

TRATON GROUP Innovation Day 2019 in Sweden

Becoming a Global Champion through creation, courage, and collaboration

- Well-attended Innovation Day at Scania’s headquarters in Södertälje, Sweden
- Clear commitment and ambitious targets for e-mobility in the commercial vehicle segment
- TRATON CEO Andreas Renschler: “Innovation is a state of mind, always striving to be better – for the benefit of our customers”
- TRATON COO Christian Levin: “In our pursuit of becoming a Global Champion, we incorporate the best from our Group and offer tailored solutions to every brand.”
- MAN, Scania, and Volkswagen Caminhões e Ônibus showcase innovative solutions for e-mobility, autonomous driving, and connected systems
- World premiere of autonomous concept vehicle: Scania’s AXL unveiled

Södertälje, October 2, 2019 — At its Innovation Day in Sweden, the TRATON GROUP showcased a broad range of innovations, from new commercial vehicles to new ways of working together. “Innovation,” says CEO Andreas Renschler, “is a state of mind. Innovation means always striving to be better — to offer our customers and their customers added value.”

In his speech, Renschler touched on the multifaceted challenges the commercial vehicle industry faces, including in particular the significant transformation towards alternative drive systems and systems with reduced CO₂ emissions as well as the considerable fast pace at which consumerism and logistics is changing. Renschler: “When we started this journey four years ago, attempts at e-mobility in commercial vehicles were brushed aside as experiments. Today, we are already taking orders for electrically powered trucks and buses and are confident that over the next 10 to 15 years, every third truck and bus we deliver will have alternative drive systems, of which the majority will be purely electric.” But to do that, the appropriate infrastructure is needed, and really on an international scale. *[see press release on e-mobility]*

Harnessing synergies between the three brands MAN, Scania, and Volkswagen Caminhões e Ônibus collaboratively is key to TRATON’s success. A great deal has been accomplished in just the four years since the Group was established. “Sales and earnings have increased year after year. As of this year, we have been listed on the Frankfurt and Stockholm stock exchanges. And even though we are presented

with challenges in the markets, and our industry is highly cyclical, our results so far speak for themselves,” says Renschler.

In his keynote speech, TRATON COO Christian Levin spoke about leveraging the best from the three commercial vehicle brands for the Group. Responsible for research and development, purchasing, strategic product planning, the management of strategic alliances, and the strategic production network, Levin is a driving force of synergies at TRATON: “Group-wide coordinated research and development empowers us to achieve our mission of becoming a Global Champion. A common modular toolbox across all brands allows us to respond even faster, better, and more efficiently to customer needs,” says Levin, who leads the TRATON GROUP’s global operating activities with his team located in Sweden. Levin also emphasized the key role realizing the potential of digital systems plays in this effort. “The proportion of electronics and software experts in our development departments is rising considerably. We intend to invest over a billion euros in digitalization over the next five years.”

Within the TRATON GROUP, the brands’ activities are clearly positioned: Scania is the innovation leader of sustainable transportation solutions and is working on many different alternatives to fossil fuels. As a full-range business partner, MAN is pursuing a broad strategy, offering products from light commercial vehicles to heavy-duty trucks. And VWCO specializes in offering tailored solutions with the best value for money, primarily for the Latin American and African markets.

For TRATON, as was made clear at the Innovation Day, innovation is not just about technical products, but is also more broadly defined as a state of mind. Three key drivers have been identified for innovation: Modularization of components and products, Software and Systems as the byword for networking traditional and new technologies as well as business models, and People and Collaboration to serve as the foundation for collaboration across borders and brands. There was a session dedicated to each of these drivers of innovation, where the three CEOs of the TRATON brands presented successful examples of the collaborative work in the Group. Joachim Drees (MAN) spoke about Modularization, Henrik Henriksson (Scania) about Software and Systems, and Roberto Cortes (Volkswagen Caminhões e Ônibus), about People and Collaboration.

Modularization:

A few months prior to the launch of the new MAN truck generation, Joachim Drees, CEO of the Munich brand MAN Truck & Bus, explained the role modularization has played in the development of MAN vehicles in the past. With the right design and a clever combination of a few parts, better variants are possible — and along with that a more tailored configuration for specific customer requirements. Drees also spoke about other examples in the TRATON GROUP and described, together with Niklas Bruce, TRATON expert for modularization, the newly developed modular toolbox, called Byggladan in Swedish, which covers the powertrain to the vehicle frame for the vehicles in the Group — inspired by the Swedish

brand Scania's modular toolbox model. However, even with modularization, the three brands will retain their clearly defined positioning.

Helmut Schweighofer, CEO of the logistics group DB Schenker Europe, as session guest, emphasized how important it is for him and his customers to be able to meet the high demands placed on the truck fleets; he also underscored the added value of a customized configuration using modularization concepts offered by manufacturers. MAN CEO Drees: "With our new configurator, it will be easier and quicker than ever to put together the vehicle of your choice based on customer requirements."

Software and Systems:

Scania CEO Henrik Henriksson described the far-reaching impact of digitalization and networked systems on the transport industry. The heart of a modern commercial vehicle is digital. Control systems, services, and interconnecting vehicles and services enable the development of new innovative solutions that increase efficiency for customers. "Already about a third of our engineers are software developers," Henriksson pointed out. He then proudly demonstrated Scania's new concept vehicle — an autonomous vehicle for use in mines — for the first time. Henriksson, together with Daniel Mohlin from the Swedish transport service provider Nobina from the Stockholm region, also presented the collaborative solution of an autonomous shuttle service in the area around Stockholm.

People and Collaboration:

Roberto Cortes stressed the fact that it's not enough to have the brightest minds in the industry under one's roof: "It is more important how well people collaborate," emphasized the CEO of the Brazilian truck brand Volkswagen Caminhões e Ônibus. Collaboration at TRATON is a success factor at all levels: with customers, external partners, as well as within the TRATON GROUP. The CEO of the South American brand highlighted in particular the modular consortium at the plant in Brazil, where integrated production of commercial vehicles is operated jointly with partners and suppliers. The model is now being extended to the production of electric vehicles for the first time. Sofia Vahlne, Head of Labor Affairs responsible for pluralism and inclusion at Scania, presented everyday examples of a modern and integrated way of working in the company — and the added value for customers that arises when instead of hierarchical decision-making, people with the most complementary skills are united.

TRATON partner companies and several areas of the Group presented their expertise in e-mobility, automation, digital services, and new business models at a special exhibit called the Innovation Expo and were available to engage in dialog and answer questions from journalists. Some of the exhibitors included Ahola Transport, AKOA, Enersize, and sennder. *[See "overview of Innovation Expo exhibitors"]*

This press release and additional material can be found at:
https://traton.com/en/newsroom/press_releases/press_release_02102019.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 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.