CREATING A GLOBAL CHAMPION

IAA ANALYST AND INVESTOR PRESENTATION | 20-SEP-2018
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TODAY’S PRESENTERS

Andreas Renschler
CEO of TRATON and Board Member of Volkswagen AG

- Appointed CEO of Volkswagen Truck & Bus in 2015
- 30 years of experience in automotive and truck industry
- Joined Volkswagen in 2015
- Member of the Volkswagen Management Board responsible for Commercial Vehicles and Power Engineering
- Previously member of the Daimler Management Board responsible for Daimler Trucks

Christian Schulz
CFO of TRATON

- Appointed CFO of Volkswagen Truck & Bus in 2018
- 19 years of experience in automotive and truck industry
- Joined VW Truck & Bus in 2017
- Previously head of business development at VW Truck & Bus, director of controlling operations for Mercedes-Benz Passenger Cars and product/production controlling for Mitsubishi Fuso
TOPICS FOR TODAY

Where we come from
Status Global Champion Strategy and Alliances
Way forward
Since we met at the last IAA in 2016, we have delivered on our strategic goals.

- Successful creation and implementation of strategic alliances
- Significant performance improvement: 5.0% in 2015, 6.1% in 2016, 6.9% in 2017 (+1.9 pp)
- On the way to become Capital Market Ready
- New legal entity
- New corporate identity
- Collaboration among brands fully on track
Better transportation makes a better world
TRATON AT A GLANCE – LEADING GLOBAL BRANDS AND PARTNERSHIPS

Fully consolidated

Associates

Strategic partner

25% + 1 share
c. 17%

Successful collaboration  Path to Global Champion  Win-win partnership structure
TRATON AT A GLANCE – SNAPSHOT 2017

TRATON sales volume\(^1\) (k): 205

- Trucks\(^2\): 183 (91%)
- Buses: 19 (9%)

TRATON revenue by brand (€bn): 23.9

- Scania: 12.8 (54%)
- MAN: 10.0 (42%)
- VW Caminhões e Ônibus: 1.1 (5%)

TRATON financials 2017

- € 23.9bn Revenues
- € 1.7bn Operating profit
- 6.9% Return on Sales

Note: Trucks >6t, Volkswagen Caminhões e Ônibus trucks ≥ 5t; figures are financially rounded.
1 TRATON commercial vehicles total figures (incl. c. 2k units of MAN TGE vans).
2 Excl. MAN TGE vans.
TRATON AT A GLANCE – UNIQUE GLOBAL TRUCK AND BUS PLATFORM WITH FOCUS ON HEAVY DUTY TRUCKS

Note: Trucks >6t, Volkswagen Caminhões e Ônibus trucks ≥ 5t; all figures as reported by VW AG, Scania AB and MAN SE, apart from Volkswagen Caminhões e Ônibus, for which the source is company information; pictures denote presence in respective area; figures are financially rounded.

1 Sales volume per fiscal year (Scania, MAN, VW CO, and Sinotruk year-end 31 December 2017; Navistar year-end October 2017 and HINO year-end March 2018). 2 Incl. ca. 2k MAN TGE vans. 3 Excl. c. 2k MAN TGE vans. 4 Incl. c. 108k in LDT volume. 5 Sales volume split not disclosed; excl. Toyota sales volume.

TRATON

<table>
<thead>
<tr>
<th>Home base</th>
<th>Europe and Brazil</th>
<th>Europe</th>
<th>Brazil</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucks</td>
<td>82</td>
<td>81</td>
<td>21</td>
<td>91</td>
</tr>
<tr>
<td>Buses</td>
<td>8</td>
<td>6</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>87</td>
<td>26</td>
<td>203</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Heavy duty trucks</th>
<th>80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium/Light duty trucks</td>
<td>11%</td>
</tr>
<tr>
<td>Bus and Coach</td>
<td>9%</td>
</tr>
</tbody>
</table>

Associates

<table>
<thead>
<tr>
<th>Region</th>
<th>China</th>
<th>North America</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucks</td>
<td>264</td>
<td>58</td>
<td>n/a</td>
</tr>
<tr>
<td>Buses</td>
<td>0</td>
<td>11</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>264</td>
<td>69</td>
<td>184</td>
</tr>
</tbody>
</table>

Strategic partner

| Region | 184%
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>n/a</td>
</tr>
</tbody>
</table>

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TRATON AT A GLANCE – UNIQUE POSITIONING OF BRANDS

Creating a global champion

**Scania**
- Driving the shift towards a sustainable transport system
- Premium customer-focused innovation leader for sustainable transport solutions

**MAN**
- Simplifying business by being the most reliable business partner
- Reliable business partner with value package and full-line offering

**Volkswagen Onibus**
- Less you don’t want more you don’t need
- Best value for money and tailor-made products
TRATON – CREATING A GLOBAL CHAMPION

1. GLOBAL CHAMPION
   Our leading brands and alliances provide scale for our unique platform, enabling global expansion and positioning us for best in class profitability.

2. GROWTH
   Customer value focused product and service offering and expansion in key geographies.

3. PROFITABILITY AND SYNERGIES
   Unique earnings potential with concrete path to profitability improvement driven by enhanced brand performance and tangible synergy upside.

4. EXECUTION
   Strong team with industry-leading track record executing our global champion strategy.
TRUCK PROFIT POOLS ARE SPREAD GLOBALLY WITH FURTHER LONG-TERM UPSIDE POTENTIAL

In €bn

1 Profit pool (EBIT) of truck industry >6 tons (2017). 2 Incl. CA, MX, US. 3 Incl. AT, BE, DK, FI, FR, DE, GR, IE, NL, NO, PT, ES, SE, CH, UK, BG, HR, CZ, EE, HU, LV, LT, PL, RO, SK, SI, BY, KZ, UA, UZ. 4 Incl. BO, CL, CO, EC, PE, VE, BS, BB, BZ, BM, CR, CU, DO, SV, GT, HT, HI, JM, AN, NI, PA, TT, AR, BR, PY, UY, other Caribbean countries. 5 Incl. TR, CN, HK, TW, JP, KR, ZA, SA, ID, MY, PH, SG, TH, VT, IN, PK, AU, NZ.

Source: McKinsey
TRATON WITH #1 TRUCK MARKET POSITIONS IN EUROPE AND LATAM

1 EU28 member states excl. Cyprus, Luxembourg and Malta (no data available from IHS) + Norway and Switzerland.
2 Incl. Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela; excl. Mexico (part of NAFTA); market share in Brazil of 39% (market leader).
EXPANDING GLOBALLY THROUGH ALLIANCE PARTNERS TO ADDRESS ALL MAJOR PROFIT POOLS

North America
- Signing of strategic alliance in 2016
- Technology cooperation well on track with first SoPs expected until 2020/2021
- Procurement joint venture very successful with significant synergies achieved and visible further potential

China
- Established partnership with Sinotruk since 2009
- Agreed to establish joint venture to localize MAN heavy duty truck in China as well as to evaluate an expansion of the technology and procurement cooperation

Japan and South East Asia
- Cooperation agreement signed in 2018 on future logistics and transportation, technology and procurement
- Agreed to cooperate in e-mobility and signed procurement joint venture LOI to leverage global purchasing synergies

1 Market share of Navistar in North America (Canada and USA). 2 Market share of CNHTC in China (incl. Hong Kong). 3 Market share of Hino in Japan and South East Asia (Indonesia, Australia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam).
LEADING ALLIANCE OF HEAVY DUTY BRANDS AS BASIS FOR EXPANSION AND
SYNERGY REALIZATION

Potential heavy duty platform reach of top OEMs incl. associates and strategic partners
Sales volumes 2017, 1,000 units

Leverage technologies and expertise through global brands

Combination of brands and alliances
into a global heavy duty champion

• Economies of scale through industry leading volumes incl. alliance partners
• Leading powertrain technology
• Broad customer oriented sales and service network

TRATON associates
TRATON strategic partner

Note: Truck volumes (>15t) including selected strategic alliances.
1 Incl. partnerships with Dongfeng (45% ownership) and Eicher.  2 Incl. partnerships with Foton (50% ownership) and Kamaz.  3 Dongfeng incl. Dongfeng-Volvo JV sales volume.  4 Foton incl. Foton-Daimler JV sales volume.
Traton with multiple layers of growth

1. Global Champion
2. Growth
3. Profitability and Synergies
4. Execution

Drive innovation
- Customer focused innovative solutions

Grow share
- Leading technology/services targeted at optimizing customer value

Go global
- Significant expansion in accessible profit pools through global alliances and organic growth

Sustain core
- Robust core markets in Europe, continued recovery growth in Brazil
SUSTAIN CORE AND GO GLOBAL – STRONG CORE MARKETS AND INCREASING EXPOSURE TO GLOBAL MARKETS FORM THE BASIS FOR FUTURE TOPLINE GROWTH

### Sustain core

<table>
<thead>
<tr>
<th>Market volume truck sales &gt;6t (2017), k Units</th>
<th>Long-term market outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Europe</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>~370</td>
</tr>
<tr>
<td><strong>LatAm</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>~100</td>
</tr>
<tr>
<td><strong>Russia</strong></td>
<td>~80</td>
</tr>
<tr>
<td><strong>Other</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Successful global (export) business of premium trucks out of European / Brazilian home base</td>
</tr>
</tbody>
</table>

### Go global

<table>
<thead>
<tr>
<th>Market volume truck sales &gt;6t (2017), k Units</th>
<th>Long-term market outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NAFTA</strong></td>
<td>~470</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>~1,300</td>
</tr>
<tr>
<td><strong>S.E. Asia&lt;sup&gt;4&lt;/sup&gt; &amp; Japan</strong></td>
<td>~330</td>
</tr>
</tbody>
</table>

1 EU28+2 region (EU member states [excl. Cyprus, Malta, and Luxembourg (no IHS data available)] + Norway, and Switzerland).  
2 Incl. Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela; Excl. Mexico (part of NAFTA); 39% HDV market share in Brazil.  
3 Incl. e.g. Australia, China, Russia, SEA, South Africa, South Korea.  
4 Australia, Indonesia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam.
DRIVE INNOVATION – TRATON HAS AN ANSWER TO ALL DISRUPTIVE DEVELOPMENTS AND AN ACTIVE ROLE IN SHAPING THE FUTURE

**Selected examples**

**Autonomous Driving**
- Platooning pilot with DB Schenker

**Connectivity**
- 450k Connected vehicles on the road globally across TRATON brands
- Connectivity environment offering digital platform globally to the transport and logistics ecosystem

**Electrification**
- Introduction of CitE
- e-Delivery (SoP in 2020) – first clean energy partnership for delivery of ~1,600 electric trucks (by 2023)
TRATON WITH STRONG TRACK RECORD OF PERFORMANCE IMPROVEMENT ACROSS BRANDS AND FURTHER POTENTIAL TO BE REALIZED

Brand performance, Return on Sales

<table>
<thead>
<tr>
<th>Brand</th>
<th>2015</th>
<th>2017</th>
<th>Target¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCANIA</td>
<td>9.8%</td>
<td>10.1%</td>
<td></td>
</tr>
<tr>
<td>MANI</td>
<td>2.3%</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>Caminhões ônibus</td>
<td>-11.5%</td>
<td>-9.2%</td>
<td></td>
</tr>
</tbody>
</table>

Tangible synergies

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

Stand-alone upside

Additional levers through alliances

TRATON: Attractive margin upside

<table>
<thead>
<tr>
<th>2015</th>
<th>2017</th>
<th>Target²</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0%</td>
<td>6.9%</td>
<td></td>
</tr>
</tbody>
</table>

1 Return on Sales we want to achieve over the cycle. 2 Return on Sales we want to achieve over the cycle, incl. holding costs and consolidation effects.
STAND-ALONE UPSIDE: RECENT BRAND PERFORMANCE PROGRAMS ARE WELL UNDERWAY OR HAVE BEEN SUCCESSFULLY COMPLETED

FOCUS & AMBITION

Improvement and sustaining of operational performance in both top- and bottom line

- Improved dealer performance, increased sales of high-margin vehicles
- Reduced OPEX and decreased production costs due to intensified continuous improvement work

PACE2017

Completion of the program has created a sound basis for further profitability-focused initiatives

- Restructured production networks and reduced material cost by comprehensive product cost optimization
- Improved after-sales business (e.g. captive retail business, pricing of spare parts)

TURNAROUND PLAN

Improvement across all cost levers to align to new market capacity

- Adapted organization to market capacity
- Improved sales efficiency

Follow-up initiatives currently being implemented
SIGNIFICANT PROFITABILITY UPSIDE DRIVEN BY PERFORMANCE IMPROVEMENT PROGRAMS AND ONGOING SYNERGY REALIZATION

Target Return on Sales (Operating Profit)¹

- 2015: 5.0%
- 2017: 6.9%

9.0%

1 Return on Sales we want to achieve over the cycle, incl. holding company costs and consolidation effects.
TANGIBLE SYNERGIES: KEY PROFITABILITY DRIVER – JOINT POWERTRAIN PLATFORM AND COMPONENTS AS ONE KEY LEVER TO REALIZE SYNERGIES

Legend

Key technology contributor

CBE – new 13l engine
Expected to be installed in >50% of alliance’s HD trucks\(^1\) per year from 2025 onwards

E-drives / batteries
Leveraging joint e-drive across brands and VW Group battery cells as an option

Common after-treatment

GW transmission

Common axle project

GZ transmission

In use by ~38,000 MAN trucks to date

\(^1\) Per year from 2025 onwards, incl. Navistar and excl. Sinotruk and Hino.
WE CONTINUE TO DELIVER ON OUR STRATEGY

2015

- **Inception of VW Truck & Bus GmbH**
- **Collaboration** among brands fully on track with first **significant synergies achieved** and tangible potential currently being explored
- Powertrain platform as key lever: CBE engine to be installed in >50% of HD trucks of alliance

- **Operating Profit (€m)**
  - 2015: 1,023
  - 2016: 1,301
  - 2017: 1,651

- **New corporate identity** successfully launched and to be broadly communicated at IAA
- **Significant progress** on the way to become **Capital Market Ready**
  - TRATON AG registered and conversion into SE fully on track

Today

- **Hino**: Agreed to cooperate in e-mobility and signed procurement JV LOI
- **Solera**: Set up strategic partnership incl. fleet management, driver services and digital sales
- **Sinotruk**: Agreed to establish JV to localize MAN heavy duty truck in China

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1 Per year from 2025 onwards, incl. Navistar and excl. Sinotruk and Hino.
TRATON EXECUTIVE MANAGEMENT TEAM WITH STRONG TRACK RECORD AND LONGSTANDING INDUSTRY EXPERIENCE