



TRATON GROUP – PRESS CONFERENCE CALL 3M 2020

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MAY 4, 2020

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3M 2020 PRESS CONFERENCE – YOUR PRESENTERS TODAY



**Andreas
Renschler**

Chief Executive Officer



**Christian
Schulz**

Chief Financial Officer



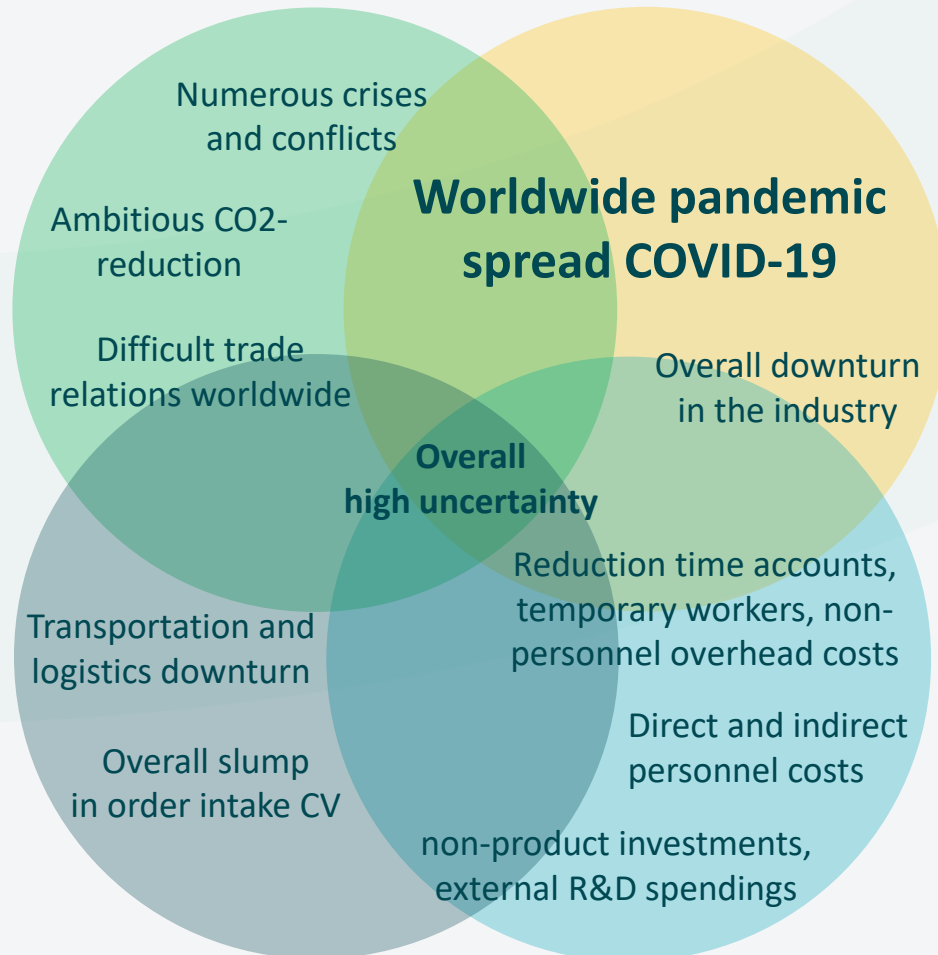
**Julia
Kroeber-Riel**

Head of Group Communications
& Governmental Relations

AGENDA

1. **Challenging environment 2020**
2. **TRATON's strategic framework**
3. **Core KPIs 3M 2020**
4. **Going forward**
5. **Q&A**

OVERALL CHALLENGING ENVIRONMENT: STATUS 2020



Global economy collapsing as a result of corona virus pandemic



Political environment is challenging and changing



Business climate in transportation industry in downturn

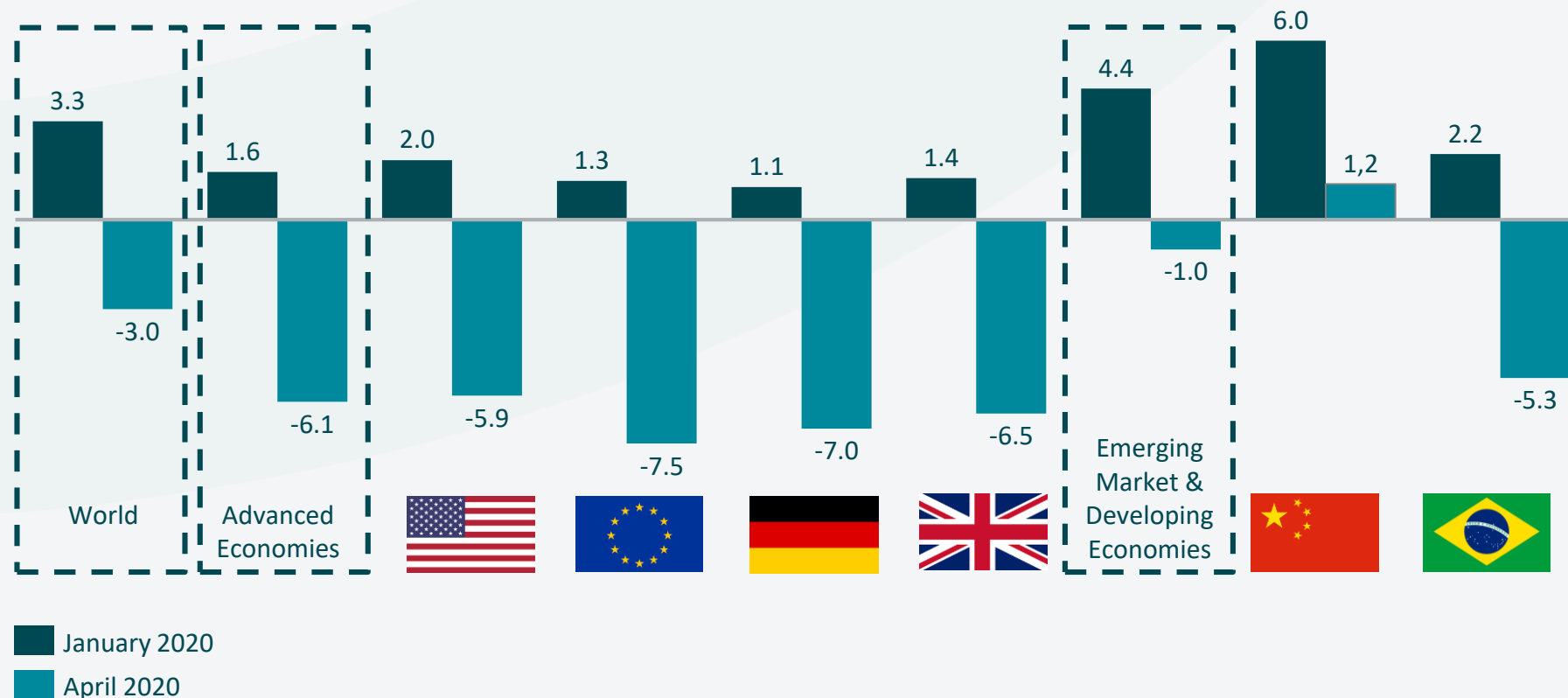


Challenging company environment balancing health and business



GLOBAL ECONOMIC OUTLOOK 2020¹ SIGNIFICANTLY DETERIORATED - CONTRACTION IS EXPECTED TO BE WORSE THAN DURING FINANCIAL CRISIS²

GDP forecast¹ (%)



¹ IMF World Economic Outlook April 2020
² 2008/2009



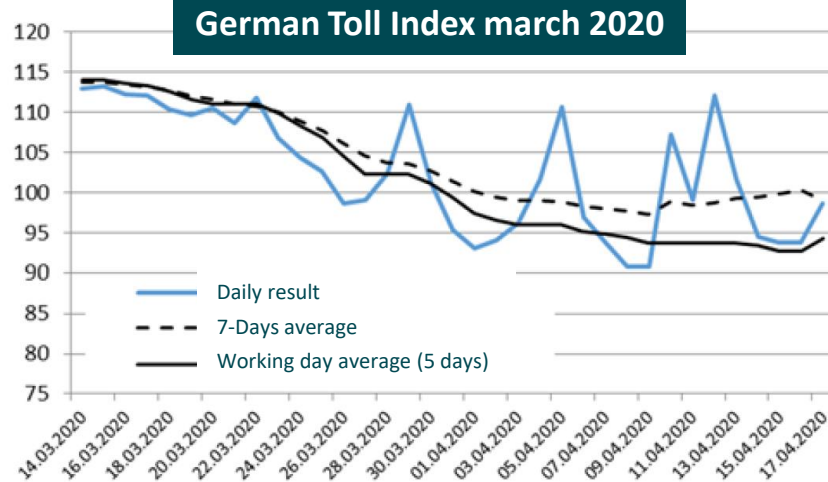
VEHICLE UTILIZATION DECREASED DUE TO CORONA CRISIS

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During corona crisis transportation kept the economy and health system running



...but other sectors had been interrupted due to production stops and transportation decreased heavily



Data shows a **slight stabilization in mileage** for the week after Easter

At the borders to our neighbor countries **consequences of Corona** on export and import are **clearly visible**

Largest declines at the borders to **FRA (-46%)** and **LUX (-42%)**

AGENDA

1. Challenging environment 2020

2. **TRATON's strategic framework**

3. Core KPIs 3M 2020

4. Going forward

5. Q&A

OUR WAY TO GLOBAL CHAMPION IS BASED ON FOUR PILLARS

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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 Value

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GROUP UNIT SALES GROWTH IN CORE MARKETS

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Truck unit sales in core markets¹; 2020 (units)

Growth 3M (Y-o-Y)

Market growth³



¹ Excluding MAN TGE vans ² EU27+3 region (defined as the EU27 countries with the exception of Malta, plus the United Kingdom, Norway, and Switzerland) ³ Information shown might include estimates or preliminary data; for EU27+3 and Germany data collected from ACEA provisional new registrations figures as at April 24, 2020, trucks > 16t; for Brazil data collected from ANFAVEA trucks > 6t as at April 06, 2020; South America own estimates

SNAPSHOT TRATON GROUP CORE KPIS 3M 2020

	3M 2020	3M 2019	Change in %
Trucks and buses (units)			
Order intake	54,161	64,357	-16%
Book to bill ¹ (ratio in units)	1.18	1.13	0.05 bpt
Unit sales	45,990	57,163	-20%
of which trucks ²	41,960	52,953	-21%
of which buses	4,030	4,210	-4%
Financial key performance indicators (€ million)			
Sales revenue	5,679	6,413	-11%
Operating profit	161	490	-67%
Operating RoS (in %)	2.8	7.6	-4.8 pp



¹ Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered, ² Including MAN TGE (Q1 2020: 3,428 units, Q1 2019: 3,122 units)

Change in € million

DEEP DIVE CORE KPIS 3M 2020 – TRATON'S TWO SEGMENTS INDUSTRIAL BUSINESS AND FINANCIAL SERVICES

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	3M 2020	3M 2019	Change in %
Industrial Business (€ million)			
Sales revenue	5,564	6,305	-12%
Operating profit	135	457	-70%
Operating RoS (in %)	2.4%	7.3%	-4.8 pp
Capital expenditures ¹	218	154	41%
Primary R&D costs	285	309	-8%
(€ million) Change in € million			
Net cash flow	-167	1,602	-1,770
Net liquidity ²	-162	1,500	-1,662
Financial Services (€ million) Change in %			
Sales revenue	216	203	6%
Operating profit	26	33	-21%



¹ Capital expenditures in property, plant, and equipment, and intangible assets (Euro million), ² as of 31.03.2020 and 31.12.2019

SCANIA VEHICLES & SERVICES – CORE KPIS 3M 2020

	3M 2020	3M 2019	Change in %
Trucks and buses (units)			
Order intake	20,671	26,703	-23%
Unit sales	18,184	23,576	-23%
of which trucks	16,605	22,186	-25%
of which buses	1,579	1,390	14%
Financial key performance indicators (€ million)			
Sales revenue	2,982	3,350	-11%
Operating profit	256	370	-31%
Operating RoS (in %)	8.6	11.0	-2.5 pp



MAN TRUCK & BUS – CORE KPIS 3M 2020

	3M 2020	3M 2019	Change in %
Trucks and buses (units)			
Order intake	24,098	29,866	-19%
Unit sales	18,166	24,972	-27%
of which trucks ¹	17,060	23,558	-28%
of which buses	1,106	1,414	-22%
Financial key performance indicators (€ million)			
Sales revenue	2,267	2,615	-13%
Operating profit	-78	122	-164%
Operating RoS (in %)	-3.4	4.7	-8.1 pp

¹ Including MAN TGE (Q1 2020: 3,428 units, Q1 2019: 3,122 units)



VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIS 3M 2020

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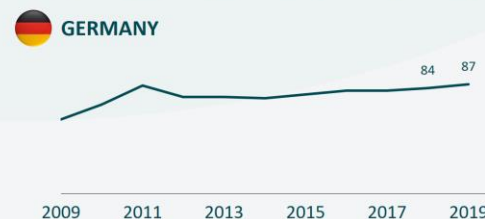
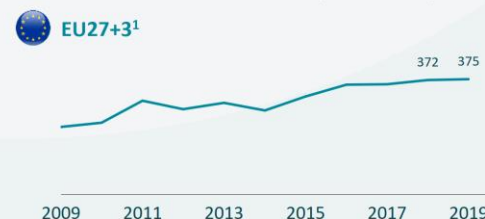
	3M 2020	3M 2019	Change in %
Trucks and buses (units)			
Order intake	9,517	8,917	7%
Unit sales	9,860	9,842	0%
of which trucks	8,505	8,342	2%
of which buses	1,355	1,500	-10%
Financial key performance indicators (€ million)			
Sales revenue	383	416	-8%
Operating profit	12	8	47%
Operating RoS (in %)	3.1	2.0	1.2 pp



ECONOMIC EFFECTS OF COVID-19 PANDEMIC WILL IMPACT THE MARKET DEVELOPMENT IN 2020; A RELIABLE FORECAST IS CURRENTLY IMPOSSIBLE

STATUS UPDATE – TRUCK MARKET

TRUCK MARKET DEVELOPMENT (> 6t, k units)



Economic effects of COVID-19 pandemic will impact the market development in 2020; a reliable forecast is currently impossible as announced on March 23, 2020 and confirmed on April 21, 2020

SOUTH AMERICA



BRAZIL



Source: Own calculation and estimates based on publicly available sources (ACSA, IHS Markit, ANF, ANFA, ...)
¹ EU27+3 region (defined as the EU27 countries with the exception of Malta, plus the United Kingdom, Norway, and Switzerland) (>=6t)

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STATUS UPDATE – RECENT TRACK RECORD AND OVER-THE-CYCLE TARGET

Economic effects of COVID-19 pandemic will impact the market development in 2020; a reliable forecast is currently impossible as announced on March 23, 2020 and confirmed on April 21, 2020

	FY 2018	FY 2019	2020 Outlook	Over-the-cycle RoS target
Unit sales (Units; Growth in %)	233.0k +14%	242.2k +4%	n.a.	
Group sales revenue (in €bn; Growth in %)	€25.9 bn +6%	€26.9 bn +4%	n.a.	
Group return on sales (in %; operating profit in €bn) ¹	5.8% €1.5 bn	7.0% €1.9 bn	n.a.	9% Over-the-cycle RoS
Cash conversion rate (in %; Industrial Business) ²	14%	179%	n.a.	

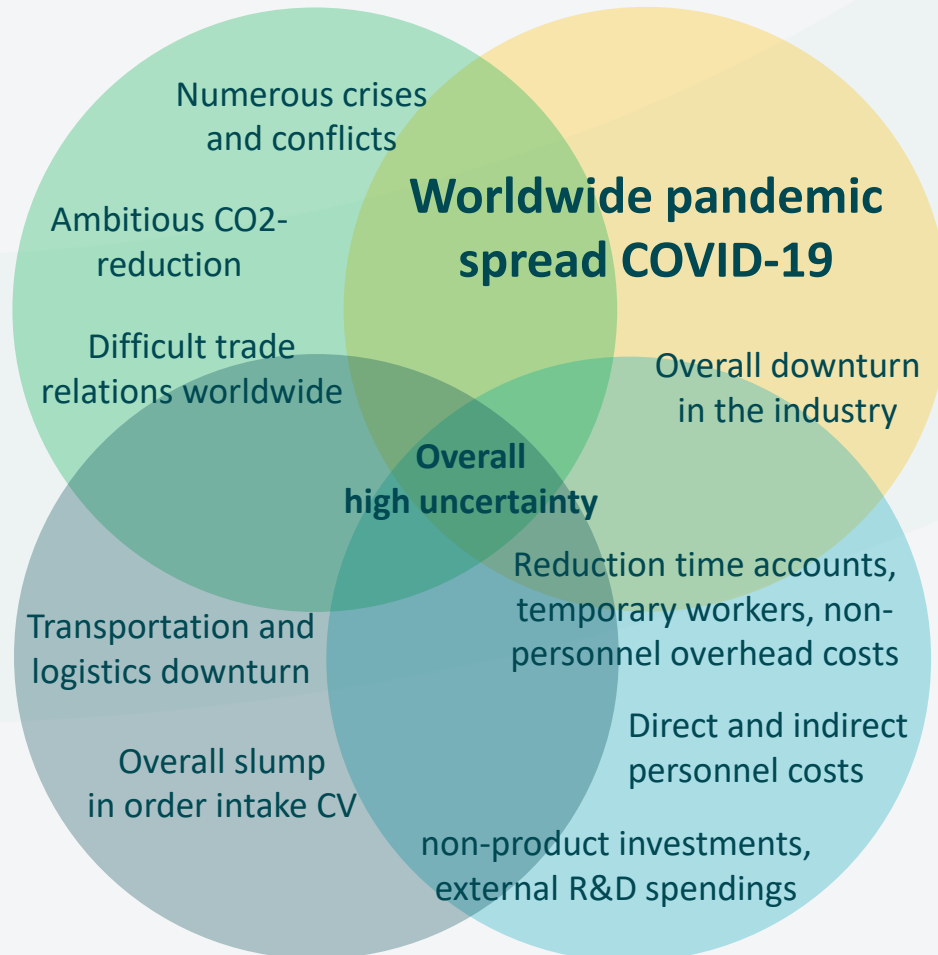
Notes: VODI operations (until as of January 2020) included in 2018.
¹ FY 2018: adjusted RoS 6.4%, adjusted operating profit €1.7 bn; FY 2019: adjusted RoS 7.0%, adjusted operating profit €1.9 bn. ² Calculated as the ratio of net cash flow to profit after tax; in FY 2019 and FY 2018, the cash conversion rate was impacted by a number of nonrecurring factors; FY 2019 reflected for example the proceeds from the disposal of the Power Engineering business.

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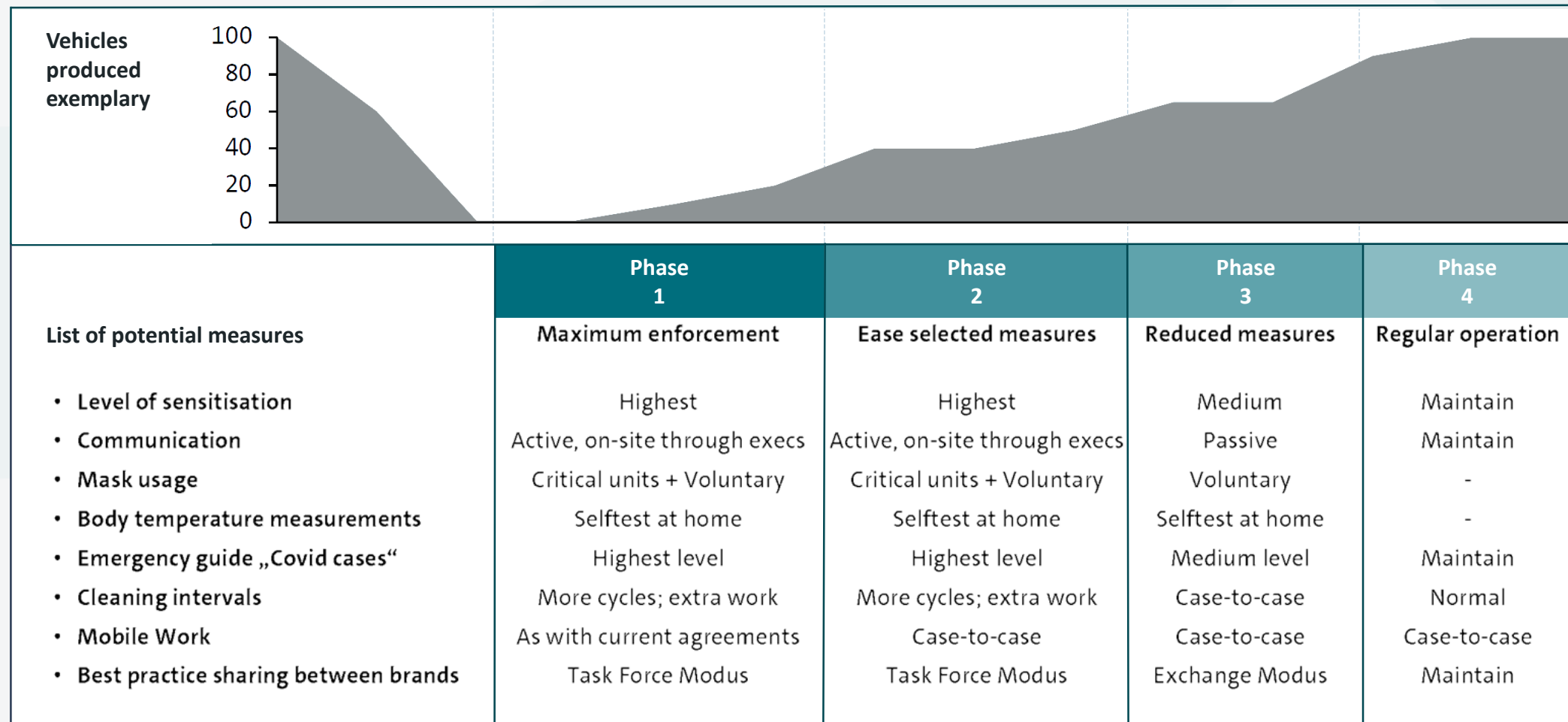


Challenging company environment balancing health and business



MOST IMPORTANT IS TO RE-START OUR BUSINESS IN A WAY THAT BALANCES HEALTH RISKS AND BUSINESS NEEDS

Start of production planned in four phases with incremental ease of safety measures

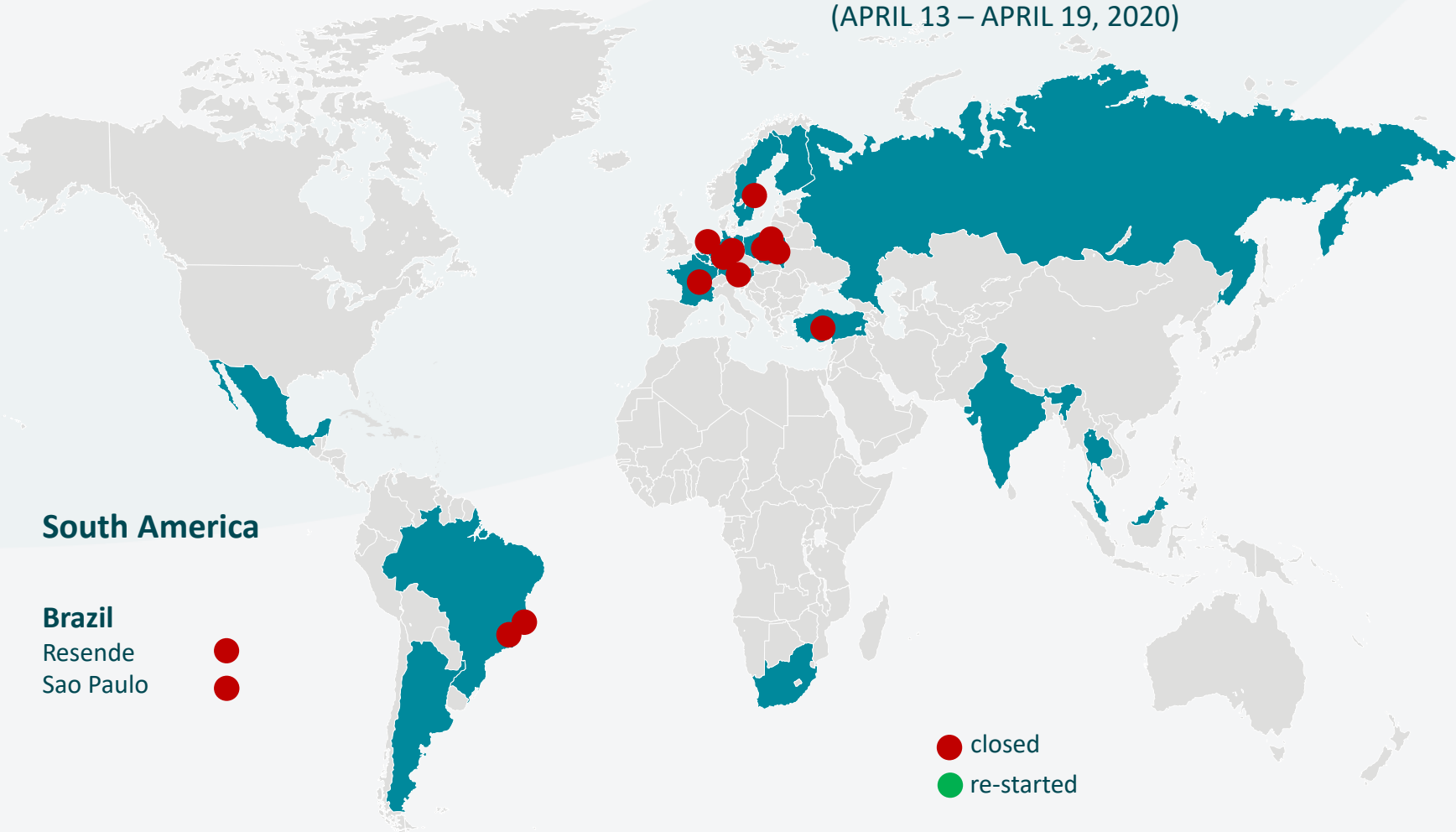




SECURED GRADUAL RE-START OF OUR KEY MANUFACTURING FACILITIES TO VERIFY SUPPLY CHAINS



CALENDER WEEK 16
(APRIL 13 – APRIL 19, 2020)



Europe

Austria
Steyr ●

France
Angers ●

Germany
Munich (HQ) ●
Nuremberg ●
Salzgitter ●

Netherlands
Zwolle ●

Poland

Kraków ●
Starachowice ●
Wreznia ●

Sweden
Södertälje ●

Turkey
Ankara ●

0 Countries

0 Plants

South America

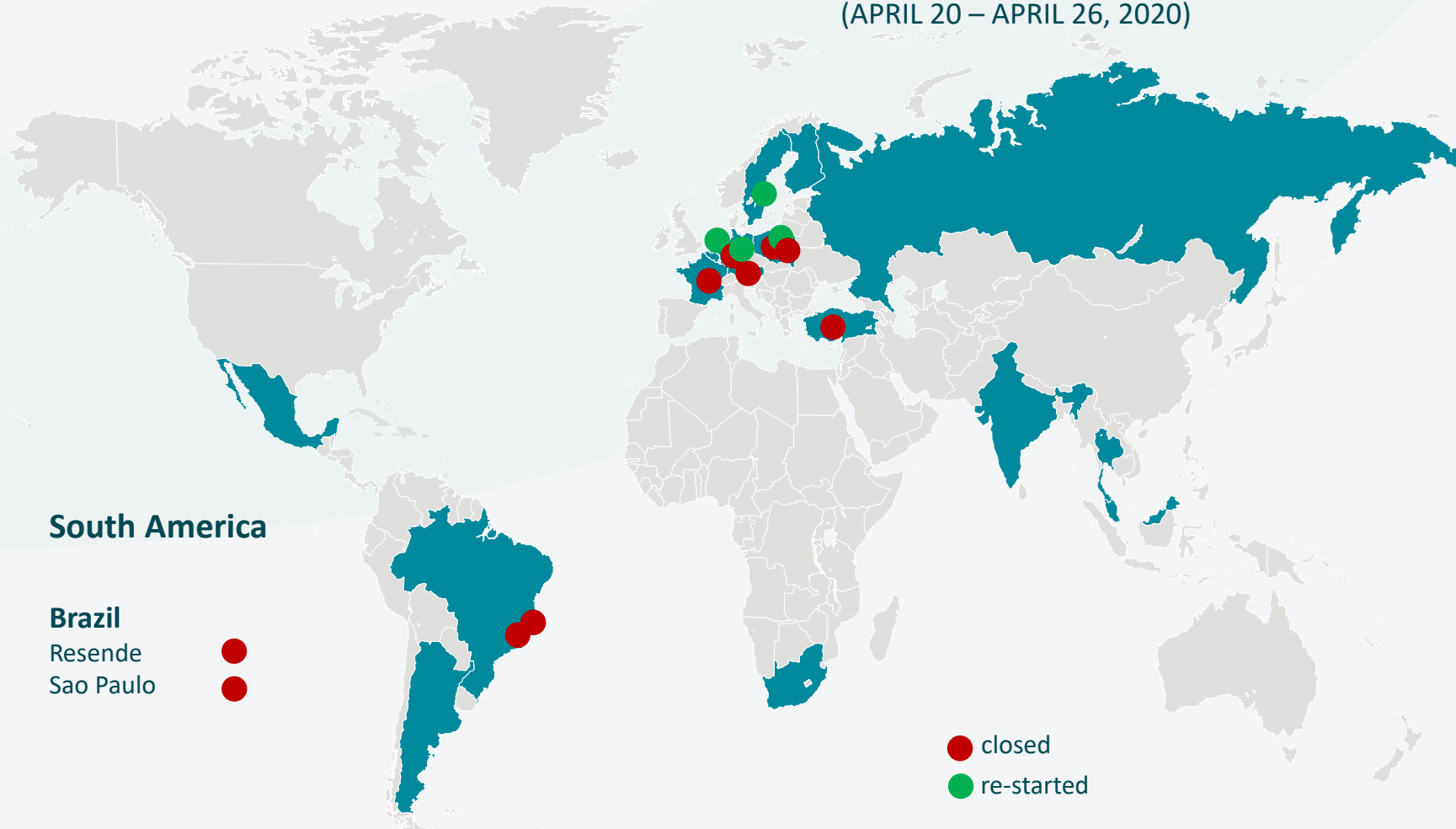
Brazil
Resende ●
Sao Paulo ●



SECURED GRADUAL RE-START OF OUR KEY MANUFACTURING FACILITIES TO VERIFY SUPPLY CHAINS



CALENDER WEEK 17
(APRIL 20 – APRIL 26, 2020)



South America

Brazil
Resende
Sao Paulo



Europe

Austria
Steyr



France
Angers



Germany
Munich (HQ)
Nuremberg
Salzgitter



Netherlands
Zwolle



Poland

Kraków
Starachowice
Wreznia



Sweden
Södertälje



Turkey
Ankara



4 Countries

4 Plants

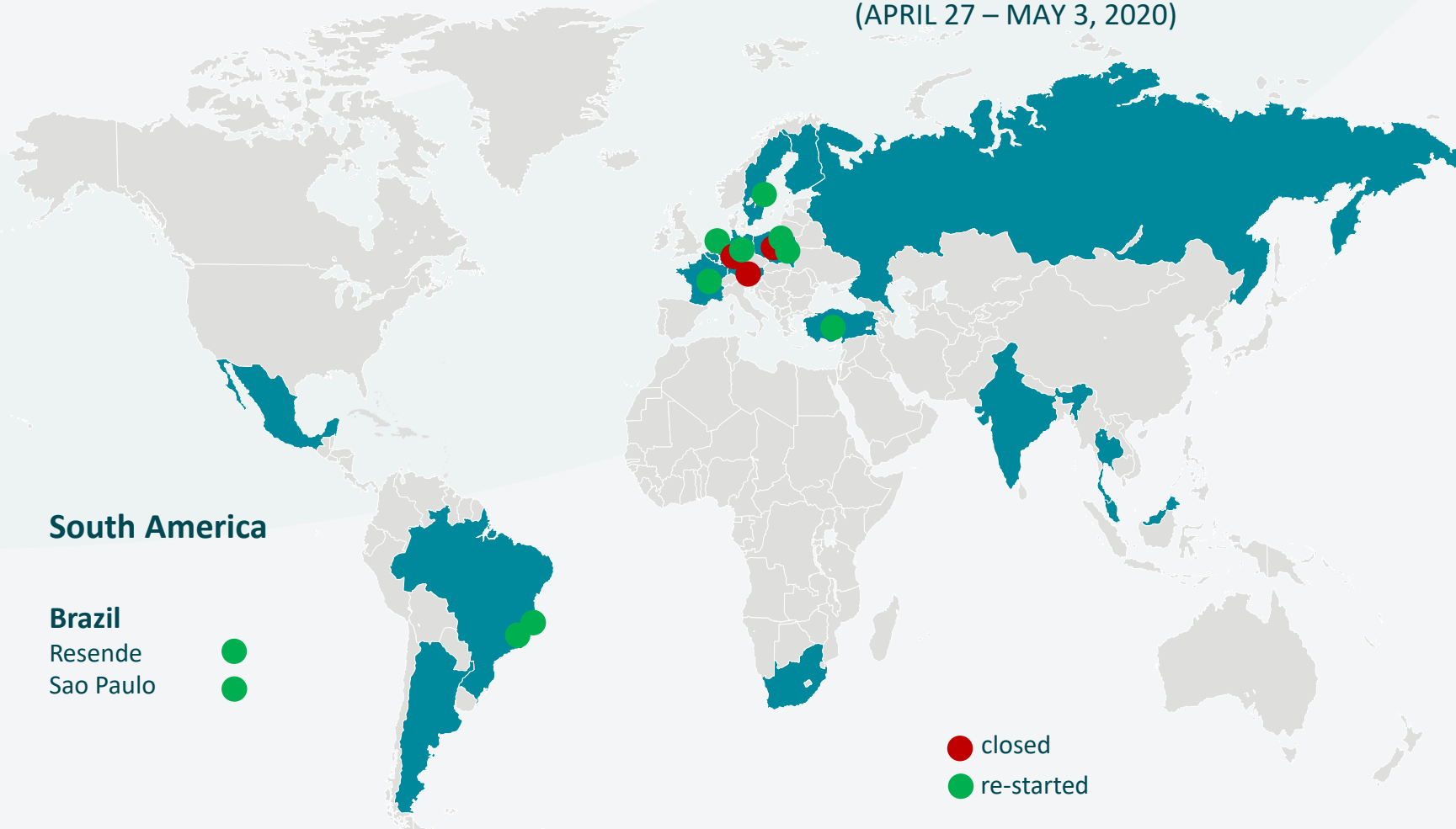
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● re-started



SECURED GRADUAL RE-START OF OUR KEY MANUFACTURING FACILITIES TO VERIFY SUPPLY CHAINS



CALENDER WEEK 18
(APRIL 27 – MAY 3, 2020)



South America

Brazil

Resende
Sao Paulo



Europe

Austria

Steyr



France

Angers



Germany

Munich (HQ)
Nuremberg
Salzgitter



Netherlands

Zwolle



Poland

Kraków
Starachowice
Wreznia



Sweden

Södertälje



Turkey

Ankara



7 Countries

10 Plants

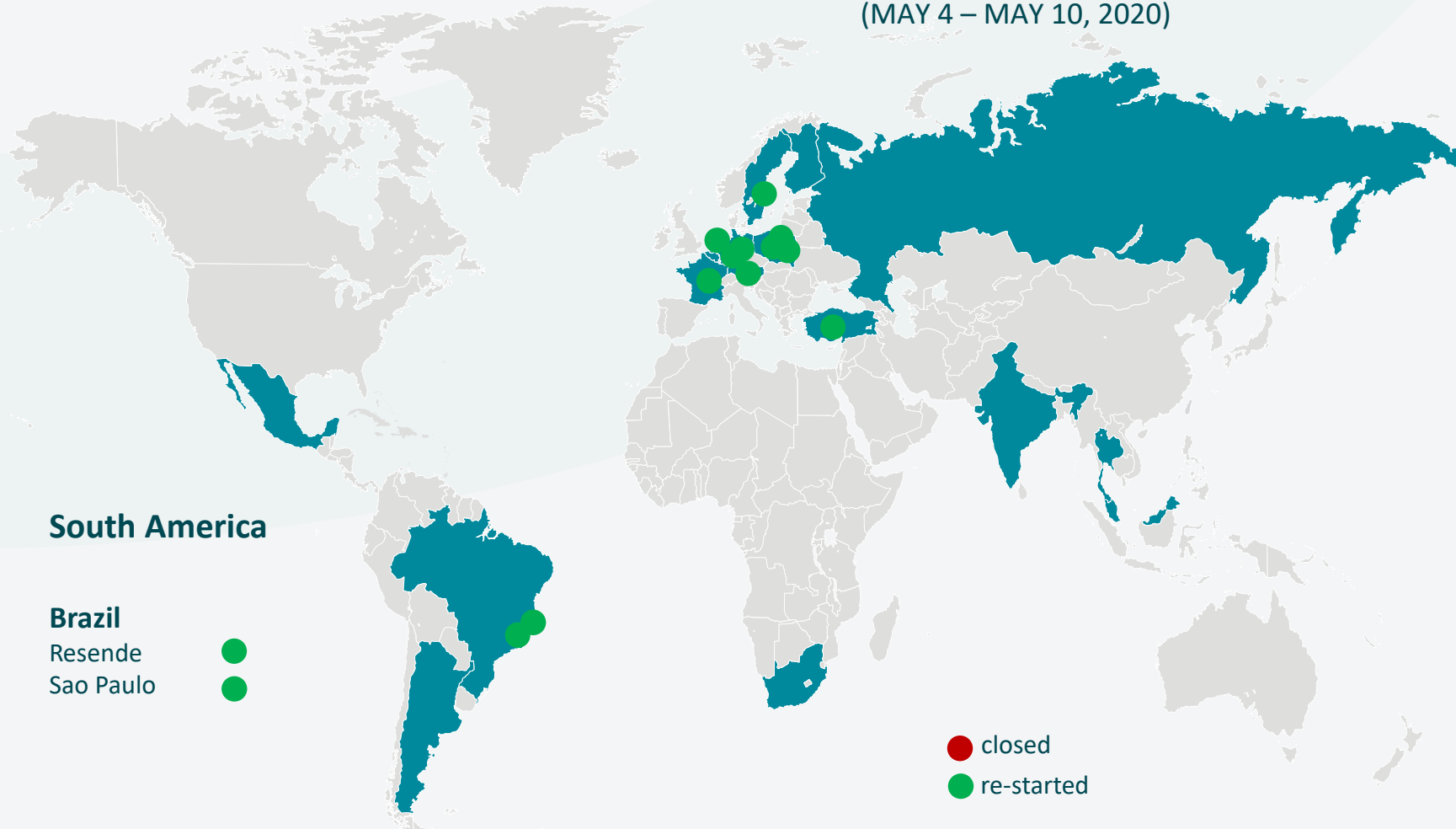
● closed
● re-started



SECURED GRADUAL RE-START OF OUR KEY MANUFACTURING FACILITIES TO VERIFY SUPPLY CHAINS

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CALENDER WEEK 19
(MAY 4 – MAY 10, 2020)



Europe

Austria

Steyr

France

Angers

Germany

Munich (HQ)

Nuremberg

Salzgitter

Netherlands

Zwolle

Poland

Kraków

Starachowice

Wreznia

Sweden

Södertälje

Turkey

Ankara

7 Countries

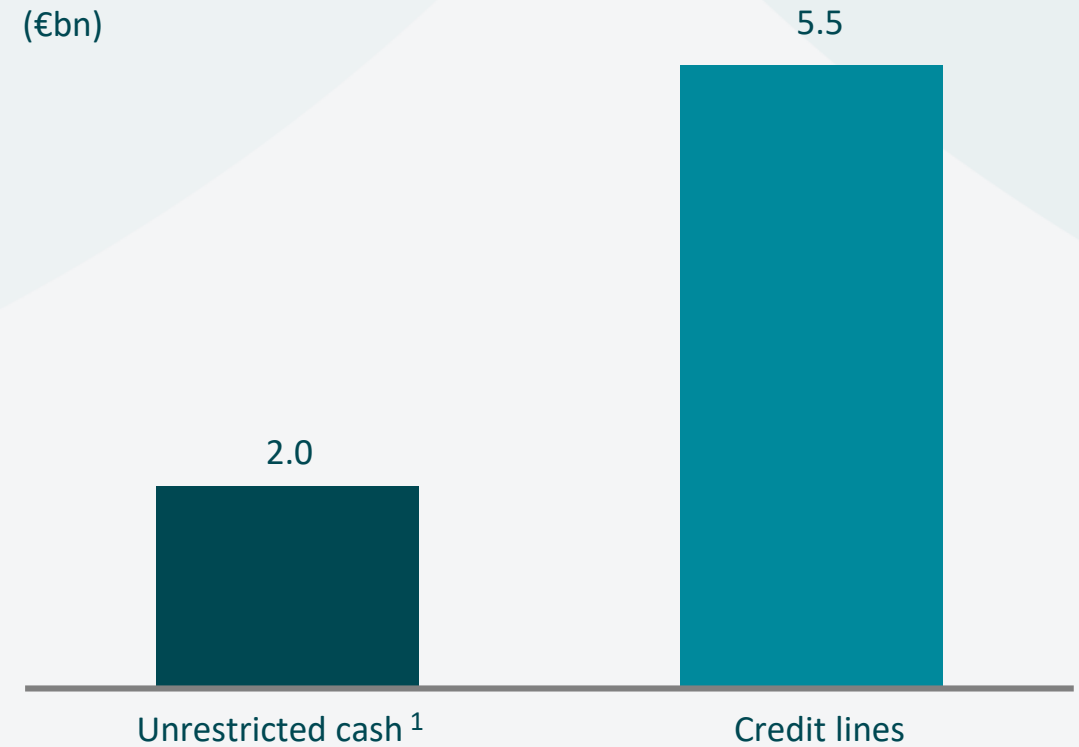
13 Plants



FOCUS ON SAFEGUARDING LIQUIDITY

SOLID LIQUIDITY POSITION (as of April 30, 2020)

- Strict cash and cost management
- Unrestricted cash¹ totaling more than €2 bn
- Credit lines totaling more than €5.5 bn
- Re-prioritize of investments and R&D expenditure



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Note: Net debt as of March 31, 2020 €162 mn, mainly due to the cash outflow due to the profit transfer to Volkswagen AG for the previous year of € 1,404 mn

¹ Fully available and accessible cash. Additional cash may be located in countries with certain cash transfer limitations, however, is not necessarily “trapped” given such cash is locally used in operations



THERE IS NO “NEXT NORMAL” WITHOUT TRANSPORTATION

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ECONOMIC RECOVERY FROM COVID-19 CRISIS LIKELY TO BE DETERMINED BY A COMBINATION OF FACTORS



Major drivers expected to influence recovery



Economic policy



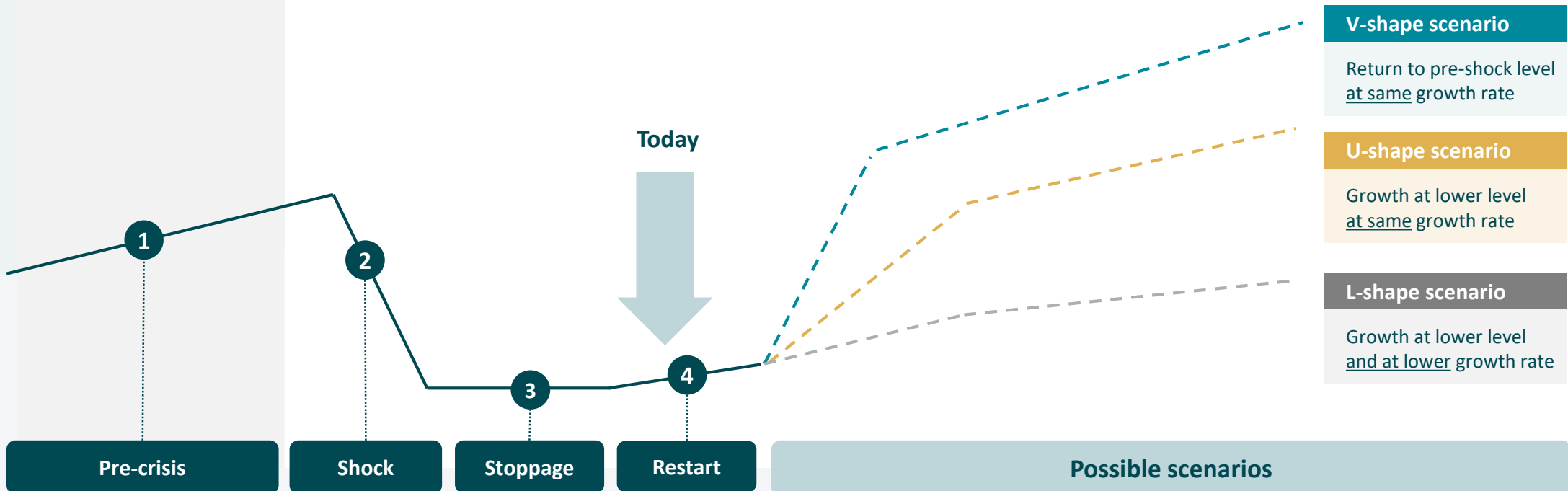
Health and safety measures



Supply disruption



Demand disruption





ENORMOUS EFFORTS HAVE ALREADY BEEN MADE TO STABILIZE ECONOMY AND EMPLOYMENT - NOW WE NEED A RE-START



Employees' health comes first. Targeted measures to protect our employees will enable us to restart production gradually.



Coordinated reopening of the industry at EU level. A restart of production is only possible if the EU and member states agree and coordinate on border openings and supplier networks.



Reviving demand at national and EU level is fundamental. Provide financial support through EU-budget and national budgets to boost private and business demand.



Rapid revival of the Commercial Vehicle markets. EU-wide investment program for more efficient and cleaner trucks would help environment and economy.

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MAY 04, 2020

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