TRATON

9M 2021

INTERIM STATEMENT AS OF SEPTEMBER 30, 2021

Yellow buses go green

Our cover photo shows students in the Canadian town of Castlegar taking their new electric IC Bus to school. IC Bus, a leader in the North American market for school buses and a brand of Navistar, has just delivered its first all-electric vehicles to the province of British Columbia. The iconic yellow buses from the CE series are an important step in the company's journey to make school transportation sustainable. From charging infrastructure and digital connectivity all the way to maintenance — Navistar ensures that customers receive comprehensive advice and support on all aspects of zero-emission driving.

Find out more at:
➜ **www.traton.com/e-school-bus**

EDITORIAL

Dear readers,

The TRATON GROUP has been successful in mitigating the impact of the global COVID-19 pandemic on its business performance. We owe this success to taking the right measures for our employees and to strict cost and liquidity management. Our task now is to overcome new challenges. Economies around the globe are quickly regaining strength, but the supply chain to our industry is still facing challenges. There are shortages in the supply of semi-conductors, but also of other bought-in parts and containers. In light of this, we have further intensified the close ties we maintain with our suppliers to ensure that our customers receive their vehicles as quickly as possible.

Our long-term focus, however, lies elsewhere: on sustainable transportation around the world. The TRATON GROUP will secure a leading position in this field. We took over as Chief Executive Officer and Chief Financial Officer, respectively, at the start of October 2021. We are passionate about driving sustainability forward across the entire Group: Transforming Transportation Together! The TRATON GROUP has the potential to shape the transportation of the future. We will be working closely together with our strong brands to tap into that potential. Modularization and scalability will allow us to leverage further synergies in sustainable transportation within the Group. In addition, since welcoming Navistar to the TRATON family, the TRATON GROUP has 14,300 dedicated new colleagues and access to the important North American market. Mathias Carlbaum, Chief Executive Officer and President of Navistar, also joined the TRATON SE Executive Board in October. We have a strong team and will continue to shape the next stages of the TRATON GROUP's journey together with our strong brands. Thank you for your continued support.

Sincerely,

Christian Levin
Chief Executive Officer of TRATON SE and
Chief Executive Officer of Scania

Annette Danielski
Member of the Executive Board of TRATON SE,
responsible for Finance and Business Development

EXECUTIVE BOARD

CHRISTIAN LEVIN

Chief Executive Officer of TRATON SE,
Chief Executive Officer of Scania

DR. ING. H.C. ANDREAS TOSTMANN

Member of the Executive Board of TRATON SE,
Chief Executive Officer of MAN Truck & Bus

ANNETTE DANIELSKI

Member of the Executive Board of TRATON SE,
responsible for Finance and Business Development

ANTONIO ROBERTO CORTES

Member of the Executive Board of TRATON SE,
Chief Executive Officer of Volkswagen
Caminhões e Ônibus

BERND OSTERLOH

Member of the Executive Board of TRATON SE,
responsible for Human Resources; Chief Human Resources Officer and *Arbeitsdirektor* (Executive Board member responsible for employee relations) of MAN Truck & Bus

MATHIAS CARLBAUM

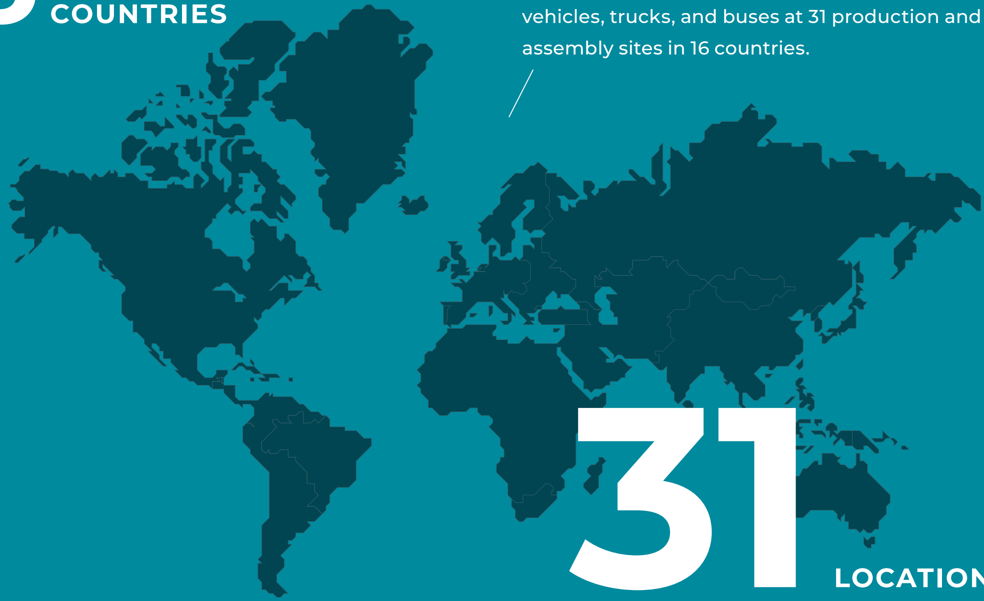
Member of the Executive Board of TRATON SE,
Chief Executive Officer and President of Navistar International Corporation

2 SEGMENTS

The business activities of the TRATON GROUP are divided into the two segments Industrial Business and Financial Services. The Industrial Business segment combines the four operating units Scania Vehicles & Services, MAN Truck & Bus, Navistar Manufacturing Operations, and Volkswagen Caminhões e Ônibus. The Financial Services segment offers customers a broad range of financial services, including dealer and customer financing, leasing, and insurance products.

16 COUNTRIES

The TRATON GROUP offers light-duty commercial vehicles, trucks, and buses at 31 production and assembly sites in 16 countries.



31 LOCATIONS

9M 2021:

€683 MILLION

sales revenue in the Financial Services segment

€21,305 MILLION

sales revenue in the Industrial Business segment

96,856 EMPLOYEES

The TRATON GROUP employs 96,856 employees worldwide across its commercial vehicle brands (as of September 30, 2021).

AT A GLANCE

Operating result rose by €700 million to
€641
million

Increase in operating return on sales to
3.0%

Sales revenue up 38% at around
€21.7
billion

Unit sales of trucks and buses
53%
higher at 195,422 vehicles

Incoming orders up by
84%

TRATON GROUP

Trucks and buses (units)	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Incoming orders[1]	268,317	145,933	84%	97,371	58,502	66%
Unit sales	195,422	127,660	53%	68,972	49,922	38%
of which trucks[2]	182,836	115,820	58%	62,889	45,331	39%
of which buses	12,586	11,840	6%	6,083	4,591	32%
TRATON GROUP						
Sales revenue (€ million)	21,670	15,740	38%	8,049	5,667	42%
Operating result (€ million)	641	–58	700	186	162	24
Operating result (adjusted) (€ million)	1,322	–9	1,331	195	211	–17
Operating return on sales (in %)	3.0	–0.4	3.3 pp	2.3	2.9	–0.5 pp
Operating return on sales (adjusted) (in %)	6.1	–0.1	6.2 pp	2.4	3.7	–1.3 pp
Earnings per share (€)	1.33	–0.29	1.62	0.64	0.26	0.38
Employees[3]	96,856	82,567	14,289	96,856	82,567	14,289
Industrial Business						
Sales revenue (€ million)	21,305	15,419	38%	7,901	5,565	42%
Operating result (€ million)	476	–140	616	121	125	–4
Operating result (adjusted) (€ million)	1,157	–91	1,247	129	174	–45
Operating return on sales (in %)	2.2	–0.9	3.1 pp	1.5	2.2	–0.7 pp
Operating return on sales (adjusted) (in %)	5.4	–0.6	6.0 pp	1.6	3.1	–1.5 pp
EBITDA (adjusted) (€ million)	2,784	854	1,930	850	538	311
Primary R&D costs (€ million)	989	796	24%	370	238	55%
Capex (€ million)	622	602	3%	277	164	69%
Net cash flow (€ million)	–2,842	–148	–2,694	–3,368	199	–3,568
Net liquidity/net financial debt (€ million)[3]	–6,806	27	–6,832	–6,806	27	–6,832
Financial Services						
Sales revenue (€ million)	683	612	12%	264	200	32%
Operating result (€ million)	170	82	88	70	37	33

1 Excluding Navistar Class 4/5 contract manufacturing for third parties (9M 2021 and Q3 2021: 1,604 units)

2 Including MAN TGE vans (9M 2021: 16,020 units; 9M 2020: 11,392 units; Q3 2021: 4,738 units; Q3 2020: 5,037 units) and excluding Navistar Class 4/5 contract manufacturing for third parties (9M 2021 and Q3 2021: 789 units)

3 Balance for 9M 2021 and Q3 2021 as of September 30, 2021, and for 9M 2020 and Q3 2020 as of December 31, 2020

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This Interim Statement was prepared in accordance with section 53 of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB) and does not constitute an interim financial report as defined in International Accounting Standard (IAS) 34 *Interim Financial Reporting*. It does not contain any related party disclosures and hence departs from the guidance for preparing interim management statements in Sweden proposed by Nasdaq Stockholm. This Interim Statement has not been reviewed by an auditor.

This Interim Statement contains certain forward-looking statements for the remaining months of fiscal year 2021. A range of known and unknown risks, uncertainties, and other factors may result in the actual results, financial position, development, or performance of the TRATON GROUP differing materially from the estimates given here. Such factors include those that TRATON has described in published reports. These reports are available on our website at **www.traton.com**. The Company does not assume any obligation to update such forward-looking statements or to adapt them to future events or developments.

The figures relating to net assets, financial position, and results of operations were prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Unless stated otherwise, the figures in brackets refer to the prior-year period.

1

COURSE OF BUSINESS

9M 2021

COURSE OF BUSINESS

Navistar Acquisition

The TRATON GROUP has welcomed Navistar as a new member of its family. TRATON now holds all of the common shares of Navistar International Corporation, Lisle, Illinois, USA (Navistar). Following receipt of the final approvals at the end of June, the merger of TRATON with the US commercial vehicle manufacturer was completed on July 1, 2021. The transaction builds on a successful cooperative strategic alliance and will drive the growth trajectory of Navistar and TRATON further forward. For TRATON, this deal marks entry into the important North American market and represents a key step toward implementing its Global Champion Strategy. It provides TRATON with access to another major global profit pool and expands its geographical footprint.

Navistar's roots stretch as far back as 1831, when Cyrus McCormick invented the mechanical reaper, which exponentially increased agricultural production and laid the cornerstone for McCormick Harvesting Company. The International Harvester Company was formed in 1902 as a result of the merger of McCormick Harvesting Machine Company, Deering Harvester Company, and three smaller manufacturers of agricultural machinery. After 155 years in the agricultural machinery business, International Harvester sold its agricultural division to J.I. Fall along with the IH brand name. The company was renamed Navistar International Corporation and from then on specialized in commercial vehicles and engines.

The Navistar Manufacturing Operations operating unit comprises Navistar's manufacturing activities and the distribution of products and services, mainly in the USA, Canada, Mexico, and Brazil. The company sells trucks and buses under the International and IC Bus brands and draws on an extensive network of dealers in the USA and Canada. Navistar also sells engines and spare parts as well as vehicle-specific services. We report Navistar Manufacturing Operations activities in the Industrial Business segment.

Navistar also offers its customers in the USA, Canada, and Mexico a range of financial services, such as financing for and leasing of Navistar products. Navistar Capital, a program of BMO Harris Bank N.A. and Bank of Montreal (together "BMO"), is Navistar's third-party preferred source of retail and lease customer financing for products offered by Navistar and its dealers in the USA. In addition, Navistar Capital Canada (also a BMO program) provides financing to support the sale of Navistar's products in Canada. Navistar's financing activities are presented in our Financial Services segment.

The purchase price for the outstanding shares acquired on July 1, 2021, amounted to €3.1 billion (USD 3.7 billion). The deal was financed with a loan from Volkswagen International Luxemburg S.A. in the amount of €2.75 billion. The transaction was additionally financed by available cash and cash equivalents and investment deposits with Volkswagen AG.

Following successful completion of the merger with Navistar, Moody's Investors Service reiterated its Baa1 rating (negative outlook) on July 1, 2021, and S&P Global Ratings again reiterated its current BBB rating and stable outlook on July 9, 2021.

In the sections that follow, Navistar is included as of July 1, 2021. To improve comparability with the prior-year period, the **"Financial Information on the First-Time Consolidation of Navistar"** section includes the financials of TRATON Classic (TRATON prior to the acquisition of Navistar) for 9M 2020 and 9M 2021 as well as Q3 2020 and Q3 2021. In the future, TRATON will report its financials in accordance with the Group's new structure.

Market Environment

The available registration data for the TRATON GROUP's core regions reflects the situation from January through September 2021, and January through August 2021 for North America.

In the first nine months of 2021, truck markets worldwide posted a very strong recovery, while bus markets generated moderate growth.

The most important truck markets (> 6t) for the TRATON GROUP are the EU27+3 region (defined as the EU27 countries excluding Malta, plus the United Kingdom, Norway, and Switzerland), the North America region (defined as the USA, Canada, and Mexico), as well as Brazil, South Africa, Russia, and Turkey. In North America, the truck market is divided into weight Classes ranging from 1 through 8. The market relevant to Navistar's business is the segment comprising weight Classes 6 through 8, approximately equivalent to a weight class > 9t (Class 6: approx. 9 through 12t, Class 7: approx. 12 through 15t, and Class 8: > 15t).

Truck registrations in the EU27+3 region were up sharply on the previous year's level after the first three quarters of 2021. Virtually all truck markets in the region recorded growth. In Poland, in particular, registrations grew by a factor of 1.8. Italy reported very strong growth, while the increase in the number of registrations was strong in the United Kingdom and significant in Germany. In Brazil and Turkey, truck registrations were much higher year-on-year. The North America region and the Russian market experienced a sharp rise, while South Africa saw a noticeable increase.

The most important bus markets for the TRATON GROUP are the EU27+3 region, the school bus segment in North America, and Brazil. Bus registrations in the first nine months of 2021 were up slightly year-on-year in the EU27+3 region, varying highly between the individual countries. The bus markets in Brazil and North America recorded perceptible and substantial growth, respectively, against the prior-year period.

In the previous year, the uncertainties resulting from the COVID-19 pandemic were reflected in registrations, mainly starting in the second quarter of 2020, and impacted all of the TRATON GROUP's financial key performance indicators.

Incoming Orders

Units	9M 2021	9M 2020	Change
Incoming orders, Industrial Business	268,317	145,933	84%
of which trucks[1]	254,994	134,633	89%
of which buses	13,323	11,300	18%

1 Including MAN TGE vans (9M 2021: 24,463 units; 9M 2020: 13,477 units) and excluding Navistar Class 4/5 contract manufacturing for third parties (9M 2021: 1,604 units)

Incoming orders in the Industrial Business segment stood at 268,317 (9M 2020: 145,933) units in the first nine months of 2021, up 84% on the previous year's level. Excluding Navistar, the increase would have amounted to 68% compared to the previous year.

In the third quarter of 2021, the TRATON GROUP's incoming orders, excluding Navistar, were still up sharply compared with the previous year but failed to match the very high incoming orders in the previous two quarters. The decline in the third quarter compared to the first half of the year results primarily from the decrease in truck orders in Europe.

Incoming orders for trucks (> 6t) in the first nine months of 2021 were up very sharply on the prior-year period in all regions except Asia/Pacific. Incoming orders for trucks increased by 83% in TRATON's most important market, the EU27+3 region. The United Kingdom, Germany, France, and Poland posted the strongest growth rates. In South America, Brazil recorded the largest increase in an expanding overall market. Incoming orders in North America amounted to 20,564 (9M 2020: 750) units.

Incoming orders for buses increased substantially year-on-year. This increase is mainly attributable to North America, where the TRATON GROUP entered the school bus business in the third quarter thanks to the Navistar acquisition. Without Navistar, performance in the bus business would have been substantially below the previous year's figure. The Brazilian bus business accounted for most of this decrease, whereas the EU27+3 region's figure was only slightly below the prior-year's level. Demand for coaches came to a virtual standstill in all relevant markets as a result of the COVID-19 pandemic.

Unit Sales by Country

Units	9M 2021	9M 2020	Change
Unit sales, Industrial Business	**195,422**	**127,660**	**53%**
Unit sales, trucks[1]	**182,836**	**115,820**	**58%**
EU27+3	82,509	64,503	28%
of which in Germany	22,254	19,420	15%
North America	12,204	859	1,321%
of which in the USA/Canada	9,719	–	–
of which in Mexico[2]	2,485	859	189%
South America	56,652	29,424	93%
of which in Brazil	48,761	25,257	93%
Other regions	31,471	21,034	50%
Unit sales, buses	**12,586**	**11,840**	**6%**
EU27+3	3,452	4,030	–14%
of which in Germany	1,020	928	10%
North America	3,369	293	1,050%
of which in the USA/Canada	2,655	–	–
of which in Mexico[2]	714	293	144%
South America	3,945	5,653	–30%
of which in Brazil	2,862	4,001	–28%
Other regions	1,820	1,864	–2%

1 Including MAN TGE vans (9M 2021: 16,020 units; 9M 2020: 11,392 units) and excluding Navistar Class 4/5 contract manufacturing for third parties (9M 2021: 789 units)

2 Prior-period amounts adjusted to reflect current presentation (reported under "Other regions" in the prior-year period)

Unit sales in the Industrial Business segment amounted to 195,422 (9M 2020: 127,660) units in the first nine months of 2021, and hence were up 53% on the previous year's level. The increase was attributable mainly to the truck business in all regions. Excluding Navistar, the increase would have amounted to 42% compared to the previous year.

Unit sales of trucks (> 6t) in the EU27+3 region were up sharply compared with the prior-year period. Poland and Germany recorded the highest growth rates. Brazil was the main contributor to the very strong growth in South America. Africa and the markets in Russia and Turkey recorded a very strong rise as well. 12,204 (9M 2020: 859) trucks were sold in North America.

Unit sales of buses were down significantly year-on-year in the EU27+3 region. This effect was attributable to the very high level of unit sales recorded in Sweden in the prior-year period. Unit sales in all other countries in the EU27+3 region were only slightly below the previous year's level overall. In the South America and Asia/Pacific regions and in the Russian and Turkish markets, bus unit sales were down very sharply on the prior-year level. By contrast, unit sales in Africa posted very strong year-on-year growth as a result of a major order in Morocco. 3,369 (9M 2020: 293) buses were sold in North America.

In the third quarter of 2021, ongoing shortages in the supply of semiconductors and other key bought-in parts negatively affected the TRATON GROUP's unit sales despite a high level of incoming orders. The shortages affected all brands but to a varying extent determined by their supplier network, specifications of the individual vehicles, and customer demand. In the third quarter of 2021, South America recorded a very sharp year-on-year increase in unit sales. The same was true in North America, where the TRATON GROUP entered the US and Canadian markets in the third quarter of 2021 thanks to the Navistar acquisition. However, unit sales in the EU27+3 region were down noticeably compared with the prior-year quarter.

Sales Revenue by Product Group

€ million	9M 2021	9M 2020	Change
TRATON GROUP	**21,670**	**15,740**	**38%**
Industrial Business	**21,305**	**15,419**	**38%**
New Vehicles	13,447	9,014	49%
After Sales[1]	4,472	3,463	29%
Others	3,385	2,942	15%
Financial Services	**683**	**612**	**12%**
Consolidation/Others	–318	–291	–

1 Including spare parts and workshop services

The TRATON GROUP generated sales revenue of €21.7 billion (9M 2020: €15.7 billion) in the reporting period. This represents a 38% increase year-on-year. Excluding Navistar in the third quarter of 2021, sales revenue would have risen by 27%.

The increase resulted primarily from the very strong growth in the unit sales of trucks and vans. Offsetting factors were the declining bus sales revenue and negative exchange rate effects due primarily to the year-on-year depreciation of the Brazilian real. Sales revenue in the After Sales business grew sharply, and sales revenue in the Others business was up substantially year-on-year, mainly as a result of substantial growth in the used vehicles and engine business.

Sales revenue in the Financial Services segment grew significantly. Sales revenue would have grown slightly even without including Navistar's financial services business.

Condensed Income Statement

	TRATON GROUP		Industrial Business		Financial Services		Others/reconciliation	
€ million	**9M 2021**	**9M 2020**	**9M 2021**	**9M 2020**	**9M 2021**	**9M 2020**	**9M 2021**	**9M 2020**
Sales revenue	21,670	15,740	21,305	15,419	683	612	–318	–291
Cost of sales	–17,518	–13,345	–17,421	–13,247	–411	–388	313	291
Gross profit	**4,151**	**2,396**	**3,884**	**2,173**	**272**	**224**	**–5**	**–1**
Distribution expenses	–1,949	–1,636	–1,838	–1,549	–113	–88	1	1
Administrative expenses	–841	–644	–835	–644	–6	–	–	–
Other operating result	–719	–174	–736	–119	17	–54	0	0
Operating result	**641**	**–58**	**476**	**–140**	**170**	**82**	**–5**	**0**
Operating return on sales (in %)	3.0	–0.4	2.2	–0.9	24.9	13.4	–	–
Financial result	312	–76	314	–76	0	0	–2	0
Earnings before tax	**954**	**–134**	**790**	**–216**	**170**	**82**	**–7**	**0**
Income taxes	–277	–24	–236	4	–40	–29	–1	0
Earnings after tax	**677**	**–158**	**554**	**–212**	**130**	**53**	**–8**	**1**

Operating result:

Gross profit grew to €4.2 billion in the first nine months of 2021, €198 million of which resulted from the first-time consolidation of Navistar, including the earnings effects from the purchase price allocation in the third quarter of 2021. This represents an increase of 73% from the prior-year figure, which had been impacted by the COVID-19 pandemic, and was primarily attributable to significant sales revenue growth of 38%. Without the first-time consolidation of Navistar in the third quarter of 2021, gross profit would have been up 65%, primarily due to the 27% increase in sales revenue.

The gross margin improved to 19.2% (9M 2020: 15.2%) in the reporting period. A sharp increase in unit sales and lower impairment losses on inventories contributed to this result. Offsetting factors were the year-on-year increase in depreciation and amortization charges, higher commodity prices, and higher expenses as a result of shortages in the supply of semiconductors and other key bought-in parts. In the previous year, expenses for the realignment of production facilities at Scania Vehicles & Services, expenses in connection with an engine project involving MAN Truck & Bus and Navistar, and additional costs relating to the introduction of the new truck generation at MAN Truck & Bus were the main negative factors. By contrast, the measures adopted to mitigate the economic impact of the COVID-19 pandemic were a distinctly more positive factor in the previous year.

Distribution expenses were up on the previous year due to significant growth in sales revenue and the first-time consolidation of Navistar in the third quarter of 2021. Adjusted to exclude the effect of the first-time consolidation of Navistar, administrative expenses rose only slightly year-on-year thanks to strict cost management. The disproportionately low increase in distribution and administrative expenses compared with sales revenue contributed to an improvement in the ratio of distribution and administrative expenses to sales revenue by 1.6 percentage points to 12.9% (9M 2020: 14.5%). Without the first-time consolidation of Navistar in the third quarter of 2021, the ratio of distribution and administrative expenses to sales revenue would have amounted to 12.5%.

Other operating result decreased by €546 million in the first nine months of 2021. This decline resulted mainly from restructuring measures for the repositioning of MAN Truck & Bus. The measures related primarily to expenses for personnel measures and the costs of disposal of the commercial vehicle plant in Steyr, which was sold effective August 31, 2021. In addition, real estate transfer tax expenses from the merger between MAN SE and TRATON SE had a negative impact. Offsetting factors were lower expenses for bad debt allowances on receivables, lower expenses for provisions, and positive effects from the measurement and realization of foreign exchange positions and derivatives.

At €641 million (9M 2020: €–58 million), the TRATON GROUP's operating result rose very significantly by €700 million compared with the prior-year period. Not including the first-time consolidation of Navistar and the earnings effects from the purchase price allocation in the third quarter of 2021, operating result would have amounted to €738 million, an increase of €796 million compared with the previous year. The increase in gross profit more than offset the negative effect of expenses for restructuring measures for the repositioning of MAN Truck & Bus in the amount of €681 million to a significant extent. The TRATON GROUP's operating return on sales was 3.0% (9M 2020: –0.4%). Without taking into account Navistar's earnings or the effects of the purchase price allocation, operating return on sales would have been 3.7%, up 4.1 percentage points on the previous year.

Financial result:

At €312 million (9M 2020: €–76 million), financial result was up €388 million year-on-year. This increase stems mainly from the remeasurement of the Navistar shares as part of its complete acquisition, a significant increase in investment income from equity-method investments — particularly from the interest in Sinotruk (Hong Kong) Limited, Hong Kong, China —, and higher realized income from loan payables in foreign currency. The higher interest expense, especially as a result of Navistar's consolidation in the third quarter of 2021, had an offsetting effect.

Taxes:

Income taxes in the first nine months of the year came to €–277 million (9M 2020: €–24 million), corresponding to a tax rate of 29% (9M 2020: –18%). The tax rate is virtually the same as the nominal Group tax rate in the current year under review. Offsetting effects resulted from factors such as tax-exempt income and tax refunds from previous years, and negative effects resulted from tax loss carryforwards for which no deferred taxes were recognized. The effects largely offset each other on the whole. Without taking into account the first-time consolidation of Navistar in the third quarter of 2021, the tax rate would have still been 29%.

Earnings after tax:

Earnings after tax amounted to €677 million (9M 2020: €–158 million) in the first nine months of 2021. This results in earnings per share of €1.33 (9M 2020: €–0.29). Calculation of earnings per share was based on 500 million shares. Excluding the effect of the first-time consolidation of Navistar in the third quarter of 2021, earnings after tax would have totaled €761 million.

The Executive and Supervisory Boards of TRATON SE proposed to the Annual General Meeting to pay a dividend of €0.25 per share for fiscal year 2020. In line with this proposal, the Annual General Meeting of TRATON SE resolved on June 30, 2021, to pay a dividend of €0.25 per no-par value share carrying dividend rights. This corresponds to a total distribution of €125 million. The payout was made on July 5, 2021.

Business Performance, Industrial Business

€ million	9M 2021	9M 2020	Change
Operating result	476	–140	616
Operating result (adjusted)	1,157	–91	1,247
Operating return on sales (in %)	2.2	–0.9	3.1 pp
Operating return on sales (adjusted) (in %)	5.4	–0.6	6.0 pp
Capex	622	602	20
Primary R&D costs	989	796	193

Operating result:

Operating result rose to €476 million (9M 2020: €–140 million) in the first nine months of 2021 thanks to an increase in sales revenue. The reported figure was €616 million higher than in the prior-year period, which had been impacted by the drop in demand due to the COVID-19 pandemic. The negative impact of expenses incurred in connection with restructuring measures for the repositioning of MAN Truck & Bus (€681 million) was more than offset by a significant amount. Operating return on sales was 2.2% (9M 2020: –0.9%). Without the first-time consolidation of Navistar in the third quarter of 2021, operating result would have amounted to €574 million, corresponding to an operating return on sales of 2.9% (9M 2020: –0.9%). The purchase price allocation for the Navistar acquisition reduced operating result in the Industrial Business segment by €141 million.

Operating result (adjusted):

Operating result (adjusted) amounted to €1.2 billion in the reporting period, equivalent to a €1.2 billion year-on-year increase. The adjustments related to expenses in connection with the repositioning of MAN Truck & Bus, which reduced operating result by €681 million. These mainly included expenses for personnel measures and the costs of disposal of the commercial vehicle plant in Steyr, which was sold effective August 31, 2021. Operating return on sales (adjusted) increased by 6.0 percentage points year-on-year to 5.4% (9M 2020: –0.6%). The prior-year period included adjustments to expenses totaling €50 million in connection with measures to realign production facilities at Scania Vehicles & Services. Operating result (adjusted) in the prior-year period was therefore €–91 million and operating return on sales (adjusted) was –0.6%.

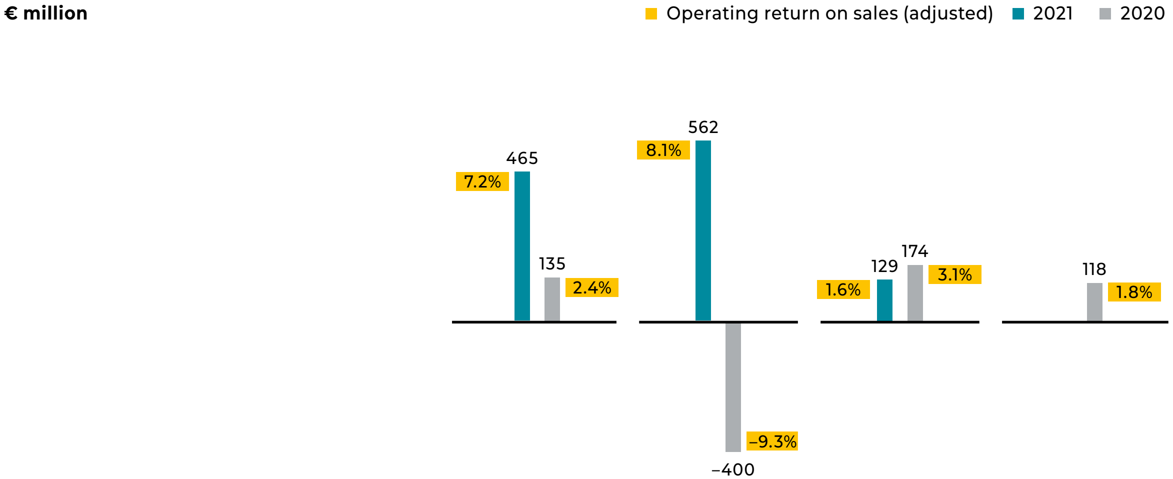
Capex:

In the first nine months of the year under review, capex totaled €622 million (9M 2020: 602 million) and was virtually on a level with the prior-year period. A total of €80 million was included in this figure as a result of the first-time consolidation of Navistar in the third quarter of 2021; excluding this amount, capex would have been €60 million lower year-on-year. The primary investing activities related to replacement investments and capital expenditures in conjunction with new products, such as a common engine platform and transmissions, as well as capital expenditures in facility expansions, e.g., foundry equipment.

Primary research and development costs:
At €989 million (9M 2020: €796 million), primary research and development costs were €193 million higher than the prior-year amount. A total of €80 million was included in this figure as a result of the first-time consolidation of Navistar in the third quarter of 2021. Excluding this amount, primary research and development costs would have exceeded the prior-year amount by €113 million. R&D costs decreased in connection with the development of the new truck and bus generations at MAN Truck & Bus and with strict cost management in the prior-year period as a result of the COVID-19 pandemic, while significantly higher expenses in the area of future technologies such as electrification and autonomous driving had an offsetting effect.

Overview by quarter:

OPERATING RESULT, INDUSTRIAL BUSINESS (ADJUSTED)



	Q1		Q2		Q3		Q4	
	2021	2020	2021	2020	2021	2020	2021	2020
Operating result, Industrial Business	104	135	251	–400	121	125	–	114
Adjustments, Industrial Business	362	–	311	–	9	50	–	4
Operating result, Industrial Business (adjusted)	**465**	**135**	**562**	**–400**	**129**	**174**	**–**	**118**

Business Performance, Financial Services

€ million	9M 2021	9M 2020	Change
Operating result	170	82	88
Operating return on sales (in %)	24.9	13.4	11.5 pp

The Financial Services segment includes the financial services business conducted by Scania and, for the first time, Navistar. In the reporting period, operating result rose by €88 million to €170 million. Excluding Navistar, operating result would have amounted to €163 million. The very strong increase is mainly attributable to lower bad debt allowances on receivables as against the prior-year period. Furthermore, the contract volume was higher on average, as were margins, which had a positive effect. This was offset by negative exchange rate effects. The purchase price allocation for the Navistar acquisition reduced operating result in the Financial Services segment by €8 million.

Net Cash Flow

	TRATON GROUP		Industrial Business		Financial Services		Others/reconciliation	
€ million	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020
Gross cash flow	2,350	1,320	2,211	1,204	444	403	–305	–287
Change in working capital	–1,753	–376	–1,272	–535	–748	–115	267	274
Net cash provided by/used in operating activities	**597**	**944**	**939**	**669**	**–304**	**288**	**–38**	**–12**
Net cash provided by/used in investing activities attributable to operating activities	–3,743	–808	–3,780	–816	–1	–1	38	9
Net cash flow	**–3,146**	**136**	**–2,842**	**–148**	**–305**	**287**	**0**	**–4**

In the reporting period, the TRATON GROUP's net cash provided by operating activities amounted to €597 million (9M 2020: €944 million). While there was an increase of €270 million in the Industrial Business segment, the Financial Services segment recorded a decline of €592 million.

A very significant increase in operating result was attributable to positive unit sales performance. This was offset by high additions to provisions and depreciation and amortization charges in connection with the repositioning of MAN Truck & Bus in the current reporting period. Only a portion of the restructuring measures have affected cash flows to date. Expenses from additions to provisions negatively impacted the result (gross cash flow), and the related increase in recognized provisions is reflected in working capital.

Growth in operating activities compared with the previous year, which had been impacted by the COVID-19 pandemic, and continuing shortages in the supply of semiconductors and other key bought-in parts in the current year led to an increase in working capital tied up in inventories and receivables.

The negative cash flow from operating activities in the Financial Services segment is mainly attributable to the €494 million (9M 2020: €50 million) increase in funds tied up in financial services receivables.

The acquisition of Navistar on July 1, 2021, weighed on net cash used in investing activities attributable to operating activities in the third quarter, increasing this item by €2.6 billion. In the statement of cash flows, the purchase price for Navistar (equivalent to €3.1 billion less cash and cash equivalents acquired of €565 million) is presented under capital expenditures to acquire subsidiaries.

Capital expenditures in other investees amounted to €110 million in the current reporting period, including in TuSimple Holdings Inc., San Diego, California, USA (TuSimple) and in Northvolt AB, Stockholm, Sweden (Northvolt).

The TRATON GROUP's overall net cash flow was €–3.1 billion (9M 2020: €136 million) in the first nine months of 2021. The net cash flow of the Industrial Business segment amounted to €–2.8 billion; it included the capital expenditures specified above (nonrecurring factors) as well as the net cash flow of Navistar Manufacturing Operations of €–286 million in the third quarter of 2021.

Net Liquidity/Net Financial Debt

	TRATON GROUP		Industrial Business	
€ million	**09/30/2021**	**12/31/2020**	**09/30/2021**	**12/31/2020**
Cash and cash equivalents	1,794	1,714	1,666	1,641
Marketable securities, investment deposits, and loans to affiliated companies	857	2,114	831	2,114
Gross liquidity	**2,651**	**3,828**	**2,498**	**3,755**
Total third-party borrowings	–18,707	–12,298	–9,304	–3,728
Net liquidity/net financial debt	**–16,056**	**–8,470**	**–6,806**	**27**

Net debt rose by €7.6 billion to €16.1 billion in the third quarter of 2021, driven mainly by the increase in third-party borrowings. Total third-party borrowings include loans extended by Volkswagen AG and Volkswagen International Luxemburg S.A. to TRATON SE in the amount of €3.5 billion (December 31, 2020: €1.0 billion). Investment deposits as of September 30, 2021, contained deposits by TRATON SE of €750 million (December 31, 2020: €2.1 billion) with Volkswagen AG.

The TRATON GROUP's liquidity reserve consists of confirmed credit lines of €7.0 billion (December 31, 2020: €7.3 billion), including €3.2 billion (December 31, 2020: €3.0 billion) from Volkswagen AG.

The TRATON GROUP also had €526 million (December 31, 2020: €390 million) in unused unconfirmed credit lines from banks at its disposal as of September 30, 2021. Bonds from the €12.0 billion European Medium Term Notes program launched by TRATON Finance Luxembourg S.A., Strassen, Luxembourg (TRATON Finance) for the first time were issued on the capital market starting in March 2021. The aggregate €3.8 billion issues were implemented in four fixed-rate tranches of €3.5 billion with maturities of three to twelve years as well as a floating-rate tranche of €300 million with a two-year maturity; they were hedged in part by interest rate derivatives.

TRATON SE also placed several *Schuldscheindarlehen* (medium- or long-term loans granted against a note issued by the borrower) in the total amount of €700 million with investors in March 2021, all of which had already been drawn down by September 30, 2021, the reporting date. The individual *Schuldscheindarlehen* have terms of three, five, and seven years, and have been offered in both fixed and floating-rate formats. They include sustainability criteria (ESG-linked pricing), thereby underlining the TRATON GROUP's commitment to sustainability and sustainable business performance.

Additionally, in July, a loan of €2.8 billion with a maturity of around 10 months was raised with Volkswagen International Luxemburg S.A., and Navistar's liabilities of €3.0 billion (USD 3.6 billion) were repaid, primarily from issue proceeds of the €12.0 billion European Medium Term Notes program. This was done in order to finance the purchase price of €3.1 billion (USD 3.7 billion) for Navistar International Corporation.

As part of the merger of MAN SE with TRATON SE (merger squeeze-out) as of the end of August 2021, an expense of €587 million was incurred as a result of financing the purchase of the 5.64% of the MAN SE shares not yet held by the TRATON GROUP up to the merger.

Current Information on the MAN SE Merger Squeeze-Out

On August 31, 2021, the merger of MAN SE with TRATON SE was entered in the commercial register of MAN SE and TRATON SE. This meant that MAN SE ceased to exist as an independent legal entity and transferred all rights and obligations to TRATON SE. At the same time, MAN SE shares were delisted.

Cash compensation amounting to €70.68 per common and preferred share was paid out to MAN SE's minority shareholders on September 3, 2021. This marked the completion of the MAN SE merger squeeze-out. Judicial award proceedings are underway to review the appropriateness of the cash compensation.

Opportunities and Risks

The Report on Opportunities and Risks should be read in conjunction with our guidance in the 2020 Annual Report. As in the 2021 Half-Year Financial Report, we additionally refer to the continuing high level of uncertainty about the course of the COVID-19 pandemic and, in this context, the availability and costs of certain components and materials (e.g., semiconductor bottlenecks, steel prices).

Navistar became part of the TRATON GROUP when the acquisition was completed on July 1, 2021. We therefore include information on Navistar's material opportunities and risks here for the first time. Since Navistar is mostly exposed to similar opportunities and risks typical of this industry as the other TRATON GROUP companies, the reporting is limited to opportunities and risks that are specific to Navistar and could have a material impact on the TRATON GROUP.

Strategy

For TRATON, the acquisition of Navistar marked an important milestone in implementing its Global Champion Strategy. Navistar's business in North America strengthens the global reach of the TRATON GROUP as well as unlocking opportunities in procurement, production, and development by realizing economies of scale. Successfully integrating Navistar into the TRATON GROUP is necessary in order to leverage these opportunities. The success of these kinds of complex and long-term integration projects is always associated with substantial uncertainty.

Market

Navistar's presence in North America allows the TRATON GROUP to gain a large share of the global truck business. This opens up additional growth potential for TRATON and also ensures a better balance between regional market developments in the cyclical commercial vehicle industry. Furthermore, Navistar will have significant growth opportunities in its major North American markets if the company succeeds in gradually building its market share back up to reach the level of the previous years.

Since Navistar uses third-party engines in some of its products and given the decreased market share in recent years, the company may see a decline in sales revenue from its engine and engine-related spare parts business. Navistar generally expects a further decline in this business area as the number of diesel engines installed continues to drop.

Legal & Compliance

The TRATON GROUP is involved in various legal disputes and legal proceedings in the ordinary course of its business. Some of the associated risks are considerable. See the **"Important Legal Cases"** section for further details, including on Navistar.

Finance

The TRATON GROUP is highly dependent on financing its business activities at competitive terms and conditions. On the one hand, acquiring Navistar unlocks substantial opportunities, since Navistar's debt can be financed under TRATON's more favorable credit conditions. On the other, there is a potential risk that TRATON's current investment grade rating may deteriorate.

Navistar comprehensively accounts for underfunded pension obligations. The actuarial value of these obligations depends on various premises (such as interest rates, mortality rates, and health care costs), which can develop positively or negatively.

In addition, various accounting risks could arise for TRATON as a result of the acquisition of Navistar. These relate to the possibility of necessary impairment losses or increased depreciation or amortization of assets — particularly due to the purchase price allocation for Navistar — as well as possible tax risks.

Important Legal Cases

Due to the acquisition of Navistar, the TRATON GROUP now also reports important legal cases and legal risks relating to Navistar. For further information, see the report on legal risks in the 2021 Half-Year Financial Report and in the 2020 Annual Report.

Profit sharing disputes

Navistar's post-retirement benefit obligations, such as retiree medical, are primarily funded in accordance with a 1993 settlement agreement. Pursuant to this agreement, if a threshold of profits for a given year was achieved, Navistar had to make profit sharing payments to a benefit trust. There have subsequently been repeated disputes about the details and extent of these profit sharing payments. A lawsuit filed in 2013 led to a court order in 2015 to enter into arbitration proceedings. In February 2021, Navistar and the Committee responsible for the benefit trust agreed in principle to a final arbitration award in the amount of €207 million (USD 239 million). However, both parties filed motions in court against the arbitration award. In addition, the profit sharing calculations for the years 2015 through 2020 and the "profit sharing cessation date" provisions in the settlement agreement are also currently being disputed. However, the parties have agreed to mediate any disputes they have regarding these matters. In addition, various local bargaining units of the UAW (United Automobile, Aerospace and Agricultural Implement Workers of America) labor union have filed local grievances under various collective bargaining agreements. This litigation is also still pending; provisions have been recognized.

Retiree health care litigation

In October 2016, an additional lawsuit was filed with the court by the members of the committee mentioned above in conjunction with the settlement agreement. This lawsuit involves retirees of Navistar who had joined the Navistar, Inc. Health Benefit and Life Insurance Plan established under the settlement agreement. The lawsuit is about the alleged misappropriation by Navistar of certain grants (Medicare Part D subsidies and Medicare Part D coverage-gap discounts).

The committee members are seeking a total of €22 million (USD 26 million) in compensation for the grants allegedly misappropriated in the period from 2012 through April 2015. They also request that the court enjoin Navistar from this allegedly unlawful use of funds in the future and order the company to bear the costs of the proceedings.

The court initially limited the case to conducting a trial on the issue of the statute of limitations. A decision on this issue is pending with the court.

MaxxForce EGR warranty litigation

Since 2014, Navistar has been facing lawsuits in the USA and Canada in connection with the MaxxForce 11-, 13-, and 15-liter EGR engines. The class action suits allege that these engines are defective, and that Navistar failed to disclose these defects. There are eight class action suits pending in Canada. In the USA, the pending class action suits were consolidated in a multidistrict litigation. In 2019, the parties reached a settlement agreement consisting of cash and rebate components with a total value of €117 million (USD 135 million). However, two intervening class members appealed their inclusion in the settlement. A ruling by the appellate court is pending.

In addition, there are non-class action lawsuits in this regard filed against Navistar in various state and federal courts in the USA and Canada. Several cases have been resolved at trial with varying results.

EPA Clean Air Act litigation

The US Department of Justice (DOJ) on behalf of the US Environmental Protection Agency (EPA) filed a lawsuit against Navistar in 2015. The lawsuit alleges that Navistar incorrectly assigned approximately 7,749 diesel engines to the 2009 model year, even though the engines were not completely assembled until calendar year 2010. It is alleged that this violated the Federal Clean Air Act, since the thresholds in force as from 2010 were not complied with. In 2021, the parties agreed to negotiate a settlement, and the court stayed the case until the negotiations are concluded. In addition to court approval, the settlement, once finalized, will require approval and publication by the competent government agencies; provisions have been recognized.

Report on Expected Developments

The subject of this forecast is the TRATON GROUP, which has included Navistar International Corporation since July 1, 2021. Where relevant, alternative key performance indicator figures that include the preliminary purchase price allocation to Navistar are provided in the table below for information purposes.

The TRATON GROUP's Executive Board continues to expect 2021 to bring a recovery in global economic output overall. However, the TRATON GROUP's growth will be impacted by the continuing shortages in the supply of semiconductors and other key bought-in parts. The economic recovery also goes hand in hand with rising prices for energy and other commodities.

We expect that new registrations of medium- and heavy-duty trucks (> 6t or Class 6 through 8 in North America) in the Group's core geographic regions, i.e., in the EU27+3 region (defined as the EU27 countries excluding Malta, plus the United Kingdom, Norway, and Switzerland), the North America region (defined as the USA, Canada, and Mexico), as well as Brazil, Russia, South Africa, and Turkey will record generally positive growth compared with the previous year, with growth rates varying from region to region.

In the bus markets relevant to the TRATON GROUP (EU27+3 region, Brazil, and the school bus segment in North America), we are expecting regional developments to vary in 2021. In the EU27+3 region, we forecast a moderate decline, while in North America we expect a somewhat lower market level compared to the prior-year period. We expect the Brazilian bus market to remain on a level with the previous year.

In North America, the Navistar acquisition unlocked potential for additional unit sales of trucks and buses for the TRATON GROUP for the second half of 2021.

Subject to further developments in strained supply chains in the fourth quarter and the resulting potential production stops, or potential new restrictions in connection with the COVID-19 pandemic, we project a very strong year-on-year increase in sales revenue for the TRATON GROUP in fiscal year 2021. Our projection takes into account Navistar's sales revenue in the second half of 2021.

Contingent on the market and revenue assumptions described here and based on the first three quarters, we forecast an operating return on sales in the range of 5.0 to 6.0% for the TRATON GROUP for 2021 as a whole.

The forecast does not include any expenses for restructuring measures for the repositioning of MAN Truck & Bus. Earnings effects from the purchase price allocation relating to the acquisition of Navistar are not included in the forecast either.

The cash conversion rate is meaningless in 2021 due to the restructuring of MAN Truck & Bus. The key performance indicator we are reporting instead is net cash flow in the Industrial Business segment. TRATON SE's Executive Board expects net cash flow in the Industrial Business segment to range between €0 million and €300 million for fiscal year 2021 due to the current supply shortages and the resulting impact on current assets. This estimate does not include the purchase price for the Navistar acquisition amounting to €2,584 million (purchase price after deduction of cash and cash equivalents at Navistar Manufacturing Operations at the time of acquisition). The forecast also does not include any expenses for restructuring measures for the repositioning of MAN Truck & Bus.

Overall, the forecast reflects a high degree of uncertainty about the further impact of supply shortages on production and unit sales as well as on our financial key performance indicators for the rest of the year. The Group's current assets as of the end of the year will be determined to a major extent by the production volume that can be realized in the last few weeks of the year and is therefore subject to particular uncertainty.

	Actual 2020	Forecast 2021[1] 2020 Annual Report	Forecast 2021[2] 9M 2021 Interim Statement
TRATON GROUP			
Unit sales	190,180	sharp increase	very sharp increase
Sales revenue (€ million)	22,580	substantial increase	very sharp increase
Operating return on sales (in %)	0.6	5.0–6.0	5.0–6.0 (approx. 4.0–5.0 incl. earnings effects from purchase price allocation)
Industrial Business			
Sales revenue (€ million)	22,156	substantial increase	very sharp increase
Operating return on sales (in %)	0.1	4.5–5.5	4.5–5.5 (approx. 3.5–4.5 incl. earnings effects from purchase price allocation)
Return on investment (in %)	–0.1	6.5–7.5	7.0–8.0 (approx. 4.5–5.5 incl. earnings effects from purchase price allocation)
Net cash flow (€ million)[3]	676	n/a	0–300
Capex (€ million)	992	considerable increase	sharp increase
Primary R&D costs (€ million)	1,165	substantial increase	very sharp increase
Financial Services			
Sales revenue (€ million)	820	moderate increase	substantial increase
Operating return on sales (in %)	13.1	13.5–17.5	20.0–25.0 (approx. 18.0–23.0 incl. earnings effects from purchase price allocation)

1 Before expenses for restructuring measures for the repositioning of MAN Truck & Bus and before effects from the merger with Navistar International Corporation

2 Navistar International Corporation included from July 1, 2021 (excluding Navistar purchase price allocation), before expenses for restructuring measures for the repositioning of MAN Truck & Bus

3 Forecast in the 9M 2021 Interim Statement, excluding negative impact of the purchase price for Navistar (€2,584 million after deduction of cash and cash equivalents at Navistar Manufacturing Operations at the time of acquisition) and excluding expenses for restructuring measures for the repositioning of MAN Truck & Bus

2

OPERATING UNITS

Scania Vehicles & Services

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Trucks and buses (units)						
Incoming orders	100,460	60,207	67%	25,023	25,934	–4%
Unit sales	67,235	47,735	41%	18,006	17,298	4%
of which trucks	64,005	43,443	47%	16,733	15,788	6%
of which buses	3,230	4,292	–25%	1,273	1,510	–16%
Financial key performance indicators (€ million)						
Sales revenue	10,251	8,094	27%	3,096	2,825	10%
Operating result	1,099	419	680	238	198	41
Operating result (adjusted)	1,099	468	631	238	247	–9
Operating return on sales (in %)	10.7	5.2	5.5 pp	7.7	7.0	0.7 pp
Operating return on sales (adjusted) (in %)	10.7	5.8	4.9 pp	7.7	8.7	–1.1 pp

Almost all truck markets worldwide recovered in the first nine months of 2021 from the sharp decline in the previous year. In particular the EU27+3 region, Scania's largest unit sales market, posted a very strong increase in demand for trucks.

Operating result after the first nine months of 2021 was €1.1 billion (9M 2020: €419 million), representing a €680 million increase compared with the prior-year period. This corresponds to an operating return on sales of 10.7% (9M 2020: 5.2%). As well as the volume-driven increase in sales revenue, operating result was positively affected by an advantageous product mix. Both effects are primarily attributable to the truck business. Higher personnel expenses and overheads had an offsetting effect. Earnings were also impacted by exchange rate effects, higher depreciation charges on capex, and higher development costs due to intensified activities in the area of e-mobility.

Operating result in the prior-year period had been negatively affected by the measures taken in connection with the COVID-19 pandemic.

Scania has delivered an all-electric truck to Germany for the first time. The vehicle operates as a zero-emission city shuttle connecting the two sites of floor specialist Bona in Limburg.

MAN Truck & Bus

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Trucks and buses (units)						
Incoming orders	100,630	59,745	68%	33,216	21,553	54%
Unit sales	68,622	53,543	28%	21,305	21,881	–3%
of which trucks[1]	65,685	50,166	31%	20,182	20,635	–2%
of which buses	2,937	3,377	–13%	1,123	1,246	–10%
Financial key performance indicators (€ million)						
Sales revenue	8,018	6,567	22%	2,610	2,487	5%
Operating result	–436	–414	–22	57	–27	84
Operating result (adjusted)	245	–414	659	66	–27	92
Operating return on sales (in %)	–5.4	–6.3	0.9 pp	2.2	–1.1	3.3 pp
Operating return on sales (adjusted) (in %)	3.1	–6.3	9.4 pp	2.5	–1.1	3.6 pp

1 Including MAN TGE vans (9M 2021: 16,020 units; 9M 2020: 11,392 units; Q3 2021: 4,738 units; Q3 2020: 5,037 units)

Almost all truck markets worldwide recovered in the first nine months of 2021 from the sharp decline in the previous year. In particular the EU27+3 region, the largest unit sales market for MAN Truck & Bus, posted a very strong increase in demand for trucks.

Operating result after the first nine months of the year was €–436 million (9M 2020: €–414 million), representing a €22 million decrease compared with the prior-year period. This corresponds to an operating return on sales of –5.4% (9M 2020: –6.3%). Operating result was negatively impacted by expenses of €681 million in connection with the repositioning. Adjusted for these expenses, operating result (adjusted) was €245 million (9M 2020: €–414 million) and operating return on sales (adjusted) was 3.1% (9M 2020: –6.3%).

In addition to the volume-driven increase in sales revenue in fiscal year 2021, the introduction of the new truck generation and strict cost management also had a positive effect on operating result.

Operating result in the prior-year period had been negatively affected by the measures taken in connection with the COVID-19 pandemic.

Under the restructuring program, expenses of €681 million were incurred for the repositioning of MAN Truck & Bus in the first nine months of 2021. These expenses contain the expenses directly attributable to the restructuring measures that are necessary for the restructuring and are not related to operating activities. Of the restructuring expenses of €681 million, €338 million is attributable to personnel measures (including severance payments and partial retirement arrangements) and €160 million to impairment losses on property, plant, and equipment. Other expenses were incurred through restructuring measures in the production network.

MAN Truck & Bus has launched the MAN Lion's Intercity LE, a new range of vehicles in the low-entry class. The flexibility of the Lion's Intercity LE means that it can be used in both city and intercity applications.

NAVISTAR

Navistar Manufacturing Operations

	9M 2021[1]
Trucks and buses (units)	
Incoming orders[2]	23,638
Unit sales	14,074
of which trucks[3]	11,261
of which buses	2,813
Financial key performance indicators (€ million)	
Sales revenue	1,681
Operating result	42
Operating return on sales (in %)	2.5

1 July 1, 2021, to September 30, 2021
2 Excluding Navistar Class 4/5 contract manufacturing for third parties (9M 2021: 1,604 units)
3 Excluding Navistar Class 4/5 contract manufacturing for third parties (9M 2021: 789 units)

On July 1, 2021, the TRATON GROUP acquired all outstanding shares of US commercial vehicle manufacturer Navistar and successfully consolidated Navistar in the Group as an additional operating unit.

Navistar's core business focuses on the truck, school bus, and genuine parts markets in North America. In the truck market, the company mainly does business in vehicle Classes 6 through 8. It has a vehicle fleet of one million trucks in the USA and Canada, and nearly one-fifth of all vehicles in Classes 6 through 8 are International trucks. Almost half of all school buses on the road in the USA and Canada are IC Bus brand vehicles. Navistar has one of the largest distribution and service networks in the USA and offers its customers financing services. In Mexico and some countries in South America, International is one of the leading truck brands.

Navistar Manufacturing Operations generated sales revenue of €1.7 billion in the period from July 1 to September 30, 2021. Operating result was €42 million for the period. This corresponds to an operating return on sales of 2.5%. Operating result was reduced by costs of €40 million incurred as a result of changes made in connection with the transaction.

International, a product brand of Navistar, is offering the company's first truck to be powerered entirely by electricity, the eMV: a sustainable solution in the medium-duty commercial vehicle category.

Caminhões
Ônibus

Volkswagen Caminhões e Ônibus

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Trucks and buses (units)						
Incoming orders	43,631	26,287	66%	15,502	11,112	40%
Unit sales	45,608	26,772	70%	15,597	10,885	43%
of which trucks	41,993	22,561	86%	14,715	9,021	63%
of which buses	3,615	4,211	–14%	882	1,864	–53%
Financial key performance indicators (€ million)						
Sales revenue	1,623	931	74%	602	319	89%
Operating result	132	–6	138	55	5	50
Operating return on sales (in %)	8.1	–0.6	8.8 pp	9.2	1.5	7.7 pp

Almost all truck markets worldwide recovered in the first nine months of 2021 from the sharp decline in the previous year. In particular Brazil, the largest unit sales market for Volkswagen Caminhões e Ônibus (VWCO), posted a substantial increase in demand for trucks.

VWCO generated sales revenue of €1.6 billion (9M 2020: €931 million) in the first nine months of 2021, a year-on-year increase of 74%. The increase resulted from the truck business. By contrast, exchange rate effects from translation into the euro, the Group currency, were a negative factor.

Operating result after the first nine months of 2021 was €132 million (9M 2020: €–6 million). This corresponds to an operating return on sales of 8.1% (9M 2020: –0.6%). Operating result rose very strongly compared with the prior-year period due to a very sharp rise in unit sales and improved product positioning in Brazil. In addition, strict cost management contributed to an improvement in earnings and, at the same time, mitigated the negative impact of inflation-driven cost increases.

Operating result in the prior-year period had been negatively affected by the measures taken in connection with the COVID-19 pandemic.

After the Meteor's successful first year on the market, Volkswagen Caminhões e Ônibus is introducing new configuration options. The Meteor is used in the heavy-duty segment — a particularly fast-growing sector of the Brazilian market.

3

SELECTED FINANCIAL INFORMATION

9M 2021

SELECTED FINANCIAL INFORMATION

Income Statement
of the TRATON GROUP for the period January 1 to September 30

€ million	9M 2021	9M 2020
Sales revenue	**21,670**	**15,740**
Cost of sales	–17,518	–13,345
Gross profit	**4,151**	**2,396**
Distribution expenses	–1,949	–1,636
Administrative expenses	–841	–644
Net impairment losses on financial assets	6	–68
Other operating income	475	564
Other operating expenses	–1,200	–669
Operating result	**641**	**–58**
Share of earnings of equity-method investments	436	96
Interest income	85	63
Interest expense	–220	–187
Other financial result	12	–47
Financial result	**312**	**–76**
Earnings before tax	**954**	**–134**
Income taxes	–277	–24
current	–410	–231
deferred	134	207
Earnings after tax	**677**	**–158**
of which attributable to shareholders of TRATON SE	666	–143
of which attributable to noncontrolling interests	11	–15
Earnings per share in € (diluted/basic)	1.33	–0.29

Statement of Comprehensive Income

of the TRATON GROUP for the period January 1 to September 30

€ million	9M 2021	9M 2020
Earnings after tax	**677**	**–158**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	309	–30
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–46	4
Pension plan remeasurements recognized in other comprehensive income, net of tax	263	–26
Fair value measurement of other equity investments and marketable securities		
Fair value measurement of other equity investments and marketable securities, before tax	–142	0
Deferred taxes relating to the fair value measurement of other equity investments and marketable securities	66	0
Fair value measurement of other equity investments and marketable securities, net of tax	–76	0
Share of other comprehensive income of equity-method investments that will not be reclassified subsequently to profit or loss, net of tax[1]	29	20
Items that will not be reclassified subsequently to profit or loss	**216**	**–6**
Currency translation differences		
Unrealized currency translation gains/losses	21	–598
Transferred to profit or loss	0	0
Currency translation differences, before tax	21	–598
Deferred taxes relating to currency translation differences	–1	5
Currency translation differences, net of tax	20	–594
Cash flow hedges		
Fair value changes recognized in other comprehensive income	79	–43
Transferred to profit or loss	32	21
Cash flow hedges, before tax	111	–22
Deferred taxes relating to cash flow hedges	–5	9
Cash flow hedges, net of tax	106	–14

1 Prior-period amounts adjusted to reflect the current presentation

€ million	9M 2021	9M 2020
Cost of hedging		
Cost of hedging recognized in other comprehensive income	–5	–1
Cost of hedging transferred to profit or loss	0	–3
Cost of hedging, before tax	–5	–4
Deferred taxes relating to cost of hedging	2	1
Cost of hedging, net of tax	–3	–3
Share of other comprehensive income of equity-method investments that may be reclassified subsequently to profit or loss, net of tax[1]	66	–34
Items that may be reclassified subsequently to profit or loss	**189**	**–645**
Other comprehensive income, before tax[1]	388	–670
Deferred taxes relating to other comprehensive income[1]	17	19
Other comprehensive income, net of tax	**405**	**–651**
Total comprehensive income	**1,082**	**–809**
of which attributable to shareholders of TRATON SE	1,060	–777
of which attributable to noncontrolling interests	22	–32

1 Prior-period amounts adjusted to reflect the current presentation

Balance Sheet

Assets of the TRATON GROUP as of September 30, 2021, and December 31, 2020

€ million	09/30/2021	12/31/2020
Noncurrent assets		
Goodwill	6,094	3,305
Intangible assets	7,058	3,461
Property, plant, and equipment	7,818	6,908
Assets leased out	6,734	6,496
Equity-method investments	1,282	1,380
Other equity investments	671	72
Noncurrent income tax receivables	91	29
Deferred tax assets	1,994	1,231
Noncurrent financial services receivables	5,553	4,783
Other noncurrent financial assets	306	435
Other noncurrent receivables	321	269
	37,922	**28,369**
Current assets		
Inventories	5,879	4,325
Trade receivables	2,531	1,906
Current income tax receivables	198	86
Current financial services receivables	3,823	2,957
Other current financial assets	526	453
Other current receivables	1,175	851
Marketable securities and investment deposits	768	2,105
Cash and cash equivalents	1,794	1,714
	16,693	**14,398**
Total assets	**54,615**	**42,767**

Balance Sheet

Equity and liabilities of the TRATON GROUP as of September 30, 2021, and December 31, 2020

€ million	09/30/2021	12/31/2020
Equity		
Subscribed capital	500	500
Capital reserves	19,995	19,995
Retained earnings	–4,011	–4,479
Accumulated other comprehensive income	–2,896	–3,078
Equity attributable to shareholders of TRATON SE	**13,588**	**12,939**
Noncontrolling interests	4	230
	13,591	**13,169**
Noncurrent liabilities		
Noncurrent financial liabilities	10,287	5,914
Provisions for pensions and other post-employment benefits	2,567	1,828
Deferred tax liabilities	922	767
Noncurrent income tax provisions	145	105
Other noncurrent provisions	1,943	1,304
Other noncurrent financial liabilities	2,400	2,321
Other noncurrent liabilities	2,051	1,903
	20,315	**14,143**
Current liabilities		
Current financial liabilities	8,420	6,384
Trade payables	3,819	2,769
Current income tax payables	202	117
Current income tax provisions	51	22
Other current provisions	2,434	977
Other current financial liabilities	1,590	1,561
Other current liabilities	4,194	3,626
	20,709	**15,455**
Total equity and liabilities	**54,615**	**42,767**

Statement of Changes in Equity

of the TRATON GROUP for the period January 1 to September 30

€ million	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income – Items that may be reclassified subsequently to profit or loss: Currency translation	Cash flow hedges	Equity-method investments
Balance as of 01/01/2020	**500**	**20,241**	**–4,150**	**–1,806**	**–8**	**–37**
Earnings after tax	–	–	–143	–	–	–
Other comprehensive income, net of tax	–	–	–	–579	–15	–35
Total comprehensive income	–	–	–143	–579	–15	–35
Capital increase[1]	–	54	–	–	–	–
Dividend payout	–	–	–500	–	–	–
Other changes	–	–	0	0	–	0
Balance as of 09/30/2020	**500**	**20,295**	**–4,793**	**–2,385**	**–23**	**–72**
Balance as of 01/01/2021	**500**	**19,995**	**–4,479**	**–2,005**	**–115**	**–104**
Earnings after tax	–	–	666	–	–	–
Other comprehensive income, net of tax	–	–	–	17	103	66
Total comprehensive income	–	–	666	17	103	66
Capital transactions involving a change in ownership interest[2]	–	–	–271	–46	–1	–1
Dividend payout	–	–	–125	–	–	–
Other changes	–	–	197	0	–	41
Balance as of 09/30/2021	**500**	**19,995**	**–4,011**	**–2,034**	**–13**	**2**

1 Contribution of additional profit from profit transfer by Volkswagen AG under the Relationship Agreement dated June 14, 2019

2 Squeeze-out of MAN SE shareholders by TRATON SE under merger law: when the resolution was adopted, the present value of the put options granted amounting to €587 million had to be recognized as a current liability not affecting net income.

Statement of Changes in Equity

of the TRATON GROUP for the period January 1 to September 30

	Accumulated other comprehensive income					
	Items that will not be reclassified subsequently to profit or loss					
€ million	Remeasurements of pension plans	Equity-method investments	Other equity investments	Equity attributable to shareholders of TRATON SE	Noncontrolling interests	Total
Balance as of 01/01/2020	**–998**	**124**	**–2**	**13,865**	**270**	**14,134**
Earnings after tax	–	–	–	–143	–15	–158
Other comprehensive income, net of tax	–25	20	0	–634	–17	–651
Total comprehensive income	–25	20	0	–777	–32	–809
Capital increase[1]	–	–	–	54	–	54
Dividend payout	–	–	–	–500	–	–500
Other changes	–	–1	1	0	0	0
Balance as of 09/30/2020	**–1,023**	**143**	**0**	**12,642**	**238**	**12,879**
Balance as of 01/01/2021	**–1,054**	**186**	**15**	**12,939**	**230**	**13,169**
Earnings after tax	–	–	–	666	11	677
Other comprehensive income, net of tax	256	29	–76	394	11	405
Total comprehensive income	256	29	–76	1,060	22	1,082
Capital transactions involving a change in ownership interest[2]	–24	0	0	–342	–245	–587
Dividend payout	–	–	–	–125	–7	–132
Other changes	39	–222	–	56	3	59
Balance as of 09/30/2021	**–784**	**–7**	**–61**	**13,588**	**4**	**13,591**

1 Contribution of additional profit from profit transfer by Volkswagen AG under the Relationship Agreement dated June 14, 2019

2 Squeeze-out of MAN SE shareholders by TRATON SE under merger law: when the resolution was adopted, the present value of the put options granted amounting to €587 million had to be recognized as a current liability not affecting net income.

Statement of Cash Flows

of the TRATON GROUP for the period January 1 to September 30

€ million	9M 2021	9M 2020
Cash and cash equivalents as of 01/01	**1,714**	**1,913**
Earnings before tax	954	–134
Income taxes paid	–432	–346
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property[1]	968	697
Amortization of, and impairment losses on, capitalized development costs[1]	216	200
Impairment losses and reversals of impairment losses on equity investments[1]	0	2
Depreciation of products leased out[1]	824	843
Change in pension obligations	51	14
Earnings on disposal of noncurrent assets and equity investments	146	1
Share of earnings of equity-method investments	–356	–66
Other noncash income/expense	–20	108
Change in inventories	–459	–7
Change in receivables (excl. financial services)	–246	121
Change in liabilities (excl. financial liabilities)	–360	–176
Change in provisions	519	133
Change in products leased out	–713	–396
Change in financial services receivables	–494	–50
Net cash provided by operating activities	**597**	**944**
Capital expenditures in intangible assets (excl. capitalized development costs) and in property, plant, and equipment	–624	–604
Additions to capitalized development costs	–302	–214
Capital expenditures to acquire subsidiaries	–2,552	–1
Capital expenditures to acquire other investees	–110	–18
Proceeds from the disposal of subsidiaries	–198	0
Proceeds from the disposal of intangible assets, property, plant, and equipment, and investment property	44	28
Change in marketable securities and investment deposits	1,337	2,073
Change in loans	53	5
Net cash provided by/used in investing activities	**–2,354**	**1,270**

1 Net of impairment reversals

€ million	**9M 2021**	**9M 2020**
Profit transfer to Volkswagen AG	–	–1,404
Dividend payouts	–132	–500
Capital increase by Volkswagen AG	–	54
MAN SE noncontrolling interest shareholders: compensation payments and acquisition of shares tendered	–	2
Squeeze-out of MAN SE noncontrolling interest shareholders: cash compensation and acquisition of shares tendered	–587	–
Proceeds from the issuance of bonds	4,678	1,988
Proceeds from the issuance of *Schuldscheindarlehen*	700	–
Repayment of bonds	–4,193	–1,690
Loans extended by Volkswagen International Luxemburg S.A.	2,746	–
Loan repayment to Volkswagen AG	–200	–
Change in miscellaneous financial liabilities	–1,026	–105
Repayment of lease liabilities	–177	–154
Net cash provided by/used in financing activities	**1,809**	**–1,808**
Effect of exchange rate changes on cash and cash equivalents	27	–109
Change in cash and cash equivalents	**79**	**297**
Cash and cash equivalents as of 09/30	**1,794**	**2,210**

Acquisition of Navistar

The TRATON GROUP acquired all outstanding shares of US commercial vehicle manufacturer Navistar on July 1, 2021. The cash purchase price was €3,118 million (USD 3,700 million). TRATON now holds all shares of Navistar International Corporation, which was previously accounted for as an equity-method investment (16.7% interest). Navistar shares have been delisted from the New York Stock Exchange.

The transaction builds on the existing strategic partnership with Navistar. For the TRATON GROUP, it means entering the important North American market.

Initial accounting for the acquisition has not yet been completed since no final valuations are available given the short period since the acquisition date. Accordingly, the amounts recognized as of September 30, 2021, are preliminary.

The goodwill of €2,757 million resulting from the acquisition reflects the synergies arising from the business activities with Navistar, in particular through expanding market share, purchasing, production costs, modularization and the use of common components, and research and development.

The fair value of the equity interest in Navistar that TRATON held directly prior to the acquisition date was determined on the basis of the stock market price of USD 44.50 per share at the acquisition date and amounts to €624 million. Remeasurement of this equity interest results in income of €219 million. In addition, because of the derecognition of the equity-method interest in the course of the first-time consolidation of Navistar, an expense of €38 million recognized in other comprehensive income was reclassified to the income statement. In total, this resulted in income of €182 million, which is reported in the share of earnings of equity-method investments.

To finance this transaction, TRATON SE had taken out a temporarily unused loan of €3,300 million from Volkswagen International Luxemburg S.A. in November 2020, which was reduced to €2,750 million in May 2021 and was called down in this amount in July 2021. The transaction was additionally financed by available cash and cash equivalents and investment deposits at Volkswagen AG. The purchase price was fully hedged by foreign currency derivatives.

The preliminary allocation of the purchase price to the assets acquired and liabilities assumed is presented in the following:

€ million	Preliminary fair values as of 07/01/2021
Consideration transferred:	
Cash and cash equivalents	3,118
Settlement of preexisting relationships	114
Exchange of share-based payment awards	22
Total	**3,254**

€ million	Preliminary fair values as of 07/01/2021
Net assets acquired:	
Intangible assets	3,545
of which customer relationships	2,153
of which trademarks	741
Property, plant, and equipment	992
Assets leased out	307
Other equity investments	622
Noncurrent receivables and financial assets	368
Inventories	1,045
Current receivables and financial assets	1,732
Cash and cash equivalents	565
Deferred tax assets	551
Total assets	**9,727**
Noncurrent financial liabilities	509
Provisions for pensions and other post-employment benefits	1,060
Deferred tax liabilities	104
Other noncurrent liabilities and provisions	685
Current financial liabilities	3,322
Other current liabilities and provisions	2,923
Total liabilities	**8,604**
Total net assets acquired	**1,124**

Calculation of preliminary goodwill:	**€ million**
Consideration transferred	3,254
Noncontrolling interest	3
Fair value of previously held equity interest	624
less	
Net assets acquired	1,124
Goodwill	**2,757**

The €8,628 million increase in the TRATON GROUP's total assets resulting from the acquisition of Navistar was reduced to €5,676 million through the repayment of Navistar's financial liabilities of €2,952 million immediately after the acquisition. This corresponds to a 13% increase in total assets compared with December 31, 2020.

The preliminary amount included in the consideration transferred for the settlement of preexisting relationships of €114 million corresponds to the carrying amount of the receivables from and payables to Navistar that were previously accounted for in the TRATON GROUP.

Receivables and financial assets include the following groups of receivables whose gross amounts differ from their fair values:

€ million	Gross amount	Expected uncollectible amount
Receivables from financing business	924	15
Lease receivables	184	19
Trade receivables	496	15
Other receivables	526	1

Transaction costs incurred as a result of the implementation of the merger in the period up to September 30, 2021, were recognized in administrative expenses in the amount of €32 million.

As a result of the consolidation of Navistar as of July 1, 2021, the TRATON GROUP's sales revenue as of September 30, 2021, increased by €1,675 million and its earnings after tax decreased by €84 million, taking into account the depreciation of uncovered hidden reserves.

Contingent Liabilities and Commitments

of the TRATON GROUP as of September 30, 2021, and December 31, 2020

€ million	09/30/2021	12/31/2020	Change
Liabilities under buyback guarantees	2,572	2,431	141
Contingent liabilities under guarantees	1,033	60	973
Other contingent liabilities	746	759	–12
	4,351	**3,250**	**1,101**

Segment Reporting

of the TRATON GROUP for the period January 1 to September 30

REPORTING SEGMENTS 9M 2021

€ million	Industrial Business	Financial Services	Total segments	Reconciliation	TRATON GROUP
Segment sales revenue	**21,305**	**683**	**21,988**	**–318**	**21,670**
Intersegment sales revenue	–309	–9	–318	318	–
Sales revenue, TRATON GROUP	20,996	674	21,670	0	21,670
Segment result (operating result)	**476**	**170**	**646**	**–5**	**641**

REPORTING SEGMENTS 9M 2020

€ million	Industrial Business	Financial Services	Total segments	Reconciliation	TRATON GROUP
Segment sales revenue	**15,419**	**612**	**16,032**	**–291**	**15,740**
Intersegment sales revenue	–289	–3	–291	291	–
Sales revenue, TRATON GROUP	15,131	610	15,740	–	15,740
Segment result (operating result)	**–140**	**82**	**–59**	**0**	**–58**

Munich, October 26, 2021

TRATON SE
The Executive Board

4

FURTHER INFORMATION

FURTHER INFORMATION

Financial Information on the First-Time Consolidation of Navistar

	9M 2021 (TRATON GROUP)	of which Navistar incl. purchase price allocation[1]	9M 2021 (TRATON Classic)[2]	9M 2020 (TRATON Classic)
Trucks and buses (units)				
Incoming orders[3]	268,317	23,638	244,679	145,933
Unit sales	195,422	14,074	181,348	127,660
of which trucks[4]	182,836	11,261	171,575	115,820
of which buses	12,586	2,813	9,773	11,840
TRATON GROUP				
Sales revenue (€ million)	21,670	1,712	19,958	15,740
Operating result (€ million)	641	–96	738	–58
Operating result (adjusted) (€ million)	1,322	–96	1,419	–9
Operating return on sales (in %)	3.0	–5.6	3.7	–0.4
Operating return on sales (adjusted) (in %)	6.1	–5.6	7.1	–0.1
Earnings per share (€)	1.33	–	1.51	–0.29
Employees[5]	96,856	14,322	82,534	82,567

1 Excluding consolidation effects
2 Including consolidation effects
3 Excluding Navistar Class 4/5 contract manufacturing for third parties (9M 2021: 1,604 units)
4 Including MAN TGE vans (9M 2021: 16,020 units; 9M 2020: 11,392 units) and excluding Navistar Class 4/5 contract manufacturing for third parties (9M 2021: 789 units)
5 Balance for 9M 2021 as of September 30, 2021, and for 9M 2020 as of December 31, 2020

	9M 2021 (TRATON GROUP)	of which Navistar incl. purchase price allocation[1]	9M 2021 (TRATON Classic)[2]	9M 2020 (TRATON Classic)
Industrial Business				
Sales revenue (€ million)	21,305	1,681	19,624	15,419
Operating result (€ million)	476	–99	574	–140
Operating result (adjusted) (€ million)	1,157	–99	1,255	–91
Operating return on sales (in %)	2.2	–5.9	2.9	–0.9
Operating return on sales (adjusted) (in %)	5.4	–5.9	6.4	–0.6
EBITDA (adjusted) (€ million)	2,784	18	2,766	854
Primary R&D costs (€ million)	989	80	910	796
Capex (€ million)	622	80	542	602
Net cash flow (€ million)[6]	–258	–286	28	–148
Net liquidity/net financial debt (€ million)[5]	–6,806	–3,108	–3,698	27
Financial Services				
Sales revenue (€ million)	683	46	637	612
Operating result (€ million)	170	7	163	82

1 Excluding consolidation effects

2 Including consolidation effects

5 Balance for 9M 2021 as of September 30, 2021, and for 9M 2020 as of December 31, 2020

6 Excluding the purchase price for Navistar shares after deduction of cash and cash equivalents at Navistar Manufacturing Operations at the time of the acquisition

	Q3 2021 (TRATON GROUP)	of which Navistar incl. purchase price allocation[1]	Q3 2021 (TRATON Classic)[2]	Q3 2020 (TRATON Classic)
Trucks and buses (units)				
Incoming orders[3]	97,371	23,638	73,733	58,502
Unit sales	68,972	14,074	54,898	49,922
of which trucks[4]	62,889	11,261	51,628	45,331
of which buses	6,083	2,813	3,270	4,591
TRATON GROUP				
Sales revenue (€ million)	8,049	1,712	6,337	5,667
Operating result (€ million)	186	–96	282	162
Operating result (adjusted) (€ million)	195	–96	291	211
Operating return on sales (in %)	2.3	–5.6	4.5	2.9
Operating return on sales (adjusted) (in %)	2.4	–5.6	4.6	3.7
Earnings per share (€)	0.64	–	0.82	0.26
Employees[5]	96,856	14,322	82,534	82,567
Industrial Business				
Sales revenue (€ million)	7,901	1,681	6,220	5,565
Operating result (€ million)	121	–99	219	125
Operating result (adjusted) (€ million)	129	–99	228	174
Operating return on sales (in %)	1.5	–5.9	3.5	2.2
Operating return on sales (adjusted) (in %)	1.6	–5.9	3.7	3.1
EBITDA (adjusted) (€ million)	850	18	832	538
Primary R&D costs (€ million)	370	80	290	238
Capex (€ million)	277	80	197	164
Net cash flow (€ million)[6]	–785	–286	–499	199
Net liquidity/net financial debt (€ million)[5]	–6,806	–3,108	–3,698	27
Financial Services				
Sales revenue (€ million)	264	46	218	200
Operating result (€ million)	70	7	63	37

1 Excluding consolidation effects
2 Including consolidation effects
3 Excluding Navistar Class 4/5 contract manufacturing for third parties (Q3 2021: 1,604 units)
4 Including MAN TGE vans (Q3 2021: 4,738 units; Q3 2020: 5,037 units) and excluding Navistar Class 4/5 contract manufacturing for third parties (Q3 2021: 789 units)
5 Balance for Q3 2021 as of September 30, 2021, and for Q3 2020 as of December 31, 2020
6 Excluding the purchase price for Navistar shares after deduction of cash and cash equivalents at Navistar Manufacturing Operations at the time of the acquisition

Key Performance Indicators

INCOMING ORDERS, INDUSTRIAL BUSINESS

Units	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
Incoming orders, Industrial Business	**97,371**	**89,204**	**81,742**	**70,318**	**58,502**	**38,869**
of which trucks[2]	90,408	85,837	78,749	67,007	55,304	35,104
of which buses	6,963	3,367	2,993	3,311	3,198	3,765

1 Navistar included from July 1, 2021

2 Including MAN TGE vans (Q3 2021: 7,076 units; Q2 2021: 8,900 units; Q1 2021: 8,487 units; Q4 2020: 5,761 units; Q3 2020: 5,040 units) and excluding Navistar Class 4/5 contract manufacturing for third parties (Q3 2021: 1,604 units)

UNIT SALES BY COUNTRY

Units	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
Unit sales, Industrial Business	**68,972**	**66,135**	**60,315**	**62,520**	**49,922**	**19,050**
Unit sales, trucks[2]	**62,889**	**62,725**	**57,222**	**58,186**	**45,331**	**17,558**
EU27+3	22,428	30,106	29,975	34,510	24,686	–2,258
of which in Germany	6,534	7,592	8,128	10,710	7,895	–1,361
North America	11,460	447	297	251	325	11,135
of which in the USA/Canada	9,715	–	4	4	–	9,715
of which in Mexico[3]	1,745	447	293	247	325	1,420
South America	19,824	19,872	16,956	12,859	11,345	8,479
of which in Brazil	16,838	17,434	14,489	10,481	9,337	7,501
Other regions	9,177	12,300	9,994	10,566	8,975	202
Unit sales, buses	**6,083**	**3,410**	**3,093**	**4,334**	**4,591**	**1,492**
EU27+3	1,440	1,255	757	2,068	1,403	37
of which in Germany	356	327	337	801	379	–23
North America	2,998	182	189	99	96	2,902
of which in the USA/Canada	2,655	–	–	–	–	2,655
of which in Mexico[3]	343	182	189	99	96	247
South America	1,072	1,412	1,461	1,436	2,546	–1,474
of which in Brazil	590	1,215	1,057	1,116	1,672	–1,082
Other regions	573	561	686	731	546	27

1 Navistar included from July 1, 2021

2 Including MAN TGE vans (Q3 2021: 4,738 units; Q2 2021: 5,378 units; Q1 2021: 5,904 units; Q4 2020: 6,243 units; Q3 2020: 5,037 units) and excluding Navistar Class 4/5 contract manufacturing for third parties (Q3 2021: 789 units)

3 Prior-period amounts adjusted to reflect current presentation (reported under “Other regions” in the prior-year period)

SALES REVENUE BY PRODUCT GROUP

€ million	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
TRATON GROUP	**8,049**	**7,076**	**6,544**	**6,839**	**5,667**	**2,382**
Industrial Business	**7,901**	**6,966**	**6,438**	**6,736**	**5,565**	**2,336**
New Vehicles	4,815	4,572	4,061	4,372	3,331	1,483
After Sales[2]	1,884	1,291	1,298	1,228	1,163	721
Others	1,202	1,103	1,080	1,136	1,072	131
Financial Services	**264**	**214**	**205**	**208**	**200**	**65**
Consolidation/Others	–116	–103	–99	–104	–98	–19

1 Navistar included from July 1, 2021

2 Including spare parts and workshop services

CONDENSED TRATON GROUP INCOME STATEMENT

€ million	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
Sales revenue	8,049	7,076	6,544	6,839	5,667	2,382
Cost of sales	–6,682	–5,601	–5,235	–5,777	–4,708	–1,975
Gross profit	**1,367**	**1,475**	**1,310**	**1,063**	**960**	**407**
Distribution expenses	–752	–612	–586	–611	–532	–219
Administrative expenses	–380	–236	–226	–231	–222	–158
Other operating result	–49	–327	–343	–82	–44	–5
Operating result	**186**	**301**	**155**	**139**	**162**	**24**
Operating return on sales (in %)	2.3	4.2	2.4	2.0	2.9	–0.5 pp
Financial result	243	–12	81	–40	25	218
Earnings before tax	**429**	**289**	**236**	**100**	**187**	**242**
Income taxes	–103	–65	–108	–65	–56	–47
Earnings after tax	**326**	**224**	**127**	**35**	**131**	**194**

1 Navistar included from July 1, 2021

KEY PERFORMANCE INDICATORS, INDUSTRIAL BUSINESS

€ million	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
Operating result	121	251	104	114	125	–4
Operating result (adjusted)	129	562	465	118	174	–45
Operating return on sales (in %)	1.5	3.6	1.6	1.7	2.2	–0.7 pp
Operating return on sales (adjusted) (in %)	1.6	8.1	7.2	1.8	3.1	–1.5 pp
Capex	277	185	160	390	164	113
Primary R&D costs	370	325	294	368	238	132

1 Navistar included from July 1, 2021

EBITDA (ADJUSTED), INDUSTRIAL BUSINESS

€ million	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
Operating result	121	251	104	114	125	–4
Adjustments	9	311	362	4	50	–41
Operating result (adjusted)	129	562	465	118	174	–45
plus share of earnings of equity-method investments	310	6	120	–11	77	232
plus other financial result	–4	29	–6	34	–5	1
plus depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property, net of impairment reversals	332	388	236	238	236	96
plus amortization of, and impairment losses on, capitalized development costs, net of impairment reversals	83	66	67	66	57	26
plus impairment losses on equity investments, net of impairment reversals	0	0	0	0	0	0
EBITDA (adjusted)	**850**	**1,051**	**883**	**446**	**538**	**311**

1 Navistar included from July 1, 2021

KEY PERFORMANCE INDICATORS, FINANCIAL SERVICES

€ million	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
Operating result	70	49	51	25	37	33
Operating return on sales (in %)	26.6	23.1	24.6	12.2	18.7	7.9 pp

1 Navistar included from July 1, 2021

CONDENSED STATEMENT OF CASH FLOWS, INDUSTRIAL BUSINESS

€ million	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
Gross cash flow	843	830	538	642	644	199
Change in working capital	–1,042	–402	171	693	–228	–814
Net cash provided by/used in operating activities	**–199**	**428**	**709**	**1,335**	**416**	**–615**
Net cash used in investing activities attributable to operating activities	–3,170	–298	–312	–511	–217	–2,953
Change in marketable securities, investment deposits, and loans	3,310	–226	–1,749	–996	901	2,409
Net cash provided by/used in investing activities	**140**	**–525**	**–2,061**	**–1,507**	**683**	**–543**
Net cash provided by/used in financing activities	**–163**	**307**	**1,364**	**–319**	**–1,431**	**1,268**
Effect of exchange rate changes on cash and cash equivalents	–22	60	–15	8	–32	11
Change in cash and cash equivalents	**–243**	**271**	**–3**	**–483**	**–363**	**120**
Cash and cash equivalents as of quarter-end[2]	**1,666**	**1,909**	**1,638**	**1,641**	**2,124**	**–458**
Gross cash flow	843	830	538	642	644	199
Change in working capital	–1,042	–402	171	693	–228	–814
Net cash used in investing activities attributable to operating activities	–3,170	–298	–312	–511	–217	–2,953
Net cash flow	**–3,368**	**130**	**397**	**824**	**199**	**–3,568**

1 Navistar included from July 1, 2021

2 €324 million of the reported cash and cash equivalents was contained in “Assets held for sale” as of June 30, 2021.

NET LIQUIDITY, INDUSTRIAL BUSINESS

€ million	Q3 2021[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Change Q3 2021 v. Q3 2020
Cash and cash equivalents	1,666	1,909	1,638	1,641	2,124	–458
Marketable securities, investment deposits, and loans to affiliated companies	831	4,129	3,862	2,114	1,114	–282
Gross liquidity	**2,498**	**6,038**	**5,500**	**3,755**	**3,238**	**–740**
Total third-party borrowings	–9,304	–5,460	–5,103	–3,728	–3,965	–5,339
Net liquidity/net financial debt as of quarter-end	**–6,806**	**578**	**397**	**27**	**–727**	**–6,079**

1 Navistar included from July 1, 2021

Definition of Key Performance Indicators

Adjustments to operating result: In addition to reported operating result (or operating profit/loss), operating result (adjusted) (or operating profit/loss (adjusted)) is calculated to enable the greatest possible transparency of our business performance. Adjustments concern certain items in the financial statements that, in the opinion of the Executive Board, can be presented separately to enable a more appropriate assessment of financial performance. They include, in particular, costs of restructurings and structural measures. Operating return on sales (adjusted) is therefore calculated as the ratio of operating result (adjusted) to sales revenue. Adjustments to operating result are also taken into account in determining the return on investment (adjusted) and EBITDA (adjusted).

Capex in the Industrial Business segment: Capex in the Industrial Business segment represents the TRATON GROUP's investments in the future. It consists of the capital expenditures in property, plant, and equipment and in intangible assets (excluding capitalized development costs) that are reported in the statement of cash flows.

Cash conversion rate in the Industrial Business segment: This indicates the share of earnings after tax generated as cash and cash equivalents and is calculated as the ratio of positive net cash flow to positive earnings after tax. If net cash flow and/or earnings after tax are negative, the indicator is meaningless and is no longer disclosed. The cash conversion rate is presented as a percentage.

EBITDA (adjusted) in the Industrial Business segment: EBITDA (earnings before interest, taxes, depreciation, and amortization) (adjusted) reflects the Industrial Business segment's operating performance before interest, taxes, depreciation, and amortization, after accounting for the use of resources. Since depreciation and amortization may depend on the chosen accounting policies, the carrying amounts, the capital structure, and the way in which an asset was acquired, EBITDA (adjusted) is used above all as an indicator for peer group comparisons.

Gross cash flow: Gross cash flow is calculated as the sum of earnings before tax and income tax payments, adjusted by depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, investment property, capitalized development costs, products leased out (net of impairment reversals), impairment losses on equity investments (net of impairment reversals), changes in pension obligations, earnings on disposal of noncurrent assets and equity investments, share of earnings of equity-method investments, and other noncash expenses/income.

Gross margin: The gross margin is calculated as the percentage ratio of gross profit to sales revenue in a given period.

Net cash flow: Net cash flow comprises net cash provided by/used in operating activities (continuing operations) and net cash provided by/used in investing activities attributable to operating activities (continuing operations). We do not include changes in loans, marketable securities, or investment deposits in this figure. Net cash flow indicates the excess funds from operating activities.

Net liquidity/net financial debt: Net liquidity/net financial debt comprises cash and cash equivalents, marketable securities, investment deposits, and loans to affiliated companies less financial liabilities, and reflects cash and cash equivalents, marketable securities, investment deposits, and loans to affiliated companies not financed by total third-party borrowings.

Operating return on sales: Operating return on sales is the ratio of operating result (or operating profit/loss) to sales revenue and expresses the economic performance of our business activities after accounting for the use of resources. Operating result does not include net investment income. Operating return on sales measures the TRATON GROUP's profitability.

Primary research and development costs in the Industrial Business segment: Primary research and development costs in the Industrial Business segment contain both capitalized development costs and research and development costs not eligible for capitalization. They therefore represent expenditures ranging from blue skies research down to the market-ready development of our products and services. There is a particular focus here on subject areas that are defined in our Global Champion Strategy: autonomous driving, connectivity, and alternative drives. We can only drive innovation forward and implement our Global Champion Strategy if we invest sufficiently in research and development.

Ratio of distribution and administrative expenses to sales revenue: This is calculated as the ratio of total distribution and administrative expenses to sales revenue.

Financial Calendar

The latest information and dates are available on TRATON SE's website at **www.traton.com/financialcalendar.**

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