



Iveco Group N.V.
Corporate Seat: Amsterdam,
the Netherlands
Chamber of Commerce
Registration no.
83102701

Iveco Group unveils new Strategic Plan to 2028 and “Unlimited Pathways” for its five Business Units at today’s Capital Markets Day

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- ***First time disclosure of performance and plan for its five Business Units: Truck, Bus, Defence, Powertrain and Financial Services***
- ***Transfer of ownership of MAGIRUS Firefighting Business Unit to Mutares; closing by January 2025***
- ***Key financial targets of Industrial Activities for 2028 include: Net Revenues of approximately €19 billion, Adj. EBIT margin of 7 to 8%, Free Cash Flow of approximately €0.9 billion. At Group level: Adj. Net Income of approximately €0.9 billion and Adj. diluted EPS exceeding €3 per share***
- ***New partnership announced with Ford Otosan on Heavy-Duty Truck cabin structures***
- ***Strategic Partnership with Hyundai Motor Company extended and deepened***

Turin, 14th March 2024. Iveco Group presents a new Strategic Plan, outlining objectives up to 2028 during the Company’s Capital Markets Day held today in Turin, Italy.

The decision to hold a Capital Markets Day two years after its first Investor Day in November 2021, was driven by the Group’s recent achievements: by the end of 2023, Iveco Group had already met its key targets for 2026, or was ahead of the previous trajectory.

In its prior strategic plan from 2021, Iveco Group targeted total Net Revenues of Industrial Activities at between €16.5 and €17.5 billion by 2026 and it achieved €15.9 billion by year-end 2023, proving to be fully on track. The 2026 Adjusted EBIT margin of Industrial Activities was to reach between 5 and 6% (from 3.6% in 2019) which the Company already achieved in 2023. For the Free Cash Flow from Industrial Activities, Iveco Group targeted €500 million in 2026 and already reached more than €400 million in 2023, ahead of the previous target trajectory.

These are outcomes largely attributable to the company’s focused delivery and ‘one team’ approach, which unites its global workforce of over 36,000 employees towards a common purpose.

Gerrit Marx, CEO, Iveco Group, said, “The first of our values states that ‘we go beyond the obvious’. It embodies the soul of our Group and clearly reflects our ambition to consciously push limits and courageously



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set out on new pathways. We have demonstrated that we can fulfil the promises we make. Today we commit ourselves to a new plan, an acceleration of our product portfolio, stronger and more diverse partnerships, and a dial up our sustainability journey. We will deliver these commitments because the pathways and opportunities in front of us and our five business units are exciting and unlimited. Moreover, while we are drawing upon possibilities internally, we will continue exploring powerful opportunities outside. We will always go beyond the obvious.”

The key strategic pillars for future growth

The Group’s pathway is underpinned by four key pillars: Innovation, Financial Discipline, Partnerships and Sustainability. These pillars drive the success of each Business Unit and enable the overall Group to collectively withstand external challenges and focused spending.

Innovation

Iveco Group fully backs the investments it has made since operating as an independent Company and will invest over €5.5 billion from 2024 to 2028 in order to stay on the front end of the very fast innovation curve.

The Company is driving Innovation in three key areas: Energy Transition, Artificial Intelligence (AI) & Software Defined Vehicles, and Autonomous Driving.

In Energy Transition, the Company reaffirms its aim to reach net zero carbon emissions by 2040. Instrumental to this achievement is Iveco Group’s multi-propulsion approach that includes green and zero-emission solutions. These will be backed by innovative pay-per-use business models, such as GATE – Green & Advanced Transport Ecosystem. Initially launched in Italy in mid-2023, with a focus on Iveco Group’s ZEV (Zero Emission Vehicles), GATE’s five-year ambition is to scale up, evolving into a brand-agnostic platform open to other OEMs’ vehicles.

Artificial Intelligence is central to Iveco Group’s customer-centred innovations, with Generative AI enabling significant advancements in areas such as data analysis, machine-human interaction, and software development. Software Defined Vehicles, powered by AI algorithms, are set to revolutionise the industry, simplify vehicle updates, and increase customer productivity. To remain on top of these trends, Iveco Group has inaugurated its own Software & Analytics Lab, with plans for a team of 500 specialised engineers in the coming years.

Iveco Group is already testing Autonomous Driving on public roads in Europe. For this development and its swift commercialisation, collaboration with PLUS, a global provider of self-driving truck technology, alongside other truck OEMs is fundamental. These advancements offer already today highly automated driver assistance systems to drivers and fleet owners.

Financial Discipline

Iveco Group is committed to increasing its cash generation potential and reducing seasonality where possible. At the same time, the continued focus on cost optimization and efficiency will further decrease product costs and maintain a lean SG&A structure, that by 2028 is projected to be reduced by 50 basis points versus 2023.



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The Company's prior operational excellence programme set a target to save €1 billion in the 2019-2026 timeframe. At the end of 2023, Iveco Group was in line with its goal, having set aside €300 million in operational efficiencies, plus another €600 million of improved profitability in terms of volumes, mix and pricing. With the new plan, starting with 2024, the Company is committing to €1 billion of efficiencies, split in €600 million by 2026 and another €400 million by 2028. This will be accomplished through the implementation of a detailed set of initiatives, aimed at reducing product complexity, optimizing best-cost-countries sourcing, maximizing manufacturing efficiencies, and exploiting several commercial and technical levers.

In terms of investments, the €5.5 billion projected over the next five years are split between Capex and capitalized R&D. More than 50% of total investments is not bound by compliance or regulatory restrictions, thus allowing for swift adaptation to market dynamics as and when necessary. The Group will prioritize investments that offer attractive returns and will continue to explore cooperation opportunities to optimize spending, demonstrating a disciplined investment profile.

Partnerships

Iveco Group's strategy involves partnering with like-minded, nimble organizations to accelerate innovation.

Iveco Group is extending and deepening its partnership with Hyundai Motor Company in the area of electric heavy-duty truck solutions, including both battery electric trucks and fuel cell electric trucks for European markets. By leveraging the advanced technologies and assets of each party, the two companies expect to accelerate the transition to a sustainable future.

Since initiating their partnership in March 2022, Hyundai Motor and Iveco Group have achieved a series of significant milestones. Notably, in September 2022, they unveiled the first IVECO eDaily Fuel Cell Electric Vehicle at the IAA Transportation event in Hanover. This was followed by the debut of the IVECO BUS E-WAY H2 in October 2023 at Busworld in Brussels. Most recently, in February of this year, the two companies announced the signing of a supply agreement for an IVECO-badged all-electric light commercial vehicle for Europe, based on Hyundai's eLCV platform.

Also today, IVECO and Ford Trucks, the heavy commercial vehicles brand of Ford Otosan, announce a non-binding Memorandum of Understanding to explore a collaboration on the development of a joint cabin structure for heavy-duty trucks compliant with the new regulations coming into force in 2028/2029. This is a preliminary step in the co-development of new products and technologies, encompassing components and systems within the cabin.

Partnerships such as these offer a triple win: they reduce costs and spending for all partners involved, ensure compliance and competitiveness, and deliver essential vehicle features without passing on excessive costs to customers. These recently announced partnerships are not yet reflected in the plan with their expected positive impacts on investments and economics.

Sustainability



Sustainability is a key pillar for Iveco Group. The Group's actions are designed to have a positive impact on its people and on broader society.

The Company achieved some of its key sustainability targets well ahead of its 2026 goals. Iveco Group surpassed the goal of 60% water recycling across global facilities, reaching 64% by the end of 2023. By the end of last year, 24% of management positions were held by women, starting from 18.2% in 2021 and already exceeding the 2026 target set at 23%. The Net Promoter Score in customer experience increased by 20% compared to 2021, achieving the target three years ahead of original plan. The Group is also on track to meet its workplace injury reduction targets well ahead of schedule.

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Building on these early achievements, Iveco Group has set even more ambitious Sustainability targets, including:

- By 2026, 100% of total electricity consumption will come from renewable sources. This target's deadline was anticipated from 2030 to 2026;
- The Group aims to recycle 75% of industrial water at company plants worldwide by 2026, versus the previous target of 60%;
- The new 2028 target for gender parity is for 30% of office positions to be held by women. Therefore, the Group will widen and raise its scope to include all female employees across every phase of their career.

The “Unlimited Pathways” for the Group and its Business Units

Iveco Group introduces today a new structure of reporting performance by business unit, providing additional clarity on the individual performances of Powertrain, Bus, Defence, Truck and Financial Services. Each unit has its own unique “Unlimited Pathway”, reflecting its performance, future targets and potential upsides.

The Fire Fighting Business Unit (regrouped under the MAGIRUS brand) is not included in the new Strategic Business Plan of Iveco Group, nor in the related projected financials. As the Group announced to the market yesterday, it has just signed a definitive agreement for the transfer of its ownership to Mutares, a publicly listed investment group specialized in similar situations. This marks a new chapter in the long-standing history of the brand that is “serving heroes since 1864”, enabling it to compete even more efficiently and effectively in its unique market.

POWERTRAIN (FPT Industrial brand)

The Powertrain Business Unit is one of the top three independent engine manufacturers globally. The Unit's focus on both Internal Combustion Engines (ICE) and ePowertrains positions it uniquely for the shift towards alternative fuels and electrification, ensuring a sustainable and profitable future.

With a diversified portfolio and a robust capacity for innovation, the Powertrain Business Unit aims to reach between €5.5 and €6 billion in Net Revenues by 2028 (previous target at €~5 billion by 2026) and is targeting double-digit profitability, which means growing its Adjusted EBIT margin by roughly 100 basis points every year, up to 9.5-10.5% at year-end 2028.

BUS (IVECO BUS and HEULIEZ brands)



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The Bus Business Unit relies on its full offering of vehicles across all segments and on a strong focus on local communities. An investment of €600 million in advanced technology between 2024 and 2028 will ensure the unit remains at the forefront of the industry, particularly in the area of zero-emission vehicles. The Bus Business Unit aims to reach between €3 and €3.5 billion in Net Revenues by 2028 and is determined to increase the scale of business and optimise operations so as to almost double its profitability versus 2022, reaching 7-8% by 2028.

DEFENCE (IDV and ASTRA brands)

Within Iveco Group, Defence functions as an independent and self-sufficient Business Unit, which emphasizes technological innovation, operational excellence, and strategic partnerships. Its strengths reside in its capability and adaptability to fulfil specific customer needs, thereby continuing to responsibly support numerous countries worldwide in keeping their communities safe.

The Business Unit is accelerating its growth, supported by an order book today already exceeding €4 billion. It projects to reach between €1.2 and €1.3 billion in Net Revenues by 2028, with an Adjusted EBIT margin of 12 to 13%.

TRUCK (IVECO brand)

The Truck Business Unit aims to leverage its leadership in the Light Commercial Vehicle segment with the Daily and eDaily, and in the medium-duty truck range with the well-known Eurocargo, while improving the margins of its Heavy-Duty Truck segment with the S-Way and S-eWay models. Technological innovation, financial discipline and strategic partnerships will drive its success.

The Unit aims to reach €11.0-11.5 billion in Net Revenues by 2028 with an Adjusted EBIT margin of approximately 7%.

FINANCIAL SERVICES (IVECO CAPITAL and GATE brands)

The Financial Services Business Unit is focused on maintaining its current successes while pioneering new, sustainable mobility solutions, including those provided by GATE, the 100% e-born and digital native platform for medium-long-term pay-per-use rental of electric commercial vehicles.

The Unit aims to grow its captive portfolio at between €8 to €9 billion versus €6.9 billion in 2023, with an Adjusted EBIT in the range of €130 to €150 million by 2028.

Iveco Group's financial targets for 2028

On the back of the individual ambitions of its Business Units, Iveco Group announces ambitious targets for 2028. These goals reflect the Group's commitment to its continued growth and its confidence in its ability to deliver on its promises.

The 2028 Iveco Group's financial targets are, for the Industrial Activities:

- Net Revenues of approximately €19 billion;
- Adjusted EBIT margin of 7 to 8%;
- Free Cash Flow of approximately €0.9 billion.

At Group level:



- Adjusted Net Income of approximately €0.9 billion;
- Adjusted diluted EPS exceeding €3 per share.

Financials shown exclude the Fire Fighting Business Unit since, as mentioned above, Iveco Group signed a definitive agreement for the transfer of its ownership.

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Iveco Group Capital Markets Day presentation and Q&A are live streamed (details at [this link](#)) and a replay will remain archived in the corporate website. The presentation will also be posted on the Group's website www.ivecogroup.com, as soon as each section is delivered, in the dedicated section, under Investors/Events.

Non-EU-IFRS Financial Information

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 targets 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: is defined as 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): is defined as profit/(loss) for the period, less restructuring costs and non-recurring items, after tax.*
- *Adjusted Diluted EPS: is computed by dividing Adjusted Net Income/(Loss) attributable to Iveco Group N.V. 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, the Group does not provide guidance on an earnings per share basis because the EU-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: is defined as 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.*



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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: is defined as 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.*

Cautionary Statement

Statements other than statements of historical fact contained in this press release, 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. Forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are difficult to predict and/or are outside the Company's control. If any of these risks and uncertainties materialise (or they occur with a degree of severity beyond the Company's predictions and/or expectations) or other assumptions underlying any of the forward-looking statements prove to be incorrect, the actual results or developments may differ materially from any future results or developments expressed or implied by the forward-looking statements, which are sometimes based upon estimates and data received from third parties (such estimates and data being often revised). Except as otherwise required by applicable rules, Iveco Group expressly disclaims any intention to provide, update or revise any forward-looking statements in this press release to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. All forward-looking statements by Iveco Group or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained herein. Information in this press release cannot be relied upon as a guide to future performance. To the fullest extent permitted by applicable law, no representation or warranty of the Company, express or implied, is made as to, and no reliance should be placed upon, the fairness, accuracy, completeness or correctness of the information or opinions contained in this press release. None of the Company, its affiliates, directors, advisors, employees and representatives, or anyone acting on their behalf shall bear any responsibility (in negligence or otherwise) for any loss arising from any use of this press release or its contents or otherwise arising in connection with these materials. This press release does not represent investment advice or a solicitation, recommendation, invitation, or offer for the purchase or sale of financial products and/or of any kind of financial services as contemplated by the laws in any country or state. 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.



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Iveco Group N.V. (EXM: IVG) is the home of unique people and brands that power your business and mission to advance a more sustainable society. The eight brands are each a major force in its specific business: IVECO, a pioneering commercial vehicles brand that designs, manufactures, and markets heavy, medium, and light-duty trucks; FPT Industrial, a global leader in a vast array of advanced powertrain technologies in the agriculture, construction, marine, power generation, and commercial vehicles sectors; IVECO BUS and HEULIEZ, mass-transit and premium bus and coach brands; IDV, for highly specialised defence and civil protection equipment; ASTRA, a leader in large-scale heavy-duty quarry and construction vehicles; MAGIRUS, the industry-reputed firefighting vehicle and equipment manufacturer; and IVECO CAPITAL, the financing arm which supports them all. Iveco Group employs more than 36,000 people around the world and has 20 industrial sites and 29 R&D centres. Further information is available on the Company's website www.ivecogroup.com

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