



PRESS CONFERENCE CALL – HALF-YEAR FINANCIAL REPORT 2020

MATTHIAS GRÜNDLER, CEO
CHRISTIAN SCHULZ, CFO

MUNICH - JULY 31, 2020

TRATON
GROUP

DISCLAIMER



This presentation has been prepared for information purposes only. It does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Volkswagen AG, TRATON SE or any company of TRATON GROUP in any jurisdiction. Neither this presentation, nor any part of it, nor the fact of its distribution, shall form the basis of, or be relied on in connection with, any contractual commitment or investment decision in relation to the securities of Volkswagen AG, TRATON SE or any company of TRATON GROUP in any jurisdiction, nor does it constitute a recommendation regarding any such securities.

The following presentations contain forward-looking statements and information on the business development of the TRATON GROUP. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements and information are based on assumptions relating in particular to TRATON GROUP’s business and operations and the development of the economies in the countries in which the TRATON GROUP is active. TRATON GROUP has made such forward-looking statements on the basis of the information available to it and assumptions it believes to be reasonable. The forward-looking statements and information may involve risks and uncertainties, and actual results may differ materially from those forecasts. If any of these or other risks or uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such forward looking statements and information. TRATON GROUP will not update the following presentation, particularly not the forward-looking statements. The presentation is valid on the date of publication only.

Certain financial information and financial data included in this presentation are preliminary, unaudited and may be subject to revision. Due to their preliminary nature, statements contained in this presentation should not be unduly relied upon and past events or performance should not be taken as a guarantee or indication of future events or performance. Financial figures expressed in EUR might be translated from different currencies into EUR, using the exchange rate prevailing at the relevant date or for the relevant period that the relevant financial figures relate to.

All statements with regard to markets or market position(s) of TRATON SE or any company of TRATON GROUP or any of its competitors are estimates of TRATON GROUP based on data available to TRATON GROUP. Such data are neither comprehensive nor independently verified. Consequently, the data used are not adequate for and the statements based on such data are not meant to be an accurate or proper definition of regional and/or product markets or markets shares of TRATON GROUP and any of the participants in any market.

Unless otherwise stated, all amounts are shown in million of euro. Please note that differences may arise as a result of the use of rounded amounts and percentages. Due to different proportions and scaling in graphs, data shown in different graphs are not comparable.

PRESS CONFERENCE CALL HALF-YEAR FINANCIAL REPORT 2020 – YOUR PRESENTERS TODAY



**Matthias
Gründler**

Chief Executive Officer



**Christian
Schulz**

Chief Financial Officer



**Julia
Kroeber-Riel**

Head of Group Communications
& Governmental Relations

AGENDA

- 1. TRATON Team Setup**
- 2. Challenging Environment 2020**
- 3. Core KPIs Half-Year 2020**
- 4. Going forward**
- 5. Q&A**

EXECUTIVE BOARD TRATON SE



**Matthias
Gründler**
CEO



**Christian
Schulz**
CFO

Finance
Business Development



**Christian
Levin**
COO

R&D
Procurement



**Henrik
Henriksson**
CEO Scania



**Dr. Andreas
Tostmann**
CEO MAN



**Antonio Roberto
Cortes**
CEO VWCO

AGENDA

1. **TRATON Team Setup**
2. **Challenging Environment 2020**
3. **Core KPIs Half-Year 2020**
4. **Going forward**
5. **Q&A**

OVERALL CHALLENGING ENVIRONMENT: STATUS 2020



Global economy collapsing as a result of coronavirus pandemic



Political environment is challenging and changing



Business climate in transportation industry in downturn

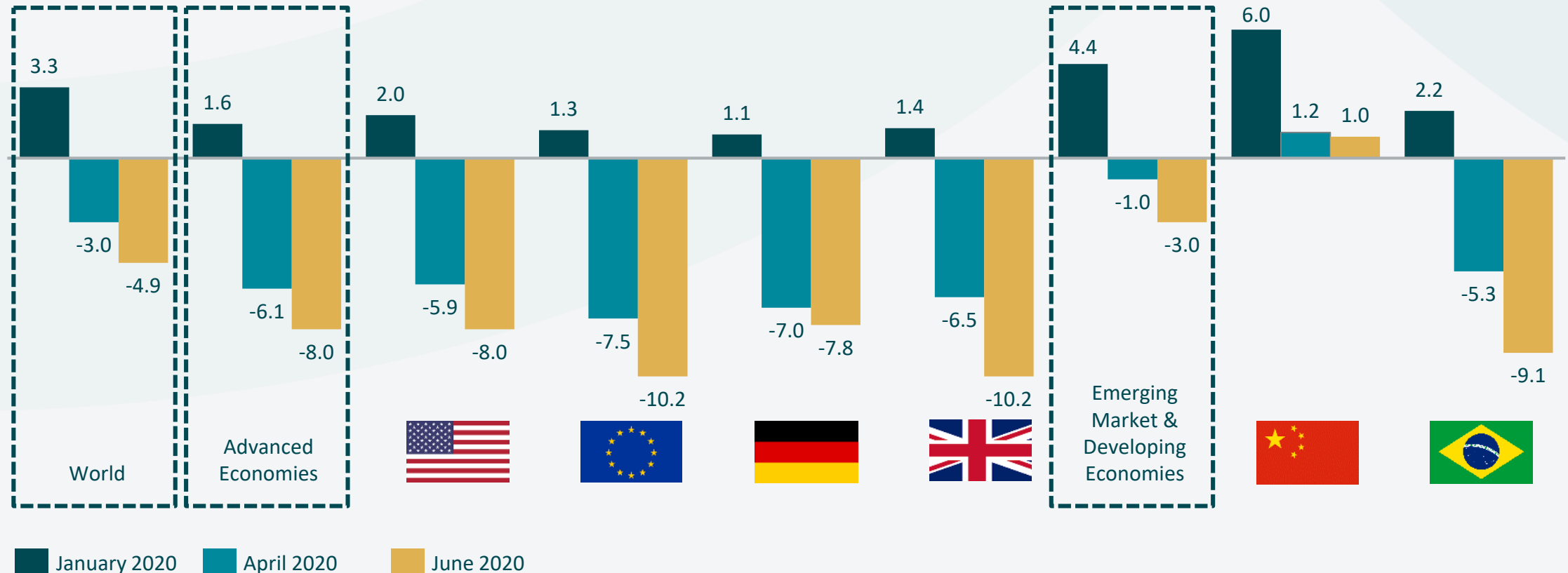


Challenging company environment balancing health and business



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

GDP forecast¹ (%)





GOOD POLITICAL MEASURES FOR A RESTART ARE DISCUSSED – NOW IT IS TIME TO PUT THEM INTO PRACTICE

TRATON
GROUP



Kick-starting the transport sector.

EU-wide investment program would help environment and economy



... now Europe has to follow suit.

EU recovery fund needs to be concluded and implemented as soon as possible



Germany takes a big step ...

German government set the right course to promote economic upswing



Let's get started.

Rapid implementation of political measures to support customers and boost economy



BUSINESS CLIMATE IN THE TRANSPORT SECTOR STILL CHALLENGING...

TRATON
GROUP

Road freight



Business climate in Germany in both sectors continues to be negative

Assessment of the situation is clearly still red

Expectations improved significantly recently, in road freight transport even slightly positive

Transport & Logistics



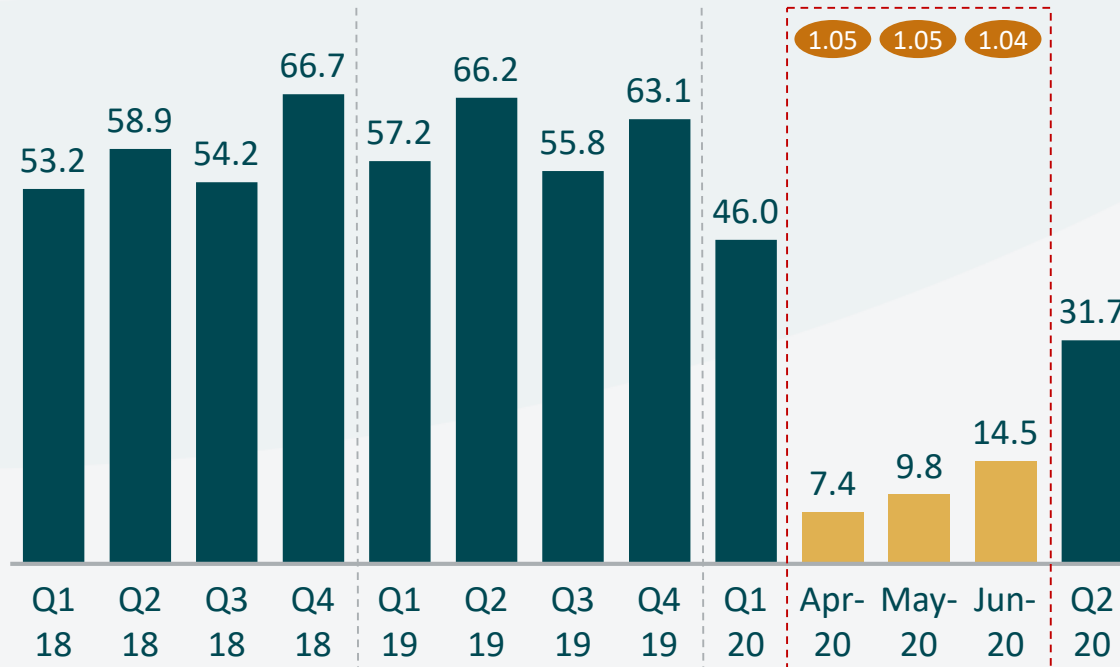


...BUT POSITIVE DIRECTION ESTABLISHED SINCE MAY

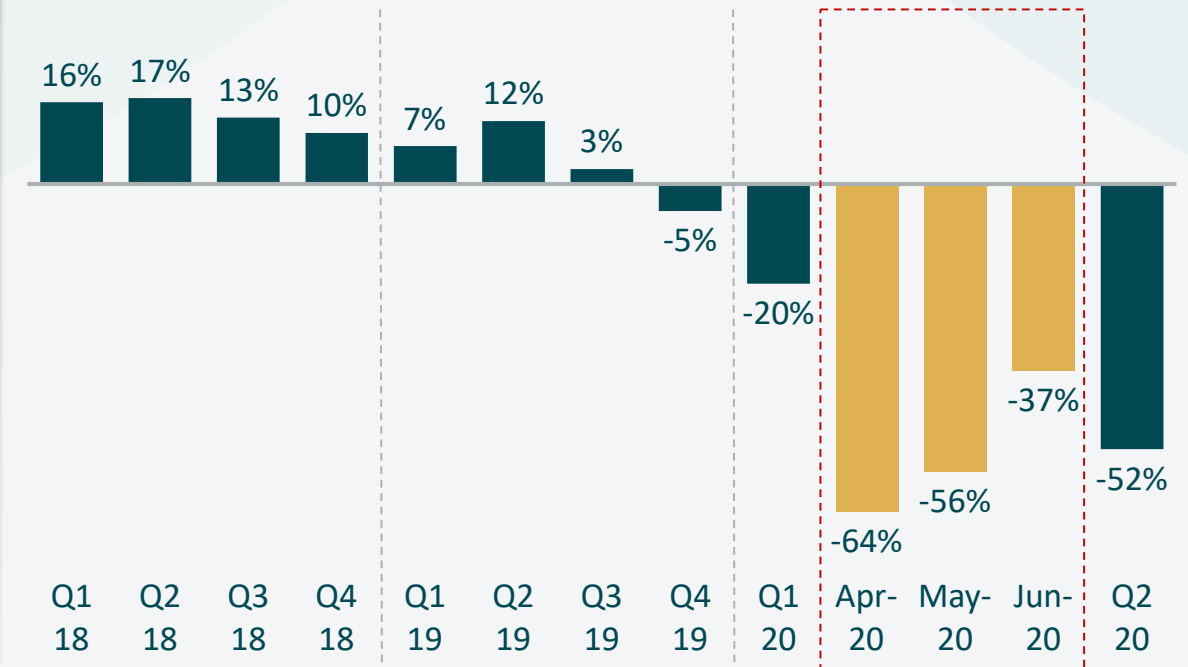
TRATON
GROUP

UNIT SALES ('000 units)

Book-to-bill¹ (ratio in units)



UNIT SALES (Y-o-Y change)



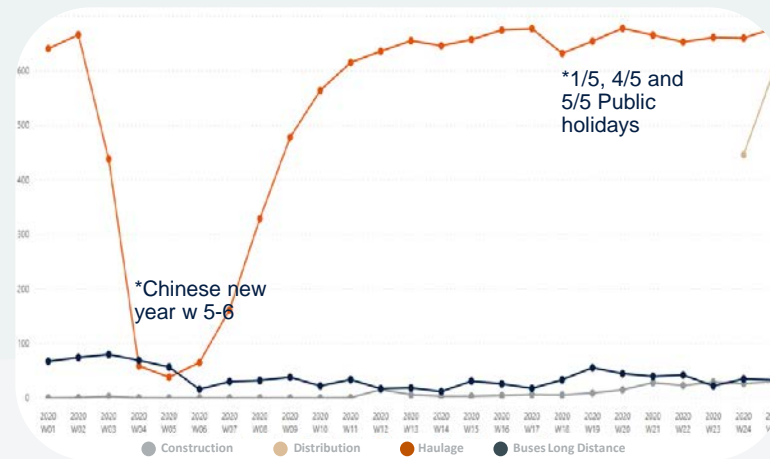


CURRENT SITUATION – VEHICLE UTILIZATION NEAR PRE-CRISIS LEVELS

TRATON
GROUP

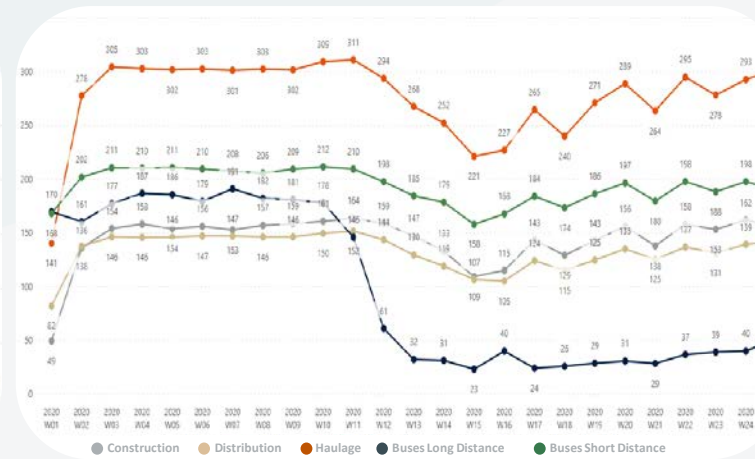
CHINA

Long-haulage truck business back to normal levels since mid-March 2020



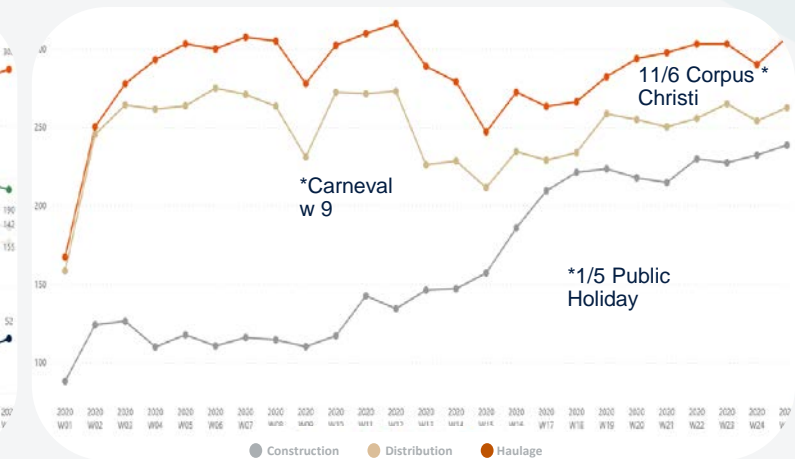
EUROPE

After the trough beginning of April, long-haulage truck business returned to February 2020 levels end of June



BRAZIL

After the trough beginning of April, long-haulage truck business returned to February 2020 levels end of June



Bus business and in particular bus coach business shows only a very slow recovery

After sales and service business remained more resilient

AGENDA

1. **TRATON Team Setup**
2. **Challenging Environment 2020**
3. **Core KPIs Half-Year 2020**
4. **Going forward**
5. **Q&A**



CURRENT SITUATION – APRIL RESPONSIBLE FOR MOST OF THE DECLINE IN Q2



Industrial Business Q2 2020

Key performance indicators largely derailed by production stoppage and the decline in economic activities in April



Incoming orders declined by 23 k units Y-o-Y; **54%** of the decline caused by **April**



Sales revenue declined by €2.7 bn Y-o-Y; **42%** of the decline caused by **April**



Operating profit declined by €1.0 bn Y-o-Y; **39%** of the decline caused by **April**



Net cash flow declined by €0.4 bn Y-o-Y; **168%** of the decline caused by **April**

Financial Services Q2 2020

Comparatively stable business over the quarter



Sales revenue declined by €20 mn Y-o-Y; development evenly distributed over the quarter



Operating profit declined by €18 mn Y-o-Y; most of the decline due to increased bad debt provisions, reflecting our customers' deteriorating payment ability at present



Please remember that Q2 2019 was the overall most successful quarter for TRATON since its establishment.



SNAPSHOT TRATON GROUP CORE KPIs HALF-YEAR 2020

TRATON
GROUP

	H1 2020	H1 2019	Change
Trucks and buses (units)			
Order intake	87,431	120,491	-27%
Book to bill ¹ (ratio in units)	1.12	0.98	+0.14 bpt
Unit sales	77,738	123,336	-37%
of which trucks ²	70,489	113,112	-38%
of which buses	7,249	10,224	-29%
Financial key performance indicators (€ million)			
Sales revenue	10,073	13,541	-26%
Operating profit	-220	1,075	€-1,295 mn
Operating RoS (in %)	-2.2	7.9	-10,1 ppt



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 (H1 2020: 6,355 units, H1 2019: 7,266 units)



DEEP DIVE CORE KPIs HALF-YEAR 2020 – TRATON'S TWO SEGMENTS INDUSTRIAL BUSINESS AND FINANCIAL SERVICES

TRATON
GROUP

	H1 2020	H1 2019	Change
Industrial Business (€ million)			
Sales revenue	9,854	13,320	-26%
Operating profit	-265	1,008	€-1,273 mn
Operating RoS (in %)	-2.7	7.6	-10,3 ppt
Capital expenditures ¹	438	356	23%
Primary R&D costs	558	663	-16%
Net cash flow	-347	1,784	€-2,131 mn
Net liquidity ²	-376	258	€-1,876 mn
Financial Services (€ million)			
Sales revenue	413	419	-2%
Operating profit	44	70	€-25 mn



¹ Capital expenditures in property, plant, and equipment, and intangible assets (€ million), ² as of 30.06.2020 and 31.12.2019



SCANIA VEHICLES & SERVICES – CORE KPIs HALF-YEAR 2020

TRATON
GROUP

	H1 2020	H1 2019	Change
Trucks and buses (units)			
Order intake	34,273	48,789	-30%
Unit sales	30,437	51,524	-41%
of which trucks	27,655	47,995	-42%
of which buses	2,782	3,529	-21%
Financial key performance indicators (€ million)			
Sales revenue	5,269	7,115	-26%
Operating profit	221	828	€-607 mn
Operating RoS (in %)	4.2	11.6	-7,4 ppt





MAN TRUCK & BUS – CORE KPIs HALF-YEAR 2020

TRATON
G R O U P

	H1 2020	H1 2019	Change
Trucks and buses (units)			
Order intake	38,192	54,878	-30%
Unit sales	31,662	54,028	-41%
of which trucks ¹	29,531	50,890	-42%
of which buses	2,131	3,138	-32%
Financial key performance indicators (€ million)			
Sales revenue	4,079	5,523	-26%
Operating profit	-387	253	€-640 mn
Operating RoS (in %)	-9.5	4.6	-14,1 ppt

¹ Including MAN TGE (H1 2020: 6,355 units, H1 2019: 7,266 units)





VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIs HALF-YEAR 2020

TRATON
GROUP

	H1 2020	H1 2019	Change
Trucks and buses (units)			
Order intake	15,175	19,362	-22%
Unit sales	15,887	20,384	-22%
of which trucks	13,540	16,681	-19%
of which buses	2,347	3,703	-37%
Financial key performance indicators (€ million)			
Sales revenue	612	860	-29%
Operating profit	-10	18	€-28 mn
Operating RoS (in %)	-1.7	2.1	-3,8 ppt



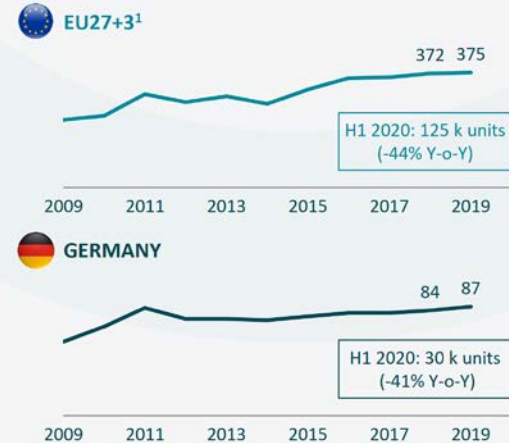


ECONOMIC EFFECTS OF COVID-19 PANDEMIC WILL IMPACT THE MARKET DEVELOPMENT IN 2020; A RELIABLE FORECAST IS CURRENTLY IMPOSSIBLE

TRATON
GROUP

STATUS UPDATE – TRUCK MARKET

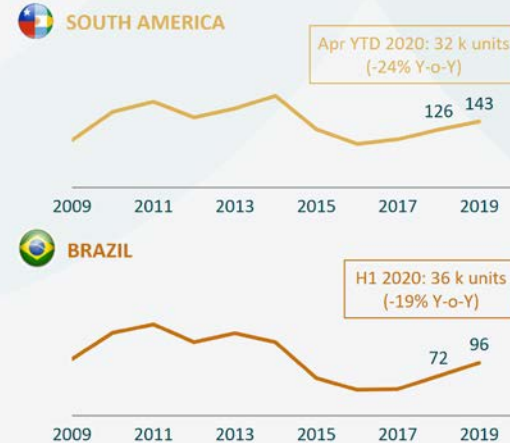
TRUCK MARKET DEVELOPMENT (> 6t, k units)



Source: Own calculation and estimates based on publicly available sources (ACEA, ITS Market, ANFAVEA, ...).
¹ EU27+3 region (defined as the EU27 countries with the exception of Malta, plus the United Kingdom, Norway, and Switzerland), (> 6t).

TRATON
GROUP

Economic effects of COVID-19 pandemic will impact the market development in 2020; a reliable forecast is currently not possible



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

Economic effects of COVID-19 pandemic will impact the market and business development in 2020; a reliable forecast is currently not possible

	FY 2018	FY 2019	2020 Outlook	Over-the-cycle RoS target
Unit sales (Units; Growth in %)	233.0 k +14%	242.2 k +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.	

Note: VGS operations (sold as of January 2019) 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.

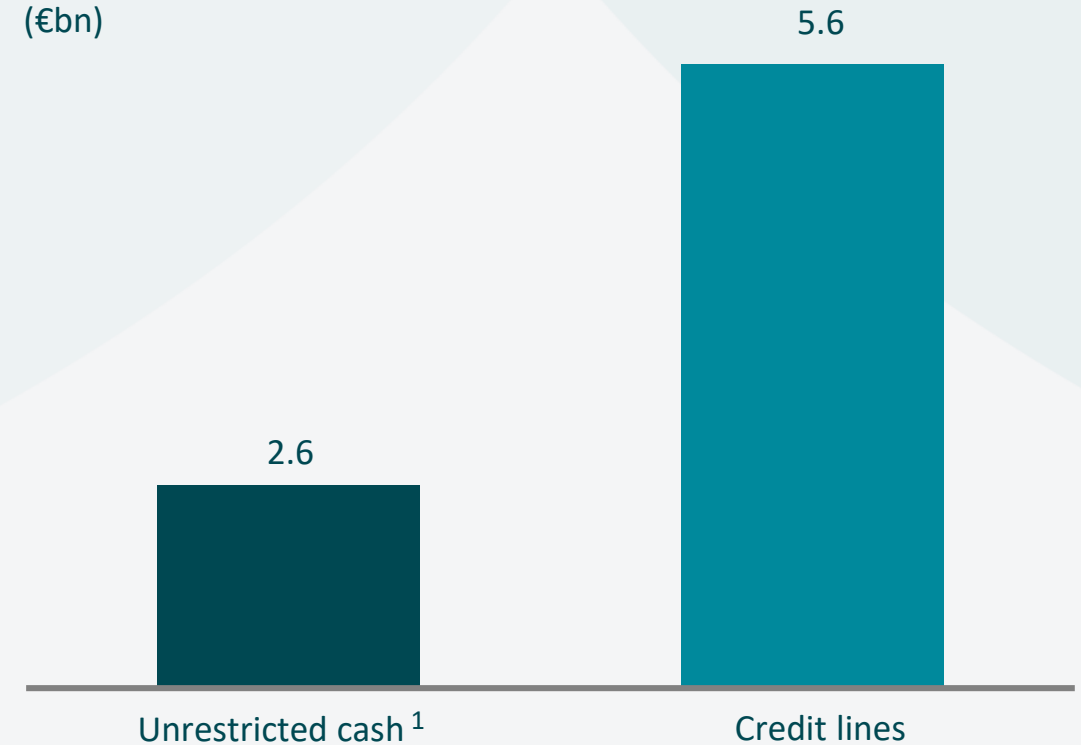


FOCUS ON SAFEGUARDING LIQUIDITY

SOLID LIQUIDITY POSITION (as of June 30, 2020)

- Strict cash and cost management
- Unrestricted cash¹ totaling more than €2.6 bn
- Credit lines totaling more than €5.6 bn
- Re-prioritize of our capital expenditures and our research & development projects

(€bn)



TRATON
GROUP

First-time solid investment grade ratings assigned to TRATON SE
Moody's at Baa1 (outlook negative) | **Standard & Poor's at BBB** (outlook stable)

.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



DEBUT SYNDICATED REVOLVING CREDIT FACILITY (RCF)

€3.75 BN RCF SUCCESSFULLY SIGNED BY TRATON SE ON JULY 29, 2020



TRATON
syndicated
RCF

- ✓ Ample frame amount (€3.75 bn)
- ✓ Comfortable maturity (“3+1+1y”)
- ✓ Harmonized bank group (21 lenders)
- ✓ One single loan documentation



The debut syndicated RCF marks an important step to back TRATON’s recently published S&P/Moody’s ratings

Setting it up even in these volatile times mirrors the trust of our banking partners in our strategy



AGENDA



1. **TRATON Team Setup**
2. **Challenging Environment 2020**
3. **Core KPIs Half-Year 2020**
4. **Going forward**
5. **Q&A**



IT'S MORE IMPORTANT THAN EVER BEFORE TO ACT HERE AND NOW WHILE NOT LOSING SIGHT OF OUR STRATEGIC LONG TERM GOALS

Act today while planning for tomorrow





IT'S MORE IMPORTANT THAN EVER BEFORE TO ACT HERE AND NOW WHILE NOT LOSING SIGHT OF OUR STRATEGIC LONG TERM GOALS

Act today while planning for tomorrow



Act today...

- » Temporary production stops and restart in all plants worldwide
- » Use of short-time work ("Kurzarbeit") and comparable measures to reduce personnel costs
- » Postponement or cancellation of projects
- » Reduction of overhead and fixed costs
- » Focus on safeguarding liquidity

...while planning for tomorrow

- » All important innovation projects up and running
- » Structural transformation in all three brands to secure strong future viability
- » Global Champion Strategy still valid
- » Other topics remains further on track



FUTURE DEVELOPMENT



The impact of the COVID-19 pandemic on customer demand and supply chains still cannot be estimated with any degree of reliability.



Business outlook for FY 2020 currently **not reliably possible**.



Conditional upon a further increase in the number of COVID-19 cases and the associated countermeasures adopted by the relevant countries, we are assuming a **gradual recovery** in our business activity in the **second half of 2020**.

Overall, however, we continue to **expect a dramatic fall in unit sales** for the fiscal year, and **cannot rule out an operating loss** for the TRATON GROUP in **2020**.

AGENDA



1. **TRATON Team Setup**
2. **Challenging Environment 2020**
3. **Core KPIs Half-Year 2020**
4. **Going forward**
5. **Q&A**



PRESS CONFERENCE CALL – HALF-YEAR FINANCIAL REPORT 2020

MATTHIAS GRÜNDLER, CEO
CHRISTIAN SCHULZ, CFO

MUNICH - JULY 31, 2020

TRATON
GROUP

CONTACTS GROUP COMMUNICATIONS



Julia Kroeber-Riel

Head of Group Communications
& Governmental Relations

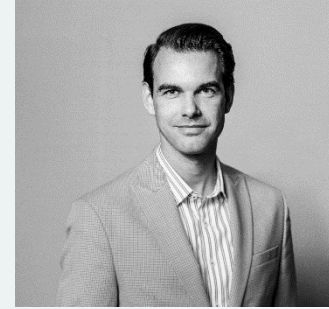
julia.kroeber-riel@traton.com



Sacha Klingner

Head of Corporate
Communications

sacha.klingner@traton.com



Sebastian Rausch

Financial Media Relations

sebastian.rausch@traton.com



Matthias Karpstein

Business Media Relations

matthias.karpstein@traton.com

TRATON SE
Dachauer Str. 641
80995 Munich

www.traton.com