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Škoda's dangerous bluff



Škoda Auto of Mladá Boleslav produced 767,474 Škoda cars last year, according to its [annual report](#), plus another 90,629 under the SEAT brand. Total production rose y/y by 12.1%, while its output of Škodas rose by 7.9%. Škoda is maxed out, according to Chair Bernhard Maier, and it needs to add annual European capacity of 400,000 cars as of the next decade.

This means an increase over last year's total production of 46.6%. Yet an [internal document](#) this week revealed a projection of a deceleration in Škoda's revenue growth and a 60% drop in operating profit in 2020, due to emissions requirements and electrification. By talking about a huge ramping-up of capacity, Škoda is apparently trying to bluff its way to a better settlement with its Czech labor unions. If so, it is misleading the public at a time when households are particularly vulnerable to any kind of economic downturn. Škoda apparently knows a big bump in the road is coming but is hiding behind bluster.

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