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9M 2019: TRATON increases unit sales by 8% to 179,100 vehicles

- **Unit sales up 8% to 179,100 units**
- **Sales revenue increases by 6% to €19.8 billion**
- **Operating profit up by 34% to €1.5 billion**
- **Operating return on sales rises to 7.5%**
- **CEO Andreas Renschler**: **"We confirm our targets for 2019 but are also intensively preparing for a much more difficult environment in 2020."**

Munich, November 4, 2019 — TRATON GROUP today presented its results for the first nine months of 2019. **Unit sales** climbed by 8% to 179,100 (prior-year level: 166,300) vehicles, driven by sharp gains in the core markets of Brazil and Europe (especially Germany, France and the United Kingdom). This figure was supported by MAN TGE unit sales of which more than doubled. **Sales revenue** rose by 6% to €19.8 (€18.6) billion. TRATON GROUP posted **operating profit** of €1.5 (€1.1) billion, an increase of 34%. The **operating return on sales** climbed to 7.5 (5.9)%. On an adjusted basis, operating profit improved by 20% and the operating return on sales by 0.8 percentage points. The prior-year figure was held back by expenses of €115 million for the restructuring of activities in India. The level of **order intakes** declined by 6%. The book-to-bill ratio was well below the prior-year level, at 0.95 (1.09).

Andreas Renschler, the CEO of TRATON and member of the Board of Management of Volkswagen AG, said: "Based on the strong development of unit sales and the good performance of the Group, we confirm our targets for 2019. At the same time, we are intensively preparing for a much more difficult environment in 2020."

Overview of TRATON GROUP's business activity

The **Industrial Business segment** generated sales revenue of €19.5 (€17.8) billion and operating profit of €1,377 (€980) million. The positive earnings development resulted from increased volumes and an improved product mix. Improved efficiency due to the elimination of bottlenecks in the supplier process and the end of parallel production at Scania also had a positive impact. Business was held back by inflation-related cost increases, higher depreciation and amortization, and expenses in connection with production preparations for the new truck and bus generations at MAN Truck & Bus.

The **Financial Services segment** generated operating profit of €105 (€102) million and sales revenue of €635 (€573) million. A larger net portfolio and currency effects positively impacted operating profit, while lower margins and higher operating expenses were offsetting factors.

Overview of the operating units

MAN Truck & Bus generated unit sales of 76,500 (72,000) vehicles, an increase of 6%. Continued sharp growth of the MAN TGE van series contributed to this performance. Sales revenue rose by 4% to €8.0 (€7.6) billion. Operating profit was up 6% year on year at €284 (€269) million, yielding an operating return on sales of 3.6 (3.5)%. The positive effects of the increase in sales revenue were partly offset by an unfavorable product mix and a difficult market environment. Higher expenses for preparing the rollout of the new truck and bus generations also played a role here. The Indian market exit reduced operating profit by €115 million in the prior-year period.

Scania Vehicles & Services increased unit sales by 9% to 74,700 (68,600) vehicles. Sales revenue rose by 12% to €10.4 (€9.3) billion. Operating profit advanced by 36% to €1.2 (€0.9) billion in the reporting period. The operating return on sales climbed to 11.6 (9.5)%, with the increase in sales revenue, an improved market mix and currency effects positively impacting earnings. The successful rollout of the new Scania truck generation in Latin America and Asia meant that the previous parallel production of old and new series was ended entirely.

Volkswagen Caminhões e Ônibus increased unit sales by 15% to 31,600 (27,400) vehicles, while sales revenue rose to €1.3 (€1.0) billion. Volkswagen Caminhões e Ônibus generated operating profit of €30 (€18) million. This figure includes a gain of €13 million from the reversal of restructuring provision. The operating return on sales climbed to 2.2 (1.7)%. The increase in sales revenue was partly offset by currency effects and inflation-related cost increases, such as for the costs of materials, as well as higher depreciation and amortization.

Significantly less favorable market environment in Europe

TRATON GROUP confirms the targets for 2019, but expects a much more difficult market environment especially in Europe in 2020. The operating units are currently preparing for this.

This press release, the interim report, and additional material can be found at:
https://ir.traton.com/websites/traton/English/8900/events.html

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TRATON SE is a subsidiary of Volkswagen AG and a leading commercial vehicle manufacturer worldwide with its brands MAN, Scania, Volkswagen Caminhões e Ônibus, and RIO. In 2018, TRATON GROUP's brands sold around 233,000 vehicles in total. Its offering comprises light-duty commercial vehicles, trucks, and buses at 29 production and assembly sites in 17 countries. The Company had a workforce of around 81,000 employees worldwide across its commercial vehicle brands as of December 31, 2018. The Group seeks to transform the transportation system through its products, its services, and as a partner for its customers.