Iveco Group Q2 2022 Results

[Federico Donati, Head of Investor Relations]

Good morning, everyone.

We would like to welcome you to the webcast and conference call for Iveco Group’s Second Quarter Financial Results for the period ending 30th June 2022. This call is being broadcast live on our website and is copyrighted by Iveco Group. Any other use, recording, or transmission of any portion of this broadcast without the express written consent of Iveco Group is strictly forbidden.

Hosting today’s call are Iveco Group’s CEO, Gerrit Marx, and the Group’s Chief Financial Officer, Francesco Tanzi. They will use the material available for download from the Iveco Group website.

Please note that any forward-looking statements we might be making during today’s call are subject to the risks and uncertainties mentioned in the Safe Harbour statement included in the presentation material.

Additional information pertaining to factors that could cause actual results to differ materially is contained in the Company’s Prospectus published on 11th November 2021, as well as other recent reports and filings with the authorities in the Netherlands and Italy.

The company presentation may include certain non-IFRS financial measures. Additional information including reconciliations to the most directly comparable IFRS financial measures, is included in the presentation material.

I will now turn the call over to Gerrit

[Gerrit Marx, CEO]

Slide 3

Thanks, Federico, and welcome to all of you joining our call.

Before going into the quarterly performance and what we accomplished during the period, I would like to say a few words about BEYOND - Iveco Group Days, our 5 days event that we held during the week of 13th July with around 4,500 guests on-site and more than a million readers and on-line viewers on several media outlets and channels. We have included a slide about the event in the presentation, but first I would like to personally thank all the guests who participated and our colleagues and partners who contributed in a decisive way to make this event a great success. The event was structured around three fundamental themes for Iveco Group and our industry: Technology, Sustainability, and Partnership.

We discussed and exchanged ideas with valuable stakeholders and partners with whom we are moving forward together towards a connected and increasingly automated net-zero future, with the common goal...
of ensuring access to reliable and sustainable mobility. BEYOND was an opportunity to showcase Iveco Group’s ability to innovate both its products and service offering in a fast-changing landscape that requires unravelling the future of road transport, urban mobility, powertrain and emerging technologies, smart factories, and completely new business models – some of which have yet to be discovered. But we cannot innovate and transition alone, which is why we have sought out strategic partnerships in our drive forward, partnerships that benefit both parties equally and in a mutually beneficial way. As I emphasized during the event several times, change is good and offers the biggest opportunities for those, like us, who aim higher, think bolder, and question established industry paradigms for the greater good of a more sustainable society. Let’s move now to our second quarter performance. I am pleased to report solid profitability performances – ahead of our preliminary indications at the beginning of the quarter – mainly due to net price realisation, a better mix, and higher volumes and price realisation for used vehicles. This came about notwithstanding persistent pressure on the supply chain from continuous component shortages that caused delays, lowered our output, and further increased our net inventory levels with unfinished products remaining to be shipped to our final customers in the upcoming quarters. This is similar to what we already experienced during the first quarter in 2022.

Our focus has remained on the conscientious management of our cash. Free Cash Flow absorption from industrial activities was almost entirely due to the aforementioned increase in inventory resulting from unfinished products, which we will deplete over the course of the next months. Similar to our first quarter and despite a continued investment into our future technologies, we are travelling at free cash-flow break-even during the first half of 2022 if you adjust for the net increase of unfinished vehicles in our fleet due to the supply chain situation.

Looking at our financial results, the consolidated net revenues were up 1.5% vs. the previous year, with the adjusted EBIT margin at 3.5%. Adjusted diluted EPS was 20 cents per common share.

Our Order Book remains solid, with more than 30+ weeks and 40+ weeks of production already sold for LCV and M&H respectively. There were no exceptional cancellations of orders during the quarter and our order intake meets our expectations and plan.

At the end of the quarter, our Net Industrial Cash position was solid at €625 million, notwithstanding a negative Free Cash Flow of €111 million; Francesco will provide more granularity around this later in the presentation.

Available Liquidity was at €3.5 billion as of 30th June 2022, up €105 million from 31st March 2022, including €2 billion of undrawn committed facilities.
In summary, we have delivered a good second quarter notwithstanding persistent pressure coming from supply chain and component shortages (particularly semi-conductors). We expect the component availability situation to improve in the second half of the year, but remain quite volatile, permitting us to lower company inventory for the end of the year. Regarding the supply chain, the expectation for the remainder of the year is for a similar level of criticality experienced in the first half, with the raw material cost of energy and gas expected to increase, but there should be no impact deriving from its availability when looking at our facilities. On a full-year basis, we are still projecting an offset in production costs through pricing.

Before moving ahead, let me just inform you that on 20th July, Iveco Group N.V. executed a dissolution agreement with the Russian JV, IVECO AMT, also formally presenting its withdrawal from the legal entity. Accordingly, the Iveco Group stake (33.3%) was returned to IVECO AMT. The price was appraised at net asset value. License Agreements (namely the “Trakker” license and the “Eurocargo” license) and Trademark License Agreements have been terminated. Supply Agreements for CKD units ordered but not delivered (due to sanctions) have also been terminated. Warranty claims and technical support on sold vehicles will no longer be attributed to AMT.

Slide 4

On the next slide is a summary of some of the main events that occurred during the quarter.

On 28th April, we signed a letter of intent with ENI. The two companies will bring together their competencies to explore potential cooperation on sustainable mobility initiatives in the commercial vehicle sector in Europe and accelerate the decarbonisation of transport, in which both have been active for some time. IVECO and ENI aim to define an integrated sustainable mobility platform for commercial fleets by offering innovative vehicles powered by biofuels and sustainable energy vectors — such as HVO (Hydrotreated Vegetable Oil) biofuel, biomethane, hydrogen and electricity — and the related infrastructure.

Again, with ENI and together with CNH Industrial, on 25th May we signed an MoU for potential joint social development initiatives in countries of common interest in the areas of agriculture, sustainable mobility and education, each company contributing to their respective industries. Specifically, the parties will focus on enhancing the value chain in the agricultural sector to promote food security, increase the efficiency of farming and farmers’ access to the market — including through the development of solutions for more sustainable logistics and the movement of goods and people.

And finally, on the 20th of June, IVECO BUS announced plans to restart production of buses in Italy. The vehicles will be based on state-of-the-art technologies, including those linked to electric battery and hydrogen propulsions. The project will contribute to Italy’s energy and ecological transition of public transport.
and will positively impact the development of the associated supply chain, the acquisition of new technologies and know-how for the country, and employment in the areas concerned.

More specifically, the expansion of engineering and manufacturing activities for electric batteries is being studied for the plants in Piedmont, while the company is considering the installation of new lines for the final assembly of high-tech, zero-emission (Battery Electric Vehicles — BEV, and Fuel Cell Electric Vehicles — FCEV) and low-emission (latest-generation methane/biomethane and diesel/biodiesel) buses in Foggia, where we already have one of our biggest engine plants. This initiative will also benefit the other Group sites that are already dedicated to IVECO BUS production, because the initial manufacturing steps concerning said new buses will be launched at these plants. The process will then be continued and enriched with value-added technology in Foggia, by means of alternative propulsion systems produced in Turin and hydrogen fuel cells. Production will be completed in Foggia with additional components largely supplied by the Italian automotive mechanics supply chain.

The Research & Development and manufacturing of batteries, as well as the supply of engines for the low emission vehicles, will be entrusted to FPT Industrial, the Group's brand specialised in powertrain technologies and a global leader in the design, production, and sale of powertrains.

Subject to the approval by competent Italian authorities of our application for a Development Contract, the transition to an advanced design phase, and therefore an operational phase, will take place by the end of 2022 with the goal of producing the first buses in spring 2023. This production will result in incremental volumes vs. our business plan — more than 3,000 low- and zero-emission buses in the first few years, then, if the market responds positively, with an annual rate of 1,000 units — aiming for increasing substantially our current market share in Italy.

Slide 5

Moving to the next slide, number 5, you can see the industry volume performance for Q2 2022, with a change in % vs. the previous year.

The Truck industry in Europe was still negatively affected by component availability and the continuous supply chain issues, resulting in volumes down 24% in Light Duty trucks and 2% in Medium and Heavy. The South American market was positive for Light Duty trucks, up 13% year-over-year, but down 5% for Medium and Heavy. In the Rest of the World, for the same reasons I just mentioned, so shortage of components and other supply chain issues both the Light Duty and Medium & Heavy-Duty trucks were down double digits vs. the same period last year. Moving to buses, the European market was down 11% and South America was down 4% vs. last year.
Slide 6
On slide 6, we show our usual Channel Inventory statistics.
The Trucks Channel inventory was down 3% year-over-year on a worldwide basis, down 7% in LCV and up 13% in M&H Duty Trucks. Looking at the company inventory vs. last year on a worldwide basis: LCV alone was almost flat, and M&H was up 39%, mainly due to finished goods shipped to body builders that will be deployed in Q3, as well as stock piling in South America due to the introduction of EURO VI. Such increased shipments to body builders are a great achievement of our recently renewed heavy-duty truck rigid chassis, such as T-Way or X-Way.
Throughout the quarter, we underproduced retail sales by 3% in Trucks, with an underproduction of 12% in Light and an overproduction of 16% in Medium & Heavy on a worldwide basis. If we look at Europe only, we underproduced retail sales by 17% in LCV and overproduced retail sales by 18% in Medium and Heavy. For Trucks, our expectation for the full year is for a mid-single-digit overproduction vs. retail on a worldwide basis.

Slide 7
Moving on, I’m on slide 7 now, with our deliveries and order intake level. There is a table in the appendix with all the figures, but let me just provide you with some colour on the quarterly performance shown in this slide.
Starting from LCV trucks, deliveries were down 20% on a worldwide basis, mainly driven by Europe that was down 22% due to component shortage negative impacts. Order Intake was down 12% on a worldwide basis, and down 10% in Europe as a consequence of conscious pricing actions to better balance the order backlog, new orders coming in, and visibility on cost development. Book-to-Bill was at 1.22 on a worldwide basis and at 1.23 for Europe alone.
Moving to Medium & Heavy-Duty Trucks, deliveries were down 1% on a worldwide basis, with Europe down 3%. Order Intake was down 7% on a worldwide basis and down 19% in Europe vs. the same period last year for the same reasons outlined before for the light commercial vehicles. Book-to-Bill was at 1.33 on a worldwide basis, with Europe at 1.46.
As already mentioned in my opening remarks, we continue to be laser focused on our inventory levels, managing our order book to preserve relative profitability. As a result, the year-over-year contraction in Order Intake level needs to be seen as a consequence of the managerial decision to restrict order slotting
to counter large order books and delivery times, and to foster pricing discipline throughout the entire distribution chain to pre-empt mid-term material cost volatility.

Looking at Buses, bus deliveries were up 20% on a worldwide basis, with Europe up 12% vs. Q1 2021. Order Intake was up 26% on a worldwide basis, with Book-to-Bill at 1.26. Looking at Europe only, Order Intake was up 17% and Book-to-Bill was at 1.30.

**Slide 8**

Let’s move on to slide 8 and our European preliminary market share. In our LCV segment we have been able once again to conquer market shares in a declining industry. Looking at the upper end of the segment, we have further consolidated our leadership position with 63.8% of the market, up from 63.4% in Q1 2022. We registered strong performance in the professional cab-chassis segment as well, ending the quarter up 390 bps vs. Q2 2021, to 33.4%. Looking at the entire LCV segment, we ended the quarter at 15.3%, up 200 bps vs. Q2 2021.

When looking at the performance of our Medium & Heavy-Duty Trucks, it is important to notice that these were the segments most severely affected by component shortages (particularly semiconductors), resulting in delays in shipping our products to final customers. Despite continuous supply chain issues and component shortages, we have been able to improve our market share from Q1 2022 in M&H as well as in Heavy, confirming our confidence in recovering market shares based on our solid order intake. As already outlined in our Q1 earnings call, reported market shares do not serve as performance indicators for actual product success, it is rather a mirror for the different strategies OEMs deploy to navigate through this unprecedented supply chain situation.

**Slide 9**

Moving on to the next slide, number 9, I would like to draw again your attention to our BEYOND - Iveco Group Days event and in particular on the two announcements released during the week of the event. Let me start from the two press releases. On 12th July 2022, we announced that FPT Industrial and Blue Energy Motors, a zero-emission truck technology company headquartered in Pune, India, and engaged in the manufacturing of clean energy trucks, signed an agreement to introduce the first Liquified Natural Gas (LNG) trucks powered by FPT 6.7-liter engines on Indian roads by the end of 2022. In China NG powered Heavy-Trucks account already for close to 10% of newly registered vehicles, and we do see a similar trend to come in India, yet with a very different timing and product configuration.
This agreement is the first step in a potential long-term partnership to leverage the specific characteristics of India’s commercial transport market: a total truck running parc of about 3.5 million vehicles and buying decisions strongly driven by Total Cost of Ownership (TCO). Once the TCO parity threshold with traditional engines is reached and considering India’s increasingly stringent emissions standards (now comparable to Euro VI), the adoption of LNG technology is expected to be rapid. The engines will initially be manufactured in FPT Industrial’s Turin, Italy plant, which specialises in producing this type of medium-displacement engines.

On the following day, the 13th of July, Iveco Group, through its brand IVECO BUS, announced that it will partner with HTWO to equip its future European hydrogen-powered buses with world-leading fuel cell systems. HTWO, the fuel cell system-based hydrogen business brand of Hyundai Motor Group, was launched in December 2020 as part of Hyundai’s strong commitment to a hydrogen economy. With its proven fuel cell technology utilised in Hyundai FCEVs, HTWO is expanding the provision of fuel cell technology to other automobile OEMs and non-automobile sectors to make hydrogen available for everything. Moving forward quickly to spearhead the mobility of the future, IVECO BUS is already participating in European tenders for fuel cell buses powered by HTWO. Furthermore, the recently announced plan to restart production of buses in Italy that I talked about earlier, will provide another opportunity to manufacture new buses powered by HTWO’s hydrogen fuel cells. This initiative aims at leveraging the exceptional technology and competencies of both entities in the urgently needed renewal of Italy’s public transport.

As mentioned in my opening remarks, from the 13th to the 17th of July here in Turin, we hosted our BEYOND event at the OGR – the former giant workshops for railway repair and maintenance. We were delighted to host representatives from some of our partners to speak along with leaders from different industries with the aim of discussing three main topics: technology, sustainability and partnership. The event also provided our guests with a chance to see first-hand our latest vehicles and powertrains, many of which will be making their commercial debut at this September’s IAA international truck fair in Hannover. However, at the IAA we are going to showcase numerous advancements of what we put on display in Turin last week and additionally several innovations, such as the all-new and all-fuels capable heavy duty engine Cursor xC13.

It will combust liquid as well as gaseous fuels such as bio-methane, hydrogen, or blends of both, which is called Hythane.

Additionally, during the press conference that opened the event, we presented our company Purpose. Why do we need a Purpose? Simply put, it defines the reason our company exists and illustrates how our products and services positively impact customers, stakeholders, and the communities we serve. So, here
it is: Iveco Group is “Home of unique people and brands that power your business and mission to advance a more sustainable society”. Identifying our Purpose naturally led to defining our corporate Values with input collected from our 34,000 employees around the world. Our five Values reflect our shared culture and the way in which we work: 1) We go beyond the obvious. 2) We contribute diverse strengths. 3) We take ownership. 4) We do what is right. 5) We collaborate to win.

As you see, going beyond is the first of our values and the very foundation of our five-day event where we highlighted that we look BEYOND the obvious, BEYOND just vehicles, BEYOND what our business is today. Our industry transforms and Iveco Group goes BEYOND.

We can take this even further because we also go BEYOND Turin, our hometown; we go BEYOND to where we see a relevant, profitable, and sustainable future for the new Iveco Group and all its employees, and we welcome like-minded stakeholders to join us on this fast-paced journey.

I will now hand the call over to Francesco who will take you through the second quarter financial highlights, after which I will then conclude with final remarks.

Slide 11

Thank you, Gerrit, and good morning also from my side to all participants on this call.

I’m on slide 11 with our second quarter 2022 financial highlights.

We ended the quarter with Consolidated Revenues at €3.4 billion, up 1.5% vs. the previous year. Financial Services net revenues were at €60 million, up €15 million vs. the previous year. Net Revenues from Industrial Activities were at €3.3 billion, up 1.1% vs. the previous year, mainly due to positive price realisation. Consolidated Adj. EBIT was slightly down year-over-year to €118 million, with the margin at 3.5%.

Industrial Activities’ Adj. EBIT was €91mn, with a 2.7% margin, with price realization substantially offsetting higher cost of raw material (including energy).

Adjusted Net Income was €60 million, which excludes a negative after-tax impact of €15 million from first-time adoption of hyperinflationary accounting in Turkey. The portion of the Adjusted Net Income attributable to Iveco Group was €54 million or Adjusted Diluted Earnings per share of €0.20 compared to €0.26 in Q2 2021.

Reported income tax expense was €29 million, with an adjusted effective tax rate of 33% in Q2 2022 (35% in H1 2022) and it is confirming the trend anticipating in Q1. The Adjusted ETR reflects the different tax rates applied in the jurisdictions where the Group operates and other discrete items.

The Net Industrial Cash remained solid at €625 million and included an additional and final €45 million cash-out from the restructuring of the Chinese JVs performed in 2021. It is important to highlight that this amount
will be largely offset by a cash-in of more than 80% of the total €186 million (€141 million in Q1 and this €45 million in Q2) in the third quarter this year.

Industrial Free Cash Flow, as already mentioned by Gerrit in his opening remarks, was negative €111 million, mainly driven by negative working capital due to higher inventories entirely correlated to the already mentioned unfinished products, and lower payables due to a lower production level on a year-over-year basis.

Our available liquidity (cash and undrawn committed lines) was up €105 million from 31st March 2022 to €3.5 billion, which includes €2 billion of undrawn committed facilities.

Slide 12
Moving to the next slide, we show our Net Revenues from Industrial Activities split by region and segment, as well as the Net Revenues walk.

As already mentioned in the financial summary slide, improvement in Industrial Activities Net Revenues was entirely related to gross pricing as you can see from the graph, more than offsetting the negative volume and mix.

Looking at the split by region and percentage change on a year-over-year basis, you can see that Net Revenues were slightly down in both Europe and RoW while up quite significantly in both South America and North America. This is part of our planned trajectory for finding a better balance in our revenue sources, in order to counter macro-regional cycles more effectively.

Looking at the split by business unit, Buses were once again significantly up vs. last year at 19%, Trucks grew by 1% and Specialty Vehicles Net Revenues were up 10% vs. last year. Powertrain Net Revenues were down 4% vs. last year. As a reminder, with regard to our Powertrain performance, this was the last quarter with a tough year-over-year comparison stemming from the discontinuation of the Stellantis contract; starting from Q3 this year, the performance comparability will be easier.

Slide 13
The next slide, number 13, we see our Industrial Activities Adjusted EBIT walk by segment and driver.

The Industrial Activities Adjusted EBIT was at €91 million, with the margin at 2.7%, down from 3.3% last year. The Pricing Net only partially offset production costs during the quarter at industrial activities level, with volume and mix slightly positive year-over-year and a slightly higher SG&A.
The C&SV adjusted EBIT was €78 million (€94 million in Q2 2021), driven by higher product costs mainly due to increased raw material and energy costs, partially offset by positive price realisation. The Adjusted EBIT margin was at 2.8%.

The Powertrain Adjusted EBIT was €47 million (€59 million in Q2 2021), mainly due to unfavourable volume and mix related to the discontinuation of the Stellantis contract – fully in line with our past forecasts. Positive price realisation offset the raw material cost increase. Adjusted EBIT margin was at 4.6%. Once again, I would like to reiterate that progress in replacing the supply agreement with Stellantis with new third-party clients is proceeding apace, and we will be able to completely offset the lost units by, at latest, mid-2023, as already disclosed. Starting Q3 this year, comparison vs. previous year will become more easier in terms of performances for our powertrain business based on the Stellantis contract discontinuation which ended in Q2 2021.

Slide 14
Moving on to the next slide with our Financial Services performance, which continues to contribute positively to our overall profitability quarter after quarter.

The Adjusted EBIT increased €11 million to €27 million, primarily due to a higher wholesale portfolio and better collection performances on managed receivables. During the quarter, we also released some provisions built up during the pandemic period. Excluding this release, the Adjusted Ebit remained slightly positive compared to last year.

The managed portfolio (including unconsolidated joint ventures) was €5,706 million at the end of the quarter (of which retail was 49% and wholesale 51%), up €460 million compared to 30th June 2021.

The receivable balance greater than 30 days past due, as a percentage of the portfolio, was 3.6% (4.7% as of 30th June 2021), and was flat vs. Q1 2022.

The Financial Services Equity was at €752 million, entirely recovering the impairment of certain assets in connection with our Russian and Ukrainian operations implemented in Q1 this year.

Slide 15
Moving on, on slide 15 we have highlighted our Net Industrial Cash walk, including a snapshot of working capital behaviours and Free Cash Flow seasonality.

To explain the performance, I would kindly ask you to focus your attention on the two graphs at the bottom of the slide. Let me start from the working capital components. As already explained, higher inventory was the major contributor to the absorption, as well as slightly lower payables due to lower production volumes
vs. previous year. Receivables were flat year-over-year, on the back of our usual intercompany sales of receivable rolling activity in Europe.

If we look at the graph on the right hand of the slide, adjusted for the increase of our unfinished vehicle stock and the related effect on the normal FCF seasonality, IVG travelled essentially at FCF break-even in H1 2022 meeting all investment schedules across its ample programs. We expect to deplete the fleet in Q3 and Q4 this year, consequently our expectation is for a lower seasonal absorption in Q3 and higher cash generation in Q4 vs. last year.

As you can see in the walk, we keep investing in our new energy future, with investments up €31 million vs. the same period last year.

Finally, as already mentioned when commenting on the financial summary slide, our Net Industrial cash position includes an additional and final €45 million cash-out from the restructuring of the Chinese JVs performed in 2021. Such amount will be largely offset by a cash-in of more than 80% of the total €186 million (€141 million in Q1 and this €45 million in Q2) in the third quarter this year.

**Slide 16**

Moving on to my last slide before turning it back to Gerrit, we have the Debt Maturity profile as of 30th June 2022 and our Available Liquidity.

As already mentioned, we ended the quarter with €3.5 billion of Available Liquidity, of which €1.4 billion in cash and cash equivalent and €2 billion in undrawn committed facilities.

Our Available Liquidity more than covers all the debt maturities of €816 million for the upcoming years.

This concludes my remarks on the financials, and I will now turn it back to Gerrit for his final remarks.

**Slide 18**

Thank you, Francesco, I'm on slide 18, where we have highlighted our preliminary industry outlook.

As outlined in the takeaway message at the bottom of the slide, this industry forecast is based on current visibility, and needs to be seen together with the near-term continuous uncertainties in the supply chain, new COVID-19 waves, political instability, and energy price and supply challenges.

Our preliminary expectation is for the LCV worldwide industry to be down almost 10% vs. last year, with all regions down on a year-over-year basis.

In M&H we see the worldwide industry flat vs. 2021, with the European market (excluding the UK and Ireland) to be up almost 5%. For Buses, we continue to see good momentum with all regions up year-over-
year, resulting in an expectation for the worldwide industry to grow by 5% vs. full-year 2021, with South America up 10 -15%.

**Slide 19**

Moving on to our preliminary financial outlook. The Company expects continued uncertainty in the global supply chain, as well as issues related to raw material price increases, and energy cost and supply. New Covid 19 waves are also elements of uncertainty, and we are monitoring the evolution very closely. As already mentioned, we plan to actively deplete our fleets sitting in our inventory during Q3 and Q4, resulting in a better year-over-year Free Cash Flow seasonality.

Considering all these uncertainties and based on the preliminary industry outlook we have just gone through, our expectations are for our Consolidated Adj. EBIT to be between €400 million and €420 million, Net Revenues of Industrial Activities to increase between 3% and 4%, SG&A to remain well below 6.5% as a percentage of Industrial Activities Net Revenues, and Net Industrial Cash at around €1.2 billion at the end of the year.

Finally, our expectation is to offset product costs with pricing on a full-year basis.

**Slide 20**

In conclusion, before opening up for questions, let me just provide you with some final remarks. We expect headwinds to remain for supply chain and raw material costs (including energy) in H2, while the expectation is for a better availability of semiconductors vs. H1 2022.

We are maintaining tight control of our working capital and inventory levels, actively managing our order book to preserve healthier profitability. The Available Liquidity is expected to remain solid.

At the IAA Hannover exhibition that will take place in September, we will present new products and technology as well as officially open the order book for the eDAILY and Nikola Tre BEV (EU version), both of which will enter the market in 2023.

And finally, as already demonstrated during these two first quarters of 2022 with our numerous announcements, we will continue to pursue our "Iveco Group Way", adding new partnerships and collaborations while implementing existing projects with different partners in the various identified areas of cooperation.