Capital Markets Day 2022
Presentations Teach-ins (selection)
Södertälje, 5-18-2022
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The percentage figures shown may be subject to rounding differences. Due to different proportions and scaling in graphs, data shown in different graphs are not comparable.
Agenda

1. Modular System
2. Electrification View
3. Decarbonization
1. MODULAR SYSTEM

Claes Erixon  
CTO, Scania
It starts and ends with the customer
TAILORED SOLUTIONS
TRUCKS

BUSES

POWER SOLUTIONS

Cabs

Charging interface

Axles

Frames

Batteries

Gearboxes

Engines

Electric machines
Tailor-made transport solutions for each customer

Lower cost for Scania

Reduced time to market
Modularisation Principles

- Well-balanced performance steps
- Standardized interfaces over time
- Same need – identical solution
LEVERAGE
BYGGGLÅDAN
<table>
<thead>
<tr>
<th>Current Generation</th>
<th>New Generation</th>
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<tr>
<td>Number of product variants</td>
<td>Ability to meet customer demands</td>
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- Number of parts used
  - Previous: 100%
  - Current: 89%
  - Decrease: -11%

Number of parts used vs. New Generation and Current Generation.
Long tail business model

- Top sellers [Low margins]
- Long tail [Niche items with high margins]

Product offering [Variants]
- Price
- Margin
- Product cost

Market demand [Volume]

Note: Illustrative presentation
One TRATON GROUP Modular System

Methodology

Principles

Modular System consists of components/platforms shared by:

A All brands globally
  - Common capabilities

B Selected brands or regions

C Single brands
Scania SUPER powertrain
New modular AMT gearbox range

- Improved fuel consumption
- Reduced weight
- Reduced cost
- A modular platform
Modularization in transmissions
Strategies to increase torque capacity

- Base line
- Wider gears
- Increased axle distance
- Better material
2. ELECTRIFICATION VIEW

Dr. Atif Askar  
Head of Business Development  
Strategy & M&A

Malte Schmitz  
Head of Strategy & Business Opportunities
Today trucks are intensively used capital goods with high running costs

Trucks are Capital Goods – TCO is essential

- Customer focus **Total cost**
- Usage pattern **Regular, intensive**
- Annual mileage \(~130,000\) km
- Fuel consumption \(~30-35\) l/100 km
- Product lifecycle \(>10\) years
- Typical margins 3%
Today’s truck running costs with high share of energy and driver

Running costs dominate Total Cost of Ownership (TCO)

Cost distribution of a typical long-haul heavy-duty truck

- Energy incl. infrastructure
- Overhead
- Vehicle
- R&M
- Driver

Cost increasing with e-mobility
Cost decreasing with e-mobility
The cost distribution will change significantly with fully electric trucks

Energy is the most crucial cost driver – energy cost advantage is the key to quick market ramp-up of electric trucks
A comparison of system efficiency between BEV and FEV underlines the focus on BEVs

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The prospects of commercial BEV vehicles have improved markedly, specifically on the battery side.

“A truck capable of going 1000km hauling 27t [...] would need a battery weighing 25t, and could only carry about 2t of cargo. And because a heavy-duty truck battery is so heavy and large, charging takes too long – typically 12 hours or more.”

www.energyskeptic.com, 2016

View on BEV in long-haulage, mid 2010s

5 years ago, few expected BEV concepts to apply in long-haulage

Historically, battery cost has fallen ~2.5x faster than predicted

*best-in-class, CV equivalent, simplified representation

Plus improvements in
- Battery capacity per weight
- Battery cycle life
- General energy consumption

Cost is only one factor
How would a long-haul operation with a BEV look like?

Depot

Departure of HDT from depot

Up to 4.5 hours max. 350 km

Public Charging

Charging stations with more than 750 kW capacity

Recharging of battery possible in 45 minutes

Recharging during mandatory break and/or overnight stay

Arrival

Depot or public destination

Up to 4.5 hours max. 350 km

Very predictable and high energy throughput driving charging costs per km
Responsible Company

Make responsible behavior a top priority in everything we do

- Decarbonization & Circularity
- People & Diversity
- Governance & Ethics
In 2020, Scania became the first heavy goods vehicle manufacturer to set SBT Targets approved as “science-based” – in line with what is necessary to meet the goals of the Paris Agreement.

Science-based targets (SBT)

- <1.5°C: Paris agreement 2015
- f(x): Aligning corporate carbon reduction targets with climate science
- Scania: In 2020, Scania became the first heavy goods vehicle manufacturer to set SBT
**Company Facilities**

**Company Vehicles**

**Scope 1** **DIRECT**
- Electricity
- Steam
- Heating and cooling

**Scope 2** **INDIRECT**
- Transportation and distribution
- Purchased goods and services

**Scope 3** **INDIRECT**
- Transportation and distribution
- Use of sold products
- Company facilities
- Company Vehicles

*Use of sold products*
OWN OPERATIONS

SCOPE 1&2

50% absolute CO\textsubscript{2} reduction from Scania operations

Energy waste

Energy efficiency

Renewables

Scania SBT

2025
50% CO₂ reduction per transported ton from land transport

LOGISTICS

Scania target

2025
USE PHASE

>90% of all Scania emissions come from when our customer use Scania trucks and buses.
**SCOPE 3**

- **20% CO₂ reduction from products/km**
- Diesel mix
- Combustion engine improvements
- Electrified vehicles
- Driver evaluation/optimization
- Green energy and biofuel partnerships

**Scania SBT**

2025
Our CO₂ impact stems almost exclusively from our products’ use phase – but will change in the future.

- **Combustion engine**
- **BEV (electricity mix)**
  - Based on EU 2016 electricity mix
- **BEV (green electricity)**
  - Based on prognosed EU 2030 electricity mix

Source: Scania estimates
SUPPLY CHAIN
TRATON – Exciting pathway ahead

- Responsible Company
- Value Creation
- TRATON Accelerated!

Strategy Execution & Governance