



TRATON GROUP – PRESS CONFERENCE CALL 9M

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NOVEMBER 04, 2019

TRATON
GROUP

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**Andreas
Renschler**

Chief Executive Officer



**Christian
Schulz**

Chief Financial Officer



**Julia
Kroeber-Riel**

Head of Group Communications
& Governmental Relations

01. **TRATON's strategic framework**

02. **Company milestones**

03. **TRATON's environment**

04. **Core KPIs 9M 2019**

05. **Q&A**

CLEARLY DEFINED STRATEGIC GOALS

TRATON
GROUP

Creating a GLOBAL CHAMPION IN THE TRANSPORTATION INDUSTRY

Leader in



PROFITABILITY



GLOBAL PRESENCE



INNOVATION

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

Shared values & common beliefs

AGENDA

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TRATON GROUP HAS CONTINUOUSLY DELIVERED ON ITS STRATEGIC GOALS SINCE STARTING IN 2015

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COLLABORATION
among Volkswagen T&B
brands set up


**Successful creation and
implementation of strategic
ALLIANCE PARTNERSHIPS**

8TRA
**TRATON LISTED IN
FRANKFURT & STOCKHOLM**

New CORPORATE IDENTITY
VWTB BECOMES TRATON SE

**Significant PERFORMANCE
IMPROVEMENT OF THE GROUP**

TRATON Innovation Day 2019
**TRATON WANTS TO BECOME
LEADER IN E-MOBILITY**



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OVERALL CHALLENGING POLITICAL AND MACROECONOMIC ENVIRONMENT



Political environment challenging

- Potential **hard Brexit** and threatening trade war between USA and China
- Numerous others **crises and conflicts** (e.g. Iran, Venezuela, Turkey)



Global economic situation shows downturn trend

- General GDP forecasts confirms **downturn trend in the industry**¹
- ifo economic barometer shows global **recession potential**²
- FED **lowered interest rates** to counteract a cool down of US economy
- The ECB restarted **quantitative easing**



Business climate in the transportation services

- **Expectations fairly stable but still negative**³
- Transportation and logistics in downturn trend⁴
- **Overall slump in order intake** commercial vehicles over 6t⁵

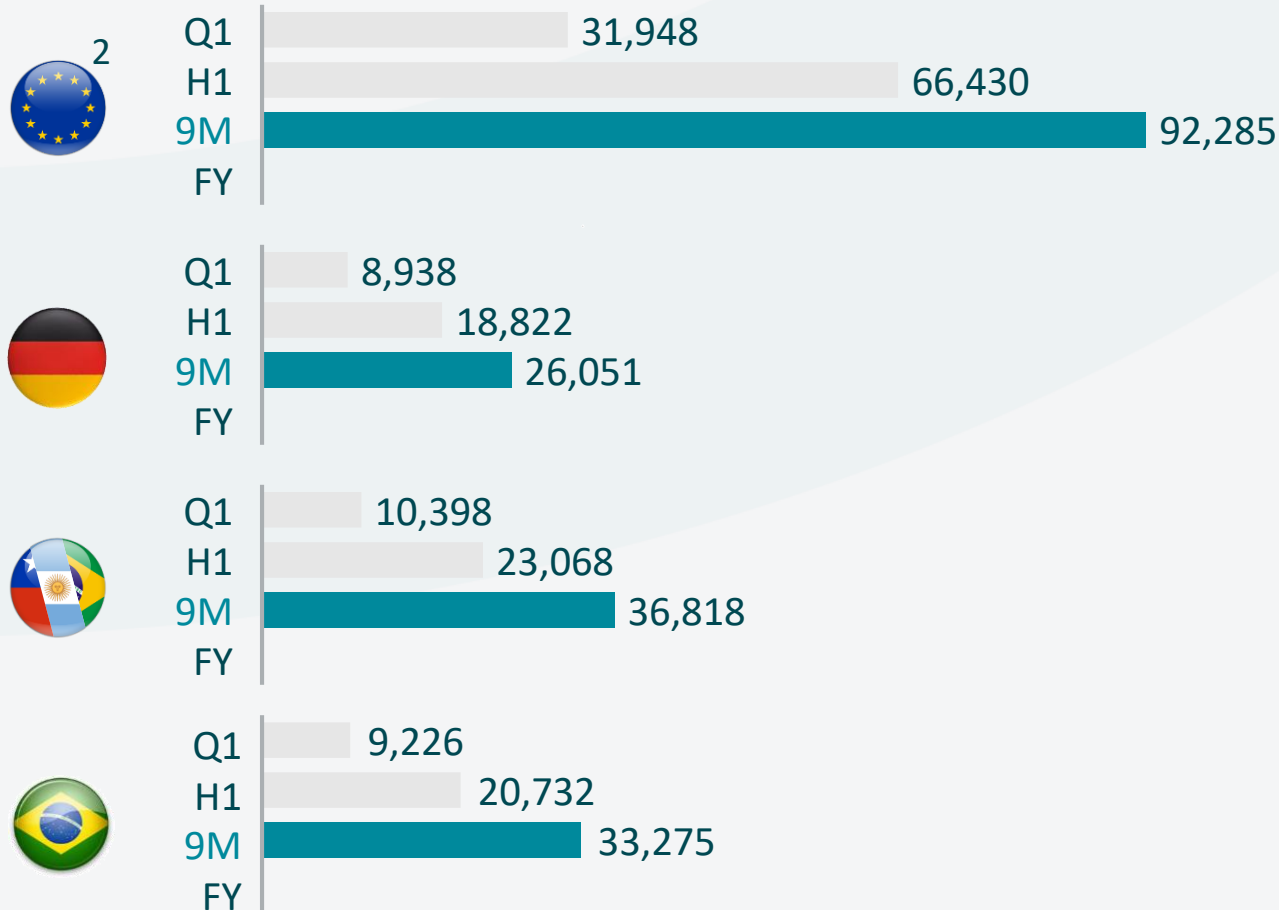
STILL STRONG SALES FOR TRATON IN CORE MARKETS DESPITE THE CHALLENGING ENVIRONMENT AND DOWNTURN TREND IN THE INDUSTRY



Truck Deliveries in core markets¹; 2019 (units)

Growth 9M (Y-o-Y)

Market growth³



+11.1%

+5.2%

+13.6%

+8.2%

+24.3%

~+10%

+42.2%

+41.3%

¹ Excluding MAN TGE vans ² EU28+2: EU member states excluding Malta 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 October 24 2019, trucks > 16t; for Brazil data collected from ANFAVEA trucks > 6t as at October 07, 2019; South America own estimates

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OUR PERFORMANCE ALONG OUR STRATEGIC FRAMEWORK



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SNAPSHOT TRATON GROUP CORE KPIS 9M 19

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	9M 19	9M 18	Change in %
Trucks and buses (units)			
Order intake	169,708	180,468	-6%
Book to bill ¹ (ratio in units)	0.95	1.09	-14 bpt
Unit sales	179,091	166,328	8%
of which trucks ²	163,316	149,935	9%
of which buses	15,775	16,393	-4%
Financial key performance indicators (€ million)			
Sales revenue	19,827	18,623	6%
Operating profit ³	1,482	1,108	34%
Operating RoS ⁴ (in %)	7.5%	5.9%	1.5 ppt



DEEPDIVE CORE KPIS – TRATON'S TWO SEGMENTS INDUSTRIAL BUSINESS AND FINANCIAL SERVICES

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	9M 19	9M 18	Change in %
Industrial Business (€ million)			
Sales revenue	19,491	17,839	9%
Operating profit ¹	1,377	980	41%
Operating RoS ² (in %)	7.1%	5.5%	1.6 ppt
Primary R&D costs	982	988	-1%
(€ million)			Change in Mio €
Net cash flow	2,323	-399	2,722
Net liquidity ³	1,207	227	980
Financial Services (€ million)			Change in %
Sales revenue	635	573	11%
Operating profit	105	102	3%



MAN TRUCK & BUS – CORE KPIS 9M 2019

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	9M 19	9M 18	Change in %
Trucks and buses (units)			
Order intake	75,712	83,686	-10%
Unit sales	76,510	72,041	6%
of which trucks ¹	71,647	67,401	6%
of which buses	4,863	4,640	5%
Financial key performance indicators (€ million)			
Sales revenue	7,990	7,646	4%
Operating profit ²	284	269	6%
Operating RoS ³ (in %)	3.6%	3.5%	0 ppt



¹ Including MAN TGE (Sales 9M 2019: 10,111 units, 9M 2018: 4,867 units), 2,3 figures are unadjusted

SCANIA VEHICLES & SERVICES – CORE KPIS 9M 2019

	9M 19	9M 18	Change in %
Trucks and buses (units)			
Order intake	66,581	72,489	-8%
Unit sales	74,720	68,639	9%
of which trucks	68,996	62,133	11%
of which buses	5,724	6,506	-12%
Financial key performance indicators (€ million)			
Sales revenue	10,427	9,337	12%
Operating profit	1,209	888	36%
Operating RoS (in %)	11.6	9.5	2.1 ppt



VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIS 9M 2019

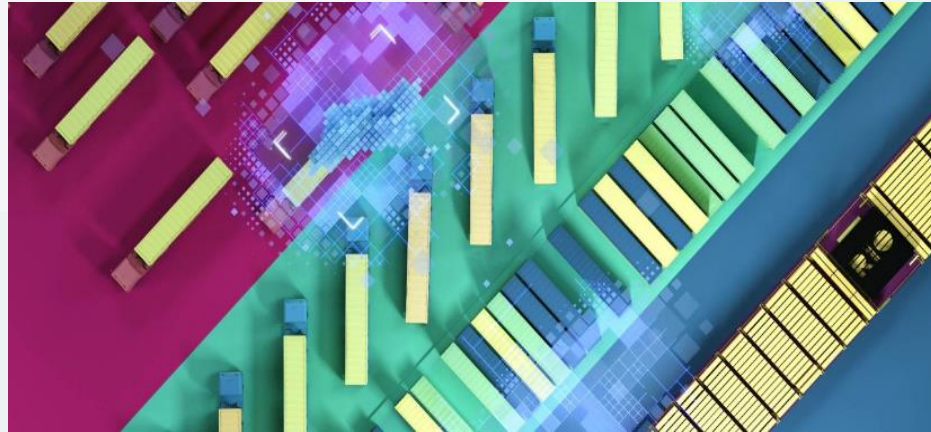
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	9M 19	9M 18	Change in %
Trucks and buses (units)			
Order intake	30,453	26,469	15%
Unit sales	31,551	27,358	15%
of which trucks	26,177	21,895	20%
of which buses	5,374	5,463	-2%
Financial key performance indicators (€ million)			
Sales revenue	1,328	1,044	27%
Operating profit ¹	30	18	65%
Operating RoS ² (in %)	2.2	1.7	0.5 ppt



COOPERATION IS KEY – RIO DIGITIZES VOLKSWAGEN GROUP LOGISTICS

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- RIO and Volkswagen Group Logistics plan to develop a digital solution for the Volkswagen Group's transport logistics
- The planned cooperation with RIO and VWGL will push ahead with digitization in the transport sector
- Optimising utilisation by further reducing empty runs

Collaboration plan announced October 2, 2019 on our Innovation Day



TRATON GOES CANADA – NAVISTAR AND SCANIA INTEND TO COOPERATE IN THE SALES AND SERVICING OF MINING OPERATIONS IN CANADA



Signing memorandum of understanding Scania & 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

¹ as of August 31, 2019

TRATON AND HINO JUST ESTABLISHED A PROCUREMENT JOINT VENTURE - DETERMINEDLY EXECUTING THE GLOBAL CHAMPION STRATEGY



- Strategic long-term partnership agreed in Apr 2018
- Alliance Board based on Strategic Cooperation Framework Agreement
- Sept 2018: LoI to establish procurement joint venture
- Oct 2019: Procurement joint venture established



New procurement joint venture management team
Torsten Huber (TRATON) | Hiroyuki Kobayashi (Hino) | Yunus Birgin (TRATON)

INNOVATION DAY 2019: TRATON WANTS TO BECOME LEADER IN E- MOBILITY

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By 2020

- common modular **electric powertrain toolkit**, used in 2020 in the first serial produced all-electric city buses made by Scania and MAN

By 2025

- € 1 billion in R&D expenditures on **e-mobility**
- € 1 billion in R&D expenditures on **digitization**
- Aim: more than a **million connected vehicles** on the road

OUTLOOK GROUP – RECENT TRACK RECORD, OUTLOOK 2019 AND OVER-THE-CYCLE TARGET

		FY 2018	9M 2019	2019 Outlook	Over-the-cycle RoS target
Deliveries <i>(Units; Growth in %)</i>	➤	233.0k 13.7%	179.1 7.7%	Slight increase compared with previous year	
Group sales revenue <i>(in €bn; Growth in %)</i>	➤	€25.9bn 6.4%	€19.8bn 6.5%	Slightly above previous year	
Group return on sales <i>(in %; operating profit in €bn¹)</i>	➤	5.8% €1.5bn	7.5% €1.5bn	6.5% – 7.5% ²	9% Over-the-cycle RoS

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

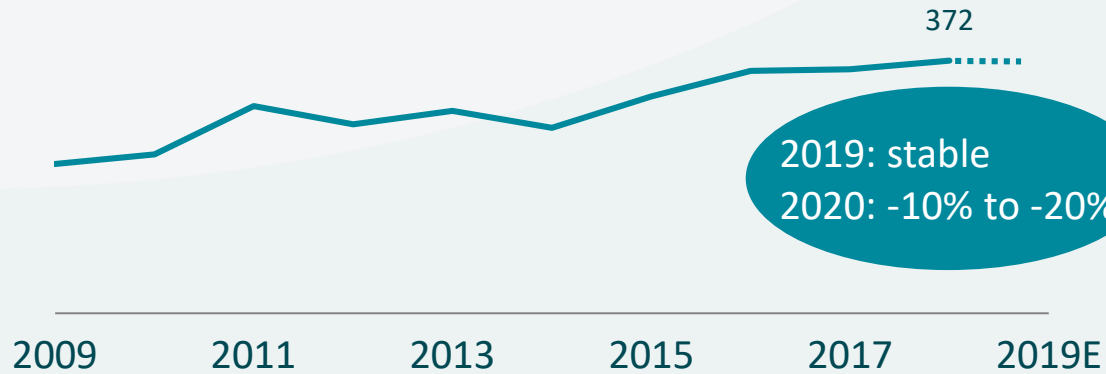
¹ FY 2018: Adjusted RoS 6.4%, adjusted operating profit €1.7 bn, 9M 2019: Adjusted RoS 7.4%, adjusted operating profit €1.5 bn; 9M 2019 including €19 mn insurance claim proceeds ² No adjustments applied to estimated return on sales 2019

OUTLOOK – TRUCK MARKET

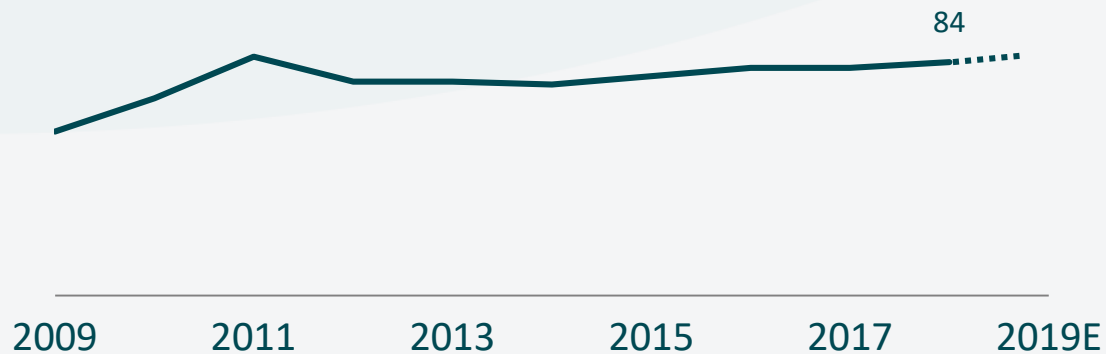
TRUCK MARKET DEVELOPMENT (> 6t, k units)



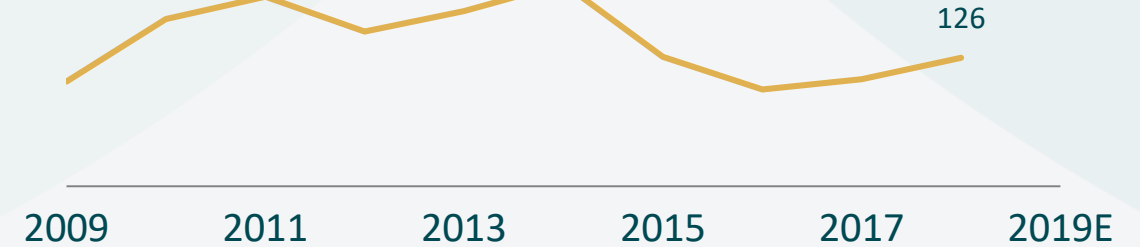
EU 28+2¹



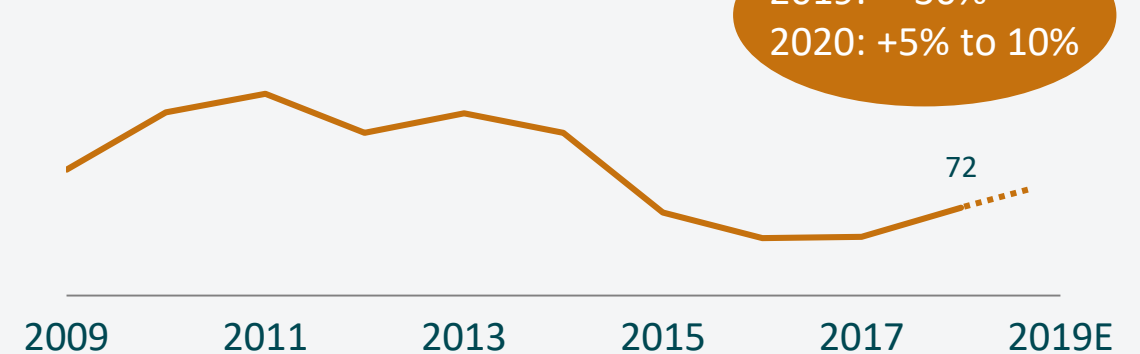
GERMANY



SOUTH AMERICA



BRAZIL



We expect total sales volumes for heavy- and medium-duty trucks in the markets relevant for the TRATON GROUP to slightly increase in 2019²

POSSIBLE MEASURES IN CASE OF RAPID MARKET DOWNTURN

Market Scenarios 2020: Truck Market EU28+2¹



Measures possibly to be evaluated



¹ EU28+2 region consisting of EU member states excluding Malta plus Norway and Switzerland, (> 6t)

IN A NUTSHELL – GROUP KEY FINANCIALS 9M 19

Rise in operating return on sales to

7.5%

Truck¹ and bus sales
up by around

8%

at 179,091 units

Sales revenues increased by

6%

to 19,8 billion

Operating profit increased by around 34% to

€ 1.5

billion

Order intake down by

6%

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