

Embargoed until Wednesday, October 2, 2019 – 9:00 CEST

TRATON GROUP Innovation Day 2019

TRATON GROUP plans R&D expenditures of more than €1 billion within the next five years

- **TRATON CEO Renschler: “We want to move into the digital fast lane”**
- **The aim: Significantly more than a million networked trucks on the road by 2025**
- **TRATON brands developing a common platform for autonomous driving**
- **World premiere: Scania’s autonomous concept truck without a driver’s cab deployed for the first time**
- **MAN CEO Drees announces the most digitized MAN truck ever**
- **Digital brand RIO intends to digitize Volkswagen Group Logistics**

Södertälje/Munich, October 2, 2019 – The TRATON GROUP is making strides with networked vehicles, logistics, and autonomous driving. Towards this effort, the MAN, Scania, and Volkswagen Caminhões e Ônibus (VWCO) brands are developing common platforms to be more agile and to reduce costs. TRATON’s research and development (R&D) is therefore focused on digitalization: By the end of 2024, more than €1 billion in R&D expenditure is to flow into this area. At the TRATON Innovation Day, Andreas Renschler, TRATON CEO and member of the Board of Management of Volkswagen AG, said: “We want to move into the digital fast lane and are continuing to evolve from a hardware supplier to a provider of software and services.” This is also evident from the almost 2,000 software engineers that already work for the brands today - making up nearly 30% of all engineers employed at TRATON GROUP.

Common platform for autonomous driving

The Group is already working on a common platform for autonomous driving and has a number of vehicles being tested or in real use. TRATON will also be examining possibilities to fully leverage the vast knowledge within the VW Group and its partners. Christian Levin, TRATON board member responsible for R&D and Chief Operating Officer said: “Autonomous driving is not coming. It’s already here! We have already delivered the first vehicles and many tests are underway.”

A real application of the new autonomous Scania concept vehicle “AXL” without a driver’s cab was showcased to a global audience at the Innovation Day. Since 2018, an autonomous Scania truck has been utilized in a Rio Tinto mine in Australia. Later in 2019, Scania plans to put a bus in operation which will electrically and autonomously transport passengers for Nobina in the Stockholm metropolitan area. And

in a few months, MAN kicks off large-scale practical testing together with the port of Hamburg where trucks will drive on the highway in some sections highly automated to the port. On arrival, the driver gets out of the vehicle, and the truck continues to drive autonomously to the Altenwerder container terminal; it is then autonomously unloaded and drives back to the driver on its own. MAN is currently simulating the port environment and testing the vehicle at its plant site in Munich.

The aim: Significantly more than a million networked trucks in 2025

The number of networked vehicles of TRATON GROUP's customers is now also growing rapidly. While at the end of 2018, there were around 450,000 vehicles networked the number increased to some 600.000 in 2019. By the end of 2025, that number is expected to be more than a million vehicles. Since the beginning of 2019, nearly every new medium and heavy-duty truck delivered by Scania and MAN is connected in one way or another. VWCO will also equip its vehicles from October on with the relevant Group connectivity solution as a standard. Digitalization and connected vehicles bolster the TRATON brands' service business, leading to new offerings and business models as well as continuous improvement ideas for the vehicles. Customers can reduce costs as well as more efficiently manage and better utilize their vehicles and fleets. The many customer benefits include improved uptime, reduced maintenance costs, lower fuel consumption, and better route planning – this also benefits the environment. The brands develop the tailored solutions in close cooperation with customers. According to consultancy company Deloitte, the telematics market alone will expand from €2.3 billion in 2016 to nearly €10 billion in 2026. Currently, trucks in Europe – depending on the estimate – only operate on average at around 50% to 60% capacity utilization. Intelligent digital solutions could help to considerably reduce the number of empty runs or vehicles that are underutilized – and thus also CO₂ emissions. “Digitalization can significantly contribute to climate protection,” says Renschler.

New MAN truck sets standards for usability and connectivity

Model cycles in the truck business are different from the ones in the car industry – a completely new truck generation is developed only every 15 to 20 years. “At the beginning of 2020, we will roll out our new truck generation,” announced Joachim Drees, MAN CEO and member of the TRATON Executive Board. It will replace the current and enormously successful product line that has been sold over millions of times in countless variants since its introduction in 2000. MAN's new flagship is designed to sets standards in terms of user-friendliness as well as connectivity – not only today's requirements for digitalization, automation, and drive systems concepts, but also tomorrow's. “This new truck generation has been developed based on concrete requirements of our customers in order to make their work and the work of the drivers easier, more efficient, and more comfortable. It is not just a new truck but rather an integrated transport solution. The vehicle will impress both transport companies and the drivers,” emphasized Drees.

RIO develops digital backbone for Volkswagen Group Logistics

MAN and Scania recognized early on the opportunities of digitalization not only for vehicles but also for logistics. Since 2016, they have invested double-digit-million-euro figures in software firms including the digital freight forwarder Sennder. And in 2016, TRATON established its own digital brand RIO. The company develops digital services for the entire logistics ecosystem and now connects more than 115,000 trucks over its open, cloud-based platform. Whereas previously the company's offering was primarily aimed at small fleets and delivery companies, RIO now opens up a completely new customer segment — a milestone for the TRATON subsidiary. It is intended that RIO will be supporting Group Logistics of the Volkswagen Group in digitalizing their processes. The collaboration aims to make significant savings with more transparent and efficient processes.

Volkswagen Group Logistics GmbH & Co. OHG is one of the logistics companies in Germany with the highest turnover. In Europe alone, it coordinates a daily average of 18,000 truck transports in an extensive network of suppliers, production sites, sales markets and dealers. Group Logistics is managing a constantly increasing flow of materials and goods together with 13 Group brands and requires an efficient and future-proof IT solution to meet this challenge. Thomas Zernechel, Head of Volkswagen Group Logistics: "There is a huge amount of complexity involved in our business. The intended cooperation with RIO will allow us to push ahead with digitalization in the transport sector and gain more transparency. This will enable us to optimally control and continue to finely tune our business to perfection. Optimizing utilization by further reducing empty runs and idle times will also help us to achieve our climate protection goals." More than 150 forwarders work with the Volkswagen Group. In the future, each truck in this network is to be registered in the same digital environment.

This press release and additional material can be found at:

https://traton.com/en/newsroom/press_releases/press_release_02102019_1.html

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TRATON

G R O U P

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 which are produced at 29 sites in 17 countries. The Company had a workforce of around 85,000 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.

