

TRATON

# Press Call Half-Year Financial Report 2021

Matthias Gründler, CEO | Christian Schulz, CFO

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

# Press Call Half-Year Financial Report 2021 – Your Presenters today



Matthias Gründler

Chief Executive Officer



Christian Schulz

Chief Financial Officer



Julia Kroeber-Riel

Head of Group  
Communications,  
Governmental Relations &  
Sustainability

# Agenda

- 1. Environment**
2. Core KPIs H1 2021
3. Our new strategy
4. Q&A

# TRATON GROUP posts records in H1 2021

## H1 2021

Business recovery continued, despite a still challenging environment

Incoming Orders double to 170,946

Unit Sales up two thirds to 126,450

Successful Closing of Navistar transaction

Planned EV charging JV with Daimler Truck and Volvo Group

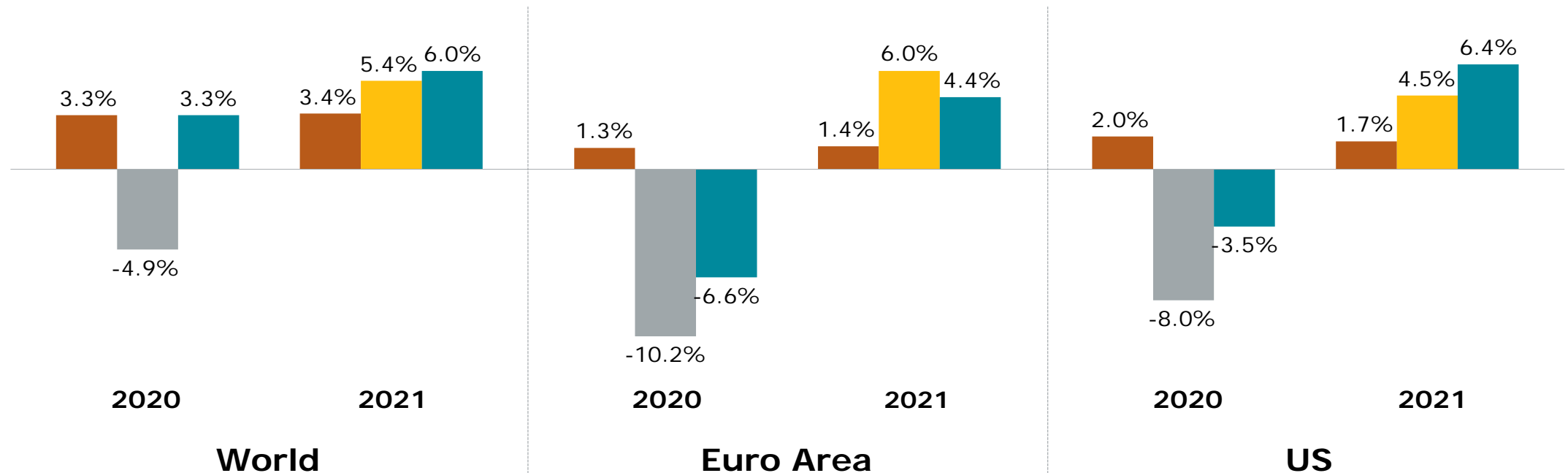
New strategy with focus on sustainability, transformation and China

# COVID-19 pandemic still with relevant impact



# Global economy is recovering from the pandemic setback

Growth expected for 2021, but environment still fragile

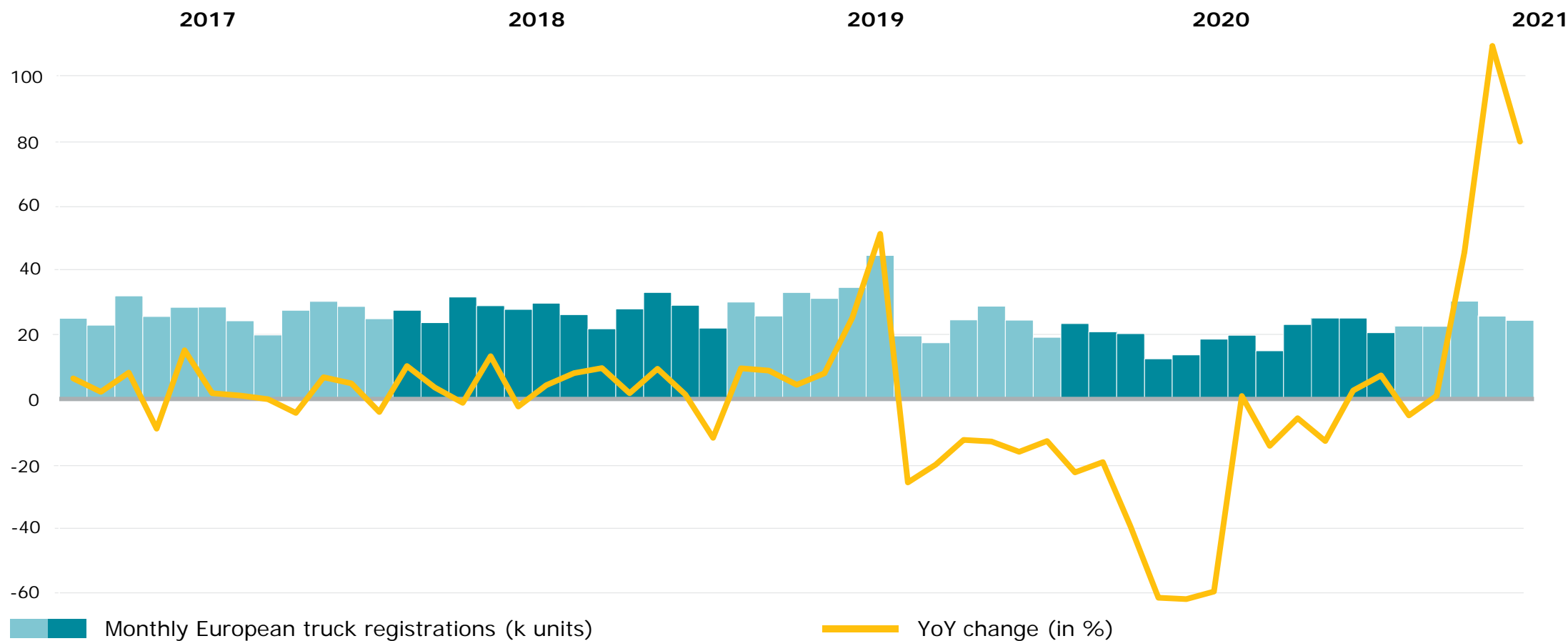


GDP forecasts for 2020/2021 as of ■ Jan 2020 ■ Jun 2020 ■ April 2021

Source: IMF World Economic Outlook

# Business climate is brightening, market very strong since march

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



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



# Global CV industry is transforming

## FIT FOR 55-PACKAGE

Bundle of European initiatives to achieve net 55% CO<sub>2</sub> cut by 2030 and climate neutrality by 2050



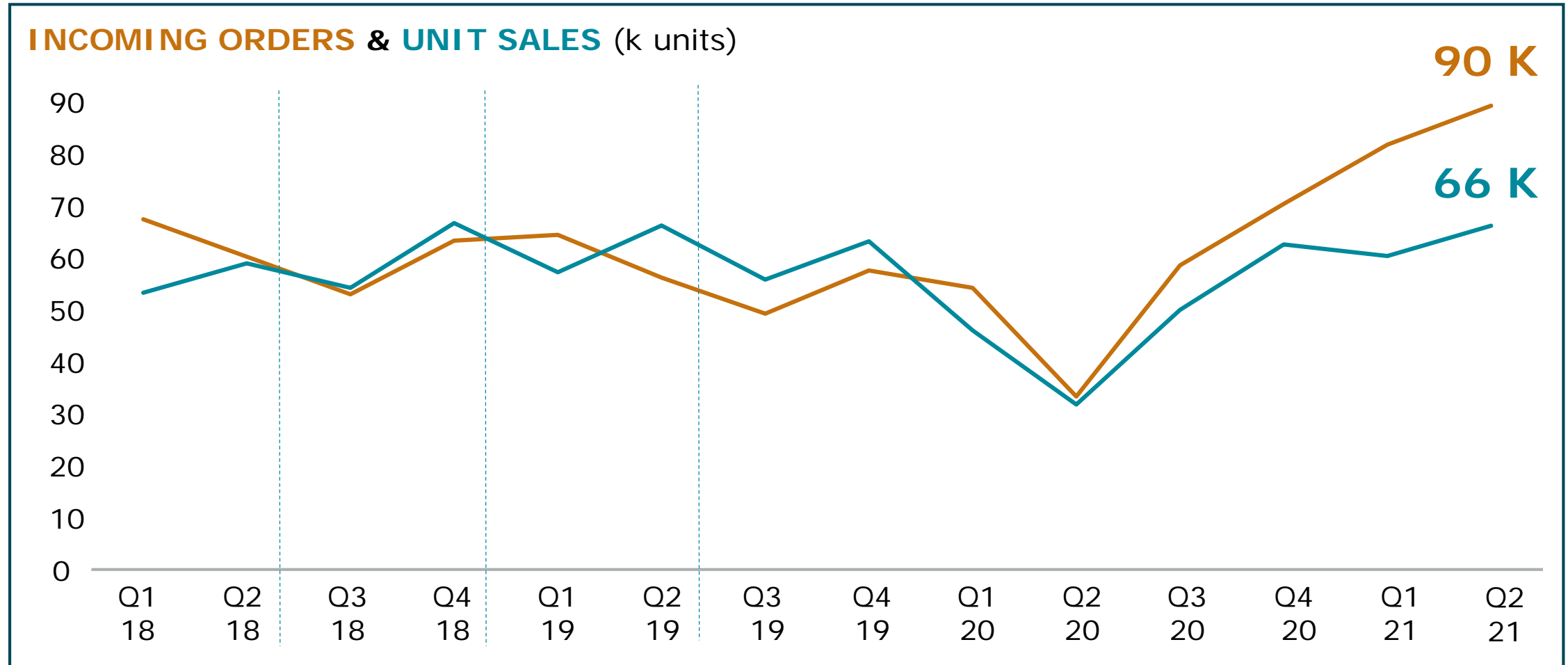
## SOLVING THE CHICKEN EGG ISSUE

Private and public investments in Pan-European high-performance charging infrastructure for battery-electric long-haulage heavy-duty commercial vehicles

## CLEAR E-MOBILITY STRATEGY

Our priority is to invest in electrified commercial vehicles especially in long-distance transport, where the greatest potential for CO<sub>2</sub> savings is expected

# The positive trend continued in 2021



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# Snapshot TRATON GROUP Core KPIs H1 2021

## Trucks and buses (units)

H1 2021	H1 2020	Change
<b>170,946</b>	<b>87,431</b>	<b>96%</b>
INCOMING ORDERS		

H1 2021	H1 2020	Change
<b>126,450</b>	<b>77,738</b>	<b>63%</b>
UNIT SALES		

H1 2021	H1 2020	Change
<b>1.35</b>	<b>1.12</b>	<b>23 bp</b>
BOOK TO BILL <sup>1</sup> (RATIO IN UNITS)		

H1 2021	H1 2020	Change
<b>119,947</b>	<b>70,489</b>	<b>70%</b>
OF WHICH TRUCKS <sup>2</sup>		
H1 2021	H1 2020	Change
<b>6,503</b>	<b>7,249</b>	<b>-10%</b>
OF WHICH BUSES		

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

<sup>2</sup> Including MAN TGE (H1 2021: 11,282 units, H1 2020: 6,355 units)

# Deep Dive Group Core KPIs

## Financial key performance indicators (€ million)

H1 2021	H1 2020	Change
<b>13,621</b>	<b>10,073</b>	<b>35%</b>
<b>SALES REVENUE</b>		

H1 2021	H1 2020	Change
<b>1,128</b>	<b>-220</b>	<b>1,348</b>
<b>ADJ. OPERATING RESULT<sup>1</sup></b>		

H1 2021	H1 2020	Change
<b>8.3</b>	<b>-2.2</b>	<b>10.5 pp</b>
<b>ADJ. OPERATING ROS (in %)<sup>2</sup></b>		

<sup>1</sup> H1 2021: Operating Result €455 mn; H1 2020: Operating Result €-220 mn

<sup>2</sup> H1 2021: Operating RoS 3.3%; H1 2020: Operating RoS -2.2%

# Deep Dive Group Core KPIs

## Industrial Business (€ million)

H1 2021	H1 2020	Change
<b>13,404</b>	<b>9,854</b>	<b>36%</b>
SALES REVENUE		

H1 2021	H1 2020	Change
<b>1,028</b>	<b>-265</b>	<b>1,293</b>
ADJ. OPERATING RESULT <sup>1</sup>		

H1 2021	H1 2020	Change
<b>7.7</b>	<b>-2.7</b>	<b>10.4 pp</b>
ADJ. OPERATING ROS (in %) <sup>2</sup>		

<sup>1</sup> H1 2021: Operating Result €355 mn; H1 2020: Operating Result €-265 mn

<sup>2</sup> H1 2021: Operating RoS 2.7%; H1 2020: Operating RoS -2.7%

# Deep Dive Group Core KPIs

## Industrial Business (€ million)

H1 2021	H1 2020	Change
<b>345</b>	<b>438</b>	<b>-21%</b>
CAPEX <sup>1</sup>		

H1 2021	H1 2020	Change
<b>619</b>	<b>558</b>	<b>11%</b>
PRIMARY R&D COSTS		

H1 2021	H1 2020	Change
<b>527</b>	<b>-347</b>	<b>874</b>
NET CASH FLOW		

H1 2021	H1 2020	Change
<b>578</b>	<b>27</b>	<b>551</b>
NET LIQUIDITY <sup>2</sup>		

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

<sup>2</sup> As of June 30, 2021, and December 31, 2020

# Deep Dive Group Core KPIs

## Financial Services (€ million)

H1 2021	H1 2020	Change
419	413	1%
SALES REVENUE		

H1 2021	H1 2020	Change
100	44	55
OPERATING RESULT		



# Scania Vehicles & Services – Core KPIs

## Trucks and buses (units)

H1 2021	H1 2020	Change
75,437	34,273	120%
INCOMING ORDERS		

H1 2021	H1 2020	Change
49,229	30,437	62%
UNIT SALES		

H1 2021	H1 2020	Change
47,272	27,655	71%
OF WHICH TRUCKS		

H1 2021	H1 2020	Change
1,957	2,782	-30%
OF WHICH BUSES		

# Scania Vehicles & Services – Core KPIs

## Financial key performance indicators (€ million)

H1 2021	H1 2020	Change
<b>7,155</b>	<b>5,269</b>	<b>36%</b>
SALES REVENUE		

H1 2021	H1 2020	Change
<b>860</b>	<b>221</b>	<b>639</b>
OPERATING RESULT		

H1 2021	H1 2020	Change
<b>12.0</b>	<b>4.2</b>	<b>7.8 pp</b>
OPERATING ROS (in %)		

# MAN Truck & Bus – Core KPIs

## Trucks and buses (units)

H1 2021	H1 2020	Change
67,414	38,192	77%
INCOMING ORDERS		

H1 2021	H1 2020	Change
47,317	31,662	49%
UNIT SALES		

H1 2021	H1 2020	Change
45,503	29,531	54%
OF WHICH TRUCKS <sup>1</sup>		

H1 2021	H1 2020	Change
1,814	2,131	-15%
OF WHICH BUSES		

<sup>1</sup> Including MAN TGE (H1 2021: 11,282 units, H1 2020: 6,355 units).

# MAN Truck & Bus – Core KPIs

## Financial key performance indicators (€ million)

H1 2021	H1 2020	Change
<b>5,408</b>	<b>4,079</b>	<b>33%</b>
<b>SALES REVENUE</b>		

H1 2021	H1 2020	Change
<b>179</b>	<b>-387</b>	<b>567</b>
<b>ADJ. OPERATING RESULT</b>		

H1 2021	H1 2020	Change
<b>3.3</b>	<b>-9.5</b>	<b>12.8 pp</b>
<b>ADJ. OPERATING ROS (in %)</b>		

1 H1 2021: Operating Result €-493 mn; H1 2020: Operating Result €-387 mn

2 H1 2021: Operating RoS -9.1%; H1 2020: Operating RoS -9.5%

# Volkswagen Caminhões e Ônibus – Core KPIs

## Trucks and buses (units)

H1 2021	H1 2020	Change
28,129	15,175	85%
INCOMING ORDERS		

H1 2021	H1 2020	Change
30,011	15,887	89%
UNIT SALES		

H1 2021	H1 2020	Change
27,278	13,540	101%
OF WHICH TRUCKS		

H1 2021	H1 2020	Change
2,733	2,347	16%
OF WHICH BUSES		

# Volkswagen Caminhões e Ônibus – Core KPIs

## Financial key performance indicators (€ million)

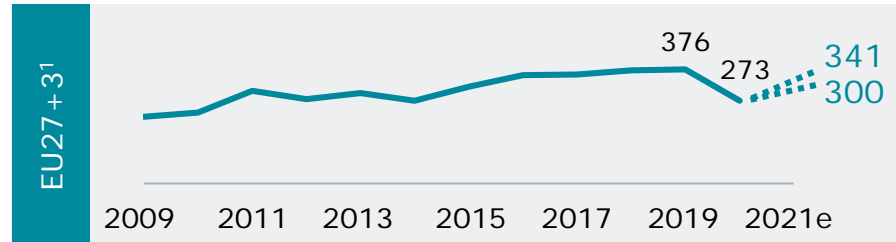
H1 2021	H1 2020	Change
<b>1,021</b>	<b>612</b>	<b>67%</b>
SALES REVENUE		

H1 2021	H1 2020	Change
<b>77</b>	<b>-10</b>	<b>88</b>
OPERATING RESULT		

H1 2021	H1 2020	Change
<b>7.6</b>	<b>-1.7</b>	<b>9.3 pp</b>
OPERATING ROS (in %)		

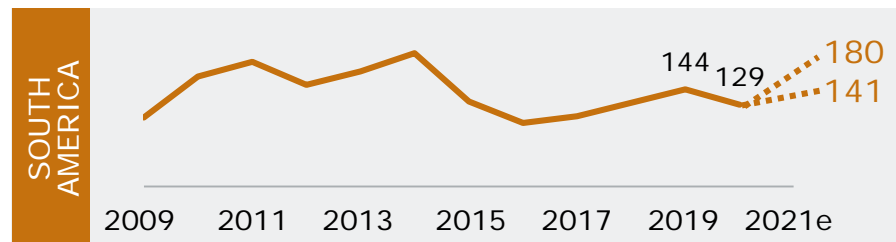
# Positive truck market outlook, depending on COVID-19 development

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



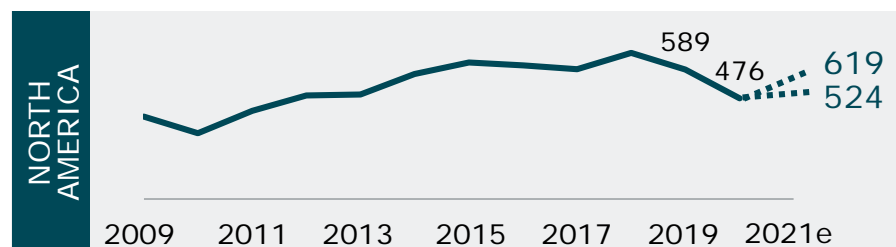
Market expectations<sup>2</sup>

2021e  
+10% to +25%



Market expectations<sup>2</sup>

2021e  
+10% to +40%



Market expectations<sup>2</sup>

2021e  
+10% to +30%

Source: Historical data based on own calculations and estimates.

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

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

# Outlook 2021: Recovery after strong decline

## TRATON GROUP Core KPIs

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

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

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

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

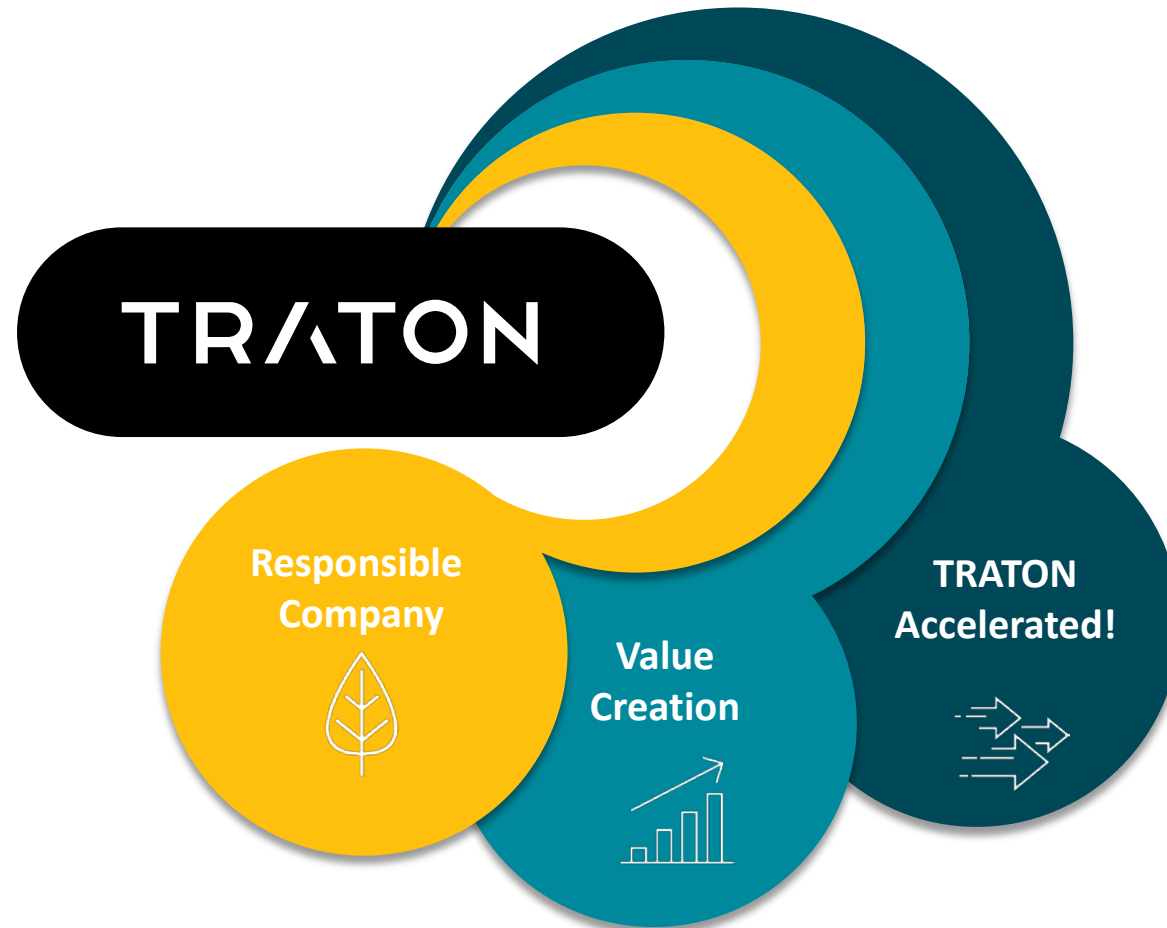
<sup>1</sup> Before expenses for restructuring measures for the repositioning at MAN Truck & Bus and before effects from the merger with Navistar International Corporation. <sup>2</sup> FY 2019: adjusted RoS 7.0%, adjusted operating result €1.9 bn; FY 2020: adjusted operating RoS 0.6%, adjusted operating result €135 mn <sup>3</sup> The cash conversion rate for 2021 is no longer considered a meaningful indicator due to the restructuring of MAN Truck & Bus. Instead, TRATON is reporting net cash flow in the Industrial Business segment as a key performance indicator. <sup>4</sup> Net cash flow of €733 mn before proceeds of €1,978 mn from the disposal of the Power Engineering business; includes €101 mn from the disposal of parts of the RMMV Joint Venture and €114 mn repayment for amounts and interest resulting from security deposits provided in Brazil.



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# Our new strategy guides our path towards the future



# We set clear priorities with our new strategy

## Responsible Company

Make responsible behavior a top priority in everything we do

- ▶ Decarbonization & Circularity
- ▶ People & Pluralism
- ▶ Governance & Ethics



## Value Creation

Focus on sustainable value creation for our stakeholders

- ▶ Performance-driven
- ▶ Navistar as part of TRATON family
- ▶ TRATON goes China



## TRATON Accelerated!

Shape our role in the future logistics ecosystem

- ▶ Business Model Expansion
- ▶ Partnership Culture
- ▶ Embrace Digital





# What being a responsible company means for TRATON



## DECARBONIZATION & CIRCULARITY

Creating solutions which optimize carbon dioxide emissions and resource consumption



## PEOPLE & PLURALISM

Capturing the pluralism of skills, knowhow, and perspectives in our value chain



## GOVERNANCE & ETHICS

Enabling transparent, risk-oriented and fair decision-making to create long-term value





# Decarbonization already on the way



Scania electric truck (25 P BEV)



MAN electric bus (Lion's City E)



Caminhões  
Ônibus



VWCO electric truck (eDelivery)

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IC Bus (CE Series)

**Scania publishes life cycle  
assessment of BEV**

**(June 2021)**

**MAN eMobility Center  
opened**

**(June 2021)**

**Launch VWCO e-Delivery**

**(July 2021)**

**IC Bus commitment to  
electrification**

**(May 2021)**



# Electrification has already started

Order intake and unit sales of fully electric vehicles, H1 2021

Units	Order Intake	Unit Sales
<b>TRATON GROUP</b>	<b>628</b>	<b>497</b>
<b>Trucks (incl. MAN TGE)</b>	<b>529</b>	<b>463</b>
Trucks Scania	75	11
Trucks MAN	1	2
MAN TGE	453	450
<b>Buses</b>	<b>99</b>	<b>34</b>
Bus Scania	24	0
Bus MAN	75	34



Scania electric truck  
(25 P BEV)



MAN electric bus  
(Lion's City E)



1,600 pre-orders Ambev<sup>1</sup>

VWCO electric truck  
(eDelivery)



MAN electric truck  
(eTGM)



Scania electric bus  
(Citywide LF)

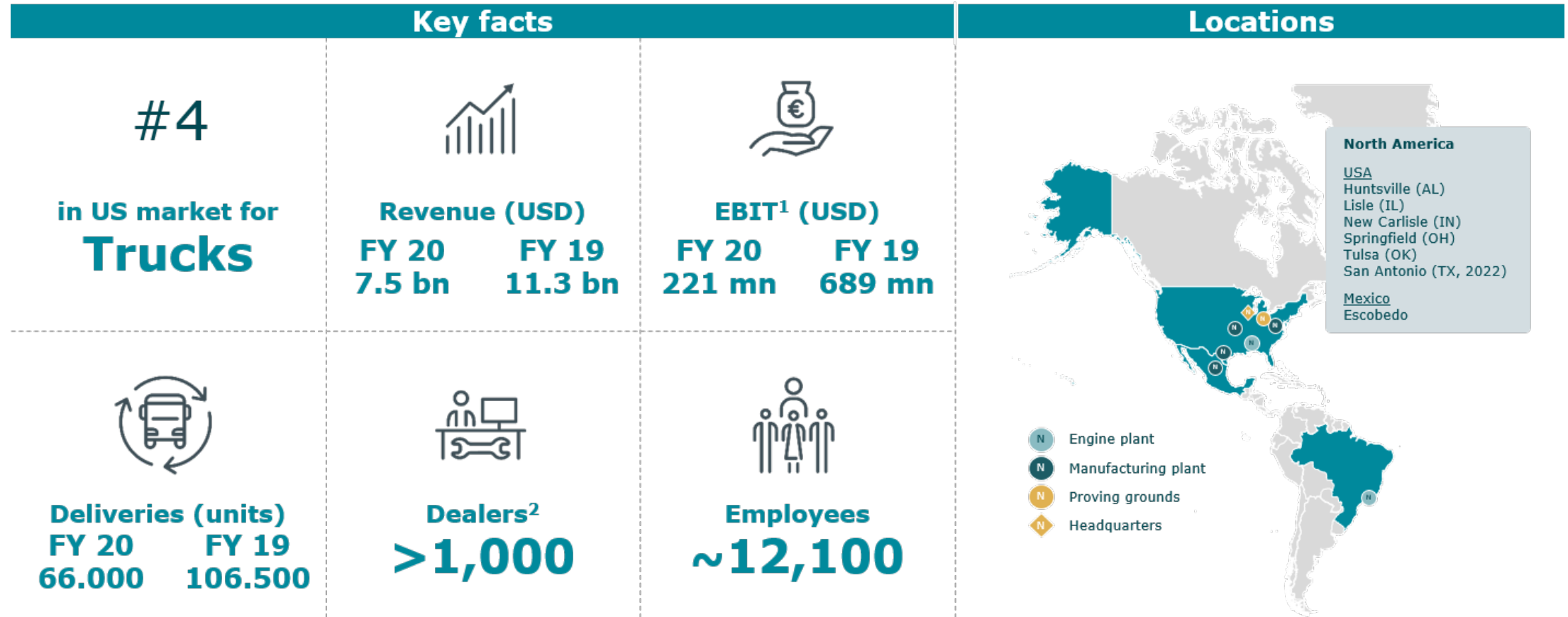


MAN electric van  
(eTGE)

<sup>1</sup> Ambev's intention is to reach 1,600 VW electric trucks in 2025



# Navistar at a glance



Source: Company information, figures for FY 2020 as of October 31, 2020 / for FY 2019 as of October 31, 2019.

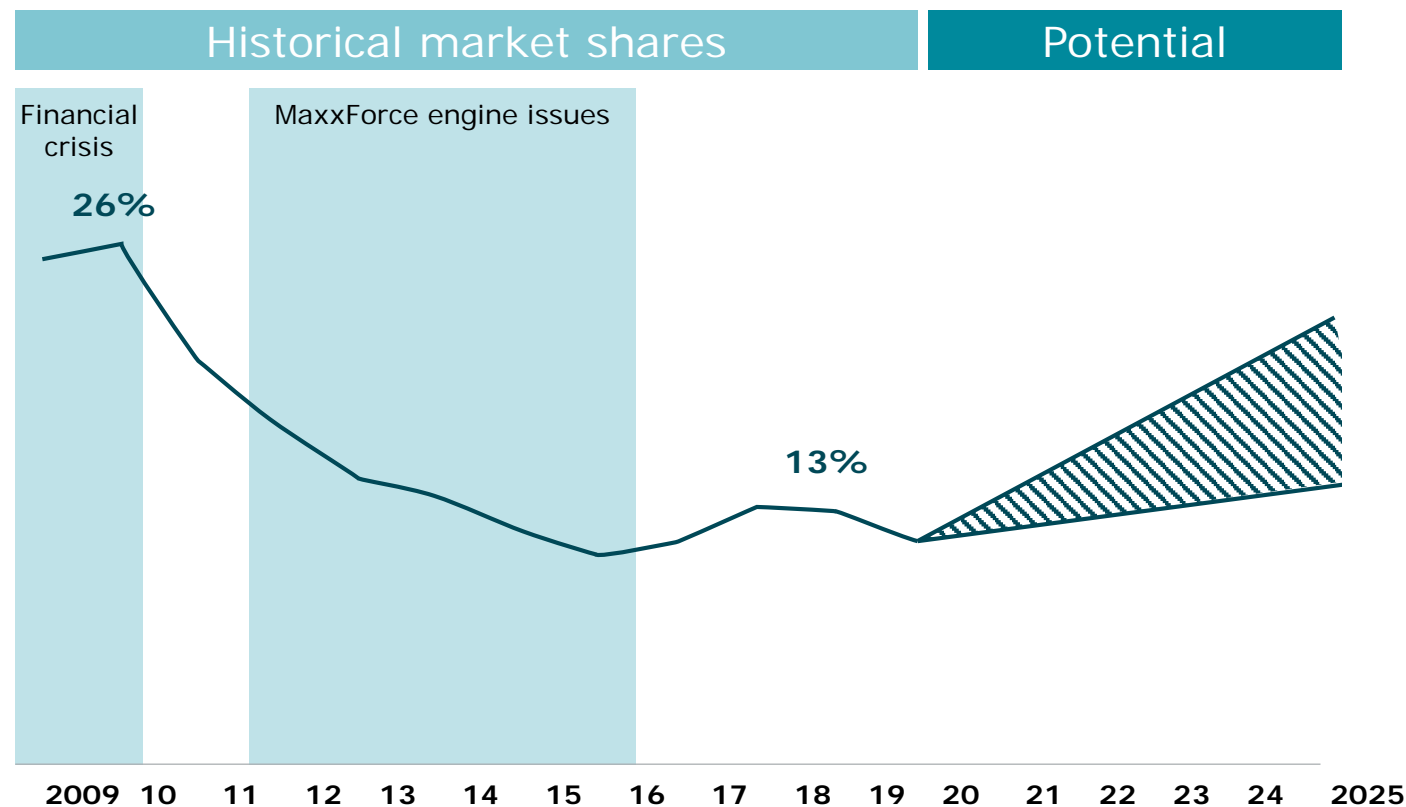
<sup>1</sup> Adjusted EBIT: Calculated as adjusted EBITDA – depreciation and amortization. <sup>2</sup> Includes Love's Travel Stop and Speedco service partner locations in North America.





# Our ambition: Strengthen Navistar to regain market share

## HDT market share development over time (combined class 8)

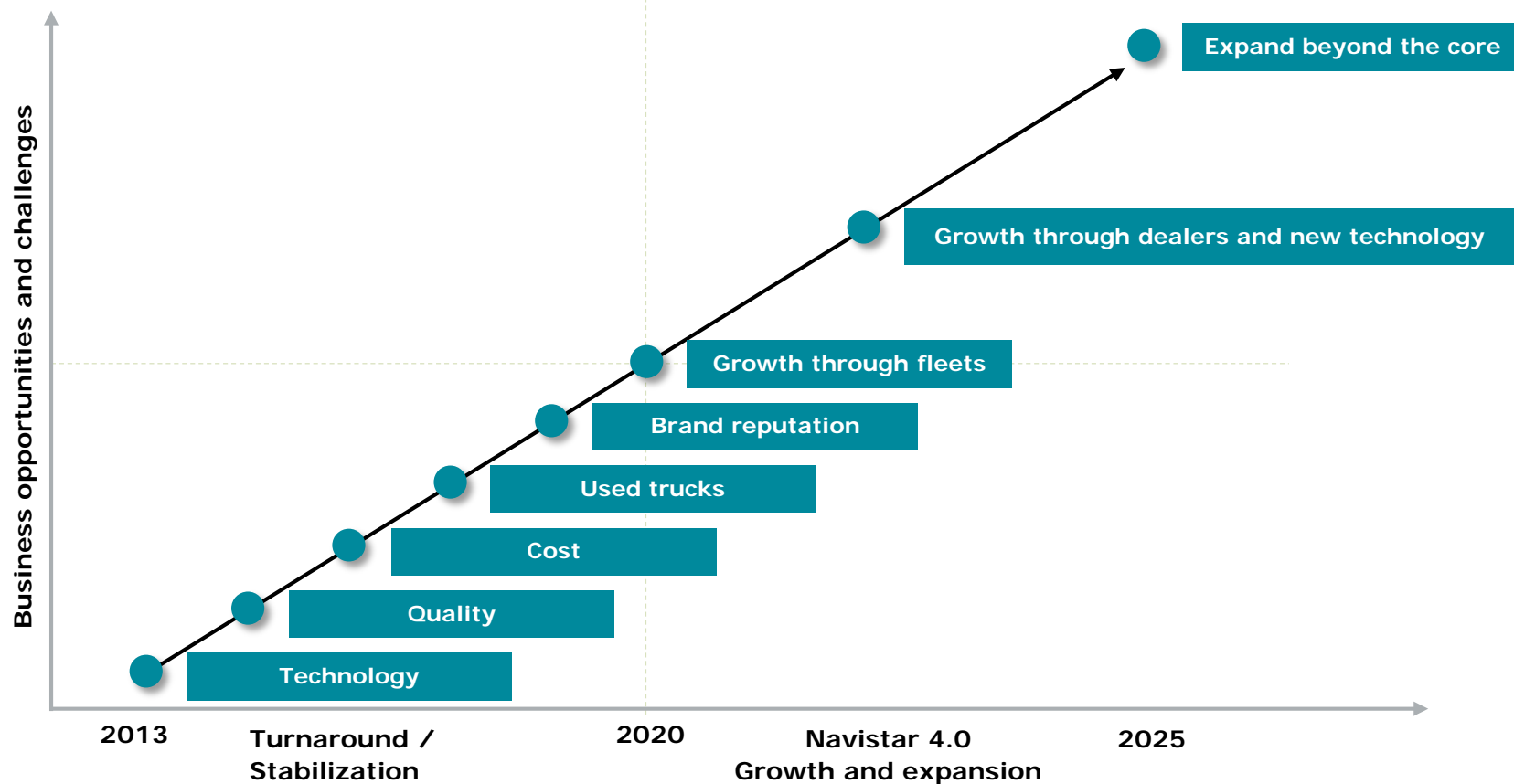






# Multiple opportunities for value creation

Navistar is set for growth and expansion after a journey of recovery and learnings



## Grow the Core

- Restructure for success
- Increase dealer sales
- Reposition brand through uptime and connected services

## Create new sources of revenue

- Emerging technologies
- Full-service business models

## Grow margins

Build on developed strengths:

- Customer focus
- Superior products
- Cost discipline
- Operations excellence



**China is one of the most important profit pools**

**1.6mn trucks sold** in 2020

World's  
**largest single market** for CV

Generates about  
**40% of global sales**

**Scania** will be  
**first Western truck manufacturer** with  
**fully independent production** in China





# LOOM acquisition to accelerate TRATON's digital business

1

Close RIO's portfolio gap regarding carrier TMS & OMS<sup>1</sup>



2

Boost understanding for freight forwarder operations

3

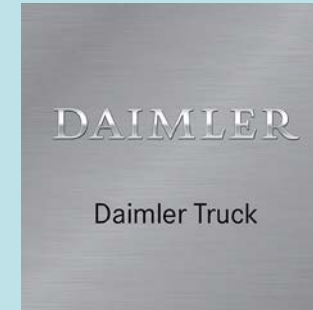
Increase of RIO's delivery engine ("acqui-hire")

<sup>1</sup> TMS (Transport Management System), OMS (Order Management System)

# High performance charging network for Europe

**> 1,700**  
Public charging stations

**500 Mio EUR**  
Invest



- ▶ Memorandum of Understanding signed
- ▶ Pioneer high-performance public charging network for battery electric heavy-duty long-haul trucks and coaches across Europe planned
- ▶ Accelerate the build-up of green energy charging infrastructure
- ▶ Enhance customer confidence
- ▶ Support EU's transformation to climate-neutral transportation

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# Contacts Corporate Communications



Julia Kroeber-Riel

Head of Group Communications,  
Governmental Relations &  
Sustainability

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



Sacha Klingner

Head of Corporate  
Communications

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



Matthias Karpstein

Business Media Relations

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

## **TRATON SE**

Dachauer Str. 641  
80995 Munich

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





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