



# TRATON GROUP – PRESS CONFERENCE CALL 9M

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**TRATON**  
GROUP

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# PRESS CONFERENCE CALL 9M 2019 – YOUR PRESENTERS TODAY



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Chief Executive Officer



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Chief Financial Officer



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Head of Group Communications  
& Governmental Relations

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**01. TRATON's strategic framework**

**02. Company milestones**

**03. TRATON's environment**

**04. Core KPIs 9M 2019**

**05. Q&A**

## CLEARLY DEFINED STRATEGIC GOALS

# *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

01. **TRATON's strategic frame**

02. **Company milestones**

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04. **Core KPIs 9M 2019**

05. **Q&A**

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

**TRATON**  
GROUP

  
**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



<sup>1</sup>All figures are unadjusted

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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**<sup>1</sup>
- ifo economic barometer shows global **recession potential**<sup>2</sup>
- FED **lowered interest rates** to counteract a cool down of US economy
- The ECB restarted **quantitative easing**



## Business climate in the transportation services

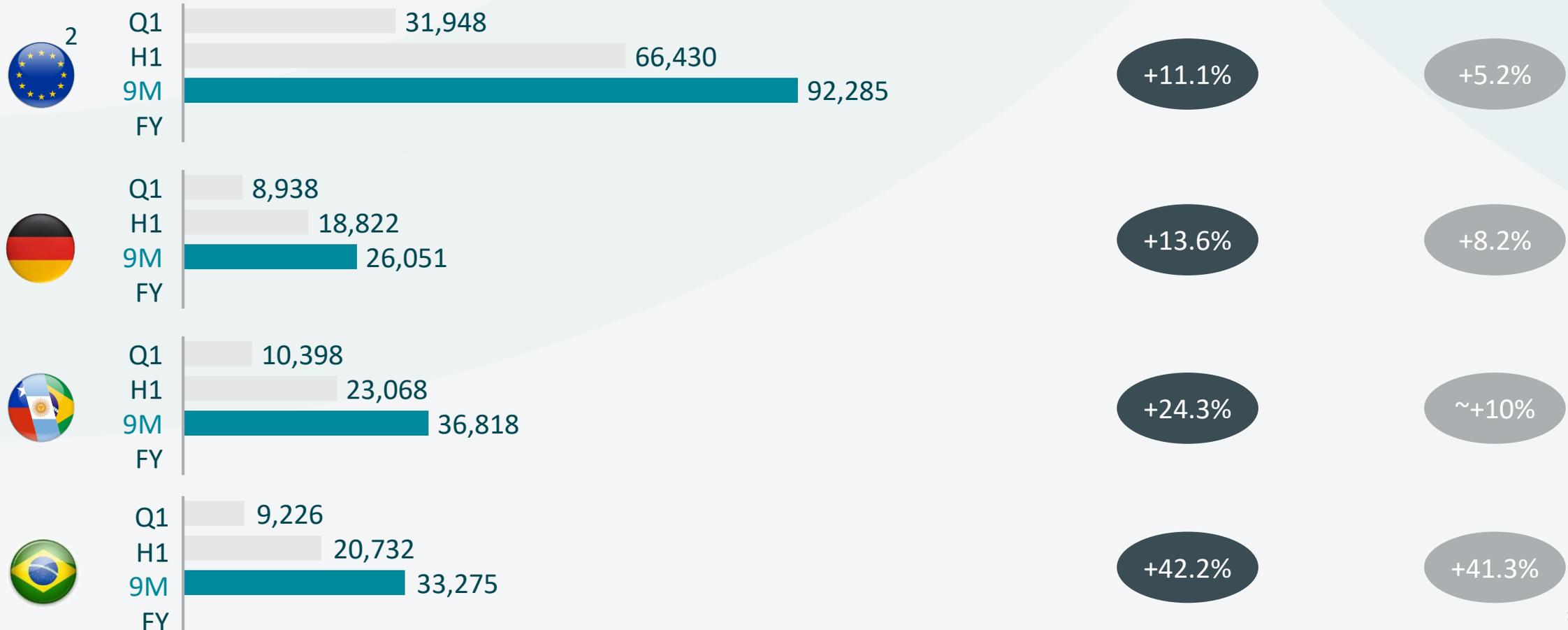
- **Expectations** fairly stable but still negative<sup>3</sup>
- Transportation and logistics in downturn trend<sup>4</sup>
- **Overall slump in order intake** commercial vehicles over 6t<sup>5</sup>

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

## Truck Deliveries in core markets<sup>1</sup>; 2019 (units)

### Growth 9M (Y-o-Y)

### Market growth<sup>3</sup>



<sup>1</sup> Excluding MAN TGE vans <sup>2</sup> EU28+2: EU member states excluding Malta plus Norway and Switzerland <sup>3</sup> 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



## Creating a Global Champion

Leader in Profitability | Global Presence | Innovation



### Brand Performance

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## SNAPSHOT TRATON GROUP CORE KPIS 9M 19

**TRATON**  
GROUP

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



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

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



## MAN TRUCK & BUS – CORE KPIS 9M 2019

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



## SCANIA VEHICLES & SERVICES – CORE KPIS 9M 2019

	9M 19	9M 18	Change in %
<b>Trucks and buses (units)</b>			
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%
<b>Financial key performance indicators (€ million)</b>			
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

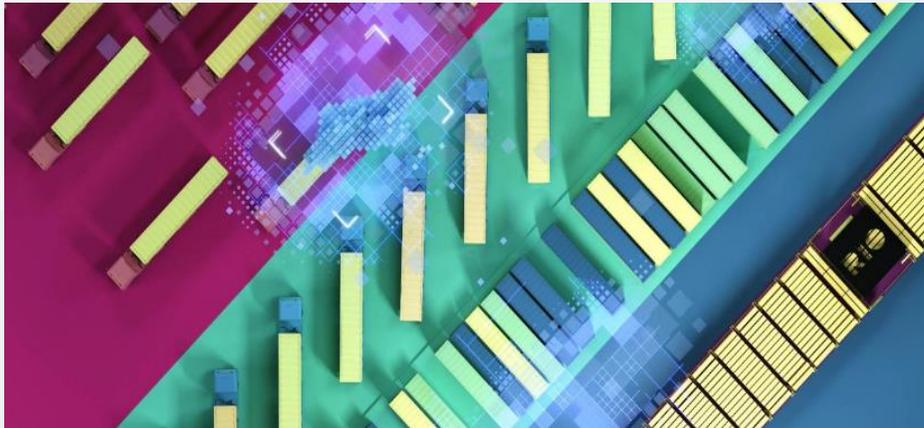
	9M 19	9M 18	Change in %
<b>Trucks and buses (units)</b>			
Order intake	30,453	26,469	15%
Unit sales	31,551	27,358	15%
of which trucks	26,177	21,895	20%
of which buses	5,374	5,463	-2%
<b>Financial key performance indicators (€ million)</b>			
Sales revenue	1,328	1,044	27%
Operating profit <sup>1</sup>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



## COOPERATION IS KEY – RIO DIGITIZES VOLKSWAGEN GROUP LOGISTICS

TRATON  
GROUP

**RIO** THE LOGISTICS FLOW.



Collaboration plan announced October 2, 2019 on our Innovation Day

- 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



## 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%<sup>1</sup> in Navistar
- TRATON GROUP CEO and CFO have a seat in Navistar's Board of Directors

<sup>1</sup> 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: Lol 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



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
<b>Deliveries</b> <i>(Units; Growth in %)</i>	233.0k 13.7%	179.1 7.7%	Slight increase compared with previous year	
<b>Group sales revenue</b> <i>(in €bn; Growth in %)</i>	€25.9bn 6.4%	€19.8bn 6.5%	Slightly above previous year	
<b>Group return on sales</b> <i>(in %; operating profit in €bn<sup>1</sup>)</i>	5.8% €1.5bn	7.5% €1.5bn	6.5% – 7.5% <sup>2</sup>	9% Over-the-cycle RoS

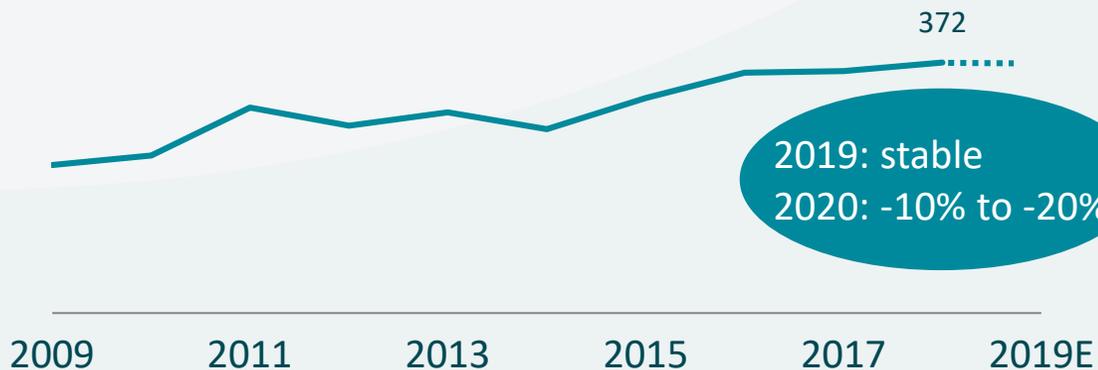
Note: VGSG operations (sold as of January 2019) included in 2018

<sup>1</sup> 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 <sup>2</sup> No adjustments applied to estimated return on sales 2019

# OUTLOOK – TRUCK MARKET

## TRUCK MARKET DEVELOPMENT (> 6t, k units)

 **EU 28+2<sup>1</sup>**



 **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 2019<sup>2</sup>

Source: Own calculation and estimates based on publicly available sources (ACEA, IHS Markit, ANFAVEA, ...)  
 1. EU28+2 region consisting of EU member states excluding Malta plus Norway and Switzerland 2. In addition to the EU28+2 countries with particular focus on Germany, these markets comprise Brazil, Russia, South Africa, and Turkey

# POSSIBLE MEASURES IN CASE OF RAPID MARKET DOWNTURN

## Market Scenarios 2020: Truck Market EU28+2<sup>1</sup>



### Measures possibly to be evaluated



<sup>1</sup> 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%**

Truck<sup>1</sup> 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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