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Annual Report

2017



Volkswagen
Slovakia

5 BRANDS UNDER ONE ROOF

SUV

*Sport
Utility
Vehicle



Volkswagen Touareg



Audi Q7



Porsche Cayenne

NSF

*New
Small
Family



Volkswagen up!



SEAT Mii



ŠKODA Citigo

E-m

*E-mobility



Volkswagen e-up!

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BASIC INFORMATION ABOUT THE COMPANY ¹

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, components, the preparation of assembled sets of motor vehicles in the SKD (semi-knock-down) level prior to distribution on the Russian market, the production of instruments and equipment for automotive production and the production of pressed parts. The company has four plants in Slovakia.

Company Bodies:

Board of Directors

Ralf Sacht
Jens Kellerbach
Eric Reuting

Supervisory Board

Thomas Ulbrich
Dr. Arno Antlitz
Wolfgang Fueter
Dirk Hornickel
Zoroslav Smolinský
Jolana Julkeová

The only shareholder, with a 100% share in the basic capital is as of 31 December 2017 the company VOLKSWAGEN FINANCE LUXEMBURG S.A. The company is included into 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 a 15-percent share in the basic capital of AUTOVISION SLOVAKIA, s. r. o., and since 2016 it also has 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 2017, the share of Volkswagen Slovakia in the common-interest association of legal entities Dual Academy was 46%.

In 2017 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.

^[1] Status as of 31 December 2017

THE VOLKSWAGEN SLOVAKIA PLANTS

SLOVAKIA



● STUPAVA

● BRATISLAVA

● MARTIN

● KOŠICE

THE VOLKSWAGEN SLOVAKIA PLANTS

plant Bratislava

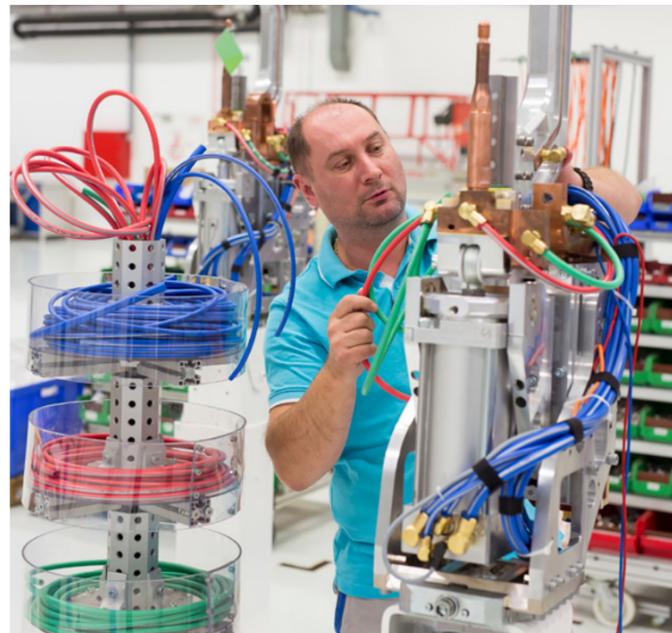
The largest Volkswagen Slovakia plant has had the same address for more than 26 years now, in the Bratislava city borough of Devínska Nová Ves, between the Morava River national border and the oldest motorway in Slovakia. The company is a symbol and partner of the region and at the same time a modern pulsating industrial centre. Each day thousands of employees arrive here, for whom Volkswagen Slovakia has meant long-term stable employment.

Over more than a quarter century the plant has become 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 manufactures vehicles of five brands as well as gearboxes here under one roof. The SUVs Volkswagen Touareg and Audi Q7 roll off of one production line, and from the other the Porsche Cayenne since autumn 2017. On the other 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, the 5-speed and 6-speed MQ 250 gearboxes are made in Bratislava. Each consists of approximately 360 parts and they are supplied to production plants of the concern's brands all around the world.



plant Stupava

Volkswagen Slovakia's newest plant is the Tool Shop in Stupava, only a few minutes away from Bratislava. It opened in 2014, and its employees 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 we engineer here are intended for export to the whole world. The largest mass-production metal 3D printer in the world was installed at the Stupava plant in 2016.



plant Martin

The Volkswagen Slovakia plant in Martin grew up 17 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, synchronic 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 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 selected components are assembled into more than 60 models of the Volkswagen, 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 part of production is used for transmissions by the Volkswagen Slovakia plant in Bratislava. Overall, tens of millions of components are made here annually.



plant Košice

Volkswagen Slovakia expanded its activities into eastern Slovakia in 2004. The smallest of our plants is focused on the disassembly of vehicles to the SKD (semi-knock-down) level, thus, preparing vehicles for export to the Russian market.



Dear ladies and gentlemen,

Year 2017 showed signs of growth at Volkswagen Slovakia. The Bratislava plant grew not only in size, but its product portfolio also grew, and the number of employees achieved a record high. We have again confirmed our position as the largest vehicle manufacturer in Slovakia.

For the first time in the company's history, we worked on three SUVs for three different brands at the same time. At the beginning of September, we launched serial production of the first of them – the new generation of the Porsche Cayenne began being produced completely in Slovakia, making a significant contribution to future jobs and job stability. Expansion of production required an increase in personnel by a thousand people.

We also added the brand-new Audi Q8 to our portfolio, which means the showing of a great deal of confidence in us. Our entire team in Bratislava is looking forward to this. The first serial vehicles of this luxury SUV will be rolling off the production lines as early as 2018, as will the new Volkswagen Touareg – the third generation of this Volkswagen brand flagship – which has been made exclusively in Bratislava for the whole world since 2002.

The number of employees has grown to a record high: we now have 13,700 colleagues at Volkswagen Slovakia. We are pleased that by signing a collective agreement with the longest validity in the company's history, we have contributed to job stability and even better conditions for our employees.

In order to make full use of the extensive investments made, we still need qualified and experienced workers. Finding new colleagues is always increasingly difficult for us. However, thanks to our cooperation with the Dual Academy, we are gradually able to prepare specialists to meet our needs. In the autumn, we were the first employer in Slovakia to launch a pilot project of a dual bachelor study in the automotive industry, the main value of which is above-standard length of practice directly in our plant.

Experts are really important for us, since Volkswagen Slovakia is a pioneer in the use of state-of-the-art production technologies not only in Slovakia but across the entire concern. Robots, automation technology and digitalization of production enable us to make vehicles more flexibly, more individually, more efficiently and even more environmentally friendly and ergonomic.

One of the important aspects of automotive production in the future will be electromobility. We are proud of the fact that the first series vehicle of the Volkswagen concern with a pure electric motor – the Volkswagen e-up! – has been made in our factory since 2013, and as a responsible partner of the region, we have been able to bring new sustainable forms of mobility to the public. The Project up! city on the revitalized SNP Square in front of the historic Old Market Place building in Bratislava is a unique urban concept that opens up new possibilities of spending leisure time while bringing electromobility to people.

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

Ralf Sacht

Chairman of the Board of Directors
and Member of the Board of Directors,
Technical Area

QUESTIONS FOR THE VOLKSWAGEN SLOVAKIA BOARD OF DIRECTORS



Number of the Year

5,000,000th
vehicle made

Ralf Sacht
Chairman of the Board of Directors
and Member of the Board, Technical Area

What events from 2017 are you most proud of?

Year 2017 was a big challenge for our entire team. For the first time in history we worked on making three SUVs for three different brands at the same time. We handled this demanding task thanks especially to our teamwork and the involvement of our employees. In the Porsche and New Small Family segments we welcomed new items to our production portfolio. The new third generation Porsche Cayenne, which has rolled off the assembly line completely on its own wheels since the autumn, marked an important milestone for our company. The facelift on the ŠKODA Citigo and the new sporty Volkswagen up! GTI refreshed the category of small city vehicles. In mid-June we made our jubilee 5,000,000th vehicle, so that we can be proud of our whole team, which has been making top quality products for demanding customers around the world for 26 years now.

What kind of challenges await Volkswagen Slovakia in 2018?

Our obligation is to successfully deliver to the finish line two additional products: the third generation Volkswagen Touareg, as well as a completely new model in our portfolio, the Audi Q8. This luxury automobile will become the seventh model now made "under one roof". As a Volkswagen brand plant, we want to maintain competitiveness and when deciding on new products to be in the best starting position possible. For us this means to further improve, to be efficient and to make quality products. Only in this way will we be able to fulfil the demanding goals set, to ensure stable jobs and to continue to be competitive.



Number of the Year

13,700
employees

Eric Reuting
Member of the Board of Directors,
Personnel Area

What events from 2017 are you most proud of?

We are delighted that despite the extremely challenging situation on the labour market we provide jobs to 13,700 fellow employees. This record number makes us the largest private employer in Slovakia. In association with growth in our personnel, we have also expanded our services in the area of employee benefits. In June, we opened a new health care centre, reconstructed the central kitchen, created new dining facilities and significantly increased the dining capacity. In summer we signed a collective bargaining agreement with the longest validity in the history of the company, thus contributing to job stability and even to better social and financial conditions for our employees.

What kind of challenges await Volkswagen Slovakia in 2018?

In the next year, we are going to need hundreds of new employees, which is a major challenge on the current demanding labour market. The skill requirements are gradually changing in line with the introduction of new technologies, and due to the lack of trained professionals we have to gradually raise them ourselves. This is a long-distance run, however. After the successful start of the Dual Academy, which we opened with our partners in 2016, we are now the first employer in Slovakia to introduce dual education at the university level, with a large share of the practice directly in our factory. We believe that this program will thoroughly prepare graduates with the required experience.

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Number of the Year

369 mil.
euro invested

Jens Kellerbach
Member of the Board of Directors,
Finances Area

What events from 2017 are you most proud of?

We defended our position as the largest car-maker in Slovakia, and after the record year of 2016 we have re-invested an additional EUR 370 million. We have sent out into the world the first of three upcoming SUV models – the third generation of the Porsche Cayenne. Investing in an attractive SUV product portfolio for three brands has created a prerequisite for stable company growth. And a stable working environment for employees is also automatically connected to this. An award from the renowned business magazine Forbes underlined this simple logic, when it declared Volkswagen Slovakia to be the largest company in Slovakia in 2017.

What kind of challenges await Volkswagen Slovakia in 2018?

Since 1991 our company has invested EUR 4.35 billion in Slovakia, which represents a record amount in the country's history. The huge investments have brought new jobs with them. Our challenge for 2018 is to manage further growth and to increase business activities significantly. In addition, we intend to stabilize existing processes and in the second half of the year to implement systematic optimization processes. We can be pleased by the fact that we make the best SUV products, and I am deeply convinced that with our team we will successfully handle all the challenges ahead of us.

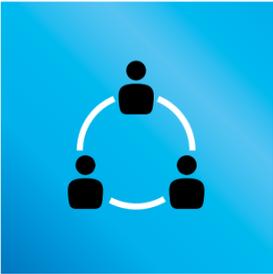
Our vision



Successful
in the future

Our mission

As a motivated and strong team,
we produce innovative products in Slovakia
for demanding customers around the world.



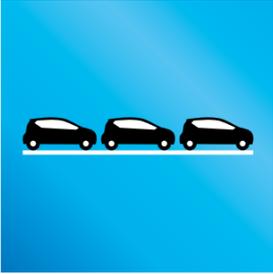
People

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



Start

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.

PRODUCTION



PORTFOLIO GROWTH

Volkswagen Slovakia is an important component of the brand and the whole Volkswagen concern. It is the only automobile plant in the world that makes six models of five brands under one roof. And soon the portfolio will grow by a seventh: the Audi Q8, which will be made exclusively in Bratislava for customers around the world. With its production the company will employ technology and experience from the production of the current serial Audi Q7. Three models will be made from one of the newest car bodies, using approximately a thousand robots: the new generation of the Volkswagen Touareg, the Audi Q7 and the Audi Q8.

» *Six models of five brands
under one roof – and in 2018
this will rise to seven*

In autumn 2017 serial production of the Porsche Cayenne started in Bratislava. Additional automobiles from the Volkswagen up! line have also been added to the New Small Family vehicles category. After the stylish city petrol, CNG and electric versions of the Volkswagen e-up!, the city vehicle Volkswagen up! GTI came next. The new model is a tribute to the legendary hatchback with a sporting spirit, the Volkswagen Golf GTI.

The automotive industry is anticipating global changes in the coming years, such as electromobility and the dynamic development of driving-assistance systems, or self-driving cars. In order for Volkswagen Slovakia to maintain its competitiveness as a plant and thus secure stable jobs for the future, it further wants to be in the best starting position when deciding on new products.



VOLKSWAGEN SLOVAKIA – THE YEAR IN NUMBERS

In 2017 Volkswagen Slovakia confirmed its position as the largest maker of vehicles in Slovakia. A total of 361,776 vehicles from five brands rolled off the assembly lines of the Bratislava plant. Approximately 57% of production is made up of the SUV models Volkswagen Touareg, Audi Q7 and Porsche Cayenne. The share of small vehicles (NSF) accounted for 43 percent of production. These were the models Volkswagen up!, its electronic version, the Volkswagen e-up!, as well as the Volkswagen up! GTI, the ŠKODA Citigo and the SEAT Mii. Employees at the Bratislava plant at the same time produced 281,700 gearboxes, and in Martin 32.8 million components were made. In Stupava 5,600 tools for production were manufactured. In 2017

the company achieved sales of 7.55 billion euro and a pre-tax profit of 240 million euro. Investments achieved 368.6 million euro, and the overall sum from the origin of the company in 1991 now totals 4.35 billion euro. The volume of purchases for production of vehicles, gearboxes and other components climbed to 6.1 billion euro. The highest share, on a level of 33.3%, was in products from German suppliers, with Slovak suppliers a close second at 32.4%. Third place went to Hungary with 12.5%.

Volkswagen Slovakia exported 99.7% of the automobiles it made from Slovakia. The largest export markets by sales were Germany (28.0%), the USA (20.0%) and China (13.0%).

361,776

vehicles made



NSF 155,828



5,600
tools



281,700
gearboxes



SUV 205,948



32,800,000
components

PRODUCT NEWS IN 2017



Porsche Cayenne

Wedding of the Year in Volkswagen Slovakia

In the autumn Volkswagen Slovakia launched a new generation of the Porsche Cayenne into production. This is the first model of the Porsche brand made completely in Slovakia. Series vehicles from this luxury line of SUVs began to roll off the assembly lines of the Bratislava plant on their own wheels. The so-called "wedding" – the connection of the undercarriage with the car body – was integrated into the production process with the third generation Porsche Cayenne. Until then pre-assembled painted bodies with a high share of components were prepared in the plant and were subsequently exported for completion to the Porsche brand plant

in Leipzig, Germany. With the arrival of the new generation of the Porsche Cayenne, production at Volkswagen Slovakia was expanded to three segments. Several parts for the vehicle are pressed directly in Bratislava, which are directed to the new car body. There, with the use of some 650 robots, they are connected with other parts into a complete vehicle body. A new element is the production of undercarriages, which are placed in the newly built assembly hall, in which the vehicle is completed into its final form. The total investment made into new production halls and the most advanced technologies reached more than 800 million euro for this segment.

INTRODUCING THE THIRD GENERATION PORSCHE CAYENNE



At the end of August and early September, the first third-generation Porsche Cayenne vehicles began rolling off assembly line in the Bratislava plant. Part of the production for the first time is the so-called "wedding", that is the joining of the body with the undercarriage in the new assembly hall. The new Porsche Cayenne has since left the plant on its own wheels.

Comfort, dynamics and power all in one

- powerful turbomotor under the hood
- new 8-speed Tiptronic S gearbox
- new transmission system
- different dimension of front and rear tires
- compared with its predecessor, lower in weight by 65 kg



Improved driving properties

- Porsche 4D-regulation system for the gearbox
- active four-wheel drive
- three-chamber active air suspension
- electronic stabilizer PDCC (Porsche Dynamic Chassis Control)
- newly developed high-performance covered brake discs PSCB (Porsche Surface Coated Brake)



An attractive look

- dynamic proportions with a roof line lower by 10 mm and the car width larger by 10 mm
- a sporty look thanks to the harmonious side lines and steeply dropping line of the side window
- new interior design and innovative digital indicators
- new 12.3" display and a new central console with a black touch panel





Volkswagen up! GTI

Stylish City Stinger

Another car from the Volkswagen model up! line was added to the Volkswagen Slovakia product portfolio. Alongside the stylish urban petrol, CNG and electric versions of the Volkswagen e-up!, the Volkswagen up! GTI has now begun rolling off the production lines in Bratislava. This model is a tribute to the legendary hatchback with a sporty spirit, the Volkswagen Golf GTI. Under the hood is a one-litre three-cylinder TSI offering 115 hp. It goes from 0 to 100 km/h in 8.8 seconds and can reach a maximum speed of 197 km/h. The up! GTI concept had its world premiere in May at a traditional meeting of GTI fans by the Austrian Lake Wörthersee.

ŠKODA Citigo facelift

Large-scale and Thrifty

The beginning of summer brought the start of serial production of an innovative model of the ŠKODA Citigo, which was presented for the first time at the Geneva Motor Show. The first vehicle to roll off the assembly line made a splash with a new colour – Kiwi. The fresh green colour is obviously not the only innovation of this facelift version. Compared to its predecessor, the new model differs in the shape of the bonnet, the radiator mask, the bumper, the fog lights and multifunctional steering wheel. The clever ŠKODA Citigo convinces with its generous space, but at the same time, thanks to its economy, it is an ideal vehicle for urban mobility.



Audi Q8

Seven models in the family

The Audi Q8 will from 2018 be made for customers worldwide exclusively in Bratislava. Thus, a seventh model will be added to Volkswagen Slovakia family. During its production the plant will use the technology and experience from production of the Audi Q7 series automobile.



MOMENTS OF 2017



5,000,000

Production jubilee 5-millionth vehicle

On 15 June the jubilee 5 millionth vehicle rolled off the production line of the Bratislava plant. This was a white Volkswagen Touareg, which travelled to a customer in Australia.



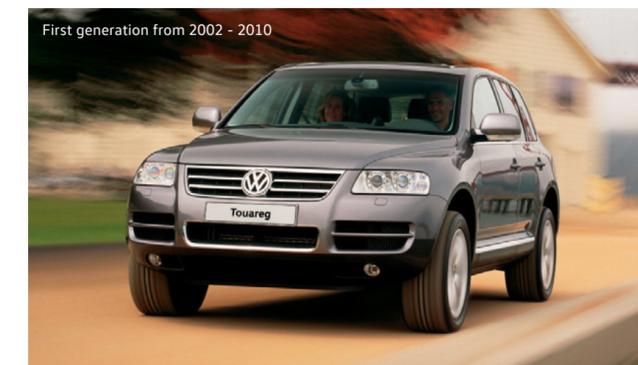
MOMENTS OF 2017



Volkswagen Touareg exclusively from Bratislava for the whole world for 15 years now

June 2017 marked the passing of 15 years since production of the Volkswagen Touareg, the flagship of the Volkswagen brand, began in Slovakia. Nearly a million vehicles have been produced exclusively in Bratislava for worldwide sales, and in 2018 the third generation of this SUV will start to roll off the line. Since April 2010, the hybrid version of this car has also been produced at Volkswagen Slovakia.

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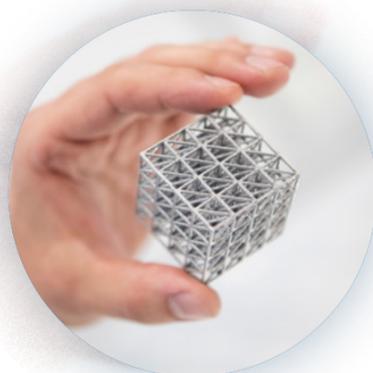


MOMENTS OF 2017



The largest metal 3D printer in the world presented to the public

The Volkswagen Slovakia Stupava plant is the world's first car manufacturer to use the world's largest mass-production metal 3D printer. It weighs 10 tons and is able to press out a metal object up to a size of 80x40x50 cm. The objects are pressed from metallic powder. In the Stupava tool shop, aluminium is used to make components, prototypes and preparations for the concern's various operations around the world, as well as for external customers.



Gears began being made in Martin

The product portfolio was expanded in the Martin plant by the production of gear rings for differentials. The line for the production of gear rings was moved to Martin from Kassel, Germany. Their production began fully running in the heart of the Turiec region: from the supplied raw material, through the turning, drilling and milling, the gear rings are created; they are then further tempered and mounted with the differential housing, which also comes from the Martin production lines. Grinding and then blasting follows, and a complete assembly intended for the Transporter T6 gearbox departs the Slovak plant. Currently, the gear rings are mounted with the differential housing manufactured at the Martin plant. The next stage will be the adding of a production line, whose products will also be delivered to Volkswagen Slovakia in Bratislava. Moving production enabled logistical paths to be optimized considerably.



MOMENTS OF 2017



The cableway celebrated its 15th anniversary

The autumn marked 15 years since the cableway in the Bratislava plant began to transport vehicles from the assembly hall to the test track and back. Its construction and installation were associated with the arrival of the Volkswagen Touareg production in Bratislava. The project prepared for the Slovak plant was a first, since no similar car-lift existed anywhere else in the world. The manufactured cars save thousands of kilometres on the path from the assembly hall to a test track along in-house roads. In addition to high safety, it is environmentally friendly. As a technical facility, the cableway has been in service for more than 80,000 hours at the Bratislava plant over the past 15 years. It has now carried over 3 million manufactured vehicles. With an occupancy of over 99.5%, it is one of the most heavily burdened in the world.



ENTER INTO THE WORLD WHERE CARS ARE MADE

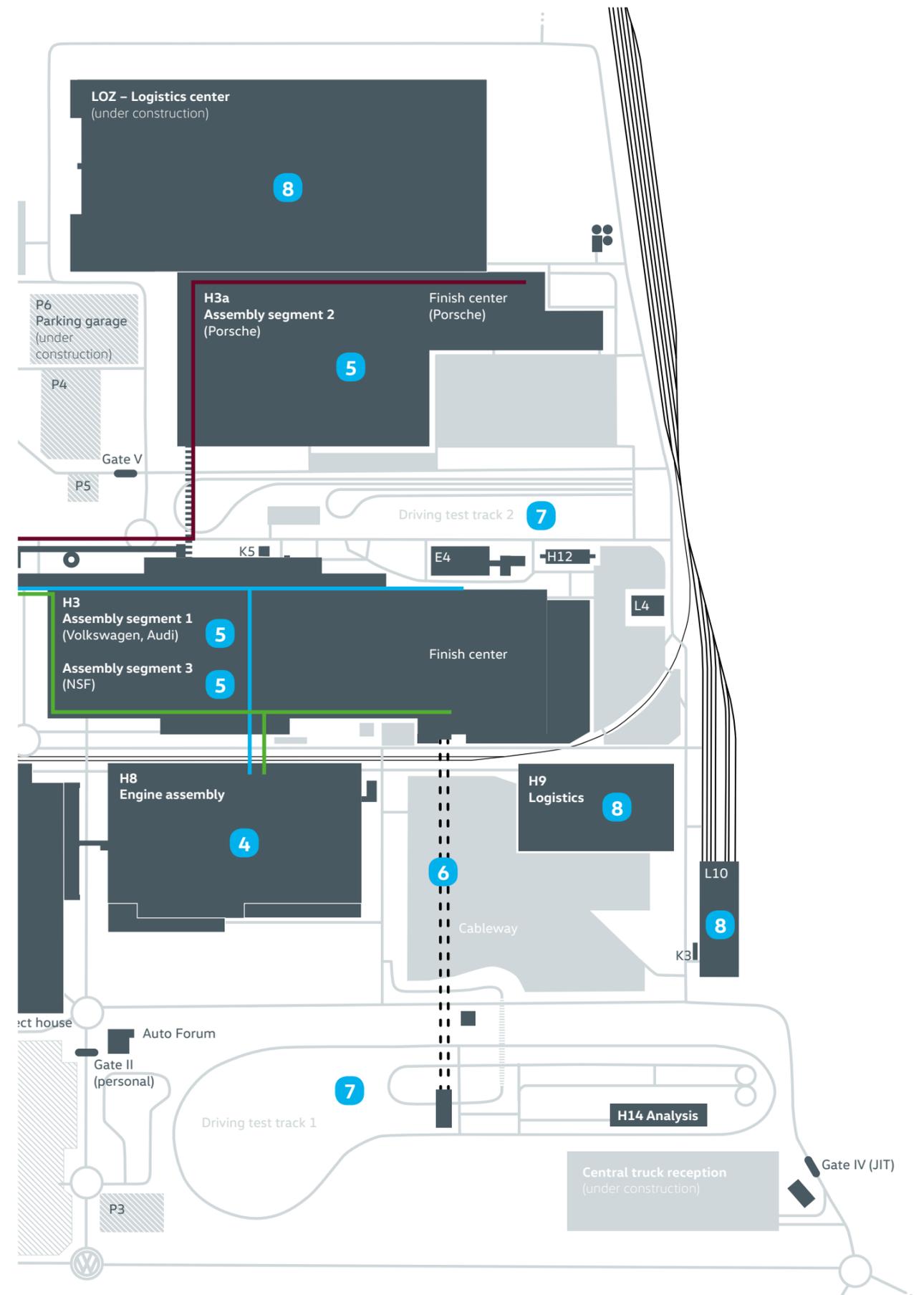
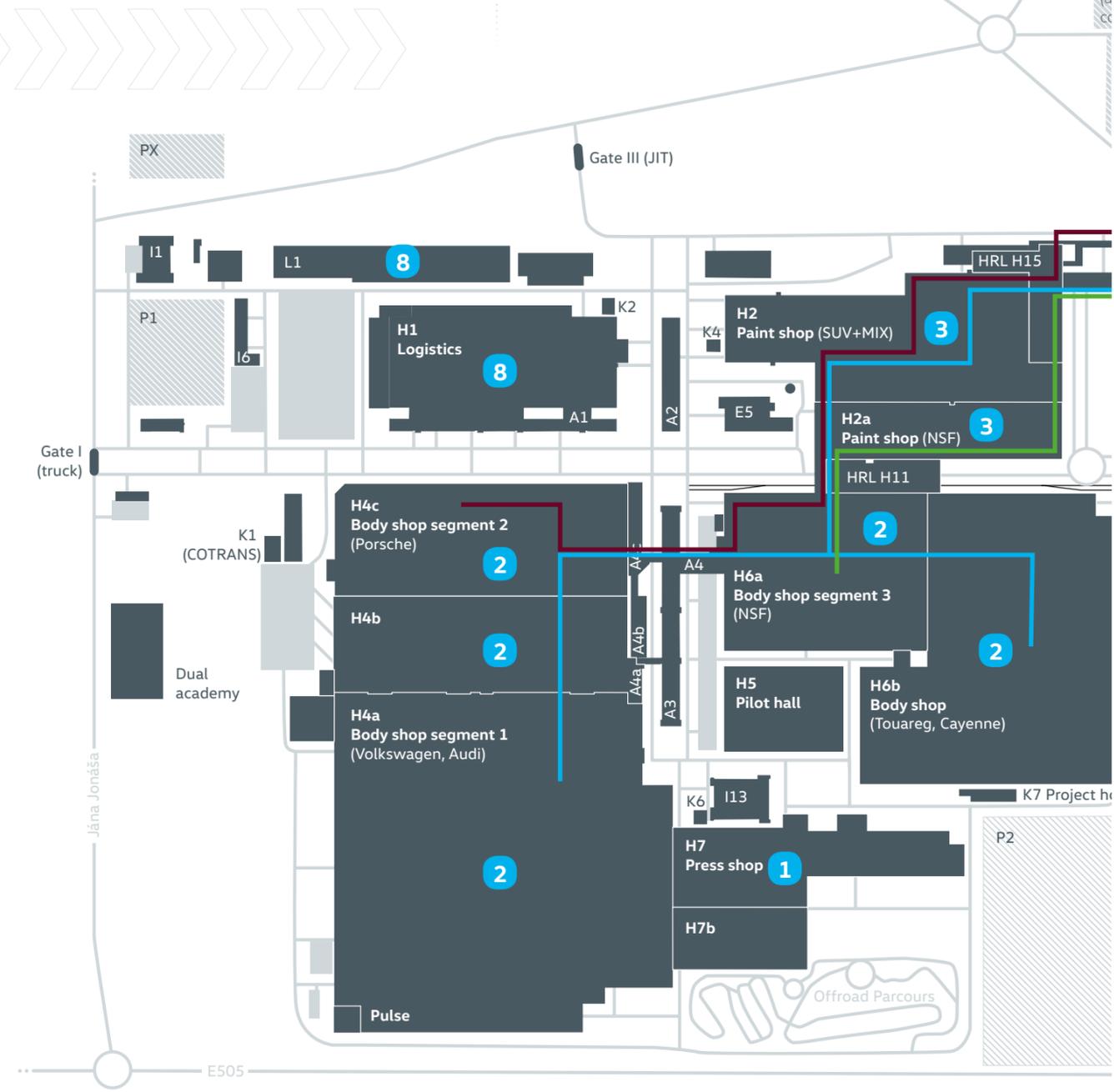
An exact choreography elaborated to the smallest detail, each step precisely applied and in tune with the next one. A perfect concord of all elements and ingredients, and all with an eye for detail. This is the production of cars at Volkswagen Slovakia.

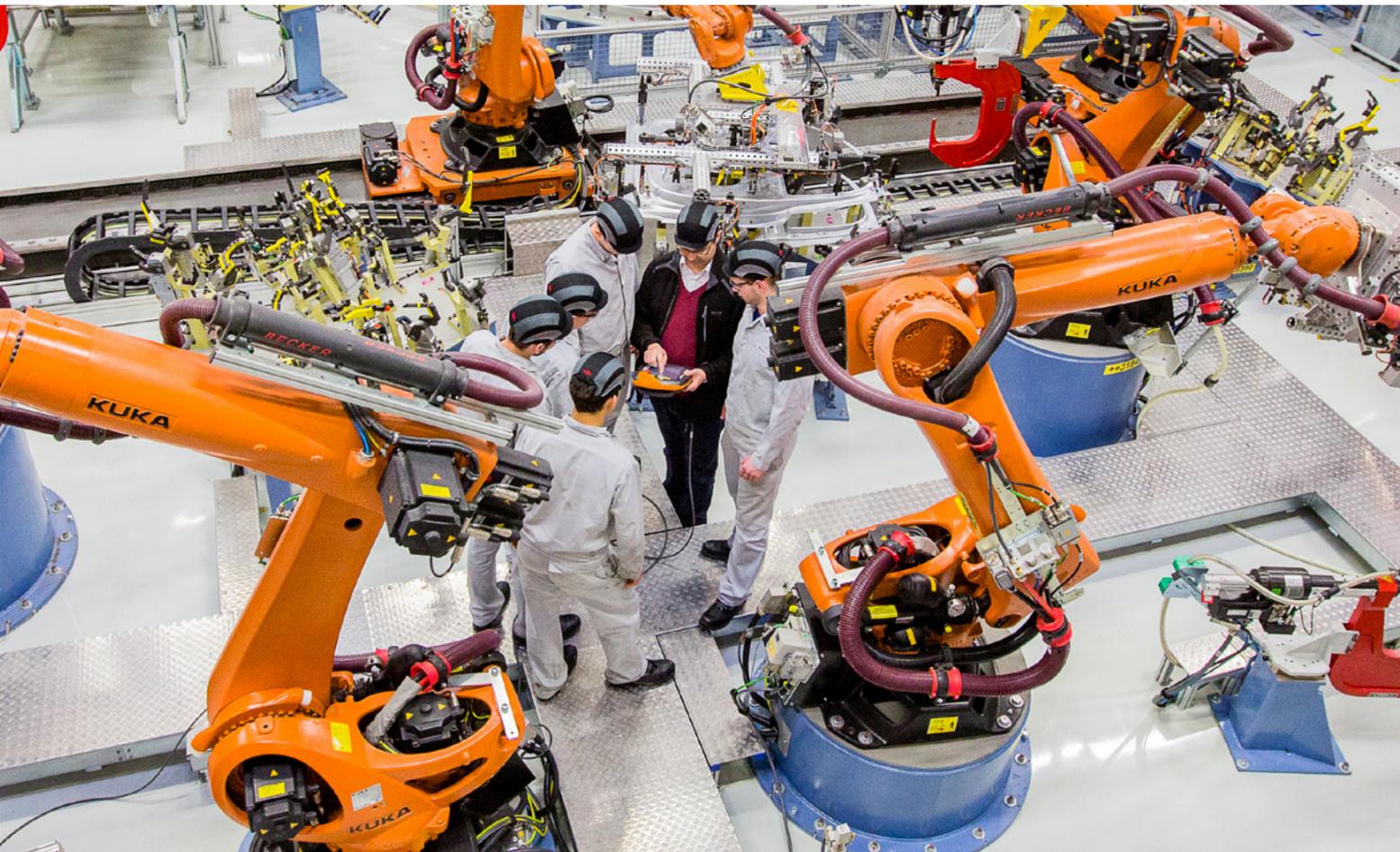


Segment Volkswagen/Audi

Segment Porsche

Segment New Small Family





1



The pressing room

The place where steel and aluminium are pressed. The building is 23 meters 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, it would be a tower 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 strongest press in the concern, with a power of 91,000 kN, is located in the Bratislava plant

2

The body shop

Vehicle bodies for SUVs and small city vehicles are produced here.. 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.

» Up to 220 body parts are welded, glued, soldered, screwed, riveted or connected by pressing





3



The paint shop

A modern and ecological paint shop, where the vehicle bodies get their colour. Tens of serial colours are applied on three 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 five layers of varnish, which together have an average thickness of one human hair.

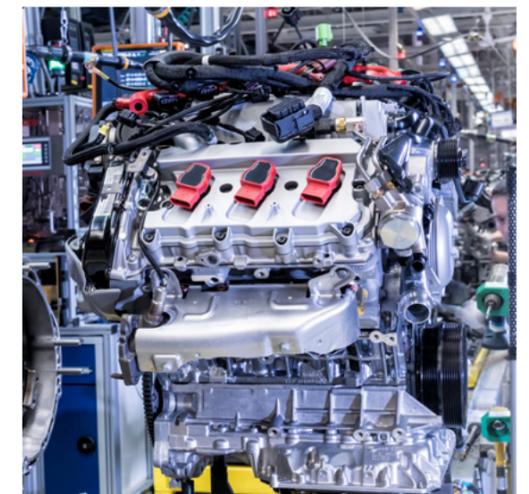
» Serial "necktie" colours are also put on the vehicle bodies

4

Production of aggregates

On the production lines the axle frames are welded, the front and rear axles are assembled and finally the whole undercarriage is formed. In Bratislava 5-speed and 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.

» The 5-speed and 6-speed MQ 250 gearboxes are made here





5



Assembly halls

The unique atmosphere of vehicle construction. In two halls, 6 models are produced for 5 brands. The individual vehicle parts are combined here into a masterpiece, like thousands of pieces of a jigsaw puzzle. 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 largest production hall in the plant – assembly hall H3 – covers an area equal to 21 football pitches*

6

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.

» *The cableway offers very high stability even with strong cross winds up to 90 km/h*





7



Test tracks

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 the 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.

» *Vehicles are tested on different surfaces in all weather*

8

Logistics

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 conveyer 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: they play classical music to alert their presence and thus to avoid collisions.

» *In the whole of logistics there is support for self-driving conveyer systems – driverless wagons*



INDUSTRY 4.0, OR THE FOURTH INDUSTRIAL REVOLUTION



Volkswagen Slovakia is a pioneer in the use of the most modern technologies at both the European and world levels. In addition to hundreds of robots, augmented reality and virtual reality, big data, online production monitoring, and intelligent scanning gloves are used in the plant. Industry 4.0 is a part of life in the company, and the next innovations related to the Fourth Industrial Revolution are gradually arriving. This was initiated by the expansion

of the Internet and ubiquitous digitization. Real objects are now linked to virtual processes. New technologies make it possible to manufacture vehicles more individually, more efficiently and in an even more environmentally friendly way. Generally, more transparent processes and more flexibility are expected. This trend is bringing about the emergence of new professions and more and more demands for a qualified workforce.

Intelligent Gloves

When commissioning vehicle parts, an employee scans each piece and places it on a wagon, as many as 1,500 times per shift. Having both hands free thanks to the intelligent gloves in so many tasks and not needing a manual scanner every time is a real advantage. In addition, if the worker accidentally chooses the wrong part, a sound signal will alert him. There are two scanners available – when one is depleted, it is easy to replace it with the fully charged one. An absolute new item has also been tested in the aggregate hall: the scanner prototype is in the shape of a bracelet that can be fixed to any glove. This is especially suitable for workplaces where for safety reasons special gloves with detachable cloth on the fingers must be used.



Centre for Managing Production Flow

With the start of production in the new assembly hall, the centre for managing production flow (the so-called control room) is located directly in the middle of the production flow. Its job is to ensure stable and smooth production. To make sure that the vehicles come out of the production process in the order they

entered it and do so within the set time. The specificity of the workplace is that here they focus on all the deviations that occur in the process. The information needs to be rapidly evaluated and reacted to in order to make decisions, contact the right people and minimize work stoppages.



PEOPLE GROW TOGETHER WITH US

Volkswagen Slovakia had 112 employees upon its arrival in the country. This was in 1991. Since then, 26 years have passed, and Volkswagen Slovakia today has more than 122-times the staff than at the start. As the largest private employer in the country, it provides stable jobs to 13,700 employees and their families. Some of them have been working in Volkswagen Slovakia for the full 26 years. In that time, the company has become a generational plant, where fathers work alongside sons, as well as the entire family.

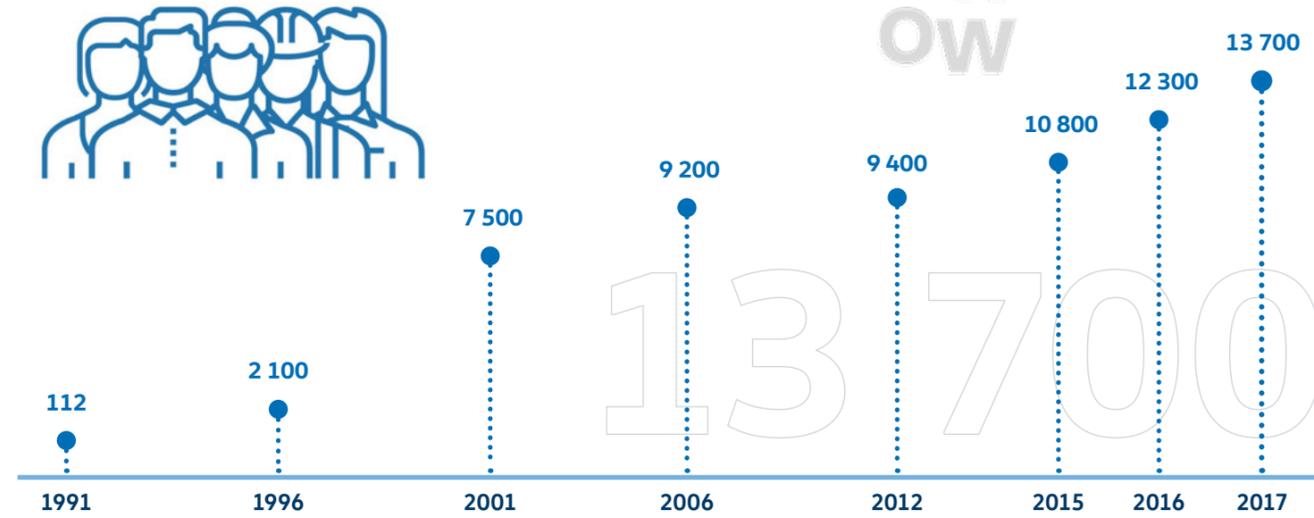
» *In 1991: 112 employees*
In 2017: 13,700 employees

Volkswagen Slovakia is the employer not only with the highest average wages in the automotive industry but also with an exceptionally wide social program. The average gross monthly wage in 2017 was 1,854 EUR, not including management employees. The car-maker is also intensively interested in employees from more distant regions. It provides contracted transport with a contribution of approximately 70% for employees up to a distance of 150 km. Employees from an even greater distance offered the opportunity to live in a dormitory, to the cost of which the employer also contributes. Each employee undergoes initial training, and production workers take their place in the modern training centres close to the workplace. The company also educates qualified experts who know how to use automation technology, robots and other new technologies through a dual education program.

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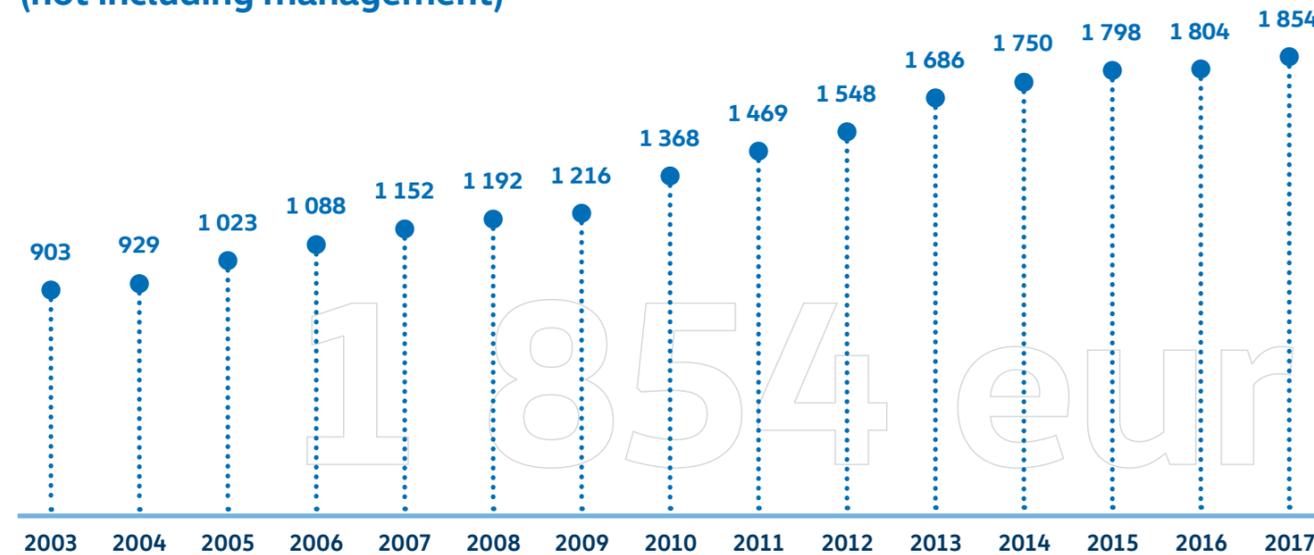
DEVELOPMENT IN EMPLOYMENT NUMBERS SINCE 1991

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WAGE DEVELOPMENT AND AVERAGE WAGE

Average monthly income at Volkswagen Slovakia (not including management)



* years 2003-2008 recalculated with the exchange rate of 30.126 SKK/€
Average earnings = Ø paid wage costs for employee rate, i.e. Ø rate class, shift/risk/overtime premium, group and personal evaluation, one-time payments (holiday/Christmas bonus, bonus for economic result, one-time payment from KZ)

SOCIAL PROGRAM

Volkswagen Slovakia takes care not only to guarantee stable employment for the future but also to ensure the highest salaries in the Slovak automotive industry. The rich offer of advantages and wide range of employee benefits also contribute to their satisfaction. It offers employees an attractive social program with funds from the Social Fund and the company's additional personnel costs.



 **Contracted transport**
7,550 employees

 **Supplemental retirement insurance**
7,500 employees

 **Recreation**
2,774 employees

 **Culture**
2,217 employees

 **Accommodation**
1,011 employees

 **Volkswagen Slovakia cares**

23.1 mil. euro

Volkswagen Slovakia expended for employee benefits in 2017



MOMENTS OF 2017



New Health Care Centre

In the scope of above-standard health care for employees Volkswagen Slovakia in June opened a new health care centre. The complex is housed in a building not far from the original health care centre, next to the freight entrance, and a general practitioner for adults is located here as well as professional offices of a urologist, a gynaecologist, sonography and a pharmacy. The original health care centre further serves for rehabilitation activities and preventive medical check-ups, and additional medical offices are also located there.



New Bus Routes

Volkswagen Slovakia secures subsidized bus transport for employees to and from work to a distance of approximately 150 km from the plant. In 2017 additional new routes were added, and their number grew to 34 buses outside of Bratislava and 3 free buses within Bratislava. The buses underwent interior modification with the aim of increasing traveller comfort. New bus stops and boarding platforms were added in the surroundings of the Bratislava plant to increase safety when getting on and off the bus.



A Larger Central Kitchen and More Canteens

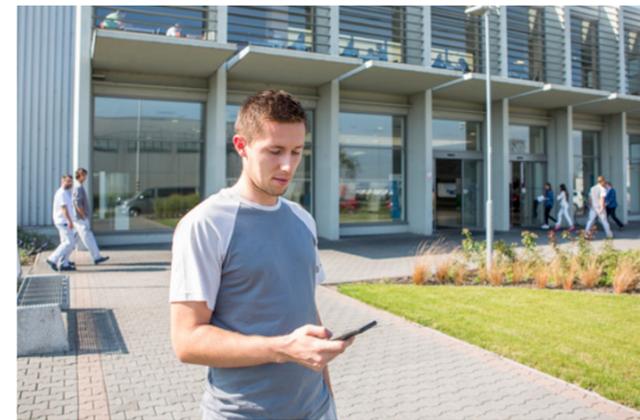
The company also offers employees dining for a subsidized price on all work shifts. Due to the increasing number of employees, Volkswagen Slovakia broadened the service by expanding the central kitchen in the largest production hall – assembly hall H3. The number of dispensing places in the grounds of the Bratislava plant has grown to thirteen.



A Healthy and Safe Company

For activities performed to actively support the health and the healthy life style of employees, the company received the Healthy Business award for 2017 in the category of manufacturing businesses. The list was compiled by an expert commission made up of representatives of partners of the project Initiative for a Healthier Slovakia - experts from the Ministry of Health, the directorate of the World Health Organization (WHO) in Slovakia, the Public Health Office, the Union health insurance company and professionals from the field of human resources. Volkswagen Slovakia places great emphasis on employee care, which it offers in many areas at an above-standard level.

During the international conference "Current questions on work safety" the company received a "Safe Business" certificate awarded by the Slovak Ministry of Labour, Social Affairs and Family. A condition is not only the introduction of a system of occupational safety and health, but also an overall level of long-term care in this area, a culture of safety at work and at the same time social care or a low injury rate. The title Safe Business contributes, among other things, to a better image and competitiveness of the business.



Mobile Application for Employees

Since October Volkswagen Slovakia has communicated with employees and the public through the mobile application VW SK. It brings our employees information "Just-in-time". In the app they find the current dining menu, a graphic timetable of the contracted buses, current shift-work, news from the plants, an overview of employee benefits and discounts, invitations to events and many others. They always have the newest information within reach on their private or service mobile phone. It is available for mobile phones with the iOS and Android operating system; for other users it can be found on the Web site app.volkswagen.sk.



A Collective Bargaining Agreement with the Longest Validity in Company History

Volkswagen Slovakia, after several months of negotiations with employee representatives, agreed on and signed a collective bargaining agreement with the longest validity in the company's history – from 1 July 2017 up to 31 August 2019. A component of the new agreement was a gradual increasing of the wage rates in three waves – by 4.7% in June 2017, by an additional 4.7% in January 2018 and finally another 4.1% increase in November 2018, plus other benefits for employees.

DUAL EDUCATION



Dual Academy

The climax of the first year of study for students of the Dual Academy was a two-week professional internship during the summer holidays at the Bratislava, Stupava and Martin plants. In September one hundred new first-year students joined the second-year students. Great interest in the field of study continues. This is confirmed mainly by the fact that three-fold more applicants (ninth-graders) registered for the entrance exams to five study fields for the new school year than it was possible to accept at the academy. In addition, instruction began in a new four-year field of autotronics with a school-leaving exam. At present this is the most desired field of study in the automotive field. Students completed the practical part of the study in a new specialized workshop, which is equipped with modern machinery and equipment.



A Bachelor's Degree in the Automotive Industry

Ten students in the academic year 2017/2018 took part in the first year of the dual bachelor study in the automotive industry, a pilot project of Volkswagen Slovakia and the Faculty of Engineering of the Slovak University of Technology in Bratislava. This is a professionally oriented 4-year program with an above-standard length of practice directly in the Bratislava plant. It should prepare the students well for the needs of practice, and after successful completion of their studies, they can apply to work at Volkswagen Slovakia. Throughout the program, the students have a monthly corporate scholarship depending on the results achieved. In contrast to the classical forms of study, the students will be working in the plant for the entire third year of work on specific tasks and projects with a mentor assigned to them and will be paid a wage for doing so. In the fourth year, they return to university and can apply the experience gained to finish a final bachelor thesis.

THE TRAINEE PROGRAM CELEBRATED TEN YEARS



In August, a Trainee Forum, dedicated to presenting the projects of trainees as well as an overview of the 10-year history of the Trainee Program, took place for the first time. This is a development program for recent graduates of technical and economic universities who are interested in developing their knowledge and working on their professional and personal growth. The aim of the program is to obtain specialists with prospective careers for professional departments. The program includes assembly line work, educational activities, rotation in the departments, design work and a foreign internship.

SEEKING NEW EMPLOYEES

Profession Days

Crowned with the title Best Employer 2016, Volkswagen Slovakia in 2017 took part in the largest labour fair in Slovakia – Profession Days. The company at the start of March at Incheba in Bratislava offered applicants job openings in both production and non-production areas.



On the Good Road to Better Work

In August Volkswagen Slovakia presented to the public a plan to hire by the end of the year an additional 1,000 new employees. In association with the starting up of new models, these were primarily production workers for assembly, the body shop and the paint shop as well as automotive electricians, mechanics and automotive metal workers. Despite the complicated situation on the Slovak labour market,

this goal managed to be met. Contributing significantly to it was a massive autumn recruitment campaign, when company representatives personally sought out people throughout all of Slovakia. Under the slogan "On the good road to better work" they approached hundreds of job applicants in 20 selected towns and regions, and some of them even "interviewed" directly on site and became company employees.

1,170,000 euro

The Foundation allocated for the support of education



SUPPORT OF TECHNOLOGY

156,000 euro

The foundation supports innovative projects in the field of technical education on all school levels, for example, through the grant programs Develop Technologists and Secondary Schools and Technology.

They familiarize children with the basics of technology and physics in a natural way from an early age through support of the interactive exhibition Town of Professions and the project Technician by Playing from nursery and primary schools.

The foundation cooperates directly with the Engineering Faculty of the Slovak University of Technology and with the Engineering Faculty of Žilina University in Žilina.



EDUCATION IN THE GERMAN LANGUAGE

245,000 euro

The Foundation established and continues to support bilingual classes at the state nursery schools in Bratislava and Martin, where under its auspices more than 150 children have learned German in a playful way from an early age.

Continuity in bilingual education is ensured by supporting classes at the Ivan Bukovčan Primary School in Bratislava.

The Foundation supports education in German at schools through the German Grant Program in nursery schools and the project Experimenting in German.



TRANSPORT EDUCATION AND ECOLOGY

292,000 euro

Increasing road safety and improving transport education for children from nursery schools are the goals of the Safe on the Roads grant program.

The foundation supports environmental education activities for children in nursery schools and primary schools with the Green Education grant program.

To become acquainted with the natural attractions in the regions, a new grant program called Instructional Paths was created.

And thanks to the Green Volunteer Grant Program, Volkswagen Slovakia employees can contribute to beautification and protection of the environment.



PROJECTS FOR EMPLOYEES

198,000 euro

The foundation motivates Volkswagen Slovakia employees to become involved and volunteer by supporting their public-service and educational projects through the Employee Projects grant program.



CHILDREN - OUR FUTURE

189,000 euro

The foundation supports the education and integration of physically and mentally handicapped children from social services homes through the Education for Integration program.

The foundation pays special attention to children of deceased employees of Volkswagen Slovakia or their partners. This assistance has also been extended to health-disadvantaged family members.

The grant program A Future Even with Autism also supports specialized facilities for children with autism.

The grant program Education = The Future supports educational projects for kids living in children's homes.

The Foundation On-the-Move project helps children's homes in their day-to-day activities by making a vehicle available to them.



KNOWLEDGE ISLANDS

90,000 euro

Interactive kiosks with three touchscreens full of interesting information or fun tests, which were provided to 100 primary schools from all over Slovakia, with an Internet connection included.

On animated islands you'll find many interesting things from the world of technology, the German language, transport education, ecology or physics.

ELECTROMOBILITY IN THE HEART OF THE CAPITAL



up! city

Volkswagen Slovakia, as an active regional partner, shared in the revitalization of the square and the creation of new possibilities for spending leisure time. In cooperation with partners it launched in front of the Old Market Place in Bratislava a unique city project called up! city. Visitors have available seven Volkswagen e-up! electric cars to borrow, and in each vehicle is an audio navigation guide with a selection of six paths suitable for trips. On offer are also classic city bicycles, cargo bicycles, electric bicycles or electric scooters. New stylish places for sitting and table top board games were placed on the square in front of the Old Market Place. Refreshments in the form of stylish street food are also available.



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facebook.com/upcitysk

AN AUCTIONED GOGO UP! TO HELP CHILDREN



A special Volkswagen Gogo up! car made to measure at the Bratislava plant after a year's use by YouTuber Daniel "GoGo" Štrauch changed owner. The vehicle was obtained by Jakub Kenda, who was one of the many good-hearted people involved in the competition for this stylish city vehicle and contributed a small sum to reconstruction of the play area at the oncology centre in the Children's Hospital with Polyclinic at Kramar. More than 12,000 euro were collected for this purpose.

13,000 EURO FOR DAFFODIL DAY



Employees of Volkswagen Slovakia supported the public collection for the Anti-Cancer League's Daffodil Day by contributing 6,265 euro. The Volkswagen Slovakia Foundation, as promised, doubled and rounded up the total to 13,000 euro. Volunteers pinned a daffodil – the flower of hope – on employees in the plants in Bratislava, Stupava and Martin.

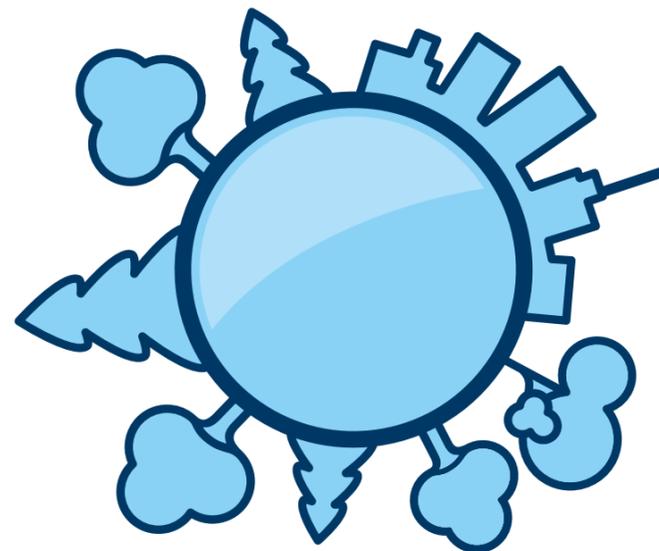
TONS OF WASTE AND MEGAWATT HOURS OF ENERGY SAVED

The Material Flows Management Project, which was launched in 2016 as a pilot project at the paint shop in Bratislava and continues to operate, has thus far save up to 325 tons of materials a year in the painting process and in cleaning agents or chemicals and 17 tons of volatile organic compounds associated with them.

» *As many as 188 proposals for ecological improvements from employees were implemented*

More efficient filter management and deployment of a new disinfectants in equipment for washing car bodies will save 20,819 m³ of industrial water, that is, water used in the process (for a better idea: more than 6.5 Olympic swimming pools can be filled with the water saved).

Other savings include 339 MWh of electricity (this energy would light 3,767 Christmas trees over more than two weeks of Christmas), 11.41 tons of waste (as much municipal waste produced in 33.5 years of one's life), 1,321 m³ of natural gas, 1,810 kg of CO₂ emissions or 5,233 MWh of technical heat, i.e. the heat needed to heat waxing cabins at an optimized temperature.



In addition to the management of material flows in the paint shop, several projects were deployed in collaboration with the planning department. These measures are expected to save annually approximately 44,400 MWh of energy in the form of electricity, heat and natural gas. These include, for example, ongoing installation of LED lighting throughout the plant, shortening the time of robots

standing in the body shop, decreasing the use of compressed air, and the introduction of magnetic and other energy-saving solutions, etc.

At Volkswagen Slovakia in 2017 as many as 188 proposals for ecological improvements from employees were implemented.

FIN AN CES



THE AREA GREW BEYOND 2,000,000 M²

With expansion of production by the Porsche segment and the new halls, the area of the Bratislava plant surpassed 2,000,000 m². Approximately two years have passed since the announced investments into the body shop and assemble hall. Today in the body shop with a surface area of 35,700 m² there are more than 700 robots and modern equipment,

» *Investments in 2017 achieved
368.6 million euro*

which enable production of the Porsche Cayenne body with the newest joining technologies. The new Porsche assembly hall has an area of 90,000 m² available. It is connected with the paint shop by a bridge and in part by a tunnel. It also has its own test track in the immediate vicinity. Hundreds of employees are deployed in the total Porsche segment. The growth of personnel and the plant's area also means the building of a new personnel gate, bus platforms, parking places, administrative buildings, social spaces and a dining hall with a capacity of 250 places.

Investments in 2017 achieved 368.6 million euro, and overall since the origin of the company have climbed beyond to more than 4.35 billion euro.

THE NEWEST INVESTMENTS



1

The Porsche body shop

More than 700 robots are deployed in this hall, which has a 90-percent degree of automation as well as modern equipment that enable the production of the Porsche Cayenne using the latest joining technology. A specific combining of aluminium and steel runs here: screwing, riveting, pressing and welding with a frictional element.

Area: **35,700 m²**

Investment: **500 million euro**

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2

Parking garage

The three-storey parking garage with a capacity of 1,200 places brought a significant increase in the parking capacity at the Bratislava plant. In association with this, the number of gatehouses and bus stops has increased, including new ones for Bratislava mass transit vehicles, as well as a subway that leads to the H3a assembly hall.

Area: **10,500 m² (3 floors)**

Investment: **5 million euro**



3

Logistics centre

The newest in technology is used in the new logistics centre, which has an area of 15 football pitches. It will include storage for the high-voltage batteries used in the production of electric and hybrid vehicles, or an automatic stacker with 160,000 stacks for small assembly parts.

Area: **125,000 m²**

Investment: **150 million euro***

*113.5 mil. Volkswagen Group Real Estate Slovakia



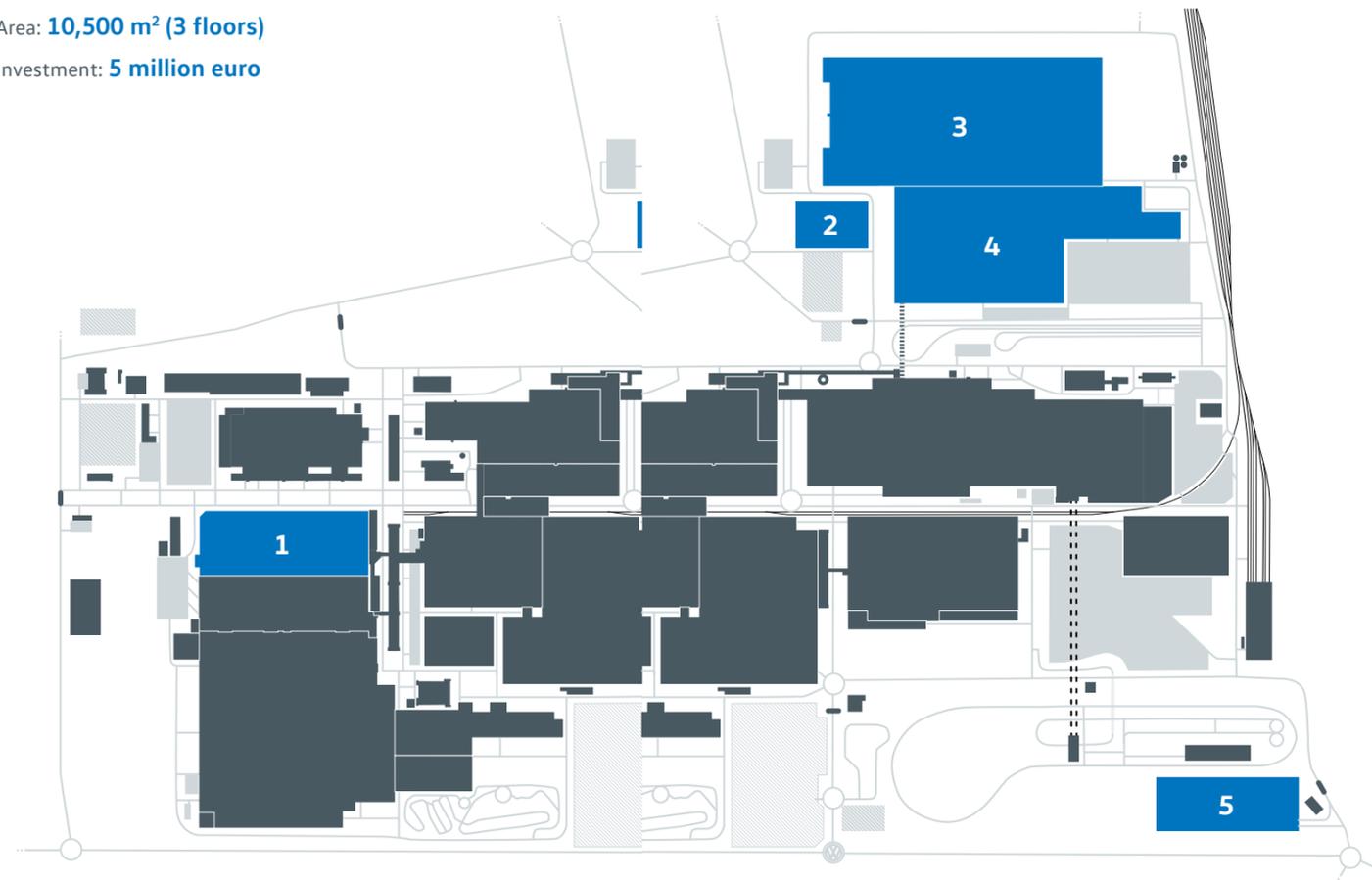
4

New Porsche assembly hall

The length of the assembly line in this hall, which covers the area of 13 football pitches, is 523 m. The paint shop is connected to it by a bridge and partly by a tunnel. A test track is also located in its immediate vicinity. Two years passed from the laying of the foundation stone to the ceremonial opening of the hall.

Area: **90,000 m²**

Investment: **300 million euro**



5

Control area for trucks

A new control area for trucks was built near the fourth gate in 2017 to ease traffic around the Bratislava plant. Over an area of nearly 34,000 square metres, 148 parking spaces for trucks and 30 for buses were added. The recording of trucks carrying production material will take place in the control room building. Part of the premises will serve as a base for the truck drivers themselves. They will have coffee and refreshments available there, as well as toilets and showers.

Area: **34,000 m²**

Investment: **10 million euro**

AWARDS



Unique in Slovakia Innovative activity of the year

In the Slovak Minister of Economy's Innovation of the Year competition, in the category of service innovation, Volkswagen Slovakia got first place for the management of its bus lines. This is unique in Slovakia, first deployed at the start of 2016. It is a comprehensive information system that uses GPS instruments to monitor and evaluate the movement of 37 contracted buses carrying employees to and from work at the Bratislava. The system provides information such as vehicle location, critical traffic situations, delays or occupancy. Thanks to the solution, risks associated with ensuring the smooth production for the absence of the planned number of employees per shift is minimized. Based on this information, it is possible to carry out the necessary organizational measures and operational planning for individual production line shifts.



The largest company in Slovakia according to Forbes

Volkswagen Slovakia went to the top of the annual rankings of Forbes Slovakia magazine of the Top 50 companies in Slovakia for 2017. The evaluation took into account company sales and profits as well as the value of assets and the so-called enterprise value. Compared to the previous year, the company jumped to the top from second place.



Taxpayer of the year

Volkswagen Slovakia was awarded the Taxpayer of the Year Award – TAXPARENCY®. The ranking of the largest taxpayers was compiled by the weekly TREND in cooperation with the consultancy BMB Leitner. The results take into account all direct taxes and levies (corporate tax, income tax from dependent activity and employee and employer payments). The 50 largest taxpayers contributed nearly 2.5 billion euro to the state budget, and Volkswagen Slovakia's contributions account for almost 9% of that amount, meaning a total amount of direct taxes and levies of approximately 217 million euro.

FINANCES

Balance sheet

as of 31 December 2017, compiled according to IFRS in the wording applicable in the EU (Unless stated otherwise, all sums are given in thousands of EUR)

ASSETS	31 December 2017	31 December 2016
Long-term assets		
Long-term tangible assets	1,875,224	1,753,303
Long-term intangible assets	4,903	4,071
Deferred tax liabilities	23,389	25,620
	1,903,516	1,782,994
Short-term assets		
Stocks	248,313	155,223
Trade receivables and others	727,584	714,135
Finances and cash equivalents	240,004	222,160
	1,215,901	1,091,518
Total assets	3,119,417	2,874,512

LIABILITIES	31 December 2017	31 December 2016
Equity		
Basic capital	109,598	109,598
Statutory reserve fund	21,920	21,920
Undivided profit and valuation differences	1,247,561	1,218,815
Total basic capital	1,379,079	1,350,333
Accounts payable		
Long-term liabilities		
Reserves for departures and jubilees	29,200	26,719
Credit	352,009	302,757
	381,209	329,476
Short-term accounts payable		
Trade liabilities and others	746,214	709,040
Reserve for other liabilities	7,886	6,481
Payment of income tax – liabilities	203,742	179,151
Credit	401,287	300,031
	1,359,129	1,194,703
Total accounts payable	1,740,338	1,524,179
Total liabilities	3,119,417	2,874,512

Statement of profits and losses and Statement of comprehensive profits and losses

for the year ending on 31 December 2017, 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	2017	2016
Revenues	7,549,066	7,586,602
Costs for the sale of good and production	-7,145,213	-7,260,248
Gross profit	403,853	326,354
Sales and marketing costs	-79,335	-18,075
Administrative costs	-79,328	-69,834
Other revenues	8,071	5,293
Other costs	-8,341	-5,256
Operating profit	244,920	238,482
Financial revenues	1	1
Financial costs	-4,810	-4,409
Net financial costs	-4,809	-4,408
Pre-tax profit	240,111	234,074
Income tax payable and deferred	-66,812	-88,730
Profit after tax	173,299	145,344

STATEMENT OF COMPREHENSIVE PROFITS AND LOSSES	2017	2016
After-tax profit	173,299	145,344
Items which will not be included in the profit and loss: Change of reserve from revaluation – CO ₂ emissions quota	791	-561
Total profit	174,090	144,783

Statement of changes in equity

for the year ending on 31 December 2017, both compiled according to IFRS in the wording applicable in the EU (Unless stated otherwise, all sums are given in thousands of EUR)

	Basic capital	Statutory reserve fund	Reserve gains	Undivided profit	Total equity
State on 1 January 2016	109,598	21,920	653	1,200,838	1,333,009
Complete result for accounting period					
Profit after tax / total cumulative profit	-	-	-	145,344	145,344
Creation of reserve from revaluation – CO ₂ emission quotas	-	-	-561	-	-561
Complete result of accounting period total	-	-	- 561	145,344	144,783
Transactions with owners					
Dividend paid out	-	-	-	-127,459	-127,459
Transactions with owners total	-	-	-	-127,459	-127,459
State on 31 December 2016	109,598	21,920	92	1,218,723	1,350,333

	Basic capital	Statutory reserve fund	Reserve gains	Undivided profit	Total equity
State on 1 January 2017	109,598	21,920	92	1,218,723	1,350,333
Complete result for accounting period					
Profit after tax / total cumulative profit	-	-	-	173,299	173,299
Creation of reserve from revaluation – CO ₂ emission quotas	-	-	791	-	791
Complete result of accounting period total	-	-	791	173,299	174,090
Transactions with owners					
Dividend paid out	-	-	-	-145,344	-145,344
Transactions with owners total	-	-	-	-145,344	-145,344
State on 31 December 2017	109,598	21,920	883	1,246,678	1,379,079

STATEMENT OF CASH FLOWS

for the period from 1 January to 31 December 2017

ASSETS	2017	2016
Cash flows from operation		
Cash flows from operating activities	403,049	436,832
Income tax paid and including excess tax payments	-43,282	-78,541
Net cash flows from operating activities	359,767	358,291
Cash flows from investment activities		
Expenditure for procurement of long-term assets	-344,769	-538,166
Income from the sale of long-term assets	2,999	51,287
Interest received	1	1
Net cash flows from investment activities	-341,769	-486,878
Cash flows from financial activities		
Dividends paid out	-145,344	-127,459
Credit taken	150,000	400,000
Interest paid	-4,810	-4,409
Net cash flows from financial activities	-154	268,132

Net increase in monetary resources and cash equivalents	17,844	139,545
Monetary resources and cash equivalents at the start of the reported period	222,160	82,615
Monetary resources and cash equivalents at the end of the reported period	240,004	222,160

Revenues from production (in thousands of euro)	2017	2016
Motor vehicles (with SKD)	7,059,504	7,035,165
Gearboxes	152,837	138,255
Components	267,740	308,583
Pressed parts	21,914	40,252
Tools (including services)	47,071	64,347
Total revenues	7,549,066	7,586,602

Production

Motor vehicles	361,776	388,687
Gearboxes	281,740	263,700
Components	32,800,000	33,300,000
Tools	5,600	21,000

Number of employees in 2017

Volkswagen Slovakia	13,700
from this Bratislava	12,850
from this Martin	850

Purchase of production material by country (top 3)

Germany	33.3 %
Slovakia	32.4 %
Hungary	12.5 %

Important financial indicators in 2017

Investments	368,6 mil. €
Export	7,500 mil. €

Export of production by country (top 3)

Germany	28.0 %
USA	20.0 %
China	13.0 %

Managing of Financial Risk

The business activities conducted by the company exposes 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 leadership of the department Law/Managing Principles within the group, implemented the processes of Governance, Risk, and Compliance (GRC) and, identify the individual risks and on the basis of set criteria then inform Volkswagen AG.

Costs for activities in the field of research and development

The company is a manufacturing company 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 173,299,000.00 EUR as dividends to the single shareholder, VOLKSWAGEN FINANCE LUXEMBURG S.A.

Outlook for 2018

In 2018 the company will further focus on optimizing production processes, reducing costs and on growth in productivity. The company will make the following products: Volkswagen Touareg, Audi Q7, Porsche Cayenne, Audi Q8, 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 2017 accounting period

No important developmental events occurred after the end of the 2017 accounting period that would in a major way influence the financial statement and annual report for the year ended on 31 December 2017.

Správa nezávislého audítora

Akcionárovi, dozornej rade a predstavenstvu spoločnosti VOLKSWAGEN SLOVAKIA, a.s.:

Náš názor

Podľa nášho názoru vyjadruje účtovná závierka objektívne vo všetkých významných súvislostiach finančnú situáciu spoločnosti VOLKSWAGEN SLOVAKIA, a.s. (ďalej len „Spoločnosť“) k 31. decembru 2017, výsledok jej hospodárenia a peňažné toky za rok, ktorý sa k uvedenému dátumu skončil, v súlade s Medzinárodnými štandardmi pre finančné výkazníctvo platnými v Európskej únii.

Čo sme auditovali

Účtovná závierka Spoločnosti obsahuje:

- súvahu k 31. decembru 2017,
- výkaz ziskov a strát za rok, ktorý sa k uvedenému dátumu skončil,
- výkaz súhrnných ziskov a strát za rok, ktorý sa k uvedenému dátumu skončil
- výkaz zmien vlastného imania za rok, ktorý sa k uvedenému dátumu skončil,
- výkaz peňažných tokov za rok, ktorý sa k uvedenému dátumu skončil a
- poznámky k účtovnej závierke, ktoré obsahujú významné účtovné postupy a ďalšie vysvetľujúce informácie.

Východisko pre náš názor

Audit sme vykonali v súlade s Medzinárodnými audítorskými štandardmi. Naša zodpovednosť vyplývajúca z týchto štandardov je ďalej opísaná v časti *Zodpovednosť audítora za audit účtovnej závierky* našej správy.

Sme presvedčení, že audítorské dôkazy, ktoré sme získali, sú dostatočným a vhodným východiskom pre náš názor.

Nezávislosť

Od Spoločnosti sme nezávislí v zmysle Etického kódexu pre účtovných odborníkov, ktorý vydala Rada pre medzinárodné etické štandardy účtovníkov pri Medzinárodnej federácii účtovníkov (ďalej len „Etický kódex“), ako aj v zmysle iných požiadaviek slovenskej legislatívy, ktorá sa vzťahuje na náš audit účtovnej závierky. Splnili sme aj ostatné povinnosti týkajúce sa etiky, ktoré na nás kladú tieto legislatívne požiadavky a Etický kódex.

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The firm's ID No. (IČO): 35 739 347
Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ): 2020270021
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH): SK2020270021
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava I, pod Vložkou č.: 16611/B. Oddiel: Sro.
The firm is registered in the Commercial Register of Bratislava I District Court, Ref. No.: 16611/B, Section: Sro.

Správa k ostatným informáciám uvedeným vo výročnej správe

Štatutárny orgán je zodpovedný za výročnú správu vypracovanú v súlade so zákonom č. 431/2002 Z.z. o účtovníctve v znení neskorších predpisov (ďalej len „Zákon o účtovníctve“). Výročná správa pozostáva z (a) účtovnej závierky a (b) ostatných informácií.

Náš vyššie uvedený názor na účtovnú závierku sa nevzťahuje na ostatné informácie.

V súvislosti s auditom účtovnej závierky je našou zodpovednosťou oboznámiť sa s informáciami uvedenými vo výročnej správe a na základe toho posúdiť, či sú vo významnom nesúlade s účtovnou závierkou alebo poznatkami, ktoré sme počas auditu získali, alebo či existuje iná indikácia, že sú významne nesprávne.

Pokiaľ ide o výročnú správu, posúdili sme, či obsahuje zverejnenia, ktoré vyžaduje Zákon o účtovníctve.

Na základe prác vykonaných počas auditu sme dospeli k názoru, že:

- informácie uvedené vo výročnej správe za rok ukončený 31. decembra 2017 sú v súlade s účtovnou závierkou za daný rok, a že
- výročná správa bola vypracovaná v súlade so Zákonom o účtovníctve.

Navyše na základe našich poznatkov o Spoločnosti a situácii v nej, ktoré sme počas auditu získali, sme povinní uviesť, či sme zistili významné nesprávnosti vo výročnej správe. V tejto súvislosti neexistujú zistenia, ktoré by sme mali uviesť.

Zodpovednosť štatutárneho orgánu za účtovnú závierku

Štatutárny orgán je zodpovedný za zostavenie a objektívnu prezentáciu tejto účtovnej závierky v súlade s Medzinárodnými štandardmi pre finančné výkazníctvo platnými v Európskej únii, a za internú kontrolu, ktorú štatutárny orgán považuje za potrebnú pre zostavenie účtovnej závierky, ktorá neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby.

Pri zostavovaní účtovnej závierky je štatutárny orgán zodpovedný za posúdenie toho, či je Spoločnosť schopná nepretržite pokračovať vo svojej činnosti, za zverejnenie prípadných okolností súvisiacich s pokračovaním Spoločnosti v činnosti, ako aj za zostavenie účtovnej závierky za použitia predpokladu pokračovania v činnosti v dohľadnej dobe, okrem situácie, keď štatutárny orgán má v úmysle Spoločnosť zlikvidovať alebo ukončiť jej činnosť, alebo tak bude musieť urobiť, pretože realisticky inú možnosť nemá.

Zodpovednosť audítora za audit účtovnej závierky

Naším cieľom je získať primerané uistenie o tom, či účtovná závierka ako celok neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby, a vydať správu audítora, ktorá bude obsahovať náš názor. Primerané uistenie je uistenie vysokého stupňa, ale nie je zárukou toho, že audit vykonaný podľa Medzinárodných audítorských štandardov vždy odhalí významné nesprávnosti, aj keď existujú. Nesprávnosti môžu vzniknúť v dôsledku podvodu alebo chyby a za významné sa považujú vtedy, ak by sa dalo odôvodnene očakávať, že jednotlivito alebo v úhrne by mohli ovplyvniť ekonomické rozhodnutia používateľov, uskutočnené na základe účtovnej závierky.

Počas celého priebehu auditu uplatňujeme odborný úsudok a zachovávame profesionálny skepticizmus ako súčasť nášho auditu podľa Medzinárodných audítorských štandardov. Okrem toho:

- Identifikujeme a posudzujeme riziká výskytu významných nesprávností v účtovnej závierke, či už v dôsledku podvodu alebo chyby, navrhujeme a uskutočňujeme audítorské postupy, ktoré reagujú na tieto riziká, a získavame audítorské dôkazy, ktoré sú dostatočné a vhodné na to, aby tvorili východisko pre náš názor. Riziko neodhalenia významnej nesprávnosti, ktorá je výsledkom podvodu, je vyššie než v prípade nesprávnosti spôsobenej chybou, pretože podvod môže znamenať tajnú dohodu, falšovanie, úmyselné opomenutie, nepravdivé vyhlásenie alebo obídienie internej kontroly.
- Oboznamujeme sa s internými kontrolami relevantnými pre audit, aby sme mohli navrhnúť audítorské postupy, ktoré sú za daných okolností vhodné, ale nie za účelom vyjadrenia názoru na efektívnosť interných kontrol Spoločnosti.
- Hodnotíme vhodnosť použitých účtovných zásad a účtovných metód a primeranosť účtovných odhadov a s nimi súvisiacich zverejnených informácií zo strany štatutárneho orgánu.
- Vyhodnocujeme, či štatutárny orgán v účtovníctve vhodne používa predpoklad nepretržitého pokračovania v činnosti a na základe získaných audítorských dôkazov aj to, či existuje významná neistota v súvislosti s udalosťami alebo okolnosťami, ktoré by mohli významne spochybníť schopnosť Spoločnosti nepretržite pokračovať v činnosti. Ak dospejeme k záveru, že takáto významná neistota existuje, sme povinní upozorniť v správe audítora na súvisiace informácie uvedené v účtovnej závierke alebo, ak sú tieto informácie nedostatočné, sme povinní modifikovať náš názor. Naše závery vychádzajú z audítorských dôkazov získaných do dátumu vydania správy audítora. Budúce udalosti alebo okolnosti však môžu spôsobiť, že Spoločnosť prestane pokračovať v nepretržitej činnosti.
- Hodnotíme celkovú prezentáciu, štruktúru a obsah účtovnej závierky, vrátane informácií v nej uvedených, ako aj to, či účtovná závierka zachytáva uskutočnené transakcie a udalosti spôsobom, ktorý vedie k ich vernému zobrazeniu.

So štatutárnym orgánom komunikujeme okrem iného i plánovaný rozsah a časový harmonogram auditu, ako aj významné zistenia z auditu, vrátane významných nedostatkov v interných kontrolách, ktoré počas auditu identifikujeme.


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Ing. Katarína Šilhárová, FCCA
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V Bratislave, 26. januára 2018, okrem časti správy „Správa k ostatným informáciám uvedeným vo výročnej správe“, pre účely ktorej je dátum našej správy 27. marca 2018.



VOLKSWAGEN SLOVAKIA, a. s.

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Slovak Republic

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