



# TRATON GROUP – ANNUAL PRESS PRESENTATION FY 2019

MARCH 23, 2020

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**01. TRATON's strategic framework**

**02. Company milestones 2019**

**03. TRATON's environment**

**04. Core KPIs FY 2019**

## CLEARLY DEFINED STRATEGIC GOALS

# *Creating a* **GLOBAL CHAMPION IN THE TRANSPORTATION INDUSTRY**

*Leader in*



**PROFITABILITY**



**GLOBAL PRESENCE**



**INNOVATION**

# WAY TO GLOBAL CHAMPION BASED ON FOUR PILLARS



## Creating a Global Champion

Leader in Profitability | Global Presence | Innovation



### Brand Performance

Increase performance of brands with individual identity, strength and clear positioning



### Cooperation & Synergies

Increase cooperation and exploit synergies between brands



### Global Expansion

Leverage scale through global footprint



### Customer Focused Innovation

Transforming transportation

Creation of Sustainable Value

# AGENDA

01. **TRATON's strategic frame**

02. **Company milestones 2019**

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# TRATON GROUP HAS CONTINUOUSLY DELIVERED ON ITS STRATEGIC GOALS IN 2019

New **CORPORATE IDENTITY**  
VWTB BECOMES **TRATON SE**

8 **STRA TRATON** LISTED IN  
**FRANKFURT & STOCKHOLM**

TRATON Innovation Day 2019  
TRATON WANTS TO BECOME  
**LEADER IN E-MOBILITY**

**PROCUREMENT JV**  
**TRATON & HINO**

**Financial**  
**PERFORMANCE**  
**OF THE GROUP**

**TRATON**  
GROUP

Operating return on sales  
**7.0%**

**€ 1.9**  
Operating profit (in € billion)

Order intake (in units)  
**227,240**

Vehicle sales  
**242,219**

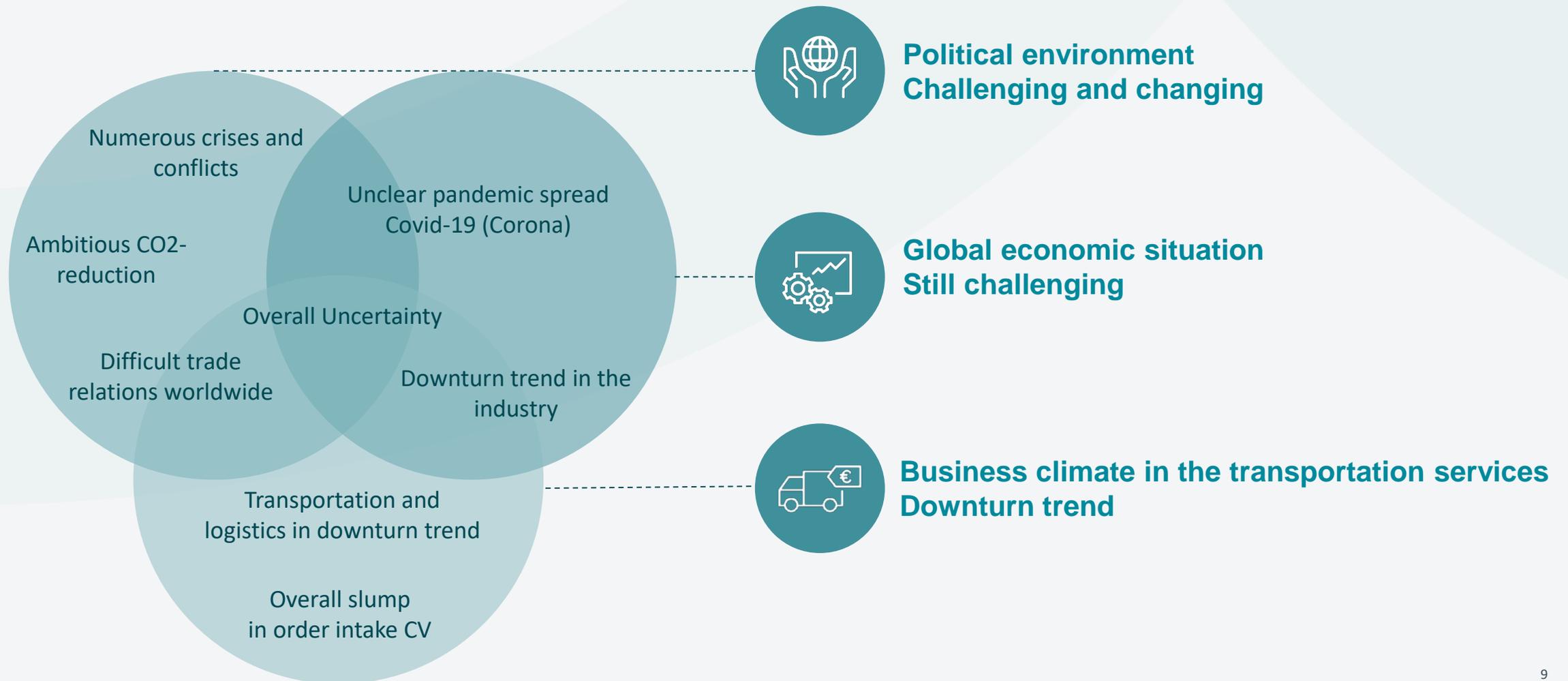
Sales revenues (in € billion)  
**€ 26.9**



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# CHALLENGES & CHANGES – MACROECONOMIC ENVIRONMENT 2019 AND 2020



# GROUP – SALES GROWTH IN CORE MARKETS

Truck unit sales in core markets<sup>1</sup>; 2019 (units)

Growth FY (Y-o-Y)

Market growth<sup>3</sup>



+3%

+0%



+5%

+2%



+20%

+15%



+32%

+34%

1 Excluding MAN TGE vans 2 EU28+2 region (defined as the EU28 countries with the exception of Malta, plus Norway and Switzerland), known as the EU27+3 region from February 1, 2020 (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 EU28+2 and Germany data collected from ACEA provisional new registrations figures as at January 23, 2020, trucks > 16t; for Brazil data collected from ANFAVEA trucks > 6t as at January 15, 2020; South America own estimates

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# WAY TO GLOBAL CHAMPION BASED ON FOUR PILLARS



## Creating a Global Champion

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## SNAPSHOT TRATON GROUP CORE KPIS FY 2019

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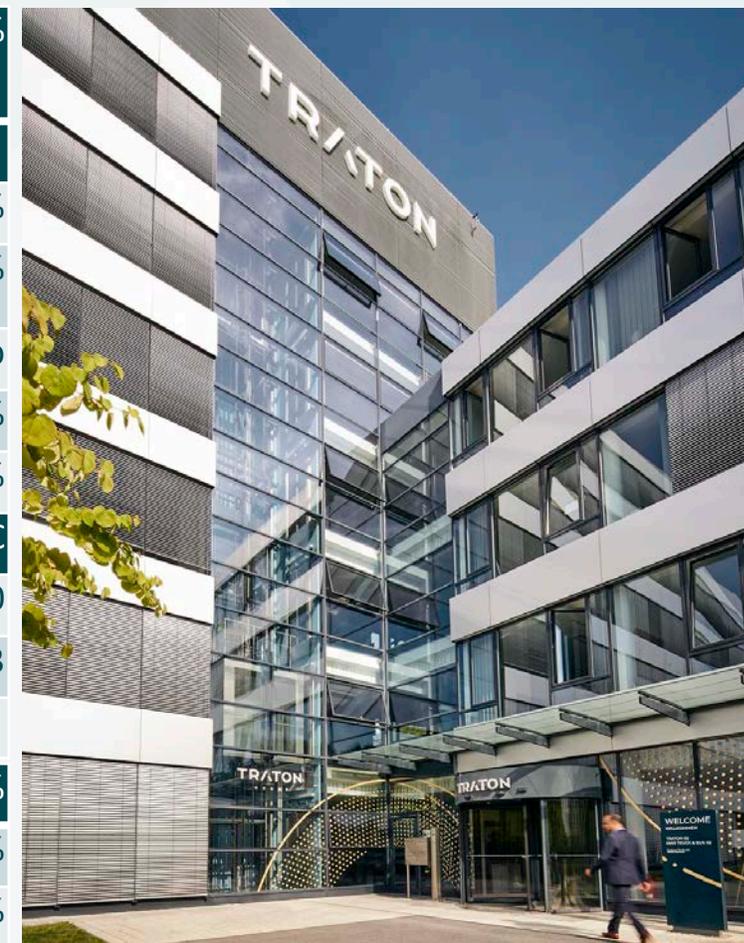
	2019	2018	Change in %
<b>Trucks and buses (units)</b>			
Order intake	227,240	243,714	-7%
Book to bill <sup>1</sup> (ratio in units)	0.91	0.95	-0.04 bpt
Unit sales	242,219	232,992	4%
of which trucks <sup>2</sup>	220,723	210,363	5%
of which buses	21,496	22,629	-5%
<b>Financial key performance indicators (€ million)</b>			
Sales revenue	26,901	25,927	4%
Operating profit	1,884	1,513	25%
Operating RoS (in %)	7.0	5.8	1.2 pp



<sup>1</sup> Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered, <sup>2</sup> Including MAN TGE (2019: 14,788 units, 2018: 7,871 units)

## DEEPDIVE CORE KPIS FY 2019 – TRATON'S TWO SEGMENTS INDUSTRIAL BUSINESS AND FINANCIAL SERVICES

	2019	2018	Change in %
<b>Industrial Business (€ million)</b>			
Sales revenue	26,444	24,963	6%
Operating profit	1,741	1,346	29%
Operating RoS (in %)	6.6%	5.4%	1.2 pp
Capital expenditures <sup>1</sup>	993	931	7%
Primary R&D costs	1,376	1,411	-2%
<b>(€ million)</b>			<b>Change in Mio €</b>
Net cash flow	2,711	221	2,490
Net liquidity <sup>2</sup>	1,500	227	1,273
<b>Financial Services (€ million)</b>			<b>Change in %</b>
Sales revenue	849	760	12%
Operating profit	142	138	3%



## SCANIA VEHICLES & SERVICES – CORE KPIS FY 2019

	2019	2018	Change in %
<b>Trucks and buses (units)</b>			
Order intake	88,739	97,446	-9%
Unit sales	99,457	96,475	3%
of which trucks	91,680	87,993	4%
of which buses	7,777	8,482	-8%
<b>Financial key performance indicators (€ million)</b>			
Sales revenue	13,934	12,981	7%
Operating profit	1,505	1,207	25%
Operating RoS (in %)	10.8	9.3	1.5 pp



## MAN TRUCK & BUS – CORE KPIS FY 2019

	2019	2018	Change in %
<b>Trucks and buses (units)</b>			
Order intake	100,652	112,915	-11%
Unit sales	104,887	102,556	2%
of which trucks <sup>1</sup>	97,524	95,352	2%
of which buses	7,363	7,204	2%
<b>Financial key performance indicators (€ million)</b>			
Sales revenue	11,088	10,815	3%
Operating profit	371	402	-8%
Operating RoS (in %)	3.3	3.7	-0.4 pp



<sup>1</sup> Including MAN TGE (2019: 14,788 units, 2018: 7,871 units)

# VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIS FY 2019

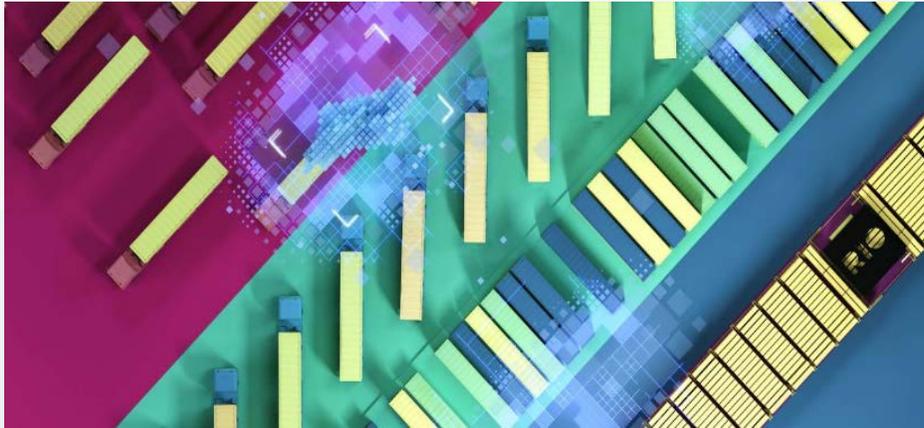
	2019	2018	Change in %
<b>Trucks and buses (units)</b>			
Order intake	41,103	36,535	13%
Unit sales	41,891	36,362	15%
of which trucks	35,282	29,018	22%
of which buses	6,609	7,344	-10%
<b>Financial key performance indicators (€ million)</b>			
Sales revenue	1,738	1,421	22%
Operating profit	55	28	99%
Operating RoS (in %)	3.2	2.0	1.2 pp



# COOPERATION IS KEY – RIO DIGITIZES VOLKSWAGEN GROUP LOGISTICS

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**RIO** THE LOGISTICS FLOW.



Collaboration plan announced October 2, 2019 on our Innovation Day

- RIO and Volkswagen Group Logistics plan to develop a digital solution for the Volkswagen Group's transport logistics
- The planned cooperation with RIO and VWGL will push ahead with digitization in the transport sector
- Optimising utilisation by further reducing empty runs



## TRATON AND HINO PROCUREMENT JOINT VENTURE UP AND RUNNING - DETERMINEDLY EXECUTING THE GLOBAL CHAMPION STRATEGY



- Strategic long-term partnership agreed in Apr 2018
- Alliance Board based on Strategic Cooperation Framework Agreement
- Sept 2018: LoI to establish procurement joint venture
- Nov 2019: Operation started
- Intensified collaboration such as integrated planning of e-mobility products and components
- New office for TRATON & HINO joint e-mobility team to be established in Europe and Japan



# SUCCESSFUL INNOVATION DAY 2019

## TRATON WANTS TO BECOME LEADER IN E- MOBILITY



By 2020

- Common modular **electric powertrain toolkit**, used in 2020 in the first serial produced all-electric city buses made by Scania and MAN

By 2025

- **€ 1 billion** in R&D expenditures on **e-mobility**
- **€ 1 billion** in R&D expenditures on **digitization and automation**
- Aim: more than a **million connected vehicles** on the road

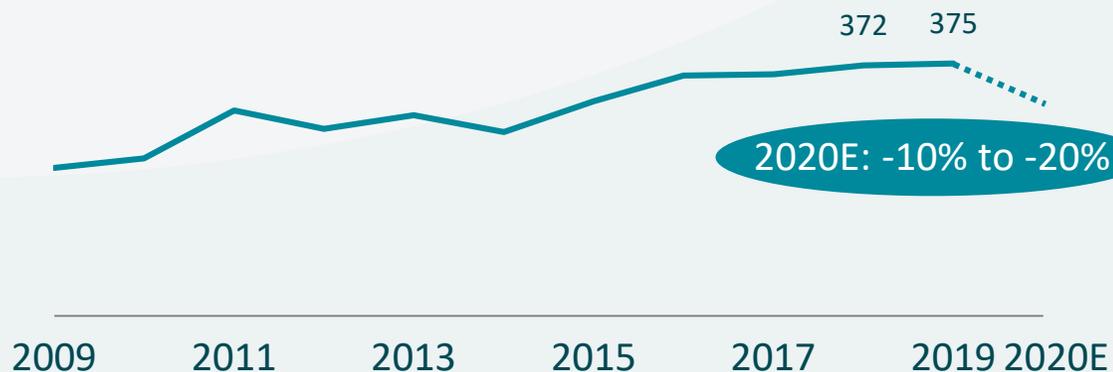
# OUTLOOK – TRUCK MARKET



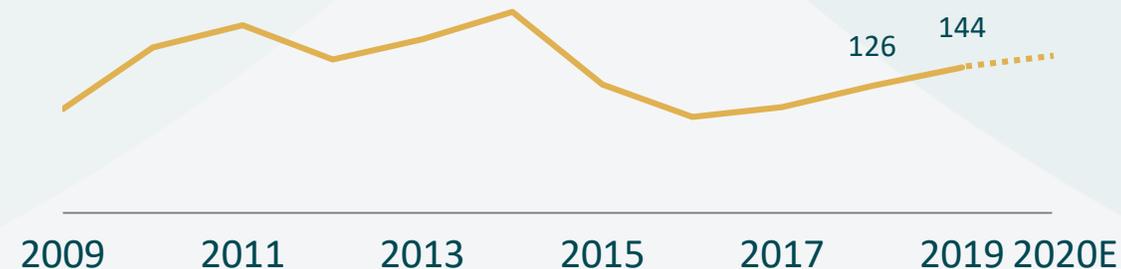
Economic effects of Covid-19 will impact the market development in 2020 additionally; a reliable forecast is currently impossible

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

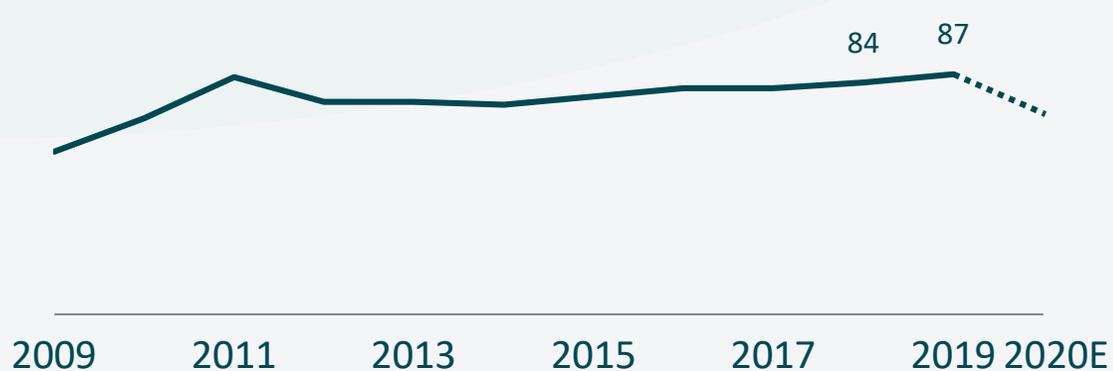
### EU27+3<sup>1</sup>



### SOUTH AMERICA



### GERMANY



### BRAZIL



2020E: +5% to 10%

Source: Own calculation and estimates based on publicly available sources (ACEA, IHS Markit, ANFAVEA, ...)  
 1 EU27+3 region consisting of EU member states excluding Malta plus United Kingdom, Norway and Switzerland 2 In addition to the EU27+3 countries these markets comprise Brazil, Russia, South Africa, and Turkey

# OUTLOOK GROUP – RECENT TRACK RECORD, OUTLOOK 2020 AND OVER-THE-CYCLE TARGET

Economic effects of Covid-19 and restructuring of MAN T&B are not included in the outlook; the Covid-19 pandemic makes a reliable forecast of our business development at the moment impossible

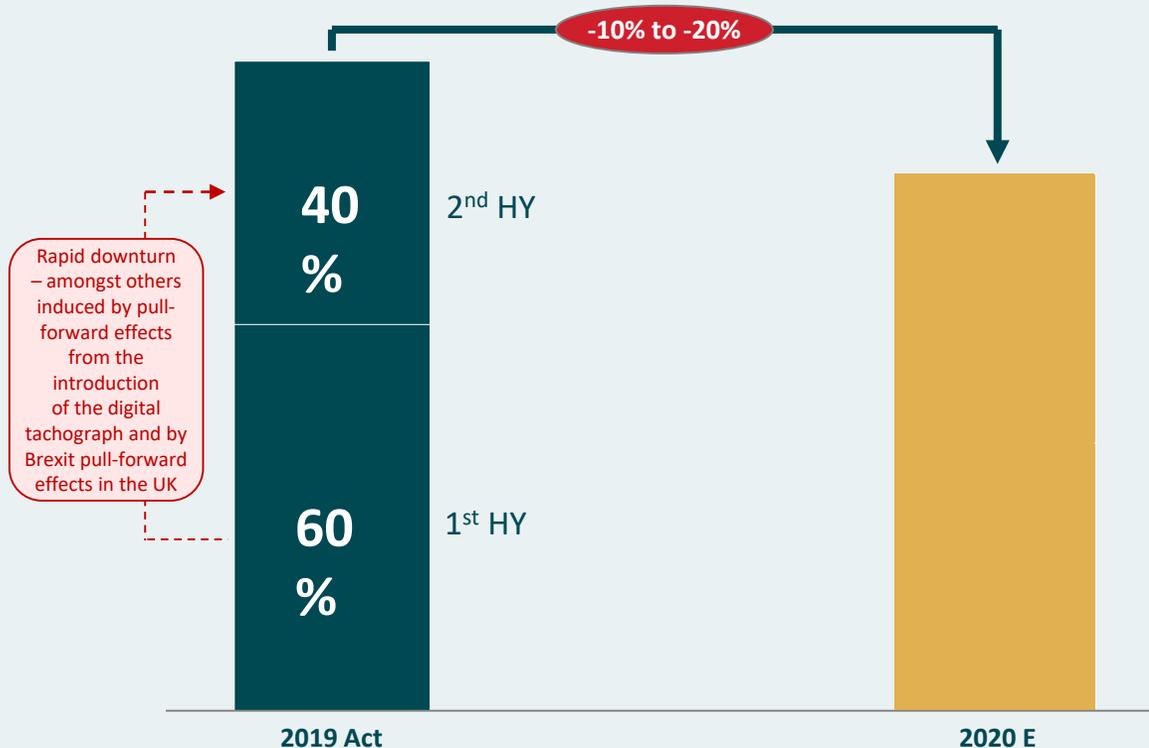


	FY 2018	FY 2019	2020 Outlook	Over-the-cycle RoS target
<b>Unit sales</b> <i>(Units; Growth in %)</i>	233.0k +14%	242.2k +4%	Moderate decline compared with previous year	
<b>Group sales revenue</b> <i>(in €bn; Growth in %)</i>	€25.9bn +6%	€26.9bn +4%	Moderate reduction compared with previous year	
<b>Group return on sales</b> <i>(in %; operating profit in €bn)<sup>1</sup></i>	5.8% €1.5bn	7.0% €1.9bn	4.5% – 5.5% <sup>2</sup>	9% Over-the-cycle RoS

Note: VGSG 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 No adjustments applied to estimated return on sales 2020

# DUE TO EU27+3 MARKET DOWNTURN FIRST MEASURES HAVE BEEN TAKEN

## EU27+3 truck markets<sup>1</sup>



## Measure already taken

- Production rate reduced for Scania and MAN Truck & Bus by 20% in Q4 2019.
- Additional closing days within production and reduction of time accounts (e.g. extension of Christmas break).
- Reduction of temporary workers in 2nd half year 2019 by 2,300.
- Review of non-product investments and R&D for 2020.

➤ Additional measures to be taken depending on further market development.

➤ MAN Truck & Bus transformation: discussions with worker's council initiated

## SIMPLE MAN FORMULA FOR STRUCTURAL TRANSFORMATION NEED



**Insufficient financial performance** vs competition



**Investment needs** for new technologies (such as digital services, automation and alternative drives)



**Increased urgency** due to market downturn in Europe



**Urgent need for transformation with focus on...**

- **Game-changing structural measures** (current/ future core)
- **Sustainable fixed cost reduction**
- **Radical lowering of break-even point**

...targeted to be fully implemented by end of **2022** with **visible first results in 2020**

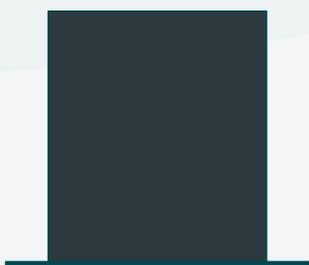
# TO ACHIEVE OUR ASPIRATION, WE WILL MAKE STRUCTURAL IMPROVEMENTS ACROSS MAN

## Focus of Transformation



### Fixed cost

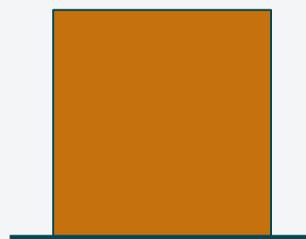
(Overhead cost & indirect labor)



### Direct labor



### Direct material



## On top aspiration



### Margin expansion



*Transformation contribution to achieve 8% RoS target*

# TRATON PERFORMED IN CHALLENGING ENVIRONMENT

Operating Return on sales up to 7.0%

Sales revenues up to EUR 26.9 billion

Operating Profit up to EUR 1,9 billion

Proposed dividend of EUR 1 per share<sup>1</sup>

MAN Truck & Bus transformation

Moderate decline in sales revenues

Due to Corona not possible to state on the further course of business



<sup>1</sup> topic for approval at the TRATON AGM on Mai 28, 2020



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## CONTACTS GROUP COMMUNICATIONS



Julia Kroeber-Riel

Head of Group Communications  
& Governmental Relations

[julia.kroeber-riel@traton.com](mailto:julia.kroeber-riel@traton.com)



Sacha Klingner

Head of Corporate  
Communications

[sacha.klingner@traton.com](mailto:sacha.klingner@traton.com)



Sebastian Rausch

Financial Media Relations

[sebastian.rausch@traton.com](mailto:sebastian.rausch@traton.com)



Matthias Karpstein

Business Media Relations

[matthias.karpstein@traton.com](mailto:matthias.karpstein@traton.com)

TRATON SE  
Dachauer Str. 641  
80995 Munich

[www.traton.com](http://www.traton.com)