



PRESS CONFERENCE CALL – INTERIM STATEMENT 9M 2020

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MUNICH - NOVEMBER 10, 2020

TRATON
GROUP

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PRESS CONFERENCE CALL INTERIM STATEMENT 9M 2020 – YOUR PRESENTERS TODAY



Matthias Gründler

Chief Executive Officer



Christian Schulz

Chief Financial Officer



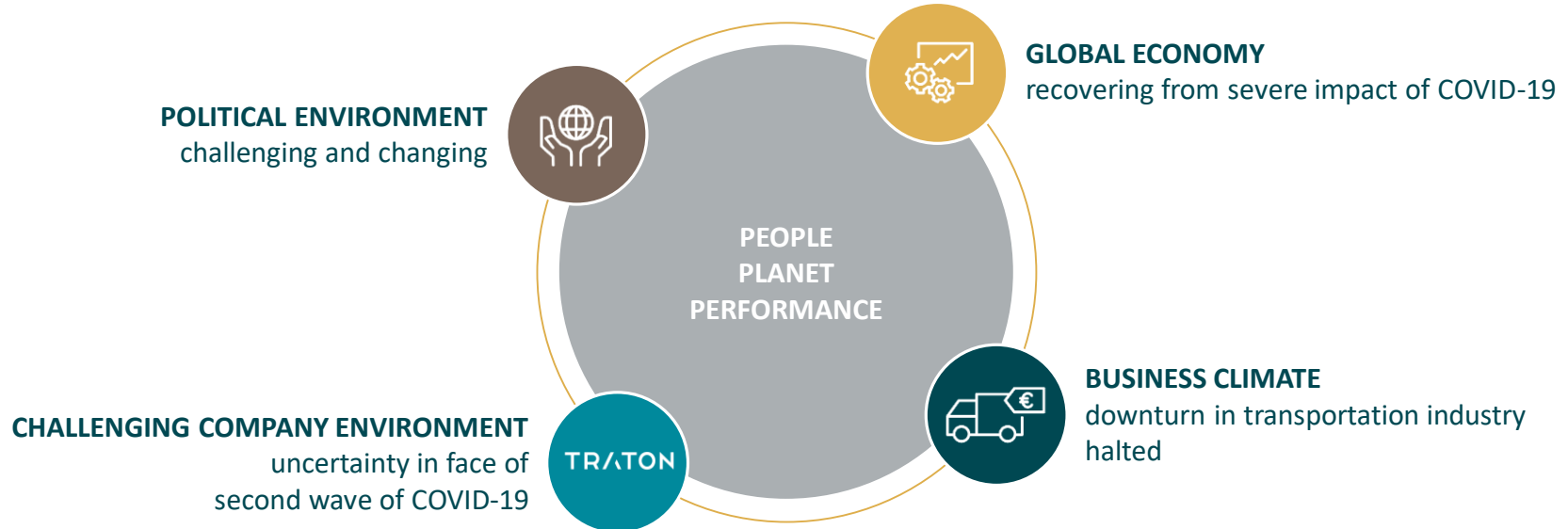
Julia Kroeber-Riel

Head of Group Communications
& Governmental Relations

AGENDA

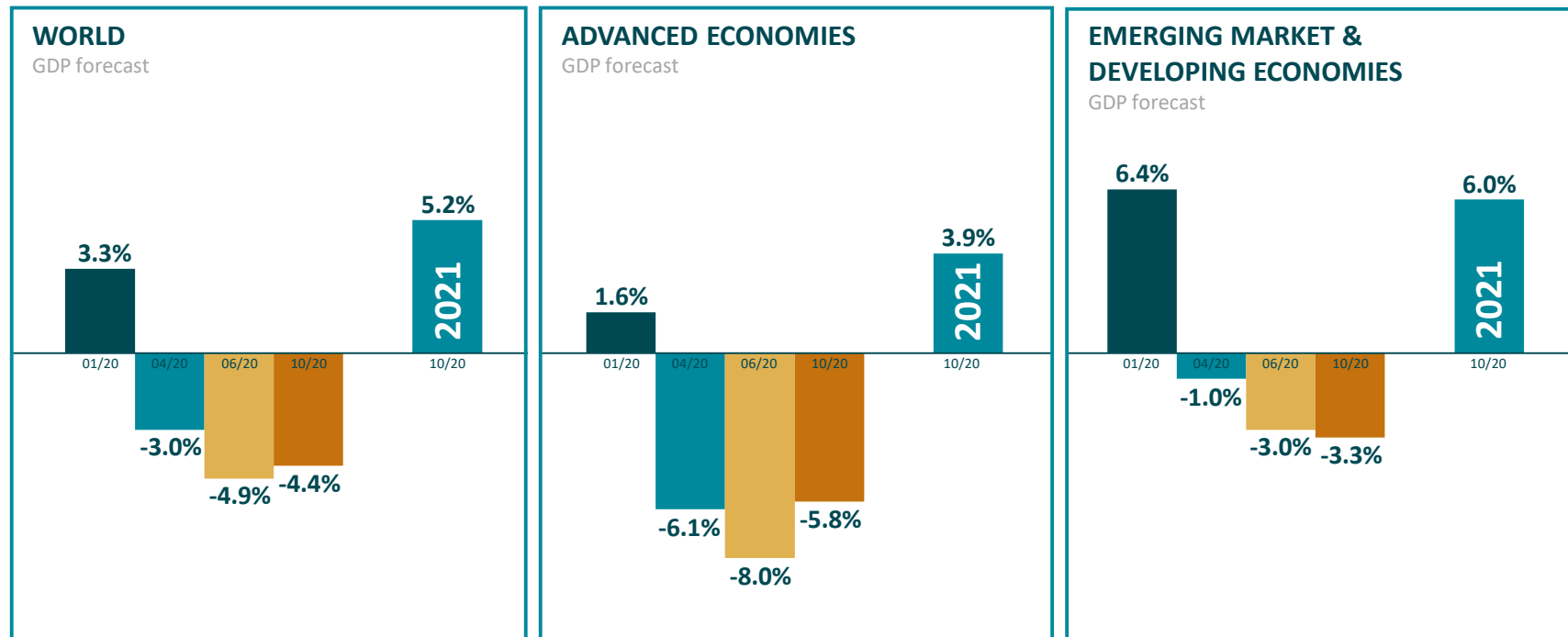
1. **Challenging Environment 2020**
2. **Core KPIs 9M 2020**
3. **Going forward**
4. **Q&A**

OVERALL CHALLENGING ENVIRONMENT IN 2020





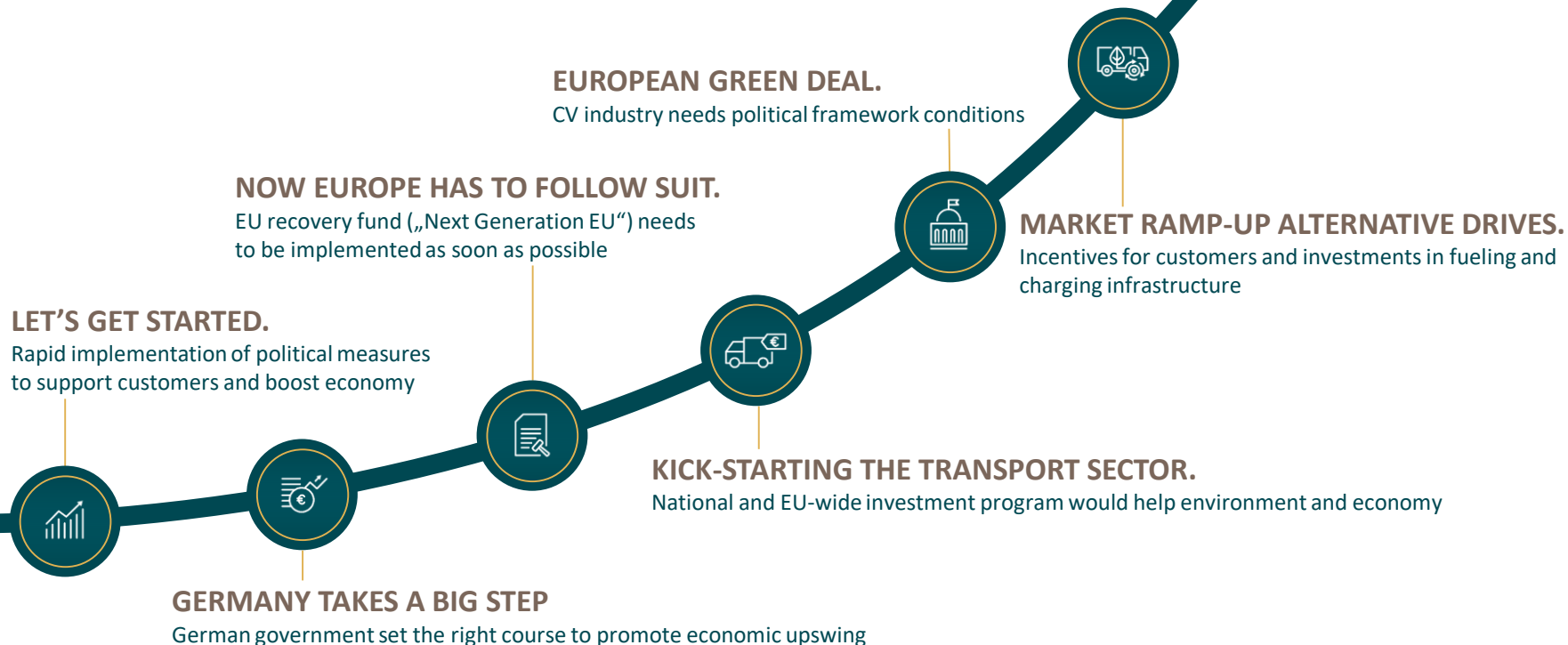
GLOBAL GROWTH FOR 2020¹ IS PROJECTED TO COLLAPSE RECOVERY OF ECONOMIC ACTIVITIES EXPECTED IN 2021



¹ IMF World Economic Outlook, 2021 based on October 2020.



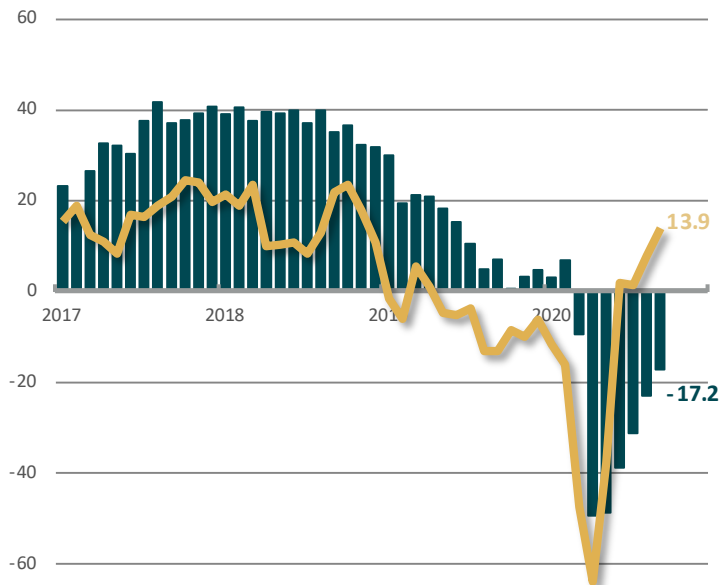
GOOD POLITICAL MEASURES FOR A RESTART ARE DISCUSSED – NOW IT IS TIME TO PUT THEM INTO PRACTICE





BUSINESS CLIMATE IN THE TRANSPORT SECTOR STILL CHALLENGING...

ROAD FREIGHT

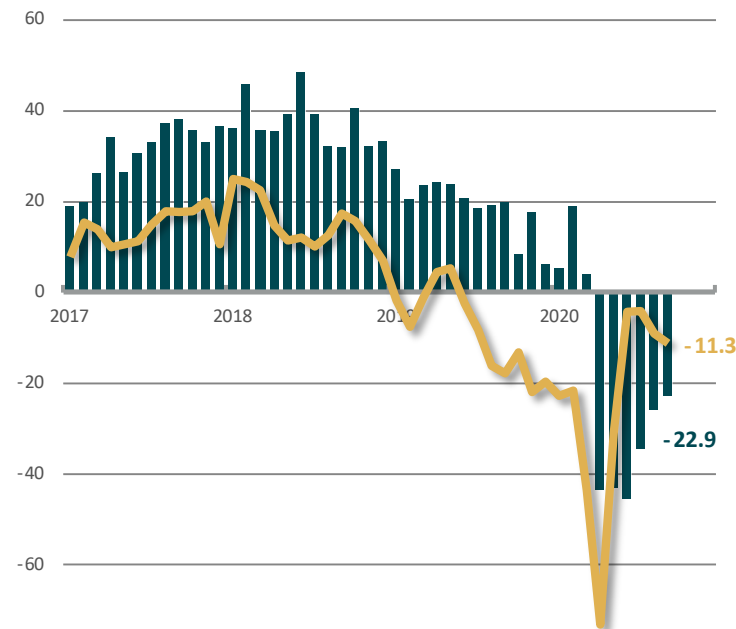


Business climate in both sectors continues to be negative in Germany

Expectations improved significantly recently, in road freight transport even slightly positive

Assessment of the situation is clearly still red

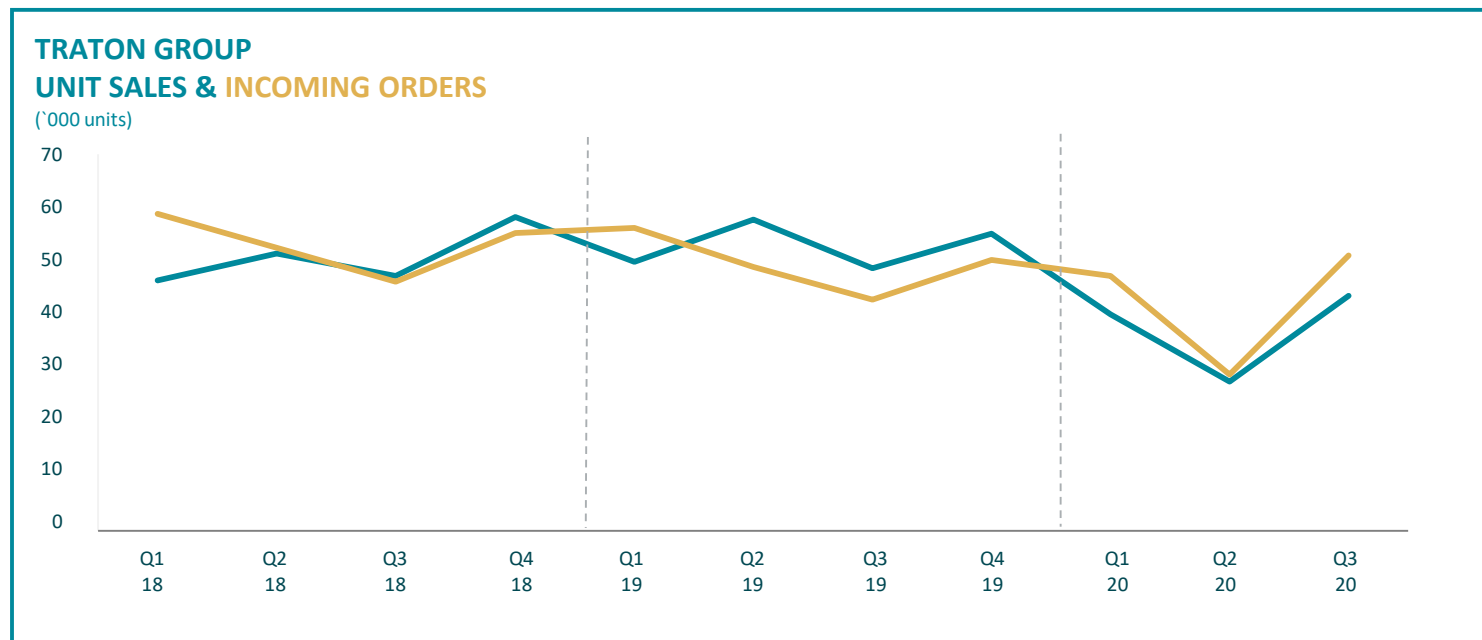
TRANSPORT & LOGISTICS



■ BUSINESS SITUATION ■ BUSINESS EXPECTATIONS

...BUT IMPROVED IN Q3 2020

Vehicle utilization in most regions especially in the long-haulage truck business with positive development. Market recovery evident, even faster than expected. Strong incoming orders in Q3 2020.



Source: TRATON

AGENDA

1. **Challenging Environment 2020**

2. **Core KPIs 9M 2020**

3. **Going forward**

4. **Q&A**

SNAPSHOT TRATON - PRODUCT HIGHLIGHTS 2020

Despite the challenging environment we continued to set product highlights



October
VWCO to deliver first 100 e-trucks to Ambey in 2021



September
Scania introduces new V8 range



September
Scania introduces first electric truck range



September
New VWCO heavy-duty trucks (Meteor)



May
Scania to deliver 75 battery electric trucks to ASKO



May
MAN Lion's City 18 E celebrates sales launch



February
MAN introduces new Truck Generation



January
ASKO puts Scania FCEV trucks on the road



SNAPSHOT TRATON GROUP CORE KPIs 9M 2020



	9M 2020	9M 2019	Change
Trucks and buses (units)			
Incoming orders	145,933	169,708	-14%
Book to bill ¹ (ratio in units)	1.14	0.95	+0.19 bp
Unit sales	127,660	179,091	-29%
of which trucks ²	115,820	163,316	-29%
of which buses	11,840	15,775	-25%
Financial key performance indicators (€ million)			
Sales revenue	15,740	19,827	-21%
Operating profit	-58	1,482	-1,541
Adj. Operating profit	-9	1,470	- 1,479
Operating RoS (in %)	-0.4	7,5	-7,8 pp

¹ Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered, ² Including MAN TGE (9M 2020: 11,392 units, 9M 2019: 10,111 units)

DEEP DIVE CORE KPIs 9M 2020



	9M 2020	9M 2019	Change
Industrial Business (€ million)			
Sales revenue	15,419	19,491	-21%
Operating profit	-140	1,377	-1,517
Operating RoS (in %)	-0.9	7.1	-8.0 pp
Capital expenditures ¹	602	569	6%
Primary R&D costs	796	982	-19%
Net cash flow	-148	2,323	-2,471
Net liquidity ²	-727	1,500	-2,227
Financial Services (€ million)			
Sales revenue	612	635	-4%
Operating profit	82	105	-23

¹ Capital expenditures in property, plant, and equipment, and intangible assets (€ million), ² Balance for 9M 2020 as of September 30, 2020, and for 9M 2019 as of December 31, 2019

SCANIA VEHICLES & SERVICES – CORE KPIs 9M 2020



	9M 2020	9M 2019	Change
Trucks and buses (units)			
Incoming orders	60,207	66,581	-10%
Unit sales	47,735	74,720	-36%
of which trucks	43,443	68,996	-37%
of which buses	4,292	5,724	-25%
Financial key performance indicators (€ million)			
Sales revenue	8,094	10,427	-22%
Operating profit	419	1,209	-790
Operating RoS (in %)	5.2	11.6	-6.4 pp

MAN TRUCK & BUS – CORE KPIs 9M 2020



¹ Including MAN TGE (9M 2020: 11,392 units, 9M 2019: 10,111 units)

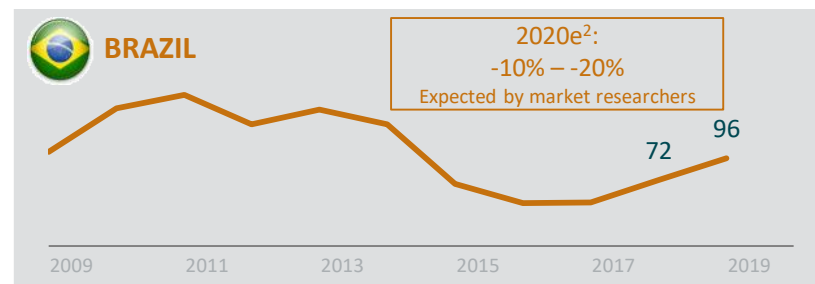
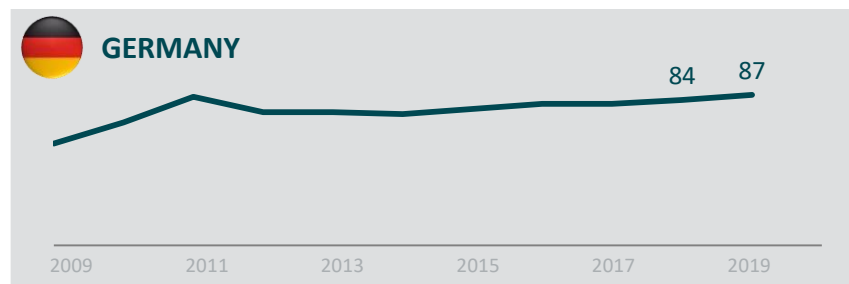
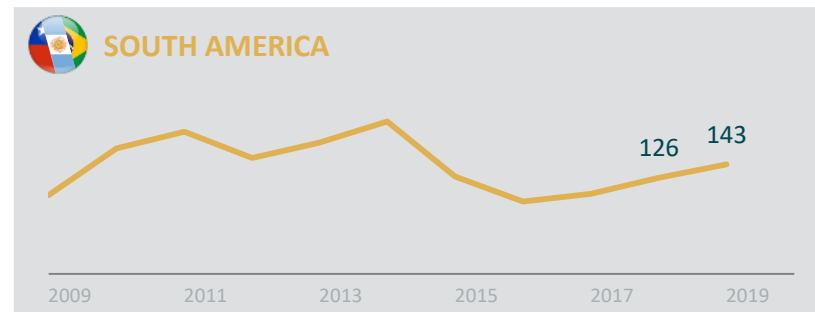
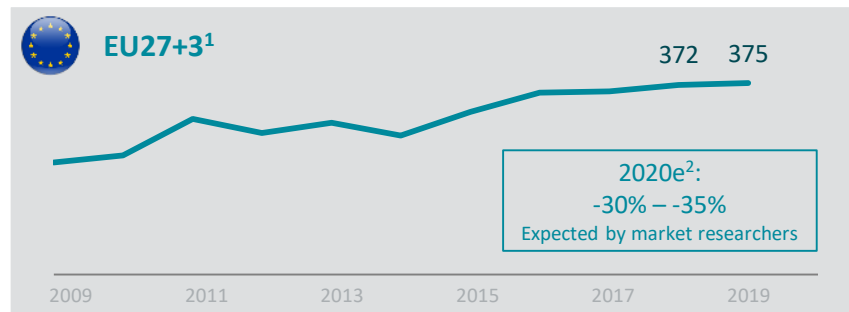
	9M 2020	9M 2019	Change
Trucks and buses (units)			
Incoming orders	59,745	75,712	-21%
Unit sales	53,543	76,510	-30%
of which trucks ¹	50,166	71,647	-30%
of which buses	3,377	4,863	-31%
Financial key performance indicators (€ million)			
Sales revenue	6,567	7,990	-18%
Operating profit	-414	284	-699
Operating RoS (in %)	-6.3	3.6	-9.9 pp

VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIs 9M 2020



	9M 2020	9M 2019	Change
Trucks and buses (units)			
Incoming orders	26,287	30,453	-14%
Unit sales	26,772	31,551	-15%
of which trucks	22,561	26,177	-14%
of which buses	4,211	5,374	-22%
Financial key performance indicators (€ million)			
Sales revenue	931	1,328	-30%
Operating profit	-6	30	-35
Operating RoS (in %)	-0.6	2.2	-2.8 pp

TRUCK MARKET FORECASTS (> 6T, K UNITS)



OUTLOOK 2020: MARKET WEAKNESS LEADS TO SHARP DECLINE IN UNIT SALES

	FY 2018	FY 2019	2020 Outlook
Unit sales <i>(Units; Growth in %)</i>	233.0 k +14%	242.2 k +4%	Sharp decline
Group sales revenue <i>(in €bn; Growth in %)</i>	€25.9 bn +6%	€26.9 bn +4%	Substantial decline
Group return on sales <i>(in %; Operating profit in €bn)¹</i>	5.8% €1.5 bn	7.0% €1.9 bn	-1% – +1%
Cash conversion rate <i>(in %; Industrial Business)²</i>	14%	179%	n.a.

Note: VGSG operations (sold as of January 2019) included in 2018.

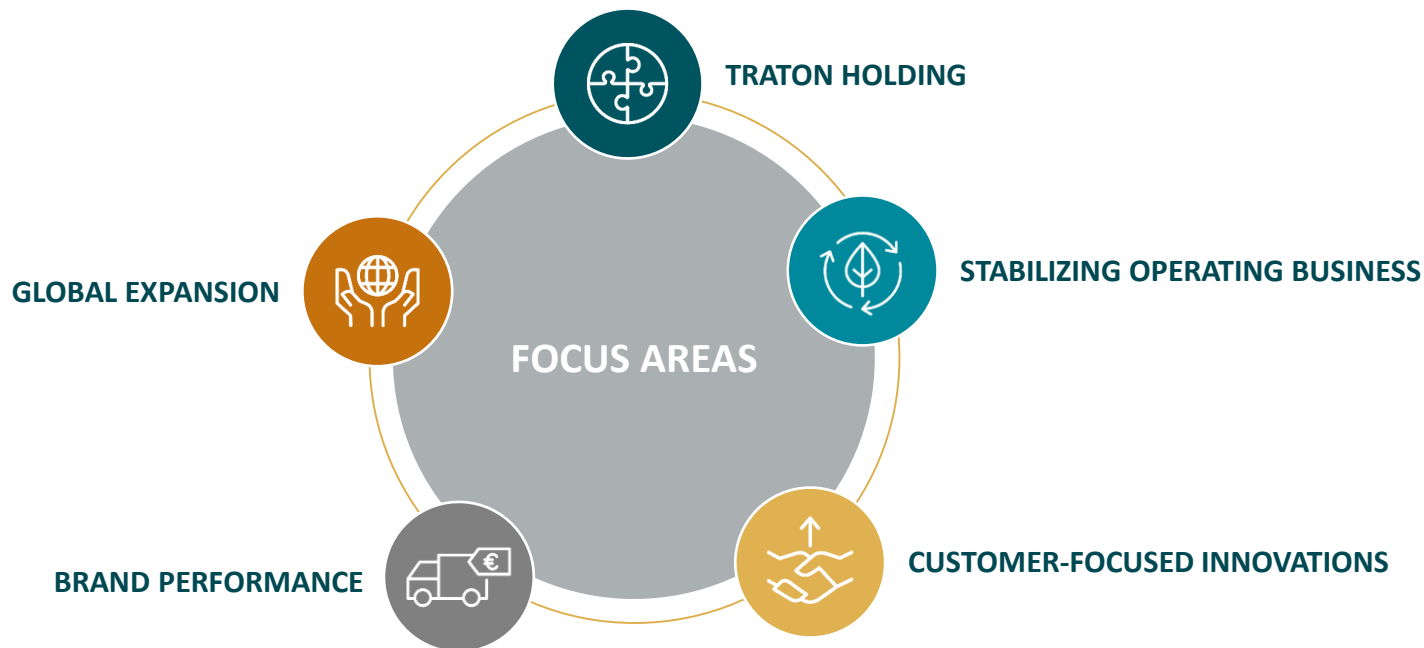
¹ FY 2018: adjusted RoS 6.4%, adjusted operating profit €1.7 bn ; FY 2019: adjusted RoS 7.0%, adjusted operating profit €1.9 bn ; 2020 Outlook: The forecast does not include any expenses for the realignment of MAN Truck & Bus announced on September 11, 2020.

² Calculated as the ratio of net cash flow to profit after tax; in FY 2019 and FY 2018, the cash conversion rate was impacted by a number of non recurring factors; FY 2019 reflected for example the proceeds from the disposal of the Power Engineering business.

AGENDA

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WE SET FOCUS AREAS ON OUR WAY TO A GLOBAL CHAMPION





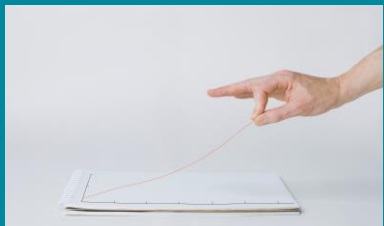
FOCUS ON SECURING LIQUIDITY IN UNCERTAIN TIMES



PRODUCTION CAPACITY



COST & EXPENSE MANAGEMENT



SECURING LIQUIDITY



LIQUIDITY RESERVE €7.7 BILLION



OUR BRANDS HAVE FILLED THEIR PRODUCT PIPELINES WITH TECHNOLOGY FOR THE FUTURE



BUDGET SHIFT TO E-MOBILITY



MAN E-TGM



SCANIA E-TRUCKS



VWCO E-TRUCK NETWORK



SCANIA ELECTRIC CITY BUSES



MAN ELECTRIC CITY BUSES

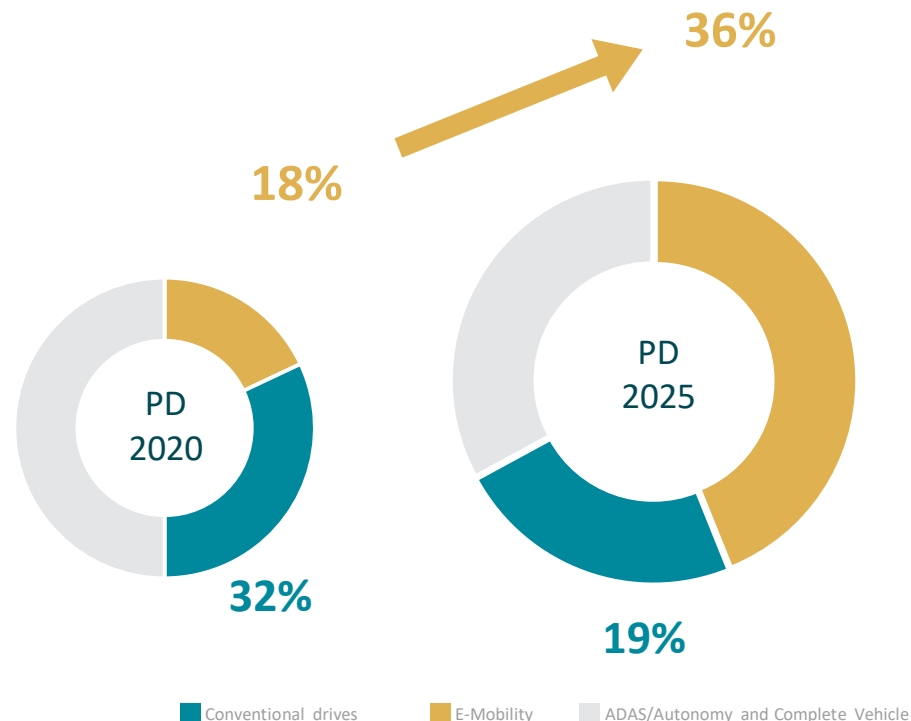


PRODUCT DEVELOPMENT FUNDS WILL BE SHIFTED TO E-MOBILITY

Percentage of Product Development for e-mobility will be doubled until 2025

All brands are reducing budgets for conventional drives and shift to e-mobility

TRATON invests €1 billion until 2025 in e-mobility





BRANDS STRENGTHEN PERFORMANCE TO SAFEGUARD TARGETED RoS OF 9% OVER THE CYCLE



TARGETED RoS 9%



REALIGNMENT MAN



SCANIA PROGRAM



IMPROVING EARNINGS QUALITY

TRATON'S GLOBAL FOOTPRINT IS GROWING



ACQUISITION NAVISTAR



ADDRESSING PROFIT POOLS



E-MOBILITY JOINT VENTURE HINO



TUSIMPLE PARTNERSHIP

NAVISTAR INTERNATIONAL AT A GLANCE



Source: Company information, figures for FY 2019 as of October 31, 2019.
1 Adjusted EBIT: Calculated as adjusted EBITDA –depreciation and amortization.



in US market
for Trucks



Revenue
USD~11.25 bn



EBIT¹
USD~689 mn



History since 1831



Dealers > 1,200



Employees~13,300

TRANSACTION OVERVIEW

NAVISTAR AT A GLANCE

- No 4 in US market for trucks; long history since 1831
- Revenue of USD11.25 bn and adjusted EBIT of USD689 mn in fiscal year 2019¹
- More than 1,200 dealers

ACQUISITION RATIONALE

- Access more than 75% of global truck market profit pools
- Deliver on Global Champion Strategy
- Leverage powertrain components across brands to generate significant cost savings over years to come
- Achieve a well balanced and global footprint with complimentary geographies

STRUCTURE

- Cash acquisition of 83.3% of outstanding Navistar common shares
- Transaction structured as one step merger
- The two major Navistar shareholders² supportive of transaction

VALUE

- Equity purchase price of USD3.7 bn based on USD44.50 per share

FINANCING

- Fully committed transaction financing by Volkswagen AG
- Transaction envisaged to be refinanced via capital markets
- TRATON committed to maintaining an investment grade rating

TIMING

- Closing expected mid 2021 subject to regulatory approvals and customary closing conditions

¹ Adjusted EBIT: Calculated as adjusted EBITDA – depreciation and amortization; FY 2019; as of Oct. 31, 2019.

² Other major Navistar shareholders include Carl C. Icahn (and several companies he controls), with a 16.9% stake, and Mark H. Ratchesky (and several companies he controls), with a 16.4% stake.

GOOD REASONS FOR NAVISTAR ACQUISITION



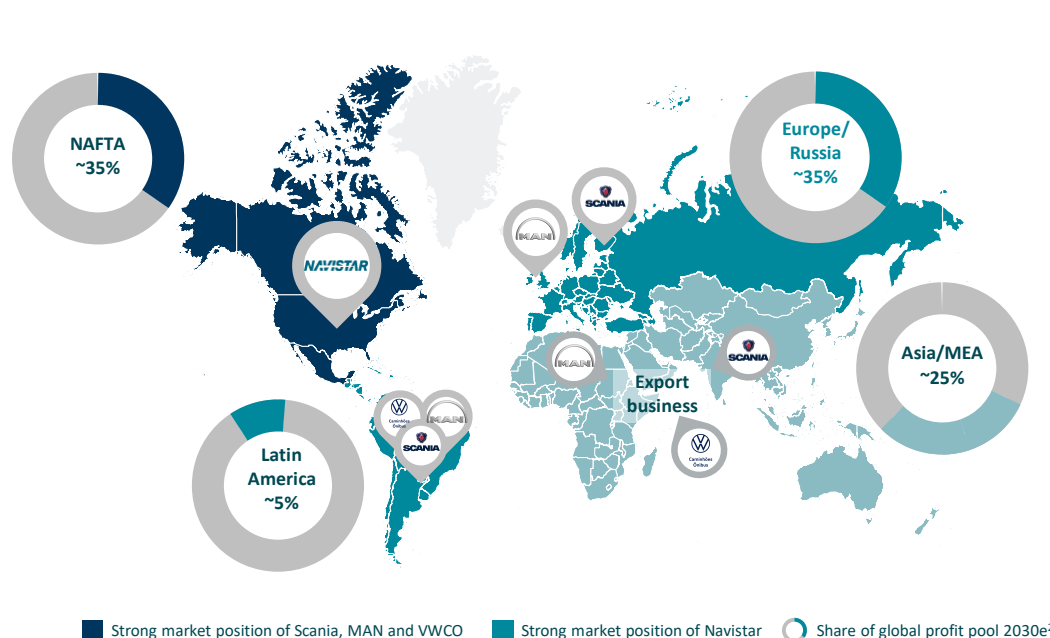
Highly complementary geographic footprint with no product portfolio cannibalization

Additional scale for TRATON technology (e.g., powertrain, electrification, autonomous)

Proven by long-standing strategic partnership

North America at the forefront of new technologies (e.g., autonomous)

ACCESS MORE THAN 75% OF GLOBAL TRUCK MARKET PROFIT POOLS¹ ACCESS TO ATTRACTIVE NORTH AMERICAN MARKET



Source: McKinsey & Company.

¹ Global profit pool 2030: ~€17 bn. ² Profit pool of truck industry > 6t (2030e).

STATUS AND NEXT STEPS



Signing and announcement of merger agreement
on November 7, 2020

Navistar shareholder approval expected in Q1 2021
(50% + required)

Regulatory approvals expected in H1 2021

Closing expected mid 2021

De-listing of Navistar shortly after closing

TRATON AND HINO START E-MOBILITY JOINT VENTURE



TRATON and Hino have signed a joint venture agreement to plan and provide e-mobility products

This follows the **procurement joint venture** established in 2019

Development includes:

- electric vehicles including battery electric vehicles (BEV)
- fuel cell vehicles (FCV)
- relevant components
- common EV platforms including software and interfaces

TRATON will evaluate fuel cell technology at MAN's Nuremberg site together with Hino

PARTNERSHIP WITH TU SIMPLE IN AUTONOMOUS TRUCKING



TRATON and TuSimple entered into a global partnership to develop autonomous trucks

Scania test vehicles will soon be on the road with TuSimple technology in Sweden

The first test vehicles underway are aiming for Level 4 (high automation)

Autonomous trucks offer customers improved safety, efficiency and cost savings

As part of the partnership, TRATON has also taken a minority stake in TuSimple

AGENDA

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