



TRATON GROUP – CREATING A GLOBAL CHAMPION

CAPITAL MARKETS DAY

LONDON – JANUARY 29, 2019

TRATON
GROUP

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The financial information and financial data included in this presentation are preliminary, unaudited and may be subject to revision upon completion of ongoing audit processes for the years 2016, 2017 and 2018. It is anticipated that TRATON GROUP will report its financial results using two segments. Its Industrial Business is comprised of its three operating units, Scania V&S, MAN T&B, and VWCO. Its other reporting segment is Financial Services, comprised of Scania Financial Services. Due to their preliminary nature, statements contained in this presentation should not be unduly relied upon and past events or performance should not be taken as a guarantee or indication of future events or performance. Return on sales as used in this presentation is defined as operating profit margin (operating profit divided by revenue). Where TRATON GROUP-specific figures are not available, operating profit and revenue at the level of TRATON GROUP have been calculated as the sum of MAN Commercial Vehicles and Scania as reported by Volkswagen AG and it should be noted that operating profit reported by Volkswagen AG (i) excludes special items and (ii) at the level of TRATON GROUP excludes purchase price allocation (PPA) effects from acquisitions and TRATON GROUP holding costs. Financial figures in relation to Scania (i) include financial services (unless denoted otherwise) and (ii) when expressed in EUR have been translated from SEK into EUR, using the exchange rate prevailing at the relevant date or for the relevant period that the relevant financial figures relate to. References to Scania before 2014 refer to Scania AB. Operating and financial data relating to alliance partners are as publicly reported by the relevant partner. Unless otherwise indicated, financial information presented in the text and tables in the following presentation is rounded to a whole number. Percentage changes and ratios in the text and tables of the presentation are calculated based on the respective underlying numbers and then commercially rounded to a whole percentage or to one digit after the decimal point. Because of rounding, figures shown in tables in the presentation do not necessarily add up exactly to the respective totals or sub-totals presented, and aggregated percentages may not exactly equal 100%. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the presentation. Financial information presented in parentheses denotes the negative of such number presented.

When describing TRATON GROUP and its operating units for periods before 2016, and unless designated otherwise, all references in the following presentation to MAN are references to MAN Truck & Bus (reported as “MAN Truck & Bus” by MAN SE) and all references to Volkswagen Caminhões e Ônibus are references to “MAN Latin America” as reported by MAN SE. As of December 31, 2018, MAN SE is approximately 87% owned by TRATON SE. All references to sales of buses and coaches also include chassis. While prior to December 31, 2018, the Power Engineering business was legally a part of TRATON GROUP, it is not included as an operating unit as described in this presentation and is shown as discontinued operations in the preliminary financial information for TRATON GROUP. While the TRATON GROUP holds 100% of the voting rights in Scania, its economic interest in Scania is less than 100% due to partial ownership through TRATON’s majority stake in MAN SE.

To the extent available and unless denoted otherwise, the industry and market data contained in this presentation has been derived from official or third party sources and all market and market share data has been derived from data published by IHS Markit Global Sàrl for heavy duty trucks (>15t) and heavy/medium duty trucks (>6t), McKinsey & Company, LMC Automotive, Transparency Market Research, Verband der deutschen Automobilindustrie (VDA), Worldbank, International Monetary Fund (IMF), International Council on Clean Transportation (ICCT) and Kraftfahrt-Bundesamt. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While TRATON GROUP believes that each of these publications, studies and surveys has been prepared by a reputable source, TRATON GROUP has not independently verified the data contained therein. In addition, certain of the industry and market data, if not labelled otherwise, contained in this presentation are derived from TRATON GROUP’s internal research and estimates based on the knowledge and experience of its management in the markets in which it operates. TRATON GROUP believes that such research and estimates are reasonable and reliable, but their underlying methodology and assumptions have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this presentation.

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ANDREAS RENSCHLER

MEMBER OF THE BOARD OF MANAGEMENT OF VOLKSWAGEN AG
CHIEF EXECUTIVE OFFICER TRATON GROUP

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TODAY'S AGENDA



01. INTRODUCTION

02. COMPANY HIGHLIGHTS

03. INDUSTRY AND MARKET ENVIRONMENT

04. TRATON GROUP

05. FINANCIALS

06. WRAP UP

TODAY'S SPEAKERS

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**Andreas
Renschler**
CEO



**Christian
Schulz**
CFO



**Christian
Levin**
CTO



**Dr. Carsten
Intra**
CHRO



**Henrik
Henriksson**
CEO Scania



**Joachim
Drees**
CEO MAN



**Antonio Roberto
Cortes**
CEO VWCO

CLEARLY DEFINED STRATEGIC GOAL

TRATON
GROUP

Creating a
GLOBAL CHAMPION IN THE TRANSPORTATION INDUSTRY

Leader in



PROFITABILITY



GLOBAL PRESENCE



INNOVATION

TRATON GROUP HAS CONTINUOUSLY DELIVERED ON ITS STRATEGIC GOAL SINCE THE INCEPTION OF VOLKSWAGEN TRUCK & BUS

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Collaboration among
brands in Volkswagen T&B fully
on track

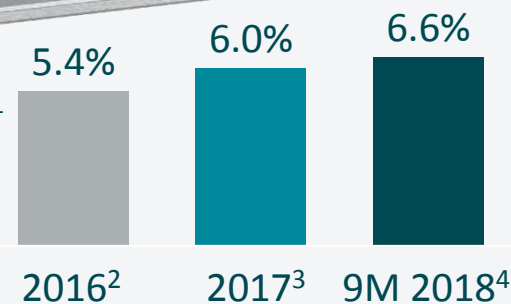


Successful creation and implementation of
strategic alliance partnerships



New corporate identity

Adj. Return on Sales¹



**Significant
performance
improvement**

Note: TRATON GROUP including Financial Services.

1 Calculated as the ratio of adj. operating profit to sales revenue. Adj. operating profit includes PPA (from Scania and VWCO), VGSG operations (sold as of Jan-2019) and consolidation effects (MAN T&B – VWCO). 2 Including €403m adjustment for provision in relation to Scania antitrust fine and €58m adjustment for restructuring expense at VWCO. 3 Including (€50m) adjustment for release of restructuring provision at MAN T&B. 4 Including €115m adjustment for expense in relation to Indian market exit at MAN T&B.

LEADING GLOBAL BRANDS AND STRATEGIC ALLIANCE PARTNERS

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FULLY CONSOLIDATED



Caminhões
Ônibus



Leader in core markets
with differentiated brands

ASSOCIATES

16.8%¹

NAVISTAR



25% + 1 share²



Powerful strategic alliance partners enabling leading global scale

STRATEGIC PARTNER



¹ As of 30-Nov-2018. ² Held by MAN SE as of 30-Sep-2018.

UNIQUE GLOBAL TRUCK AND BUS PLATFORM WITH FOCUS ON HEAVY DUTY TRUCKS

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		TRATON GROUP			ASSOCIATES		STRATEGIC PARTNER
		 SCANIA	 MAN	 Caminhões Ônibus	 中国重汽 SINOTRUK	NAVISTAR	 HINO
Home base		Europe and Brazil	Europe	Brazil	China	North America	Japan
Unit sales (k) ¹	Trucks	82	84 ²	21	264 ³	57	n/a
	Buses	8	6	5	0	11	n/a
	Total	91	90	26	264	68	184⁴
Heavy duty trucks							
Medium/ Light duty trucks							
Bus and Coach							

Note: Trucks >6t, VWCO trucks ≥ 5t; all figures as per company reporting / company information; pictures denote presence in respective area; figures are financially rounded.

1 Unit sales per fiscal year (Scania, MAN T&B, VWCO, and Sinotruk year-end 31 December 2017; Navistar year-end October 2017 and HINO year-end March 2018). Navistar unit sales include sales volume of 10.8k primarily related to export trucks / Mexico.

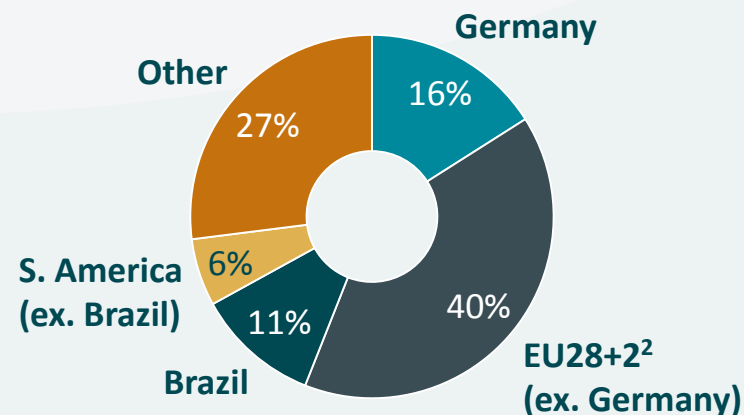
2 Including c. 2k MAN TGE vans. 3 Including c. 108k in LDT unit sales. 4 Unit sales split not disclosed; excl. Toyota unit sales.

SNAPSHOT TRATON GROUP 2017

TRATON
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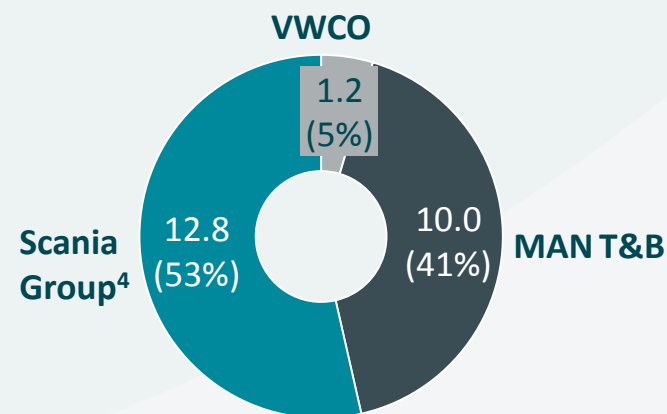
UNIT SALES¹ BY GEOGRAPHY

% of total



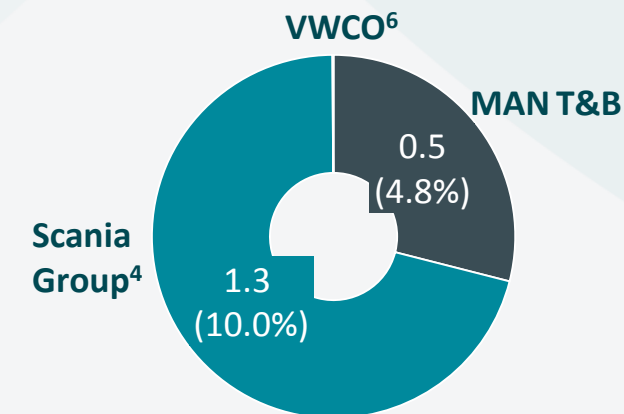
SALES REVENUE BY BRAND

€ bn / % of total



ADJ. OPERATING PROFIT BY BRAND

€ bn / Adj. RoS %



205k Units sold¹

€ 24.4bn³ Sales Revenue

€ 1.5bn⁵ Adj. Operating Profit

6.0%⁵ Adj. RoS

Note: Trucks >6t, VWCO trucks ≥ 5t; figures are financially rounded. TRATON GROUP including Financial Services.

1 TRATON GROUP unit sales total figures based on company information. 2 EU28+2 region consisting of EU member states plus Norway and Switzerland. 3 Including VGSG operations (sold as of Jan-2019) and consolidation effects (MAN T&B – VWCO).

4 Includes Vehicles and Services and Financial Services; post consolidation effects; excl. PPA. 5 Calculated as adj. Operating Profit to sales revenue. Adj. Operating Profit includes PPA (from Scania and VWCO), VGSG operations (sold as of Jan-2019) and consolidation effects (MAN T&B – VWCO); also includes (€50m) adjustment for release of restructuring provision at MAN T&B. 6 VWCO with operating loss of €(0.1)bn in 2017 (Adj. RoS of (8.8)%).

TODAY'S AGENDA

01. INTRODUCTION

02. COMPANY HIGHLIGHTS

03. INDUSTRY AND MARKET ENVIRONMENT

04. TRATON GROUP

05. FINANCIALS

06. WRAP UP

KEY COMPANY HIGHLIGHTS

TRATON
GROUP



1 GLOBAL CHAMPION

- Scale and global reach through leading brands and strategic alliance partners
- Unique platform enabling growth and positioning us for best-in-class profitability



2 GROWTH

- Customer value focused product and service offering
- New product generations
- Further expansion in key geographies



3 PROFITABILITY AND SYNERGIES

- Concrete path to profitability improvement
- Stand-alone brand performance plus synergies
- Earnings growth and cash generation potential



4 EXECUTION

- Strong team with industry-leading track record
- Committed to Global Champion strategy





TRATON GROUP WITH #1 TRUCK MARKET POSITION IN EUROPE AND SOUTH AMERICA

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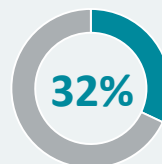
■ Core markets of TRATON GROUP brands



○ TRATON GROUP truck market share in 2017 (>15t)



TRATON GROUP



Europe¹



Market leader with 32% market share



Market leader in Germany with 37% market share



South America²



Market leader with 30% market share



Market leader in Brazil with 39% market share



Source: IHS Markit.

Note: Smaller presences in additional countries not highlighted (TRATON GROUP active in >120 countries worldwide, including bus activities).

¹ EU28+2 region consisting of EU member states plus Norway and Switzerland. Cyprus, Malta, and Luxembourg excluded, as no IHS Markit data available. TRATON GROUP's sales in Russia not included in calculation of Europe market share. ² Including Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela; excl. Mexico (part of North America); excl. Paraguay, Uruguay, as no IHS Markit data for trucks >15t available.



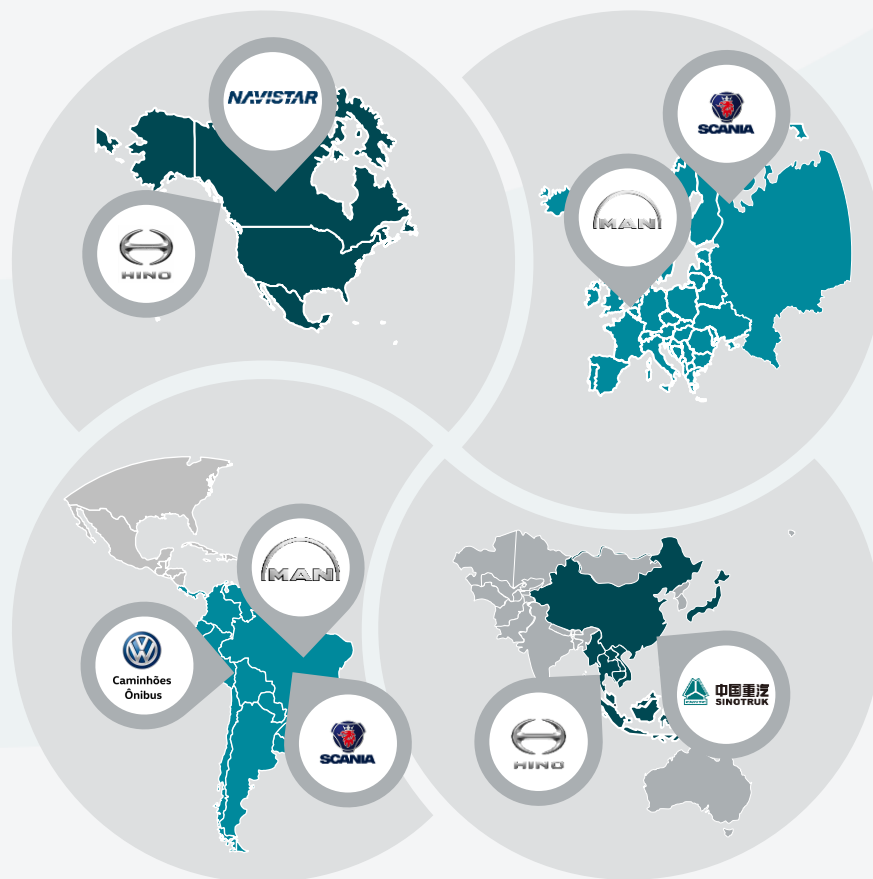
EXPANDING GLOBAL REACH THROUGH ALLIANCE PARTNERS TO ADDRESS ALL MAJOR PROFIT POOLS

TRATON
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Core markets of TRATON GROUP brands
 Alliance partners



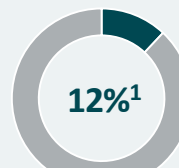
Truck market share in 2017 (>15t)



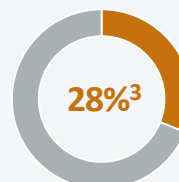
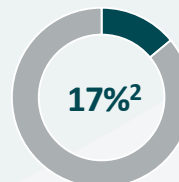
ALLIANCE PARTNERS

ASSOCIATES

STRATEGIC PARTNER



NAVISTAR



North America – Partnership since 2016

- **Technology cooperation:** first SoPs by 2020/21
- Synergies in **procurement JV** achieved, further potential

China – Partnership since 2009

- Intention to **localize MAN heavy-duty truck** in world's largest market
- Evaluation of **technology/procurement cooperation**

Japan & South East Asia – Cooperation since 2018

- Cooperation: **Future logistics/transportation, technology and e-mobility**
- LoI for **procurement JV** signed with global synergy potential

Source: IHS Markit.

Note: SoP = Start of Production.

1 Market share of Navistar Canada and USA. 2 Market share of CNHTC (parent company of Sinotruk) in China (including Hong Kong). 3 Market share of Hino in Japan and South East Asia (Indonesia, Australia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam).

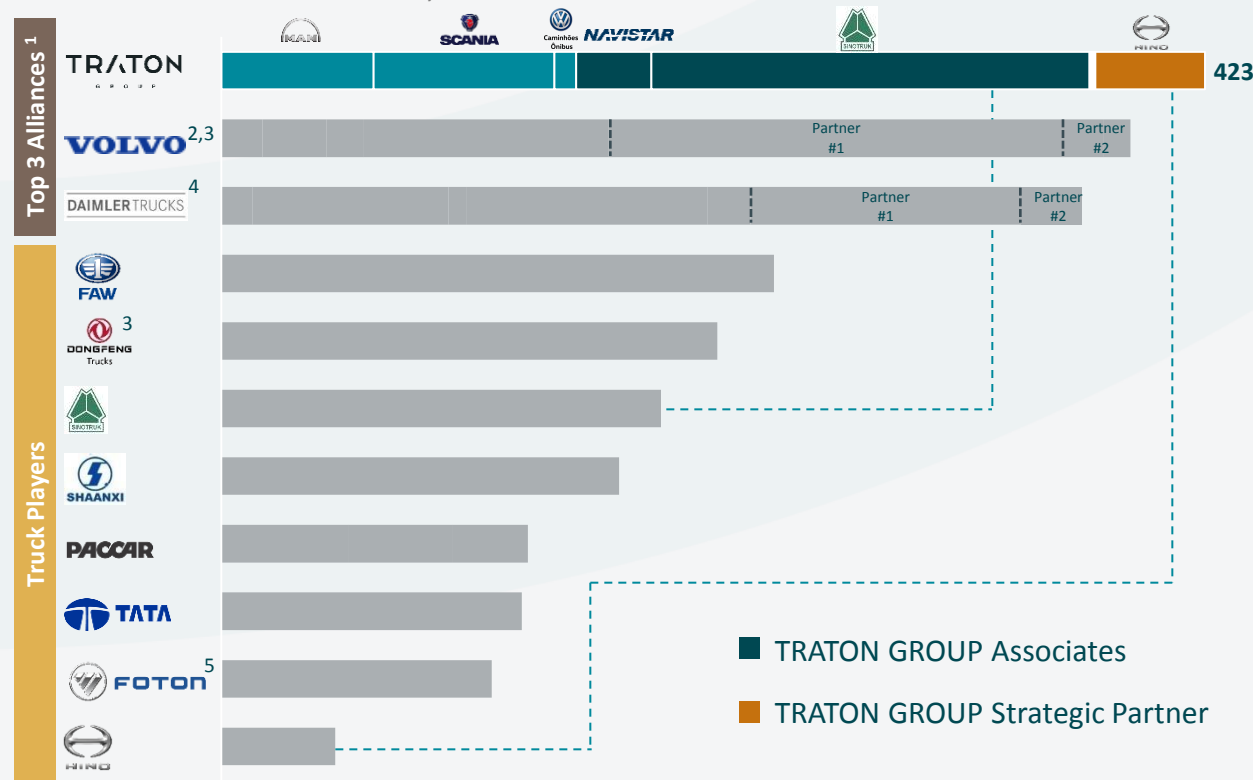


LEADING HEAVY DUTY PLATFORM AS BASIS FOR FURTHER EXPANSION AND SYNERGY REALIZATION

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Potential heavy duty platform reach of top OEMs incl. associates and strategic partner

Sales volumes >15t in 2017, in k units



Leverage technologies and expertise through global brands



Source: IHS Markit. Note: Truck volumes (>15t) including selected strategic alliances.

1 Top 3 players with alliance partners. 2 Including partnerships with Dongfeng (45% ownership) and Eicher. 3 Dongfeng including Dongfeng-Volvo JV sales volume. 4 Including partnerships with Foton (50% ownership) and Kamaz. 5 Foton including Foton-Daimler JV sales volume.

TRATON GROUP WITH MULTIPLE STRATEGIC LEVERS FOR GROWTH



TRATON GROUP SALES REVENUE



¹ Including VGSG operations (sold as of Jan-2019) and consolidation effects (MAN T&B – VWCO).






SUSTAIN CORE AND GO GLOBAL – STRONG CORE MARKETS AND INCREASING EXPOSURE TO GLOBAL MARKETS FORM THE BASIS FOR FUTURE TOPLINE GROWTH



SUSTAIN CORE

Market volume truck sales >6t

2017, k units

 Europe¹	369	Mid-term market outlook
 South America²	105	Strong recovery expected post Brazil market downturn
 Russia	78	Continued solid growth momentum accompanied by margin increase




Other³ *Successful global (export) business of premium trucks out of European / Brazilian home base*

- **Maintain market leadership** in Europe and Brazil
- **Grow service sales revenue** on existing rolling fleet

GO GLOBAL

Market volume truck sales >6t

2017, k units

 North America⁴	475	Mid-term market outlook
 China	1,349	Premium and upper budget segment expected to grow
 S.E. Asia⁵ & Japan	330	Heterogenous markets with mixed growth outlook

■ Addressable market volume ■ Additional market volume

- **Drive mutually beneficial / smart partnerships**
- **Expand profitable segments** in China, South America and other emerging markets

Source: IHS Markit (market volumes).


1 EU28+2 region consisting of EU member states plus Norway and Switzerland. Cyprus, Malta, and Luxembourg excluded, as no IHS Markit data available. 2 Including Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela; excl. Mexico (part of North America); excl. Paraguay, Uruguay, as no IHS Markit data for trucks >6t available. 3 Including e.g. Australia, China, SEA, South Africa, South Korea. 4 Canada, Mexico, United States.

5 Australia, Indonesia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam.



GROW SHARE – BENEFIT FROM HIGHLY ATTRACTIVE PRODUCT PIPELINE

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 % of truck units of respective brand affected post full production ramp-up



Current /
upcoming launch

Launch / ramp-up
(targeted)

Launch of
preceding truck
generation¹

NTG

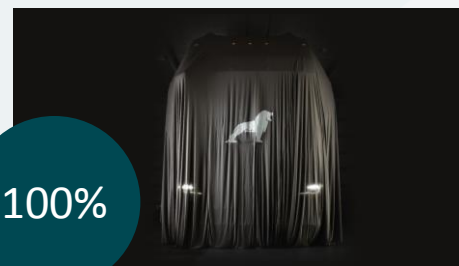


New generation for all trucks (R, G and P trucks as well as newly introduced S and L trucks)

2016 – 2019e

1995
(4-Series)

NEW TRUCK GENERATION



New state of the art truck generation / Model year 2019

2019 – 2021e

2000
(TGA)

NEW DELIVERY TRUCK



Modern truck for urban logistics tailored to emerging markets

2017 – 2019e

2005
(Delivery)

¹ Previous key launch of respective product range.



DRIVE INNOVATION – TRATON GROUP IS TRANSFORMING TRANSPORTATION

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AUTONOMOUS DRIVING



Autonomous transport system
in customer operation¹



Autonomous Mining System

Automated L4 safety truck
tested under real conditions



MAN aFAS – Driverless safety vehicle

CONNECTIVITY



Large connected fleet

450k+³

Connected vehicles on the road

Utilization of collected
data for service offering



RIO, Scania Flexible Maintenance, Solera

ELECTRIFICATION/
ALTERNATIVE FUELS



Broadest range of
alternative fuel
technologies²

Hybrid
Natural Gas
HVO BEV
Ethanol
Biogas

Here and now solutions

Sold electric solutions



VWCO e-Delivery

Note: HVO = Hydrogenated Vegetable Oil; BEV = Battery electric vehicle.

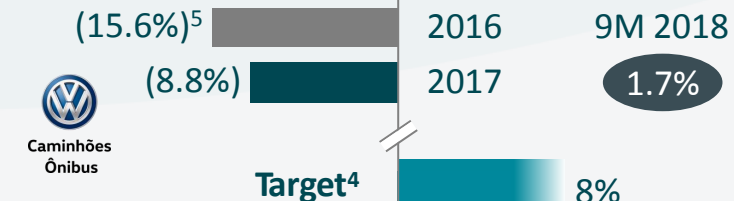
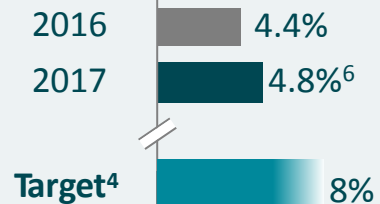
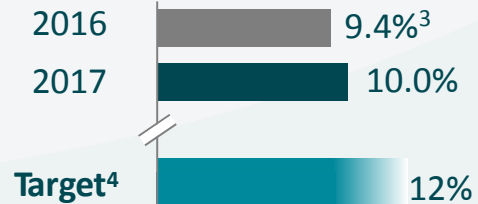
¹ Scania and Rio Tinto trialing autonomous truck in Australia. ² Based on a company comparison with other offerings in the market. ³ As of Q4-2018.



TRATON GROUP WITH STRONG TRACK RECORD OF PERFORMANCE IMPROVEMENT ACROSS BRANDS. FURTHER POTENTIAL TO BE REALIZED

A BRAND PERFORMANCE IMPROVEMENTS

Adj. Return on
Sales¹



Caminhões
Ônibus

Improvements across brands

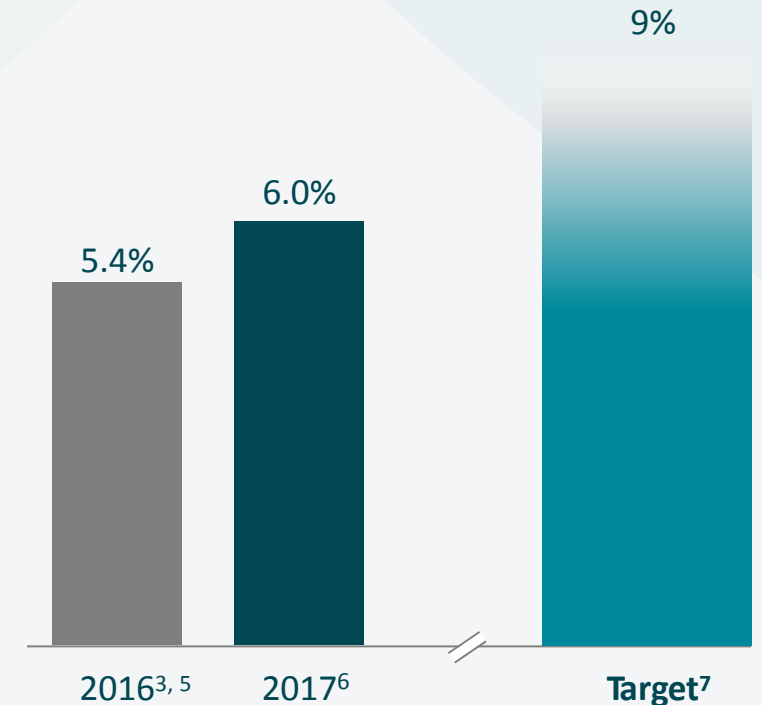
B SYNERGIES

- 1 Purchasing (incl. lead buying)
- 2 Modularization and components
- 3 Joint powertrain
- 4 New technologies
- 5 Production footprint and logistics

Synergy categories

TRATON GROUP: ATTRACTIVE MARGIN UPSIDE

Adj. Return on Sales¹




Benchmark profitability

1 Based on adj. operating profit including PPA (from Scania and VWCO), VGSG operations (sold of Jan-2019) and consolidation effects (MAN T&B – VWCO). 2 Scania Group including Financial Services post Scania consolidation effects; excl. PPA. 3 Including €403m adjustment for provision in relation to Scania antitrust fine. 4 Strategic target brands want to achieve over the cycle. 5 Including €58m adjustment for restructuring expense at VWCO. 6 Including (€50m) adjustment for release of restructuring provision at MAN T&B. 7 Strategic target TRATON GROUP wants to achieve over the cycle, including consolidation effects and others.



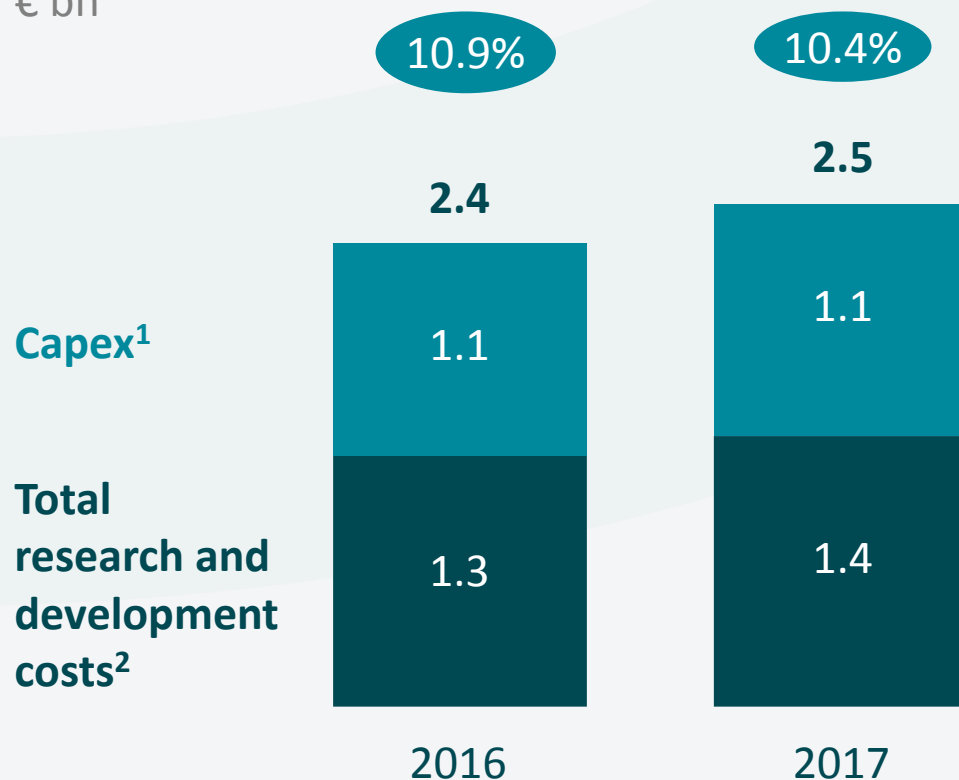
WITH THE INTRODUCTION OF THE NEW TRUCK GENERATIONS, TRATON GROUP VERY WELL POSITIONED TO FUND NEW TECHNOLOGIES

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 % of TRATON GROUP
sales revenue

Significant total research and development costs and capex over past years (total funding)

€ bn



Significant **funding** of new truck generations across brands in order to be prepared for the future

Free up cash flow for future funding of new technologies

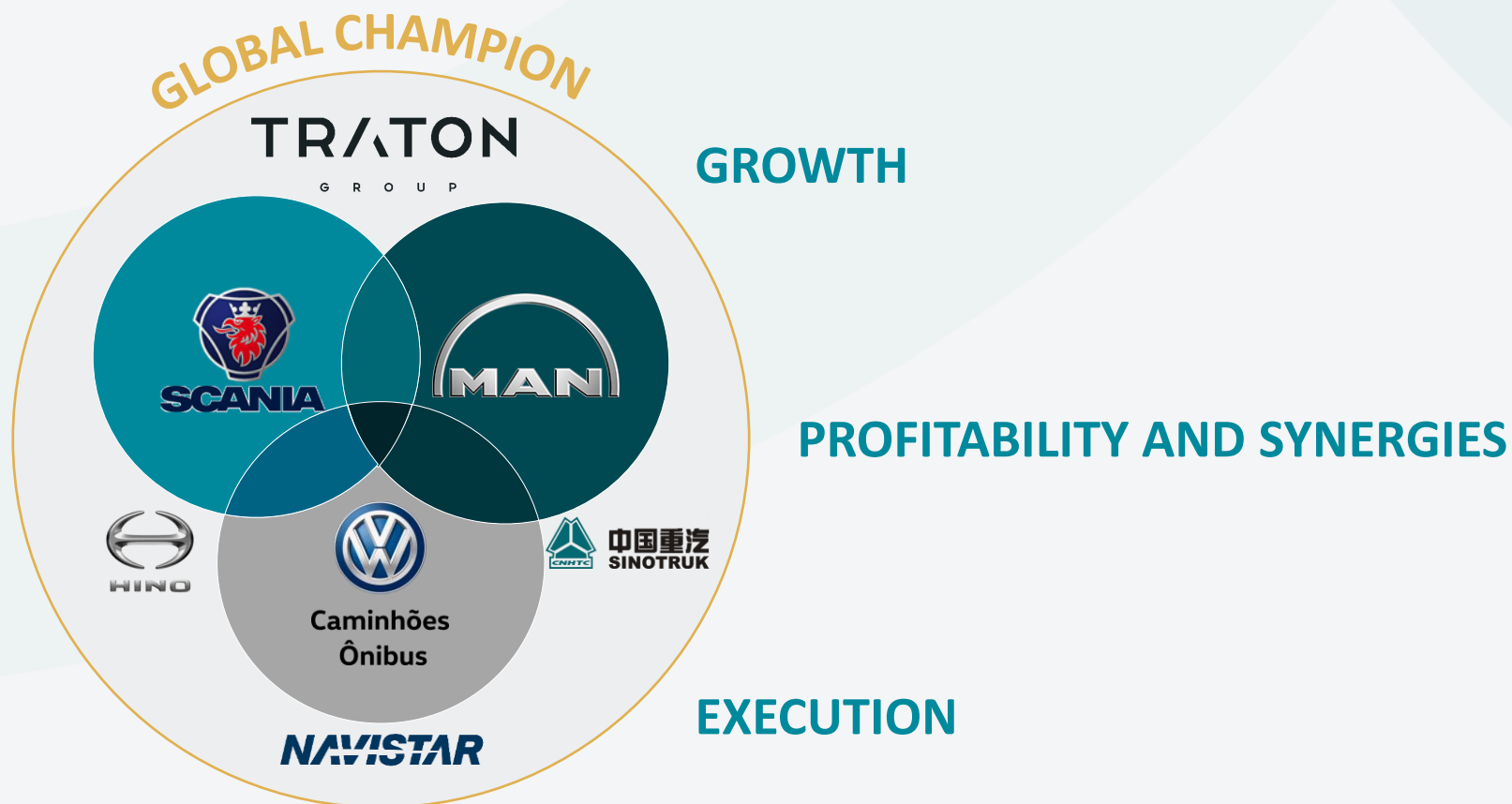
Target to **cap absolute amount** of primary R&D going forward

Capex in 2017 includes purchase price for **16.6% stake** in Navistar³

¹ Including investments in intangible assets (excluding development costs), property plant and equipment, and investment property, acquisition of subsidiaries and acquisition of other equity investments; from continuing operations. ² Total research and development costs from continuing operations equal to capitalized R&D plus period expensed R&D from continuing operations. ³ Stake in Navistar has increased to 16.8% as of 30-Nov-2018.

TRATON GROUP – CREATING A GLOBAL CHAMPION

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CHRISTIAN SCHULZ

CHIEF FINANCIAL OFFICER TRATON GROUP

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TODAY'S AGENDA

01. INTRODUCTION

02. COMPANY HIGHLIGHTS

03. **INDUSTRY AND MARKET ENVIRONMENT**

04. TRATON GROUP

05. FINANCIALS

06. WRAP UP

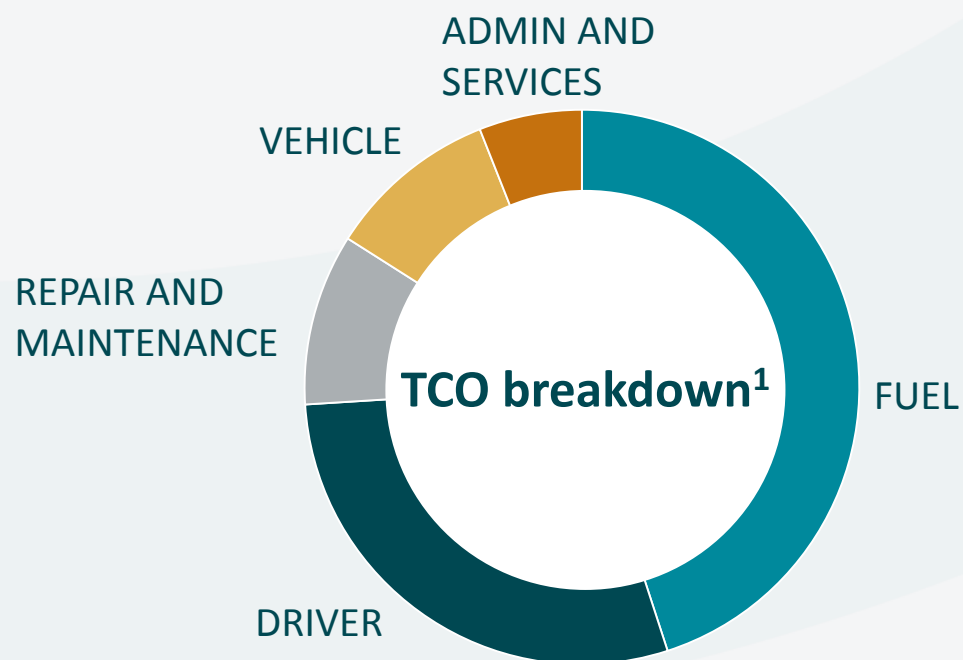
TRUCKS ARE CAPITAL GOODS: PURCHASE DECISIONS ARE BASED ON RATIONAL FACTORS – TOTAL COST OF OWNERSHIP (TCO)



Sector		TRUCKS	PASSENGER CARS
Customer expectations	Customer focus	Capital goods	Consumer goods
	Annual mileage (km)	Total cost of ownership	Costs Emotion Prestige
Product	Fuel consumption (l/100 km)	~130,000	~14,000 ¹
	Product lifecycle (years)	~30-35 ²	~4-7 ³
	Vehicles sold annually	>10	~4-5
		~3 m ⁴	~90 m ⁵

Source: IHS Markit, ICCT, Kraftfahrt-Bundesamt.
1 Average mileage driven in 2017 by passenger vehicles registered in Germany. 2 Fuel consumption for tractor-trailers over long-haul operation. 3 Fuel consumption for passenger cars in EU28+2 (urban and extra-urban).
4 IHS Markit 2018 forecast for total global market figure. 5 VDA data for total global market figure.

TRUCK INDUSTRY DRIVEN BY TOTAL COST OF OWNERSHIP (TCO)



Key value drivers

Purchasing
cost

Operational
cost

Residual
value

KEY ELEMENTS²



FUEL

Annual mileage, driving behavior, powertrain efficiency



DRIVER

Driver salary, related costs



REPAIR AND MAINTENANCE

Usage pattern, cost/frequency of repair & maintenance, uptime



VEHICLE

Purchasing costs, vehicle specification, residual value



ADMIN AND SERVICES

General & administrative processes, driver & vehicle and fleet management

¹ Chart representative for German HDT market; indicative - depending on usage pattern. ² Selected drivers (non exhaustive).

TRUCK INDUSTRY CHARACTERIZED BY A LIMITED NUMBER OF OEMS COMPETING GLOBALLY



Customization & regulation

- Trucks are highly customized products given heterogeneous customer requirements
- Products need to meet strict regulatory standards

Service network

- Large and dense service network important given high uptime requirements for trucks
- Need for high service quality

Technology

- Competitive R&D and innovation capabilities
- Continuous innovation for brand positioning and to reduce TCO

LIMITED NUMBER OF GLOBAL PLAYERS

HDT market share 2017 held by **top 3** in each region



Europe¹



76%⁴



North America²



84%⁵



South America³



71%⁶

Source: IHS Markit.

1 EU28+2 region consisting of EU member states plus Norway and Switzerland. Cyprus, Malta, and Luxembourg excluded, as no IHS Markit data available. 2 Canada, Mexico, United States. 3 Incl. Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela; excl. Mexico (part of North America); excl. Paraguay, Uruguay, as no IHS Markit data for trucks >15t available. 4 Incl. TRATON GROUP, Volvo Truck & Bus, Daimler. 5 Incl. Daimler, Paccar, Volvo Truck & Bus. 6 Incl. TRATON GROUP, Daimler, Volvo Truck & Bus.

EVOLVING TRUCK MARKET OFFERS NEW OPPORTUNITIES

TRATON
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TRANSPORT SOLUTIONS

NEW TRUCK + SERVICES

“TRADITIONAL” TRUCK BUSINESS



- Truck sales
- Used vehicles

Vehicle



- Repair & maintenance
- Vehicle, financial & driver services

Total cost of ownership



- End-to-end logistic solutions/ fleet management
- Proactive maintenance

End-to-end logistics solutions

3 MEGATRENDS INFLUENCING THE TRANSPORTATION SECTOR



GLOBALIZATION

FUNDAMENTALLY GROWING INDUSTRY, GLOBALLY

EUROPE & SOUTH AMERICA (CORE MARKETS OF TRATON GROUP) AS WELL AS NORTH AMERICA ARE ATTRACTIVE

ADDRESSABLE MARKET FOR TECHNOLOGY LEADERS WILL INCREASE, E.G., IN CHINA



DIGITALIZATION

CONNECTIVITY

- Penetration rising rapidly, enabling efficiency increases in transportation value chain and new business models

AUTONOMOUS

- Near-term impact for selected applications
- Full impact of autonomous technologies likely to materialize only in the long term



SUSTAINABILITY

TRANSITION TO ELECTRIFICATION

- Industry transition to electrification complex (e.g., infrastructure, transport processes)
- Electrification driven by TCO as well as regulation

ALTERNATIVE POWERTRAINS

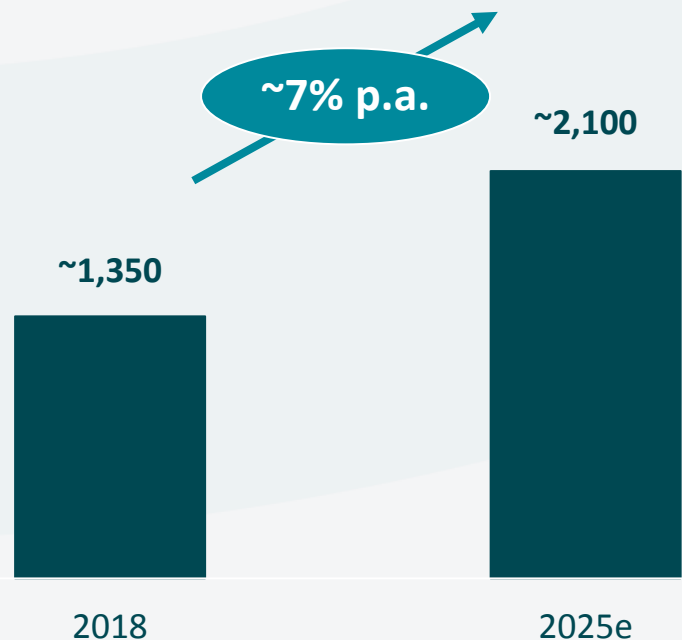
- Alternative fuels/hybrids intermediate solutions and based on application



STRONG GROWTH IN GLOBAL ROAD TRANSPORTATION

GLOBAL ROAD TRANSPORTATION MARKET

\$ bn



DRIVERS

Global GDP is expected to **continue to grow**

Continuous strong rise of online business

Good existing road infrastructure and lower cost solution

Urbanization driving increased **demand for flexible transportation**

Source: Transparency Market Research.

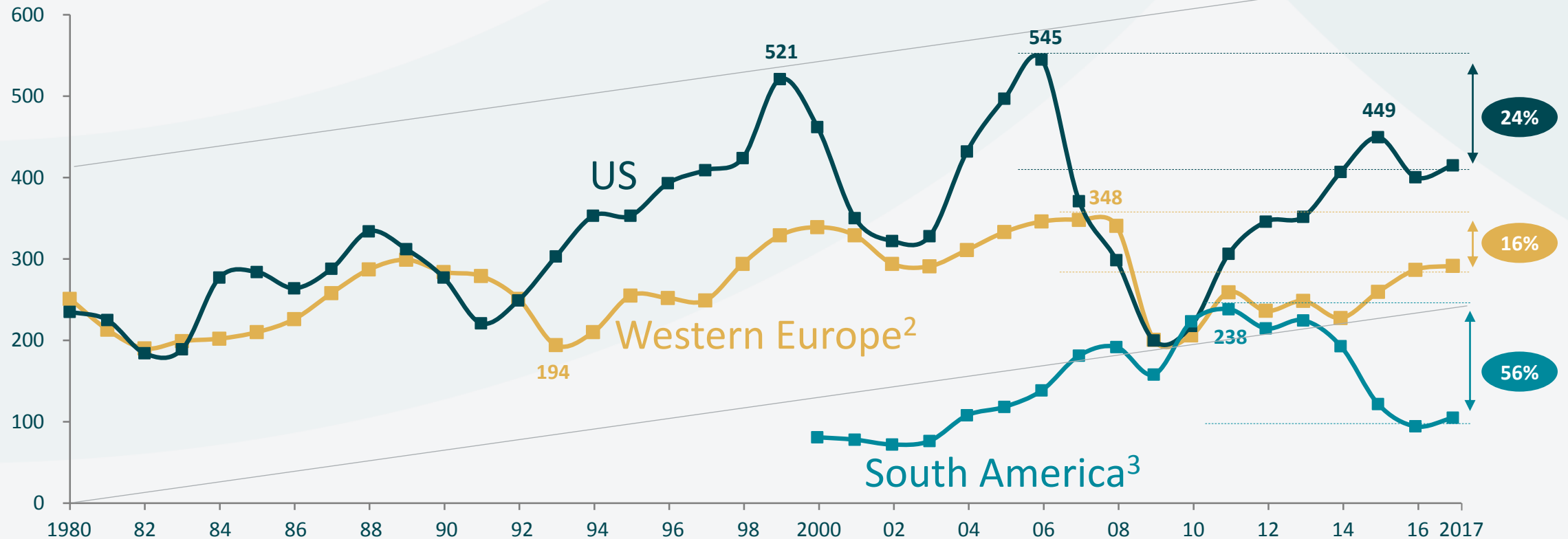


SALES VOLUMES IN TRATON GROUP'S CORE MARKETS AND THE US ARE STILL FAR FROM HISTORICAL PEAKS

TRATON
GROUP

x% Current-to-peak variation

Truck sales volumes (>6t)¹, in k units



Source: Verband der deutschen Automobilindustrie (VDA data); IHS Markit.

¹ Western Europe and US data based on VDA, South America data based on IHS Markit. ² EU15 + EFTA: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom + Iceland, Liechtenstein, Norway and Switzerland. ³ Incl. Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela; excl. Mexico (part of N. America); excl. Paraguay, Uruguay, as no IHS Markit data for trucks >6t available.





OUTLOOK FOR TRATON GROUP'S CORE MARKETS POSITIVE – EUROPE PROFITABLE AND INNOVATION DRIVEN, SOUTH AMERICA RECOVERING

TRATON
GROUP

MARKET VOLUME TRUCK SALES >6t

2017, k units

		PROFIT POOL Share 2017	OUTLOOK (UNITS) CAGR 2018-25e	CONSIDERATIONS
 Europe	369 ¹	~30-35% ⁶	+0.9% ¹	<ul style="list-style-type: none"> Robust volumes Services/aftermarket expected to increase Forefront of innovation
 South America	105 ²	~0% ⁷	+2.2% ²	<ul style="list-style-type: none"> Strong recovery expected post Brazil market downturn
 Russia	78	n/a ⁸	+5.2%	<ul style="list-style-type: none"> Continued solid growth expected, driven by economic expansion
 North America ³	475	~35%	+0.6%	<ul style="list-style-type: none"> Current strong macro-economic conditions with mixed outlook Services/aftermarket expected to increase Most profitable market driven by captive powertrains
 China	1,349 ⁴	~15%	(3.9%) ⁴	<ul style="list-style-type: none"> Volume reset post regulatory change Premium and upper budget segments expected to grow
 S.E. Asia	239 ⁵	~10% ⁹	(0.6%) ⁵	<ul style="list-style-type: none"> Heterogeneous markets with mixed growth outlook

TRATON GROUP
core markets

Source: IHS Markit, McKinsey.

1 EU28+2 region consisting of EU member states plus Norway and Switzerland. Cyprus, Malta, and Luxembourg excluded, as no IHS Markit data available. 2 Incl. Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela; excl. Mexico (part of N. America); excl. Paraguay, Uruguay, as no IHS Markit data for trucks >6t available. 3 United States, Mexico, Canada. 4 Incl. Hong Kong. 5 Incl. Indonesia, Australia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam. 6 Incl. Western Europe and CEE regions. 7 As footnote two and incl. Belize, Caribbean, El Salvador, Paraguay, Uruguay. 8 Incl. in CEE region (part of EU28+2 profit pool share). 9 As footnote five and incl. Japan, Pakistan and excl. Taiwan



ADDRESSABLE MARKET FOR TECHNOLOGY LEADERS EXPECTED TO INCREASE – DRIVEN BY EVOLVING REGULATORY AND CUSTOMER REQUIREMENTS

TRATON
GROUP

INCREASING LEVEL OF REGULATION & CUSTOMER REQUIREMENTS

TRIAD markets¹

Emerging markets

Powertrain



Euro VI

Move from
Euro II-V to Euro VI

Aftersales



~20% of OEMs' revenue
from aftermarket³

Today still limited but
increasing

Driver
availability



Automated driving improves driver efficiency
today; autonomous trucks will help to address
driver shortage (in the future)

GDP share of
logistics industry

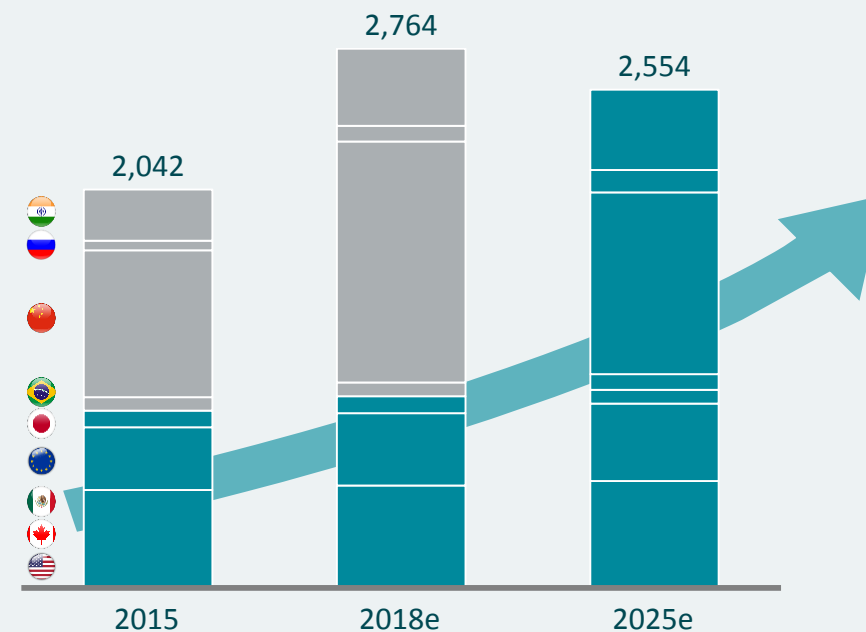


As low as 8%⁴

Up to 25%⁵
(China: ~15%-18%)

TRUCK MARKET VOLUME IN SELECTED MARKETS², in k units

■ Euro VI-comparable emission standard, NOx (g/kWh) ■ Other emission standard



Euro VI-comparable share increases from ~30% in 2017 to ~85% in 2025e globally⁶ leading to a higher share of attractive markets

Source: IHS Markit, McKinsey, World Bank.

¹ North America, Europe, Japan. ² Mexico standards not in line with the US and Canada, currently Euro IV-comparable in place, Euro VI-comparable to be implemented by 2020e. ³ Based on Scania and MAN figures for FY2017. ⁴ Based on countries classified as most efficient by the World Bank, such as the US and the Netherlands. ⁵ Based on countries classified as least efficient by the World Bank. ⁶ National standards; selected cities with stricter emission regulations; based on McKinsey analysis.

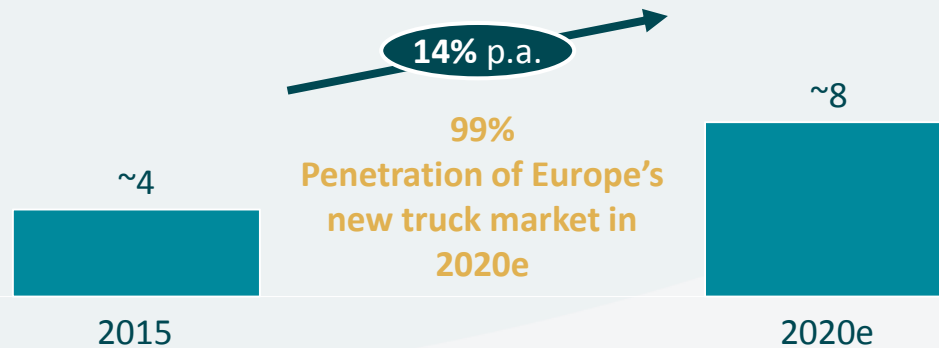


CONNECTIVITY – MONETIZING CONNECTED SERVICES AND SOLUTIONS

TRATON
GROUP

CONNECTED TRUCKS BECOMING STANDARD IN EUROPE

Commercial vehicles with fleet management systems installed in Europe, m



VARIOUS VALUE DRIVERS STEMMING FROM CONNECTED SERVICES

Optimization of transport processes at customers (e.g., utilization)

Improved OEM processes (e.g., R&D feedback loops)

Higher penetration/impact of services (e.g., flexible maintenance)

New services/business models

TAKEAWAYS



Penetration rising rapidly enabling new business models



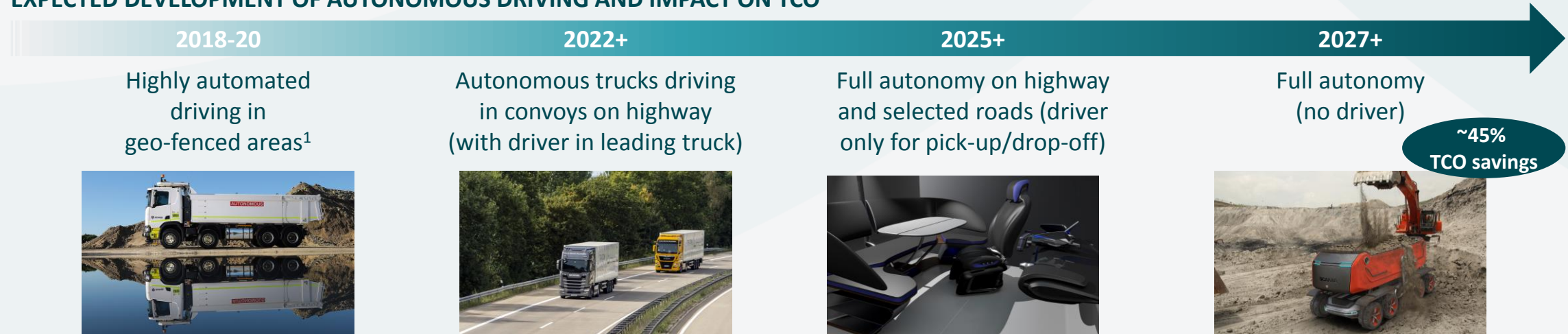
OEMs need to offer holistic platforms for connectivity and solutions



Hardware as enabler for connected services – no driver of profitability

AUTONOMOUS DRIVING – NEAR-TERM IMPACT FOR SELECTED APPLICATIONS, WHILE FULL IMPACT OF AUTONOMOUS DRIVING LIKELY TO MATERIALIZE ONLY IN THE LONG TERM

EXPECTED DEVELOPMENT OF AUTONOMOUS DRIVING AND IMPACT ON TCO



TAKEAWAYS



ADAS already relevant – limited TCO impact but key technological enabler



Use cases starting to hit the market



Truck OEMs to capture significant value

Source: McKinsey, Bader & Di Stefano & Schares (2017) Reutlingen University and MAN Design.

¹ Safety driver present in truck.



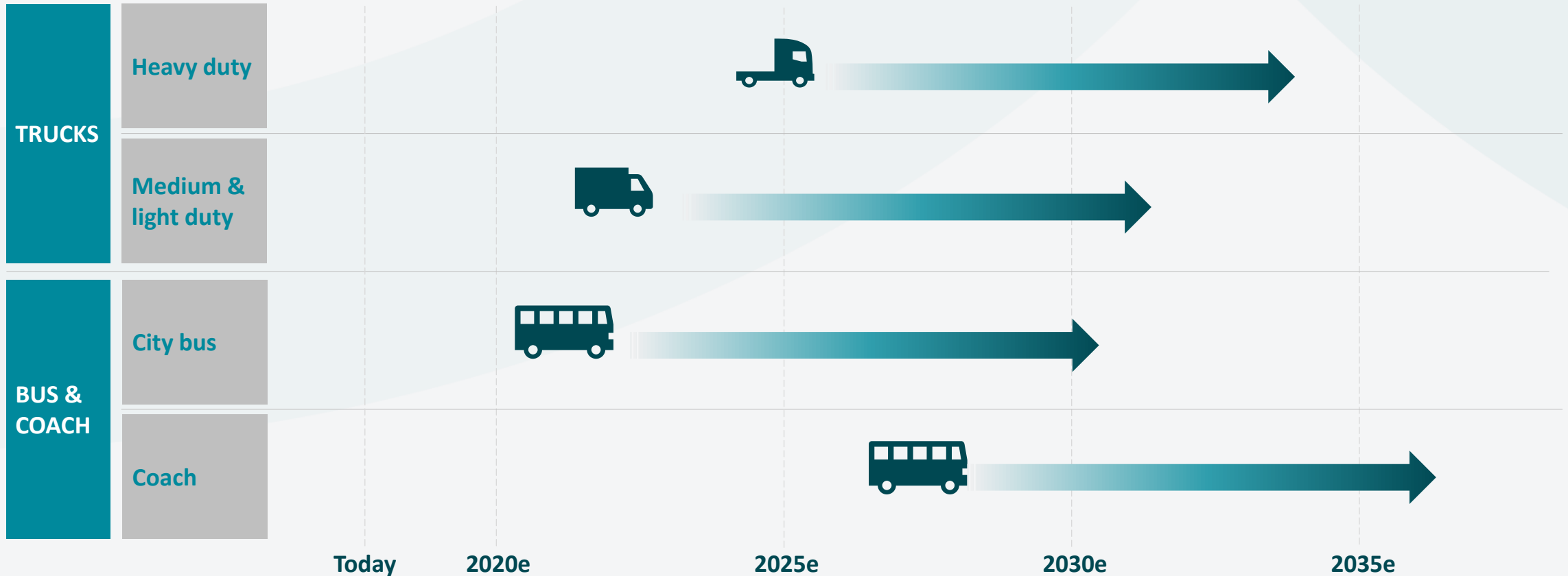
ELECTRIFICATION DRIVEN BY TCO AND REGULATION – FASTEST ADOPTION FOR CITY BUSES

TRATON
GROUP



Indicative potential timeframe for broader market adoption in Europe

TCO PARITY DRIVES ELECTRIFICATION PENETRATION



¹ TCO parity: TCO of an electric vehicle equals the TCO of a vehicle with a conventional powertrain.

TRATON GROUP WELL POSITIONED TO BE AT THE FOREFRONT OF NEW TECHNOLOGIES



GLOBALIZATION

FUNDAMENTALLY GROWING INDUSTRY

- **Global Champion**

EUROPE & SOUTH AMERICA ATTRACTIVE MARKETS

- **Leader in core markets**

INCREASED CUSTOMER REQUIREMENTS

- **Customer value-focused technology leader**



DIGITALIZATION

CONNECTIVITY

- **450k+ connected trucks in 2018**

AUTONOMOUS

- **First autonomous systems operational**



SUSTAINABILITY

TRANSITION TO ELECTRIFICATION

- **EV buses on the road**
- **Strong pipeline of EV solutions**

ALTERNATIVE POWERTRAINS

- **Full product offering across powertrains**



ANDREAS RENSCHLER

MEMBER OF THE BOARD OF MANAGEMENT OF VOLKSWAGEN AG
CHIEF EXECUTIVE OFFICER TRATON GROUP

TRATON
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TODAY'S AGENDA

01. INTRODUCTION

02. COMPANY HIGHLIGHTS

03. INDUSTRY AND MARKET ENVIRONMENT

04. **TRATON GROUP**

Brand Performance | Cooperations & Synergies | Global Expansion | Customer Focused Innovation

05. FINANCIALS

06. WRAP UP

OUR HERITAGE: A GROUP OF THREE LEADING INNOVATIVE BRANDS

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Focus on truck sales ...

AT PRESENT: READY FOR THE FUTURE

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GROUP

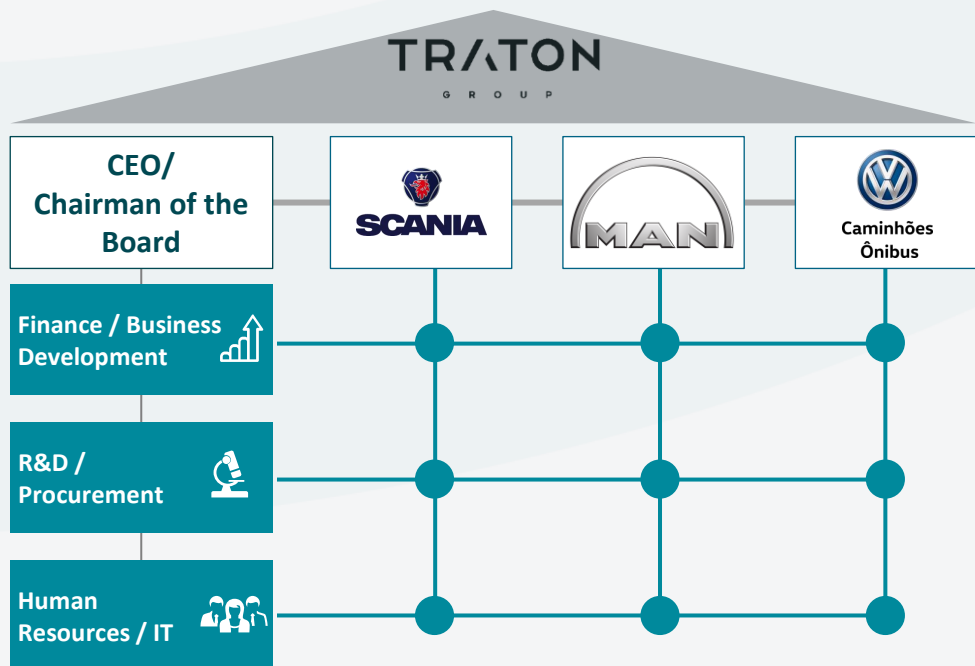


...converting into a transport solution provider

ESTABLISHED GOVERNANCE STRUCTURE AND SHARED VALUES ARE FUNDAMENTAL PILLARS THAT SECURE SUCCESSFUL BRAND COOPERATION

TRATON
GROUP

GOVERNANCE



SHARED VALUES



WAY TO GLOBAL CHAMPION BASED ON FOUR PILLARS



Creating a Global Champion

Leader in Profitability | Global Presence | Innovation



Brand Performance

Increase performance of brands with individual identity, strength and clear positioning



Cooperation & Synergies

Increase cooperation and exploit synergies between brands



Global Expansion

Leverage scale through global footprint



Customer Focused Innovation

Transforming transportation

Creation of Sustainable Shareholder Value

CLEAR POSITIONING OF BRANDS

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Driving the shift towards a
sustainable transport system



Premium customer-focused **innovation**
leader for **sustainable** transport solutions



Simplifying business by being the
most reliable business partner



Reliable business partner with **value**
package and **full-line** offering



Caminhões
Ônibus

Less you don't want
more you don't need



Best **value for money** and
tailor-made products

TODAY'S AGENDA

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HENRIK HENRIKSSON

MEMBER OF THE EXECUTIVE BOARD OF TRATON GROUP
CHIEF EXECUTIVE OFFICER SCANIA

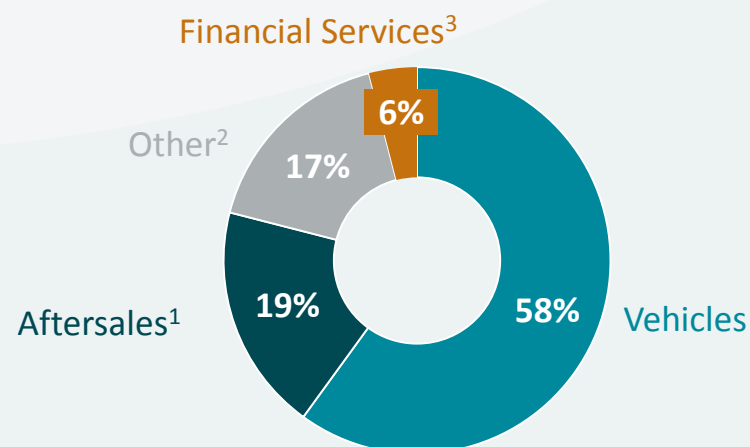
TRATON
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**DRIVING THE SHIFT TOWARDS
A SUSTAINABLE TRANSPORT SYSTEM**

OVERVIEW

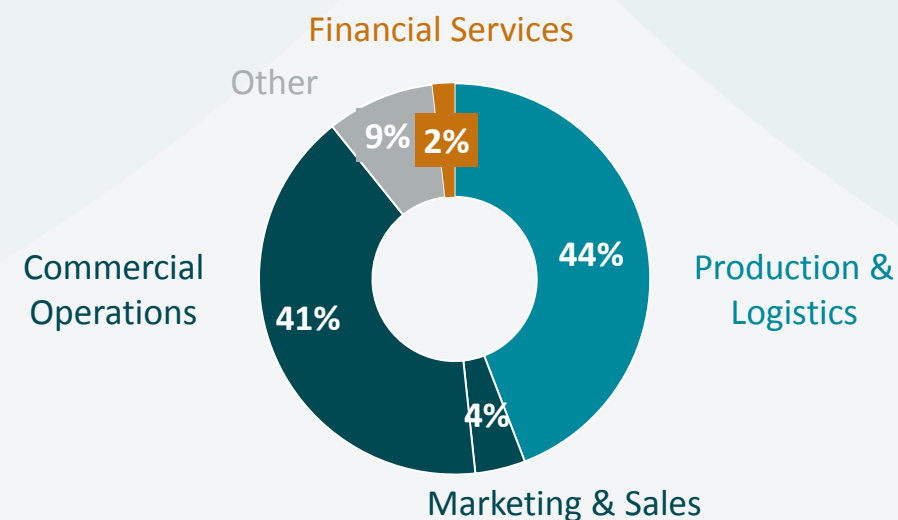
SCANIA GROUP SALES REVENUE BY OFFER (FY2017)



€12.8bn⁴ Sales revenue

Scania is a world leading provider of transport solutions

SCANIA GROUP EMPLOYEES BY FUNCTION (FY2017)



47.2k Employees⁵

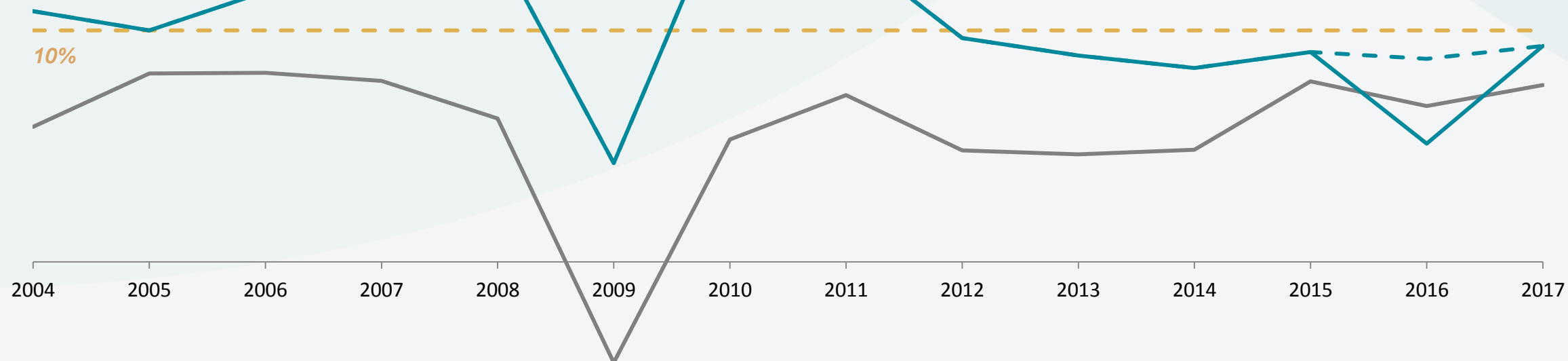
>20,000 employees in the customer facing part of the organization⁶

¹ Including genuine parts and workshop services. ² Including used vehicles, engines, powertrains and parts deliveries, leasing business and other sales revenue including sales revenue from hedging transactions. ³ Reflecting lease income and interest income. Corresponds to group sales revenue (i.e. after intersegment consolidation) of TRATON GROUP's financial services segment. ⁴ Includes Vehicles and Services and Financial Services; post consolidation effects; excl. PPA. ⁵ Headcount disclosed in Scania 2017 reporting deviates as it includes apprentices and permanently ill. ⁶ Commercial Operations (excluding its central staff) and Financial Services represent integral parts of Scania's customer facing organization, involved with selling vehicles, services and financing solutions to customers.

CONSISTENT PROFITABILITY LEADERSHIP OVER DECADES

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- Scania V&S reported (excl. FS)
- - Scania V&S adjusted (excl. FS)¹
- Truck peer index²

>80 consecutive years of profitability**12% over the cycle RoS target for Scania Group**

1 Including €403m adjustment for provision in relation to Scania antitrust fine. 2 Truck Peer Index denotes weighted return on sales and includes Daimler Truck and Bus, Volvo Truck and Bus, Paccar Trucks and Parts; Scania as per Scania company reporting.

OUR PURPOSE: DRIVING THE SHIFT TOWARDS A SUSTAINABLE TRANSPORT SYSTEM

SUSTAINABLE TRANSPORT

Doing the right things

Energy
efficiency

Alternative
fuels &
electrification

Smart &
safe
transport

RESPONSIBLE BUSINESS

Doing things right

Resource &
energy
efficient
operations

Diversity &
inclusion

Health &
safety

Human &
labour
rights

Business
ethics

Community
engagement

DRIVING THE SHIFT TOWARDS A SUSTAINABLE TRANSPORT SYSTEM



1 GROWTH

- Ramp-up **New Truck Generation**
- **Broadest range of alternative fuel technologies**
- Strong **captive network** and expanding **connected fleet**
- Accelerated **service growth** expected
- Regional expansion

2 PROFITABILITY AND SYNERGIES

- **Premium pricing** through unique customer understanding
- Leverage **Byggladan**, Scania's modular toolbox, across technologies
- Optimize product cost through flexible and **lean global production** system
- Expansion of **service** offering

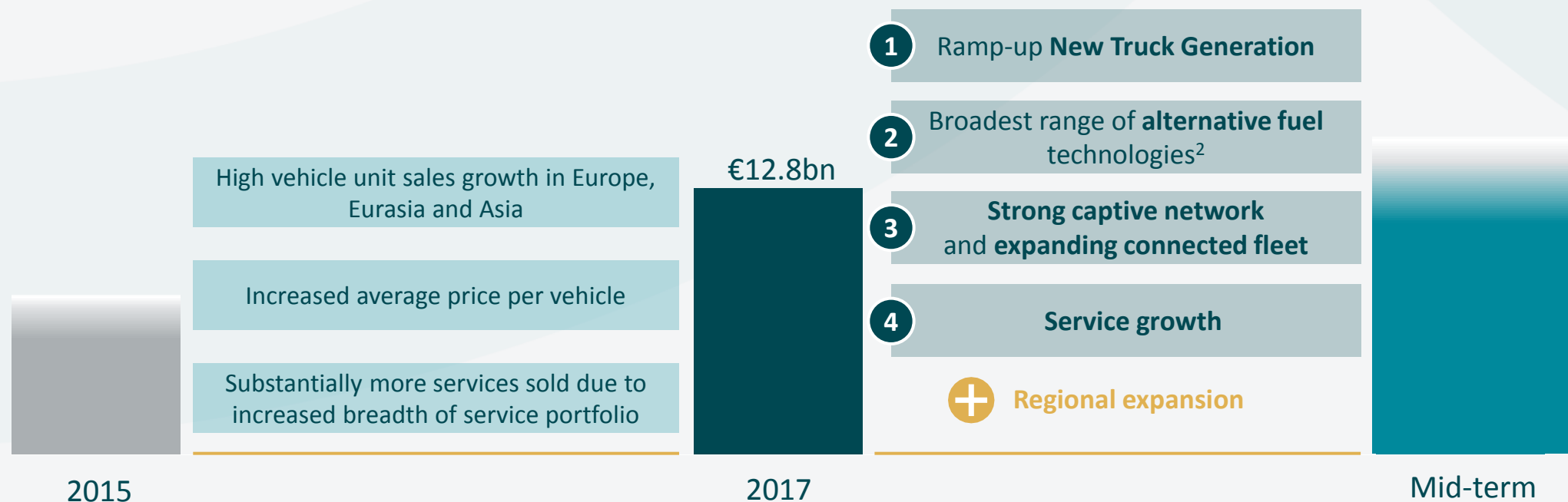
3 EXECUTION

- **Customer-centric** culture of **continuous improvements**
- **Partnerships** in the ecosystem of transport and logistics
- Highly **experienced and open-minded** leadership

CONTINUE SUCCESSFUL GROWTH PATH

TRATON
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Scania Group¹ sales revenue

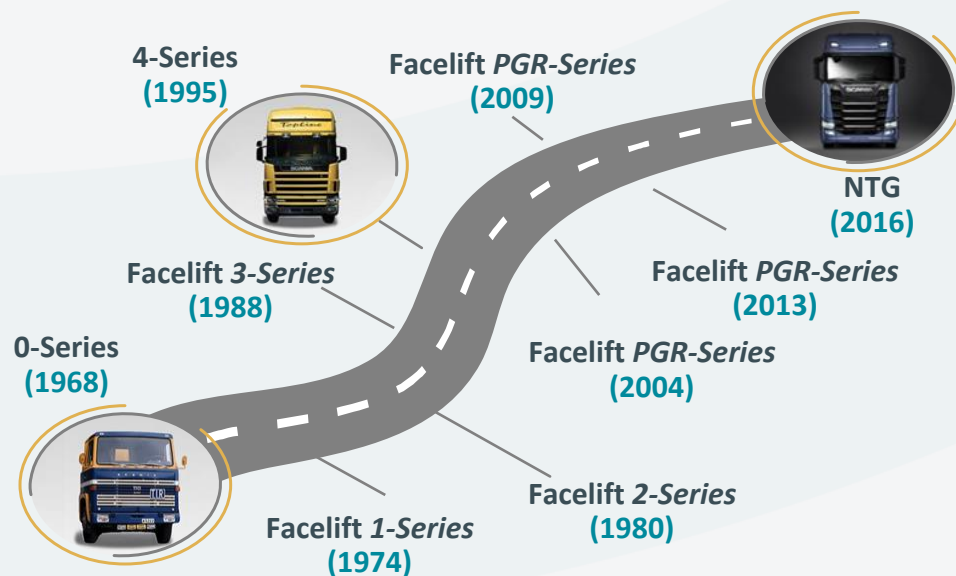


¹ Includes Vehicles and Services and Financial Services; post consolidation effects excl. PPA. ² Based on a company comparison with other offerings in the market.

RAMP-UP NEW TRUCK GENERATION

PREVIOUS BODY IN WHITE GENERATIONS AND FACELIFTS

New Body In White and facelifts over time



NTG is the first new truck generation since 1995
NTG to fully replace PGR generation by 2019

SELECTED AWARDS FOR NTG



Green Truck
Award
2017 & 2018

Winner of tests
across Europe
>40 tests
2017-2018



International
Truck of the Year
2017 at IAA 2016

Superior quality
directly post
launch



OEM of the Year
2017,
Connected services

Best-in-class
truck on the
market

Track record of outstanding performance

NTG IN FIGURES

>€2bn Total investment¹

45% Share of 9M 2018
Scania truck sales²

5% Target truck price
increase³

Significant investments
NTG redefining premium

¹ Relates to time period 2010 to 2017. ² Time period: January to September 2018. Remaining share relates to previous generation. ³ Compared to PGR generation.

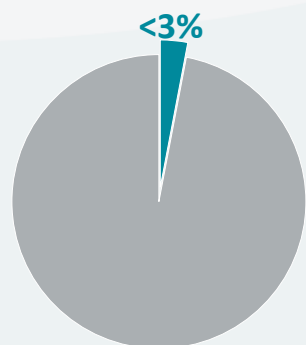
BROADEST RANGE OF ALTERNATIVE FUEL TECHNOLOGIES¹

COMPETITIVE EDGE FOR DRIVING THE SHIFT TOWARDS A SUSTAINABLE TRANSPORT SYSTEM

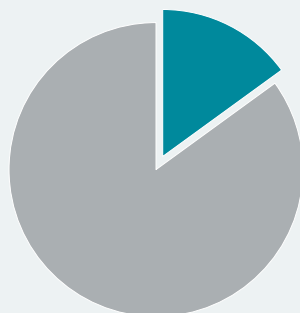
WHEN THE SHIFT TO ALTERNATIVE FUELS HAPPENS ...

Share of market of alternative fuels (incl. BEV)

Today²

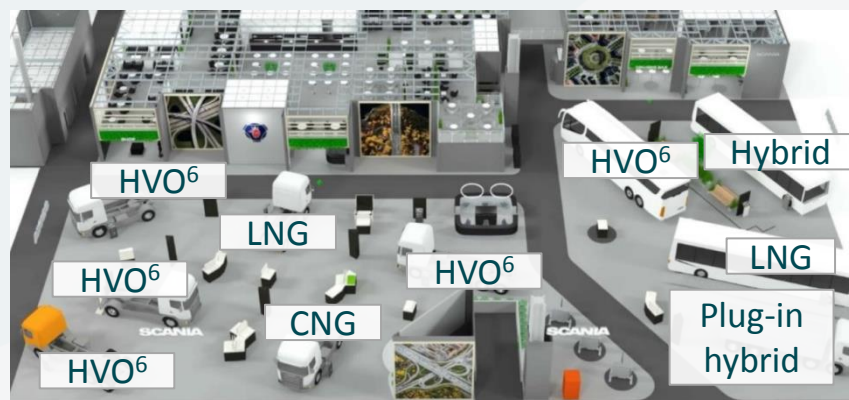


Mid-term (2025e)³



... SCANIA WILL BENEFIT FROM ITS BROAD RANGE OF ALTERNATIVE FUEL SOLUTIONS

Scania vehicles displayed at IAA 2018:
alternative fuels only⁵



Theoretical CO₂ reduction
potential of Scania vehicles

up to 90%	Biogas
up to 90%	HVO
up to 85%	Biodiesel FAME
up to 15%	Natural gas
>90%	Hybrid with HVO
up to 90%	Ethanol

- Scania's sales share today above market
- Breadth of Scania portfolio provides flexibility in light of limited visibility of future technology mix
- Moving towards low carbon solutions is a pre-requisite to be in line with Paris agreement⁴

- Scania has pioneered in the use of alternative fuels for more than 30 years
- Broadest range¹ of alternative fuel technologies in the market to meet all customer demands - even the most ambitious - when they come

- Alternative fuel offering today matches CO₂ targets of tomorrow

Source: OECD, European Commission. Note: HVO = Hydrogenated Vegetable Oil. LNG = Liquefied Natural Gas. CNG = Compressed Natural Gas. BEV = Battery Electric Vehicle.

¹ Based on a company comparison with other offerings in the market. ² Reflects European share of alternative fuel technologies (incl. BEV) in HDT segment. ³ Relates to long-haul. ⁴ Agreement within the UN on climate change dealing with greenhouse-gas-emissions to keep global temperature rise this century below 2°C. ⁵ Including newly launched plug-in hybrid. ⁶ Also compatible with biodiesel FAME and ethanol engines.

STRONG CAPTIVE NETWORK AND EXPANDING CONNECTED FLEET

CAPTIVE NETWORK

>20,000

Employees in the customer facing
part of the organization¹

>550

Captive service points⁴



>50% of vehicles sold through
captive network⁶

**Captive network with direct contact to customers
and their needs in the markets enables Scania to
offer tailored products / services**

CAPTIVE FINANCING

~€6.1bn

Size of customer finance portfolio²

Flexible

Financing and insurance solutions



>40% of vehicles sold with
Financial Services solutions⁷

**Local specialist support to offer tailored solutions
ranging from subscription models to vehicle sales**

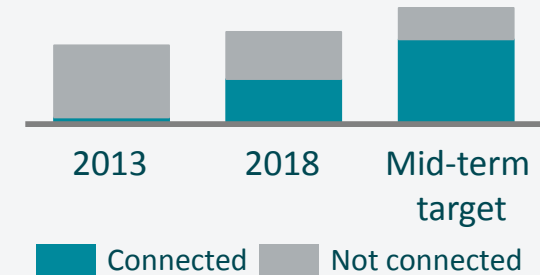
EXPANDING ROLLING FLEET

>350k

Size of connected fleet³

~ 3bn

Kilometres tracked per month⁵



Connected Not connected

~50% of global rolling fleet of
vehicles³ connected in 2018

**Size of connected fleet growing daily and platform
for more customized services**

¹ Commercial Operations (excluding its central staff) and Financial Services represent integral parts of Scania's customer facing organization, involved with selling vehicles, services and financing solutions to customers. As of 31-Dec-2017 ² As of Dec-2017. ³ As of Nov-2018. Based on 10yr global rolling vehicle fleet. ⁴ As of Jan-2019. ⁵ As of Nov-2018. ⁶ Based on FY2017. ⁷ Based on FY2017.

SERVICE GROWTH

ALL BUILDING BLOCKS IN PLACE FOR SERVICE GROWTH AHEAD

Continued service growth targeted

with

CAPTIVE NETWORK &
CAPTIVE FINANCING



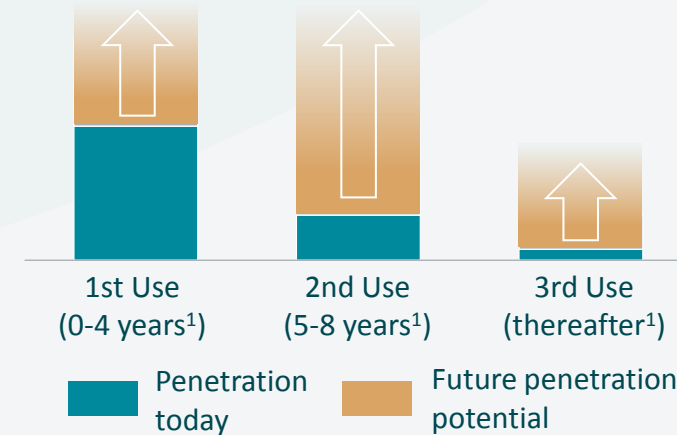
DIGITALIZATION DRIVES
BUSINESS



BEST-IN-CLASS TRUCK ON
THE MARKET

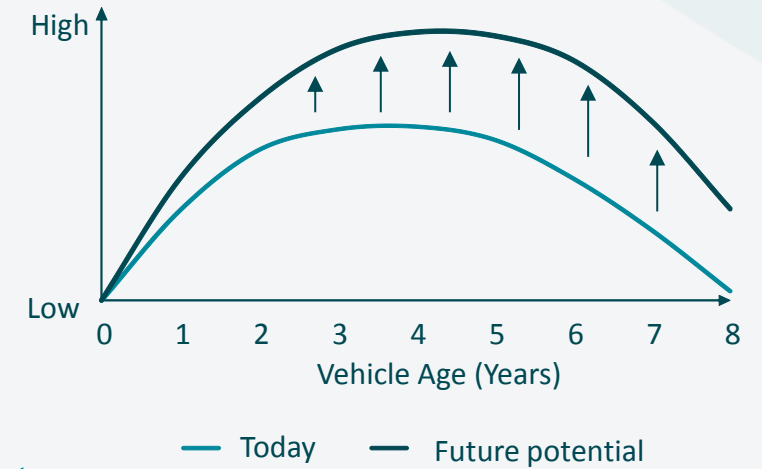
Higher penetration of subscription-type
service contracts globally

Share of vehicles with subscription-type
service contract



Higher average service sales revenue
per vehicle over vehicle lifetime

Service sales revenue per vehicle

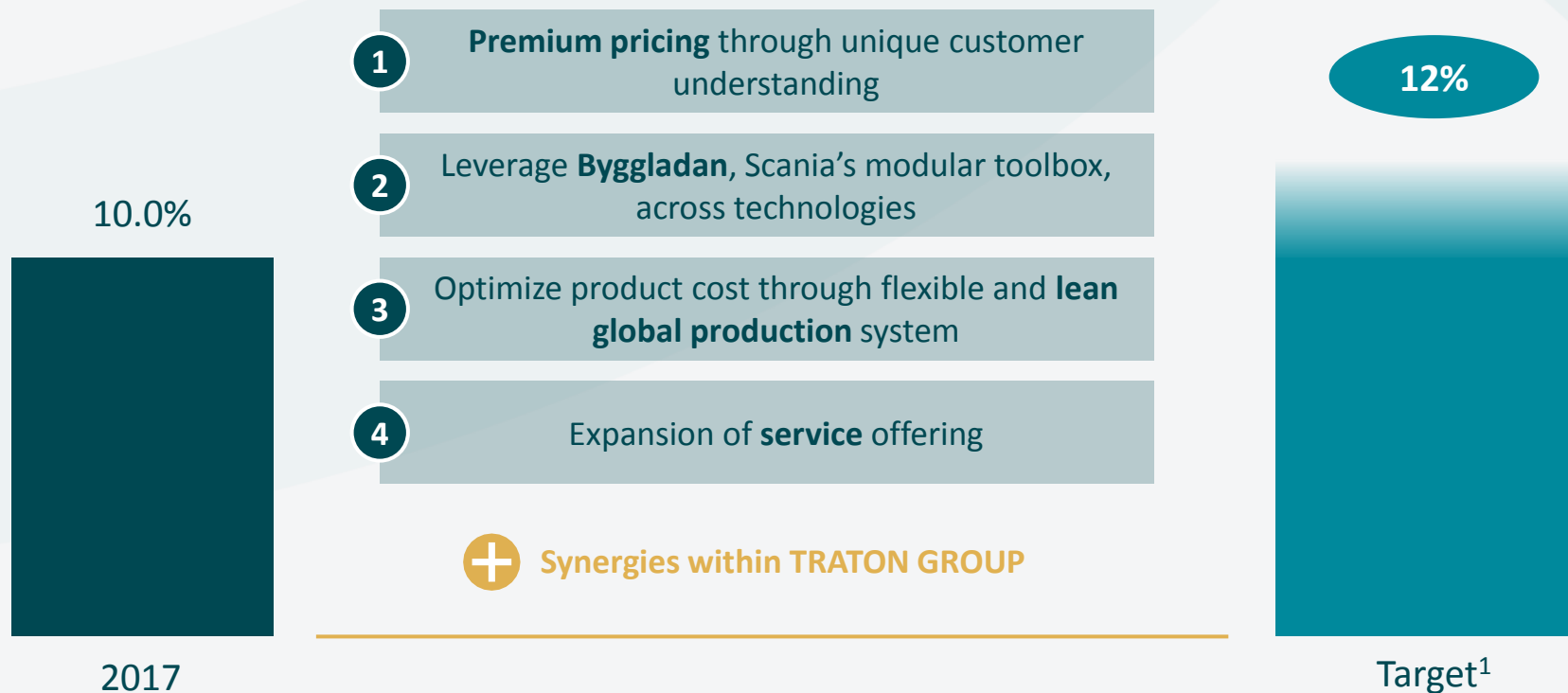


Service sales revenue growth targeted to
outpace vehicles sales revenue growth

¹ Denotes vehicle age.

TARGET TO INCREASE PROFITABILITY TO 12% RETURN ON SALES¹

Scania Group² adj. RoS



¹ Strategic target Scania wants to achieve over the cycle. ² Includes Vehicles and Services and Financial Services; post consolidation effects excl. PPA.

PREMIUM PRICING THROUGH UNIQUE CUSTOMER UNDERSTANDING FACILITATED BY THE SALES OF HOLISTIC CUSTOMER SOLUTIONS

SCANIA BUSINESS MODEL



+ Customer sales
revenue

- Customer cost

= Customer operating
income



We sell on value,
not on price!

+ Scania sales
revenue

- Scania cost

= Scania operating
income



Energy
efficiency



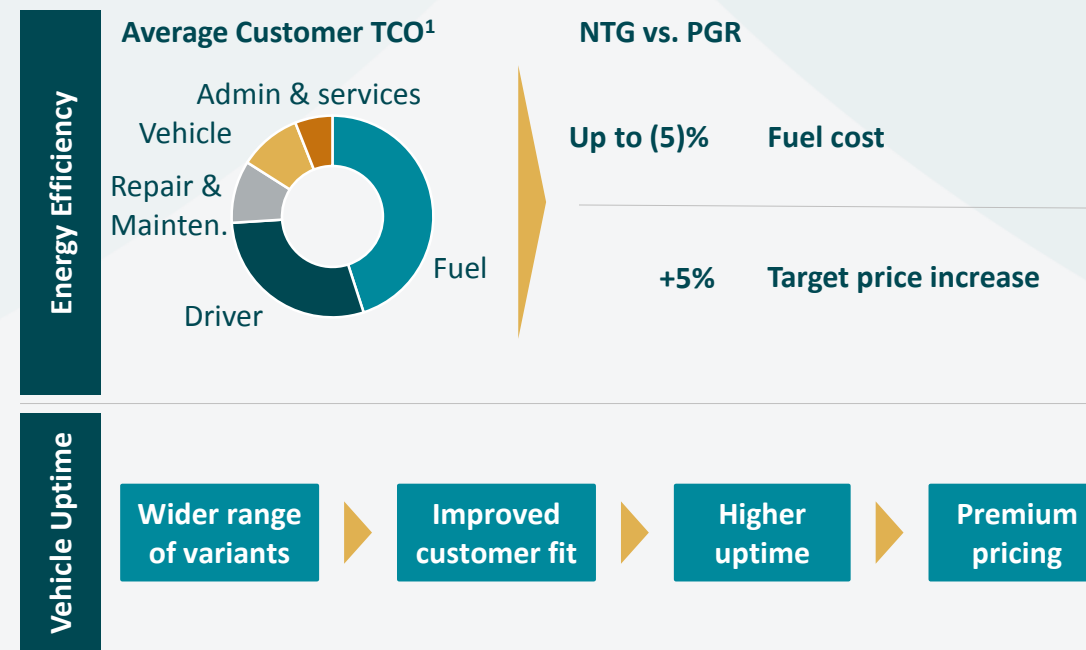
Alternative fuels
and electrification



Smart and safe
transport

Business model aims to maximize customer value as
point of departure for Scania's own profitability

EXAMPLE NTG – SELECTED IMPROVEMENTS VS. PREVIOUS GENERATION



NTG further maximizes customer value enabling Scania
to become more profitable

¹ Chart representative for German HDT market; indicative – depending on usage pattern.

LEVERAGE BYGGLADAN, SCANIA'S MODULAR TOOLBOX, ACROSS TECHNOLOGIES

MORE TAILORED PRODUCTS WITH FEWER COMPONENTS

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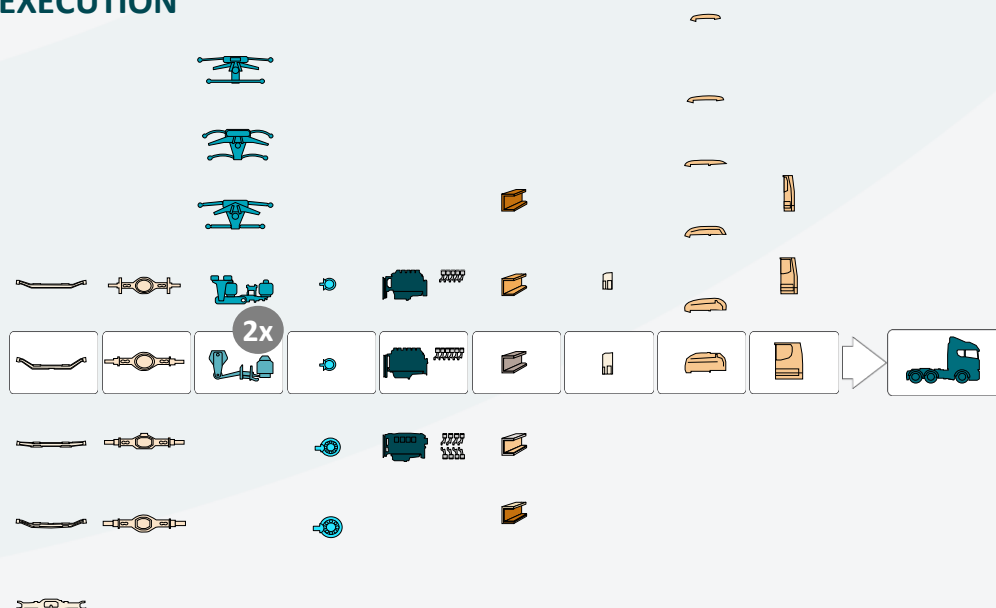
APPROACH

1 Standardized interfaces

2 Same components for different applications

3 Ability to match specific customer needs

EXECUTION



BENEFITS

Premium price...

- **Broader customer offering**
- Increased customer value due to **tailor made solutions** – even for **niche applications**¹
- **Shorter time to market** due to flexible product structure

... at low internal cost

- **Shared components** between trucks / buses
- **One global product**, enabling a **flexible production system**
- **Lower operational costs** in the whole value chain
- **Scale benefits** from 'one need, identical solution' logic

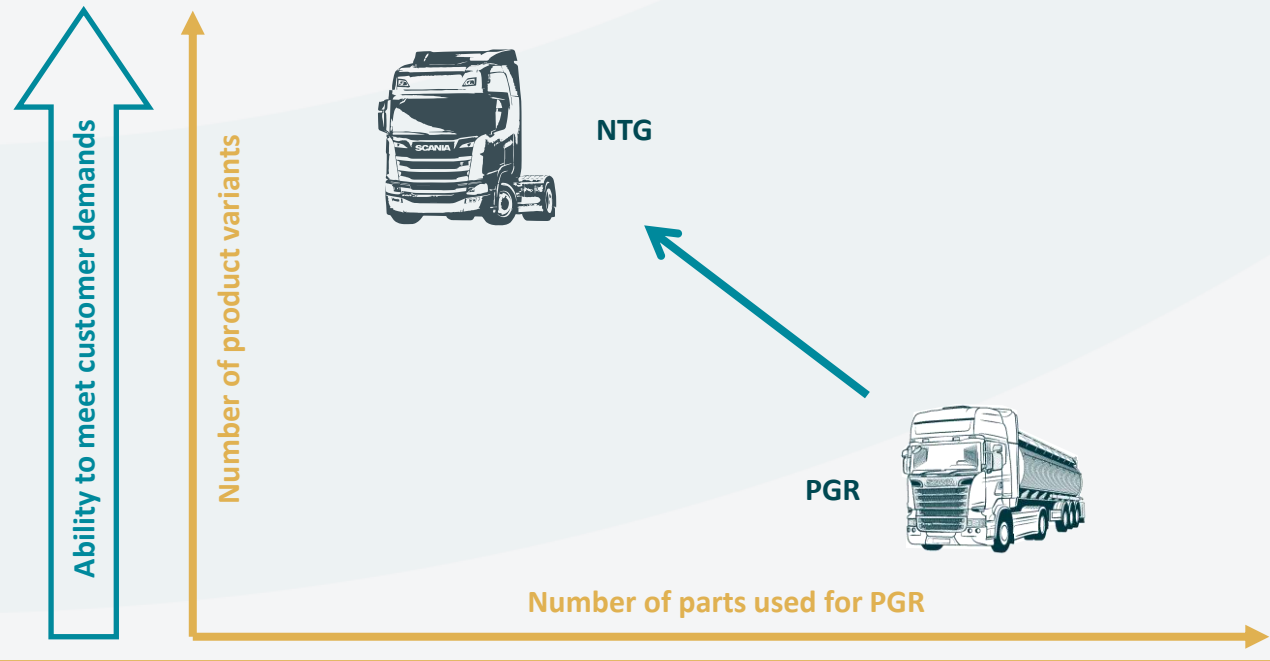
- >50 years of experience and a fully modularized vehicle range since 1980
- Continuously improved Byggladan, Scania's modular toolbox, as backbone to enable profitable mass customization of broad variant offering and as a key lever for having a long-term competitive advantage in electrification

LEVERAGE BYGGLADAN, SCANIA'S MODULAR TOOLBOX, ACROSS TECHNOLOGIES

TAILORED PRODUCTS WITH LIMITED COMPONENTS

TRATON
G R O U P

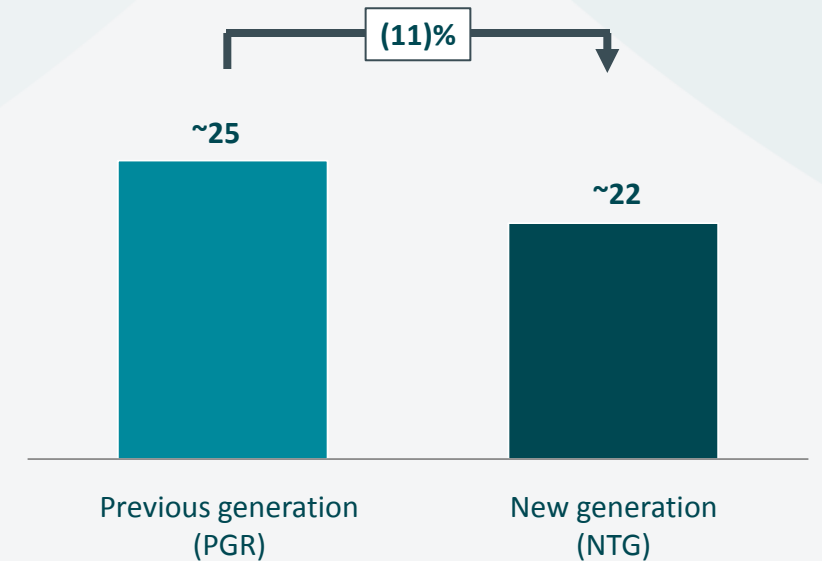
COMPARISON OF PRODUCT VARIANTS AND NUMBER OF PARTS ACROSS TRUCK GENERATIONS



Roll-out of NTG generation increases the ability to tailor-make customer solutions through broad application offering

NUMBER OF PARTS USED FOR PGR

In k¹

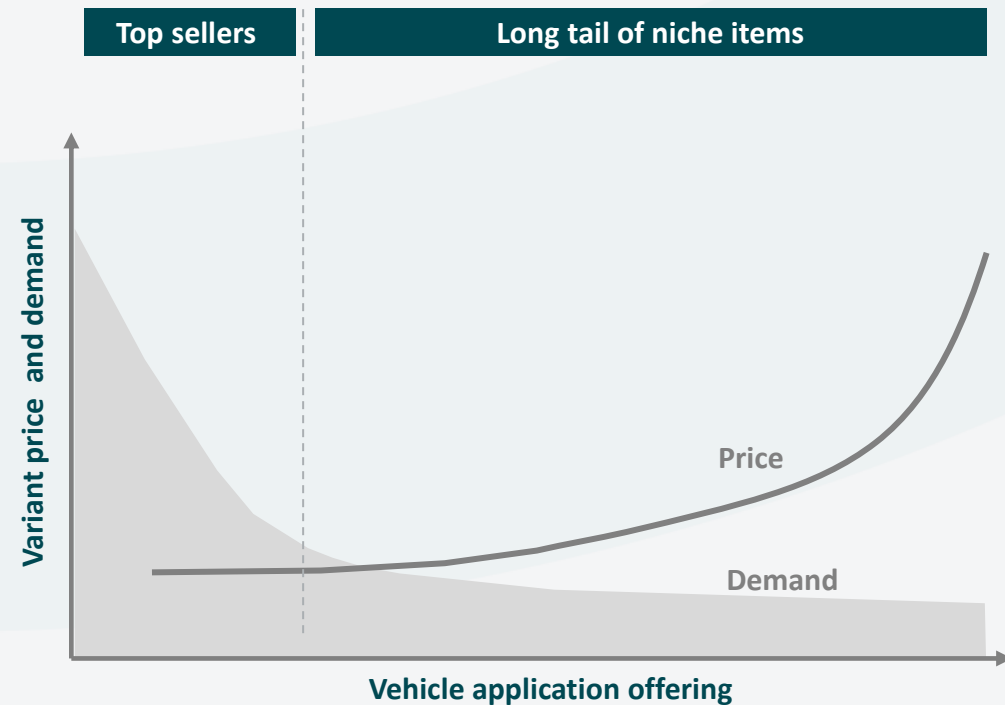


Significant reduction in the number of parts used in NTG while increasing the customer offerings

¹ Estimated number of parts extrapolated from 77 vehicles in 2016. Analysis based on P-G-R-C cab types (S-L cab types of NTG generation not considered).

LEVERAGE BYGGLADAN, SCANIA'S MODULAR TOOLBOX, ACROSS TECHNOLOGIES AS ENABLER TO PROFITABLY OFFER APPLICATIONS FOR NICHE CUSTOMERS

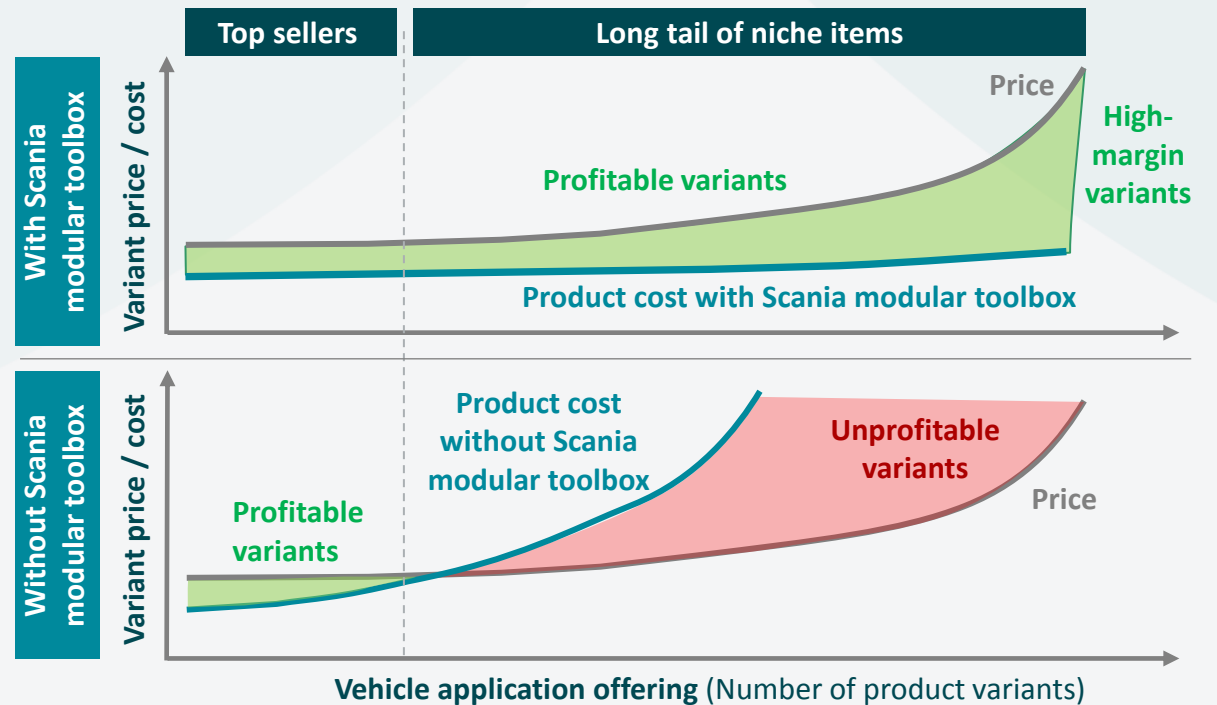
PRICE / DEMAND CURVE OF APPLICATION SPECTRUM



- Few top sellers with more competitive pricing
- Long tail of specialized vehicles with low quantities / premium pricing

¹ Average size of series, i.e. average batch size of identical vehicles produced (with same machinery set up).

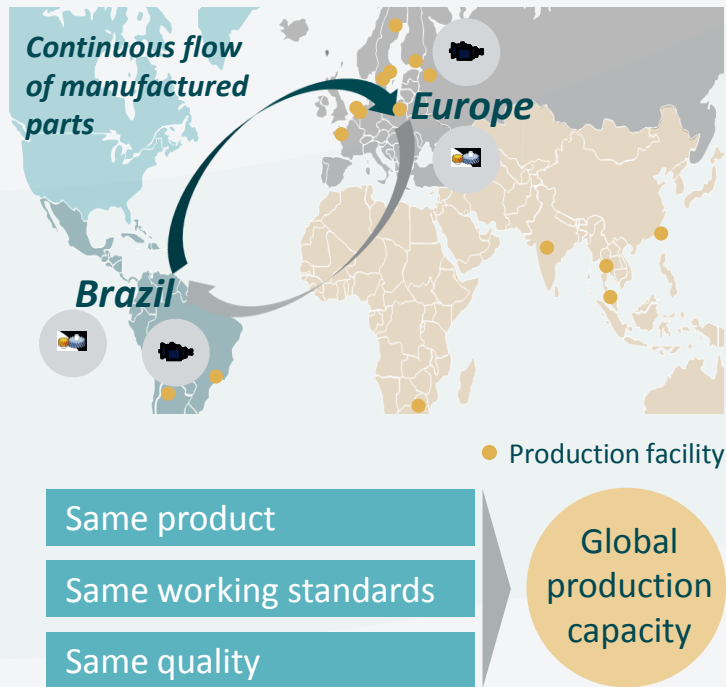
PROFITABILITY ACROSS PRODUCT OFFERING



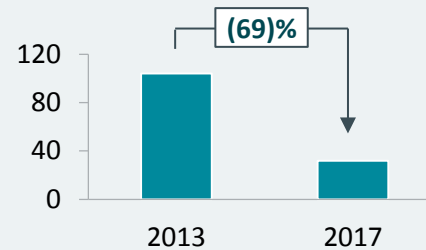
- In normal set-up not possible to cater to low volume / highly specialized market
- Scania modular toolbox allows the production of individual vehicles and thereby to profitably cater for the entire application spectrum¹

OPTIMIZE PRODUCT COST THROUGH FLEXIBLE AND LEAN GLOBAL PRODUCTION SYSTEM (1/2)

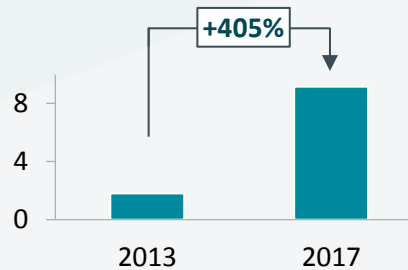
FLEXIBLE GLOBAL PRODUCTION SYSTEM



Brazil truck market unit sales¹



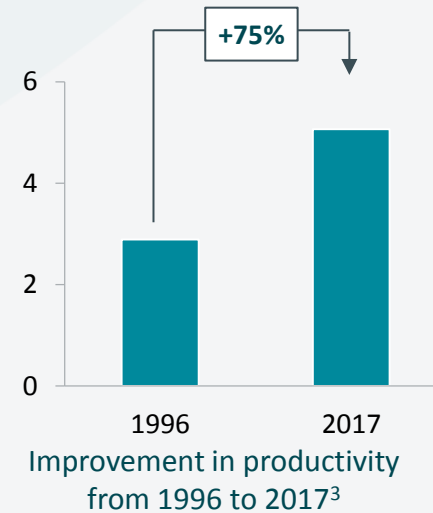
Brazil output exported to EU²



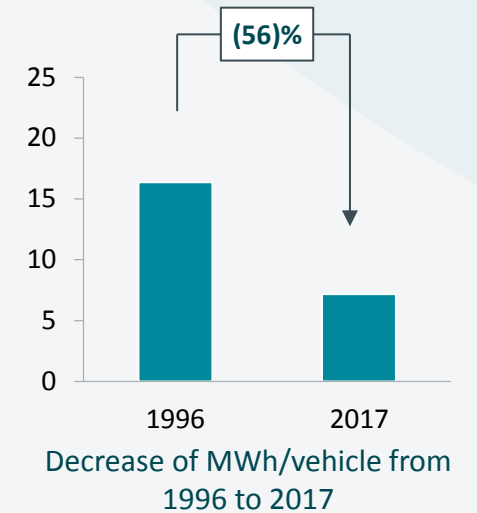
Exporting whole product spectrum within global system to counter regional cyclicity

LEAN GLOBAL PRODUCTION SYSTEM

Productivity



Environmental impact



Continuous global improvements across multiple dimensions enabled Scania to retain lean production set-up

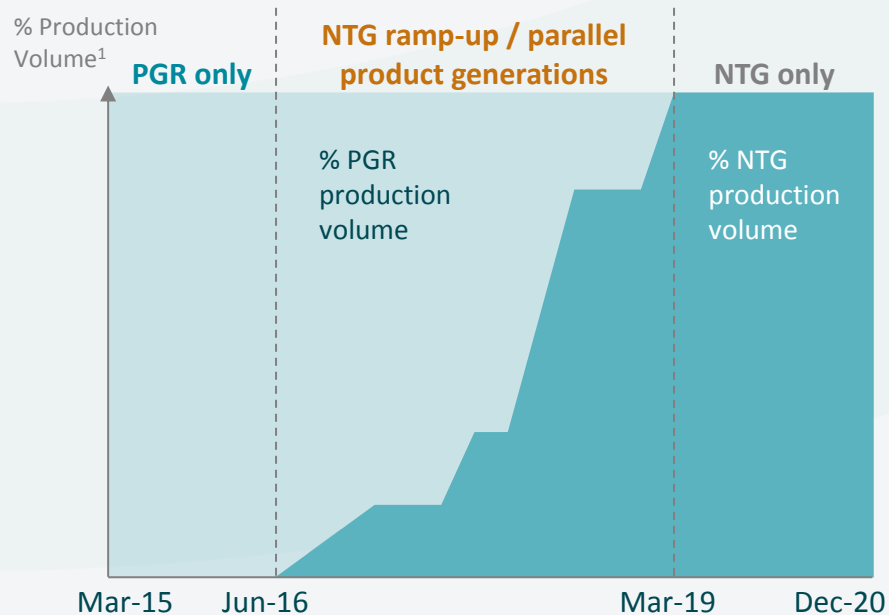
Source: IHS Markit.

1 >15t HDT truck sales, units in k. 2 Reflects vehicles produced in Brazil and exported to EU. Units in k. 3 Productivity measured as (number of vehicles produced / personnel within production, logistics and procurement) for the period.

OPTIMIZE PRODUCT COST THROUGH FLEXIBLE AND LEAN GLOBAL PRODUCTION SYSTEM (2/2)

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PARALLEL PRODUCT GENERATIONS DURING NTG RAMP-UP



Elevated cost levels throughout the organization while producing parallel product generations

DETAILS ON COST OPTIMIZATION PLAN CURRENTLY IN IMPLEMENTATION

	Scope	Status
Release of resources	Shift from launch-focused to efficiency-focused organization	Under implementation
	Realization of continuous improvements	Expected to be finalized during 2019
Product cost program	Fully dedicated cost-optimization initiative at Scania	Initiated in Q4 2018
	Embedded into the Focus & Ambition program	

Performance programs in place to rebound profitability post end of parallel production

¹ Schematic illustration for NTG production ramp-up.

EXPANSION OF SERVICE OFFERING THROUGH SMART AND CONNECTED SERVICES

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SCANIA HAS A LARGE AND CONTINUOUSLY GROWING DATA BASE ...

Selected examples of collected vehicle data

Vehicle status

- Current location
- Mileage status

Route information

- Driving route
- Driving conditions

Driving characteristics

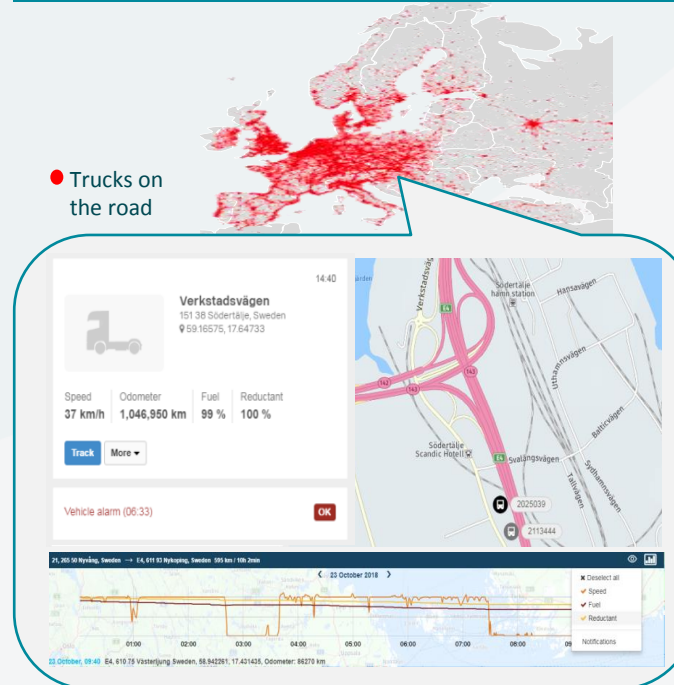
- Driving time
- Speed
- Fuel

Collected data is basis for Scania's tailored and comprehensive service offering

¹ Reflects share of captive vehicle sales with Repair & Maintenance service contract in 9M 2018.

... AND KNOWS HOW TO CAPITALIZE ON IT – EXAMPLE: FLEXIBLE MAINTENANCE

Who is using flexible maintenance?



~60% contract penetration in vehicles sold through captive distributors¹

Who benefits from flexible maintenance?

Win / Win

Customer

- Higher uptime
- Demand-driven service point visits
- Higher predictability
- Peace-of-mind planning

Scania

- Higher service point utilization
- Optimized net working capital
- Feedback loops to R&D
- Proactive customer contact
- Potential for up-selling

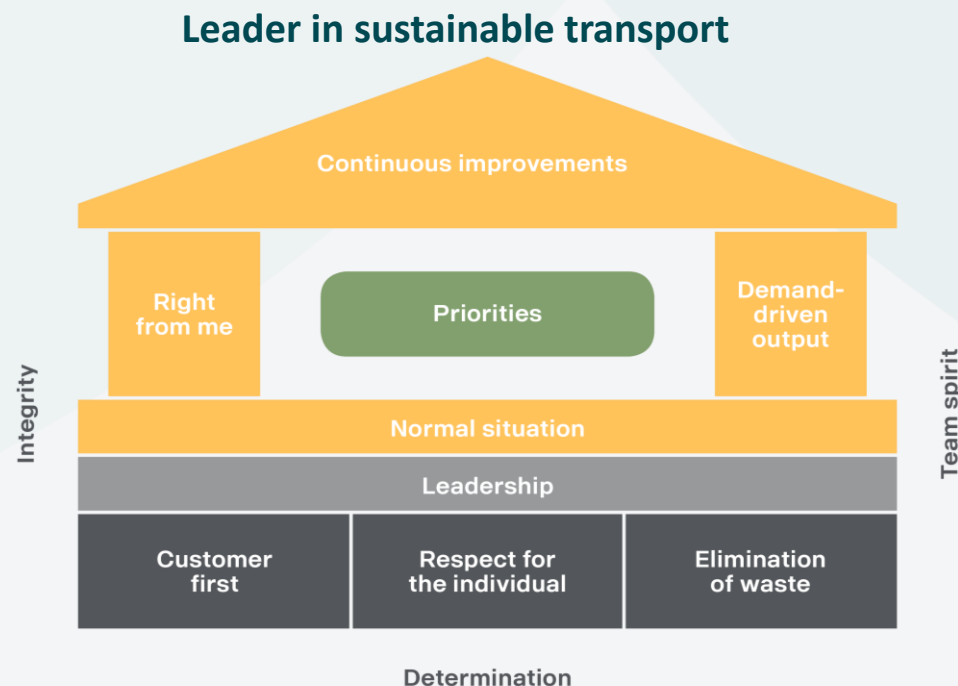
Customer can realize reduced TCO – Scania benefits as well

EXECUTION – THE “SCANIA WAY”

1 CUSTOMER-CENTRIC / CONTINUOUS IMPROVEMENT

2 PARTNERSHIPS IN THE ECO-SYSTEM OF TRANSPORT AND LOGISTICS

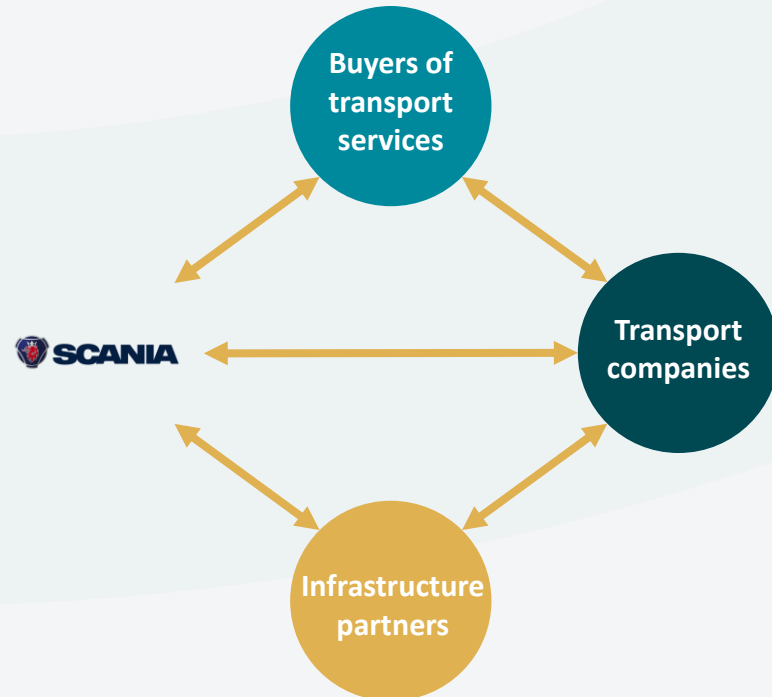
3 EXPERIENCED AND OPEN-MINDED LEADERSHIP



- Since 1996, the “Scania way” has been formalized in the “Scania House”
- The “Scania House” establishes Scania’s common company language and problem-solving culture – which is embraced by every single employee

PARTNERSHIPS IN THE ECO-SYSTEM OF TRANSPORT AND LOGISTICS

CREATING VALUE FOR CUSTOMERS WITH PARTNERSHIPS FOR HOLISTIC SOLUTIONS



Buyers of
transport
services

H&M¹



Coalition to
accelerate the
decarbonisation of
heavy transport

ASKO



Pilot fleet of four 26t
distribution vehicles
electrified from fuel
cells using **hydrogen**

Transport
companies

NETTBUSS



Tests of **battery
electric buses**

AHOLA



Testing **semi-
autonomous
platooning** in real-
traffic conditions

Infrastructure
partners

SIEMENS



**Electrically-powered
trucks** using
conductive technology
by Siemens

NORTHVOLT



Partnership on
**development and
commercialization of
battery cell technology**

¹ Collaboration with E.ON, H&M and Siemens to accelerate decarbonisation of heavy transport.

HIGHLY EXPERIENCED AND OPEN-MINDED LEADERSHIP – STRONG TRACK RECORD: DELIVERING ABOVE INDUSTRY AVERAGE MARGINS

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SCANIA EXECUTIVE BOARD MEMBERS



Henrik Henriksson
Chief Executive Officer



Johan Haeggman
Chief Financial Officer



Kent Conradson
Head of
Human Resources



Mathias Carlbaum
Head of Commercial
Operations



Claes Erixon
Head of Research and
Development



Christian Levin
Head of Sales and
Marketing¹



Anders Williamsson
Head of Purchasing



Ruthger De Vries
Head of Production and
Logistics

Years of experience relate to automotive / commercial vehicles industry

STRONG CORPORATE CULTURE

Flat hierarchy structures and respect for the individual as enabler for an open-minded working environment and strong team spirit



The open office space of Scania's Executive Board

SCANIA – KEY TAKEAWAYS

EXECUTION - THE “SCANIA WAY”

3

PROFITABILITY AND SYNERGIES

2

GROWTH

1

RAMP-UP NEW TRUCK GENERATION

BROADEST RANGE OF
ALTERNATIVE FUEL TECHNOLOGIESSTRONG CAPTIVE NETWORK AND EXPANDING
CONNECTED FLEET

SERVICE GROWTH

REGIONAL EXPANSION

PREMIUM PRICING THROUGH UNIQUE
CUSTOMER UNDERSTANDINGLEVERAGE BYGGLADAN, SCANIA'S MODULAR
TOOLBOX, ACROSS TECHNOLOGIESOPTIMIZE PRODUCT COST THROUGH FLEXIBLE
AND LEAN GLOBAL PRODUCTION SYSTEM

EXPANSION OF SERVICE OFFERING

CUSTOMER-CENTRIC / CONTINUOUS
IMPROVEMENTPARTNERSHIPS IN THE ECOSYSTEM OF
TRANSPORT AND LOGISTICSHIGHLY EXPERIENCED AND OPEN-MINDED
LEADERSHIP

DRIVING THE SHIFT TOWARDS A SUSTAINABLE TRANSPORT SYSTEM



JOACHIM DREES

MEMBER OF THE EXECUTIVE BOARD OF TRATON GROUP
CHIEF EXECUTIVE OFFICER MAN

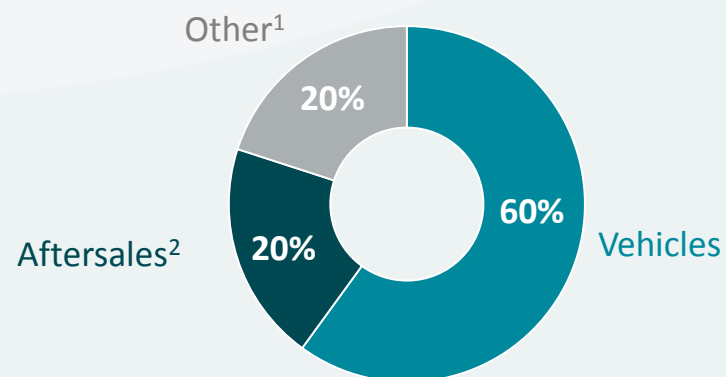
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**SIMPLIFYING BUSINESS BY BEING
THE MOST RELIABLE BUSINESS PARTNER**

OVERVIEW

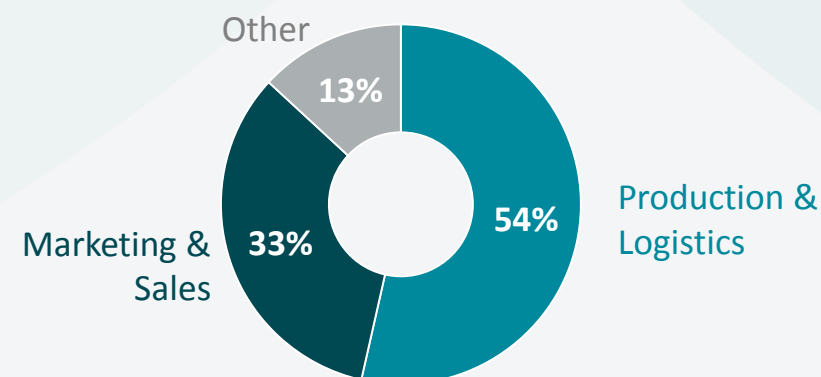
MAN T&B SALES REVENUE BY OFFER (FY2017)



€10.0bn Sales revenue

- **Truck sales are the key revenue driver**
- **Aftersales and services with significant sales revenue contribution**

MAN T&B EMPLOYEES BY FUNCTION (FY2017)



35.2k Employees³

- **Majority of employees in Production & Logistics**

Note: Figures are financially rounded.

1 Including used vehicles, engines, powertrains and parts deliveries, leasing business and other sales revenue including sales revenue from hedging transactions. 2 Including genuine parts and workshop services. 3 Total employee number includes MAN T&B India, not accounting for market exit / plant closure in 2018.

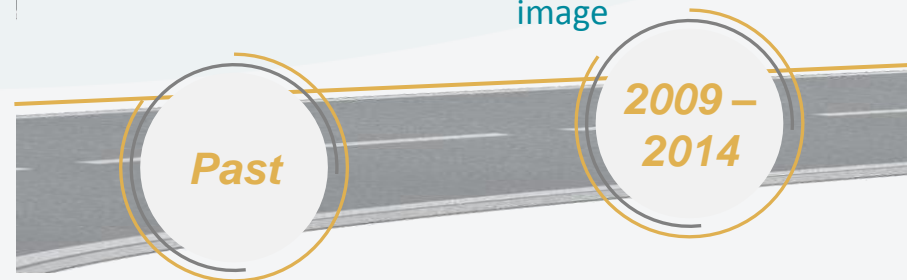
UNLOCKING POTENTIAL

STRONG ROOTS

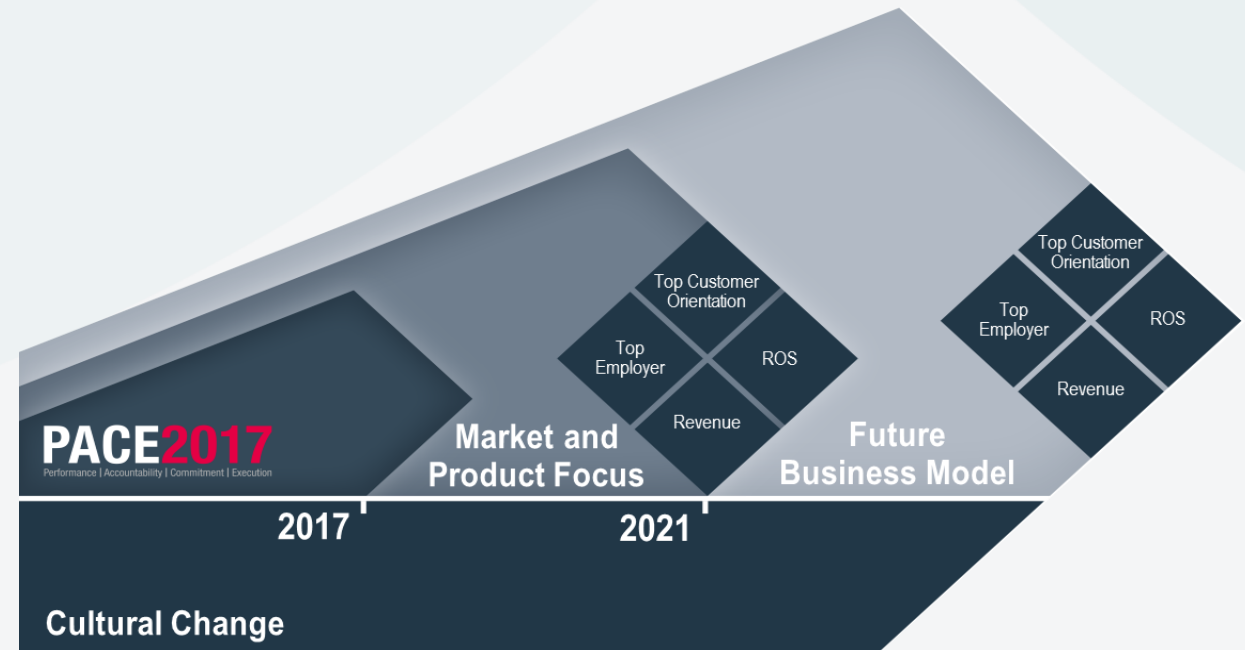
- MAN T&B's roots date back to the 18th century
- Remarkable history of innovation

PERIOD OF CHANGE

- Global financial crisis
- High leadership fluctuation and lack of strategic continuity
- Unsuccessful investments into geographic expansion
- Lack of investment in product & infrastructure, markets, processes
- Deteriorating brand image



EXECUTION OF FUTURE LION STRATEGY



UNLOCKING POTENTIAL

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STRONG ROOTS

- MAN T&B's roots date back to the 18th century
- Remarkable history of innovation

PERIOD OF CHANGE

- Global financial crisis
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PLANTING SEEDS

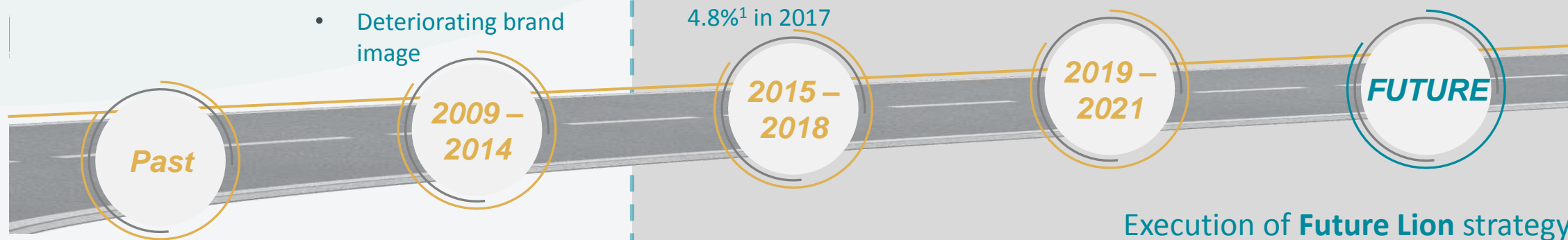
- Setup of **Future Lion** strategy
- Investment into product renewal, sales organization, infrastructure and processes
- Introduction of strict cost control projects
- Adj. RoS increase to 4.8%¹ in 2017

PROFITABILITY STABILIZATION

- Launch of new truck generation
- Focused market share growth
- Expand aftersales and service business

NEW ERA OF PROFITABILITY

- Fully benefit from renewed product portfolio
- Realize synergies
- Deliver target of 8% RoS²



Execution of **Future Lion** strategy

¹ Including (€50m) adjustment for release of restructuring provision at MAN T&B. ² Strategic target MAN T&B wants to achieve over the cycle.

SIMPLIFYING BUSINESS BY BEING THE MOST RELIABLE BUSINESS PARTNER



1 GROWTH

- Replicate **German market success story** in European Focus Markets
- **Execute** launch of **high quality product portfolio**
- **Expand** **after-sales and service offering**
- **Exploit growth opportunities** in selected **international markets**
- **Focus on electrification** going forward



2 PROFITABILITY AND SYNERGIES

- **Significantly improve profitability and cash flow** through operating enhancement program “Operational Excellence” and higher margin service offering
- **Benefit from synergies** and best practices through ongoing integration into TRATON GROUP

3 EXECUTION

- Benefit from **strong leadership** with **commitment, vision and execution focus**
- Nurture a **continuous performance improvement culture**
- Establish position as **employer of choice** and **industry leading reliability champion** with **simplifying business mindset**

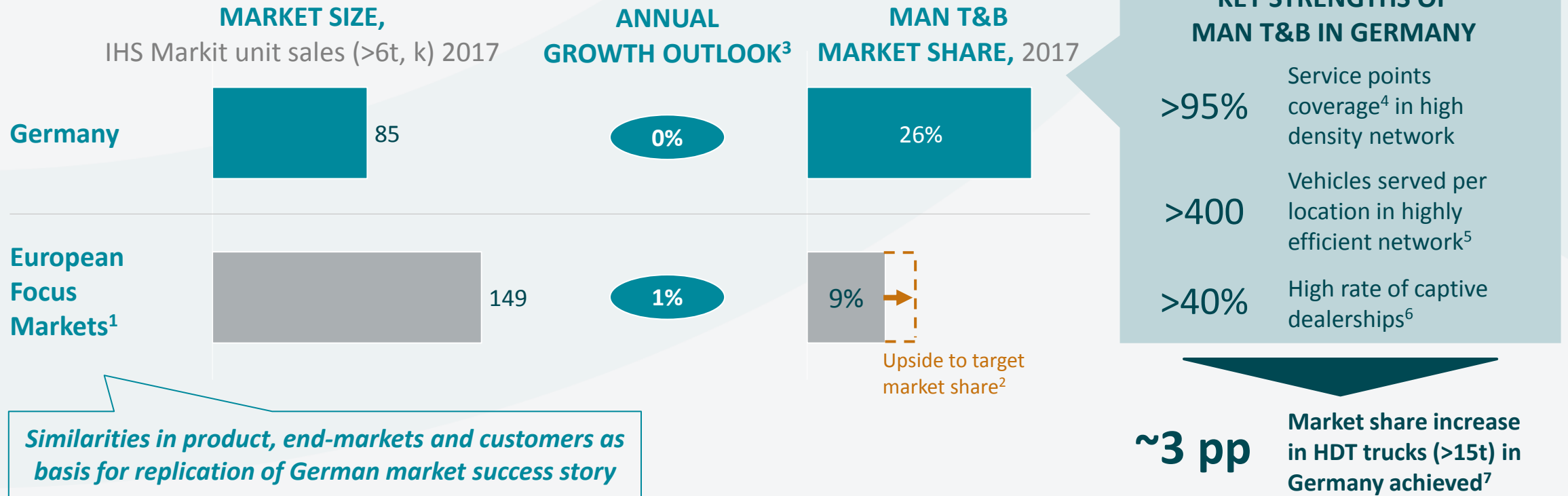
MAN T&B – STRONG PLATFORM WITH SUBSTANTIAL GROWTH POTENTIAL

TRATON
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MAN T&B sales revenue



REPLICATE GERMAN MARKET SUCCESS STORY IN EUROPEAN FOCUS MARKETS

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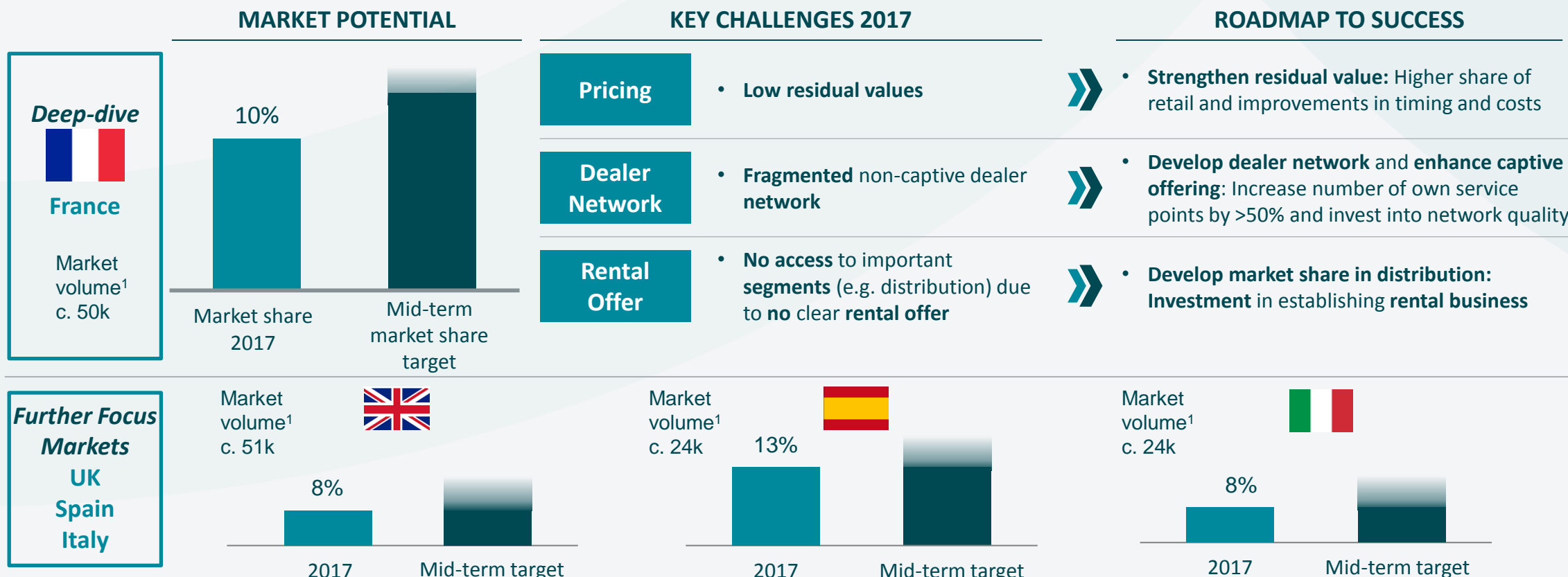
Material upside potential can be realized by transferring elements of MAN T&B's German market success story into other European Focus Markets

Source: IHS Markit.

1 Includes France, Spain, UK, Italy. 2 Only illustrative. 3 Refers to period 2017-25. 4 Reachable within 45min as of Sep-2017. 5 As of Sep-2017. 6 <20% in European countries with MAN national sales companies, ex. Germany as of Nov-2018. 7 From 2014 to 2017 for >15t.

REPLICATE GERMAN MARKET SUCCESS STORY IN EUROPEAN FOCUS MARKETS

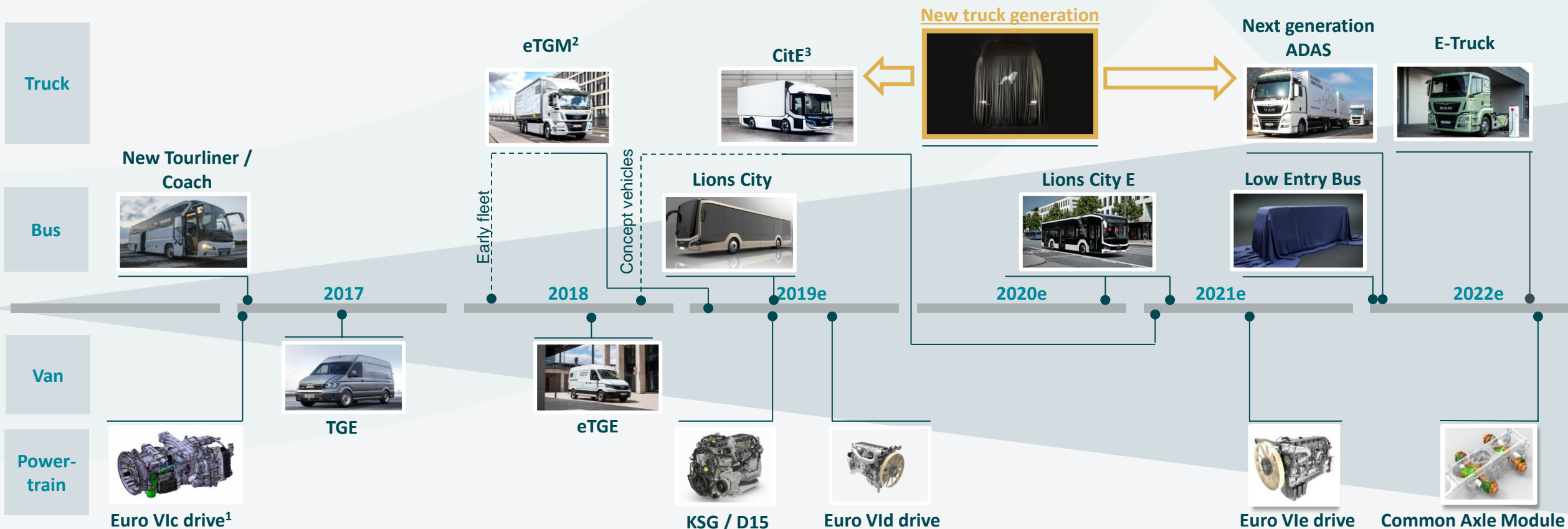
SELECTED CASE STUDIES – HOW CAN WE EXPAND OUR MARKET SHARE?



Clearly defined roadmaps based on executable measures in place to replicate German market success factors in other European markets under new leadership

LAUNCH HIGH QUALITY PRODUCT PORTFOLIO

STRONG PIPELINE OF PRODUCT AND APPLICATION INNOVATIONS (SERIES LAUNCHES)



Full pipeline of new products and application innovations in place, spearheaded by the launch of a new truck generation

1 Including GZ cooperation gears. 2 eTGM launch with CNL in 2018, small series in 2019e. 3 Concept at IAA in 2018, small series in 2021e.

LAUNCH HIGH QUALITY PRODUCT PORTFOLIO (CONT'D)

NEW TRUCK GENERATION KEY HIGHLIGHT OF INNOVATION PIPELINE

2000**LAUNCH OF TGA**

- Heavy duty cab with new levels of comfort and ergonomic design
- Setting new technology and safety standards in the industry

2007**LAUNCH OF TGS AND TGX HD SERIES**

- Replacing TGA in 2007
- Most powerful truck series in Europe at the time with V8 engine with 680 HP

2019-2021**LAUNCH NEW TRUCK GENERATION**

- New truck generation as major mid-term milestone
- Cutting-edge digitalization of new truck generation

First fully new truck generation after 20 years will be a key portfolio milestone to further drive growth
New truck generation will enable new ways of connectivity and efficiency accompanied by digital service offering

LAUNCH HIGH QUALITY PRODUCT PORTFOLIO (CONT'D)

KEY PRODUCT HIGHLIGHTS AND FEATURES

PRODUCT HIGHLIGHTS



Powerful exterior design and unique interior living design



New standards for **usability** and **connectivity**



Highly **efficient** and **reliable** powertrain

Fuel consumption reduction¹

Price increase²

Deep dive: Cabin

Safety improvements

- New assistance systems
- Highest crash safety requirements

Technology

- Integration of new electronic-architecture
- Infotainment system

Driver's workplace

- Ergonomically optimized
- Rest-time comfort improvements

Human Machine Interface

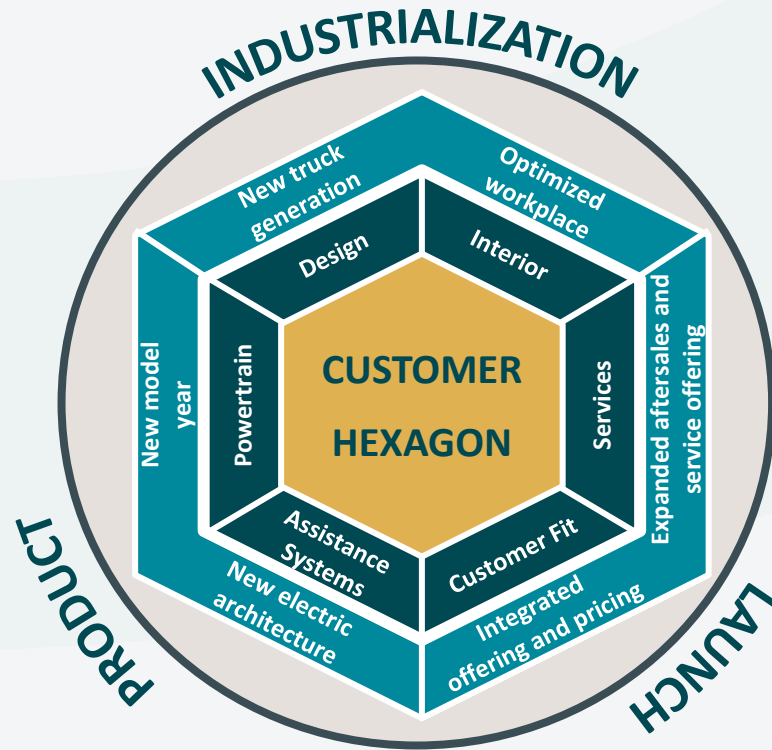
- Priority: optimal accessibility and visibility
- Structured and intuitive control layout for maximum safety

New truck generation will enable new ways of connectivity and efficiency

¹ Based on reference vehicles with D26 engine Euro VIc. ² Average price increases across total portfolio vs. prior generation.

LAUNCH HIGH QUALITY PRODUCT PORTFOLIO (CONT'D)

NEW TRUCK GENERATION COMES WITH SIGNIFICANT OPERATIVE IMPROVEMENTS ACROSS THE WHOLE ORGANIZATION



Integrated offering with value chain approach focused on TCO

Highly flexible configuration

New product logic allowing for lean sales process

Highly automated concentrated body shop

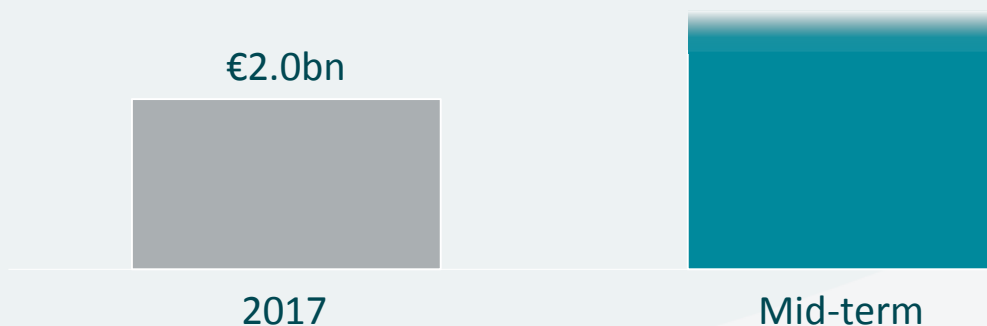
New logistic system to ensure parallel run

Increase production efficiency

EXPAND AFTERSALES AND SERVICE OFFERING AS THE MAIN LAYER OF GROWTH

MATERIAL UPSIDE POTENTIAL THROUGH ENHANCED SERVICE OFFERING

AFTERSALES REVENUE EXPECTED TO GROW



SELECTED KEY DRIVERS

- I Network development**
Increase density and efficiency
- II Retail efficiency improvement**
Process improvements and spend optimization
- III Unit sales growth**
Increase penetration and sales efficiency
- IV New aftersales products**
Increase penetration and extend portfolio
- V Parts pricing**
Pricing opportunities

KEY BENEFITS OF SERVICE OFFERING FOR MAN T&B

HIGHER CUSTOMER LOYALTY**INCREASED PROFIT POOL****FORWARD INTEGRATION**

TARGET TO INCREASE PROFITABILITY TO 8% RETURN ON SALES¹

MAN T&B adj. RoS

1 OPERATIONAL EXCELLENCE PROGRAM + Synergies within TRATON GROUP

PLANTING SEEDS

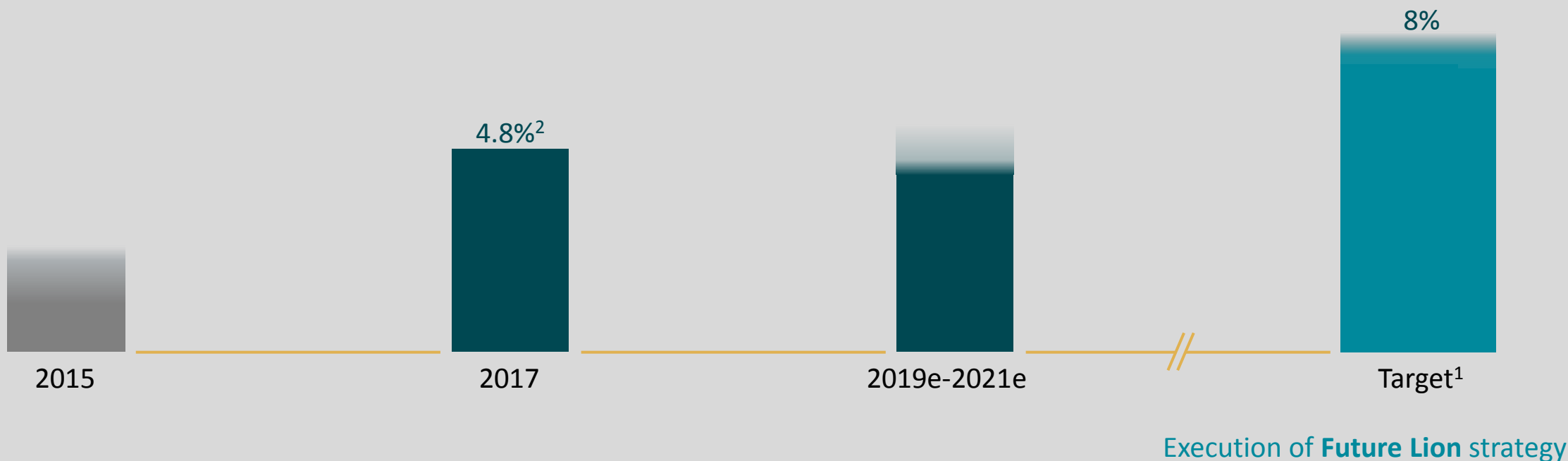
Set-up Future Lion strategy

PROFITABILITY STABILIZATION

Impacted by ramp-up costs

NEW ERA OF PROFITABILITY

Significant profit ramp-up anticipated



¹ Strategic target MAN T&B wants to achieve over the cycle. ² Including (€50m) adjustment for release of restructuring provision at MAN T&B.

OPERATIONAL EXCELLENCE IS AIMING TO MAKE MAN T&B “FIT FOR THE FUTURE” AND TO STRIVE FOR THE NEXT LEVEL OF PERFORMANCE

	MODULES	SELECTED TARGET EFFECTS	TARGETED GROSS IMPACTS ³
Profitability Impact	Sales effectiveness	Price increase for new truck generation; integrated offering and cost reduction	+++
	Product cost / PKO ⁺¹	Implement cross-functional and cross-company cost optimization approach	++
	Production efficiency	Increase productivity	++
	R&D transformation	Reduction of R&D ratio	+
	Indirect spend optimization	Reduce indirect spend	+
	Personnel cost reduction		
Cash Flow Impact	Portfolio complexity	Reduce complexity in product portfolio	No P&L target ²
	Cash & invest	Reduction of Capex ratio	No P&L target

+++ Significant ++ Strong + Moderate

- Holistic program focusing on top-line and bottom-line improvements of the P&L and addressing also Cash Flow Statement and Balance Sheet
- C. 2k initiatives with close monitoring and control mechanisms in place

¹ PKO+: Holistic cross-functional product cost improvement efforts. ² P&L impact of portfolio decisions reflected in R&D transformation module. ³ Target gross impacts do not include potential counter effects such as parallel production and launch costs, costs of digital transformation, wage and raw material price increases, and technical changes and increased depreciation.

HIGH QUALITY TEAM IN PLACE TO DEFINE STRATEGY AND CONTINUE TO DELIVER EXECUTION

MAN T&B EXECUTIVE BOARD AND MANAGEMENT BOARD MEMBERS



14

Joachim Drees
Chief Executive
Officer



24

Jan-Henrik Lafrentz
Executive Board
Member for Finance, IT
and Legal



17

Dr. Carsten Intra
Chief Human
Resources Officer



28

Dirk Große-Loheide
Chief Procurement
Officer



21

Michael Kobriger
Executive Board
Member for Production
and Logistics



25

Göran Nyberg
Executive Board
Member for Sales and
Marketing



14

Dr. Frederik Zohm
Executive Board
Member for Research
and Development

● Years in the automotive / truck industry¹

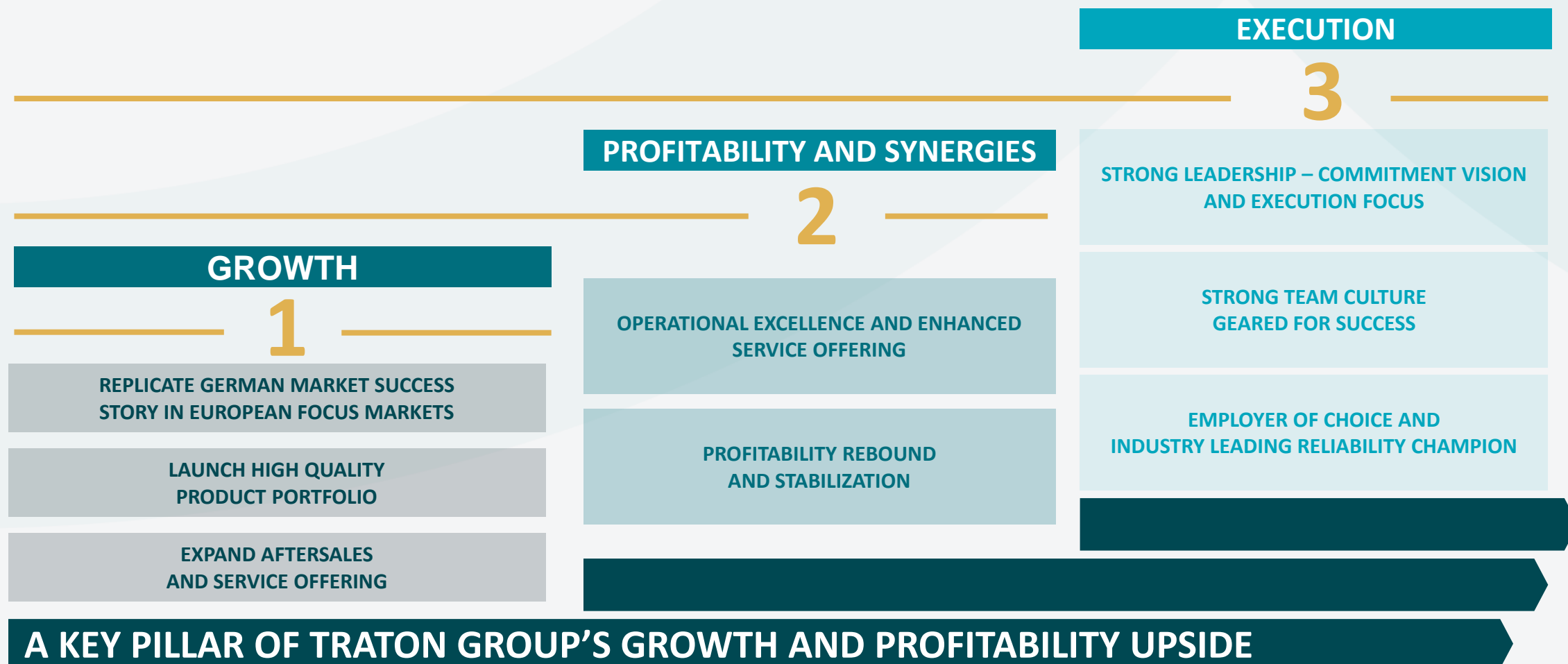
STRONG TEAM CULTURE GEARED FOR SUCCESS



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¹ Defined as years working at an automotive OEM.

MAN T&B – KEY TAKEAWAYS





ANTONIO ROBERTO CORTES

MEMBER OF THE EXECUTIVE BOARD OF TRATON GROUP
CHIEF EXECUTIVE OFFICER VOLKSWAGEN CAMINHÕES E ÔNIBUS

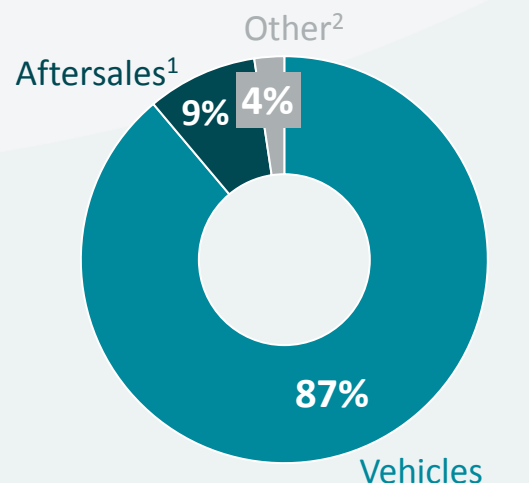
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LESS YOU DON'T WANT, MORE YOU DON'T NEED

OVERVIEW

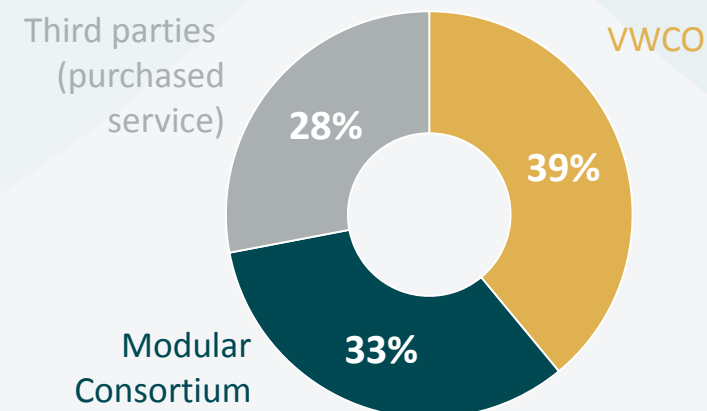
VWCO SALES REVENUE BY OFFER (FY2017)



€1.2bn Sales revenue

- 2017 sales revenue heavily negatively impacted by Brazil's major economic recession (2015-2017)
- 2017 truck sales volume in Brazil 61% below last 7-year average sales volume³

VWCO EMPLOYEES BY FUNCTION (FY2017)



1.4k VWCO employees / **3.6k** total employees⁴

- Highly innovative production system with "Consórcio Modular"
- Streamlined direct employee base allowing high flexibility and reduced fixed cost

Source: IHS Markit. Note: FTE data as per year-end 2017.

1 Including genuine parts and workshop services. 2 Including used vehicles, engines, powertrains and parts deliveries, leasing business and other sales revenue including sales revenue from hedging transactions. 3 Average sales volume (>6t) of VWCO in Brazil from 2010 to 2016 as per IHS Markit. Incl. MAN-branded sales volume. 4 Including employees of Consórcio Modular and other third party employees.

WELL-POSITIONED TO BENEFIT FROM THE ONGOING MARKET RECOVERY IN BRAZIL

PRE-CRISIS

- Benchmark performance
- Strong RoS of 11-12%¹ in 2010/11

TURNAROUND PERIOD

- Deteriorating profitability
- Flexible production system
- Cost initiatives executed

FUTURE

- Market recovery
- Aim to return to target performance levels



VWCO truck market position in Brazil

VWCO truck market share in Brazil

Brazil truck market

2017/2018e

+45%

Truck market growth

2018e-2021e

+6%

Near-term annual
truck market growth

2018e-2023e

+18%

GDP-derived annual
truck market growth
potential²

Source: IHS Markit, IMF. Note: VWCO market share data post 2000 based on IHS Markit truck sales volumes >6t including MAN-branded sales and pre 2000 based on company estimate (no IHS Markit data available).

1 As per MAN SE Annual Report 2011. 2 Annual growth potential under the assumption that the ratio "number of trucks sold to GDP (BRL bn)" returns from 2018e (39x) level to the 2008-2014 historical average of 78x in the next five years (Real GDP forecast based on IMF).

LESS YOU DON'T WANT MORE YOU DON'T NEED



1 GROWTH

- Well-positioned to **benefit from ongoing market recovery in Brazil**
- **Expand export business** (South America, Mexico, Africa and Middle East)
- **Expand product portfolio** (entry into light commercial cab chassis and extra heavy segment)
- Expansion of **after-sales and additional innovative services**

2 PROFITABILITY AND SYNERGIES

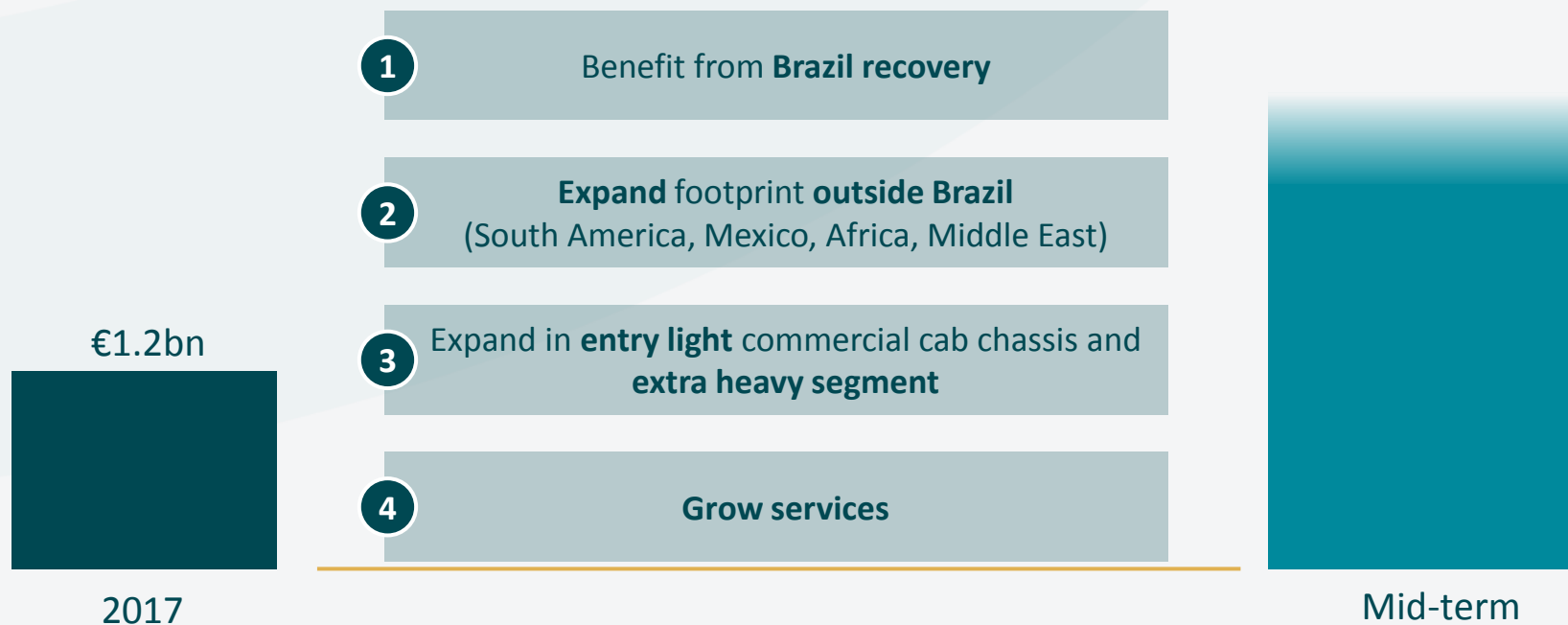
- Leverage **“Consórcio Modular”** (flexible production at low costs and exposure)
- Execute **additional cost control measures** through discipline developed in turnaround period (2015-2017)
- Leverage **synergies** from **Group components utilization**

3 EXECUTION

- Management team with **longstanding experience** in the regional markets and **proven track record**

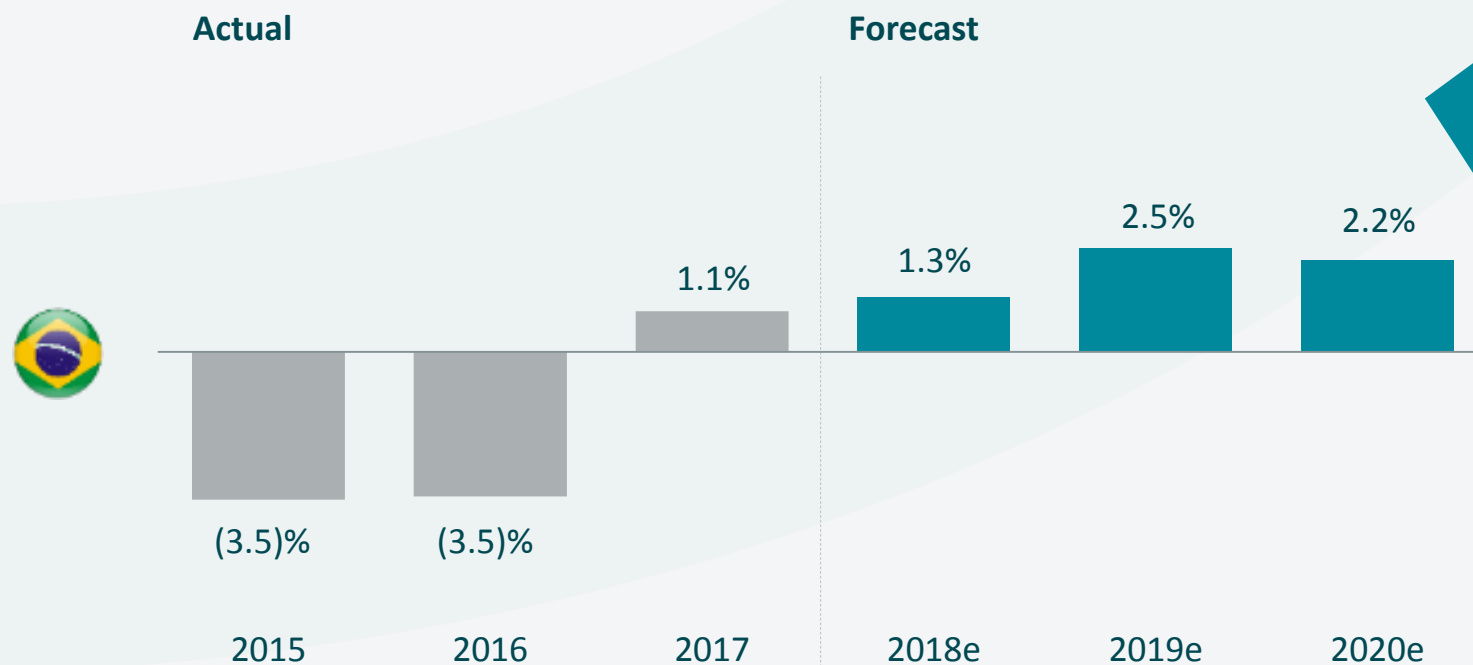
VWCO – STRONG PLATFORM WITH SUBSTANTIAL GROWTH POTENTIAL

VWCO sales revenue



BRAZIL: LARGE MARKET WITH SIGNIFICANT GROWTH POTENTIAL

Real GDP growth




Economic recovery in core market Brazil with strong growth trajectory ahead

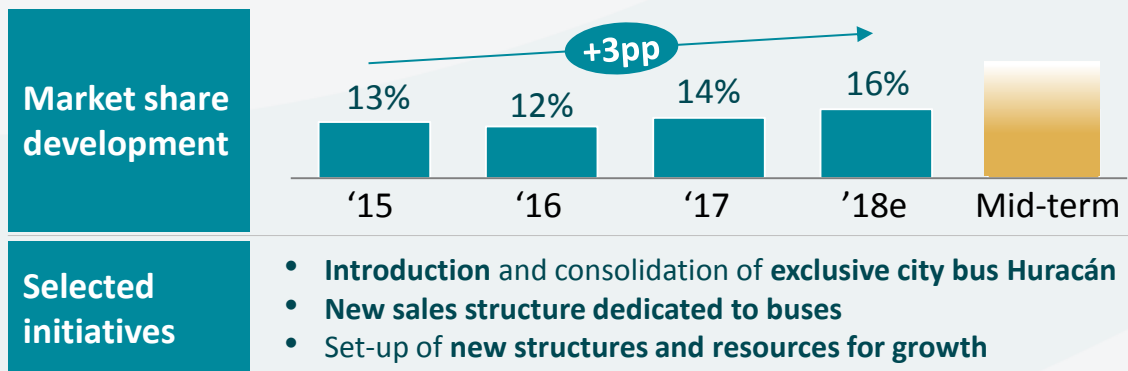
Source: IHS Markit, GDP growth based on IMF.

1 Based on sales volumes >6t and includes MAN-branded sales.

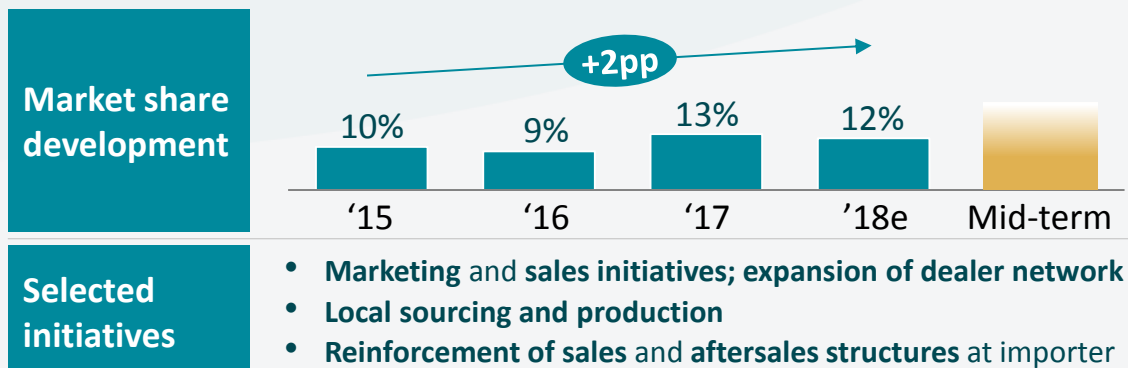
DETAILED ROADMAP IN PLACE TO BECOME #1 IN SOUTH AMERICA AND GROW IN MEXICO, AFRICA AND MIDDLE EAST

SELECTED FOCUS COUNTRIES IN SOUTH AMERICA/MEXICO

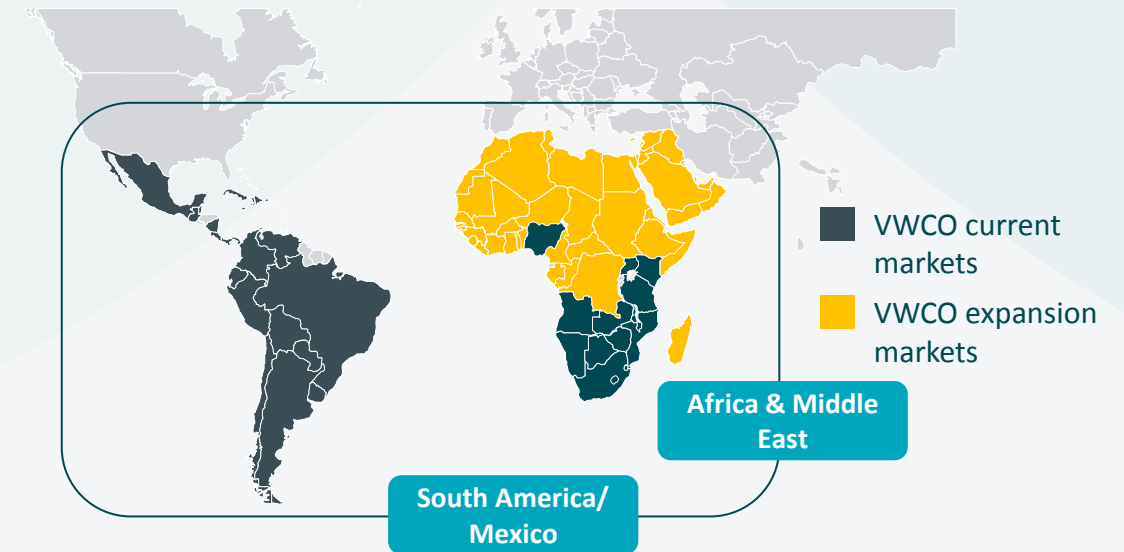
Mexico (buses) 



Argentina (trucks¹ and buses) 



EXPANSION MARKETS IN AFRICA AND MIDDLE EAST



Recent achievements

+4
Emerging markets²
entered in last 5
years

+19
New dealers in
last 5 years

+6
New importers
in last 5 years

Source: IHS Markit. Note: Mexico buses market share based on company estimate.

1 Trucks >6t. 2 Honduras, Guatemala, Nicaragua, Ghana.

STRONG PIPELINE OF PRODUCTS TO FURTHER STRENGTHEN VWCO'S TAILORED SOLUTIONS PORTFOLIO

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TYPE OF INNOVATION

DESCRIPTION

KEY PRODUCT LAUNCHES

New Delivery
(New truck generation/
portfolio extension)

Previous generation
introduced in 2005

Entry to <5t segment
(new Delivery truck)

New Delivery (Diesel)



- **Launch year:** 2017
- Completely renewed light-duty family
- Attractive price/performance ratio
- Weight range: 6.0-13.0t

New Delivery (Diesel)



- **Launch year:** 2018
- New segment for VWCO
- Complete vehicle including load platform
- Weight range: 3.5-4.4t

Extra Heavy
(Portfolio extension)

Entry to heavy weight/
off-road segment

Extra Heavy-Constellation



- **Launch year:** 2020
- New extra heavy model (GCW¹ up to 125 tons)
- Off-road applications

New model



- New extra heavy model
- Further strengthening heavy segment offering

**Electric/Alternative
Fuels** (Efficiency)

New models with alternative
fuel/electrification
technology

e-Delivery



- **Launch year:** 2020-21
- Electric distribution truck
- Single purchase intention of 1,600 units received

e-FLEX Bus



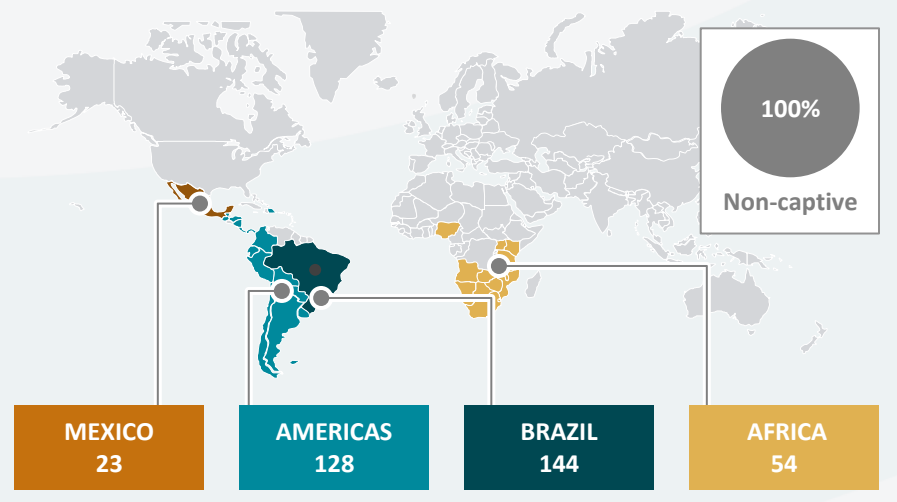
- **Launch year:** 2022-23
- Plug-in hybrid bus
- E-flex solution running with any mix of ethanol and gasoline or gas

¹ Gross combined weight.

EXPANSION OF SERVICE OFFERING THROUGH FOCUS ON SERVICE AVAILABILITY AND STRONG RELIABILITY

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G R O U P

GLOBAL SERVICES FOOTPRINT

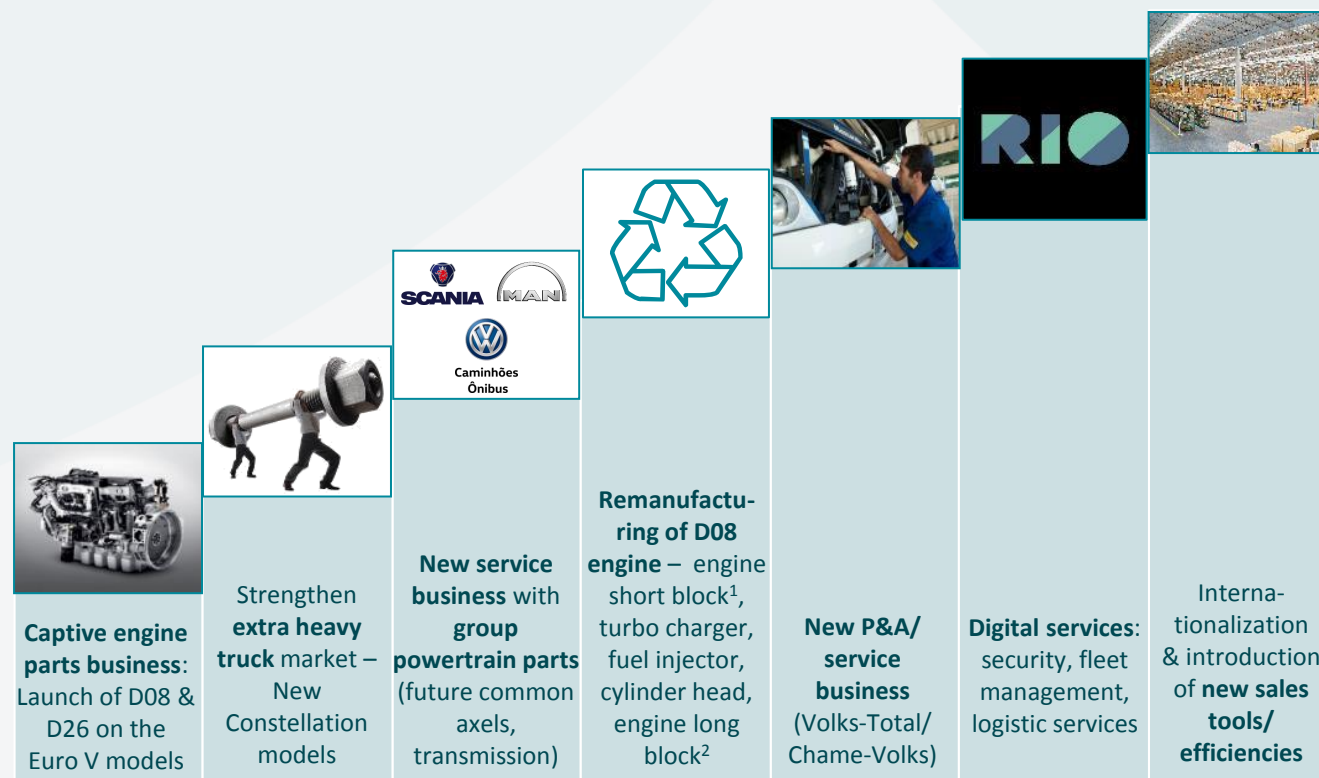


Key KPIs

94%	90%	75 %
Overall customer satisfaction of owners (QTS Survey) 2017	Customer satisfaction related to service by dealer network (QASC Survey) 2017	Dealer satisfaction – general performance (Fenabrave) 3 rd best in industry 2017

Leading dealer network satisfaction among manufacturers offering a full-line of product

EXPANSION OF SERVICE & AFTERSALES BUSINESS

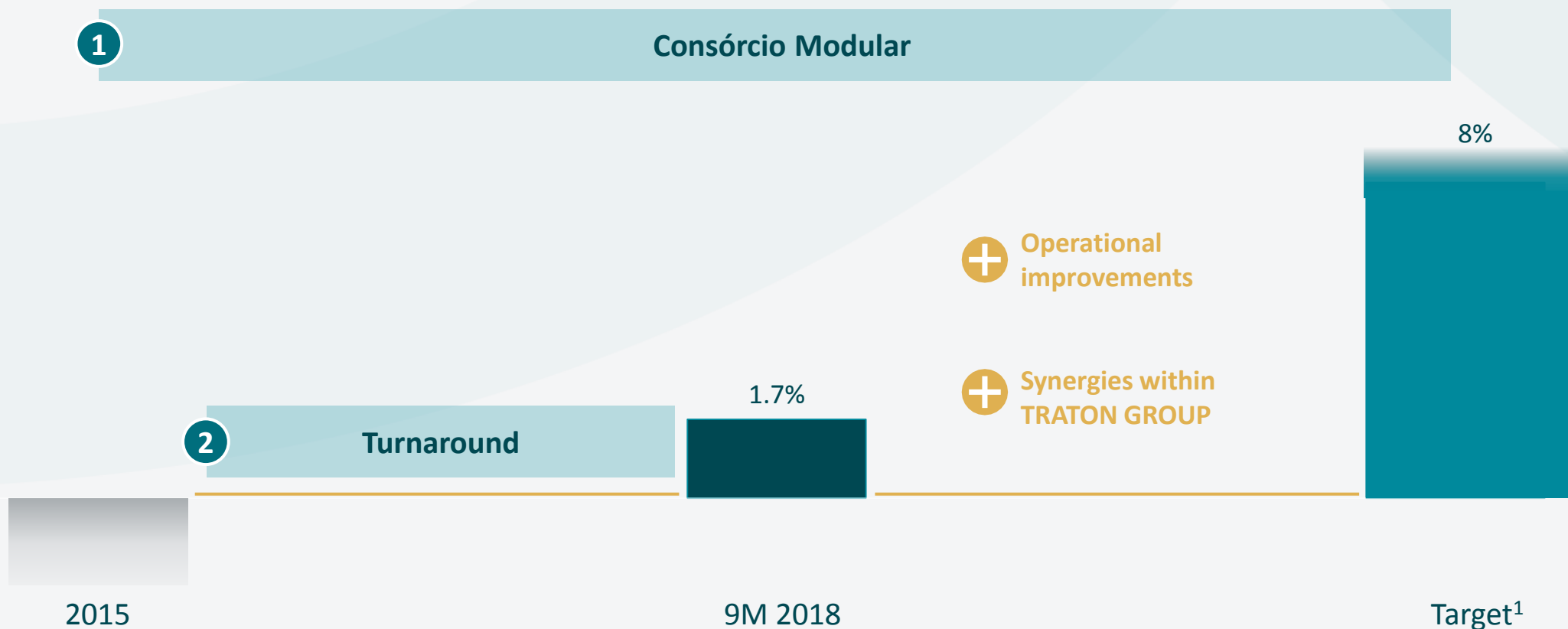


Numerous service expansion measures to be executed in mid-term

1 Engine short block composition: cylinder block, camshaft, conrod and crankshaft. 2 Engine long block composition: cylinder block, camshaft, conrod, crankshaft, cylinder head and valve train.

CLEAR PATH TO ACHIEVE 8% OVER THE CYCLE RETURN ON SALES TARGET¹

VWCO adj. RoS



¹ Strategic target VWCO wants to achieve over the cycle.

“CONSÓRCIO MODULAR” – HIGHLY FLEXIBLE PRODUCTION AT LOW COSTS

“CONSÓRCIO MODULAR” ...

VWCO

- Product concept
- Product development
- Certification
- Quality assurances
- Sales & aftersales

Partners/Suppliers

- 100% of Consórcio Modular production system operation
- 100% of direct labour

... 100% OPERATED BY SUPPLIERS – “PARTNERS” ...



Leveraging from what we have and what others have built

... DRIVING PROFITABILITY

- Competitive direct labour cost
- Low investment and fixed cost
- Low down-cycle exposure
- High flexibility to cope with volatility
- Low capital employed
- Low breakeven

Asset-light production system enables resilience in economic down-cycles

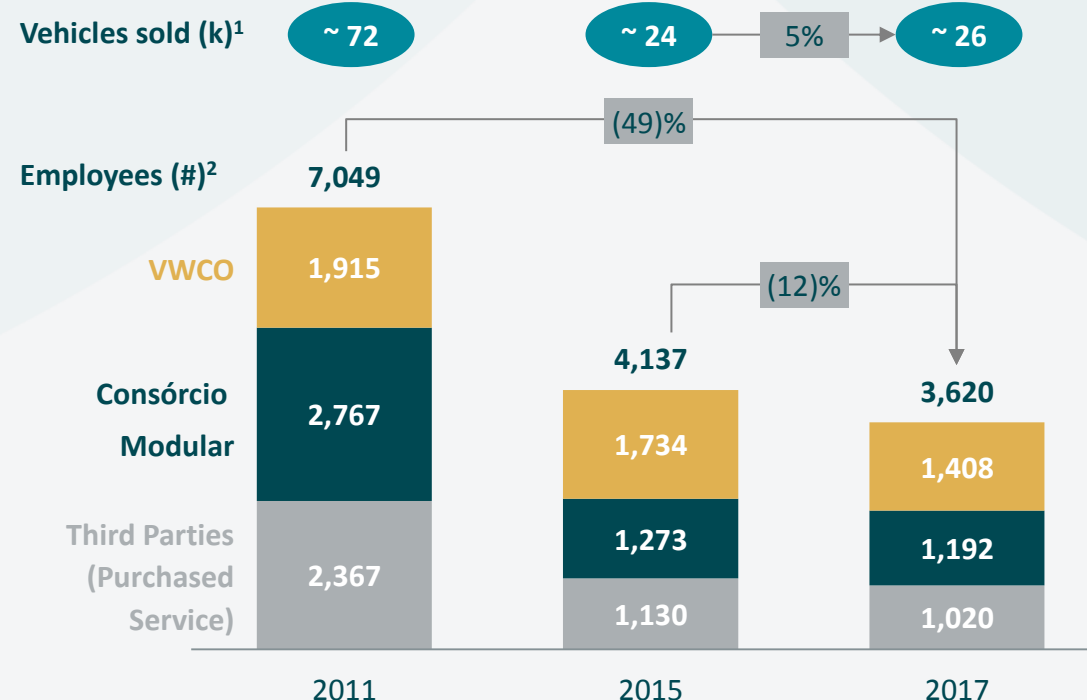
VWCO TURNAROUND SHOWING SIGNIFICANT IMPACT SUPPORTED BY STRINGENT COST MANAGEMENT AND FLEXIBLE PRODUCTION SYSTEM

VWCO TURNAROUND PLAN (2016/2017)

Measure	Key lever	Estimated Contribution
Price	<ul style="list-style-type: none"> Pricing increases 	
Material cost performance	<ul style="list-style-type: none"> Synergies with the group (steel, tires, etc.) Efficiency program and product cost optimization 	
Production efficiency/ Fixed cost	<ul style="list-style-type: none"> Productivity (measured as vehicle per employee) increased from 2016 to 2017 12% headcount reduction from 2015 to 2017² 	
Total impact (€m)		Significant

- Stringent cost management as key driver of turnaround plan
- Significant impact since 2016 achieved

FLEXIBLE EMPLOYEE BASE (EMPLOYEE EVOLUTION 2011 – 2017)



- Flexible total headcount reduction as reaction to market downturn
- 2017 total headcount significantly below 2011 level

¹ VWCO trucks ≥ 5t; all figures as per VWCO company information; Unit sales per fiscal year (31 December 2017). ² Including employees of Consórcio Modular and other third party employees.

CLEARLY ASSIGNED RESPONSIBILITIES COMBINED WITH RIGID CONTROL AND TRACKING PROCESS

TRATON
GROUP

VWCO MANAGEMENT BOARD MEMBERS AND KEY VICE PRESIDENTS

VWCO Management Board Members



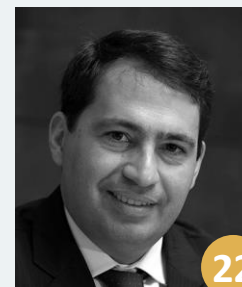
Antonio R. Cortes
President & CEO



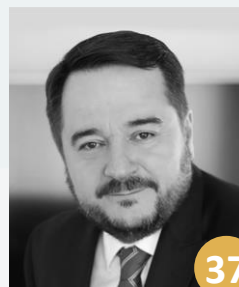
Lineu Takayama
Human Resources



Adilson Dezoto
Production & Logistic



Leandro Siqueira
Product Planning, Corp. Strategy
& Digitalization



Paulo M. Barbosa
Finance, IT
& Legal Affairs



José Richardo Alouche
Sales, Marketing &
Aftersales



Marcos Vinicius Forgioni
International
Sales & Marketing



Luiz Alvarez
Supply



Rodrigo Chaves
Engineering

Key Vice Presidents

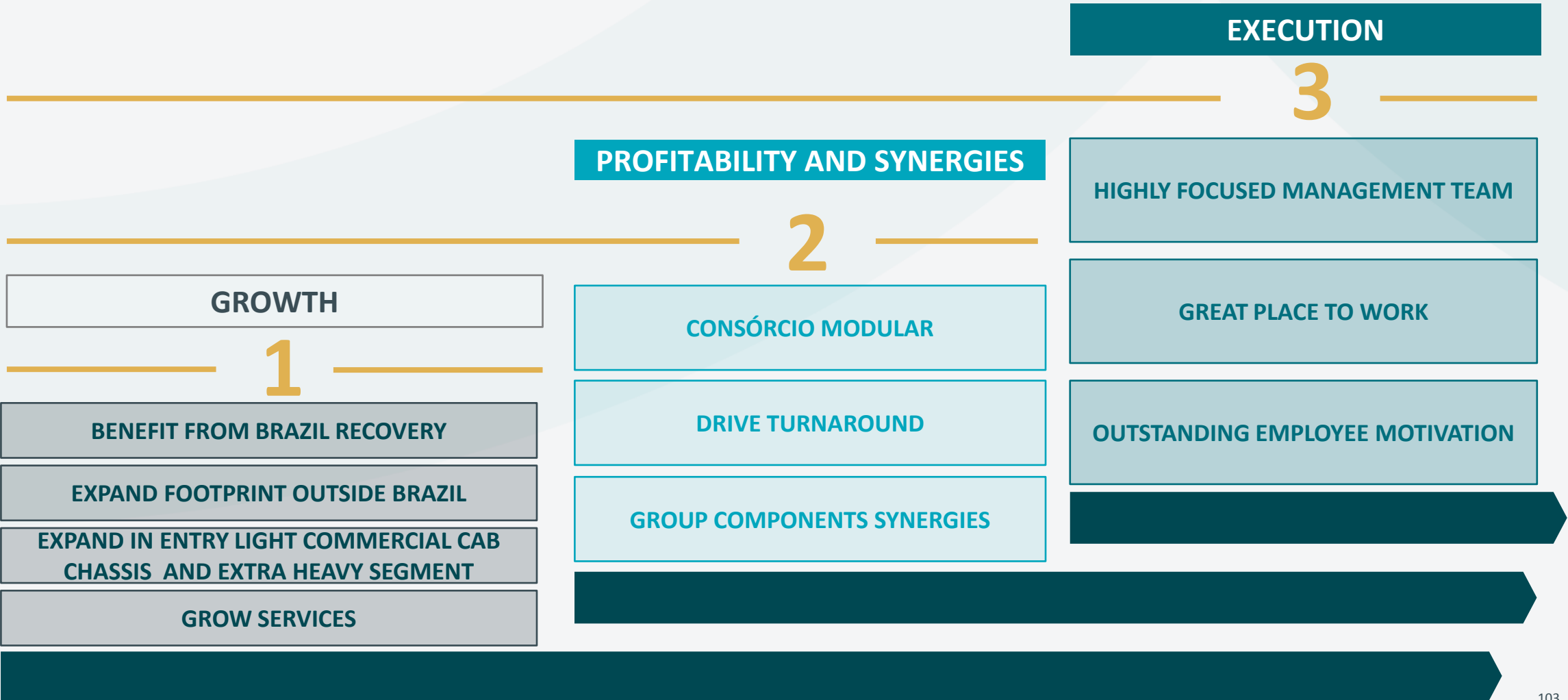
Years of experience relate to automotive/truck industry

OUTSTANDING EMPLOYEE MOTIVATION

Highly motivated workforce as basis for company success



VWCO – KEY TAKEAWAYS





CHRISTIAN LEVIN

CHIEF TECHNOLOGY OFFICER TRATON GROUP

TRATON
GROUP

TODAY'S AGENDA

01. INTRODUCTION

02. COMPANY HIGHLIGHTS

03. INDUSTRY AND MARKET ENVIRONMENT

04. **TRATON GROUP**

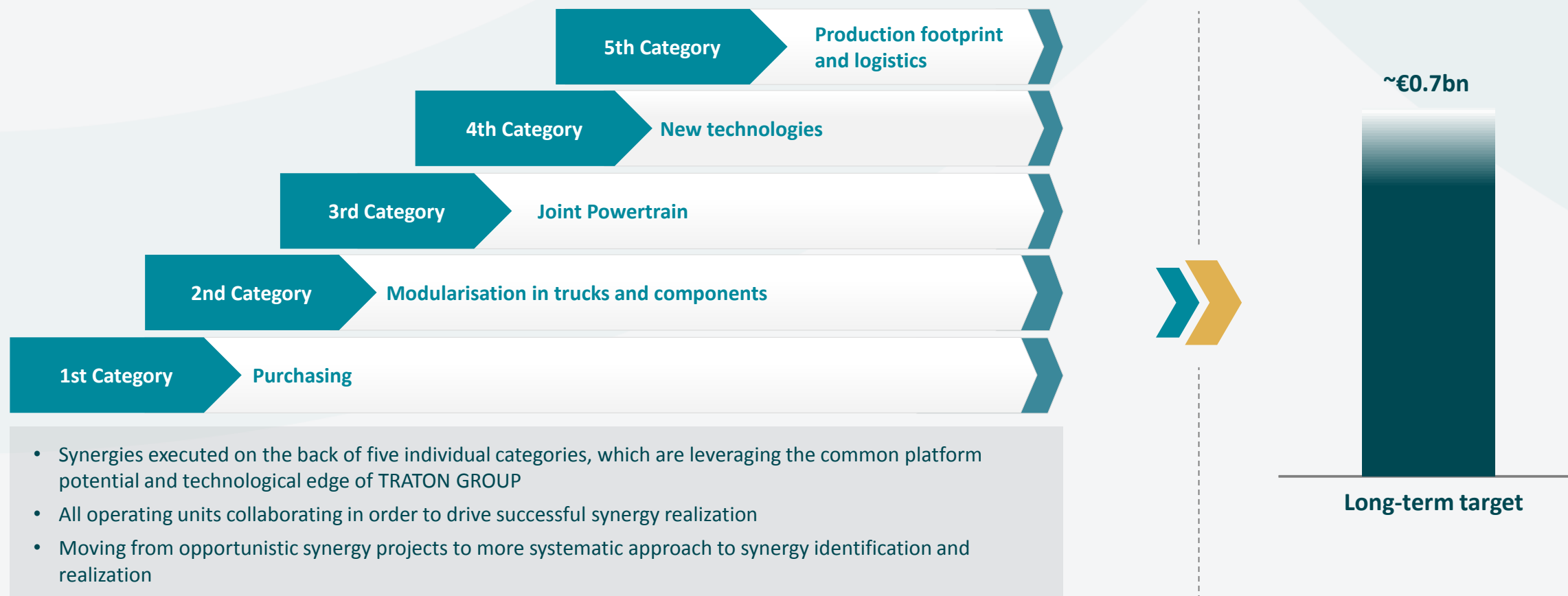
Brand Performance | **Cooperations & Synergies** | Global Expansion | Customer Focused Innovation

05. FINANCIALS

06. WRAP UP


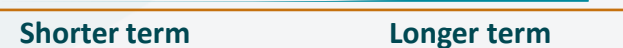

TRATON GROUP SYNERGIES RAMPING UP ON THE BACK OF FIVE INDIVIDUAL CATEGORIES

TRATON
GROUP



TRATON GROUP WITH STRUCTURED APPROACH TO SYNERGY EXPLORATION AND VISIBLE SYNERGIES AHEAD

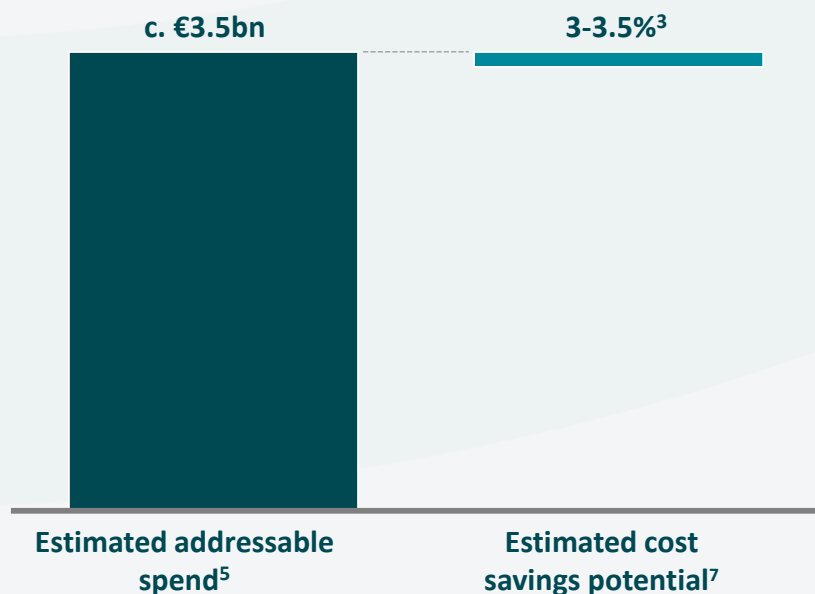


		CUMULATIVE SYNERGY CONTRIBUTION	
DESCRIPTION		SCHEMATIC TARGETED TIMING OF SYNERGY IMPACT	TARGETED CONTRIBUTION ¹
A Purchasing (incl. lead buying)	Lead buying of parts/components		c. 60-65%
B Modularization and components	Common components		c. 5-10%
C Joint powertrain	Common base engine, after treatment, transmission and axle		c. 25-30%
New technologies	Common electric powertrain, and Autonomous/ADAS	FURTHER POTENTIAL BEYOND <i>In particular related to new technologies, production footprint and logistics</i>	
Production footprint and logistics	Optimized global footprint and logistic		

¹ Cumulative contribution from shorter to longer term per category as percentage of total cumulative synergy impact in same time frame.

A PURCHASING/LEAD BUYING IS THE GLOBAL COLLABORATION MODEL WITHIN PROCUREMENT

Initial Assessment



Implementation Phase

Holistic approach to Lead Buying strategy – c. 15-20% of targeted cumulative contributions⁴

What is the objective?

- Bundling of purchasing power
- Achieving reduced purchasing spend for selected categories

Wave 1

Wave 2

Wave 3

Tires

Infotainment

Fan

Turbo

Canning

Urea tank

Batteries

Starters

A/C compressor

Propeller shaft

Steering system

Wheel speed sensors

Power distribution

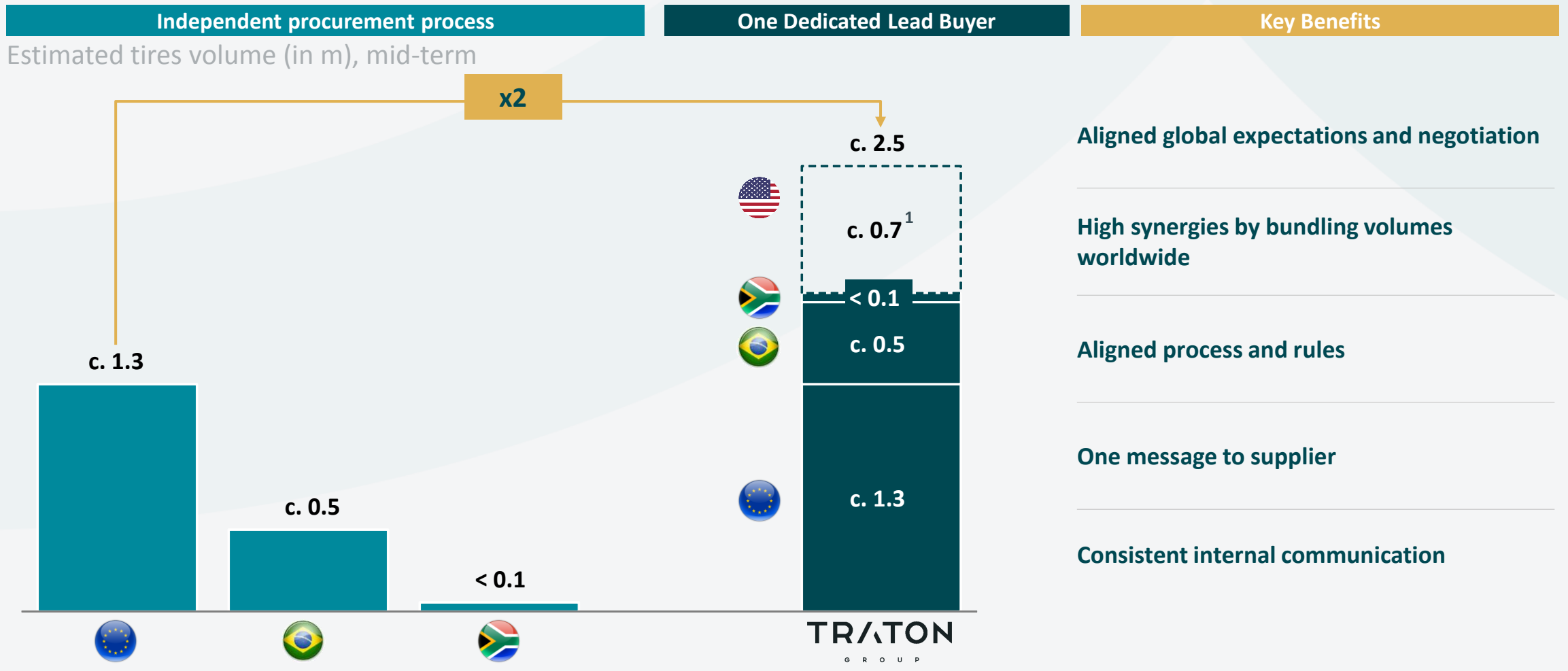
Air compressor

Analysis ongoing

	Analysis period ¹	02/18-04/18	03/18-06/18	Ongoing ⁶
Status	Strategy developed ²	✓	✓	Ongoing
	Implementation	Ongoing	Ongoing	Not started
Annual addressed spend (€)		~950-1,000m	~400-450m	TBD

1 Period in which savings potential is determined. 2 Strategy on the basis of which respective teams commit to realizing the savings potential. 3 Includes 3% on Lead Buying on modularized components (c. €3bn) and 5% on further addressable spend (c. €0.5bn). 4 Remainder of c. 60-65% targeted cumulative contribution in Purchasing (incl. lead buying) relates to ongoing commercial collaborations. 5 Analysis based on 2017 figures. Includes c. €3bn addressable spend for components in Modularization and Components scope and additional c. €0.5bn outside the Modularization and Component scope. 6 Targeted to be finalized in February 2019. 7 Mid-term potential.

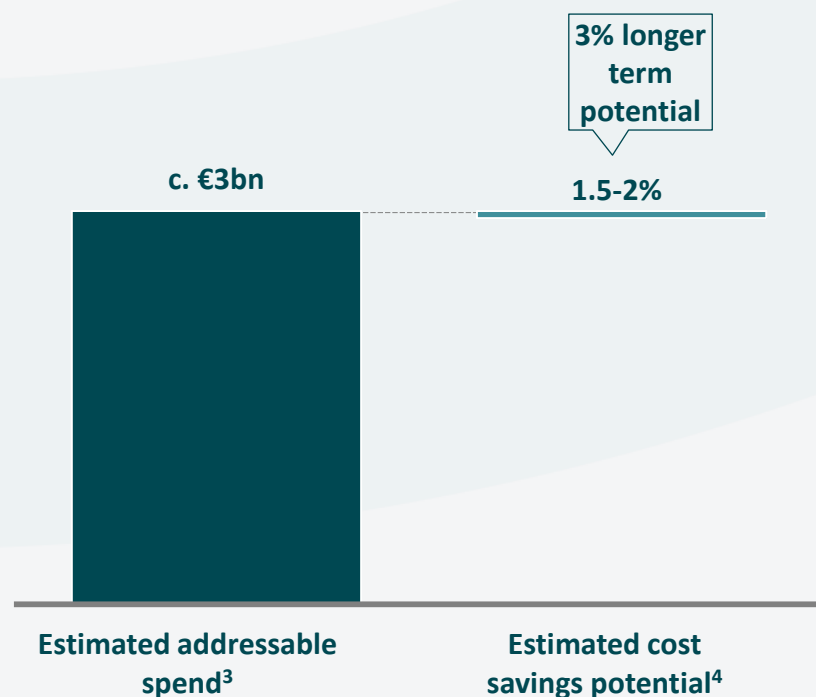
A DEEP DIVE: JOINT COMMERCIAL COLLABORATION/LEAD BUYING - TIRES



1 Through Global Truck & Bus Procurement JV with Navistar.

B MODULARIZATION AND COMPONENTS

Initial Assessment



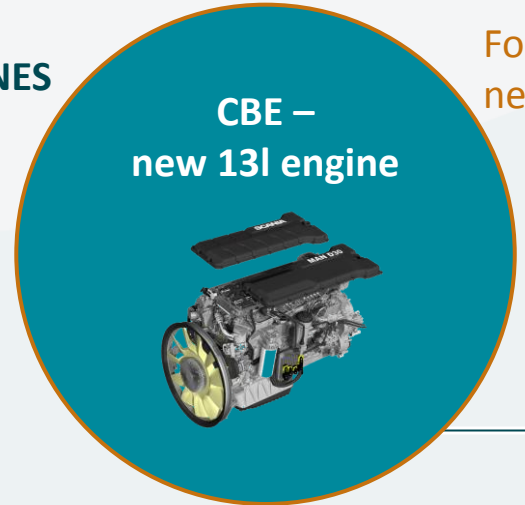
Implementation Phase

Modularization and components strategy				
What is the objective?	Wave 1	Wave 2	Wave 3	Wave 4
<ul style="list-style-type: none"> Reducing complexity Reducing material cost Optimizing customer offer Free-up R&D resources 	Urea tank	Propeller shaft	Braking system	Cooling system
	Batteries	Steering system	Air compressor	Seats
	Starters	A/C compressor	Power distribution	Tow hitches
		Wheel speed sensor		
Vision				
<ul style="list-style-type: none"> Byggladan for the Group 				
Analysis period ¹	11/17- 03/18	03/18-07/18	08/18-12/18	01/19 - Ongoing
Status				
Strategy developed ²	✓	✓	✓	Ongoing
Implementation	Ongoing	Ongoing	Ongoing	Not started
Annual addressed spend (€)	~100-150m	~200-250m	~175-225m	~200-300m

1 Period in which savings potential is determined. 2 Strategy on the basis of which respective teams commit to realizing the savings potential. 3 Analysis based on 2017 figures. 4 Mid-term potential.

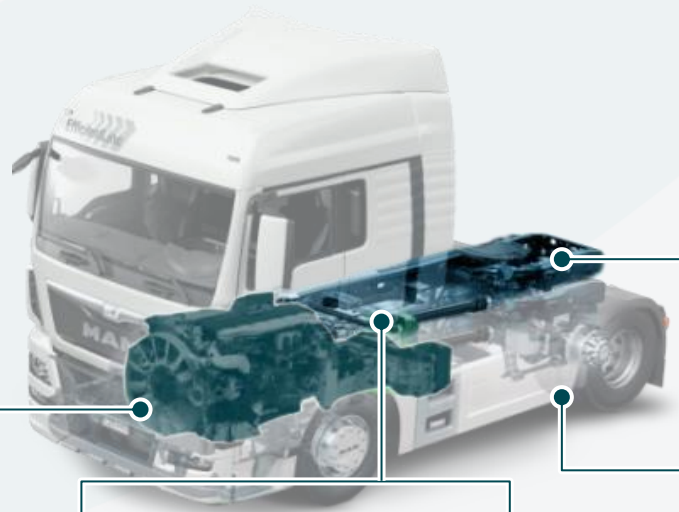
C A NUMBER OF JOINT POWERTRAIN PROJECTS ARE CURRENTLY BEING IMPLEMENTED OR DEVELOPED

ENGINES

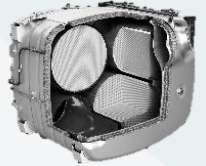


Focus on
next page

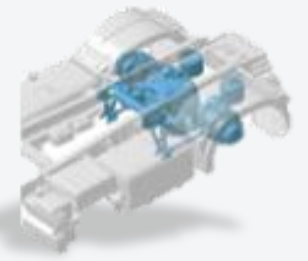
Expected to be installed in **>50% of TRATON GROUP's HD trucks** per year from 2025 onwards¹



ATS



Axle



GW



GZ



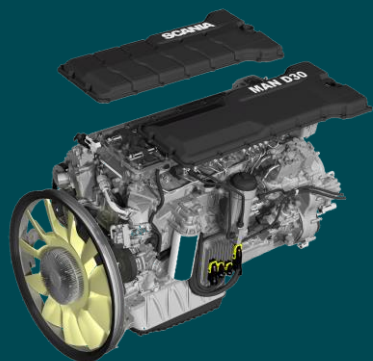
Transmission

In use by **>45,000 MAN T&B trucks** to date

¹ Roll-out across TRATON GROUP brands.

C DEEP DIVE CBE: JOINTLY DEVELOPED BEST-IN-CLASS ENGINE SOLUTION TO OPTIMIZE CUSTOMERS' TCO

CBE – NEW 13L ENGINE



- Without CBE MAN T&B and Scania would both either
 - Develop own new engines or
 - Modify existing ones
- Target
 - 80% commonality level

SYNERGY AREAS

Annual material cost



Tooling, testing, and certification



Production investment



R&D cost



Alliance partners



P&L IMPACT

- Savings on targeted 80% common parts (doubled volume)
- Direct P&L effect with reduction of material cost based on brand-specific SOPs/volume ramp-up
- Reduction of supplier cost driven by higher tooling volumes across the group
- P&L effect through reduced depreciation, starting from brand SOP date
- Reduction of production setup costs due to similar production line setup in Södertälje and Nuremberg, similar suppliers, learning effects and start-up cost savings
- P&L effect through reduced depreciation, starting from brand SOP date
- Reduction of R&D and engineering costs from high level of commonality
- Freed-up resources to be used for other areas, e.g. new technologies
- Direct P&L effect from licensed units

C DEEP DIVE CBE: LEVERAGING ENGINE ACROSS BRANDS ENSURES SIGNIFICANT SYNERGY RAMP-UP OVER YEARS TO COME

TRATON
GROUP

Start of production TRATON
GROUP brands



Leverage CBE engine across brands (illustrative CBE volumes)

CBE engine aiming at



Enhanced fuel efficiency



Long durability



Reduced weight



Low maintenance

>50%

CBE engine installed in
HD trucks¹ in 2025e

2020e 21e 22e 23e 24e 25e 2026e

¹ Per year from 2025e onwards; roll-out across TRATON GROUP brands.



CHRISTIAN SCHULZ

CHIEF FINANCIAL OFFICER TRATON GROUP

TRATON
GROUP

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Brand Performance | Cooperations & Synergies | **Global Expansion** | Customer Focused Innovation

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GLOBAL EXPANSION THROUGH STRONG ALLIANCE PARTNERS

TRATON

G R O U P

TRATON

G R O U P

Associates

Strategic partner

A

NAVISTAR

Technology cooperation and
procurement JV



#4 Market position **12%** Market share¹
in North America (2017)

Largest network of ~1k dealers in
North America²

B



Intention to localize MAN truck in China;
potential tech / procurement cooperation



#3 Market position **17%** Market share³
in China (2017)

One of the leading truck manufacturers
in the People's Republic of China

C



e-mobility, procurement and technology
cooperation



#1 Market position **28%** Market share⁴
in Japan & South East Asia (2017)

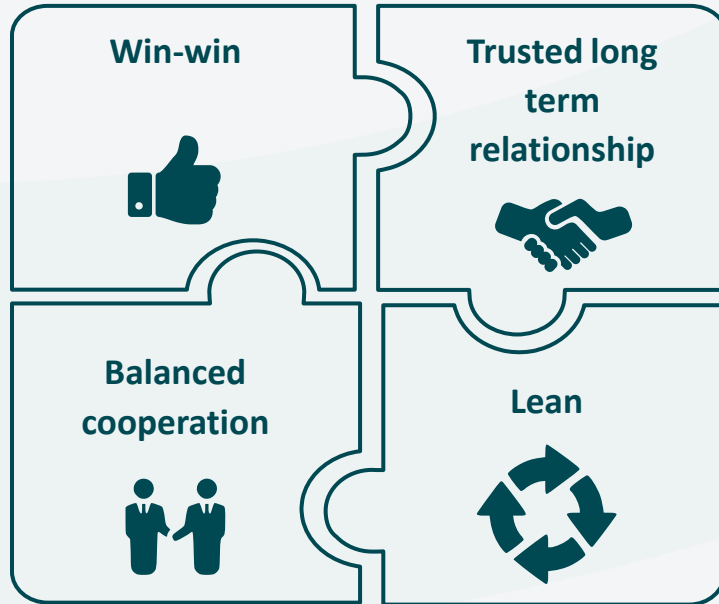
Top position in heavy and medium
duty truck sales in Japan

Source: IHS Markit. Note: Market share data based on trucks >15t.

1 Truck market share of Navistar in North America (Canada and USA). 2 Information according to Navistar. 3 Truck market share of CNHTC in China (incl. Hong Kong). 4 Truck market share of Hino in Japan and South East Asia (Indonesia, Australia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam).

STRONG GOVERNANCE STEERING AMONG ALLIANCE PARTNERS

BASED ON OUR GUIDING PRINCIPLES



COMPRISING THREE GOVERNANCE LEVELS TO EFFICIENTLY ORCHESTRATE ALLIANCE ACTIVITIES¹



Alliance board

Board members from both sides incl. CEOs



Alliance management

Coordination of relevant alliance activities on both sides



Joint working groups

Staffing as required per working group

SPANNING THE ENTIRE SCOPE OF THE ALLIANCE



¹ Sinotruk collaboration does not include an Alliance board.

A OVERVIEW AND OBJECTIVES OF ALLIANCE AGREEMENT WITH NAVISTAR



OVERVIEW

NAVISTAR



**Strategic alliance with Navistar
established in 2016**

**TRATON GROUP currently holds 16.8%¹ in
Navistar**

**TRATON GROUP CEO and CFO have a seat in
Navistar's Board of Directors**

OBJECTIVES



Technology cooperation: joint powertrain

Common powertrain systems give Navistar access to excellent powertrain technologies and allow TRATON GROUP to benefit from higher volumes



Technology cooperation: future technologies

Cooperation in many aspects of future commercial vehicle development



Procurement JV

Fully operational procurement JV to pursue joint global sourcing opportunities



Access to North American market

Cooperation and equity stake allow TRATON GROUP to capture a share of North American profit pool

¹ As of 30-Nov-2018.

B OVERVIEW AND OBJECTIVES OF COOPERATION AGREEMENT WITH SINOTRUK

TRATON
G R O U P

OVERVIEW



Long-term strategic partnership between MAN and Sinotruk established in 2009

MAN TGA Truck technology including powertrain localized under SITRAK brand

MAN holds 25% + 1 share¹ in Sinotruk

OBJECTIVES



Localization of MAN truck

Intention to localize MAN heavy-duty truck in world's largest market



Technology cooperation

Joint efforts in areas of powertrain, new technologies



Procurement synergies

Sourcing synergies targeted through joint scale

¹ Held by MAN SE as of 30-Sep-2018.

C OVERVIEW AND OBJECTIVES OF COOPERATION AGREEMENT WITH HINO



OVERVIEW



Strategic long-term partnership agreed in April 2018

Alliance Board based on Strategic Cooperation Framework Agreement

September 2018: Lol to establish procurement joint venture

OBJECTIVES



E-Mobility cooperation

Shared development efforts and combined marketing of products – Hino with largest running fleet of hybrid commercial vehicles in the world



Procurement joint venture

Planned joint venture aims at realizing synergies in global procurement for existing parts and new technologies



Technology cooperation

Focus on possibility of joint utilization of existing technologies such as powertrain and joint development of innovative technologies



Utilize complementary know-how

Hino with focus on light- and medium duty trucks complements TRATON GROUP's innovation power in heavy-duty segment



CHRISTIAN LEVIN

CHIEF TECHNOLOGY OFFICER TRATON GROUP

TRATON
GROUP

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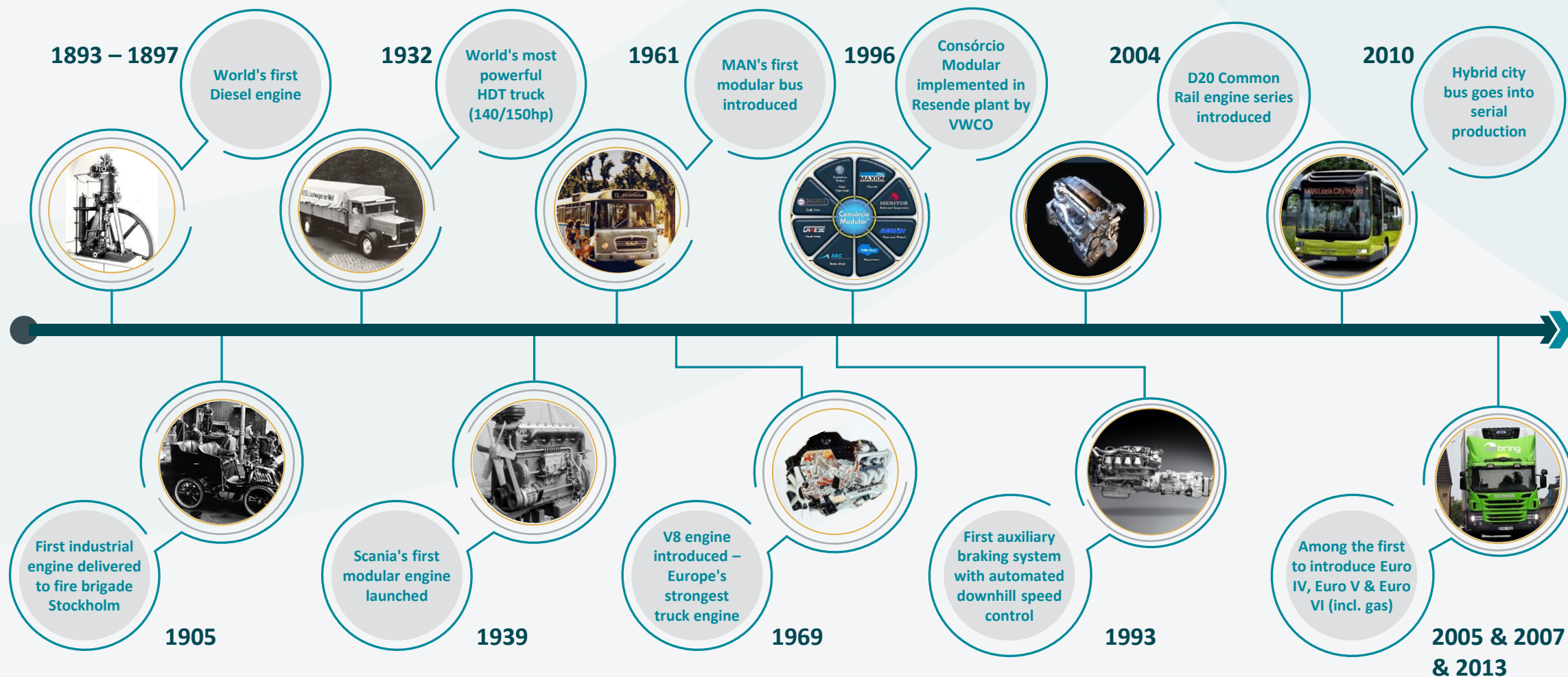
04. **TRATON GROUP**

Brand Performance | Cooperations & Synergies | Global Expansion | **Customer Focused Innovation**

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AN INNOVATION LEADER FOR OVER A CENTURY

TRATON
GROUP

WE CONTINUE TO BE READY FOR THE NEXT WAVE OF TECHNOLOGICAL TRENDS



TRATON GROUP focuses on applications with clear customer value proposition



Solutions to all ACE¹ trends
on the way



Customer centric innovation
approach with clear business case



Smart innovation leader –
disciplined capital spend

¹ Autonomous driving, connectivity, electrification/alternative fuels.



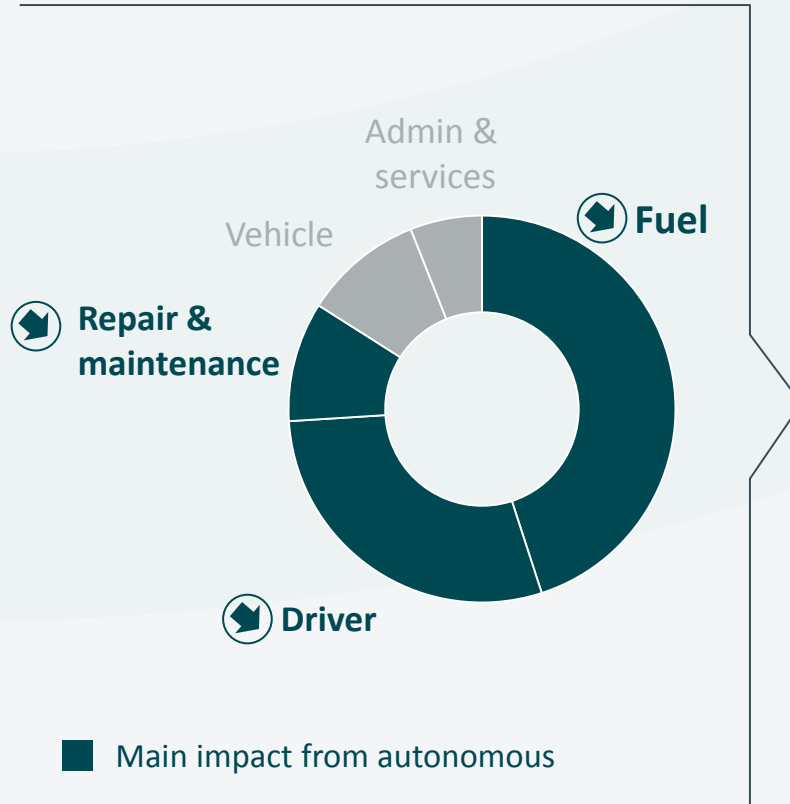
WHAT THE FUTURE MIGHT LOOK LIKE





FULL AUTONOMOUS DRIVING FOR THE NEAR FUTURE ONLY IN DEFINED AREAS. DRIVER ASSISTANCE SYSTEMS TO GROW FURTHER

EXPECTED IMPACT ON TCO BREAKDOWN¹



EXPECTED CUSTOMER VALUE²

Partly autonomous (next 5 years)

- Lower repair and maintenance costs due to fewer accidents
- Higher utilization of vehicles due to extension of operating hours
- Lower fuel usage from optimized driving

Fully autonomous (5+ years)

- Significantly lower driver cost

CUSTOMER DRIVEN INNOVATION EXAMPLES



Scania project in mining system



MAN aFAS – Driverless Safety Vehicle



MAN platooning project with DB Schenker

¹ Chart representative for German HDT market; indicative - depending on usage pattern. ² Non exhaustive.



ALREADY TODAY TRATON GROUP HAS MULTIPLE SOLUTIONS FOR AUTONOMOUS DRIVING ON THE WAY...



Scania project in mining system

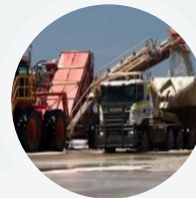
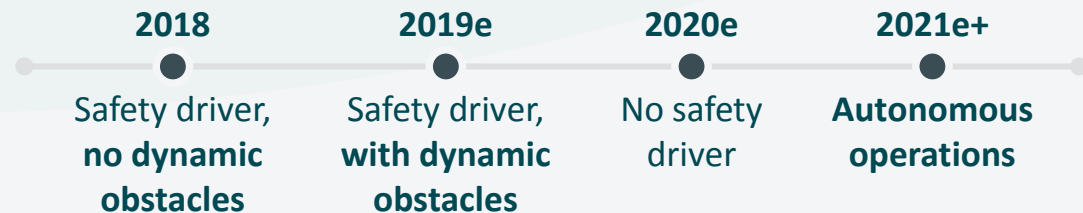
- **Autonomous vehicle operates in real life conditions** at Rio Tinto's mining operations in Australia since August 2018



MAN project with German Federal Ministry for Economic Affairs and Energy

- **Automatic driverless safety vehicle¹ tested under real conditions**
- **Winner of the Truck Innovation Award for 2019**

Autonomous Transport Solutions Mining Pilot Complexity



MAN project with DB Schenker and Hochschule Fresenius

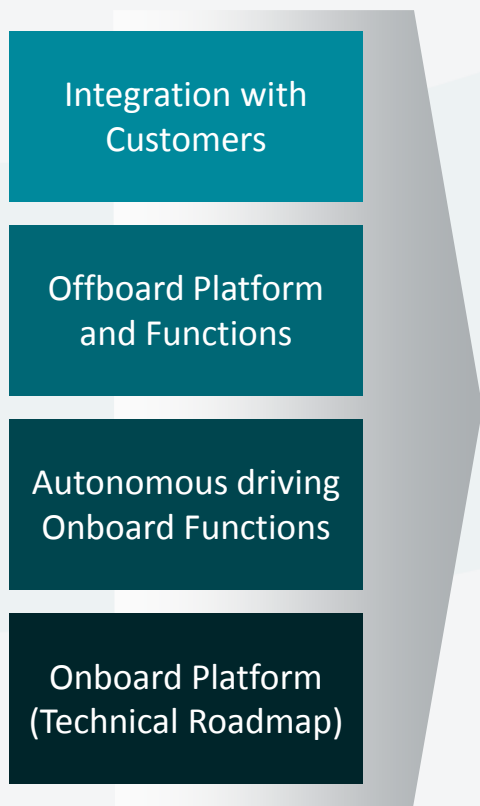
- **Platooning pilot in live traffic** (145km road on Autobahn A9; up to three drives per day)

¹ Developed with seven partners: BAST – Federal Highway Research Institute, Hessen Mobil – Road and Traffic Management, Karlsruhe University of Applied Sciences – Technology and Economics, Technical University of Braunschweig – Institute of Automatic Control, ZF TRW, WABCO and Bosch Automotive Steering.



... AND THE PIPELINE IN AUTONOMOUS TECHNOLOGIES IS STRONG

COMPREHENSIVE PLATFORM TO ENABLE AUTONOMY

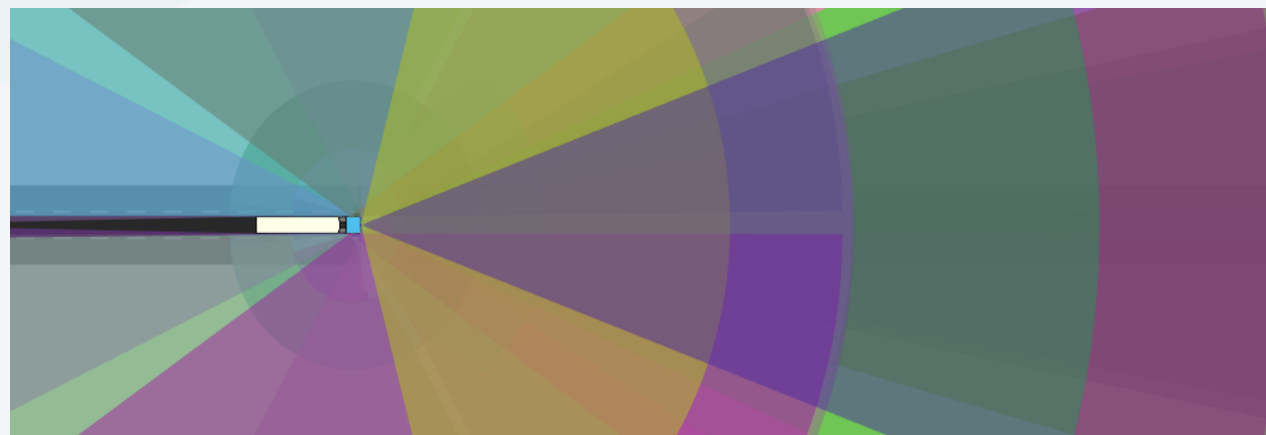


Autonomous Transport System

OVERVIEW – ENVIRONMENTAL PERCEPTION

The sensor setup is:

- **Multimodal** for redundancy – safety and reliability in focus
 - Sensor set: Radar, Lidar, Camera, etc.
 - Handling of various difficult environmental conditions
 - Fail safe operation and fail operational
- **Modular and scalable** for fulfilling multiple scenarios and customer demands

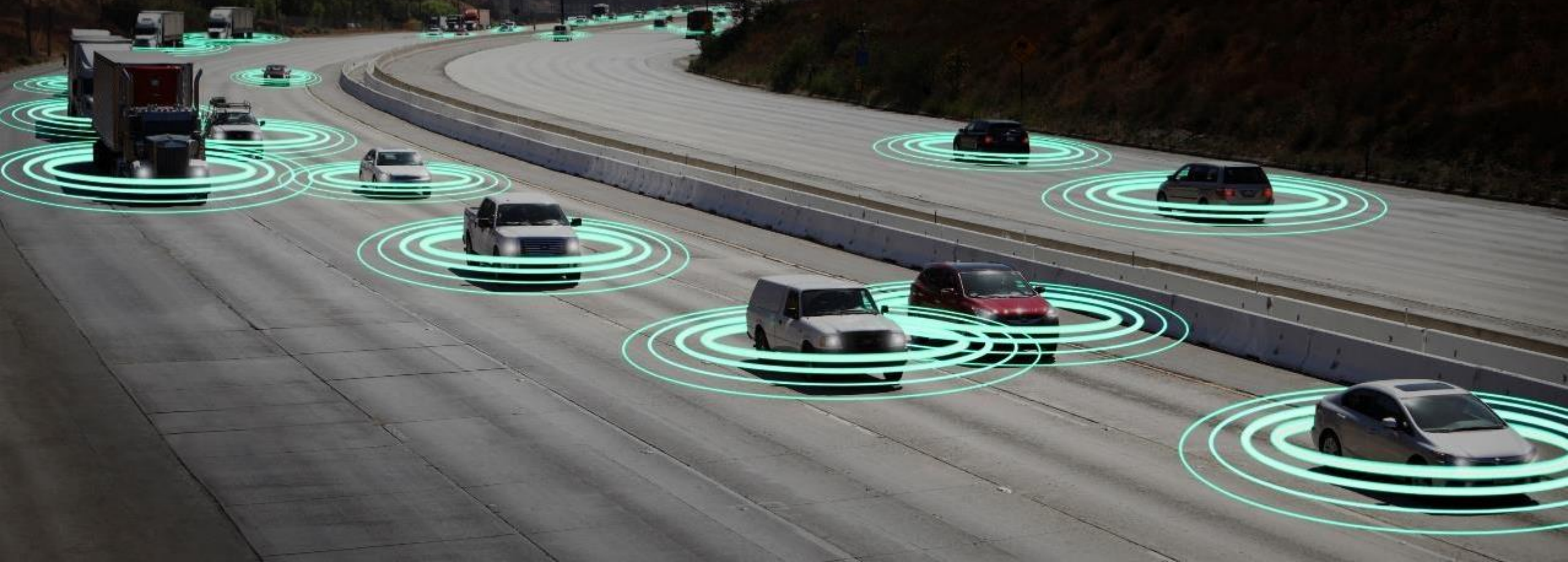


Multimodal sensor coverage



WHAT THE FUTURE MIGHT LOOK LIKE

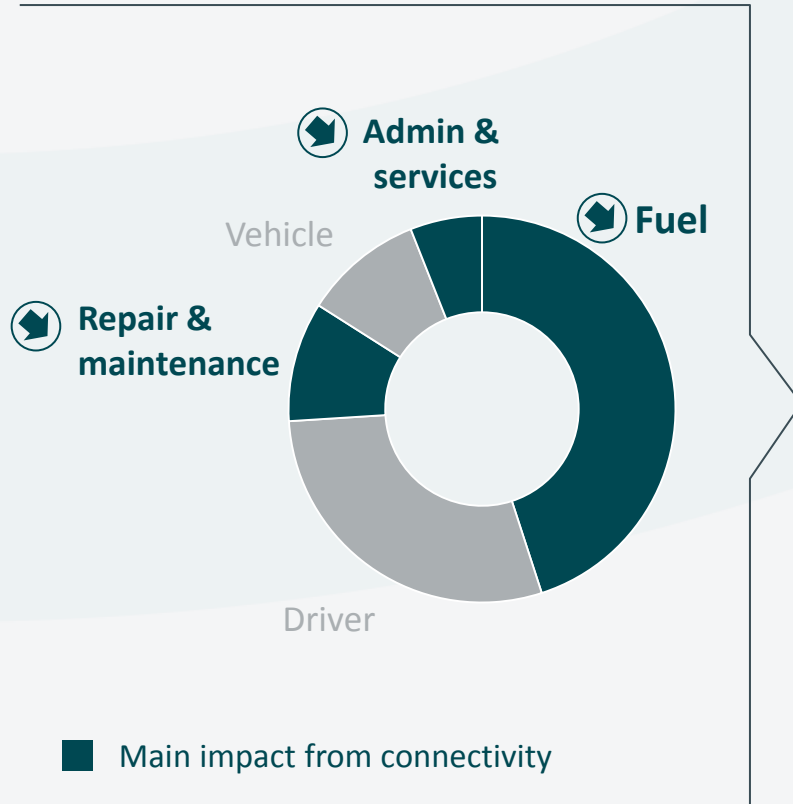
V2V and V2X communication





CONNECTIVITY IS ALREADY A REALITY TODAY – VISIBLE UPSIDE FOR CUSTOMERS AND FOR TRATON GROUP

EXPECTED IMPACT ON TCO BREAKDOWN¹



EXPECTED UPSIDE FOR CUSTOMERS²

Higher uptime (e.g., fleet management solutions)

Lower repair & maintenance costs (e.g., predictive maintenance and extended emergency assistance)

Lower fuel usage (e.g., optimized routing and real-time driver coaching)

EXPECTED UPSIDE FOR TRATON GROUP²

Better understanding of customer needs

Optimization of sales and service network

Opportunity to connect trucks and build service offering across brands

Live feedback loops for R&D

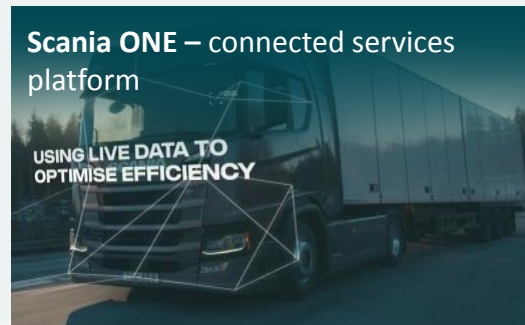
Enabler for autonomous driving technology

¹ Chart representative for German HDT market; indicative - depending on usage pattern. ² Non exhaustive.



VARIETY OF CONNECTED SERVICES SOLUTIONS INTRODUCED

SCANIA SERVICE OFFERING – SELECTED EXAMPLES



MAN T&B SERVICE OFFERING – SELECTED EXAMPLES



Number of connected trucks in operation

450,000+

Today²

Almost every Scania truck and MAN T&B Euro VI heavy-duty and medium-duty truck¹ will be connected from 2019e onwards

2020e

>1m

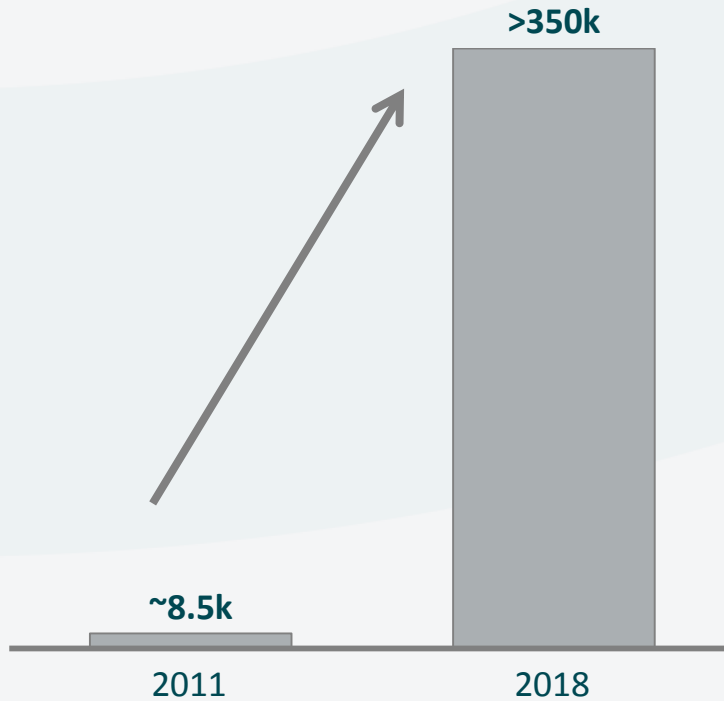
2025e+

1 All MAN T&B Euro VI HDT and MDT for EU-28+2 region plus selected retrofittings. 2 As of Q4-2018.

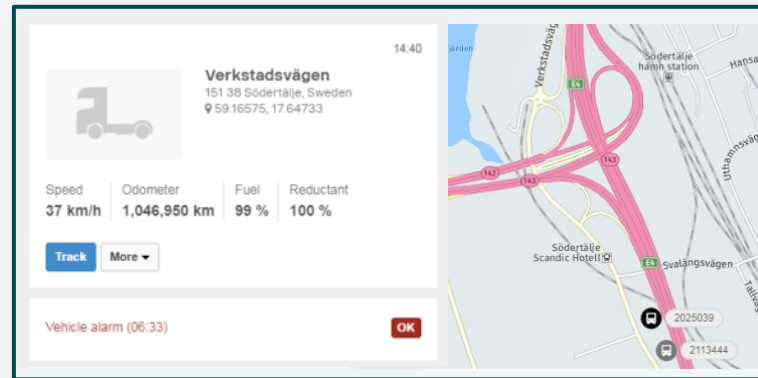


RECAP: CONNECTIVITY AT SCANIA

Connected vehicles on the road



What data does Scania have?



Selected
examples



Location	Mileage status
Speed	Driving time
Fuel	Maintenance interval

How can Scania monetize the data?

- Customers pay for **reduced TCO...** and **Scania benefits...**
- Scania knows...
 - ...**when** a truck needs service
 - ...**where** a truck can be serviced
 - ...**what service** a truck needs

Win/Win

Customer	Scania
<ul style="list-style-type: none"> Higher uptime Demand-driven workshop visits Higher predictability 	<ul style="list-style-type: none"> Higher workshop utilization Optimized NWC Feedback loops to R&D



MULTIPLE PARTNERSHIPS ESTABLISHED TO EXPLORE NEW BUSINESS MODELS & LOGISTICS SOLUTIONS AND ACQUIRE CRUCIAL KNOW-HOW



RIO

TRATON GROUP connectivity platform collecting customer data to offer better services



Vehicle data

- Venture launched in 2017
- Cloud-based digital fleet platform
- Offers significant efficiency benefits

SOLERA PARTNERSHIP

US provider of digital solutions for logistics players¹



Insurance and other digital solutions data

- Strategic partnership since 2018
 - Solera's "Digital Garage" joint aftersales app integrated into existing TRATON GROUP connectivity services
 - Focus on smart and secure solutions, e.g., workshop optimization

SELECTED INVESTMENTS



- Co-founded in 2016 by MAN
- Leverages algorithms to optimize capacity
 - Fewer empty runs, higher margins
 - Increased resource efficiency



- Investment in mid-2017
- Digital freight forwarder connecting large shippers with small carriers
- Offers opportunity to **move closer to customers**

¹ Solera processes over 300 m digital transactions p.a. for approx. 235k partners and customers in nearly 90 countries.

ELECTRIFICATION/
ALTERNATIVE FUELS



WHAT THE FUTURE MIGHT LOOK LIKE

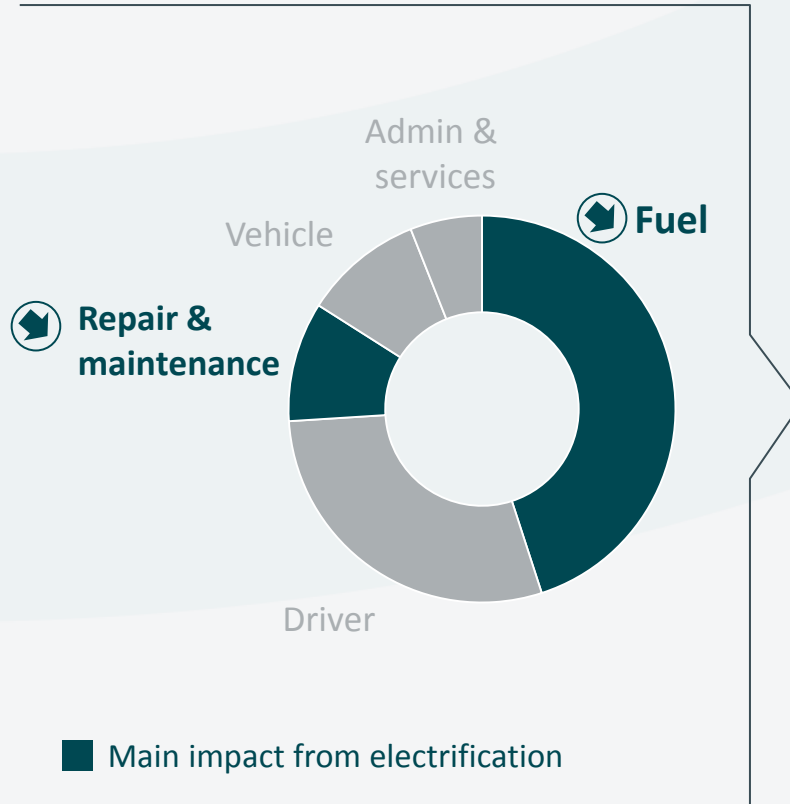




ADOPTION OF E-MOBILITY DRIVEN BY TCO CONSIDERATIONS AND REGULATORY ENVIRONMENT

TRATON
GROUP

EXPECTED IMPACT ON TCO BREAKDOWN¹



EXPECTED CUSTOMER VALUE²

Reduction of CO₂ footprint in line with potential future emission targets

Zero noise emission in sensitive areas

Gain experience and capabilities in operating e-mobility vehicles by getting access to first successful solutions across applications

Lower fuel consumption and (depending on application) better TCO in the mid-to-long-term

CUSTOMER DRIVEN INNOVATION EXAMPLES



MAN Lion's City E



VWCO e-Delivery



MAN CiE
(concept truck)



Scania e-highway trials in Sweden & Germany

¹ Chart representative for German HDT market; indicative - depending on usage pattern. ² Non exhaustive.



ELECTRIC SOLUTIONS ARE ALREADY IN OPERATION TODAY AND NEW PROTOTYPES ARE REGULARLY TESTED IN COLLABORATION WITH CUSTOMERS

TRATON
GROUP

VEHICLES IN REGULAR OPERATION OR IN PRACTICAL TRIALS



Scania Citywide Low Floor

- Buses in regular operation in Östersund, Sweden



VWCO e-Delivery

- First vehicles delivered to test customers in 2018
- Start of production in 2020
 - World's biggest order of clean energy-powered vehicles (Ambev, 1,600 vehicles)



MAN & CNL¹ cooperation on eTrucks

- First nine electric trucks handed over to CNL member companies in 2018
- Small series production to begin in late 2019

PROTOTYPES/CONCEPT VEHICLES



MAN Lion's City E

- Close-to-series prototype
- Development partnerships formed with Munich, Hamburg, Wolfsburg and Luxembourg
- Series production to start shortly after 2020 demo fleet test



MAN CitE (concept truck)

- Lowest entrance height, "bird eye" view, digital cockpit
- High-performance engine
- Powerful Li-Ion battery (up to ~200 km range)



Scania FCEV pilot projects²

- Ongoing pilots to produce fuel cell electric trucks (FCEV)
- First truck delivered to Asko; further deliveries to take place in Q2 2019

¹ Austrian Council for Sustainable Logistics. ² Partnerships with Asko and Renova.

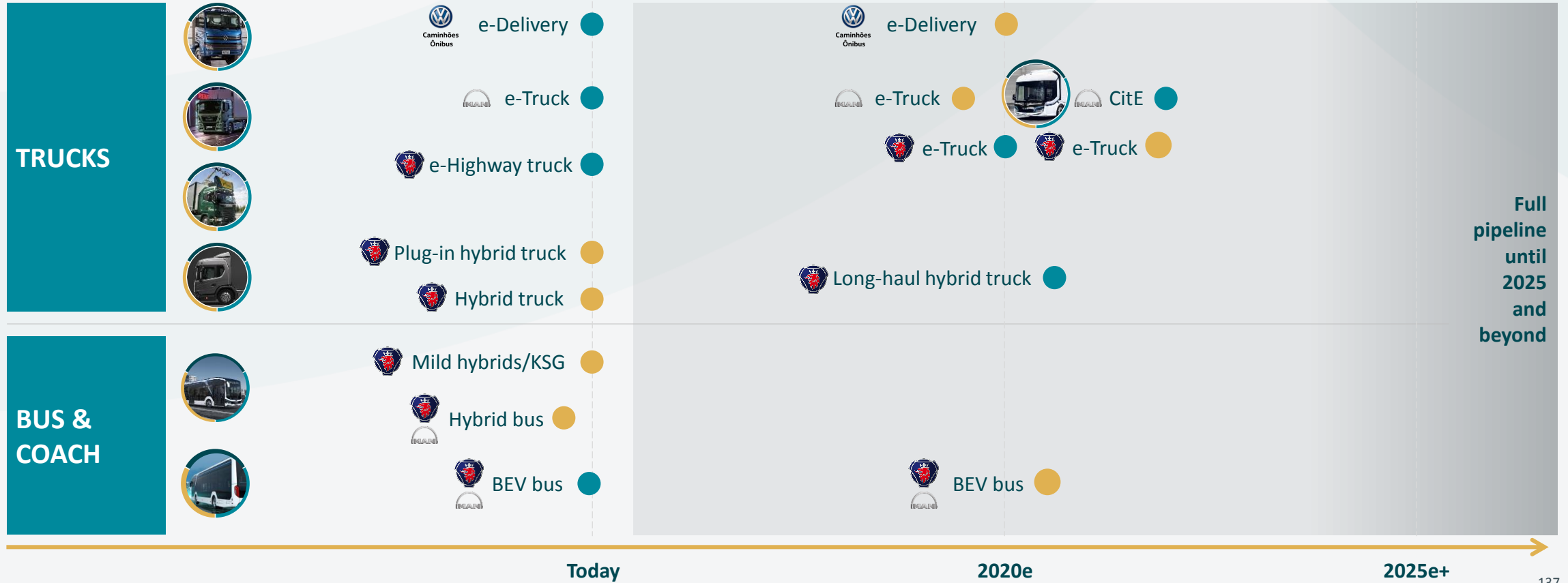


TRATON GROUP E-MOBILITY PORTFOLIO CONTINUOUSLY BEING DEVELOPED WITH FULL PIPELINE UNTIL 2025 AND BEYOND

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GROUP

Various undisclosed prototypes

● Pilot ● Series readiness





COOPERATION IN ELECTRIFICATION – SYSTEMATIC APPROACH TO GAIN A MODULAR KIT FOR ALL SEGMENTS AND ALL BRANDS

BATTERY

Cells/Modules

Pack

Battery Management
System

PROPULSION

PHEV/HEV/mHEV

BEV
Power-
train

Central-
Drive

eAxle

CHARGING

Plug (CCS)

Pantograph,...

OTHERS

Auxiliaries,
Bordnet,
HV-Distribution,...



COMMON BASE ENGINE (13L) COMPATIBLE WITH CONVENTIONAL AND ALTERNATIVE FUELS

TRATON
GROUP

COMMON BASE 13L ENGINE (CBE) – PART OF OUR JOINTLY DEVELOPED HD POWERTRAIN PLATFORM



IN THE SHIFT TO ALTERNATIVE FUELS TRATON GROUP EXPECTS TO BENEFIT FROM ITS BROAD RANGE OF ALTERNATIVE FUEL SOLUTIONS

Scania vehicles displayed at IAA 2018²



**Theoretical
CO₂
reduction
potential**

- More than 50% Brake Thermal Efficiency¹
- Designed to address expected future emission legislation
- Expected to be installed in >50% of TRATON GROUP's HD trucks per year from 2025e onwards

Up to
15%

Natural
gas

Up to
85%

Biodiesel
FAME

Up to
90%

Biogas

Up to
90%

HVO

Up to
90%

Ethanol

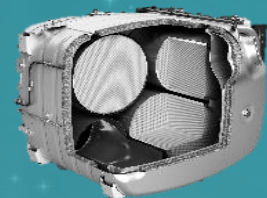
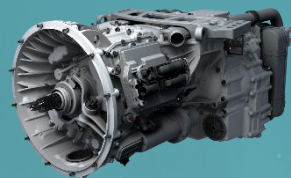
>90%

Hybrid
with HVO

Note: HVO = Hydrogenated Vegetable Oil. LNG = Liquefied Natural Gas. CNG = Compressed Natural Gas. BEV = Battery Electric Vehicle.

1 More than half of the energy is converted into mechanical energy. 2 Scania vehicles displayed at IAA 2018 – all alternatively fueled including newly launched plug-in hybrid. 3 Also compatible with biodiesel FAME and ethanol engines.

Common conventional powertrain



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Common future technology platform - ACE





CHRISTIAN SCHULZ

CHIEF FINANCIAL OFFICER TRATON GROUP

TRATON
GROUP

TODAY'S AGENDA

01. INTRODUCTION
02. COMPANY HIGHLIGHTS
03. INDUSTRY AND MARKET ENVIRONMENT
04. TRATON GROUP
05. **FINANCIALS**
06. WRAP UP

THREE PILLARS FOR SUCCESS

1

Realising growth


Full upgrade of truck
product range
implemented by 2019



Full upgrade of truck
product range by 2021



Participate in market
recovery with new and
broader product range

2

Enhancing performance


Launch costs for new truck
absorbed, upside potential from
service growth expected to be
realized



Detailed operational excellence
program across entire value chain



Further lever lean operational set-
up with rigid cost control

3

Leveraging synergies

Purchasing (incl. lead buying)

+

Modularisation and components

+

Joint Powertrain

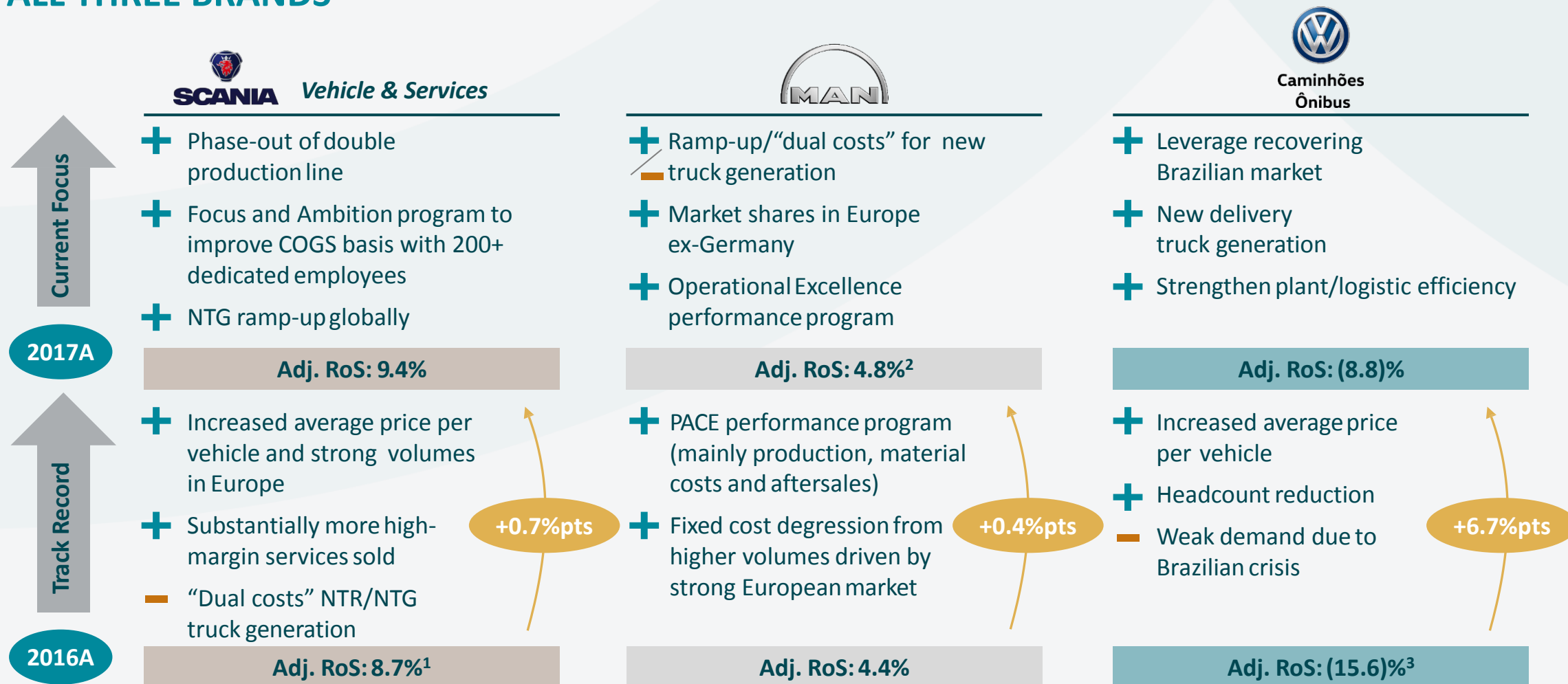
+

New Technologies

+

Production Footprint and Logistics

OPERATIONAL PERFORMANCE IMPROVEMENTS IN PLACE ACROSS ALL THREE BRANDS



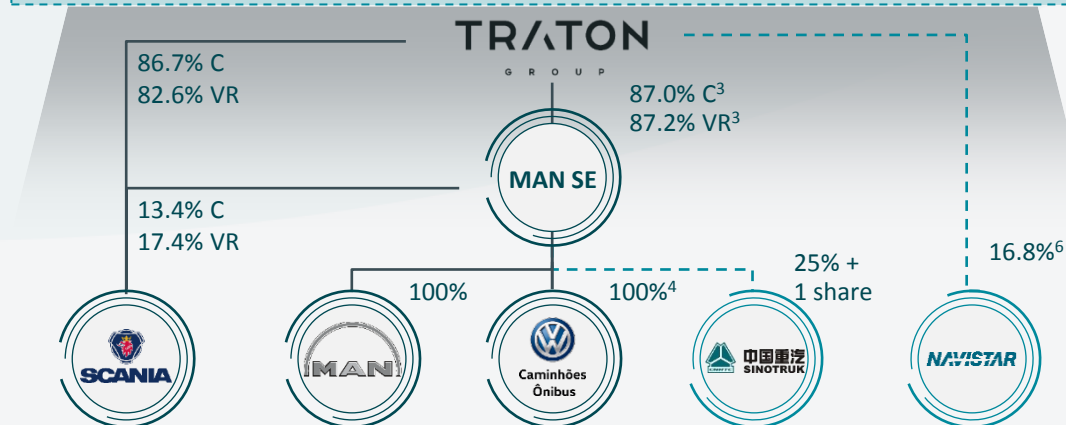
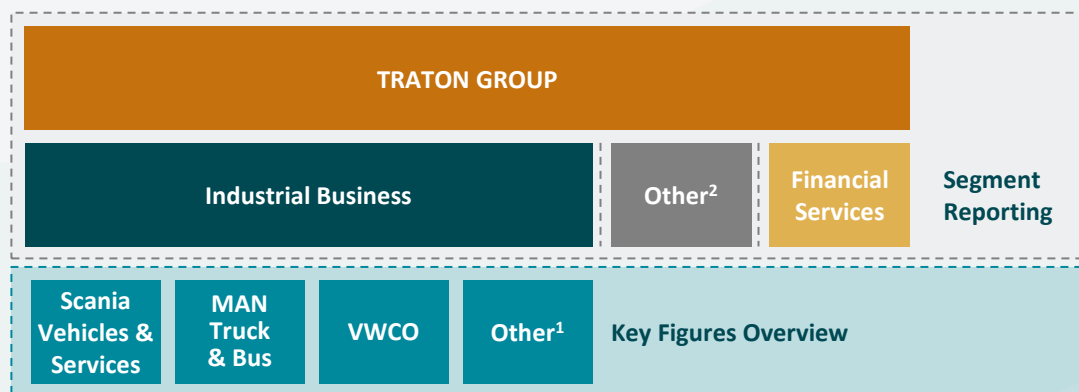
Note: Only selected key performance drivers displayed.

1 Including €403m adjustment for provision in relation to Scania antitrust fine. 2 Including (€50m) adjustment for release of restructuring provision at MAN T&B. 3 Including €58m adjustment for restructuring expense at VWCO.

FUTURE REPORTING ALONG TWO SEPARATE SEGMENTS



Reporting structure



■ Consolidated companies ■ Associates⁵

Note: Overview as of 23rd January 2019 – C = Capital – C = Capital, VR = Voting Rights; Shareholdings may not add up due to rounding.

1 Includes holdings and participations (MAN SE: holding companies, Sinotruk participation; TRATON Holding: holding companies, Navistar participation, TB Digital Services), PPA (VWCO PPA – MAN Origin; Scania PPA – VW Origin) as well as consolidation effects.

2 Reflecting VGSG (workshop + licences) as well as consolidation effects. 3 Percentages may change in connection with tender process following termination of domination and profit and loss transfer agreement with effect as of January 1, 2019. 4. Indirect.

One (1) share held by Antonio Roberto Cortes. 5 Associates are Navistar and Sinotruk, in which TRATON GROUP has a minority equity stake. 6 Shareholding as of 30th November 2018.

Commentary

- TRATON GROUP is a 100% subsidiary of Volkswagen AG
- TRATON GROUP with three consolidated subsidiaries (Scania Group, MAN Truck & Bus and Volkswagen Caminhões e Ônibus)
- Investments in associates (i.e. Navistar and Sinotruk) not included in operating profit
- Financial information derived from audited consolidated financial statements and internal group accounting systems
 - Financial data for 2016, 2017 and 2018 in accordance with IFRS as applicable on 31 December 2018
 - No optional exemptions from retrospective application of IFRS applied
- Segment reporting comprises:
 - Industrial Business (includes operating units Scania Vehicles and Services, MAN Truck & Bus and Volkswagen Caminhões e Ônibus)
 - Financial Services (represents Scania Financial Services)

RELEVANT CORE KPIS DISCLOSED AT GROUP AND OPERATING UNIT LEVEL

TRATON
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	Industrial Business					Financial Services	GROUP
2017A	Scania V&S	MAN T&B	VWCO	Other ¹			
Sales Revenue	€12.4bn	€10.0bn	€1.2bn	(€0.2bn)	€23.4bn	€0.7bn ⁷	€24.4bn ⁶
Adj. Operating Profit ²	€1.2bn	€0.5bn	(€0.1bn)	(€0.2bn)	€1.3bn ⁵	€0.1bn	€1.5bn ¹⁰
Adj. RoS ²	9.4%	4.8%	(8.8%)	nm	5.6% ⁹	15.9% (Return on Equity ⁸)	6.0% ¹⁰
Total Research and Development Costs ³					€1.4bn		
Capex (ex. capitalized dev. costs) ¹¹					€1.1bn		
Net Cash Flow II ⁴					€(0.2bn)		€(0.7bn)
Balance Sheet							✓

1 Includes holdings and participations (MAN SE: holding companies, Sinotruk participation; TRATON Holding: holding companies, Navistar participation, TB Digital Services), PPA (VWCO PPA – MAN Origin; Scania PPA – VW Origin) as well as consolidation effects. 2 Overview of individual adjustments reflected on page 147. 3 Reflecting total research and development costs from continuing operations comprising capitalized R&D plus period expensed R&D. 4 Net Cash Flow II is defined as cash flows from operating activities reduced by cash outflow from investing activities from continued operations adjusted for “changes in securities” and “change in loans and time deposits”. 5 Including aligned PPA (VWCO PPA – MAN Origin; Scania PPA – VW Origin). 6 Including operations no longer held by TRATON GROUP as of Jan-2019 (VGSG), consolidation effects (MAN – VWCO), other segments and reconciliation. 7 Reflecting lease income and interest income before intersegment consolidation. 8 Defined as profit before tax as % of average equity. 9 Based on Adj. Operating Profit including PPA (VWCO PPA – MAN Origin; Scania PPA – VW Origin) as well as consolidation effects on Industrial Business level. 10 Based on Adj. Operating Profit including PPA (from Scania and VWCO), operations no longer held by TRATON GROUP as of Jan-2019 and consolidation effects (MAN – VWCO). 11 Including Investments in intangible assets (excluding development costs), Property plant and equipment, and investment property, acquisition of subsidiaries and acquisition of other equity investments.

LIMITED AMOUNT OF ADJUSTMENTS TO HISTORICAL OPERATING PROFIT FOR TRATON GROUP

Operating Profit to Adj. Operating Profit table (€m)

in €m	2016A	2017A	9M 2017A	9M 2018A
Operating Profit	727	1,512	1,135	1,108
<i>RoS in %</i>	3.3%	6.2%	6.4%	6.0%
Provision for Scania antitrust fine	403	-	-	-
Release of restructuring provision at MAN T&B	-	(50)	-	-
Expense in relation to Indian market exit at MAN T&B	-	-	-	115
Restructuring expense at VWCO	58	-	-	-
Adj. Operating Profit	1,188	1,462	1,135	1,223
<i>Adj. RoS in %</i>	5.4%	6.0%	6.4%	6.6%

Commentary

- Scania provisioned €403m in relation to the European Commission's antitrust fine in 2016A
- Lower than expected restructuring expenses at MAN T&B leading to €50m reversal of respective provision in 2017A
- Adjustment of €115m reflected in 9M 2018 period with regards to the market exit/plant closure of MAN T&B in India

PERFORMANCE IMPROVEMENTS AND SYNERGIES POTENTIAL ACROSS ALL OPERATING UNITS PROVIDING A BASIS FOR PROFITABILITY INCREASE ON GROUP LEVEL

1

Scania V&S: Consistent profitability leadership with renewed product portfolio

+

2

MAN T&B: Profitability improvement through Operational Excellence Program and strong market performance

+

3

VWCO: Ideally positioned to benefit from expected market recovery

=

4

Industrial Business: Substantial synergy potential across operating units

+

5

Financial Services: Quality portfolio with solid RoE

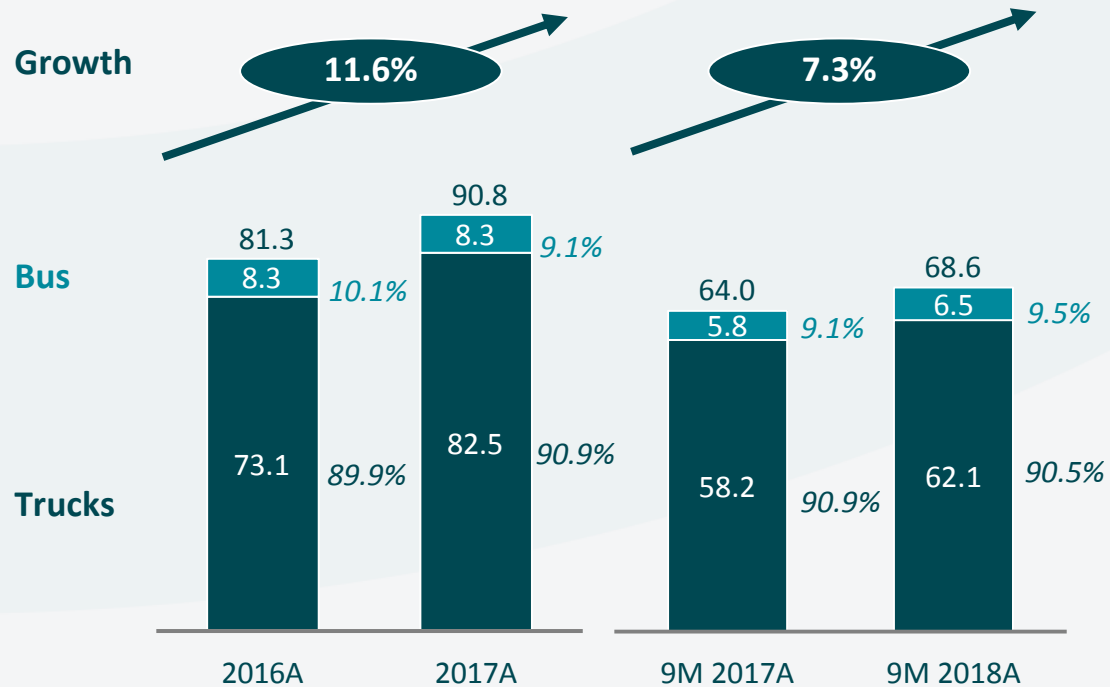
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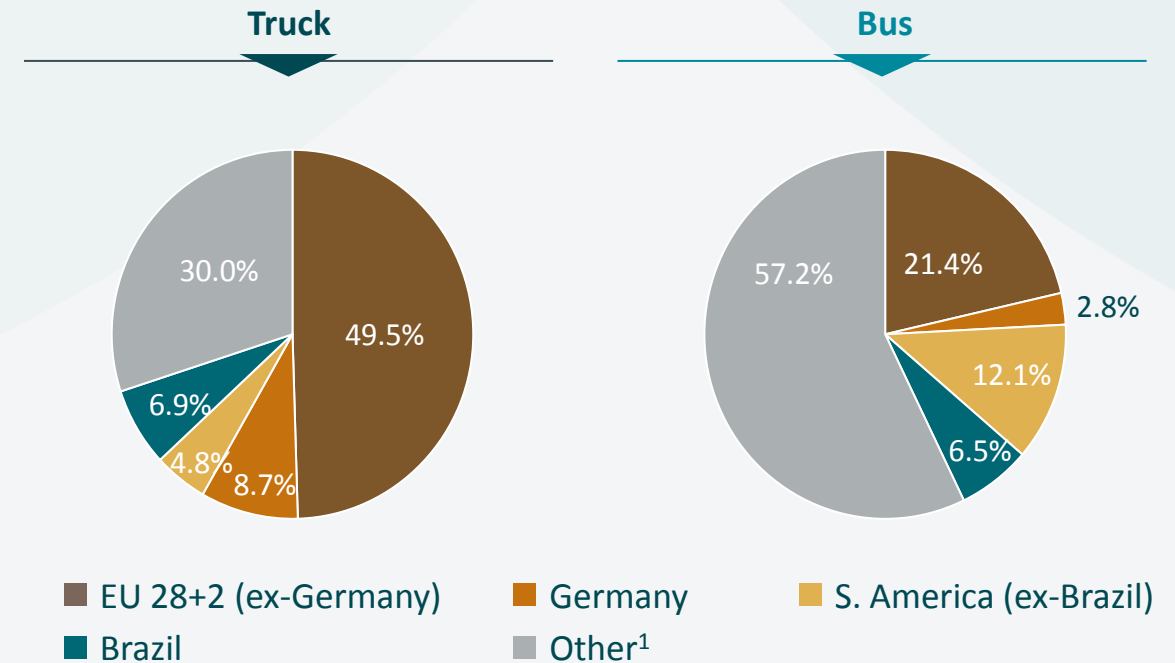
TRATON GROUP: Top line growth and profitability improvement

1 SCANIA VEHICLES & SERVICES: STRONG TRUCK VOLUME GROWTH

Volume delivered (k units and % of total)



Volume delivered by region in 2017A (% of total)

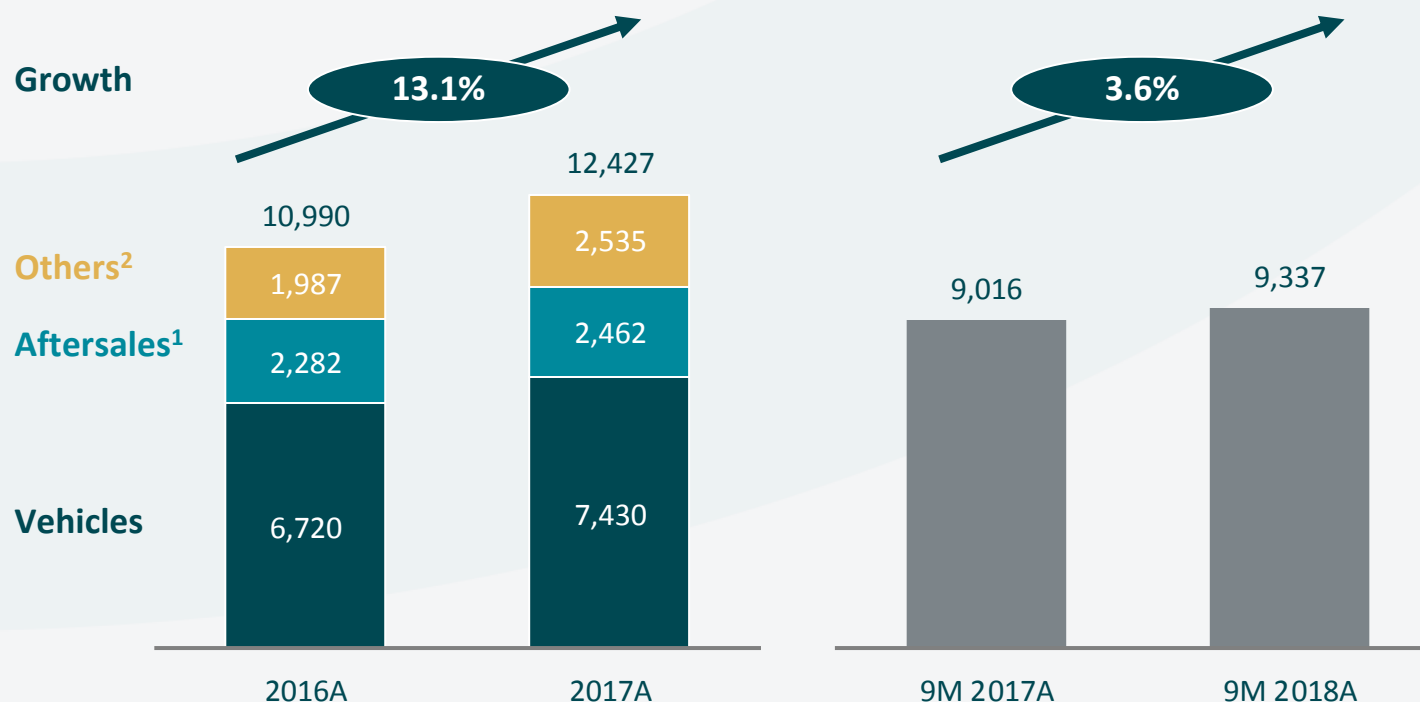


- Truck volume increase driven by improved economic conditions
- Further uplift from introduction of the NTG
- Bus segment stable across years

¹ Including Asia-Pacific accounting for 10.8% of overall truck volume and 19.6% of overall bus volume and Middle East accounting for 6.6% of overall truck volume and 18.6% of overall bus volume.

1 SCANIA VEHICLES & SERVICES: SALES REVENUE GROWTH ON THE BACK OF STRONG TRUCK SALES

Sales revenue (€m)

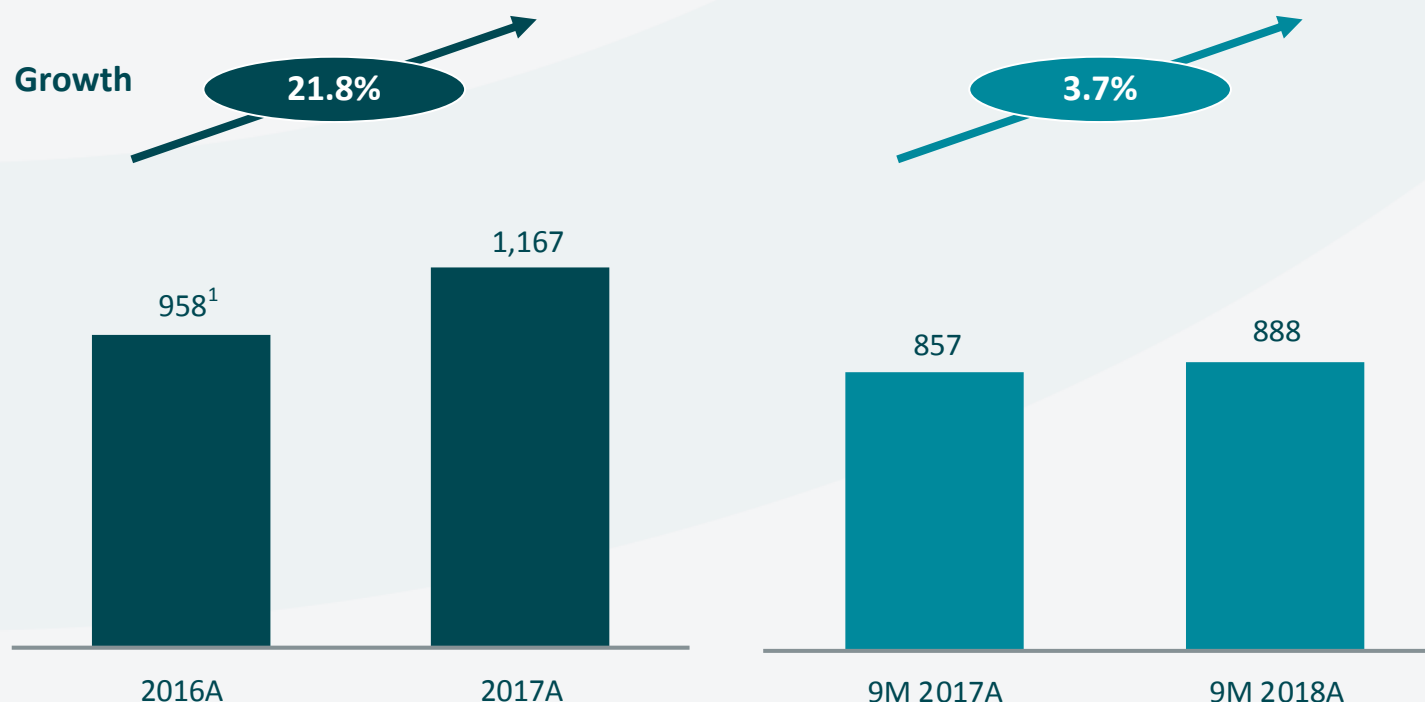


Commentary

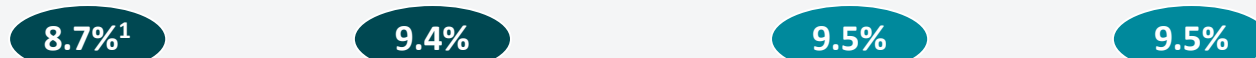
- Sales revenue in 2017A driven by:
 - Growth across almost all products
 - Increase in average prices per vehicle within the trucks segment
 - Increased component sales to MAN T&B from common platform parts
- • Continuous expansion of service revenues due to growing vehicle fleet across all regions and preventive service program from connected fleet base

1 SCANIA VEHICLES & SERVICES: INCREASE IN VOLUMES ENHANCING ADJ. OPERATING PROFIT

Adj. Operating Profit (€m)



Adj. Return on Sales (%)



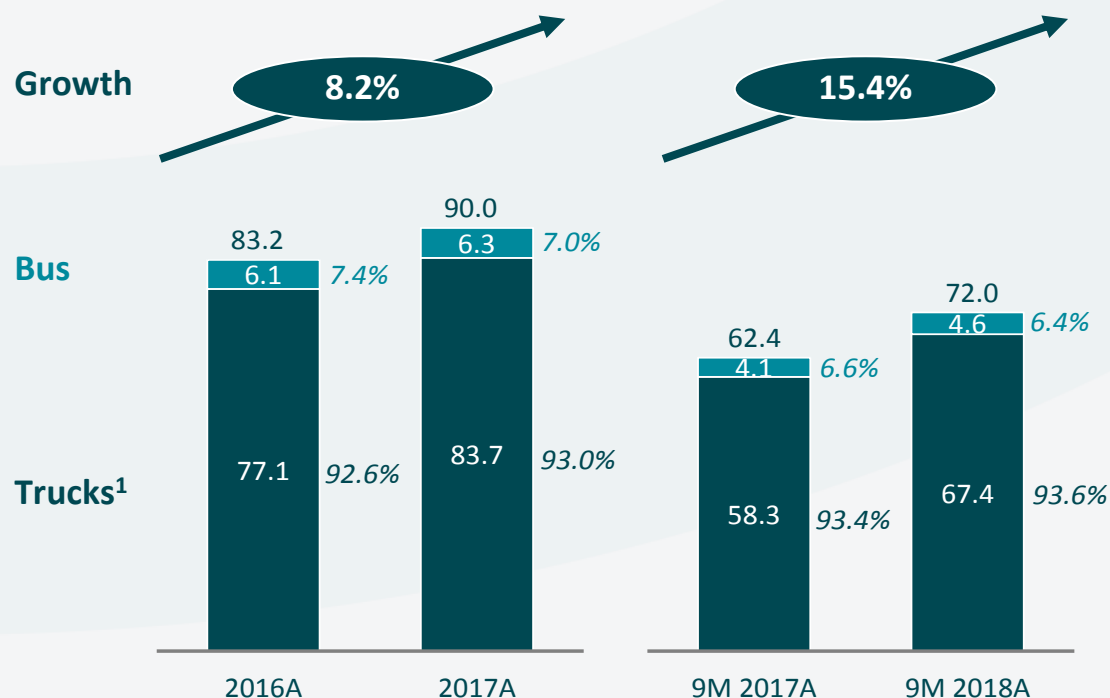
Commentary

- Increase in Return on Sales through greater operating leverage in 2017A, reflected by 13.1% increase in sales revenue at stable operating expenses
- Higher cost base due to development and introduction of NTG line, relating to logistics, production methods and temporarily required parallel production
- Service growth positively impacting margins in 2017A
- Increase in export share of Brazil production

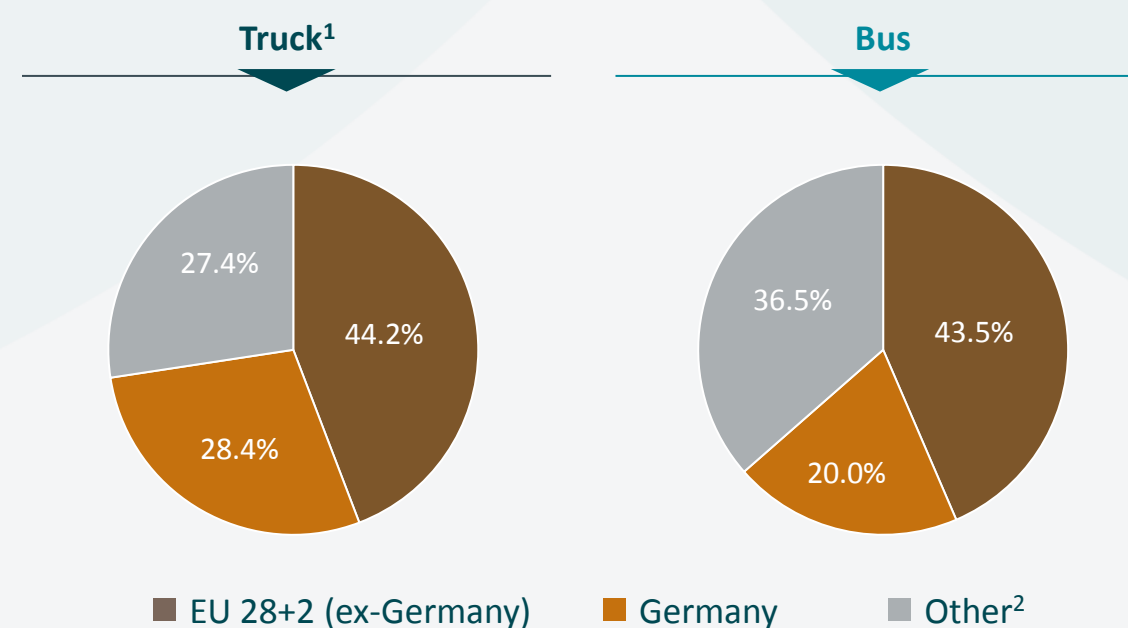
¹ Including €403m adjustment for provision in relation to Scania antitrust fine.

2 MAN TRUCK & BUS: VOLUMES DRIVEN BY POSITIVE ECONOMIC DEVELOPMENT

Volume delivered (k units and % of total)



Volume delivered by region in 2017A (% of total)



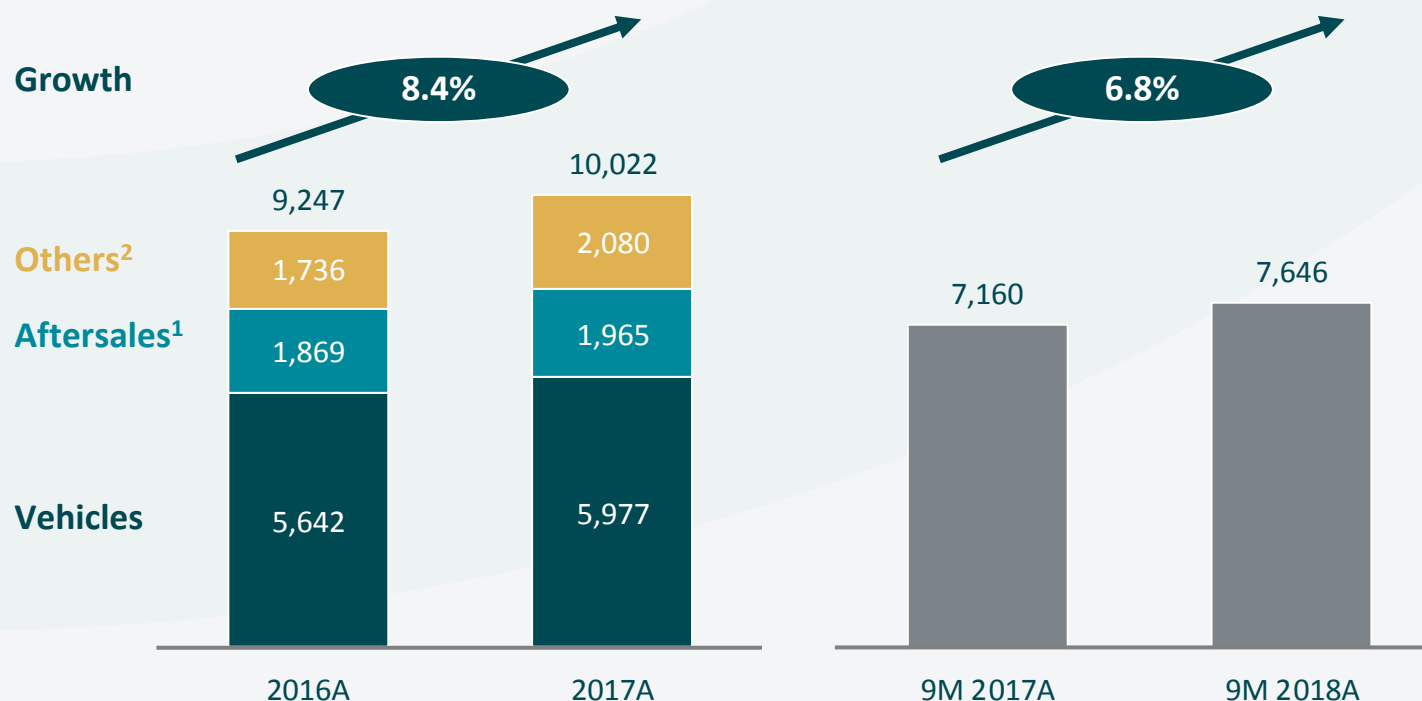
- Better market conditions and increased market share driving truck volumes in 2017A
- Bus volumes with expansion in 2017A, driven by introduction of new Intercity bus models

¹ Including MAN TGE vans. ² Including Asia-Pacific accounting for 7.2% of overall truck volume and 9.7% of overall bus volume and Middle East accounting for 4.8% of overall truck volume and 9.0% of overall bus volume.

2 MAN TRUCK & BUS: PARTICIPATING IN STRONG EU MARKET AND MARKETING CAMPAIGNS CONTRIBUTING TO SALES REVENUE

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Sales revenue (€m)



Commentary

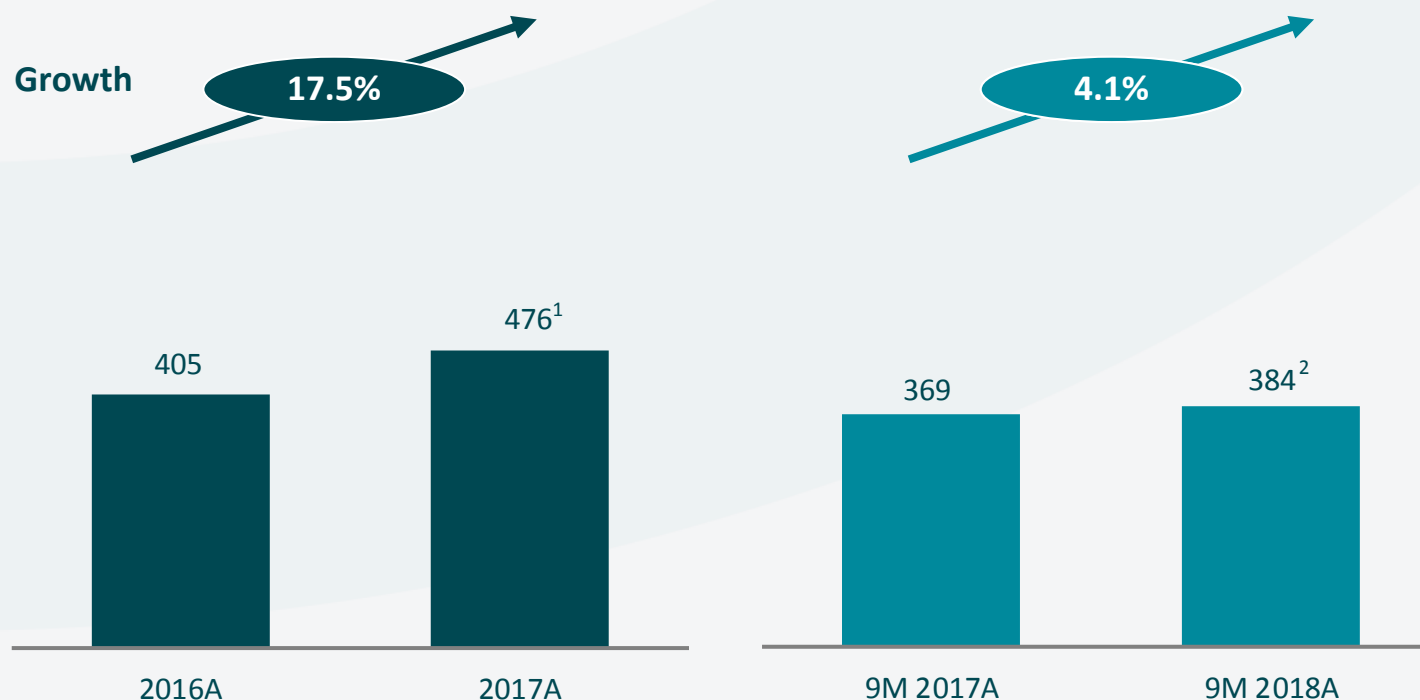
- Positive European economic environment in 2017A
- Successful marketing campaigns and improved distribution approach in Germany for TGS and TGX trucks in 2017A
- Introduction of the new MAN TGE van and new Intercity bus models in 2017A

¹ Including genuine parts and workshop services. ² Including used vehicles, engines, powertrains and parts deliveries, Industrial Business related leasing business and other sales revenue including sales revenue from hedging transactions.

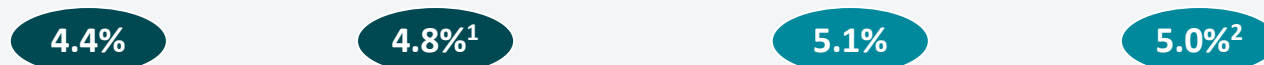
2 MAN TRUCK & BUS: STRONG SALES INCREASE DRIVING ADJ. OPERATING PROFIT IN 2017

TRATON
GROUP

Adj. Operating Profit (€m)



Adj. Return on Sales (%)



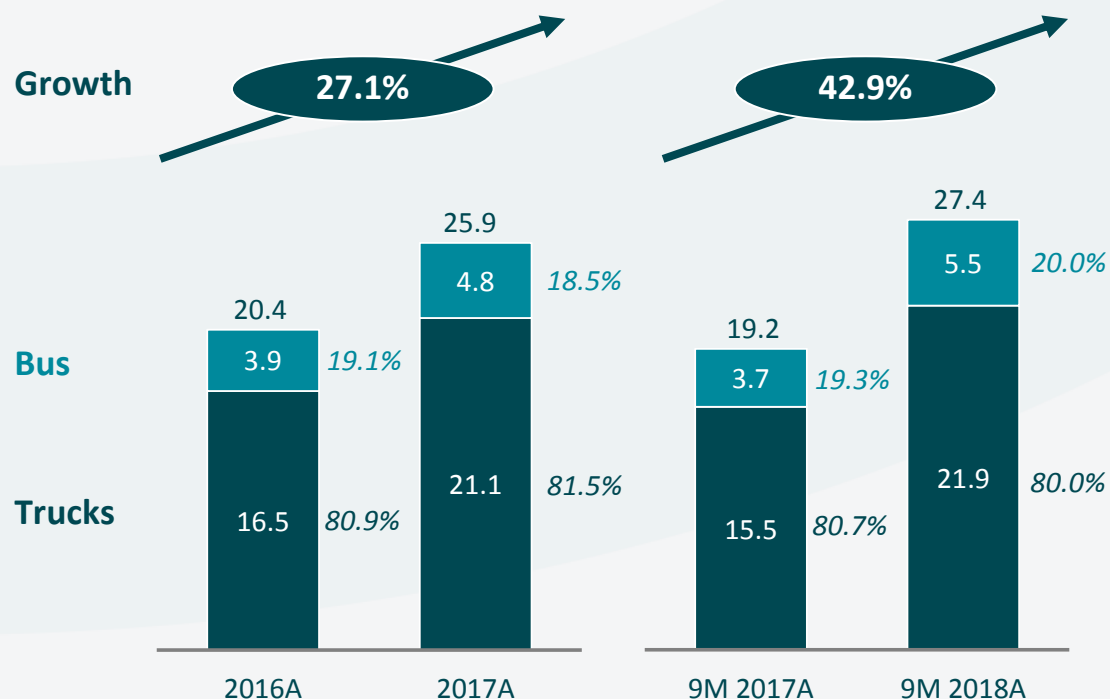
Commentary

- Positive effects from the PACE2017 efficiency program coming through
- Benefit from HDT assembly shift to Munich, concentrating cab production in Munich, bundling logistics, increasing efficiency and optimising IT costs in 2017A
- Adj. Return on Sales expansion through fixed cost degression from higher volumes
- Restructuring expense of €115m as adjustment in 9M 2018 due to market exit/plant closure at MAN India

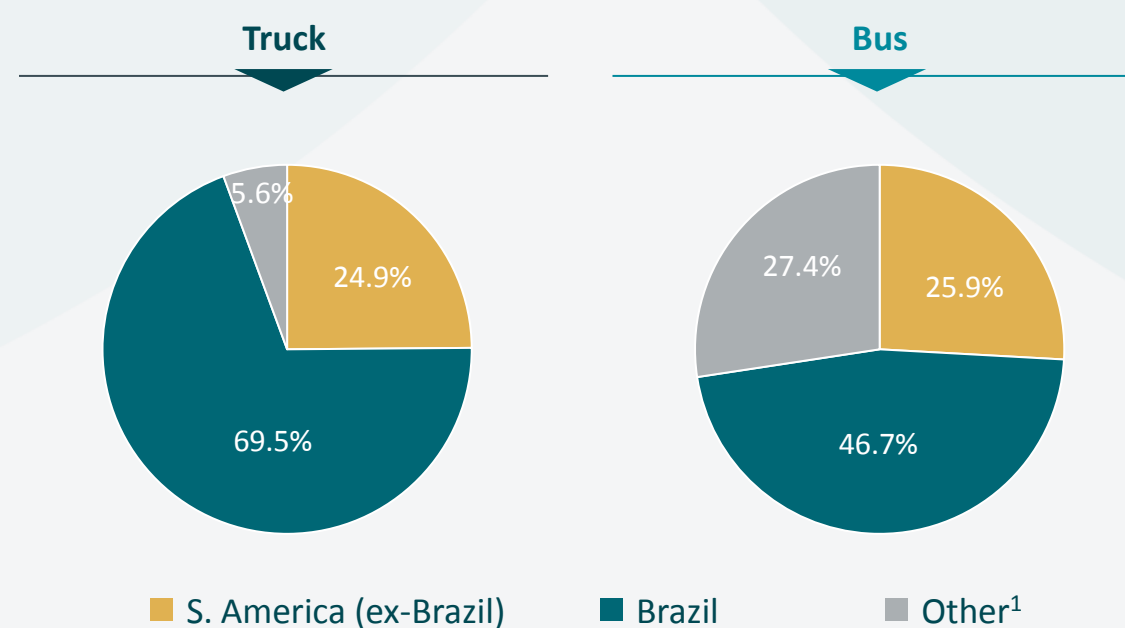
¹ Including (€50m) adjustment for release of restructuring provision at MAN T&B. ² Including €115m adjustment for expense in relation to Indian market exit at MAN T&B which arose during the first 9 months of 2018.

3 VWCO: 27.1% INCREASE IN VOLUMES ON THE BACK OF AN ECONOMIC RECOVERY

Volume delivered (k units and % of total)



Volume delivered by region in 2017A (% of total)

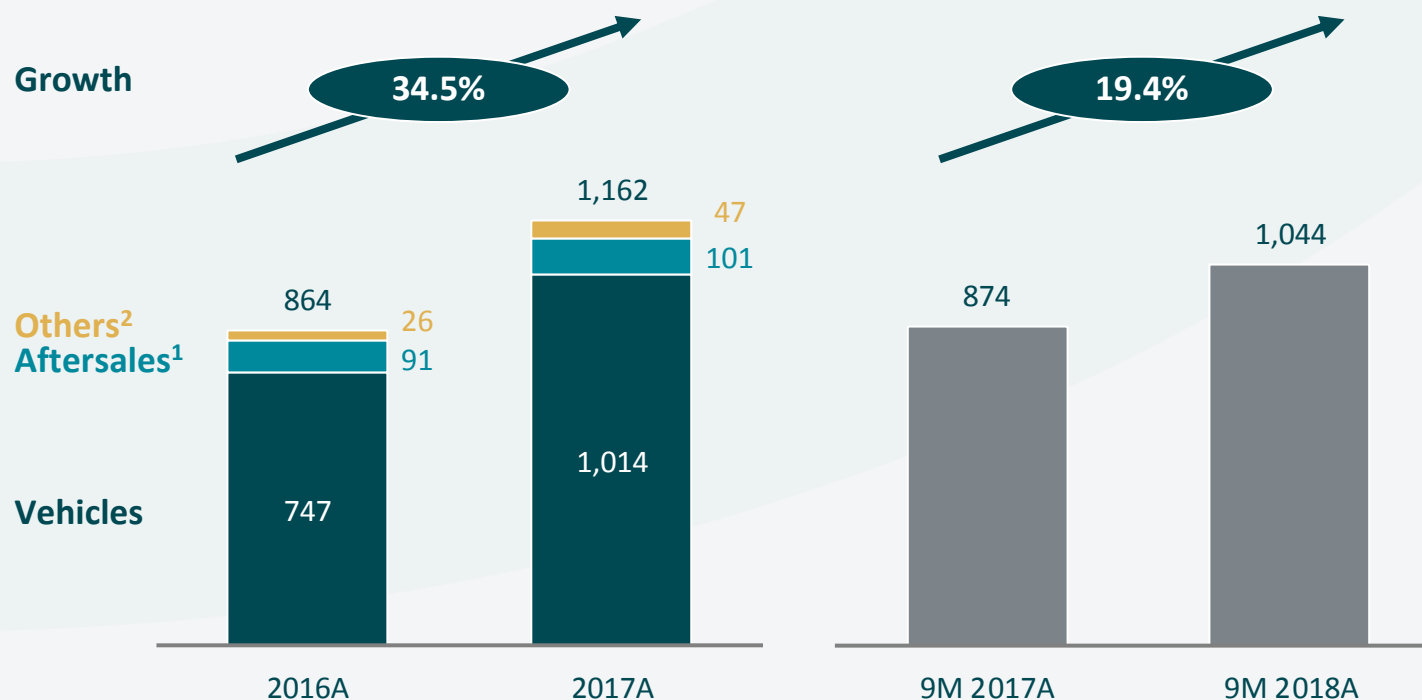


- Strong expansion in truck segments alongside market recovery

¹ Including volume generated in Mexico, Africa and Middle East.

3 VWCO: SUBSTANTIAL SALES REVENUE GROWTH ON THE BACK OF VOLUME AND PRICE RECOVERY

Sales revenue (€m)



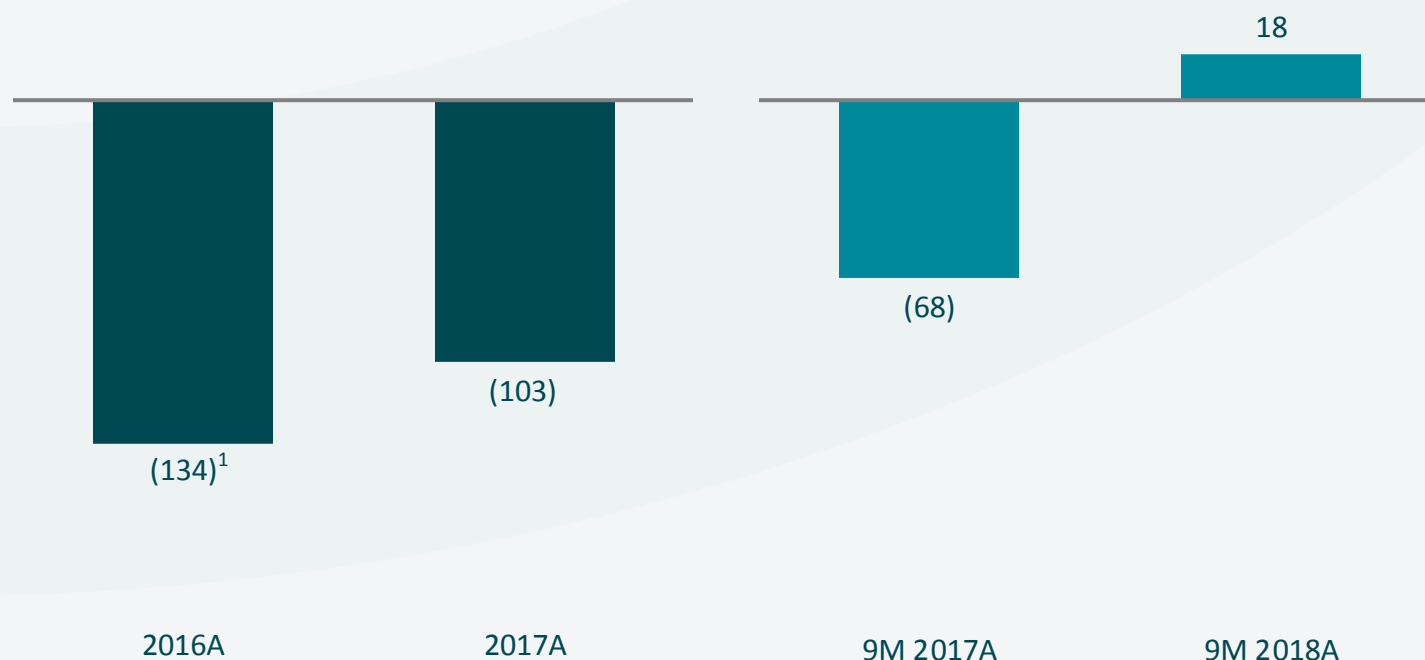
Commentary

- Post-recession of the Brazilian economy recovery of vehicle sales revenue in 2017A and in 9M 2018A
- Successful pricing strategies, lower dealer stock and a change in mix towards higher priced heavy trucks leading to significant sales revenue growth

3

VWCO: BREAK-EVEN REACHED IN 9M 2018

Adj. Operating Profit (€m)



Adj. Return on Sales (%)

(15.6%)¹

(8.8%)

(7.8%)

1.7%

Commentary

- Cost measures showing visible results
 - Successful turnaround measures (e.g. headcount reduction) leading to significantly lower cost base
 - Reduction in full-time employees
- Significant expansion of contribution margins across product portfolio

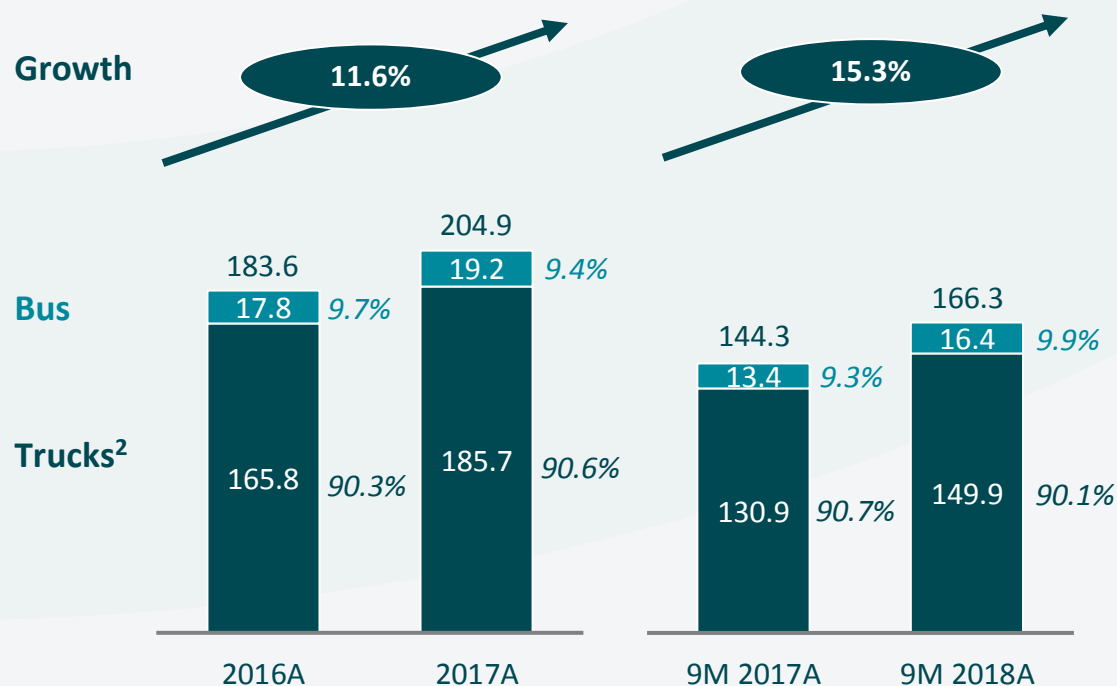


TRATON
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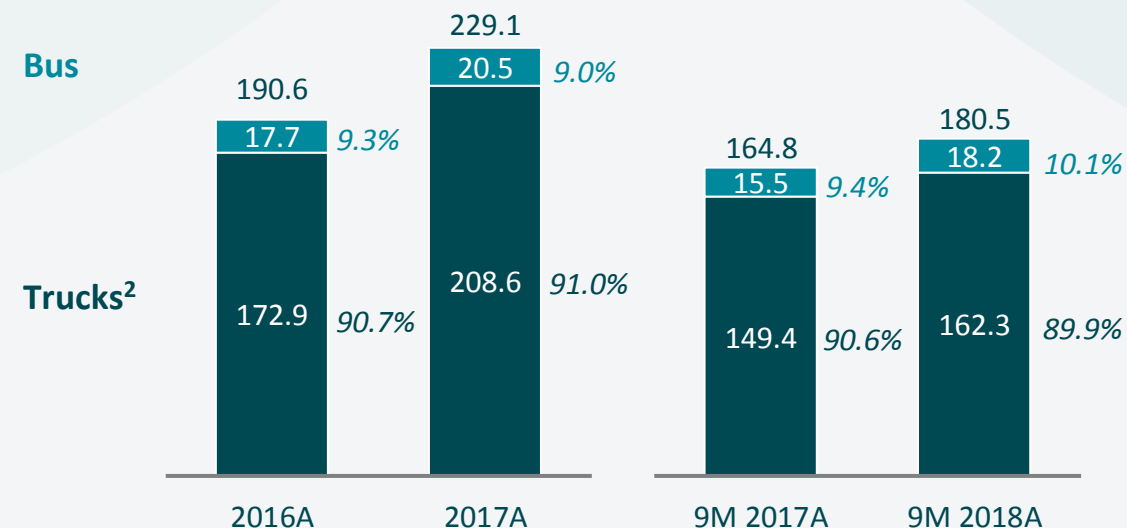
¹ Including €58m adjustment for restructuring expense at VWCO.

4 INDUSTRIAL BUSINESS: INCREASING VOLUMES AND STRONG ORDER INTAKE

Volume delivered¹ (k units and % of total)



Order intake¹ (k units and % of total)



Book-to-bill³

1.04

1.12

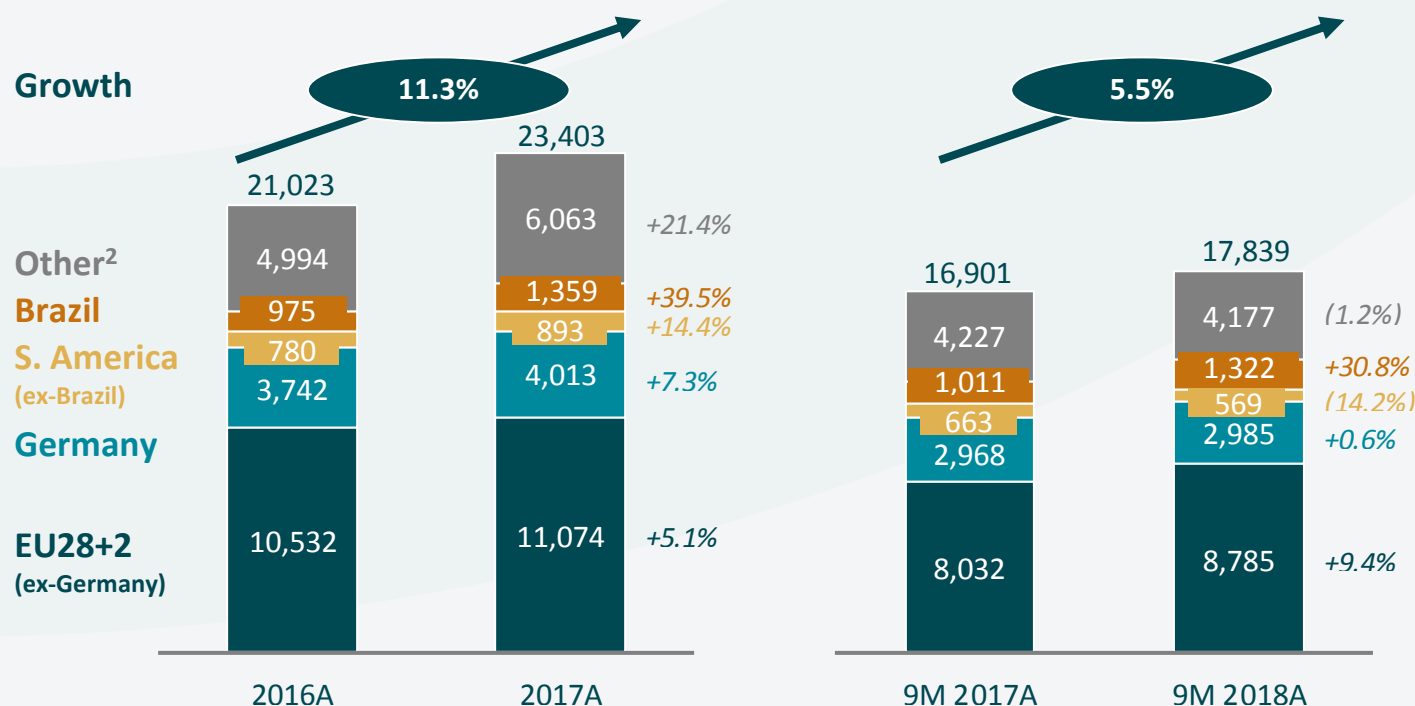
1.14

1.09

¹ After considering consolidation effects at group level. ² Including MAN TGE vans. ³ Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered in a given period.

4 INDUSTRIAL BUSINESS: GLOBAL NETWORK CONTRIBUTING POSITIVELY

Sales revenue¹ by region (€m and % of total¹)



Commentary

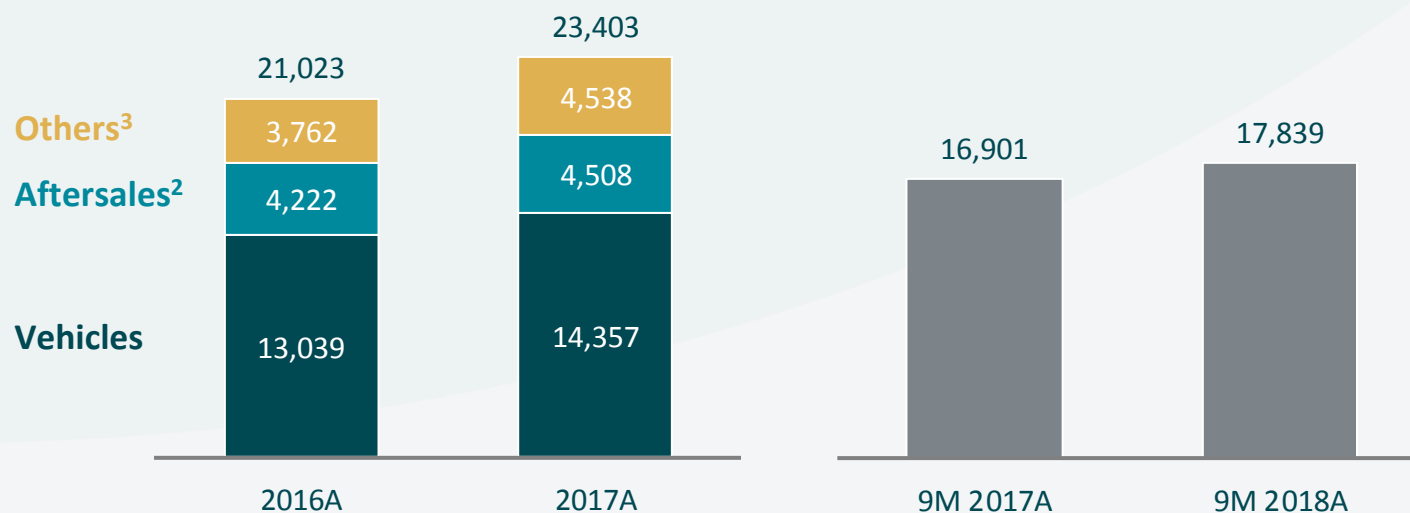
- Industrial Business' sales revenue increased by €2,380m, reflecting positive developments across core markets in the period from 2016A to 2017A
- €385m sales revenue expansion in the Brazilian market on the back of an overall economic recovery in the period from 2016A to 2017A
- Successful improvement in sales approach of MAN T&B in Germany as main driver of the €272m sales revenue growth in the period from 2016A to 2017A

¹ Reflecting sales revenue before intersegment consolidation. ² Including sales revenue of (i) Asia-Pacific region of €1,887m and €2,137m in 2016A and 2017A respectively and (ii) Middle East region of €896m and €1,027m in 2016A and 2017A respectively and including sales revenue from hedging transactions (not assigned to regions).

4 INDUSTRIAL BUSINESS: GROWTH BEYOND CORE MARKETS

Sales revenue¹ (€m)

Growth



Aftersales¹ sales revenue share as % of total sales revenue

20.1%

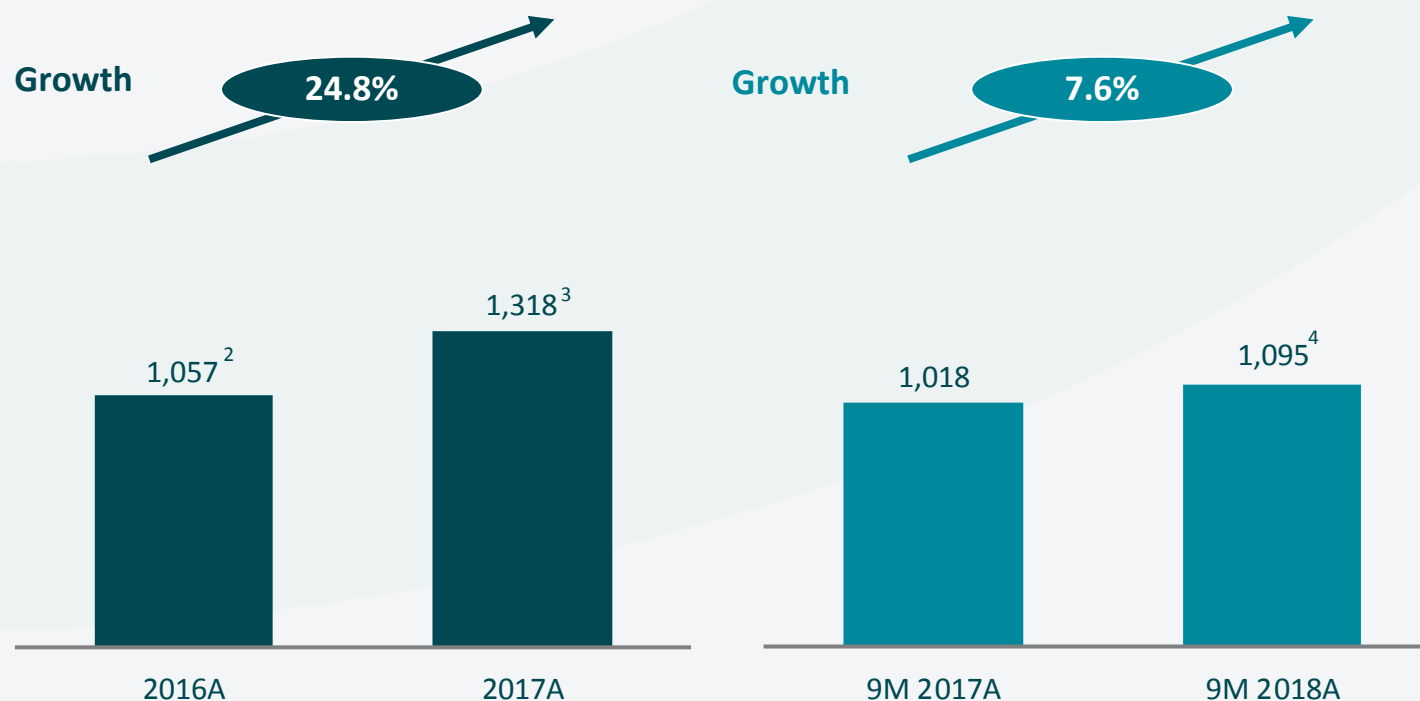
19.3%

Commentary

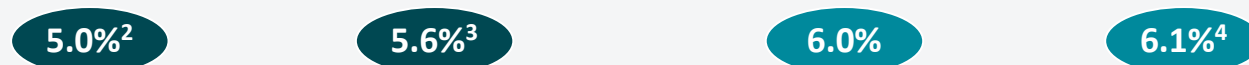
- Sales revenue driven by all three operating units on the back of a positive economic development and new product launches with successful pricing strategies
- Significant expansion of truck volumes as main contributor to sales revenue growth in 2017A

4 INDUSTRIAL BUSINESS: ADJ. OPERATING PROFIT EXPANDING

Adj. Operating Profit¹ (€m)



Adj. Return on Sales (%)⁵



Commentary

- Profit expansion through increased volumes and stable contribution margins from 2016A to 2017A
- Increase in solid margin aftersales business
- Adj. Return on Sales increase through fixed cost degression from higher volumes

1 Including aligned PPA (VWCO PPA – MAN Origin; Scania PPA – VW Origin); reflecting Operating Profit before intersegment consolidation. 2 Including €403m adjustment for provision in relation to Scania antitrust fine and €58m adjustment for restructuring expense at VWCO. 3 Including (€50m) adjustment for release of restructuring provision at MAN T&B. 4 Including €115m adjustment for expense in relation to Indian market exit at MAN T&B which arose during the first 9 months of 2018. 5 Based on Adj. Operating Profit before intersegment consolidation. Including aligned PPA (VWCO PPA – MAN Origin; Scania PPA – VW Origin).

4 INDUSTRIAL BUSINESS: INCOME STATEMENT OVERVIEW

in €m	2016A	2017A
Sales revenue ¹	21,023	23,403
Cost of sales	(17,026)	(18,985)
Gross Profit	3,997	4,418
SG&A ²	(2,983)	(3,100)
Other operating income/expenses ⁷	(419) ³	51
Operating Profit	596	1,368
<i>RoS in %</i>	<i>2.8%</i>	<i>5.8%</i>
Adjustments	461 ³	(50) ⁴
Adj. Operating Profit	1,057	1,318
<i>Adj. RoS in %</i>	<i>5.0%</i>	<i>5.6%</i>
Financial result	(156)	(196)
Earnings before tax (from continued operations)	440	1,172
Income tax income/expense	(245)	(418)
Result from continuing operations, net of tax	195	754
Result from discontinued operations, net of tax⁵	(123)	85
Earnings after tax	72	839

Commentary

- SG&A² as % of revenue with positive effect from 2016A to 2017A, reducing from 14.2% to 13.2%
- Direct labor costs with expansion in 2017A, driven by headcount increases in relation to the higher production volumes at Scania V&S and MAN T&B and the introduction of the NTG at Scania V&S in 2017A

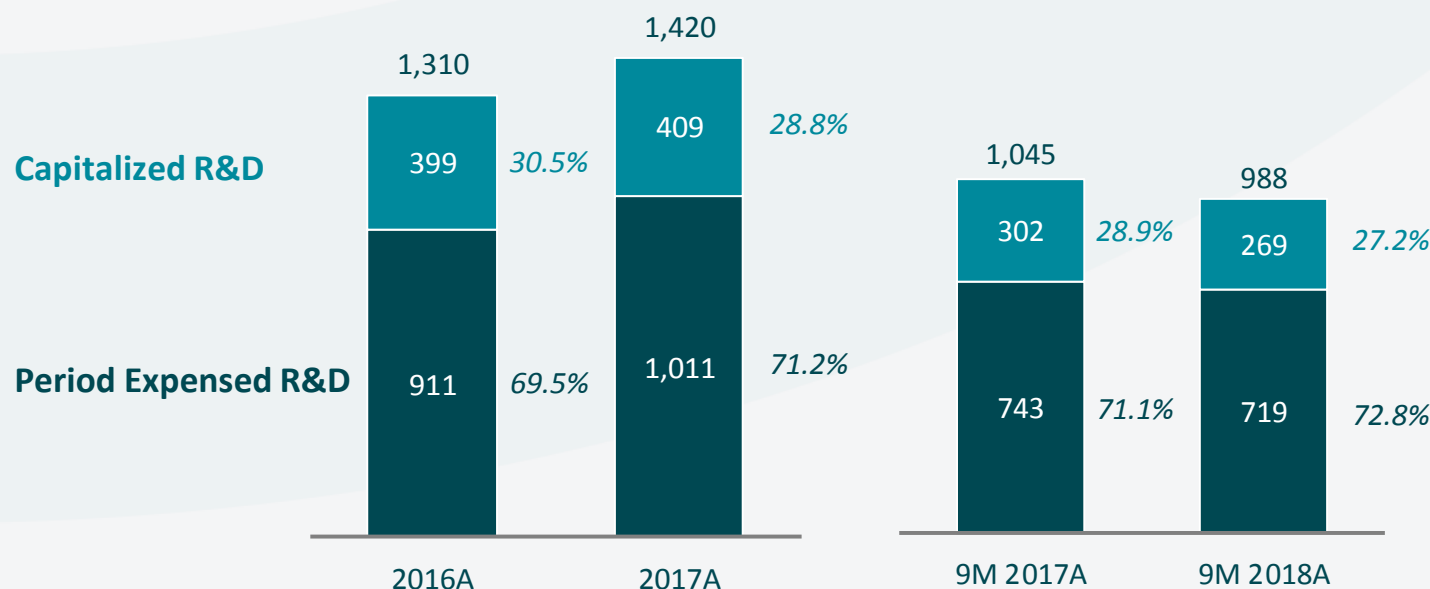
Industrial Business Adj. EBITDA⁶

2016A	€1,911m ³
2017A	€2,107m ⁴

1 Reflecting sales revenue before intersegment consolidation. 2 Reflecting distribution expenses and general and administrative expenses. 3 Including €403m adjustment for provision in relation to Scania antitrust fine and €58m adjustment for restructuring expense at VWCO. 4 Including (€50m) adjustment for release of restructuring provision at MAN T&B. 5 Reflecting non-recurring consolidation effects with Power Engineering. 6 Adj. EBITDA defined as Adj. Operating Profit plus D&A of, and impairment losses on, intangible assets, PP&E and investment property, amortization of and impairment losses on capitalized development costs and impairment losses on equity investments plus share of the result of equity-accounted investments plus other financial result. 7 Including net impairment losses on financial assets.

4 INDUSTRIAL BUSINESS: NEW PRODUCT DEVELOPMENT DRIVING RESEARCH AND DEVELOPMENT COSTS

Total research and development costs¹ (€m; % of sales revenue)



Total research and development costs as % of sales revenue

6.2%

6.1%

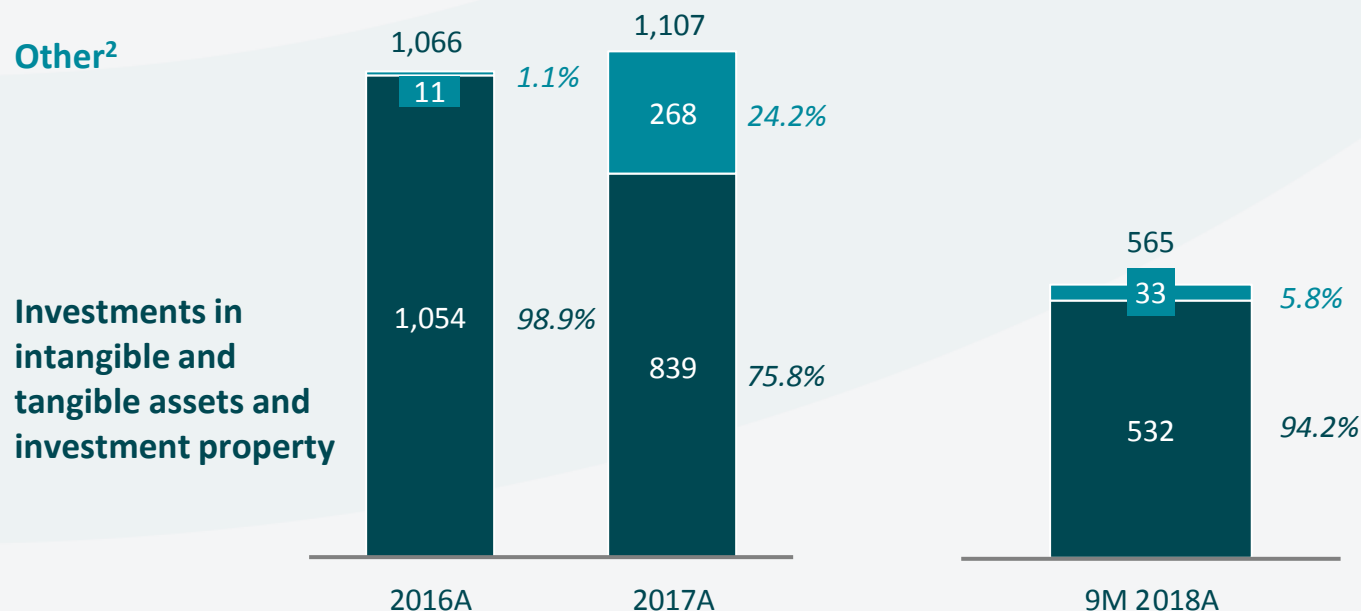
Commentary

- Total R&D costs driven by:
 - Ramp up for new product development, including the new truck generation at MAN T&B and the New Delivery model at VWCO introduced at year-end 2017
 - Development of adaptations for all alliance partners
 - Connectivity solutions
 - New technologies, ADAS/autonomous driving, electrification
- R&D spending expected to stay in line with absolute historical levels
- R&D spending to be increasingly shifted from being product related to new technologies

¹ Reflecting total research and development costs from continuing operations comprising capitalized R&D plus period expensed R&D.

4 INDUSTRIAL BUSINESS: SUSTAINED INITIATIVES TO OPTIMIZE INVESTMENTS

Capex spending¹ (€m, % of sales revenue)



As % of sales revenue

5.1%

4.7%

Commentary

- Decrease in prepayments for construction in progress relating to the completion of the NTG project at Scania V&S in 2017A
- Other position mainly reflecting acquisition of Navistar stake in 2017A
- Capex spending expected to stay in line with absolute historical levels (including capitalized development costs)

¹ Including Investments in intangible assets (excluding development costs), Property plant and equipment, and investment property, acquisition of subsidiaries and acquisition of other equity investments. ² Including acquisition of subsidiaries and acquisition of other equity investments.

4

INDUSTRIAL BUSINESS: NET CASH FLOW EVOLUTION

in €m	2016A	2017A
Earnings before tax	440	1,172
Income taxes paid	(81)	(217)
D&A of, and impairment losses on, intangible assets, PP&E, and inv. property ⁴	552	585
Amortization of and impairment losses on capitalized development costs ⁴	237	225
Impairment losses on equity investments ⁴	0	1
Depreciation of and impairment losses on lease assets ⁴	1,085	1,155
Change in pensions	23	13
Gain/loss on disposal of noncurrent assets and equity investments	(14)	(13)
Share of profit or loss of equity-accounted investments	(12)	(63)
Other noncash expense/income	134	30
Change in inventories	(364)	(456)
Change in receivables (excluding financial services)	(114)	(615)
Change in liabilities (excluding financial liabilities)	1,714	1,012
Change in provisions	408	(69)
Change in lease assets	(1,865)	(1,439)
Change in financial services receivables	3	(11)
Cash flows from operating activities - discontinued operations	(123)	80
Cash flow from operating activities	2,024	1,392
Investments in intangible assets (excluding dev. costs), PP&E, and inv. property	(1,054)	(839)
Additions to capitalized development costs ³	(400)	(416)
Acquisition of subsidiaries	(4)	4
Acquisition of other equity investments	(7)	(272)
Other cash from investing activities ¹	(293)	(88)
Cash flows from investing activities – discontinued operations	0	(4)
Cash flows from investing activities	(1,758)	(1,615)
Net Cash Flow I²	266	(223)
Adjustment to Net cash flow definition Volkswagen AG ⁵	336	137
Adjustment to discontinuing operations ⁶	123	(76)
Net Cash Flow II⁷	724	(162)

Commentary

- Earnings before tax in 2017 offset by working capital increase
- Change in working capital in 2017 is mainly driven by changes in:
 - Inventories of €(456)m
 - Receivables of €(615)m, including trade receivables of €(237)m
 - Liabilities of €1,012m, including trade payables of €249m
 - Lease assets €(1,439)m
- Working capital is a key focus area; task force in place to implement identified optimization potential

1 Includes disposal of subsidiaries, disposal of other equity investments, proceeds from disposal of intangible assets, property, plant and equipment, and investment property, change in investments in securities and changes in loans and time deposits.

2 Net Cash Flow I is defined as cash flow from operating activities reduced for cash flow from investing activities. 3 Including capitalized borrowing costs. 4 Net of impairment reversals. 5 Includes change in investments in securities and changes in loans and time deposits. 6 Includes Cash flow from operating activities and Cash flow from investing activities. 7 Net Cash Flow II is defined as cash flows from operating activities reduced by cash outflow from investing activities from continued operations adjusted for "changes in securities" and "change in loans and time deposits".

5

FINANCIAL SERVICES: SCANIA HAS ITS OWN FINANCIAL SERVICES UNIT WHILE VW FS PROVIDES FINANCIAL SERVICES FOR MAN T&B AND VWCO



- Scania Financial Services is a **fully integrated captive FS provider**
- Scania FS operates **independent of VW Financial Services** with its **own back-office**



- **MAN branded Financial Services** front-end (part of VW Financial Services)



Caminhões
Ônibus

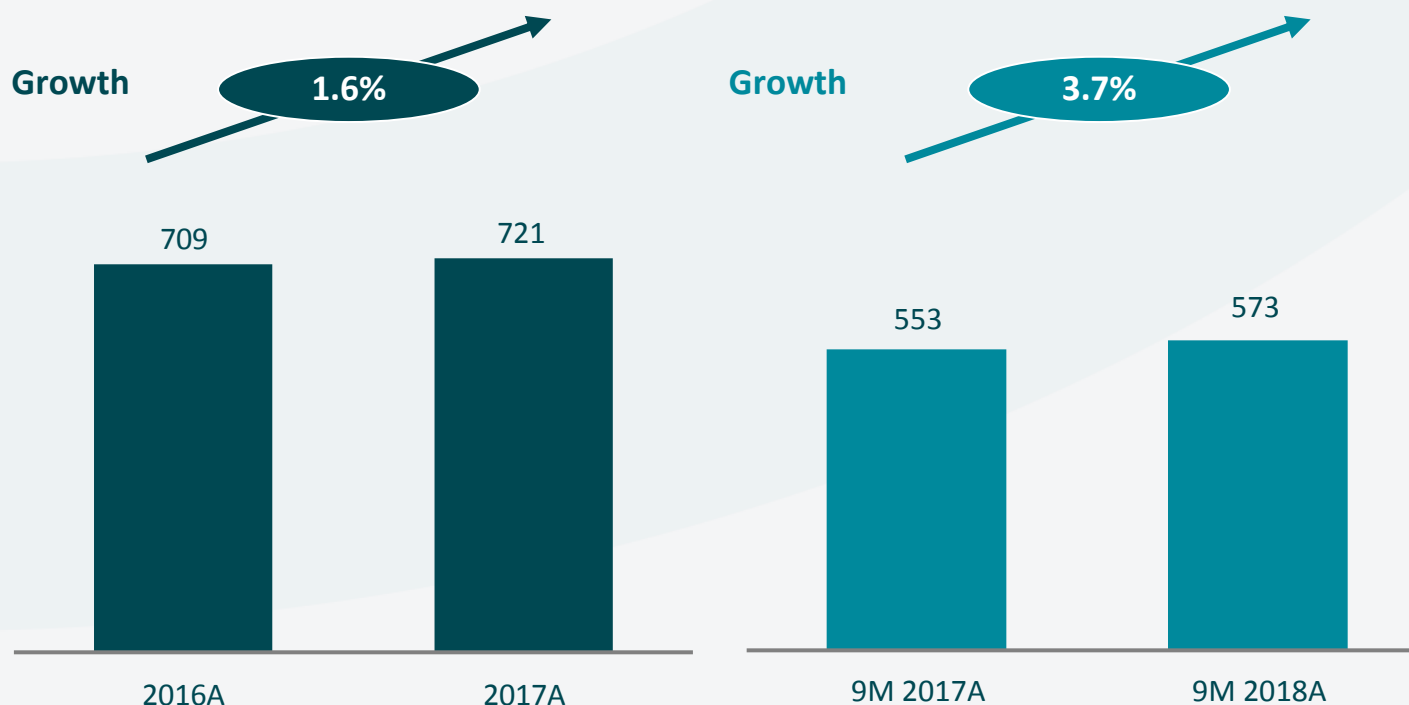
- VWCO directly via VW Financial Services – **no separate branding**



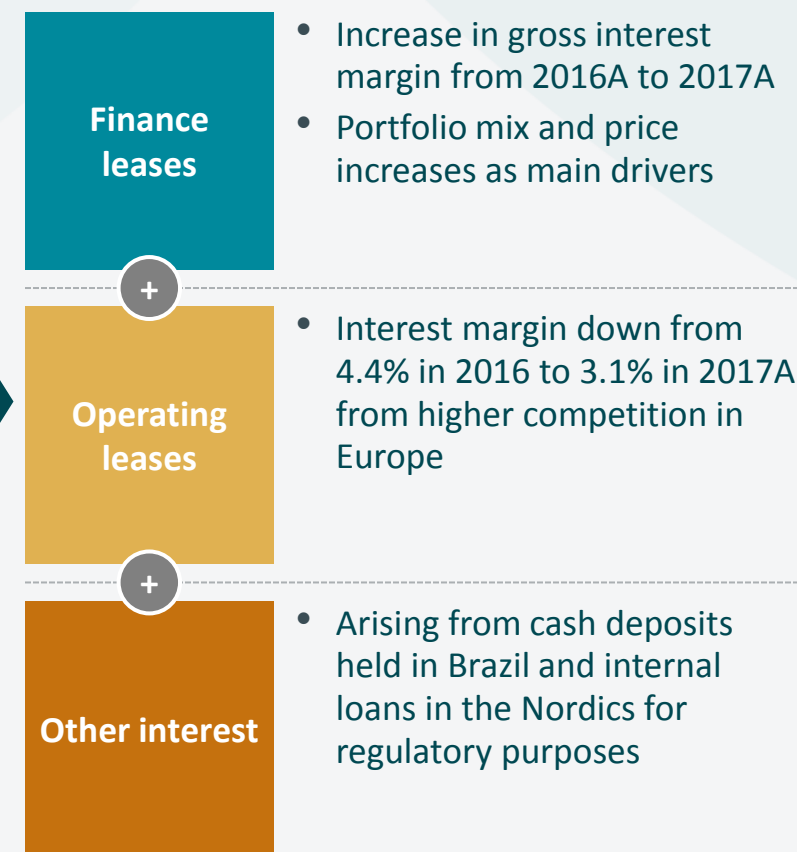
TRATON GROUP is currently assessing whether to have a captive and integrated Financial Services unit to be implemented at TRATON GROUP level

5 FINANCIAL SERVICES: FINANCIAL SERVICES AS SOLID CONTRIBUTOR AND CATALYST FOR NEW TRUCK SALES

Financing income (Lease income and interest income)¹ (€m)



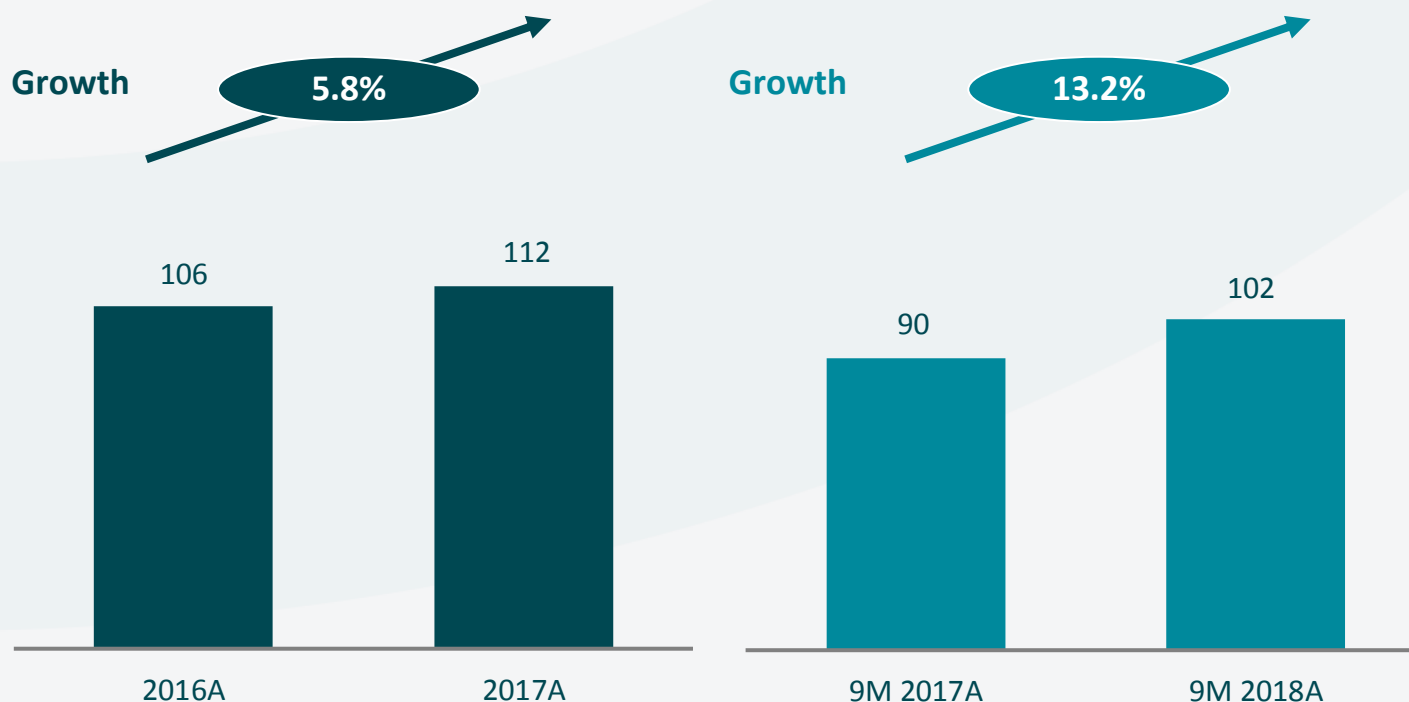
Components of financing income



¹ Reflecting lease income and interest income before I/C adjustments; corresponds to Financial Services segment sales revenue before intersegment consolidation.

5 FINANCIAL SERVICES: STRONG RETURN ON EQUITY OF 15.9%

Earnings before tax (€m)



Return on equity¹ (%)

16.1%

15.9%

Commentary

- Strong increase in earnings before tax in 2017A driven by:
 - Increase in net interest income
 - Increase in net insurance income, driven by loan volume increases and profit sharing
 - Lower other expenses
 - Increase in operating expenses for the support of the servicing of new lending

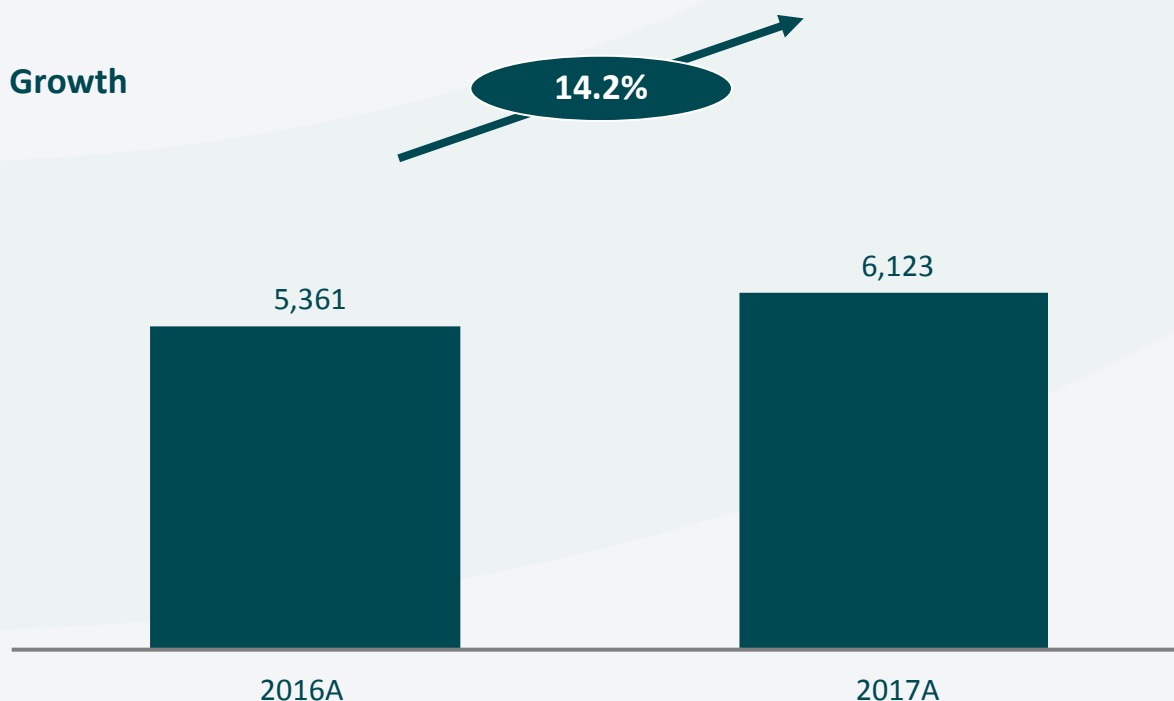


¹ Defined as earnings before tax as % of average equity; average equity is derived from the balance sheet at the beginning and end of the relevant period.

5 FINANCIAL SERVICES: DEVELOPMENT OF NET PORTFOLIO

Net portfolio¹ development (€m)

Growth



Commentary

- 14.2% increase in Financial Services net portfolio in 2017A impacted by:
 - Increase in number of trucks sold by Commercial Operations
 - Increased focus on improved penetration rate generating new lending
 - Significant expansion of c. 19% in new lending in Emerging Markets
 - Favorable FX movements



¹ Reflecting closing balance. Net portfolio defined as gross portfolio less bad debt provisions.

6 TRATON GROUP: INCOME STATEMENT OVERVIEW

in €m	2016A	2017A
Sales revenue	21,915	24,366
Cost of sales	(17,649)	(19,653)
Gross Profit	4,266	4,713
SG&A ¹	(3,105)	(3,226)
Other operating income/expenses	(434)	25
Operating Profit	727	1,512
<i>RoS in %</i>	<i>3.3%</i>	<i>6.2%</i>
Adjustments	461 ²	(50) ³
Adj. Operating Profit	1,188	1,462
<i>Adj. RoS in %</i>	<i>5.4%</i>	<i>6.0%</i>
Financial result	(234)	(132)
Earnings before tax	493	1,379
Income tax income/expense	(297)	(489)
Result from continuing operations, net of tax	196	890
Result from discontinued operations, net of tax	22	149
Earnings after tax	219	1,039

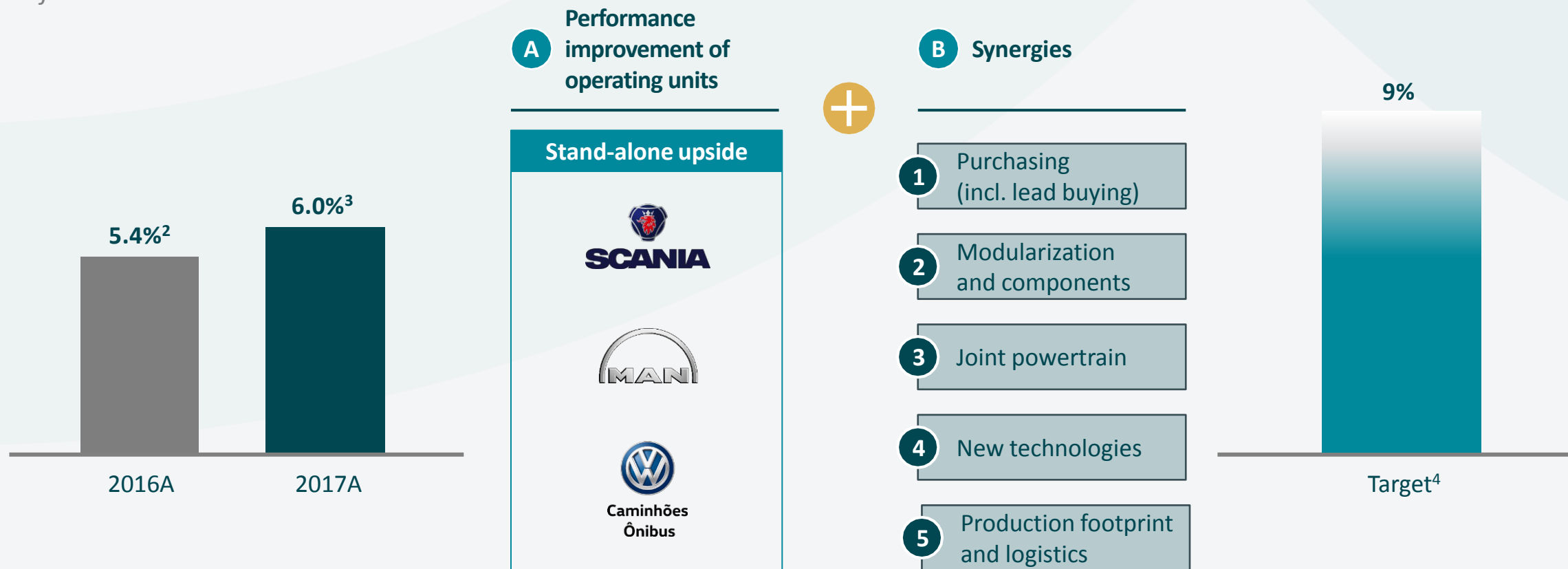
Commentary

- Cost of sales impacted by high depreciation arising from investments and roll-out of Scania NTG
- Change in financial result from €(234)m in 2016A to €(132)m in 2017A, primarily driven by the inclusion of results from investments in Navistar as well as positive developments in results from Sinotruk and RMMV⁴
- Historical tax rate of 59% in 2016A and 35% in 2017A

¹ Reflecting distribution expenses and general and administrative expenses. ² €403m adjustment for provision in relation to Scania antitrust fine and €58m adjustment for restructuring expense at VWCO. ³ (€50m) adjustment for release of restructuring provision at MAN T&B. ⁴ RMMV = Rheinmetall MAN Military Vehicles.

6 TRATON GROUP: STRONG TRACK RECORD OF PERFORMANCE IMPROVEMENT AND FURTHER POTENTIAL TO BE REALIZED

Adj. Return on Sales¹



¹ Based on Adj. Operating Profit Including aligned PPA (VWCO PPA – MAN Origin; Scania PPA – VW Origin). ² Including €403m adjustment for provision in relation to Scania antitrust fine and €58m adjustment for restructuring expense at VWCO. ³ Including (€50m) adjustment for release of restructuring provision at MAN T&B. ⁴ Strategic target TRATON GROUP wants to achieve over-the-cycle, including holding costs and consolidation effects.



ANDREAS RENSCHLER

MEMBER OF THE BOARD OF MANAGEMENT OF VOLKSWAGEN AG
CHIEF EXECUTIVE OFFICER TRATON GROUP

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TODAY'S AGENDA

- 01. INTRODUCTION
- 02. COMPANY HIGHLIGHTS
- 03. INDUSTRY AND MARKET ENVIRONMENT
- 04. TRATON GROUP
- 05. FINANCIALS
- 06. WRAP UP

TRATON GROUP – UNIQUE PROFITABLE GROWTH PROFILE

Three strong brands...



- **Scania:** Enters harvesting period on New Truck Generation, profits from short-term improvement of cost base and attractive aftermarket and service growth
- **MAN:** Achieved profit stabilization, enters new era of profitability post ramp-up of new truck generation
- **VWCO:** Benefits from Brazil market recovery and broader product pipeline



...creating a Global Champion...



- Exceptional **synergy potential** among TRATON GROUP brands and with alliance partners
- **Smart partnership approach** creates **scale** and access to **global profit pools**
- **Monetize on customer focused innovation** and ensure **efficient capital allocation**



...with highly experienced team

~175 years

of cumulative industry experience

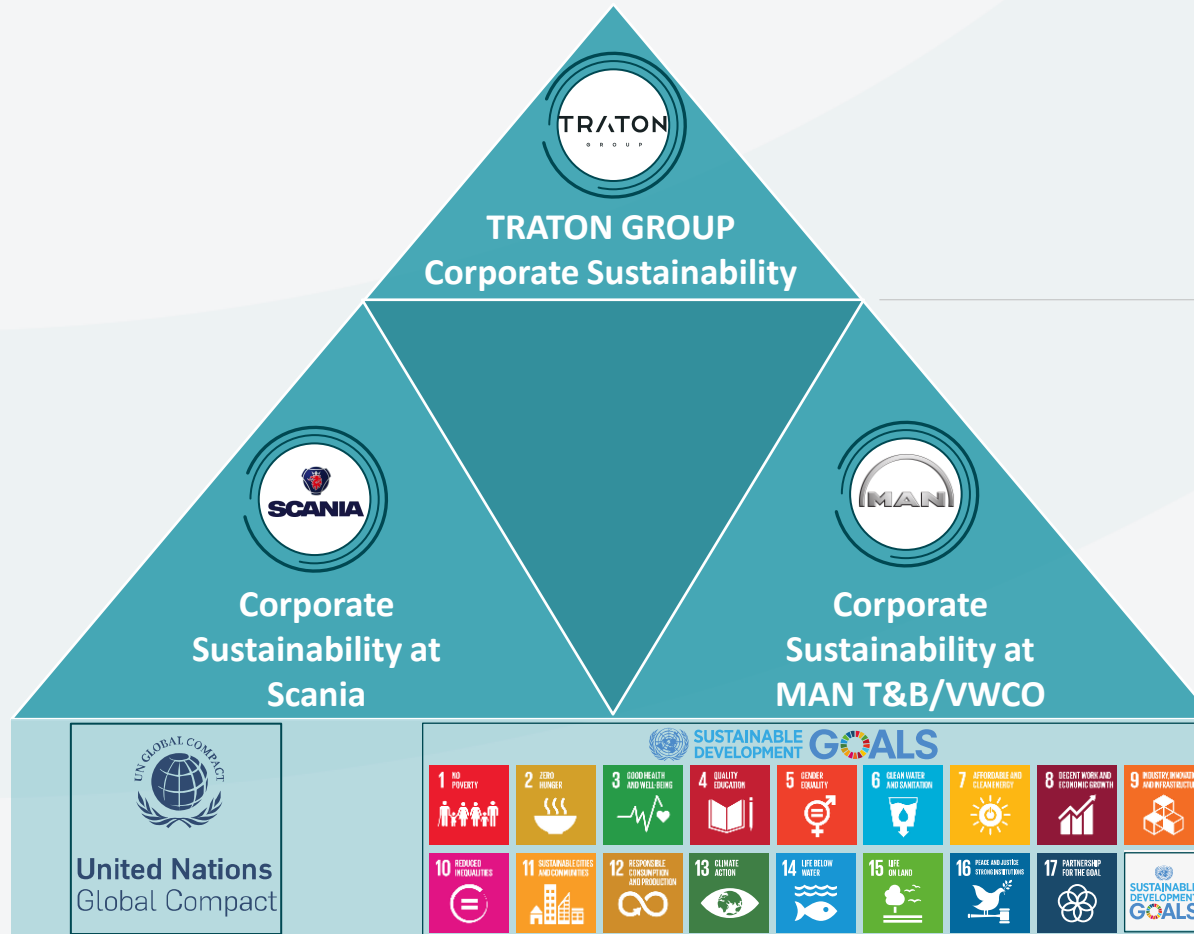
- Longstanding industry experience
- Proven track record
- Commitment to **deliver** the **Global Champion Strategy**



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APPENDIX

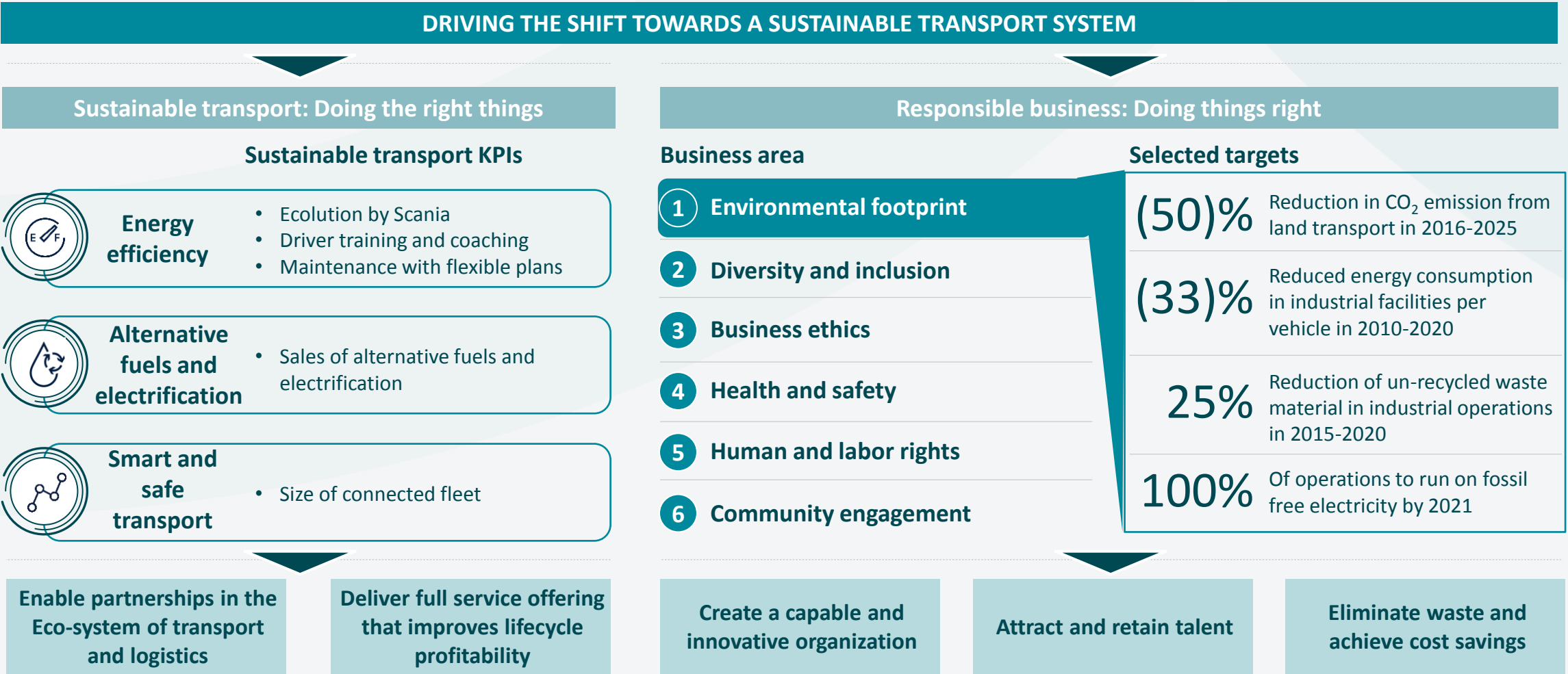
TRATON GROUP CORPORATE SUSTAINABILITY – OVERVIEW



- Ability to contribute to **leading the transport sector towards sustainability** is a **prerequisite** for TRATON GROUP's **long-term success**
- **Transparent sustainability reporting** according to **GRI standards¹**
- **Corporate sustainability is firmly anchored** throughout the organizations at **Scania and MAN T&B/VWCO**
- **Scania:** Driving customer profitability through sustainable solutions and pursuing responsible business
- **MAN T&B/VWCO:** Responsibility for product, production, supply chain, human beings as well as society and integrity
- Commitment to **UN Sustainable Development Goals** as common basis
- **Scania and MAN T&B/VWCO** are participant and signatory of **UN Global Compact²**, respectively

¹ The global reporting initiative (GRI) is an international independent standards organization that sets out principles and indicators for measuring and reporting economics, environmental and social performance. ² Non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation

CORPORATE SUSTAINABILITY AT SCANIA



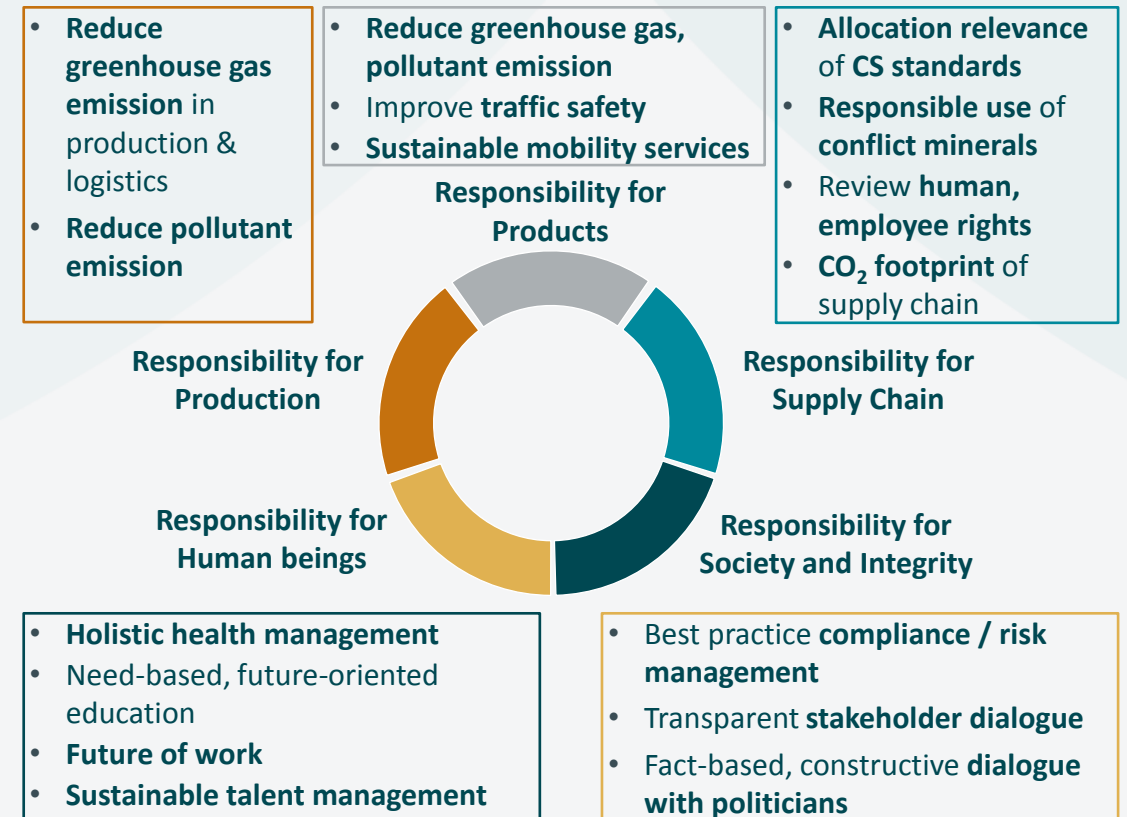
CORPORATE SUSTAINABILITY AT MAN T&B/VWCO

STRUCTURED APPROACH APPLIED TO DERIVE SUSTAINABILITY ACTION FIELDS

- | | |
|---|--|
| 1 Identification of potential action fields for MAN T&B/VWCO | <ul style="list-style-type: none"> • Focus on global challenges • Concrete objectives • High business impact • Alignment with corporate strategy |
| 2 Assessment by dedicated corporate sustainability council | <ul style="list-style-type: none"> • Analysis and prioritization of potential action fields |
| 3 Assessment by stakeholders | <ul style="list-style-type: none"> • Alignment of action fields with stakeholders • Stakeholders include suppliers, customers, NGOs, universities, auto OEMs, representatives of cities and insurance companies |
| 4 Alignment of sustainability topics with corporate strategy | <ul style="list-style-type: none"> • Sustainability action fields linked to existing / future programs of corporate functional strategy |

MAN T&B/VWCO employs a structured multi-step approach to derive sustainability action fields

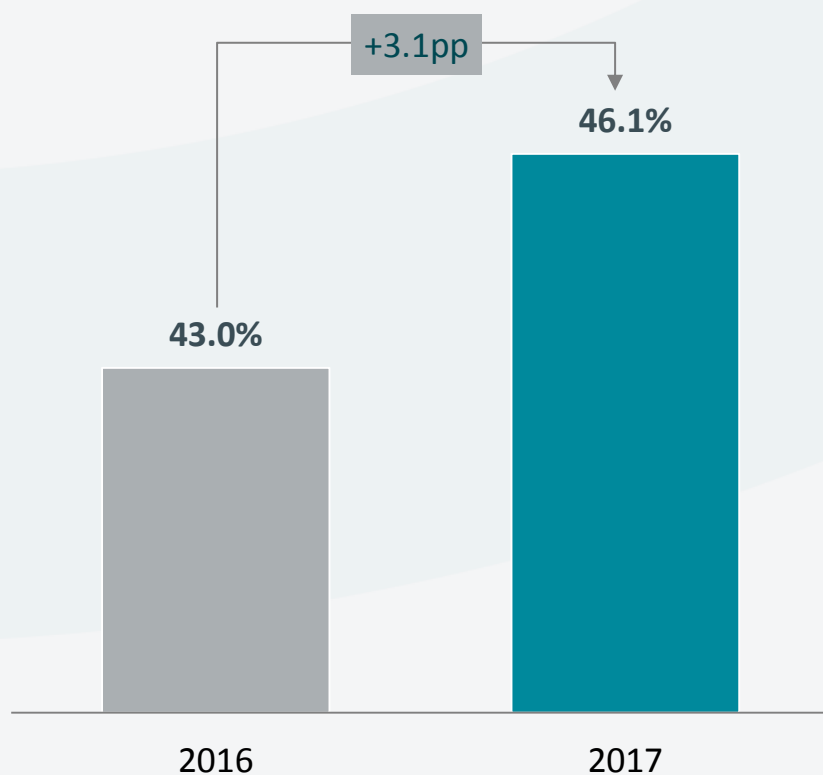
MAN/VWCO SUSTAINABILITY ACTION FIELDS



Corporate sustainability strategy fully integrated into the corporate functional strategy

SCANIA – DEEP DIVE: SCANIA’S CAPTIVE FINANCING NETWORK

SHARE OF VEHICLES SOLD WITH FINANCIAL SERVICES SOLUTIONS¹

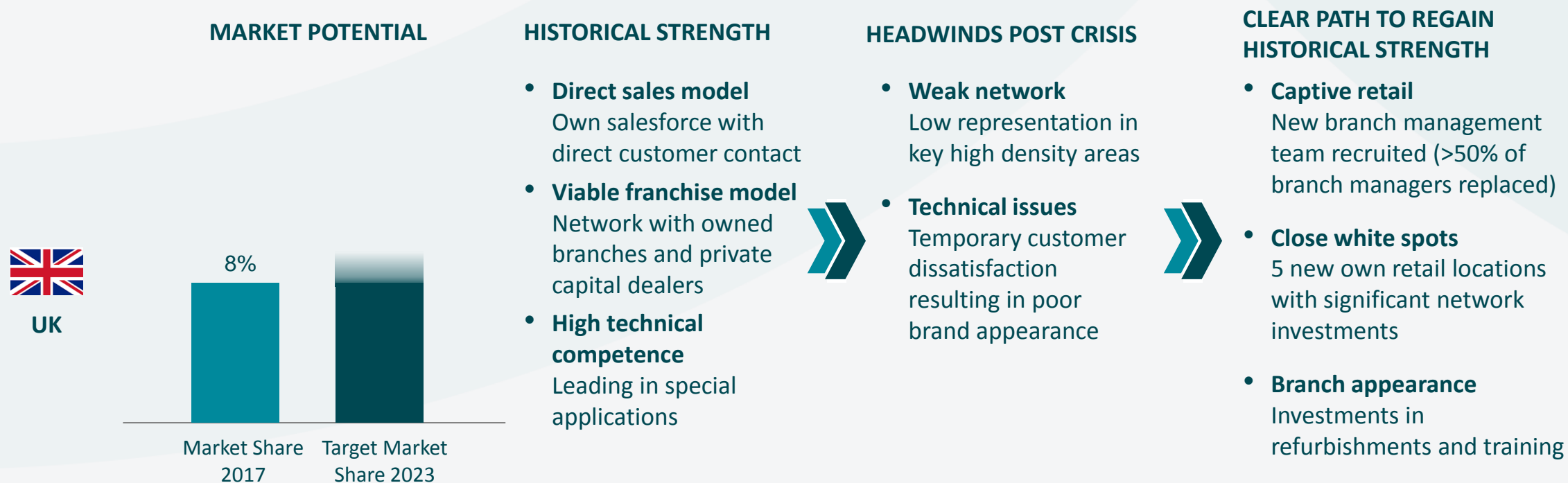


FINANCIAL SERVICES PRODUCT OVERVIEW

Finance lease	<ul style="list-style-type: none"> Vehicle ownership remains with Scania but material risk and reward transferred to lessee Final payment to transfer legal ownership to lessor
Hire purchase	<ul style="list-style-type: none"> Vehicle ownership transferred to customer on date of sale but Scania FS receives collateral in form of a lien on vehicle Offered with monthly fee based on initial vehicle value
Operating lease	<ul style="list-style-type: none"> Ownership and substantial risks, primarily represented by a guaranteed residual value, remain with Scania
Other	<ul style="list-style-type: none"> Lending to dealers which is a short term credit facility to finance floorplan stock

¹ As per company reporting. Relates to penetration in those markets where Scania has its own financing operations.
Note: Supplementary information to page 57

MAN T&B: REPLICATE GERMAN MARKET SUCCESS STORY IN EUROPEAN FOCUS MARKETS – SELECTED CASE STUDIES – HOW CAN WE EXPAND OUR MARKET SHARE?

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Following period of market share deteriorating, improvement of network key in order to regain customer recognition

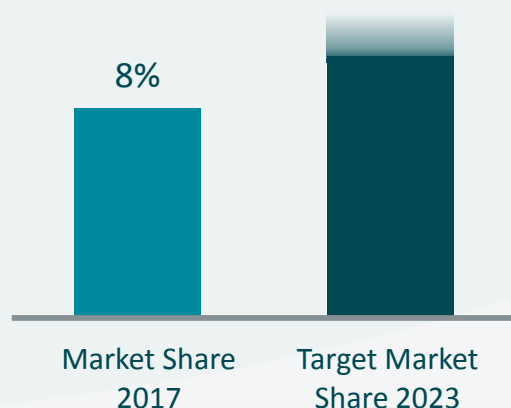
MAN T&B: REPLICATE GERMAN MARKET SUCCESS STORY IN EUROPEAN FOCUS MARKETS – SELECTED CASE STUDIES – HOW CAN WE EXPAND OUR MARKET SHARE?



MARKET POTENTIAL



Italy



KEY CHALLENGES 2017

Brand
reputation

MAN behind competition in crucial customer experience dimensions



Market

Poor image and improvement potential in dealer and service network in quantity and quality



ROADMAP TO SUCCESS

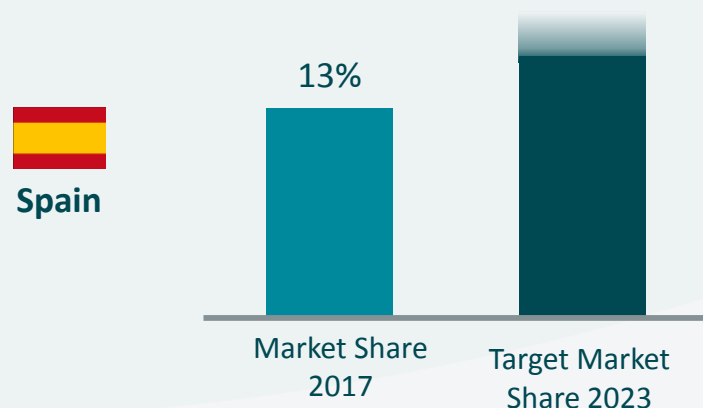
- **Invest in own retail network** (€16m) and support of newly appointed dealers
- **Increase headcount** (more than double) and professionalize through **investment in training**
- **Improve brand reputation** by cleaning the network from low quality partners, offering customer events, implementation of MORE (Retail excellence)

Clear defined measures in terms of brand reputation, investment in captive dealers and professionalization of sales organization

MAN T&B: REPLICATE GERMAN MARKET SUCCESS STORY IN EUROPEAN FOCUS MARKETS – SELECTED CASE STUDIES – HOW CAN WE EXPAND OUR MARKET SHARE?



MARKET POTENTIAL



KEY CHALLENGES 2017

- **OEM's market share gain through national key account manager strategy**
Short term and unsustainable growth strategy
- **Difficulties to attract private capital dealers**
Low running population (investment not profitable)



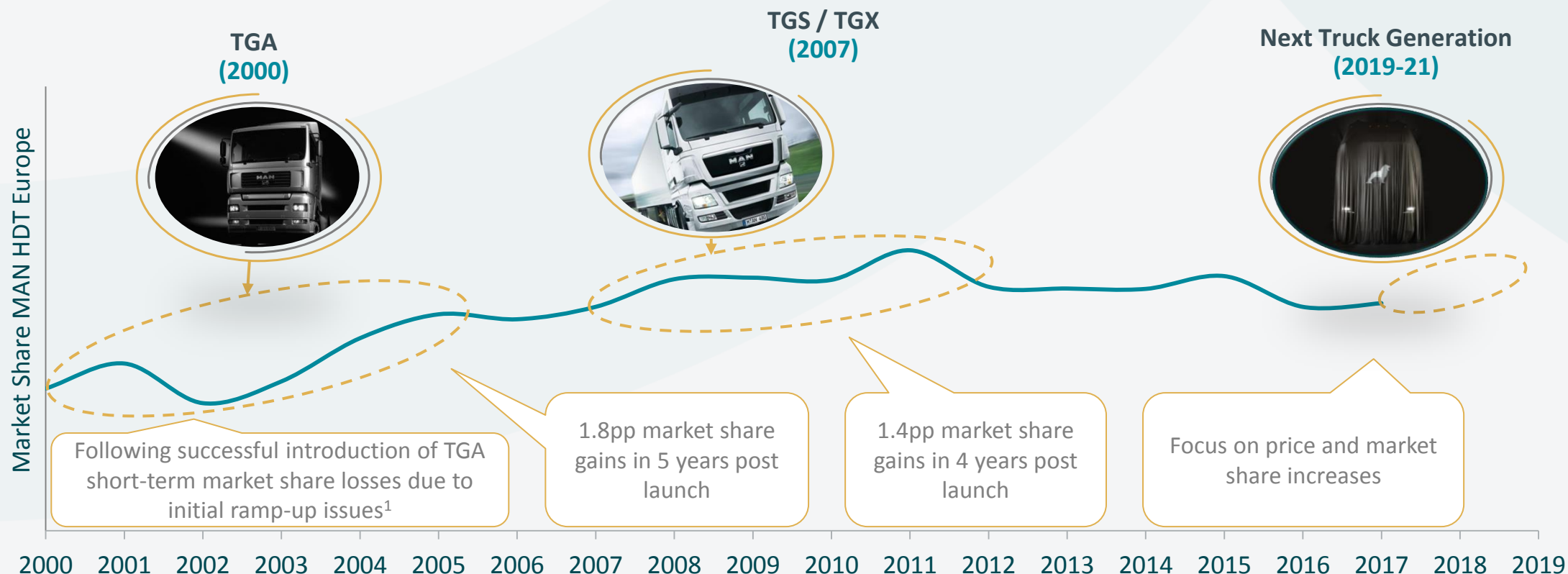
ROADMAP TO SUCCESS

- **Sales reorganization**
Reorganized sales regions to follow market development and get closer to customer (2FTE), Operative marketing/ retail coordinator/ sales force (1FTE), international vehicle return coordinator (1FTE)
- **Close white spots**
Restructuring and improvement of sales/ service network requires €5m (CAPEX €2m, OPEX €3m)
- **Improve cooperation with Volkswagen Financial Services**
€2.0m Volkswagen FS, €3.5m MAN yearly budget for tactical campaigns

Clearly defined measures in terms of sales reorganization, investment in dealer network and improvement of FS offering

MAN T&B – LAUNCH HIGH QUALITY PRODUCT PORTFOLIO

MAN MARKET SHARE FOLLOWING NEW PRODUCT LAUNCHES



- New product launches historically acted as a catalyst of market share gains and give room for future price increases
- New truck generation launched with target to lift profitability

¹ Issues include initial incomplete TGA portfolio at time of launch, initial issues with electronics for selected customers, and pricing
Source: Company information, IHS Markit. Note: Supplementary information to page 81

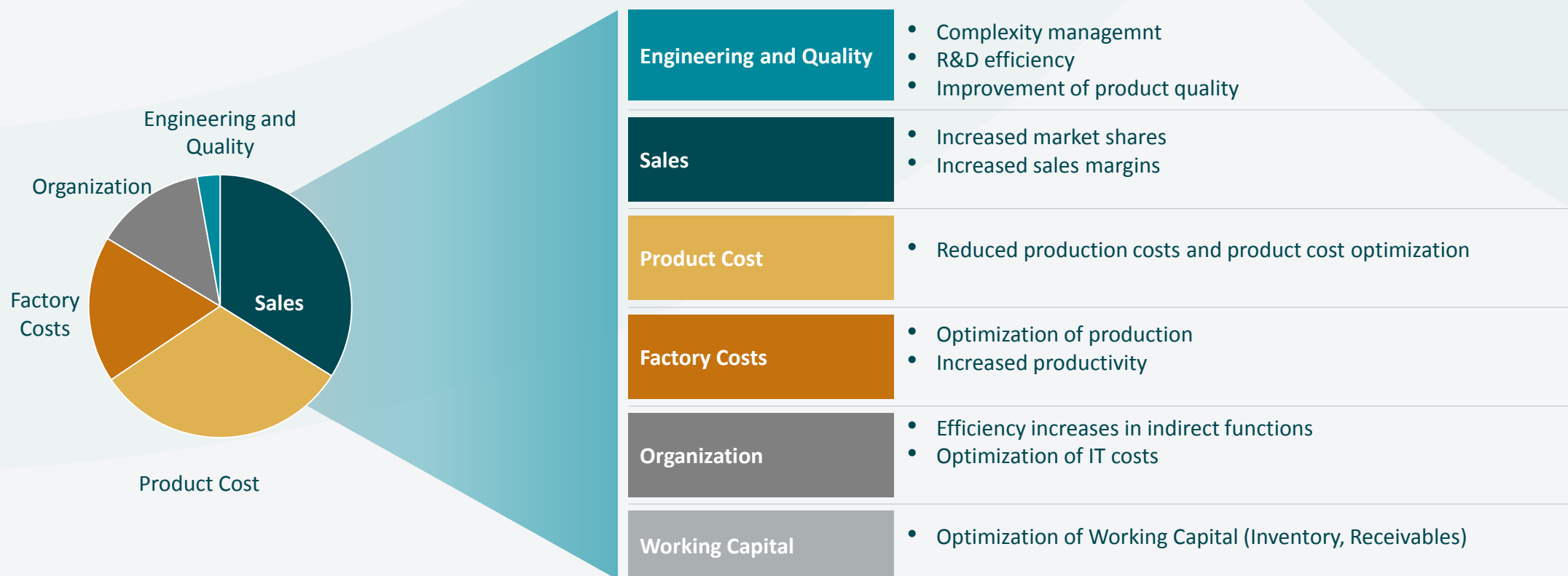
MAN T&B – EXPAND AFTERSALES AND SERVICE OFFERING AS THE MAIN LAYER OF GROWTH: SPECIFIC MEASURES IN PLACE DRIVING FURTHER POTENTIAL

	I Network development INCREASE DENSITY AND EFFICIENCY	II Retail efficiency ACHIEVE EXCELLENCE IN OWN RETAIL OPERATIONS	III Unit sales growth INCREASE SALES EFFICIENCY	IV New after sales products INCREASE PENETRATION AND EXTEND PORTFOLIO	V Parts pricing IMPROVE PRICING
Target	<ul style="list-style-type: none"> Enhance captive network 	<ul style="list-style-type: none"> Process improvements and spend optimization (Point of Service) 	<ul style="list-style-type: none"> Sales Boost Professionalization of the Sales Organization After Sales 	<ul style="list-style-type: none"> Increase market penetration Market roll-out Increase efficiencies 	<ul style="list-style-type: none"> Adaptions on competitive level by generating overall price increase
Growth plan	<ul style="list-style-type: none"> Planned installation of 16 new service points (captive and third party) to close white spots in focus countries ('18/19E) 	<ul style="list-style-type: none"> Rollout of Own Retail After Sales Toolbox with levers for performance improvement Deep Dive / Task Force - 360°- KPI based identification of fields of action on branch level 	<ul style="list-style-type: none"> Data driven market penetration Introduction of After Sales Salesman Key Account Initiative Improvement of Sales Skills 	<ul style="list-style-type: none"> Portfolio extension Approach new customer segments Economies of scale for MAN Genuine Oil 	<ul style="list-style-type: none"> Exhaustion of opportunities with higher qualities, new technologies, increasing complexity and exclusivity

Five key levers for aftersales and services growth identified and targeted with detailed growth plans

MAN T&B – MAN TURNAROUND WITH VISIBLE EFFECTS FROM OPERATIONAL IMPROVEMENT PROGRAM

PACE2017 – TARGETS PER MODULE



1 Separate target setting,
Note: Supplementary information to page 85

MAN T&B – MAN T&B OPERATIONAL EXCELLENCE PROGRAM (1/2)

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	INITIATIVES	SELECTED TARGET EFFECTS	TARGETED GROSS IMPACT
SALES EFFECTIVENESS	<ul style="list-style-type: none"> Improve sales performance 	<ul style="list-style-type: none"> Price increase for new truck generation Integrated offering and cost reduction 	+++
PRODUCT COST	<ul style="list-style-type: none"> Optimize product cost (commercial and technical levers) Cross-functional set-up 	<ul style="list-style-type: none"> Implement cross-functional and cross-company cost optimization approach 	+
PRODUCTION EFFICIENCY	<ul style="list-style-type: none"> Realize productivity and efficiency gains Preparing for the new truck generation 	<ul style="list-style-type: none"> Increase productivity 	
R&D	<ul style="list-style-type: none"> Focus on core complexity reduction Realize efficiencies 	<ul style="list-style-type: none"> Reduction of R&D ratio 	+

SELECTED COUNTER EFFECTS

Introduction cost of new sales approach

Parallel production and launch costs

Costs of digital transformation

MAN T&B – MAN T&B OPERATIONAL EXCELLENCE PROGRAM (2/2)

INITIATIVES		SELECTED TARGET EFFECTS	TARGETED GROSS IMPACT	SELECTED COUNTER EFFECTS
INDIRECT SPEND OPTIMIZATION	<ul style="list-style-type: none"> Reduce overhead costs Implement guidelines to drive cost discipline 	<ul style="list-style-type: none"> Reduce indirect spend 	+	<p>Wage and raw material price increases</p> <p>Technical changes and increased depreciation</p>
PERSONNEL COST REDUCTION	<ul style="list-style-type: none"> Improve efficiency in indirect areas 			
PORTFOLIO COMPLEXITY	<ul style="list-style-type: none"> Align project portfolio with strategic priorities 	<ul style="list-style-type: none"> Reduce complexity in product portfolio 	No P&L target	
CASH AND INVESTMENTS	<ul style="list-style-type: none"> Optimize working capital management Optimize capex budget and investment process 	<ul style="list-style-type: none"> Reduction of Capex ratio 	No P&L target	

GLOSSARY

ACE	Autonomous driving, connectivity, electrification/alternative fuels
Alliance Partner	Commercial vehicles player which has partnership with TRATON GROUP
Associate	Investment with non-controlling shareholding (e.g. Navistar, Sinotruk)
BEV	Battery electric vehicle
Byggladan	Scania's modular toolbox
CBE	Relates to Common base engine, TRATON GROUP's 13l common powertrain platform
CNG	Compressed natural gas
CNL	Consortium of Austrian companies equipped with eTGM
Consórcio Modular	VWCO's asset light production system in which partners/suppliers operate the production whereas VWCO retains responsibilities such as product development and quality assurance
EBIT	Operating profit plus share of the result of equity-accounted investments
Euro Emission Standards	Regulation defining acceptable limits for exhaust emissions
EU28+2	EU member states plus Norway and Switzerland.
FAME	Fatty Acid Methyl Ester – biodiesel made from various sources
GZ	Scania gearbox used, also used in MAN T&B vehicles
Heavy Duty Truck (HDT)	Comprises trucks with weight above 15 tons
HVO	Hydrogenated vegetable oil
Industrial Business	TRATON GROUP excluding Scania Financial Services
Light Duty Truck (LDT)	Comprises trucks with weight below 6 tons
LNG	Liquefied natural gas

MAN T&B	MAN Truck & Bus
Medium Duty Truck (MDT)	Comprises trucks with weight between 6 and 15 tons
NTG	Scania's new truck generation
OEM	Original equipment manufacturer
Operating Profit	Income from operations as reported by TRATON GROUP
Paris Agreement	2016 UN agreement on climate goals
PGR	Truck generation preceding Scania's NTG
RoE	Return on equity, defined as operating profit divided by equity
RoS	Return on Sales, defined as operating profit divided by sales revenue
Truck sales / truck sales revenue	Truck sales: units of trucks sold; Truck sales revenue: revenue generated with sold trucks
Scania V&S	Scania industrial vehicles and services business
South America	Incl. Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela (excl. Mexico)
South East Asia	Australia, Indonesia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam
Strategic Partner	All companies which have a partnership with TRATON GROUP
TCO	Total cost of ownership over product life cycle
North America	Includes Canada, Mexico and United States.
Vehicles	Includes trucks and buses
VGSG	Volkswagen Gebrauchtfahrzeughandels und Service GmbH (sold as of Jan-2019)
VWCO	VW Caminhões e Ônibus, also referred to as MAN Latin America in MAN SE reporting
VW T&B, TRATON AG	Preceding company names of TRATON SE