

## **ANNUAL MEDIA CONFERENCE FOR FISCAL YEAR 2020**

**MATTHIAS GRÜNDLER, CEO**

**CHRISTIAN SCHULZ, CFO**

**MUNICH - MARCH 22, 2021**

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## ANNUAL MEDIA CONFERENCE ON FISCAL YEAR 2020 – YOUR PRESENTERS TODAY



**Matthias Gründler**

Chief Executive Officer



**Christian Schulz**

Chief Financial Officer



**Julia Kroeber-Riel**

Head of Group Communications  
& Governmental Relations

## AGENDA

- 1. Challenging Environment 2020**
- 2. Core KPIs Fiscal Year 2020**
- 3. Road To The Future**
- 4. Q&A**

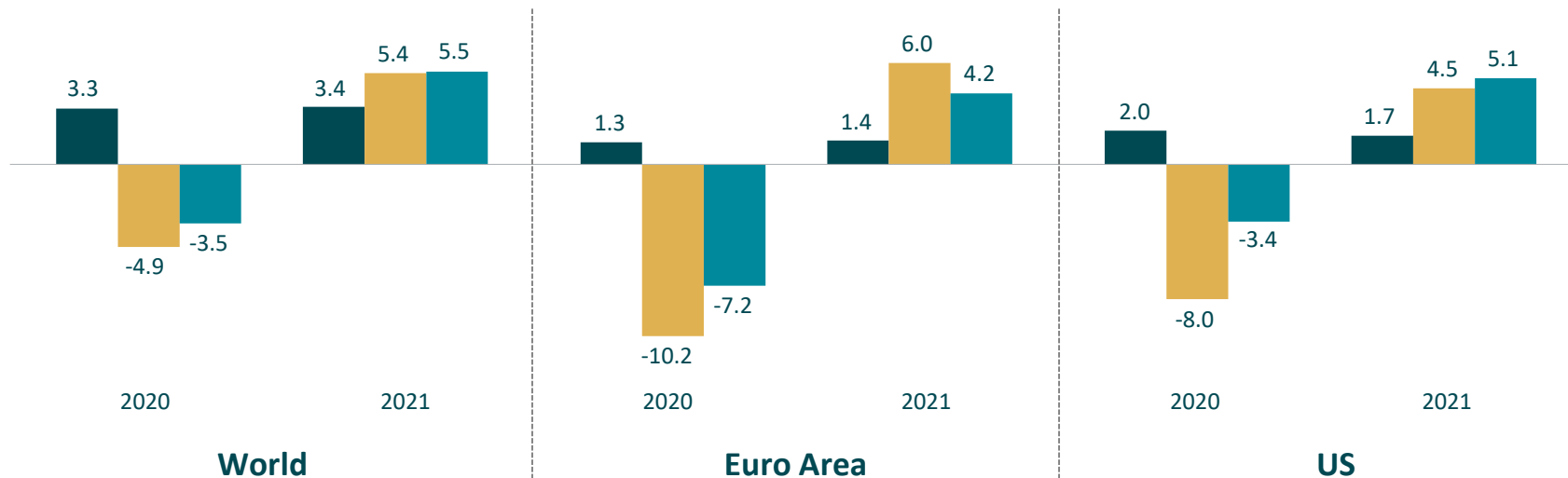
## COVID-19 PANDEMIC WITH HUGE IMPACT IN 2020 AND BEYOND





## GLOBAL ECONOMY IS RECOVERING FROM SETBACK FROM THE PANDEMIC

Growth expected for 2021, but environment still fragile

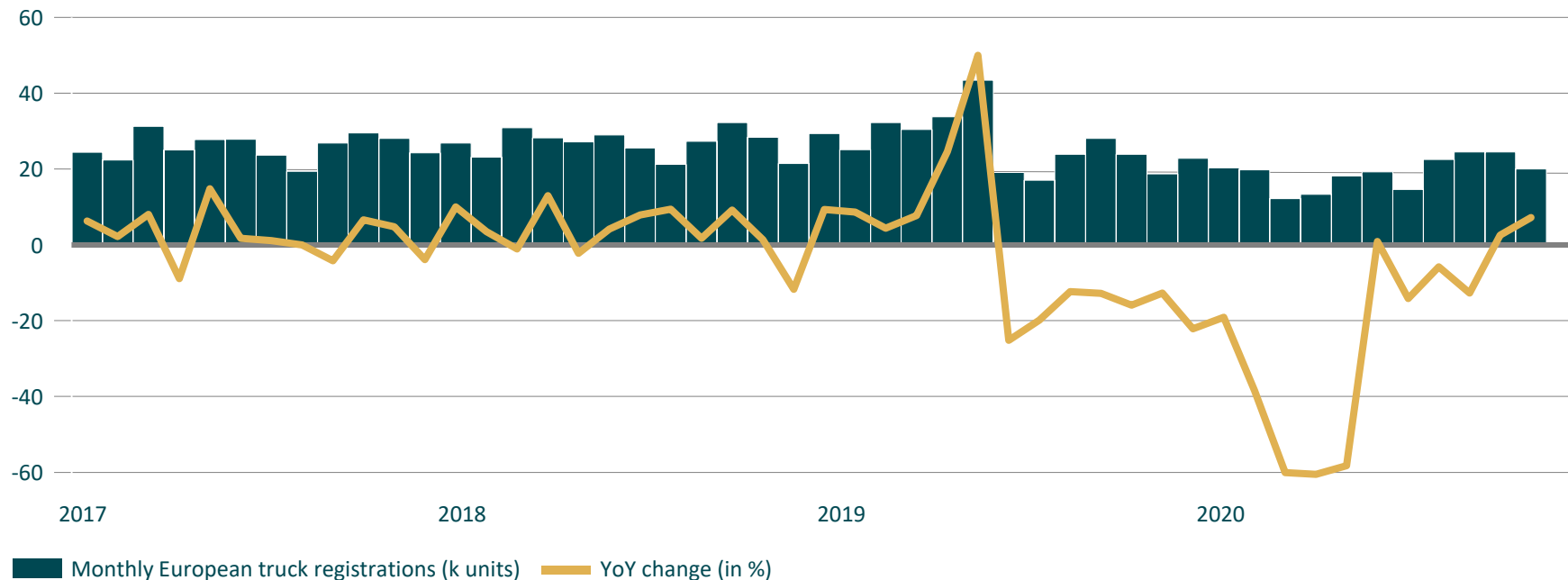


GDP forecasts for 2020/2021 as of ■ Jan 2020 ■ Jun 2020 ■ Jan 2021



## BUSINESS CLIMATE IS BRIGHTENING, NOT YET ON NORMAL LEVEL

### Truck registrations (> 16t) in Europe improving<sup>1</sup>



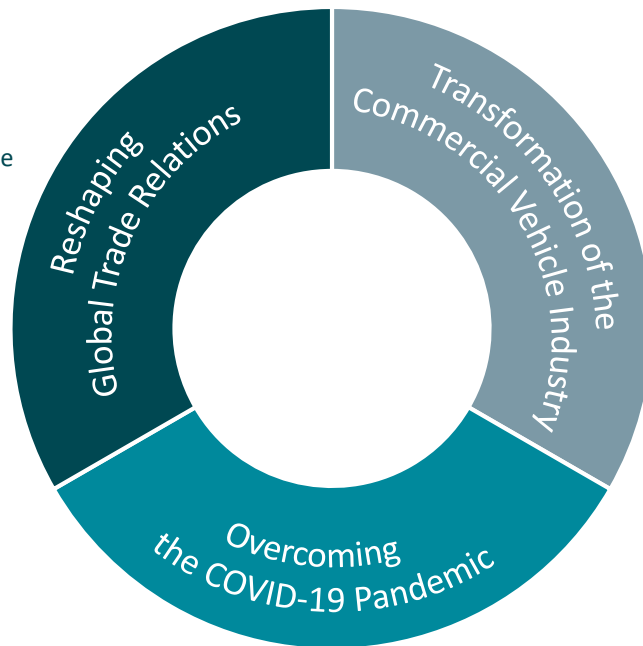
<sup>1</sup> ACEA new heavy commercial vehicles (HCV) registrations of 16t and over for EU + EFTA + UK



## GLOBAL TRADE RELATIONS AND CV INDUSTRY ARE TRANSFORMING

### A NEW BEGINNING?

Restructuring of the international trade relations



### MARKET RAMP-UP ALTERNATIVE DRIVES & AUTOMATION.

Purchase incentives for customers and investments in charging infrastructure needed

First road tests: autonomous driving

### GETTING BACK ON TRACK.

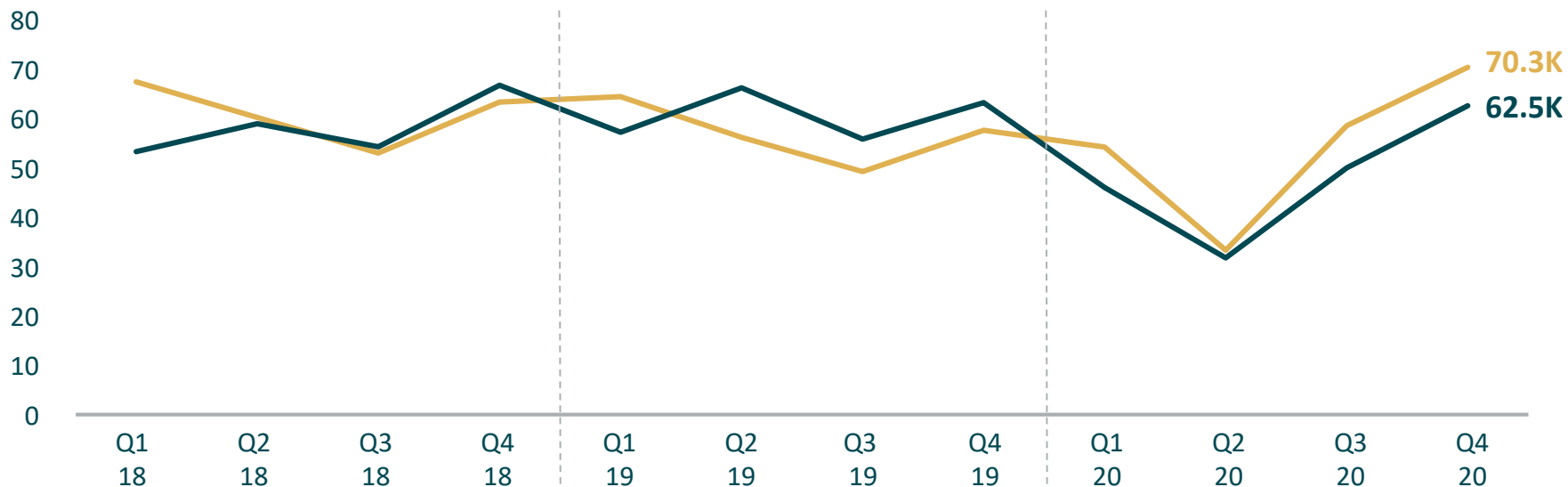
Implementation of the European Recovery and Resilience Facility





## STRONG SECOND HALF OF THE YEAR AFTER STEEP DECLINE

Incoming orders & unit sales (k units)



## AGENDA

1. **Challenging Environment 2020**

2. **Core KPIs Fiscal Year 2020**

3. **Road To The Future**

4. **Q&A**



## SNAPSHOT TRATON GROUP CORE KPIs FY 2020

## Trucks and buses (units)

2020	2019	Change
216,251	227,240	-5%
INCOMING ORDERS		

2020	2019	Change
190,180	242,219	-21%
UNIT SALES		

2020	2019	Change
1.14	0.94	0.2 bp
BOOK TO BILL <sup>1</sup> (RATIO IN UNITS)		

2020	2019	Change
174,006	220,723	-21%
OF WHICH TRUCKS <sup>2</sup>		

2020	2019	Change
16,174	21,496	-25%
OF WHICH BUSES		

<sup>1</sup> Book-to-bill is defined as the ratio of trucks and bus units ordered to trucks and bus units delivered

<sup>2</sup> Including MAN TGE (2020: 17,635 units, 2019: 14,788 units)



## DEEP DIVE GROUP CORE KPIs

## Financial key performance indicators (€ million)

2020	2019	Change
<b>22,580</b>	26,901	-16%
SALES REVENUE		

2020	2019	Change
<b>135</b>	1,871	-1,736
ADJ. OPERATING RESULT <sup>1</sup>		

2020	2019	Change
<b>0.6</b>	7.0	-6.4 pp
ADJ. OPERATING ROS (in %) <sup>2</sup>		

<sup>1</sup> FY 2020: Operating Result €81 mn; FY 2019: Operating Result €1,884 mn

<sup>2</sup> FY 2020: Operating RoS 0.4%; FY 2019: Operating RoS 7.0%;



## DEEP DIVE GROUP CORE KPIs

## Industrial Business (€ million)

2020	2019	Change
22,156	26,444	-16%
SALES REVENUE		

2020	2019	Change
28	1,729	-1,701
ADJ. OPERATING RESULT <sup>1</sup>		

2020	2019	Change
0.1	6.5	-6.4 pp
ADJ. OPERATING ROS (in %) <sup>2</sup>		

<sup>1</sup> FY 2020: operating result €-26 mn; Operating result in FY 2020 contained costs that were primarily incurred in connection with the reorganization of production facilities at Scania V&S of €54 mn; FY 2019: operating result €1,7741 mn

<sup>2</sup> FY 2020: Operating RoS -0.1%; FY 2019: Operating RoS 6.6%



## DEEP DIVE GROUP CORE KPIs

## Industrial Business (€ million)

2020	2019	Change
992	993	0%
CAPEX <sup>1</sup>		

2020	2019	Change
1,165	1,376	-15%
PRIMARY R&D COSTS		

2020	2019	Change
676	2,711	-2,036
NET CASH FLOW <sup>2</sup>		

2020	2019	Change
27	1,500	-1,473
NET LIQUIDITY <sup>3</sup>		

<sup>1</sup> Capital expenditures in property, plant, and equipment, and intangible assets (€million).

<sup>2</sup> FY 2019 reported net cash flow of €2,711 mn, adjusted of €733 mn before the sale of Power Engineering (€1,978 mn).

<sup>3</sup> Mainly due to the net cash outflow of €-1.4 bn resulting primarily from the end of the domination and profit and loss transfer agreement (DPLTA) with Volkswagen AG for the fiscal year 2019. Note: Delta FY 2020 vs. FY 2019.



## DEEP DIVE GROUP CORE KPIs

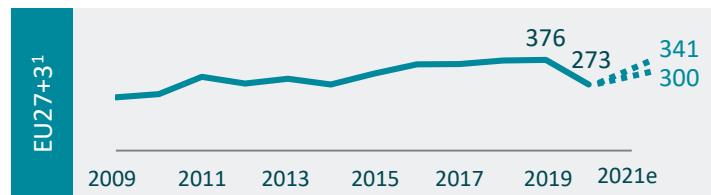
## Financial Services (€ million)

2020	2019	Change
820	849	-3%
SALES REVENUE		

2020	2019	Change
107	142	-35%
OPERATING RESULT		

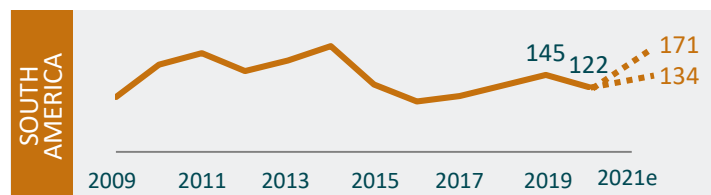
# POSITIVE TRUCK MARKET OUTLOOK, DEPENDING ON COVID-19 DEVELOPMENT

## Truck market (> 6t, k units)



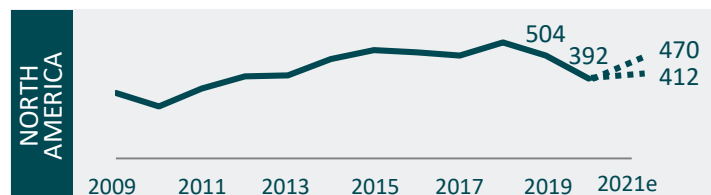
Market expectations<sup>2</sup>

2021e  
+10% to +25%



Market expectations<sup>2</sup>

2021e  
+10% to +40%



Market expectations<sup>2</sup>

2021e  
+5% to +20%



Source: Historical data based on own calculations and estimates.

<sup>1</sup> EU27+3 region (EU27 countries without Malta, plus the United Kingdom, Norway, and Switzerland)

<sup>2</sup> Includes estimates from different institutes, companies and data and information services.





## OUTLOOK 2021: RECOVERY AFTER STRONG DECLINE

### TRATON GROUP Core KPIs

FY 2019	FY 2020	2021 Outlook <sup>1</sup>
242.2 k	190.2 k	Sharp increase
+ 4%	-21%	
UNIT SALES		

FY 2019	FY 2020	2021 Outlook <sup>1</sup>
€26.9 bn	€22.6 bn	Substantial increase
+ 4%	-16%	
SALES REVENUE		

FY 2019	FY 2020	2021 Outlook <sup>1</sup>
7.0%	0.4%	5.0 – 6.0%
€1.9 bn	€81 mn	
RETURN ON SALES/OPERATING RESULT <sup>2</sup>		

FY 2019	FY 2020	2021 Outlook <sup>1</sup>
179%	n/a <sup>3</sup>	25 – 35%
CASH CONVERSION RATE (Industrial Business) <sup>3</sup>		

<sup>1</sup> Before expenses from the MAN Truck & Bus restructuring program and effects from the planned acquisition of Navistar International Corporation.

<sup>2</sup> FY 2019: adjusted RoS 7.0%, adjusted operating result €1.9 bn; FY 2020: adjusted operating RoS 0.6%, adjusted operating result €135 mn.

<sup>3</sup> Calculated as the ratio of net cash flow to result after tax; cash conversion rate in FY 2019 was positively affected by the proceeds of approximately €2.0 bn from the disposal of the Power Engineering business. In FY 2020, the negative earnings after tax did not result in any meaningful cash conversion rate.

## H2 2020 SIGNIFICANTLY STRONGER THAN H1 2020



Noticeable market recovery,  
though business activities still significantly  
impacted by the COVID-19 pandemic



Incoming orders:  
+47% vs. H1 2020

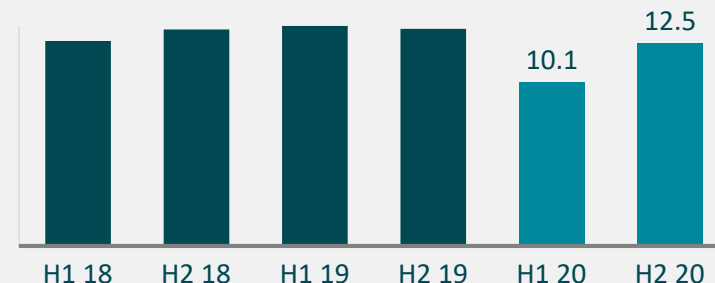


Unit sales:  
+45% vs. H1 2020

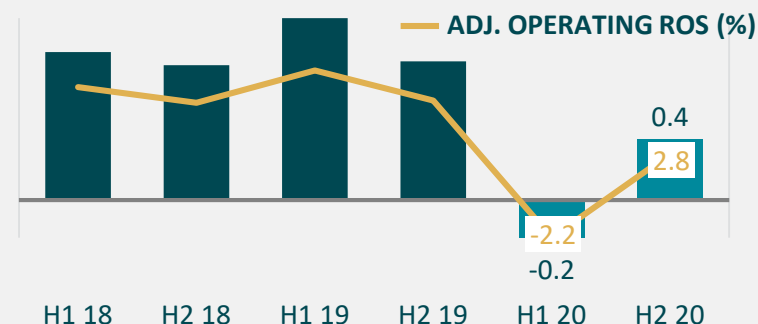


Net cash flow in Industrial Business:  
€1,023 mn (€+1,370 mn vs. H1 2020)

SALES REVENUE (€ bn)



ADJ. OPERATING RESULT (€ bn)



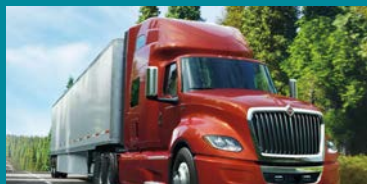
## SNAPSHOT TRATON - STRATEGIC AND PRODUCT HIGHLIGHTS 2020

The TRATON GROUP successfully followed its Global Champion Strategy

Strategy



November  
**TRATON GROUP to expand presence in China**



November  
**Agreement for acquisition of Navistar**



October  
**TRATON and Hino start e-mobility joint venture**



September  
**Global partnership with TuSimple for autonomous trucks**

Products



September  
**New VWCO heavy-duty trucks (Meteor)**



September  
**Scania introduces first electric truck range**



May  
**Scania to deliver 75 battery electric trucks to ASKO**



February  
**MAN introduces new Truck Generation**

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## SUCCESSFUL EXECUTION OF OUR GLOBAL CHAMPION STRATEGY





## START OF INTRODUCTION OF THE COMMON BASE ENGINE (CBE) IN H2 2021

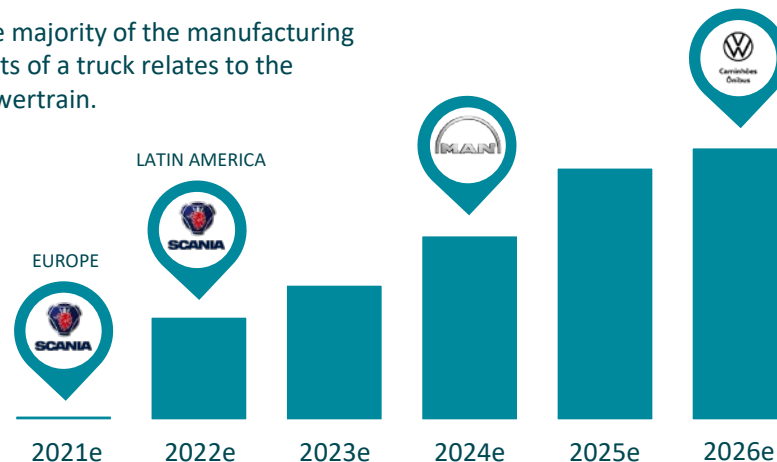


**50%** Common base engine (CBE) expected to be installed in almost half of TRATON heavy-duty trucks per year from 2025e onwards.

**CBE**

- Enhanced fuel efficiency
- Reduced weight
- Low maintenance

**\$** The majority of the manufacturing costs of a truck relates to the powertrain.





## TRATON INCREASES R&D INVESTMENT IN E-MOBILITY TO €1.6 BILLION

TRATON invests  
**€1.6 billion** in R&D for  
e-mobility from 2021 to 2025



All brands are shifting budgets from  
conventional drives to e-mobility

Share of product development<sup>1</sup> for  
e-mobility **will be doubled**  
until 2025

**Less than 20%** of  
product development budget for  
conventional drivetrains in **2025**



1 Product Development budget comprises the share of primary R&D costs, that could be assigned to specific Product Projects or Product Project Roadmaps before start of production. Product Development budget does not include efforts for general base research or R&D support after start of production (i.e. for quality assurance or product cost optimization during the lifecycle).



## OUR BRANDS FOCUS ON E-MOBILITY LEADERSHIP

### SINCE 2020

Common modular **electric powertrain toolkit**, used in the first series produced all-electric city buses from Scania and MAN.



### BY 2025

Electrified vehicles will account for around **10%** of Scania's total vehicle sales volumes in Europe. Half of MAN's new buses will run on alternative drives.



### BY 2030

Electrified vehicles will account for **50%** of Scania's total vehicle sales volumes. At least **60%** of MAN's delivery trucks and **40%** of long-haul trucks will be emission-free.







## BEV WILL BECOME MAINSTREAM IN ALL MAJOR CV SEGMENTS



**Total cost of ownership** is the **most important driver** for adoption of new drivetrains, exceeding regulatory impact.

We see **BEV** as the **most cost-efficient solution**, especially in long-distance applications (due to high energy to total cost ratio).



**Three BEV trucks** can drive with the **same** amount of energy as one **hydrogen truck**.

TRATON expects **BEV** to become **mainstream** in all major CV segments.



## SCANIA AND MAN HAVE SEVERAL AUTONOMOUS INITIATIVES ONGOING

SÖDERTÄLJE | H2H TL TuS



MUNICH | H2H INITIATIVE



SHANGHAI | PORT TUS PILOT



HAMBURG | TRUCKPILOT



ULM | ANITA



QATAR | QATAR MOBILITY



DAMPIER | RIO TINTO IRON/ORE

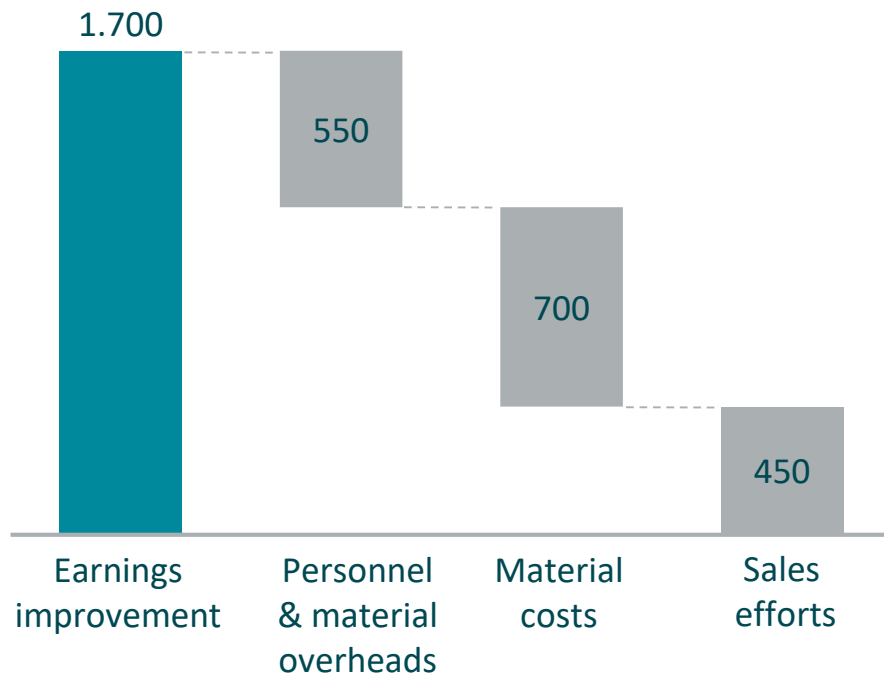


AV Initiatives @ SCANIA

AV Initiatives @ MAN

## MAN T&B MEASURES TO IMPROVE EARNINGS

### Overview by item type (€ mn)



### Key issues paper to realign MAN T&B agreed

- Strong focus on future technologies
- Repositioning of the production and development network
- Reduction of ~3,500 jobs across all areas in Germany by the end of 2022
- BINZ takes over MAN Plauen with all employees
- Steyr site in Austria (~2,200 employees) in discussion
- In total, restructuring costs are currently expected in the high triple-digit millions Euro

**Ensuring sustainable uplift in RoS and cash flows**

## CONSISTENT IMPLEMENTATION OF SITE RESTRUCTURING - PRODUCTION

### Salzgitter



Lead location for global logistics activities

Components-plant

- Non-driven axle
- Crankshaft

### Nuremberg



Lead production plant for motors and e-drives

Centre of competence  
Development of alternative and conventional drives

### Munich



Global Headquarter MAN Truck & Bus

Lead production plant Truck

Global development centre



### Starachowice

Low-floor-city bus / ebus



### Krakow

Volume balancing plant Truck



### Bánovce

Components



### Ankara

Lead unit bus  
Bus development

Steyr  
in discussion

## STATUS AND NEXT STEPS WITH NAVISTAR



Signing and announcement of merger agreement  
on November 7, 2020



Navistar shareholder approval received at Navistar  
Annual Meeting on March 2, 2021



Regulatory approvals expected in H1 2021



Closing expected mid-2021



## AFTER STRONG HEADWINDS IN 2020 TRATON IS READY FOR 2021

### 2020

**Proposed dividend  
of €0.25 per share<sup>1</sup>**

**Operating Return on  
Sales at 0.4%**

**Sales Revenue down  
to €22.6 billion**

**Adjusted Operating  
Result at €135  
million**

### 2021

**For 2021 Operating  
Return on Sales of  
between 5.0 and  
6.0% expected**

**Key Issues Paper on  
MAN Truck & Bus  
transformation**

**Closing on Navistar  
expected mid-2021**

**Budget Shift  
to e-mobility,  
strong focus on BEV**

<sup>1</sup> topic for approval at the upcoming TRATON AGM

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## **ANNUAL MEDIA CONFERENCE FOR FISCAL YEAR 2020**

MATTHIAS GRÜNDLER, CEO

CHRISTIAN SCHULZ, CFO

MUNICH - MARCH 22, 2021

# APPENDIX



## SCANIA VEHICLES &amp; SERVICES – CORE KPIs

## Trucks and buses (units)

2020	2019	Change
92,940	88,739	5%
INCOMING ORDERS		

2020	2019	Change
72,085	99,457	-28%
UNIT SALES		

2020	2019	Change
66,899	91,680	-27%
OF WHICH TRUCKS		

2020	2019	Change
5,186	7,777	-33%
OF WHICH BUSES		

## SCANIA VEHICLES & SERVICES – CORE KPIs

### Financial key performance indicators (€ million)

2020	2019	Change
<b>11,521</b>	13,934	-17%
<b>SALES REVENUE</b>		

2020	2019	Change
<b>802</b>	1,506	-704
<b>ADJ. OPERATING RESULT</b>		

2020	2019	Change
<b>7.0</b>	10.8	-3.9 pp
<b>ADJ. OPERATING ROS (in %)</b>		



## MAN TRUCK &amp; BUS – CORE KPIs

## Financial key performance indicators (€ million)

2020	2019	Change
84,921	100,652	-16%
INCOMING ORDERS		

2020	2019	Change
81,673	104,887	-22%
UNIT SALES		

2020	2019	Change
76,333	97,524	-22%
OF WHICH TRUCKS <sup>1</sup>		

2020	2019	Change
5,340	7,363	-27%
OF WHICH BUSES		

<sup>1</sup> Including MAN TGE (2020: 17,635 units, 2019: 14,788 units).

## MAN TRUCK & BUS – CORE KPIs

### Financial key performance indicators (€ million)

2020	2019	Change
<b>9,659</b>	<b>11,088</b>	<b>-13%</b>
<b>SALES REVENUE</b>		

2020	2019	Change
<b>-553</b>	<b>371</b>	<b>-925</b>
<b>ADJ. OPERATING RESULT</b>		

2020	2019	Change
<b>-5.7</b>	<b>3.3</b>	<b>-9.1 pp</b>
<b>ADJ. OPERATING ROS (in %)</b>		



## VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIs

## Financial key performance indicators (€ million)

2020	2019	Change
<b>38,805</b>	41,103	-6%
INCOMING ORDERS		

2020	2019	Change
<b>36,974</b>	41,891	-12%
UNIT SALES		

2020	2019	Change
<b>31,242</b>	35,282	-11%
OF WHICH TRUCKS <sup>1</sup>		

2020	2019	Change
<b>5,732</b>	6,609	-13%
OF WHICH BUSES		

## VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIs

### Financial key performance indicators (€ million)

2020	2019	Change
<b>1,235</b>	<b>1,738</b>	<b>-29%</b>
<b>SALES REVENUE</b>		

2020	2019	Change
<b>-15</b>	<b>43</b>	<b>-58</b>
<b>ADJ. OPERATING RESULT</b>		

2020	2019	Change
<b>-1.2</b>	<b>2.5</b>	<b>-3.7 pp</b>
<b>ADJ. OPERATING ROS (in %)</b>		