand final. During the classification games, all teams came on to the pitch wearing the official SEAT Cup equipment provided by the company as recognition of the merits earned during the tournament.

/ A SUSTAINABLE GOOD ATMOSPHERE

The will to ensure and consolidate a good working atmosphere contributing to greater employee satisfaction continues to be a priority for the company. To this end, it set up the sixth edition of the so-called *Stimmungsbarometer* or Labour Satisfaction Improvement survey. This is a process shared throughout the brands of the Volkswagen Group, and which enabled the workforce to express opinions anonymously by means of a questionnaire concerning different labour aspects.

In the latest edition, employees showed a clear interest and involvement in labour environment improvement, since the process saw a record participation level, involving 95%

LABOUR SATISFACTION IMPROVEMENT SURVEY
Between July 2-29 employees were given the opportunity to express their opinions anonymously concerning different company issues through a new edition of *Stimmungsbarometer*. This on-line questionnaire comprises 12 questions, and is used to measure employee satisfaction with working environment and conditions.

of the workforce, two points more than the previous year, and a satisfaction rate of 74.5%, the same as in 2013.

After the survey had been carried out, employees analysed the results in their respective work areas so as to propose and implement measures aimed at improving those aspects that were given a lower-than-average rating.

/ ONE STEP CLOSER TO EQUALITY

With the firm goal of ensuring equal opportunities at SEAT, the company once more called on the workforce to participate in a new edition of the Equality Competition, which coincided with the celebration of International Women's Day.

This initiative, designed to promote equal rights and promote gender equality, also served to disseminate SEAT's Equality Plan and raise awareness of its importance among the workforce.

Likewise, SEAT's Equality Plan took another step toward equal opportunities with the creation of a non-sexist language guide in line with the company's Style Guide, the aim of which continues to be guaranteeing equality in language so that it is inclusive and non-discriminatory.

/ SAVINGS AND CREATIVITY

Throughout 2014 the SEAT workforce showed a clear leaning towards optimisation of resources through an avalanche of ideas, leading to savings of 9.6 million euros, a figure that exceeded by almost 4 million those generated the previous year. These figures make manifest the success of the Ideas for Improvement programme, which the company has promoted for the past few years among employees to encourage and reward their proposals.

SPANISH PRODUCTION PLANT WITH MOST WOMEN: Women account for over 20% of the SEAT workforce, twice the automotive industry average.

SEAT, A BENCHMARK COMPANY IN EQUALITY
SEAT was the first company in the automotive sector to register its plan for equality with the Catalan Government's Department of Business and Employment. The Catalan Government highlights the fact that SEAT is a benchmark company since it has the greatest proportion of women on its workforce in the sector.

^ The feedback interview is a tool used to improve labour satisfaction.

AN IDEA FOR IMPROVEMENT BECOMES A PATENT
The Martorell co-generation plant is an example of one of the outstanding successes of the Ideas for Improvement programme. Proposals coming from the team itself gradually matured until they became transformed into a new heat-recovery system for the plant, entailing major savings for the company, in addition to producing a utility model European patent.

In this context, the company introduced new tools to facilitate assessment of the ideas and to help analysts and coordinators quantify the savings in a more objective fashion. Additionally, and unlike previous years, all the winning ideas were rewarded with a money prize.

In addition to improvements in the programme, different special campaigns were launched which involved the participation of 5,857 employees who contributed 18,565 ideas, in an exercise of great creativity.

/ WE ARE SELFLESS

The solidarity of the employees with the needy once more came to the forefront with contributions to the campaign 'We are SEAT, We Show Solidarity', carried out by the Spanish Red Cross. The third edition of this initiative collected 3,000 kilograms of food and 200 new toys. A disinterested and altruistic gesture whereby the workforce contributed to an improvement in the situation of less fortunate families. This initiative was supplemented by a company donation to the 'Humanitarian Alliance for Infant Nutrition' (promoted by the same humanitarian institution), aimed at mitigating the effects of the current crisis on persons in a situation of extreme vulnerability.

SEAT once more demonstrated its commitment to training via the donation of vehicles and vehicle parts for teaching purposes. Thus, vocational training students are given access to the latest-generation technology thanks to the hand-over of more than 30 cars to both to public and private institutions, amongst which are the training centres of the Catalan Government (Generalitat), the autonomous communities of Madrid and Castilla-La Mancha, as well as the *Real Automóvil Club de Cataluña* (RACC).

IDEAS FOR IMPROVEMENT 2014 RESULTS

18,565	1.5	47%	10,822	1,962,209	9,606,538
Ideas received	Ideas / person	Participation	Ideas rewarded	Prize money in euros	Savings in euros

SEAT promotes culture of risk management.

RESPONSIBLE BUSINESS

SEAT meets its Corporate Social Responsibility from an economic point of view via four basic pillars: economic sustainability, a system of good governance (based on risk management and efficient compliance), sustainability of its relations with suppliers and customer satisfaction.

/ ECONOMIC SUSTAINABILITY

The company has established a business planning model which sets long-term objectives (five years), that are later monitored in the short-term with annual outlooks which are revised and updated on a month-by-month basis. Thus, the achievement of the established goals is assured in an efficient and orderly fashion.

Within this model, SEAT executes an investment plan designed to guarantee economic sustainability, thus strengthening and consolidating the foundations for the future growth of the company, as well as the development of an innovative product in compliance with environmental protection requirements.

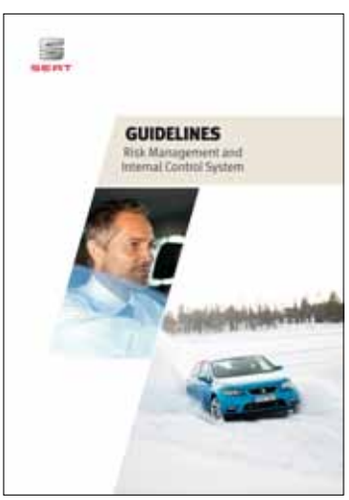
/ GOOD GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

One of the decisive factors for the sustainable success of the company is to have good corporative governance. Transparency, ethical behaviour, the early detection of business risks, control of internal processes and compliance with current legislation, are some of the features necessary to achieve this.

To this end, the Governance, Risk & Compliance (GRC) department is in charge of consolidating the management culture of the business and the compliance risks amongst all employees. This risk management activity is part of its daily business. Likewise, it informs SEAT Management about the risk situation in the company, its management and internal controls based on the results obtained during the regular annual process of the GRC.

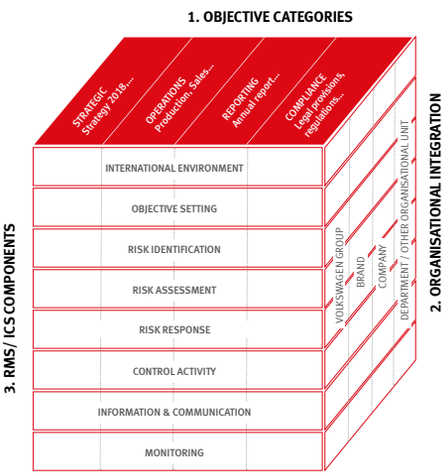
Throughout 2014 the Risk Management team conducted training sessions for senior managers, so as to explain to them the main benefits and requirements of standardized management of risks and internal controls based on the COSO II international framework. Implementation of it would enable the detection of risks affecting

One of the decisive factors for the sustainable success of the company is to have good corporative governance



Publication of the Guidelines to Risk Management and Internal Control System.

Celebrating International Day against Corruption. All employees receive bottle of water.



Scheme of COSO II

Source: *Enterprise Risk Management – Integrated Framework*

objectives, help to set up efficient process controls and achieve a rapid response to changes, as well as a more effective allocation of available resources.

To facilitate and homogenize this task, the Guidelines to Risk Management and Internal Control System were explained, its use being encouraged, during the different training sessions. Likewise, diverse support materials have been developed and made available to users: risk catalogues, FAQs and self-assessment tools providing information concerning the level of maturity of the management system in a given area, as well as detecting the strengths and areas where improvements can be made. The ultimate aim is that all the company's business areas should have implemented their own effective risk management system.

As regards management of compliance risks, the Compliance team launches annual programmes designed to mitigate those risks, thus complying with the requirements of the Spanish Criminal Code concerning the implementation of a system of prevention and control within the company.

SEAT launched an anti-corruption programme in 2014. Amongst other actions, the Anti-corruption Guidelines were made available to employees, to help them to identify and prevent corrupt practices. This Guide provides illustrations of situations in which employees could find themselves during the normal course of their duties, offering them recommendations on how to deal with those situations. Also, any interested commercial partner or third party has access to it via the internet, something that guarantees maximum transparency and integrity in the brand's commercial dealings.

Channels for complaints and reporting were also strengthened by means of the creation of a specific channel for SEAT (transparencia@seat.es), available for use by all employees, commercial partners and third parties who have knowledge of corruption-related irregularities. Additionally, all the above-mentioned groups continue to be provided with the Volkswagen Group Ombudsman System, guaranteeing anonymity for anyone who lodges a complaint or report.

Together with the Anti-corruption Guidelines, a series of didactic materials were put together and used in training and information sessions. These materials describe policies concerning the prevention of conflicts of interests and corruption, gifts and invitations, donations and sponsorships.

In the same vein, different internal communication campaigns were organized to raise awareness amongst employees: special mention should be made of the Water Action Day, held on December 9, coinciding with the International Day against Corruption. During this action, 15,000 bottles of water were distributed with the following slogan – "In SEAT we are as transparent as water. Help fight corruption effectively". Having achieved major resonance amongst all company employees, the activity enjoyed great success.

ANTI-CORRUPTION CONSULTING AND REPORTING CHANNELS

Consulting channels:

Compliance Channel: **compliance@seat.es**

Volkswagen AG Anti-corruption Officer

Reporting channels:

SEAT Auditing Transparency Channel: **transparencia@seat.es**

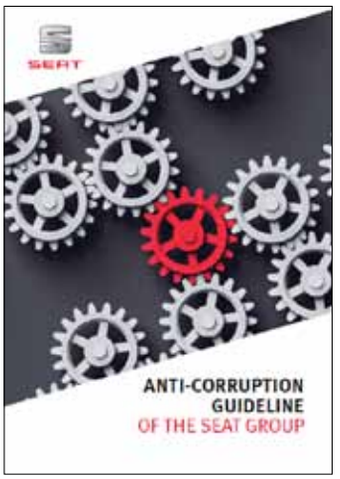
Volkswagen Group Ombudsman System

/ SUSTAINABILITY IN RELATIONS WITH SUPPLIERS

Activities carried out with suppliers in the sphere of sustainability focus on ensuring that they comply with the requirements established by the Volkswagen Group in all aspects: economic, social, legal, safety at work and the environment. These requirements are to be found in the "Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain", regarded as being the *Magna Carta* of sustainability for suppliers in the automotive sector, and ratified by the main world manufacturers.

Since January 2014 a clause concerning compliance with Volkswagen Group sustainability requirements has been included in the General Contracting Conditions for suppliers. In this manner, observation of this compliance has gone from being a mere recommendation to being binding for suppliers, in line with the remainder of car manufacturers worldwide. Suppliers are also informed that compliance may be audited by the company.

The obligation of suppliers to comply with sustainability requirements is a response to the need to pursue excellence, promote responsible and transparent management in all spheres, and ensure that business activity does not jeopardise either the environment or future generations.



The Anti-corruption Guidelines were made available to employees.

/ CUSTOMER SATISFACTION

Customer satisfaction is one of the company's overarching priorities. Process optimisation and the adoption of different measures targeted at improving the quality of service prompts an increase in the number of customers acquiring a car and strengthens their loyalty to SEAT service points during the after-sales stage.

Different types of surveys, both sales and after-sales, provide periodical information about the degree of customer satisfaction. The results obtained enable the identification of areas where improvements may be made, and the necessary means of achieving them.

Two of the most important actions carried out on a regular basis – in addition to the monthly satisfaction surveys – are the Mystery Shopping and the Phantom Test. This type of programme is useful for assessment of the sales and after-sales process at dealerships and evaluation of customer services in a discrete and professional manner.

These measuring methods, coupled with efforts made by brand importers and dealerships, have lead to continuous and constant improvements over the past few years. Through its online platform of Customer Satisfaction Survey (CSS) SEAT conducts a continuous follow up of the actual satisfaction of brand customers both in sales and after-sales, enabling a quick response to their demands. The CSS sales index increased noticeably from 9.21 in 2012 to 9.81 in 2014. Also the CCS after-sales index rose in 2014 to 8.63 from 8.06 in 2012, which also means a continuous improvement (CSS sales and after-sales index scale from –4 to 12).

These results have been confirmed by data from a survey carried out by market research specialists JD Power on the satisfaction level of German drivers who bought a new vehicle in the previous three years. The Leon came out top in the compact car segment, with the Altea as runner-up in the MPV segment. Survey criteria included design, quality, price, reliability and after-sales service.

GOLDEN AWARD FOR BEST CORPORATE COMPLIANCE TEAM 2014
The SEAT Group Compliance team was chosen Best Corporate Compliance Team by international jury of legal experts at Golden Awards, promoted by Iberian Lawyer.

JD POWER AWARDS FOR SEAT LEON
SEAT Chairman Jürgen Stackmann receiving award from specialised market research company JD Power for Leon in compact car category. In the 2014 satisfaction survey, German drivers having bought a new car in the previous one to three years chose the SEAT Leon as most customer-satisfying car in category.

ENVIRONMENTAL PROTECTION

/ PROCESSES

Numerous activities within the general framework of the ECOMOTIVE FACTORY project were carried out throughout the year, the principal goal of which was to reduce the main environmental aspects involved in car production – energy and water consumption, emissions of CO_2 and volatile compounds, and waste generation – by 25% between 2010 and 2018.

As a result of the projects rolled out over 2014, environmental indicators show a very positive development in comparison with the previous year:

/ Energy consumption. The savings and energy efficiency measures applied achieved a reduction equivalent to 18,196 MWh, an improvement of 11.9% per car produced. Noteworthy amongst the various actions are: the installation of high-efficiency incinerators in the painting ovens, improved insulation in workshop ceilings, the use of electric motors in facilities with variable speed controls and the installation of an automatic control system at the power plant to provide optimum adjustment to the demand for heat at the Martorell production plant.

/ CO_2 emissions. The supply of renewable energy, coupled with energy efficiency improvements, achieved a 13% reduction per car produced. In this sphere, one of those most prominent actions taken was at the SEAT plant in Barcelona, involving the purchase of renewable thermal energy from the company Ecoenergías. The energy was generated at the biomass plant in the Zona Franca Consortium area, and covers 65% of the needs for heat, entailing a reduction of 3,209 tonnes of CO_2 per year.

SEAT is also equipped with the largest photovoltaic facility in the automotive world, in the shape of SEAT al Sol, located at the Martorell plant. Throughout the year it generated 17,180 MWh of electricity, entailing a reduction equivalent to 8,000 tonnes of CO_2. Additionally, the company maintains a green energy supply contract which is guaranteed as coming from certified 100% renewable sources and high-efficiency co-generation, thus eliminating the emissions of CO_2 and other polluting gases.

/ Water consumption. Savings initiatives, coupled with optimization, led to a 14.2% reduction per car produced. Efficiencies achieved were due for the most part to the use of a new supply network of high-quality water treated by inverse osmosis for surface treatment, the construction of a second phase of inverse osmosis for better water management and reuse of water in secondary processes.

/ Emissions of solvents (volatile organic compounds). The projects implemented achieved a reduction of 1.7% per car produced. Major contributing factors to this reduction have been: the replacement of products used in cleaning of paint circuits by other low volatile organic compound content, and the use of new high-efficiency sprayers for paint application enabling a reduction in consumption.

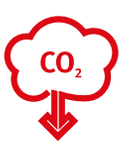
/ Elimination of waste. Measures taken contributed to a substantial reduction in the amount of waste sent for disposal or to landfills – 14.2% per car produced. This has been achieved by enhanced selective classification of waste and recovery.

ISO 14.001 ISO 50.001

ISO 14.001 AND 50.001 CERTIFICATES
All company centres have ISO 14.001 and ISO 50.001 environmental and energy management certificates, thus confirming measures taken and commitment to environmental protection and energy efficiency. Throughout 2014 the ISO 50.001 energy management certificate was renewed at the SEAT Martorell complex as well as at SEAT Barcelona.

ACCUMULATED PERCENTAGE IMPROVEMENT IN ENVIRONMENTAL INDICATORS 2010-2014

Energy
20.5%

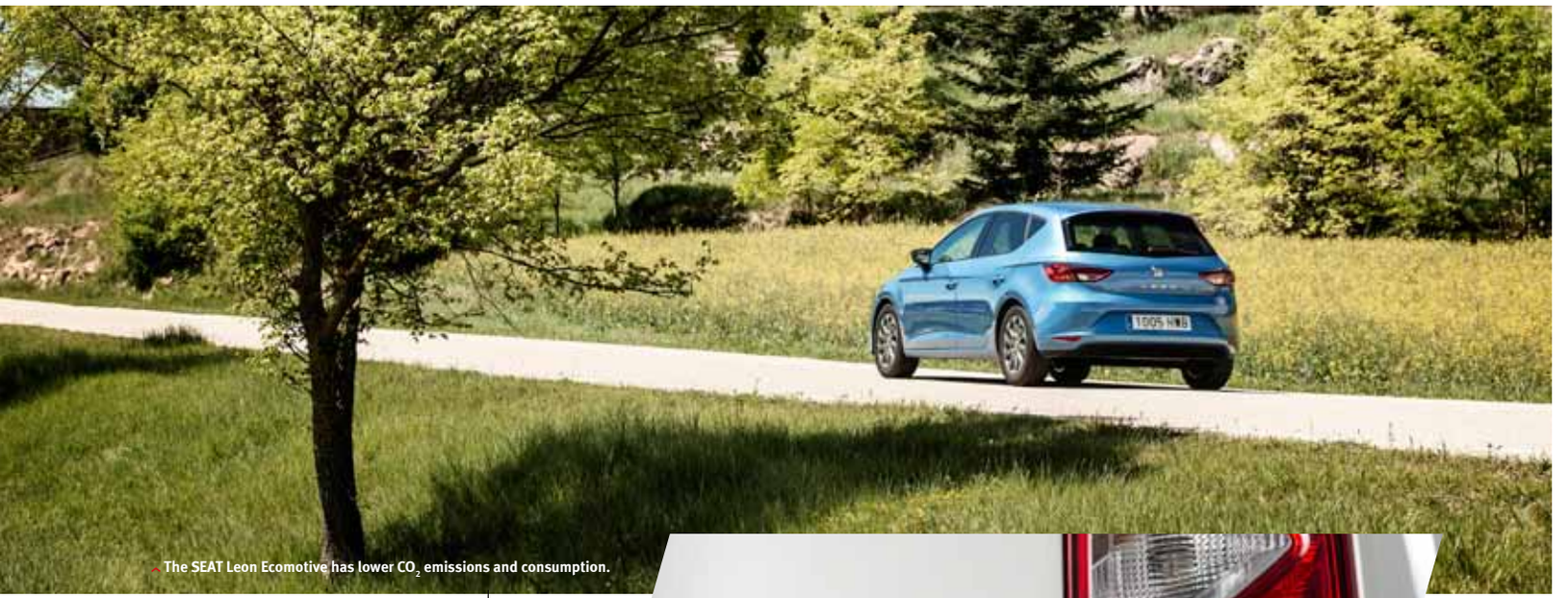


CO_2
64.4%

Water
16.4%

Waste
34.9%

Solvents
14.4%



The SEAT Leon Ecomotive has lower CO_2 emissions and consumption.

SEAT LEON TGI AND Mii ECOFUEL:
Maximum fuel efficiency and environmental protection.

/ PRODUCT

The goal of the Volkswagen Group for 2018 is to achieve environmental leadership in the automotive industry. SEAT is working to that end, focussing its efforts on reducing the environmental impact of its cars.

In 2014 the use of five substances was banned in the production process – four plasticizers and a flame-retardant – so as to comply with the REACH (Registration, Evaluation and Authorisation of Chemicals) regulation, and with the 'Health protection' environmental objective of technical development, thus eliminating the use of certain substances.

The reduction in CO_2 emissions of the brand's cars continues to be an overarching priority, major developments towards it having been achieved throughout the year. The family of the new Leon has been extended with the launch of the ST Ecomotive version (85 g CO_2/km) - the Best in Class in its segment - and the CUPRA (149 g CO_2/km); by reducing emissions by 22% in comparison with its predecessor, it shows that sportiness and efficiency can work perfectly well together. Also worthy of note is the introduction of the Leon TGI (94 g CO_2/km), a car that was developed to run on CNG (compressed natural gas).

One clear example of the efficiency of SEAT models can be seen in the Mii Ecofuel, the car that came top in the VCD (*Verkehrsclub Deutschland*) 2013/2014 environmental ranking, both in the absolute and *Klimabesten* (best in CO_2 emissions) categories, thanks to its 79 g CO_2/km. This entity has established a classification system for standard production cars according to their environmental features, assessing the impact of greenhouse gases, noise, and impact on both human health and nature.

SEAT continues to work on reducing emissions from the remaining models in the Ecomotive range: Leon (85 g CO_2/km), Ibiza and Ibiza ST (88 g CO_2/km), Toledo (99 g CO_2/km), Altea and Altea XL (111 g CO_2/km) and Alhambra (143 g CO_2/km). Thus, the improvement in car efficiency meant that in 2014 the Brand had an average fleet emissions figure of 120 g CO_2/km, and that 17% of cars built for the EU28 market had emissions below 100 g CO_2/km.

The SEAT Leon TGI and SEAT Mii Ecofuel.

SEAT AL

SOL

The Martorell production facility is currently one of the most sustainable and efficient plants in the entire automotive industry. SEAT al Sol is an ambitious and ground-breaking facility, offering proof positive of SEAT's commitment to environmental protection.

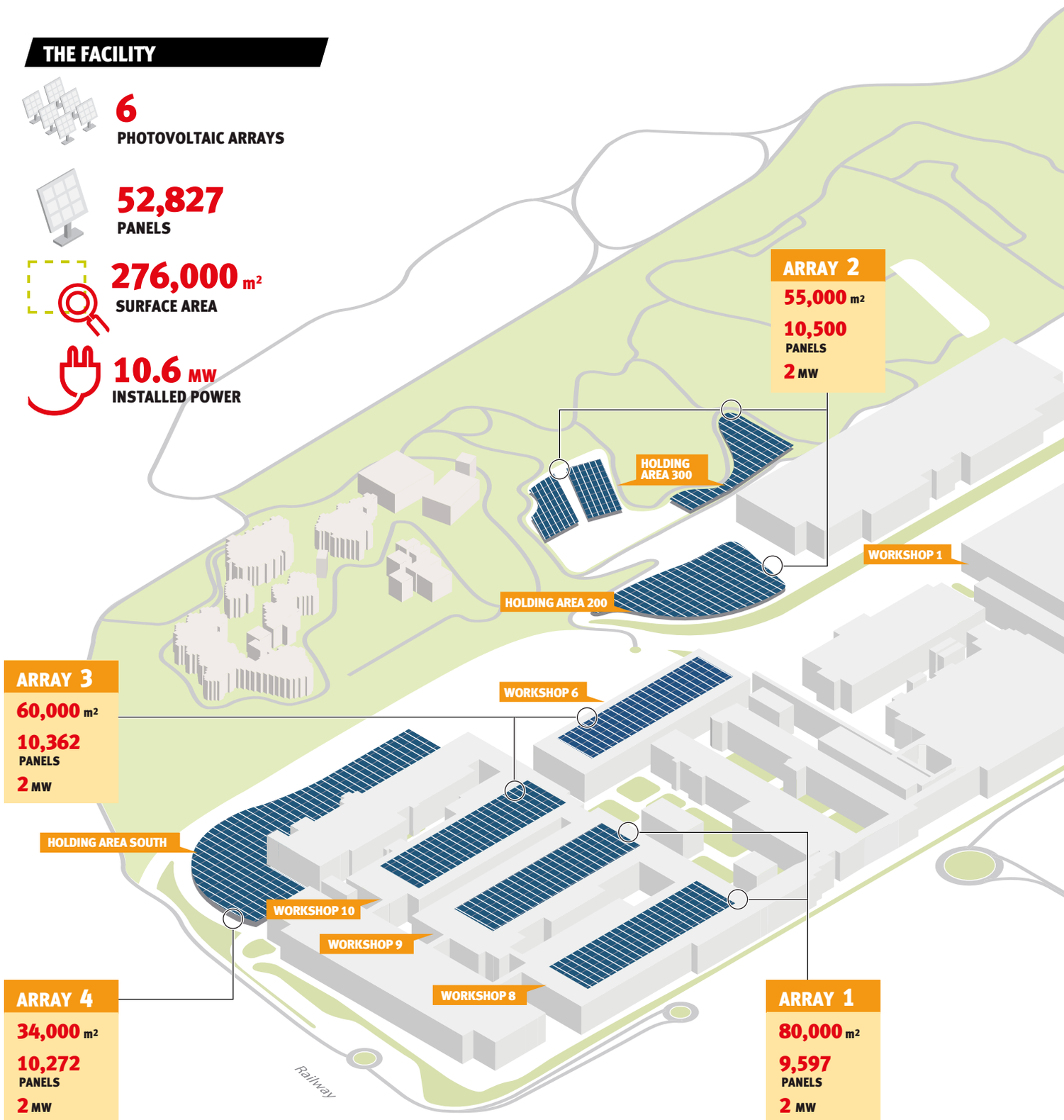
THE FACILITY

6
PHOTOVOLTAIC ARRAYS

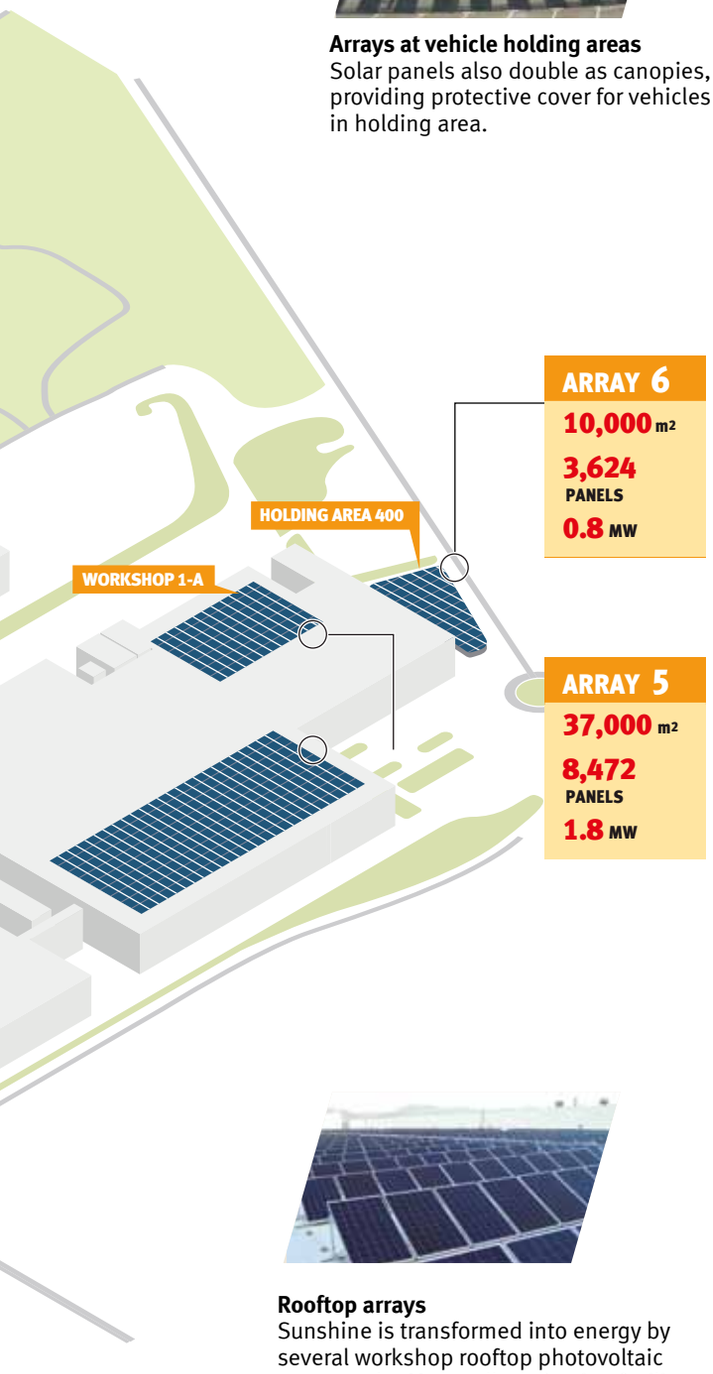
52,827
PANELS

276,000 m²
SURFACE AREA

10.6 MW
INSTALLED POWER



Arrays at vehicle holding areas
Solar panels also double as canopies, providing protective cover for vehicles in holding area.



Rooftop arrays
Sunshine is transformed into energy by several workshop rooftop photovoltaic arrays at the Martorell production facility.

SEAT AL SOL ARRAYS

	AVERAGE PRODUCTION 2014
ARRAY 1 ROOFTOP WORKSHOPS 8 AND 9	3,322,056 kWh
ARRAY 2 HOLDING AREAS 200 AND 300	3,445,206 kWh
ARRAY 3 ROOFTOP WORKSHOPS 6 AND 10	3,417,582 kWh
ARRAY 4 HOLDING AREAS SOUTH	3,048,375 kWh
ARRAY 5 ROOFTOP WORKSHOPS 1 AND 1-A	2,745,337 kWh
ARRAY 6 HOLDING AREA 400	1,200,675 kWh

AVERAGE PRODUCTION 2014

17 MILLION kWh/year = ELECTRICITY CONSUMPTION FOR **4,000** HOUSEHOLDS = **17%** OF ENERGY NEEDED FOR PRODUCTION OF NEW LEON

SUSTAINABLE ENERGY

0 EMISSIONS = **8,000** TONNES LESS CO_2 PER YEAR = **10** TIMES CO_2 ABSORBED BY NEW YORK'S CENTRAL PARK

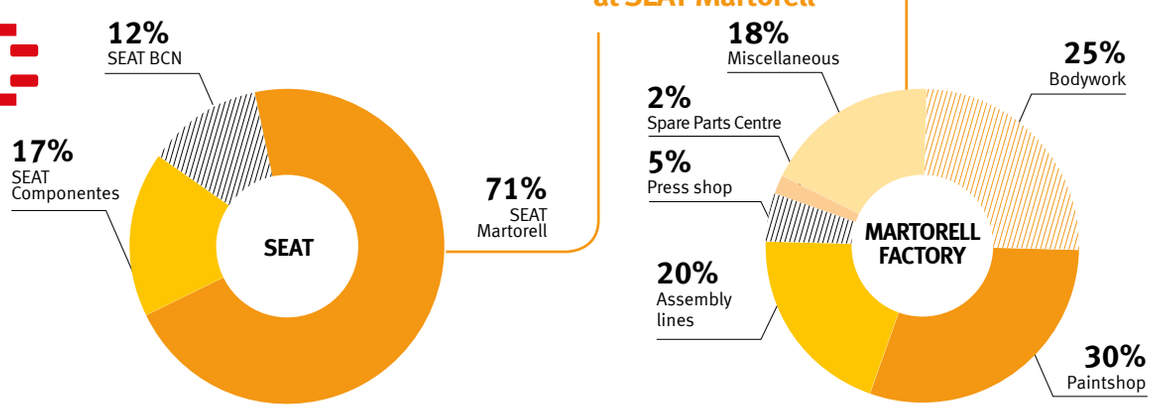
ENERGY CONSUMPTION AND CO_2 EMISSIONS

At SEAT, we take the environment seriously. So, we have implemented measures to save energy and cut CO_2 emissions.

100% of electricity consumption comes from renewable, **zero-emissions sources.**

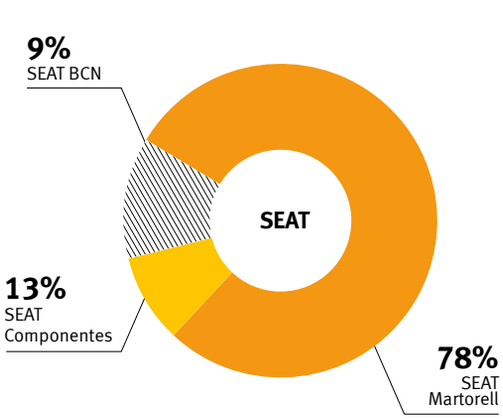
ELECTRICITY CONSUMPTION AT SEAT

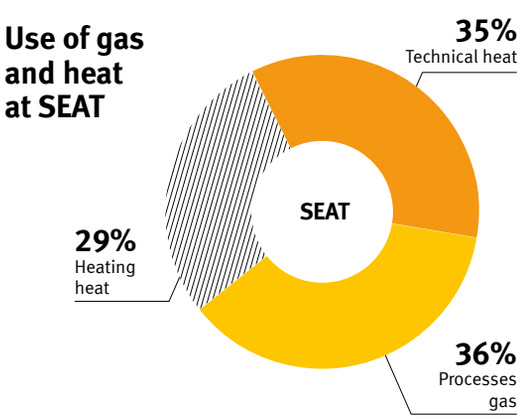
410,463 MWh



GAS AND HEAT CONSUMPTION AT SEAT

349,207 MWh





HEATING HEAT

COMFORT (generation of heat and cold)

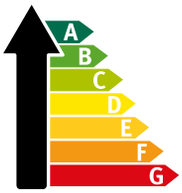
TECHNICAL HEAT

Surface treatment
Painting booths

PROCESSES HEAT

Painting ovens, mastics and waxes
Smelting and heat treatment at SEAT Componentes

All SEAT plants are **ISO 50.001** certified



SEAT AL SOL

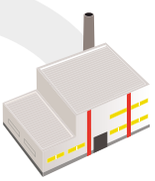
The Martorell production facility has the largest photovoltaic array in the automotive industry anywhere in the world.

Electricity generated **17,180 MWh / year**

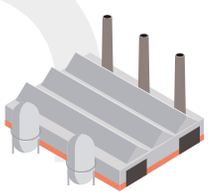
Installed power **10.6 MW**

MAIN USES AT SEAT

- **Processes**
- **Air-conditioning**
- **Lighting**
- **Compressed air**



High-efficiency heat & power generation plant



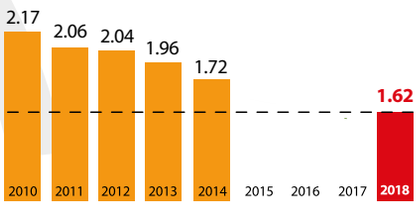
Power plant

OBJECTIVE 2018

Our objective is a 25% reduction in energy consumption and CO_2 emissions between 2010 and 2018.

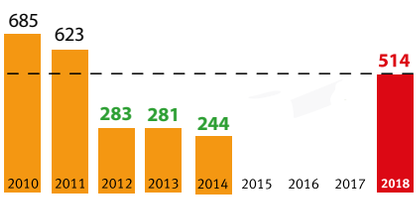
TOTAL ENERGY. Electricity, gas and heat (MWh/vehicle)

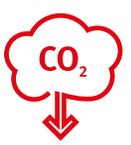
-25%



CO_2 TOTAL (kg/vehicle)

-25%





MAIN MEASURES TO REACH OBJECTIVE 2018

Energy monitoring system (Energest)
Smart air-conditioning management system (Euroenergest)
Monitoring of power plant
Energy Savings Team
Good energy practices in non-productive periods
Inclusion of high-efficiency incinerators in Paintshop
Replacement of radiation system by convection system in Painting ovens
Insulation of industrial buildings
Replacement of electric motors in production areas by other high-efficiency ones, together with inclusion of variable frequency drives
Optimisation of temperature and gas consumption in Painting ovens
External supply of heat at SEAT Barcelona by means of biomass plant
Renewal of enthalpy wheels for energy exchange at Paintshop

“SEAT ANALYSES EACH DETAIL TO ACHIEVE MAXIMUM EFFICIENCY IN PRODUCTION”

Dr. Andreas Tostmann
PRODUCTION VICE-PRESIDENT

The company continues to improve its production system to optimise allocation of resources and achieve maximum efficiency in daily work. In 2014 training programmes were put in place, entailing savings in costs, freeing up space at the plant and improvements in ergonomy at the workstations. Analysis of the processes, coupled with attention to detail, improved production procedures, and finally increased customer satisfaction. The success of the Leon, production of which has increased with the addition of a third shift of 600 workers at the Martorell plant, is just one example of the efforts made.

PRODUCTIVITY, QUALITY AND TEAMWORK

PRODUCTION AND QUALITY

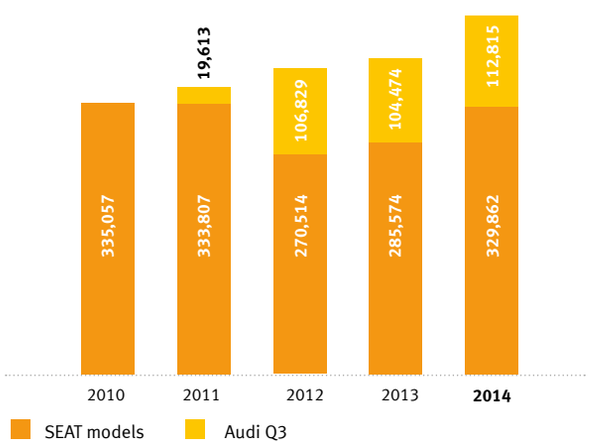
FLEXIBLE AND EFFICIENT PROCESSES
QUALITY IN DETAILS

Efficiency in production processes.

FLEXIBLE AND EFFICIENT PROCESSES

The highly positive reception given by the market to the Leon enabled an 13.5% increase in production volume at the Martorell plant over the previous year, reaching a total of 442,677 cars, the highest figure of the past 12 years. The launch of the SC (3-door) and ST (estate) versions in 2013 was followed by the 3- and 5-door CUPRA versions in March 2014. Production of the 4-wheel drive X-PERIENCE began in September, with four different engines on offer. Finally, the Leon ST CUPRA completed the family with production beginning in November, at the same time as manufacture of a restyled version of the successful Audi Q3.

PRODUCTION AT THE MARTORELL PLANT (units)



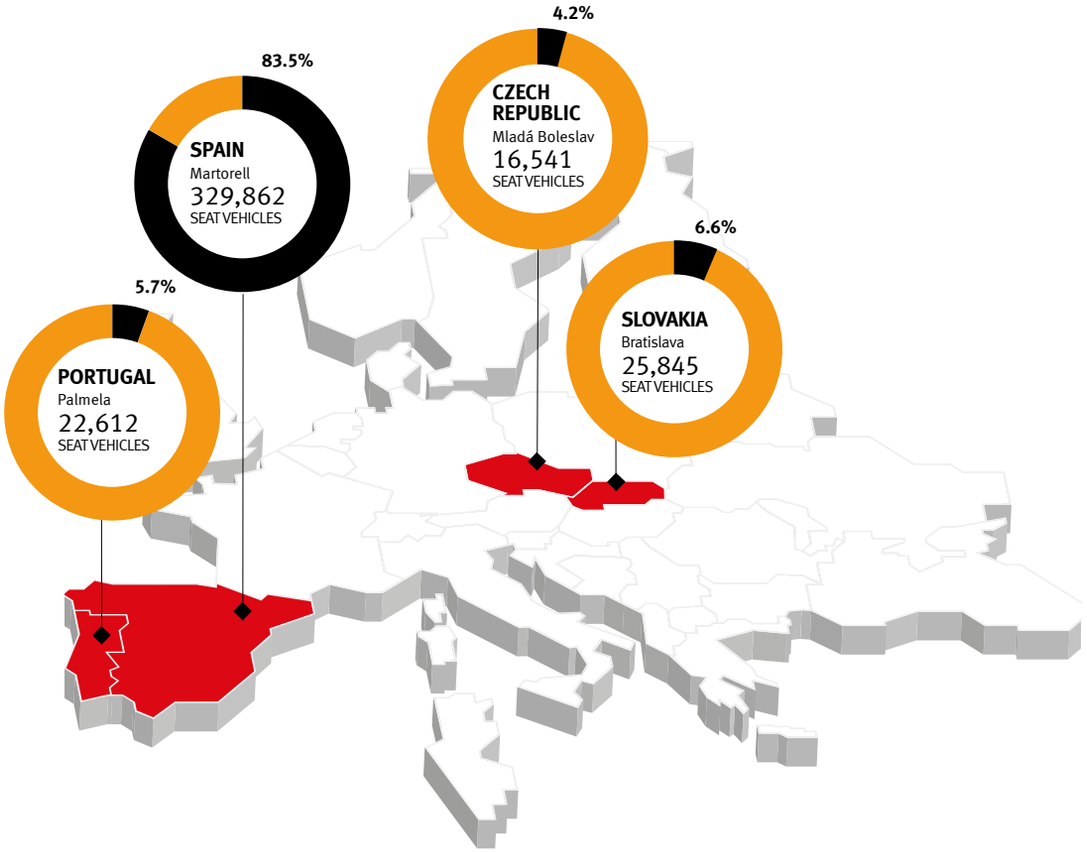
The increase in production volume prompted the addition of a third shift on the Leon assembly line. The completion of the family of this vehicle posed a challenge, both on account of the addition of the new shift and the complexity of the variations of the model assembled on the same line with the new MQB platform. Training schemes implemented through workshops, together with improvements in ideas management and a programme adapted to production needs, led to an 4.5% increase in productivity of the Martorell plant when compared to the previous year.

With the aim of going deeper into the PQT (Productivity, Quality and Teamwork) strategy for production and quality, initiated in 2013, diverse communication campaigns were launched throughout the year: ranging from a quiz published in the internal news bulletin *La Fábrica*, to ballot boxes where queries concerning the strategy in the direct production areas were deposited. Additionally, information meetings were organised so as to facilitate communication between employees and those in charge of them.

Production of SEAT models in Group Volkswagen plants

Total production

Percentage over total production



TOTAL PRODUCTION

394,860

SEAT VEHICLES

Production at the Martorell plant

(units)

			Variation	
	2014	2013	Absolute	%
SEAT models	**329,862**	**285,574**	**44,288**	**15.5**
Ibiza	**153,633**	**145,041**	**8,592**	**5.9**
Ibiza 5d	109,904	96,688	13,216	13.7
Ibiza SC	30,982	31,470	(488)	(1.6)
Ibiza ST	12,747	16,883	(4,136)	(24.5)
Altea	**19,142**	**21,284**	**(2,142)**	**(10.1)**
Altea 5d	6,092	6,569	(477)	(7.3)
Altea XL	12,527	13,905	(1,378)	(9.9)
Altea Freetrack	523	810	(287)	(35.4)
Leon	**157,087**	**114,568**	**42,519**	**37.1**
Leon 5d	94,599	96,464	(1,865)	(1.9)
Leon SC	10,397	12,277	(1,880)	(15.3)
Leon ST	52,091	5,827	46,264	—
Exeo	**0**	**4,681**	**(4,681)**	—
Exeo 5d	0	871	(871)	—
Exeo ST	0	3,810	(3,810)	—
Audi models	**112,815**	**104,474**	**8,341**	**8.0**
Q3	**112,815**	**104,474**	**8,341**	**8.0**
Total production (*)	**442,677**	**390,048**	**52,629**	**13.5**

* Figures for 2014 and 2013 do not include 64,998 and 67,250 SEAT vehicles produced at other Volkswagen Group plants, respectively.

SEAT optimises production processes.

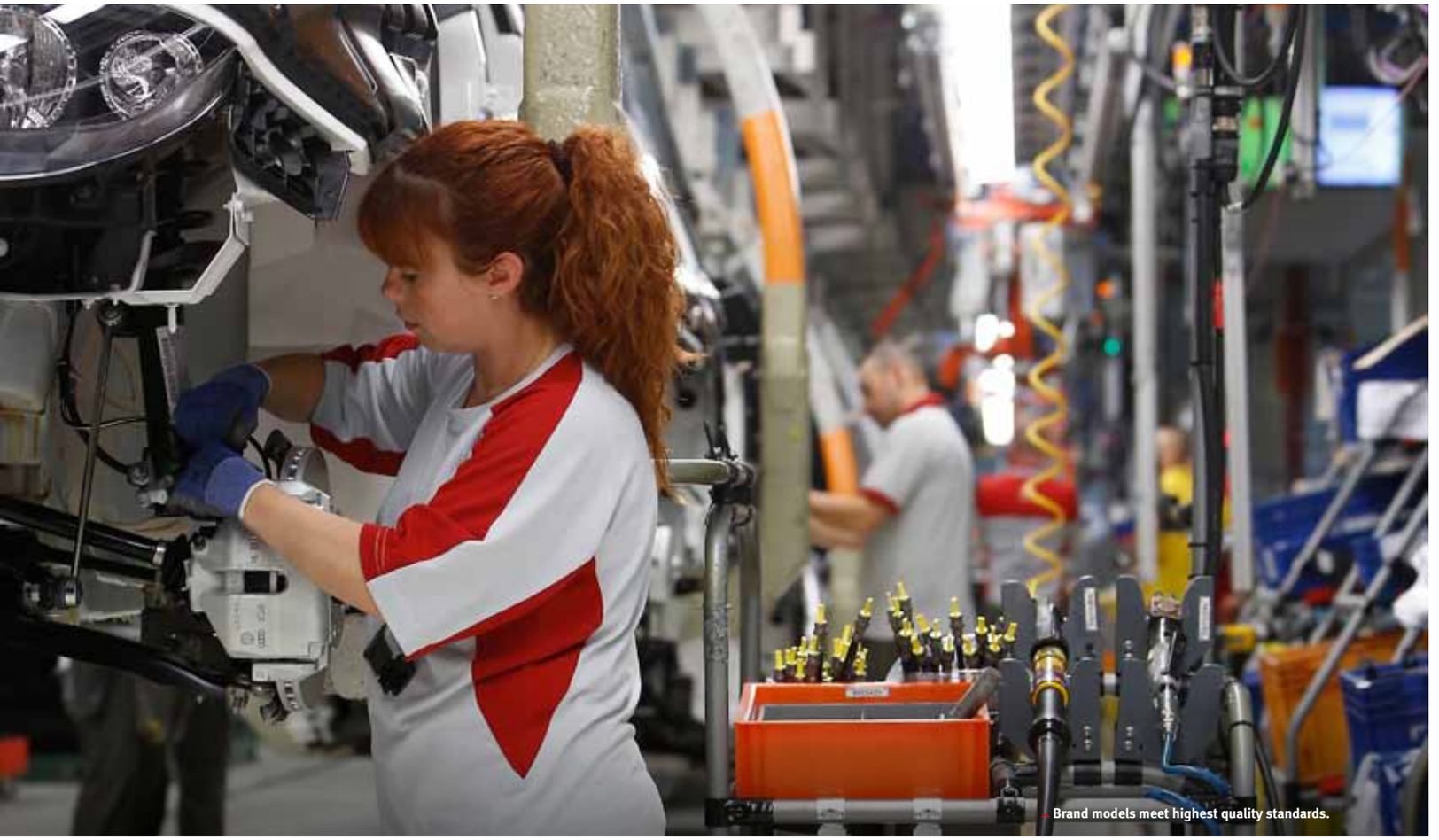
DRONE'S EYE VIEW OF A PRODUCTION PLANT:
The Martorell production facility covers a surface area of 2.8 million square metres, equivalent to 400 football fields.

2014 saw the completion of the PQT Fitnessprogramm, which had been initiated one year before, with the goal of making an in-depth analysis of processes and indirect functions at the plant to identify spheres for improvement, increase efficiency and optimize resource allocation. By the end of the programme, 10% of the posts analysed were successfully optimised.

With a view to identifying elements for improvement and achieve maximum quality in new products, the Analysis Centre was created. Located within the CPD (Centre for Prototype Development), this 1,200 m^2 space offers facilities with the necessary equipment to carry out a complete analysis from the initial prototype stage to the pre-production cars. This increased the capacity to examine models and processes before launching volume production, ensuring rapid achievement of levels of quality and precision.

The SEAT Production System (SPS), based on lean manufacturing, and whose goal is to eliminate inefficiencies in the production process, has become one of the essential tools in improving productivity. Of the many activities implemented, major improvements in the training of the workforce were achieved. All through the year more than 2,200 participants attended the facilities of the different training centres. In the first quarter the new Logistics Training Centre and the *Sala Profi* paint area were officially opened, two areas devoted to capacity-building and excellence amongst the personnel. Likewise, during the second half of the year training began in Shopfloor Management and Problem Resolution, two of the new concepts driving the SPS to achieve a qualitative improvement in process functioning. Also at the Assembly

REPLACEMENT OF FORKLIFT TRUCKS BY AUTOMATS
One of the pioneering projects in the sphere of logistics was the complete elimination of forklift trucks for supply to assembly lines at the Martorell plant, and the introduction of the first automats (automatic guided vehicles) enabling automatic supply of containers to the assembly line. In this fashion, productivity is increased, as well as improvements in ergonomy, safety and cleanliness.



Brand models meet highest quality standards.

Training Centre training sessions were given on the Ecomotive Factory, a concept used to raise awareness concerning good practices driving the company to achieve energy efficiency and promoting a responsible attitude to environmental protection.

Numerous workshops were also organized in the spheres of both direct and indirect manufacturing areas. In the direct area, the 148 workshops organised successfully identified 5.5% productivity improvements as well as cost savings, freeing up of space and ergonomic improvements in 710 workstations. Worthy of note in the indirect area was the initiation of an ergonomic improvement campaign in offices, with the aim of improving the working environment, protecting health and maintaining the labour capacity-building of the employee.

Within the framework of the Volkswagen Group's Digital Factory project, which aims to provide a virtual representation of all logistics and production processes, advances were made in the automation of all areas, ranging from presses to the assembly lines, as well as in the development of virtual prototypes enabling greater agility in the planning and simulation of work loads. Additionally, work is being done on the digitization of the entire flow of manufacture for the next generation of the Ibiza – the first car to be provided with a complete simulation of the flow of manufacture prior to the initiation of standard production.

The SEAT Barcelona plant produced a total of 55.1 million parts and sets destined for the Martorell production facility and other Volkswagen Group centres. Deserving of attention is the change of the management team and the renewal of the VDA 6.1 certification standard – mandatory in the German automotive industry – defining basic requirements to ensure quality in processes and products. For its part, during its first year of integration of SEAT Componentes (previously Gearbox del Prat, S.A.) into SEAT (see Note 23 in the Annual Accounts), production continued in a positive vein and reached the figure of 661,548 gearboxes, a 6.4% increase over 2013.

The SEAT Production System (SPS), based on lean manufacturing, and whose goal is to eliminate inefficiencies in the production process, has become one of the essential tools in improving productivity

Every detail is important.

For the first time in its history, the Martorell plant made Audi cars for North America

QUALITY IN DETAILS

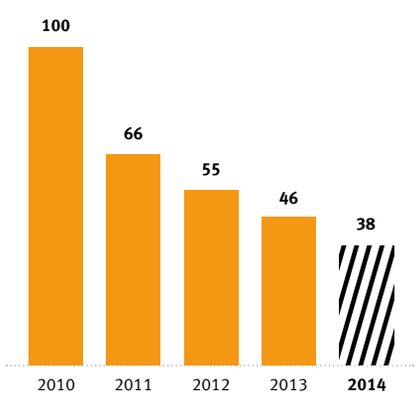
Customer satisfaction is an overarching priority for the company. The best example of the fact that movement is in the right direction is provided by the results achieved year on year – over the past five years the number of complaints made by the end customer has dropped by 62%.

For the first time in its history, the Martorell plant made Audi cars for North America, a very demanding market both from the legal and customer point of view. The area of Quality was very active in participating in its launch, sending a work team to the delivery ports on the American continent so as to carry out *in situ* checks on more than 900 vehicles. Specific patterns were also established to ensure maximum quality of product before delivery and guarantee maximum speed in the implementation of improvements during the launch phase.

For its part, the Measurement team had the opportunity to transmit the company's passion for perfection to more than 1,000 employees and 2,000 importers participating in the SEAT International Dealer Event, held at the Martorell production plant. Through their demonstrations, those attending got first-hand knowledge of the latest laser and optical measurement technology, via specific examples of results achieved in the parts of the brand's models.

During the year, a programme for new purchase parts – called QPN-Integral – was initiated, to be the standard applicable to all new projects. The work method developed enables monitoring and qualification of the parts at the suppliers, from the concept stage right through to standard production. It also facilitates communication between the different areas of the company involved and the supplier in order to find a rapid resolution for problems arising in the developing and industrialisation stage of the components.

COMPLAINTS/1,000 END CUSTOMERS
(base 100)



SEAT, a passion for quality.

Likewise the Passion for Detail programme was promoted amongst suppliers, via which 10 of them together with approximately 400 of their workers participated in two-day working sessions. SEAT personnel went to their facilities in order to transmit their passion for perfection. Thus, by means of practical examples, suppliers became aware of the impact their parts had on the satisfaction of end customers. The plan was divided into different theoretical and practical modules in which the suppliers themselves analysed their products, continued with an audit of the finished car, and finally carried out a review of their own processes in order to detect possibilities for improvement. The goal was also focussed on training trainers in the companies themselves, for them to pass on the programme to their entire personnel and their own suppliers. The programme maintains a quarterly follow-up, with the Quality team going to the suppliers' facilities to ensure that the proposals for improvement are applied in the appropriate way. After the success achieved, it was decided to extend the programme to more suppliers throughout 2015.

The activities of the area also targeted renovation of the facilities and up-dating of equipment. The new facilities for measurement and emission analysis enabled compliance with the demanding standards of the EU6, coming into force at the end of 2015. Furthermore, the acquisition of REM (electronic scanning microscope) equipment will facilitate the extension of the analysis carried out in order to improve quality, whereas the new optical distortion equipment will make it possible to carry out more precise checks on glass.

Precision.

CANDLES FOR THE SEAT IBIZA

The car brand’s most successful model ever celebrated the 30th anniversary of its launch by exceeding the figure of five million cars sold.

IBIZA I, 1984-1993: 1,308,461 UNITS
Brought renewed energy to SEAT, delighting customers with its design by Giugiaro, bodywork by Karmann and engines by Porsche.

IBIZA II, 1993-2002: 1,522,607 UNITS
The first model to be developed in Martorell, it boasted rounded lines and equipment normally found in higher-segment cars.

SEAT IBIZA
Four successful generations

SEAT's most successful model ever blew out 30 candles in 2014. Thirty years for a model that in September saw unit number 5 million rolling off the assembly line at the Martorell production plant in Barcelona, coinciding with the anniversary.

A constantly-evolving model, young and sporty in spirit, offering excellent performance and magnificent value for money, the Ibiza has been the brand's best-selling car and continues to be a benchmark model. The first generation was unveiled at the 1984 Paris Motor Show, with a price-tag of approximately 825,000 pesetas (4,950 euros, the equivalent of 15,620 euros today). Since then the tremendous popularity enjoyed by this flagship model has opened up borders for SEAT. Of all the units built by the brand, 70% (some 3.5 million) have been exported to the 76 countries where SEAT has a presence. Italy, France, Germany, the United Kingdom, Portugal and Mexico, in addition to Spain, are the markets where most Ibizas have been sold over the past 30 years.

IBIZA III, 2002-2008: 1,221,200 UNITS

With eye-catching aesthetics created by Walter de'Silva, the model introduced the concept of 'agile chassis' developed by the SEAT Technical Centre.

IBIZA IV, 2008-2014: 1,074,146 UNITS

Beauty fused with technology, it brought in geometric lines and a sportier aesthetic look, 3- and 5-door bodies, estate version and 6 different engines.

King Felipe VI at 30th anniversary celebrations of SEAT Ibiza.

A RIGHT ROYAL CAR:
The first vehicle of H. M. King Felipe VI.

DID YOU KNOW THAT...?

The approximate price of the SEAT Ibiza in 1984 was 825,000 pesetas (4,950 euros). The equivalent of 15,620 euros today.

The SEAT Ibiza was the official car at the 1992 Barcelona Olympic Games.

The SEAT Ibiza's second generation was the first model in its segment to be equipped with a 90 hp TDI engine.

The SEAT Ibiza was the first model in its segment to incorporate ESP (electronic stability programme) as standard throughout the range.

The Ibiza was the first 100% SEAT model, in other words, the first vehicle designed and developed in its entirety by the company. And it is precisely the design that has been a essential element in the brand's DNA since its beginnings. Italdesign, belonging to the Italian designer Giorgio Giugiaro, was used for the first and second generation Ibizas. Walter de'Silva, another Italian, today Head of Design of the Volkswagen Group, drew the lines of the third generation, marketed from 2002 onwards, entailing a major advance in manufacturing quality, engine range and dynamic performance. Luc Donckerwolke, Head of Design at SEAT when the current generation was being developed, was the talent behind the car we see today, which introduces the characteristic front-end with the Arrow design concept, sportier than its predecessors, as well as the new dynamic lines on the side panels.

The model, which launched a special 30th anniversary edition in 2014, has figures which speak volumes for its long track-record, making it still today a pillar for the brand: every day 700 Ibizas leave the Martorell production plant, providing employment for 1,600 persons, with some 700 robots participating in its high-precision assembly.

WHY WAS IT CALLED THE SEAT IBIZA?

"Choosing a name for a car involves a process similar to that which parents go through when choosing a name for a child – it is very emotional and lasts a lifetime", says Vincenza Magliocco, Head of the Ibiza Product Marketing at SEAT. In the case of the SEAT Ibiza, its christening came in the 1980s when tourism to Spain boomed. Following the general company strategy of naming its cars after Spanish cities, the island of Ibiza made a perfect fit with the target customer group for this car – young, with a cool, relaxed image and Mediterranean spirit.

The best-selling car in SEAT's history

SEAT IBIZA FIVE MILLION:
SEAT reaches its Ibiza number 5 million

“CLOSER COLLABORATION BETWEEN COMPANY AREAS ENABLES FURTHER OPTIMISATION OF MATERIAL COSTS AND OVERHEADS”

Klaus Ziegler
PURCHASES VICE-PRESIDENT

Within the context of continuous cost improvement, 2014 was once again an outstanding year due to the efficiencies in purchase management. Targets were not only met but exceeded, thus providing a solid starting point for achieving further savings and efficiencies in the future. The increase in production at Martorell offers two-fold benefits: on the one hand it provides the supplier base with a stable supply programme and on the other hand it supports the company in achieving its goals. The Purchases area thus contributes to SEAT’s cost optimization, thereby providing employment stability in the company’s supplier base.

SAVINGS AND EFFICIENCY

PURCHASES

EFFICIENT PURCHASES MANAGEMENT
COST OPTIMISATION
PROFESSIONAL DEVELOPMENT SUPPORT
INTERNAL ACTIVITIES PROMOTION

Component sector companies participated in *Lieferantentag* (Suppliers' Day).

EFFICIENT PURCHASES MANAGEMENT

In 2014 the Purchase area managed a volume of 5,791 million euros for the acquisition of products, goods and services. This figure includes materials necessary for production of SEAT cars and those required for the Audi Q3, built at the Martorell plant.

Of the overall figure, 87% corresponds to production purchases, and 13% to contracted goods and general services.

This year was characterized by close collaboration with the SKODA brand. The joint project laid the foundations for creating synergies and reducing complexity. This sets a very positive example for future collaborations within the Volkswagen Group, as well as promoting the idea of building further collaboration projects within the Group.

Together with the excellent cooperation within the Group, close collaboration with the supplier base is of paramount importance. The demand for quality in our cars is growing, which requires the supplier base to be competitive enough to enable suppliers to meet our demands.

With this purpose, a so-called 'Suppliers' Day' was held in September to support the supplier base. Focal points of the day were part quality, production methods and sustainable improvement of processes.

SEAT also paid a visit to CEAGA (Galician Automotive Company Cluster), during which 25 sector companies presented their products and innovations, providing an in-depth insight into the possibilities of the Galician automotive components industry. During the meeting a visit was also paid to the CTAG (Galician Automotive Technological Centre) as well as six component suppliers from the district of Vigo.

SEAT optimises cost of materials.

COST OPTIMISATION

SEAT continued to develop its strategy to reduce and optimize cost of materials and services. To this end, it implemented various cooperation programmes to facilitate efficient management of resources and generate value for customers.

One of the initiatives aimed at reducing the cost of production materials is the FMK (Material Cost Forum) programme. Purchases works jointly together with R&D and in close cooperation with the remaining company departments as part of the FMK.

Initiated in 2005, the FMK aims to reduce manufacturing costs and encourage supplier innovations. 191 new ideas for improvement were generated throughout the year, totalling 73 million euros, surpassing the original goal by 32%.

The FSK (Service Cost Forum) is another optimization programme, the aim of which is optimization of the company's general costs. Initiated at the end of 2013, this project is based on work teams called TRIO, comprising one representative each from Purchases, Finances and the area to be optimised.

SEAT implemented various cooperation programmes with its suppliers to facilitate efficient management of resources and generate value for customers

MANAGEMENT AND IMPROVEMENTS IN PURCHASES AREA

Volume of purchases

5,791
Millions of euros

Material Cost Forum Programme

191
Ideas implemented

73
Savings in millions of euros

32%
Improvement over target

Service Cost Forum Programme

201
Ideas implemented

30
Savings in millions of euros

33%
Improvement over target

SEAT Toledo, elegant and practical.

SIGNING OF AGREEMENT FOR CREATION OF PURCHASES ACADEMY
In May the then Purchase Vice-President Dieter Seemann, together with Human Resources Vice-President Josef Schelchshorn, signed the founding document of the Purchases Academy. Based on cooperation between the two areas, the project aims to develop specific qualification measures for Purchase personnel.

Throughout 2014, 201 ideas for improvement were generated, totalling 30 million euros, and surpassed the original goal by 33%. Major savings in purchases (30%) were achieved in the Logistics area.

PROFESSIONAL DEVELOPMENT SUPPORT

One relevant milestone in the area of personnel development was the creation of the Purchases Academy. The aim of this project is to identify training needs in the area and provide the required qualification tools.

Due to the link-up of the individual brands within the Volkswagen Group, each employee has the opportunity to utilize training qualification and also to transfer knowledge. The Purchases Academy guarantees wide-ranging internal and external training targeted at covering the qualification needs of area workers. By means of the development of profiles specific to work posts, it aims to improve personnel competencies.

INTERNAL ACTIVITIES PROMOTION

Collaboration within the Volkswagen Group and the resulting synergies are supported by system standardisation and integration. *Green 15* describes world-wide applications. The standardisation and implementation of the systems led to excellent results. One example is the implementation of a catalogue system used by General Purchases, which is used to analyse and optimize volumes and prices. Another important system is the RMDB (Risk Management Data Base) database, enabling the sharing of information concerning risk management with the Volkswagen Group.

Additionally, the process-oriented organisation and the organizational structure are monitored continuously. Within the framework of a benchmarking initiative the organisation of purchases, the processes and the introduction of Group standards have been analysed and actions specified.

Collaboration within the Volkswagen Group and the resulting synergies are supported by system standardisation and integration

LEON
2306 XPE

“SEAT IS ON THE MOVE AND FACING A BRIGHT FUTURE”

Dr. Andreas Offermann
SALES AND MARKETING VICE-PRESIDENT

SEAT finished this year with a cumulative increase in sales of 10%, making 2014 a successful year, in which the brand achieved all sales objectives. The Leon range is now fully established as the second strong product pillar alongside the Ibiza, and has been the main driver for the strong growth momentum. Thanks to the hard work and efforts of all the SEAT team, 2014 was another decisive step forward for the brand. In the Paris Motor Show SEAT proudly presented the new Leon X-PERIENCE, along with the enhanced Toledo with Full LED lights and the Ibiza 30th Anniversary Limited Edition. These new additions, together with forthcoming product developments and the strong sales momentum, give the company confidence to continue its growth and success in 2015.

DRIVING EXPERIENCES

SALES AND MARKETING

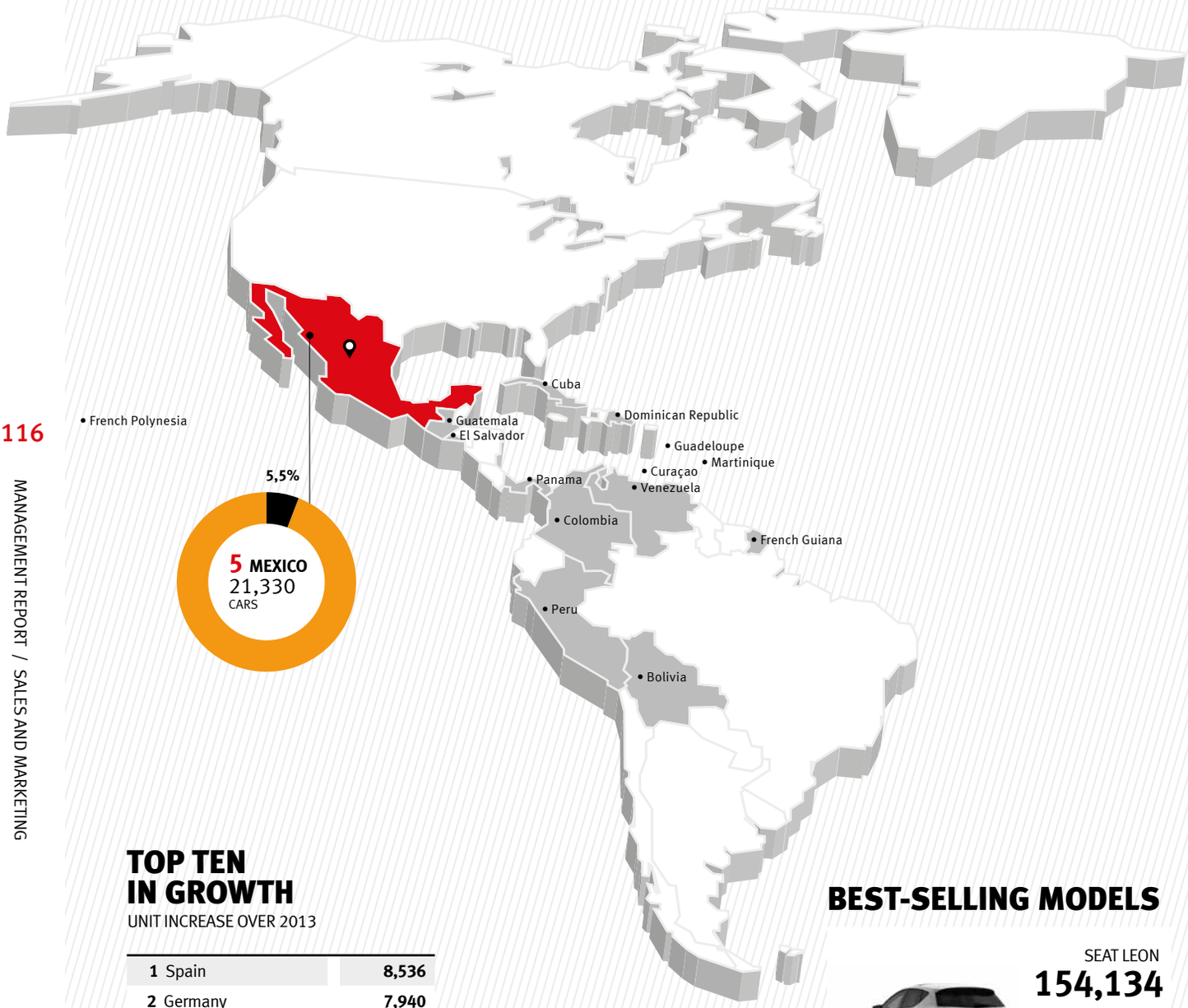
SALES GROWTH
COMMERCIAL NETWORK CONSOLIDATION
NEW TECHNOLOGIES IN AFTER-SALES NETWORK
SEAT DIGITAL STRATEGY
PRESENTATIONS AND MOTOR SHOWS
SPONSORSHIPS AND OTHER EVENTS
SEAT RANGE

Main distribution markets for retail sales 2014

- Top ten in sales
- SEAT presence in world
- Total sales
- Percentage over total

Countries implementing new corporate identity

Algeria, Austria, Belgium, Czech Republic, Denmark, Egypt, Finland, France, Germany, Ireland, Israel, Italy, Lithuania, Mexico, Morocco, Netherlands, Poland, Portugal, Republic of Macedonia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom



TOP TEN IN GROWTH

UNIT INCREASE OVER 2013

1	Spain	8,536
2	Germany	7,940
3	United Kingdom	7,689
4	Poland	4,137
5	Portugal	3,063
6	Italy	2,850
7	Czech Republic	2,574
8	Slovakia	1,005
9	Turkey	985
10	Sweden	751

BEST-SELLING MODELS

SEAT LEON

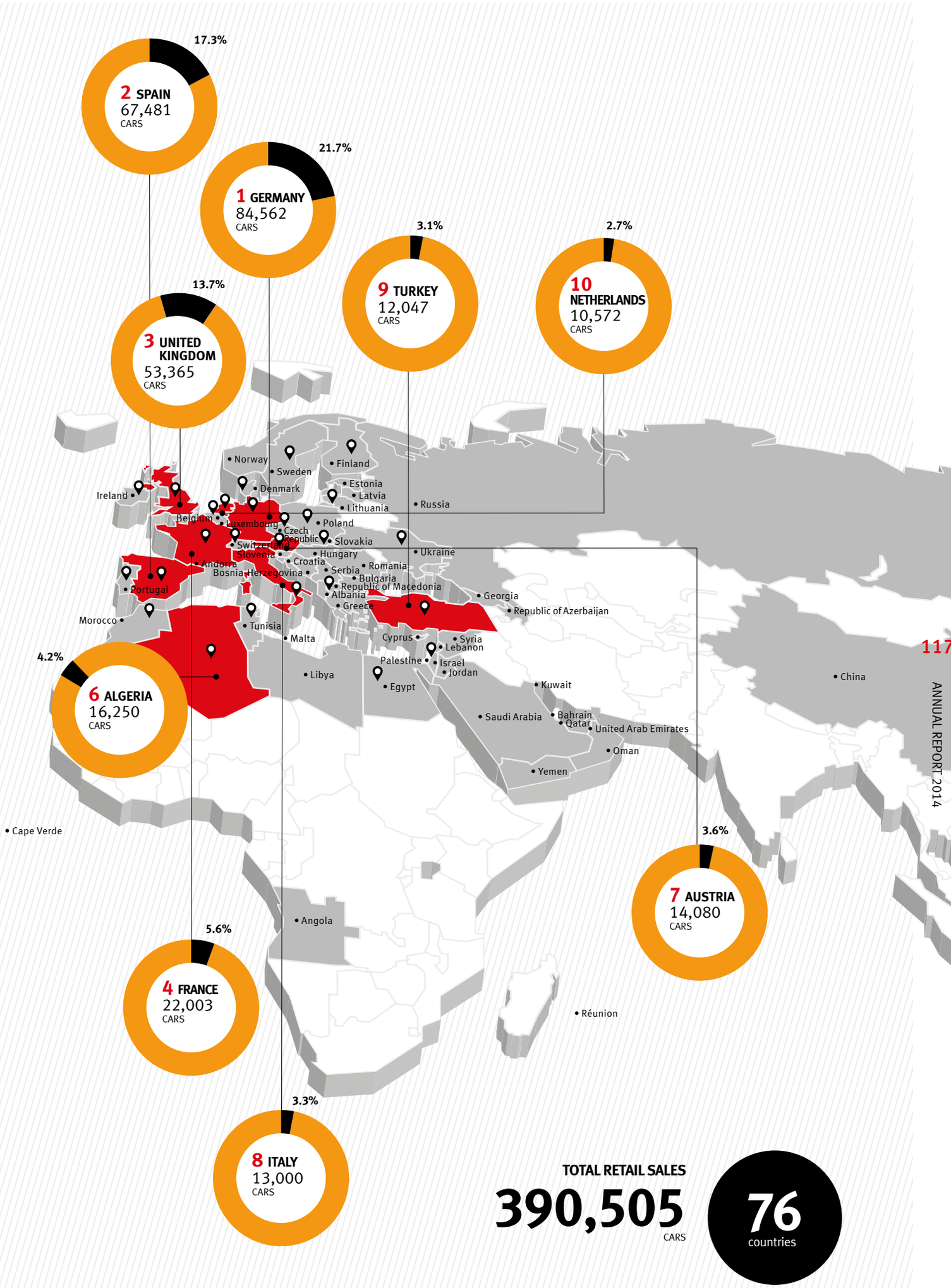
154,134

MAIN MARKETS:
Germany
Spain
United Kingdom

SEAT IBIZA

149,959

MAIN MARKETS:
Spain
Germany
United Kingdom



TOTAL RETAIL SALES

390,505
CARS

76
countries

Night view of new flagship SEAT dealership signage in Berlin.

SALES GROWTH

Although the overall economic uncertainty continued in 2014, the automotive sector showed a clear improvement in European markets. Car registrations in the European Union increased by 2% over the previous year. Most of the main markets saw growth: 18.3% in Spain, 9.3% in the United Kingdom, 4.9% in Italy, 2.9% in Germany and 0.5% in France.

In this environment, SEAT sales improved significantly for the second consecutive year, and in the ranking of the ACEA (European Automobile Manufacturers' Association), was one of the brands that most increased its registrations in the European Union, both in absolute value (38,760 units) and percentage value (13.8%). In 2014 SEAT grew again faster than its competitors.

Throughout 2014, the company delivered 390,505 units to end customers worldwide – a 10% improvement over the previous year. The on-going brand momentum in Europe resulted in the best sales figures since 2007. Sales increased substantially in various European markets: 192.7% in Poland, 79.9% in Portugal, 61.3% in the Czech Republic, 28.1% in Italy, 16.8% in the United Kingdom, 14.5% in Spain and 10.4% in Germany. By geographical regions, the brand grew by 11.3% in Western Europe and 44.2% in Eastern Europe.

The Leon range, mainly in its ST version, was instrumental to this success with deliveries reaching a total of 154,134 units worldwide, accounting for 39.5% of all SEAT sales and the best result on record. For the first time ever, Leon sales exceeded those of the Ibiza range, the two models together being the brand's two main pillars.

Throughout 2014, the company delivered 390,505 units to end customers worldwide – a 10% improvement over the previous year

New derivatives such as the Mii by MANGO, the SEAT Ibiza ACT (Active Cylinder Management), the Leon ST 4Drive, the Leon CUPRA, the Ibiza 30th Anniversary and the Leon X-PERIENCE – the first off-road-look Leon, together added to marketing success and were well received by customers. Other initiatives contributing to the improvement in commercial results were the extension of the special I-TECH version to the entire model range and the launch of the new 110 hp 1.4 TGI engine, powered by compressed natural gas, with low CO_2 emissions (94 g/km) for the Leon.

Another important point regarding growth in SEAT deliveries was the reinforcement of its sales strategy in the fleet channel. Throughout 2014, the company delivered

68,889 units to the fleet and leasing channel (true fleet), entailing a 33% improvement over the previous year. The most substantial growth was seen in Mexico (219%), Portugal (117%), Poland (83%), the Netherlands (58%), Italy (51%), Spain (34%), Germany (28%) and France (28%).

This sales increase in the fleet channel was also due to the success of the Leon range. The Leon ST was the driver that attracted numerous local and international customers, including government administrations both inside Spain and beyond its borders. Additionally, by means of the implementation in the EU5 (Germany, Spain, France, Italy and the United Kingdom) of a specialised fleet programme, dedicated to the dealership network, SEAT set up 148 specialised dealerships with the aim of providing small and medium-sized companies with the best appropriate service.

Throughout 2014, the company delivered 68,889 units to the fleet and leasing channel, entailing a 33% improvement over the previous year

COMMERCIAL NETWORK CONSOLIDATION

The world economic situation continued to have its effects on the distribution networks, mainly in Southern European countries. Structural and streamlining measures taken by SEAT concerning its network helped to maintain stability.

Thus, faced with a very difficult environment, the brand's commercial network experienced hardly any change with regard to the previous year, ending the twelvemonth with a total number of 1,770 points of sale. The company continued expansion in the metropolitan areas of its markets, with the opening of further dealerships in Berlin (Germany), Warsaw (Poland), Naples (Italy) and Toulouse (France) as well as other cities.

Neither were there changes in SEAT's global presence, the figure of 76 countries being maintained. North Africa, where the brand has seen significant growth over the past few years, has become consolidated as a strategic and priority area for the company. The opening of dealerships in Cairo (Egypt), Algiers (Algeria) and Casablanca (Morocco) provide proof positive.

INSIDE SEAT

SEAT INTERNATIONAL DEALER EVENT:
Representatives of SEAT's commercial network from fifty countries participated in this event, held at the Martorell production facility.

Wholesales of new vehicles

(units)

	2014	2013	Variation Absolute	Variation %
SEAT models	**378,586**	**341,402**	**37,184**	**10.9**
Mii	**25,707**	**25,315**	**392**	**1.5**
Ibiza	**145,753**	**141,560**	**4,193**	**3.0**
Ibiza 5d	103,060	93,053	10,007	10.8
Ibiza SC	30,486	31,676	(1,190)	(3.8)
Ibiza ST	12,207	16,831	(4,624)	(27.5)
Altea	**18,584**	**20,563**	**(1,979)**	**(9.6)**
Altea 5d	5,864	6,155	(291)	(4.7)
Altea XL	12,248	13,635	(1,387)	(10.2)
Altea Freetrack	472	773	(301)	(38.9)
Leon	**150,133**	**108,595**	**41,538**	**38.3**
Leon 5d	88,981	92,183	(3,202)	(3.5)
Leon SC	10,519	11,330	(811)	(7.2)
Leon ST	50,633	5,082	45,551	—
Toledo	**16,105**	**20,974**	**(4,869)**	**(23.2)**
Exeo	**21**	**4,554**	**(4,533)**	**(99.5)**
Exeo 5d	1	937	(936)	(99.9)
Exeo ST	20	3,617	(3,597)	(99.4)
Alhambra	**22,283**	**19,841**	**2,442**	**12.3**
Audi models	**111,310**	**105,925**	**5,385**	**5.1**
Q3	**111,310**	**105,925**	**5,385**	**5.1**
Total wholesales (*)	**489,896**	**447,327**	**42,569**	**9.5**

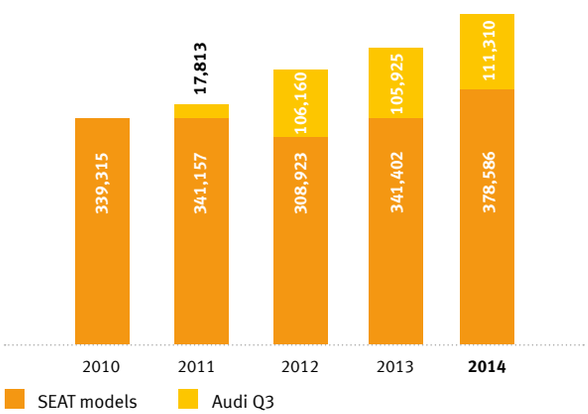
* Figures for 2014 and 2013 do not include 12,264 and 12,677 used vehicles, respectively.

Throughout 2014 diverse programmes targeted at increasing commercial profitability, customer satisfaction and market coverage were launched. These included four events in Martorell with potential investors from Germany, Italy and the United Kingdom with the aim of presenting the brand to them. Major improvements were also obtained in the customer brand satisfaction survey (SEAT's CSS), by achieving a 1.7% increase in levels of satisfaction, 0.9% in recommendation and 1.4% in loyalty vis-à-vis the dealership.

Commercial training extended its offerings of courses specialising in processes, skills, technology and product. Via the SEAT Academy platform, some 300 courses using the latest online technology to the 26 markets connected were offered. Likewise SEAT Retail Excellence was initiated, an advanced consulting programme for the dealership network that was successfully led from Spain and will be rolled out worldwide throughout 2015.

The implementation of the new corporate identity also continues, enabling an update of the brand image as well as strengthening of the communication of its values. Throughout the year some 70 points of sale in 19 countries have been adapted to the new identity.

WHOLESALES OF NEW VEHICLES (units)



Official SEAT service, the best guarantee.

NEW TECHNOLOGIES IN AFTER-SALES NETWORK

Keeping the capacity-building level of the personnel of the worldwide SEAT network has meant an in-depth development of lines of training based on new technologies. In this fashion, the workshop technicians are supplied with precise knowledge for each model and version as well as the appropriate equipment to be used for each operation; as a result the portal for online training has gained in importance.

Training for the international after-sales network received a major boost with the *Train the Trainers* meeting, attended by heads of training and after-sales technical assistance from 29 countries. The technical novelties in the Leon CUPRA and ST, together with CNG (compressed natural gas) technology were the main issues dealt with during the meeting.

Advances in technological developments enabled the brand's official service points to be equipped with important tools such as Active Reception, which has been widely rolled out in a short space of time thanks to its very positive reception. Via the mobile phone, this app provides a very simple, easy-to-use way of managing the reception and planning of the recommended vehicle service intervals. In the same vein, new apps for mobile phones and tablets place SEAT after-sales services in the hands of customers.

The company's efforts over the past few years in the field of logistics have been rewarded by recognition from the Porsche brand, which has decided to use the SEAT infrastructure and logistics technology for its own products in Spain and Portugal.

Additional equipment, together with optional and customisation elements developed to complement the brands offerings, have become a fundamental element in business, and in 2014 the foundations were laid so that in the future the SEAT accessory line will have its own personality and specific weight within the company's activity.

The best attention for SEAT customers.

SEAT DIGITAL STRATEGY

CONNECTED TO A NEW DIGITAL ERA

Today the world moves at the touch of a click. And users demand connectivity from any part of the world in real time. That is the reality, and faced with it, a global brand like SEAT needs to do more to adapt to the new trends: it needs to be at the forefront in changing needs. So as to meet this commitment, the company devotes 30% of its marketing budget to digital activation, integrating all its dissemination platforms.

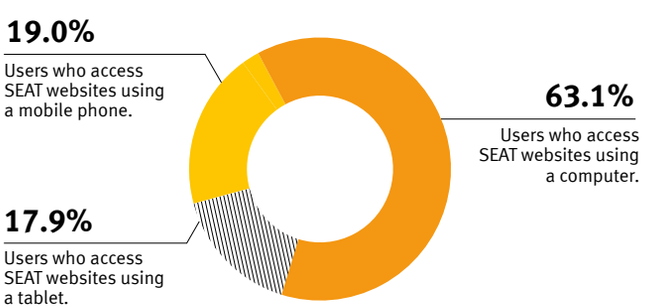
/ THE NEW ENTRY DOOR TO THE WORLD OF SEAT

Internet is the new door into the world. To enter it, SEAT has created its new web amongst other things, a new way of accessing the interactive digital space of the brand which contributes an integrated solution and which is accessible from any device. The new digital platform follows the same principles as SEAT car models: high quality, innovation and entertainment. It is thus functional and dynamic, intuitive and personalised, because it adapts navigation to the profile, history and behaviour of each use, according to their preferences, thus enabling targeted campaigns and the offer of specific products.

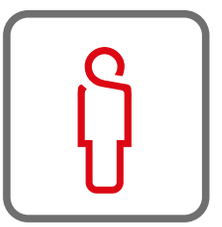
The structure of the new website will guide the user naturally and will facilitate the visit and the search for attractive content. Just as in the design of the brand's cars, everything is designed to offer the greatest convenience and ease of navigation from any device.

Additionally, websites in some countries will also have an integrated practical tool which will enable all users to see the opinions and views concerning the cars of people who are already SEAT car owners.

OUR YEAR IN NUMBERS

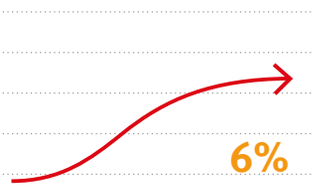


USERS FLOW



+44,000,000

VISITS TO SEAT WEB PAGES IN 2014



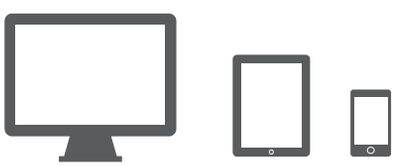
INCREASE IN VISITS *

** Q4 2014 vs. Q4 2013*

Source: Adobe Omniture

USER EXPERIENCE

Offers navigation with a high level of personalisation. Intuitively, it is structured so as to facilitate easy and rapid access coupled with an integrated experience.



MULTI-SCREEN

Enables convenient use on all mobile devices, optimising movement over the page and loading on to a smartphone. Establishes a platform for future services and tools.

CUSTOMER LOYALTY

Its design enables targeted campaigns, adapted and personalised services for customers, improving monitoring and interaction with users.

BRAND IDENTITY

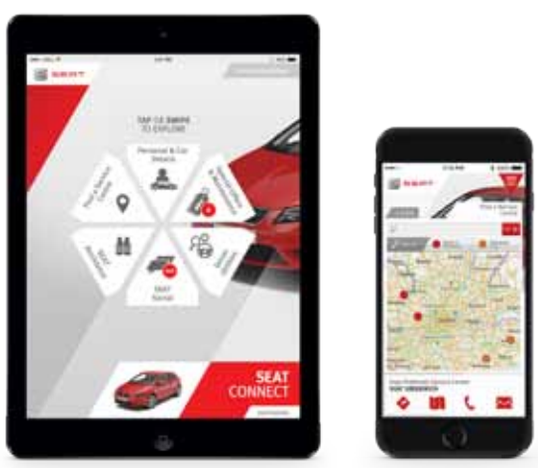
The new website reflects SEAT's DNA: Technology to Enjoy. For this reason it enhances its values and commitment to the customer, reinforcing the enjoyment element of the technological experience.

Visit our mobile website.

/ SEAT'S ONLINE PLATFORM FOR MOBILE PHONE

The advent of the mobile phone and its rapid spread has changed the rules of the digital world. For this reason, the company's strategy in technology for the mobile phone is based on offering solutions thought up by and for the user, with ad hoc environments, and apps that improve interaction and driving experience. SEAT thus provides at-a-glance features of its models on any mobile device.

THE SEAT APP FOR OWNERS



An exclusive app for SEAT clients. This practical tool, available only to customers, enables connection to the brand and offers personalised services, special advantages and other useful tools both for car and driver.

Among its main features there are interesting recommendations for services and maintenance, as well as multiple utilities: it helps in finding the nearest SEAT dealership at the touch of a button, enables a practical call to be made in the event of needing roadside assistance, alerts the driver to where the car has been parked, incorporates descriptions of the symbols of the instrument panel and offers advice on driving or taking care of the car, as well as other practical functions.

Download our application for both Android and iOS.

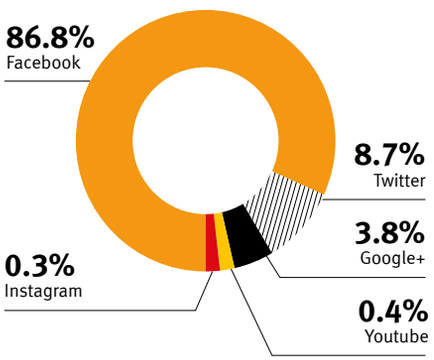
iOS

/ SEAT AND THE SOCIAL MEDIA, A WORLD OF POSSIBILITIES

Social networks are the new playing field where the main automotive brands rival one another. Today competition goes beyond traditional spaces and enters fully into the digital universe of the social media. This is borne out by the figures: before buying a car, 95% of people search for information on the internet (Source: Google's Consumer Barometer). To take on this challenge, SEAT plans its campaigns by fully harnessing the resources of the social networks. The first thing is to be where the customer is. And once there, offer interesting content which will add value for both customer and brand.

SEAT IN SOCIAL MEDIA

PRESENCE BY SOCIAL NETWORK *



4,180,422	Followers
420,763	Followers
183,441	Followers
20,069	Subscribers
13,181	Followers

** Data from January 2015*

ACTIVATIONS ON THE SOCIAL MEDIA

MOTOR SHOWS

SEAT carried out prominent actions at the most important motor shows of 2014 using the social networks. In Geneva it recorded videos and uploaded them onto its channels in almost real time, offering its followers a unique experience. In Paris it selected two *aficionados* of Instagram, a photography social network recently acquired by Facebook, who travelled to the show and brought it closer to all SEAT fans with their photographs.

GOODWOOD FESTIVAL OF SPEED

At this British meet, SEAT became a major player on the social networks by enabling live coverage of all brand activities and festival events via its different channels, especially Instagram and Vine, thus enhancing its dissemination amongst the digital community.

Mii BY MANGO

SEAT and MANGO organized a competition amongst artists and designers from all over the world via the social networks. The challenge: to design two accessories with the elegant city-slicker style of the new Mii by MANGO. This action successfully involved thousands of users with the brands, created a tremendous 'buzz' on the internet, and moved from the online to the real world in the shape of a limited edition of the winning design.

SEAT LEON EUROCUP

The powerful SEAT Leon Cup Racer competed six weekends in six European countries. Broadcast live via YouTube, fans all over the world could follow online each race of the SEAT Leon Eurocup 2014. Additionally, a hashtag enabled centralisation of information concerning the brand, the teams and drivers.

PRESENTATION OF Mii BY MANGO: The SEAT Mii by MANGO was unveiled at the 080 Barcelona Fashion event.

PRESENTATIONS AND MOTOR SHOWS

2014 was marked by growth of the Leon family. The additions of the Leon CUPRA, the model's sportiest version, and the Leon X-PERIENCE, with estate bodywork and off-road look, confirms SEAT's commitment to broadening the range of one of its most solid pillars. The Geneva and Paris motor shows provided respective backdrops for the international *début* of both models, which complete the wide range of the model.

At the beginning of the year, the arrival of the Leon ST 4Drive was announced at the Vienna Motor Show. This model is equipped with an electronically-controlled Haldex fifth-generation four-wheel drive system, allowing for greater grip even when road conditions are adverse. This compact also has an Ecomotive version, offering excellent performance figures coupled with low-emission maximum efficiency: it uses 3.3 litres per 100 km and produces 85 grams of CO_2 per kilometre, 12 g/km less than the previous version.

The 30th anniversary of the Ibiza served to present the Ibiza CUPSTER, an eye-catching prototype of an open two-seater. SEAT also broadened this range with the Ibiza ACT, a hi-tech variant.

Since 2014 the SEAT Mii has had a new version, designed in cooperation with the MANGO fashion brand, and which could be seen at the Geneva Motor Show and at the 080 Barcelona Fashion Week.

The year also saw the presentation of the range of cars powered by CNG (compressed natural gas) - which already includes the Leon TGI, the Leon ST TGI and the Mii Ecofuel - to the communication media in Germany and Spain.

PRESENTATION OF SEAT LEON CUPRA AT GENEVA MOTOR SHOW: The première of the most powerful and sporty model of the SEAT range.

SEAT, sponsor of musical and sporting events.

SPONSORSHIPS AND OTHER EVENTS

The main aims of SEAT sponsorships are to raise the brand's profile, take its products closer to customers as well as communicate its values. Music, football and sports events linked to the automotive world are the mainstays of actions undertaken within this sphere.

Since 2007 activities related to music have become a basic pillar in the company's international strategy. Since 2011 SEAT has been the principal sponsor of the main music festivals in Germany: Rock am Ring and Rock im Park, to which were added two more in 2014, namely Rock'n'Heim and Rock im Pott, attracting a total number of 240,000 spectators.

CAR-A-OKE proposal in SEAT cars.

Some of the mainstays of these programmes are the cooperation agreements between the German actress Janina Uhse and the German rock band Donots. The country's brand dealerships were also involved through a competition carried out in five German cities: Berlin, Cologne, Düsseldorf, Munich and Hamburg. At the festivals themselves, test-drives were offered with the proposal of a CAR-A-OKE inside a SEAT car; a lounge as well as brand-exclusive areas were also opened.

In Germany the company sponsored the successful television programme *The Voice of Germany*, a talent show for amateur singers who want to make themselves known and start a career in the world of professional music.

SEAT's sponsorship strategy also includes football. In 2014 it was once again sponsor of the German football club Eintracht Braunschweig. Here the strategy consisted in information dissemination on different

SEAT participated in diverse veteran car events during 30th anniversary of Ibiza celebrations.

SEAT STAR OF 50TH RALLY RACC CATALUNYA COSTA DAURADA: Brand and its classic cars aroused admiration of all followers.

fronts, promoting the Leon 5-door both on social networks and traditional media, with actions designed for those football fans coming to the stadium.

In Spain, the company maintained its sponsorship of Athletic Club de Bilbao, Valencia Club de Fútbol, Sevilla Fútbol Club and Real Betis Balompié. The final of the Copa del Rey (King's Cup), a key match in the football calendar, also had the support of the company.

May signalled the beginning of the SEAT Leon Eurocup, the first race of which was held at the Nürburgring (Germany) circuit, and the last race at the Barcelona-Catalunya (Montmeló) circuit, where the title was decided. The final race was a festive day attended by more than 11,000 employees and their families as invited guests of the company, who were able to try out cars belonging to the range, take part in guided tours of the paddock and boxes of SEAT Sport, as well as enjoy themselves with the younger members at the children's play area.

The Ibiza CUPSTER prototype was the star of the motor festival this year, such as the GTI Treffen in Austria and the Goodwood Festival of Speed in the United Kingdom. SEAT also took part in veteran car events - within the framework of the 30th anniversary of the Ibiza – such as the Classic Auto Madrid, the Rally Costa Brava in Girona, the Techno Classica Show in Essen, the Espíritu de Montjuïc in Barcelona, the Gran Canaria Historic Rally, the Jarama Vintage Festival in Madrid, the Schloss Bensberg Classics, the Sachsen Classic Rally, the Hamburg-Berlin Klassik, the Rally RACC Catalunya Costa Daurada and the Auto Retro in Barcelona, as well as other events.

Mii

The SEAT Mii has been designed to optimise space and efficiency. Its high levels of safety and modern design are an invitation to discover the city.

SEAT Mii 3d
The Mii by MANGO version opens the door into a world of infinite possibilities, because design is important.

SEAT Mii 5d
The Mii Ecofuel version is the most fuel-efficient city slicker thanks to its compressed natural gas technology.

Ibiza

The SEAT Ibiza offers the highest level of perfection, passion, technology, driving pleasure and design in all its variants.

AWARDS

Best Imported City Car for the Ibiza, given at the 38th edition of Best Cars of 2014. Awarded by readers of the prestigious German magazine *auto motor und sport.*

Best Advertisement 2015 in Spain for the Ibiza 30th Anniversary spot. Chosen by readers of *Car and Driver, TP* and *Supertele*.

SEAT Ibiza SC
30 years of the Ibiza, 30 years of fascinating design and accessible technology.

SEAT Ibiza 5d
Dynamic and city-wise, with an unmistakeable style thanks to its customisable colour packs.

SEAT Ibiza ST
For young-spirited families who always travel in safety with the rear-view camera.

Altea

The SEAT Altea offers the most spacious range aimed at growing families looking for the great practicality of its smart interior.

SEAT Altea
Because life is anything but predictable, the Altea I-TECH is an incomparable offer.

SEAT Altea XL
Good is never good enough; think big, drive big.

Leon

SEAT LEON SC
More Leon, more CUPRA, more performance and design packages such as the CUPRA 280 Black Line.

SEAT LEON 5d
The new compressed natural gas TGI engine offers excellent consumption and CO_2 emission figures.

SEAT LEON ST
The family continues to grow, from the 4Drive engines to the more fuel-efficient Ecomotive.

The SEAT Leon

is a stunning combination of attractive design, advanced technology, innovative ideas and the highest level of quality, making it a multiple award-winning car and a benchmark for the segment.

AWARDS

Best of Best, overall winner in Exterior Volume Brand category for the Leon CUPRA's exterior design. Awarded by the German Design Council (foundation created by German Parliament) at Automotive Brand Contest 2014.

Runner-up in Best Imported Compact Car for the Leon, at the 38th edition of Best Cars of 2014. Awarded by the readers of the prestigious German magazine *auto motor und sport.*

Best Compact for the Leon at the Best Car 2014 awards. Given by the editors of the Spanish magazine *Coche Actual* of the Motorpress Ibérica Group.

Best Compact for the Leon, at the Ecomotor 2014 awards. Chosen by the readers of the digital edition of the Spanish daily *El Economista*.

Renting Car of the Year 2014 for the Leon ST. Awarded by the Spanish magazine *Renting Automoción*, after the verdict of a jury comprising renting operators, vehicle renters, financing companies, service firms and automotive journalists.

Car of the Year in Portugal and Best Estate of the Year for the Leon, as well as Best Station Wagon for the Leon ST, at the Carro do Ano/Troféu Essilor Volante de Cristal 2014 awards, given by the Portuguese weekly *Expresso* and the Volante de SIC news programme.

Best Car 2014 in Mexico and Best Entry Compact for the Leon at the Best Cars 2014 awards. Given by the magazine *Automóvil Panamericano*, the sector's most prestigious publication.

Best Compact Car 2014 in France for the Leon. Awarded by the magazine *La Revue Automobile*.

Car of the Year 2014 in Algeria for the Leon. Awarded by the jury of the Algerian Motor Journalists Club.

Best Car of the Year 2014 in Catalonia for the Leon. Awarded by the jury of the Motor Press Association of Catalonia.

Best Car of the Year 2014 in the Canary Islands for the Leon. Awarded by the jury of the Sports Press Association of Las Palmas and Tenerife.

SEAT LEON X-PERIENCE
The first Leon estate with all-terrain adaptability.

Toledo

The SEAT Toledo is a tremendously elegant and reliable saloon car, aware of the high demand for a family's space needs and which never disappoints.

SEAT Toledo
Outstanding in its class, incorporates the brilliant Full-LED technology.

Alhambra

The SEAT Alhambra combines

the enormous capacity of an MPV with the brand's purest sporty style. Its wide-ranging equipment is coupled with a range of powerful fuel-efficient engines and four-wheel-drive.

SEAT Alhambra
Versatile, made for real life, with a wide range of technological equipment such as the Kessy (keyless entry and start-up) system and DCC (adaptive suspension).

AWARDS

Best Imported MPV for fourth successive year for the Alhambra, at the 38th edition of the Best Cars of 2014. Awarded by the readers of the prestigious German magazine *auto motor und sport*.

Best MPV for the Alhambra. Awarded by the UK web publication *carbuyer.co.uk*.

“WINNING PRODUCTS ARE DEVELOPED IN THE TECHNICAL CENTRE”

Dr. Matthias Rabe
RESEARCH AND DEVELOPMENT VICE-PRESIDENT

SEAT’s Technical Centre (CTS) will be celebrating its 40th anniversary in 2015. Since 1975 it has been the only R&D+i centre in Spain able to carry out the integrated development of cars. Creativity and technology fuse together in the development centre, which, together with the passion for detail of its employees, account for the secret to success and excellence in the brand’s cars. “SEAT develops winning products”.

YOUNG SPIRIT AND DESIGN

RESEARCH AND DEVELOPMENT

INNOVATION AND PRODUCT
TRAINING AND AGREEMENTS
COMPETITION

FIVE-STAR EURO NCAP: The outstanding work done in the field of active and passive security earned the entire Leon family the top 5-star rating in the stringent EURO NCAP tests.

INNOVATION AND PRODUCT

/ PRODUCT

Of the more than 220 projects developed throughout 2014, special mention should be made of those which have contributed to the growth of the Leon family, models that offer new solutions and which cater to the needs of a larger number of customers in the marketplace. The principal novelties were the CUPRA, the sportiest member of the family with its two engines, producing 265 hp and 280 hp respectively; the Ecomotive, the most efficient; the TGI, developed to run on CNG (compressed natural gas); and finally the X-PERIENCE.

This latest version of the Leon, based on the body of the Leon ST estate version, offers an off-road look, with greater ground clearance (+27mm) in comparison with the basic version, and permanent four-wheel drive. The SEAT Leon X-PERIENCE incorporates one of the most advanced and efficient permanent four-wheel drive systems in its segment – the Haldex system, comprising an electro-hydraulic multi-disc clutch.

As with the remaining models developed at the SEAT Technical Centre (CTS), before marketing it was subjected to a whole series of rigorous tests, particularly those related to passive safety. The Leon X-PERIENCE followed in the footsteps of the rest of the family and was the recipient of recognition for the excellent work done by being awarded the top 5-star rating in the Euro NCAP tests.

Likewise, within the framework of the close cooperation of SEAT with the remaining brands of the Volkswagen Group, one of the several projects implemented was the launch of the Audi Q3 for the North American market, again being awarded the highest safety score as measured by the requirements of the consumer organisations IIHS and US NCAP.

The excellent work carried out regarding safety in the brand's car range was reflected in the story of Nikki Jeffreys, a British driver who, after a serious car accident, survived thanks to the safety system of her SEAT Altea (bodywork, airbag and safety belt, plus

THE NEW LEON CREATES A GREAT 'BUZZ' IN PRESS
Since November 2012 the Leon has participated in 134 comparative tests in the five main European markets, coming out in top position on 75 occasions, and second or third in 35 and 12 occasions respectively. For the most part, the second and third positions came behind other cars from the Volkswagen Group.

other features). The company invited her and her family to visit the CTS to get first-hand experience of the painstaking work done to guarantee safety for drivers, passengers and pedestrians. They observed a whole raft of tests, including low-speed collisions and impact tests on the head, leg and hip.

SEAT IBIZA CUPSTER PROTOTYPE: At the Wörthersee meet, SEAT unveiled a totally new interpretation of the Ibiza model.

/ SIMULATIONS AND PROTOTYPES

Throughout the year the CTS carried out approximately 66,000 simulations, including tests for development, certification and type-approval, which successfully optimized the number of physical prototypes, reducing costs and increasing the final quality of the cars.

The use of cutting-edge technology and intensive use of CAE (Computer Aided Engineering) simulation tools enabled virtual experimentation with the bodywork and safety systems. At the earliest stages of the projects, virtual models become essential tools for decision-making for the majority of the disciplines involved in development: crash tests, pedestrian safety, structural rigidity, aerodynamics and air-conditioning are just some examples.

Noteworthy among the prototypes created in 2014 is the Ibiza CUPSTER, developed by the Design Center to celebrate the 30th anniversary of the Ibiza, SEAT's most emblematic car. Together with the CPD (Centre for Prototype Development) and using the Ibiza CUPRA as a basis, the bodywork was modified and reinforced, eliminating the roof and modifying the windscreen, which is lower and continues with a downward slope on the side panels. The new model became a two-seater with competition seats placed 70 mm lower than the standard ones. The 180 hp DSG gearbox CUPRA engine was kept for this version, with increased performance in the braking systems and larger wheels.

The prototype was built by hand by highly-experienced employees. Additionally, students from the SEAT Apprentices School participated so as to learn from the transfer of knowledge. Thus, experience and seniority merged with youth and eagerness to learn. The apprentices could watch, touch and participate in the front-line work. After more than 5,000 hours of work and the participation of a team of 60 persons, the result saw the light of day at the traditional Wörthersee motor racing event held at Reifnitz in Austria.

Throughout the year the CTS carried out approximately 66,000 simulations, including tests for development, certification and type-approval

~ Meeting at SEAT Design Center.

/ CAR AUDIO

The sound heard on board the brand's cars is an identifying feature of SEAT's DNA and becomes increasingly important, in addition to providing added value for customers. For almost 10 years the company has had a multi-disciplinary team devoted exclusively to the design of sound systems and their equalization for each model.

A mixture of art and technology come together in the hundreds of tests and comparisons carried out until the best audio sound possible is achieved. The highest expression of this sound quality is the combination provided by the SEAT Sound System (a sound system comprising a powerful six-channel amplifier, nine loudspeakers and subwoofer), which was launched with the new Leon and which has received excellent reviews.

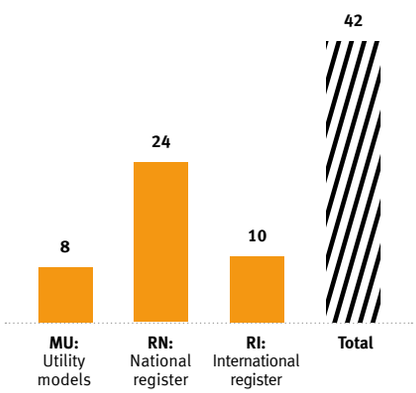
The Car Audio team applies its know-how not only to SEAT but also Volkswagen Group projects, as well as to the analysis of possible technological improvements such as lighter loudspeakers, equalization profiles according to position in the vehicle, and multi-channel surround sound.

/ PATENTS

SEAT is one of the most active Spanish companies in the sphere of innovation, and for this reason enhances the protection of its industrial property. Over the past four years it has presented a total number of 167 registers including utility models and patents. In 2014 the company presented a total number of 42 registers: 8 utility models (MU), 24 national patents (RN) and 10 international patents (RI). SEAT's current patent portfolio comprises 260 registrations.

Mindful of the importance of its human capital, the CTS organizes the annual SEAT Inventors Awards, an event that serves as both tribute to and act of gratitude for the most creative and innovative persons in the company.

ANNUAL PATENT 2014



Creativeness driving force behind innovation.

In addition to the conventional awards for all the inventors, there are three special prizes, given at the last edition, namely:

/ Best international register: the representation and handing of group functions in infotainment (on-board information and entertainment system).
/ Best national register: the roll-on anchoring system on the side lining of the car trunk.
/ Best innovation of the year: the SEAT Connect app.

TRAINING AND AGREEMENTS

SEAT also encourages collaboration with universities with the aim of harnessing talent, applying research results to the needs of the automotive industry and promoting relations with different partners, both national and international.

Activities such as sponsorship of the Formula Student Spain, in which universities from 13 countries participate, the SEAT Chair, or the momentum given the training of young university students (Masters and post-graduate courses, plus end-of-degree project awards) are just some of the commitments to the academic world of which SEAT has given proof positive.

In 2014 the CARMAT and ELTICA post-graduate courses were run for the fifth and sixth years respectively, and have offered a unique training experience to the automotive sector for the more than 150 students who followed these courses of studies at different years. Sector professionals giving the classes offer not only their theoretical knowledge and specific content from the automotive industry, but also their practical experience in development of and innovation in cars.

Within the framework of the brand's innovation strategy, SEAT has become a member of the OAA (Open Automotive Alliance), a partnership of technologically solid companies who have come together to integrate smartphones and tablets in their vehicles. With this alliance and the use of the Android Auto interface as a standard for the integration of Android devices, the brand can equip its cars with state-of-the-art technologies and optimized apps. Together with the complete range of apps offered by independent developers, SEAT will also contribute its own apps with information of interest, functions of community and customised options.

THE VALUE OF TRAINING
Veterans and young apprentices get together to build the SEAT Ibiza CUPSTER prototype. The young students have personal experience of all the craftsmanship that goes into the production of this model.

LEON CUPRA RECORD AT NÜRBURGRING: The 7'58" it took the Leon CUPRA to do a lap of the famous Nordschleife loop of the circuit beat the previous record by some 10 seconds.

COMPETITION

In 2014 the company added to its long track record in competition racing with the SEAT Leon Eurocup, a single-brand championship offering all the thrills of motor sport. Six grand prix were held in Europe, at six prestigious circuits, five of them Formula 1 tracks. It came as no surprise to see that the outstanding car in this championship was the SEAT Leon Cup Racer, the spectacular 330 hp racing car equipped with a wide range of technology. The championship was an outright success in terms of participation in its first year, and attracted a total number of 30 entries for the last race.

SEAT Sport also continues with its policy of support for private competition customers, providing them with technical assistance at different events as well as in championships such as the 24 Hours of Barcelona, the CER (Spanish Endurance Championship), the WTCC (World Touring Car Championship), the ETCC (European Touring Car Championship), the Ibiza Cup Italia and diverse national championships.

At the 24 Hours of Barcelona, SEAT ambassador Laia Sanz and driver Francesc Gutiérrez became the first two-member-only team to finish a 24-hour race in Spain, winning the category for which they had entered.

SEAT Sport also participated in Volkswagen Group projects and provided technical support for Audi at the DTM (German Touring Car Championship) and in the development and manufacture of cars for Audi Motorsport customers in addition to Volkswagen Motorsport. SEAT develops Group models based on the Leon platform for circuit racing competitions.

SEAT LEON EUROCUP
The first season of the single-brand championship was held at some of the world's most famous circuits: Nürburgring (Germany), Salzburgring (Austria), Silverstone (United Kingdom), Spa-Francorchamps (Belgium), Monza (Italy) and Barcelona-Catalunya (Spain).

SEAT LEON EUROCUP:
The winning team of the Leon Eurocup shows how their engineers work.

“EMPLOYEES ARE SEAT’S MOST IMPORTANT ASSET, AND THEIR HEALTH IS A COMPANY PRIORITY”

Josef Schelchshorn
HUMAN RESOURCES VICE-PRESIDENT

SEAT continued to develop new health promotion campaigns, targeted at well-being of workers, so as to detect and treat prevalent conditions, as well as raise awareness in matters of Prevention of Labour Risks. Company management and the trade unions also signed the new Prevention Policy of the SEAT Group. This policy, based on the Volkswagen model, shows a firm commitment to safety, health and employee satisfaction.

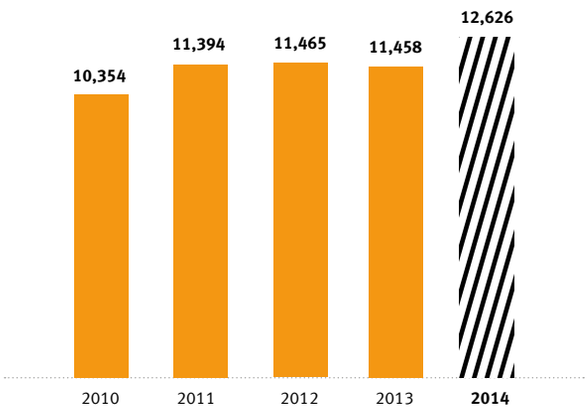
PEOPLE MAKE THE DIFFERENCE

HUMAN RESOURCES

PREVENTION AND HEALTH, OUR MAIN MISSION
THE BRAND THROUGH EMPLOYEES' VOICES
RECOGNIZED AND CONSOLIDATED TRAINING
STRUCTURE OF BASIC WORKFORCE AT DECEMBER 31

2014 was a year marked by the integration of the workforce of Gearbox del Prat, S.A. – dedicated to the production of gearboxes – into SEAT, S.A. This process, targeted at improving the synergies between the two workplaces, together with productivity, quality and financial results, culminated in April with the incorporation of its 1,100 employees into the SEAT workforce. Additionally in October a total number of 200 operatives were transferred from Production to form part of the company workforce after being hired through a temporary work agency.

BASIC WORKFORCE At december 31



The commitment to prevention and health as an investment in employee well-being was one of the main axes of the strategy put in place by Human Resources. The company thereby implemented a new Prevention of Labour Risks policy agreed on by Management and the trade unions, and aimed at improving safety levels at work, to which was added the opening of SEAT's first rehabilitation centre. In addition to this the company also promoted a medical check-up improvement scheme as well as a psycho-social risk assessment.

Motivation of the workforce was another of the pillars of the activity undertaken by the area. The company encouraged among the workforce a feeling of pride of belonging to SEAT so as to convert employees into brand ambassadors. There was no lack of presentations of new models, competitions and dynamic tests, through which employees provided the brand with a voice on their profiles on the social networks.

In June 2014 the system of Dual Vocational Training got its official stamp of approval with the graduation of its first Class, as well as the recognition of the project implementing this model by the German Chamber of Commerce in Spain.

Basic workforce by functions and centres

At december 31

	2014	2013	Variation Absolute	Variation %
Direct	**8,270**	**7,146**	**1,124**	**15.7**
Martorell	6,766	6,525	241	3.7
SEAT Barcelona	662	621	41	6.6
SEAT Componentes	842	0	842	—
Indirect	**4,356**	**4,312**	**44**	**1.0**
Martorell	3,532	3,708	(176)	(4.7)
SEAT Barcelona	526	559	(33)	(5.9)
SEAT Componentes	255	0	255	—
Other centres	43	45	(2)	(4.4)
Total workforce (*)	**12,626**	**11,458**	**1,168**	**10.2**

* Figures for 2014 and 2013 do not include 145 and 133 employees in partial retirement, respectively. Likewise, figures for 2014 and 2013 do not include 168 and 166 apprentices with labour contracts, respectively.

PREVENTION AND HEALTH, OUR MAIN MISSION

Within the framework of the improved Health and Safety at Work plan, a project was implemented so as to facilitate employees' annual medical check-ups with the aim of early prevention, identification and diagnosis of medical conditions. Measures applied focused on flexibility of working hours and making available the necessary means to carry out the check-ups in the new Medical Centre at the Corporate Building and in Workshop 1.

SEAT's Medical Centre is equipped with the latest technology.

The official opening of the first rehabilitation centre also contributed to an improvement in the health and well-being of the workforce. Integrated into the new Medical Centre at the Corporate Building, this service, designed to maintain and improve the health of the employees, has been provided with a wide range of medical equipment to offer a wide range of treatments. It also has a doctor and physiotherapist who apply the necessary treatments for the employees' on-site recovery from injury.

MC MUTUAL AWARD FOR HEALTH AND SAFETY WORK POLICY AT SEAT

On the occasion of the 13th edition of its Antonio Baró awards for the Prevention of Labour Risks at the Workplace, the mutual insurance company MC Mutual awarded its prize for the company with the best health service to SEAT. This award was given in recognition of the dedication of the company to the protection of its workers' health and guaranteeing safety in the workplace.

THE BRAND THROUGH EMPLOYEES' VOICES

Bringing together employees' motivation with the launching of new models and vice-versa was one of the lines taken by the company as an example of its commitment towards the workforce. SEAT thus transformed its employees into ambassadors and reporters of the Leon ST and the Mii by MANGO; they spontaneously provided information concerning the performances of these two vehicles in their most immediate surroundings, sending them viral via the social networks.

Likewise, employees were also able to enjoy the exclusive performances and test-drives of the Leon CUPRA and the Leon X-PERIENCE. In this context, the SEAT Cube was erected as an innovative bright and clear space presenting to the workforce the brand's new models via a universe of sensations. These actions contributed to an increase in employee satisfaction as well as strengthening their links with SEAT.

Presentations of new models to employees.

FIRST CLASS OF DUAL VT: The move to the world of work, from apprentices to long-term workers.

RECOGNIZED AND CONSOLIDATED TRAINING

2014 was the year of the consolidation of Dual Vocational Training. At the end of June, SEAT celebrated the graduation ceremony of the first Class of apprentices; totaling 45 in number, they were trained with the company's Dual VT model and accredited with a dual degree recognised both in Spain (Catalan Education Department) and Germany (German Chamber of Commerce). These apprentices then joined the company with an open-ended labour contract.

Governmental and institutional representatives gave their official sanction to this training as SEAT's Dual VT, which is supported by the Catalan Government (Generalitat) and the German Chamber of Commerce in Spain. The course not only received the official Catalan Government qualifications entitled Middle Grade Training Cycle, together with validation of part of the additional specific training for the Higher Grade, but the Apprentices School itself was also awarded the President Macià Prize for 2014. Additionally, the German Chamber of Commerce in Spain awarded SEAT its Prize for Excellence for its achievements in the implementation of Dual Vocational Training.

In September 2014, a pilot project was implemented for the new graduating class of apprentices that consists in sending three individuals to do their practical work at three different company suppliers, with the skills learnt at the Apprentices School. The objective is to establish a learning partnership with the companies that SEAT collaborates with and raise awareness about Dual VT and its benefits.

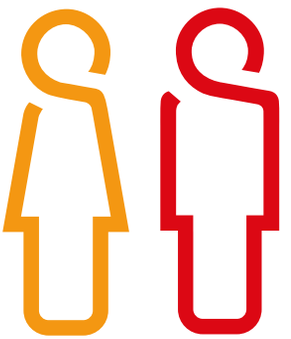
Official sanction of the Dual VT course was expanded at the beginning of September by the setting up of the Dual Degree Course. This is a pilot programme that - in a similar fashion to the Dual Vocational Training scheme – combines university studies in Business Administration with Vocational Training and practical work at SEAT. This is an initiative that will enable participants – currently two in number, with a good command of German, English and Spanish – to make an effective combination of theory and practice over three years, and end their degree course with a high level of preparedness and work experience.

GERMAN CHAMBER OF COMMERCE AWARD FOR SEAT DUAL VT PROGRAMME
The German Chamber of Commerce in Spain awarded its Prize for Excellence 2014 to SEAT for its achievements with the implementation of its Dual Vocational Training programme. This award is given in recognition of the contribution made by SEAT to improvement in the competitiveness of the Spanish economy by the promotion of this training model.

THE CATALAN GOVERNMENT (GENERALITAT) AWARD FOR SEAT APPRENTICES SCHOOL
On the occasion of its President Macià 2014 work awards, the Catalan Government awarded SEAT the Francesc Macià plaque for its Apprentices School in the category of Corporate Social Responsibility. The award was made in recognition of the company's contribution to the training of new employees later joining the company, and the stimulus it gives to the Catalan economy.

STRUCTURE OF BASIC WORKFORCE AT DECEMBER 31

20%
Women 2,588



80%
Men 10,038

99%
Long-term contracts

40
Average age

2%
Proportion of employees from outside Spain

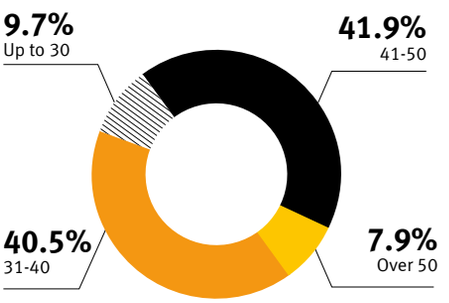
46%
Proportion of employees on training programmes

14
Average seniority

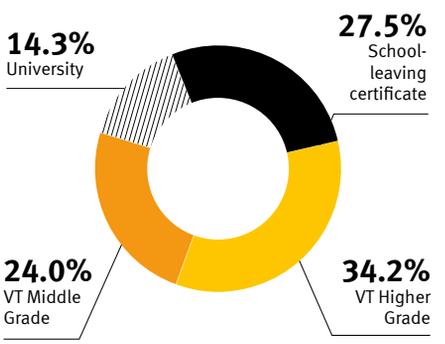
2%
Proportion of employees with disabilities

45
Apprentices of Dual Vocational Training hired by the company

STRUCTURE BY AGE



STRUCTURE BY EDUCATIONAL QUALIFICATIONS



“SEAT HAS THE WILL TO BE A COMPANY COMMITTED TO SOCIETY”

Ramón Paredes
GOVERNMENTAL AND INSTITUTIONAL RELATIONS VICE-PRESIDENT

SEAT has the vocation to maintain its firm, intense commitment to the society in which it carries out its activity. The goal is to work side-by-side with the principal public and private institutions, knowledge centres, universities and training centres as well as the different players in civil society so as to make an active contribution to development of talent and provide a stimulus to economic activity in Spain. SEAT has the will to be the industrial driving force within its sphere of influence.

SIDE-BY-SIDE WITH SOCIETY

GOVERNMENTAL AND INSTITUTIONAL RELATIONS

RECOGNITION OF BRAND
INTERNATIONAL ACTIVITY
ACTIVE PRESENCE AT HOME

Visit of His Majesty King Felipe VI to Martorell plant.

RECOGNITION OF THE BRAND

2014 was a year of recognition of the company by Spanish society and its institutions. The awards and distinctions bestowed on two of the Group's most senior members reflect the importance of the contribution made by SEAT and the Volkswagen Group to the Spanish economy.

The Spanish Cabinet awarded Prof. Dr. Martin Winterkorn, Chairman of the Board of Management of Volkswagen AG, its 'Gran Cruz de la Orden de Isabel la Católica'. He was also the recipient of an award given by the Barcelona business school Esade, during its 19th Annual Alumni Reunion.

The Spanish Association of Automotive Professionals (ASEPA) appointed Dr. Francisco Javier García Sanz, member of the Board of Management of Volkswagen AG and Chairman of the Board of Directors of SEAT, 'Illustrious Personage of the Spanish Automotive Sector'. The Eduardo Barreiros Foundation also granted him the award of 'Outstanding Figure in the Automotive Field'.

One of the greatest distinctions bestowed on the company came in the form of an invitation to the coronation of the new Spanish King Felipe VI, an institutional event held in June, attended by the Chairman of SEAT's Board of Directors in the company of the Governmental and Institutional Relations Vice-President. Later in December, His Majesty King Felipe VI visited the Martorell production plant to get first-hand knowledge concerning the company's technological capacity on the occasion of the 30th anniversary of the Ibiza model.

PROF. DR. WINTERKORN RECEIVES ESADE AWARD
During the 19th Annual Esade Alumni Reunion, Prof. Dr. Martin Winterkorn, Chairman of the Board of Management of Volkswagen AG, was given the Esade award in recognition of his exemplary leadership in the field of innovation and new technologies.

PROF. DR. WINTERKORN, DISTINGUISHED IN SPAIN
The Spanish Cabinet awarded Prof. Dr. Martin Winterkorn, Chairman of the Board of Management of Volkswagen AG, its 'Gran Cruz de la Orden de Isabel la Católica'. This distinction was given in recognition of efforts conducive to the benefit of Spain or else promote its relations of friendship and cooperation with other countries.

INTERNATIONAL ACTIVITY

SEAT strengthened its institutional presence on the international scene with multiple events and initiatives promoting knowledge concerning its products, high technological level and the quality of its cars.

SEAT celebrated the 30th anniversary of the Ibiza at the 'Palacio de Palhavá', official Lisbon residence of the Spanish ambassador to Portugal. The event was attended by some 300 persons, including governmental representatives, the media and outstanding figures in Portuguese and Spanish society.

The presence of Spanish ambassadors in those countries where international motor shows are held has become a tradition for the company. Their presence highlights the excellence of the Spanish brand's cars, a brand that designs, develops, builds and markets its own product range. Additionally, these events contribute to a strengthening of the *Brand Spain*, which is supported by SEAT in view of its presence in 76 countries.

Visits made by institutions and international celebrities to the Martorell production plant are increasingly frequent. The German ambassador to Spain had the opportunity to get to know the ground-breaking technology developed at SEAT. Executive Committee Chairman Jürgen Stackmann used the visit to describe to him the brand's strategy as well as initiatives within the framework of the Dual Vocational Training programme.

Participation in international forums also gave SEAT an opportunity to provide an account of the reality of the company and its future plans. At the *Global Breakfast* event organized by the Volkswagen Group in Berlin, Executive Committee Chairman Jürgen Stackmann presented the brand's development to German politicians and institutional representatives. Also worthy of note was the important meeting organized under the aegis of the FAES Foundation between the German Minster for Economy Wolfgang Schäuble and Governmental and Institutional Relations Vice-President Ramón Paredes, at which the current situation of the European economy and the automotive sector were discussed.

Participation in international forums also gave SEAT an opportunity to provide an account of the reality of the company and its future plans

Visit to SEAT of German ambassador to Spain.

First of *Encuentros SEAT* meetings.

Of the 14 major companies making up the Executive Committee of the new Chamber of Commerce in Spain, SEAT is the only one from the automotive sector to be included

ACTIVE PRESENCE AT HOME

/ INSTITUTIONAL SPHERE

2014 was a particularly important year with regard to the meeting and strategic agreements brokered to develop and boost the goals concerning reputation and momentum of the brand.

The 'Torre de Cristal', the brand's headquarters in Madrid, hosted the first of the *Encuentros SEAT* meetings. The event was attended by over a hundred distinguished names, including representatives from the national political scene as well as senior member of Spanish institutions and corporations. SEAT Executive Committee Chairman Jürgen Stackmann described the brand's major strategy lines to attendees.

Special mention should be made of SEAT's leadership role in the CIAC (Cluster of Automotive Industry in Catalonia). The goal of this association is to promote initiatives designed to boost the automotive sector in Catalonia, as well as encourage synergies between its members to further interaction between research and teaching, the scientific and technological environment, the production sector and activity in the automotive sector.

The creation of the new Chamber of Commerce in Spain was another major event. Of the 14 major companies making up its Executive Committee, SEAT is the only one from the automotive sector to be included, in view of its contribution to the development of the Spanish economy. Likewise, as a member company of the Volkswagen Group in Spain, SEAT also forms part of the Corporate Excellence forum, dealing with knowledge and management of corporate reputation, which is a driving force behind the excellence of companies in this sphere.

Another important institutional event was the visit to the 'Palacio de Fuensalida' in Toledo, where María Dolores de Cospedal, President of the Castilla-La Mancha Community,

SEAT NEW MEMBER OF GASNAM
In its commitment to promoting sustainable mobility, SEAT has become a member of GASNAM (Spanish Partnership of Natural Gas for Mobility). The brand thus becomes the first automotive sector partner of this entity.

together with Carmen Casero, Minister for Employment and Economy, received a company delegation. During the meeting strategic issues for future generations were discussed, such as the development of Dual Vocational Training and the hand-over of cars by the company for training purposes.

SEAT also took part in the ANFAC-PWC, the automotive industry forum held in Madrid, attended by important public authorities representatives as well as entrepreneurs from the automotive sector, together with a considerable number of representatives from other industrial and economic sectors. At this second edition, the company intervened in one of the panel discussions where the fundamental role of the automotive sector in the recovery of the Spanish economy was debated.

Within Catalonia, SEAT joined the Barcelona Global partnership, where the main leading figures and Catalan companies are represented, with the aim of offering an active contribution to making *Brand Barcelona and its city* one of the most attractive cities in the world for the development of talent and boosting economic activity.

SEAT JOINS BARCELONA GLOBAL: A partnership with 71 companies and 300 professionals.

/ BUSINESS SPHERE

In the business sphere SEAT brokered agreements for the supply of car fleets. These agreements covered hand-overs of some units of the Ibiza ST model to the Spanish Red Cross and Altea XLs to the Barcelona Municipal Police, different models to the TV production company Mediapro, and the first corporate fleet powered by CNG (compressed natural gas) of Leon TGIs to the multinational gas company HAM.

Another of the company's goals is to develop and promote alternative energy sources, with the strategic aim of furthering and facilitating technological agreements with partnerships and companies which might produce benefits for the development and promotion of new technologies.

Worthy of note in this context is the development of the cooperation agreement with Gas Natural Fenosa, the aim of which is to promote the use of CNG as an alternative fuel in the automotive sphere in Spain. The signing of this agreement strengthens SEAT's leadership, as well as facilitating the study of business models to market cars running on CNG incorporating the entire value chain: the vehicle itself, as well as the infrastructure and gas distribution. SEAT also signed an MoU (Memorandum of Understanding) with Volkswagen Audi España and Madrileña Red de Gas to further the development and promotion of compressed natural gas-powered vehicles together with the necessary infrastructure to promote the use of this fuel. Likewise, the company became a member of GASNAM (Spanish Partnership of Natural Gas for Mobility), created for the promotion and development of the use of compressed natural gas in transport.

The company's commitment to the development of R&D activities in Spain has prompted it to become a member of the IE (Innovation and Spain) Foundation, to offer its experience and innovations in the automotive sector. SEAT has a vocation to cooperate with leading companies in other sectors via its contributions to major issues of interest to innovation such as energy costs, public funding or tax matters.

SEAT, Volkswagen-Audi España and Madrileña Red de Gas promote use of cars running on compressed natural gas.

“ANOTHER STEP FORWARD TOWARDS THE GOAL OF PROFITABILITY”

Holger Kintscher
FINANCE AND ORGANIZATION VICE-PRESIDENT

Growth in sales enabled SEAT to end the financial year with the highest turnover figure in its history, increasing its capacity to finance investment. Economic difficulties in our main markets still persist, with the European automotive sector going through a recovery stage. None the less, SEAT now has a more solid financial basis, a renewed product range (after the major investment effort made over the past few years) and a clear future strategy targeted at three areas: product, commercial performance and cost efficiency. The right combination of these three variables will take the company to sustainable profitability.

MUCH MORE THAN FIGURES

FINANCE AND ORGANIZATION

ECONOMIC ENVIRONMENT WEAKNESS
AUTOMOTIVE SECTOR GROWTH
RESULTS IMPROVEMENT

The importance of innovation for market growth.

Global growth in 2014 was slower and more unequal than initially foreseen since it was affected not only by economic factors, but also by an increase in geopolitical tensions

ECONOMIC ENVIRONMENT WEAKNESS

Global growth in 2014 was slower and more unequal than initially foreseen since it was affected not only by economic factors such as weak investment, but also by an increase in geopolitical tensions. Widespread disquiet due to conflicts, coupled with fear of spreading, increased distrust, bringing with it a slow-down in world trade.

Against this unstable background, mention should be made of the growth of the United States economy, with an increase in employment figures and a reduction in the tax burden. At the same time, the Chinese market continued to stimulate consumption, although the rate of growth of the economy was lower than in previous years. The cooling off of demand, coupled with greater government control of financial conditions eventually had an effect on the economy of the Asian giant. More encouraging was the behaviour of the Indian economy, thanks to the continuous upturn in investments and exports.

North Africa, a region of tremendous growth potential, showed a slight improvement in its economic indicators. Even so, consolidation will depend on its capacity to find a solution for the strong social and political tensions, which may affect security of investment and implementation of reforms to boost employment and growth.

Economic activity in Latin America continues to show signs of weakness and major gaps between different countries. Whereas Brazil, immersed in an inflationary environment, saw its growth undergo a major slowdown, Mexico successfully improved its indicators thanks to the containment measures of public spending and an increase in exports.

The Russian economy experienced a fall in activity. Growing military tension with the Ukraine, together with political and economic sanctions imposed by the United States and the European Union, prompted a major downturn in investment as well as capital flight.

Insecurity deriving from military developments in Eastern Europe and the Middle East also had an effect on Europe, more specifically on the European Union countries. The slow recovery of economic growth was conditioned by different factors, like weak domestic demand and exports, a drop in prices, as well as the depreciation of the euro. Also by differing behaviour in its five major markets: recession in Italy, stagnation in France, and growth in Germany, the United Kingdom and Spain.

Spain's economy managed to maintain 6 consecutive quarters of growth in its GDP. Government reforms over the past two years, coupled with control of deficit and an improvement in domestic consumption, enabled a consolidation of the recovery, giving rise to greater confidence. In spite of this, high levels of unemployment and debt continue to be two of the main unresolved problems.

AUTOMOTIVE SECTOR GROWTH

Political and economic instability proved to be no obstacle to a return to growth in production and higher sales in the automotive sector. Both NAFTA and Asia/Oceania once more saw growth in sales volumes, whereas Central and South America and Africa were unable to maintain the positive developments of the last few years. The main markets showed uneven behaviour: while the USA, China and Japan improved their figures, Brazil and India both saw a cutback in volumes.

Recovery of production and sales figures in Europe was one of the best pieces of news for the sector. Most European countries showed growth, among them the five major markets: Germany, Spain, France, Italy and the United Kingdom. Eastern European countries also saw strong growth, as well as markets like Greece, Ireland and Portugal, the latter after several years of hard-hitting adjustments.

2014 FIGURES FOR SECTOR IN SPAIN

Increase in vehicles production

11%

over the previous year

Exports

2,000,000

vehicles

Increase in passenger car registrations

E 0000 BRN **18%**

over the previous year

After five consecutive years of sustained growth, in 2014 net sales totalled 7,496.6 million euros

The Spanish government, in order to encourage car sales, approved two further extensions — numbers 5 and 6 — of its PIVE (Programme of Incentives for Vehicle Efficiency) initiative, with a budget running to 175 million euros in each case. The strong increase in sales on the back of these programmes gave rise to an exhaustion of available funds in November, prompting an extension of the programme.

Efforts by the sector to make the production process more flexible, coupled with an increase in exports and a policy of incentives for car purchase, attracted new investment to Spanish production plants. Thus, production in the sector surpassed 2,400,000 vehicles with passenger car registrations exceeding the figure of 855,000, reflecting increases of 11% and 18% respectively over the previous year.

RESULTS IMPROVEMENT

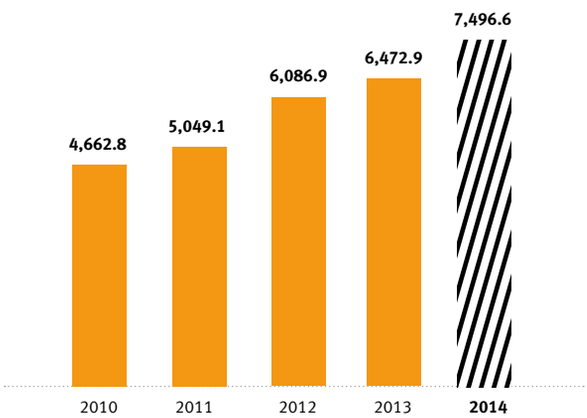
After five consecutive years of sustained growth, in 2014 net sales totalled 7,496.6 million euros. This figure, the highest in the history of SEAT, reflects a 15.8% increase over the previous year. Invoicing in the Spanish market (1,334.8 million euros) increased by 23.5%, whereas exports (6,161.8 million euros) did so by 14.3%.

The company's income incorporates a new line of business deriving from the merger with its subsidiary Gearbox del Prat, S.A. As from April 1, but with retroactive effect to January 1, 2014, this company, devoted to the manufacture and marketing of car gearboxes, was absorbed by SEAT, S.A. (see Note 23 in the Annual Accounts). The merger enables synergies in different spheres: an improvement in vehicle profitability since more parts are now self-produced, greater flexibility in managing workforces and the integration of production systems and processes.

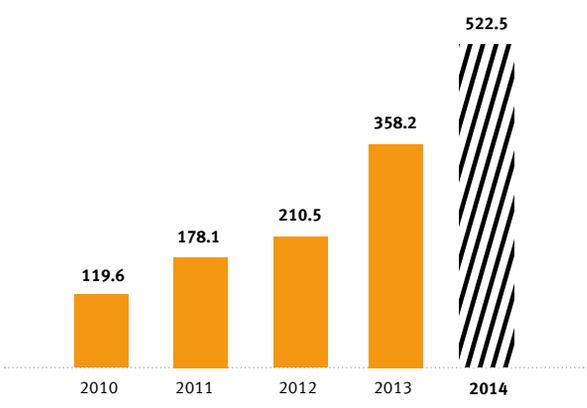
The significant increase in income is mainly due to the success of the Leon family, since it accounts for 39.5% of retail sales, and has become the brand's main pillar in achieving one of its overarching priorities: an increase in the contribution margin by model and country. Commercial launches of the new members of the Leon family – the CUPRA and X-PERIENCE – provide two steps further in the same direction. Likewise, the development of an SUV (Sport Utility Vehicle) and entry into this segment in 2016, (one with greatest growth and best margins) will be another fundamental pillar in the company's future strategy, in order to achieve and guarantee sustainable profitability.

Growth in income and the implementation of a rigorous programme of cost structure optimisation, especially in the sphere of materials, external services and fixed costs, gave rise to a 55.8% improvement in the result for the financial year over 2013. This notwithstanding, the increase in R&D expenditure coupled with depreciations (both generated by investments for the development of new models), as well as the increase in personnel costs (due to a larger workforce associated with greater production volumes), and costs deriving from the strengthening of the sales and marketing network, had a limiting effect on the improvements achieved, and contributed to the company ending the financial year with losses amounting to 65.7 million euros.

NET SALES (millions of euros)



OPERATING CASH FLOW (millions of euros)



SEAT's investment effort with a view to consolidating its future continues to be a considerable one. For the second consecutive year, the operating cash flow generated during the financial year (522.5 million euros), led to an improvement in the company's net liquidity, enabling complete coverage of the 221.9 million euros activated as investment in products, processes, facilities and equipment.

The re-establishment of the capacity for self-financing, together with improvement in the quality of the business (volumes, income, results and cash flow) are the two elements which have reinforced the company's financial standing so as to continue implementing a strategy targeted at achieving sustainable profitability. Product, commercial performance, and cost efficiency continue to be the three fundamental pillars in this strategy.

The company does not have, and has not carried out, operations with its own shares or derivatives during the financial year. The average weighted payment period to company suppliers was 36 days in 2014. There have been no events having an impact on the annual accounts after the closure of the financial year.

LEON X-PERIENCE:
The pleasure of driving on any terrain, combined with an exclusive design and state-of-the-art technology.

INTERNAL IT SECURITY CAMPAIGN
In order to give priority to efficiency and savings in IT processes, SEAT undertook an Information Security Survey in which more than 1,600 employees took part, offering their opinions and suggestions. The high level of security achieved in the company's processes and systems enables a strengthening of the brand's presence on social networks and adaptation to a moment of cultural change in the habits of customers and suppliers.

IMPROVEMENT IN BUSINESS MODEL (increase over 2013)

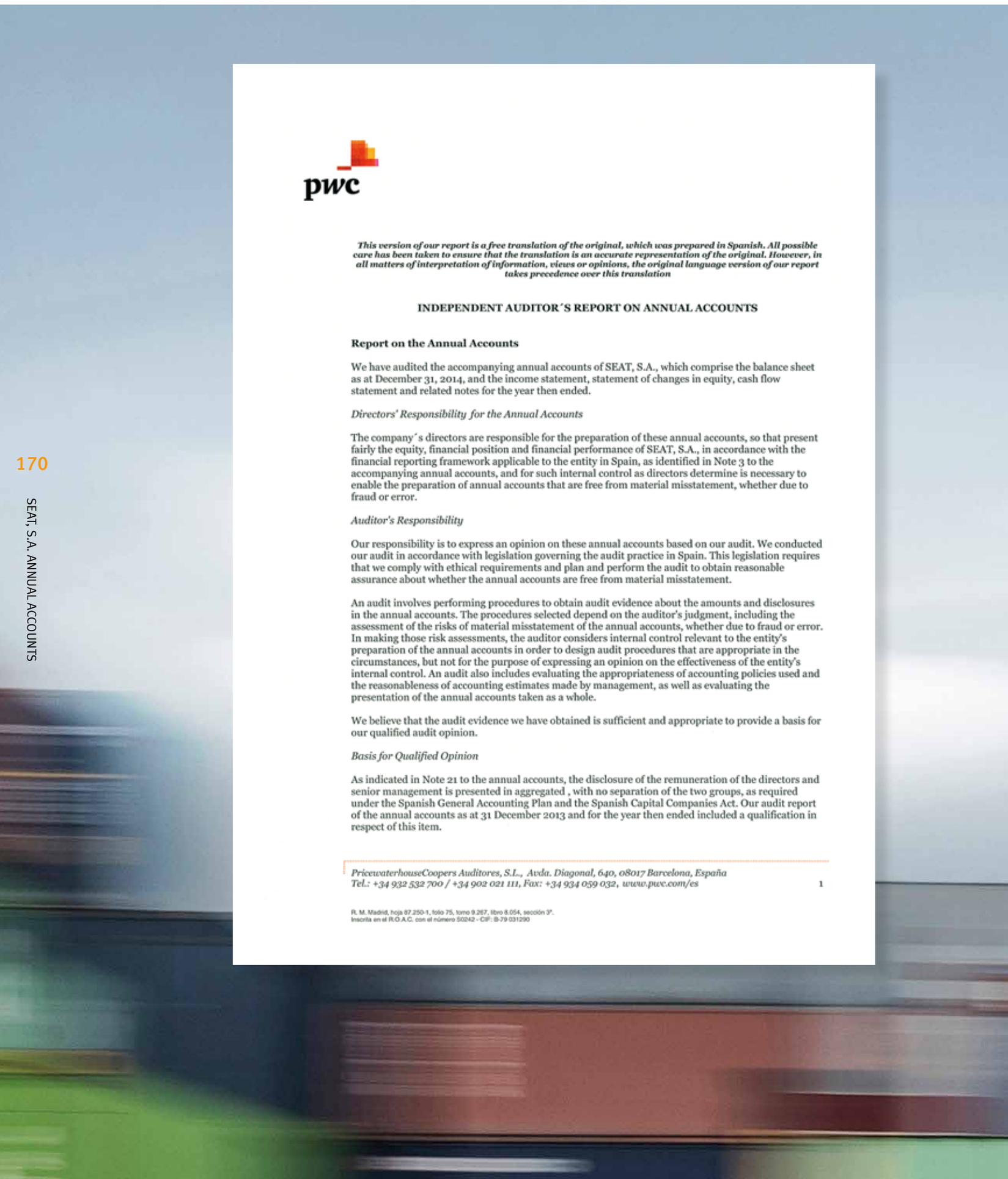
Wholesales	Net sales	Operating cash flow	Result for year
10%	16%	46%	56%

GROWING

FIGURES

FIGURES

6.1 Auditor's Report



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

INDEPENDENT AUDITOR´S REPORT ON ANNUAL ACCOUNTS

Report on the Annual Accounts

We have audited the accompanying annual accounts of SEAT, S.A., which comprise the balance sheet as at December 31, 2014, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

Directors' Responsibility for the Annual Accounts

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As indicated in Note 21 to the annual accounts, the disclosure of the remuneration of the directors and senior management is presented in aggregated , with no separation of the two groups, as required under the Spanish General Accounting Plan and the Spanish Capital Companies Act. Our audit report of the annual accounts as at 31 December 2013 and for the year then ended included a qualification in respect of this item.

PricewaterhouseCoopers Auditores, S.L., Avda. Diagonal, 640, 08017 Barcelona, España
Tel.: +34 932 532 700 / +34 902 021 111, Fax: +34 934 059 032, www.pwc.com/es

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Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of SEAT, S.A. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' Report for 2014 contains the explanations which the directors consider appropriate regarding the company's situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the directors' Report is in agreement with that of the annual accounts for 2014.Our work as auditors is limited to checking the directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the company´s accounting records.

PricewaterhouseCoopers Auditores, S.L.

José M Solé Farré
Partner

16 February 2015

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6.2 Balance Sheet

At December 31 (millions of euros)

ASSETS	Note	2014 (*)	2013
Non-current assets		**2,949.2**	**3,251.7**
Intangible assets	6b	571.6	639.0
Tangible assets	6c	1,003.0	1,128.1
Long-term Group companies investments	6d	962.9	1,121.6
Long-term financial investments		1.5	1.5
Deferred tax assets	18	410.2	361.5
Current assets		**881.8**	**807.4**
Non-current assets available for sale	5n	0.0	0.0
Inventories	9	366.4	279.9
Trade receivables and others	10	497.8	491.8
Short-term Group companies investments	11	16.0	34.1
Short-term financial investments	11	0.0	0.0
Short-term prepaid expenses		1.6	1.6
Cash and cash equivalents		0	0.0
Total		**3,831.0**	**4,059.1**

EQUITY AND LIABILITIES	Note	2014 (*)	2013
Equity		**533.4**	**491.5**
Shareholders' equity	12	520.1	478.0
Subventions	13	13.3	13.5
Non-current liabilities		**383.6**	**295.0**
Long-term provisions	14	257.2	188.8
Long-term liabilities	15	97.5	84.4
Long-term Group companies liabilities	15	0.0	1.3
Deferred tax liabilities	18	12.4	12.4
Long-term prepaid income		16.5	8.1
Current liabilities		**2,914.0**	**3,272.6**
Short-term provisions	14	692.0	652.5
Short-term liabilities	15	72.6	67.1
Short-term Group companies liabilities	15	775.3	1,310.9
Trade payables and others	16	1,359.0	1,209.6
Short-term prepaid income		15.1	32.5
Total		**3,831.0**	**4,059.1**

(*) See Note 23.

6.3 Profit and Loss Statement

January 1 to December 31 (millions of euros)

CONTINUING OPERATIONS	Note	2014 (*)	2013
Net sales	19a	7,496.6	6,472.9
Change in inventories of finished goods and work in progress	19b	78.2	(37.5)
Material, wages and overheads capitalized as assets		101.5	120.5
Supplies	19c	(5,727.8)	(5,058.3)
Other operating income	19d	510.8	454.4
Personnel costs	19e	(669.6)	(587.0)
Other operating expenses	19f	(1,499.1)	(1,228.9)
Depreciation of fixed assets	6a	(361.9)	(336.5)
Change of subventions from non-financial fixed assets and others	13	5.5	4.8
Excess of provisions		16.6	69.2
Impairment and result on disposal of fixed assets	6a	(117.5)	(90.3)
Operating result		**(166.7)**	**(216.7)**
Financial income	19g	54.2	85.5
Financial expenses	19h	(16.4)	(18.7)
Exchange rate differences	17	(13.7)	(1.8)
Impairment and result on disposal of financial instruments	19i	3.8	7.3
Financial result		**27.9**	**72.3**
Result before tax		**(138.8)**	**(144.4)**
Corporation tax	18	73.1	(4.3)
Result for year		**(65.7)**	**(148.7)**

(*) See Note 23.

6.4 Statement of Changes in Equity

At December 31 (millions of euros)

STATEMENT OF RECOGNISED INCOME AND EXPENSES	Note	2014	2013
A) Result of profit and loss statement		**(65.7)**	**(148.7)**
For valuation of financial instruments		0.0	0.0
Financial assets available for sale		0.0	0.0
Other income/expenses		0.0	0.0
For coverage of cash flow		0.0	0.0
Subventions	13	0.6	1.4
For actuarial gains and losses and other adjustments		0.0	0.0
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		(0.2)	(0.4)
B) Total income and expenses entered directly to equity		**0.4**	**1.0**
For valuation of financial instruments		0.0	0.0
Financial assets available for sale		0.0	0.0
Other income/expenses		0.0	0.0
For coverage of cash flow		0.0	0.0
Subventions	13	(5.5)	(4.8)
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		1.6	1.5
C) Total transfers to profit and loss statement		**(3.9)**	**(3.3)**
D) Total recognised income and expenses (A+B+C)		**(69.2)**	**(151.0)**

STATEMENT OF TOTAL CHANGES IN EQUITY	Subscribed capital	Share premium	Reserve	Profit/loss from prev. years	Profit/loss for year	Subventions	Total
Final balance 2012	**0.1**	**1,008.1**	**0.0**	**(351.9)**	**(29.6)**	**15.8**	**642.5**
Adjustments for changes of criterion	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments for errors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted balance beginning 2013	**0.1**	**1,008.1**	**0.0**	**(351.9)**	**(29.6)**	**15.8**	**642.5**
Total recognised income and expenses	0.0	0.0	0.0	0.0	(148.7)	(2.3)	(151.0)
Operations with partners or owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Conversion of financial liabilities into equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Distribution of dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations with own shares or participations (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Variation in equity due to business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operations with partners or owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other variations in equity	0.0	0.0	0.0	(29.6)	29.6	0.0	0.0
Final balance 2013	**0.1**	**1,008.1**	**0.0**	**(381.5)**	**(148.7)**	**13.5**	**491.5**
Adjustments for changes of criterion	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments for errors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted balance beginning 2014	**0.1**	**1,008.1**	**0.0**	**(381.5)**	**(148.7)**	**13.5**	**491.5**
Total recognised income and expenses	0.0	0.0	0.0	0.0	(65.7)	(3.5)	(69.2)
Operations with partners or owners	0.0	0.0	107.8	0.0	0.0	3.3	111.1
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Conversion of financial liabilities into equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Distribution of dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations with own shares or participations (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Variation in equity due to business combinations (*)	0.0	0.0	107.8	0.0	0.0	3.3	111.1
Other operations with partners or owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other variations in equity	0.0	0.0	0.0	(148.7)	148.7	0.0	0.0
Final balance 2014	**0.1**	**1,008.1**	**107.8**	**(530.2)**	**(65.7)**	**13.3**	**533.4**

(*) See Notes 12 and 23.

6.5 Cash Flow Statement

January 1 to December 31 (millions of euros)

	2014	2013
A) Cash flow from operating activities	**522.5**	**358.2**
Result before tax	(138.8)	(144.4)
Adjustment of result	544.8	400.8
Depreciation of fixed assets	361.9	336.5
Valuation corrections due to impairment	114.4	95.4
Variation of provisions	101.7	49.0
Accounting entry of subventions	(7.1)	(5.7)
Results of disposal of fixed assets	3.9	(0.2)
Results of disposal of financial instruments	0.0	0.0
Financial income	(54.2)	(85.5)
Financial expenses	11.3	11.5
Exchange rate differences	13.7	1.8
Valuation at reasonable value in financial instruments	0.0	0.0
Other income and expenses	(0.8)	(2.0)
Changes in current capital	41.5	(61.1)
Inventories	(75.2)	38.9
Receivables and others	16.1	50.3
Other current assets	(0.1)	(1.4)
Payables and others	109.7	(152.0)
Other current liabilities	(9.0)	3.1
Other non-current assets and liabilities	0.0	0.0
Other cash flow in operating activities	75.0	162.9
Payment of interests	(8.0)	(8.5)
Collection of dividends	53.5	114.3
Collection of interests	0.7	1.2
Collection (payment) for corporation tax	28.8	55.9
Other payments (collections)	0.0	0.0
B) Cash flow from investment activities	**(120.5)**	**(307.8)**
Payments for investment	(229.4)	(315.1)
Group and associated companies	(4.8)	0.0
Intangible assets	(123.5)	(121.0)
Tangible assets	(100.8)	(193.6)
Other financial assets	(0.3)	(0.5)

	2014	2013
Collection for disinvestments	108.9	7.3
Group and associated companies	108.6	6.6
Intangible assets	0.0	0.0
Tangible assets	0.0	0.1
Other financial assets	0.3	0.6
Non-current assets available for sale	0.0	0.0
C) Cash flow from financing activities	**(388.3)**	**(48.7)**
Collection and payments for equity instruments	2.2	3.0
Acquisition of own equity instruments	0.0	0.0
Disposal of own equity instruments	0.0	0.0
Subventions	2.2	3.0
Collection and payments for financial liability instruments	(390.5)	(51.7)
Issue	0.0	0.2
Borrowing from credit institutions	0.0	0.0
Borrowing from Group and associated companies	0.0	0.0
Other liabilities	0.0	0.2
Repayment and depreciation of	(390.5)	(51.9)
Borrowing from credit institutions	0.0	0.0
Borrowing from Group and associated companies	(386.9)	(47.1)
Other liabilities	(3.6)	(4.8)
Payments for dividends and remuneration of other equity instruments	0.0	0.0
Dividends	0.0	0.0
Remuneration of other equity instruments	0.0	0.0
D) Effect of exchange rate variations	**(13.7)**	**(1.8)**
E) Net increase/decrease in cash or equivalents (A+B+C+D)	**0.0**	**(0.1)**
Cash or equivalents at beginning of year	0.0	0.1
Cash or equivalents at end of year	0.0	0.0

6.6 Notes to Annual Accounts

(Financial year ending December 31, 2014)

1. Company activity

a) Registered offices and legal form

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

b) Business aim and activities

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

2. Exemption from presenting consolidated Annual Accounts

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

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

3. Presentation basis of Annual Accounts

a) True and faithful account

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

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

b) Comparability of information

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

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

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

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

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

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

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

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

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

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

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

4. Application of results

At its meeting on February 13, 2015, the Board of Directors formulated a proposal to the General Shareholders' Meeting whereby losses incurred in 2014 (65.7 million euros) are administered to losses from previous years.

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

5. Standards for recording and valuation

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

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

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

The costs related to SEAT's participation in the manufacturing of tooling needed for the production of shared parts for the platforms of the Volkswagen Group, which incorporate the new models of the Group's different brands, are shown under this heading and will have a linear depreciation for a five-year maximum period from the date of the model's launching. Financial costs (estimated at 1.4% in 2014 and 2.3% in 2013) assigned to long-term projects involving R&D developments by Group companies are also shown under this heading.

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

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

b) Tangible assets

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

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

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

c) Leases

I. When company is lessee

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

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

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

d) Financial instruments

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

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

III. Short-term investments
Short-term investments are entered at nominal value.

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

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

/ Raw materials: At acquisition cost, applying the FIFO method (first in, first out).

/ Work in progress, vehicles, gearboxes and spare parts produced by the company: At raw material cost, according to the method described previously, adding labour costs and other direct and indirect manufacturing expenses of production.

/ Acquired spare parts: At acquisition cost as per invoice (plus customs, insurance and transport costs), applying the FIFO method.

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

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

f) Subventions
Capital subventions are posted to equity, at the amount granted when they are not repayable. These subventions are transferred to results as a function of the depreciation of the assets associated to the subsidized projects. For their

part, non-repayable subventions related to specific costs are recognised on the Profit and Loss Statement in the same financial year in which the corresponding costs accrue, with those granted to offset a business deficit being entered in the financial year in which they are granted, except when given to offset a business deficit in future years, in which case they are entered during said financial years.

g) Provisions and risks

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

h) Foreign currency transactions

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

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

i) Corporation tax

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

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

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

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

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

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

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

j) Income and expenses

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

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

k) Compensation for termination of contract

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

l) Environmental expenses

Expenses deriving from business activities aimed at protecting and improving the environment are posted as expenses in the financial year in which they are incurred. Said expenses are posted at greater value of fixed assets

when involving additions to tangible assets whose objective is minimizing environmental impact and protecting the environment.

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

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

Under this heading is included the 100% totally depreciated holding in SEAT Saint-Martin SAS. The SEAT, S.A. Board of Directors meeting, held on September 5, 2014 decided to proceed with the sale of the company to the Volkswagen Group subsidiary Villers Services Center S.A.S, with effect from January 1, 2015 (see Appendix 2).

6. Non-current assets

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

b) Intangible assets
Correction due to impairment amounts to 54.6 million euros (90 in 2013). Said corrections are linked to the estimate of future sales volumes of the vehicles comprising the model range. The current value of the margin of contribution to sales during the life cycle of the models has been calculated on the basis of an annual discount rate of 6.6% in 2013 and 2014. A variation of ±10 percentage points in the hypotheses used would not have a significant effect on the present annual accounts. The sum total of investments activated under R&D is acquired from Group companies.

On November 15, 2013 the Spanish Cabinet approved the definitive individual assignment of emission rights for greenhouse gases for 2013-2020. SEAT, S.A. obtained a free assignment of 304,122 tonnes of CO_2 for the above-mentioned period.

The saleable value of this fixed asset amounts to 0.4 million euros (0.5 in 2013). The counterpart for assignation of these rights has been entered to equity under the section 'Official capital subventions'. During the financial year acquisitions of 16,516 emission rights (CERs), to the value of 2,973 euros, have been made.

During the year, 9.4 million euros (5.7 in 2013) corresponding to the use of tooling and technology of the Group, were capitalized under sub-section 'Payments on account and intangible assets in progress'.

The value of totally depreciated and in-use assets amounts to 1,106.6 million euros (959 in 2013).

At the end of the financial year, the company has firm commitments for the purchase of goods to the amount of 0.8 million euros (0.4 in 2013).

In 2014 and 2013 no subventions for the acquisition of R&D assets were received.

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

Correction due to impairment amounts to 55.1 million euros (0.5 in 2013). Said corrections are linked to the estimate of future sales volumes of vehicles in the model range. The current value of the margin of contribution to sales during the life cycle of the models has been calculated on the basis of an annual discount rate of 6.6% in 2013 and 2014. A

variation of ±10 percentage points in the hypotheses used would not have a significant effect on the present annual accounts.

The section on land and buildings embraces the gross value of both in a single section. Of the total amount, 6% corresponds to land, and the remaining 94% to buildings (6% and 94% respectively in 2013).

At year's end, goods outside the operation are totally depreciated, the value of goods totally depreciated and still in use amounting to 3,578.7 million euros (3,102.3 in 2013). Of them 123.5 million euros come to buildings (95.5 in 2013).

Likewise, investment acquired from VW Group companies amounted to 10.3 million euros (29.7 in 2013).

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

	2014		2013	
Millions of euros	Gross Value	Depreciation	Gross Value	Depreciation
Tangible assets acquired from VW Group companies	458.6	299.4	451.4	246.7
Tangible assets used by VW Group companies	48.7	31.6	48.7	30.6
Tangible assets used by non-Group suppliers	1,334.2	1,237.9	1,333.4	1,211.2
Tangible assets placed abroad	141.2	122.8	134.7	112.2

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

The financial year results deriving from disposal of tangible assets totalled 0 million euros (0.2 in 2013).

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

At year's end the company assumed firm commitments to purchase capital goods to the value of 40 million euros (49.9 in 2013).

d) Long-term Group companies investments

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

7. Leases and other similar operations

a) Financial leases

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

Millions of euros		Length of contract (years)	Cost	Purchase option value	Quotas pending payment 2014	Quotas pending payment 2013
Corporate building	(02.02.05)	10	21.1	0.0	3.4	6.0
Dining building	(20.09.06)	10	2.0	0.0	0.5	0.7
T-Systems building	(20.09.06)	10	3.4	0.0	0.9	1.3
SAT building	(20.09.06)	10	5.2	0.0	1.4	2.0
Peguform building	(08.03.07)	7	3.7	0.0	0.0	0.7
Smelter building	(30.11.06)	10	5.0	0.0	1.2	1.7

The current values of quotas pending payment are distributed by maturity date in the following way: 4.5 million euros in 2015 and 2.9 million euros between 2016-2019. The impact of updating said quotas amounts to 0.3 million euros.

b) Operative leases

The company also has operative leases. The amounts paid for rent to other Group companies or third parties, excluding those already mentioned in the previous paragraph, and comprising mainly information technology, land, buildings, fork-lift trucks, containers, fields and warehouses, total 11.3 million euros (11.4 in 2013). Rents received, mainly for buildings, fields and warehouses, amounted to 6.2 million euros (4.4 in 2013). Future amounts to be paid and received, in the event of early cancellation of contracts, are calculated not to be substantially different from those in the present financial year.

8. Financial instruments

a) Impact on financial situation and results

I. Balance Sheet

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

	Equity instruments		Borrowing securities		Credits, derivatives and others	
Millions of euros	2014	2013	2014	2013	2014	2013
Long-term financial assets						
Loans and receivables	962.9	1,121.6	0.0	0.0	1.5	1.5
Group companies investments (Note 6a)	962.9	1,121.6	0.0	0.0	0.0	0.0
Financial investments (Note 6a)	0.0	0.0	0.0	0.0	1.5	1.5
Short-term financial assets						
Loans and receivables	0.0	0.0	0.0	0.0	413.0	411.5
Trade receivables and others (Note 10)	0.0	0.0	0.0	0.0	397.0	377.4
Group companies investments (Note 11)	0.0	0.0	0.0	0.0	16.0	34.1
Financial investments (Note 11)	0.0	0.0	0.0	0.0	0.0	0.0

	Borrowing from credit institutions		Bonds and other negotiable securities		Derivatives and others	
Millions of euros	2014	2013	2014	2013	2014	2013
Long-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	97.5	85.7
Group companies liabilities (Note 15)	0.0	0.0	0.0	0.0	0.0	1.3
Third-party liabilities (Note 15)	0.0	0.0	0.0	0.0	97.5	84.4
Short-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	2,177.5	2,562.2
Group companies liabilities (Note 15)	0.0	0.0	0.0	0.0	775.3	1,310.9
Third-party liabilities (Note15)	0.0	0.0	0.0	0.0	72.6	67.1
Trade payables and others (Note 16)	0.0	0.0	0.0	0.0	1,329.6	1,184.2

During the financial year, SEAT did not hold any own shares, and therefore carried out no related operations; neither was this the case in 2013.

II. Profit and Loss Statement and equity
The net amount of valuation corrections due to impairment for financial interests in Group companies at the end of the financial year totalled –0.1 million euros (7.3 in 2013).

III. Other information
SEAT has formalized various commercial surety contracts jointly with other companies within the Group, for the issue of guarantees covering the refundable advances made by government bodies, and covering third parties, to a maximum total amount of 315.3 million euros (315.3 in 2013).

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

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

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

I. Market risk

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

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

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

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

III. Liquidity risk

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

9. Inventories

Millions of euros	31.12.14	31.12.13
Acquired products	54.1	68.7
Raw materials and other supplies	75.9	60.7
Work in progress and partly-finished goods	60.6	31.7
Finished goods	175.8	118.8
Total	**366.4**	**279.9**

At year's end the impairment of inventory amounted to 126 million euros (115.5 in 2013), with provision for the financial year totalling 4.5 million euros (12.6 in 2013).

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

The company maintains a commitment to purchase cars invoiced to rental car companies (see Note 5e) to the value of 39.5 million euros (40.1 in 2013).

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

10. Trade receivables and others

Millions of euros	31.12.14	31.12.13
Trade receivables	92.3	85.8
Group companies receivables	296.9	280.8
Other receivables	6.9	9.8
Personnel	0.9	1.0
Current tax assets	23.5	17.6
Government bodies	77.3	96.8
Total	**497.8**	**491.8**

Impairment of the value of credits due to commercial operations totalled 2.3 million euros (2.0 million in 2013).

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

11. Short-term investments

Millions of euros	31.12.14	31.12.13
Group companies	16.0	34.1
Loans	0.5	0.6
Other financial assets	15.5	33.5
Third-party	0.0	0.0
Loans	0.0	0.0
Other financial assets	0.0	0.0
Total	**16.0**	**34.1**

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

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

During the fiscal year the company has maintained loans and deposits with Group companies and credit institutions at a weighted average interest rate of 0.3% (0.2% in 2013).

12. Shareholders' equity

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

On February 25, 2010, the sole shareholder of SEAT, S.A., the German company Volkswagen AG, transferred its participation (100%) in SEAT's share capital to the Dutch company Volkswagen International Finance N.V. On May 13, 2014, Global VW Automotive B.V. became sole shareholder of SEAT, by means of a partial division ('split-off') from VW International Finance N.V. Later, on June 28, 2014 Volkswagen Finance Luxemburg S.A. became sole shareholder of SEAT, by means of cross-border absorption of its subsidiary Global VW Automotive B.V.

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

Reserves deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) total 107.8 million euros: 106 million from the equity adjustment of the company absorbed, and 1.8 million corresponding to the adjustment of an item of income to be distributed over several financial years.

13. Subventions

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

Millions of euros	2014	2013
Initial balance	13.5	15.8
Addition merger	3.3	0.0
Addition	0.4	1.0
Transferred to results	(3.9)	(3.3)
End balance	**13.3**	**13.5**

Additions of non-repayable capital subventions deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23) correspond to income from loans with subsidised interest granted by central government for the execution of development projects for new products. The outstanding portion of these subventions is distributed according to maturity dates as follows: 0.4 million euros in 2015, 1.8 million euros for 2016-2019 and 0.4 million euros in later financial years.

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

The total amount of operating subventions amounts to 1.6 million euros (0.9 in 2013).

14. Provisions and risks

Millions of euros	Balance 01.01.14	Addition merger 01.01.14	Addition 2014	Disposal 2014	Balance 31.12.14
Trade operations	303.8	0.0	156.1	(97.2)	362.7
Personnel benefits	58.9	0.9	27.2	(56.4)	30.6
Environmental activities	4.2	0.0	0.6	(0.3)	4.5
Other provisions	474.4	11.7	169.5	(104.2)	551.4
Total	**841.3**	**12.6**	**353.4**	**(258.1)**	**949.2**

At year's end, the provisions amounted to 949.2 million euros, of which 257.2 million euros were long-term (updated to current market rate) and 692 million euros were short-term.

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

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

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

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

The 'Other provisions' section covers basically provisions for production, legal and trading risks, as well as for legal proceedings still on-going with members of the sales and marketing network. The estimated cost of these provisions has been based on the probable settlement of claims received.

Calculations of provisions have been updated to a discount rate of 3% in 2014 (3.8% in 2013).

During 2013 the Spanish National Markets and Competition Regulator (CNMC) opened investigation proceedings concerning possible anti-competition practices between companies of the sector, which are currently on-going. At the date of presentation of these annual accounts, not enough information that might enable an assessment of the possible outcome of these proceedings is available.

15. Liabilities

Liabilities	31.12.14	31.12.13
Group companies	**775.3**	**1.312.2**
Third-party	**170.1**	**151.5**
Financial institutions	0.0	0.0
Financial leasing	7.1	10.1
Other financial liabilities	163.0	141.4
Official loans with subventioned interest	104.2	81.6
Bonds and deposits received	0.6	0.6
Suppliers of fixed assets	58.2	59.2
Total	**945.4**	**1,463.7**

At year's end liabilities amounted to 945.4 million euros, 775.3 million euros with Group companies (short-term), and 170.1 million euros with third parties (97.5 long-term and 72.6 short-term).

Liabilities (mainly with Group companies and with official organizations at zero interest rate) are distributed according to maturity date as follows: 847.9 million euros in 2015, 42.9 million euros for 2016-2019 and 54.6 million euros in later financial years (1,378, 42.9 and 42.8 respectively in 2013).

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

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

Credit lines granted to the company by Group companies totalled 1,800 million euros on December 31, 2014 of which 570 million euros were used (1,700 and 1,022 respectively in 2013).

16. Trade payables and others

Millions of euros	31.12.14	31.12.13
For third-party suppliers	681.9	566.2
Purchases/services rendered with confirming	0.0	48.4
Purchases/services rendered without confirming	681.9	517.8
For Group companies suppliers	541.3	496.3
Other payables	43.7	79.1
Personnel (remunerations pending)	62.7	42.6
Government bodies	29.4	25.4
Total	**1,359.0**	**1,209.6**

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

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

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

Said law stipulates a limit for payment of 75 days for 2012, and 60 days from January 1, 2013 onwards. At year's end, payments made within the legally established time-frame totaled 7,802 million euros (7,156 in 2013) and the average weighted payment period to company suppliers was 36 days (37 days in 2013). There is currently no outstanding payment of major importance exceeding the legal limit.

17. Foreign currency

The net value of balances in foreign currency totalled a debit balance of 31.9 million euros on December 31, 2014 (debit balance of 31.2 million euros in 2013), held mainly in US dollar, pound sterling, Swiss franc, Japanese yen, Polish zloty, Russian rouble, Chinese yuan, as well as Czech, Danish and Swedish crowns. Of this total, 34.4 million euros correspond to favourable balances with Group companies and other suppliers, and 66.3 million euros to negative balances with Group companies and other customers (26.7 and 57.9 respectively in 2013). The amounts attributed to income and expenses during the year total 17.6 and 31.3 million euros, respectively (18.4 and 20.2 in 2013).

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

Millions of euros	2014	2013
Purchases	96.3	79.0
Sales	1,565.8	1,347.0
Services received	59.0	61.5
Services rendered	4.8	3.5

18. Tax situation

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

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

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

/ The design and implementation of operations within the legal framework of each country it operates in, with total fiscal transparency in all such operations.

/ A cautious approach in its fiscal policy, visible via its consultations with the relevant Tax Authority when in doubt as to interpretation, proceeding in compliance with prevailing administrative practice and legal requirements.

/ Constant oversight of operations and criteria applied to the same so as to avoid significant taxation risks.

Throughout fiscal year 2014, SEAT, S.A. maintained a fiscal policy which followed the above-mentioned principles, as a result of which the company was fully compliant with the commitments set out in the Code of Best Tax Practices, and was not aware of any operation with fiscally relevant repercussions.

SEAT, S.A., as the parent company, has been integrated in the SEAT Group since 1988, under the consolidated tax system of corporation tax, with No. 2/88 (see Appendix 2).

In 2014, the positive tax result of the SEAT Group deriving from its consolidated corporation tax totalled 28.3 million euros, after offsetting negative tax assessment bases for previous years amounting to 62.8 million euros, and applying fiscal deductions amounting to 28.3 million euros.

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

	Profit and Loss Statement			Equity		
Millions of euros	Increase	Decrease	Total	Increase	Decrease	Total
Result for year	**0.0**	**(65.7)**	**(65.7)**	**0.0**	**0.0**	**0.0**
Corporation tax	**0.0**	**(73.1)**	**(73.1)**	**0.0**	**0.0**	**0.0**
Permanent differences	**0.0**	**(57.4)**	**(57.4)**	**0.0**	**0.0**	**0.0**
Specific to the company	0.0	(3.9)	(3.9)	0.0	0.0	0.0
From consolidation adjustment	0.0	(53.5)	(53.5)	0.0	0.0	0.0
Timing differences	**434.1**	**(196.2)**	**237.9**	**0.0**	**0.0**	**0.0**
Specific to the company	431.4	(191.6)	239.8	0.0	0.0	0.0
Originating in the year	429.4	(0.8)	428.6	0.0	0.0	0.0
Originating in previous years	2.0	(190.8)	(188.8)	0.0	0.0	0.0
From consolidation adjustment	2.7	(4.6)	(1.9)	0.0	0.0	0.0
Originating in the year	0.0	(2.8)	(2.8)	0.0	0.0	0.0
Originating in previous years	2.7	(1.8)	0.9	0.0	0.0	0.0
Tax assessment base	**434.1**	**(392.4)**	**41.7**	**0.0**	**0.0**	**0.0**

Corporation tax comprises income of 30.3 million euros of current tax and 43 million euros of deferred tax.

62.8 million euros in SEAT, S.A. negative tax assessment base corresponding to previous years have been applied to the consolidated corporation tax settlement, as well as 23.9 million euros in fiscal deductions.

Additionally, adjustments from the previous year have been included, for which reason an expense has been accrued and posted on the Profit and Loss Statement for current corporation tax for a total of 0.3 million euros.

As a consequence of consolidated taxation, the total reciprocal debts and loans between the Group companies amount to 62.8 million euros.

At December 31, 2014, the accumulated deferred asset taxes amounted to 410.2 million euros, of which 295.3 million euros arise from timing differences; 114.9 million euros come from fiscal loans deriving from deductions and negative tax assessment bases pending application regarded as assured.

For their part, deferred taxes on liabilities amount to 12.4 million euros, of which 6.7 million euros arise from timing differences, basically due to the tax depreciation of assets acquired under the system of financial leases, and 5.7 million euros are related to equity items.

Variation during the fiscal year on assets and liabilities due to deferred taxes total 48.7 and 0 million euros respectively. The detailed breakdown of net movement of the same is as follows:

Millions of euros	2014	2013
Initial Balance	**349.1**	**392.3**
Addition merger (see Note 23)	3.0	0.0
Deferred taxes entered directly to profit and loss statement	44.3	(44.3)
Deferred taxes entered directly to equity	(0.2)	(0.4)
Deferred taxes transferred to profit and loss statement	1.6	1.5
End Balance	**397.8**	**349.1**

In 2014 there are no capital gains which might benefit from the tax deduction incentive for reinvestment of extraordinary profits. Tax credits were applied in previous fiscal years where reinvestment was made in the same year, namely: 11.9 million euros in 2007, 2.6 million in 2008, 1.5 million in 2011 and 0.1 million in 2012.

At December 31, 2014, SEAT, S.A. tax credits or tax incentives for the following items and amounts in millions of euros were left pending for application:

Millions of euros	Addition merger 01.01.14 (*)	Balance 31.12.14	Maturity date				
			2015	2016	2017	2018	Later
R&D	0.0	254.0	0.0	0.0	0.0	0.0	254.0
Export companies	0.0	13.2	0.0	0.0	0.0	1.3	11.9
Environmental investment	0.0	7.3	0.0	0.0	0.0	0.0	7.3
Vocational training	0.0	1.0	0.0	0.0	0.0	0.0	1.0
Pension plans contributions	0.0	0.3	0.0	0.0	0.0	0.0	0.3

(*) See Note 23.

These tax credits and incentives will be applied in accordance with consolidated settlements of the Group, within the legal period established for each one. Likewise, at year's end the negative tax bases generated in the Group total 201.3 million euros (99.9 in 2009, 14.2 in 2010 and 87.2 in 2012), with no cut-off period.

The Company has not updated deferred taxes as per the new tax rate set for 2015 onwards, since a credit entity forms part of the tax group, meaning that the current tax rate (30%) is still applicable.

The company is open to an administrative audit for non-prescribed taxes for the period 2010-2014, with the exception of corporation tax which extends to the period 2010-2013. On September 2, 2013, the company received notification of the initiation of a tax inspection process related to taxes and levies of the period 2009-2011. At the date of preparation of the present annual accounts, inquiries related to the inspection process are at the information-gathering stage. Likewise, no risks having a significant impact on the present annual accounts have been identified.

19. Income and expenses

a) Distribution of net sales

The distribution of items is as follows:

Millions of euros	2014	2013
Vehicles	6,571.9	5,815.1
Spare parts	497.8	477.8
Gearboxes	231.6	0.0
Other sales	195.3	180.0
Materials	156.8	146.4
By-products and reusable waste	34.4	29.8
Services	4.1	3.8
Total	**7.496,6**	**6,472.9**

The geographical distribution of markets is as follows:

Millions of euros	2014	2013
Spain	1,334.8	1,080.8
Rest of European Union	5,361.5	4,620.2
Rest of world	800.3	771.9
Total	**7,496.6**	**6,472.9**

Net sales for 2014 are affected by the increase in income deriving from the merger of the company with Gearbox del Prat, S.A. (see Note 23).

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

Millions of euros	2014	2013
Decrease/increase of inventory	85.8	(25.3)
Work in progress	24.9	5.2
Partly-finished goods	(0.9)	0.3
Finished goods	61.8	(30.8)
Impairment of inventory	(7.6)	(12.2)
Total	**78.2**	**(37.5)**

c) Supplies

Millions of euros	2014	2013
Acquired products	1,037.2	1,040.8
Purchases	1,015.0	1,027.9
Decrease/increase of inventory	22.2	12.9
Raw materials and other supplies	4,680.7	4,009.0
Purchases	4,692.4	4,008.3
Decrease/increase of inventory	(11.7)	0.7
Other external expenses	13.0	8.0
Impairment of acquired products, raw materials and others	(3.1)	0.5
Total	**5,727.8**	**5,058.3**

d) Other operating income

Millions of euros	2014	2013
Sundry income	479.6	446.6
Operating subventions (see Note 13)	1.6	0.9
Discounted provisions	4.0	6.8
Other income	25.6	0.1
Total	**510.8**	**454.4**

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

e) Personnel costs

Millions of euros	2014	2013
Wages, salaries and similar concepts	520.2	453.7
Social costs	149.6	133.6
Social security	144.1	125.9
Others	5.5	7.7
Provisions	(0.2)	(0.3)
Total	**669.6**	**587.0**

f) Other operating expenses

Millions of euros	2014	2013
External services	1,361.5	1,124.8
Taxes	10.1	9.1
Losses, impairment and variation in provisions due to trade operations	124.9	64.8
Greenhouse gas emission rights	0.1	0.0
Other expenses	2.5	30.2
Total	**1,499.1**	**1,228.9**

g) Financial income

Millions of euros	2014	2013
For participations	53.5	84.3
Group companies	53.5	84.3
Third-party	0.0	0.0
For other investments and financial instruments	0.7	1.2
Group companies	0.1	0.0
Third-party	0.6	1.2
Total	**54.2**	**85.5**

h) Financial expenses

Millions of euros	2014	2013
For Group companies debts	5.1	7.5
For third-party debts	6.2	4.0
Discounted provisions and debts	5.1	7.2
Total	**16.4**	**18.7**

i) Impairment and result on disposal of financial instruments
This heading contains principally those impairments and reversals of stakes in Group companies.

20. Environment

a) Environment-related assets
Under the 'Tangible assets' section, the company possesses a waste water treatment facility, plus a heat and power co-generation plant, at the Martorell factory, as well as other environment-related assets. The combined gross value of these facilities amounts to 140.9 million euros, and accumulated depreciation stands at 108.6 million euros (124.2 and 99.2 respectively in 2013).

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

In the wide-ranging investment programme implemented in 2014, a capitalised amount of 5.3 million euros, plus another totalling 1.1 million euros (4.9 and 0.8 respectively in 2013) corresponding to firm commitments for the purchase of capital goods has been identified, which can be devoted entirely to environmental protection-related activities.

b) Environment-related liabilities
In compliance with the European Union directive on end-of-life vehicles, approved in 2000, the company set up a provision to cover risks deriving from end-of-life vehicle recycling.

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

Millions of euros	2014	2013
Control and monitoring of air pollution	0.2	0.4
Waste water treatment and management	2.5	2.3
Industrial waste treatment and management	5.2	5.6
Energy savings	1.1	0.3
Visual impact improvement	0.3	0.2
Communication management	0.1	0.1
Environmental process management	0.3	0.2
End-of-life vehicles management	0.2	0.2
Miscellaneous	0.8	0.0
Total	**10.7**	**9.3**

Expenses incurred for the financial year, regarding amortization of environment-related assets, amount to 5.2 million euros (4 in 2013).

The overall estimated staff costs of SEAT employees devoted to total or partial implementation of environmental protection-related activities amount to 1.5 million euros (1.3 in 2013).

d) Environment-related income

Income deriving from the sale of by-products and reusable waste totalled 34.4 million euros (29.8 in 2013).

21. Within-Group operations

a) Group companies

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

Millions of euros	2014	2013
Supplies	2,133.5	1,993.6
Materials	1,234.5	1,072.0
Spare parts	183.1	171.9
Vehicles	715.9	749.7
Net sales	5,430.4	4,567.9
Services received	578.0	474.7
Services rendered	394.4	340.0
Accrued financial income	0.1	0.0
Dividends received	53.5	84.3
Accrued financial expenses	5.1	7.5

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

Millions of euros	2014	2013
Supplies	37.0	37.0
Net sales	1,126.6	888.6
Services received	41.9	43.8
Services rendered	4.1	2.7

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

The margin generated by sales operations with Group companies is broken down by business lines as follows: 30.3% in materials (27.5% in 2013), 26.6% in spare parts (27.4% in 2013), 13.9% in vehicles (9.8% in 2013) and 20% in gearboxes. Purchases made from Group companies were done so in normal market conditions.

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

Transactions carried out with the parent entity of the Volkswagen Group are: supplies 1,215.9 million euros (992.5 in 2013); net sales 147.2 million euros (75.9 in 2013); services received 176.6 million euros (104.2 in 2013); services rendered 219.4 million euros (214.3 in 2013); accrued financial income 0.1 million euros (0 in 2013); accrued financial expenses 0.1 million euros (0.2 in 2013). Likewise, balances at year's end with the parent entity of the Volkswagen Group are: customers and other trade receivables 5.7 million euros (0.1 in 2013), and suppliers and other trade payables 94.8 million euros (79.3 in 2013).

On December 31, 2014, SEAT, S.A. (Unipersonal Company) and Volkswagen Finance Luxemburg S.A., sole shareholder of the company (see Note 12), have no agreements in force.

b) Board of Directors

The total amount of remuneration received under all headings by members of the Board of Directors and by Senior Management in the exercise of their functions during 2014, stood at 11.2 million euros (10.3 in 2013).

No advances or credits have been accorded to either members of the Board of Directors or Senior Management, nor other commitments made vis-à-vis pensions, insurance policies, credits, guarantees or similar items during the 2014 and 2013 financial years.

Members of the Board of Directors make no declaration of interest concerning Article 229 of the new Capital Company Law, referring to posts or responsibilities which Board Members hold or discharge in companies outside the Group of which SEAT is a member, concerning activities similar, analogous or complementary to the stated business aims of the company.

Fulfilling their duty to avoid conflicts with the company's interests during the financial year, the members of the Board of Directors have complied with the obligations provided for in Article 228 of the consolidated text of the Capital Company Law. Likewise, they and their affiliates have not entered into the conflicts of interest provided for in Article 229 of said Law, except in cases where authorization has been given.

22. Other information

a) Workforce

The breakdown of the total average basic workforce by functions of SEAT, S.A. is as follows:

	2014	2013
Productive wage earners	8,016	7,176
Time-rate wage earners	939	959
Managers, technicians, administrative and support staff	3,481	3,348
Members of the Executive Committee	8	8
Total	**12,444**	**11,491**

The breakdown of SEAT, S.A.'s basic workforce at December 31 is as follows:

	2014			2013		
	Men	Women	Total	Men	Women	Total
Productive wage earners	6,561	1,709	8,270	5,582	1,564	7,146
Time-rate wage earners	867	26	893	912	30	942
Managers, technicians, administrative and support staff	2,602	853	3,455	2,508	854	3,362
Members of the Executive Committee	8	0	8	8	0	8
Total	**10,038**	**2,588**	**12,626**	**9,010**	**2,448**	**11,458**

SEAT, S.A.'s Board of Directors comprises 5 members (male).

Both the basic average workforce, and the workforce at December 31, 2014 are affected by the incorporation of 1,100 employees proceeding from the merger of the company with Gearbox del Prat, S.A. (see Note 23).

b) Auditors

The fees accrued by PricewaterhouseCoopers Auditores, S.L. for audit services were 0.4 million euros (0.4 in 2013). Likewise, the fees received for other services provided by the auditor and other companies which use the PricewaterhouseCoopers brand totalled 0.5 and 0.3 million euros, respectively (0 and 0.3 in 2013).

23. Merger by absorption

The respective Boards of Directors of SEAT, S.A. and Gearbox del Prat, S.A., approved the project of merger by absorption of Gearbox del Prat, S.A., (absorbed company) and SEAT, S.A. (absorbing company) on February 14, 2014 in both cases.

On February 24, 2014 the Annual General Shareholders' Meeting agreed on approval of the project of merger by absorption through the dissolution without liquidation of the absorbed company, with wholesale transfer of the entirety of the absorbed company's assets and liabilities to the absorbing company, fully subrogated in all rights and obligations proceeding from the absorbed company, with no reservation, exception or limitation.

The merger was based on the Balance Sheet ending December 31, 2013 of the two companies involved. Since at the time of the merger the absorbing company had a 100% equity holding in the company absorbed, the exchange of shares was not pertinent, and therefore there was no need to issue new shares, since the assets and liabilities of the company absorbed are incorporated in those of the absorbing company, having as a counterpart its assets and liabilities.

Once legal time limits had been complied with, on April 1, 2014 the merger was presented to the Barcelona Mercantile Register, where the company absorbed was officially withdrawn from the register on April 10, 2014.

The merger was carried out in accordance with the Special Tax Neutrality Régime for Mergers as established in Chapter VIII of Title VII of Law 4/2004 of March 5, which approves the revised text of the Corporate Tax Law.

The merger has been registered as being an operation between companies of the same group, since SEAT, S.A. had previously held control of Gearbox del Prat, S.A. As a result, said merger has been entered into the accounts in accordance with Norm 21 of the Spanish General Accounting Plan as approved by RD 1514/2007 of November 16. Thus, the assets acquired and liabilities assumed have been entered into the accounts in terms of their book value before the merger operation on the individual accounts.

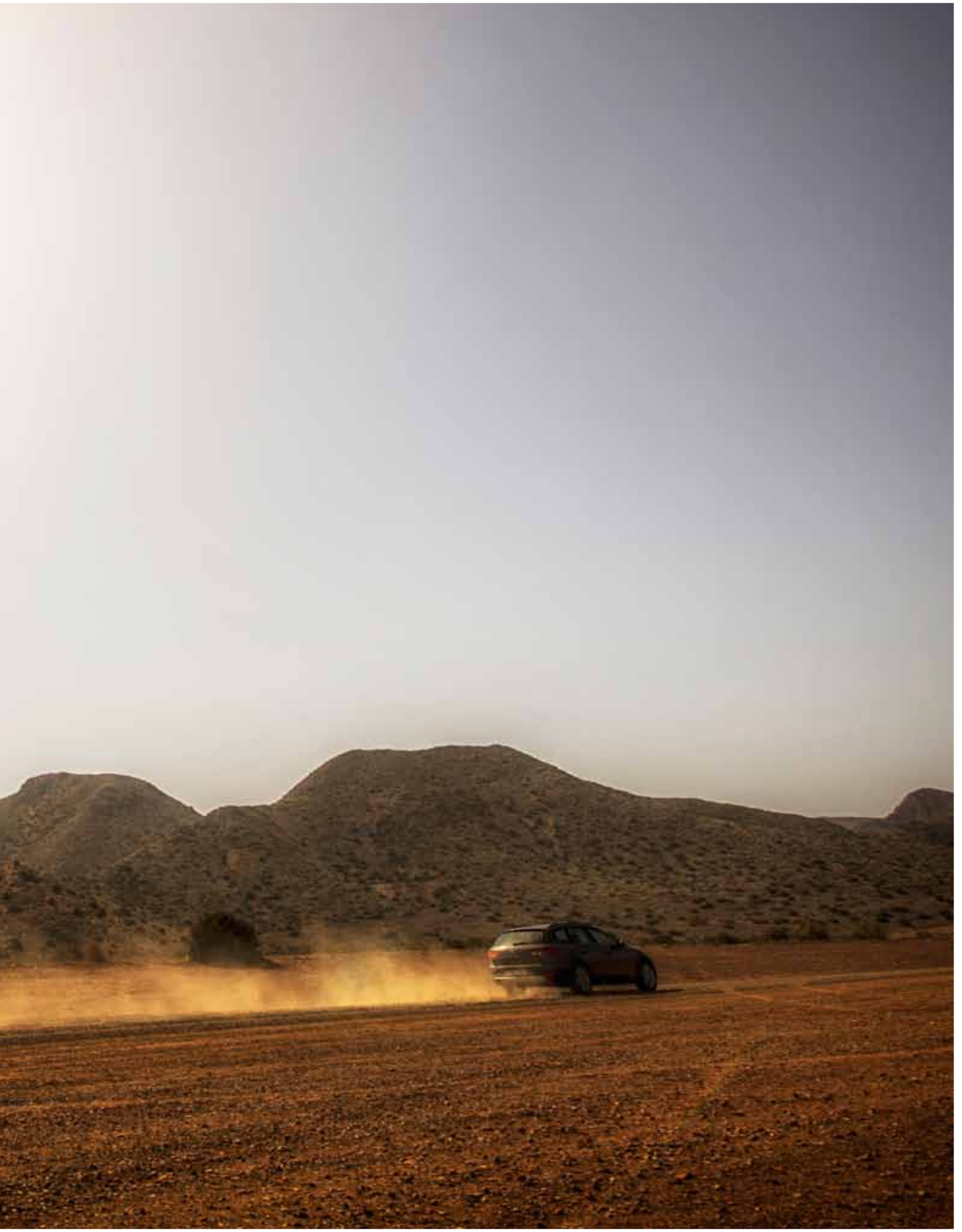
Details of the book value of assets and liabilities of Gearbox del Prat, S.A. at December 31, 2013 were as follows:

GEARBOX DEL PRAT, S.A. Balance Sheet at December 31 (millions of euros)

ASSETS	2013
Non-current assets	**76.9**
Intangible assets	0.1
Tangible assets	70.1
Long-term Group companies investments	1.8
Long-term financial investments	0.1
Deferred tax assets	4.8
Current assets	**170.7**
Inventories	15.7
Trade receivables and others	14.7
Short-term Group companies investments	140.3
Short-term financial investments	0.0
Short-term prepaid expenses	0.0
Cash and cash equivalents	0.0
Total	**247.6**

EQUITY AND LIABILITIES	2013
Equity	**168.2**
Shareholders' equity	164.9
Subventions	3.3
Non-current liabilities	**29.3**
Long-term provisions	3.6
Long-term liabilities	22.7
Long-term Group companies liabilities	0.0
Deferred tax liabilities	1.8
Long-term prepaid income	1.2
Current liabilities	**50.1**
Short-term provisions	8.2
Short-term liabilities	3.6
Short-term Group companies liabilities	5.3
Trade payables and others	32.4
Short-term prepaid income	0.6
Total	**247.6**

As a result, the Balance Sheet and Income Statement on December 31, 2013 are affected in terms of comparability due to the aforementioned merger.



6.7 Appendix 1. Evolution of Non-current Assets

2013 Millions of euros	Cost of acquisition or manufacture					
	Initial Balance 01.01.13	Additions	Disposals	Transfers	Impairment	End Balance 31.12.13
Intangible assets	**1,683.8**	**123.8**	**(0.2)**	**0.0**	**0.0**	**1,807.4**
Research and Development	1,187.5	63.9	0.0	167.7	0.0	1,419.1
Software	48.8	1.0	(0.1)	0.0	0.0	49.7
Greenhouse gas emission rights	0.3	0.2	0.0	0.0	0.0	0.5
Other intangible assets	246.3	(4.2)	(0.1)	25.3	0.0	267.3
Payments on account and intangible assets in progress	200.9	62.9	0.0	(193.0)	0.0	70.8
Tangible assets	**4,692.6**	**213.0**	**(26.3)**	**0.0**	**0.0**	**4,879.3**
Land and buildings	700.6	5.2	0.0	0.1	0.0	705.9
Technical equipment and machinery	1,790.1	72.9	(14.2)	47.2	0.0	1,896.0
Other facilities, tools and office equipment	2,094.7	124.6	(11.5)	33.7	0.0	2,241.5
Other tangible assets	24.8	0.3	(0.6)	0.0	0.0	24.5
Payments on account and tangible assets in progress	82.4	10.0	0.0	(81.0)	0.0	11.4
Long-term Group companies investments	**1,123.0**	**0.0**	**0.0**	**(0.1)**	**0.0**	**1,122.9**
Participations in Group companies	1,122.9	0.0	0.0	0.0	0.0	1,122.9
Loans to Group companies	0.1	0.0	0.0	(0.1)	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	**1.6**	**0.3**	**(0.1)**	**(0.3)**	**0.0**	**1.5**
Other participations	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	1.1	0.3	(0.1)	(0.3)	0.0	1.0
Other financial assets	0.5	0.0	0.0	0.0	0.0	0.5
Deferred tax assets	**416.3**	**0.0**	**(54.8)**	**0.0**	**0.0**	**361.5**
Total	**7,917.3**	**337.1**	**(81.4)**	**(0.4)**	**0.0**	**8,172.6**

	Depreciation / Impairment						Net book value	
	Initial Balance 01.01.13	Additions	Disposals	Transfers	Impairment	End Balance 31.12.13	Initial Balance 01.01.13	End Balance 31.12.13
	944.3	134.2	(0.1)	0.0	90.0	1,168.4	739.5	639.0
	743.6	115.9	0.0	0.0	64.9	924.4	443.9	494.7
	46.3	2.0	(0.1)	0.0	0.0	48.2	2.5	1.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.5
	154.4	16.3	0.0	0.0	25.1	195.8	91.9	71.5
	0.0	0.0	0.0	0.0	0.0	0.0	200.9	70.8
	3,574.4	202.3	(26.0)	0.0	0.5	3,751.2	1,118.2	1,128.1
	301.5	15.5	0.0	0.0	0.0	317.0	399.1	388.9
	1,381.0	94.3	(14.2)	0.0	0.2	1,461.3	409.1	434.7
	1,869.9	91.7	(11.2)	0.0	0.3	1,950.7	224.8	290.8
	22.0	0.8	(0.6)	0.0	0.0	22.2	2.8	2.3
	0.0	0.0	0.0	0.0	0.0	0.0	82.4	11.4
	8.6	0.0	0.0	0.0	(7.3)	1.3	1,114.4	1,121.6
	8.6	0.0	0.0	0.0	(7.3)	1.3	1,114.3	1,121.6
	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
	0.0	0.0	0.0	0.0	0.0	0.0	416.3	361.5
	4,527.3	336.5	(26.1)	0.0	83.2	4,920.9	3,390.0	3,251.7

2014 Millions of euros	Cost of acquisition or manufacture						
	Initial Balance 01.01.14	Addition/ Disposals merger 01.01.14 (*)	Additions	Disposals	Transfers	Impairment	End Balance 31.12.14
Intangible assets	**1,807.4**	**2.0**	**124.9**	**(10.3)**	**0.2**	**0.0**	**1,924.2**
Research and Development	1,419.1	0.0	5.7	(10.0)	60.2	0.0	1,475.0
Software	49.7	2.0	1.6	(0.2)	0.2	0.0	53.3
Greenhouse gas emission rights	0.5	0.0	0.1	(0.1)	(0.1)	0.0	0.4
Other intangible assets	267.3	0.0	11.8	0.0	5.7	0.0	284.8
Payments on account and intangible assets in progress	70.8	0.0	105.7	0.0	(65.8)	0.0	110.7
Tangible assets	**4,879.3**	**412.7**	**91.9**	**(153.0)**	**(0.2)**	**0.0**	**5,230.7**
Land and buildings	705.9	44.6	2.0	(0.1)	0.0	0.0	752.4
Technical equipment and machinery	1,896.0	301.3	34.2	(90.8)	10.7	0.0	2,151.4
Other facilities, tools and office equipment	2,241.5	63.3	50.8	(58.1)	0.9	0.0	2,298.4
Other tangible assets	24.5	3.1	1.3	(4.0)	0.0	0.0	24.9
Payments on account and tangible assets in progress	11.4	0.4	3.6	0.0	(11.8)	0.0	3.6
Long-term Group companies investments	**1,122.9**	**(58.9)**	**4.9**	**(104.6)**	**(1.0)**	**0.0**	**963.3**
Participations in Group companies	1,122.9	(58.9)	4.9	(104.6)	(1.0)	0.0	963.3
Loans to Group companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	**1.5**	**0.1**	**0.2**	**(0.2)**	**(0.1)**	**0.0**	**1.5**
Other participations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	1.0	0.1	0.2	(0.2)	(0.1)	0.0	1.0
Other financial assets	0.5	0.0	0.0	0.0	0.0	0.0	0.5
Deferred tax assets	**361.5**	**4.8**	**43.9**	**0.0**	**0.0**	**0.0**	**410.2**
Total	**8,172.6**	**360.7**	**265.8**	**(268.1)**	**(1.1)**	**0.0**	**8,529.9**

(*) See Note 23.

	Depreciation / Impairment							Net book value	
	Initial Balance 01.01.14	Addition/ Disposals merger 01.01.14 (*)	Additions	Disposals	Transfers	Impairment	End Balance 31.12.14	Initial Balance 01.01.14	End Balance 31.12.14
	1,168.4	1.9	129.9	(2.4)	0.2	54.6	1,352.6	639.0	571.6
	924.4	0.0	109.9	(2.2)	0.0	41.8	1,073.9	494.7	401.1
	48.2	1.9	1.2	(0.2)	0.2	0.0	51.3	1.5	2.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.4
	195.8	0.0	18.8	0.0	0.0	12.8	227.4	71.5	57.4
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	70.8	110.7
	3,751.2	342.6	232.0	(153.0)	(0.2)	55.1	4,227.7	1,128.1	1,003.0
	317.0	28.6	16.1	(0.1)	0.0	2.9	364.5	388.9	387.9
	1,461.3	256.6	122.0	(90.8)	0.0	20.6	1,769.7	434.7	381.7
	1,950.7	54.5	92.8	(58.1)	(0.2)	31.6	2,071.3	290.8	227.1
	22.2	2.9	1.1	(4.0)	0.0	0.0	22.2	2.3	2.7
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.4	3.6
	1.3	0.0	0.0	0.0	(1.0)	0.1	0.4	1,121.6	962.9
	1.3	0.0	0.0	0.0	(1.0)	0.1	0.4	1,121.6	962.9
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	361.5	410.2
	4,920.9	344.5	361.9	(155.4)	(1.0)	109.8	5,580.7	3,251.7	2,949.2

6.8 Appendix 2. Subsidiary Companies

2013 Millions of euros	Location	Holding	
		Dir.	Ind.
Production			
Gearbox del Prat, S.A. (*)	Prat de Ll. (Barcelona)	100	
SEAT Sport, S.A. (*)	Martorell (Barcelona)	100	
Volkswagen Navarra, S.A. (*)	Arazuri (Navarre)	100	
Volkswagen Argentina, S.A. (**)	Buenos Aires (Argentina)	100	
Distribution and Marketing SEAT			
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98
SEAT Deutschland GmbH	Mörfelden-Walldorf (Germany)	100	
SEAT Deutschland Niederlassung GmbH	Frankfurt (Germany)		100
SEAT Motor España, S.A. (*) (***)	Barcelona		100
SEAT Saint-Martin SAS	Paris (France)	100	
Distribution and Marketing VW/Audi/Skoda			
Volkswagen-Audi España, S.A. (*)	Prat de Ll. (Barcelona)	100	
Volkswagen Group Retail Spain, S.L. (*)	Prat de Ll. (Barcelona)		100
Astur Wagen, S.A. (*)	Gijón (Asturias)		100
Audi Retail Barcelona, S.A. (*)	Barcelona		100
Volkswagen Madrid, S.A. (*)	Madrid		100
Volkswagen Barcelona, S.A. (*)	Barcelona		100
Leioa Wagen, S.A.	Leioa (Vizcaya)		100
Levante Wagen, S.A. (*)	Valencia		100
Málaga Wagen, S.A. (*)	Málaga		100
Sevilla Wagen, S.A. (*)	Seville		100
Valladolid Wagen, S.A. (*)	Valladolid		100
Audi Retail Madrid, S.A. (*)	Madrid		100
Services			
Centro Técnico de SEAT, S.A. (*)	Martorell (Barcelona)	96	
Volkswagen Finance, S.A. (*)	Alcobendas (Madrid)	100	
Volkswagen Renting, S.A. (*)	Alcobendas (Madrid)		100
Volkswagen Insurance Services Correduría de Seguros, S.L. (*)	Prat de Ll. (Barcelona)		100
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100	
Volkswagen Compañía Financiera, S.A.	Buenos Aires (Argentina)		100
Volkswagen S.A. De Ahorro Para Fines Determinados	Buenos Aires (Argentina)		100

(*) Companies subject to corporation tax under the consolidated tax regime.
(**) For valuation purposes, the figures are considered according to Group rules.
(***) SEAT Motor España, S.A. has available an equity loan amounting to 2.6 million euros.

Gross value 31.12.13	Depreciation 31.12.13	Book value 31.12.13	Equity 31.12.13	Profit/loss for year 2013	Dividend received 2013
58.9	0.0	58.9	168.2	17.7	
0.1	0.0	0.1	0.6	0.0	
654.4	0.0	654.4	662.4	50.2	39.8
104.6	0.0	104.6	193.5	25.2	
0.0	0.0	0.0	0.4	(0.2)	
51.1	0.0	51.1	52.3	8.5	
			0.2	0.0	
			(2.5)	(3.9)	
1.0	(1.0)	0.0	0.3	0.3	
16.0	0.0	16.0	115.6	15.5	44.5
			27.5	(1.3)	
			2.1	0.1	
			0.7	(0.5)	
			2.4	(0.1)	
			0.6	(0.6)	
			2.8	(0.5)	
			4.5	0.7	
			0.9	(0.3)	
			5.2	(0.6)	
			1.4	0.3	
			1.4	0.2	
99.6	0.0	99.6	131.1	(0.3)	
136.6	0.0	136.6	394.2	33.4	
			14.8	4.7	
			2.4	2.0	
0.6	(0.3)	0.3	0.2	0.0	
			6.9	1.3	
			29.3	24.3	

2014 Millions of euros	Location	Holding	
		Dir.	Ind.
Production (**)			
SEAT Sport, S.A. (*)	Martorell (Barcelona)	100	
Volkswagen Navarra, S.A. (*)	Arazuri (Navarre)	100	
Distribution and Marketing SEAT (*****)			
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98
SEAT Deutschland GmbH	Mörfelden-Walldorf (Germany)	100	
SEAT Deutschland Niederlassung GmbH	Frankfurt (Germany)		100
SEAT Motor España, S.A. (*)	Barcelona		100
Distribution and Marketing VW/Audi/Skoda			
Volkswagen-Audi España, S.A. (*)	Prat de Ll. (Barcelona)	100	
Volkswagen Group Retail Spain, S.L. (*)	Prat de Ll. (Barcelona)		100
Astur Wagen, S.A. (*)	Gijón (Asturias)		100
Audi Retail Barcelona, S.A. (*)	Barcelona		100
Volkswagen Madrid, S.A. (*)	Madrid		100
Volkswagen Barcelona, S.A. (*)	Barcelona		100
Leioa Wagen, S.A.	Leioa (Vizcaya)		100
Levante Wagen, S.A. (*)	Valencia		100
Málaga Wagen, S.A. (*)	Málaga		100
Sevilla Wagen, S.A. (*)	Seville		100
Valladolid Wagen, S.A. (*)	Valladolid		100
Audi Retail Madrid, S.A. (*)	Madrid		100
Services (***)			
Centro Técnico de SEAT, S.A. (*)(****)	Martorell (Barcelona)	100	
Volkswagen Finance, S.A. (*)	Alcobendas (Madrid)	100	
Volkswagen Renting, S.A. (*)	Alcobendas (Madrid)		100
Volkswagen Insurance Services Correduría de Seguros, S.L. (*)	Prat de Ll. (Barcelona)		100
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100	

(*) Companies subject to corporation tax under the consolidated tax regime.
(**) In 2014, Gearbox del Prat, S.A. was absorbed by merger with SEAT, S.A (see Note 23).
(***) On October 27, 2014 Volkswagen Argentina, S.A. together with its subsidiaries Volkswagen Compañía Financiera, S.A. and Volkswagen S.A. De Ahorro Para Fines Determinados, was sold to Volkswagen AG.
(****) In 2014, SEAT, S.A. became sole shareholder of the Centro Técnico de SEAT, S.A. by acquiring 3.77% of shares held by Audi AG for 4.9 million euros.
(*****) 2014 does not include SEAT Saint-Martin SAS, since it has been reclassified under "Non-current assets available for sale" (see Note 5n).

	Gross value 31.12.14	Depreciation 31.12.14	Book value 31.12.14	Equity 31.12.14	Profit/loss for year 2014	Dividend received 2014
	0.1	0.0	0.1	1.0	0.4	
	654.4	0.0	654.4	668.2	52.9	45.2
	0.0	0.0	0.0	0.3	(0.1)	
	51.1	0.0	51.1	60.0	7.7	
				0.3	0.0	
				0.2	(0.1)	
	16.0	0.0	16.0	124.9	17.6	8.3
				28.4	(1.6)	
				2.1	0.0	
				0.7	0.0	
				2.6	0.2	
				0.6	0.0	
				3.7	0.9	
				5.0	1.2	
				0.9	0.0	
				5.4	0.2	
				1.7	0.6	
				2.0	0.6	
	104.5	0.0	104.5	137.5	6.4	
	136.6	0.0	136.6	437.9	43.7	
				23.8	9.0	
				3.3	2.9	
	0.6	(0.4)	0.2	0.2	0.0	

SEAT, S.A. Key Figures (2010/2014)

	2010	2011	2012	2013	2014
Sales					
Retail sales (units)	**339,501**	**350,009**	**321,002**	**355,004**	**390,505**
Wholesales of new vehicles (units)	**339,315**	**358,970**	**415,083**	**447,327**	**489,896**
Wholesales of used vehicles (units)	**6,838**	**8,062**	**10,633**	**12,677**	**12,264**
Production					
Production in Martorell plant (units)	**335,057**	**353,420**	**377,343**	**390,048**	**442,677**
Production of SEAT brand in Group plants (units)	**10,050**	**19,129**	**50,802**	**67,250**	**64,998**
Workforce					
Basic workforce at 31.12	**10,354**	**11,394**	**11,465**	**11,458**	**12,626**
Martorell (includes Spare Parts Centre)	9,101	10,129	10,257	10,233	10,298
SEAT Barcelona	1,220	1,223	1,164	1,180	1,188
SEAT Componentes	0	0	0	0	1,097
Other centres	33	42	44	45	43
Partial retirement workforce at 31.12	**372**	**5**	**134**	**133**	**145**
Apprentices with labour contract at 31.12	**0**	**0**	**111**	**166**	**168**
Financial key figures					
Net sales (millions of euros)	**4,662.8**	**5,049.1**	**6,086.9**	**6,472.9**	**7,496.6**
Spain	**1,595.1**	**1,261.4**	**1,006.4**	**1,080.8**	**1,334.8**
Vehicles	1,114.7	787.3	578.4	646.5	806.1
Spare parts	338.4	319.2	292.2	281.8	289.9
Gearboxes	0.0	0.0	0.0	0.0	71.5
Other sales	142.0	154.9	135.8	152.5	167.3
Export	**3,067.7**	**3,787.7**	**5,080.5**	**5,392.1**	**6,161.8**
Vehicles	2,851.4	3,575.2	4,869.7	5,168.6	5,765.8
Spare parts	188.4	184.1	182.5	196.0	207.9
Gearboxes	0.0	0.0	0.0	0.0	160.1
Other sales	27.9	28.4	28.3	27.5	28.0
Shareholders' equity (millions of euros)	**717.8**	**656.3**	**626.7**	**478.0**	**520.1**
Result before tax (millions of euros)	**(269.7)**	**(154.2)**	**(79.4)**	**(144.4)**	**(138.8)**
Result after tax (millions of euros)	**(103.9)**	**(61.5)**	**(29.6)**	**(148.7)**	**(65.7)**
Depreciation (millions of euros)	**307.7**	**301.2**	**268.9**	**336.5**	**361.9**
Investments (millions of euros)	**383.7**	**417.1**	**554.0**	**337.1**	**221.9**

Consumption and emission figures

Consumption (mveg) l/100 km - CO_2 (g/km) emissions

Model (*) (**)	Power		Gearbox		Consumption (mveg) l/100 km			CO_2 emissions Average (g/km)
	KW	HP	Man.	Aut.	Town	Out of town	Average	
Mii								
1.0 MPI 12V	44 / 55	60 / 75	•		5.6 / 5.9	3.9 / 4.0	4.5 / 4.7	105 / 108
1.0 MPI 12V SQ100	44 / 55	60 / 75		•	5.3 / 5.5	3.9 / 4.0	4.4 / 4.5	103 / 105
1.0 MPI 12V SQ100 Ecomotive	44	60		•	4.6	3.7	4.0	93
1.0 MPI 12V SQ100 Start&Stop	55	75		•	4.6	3.8	4.1	95
1.0 MPI 12V Start&Stop Ecomotive	44	60	•		5.0	3.6	4.1	95
1.0 MPI 12V Start&Stop	55	75	•		5.1	3.7	4.2	98
1.0 MPI 12V Ecofuel (***)	50	68	•		5.5 – 3.6	3.8 – 2.5	4.4 – 2.9	79
Ibiza/SC/ST								
1.2 MPI 12V	44 / 51	60 / 70	•		7.1	4.4	5.4	125
1.4 MPI 16V	63	85	•		8.0	4.7	5.9	139
1.6 MPI	77	105	•		8.4	5.0	6.3	149
1.6 MPI Automatic	77	105		•	7.7 / 7.8	4.8	5.8 / 6.0	139 / 142
1.2 TSI	63 / 77	85 / 105	•		6.5	4.4	5.1	119
1.2 TSI Start&Stop	63 / 77	85 / 105	•		5.9	4.3	4.9	113
1.2 TSI DSG	77	105		•	6.8	4.2	5.2	120
1.4 TSI ACT Start&Stop FR	103	140	•		5.9	4.0	4.7	109
1.4 TSI DSG FR	110	150		•	7.5	5.1	5.9	139
1.4 TSI DSG CUPRA	132	180		•	7.5	5.1	5.9	139
1.2 TDI CR	55	75	•		4.6 / 4.8	3.3 / 3.4	3.8 / 3.9	99 / 102
1.2 TDI CR Start&Stop Ecomotive	55	75	•		4.1 / 4.2	3.0 / 3.1	3.4 / 3.5	88 / 92
1.6 TDI CR	66 / 77	90 / 105	•		5.1 / 5.4	3.6	4.2 /4.3	109 /112
1.6 TDI CR DSG	66	90		•	5.2	3.7	4.3	112
2.0 TDI CR	105	143	•		5.9 / 6.0	3.9 / 4.0	4.6 / 4.7	119 / 123
Toledo								
1.2 Mpi	55	75	•		8.1	4.6	5.9	137
1.6 Mpi	77	105	•		8.9	4.9	6.4	152
1.6 Mpi Automatic	77	105		•	10.2	6.0	7.5	180
1.2 TSI	63 / 77	85 / 105	•		6.5 / 6.9	4.4 / 4.6	5.1 / 5.4	119 / 125
1.2 TSI Start&Stop Ecomotive	63	85	•		5.9	4.3	4.9	114
1.2 TSI Start&Stop	77	105	•		6.3 / 6.4	4.2 / 4.3	5.0 / 5.1	116 / 118
1.4 TSI DSG	90	122		•	7.4	4.8	5.8	134
1.6 TDI CR	66 / 77	90 / 105	•		5.6 / 6.0	3.7	4.4 / 4.6	114 / 120
1.6 TDI CR DSG	66	90		•	5.6	3.9	4.5	118
1.6 TDI CR Start&Stop	77	105	•		4.8 / 4.9	3.4 / 3.5	3.9 / 4.0	104 / 106
1.6 TDI CR Start&Stop Ecomotive	77	105	•		4.5	3.4	3.8	99
Altea/XL/Freetrack								
1.2 TSI Ecomotive	77	105	•		6.9	5.1	5.7	132
1.4 TSI	92	125	•		8.2 / 8.4	5.5 / 5.7	6.5 / 6.7	152 / 155
1.6 BiFuel (****)	75 / 72	102 / 98	•		10.0 / 13.1	6.1 / 7.8	7.5 / 9.8	174 / 159
2.0 TSI DSG (Front/4Drive)	155	210		•	10.4 / 11.0	6.6 / 7.0	8.0 / 8.4	186 / 197
1.6 TDI CR	66	90	•		5.9	4.2	4.8	126
1.6 TDI CR DSG	77	105		•	5.8	4.4	4.9	129
1.6 TDI CR Start&Stop	77	105	•		5.2	4.1	4.5	119
1.6 TDI CR Start&Stop Ecomotive	77	105	•		5.1	3.7	4.2	111
2.0 TDI CR 16V (Front/4Drive)	103	140	•		6.2 / 7.4	4.2 / 5.1	4.9 / 5.9	129 / 155

Model (*) (**)	Power		Gearbox		Consumption (mveg) l/100 km			CO_2 emissions Average (g/km)
	KW	HP	Man.	Aut.	Town	Out of town	Average	
Leon/SC/ST								
1.4 TGI Start&Stop	81	110	•		6.9 / 7.0	4.4 / 4.5	5.3 / 5.4	124 / 126
1.4 TGI Start&Stop (CNG Mode) (***)	81	110	•		6.8m^3 / 6.9m^3	4.4m^3 / 4.5m^3	5.3m^3 / 5.4m^3	94 / 96
1.2 TSI	63 / 81	86 / 110	•		6.5	4.4	5.2	119
1.2 TSI Start&Stop	77	105	•		5.9	4.3	4.9	114
1.2 TSI DSG Start&Stop	77	105		•	5.6 / 5.8	4.4 / 4.5	4.8 / 5.0	112 / 115
1.2 TSI Start&Stop	81	110	•		6.1	4.2	4.9	114
1.2 TSI DSG Start&Stop	81	110		•	5.9	4.3	4.9	112
1.4 TSI Start&Stop	90 / 103	122 / 140	•		6.4 / 6.7	4.3 / 4.6	5.2 / 5.3	119 / 123
1.4 TSI ACT Start&Stop	110	150	•		5.8	4.2	4.7	109
1.4 TSI ACT DSG	110	150		•	5.7 / 5.8	4.1 / 4.2	4.6 / 4.7	108 / 110
1.8 TSI Start&Stop	132	180	•		7.5	4.9	5.9	137
1.8 TSI DSG Start&Stop	132	180		•	7.1	4.8	5.7	132
1.8 TSI DSG Start&Stop 4Drive	132	180		•	8.0	5.6	6.5	150
2.0 TSI Start&Stop	195 /206	265 / 280	•		8.7 / 8.8	5.5 / 5.6	6.6 / 6.7	154 / 157
2.0 TSI DSG Start&Stop	195 /206	265 / 280		•	8.2 / 8.4	5.4 / 5.7	6.4 / 6.6	149 / 154
1.6 TDI CR	66 / 77	90 / 105	•		5.2	3.5	4.1	108
1.6 TDI CR Start&Stop	77 / 81	105 / 110	•		4.5 / 4.6	3.3 / 3.4	3.8	99
1.6 TDI CR DSG Start&Stop	77	105		•	4.6	3.5	3.9	102
1.6 TDI CR Start&Stop Ecomotive	81	110	•		3.8 / 3.9	3.0 / 3.1	3.2 / 3.3	85 / 87
1.6 TDI CR Start&Stop 4Drive	81	110	•		5.5	4.0 / 4.2	4.5 / 4.7	119 / 122
2.0 TDI CR	110	150	•		5.4	4.0	4.4	116
2.0 TDI CR Start&Stop	110	150	•		5.0	3.6	4.1	106
2.0 TDI CR Start&Stop 4Drive	110	150	•		5.8 / 5.9	4.2 / 4.4	4.8 / 4.9	124 / 129
2.0 TDI CR DSG Start&Stop	110	150		•	5.2 / 5.4	4.0 / 4.1	4.4 / 4.5	117 / 119
2.0 TDI CR Start&Stop	135	184	•		5.0 / 5.4	3.7 / 3.9	4.2 / 4.3	109 / 112
2.0 TDI CR DSG Start&Stop	135	184		•	5.5 / 5.7	4.0 / 4.1	4.5 / 4.7	119 / 122
2.0 TDI CR DSG Start&Stop 4Drive	135	184		•	5.6	4.5	4.9	129
Alhambra (*****)								
1.4 TSI Start&Stop	110	150	•		9.2	6.1	7.2	167
1.4 TSI DSG	110	150		•	9.4	6.6	7.6	178
2.0 TSI DSG	147	200		•	11.5	6.6	8.4	196
2.0 TDI CR Start&Stop	85 / 100	115 / 136	•		6.8	4.8	5.5	143
2.0 TDI CR DSG Start&Stop	100 / 103	136 / 140		•	6.9	5.0	5.7	149
2.0 TDI CR Start&Stop Ecomotive	103	140	•		6.8	4.8	5.5	143
2.0 TDI CR 4WD Start&Stop	103	140	•		7.4	5.2	6.0	158
2.0 TDI CR Start&Stop	130	177	•		7.3	5.0	5.8	152
2.0 TDI CR DSG Start&Stop	130	177		•	6.7	5.4	5.9	154

(*) Engines sold in European Union in 2014. Discontinued models not included.
(**) Where different models provide different results, data shown refer to minimum and maximum values.
(***) Consumption (m^3/100km - kg/100km)
(****) Power, consumption and CO_2 emissions: 95 octane petrol / LPG
(*****) CO_2 value for 5-seat model.

SEAT CREDITS

This version sets forth the Management Report, the Auditors' Report and the Annual Accounts of SEAT, S.A. (Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement, Notes and Appendices 1 and 2) for the year 2014, compiled according to the criteria and rules established by Spanish law*.

This version of the Annual Report is a translation of the Spanish original. Once approved by the General Meeting of Shareholders, the Annual Accounts and Management Report will be deposited in the Commercial Registry in Barcelona together with the Auditors' Report. These reports are authoritative.

The Consolidated Annual Accounts of VOLKSWAGEN AG, jointly with its Management Report and Auditors' Certificate will be deposited at the same Registry**.

Approved by the Board of Directors at the meeting of February 13, 2015.

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Balances y Cierres / Comunicación
Autovía A2, Km. 585
E-08760 Martorell
Tel. (+34) 937 08 50 00
Fax (+34) 937 08 55 02
www.seat.com

Design: www.cege.es

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SEAT, S.A.

Balances y Cierres / Comunicación
Autovía A2, Km. 585
E-08760 Martorell
Tel. (+34) 937 08 50 00
Fax (+34) 937 08 55 02