

PRESS CONFERENCE CALL 3M 2021 INTERIM STATEMENT

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CHRISTIAN SCHULZ, CFO

MUNICH - MAY 10, 2021

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The percentage figures shown may be subject to rounding differences. Due to different proportions and scaling graphs, data shown in different graphs is not comparable.

PRESS CONFERENCE CALL 3M 2021 INTERIM STATEMENT – YOUR PRESENTERS TODAY



Matthias Gründler

Chief Executive Officer



Christian Schulz

Chief Financial Officer



Julia Kroeber-Riel

Head of Group Communications,
Governmental Relations &
Sustainability

AGENDA

1. **Environment**
2. **Core KPIs 3M 2021**
3. **Q&A Business Development**
4. **Deep Dive E-Mobility**
5. **Q&A E-Mobility**

3M 2021 WAS A STRONG QUARTER FOR THE TRATON GROUP

3M 2021

**Business recovery
continued, despite a
still challenging
environment**

**Incoming Orders rise
51% to 81,742**

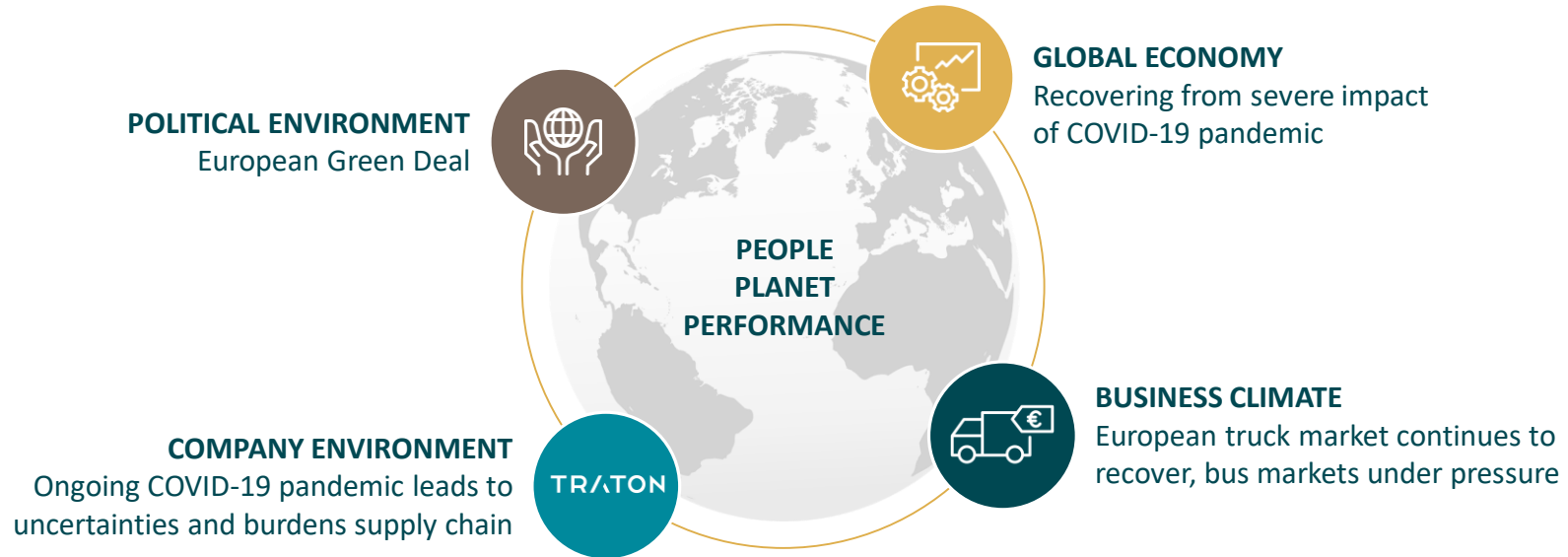
**Unit Sales up 31%
to 60,315**

**Net Cash Flow
Industrial Business
at €397 mn**

**Adj. Operating
Return on Sales
up 5.0 pp to 7.9%**

**Adj. Operating Profit
more than tripled
to €516 mn**

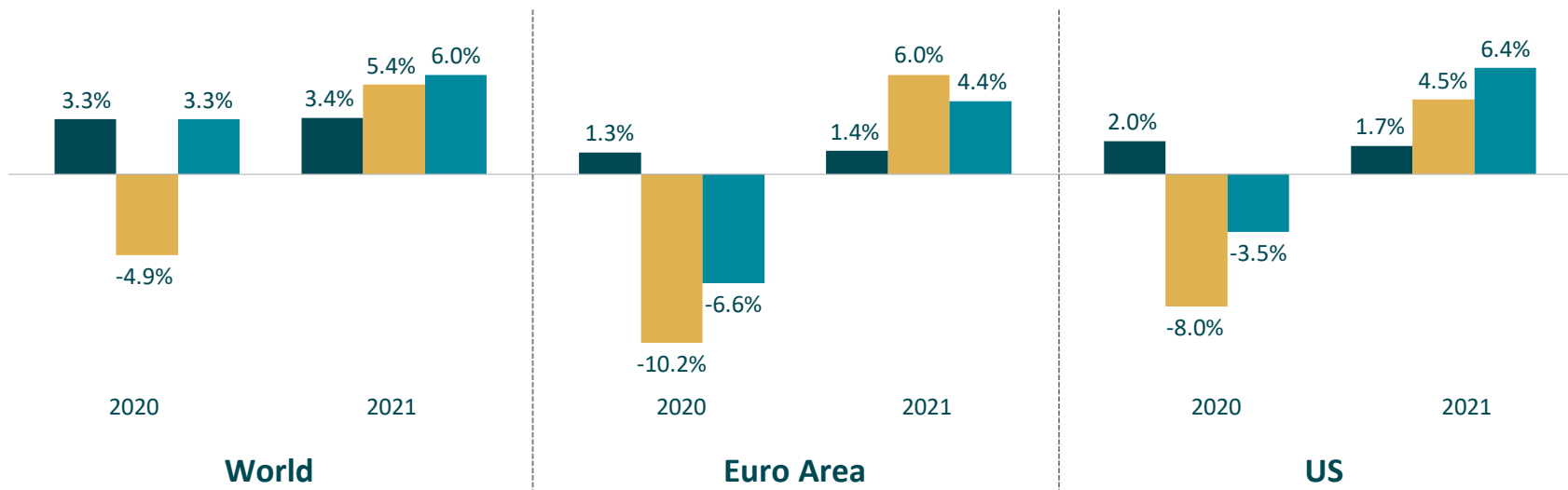
COVID-19 PANDEMIC STILL WITH RELEVANT IMPACT





GLOBAL ECONOMY IS RECOVERING FROM SETBACK FROM THE PANDEMIC

Growth expected for 2021, but environment still fragile

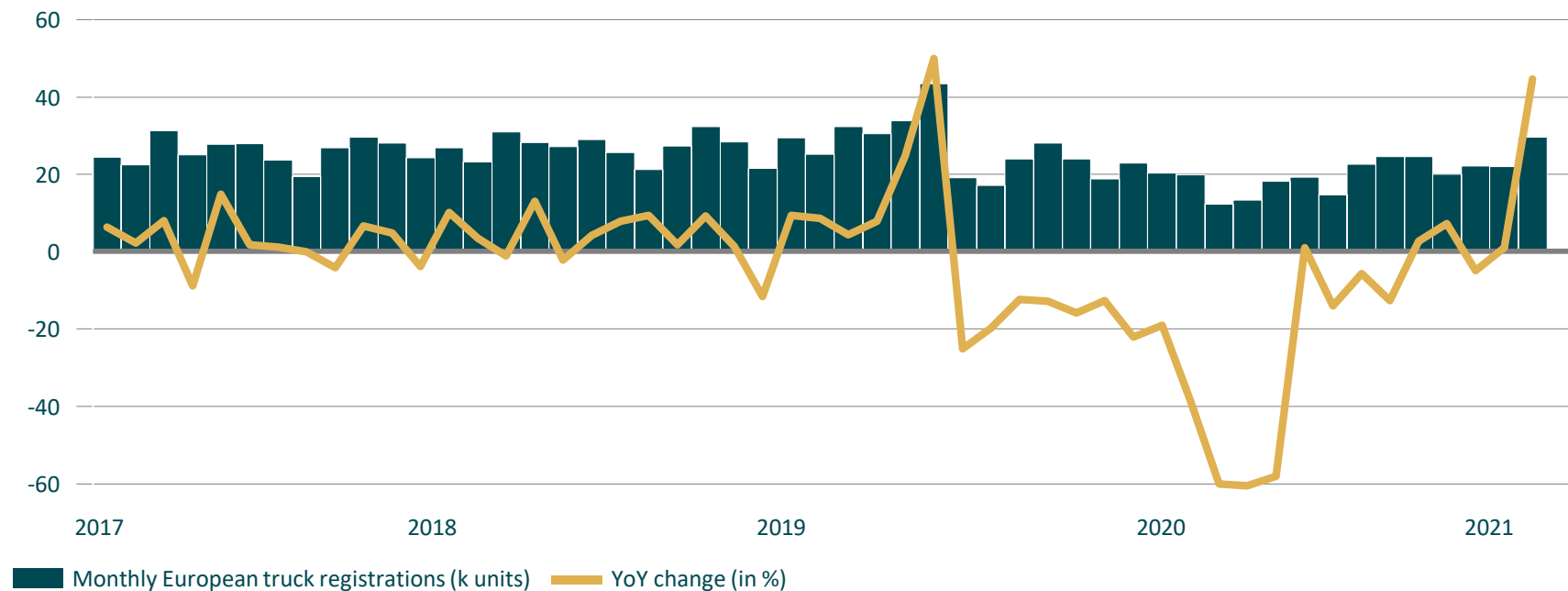


GDP forecasts for 2020/2021 as of Jan 2020 Jun 2020 March 2021



BUSINESS CLIMATE IS BRIGHTENING, MARKET VERY STRONG IN MARCH 2021

Truck registrations (> 16t) in Europe improving¹



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



GLOBAL CV INDUSTRY IS TRANSFORMING

EUROPEAN GREEN DEAL

Agreement on EU Climate Law
of a net 55% CO₂ cut by 2030



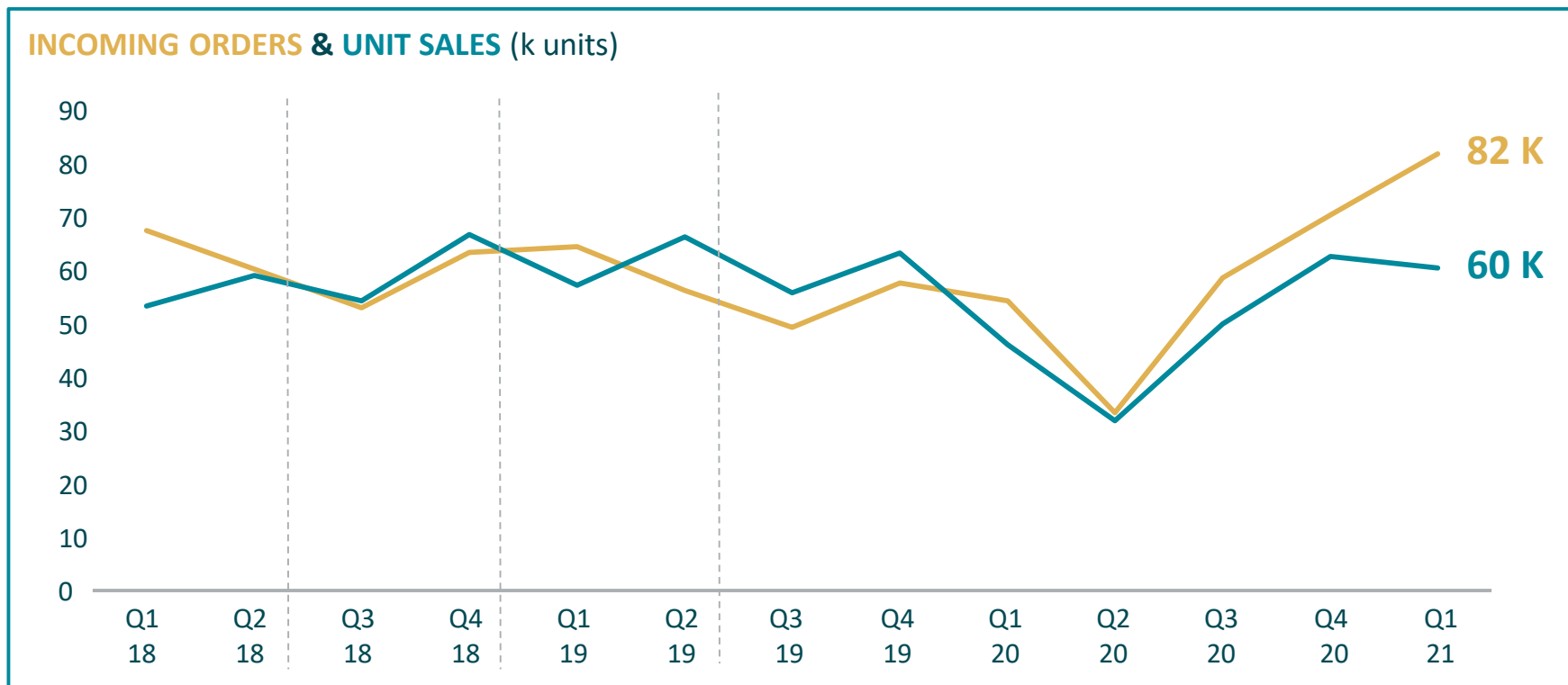
MARKET RAMP-UP OF ALTERNATIVE DRIVES NECESSARY

Purchase incentives for customers,
investments in charging infrastructure
and EU CO₂-based road charges needed

CLEAR E-MOBILITY STRATEGY

Our top priority is to invest in
fully electrified commercial vehicles

THE POSITIVE TREND CONTINUED IN 2021



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SNAPSHOT TRATON GROUP CORE KPIs 3M 2021

Trucks and buses (units)

3M 2021	3M 2020	Change
81,742	54,161	51%
INCOMING ORDERS		

3M 2021	3M 2020	Change
60,315	45,990	31%
UNIT SALES		

3M 2021	3M 2020	Change
1.36	1.18	18 bp
BOOK TO BILL ¹ (RATIO IN UNITS)		

3M 2021	3M 2020	Change
57,222	41,960	36%
OF WHICH TRUCKS ²		

3M 2021	3M 2020	Change
3,093	4,030	-23%
OF WHICH BUSES		

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

² Including MAN TGE (3M 2021: 5,904 units, 3M 2020: 3,428 units)

DEEP DIVE GROUP CORE KPIs

Financial key performance indicators (€ million)

3M 2021	3M 2020	Change
6,544	5,679	15%
SALES REVENUE		

3M 2021	3M 2020	Change
516	161	355
ADJ. OPERATING RESULT ¹		

3M 2021	3M 2020	Change
7.9	2.8	5.0 pp
ADJ. OPERATING ROS (in %) ²		

¹ 3M 2021: Operating Result €155 mn; 3M 2020: Operating Result €161 mn

² 3M 2021: Operating RoS 2.3%; 3M 2020: Operating RoS 2.8%



DEEP DIVE GROUP CORE KPIs

Industrial Business (€ million)

3M 2021	3M 2020	Change
6,438	5,564	16%
SALES REVENUE		

3M 2021	3M 2020	Change
465	135	330
ADJ. OPERATING RESULT ¹		

3M 2021	3M 2020	Change
7.2	2.4	4.8 pp
ADJ. OPERATING ROS (in %) ²		

¹ 3M 2021: Operating Result €104 mn; 3M 2020: Operating Result €135 mn

² 3M 2021: Operating RoS 1.6%; 3M 2020: Operating RoS 2.4%



DEEP DIVE GROUP CORE KPIs

Industrial Business (€ million)

3M 2021	3M 2020	Change
160	218	-27%
CAPEX ¹		

3M 2021	3M 2020	Change
294	285	3%
PRIMARY R&D COSTS		

3M 2021	3M 2020	Change
397	-167	565
NET CASH FLOW		

3M 2021	3M 2020	Change
397	27	370
NET LIQUIDITY		

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



DEEP DIVE GROUP CORE KPIs

Financial Services (€ million)

3M 2021	3M 2020	Change
205	216	-5%
SALES REVENUE		

3M 2021	3M 2020	Change
51	26	25
OPERATING RESULT		



SCANIA VEHICLES & SERVICES – CORE KPIs

Trucks and buses (units)

3M 2021

3M 2020

Change

36,944

20,671

79%

INCOMING ORDERS

3M 2021

3M 2020

Change

23,033

18,184

27%

UNIT SALES

3M 2021

3M 2020

Change

22,023

16,605

33%

OF WHICH TRUCKS

3M 2021

3M 2020

Change

1,010

1,579

-36%

OF WHICH BUSES

SCANIA VEHICLES & SERVICES – CORE KPIs

Financial key performance indicators (€ million)

3M 2021	3M 2020	Change
3,420	2,982	15%
SALES REVENUE		

3M 2021	3M 2020	Change
409	256	154
OPERATING RESULT		

3M 2021	3M 2020	Change
12.0	8.6	3.4 pp
OPERATING ROS (in %)		



MAN TRUCK & BUS – CORE KPIs

Trucks and buses (units)

3M 2021	3M 2020	Change
32,070	24,098	33%
INCOMING ORDERS		

3M 2021	3M 2020	Change
23,363	18,166	29%
UNIT SALES		

3M 2021	3M 2020	Change
22,590	17,060	32%
OF WHICH TRUCKS ¹		

3M 2021	3M 2020	Change
773	1,106	-30%
OF WHICH BUSES		

¹ Including MAN TGE (3M 2021: 5,904 units, 3M 2020: 3,428 units).



MAN TRUCK & BUS – CORE KPIs

Financial key performance indicators (€ million)

3M 2021	3M 2020	Change
2,645	2,267	17%
SALES REVENUE		

3M 2021	3M 2020	Change
71	-78	149
ADJ. OPERATING RESULT		

3M 2021	3M 2020	Change
2.7	-3.4	6.1 pp
ADJ. OPERATING ROS (in %)		

1 3M 2021: Operating Result €-290 mn; 3M 2020: Operating Result €-78 mn

2 3M 2021: Operating RoS -11.0%; 3M 2020: Operating RoS -3.4%



VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIs

Trucks and buses (units)

3M 2021	3M 2020	Change
12,750	9,517	34%
INCOMING ORDERS		

3M 2021	3M 2020	Change
13,989	9,860	42%
UNIT SALES		

3M 2021	3M 2020	Change
12,679	8,505	49%
OF WHICH TRUCKS		

3M 2021	3M 2020	Change
1,310	1,355	-3%
OF WHICH BUSES		

VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIs

Financial key performance indicators (€ million)

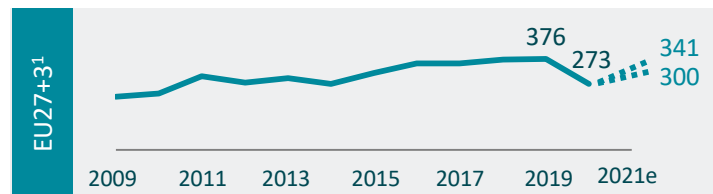
3M 2021	3M 2020	Change
466	383	22%
SALES REVENUE		

3M 2021	3M 2020	Change
33	12	21
OPERATING RESULT		

3M 2021	3M 2020	Change
7.0	3.1	3.8 pp
OPERATING ROS (in %)		

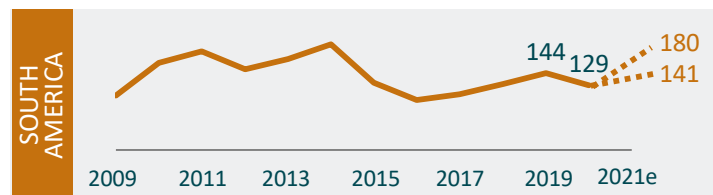
POSITIVE TRUCK MARKET OUTLOOK, DEPENDING ON COVID-19 DEVELOPMENT

Truck market (> 6t, k units)



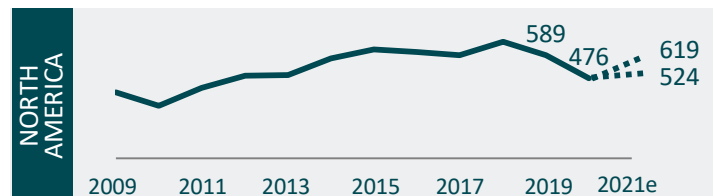
Market expectations²

2021e
+10% to +25%



Market expectations²

2021e
+10% to +40%



Market expectations²

2021e
+10% to +30%

Source: Historical data based on own calculations and estimates.

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

2 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 ¹
242.2 k	190.2 k	Sharp increase
+ 4%	-21%	
UNIT SALES		

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

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

FY 2019	FY 2020	2021 Outlook ¹
€2,711 mn ⁴	€676 mn	€500 – 700 mn
NET CASH FLOW (Industrial Business) ³		

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

² FY 2019: adjusted RoS 7.0%, adjusted Operating Result €1.9 bn; FY 2020: adjusted Operating RoS 0.6%, adjusted Operating Result €135 mn.

³ The cash conversion rate for the year 2021 is losing its significance due to the restructuring of MAN Truck & Bus. Instead, as a performance indicator, we report the net cash flow in the Industrial Business.

⁴ FY 2019: reported net cash flow of €2,711 mn; adjusted net cash flow €518 mn before the sale of Power Engineering (€1,978 mn), parts of the RMMV Joint Venture (€101 mn incl. dividend) and repayment for amounts and interest resulting from security deposits provided in Brazil (€114 mn).

AFTER STRONG HEADWINDS IN 2020 TRATON IS READY FOR A SUCCESSFUL 2021

Going forward

**For 2021 Operating
Return on Sales of
between 5.0 and
7.0% expected**

**Net Cash Flow
Industrial Business
€500 – 700 mn**

**Closing on Navistar
expected mid-2021**

**Squeeze-out of
MAN SE
shareholders**

**Start of introduction
of the Common Base
Engine (CBE)
in H2 2021**

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

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DEEP DIVE BEV – YOUR PRESENTERS TODAY



Dr. Atif Askar

Head of Business Development,
Strategy and M&A



Dr. Andreas Kammel

Strategy and Business Development,
responsible for Alternative Drives



Julia Kroeber-Riel

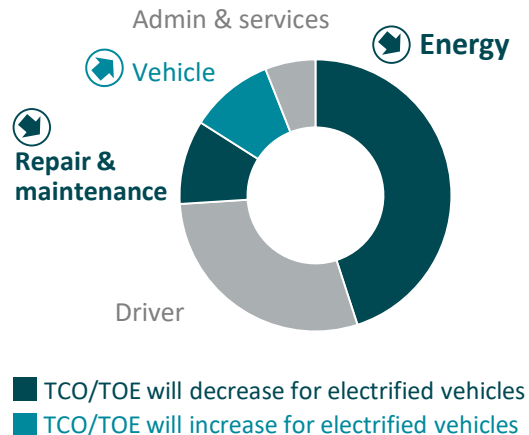
Head of Group Communications,
Governmental Relations &
Sustainability

ADOPTION OF NEW DRIVETRAINS IS DRIVEN BY COST AND THE REGULATORY ENVIRONMENT

TRUCKS ARE CAPITAL GOODS – PURCHASE DECISION VIA TCO/TOE

	
Customer focus	Cost of ownership
Usage pattern	Homogeneous
Annual mileage	~130,000 km
Fuel consumption	~30-35 l/100km
Product lifecycle	>10 years
Vehicles sold	~3 mn p.a.

EXPECTED IMPACT OF ELECTRIFICATION ON TCO/TOE BREAKDOWN¹



"Total operating economy" (TOE) augments "total cost of operation" (TCO) by other cost-relevant factors like payload effects, stand times...

EXPECTED CUSTOMER VALUE²

Reduction of **CO₂** footprint in line with **future emission targets**

Zero noise emission in sensitive areas

Gaining **experience and capabilities** in operating electrified vehicles

Crucially: lower fuel cost and **meaningfully better TCO/TOE** (mid-to-long-term)

➔ **ENERGY IS THE MOST IMPORTANT COST DRIVER – ENERGY COST ADVANTAGE KEY TO ADOPTION OF NEW TECHNOLOGIES**

THE PROSPECTS OF COMMERCIAL BEV VEHICLES HAVE IMPROVED MARKEDLY

VIEW ON BEV IN LONG-HAULAGE, MID 2010s

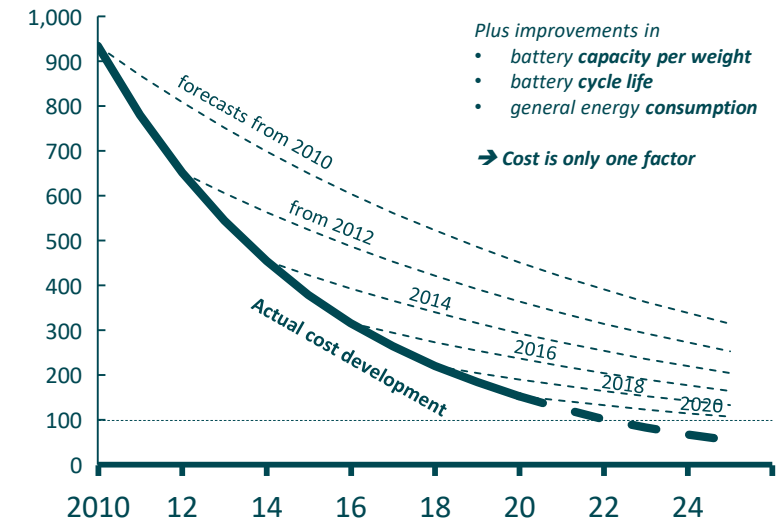
“A truck capable of going **1000km** hauling 27t [...] would need a **battery weighing 25t**, and could only carry about 2t of cargo.
And because a heavy-duty truck battery is so heavy and large, charging takes too long – typically **12 hours or more.**”

www.energyskeptic.com, 2016



BATTERY COST DEVELOPMENT OVER TIME

Battery pack cost, illustrative* [EUR/kWh]

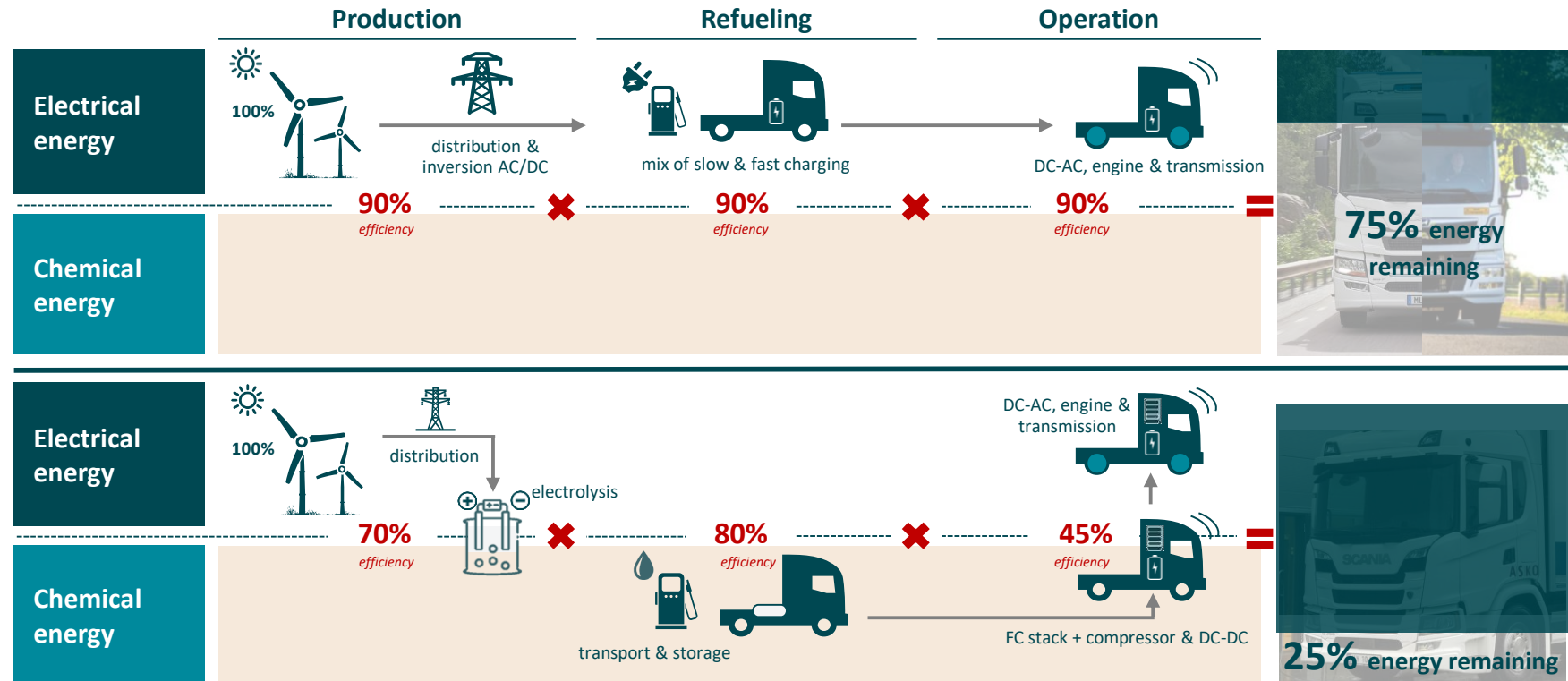


→ 5 years ago, few expected BEV concepts to apply in long-haulage

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

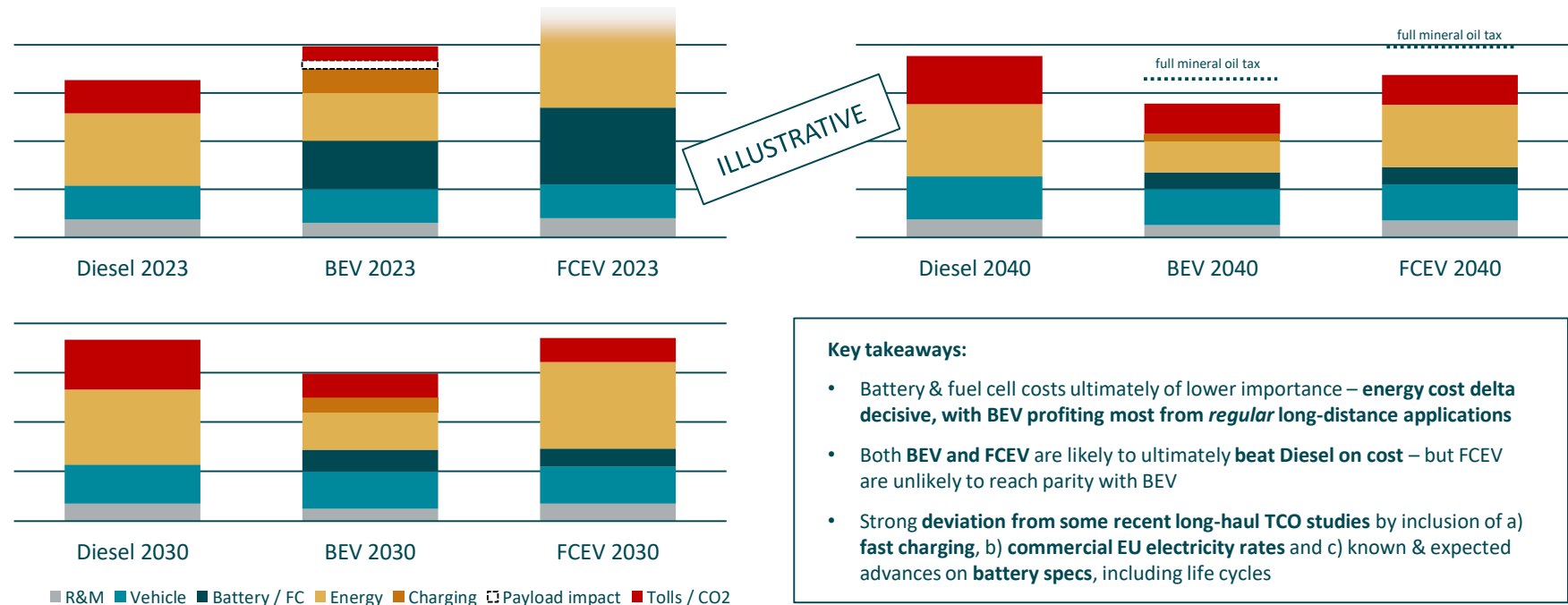
*best-in-class, CV equivalent, simplified representation

BEV HAVE A MARKEDLY HIGHER SYSTEM EFFICIENCY THAN FCEV



BEV ARE EXPECTED TO BE MORE COST-EFFICIENT THAN EITHER DIESEL OR FCEV

DELTA TOE: LONG-HAUL HEAVY DUTY – EUROPEAN AVERAGE, MID CASE*, INCL. REGULATORY EFFECTS



*middle-ground scenario regarding build-up of a hydrogen economy and charging infrastructure

NORDICS & WESTERN EUROPE LIKELY TO SEE EARLIEST BEV TOE PARITY

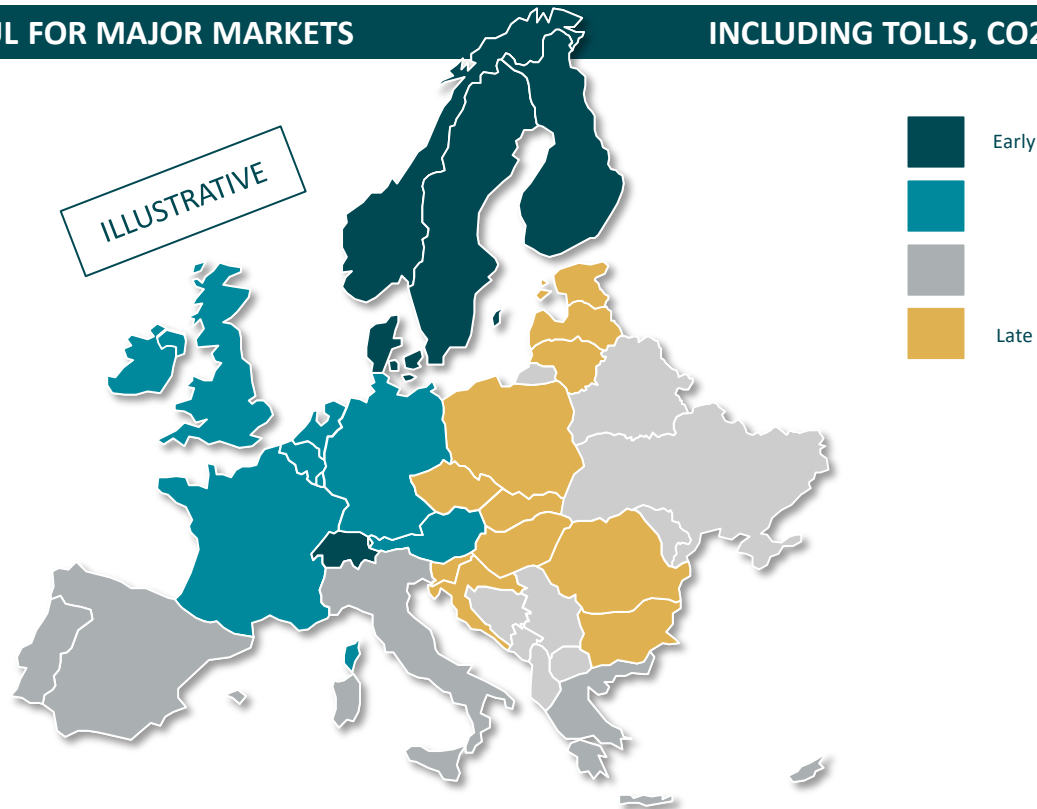
DRIVEN BY FAVORABLE ENERGY COST & REGULATORY ENVIRONMENT | TOLL EFFECTS SIGNIFICANT

TOE PARITY BEV LONG-HAUL FOR MAJOR MARKETS

INCLUDING TOLLS, CO2 FEES & SUBSIDIES

Key regulatory factors by market

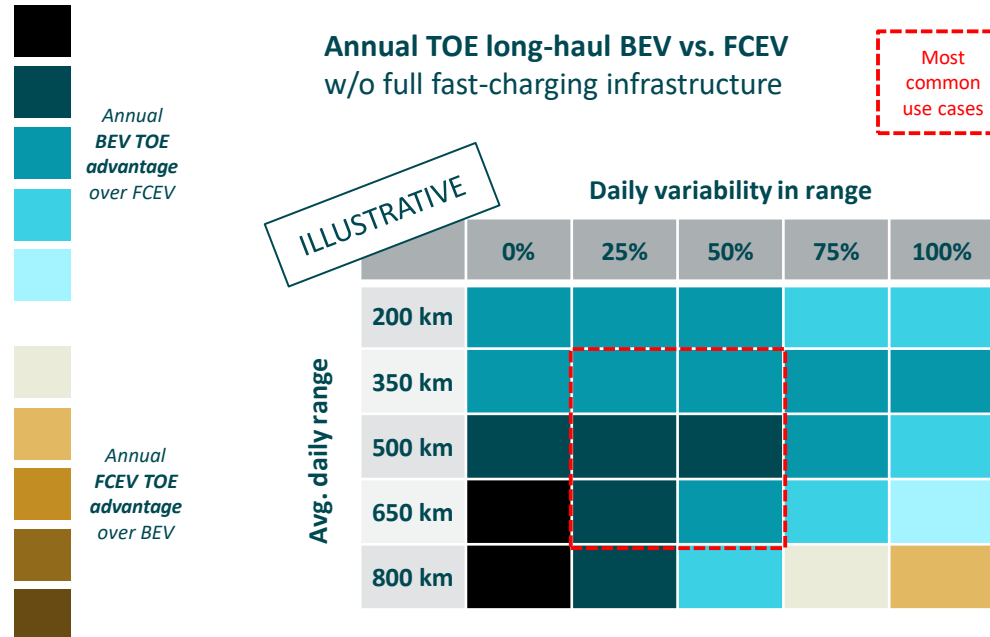
-  Tolls
-  CO2 fees
-  Subsidies



BEV HAS A STRONG COST ADVANTAGE OVER FCEV AT REGULAR HIGH RANGE

COST-WISE, LONG-RANGE DRIVING IS THE REALM OF BEV, IF USED REGULARLY OR WITH FULLY DEVELOPED INFRASTRUCTURE

LONG-HAUL ANNUAL TOE BEV VS. FCEV – AVERAGE DAILY RANGE VS. DAILY VARIABILITY OF RANGE



Key takeaways:

- **High daily range *increases* the annual cost advantage of BEV** over FCEV, if mostly used regularly
 - It is not high range, but **high variability of range that is less favorable towards BEV**, by
 - a) reducing the **share of energy cost**
 - b) slowing **amortization of a large battery**
 - c) and, most importantly, **severely increasing payload losses**
 - Still, the BEV cost advantage only **breaks down when high daily range is combined with**
 - a) **very high variability in daily range**
 - b) and (local) **absence of fast-charging infrastructure**
- ➔ Long-haulage favors FCEV over BEV only in case of **highly variable long-distance requirements** without full fast-charging infrastructure

THE BEV MARKET SHARE IS SENSITIVE TO CHEAP PRICES FOR GREEN H2

SYNERGY EFFECTS YIELD IMPROVING FCEV AND BEV CASES FOR ABUNDANT LOW-COST HYDROGEN

BEV/FCEV/OTHER MARKET SHARE – NAÏVE VERSION

MARKET SHARE INCL. BEV-FCEV SYNERGIES



High hydrogen cost

Low hydrogen cost

Other share
Total FCEV share
Total BEV share



High hydrogen cost

Low hydrogen cost

➔ Synergies between abundant low-cost hydrogen and electricity yield **challenging BEV-FCEV cost & market share parity**

MOST LONG-TERM ADVANTAGES LIE ON THE BEV SIDE

FCEV WILL BECOME MORE COMPETITIVE
WITH BEV IN THE 2020s ...

Cost degression on **components**

Significant **subsidies**

Emerging **H2 economy**

... BUT MAJOR LONG-TERM TRENDS
TEND TO FAVOR BEV STRONGLY

Lightweight, **cheap batteries**

Autonomous Driving

Increasing **grid storage**

APPLICATIONS WHERE FCEV CAN BE A COMPLIMENTARY SOLUTION (EUROPE)

Non-stop at high consumption

- ❖ Time-critical two-driver operations, with low price elasticity
- ❖ Significant auxiliary requirements or remote operations, w/o local infrastructure



Inhomogeneous usage

- ❖ Irregular long-distance requirements, e.g. due to low predictability
- ❖ High-flexibility vehicles, e.g. as augmentation in regularly operated fleet



Severe payload restrictions

- ❖ Applications beyond feasible battery impact, e.g. certain heavy transports & axle configurations
- ❖ Use cases with severe payload impact, e.g. long-distance coaches with two drivers



Competitive running costs

- ❖ Local operation subsidies, e.g. with Swiss toll exemptions
- ❖ Local cheap H2, e.g. around local cheap renewables, at steel plants or near import harbors



SYNTHESIS – KEY TAKEAWAYS

BEV will become
competitive with Diesel
no matter the scenario

This will happen
earlier and faster
than previously expected

Just fulfilling current
EU emission regulations
is **not sufficient**

Infrastructure is by far
the most critical enabler
for a smooth transition

OEMs will require **FCEV** as a
complementary solution
for certain use cases & markets

BEV will be mainstream
across all major applications
including long-haul

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