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Q1 2019 RESULTS

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TRATON
GROUP



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- Segment Industrial Business (MAN T&B, Scania V&S and VWCO)
- Segment Financial Services
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TRATON GROUP HIGHLIGHTS Q1 2019



- Sales volume up by +7.4% to a first quarter record of 57,163 units
- Sales revenue increased by +6.0%¹ to €6,413 mn; all brands contributed
- Operating profit improved significantly by +26.8% to €490 mn²
- RoS 7.6%² (+130bpt)
- Net income rose by +22.7% to €383 mn
- Net cash flow Industrial Business at €1,602 mn (adjusted €-376 mn); Net liquidity at €604 mn (incl. first time recognition of IFRS 16)



- TRATON has become a SE
- TRATON increased its holding in MAN SE to 94.4% of the share capital as result of the tender process concluded on March 4, 2019
- MAN T&B presented the electric bus Lion's City E
- Scania started industrial operations in Thailand



¹ Prior Year including €196 mn VGSG sales revenue, which was sold as at January 01, 2019 ² Including €19 mn insurance claim
Note: Delta Q1 19 vs. Q1 18

GROUP – SEGMENT HIGHLIGHTS Q1 2019

Industrial Business (IB)		Y-o-Y
Order intake	64,357 units	-4.5%
Sales volume	57,163 units	+7.4%
Book-to-bill	1.13	-14bpt
Sales revenue	€6,305 mn	+9.4%
Operating profit ¹	€457 mn	+30.0%
Return on sales ¹	7.3%	+120bpt
Net income	€351 mn	+22.0%
Net cash flow	€1,602 mn	+€1,533 mn

Financial Services (FS)		Y-o-Y
Net portfolio	€9.1 bn	+14.4%
Penetration rate	40.2%	-30bpt
Sales revenue	€203 mn	+13.3%
Operating profit	€33 mn	+11.2%
Net income	€25 mn	+18.5%
Equity	€858 mn	+12.6%

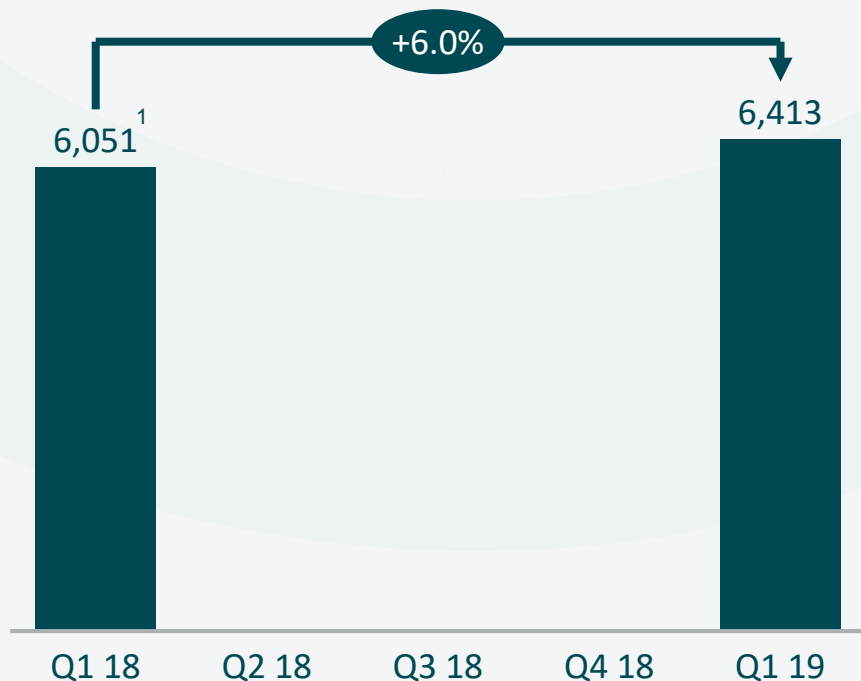
- Operating profit in IB up on good fix cost leverage; R&D stayed almost flat YoY in Q1 19
- First time adoption of IFRS 16 amounts to €1,064 mn in Q1 19 and reduces net liquidity to €604 mn in Q1 19

¹ Including €19 mn insurance claim

Note: Delta Q1 19 vs. Q1 18

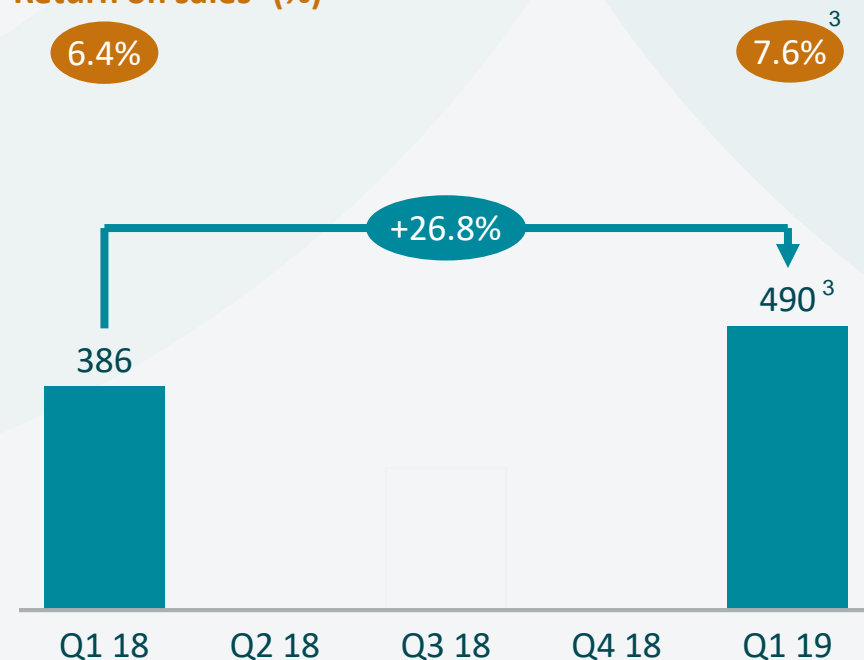
GROUP – SALES REVENUE AND OPERATING PROFIT

Sales revenue (€mn)



Operating profit (€mn)

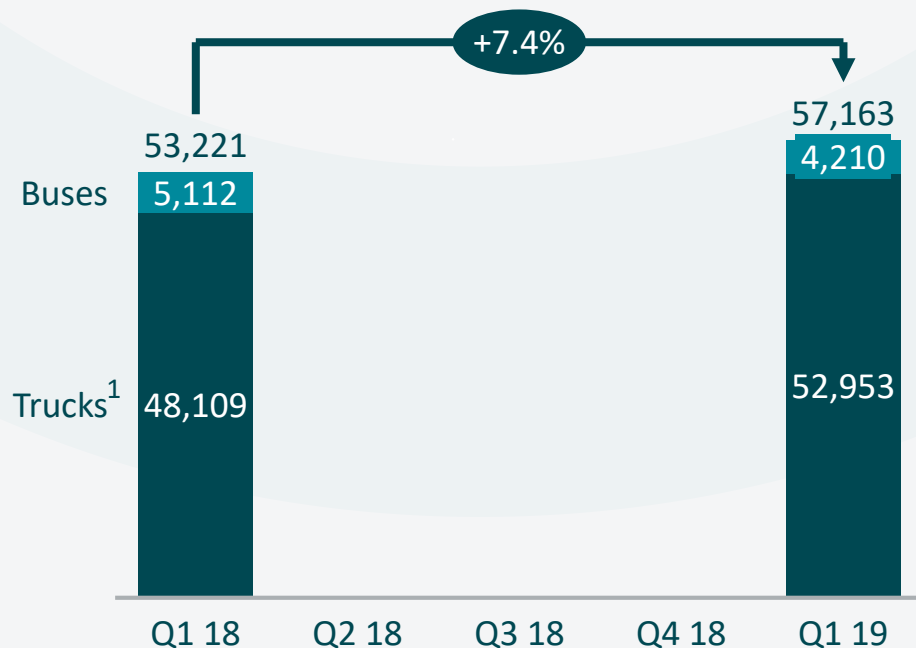
Return on sales² (%)



¹ Including €196 mn VGSG sales revenue, which was sold as at January 01, 2019 ² Calculated as the ratio of operating profit to sales revenue ³ Including €19 mn insurance claim

GROUP – SALES VOLUME DEVELOPMENT

Volume delivered (units)



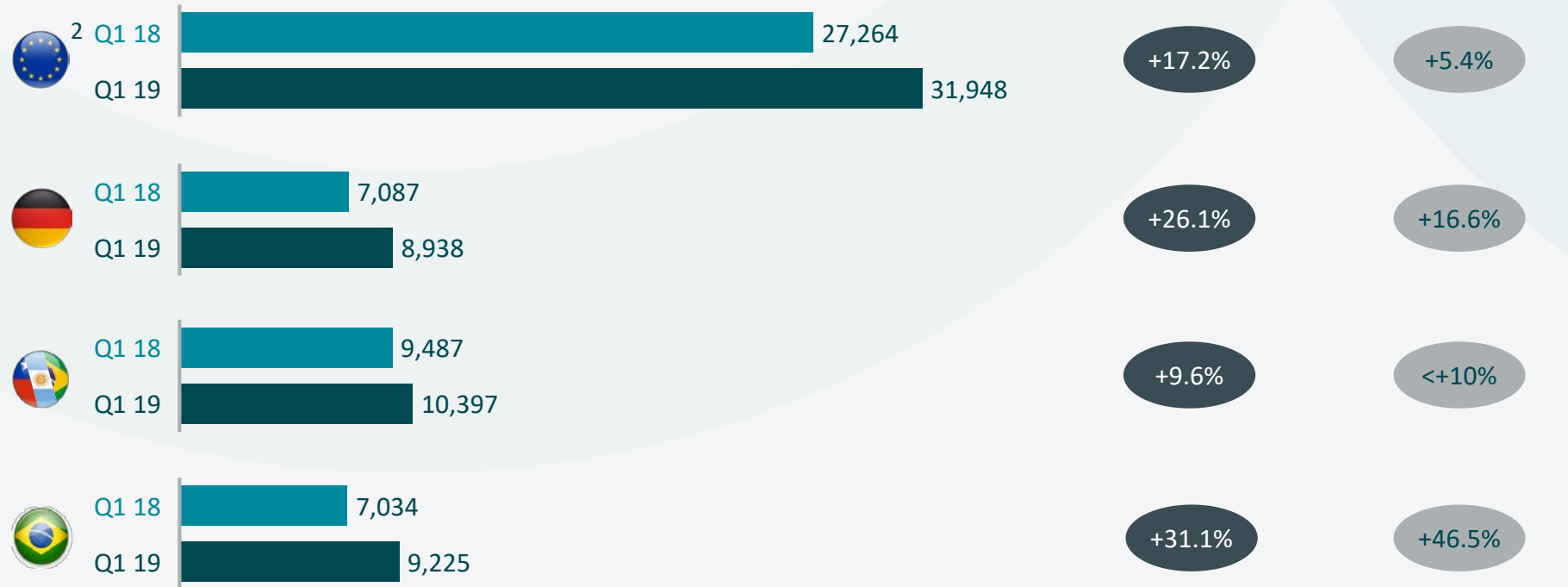
¹ Including MAN TGE vans (1,335 units in Q1 18, 3,122 units in Q1 19) ² EU member states plus Norway and Switzerland

Commentary

- TRATON benefits from continued strength of its core markets
- TRATON sustains leading position in trucks in the EU 28+2 region²
- European truck market slightly up in Q1 19; TRATON outperformed German market development by ~10%-points
- Deliveries up in South America. Strong sales increase in Brazil partially offset by strongly decelerating volumes in Argentina
- Continued strong market recovery in Brazil; TRATON remains among the leading truck manufacturers in the region
- Continued strong growth of MAN TGE vans
- Bus volumes declined on lower sales in Middle East, Africa and Russia

GROUP – SALES ACROSS EUROPE GREW FASTER THAN UNDERLYING MARKET

Truck sales volume in core markets¹ (units)

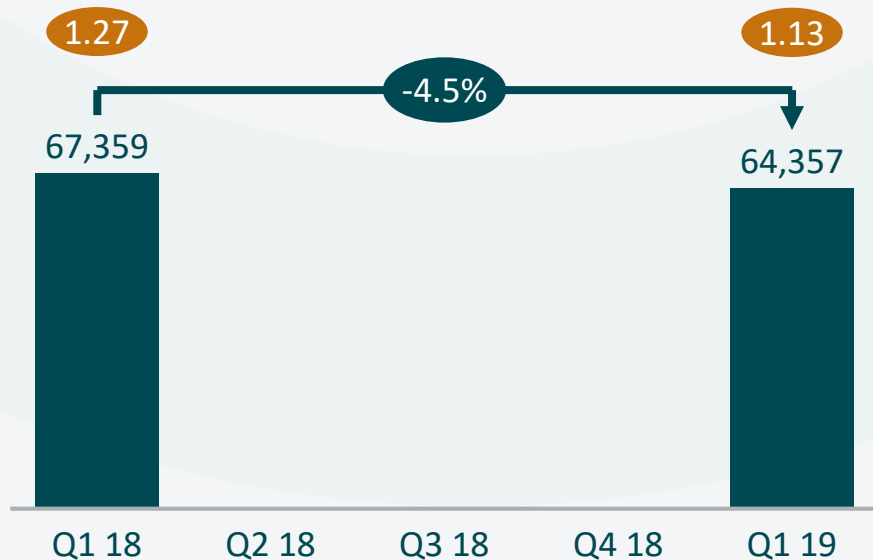


¹ Excluding MAN TGE vans ² EU 28+2: EU member states plus Norway and Switzerland ³ Information shown might include estimates or preliminary data; for EUR 28+2 and Germany data collected from ACEA provisional new registrations figures as at April 25 2019, trucks > 16t; for Brazil data collected from ANFAVEA trucks > 6t as at April 04, 2019; South America own estimates

INDUSTRIAL BUSINESS – ORDER INTAKE AND SALES VOLUME

Order intake (units)

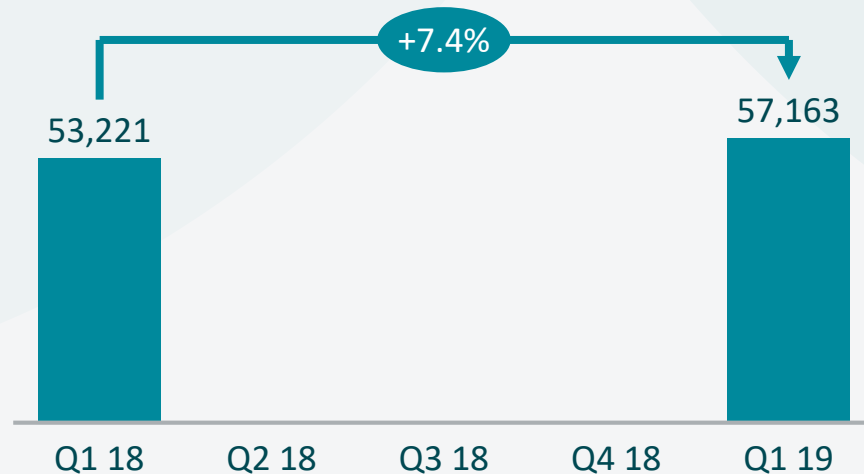
Book-to-bill¹ (ratio in units)



- Order intake slightly below record level from prior year but up on Q4 18 level
- Book-to-bill ratio on a healthy level

¹ Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered

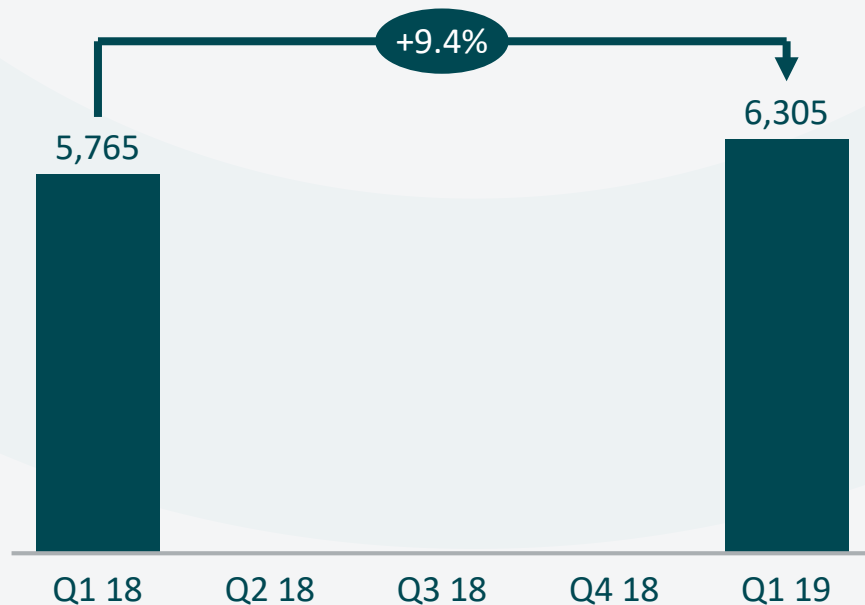
Sales volume (units)



- Strong growth in core truck markets
- All three brands showed positive development

INDUSTRIAL BUSINESS – SALES REVENUE AND OPERATING PROFIT

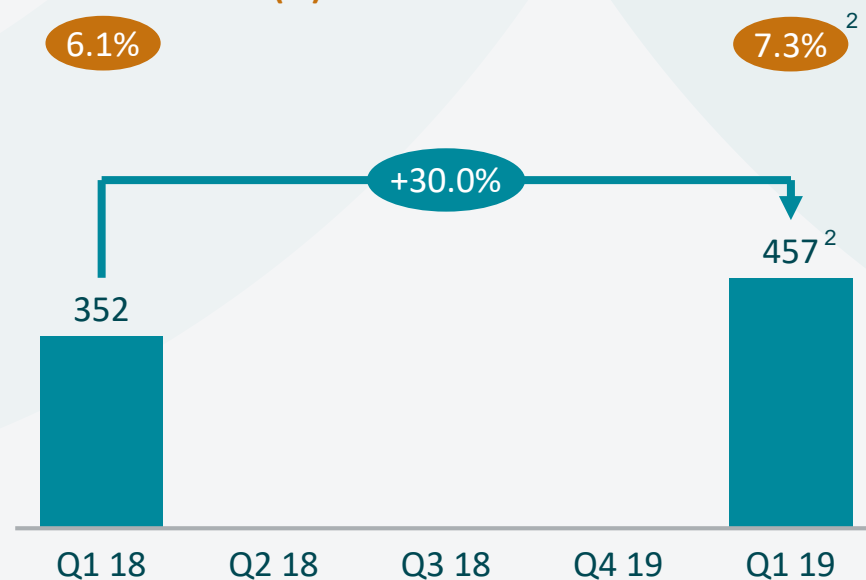
Sales revenue (€mn)



- All brands with significant increase in sales revenue
- Aftersales share at 20%

Operating profit (€mn)

Return on sales¹ (%)



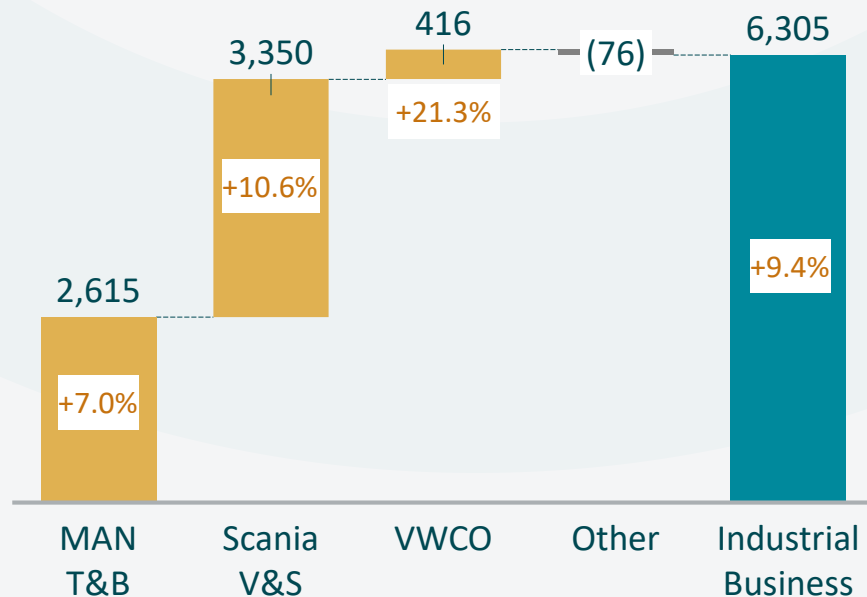
- OP benefitted from sales revenue growth and fix costs leverage
- All three brands contributed positively

¹ Calculated as the ratio of operating profit to sales revenue ² Including €19 mn insurance claim

INDUSTRIAL BUSINESS – SALES REVENUE BY BRAND AND OPERATING PROFIT

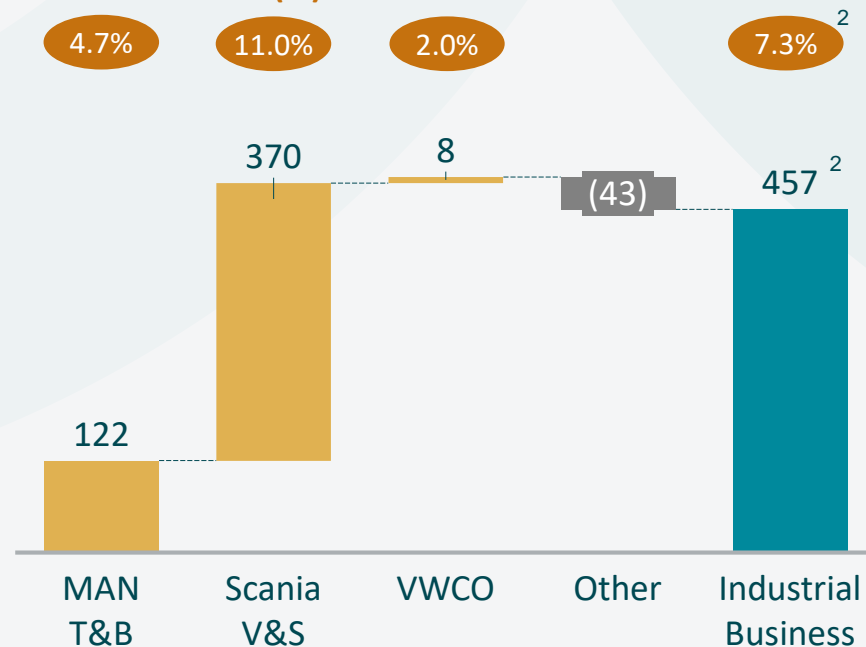
Sales revenue (€mn)

Growth rate (%)



Operating profit (€mn)

Return on sales¹ (%)

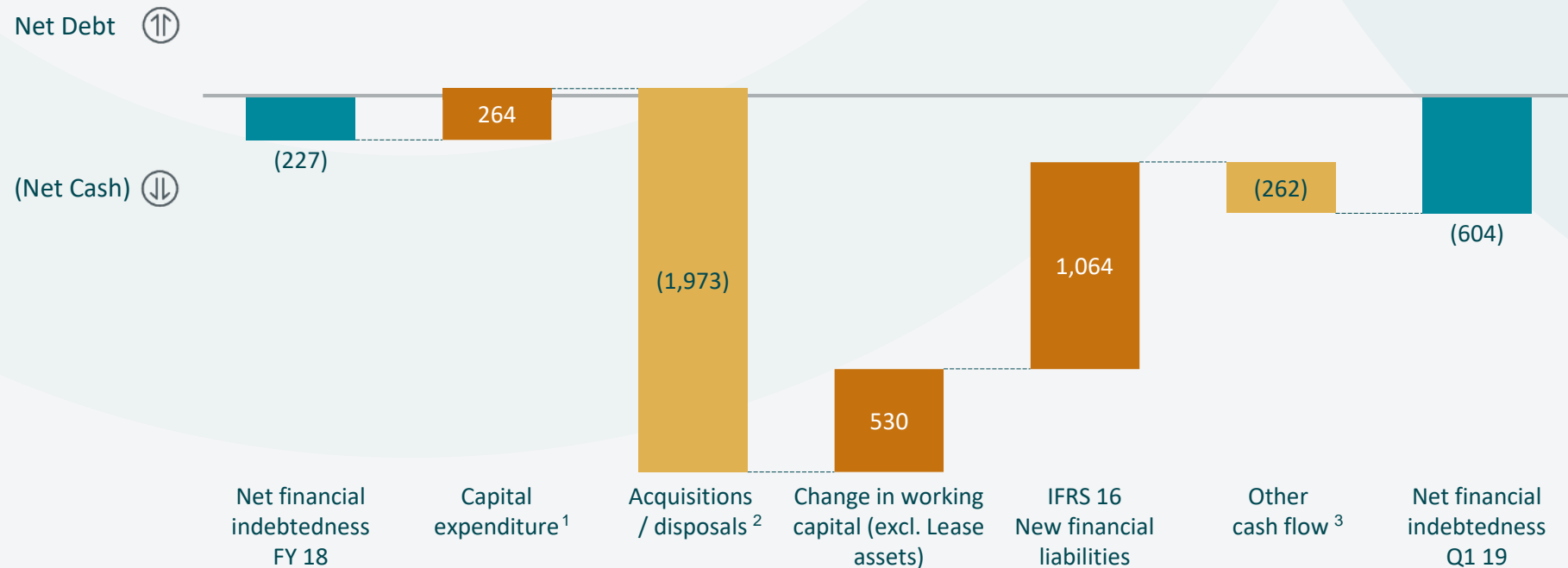


¹ Calculated as the ratio of operating profit to sales revenue ² Including €19 mn insurance claim

Note: Figures shown as at Q1 19; percentage change calculated YoY, i.e. Q1 19 vs. Q1 18

INDUSTRIAL BUSINESS – INDEBTEDNESS

Net financial indebtedness / net liquidity bridge (€mn)



¹ Investments in PP&E and intangible assets ² Amongst others reflecting the Power Engineering disposal ³ Including, amongst others, €994 mn payments for tendered MAN shares

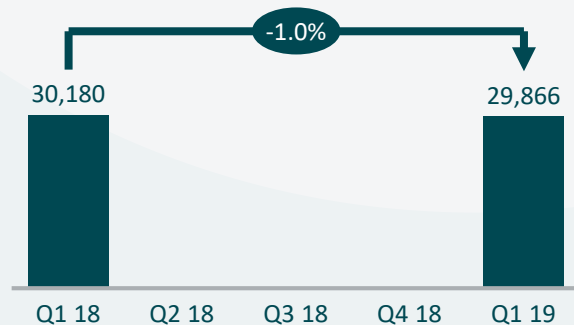
MAN TRUCK & BUS – HIGHLIGHTS Q1 2019

- Unit sales considerably higher than prior-year due to an increase in truck sales volume and a further strong growth of MAN TGE vans
 - Book-to-bill at 1.20
 - Operating profit benefitted from rise in volume, lower R&D and an increase of after sales revenues
 - MAN Truck & Bus continuously works on optimizing its processes and cost structures
-
- MAN presented the electric bus Lion's City E at the BUS2BUS fair in Berlin
 - MAN Truck & Bus has become a European stock corporation (SE)

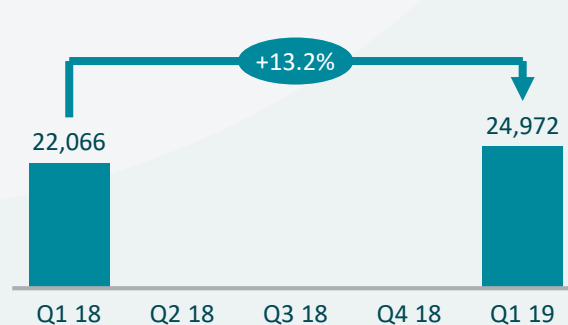


MAN TRUCK & BUS – KEY FIGURES

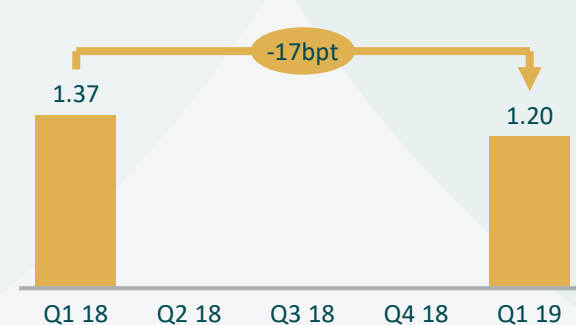
Order intake (units)



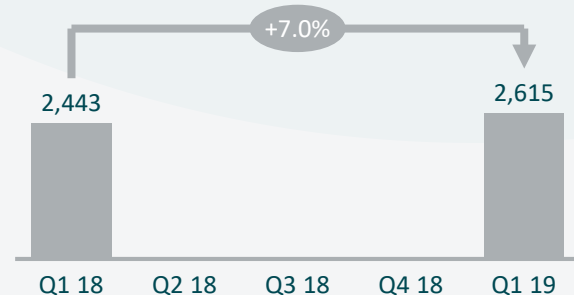
Sales volume (units)



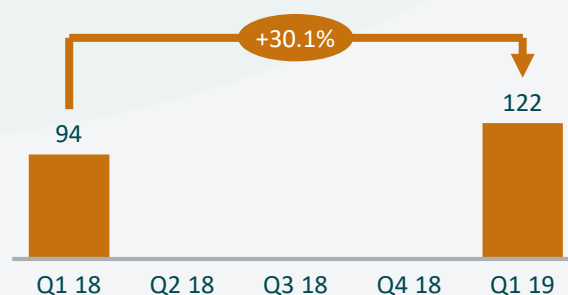
Book-to-bill¹ (ratio in units)



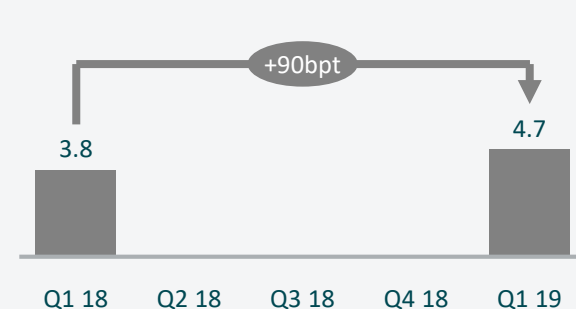
Sales revenue (€mn)



Operating profit (€mn)



Return on sales² (%)



¹ Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered ² Calculated as the ratio of operating profit to sales revenue

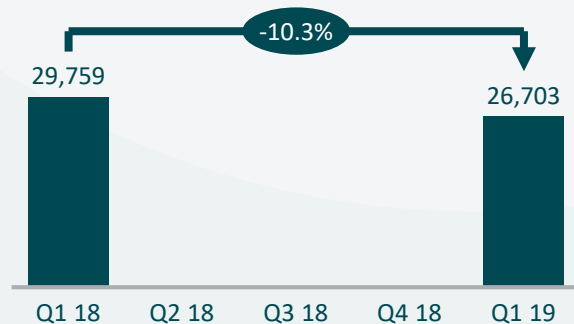
SCANIA VEHICLES & SERVICES – HIGHLIGHTS Q1 2019

- Sales revenue outpaced sales volume growth
 - Book-to-bill at 1.13
 - Operating profit benefitted from higher truck and service volume and positive FX effects while remaining impacted from dual production costs
-
- Scania started industrial operations in Bangkok, Thailand
 - Scania and Nobina, the largest public transport operator in the Nordic countries, will collaborate to commence trials of autonomous buses on regular routes in the Stockholm area
 - Pilot study launched to test silent overnight deliveries in Stockholm, Sweden using a hybrid truck from Scania

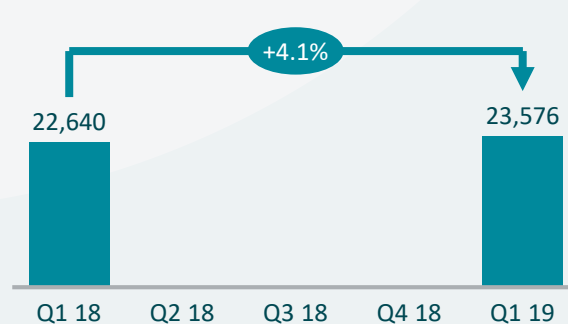


SCANIA VEHICLES & SERVICES – KEY FIGURES

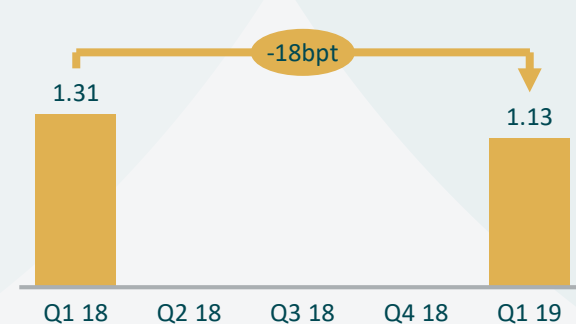
Order intake (units)



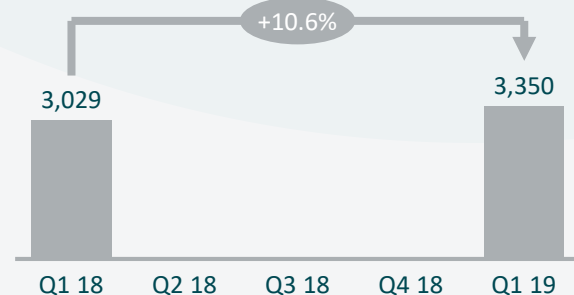
Sales volume (units)



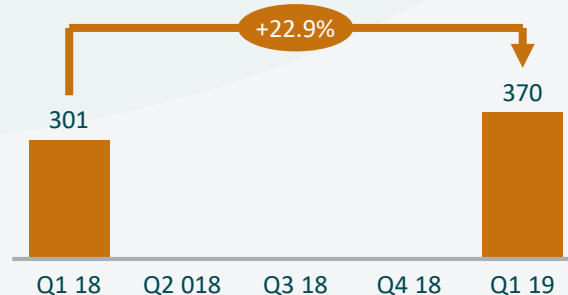
Book-to-bill¹ (ratio in units)



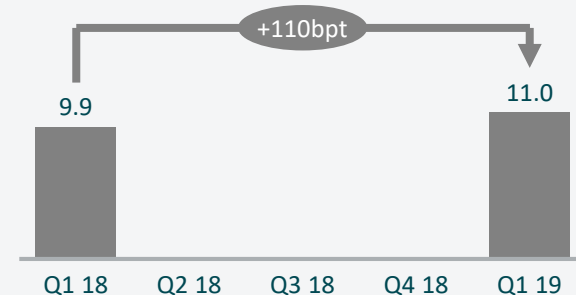
Sales revenue (€mn)



Operating profit (€mn)



Return on sales² (%)



¹ Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered ² Calculated as the ratio of operating profit to sales revenue

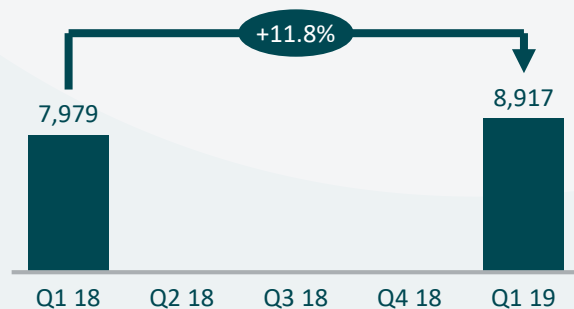
VOLKSWAGEN CAMINHÕES E ÔNIBUS – HIGHLIGHTS Q1 2019

- Brazilian truck market continued to recover in tandem with the economic upturn
 - Deliveries in Argentina almost came to a halt as the overall economic situation further deteriorated
 - Sales volume and sales revenue increased YoY
 - Operating profit at €8 mn
-
- Newest member of the Modular Consortium production system in the Resende vehicle plant is Kroschu (Kromberg & Schubert), responsible for the finishing of truck cabins
 - VWCO merged its Sales, Market and Post-Sales Directorates

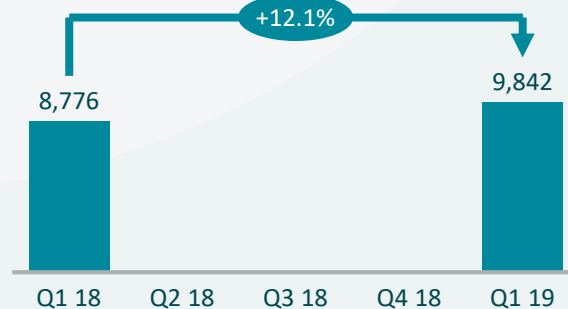


VOLKSWAGEN CAMINHÕES E ÔNIBUS – KEY FIGURES

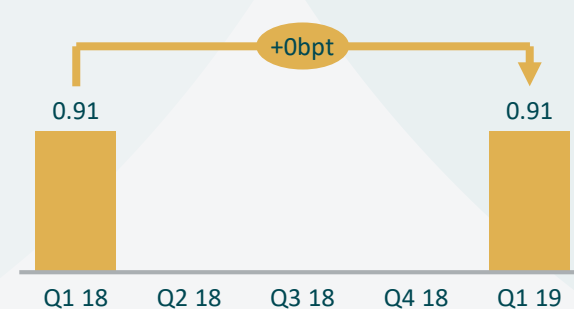
Order intake (units)



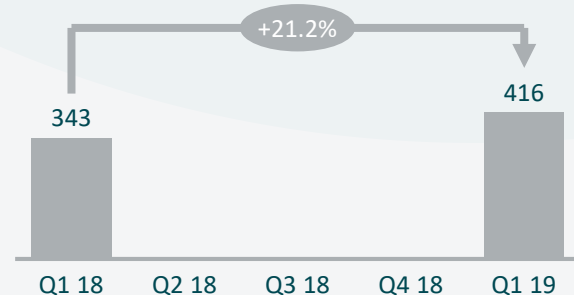
Sales volume (units)



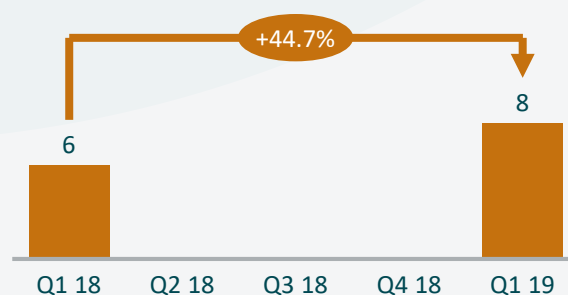
Book-to-bill¹ (ratio in units)



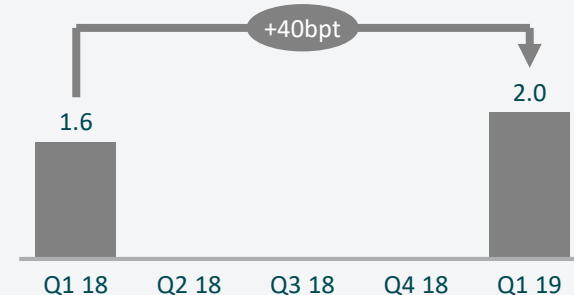
Sales revenue (€mn)



Operating profit (€mn)



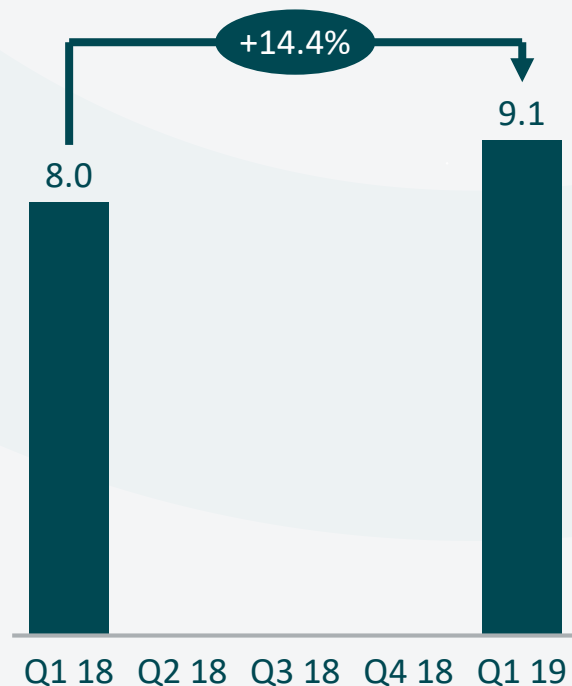
Return on sales² (%)



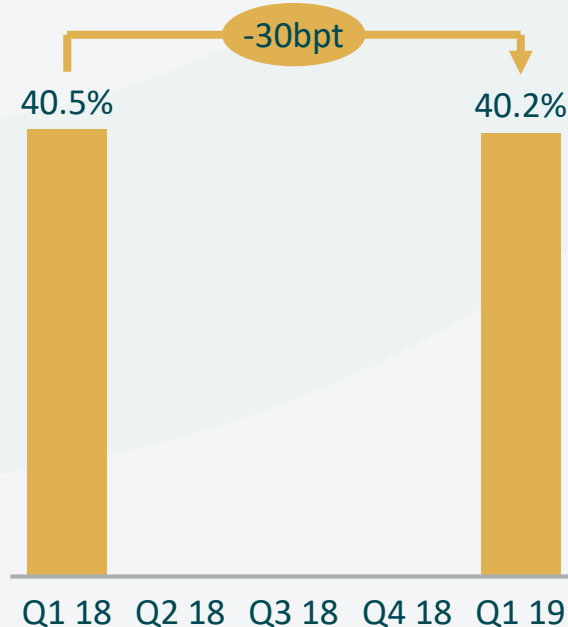
¹ Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered ² Calculated as the ratio of operating profit to sales revenue

FINANCIAL SERVICES – NET PORTFOLIO AND PENETRATION RATE

Net portfolio¹ (€bn)



Penetration rate² (%)



Commentary

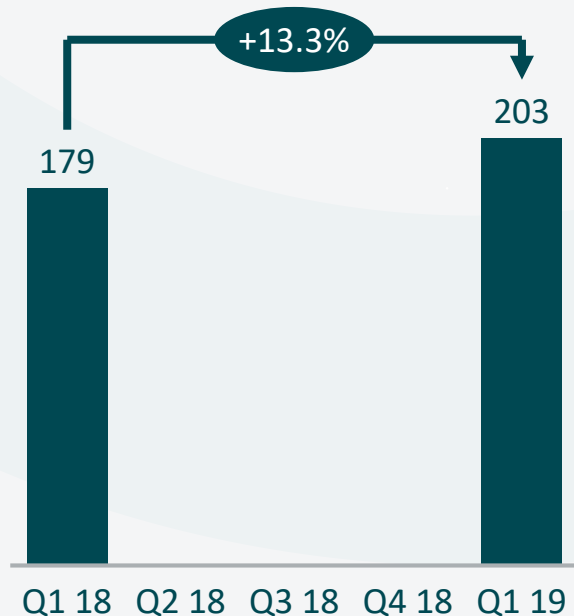
- By the end of Q1 19 the customer finance portfolio amounted to €9.1 bn; this represents an increase of 5% compared to YE 18
- The penetration rate on new trucks was 40.2% (PY: 40.5%) in Q1 19 in those markets where Financial Services operates



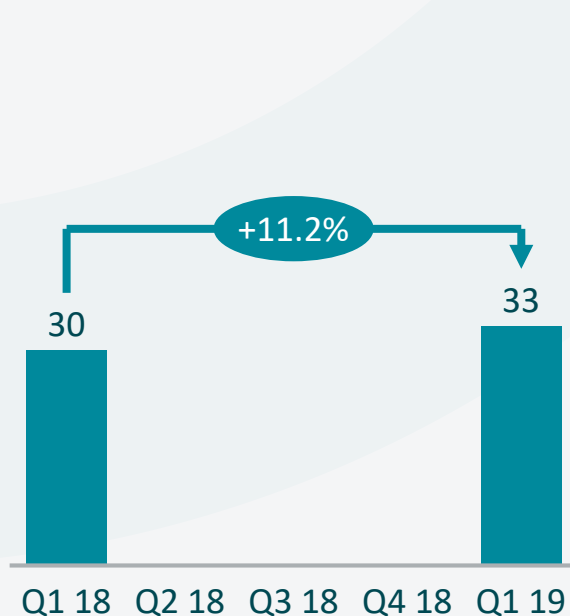
¹ Reflecting closing balance. Net portfolio defined as gross portfolio less bad debt provisions ² Trucks only

FINANCIAL SERVICES – KEY FIGURES

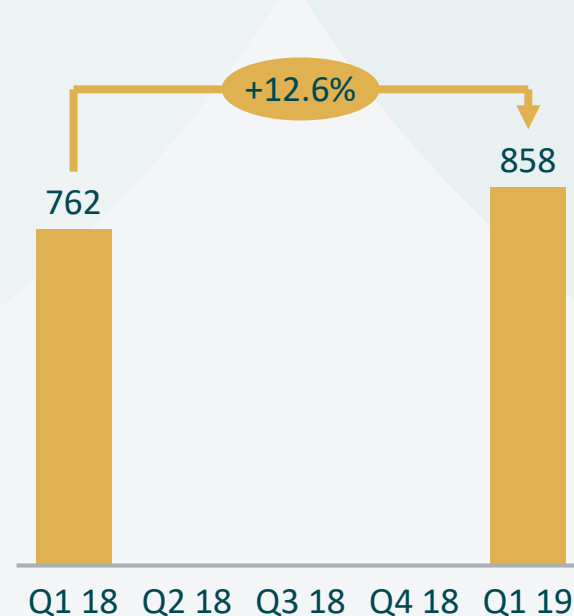
Sales revenue¹ (€mn)



Operating profit (€mn)



Equity (€mn)



- Operating income in the first quarter increased by 11% to €33 mn
- The portfolio growth and FX impacted results positively, while slightly lower margins and increased operating cost had a negative effect

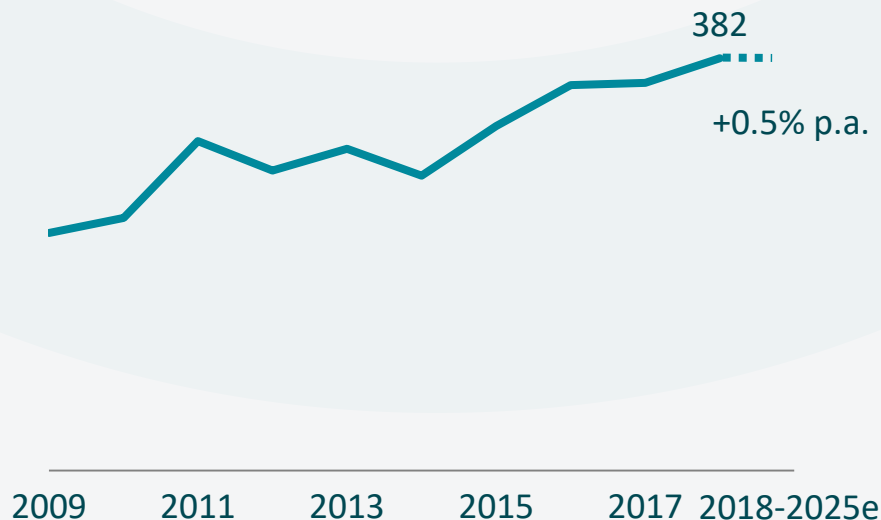
¹ Reflecting lease income and interest income before intersegment consolidation

OUTLOOK – TRUCK MARKET

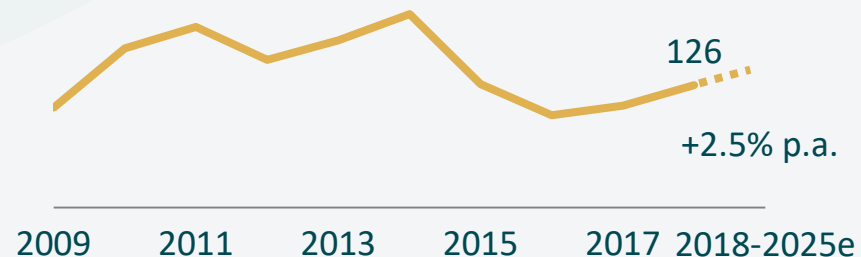
Truck market development (> 6t, k units)



EU 28+2¹ Stable market expected



SOUTH AMERICA² Recovery expected driven by Brazil



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 Incl. Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela; excl. Mexico (part of N. America); excl. Paraguay and Uruguay, as no IHS Markit data for trucks >6t available

June 03, 2019 / Investor Relations

OUTLOOK – TRATON 2019



SALES VOLUME

Slight increase compared with previous year



SALES REVENUE

Slightly above previous year



RETURN ON SALES

6.5% – 7.5%



NET CASH FLOW INDUSTRIAL BUSINESS

Cash conversion of 30% - 40%

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FINANCIAL CALENDAR

DATE	EVENT / PUBLICATION OF
May 7, 2019	Q1 2019
July 29, 2019	Half-year 2019
November 4, 2019	9-month 2019

