



VOLKSWAGEN TRUCK & BUS

Creating a Global Champion

IAA Analyst and Investor Meeting
Hanover – September 22, 2016

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Agenda

Business Update & Product Highlights

1 | Brand Performance

2 | Successful Cooperation

3 | Global Champion Strategy



Volkswagen Truck & Bus – unique group with strong brands

2015 sales volumes trucks / buses, thousand units

VOLKSWAGEN TRUCK & BUS

Trucks 162¹

Buses 17¹

179¹



Trucks 70

Buses 7

77



Trucks 73

Buses 6

79



Caminhões
Ônibus

Trucks 20

Buses 5

24²




Note: Trucks ≥6t, Volkswagen Caminhões e Ônibus trucks ≥ 5t. Here MAN equal to MAN Truck & Bus, Volkswagen Caminhões e Ônibus equal to MAN Latin America.

Figures are financially rounded. ¹ Volkswagen Truck & Bus commercial vehicles total figures (sum of trucks / buses Scania and MAN Commercial Vehicles) ² Numbers do not add up due to rounding

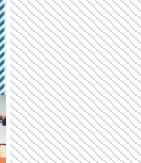
Volkswagen Truck & Bus offers a highly attractive product portfolio throughout all truck and bus classes

SELECTED PRODUCTS

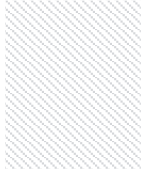
 Covers both heavy & medium/light duty



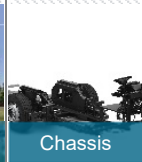
Heavy
duty trucks



Medium /
light duty trucks



Buses





New Scania Truck Generation



SCANIA

S and R cab family

5% lower fuel consumption on average

Completely new interior and exterior

A new version of its 13-litre engine with 500 hp

Better brakes and first side curtain airbags in industry

MAN TGE

MAN

Range of **3.0 to 5.5 tons**

Closed delivery van, utility wagon with windows and chassis with single and crew cabs

Two wheelbases, three roof heights and three vehicle lengths

Diesel engines ranging from **75 kW / 102 HP to 130 kW / 177 HP**



Volkswagen Constellation 25.420 Prime Series



Caminhões
Ônibus

Celebrates 10 years of
Constellation line

6x2 tractor developed for long
haulage applications

16-speed automated gearbox

9-liter engine with 420hp



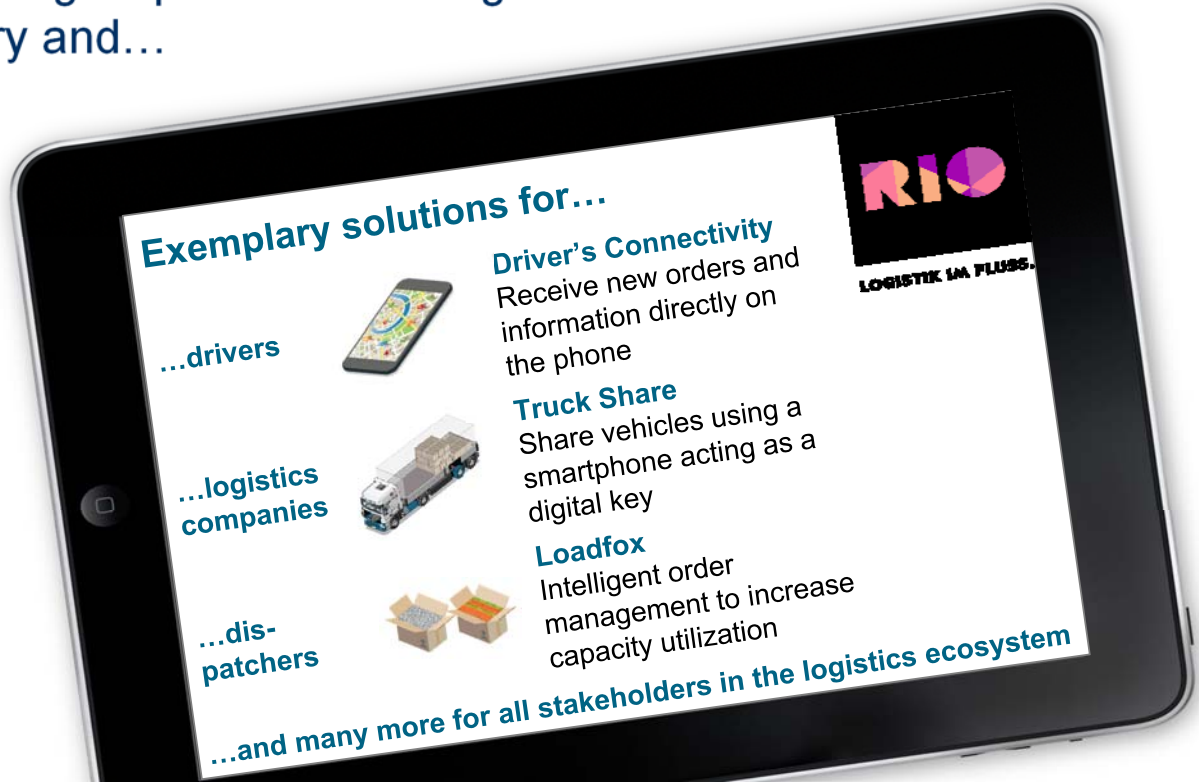
RIO is a cloud-based digital platform creating value for all stakeholders in the transportation industry and...

... combines **digital solutions** within the logistics ecosystem on one platform

... integrates vehicles from **all brands** and **across various modes of transportation**

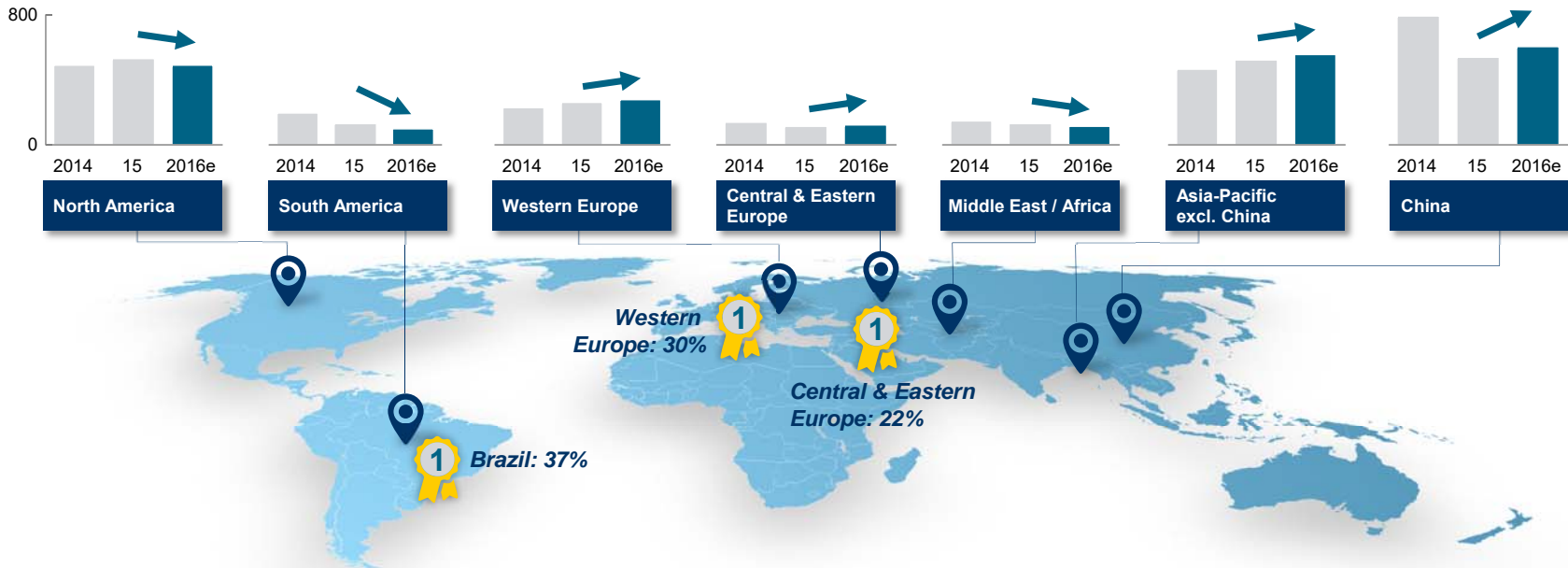
...increases **transparency and efficiency** in the transportation sector

...embeds **modern technology** into new vehicles

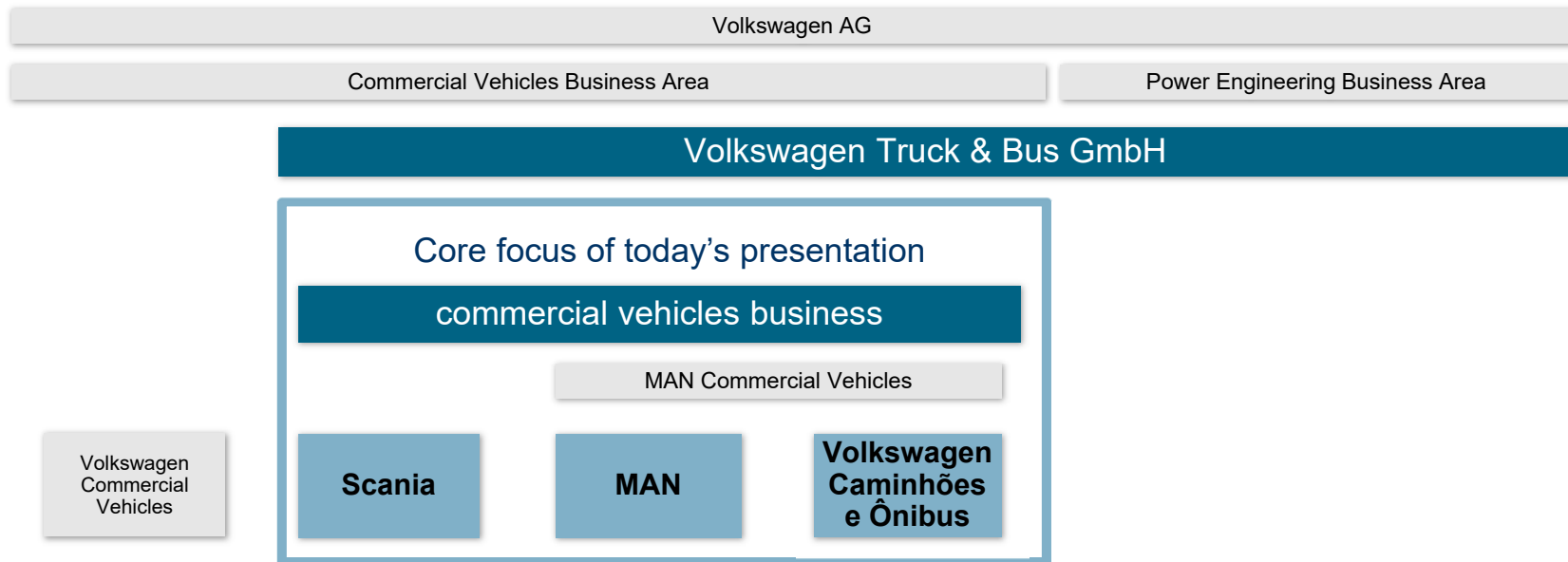


Currently challenging market environment – heterogeneous outlook by region

Market volume trucks $\geq 6t$, thousand units



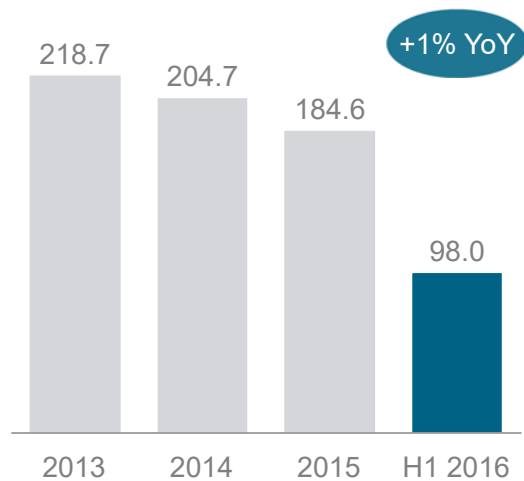
Volkswagen Truck & Bus - commercial vehicles business



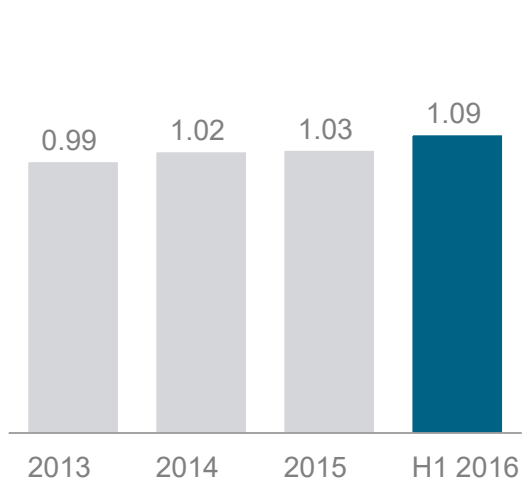
Note: Here MAN equal to MAN Truck & Bus, Volkswagen Caminhões e Ônibus equal to MAN Latin America

Both order intake and sales volume for Volkswagen Truck & Bus show an improved performance during first half of 2016

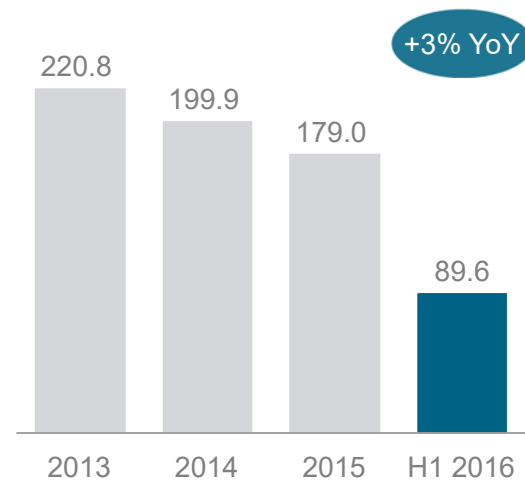
Order intake, thousand units



Book-to-bill¹, ratio in units



Sales volume, thousand units



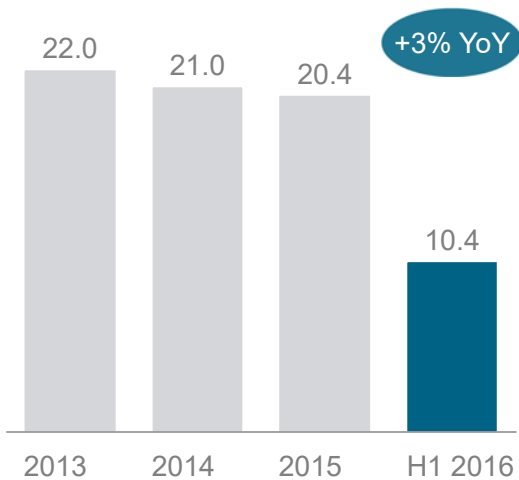
Note: Volkswagen Truck & Bus commercial vehicles total figures (sum of trucks / buses Scania and MAN Commercial Vehicles)

¹ Calculated figures

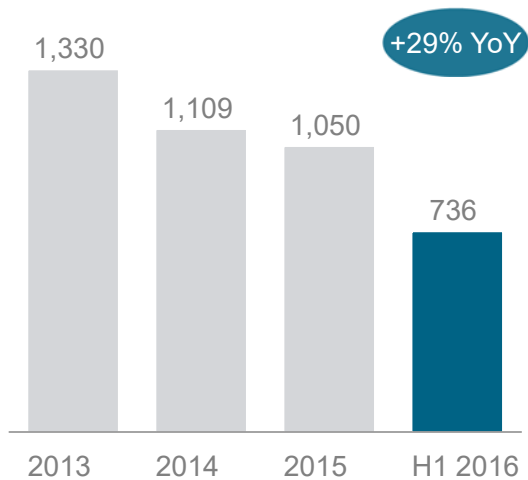
■ Performance H1 2016

Volkswagen Truck & Bus breaks negative trend and turns around business with a significant uplift in ROS during first half of 2016

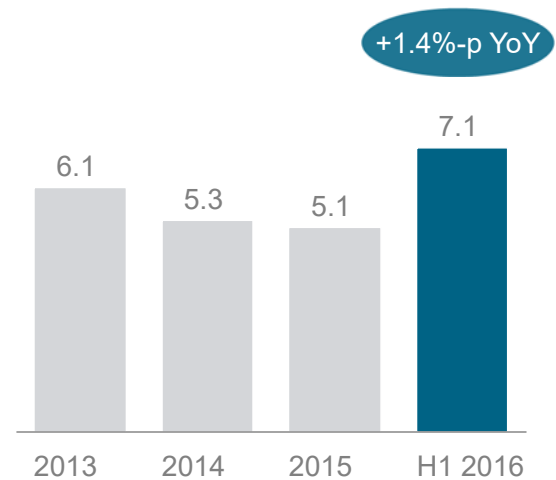
Revenue, € bn



Operating profit¹, € m



Return on sales^{1,2}, percent



Note: Volkswagen Truck & Bus commercial vehicles total figures (sum of Scania (incl. Scania FS), MAN Commercial Vehicles, Holding and excl. PPA)

¹ Before special items ² Calculated figures

■ Performance H1 2016

Our approach

1 Brand Performance



Improve the **performance** of Volkswagen Truck & Bus **brands**

2 Successful Cooperation



Foster cooperation to **unlock synergy potential**

3 Global Champion Strategy



Strengthen local leadership and **expand globally**, including **new business models**

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Brand highlights and focus topics



Continued strong
performance



Efficiency
enhancement
measures ahead
of schedule

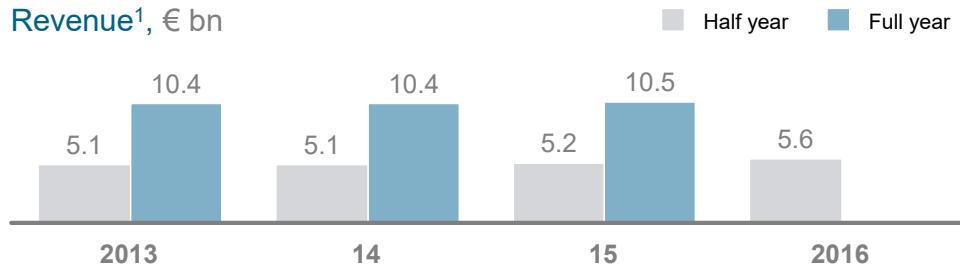


Managing the
turnaround in a
challenging market

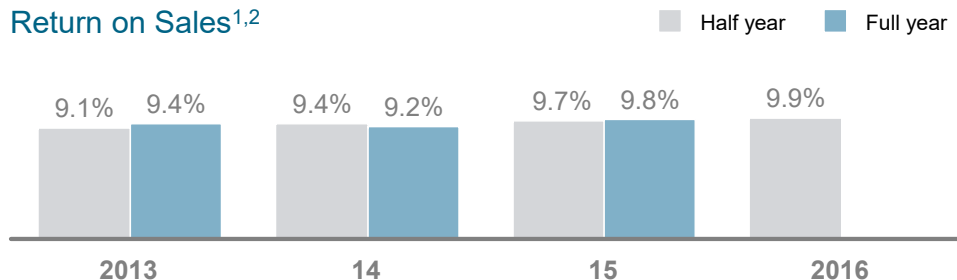
Scania – continued strong performance



Revenue¹, € bn



Return on Sales^{1,2}



At a glance

- Revenue reached **all-time high** in H1 2016
- Due to its **robust business model** Scania is able to generate **strong earnings** despite challenging markets
- **Modular product system** enables the achievement of economies of scale and maximize resource efficiency
- Implementation of **new truck generation** to further support performance
- Strategic focus on **expanding the service business**

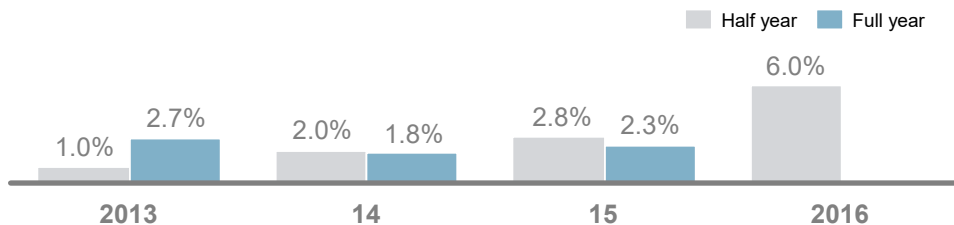
¹ Incl. Scania FS

² Before special items, calculated figures

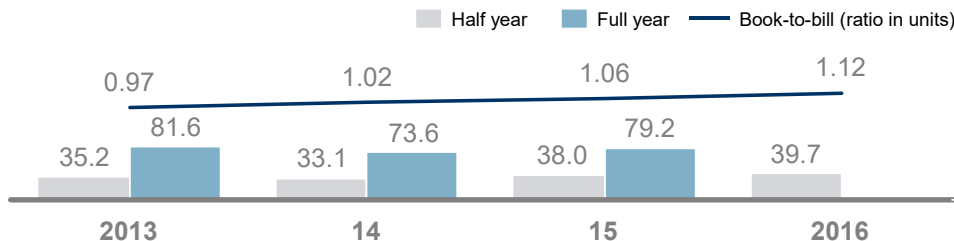
MAN – efficiency enhancement measures ahead of schedule¹



Return on Sales²



Sales trucks / buses, thousand units



At a glance

- MAN is back on track. Measures of future program successfully implemented and ahead of schedule
- Continued profitable growth with market focus on backbone Europe and selected markets outside Europe
- MAN stands for highly reliable products and services for many decades
- Launch of new MAN TGE to make MAN a full range supplier
- Extension of business with focus on expanding product portfolio, after-sales business and on digital solutions

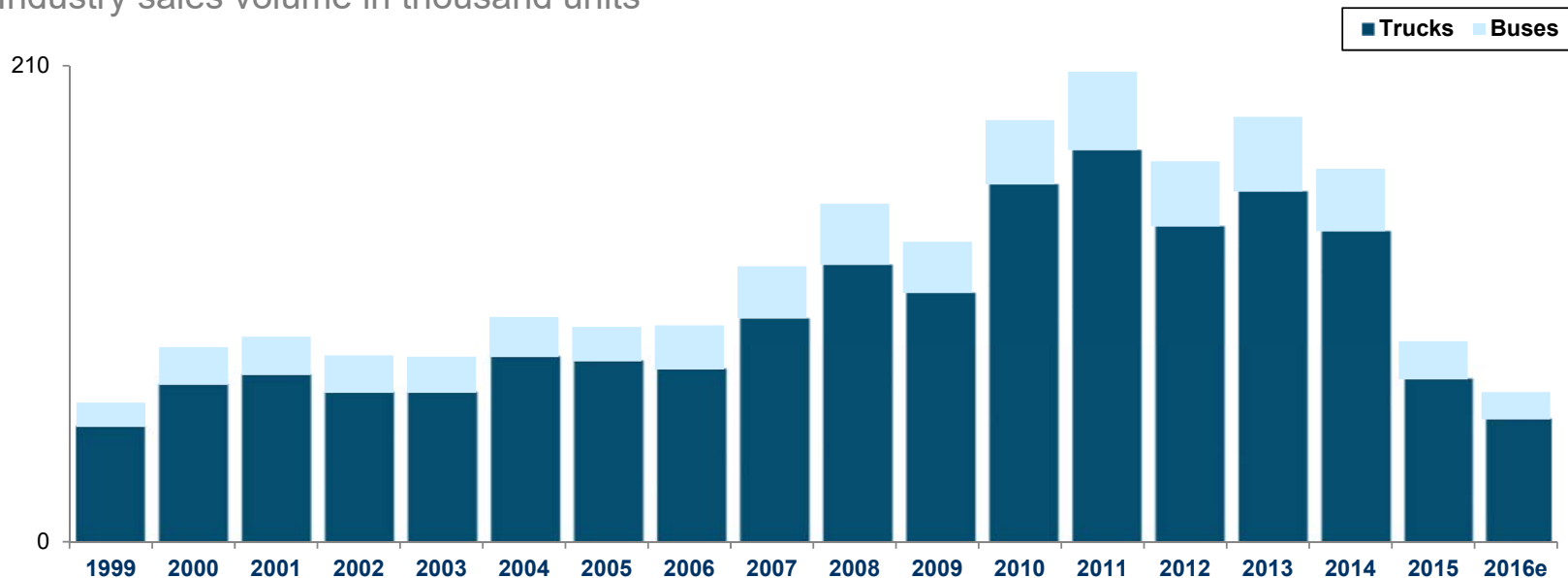
¹ Here MAN equal to MAN Truck & Bus

² Before special items

VOLKSWAGEN TRUCK & BUS

After period of steady growth, the Brazilian truck and bus market has been rapidly declining over the last years

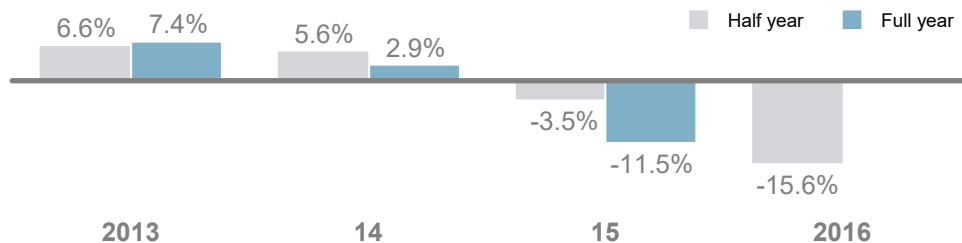
Industry sales volume in thousand units



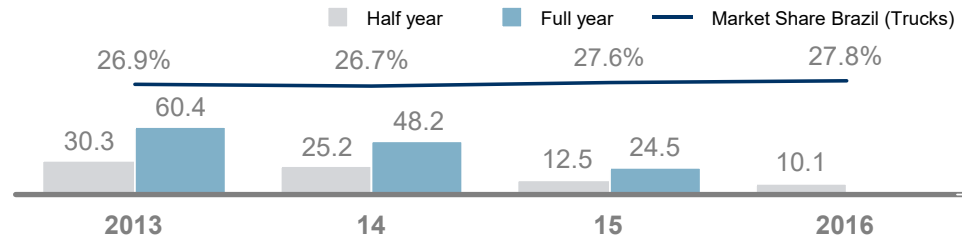
Volkswagen Caminhões e Ônibus – managing the turnaround in a challenging market¹



Return on Sales²



Sales trucks / buses, thousand units



At a glance

- Successfully implemented crisis management limiting negative impact from current economic downturn and providing basis for turnaround in coming years
- Production System “Consórcio Modular” considered to be revolutionary and second to none
- Accelerated internationalization to make Volkswagen Caminhões e Ônibus more independent from Brazilian market
- Extending and updating product line up

Note: Trucks ≥5t

¹ Here Volkswagen Caminhões e Ônibus equal to MAN Latin America. ² Before special items

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Business Update & Product Highlights

1 | Brand Performance

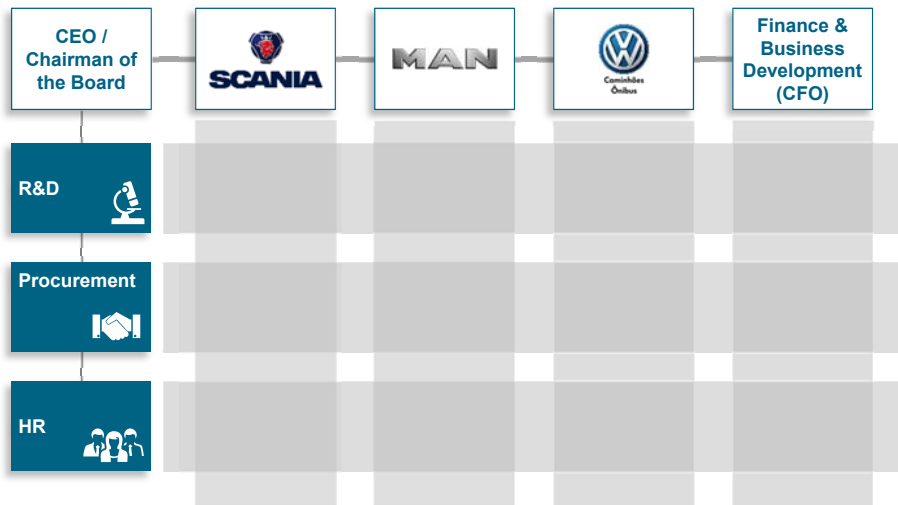
2 | **Successful Cooperation**

3 | Global Champion Strategy



Targeted measures successfully taken to build on past successes and intensify cooperation within Volkswagen Truck & Bus

Collaboration model within Volkswagen Truck & Bus

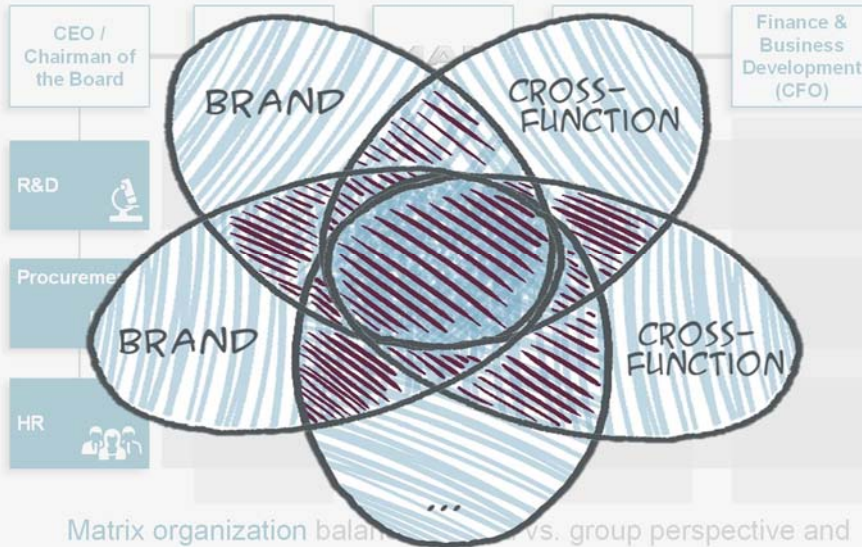


Matrix organization balancing brand vs. group perspective and realizing optimal solutions for the overall group

- ✓ Volkswagen Truck & Bus Holding & Truck Board installed successfully
- ✓ Teams of Volkswagen Truck & Bus, MAN, Scania and Volkswagen Caminhões e Ônibus growing together
- ✓ Truck and bus industry specific steering model established
- ✓ Global Champion Strategy defined and in execution

Targeted measures successfully taken to build on past successes and intensify cooperation within Volkswagen Truck & Bus

Collaboration model within Volkswagen Truck & Bus



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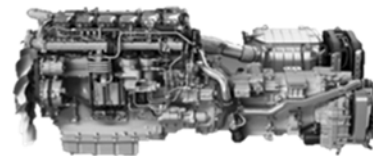
Leveraging synergy potential between brands is at the heart of our strategy – we have already established a successful track record

Footprint optimization



- Scania & MAN consolidate their Saint-Petersburg plants
- MAN / VW CO plant integration in Mexico & South Africa
- Joint plants operate at reduced costs and improved utilization levels

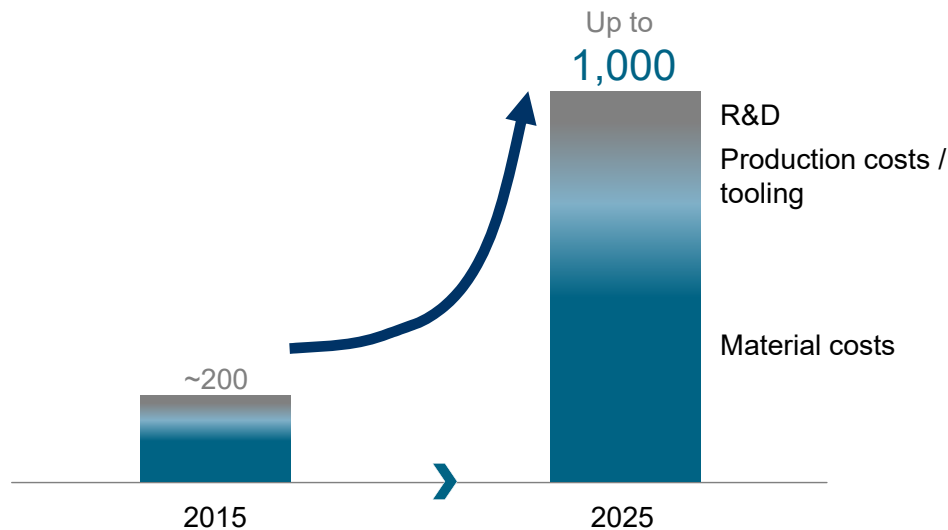
Common gearboxes for Scania and MAN



- Cost synergies in R&D, tooling, and purchasing
- MAN to refurbish Scania gearboxes

Long-term synergy potential will enable savings of up to EUR 1 bn p.a.

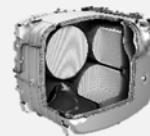
Synergy potential from brand collaboration and expanded platform strategy, EUR mn p.a.



Key common powertrain platforms



Base engine



After-treatment



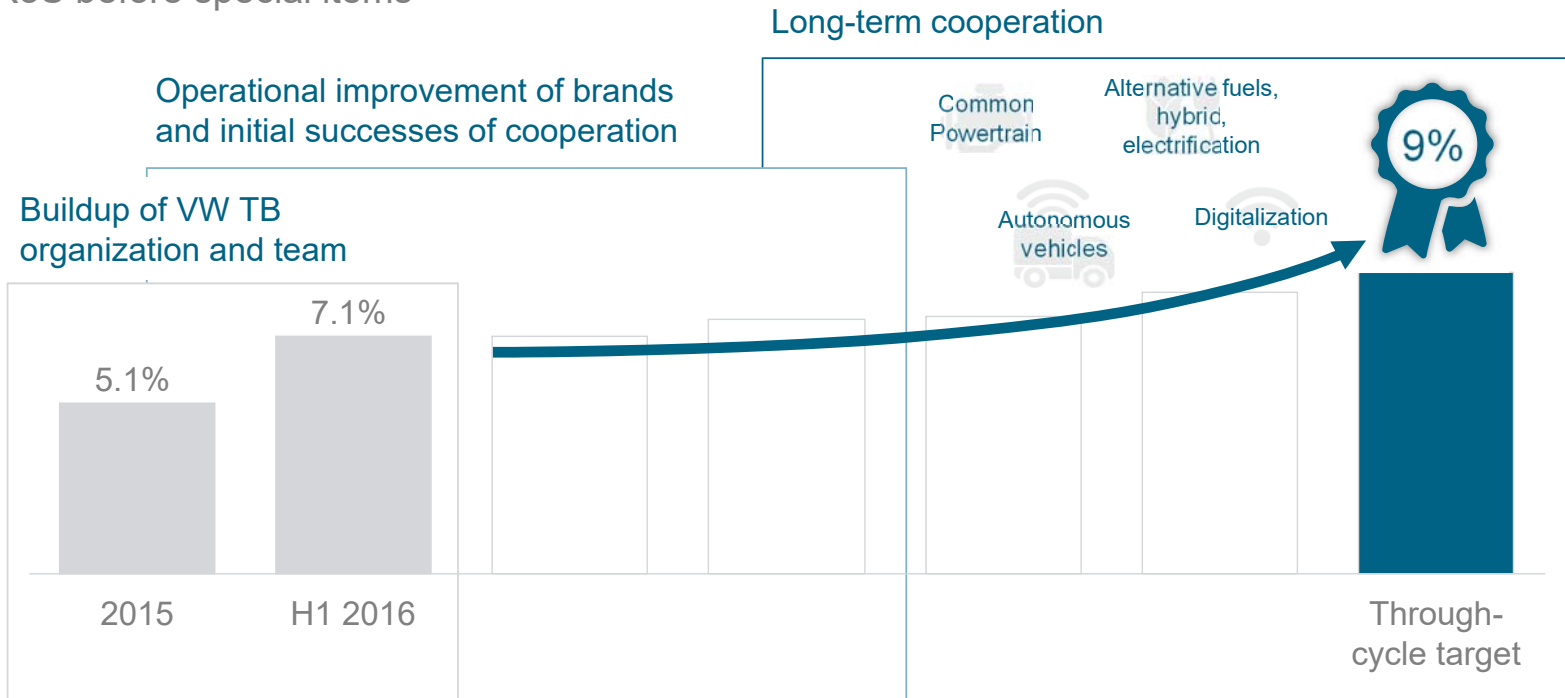
Transmission



Axles

RoS target of 9 percent to be reached through combination of measures

RoS before special items



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Our heritage ... a group of three leading brands



Caminhões
Ônibus

Our vision ...

Creating a Global Champion

Most profitable truck and bus group

Innovative leader for our customers

Global presence



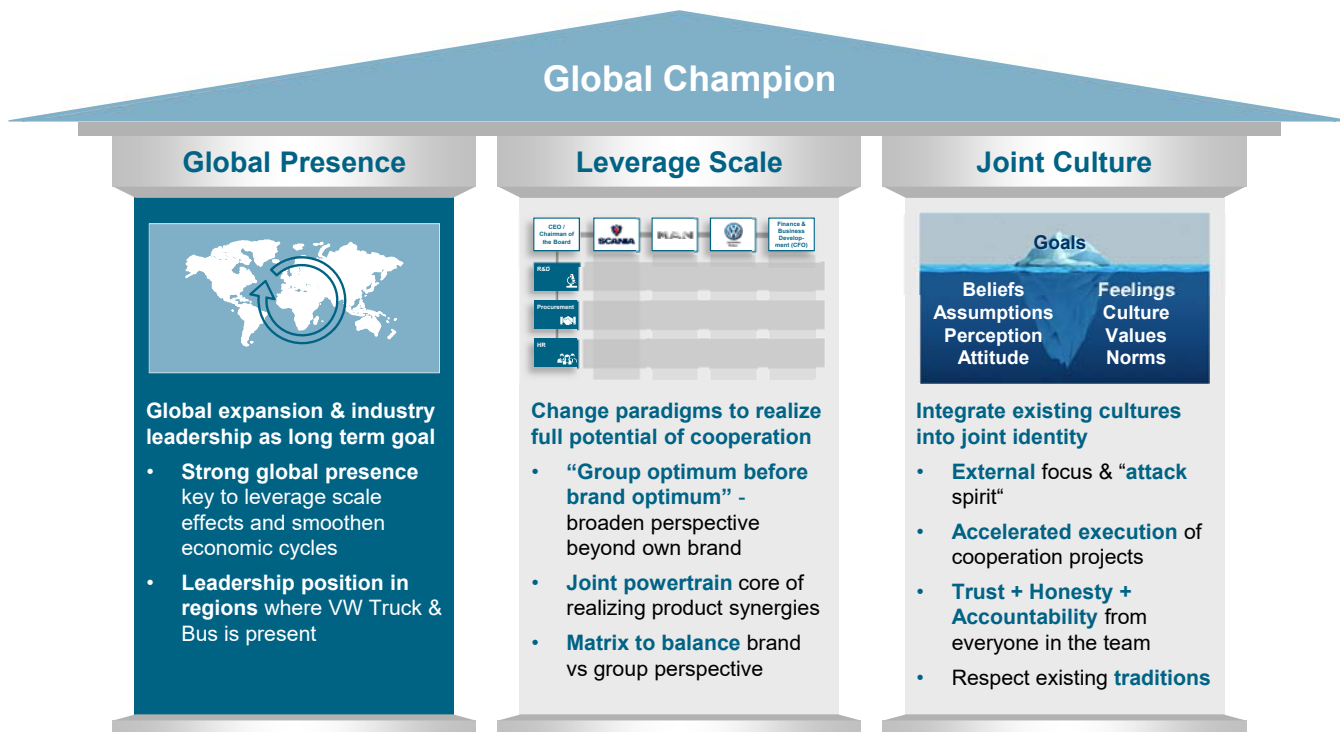
MAN



Caminhões
Ônibus



Three key pillars for creating a Global Champion



Our ambition



PRINCIPLE

- Strengthened profitability & competitiveness in existing businesses
- Regional expansion into relevant profit pools and implementation of new business models
- Globally integrated multi-brand truck group present in all relevant markets

STEPS

- Differentiate brands
- Streamline operations
- Review portfolio
- Create economies of scale within existing brands
- Expand current brands' presence to new markets
- Add new brands to group
- Enter new markets leveraging existing components
- Expand product offering and business models

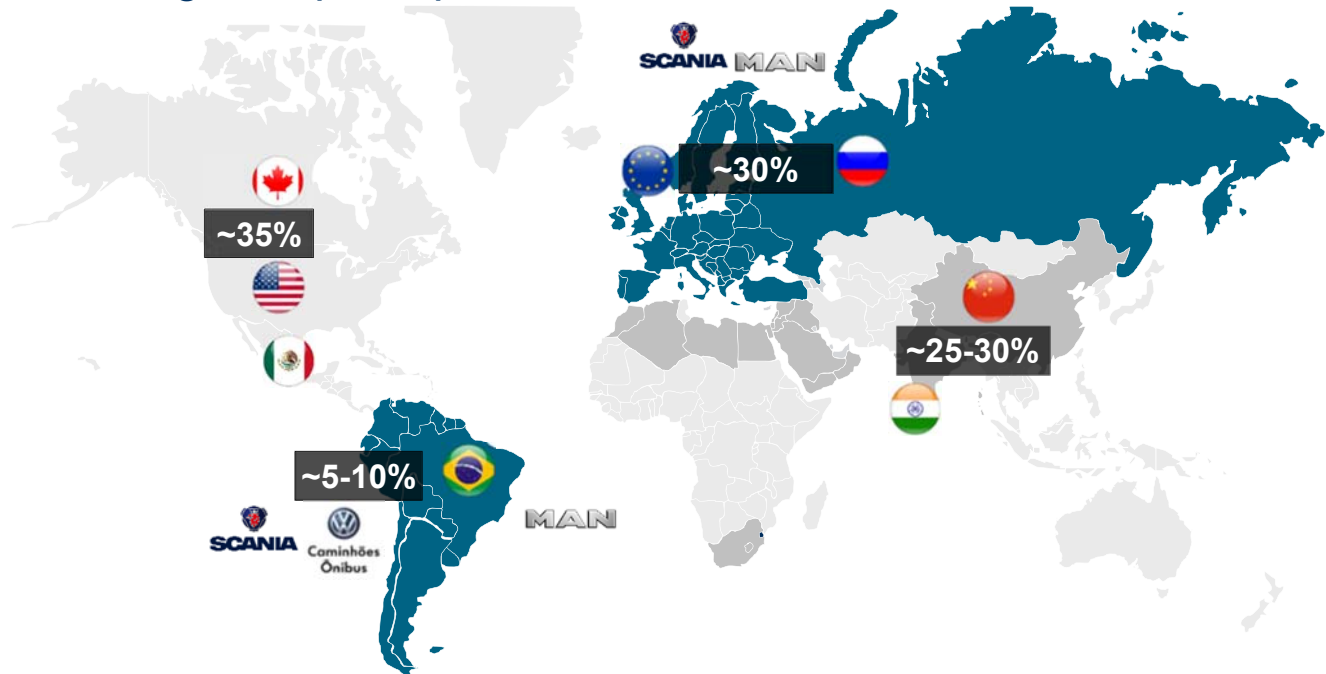
VOLKSWAGEN TRUCK & BUS

Volkswagen Truck & Bus currently captures around 35-40% of the global profit pool

% Share of global profit pool 2020 ■ High market penetration ■ Low market penetration ■ No / very limited market penetration

Global Profit Pool by 2020E:

~€11 bn



First major step in global expansion with strategic alliance of Volkswagen Truck & Bus and Navistar



Navistar: Strong North American footprint with diverse
and expanding product line-up



NAVISTAR AT A GLANCE

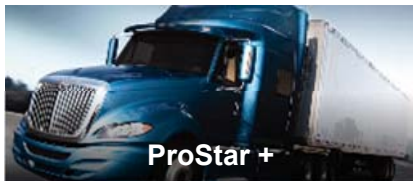
~ USD 10 bn
revenue
in 2015

~ 13,000
active
employees

Comprehensive dealer network
with ~ 1,200 locations worldwide,
thereof 800+ in North America

Manufacturing
operations in
4 countries

On highway



Vocational



Regional



IC Bus



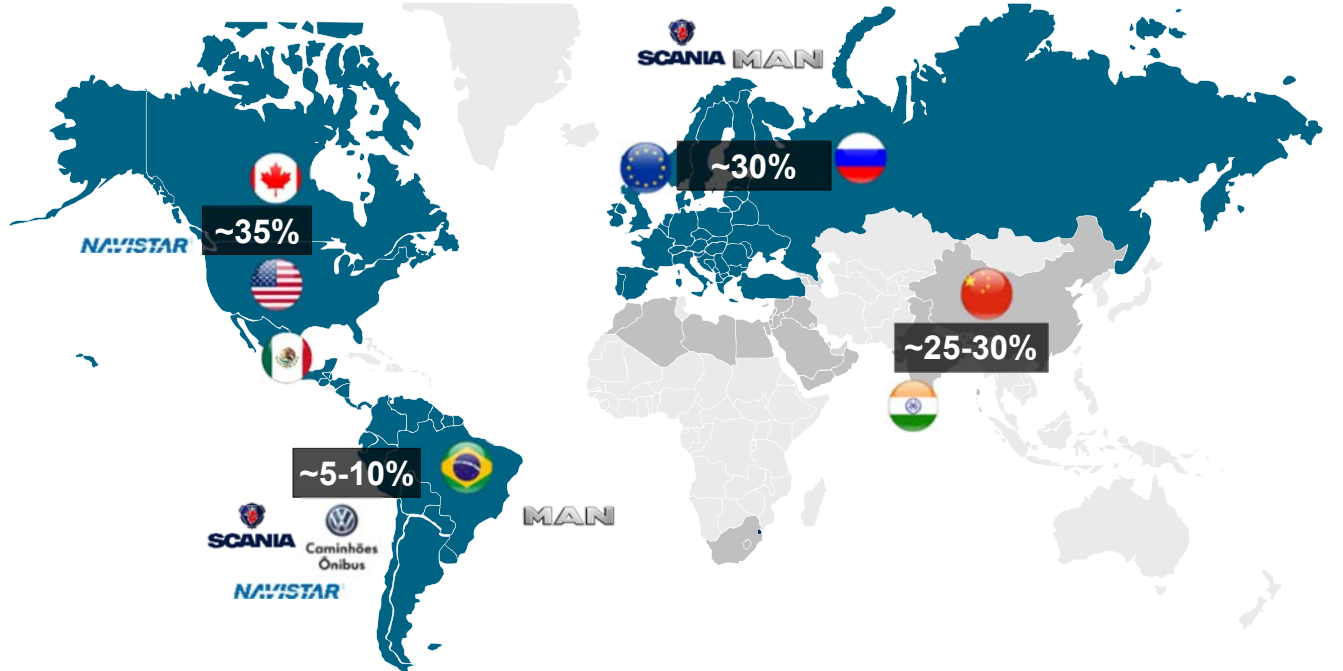
VOLKSWAGEN TRUCK & BUS

Highly complementary geographic footprint,
addressing 70-75% of the global profit pools

% Share of global profit pool 2020 ■ High market penetration ■ Low market penetration ■ No / very limited market penetration

Global Profit Pool by 2020E:

~€11 bn



Volkswagen Truck & Bus and Navistar are entering into a long-term, strategic alliance based on four pillars



Equity investment

Volkswagen Truck & Bus will take a **16.6% equity stake** (post dilution) in Navistar by way of a **capital increase** (subject to customary closing conditions)



Technology & supply cooperation

The two companies intend to enter into definitive agreements to **collaborate on technology** for powertrain systems, as well as other advanced technologies



Procurement cooperation

The two companies expect to form a **procurement joint venture** to pursue joint global sourcing opportunities



Governance

Navistar will add **two Volkswagen Truck & Bus representatives** to its Board of Directors at closing of share issuance. Furthermore, the parties plan to form a **joint Alliance Board** to oversee alliance arrangements

Key expected benefits of the transaction

VOLKSWAGEN
TRUCK & BUS



Capital
injection



Integrated powertrain
and advanced
technologies

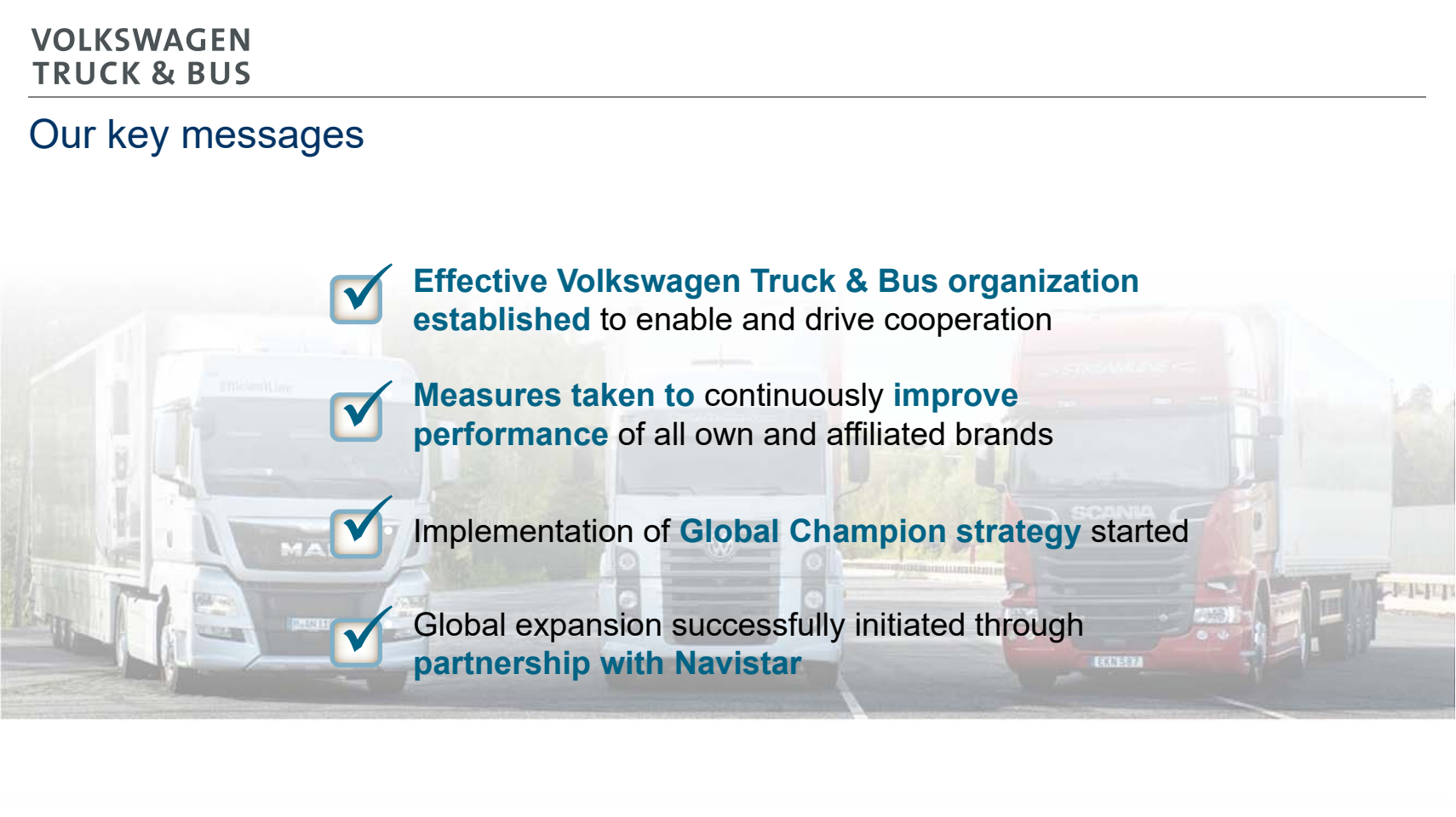


Global footprint
and scale



Enter North
American
market

Our key messages

- 
- ✓ **Effective Volkswagen Truck & Bus organization established** to enable and drive cooperation
 - ✓ **Measures taken to continuously improve performance** of all own and affiliated brands
 - ✓ Implementation of **Global Champion strategy** started
 - ✓ Global expansion successfully initiated through **partnership with Navistar**