

ŠKODA AUTO Annual Press Conference

Mladá Boleslav, 21/03/2018

Speech by Mr Bohdan Wojnar

Board Member for Human Resources Management

- The spoken word prevails -

Speech manuscript for Mr Bohdan Wojnar

ŠKODA AUTO a.s., 2018 Annual Press Conference

21 March 2018

Slide: 'Introductory picture'

Ladies and Gentlemen, dear Guests,

I would also like to offer you a very warm welcome to the ŠKODA AUTO Annual Press Conference.

2017 was indeed a demanding, yet successful year for Human Resources Management. The year was dominated by developing the Czech plants further, in particular the Kvasiny plant in Eastern Bohemia, and by supporting technical training not only at the Vocational School for Mechanical Engineering at ŠKODA AUTO but all over the Czech Republic. It was also dominated by the preparation of students for the tasks which the current megatrends in the automotive industry entail. I would like to address these topics in the next few minutes too.

Slide: '90 years of vocational training at ŠKODA AUTO'

Last year, ŠKODA AUTO **celebrated 90 years** of vocational training. Since the school's foundation, we have prepared more than 23,000 students for their future careers.

Slide: 'Supporting technical training'

2017 was not only about celebrating the 90-year anniversary of vocational training, it was also the year when the modernisation of the vocational school facilities was completed. Based on a joint memorandum with our social partner, the KOVO union, we have been modernising vocational training since 2014. In total, more than 260 million Czech korunas were invested in this area. As a result, we now have a new robotics centre, multi-purpose hall and language centre. Talented young people are

going to guarantee the future of our company and of our country. And this is another reason why ŠKODA AUTO is also campaigning nationwide for the introduction of dual study courses. As part of our recruitment activities we are also collaborating intensively with universities in the Czech Republic.

Slide: 'Increase in ŠKODA AUTO core workforce'

The increased demand for our products, the expansion of our portfolio and ŠKODA AUTO's sense of responsibility are **also reflected in the employment figures**.

We are employing **the highest number of staff in the company's history**. Since ŠKODA AUTO merged with Volkswagen Group in 1991, we have almost doubled our workforce. Last year alone, **the number of core staff at ŠKODA AUTO increased by 12% to over 31,600**.

Slide: 'Development of the Kvasiny plant'

ŠKODA is currently achieving very good utilised capacity at its factories. And this has led to the **record employment figures** I have just mentioned.

Together with our social partner, we have **safeguarded the future of the Kvasiny plant**. Our colleagues there have done an exceptionally good job over the past twelve months, not least thanks to the support of many colleagues from Mladá Boleslav. You won't find growth similar to that of the Kvasiny plant anywhere else in Europe. However, strong growth always entails many challenges. We have already overcome some of them but we must continue to work on other topics.

In this context, **ŠKODA AUTO is continuously implementing new measures** and is closely liaising with local authorities as well as government representatives and authorities. **We cannot deal with this situation without assistance from the state**.

Slide: 'Safeguarding the future of production'

The automotive industry is experiencing one of the biggest transformations in its history. Large investments are required to meet the standards of the new CO₂ emissions regulations that come into force from 2020. The confirmation that purely electric ŠKODA vehicles will be built here in Mladá Boleslav is an important starting point and a big step for the future of the ŠKODA brand and also for the Czech Republic as a hub for the automotive industry.

Whilst future production must be secured, the development of internal and external infrastructure must also not be ignored. In this respect, we are holding intensive talks with the Czech government, local communities and the KOVO union. Together, we also want to support Mladá Boleslav and the surrounding region and make them even

more attractive. ŠKODA AUTO intends to invest up to 10 million euros each year between 2018 and 2020 in making the Mladá Boleslav region even more appealing. Quality of life, public space and supporting education are the highest priorities for us.

Slide: 'Development of wages'

I am glad that **the company's success is also reflected in the salaries**. The average wage for production staff increased by 10% in 2017. **Not including staff who have worked at ŠKODA AUTO for less than a year**, the average salary even increased by almost 12%.

ŠKODA AUTO is an employer that increases wages in good times as well as in bad times. At the end of 2017, we implemented an important increase for bonus payments. We are currently engaged in collective bargaining once again. We expect a significantly larger increase to the average wage in 2018 than in 2017.

Slide: 'Current challenges facing HR (job market)'

The current challenges in HR management include the situation in the job market and the **high demand for qualified staff** in particular. After years of economic stagnation, the Czech Republic is now experiencing more significant economic growth – a trend that started in 2017. The **number of job seekers is decreasing** rapidly, whilst the **number of job vacancies is increasing**. The problem is being amplified by negative demographic development and low labour mobility.

Slide: 'HR in 2018'

With regard to the current situation in the job market and the changes in the automotive industry, HR is facing four key strategic and operative challenges.

In view of the production of purely electric vehicles, we developed a plan for professional development in the area of e-mobility. Whilst staff skills and competences are being developed step by step, further required automation and robotisation are also taking place.

Company culture is more important for the new generations of employees. Young people want more **responsibility, trust** and – associated with this – a **different management model**. Companies are increasingly using social media to communicate with their potential as well as current employees, and **teams** are becoming more and more **diverse**. Furthermore, there are **new IT solutions** to support the recruitment process and staff management.

Slide: 'Summary'

ŠKODA AUTO is showing **good utilised capacity** and record employment.

With regard to increasing employment, **we are taking future challenges into account.**

The production of electric ŠKODA vehicles in Mladá Boleslav confirms the **Group's trust in ŠKODA AUTO's staff** and represents **an important step forward for ŠKODA AUTO's future.**

ŠKODA AUTO is going to invest in the development of internal and external infrastructure.

I firmly believe that – **on a basis of trusting collaboration and social dialogue – we can continue to count on seizing the opportunities** which are presented to us by the current transformation in the automotive industry.

Thank you for listening!