

Presse | News | Prensa | Tisk | Imprensa | Prasa | Stampa | Pers | 新闻

MAN and Scania determine principles for joint development

- **Establishment of cross-brand development teams led by MAN and Scania**
- **Lead engineering creates room for investments whilst maintaining brand identities**
- **All production sites will be maintained and some will be extended**

Braunschweig, 28 September 2016 – Under the umbrella of Volkswagen Truck & Bus, the MAN and Scania brands have determined clear principles for their joint development projects and have concluded a corresponding basic agreement. In future, teams consisting of engineers from both brands will develop core components of the drive train together. There will be common platforms for engines, gearboxes, axles and exhaust after-treatment systems that can then be modified by the particular brands. One of the two companies will take the lead for each project. The lead engineering concept ensures that the needs of both companies are taken into account, the individuality of the brands is maintained and competencies are clearly defined.

Andreas Renschler, CEO of Volkswagen Truck & Bus and member of the Board of Management of Volkswagen AG responsible for commercial vehicles said, “Thanks to the concept of lead engineering, we have established clear rules for future cooperation between MAN and Scania in the area of research and development. Both companies will develop our component platforms together, whilst incorporating their own individual strengths, which means that the cultures and business models of the brands will be preserved. Simultaneously, we will generate synergies that are to everyone’s advantage. This gives us the necessary financial room to manoeuvre and create new business areas, develop innovations for our customers and penetrate additional markets so that MAN and Scania will also be ensured a leading market position in the future. We can only become Global Champion of the commercial vehicles industry in the next decade if our brands are strong.”

Principles and competencies are clearly determined.

MAN and Scania will determine the brand- and customer-specific requirements for the components early on in the development phase. The needs of Volkswagen Caminhões e Ônibus and Navistar will also be incorporated into this phase. A uniform planning process guarantees that the research and development departments at MAN and Scania work in a homogeneous manner.

This is also mirrored in the matrix organisation of Volkswagen Truck & Bus. The cross-company function, Research & Development, manages the cross-brand planning process.

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Scania will take the lead in the development of the common engine platform with a capacity of 13 litres, whilst MAN will be responsible for the engine platforms with capacities between five and nine litres. In line with this, Scania will be responsible for the large exhaust after-treatment systems and MAN for the medium and small systems. Gearboxes have also been allocated in a similar manner. Scania will take the lead in heavy gearboxes whilst MAN will be responsible for the medium and light gearboxes. MAN will be in charge of driven axles and non-driven axles in future, and Scania will take the lead at engine management systems.

Anders Nielsen, CTO at Volkswagen Truck & Bus, explained, "The way in which items have been allocated is a result of the product ranges that the two manufacturers offer. Whilst Scania is only represented in the heavy truck segment, MAN also offers vehicles up to a lower limit of three tonnes, for example the TGM and TGL, and in future also the TGE. Each company shares its strengths and in doing so contributes to the success of the team."

All production sites will be maintained and some will be extended

The concept of lead engineering has little effect on the production sites; there will be no transfer of production. The guiding principle is that Scania will manufacture for Scania and MAN for MAN. Exceptions to this are gearboxes and non-driven axles. Scania will continue to produce heavy gearboxes and extend its capacities for the Group in Södertälje. In return, MAN will expand the production of non-driven axles in Salzgitter and will deliver these to Scania.

The allocation of development leads to both brands will result in an increase in the workforce in certain areas, whilst other areas will have to be restructured with a view to the future. However, employer and employee representatives have agreed that the jobs of all members of staff in the areas affected will be secured. Employees will also be offered to move to the other brand for two to four years by means of a secondment abroad. This will promote mutual understanding and facilitate closer cooperation of the Volkswagen Truck & Bus brands. Alternatively, employees will be able to choose between other jobs at their current site at no financial disadvantage.

"The decision to divide the lead functions for engine development and driven axles between MAN and Scania is the next major step in promoting synergies within our commercial vehicle brands. We will invest the resulting financial advantage in even more efficient MAN and Scania products for our customers. At the same time, jobs will be kept safe. At the production sites, everything will stay as it is: Scania will manufacture for Scania, MAN for MAN," stressed Bernd Osterloh, chairman of the Group Works Council at Volkswagen AG.

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