Volkswagen Touareg
Audi Q7
Audi Q8
Porsche Cayenne
Volkswagen up!
Volkswagen e-up!
SEAT Mii
ŠKODA Citigo
Contents

6 Basic Information about the Company
8 Volkswagen Slovakia Plants
10 Plants in Slovakia
14 Foreword of the Chairman of the Board of Directors
16 Questions for the Volkswagen Slovakia Board of Directors
18 Transform Together
20 Strategy
22 Together & Integrity

Production
26 The year in numbers
28 Volkswagen Touareg
30 Audi Q8
32 Enter the world where the car is made
34 The press room
35 The body shop
36 The paint shop
37 Production of aggregates
38 Assembly halls
39 The cableway
40 The test track
41 Logistics

Personnel
44 Development of Employment Numbers Since 1991
45 Wage Development and Average Wage
46 Volkswagen Slovakia Social Program
50 Dual Education with Volkswagen Slovakia
52 2018 events
54 The Volkswagen Slovakia Foundation
56 The Environment

Finances
60 Karen Kutzner, member of the board of directors for finance
60 The new logistics hall in Martin
61 The largest company in Slovakia, the largest payer of tax
62 Innovation Days
64 Financials
66 Balance sheet
68 Statement of profits and losses
69 Statement of comprehensive profit and losses
70 Statement of changes in equity
72 Cash flow statement
74 Other indicators
76 Report of the independent auditor
**BASIC INFORMATION ABOUT THE COMPANY**

Volkswagen Slovakia, a.s., a joint-stock company, has its registered seat in Bratislava, ul. Jána Jonáša 1. It was established on 7 December 1998 by entry into the Commercial Register of District Court Bratislava I. The primary subject of the business is the production and assembly of vehicles and their parts, the production of gearboxes and components, the production of tools and equipment for the manufacturing of motor vehicles and the production of pressed parts. The company has three plants in Slovakia.

**Company bodies:**

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Supervisory Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Oliver Grünberg</td>
<td>Dr. Arno Antlitz</td>
</tr>
<tr>
<td>Karen Kutzner</td>
<td>Dirk Hornickel</td>
</tr>
<tr>
<td>Eric Reuting</td>
<td>Dr. Andreas Tostmann</td>
</tr>
<tr>
<td></td>
<td>Martin Andreas Rosik</td>
</tr>
<tr>
<td></td>
<td>Zoroslav Smolinský</td>
</tr>
<tr>
<td></td>
<td>Jolana Julkeová</td>
</tr>
</tbody>
</table>

The only shareholder with a 100% share in the basic capital as of 31 December 2018 is the company VOLKSWAGEN FINANCE LUXEMBURG S.A. The company is included in the consolidated financial statements of the company VOLKSWAGEN AG. The company does not have any organizational elements abroad, has no foreign subsidiaries and is not a limited liability company in other accounting units. Since 2008 the company has had a 15-percent share in the basic capital of VOLKSWAGEN GROUP SERVICES, s.r.o., and since 2016 it has also had a 15-percent share in the basic capital of the company Volkswagen Group Real Estate Slovakia, s. r. o. The company is the founder of the Volkswagen Slovakia Foundation, which was registered under number 203/Na-2002/915. In November 2015 the company established, together with MATADOR HOLDING, a.s., a common-interest association of legal entities called the Dual Academy. Upon its establishment, the Bratislava Self-Governing Region and the company Siemens concluded a contract on association in this legal entity. As of 31 December 2018, the share of Volkswagen Slovakia in the common-interest association of legal entities Dual Academy was 46%. In 2018 no change in the structure of ownership shares in the company took place, and there were no other changes in the number and nominal value of shares.
Due to changes in the framework conditions, the Volkswagen Slovakia plant in Košice ended its activities at the end of 2018. It had been preparing Volkswagen vehicles for the Russian market since 2004.
Bratislava plant

The largest Volkswagen Slovakia plant has had the same address for more than 27 years now, in the Bratislava city borough of Devínska Nová Ves, between the Morava River national border and the oldest motorway in Slovakia. The company is a symbol and partner of the region and, at the same time, a modern pulsating industrial centre. Each day thousands of employees arrive here, for whom Volkswagen Slovakia has meant long-term stable employment. For more than a quarter-century the plant has been one of the most modern within the Volkswagen brand and the concern as a whole. Its uniqueness lies in its innovative technologies and complexity. A team of qualified workers manufacture here under one roof the vehicles of five brands as well as gearboxes. The SUVs Volkswagen Touareg and Audi Q7 and Audi Q8 roll off of one production line, and the Porsche Cayenne has rolled of another since autumn 2017. On still another production line small city cars – the New Small Family line of cars – are made. These include the Volkswagen up!, its purely electric version the Volkswagen e-up!, the SEAT Mii and the ŠKODA Citigo. In addition, 6-speed MQ 250 gearboxes are made in Bratislava. Each consists of approximately 360 parts, and they are supplied two production plants of the concern’s brands all around the world.
PLANTS IN SLOVAKIA

Martin plant

The Volkswagen Slovakia plant in Martin grew up 18 years ago in the valley of the Turiec Basin, surrounded by the Fatra Mountains, which employees can see directly from the production hall. Approximately 850 employees work here, making components for gearboxes and motors. These include differential boxes, synchroic rings, coupling shafts, covered 6-speeds and brake discs. The product portfolio in the Martin plant expanded in 2017 by the production of gear rings for differentials. Components for motors began being made in 2016, which required an investment of some 400,000 euro. Thus, six types of cam shafts for V6 and V8 motors were added to the product portfolio.

In the Martin plant produced components are assembled into more than 60 models of the Volkswagen SUVs, Audi, SEAT, ŠKODA and Porsche brands.

More than 90% of production is aimed at the concern’s plants in Germany, predominately in Kassel. The remaining portion of production is used for transmissions by the Volkswagen Slovakia plant in Bratislava. Overall, tens of millions of components are made annually here.

Stupava plant

Volkswagen Slovakia’s newest plant is the Machine Shop in Stupava, only a few minutes away from the Bratislava plant by car. It opened in 2014, and employees here specialize in the making of tools for automotive production. Its product portfolio includes welding pliers, robotic grippers and various preparations and protective equipment. The products of the Machine Shop are intended for export to the whole world.

In an effort to take advantage of the synergic effects in the field of 3D printing at Volkswagen, the 3D printer from the Stupava plant was moved to Wolfsburg at the end of 2018.
Dear ladies and gentlemen,

At the beginning of 2019 I took on the function of Chairman of the Board of Directors at Volkswagen Slovakia and member of the Board of Directors for the Technical Area. My aim is, through the experience of our multi-brand vehicle plants under one roof, to contribute to the creation the proper framework conditions and to strengthen the trust of the concern’s brands in our company. We want to continue to be a reliable partner for them and to maintain our competitiveness in the application of new products that will secure the company’s future.

The company has long and successful start-up periods behind it – these were a primary topic in 2018. Despite the high technical demands, the involved team in Bratislava managed them successfully. The alpha and omega is now to concentrate on the primary role – serial production. We need to draw on the experience we’ve acquired, optimize processes and focus on increasing efficiency. Ensuring the future for the company is crucial, as this is the only way to provide job security for our employees.

Volkswagen Slovakia has provided jobs for thousands of people for 28 years now, and it duly respects and cares for its employees. Not only by paying the highest wages in the automotive industry in Slovakia, but also with its extensive social program. The company sets aside millions of euros for this every year, and our goal is to be competitive and efficient, so that we can ensure such conditions in the future, too.

I’d like to thank our entire team of colleagues, suppliers and partners for a successful year.

Dr. Oliver Grünberg
Chairman of the Board of Directors and Member of the Board of Directors, Technical Area
The year 2018 at Volkswagen Slovakia was marked by the launch of the new third generation Volkswagen Touareg and the completely new Audi Q8, which we successfully brought to the finish line. In recent years, a great deal has been invested in the technical capabilities of the assembly lines, which we must fully take advantage of now. In order to enjoy success in the future, we must set daring goals in terms of efficiency and continually work on them.

We have met the challenges of the labour market and have hired hundreds of additional employees to our team. Extensive recruiting in recent times was associated with the launch of new products, which we successfully brought to the finish line. In line with the growth in the number of personnel, we have further expanded our services in the area of care for our employees. Now is the time to focus on improving efficiency. We are a great team, and we want to prove that we deserve the production of a new model.

We again defended the position of the largest automotive producer in Slovakia, while we produced even more vehicles than in the previous year. We invested an additional 180 million-plus euro. In the ranking of the largest companies in Slovakia, according to the renowned economic magazine Forbes, we once again, as in the previous year, found ourselves at the top. Year 2018 was challenging as a whole, and in the second half of the year we intensified our work with costs. It’s important that we take this route in the future, too.

After a phase of high investment in recent years, the time has come to stabilize production and use these investments for efficient serial production. This also requires optimization of costs, which we are approaching systematically. Further, we want to build top cars for top costs and work on improving our position within the concern, so that Volkswagen Slovakia can operate in Slovakia for decades to come.
TRANSFORM.TOGETHER is a new production strategy for the Volkswagen brand, the aim of which is to raise plant productivity by 30% by 2025. This goal is associated with the transformation of the concern to electric car production, which will require investment. For such investments to take place, it's essential to create the needed resources. It is an increase in productivity that plays a vital role in this – the aim is not to make production faster, but leaner and more efficient. Thus, the company will build a competitive position over the long-term compared to other automobile manufacturers on the market.

TRANSFORM.TOGETHER at Volkswagen Slovakia

The positive effects of increasing local efficiency also include improving the position of Volkswagen Slovakia as a plant for acquiring new products. One of the principle criteria for model allocation is whether the production of a vehicle at a given plant pays off, while maintaining high quality. Higher efficiency will also, among other advantages, help a plant secure jobs for the future. It is therefore important to take steps to limit waste and reduce additional work and excess costs.

Several activities will contribute to the strategy’s fulfilment, thanks to which Volkswagen Slovakia is a model for the concern’s other plants.

Primary goals:

- Increasing productivity by 30% by 2025, thus ensuring the concern’s competitiveness in the future.
- Efficient plant utilization – in particular, the merging of family vehicle models into individual plants – should bring more efficiency. An important criterion is the usability of already existing lines and equipment, with the product portfolio of models built on the same platform being the advantage.
- Reducing the environmental impact of production by 45% by 2025 (based on 2010 values).
- A high degree of flexibility is also an important consideration.

"Increasing productivity of the plants by 30% by year 2025"

Regular KVP workshops

By focusing on lean production, the company will actively prevent waste, additional or non-ergonomic work, and unnecessary costs.

3P workshops

The company ensures efficiency in them at the start-up phase, which has a major impact on the functioning of serial production. Its reliability is important for brands in long-term planning.

Ideas Management

Innovators who share in the streamlining of production at Volkswagen Slovakia are expected to receive a financial bonus of up to 10,000 euro.

Innovative improvements in ergonomics

Volkswagen Slovakia also inspires other plants with such improvements (for example, exoskeletons).
Our mission
As a motivated and strong team, we produce innovative products in Slovakia for demanding customers around the world.

Our vision
Successfully into the future

People
We are the TOP employer with the best team and a large deployment in Slovakia.

Start-up
At the start of each new product, we satisfy all the requirements at a 100% level: deadlines, quality and costs.

Series
We are continually improving our processes, so that in the future we can make even more innovative products of a higher quality.

Economy
We are working on reducing costs for the production of each vehicle and component.
Together4Integrity is the largest integrity and compliance program in the history of the Volkswagen Group. It combines already existing activities with new initiatives from the five ECI (Ethics & Compliance Initiative) principles. The goal of the program is to commonly achieve excellence in the areas of integrity and compliance. Integrity means doing things right, even when no one is looking. Behaving in line with integrity is as important to Volkswagen as product quality, financial indicators and customer satisfaction. Compliance is characterised by the harmony of rules, internal guidelines, ethical principles as well as own values.

Together4Integrity is based on 5 ECI principles

1. Strategy
   Integrity and compliance are keys for the business strategy.

2. Risk management
   Risks in the areas of integrity and compliance must be identified, managed, controlled and minimized.

3. Culture of integrity
   Managers at all levels of company management create and maintain a culture of integrity.

4. Open communication
   The organization supports, protects and values the reporting of fears and suspicions of incorrect activities.

5. Responsibility
   In the case of incorrect activities, the company bears responsibility and will take corrective measures.

NEW PRINCIPLES OF THE CONCERN

We are proud of the results of our work.
We are committed to sustainable products and quality. We make an important contribution to the company’s success. We act with passion, conviction and efficiency. We are proud of what we do and how we do it.

We take responsibility for the environment and society.
We are part of society. We take on social responsibility. We care about the environmental performance of our products and processes and improve them every day.

We live with diversity.
We are different and thus unique, yet we are part of one team. We’re open. To other ways of thinking. To new experiences and solutions. We expect mutual respect as equal partners.

We are straight and speak openly about what is wrong.
We do the right thing from internal convictions. Even when nobody is watching. We respect hierarchy, but this doesn’t prevent us from giving our opinion. We listen to one another, and together we look for the best solution.

New is not strange for us.
Boldly and bravely. We are innovative. We open up new dimensions. We are people of action. We are able to leave the old behind and think of the new. We are creating the mobility of tomorrow.

We keep our word.
We can be relied upon. We do what we say. And we say what we do. Openly. Honestly. We keep our promises. As a group we are gaining back our lost trust.

We instead of I.
As part of a global concern, we work together to support one another. As one team, we share in the achieving of common goals.
THE YEAR IN NUMBERS

In 2018 Volkswagen Slovakia confirmed its position as the largest producer of vehicles in Slovakia. A total of 408,208 vehicles from five brands rolled off the assembly lines of the Bratislava plant. More than 60% of production was made up of the SUV Volkswagen Touareg models, the Audi Q7, Audi Q8 and the Porsche Cayenne. The share of New Small Family (NSF) vehicles, represented by the Volkswagen up!, Volkswagen e-up!, the SEAT Mii and the ŠKODA Citigo models, accounted for nearly 40% of production. In addition to automobiles, 383,640 gearboxes were made at the Bratislava plant, and 33.6 million components were produced in Martin, and nearly 9,750 tools for production in Stupava.

In 2018 the company achieved sales of 10.38 billion euro and a pre-tax profit of 300.8 million euro. Investments achieved 180.5 million euro, which in the overall sum from the origin of the company in 1991 now totals more than 4.5 billion euro. The volume of purchases for production of vehicles, gearboxes and other components represented a sum of 8.7 billion euro in 2018. The highest share, on a level of 34.4% were in products from German suppliers, followed by Slovak suppliers (29.1%) and Hungarian (16.6%) suppliers. Volkswagen Slovakia exported 99.7% of the automobiles it made from Slovakia. The largest export markets by sales were China (22%), the USA (18%) and Germany (14%).

The achieved numbers are the results of past decisions. The company must increase its competitiveness in the future with efficiency and stability.

In 2018 Volkswagen Slovakia confirmed its position as the largest producer of vehicles in Slovakia. A total of 408,208 vehicles from five brands rolled off the assembly lines of the Bratislava plant. More than 60% of production was made up of the SUV Volkswagen Touareg models, the Audi Q7, Audi Q8 and the Porsche Cayenne. The share of New Small Family (NSF) vehicles, represented by the Volkswagen up!, Volkswagen e-up!, the SEAT Mii and the ŠKODA Citigo models, accounted for nearly 40% of production. In addition to automobiles, 383,640 gearboxes were made at the Bratislava plant, and 33.6 million components were produced in Martin, and nearly 9,750 tools for production in Stupava.

In 2018 the company achieved sales of 10.38 billion euro and a pre-tax profit of 300.8 million euro. Investments achieved 180.5 million euro, which in the overall sum from the origin of the company in 1991 now totals more than 4.5 billion euro. The volume of purchases for production of vehicles, gearboxes and other components represented a sum of 8.7 billion euro in 2018. The highest share, on a level of 34.4% were in products from German suppliers, followed by Slovak suppliers (29.1%) and Hungarian (16.6%) suppliers. Volkswagen Slovakia exported 99.7% of the automobiles it made from Slovakia. The largest export markets by sales were China (22%), the USA (18%) and Germany (14%).

The achieved numbers are the results of past decisions. The company must increase its competitiveness in the future with efficiency and stability.

In 2018 Volkswagen Slovakia confirmed its position as the largest producer of vehicles in Slovakia. A total of 408,208 vehicles from five brands rolled off the assembly lines of the Bratislava plant. More than 60% of production was made up of the SUV Volkswagen Touareg models, the Audi Q7, Audi Q8 and the Porsche Cayenne. The share of New Small Family (NSF) vehicles, represented by the Volkswagen up!, Volkswagen e-up!, the SEAT Mii and the ŠKODA Citigo models, accounted for nearly 40% of production. In addition to automobiles, 383,640 gearboxes were made at the Bratislava plant, and 33.6 million components were produced in Martin, and nearly 9,750 tools for production in Stupava.

In 2018 the company achieved sales of 10.38 billion euro and a pre-tax profit of 300.8 million euro. Investments achieved 180.5 million euro, which in the overall sum from the origin of the company in 1991 now totals more than 4.5 billion euro. The volume of purchases for production of vehicles, gearboxes and other components represented a sum of 8.7 billion euro in 2018. The highest share, on a level of 34.4% were in products from German suppliers, followed by Slovak suppliers (29.1%) and Hungarian (16.6%) suppliers. Volkswagen Slovakia exported 99.7% of the automobiles it made from Slovakia. The largest export markets by sales were China (22%), the USA (18%) and Germany (14%).

The achieved numbers are the results of past decisions. The company must increase its competitiveness in the future with efficiency and stability.
**The legend continues**

Embodying the Volkswagen brand’s ideas in design matters, technology and driving dynamics – the 3rd Generation Volkswagen Touareg began writing another chapter in its successful history. It has been produced in Bratislava since 2002. The new model, like its previous generations, satisfies the demands of the most demanding customers.

The new characteristics of the car have also led to the modification of a new generation of production processes. For example, due to the use of aluminium in the manufacture of some chassis components and the associated reducing of the body weight by 106 kg, their production has already been integrated into the already existing production of other more modern chassis. It is there that different materials, such as, steel, high-strength steel and aluminium sheeting, castings and profiles, are joined together in the vehicle body. With this joining of individual parts, subgroups and groups, modern joining technologies, such as riveting, RES or FDS (flow drill screwing), are used.

A set of innovative assistance systems gives the Volkswagen Touareg a maximum measure of safety and comfort. This includes one of the largest digital instrument cockpits in its class (the so-called Innovision Cockpit), or large touchscreen infotainment. With this connectivity, it has also become a direct Internet hub.

The drive mechanism, air suspension, steered rear axle, adaptive shock absorbers and a new item – electromechanically adjustable stabilizers (eAWS) – ensure safe and dynamic driving. The Volkswagen Touareg model series can certainly be labelled as very successful. The vehicle has proven itself under all variety of conditions – on city roads and rally tracks, and it has even celebrated success at the renowned Dakar Rally.

---

**From Bratislava to Beijing in 21 days: Volkswagen Touareg went to the world premiere on its own**

On 1 March 2018, a camouflaged 3rd generation Volkswagen Touareg set off from the plant in Bratislava-Devínska Nová Ves for a 3-week trip to the world premiere in China. Behind the wheel of the new SUV was Rainer Zietlow, a German long-haul record-holding driver. After the start in the capital of Slovakia, the new Volkswagen Touareg ran its first tens of kilometres along the roads of Austria to Vienna. From there it then headed to Poland, and after a stop in the Volkswagen factory in Poznan, it burned through Lithuania, Latvia and Estonia to Russia. In the largest country in the world, where it visited both St. Petersburg and Moscow, among other locations, it made the most of the kilometres. It then arrived in Beijing in time, after passing through Kazakhstan and Mongolia. Whether in the snowy Russian taiga, on pure Lake Baikal ice or windy Mongolia – even in these conditions the crew was not afraid and continued to its world premiere in China without slipping. On some days Rainer covered more than a thousand kilometres and spent 18 hours a day in the car. For 21 days, the Volkswagen Touareg travelled as many as 16,500 kilometres in 11 European and Asian countries at temperatures ranging from -23 to +21 degrees Celsius.
The Audi Q8 is the latest addition to the product portfolio. Following the Porsche Cayenne and Volkswagen Touareg models, the assigning of this project again was a demonstration of the trust of the concern and the brand in the capable workers of Volkswagen Slovakia. To enable the production of a new model at the plant in Bratislava, investments were approved for the overall product, thanks to which the optimal conditions for efficient production and optimal working conditions for the employees were created.

The new model represents the next stage of evolution compared to the Audi Q7 in terms of driving assistance systems and driving dynamics. In the manufacturing process, several challenges needed to be met: to successfully implement a technologically demanding window assembly in the frameless doors, to meet the high quality requirements for rear fitting of the rear lighting and bonnet, and to integrating complex electronic systems into the vehicle.

The Audi Q8 combines two worlds – a five-door coupé and a versatile large SUV. The spacious interior with variable luggage space, state-of-the-art controlling technology and chassis technology, as well as the intelligent assistance systems make the Audi Q8 truly the “eighth wonder” of the world of cars. It has a remarkable performance for such a large vehicle, incorporating the highest safety features, and the level of its driver assistants is current and on the highest possible level. With a permanent all-wheel drive and ground clearance of up to 254 millimetres, it raises the bar between premium vehicles of this type a little higher.

The eighth wonder of the world from Bratislava
ENTER THE WORLD WHERE THE CAR IS MADE

Precise choreography elaborated to the smallest detail, each step precisely applied and in tune with the next one. A perfect symphony of all elements and components, and all with a love for the details. This is the production of cars at Volkswagen Slovakia.

Volkswagen/Audi Segment

Porsche Segment

New Small Family Segment
THE PRESS ROOM

The place where steel and aluminium are pressed. The building is 23 metres tall at its highest point. Its heart is the press itself, which is currently the strongest in the whole Volkswagen concern, with a total pressing force of 91,000 kN. For a better idea: this is how much pressure would occur if 4,245 Volkswagen Touaregs were piled on top of one another. Theoretically, such a tower would be 7 km high. The capacity of the press is up to 13,680 strokes per day. There are two cranes in the hall for transporting heavy pressing instruments. Exterior aluminium facing parts are predominately made here.

THE BODY SHOPS

Vehicle bodies for SUV and small city vehicles are produced in them. Volkswagen Slovakia is the leader in the field of state-of-the-art joining technologies; a vehicle body originates in a process of joining aluminium and steel. Hundreds of robots are deployed for this purpose. As many as 220 body parts are welded, glued, soldered, screwed, riveted or joined by pressing.
THE PAINT SHOP

A modern and ecological paint shop, where the vehicle bodies get their colour. Tens of serial colours are applied on three separate lines. But that’s not all. The customer can choose the colour of the vehicle, for example, according to his necktie. Thus, the name “necktie” colours, whose number is unlimited. Each vehicle has four or five layers of varnish, which together have an average thickness of one human hair.

PRODUCTION OF AGGREGATES

On the production lines the axle frames are welded, the front and rear axles are assembled and finally the whole chassis is built. In Bratislava the 6-speed MQ 250 units are also manufactured. From there, they are exported to the whole world, as are the two types of gearbox differentials. Volkswagen Slovakia in Martin supplies a portion of the components for the production of gearboxes and differentials.
ASSEMBLY HALLS

The unique atmosphere of vehicle construction. In two halls, 7 models are produced for 5 brands. The individual vehicle parts are joined here, like thousands of pieces of a jigsaw puzzle, into a masterpiece. The painted bodies come from the paint shop, and they are finished on both the inside and outside in the assembly process. The parts are delivered to the line “Just-in-time”, that is, at the exact point when they are to be mounted in the vehicle. Not a minute early and not a minute late.

THE CABLEWAY

After completion of assembly and the first test in the assembly hall, the vehicles are taken by a cableway to the test track. The cableway is 452 m long and moves at a speed of 8 km/h. A vehicle placed on one of eight gondolas travels approximately 4.5 minutes from one station to the next. The horizontal incline reaches 4 m, which is unique regarding standard cableways used for such complicated inclines.
After completion of assembly and first tests in the assembly hall, the vehicles are moved to the test track. There are two in the Bratislava plant: a new 2.5 km long track for Porsche Cayenne cars was added to the existing one, where the cars are taken by a cableway. On the tracks, drivers test the functionality, acoustics and behaviour of the vehicle on different types of surfaces and at different speeds.

Hundreds of trucks daily import components, which must be directed to the right locations. The necessary material is imported not only in the required amounts but is also prepared in the order in which it will be mounted. This saves storage space and relieves the work of employees. In the whole of logistics there is the support of self-driving conveyor systems – driverless wagons. They are driven by using magnetic strips on the floor; they have an electric drive and make almost no noise when moving. With one exception, that is: they play classical music to alert their presence and to avoid thus collisions.
Average monthly earnings = Ø paid wage costs per tariff employee, i.e. Ø tariff class, shift/risk overtime bonuses, group and personal assessment, one-off payments (holiday/Christmas bonus, bonus for economic result, one-off payments from the Collective Agreement)

**Average monthly income at Volkswagen Slovakia**
(not including management)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Monthly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>744.50 eur</td>
</tr>
<tr>
<td>2010</td>
<td>1,216</td>
</tr>
<tr>
<td>2011</td>
<td>1,368</td>
</tr>
<tr>
<td>2012</td>
<td>1,469</td>
</tr>
<tr>
<td>2013</td>
<td>1,548</td>
</tr>
<tr>
<td>2014</td>
<td>1,686</td>
</tr>
<tr>
<td>2015</td>
<td>1,750</td>
</tr>
<tr>
<td>2016</td>
<td>1,798</td>
</tr>
<tr>
<td>2017</td>
<td>1,804</td>
</tr>
<tr>
<td>2018</td>
<td>1,854</td>
</tr>
</tbody>
</table>

**Average monthly wage in the national economy (source: ŠÚSR)**

Wage increases in 2018
- from 1 January by 4.7%
- from 1 November by 4.1%
A record 35 million euro for the 13th and 14th pay packet

Practically since the beginning of its operation in Slovakia, Volkswagen Slovakia has been voluntarily paying employees a 13th and 14th salaries, together with the June or November wages. Year 2018 was historic in this respect: the company paid the highest total for the 13th and 14th salaries in its history – well over 35 million euro.

Bonus for the business results

This is a reward paid at the beginning of May to all employees as part of the April pay packet. The amount of remuneration depends on the management of Volkswagen Slovakia in the previous year. The minimum total bonus is guaranteed at an average of € 250 per employee and depends on its tariff class. The average such bonus for the 2018 economic result was 1,630 euro.

More contracted transport lines

Volkswagen Slovakia provides its employees with bus services to work and home. Contracted lines cover routes in Bratislava as well as the wider area around 140 kilometres from the capital. The number of lines outside Bratislava increased to 42 in 2018. The employer covers almost 70% of the cost of each trip.

Five hostels in Bratislava

Volkswagen Slovakia provides accommodation for employees from more distant regions who are unable to get to work daily. They have the opportunity to use one of five Bratislava contracted hostels, in which the company pays part of the monthly accommodation costs under the social program.

Upon the birth of a child 400 euro

For employees who have become parents, the company grants a childbirth allowance of 400 euro. If both parents work at Volkswagen Slovakia, then mum and dad both will get the allowance. The company also provides a childcare allowance for a child under the age of 4 at a private facility or better priced at selected children’s nurseries. Older children are eligible for contributions to children’s camps in Slovakia and abroad.

St. Nick’s show

Every year, Volkswagen Slovakia prepares an attractive St. Nicholas day program for the children of employees. There are also packages of sweets and older children get movie tickets.

Unique nursery school notebooks

With the upcoming school year approaching, the company is preparing a set of notebooks for all schoolchildren in a unique, illustrated vehicle-inspired design. It will be given to every child of an employee attending primary or secondary school. There is a version for smaller children as well as for older schoolchildren.

Additional free days

As part of a broad social program, the company provides the following days off: wedding day off, moving day, for a dad upon childbirth, time off for women working on night shifts, first day of school for mothers with a child up to 12 years old, a quarterly day off for single parents and one parent if both are employed at Volkswagen Slovakia.
Comprehensive physical check-up

Volkswagen Slovakia provides employees with a voluntary health benefit program check-up once every two years. This is a comprehensive preventive medical examination, including broader laboratory examinations of biological material, an objective physical examination, a functional examination of the lungs, hearing and vision, including peripheral vision, a supportive-musculoskeletal examination, a rehabilitation examination, electrocardiogram and, for those older than 40, a preventive examination for the presence of faecal blood. In 2018, more than 2,000 associates underwent this check-up.

Rehabilitation stays

Volkswagen Slovakia supports not only holidays at home or abroad, but also by means of rehabilitation stays. An employee can choose from a wide range of spa facilities and wellness hotels in Slovakia.

Dental clinic

A dental clinic is also available to employees at the polyclinic in the immediate vicinity of the Volkswagen Slovakia plant. Some procedures there are paid directly from the social fund.

Free Blood Donation Benefit

Regular blood donors are entitled to a financial contribution after obtaining any of the honorary plaques. An employee is entitled to one use of a motivation vehicle for a weekend in the year of acquiring a Gold Plaque, Diamond Plaque or the Kňazovický Medal.

→ Bronze plaque: 100 €
→ Silver plaque: 130 €
→ Gold plaque: 180 €
→ Diamond plaque: 230 €
→ Kňazovický medal: 280 €

Supplementary pension savings

Employees are entitled to an employer’s contribution to the third pillar of the pension system. The condition is that those wishing to make this claim must contribute at least 0.25% of their gross wage to the savings themselves.

Contribution, performance and a valuable gift upon an anniversary

Employees who celebrate work anniversaries at Volkswagen Slovakia are entitled to a one-time financial contribution depending on the length of employment: from 350 to 1,500 euro. For those celebrating their 15th, 20th and 25th anniversary of work, a special event takes place every year. In recent years, this was a performance at the Slovak National Theatre, which the celebrants could attend with their partner. A part of the company’s gratitude for years worked is also a valuable gift (a commemorative wrist watch).

Holidays abroad

Volkswagen Slovakia offers employees the opportunity to use a holiday allowance abroad once every two years. This is 300, 500 or 700 euro depending on marital status.

Hockey league

Volkswagen Slovakia supports the company hockey league and covers the whole year financing of ice rinks for league games and tournaments.

Football league

Football fans can get involved in the corporate football league. The winning team will secure a seat in the Slovak-wide company tournament in small football.

Comprehensive physical check-up

Volkswagen Slovakia provides employees with a voluntary health benefit program check-up once every two years. This is a comprehensive preventive medical examination, including broader laboratory examinations of biological material, an objective physical examination, a functional examination of the lungs, hearing and vision, including peripheral vision, a supportive-musculoskeletal examination, a rehabilitation examination, electrocardiogram and, for those older than 40, a preventive examination for the presence of faecal blood. In 2018, more than 2,000 associates underwent this check-up.

Rehabilitation stays

Volkswagen Slovakia supports not only holidays at home or abroad, but also by means of rehabilitation stays. An employee can choose from a wide range of spa facilities and wellness hotels in Slovakia.

Dental clinic

A dental clinic is also available to employees at the polyclinic in the immediate vicinity of the Volkswagen Slovakia plant. Some procedures there are paid directly from the social fund.

Free Blood Donation Benefit

Regular blood donors are entitled to a financial contribution after obtaining any of the honorary plaques. An employee is entitled to one use of a motivation vehicle for a weekend in the year of acquiring a Gold Plaque, Diamond Plaque or the Kňazovický Medal.

→ Bronze plaque: 100 €
→ Silver plaque: 130 €
→ Gold plaque: 180 €
→ Diamond plaque: 230 €
→ Kňazovický medal: 280 €

Supplementary pension savings

Employees are entitled to an employer’s contribution to the third pillar of the pension system. The condition is that those wishing to make this claim must contribute at least 0.25% of their gross wage to the savings themselves.

Contribution, performance and a valuable gift upon an anniversary

Employees who celebrate work anniversaries at Volkswagen Slovakia are entitled to a one-time financial contribution depending on the length of employment: from 350 to 1,500 euro. For those celebrating their 15th, 20th and 25th anniversary of work, a special event takes place every year. In recent years, this was a performance at the Slovak National Theatre, which the celebrants could attend with their partner. A part of the company’s gratitude for years worked is also a valuable gift (a commemorative wrist watch).

Holidays abroad

Volkswagen Slovakia offers employees the opportunity to use a holiday allowance abroad once every two years. This is 300, 500 or 700 euro depending on marital status.

Hockey league

Volkswagen Slovakia supports the company hockey league and covers the whole year financing of ice rinks for league games and tournaments.

Football league

Football fans can get involved in the corporate football league. The winning team will secure a seat in the Slovak-wide company tournament in small football.

Our aim is to be competitive and efficient so that we are able to ensure such conditions for the future, too.

29.4 million euro

Volkswagen Slovakia spent on its social program in 2018
Dual Academy

In September 2018, the Private Secondary Vocational School Dual Academy opened its doors for the third time. In the 2018/2019 school year, 91 freshmen who have a contract with Volkswagen Slovakia started to attend these five branches:

- machinery and equipment mechanic
- tool-fitter mechanic
- mechatronic mechanic
- electrical mechanic
- automatic systems mechanic


Their older classmates – 86 second-year and 79 third-year students – can share their experiences with dual education with them. For the first time, in academic year 2018/2019, third-year students are participating in practical training directly in the Volkswagen plant in Bratislava in the form of vocational training under the guidance of five main instructors. The theoretical knowledge and practical knowledge acquired from the first two years are being improved and expanded directly in the real world of production.

WHAT IT OFFERS:

- secondary school dual-level secondary education
- in addition to the school-leaving certificate, a certificate of apprenticeship and an internationally valid certificate of the Slovakia-Germany Chamber of Commerce and Industry – proof of professional competence
- emphasis on the practical part of the teaching, connecting theory with practice
- a training hall equipped with the latest robots and technologies
- specialized classrooms
- free education
- accommodation or a travel allowance
- corporate scholarship and productive work bonus

Professional bachelor’s degree

Additional nine students were added during the academic year 2018/2019 to the successful graduates of the first year of professional-oriented bachelor study in the automotive industry, a pilot project of Volkswagen Slovakia and the Faculty of Mechanical Engineering of the Slovak University of Technology in Bratislava.

WHAT IT OFFERS:

- a 4-year undergraduate study program Operational Technician for Transport and Production Technology at FME STU in Bratislava
- after the successful launch of the pilot project, the FME STU was the first in Slovakia to be accredited for a professional-oriented study program
- after completion, the obtaining of a bachelor’s degree (Bc.)
- half of the study consists of practice in Volkswagen Slovakia (the first two years of practice during the summer holidays, in the third year work on specific tasks and projects with a mentor in Volkswagen Slovakia as well as in Volkswagen abroad)
- opportunity to use the acquired experience in the creation of a final bachelor thesis
- scholarship (more information on the Web page: www.profesijnybakalar.sk)
An expression of solidarity on Daffodil Day

The unique 22nd year of the Slovak-wide Daffodil Day collection was held on Friday, 13 April, in Volkswagen Slovakia, but also in front of the Old Market Hall in Bratislava, where the urban project up! city is based. Volunteers pinned daffodils – a flower of hope – on those who made donations. The Anti-Cancer League helps to improve and better the lives of thousands of cancer patients and their nearest and dearest, while also cooperating with healthcare facilities throughout Slovakia. The Volkswagen Slovakia Foundation and DHL Exel Slovakia doubled the contributions made at the plants and at up! city. The total of the donated sums added up to 14,000 euro.

Volkswagen up! for the Red Nose

The Volkswagen Slovakia Foundation donated a Volkswagen up! with the original label to representatives of the civic association Červený nos (Red Nose). Health clowns have been bringing laughter and fun to hospitals throughout Slovakia for years now. The aim of their activity is to put a smile on the faces of the children and thus promote their psychological well-being and contribute to improving their health, sparing them tension and fear.

Helping children patients

Modern technologies are important for the production of vehicles at Volkswagen Slovakia. However, they are also exceptionally important in the medical field. Thanks to the Volkswagen Slovakia Foundation, young patients from the National Institute of Children’s Diseases get even better care at the Kramáre hospital in Bratislava. By joining forces with the company Siemens, the company provided the hospital with a new high-end portable ultrasound and also support the restoration of the radiological departments, so that the children patients feel more comfortable.

Family day

A brilliant atmosphere, weather as if made to order, an electrifying light show, a production hall tours, off-road and test drives, musical performances and a rich program for young and old alike. That was Sunday, 9 September, the day of the Volkswagen Slovakia Family Day, which was a big thank you to thousands of employees, their families and loved ones, for the successful launching of three SUV models.

Rental housing

Volkswagen Slovakia is developing activities and seeking an optimal financing model in the area of private rental housing for employees in a standard flat. The aim of the project is to keep current employees on staff and to support mobility within Slovakia. Moving for work would be possible from any part of the country with the whole family.

2018 EVENTS
Since 2015, the foundation has helped to create 20 nature trails and overall supported up to 141 eco-themed projects. In addition to education at primary schools, they have encouraged various volunteer activities with the aim of improving their surroundings.

**ECOLOGY**
132,000 €

The foundation has provided accredited training courses for the teaching of technology to more than 500 teachers from nursery school, and aids for equipment and furnishings for laboratories at universities. It also supported interactive teaching at secondary vocational schools, teacher training and competitions, such as hydrogen-car racing.

**SUPPORT OF TECHNOLOGY**
1,322,000 €

The foundation has supported dozens of projects and creative competitions to support disadvantaged children and children in orphanages in order to provide them with the necessary education, rehabilitation or vehicles to facilitate their activities. To increase health protection and prevention, healthcare facilities have been gifted top-notch instruments.

**CHILDREN – OUR FUTURE**
820,000 €

One of the most popular grant programs has been operating since 2010. Through more than 770 projects of Volkswagen Slovakia employees, the foundation has supported volunteering and community involvement across Slovakia.

**EMPLOYEE PROJECTS**
738,000 €

In Stupava, the foundation opened the first public traffic playground in Slovakia (4,200 m²). Since 2012, the grant program Safe on the Road has brought more than 130 projects for the support of traffic education. In addition, up to 143 schools have been involved in online traffic education competition.

**TRAFFIC EDUCATION**
637,000 €

The foundation has supported dozens of projects and creative competitions to support disadvantaged children and children in orphanages in order to provide them with the necessary education, rehabilitation or vehicles to facilitate their activities. To increase health protection and prevention, healthcare facilities have been gifted top-notch instruments.

**SUPPORT OF TECHNOLOGY**
1,322,000 €

The foundation has provided accredited training courses for the teaching of technology to more than 500 teachers from nursery school, and aids for equipment and furnishings for laboratories at universities. It also supported interactive teaching at secondary vocational schools, teacher training and competitions, such as hydrogen-car racing.

**EDITORIAL**

The focus of its programs is in the field of education. It supports innovative learning projects and emphasizes education for young people. It also carries out creative projects for children’s home every year. Since its origin, the foundation has supported more than 1,550 projects with up to 5.8 million euro.

**EDUCATION IN GERMAN**
1,504,000 €

Based on the success of the pilot program of teaching German at the state nursery school in Bratislava, the concept was extended to Martin and to a primary school in Bratislava. Through the projects Experimenting in German or German into Nursery Schools, the teaching of this foreign language is spreading from an early age to other regions.

**KNOWLEDGE ISLANDS**
100 kiosks in schools

This unique project started in 2017. It represents a form of modern and innovative education at Slovak primary schools. It brings a great amount of knowledge, materials and interactive functionalities to all corners of Slovakia. Thanks to the created application, the program was awarded a National Career Guidance Award.

**ECOLOGY**
132,000 €

Since 2015, the foundation has helped to create 20 nature trails and overall supported up to 141 eco-themed projects. In addition to education at primary schools, the teaching of this foreign language is spreading from an early age to other regions.

**EDUCATION IN GERMAN**
1,504,000 €

Based on the success of the pilot program of teaching German at the state nursery school in Bratislava, the concept was extended to Martin and to a primary school in Bratislava. Through the projects Experimenting in German or German into Nursery Schools, the teaching of this foreign language is spreading from an early age to other regions.

**KNOWLEDGE ISLANDS**
100 kiosks in schools

This unique project started in 2017. It represents a form of modern and innovative education at Slovak primary schools. It brings a great amount of knowledge, materials and interactive functionalities to all corners of Slovakia. Thanks to the created application, the program was awarded a National Career Guidance Award.
THE ENVIRONMENT

The goal Think Blue. Factory. fulfilled for 2018

Year 2018 was marked by the achievement and evaluation of the environmental protection strategy Think Blue. Factory.

Think Blue. Factory. is a strategy for the sustainable production of automobiles and components. Volkswagen Slovakia uses resources more efficiently through the implementation of organizational measures and projects employing the latest equipment and technologies. At the same time, it relies on permanent product quality, the use of state-of-the-art technology and, last but not least, qualified and committed employees.

The company measures the reduction of environmental impact through the Think Blue. Factory. strategy by means of five basic indicators: energy and water consumption, waste production, and emissions of CO₂ and volatile organic compounds (VOCs).

The goal by 2018 was to reduce the environmental burden on the vehicle produced by 25% compared to 2010, which was achieved.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Amount per vehicle made</th>
<th>2010</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>kWh/vehicle</td>
<td>3080</td>
<td>1490,26</td>
</tr>
<tr>
<td>Water</td>
<td>m³/vehicle</td>
<td>5,97</td>
<td>2,63</td>
</tr>
<tr>
<td>CO₂</td>
<td>t/vehicle</td>
<td>0,68</td>
<td>0,15</td>
</tr>
<tr>
<td>VOC</td>
<td>kg/vehicle</td>
<td>3,71</td>
<td>2,07</td>
</tr>
<tr>
<td>Waste sent to dumps</td>
<td>kg/vehicle</td>
<td>27,33</td>
<td>2,63</td>
</tr>
</tbody>
</table>

The strategy Think Blue. Factory. does not end with the achieved goal. It will continue with new challenges to year 2025, where the goal is to reduce this burden by up to 45% per vehicle produced compared to 2010.

In Volkswagen Slovakia, environmental protection is an essential element that is transmitted over the entire production spectrum. An ecological approach is the mainstay of processes and decisions, which are constantly looking for ways to reduce the environmental burden.

Sustainability and continuity are essential attributes for meeting the set goals, with employees actively contributing as well. They continually participate in saving natural resources and energy.

To be a permanently ecologically sustainable company is the primary goal at the end of the road to Think Blue. Factory. In this respect, Volkswagen Slovakia systematically and in keeping with the latest scientific knowledge, is modifying existing operations and building new ones.

In cooperation with the planning department, several projects requiring investment were deployed. Of those measures deployed in 2018, an annual saving of approximately 20,300 MWh of energy is expected regarding electricity, heat and natural gas.

Organizational measures also contribute to this goal. These include, for example, lighting and equipment shutdown plans, changes in the water connections, more efficient use of materials, deployment of environmentally friendly materials and the like.

The most important part in promoting organizational measures is employee involvement. The measures are marked in the internal system, communicated and exchanged with other plants. For example, such measures deployed in 2018 saved 23 tons of volatile organic compounds.

Award for long-term development of water management

Volkswagen Slovakia has been given an award for long-term development of water management in industry. This includes technical measures with an emphasis on the efficient use and saving of natural water resources and multi-stage treatment of wastewater from vehicle production by advanced technologies before they are released into the aquatic ecosystem. The award was presented to the company at the 50th conference of water managers in industry in Vyhne.
THE LARGEST COMPANY IN SLOVAKIA, THE LARGEST PAYER OF TAX

The renowned economic magazine Forbes in cooperation with the consulting company PwC has again compiled the ranking of the Top 50 companies in Slovakia. Volkswagen Slovakia, with a gross profit of nearly a quarter billion euro and assets over three billion, defended its leadership of the previous year. The company’s revenue year-on-year was almost unchanged from the previous assessment – at a level of 7.5 billion euro.

Volkswagen Slovakia was again the biggest tax payer in Slovakia. In 2017, the company and its employees paid 250.7 million euro in direct taxes and levies, an increase of over 15 percent compared to the previous year in 2016. The Taxpayer of the Year award was awarded to the company during the TREND TOP 2018 gala evening at the Slovak Philharmonic in Bratislava. The ranking of the biggest tax payers in Slovakia was compiled by the weekly TREND in cooperation with the consulting company BMB Leitner. The results take into account corporate income tax, income tax on employment and employee and employer contributions.

THE NEW LOGISTICS HALL IN MARTIN

At the end of November 2018, Volkswagen Slovakia ceremonially opened a new logistics hall in the Martin plant. It covers an area of 5,100 square meters, boasts state-of-the-art gravity shelves, storage systems and a capacity of more than 3 million components. Diggers broke ground on 4 June 2018, when construction of the hall began. The investment totalled 3.1 million euro.

THE LARGEST COMPANY IN SLOVAKIA, MEMBER OF THE BOARD OF DIRECTORS FOR FINANCE

On 1 June 2018, Karen Kutzner became a new member of the Volkswagen Slovakia Board of Directors for Finance. She replaced Jens Kellerbach, who took over the lead position in automotive production and logistics control for Volkswagen. A trained engineer, Karen Kutzner has been working for Volkswagen for 28 years. She started her professional career in 1991 at Volkswagen Saxony. From 1996 to 2007, she held several senior positions in controlling and accounting in Wolfsburg. In the past she also worked directly at Volkswagen Slovakia, where she led the financial department until 2010. Subsequently, she returned as Head of Financial Closure of Volkswagen AG to Wolfsburg, where she was responsible for accounting and remuneration.

KAREN KUTZNER, MEMBER OF THE BOARD OF DIRECTORS FOR FINANCE

On 1 June 2018, Karen Kutzner became a new member of the Volkswagen Slovakia Board of Directors for Finance. She replaced Jens Kellerbach, who took over the lead position in automotive production and logistics control for Volkswagen. A trained engineer, Karen Kutzner has been working for Volkswagen for 28 years. She started her professional career in 1991 at Volkswagen Saxony. From 1996 to 2007, she held several senior positions in controlling and accounting in Wolfsburg. In the past she also worked directly at Volkswagen Slovakia, where she led the financial department until 2010. Subsequently, she returned as Head of Financial Closure of Volkswagen AG to Wolfsburg, where she was responsible for accounting and remuneration.

THE NEW LOGISTICS HALL IN MARTIN

At the end of November 2018, Volkswagen Slovakia ceremonially opened a new logistics hall in the Martin plant. It covers an area of 5,100 square meters, boasts state-of-the-art gravity shelves, storage systems and a capacity of more than 3 million components. Diggers broke ground on 4 June 2018, when construction of the hall began. The investment totalled 3.1 million euro.
Autumn in Volkswagen Slovakia is a traditional period for the presentation of innovations. Year 2018 was no exception. At the fifth year of Innovation Days in Bratislava, visitors had the opportunity to see and discover many interesting projects. Colleagues from different business areas presented their innovative ideas and their implementation.

"Innovation Days are proof of the performance and innovation strength of Volkswagen Slovakia."

Three thematic groups – smart tools, intelligent monitoring and virtual worlds – provided insight into the world of the future, but they are also witness to what we can do today. In the future, modern technologies will support the world of work more than ever before. Yet, people remain the centrepiece and will learn to handle these tools. That is why it is essential to continue with qualification and training. The new item of Innovation Days 2018 was the creative zone. In it, visitors had the opportunity to transform the knowledge they had seen into their own ideas. To convince themselves that coming up with innovations can also be fun.

"If a company wants to keep up with the best, it also needs to pay attention to innovation. Thanks to these things, they can make production more efficient and adapt to market changes faster."
**BALANCE SHEET**

As of 31 December 2018, compiled according to IFRS in the wording applicable in the EU
(Unless stated otherwise, all sums are given in thousands of EUR)

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term tangible assets</td>
<td>1,726,978</td>
<td>1,875,224</td>
</tr>
<tr>
<td>Long-term intangible assets</td>
<td>13,144</td>
<td>4,903</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>30,621</td>
<td>23,389</td>
</tr>
<tr>
<td></td>
<td><strong>1,770,743</strong></td>
<td><strong>1,903,516</strong></td>
</tr>
<tr>
<td>Short-term assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>254,214</td>
<td>248,313</td>
</tr>
<tr>
<td>Trade receivables and others</td>
<td>929,845</td>
<td>723,000</td>
</tr>
<tr>
<td>Contracted assets</td>
<td>6,261</td>
<td>4,584</td>
</tr>
<tr>
<td>Finances and cash equivalents</td>
<td>116,609</td>
<td>240,004</td>
</tr>
<tr>
<td></td>
<td><strong>1,306,929</strong></td>
<td><strong>1,215,901</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>3,077,672</strong></td>
<td><strong>3,119,417</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic capital</td>
<td>109,598</td>
<td>109,598</td>
</tr>
<tr>
<td>Statutory reserve fund</td>
<td>21,920</td>
<td>21,920</td>
</tr>
<tr>
<td>Undivided profit</td>
<td>1,260,742</td>
<td>1,246,678</td>
</tr>
<tr>
<td>Undivided profit and value differences</td>
<td>8,234</td>
<td>883</td>
</tr>
<tr>
<td>Total basic capital</td>
<td><strong>1,400,494</strong></td>
<td><strong>1,379,079</strong></td>
</tr>
</tbody>
</table>

**ACCOUNTS PAYABLE**

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves for departures and jubilees</td>
<td>41,397</td>
<td>29,200</td>
</tr>
<tr>
<td>Credit</td>
<td>350,552</td>
<td>352,009</td>
</tr>
<tr>
<td></td>
<td><strong>391,949</strong></td>
<td><strong>381,209</strong></td>
</tr>
</tbody>
</table>

**Short-term accounts payable**

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade liabilities and others</td>
<td>820,682</td>
<td>746,214</td>
</tr>
<tr>
<td>Reserves for liabilities</td>
<td>4,835</td>
<td>7,886</td>
</tr>
<tr>
<td>Current income tax – liability</td>
<td>259,679</td>
<td>203,742</td>
</tr>
<tr>
<td>Credit</td>
<td>200,033</td>
<td>401,287</td>
</tr>
<tr>
<td></td>
<td><strong>1,285,229</strong></td>
<td><strong>1,359,129</strong></td>
</tr>
</tbody>
</table>

**Total accounts payable** | **1,677,178** | **1,740,338** |

**Total liabilities** | **3,077,672** | **3,119,417** |
# Statement of Profits and Losses

As of 31 December 2018, both compiled according to IFRS in the wording applicable in the EU
(Unless stated otherwise, all sums are given in thousands of EUR)

## Profit and Loss Statement

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>10,380,075</td>
<td>7,549,066</td>
</tr>
<tr>
<td>Cost for the sale of goods and production</td>
<td>9,876,196</td>
<td>-7,145,213</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>503,879</strong></td>
<td><strong>403,853</strong></td>
</tr>
<tr>
<td>Sales and marketing costs</td>
<td>-98,867</td>
<td>-79,335</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>-93,091</td>
<td>-79,328</td>
</tr>
<tr>
<td>Loss from depreciation of financial assets net</td>
<td>1,394</td>
<td>267</td>
</tr>
<tr>
<td>Other revenues</td>
<td>6,821</td>
<td>8,071</td>
</tr>
<tr>
<td>Other costs</td>
<td>-12,396</td>
<td>-8,341</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td><strong>304,952</strong></td>
<td><strong>244,920</strong></td>
</tr>
<tr>
<td>Financial revenues</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Financial costs</td>
<td>-4,076</td>
<td>-4,810</td>
</tr>
<tr>
<td><strong>Net financial costs</strong></td>
<td><strong>-4,076</strong></td>
<td><strong>-4,809</strong></td>
</tr>
<tr>
<td><strong>Pre-tax profit</strong></td>
<td><strong>300,876</strong></td>
<td><strong>240,111</strong></td>
</tr>
<tr>
<td>Income tax payable and deferred</td>
<td>-108,974</td>
<td>-66,812</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td><strong>191,902</strong></td>
<td><strong>173,299</strong></td>
</tr>
</tbody>
</table>

## Statement of Comprehensive Profit and Losses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>After-tax profit</td>
<td>191,902</td>
<td>173,299</td>
</tr>
<tr>
<td>Items which will not be included in the profit and loss: Change of reserve from revaluation of CO₂ emission quota</td>
<td>7,351</td>
<td>791</td>
</tr>
<tr>
<td><strong>Total profit</strong></td>
<td><strong>199,253</strong></td>
<td><strong>174,090</strong></td>
</tr>
</tbody>
</table>
## STATEMENT OF CHANGES IN EQUITY

As of 31 December 2018, compiled according to IFRS in the wording applicable in the EU  
(Unless stated otherwise, all sums are given in thousands of EUR)

<table>
<thead>
<tr>
<th></th>
<th>Basic capital</th>
<th>Statutory reserve fund</th>
<th>Reserve gains</th>
<th>Undivided profit</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State on 1 January 2017</strong></td>
<td>109,598</td>
<td>21,920</td>
<td>92</td>
<td>1,218,723</td>
<td>1,350,333</td>
</tr>
<tr>
<td><strong>Complete result for accounting period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax / total cumulative profit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>173,299</td>
<td>173,299</td>
</tr>
<tr>
<td>Creation of reserve from revaluation – CO₂ emission quota</td>
<td>-</td>
<td>-</td>
<td>791</td>
<td>-</td>
<td>791</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>791</td>
<td>173,299</td>
<td>174,090</td>
</tr>
<tr>
<td>Transactions with owners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid out</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-145,344</td>
<td>-145,344</td>
</tr>
<tr>
<td>Transactions with owners – total</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-145,344</td>
<td>-145,344</td>
</tr>
<tr>
<td><strong>State on 31 December 2017</strong></td>
<td>109,598</td>
<td>21,920</td>
<td>883</td>
<td>1,246,678</td>
<td>1,379,079</td>
</tr>
</tbody>
</table>

### Application of IFRS 9

<table>
<thead>
<tr>
<th></th>
<th>Basic capital</th>
<th>Statutory reserve fund</th>
<th>Reserve gains</th>
<th>Undivided profit</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of calculation of modified items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-745</td>
<td>-745</td>
</tr>
<tr>
<td>Other impacts (postponed tax)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,206</td>
<td>1,206</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-4,539</td>
<td>-4,539</td>
</tr>
</tbody>
</table>

**State on 1 January 2018** 109,598 21,920 883 1,242,139 1,374,540

### Complete result for accounting period

<table>
<thead>
<tr>
<th></th>
<th>Basic capital</th>
<th>Statutory reserve fund</th>
<th>Reserve gains</th>
<th>Undivided profit</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax / total cumulative profit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>191,902</td>
<td>191,902</td>
</tr>
<tr>
<td>Creation of reserve from revaluation – CO₂ emission quota</td>
<td>-</td>
<td>-</td>
<td>7,351</td>
<td>-</td>
<td>7,351</td>
</tr>
<tr>
<td><strong>Complete result for accounting period total</strong></td>
<td>-</td>
<td>-</td>
<td>7,351</td>
<td>191,902</td>
<td>199,253</td>
</tr>
<tr>
<td>Transactions with owners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid out</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-173,299</td>
<td>-173,299</td>
</tr>
<tr>
<td>Transactions with owners – total</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-173,299</td>
<td>-173,299</td>
</tr>
<tr>
<td><strong>State on 31 December 2018</strong></td>
<td>109,598</td>
<td>21,920</td>
<td>8,234</td>
<td>1,260,742</td>
<td>1,400,494</td>
</tr>
</tbody>
</table>
# CASH FLOW STATEMENT

from 1 January to 31 December 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>481,916</td>
<td>403,049</td>
</tr>
<tr>
<td>Income tax paid and including excess tax payments</td>
<td>-63,606</td>
<td>-43,282</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td><strong>418,310</strong></td>
<td><strong>359,767</strong></td>
</tr>
</tbody>
</table>

| Cash flows from investment activities |        |        |
| Expenditure for procurement of long-term assets | -166,704 | -344,769 |
| Income from the sale of long-term assets | 2,374 | 2,999 |
| Interests received | 2 | 1 |
| Net cash flows from investment activities | **-164,328** | **-341,769** |

| Cash flows from financial activities |        |        |
| Dividends paid out | -173,299 | -145,344 |
| Credit taken | 200,000 | 150,000 |
| Credit paid | -400,000 | - |
| Interest paid | -4,078 | -4,810 |
| Net cash flows from financial activities | **-377,377** | **-154** |

Net increase in monetary resources and cash equivalents: -123,395 | 17,844

Monetary resources and cash equivalents at the start of the reported period: 240,004 | 222,160

Monetary resources and cash equivalents at the end of the reported period: 116,609 | 240,004
Revenues from production (in thousands of euro)  

<table>
<thead>
<tr>
<th>Product</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles (with SKD)</td>
<td>9,841,679</td>
<td>7,059,504</td>
</tr>
<tr>
<td>Gearboxes</td>
<td>209,077</td>
<td>152,837</td>
</tr>
<tr>
<td>Components</td>
<td>279,481</td>
<td>267,740</td>
</tr>
<tr>
<td>Pressed parts</td>
<td>20,145</td>
<td>21,914</td>
</tr>
<tr>
<td>Tools (including services)</td>
<td>29,693</td>
<td>47,071</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>10,380,075</strong></td>
<td><strong>7,549,066</strong></td>
</tr>
</tbody>
</table>

Production  

<table>
<thead>
<tr>
<th>Product</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>408,208</td>
<td>361,776</td>
</tr>
<tr>
<td>Gearboxes</td>
<td>383,640</td>
<td>281,740</td>
</tr>
<tr>
<td>Components</td>
<td>33,600,000</td>
<td>32,800,000</td>
</tr>
<tr>
<td>Tools</td>
<td>9,750</td>
<td>5,600</td>
</tr>
</tbody>
</table>

Number of employees in 2018  

<table>
<thead>
<tr>
<th>Location</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Slovakia</td>
<td>14,800</td>
</tr>
<tr>
<td>in Bratislava</td>
<td>13,950</td>
</tr>
<tr>
<td>in Martin</td>
<td>850</td>
</tr>
</tbody>
</table>

Important financial indicators in 2018  

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>180.5 mil. €</td>
</tr>
<tr>
<td>Export</td>
<td>10,000 mil. €</td>
</tr>
</tbody>
</table>

Purchase of production material by country (top 3)  

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>34.4 %</td>
</tr>
<tr>
<td>Slovakia</td>
<td>29.1 %</td>
</tr>
<tr>
<td>Hungary</td>
<td>16.6 %</td>
</tr>
</tbody>
</table>

Export of production by country (top 3)  

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>22.0 %</td>
</tr>
<tr>
<td>USA</td>
<td>18.0 %</td>
</tr>
<tr>
<td>Germany</td>
<td>14.0 %</td>
</tr>
</tbody>
</table>

Managing of Financial and Other Risks  

The business activities conducted by the company expose it to various financial risks: market risk (consisting in the exchange rate and price risk), credit risk and liquidity risk. The company’s comprehensive risk management focuses on the unpredictability of developments on financial markets and attempts to minimize potential negative impacts on its financial situation.

Risks are managed on a consolidated level by the parent company Volkswagen AG. Individual departments under the guidance of Legal/Governance within the group of implemented processes of Governance, Risk and Compliance (GRC) identify the individual risks and on the basis of set criteria then inform Volkswagen AG. The impacts of risks on social responsibility are also described in detail in the annual report of Volkswagen AG.

Costs for research and development  

The company is a manufacturing enterprise that does not conduct research or development in the automotive industry and therefore does not bear any costs associated with it. These activities are provided by the parent company, which also bears the costs of research and development.

Proposal for division of the profit  

The Supervisory Board of VOLKSWAGEN SLOVAKIA, a. s., proposes to the General Meeting to pay out the business result according to IFRS after taxes in the amount 191,902,000.00 EUR as dividends to the single shareholder, VOLKSWAGEN FINANCE LUXEMBURG S.A.

Outlook for 2019  

In 2019, the company will focus on optimizing production processes, reducing costs and on growth in efficiency and productivity. The company will make the following products: Volkswagen Touareg, Audi Q7, Audi Q8, Porsche Cayenne, Porsche Cayenne Coupé, Volkswagen up!, SEAT Mii, ŠKODA Citigo, gearboxes and components, pressed parts and tools and preparations for automotive production.

Events of special importance that occurred after completion of the 2018 accounting period  

As of January 2019, a change was made in the position of the Chairman of the Board of Directors and in a position of member of the Board of Directors for the technology area – Dr. Oliver Grünberg took on this position. No other important developments occurred after the end of the 2018 accounting period that would in a major way influence the financial statement and annual report for the year ended on 31 December 2018.
Správa nezávislého audítora

Súdnych riaditeľov, 

Správa nezávislého audítora

Názov názoru
Podľa názov názoru vyjadruje podloženú účtovnú závierku objektívne vo všetkých významných štatistikoch finančné situáciu spoločnosti VOLKSWAGEN SLOVAKIA, a.s. (ďalej len „Spoločnosť“) k 31. decembru 2018, a výsledok jej hospodárskej a peňažnej toky za rok, ktorý sa k vedenému dátumu zkončil, v súlade s Medzinárodnými standardmi pre finančné výsledky platnými v Európskej únii.

Čo sme auditovali

Účtovná závierka Spoločnosti obsahuje:

- súhlas k 31. decembru 2018,
- výkaz ziskov a strat za rok, ktorý sa k vedenému dátumu zkončil,
- výkaz zmien vlastného imania za rok, ktorý sa k vedenému dátumu zkončil,
- výkaz peňažných tokov za rok, ktorý sa k vedenému dátumu zkončil a
- pomenovky k účtovnej závierke, ktoré obsahujú významné účtovné postupy a údaje vyvstávajúce z informácií.

Výhodisko pre názov názoru

Audit sme vykonali v súlade s Medzinárodnými audítorskými standardmi. Neša zodpovednosť vyplývajúca z týchto standardov je ďalej opísaná v časti Zodpovednosť audítora za audit účtovnej závierky našej spoločnosti.

Sme presvedčení, že audítorské dôkazy, ktoré sme získali, sú dostatočnými a vhodnými výhodiskom pre názov názoru.

Nezávislosť

Odpovednosť sme nezávisle v zmysle EÚčtového kóduca pre účtovných odbormníkov, ktorý vydala Rada pre medzinárodné etické standardy účtovníkov pri Medzinárodnej federácii účtovníkov (ďalej len „EÚčtový kódex“), ako aj v zmysle iných požiadaviek slovenskej legislatívy, ktoré sa vztahujú na náš audit účtovnej závierky. Tieto záväzky sme od spoločnosti získali tieto legislatívne požiadavky v EÚčtovom kóde.
Pôsobeného príbehov audítora uplatňujeme odsorný štandard a zohľadňujeme profesionálny špecifikum ako týchto záväzov príloh podľa Medzinárodnych audítorských štandardov. Okrem toho:

- Identifikujeme a posúvame riadky výsledku významných nesprávnych v účtovnej závierke, či už v dôsledku podvodu alebo chyby, navrhuje a uskutočňujeme audítorské postupy, ktoré umožňujú na tieto riadky, a zohľadňuje audítorské oznámenie, ktoré sú dostupné a vhodné na to, aby tvořili vychádzko pre naš názor. Ksignificantných nesprávnych, ktoré je výčetných podvodu, je významné v prípade nesprávnej spôsobilosti chyby, pretože podvod môže znamenáť táto údajne, falsifikácie, nemožné sprievodné, neprihľadavé výkazovanie alebo obdôbne interné licencie.

- Oznámenie sa s internými kontrolami relevantnými pre audit, aby sa mohli navrhoať audítorské postupy, ktoré sú známy okolnosti vzniká po názor na efektivitu interných kontrol spoločnosti.

- Hoci môj prístup produktívnych riadkov a riadových metod a prípravových riadových odsahu a tým všetkých zverejnených informácií zo strany štátnejho orgánu.

- Vyhodnotenie, či štátne orgán v štátnej výkazne používa podpísané podpisy nepríznáctelného prístupu významu v činnosti a na základ ľudských riadok aj to, či existuje významná rešta v tvrdení s vedúcimi a vedúci, ktoré by mohli významne špecifikovať spôsobilnosť spoločnosti nepríznáctelného prístupu v činnosti. Ak dosiehaeme k záveru, že tiež významná rešta existuje, sme povolení upozorniť v správu audítora na štátne orgánov informácie uvedené v štátnej závierke alebo, ak sú tiež informácie nedostupné, sme povolení modifikovať naš názor. Naše závery vychádzajú z audítorských oznámenie zriadených do dňa vyzvania správy audítora. Následne uzavrete alebo odsahu vždy môžu spôsobiť, že Spoločnosť prestane pokračovať v nepríznateľnej činnosti.

- Hoci môj prístup produktívnych riadkov, riadových metod a prípravových riadových odsahu a tým všetkých zverejnených informácií zo strany štátnejho orgánu.

So štátnym orgánom komunikujeme okrem iného i plánované rozmah a časový harmonogram audítora, ako aj významné zistenia z auditu, vymenené oznámenym riadok v interných kontrolách, ktoré pôsob audítoru identifikujeme.