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SEAT, S.A. **annual accounts**

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Auditor's 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

Independent auditor's report on the annual accounts

To the Sole Shareholder of SEAT, S.A. (Single – Shareholder Company)

Report on the annual accounts

Qualified opinion

We have audited the annual accounts of SEAT, S.A. (the Company), which comprise the balance sheet as at December 31, 2017, and the profit and loss statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at December 31, 2017, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 3.a of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for qualified opinion

As indicated in note 21.b) to the annual accounts, the disclosure of the remuneration of the directors and senior management is presented aggregated, with no separation of the two groups as required under the Spanish General Accounting Plan and the Spanish Capital Companies Act. Our audit report on the annual accounts as at 31 December 2016 and for the year then ended included a qualification in respect of this matter.

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit in the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Basis for qualified opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><i>Analysis of profits and cash flows projections for the evaluation of the recoverable value of non-current assets</i></p> <p>The determination of the recoverable value of some non-current assets (such as intangible assets, property, plant and equipment or deferred tax assets, detailed in notes 6 and 18 to the annual accounts, which jointly represent 48% of the total assets of the Company), require the estimation of projections of results and / or future cash flows.</p> <p>We focus on this area because it requires significant judgments from management and directors while estimating such results and / or future cash flows and the allocation to specific assets or cash generating units for the evaluation of their recoverable value.</p>	<p>We evaluate and analyze the process by which the estimates and calculations of profits and cash flow projections have been prepared.</p> <p>In particular, among others, we analyze:</p> <ul style="list-style-type: none"> • the reasonableness of the projected periods according to the useful life of the corresponding assets to be evaluated; • the consistency of the data used in the projections with the budgets approved by the management of the Company and the Group to which it belongs; • the consistency of key assumptions such as revenue and margin growth forecasts with historical data, economic and sector forecasts and / or other supporting documentation; and • the disclosures included in the financial statements in relation to the valuation criteria, judgments and estimates made. <p>As a result of the procedures described above, we consider that judgments and assumptions used by the Company in the projections of results and cash flows for the evaluation of the recoverable value of non-current assets are reasonable.</p>



Key audit matter	How our audit addressed the key audit matter
<p>Provisions and contingencies</p> <p>As disclosed in note 14 to the annual accounts, in the normal course of its activity, the Company incurs in different responsibilities and obligations, among others, commercial, productive, legal or labor matters which require an assessment of the need to recognize provisions, as well as the estimation of the amount, if any, to be booked in the financial statements.</p> <p>We focus on this area because of its significance in the balance sheet of the Company (represents 32% of the total liabilities of the balance sheet) and because it requires the directors to make significant judgments both regarding the moment in which the corresponding provisions must be recognized in accordance with the applicable accounting regulations, and, especially, in the estimation of the amount to be recognized for the aforementioned obligations.</p> <p>Within these provisions, stand out for its significance those related to cover the estimated costs of vehicle warranties (representing 32% of the total provisions) which have been calculated based on historical ratios of costs incurred for this reason for vehicles sold.</p>	<p>We have evaluated the process followed by management and the directors to determine the moment of recognition and the estimation of the value of each of the significant obligations recognized as provisions. Additionally, our work in this area has included, among others, the following aspects:</p> <ul style="list-style-type: none"> • Understanding of the internal control on this area and the policies regarding the evaluation of risk, obligations and litigations in order to determine the need to recognize, where appropriate, the corresponding provisions in accordance with applicable accounting regulations; • Obtaining letters of confirmation from lawyers and external and internal tax advisors who work with the Company to compare their evaluation of the expected result of the litigations and contingencies, the completeness of the information, and the recognition or disclosure, if applicable, of the corresponding provisions or contingencies; • Reviewing of the minutes of the Executive Committee and Board of Directors; • Evaluation of the judgments made in determining the amounts of the significant provisions and their reasonableness based on past experience and / or other supporting documentation; • Evaluation of the disclosures included in the annual accounts. <p>As a result of the procedures performed, we consider that the judgments made by management and the information disclosed are consistent with our understanding of the obligations incurred based on the supporting information.</p>

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Other information: Management report

Other information comprises only the management report for the 2017 financial year, the formulation of which is the responsibility of the Company's directors, and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report is defined by the legislation governing the audit practice, which establishes two different levels:

- a) A specific level that is applicable to the statement of non-financial information, which only consists in verifying that the aforementioned information has been provided in the management report, or if applicable, that the corresponding reference has been made to the separate report, and if not, to report on it.
- b) A general level applicable to the rest of the information included in the management report, which consists in evaluating and reporting on the consistency between the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, and does not include information different to that obtained as evidence during our audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, we verified that information mentioned in section a) above is provided in the management report and the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2017 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors and the audit committee for the annual accounts

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

In preparing the annual accounts, the Company's directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process of preparation and presentation of the annual accounts.



Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the Company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Company's audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated February 23, 2018.

Appointment period

The General Ordinary Shareholders' Meeting held on February 8, 2017 appointed us as auditors for the year ended December 31, 2017.

Previously, we were appointed by resolution of the General Shareholders' Meeting for a period of 9 years and we have audited the accounts continuously since the year ended December 31, 1992.

Services provided

Services provided to the Company and its controlled subsidiaries for services other than the audit of the accounts are disclosed in note 22 to the annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
 Juan Bautista Álvarez López (21649)

February 23, 2018

Balance Sheet.

At December 31 (millions of euros)

Assets.	Note	2017	2016
Non-current assets		3,144.1	3,068.5
Intangible assets	6b	588.2	739.1
Tangible assets	6c	1,389.8	1,236.0
Long-term Group company investments	6d	737.7	724.9
Long-term financial investments		1.8	1.5
Deferred tax assets	18	426.6	367.0
Current assets		1,899.4	1,808.6
Inventories	9	382.2	382.1
Trade and other receivables	10	807.6	697.5
Short-term Group company investments	11	709.5	727.1
Short-term financial investments	11	0.0	0.0
Short-term prepaid expenses		0.1	1.9
Cash and cash equivalents		0.0	0.0
Total		5,043.5	4,877.1

Equity and liabilities.	Note	2017	2016
Equity		1,515.7	1,487.7
Shareholders' equity	12	1,512.1	1,480.9
Grants	13	3.6	6.8
Non-current liabilities		489.3	500.6
Long-term provisions	14	291.5	311.0
Long-term liabilities	15	108.9	132.5
Long-term Group company liabilities	15	0.0	0.0
Deferred tax liabilities	18	8.9	10.1
Long-term prepaid income		80.0	47.0
Current liabilities		3,038.5	2,888.8
Short-term provisions	14	850.3	897.2
Short-term liabilities	15	155.0	145.1
Short-term Group company liabilities	15	4.8	4.5
Trade and other payables	16	1,993.9	1,791.9
Short-term prepaid income		34.5	50.1
Total		5,043.5	4,877.1

Profit and Loss Statement.

January 1 to December 31 (millions of euros)

Continuing operations.	Note	2017	2016
Net sales	19a	9,551.8	8,597.3
Change in inventories of finished goods and work in progress	19b	[0.6]	0.8
Material, wages and overheads capitalized as assets		213.3	165.9
Supplies	19c	[7,090.1]	[6,561.6]
Other operating income	19d	461.6	425.8
Personnel costs	19e	[842.1]	[823.5]
Other operating expenses	19f	[1,595.4]	[1,408.1]
Depreciation of fixed assets	6a	[460.9]	[323.3]
Change of grants from non-financial fixed assets and others	13	4.5	4.8
Excess of provisions		116.9	66.0
Impairment and result on disposal of fixed assets	6a	[243.4]	[0.6]
Operating result		115.6	143.5
Financial income	19g	98.7	67.6
Financial expenses	19h	[7.6]	[13.2]
Exchange rate differences	17	24.7	5.4
Impairment and result on disposal of financial instruments	19i	0.3	671.4
Financial result		116.1	731.2
Result before tax		231.7	874.7
Corporation tax	18	49.5	28.5
Result for year		281.2	903.2

Statement of Changes in Equity.

At December 31 (millions of euros)

Statement of recognized income and expenses.	Note	2017	2016
A) Result of profit and loss statement		281.2	903.2
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
Grants		0.0	0.0
For actuarial gains and losses and other adjustments		0.0	0.0
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		0.0	0.0
B) Total income and expenses entered directly to equity		0.0	0.0
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
Grants	13	[4.5]	[4.7]
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		1.3	1.4
C) Total transfers to profit and loss statement		[3.2]	[3.3]
D) Total recognized income and expenses (A+B+C)		278.0	899.9

Statement of total changes in Equity.	Subscribed capital	Share premium	Reserve	Profit/loss from prev. years	Profit/loss for year	Subventions	Total
Final balance 2015	0.1	1,008.1	107.8	(595.9)	6.0	9.9	536.0
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 2016	0.1	1,008.1	107.8	(595.9)	6.0	9.9	536.0
Total recognized income and expenses	0.0	0.0	0.0	0.0	903.2	[3.3]	899.9
Operations with partners or owners	0.0	0.0	51.6	0.0	0.0	0.2	51.8
<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	51.6	0.0	0.0	0.2	51.8
<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	6.0	[6.0]	0.0	0.0
Final balance 2016	0.1	1,008.1	159.4	(589.9)	903.2	6.8	1,487.7
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 2017	0.1	1,008.1	159.4	(589.9)	903.2	6.8	1,487.7
Total recognized income and expenses	0.0	0.0	0.0	0.0	281.2	[3.2]	278.0
Operations with partners or owners	0.0	0.0	0.0	0.0	[250.0]	0.0	[250.0]
<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	[250.0]	0.0	[250.0]
<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	63.3	589.9	[653.2]	0.0	0.0
Final balance 2017	0.1	1,008.1	222.7	0.0	281.2	3.6	1,515.7

Cash Flow Statement.

January 1 to December 31 (millions of euros)

	2017	2016
A) Cash flow from operating activities	946.8	761.1
Result before tax	231.7	874.7
Adjustment of result	489.6	(275.3)
<i>Depreciation of fixed assets</i>	460.9	323.3
<i>Valuation corrections due to impairment</i>	218.5	15.8
<i>Variation of provisions</i>	(66.2)	125.0
<i>Accounting entry of grants</i>	(6.8)	(6.5)
<i>Results of disposal of fixed assets</i>	0.0	0.6
<i>Results of disposal of financial instruments</i>	0.0	(671.4)
<i>Financial income</i>	(98.7)	(67.6)
<i>Financial expenses</i>	7.6	13.2
<i>Exchange rate differences</i>	(24.7)	(5.4)
<i>Valuation at reasonable value in financial instruments</i>	0.0	0.0
<i>Other income and expenses</i>	(1.0)	(2.3)
Changes in current capital	189.6	102.0
<i>Inventories</i>	25.5	(34.3)
<i>Trade and other receivables</i>	(57.2)	68.7
<i>Other current assets</i>	1.7	0.2
<i>Trade and other payables</i>	202.1	29.0
<i>Other current liabilities</i>	17.5	38.4
Other cash flow in operating activities	35.9	59.7
<i>Payment of interests</i>	(1.8)	(4.1)
<i>Collection of dividends</i>	98.1	69.7
<i>Collection of interests</i>	0.6	0.4
<i>Collection (payment) for corporation tax</i>	(61.0)	(6.3)

	2017	2016
B) Cash flow from investment activities	(693.5)	(472.3)
Payments for investment	(702.3)	(1,281.4)
<i>Group and associated companies</i>	(5.8)	(699.5)
<i>Intangible assets</i>	(265.3)	(206.2)
<i>Tangible assets</i>	(430.7)	(375.3)
<i>Other financial assets</i>	(0.5)	(0.4)
Collection for disinvestments	8.8	809.1
<i>Group and associated companies</i>	8.3	808.3
<i>Intangible assets</i>	0.1	0.2
<i>Tangible assets</i>	0.2	0.1
<i>Other financial assets</i>	0.2	0.5
C) Cash flow from financing activities	(278.0)	(294.3)
Collection and payments for equity instruments	2.5	1.8
<i>Acquisition of own equity instruments</i>	0.0	0.0
<i>Disposal of own equity instruments</i>	0.0	0.0
<i>Grants</i>	2.5	1.8
Collection and payments for financial liability instruments	(30.5)	(296.1)
<i>Issue</i>	0.1	0.0
<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>	0.1	0.0
<i>Repayment and depreciation of</i>	(30.6)	(296.1)
<i>Borrowing from credit institutions</i>	0.0	0.0
<i>Borrowing from Group and associated companies</i>	0.0	(266.2)
<i>Other liabilities</i>	(30.6)	(29.9)
Payments for dividends and remuneration of other equity instruments	(250.0)	0.0
<i>Dividends</i>	(250.0)	0.0
<i>Remuneration of other equity instruments</i>	0.0	0.0
D) Effect of exchange rate variations	24.7	5.4
E) Net increase/decrease in cash or equivalents (A+B+C+D)	0.0	(0.1)
Cash or equivalents at beginning of year	0.0	0.1
Cash or equivalents at end of year	0.0	0.0

Notes.

Notes to the Annual Accounts [Financial year ending December 31, 2017]

1. Company activity

a) Registered offices and legal form

SEAT, S.A. was legally incorporated 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, R&D services, and any other complementary or related services, including technical assistance and service. Through its subsidiaries SEAT also undertakes commercial sales and marketing activities.

On January 1, 2014 and January 1, 2016, the company merged the subsidiaries SEAT Componentes, S.A. and Centro Técnico de SEAT, S.A., respectively. Under article 84 of the Corporation Tax Act, the absorbing company may benefit from the assets acquired that are indicated in the merger balance sheets included in the Company's Annual Accounts for 2014 and 2016, respectively.

2. Exemption from presenting consolidated Annual Accounts

The General Shareholders' Meeting, held on June 20, 1991, voted for the 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. (Single Shareholder Joint Stock Parent Company of the SEAT Group) is exempt from the obligation of presenting Consolidated Annual Accounts, as it is a wholly-owned subsidiary of Volkswagen Finance Luxembourg S.A. (its sole shareholder, with registered offices in Luxembourg), and indirect subsidiary of VOLKSWAGEN AG (with registered offices in Wolfsburg, Germany); the pertinent financial statements, together with those of its subsidiaries, are included in those of the Volkswagen Group, of which VOLKSWAGEN AG is the parent company.

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

3. Presentation basis of Annual Accounts

a) True and fair view

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 current mercantile legislation and 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 and by Royal Decree 602/2016 of December 2.

The Annual Accounts give a true and fair view of the company's equity, its financial situation and results of business, cash flow and changes in equity.

b) Comparability of information

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

The company merged on May 1, 2016 (with retroactive effect from January 1, 2016) with Centro Técnico de SEAT, S.A., hence the current annual accounts for the period ending December 31, 2016 include explanations of the amounts incorporated due to said merger in the Notes to the Annual Accounts.

As explained in Note 23, the company carried out the merger by absorption of Centro Técnico de SEAT, S.A., wholly owned by SEAT, S.A., by means of dissolution without liquidation of the company absorbed. The operation was executed on the basis of the Balance Sheet at December 31, 2015, of all equity elements comprising the assets and liabilities of the company absorbed, entailing wholesale transfer of its equity to the absorbing company.

c) Grouping of headings

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

d) Items appearing under several headings

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

e) Measurement and estimation of uncertainty

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

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

Some accounting estimates are considered significant if the nature of the estimates and assumptions 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 lives of fixed assets (see Notes 5a, 5b and 6). The company's management determines the estimated useful lives and the corresponding depreciation and amortization charges for tangible and intangible assets on the basis of their expected life cycles. These could change as a result of factors such as technical modifications, obsolescence or changes in the demand for the products sold by the company.
- The Assessment and quantification of any possible impairment of the tangible and intangible assets (see Note 6). The company assesses whether there are any signs of impairment of its Cash Generating Units at the end of each financial

year. Where appropriate, it then determines the amount of the impairment on the basis of their recoverable value, taking into consideration the projections of expected cash flows, which are subject to significant estimates and judgment.

- Assessing the economic and financial viability of the development projects, for the purposes of recognizing the related costs as an intangible asset on the balance sheet, involves significant judgment and estimates on sales projections and the expected profitability of the projects in the future.
- The calculation of taxes on profits requires interpretations of tax legislation applicable to the company. The company evaluates the recoverability of deferred tax assets on the basis of the probable existence of future taxable profits within its tax group against which such assets can be offset (see Notes 5j and 18).
- Provisions are recognized 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 5h and 14).

4. Application of results

At its meeting on February 22, 2018, the Board of Directors formulated a proposal to the General Shareholders' Meeting whereby profit generated in 2017 (281.2 million euros) be allocated as follows: 140.6 to dividends and 140.6 to voluntary reserves.

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

5. Recognition and measurement standards

a) Intangible assets

Research costs are recognized as an expense when incurred. Development projects that are specifically individualized and that demonstrate grounds for technical success and economic and commercial viability are capitalized as intangible assets. Projects are amortized according to their useful life (see Appendix 1). Other development costs are recognized as an expense when incurred. Development costs previously recognized as an expense may not be recognized as an asset in a subsequent financial year.

Software applications are valued at their acquisition cost and are amortized over a three-year period. Expenditure related to software maintenance, meanwhile, is recognized as an expense when incurred.

The estimated useful lives of the assets that make up the other intangible assets are 5 years.

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 amortization over a maximum period of five years from the date of the model's launch. Finance costs (estimated at 1.5% in 2017 and 2% in 2016) assigned to long-term projects involving R&D developments by Group companies are also shown under this heading.

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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 Act 76/1961, Decree 12/1973, Act 1/1979, Act 74/1980 and Act 9/1983.

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) Losses due to impairment of non-financial assets

When the carrying amount of an asset is higher than its estimated realizable value, its net book value is immediately reduced to its recoverable amount. Assets subject to amortization are tested for impairment whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the excess of the asset's carrying amount over its recoverable amount, where the latter is understood as the greater of the asset's fair value less costs to sell, or its value in use. For the purpose of assessing impairment losses, assets are grouped together at the lowest level at which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, which have suffered an impairment loss are subjected to reviews at each balance sheet date in order to assess whether there have been any reversals of the loss.

d) Leases

I. When the company is lessee

Leases of tangible assets in which the company substantially has all the risks and rewards deriving from ownership are classified as finance 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. 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 finance leases are depreciated during their useful life.

Those leases in which the lessor maintains a substantial part of the risks and rewards of ownership are classified as operating leases. Payments for operating 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 operating leases, the asset is entered on the Balance Sheet in accordance with its nature. Income deriving from leases is recognized on a straight-line basis for the duration of the lease operation.

e) Financial instruments

I. Investments in group, multigroup and associate companies

These instruments are valued at their cost less the accumulated amount of any impairments of value, where applicable. However, when an investment exists prior to it becoming classified as a group, multigroup or associate company, the cost of the investment is taken to be its net book value prior to this new classification. Any previous valuation adjustments recognized directly in equity are maintained in equity until they are canceled.

If there is objective evidence that the net book value is not recoverable, the appropriate valuation adjustments are applied for the difference between its net book value and the recoverable amount, which is understood as the higher of its fair value less costs to sale and the present value of the cash flows derived from the investment. Unless better evidence exists for the recoverable amount in estimating the impairment of these investments, the subsidiary's equity, adjusted for any unrecognized increases in value on the valuation date, is taken. The valuation adjustment, and where applicable its reversal, is recognized in the Profit and Loss Statement in the period in which it occurs.

II. Loans and accounts receivable

Loans and receivables are non-derivative financial assets with receipts that are fixed or that can be determined, which are not quoted in an active market. They are included in current assets, except for maturities exceeding 12 months from the balance sheet date, which are classified as non-current assets.

These financial assets are initially recognized at their fair value, including the transaction costs that are directly attributable to them. They are subsequently valued at their amortized cost, recognizing the accrued interest according to their effective interest rate, understood as the discount rate that equates the instrument's net book value with the total of its estimated cash flows to maturity. Nevertheless, accounts receivable from commercial operations with a maturity within one year are valued at their nominal value, both upon their initial recognition and thereafter, provided that the effect of not discounting the cash flows is not significant.

At least at the end of each financial year, the necessary valuation adjustments due to impairment are applied if there is objective evidence that not all the amounts due will be collected.

The amount of the loss due to impairment is the difference between the asset's net book value and the present value of the estimated future cash flows, discounted at the effective interest rate at the time of the initial recognition. Valuation adjustments, and where applicable their reversal, are recognized in the Profit and Loss Statement.

III. Debts and accounts payable

This category includes amounts payable from commercial operations and non-commercial operations. These funds owed to third parties are classified as current liabilities, unless the company has an unconditional right to defer their settlement until at least 12 months after the balance sheet date.

These debts are initially recognized at their fair value, adjusted for directly attributable transaction costs, and they are subsequently valued at their amortized cost according to the effective interest rate method. This effective interest rate is the discount rate that equates the instrument's net book value with the expected flow of future payments up until the liability's maturity.

Nevertheless, accounts payable from commercial operations with a maturity within one year and which do not have any contractual interest rate are valued at their nominal value, both upon their initial recognition and thereafter, when the effect of not discounting the cash flows is not significant.

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f) Inventories

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

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

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

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

g) Grants

Capital grants are posted to equity, at the amount granted when they are not repayable. These grants are transferred to the Profit and Loss Statement based on the depreciation of the assets associated to the subsidized projects. For their part, non-repayable grants related to specific costs are recognized on the Profit and Loss Statement in the same financial year in which the corresponding costs accrue, with those granted to offset an operating loss being recorded in the financial year in which they are granted, except when given to offset an operating loss in future years, in which case they are entered during said financial years.

h) Provisions and risks

Provisions are recognized when the company has a present obligation, whether legally or implicitly, as a result of past events, it is probably that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are valued at the present value of the payments that are expected to be necessary to settle the obligation, using a pre-tax discount rate that reflects the current market's assessments of the time value of money and the specific risks of the obligation. Adjustments to the provision to unwind the discount are recognized as a finance cost as when they accrue.

i) 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 recorded in the Profit and Loss Statement in the year in which they arise.

j) Corporation tax

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

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

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

The expense (income) for both current and deferred taxes is recorded on the Profit and Loss Statement. This notwithstanding, the tax effect related to items directly recorded in equity is recognized in equity.

Deferred taxes are calculated in accordance with the liability method, based on timing differences arising between the tax bases of assets and liabilities and their net book values within the company's tax group.

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 deferred tax asset is realized or when deferred tax liability is settled.

Deferred tax assets are recognized insofar as it is probable that there will be future taxable income which can be used to offset time differences.

k) Income and expenses

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

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

l) Severance payments

Severance payments are paid by the company to employees as a result of the decision to terminate their labor contract. The company recognises this compensation when it has committed itself demonstrably to terminating the contracts of employees in accordance with a formal detailed plan.

m) Environment-related assets

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 as an increase to the value of fixed assets when involving additions to tangible assets whose objective is minimizing environmental impact and protecting the environment.

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n) Related party transactions

As a general rule, transactions between Group companies are initially accounted at 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. Subsequent valuation is carried out in accordance with the applicable standards.

In the case of merger, demerger or non-monetary contribution operations of a business between group companies, once the transaction has been completed the constituent elements of the acquired business are valued at their corresponding amounts in the consolidated annual accounts of the group or subgroup.

When the transaction does not involve the parent company of the group or subgroup and its subsidiary, the annual accounts in which such assets are recognized for these purposes will be those of the largest group or subgroup into which the assets and liabilities are incorporated and which has a Spanish parent company.

In such cases, any difference arising between the net book value of the assets and liabilities of the acquired company is recognized in reserves.

In the event that these accounts are not prepared, based on any of the grounds for exemption set out in the consolidation standards, the values that appear in the individual annual accounts of the contributing company before the transaction was carried out will be taken.

o) Business combinations

Merger, demerger and non-monetary contribution operations of any deal between group companies are accounted for in accordance with the criteria established for related party transactions (Note 5n).

Merger and demerger operations other than the above, as well as business combinations arising from the acquisition of all the assets and liabilities of a company or of a part that constitutes one or more business, are accounted for in accordance with the acquisition method.

In the case of business combinations arising as a result of the acquisition of shares or holdings in the share capital of a company, the company recognizes the investment in accordance with the criteria established for investments in group, multigroup and associate companies (Note 5e).

p) Greenhouse gas emission rights

Greenhouse gas emission rights, obtained for consideration are valued at acquisition price. Rights received via the National Allocation 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 balance within 'Short-term provisions'. The rights have been received gratis by the company, so the amount of the subsidy posted should be applied, in general, as the emissions associated with the rights received gratis are booked against costs.

On November 15, 2013 the Spanish Cabinet approved the definitive individual assignment of emission rights for greenhouse gases for 2013-2020. SEAT, S.A. obtained a free assignment of 304,122 tonnes of CO₂ for the above-mentioned period.

On July 17, 2015 a modification was approved affecting the assignment of emission rights for greenhouse gases for 2015-2020. SEAT, S.A. obtained a free assignment of 401,899 tonnes of CO₂ for the above-mentioned period.

During the financial year, there have not been any acquisitions of emission rights (EUAs) (121,000 emission rights for a value of 589,926 euros in 2016).

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 243.4 million euros (no correction due to impairment in 2016). Said corrections are linked to the estimate of future sales volumes of the vehicles comprising the model range. The value in use is calculated on the basis of the sales contribution margin during the life cycle of the models, taking into account an annual discount rate of 5.8% in 2017 (6.5% in 2016). A ± 10 percentage-point variation in the rate used would not have a significant effect on these annual accounts. Investments in R&D that are capitalized are acquired from group companies or developed internally.

Likewise, in 2017 the rest of investment in tangible assets acquired from VW Group companies amounted to 48.1 million euros (41.8 in 2016).

The value of fully depreciated and in-use assets amounts to 1,058.9 million euros (1,281.6 in 2016).

At the end of the financial year, the company has firm commitments for the purchase of goods to the amount of 1.7 million euros (0.6 in 2016).

In 2017 and 2016 no grants for the acquisition of R&D assets were received.

c) Tangible assets

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

There have not been any impairment adjustments in 2017 and 2016. Said corrections are linked to the estimate of future sales volumes of vehicles in the model range. The present value of the sales contribution margin during the life cycle of the models has been calculated on the basis of an annual discount rate of 5.8% in 2017 (6.5% in 2016). A variation of ± 10 percentage points in the hypotheses used would not have a significant effect on these annual accounts.

The land and buildings heading includes the gross value of both in a single section. Of the total amount, 6% corresponds to land, and the remaining 94% to buildings (6% and 94% respectively in 2016).

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In 2017, assets unrelated to operations amount to 3.5 million euros at cost value with 1.9 million euros of accumulated depreciation (3.5 and 1.8 million euros respectively in 2016). The value of assets fully depreciated and still in use amounts to 3,581.8 million euros (3,430.9 in 2016). Of these 159.7 million euros relate to buildings (141.4 in 2016).

Likewise, in 2017 investment in tangible assets acquired from VW Group companies amounted to 47.4 million euros (42.3 in 2016).

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

Millions of euros	2017		2016	
	Gross Value	Depreciation	Gross Value	Depreciation
Tangible assets acquired from VW Group companies	505.5	379.7	465.1	343.3
Tangible assets used by VW Group companies	49.5	35.0	49.4	33.9
Tangible assets used by non-Group suppliers	1,593.7	1,409.9	1,397.9	1,281.1
Tangible assets placed abroad	270.3	188.3	217.9	151.4

The financial year results deriving from disposal of tangible assets totaled 0 million euros (-0.6 in 2016).

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

At the year end the company assumed firm commitments to purchase capital goods to the value of 316.4 million euros (311.3 in 2016).

d) Long-term Group company 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 are quoted on the Stock Exchange.

7. Leases and other similar operations

a) Finance leases

The breakdown of the rights over goods under the system of finance 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	
					2017	2016
T-Systems building	[20.09.06]	10	3.4	0.0	0.0	0.1
SAT building	[20.09.06]	10	5.2	0.0	0.0	0.1
Desing building	[22.01.08]	10	4.2	0.0	0.1	0.6

The quotas pending payment fall due in 2018.

b) Operating leases

The company also has operating 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 15.4 million euros (14.7 in 2016). Rents received, mainly for buildings, fields and warehouses, amounted to 2.3 million euros (5.9 in 2016). 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 current financial year.

8. Financial instruments

a) Impact on financial situation and results

I. Balance Sheet

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

Millions of euros	Equity instruments		Borrowing securities		Credits, derivatives and others	
	2017	2016	2017	2016	2017	2016
Long-term financial assets						
Group company investments (Note 6a)	737.7	724.9	0.0	0.0	0.0	0.0
Financial investments (Note 6a)	0.0	0.0	0.0	0.0	1.8	1.5
Short-term financial assets						
Loans and receivables	0.0	0.0	0.0	0.0	1,333.2	1,312.3
<i>Trade and other receivables (Note 10)</i>	0.0	0.0	0.0	0.0	623.7	585.2
<i>Group company investments (Note 11)</i>	0.0	0.0	0.0	0.0	709.5	727.1
<i>Financial investments (Note 11)</i>	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	
	2017	2016	2017	2016	2017	2016
Long-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	108.9	132.5
<i>Group company liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	108.9	132.5
Short-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	2,111.2	1,906.0
<i>Group company liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	4.8	4.5
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	155.0	145.1
<i>Trade and other payables (Note 16)</i>	0.0	0.0	0.0	0.0	1,951.4	1,756.4

During the financial year, SEAT did not hold any own shares, and therefore carried out no related operations; neither was this the case in 2016.

II. Profit and Loss Statement and equity

The net amount of valuation adjustments due to impairment for financial investments in Group companies at the end of the financial year totaled 0.3 million euros (0 in 2016).

III. Other information

SEAT has formalized various commercial surety contracts jointly with other companies within the Group, for the issue of guarantees covering the refundable advances made by government bodies, and covering third parties, to a maximum total amount of 244.8 million euros (295.3 in 2016).

b) Nature and level of risk

The company's activities are exposed to various financial risks: market risks (including exchange rates, interest rates and prices), as well as credit and liquidity risks. The company's global risk management program centers 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

I.I. 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, recognized assets and liabilities, and net investment in operations abroad. This notwithstanding, the risk is covered by the Volkswagen Group through centralization of foreign currency operations management.

I.II. 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 hedging operations applied at a Volkswagen Group level so as to ensure the price of certain metals such as aluminum, copper and lead.

I.III. Interest rates

Since the company does not possess any significant interest-bearing assets or liabilities, the income, expenses and cash flows from its operating activities are substantially unaffected by fluctuations 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 their financial situation, previous experience and other factors. Individual credit limits are established on the basis of internal and external credit qualifications, with regular monitoring of the use of said limits.

III. Liquidity risk

Precaution in the management of liquidity risk involves maintaining sufficient cash and tradable 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	31.12.17	31.12.16
Acquired products	89.2	100.9
Raw materials and other supplies	53.1	39.6
Work in progress and partly-finished goods	33.7	60.7
Finished goods	206.2	180.9
Total	382.2	382.1

At the year end the impairment of inventory amounted to 133.5 million euros (159.2 in 2016), with provision for the financial year totaling –25.7 million euros (16.6 in 2016).

In 2016, the additions of inventories and impairment of value deriving from the merger of the company with Centro Técnico de SEAT, S.A. (see Note 23) totaled 2.4 and 0.9 million euros respectively.

The company maintains a commitment to purchase cars invoiced to rental car companies (see Note 5f) to the value of 17.9 million euros (27.5 in 2016).

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

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10. Trade and other receivables

Millions of euros	31.12.17	31.12.16
Trade receivables	103.7	58.0
Group company receivables	514.7	522.7
Other receivables	4.2	3.4
Personnel	1.1	1.1
Current tax assets	107.3	53.4
Government bodies	76.6	58.9
Total	807.6	697.5

Impairment of the value of receivables from commercial operations totaled 1.4 million euros (0.4 in 2016).

In 2016, the additions and disposals of trade and other receivables deriving from the merger of the company with Centro Técnico de SEAT, S.A. (see Note 23) totaled 70.9 and 33.6 million euros respectively.

11. Short-term investments

Millions of euros	31.12.17	31.12.16
Group companies	709.5	727.1
Loans	1.4	2.7
Other financial assets	708.1	724.4
Third-party	0.0	0.0
Loans	0.0	0.0
Other financial assets	0.0	0.0
Total	709.5	727.1

The heading "Loans in Group companies" includes loans at market interest rates, while "Other financial assets in Group companies" includes mainly the cash pooling and the net value of the balances generated each year by the taxable profits/losses of the subsidiary companies that are 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% (0.0069% in 2016).

In 2016, additions of short-term investments arising from the merger of the company with Centro Técnico de SEAT, S.A. (see Note 23) amounted to 50 million euros. This amount mainly related to a loan granted by Centro Técnico de SEAT, S.A. to the company Volkswagen Group Services (VGS) of 27 million euros.

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

The share capital amounts to 120,200 euros which represents 20,000 shares at 6.01 euros per share, entirely subscribed and paid up by the sole shareholder Volkswagen Finance Luxembourg S.A. Share premium totals 1,008.1 million euros and legal reserves, recognized in full in compliance with current legislation, total 24,040 euros.

The company does not have any treasury shares.

Reserves deriving from the merger of the company carried out in 2016 with Centro Técnico de SEAT, S.A. (see Note 23) totaled 51.6 million euros.

13. Grants

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

Millions of euros	2017	2016
Initial balance	6.8	9.9
<i>Addition for merger</i>	<i>0.0</i>	<i>0.2</i>
<i>Addition</i>	<i>0.0</i>	<i>0.0</i>
<i>Transferred to results</i>	<i>(3.2)</i>	<i>(3.3)</i>
End balance	3.6	6.8

In 2016, additions of non-repayable capital grants deriving from the merger of the company with Centro Técnico de SEAT, S.A. (see Note 23) related to income from loans with subsidized interest granted by central government for the execution of development projects for new products.

The company has also received operating grants, 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 of operating grants amounts to 2.3 million euros (1.7 in 2016).

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14. Provisions and risks

Millions of euros	Balance 01.01.17	Addition 2017	Disposal 2017	Balance 31.12.17
Trade operations	582.5	143.6	(164.3)	561.8
Personnel benefits	48.6	40.7	(42.0)	47.3
Environmental activities	6.1	0.5	(0.3)	6.3
Other provisions	571.0	188.0	(232.6)	526.4
Total	1,208.2	372.8	(439.2)	1,141.8

At the year end, provisions amounted to 1,141.8 million euros, of which 291.5 million euros were long-term (discounted at a market interest rate) and 850.3 million euros were short-term.

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

The 'Environmental activities' section includes those activities aimed at recycling vehicles based on the 2000 European directive on end-of-life vehicles (see Note 20b), as well as those provided for concerning emission rights (see Note 5p). The estimated cost for the provision of vehicle recycling has been based on two factors – the average useful life of vehicles per country and cost of scrapping. Provision for emission rights is calculated on the basis of annual consumption of the same.

The 'Other provisions' section covers basically provisions for production, legal and trading risks. The estimated cost of these provisions has been based on the probable settlement of claims received, as well as the likely risks to be assumed by the company.

Calculations of provisions have been discounted to present value at a rate of 0.08% in 2017 (0.04% in 2016).

In 2016, additions of provisions deriving from the merger of the company with Centro Técnico de SEAT, S.A. (see Note 23) related to personnel benefits (7.9 million) and other provisions (7.6 million).

15. Liabilities

Millions of euros	31.12.17	31.12.16
Group companies	4.8	4.5
Third-party	263.9	277.6
Financial institutions	0.0	0.0
Financial leasing	0.1	0.8
Other financial liabilities	263.8	276.8
<i>Official loans with granted interest</i>	<i>139.4</i>	<i>162.9</i>
<i>Bonds and deposits received</i>	<i>0.4</i>	<i>0.4</i>
<i>Suppliers of fixed assets</i>	<i>124.0</i>	<i>113.5</i>
Total	268.7	282.1

At the year end liabilities amounted to 268.7 million euros, 4.8 million euros with Group companies (short-term) and 263.9 million euros with third parties (108.9 long-term and 155 short-term).

Liabilities (mainly with official organizations at zero interest rate) are distributed according to maturity date as follows: 159.8 million euros in 2018, 74.4 million euros for 2019-2022 and 34.5 million euros in later financial years (149.6, 85.6, and 46.9 respectively in 2016).

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 totaled 500 million euros on December 31, 2017 of which 0 million euros were used (1,100 and 0 respectively in 2016).

In 2016, additions of liabilities deriving from the merger of the company with Centro Técnico de SEAT, S.A. [see Note 23] totaled 86.6 million euros (0 with Group companies and 86.6 with third parties). Of the total of additions, 85.2 million euros related to official credits with subsidized interest rates [see Note 13].

16. Trade and other payables

Millions of euros	31.12.17	31.12.16
For third-party suppliers	1,085.9	955.8
For Group companies suppliers	733.0	675.3
Other payables	29.8	30.8
Personnel (remunerations pending)	102.7	94.5
Current tax liabilities	0.1	0.1
Government bodies	42.4	35.4
Total	1,993.9	1,791.9

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

Said law stipulates a limit for payment of 75 days for 2012, and 60 days from January 1, 2013 onwards. At the year end, payments made within the legally established time-frame totaled 9,758.1 million euros and pending payments totaled 941.0 million euros (9,099.1 and 828.4 respectively in 2016). Furthermore, the weighted average payment period to company suppliers was 37 days, with the ratio of transactions paid being 37 days and the ratio of transactions pending payment, 37 days (37, 38, and 28 respectively in 2016).

In 2016, additions and disposals regarding trade and other payables deriving from the merger of the company with Centro Técnico de SEAT, S.A. [see Note 23] totaled 101.1 and 55.8 million euros respectively.

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17. Foreign currency

The net value of balances in foreign currency totaled a debit balance of 97.2 million euros on December 31, 2017 (debit balance of 51.5 million euros in 2016), held mainly in US dollar, pound sterling, Swiss franc, Mexican peso, Japanese yen, Polish zloty, Russian rouble, Chinese yuan, as well as Czech, Danish and Swedish crowns. Of this total, 36.5 million euros correspond to credit balances with Group companies and other suppliers, and 133.7 million euros to debit balances with Group companies and other customers (20.2 and 71.7 respectively in 2016). The amounts attributed to income and expenses for exchange rate differences during the year total 60.9 and 36.2 million euros, respectively (38 and 32.6 in 2016).

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

Millions of euros	2017	2016
Purchases	127.1	124.0
Sales	1,716.7	1,432.1
Services received	71.1	56.7
Services rendered	3.6	3.6

18. Tax situation

a) SEAT Group Corporate Tax Policy

I. General Principles

The SEAT Group, within the framework of tax risk management and the Volkswagen Group's guidelines on Governance Risk and Compliance (GRC), as well as the endorsement of the Code of Good Tax Practices of the Spanish Tax Agency, adopts a non-aggressive conservative position in the assumption of tax risks.

The SEAT Group is committed to assuming its social responsibility by complying with its tax obligations, in line with the laws of each country and the agreements reached with the Authorities, thus maintaining a transparent and collaborative position.

The tax planning projects must have an economic base or essence and be based on the company's business operations.

This corporate tax policy has been approved in line with these basic principles, with the objective of laying out the SEAT Group's tax strategy, as well as the integration of processes and principles that are to guide the tax policy.

This policy includes the recommendations from the Code of Good Tax Practices (hereinafter CGTP), promoted by the Spanish Tax Agency and which the SEAT Group adhered to in 2010.

II. Tax strategy

The main objective of the SEAT Group's tax strategy is to ensure compliance with the tax legislation and all the tax obligations in each of the jurisdictions it operates in, all within a framework of respect toward the corporate principles of integrity, transparency and achievement of social interest.

Similarly, the SEAT Group is committed to maintaining a relationship of cooperation with the different Public Administrations.

III. Good tax practices

In order to include the above points in the corporate tax policy, as well as the recommendations included in the CGTP, the SEAT Group assumes the following practices:

III.I. Prevention of tax risk

Without prejudice to an optimal business management, the SEAT Group will always respect the tax legislation:

- Promoting and implementing both processes and practices leading to the prevention, reduction and elimination of tax risk at a global company level.
- Informing the Board of Directors on the tax implications of any operations and/or matters that are to be submitted for its approval.
- Adopting decisions on tax matters on the basis of a reasonable interpretation of the rules and, where applicable, avoiding possible conflicts of interpretation through the use of instruments provided by the relevant Tax Authorities, such as prior consultations, assessment agreements, etc.
- Avoiding the use of opaque or artificial structures, as well as the acquisition of companies in tax havens with the aim of evading the applicable tax burdens.
- Making a preliminary assessment of investments and/or operations that carry a particular tax risk.

III.II. Relations with Tax Administrations

The relations of the SEAT Group with the relevant Tax Authorities will be governed by the principles of transparency, mutual trust and good faith. Specifically, the following good tax practices will be assumed:

- Collaborating with the relevant Tax Administration to detect and search for solutions regarding fraudulent tax practices in the countries where the SEAT Group operates.
- Providing information and documentation that is relevant for tax purposes when it is requested by the Tax Authorities, in the shortest time possible and in a comprehensive manner.
- Promoting as much as possible agreements with the competent Tax Administrations.

III.III. Reporting to the Board of Directors

The SEAT Board of Directors assumes powers such as the approval of the tax strategy, the supervision of the internal tax risk control system that forms part of the general company risk control system (RICORS), as well as the approval of investments and/or operations that represent a particular tax risk due to their nature.

The principles mentioned throughout this document, which are to govern the activities of the SEAT Group in tax and corporate matters, will be drafted and executed by the SEAT Tax Department, establishing the internal control mechanisms and rules required to ensure they are complied with.

The Tax Department will report the results of the actions taken in relation to tax risk control and management to the Audit Commission, so that it can inform the Board of Directors appropriately.

III.IV. Communication of the corporate tax policy and good tax practices

The Board of Directors will promote the communication of the corporate tax policy, not only through its Chairman, but also through its senior managers. Similarly, the SEAT tax policy will be communicated:

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- > By being included in the SEAT Group's annual report.
- > By being added to the SEAT corporate website.
- > By being published on the SEAT intranet.

b) Corporation tax

SEAT, S.A., has been integrated in the SEAT Group since 1988, under the consolidated tax system of corporation tax, with No. 2/88.

In the 2015 financial year, as a result of the application of the new Corporation Tax Act, the Tax Group of which SEAT was the parent company has expanded to include all of the Spanish companies in which Volkswagen AG holds an investment that meet the requirements established by this Act, with SEAT having been named its representative. Furthermore, the Group has agreed the inclusion of financial entities in it, meaning that the Group pays tax at the rate of 30%. SEAT has compensated Volkswagen Navarra, S.A. and Volkswagen Group España Distribución, S.A. for the economic loss arising from applying a higher tax rate totaled 4.3 and 3.3 million euros respectively.

In 2017, the taxable profit of the SEAT Group deriving from its consolidated corporation tax totaled 91.7 million euros, after offsetting negative tax assessment bases for previous years amounting to 4.2 million euros, and applying fiscal deductions amounting to 91.7 million euros.

The reconciliation 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	281.2	0.0	281.2	0.0	0.0	0.0
Corporation tax	0.0	(49.5)	(49.5)	0.0	0.0	0.0
Permanent differences	1.8	(98.6)	(96.8)	0.0	0.0	0.0
Specific to the company	1.8	0.0	1.8	0.0	0.0	0.0
From consolidation adjustment	0.0	(98.6)	(98.6)	0.0	0.0	0.0
Timing differences	495.5	(309.6)	185.9	0.0	0.0	0.0
Specific to the company	491.6	(306.2)	185.4	0.0	0.0	0.0
<i>Originating in the year</i>	491.2	(0.9)	490.3	0.0	0.0	0.0
<i>Originating in previous years</i>	0.4	(305.3)	(304.9)	0.0	0.0	0.0
From consolidation adjustment	3.9	(3.4)	0.5	0.0	0.0	0.0
<i>Originating in the year</i>	0.0	(3.4)	(3.4)	0.0	0.0	0.0
<i>Originating in previous years</i>	3.9	0.0	3.9	0.0	0.0	0.0
Tax assessment base	778.5	(457.7)	320.8	0.0	0.0	0.0

Corporation tax comprises expense of 9.3 million euros of current tax and income of 59.5 million euros of deferred tax.

Additionally, due to the adjustments from the previous year and as a result of the tax inspection process, an expense has been accrued and posted on the Profit and Loss Statement for corporation tax of 0.7 million euros.

In the consolidated corporation tax settlement, 86.9 million euros in tax deductions of SEAT, S.A. have been used.

As a consequence of consolidated taxation, the total reciprocal debts and loans between the Group companies amount to 85.1 million euros.

At December 31, 2017, the accumulated deferred tax assets amounted to 426.6 million euros, all of them arising from timing differences.

For their part, deferred tax liabilities amount to 8.9 million euros, of which 7.4 million euros arise from timing differences, basically due to the tax depreciation of assets acquired under the system of finance leases, and 1.5 million euros are related to equity items.

The variation in the financial year of the net balance of deferred tax assets and liabilities amounts to 59.6 and -1.2 million euros, respectively. The detailed breakdown of the net movement of the same is as follows:

Millions of euros	2017	2016
Initial Balance	356.9	349.7
<i>Addition for merger</i>	0.0	3.6
<i>Deferred taxes entered directly to profit and loss statement</i>	59.5	2.2
<i>Deferred taxes entered directly to equity</i>	0.0	0.0
<i>Deferred taxes transferred to profit and loss statement</i>	1.3	1.4
End Balance	417.7	356.9

At December 31, 2017, 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	Maturity date					
	Balance 31.12.17	2018	2019	2020	2021	Later
R&D	180.5	0.0	0.0	0.0	0.0	180.5
Export companies	0.1	0.0	0.0	0.0	0.0	0.1
Environmental investment	0.7	0.0	0.0	0.0	0.0	0.7
Vocational training	1.2	0.0	0.0	0.0	0.0	1.2
Pension plans contributions	0.0	0.0	0.0	0.0	0.0	0.0

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 2013-2017, with the exception of corporation tax which extends to the period 2012-2016.

During this financial year, the partial tax inspection process corresponding to the taxes for the 2012-2015 period has ended, with no significant corrections required.

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19. Income and expenses

a) Net sales

The distribution of items is as follows:

Millions of euros	2017	2016
Vehicles	8,486.7	7,542.9
Spare parts	568.9	530.0
Gearboxes	232.0	233.6
Other sales	264.2	290.8
<i>Materials</i>	154.1	168.3
<i>By-products and reusable waste</i>	33.5	25.1
<i>R&D services</i>	68.9	92.0
<i>Other services</i>	7.7	5.4
Total	9,551.8	8,597.3

The geographical distribution of markets is as follows:

Millions of euros	2017	2016
Spain	1,805.8	1,515.6
Rest of European Union	6,813.0	6,287.2
Rest of world	933.0	794.5
Total	9,551.8	8,597.3

Net sales in 2016 are affected by the increase in income ('R&D services' section) deriving from the merger of the company with Centro Técnico de SEAT, S.A. (see Note 23).

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

Millions of euros	2017	2016
Decrease/increase of inventory	33.9	(15.4)
<i>Work in progress</i>	14.2	1.1
<i>Partly-finished goods</i>	4.1	1.7
<i>Finished goods</i>	15.6	(18.2)
Impairment of inventory	(33.3)	14.6
Total	0.6	(0.8)

c) Supplies

Millions of euros	2017	2016
Acquired products	2,214.7	1,628.4
<i>Purchases</i>	2,202.7	1,661.9
<i>Decrease/increase of inventory</i>	12.0	[33.5]
Raw materials and other supplies	4,853.4	4,916.3
<i>Purchases</i>	4,873.8	4,901.6
<i>Decrease/increase of inventory</i>	[20.4]	14.7
Other external expenses	14.4	14.9
Impairment of acquired products, raw materials and others	7.6	2.0
Total	7,090.1	6,561.6

d) Other operating income

Millions of euros	2017	2016
Sundry income	459.2	423.2
Operating grants [see Note 13]	2.3	1.7
Discounted provisions	0.1	0.1
Other income	0.0	0.8
Total	461.6	425.8

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

e) Personnel costs

Millions of euros	2017	2016
Wages, salaries and similar concepts	654.1	647.9
Social costs	188.0	175.7
<i>Social security</i>	175.9	164.6
<i>Others</i>	12.1	11.1
Provisions	0.0	[0.1]
Total	842.1	823.5

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f) Other operating expenses

Millions of euros	2017	2016
External services	1,478.5	1,229.5
Taxes	13.3	11.5
Losses, impairment and variation in provisions due to trade operations	100.3	159.6
Greenhouse gas emission rights	0.1	0.1
Other expenses	3.2	7.4
Total	1,595.4	1,408.1

g) Financial income

Millions of euros	2017	2016
For participations	98.1	67.2
<i>Group companies</i>	98.1	67.2
<i>Third-party</i>	0.0	0.0
For other investments and financial instruments	0.6	0.4
<i>Group companies</i>	0.0	0.0
<i>Third-party</i>	0.6	0.4
Total	98.7	67.6

h) Financial expense

Millions of euros	2017	2016
For Group company debts	1.0	3.0
For third-party debts	6.8	7.7
Discounted provisions and debts	[0.2]	2.5
Total	7.6	13.2

i) Impairment and result on disposal of financial instruments

This heading primarily contains impairments and reversals of stakes in Group companies. In 2017, they have not been significant.

In 2016, this heading contains the capital gain of 671.4 million euros resulting from the sale of the company Volkswagen Finance, S.A., together with its subsidiaries (Volkswagen Renting, S.A, Volkswagen Insurance Services Correduría de Seguros, S.L., MAN Financial Services España, S.L.) to Volkswagen AG (see Appendix 2).

20. Environment

a) Environment-related assets

Under the 'Tangible assets' section, the company possesses a waste water treatment facility, plus a heat and power co-generation plant, at the Martorell factory, as well as other environment-related assets. The combined gross value of these facilities amounts to 165.8 million euros, and accumulated depreciation stands at 129.2 million euros (159.5 and 122.1 respectively in 2016).

In the wide-ranging investment program implemented in 2017, a capitalized amount of 6.3 million euros, plus another totaling 3.6 million euros (10.1 and 1.6 respectively in 2016) corresponding to firm commitments for the purchase of capital goods has been identified, which can be devoted entirely to environmental protection-related activities.

In 2016, additions in gross value of facilities dedicated to environmental protection deriving from the merger of the company with Centro Técnico de SEAT, S.A. (see Note 23) totaled 4 million euros, with accumulated depreciation standing at 2.1 million euros.

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 (see Note 14).

c) Environment-related expenses

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

Millions of euros	2017	2016
Control and monitoring of air pollution	0.8	1.2
Waste water treatment and management	2.6	2.8
Industrial waste treatment and management	5.5	5.5
Energy savings	1.4	1.2
Visual impact improvement	0.7	0.3
Communication management	0.0	0.1
Environmental process management	0.4	0.5
End-of-life vehicles management	0.8	0.8
Miscellaneous	0.3	0.2
Total	12.5	12.6

Expenses incurred for the financial year, regarding amortization of environment-related assets, amount to 7.1 million euros (7.3 in 2016).

The overall estimated staff costs of SEAT employees devoted to total or partial implementation of environmental protection-related activities amount to 1.7 million euros (1.7 in 2016).

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d) Environment-related income

Income deriving from the sale of by-products and reusable waste totaled 33.5 million euros (25.2 in 2016).

21. Related party transactions

a) Group companies

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

Millions of euros	2017	2016
Supplies	3,256.7	2,819.7
<i>Materials</i>	1,181.6	1,300.7
<i>Spare parts</i>	216.7	205.8
<i>Vehicles</i>	1,858.4	1,313.2
Net sales	6,763.1	6,290.3
Services received	461.1	343.4
Services rendered	235.7	289.6
Accrued financial income	0.0	0.0
Dividends received	98.1	67.2
Accrued financial expenses	1.0	3.0

The breakdown of the amounts of the main transactions with related parties carried out in foreign currencies is as follows:

Millions of euros	2017	2016
Supplies	17.7	29.6
Net sales	1,422.6	1,157.5
Services received	61.5	50.3
Services rendered	2.8	2.7

Supplies refer mainly to the acquisition of vehicles, parts, accessories and machinery. Sales corresponded mainly to vehicles produced in Spain for export markets. Services received comprise, among others, 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: 37.8% in materials (35.4% in 2016), 29.8% in spare parts (28.4% in 2016), 14.3% in vehicles (12.9% in 2016) and 23.3% in gearboxes (22.2% in 2016). Purchases made from Group companies were done so in normal market conditions.

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

Transactions carried out with the parent entity of the Volkswagen Group are: supplies 1,315.1 million euros (1,390.7 in 2016); net sales 173.3 million euros (174.3 in 2016); services received 193.4 million euros (136.1 in 2016); services rendered 50.6 million euros (191.3 in 2016); not existing neither accrued financial income nor accrued financial expenses in the current and the previous year. Likewise, balances at the year end with the parent entity of the Volkswagen Group are: customers and other trade receivables 112.1 million euros (101.2 in 2016), and suppliers and other trade payables 119.8 million euros (83.6 in 2016).

On December 31, 2017, SEAT, S.A. (Single Shareholder Company) and Volkswagen Finance Luxemburg S.A., sole shareholder of the company (see Note 12), have no agreements in force.

b) Board of Directors and Senior Management

The total amount of remuneration received under all headings by members of the Board of Directors and by Senior Management in the exercise of their functions during 2017 stood at 10.2 million euros (9.5 in 2016).

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 2017 and 2016 financial years.

During 2017, public liability insurance premiums amounting to 0.05 million euros (0.03 in 2016).were paid, covering possible damages caused to the members of the Board of Directors and Senior Management in the performance of their duties.

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

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

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22. Other information

a) Workforce

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

	2017	2016
Productive wage earners	8,316	8,313
Time-rate wage earners	892	926
Managers, technicians, administrative and support staff	4,853	4,708
Members of the Executive Committee	9	8
Total	14,070	13,955

The average number of employees with a disability greater than or equal to thirty three percent, amounts to 323 people: 245 productive wage earners, 8 time-rate wage earners and 70 managers, technicians, administrative and support staff (302; 225, 10 and 67 respectively in 2016).

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

	2017			2016		
	Men	Women	Total	Men	Women	Total
Productive wage earners	6,583	1,680	8,263	6,606	1,695	8,301
Time-rate wage earners	865	26	891	871	24	895
Managers, technicians, administrative and support staff	3,713	1,230	4,943	3,613	1,151	4,764
Members of the Executive Committee	9	0	9	8	0	8
Total	11,170	2,936	14,106	11,098	2,870	13,968

SEAT, S.A.'s Board of Directors comprises 9 members (one female and eight male).

Both the basic average workforce, and the workforce at December 31, 2016 were affected by the incorporation of 971 employees resulting from the merger of the company with Centro Técnico de SEAT, S.A. (see Note 23).

b) Auditors

The fees accrued by PricewaterhouseCoopers Auditores, S.L. (PWC) for audit services and other services rendered to the company amounted to 0.4 million euros and 0, respectively (0.4 million euros and 0 in 2016). In addition, the fees received by other companies of the PwC network for tax advisory services and other services rendered to the company amounted to 0.1 and 0.3 million euros, respectively (0.1 and 0.6 million euros in 2016).

Services other than audit provided to the company by PricewaterhouseCoopers Auditores, S.L. have been the following: review of financial information for consolidation, review of grants justification, advice regarding a non-financial contingency plan and technical assistance in the analysis of the requirements of the European Directive on non-financial information.

Services other than audit provided to subsidiaries by PricewaterhouseCoopers Auditores, S.L. have been the following: review of quality standards of the dealer network, training and methodological advice in the non-financial risk management system and methodological advice in relation to the crime prevention model.

c) Emissions

In relation to the incident detected in September 2015 in some of Volkswagen's EA189 diesel engines, during 2017 the implementation of the appropriate technical solutions approved by the competent oversight authorities in the SEAT vehicles equipped with these engines has continued. The cost of this implementation is being and will continue to be assumed by Volkswagen AG. All the vehicles are technically safe and roadworthy.

The Volkswagen Group remains in permanent contact with the various European authorities in this matter, acting quickly and transparently.

The directors have assessed the possible risks that may arise as a result of this situation and have acted consequently considering all existing circumstances with impact in the Annual Accounts.

23. Merger by absorption

The respective Boards of Directors of SEAT, S.A. and Centro Técnico de SEAT, S.A., approved the project of merger by absorption of Centro Técnico de SEAT, S.A., (absorbed company) and SEAT, S.A. (absorbing company) on February 23, 2016 in both cases.

On March 21, 2016 the Annual General Shareholders' Meeting agreed on approval of the project of merger by absorption through the dissolution without liquidation of the absorbed company, with wholesale transfer of the entirety of the absorbed company's assets and liabilities to the absorbing company, fully subrogated in all rights and obligations proceeding from the absorbed company, with no reservation, exception or limitation.

The merger was based on the Balance Sheet ending December 31, 2015 of the two companies involved. Since at the time of the merger the absorbing company had a 100% equity holding in the company absorbed, the exchange of shares was not pertinent, and therefore there was no need to issue new shares, since the assets and liabilities of the company absorbed were incorporated in those of the absorbing company, having as a counterpart its assets and liabilities.

Notes

Appendix 1. Evolution of Non-current Assets
Appendix 2. Subsidiary Companies

Once legal time limits had been complied with, on May 1, 2016 the merger was presented to the Barcelona Mercantile Register, where the company absorbed was officially withdrawn from the register on May 13, 2016.

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

The merger was registered as being an operation between companies of the same Group, since SEAT, S.A. had previously held control of Centro Técnico de SEAT, S.A. As a result, said merger was recorded in the accounts in accordance with Standard 21 of the Spanish General Accounting Plan as approved by RD 1514/2007 of November 16. Thus, the assets acquired and liabilities assumed were recorded in the accounts in terms of their book value before the merger operation on the individual accounts.

Appendix 1. Evolution of Non-current Assets.

2016		Cost of acquisition or manufacture					
Millions of euros	Initial balance 01.01.16	Addition/ Disposals merger 01.01.16 (*)	Additions	Disposals	Transfers	Impairment	End balance 31.12.16
Intangible assets	2,189.1	9.1	209.5	(1.0)	0.0	0.0	2,406.7
Research and Development	1,518.3	0.0	37.8	0.0	169.9	0.0	1,726.0
Software	54.3	9.1	0.8	[0.8]	0.0	0.0	63.4
Other intangible assets	302.1	0.0	21.3	[0.2]	13.5	0.0	336.7
Intangible assets in progress	314.4	0.0	149.6	0.0	[183.4]	0.0	280.6
Tangible assets	5,119.5	117.2	439.5	(88.1)	0.0	0.0	5,588.1
Land and buildings	759.4	40.3	18.6	[0.7]	0.3	0.0	817.9
Technical equipment and machinery	2,004.1	43.0	65.0	[57.4]	5.5	0.0	2,060.2
Other facilities, tools and office equipment	2,220.4	26.0	186.0	[29.8]	9.1	0.0	2,411.7
Other tangible assets	25.8	7.6	2.1	[0.2]	0.0	0.0	35.3
Tangible assets in progress	109.8	0.3	167.8	0.0	[14.9]	0.0	263.0
Long-term Group companies investments	963.3	(104.5)	3.1	(136.6)	0.0	0.0	725.3
Participations in Group companies	963.3	[104.5]	3.1	[136.6]	0.0	0.0	725.3
Loans to Group companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	1.5	0.0	0.5	(0.3)	(0.2)	0.0	1.5
Participations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	1.0	0.0	0.5	[0.2]	[0.2]	0.0	1.1
Other financial assets	0.5	0.0	0.0	[0.1]	0.0	0.0	0.4
Deferred tax assets	360.3	4.3	2.4	0.0	0.0	0.0	367.0
Total	8,633.7	26.1	655.0	(226.0)	(0.2)	0.0	9,088.6

[*] See Note 23.

Appendix 1. Evolution of Non-current Assets
Appendix 2. Subsidiary Companies

Depreciation / Impairment						Net book value		
Initial balance 01.01.16	Addition/ Disposals merger 01.01.16 (*)	Additions	Disposals	Transfers	Impairment	End balance 31.12.16	Initial balance 01.01.16	End balance 31.12.16
1,542.0	9.0	117.5	(0.9)	0.0	0.0	1,667.6	647.1	739.1
1,227.3	0.0	94.6	0.0	0.0	0.0	1,321.9	291.0	404.1
52.8	9.0	1.1	(0.9)	0.0	0.0	62.0	1.5	1.4
261.9	0.0	21.8	0.0	0.0	0.0	283.7	40.2	53.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	314.4	280.6
4,152.4	81.9	205.8	(88.0)	0.0	0.0	4,352.1	967.1	1,236.0
381.2	21.4	17.8	(0.7)	0.0	0.0	419.7	378.2	398.2
1,692.6	35.0	98.9	(57.4)	0.0	0.0	1,769.1	311.5	291.1
2,057.4	18.5	87.3	(29.8)	0.0	0.0	2,133.4	163.0	278.3
21.2	7.0	1.8	(0.1)	0.0	0.0	29.9	4.6	5.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	109.8	263.0
0.4	0.0	0.0	0.0	0.0	0.0	0.4	962.9	724.9
0.4	0.0	0.0	0.0	0.0	0.0	0.4	962.9	724.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	360.3	367.0
5,694.8	90.9	323.3	(88.9)	0.0	0.0	6,020.1	2,938.9	3,068.5

2017

Cost of acquisition or manufacture

Millions of euros	Initial Balance 01.01.17	Additions	Disposals	Transfers	Impairment	End balance 31.12.17
Intangible assets	2,406.7	267.1	(554.0)	0.0	0.0	2,119.8
Research and Development	1,726.0	72.1	(536.0)	224.2	0.0	1,486.3
Software	63.4	3.4	(17.8)	0.1	0.0	49.1
Other intangible assets	336.7	38.3	(0.2)	42.4	0.0	417.2
Intangible assets in progress	280.6	153.3	0.0	(266.7)	0.0	167.2
Tangible assets	5,588.1	440.4	(100.5)	0.0	0.0	5,928.0
Land and buildings	817.9	20.9	(0.6)	0.9	0.0	839.1
Technical equipment and machinery	2,060.2	89.2	(30.3)	142.0	0.0	2,261.1
Other facilities, tools and office equipment	2,411.7	144.1	(66.1)	91.1	0.0	2,580.8
Other tangible assets	35.3	7.3	(3.5)	0.4	0.0	39.5
Tangible assets in progress	263.0	178.9	0.0	(234.4)	0.0	207.5
Long-term Group companies investments	725.3	12.6	0.0	0.0	0.0	737.9
Participations in Group companies	725.3	12.6	0.0	0.0	0.0	737.9
Loans to Group companies	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	1.5	0.5	0.0	(0.2)	0.0	1.8
Participations	0.0	0.0	0.0	0.0	0.0	0.0
Loans	1.1	0.5	0.0	(0.2)	0.0	1.4
Other financial assets	0.4	0.0	0.0	0.0	0.0	0.4
Deferred tax assets	367.0	68.1	(8.5)	0.0	0.0	426.6
Total	9,088.6	788.7	(663.0)	(0.2)	0.0	9,214.1

Appendix 1. Evolution of Non-current Assets
Appendix 2. Subsidiary Companies

Depreciation / Impairment						Net book value	
Initial Balance 01.01.17	Additions	Disposals	Transfers	Impairment	End balance 31.12.17	Initial balance 01.01.17	End balance 31.12.17
1,667.6	174.4	(553.8)	0.0	243.4	1,531.6	739.1	588.2
1,321.9	135.8	(536.0)	0.0	243.4	1,165.1	404.1	321.2
62.0	1.4	(17.8)	0.0	0.0	45.6	1.4	3.5
283.7	37.2	0.0	0.0	0.0	320.9	53.0	96.3
0.0	0.0	0.0	0.0	0.0	0.0	280.6	167.2
4,352.1	286.5	(100.4)	0.0	0.0	4,538.2	1,236.0	1,389.8
419.7	17.7	(0.6)	0.0	0.0	436.8	398.2	402.3
1,769.1	122.4	(30.3)	0.0	0.0	1,861.2	291.1	399.9
2,133.4	143.8	(66.1)	0.0	0.0	2,211.1	278.3	369.7
29.9	2.6	(3.4)	0.0	0.0	29.1	5.4	10.4
0.0	0.0	0.0	0.0	0.0	0.0	263.0	207.5
0.4	0.2	(0.4)	0.0	0.0	0.2	724.9	737.7
0.4	0.2	(0.4)	0.0	0.0	0.2	724.9	737.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.4
0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
0.0	0.0	0.0	0.0	0.0	0.0	367.0	426.6
6,020.1	461.1	(654.6)	0.0	243.4	6,070.0	3,068.5	3,144.1

Appendix 2. Subsidiary Companies.

2016		Holding	
Millions of euros	Location	Direct	Indirect
Production			
SEAT Sport, S.A. [*]	Martorell (Barcelona)	100	
Volkswagen Navarra, S.A. [*]	Arazuri (Navarre)	100	
Distribution and Marketing SEAT			
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98
SEAT Deutschland GmbH	Weierstadt (Germany)	100	
SEAT Deutschland Niederlassung GmbH	Frankfurt (Germany)		100
SEAT Motor España, S.A. [*]	Barcelona		100
Distribution and Marketing VW/Audi/Skoda			
Volkswagen Group España Distribución, S.A. [*] [**]	Prat de LL. (Barcelona)	100	
Volkswagen Group Retail Spain, S.L. [*]	Prat de LL. (Barcelona)		100
Astur Wagen, S.A. [*]	Gijón (Asturias)		100
Audi Retail Barcelona, S.A. [*]	Barcelona		100
Volkswagen Madrid, S.A. [*]	Madrid		100
Volkswagen Barcelona, S.A. [*]	Barcelona		100
Leioa Wagen, S.A.	Leioa (Vizcaya)		100
Levante Wagen, S.A. [*]	Valencia		100
Málaga Wagen, S.A. [*]	Málaga		100
Sevilla Wagen, S.A. [*]	Seville		100
Valladolid Wagen, S.A. [*]	Valladolid		100
Audi Retail Madrid, S.A. [*]	Madrid		100
Services [***]			
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100	

[*] Companies subject to corporation tax under the consolidated tax regime.

[**] In 2016 the company changed its business name.

[***] In 2016, Centro Técnico de SEAT, S.A. was absorbed by merger with SEAT, S.A (see Note 23).

On December 20, 2016 Volkswagen Finance, S.A., together with its subsidiaries (Volkswagen Renting, S.A, Volkswagen Insurance Services Correduría de Seguros, S.L., MAN Financial Services España, S.L.) was sold to Volkswagen AG, to the value of 808 million euros.

Appendix 1. Evolution of Non-current Assets
Appendix 2. Subsidiary Companies

Gross value 31.12.16	Depreciation 31.12.16	Book value 31.12.16	Equity 31.12.16	Profit/loss for year 2016	Dividend received 2016
0.1	0.0	0.1	0.7	0.3	
656.2	0.0	656.2	700.1	74.5	54.7
0.0	0.0	0.0	0.4	0.0	
51.1	0.0	51.1	76.2	8.9	
			0.3	0.0	
			[1.7]	[0.3]	
17.3	0.0	17.3	139.3	27.7	12.5
			26.5	[0.6]	
			2.2	0.6	
			1.1	0.4	
			3.2	0.6	
			[0.7]	[0.5]	
			5.9	2.6	
			5.9	2.1	
			1.6	0.6	
			4.0	[1.0]	
			2.0	0.9	
			3.6	1.3	
0.6	[0.4]	0.2	0.7	0.2	

2017

2017

Millions of euros	Location	Holding	
		Direct	Indirect
Production			
SEAT Sport, S.A. [*]	Martorell (Barcelona)	100	
Volkswagen Navarra, S.A. [*]	Arazuri (Navarre)	100	
Distribution and Marketing SEAT			
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98
SEAT Deutschland GmbH	Weiterstadt (Germany)	100	
SEAT Deutschland Niederlassung GmbH [****]	Frankfurt (Germany)		100
SEAT Motor España, S.A. [*]	Barcelona		100
Distribution and Marketing VW/Audi/Skoda [***]			
Volkswagen Group España Distribución, S.A. [*]	Prat de LL. (Barcelona)	100	
Volkswagen Group Retail Spain, S.L. [*]	Prat de LL. (Barcelona)		100
Audi Retail Barcelona, S.A. [*]	Barcelona		100
Volkswagen Madrid, S.A. [*]	Madrid		100
Volkswagen Barcelona, S.A. [*]	Barcelona		100
Leioa Wagen, S.A.	Leioa (Vizcaya)		100
Levante Wagen, S.A. [*]	Valencia		100
Málaga Wagen, S.A. [*]	Málaga		100
Sevilla Wagen, S.A. [*]	Seville		100
Valladolid Wagen, S.A. [*]	Valladolid		100
Audi Retail Madrid, S.A. [*]	Madrid		100
Services			
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100	
Metropolis:Lab Barcelona, S.A. [**]	Barcelona	100	

[*] Companies subject to corporation tax under the consolidated tax regime.

[**] Company set up in 2017.

[***] On January 1, 2017, Astur Wagen, S.A. was sold.

[****] On January 1, 2018, SEAT Deutschland GmbH has sold SEAT Deutschland Niederlassung GmbH.

Appendix 1. Evolution of Non-current Assets
Appendix 2. Subsidiary Companies

Gross value 31.12.17	Depreciation 31.12.17	Book value 31.12.17	Equity 31.12.17	Profit/loss for year 2017	Dividend received 2017
0.1	0.0	0.1	1.1	0.4	
660.5	0.0	660.5	689.4	55.9	70.5
0.0	0.0	0.0	0.7	0.3	
51.1	0.0	51.1	80.5	4.3	
			0,3		
			[0,9]	0,8	
20.5	0.0	20.5	138.4	23.5	27.6
			27.9	1.8	
			1.6	0.5	
			3.0	0.5	
			[1.3]	[0.5]	
			5.4	1.8	
			6.1	2.3	
			2.5	0.9	
			4.9	0.9	
			1.6	0.5	
			4.6	1.0	
0.6	0.0	0.6	1.0	0.4	
5.0	[0.1]	4.9	4.9	[0.1]	



SEAT, S.A. key figures (2013/2017)

	2013	2014	2015	2016	2017
Retail sales (units)	355,004	390,505	400,037	408,703	468,431
Wholesales of new vehicles (units)	447,327	489,896	531,786	536,462	579,443
Wholesales of used vehicles (units)	12,677	12,264	12,722	11,482	15,072
Production in Martorell plant (units)	390,048	442,677	477,077	449,063	455,470
Production of SEAT brand in Group plants (units)	67,250	64,998	72,169	103,796	138,092
Basic workforce at 31.12	11,458	12,626	12,753	13,968	14,106
Martorell (includes Spare Parts Centre)	10,233	10,298	10,422	10,544	10,592
SEAT Barcelona	1,180	1,188	1,196	1,192	1,183
SEAT Componentes (*)	0	1,097	1,092	1,087	1,075
SEAT Technical Centre (**)	0	0	0	1,102	1,210
Other centres	45	43	43	43	46
Partial retirement workforce at 31.12	133	145	94	116	141
Apprentices with labour contract at 31.12	166	168	186	155	173
Net sales (millions of euros)	6,472.9	7,496.6	8,332.1	8,597.3	9,551.8
Spain	1,080.8	1,334.8	1,404.2	1,515.6	1,805.8
<i>Vehicles</i>	646.5	806.1	868.5	950.2	1,235.1
<i>Spare parts</i>	281.8	289.9	300.4	304.2	322.8
<i>Gearboxes</i>	0.0	71.5	73.4	93.2	83.5
<i>Other sales</i>	152.5	167.3	161.9	168.0	164.4
Export	5,392.1	6,161.8	6,927.9	7,081.7	7,746.0
<i>Vehicles</i>	5,168.6	5,765.8	6,519.9	6,592.7	7,251.6
<i>Spare parts</i>	196.0	207.9	219.3	225.8	246.1
<i>Gearboxes</i>	0.0	160.1	150.9	140.4	148.5
<i>Other sales</i>	27.5	28.0	37.8	122.8	99.8
Shareholders' equity (millions of euros)	478.0	520.1	526.1	1,480.9	1,512.1
Result before tax (millions of euros)	[144.4]	[138.8]	[4.3]	874.7	231.7
Result after tax (millions of euros)	[148.7]	[65.7]	6.0	903.2	281.2
Depreciation (millions of euros)	336.5	361.9	311.6	323.3	460.9
Investments (millions of euros)	337.1	221.9	464.4	652.6	720.6

[*] In 2014, Gearbox del Prat, S.A. was absorbed by merger with SEAT, S.A.

[**] In 2016, Centro Técnico de SEAT, S.A. was absorbed by merger with SEAT, S.A. (see Note 23).

Consumption and emission figures.

Consumption [mveg] l/100 km - CO₂ [g/km] emissions

MODEL (*) (**)	Power		Gearbox		Consumption (mveg) l/100km			CO ₂ emissions Average [g/km]
	KW	HP	Man.	Aut.	Town	Out of town	Average	
Mii								
1.0 MPI	44	60	•		5.5	3.8	4.4	102
1.0 MPI Ecomotive	44	60	•		4.9	3.7	4.1	97
1.0 MPI SQ100	44	60		•	5.3	3.8	4.3	101
1.0 MPI SQ100 Ecomotive	44	60		•	4.7	3.7	4.1	96
1.0 MPI SQ100	55	75		•	5.3	3.9	4.4	104
1.0 MPI SQ100 Start&Stop	55	75		•	4.9	3.8	4.2	98
1.0 MPI Start&Stop Ecomotive	55	75	•		4.9	3.7	4.1	97
1.0 MPI Start&Stop	55	75	•		5.6	4.0	4.6	102
1.0 MPI Ecofuel (***)	50	68	•		5.6	3.9	4.5	83
Toledo								
1.0 EcoTSI Start&Stop	70	95	•		5.2-5.3	3.9-4.0	4.4-4.5	101-103
1.0 EcoTSI Start&Stop	81	110	•		5.4-5.5	3.9-4.0	4.5-4.6	104-106
1.4 EcoTSI Start&Stop	92	125		•	7.0	4.3	5.3	122
1.2 TSI	66	90	•		6.2-6.3	3.8-3.9	4.7-4.8	112-114
1.2 TSI Ecomotive	66	90	•		5.9-6.0	3.9-4.0	4.6-4.7	105-107
1.2 TSI	81	110	•		6.7-6.8	4.2-4.3	5.1-5.2	117-119
1.2 TSI Ecomotive	81	110	•		6.1-6.2	4.1	4.8-4.9	108-110
1.4 TDI CR Start&Stop Ecomotive	66	90	•		4	3.1	3.4	89
1.4 TDI CR DSG Start&Stop	66	90		•	4.2-4.4	3.5-3.7	3.7-3.9	98-103
1.6 TDI CR	85	115	•		5.4-5.5	3.6-3.7	4.3-4.4	112-114
1.6 TDI CR Start&Stop	85	115	•		4.5-4.6	3.3-3.4	3.8-3.9	99-101
Ibiza/SC/ST								
1.0 MPI Start&Stop	55	75	•		5.8-5.9	4.2-4.3	4.8-4.9	108-110
1.0 EcoTSI Start&Stop Ecomotive	70	95	•		5.1	3.7	4.2	98
1.0 EcoTSI Start&Stop	70	95	•		5.1	3.8	4.3	101
1.0 EcoTSI Start&Stop	81	110	•		5.2	3.8	4.3	99
1.0 EcoTSI DSG Start&Stop	81	110		•	5.3	3.9	4.4	102
1.2 TSI	66	90	•		6.4	4.0	4.9	116
1.4 TSI ACT Start&Stop FR	110	150	•		6.0	4.1	4.8	112
1.4 TDI CR Start&Stop Ecomotive	55	75	•		4.1-4.2	3.3-3.4	3.6-3.7	93-95
1.4 TDI CR Start&Stop	55	75	•		4.7-4.8	3.5-3.6	3.9-4.0	104-106
1.4 TDI CR Start&Stop Ecomotive	66	90	•		4.1-4.3	3.3-3.5	3.6-3.8	93-97
1.4 TDI CR Start&Stop	66	90	•		4.7-4.8	3.5-3.6	3.9-4.0	104-106
1.4 TDI CR Start&Stop Ecomotive	77	105	•		4.3-4.5	3.5-3.7	3.8-4.0	98-102
1.4 TDI CR Start&Stop	77	105	•		5.0-5.1	3.6-3.7	4.1-4.2	109-112
New Ibiza								
1.0 MPI Start&Stop	48	65	•		6	4.3	4.9	112
1.0 MPI Start&Stop	55	75	•		6	4.3	4.9	112
1.0 EcoTSI Start&Stop	70	95	•		5.8	4.1	4.7	106
1.0 EcoTSI Start&Stop	85	115	•		5.8	4.1	4.7	108
1.0 EcoTSI DSG Start&Stop	85	115		•	5.6	4.2	4.7	108
1.5 TSI Evo Start&Stop	110	150	•		6.2	4.2	4.9	112
1.0 TGI Start&Stop	66	90	•		6.3	4.1	4.9	88
1.6 TDI CR Start&Stop	59	80	•		4.5	3.4	3.8	99
1.6 TDI CR Start&Stop	70	95	•		4.4	3.5	3.8	99
1.6 TDI CR DSG Start&Stop	70	95		•	4.4	3.7	4	103
1.6 TDI CR Start&Stop	85	115	•		4.5	3.6	3.9	102

MODEL (*) (**)	Power		Gearbox		Consumption (l/mveg) l/100km			CO ₂ emissions Average (g/km)
	KW	HP	Man.	Aut.	Town	Out of town	Average	
Arona								
1.0 EcoTSI Start&Stop	70	95	•		6.1	4.2-4.3	4.9	111-112
1.0 EcoTSI Start&Stop	85	115	•		5.9-6.0	4.3-4.4	4.9-5.0	113-114
1.0 EcoTSI DSG Start&Stop	85	115		•	5.7	4.5	5	113-114
1.5 TSI Evo Start&Stop	110	150	•		6.3	4.4	5.1	115
1.6 TDI CR Start&Stop	70	95	•		4.6-4.7	3.7	4.0-4.1	105-106
Leon/SC/ST								
1.4 TGI Start&Stop	81	110	•		6.9-7.3	4.4-4.7	5.3-5.6	124-130
1.4 TGI Start&Stop (CNG)	81	110	•		6.9-7.2	4.5-4.8	5.4-5.7	96-101
1.4 TGI Start&Stop DSG	81	110		•	6.5-6.9	4.5-4.9	5.3-5.6	121-129
1.4 TGI Start&Stop DSG (CNG)	81	110		•	6.8-7.2	4.5-4.9	5.3-5.7	94-101
1.0 TSI Start&Stop Ecomotive	85	115	•		5.4	3.8	4.4	102
1.0 TSI DSG Start&Stop Ecomotive	85	115		•	5.3	3.9	4.4	102
1.2 TSI	63	86	•		6.4-6.6	4.4-4.6	5.1-5.3	119-123
1.2 TSI Start&Stop	81	110	•		6.1-6.3	4.2-4.4	4.9-5.1	114-119
1.4 TSI Start&Stop	92	125	•		6.7-6.8	4.3-4.5	5.2-5.4	120-124
1.4 TSI Start&Stop [X-PERIENCE]	92	125	•		6.8	4.4	5.3	122
1.4 TSI ACT Start&Stop	110	150	•		5.9-6.1	4.3-4.5	4.8-5.0	113-117
1.4 TSI ACT DSG Start&Stop	110	150		•	5.7-6.0	4.3-4.6	4.8-5.1	114-120
1.8 TSI Start&Stop	132	180	•		7.5	5.1	6	138
1.8 TSI DSG Start&Stop	132	180		•	7.1	5.1	5.8	134
1.8 TSI DSG Start&Stop [X-PERIENCE]	132	180		•	8	5.6	6.5	152
2.0 TSI Start&Stop CUPRA	221	300	•		9.0-9.1	5.7-5.8	6.9-7.0	158-161
2.0 TSI DSG Start&Stop CUPRA	221	300		•	8.4-8.5	5.7-5.8	6.7-6.8	153-156
2.0 TSI DSG Start&Stop 4Drive CUPRA	221	300		•	9.1	6.1	7.2	164
1.6 TDI CR	66	90	•		5.1-5.3	3.9-4.2	4.3-4.6	114-122
1.6 TDI CR Start&Stop	81	110	•		4.6-4.8	3.8-4.1	4.0-4.2	105-112
1.6 TDI CR DSG Start&Stop	81	110		•	4.3-4.6	4.0-4.2	4.1-4.3	108-115
1.6 TDI CR Start&Stop 4Drive [ST / X-PERIENCE]	85	115	•		4.7	3.9	4.1	109
2.0 TDI CR Start&Stop	110	150	•		5.2-5.4	3.8-4.0	4.3-4.5	110-115
2.0 TDI CR Start&Stop 4Drive [ST / X-PERIENCE]	110	150	•		5.6-5.8	4.1-4.3	4.7-4.9	122-126
2.0 TDI CR Start&Stop 4Drive [ST / X-PERIENCE]	110	150		•	5.9-6.1	4.3-4.5	4.9-5.1	128-134
2.0 TDI CR DSG Start&Stop	110	150		•	5.1-5.3	4.0-4.2	4.4-4.6	115-120
2.0 TDI CR Start&Stop	135	184	•		5.3-5.4	4.1-4.2	4.5-4.6	118-121
2.0 TDI CR DSG Start&Stop	135	184		•	5.4-5.7	4.2-4.3	4.6-4.8	120-125
2.0 TDI CR DSG Start&Stop [X-PERIENCE]	135	184		•	6.1	5	5.4	139
Alhambra								
1.4 TSI DSG Start&Stop	110	150	•		7.9-8.1	5.5-5.6	6.4-6.5	148-151
2.0 TSI DSG Start&Stop	110	150		•	8.0-8.1	5.8-5.9	6.6-6.7	154-157
2.0 TSI DSG Start&Stop	162	220		•	9.2-9.3	6.0-6.1	7.2-7.3	167-168
2.0 TDI CR Start&Stop	85	115	•		6.0-6.1	4.5-4.6	5.0-5.1	130-132
2.0 TDI CR Start&Stop	110	150	•		6.0-6.1	4.5-4.6	5.0-5.1	130-132
2.0 TDI CR DSG Start&Stop	110	150		•	5.9	4.7	5.2	136-137
2.0 TDI CR 4WD Start&Stop	110	150	•		6.7	5.0	6.6	146-147
2.0 TDI CR Start&Stop	135	184	•		6.7	4.5	5.3	138-139
2.0 TDI CR DSG Start&Stop	135	184		•	6.2-6.3	4.8-4.9	5.3-5.4	140-141
2.0 TDI CR DSG Start&Stop 4 Drive	135	184		•	6.6-6.8	5.1-5.3	5.7-5.9	149-154
Ateca								
1.0 TSI MQ Start&Stop	85	115	•		6.2-6.3	4.6-4.7	5.2-5.3	119-120
1.4 TSI MQ Start&Stop SS ACT	110	150	•		6.2-6.3	4.8-4.9	5.3-5.4	122-123
1.4 TSI DQ Start&Stop SS ACT DSG	110	150		•	6.4	4.9	5.4-5.5	124-125
1.4 TSI MQ Start&Stop 4WD ACT	110	150	•		6.9-7.0	5.5-5.6	6.0-6.1	138-139
1.4 TSI DQ Start&Stop 4WD ACT DSG	110	150		•	7.4	5.9-6.1	6.4-6.5	148-149
2.0 TSI DQ Start&Stop 4WD ACT DSG	140	190		•	8.5	6.0	6.9-7.0	158-159
1.6 TDI MQ Start&Stop	85	115	•		4.9	4.3	4.5	118-119
2.0 TDI MQ Start&Stop 4WD	110	150	•		5.9-6.0	4.6	5.1	133-134
2.0 TDI DQ Start&Stop 4WD DSG	140	190		•	6.1	5	5.4-5.5	141-142

(*) Engines sold in the European Union in 2017. Discontinued models not included.

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

(***) Consumption (m³/100km - kg/100km).



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 2017, compiled according to the criteria and rules established by Spanish law^(*).

This version of the Annual Report is a translation of the Spanish original. Once approved by the General Meeting of Shareholders, the Annual Accounts and Management Report will be deposited in the Barcelona Mercantile Register together with the Auditors' Report. These reports are authoritative.

The Consolidated Annual Accounts of VOLKSWAGEN AG, jointly with its Management Report and Auditors' Certificate will be deposited at the same Registry^(**).

Approved by the Board of Directors at the meeting of February 22, 2018.



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