



**Speech by Joachim Drees,
Chief Executive Officer of MAN SE,
at the Annual General Meeting on May 22, 2019**

Munich, May 22, 2019

– CHECK AGAINST DELIVERY –

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Future begins with change

Dear Shareholders, Dear Guests, Ladies and Gentlemen,

On behalf of the Executive Board, it is my pleasure to welcome you to this year's Annual General Meeting of MAN SE. We have once again chosen the Truck Forum as this year's event venue. As you all know, our main plant is close by, just a few hundred meters away as the crow flies – a real hub of activity, it sets the course for change. MAN is moving away from pure commercial vehicle manufacturing to become to a provider of transportation and logistics solutions. While I stand here in front of you at this very moment, giving you a snapshot of the past fiscal year, life at MAN goes on. On average, an MAN vehicle is delivered to our customers every four minutes. Every day is a fresh start: every day, the work we do – at the Munich plant and across the MAN sites worldwide – helps to bring MAN that one step further. We take pioneering decisions, we devise the transportation and logistics solutions of tomorrow, and we continuously expand our service. Following the sale of the Power Engineering business, this year we are presenting ourselves as a group focused entirely on transportation for the very first time. More on that in just a moment.

Our business thrives on change. As one of Europe's leading commercial vehicle groups, change is something we are open to. We have to be if we want to continue being successful. The issues of the future – alternative drives (especially electrification), digitalization, and automated driving – are rapidly changing mobility, transportation, and logistics. Given the major challenges we are currently facing, we are directing our efforts toward the development

The MAN Group is one of Europe's leading players in the commercial vehicle industry. It aims to offer innovative transportation solutions for its customers as well as generating profitable international growth and a sustained increase in its enterprise value. The MAN Group comprises two divisions: MAN Truck & Bus and MAN Latin America. The MAN Group generated sales revenue of €12.1 billion in 2018.



of new products and services with a clear focus on these three issues of the future. A crucial success factor of MAN is and remains our ability to innovate. That is what drives us forward! Our customers' satisfaction is the benchmark we use to measure the success of our development activities. When it comes to new technologies and commercial vehicles powered by conventional combustion engines alike, the spotlight is on customer requirements with regard to functionality and cost-effectiveness.

Alternative drives, automated driving, digitalization – these technologies also require major upfront investments, which we want to be in the best financial position to make. We aim to achieve all-round excellence in our day-to-day operating business to make this happen. To ensure future growth and attain profitability goals, it is essential to achieve continuous improvements and operational excellence.

We provided an outlook for the role MAN will play in shaping transportation and logistics in the decades to come at last year's IAA Commercial Vehicles, the leading international trade show in Hanover. The event was a complete success for our Company: we sold around 11,000 vehicles, a new trade show record. The focus of our development activities is on the challenges that manifest themselves in an urban environment. How can we make mobility and transportation low in harmful substances and as emission-free locally as possible? The answer to this question lies in the range of new vehicles we presented at the IAA, which included a near-production prototype of the MAN Lion's City E. With a charging time of three hours, this electric bus develops a range of 200 kilometers – as if made for driving in the city. We have also developed the MAN Lion's City G, a bus with extremely low levels of harmful substances when operated with natural gas and the potential to be carbon-neutral if biogas is used. More on the IAA in just a minute.

Ladies and Gentlemen,

The commercial vehicle industry is changing rapidly. We have achieved a strong position within the TRATON GROUP thanks to our transportation solutions. To streamline our Company's profile, the Power Engineering business of MAN SE was sold to a subsidiary of Volkswagen AG at the end of 2018 at the instructions of what is now known as TRATON SE. The Power Engineering business has therefore not been part of the MAN Group since January 2019. As a result, Dr. Lauber is no longer a member of the Executive Board of MAN SE. I would like to take this opportunity to once again sincerely thank him and the entire workforce at MAN Energy Solutions and Renk for



the support they have shown over the many years of us successfully working together.

Let us now look back on the fiscal year just gone. The new Group structure comprised of the MAN Truck & Bus and MAN Latin America divisions is also reflected in the consolidated business figures for 2018.

In 2018, the European truck market achieved another slight increase from an already high level. The European bus market also saw positive development. Buoyed by economic recovery, the Brazilian commercial vehicle market grew considerably.

We increased order intake by 12% to €13.9 billion in 2018. The Group's sales revenue expanded by 9% to €12.1 billion in the year under review.

After years of losses, MAN Latin America has become profitable again. MAN Truck & Bus also benefited from a rise in sales revenue, although this was offset by higher expenses for new products and markets and the intense competition, among other factors. In addition, considerable expenses were required to restructure the activities in India. Adjusted for these items, MAN Truck & Bus's operating profit was approximately on a level with the previous year.

In total, the MAN Group's operating profit was €332 million, slightly down on the previous year. As a proportion of the significantly higher sales revenue, the MAN Group's operating return on sales declined to 2.7%.

In fiscal year 2018, the MAN Group beat the projected targets in terms of unit sales and sales revenue, but only met its earnings targets to a limited extent. The MAN Group's profitability in 2018 was still far below the strategic target. We are working hard on a lasting improvement.

Ladies and Gentlemen,

In 2018, we were able to resolve the compliance incidents that occurred in 2009 once and for all. Following the MAN SE Annual General Meeting's approval of a settlement with the D&O insurers regarding the ISAR issue in 2014, the Ferrostaal issue, explicitly excluded from the approval at the time, still remained unresolved. MAN SE concluded a settlement on the issue with the D&O insurers last year – subject to the approval of the Annual General Meeting. According to the terms of the settlement, the D&O insurers will pay just short of €19.5 million to settle any and all claims of MAN SE in connection with the Ferrostaal issue. More detailed information is available in the Joint Executive and Supervisory Board Report on Item 5 on the Agenda and in the settlement itself, which is reproduced there verbatim as Annex 1. Both of



these are included in the Invitation to the Annual General Meeting. I am happy to see that we have been able to close this unpleasant chapter in our Company's history and would like to ask the Annual General Meeting to approve the settlement presented.

Dear Shareholders,

Starting from fiscal year 2019, MAN SE is no longer affiliated with TRATON SE by means of a domination and profit and loss transfer agreement (DPLTA). Free float shareholders will have received cash compensation of €5.10 per MAN common or preferred share for the previous fiscal year as a whole as determined by the domination and profit and loss transfer agreement with what is currently known as TRATON SE, which has now been terminated, for the last time for 2018. As a result of the final decision on the proceedings of cash compensation and the termination of the DPLTA, free float shareholders of MAN SE once again had the right to tender their MAN shares to what is now known as TRATON SE. As a result of this tendering window, TRATON SE's stake in MAN SE as the latter's biggest single shareholder exceeded 90% in March 2019.

MAN's share price stood at €72.25 yesterday.

Ladies and Gentlemen,

Future beings with change and with the right partners by your side. MAN has been a strong pillar of the TRATON GROUP since 2015. MAN Truck & Bus, Scania, and MAN Latin America, most of whose sales are made through Volkswagen Caminhões e Ônibus, are working closely together under the umbrella of TRATON. For example, we are jointly developing core power train components in line with the lead engineering concept. Engines, transmissions, axles, and exhaust aftertreatment systems are being created on common platforms that can then be adapted by the individual brands. Together with the other brands, we are working to bring about a sustainable transformation of the transportation and logistics branch and to help TRATON evolve into a Global Champion.

In light of the above, Volkswagen AG recently recommenced the preparations for an initial public offering (IPO) of TRATON SE. The Volkswagen Board of Management, with the approval of the Supervisory Board, decided to carry out the planned IPO of TRATON SE, subject to further capital market developments, before the summer break.

We are also working closely together within the TRATON GROUP when it comes to digital innovation. We already offer solutions customized for MAN



vehicles under the name MAN DigitalServices, which we have built on the basis of the open, cloud-based RIO platform. Our customers receive real-time access to their driving data and recommendations for action tailored to their trucks, wherever they are. The benefits are obvious, involving simplified fleet management and a more profitable business. The service also works for mixed fleets, whatever the brands of the vehicles – an advantage for those operating them.

Ladies and Gentlemen,

Future begins with change and is closely linked to the needs of our customers. The products we manufacture have to meet our customers' requirements in terms of their functionality and cost-effectiveness – be it in Germany or Brazil. In light of the above, clearly positioning the brand becomes one of the crucial success factors. As part of the TRATON GROUP, MAN Truck & Bus and MAN Latin America have individual brand identities that have been tailored to customer requirements within the relevant markets.

Simplifying Business – with its products and services, MAN Truck & Bus is helping our customers to make their business simpler, more efficient, more successful, and thus more future-proof. That is Simplifying Business. That is what makes us THE partner for our customers in this industry. This promise directs us on our journey – MAN Truck & Bus, for example, presented solutions such as MAN DigitalServices to visitors at the IAA trade show.

MAN Latin America's message is "Less you don't want, more you don't need" – in other words: focus on what really matters. MAN Latin America takes our customers' quest for efficiency on board when it comes to costs and the range of products offered in the Central and South American markets. Success stories like the VW Delivery model speak for themselves.

Our customers' requirements may be different, but they all see their trucks, buses, and vans as assets. Our customers increasingly base their decisions on rational factors like the total cost of ownership – and that is a fundamental difference between commercial vehicles and passenger cars. Our focus is clearly on functionality, reliability, and longevity. Mileages of around one million kilometers are not uncommon for trucks.

Ladies and Gentlemen,

Future begins with change through innovative products. By expanding our range of electric trucks, buses, and vans, we are ushering in MAN's transition toward electrification. We are confident: the future of urban passenger and freight transportation is electric – for instance when it comes to inner-city



distribution operations and the delivery of goods to supermarkets. eTrucks are able to reach their full potential in an urban environment. One of the advantages of electric trucks is that they produce no emissions locally and therefore help improve the quality of air in the cities. They are also extremely quiet, even making it possible for supermarkets to be restocked at night in the future – which means fewer cars on the road in the cities during the day.

In connection with the above, last year marked the starting point for a unique development partnership with the Council for Sustainable Logistics (abbreviated to CNL in German). CNL brings together 18 of Austria's largest retail, logistics, and manufacturing companies. MAN electric trucks have been in operation there for several months, used to deliver food, beverages, or vehicle parts. They had already covered more than 100,000 kilometers in total by the end of April. This shows that we are not prepared to compromise on our high standards of quality and reliability, even when it comes to new technologies. We have our sights set on the future with this development partnership, directly incorporating the experience acquired as a result into further serial development of electric trucks.

I am delighted to be able to present to you here today the MAN eTGM, a fully electric distribution truck. We also have the MAN eTGE, a battery electric version of the new MAN van, on display at the Truck Forum. We presented both vehicles to the general public at the IAA Commercial Vehicles trade show in Hanover last fall. We were one of the first manufacturers to showcase fully electric solutions for all areas of urban logistics application with a weight range between 3 and 26 tons.

The trend is also clearly moving toward electric drives when it comes to city buses. As I have already mentioned, we presented a near-production prototype of the battery electric MAN Lion's City E, which has a range of 200 kilometers, at the IAA. We will be bringing this electric bus out in the near future. A demo fleet will already be in everyday operation in European cities in 2020. We will use extensive practical testing to ensure the high level of reliability required by public transportation. In light of the above, MAN has entered into innovation partnerships with various European operators, including those in Munich, Hamburg, Wolfsburg, and Luxembourg. We are incorporating the everyday experience gained as a result of these partnerships into serial development directly. The serial production of the MAN Lion's City E will then begin in the second half of 2020.

MAN Latin America, too, presented electric mobility solutions for the Central and South American markets at the IAA. Serial production of the VW



e-Delivery truck will begin in 2020. The VW e-Delivery has a range of up to 200 kilometers, with its battery reaching full capacity in three hours. The VW e-Delivery's compact dimensions make it the perfect fit for urban applications. It is equally impressive when it comes to connectivity, safety, low operating costs, and energy efficiency. The truck's modular construction enables us to meet our customers' needs in the best possible way. The Brazilian Association of Automotive Engineers presented MAN Latin America with a technology and sustainability award for the development of the VW e-Delivery truck.

We have already been able to celebrate the first success for the VW e-Delivery: Brazilian brewery Ambev has announced plans to run a total of 1,600 electric MAN Latin America trucks by 2023. Over a third of Ambev's fleet will then be made up of vehicles with electric drives. This can reduce CO₂ emissions by over 30,400 tons a year. A great success and a project that makes electric vehicles more visible in an urban environment while bringing home the transition to electric mobility.

Another highlight of the IAA trade show was the Volksbus e-Flex, which was presented by MAN Latin America and can be seen in this photograph. Flexibility is, quite literally, in the name of this vehicle and symptomatic of a crucial advantage: flexible architecture for electrification makes all electric mobility options, be it battery electric vehicles, hybrid or plug-in hybrid electric vehicles, or range extended electric vehicles, viable in a single model. Performance stays the same, regardless of how the batteries are charged. The benefits of this are obvious: it means the concept can be applied to virtually any of the brand's vehicles.

Ladies and Gentlemen,

Future begins with change. Alternative drives are an issue of the future, with an alliance of players such as political decision makers, manufacturers, freighters, and transportation companies more important than ever before in order for us to maintain our leading position among international competitors.

It goes without saying that MAN has always aimed to improve the fuel economy of its commercial vehicles and consequently reduce their CO₂ emissions. This enables us to give our customers a competitive advantage and ultimately boosts our own competitive standing. It is also why we have always supported any CO₂ standards as long as these were technically feasible and made financial sense.

Recently, the European Union agreed on a CO₂ regulation for trucks weighing over 16 tons. Truck manufacturers in the EU are expected to have



reduced the CO₂ emissions of their new vehicle fleets by 15% up to 2025 and by 30% up to 2030 as against 2019 levels. Sales quotas have also been agreed for zero-emission trucks from 2025 onward.

Meeting these requirements in the time frame available is extremely ambitious and requires new technologies to be introduced as quickly as possible. It is also worth remembering that the commercial vehicle industry has much longer development cycles than its passenger car counterpart.

However – and I think this is important to highlight: as a commercial vehicle manufacturer, we are facing this challenge head on. As far as we are concerned, the future of urban passenger and freight transportation is electric – our product highlights at the IAA made this abundantly clear. Then again, the requirements for the long-haul transportation of goods are different to those imposed on distribution runs in the cities.

Ladies and Gentlemen,

Future begins with change, and change can only be achieved together. Complying with the ambitious targets set in the CO₂ regulation, especially with regard to long-haul transportation, will require a great deal of effort from manufacturers and their customers and will only succeed if we work together with policymakers. After all, if trucks powered by alternative drives are to be more accepted by the market, certain conditions must be met – conditions which right now are nonexistent. As things stand at present, for example, we cannot even have heavy-duty electric trucks approved as series vehicles because regulators are unable to agree on test parameters, and even consider battery electric trucks to be potentially more dangerous than their diesel counterparts!

We therefore urge political decision makers to create the required framework in a timely manner so that we no longer have to apply for an exemption every time we want to have an electric truck approved. Support the purchase of these new technologies – with infrastructure and with incentive systems.

If we want to see these trucks drive on highways in the future, we need suitable infrastructure specific to commercial vehicles. This also requires action from policymakers, not just the industry. The only way for us to bring new technologies on to European roads is with the charging and fuel infrastructure required.

We also need government incentive systems, so that our customers actually buy and use the zero-emission trucks we produce. In addition, further



incentives should be planned – these include extended delivery windows and priority access to urban roads for zero-emission trucks and buses.

What infrastructure and incentive mechanisms will we see in 2025? What conditions will be in place by 2030? As manufacturers, we urgently need as much planning security as political decision makers can give us. We expect them to come up with solutions we as well as our customers can work with as soon as possible. Coordinated change requires clarity – this is the only way for us to keep up with our international competitors.

Ladies and Gentlemen,

Future begins with change and with strong cooperation initiatives. I am proud of the projects we have implemented so far within the TRATON GROUP and in collaboration with representatives from the fields of academia, transportation, logistics, and politics – as well as alternative drives, this is especially true for automated driving.

One of the highlights of 2018 was the platooning research project sponsored by the German Federal Ministry of Transport and Digital Infrastructure, which we implemented together with DB Schenker and the Fresenius University of Applied Sciences. Starting last June, an MAN platoon was in operation on the A9 highway between Munich and Nuremberg for seven months as part of a pilot project. Together with our cooperation partners, we put this technology to the test under real-life road conditions. The project findings were presented in Berlin at the start of May. Platooning is an important step on the road to automated driving.

We see enormous potential for platooning in real-life operations. The findings of the research project show that operating digitally networked trucks on German highways is safe, technically reliable, and easy to integrate into the daily runs of a logistics company. The practical tests also showed lower fuel consumption, which means platooning has the potential to help cut CO₂ emissions. Besides, platooning makes highways considerably safer. One of the advantages is that when the leading truck brakes, the electronic system of the vehicle behind reacts in just 50 milliseconds – faster than any human being ever could. To put it into perspective: blinking once takes 300 milliseconds. The truck drivers that took part in the projects also praised the driving comfort and the general feeling of safety.

The second automated driving project is the aFAS system. Time and time again, safety vehicles on highways are involved in serious rear-end collisions. This is exactly where the aFAS system comes in. This project involves a driverless safety vehicle which was tested for roadwork on



highways in Hessen. The two aFAS trucks are digitally networked, with the second safety vehicle, an MAN TGM 18.340, following the vehicle in front without a driver.

It took us four years to develop this innovative safety solution in collaboration with various cooperation partners and with the support of the German Federal Ministry for Economic Affairs and Energy. A pioneering project! It marks the first time MAN has ever tested a driverless truck on public roads in Germany. The system has already received the Truck Innovation Award.

Ladies and Gentlemen,

Before we turn to the outlook for 2019, I would like to draw your attention to the Caminho da Escola program. The Brazilian government set up this education initiative back in 2007. It aims to make the journey to school safer for children and young people. The school buses play a key role in this. 16,000 Volksbus vehicles from MAN Latin America were already in use by 2018. These buses transport over 3.5 million children and travel across more than 5,000 municipalities in Brazil to do so. Last year, the Brazilian government ordered another 3,400 Volksbus vehicles from MAN Latin America – increasing the total number to almost 20,000. We are proud to be a part of this program, and are providing its biggest bus fleet. A safe journey to school and simplified access to education also change lives for the better, with the Caminho da Escola program providing valuable impetus in this respect.

Simplified access to education and vocational training, and the improved career prospects that emerge as a result – that is what MAN Truck & Bus wants to achieve with its efforts to integrate refugees into the labor market. For example, we offer industrial and vocational training placements with a subsequent offer of employment, as well as entry qualification programs to refugees. We were able to create long-term career prospects for a total of 99 people who were forced to flee their homes in 2018 with the help of internships, vocational training schemes, and assembly jobs. We also encourage our employees to get involved with volunteering – this has already enabled us to bring many projects to life around the MAN sites in Munich, Nuremberg, or Salzgitter. I would like to take this opportunity to give a big thanks to all volunteers whose involvement proves that volunteering is a firm part of our corporate culture. At the end of last year, MAN Truck & Bus also received the Prize for Civic Engagement 2018 awarded by the city of Munich in the Large Companies category. An accolade we can be proud of.



Ladies and Gentlemen,

Let us now turn our attention to the outlook for 2019. Our planning is based on the assumption that the global economy will grow at a weaker pace. In light of the above, we expect the MAN Group's sales revenue to increase slightly in 2019. The MAN Group's operating profit and the operating return on sales will improve noticeably in 2019 compared with the previous year.

Furthermore, the change of MAN Truck & Bus AG's legal form to an SE – a European stock corporation – underscores the company's international aspirations. The new legal form allows us to present a uniform front with the other Group companies.

Dear Shareholders, dear guests,

We are branching out from commercial vehicle manufacturing to become a provider of sustainable and intelligent transportation solutions. In the face of change, MAN is and remains a strong global brand with excellent employees and products. I am confident that our close integration with the TRATON GROUP will also be a significant factor for our future success. MAN Truck & Bus, Scania, and MAN Latin America are working closely together under the umbrella of TRATON.

I would like to take this opportunity to thank our customers and our partners for the trust they have placed in us. We look forward to continuing working together with them and maintaining our strong business relationships in the future. I can already let you in on a secret: a new MAN truck generation is coming next year. With it, we will be offering our customers innovative and efficient solutions, especially when it comes to long-haul transportation. You are in for a surprise!

To conclude, I would like to thank our workforce of around 38,500 employees worldwide for their team spirit, their motivation, and the courage they show in being open to and not afraid of change. I am confident that we will continue to drive our issues of the future forward as one strong team and with exceptional products.

This brings me to the end of my speech.

I would like to thank you most sincerely for your confidence and your attention!