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**OPTIMAL  
MANAGEMENT  
OF RESOURCES**

PURCHASES

**6,770**

2016



Volume of purchases managed  
*(millions of euros)*

**6,904** | 2015



**5,791** | 2014



## PURCHASES MANAGEMENT

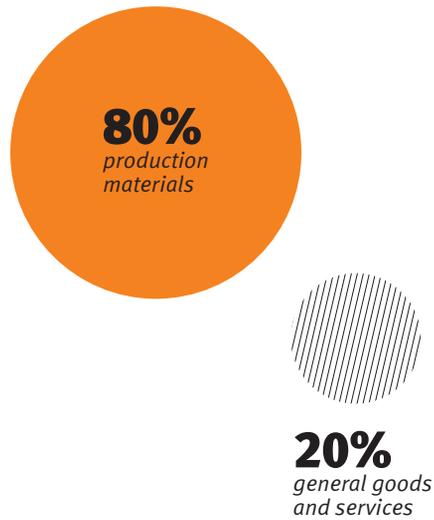
In 2016, the Purchases division managed 6,770 million euros for the acquisition of products, goods and services. Of this amount, 80% related to manufacturing materials, spare parts and accessories and 20% related to the acquisition of general goods and services.

The total volume of the purchases managed also includes the components and materials necessary for producing SEAT vehicles and the purchases for the Audi Q3 model, which is also manufactured at the Martorell factory.

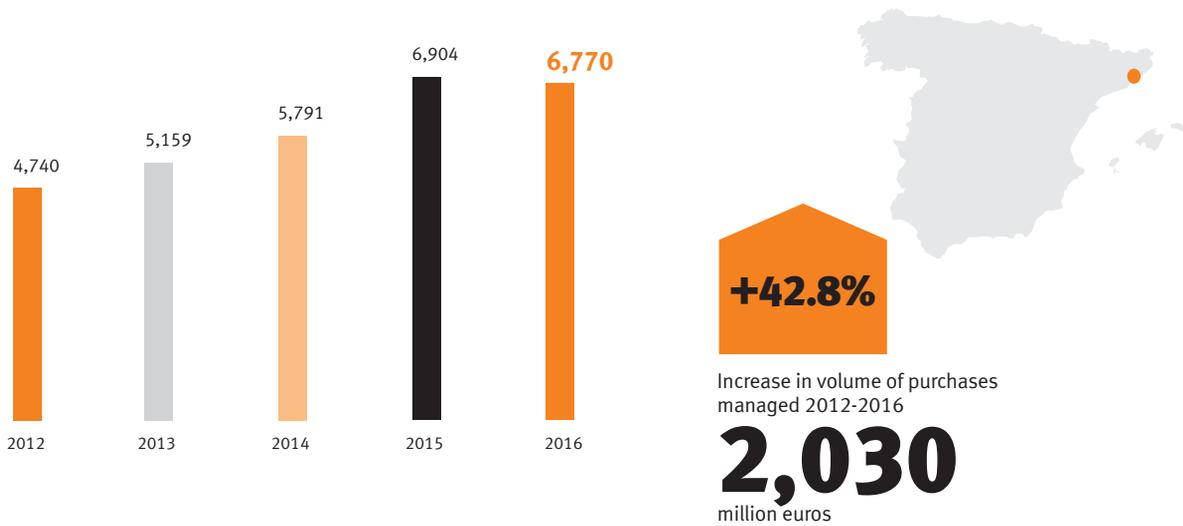
One of the cornerstones of the optimisation of production material costs is the FMK programme (Service Cost Forum), which the Purchases and the Research and Development areas work on together, supported by all the other areas of the company. Through this programme, during 2016 improvement proposals were carried out on purchases amounting to 2,025 million euros and savings of 85 million euros were achieved, with the work performed in the family of the Ibiza and Leon models being particularly noteworthy.

### Distribution of purchases in 2016

#### Purchases destination



### Volume of purchases managed (millions of euros)





## Purchases management, a decisive tool

The Purchases division always aims to acquire components with the highest quality and at the best prices, paying particular attention to delivery dates. Logistical costs are also fundamental, so it works closely with suppliers and the other areas of the company to optimise the logistical chain. The exhaustive analysis of potential suppliers' capacities and of the company's needs enables us to choose the option that combines the best service at the best price.

The FSK programme (Service Cost Form) aims to reduce the costs of services used by the company. With this goal in mind, Purchases works together with the Finance division and with all the areas that require these services. In this programme, improvements were proposed on a total purchase volume of 117 million euros and savings of 7 million euros were achieved.

The launch of the Ateca model represented a new challenge for the Purchases division. One of the top priorities was to ensure that in the model's launch, the suppliers complied with all the requirements regarding costs, deadlines, capacity and quality. This work was particularly important due to the fact that the vehicle is manufactured at the Kvasiny factory located in the Czech Republic.

During 2016, the Purchases team played an active role in preparing for the brand's upcoming launches, which will take place in 2017: the fifth generation of the Ibiza and the new Arona. In both cases, the work performed with suppliers focused primarily on negotiation and on assigning the parts of these two new vehicles, as well as on managing the various modifications made, controlling their costs and deadlines to ensure the launches went as smoothly as possible.

## Purchases area programme

Material Cost Forum Programme

*Ideas implemented*

**155**

*Savings in millions of euros*

**85**



Another major milestone will be the addition of the Audi A1 model to the list of vehicles to be manufactured in Martorell. This will be a new challenge and another step in the collaboration with the Audi brand in the development and launch of a new model, following the success of the Audi Q3. As well as being responsible for negotiating all the modifications in the project with the suppliers, the Purchases division is also responsible for acquiring the new equipment and facilities that will enable the future production of the A1 in Martorell. As such, it creates an additional opportunity for SEAT's local suppliers.

**IN 2016, THE PURCHASES DIVISION  
MANAGED 6,770 MILLION EUROS  
FOR THE ACQUISITION OF PRODUCTS,  
GOODS AND SERVICES**



## Management of purchases in the new SEAT Ateca model



Suppliers from  
**19**  
countries



Management of  
**2,936**  
new parts



Number  
of suppliers  
**118**



### SEAT ATECA: AN ENTIRELY NEW EXPERIENCE

Fun at the wheel is one of SEAT's core criteria. The new Ateca offers a unique combination of design, versatility and dynamic driving that allows the driver to enjoy every day and every kilometre as if they were a completely new experience.

## IBERIA SOURCING PROJECT

The aim of this joint project between SEAT and the Volkswagen Group is to prioritise and identify suppliers in the Iberian Peninsula and North Africa. It is in this context that the visits to different supplier associations were carried out during 2016 to establish contact with potential candidates, find out their capacity and present the company's needs.

In July, the company took part in the eleventh edition of the BAI 2016 (Basque Automotive Industry) event at the facilities of the AIC (Automotive Intelligence Center), located in Bilbao and managed by the Automotive Cluster of the Basque Country (ACICAE). The conferences presented the map of advanced manufacturing of the automotive sector for the Basque Country in 2025. Furthermore, practical industrial examples were shown of improved competitiveness through the implementation of advanced manufacturing strategies.

In September, a team from Purchases together with strategic suppliers met in Morocco with the Moroccan Association for the Automotive Industry and Commerce (AMICA) and a group of suppliers belonging to that association. The workshops served to establish contact and were named the Supplier Conference 2016. This visit forms part of the process of building relationships and communicating with suppliers in the region and was a continuation of the visit made in July 2015.

In both forums (Basque Country and Morocco), SEAT emphasised the multiple qualities that the company needs from its suppliers: sustainability, quality, capacity to innovate, competitiveness, productivity, stability, assurance of supplies, flexibility, financial liquidity, as well as the capacity to manage and carry out projects.

## THE PURCHASES ACADEMY



Continuous and specialist training is a tool that helps to optimise working processes and staff motivation. This is why all divisions of the company carry out specific activities in this field.

The Purchases Academy, which was established two years ago, continued carrying out its training activities and added a new instrument, known as “Conversations” (*Charlas por perfil de competencia*), for assessing employees’ skills in order to learn more about the division’s staff. Throughout the year, one-on-one discussions were held with each employee, in which the skills profile of each position and specialist training needs were analysed.

At the same time, the Purchases Experts Committee held several specialist training sessions on topics such as Supplier Risk Management, Capacity Management and Cost Management. The functions of this committee focus on the transfer of knowledge that allows the company to improve employees’ skills and their professional development.

## DIGITALISATION OF SYSTEMS AND PROCESSES

Collaboration with suppliers is one of the priorities of the Purchases division. In June 2016, Supplier Interaction Day was held, a day in which a team of SEAT representatives met with forty of its main suppliers. The purpose of the event was to improve the systems and processes used on the shared digital platform.

The different workshops organised throughout the day allowed the suppliers to contribute their experiences and points of view. All the contributions were collected and analysed and they served as a basis for planning future improvements as part of the company’s overall digitalisation strategy.

The organisation of these workshops forms part of a wider programme that includes all the brands of the Volkswagen Group, which aims to achieve in the medium term the complete digitalisation of all the processes and systems, both internal and with suppliers.

**COLLABORATION WITH SUPPLIERS IS ONE OF THE PRIORITIES OF THE PURCHASES DIVISION**