

IVECO • GROUP



# UNLIMITED PATHWAYS

CAPITAL MARKETS DAY — 14<sup>th</sup> MARCH 2024



Statements other than statements of historical fact contained in these slides, including competitive strengths; business strategy; future financial position or operating results; budgets; projections with respect to revenue, income, earnings (or loss) per share, capital expenditures, dividends, liquidity, capital structure or other financial items; costs; and plans and objectives of management regarding operations and products, are forward-looking statements.

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Financials shown in the next slides have been adjusted to reflect the carve-out of our Fire Fighting Business Unit since Iveco Group signed a definitive agreement for the transfer of its ownership. Certain figures contained in this presentation, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this presentation may not conform exactly to the total figure given.

Further information concerning Iveco Group, including factors that potentially could materially affect Iveco Group's financial results, is included in Iveco Group's reports and public filings under applicable regulations.



The background is a dark, textured blue with wispy, smoke-like patterns. In the center, there is a glowing infinity symbol (∞) composed of two interlocking loops. The loops are filled with a bright blue, ethereal light that seems to pulse or flow. The text is centered over the intersection of the loops.

# FINANCE

UNLIMITED PATHWAYS



Laser-focused priorities underpin our ambition for financial excellence



ROBUST  
PROFITABILITY UPLIFT  
IN ALL BUSINESSES

Relentless focus on Operational Excellence to further optimise product and structure costs



DISCIPLINED AND  
RESILIENT  
INVESTMENTS

Create long-term value through strategic investments with attractive and sustainable returns



SOUND AND  
FLEXIBLE CAPITAL  
STRUCTURE

Preserve adequate liquidity to react to external changes, optimise cost of capital and pursue selected M&A



ENDURING  
VALUE TO  
SHAREHOLDERS

Deliver solid shareholder return through a dedicated and consistent dividend policy



RAISE THE BAR ON CASH MANAGEMENT

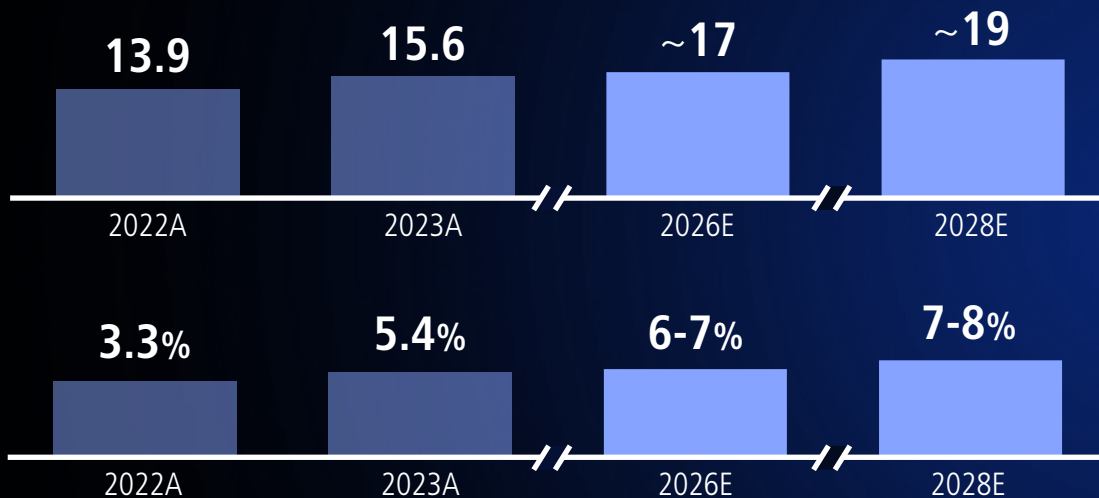
Committed to maximising cash generation and smoothening seasonality across the board

## TRACK RECORD AND FUTURE PATHWAY

## FINANCE

## Ambitious yet solid financial pathway safeguarded by proven track record

Net Revenues & Adj. EBIT margin of Industrial activities  
(€bn, %) 2022A-2028E



Group Adj. Net Income (€bn)

0.2 >> 0.4 >> ~0.7 >> ~0.9

## ALL INDUSTRIAL BUSINESSES CONTRIBUTING TO 2028 PROFITABILITY UPLIFT

## POWERTRAIN

Double-digit profitability at ~10% through operational efficiencies and +50% growth in Parts & Service Revenues

## BUS

Adj. EBIT margin up to ~8% (2x versus 2023), as a result of streamlined portfolio and optimised product costs

## DEFENCE

Uplift towards ~13% Adj. EBIT margin due to consistent growth in book-to-bill, better product mix and operational effort

## TRUCK

LCV with double-digit Adj. EBIT margin; MHDT profitability growing 2x vs historic figures through portfolio decomplexity, commercial levers and new ZEV lineup

## SG&amp;A

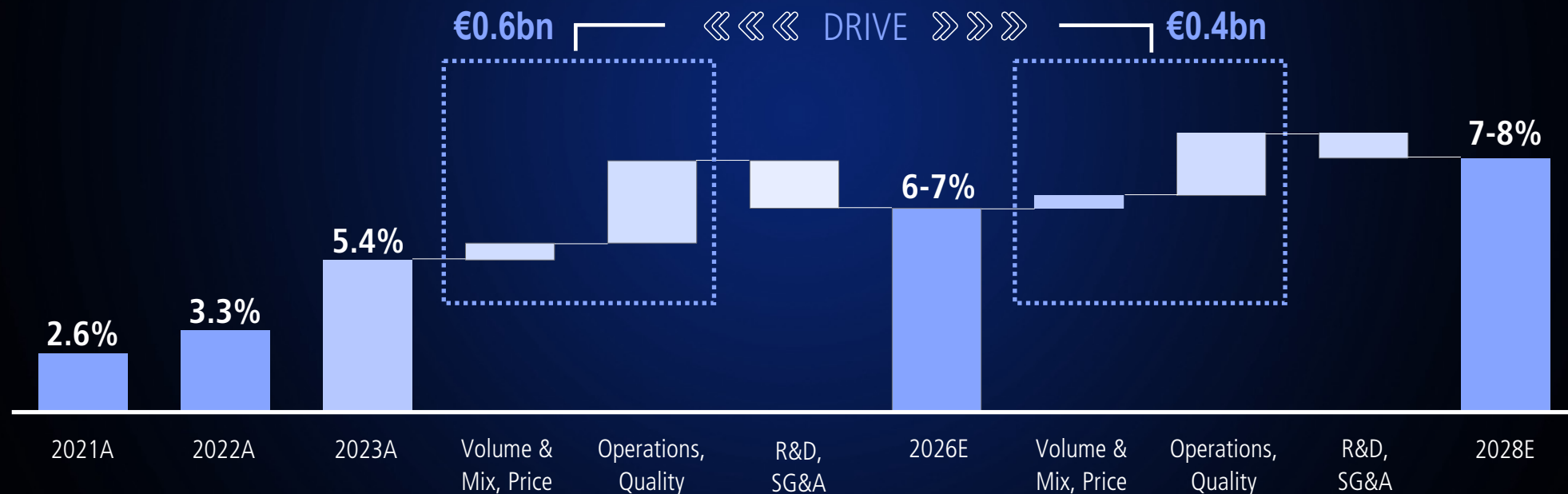
50 bps reduction on Consolidated Revenues, preserving lean overhead structure

## ROBUST PROFITABILITY UPLIFT

## FINANCE

## Self-help DRIVE programme delivering a balanced impact over the plan

Adj. EBIT margin of Industrial Activities walk  
(%)

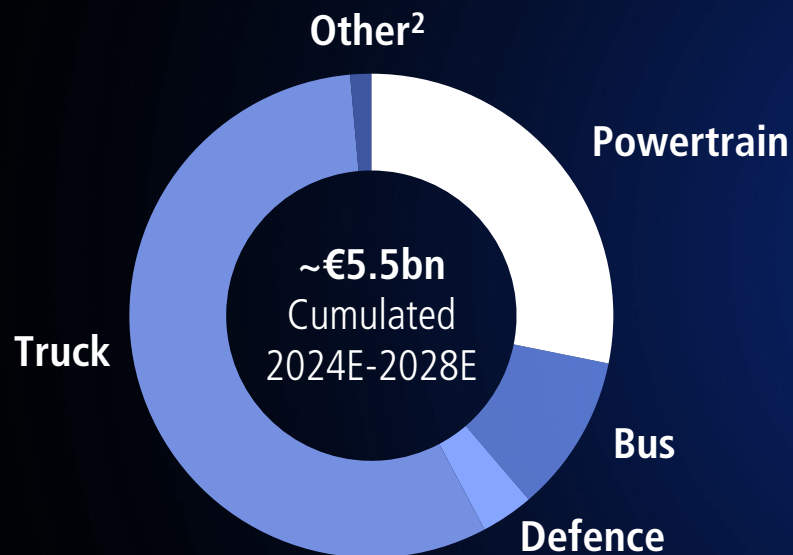
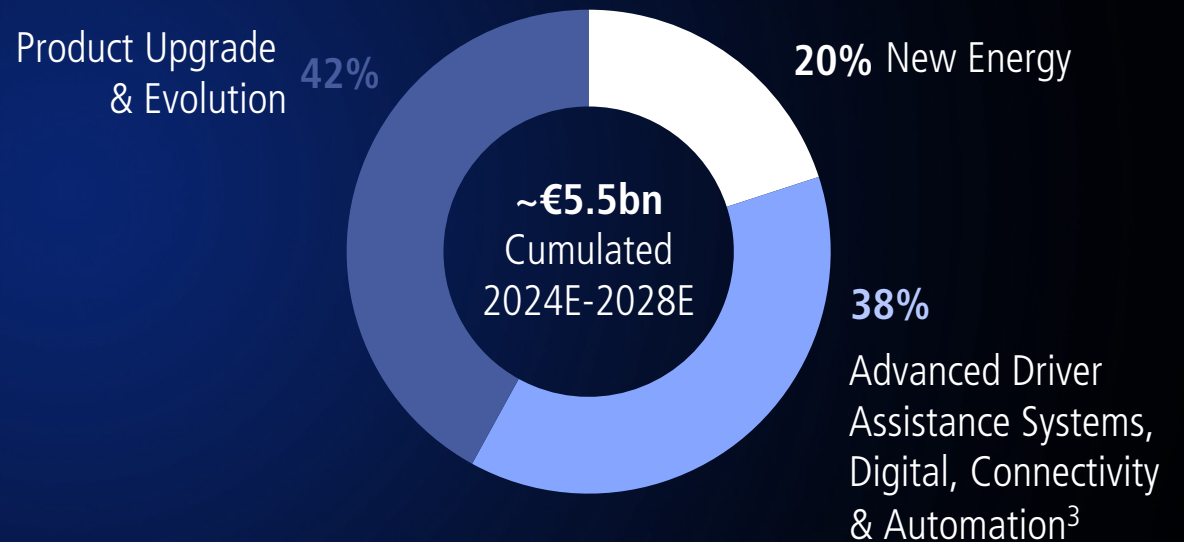


Note: financials shown exclude Fire Fighting Business Unit since Iveco Group signed a definitive agreement for the transfer of its ownership.

## DISCIPLINED INVESTMENTS

## FINANCE

Resilient, flexible and sustainable investment plan to maximise competitive edge

Investments<sup>1</sup> by Business UnitInvestments<sup>1</sup> by technology

Investments at 6-7% of Net Revenues of Industrial Activities across the plan, peaking in 2025 in line with energy transition trends  
Potential optimisation on tech co-development spending through partnership agreements

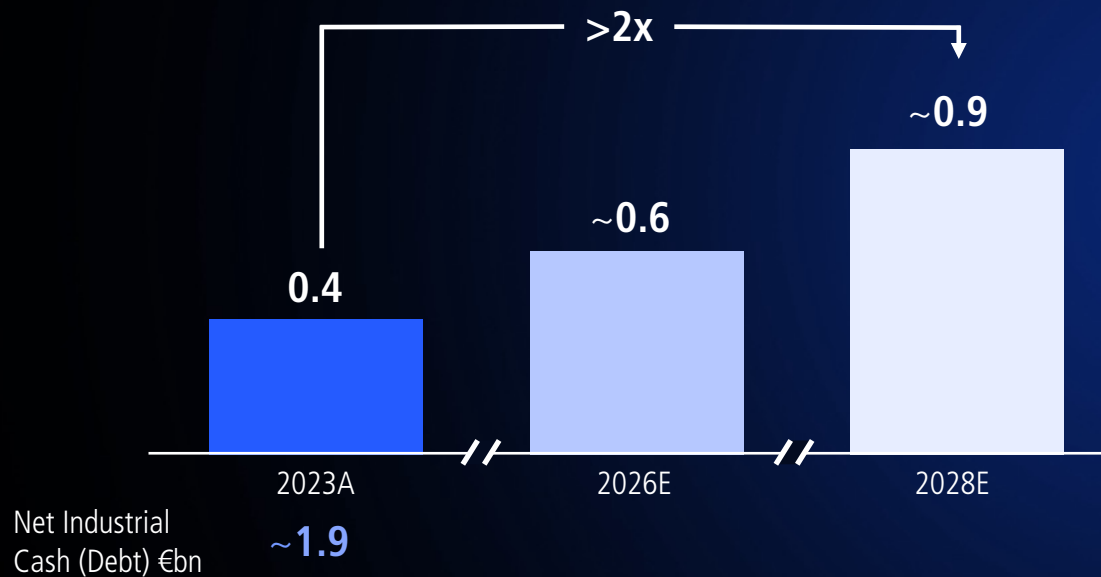
1. IFRS; Property, plant and equipment and intangible assets (incl. capitalised R&D); 2. Refers to central investments, not directly allocated to individual BUs; 3. Including also General, Safety and Regulation.

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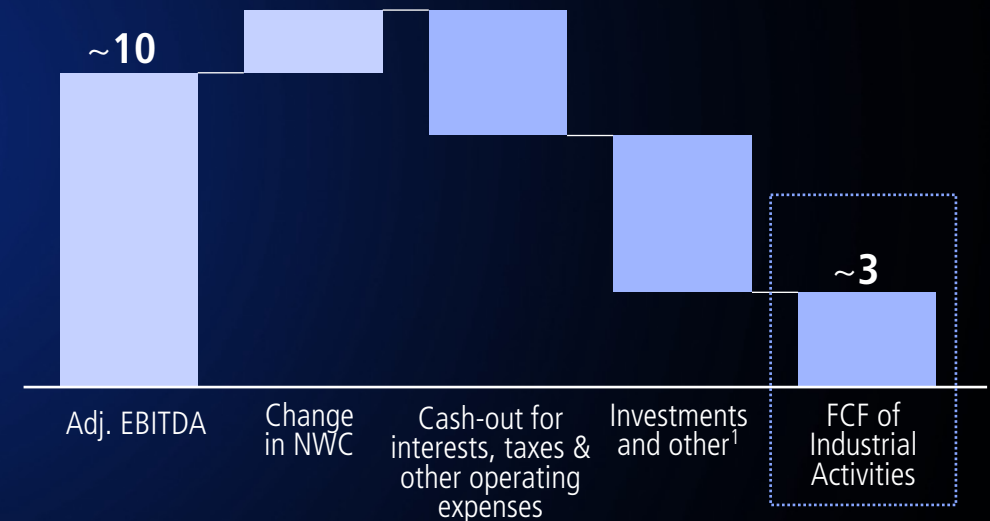
## CASH MANAGEMENT

## FINANCE

## Strong cash from operations and consistent high cash conversion as key commitments

Free Cash Flow of Industrial Activities yearly evolution  
(€bn) 2023A-2028E

Diligent focus on maximising cash generation across the board,  
with cash conversion<sup>2</sup> consistently above 0.9x

Cumulated Free Cash Flow of Industrial Activities bridge  
(€bn) 2024E-2028E

Cash-in from operations fully financing investments, driven by 2-3pp margin uplift  
and positive year-over-year Net Working Capital

1. IFRS; Investments refer to property, plant and equipment and intangible assets (incl. capitalized R&D). Others include also investments in financial instruments and change in assets;

2. Cash conversion defined as Free Cash Flow of Industrial Activities adjusted for all cash interests and taxes over Adj. EBIT of Industrial Activities.

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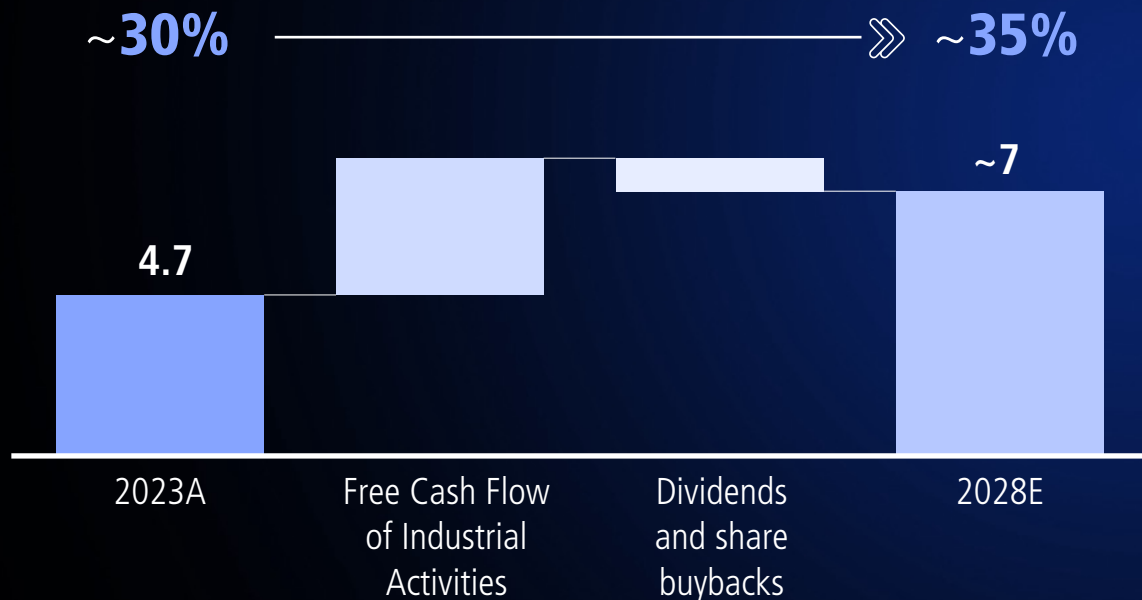


## FLEXIBLE CAPITAL STRUCTURE

## Sound and low-risk capital structure to maintain room for optionalities

Available liquidity walk  
(€bn) 2023A-2028E

as % of Consolidated Revenues



## Key highlights

- >> First dividend to be distributed in April 2024 at 25% of reported Group Net Income, future distributions in accordance with Iveco Group policy
- >> Strong balance sheet confirming commitment to solid investment grade credit rating (Fitch); target to initiate activities for potentially seeking second rating
- >> Optimised Group liquidity management through discount of receivables to Financial Services Business Unit
- >> Adequate liquidity to counter external changes with headroom for optionalities, including M&As or further value distributions

## Continuous effort to optimise below-the-line cost items



### FOREIGN EXCHANGE RATES

Conservative assumptions on evolution of macro-economic scenario, especially in LatAm; potential upside in case of less adverse FX scenario



### INTEREST RATES

Conservative assumptions on interest rate environment, with base rate flat versus 2023 levels; potential upside in case of favourable interest rates trend and change in funding mix



### CAPTIVE FINANCING

Assumed in continuity with historical performance, potential upside in case of further diversification and optimisation of funding sources and costs



### FISCAL PROFILE

Continuous tax profile optimization by increasing tax certainty and access to tax incentives in compliance with regulations



## MID TO LONG-TERM TARGETS

## FINANCE

	2023 >>>>>	2026 targets >>>>>	2028 targets >>>>>	2023 to 2028 >>>>>	
INDUSTRIAL ACTIVITIES	Net Revenues	€15.6 <sub>bn</sub>	~€17 <sub>bn</sub>	~€19 <sub>bn</sub>	Up to 5.0% CAGR
	Adj. EBIT margin	5.4%	6-7%	7-8%	Up to +300 <sub>BPS</sub>
	Free Cash Flow	€0.4 <sub>bn</sub>	~€0.6 <sub>bn</sub>	~€0.9 <sub>bn</sub>	>2x increase
IVECO GROUP	Adj. Net Income	€0.4 <sub>bn</sub>	~€0.7 <sub>bn</sub>	~€0.9 <sub>bn</sub>	>2x increase
	Adj. diluted EPS	€1.4 <sub>p.s.</sub>	~€2.4 <sub>p.s.</sub>	>€3 <sub>p.s.</sub>	>2x increase

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## 2024E PRELIMINARY FINANCIAL GUIDANCE (EU-IFRS)

## FINANCE

		2024E Guidance
IVECO GROUP	Adjusted EBIT	€ 920 - 970 <sub>mn</sub>
INDUSTRIAL ACTIVITIES	Net Revenues (including currency translation effects)	~(4)%
	Adjusted EBIT <sup>1</sup>	€ 790 - 840 <sub>mn</sub>
	Free Cash Flow <sup>1</sup>	€ 350 - 400 <sub>mn</sub>
	Investments <sup>2</sup>	~€ 1 <sub>bn</sub>

Financial outlook  
based on current  
visibility

1. This item is a non-EU-IFRS financial measure; definition in the Appendix. 2. Investments in property, plant and equipment, and capitalized intangible assets (excluding assets sold under buy-back commitments and assets under operating leases).  
Note: financials shown exclude Fire Fighting Business Unit since Iveco Group signed a definitive agreement for the transfer of its ownership.





Iveco Group monitors its operations through the use of several non-EU-IFRS financial measures. Iveco Group's management believes that these non-EU-IFRS financial measures provide useful and relevant information regarding its operating results and enhance the readers' ability to assess Iveco Group's financial performance and financial position. Management uses these non-EU-IFRS measures to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions as they provide additional transparency with respect to our core operations. These non-EU-IFRS financial measures have no standardized meaning under EU-IFRS and are unlikely to be comparable to other similarly titled measures used by other companies and are not intended to be substitutes for measures of financial performance and financial position as prepared in accordance with EU-IFRS.

Iveco Group's non-EU-IFRS financial measures are defined as follows:

- Adjusted EBIT: EBIT before restructuring costs and non-recurring items. In particular, non-recurring items are specifically disclosed items that management considers rare or discrete events, that are infrequent in nature and not reflective of on-going operational activities.
- Adjusted Net Income (Loss): profit (loss) for the period, less restructuring costs, and non-recurring items, after tax.
- Adjusted Diluted EPS: Adjusted Net Income (Loss) attributable to Iveco Group N.V. divided by a weighted-average number of Common Shares outstanding during the period that takes into consideration potential Common Shares outstanding deriving from the Iveco Group share-based payment awards, when inclusion is not anti-dilutive. When Iveco Group provides guidance for Adjusted Diluted EPS, it does not provide guidance on an earnings per share basis, because the IFRS measure will include potentially significant items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end.
- Adjusted Income Taxes: income taxes less the tax effect of restructuring expenses and non-recurring items and non-recurring tax charges or benefits.
- Adjusted Effective Tax Rate (Adjusted ETR): is computed by dividing a) adjusted income taxes by b) profit (loss) before income taxes, less restructuring expenses and non-recurring items.
- Net Cash (Debt) and Net Cash (Debt) of Industrial Activities: Net Cash (Debt) is defined as total Debt plus Derivative liabilities, net of Cash and cash equivalents, Derivative assets and other current financial assets (primarily current securities, short-term deposits and investments towards high-credit rating counterparties) and financial receivables from CNH Industrial deriving from financing activities and sale of trade receivables. Iveco Group provides the reconciliation of Net Cash (Debt) to Total (Debt), which is the most directly comparable EU-IFRS financial measure included in the Group's consolidated statement of financial position. Due to different sources of cash flows used for the repayment of the debt between Industrial Activities and Financial Services (by cash from operations for Industrial Activities and by collection of financing receivables for Financial Services), management separately evaluates the cash flow performance of Industrial Activities using Net Cash (Debt) of Industrial Activities.
- Free Cash Flow of Industrial Activities (or Industrial Free Cash Flow): refers to Industrial Activities, only, and is computed as consolidated cash flow from operating activities less: cash flow from operating activities of Financial Services; investments of Industrial Activities in property, plant and equipment and intangible assets; as well as other changes and intersegment eliminations.
- Available Liquidity: cash and cash equivalents, including restricted cash, undrawn medium-term unsecured committed facilities, other current financial assets (primarily current securities, short-term deposits and investments towards high-credit rating counterparties), and financial receivables from CNH Industrial deriving from financing activities and sale of trade receivables.



Financials - The composition of our regions is as follow:

- Europe: member countries of the European Union, European Free Trade Association, the United Kingdom, Ukraine and Balkans.
- South America: Central and South America, and the Caribbean Islands.
- North America: United States, Canada and Mexico.
- Rest of the World: Continental Asia (including Türkiye and Russia), Oceania and member countries of the Commonwealth of Independent States, the African continent and Middle East.