



TRATON

TRATON Way Forward

TRATON Capital Markets Day
Christian Levin, CEO

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NAVISTAR



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

A lot has been achieved in the past six years

2015
Establishment of
VW Truck & Bus



2019
Successful IPO
of TRATON SE



2021
Acquisition
of Navistar



2021+
New
TRATON Strategy



TRATON

2018
Re-branding/
new identity



2021
Squeeze-Out of MAN SE,
realignment MAN T&B



2021
Charging JV with
Daimler Truck
& Volvo Group



2021
Introduction of
new Group powertrain

Key strategic questions for “TRATON Way Forward” have changed

Global Champion Strategy:
Strategic questions (2015-21)

- 1 How to develop a **group/own entity for trucks & buses**?
- 2 Where to **focus for economies of scale**?
- 3 What are **most important** profit **pools globally** and **how to tap into them**?
- 4 Will **electrification** and **autonomous** play a role in trucks and when?

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Global Champion Strategy: Strategic questions (2015-21)

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TRATON Way Forward: Strategic questions (2022-30+)



How to ensure **sustainable business** and uphold needs of **environment, society & other stakeholders?**

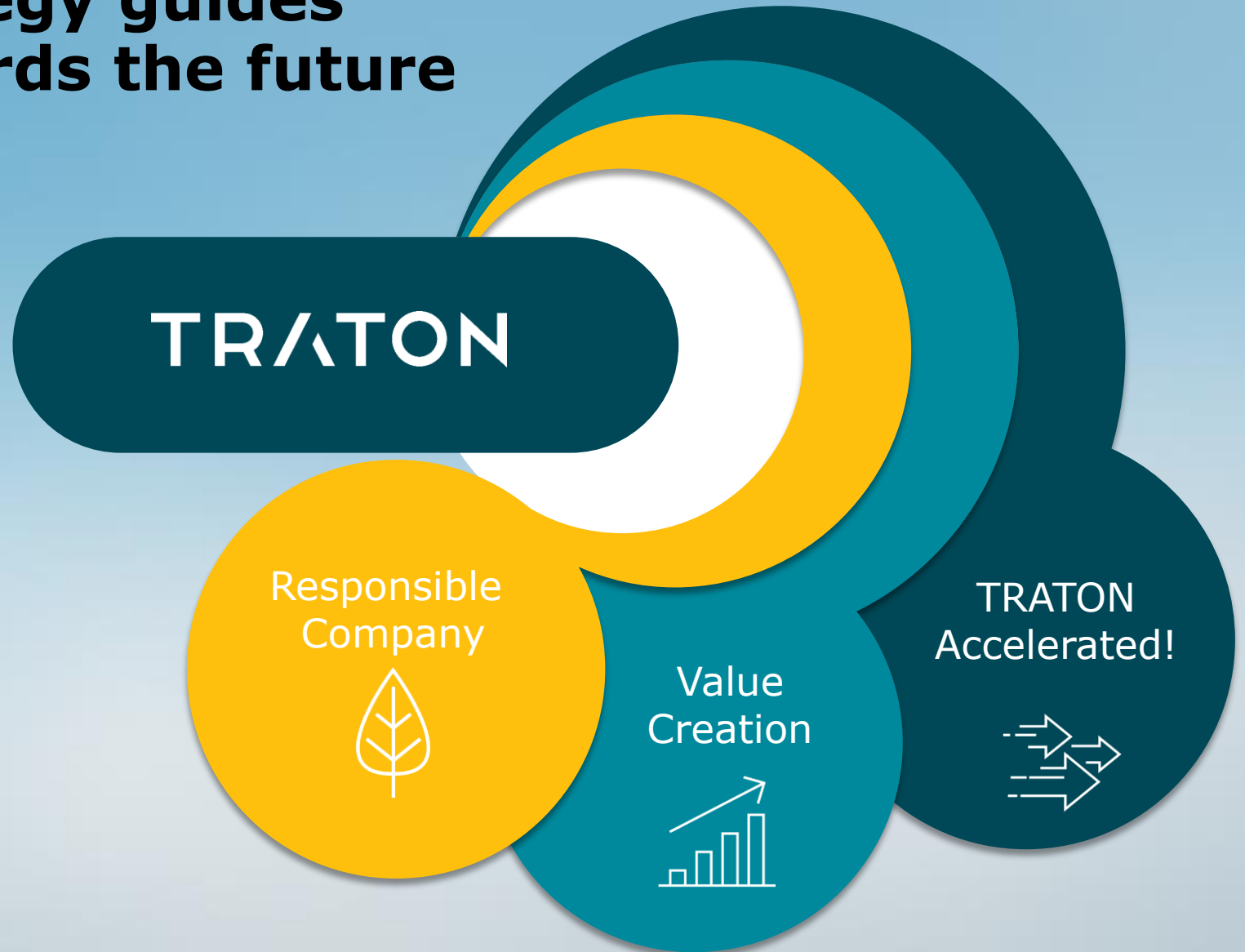


How do we create sustainable **value for our stakeholders?**



How do we transform our **business model** to be prepared for changes in our industry?

Our new strategy guides our path towards the future

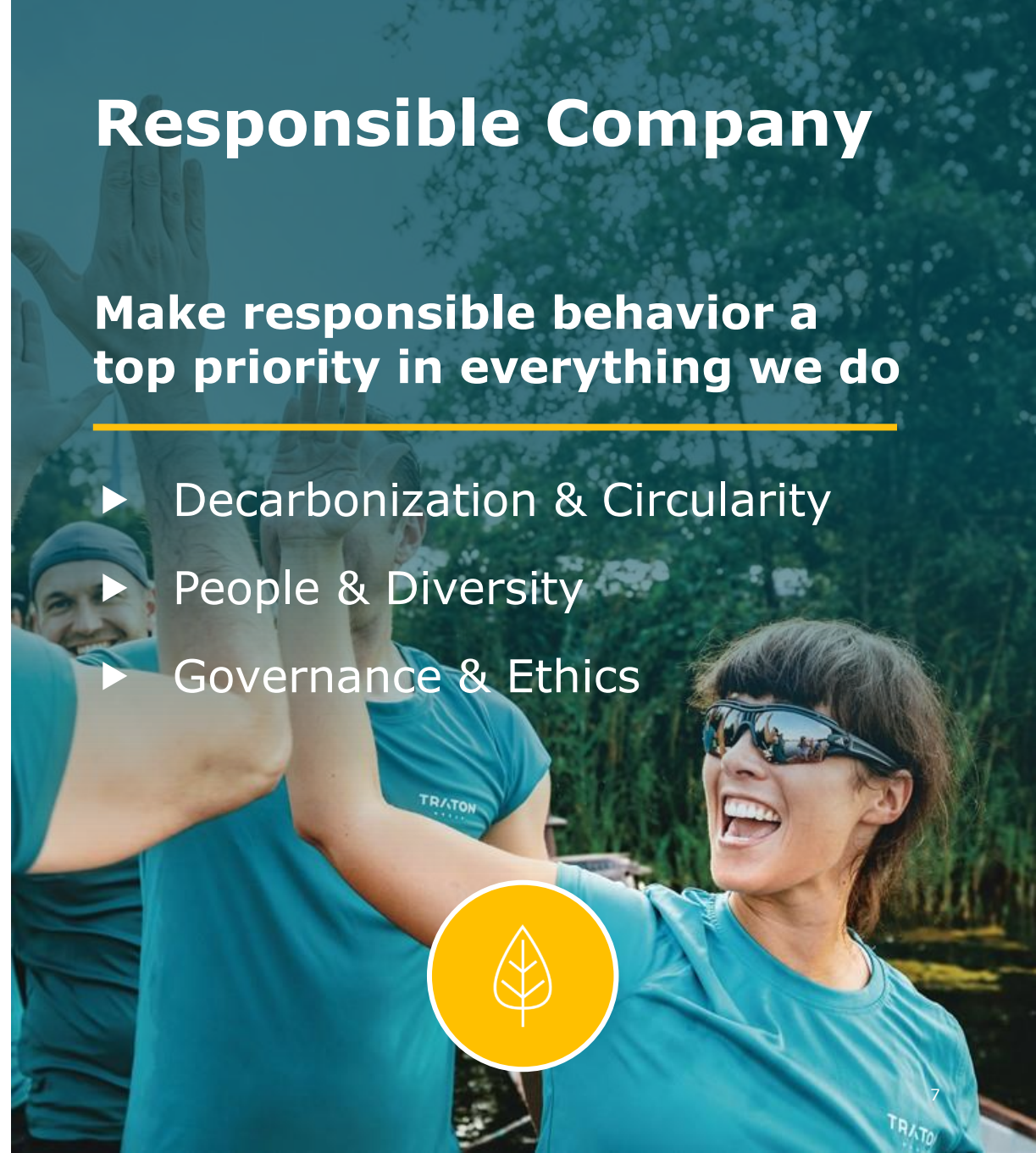




Responsible Company

Make responsible behavior a top priority in everything we do

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





Our approach to sustainability and ESG management is science-, risk- and impact-based





We are fully committed to the Paris Agreement



Scope
1+2

-50%
t CO₂e
(2025 vs. 2015)¹

Scope
3⁵

Well to wheel
-20%
g CO₂e/vkm
(2025 vs. 2015)¹



-70%
t CO₂e
(2030 vs. 2019)¹

Well to wheel
-28%
g CO₂e/vkm
(2030 vs. 2019)¹



Caminhões
Ônibus

-28 / -19%
Electricity/Gas usage
(2022 vs. 2018)²



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-20%
Energy intensity improvement
(2030 vs. 2018)³

Tank to wheel
-24 / -25%
g CO₂e/ton-mile
(2027 vs. 2017)⁴



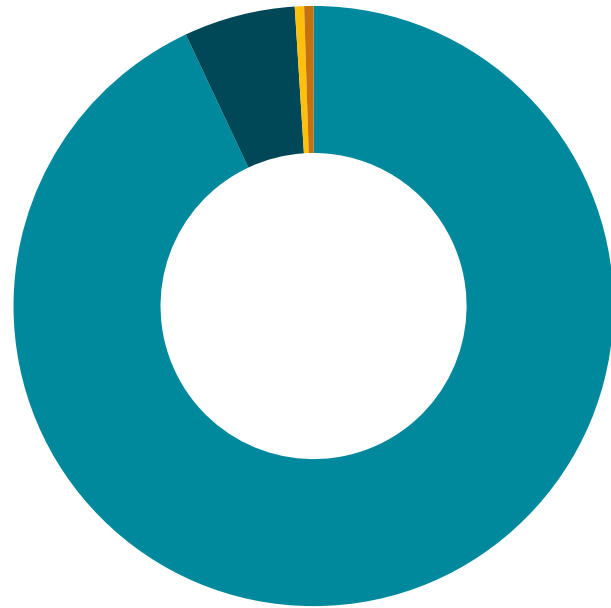
All our brands have validated science-based targets or are in the process on obtaining those

¹ Science based approved target ² Company specific target - energy efficiency targets with regards to electricity and natural gas usage at the Resende manufacturing plant ³ Company specific target - energy intensity is an energy efficiency metric modeled by the USDOE using its Energy Performance Indicator model at four US facilities ⁴ Regulatory target - based on EPA Phase 2 GHG emission reduction targets for tractor combinations (-25%) and for vocational vehicles (-24%) - reduction targets are industry targets and exact reduction need per OEM will depend on sold vehicle mix ⁵ Downstream

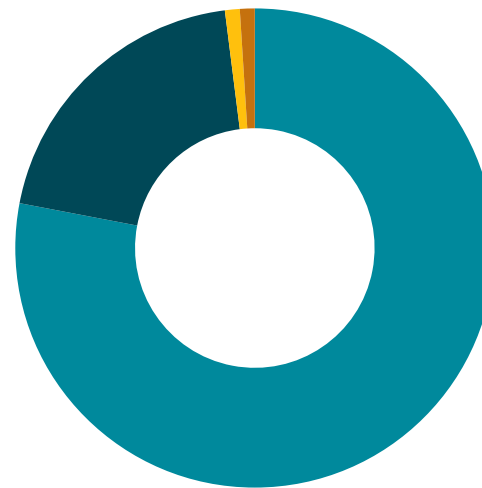


Our CO₂ impact stems almost exclusively from our products' use phase – but will change in the future

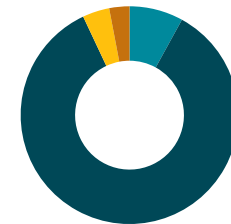
Combustion engine



BEV (electricity mix)¹



BEV (green electricity)²

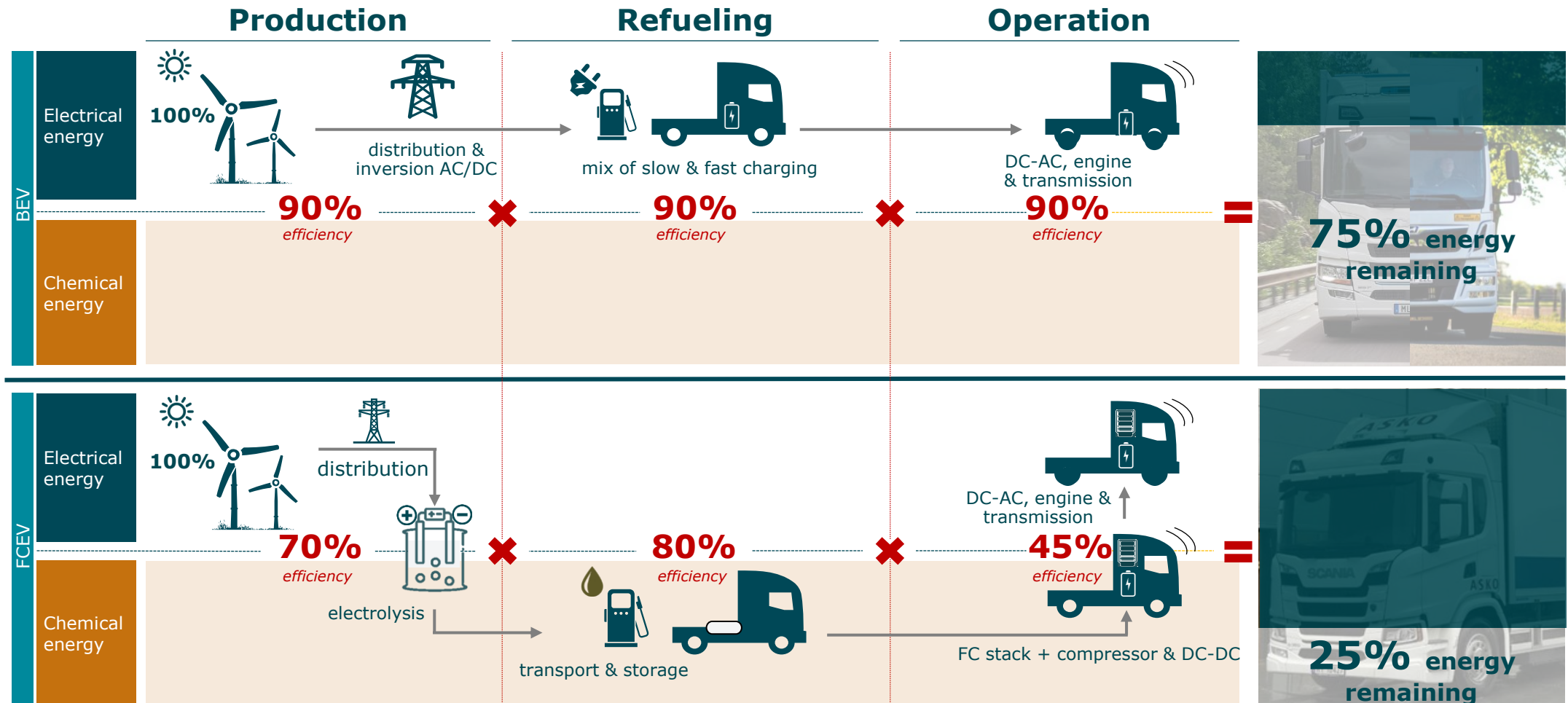


■ Use
 ■ Production
 ■ Maintenance
 ■ Recovery

1 Based on EU 2016 electricity mix 2 Based on prognosed EU 2030 electricity mix
Source: Scania estimates

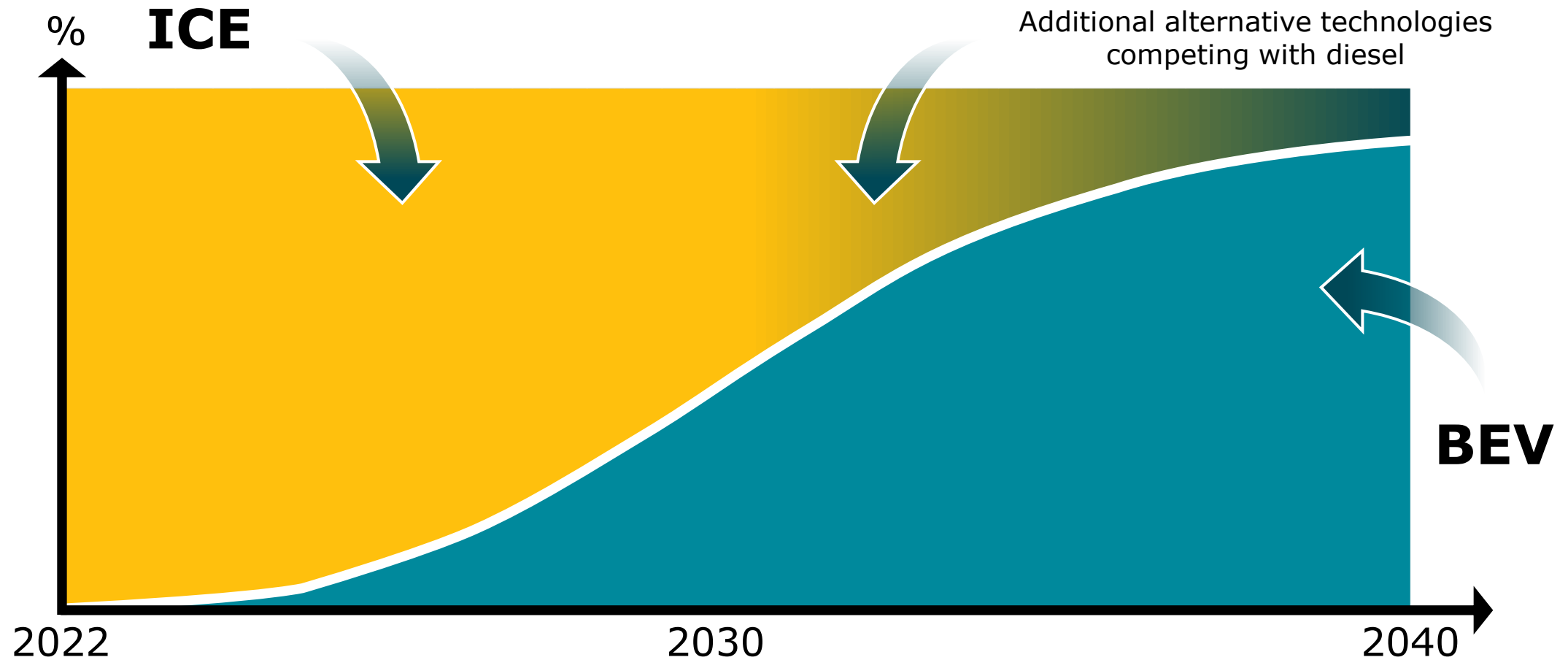


Our strategic focus is underlined by a comparison of system efficiency between BEV and FEV



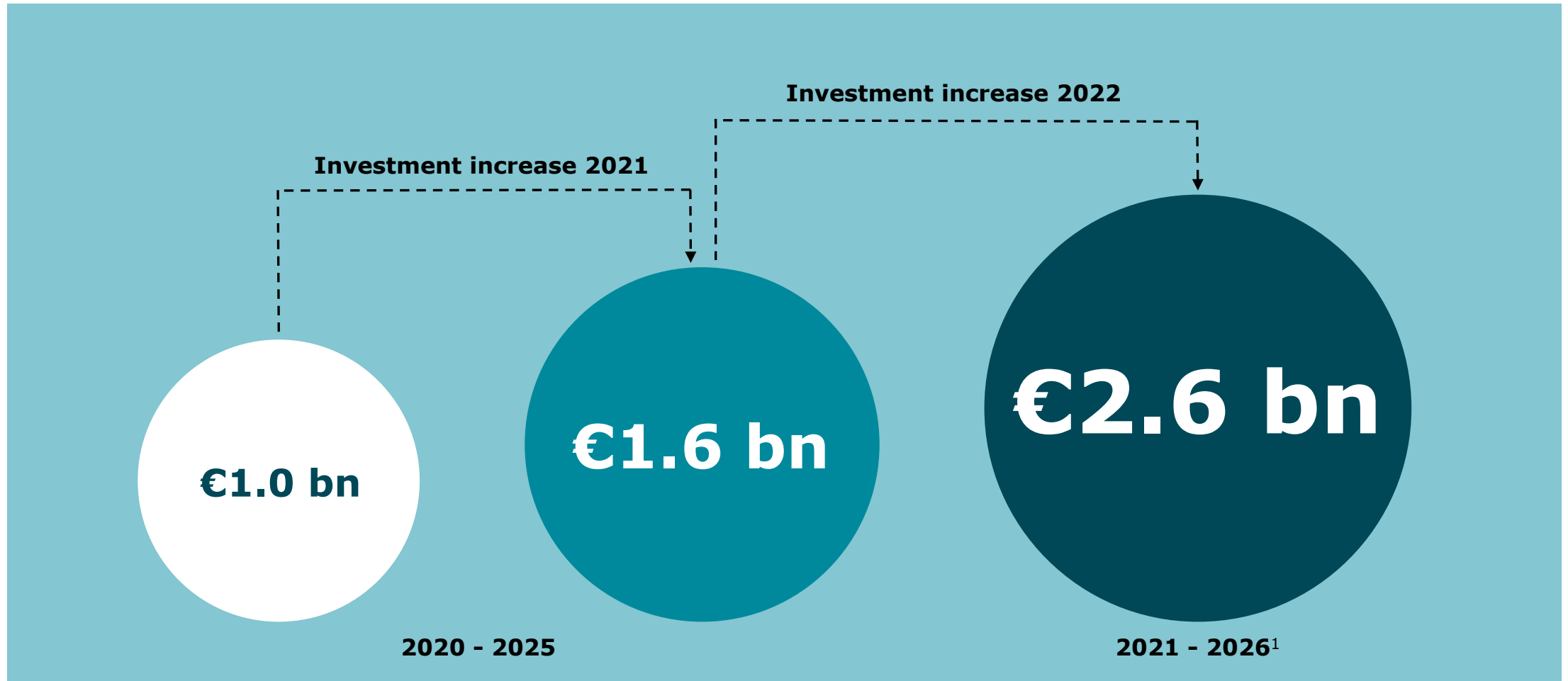


We see battery electric vehicles become the majority technology for trucks and buses



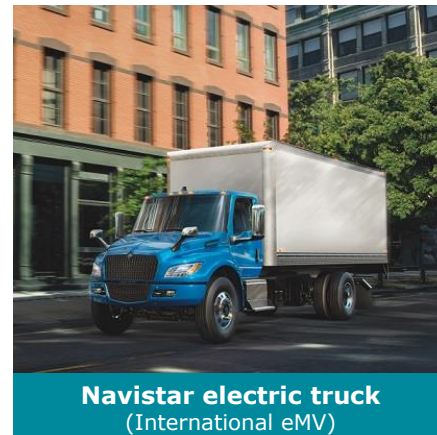
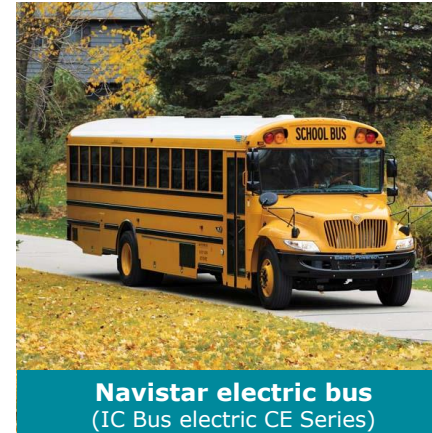


We boost our e-mobility investments





All TRATON brands with BEV products across major applications and weight classes





No limits for BEV technology: Technical capability for use cases >70t GVW



74-tonne electrified Scania truck sold to Boliden

Proven technical feasibility of electric vehicles

High load capacity and longer range

Reduce emissions in the road freight sector



High-performance charging network for Europe

DAIMLER
TRUCK

TRATON

VOLVO

> **1,700**

public charging points

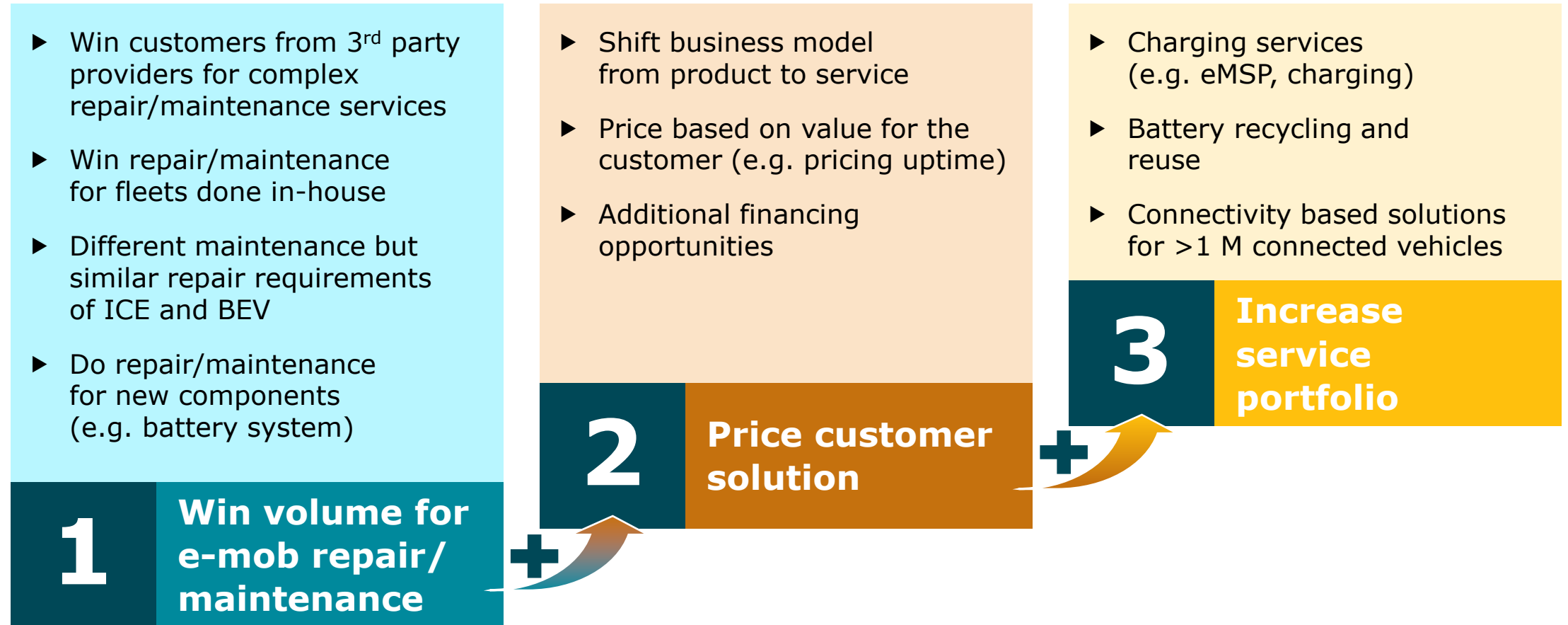
€500 mn

investment (jointly)

- ▶ **Joint Venture Agreement signed**, subject to regulatory approvals
- ▶ Core **focus on heavy-duty long-haulage** (45-minute charging window)
- ▶ **Network will be open and accessible to all brands**
- ▶ Intended to **enhance customer confidence**
- ▶ Support EU's **transformation to climate-neutral transportation**

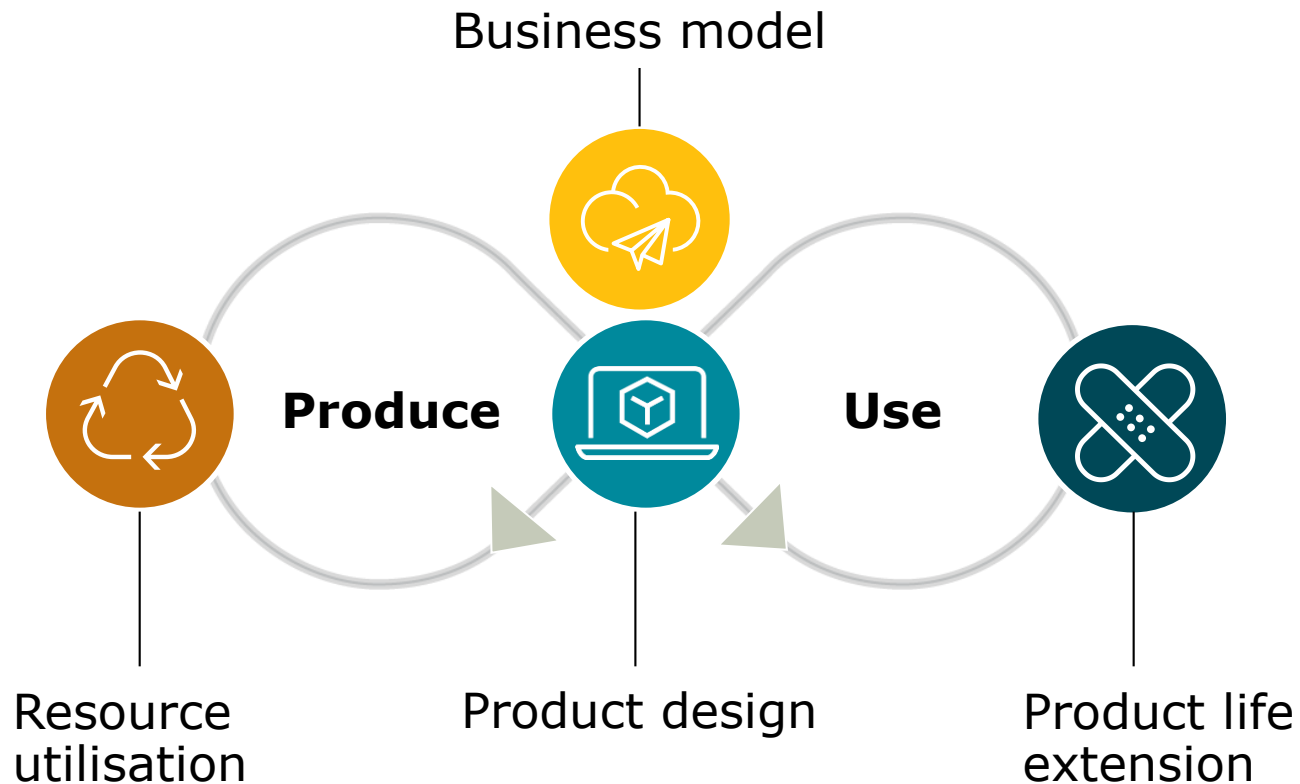


Electrification will impact how we do repair & maintenance but also will open new profit pools





Circularity – Optimize resource consumption here & now



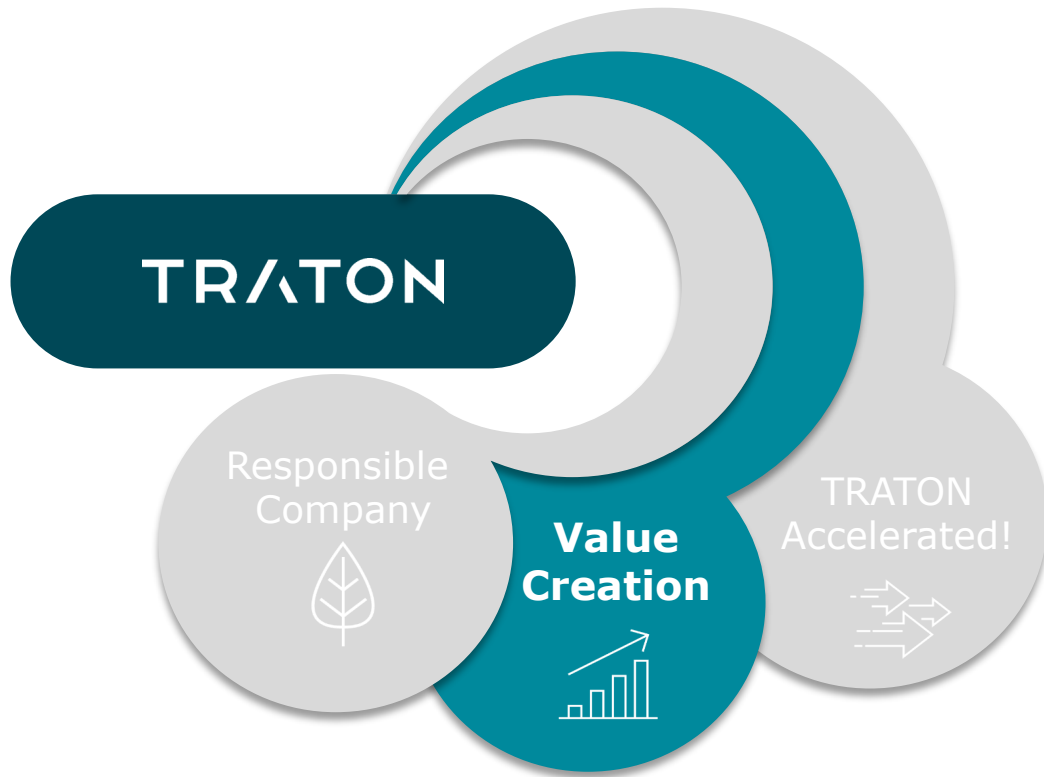
Today's examples

Reuse: Prioritization of recycled metals in foundries

Remanufacturing: High-quality scrap to serve spare-parts on a secondary market

Battery recycling: Utilization of battery recycling infrastructure

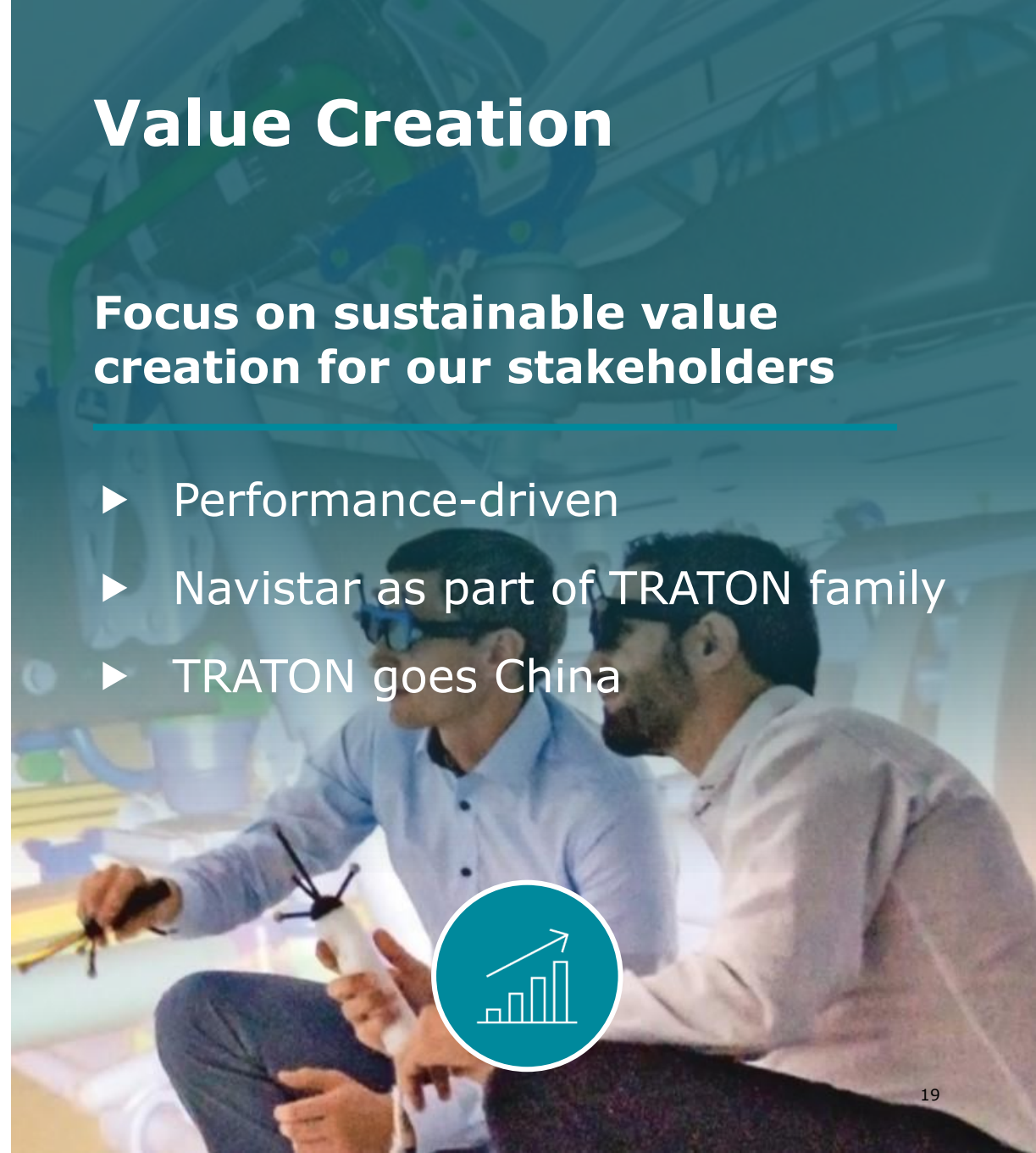
 All our brands are committed to minimize unrecycled waste and promoting a circular economy through repurposing and recycling programs



Value Creation

Focus on sustainable value creation for our stakeholders

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





Creating value for our stakeholders



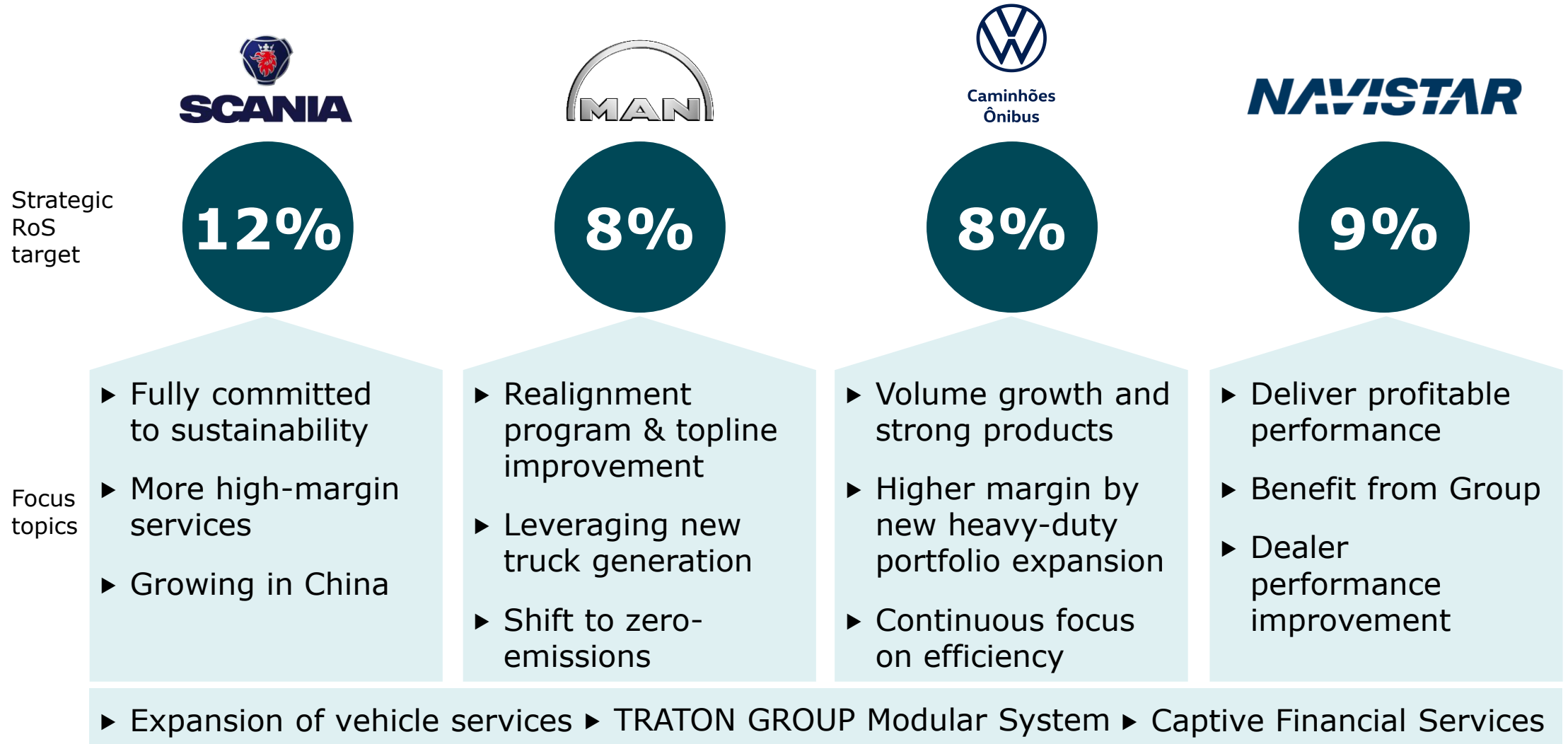
Brand performance programs, brand cooperation and performance culture

Integration of Navistar and realization of its full potential

China as important future profit pool and a growth market for TRATON GROUP




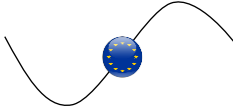

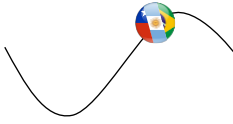



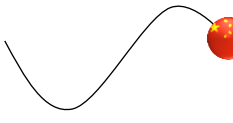

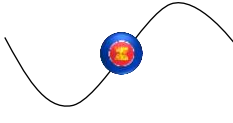


Ambitious targets for each of our brands





Strong markets with transition to new technologies and solution offerings as basis for future growth

	Market cycle (Illustrative view)	Electrification 	Services maturity 
 Europe	 <i>Short-term risks</i>	<ul style="list-style-type: none"> • Innovation front-runner 	<ul style="list-style-type: none"> • Service/aftermarket expected to increase • Growth of solution offerings
 South America	 <i>Short-term risks, but also pre-buy effects</i>	<ul style="list-style-type: none"> • Innovation follower 	<ul style="list-style-type: none"> • Market still maturing
 North America	 <i>Cyclicality expected</i>	<ul style="list-style-type: none"> • Innovation front-runner 	<ul style="list-style-type: none"> • Service/aftermarket expected to increase • Growth of solution offerings
 China	 <i>Short-term risks</i>	<ul style="list-style-type: none"> • Innovation front-runner 	<ul style="list-style-type: none"> • Market still maturing • Shift in profit pools
 Southeast Asia¹		<ul style="list-style-type: none"> • Innovation follower 	<ul style="list-style-type: none"> • Heterogenous markets with mixed maturity levels

¹ Incl. Indonesia, Australia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam; excl. China



China is one of the most important profit pools

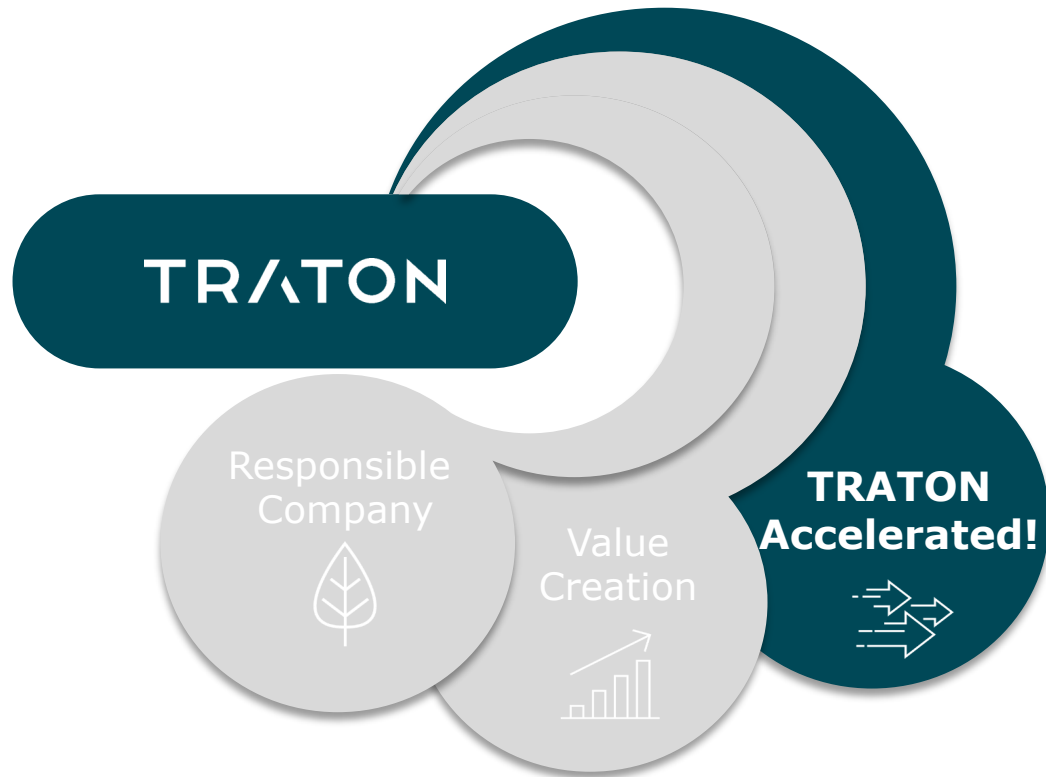
1.4 million trucks sold in 2021

World's
largest single market
for commercial vehicles

Segment shift towards
more sophisticated products

First western truck manufacturer
with **license for fully independent**
production in China





TRATON Accelerated!

Shape our role in the future logistics ecosystem

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





ACE¹ platform elements critical for all ACE-related business models

Autonomous vehicle + service



- ▶ ACE vehicle
- ▶ Maintenance & repair capabilities
- ▶ Additional services

Self-driving system (SDS)



- ▶ Virtual driver ensures control of vehicle
- ▶ Autonomous routes

Control Tower (CT)



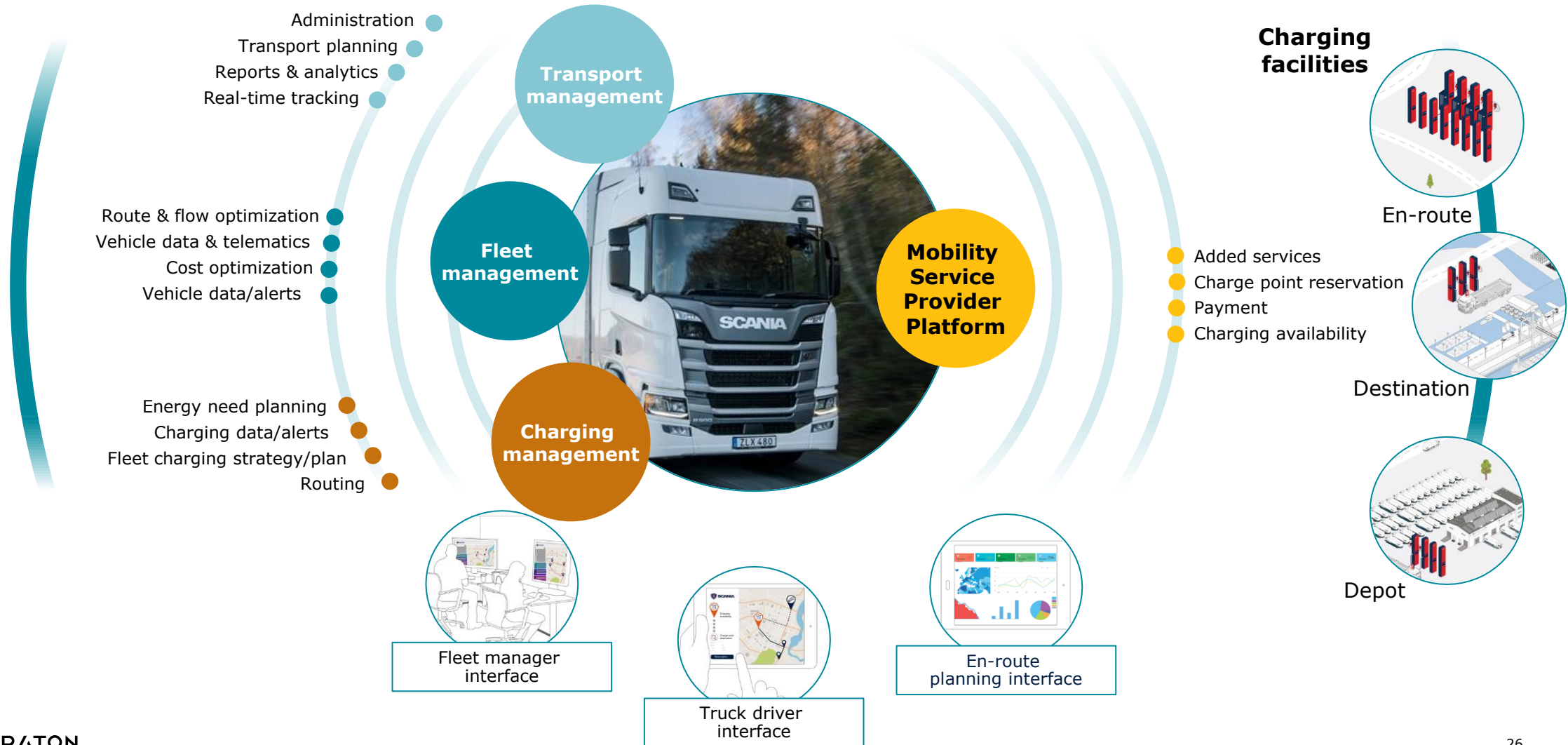
- ▶ Ensures basic dispatching of vehicles
- ▶ Integrated in overarching systems
- ▶ Monitoring and remote maintenance function

Need to develop ACE platform as key enabler

¹ ACE = Autonomous Connected Electrified



We build a solution ecosystem around our customer





Future Financial Services set-up currently being defined

Status



- ▶ Scania Financial Services is a **fully integrated captive Financial Services provider**
- ▶ Scania Financial Services operates **independent of VW Financial Services** with its **own back-office**



- ▶ **MAN branded Financial Services** front-end (part of VW Financial Services)



Caminhões
Ônibus

- ▶ VWCO directly via VW Financial Services – **no separate branding**

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- ▶ **Financial Services** provided through Bank of Montreal

Development of blueprint
for future setup ongoing

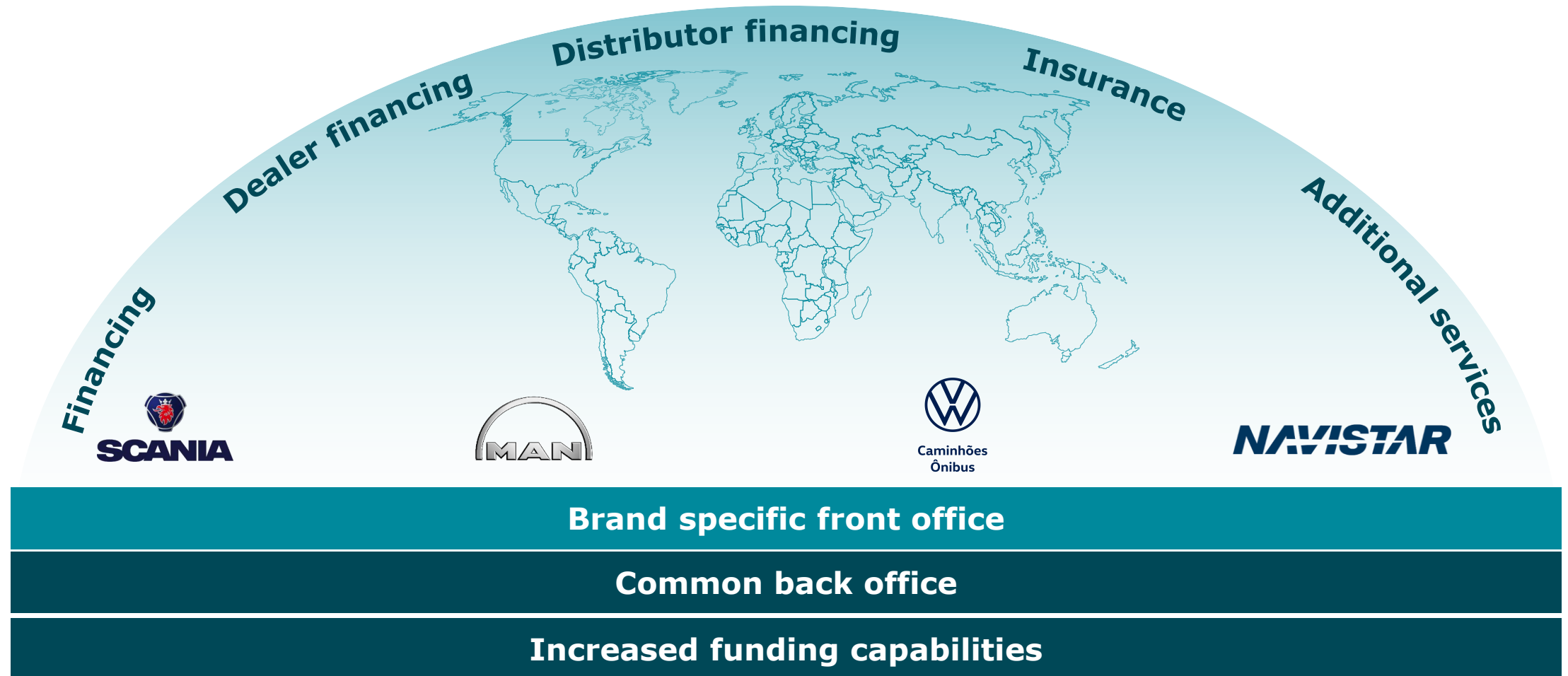
Planning ongoing with targeted startup TRATON Financial Services from September 2023



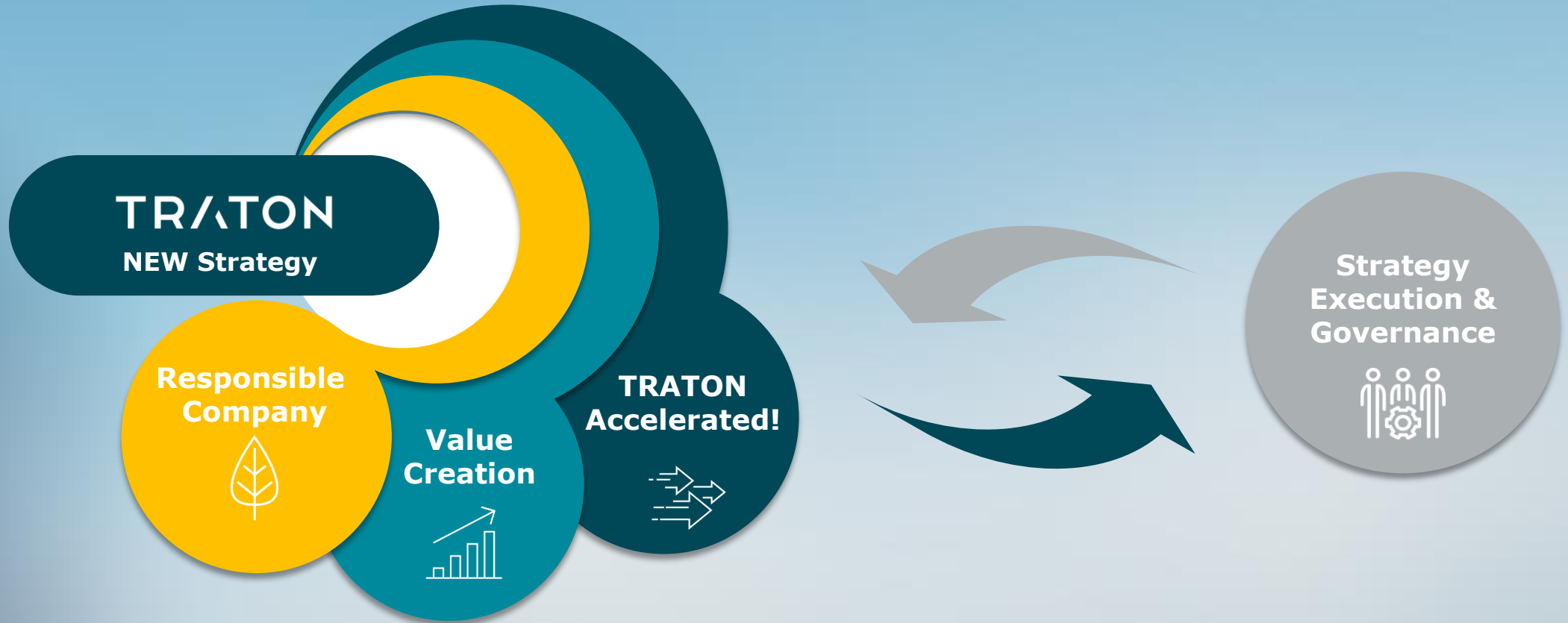
Captive and integrated TRATON Financial Services unit necessary on Group level to best support customer requirements, future growth and business models



TRATON FS – Global multi-brand captive finance business leveraging existing structures



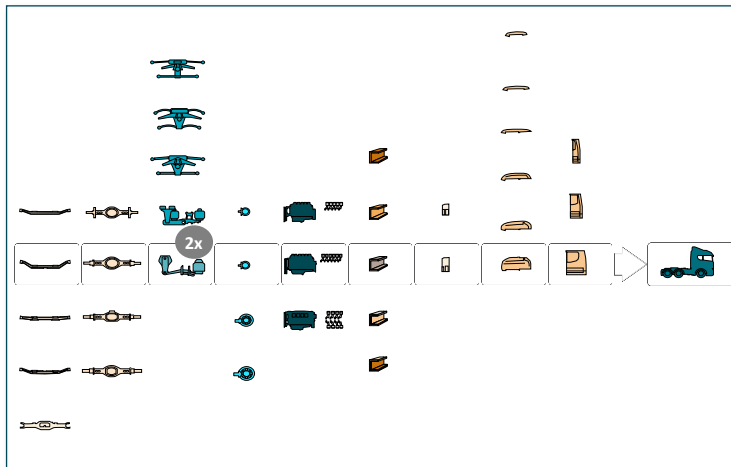
New strategy will guide path towards the future - we will ensure successful strategy execution





Build-up of a TRATON Modular System based on Scania principles

Scania Bygglåda



Enable profitable mass customization of broad variant offering & ensure long-term competitive advantage

➤ TRATON Modular System

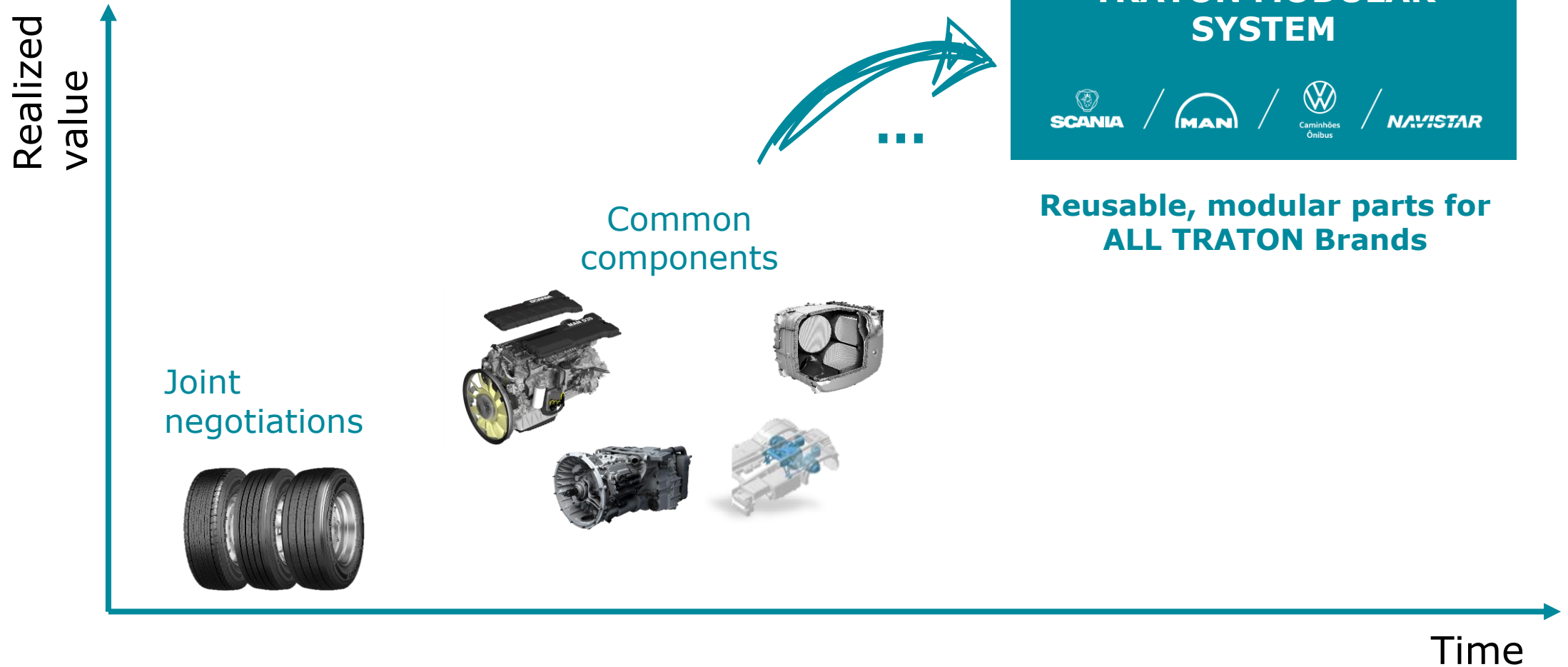
We create **standardized Group interfaces**

Within Group: **Same need – identical solution**

Differentiate via **balanced performance steps**



From evolution to revolution





Strong Group Product Management and Solution Development planned to be set up





**More performance steps
and more customer
value to all brands**

**Faster time to market,
one integration, then
“plug & play” for brands**

**One
strong Group
delivering
outstanding
customer
value**

**Lower product/component/
system cost as well as
integration cost**

**Afford necessary
technology
investments**

TRATON – Exciting pathway ahead

