



TRATON GROUP – CREATING A GLOBAL CHAMPION

CAPITAL MARKETS DAY

LONDON – JANUARY 29, 2019

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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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AGENDA FOR THE DAY (1/2)

TOPIC	PRESENTER	PAGE
01. INTRODUCTION	A. Renschler	6
02. COMPANY HIGHLIGHTS	A. Renschler	13
03. INDUSTRY AND MARKET ENVIRONMENT	C. Schulz	26
04. INTRODUCTION TO TRATON GROUP	A. Renschler	41
BRAND PERFORMANCE SCANIA	H. Henriksson	49
BRAND PERFORMANCE MAN T&B	J. Drees	72
BRAND PERFORMANCE VWCO	A.R. Cortes	90
Q&A SESSION I	R. Woller, All Presenters	
COFFEE BREAK		

AGENDA FOR THE DAY (2/2)

TOPIC	PRESENTER	PAGE
COOPERATIONS & SYNERGIES	C. Schulz, C. Levin	105
GLOBAL EXPANSION	C. Schulz	115
CUSTOMER FOCUSED INNOVATION	C. Levin	122
05. FINANCIALS	C. Schulz	142
06. WRAP UP	A. Renschler	173
Q&A SESSION II	R. Woller, All Presenters	



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



**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

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



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



FULLY CONSOLIDATED

ASSOCIATES

STRATEGIC PARTNER



Caminhões
Ônibus



Leader in core markets with differentiated brands

16.8%¹



25% + 1 share²



Powerful strategic alliance partners enabling leading global scale



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



Relates to % of total TRATON GROUP unit sales in 2017 (excl. associates and strategic partner)

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



	TRATON GROUP			ASSOCIATES		STRATEGIC PARTNER
Home base	 SCANIA	 MAN	 Caminhões Ônibus	 中国重汽 SINOTRUK	NAVISTAR	 HINO
Unit sales (k) ¹	Europe and Brazil	Europe	Brazil	China	North America	Japan
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	 80%					
Medium/ Light duty trucks	 11%					
Bus and Coach	 9%					

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.

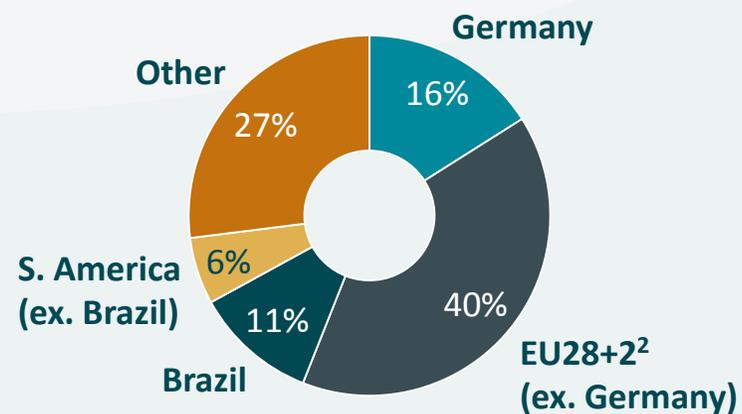
2 Including c. 2k MAN TGE vans. 3 Including c. 108k in LDT unit sales. 4 Unit sales split not disclosed; excl. Toyota unit sales.

SNAPSHOT TRATON GROUP 2017

TRATON
GROUP

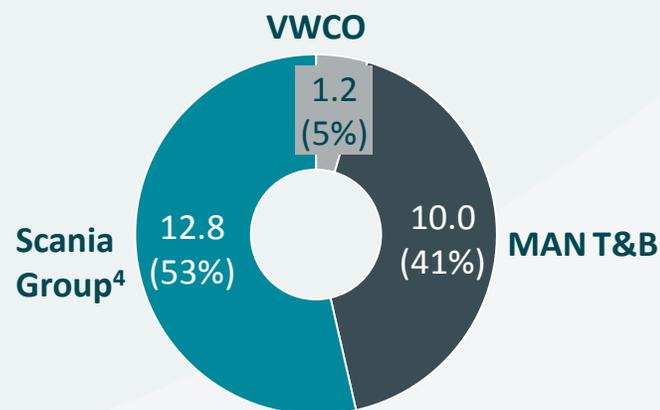
UNIT SALES¹ BY GEOGRAPHY

% of total



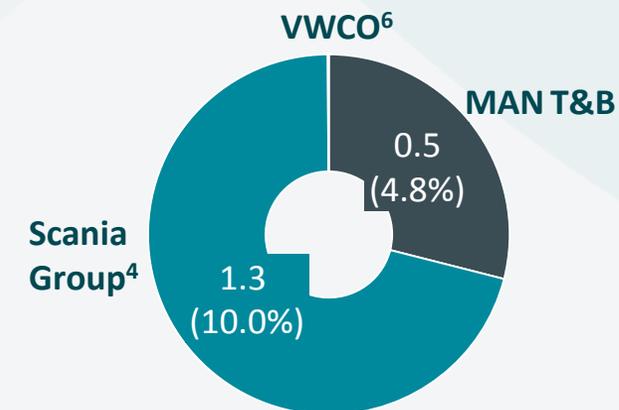
SALES REVENUE BY BRAND

€ 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



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



■ Core markets of TRATON GROUP brands ○ TRATON GROUP truck market share in 2017 (>15t)

TRATON GROUP



Europe¹

- 1st Market leader with 32% market share
- 1st Market leader in Germany with 37% market share



South America²

- 1st Market leader with 30% market share
- 1st 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



Core markets of ■ TRATON GROUP brands ■ Alliance partners Truck market share in 2017 (>15t)

ALLIANCE PARTNERS

ASSOCIATES

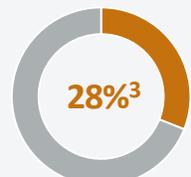
STRATEGIC PARTNER



NAVISTAR



中国重汽 SINOTRUK



HINO

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.

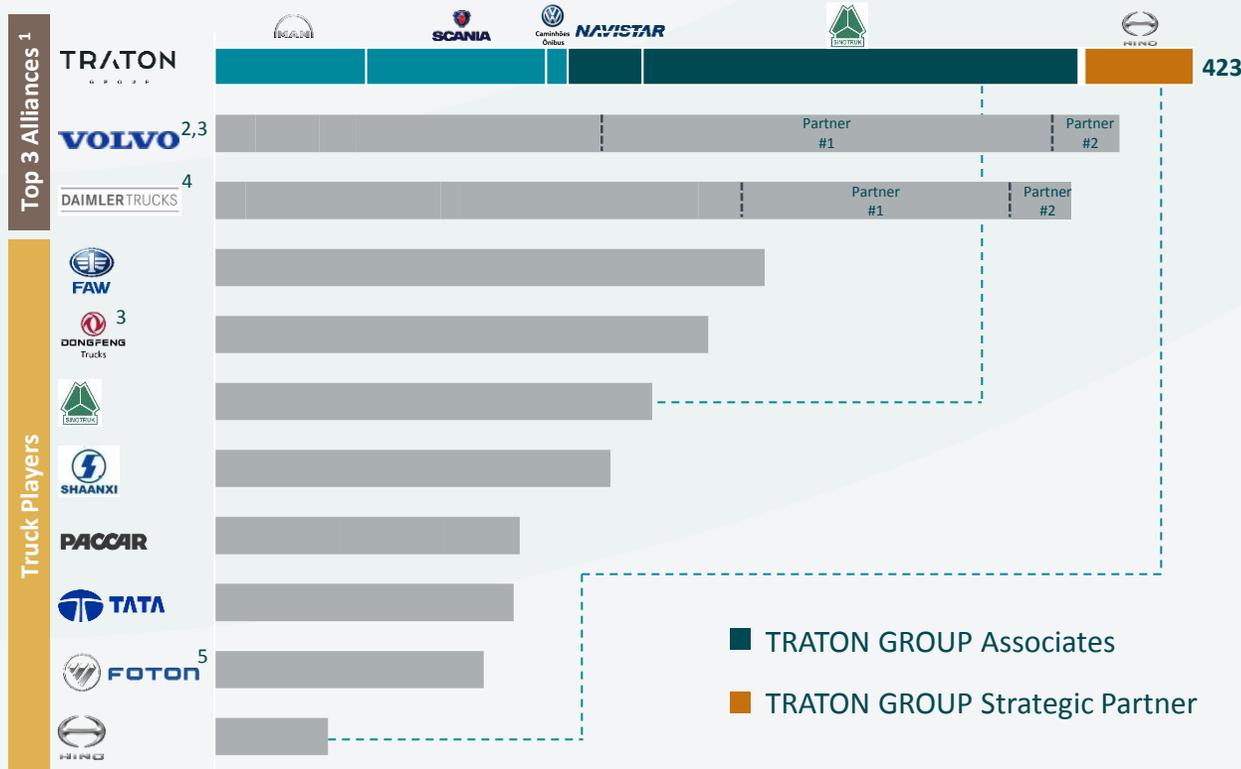
1 Market share of Navistar Canada and USA. 2 Market share of CNHTC (parent company of Sinotruk) in China (including Hong Kong). 3 Market share of Hino in Japan and South East Asia (Indonesia, Australia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam).

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

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



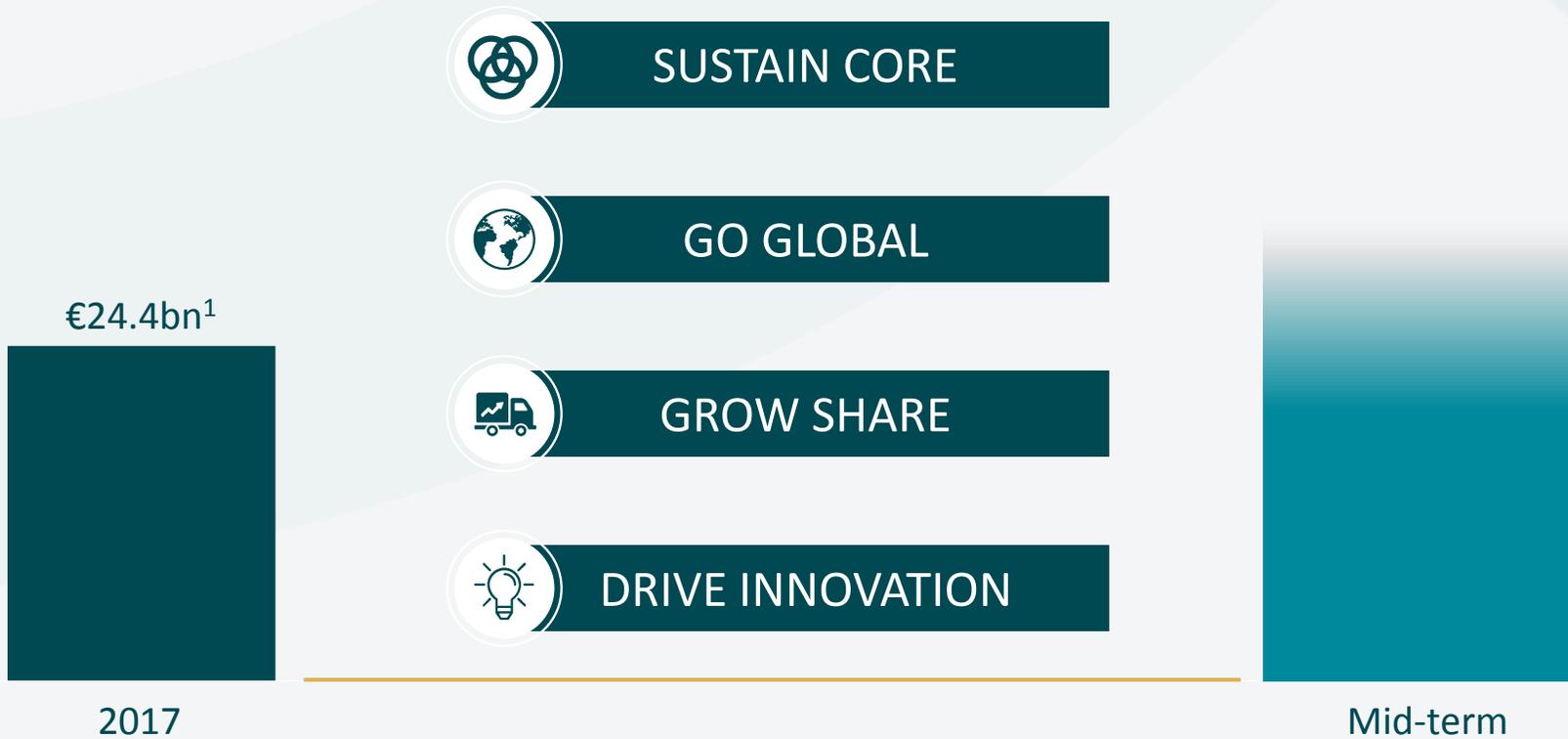
Source: IHS Markit. Note: Truck volumes (>15t) including selected strategic alliances.

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



Mid-term market outlook

Robust volumes; **services** with positive impact on profits



Strong **recovery** expected post Brazil market downturn



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



Mid-term market outlook

Current **strong macro-economic conditions** with mixed outlook



Premium and upper budget segment expected **to grow**



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



% 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



100%

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



100%

New state of the art truck generation / Model year 2019

2019 – 2021e

2000 (TGA)

NEW DELIVERY TRUCK



~60%

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



Autonomous transport system in customer operation¹



Autonomous Mining System

Automated L4 safety truck tested under real conditions



MAN aFAS – Driverless safety vehicle



Large connected fleet

450k+³

Connected vehicles on the road

Utilization of collected data for service offering



RIO, Scania Flexible Maintenance, Solera



Broadest range of alternative fuel technologies²

Hybrid
Natural Gas
HVO BEV
Ethanol
Biogas

Here and now solutions

Sold electric solutions



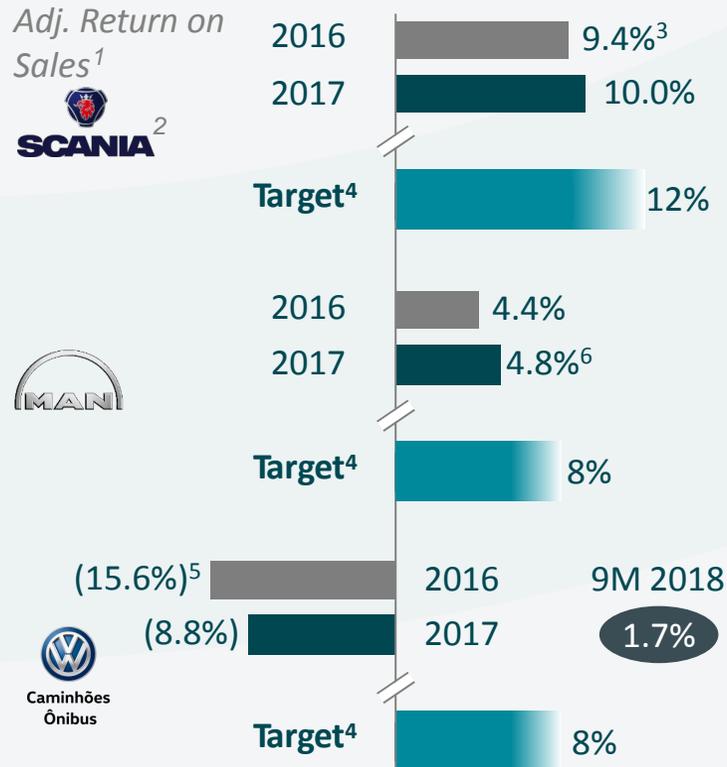
VWCO e-Delivery

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



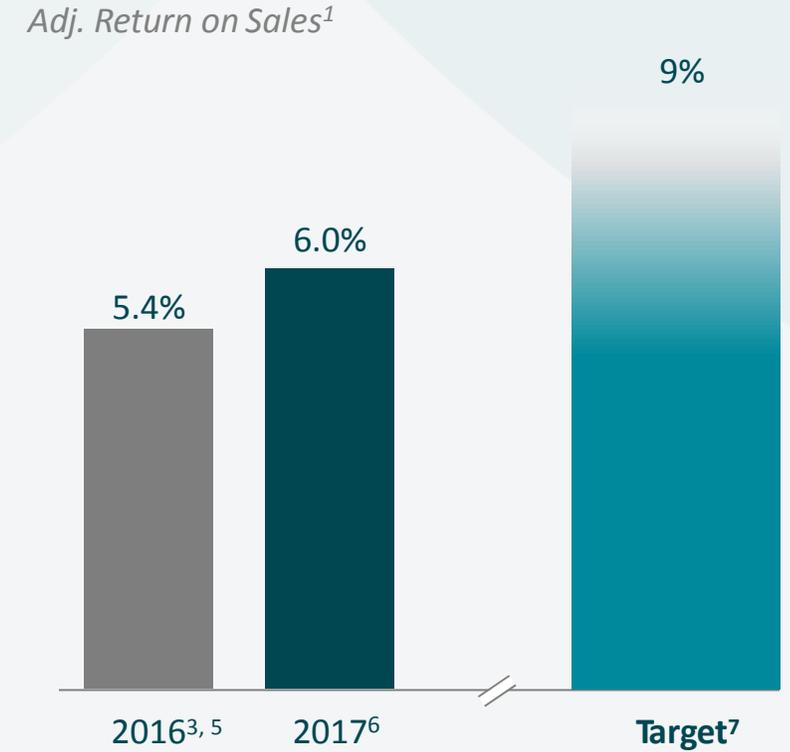
Improvements across brands

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



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.

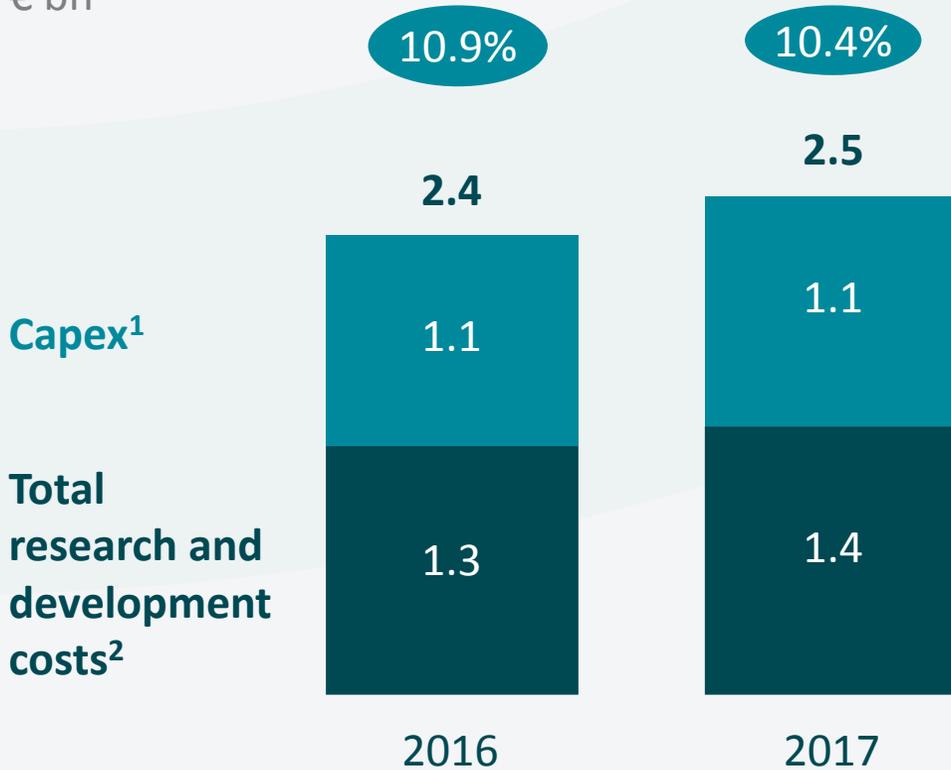
WITH THE INTRODUCTION OF THE NEW TRUCK GENERATIONS, TRATON GROUP VERY WELL POSITIONED TO FUND NEW TECHNOLOGIES



% 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





CHRISTIAN SCHULZ

CHIEF FINANCIAL OFFICER TRATON GROUP

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TODAY'S AGENDA



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

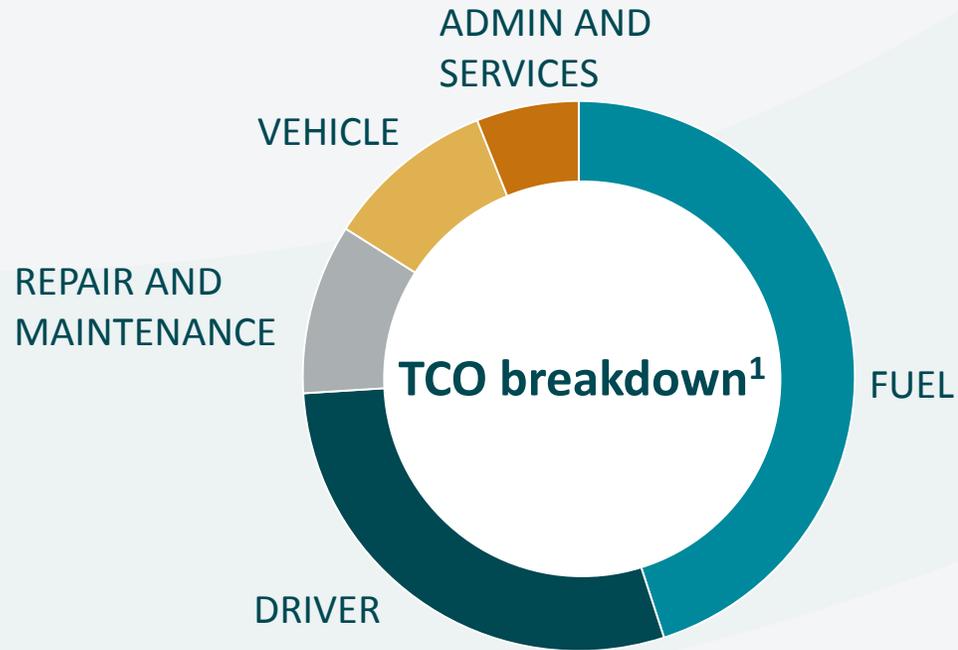
	 	 
	Capital goods	Consumer goods
Sector		
Customer expectations	Customer focus	Total cost of ownership
	Annual mileage (km)	~130,000
Product	Fuel consumption (l/100 km)	~30-35 ²
	Product lifecycle (years)	>10
	Vehicles sold annually	~3 m ⁴
		Costs Emotion Prestige
		~14,000 ¹
		~4-7 ³
		~4-5
		~90 m ⁵

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 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

Key value drivers



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

“TRADITIONAL” TRUCK BUSINESS



- Truck sales
- Used vehicles

Vehicle

NEW TRUCK + SERVICES



- Repair & maintenance
- Vehicle, financial & driver services

Total cost of ownership

TRANSPORT SOLUTIONS



- 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

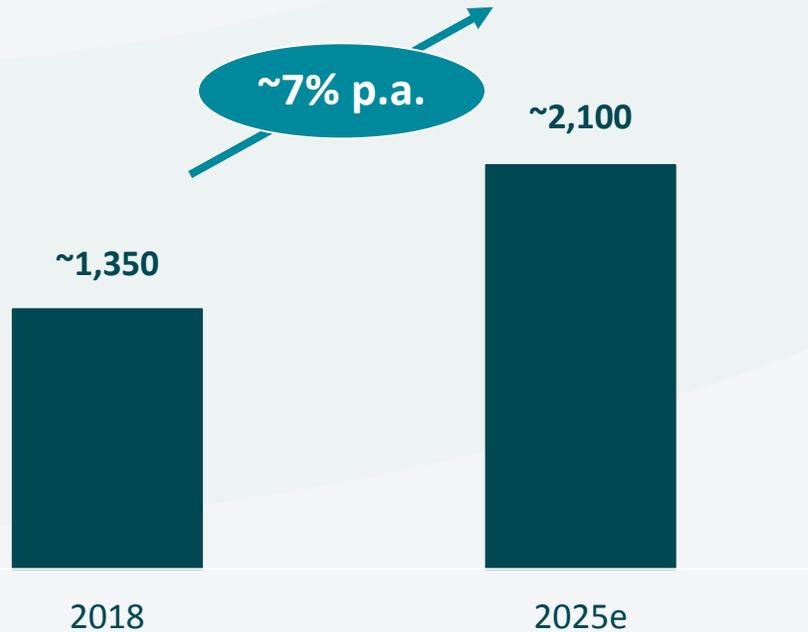
ALTERNATIVE POWERTRAINS

- 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.

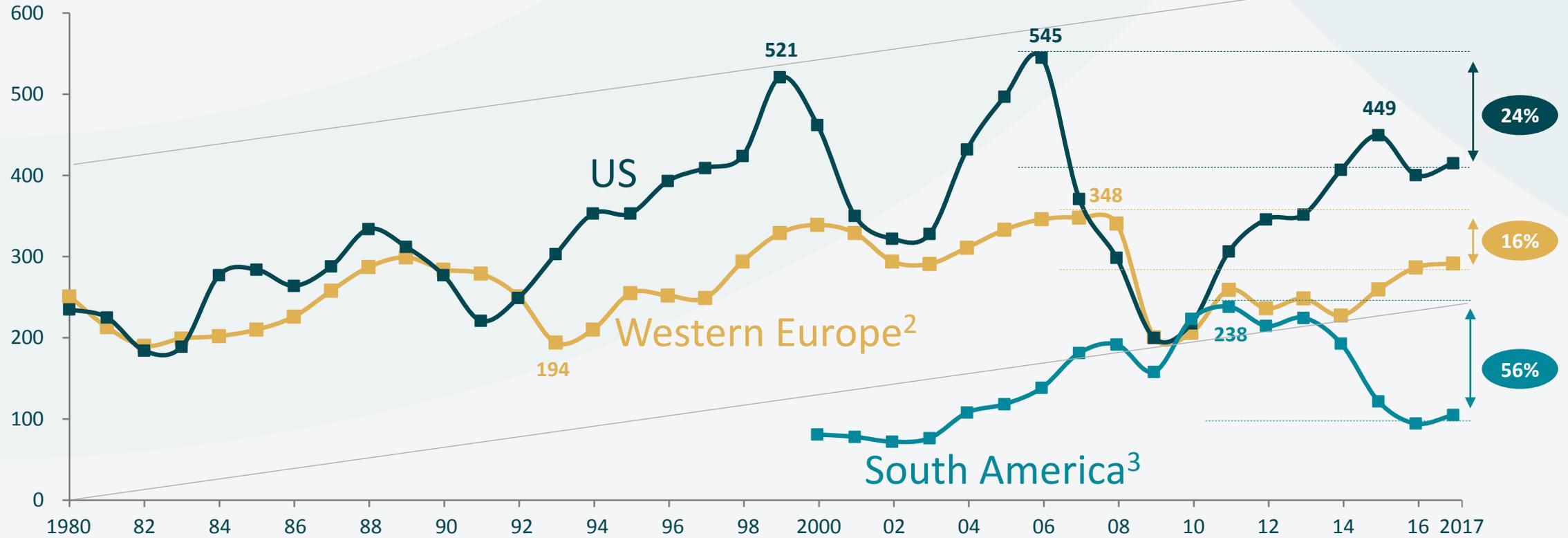


SALES VOLUMES IN TRATON GROUP'S CORE MARKETS AND THE US ARE STILL FAR FROM HISTORICAL PEAKS



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

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 <p style="text-align: right;">TRATON GROUP core markets</p>
South America	105 ²	~0% ⁷	+2.2% ²	
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

Source: IHS Markit, McKinsey.

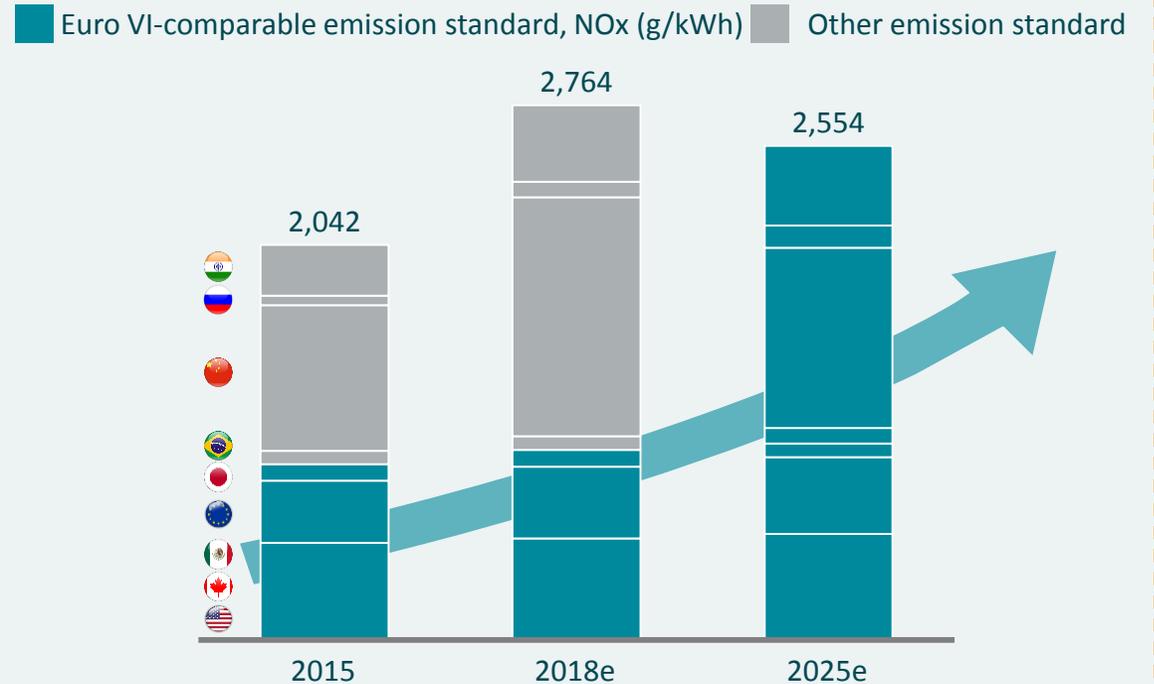
1 EU28+2 region consisting of EU member states plus Norway and Switzerland. Cyprus, Malta, and Luxembourg excluded, as no IHS Markit data available. 2 Incl. Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela; excl. Mexico (part of 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

INCREASING LEVEL OF REGULATION & CUSTOMER REQUIREMENTS

	TRIAD markets ¹	Emerging markets
Powertrain 	Euro VI	Move from Euro II-V to Euro VI
Aftersales 	~20% of OEMs' revenue from aftermarket ³	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 share increases from ~30% in 2017 to ~85% in 2025e globally⁶ leading to a higher share of attractive markets

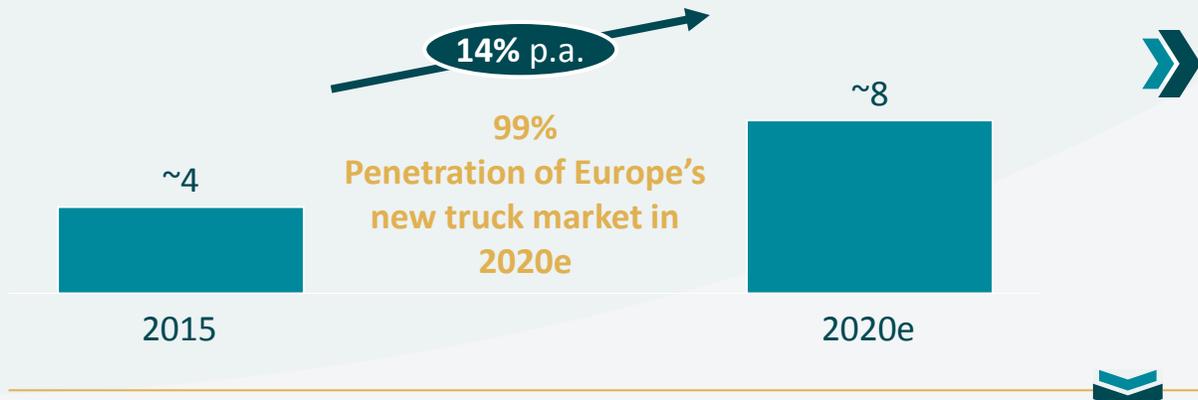
Source: IHS Markit, McKinsey, World Bank.

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

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



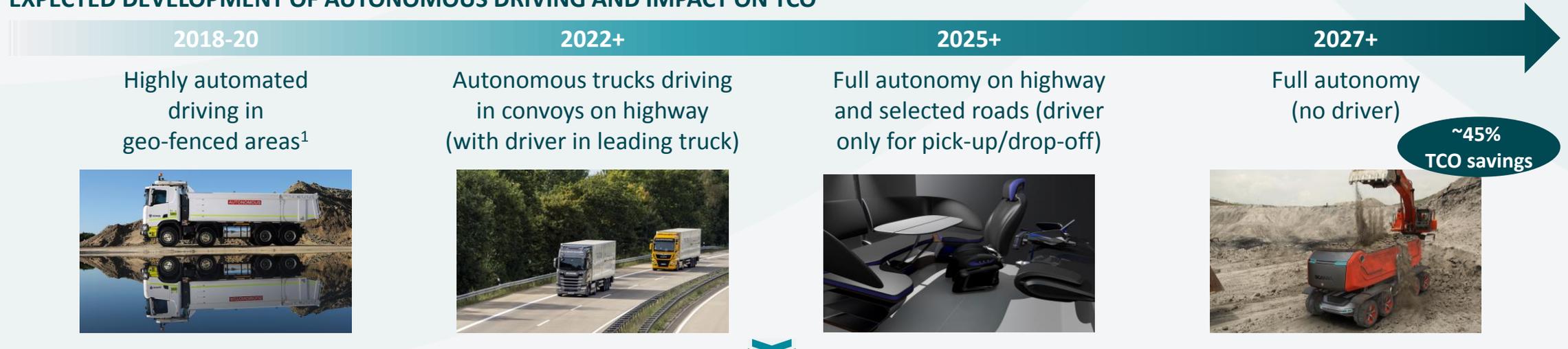
OEMs need to offer holistic platforms for connectivity and solutions



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



~45% TCO savings

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.

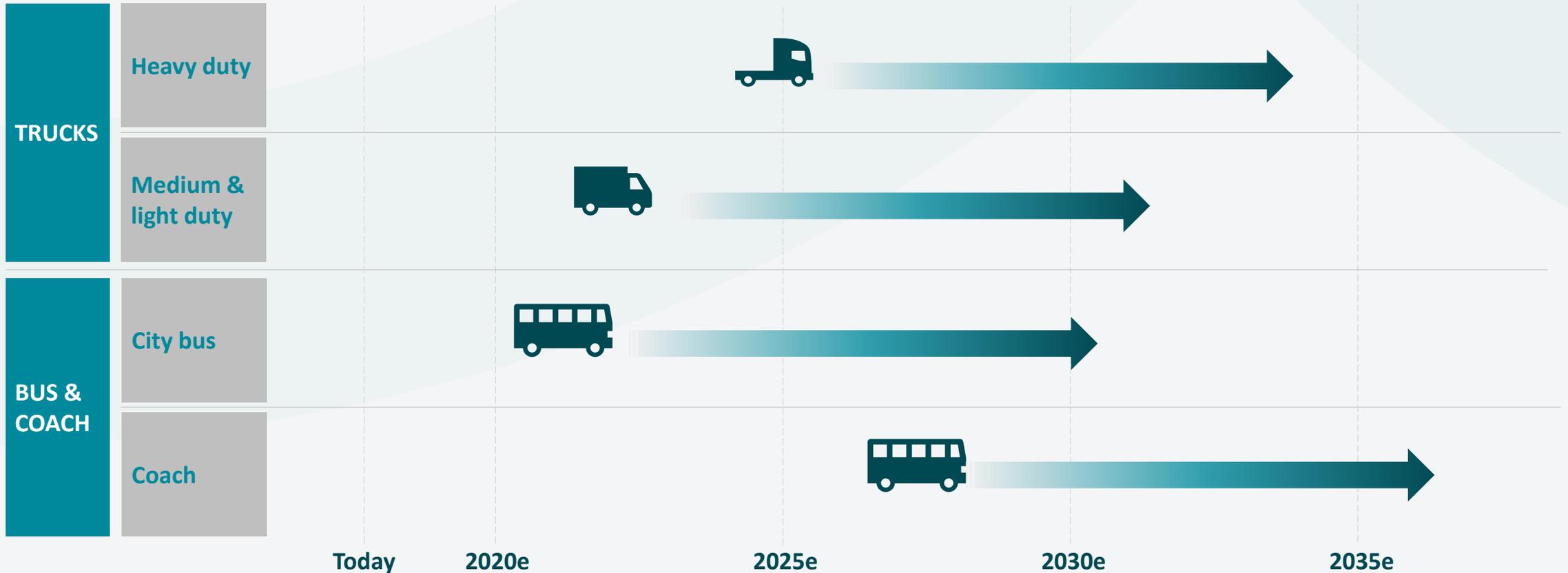
¹ Safety driver present in truck.



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

TCO parity¹ 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
G R O U P

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



Focus on truck sales ...

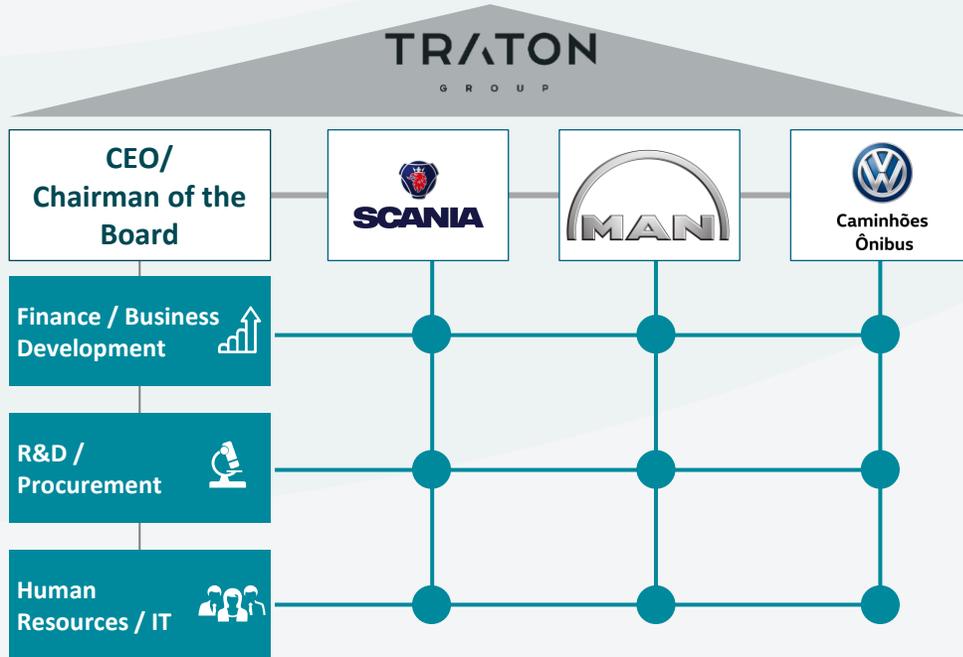
AT PRESENT: READY FOR THE FUTURE



...converting into a transport solution provider

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

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

TRATON GROUP

TRATON GROUP



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

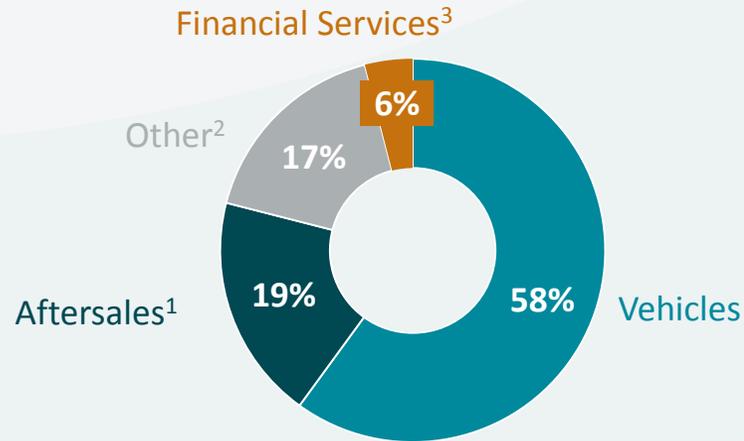
TRATON
G R O U P



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

OVERVIEW

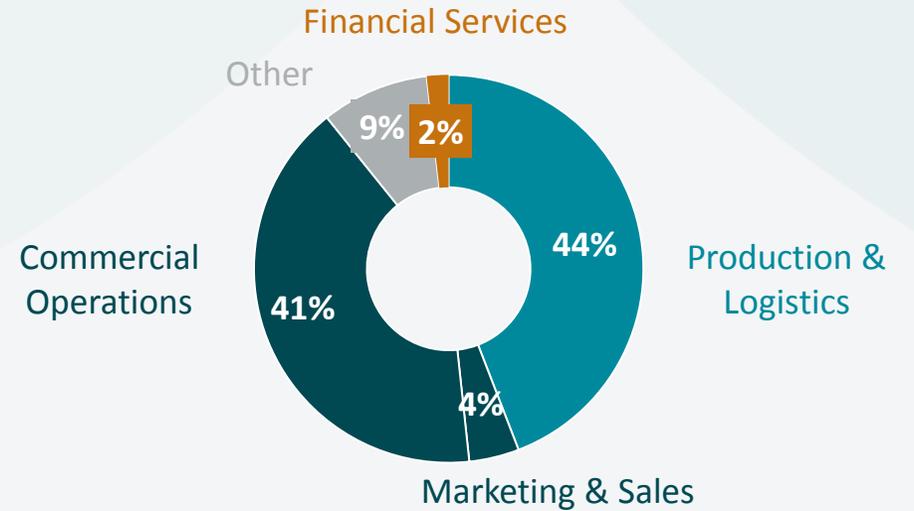
SCANIA GROUP SALES REVENUE BY OFFER (FY2017)



€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

- 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

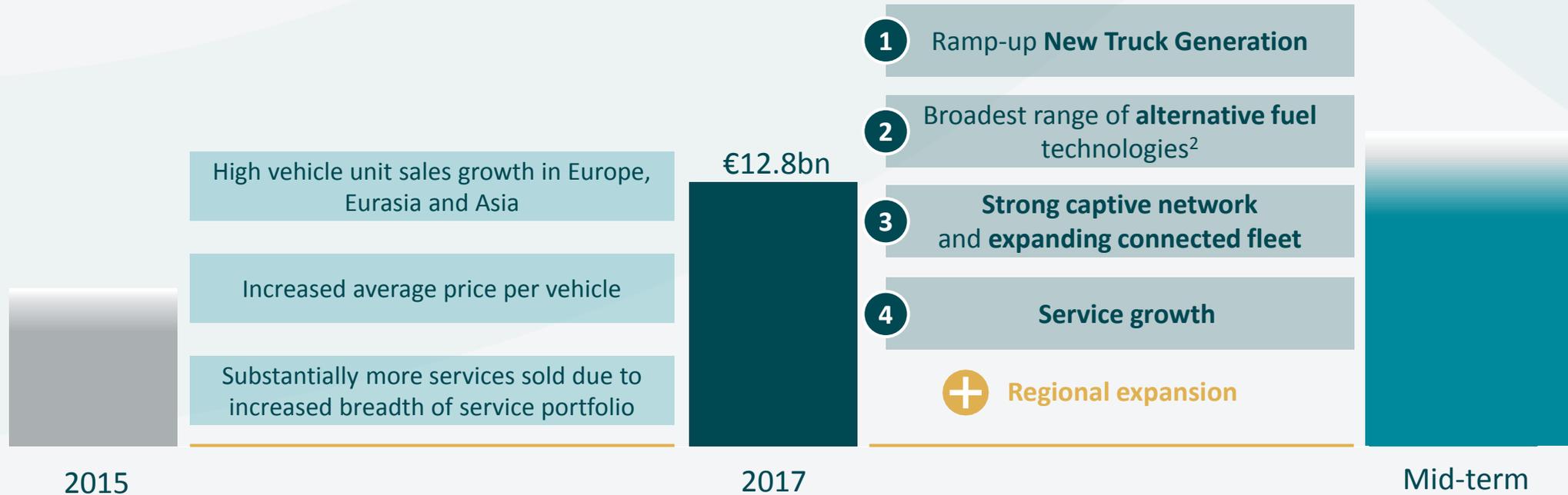
3 

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

Scania Group¹ sales revenue

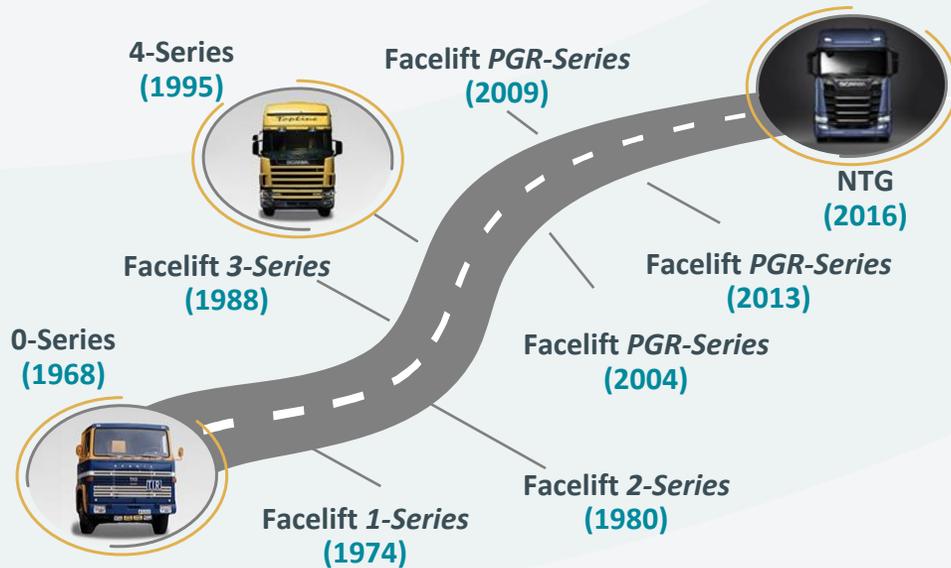


1 Includes Vehicles and Services and Financial Services; post consolidation effects excl. PPA. 2 Based on a company comparison with other offerings in the market.

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.

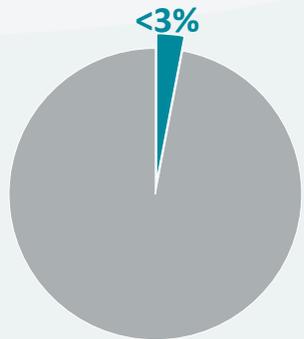
BROADEST RANGE OF ALTERNATIVE FUEL TECHNOLOGIES¹

COMPETITIVE EDGE FOR DRIVING THE SHIFT TOWARDS A SUSTAINABLE TRANSPORT SYSTEM

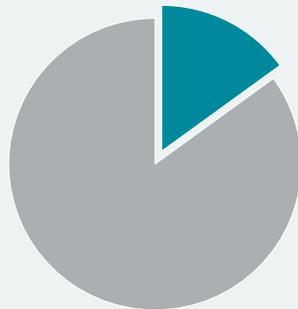
WHEN THE SHIFT TO ALTERNATIVE FUELS HAPPENS ...

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 prerequisite 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

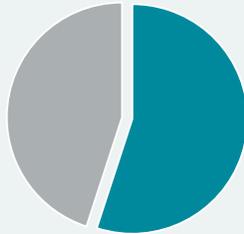
CAPTIVE NETWORK

>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

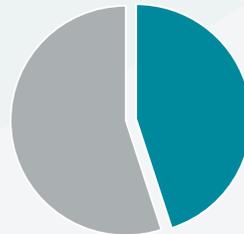
CAPTIVE FINANCING

~€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

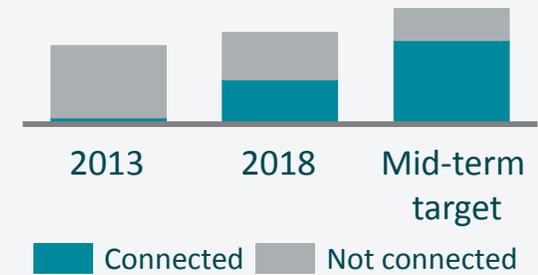
EXPANDING ROLLING FLEET

>350k

Size of connected fleet³

~ 3bn

Kilometres tracked per month⁵



~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

CAPTIVE NETWORK & CAPTIVE FINANCING



DIGITALIZATION DRIVES BUSINESS

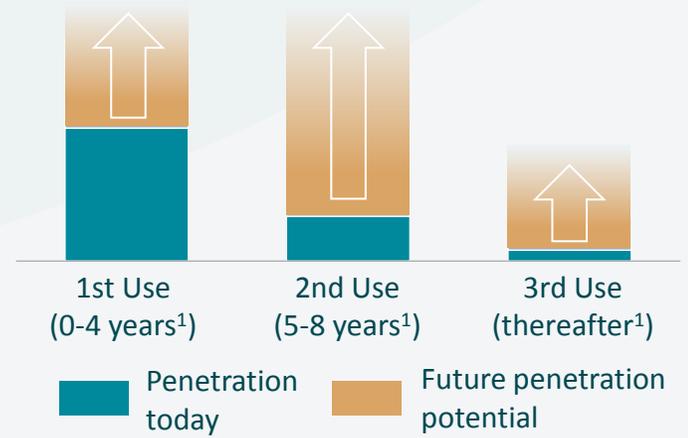


BEST-IN-CLASS TRUCK ON THE MARKET



Higher penetration of subscription-type service contracts globally

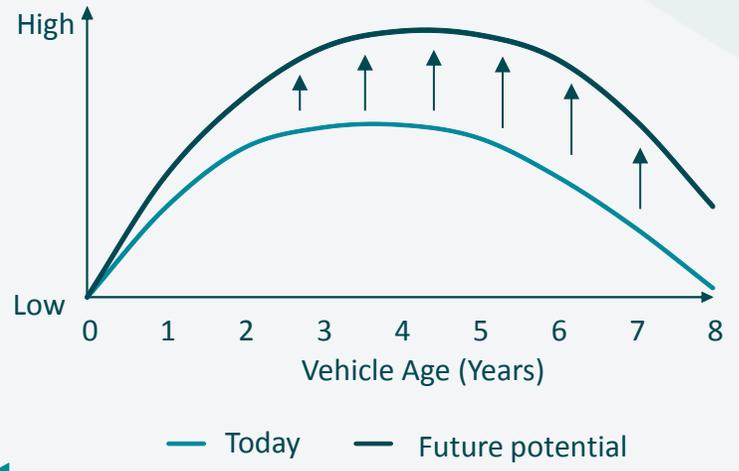
Share of vehicles with subscription-type service contract



with

Higher average service sales revenue per vehicle over vehicle lifetime

Service sales revenue per vehicle

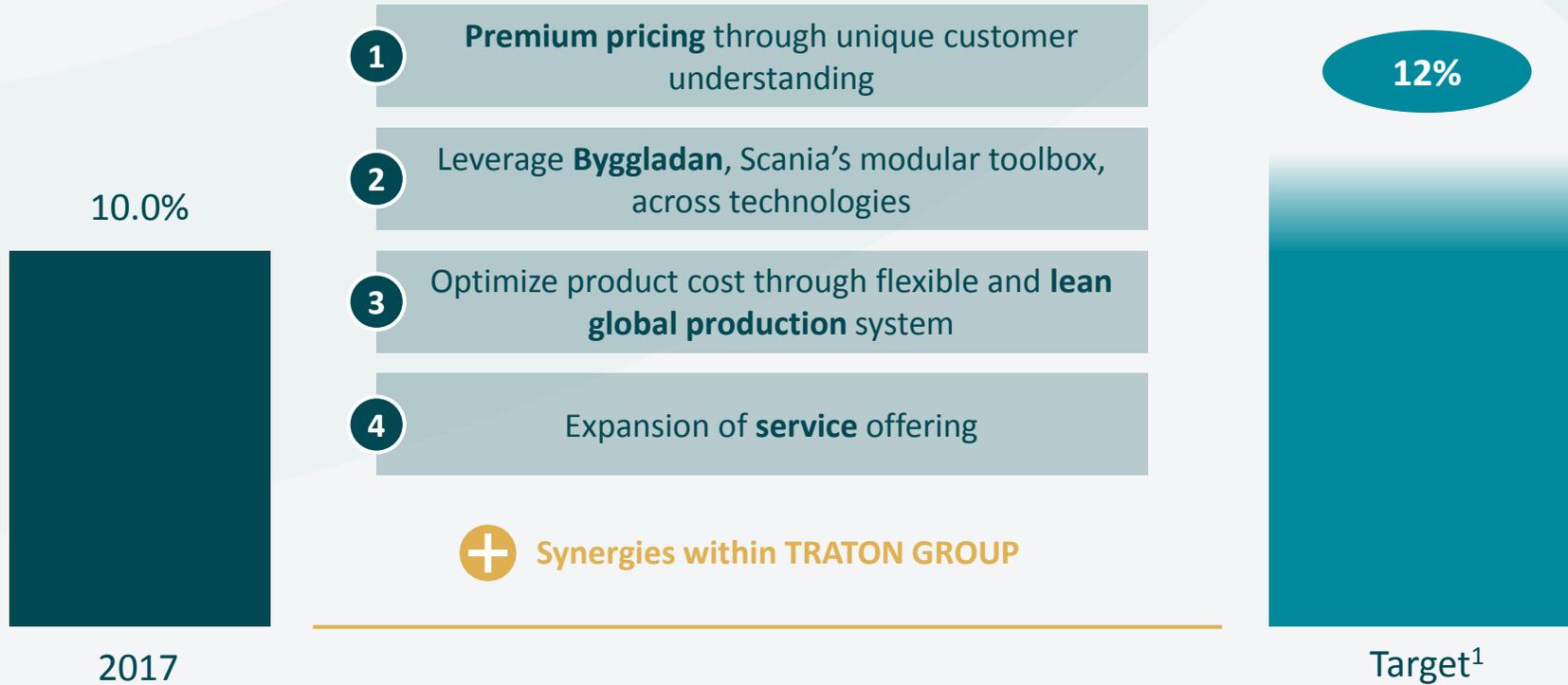


Service sales revenue growth targeted to outpace vehicles sales revenue growth

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



+ Scania sales revenue

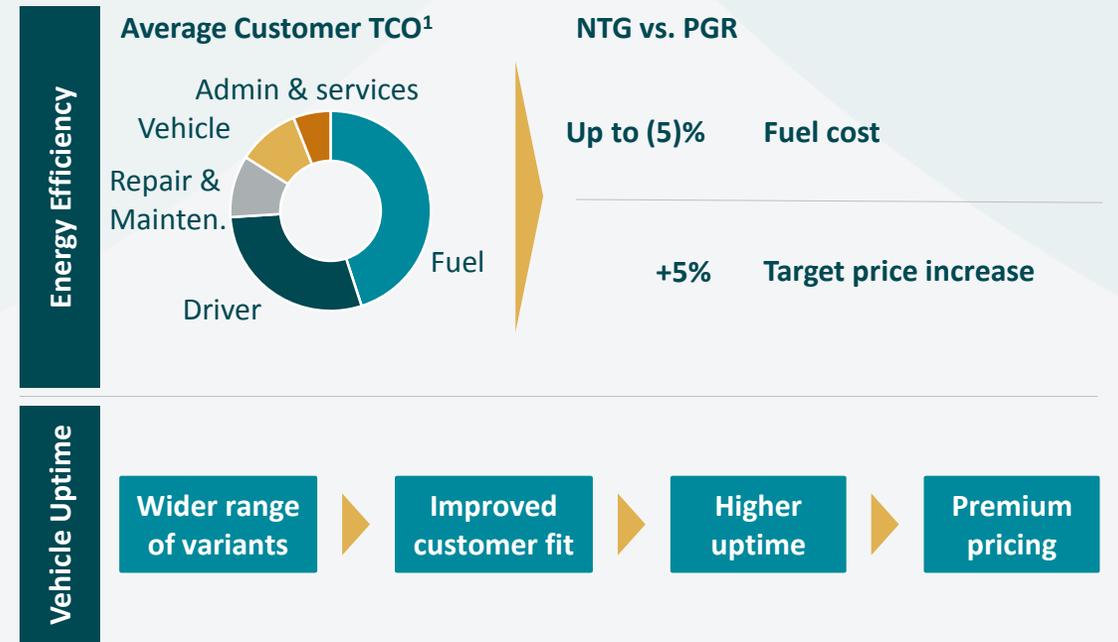
- Scania cost

= Scania operating income



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

APPROACH

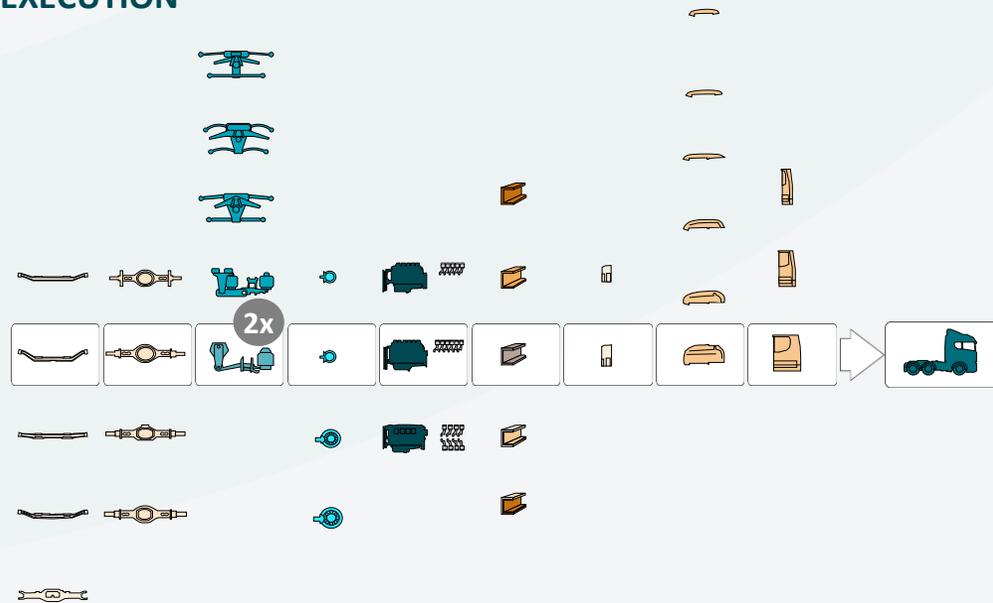
EXECUTION

BENEFITS

1 Standardized interfaces

2 Same components for different applications

3 Ability to match specific customer needs



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

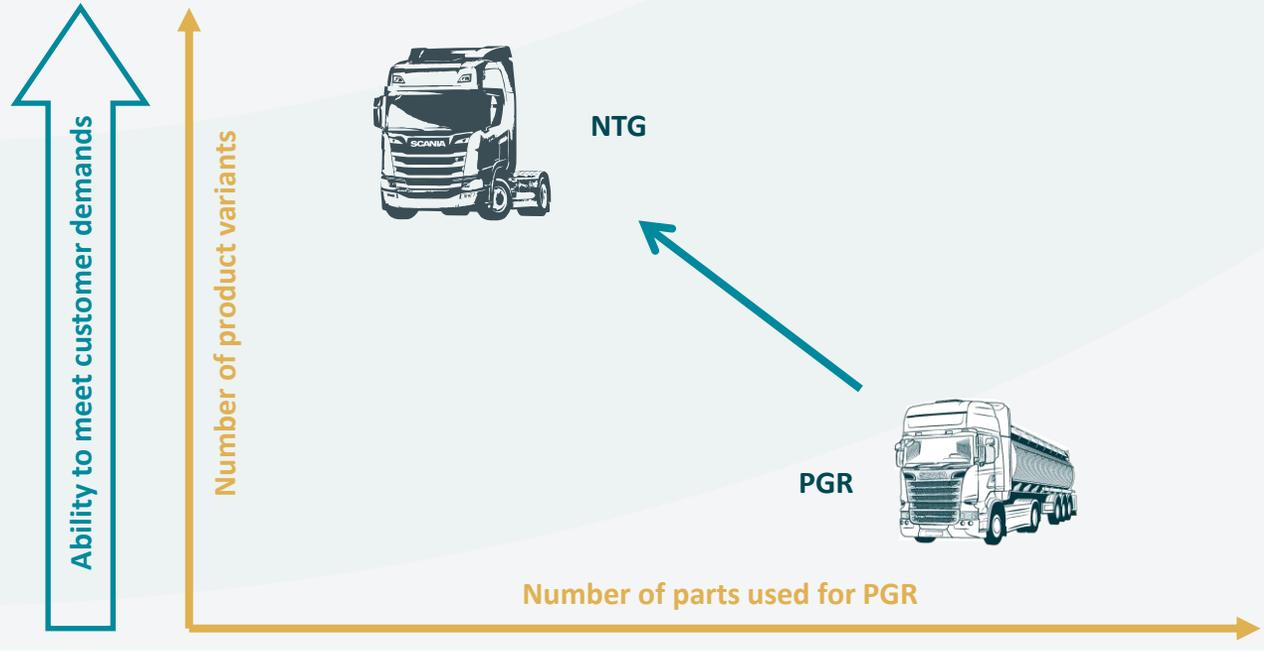
... at low internal cost

- **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

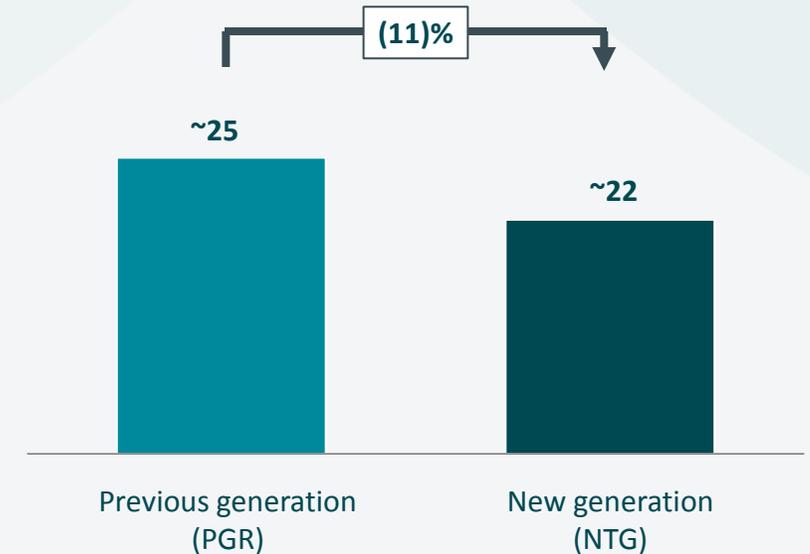
COMPARISON OF PRODUCT VARIANTS AND NUMBER OF PARTS ACROSS TRUCK GENERATIONS



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

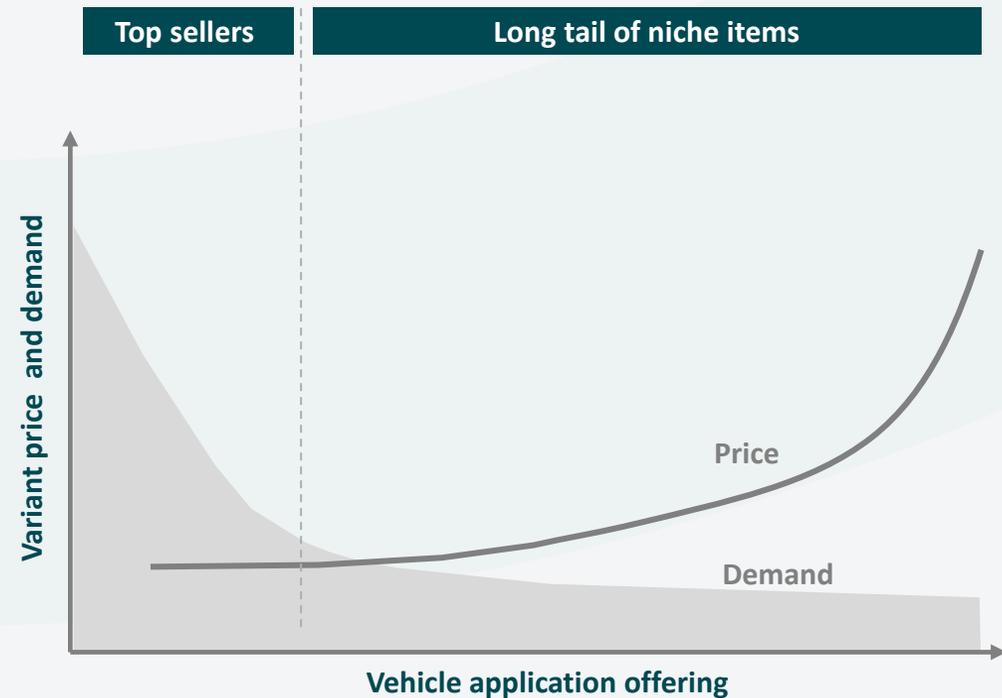


Significant reduction in the number of parts used in NTG while increasing the customer offerings

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).

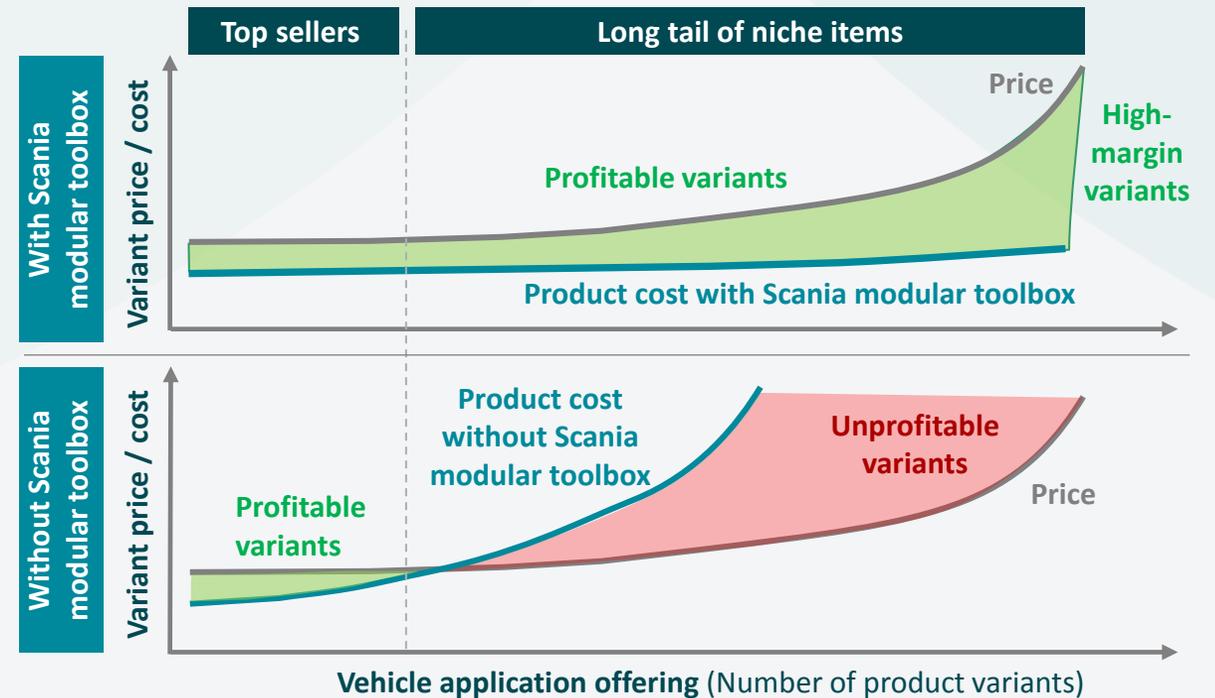
LEVERAGE BYGGLADAN, SCANIA'S MODULAR TOOLBOX, ACROSS TECHNOLOGIES AS ENABLER TO PROFITABLY OFFER APPLICATIONS FOR NICHE CUSTOMERS

PRICE / DEMAND CURVE OF APPLICATION SPECTRUM



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

PROFITABILITY ACROSS PRODUCT OFFERING

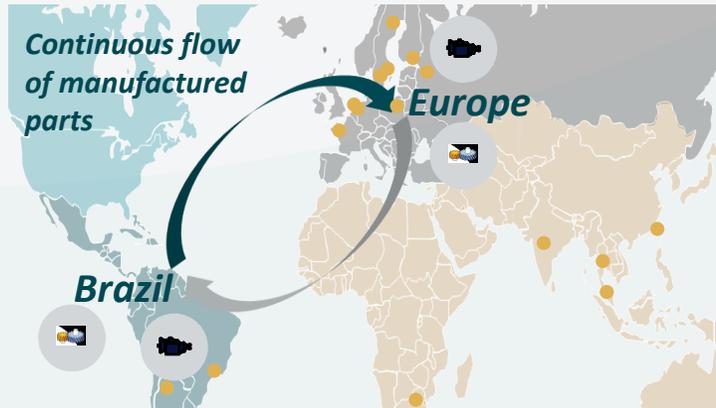


- In normal set-up not possible to cater to low volume / highly specialized market
- Scania modular toolbox allows the production of individual vehicles and thereby to profitably cater for the entire application spectrum¹

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

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

FLEXIBLE GLOBAL PRODUCTION SYSTEM



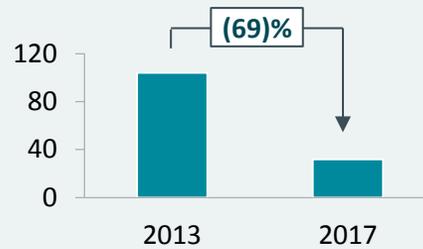
● Production facility

- Same product
- Same working standards
- Same quality

Global production capacity

Exporting whole product spectrum within global system to counter regional cyclicity

Brazil truck market unit sales¹



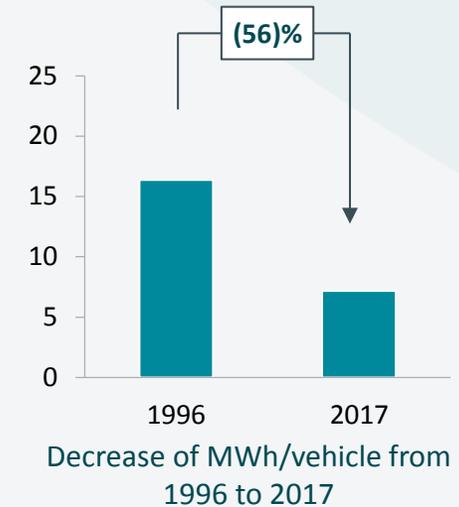
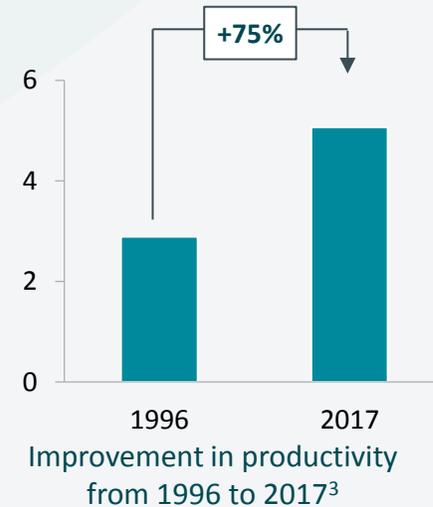
Brazil output exported to EU²



LEAN GLOBAL PRODUCTION SYSTEM

Productivity

Environmental impact



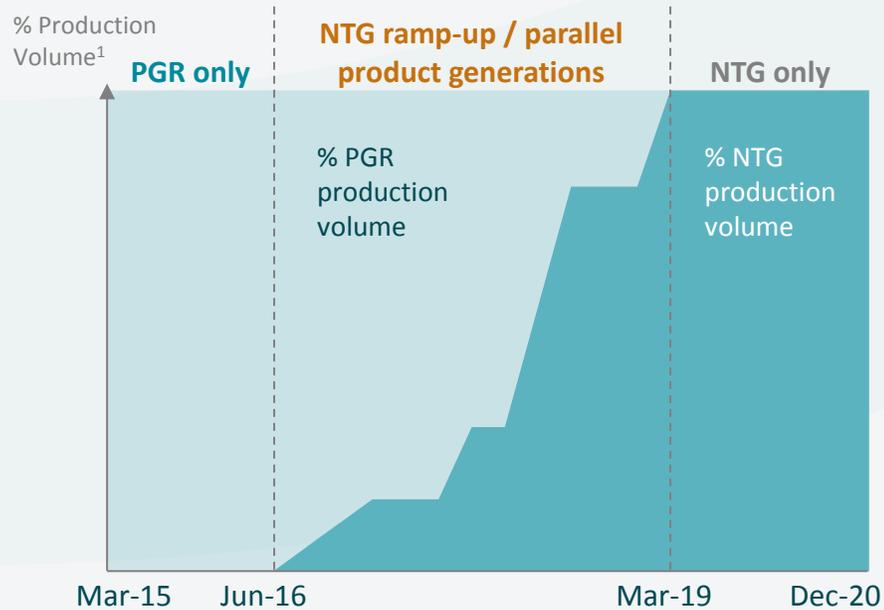
Continuous global improvements across multiple dimensions enabled Scania to retain lean production set-up

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)

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



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

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

Selected examples of collected vehicle data

Vehicle status	<ul style="list-style-type: none"> • Current location • Mileage status
Route information	<ul style="list-style-type: none"> • Driving route • Driving conditions
Driving characteristics	<ul style="list-style-type: none"> • Driving time • Speed • Fuel

Who is using flexible maintenance?

• Trucks on the road

Verkstadsvägen
151 38 Södertälje, Sweden
☎ 5916575, 17 64733

Speed: 37 km/h | Odometer: 1,046,950 km | Fuel: 99 % | Reductant: 100 %

Vehicle alarm (06:33) [OK]

21,000 km Nyköping, Sweden → 14,611 km Nyköping, Sweden: 580 km | 100 Zelen

23 October, 09:40 | 64,410.75 Västertälje, Sweden, 58,942291, 17.421435, Odometer: 16279 km

Who benefits from flexible maintenance?

Win / Win	
Customer	Scania
<ul style="list-style-type: none"> • Higher uptime • Demand-driven service point visits • Higher predictability • Peace-of-mind planning 	<ul style="list-style-type: none"> • Higher service point utilization • Optimized net working capital • Feedback loops to R&D • Proactive customer contact • Potential for up-selling

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

~60% contract penetration in vehicles sold through captive distributors¹

Customer can realize reduced TCO – Scania benefits as well

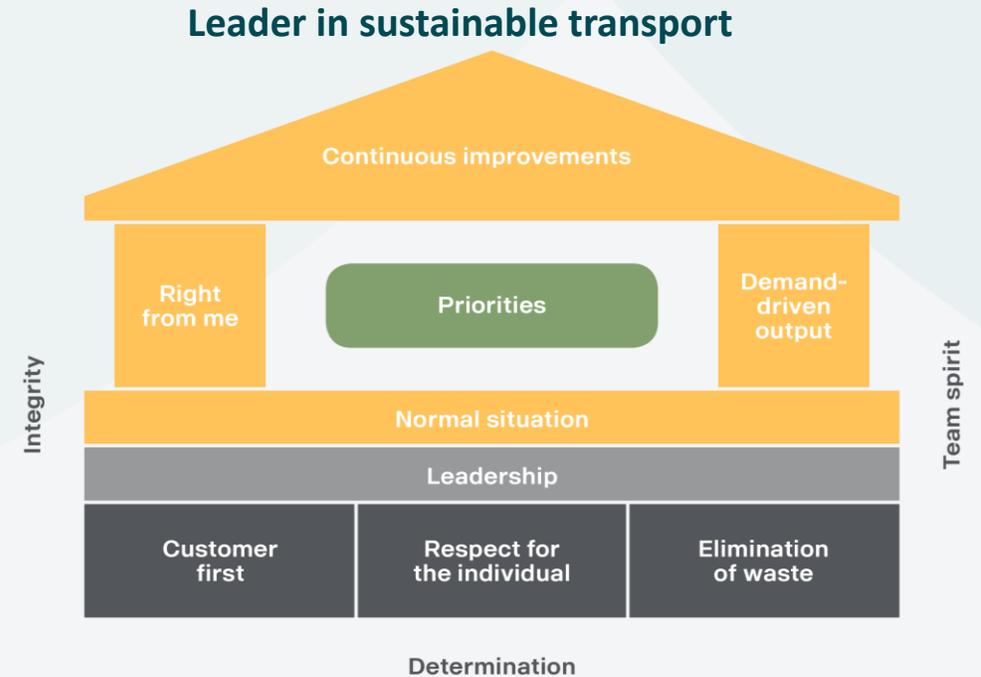
¹ Reflects share of captive vehicle sales with Repair & Maintenance service contract in 9M 2018.

EXECUTION – THE “SCANIA WAY”

1 CUSTOMER-CENTRIC / CONTINUOUS IMPROVEMENT

2 PARTNERSHIPS IN THE ECO-SYSTEM OF TRANSPORT AND LOGISTICS

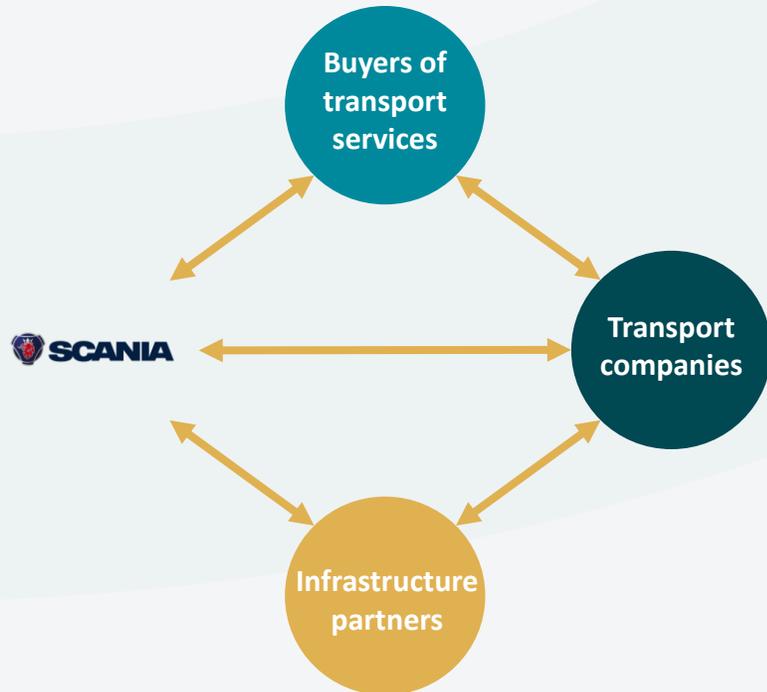
3 EXPERIENCED AND OPEN-MINDED LEADERSHIP



- 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

Transport companies

Infrastructure partners

H&M¹



Coalition to accelerate the decarbonisation of heavy transport

ASKO



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

NETTBUSS



Tests of battery electric buses

AHOLA



Testing semi-autonomous platooning in real-traffic conditions

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.

BRAND PERFORMANCE SCANIA



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

● Years of experience relate to automotive / commercial vehicles industry

SCANIA EXECUTIVE BOARD MEMBERS



22

Henrik Henriksson
Chief Executive Officer



30

Johan Haeggman
Chief Financial Officer



40

Kent Conradson
Head of Human Resources



22

Mathias Carlbaum
Head of Commercial Operations



25

Claes Erixon
Head of Research and Development



25

Christian Levin
Head of Sales and Marketing¹



25

Anders Williamsson
Head of Purchasing

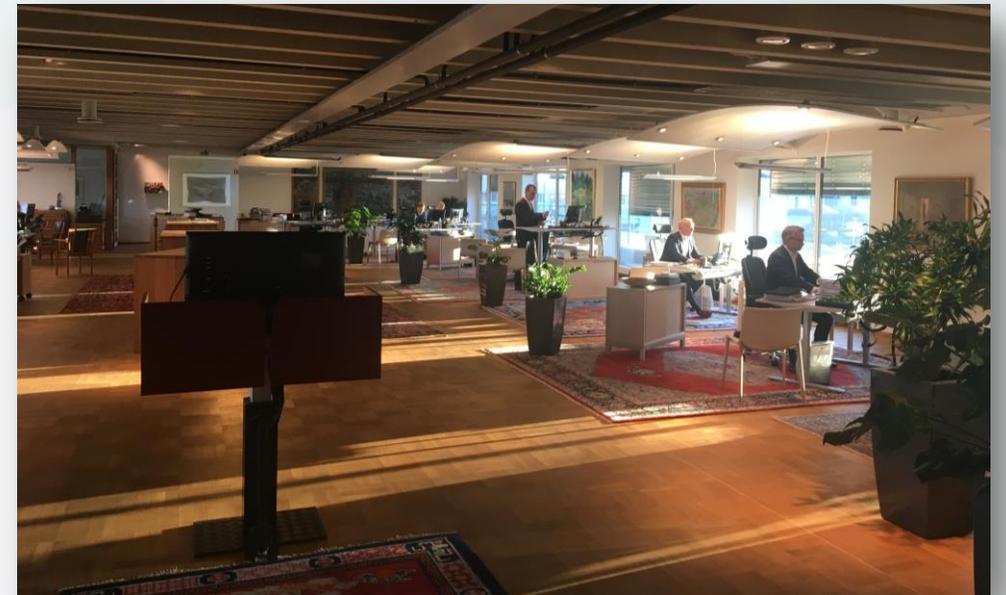


29

Ruthger De Vries
Head of Production and Logistics

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

¹ Until Feb-2019.

SCANIA – KEY TAKEAWAYS

EXECUTION - THE "SCANIA WAY"

3

PROFITABILITY AND SYNERGIES

2

GROWTH

1

RAMP-UP NEW TRUCK GENERATION

BROADEST RANGE OF ALTERNATIVE FUEL TECHNOLOGIES

STRONG CAPTIVE NETWORK AND EXPANDING CONNECTED FLEET

SERVICE GROWTH

REGIONAL EXPANSION

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

CUSTOMER-CENTRIC / CONTINUOUS IMPROVEMENT

PARTNERSHIPS IN THE ECOSYSTEM OF TRANSPORT AND LOGISTICS

HIGHLY 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

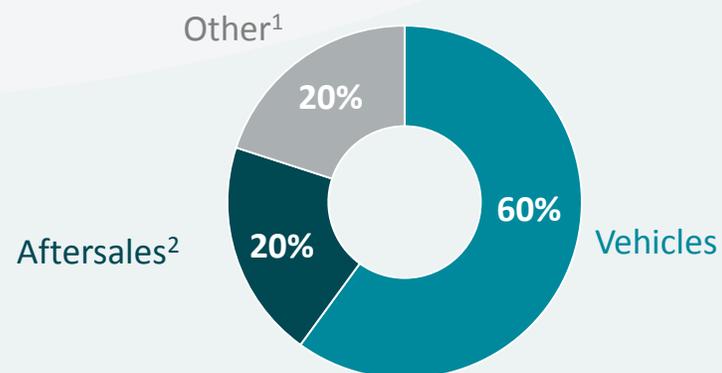
TRATON
G R O U P



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

OVERVIEW

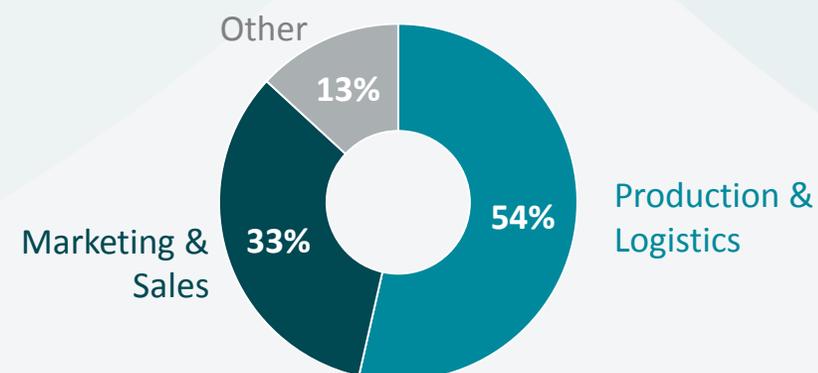
MAN T&B SALES REVENUE BY OFFER (FY2017)



€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.

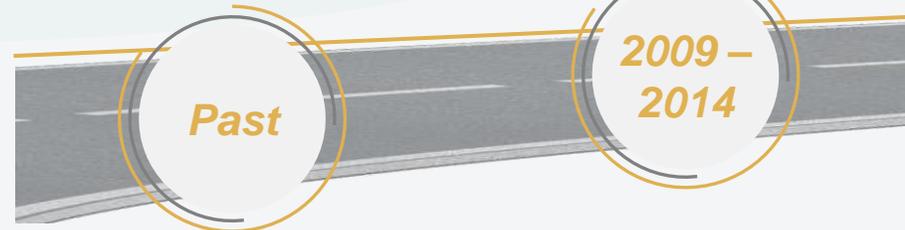
UNLOCKING POTENTIAL

STRONG ROOTS

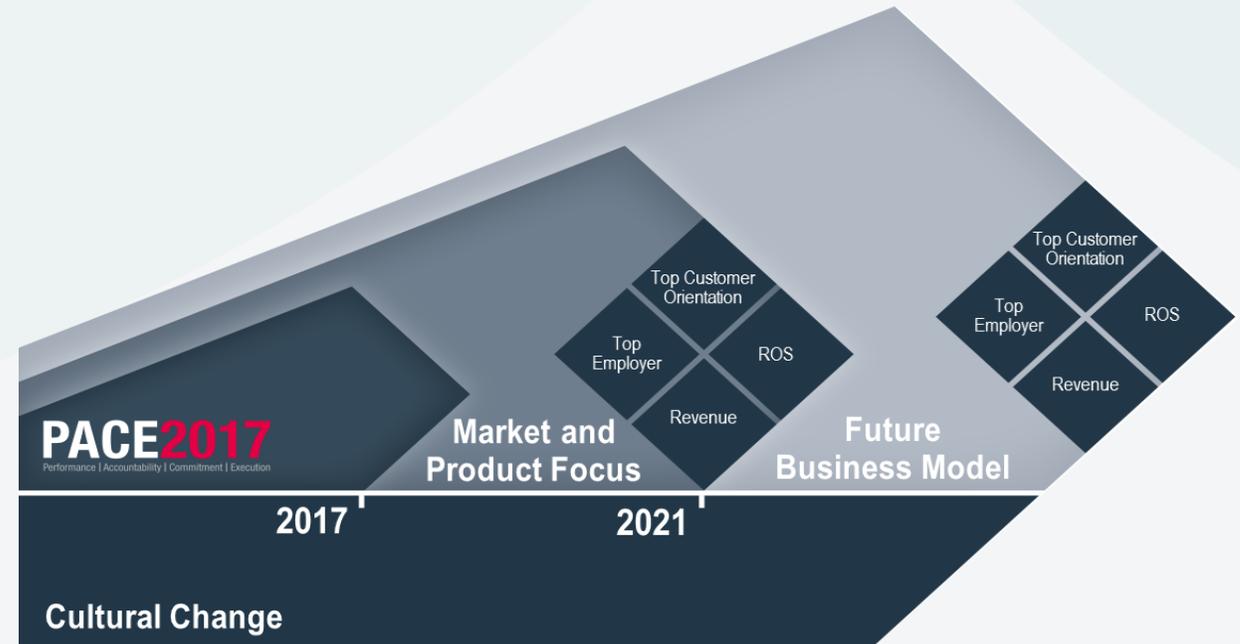
- MAN T&B's roots date back to the 18th century
- Remarkable history of innovation

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

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

PLANTING SEEDS

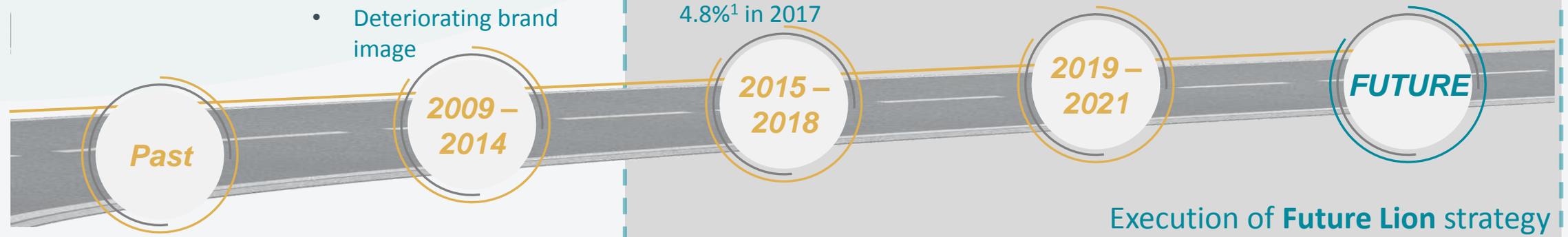
- Setup of **Future Lion** strategy
- Investment into product renewal, sales organization, infrastructure and processes
- Introduction of strict cost control projects
- Adj. RoS increase to 4.8%¹ in 2017

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



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 aftersales 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**

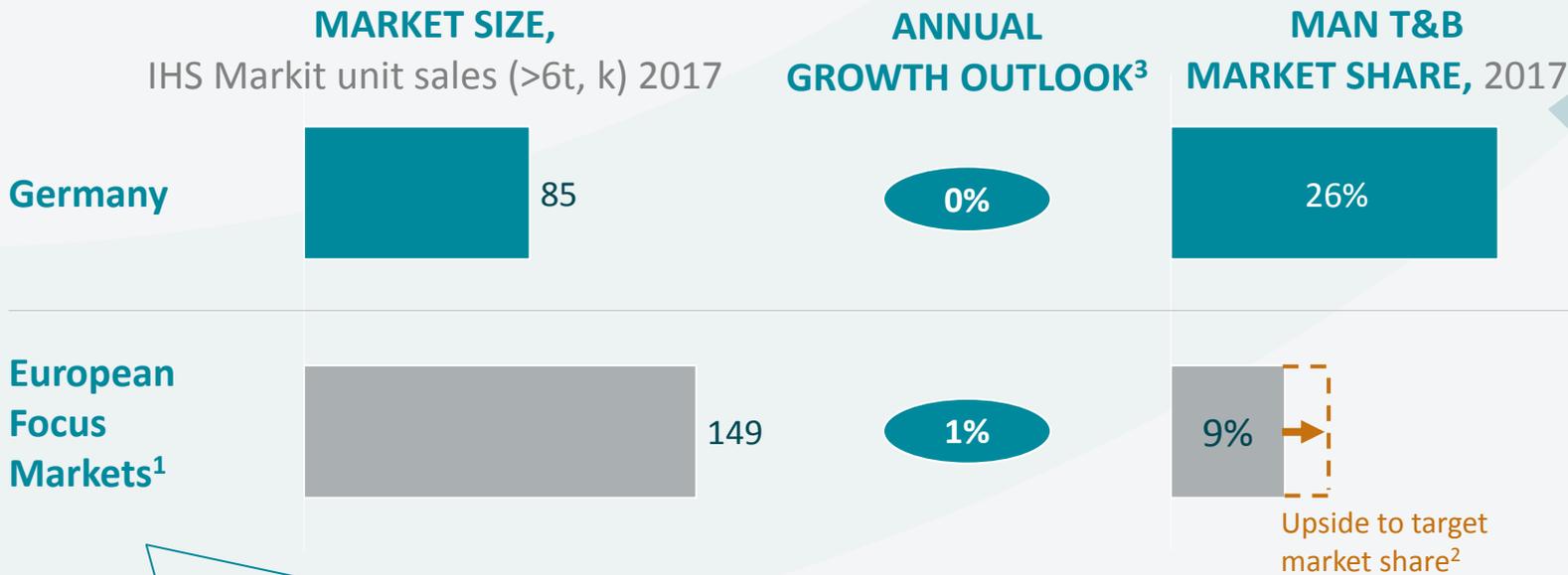
MAN T&B – STRONG PLATFORM WITH SUBSTANTIAL GROWTH POTENTIAL



MAN T&B sales revenue



REPLICATE GERMAN MARKET SUCCESS STORY IN EUROPEAN FOCUS MARKETS



KEY STRENGTHS OF MAN T&B IN GERMANY

- >95% Service points coverage⁴ in high density network
- >400 Vehicles served per location in highly efficient network⁵
- >40% High rate of captive dealerships⁶

Similarities in product, end-markets and customers as basis for replication of German market success story

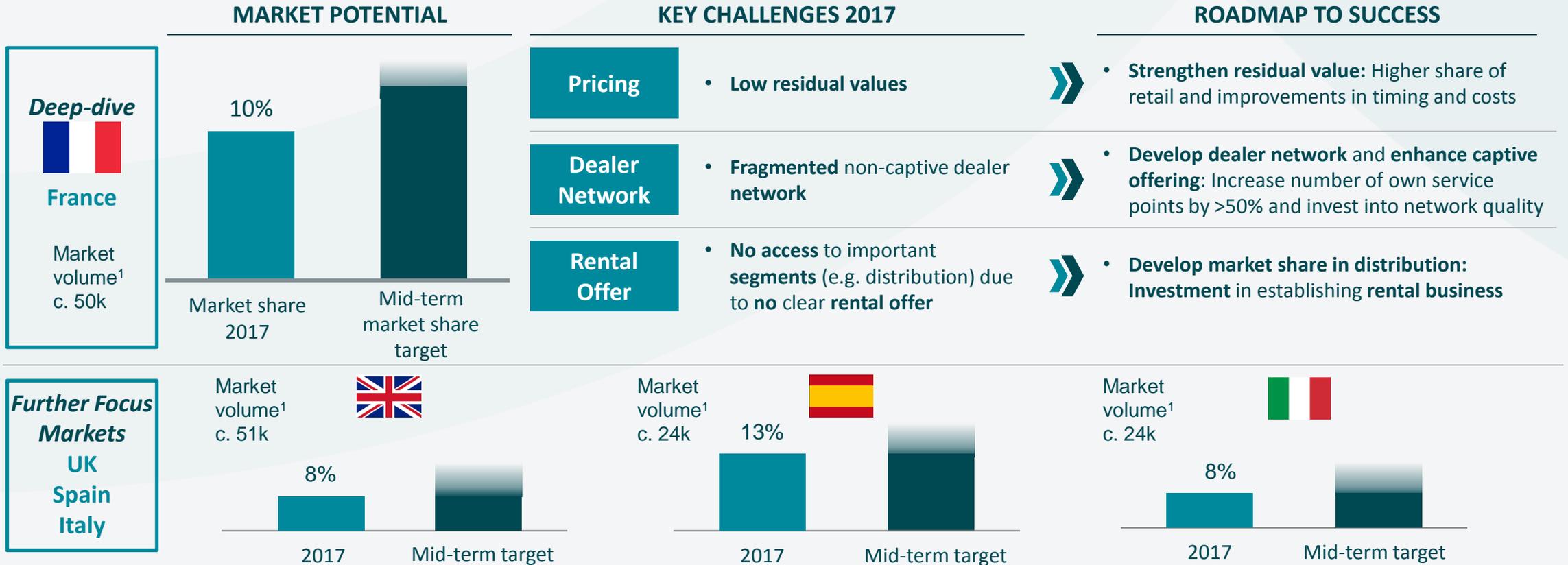
~3 pp Market share increase in HDT trucks (>15t) in Germany achieved⁷

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

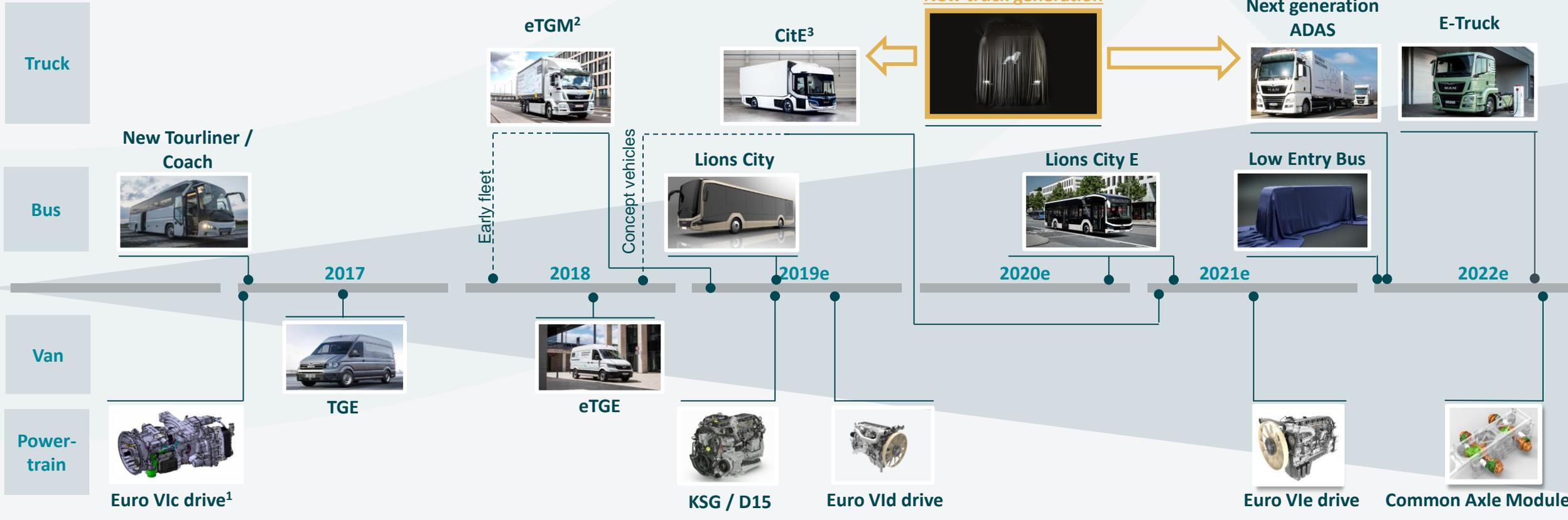
SELECTED CASE STUDIES – HOW CAN WE EXPAND OUR MARKET SHARE?



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

Source: IHS Markit. Note: Market share data on IHS Markit truck sales volumes >6t.
 1 Market volumes >6t in 2017.

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

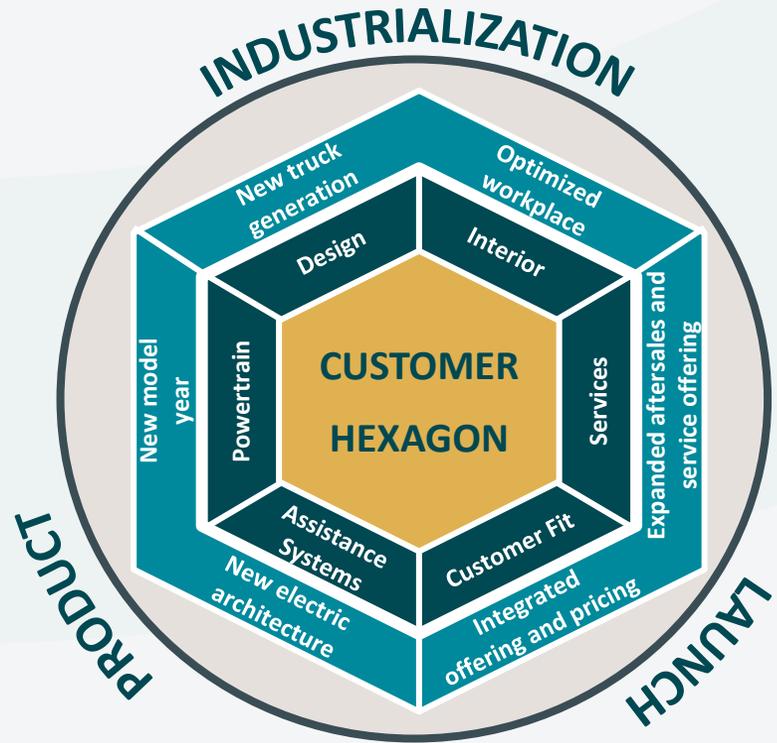
Human Machine Interface

- 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

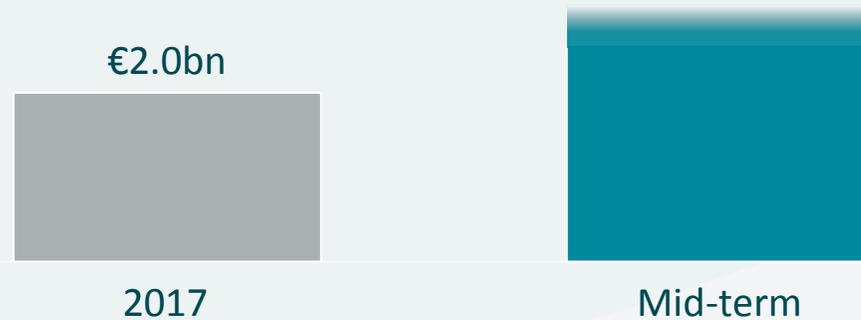
New logistic system to ensure parallel run

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

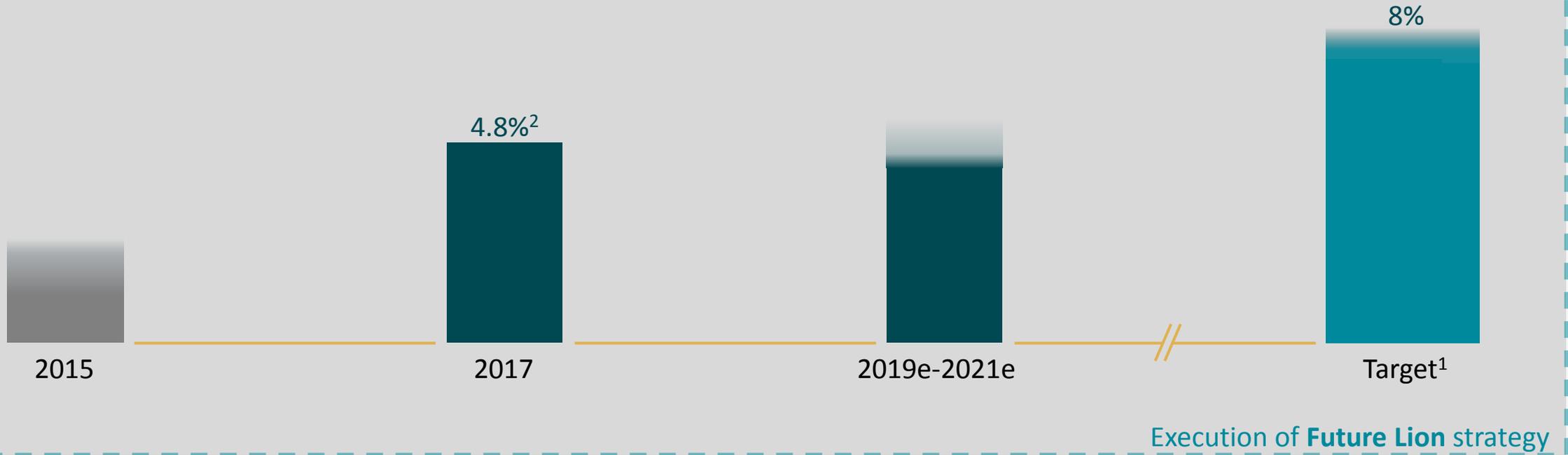
Set-up Future Lion strategy

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.

BRAND PERFORMANCE MAN T&B

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

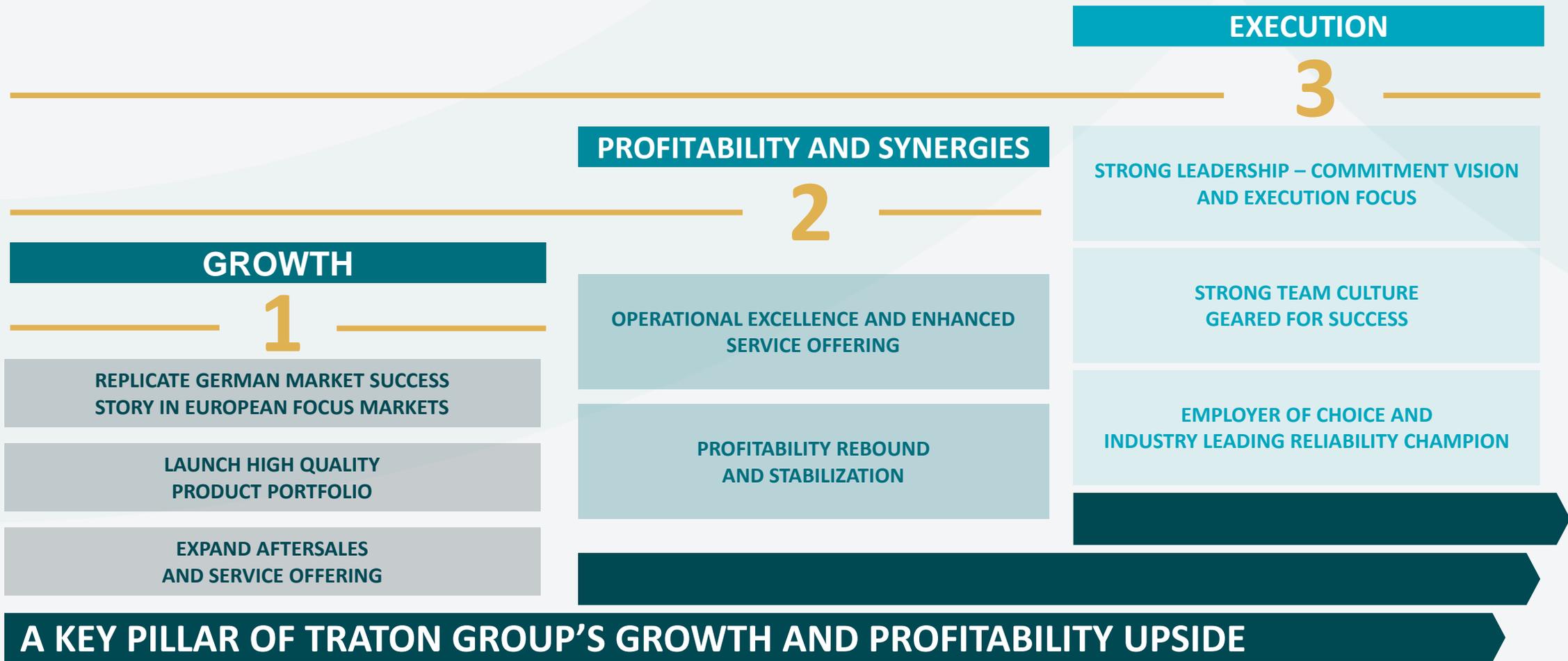
¹ Defined as years working at an automotive OEM.

● Years in the automotive / truck industry¹

STRONG TEAM CULTURE GEARED FOR SUCCESS



MAN T&B – KEY TAKEAWAYS





ANTONIO ROBERTO CORTES

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

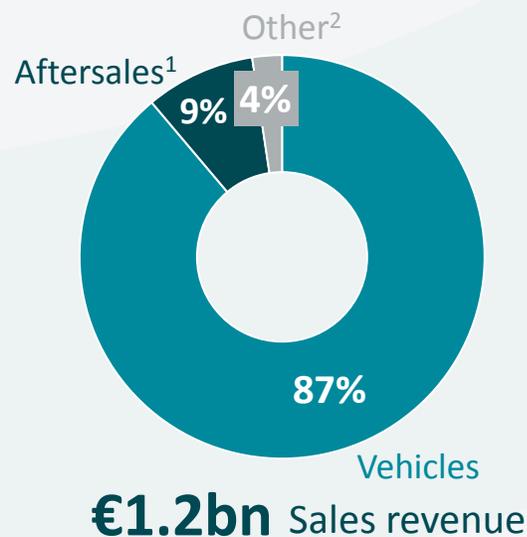
TRATON
G R O U P



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

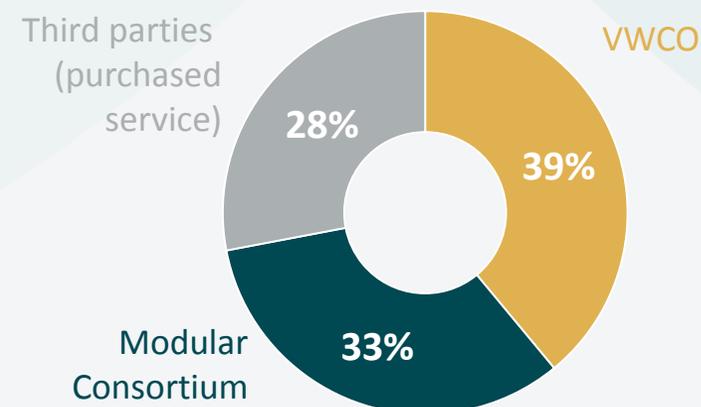
OVERVIEW

VWCO SALES REVENUE BY OFFER (FY2017)



- 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

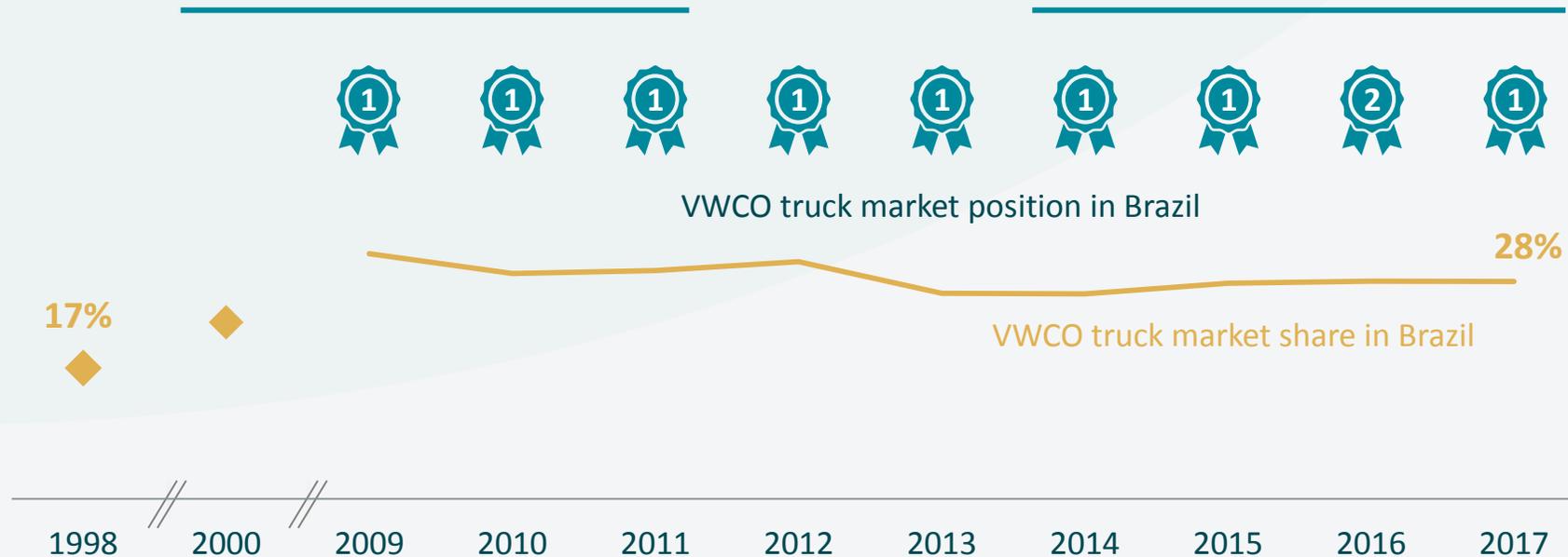
- Benchmark performance
- Strong RoS of 11-12%¹ in 2010/11

TURNAROUND PERIOD

- Deteriorating profitability
- Flexible production system
- Cost initiatives executed

FUTURE

- Market recovery
- Aim to return to target performance levels



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 potential ²
---	---

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 **aftersales 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**

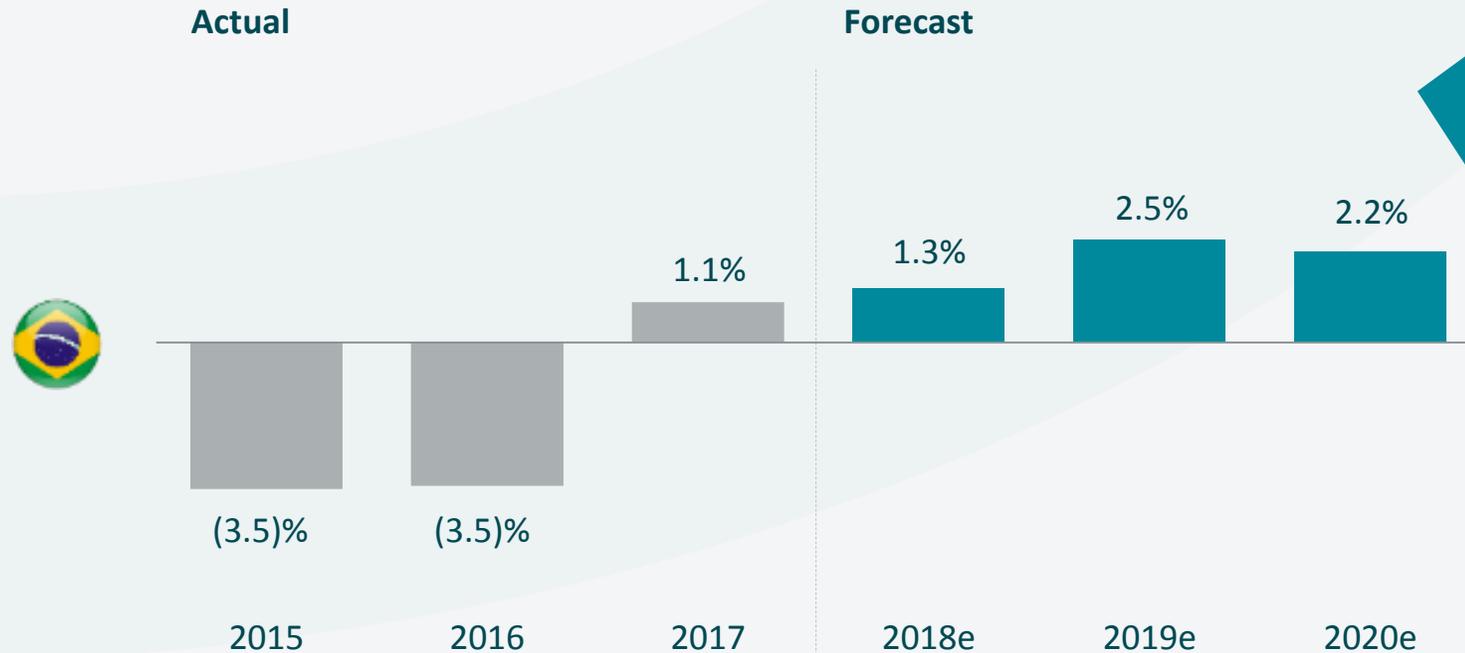
VWCO – STRONG PLATFORM WITH SUBSTANTIAL GROWTH POTENTIAL

VWCO sales revenue



BRAZIL: LARGE MARKET WITH SIGNIFICANT GROWTH POTENTIAL

Real GDP growth



VWCO
Brazil truck market position 2017

Market position¹


Market share¹

28%	28%	28%
2015	2016	2017

Positioning / success factors

- Strength of VW brand
- Competitive price position
- Dealer network
- Tailor made, robust and right products
- Innovation
- Modular consortium for cost advantage

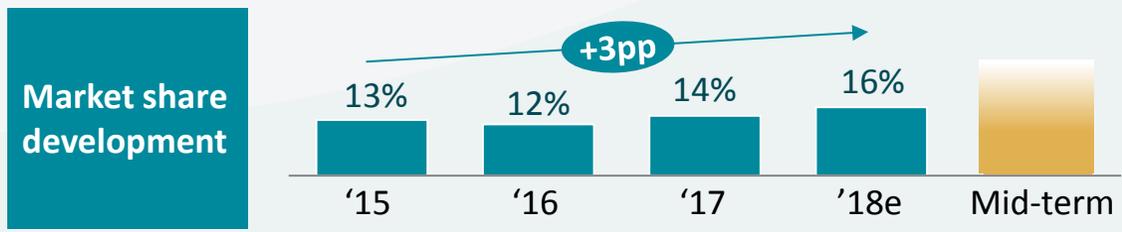
Economic recovery in core market Brazil with strong growth trajectory ahead

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

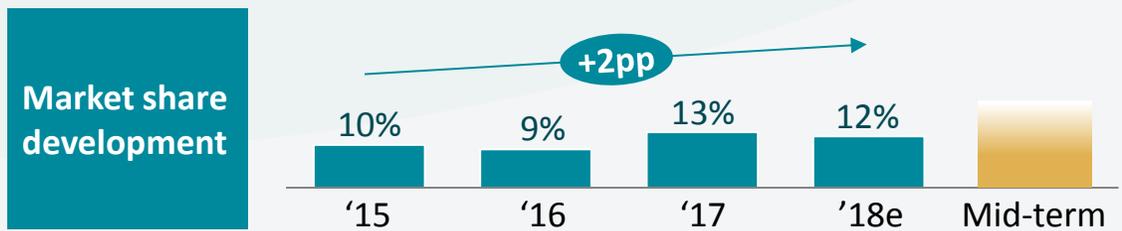
SELECTED FOCUS COUNTRIES IN SOUTH AMERICA/MEXICO

Mexico (buses) 



- Selected initiatives**
- **Introduction** and consolidation of **exclusive city bus Huracán**
 - **New sales structure dedicated to buses**
 - Set-up of **new structures and resources for growth**

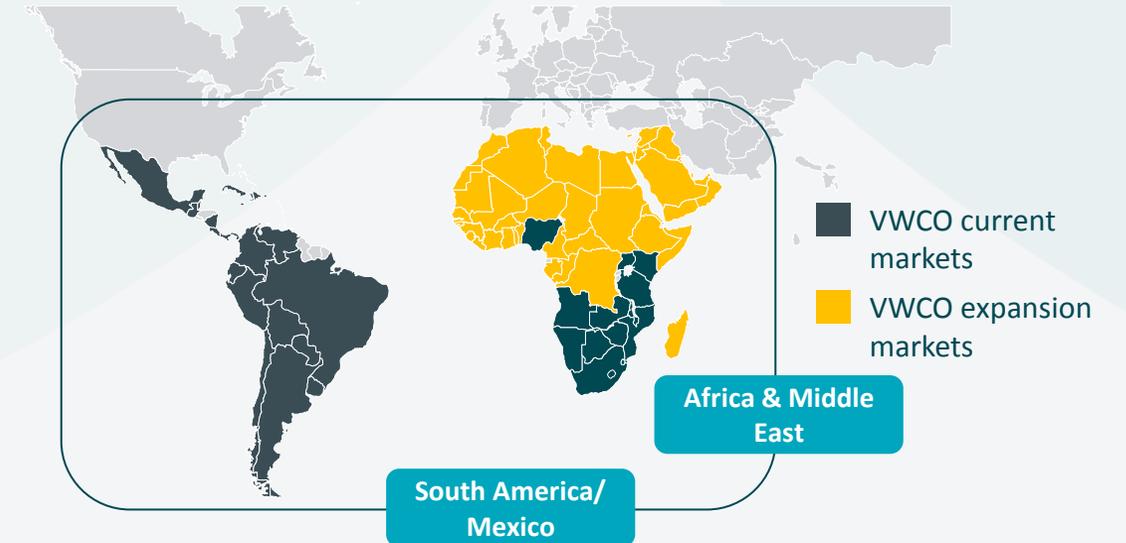
Argentina (trucks¹ and buses) 



- Selected initiatives**
- **Marketing and sales initiatives; expansion of dealer network**
 - **Local sourcing and production**
 - **Reinforcement of sales and aftersales structures** at importer

Source: IHS Markit. Note: Mexico buses market share based on company estimate.
 1 Trucks >6t. 2 Honduras, Guatemala, Nicaragua, Ghana.

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

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

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

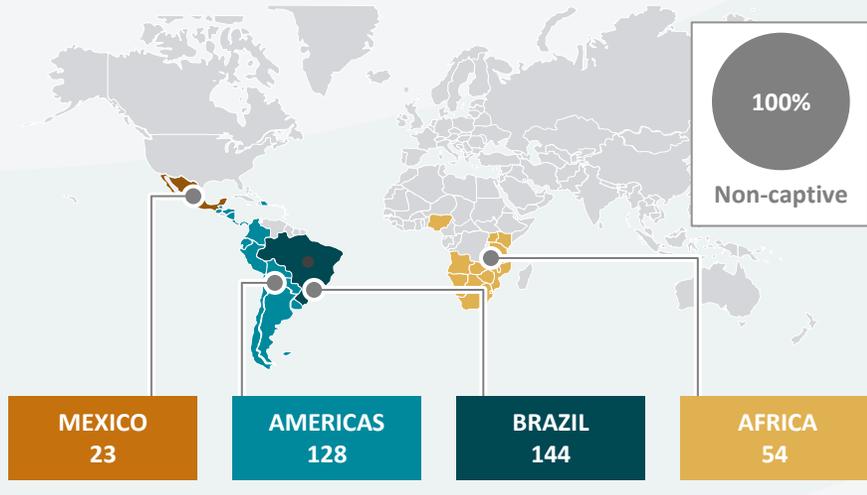


- **Launch year:** 2022-23
- Plug-in hybrid bus
- E-flex solution running with any mix of ethanol and gasoline or gas

¹ Gross combined weight.

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

GLOBAL SERVICES FOOTPRINT

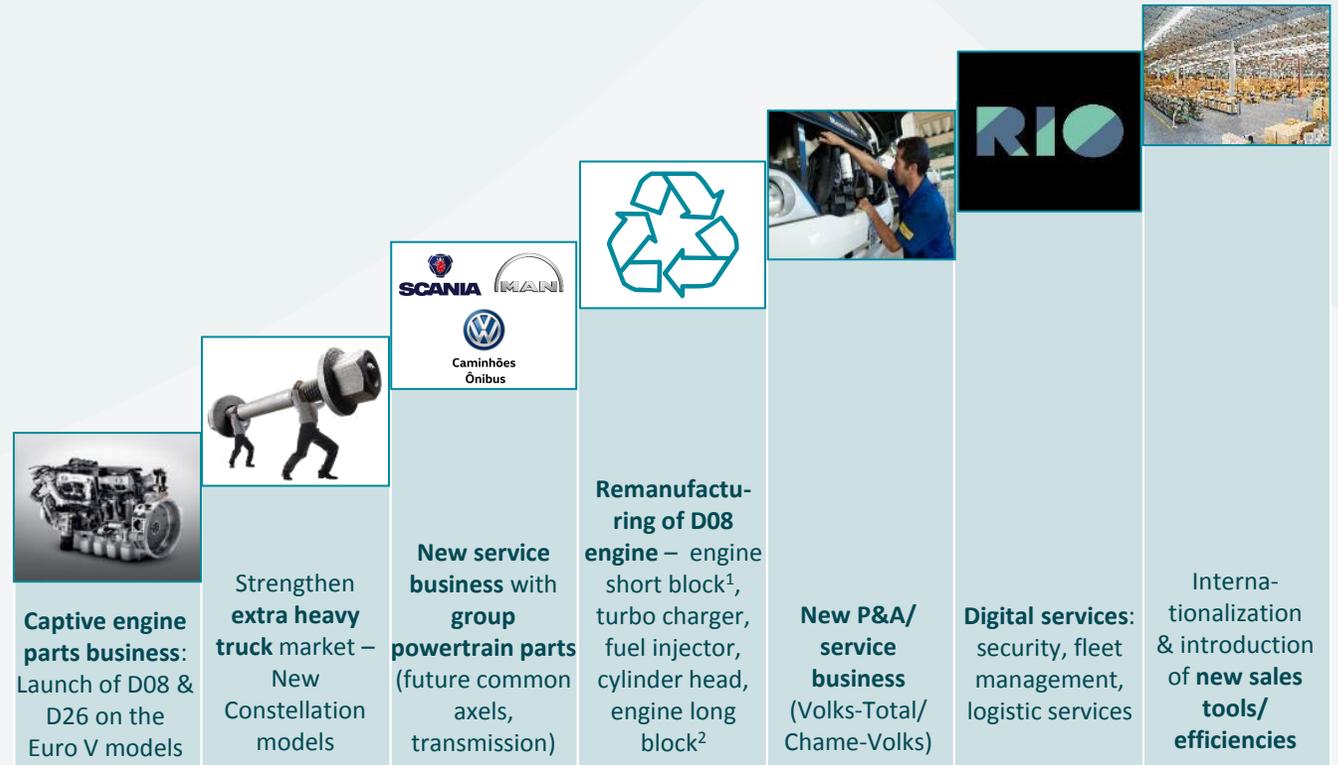


Key KPIs

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



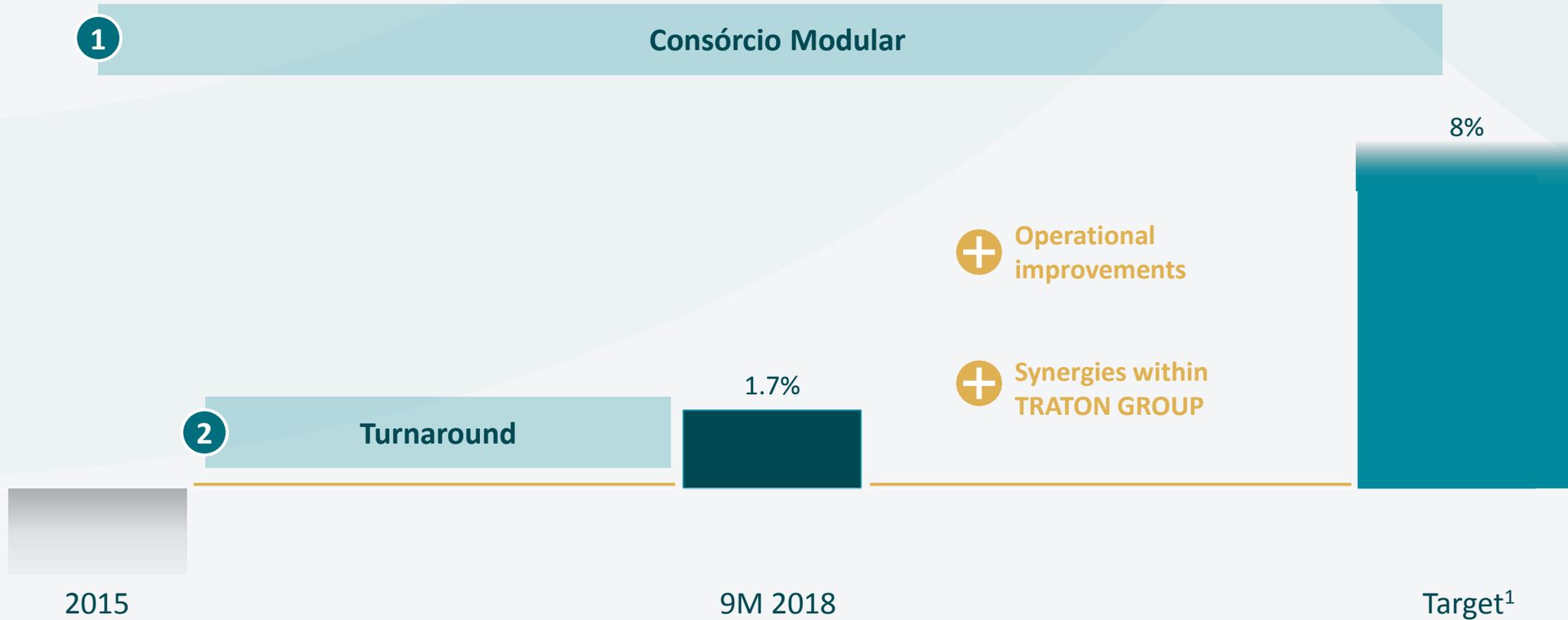
Numerous service expansion measures to be executed in mid-term

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

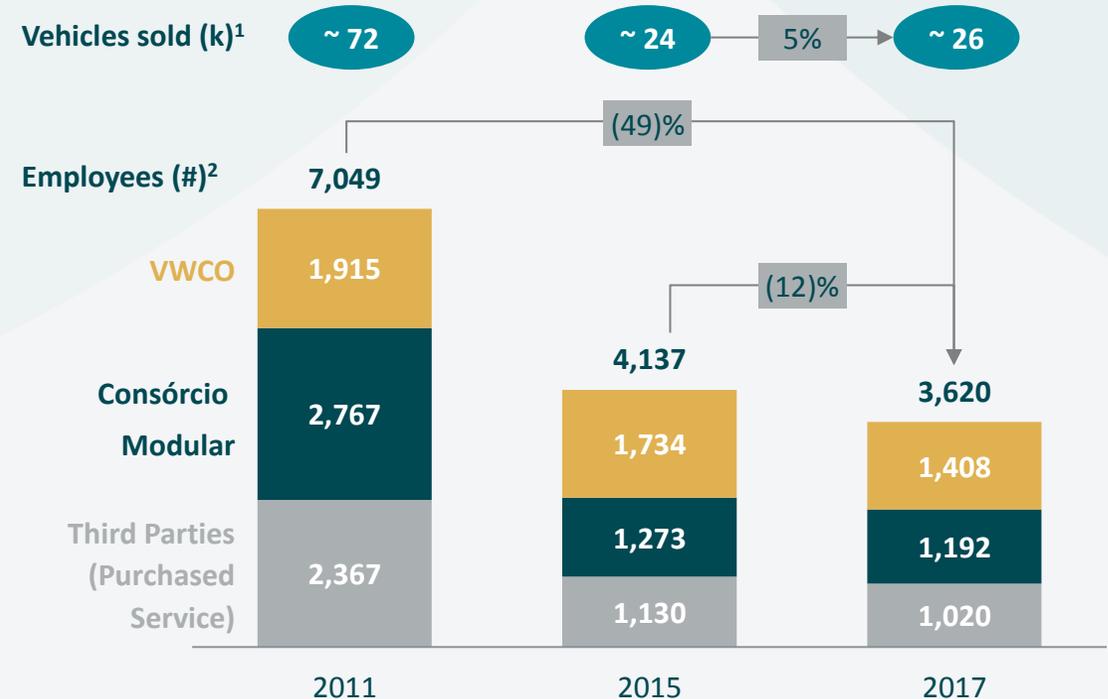
VWCO TURNAROUND SHOWING SIGNIFICANT IMPACT SUPPORTED BY STRINGENT COST MANAGEMENT AND FLEXIBLE PRODUCTION SYSTEM

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.

BRAND PERFORMANCE VWCO



CLEARLY ASSIGNED RESPONSIBILITIES COMBINED WITH RIGID CONTROL AND TRACKING PROCESS

VWCO MANAGEMENT BOARD MEMBERS AND KEY VICE PRESIDENTS

VWCO Management Board Members



40

Antonio R. Cortes
President & CEO



38

Lineu Takayama
Human Resources



33

Adilson Dezoto
Production & Logistic



22

Leandro Siqueira
Product Planning, Corp. Strategy & Digitalization



37

Paulo M. Barbosa
Finance, IT & Legal Affairs



30

José Richardo Alouche
Sales, Marketing & Aftersales



26

Marcos Vinicius Forgioni
International Sales & Marketing



27

Luiz Alvarez
Supply



21

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

EXECUTION

3

PROFITABILITY AND SYNERGIES

2

GROWTH

1

BENEFIT FROM BRAZIL RECOVERY

EXPAND FOOTPRINT OUTSIDE BRAZIL

EXPAND IN ENTRY LIGHT COMMERCIAL CAB CHASSIS AND EXTRA HEAVY SEGMENT

GROW SERVICES

CONSÓRCIO MODULAR

DRIVE TURNAROUND

GROUP COMPONENTS SYNERGIES

HIGHLY FOCUSED MANAGEMENT TEAM

GREAT PLACE TO WORK

OUTSTANDING EMPLOYEE MOTIVATION



CHRISTIAN LEVIN

CHIEF TECHNOLOGY OFFICER TRATON GROUP

TRATON
G R O U P

TODAY'S AGENDA

01. INTRODUCTION

02. COMPANY HIGHLIGHTS

03. INDUSTRY AND MARKET ENVIRONMENT

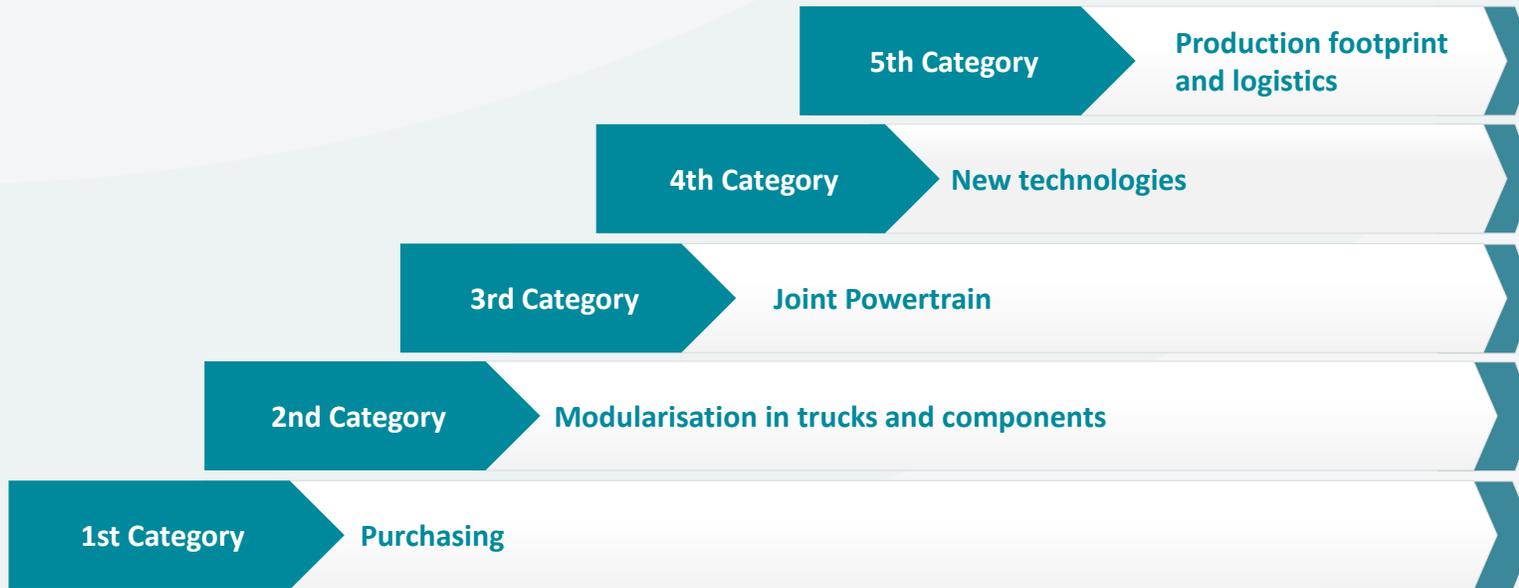
04. TRATON GROUP

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

05. FINANCIALS

06. WRAP UP

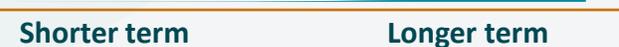
TRATON GROUP SYNERGIES RAMPING UP ON THE BACK OF FIVE INDIVIDUAL CATEGORIES



- Synergies executed on the back of five individual categories, which are leveraging the common platform potential and technological edge of TRATON GROUP
- All operating units collaborating in order to drive successful synergy realization
- Moving from opportunistic synergy projects to more systematic approach to synergy identification and realization

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

CUMULATIVE SYNERGY CONTRIBUTION

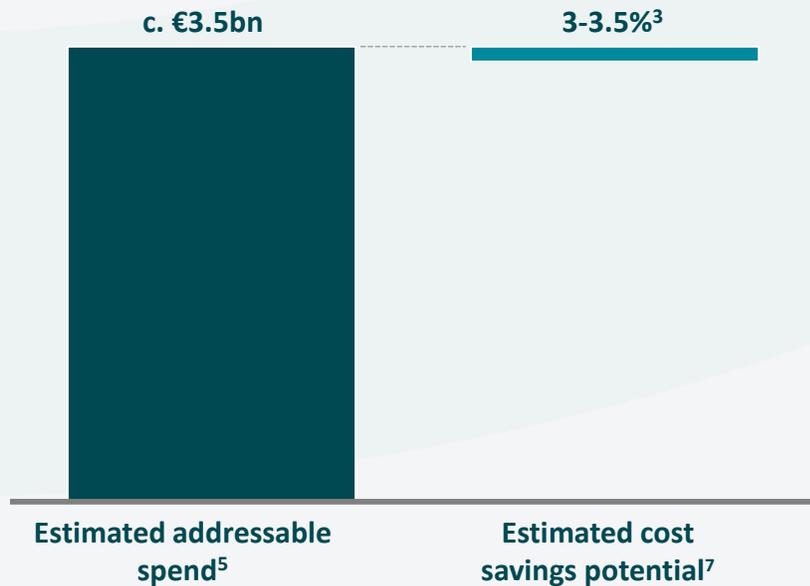
	DESCRIPTION	SCHEMATIC TARGETED TIMING OF SYNERGY IMPACT	TARGETED CONTRIBUTION ¹
A	Purchasing (incl. lead buying) Lead buying of parts/components		<i>c. 60-65%</i>
B	Modularization and components Common components		<i>c. 5-10%</i>
C	Joint powertrain Common base engine, after treatment, transmission and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

FURTHER POTENTIAL BEYOND
In particular related to new technologies, production footprint and logistics

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

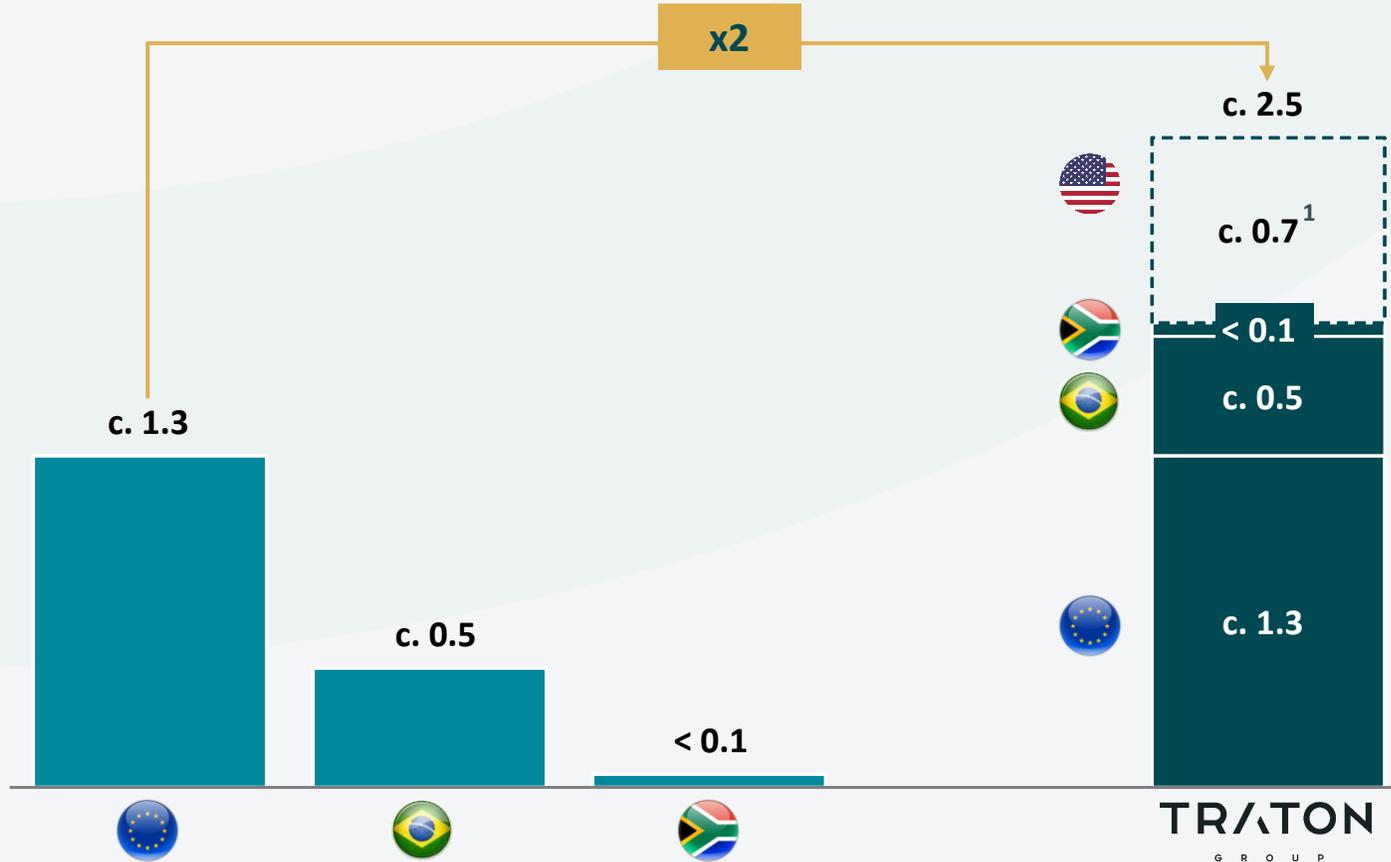
	Wave 1	Wave 2	Wave 3
Analysis period¹	02/18-04/18	03/18-06/18	Ongoing ⁶
Status	Strategy developed ² ✓	✓	Ongoing
	Implementation Ongoing	Ongoing	Not started
Annual addressed spend (€)	~950-1,000m	~400-450m	TBD

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

Independent procurement process	One Dedicated Lead Buyer	Key Benefits
---------------------------------	--------------------------	--------------

Estimated tires volume (in m), mid-term



Aligned global expectations and negotiation

High synergies by bundling volumes worldwide

Aligned process and rules

One message to supplier

Consistent internal communication

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
• 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
Vision			Wheel speed sensor		
	• 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

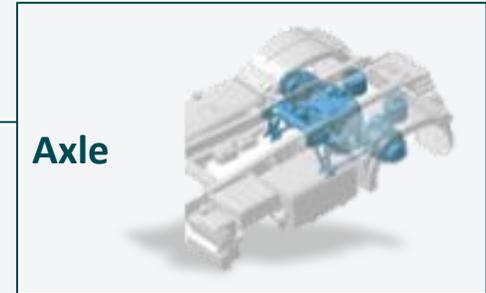
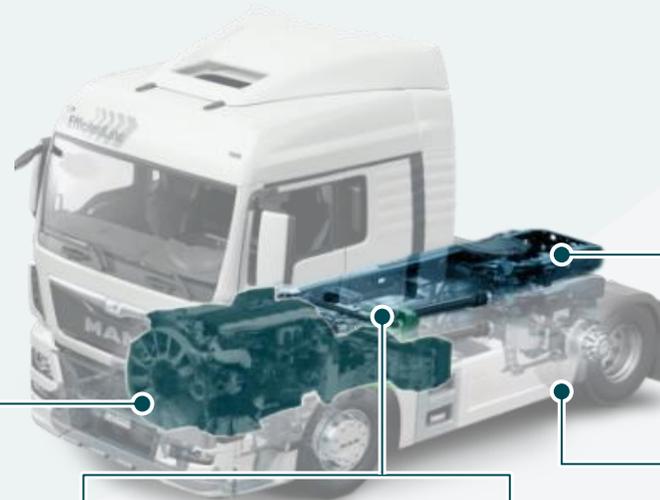
1 Period in which savings potential is determined. 2 Strategy on the basis of which respective teams commit to realizing the savings potential. 3 Analysis based on 2017 figures. 4 Mid-term potential.

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

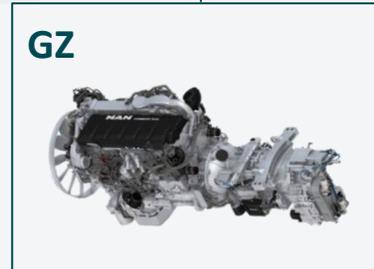
ENGINES



Focus on next page



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



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



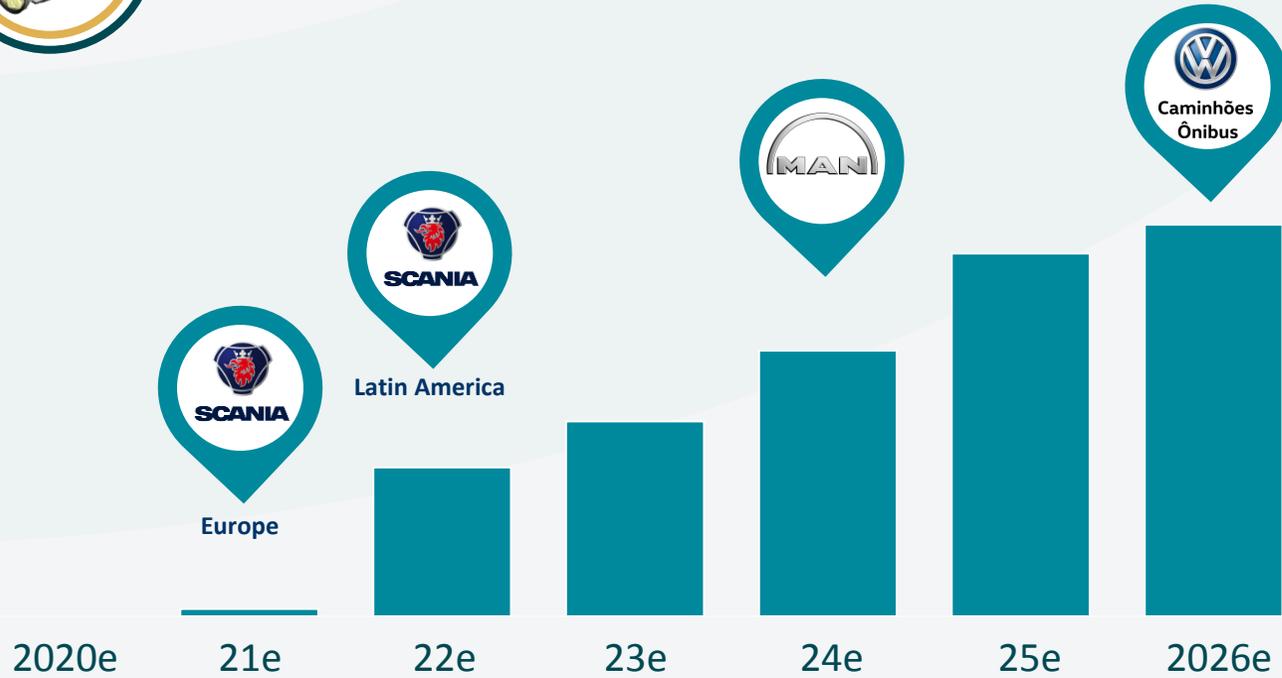
P&L IMPACT

- 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

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



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

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



CHRISTIAN SCHULZ

CHIEF FINANCIAL OFFICER TRATON GROUP

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G R O U P

TODAY'S AGENDA



01. INTRODUCTION

02. COMPANY HIGHLIGHTS

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04. **TRATON GROUP**

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05. FINANCIALS

06. WRAP UP

GLOBAL EXPANSION THROUGH STRONG ALLIANCE PARTNERS



Associates

A



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)

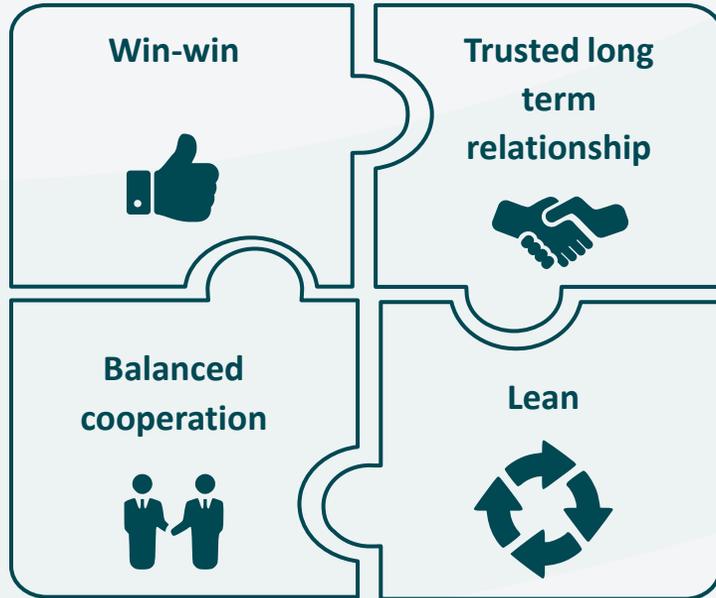
Top position in heavy and medium duty truck sales in Japan

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 GROUP**

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

TRATON
GROUP

OVERVIEW



Strategic long-term partnership agreed in April 2018

Alliance Board based on Strategic Cooperation Framework Agreement

September 2018: LoI 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

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G R O U P

TODAY'S AGENDA



01. INTRODUCTION

02. COMPANY HIGHLIGHTS

03. INDUSTRY AND MARKET ENVIRONMENT

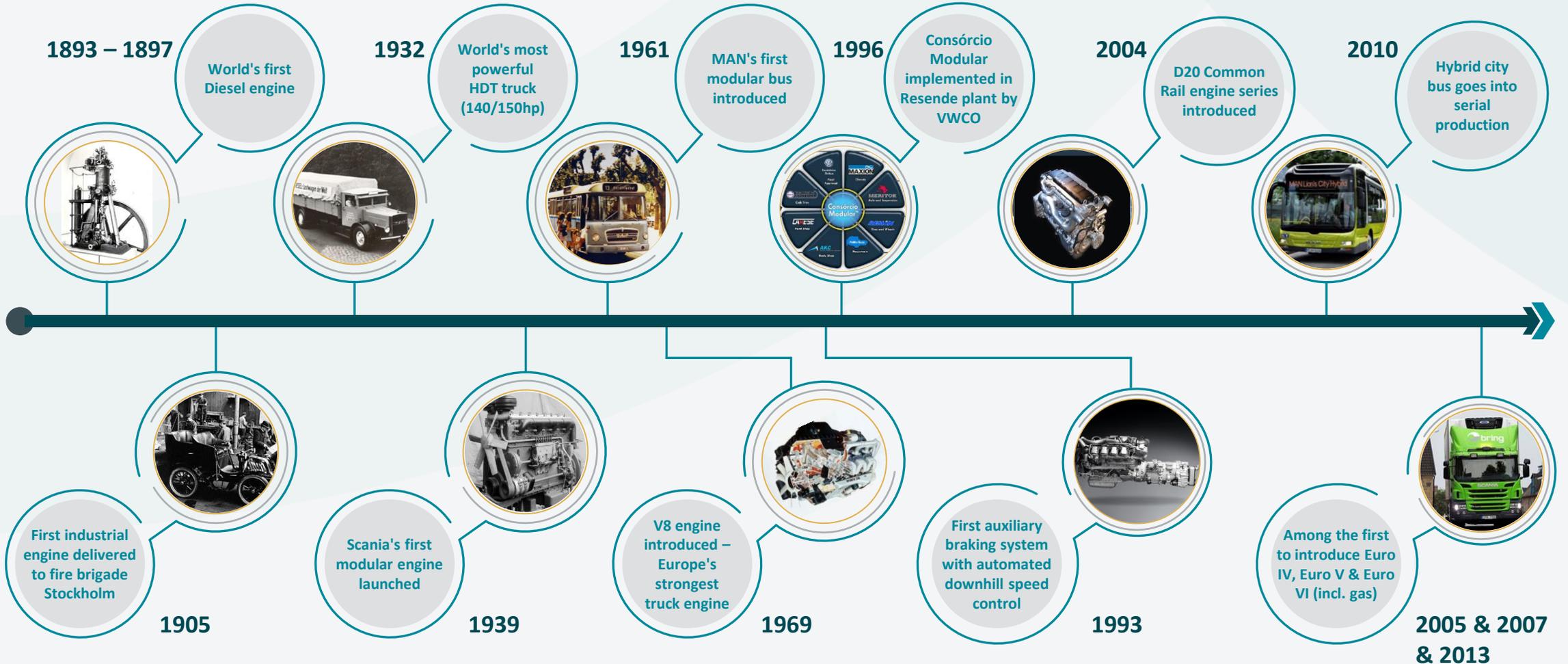
04. **TRATON GROUP**

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05. FINANCIALS

06. WRAP UP

AN INNOVATION LEADER FOR OVER A CENTURY



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.



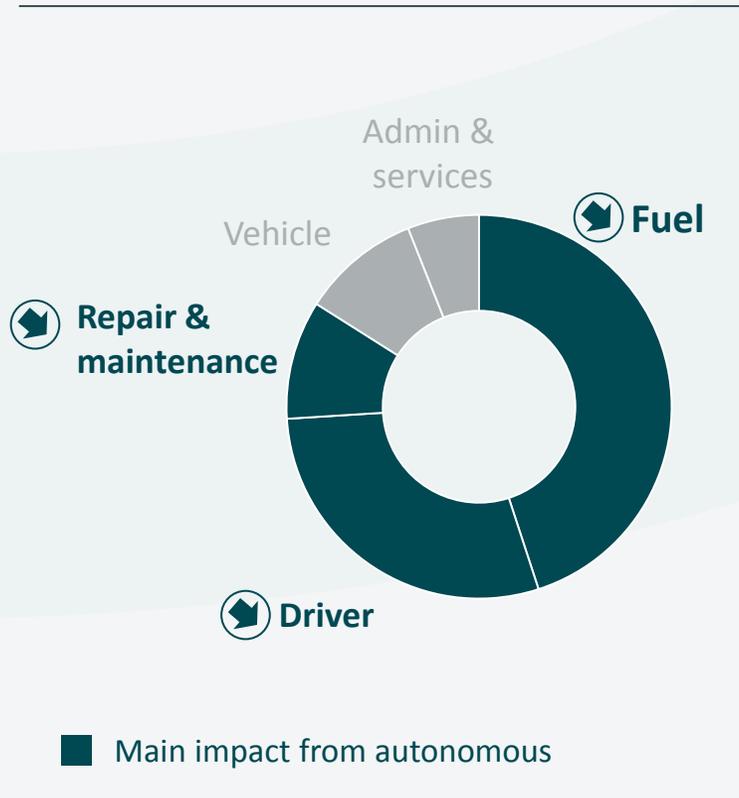
WHAT THE FUTURE MIGHT LOOK LIKE





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

Integration with Customers

Offboard Platform and Functions

Autonomous driving Onboard Functions

Onboard Platform (Technical Roadmap)

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

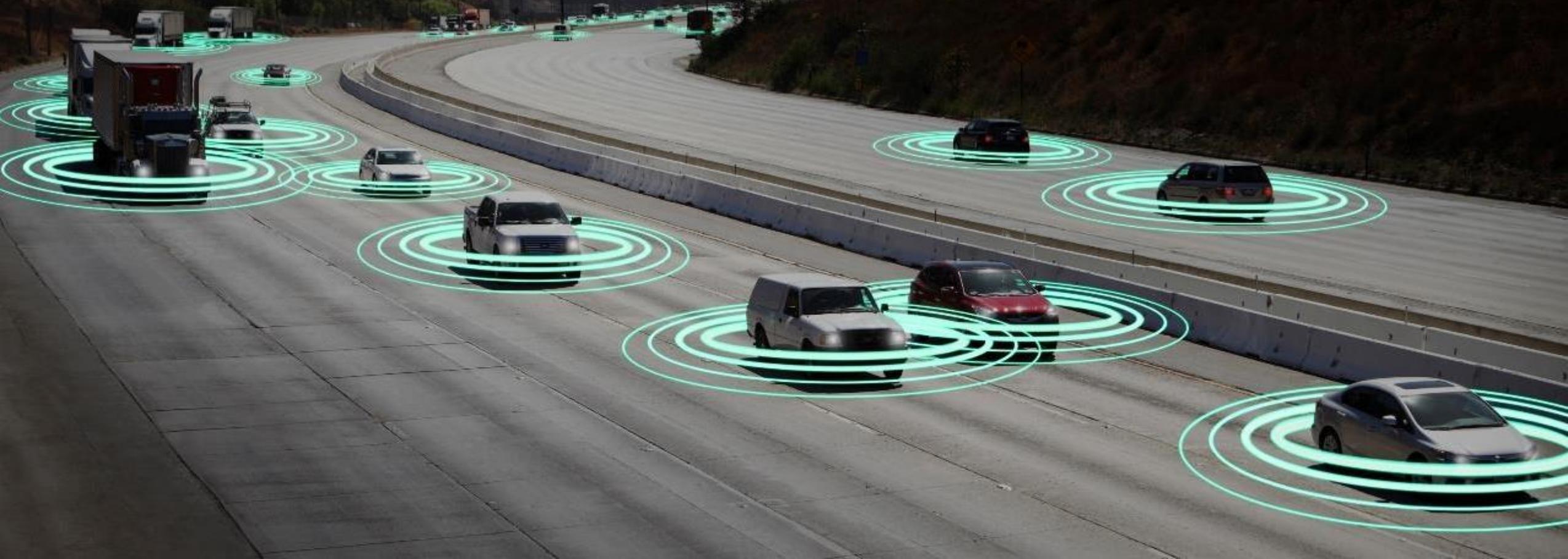


Multimodal sensor coverage



WHAT THE FUTURE MIGHT LOOK LIKE

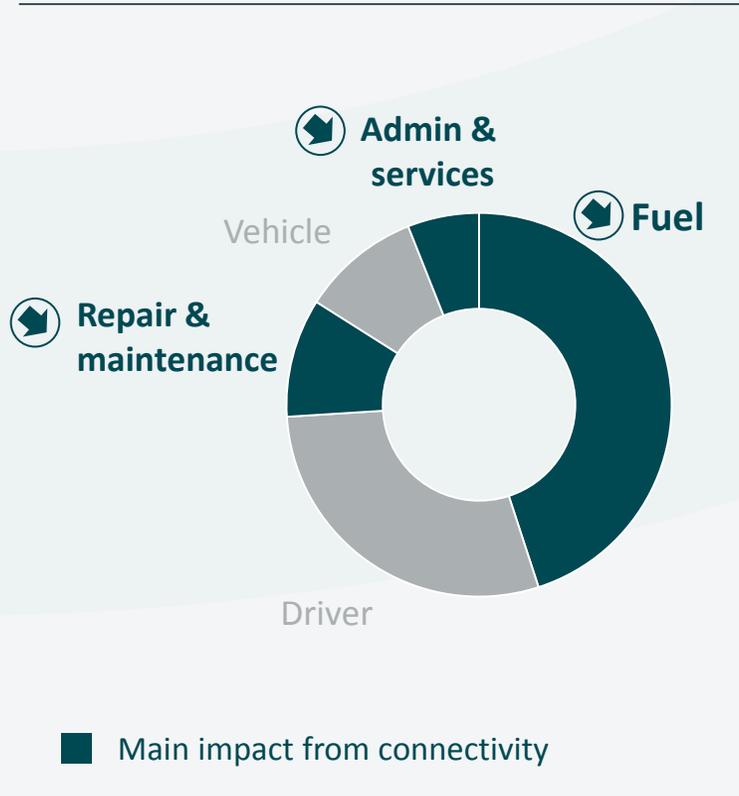
V2V and V2X communication





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



Scania Zone – position-based service for automatic vehicle adjustment



Remote Diagnostics – boosting uptime for each vehicle



Fleet Care – uptime solution for entire fleets (with uptime guarantee)



Scania ONE – connected services platform

MAN T&B SERVICE OFFERING – SELECTED EXAMPLES



MAN Service Care

Proactive maintenance increasing vehicle availability



MAN Maintenance

Cloud-based maintenance data

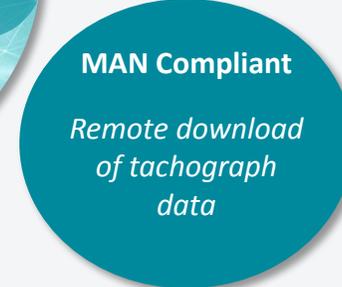


MAN DIGITAL SERVICES



MAN Perform

Driver performance analyses



MAN Compliant

Remote download of tachograph data

Number of connected trucks in operation

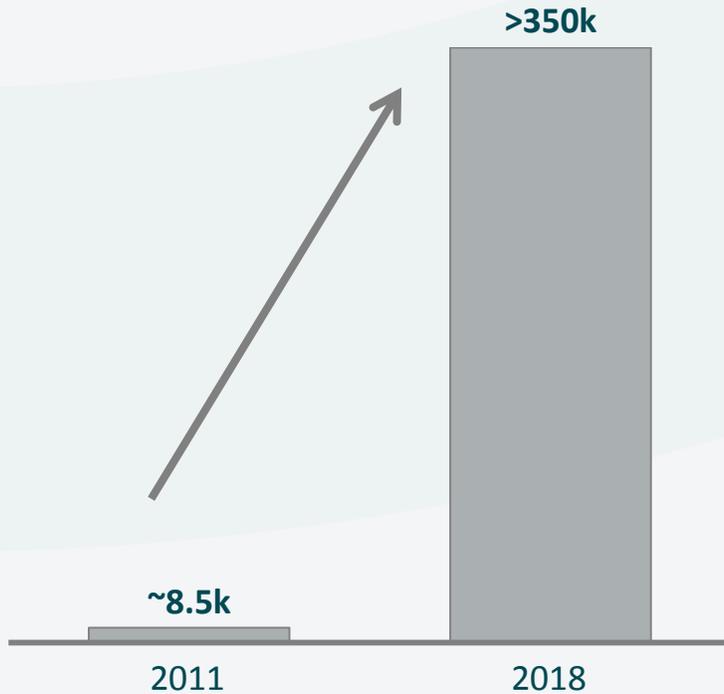


1 All MAN T&B Euro VI HDT and MDT for EU-28+2 region plus selected retrofittings. 2 As of Q4-2018.

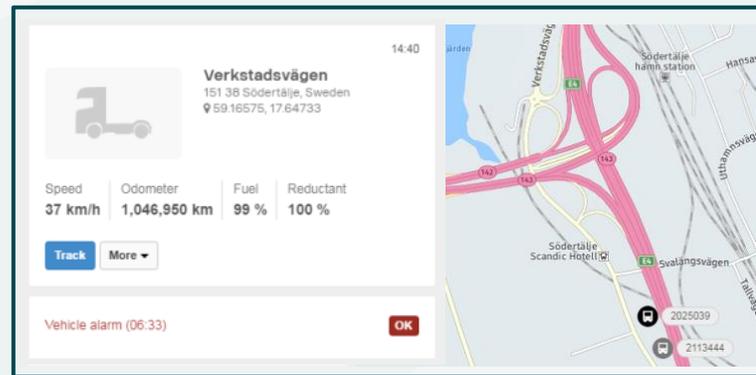


RECAP: CONNECTIVITY AT SCANIA

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
• Higher uptime	• Higher workshop utilization
• Demand-driven workshop visits	• Optimized NWC
• Higher predictability	• 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

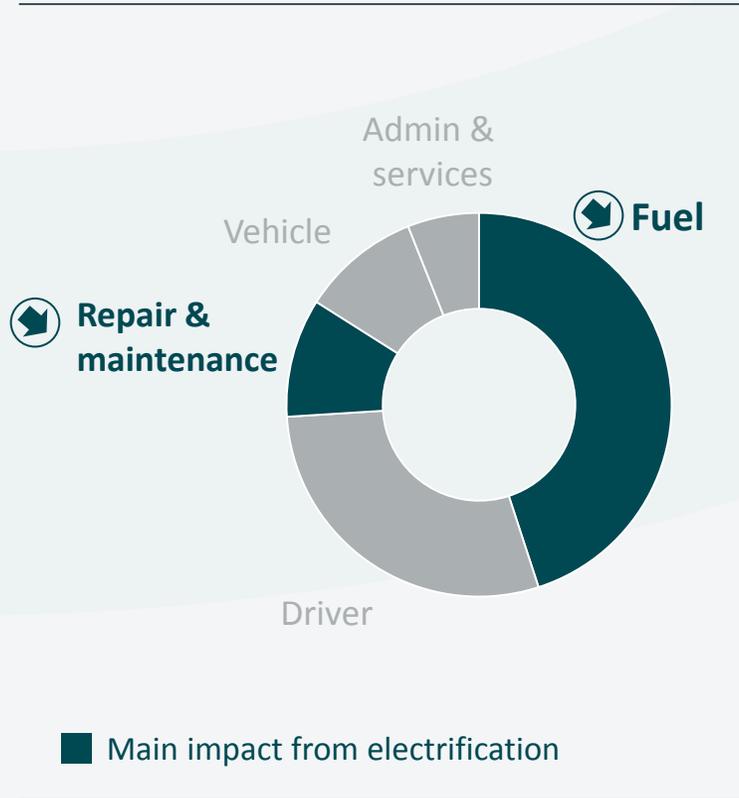




ADOPTION OF E-MOBILITY DRIVEN BY TCO CONSIDERATIONS AND REGULATORY ENVIRONMENT



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 CiE (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.

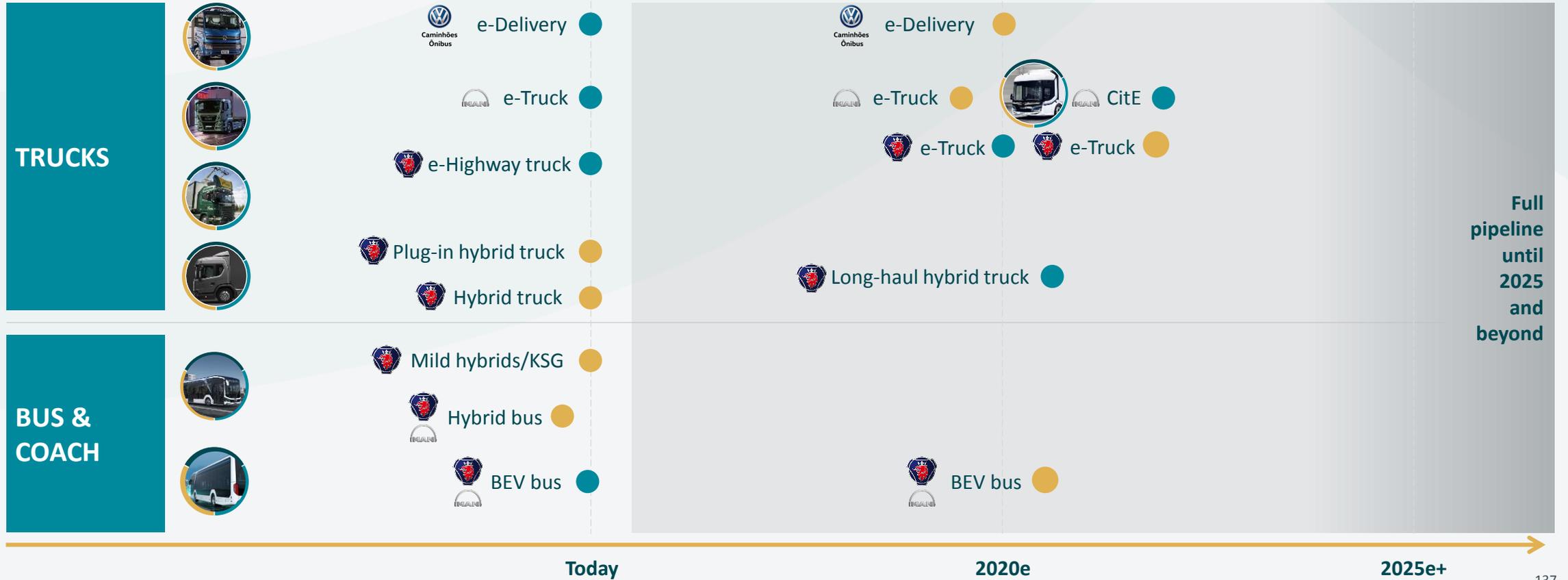


TRATON GROUP E-MOBILITY PORTFOLIO CONTINUOUSLY BEING DEVELOPED WITH FULL PIPELINE UNTIL 2025 AND BEYOND



Various undisclosed prototypes

● Pilot ● Series readiness





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



BATTERY

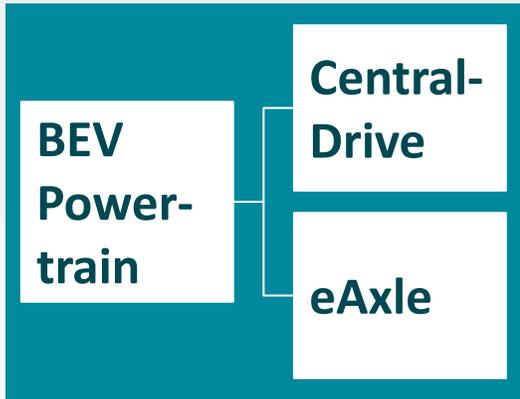
Cells/Modules

Pack

Battery Management System

PROPULSION

PHEV/HEV/mHEV



CHARGING

Plug (CCS)

Pantograph,...

OTHERS

Auxiliaries, Bordnet, HV-Distribution,...



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



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

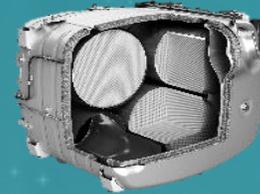
- More than 50% Brake Thermal Efficiency¹
- Designed to address expected future emission legislation
- Expected to be installed in >50% of TRATON GROUP’s HD trucks per year from 2025e onwards



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



TRATON
GROUP

Common future technology platform - ACE





CHRISTIAN SCHULZ

CHIEF FINANCIAL OFFICER TRATON GROUP

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TODAY'S AGENDA



01. INTRODUCTION
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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

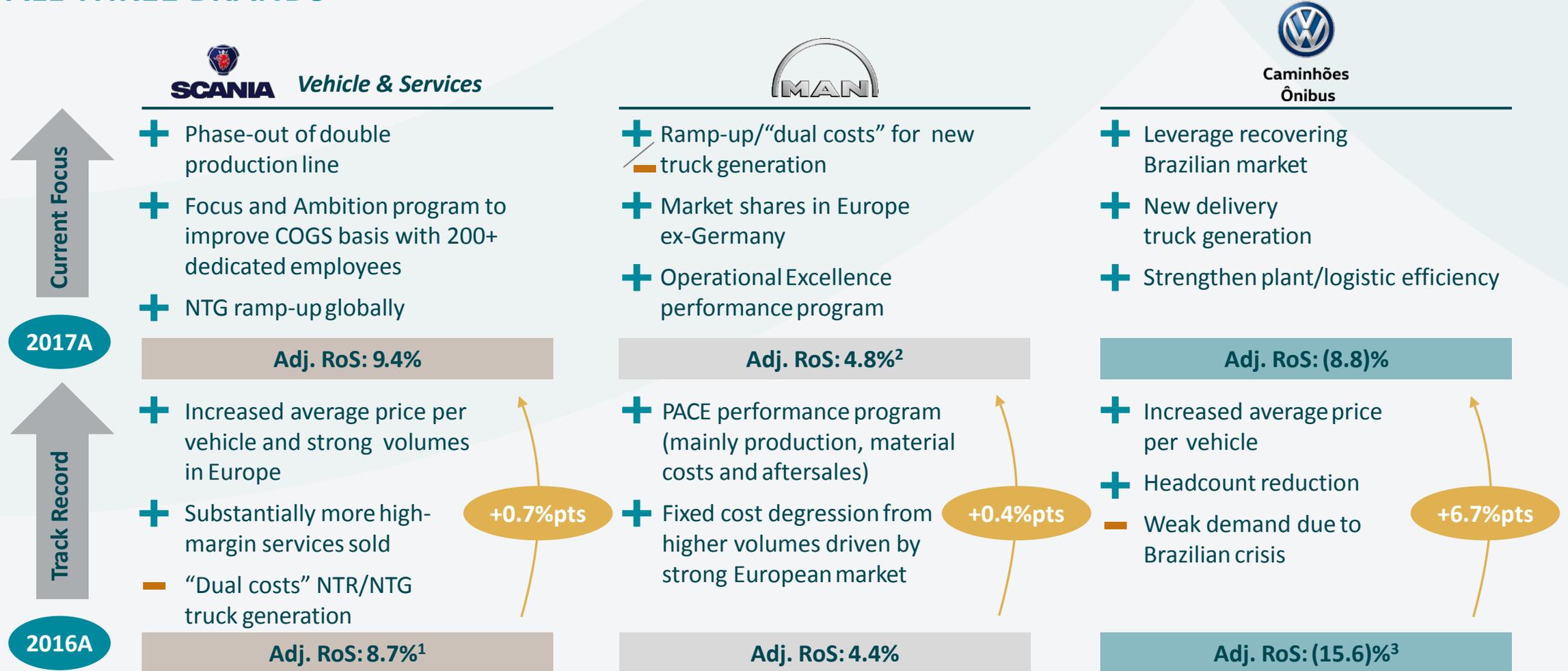


New Technologies



Production Footprint and Logistics

OPERATIONAL PERFORMANCE IMPROVEMENTS IN PLACE ACROSS ALL THREE BRANDS

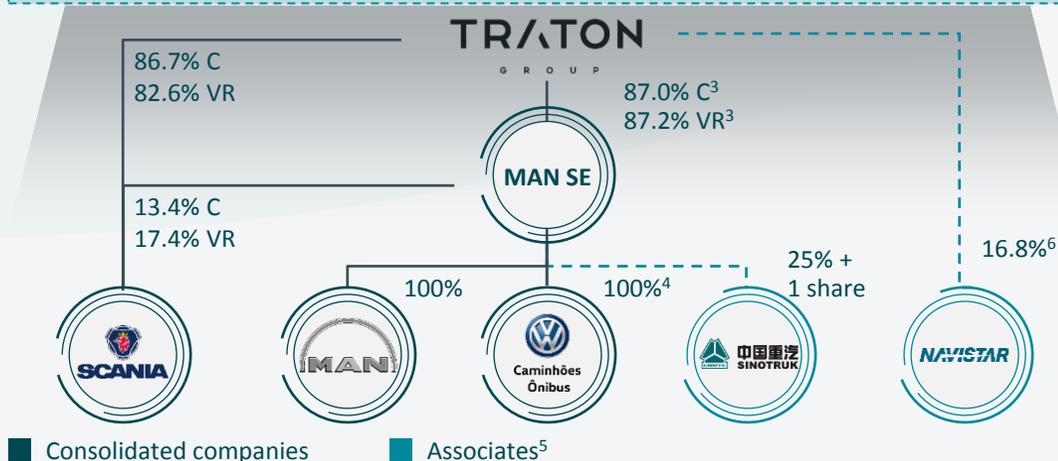
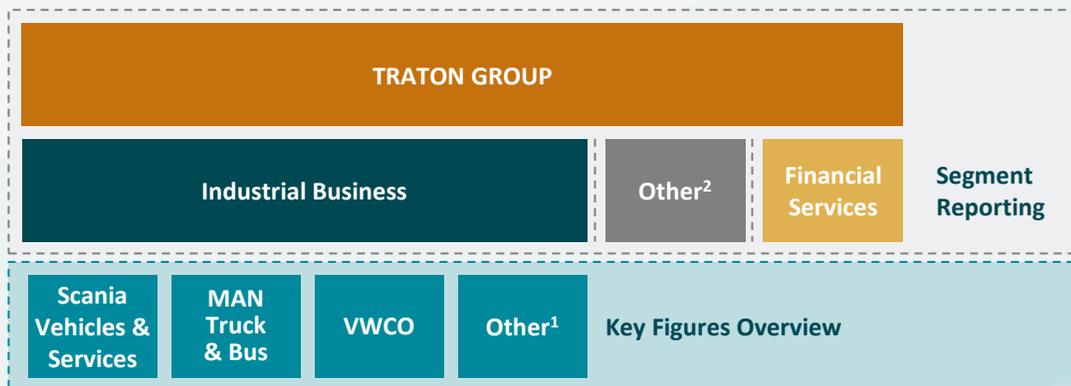


Note: Only selected key performance drivers displayed.

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
GROUP

2017A	Industrial Business					Financial Services	GROUP
	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%)	<i>nm</i>	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

TRATON
G R O U P

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

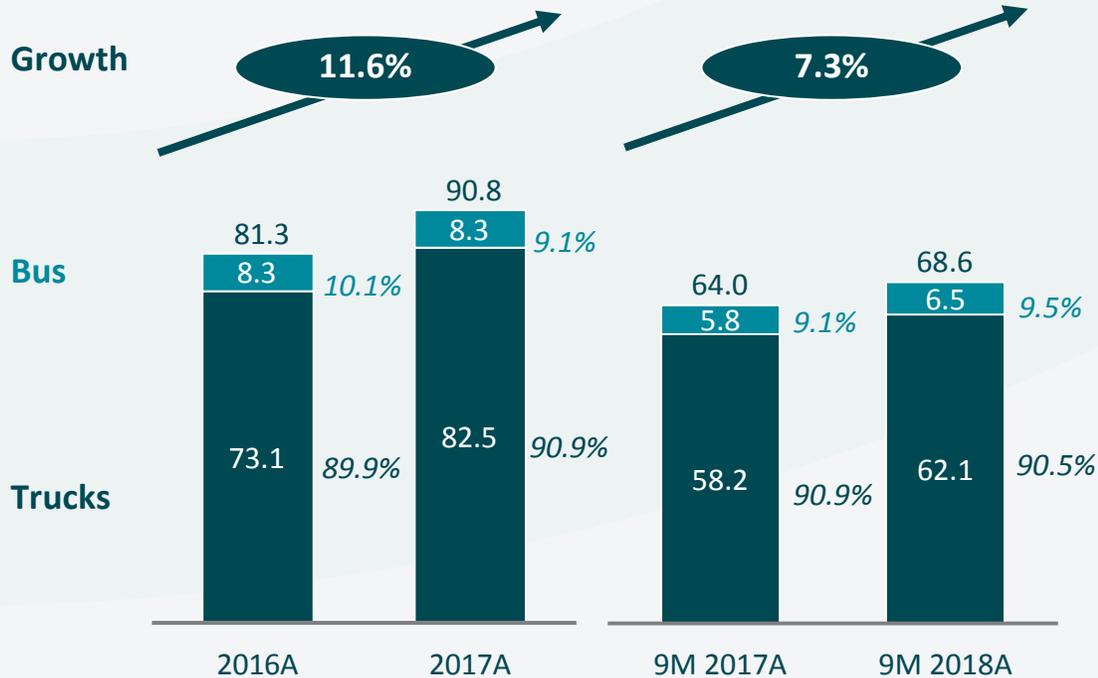
5 Financial Services: Quality portfolio with solid RoE

6 TRATON GROUP: Top line growth and profitability improvement

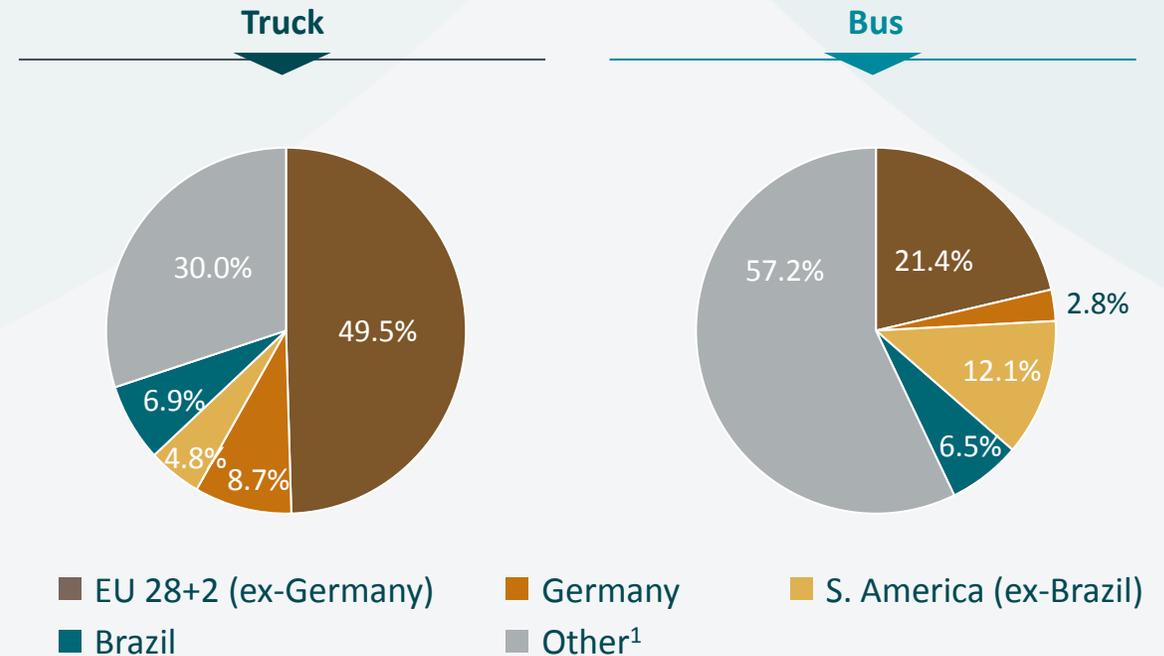


1 SCANIA VEHICLES & SERVICES: STRONG TRUCK VOLUME GROWTH

Volume delivered (k units and % of total)



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

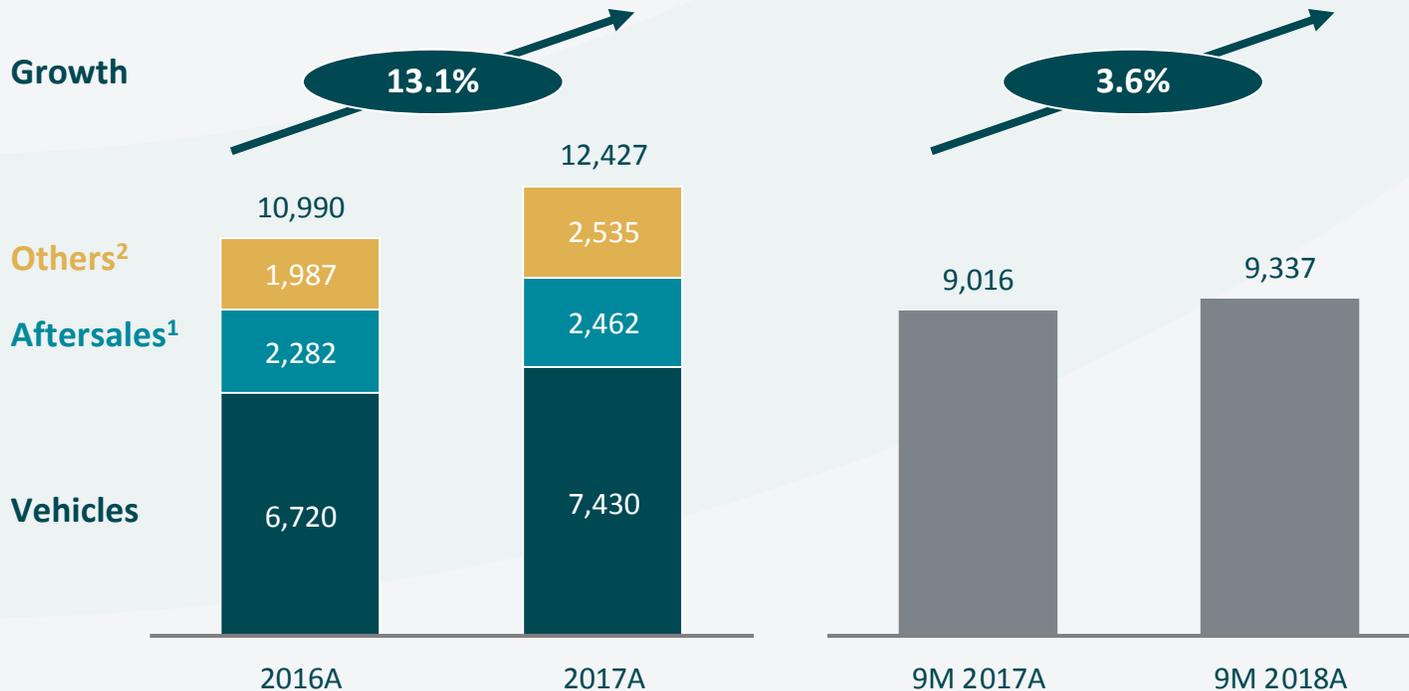


- Truck volume increase driven by improved economic conditions
- Further uplift from introduction of the NTG
- Bus segment stable across years

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)



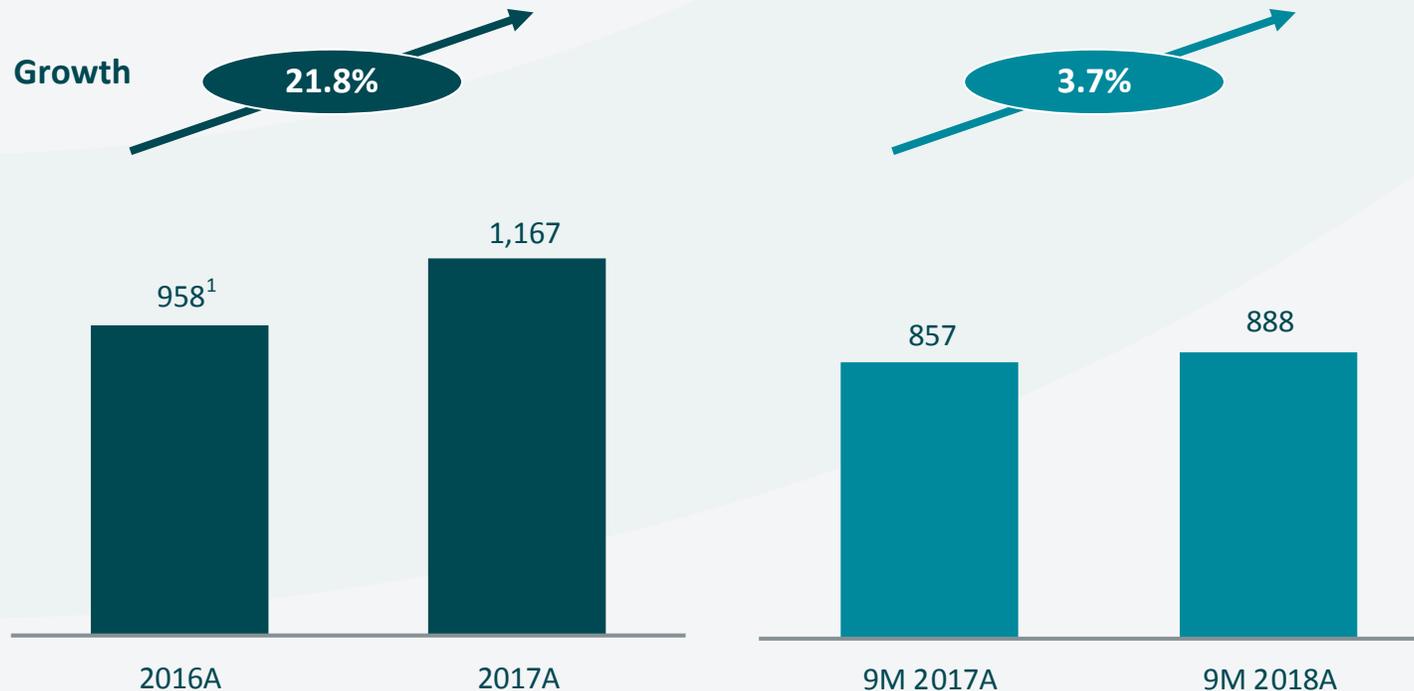
Commentary

- 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 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.

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

Adj. Operating Profit (€m)



Adj. Return on Sales (%)

8.7%¹

9.4%

9.5%

9.5%

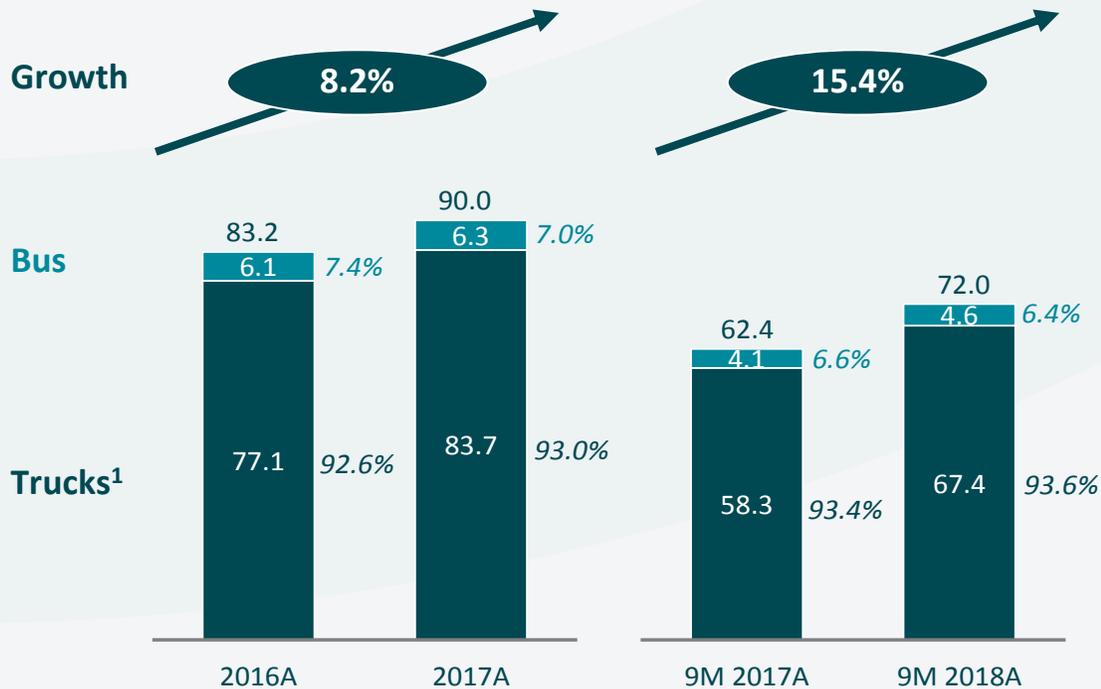
Commentary

- 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

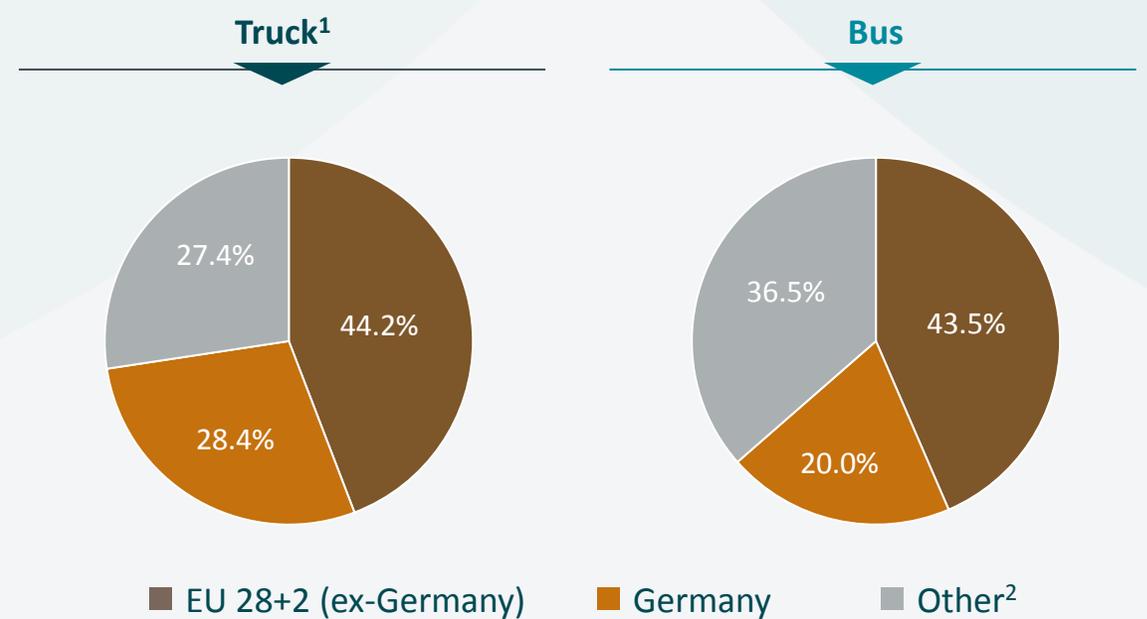
¹ Including €403m adjustment for provision in relation to Scania antitrust fine.

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)

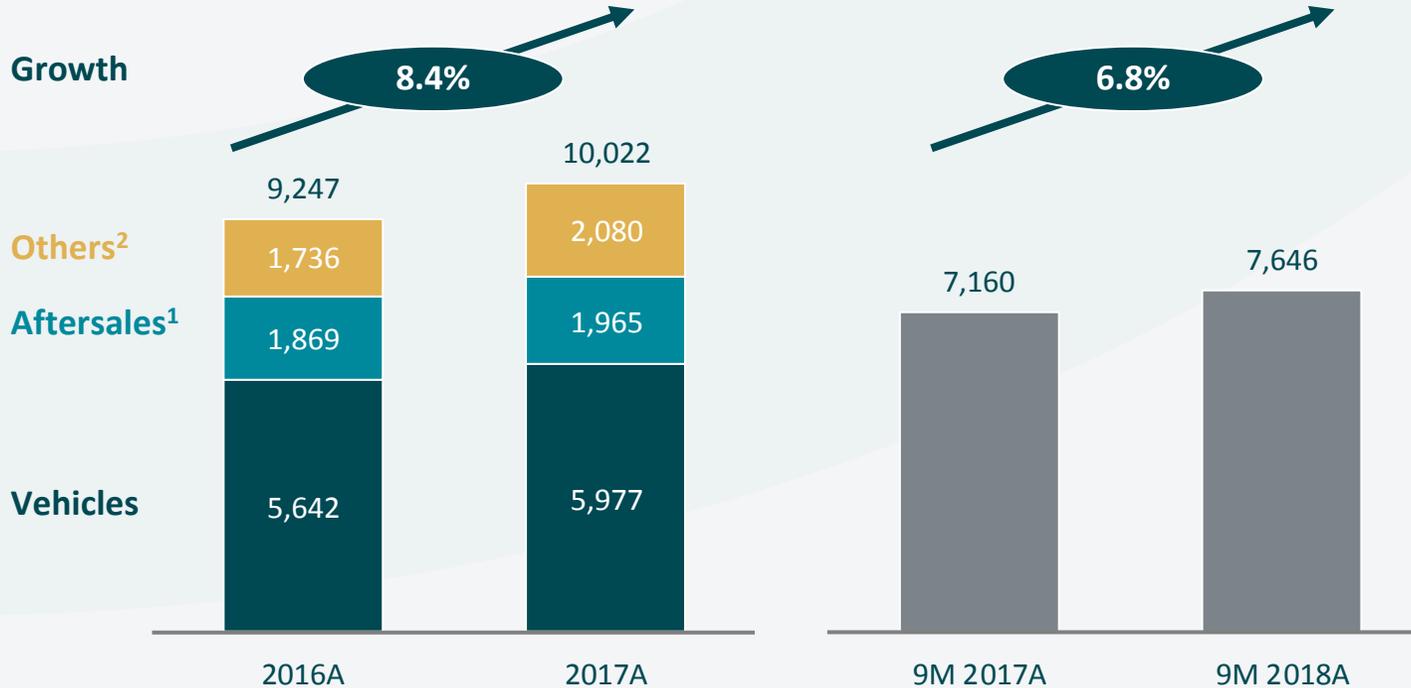


- Better market conditions and increased market share driving truck volumes in 2017A
- Bus volumes with expansion in 2017A, driven by introduction of new Intercity bus models

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

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

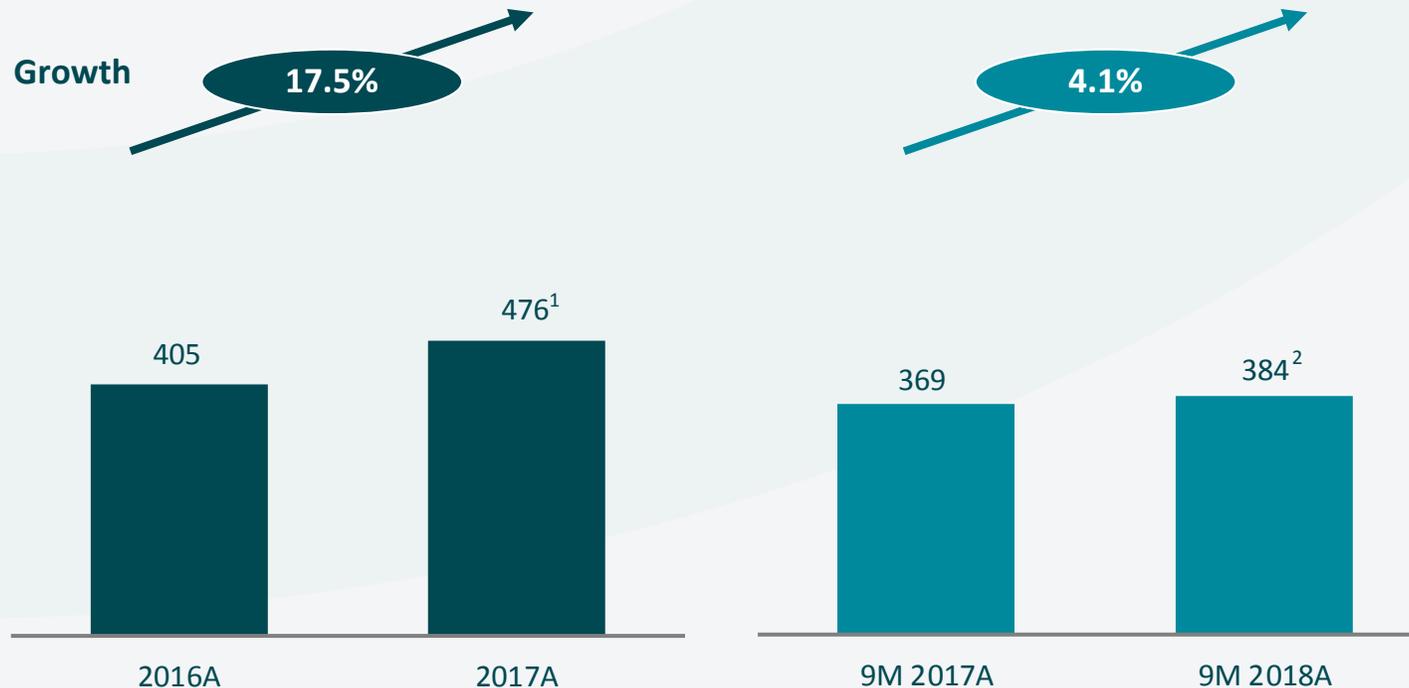


¹ Including genuine parts and workshop services. ² Including used vehicles, engines, powertrains and parts deliveries, Industrial Business related leasing business and other sales revenue including sales revenue from hedging transactions.

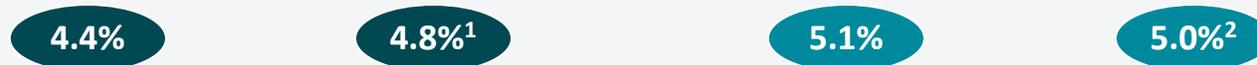
2 MAN TRUCK & BUS: STRONG SALES INCREASE DRIVING ADJ. OPERATING PROFIT IN 2017

TRATON
GROUP

Adj. Operating Profit (€m)



Adj. Return on Sales (%)



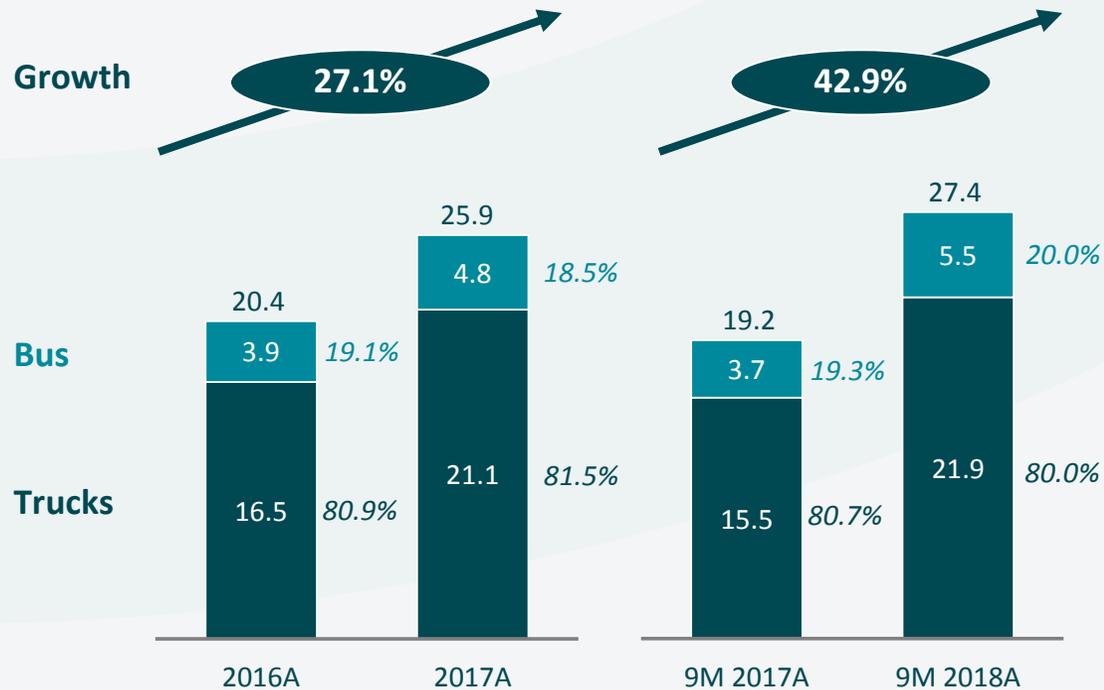
Commentary

- 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

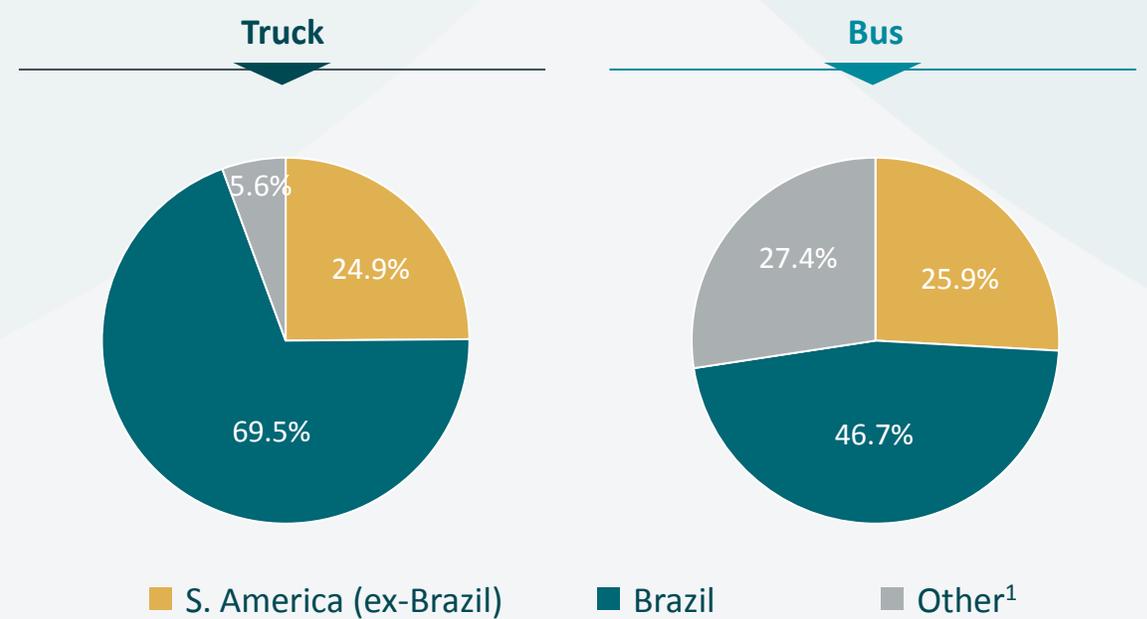
¹ Including (€50m) adjustment for release of restructuring provision at MAN T&B. ² Including €115m adjustment for expense in relation to Indian market exit at MAN T&B which arose during the first 9 months of 2018.

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

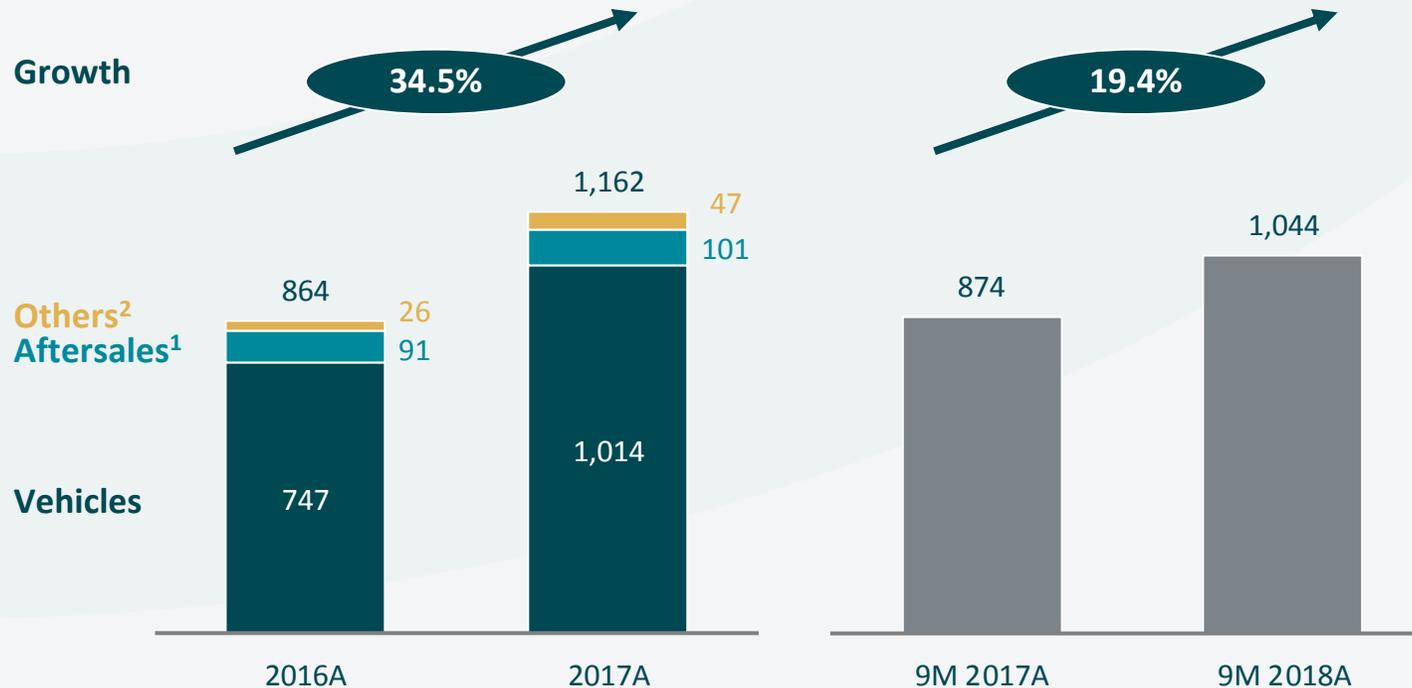
1 Including volume generated in Mexico, Africa and Middle East.

3

VWCO:

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

Sales revenue (€m)



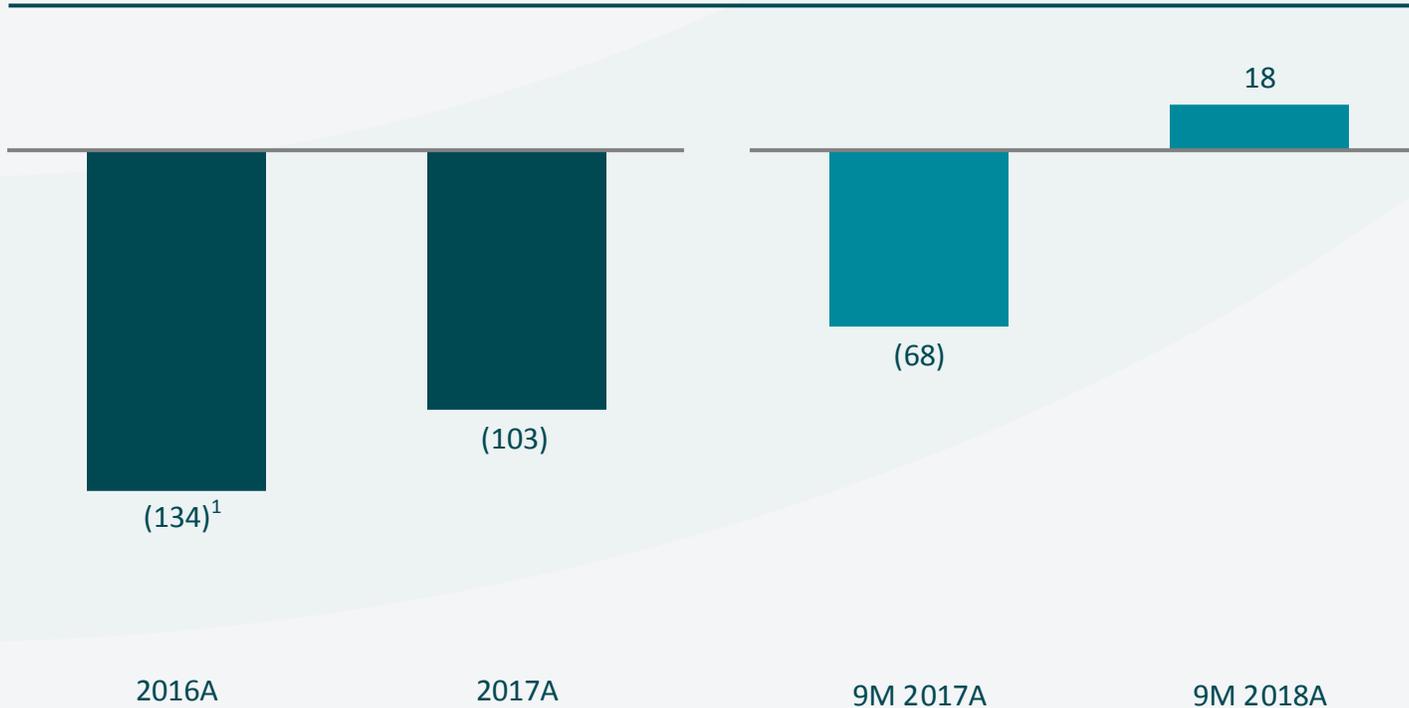
Commentary

- 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

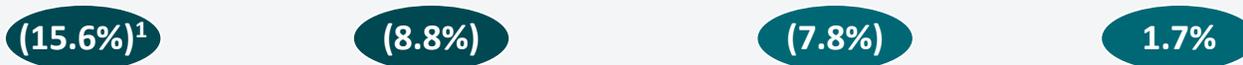


3 VWCO: BREAK-EVEN REACHED IN 9M 2018

Adj. Operating Profit (€m)



Adj. Return on Sales (%)



Commentary

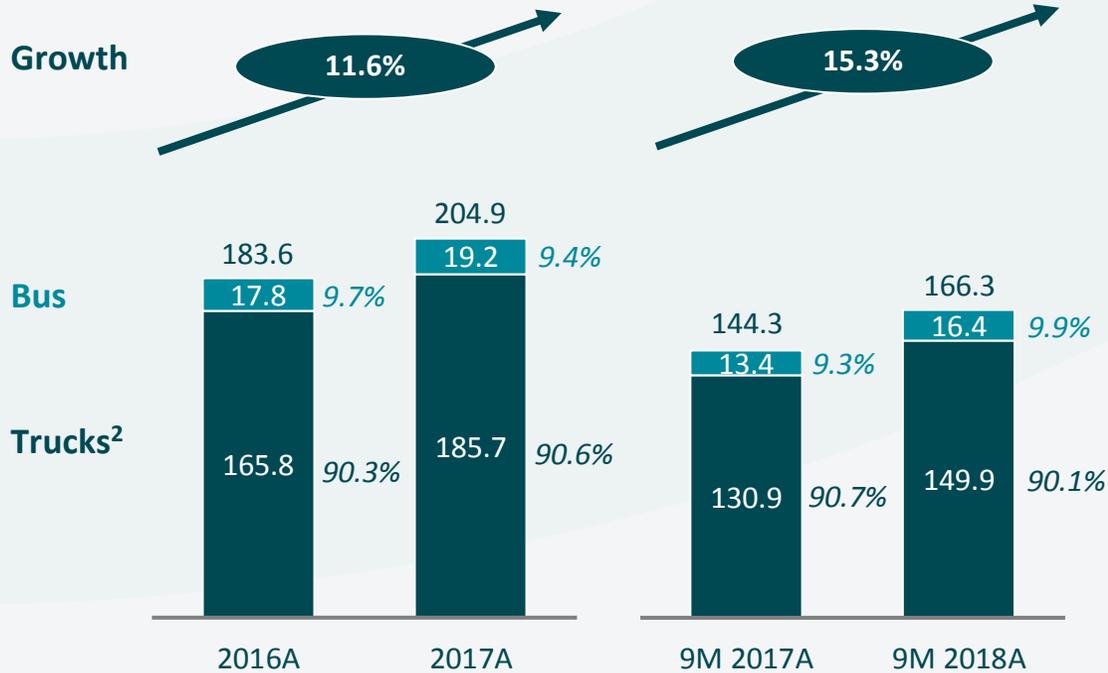
- Cost measures showing visible results
 - Successful turnaround measures (e.g. headcount reduction) leading to significantly lower cost base
 - Reduction in full-time employees
- Significant expansion of contribution margins across product portfolio



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

4 INDUSTRIAL BUSINESS: INCREASING VOLUMES AND STRONG ORDER INTAKE

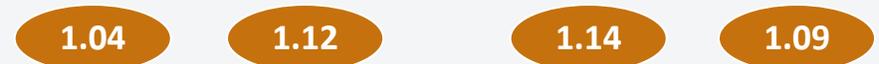
Volume delivered¹ (k units and % of total)



Order intake¹ (k units and % of total)



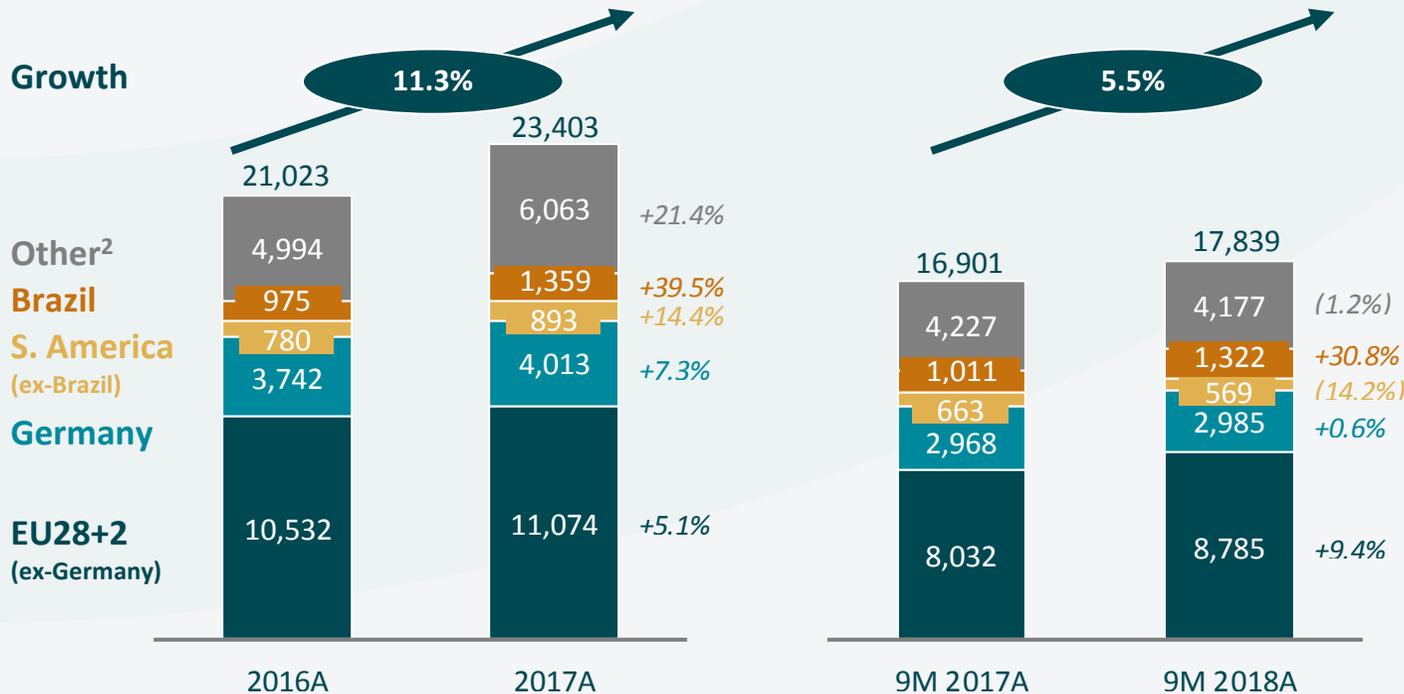
Book-to-bill³



¹ 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)



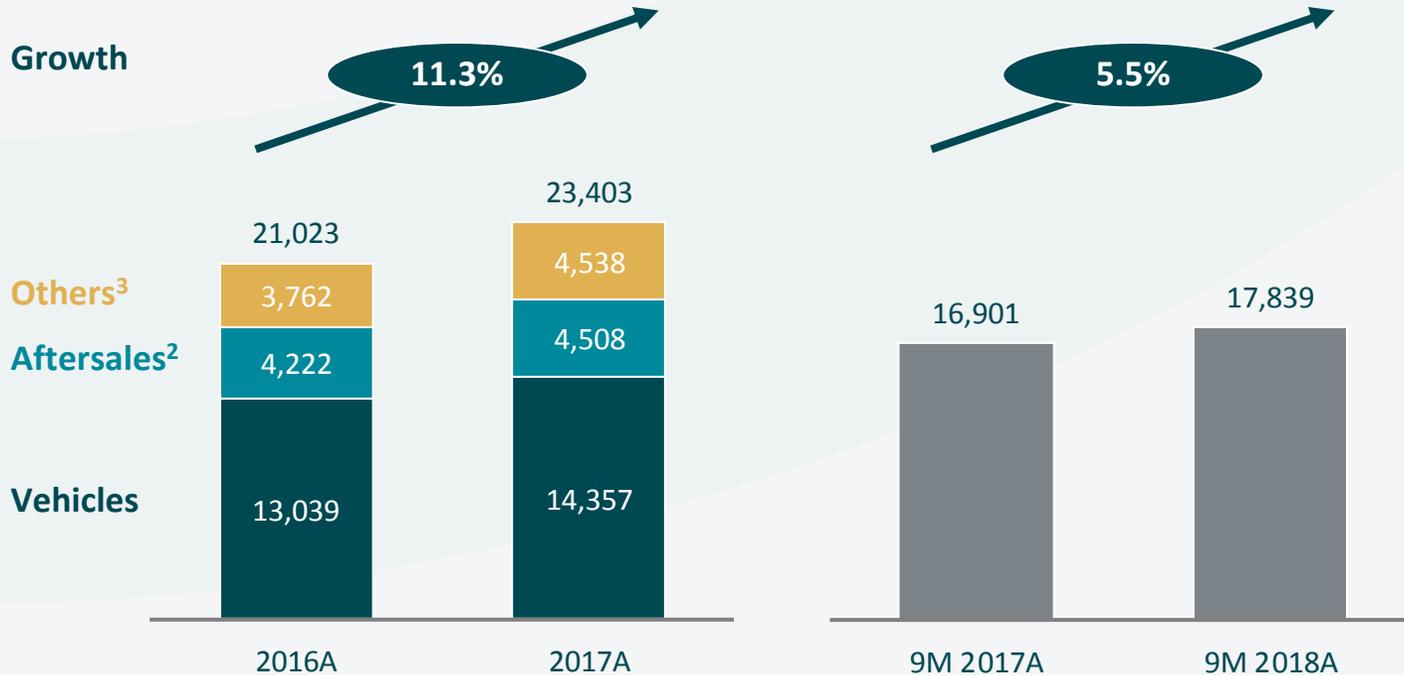
Commentary

- 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

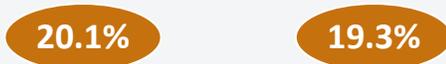
Sales revenue¹ (€m)



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

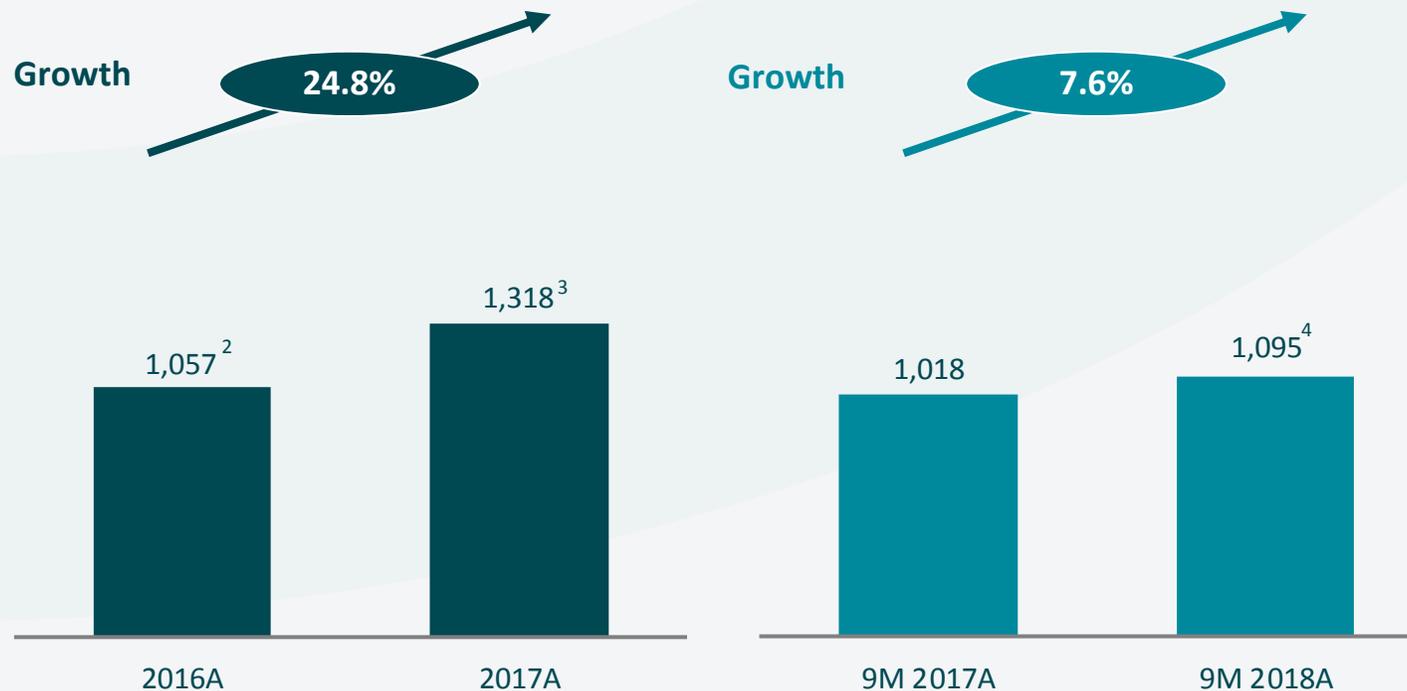
Aftersales¹ sales revenue share as % of total sales revenue



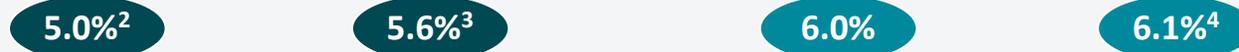
¹ Reflecting sales revenue before intersegment consolidation. ² Including genuine parts and workshop services. ³ Including used vehicles, engines, powertrains and parts deliveries, Industrial Business related leasing business and other sales revenue including sales revenue from hedging transactions.

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>	2.8%	5.8%
Adjustments	461 ³	(50) ⁴
Adj. Operating Profit	1,057	1,318
<i>Adj. RoS in %</i>	5.0%	5.6%
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

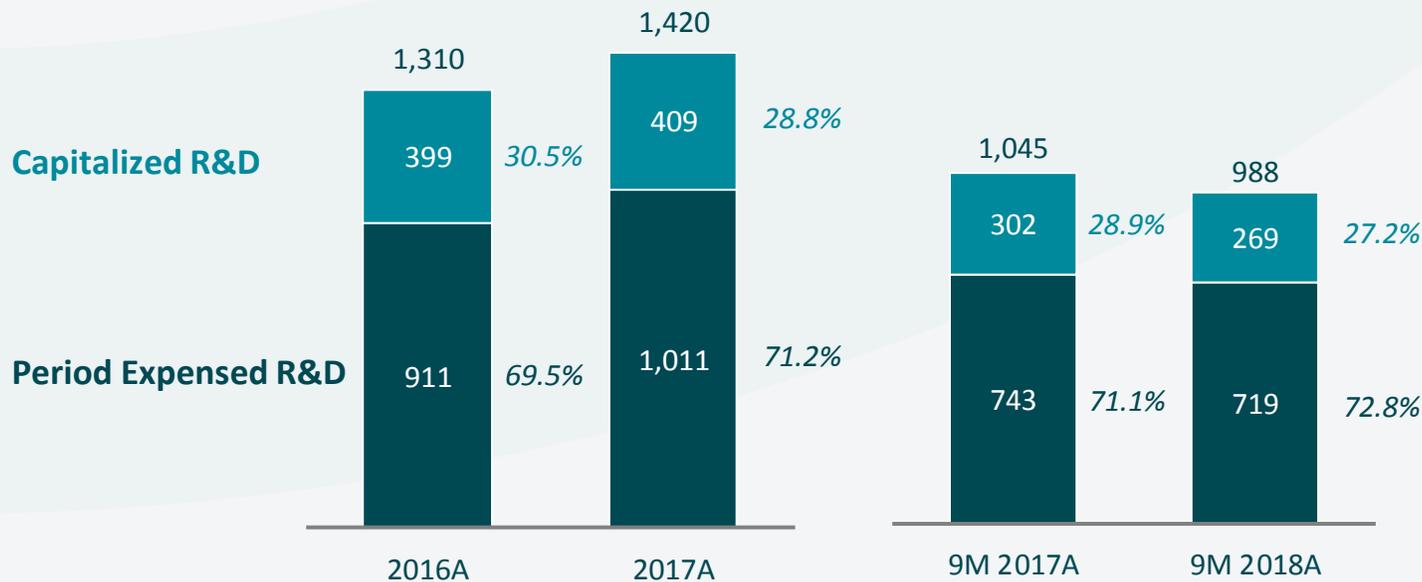
2016A	€1,911m ³
2017A	€2,107m ⁴

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%

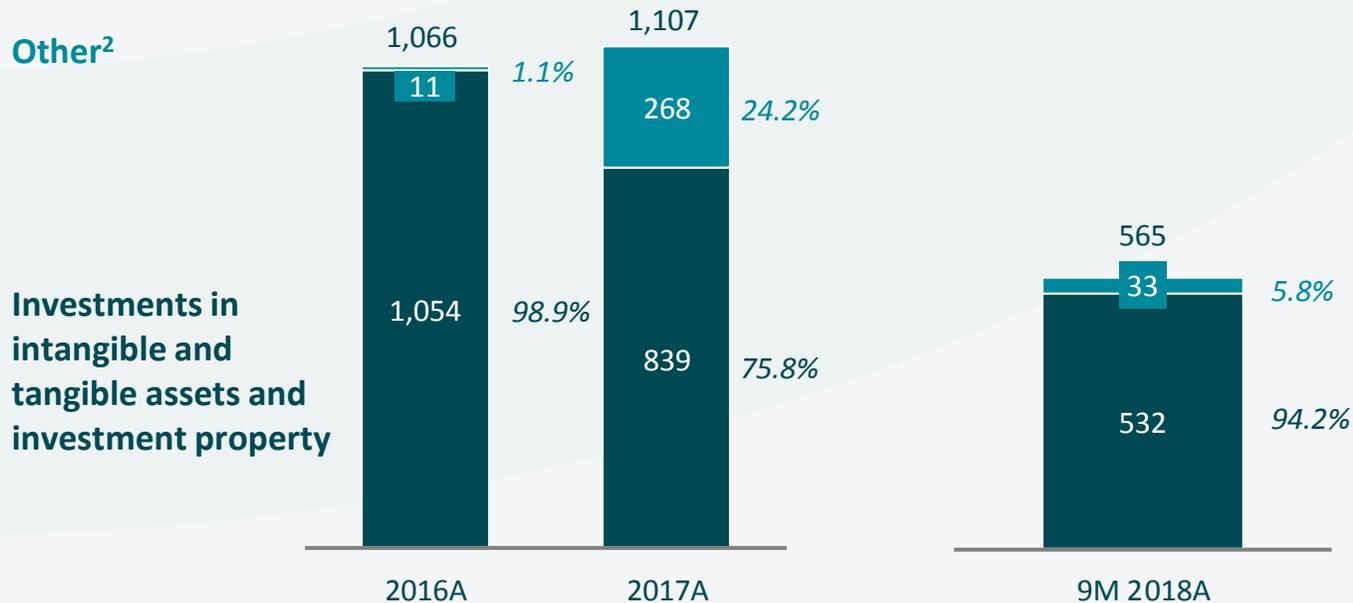
Commentary

- 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

TRATON
GROUP

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

TRATON
GROUP



- 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**

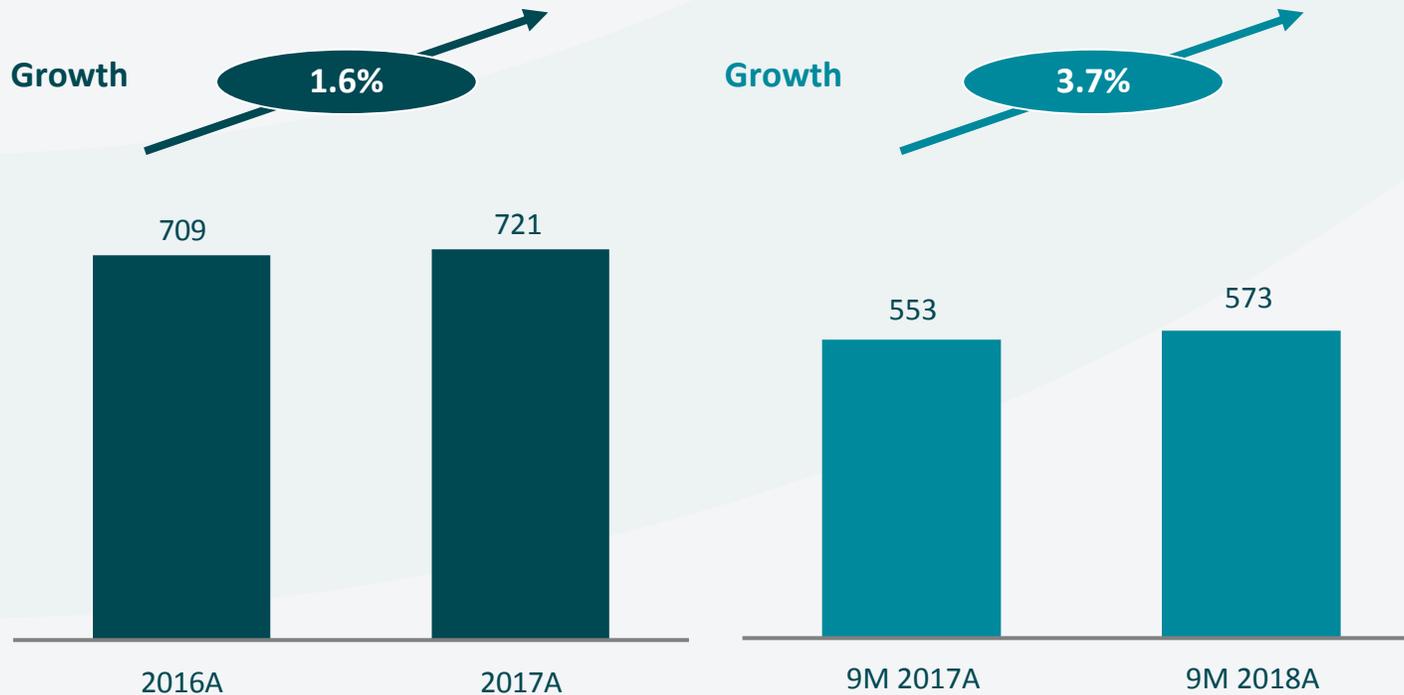


TRATON GROUP is currently assessing whether to have a captive and integrated Financial Services unit to be implemented at TRATON GROUP level

5

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

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



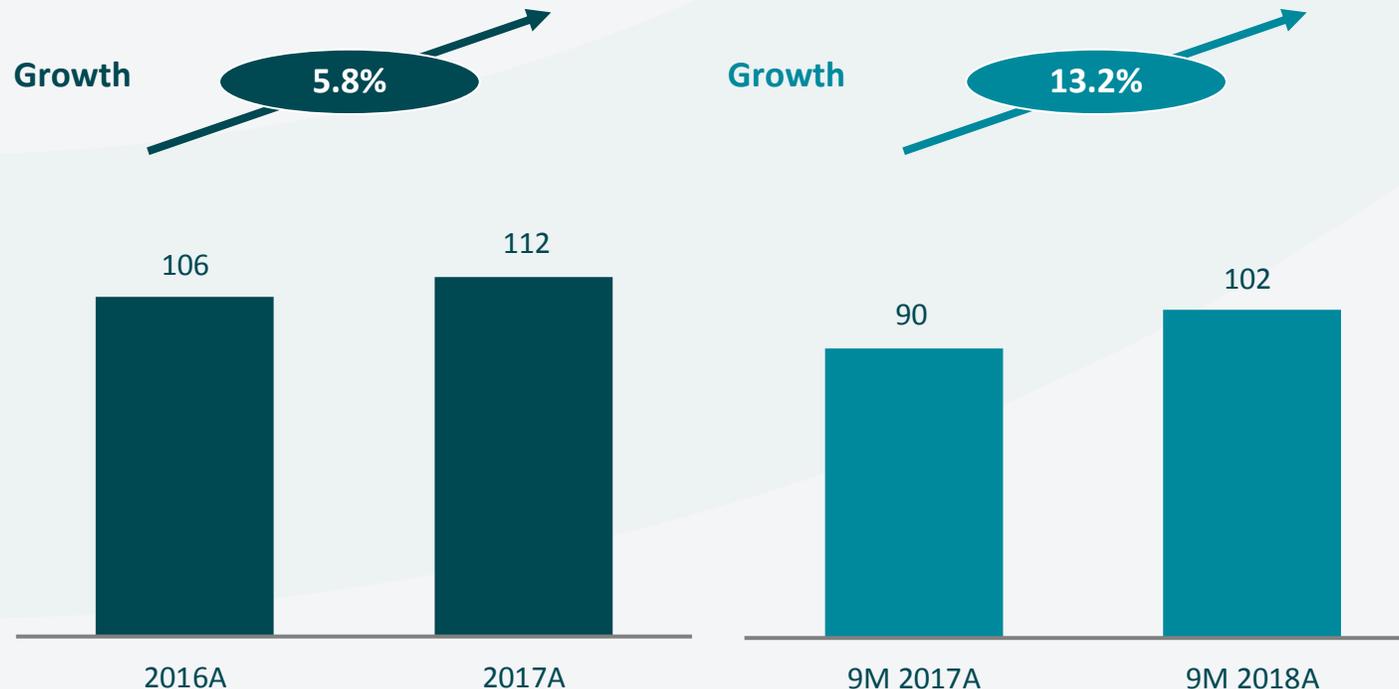
Components of financing income



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

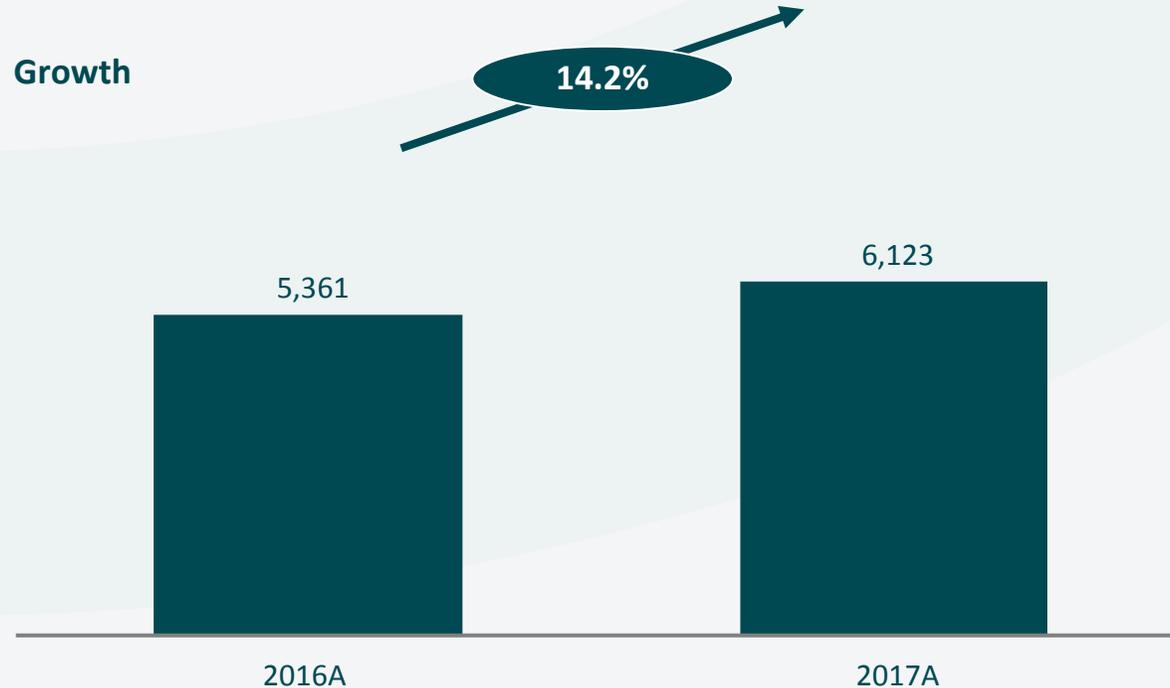
- Strong increase in earnings before tax in 2017A driven by:
 - Increase in net interest income
 - Increase in net insurance income, driven by loan volume increases and profit sharing
 - Lower other expenses
 - Increase in operating expenses for the support of the servicing of new lending



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)



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>	3.3%	6.2%
Adjustments	461 ²	(50) ³
Adj. Operating Profit	1,188	1,462
<i>Adj. RoS in %</i>	5.4%	6.0%
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

TRATON
G R O U P

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

TRATON
G R O U P

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...

TRATON
G R O U P

- 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**



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

DRIVING THE SHIFT TOWARDS A SUSTAINABLE TRANSPORT SYSTEM

Sustainable transport: Doing the right things

Sustainable transport KPIs

- 
Energy efficiency
 - Ecolution by Scania
 - Driver training and coaching
 - Maintenance with flexible plans
- 
Alternative fuels and electrification
 - Sales of alternative fuels and electrification
- 
Smart and safe transport
 - Size of connected fleet

Enable partnerships in the Eco-system of transport and logistics

Deliver full service offering that improves lifecycle profitability

Responsible business: Doing things right

Business area

- 1 Environmental footprint**
- 2 Diversity and inclusion**
- 3 Business ethics**
- 4 Health and safety**
- 5 Human and labor rights**
- 6 Community engagement**

Selected targets

- (50)%** Reduction in CO₂ emission from land transport in 2016-2025
- (33)%** Reduced energy consumption in industrial facilities per vehicle in 2010-2020
- 25%** Reduction of un-recycled waste material in industrial operations in 2015-2020
- 100%** Of operations to run on fossil free electricity by 2021

Create a capable and innovative organization

Attract and retain talent

Eliminate waste and achieve cost savings

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**

 - Focus on **global challenges**
 - **Concrete objectives**
 - **High business impact**
 - **Alignment with corporate strategy**

- 2 Assessment by dedicated corporate sustainability council**

 - **Analysis and prioritization** of potential action fields

- 3 Assessment by stakeholders**

 - **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**

 - 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

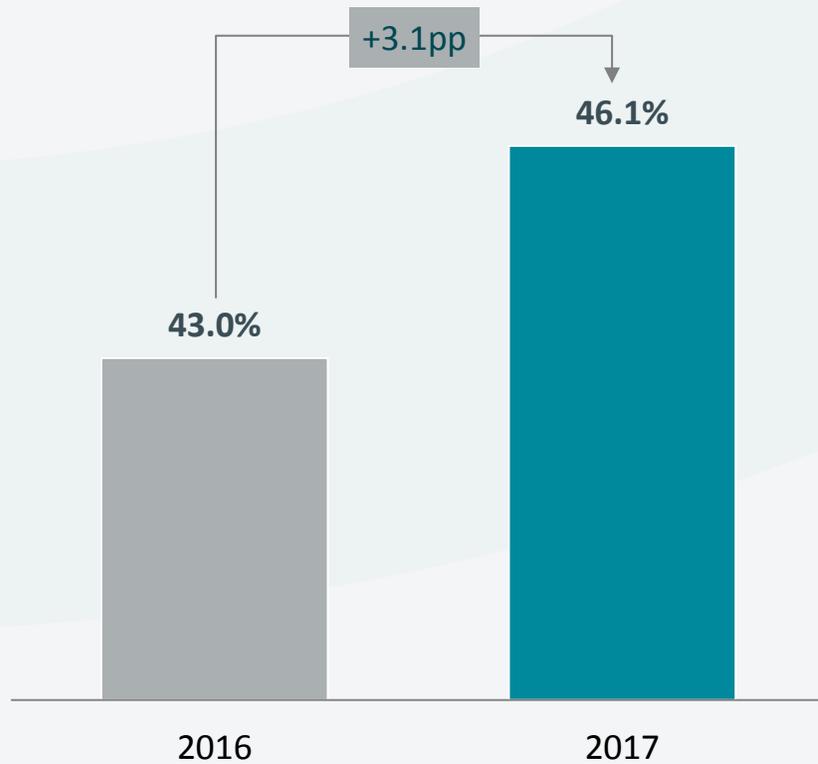


Corporate sustainability strategy fully integrated into the corporate functional strategy

Note: MAN comprises MTB and VWCO. CS = Corporate sustainability.

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?

MARKET POTENTIAL



UK



HISTORICAL STRENGTH

- **Direct sales model**
Own salesforce with direct customer contact
- **Viable franchise model**
Network with owned branches and private capital dealers
- **High technical competence**
Leading in special applications



HEADWINDS POST CRISIS

- **Weak network**
Low representation in key high density areas
- **Technical issues**
Temporary customer dissatisfaction resulting in poor brand appearance



CLEAR PATH TO REGAIN HISTORICAL STRENGTH

- **Captive retail**
New branch management team recruited (>50% of branch managers replaced)
- **Close white spots**
5 new own retail locations with significant network investments
- **Branch appearance**
Investments in refurbishments and training

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

Source: IHS Markit. Note: Supplementary information to page 79.

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

Source: IHS Markit. Note: Supplementary information to page 79.

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)



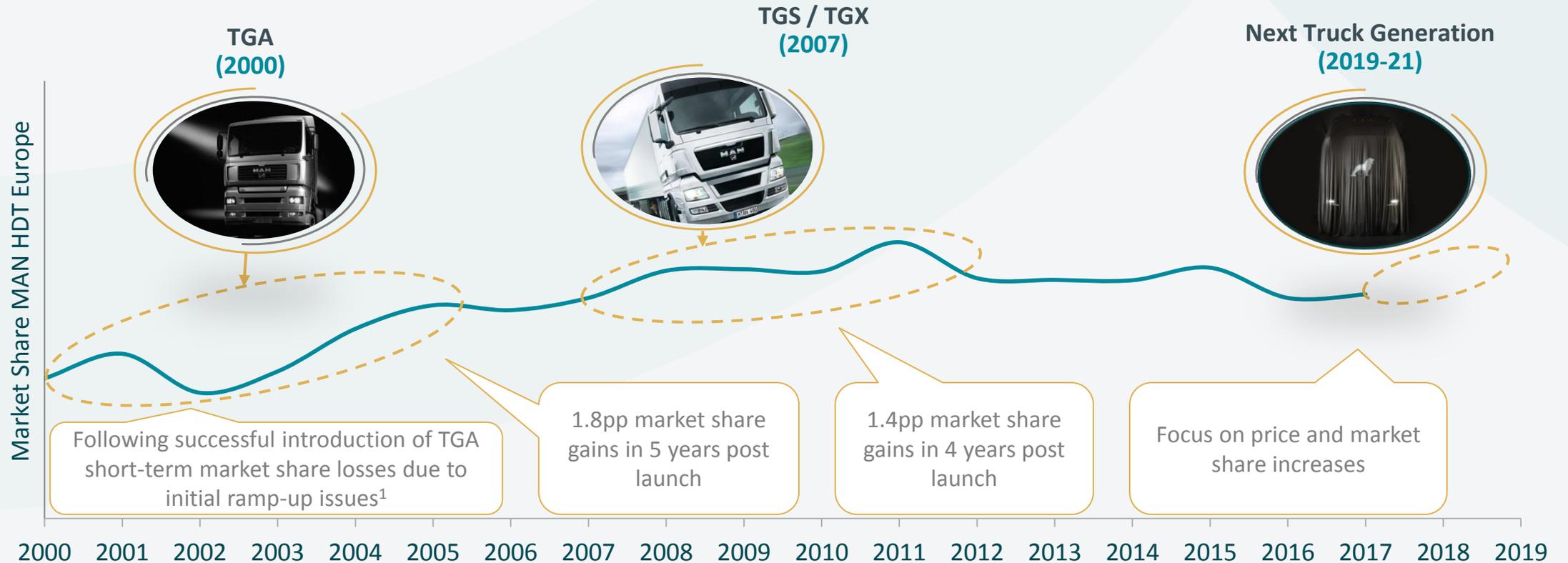
ROADMAP TO SUCCESS

- **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

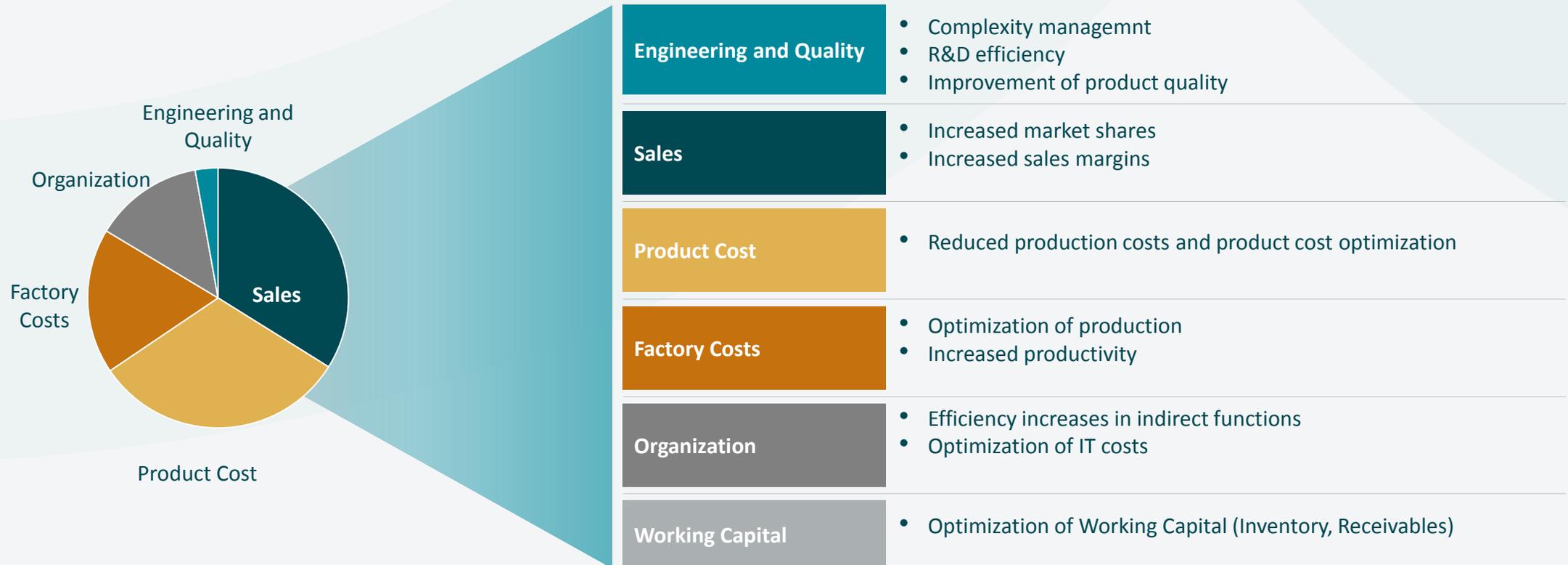
MAN T&B – EXPAND AFTERSALES AND SERVICE OFFERING AS THE MAIN LAYER OF GROWTH: SPECIFIC MEASURES IN PLACE DRIVING FURTHER POTENTIAL

	I Network development	II Retail efficiency	III Unit sales growth	IV New after sales products	V Parts pricing
	INCREASE DENSITY AND EFFICIENCY	ACHIEVE EXCELLENCE IN OWN RETAIL OPERATIONS	INCREASE SALES EFFICIENCY	INCREASE PENETRATION AND EXTEND PORTFOLIO	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)

	INITIATIVES	SELECTED TARGET EFFECTS	TARGETED GROSS IMPACT	SELECTED COUNTER EFFECTS
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 	+++	<p>Introduction cost of new sales approach</p> <p>Parallel production and launch costs</p> <p>Costs of digital transformation</p>
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 	+	

Note: Supplementary information to page 86

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

INITIATIVES	SELECTED TARGET EFFECTS	TARGETED GROSS IMPACT	SELECTED COUNTER EFFECTS
<p>INDIRECT SPEND OPTIMIZATION</p> <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>
<p>PERSONNEL COST REDUCTION</p> <ul style="list-style-type: none"> Improve efficiency in indirect areas 			
<p>PORTFOLIO COMPLEXITY</p> <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	
<p>CASH AND INVESTMENTS</p> <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