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Baader Investment Conference

# TRATON GROUP – CREATING A GLOBAL CHAMPION

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WKN: TRATON

Bloomberg Ticker: 8TRA GY / 8TRA SS

<http://ir.traton.com>

**TRATON**  
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# TRATON GROUP HAS CONTINUOUSLY DELIVERED ON ITS STRATEGIC GOAL SINCE THE INCEPTION OF VOLKSWAGEN TRUCK & BUS

Collaboration among brands in Volkswagen T&B fully on track

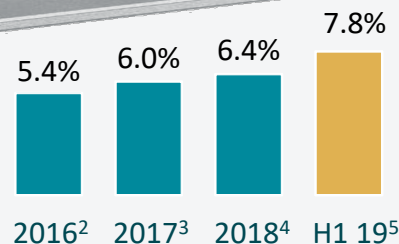


Successful creation and implementation of strategic alliance partnerships



New corporate identity

Adj. Return on Sales<sup>1</sup>



**Significant performance improvement**

Note: TRATON GROUP including Financial Services

<sup>1</sup> Calculated as the ratio of adj. operating profit to sales revenue. Adj. operating profit includes PPA (from Scania and VWCO) and consolidation effects (MAN T&B – VWCO). VGSG operations (sold as of January 2019) included from 2016 to 2018. <sup>2</sup> Including €403 mn adjustment for provision in relation to Scania antitrust fine and €58 mn adjustment for restructuring expense at VWCO. <sup>3</sup> Including (€50 mn) adjustment for release of restructuring provision at MAN T&B. <sup>4</sup> Including €137 mn adjustment for expense in relation to Indian market exit at MAN T&B. <sup>5</sup> Including adjustments of (€13 mn) from the reversal of a restructuring provision at VWCO. Including €19 mn insurance claim

# LEADING GLOBAL BRANDS AND STRATEGIC ALLIANCE PARTNERS

TRATON

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## FULLY CONSOLIDATED



Caminhões  
Ônibus



Leader in core markets  
with differentiated brands

## ASSOCIATES

16.8%<sup>1</sup>

NAVISTAR



25% + 1 share<sup>2</sup>



Powerful strategic alliance partners enabling leading global scale

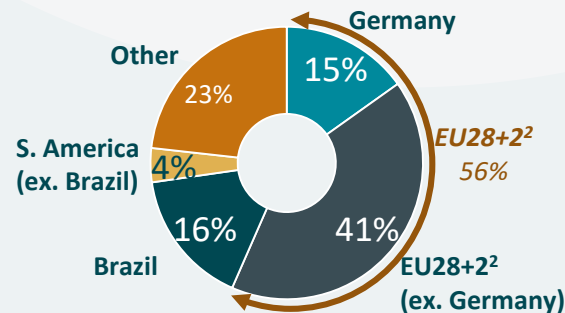
## STRATEGIC PARTNER



# SNAPSHOT TRATON GROUP 2018

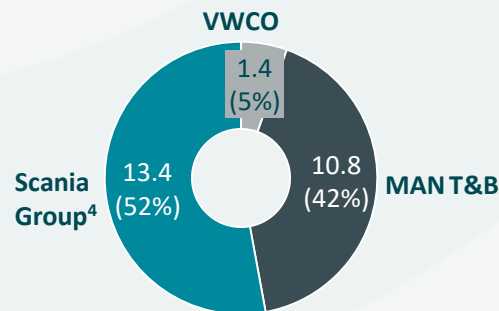
## UNIT SALES<sup>1</sup> BY GEOGRAPHY

% of total



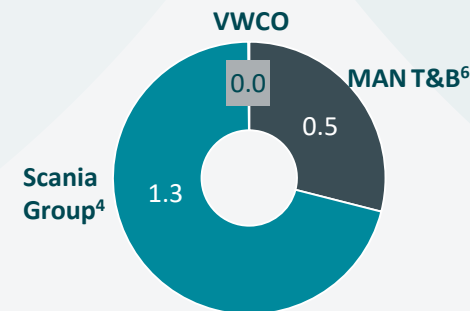
## SALES REVENUE BY BRAND

€bn / % of total



## ADJ. OPERATING PROFIT<sup>5</sup> BY BRAND

€bn



**233 k** Units Sold<sup>1</sup>

**€25.9 bn<sup>3</sup>** Sales Revenue

**€1.7 bn<sup>5</sup>** Adj. Operating Profit

Note: Trucks >6t, VWCO trucks ≥ 5t; figures are financially rounded. TRATON GROUP including Financial Services

<sup>1</sup> TRATON GROUP unit sales total figures based on company information <sup>2</sup> EU28+2 region consisting of EU member states plus Norway and Switzerland <sup>3</sup> Including operations no longer held by TRATON GROUP as of January 2019 (VGSG), consolidation effects (MAN T&B – VWCO), other segments and reconciliation <sup>4</sup> Includes Vehicles and Services and Financial Services; post consolidation effects; excl. PPA <sup>5</sup> Including aligned PPA (VWCO PPA – MAN Origin; Scania PPA – VW Origin) <sup>6</sup> Including €137 mn adjustment for expense in relation to Indian market exit at MAN T&B



## KEY COMPANY HIGHLIGHTS



### 1 GLOBAL CHAMPION

- Scale and global reach through leading brands and strategic alliance partners
- Unique platform enabling growth and positioning us for best-in-class profitability



### 2 GROWTH

- Customer value focused product and service offering
- New product generations
- Further expansion in key geographies



### 3 PROFITABILITY AND SYNERGIES

- Concrete path to profitability improvement
- Stand-alone brand performance plus synergies
- Earnings growth and cash generation potential



### 4 EXECUTION

- Strong team with industry-leading track record
- Committed to Global Champion strategy



# TRATON GROUP WITH #1 TRUCK MARKET POSITION IN EUROPE AND SOUTH AMERICA

■ Core markets of TRATON GROUP brands

○ TRATON GROUP truck market share in 2018 (>15t)



TRATON GROUP

33%

## Europe<sup>1</sup>

- 1st Market leader with 33% market share
- 1st Market leader in Germany with 38% market share

30%

## South America<sup>2</sup>

- 1st Market leader with 30% market share
- 1st Market leader in Brazil with 37% market share



Source: IHS Markit

Note: Smaller presences in additional countries not highlighted (TRATON GROUP active in >120 countries worldwide, including bus activities)

<sup>1</sup> EU28+2 region consisting of EU member states plus Norway and Switzerland. Cyprus, Malta, and Luxembourg excluded, as no IHS Markit data available. TRATON GROUP's sales in Russia not included in calculation of Europe market share

<sup>2</sup> Including Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Uruguay, Venezuela; excl. Mexico (part of North America); excl. Paraguay as no IHS Markit data for trucks >15t available

## EXPANDING GLOBAL REACH THROUGH ALLIANCE PARTNERS TO ADDRESS ALL MAJOR PROFIT POOLS



ALLIANCE PARTNERS

ASSOCIATES

STRATEGIC PARTNER

Core markets of ■ TRATON GROUP brands ○ Alliance partners ○ Truck market share in 2018 (>15t)



NAVISTAR



SINOTRUK  
中国重汽

### North America – Partnership since 2016

- **Technology cooperation:** first SoPs by 2020/21
- Synergies in **procurement JV** achieved, further potential

### China – Partnership since 2009

- Intention to **localize MAN heavy-duty truck** in world's largest market
- Evaluation of **technology/procurement cooperation**



HINO

### Japan & South East Asia – Cooperation since 2018

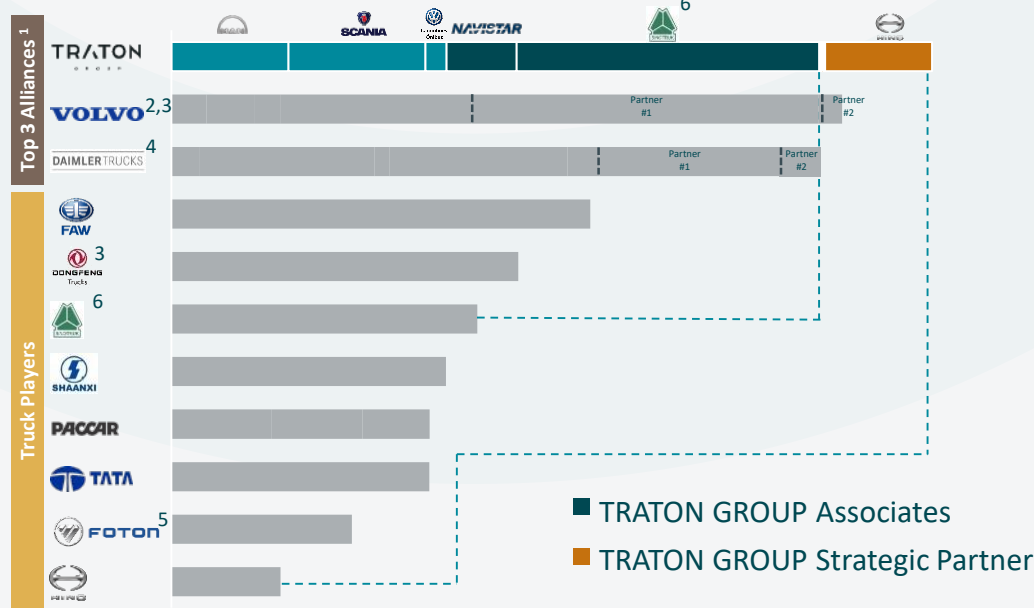
- Cooperation: **Future logistics/transportation, technology and e-mobility**
- Lol for **procurement JV** signed with global synergy potential



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

Potential heavy duty platform reach of top OEMs incl. associates and strategic partner

Sales volumes >15t in 2018, in k units



Leverage technologies and expertise through global brands



Source: IHS Markit

Note: Truck volumes (>15t) including selected strategic alliances

1 Top 3 players with alliance partners 2 Including partnerships with Dongfeng (45% ownership) and Eicher 3 Dongfeng including Dongfeng-Volvo JV sales volume 4 Including partnerships with Foton (50% ownership) and Kamaz

5 Foton including Foton-Daimler JV sales volume 6 CNHTC volume shown

GLOBAL  
CHAMPION

GROWTH

PROFITABILITY  
AND SYNERGIES

EXECUTION

TRATON  
GROUP

# TRATON GROUP WITH MULTIPLE STRATEGIC LEVERS FOR GROWTH

## TRATON GROUP SALES REVENUE

€25.9 bn<sup>1</sup>

SUSTAIN CORE

- **Market leadership** in Europe and South America
- **Aftermarket and service growth** on existing rolling fleet



GO GLOBAL

- **Mutually beneficial / smart partnerships** globally
- **Expanding premium segments** in China



GROW SHARE

- **New truck generation** for each TRATON GROUP brand targeted to be launched by 2021
- **Leverage** (captive) **sales and service network**

DRIVE  
INNOVATION

- **Intelligent services** utilizing connected fleet of 450k+ vehicles<sup>2</sup>
- Among the **broadest range of alternative fuel technologies**<sup>3</sup>

2018

Mid-term

<sup>1</sup> Including operations no longer held by TRATON GROUP as of January 2019 (VGSG), consolidation effects (MAN T&B – VWCO), other segments and reconciliation <sup>2</sup> As of Q4 2018 <sup>3</sup> Based on a company comparison with other offerings in the market

## **SUSTAIN CORE, GO GLOBAL – STRONG CORE MARKETS AND INCREASING EXPOSURE TO GLOBAL MARKETS FORM THE BASIS FOR FUTURE TOPLINE GROWTH**

### SUSTAIN CORE

Market volume truck sales >6t  
2018, k units



Mid-term market outlook

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



Strong **recovery** expected post Brazil market downturn



Continued **solid growth** momentum accompanied by margin increase

Other<sup>3</sup>

*Successful global (export) business of premium trucks out of European / Brazilian home base*

- **Maintain market leadership** in Europe and Brazil
- **Grow service sales revenue** on existing rolling fleet

Source: IHS Markit (market volumes)

1 EU28+2 region consisting of EU member states plus Norway and Switzerland. Cyprus, Malta, and Luxembourg excluded, as no IHS Markit data available 2 Including Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Uruguay, Venezuela; excl. Mexico (part of North America); excl. Paraguay, as no IHS Markit data for trucks >6t available 3 Including e.g. Australia, China, SEA, South Africa, South Korea 4 Canada, Mexico, United States

5 Australia, Indonesia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam

### GO GLOBAL

Market volume truck sales >6t  
2018, k units



Mid-term market outlook

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



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



**Heterogenous** markets with mixed growth outlook

■ Addressable market volume ■ Additional market volume

- **Drive mutually beneficial / smart partnerships**
- **Expand profitable segments** in China, South America and other emerging markets

## ↑ GROW SHARE – BENEFIT FROM HIGHLY ATTRACTIVE PRODUCT PIPELINE

% of truck units of respective brand affected post full production ramp-up



### NTG



100%

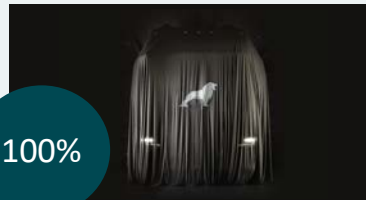
New generation for all trucks (R, G and P trucks as well as newly introduced S and L trucks)

**2016 – 2019e**

**1995**  
(4-Series)



### NEW TRUCK GENERATION



100%

New state of the art truck generation / Model year 2019

**2019 – 2021e**

**2000**  
(TGA)



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Ônibus

### NEW DELIVERY TRUCK



~60%

Modern truck for urban logistics tailored to emerging markets

**2017 – 2019e**

**2005**  
(Delivery)

Current /  
upcoming launch

Launch / ramp-up  
(targeted)

Launch of  
preceding truck  
generation<sup>1</sup>

<sup>1</sup> Previous key launch of respective product range

# DRIVE INNOVATION – TRATON GROUP IS TRANSFORMING TRANSPORTATION

## AUTONOMOUS DRIVING



Autonomous transport system in customer operation<sup>1</sup>



Autonomous Mining System

Automated L4 safety truck tested under real conditions



MAN T&B aFAS – Driverless safety vehicle

## CONNECTIVITY



Large connected fleet

450k+<sup>2</sup>

Connected vehicles on the road

Utilization of collected data for service offering



RIO, Scania Flexible Maintenance

## ELECTRIFICATION/ ALTERNATIVE FUELS



Among the broadest range of alternative fuel technologies<sup>3</sup>

Hybrid  
Natural Gas  
HVO BEV  
Ethanol  
Biogas

Here and now solutions

Sold electric solutions

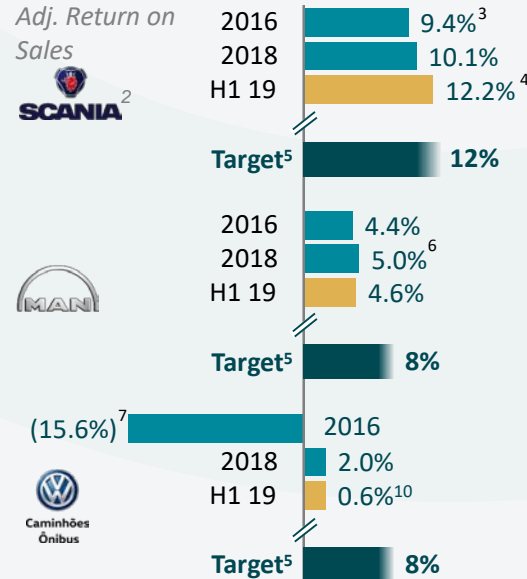


VWCO e-Delivery



# TRATON GROUP WITH STRONG TRACK RECORD OF PERFORMANCE IMPROVEMENT ACROSS BRANDS. FURTHER POTENTIAL TO BE REALIZED

## BRAND PERFORMANCE IMPROVEMENTS



### Improvements across brands

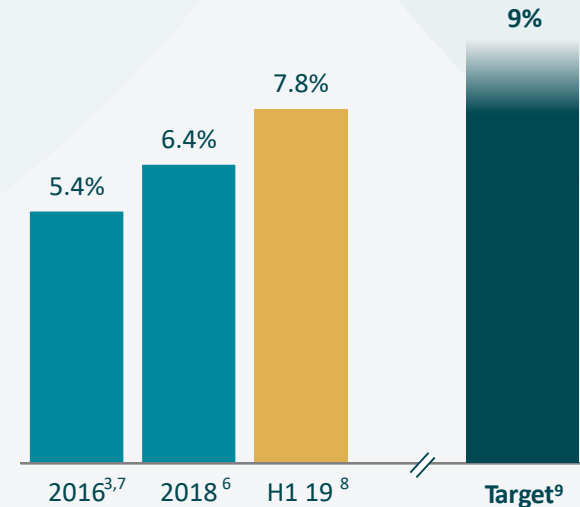
## SYNERGIES

- 1 Purchasing (incl. lead buying)
- 2 Modularization and components
- 3 Joint powertrain
- 4 New technologies
- 5 Production footprint and logistics

### Synergy categories

## TRATON GROUP PROFITABILITY

Adj. Return on Sales<sup>1</sup>



### Attractive margin upside

<sup>1</sup> Based on adj. operating profit including PPA (from Scania and VWCO) and consolidation effects (MAN T&B – VWCO). VGSG operations (sold as of January 2019) included from 2016 to 2018. <sup>2</sup> Scania Group including Financial Services post Scania consolidation effects; excl. PPA. <sup>3</sup> Including €403 mn adjustment for provision in relation to Scania antitrust fine. <sup>4</sup> Based on operating profit for Scania V&S of €828 mn, Scania Financial Services of €70 mn and consolidation effects of (€3m). <sup>5</sup> Strategic target brands want to achieve over the cycle. <sup>6</sup> Including €137 mn adjustment for expense in relation to Indian market exit at MAN T&B. <sup>7</sup> Including €58 mn adjustment for restructuring expense at VWCO. <sup>8</sup> Including adjustments of (€13 mn) from the reversal of a restructuring provision at VWCO. Including €19 mn insurance claim. <sup>9</sup> Strategic target TRATON GROUP wants to achieve over the cycle, including consolidation effects and others. <sup>10</sup> Including adjustments of (€13 mn) from the reversal of a restructuring provision.



# OPERATIONAL PERFORMANCE IMPROVEMENTS IN PLACE ACROSS ALL THREE BRANDS



- + Elimination of inefficiencies from parallel production
- + Focus and Ambition program to improve COGS basis with 200+ dedicated employees
- + NTG ramp-up globally

H1 19

Adj. RoS: 12.2%<sup>1</sup>

2018

Adj. RoS: 10.1%

- + Increased average price per vehicle and strong volumes in Europe
- + Substantially more high-margin services sold
- “Dual costs” NTR/NTG truck generation

+0.7%pts

2016

Adj. RoS: 9.4%<sup>2</sup>

- + Ramp-up/“dual costs” for new truck generation
- + Market share gains in European core markets (ex-Germany)
- + Operational Excellence performance program

Adj. RoS: 4.6%

Adj. RoS: 5.0%<sup>3</sup>

- + PACE performance program (mainly production, material costs and aftersales)
- + Fixed cost degression from higher volumes driven by strong European market

+1.6%pts

Adj. RoS: 4.4%

Caminhões  
Ônibus

- + Leverage recovering Brazilian market
- + New delivery truck generation
- + Strengthen plant/logistic efficiency

Adj. RoS: 0.6%<sup>5</sup>

Adj. RoS: 2.0%

- + Increased average price per vehicle
- + Headcount reduction
- Weak demand due to Brazilian crisis

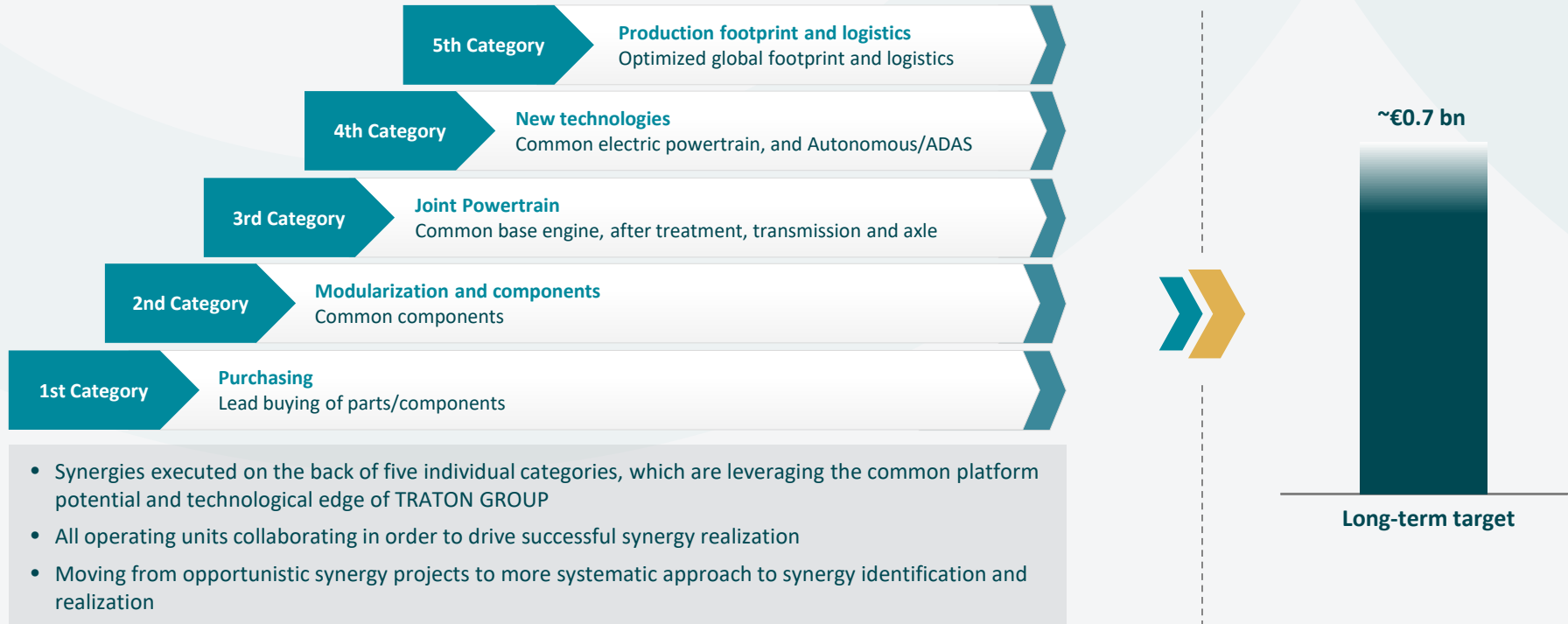
+17.5%pts

Adj. RoS: (15.6)%<sup>4</sup>

Note: Only selected key performance drivers displayed. %points rounded to the first decimal place. Adj. RoS calculated as the ratio of adj. operating profit to sales revenue. Scania Group including Financial Services post Scania consolidation effects; excl. PPA.

1 Based on operating profit for Scania V&S of €828 mn, Scania Financial Services of €70 mn and consolidation effects of (€3m) 2 Including €403 mn adjustment for provision in relation to Scania antitrust fine 3 Including (€50 mn) adjustment for release of restructuring provision at MAN T&B 4 Including €58 mn adjustment for restructuring expense at VWCO 5 Including adjustments of (€13 mn) from the reversal of a restructuring provision

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



GLOBAL  
CHAMPION

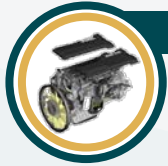
GROWTH

PROFITABILITY  
AND SYNERGIES

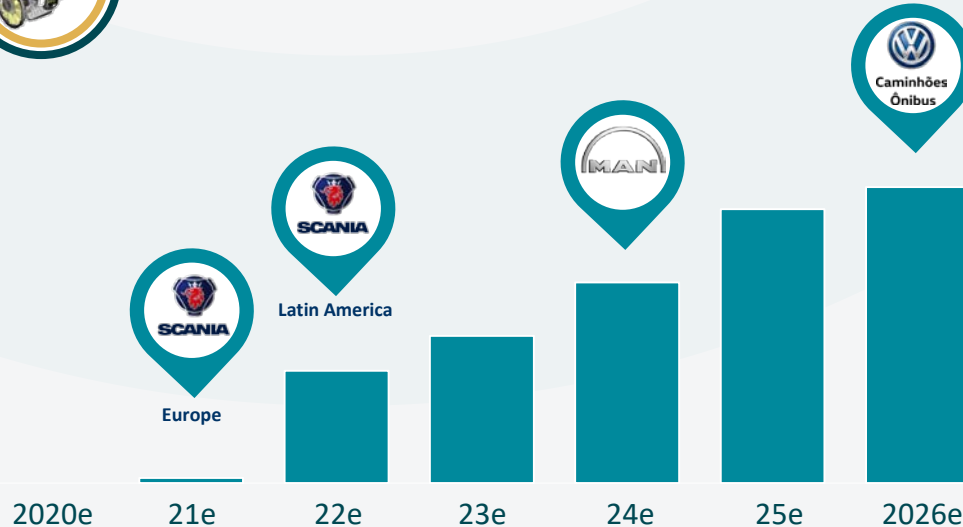
EXECUTION

**TRATON**  
GROUP

## DEEP DIVE JOINT POWERTRAIN SYNERGIES – CBE: LEVERAGING ENGINE ACROSS BRANDS ENSURES SIGNIFICANT SYNERGY RAMP-UP OVER YEARS TO COME

Start of production  
TRATON GROUP brands

Leverage CBE engine across brands (illustrative CBE volumes)



CBE engine aiming at



Enhanced fuel efficiency



Long durability



Reduced weight



Low maintenance

&gt;50%

CBE engine installed in  
HD trucks<sup>1</sup> in 2025e



GLOBAL  
CHAMPION



GROWTH



PROFITABILITY  
AND SYNERGIES



EXECUTION

**TRATON**  
GROUP



## TRATON EXECUTIVE MANAGEMENT TEAM WITH STRONG TRACK RECORD AND LONGSTANDING INDUSTRY EXPERIENCE



**Andreas  
Renschler**  
CEO

31



**Christian  
Schulz**  
CFO

20



**Christian  
Levin**  
COO

25



**Dr. Carsten  
Intra**  
CHRO

18



**Henrik  
Henriksson**  
CEO Scania

22



**Joachim  
Drees**  
CEO MAN

23



**Antonio Roberto  
Cortes**  
CEO VWCO

40



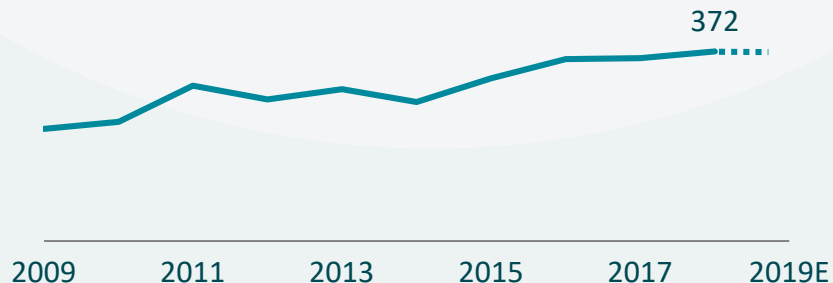
Years in industry



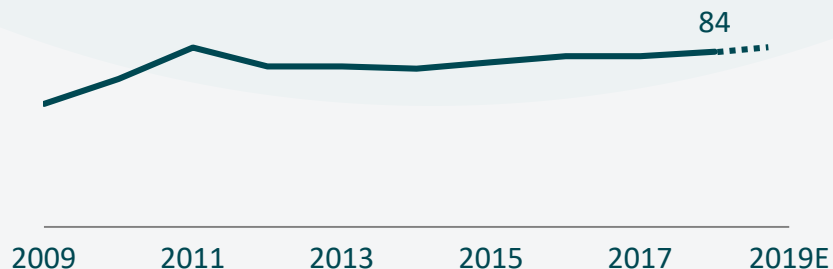
# OUTLOOK – TRUCK MARKET

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

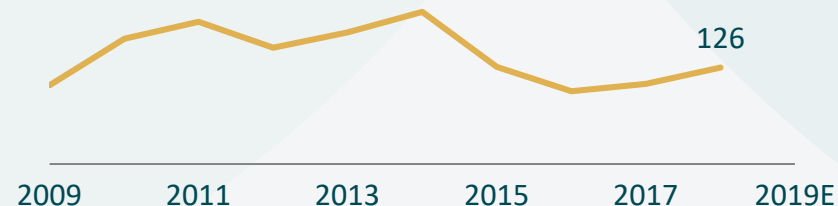
 **EU28+2<sup>1</sup>**



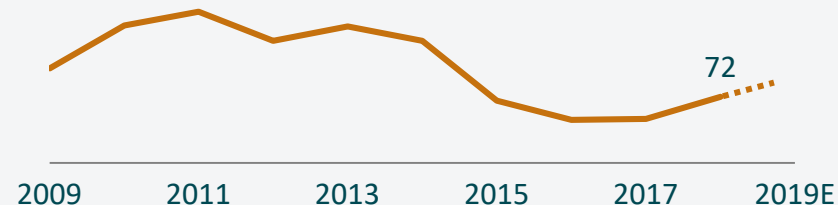
 **GERMANY**



 **SOUTH AMERICA**



 **BRAZIL**



We expect total sales volumes for heavy- and medium-duty trucks in the markets relevant for the TRATON GROUP to slightly increase in 2019<sup>2</sup>

Source: Own calculation and estimates based on publicly available sources (ACEA, IHS Markit, ANFAVEA, ...)

<sup>1</sup> EU28+2 region consisting of EU member states excluding Malta plus Norway and Switzerland <sup>2</sup> In addition to the EU28+2 countries with particular focus on Germany, these markets comprise Brazil, Russia, South Africa, and Turkey

# TRATON GROUP OUTLOOK – RECENT TRACK RECORD, OUTLOOK 2019 AND OVER-THE-CYCLE TARGET

		FY 2018	H1 2019	2019 Outlook	Over-the-cycle RoS target
<b>Deliveries</b> <i>(Units; Growth in %)</i>	➔	233.0 k 13.7%	123.3 k 10.0%	Slight increase compared with previous year	
<b>Group sales revenue</b> <i>(in €bn; Growth in %)</i>	➔	€25.9 bn 6.4%	€13.5 bn 7.4%	Slightly above previous year	
<b>Group return on sales</b> <i>(in %; operating profit in €bn<sup>1</sup>)</i>	➔	5.8% €1.5 bn	7.9% €1.1 bn	6.5% – 7.5% <sup>2</sup>	9% Over-the-cycle RoS

Note: VGSG operations (sold as of January 2019) included in 2018

<sup>1</sup> FY 2018: Adjusted RoS 6.4%, adjusted operating profit €1.7 bn, H1 2019: Adjusted RoS 7.8%, adjusted operating profit €1.1 bn; H1 2019 including €19 mn insurance claim proceeds <sup>2</sup> No adjustments applied to estimated return on sales 2019

# TRATON GROUP – UNIQUE PROFITABLE GROWTH PROFILE

Three strong brands...



- **Scania:** Enters harvesting period on New Truck Generation, profits from short-term improvement of cost base and attractive aftermarket and service growth
- **MAN T&B:** Achieved profit stabilization, enters new era of profitability post ramp-up of new truck generation
- **VWCO:** Benefits from Brazil market recovery and broader product pipeline



...creating a Global Champion...



- Exceptional synergy potential among TRATON GROUP brands and with alliance partners
- Smart partnership approach creates scale and access to global profit pools
- Monetize on customer focused innovation and ensure efficient capital allocation



...with highly experienced team

- Longstanding industry experience
- Proven track record
- Commitment to deliver the Global Champion Strategy



# APPENDIX

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

		TRUCKS	PASSENGER CARS
Sector			
		Capital goods	Consumer goods
Customer expectations	Customer focus	Total cost of ownership	Costs   Emotion   Prestige
	Annual mileage (km)	~130,000	~14,000 <sup>1</sup>
Product	Fuel consumption (l/100 km)	~30-35 <sup>2</sup>	~4-7 <sup>3</sup>
	Product lifecycle (years)	>10	~4-5
	Vehicles sold annually	~4 mn <sup>4</sup>	~84 mn <sup>5</sup>

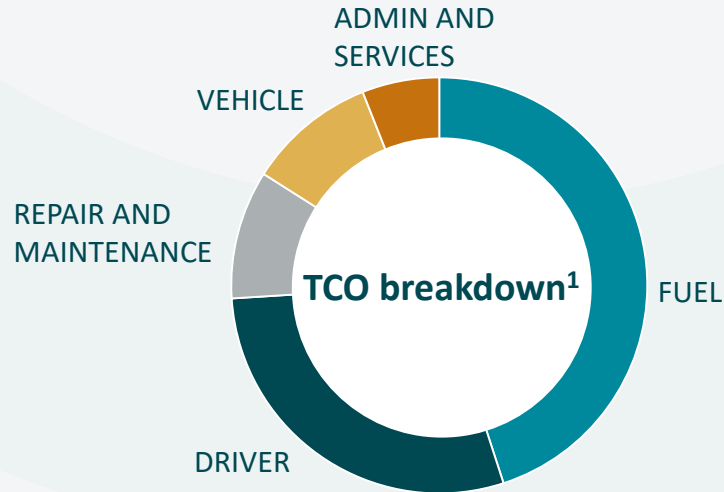
Source: IHS Markit, ICCT, Kraftfahrt-Bundesamt

<sup>1</sup> Average mileage driven in 2017 by passenger vehicles registered in Germany <sup>2</sup> Fuel consumption for tractor-trailers over long-haul operation <sup>3</sup> Fuel consumption for passenger cars in EU28+2 (urban and extra-urban)

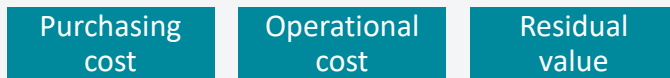
<sup>4</sup> IHS Markit 2018 forecast for total global market figure <sup>5</sup> VDA data for total global market figure



# TRUCK INDUSTRY DRIVEN BY TOTAL COST OF OWNERSHIP (TCO)



## Key value drivers



## KEY ELEMENTS<sup>2</sup>



### FUEL

Annual mileage, driving behavior, powertrain efficiency



### DRIVER

Driver salary, related costs



### REPAIR AND MAINTENANCE

Usage pattern, cost/frequency of repair & maintenance, uptime



### VEHICLE

Purchasing costs, vehicle specification, residual value



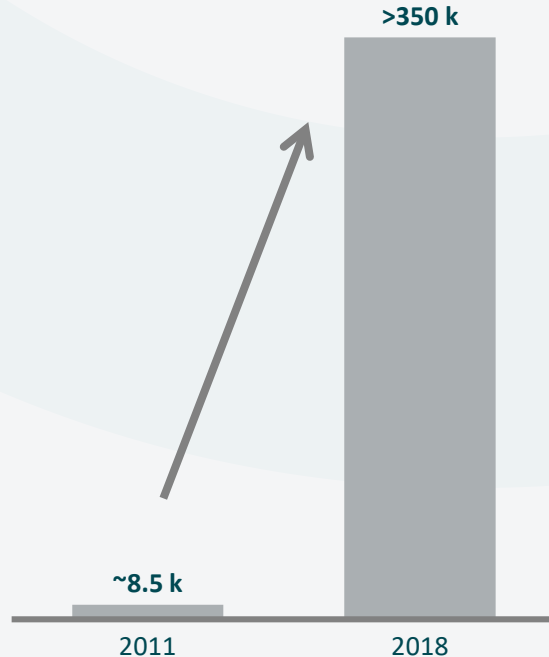
### ADMIN AND SERVICES

General & administrative processes, driver & vehicle and fleet management

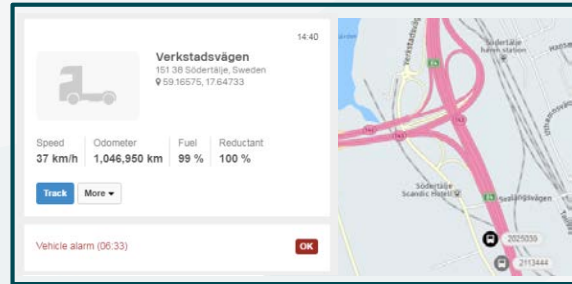
<sup>1</sup> Chart representative for German HDT market; indicative - depending on usage pattern    <sup>2</sup> Selected drivers (non exhaustive)

# CONNECTIVITY AT SCANIA

## Connected vehicles on the road



## What data does Scania have?



*Selected  
examples*



Location	Mileage status
Speed	Driving time
Fuel	Maintenance interval

## How can Scania monetize the data?

- Customers pay for **reduced TCO... and Scania benefits...**
- Scania knows...
  - ...**when** a truck needs service
  - ...**where** a truck can be serviced
  - ...**what service** a truck needs

## Win/Win

Customer	Scania
<ul style="list-style-type: none"> <li>Higher uptime</li> <li>Demand-driven workshop visits</li> <li>Higher predictability</li> </ul>	<ul style="list-style-type: none"> <li>Higher workshop utilization</li> <li>Optimized NWC</li> <li>Feedback loops to R&amp;D</li> </ul>

# H1 2019 RESULTS

# TRATON GROUP HIGHLIGHTS H1 2019



- Deliveries up by +10.0% to a first half record of 123,336 units
- Sales revenue increased by +10.4%<sup>1</sup> to €13,541 mn; all brands contributed
- Operating profit improved significantly by +24.5% to €1,075 mn<sup>2</sup>
- RoS 7.9% (+110bpt)<sup>2</sup>
- Earnings after tax excluding minorities rose by +62.1% to €772 mn
- Net cash flow Industrial Business at €1,784 mn (before the sale of Power Engineering €-194 mn); Net liquidity Industrial Business at €689 mn (incl. recognition of IFRS 16)



- TRATON has become a SE
- TRATON SE celebrated its successful stock market debut in Frankfurt and Stockholm on June 28, 2019



Note: Delta H1 2019 vs. H1 2018

<sup>1</sup> Prior year excluding €348 mn VGSG sales revenue, which was sold as at January 01, 2019 <sup>2</sup> Adjusted operating profit +23.1% to €1,062 mn, adjusted RoS 7.8% (+100bpt); Q1 2019 including €19 mn insurance claim

## GROUP – SEGMENT HIGHLIGHTS Q2 / H1 2019

### Industrial Business (IB)

	Q2 19	Y-o-Y	H1 19	Y-o-Y
Order intake (units)	56,134	-6.7%	120,491	-5.5%
Deliveries (units)	66,173	+12.3%	123,336	+10.0%
Book-to-bill	0.85	-17bpt	0.98	-16bpt
Sales revenue (€mn)	7,015	+11.3%	13,320	+10.4%
Operating profit (€mn) <sup>1</sup>	551	+26.6%	1,008	+28.1%
Return on sales (%) <sup>1</sup>	7.9	+95bpt	7.6	+105bpt
Earnings after tax (€mn)	341	+155.6%	692	+64.2%
Net cash flow (€mn)	182	+€476mn	1,784	+€2,035mn

### Financial Services (FS)

	Q2 19	Y-o-Y	H1 19	Y-o-Y
Net portfolio <sup>2</sup> (€bn)			9.5	+9.0%
Penetration rate (%)	42.5	+7bpt	41.5	-7bpt
Sales revenue (€mn)	216	+7.6%	419	+10.3%
Operating profit (€mn)	37	+5.2%	70	+8.0%
Earnings after tax (€mn)	27	-4.5%	52	+7.1%



- Book-to-bill mainly lower in Q2 2019 due to a noticeable decrease in truck order intake in the EU28+2 region
- Earnings after tax of the Industrial business significantly increased in Q2 2019 as a result of better financial result
- Net cash flow in the Industrial business in Q2 2019 improved considerably as a result of increased operating profit

Note: Delta Q2 2019 vs. Q2 2018 / H1 2019 vs. H1 2018

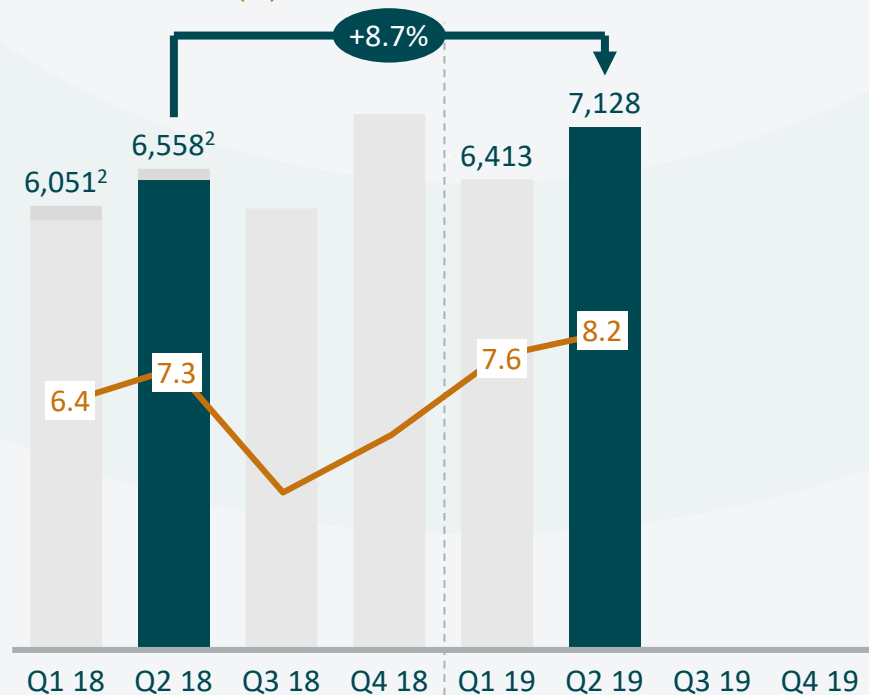
<sup>1</sup> Adjusted operating profit Q2 2019: +23.7% to €538 mn, adjusted RoS 7.7% (+77bpt); Adjusted operating profit H1 2019: +26.6% to €996 mn, adjusted RoS 7.5% (+100bpt); Q1 2019 including €19 mn insurance claim <sup>2</sup> Reflecting closing balances, as of June 30, 2019 vs. December 31, 2018



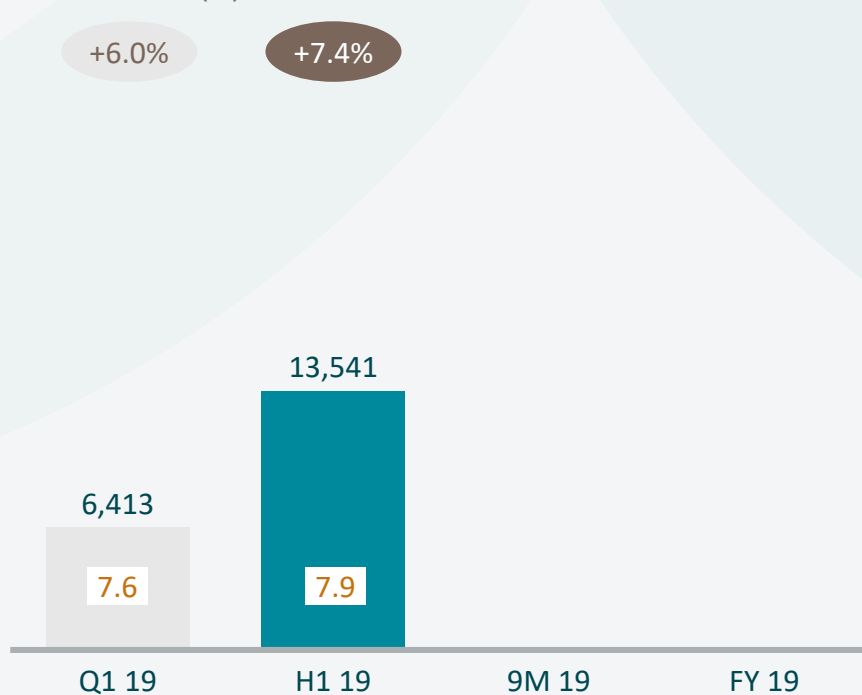
## GROUP – SALES REVENUE AND RETURN ON SALES

### SALES REVENUE (€mn)

#### Return on sales<sup>1</sup> (%)



#### Growth Y-o-Y (%)

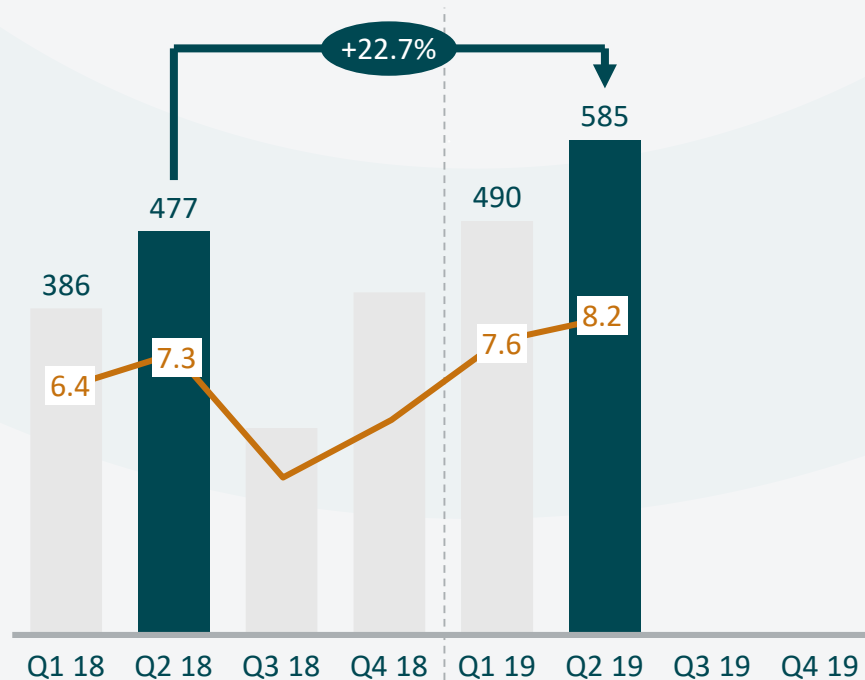


<sup>1</sup> Calculated as the ratio of operating profit to sales revenue <sup>2</sup> Including €196 mn (Q1 2018) / €152 mn (Q2 2018) VGSG sales revenue, which was sold as at January 01, 2019; adjusted growth rates: Q1 2019 9.5% and Q2 2019: 11.3%

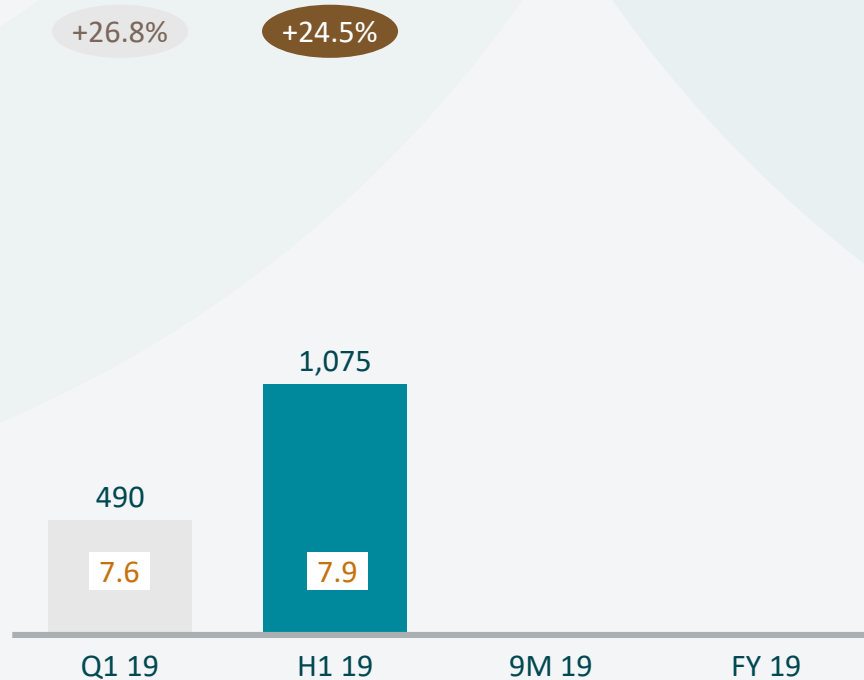
## GROUP – OPERATING PROFIT AND RETURN ON SALES

### OPERATING PROFIT (€mn)

#### Return on sales<sup>1</sup> (%)



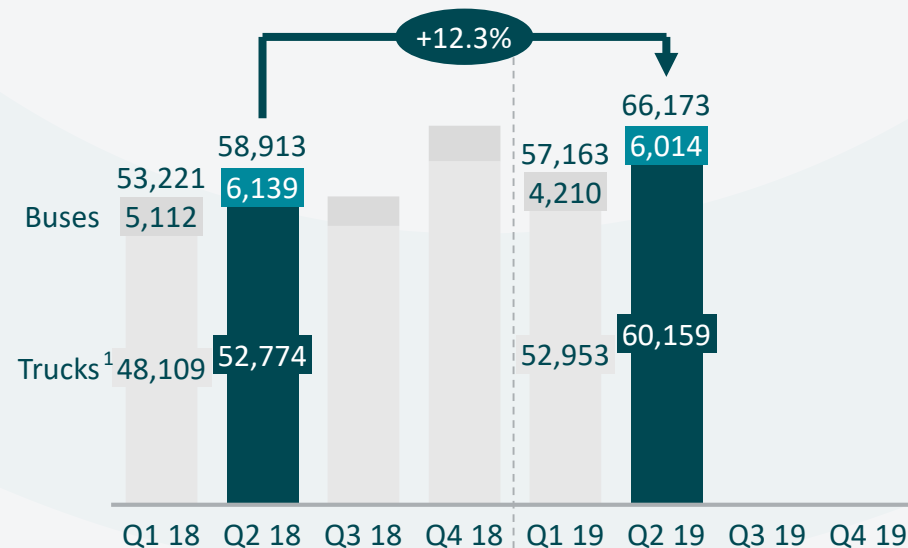
#### Growth Y-o-Y (%)



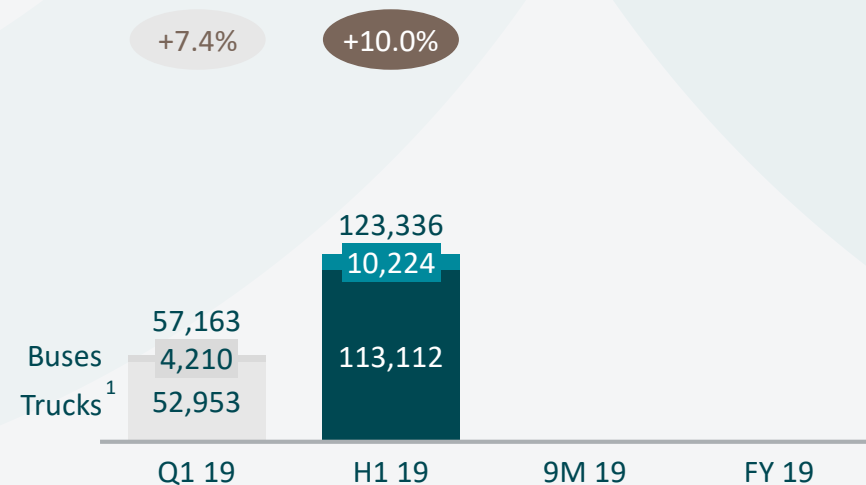
<sup>1</sup> Calculated as the ratio of operating profit to sales revenue

# GROUP – DELIVERIES DEVELOPMENT

## DELIVERIES (units)



## Growth Y-o-Y (%)

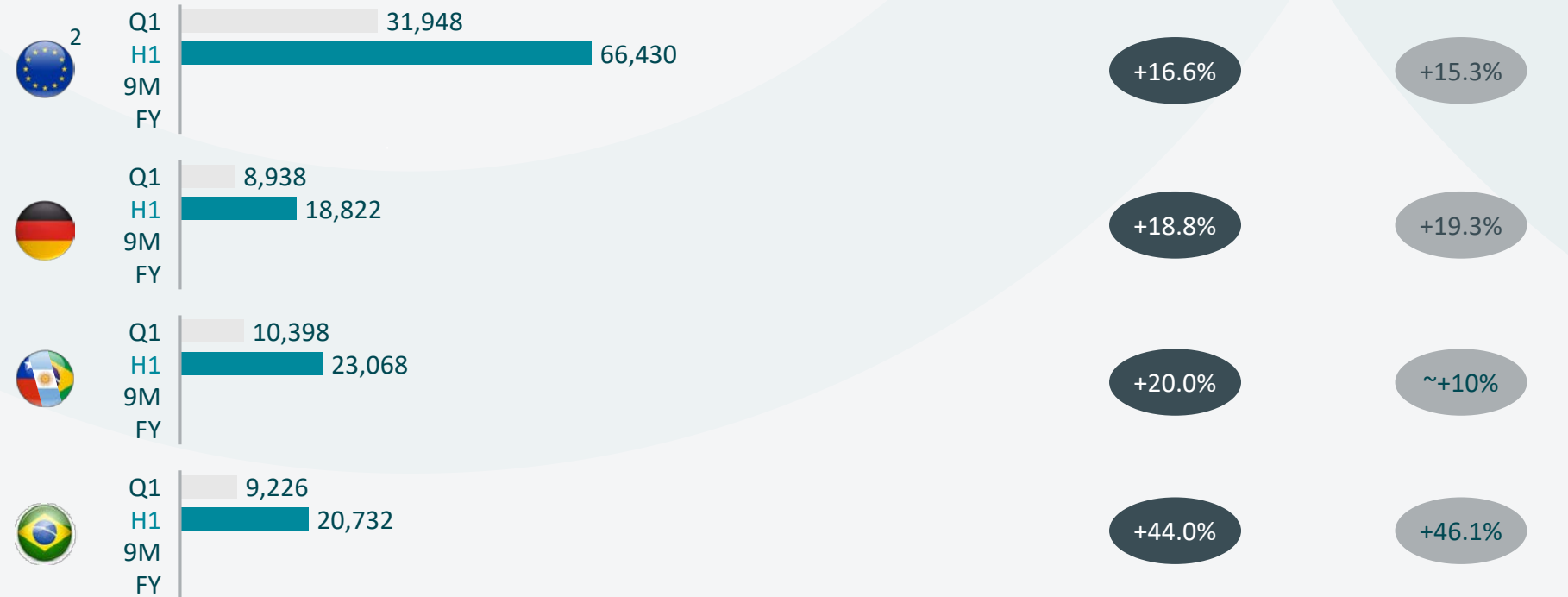


- TRATON benefits from continued strength of its core markets
- TRATON sustains leading position in trucks in the EU28+2 region<sup>2</sup>
- Trucks deliveries increased by 14% in Q2 2019 (Q1 2019: +10%); trucks deliveries ex TGE increased by 10% in Q2 19 (Q1 19: +7%)
- Buses deliveries declined by 2% in Q2 2019 (Q1 2019: -18%)

<sup>1</sup> Including MAN TGE vans (1,335 units in Q1 2018, 1,843 units in Q2 2018, 3,122 units in Q1 2019, 4,144 units in Q2 2019) <sup>2</sup> EU member states excluding Malta plus Norway and Switzerland

## GROUP – STRONG SALES GROWTH IN CORE MARKETS

### Truck Deliveries in core markets<sup>1</sup>; 2019 (units)

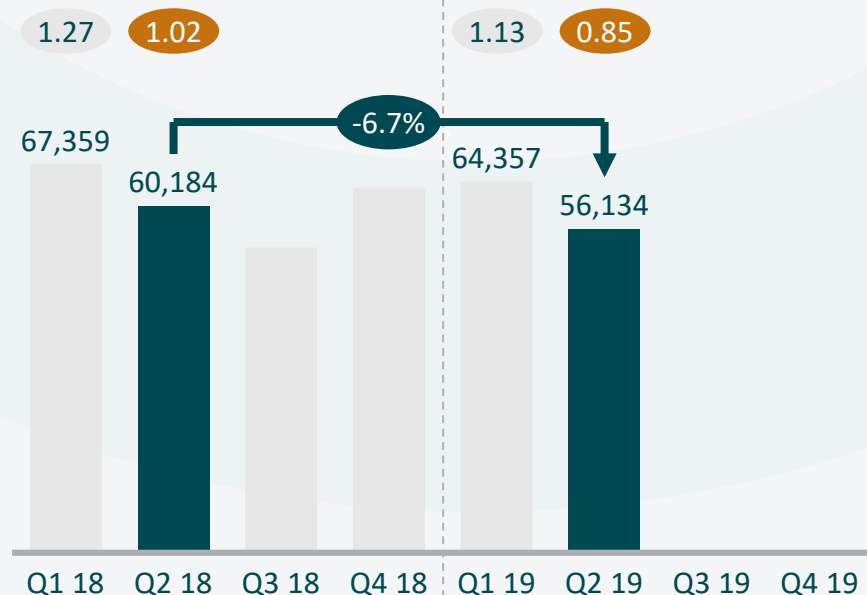


<sup>1</sup> Excluding MAN TGE vans <sup>2</sup> EU28+2: EU member states excluding Malta plus Norway and Switzerland <sup>3</sup> Information shown might include estimates or preliminary data; for EUR 28+2 and Germany data collected from ACEA provisional new registrations figures as at July 24 2019, trucks > 16t; for Brazil data collected from ANFAVEA trucks > 6t as at July 04, 2019; South America own estimates

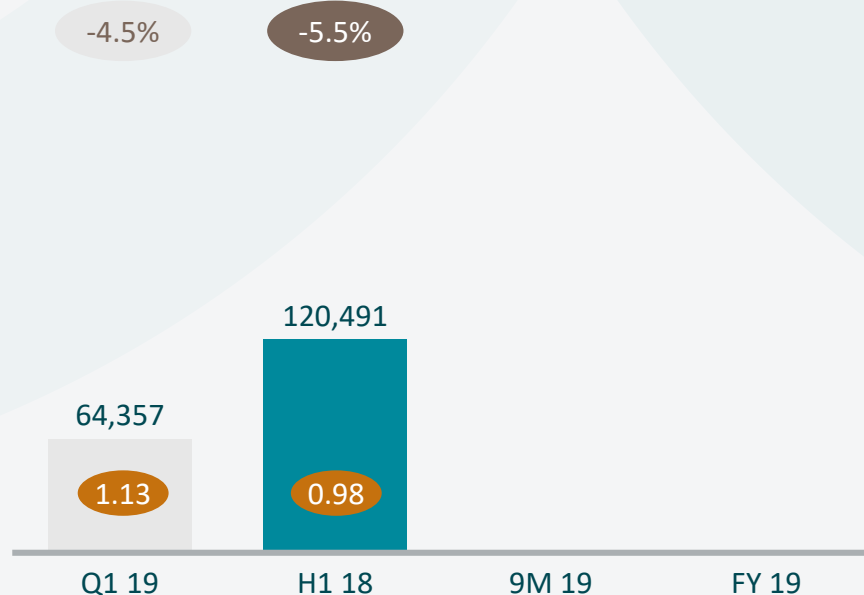
# INDUSTRIAL BUSINESS – ORDER INTAKE

## ORDER INTAKE (units)

### Book-to-bill<sup>1</sup> (ratio in units)



### Growth Y-o-Y (%)

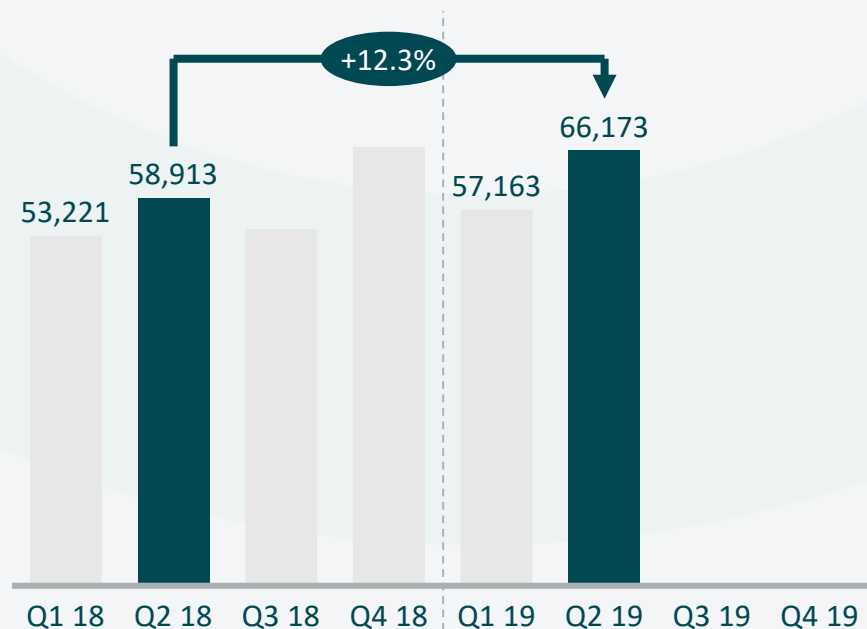


- Noticeable decrease of order intake in Q2 2019 in the EU28+2 region, driven in particular by Germany and UK
- Substantial declines in Russia, India, and Turkey. Strong increase in Brazil in the wake of the economic recovery

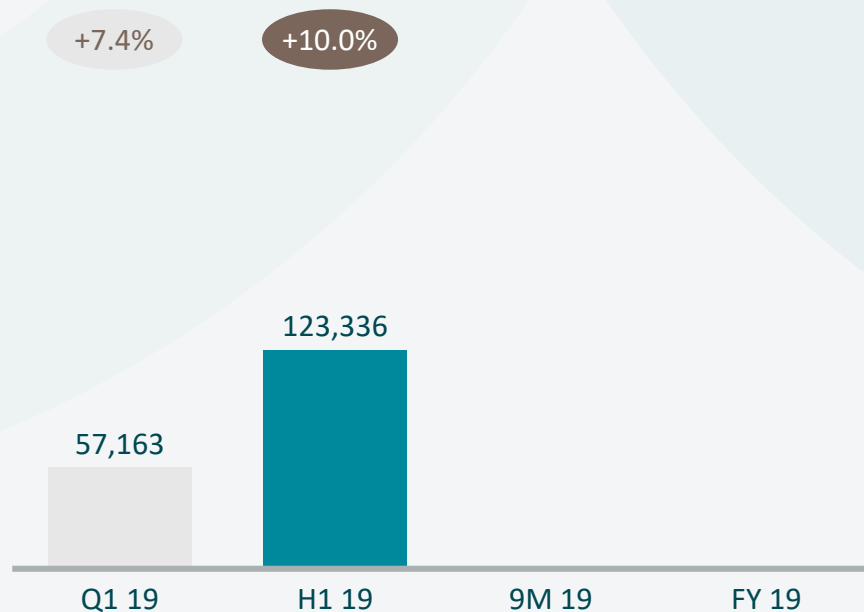
<sup>1</sup> Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered

## INDUSTRIAL BUSINESS – DELIVERIES

DELIVERIES (units)



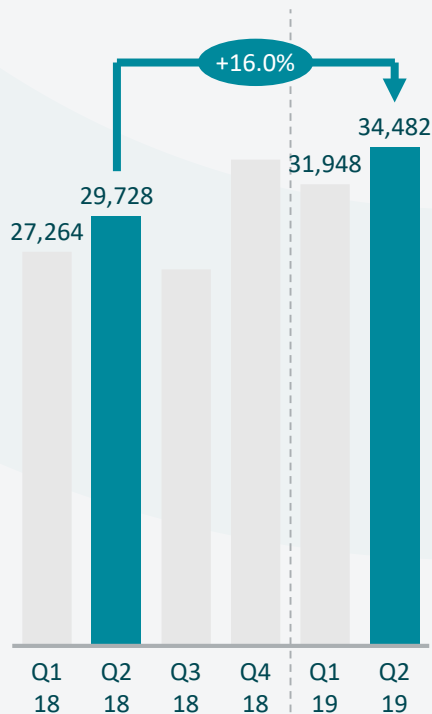
Growth Y-o-Y (%)



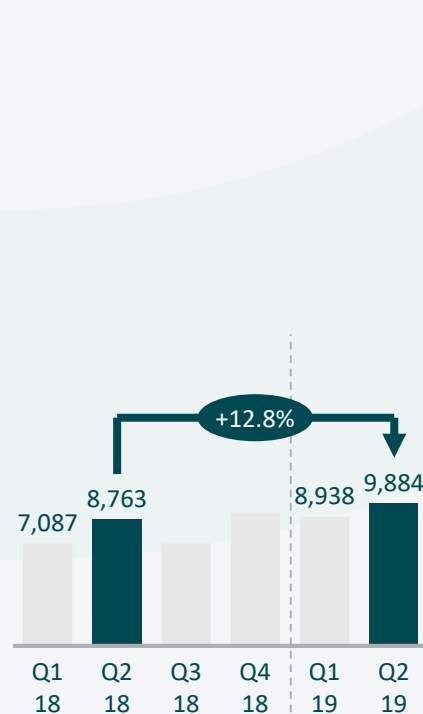
- Strong growth in core truck markets
- All three brands showed positive development

# INDUSTRIAL BUSINESS – REGIONAL TRUCK DELIVERIES DEVELOPMENT<sup>1</sup>

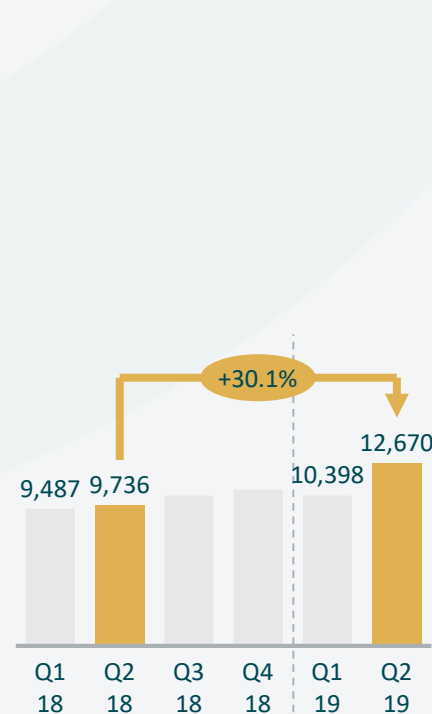
## EU28+2<sup>2</sup> (units)



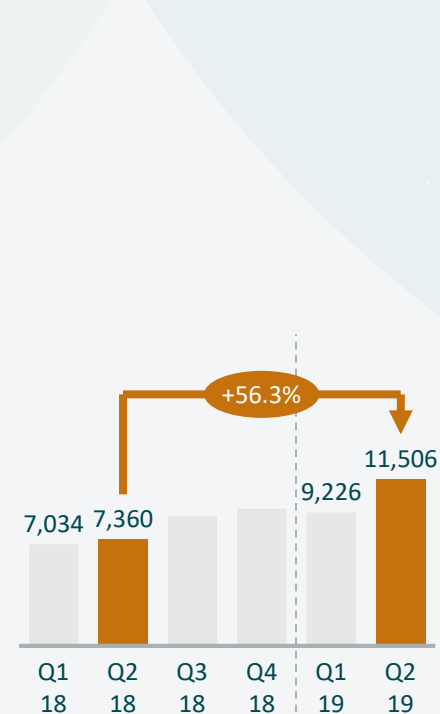
## Germany (units)



## South America (units)



## Brazil (units)



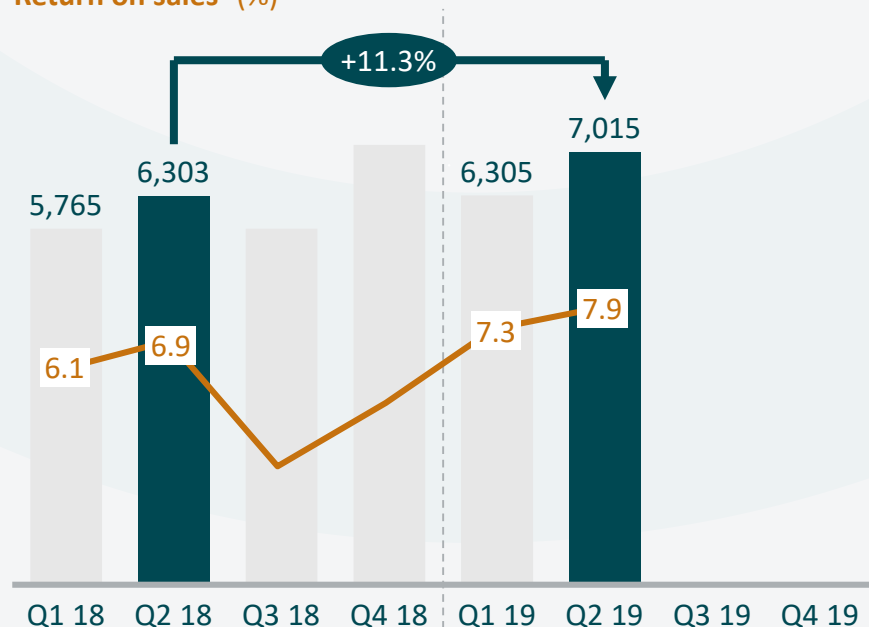
<sup>1</sup> Excluding MAN TGE vans <sup>2</sup> EU member states excluding Malta plus Norway and Switzerland



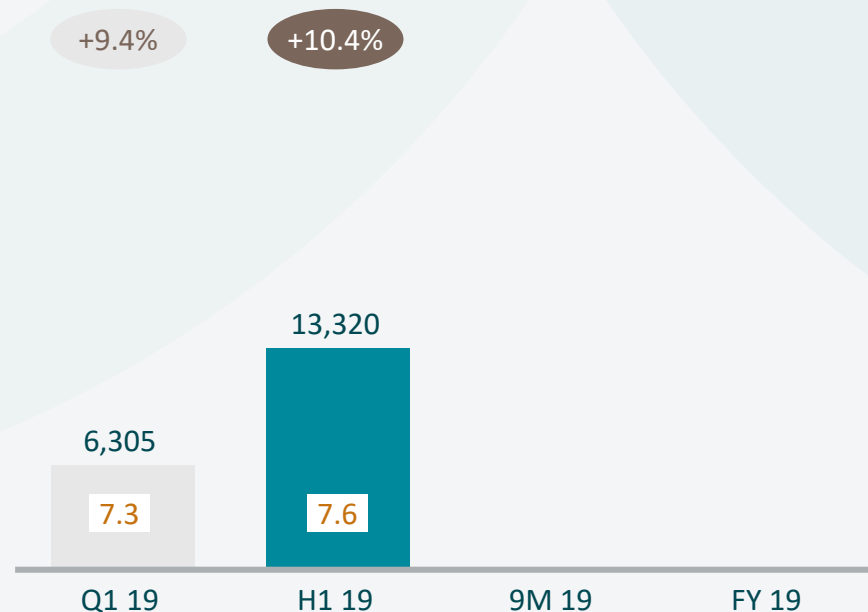
# INDUSTRIAL BUSINESS – SALES REVENUE AND RETURN ON SALES

## SALES REVENUE (€mn)

### Return on sales<sup>1</sup> (%)



### Growth Y-o-Y (%)

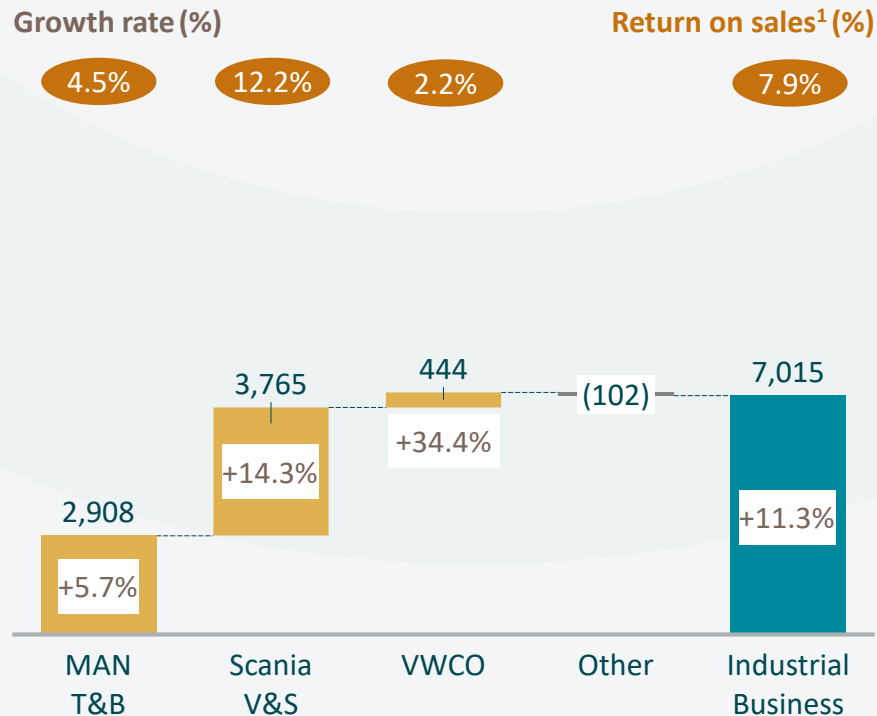


- All brands with significant increase in sales revenue in Q2 2019 and H1 2019, driven by a strong increase in Truck business
- Operating profit benefited from increase in deliveries combined with favourable product mix and fix cost leverage
- Primary R&D expenses decreased by 3% in H1 2019; capitalization rate slightly above 30%

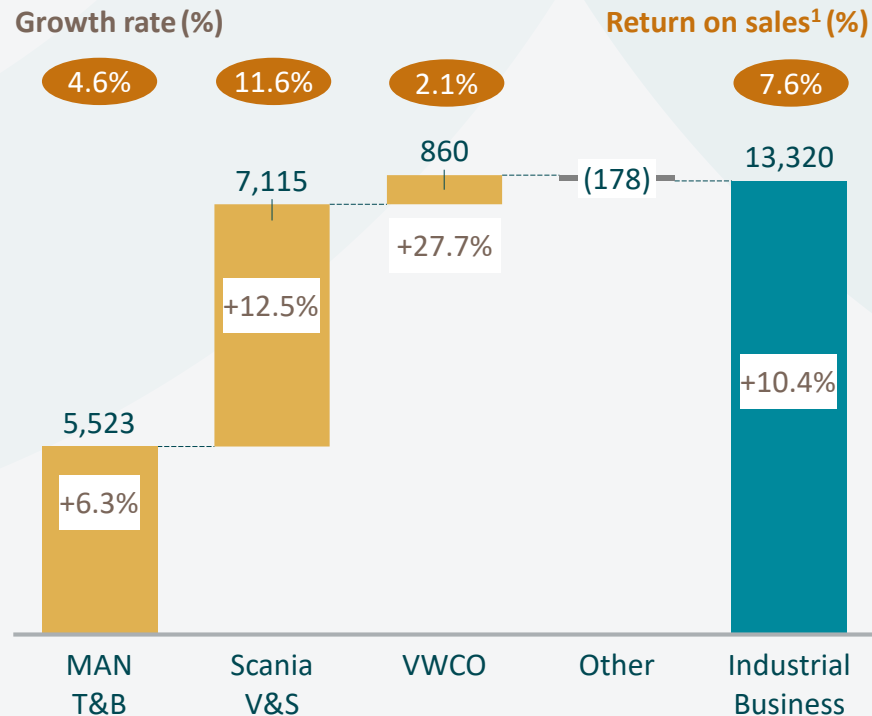
<sup>1</sup> Calculated as the ratio of operating profit to sales revenue

# INDUSTRIAL BUSINESS – SALES REVENUE BY BRAND AND RETURN ON SALES

## SALES REVENUES Q2 2019 (€mn)



## SALES REVENUES H1 2019 (€mn)

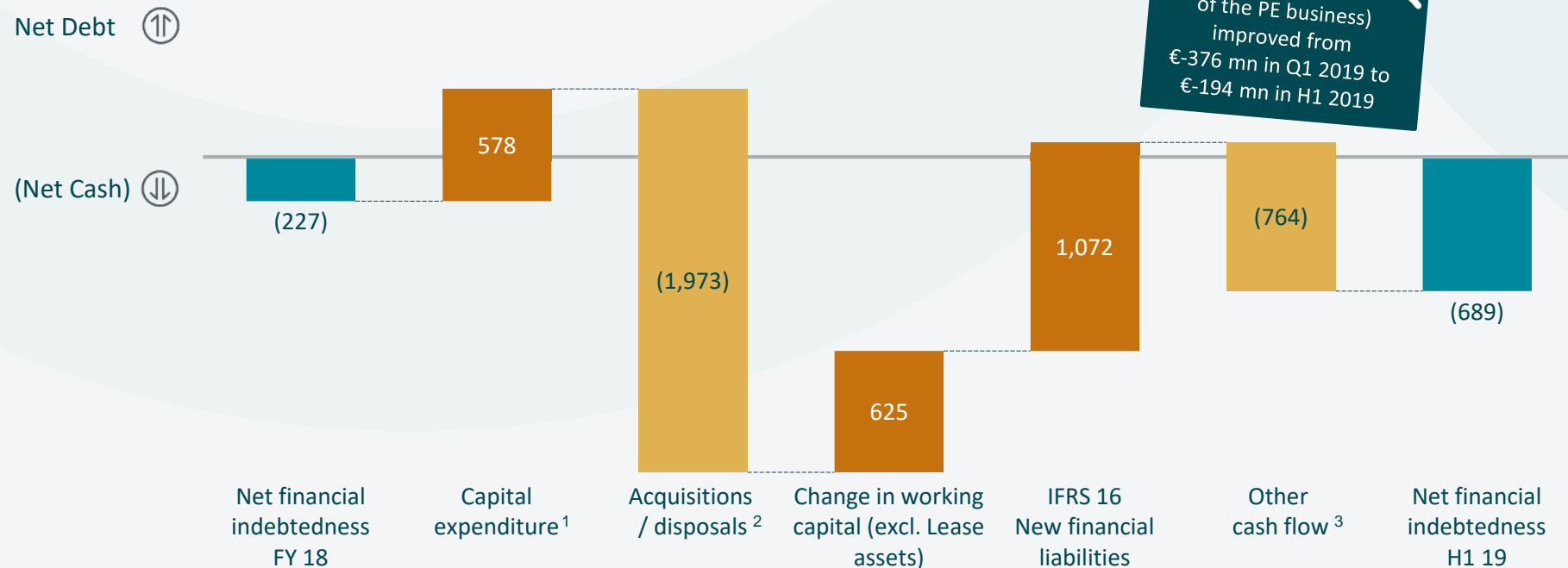


Note: Figures shown as at Q2 2019 / H1 2019; percentage change calculated YoY, Q2 2019 vs. Q2 2018 / H1 2019 vs. H1 2018

<sup>1</sup> Calculated as the ratio of operating profit to sales revenue

# INDUSTRIAL BUSINESS – INDEBTEDNESS

## NET FINANCIAL INDEBTEDNESS / NET LIQUIDITY BRIDGE (€mn)

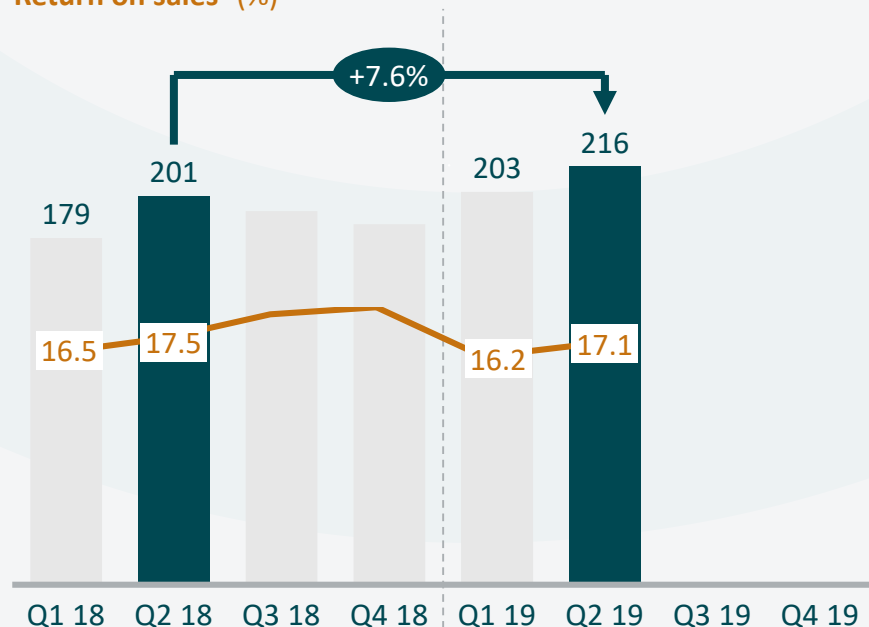


<sup>1</sup> Investments in PP&E and intangible assets <sup>2</sup> Amongst others reflecting the Power Engineering disposal <sup>3</sup> Including, amongst others, €-1,109 mn payments for tendered MAN shares, €-3,250 mn contribution of capital reserves and €+4,161 mn DPLTA with VW AG

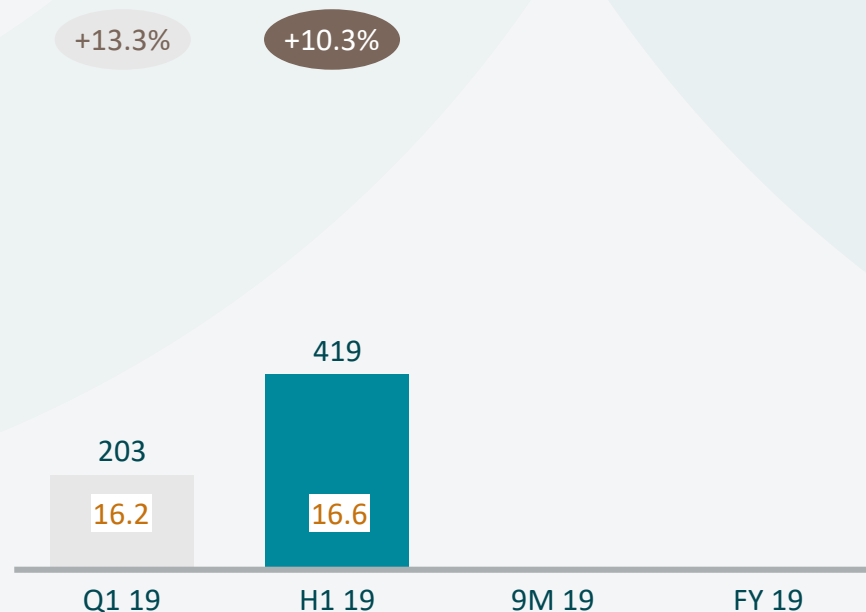
# FINANCIAL SERVICES – SALES REVENUE AND RETURN ON SALES

## SALES REVENUE (€mn)

### Return on sales<sup>1</sup> (%)



### Growth Y-o-Y (%)



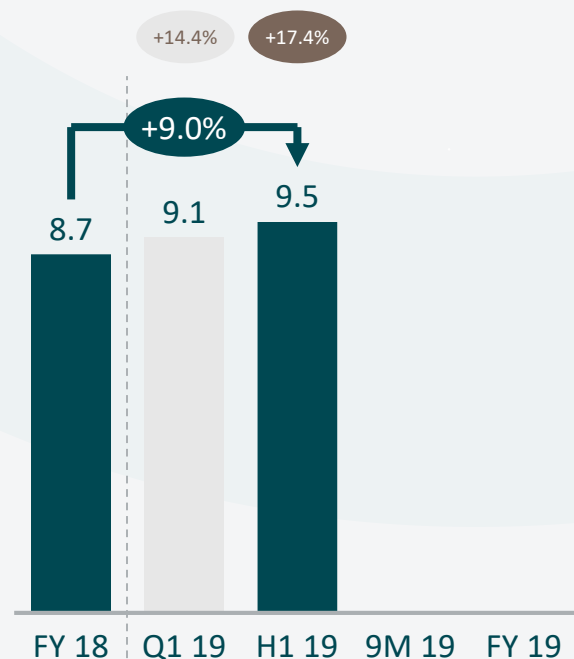
- Operating profit in Q2 2019 increased by 5% to €37 mn
- Portfolio growth and FX impacted results positively, while lower margins and increased operating cost had negative effect

<sup>1</sup> Calculated as the ratio of operating profit to sales revenue

# FINANCIAL SERVICES – NET PORTFOLIO AND PENETRATION RATE

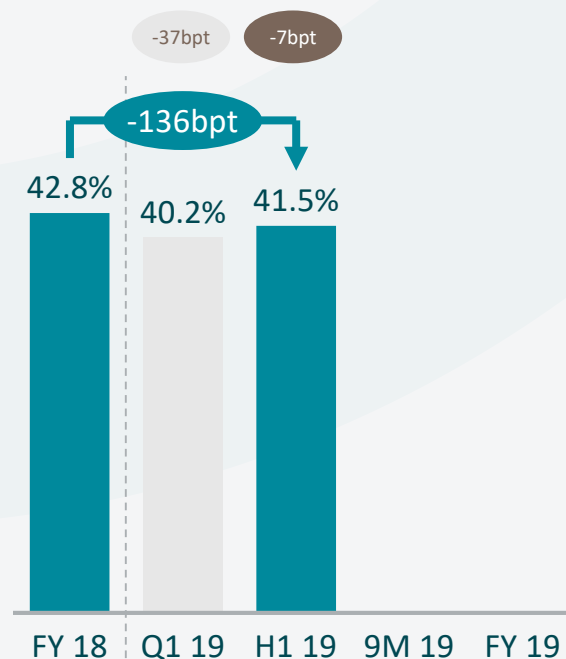
## NET PORTFOLIO<sup>1</sup> (€bn)

Growth Y-o-Y (%)



## PENETRATION RATE<sup>2</sup> (%)

Growth Y-o-Y (%)



## COMMENTARY

- By the end of H1 2019 the customer finance portfolio amounted to €9.5 bn; this represents an increase of 9% compared to YE 2018
- The penetration rate on new trucks was 41.5% (H1 2018: 41.5%) in H1 2019 in those markets where Financial Services operates

<sup>1</sup> Reflecting closing balances; net portfolio defined as gross portfolio less bad debt provisions; excl. currency effects <sup>2</sup> Trucks only

## GROUP – CONSOLIDATED INCOME STATEMENT (IFRS)

in EUR million	H1 2019	H1 2018
<b>Sales revenue</b>	<b>13,541</b>	<b>12,609</b>
Cost of sales	-10,762	-10,094
<b>Gross profit</b>	<b>2,778</b>	<b>2,515</b>
Distribution expenses	-1,214	-1,165
Administrative expenses	-502	-511
Net impairment losses on financial and contract assets	-26	-18
Other operating income	288	386
Other operating expenses	-249	-344
<b>Operating profit</b>	<b>1,075</b>	<b>863</b>
Share of profits and losses of equity-accounted investments	70	83
Interest income	38	40
Interest expenses	-122	-216
Other financial result	-16	-190
<b>Financial result</b>	<b>-31</b>	<b>-284</b>
<b>Earnings before tax</b>	<b>1,044</b>	<b>579</b>
Income tax income/expense	-251	-153
Current	-193	-212
Deferred	-57	59
<b>Result from continuing operations, net of tax</b>	<b>794</b>	<b>426</b>
Result from discontinued operations, net of tax	-2	53
<b>Earnings after tax</b>	<b>792</b>	<b>479</b>
of which attributable to		
Noncontrolling interests	20	3
TRATON SE shareholders	772	476

# GROUP – CONSOLIDATED BALANCE SHEET: ASSETS / EQUITY AND LIABILITIES (IFRS)

in EUR million	30.06.2019	31.12.2018
<b>Assets</b>		
<b>Noncurrent assets</b>		
Intangible assets	6,602	6,597
Property, plant and equipment	6,484	5,469
Lease assets	6,868	6,599
Equity-accounted investments	1,276	1,223
Other equity investments	49	37
Financial services receivables	4,547	4,212
Other financial assets	99	63
Other receivables	677	663
Tax receivables	47	50
Deferred tax assets	897	939
	<b>27,546</b>	<b>25,851</b>
<b>Current assets</b>		
Inventories	5,610	4,822
Trade receivables	2,315	2,319
Financial services receivables	3,050	2,688
Other financial assets	402	6,371
Other receivables	856	939
Tax receivables	101	140
Marketable securities	1,477	98
Cash, cash equivalents	2,670	2,997
Assets classified as held for sale	-	157
	<b>16,480</b>	<b>20,533</b>
<b>Total assets</b>	<b>44,026</b>	<b>46,384</b>

in EUR million	30.06.2019	31.12.2018
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Subscribed capital	500	10
Capital reserves	20,841	21,331
Retained earnings	-5,573	-2,064
Other reserves	-2,704	-2,478
Equity attributable to TRATON SE shareholders	13,065	16,799
Noncontrolling interests	248	2
	<b>13,313</b>	<b>16,801</b>
<b>Noncurrent liabilities</b>		
Financial liabilities	5,553	5,449
Tax payables	124	122
Other financial liabilities	2,514	2,333
Other liabilities	1,885	1,780
Deferred tax liabilities	766	824
Provisions for pensions	1,737	1,506
Provisions for taxes	17	16
Other provisions	1,198	1,184
	<b>13,794</b>	<b>13,217</b>
<b>Current liabilities</b>		
Put options and compensation rights granted to noncontrolling interest shareholders	-	1,827
Financial liabilities	6,523	5,366
Trade payables	2,863	2,969
Tax payables	122	125
Other financial liabilities	2,889	1,620
Other liabilities	3,597	3,263
Provisions for taxes	23	137
Other provisions	903	938
Liabilities directly associated with assets classified as held for sale	-	123
	<b>16,920</b>	<b>16,366</b>
<b>Total equity and liabilities</b>	<b>44,026</b>	<b>46,384</b>

# GROUP – CONSOLIDATED STATEMENT OF CASH-FLOWS (IFRS)

in EUR million	H1 2019	H1 2018
<b>Cash and cash equivalents at beginning of period</b>	<b>2,997</b>	<b>4,593</b>
Earnings before tax	1,044	579
Income taxes paid	-256	-274
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property*	411	301
Amortization of and impairment losses on capitalized development costs*	92	84
Impairment losses on equity investments*	0	0
Depreciation of and impairment losses on lease assets*	564	535
Change in pensions	1	25
Gain/loss on disposal of noncurrent assets and equity investments	-4	-13
Share of profit or loss of equity-accounted investments	-70	-272
Other noncash expense/income	43	446
Change in inventories	-780	-843
Change in receivables (excluding financial services)	-212	-296
Change in liabilities (excluding financial liabilities)	251	670
Change in provisions	-13	4
Change in lease assets	-784	-722
Change in financial services receivables	-617	-394
<b>Cash flows from operating activities - discontinued operations</b>	<b>-</b>	<b>-152</b>
<b>Cash flows from operating activities</b>	<b>-330</b>	<b>-321</b>
Investments in intangible assets (excluding development costs), property, plant and equipment, and investment property	-358	-344
Additions to capitalized development costs	-223	-188
Acquisition of other equity investments	-5	-21
Disposal of subsidiaries	1,978	0
Proceeds from disposal of intangible assets, property, plant and equipment, and investment property	18	31
<b>Investing activities attributable to operating activities</b>	<b>1,410</b>	<b>-522</b>
<b>Net cash flow - continuous operations</b>	<b>1,080</b>	<b>-691</b>

\*Net of impairment reversals

in EUR million	H1 2019	H1 2018
Change in investments in marketable securities	-1,381	-62
Changes in loans and time deposits	68	55
<b>Cash flows from investing activities - discontinued operations</b>	<b>-</b>	<b>-60</b>
<b>Cash flows from investing activities</b>	<b>97</b>	<b>-589</b>
Profit transfer to Volkswagen AG	911	28
Compensating rights of minority shareholders	-1,109	-116
Proceeds from issuance of bonds	1,640	1,400
Repayments of bonds	-595	-
Changes in other financial liabilities	-874	-349
Lease payments	-79	0
<b>Cash flows from financing activities - discontinued operations</b>	<b>-</b>	<b>0</b>
<b>Cash flows from financing activities</b>	<b>-105</b>	<b>963</b>
Effect of exchange rate changes on cash and cash equivalents	10	-50
<b>Net change in cash and cash equivalents</b>	<b>-328</b>	<b>2</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,670</b>	<b>4,596</b>



## GROUP – ADJUSTMENTS

Adjustments (in € mn - costs)	2016	2017	2018	1H 2019
Expense for antitrust proceedings (Scania)	403			
Release of restructuring provisions at MAN Truck & Bus		-50		
Expenses in relation to India market exit at MAN Truck & Bus			137	
Restructuring expenses at Volkswagen Caminhões e Ônibus	58			-13

## CONTACTS INVESTOR RELATIONS



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# FINANCIAL CALENDAR

DATE	EVENT / PUBLICATION OF
May 7, 2019	Q1 2019
July 29, 2019	Half-year 2019
November 4, 2019	9-month 2019



## SHARE DATA

### SHARE DATA

ISIN (International Securities Identification Number)	DE000TRATON7
WKN (German Security Identification number)	TRATON
Common code	196390065
Stock exchange	Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) & Nasdaq Stockholm (börsen)
Market segment	Regulated market (Prime Standard) of Frankfurt Stock Exchange & Large Cap segment of Nasdaq Stockholm
Bloomberg ticker	8TRA GY / 8TRA SS
Reuters ticker	8TRA.DE / 8TRA.ST
Shares outstanding	500.000.000
Type of share	Bearer shares / common shares