

# TRATON

G R O U P

# 3M 2020

INTERIM STATEMENT AS OF MARCH 31, 2020





**“The corona pandemic is a major challenge. It does, however, also present an opportunity to combine the process of rebuilding with a more sustainable transportation ecosystem.”**

ANDREAS RENSCHLER,  
CEO of the TRATON GROUP

# 2

SEGMENTS

The business activities of the TRATON GROUP are divided into the two segments Industrial Business and Financial Services. The Industrial Business segment combines the three operating units MAN Truck & Bus, Scania Vehicles & Services, and Volkswagen Caminhões e Ônibus. The Financial Services segment offers customers a broad range of financial services, including dealer and customer financing, leasing, and insurance products.

3M 2020:



## €216 MILLION

sales revenue in the Financial Services segment



## €5,564 MILLION

sales revenue in the Industrial Business segment

# 17

COUNTRIES



The TRATON GROUP offers light-duty commercial vehicles, trucks, and buses at 29 production and assembly sites in 17 countries.

# 29

LOCATIONS



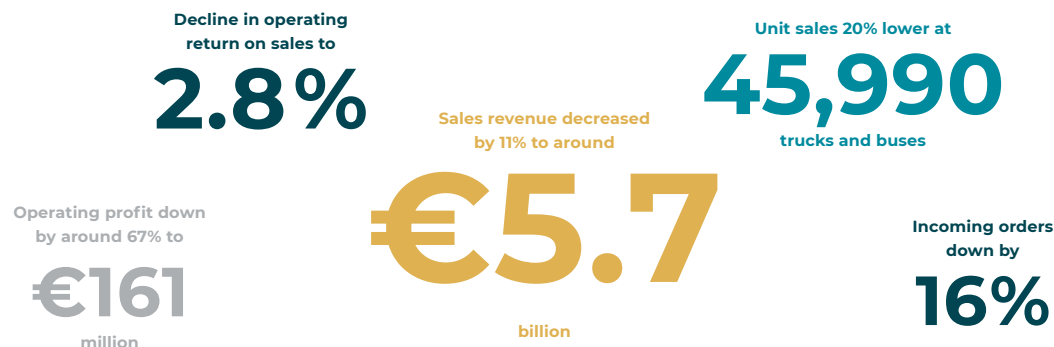
# 83,000

EMPLOYEES



The TRATON GROUP employs around 83,000 employees worldwide across its commercial vehicle brands (as of December 31, 2019).

# AT A GLANCE



## TRATON GROUP

Trucks and buses (units)	3M 2020	3M 2019	Change
Incoming orders	54,161	64,357	-16%
Unit sales	45,990	57,163	-20%
of which trucks <sup>1</sup>	41,960	52,953	-21%
of which buses	4,030	4,210	-4%

## TRATON GROUP

Sales revenue (€ million)	5,679	6,413	-11%
Operating profit (€ million)	161	490	-67%
Operating return on sales (in %)	2.8	7.6	-4.8 pp
Earnings per share (€)	0.19	0.76	-0.57

## Industrial Business

Sales revenue (€ million)	5,564	6,305	-12%
Operating profit (€ million)	135	457	-70%
Operating return on sales (in %)	2.4	7.3	-4.8 pp
Adjusted EBITDA (€ million) <sup>2</sup>	414	766	-46%
Primary R&D costs (€ million)	285	309	-8%
Capex (€ million)	218	154	41%
Net cash flow (€ million)	-167	1,602	-1,770
Cash conversion rate (in %)	n/a	456	n/a
Net liquidity/net financial debt (€ million) <sup>3</sup>	-162	1,500	-1,662

## Financial Services

Sales revenue (€ million)	216	203	6%
Operating profit (€ million)	26	33	-21%
Net portfolio (€ million) <sup>3</sup>	9,375	9,936	-561

1 Incl. MAN TGE vans (3M 2020: 3,428 units; 3M 2019: 3,122 units)

2 Does not contain any adjustments as of March 31, 2020, and March 31, 2019

3 As of March 31, 2020, and December 31, 2019

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This interim statement was prepared in accordance with section 53 of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB) and does not constitute an interim financial report as defined in International Accounting Standard (IAS) 34. It does not contain any related party disclosures and hence departs from the guidance for preparing interim management statements in Sweden proposed by Nasdaq Stockholm. This interim statement has not been reviewed by an auditor.

This interim statement contains certain forward-looking statements for the remaining months of fiscal year 2020. A range of known and unknown risks, uncertainties, and other factors may result in the actual results, financial position, development, or performance of the TRATON GROUP differing materially from the estimates given here. Such factors include those that TRATON has described in published reports. These reports are available on our website at [www.traton.com](http://www.traton.com). The Company does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

The figures relating to net assets, financial position, and results of operations were prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

In connection with the United Kingdom's withdrawal from the EU on January 31, 2020, the "EU28+2" region has been renamed the "EU27+3" region starting in 2020 (defined as the EU27 countries excluding Malta, plus the United Kingdom, Norway, and Switzerland).





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# COURSE OF BUSINESS

3M 2020



# COURSE OF BUSINESS

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## Market Environment

The registration data presented for the TRATON GROUP's core regions represents the situation in January and February 2020 and therefore does not reflect the impact of the COVID-19 pandemic.

The most important truck markets (>6 t) for the TRATON GROUP are the EU27+3 region (defined as the EU27 countries excluding Malta, plus the United Kingdom, Norway, and Switzerland) as well as Brazil, South Africa, Russia, and Turkey. Registrations in the EU27+3 region fell sharply year-on-year, in line with existing industry expectations. The 2019 comparative period also contained pre-buy effects attributable to the possible no-deal Brexit.

Truck registrations in Brazil were down slightly compared with the prior-year period, due in particular to weaker seasonal demand attributable to public holidays. Turkey recorded a significant increase in registrations, albeit based on a very low prior-year period. The Russian market posted a sharp rise, driven in particular by a favorable ruble exchange rate and additional government spending. By contrast, the South African market recorded a noticeable decline.

The most important bus markets for the TRATON GROUP are the EU27+3 region, Brazil, and Mexico. Bus registrations in the EU27+3 region were down slightly year-on-year due to major orders in 2019. The Italian and United Kingdom markets in particular posted a substantial decline, but this was virtually offset by growth in France and Germany. The Brazilian market declined significantly compared with the previous year due to seasonally muted demand as a result of public holidays. The 2019 prior-year period also contained registrations from the government program for school buses. The Mexican market recorded a substantial decline.

## Incoming Orders

Units	3M 2020	3M 2019	Change
<b>Incoming orders, Industrial Business</b>	<b>54,161</b>	<b>64,357</b>	<b>-16%</b>
of which trucks <sup>1</sup>	48,603	58,978	-18%
of which buses	5,558	5,379	3%

<sup>1</sup> Incl. MAN TGE vans (3M 2020: 4,549 units; 3M 2019: 3,828 units)

Incoming orders in the Industrial Business segment stood at 54,161 (3M 2019: 64,357) units in the first quarter of 2020, down 16% on the previous year's level. The reduction was attributable to the Truck business. The economic downturn expected for 2020 and already the first quarter of 2020 was amplified in March by the uncertainties resulting from the COVID-19 pandemic. Incoming orders declined substantially, especially in the EU27+3 region and in South America. The decline in South America was attributable in particular to Brazil. Incoming orders grew in the Middle East and Asia/Pacific regions.

Incoming orders in the Bus business amounted to 5,558 (3M 2019: 5,379) units in the first quarter of 2020, representing a slight increase compared with the prior-year period. The overall sharp rise in the first two months of the quarter was curbed by the uncertainties resulting from the COVID-19 pandemic in March. The EU27+3 region recorded a slight decrease. South America grew substantially, in particular in Colombia and Chile, while incoming orders in Brazil were on a level with the previous period. By contrast, the Africa and Asia/Pacific regions posted a substantial drop. Incoming orders in Mexico also fell sharply.

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## Unit Sales by Country

Units	3M 2020	3M 2019	Change
<b>Unit sales, Industrial Business</b>	<b>45,990</b>	<b>57,163</b>	<b>-20%</b>
<b>Unit sales, trucks<sup>1</sup></b>	<b>41,960</b>	<b>52,953</b>	<b>-21%</b>
EU27+3 region	24,093	34,986	-31%
of which in Germany	7,020	9,820	-29%
South America	10,865	10,398	4%
of which in Brazil	9,649	9,226	5%
Other regions	7,002	7,569	-7%
<b>Unit sales, buses</b>	<b>4,030</b>	<b>4,210</b>	<b>-4%</b>
EU27+3 region	1,304	1,349	-3%
of which in Germany	378	346	9%
South America	1,829	1,753	4%
of which in Brazil	1,348	1,178	14%
Other regions	897	1,108	-19%

1 Incl. MAN TGE vans (3M 2020: 3,428 units; 3M 2019: 3,122 units)

Unit sales in the Industrial Business segment amounted to 45,990 (3M 2019: 57,163) units in the first quarter of 2020, and hence down 20% on the previous year's level. The decline was primarily attributable to the Truck business, which recorded a substantial slump in the EU27+3 region in line with the overall market trend. This development was further amplified by the uncertainties resulting from the COVID-19 pandemic in March. This also put a brake on growth in South America, in particular in Brazil and Argentina. The reduction in the remaining markets was mainly attributable to Russia and South Africa.

Unit sales of buses were down slightly year-on-year in the EU27+3 region, where the substantial drops in Spain, Belgium, and Bulgaria were only partly offset by growth in the United Kingdom, Germany, and Austria. Unit sales in South America were slightly higher than in the previous year. Colombia and Brazil made a particular contribution to this growth. Unit sales fell short of the prior-year level in the remaining regions, due primarily to substantial declines in Mexico and South Africa.

## Sales Revenue by Product Group

€ million	3M 2020	3M 2019	Change
<b>TRATON GROUP</b>	<b>5,679</b>	<b>6,413</b>	<b>-11%</b>
<b>Industrial Business</b>	<b>5,564</b>	<b>6,305</b>	<b>-12%</b>
New Vehicles	3,290	4,057	-19%
After Sales <sup>1</sup>	1,268	1,246	2%
Others	1,006	1,002	0%
<b>Financial Services</b>	<b>216</b>	<b>203</b>	<b>6%</b>
Consolidation/others	-101	-95	-

1 Incl. spare parts and workshop services

The TRATON GROUP generated sales revenue of €5.7 billion in the first quarter of 2020 (3M 2019: €6.4 billion), a year-on-year decline of 11%. The 12% decline in sales revenue in the Industrial Business segment was attributable to the New Vehicles business, and reflected the slump in truck sales. By contrast, sales revenue in the Bus business showed a significant increase. The After Sales business posted slight growth, and other sales revenue was on a level with the prior-year period. Decreases in the sales revenue from used vehicles were offset by the Engines business. Negative exchange rate effects also weighed on sales revenue.

Sales revenue in the Financial Services segment grew moderately as a result of the increase in the net portfolio.



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## Condensed Income Statement

	TRATON GROUP		Industrial Business		Financial Services		Others/reconciliation	
€ million	3M 2020	3M 2019	3M 2020	3M 2019	3M 2020	3M 2019	3M 2020	3M 2019
Sales revenue	5,679	6,413	5,564	6,305	216	203	-101	-95
Cost of sales	-4,659	-5,109	-4,621	-5,073	-139	-131	101	94
<b>Gross profit</b>	<b>1,020</b>	<b>1,304</b>	<b>943</b>	<b>1,232</b>	<b>78</b>	<b>72</b>	<b>0</b>	<b>-1</b>
Distribution expenses	-594	-580	-562	-550	-32	-30	0	0
Administrative expenses	-238	-259	-238	-259	-	-	-	-
Other operating result	-27	24	-8	33	-19	-9	0	0
<b>Operating profit</b>	<b>161</b>	<b>490</b>	<b>135</b>	<b>457</b>	<b>26</b>	<b>33</b>	<b>0</b>	<b>0</b>
Operating return on sales (in %)	2.8	7.6	2.4	7.3	12.0	16.2	-	-
Financial result	-30	17	-30	13	0	0	0	4
<b>Profit before tax</b>	<b>131</b>	<b>507</b>	<b>105</b>	<b>470</b>	<b>26</b>	<b>33</b>	<b>0</b>	<b>3</b>
Income taxes	-35	-122	-28	-117	-8	-7	0	3
Loss from discontinued operations, net of tax	-	-2	-	-2	-	-	-	-
<b>Profit after tax</b>	<b>96</b>	<b>383</b>	<b>77</b>	<b>351</b>	<b>18</b>	<b>25</b>	<b>0</b>	<b>6</b>

## Operating profit:

The decline in demand and the measures adopted in connection with the COVID-19 pandemic — in particular worldwide closures of our production sites starting in the second half of March — drove down gross profit by 22% year-on-year to €1,020 million. The gross margin was 18.0% (3M 2019: 20.3%). The decline was primarily due to the 11% drop in sales revenue. Higher depreciation and amortization charges, as well as additional expenses in connection with the rollout of the new truck generation at MAN Truck & Bus, also contributed to this development.

Distribution expenses increased as a result of the higher expenses in connection with the launch of the new truck generation at MAN Truck & Bus. Strict cost management led to a reduction in administrative expenses. The fact that the expenses incurred in the prior-year period in conjunction with the TRATON GROUP's capital market readiness and its initial public offering (IPO) no longer applied also played a role here. The ratio of distribution and administrative expenses to sales revenue rose by 1.6 percentage points year-on-year due to the lower sales revenue.

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Other operating result decreased by €51 million. The main reasons for this decline were income from insurance payments amounting to approximately €19 million from the settlement between MAN SE and D&O insurers in connection with the “Ferrostaal” compliance case in the prior-year period, increased expenses from bad debt allowances on receivables in the first quarter of 2020, and higher income from indirect taxes in Brazil in the prior-year period. The effects of changes in exchange rates largely canceled each other out within other operating result.

The TRATON GROUP’s operating profit fell by €328 million to €161 million. The TRATON GROUP’s operating return on sales decreased by 4.8 percentage points to 2.8%.

**Financial result:**

At €–30 million, the financial result was down €47 million year-on-year. This development was primarily attributable to the lower share of profits and losses of equity-method investments.

**Taxes:**

The income tax expense reported for the first quarter of 2020 was €35 million (3M 2019: €122 million), corresponding to a tax rate of 27% (3M 2019: 24%). The lower tax rate in the prior-year comparative period was due to prior-period taxes, among other factors.

**Profit after tax:**

Profit after tax was €96 million in the first quarter of 2020 and thus €288 million lower than in the prior-year period (3M 2019: €383 million). Earnings per share fell from €0.76 to €0.19.

The calculation of earnings per share was based on 500 million shares.

**Business Performance: Industrial Business**

€ million	3M 2020	3M 2019	Change
Operating profit	135	457	–322
Operating return on sales (in %)	2.4	7.3	–4.8 pp
Capex	218	154	64
Primary R&D costs	285	309	–24

**Operating profit:**

The measures taken in connection with the COVID-19 pandemic — in particular the worldwide closures of our production sites starting in the second half of March — negatively impacted operating profit in the reporting period. The decline was also attributable to the lower volume, increased depreciation and amortization charges, and additional expenses in connection with the rollout of the new truck generation at MAN Truck & Bus. Higher expenses from bad debt allowances on receivables also had an impact in the first quarter of 2020.

**Operating profit (adjusted):**

Reported operating profit was the same as adjusted operating profit in both the reporting and the prior-year periods.



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**Capex:**

Capex rose by €64 million in the first quarter of 2020. The primary investing activities related to replacement investments, capital expenditures in conjunction with new products, such as engine platforms and transmissions, as well as capital expenditures in facility expansions, e.g., foundry equipment.

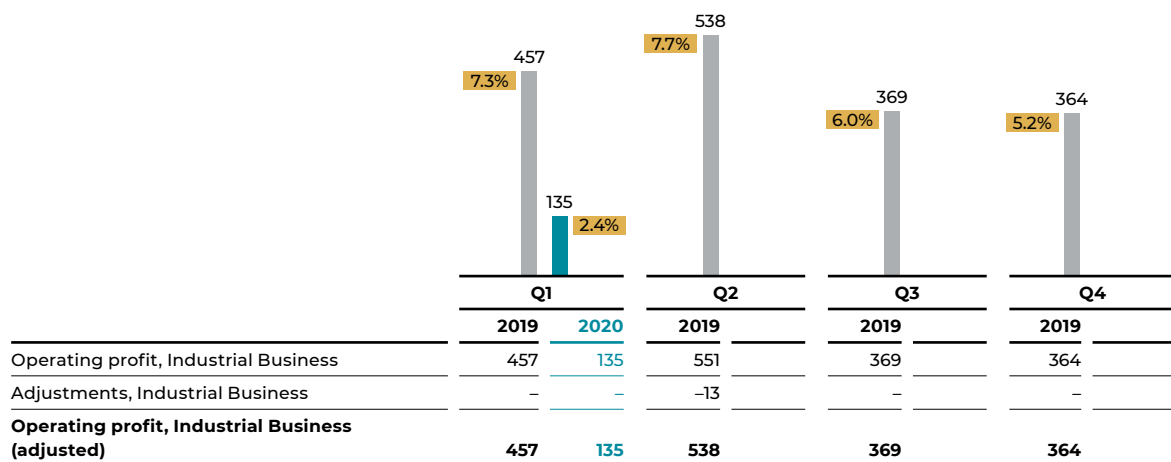
**Primary research and development costs:**

Primary research and development costs declined by €24 million in the reporting period. This was due primarily to the high R&D expenses in connection with the development of the new truck and bus generations at MAN Truck & Bus in the prior-year period.

**Overview by quarter:****OPERATING PROFIT INDUSTRIAL BUSINESS (ADJUSTED)**

€ million

■ Operating return on sales (adjusted) ■ 2019 ■ 2020



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## Business Performance: Financial Services

	3M 2020	3M 2019	Change
Operating profit (€ million)	26	33	-7
Operating return on sales (in %)	12.0	16.2	-4.2 pp

The Financial Services segment's operating profit declined to €26 million in the first quarter of 2020 (3M 2019: €33 million). This decrease was the result of lower margins and higher operating expenses and bad debts.

## Net Cash Flow

€ million	TRATON GROUP		Industrial Business		Financial Services		Others/reconciliation	
	3M 2020	3M 2019	3M 2020	3M 2019	3M 2020	3M 2019	3M 2020	3M 2019
Gross cash flow	548	811	465	792	116	116	-32	-97
Change in working capital	-307	-1,197	-324	-910	-72	-341	89	55
Net cash provided by/used in investing activities attributable to operating activities	-310	1,719	-309	1,721	-1	-2	-	0
<b>Net cash flow</b>	<b>-68</b>	<b>1,334</b>	<b>-167</b>	<b>1,602</b>	<b>43</b>	<b>-227</b>	<b>57</b>	<b>-42</b>

Gross cash flow fell by €263 million to €548 million in the first quarter of 2020, primarily due to earnings-related factors.

Net cash provided by operating activities was negatively impacted in the reporting period by funds tied up in working capital (€307 million), in particular the €365 million increase in inventories. However, compared with the prior-year period, funds tied up in working capital were €890 million lower. This is due above all to the €272 million lower increase in inventories and a slight decrease in financial services receivables by €18 million (3M 2019: €271 million increase). Receivables declined by €103 million in the

The number of financing contracts rose from around 175,700 as of December 31, 2019, to around 176,200 as of March 31, 2020. 7,834 new contracts were entered into in the first quarter of 2020 (3M 2019: 10,222 contracts). The year-on-year drop in new contracts is primarily attributable to the lower unit sales in the New Vehicles business.

first quarter of 2020, in contrast to a €90 million increase in the prior-year period. The effects described above are primarily attributable to the production stop in March and the lower sales revenue due to the COVID-19 pandemic.

The €160 million increase in liabilities (3M 2019: €192 million) reduced the funds tied up in working capital. This increase in the reporting period was largely attributable to higher trade payables, which were partly offset by the €95 million decrease in buyback liabilities (3M 2019: increase of €57 million). Within working capital, the €183 million (3M 2019: €362 mil-



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lion) increase in products leased out was offset by the depreciation of products leased out and by the decrease in buyback liabilities in net cash provided by/used in operating activities.

Net cash provided by/used in investing activities attributable to operating activities in the first quarter of 2019 was marked by the proceeds from the disposal of the Power Engineering business amounting to €1,978 million. Other capital expenditures in the first three months of 2020 were up €63 million year-on-year due to higher spending on property, plant, and equipment.

The TRATON GROUP's net cash flow decreased overall by €1,402 million to €-68 million.

## Cash Conversion Rate in the Industrial Business Segment

€ million	3M 2020	3M 2019	Change
Net cash flow	-167	1,602	-1,770
Profit after tax	77	351	-274
<b>Cash conversion rate (in %)</b>	<b>n/a</b>	<b>456</b>	<b>n/a</b>

The cash conversion rate was positively affected in the prior-year period by the proceeds of €1,978 million from the disposal of the Power Engineering business. In the first quarter of 2020, the negative net cash flow resulted in a negative cash conversion rate. For information on the factors affecting net cash flow, please refer to the "Net cash flow" section.

## Net Liquidity/Net Financial Debt

€ million	TRATON GROUP		Industrial Business	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash and cash equivalents	1,614	1,913	1,551	1,853
Marketable securities, investment deposits, and loans to affiliated companies	1,793	3,195	1,794	3,288
<b>Gross liquidity</b>	<b>3,407</b>	<b>5,108</b>	<b>3,345</b>	<b>5,141</b>
Total third-party borrowings	-11,977	-12,497	-3,507	-3,641
<b>Net liquidity/net financial debt</b>	<b>-8,569</b>	<b>-7,390</b>	<b>-162</b>	<b>1,500</b>

In the first quarter of 2020, net financial debt increased by €1,179 million to €8,569 million. This is due primarily to the cash outflow of €1,404 million for the profit transfer for fiscal year 2019 to Volkswagen AG.

Investment deposits as of March 31, 2020, contained deposits by TRATON SE of €1,700 million (3M 2019: €3,100 million) with Volkswagen AG.

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## Opportunities and Risks

The Report on Opportunities and Risks should be read in conjunction with our guidance in the 2019 Annual Report. The TRATON GROUP's risk position changed considerably compared with the guidance in the 2019 Combined Management Report. The global impact of the COVID-19 pandemic results in a high level of uncertainty about future developments, which is reflected in particular in the risk categories of operations, markets, and finance. This may also adversely affect net assets, financial position, and results of operations in the remaining quarters of fiscal year 2020.

The primary focus in our **operations** is to minimize the health risks to our employees and business partners. At the same time, it became increasingly difficult in recent weeks to supply our plants with purchased parts and components because of both business interruptions on supplier side and disruption of the transportation chains. We responded to these risks by largely interrupting our own production and with other measures to safeguard our financial room for maneuver, for example through the introduction of short-time working and comparable measures.

Restarting production is a complex process that is also associated with considerable risks. On the one hand, this will require additional safety measures for an indefinite period of time to protect our employees, and on the other, all essential supply chains will have to be seamlessly restored at the same time as we restart production. Interdisciplinary project teams are working hard to put in place the necessary preparations at the TRATON GROUP's operating units.

It is now apparent that sustaining the movement of goods and hence the provision of logistics services by our customers during a pandemic is a matter of major social importance. Nevertheless, further economic developments are subject to a high level of uncertainty for our customers. This results in considerable **market risks** for us. These relate to the new and used vehicle business as well as the after-sales business, and can negatively impact volumes and margins. The question of how the markets will continue to develop in the face of the COVID-19 pandemic is currently unclear, and we are monitoring the situation continuously.

In the **finance** category, we are paying particular attention to safeguarding our liquidity during the COVID-19 pandemic if the expected lower cash inflows cannot be fully offset by a corresponding reduction in current costs through short-time working and other measures. In addition, our liabilities must be settled on the due dates. In addition to the hedging instruments described in detail in the 2019 Annual Report, we are adopting additional measures in the current environment in order to monitor liquidity even more closely, identify bottlenecks at an early stage, and make additional liquidity reserves available.

Additional financial burdens may arise for the TRATON GROUP if our customers are no longer able to meet their financial obligations or if other business partners (e.g., suppliers, dealers) get into financial difficulty.

In addition to the short- and medium-term risks described above, we assume that the COVID-19 pandemic will also have a long-term impact in the economic, political, and social environment. The ensuing consequences — positive or negative — for the TRATON GROUP are not yet foreseeable.



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## Future Developments

Due to the rapidly advancing spread of the COVID-19 pandemic worldwide, the related crisis measures taken by the affected countries, their drastic effects on the economy, and the associated high level of uncertainty, the Report on Expected Developments dated February 10, 2020, which TRATON SE published on March 23, 2020, as part of its 2019 Annual Report, was declared to be no longer valid in an ad-hoc release published on the same day.

The TRATON GROUP took extensive measures in response to the crisis. In addition to establishing contingency plans and temporary production stops, these also include safeguarding the Company's liquidity. Through capital expenditures in our products and plants as well as in our research and development activities, we are laying the foundation for profitable and sustainable growth in the TRATON GROUP. Nevertheless, current developments as a result of the COVID-19 pandemic require us to reprioritize our capital expenditures and our research and development projects.

We cannot predict at the moment when we will be able to publish a new forecast for the current fiscal year. The impact of the COVID-19 pandemic on customer demand, our supply chains, and our production cannot currently be reliably estimated. We are expecting a substantial decline in unit sales for the current quarter that will affect all core key performance indicators.





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OPERATING UNITS



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## Scania Vehicles & Services

	3M 2020	3M 2019	Change
<b>Trucks and buses (units)</b>			
Incoming orders	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%
<b>Financial key performance indicators (€ million)</b>			
Sales revenue	2,982	3,350	-11%
Operating profit	256	370	-11%
Operating return on sales (in %)	8.6	11.0	-2.5 pp

The volume-driven decline in sales revenue and the measures taken in connection with the COVID-19 pandemic — in particular the closures of our production sites starting in the second half of March — negatively impacted operating profit in the reporting period. Positive effects resulted from a favorable product mix and from exchange rate effects. In addition, the prior-year period contained additional costs in connection with the parallel production of old and new series.



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**MAN Truck & Bus**

	3M 2020	3M 2019	Change
<b>Trucks and buses (units)</b>			
Incoming orders	24,098	29,866	-19%
Unit sales	18,166	24,972	-27%
of which trucks <sup>1</sup>	17,060	23,558	-28%
of which buses	1,106	1,414	-22%
<b>Financial key performance indicators (€ million)</b>			
Sales revenue	2,267	2,615	-13%
Operating profit	-78	122	-200
Operating return on sales (in %)	-3.4	4.7	-8.1 pp

<sup>1</sup> Incl. MAN TGE vans (3M 2020: 3,428 units; 3M 2019: 3,122 units)

In addition to the volume-driven decline in sales revenue, operating profit was negatively impacted by additional costs in connection with the launch of the new truck generation and an increasingly difficult used vehicle business. Moreover, the measures taken in connection with the COVID-19 pandemic — in particular the closures of our production sites starting in the second half of March — negatively impacted operating profit.



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## Volkswagen Caminhões e Ônibus

	3M 2020	3M 2019	Change
<b>Trucks and buses (units)</b>			
Incoming orders	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%
<b>Financial key performance indicators (€ million)</b>			
Sales revenue	383	416	-8%
Operating profit	12	8	4
Operating return on sales (in %)	3.1	2.0	1.2 pp

Sales revenue in the first quarter of 2020 was adversely impacted by a negative currency effect from the translation of Brazilian real into euros. The measures taken in connection with the COVID-19 pandemic — in particular the closures of our production sites starting in the second half of March — negatively impacted operating profit in the reporting period. However, due to improved product positioning and a positive currency effect from the valuation of receivables and liabilities, operating profit still improved compared with the prior-year period.







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**SELECTED  
FINANCIAL INFORMATION**

3M 2020

# SELECTED FINANCIAL INFORMATION

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## Income Statement

of the TRATON GROUP for the period January 1 to March 31

€ million	3M 2020	3M 2019
<b>Sales revenue</b>	<b>5,679</b>	<b>6,413</b>
Cost of sales	-4,659	-5,109
<b>Gross profit</b>	<b>1,020</b>	<b>1,304</b>
Distribution expenses	-594	-580
Administrative expenses	-238	-259
Net impairment losses on financial assets	-27	-11
Other operating income	373	185
Other operating expenses	-373	-150
<b>Operating profit</b>	<b>161</b>	<b>490</b>
Share of profits and losses of equity-method investments	23	77
Interest income	18	20
Interest expense	-49	-70
Other financial result	-22	-9
<b>Financial result</b>	<b>-30</b>	<b>17</b>
<b>Profit before tax</b>	<b>131</b>	<b>507</b>
Income taxes	-35	-122
current	-86	-119
deferred	51	-3
Profit from continuing operations, net of tax	96	385
Loss from discontinued operations, net of tax	-	-2
<b>Profit after tax</b>	<b>96</b>	<b>383</b>
of which attributable to shareholders of TRATON SE	96	378
of which attributable to noncontrolling interests	-1	5
Earnings per share from continuing operations in € (diluted/basic)	0.19	0.76
Earnings per share from continuing and discontinued operations in € (diluted/basic)	0.19	0.76



## Statement of Comprehensive Income

of the TRATON GROUP for the period January 1 to March 31

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€ million	3M 2020	3M 2019
<b>Profit after tax</b>	<b>96</b>	<b>383</b>
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	207	-148
Deferred taxes on pension plan remeasurements recognized in other comprehensive income	-70	38
Pension plan remeasurements recognized in other comprehensive income, net of tax	137	-109
Fair value measurement of other equity investments and marketable securities		
Fair value measurement of other equity investments and marketable securities, before tax	0	8
Deferred taxes relating to the fair value measurement of other equity investments and marketable securities	0	-2
Fair value measurement of other equity investments and marketable securities, net of tax	0	6
Share of other comprehensive income of equity-method investments that will not be reclassified to profit or loss		
Share of other comprehensive income of equity-method investments that may be reclassified to profit or loss, before tax	-6	11
Deferred taxes relating to the share of other comprehensive income of equity-method investments that will not be reclassified to profit or loss	2	1
Share of other comprehensive income of equity-method investments that will not be reclassified to profit or loss, net of tax	-3	12
<b>Items that will not be reclassified subsequently to profit or loss</b>	<b>134</b>	<b>-91</b>
Currency translation differences		
Unrealized currency translation gains/losses	-749	-37
Transferred to profit or loss	-	-
Currency translation differences, before tax	-749	-37
Deferred taxes relating to currency translation differences	1	2
Currency translation differences, net of tax	-748	-35
Cash flow hedges		
Fair value changes recognized in other comprehensive income	-41	-15
Transferred to profit or loss	7	10
Cash flow hedges, before tax	-34	-5
Deferred taxes relating to cash flow hedges	12	1
Cash flow hedges, net of tax	-22	-4
Cost of hedging		
Fair value changes relating to cost of hedging recognized in other comprehensive income	-1	-3
Cost of hedging transferred to profit or loss	-1	0
Cost of hedging, before tax	-2	-4
Deferred taxes relating to cost of hedging	1	2
Cost of hedging, net of tax	-1	-2
Share of other comprehensive income of equity-method investments that may be reclassified subsequently to profit or loss		
Other comprehensive income for the period from equity-method investments	18	28
Share of other comprehensive income of equity-method investments transferred to profit or loss	8	-
Share of other comprehensive income of equity-method investments that may be reclassified subsequently to profit or loss, before tax	26	28
Deferred taxes relating to other comprehensive income of equity-method investments	0	0
Share of other comprehensive income of equity-method investments that may be reclassified subsequently to profit or loss, net of tax	26	28
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>-745</b>	<b>-13</b>
Other comprehensive income, before tax	-557	-146
Deferred taxes relating to other comprehensive income	-55	43
<b>Other comprehensive income, net of tax</b>	<b>-611</b>	<b>-103</b>
<b>Total comprehensive income</b>	<b>-516</b>	<b>280</b>
of which attributable to shareholders of TRATON SE	-506	277
of which attributable to noncontrolling interests	-10	3



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## Balance Sheet

Assets of the TRATON GROUP as of March 31, 2020, and December 31, 2019

€ million	03/31/2020	12/31/2019
<b>Noncurrent assets</b>		
Intangible assets	6,372	6,755
Property, plant, and equipment	6,530	6,789
Assets leased out	6,858	7,119
Equity-method investments	1,406	1,365
Other equity investments	35	34
Noncurrent income tax receivables	30	44
Deferred tax assets	943	970
Noncurrent financial services receivables	4,587	4,871
Other noncurrent financial assets	316	130
Other noncurrent receivables	370	384
	<b>27,447</b>	<b>28,461</b>
<b>Current assets</b>		
Inventories	4,996	4,943
Trade receivables	1,852	2,144
Current income tax receivables	106	124
Current financial services receivables	2,906	3,120
Other current financial assets	542	338
Other current receivables	902	963
Marketable securities and investment deposits	1,783	3,178
Cash and cash equivalents	1,614	1,913
	<b>14,701</b>	<b>16,722</b>
<b>Total assets</b>	<b>42,148</b>	<b>45,183</b>

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## Balance Sheet

Equity and liabilities of the TRATON GROUP as of March 31, 2020, and December 31, 2019

€ million	03/31/2020	12/31/2019
<b>Equity</b>		
Subscribed capital	500	500
Capital reserves	20,275	20,241
Retained earnings	-4,055	-4,150
Accumulated other comprehensive income	-3,328	-2,727
<b>Equity attributable to shareholders of TRATON SE</b>	<b>13,393</b>	<b>13,865</b>
Noncontrolling interests	260	270
	<b>13,653</b>	<b>14,134</b>
<b>Noncurrent liabilities</b>		
Noncurrent financial liabilities	6,018	5,966
Provisions for pensions and other post-employment benefits	1,520	1,769
Noncurrent income tax payables	2	125
Deferred tax liabilities	757	787
Noncurrent income tax provisions	15	17
Other noncurrent provisions	1,139	1,225
Other noncurrent financial liabilities	2,567	2,604
Other noncurrent liabilities	1,950	2,034
	<b>13,967</b>	<b>14,527</b>
<b>Current liabilities</b>		
Current financial liabilities	5,959	6,531
Trade payables	2,470	2,472
Current income tax payables	137	153
Current income tax provisions	35	34
Other current provisions	815	869
Other current financial liabilities	1,542	2,837
Other current liabilities	3,569	3,626
	<b>14,528</b>	<b>16,522</b>
<b>Total equity and liabilities</b>	<b>42,148</b>	<b>45,183</b>

## Statement of Changes in Equity

of the TRATON GROUP for the period January 1 to March 31

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					Accumulated other comprehensive income	
					Items that may be reclassified subsequently to profit or loss	
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation	Cash flow hedges	Equity-method investments
<b>Balance as of 01/01/2019</b>	<b>10</b>	<b>21,331</b>	<b>-2,064</b>	<b>-1,762</b>	<b>-6</b>	<b>-62</b>
Profit after tax	-	-	378	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-34	-5	28
Total comprehensive income for the period	-	-	378	-34	-5	28
Capital increase from capital reserves	490	-490	-	-	-	-
Capital transactions involving a change in ownership interest <sup>1</sup>	-	-	449	6	0	12
Distribution of retained earnings	-	-	-3,250	-	-	-
Other changes <sup>2</sup>	-	-	-1,221	0	0	-
<b>Balance as of 03/31/2019</b>	<b>500</b>	<b>20,841</b>	<b>-5,709</b>	<b>-1,791</b>	<b>-12</b>	<b>-24</b>
<b>Balance as of 01/01/2020</b>	<b>500</b>	<b>20,241</b>	<b>-4,150</b>	<b>-1,806</b>	<b>-8</b>	<b>-37</b>
Profit after tax	-	-	96	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-737	-22	26
Total comprehensive income for the period	-	-	96	-737	-22	26
Capital increase <sup>3</sup>	-	34	-	-	-	-
Other changes	-	-	-1	-	-	-
<b>Balance as of 03/31/2020</b>	<b>500</b>	<b>20,275</b>	<b>-4,055</b>	<b>-2,543</b>	<b>-30</b>	<b>-11</b>

1 The put options granted to noncontrolling interest shareholders of MAN SE expired on March 4, 2019. The remaining liability of €704 million was reclassified directly to equity. €230 million of this amount is attributable to noncontrolling interests.

2 Retained earnings included the share of profit/loss attributable to Volkswagen AG in the event of profit/loss transfer based on profit/loss under German GAAP.

3 Contribution of additional profit from profit transfer by Volkswagen AG under the Relationship Agreement dated June 14, 2019



## Statement of Changes in Equity

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	Accumulated other comprehensive income					
	Items that will not be reclassified subsequently to profit or loss					
€ million	Pension plan remeasure- ments	Equity-method investments	Other equity investments	Equity attributable to shareholders of TRATON SE	Noncontrolling interests	Total
Balance as of 01/01/2019	-770	124	-1	16,799	2	16,801
Profit after tax	-	-	-	378	5	383
Other comprehensive income for the period, net of tax	-107	12	6	-101	-3	-103
Total comprehensive income for the period	-107	12	6	277	3	280
Capital increase from capital reserves	-	-	-	-	-	-
Capital transactions involving a change in ownership interest <sup>1</sup>	8	0	-1	473	230	704
Distribution of retained earnings	-	-	-	-3,250	-	-3,250
Other changes <sup>2</sup>	0	-	0	-1,221	-	-1,221
Balance as of 03/31/2019	-868	137	4	13,078	235	13,313
Balance as of 01/01/2020	-998	124	-2	13,865	270	14,134
Profit after tax	-	-	-	96	-1	96
Other comprehensive income for the period, net of tax	134	-3	0	-602	-9	-611
Total comprehensive income for the period	134	-3	0	-506	-10	-516
Capital increase <sup>3</sup>	-	-	-	34	-	34
Other changes	-	-	1	-	0	0
Balance as of 03/31/2020	-864	120	0	13,393	260	13,653

1 The put options granted to noncontrolling interest shareholders of MAN SE expired on March 4, 2019. The remaining liability of €704 million was reclassified directly to equity. €230 million of this amount is attributable to noncontrolling interests.

2 Retained earnings included the share of profit/loss attributable to Volkswagen AG in the event of profit/loss transfer based on profit/loss under German GAAP.

3 Contribution of additional profit from profit transfer by Volkswagen AG under the Relationship Agreement dated June 14, 2019

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€ million	3M 2020	3M 2019
<b>Cash and cash equivalents as of January 1</b>	<b>1,913</b>	<b>2,997</b>
Profit before tax	131	507
Income taxes paid	-201	-132
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property <sup>1</sup>	221	199
Amortization of, and impairment losses on, capitalized development costs <sup>1</sup>	57	45
Impairment losses on equity investments <sup>1</sup>	1	0
Depreciation of products leased out <sup>1</sup>	291	286
Change in pension obligations	-29	-21
Profit/loss on disposal of noncurrent assets and equity investments	4	-4
Share of the result of equity-method investments	-23	-77
Other noncash income/expense	98	7
Change in inventories	-365	-638
Change in receivables (excl. financial services)	103	-90
Change in liabilities (excl. financial liabilities)	160	192
Change in provisions	-39	-28
Change in products leased out	-183	-362
Change in financial services receivables	18	-271
<b>Net cash provided by/used in operating activities</b>	<b>242</b>	<b>-385</b>
Capital expenditures in intangible assets (excl. capitalized development costs) and in property, plant, and equipment	-219	-156
Additions to capitalized development costs	-92	-110
Capital expenditures to acquire other investees	-4	-5
Proceeds from the disposal of subsidiaries	-	1,978
Proceeds from the disposal of intangible assets, property, plant, and equipment, and investment property	5	12
Change in marketable securities and investment deposits	1,390	-1,004
Change in loans	4	9
<b>Net cash provided by investing activities</b>	<b>1,084</b>	<b>724</b>
Profit transfer to/loss absorption by Volkswagen AG	-1,404	4,161
Distribution of retained earnings	-	-3,250
Noncontrolling interest shareholders of MAN SE: compensation payments and acquisition of shares tendered	2	-1,063
Proceeds from the issuance of bonds	1,050	1,119
Repayment of bonds	-793	-299
Change in miscellaneous financial liabilities	-335	-1,129
Repayment of lease liabilities	-52	-32
<b>Net cash used in financing activities</b>	<b>-1,533</b>	<b>-494</b>
Effect of exchange rate changes on cash and cash equivalents	-92	12
<b>Change in cash and cash equivalents</b>	<b>-299</b>	<b>-143</b>
<b>Cash and cash equivalents as of March 31</b>	<b>1,614</b>	<b>2,854</b>

<sup>1</sup> Net of impairment reversals

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## Contingent Liabilities and Commitments

of the TRATON GROUP as of March 31, 2020, and December 31, 2019

€ million	03/31/2020	12/31/2019	Change
Liabilities under buyback guarantees	2,413	2,489	-77
Contingent liabilities under guarantees	107	128	-21
Other contingent liabilities	831	1,059	-228
	<b>3,351</b>	<b>3,676</b>	<b>-326</b>



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## Segment Reporting

of the TRATON GROUP for the period January 1 to March 31

### Reporting segments 2020

#### REPORTING PERIOD JANUARY 1 TO MARCH 31, 2020

€ million	Industrial Business	Financial Services	Reconciliation	TRATON GROUP
<b>Segment sales revenue</b>	<b>5,564</b>	<b>216</b>	<b>-101</b>	<b>5,679</b>
Intersegment sales revenue	-100	-1	101	-
Sales revenue, TRATON GROUP	5,464	215	-	5,679
<b>Segment profit (operating profit)</b>	<b>135</b>	<b>26</b>	<b>0</b>	<b>161</b>

### Reporting segments 2019

#### REPORTING PERIOD JANUARY 1 TO MARCH 31, 2019

€ million	Industrial Business	Financial Services	Reconciliation	TRATON GROUP
<b>Segment sales revenue</b>	<b>6,305</b>	<b>203</b>	<b>-95</b>	<b>6,413</b>
Intersegment sales revenue	-93	-1	95	-
Sales revenue, TRATON GROUP	6,211	202	-	6,413
<b>Segment profit (operating profit)</b>	<b>457</b>	<b>33</b>	<b>0</b>	<b>490</b>

Munich, April 28, 2020

TRATON SE  
The Executive Board

An aerial, high-angle photograph of a complex highway interchange. The image is a long-exposure shot, resulting in vibrant, multi-colored light trails (blue, green, yellow, and white) that streak across the road surfaces, indicating the movement of vehicles over time. The roads are marked with white and yellow lane lines and directional arrows. The interchange features multiple levels of overpasses and ramps, creating a dynamic, geometric pattern. The overall scene is illuminated with a cool, greenish-blue tint, giving it a futuristic or technological feel.

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## Key Performance Indicators

**Adjustments to operating profit:** In addition to reported operating profit, adjusted operating profit is also calculated to enable the greatest possible transparency of our business performance. Adjustments concern certain items in the financial statements that, in the opinion of the Executive Board, can be presented separately to enable a more appropriate assessment of financial performance. They include, in particular, costs of restructurings and structural measures. The adjusted operating return on sales is therefore calculated as the ratio of adjusted operating profit to sales revenue. Adjustments to operating profit are also taken into account in determining the adjusted return on investment and adjusted EBITDA.

**Adjusted EBITDA in the Industrial Business segment:** Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) reflects the Industrial Business segment's operating performance before interest, taxes, depreciation, and amortization, after accounting for the use of resources. Because depreciation and amortization may depend on the chosen accounting policies, the carrying amounts, the capital structure, and the way in which an asset was acquired, adjusted EBITDA is used above all as an indicator for peer group comparisons.

**Gross cash flow:** Gross cash flow is calculated as the sum of profit before tax and income tax payments, adjusted by depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, investment property, capitalized development costs, products leased out (net of impairment reversals), impairment losses on equity investments (net of impairment reversals), changes in pension obligations, profit/loss on disposal of noncurrent assets and equity investments, share of profits and losses of equity-method investments, and other noncash expenses/income from lease liabilities.

**Cash conversion rate in the Industrial Business segment:** In order to fund our forward-looking expenditures, we use the cash conversion rate in the Industrial Business segment to monitor the TRATON GROUP's financial position. This indicates the share of profit after tax generated as cash and cash equivalents and is calculated as the ratio of positive net cash flow to positive profit after tax. If net cash flow and/or profit after tax are negative, the indicator is meaningless and is no longer disclosed. The cash conversion rate is presented as a percentage.

**Net cash flow:** Net cash flow comprises net cash provided by/used in operating activities (continuing operations) and net cash provided by/used in investing activities attributable to operating activities (continuing operations). We do not include changes in loans, marketable securities, and investment deposits in this figure. Net cash flow indicates the excess funds from operating activities.

**Net liquidity/net financial debt:** Net liquidity/net financial debt comprises cash and cash equivalents, marketable securities, investment deposits, and loans to affiliated companies less financial liabilities, and reflects cash and cash equivalents, marketable securities, investment deposits, and loans to affiliated companies not financed by total borrowings.

**Financial Services net portfolio:** The net portfolio is calculated as the total of financial services receivables, the value of recognized buyback obligations, and of vehicles with buyback obligations. It is based on the values from the perspective of the Financial Services segment.



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**Operating return on sales:** Operating return on sales is the ratio of operating profit to sales revenue and expresses the economic performance of our business activities after accounting for the use of resources. Operating profit does not include net investment income. The operating return on sales measures the TRATON GROUP's profitability.

**Primary research and development costs in the Industrial Business segment:** Primary research and development costs in the Industrial Business segment contain both capitalized development costs and research and development costs not eligible for capitalization. They therefore represent expenditures ranging from blue skies research down to the market-ready development of our products and services. There is a particular focus here on subject areas that are defined in our Global Champion Strategy: autonomous driving, connectivity, and alternative drives. We can only drive innovation forward and implement our Global Champion Strategy if we invest sufficiently in research and development.

**Capex in the Industrial Business segment:** Capex in the Industrial Business segment represents the TRATON GROUP's investments in the future. It consists of the cash capital expenditures in property, plant, and equipment and in intangible assets (excluding capitalized development costs) that are reported in the statement of cash flows.

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16 Operating Units

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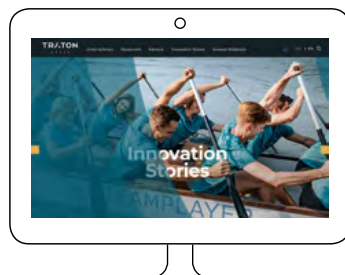
34 Publication Details

## Financial Diary

**July 31, 2020** Half-yearly financial report 2020

**November 2, 2020** Interim statement 9M 2020

The latest dates and information can be found at  
**[www.traton.com](http://www.traton.com)**



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**16** Operating Units

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## Publication Details

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