



SEAT

ANNUAL REPORT 2012



TIMELINE 2012



01



12



11



10



09



08

01
JANUARY 10

First units of SEAT León ship to China from port of Barcelona.

02
JANUARY 16

Management and union representatives sign new Collective Agreement.

03
MARCH 6

Geneva Motor Show shows wide range of models – Toledo Concept, new Ibiza and 5-door Mii.

04
APRIL 3

Exports boost financial results.

05
APRIL 24

First dealerships open in China, coinciding with Beijing Motor Show.

06
MAY 16

Start-up of electric vehicle loan to institutional fleets – Barcelona City Hall receives three cars.



02



03



04

07
JUNE 25

First pictures of SEAT Toledo, third model in product offensive.

08
AUGUST 29

Moscow Motor Show highlights commitment to expansion in Russia and opening up of new markets.

09
SEPTEMBER 12

Apprentices' School begins year with new dual vocational training system in place.

10
SEPTEMBER 27

Paris provides backdrop for new León and new brand logo, revamping corporate identity.

11
OCTOBER 25

Start of production of new León, a key model for increased production at Martorell and extension of brand's global reach.

12
DECEMBER 12

Company employees collaborate with Red Cross in solidarity campaign to help those most in need.



05



06



07

Sales to end customers

321,002
vehicles

Production plant Martorell

377,343
vehicles

Basic workforce

11,465
employees

Net sales

6,087
millions of euros

Investments

554
millions of euros

Markets

77
countries





ANNUAL REPORT 2012



WE ARE SEAT



Video
SEAT BRAND Video

60 YEARS OF GENUINE EMOTIONS

For 60 years, we have put our minds to work on designing superior driving experiences. We create inspiring cars, engaging all those who seek intense driving sensations, while combining the best of both worlds: rational and emotional. Technology and design. We take you forward on your road to tomorrow.






60 YEARS OF GENERATIONAL DESIGNS

On November 13, 1953, our first SEAT 1400 model was born. Elegant and spacious, it was embraced by the luxury market. Since then, we have tailored emotional driving experiences to each generation: the SEAT 600 emblematic of the free-spirited 60s, the iconic SEAT Ibiza hurtling into the hectic 80s, the legendary SEAT Toledo racing into the 90s... Today, we want our designs to drive new desires.

A scenic landscape at sunrise or sunset. A paved road curves through a field of green grass under a bright, golden sky. The sun is low on the horizon, creating a lens flare effect. The overall mood is bright and hopeful.

IT'S A NEW DAY



Today, we all look forward to:

/ PERFECT DESIGN
/ FAULTLESS QUALITY
/ SINGULAR EXPERIENCES

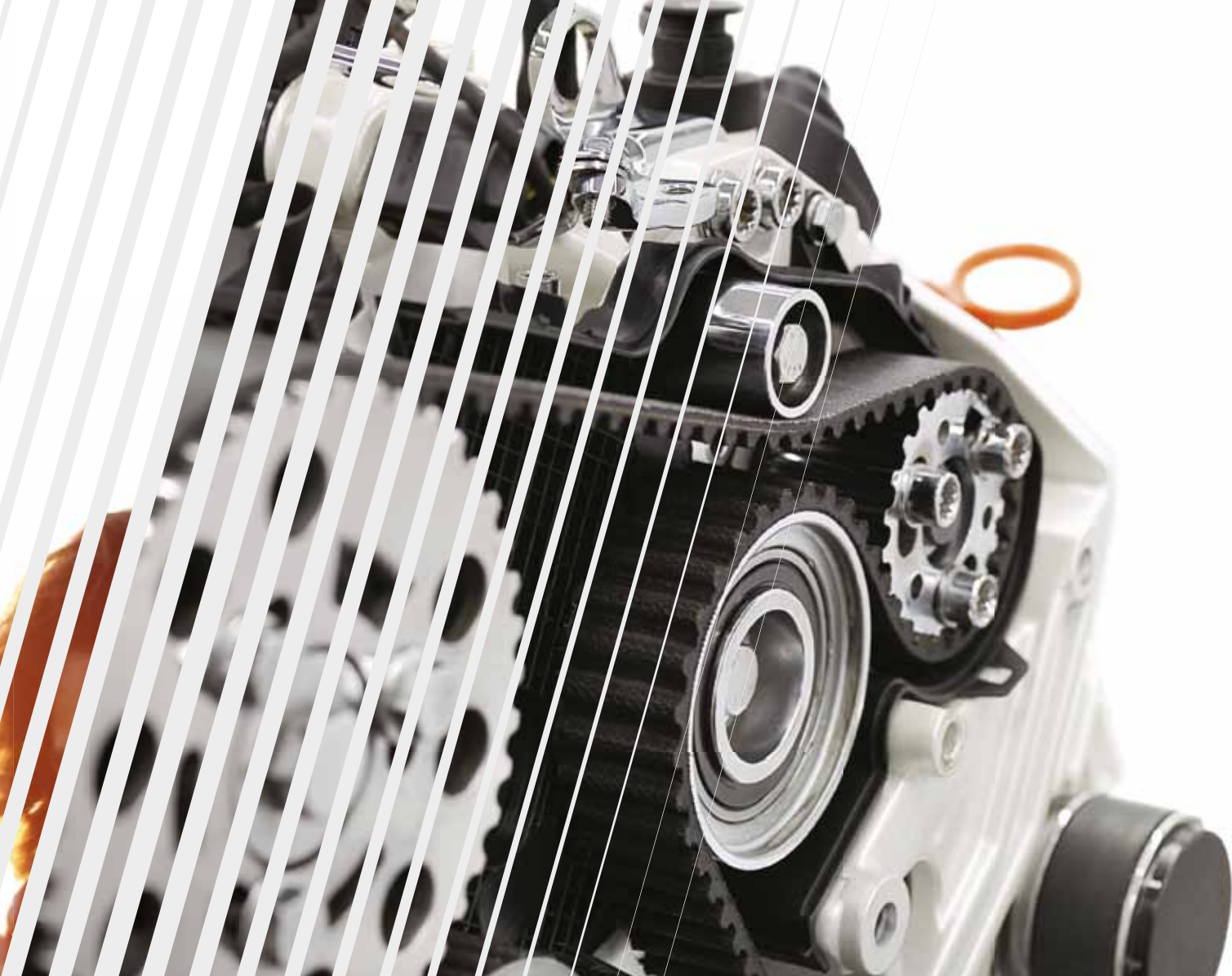
Not only do we seek to go from point A to B, but from point A to Beyond. Without making concessions we aspire to bring the best technology, design and functionality to life.

As a brand within the Volkswagen Group, we manufacture the finest vehicles and are constantly seeking to set new standards of what car enjoyment can be.

We design our cars with a Latin spirit, staying true to our roots and heritage, to give life to sensational driving experiences and to inspire everyone who will hold the wheel of a SEAT. Just jump in to see for yourself.

WE ARE **SPANISH**





WE ARE **GERMAN**

As part of the Volkswagen Group for 25 years, we have carefully integrated a painstaking attention to detail in all our thoughts and industrial processes. Our commitment to quality and

precision in everything we do is unwavering. Rigorously, we seek to define new standards in our category, to invite you into a world of inspiring innovations, to take you to another level.

WE ARE PASSIONATE
PERFECTIONISTS /
**WE ARE EMOTIONAL
TECHNOLOGISTS /**
EVERYTHING WE KNOW
/ IS EVERYTHING YOU FEEL

WE GIVE DESIGN A PURPOSE / WE BRING TECHNOLOGY TO LIFE



Welcome to

ENJOYN

EERING

This is our vision. It is our way of being and captures what we want to share with our customers. It is in everything we do: from the way we design our cars to the way we act with our colleagues, and the way we approach our partners and customers.



We are taking you on the road with a Spanish and German spirit, bringing together two complementary worlds: emotion and technology

ENJOYMENT / TECHNOLOGY
PASSION / PRECISION
HEART / MIND





OUR SIX VALUES

TO MAKE IT HAPPEN

01 / **DESIGN DRIVEN**

02 / **DYNAMIC**

03 / **YOUNG SPIRITED**

04 / **EFFICIENT**

05 / **RELIABLE**

06 / **ACCESSIBLE**

01 /

WE ARE DESIGN-DRIVEN ENGAGING, PRECISE, INNOVATIVE

Engaging the eyes and the minds with a seductive design language. Precisely combining technology with a tailored look and feel. Continually seeking to shape driving excitement with the latest technologies and providing the qualities in which desire resides.





02 /

WE ARE DYNAMIC

AGILE, NIMBLE
WITH CUSTOMIZED
PERFORMANCE

Combining the finest engine technology with agile chassis for superior handling. Fine-tuning every detail, to bring the road to life for a stimulating drive, every time. With senses stimulated, journeys are unforgettable.





03 /

WE ARE YOUNG SPIRITED CHALLENGING, URBAN, FULL OF LIFE

Connected to your world and your generation.
Turning the ordinary into the extraordinary.
Connecting you to the world's infinite
possibilities and bringing before your eyes
its colourful delights. Living life in high
definition and committing to enjoy driving
experiences to the fullest.





04 /

WE ARE EFFICIENT ECO, FUNCTIONAL, RESPONSIBLE

Having the lowest CO₂ emissions on the market for a reduced impact on the environment as well as on drivers' wallets. Providing everything drivers might need: from flexible interiors to intelligent features and storage; giving space to breathe and experience our cars. Responsibly answering to people's environmental concerns and personal desires.





05 /

WE ARE RELIABLE

ADVANCED, HIGH QUALITY ENGINEERING

As part of the Volkswagen Group we are committed to delivering the highest levels of high quality, precision engineering and state-of-the-art innovations. We work tirelessly to refine user-friendly technology, to meet the needs of our customers.



06 /

WE ARE ACCESSIBLE

AFFORDABLE, AUTHENTIC, CONSUMER-CENTRIC

We believe everybody should enjoy technology. And this enjoyment shouldn't be a privilege for the happy few, so our range of cars has been conceived to be accessible to all. It's key that we stop, see the view and take the time to pay attention. We listen to what our customers say about their cars. But equally important is what they say about their relationship with it. And, in doing so, we learn how we can keep evolving to meet their needs.





IT'S IN EVERYTHING WE DO

From our vision, to the way we manage our teams; from the details on your dashboard to our customers' online experiences. We meticulously engineer and design everything we do with our two worlds in balance. There is only one step between technology and emotions. We take that step every day.



WE'VE COME A LONG WAY

We've redrawn our logo, our most important visual brand asset, to enthusiastically signal our new commitment. It is made of two parts that reflect the two sides of ENJOYNEERING. Spirited and perfectly engineered.





SEAT

////////////////////////////////////2012////////////////////////////////////

THE WAY WE LOOK, TALK AND FEEL

From warm to cool colours, with a clear typography. A new tone of voice, photographic style, frame construction... We look and talk the ENJOYNEERING way so that everyone can sense our new brand positioning, in our cars, online, in a brochure or in a dealership.

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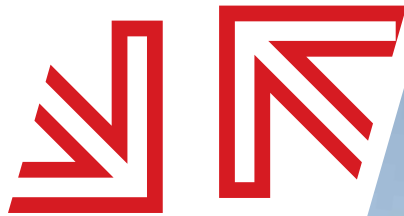
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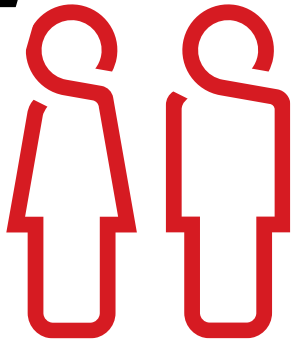
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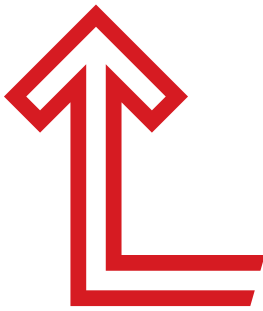


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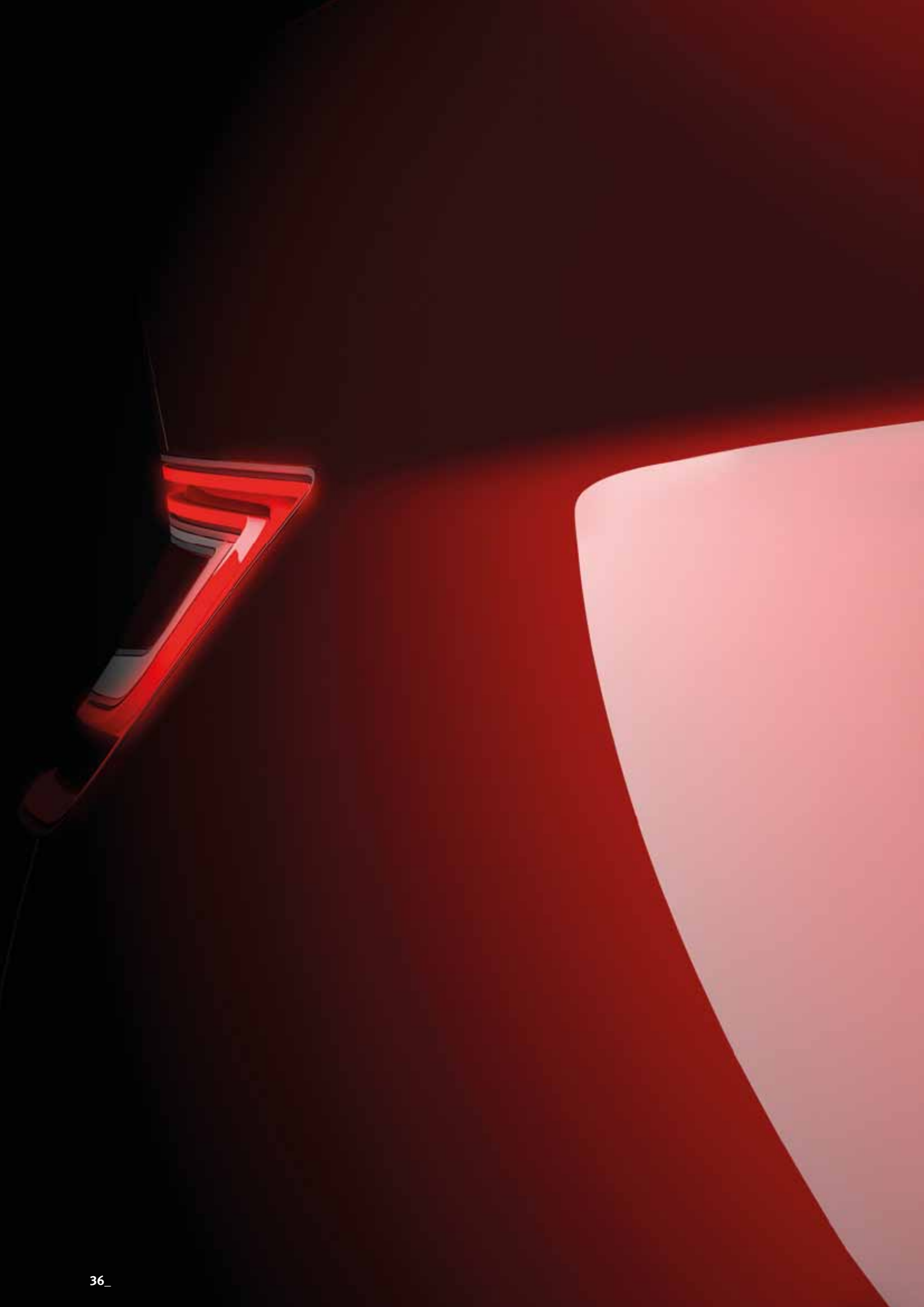


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**IN OTHER
WORDS,
WE'RE
TAKING
YOU ON A
JOURNEY**

With our new vision and identity we are inviting everyone to experience a new adventure. We are taking our brand to another level with a superior promise: ENJOYNEERING.

OUR COMMITMENT:

Live by our values and deliver on our promise. Make a difference in our categories and in our customers' lives for the enjoyment of driving. To make a breakthrough.

SO... ARE YOU READY?



10:02 ▲ NW 5



RADIO FM

FM

23.5°C

17240

417.5



SEAT logo and steering wheel controls including back, forward, and phone buttons.

SEAT logo and steering wheel controls including volume, mute, and voice search buttons.

FR

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Video
New SEAT IBIZA



1

MANAGEMENT

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LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Over the past 20 years the automotive industry has undergone sweeping changes due the appearance of new actors, as well as continuous technological and social challenges. New markets, new manufacturing countries to satisfy growing demand, new partnerships to compete in a global environment and more sustainable mobility. The Volkswagen Group's results can be explained as the result of its capacity of insight into these changes and adapting to them. Success that can only be fully understood by an international growth strategy based on crucial synergies between its brands.

At SEAT we are fully in sync with this new strategy. The new León is without any doubt the best example of it – a truly outstanding vehicle providing proof positive of the excellent work done by all company areas, coupled with the competitive advantages offered by the new MQB modular platform. The León has been designed and developed to become a world-beater, in spite of the current economic environment.

We continue to keep a close eye on sector developments in Europe, and view 2013 with caution. In spite of this, and even though it is difficult not to be distracted by day-to-day events, we have moved forward in a positive way. We are laying the foundations of a promising future, with a wider product range and an increasingly international presence both in Europe and new markets. This is a place SEAT can claim as its own, that of a brand with its own distinct personality, capable of catering to customers' requirements the world over, while being a member of an automotive group that is second-to-none as regards dynamism.

This definition also applies to SEAT, a company that has shown it has the capability to deliver on commitments made, such as manufacture of the Audi Q3, the first premium model to be built in Spain. Thus, in line with forecasts, in 2012 we ended the first complete year of production, with more than 100,000 units. At the same time we are bringing on board the best of German competitiveness in the shape of dual training. SEAT is a pioneering the introduction of this new model in Spain, which provides a modern gloss on our traditional commitment to training, and also provides employees with much better qualifications. We are also collaborating with the Volkswagen Group on the StartUp Europe programme for the training of young Spanish engineers, so as to open doors for them through an international stay in Germany.

The flow of ideas and investment – and there is no better guarantee for the future – cannot be stemmed by the crisis. Investment is the best way to tackle the challenges facing the sector. Therefore, we shall continue to invest in new models and technology, as well as the facilities needed to build them. Today SEAT and its Martorell production plant are more modern, more flexible and competitive, and hence more attractive thanks to investment made over the past few years, coupled with the collective agreement signed in 2012. That is the best guarantee for the future, to compete successfully on a global scale.

Dr. Francisco Javier García Sanz



SEAT



LETTER FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

The last year proved to be more challenging than forecast, with the downturn in car demand in Southern Europe causing new car registrations across the entire continent to reach the lowest level in 17 years. We anticipated the slowdown early enough to implement counter-measures that enabled us to maintain a consistent trend over the last three years of improving year-on-year operating results. Compared to 2009 annual losses have been cut by two thirds, from €(391) million in 2009 to €(134) million in 2012 – an improvement of € 257 million.

Our export business developed strongly last year, and a notable volume and share gain were recorded in Germany, United Kingdom, North Africa, Israel and Mexico. Unfortunately these gains were not sufficient to offset the market driven volume losses in our southern European markets.

2012 saw the biggest product offensive in SEAT's history, and marked the beginning of a robust, brand-building strategy to fuel volume, revenue and profit growth. The launch of the new León is truly a defining moment, since it encapsulates the essence of what SEAT needs to stand for in the future – modern technology, the very best of German engineering and quality, combined with dynamic, bold design. Media reception of the car has been outstanding – having declared it “the best car in SEAT's history” – and both dealer and customer response is very encouraging.

The 5-door León will be introduced in all markets over the first five months of 2013. We will add the new León 3-door coupé (SC) and ST wagon during the year to create an entire León family. Both models will increase sales volumes and will establish the SEAT brand as a major player in the biggest

mid-size segment, creating more balance in the range and significantly improving revenue quality.

Top quality is a must for all our cars, and must be a constant focus throughout the entire value chain. Significant improvements to factory quality is filtering through to the customer's purchase and ownership experience. For example, customer product concerns have been reduced by 25 percent in the last 12 months, and satisfaction at the point of sale has increased dramatically.

Internally, our workplace internal survey that enjoyed an unprecedented 94% participation by the whole workforce, marked an increase in satisfaction and confidence in our company.

Furthermore, last year we launched the Dual Vocational Training System at our Apprentice School – a first for Spain. This German model provides young people with outstanding theoretical and practical training, preparing for a technical or engineering career.

Despite the strong headwinds, there is positive momentum in the SEAT business. The early signs are that the new product and design formula of the León is working in the market and is achieving our ambitious expectations. In 2013 we must translate the potential of our new products into tangible business success. Likewise, we must work on further product plans that build on the new León formula to widen our market reach and build our revenues, whilst keeping our costs firmly in check.

James Muir






SEAT



BOARD OF DIRECTORS

Chairman

Dr. Francisco Javier García Sanz

Board Members

Martin Mahlke

James Muir

Matthias Müller

Klaus-Gerhard Wolpert

Secretary and Legal Counsel

Luis Comas Martínez de Tejada



EXECUTIVE COMMITTEE

- 1 James Muir** Chairman
- 2 Holger Kintscher** Finance & Organization
- 3 Ramón Paredes** Governmental & Institutional Relations
- 4 Dr. Matthias Rabe** Research & Development

- 5 Josef Schelchshorn** Human Resources
- 6 Dieter Seemann** Purchases
- 7 Paul Sevin** Sales & Marketing
- 8 Dr. Andreas Tostmann** Production



Video
New **SEAT TOLEDO**



2

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VICENTE DEL BOSQUE

The serenity of success

A few months ago you were voted best football coach in the world 2012. Do you feel dizzy up there on the heights, raised aloft by the world of football?

I'm not as naïve as to think that I've been given the award, even though it is an individual one – just on the basis of my own merits. There is no doubt in my mind that the makers and shakers have been the players themselves, that marvellous generation of fabulous footballers I have had the good fortune to coach. The same thing goes for my entire team – without all of them, I would never have been given this award.



VICENTE DEL BOSQUE, AT HIS OFFICE IN THE REAL FEDERACIÓN ESPAÑOLA DE FÚTBOL.

Do you still feel the same passion and energy after a career spanning 40 years?

I think both things might even have become even more intense, possibly because of having more and more responsibility. At home I was taught the importance of doing your duty, and that is what I have always endeavoured to do, from my very first day in football to the present.

Has football changed a great deal since your days as a player?

The basics – the human relations between the players – have not changed. Before, everything was more informal, that's true enough, but the essence is the same as it always has been.

You once said that if you ever went back to being a player, you would like to be like Sergio Busquets. Could you elaborate on this?

Busquets is a footballer of enormous generosity. He is always thinking of the team, he sets a great example. Just like Xabi Alonso who thinks more in terms of the team rather than self aggrandisement. I believe that I said I would like to be Busquets in the World Cup after the first match, when the double pivot idea was criticised. Now, in hindsight, I am happy to have said it then, because it has now proved its value. Back then Sergio Busquets had just arrived on the scene, and was the new kid on the block. It would be much easier to say the same thing today.

You are the only coach to have won the Champions League, the World Cup and the UEFA Euro. Which of these competitions was the most exciting for you?

I'm not keen on 'the only coach' idea, I prefer to think that I have been fortunate to head both teams – Real Madrid and the Spanish national team – at very good moments.

I suppose that if I were forced to choose, I would opt for



Vicente del Bosque (Salamanca, 1950) is the best football coach in the world. That was the opinion of his peers, footballers and journalists at the FIFA Ballon d'Or gala 2012. At the head of a Spanish national team that is champion of Europe and the World, he is also the only coach on the planet who can boast of having won the Champions League (2000 and 2002), the World Cup (2010) and the UEFA Euro (2012). But in spite of all these achievements, Del Bosque comes across as calm and coherent, something not often seen in the world of football, and only hopes that he will be remembered as 'a good person'.



the World Cup, since it is more special and because we had never won it before. Real Madrid has won nine European Cups, and the national team, fortunately, has three UEFA European Championships. The World Cup in South Africa was a first, and that makes it a little more special.

The UEFA Euro 2008 was a turning point for *La Roja* (the Spanish national team's nickname), an opportunity it used to advantage under your leadership. What do you believe was instrumental in this change of fortune?

The merit belongs wholly to a fantastic group of footballers. They are players who have been brought up without any complexes, have grown as a group, and have been winning titles

since their junior days. In fact, the current national squad is the result of a combination of winning generations. They are both winners and great boys, not only in competition but also emotion-wise. And this mix makes them a winning team. They are literally second to none.

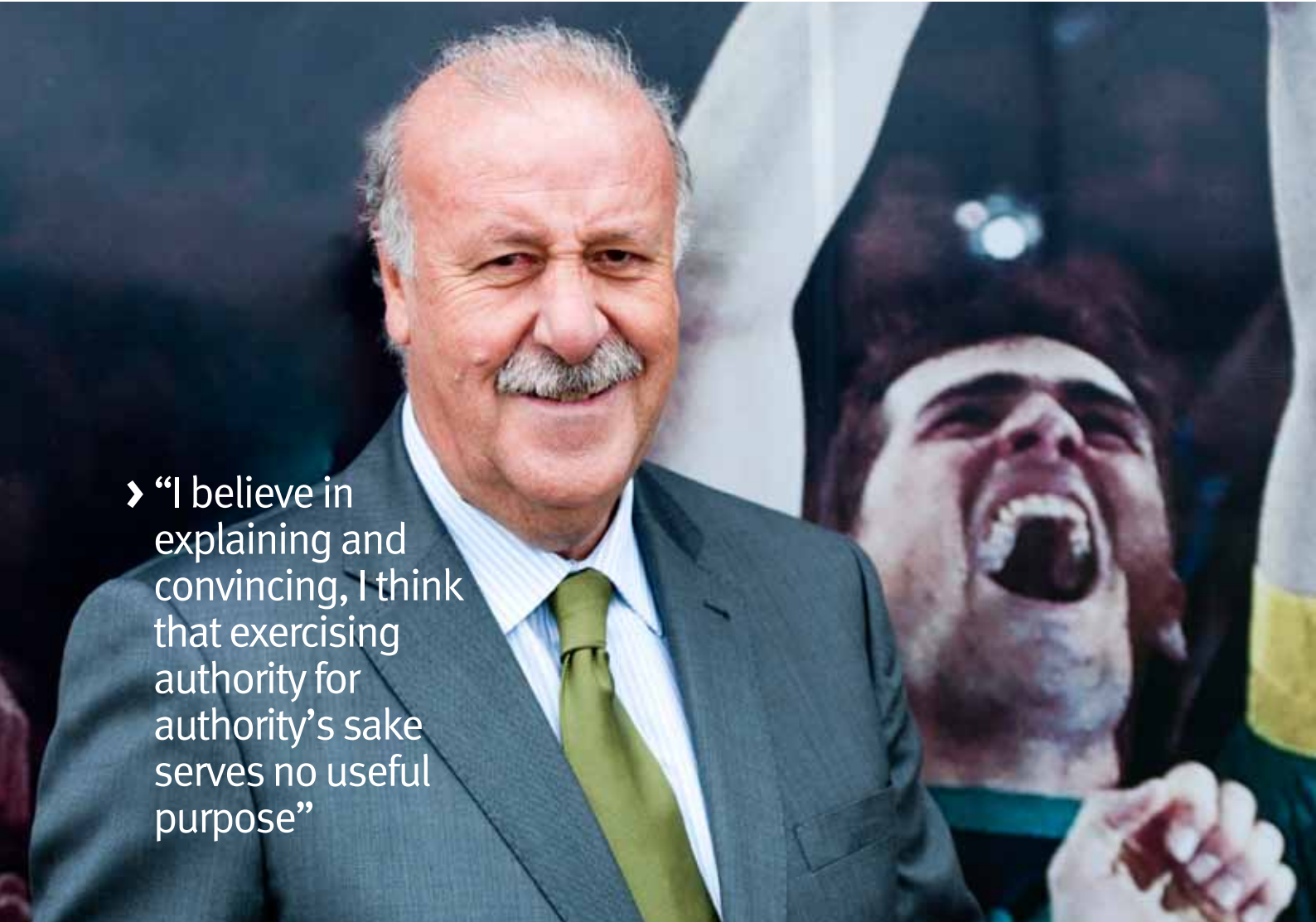
In South Africa in 2010, the Spanish national team achieved the greatest success in its history by becoming World Champion. There has been much talk about Iniesta's goal, the role played by Xavi and Casillas.... what would be your highlight?

Obviously we would all say the final, with the goal by Iniesta. But before the final I would highlight the semi-final against Germany. That was a victory for

the team's technique, for the players' quality, and for courage in the shape of Puyol. That day the players showed that they were not only fully prepared technically and tactically, but also emotionally.

Even with all these successes under your belt, you prefer to have people think of you as a good person rather than a good coach.

I believe that this is what we all want. We are born to do good, not to do evil. Between regarding myself as a good person or a good coach, I prefer the former, no doubt about it. But no-one deserves to have praise heaped on them on account of their goodness. Any individual, even the best, has defects and prejudices.



› “I believe in explaining and convincing, I think that exercising authority for authority's sake serves no useful purpose”

What are the shared values between a good coach and a good person?

It is slightly different. A coach may be respected simply because he is a great guy within the group. Because he is hard-working in his job, because of what he knows, and because he carries out the tasks inherent to the position. The ideal thing would be for him to be a good person and at the same time very hard-working, painstaking and knowledgeable. But coaches come in all shapes and sizes: those who are fantastic personally but not so good professionally; others are very good at their job but are not appreciated by anyone. In my opinion, the ideal position comes from a mix of both things.

On one occasion you said that the main virtue of a coach is to be hard-working above all others.

No doubt about it. If the coach is lazy, idle, or incapable, he would best do something else for a living. You have to show that you are hard-working and responsible, and lead your players by personal example. And this is true not only for football, but for anyone in charge, any leader. Also, the image you give your players is very important. You should set a good example to them, be someone with solid principles and in possession of comprehensive

knowledge – in my case knowledge concerning tactical and technical aspects as well as physical training.

And what is the greatest virtue of a footballer?

There are many. Players should be respectful, good companions, disciplined, but they should also have a strong will, enthusiasm, as well as a desire to excel.

What is the most important aspect for the success of a team – tactical concepts or things like companionship and solidarity?

Everything has its place, but companionship and solidarity between players are fundamental in order to create a team spirit that helps the whole group enormously.

You always encourage the creation of a positive atmosphere in the changing room. To what extent has group cohesion been important in your successes?

For any team – or any group in fact – to function properly there must be a good relationship between its members. Obviously there are examples which would show the opposite is true, but I am convinced that success is all the easier if there is an atmosphere of cordiality within the group.

Some quarters have branded you as someone with a ‘soft approach’, precisely because of your insistence on the importance of personal relationships. Are your successes the best response to these criticisms?

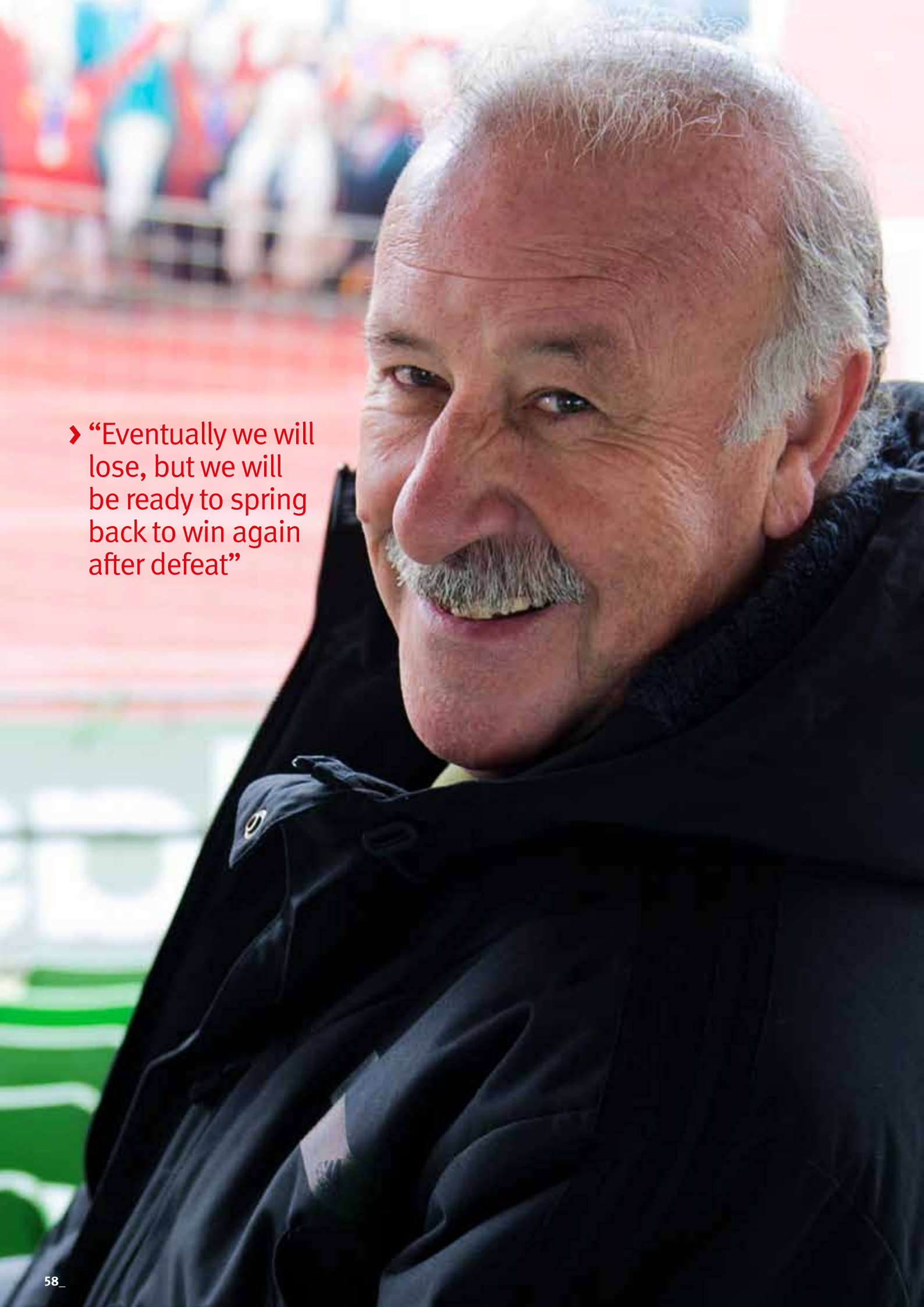
It is not a question of responding to any criticism. Each and every one of us works in the way they see best. I am not going to start shouting from the sidelines or in the changing room. I believe in explaining and convincing, I think that exercising authority for authority's sake serves no useful purpose. This is not to say that you don't suffer the whole process inside you. I too get hopping mad when things do not work out.

What aspects do you have to work on most in the case of footballers?

On their technical and physical preparation. They will gradually acquire tactical knowledge throughout their careers, so the most important thing is that they develop physically and technically. The idea is to give them all-round coaching, to train them through sport, to strengthen their characters for them to be good persons. It is essential that they have good personal behaviour, independently of their strictly footballing skills.



DEL BOSQUE ENJOYING A MOMENT OF GLORIOUS CELEBRATION AT THE WORLD CUP IN SOUTH AFRICA. ~



› “Eventually we will lose, but we will be ready to spring back to win again after defeat”

Is there still room in football for innovation, or has everything on the matter already been said?

Every day there are new things and details that can improve performance. The work of the coach is to offer the players tools so they can improve their quality, and explain the game to them clearly. I am not saying that in football there are major changes, but there are small things which gradually help a team to develop and improve its performance.

FC Barcelona and Spain, the two dominant forces on the football scene today, opt for a passing game on the offensive. Is Cruyff the father of this model and Guardiola his successor?

I wouldn't put labels on anyone's game. Guardiola has done some things differently from Cruyff. Cruyff's Barça had three players in defence, one mid-fielder and a second striker behind the striker. The drawing, the initial photo, is very different from what is done now, although the concept is similar, and the style is recognizable too. But I repeat that I do not like putting labels on anything.

What does having Messi and Cristiano mean for the Spanish football league?

And each of them in a different team! That is magnificent for Spanish football; it raises its profile enormously. But not only do we have two of the world's best players, but also from the group point of view we can boast that right now Barça and Real Madrid are the two best teams in the world.

Is Messi the best footballer in the history of the game?

I don't know whether he is the best player in the history of the game, because I don't think you can compare players from different eras. But right now Messi is the best. And he will continue to be the best even though he doesn't play with Iniesta, Xavi and the rest. He reminds us of the footballers of yesteryear, who grew up and learned in the streets.



VICENTE DEL BOSQUE INSTRUCTS HIS PLAYERS BEFORE EXTRA TIME DURING THE SEMI FINAL AGAINST PORTUGAL AT THE EURO CUP 2012.

› **“If *La Roja* isn't already Spain's principal ambassador, something should be done to make it so”**

World acclaim has come to you particularly after the success of the Spanish national team. Is *La Roja* now Spain's principal ambassador to the world?

If it isn't already, something should be done to make it so. You hear complaints about trips of the national squad to countries like Mexico, Argentina, Panama, Costa Rica and Puerto Rico, to name just a few places we have played in over the past few years. These countries have had strong historical links to Spain, and are now once more acquiring commercial importance. If, via this universal phenomenon that is football, we manage to create closer ties with these countries, I would be delighted. When we travel with the national team and we see a display of affection, I am hurt when someone asks why we are travelling to that particular place, because these countries have always been very open and welcoming.

Do you feel that you are representing an entire country when you travel abroad?

I am not such a fool as to think that we are 'awesome'. We are just footballers, but we should do a good job of representing our country. And not just

winning matches – important of course – but also by the way we behave.

Can Spain's winning streak last for many years more?

I imagine that one day eventually we will lose. I don't know when that day will come, but we will be ready to spring back to win again after defeat. Right now there is a great generation of magnificent footballers, but it is also important to remember that we have been preparing the ground for a good many years so that this streak can continue. Those who come after us will pick up where we left off and we shall never be far from the titles.

You have said that when you stop managing the Spanish national team you will be retiring. We hope that you see that day as being far off.

I have said that theoretically I shall be stepping down after the World Cup in Brazil, and I would underline the word 'theoretically'. When I finish my term with the Spanish national team it's almost certain that I will have responsibilities somewhere else, but we need to make room for future generations. There are many young people out of work, and those of us who are already old soldiers should step aside and retire.

MARIANO BARBACID AND ANA MARTÍN-VILLALBA

The value of science



MARIANO BARBACID AND ANA MARTÍN-VILLALBA
DURING THEIR MEETING IN MADRID.



› Two generations of scientists in the fight against cancer, face-to-face

Mariano Barbacid. One of the most highly reputed Spanish scientists in cancer research. Doctor in Chemical Sciences, he has worked for more than two decades in the United States, where he moved in 1978 to head, *inter alia*, the Department of Preclinical Oncology at the pharmaceutical multinational Bristol-Myers Squibb in Princeton. In 1982 Barbacid and his team successfully isolated the mutated human gene H-ras, a discovery that served to establish the molecular bases of cancer, something that is today known as molecular oncology. In 1998 he returned to Spain and founded the National Cancer Research Centre (CNIO), the epicentre of research in this field in Spain and a pioneering centre in Europe. Mariano Barbacid is also a habitual consultant to several committees, has some two hundred articles to his credit in prestigious scientific journals, and sits on the peer-review committees of some fifteen academic publications.

Ana Martín-Villalba. Doctor in Neurobiology, she continues her research at the Deutsches Krebsforschungszentrum (DKFZ, German Cancer Research Centre) in Heidelberg, where she moved in 1995. The main thrust of her research is into the inhibition of the CD95 molecule in patients with brain tumours. Her research, currently in its second stage, is providing encouraging results – sufficient to go further in this line of work. Dr. Martín-Villalba has been the recipient of several prestigious awards, including one given to young scientists by the German Science Society (DFG) for excellence in her research.

The CNIO, located in Madrid's Melchor Fernández Almagro Street, is the venue for the meeting between two internationally-acclaimed scientists. Dr. Barbacid symbolises experience and prestige in the world scientific community. Dr. Martín-Villalba personifies a generation of scientists trained in Spanish universities who have made major scientific breakthroughs with a huge impact on society, far from their homeland. Both share the passion and dedication to their work. Their lines of research have converged to such an extent recently

that they may well end up working together in the not-too-distant future.

Though both knew of each other in a professional capacity via their respective scientific publications, they only actually met personally in 2012, at a symposium organized by the DKFZ in Heidelberg. And now they are meeting again, face-to-face, to divulge to us the inner secrets of one of the most discrete yet most important professions that exist.

In Dr. Martín-Villalba's opinion, Dr. Barbacid is an example to be followed.

Not only because he is one of the few world-acclaimed Spanish scientists in the field of cancer research, but also because, in addition to setting a milestone in the fight against cancer, he has kept himself at the cutting edge of research ever since. Dr. Barbacid for his part admires how Dr. Martín-Villalba has herself become an acclaimed scientist in the field of biomedical research, after initially graduating in medicine and starting a career in science, something she has combined with more personal success in the shape of creating a family.

› “As long as we continue to regard cancer as a single disease, we will never understand its complexity”



Dr. Barbacid, what was your experience of the discovery of the human oncogene H-ras by your team in 1982, and publication of your findings in *Nature*?

M.B: It's difficult to put into words. A great deal of excitement for one thing. Not exactly because of the discovery in itself, but because we knew there were many other much more powerful groups working on this, and there were just three of us competing to get the same results. In science you only get recognition if you are the first to get there.

Dr. Martín-Villalba, do you have any memories of that event? When did you begin to feel a vocation for medicine?

A.M-V: At that time I did not read *Nature*, but rather the biography of Santiago Ramón y Cajal, which lit a small flame inside me, and kindled my passion for the neurosciences. In any case, science in itself is something that I have been immersed in ever since I was born since I had parents dedicated to research in physics.

What qualities make a good researcher?

M.B: A vocation and passion for science, for discovering the unknown. And, in view of the field we are working in, the desire that our efforts should some day have a beneficial impact on patients with cancer. In science as in other activities, methodology is essential but not enough.

A.M-V: True. Methodology is important, but a passion for science and the challenge of correctly interpreting what we see before our eyes is what defines it. And we should not forget creativity and ingenuity either.

In your profession, many lines of research have to be discontinued. That means many hours of work and resources, which in the final analysis do not lead to the hoped-for results.

M.B: But that is part and parcel of scientific research. Setting up hypotheses and testing to see whether they are right or not. When they are not, the important thing is to know how

to react in time and change course, particularly because very often the future of a young researcher is at stake.

A.M-V: And in fact, these discoveries that do not fit the initial hypothesis actually open up more interesting avenues than the ones we were originally interested in. You need to be able to recognise unexpected findings, or, as we say – *serendipity!*

Some results are foreseeable, we suppose, thanks to technological development.

A.M-V: Of course. Ultra-sequencing, the simulation of biological phenomena *in silico* (in the computer), the technology that enables us to visualize microscopic elements (photon and confocal microscopy) and macroscopic elements (Nuclear Magnetic Resonance, Positron Emission Tomography). All these technologies enable us to test our hypotheses in almost all their dimensions, something that would not have been possible a few years ago.

› “In research there is no such thing as a free lunch. No pain, no gain”



BARBACID AND MARTÍN-VILLALBA AT THE CNIO, THE HEART OF SPANISH CANCER RESEARCH. ^

M.B: Research makes headway only when there is a combination of good ideas and good working hypotheses coupled with the development of new technologies. To give just one example: we had been waiting for a long time to get to know the errors (or mutations) present in human tumours. But this has only become possible recently thanks to the development of the technology of ultra-sequencing mentioned by Ana. And to this we could add most of the scientific discoveries which have driven biomedicine forward over the past few decades.

In the popular imagination, a scientist is a man, and an elderly one at that. Is this just a figment of that imagination? How does this fact affect young researchers and women?

A-M.V: Just as in all the professions, the senior posts are filled mostly by men, since the obligations inherent in those positions make it difficult to reconcile work and family, and we women tend to recoil from this situation. That said,

and living in Germany, I do believe that Spanish women are much readier to take on this challenge. When I did my first interview as a post-doctoral student, I remember that one of the questions was whether I wanted to follow a career in science or start a family. It may well be that the difficulties we encounter on the way will discourage some women, but I do not think they believe they have to make that same choice.

Scientists use jargon that is sometimes alienating for some people. Is this an obstacle to social recognition of your work and popularisation of scientific knowledge?

M.B: A good scientist and a good communicator are very different animals, and you don't often find both qualities in the same person. That said, scientific communication comes up against a fairly widespread lack of knowledge in society as a whole concerning the minimum essential principles to be able to understand scientific developments. In

Spain we continue to associate 'culture' with the Arts, and no-one ignorant of how one's own DNA replicates every day would consider him or herself to be uncultured. If someone is unaware of how the body's cells replicate, how are they going to understand how a cancer starts and develops? How many people have an understanding, however slight, of the Higgs boson? The effort has to be made by all involved, both scientists and the media. Not an easy task in a society where effort is valued less and less.

Tell us about that, about effort.

M.B: Effort is essential. That said, the great advantage of having a vocation, a job we love, is that effort – and excuse the play on words – is effortless. Or at least we do not regard it as being such, particularly when no obstacles are placed in our way – which is not always the case.

A.M-V: As in all professions, research too has its frustrations and the odd failure, but it is the passion in our

search for truth that drives us forward with renewed energy. In research there is no such thing as a free lunch. No pain, no gain.

Working outside your native country is also a sacrifice of sorts. Has it been worth it?

M.B: It has been a crucial factor in my case. I can assure you that, had I not furthered my career in the United States (not forgetting I already had tenure at the Spanish Higher Research Council, CSIC, at the age of 24) we would not be having this conversation here today together with Dr. Martín-Villalba.

A.M-V: In Heidelberg I have greater access to the necessary resources to continue working along my lines of research. From the personal point of view, I believe that working in such an international environment as that provided by the German Cancer Research Centre (DKFZ) is very enriching.

What countries or cities have figured large in your lives?

M.B: My career in science can be divided into two clear-cut parts – education and professional activity. Both have been split between Spain and the United States. My initial education, going back to school (which is when I got bitten by the research bug), then university and PhD work was done in Spain, whereas my post-doctoral training was carried out in the United States. As to my professional career, it too began in 1978 in the United States, then continued in Spain where, in addition to being able to continue with research, I was given the opportunity to set up the CNIO, still today one of the best biomedical research centres in the world. That said, there is substantial asymmetry between these two periods, in favour of Spain as regards education, and in favour of the United States as regards my later career in science.

A.M-V: Before my medical studies I summered in the United States, something that dampened any enthusiasm for working there, maybe



ANA MARTÍN-VILLALBA CARRIES OUT HER RESEARCH WORK IN GERMANY. ^

because I got to know an American family rather than the scientific dimension of the country. This was followed by periods in Austria (for clinical work) and the United Kingdom, where I was an Erasmus student at Leeds University. Lastly, the final year of my degree course was spent at a neurophysiology laboratory in Heidelberg, where I was made an offer of returning there to do a PhD after graduation. So two weeks after my medical final examinations in 1995, I boarded a plane to Frankfurt. As a recently-graduated medical student, I did not have enough credentials to be fully appreciated in a research environment, but with perseverance,

passion and a bit of that *serendipity* I often mention, I have managed to improve my scientific *pedigree*.

In the so-called Anglo-Saxon world, scientific research is more highly appreciated than in Spain. In spite of this fact, Dr. Barbacid, you decided to return to your homeland. For what reason?

M.B: There was just one reason. The challenge of creating and setting up the CNIO, and I am very proud of the results achieved. I regard myself as very fortunate at having been offered the opportunity, and I am grateful to those persons who placed their trust in me to carry it out.

How would you describe the overall situation of current cancer research? What is the current situation of your own work?

M.B: There is no such thing as an overall advance in cancer research. Each one of the 150 different clinically-defined cancers advance at different rates, as the infectious diseases have also done throughout their history. As long as we continue to regard cancer as a single disease, we will never understand its complexity. No-one would ever think of grouping together AIDS, measles and influenza as a single disease, and yet all three are caused by viruses. So why is it done with an adenocarcinoma, a sarcoma and leukaemia? Why do we put these three diseases together in the same bag and call them ‘cancer’? They are three completely different conditions, both as regards origins and development, and of course the way they are treated is completely different too.

A.M-V: For years the scientific community has been working on a molecule called Fas or CD95, a promising molecule in the elimination of carcinogenic cells. We have discovered that this particular molecule is used by carcinogenic cells to

➤ **“The passion in our search for truth drives us forward with renewed energy. Vocation, technology, training and... serendipity!”**

proliferate and invade the surrounding area. Our laboratory has helped to generate sufficient evidence to begin a clinical study based on CD95 inhibition in patients with brain tumours. The results of Phase II of this study are very encouraging and we hope to be able to carry on to Phase III in brain tumours as well as other types of tumour.

As persons who are familiar with research in Spain, could you say how the country stands in comparison with others?

M.B: The main pole of attraction in biomedical research is still the United States in particular, and the so-called Anglo-Saxon world in general. But that is no obstacle to Germany, which holds a leadership position amongst the

European countries, with the exception of the United Kingdom.

A.M-V: I believe the main factor setting Spain apart from other countries is money – resources for research. Germany has made a clear commitment to R&D, the more so in times of crisis. Access to those resources makes the country very attractive to many researchers, and so it has a critical mass with which to collaborate, discuss and of course compete. These factors have provided Germany with a very powerful driving force in research over the past few years.



MARIANO BARBACID IS ONE OF THE WORLD'S BEST-KNOWN NAMES IN CANCER RESEARCH. ^



ENTREPRENEURS

How to get ahead of the game?

Aïta, Knack Men and Atrápalo are benchmark Spanish companies in their respective sectors, headed by young entrepreneurs who one day started playing the game of success. But today, sitting back and savouring business success is not for them – Javier Relats, Bruno González-Barros and Manuel Roca put in a lot of work daily to consolidate and improve on their results. According to the prestigious Barcelona business school Iese, the trio form part of the select group of 20 most influential young entrepreneurs in Spain.



AÏTA HAS 60 SHOPS IN SPAIN, AND HAS BEGUN TO EXPAND INTERNATIONALLY. ^

They were singled out for success in large corporations – own office, secretary and business lunches. But they decided to follow their own dreams, ignoring the comfort and security you have when part of a big company. Starting from scratch is something done only by the bravest. Like Javier Relats, Bruno González-Barros and Manuel Roca – founders and heads of Aïta, Knack Men and Atrápalo respectively. The three ground-breaking companies that are making it big in Spain, and taking their future towards international expansion. Nights with no sleep, months with no pay, years with no holidays. Until one fine day it all happens – everything comes together, and the long hard road has finally led to the dreamed-of objective. It is then that the entrepreneur sees for himself that the risk taken was worth it.

Aïta. Revolutionizing the family business

Javier Relats, founder of Aïta, worked for several multinationals before he joined the company he had closest at hand – the multi-brand shop of women’s fashion accessories created by his mother and sister in 1999. It was in 2005 when Relats decided to go into the family business, contributing his experience and managerial skills. The entrepreneur put the company on a professional basis, and in 2006 opened the first shop under the name Aïta, the kernel of what is today a large chain of 60 shops all over Spain. Creating a product designed exclusively for the demanding, well-dressed woman who wants to stand out from the crowd is one of Aïta’s keys to success. In the conviction that his idea knows no frontiers, currently Relats has begun to expand internationally with the opening of four shops in Colombia, and already has his sights set on Kuwait, Qatar and Bahrein.

► **“Loving what he or she is doing is the fuel which helps you overcome those difficulties”**

In spite of his success, Relats has not forgotten the risky bet he made back then. “The entrepreneur sets out on a great adventure, but you can never lose sight of the viability and sustainability of the company. You have to be cautious for the first few years with expenditure and investments so as to consolidate the company. It is a fascinating, exciting period in which you learn a lot. It’s like the life of a child. Years of taking short but decided steps”.

In 2006, Iese Business School and Alberto Fernández – one of its professors – became shareholders in the company. Both were decisive for the success of Aïta. “Keeping a company going has always been an uphill struggle, but today you need to make a titanic effort”, says Relats. “Changes in consumer habits, the economic crisis. You have to adapt to changing circumstances to keep your head above water”.

Relats says an entrepreneur needs to get enthusiastic about an idea, as well as working hard. “Passion is the driving force, the motivation for getting out of bed every day to carry on the struggle. The entrepreneur comes up against many difficulties

› “It’s the action, and not the idea, that makes the difference between an entrepreneur and someone who just thinks”

every day, so loving what he or she is doing is the fuel which helps you overcome those difficulties”.

Knack Men. From necessity to success

Of much of the same mind is Bruno González-Barros – creator of Knack Men, a company devoted to high-quality men’s tailoring. He has a very clear idea of the skills required of an entrepreneur, “Optimism, work, flexibility, pragmatism and action”. After years of working in multinational consulting agencies, González-Barros decided to create his company almost out of personal necessity. He had difficulty in finding clothes suited to his tastes, particularly high-quality suits at an affordable price. This frustration turned to the conviction that there was a niche in the market, and after an in-depth analysis of the sector, he decided to push ahead with a business plan based on end-product excellence. From a conceptual viewpoint, the idea was simple enough, but putting it into practice in the highly competitive world of business was no easy matter – no sparing of efforts lavished on the product itself, but imposing austerity and a firm cost containment policy on the distribution network or the rentals of the points of sales.

This founding philosophy, coupled with the initial will to expand, was the seed of Knack Men, which opened its first establishment in Madrid in 2003. Since then the company has grown at a steady



AFTER JUST TEN YEARS, KNACK MEN IS ALREADY A BENCHMARK COMPANY FOR HIGH-END MEN’S TAILORING IN SPAIN. ^

pace – one new shop a year – until it became a benchmark brand for high-end men’s Spanish tailoring. “It’s the action, and not the idea, that makes the difference between an entrepreneur and someone who just thinks”. And González-Barros has put this into practice in his unceasing striving to meet his challenges. Already at the early age of 14, the entrepreneur bought and sold shares on the stock exchange while still at school studying. An early starter who aims to take his business model to cosmopolitan cities like London, Paris and New York, possible springboards for the internationalization of his company.

“If I am asked what Knack Men can offer the market, I have no hesitation in replying – better suits and

better menswear than the rest. Our commitment to excellence has been and still is the origin of the company”. It is in these categorical terms that González-Barros expresses himself. He also believes that innovation is crucial for any kind of business, even such a traditional one as tailoring. “We should be reinventing ourselves constantly. Perhaps in trends, in customers’ tastes...But of course, without losing the spirit that defines you”.

González-Barros sums up his way of understanding his profession by quoting the words of one of the world’s great creators. “I am reminded of the reply given by Picasso’s when he was asked ‘Maestro, what do you think about inspiration?’ to which he retorted



ATRÁPALO HAS MORE THAN SIX MILLION REGISTERED USERS. ^

‘Inspiration is all well and good, but it has to come to you when you are working!’ You have to both work and keep striving. With these ingredients it will be easy to achieve the success you are after”.

Atrápalo. Swimming against the current

Manuel Roca, creator and director general of Atrápalo (www.atrapalo.com), defends intelligence put to practical use as a method of moving a company along the road to success. Atrápalo is an online agency for travel and leisure activities at the best price, ranging from cruises or week-end breaks to theatre tickets and restaurant reservations. The company was born from a bar-room

› “You have to recycle yourself, otherwise failure is staring you in the face”

conversation between four friends in 1999. These entrepreneurs jotted ideas down on the back of an envelope for possible internet-linked projects, finally opting for the one which was most viable and had most chances of success. All this on the eve of the bursting of the dotcom bubble, and in the face of reiterated refusals from private capital. Nonetheless, just a few months later,

dividing their time between this project and their respective jobs, Atrápalo came into being.

The task was not an easy one, and neither was the follow-up, in spite of the good results. “There are moments of crisis when you don’t even see the horizon, let alone a future, for what you are doing”, says Roca. “One thing I know for sure is that constancy and dedication are the key elements for luck to come to you and for your dream to become true”.

The company was started up in 2000 with four people – the four founders – and ended the year with a team of ten. Today Atrápalo employs 350 people, average age 28. One of the keys to success for the director general is precisely the team – dedicated and proactive – that make it all possible. ‘Proactive and dedicated’ are also adjectives which define Roca’s own professional track record. An economist by training, the entrepreneur began to work in his father’s building merchant’s company, taking care of the accounting at the age of 18. After graduation, he spent some time in London where he worked for years in different banking companies.

Today Roca is at the head of the benchmark leisure online portal in Spain, with more than six million registered users. In 2009 Atrápalo landed in Italy and Latin America, a market offering business opportunities both because of the potential user profile and the economic context. Currently Atrápalo is present in Chile, Brazil, Colombia and Peru, and is working on new collaboration agreements so as to broaden its offering of products and services.

In Roca’s view, it is crucial to get training as well as designing an exciting, profitable project. “You have to keep up to date, recycle yourself and enrich your acquired skills and knowledge”. Otherwise, failure is staring you in the face, however much fortune smiles on you”.

TERESA PERALES

Medal for constancy



Teresa Perales is one of Spain's top sportspeople. Winner of 22 medals in the Paralympic Games, she meets every day with the same wide, contagious smile. This Spanish swimmer personifies constancy and the urge to excel, values which she herself has put into practice at the four Paralympics she has taken part in. Her next stop is Rio de Janeiro 2016, and until then her motto will be the same as it always has been – 'where there's a will, there's a way'.



PERALES IS PROUD OF HER LATEST GOLD, WON IN LONDON 2012. WWW.PARALIMPICOS.ES



HER SPORTS SUCCESS HAS REVOLUTIONISED SPANISH PARALYMPIC SPORTS.

An energetic spirit that thrives on success, a life experience driven by the urge to excel. Teresa Perales has been in a wheelchair since the age of 19, when she suffered a life-changing neurological disease which, contrary to expectations, gave her the opportunity to become an internationally-known sportswoman. The fact is her physical handicap dissolves into the background when talking about herself as an elite swimmer. Teresa has achieved an astonishing medal record for someone who took the professional leap into the swimming pool at the age of 20. Prior to that she had worn a *karategi*, but karate was never her thing, and gave her neither results nor personal satisfaction. “I sat in the wheelchair and began to swim. I felt different – I felt free”.

Woman, mother, physiotherapist and expert in professional and sports *coaching*. All this, plus the sport which has made her an internationally-known name. Just two years after starting to compete with the Paralympic national swimming team she got her first medal. Now, just over ten years later, her medal haul stands at 22, the same number as Michael Phelps, with whom the media cannot help but compare her.

A spectacular record that establishes Perales as one of Spain’s most internationally successful sportspeople.

It all began in 2000 at the Sydney Paralympics, where she notched up one silver and four bronze medals. At Athens in 2004 she surprised the field with her first two golds, in addition to a silver and three bronzes. She came back to Spain from Beijing 2008 with the best results to date – three golds, one silver, one bronze and two world records. At the latest Paralympics in London 2012 her medal haul increased even more with one gold, three silvers and two bronzes. Perales says that she lived through a whirlwind of feelings. “They were not the most exciting games, but certainly the most emotional for me”. She recalls how hard they were, her extreme physical tiredness (she trained seven days a week, resting just two afternoons) and the enormous effort she put in to excel in the competition. “I went through a continual struggle between my body and my mind. My mind egged me on, but my body didn’t react, it just couldn’t respond. I won the medals thanks to my inner strength and determination”. Perales also talks about the London games as being the games of ‘normalization’. Though

she doesn't much like the term, she recognises that for the first time Paralympic sports have been accorded equal recognition with Olympic sports.

The Spanish Phelps

“The effort is not only physical, but mental too. It means leaving many things behind and being determined to fight for your dream” says the sportswoman. When recalling the driving factor behind success in the London games, she sums it all up in one very motherly stimulus – to be able to present a gold medal to her two-year-old son.

Her success is due to her dogged persistence and high demands placed on herself. “Working non-stop in spite of the tiredness, to achieve my aim. It is a feeling that makes me happy because it involves pushing myself ever further”. It is this same spirit that keeps her in the sport, with no plans to leave it. In spite of having entertained this idea at the end of the Athens games almost ten years ago, Teresa now has her sights firmly set on Rio de Janeiro 2016. She wants to continue demonstrating her life style, while nourishing it at the same time; a life style based, in her words, on “dedication in searching for something you want and finding it. Constancy and the urge to excel daily in all challenges”. Or, to put it in one word – effort.

Of all the tributes and accolades she has received, especially after London, Perales singles out the Great Cross for Sports

Merit, awarded to her by the Spanish Cabinet, the first time a Paralympic sportsperson has received this distinction. “It is an historic achievement for Spanish Paralympic sport, and is proof that a hurdle has been overcome”. On the same footing as this award, Perales also regards the comparison with Michael Phelps, which began when she equalled the medal haul of the American swimmer, as a symbol of the fact that physical limitations are less and less apparent. Even so, the Spanish swimmer cannot avoid joking “He’s the Baltimore shark, and I’m the Little Spanish Mermaid”.

“I never tire of trying to change the way people regard me, although I have noticed a significant change since I took up swimming”. And the fact is that sport has transformed the gestures of sympathetic compassion of those who saw her in a wheelchair into attitudes where the physical difference no longer plays a part. “The pity is that the most difficult thing to change is people’s mindsets”.

Optimism suitable for all audiences

Just as Perales’ life changed in the swimming pool, the swimmer is now working tirelessly to transform her surroundings. She

› Perales has her sights firmly set on Rio de Janeiro 2016



PERALES DEVOTES HER TIME OUT OF THE POOL TO GETTING ACROSS HER MOTTO: 'WHERE THERE'S A WILL, THERE'S A WAY'. ^

► The comparison with Michael Phelps is a milestone for Spanish Paralympic sport

is using her high public profile to get a key message across – having ambitious aims is possible, in spite of physical or mental limitations. And she does so through so many lectures, talks and *coaching* sessions for as many types of different audiences – companies, institutions, associations and schools to name but a few. And in front of all of them, Perales bares her soul and tells them of her own experience. By her own example she can provide proof positive that there is an optimistic way to tackle the negative circumstances of life.

Perales says that this sort of meeting changes the world view of those who attend. “The audience gets involved in the discourse. They realize that taking on an optimistic viewpoint is always positive, and the most efficient way of dealing with life itself”. And it is precisely this change of perspective – sometimes instantaneous – in members of her audiences that provides feedback for Perales’ motivation and encourages her to continue working to disseminate her message of hope.

“You have to make a go of life, you have to push it to the limit”, says Perales emphatically. “I could have decided not to react, stayed in my wheelchair. But I decided that I was just as entitled as anyone else to take on the world and make a success of my life. People who find themselves, like me, in changed circumstances have to want to live better. Being happy depends on oneself”.



PERALES' SMILE SHOWS HER LIFE-LOVING OPTIMISM. ^

COOLHUNTING

Minimizing risk, making a safe investment

Even opening a cafeteria in Barcelona, a city with one of the highest concentrations per capita of this sort of establishment, is not a decision taken lightly. For any business to really and truly get off the ground, knowing what the public wants is of the utmost importance. And even before setting up a company, many are those who decide to have recourse to the services of companies specialised in studying trends. The idea is to know what people are wearing, what they are buying, what they are selling and what is making the grade amongst the world's trendsetters. Identifying fashions and getting things right before you begin. In other words, hunting trends, a profession known as *coolhunting*, is increasingly becoming a tool without which many companies simply could not function.

The key question: what does the consumer want?

WGSN is one of the world's most prestigious *coolhunting* companies. It has the most sought-after trend-hunters on the international scene, and is devoted to analysing and forecasting macrotrends for companies in different sectors. Isabel Mesa, who heads the company in Spain and Portugal, is constantly on the move, getting together daily with senior

management of the companies that hire her, as well as with experts in her own team who analyse society, the market and trends. Mesa provides a succinct summary of the profitability of her profession, "Knowing what the trends are enables companies to maximize productivity and profit. The idea is to provide our clients with the capacity to react".

WGSN's prime function is to help the companies become familiar with global trends, thus reducing risks inherent in the decision-making process. Providing detailed information, resulting from a comprehensive analysis into the real possibilities of success. "WGSN is used by design professionals, but also by a large number of heads of retail and visual merchandisers, marketing teams and senior management", adds Mesa.

The analyses provided by companies such as WGSN are becoming increasingly important for companies wishing to reach a wider public, and in many cases go beyond national borders. In these cases, *coolhunting* plays a crucial role, since success on the international scene is much more achievable if you know what has been successful elsewhere in the world.

BUSINESSES AIM TO OFFER THEIR CUSTOMERS UNIQUE SENSATIONS TO SET THEMSELVES APART FROM THE COMPETITION. ✓





› “Companies need comprehensive, international information”

DE NADAL MAKES A LIVING FROM A CONSTANT ANALYSIS OF WHAT HAPPENS AROUND HER. ^

This is confirmed by Clara de Nadal Trias, a *coolhunter* based in London since 2012, when she decided to take her career international. “Fashion is much more than just clothes. It’s culture, art, industry, markets. It’s not just what you wear. It’s life itself”. De Nadal adds “Trends come from fashion, and have a life cycle of four years. We *coolhunters* forecast and establish trends, so if a company knows what is and what will be in fashion, it will have inside information which will make it easier for its business or product to be successful. We could say, without being over-pretentious, that we are visionaries”.

we are basically masters of our own fate. If you don’t take risks, you don’t get anywhere” she adds passionately. “I’ve never felt like giving up. I’m very hard-headed and know exactly what I want”.

And it was her stubbornness that got De Nadal into this world in the first place. She saw a pullover designed by Josep Abril in a shop, and decided she wanted to work for him. “I applied to work every single week for a whole year!!” she laughs “and finally I met him at a Bread & Butter fair. Ignoring convention, I just

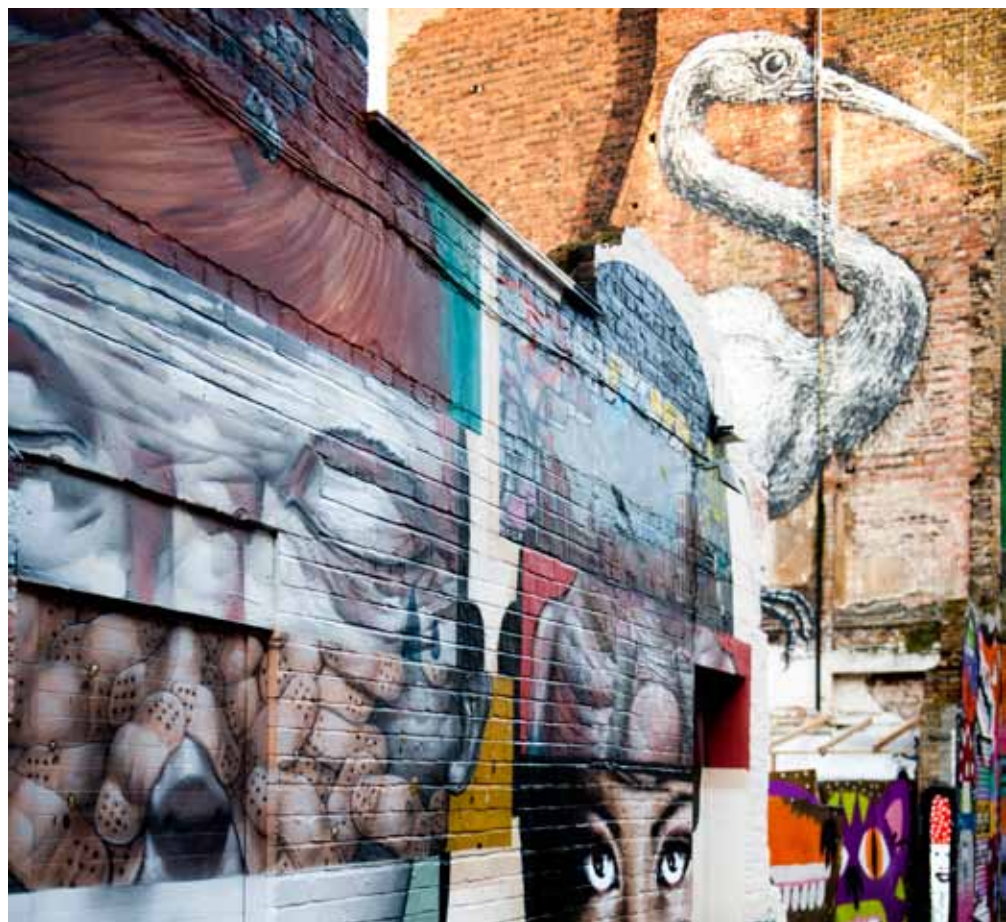
went up to him and introduced myself by saying “I’m the girl who’s given you all this hassle”. But a word of warning – this is no fairy tale, at least not entirely so. Because Abril told her she needed to get training in the world of fashion if she wanted to work for him. No sooner said than done. She got a degree in Journalism and studied Fashion at London’s Central Saint Martins, where she discovered her true calling. “I went to a lecture given by a coolhunter and was blown away”, she recalls “he seemed to be talking about me”.

THE STRUCTURAL CLASSICISM OF THE BRITISH CAPITAL COMBINES WITH THE MOST SURPRISING ARTISTIC MANIFESTATIONS. v

Predicting the future

De Nadal takes you around the lesser-known backwaters of the British capital. And that is exactly what her work involves – ferreting out any novelty which might become an object, place or situation of cult following for the general public. This *coolhunter* roams around her secret London, getting first-hand knowledge of all the opportunities offered her by one of the most cosmopolitan cities in the world – such as tasting the best fish & chips or immersing herself among second-hand hats. But what really captivates her is that London allows here to realise her dream of becoming an international benchmark in the tough world of fashion.

“It’s a daily struggle, and you have to show constantly that you are worth it. Although there is such a thing as luck,





LONDON OOZES DESIGN FROM ALL ITS PORES. ^

De Nadal ended up working for Josep Abril for seven years, and spent another twelvemonth with Custo Barcelona. Now, in addition to being a *coolhunter*, she has her own website (www.muymia.com), where she looks into trends and anticipates what is going to happen. “Companies need comprehensive, international information. Trend studies are carried out on all sorts of things, not only fashion, which is what people normally think about when they talk about *coolhunting*” adds De Nadal.

“The working method is highly complex. We create panels where we hang a whole host of photos of lots of places (which is why De Nadal spends a lot of her day just walking around the streets) and we study the look of places in detail. Then we decide what a trend is, what people are wearing and what people will be wearing. And it’s not just clothes (she insists) it’s also people’s tastes, house furniture, the shape of coffee cups, lamps, cars, even in restaurants!”. In short, De Nadal provides a very succinct description of a *coolhunter*, “It’s not that we see more, it’s just that we look at things in a different way, we read between the lines and draw conclusions. We know how to read the street, we know how to read society”.

London is a visual, classical city with clean architectural lines, and full of unique places like Rapha, a cycling club where you can have coffee, get a hair-cut or read the newspapers. And all this under glorious design. After several years of having London’s East End as the place to visit in the city, it appears that now Soho is making a come-back. This is confirmed by De Nadal, who reveals the shops and eateries where you simply have to go if you want to enjoy a good brunch – the Breakfast Club, or the nearby Mrs. Kibbles Old Sweet Shoppe, which sells sweets you can eat with your eyes. Design to be found even in sweets. A cosmopolitan city that simple oozes design. The ideal scenario for a *coolhunter* who is taking her profession to unexpected heights.



› “Fashion is much more than just clothes. It’s culture, art, industry, markets. It’s life itself”

BRICK LANE, LONDON’S NEW FASHION DISTRICT ^ AND INTERNATIONAL SHOWCASE FOR MODERNITY.



TOTÓN COMELLA'S CONSTANT INNOVATION DOES NOT LOSE SIGHT OF HER PERSONALITY. ^

TCN. Expansion without losing the essence

For a brand of clothes to become a benchmark for the world of fashion, there has to be some secret. Totón Comella, founder and artistic creator of TCN, reveals what that secret is: “We have always wanted to keep our essence, we are not a seasonal product, something that has its day and then disappears. We have devoted ourselves to creating a brand based on our essence, our spirit”. Comella admits that many customers have asked them to go further and make evening wear, men’s wear... but TCN has refused. “We have to keep our soul, and treat it with tender loving care. That is the secret”.

TCN was born in a Barcelona apartment during the 80s, expanding its reach in the 90s with the ground-breaking design of underwear and bathing wear, and at the beginning of the century it became a benchmark brand for the European market. For some years now it has also been acclaimed for its *prêt-à-porter* collections, which masterfully combine comfort and

elegance. Comella always wanted TCN to be a “fashion brand”. To achieve this, the businesswoman has never taken her eye off what is happening outside. “We have an extensive network which provides us with information about everything. Not only *coolhunters*, but also the help of clients, relatives and friends. Everything they bring to us is useful for innovation”.

Comella confesses to a certain fear of losing identity under such a huge avalanche of available information. In spite of this, she is fully aware that “the key lies in selling beyond our borders, in making our company

› “The secret is to treat our brand with tender loving care”

more internationalised”. So, after consolidating the foundations of TCN in Europe, she is already preparing for the assault on America and Asia. “TCN has always been a bit complex; we like luxury but without ostentation, without vulgarity. Our secret lies in our essence, and that we must not lose”.



Castañer. Reinventing oneself to reach out to half the world

The history of Castañer is one of challenges. The company came into being in 1927 as a manufacturer of rope-sole sandals (*espadenyes* in Catalan), and had to reinvent itself or die a death. The break came at the end of the 60s, when Yves Saint Laurent commissioned from him the first wedge-shaped rope-soled sandal in history. From the countryside to the Paris catwalks – just a very small step!

This one-off collaboration between one of the flagships of international fashion meant a turning point for the brand and the starting point to attract other fashion gurus such as Hermès, Louis Vuitton and Oscar de la Renta. Today, Castañer is leader in the sector of fashion rope-soled sandals, having Italy and Japan as its main markets in addition to being present in 35 different countries.

This expansion is the result of a very healthy obsession for innovation. And

› “We have a team dedicated to studying trends”



ONE OF CASTAÑER'S KEYS TO SUCCESS IS COMBINING TRADITION WITH INNOVATION. ^

this is confirmed by Rafael Castañer himself, a member of the saga, in charge of the men's collection and member of the company's creative team. “Design is crucial for us. We have a team dedicated exclusively to studying trends”.

The creators of the family business are continually on the move in their search for inspiration. “We travel to Paris, Milan, Madrid, Tokyo and New York (he says) but I won't say exactly where so as to throw our competitors off the scent”, jokes Castañer. The company also listens

to its customers and gets inspiration from trade fairs, fashion magazines and – need it be said? – from *coolhunters*. It is perhaps for this reason that for some seasons now Castañer has opted for something as unusual as winter sandals, city footwear, adequate even for frosty nights, and which have been a runaway success on the catwalks and streets of half the world.

“You need to work every day to adapt to what is new. It is important not to lose a single second. Our secret is to never stop working”.





Non-conformist, a certain naiveness, and passion are three of the features that best define Tad, the protagonist of the box-office hit *Tad, the Lost Explorer*. The struggle to make an apparently outlandish dream come true transforms this undistinguished figure into an archaeologist who has a unique experience. A standard-issue person who shares many values with its creator, **Enrique Gato**, someone with a passion for animated film. After more than a decade's work, this feature film – a watershed in the genre of animated film in Spain – finally premièred.

ENRIQUE GATO

A dream come cinema



Its letter of presentation speaks for itself. Week after week on the list of films showing at Spanish cinemas, distributed in some 50 countries, and the biggest box office takings for any Spanish animated film. *Tad, the Lost Explorer* is the result of a long journey embarked on by Enrique Gato, an IT engineer by training who, just like the character, decided to put everything into his real passion and push forward a project that has catapulted him to the front ranks of Spain's great movie directors.

More than a decade of total dedication sums up the work done by Enrique Gato on this film, since the day he decided to give up a steady job as a videogames animator at a leading company to throw himself totally into a journey with no script for the ending. He wanted to overcome the limitations he felt he had at work and merge two worlds he feels passionately about – technology and art. “I felt that what I really liked was narrative, telling stories. Work on the emotional side of my characters, create

images that went beyond a character who just walked, ran and jumped”.

Initially *Tad*, the character who is Gato's brain-child, was no more than a rough figure for some animation tests. But the initial sketches eventually became a short 9-minute film after a twelvemonth of intense work, which in 2006 won a Spanish cinema Goya award and more than 60 other national and international awards. A striking piece of work that made it into one of the most award-winning animated short feature films in Spanish cinema. This initial success, coupled with Enrique Gato's steadfast determination to grow in stature, encouraged his team to continue working on the film to improve its technical and artistic qualities. In 2007 the 18-minute short feature entitled *Tadeo Jones and the Basement of Doom* was finished. Recent events repeated themselves, in the shape of another Goya in addition to 30 other awards. “The second short feature film was the turning point. We saw that we could at

last begin dreaming of making a full-length feature film. We had proved we could raise the bar and make a film that was much closer in visual quality to what is expected of a film. Also, we wanted to begin to develop the technical side”. And in spite of the fact that the team was almost the same as before, the aim was to make the project more professional, emulate the work of a ‘real’ film studio, organizing tasks, setting standards for things to run smoothly and creating a very solid technological foundation”.

A universal fable suitable for all audiences

Gato believes that these strongly-laid foundations were the key to the success of the third phase of the project – *Tad, the Lost Explorer*, a full-length 3-D feature film which started screening at Spanish cinemas in the summer of 2012. Although it was born as a spoof on the more famous and all-conquering Indiana Jones, the storyline presents a totally different character – a bricklayer who has dreamt of becoming an archaeologist from a very early age, an unexpected turn in whose life gives him the opportunity to accompany an archeological expedition to Peru.

Tad is not an immediately attractive character with an established backstory. “It is precisely because *Tad* begins from such an ordinary starting point, someone who simply has a dream and does everything in



IN HIS STUDY GATO MERGES HIS TWO PASSIONS – TECHNOLOGY AND ART. ^

his power to make that dream come true, that people totally empathize with him”. It is a universal narrative that, like a fable, ends with a clear moral, aimed at society at a whole. A hymn to freedom, the lyrics of which remind us that overcoming our limitations is possible, but that it requires being ready to fight with a powerful weapon that is within everyone’s reach – one’s own effort. In short, a tale of hope which replicated the track-record of its creator. “The message we want to get across is that you can achieve your dream, if you really work towards it. Something that we ourselves did – we made a film and now we have two more in the pipeline. A dream more than come true”.

A challenge met and overcome which, as Gato himself never tires of saying, also required effort and dedication, enthusiasm. A passion that, far from diminishing, seems to be on the increase after more than a decade of hard work for the director. “The world of computer animation combines the two things that I most like in life – technology and art. I feel a real passion for them and, far from burning myself out or becoming disenchanted, I like them more and more, because it’s a world in permanent evolution, a never-ending process”.

The world of animated films is in a constant state of flux, and it is essential to keep abreast of developments, because technology is essential to the creative process. “We always want to improve on our last job. We are on the lookout for more technology in each project so that the artists can concentrate on what they do best”. A good example of this approach is the way in which the character of Tad himself has changed since the initial short to the current feature film. In his phase of maturity, Tad is a more rounded character, with greater capacity to move and act, and has experiences in much more elaborate locations. The key to this transformation is a commitment to innovation. Gato himself oversees the entire development process, creating technological systems that give the artistic team greater freedom. “I have a good understanding of both technical and artistic language, and I make the connections between them easily”.

200 persons, all after the same thing

Technicians and artists, all working together in unison on the same project. More than 200 people working on the

► *Tad, the Lost Explorer* has been screened at cinemas in some 50 countries

film, headed by a passionate conductor of an orchestra who, according to his own team, makes the work both comfortable and entertaining. “Enrique is the first to arrive and the last to leave”, says Miguel Alaninos, a veteran of the sector who highlights Gato’s capacity for work. “Working with Enrique is inspiring, he is so generous”. Gato has it clear in his mind that the studio’s general philosophy is – and will continue to be – to listen to everybody, an achievement of which he is particularly proud.

“My starting point is that if anyone gives an opinion, they do so because they think that this or that small detail will help improve the film. It may later turn out that they are wrong, but at least they are listened to”. In Gato’s view, having a post of responsibility does not mean that you are always right, but means that you

have to be capable of squeezing ideas out of other people. “All too often what is missing in Spain is leadership. As the director you have to strive to generate a creative environment. Not impose your viewpoint, but rather encourage your team to come up with ideas, and then say – let’s have them!”.

Around the world with Tad

Years of dedication from everyone has made Tad a dearly-loved character across the five continents. In addition to the excellent reception of the film in Spain, *Tad, the Lost Explorer* has been distributed in more than 30 countries. Global reach for a universal story of overcoming adversity, backed up by top-level technical and artistic quality which for many has been a game-changer in Spanish cinema. But Gato does not share the idea, “Revolutionising our cinema means broadening the scope of the kind of

films we make and go after commercial success, because we are in a business. Over the past few years all sorts of high-quality movies have been made. That is the real revolution in Spanish cinema”.

Revolutionary or not, what is certain is that the Gato-directed feature film has traveled the world, being screened in cinemas in Europe, Latin America and China. In the giant of Asia – where only about 30 foreign films a year are shown – this is the first time a Spanish film has had such a multitudinous première, and the poster of *Tad, the Lost Explorer* has shared equal advertising space with other superproductions like *Batman* and *Spiderman*.

In spite of being a fair distance from the big US animation studios with infinitely bigger budgets, Gato’s film proves that an *a priori* minority film can achieve excellent results if you work with enthusiasm and perseverance. But perhaps the best proof that anything is possible is to be found in the constancy of Gato himself, a young man from Valladolid – the capital city of the region of Castile and León – who has devoted more than a decade to achieving his dream. And now, far from taking a rest, he is already immersed in the preparation of a new film and the sequel to *Tad, the Lost Explorer*.

› “You have to strive to generate a creative environment. Not impose your viewpoint, but rather encourage your team to come up with ideas”

THE TEAM GETS TOGETHER DAILY TO REVIEW WORK DONE AND CONTRIBUTE NEW IDEAS. ✓





Video
SEAT Mii





MANAGEMENT REPORT

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3.1 INDUSTRIAL ACTIVITY

**“Creativity deals with the generation
of ideas, innovation deals with their
implementation”**

(Theodore Levitt)



377,343

vehicles produced
at Martorell plant

11,000

employees will attend
'Productivity, Quality and
Teamwork' course

4,740

million euros managed
in purchases



^ AERIAL VIEW OF SEAT'S MARTORELL PLANT.

/ PRODUCTION

Production at the Martorell plant in 2012 (377,343 cars) saw a 6.8% increase thanks to the Audi Q3 and start of production of the third-generation León in September – the latter a project involving an overall investment of 800 million euros, targeted mainly at vehicle development and plant refurbishment. Foremost among the several new developments was the new transversal modular platform (MQB), one of the latest technologies to emerge from the Volkswagen Group, enabling a significant reduction in manufacture time while increasing its flexibility. Additionally, so as to guarantee the highest levels of precision and quality, SEAT has brought in cutting-edge technologies such as laser and plasma measurement and welding, plus hot-stamping.

PRODUCTION AT THE MARTORELL FACTORY (UNITS)

	2012	2011	VARIATION	
			Absolute	%
SEAT models	270,514	333,807	(63,293)	(19.0)
Ibiza	100,405	102,839	(2,434)	(2.4)
Ibiza SC	38,709	47,607	(8,898)	(18.7)
Ibiza ST	21,773	40,737	(18,964)	(46.6)
Altea	7,663	13,564	(5,901)	(43.5)
Altea XL	17,639	26,656	(9,017)	(33.8)
Altea Freetrack	2,176	2,109	67	3.2
León	71,295	80,736	(9,441)	(11.7)
Exeo	3,289	6,280	(2,991)	(47.6)
Exeo ST	7,565	13,279	(5,714)	(43.0)
Audi models	106,829	19,613	87,216	-
Q3	106,829	19,613	87,216	-
Total production (*)	377,343	353,420	23,923	6.8

(*) Figures for 2012 and 2011 do not include 50,802 and 19,129 SEAT vehicles produced at other Volkswagen Group plants, respectively.

In 2012, far from Martorell, production began of the 5-door Mii at Bratislava in Slovakia, as well as the fourth generation Toledo at Mladá Boleslav, in the Czech Republic. Both models were added to the others already produced elsewhere – the 3-door Mii (also built in Slovakia) and the Alhambra (at Palmela in Portugal).

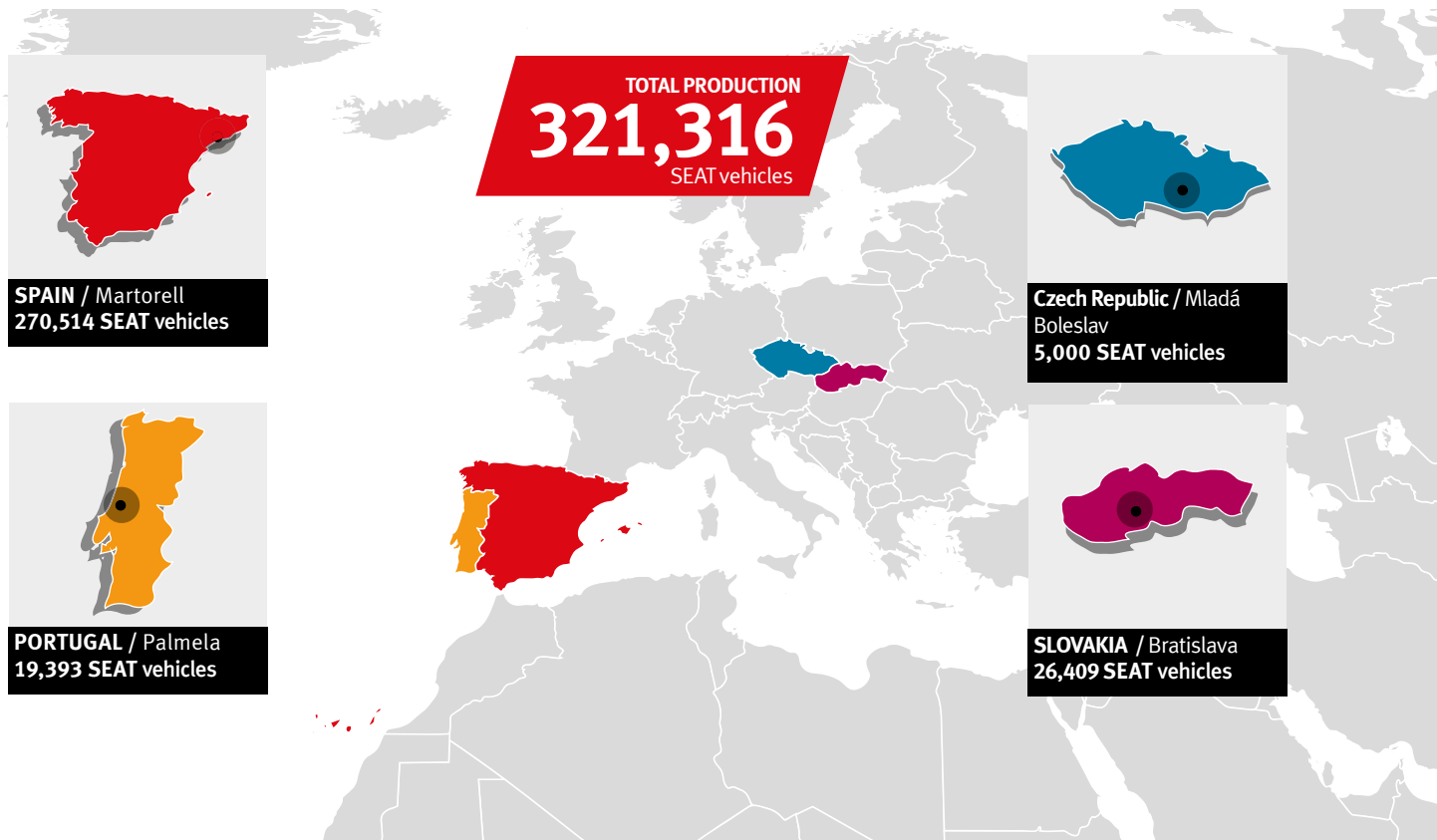
True to the slogan ‘We are Passionate Perfectionists’, throughout 2012 a series of initiatives were taken so as to transform Martorell into one of the Volkswagen Group’s best production plants. In February work was begun to join Workshops 8 and 10 to Workshop 12 so as to implement the new NLK logistics process, thus providing an area covering 7,500 m², acting as a supply ‘supermarket’ for all components needed for each line’s models. This measure forms part of the SEAT Production System (SPS) implemented in 2007, and exemplified in so-called lean manufacturing philosophy, the aim of which is to put an end to inefficiencies in the production process, cut manufacturing times, and increase quality. The LEC IT system, brought into commission in April, for leak and energy control in the air-conditioning system at the Martorell plant, also forms part of the same strategy.

In May new, wider pavements were first brought into use in the Assembly area, to make it easier and safer for employees to move around. June saw the creation of a dedicated ambulance bay. In July the new bodywork warehouse started up, equipped with technologies such as ultrasound control and phonometry in-line measurement. In October in Workshop 2 four self-drive vehicles for transport of containers of bonnets and hatchbacks of the Audi Q3 came into service; and in Workshop 10 the new assembly line Ideal ML2 – dedicated to the new León – was initiated, using height-adjustable platforms, thus increasing comfort at work while reducing risks.

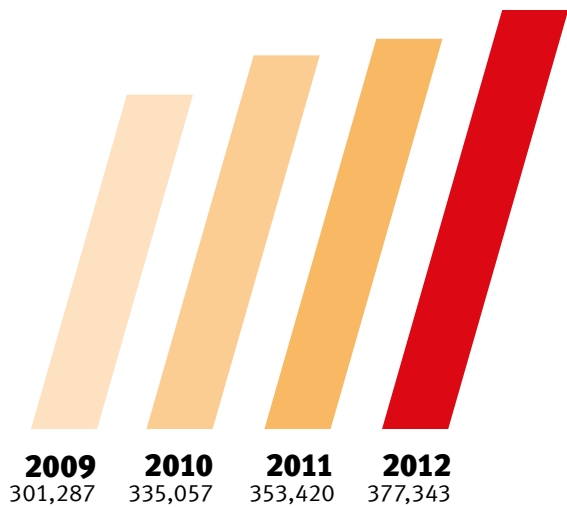
In the field of logistics, one noteworthy development has been the increase in vehicle traffic by sea from the Port of

› The Martorell facility once more increased productivity over the previous year

/ PRODUCTION OF SEAT MODELS IN GROUP PLANTS



PRODUCTION AT THE MARTORELL FACTORY (UNITS)



Barcelona. Likewise, internal flows at the Martorell production plant were improved by implementation of ‘clean’ supplies towards the assembly workshop, plus an increase from two- to four-lane capacity of the southern street of Workshop 12. Additionally, the crossing junctions between internal supplies (platform tractors) and external supplies (outside suppliers, just in time/just in sequence trucks) were eliminated.

The BUB (Business Unit Barcelona) of the Zona Franca continued with the implementation of the SPS. In February, the bodywork workshop was up-dated so as to accommodate the manufacture of all mobile units of the new León (doors,

bonnet, hatchback, cross-members and upright pillars), and began to use a self-drive vehicle to supply kits to the facilities dealing with this model. The plant also incorporated cutting-edge technologies such as aluminium stamping and hot-stamping with laser cutting. In this fashion, in 2012 the BUB reached a total production of 49 million parts and sets.

The Gearbox factory in El Prat de Llobregat, continued with its process of transformation so as to optimize flow of materials, increase flexibility and efficiency, and improve the working environment. Its commitment to the environment and the promotion of sustainable practices was rewarded with the EMAS (Ecomanagement and Audit Scheme) certificate of environmental excellence, a benchmark seal of approval in Europe. Improvements made in the plant took its production to 608,640 gearboxes.

Behind each of these initiatives lies the action of the workforce. In order to successfully implement the SEAT Production System (SPS), standards were introduced indicating how to carry out a specific piece of work or process. Examples of this are the Profi Room, an area where operators learn and perfect working techniques, as well as going deeper into improvements of the Standard Operating Sheet, which describes the necessary steps to carry out processes with maximum quality; another area is Visual Management, providing for crystal-clear identification of tools and equipment. Also started up was a training activity targeted at the entire workforce in the areas of Production and Quality (‘Productivity, Quality and Teamwork. We are Passionate Perfectionists’) with a view to understanding and using SPS technology, promoting teamwork, coupled with understanding the fundamental role of communication between persons, in addition to the importance of taking care of details in products and processes.



^^ PRODUCTION PROCESSES OF SEAT MODELS.



/ QUALITY

NEW SEAT LEÓN. ↗

SEAT is equipped with an active Quality Management System, which is both customer-oriented and process efficiency-oriented. This system assures the long-term success of the company, since the development of a high degree of quality in its products provides it with a crucial tool in keeping ahead of its competitors.

The launch of the new León is a turning point for SEAT. The exhaustive quality controls, beginning with the initial stages of the project and running right up to standard production, take the project to a whole new dimension in terms of precision and technology. Advances incorporated into its development and production, coupled with a much more precise optical

measurement of the parts and control of mobile elements by means of photogrammetry, contribute to improving and assuring quality in all models of the range.

One crucial aspect in promoting a culture of quality is to improve both the qualifications and active involvement of all employees. For this reason the area of Quality actively collaborated in the further training of company workers. A noteworthy initiative in this sphere is the course, jointly organized with the Production area, entitled 'Productivity, Quality and Teamwork', attended by more than 3,000 workers in 2012, and a further 8,000 throughout 2013. The programme is run under the slogan 'Love for Detail', and aims to raise employee

awareness of improved quality and channelling work towards perfection.

Training initiatives were complemented by intense technical activity. On the back of a compliance audit carried out at the Martorell production plant at the beginning of the year, the Russian administration awarded SEAT its National Type Approval (NTA), a pre-requisite for the marketing of the brand's vehicles in the country. Renewal of the China Quality Certification (CQC) – allowing the company to continue its commercial operations in that country – was also granted, after being awarded it for the first time in 2011. Additionally, the necessary steps were taken with a view to obtaining certification enabling marketing of the Martorell-built Audi Q3 in Japan.



NEW MAINTENANCE CONTROL AT MARTORELL. ↗



/ PURCHASES

In spite of a difficult economic environment, SEAT successfully maintained wide-ranging collaboration with its suppliers so as to optimise the cost of materials and services as well as efficiently manage a volume of purchases in excess of 4,740 million euros.

One of the most relevant programmes was the Material Cost Forum (*Forum Materialkosten*). Its application achieved outstanding results in the optimisation and reduction of costs, thanks to the development of strategic negotiation processes with suppliers, mainly those linked to the new León family. The joint allocation of models, coupled with the modular strategy of the product established in the Group, successfully achieved an improvement in costs as well as added value for brand customers. In recognition of the magnificent work done, an event was held specifically during the presentation of the new León for those suppliers who had made such a significant contribution to the success of the project.

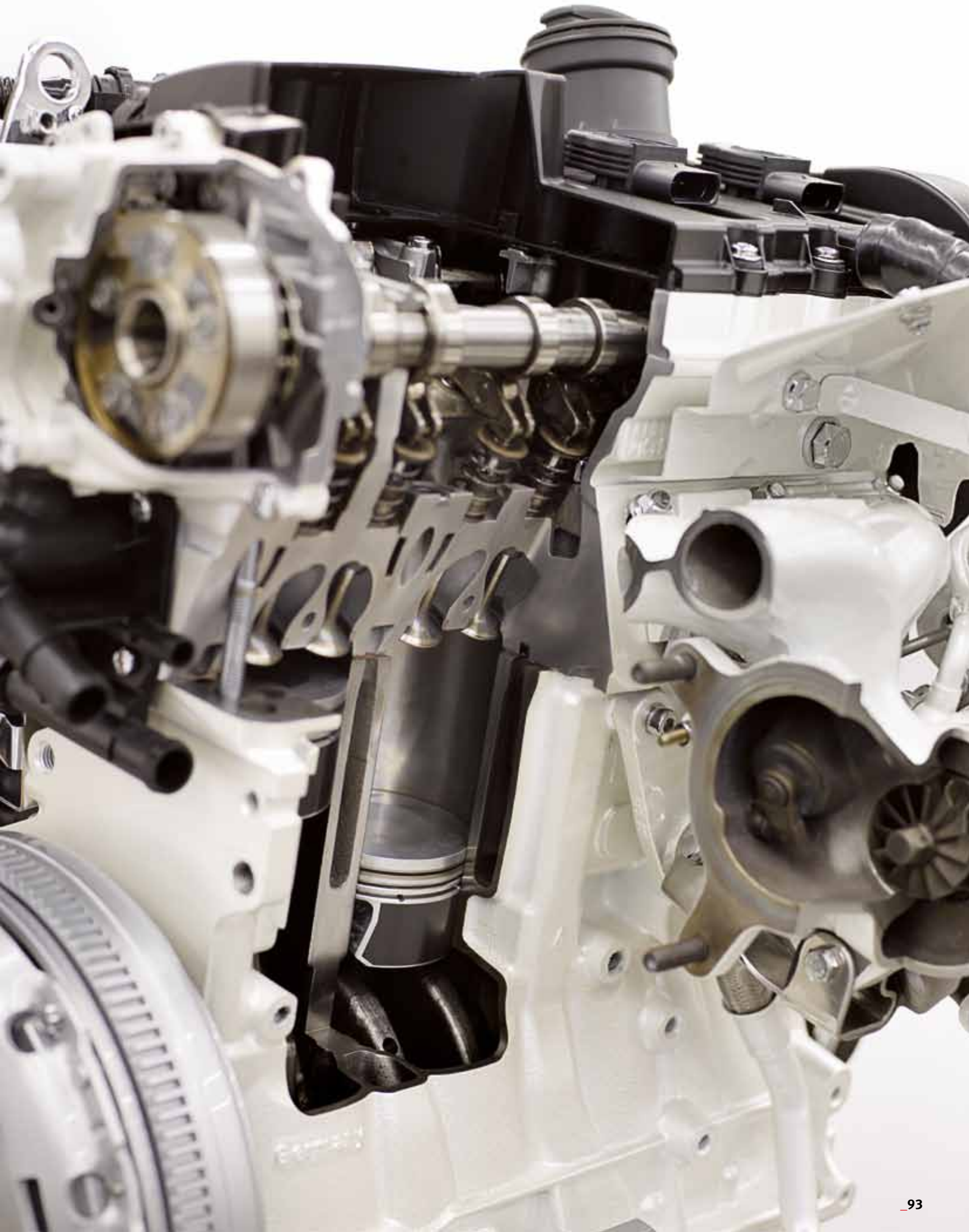
The commitment of the Purchases area with its suppliers was strengthened by the creation of a new technical support department (*technical supplier support series*). The support provided by this department in the supervision and analysis of its processes facilitated the continuous improvement in quality of the parts in brand vehicles.

Risk management was equally efficient in the support it provided to suppliers of materials of greater risk, deriving from commodity prices. Likewise, the area of Purchases developed a new concept of preventive management, enabling the anticipation of possible problems and thus guaranteeing the proper supply of parts to the production process.

The Consortium-wide integration of processes and purchase systems was another key programme. Progress achieved in this area provided greater alignment with the Group's working methods so as to maximise the harnessing of synergies. The implementation of this strategy paved the way for the introduction of a new IT platform for general purchase orders and R&D.



^ DETAILS OF SEAT MODELS.



A person in a dark jacket and jeans is pointing towards a modern glass building entrance. The building has a curved glass facade with a metal frame. The scene is outdoors, with trees and a clear sky visible through the glass. A red car is partially visible in the foreground at the bottom of the frame.

3.2 COMMERCIAL ACTIVITY

**“The best advertising is done
by satisfied customers”**

(Philip Kotler)



321,002
retail sales to end costumers

1,787
points-of-sales in the SEAT
commercial network

77
countries where
SEAT is present

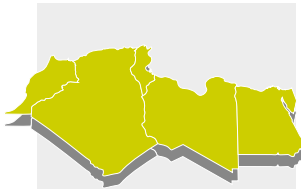
/ MAIN MARKETS OF SALES DISTRIBUTION



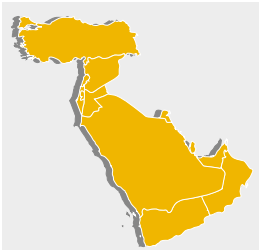
/ EURO 5
France, Germany, Italy,
Spain and United Kingdom



MEXICO



/ NORTH AFRICA
Algeria, Egypt, Libya,
Morocco and Tunisia



/ MIDDLE EAST
Bahrain, Israel, Jordan,
Kuwait, Lebanon, Oman,
Palestinian Territories,
Qatar, Saudi Arabia,
Syria, Turkey, United Arab
Emirates and Yemen

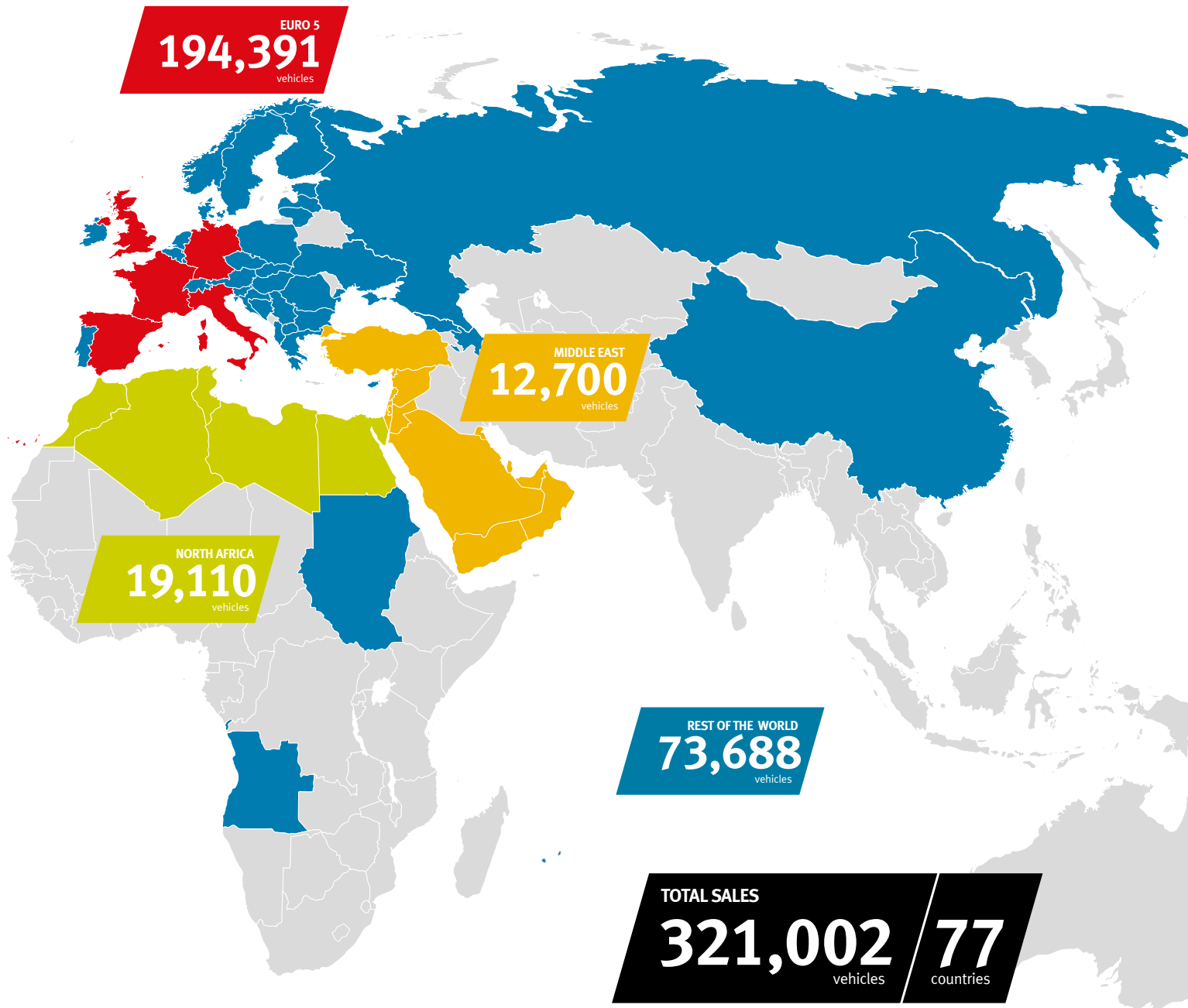


Albania, Andorra, Angola, Austria, Azerbaijan, Belgium, Bolivia, Bosnia-Herzegovina, Bulgaria, Cape Verde, China, Colombia, Croatia, Cuba, Curaçao, Cyprus, Czech Republic, Denmark, Dominican Republic, El Salvador, Estonia, French Guyana, French Polynesia, Finland, Georgia, Greece, Guadeloupe, Guatemala, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Martinique, Norway, Netherlands, Panama, Peru, Poland, Portugal, Réunion Island, Romania, Russia, Serbia, Slovakia, Slovenia, Sudan, Sweden, Switzerland, Ukraine and Venezuela.

REST OF THE WORLD



^ @MII: FIRST SEAT AVAILABLE ONLY ON THE INTERNET.



/ SALES

The economic situation in Europe worsened throughout 2012. In comparison with the previous year the automotive industry saw shrinkage in some of its most important markets – Spain (–13.4%), France (–14.1%), Italy (–19.8%), and Portugal (–38%). The downturn had a direct impact on sales of the sector’s brands.

In 2012 SEAT realised 321,002 retail sales to end customers, entailing a 8.3% reduction in its sales when compared with

2011. However, in two of its major European markets – Germany and the United Kingdom – brand sales increased by 22.5% and 8.2% respectively.

Faced with weakness in the main markets of Southern Europe, the company enlarged its commercial footprint in emerging countries. This decision led to substantial growth in Mexico (16.6%), Israel (42.9%), Russia (123.4%) and North Africa (185.8%).



CUSTOMER SATISFACTION IS A PRIORITY. ^ >

In conjunction with this strategy of commercial expansion, SEAT also launched a major product offensive. Thus, 2012 became the record year for product launches in its history. The new models – Mii, Ibiza, Toledo and León – offer a major revamping of the product range which will doubtless contribute to improving the company’s future commercial results.

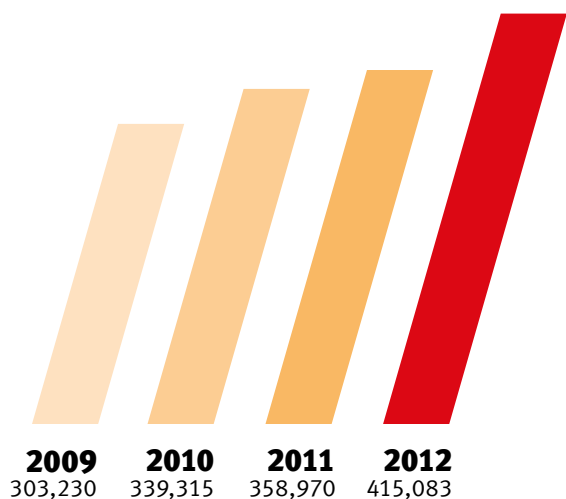
/ COMMERCIAL NETWORK

SEAT’s commercial network saw a slight reduction in size, closing 2012 with 1,787 points of sales.

In a highly competitive environment, the economic crisis severely impacted the automotive sector, particularly its distribution networks in Spain and Southern Europe. A gradual process of commercial network development – initiated at the beginning of 2011 – successfully cushioned the effects of the crisis and guaranteed an effective representation of the brand.

WHOLESALES OF NEW VEHICLES

(UNITS)



Programmes implemented achieved a clear improvement in the coverage of metropolitan areas, a streamlining of the existing network, as well as the incorporation of investors with greater capacity and experience. The opening of new dealerships in cities such as Berlin, London, Moscow and Rome, where the company reinforced its presence, will facilitate relations with customers.

SEAT extended its global reach to 77 countries by adding two new importers, Libya and Palestine, to reinforce its position in the Mediterranean area, an increasingly economic important zone and a major priority for the company. With the aim of harnessing synergies and boosting the brand in Eastern Europe, countries such as Slovakia, the Czech Republic and Ukraine joined the Porsche importers’ group, while in Poland a Volkswagen Group importer was appointed. Additionally in Russia, 15 new dealerships were opened in the country’s main cities.


WHOLESALES OF NEW VEHICLES (UNITS)

	VARIATION			
	2012	2011	Absolute	%
SEAT models	308,923	341,157	(32,234)	(9.4)
Mii	25,604	614	24,990	-
Ibiza	95,166	100,379	(5,213)	(5.2)
Ibiza SC	38,644	47,292	(8,648)	(18.3)
Ibiza ST	21,227	39,098	(17,871)	(45.7)
Córdoba	0	1	(1)	(100.0)
Altea	7,412	13,316	(5,904)	(44.3)
Altea XL	16,218	25,193	(8,975)	(35.6)
Altea Freetrack	2,096	2,064	32	1.6
León	69,755	77,075	(7,320)	(9.5)
Toledo	3,550	0	3,550	-
Exeo	3,022	5,808	(2,786)	(48.0)
Exeo ST	7,218	12,678	(5,460)	(43.1)
Alhambra	19,011	17,639	1,372	7.8
Audi models	106,160	17,813	88,347	-
Q3	106,160	17,813	88,347	-
Total wholesales (*)	415,083	358,970	56,113	15.6

(*) Figures for 2012 and 2011 do not include 10,633 and 8,062 used vehicles, respectively.

► In 2012 SEAT delivered 308,923 brand vehicles to its commercial network

/ AFTER-SALES

A rapid, precise response to the needs of each and every brand vehicle on the road is a priority for the After-sales area. All authorized company service points work on a daily basis to increase customer loyalty. The excellent results obtained in the IACS satisfaction surveys, in which 27 sector brands took part, reflect an appreciable improvement of SEAT's performance in most markets.

The adaptation of new technologies and extension of their use to after-sales applications is another of the brand's added values. The application of new tools enabled significant improvements in spheres such as training, on-line contact with customers, and the workshop, where the company brought in new diagnosis methods, as well as being a pioneer in the implementation of the electronic repair order (e-OR).

In 2012 SEAT also extended its commercial network with a complete range of after-sales services in diverse countries such as Russia, China, Ukraine, Angola, Azerbaijan and Georgia. This wide-ranging activity is once more highly indicative of the excellent management capacity of the brand, the fruit of long-standing work experience with different cultures that form part of the Volkswagen Group DNA.



^ SEAT SERVICE®: PASSION FOR QUALITY.

v JAMES MUIR PRESENTS THE NEW LEÓN AT THE PARIS MOTOR SHOW.





SEAT AT THE GENEVA MOTOR SHOW. ^

/ PRESENTATIONS AND MOTOR SHOWS

The Toledo Concept opened the greatest product offensive of the year at the Geneva Motor Show. This Swiss city also provided the backdrop for the presentation of the five-door Mii and the new Ibiza, with its revamped design displaying the new brand language, while maintaining its position as a key piece in the company's expansion strategy.

On the occasion of the Beijing Motor Show, and coinciding with the arrival of the brand in China, for the first time SEAT unveiled a new model outside Europe – the Ibiza Cupra Concept – offering a foretaste of the final version. The Paris Motor Show provided the backdrop for the new brand logo, the presentation of the new León and the Toledo, thus bringing to a culmination the extension of the SEAT vehicle range throughout the year.

The media got to know and drive the Ibiza, Toledo and León at the different presentations organized throughout the year. With the presentation of the León in Málaga, SEAT showed for the first time ever a ground-breaking concept comprising two cube-shaped modular structures located in different parts of the province, where journalists could

look deeper into the technical details of the vehicle and the new corporate identity of the brand.



Video
New **SEAT LEÓN**
Paris Motor Show 2012



SEAT OPENS FIRST DEALERSHIPS IN CHINA. ^

/ SPONSORSHIP

SEAT's links to sport and music defined its sponsorship strategy for 2012. The UEFA Europa League, the final of the Copa del Rey (King's Cup) and the Spanish Supercup provided unrivalled scenarios in which to display the brand to a widely differentiated public who share with the company values such as dynamism and a young spirit. Additionally, SEAT kept its links with diverse clubs in the Spanish Football League by providing official vehicles for Valencia Club de Fútbol, Sevilla Fútbol Club, Real Zaragoza, Real Betis Balompíe, Athletic Club de Bilbao and Villarreal Club de Fútbol.

In other sporting spheres the company premièred the new León as car zero in the RallyRACC Catalunya-Costa Daurada, as well as being the event's official vehicle. Additionally it put on show some of its versions at the GTI Wörthersee, and selected different veteran car models from its collection to enter the Barcelona Espíritu de Montjuïc-Catalunya Classic Revival, as well as the 60th edition of the Rally Costa Brava, where SEAT also provided official vehicles. SEAT repeated this at the Austrian Silvretta Classic and Ennstal-Classik events, the Hamburg-Berlin-Klassik 2012 and the Techno Classica

at Essen in Germany. It also participated in the Energy Grand Slam 1-to-1 beach volleyball championship held in Gstaad, Switzerland.

Through its support given to musical events, SEAT forges a direct link with its public who, just like music, arouses emotions and feelings. Throughout the year the brand sponsored important national and international festivals such as the Bacardi Ibiza 123 Rocktronic Festival and the Rock am Ring festival at Nürburgring in Germany. The great novelty of the year on the music scene was 'The Perfect Sound Maker' initiative setting the Spanish DJ Carlos Jean the challenge of making a version of the announcement song for the new Ibiza based on the sounds that infuse life into a SEAT vehicle.

Above and beyond the music and sporting scenes, the company also displayed its models during the Spanish cinema Goya awards gala and, in sync with its support for electromobility, sponsored the EXPOelèctric Fòrmula-e as well as participating in the Smart City Expo salon, events both staged in the city of Barcelona.



SEAT AT THE ROCK AM RING, A BENCHMARK FESTIVAL.



^ SEAT AND CARLOS JEAN CREATE 'THE PERFECT SOUND MAKER' PROJECT.



^ 1 TO 1 ENERGY GRAND SLAM 2012 IN GSTAAD, SWITZERLAND.

➤ SEAT's links to sport and music defined its sponsorship strategy for 2012



^ SEAT, SPONSOR OF THE UEFA EUROPA LEAGUE.



3.3 BRAND AND PRODUCT

“No good deed can go unrewarded”

(Cervantes)

4

new models
launched to market

12

models in SEAT range

12

awards won by SEAT
models and company
management



/ SEAT RANGE



/ SEAT Mii

The SEAT Mii has been designed to optimize space and efficiency for day-to-day city driving. It is equipped with the latest safety technology and the brand's 'cleanest' engine.



/ SEAT IBIZA

The SEAT Ibiza expresses our quest for perfection. It is the safest, best-performing, most efficient Ibiza ever. It offers new features, new benefits and new experiences.





/ SEAT IBIZA SC

The SEAT Ibiza Sport Coupé is everything you expect from a SEAT Ibiza – performance, safety and practicality, with an extra dose of our passion for sporty design, detail and personality.



/ SEAT IBIZA ST

The SEAT Ibiza ST – the Ibiza with more space – gives you the extra room you need without compromising the looks that define the athletic, dynamic character of the SEAT Ibiza range.





/ SEAT ALTEA

The SEAT Altea is a compact MPV so versatile it can easily adapt to life's little challenges offering space, technology and a premiered design.



/ SEAT ALTEA XL

The SEAT Altea XL offers a clever use of space, high roofline, multi-positional seats and all of the finest comfort-focused ideas applying the latest engineering technology to create the perfect family car.





/ SEAT ALTEA FREETRACK

The SEAT Altea Freetrack is the perfect combination of comfort and functionality to live the experience of driving on all terrains.



/ SEAT LEÓN

The third-generation, totally-redesigned SEAT León with a cutting-edge chassis, packed with advanced technology and infotainment system, is ready to impress.





/ SEAT TOLEDO

The SEAT Toledo combines the elegance of a coupé with the versatility of an estate, improving design and space while enhancing performance and cutting emissions.



/ SEAT EXEO

The SEAT Exeo is a blend of outstanding quality, pure dynamism and state-of-the-art technology to create a car that is truly in a class of its own.





/ SEAT EXEO ST

The SEAT Exeo ST combines your active lifestyle and daily goals with effortless sophistication – offering top quality, cutting-edge technology, outstanding dynamism, subtle sportiness and well-planned space.



/ SEAT ALHAMBRA

The SEAT Alhambra is a modern versatile MPV with truly surprising features: highly advanced technology and focus on safety, modern space concept and sporty engine range with low consumption and emissions.



/ AWARDS

Technology and design, reason and emotion – two complementary worlds that SEAT translates into models projecting passion for design, quality and details in all areas. Media awards and recognitions received over the past year provide confirmation of the brand’s commitment to its defining values. Some of the most noteworthy are:

/ ‘Auto Trophy’ in Germany for the new León and for the Alhambra (third time running) in their respective categories. Awarded by the German motoring magazine *Auto Zeitung*.

/ ‘MPV of the Year 2012’ in Germany for the Alhambra. Awarded by the Germany motoring magazine *Auto Motor und Sport* for the second year running.

/ ‘MPV of the Year 2012’ in the UK for the Alhambra. Awarded by the UK magazine *What Car?* for the second year running.

/ ‘Best MPV’ in Russia for the Alhambra. Chosen by the jury of the Moscow Motor Show, the country’s most import automotive event.

/ ‘Family car 2012’ in Spain for the Alhambra⁴. Awarded by *Car and Driver* and *Crece Feliz*, both belonging to the Hearst Magazine Group.

/ ‘Car of the Year’ in Denmark for the Mii. Awarded by the Scandinavian trade press.

/ ‘Best City Car’ in Spain for the Mii. Awarded by the editorial committee and readers of *Mujer hoy*, at its first-ever motoring awards.

/ ‘Saloon with least depreciation’ for the Exeo. Chosen for the second year running by experts of the German magazine *Focus* and analysts of BF Consulting, for being the model with least loss-of-value in class.

/ ‘Award in Demo-cars category’ for full-LED headlamps and rear LED-cluster of the new León. Awarded by attendees of the VISION Congress held in Paris, organized by the French Automobile Engineers Association.

/ ‘International Award for Best Responsible Practice’ for good practices in Corporate Social Responsibility (CSR) developed by SEAT in Spain. Awarded by the Excellence in Sustainability Club and the Adecco Foundation joint jury, in recognition, amongst other things, of SEAT’s commitment to young talent through its Trainee Programme for future company leaders, as well as the Apprentices’ School, promoting youth employment through the quality of its vocational training programme.



↗ SEAT IBIZA 5-DOOR, SC AND ST MODELS.



◀ SEAT ALHAMBRA.

/ ‘Runner-up in the 4th edition of Best Practices in Internal Communication Awards’ in the category of best on-line and printed in-house magazine in Spain. The *mundoSEAT* magazine was given this award by the Observatory for In-house Communication and Corporate Identity for its user-friendliness, attractive design, search for innovation in providing information, and for giving employees a major rôle on its pages.

/ ‘Special prize from the jury of the Autobiz Internet Awards’ in France for the SEAT Connected People platform developed by the company. The winning website allows customers or future buyers to communicate with other visitors and make

their opinions known about SEAT models. Additionally, further technical or commercial information is available directly from brand employees.

› The SEAT Alhambra received the ‘Best MPV’ award in Germany, UK, Russia, and Spain





3.4 RESEARCH AND DEVELOPMENT

**“Innovation distinguishes
between a leader and a follower”**

(Steve Jobs)



182

registration of design
and utility models,
and patents

380

projects
developed

2,500

simulations
carried out



^ NEW SEAT LEÓN: DESIGN AND TECHNOLOGY.

/ INNOVATION

The formula for success in any company is to develop innovative products. And that is the overriding priority of the SEAT Technical Centre (CTS), the only one of its kind in Spain's automotive sector, and the company's heart and soul. Product excellence, technological expertise, developmental efficiency, continued fascination with projects already completed, and work quality are the fundamental qualities on which the activity of the CTS rests. An efficient work approach that in 2012 resulted in 182 registrations including design models, utility models and patents.

2012 saw the greatest product offensive in the history of the company. The first launch was the Mii, followed by the Ibiza, then the Toledo, and finally the new León. The León is an outstanding vehicle destined to become the company's second pillar together with the Ibiza. It was developed in its entirety at the CTS, introduces ground-breaking technologies in its segment, and is the perfect statement of SEAT values. In

short, a car destined to become a milestone in the history of the company.

SEAT heads and plays a leading role in pioneering projects in the sphere of electromobility, involving other companies and research centres. One of the most noteworthy of these projects is CENIT VERDE, which aims to promote sustainable motoring through the study of different technologies such as battery chemistry, electricity generation from renewable sources, efficient vehicle energy management and smart electrical grids that minimise the impact of the mass connection of electric vehicles.

Another major initiative in the field of electromobility was the deployment of plug-in hybrid and electric vehicles to company and institutional fleets, an important testing ground that will help optimise the quality of the brand's future models. During the first phase of the project, several units of the León



^^ DESIGN PROCESS OF SEAT MODELS.

TwinDrive Ecomotive and the Altea XL Electric Ecomotive were handed over to strategic partners, who then provided data and information enabling an assessment of driver acceptance and adaptation to the new technologies. During this initial stage, partners were the city councils of Barcelona and Madrid, the Catalan Government (*Generalitat*), the Spanish Ministry of Industry, Energy and Tourism, and the Spanish utility company Endesa. The second stage began at the end of the year, and will continue throughout 2013.

The CENIT ADAPTA project is yet another example of collaboration between companies, technological centres and public research bodies. SEAT was a key member of this consortium, which researched the use of 'smart' approaches in the passive safety systems of cars, so as to reduce the number of road deaths. The CTS was entrusted with integrating and validating several new technologies in an Altea XL model: large-size side airbags, external side airbag, controlled door opening, inflatable side protection bar, mobile seats and active armrests.

The CTS inaugurated two new important development facilities, designed to complement the high- and low-voltage battery laboratories opened in 2011. On the one hand, the hybrid engine test rig enables the development and testing of electric motors, and drivetrain configurations that combine a conventional internal combustion engine with one or various electrical motors; and on the other hand, the e-carport, an infrastructure comprising five single- and three-phase vehicle charging points connected to an array of solar panels. This new charging station will assure the sustainable mobility of the electric vehicles developed and recharged at the CTS.

➤ SEAT heads and plays a leading role in pioneering projects in the sphere of electromobility, involving other companies and research centres



Video
Making of new SEAT LEÓN



SEAT DESIGN CENTER FACILITIES.

/ TRAINING

The CTS continues to have a very close relationship with universities. One of the most noteworthy of the many activities was the Innovation Quest at the Barcelona business school Esade, whereby students of different nationalities proposed new ideas for the Ibiza model. The Centre also participated in the European Project Semester programme, in collaboration with the Higher Polytechnic Engineering School in Vilanova i La Geltrú (UPC), offering young Europeans from different universities the opportunity to work for a six-month period on a company project. Yet another initiative was the promotion of the first University Master's Degree in Automotive Engineering, offered by the Higher Technical School of Industrial Engineering in Barcelona (ETSEIB). Dr. Matthias Rabe, SEAT Vice-President for R&D, gave the inaugural lecture of the Master's course, in which other members of the company were involved in a lecturing capacity.

The SEAT University Chair renewed its name, organization and priorities. The new 'Chair of Automotive Excellence in Innovation and Sustainable Mobility' will henceforth promote research programmes linked to end-of-degree projects and PhD work, without forgetting other activities – postgraduate qualifications in ELTICA (car electronics) and CARMAT (bodywork and materials), a Diploma in Automation awarded by the Higher Technical School of Engineering in Terrassa (ETSEIAT), and the SEAT Award for the best end-of-degree project in the automotive field.

/ COMPETITION

Customers/competition drivers are highly appreciative of the technical and commercial support provided by SEAT Sport in competition. This translates into a high-profile presence in events such as the World Touring Car Championship (WTCC), where six SEAT cars regularly compete for a place on the winner's podium. Competitiveness was further reinforced in 2012 when the 1.6T version of the León S2000 was successfully launched. This was a response to the new FIA regulations, and since the launch the car has already won several victories. Likewise, the León S2000 TDI - world champion in 2008 and 2009 - continued to compete successfully at the highest level in different teams. It won an outright victory in the European Touring Car Championship (ETCC), as well as the Spanish Endurance and Mountain Championship.

SEAT Sport also provided support for the Supercopa SEAT León in France and Mexico, the Ibiza Cup in Italy, and for those teams using different versions of the León in the diverse events held in Belgium, France, Dominican Republic, Czech Republic, Poland and Portugal.

SEAT Sport's wide-ranging experience enabled it to develop and build projects for other Group brands, the most noteworthy being the VW Scirocco STCC and the VW Polo REC, with 4 and 10 cars respectively.





3.5 HUMAN RESOURCES

**“An investment in knowledge
always pays the best interest”**

(Benjamin Franklin)



146

students on dual vocational training course

80

young Spanish engineers on StartUp Europe programme

600

leasing vehicles for employees



Company strategy within the sphere of human resources is focussed on a clear commitment to the future. Investment in national talent, quality training, as well as employee satisfaction and motivation are all initiatives that make SEAT a more attractive employer.

/ DUAL VOCATIONAL TRAINING

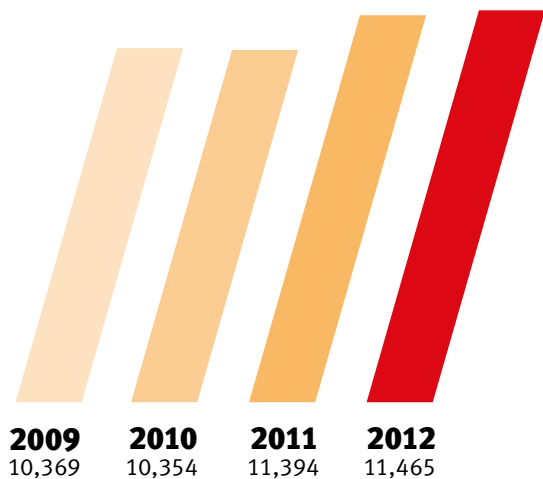
One of the principal novelties was implementation of the dual vocational training system at SEAT's Apprentices' School, which took on 146 students in its first year. This project represents an enormous qualitative leap in the company's teaching practices, since it both broadens and improves apprentice training while at the same time forges closer links between them and the world of work.

This new approach is based on the German model, and is an improvement on the previous system since it combines theory and practice at the school with work at SEAT, thus providing students with a solid basis of professional experience. The new syllabus increases the number of contact hours by 57% (from 2,950 to 4,625) over the previous system, and divides time equally between to training and work.

As opposed to the 600 hours of practical workshop work under the previous system, the new training model provides

BASIC WORKFORCE

AT DECEMBER 31



1,700 hours of work at one of the company's production plants. It also introduces productive practical work in the training centre itself so as to satisfy the technical needs of the company's technical departments, thereby providing students with the chance to put their theoretical knowledge to practical use. Once students have successfully completed their third year at the School, they go on to join the SEAT workforce with a long-term contract.



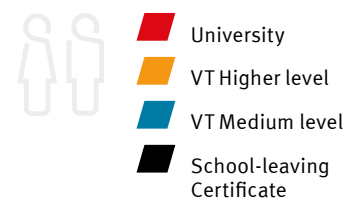
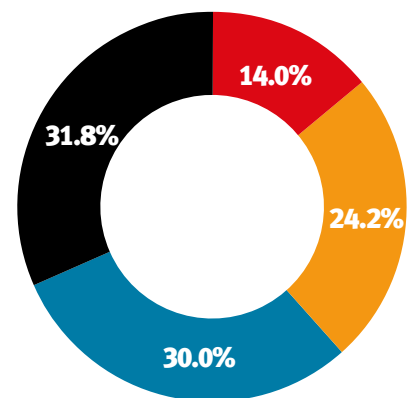
PERSONNEL AT MARTORELL ASSEMBLY WORKSHOP 8.

The dual vocational training system comprises a three-year course. Students sign a training and apprenticeship contract with SEAT on entering the Apprentices' School, and are paid a monthly salary: 250 euros for first-year students, 420 for second-year students, and 530 euros for third-year students.

BASIC WORKFORCE STRUCTURE BY EDUCATIONAL QUALIFICATIONS

BASIC WORKFORCE BY CENTRES AT DECEMBER 31

	2012	2011	VARIATION	
			Absolute	%
Martorell	10,257	10,129	128	1.3
Plant	7,313	7,382	(69)	(0.9)
Spare Parts Centre	293	298	(5)	(1.7)
Administrative areas	2,651	2,449	202	8.2
Zona Franca	1,164	1,223	(59)	(4.8)
Plant	1,077	1,131	(54)	(4.8)
Administrative areas	87	92	(5)	(5.4)
Other centres	44	42	2	4.8
Total workforce (*)	11,465	11,394	71	0.6

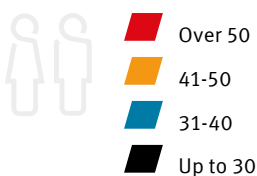
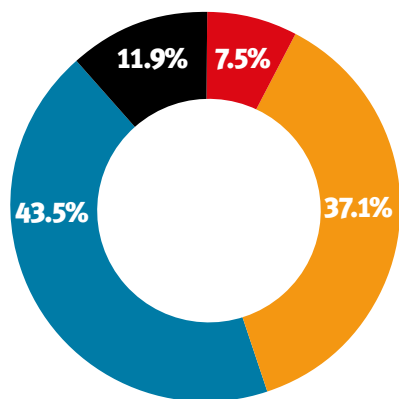


(*) Figures for 2012 and 2011 do not include 134 and 5 employees in partial retirement, respectively. Likewise, figures for 2012 do not include 111 apprentices with labour contract.



SEAT INTRODUCES DUAL VOCATIONAL TRAINING SYSTEM AT APPRENTICES' SCHOOL.

BASIC WORKFORCE STRUCTURE BY AGE



/ YOUNG SPANISH ENGINEERS

SEAT continued with its commitment to its talent search for young Spanish engineers through the StartUp Europe initiative, which was organised for the second time in 2012. This international programme, promoted under the auspices of the Volkswagen Group, and which has already recruited a total number of 80 engineers, guarantees training and employment for two years.

To participate in the programme, prospective candidates must have qualifications in some field of Higher Engineering or Information Technology, and have graduated in the previous two years; they must also have a good command of German, and be ready to take up residence in Germany. After a

three-month period of training and work at the Martorell facilities, those young Spanish engineers, previously selected through a novel selection process, will complete their two-year contract at one of the centres that the Volkswagen Group has in Germany.

The programme, which provides an exchange of expertise and ideas, as well as an enrichment experience for engineers and the company, offers an internship contract with personal tutor and a very competitive salary, plus an accommodation allowance and scheduled flights between Germany and Spain.

/ SEAT AMBASSADORS

So as to provide employees with the best and most advantageous



↗ YOUNG SPANISH ENGINEERS ON STARTUP EUROPE PROGRAMME.

conditions in which to drive a SEAT vehicle, and offer them the opportunity to become the brand's ambassadors, the company launched a leasing programme targeted at all employees.

The programme offered vehicles chosen from five brand models – Mii, Ibiza, Ibiza ST, Toledo and Altea XL – providing proof positive of the company's commitment towards its employees by delivering on commitments contained in the 18th Collective Agreement, signed between company management and trade union representatives on January 16th 2012.

/ AGREEMENT ON TEMPORARY WORK AGENCIES

SEAT's employment policy is based on long-term labour contracts for the carrying out of activities over a prolonged period of time. None the less, the company was forced to have recourse to temporary hiring due to the unexpected development of the markets, and particularly because of the

fluctuating demand for vehicles, an event that had an impact on production needs.

SEAT signed an agreement with the Intercenters Works Committee concerning the contracting of temporary work agencies, including a regulatory framework for its proper functioning. The agreement provides the company with a new flexibility tool to cope with fluctuations in supply and demand, as well as cover cyclical employee hiring requirements.

➤ **One of the principal novelties was implementation of the dual vocational training system at SEAT's Apprentices' School**



3.6 CORPORATE SOCIAL RESPONSIBILITY

**“Men did not create society simply to live,
but to live happily”**

(Aristotle)



14

million Kwh
of clean electrical energy
generated at Martorell

52,827

rooftop solar plaques at
Martorell plant

2,200

kilos of food contributed
by SEAT employees



SEAT RENEWS SUPPORT TO FORMULA STUDENT UNIVERSITY COMPETITION.

SEAT currently heads projects that strengthen its commitment to employees, the sustainability of its activities, and its contribution to the development of the community. The company's policy of corporate social responsibility becomes more-embracing year on year with the overarching aim of responding to newly-arising social needs as well as guaranteeing business integrity and transparency.

/ SOCIAL ENVIRONMENT

The signing of SEAT's 18th Collective Agreement marked a historic step forward in the company's labour relations, confirming the responsibility the company has via-à-vis its employees. The agreement's validity period will run 2011-2015, and provides assurances concerning workforce stability, as well as providing modern working conditions, thus responding to social demands. The new agreement lays the foundation for

workers to participate in the success of the company by means of a salary link to company results, as well as introducing working day flexibility, increasing the number of days the factory is open, as well as including new family-work reconciliation measures, amongst other new items. On this issue, 2012 also saw the creation of the Committee for Equality; likewise, within the framework of the Plan to Improve Health and Safety at work, the facilities of the centralized medical service were refurbished.

Throughout the year, the company promoted diverse activities related to the sphere of education that reflect its clear commitment to youth talent. At university level, SEAT renewed its agreement with the Polytechnic University of Catalonia (UPC) to promote the 'Chair of Automotive Excellence in Innovation and Sustainable Mobility'; it also sponsored the Formula Student competition for the third time running, and, in collaboration with the Barcelona business school

lese, became involved in a new project to analyse factors impacting the development of electric motoring in Spain. In 2012 SEAT also introduced the dual vocational training system in its Apprentices' School, a tremendous leap in quality teaching at this centre, as well as initiating the second stage of the international programme StartUp Europe to hire young Spanish engineers.

Those initiatives aimed at encouraging employees' participation found their greatest expression of solidarity in the organization of a Christmas collection campaign of non-perishable food and toys, for the benefit of the Red Cross. SEAT employees contributed 2,200 kilos of food and 250 toys. For its part, the company made a monetary contribution, and asked all suppliers to become equally involved in the campaign.

The 'From 0 to 100' literary event, the childrens' Christmas drawing



^ 6TH EDITION OF SEAT CUP TOURNAMENT.

SOCIAL STRUCTURE OF BASIC WORKFORCE AT DECEMBER 31

		2012	2011
Average age	Years	39.0	38.5
Average seniority in company	Years	12.8	12.1
Proportion of women	Percentage	21.4	21.1
Proportion of university-educated employees	Percentage	14.0	12.7
Proportion of employees from outside Spain	Percentage	2.9	2.7
Proportion of employees with disabilities	Percentage	1.9	1.8
Proportion of employees with long-term contracts	Percentage	98.8	96.6
Proportion of employees on training programmes	Percentage	85.4	51.4

competition, and the 4th Labour Climate Survey, once more proved to be basic building blocks in company relations with company employees throughout the year. 2012 also saw yet another edition of the SEAT Cup football competition; on this occasion participants had the opportunity to donate their equipment to the Catalan Sports Federation for the Blind.

The *mandoSEAT* magazine, together with the weekly newsletter *SEAT hoy* and the *SEAT hoy Especial* monographs, provided information for the 14,000 workers of the Group about all company developments. The novelties of the year came in February with the arrival of *La Fábrica* (The Factory), a new monthly publication especially targeted at personnel in production and associated areas. June saw the appearance of

› SEAT currently heads projects that strengthen its commitment to employees, the sustainability of its activities, and its contribution to the development of the community

the new 'We are SEAT' space on the internet; this site, with a much easier-to-view look, and broken down into thematic blocks to make consultation easier, brings together relevant information on programmes and initiatives in Human Resources, as well as the necessary forms for employees to be able to channel their dealings with the company.



^ NEW SEAT EXEO ECOMOTIVE: EVEN GREATER EFFICIENCY.

ECOMOTIVE

/ ENVIRONMENT

Protection of the environment is one of SEAT's top priorities. All company centres are equipped with an advanced environmental management system to reduce the environmental impact generated by their respective activities. The Martorell production plant, the SEAT Technical Centre (CTS) and the Centre for Original Spare Parts (CROS) all successfully renewed for the third time their certification for environmental management in compliance with the ISO 14.001 standard. Since 2011 these centres have also held the ISO 50.001 certification in energy efficiency and management – making SEAT the first

Spanish company to be awarded such an accreditation.

In 2012 the company completed its 'SEAT al Sol' project, the largest rooftop photovoltaic plant in the European automotive industry with the start-up of the last two phases planned. This facility comprises 52,827 solar modules with a total nominal power output of almost 11 MW, covering a total surface area of 276,000 m² on the roofs of six workshops and four vehicle holding areas for cars awaiting shipment. In 2012 the production of clean electrical energy exceeded 14,000,000 kWh; from 2013 onwards – the first year running at full capacity – output is expected to be almost 15,000,000 kWh per year,

the equivalent of reducing annual CO₂ emissions by 7,000 tonnes.

Diverse energy-saving and energy-efficiency measures were implemented in the production process throughout the year, leading to a reduction in consumption equivalent to 20,963 MWh and 10,470 tonnes of CO₂. Some of the most notable were the transformation of the combined heat-and-power plant to a high-efficiency one, the replacement of engines by higher-efficiency ones, as well as the introduction of recovery systems and heat exchangers.

To these initiatives designed to reduce the company's carbon footprint should be added the fact that all energy purchased for production consumption comes from the company's green energy contract with the utility company Endesa. This contract guarantees that the energy acquired comes exclusively from sources



^ ELECTROMOBILITY IS A KEY PART OF SEAT'S STRATEGY.

certified 100% as renewable and high-efficiency heat-and-power generation, thus saving on emissions of CO₂ and other greenhouse gases.

In the product sphere, SEAT is conscientiously implementing a detailed and comprehensive environmentally-friendly policy. From the initial design and development stage of the different models, the overarching aim is to reduce emissions and increase recyclability. Engineers pay particular attention to aerodynamic design, selection of materials, the use of state-of-the-art technologies and high-efficiency engines.

The launch of the Mii 1.0 Ecofuel Ecomotive (Compressed Natural Gas) in 2012 was a milestone in terms of its low emissions of CO₂ - just 79 g/km. Likewise, all brand models have a low-emission Ecomotive version:

the Ibiza (87), the Ibiza ST (89), the Mii (95), the León (99), the Toledo (104), the Altea and Altea XL (114), the Exeo (117), the Exeo ST (119) and the Alhambra (143). Thanks to the energy efficiency of models marketed, 63% of the vehicles manufactured in 2012 for the EU27 market had CO₂ emissions below 130 g/km.

➤ **SEAT possesses the largest rooftop photovoltaic plant in the European automotive industry**



3.7 GOVERNMENTAL AND INSTITUTIONAL RELATIONS

“Acting is easy, thinking is difficult, and to put one’s thoughts into action is the most difficult thing in the world”

(Goethe)



111

vehicles on loan
to Ibero-American
Summit in Cadiz

19

companies and
institutions visited
Martorell facility in 2012

3,842

fleet vehicles
handed over to companies
and institutions

/ NEW CORPORATE HEADQUARTERS

At the beginning of 2012 SEAT's new corporate centre, housing the area of Governmental and Institutional Relations, was officially opened in Spain's financial capital Madrid. One of the reasons behind the creation of this new area was the need to play a more active role in the country's institutional, business and social spheres. A greater presence of SEAT in public and private institutions enhances its growing reputation as a benchmark company in decision-making. The creation of new partnerships, as well as the strengthening of already-existing spheres of cooperation, would lead to greater influence, contributing even further to the company's already good standing.

/ INSTITUTIONAL ACTIVITY

The company maintains close links with the main representatives of the European Union and Spanish public bodies (central government, autonomous communities and local government). One of the most noteworthy events within this sphere was the meeting convened at the beginning of January 2012 by the Spanish Ministry of Foreign Affairs, and attended by SEAT's Executive Committee Chairman James Muir, as representative of one of Spain's 30 most important companies.

Last September, under the co-chairmanship of Spanish premier Mariano Rajoy and German chancellor Angela Merkel, the Spanish-German Investors' Summit was held in Madrid. At this important meeting SEAT was

represented by Dr. Martin Winterkorn, –Chairman of the Volkswagen Group – together with Dr. Francisco Javier García Sanz, Chairman of SEAT's Board of Directors. The company also played a leading role in the business mission to Morocco headed by the Spanish premier in October.

Another of the company's overarching aims last year was to strengthen the brand's presence in the corporate fleets of public institutions. Noteworthy events within this sphere were vehicle hand-overs to the Red Cross and Catalan public institutions (Catalan government – *Generalitat* – together with various town and city councils). Likewise the joint signature – together with Volkswagen-Audi España – of an agreement with the Spanish premier's Cabinet Office, whereby the SEAT, Audi and Volkswagen brands would become



^ JOSÉ MANUEL SORIA, SPAIN'S MINISTER FOR INDUSTRY, ENERGY AND TOURISM, "SEAT IS AN OUTSTANDING EXAMPLE OF INNOVATION, EXPORT AND EMPLOYMENT".

official cars for the 22nd Ibero-American Summit of Heads of State and Government held at Cadiz in November. SEAT provided the organizers of this summit with a total number of 111 vehicles (Exeo and Alhambra models) to cover the logistical and transport needs of the main leaders and delegations of the 22 participating countries.

SEAT encourages high-level representatives of public and private institutions to become familiar with its modern, efficient production facilities as well as its vehicles, with a view to raising the brand's profile on the national and international scenes.

Thus, various public figures and delegations visited the Martorell facility, the most noteworthy being José Manuel Soria, Spanish Minister for Industry, Energy and Tourism; representatives of the support unit of the Ibero-American Summit; more than one hundred middle-ranking officers of the *Mossos d'Esquadra* (Catalan police); the advisory board of the Spanish utility company Endesa; the Spanish Directors' Association; the Automotion Congress of the Spanish Quality Association; the management team of the Barcelona business school Esade, together with employees from Iese, another Barcelona business school.

The presence of the brand at the main motor shows facilitates business and institutional contacts and collaboration. Thus, the Spanish ambassadors to China, Russia and France were present at the SEAT stands at the Beijing, Moscow and Paris Motor Shows respectively.

/ BUSINESS ACTIVITY

Business activity was strengthened thanks to the Volkswagen Group becoming a member of the German

Chamber of Commerce, where as a promotion partner it brings together under a single representative all the Group's brands located in Spain.

SEAT's active presence in the Spanish National Car and Truck Manufacturers' Association (in Spanish ANFAC) contributed to putting the Spanish automotive sector on a solid footing. The modernisation of the Association together with the re-organisation of its committees successfully revitalised the communication pathways with both central government and Spanish society in general. The PIVE (Plan of Incentives for Vehicle Efficiency) promoting vehicle purchase is a clear example of the official boost given to the Spanish automotive sector.

The company's dynamic nature was made patent by joining the Excellence in Sustainability Club, making it the first Spanish company in the automotive sector to become a member of an association whose aim is excellence in Corporate Social Responsibility. Thanks to its active participation in this renowned Club, the company was awarded first prize from amongst the initiatives presented at the 2nd International Meeting of Sustainable Human Resources. SEAT received this accolade on account of its excellent training programmes – its Trainee Programme for young talent and its Apprentices' School.

► At the beginning of 2012 SEAT's new corporate centre was officially opened in Madrid



VISIT BY *MOSSOS D'ESQUADRA* (CATALAN POLICE) TO MARTORELL PLANT. ^



SEAT HANDS OVER 31 VEHICLES TO SPANISH RED CROSS. ^

A photograph of a map, a red pen, a black notebook, and a car key on a map. The map is the background, showing various roads and geographical features. A red pen lies horizontally across the middle. A black notebook is in the upper left corner. A car key with a black fob is in the lower right corner. The text '3.8 CORPORATE GOVERNANCE' is overlaid on a red banner at the bottom.

3.8 CORPORATE GOVERNANCE

**“The whole art of government consists
in the art of being honest”**

(Thomas Jefferson)



96%

participation in on-line course for prevention of conflicts of interest and corruption

140

departments took part in briefing sessions on GRC and Code of Conduct

90

departments played active part in SEAT risk management



^ SEAT, COMMITTED TO TRANSPARENCY AND GOOD CORPORATE GOVERNANCE.

/ GOOD GOVERNANCE

SEAT is fully convinced that in order to achieve sustainable business success, good corporate governance is crucial; this would guarantee a perfect balance between the business aims in the economic, social and environmental spheres.

Within its general organization structure, the company has a specific area entitled 'Governance, Risk and Compliance' (GRC) whose main aim is to promote in all fields of activities a culture of management of risks of whatever nature, paying special attention to compliance risks. The ultimate objective of its activity focuses on increasing business transparency and achieve greater operational efficacy.

The GRC area comprises two departments – Risk Management and Compliance – both of which work together in close collaboration so as to achieve their aims, reporting periodically to the Executive Committee and Board of Directors with periodical updates on their activities.

/ RISK MANAGEMENT

Global risk management is an important success factor for a company that operates at an international level and develops all those activities related to its business – ranging from car design to production and marketing – in a wholly integrated fashion. For this reason, SEAT is equipped with a risk management model which systematically embraces all areas and activities of the company.

The Risk Management department is responsible for direct coordination of a two-stage work process:

/ In the first stage, each area studies those risks impacting its activity, providing a detailed list of measures implemented for prevention, identification and mitigation of those risks. Likewise, the areas pinpoint those internal controls put in place to guarantee proper functioning of the measures described.

/ In the second stage, all those internal controls already identified are put to the test, checked for appropriateness, and implementation of the same is verified, both in terms of frequency and documentation. If shortcomings are detected, specific action plans are implemented, with centrally controlled monitoring.

To assure the proper functioning and quality of this comprehensive work process, all areas involved are given specific training. Additionally, the risk management team carries out a periodical consolidation of all information received and carries out a plausibility analysis of that information. Thus, the company's governing bodies are provided with regular updates, giving them a comprehensively global view of risks and internal controls.

Specific Risks

SEAT's trading activities expose it to a high number of risks. The most noteworthy are the following:

/ Economic and sector-specific risks. Business activity is heavily impacted by the world economic situation, particularly in Europe. The expansion strategy in new markets like China, Russia and North Africa make up for the difficult sales trends in Southern European countries. The continuous restyling of the model range and venturing into new segments help to mitigate sales risks.

› Global risk management is an important success factor for a company that operates at an international level and develops all those activities related to its business – ranging from car design to production and marketing – in a wholly integrated fashion



THE RISK MANAGEMENT SYSTEM EMBRACES ALL COMPANY AREAS. ~

/ Operational risks. At all stages of its productive process the company is exposed to events that may impinge on its production capacity – fires, energy outages, technical problems, and particularly systems failures. So as to prevent such risks, the company has put in place preventive plans for alarm and maintenance systems at its facilities, as well as continuous surveillance of the IT systems. The problems of supply of materials are resolved by working in close cooperation with company suppliers, monitoring their productive and financial capabilities.

/ Quality and development risks. There are potential risks deriving from the manufacture of highly complex technological products coupled with a high level of demand for quality. So as to guarantee a highly reliable product, complying with all expectation demands, quality standards are present at all stages, from the initial phases of vehicle development until delivery to the end customer. In order to prevent any incident such as delay or deviations in the development of new models, systematic control is exercised throughout the entire development process. Any

deviations from the original planning would be subjected to analysis, leading to the development of new control measures.

/ Human resources risks. Fluctuations in the volume of production and the constant demand for technical innovation may have an effect on productivity. The company, as an employer aware of its social responsibility, makes a major effort to preserve jobs and train multi-skilled professionals by means of specific training programmes. Mention here should be made of the Apprentices' School, where the dual model of vocational training, combining theoretical and practical training, was introduced in production centres. Thus the company cares for the future of its employees, and has a qualified workforce enabling it to successfully tackle technological challenges.

/ Financial risks. Market risks (including changes in exchange rates, interest rates and prices), as well as credit and liquidity risks, are closely monitored both in the short and the long term. Permanent analysis of uncertainties

SEAT GUARANTEES ITS FINANCIAL, SOCIAL AND ENVIRONMENTAL OBJECTIVES. ✓



on the financial markets makes it possible to keep to a minimum the potential adverse effects on the company's financial profitability. A more detailed explanation is provided in Note 8b of the Annual Accounts Report.

/ COMPLIANCE

SEAT promotes compliance with legal requirements, including national and international regulations, as well as with company and Volkswagen Group regulations. This work is carried out by means of continuous supervision, vigilance and management by the Department of Compliance.

The company also puts together training programmes, which are given on an annual basis, catering to the constant changes in the legal framework, so as to promote a culture of COMPLIANCE.

Both the Executive Committee and the Board of Directors are provided with a regular update of the strategy of compliance, together with those activities deployed in the different areas of the company depending on the risks detected and the results obtained with said initiatives.

The main objective of the training programmes developed throughout 2012 was to provide the workforce with more detailed knowledge of the company's Code of

Conduct, via face-to-face presentations and a dedicated online course, thus increasing employees' knowledge of current company rules and regulations to prevent cases of corruption and mitigate risks deriving from possible conflicts of interests. These activities were supported by an important communication effort via the company's internal communication channels.

In addition to the annual programmes and actions, the Compliance team offers personal advice to the entire workforce concerning doubts and enquiries in relation to the Code of Conduct or any other internal regulations related to their activities.

Finally, the creation of the Conduct Committee deserves mention; it comprises representatives from Auditing, Organization and Systems, Human Resources, Security and Legal Services. The committee is headed by the GRC area, its aim being to ensure compliance with the Code of Conduct within the company.

GOOD GOVERNANCE IS CRUCIAL FOR SUCCESSFUL AND SUSTAINABLE ACTIVITY. ✓





3.9 FINANCIAL ACTIVITY

**“Being good in business is the most
fascinating kind of art”**

(Andy Warhol)

20.6%

increase in income
from sales over
previous year

18.2%

improvement in operating
cash-flow

554

million euros earmarked
for investment





^^ EFFICIENT PROCESSES AND SATISFIED CUSTOMERS – TWO OF THE BRAND'S PRIORITIES.

/ ECONOMIC ENVIRONMENT

Financial instability in the eurozone and its knock-on effect on the world economy was the dominant factor on the international economic scene for 2012. The effects were felt from outlying countries such as Greece, Ireland, Portugal, Spain and Italy towards other eurozone countries, in a continual spiral between the sovereign debt crisis and the financial sector.

In Spain, difficulties in the financial sector, as a result of the bursting of the property boom bubble, entailed the necessary activation of a bailout mechanism for its banking system by the European Union.

The commitment of the Spanish government to budgetary stability and the reduction of substantial public deficit led to a raft of reforms aimed at bringing about an intense fiscal adjustment of the different levels of government (central, autonomous and local). Within a context of uncertainty due to the high level of unemployment, the credit squeeze combined with public spending restrictions, as well as an increase in taxes, brought about a reduction in domestic consumption, which inevitably worsened the country's recession.

The automotive sector was also affected by this crisis scenario, production volumes in Spain decreasing by 16.6% as a result of the collapse of the home demand and the gradual worsening of exports. In view of the difficult situation, the Spanish government launched the PIVE (Plan of Incentives for Vehicle Efficiency) so as to generate additional sales of 75,000 low-emission vehicles during its validity period (October 2012 to March 2013) or until exhaustion of budgetary resources assigned to it.

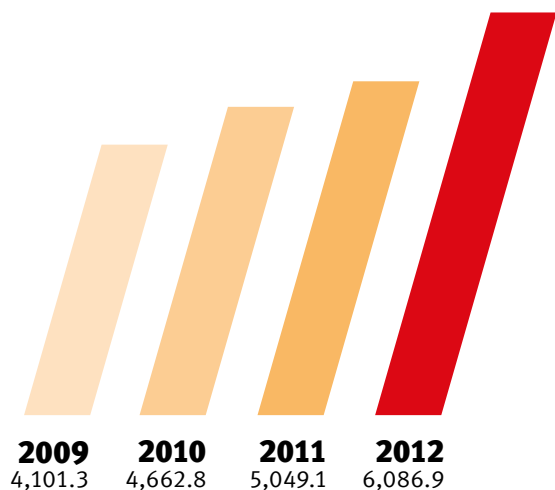
/ RESULTS

In spite of current difficulties in the sector in Southern Europe, and particularly in Spain, the company increased income from sales for the third year running. The 6,086.9 million euros generated in 2012 signify an increase of 20.6% over the previous year.

Exports (5,080.5 million euros) grew by 34.1% on the back of positive invoicing developments in EU countries such as Germany, the UK and Denmark. Additionally SEAT made a sterling effort to enlarge its footprint in high-potential

NET SALES

(MILLIONS OF EUROS)





SEAT TAKES ANOTHER STEP TOWARDS PROFITABILITY. ^

markets such as Russia, North Africa, the Middle East, and Mexico.

The growth in income was accompanied by a comprehensive and detailed cost reduction programme, monitored by means of a strict monthly savings plan. Income and expenses optimization led to an improvement in results for the financial year by more

than 50% compared to 2011, ending the year with losses of 29.6 million euros.

The operating cash-flow also saw a significant improvement of 18.2% over the previous year, reaching the figure of 210.5 million euros, 3.5% of income from sales. This increase represents a new stage on the road map laid out to

get back into the black, and is crucial for financing the large investments made in new products, processes, facilities and equipment, which totaled 554 million euros in 2012.



^ SEAT'S EXPORTS BOOST FINANCIAL RESULTS.

/ PROCESSES

Continuous improvement in financial and IT processes is an essential objective for brand sustainability, as well as being a crucial tool for efficient company management. To this end efforts were redoubled to complete different projects enabling the adaptation of company processes to new economic and financial realities. Noteworthy in this area is the SAP-based payroll system, facilitating data exchange with other company departments.

Throughout the year new projects were brought on line, such as ELMO (Modularity Elimination), which aims to adapt company's working practices, together with the IT systems used in the areas of production, logistics and finances to

those in current use in the Volkswagen Group as a whole. The application of these standards will enable the harnessing of synergies as well as facilitating information exchange between all Group companies.

In a clear commitment to new information and communication technologies, SEAT was the first Spanish brand, in collaboration with Spain's General Directorate of Traffic, to carry out test procedures for online vehicle documentation and registration. Using this system, the chassis number is sent from the factory via the internet to a car file which coordinates all actors involved in the sales event so as to certify the final registration of the vehicle in the name of a person or entity. The new registration modality enables improvements in costs, time schedules and information quality.



SEAT IBIZA ST. ^



SEAT ALTEA. ^

› SEAT was the first Spanish brand, in collaboration with Spain's General Directorate of Traffic, to carry out test procedures for online vehicle documentation and registration



Video
New SEAT LEÓN



4

SEAT, S.A. ANNUAL ACCOUNTS

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4.1 AUDITORS' REPORT



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

AUDIT REPORT ON THE ANNUAL ACCOUNTS

To the Sole Shareholder of SEAT, S.A. (sole-shareholder company):

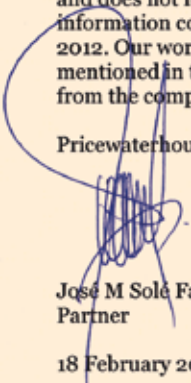
We have audited the annual accounts of SEAT, S.A., consisting of the balance sheet at 31 December 2012, the income statement, the statement of changes in equity, the cash flow statement and related notes for the year then ended, which includes Appendices 1 and 2. The company's directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the entity (as identified in note 3 to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

As indicated in note 21 to the annual accounts, the disclosure of the remuneration of the directors and senior management is presented in aggregate, with no separation of the two groups, as required under article 260.9 of the Spanish Capital Companies Act. The annual accounts as at 31 December 2011 and for the year then ended did not include this information either, and our audit report of the annual accounts for that year included a qualification in respect of this item.

In our opinion, except for the effects of the matter described in the preceding paragraph, the accompanying annual accounts for 2012 present fairly, in all material respects, the financial position of SEAT, S.A. at 31 December 2012 and the results of its operations and cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

The accompanying directors' Report for 2012 contains the explanations which the directors consider appropriate regarding the SEAT, S.A.'s situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the directors' Report is in agreement with that of the annual accounts for 2012. Our work as auditors is limited to checking the directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the company's accounting records.

PricewaterhouseCoopers Auditores, S.L.


 José M Solé Farré
 Partner

18 February 2013

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4.2 BALANCE SHEET

At December 31 (millions of euros)

Assets	Note	2012	2011
Non-current assets		3,390.0	3,094.2
Intangible assets	6b	739.5	576.3
Tangible assets	6c	1,118.2	1,009.5
Long-term Group companies investments	6d	1,114.4	1,106.1
Long-term financial investments		1.6	1.7
Deferred tax assets	18	416.3	400.6
Current assets		952.1	1,037.1
Non-current assets available for sale		0.0	1.4
Inventories	9	331.5	364.7
Trade receivables and others	10	545.4	554.2
Short-term Group companies investments	11	74.8	116.8
Short-term financial investments	11	0.0	0.0
Short-term prepaid expenses		0.3	0.0
Cash and cash equivalents		0.1	0.0
Total		4,342.1	4,131.3
Equity and liabilities	Note	2012	2011
Equity		642.5	671.8
Shareholders' equity	12	626.7	656.3
Subventions	13	15.8	15.5
Non-current liabilities		297.0	321.8
Long-term provisions	14	180.1	194.6
Long-term liabilities	15	88.5	93.1
Long-term Group companies liabilities	15	1.9	2.5
Deferred tax liabilities	18	24.0	30.2
Long-term prepaid income		2.5	1.4
Current liabilities		3,402.6	3,137.7
Short-term provisions	14	588.3	594.5
Short-term liabilities	15	44.8	55.2
Short-term Group companies liabilities	15	1,349.9	1,052.3
Trade payables and others	16	1,384.6	1,416.8
Short-term prepaid income		35.0	18.9
Total		4,342.1	4,131.3

4.3 PROFIT AND LOSS STATEMENT

January 1 to December 31 (millions of euros)

Continuing operations	Note	2012	2011
Net sales	19a	6,086.9	5,049.1
Change in inventories of finished goods and work in progress	19b	(38.9)	72.1
Material, wages and overheads capitalized as assets		195.7	166.2
Supplies	19c	(4,728.1)	(3,959.0)
Other operating income	19d	412.9	586.8
Personnel costs	19e	(566.2)	(528.0)
Other operating expenses	19f	(1,312.4)	(1,247.8)
Depreciation of fixed assets	6a	(268.9)	(301.2)
Change of subventions from non-financial fixed assets and others	13	4.9	4.1
Excess of provisions		90.7	68.6
Impairment and result on disposal of fixed assets	6a	(10.9)	(142.8)
Operating result		(134.3)	(231.9)
Financial income	19g	96.7	111.1
Financial expenses	19h	(21.0)	(19.6)
Exchange rate differences	17	(29.1)	(7.5)
Impairment and result on disposal of financial instruments	19i	8.3	(6.3)
Financial result		54.9	77.7
Result before tax		(79.4)	(154.2)
Corporation tax	18	49.8	92.7
Result for year		(29.6)	(61.5)

4.4 STATEMENT OF CHANGES IN EQUITY

At December 31 (millions of euros)

Statement of recognised income and expenses	Note	2012	2011
A) Result of profit and loss statement		(29.6)	(61.5)
For valuation of financial instruments		0.0	0.0
<i>Financial assets available for sale</i>		0.0	0.0
<i>Other income/expenses</i>		0.0	0.0
For coverage of cash flow		0.0	0.0
Subventions	13	5.3	0.3
For actuarial gains and losses and other adjustments		0.0	0.0
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		(1.6)	(0.1)
B) Total income and expenses entered directly to equity		3.7	0.2
For valuation of financial instruments		0.0	0.0
<i>Financial assets available for sale</i>		0.0	0.0
<i>Other income/expenses</i>		0.0	0.0
For coverage of cash flow		0.0	0.0
Subventions	13	(4.9)	(4.1)
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		1.5	1.2
C) Total transfers to profit and loss statement		(3.4)	(2.9)
D) Total recognised income and expenses (A+B+C)		(29.3)	(64.2)

Statement of total changes	Subscribed capital	Share premium	Reserve	Profit/loss from prev. years	Profit/loss for year	Subventions	Total
Final balance 2010	0.1	1,008.1	0.0	(186.5)	(103.9)	18.2	736.0
Adjustments for changes of criterion	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments for errors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted balance beginning 2011	0.1	1,008.1	0.0	(186.5)	(103.9)	18.2	736.0
Total recognised income and expenses	0.0	0.0	0.0	0.0	(61.5)	(2.7)	(64.2)
Operations with partners or owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital increase</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital reduction</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Conversion of financial liabilities into equity</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Distribution of dividends</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Operations with own shares or participations (net)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Variation in equity due to business combinations</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Other operations with partners or owners</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other variations in equity	0.0	0.0	0.0	(103.9)	103.9	0.0	0.0
Final balance 2011	0.1	1,008.1	0.0	(290.4)	(61.5)	15.5	671.8
Adjustments for changes of criterion	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments for errors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted balance beginning 2012	0.1	1,008.1	0.0	(290.4)	(61.5)	15.5	671.8
Total recognised income and expenses	0.0	0.0	0.0	0.0	(29.6)	0.3	(29.3)
Operations with partners or owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital increase</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital reduction</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Conversion of financial liabilities into equity</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Distribution of dividends</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Operations with own shares or participations (net)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Variation in equity due to business combinations</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Other operations with partners or owners</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other variations in equity	0.0	0.0	0.0	(61.5)	61.5	0.0	0.0
Final balance 2012	0.1	1,008.1	0.0	(351.9)	(29.6)	15.8	642.5

4.5 CASH FLOW STATEMENT

January 1 to December 31 (millions of euros)

	2012	2011
A) Cash flow from operating activities	210.5	178.1
Result before tax	(79.4)	(154.2)
Adjustment of result	189.9	490.5
<i>Depreciation of fixed assets</i>	268.9	301.2
<i>Valuation corrections due to impairment</i>	11.5	111.6
<i>Variation of provisions</i>	(26.0)	121.9
<i>Accounting entry of subventions</i>	(7.2)	(7.2)
<i>Results of disposal of fixed assets</i>	(0.3)	52.0
<i>Results of disposal of financial instruments</i>	0.0	0.0
<i>Financial income</i>	(96.7)	(111.1)
<i>Financial expenses</i>	15.4	19.2
<i>Exchange rate differences</i>	29.1	7.5
<i>Valuation at reasonable value in financial instruments</i>	0.0	0.0
<i>Other income and expenses</i>	(4.8)	(4.6)
Changes in current capital	(59.4)	(251.5)
<i>Inventories</i>	22.4	(96.6)
<i>Receivables and others</i>	8.2	(147.7)
<i>Other current assets</i>	(0.1)	1.3
<i>Payables and others</i>	(107.1)	14.5
<i>Other current liabilities</i>	17.2	(23.0)
<i>Other non-current assets and liabilities</i>	0.0	0.0
Other cash flow in operating activities	159.4	93.3
<i>Payment of interests</i>	(12.5)	(17.3)
<i>Collection of dividends</i>	130.2	64.6
<i>Collection of interests</i>	1.5	1.5
<i>Collection (payment) for corporation tax</i>	40.2	44.5
<i>Other payments (collections)</i>	0.0	0.0
B) Cash flow from investment activities	(546.8)	(439.8)
Payments for investment	(554.6)	(441.8)
<i>Group and associated companies</i>	(0.5)	(7.0)
<i>Intangible assets</i>	(250.4)	(203.9)
<i>Tangible assets</i>	(303.2)	(230.5)
<i>Other financial assets</i>	(0.5)	(0.4)

	2012	2011
Collection for disinvestments	7.8	2.0
<i>Group and associated companies</i>	4.1	0.1
<i>Intangible assets</i>	0.9	0.0
<i>Tangible assets</i>	0.9	1.5
<i>Other financial assets</i>	0.5	0.4
<i>Non-current assets available for sale</i>	1.4	0.0
C) Cash flow from financing activities	365.5	269.2
Collection and payments for equity instruments	2.1	2.5
<i>Acquisition of own equity instruments</i>	0.0	0.0
<i>Disposal of own equity instruments</i>	0.0	0.0
<i>Subventions</i>	2.1	2.5
Collection and payments for financial liability instruments	363.4	266.7
<i>Issue</i>	370.3	275.6
<i>Borrowing from credit institutions</i>	0.0	0.0
<i>Borrowing from Group and associated companies</i>	370.3	253.9
<i>Other liabilities</i>	0.0	21.7
<i>Repayment and depreciation of</i>	(6.9)	(8.9)
<i>Borrowing from credit institutions</i>	0.0	0.0
<i>Borrowing from Group and associated companies</i>	0.0	0.0
<i>Other liabilities</i>	(6.9)	(8.9)
Payments for dividends and remuneration of other equity instruments	0.0	0.0
<i>Dividends</i>	0.0	0.0
<i>Remuneration of other equity instruments</i>	0.0	0.0
D) Effect of exchange rate variations	(29.1)	(7.5)
E) Net increase/decrease in cash or equivalents (A+B+C+D)	0.1	0.0
Cash or equivalents at beginning of year	0.0	0.0
Cash or equivalents at end of year	0.1	0.0

4.6 NOTES

Notes to Annual Accounts (Financial year ending December 31, 2012)

1. COMPANY ACTIVITY

a) Registered offices and legal form

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

b) Business aim and activities

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

2. EXEMPTION FROM PRESENTING CONSOLIDATED ANNUAL ACCOUNTS

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

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

3. PRESENTATION BASIS OF ANNUAL ACCOUNTS

a) True and faithful account

The Annual Accounts - comprising the Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement and Notes - have been prepared on the basis of the company's accounting records, and are presented in accordance with the Spanish General Accounting Plan approved by Royal Decree 1514/2007 of November 16, in addition to subsequent modifications to said Plan by Royal Decree 1159/2010 of September 17. The Annual Accounts provide a true and faithful account of the company's equity, its financial situation and results of business, cash flow and changes in equity.

b) Comparability of information

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

c) Grouping of headings

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

d) Items appearing under several headings

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

4. APPLICATION OF RESULTS

At its meeting on February 15, 2013, the Board of Directors formulated a proposal to the General Shareholders' Meeting whereby losses incurred in 2012 (29.6 million euros) are administered to losses from previous years.

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

5. STANDARDS FOR RECORDING AND VALUATION

a) Intangible assets

Those specifically individualized development projects which present sound motives for technical success and economic-commercial profitability are activated as intangible assets. Those projects in force until December 31, 2007 are depreciated lineally over a maximum period of five years. New projects as from January 1, 2008, by applying a criterion of homogenization with the policies of the Volkswagen Group, will be amortized according to their useful life (see Appendix 1).

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

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

The costs related to SEAT's participation in the manufacturing of tooling needed for the production of shared parts for the platforms of the Volkswagen Group, which incorporate the new models of the Group's different brands, are shown under this heading and will have a linear depreciation for a five-year maximum period from the date of the model's launching. Financial costs (estimated at 2.5%) assigned to long-term projects involving R&D developments by Group companies are also shown under this heading.

Royal Decree Law 5/2004, regulating the trading system for greenhouse gas emission rights, was passed on August 27, 2004. Rights obtained for consideration are valued at acquisition price. Rights received via the National Attribution Plan are valued at the beginning of the calendar year they correspond to, in line with a Group-wide uniform single policy.

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

b) Tangible assets

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

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

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

c) Leases

I. When company is lessee

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

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

II. When company is lessor

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

d) Financial instruments

I. Long-term investments

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

II. Receivables

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

III. Short-term investments

Short-term investments are entered at nominal value.

IV. Liabilities

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

e) Inventories

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

- / Raw materials: At acquisition cost, applying the FIFO method (first in, first out).
- / Work in progress, vehicles and spare parts produced by the company: At raw material cost, according to the method described previously, adding labour costs and other direct and indirect manufacturing expenses of production.
- / Acquired spare parts: At acquisition cost as per invoice (plus customs, insurance and transport costs), applying the FIFO method.

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

Vehicles handed over to rental car companies with a purchase commitment are recorded in this section with the corresponding depreciation applied.

f) Subventions

Capital subventions are posted to equity, at the amount granted when they are not repayable. These subventions are transferred to results as a function of the depreciation of the assets associated to the subsidized projects. For their part, non-repayable subventions related to specific costs are recognised on the Profit and Loss Statement in the same financial year in which the corresponding costs accrue, with those granted to offset a business deficit being entered in the financial year in which they are granted, except when given to offset a business deficit in future years, in which case they are entered during said financial years.

g) Provisions and risks

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

h) Foreign currency transactions

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

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

i) Corporation tax

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

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

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

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

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

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

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

j) Income and expenses

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

k) Compensation for termination of contract

Compensation for termination of contract is paid to employees as a result of the decision to terminate their labour contract prior to the normal retirement age or when the employee voluntarily terminates their contract in exchange for said compensation. The company recognises this compensation when it has committed itself demonstrably to terminating the contracts of employees in accordance with a formal detailed plan.

l) Environmental expenses

Expenses deriving from business activities aimed at protecting and improving the environment are posted as expenses in the financial year in which they are incurred. Said expenses are posted at greater value of fixed assets when involving additions to tangible assets whose objective is minimizing environmental impact and protecting the environment.

m) Transactions with Group companies

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

n) Non-current assets available for sale

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

In 2011 the wholly-owned subsidiary company SEAT Motor España, S.A. was included under this section. The Board of Directors of SEAT, S.A., at a meeting held on November 11, 2011, decided to proceed to its sale to the Group company Volkswagen-Audi Retail Spain, S.L. with effect from January 1, 2012 for the amount of 1.4 million euros (see Appendix 2).

6. NON-CURRENT ASSETS**a) Evolution of non-current assets**

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

b) Intangible assets

Correction due to impairment amounts to 1.5 million euros (45.1 in 2011). Said corrections are linked to the estimate of future sales volumes of the vehicles comprising the model range. The current value of the margin of contribution to sales during the life cycle of the models has been calculated on the basis of an annual discount rate of 6.6% (6.8% in 2011). The sum total of investments activated under R&D is acquired from Group companies.

On November 2, 2007 the Spanish Cabinet approved the definitive individual assignment of emission rights for greenhouse gases for 2008-2012. SEAT, S.A. was assigned 106,538 tonnes of CO₂ for each year of the national plan.

The saleable value of this fixed asset amounts to 0.3 million euros (0.2 in 2011). The counterpart for assignation of these rights has been entered to equity under the section 'Official capital subventions'. No rights-related acquisitions or disposals have been made during the financial year.

During the year, 11.7 million euros (7.2 in 2011) corresponding to the use of tooling and technology of the Group, were capitalized under sub-section 'Payments on account and intangible assets in progress'.

The value of totally depreciated and in-use assets amounts to 709.8 million euros (750.9 in 2011).

At the end of the financial year, the company has firm commitments for the purchase of goods to the amount of 0.2 million euros (0.2 in 2011).

The total amount of subventions received for R&D projects during the financial year totals 5.1 million euros (1.1 in 2011), of which 5.1 million euros (0.1 in 2011) have been set aside for the acquisition of R&D assets, the remainder being posted to the Profit and Loss Statement.

c) Tangible assets

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

Correction due to impairment amounts to 9.6 million euros (45.7 in 2011). Said corrections are linked to the estimate of future sales volumes of vehicles in the model range. The current value of the margin of contribution to sales during the life cycle of the models has been calculated on the basis of an annual discount rate of 6.6% (6.8% in 2011).

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

At year's end, goods outside the operation are totally depreciated, the value of goods totally depreciated and still in use amounting to 2,906.5 million euros (2,699.3 in 2011). Of them 92.8 million euros come to buildings (4.8 in 2011). Likewise, investment acquired from VW Group companies amounted to 135.5 million euros (105.3 in 2011).

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

MILLIONS OF EUROS	2012		2011	
	Gross Value	Depreciation	Gross Value	Depreciation
Tangible assets acquired from VW Group companies	616.2	279.7	470.1	222.0
Tangible assets used by VW Group companies	48.9	29.8	48.9	28.7
Tangible assets used by non-Group suppliers	1,262.3	1,171.0	1,180.7	1,126.6
Tangible assets placed abroad	117.9	103.7	99.5	91.6

The financial year results deriving from disposal of tangible assets totalled 0.6 million euros (1.5 in 2011).

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

At year's end the company assumed firm commitments to purchase capital goods to the value of 155.6 million euros (278 in 2011).

d) Long-term Group companies investments

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

7. LEASES AND OTHER SIMILAR OPERATIONS

a) Financial leases

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

MILLIONS OF EUROS		Length of contract (years)	Cost	Purchase option value	Quotas pending payment
Corporative building	(02.02.05)	10	21.1	0.0	8.6
Dining building	(20.09.06)	10	2.0	0.0	1.0
T-Systems building	(20.09.06)	10	3.4	0.0	1.7
SAT building	(20.09.06)	10	5.2	0.0	2.7
Peguform building	(08.03.07)	7	3.7	0.0	1.3

The current values of quotas pending payment are distributed by maturity date in the following way: 4.7 million euros in 2013 and 10.6 million euros between 2014-2017. The impact of updating said quotas amounts to 1.1 million euros.

b) Operative leases

The company also has operative leases. The amounts paid for rent to other Group companies or third parties, excluding those already mentioned in the previous paragraph, and comprising mainly information technology, land, buildings, fork-lift trucks, containers, fields and warehouses, total 12.4 million euros (12.6 in 2011). Rents received, mainly for buildings, fields and warehouses, amounted to 4.2 million euros (4.3 in 2011). Future amounts to be paid and received, in the event of early cancellation of contracts, are calculated not to be substantially different from those in the present financial year.

8. FINANCIAL INSTRUMENTS

a) Impact on financial situation and results

1. Balance Sheet

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

MILLIONS OF EUROS	Equity instruments		Borrowing securities		Credits, derivatives and others	
	2012	2011	2012	2011	2012	2011
Long-term financial assets						
Loans and receivables	1,114.3	1,106.0	0.0	0.0	1.7	1.8
Group companies investments (Note 6a)	1,114.3	1,106.0	0.0	0.0	0.1	0.1
Financial investments (Note 6a)	0.0	0.0	0.0	0.0	1.6	1.7
Short-term financial assets						
Loans and receivables	0.0	0.0	0.0	0.0	458.3	430.9
Trade receivables and others (Note 10)	0.0	0.0	0.0	0.0	383.5	314.1
Group companies investments (Note 11)	0.0	0.0	0.0	0.0	74.8	116.8
Financial investments (Note 11)	0.0	0.0	0.0	0.0	0.0	0.0

MILLIONS OF EUROS	Borrowing from credit institutions		Bonds and other negotiable securities		Derivatives and others	
	2012	2011	2012	2011	2012	2011
Long-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	90.4	95.6
<i>Group companies liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	1.9	2.5
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	88.5	93.1
Short-term financial liabilities						
Debts and other payables	0.1	0.1	0.0	0.0	2,755.8	2,491.5
<i>Group companies liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	1,349.9	1,052.3
<i>Third-party liabilities (Note 15)</i>	0.1	0.1	0.0	0.0	44.7	55.1
<i>Trade payables and others (Note 16)</i>	0.0	0.0	0.0	0.0	1,361.2	1,384.1

During the financial year, SEAT did not hold any own shares, and therefore carried out no related operations.

II. Profit and Loss Statement and equity

The net amount of valuation corrections due to impairment for financial interests in Group companies at the end of the financial year totalled 8.3 million euros (–6.3 in 2011).

III. Other information

SEAT has formalized various commercial surety contracts jointly with the Centro Técnico de SEAT, S.A. (CTS) and SEAT Sport, S.A. to a maximum total amount of 114 million euros (114 in 2011), for the issue of guarantees covering the refundable advances made by the Spanish Ministry of Science and Technology to the CTS. Likewise, the company is maintaining a line for the formalization of guarantee provision, jointly with other companies within the Group, covering the Spanish Ministry of Science and Technology for an amount of 59 million euros (59 in 2011), and covering third parties to an amount of 30.1 million euros (30.1 in 2011).

b) Nature and level of risk

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

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

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

I. Market risk

Exchange rates

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

Price

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

Interest rates

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

II. Credit risk

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

III. Liquidity risk

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

9. INVENTORIES

MILLIONS OF EUROS	31.12.12	31.12.11
Acquired products	82.3	68.5
Raw materials and other supplies	61.2	69.3
Work in progress and partly-finished goods	32.3	52.5
Finished goods	155.7	174.4
	331.5	364.7

At year's end the impairment of inventory amounted to 102.9 million euros (92.1 in 2011), with provision for the financial year totalling 10.8 million euros (11.5 in 2011).

The company maintains a commitment to purchase of part of cars sold to rental car companies (see Note 5e) to the value of 36.3 million euros (21.8 in 2011).

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

10. TRADE RECEIVABLES AND OTHERS

MILLIONS OF EUROS	31.12.12	31.12.11
Trade receivables	93.7	69.7
Group companies receivables	285.7	239.8
Other receivables	3.5	4.0
Personnel	0.6	0.6
Current tax assets	21.6	24.4
Government bodies	140.3	215.7
	545.4	554.2

11. SHORT-TERM INVESTMENTS

MILLIONS OF EUROS	31.12.12	31.12.11
Group companies	74.8	116.8
<i>Loans</i>	7.0	10.6
<i>Other financial assets</i>	67.8	106.2
Third-party	0.0	0.0
<i>Loans</i>	0.0	0.0
<i>Other financial assets</i>	0.0	0.0
	74.8	116.8

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

During the fiscal year the company has maintained loans and deposits with Group companies and credit institutions at a weighted average interest rate of 0.5% (1.2% in 2011).

12. SHAREHOLDERS' EQUITY

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

On February 25, 2010, the sole shareholder of SEAT, S.A., the German company Volkswagen AG, transferred its participation (100%) in SEAT's share capital to the Dutch company Volkswagen International Finance N.V.

The share capital amounts to 120,200 euros which represents 20,000 shares at 6.01 euros per share, entirely subscribed and disbursed by the sole shareholder Volkswagen International Finance N.V. Legal reserves totalling 24,040 euros are totally provided for in compliance with current legislation.

13. SUBVENTIONS

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

MILLIONS OF EUROS	2012	2011
Initial balance	15.5	18.2
<i>Addition</i>	3.7	0.2
<i>Transferred to results</i>	(3.4)	(2.9)
End balance	15.8	15.5

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

The total amount of operating subventions amounts to 2.3 million euros (3.1 in 2011).

14. PROVISIONS AND RISKS

MILLIONS OF EUROS	Balance 01.01.12	Addition 2012	Disposal 2012	Balance 31.12.12
Trade operations	280.3	90.4	(113.6)	257.1
Personnel benefits	36.7	28.4	(29.6)	35.5
Environmental activities	20.4	1.6	(1.8)	20.2
Other provisions	451.7	189.5	(185.6)	455.6
	789.1	309.9	(330.6)	768.4

At year's end, the provisions amounted to 768.4 million euros, of which 180.1 million euros were long-term (updated to current market rate) and 588.3 million euros were short-term.

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

The section 'Environmental activities' includes those activities aimed at recycling vehicles based on the 2000 European directive on end-of-life vehicles (see Note 20b), as well as those provided for concerning assigned emission rights for 2008-2012 (see Note 6b). The estimated cost for the provision of vehicle recycling has been based on two factors – the average useful life of vehicles per country and cost of scrapping. Provision for emission rights is calculated on the basis of annual consumption of the same.

The section 'Other provisions' covers basically provisions for production, legal and trading risks. The estimated cost of these provisions has been based on the probable settlement of claims received.

Calculations of provisions have been updated to a discount rate of 5% in 2011 and 2012.

15. LIABILITIES

MILLIONS OF EUROS	31.12.12	31.12.11
Group companies	1,351.8	1,054.8
Third-party	133.3	148.3
Financial institutions	0.1	0.1
Financial leasing	14.2	18.0
Other financial liabilities	119.0	130.2
<i>Official loans with subventioned interest</i>	82.6	90.8
<i>Bonds and deposits received</i>	0.4	0.4
<i>Suppliers of fixed assets</i>	36.0	39.0
	1,485.1	1,203.1

At year's end liabilities amounted to 1,485.1 million euros, 1,351.8 million euros with Group companies (1.9 long-term and 1,349.9 short-term), and 133.3 million euros with third parties (88.5 long-term and 44.8 short-term).

Liabilities (mainly with Group companies and with official organizations at zero interest rate) are distributed according to maturity date as follows: 1,394.7 million euros in 2013, 40.6 million euros for 2014-2017 and 49.8 million euros in later financial years.

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

Credit lines granted to the company by Group companies totalled 1,400 million euros on December 31, 2012 of which 1,069 million euros were used (1,000 and 675 respectively in 2011).

16. TRADE PAYABLES AND OTHERS

MILLIONS OF EUROS	31.12.12	31.12.11
For third-party suppliers	560.5	681.2
<i>Purchases/services rendered with confirming</i>	0.0	91.4
<i>Purchases/services rendered without confirming</i>	560.5	589.8
For Group companies suppliers	536.5	543.7
Other payables	218.5	113.6
Personnel (remunerations pending)	45.7	45.6
Government bodies	23.4	32.7
	1,384.6	1,416.8

The section "Purchases/services rendered with confirming" includes the part not advanced.

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

Said law stipulates a limit for payment of 85 days for 2010 and 2011, 75 days for 2012, and 60 days from January 1, 2013 onwards. At year's end, payments made within the legally established time-frame totaled 6,839 million euros (5,545 in 2011) and the average weighted payment period to company suppliers was 43 days (46 days in 2011). There is currently no outstanding payment of major importance exceeding the legal limit.

17. FOREIGN CURRENCY

The net value of balances in foreign currency totalled a credit balance of 12.7 million euros on December 31, 2012 (credit balance of 13.7 million euros in 2011), held mainly in US dollar, pound sterling, Swiss franc, Japanese yen, Polish zloty, Russian rouble, Chinese yuan, as well as Czech, Danish and Swedish crowns. Of this total, 59.1 million euros correspond to favourable balances with Group companies and other suppliers, and 46.4 million euros to negative balances with Group companies and other customers (37 and 23.3 respectively in 2011). The amounts attributed to income and expenses during the year amount to 14.2 and 43.3 million euros, respectively (11 and 18.5 in 2011).

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

MILLIONS OF EUROS	2012	2011
Purchases	92.1	70.7
Sales	1,278.9	979.6
Services received	70.4	43.8
Services rendered	3.5	2.5

18. TAX SITUATION

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

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

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

- / The design and implementation of operations within the legal framework of each country it operates in, with total fiscal transparency in all such operations.
- / A cautious approach in its fiscal policy, visible via its consultations with the relevant Tax Authority when in doubt as to interpretation, proceeding in compliance with prevailing administrative practice and legal requirements.
- / Constant oversight of operations and criteria applied to the same so as to avoid significant taxation risks.

Throughout fiscal year 2012, SEAT S.A. maintained a fiscal policy which followed the above-mentioned principles, as a result of which the company was fully compliant with the commitments set out in the Code of Best Tax Practices, and was not aware of any operation with fiscally relevant repercussions.

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

In 2012, the negative tax result of the SEAT Group deriving from its consolidated corporation tax totalled 93 million euros, which is not activated and envisaged to be offset by future positive tax results.

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

MILLIONS OF EUROS	Profit and Loss Statement			Equity		
	Increase	Decrease	Total	Increase	Decrease	Total
Result for year	0.0	(29.6)	(29.6)	0.0	0.0	0.0
Corporation tax	0.0	(49.8)	(49.8)	0.0	0.0	0.0
Permanent differences	0.0	(95.2)	(95.2)	0.0	0.0	0.0
Specific to the company	0.0	0.0	0.0	0.0	0.0	0.0
From consolidation adjustment	0.0	(95.2)	(95.2)	0.0	0.0	0.0
Timing differences	243.3	(271.6)	(28.3)	0.0	0.0	0.0
Specific to the company	241.1	(269.1)	(28.0)	0.0	0.0	0.0
<i>Originating in the year</i>	220.2	(0.4)	219.8	0.0	0.0	0.0
<i>Originating in previous years</i>	20.9	(268.7)	(247.8)	0.0	0.0	0.0
From consolidation adjustment	2.2	(2.5)	(0.3)	0.0	0.0	0.0
<i>Originating in the year</i>	0.0	(1.9)	(1.9)	0.0	0.0	0.0
<i>Originating in previous years</i>	2.2	(0.6)	1.6	0.0	0.0	0.0
Tax assessment base	243.3	(446.2)	(202.9)	0.0	0.0	0.0

Of the 202.9 million euros from SEAT, S.A.'s negative tax assessment base for the year 109.9 million euros have been offset by positive tax assessment bases from other SEAT Group companies in the year's consolidated statement, generating a tax credit of 33 million euros for the rest of the negative tax assessment base.

Additionally, due to the incorporation of adjustments from the preceding year and from one provision, an accrued expense has been entered in the Profit and Loss Statement, under current corporation tax, for an amount of 5 million euros.

As a consequence of consolidated taxation, the total reciprocal debts and loans between the Group companies amount to 37.8 million euros.

At December 31, 2012, the accumulated deferred asset taxes amounted to 416.3 million euros, of which 198,9 million euros arise from timing differences; 217,4 million euros come from fiscal loans deriving from deductions and negative tax assessment bases pending application regarded as assured.

For their part, deferred taxes on liabilities amount to 24 million euros, of which 17.3 million euros arise from timing differences, basically due to the free tax depreciation of R&D costs activated as intangible assets, and 6.7 million euros are related to headings of equity.

Variation during the fiscal year on assets and liabilities due to deferred taxes total 15.7 and –6.2 million euros respectively. The detailed breakdown of movement of the same is as follows:

MILLIONS OF EUROS	2012	2011
Initial Balance	370.4	337.2
<i>Deferred taxes entered directly to profit and loss statement</i>	22.0	32.1
<i>Deferred taxes entered directly to equity</i>	(1.6)	(0.1)
<i>Deferred taxes transferred to profit and loss statement</i>	1.5	1.2
End Balance	392.3	370.4

The capital gains generated in 2012, totalling 0.5 million euros, which might benefit from the tax deduction incentive for reinvestment of extraordinary profits, thanks to reinvestment in new assets, have generated a tax credit of 0.1 million euros. Tax credits were applied in previous fiscal years where reinvestment was made in the same year, namely: 11.9 million euros in 2007, 2.6 million in 2008 and 1.5 million in 2011.

At December 31, 2012, SEAT, S.A. tax credits or tax incentives for the following items and amounts in millions of euros were left pending for application:

MILLIONS OF EUROS	Balance 31.12.12	Maturity date					Later
		2013	2014	2015	2016		
R&D	269.6	0.0	0.0	0.0	0.0	269.6	
Export companies	17.4	0.0	0.0	0.0	0.0	17.4	
Environmental investment	6.6	0.0	0.0	0.0	0.0	6.6	
Vocational training	1.2	0.0	0.0	0.0	0.0	1.2	
Pension plans contributions	0.3	0.0	0.0	0.0	0.0	0.3	

These tax credits and incentives will be applied in accordance with consolidated settlements of the Group, within the legal period established for each one.

The company is open to an administrative audit for non-prescribed taxes for the period 2009-2012, with the exception of corporation tax which extends to the period 2008-2011.

19. INCOME AND EXPENSES

a) Distribution of net sales

The distribution of items is as follows:

MILLIONS OF EUROS	2012	2011
Vehicles	5,448.1	4,362.5
Spare parts	474.7	503.3
Other sales	164.1	183.3
<i>Materials</i>	128.1	144.5
<i>By-products and reusable waste</i>	32.5	34.8
<i>Services</i>	3.5	4.0
	6,086.9	5,049.1

The geographical distribution of markets is as follows:

MILLIONS OF EUROS	2012	2011
Spain	1,006.4	1,261.4
Rest of European Union	4,287.9	3,252.5
Rest of world	792.6	535.2
	6,086.9	5,049.1

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

MILLIONS OF EUROS	2012	2011
Decrease/increase of inventory	(29.8)	84.7
<i>Work in progress</i>	(25.5)	17.1
<i>Partly-finished goods</i>	(4.7)	1.5
<i>Finished goods</i>	0.4	66.1
Impairment of inventory	(9.1)	(12.6)
	(38.9)	72.1

c) Supplies

MILLIONS OF EUROS	2012	2011
Acquired products	845.2	637.2
<i>Purchases</i>	859.9	637.0
<i>Decrease/increase of inventory</i>	(14.7)	0.2
Raw materials and other supplies	3,867.4	3,314.1
<i>Purchases</i>	3,860.2	3,326.2
<i>Decrease/increase of inventory</i>	7.2	(12.1)
Other external expenses	13.7	8.8
Impairment of acquired products, raw materials and others	1.8	(1.1)
	4,728.1	3,959.0

d) Other operating income

MILLIONS OF EUROS	2012	2011
Sundry income	409.2	576.9
Operating subventions (see Note 13)	2.3	3.1
Discounted provisions	1.4	5.0
Other income	0.0	1.8
	412.9	586.8

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

e) Personnel costs

MILLIONS OF EUROS	2012	2011
Wages, salaries and similar concepts	443.0	402.9
Social costs	128.2	125.1
<i>Social security</i>	118.8	111.7
<i>Others</i>	9.4	13.4
Provisions	(5.0)	0.0
	566.2	528.0

f) Other operating expenses

MILLIONS OF EUROS	2012	2011
External services	1,193.8	1,099.8
Taxes	7.4	7.5
Losses, impairment and variation in provisions due to trade operations	111.0	140.5
Greenhouse gas emission rights	0.2	0.0
Other expenses	0.0	0.0
	1,312.4	1,247.8

g) Financial income

MILLIONS OF EUROS	2012	2011
For participations	95.2	109.6
<i>Group companies</i>	95.2	109.6
<i>Third-party</i>	0.0	0.0
For other investments and financial instruments	1.5	1.5
<i>Group companies</i>	0.8	0.9
<i>Third-party</i>	0.7	0.6
	96.7	111.1

h) Financial expenses

MILLIONS OF EUROS	2012	2011
For Group companies debts	12.2	15.6
For third-party debts	3.2	3.6
Discounted provisions and debts	5.6	0.4
	21.0	19.6

i) Impairment and result on disposal of financial instruments

This heading contains principally those impairments and reversions of participations in Group companies.

20. ENVIRONMENT

a) Environment-related assets

Under the section 'Tangible assets', the company possesses a waste water treatment facility, plus a heat and power co-generation plant, at the Martorell factory, as well as other environment-related assets. The combined gross value of these facilities amounts to 119.7 million euros, and accumulated depreciation stands at 95.6 million euros (113.7 and 90.6 respectively in 2011).

In the wide-ranging investment programme implemented in 2012, a capitalised amount of 6.1 million euros, plus another totalling 0.9 million euros (7.7 and 2.1 respectively in 2011) corresponding to firm commitments for the purchase of capital goods has been identified, which can be devoted entirely to environmental protection-related activities.

b) Environment-related liabilities

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

c) Environment-related expenses

For 2012, expenses for material and outside services have been identified. Said expenses, earmarked for protection and improvement of the environment, can be broken down as follows:

MILLIONS OF EUROS	2012	2011
Control and monitoring of air pollution	0.3	0.3
Waste water treatment and management	2.5	2.3
Industrial waste treatment and management	6.6	6.7
Energy savings	0.2	0.4
Visual impact improvement	0.1	0.2
Communication management	0.0	0.1
Environmental process management	0.3	0.3
End-of-life vehicles management	0.2	0.4
Miscellaneous	0.1	0.1
	10.3	10.8

Expenses accounted for the financial year, regarding amortization of environment-related assets amount to 5.1 million euros (6.9 in 2011).

The overall estimated staff costs of SEAT employees devoted to total or partial implementation of environmental protection-related activities amount to 1.4 million euros (1.5 in 2011).

d) Environment-related income

Income deriving from the sale of by-products and reusable waste totalled 32.5 million euros (34.8 in 2011).

21. WITHIN-GROUP OPERATIONS**a) Group companies**

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

MILLIONS OF EUROS	2012	2011
Purchases	1,746.8	1,257.3
<i>Materials</i>	1,007.3	836.6
<i>Spare parts</i>	189.4	196.2
<i>Vehicles</i>	550.1	224.5
Net sales	4,251.7	2,804.7
Services received	525.6	511.2
Services rendered	296.0	468.0
Accrued financial income	0.8	0.9
Dividends received	95.2	109.6
Accrued financial expenses	12.2	15.6

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

MILLIONS OF EUROS	2012	2011
Purchases	57.0	41.9
Net sales	825.5	666.9
Services received	63.2	37.5
Services rendered	2.8	1.7

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

The margin generated by sales operations with Group companies is broken down by business lines as follows: 27.7% in materials, 24.5% in spare parts, and 10.1% in vehicles (29.6%; 24.6%; and 5.8%, respectively in 2011). Purchases made from Group companies were done so in normal market conditions.

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

On December 31, 2012 SEAT, S.A. (Unipersonal Company) and Volkswagen International Finance N.V., sole shareholder of the company (see Note 12), have no agreements in force.

b) Board of Directors

The total amount of remuneration received under all headings by members of the Board of Directors and by Senior Directors in the exercise of their functions during 2012 stood at 8.4 million euros (5.4 in 2011).

No advances or credits have been accorded to either members of the Board of Directors or Senior Management, nor other commitments made vis-à-vis pensions, insurance policies, credits, guarantees or similar items during the 2012 and 2011 financial years.

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

Members of SEAT, S.A.'s Board of Directors at December 31, 2012 also holding posts or responsibilities such as members of Boards of Directors or Management in other Volkswagen Group companies, concerning activities similar, analogous or complementary to the stated business aims of SEAT are listed hereafter:

	Post
Dr. Francisco Javier García Sanz	
Volkswagen AG	Member of the Board of Management
AUDI AG	Member of the Supervisory Board
FAW-Volkswagen Automotive Company, Ltd.	Member of the Board of Directors
Scania AB, Södertälje	Member of the Board of Directors
Scania CV AB, Stockholm	Member of the Board of Directors
Shanghai-Volkswagen Automotive Company, Ltd.	Member of the Board of Directors
Volkswagen (China) Investment Company, Ltd.	Member of the Board of Directors
Volkswagen Group of America, Inc.	Member of the Board of Directors
Porsche AG	Member of the Supervisory Board
Porsche Holding Stuttgart GmbH	Member of the Supervisory Board
James Muir	
Volkswagen Group Italia S.p.A.	Member of the Board of Directors
Matthias Müller	
Porsche AG	Chairman of the Board of Management
Porsche Automobil Holding SE	Member of the Board of Management

22. OTHER INFORMATION

a) Measurement and estimation of uncertainty

In preparing the Annual Accounts, company management was required to make estimates and assumptions that may affect the accounting policies finally adopted as well as the value of assets, liabilities, income, expenditure and breakdowns related thereto. Estimates and hypotheses are based, inter alia, on past experience or other factors considered reasonable in view of the factors or circumstances considered at the balance sheet date, the result of which constitutes the basis for decisions concerning the book value of the assets and liabilities which cannot be determined immediately in any other fashion. Actual results may differ from initial estimates.

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

- / Useful life of elements of fixed assets (see Notes 5a, 5b and 6).
- / The calculation of taxes on profits requires interpretations of tax legislation applicable to the company. The company assesses the recoverability of assets via deferred taxes on the basis of the existence of future tax bases against which it is possible to realize said assets (See Notes 5i and 18).
- / Provisions are recognised when it is probable that a current obligation, the result of past events, gives rise to an outflow of resources and the amount of the obligation can be estimated in a reliable fashion. To comply with the requirements of

accounting standards, significant estimates are necessary. The company makes estimates by evaluating all information and relevant events concerning the probability of occurrence of the contingencies as well as the amount of the liability to be settled in the future. (See Notes 5g and 14).

b) Workforce

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

	2012	2011
Productive wage earners	7,220	6,888
Time-rate wage earners	998	986
Managers, technicians, administrative and support staff	3,214	2,998
Members of the Executive Committee	8	8
	11,440	10,880



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

	2012			2011		
	Men	Women	Total	Men	Women	Total
Productive wage earners	5,623	1,578	7,201	5,695	1,581	7,276
Time-rate wage earners	937	34	971	964	35	999
Managers, technicians, administrative and support staff	2,442	843	3,285	2,326	785	3,111
Members of the Executive Committee	8	0	8	8	0	8
	9,010	2,455	11,465	8,993	2,401	11,394

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

c) Auditors

The fees accrued by PricewaterhouseCoopers Auditores, S.L. for audit services were 0.4 million euros (0.4 in 2011). Likewise, the fees received for other services provided by the auditor and other companies which use the PricewaterhouseCoopers brand totalled 0.1 and 0.6 million euros, respectively (1.5 million in 2011).

4.7 APPENDIX 1. EVOLUTION OF NON-CURRENT ASSETS

2011 MILLIONS OF EUROS	Cost of acquisition or manufacture					End Balance 31.12.11
	Initial Balance 01.01.11	Additions	Disposals	Transfers	Impairment	
Intangible assets	1,416.8	210.5	(96.4)	0.0	0.0	1,530.9
Research and Development	1,054.2	6.7	(83.2)	16.8	0.0	994.5
Software	47.0	1.4	0.0	0.0	0.0	48.4
Greenhouse gas emission rights	0.1	0.1	0.0	0.0	0.0	0.2
Other intangible assets	134.3	34.1	0.0	0.0	0.0	168.4
Payments on account and intangible assets in progress	181.2	168.2	(13.2)	(16.8)	0.0	319.4
Tangible assets	4,284.7	206.4	(82.2)	0.0	0.0	4,408.9
Land and buildings	670.8	13.2	0.0	13.0	0.0	697.0
Technical equipment and machinery	1,490.2	85.5	(45.0)	102.7	0.0	1,633.4
Other facilities, tools and office equipment	1,950.1	25.0	(37.0)	2.0	0.0	1,940.1
Other tangible assets	23.1	1.7	(0.2)	0.0	0.0	24.6
Payments on account and tangible assets in progress	150.5	81.0	0.0	(117.7)	0.0	113.8
Long-term Group companies investments	1,152.5	0.0	(0.1)	(29.4)	0.0	1,123.0
Participations in Group companies	1,152.3	0.0	0.0	(29.4)	0.0	1,122.9
Loans to Group companies	0.2	0.0	(0.1)	0.0	0.0	0.1
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	1.9	0.2	0.0	(0.3)	0.0	1.8
Other participations	0.1	0.0	0.0	0.0	0.0	0.1
Other loans	1.3	0.2	0.0	(0.3)	0.0	1.2
Other financial assets	0.5	0.0	0.0	0.0	0.0	0.5
Deferred tax assets	376.3	24.3	0.0	0.0	0.0	400.6
Total	7,232.2	441.4	(178.7)	(29.7)	0.0	7,465.2

Initial Balance 01.01.11	Depreciation / Impairment					End Balance 31.12.11	Net book value	
	Additions	Disposals	Transfers	Impairment	Initial Balance 01.01.11		End Balance 31.12.11	
844.9	107.4	(42.8)	0.0	45.1	954.6	571.9	576.3	
700.1	95.5	(42.8)	0.0	17.6	770.4	354.1	224.1	
42.8	2.0	0.0	0.0	0.0	44.8	4.2	3.6	
0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	
102.0	9.9	0.0	0.0	27.5	139.4	32.3	29.0	
0.0	0.0	0.0	0.0	0.0	0.0	181.2	319.4	
3,242.3	193.8	(82.4)	0.0	45.7	3,399.4	1,042.4	1,009.5	
272.0	14.3	0.0	0.0	0.0	286.3	398.8	410.7	
1,243.8	82.7	(45.0)	0.0	19.3	1,300.8	246.4	332.6	
1,706.0	95.7	(37.2)	0.0	26.4	1,790.9	244.1	149.2	
20.5	1.1	(0.2)	0.0	0.0	21.4	2.6	3.2	
0.0	0.0	0.0	0.0	0.0	0.0	150.5	113.8	
38.6	0.0	0.0	(19.9)	(1.8)	16.9	1,113.9	1,106.1	
38.6	0.0	0.0	(19.9)	(1.8)	16.9	1,113.7	1,106.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.1	0.0	0.0	0.0	0.0	0.1	1.8	1.7	
0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	1.3	1.2	
0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	
0.0	0.0	0.0	0.0	0.0	0.0	376.3	400.6	
4,125.9	301.2	(125.2)	(19.9)	89.0	4,371.0	3,106.3	3,094.2	

2012 MILLIONS OF EUROS

	Cost of acquisition or manufacture					End Balance 31.12.12
	Initial Balance 01.01.12	Additions	Disposals	Transfers	Impairment	
Intangible assets	1,530.9	257.5	(104.6)	0.0	0.0	1,683.8
Research and Development	994.5	103.3	(103.7)	193.4	0.0	1,187.5
Software	48.4	1.1	(0.7)	0.0	0.0	48.8
Greenhouse gas emission rights	0.2	0.3	(0.2)	0.0	0.0	0.3
Other intangible assets	168.4	47.3	0.0	30.6	0.0	246.3
Payments on account and intangible assets in progress	319.4	105.5	0.0	(224.0)	0.0	200.9
Tangible assets	4,408.9	296.2	(12.5)	0.0	0.0	4,692.6
Land and buildings	697.0	4.1	(0.5)	0.0	0.0	700.6
Technical equipment and machinery	1,633.4	91.2	(6.7)	72.2	0.0	1,790.1
Other facilities, tools and office equipment	1,940.1	135.7	(5.0)	23.9	0.0	2,094.7
Other tangible assets	24.6	0.5	(0.3)	0.0	0.0	24.8
Payments on account and tangible assets in progress	113.8	64.7	0.0	(96.1)	0.0	82.4
Long-term Group companies investments	1,123.0	0.0	0.0	0.0	0.0	1,123.0
Participations in Group companies	1,122.9	0.0	0.0	0.0	0.0	1,122.9
Loans to Group companies	0.1	0.0	0.0	0.0	0.0	0.1
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	1.8	0.3	(0.2)	(0.3)	0.0	1.6
Other participations	0.1	0.0	(0.1)	0.0	0.0	0.0
Other loans	1.2	0.3	(0.1)	(0.3)	0.0	1.1
Other financial assets	0.5	0.0	0.0	0.0	0.0	0.5
Deferred tax assets	400.6	15.7	0.0	0.0	0.0	416.3
Total	7,465.2	569.7	(117.3)	(0.3)	0.0	7,917.3

Initial Balance 01.01.12	Depreciation / Impairment					End Balance 31.12.12	Net book value	
	Additions	Disposals	Transfers	Impairment	Initial Balance 01.01.12		End Balance 31.12.12	
954.6	91.5	(103.3)	0.0	1.5	944.3	576.3	739.5	
770.4	74.5	(102.8)	0.0	1.5	743.6	224.1	443.9	
44.8	2.0	(0.5)	0.0	0.0	46.3	3.6	2.5	
0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	
139.4	15.0	0.0	0.0	0.0	154.4	29.0	91.9	
0.0	0.0	0.0	0.0	0.0	0.0	319.4	200.9	
3,399.4	177.4	(12.0)	0.0	9.6	3,574.4	1,009.5	1,118.2	
286.3	15.6	(0.6)	0.0	0.2	301.5	410.7	399.1	
1,300.8	81.3	(6.7)	0.0	5.6	1,381.0	332.6	409.1	
1,790.9	79.6	(4.4)	0.0	3.8	1,869.9	149.2	224.8	
21.4	0.9	(0.3)	0.0	0.0	22.0	3.2	2.8	
0.0	0.0	0.0	0.0	0.0	0.0	113.8	82.4	
16.9	0.0	0.0	0.0	(8.3)	8.6	1,106.1	1,114.4	
16.9	0.0	0.0	0.0	(8.3)	8.6	1,106.0	1,114.3	
0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.1	0.0	(0.1)	0.0	0.0	0.0	1.7	1.6	
0.1	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.1	
0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	
0.0	0.0	0.0	0.0	0.0	0.0	400.6	416.3	
4,371.0	268.9	(115.4)	0.0	2.8	4,527.3	3,094.2	3,390.0	

4.8 APPENDIX 2. SUBSIDIARY COMPANIES

2011 MILLIONS OF EUROS	Location	Holding	
		Dir.	Ind.
Production			
Gearbox del Prat, S.A. (*)	Prat de Ll. (Barcelona)	100	
SEAT Sport, S.A. (*)	Martorell (Barcelona)	100	
Volkswagen Navarra, S.A. (*)	Arazuri (Navarre)	100	
Volkswagen Argentina, S.A. (**)	Buenos Aires (Argentina)	100	
Distribution and Marketing SEAT (***)			
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98
SEAT Deutschland GmbH	Mörfelden-Walldorf (Germany)	100	
SEAT Deutschland Niederlassung GmbH	Frankfurt (Germany)		100
SEAT Saint-Martin SAS	Paris (France)	100	
Distribution and Marketing VW/Audi/Skoda			
Volkswagen-Audi España, S.A. (*)	Prat de Ll. (Barcelona)	100	
Volkswagen-Audi Retail Spain, S.L. (*)	Prat de Ll. (Barcelona)		100
Astur Wagen, S.A. (*)	Gijón (Asturias)		100
Barna Wagen, S.A. (*)	Barcelona		100
Castellana Wagen, S.A. (*)	Madrid		100
Catalunya Wagen, S.A. (*)	Barcelona		100
Leioa Wagen, S.A.	Leioa (Vizcaya)		100
Levante Wagen, S.A. (*)	Valencia		100
Málaga Wagen, S.A. (*)	Málaga		100
Sevilla Wagen, S.A. (*)	Sevilla		100
Valladolid Wagen, S.A. (*)	Valladolid		100
Vallehermoso Wagen, S.A. (*)	Madrid		100
Services			
Centro Técnico de SEAT, S.A. (*)	Martorell (Barcelona)	96	
Volkswagen Finance, S.A. (*)	Alcobendas (Madrid)	100	
Servilease, S.A. (*)	Alcobendas (Madrid)		100
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100	
Volkswagen Compañía Financiera, S.A.	Buenos Aires (Argentina)		100
Volkswagen S.A. De Ahorro Para Fines Determinados	Buenos Aires (Argentina)		100

(*) Companies subject to corporation tax under the consolidated tax regime.

(**) For valuation purposes, the figures are considered according to Group rules.

(***) SEAT Motor España, S.A. is not included, having been reclassified under section 'Non-current assets available for sale' (See Note 5n).

Gross value 31.12.11	Depreciation 31.12.11	Book value 31.12.11	Equity 31.12.11	Profit/loss for year 2011	Dividend received 2011
58.9	0.0	58.9	136.8	13.7	
0.1	0.0	0.1	1.8	(2.2)	
654.4	0.0	654.4	666.2	58.0	44.6
104.6	0.0	104.6	140.1	15.3	
0.0	0.0	0.0	0.3	(0.2)	
51.1	(16.0)	35.1	35.1	1.8	
			0.2	(0.1)	
1.0	(1.0)	0.0	0.3	(0.1)	
16.0	0.0	16.0	239.4	18.4	65.0
			31.8	1.2	
			3.0	(0.4)	
			0.2	(0.9)	
			3.3	0.2	
			1.7	0.0	
			3.9	0.6	
			4.8	1.1	
			1.3	0.1	
			6.4	0.5	
			2.8	0.4	
			2.2	(0.2)	
99.6	0.0	99.6	131.2	2.1	
136.6	0.0	136.6	345.4	25.3	
			8.4	(1.7)	
0.6	0.0	0.6	1.3	0.0	
			8.3	1.6	
			5.0	1.7	

2012 MILLIONS OF EUROS

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

(*) Companies subject to corporation tax under the consolidated tax regime.

(**) For valuation purposes, the figures are considered according to Group rules.

(***) See Note 5n.

(****) In 2012 the companies changed their business name.

(*****) In 2012 the company was acquired by Volkswagen Finance, S.A. from Volkswagen Vericherungsvermittlung GmbH.

Gross value 31.12.12	Depreciation 31.12.12	Book value 31.12.12	Equity 31.12.12	Profit/loss for year 2012	Dividend received 2012
58.9	0.0	58.9	151.4	15.3	
0.1	0.0	0.1	0.5	(1.2)	
654.4	0.0	654.4	655.3	44.2	52.2
104.6	0.0	104.6	175.9	38.5	
0.0	0.0	0.0	0.6	(1.2)	
51.1	(7.3)	43.8	43.8	8.7	
			0.2	0.0	
			0.4	(3.7)	
1.0	(1.0)	0.0	0.1	(0.1)	
16.0	0.0	16.0	144.5	13.1	43.0
			30.2	1.5	
			2.0	(0.9)	
			1.2	(0.7)	
			2.5	(0.8)	
			1.3	(0.5)	
			3.5	0.2	
			4.5	0.8	
			1.2	(0.1)	
			5.8	(0.1)	
			1.7	0.5	
			1.1	(1.1)	
99.6	0.0	99.6	131.4	0.3	
136.6	0.0	136.6	360.8	15.4	
			5.2	(3.2)	
			3.2	2.8	
0.6	(0.3)	0.3	0.3	(1.1)	
			9.2	2.1	
			6.5	3.7	

CONSUMPTION AND EMISSION FIGURES

Consumption (mveg) l/100 km - CO₂ (g/km) emissions

Model (*) (**)	Power		Gearbox		Consumption (mveg) l/100 km			CO ₂ emissions Average (g/km)
	kw	hp	Man.	Aut.	Town	Out of Town	Average	
Mii								
1.0 MPI	44 / 55	60 / 75	x	x	5.3 / 5.9	3.9 / 4.0	4.4 / 4.7	103 / 108
1.0 MPI Ecomotive	44 / 55	60 / 75	x		5.0 / 5.1	3.6 / 3.7	4.1 / 4.2	95 / 98
1.0 MPI Ecofuel Ecomotive (***)	50	68	x		5.5	3.8	4.4	79
Ibiza/SC/ST								
1.2 12 V	44 / 51	60 / 70	x		7.1 / 7.3	4.4 / 4.5	5.4 / 5.5	125 / 128
1.4 16V	63	85	x		8.0	4.7	5.9	139
1.6 BiFuel	60	81	x		10.4	6.0	7.6	123
1.2 TSI	63 / 77	85 / 105	x	x	6.5 / 7.0	4.4	5.1 / 5.3	119 / 124
1.2 TSI Ecomotive	77	105	x		5.9 / 6.0	4.3 / 4.4	4.9 / 5.0	113 / 115
1.4 TSI	110 / 132	150 / 180		x	7.5	5.1	5.9	139
1.2 TDI CR	55	75	x		4.6 / 4.9	3.3 / 3.5	3.8 / 4.0	99 / 105
1.2 TDI CR Ecomotive	55	75	x		4.0 / 4.3	2.9 / 3.2	3.3 / 3.6	87 / 95
1.6 TDI CR	66 / 77	90 / 105	x		5.1 / 5.4	3.6	4.2 / 4.3	109 / 112
2.0 TDI CR	105	143	x		5.9 / 6.0	3.9 / 4.0	4.6 / 4.7	119 / 123
Toledo								
1.2 Mpi	55	75	x		8.1 / 8.9	4.6 / 4.9	5.9 / 6.4	137 / 152
1.6 Mpi	75	105	x		8.1 / 8.9	4.6 / 4.9	5.9 / 6.4	137 / 152
1.2 TSI	63 / 77	85 / 105	x		6.3 / 6.9	4.2 / 4.6	5.0 / 5.4	116 / 125
1.4 TSI	90	122		x	7.4	4.8	5.8	134
1.6 TDI CR / Ecomotive	77	105	x		4.8 / 5.6	3.4 / 3.7	3.9 / 4.4	104 / 114
Altea/XL/Freerack								
1.4	63	85	x		8.4 / 8.6	5.1 / 5.4	6.3 / 6.5	147 / 152
1.2 TSI	77	105	x		7.1 / 7.3	4.9 / 5.1	5.7 / 5.9	132 / 139
1.2 TSI Ecomotive	77	105	x		6.5 / 6.9	4.7 / 5.1	5.4 / 5.7	124 / 132
1.4 TSI	92	125	x		8.0 / 8.4	5.2 / 5.7	6.2 / 6.7	145 / 155
1.6 BiFuel	72	98	x		12.8 / 13.1	7.5 / 7.8	9.5 / 9.8	153 / 159
1.8 TSI	118	160	x	x	8.8 / 9.0	5.3 / 5.6	6.6 / 6.8	153 / 159
2.0 TSI FR	155	210	x	x	9.9 / 11.0	5.7 / 7.0	7.3 / 8.4	170 / 197
2.0 TSI Cupra / Cupra R	177 / 195	240 / 265	x		10.7	6.6	8.1	190
1.6 TDI CR	66 / 77	90 / 105	x	x	5.6 / 5.9	3.9 / 4.4	4.5 / 4.8	119 / 129
1.6 TDI CR Ecomotive	77	105	x		5.2 / 5.5	3.9 / 4.3	4.3 / 4.7	114 / 124
2.0 TDI CR	103 / 125	140 / 170	x	x	6.1 / 7.4	4.1 / 5.3	4.8 / 5.9	125 / 155
León								
1.2 TSI	63 / 77	85 / 105	x	x	6.0 / 6.5	4.1 / 4.4	4.9 / 5.2	112 / 120
1.4 TSI	90 / 103	122 / 140	x		6.4 / 6.5	4.4 / 4.5	5.2	119 / 120
1.8 TSI	132	180	x	x	7.1 / 7.2	5.0 / 5.3	5.7 / 6.0	132 / 139
1.6 TDI CR	66 / 77	90 / 105	x	x	4.6 / 5.2	3.3 / 5.2	3.8 / 4.1	99 / 108
2.0 TDI CR	110 / 135	150 / 183	x	x	5.0 / 5.5	3.6 / 3.8	4.1 / 4.4	106 / 117
Exeo/ST								
1.8 TSI	88 / 118	120 / 160	x		10.2 / 10.4	5.6 / 5.7	7.3 / 7.4	169 / 172
2.0 TSI	155	211	x		9.6 / 9.7	5.3 / 5.4	6.9 / 7.0	159 / 162
2.0 TDI CR	88 / 105	120 / 143	x		6.4 / 6.5	4.1 / 4.2	4.9 / 5.0	129 / 132
2.0 TDI CR Ecomotive	88 / 105	120 / 143	x		5.6	3.8 / 3.9	4.5	117 / 119
2.0 TDI CR	105 / 125	143 / 170	x	x	7.1 / 7.3	4.4 / 4.6	5.4 / 5.5	142 / 146
Alhambra (****)								
1.4 TSI Ecomotive	110	150	x	x	9.2 / 9.4	6.1 / 6.6	7.2 / 7.6	167 / 178
2.0 TSI	147	200		x	11.5	6.6	8.4	196
2.0 TDI CR Ecomotive	85 / 125	115 / 170	x	x	6.7 / 7.4	4.8 / 5.4	5.5 / 6.0	143 / 158

(*) Engines sold in European Union in 2012. Discontinued models not included.

(**) Where different models provide different results, data shown refer to minimum and maximum values.

(***) Consumption (m³/100km).

(****) CO₂ value for 5-seat model.

SEAT, S.A. KEY FIGURES (2008/2012)

	2008	2009	2010	2011	2012
Retail sales (units)	368,104	336,683	339,501	350,009	321,002
Wholesales of new vehicles (units)	369,457	303,230	339,315	358,970	415,083
Wholesales of used vehicles (units)	4,580	8,356	6,838	8,062	10,633
Production in Martorell plant (units)	370,293	301,287	335,057	353,420	377,343
Production of SEAT brand in Group plants (units)	10,282	6,215	10,050	19,129	50,802
Basic workforce at 31.12	10,697	10,369	10,354	11,394	11,465
Martorell (includes Spare Parts Centre)	9,405	9,126	9,101	10,129	10,257
Zona Franca	1,269	1,222	1,220	1,223	1,164
Other centres	23	21	33	42	44
Partial retirement workforce at 31.12	1,878	1,097	372	5	134
Apprentices with labour contract at 31.12	0	0	0	0	111
Net sales (millions of euros)	4,816.9	4,101.3	4,662.8	5,049.1	6,086.9
Spain	1,694.8	1,393.0	1,595.1	1,261.4	1,006.4
<i>Vehicles</i>	1,157.2	911.5	1,114.7	787.3	578.4
<i>Spare parts</i>	386.5	344.3	338.4	319.2	292.2
<i>Other sales</i>	151.1	137.2	142.0	154.9	135.8
Export	3,122.1	2,708.3	3,067.7	3,787.7	5,080.5
<i>Vehicles</i>	2,875.9	2,491.3	2,851.4	3,575.2	4,869.7
<i>Spare parts</i>	189.6	179.2	188.4	184.1	182.5
<i>Other sales</i>	56.6	37.8	27.9	28.4	28.3
Shareholders' equity (millions of euros)	1,089.4	821.7	717.8	656.3	626.7
Result before tax (millions of euros)	0.9	(299.5)	(269.7)	(154.2)	(79.4)
After-tax result (millions of euros)	44.4	(186.5)	(103.9)	(61.5)	(29.6)
Depreciation (millions of euros)	276.6	339.2	307.7	301.2	268.9
Investments (millions of euros)	478.4	397.4	383.7	417.1	554.0





/SEAT CREDITS

This version sets forth the Management Report, the Auditors' Report and the Annual Accounts of SEAT, S.A. (Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement, Notes and Appendices 1 and 2) for the year 2012, compiled according to the criteria and rules established by Spanish law*.

This version of the Annual Report is a translation from the Spanish original. Once approved by the General Meeting of Shareholders, the Annual Accounts and Management Report will be deposited in the

Commercial Registry in Barcelona together with the Auditors' Report. These reports are authoritative. The Consolidated Annual Accounts of VOLKSWAGEN AG, jointly with its Management Report and Auditors' Certificate will be deposited at the same Registry**.

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