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CREATING A GLOBAL CHAMPION

1. GLOBAL CHAMPION
2. GROWTH
3. PROFITABILITY AND SYNERGIES
4. EXECUTION

New technology opportunities:
- Connectivity
- Autonomous Driving
- Electrification

Evolving technology landscape:
- Uber
- Waymo
- Amazon
- DHL
- DiDi
NEW TECHNOLOGIES ARE ADDRESSING INEFFICIENCIES IN THE INCREASING TRANSPORT ECOSYSTEM, INDICATING SUBSTANTIAL OPTIMIZATION POTENTIAL

- Commercial vehicles in motion less than 30% of the time
- ~60% of total length available for additional load
- ~7% of road accidents involve trucks
- ~5-10% of fuel energy used to transport goods
- ~14 m
- ~3 m

Better transportation makes a better world

SOURCE: TRATON Group estimates
GLOBAL ENGINEERING COMMUNITY

- Fully consolidated companies
- ~7000 R&D employees
- Associates
- Strategic partner

1 Associates are Navistar and Sinotruk, in which TRATON has a minority equity stake (Navistar c. 17%, Sinotruk 25% +1 share)
2 Strategic partner is Hino, with whom TRATON has entered into a strategic partnership in 2018
TANGIBLE SYNERGIES WITHIN ENGINEERING AND PRODUCT DEVELOPMENT

1. Joint powertrain
2. Modularization and components
3. New technologies
LEAD ENGINEERING IN JOINT POWERTRAIN PLATFORM

Time to market  State of the art product properties  Higher resource efficiency and lower product cost

15-16l  Aftertreatment system

11-13l  Axles

5-9l  Transmission
ONE EXAMPLE OF JOINT POWERTRAIN

Common Base 13l Engine (CBE) – our jointly developed HD powertrain platform

- More than 50% Brake Thermal Efficiency
- Globally ready for future emission legislations
- Expected to be installed in >50% of alliance’s HD trucks\(^1\) per year from 2025 onwards

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\(^1\) Per year from 2025 onwards, incl. Navistar and excl. Sinotruk and Hino
### MODULARIZATION AND COMPONENTS

#### What is the objective?
- We want to **drive synergies** for the brands with maintained or improved **customer value** by
  - Reducing complexity via common components
  - Reducing material cost
  - Optimizing customer offer through refined set of performance steps
  - Free-up R&D resources to invest in future technologies

#### Several waves launched
- **Wave 1:** Urea tanks, batteries …
- **Wave 2:** Propeller shaft, steering system …
- **Wave 3:** Brake system, air compressors …

#### Urea tanks
- Potential opportunities of ~10% in product cost savings
  - Harmonization of production technology
  - Market benchmarking and comparison of price levels
  - Portfolio overlap investigation and prioritization

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MODULARIZATION AND COMPONENTS

Common Layout Team working with:

- Customer need – GTW, rolling resistance, start/stop frequency, topography etc.
- Well balanced performance steps – derived from the customer needs
- Standardized interfaces – modular kit with clear interfaces
- Global organization from all brands
WE ARE DRIVING THE DISRUPTIVE TRENDS
V2V and V2X communication

Efficiency of entire ecosystem
Open, manufacturer-independent and cloud-based platform
Improve profitability and competitiveness
MORE THAN 450K CONNECTED TRATON VEHICLES ON THE ROAD TODAY

TRATON has a strong position in connected fleet ...

approx. 450k connected vehicles

Navistar’s OnCommand Connection expected to join group solutions in 2019

Enabling >900k connected vehicles

... strengthened by several investments and partnerships with innovative technology companies

Scania ONE launched

All new medium- and heavy duty (Euro6) trucks in Europe equipped with RIO telematics box

Launch of RIO planned for 2019

Offered connectivity environment, went live in 2017

Exemplary partners:

Connectivity enabler for autonomous driving
WE ARE DRIVING THE DISRUPTIVE TRENDS
WHAT THE FUTURE MIGHT LOOK LIKE
ELECTRIFICATION ROADMAP

TEST FLEETS TODAY

- eTruck
- PHEV Truck
- Pantograph Truck
- E-Delivery
- Various other test fleets

2020+

Avoiding double work – Common development
- Drivetrains
  - Central, Mild hybrids, High Speed Motors, eAxles
- Energy storage
  - Energy optimized, Power optimized
- Charging
  - Rail on roof, On board
- Auxiliaries and Cooling/HVAC

BEV buses
WE ARE DRIVING THE DISRUPTIVE TRENDS
WHAT THE FUTURE MIGHT LOOK LIKE
AUTONOMOUS DRIVING ROADMAP

TEST FLEETS TODAY

Construction
Signaling Vehicle

Autonomous
Mining Vehicle

Platooning A9
DB Schenker

Various other
test fleets

2020+

Avoiding double work – Common development

ADC
ADAS Domain Controller
Sensor platform
Radar sensors, cameras, lidars, automation architecture
Functions
Traffic Jam Pilot, Autopilot for Highway, Platooning

2025+

TRATON GROUP
Common conventional Powertrain

Common future technology platform - ACE