

The TRATON GROUP prepares for the re-opening of the economy in a very challenging environment

- Total unit sales down 20% to 46,000 vehicles in the first three months of 2020
- Incoming orders down 16% to 54,200 vehicles
- Securing liquidity has top priority; substantial decline in sales revenue and operating profit expected for Q2 2020
- Brand production operations gradually being restarted
- CEO of TRATON Andreas Renschler: “The effects of the corona pandemic are hitting the economy as a whole hard, and that goes for the TRATON GROUP as well. What Europe needs right now are investment incentives for the environmentally friendly modernization of truck fleets as a means to overcome the crisis in this system-critical sector.”

Munich, May 4, 2020 – In anticipation of a downturn in the market in Europe and due to the initial effects of the global corona pandemic, the TRATON GROUP recorded falls in unit sales, sales revenue, and operating profit in the first three months of 2020 and is now making preparations for the re-opening of the economy in a very challenging environment. **Unit sales** of the three brands MAN, Scania, and Volkswagen Caminhões e Ônibus contracted by 20% to 46,000 (prior-year level: 57,200) vehicles in the first three months of the year. With unit sales down 21% to 42,000 (53,000) vehicles, the decline in truck sales was more marked than in buses, where a drop of 4% to around 4,000 (4,200) vehicles was recorded.

“The effects of the corona pandemic are hitting the economy as a whole hard, and that goes for the TRATON GROUP as well. What Europe needs right now are investment incentives for the environmentally friendly modernization of truck fleets as a means to overcome the crisis in this system-critical sector,” said **Andreas Renschler, CEO of TRATON and member of the Board of Management at Volkswagen AG.**

Between January and March, the TRATON GROUP generated **sales revenue** of €5.7 billion (€6.4 billion), a year-on-year contraction of 11%. At €161 million (€490 million), the **operating profit** fell by two thirds. The **operating return on sales** fell to 2.8% after a figure of 7.6% for the first three months of the previous year. **Incoming orders** fell by 16% to 54,200 units. The book-to-bill ratio (unit sales divided by incoming orders) was 1.18 compared with 1.13 as recorded for the first three months of 2019.

The **drop in unit sales** of the three brands Scania, MAN and Volkswagen Caminhões e Ônibus was most marked in Europe (EU27+3 region) with a 30% decline, while South America succeeded in posting a 4% increase in unit sales on the back of a positive showing from Brazil. The increasing spread of the

coronavirus in the first three months of the year was an additional burden on unit sales, resulting in closures in our global network of production plants as of mid-March. Since the end of April, the brands of the TRATON GROUP have gradually been restarting production operations.

The TRATON GROUP has responded to the corona crisis with a raft of measures. These include securing the liquidity of the company, as well as setting up emergency plans and introducing temporary production stops. “The effects of the corona pandemic have forced us to reconsider our investment priorities and research and development projects. There is a clear focus on safeguarding liquidity here. And we are bracing ourselves for a substantial decline in both sales revenue and operating profit in the second quarter. All the key figures will be negatively impacted,” said **Christian Schulz, CFO of the TRATON GROUP**.

The TRATON GROUP at a glance

In the **Industrial Business segment**, **sales revenue** fell by 12% to €5.6 billion (€6.3 billion), primarily as a result of the decline in New Vehicles business after the collapse of the market. **Operating profit** stood at €135 million (€457 million). Measures taken to address the corona pandemic – notably the closure of production sites around the globe as of the second half of March – had a negative impact on operating profit in the period under review. The decrease was also a result of lower volumes, higher depreciation and amortization charges, and additional expenses in connection with the introduction of the new generation of trucks at MAN Truck & Bus.

The **Financial Services segment** generated sales revenue of €216 million (€203 million) and an operating profit of €26 million (€33 million). While portfolio growth had a positive effect on earnings, the latter was offset by lower margins and increased operating costs, mainly expenses for bad debt provisions.

Operating units at a glance

Scania Vehicles & Services posted a 23% fall in **unit sales** to 18,200 (23,600) vehicles. **Sales revenue** fell by 11% to €3 billion (€3.4 billion). **Operating profit** stood at €256 million (€370 million). The **operating return on sales** reached 8.6% (11%).

MAN Truck & Bus recorded **unit sales** of 18,200 (25,000) vehicles, a decrease of 27%. **Sales revenue** fell by 13% to €2.3 billion (€2.6 billion). **Operating profit** stood at €–78 million (€122 million). This corresponds to an **operating return on sales** of –3.4% (4.7%).

Volkswagen Caminhões e Ônibus succeeded in maintaining **unit sales** at a constant level of 9,900 (9,800) vehicles. **Sales revenue** fell by 8% to €383 million (€416 million) due to foreign exchange effects. **Operating profit** stood at €12 million (€8 million). The **operating return on sales** rose to 3.1% (2.0%).

Future business performance

It is currently impossible to predict when a new forecast for the current fiscal year will be possible with certainty. The effect of the corona pandemic on customer demand, supply chains, and production cannot be assessed reliably at this point in time. TRATON is expecting unit sales to decline substantially in the current quarter and this will have a negative impact on all the key performance indicators.

The corona crisis has simultaneously brought production to a standstill, disrupted supply chains, and triggered a collapse in demand. "If a fleet modernization program can be initiated quickly across the whole of Europe, it will be possible to replace trucks weighing more than 6 tons on Europe's roads (these now have an average age of 12 years) with more economical models. This would not only create jobs in the forwarding and commercial vehicle industries, but also help the European Union to meet its environmental targets," said TRATON CEO Renschler.

Conference call on the 3M 2020 results

The conference call on the results for the first three months of 2020 will take place on Monday, May 4 from 11 a.m. to noon. An English translation will be available for the full webcast. You can ask your questions in German or English. A recording of the audio webcast will be available following the conference call.

Your hosts for this conference call will be:

Andreas Renschler, Chief Executive Officer, TRATON SE
Christian Schulz, Chief Financial Officer, TRATON SE

We look forward to welcoming you to TRATON SE's conference call.

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You can **access the presentation** under the following link:

<https://webcasts.eqs.com/traton2020050411/no-audio>

You can download the full **press presentation, press release**, and the investor relations presentation from May 4, 8 a.m. (CEST) under the following link:

<https://ir.traton.com/websites/traton/German/8900/events.html>

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TRATON SE is a wholly-owned subsidiary of Volkswagen AG and a leading commercial vehicle manufacturer worldwide with its brands MAN, Scania, Volkswagen Caminhões e Ônibus, and RIO. In 2019, TRATON GROUP's brands sold around 242,000 vehicles in total. Its product range comprises light-duty commercial vehicles, trucks and buses that are produced at 29 facilities in 17 countries. The company had a workforce of around 83,000 worldwide across its commercial vehicle brands as of December 31, 2019. The Group seeks to transform the transportation system – with its products, its services and its partnership with its customers.

