

**PRESS CONFERENCE CALL 3M 2021 INTERIM STATEMENT**

MATTHIAS GRÜNDLER, CEO

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

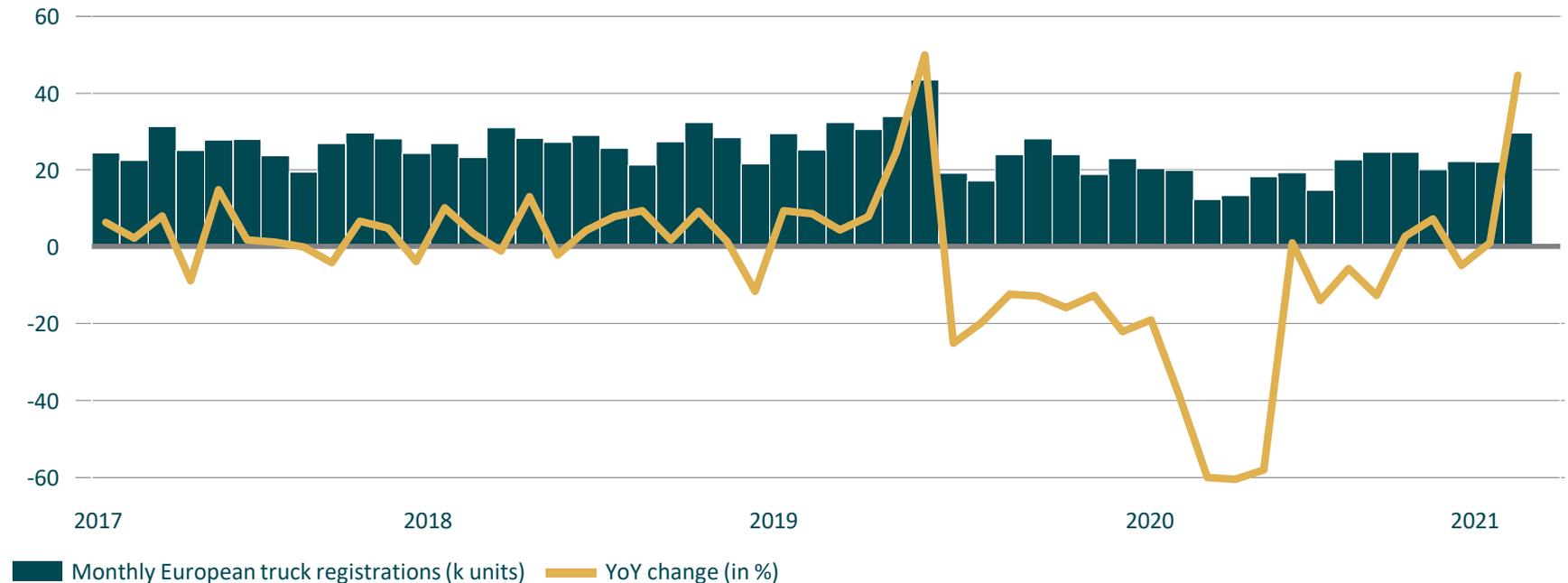


GDP forecasts for 2020/2021 as of ■ Jan 2020 ■ Jun 2020 ■ March 2021



## BUSINESS CLIMATE IS BRIGHTENING, MARKET VERY STRONG IN MARCH 2021

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



<sup>1</sup> 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% CO<sub>2</sub> cut by 2030



### MARKET RAMP-UP OF ALTERNATIVE DRIVES NECESSARY

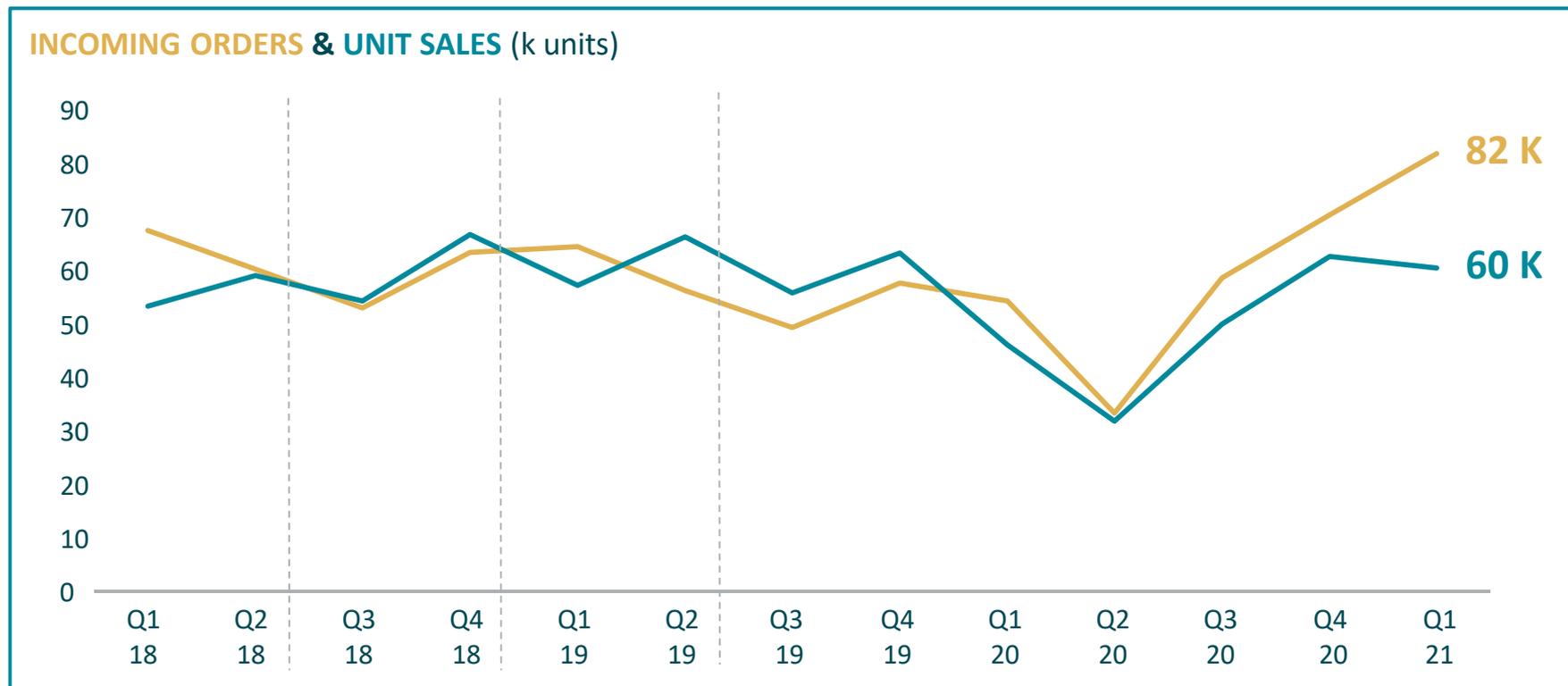
Purchase incentives for customers, investments in charging infrastructure and EU CO<sub>2</sub>-based road charges needed

### 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
<b>81,742</b>	54,161	51%
<b>INCOMING ORDERS</b>		

3M 2021	3M 2020	Change
<b>60,315</b>	45,990	31%
<b>UNIT SALES</b>		

3M 2021	3M 2020	Change
<b>1.36</b>	1.18	18 bp
<b>BOOK TO BILL<sup>1</sup> (RATIO IN UNITS)</b>		

3M 2021	3M 2020	Change
<b>57,222</b>	41,960	36%
<b>OF WHICH TRUCKS<sup>2</sup></b>		

3M 2021	3M 2020	Change
<b>3,093</b>	4,030	-23%
<b>OF WHICH BUSES</b>		

<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 (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
<b>6,544</b>	<b>5,679</b>	<b>15%</b>
<b>SALES REVENUE</b>		

3M 2021	3M 2020	Change
<b>516</b>	<b>161</b>	<b>355</b>
<b>ADJ. OPERATING RESULT<sup>1</sup></b>		

3M 2021	3M 2020	Change
<b>7.9</b>	<b>2.8</b>	<b>5.0 pp</b>
<b>ADJ. OPERATING ROS (in %)<sup>2</sup></b>		

<sup>1</sup> 3M 2021: Operating Result €155 mn; 3M 2020: Operating Result €161 mn  
<sup>2</sup> 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
<b>6,438</b>	<b>5,564</b>	<b>16%</b>
<b>SALES REVENUE</b>		

3M 2021	3M 2020	Change
<b>465</b>	<b>135</b>	<b>330</b>
<b>ADJ. OPERATING RESULT<sup>1</sup></b>		

3M 2021	3M 2020	Change
<b>7.2</b>	<b>2.4</b>	<b>4.8 pp</b>
<b>ADJ. OPERATING ROS (in %)<sup>2</sup></b>		

<sup>1</sup> 3M 2021: Operating Result €104 mn; 3M 2020: Operating Result €135 mn

<sup>2</sup> 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
<b>160</b>	<b>218</b>	<b>-27%</b>
<b>CAPEX<sup>1</sup></b>		

3M 2021	3M 2020	Change
<b>294</b>	<b>285</b>	<b>3%</b>
<b>PRIMARY R&amp;D COSTS</b>		

3M 2021	3M 2020	Change
<b>397</b>	<b>-167</b>	<b>565</b>
<b>NET CASH FLOW</b>		

3M 2021	3M 2020	Change
<b>397</b>	<b>27</b>	<b>370</b>
<b>NET LIQUIDITY</b>		

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



## DEEP DIVE GROUP CORE KPIs

### Financial Services (€ million)

3M 2021	3M 2020	Change
<b>205</b>	<b>216</b>	<b>-5%</b>
<b>SALES REVENUE</b>		

3M 2021	3M 2020	Change
<b>51</b>	<b>26</b>	<b>25</b>
<b>OPERATING RESULT</b>		



## SCANIA VEHICLES & SERVICES – CORE KPIs

### Trucks and buses (units)

3M 2021	3M 2020	Change
<b>36,944</b>	20,671	79%
<b>INCOMING ORDERS</b>		

3M 2021	3M 2020	Change
<b>23,033</b>	18,184	27%
<b>UNIT SALES</b>		

3M 2021	3M 2020	Change
<b>22,023</b>	16,605	33%
<b>OF WHICH TRUCKS</b>		

3M 2021	3M 2020	Change
<b>1,010</b>	1,579	-36%
<b>OF WHICH BUSES</b>		



## SCANIA VEHICLES &amp; SERVICES – CORE KPIs

## Financial key performance indicators (€ million)

3M 2021	3M 2020	Change
<b>3,420</b>	<b>2,982</b>	<b>15%</b>
<b>SALES REVENUE</b>		

3M 2021	3M 2020	Change
<b>409</b>	<b>256</b>	<b>154</b>
<b>OPERATING RESULT</b>		

3M 2021	3M 2020	Change
<b>12.0</b>	<b>8.6</b>	<b>3.4 pp</b>
<b>OPERATING ROS (in %)</b>		



## MAN TRUCK &amp; BUS – CORE KPIs

## Trucks and buses (units)

3M 2021	3M 2020	Change
<b>32,070</b>	<b>24,098</b>	<b>33%</b>
<b>INCOMING ORDERS</b>		

3M 2021	3M 2020	Change
<b>23,363</b>	<b>18,166</b>	<b>29%</b>
<b>UNIT SALES</b>		

3M 2021	3M 2020	Change
<b>22,590</b>	<b>17,060</b>	<b>32%</b>
<b>OF WHICH TRUCKS<sup>1</sup></b>		

3M 2021	3M 2020	Change
<b>773</b>	<b>1,106</b>	<b>-30%</b>
<b>OF WHICH BUSES</b>		

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



## MAN TRUCK &amp; BUS – CORE KPIs

## Financial key performance indicators (€ million)

3M 2021	3M 2020	Change
<b>2,645</b>	<b>2,267</b>	<b>17%</b>
<b>SALES REVENUE</b>		

3M 2021	3M 2020	Change
<b>71</b>	<b>-78</b>	<b>149</b>
<b>ADJ. OPERATING RESULT</b>		

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

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
<b>12,750</b>	9,517	34%
<b>INCOMING ORDERS</b>		

3M 2021	3M 2020	Change
<b>13,989</b>	9,860	42%
<b>UNIT SALES</b>		

3M 2021	3M 2020	Change
<b>12,679</b>	8,505	49%
<b>OF WHICH TRUCKS</b>		

3M 2021	3M 2020	Change
<b>1,310</b>	1,355	-3%
<b>OF WHICH BUSES</b>		

## VOLKSWAGEN CAMINHÕES E ÔNIBUS – CORE KPIs

## Financial key performance indicators (€ million)

3M 2021	3M 2020	Change
<b>466</b>	<b>383</b>	<b>22%</b>
<b>SALES REVENUE</b>		

3M 2021	3M 2020	Change
<b>33</b>	<b>12</b>	<b>21</b>
<b>OPERATING RESULT</b>		

3M 2021	3M 2020	Change
<b>7.0</b>	<b>3.1</b>	<b>3.8 pp</b>
<b>OPERATING ROS (in %)</b>		

# 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  
+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 <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 – 7.0%
€1.9 bn	€81 mn	
RETURN ON SALES/OPERATING RESULT <sup>2</sup>		

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

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

<p><b>For 2021 Operating Return on Sales of between 5.0 and 7.0% expected</b></p>	<p><b>Net Cash Flow Industrial Business €500 – 700 mn</b></p>	<p><b>Closing on Navistar expected mid-2021</b></p>
<p><b>Squeeze-out of MAN SE shareholders</b></p>	<p><b>Start of introduction of the Common Base Engine (CBE) in H2 2021</b></p>	<p><b>Budget Shift to e-mobility, strong focus on BEV</b></p>

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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

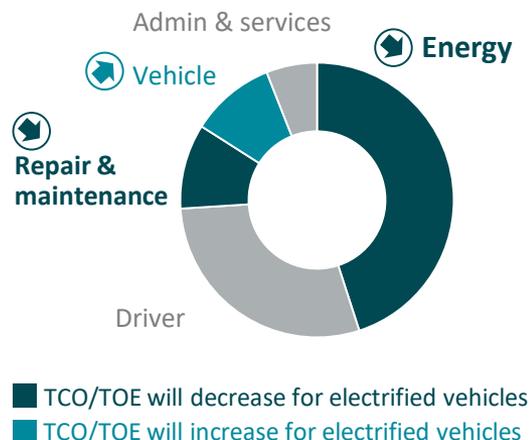
# ADOPTION OF NEW DRIVETRAINS IS DRIVEN BY COST AND THE REGULATORY ENVIRONMENT

## TRUCKS ARE CAPITAL GOODS – PURCHASE DECISION VIA TCO/TOE



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

## EXPECTED IMPACT OF ELECTRIFICATION ON TCO/TOE BREAKDOWN<sup>1</sup>



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

## EXPECTED CUSTOMER VALUE<sup>2</sup>

Reduction of CO<sub>2</sub> 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

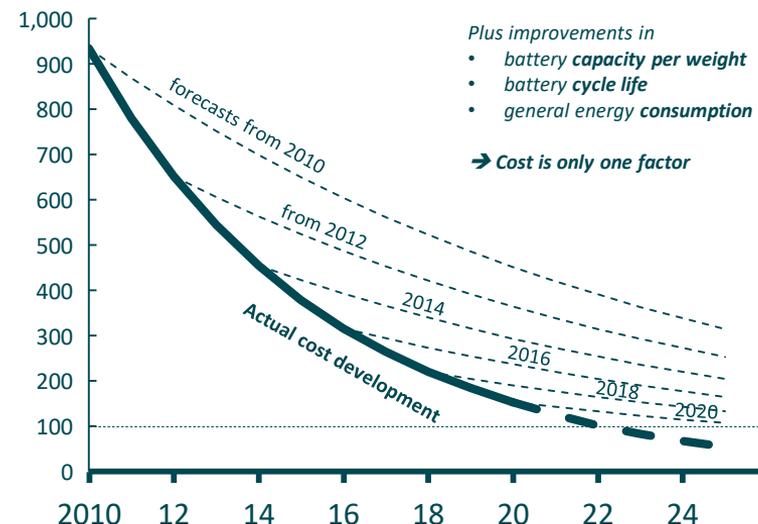
“A truck capable of going **1000km** hauling 27t [...] would need a **battery weighing 25t**, and could only carry about 2t of cargo. And because a heavy-duty truck battery is so heavy and large, charging takes too long – typically **12 hours or more.**”

*www.energyskeptic.com, 2016*



### BATTERY COST DEVELOPMENT OVER TIME

Battery pack cost, illustrative\* [EUR/kWh]

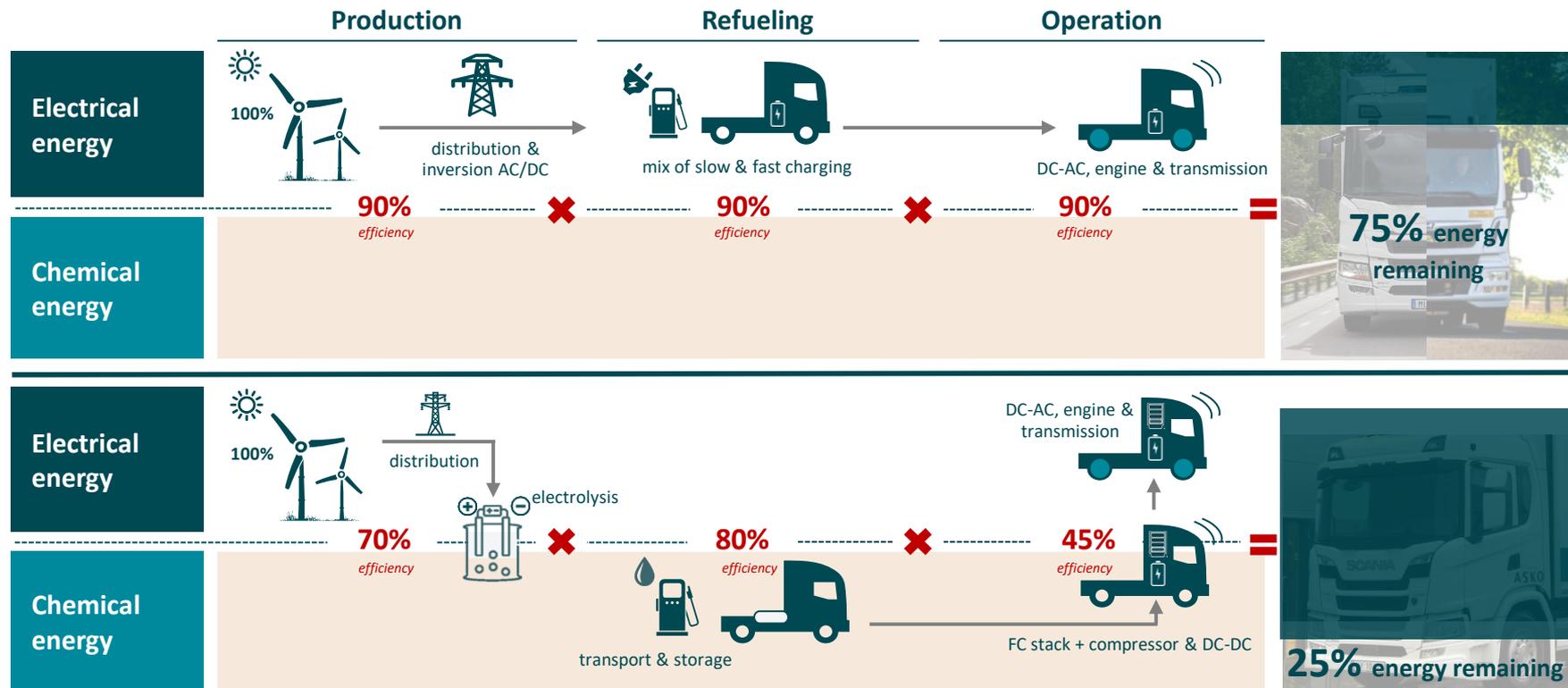


➔ 5 years ago, few expected BEV concepts to apply in long-haulage

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

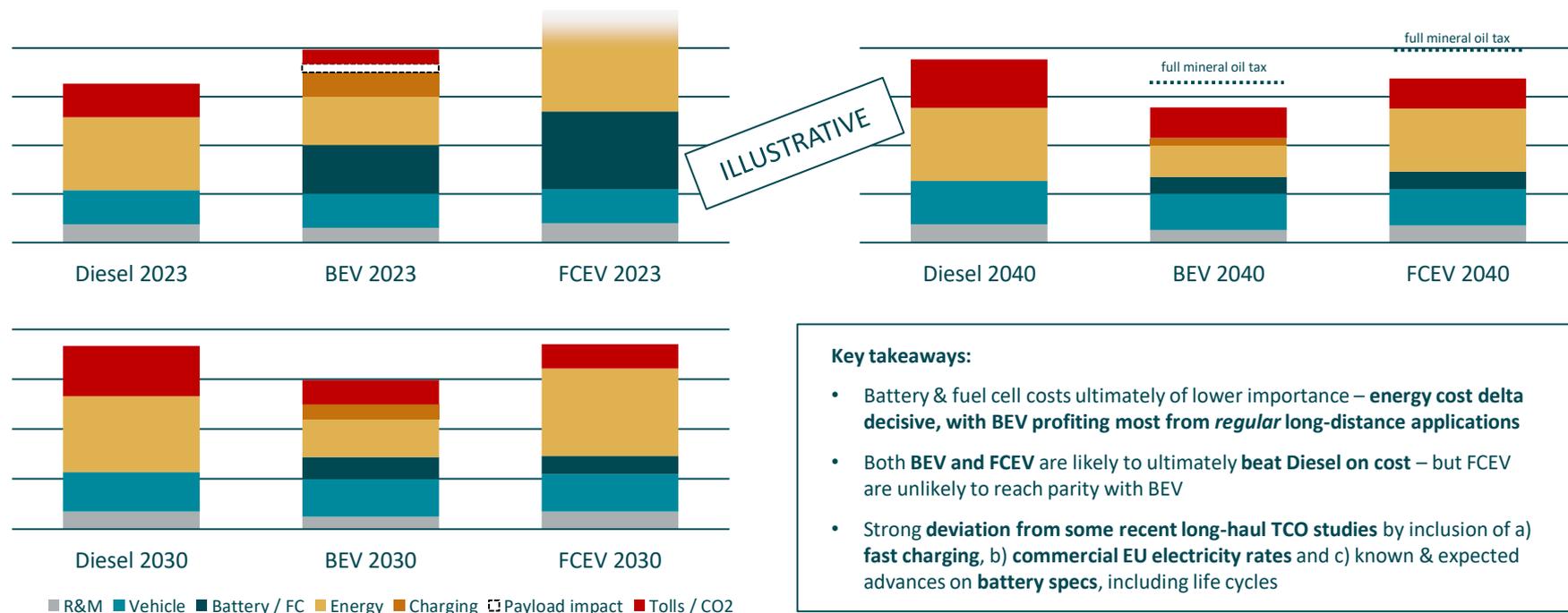
\*best-in-class, CV equivalent, simplified representation

## 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

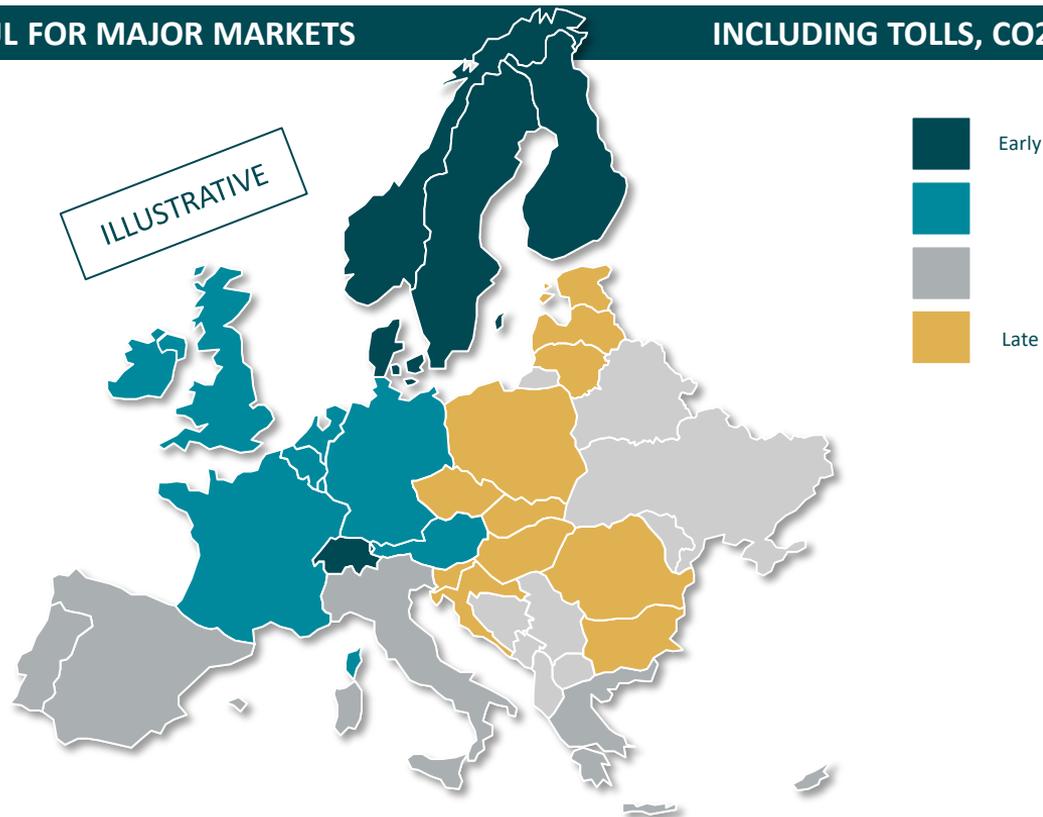
DRIVEN BY FAVORABLE ENERGY COST & REGULATORY ENVIRONMENT | TOLL EFFECTS SIGNIFICANT

TOE PARITY BEV LONG-HAUL FOR MAJOR MARKETS

INCLUDING TOLLS, CO2 FEES & SUBSIDIES

### Key regulatory factors by market

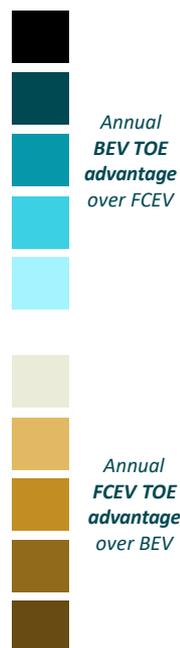
-  Tolls
-  CO2 fees
-  Subsidies



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

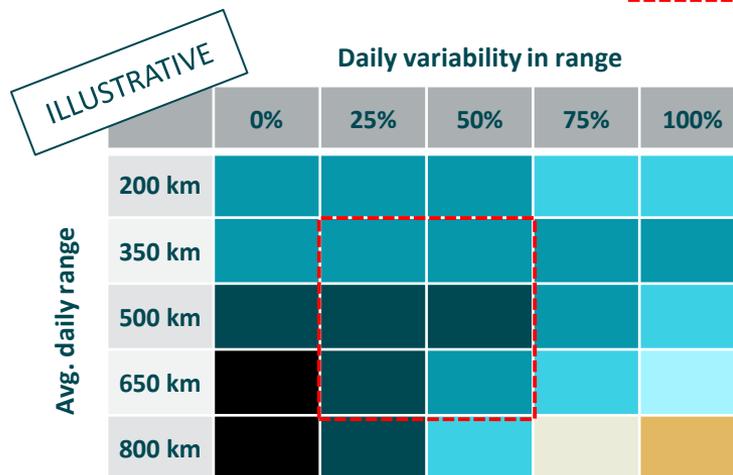
COST-WISE, LONG-RANGE DRIVING IS THE REALM OF BEV, IF USED REGULARLY OR WITH FULLY DEVELOPED INFRASTRUCTURE

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



Annual TOE long-haul BEV vs. FCEV  
w/o full fast-charging infrastructure

Most common use cases



### 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



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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## CONTACTS GROUP COMMUNICATIONS



**Julia Kroeber-Riel**

Head of Group Communications,  
Governmental Relations & Sustainability

[julia.kroeber-riel@traton.com](mailto:julia.kroeber-riel@traton.com)



**Sacha Klingner**

Head of Corporate Communications

[sacha.klingner@traton.com](mailto:sacha.klingner@traton.com)



**Sebastian Rausch**

Financial Media Relations

[sebastian.rausch@traton.com](mailto:sebastian.rausch@traton.com)



**Matthias Karpstein**

Business Media Relations

[matthias.karpstein@traton.com](mailto:matthias.karpstein@traton.com)

### TRATON SE

Dachauer Str. 641, 80995 Munich

[www.traton.com](http://www.traton.com)

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CHRISTIAN SCHULZ, CFO

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