TOFAŞ

TÜRK OTOMOBİL FABRİKASI A.Ş.

WEBCAST PRESENTATION

31.12.2021 Financial Results

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AGENDA

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

- Key Highlights
- Production & Shipments
- Domestic Market
- Export
- Financial Performance
- Investments
- Outlook

KEY HIGHLIGHTS

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

- ✓ **Outstanding set** of **financial results** in **2021** with **92% y/y PBT** (profit before tax) **growth** and **4pp y/y improvement** in **PBT margin** reaching to **11.8%,** despite challenging operational conditions due to disruption in supply chain as well as higher input costs.
- ✓ **Fiat** brand solidified its **distant domestic light vehicle market leadership** (3-years in a row) with a **market share** of **16.4%** in **2021**, well-ahead of the competition (+5.4pp).
- ✓ Successful launch of **crossover** model (elected as **The Vehicle of the Year** in Turkey), reaching a **penetration** of **~27%** in our domestic PC sales. Further **room** for **improvement** in **PC market share** thanks to expected launch of versions with automatic transmission in 1Q22.
- ✓ **Export markets** remain **notably below pre-pandemic level** (~26% in PC; ~10% LCV), due to supply challenges and new Covid variants; offering **sizable room** to **recover**. Well-positioned for recovery; supported by the introduction of new model variants.
- ✓ **Stellantis** announced its **electrification/software strategy** in 2H21**.** Thanks to its solid track record of production **efficiency/quality** and **R&D** capabilities, **Tofas** is **strongly positioned** to **serve multiple brands** of **Stellantis** as a both **production** and **R&D hub**, setting a **new benchmark** in Turkey.

- Key Highlights
- **Production & Shipments**
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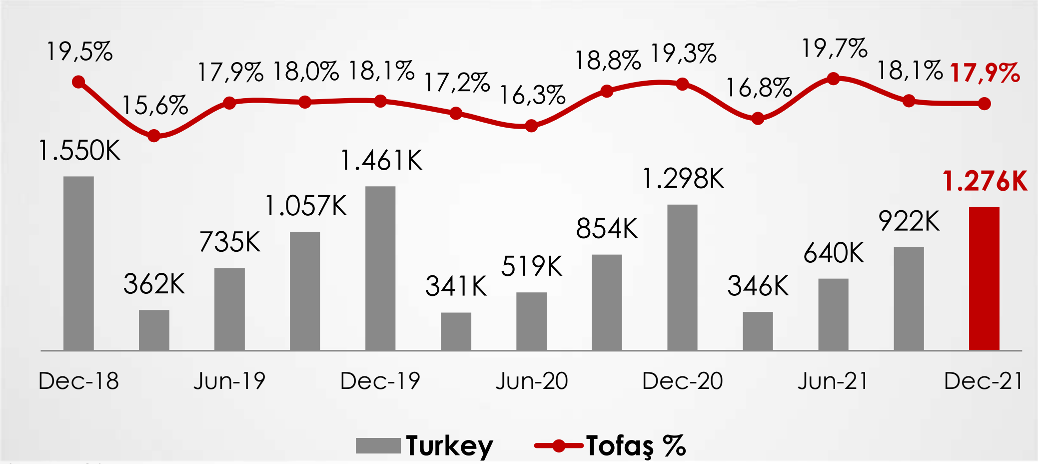
PRODUCTION

Turkish Automotive Industry & Tofaş

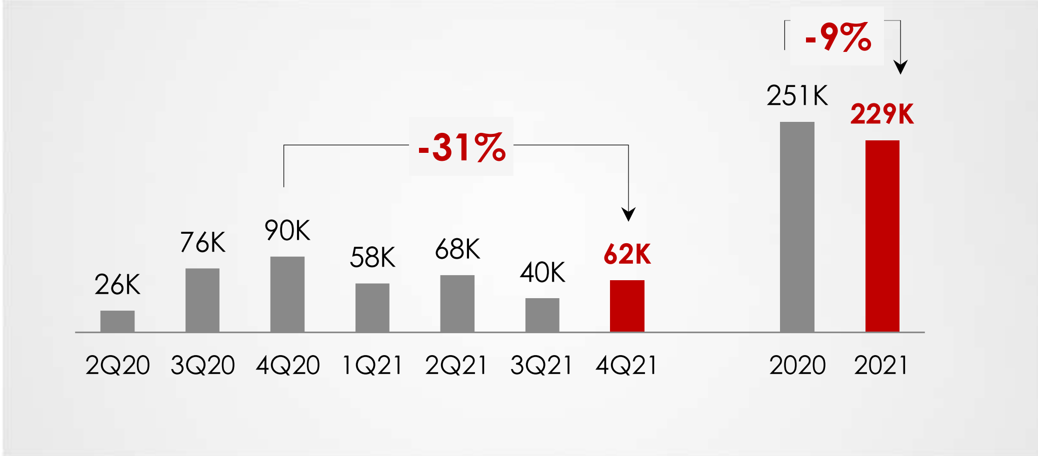
TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

Turkish Automotive Production



Source: OSD

Tofaş Production



- ✓ In **2021**, total Turkish motor vehicle **production slided** by **2%** y/y to **1.28mn** units while it **declined** by **20%** y/y in **4Q21**.
- ✓ **Tofaş** constituted **17.9%** of the industry with a **production** of **229K** units in **2021 (down 9% y/y).**
- ✓ Tofaş **2021 production mix; PC: 53%; LCV: 47%** vs. 61% PC; 39% LCV in 2020.

SHIPMENTS

Tofaş Total Shipment Units

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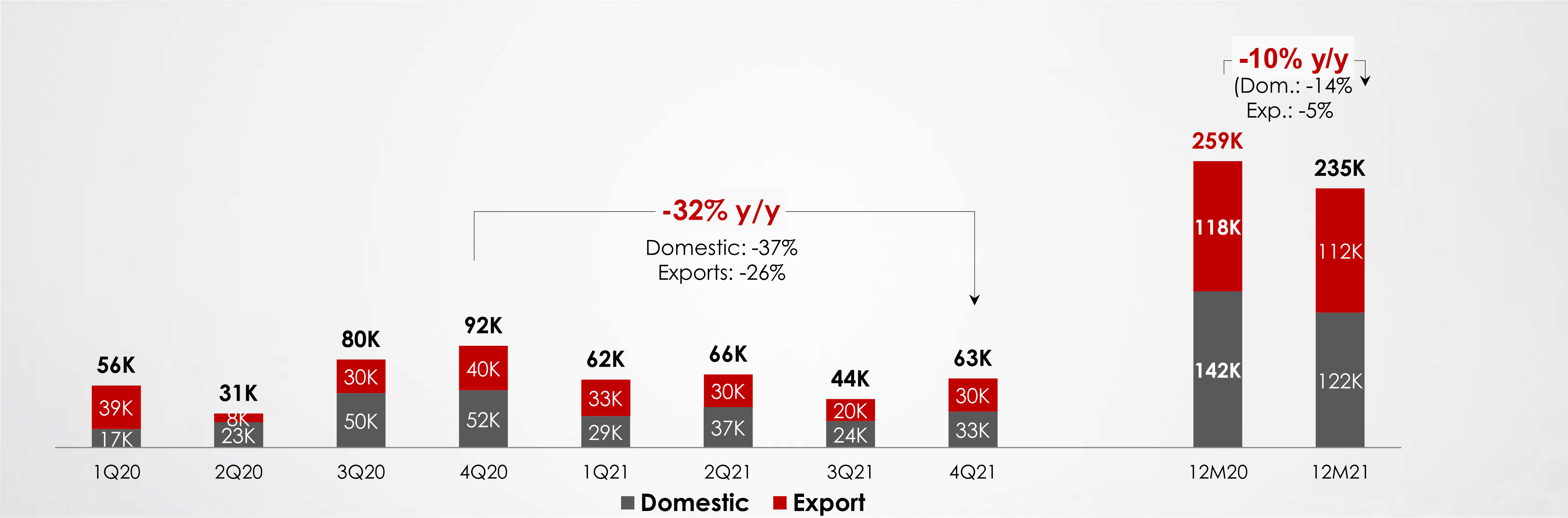
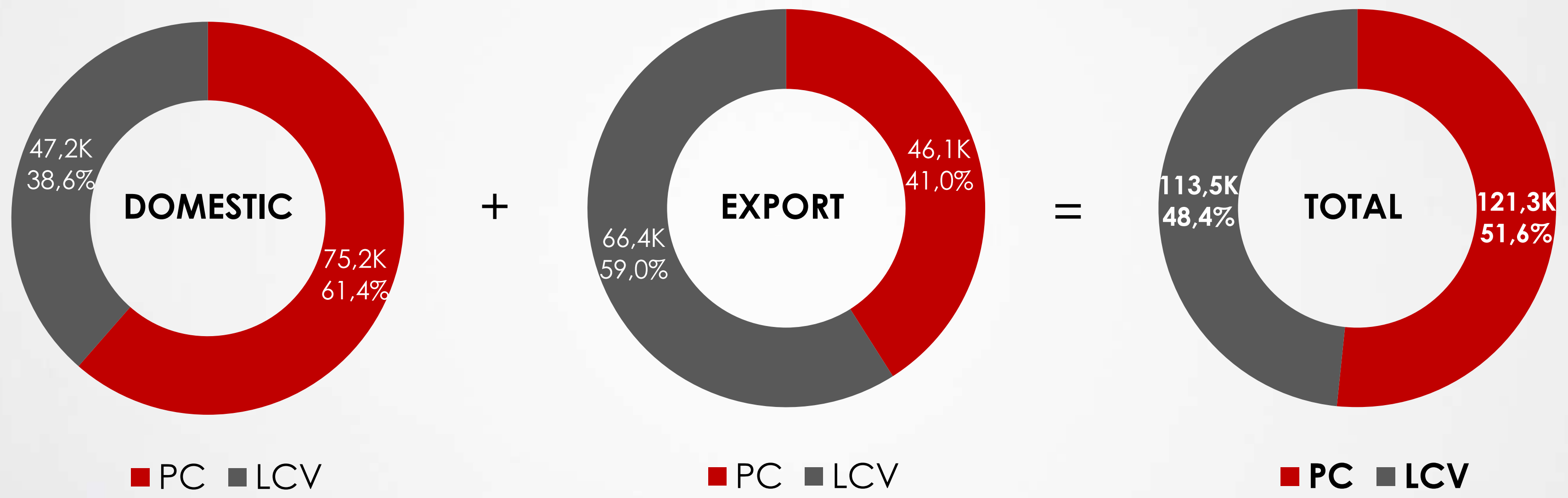


- ✓ In **2021, total** unit **shipments** of **Tofaş descended** by **10% y/y**, reaching to **235K** units.
- ✓ Despite the ongoing procurement challenges from global microchip shortage, **sizable sequential recovery** in **4Q21 volumes (+42% q/q)**, resulted in **deceleration in y/y shipment decline** at **32%** (vs. -45% y/y in 3Q21), reaching to **63K** units.

SHIPMENTS
Tofaş Shipment Volumes by Business



- ✓ **In 2021**, the most notable y/y change in shipment composition was observed in **export business** with **11.2pp y/y increase** in **LCV mix.**

- Key Highlights
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DOMESTIC LV MARKET
Segment Evolution

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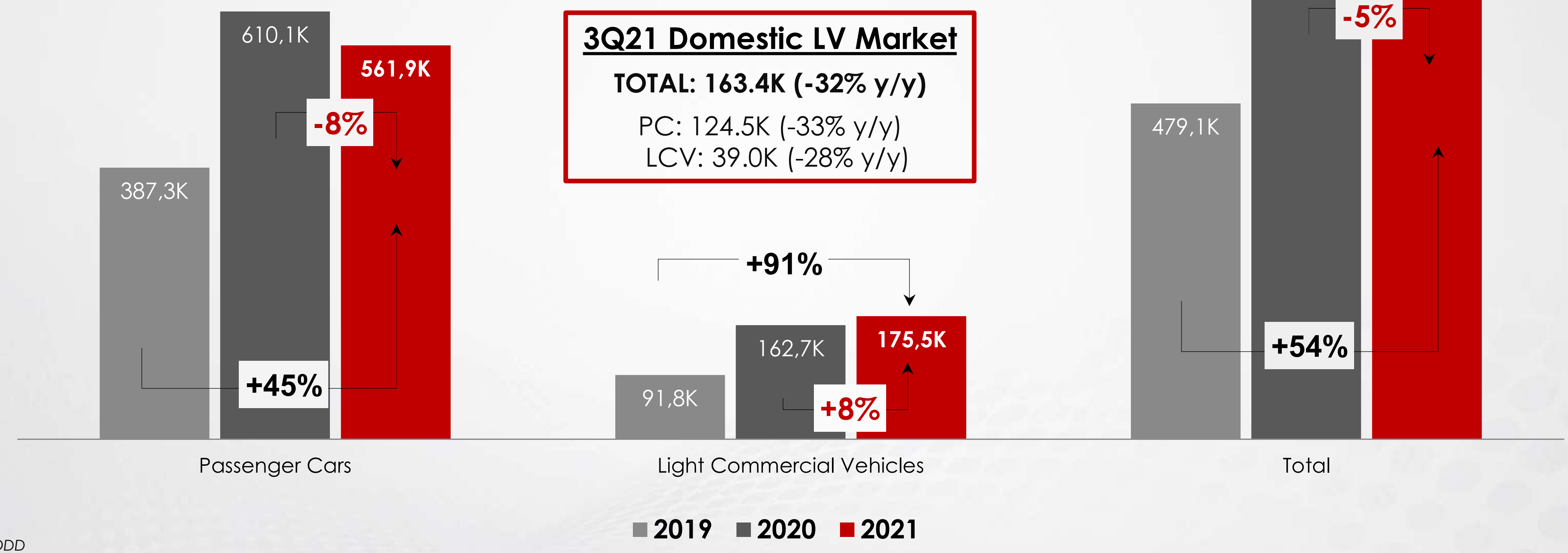


4Q21 Domestic LV Market

TOTAL: 179.2K (-36% y/y)

PC: 127.1K (-43% y/y)
LCV: 52.2K (-10% y/y)

3Q21 Domestic LV Market

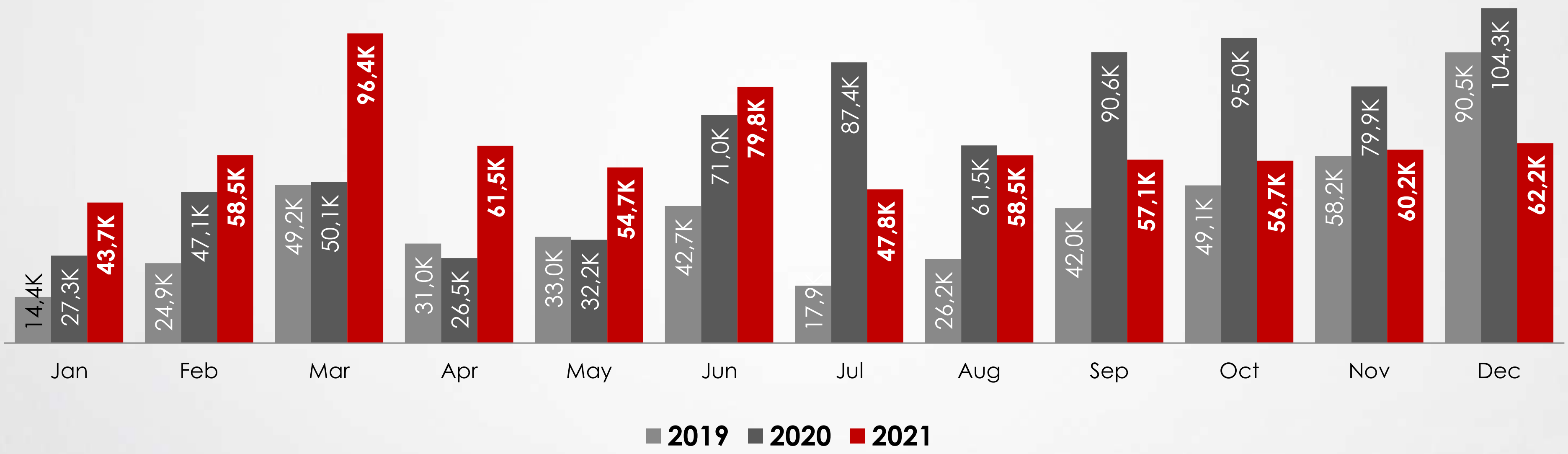
TOTAL: 163.4K (-32% y/y)

PC: 124.5K (-33% y/y)
LCV: 39.0K (-28% y/y)

Source: ODD

DOMESTIC LV MARKET

PC & LCV Retail Sales - Monthly



Source: ODD

- ✓ **Total domestic LV market retail sales** descended by **4.6%** y/y, reaching to **737.4K** units in **2021**.
- ✓ Although **domestic retail LV demand** remained **healthy**; lower output stemming from **supply chain driven challenges** due to global chip shortage, coupled with **high base effect in 2H** resulted in y/y contraction in 2021.
- ✓ On the other hand, **supply-demand mismatch** create **sizable pent-up demand for 2022** provided that supply side issues do not deteriorate further.

TOFAS DOMESTIC LV MARKET PERFORMANCE

Segment Evolution (Retail)

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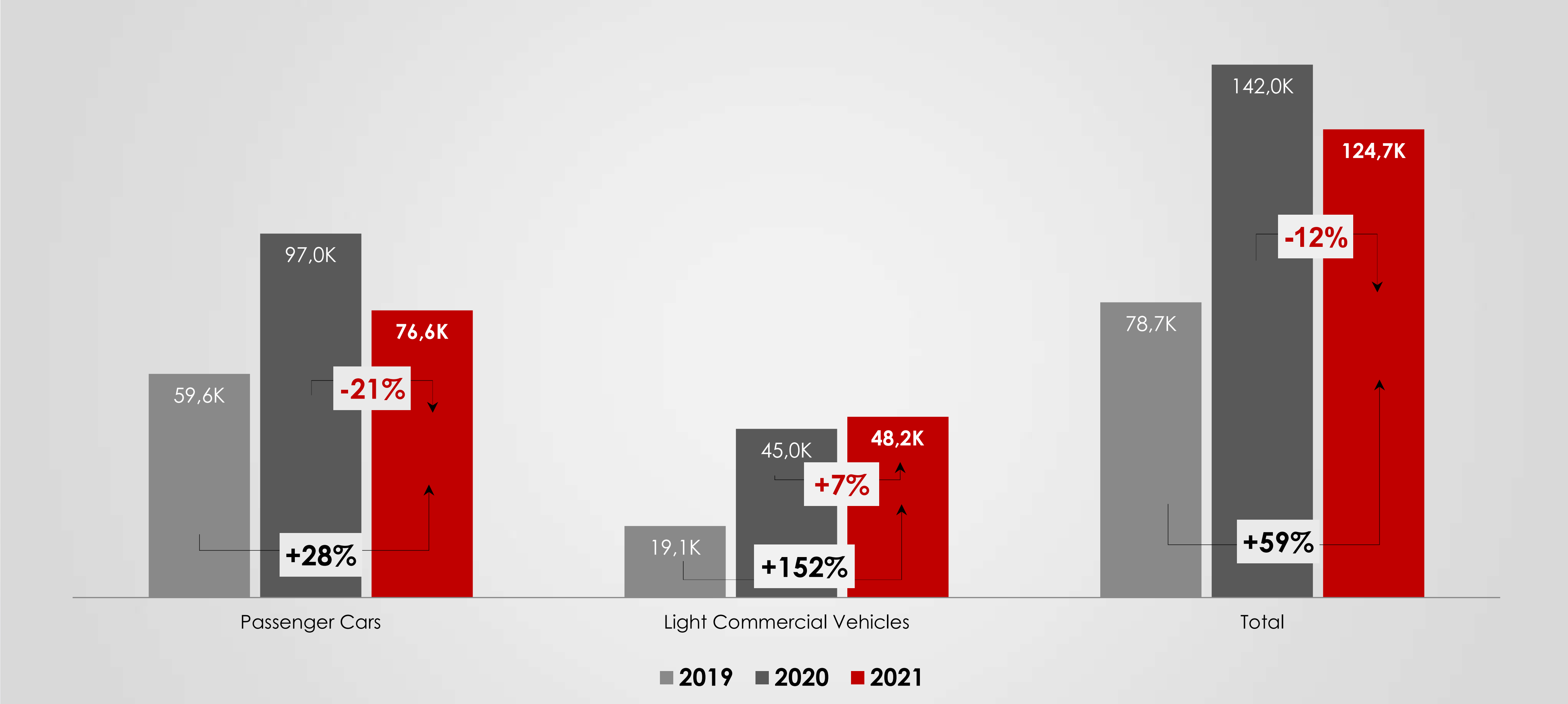
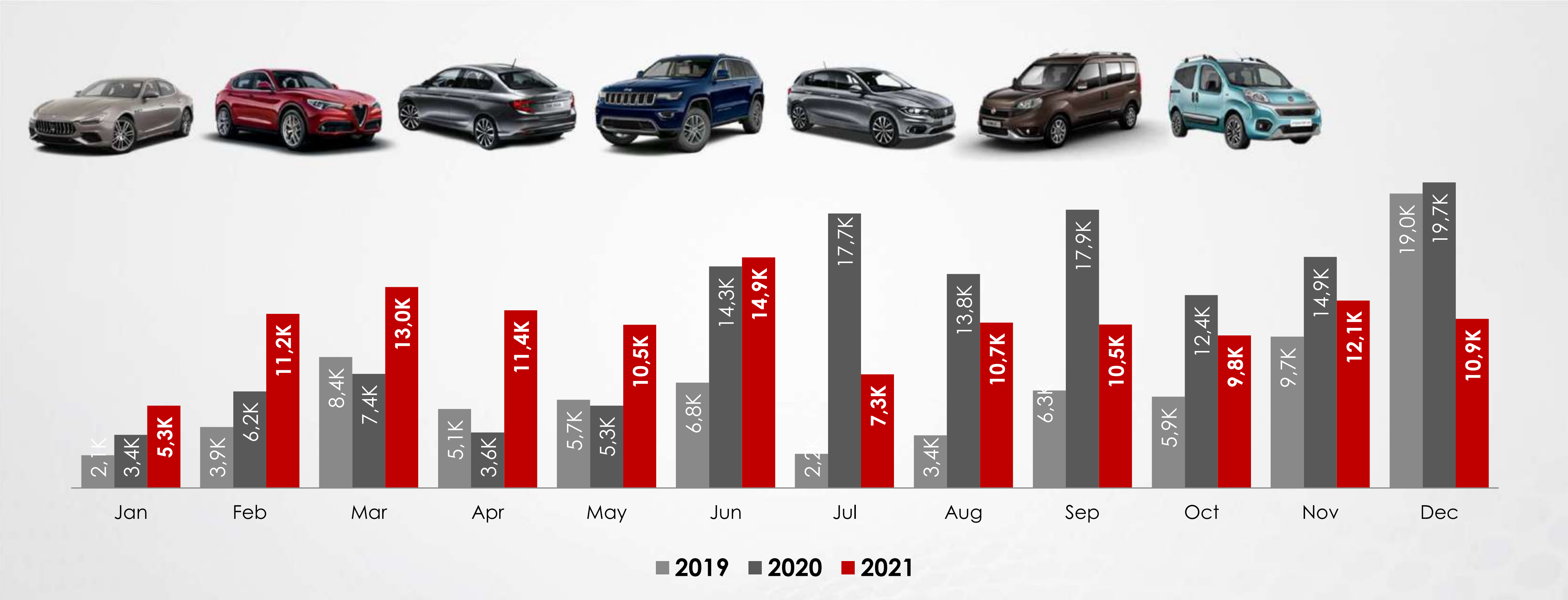


TOFAŞ DOMESTIC LV MARKET PERFORMANCE

PC & LCV Retail Sales - Monthly



FIAT BRAND DOMESTIC LV MARKET PERFORMANCE

Passenger Car Market Share

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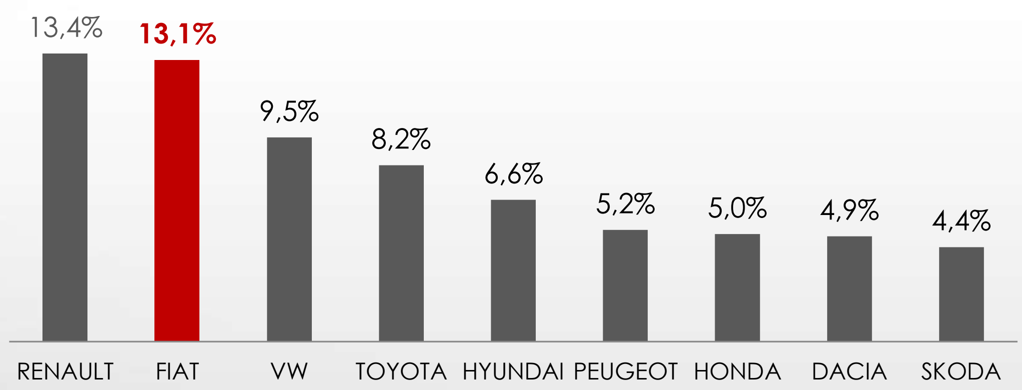
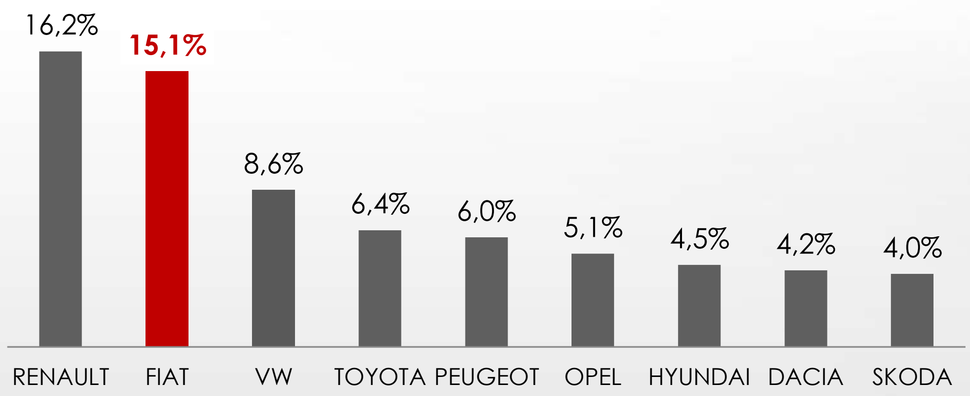
2021



Source: ODD

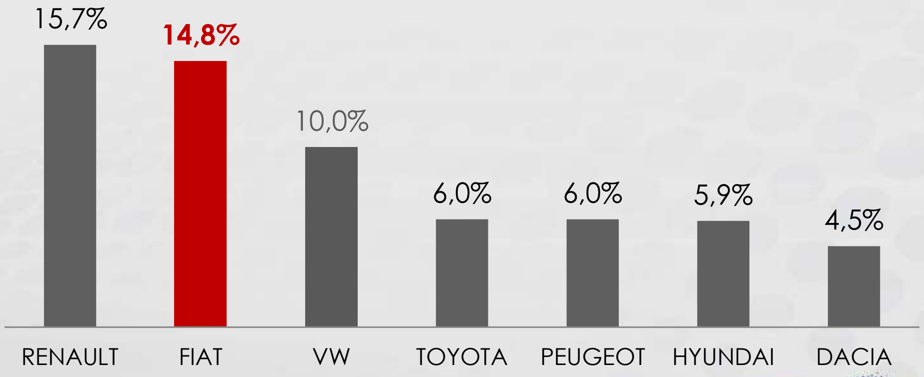
2020



Source: ODD

- ✓ In **2021, Fiat brand** maintained its **2nd position** in PC market with **13.1%** market share, supported by the **launch** of **crossover** model.
- ✓ This was achieved despite the lack of automatic transmission offering due to phase-in of new models (to be introduced in 1Q22), which comprised 74% of local PC demand in 2021.

2019



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FIAT BRAND DOMESTIC LV MARKET PERFORMANCE

Light Commercial Vehicle Market Share

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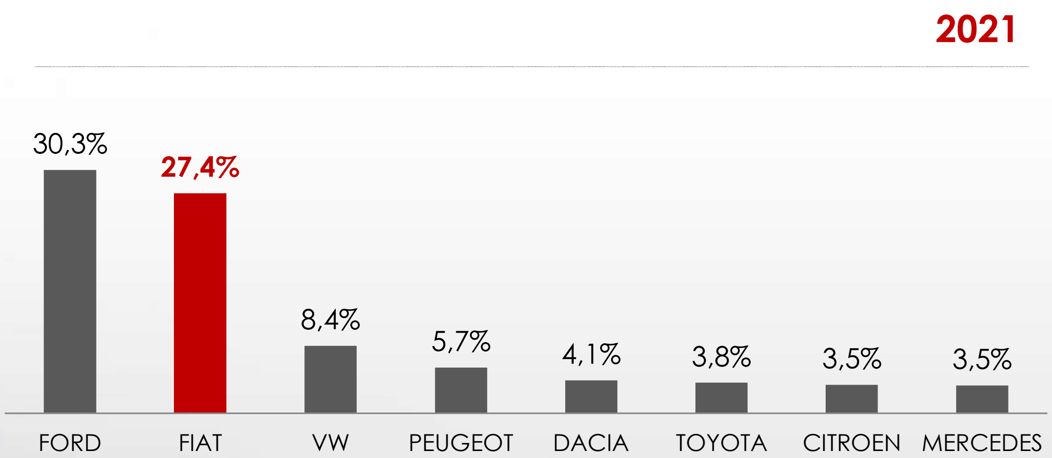
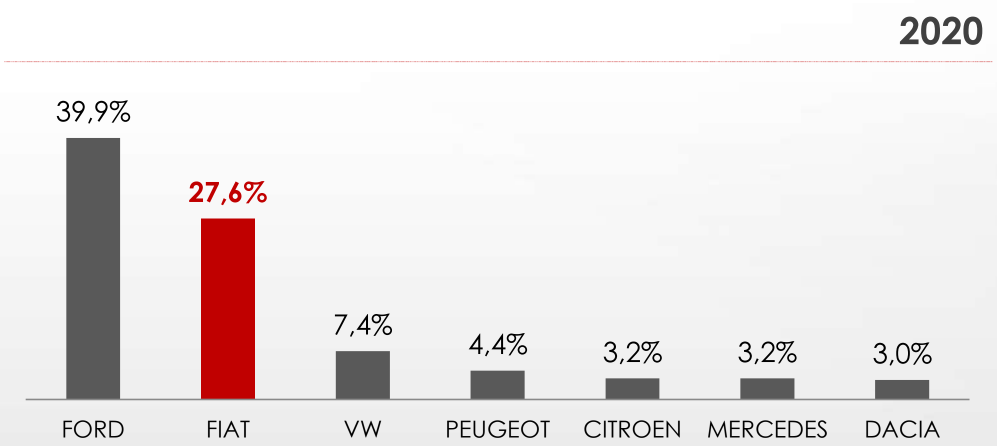
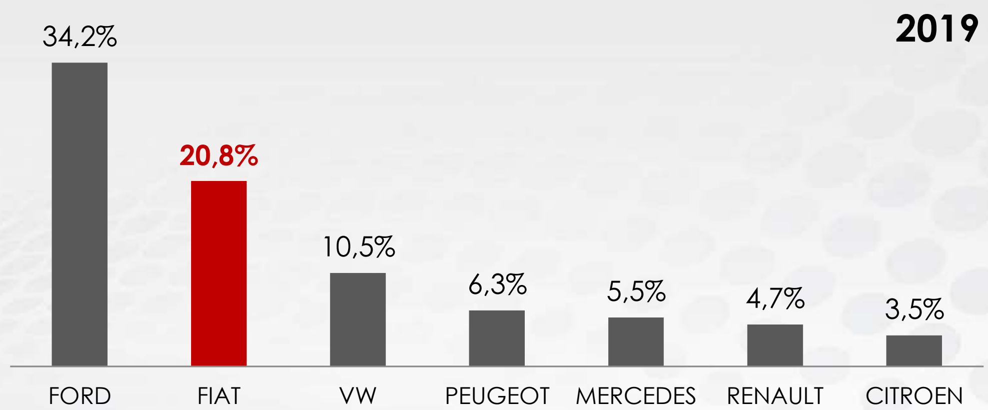


Source: ODD



Source: ODD



- ✓ In **2021**, **Fiat** brand sustained its **second position** in **LCV** market, commanding a **market share** of **25.6%** with **subtantial improvement** in **4Q21** at **31.8%**.
- ✓ Despite better availability of imported vehicles, **market share** was flattish y/y and **remains significantly above pre-pandemic** level of 20.8% in 2019.

FIAT BRAND DOMESTIC LV MARKET PERFORMANCE

PC & LCV Combined Market Share

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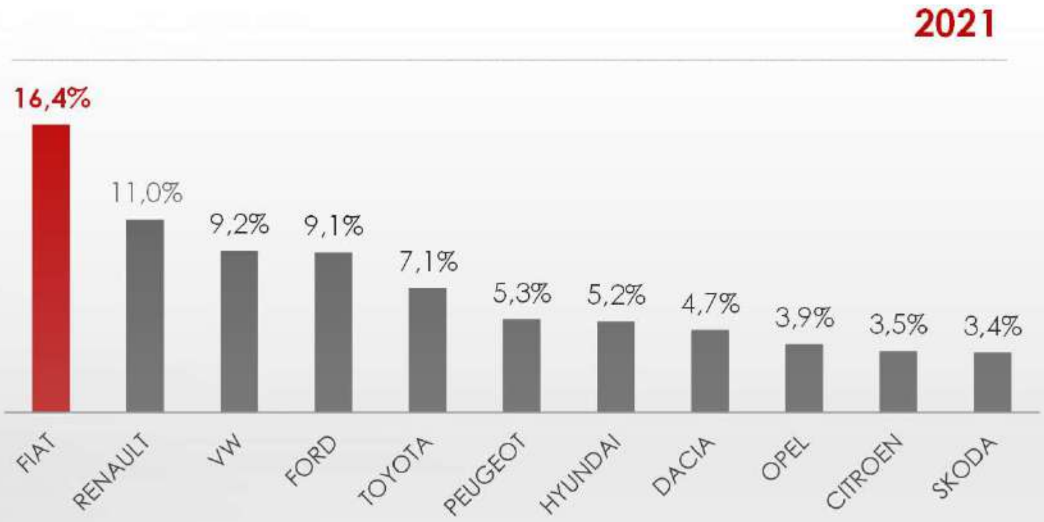
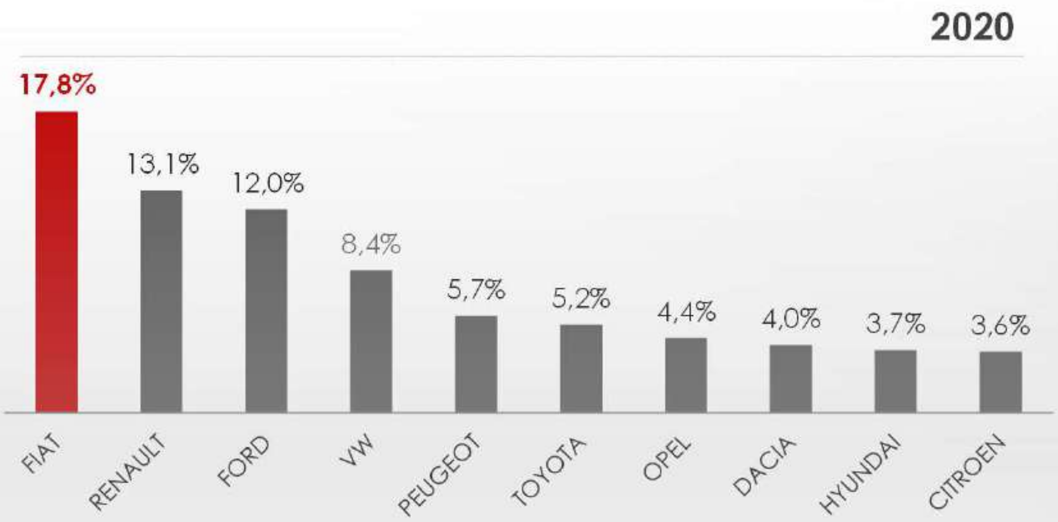
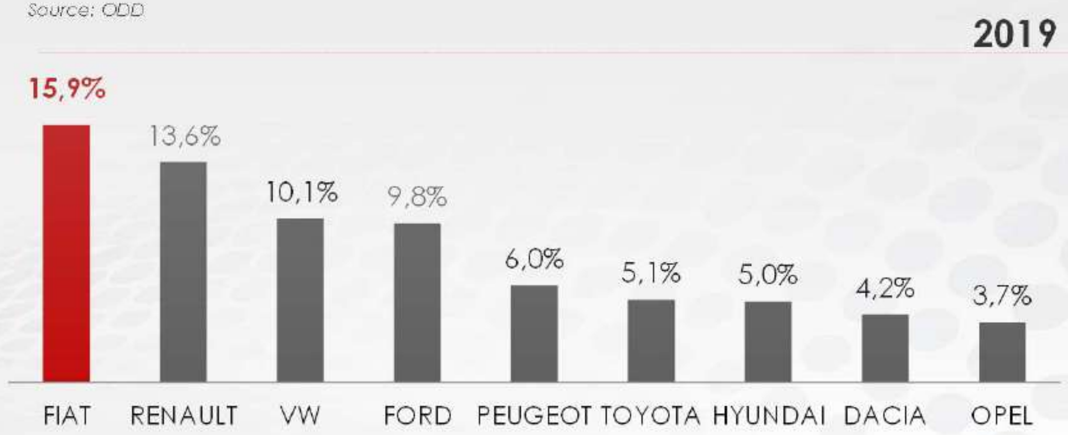


Source: ODD



Source: ODD



- ✓ **Fiat** brand **had solidified its distant domestic LV market leadership** with a market share of **16.4%** in **2021** (vs. 16.0% in 9M21) and remaining **above pre-pandemic level** in 2019.
- ✓ **Tofaş market share** including premium brands stood at **16.9%** in **2021**.

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EUROPEAN MARKET
PC & LCV Registrations

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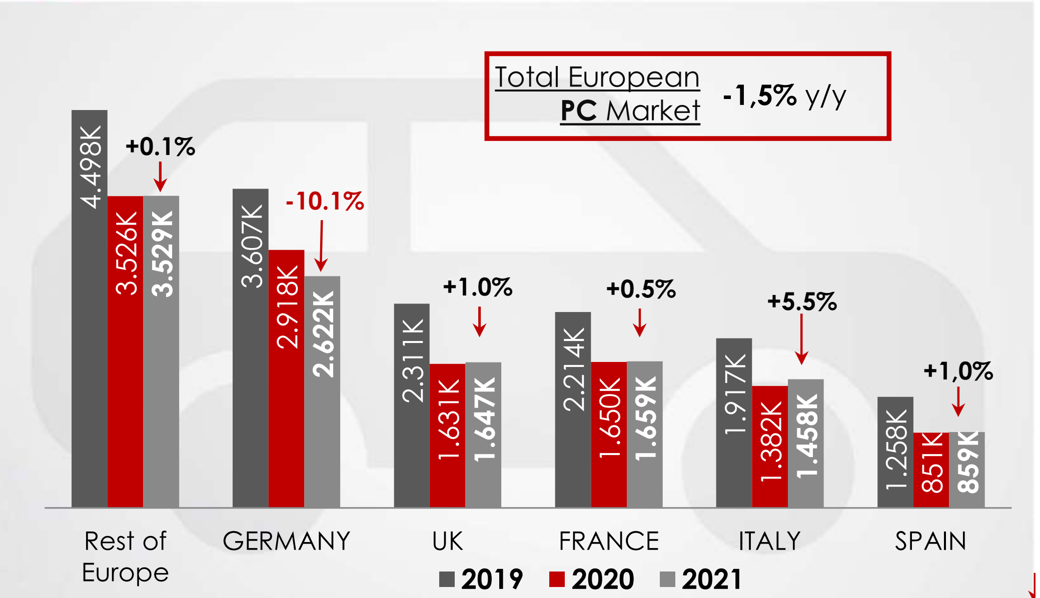
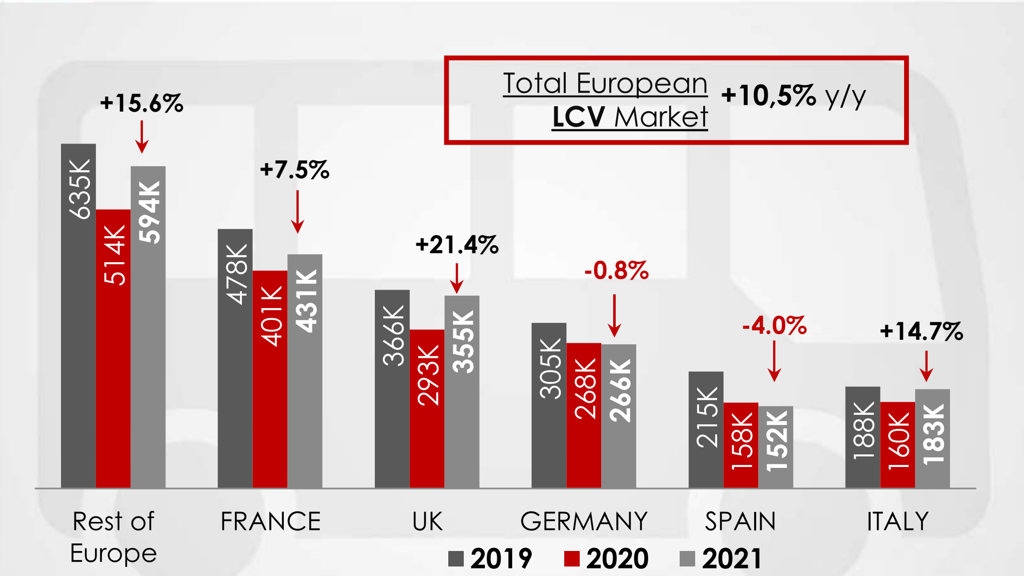
PC Market (EU + UK)



Source: ACEA

LCV Market (EU + UK)



Source: ACEA

- ✓ **The recovery in European** (EU + UK) **PC market had cut pace in 2H21,** resulting in **c.2% y/y contraction** for the full year, mainly due to supply constraints and new delta variant**.** All major markets except Germany had exhibited growth while **registrations in 2021 remain ~26% below pre-pandemic level** in 2019.
- ✓ **In 2021, LCV registrations** in European market had **recovered** by **c.11% y/y**, while the growth slowed down notably in 2H due to semiconductor shortage. LCV registrations **remain ~10% below pre-pandemic level**.

TOFAŞ EXPORTS
Segment Evolution

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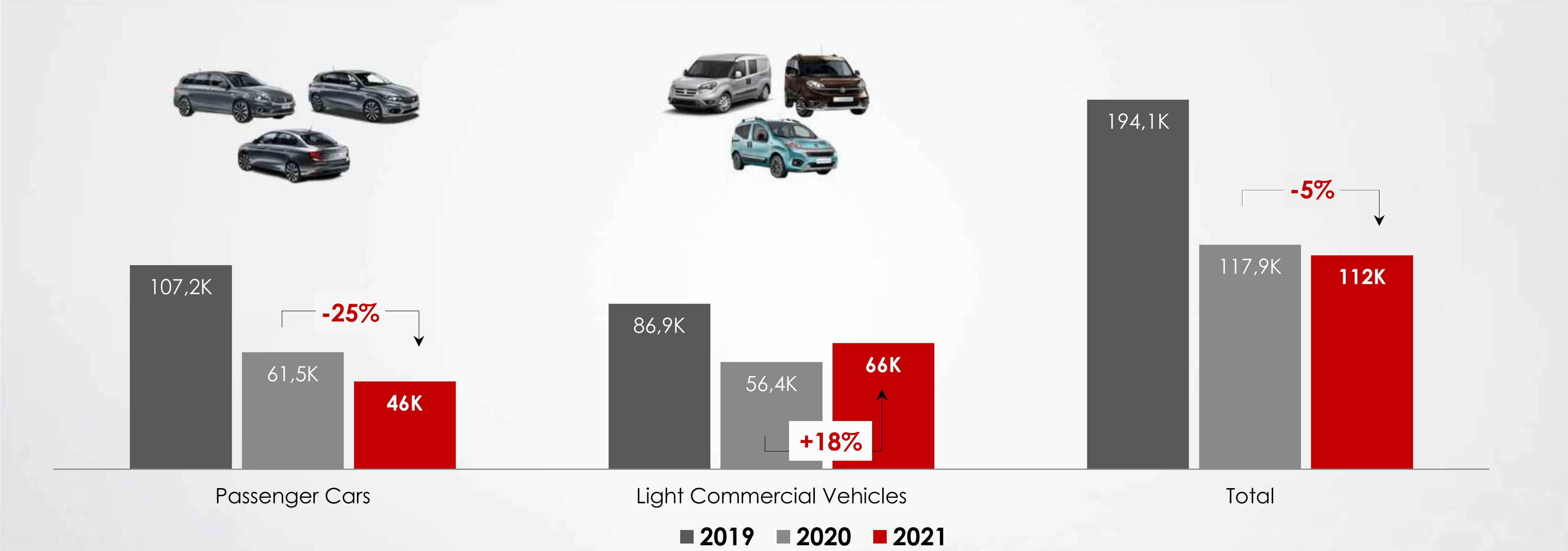

- ✓ In **2021**, **Tofaş export volumes slided** by **5% y/y**, reaching to **112.5K units.**
- ✓ **LCV** shipment **recovery** at **18% y/y,** was **offset** by **25% y/y decline** in **PC** shipments.
- ✓ Growing penetration of hybrid/electric vehicles (~45%) and higher supply constraints for our export-oriented PCs, were the main reasons of this performance.

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TOFAŞ EXPORTS
Export Volumes - Monthly

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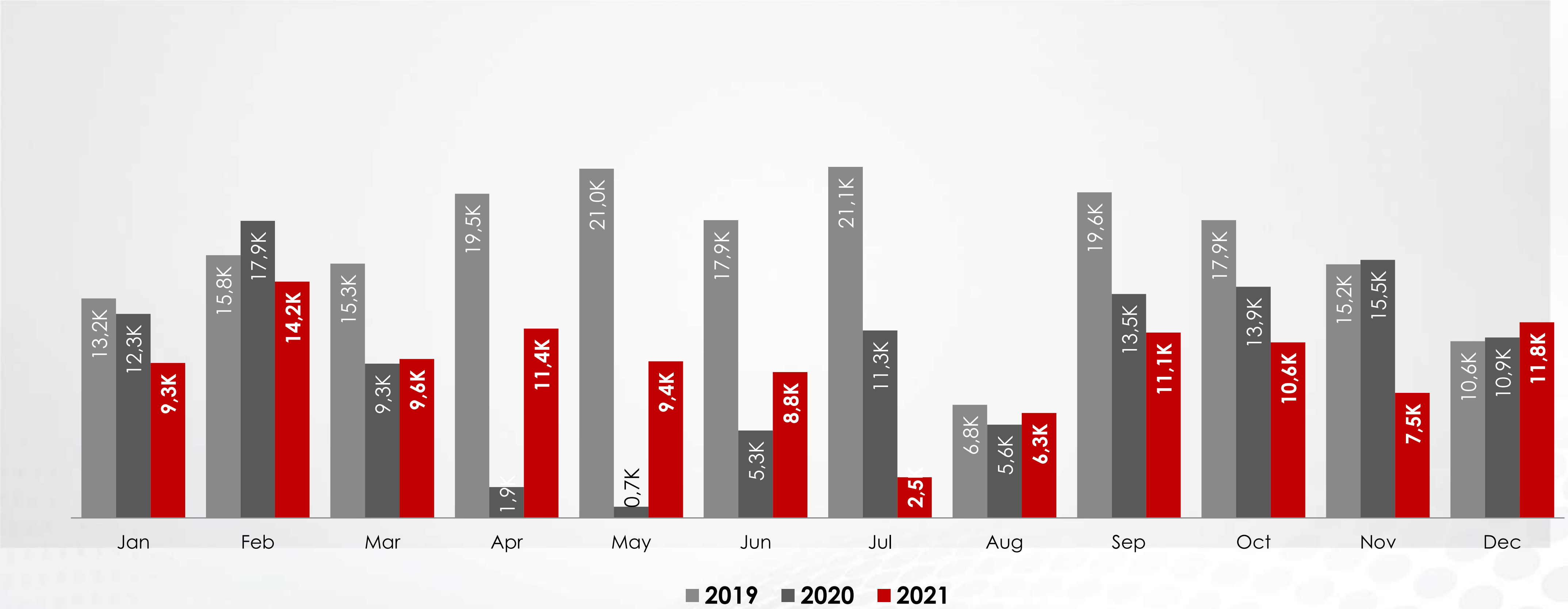

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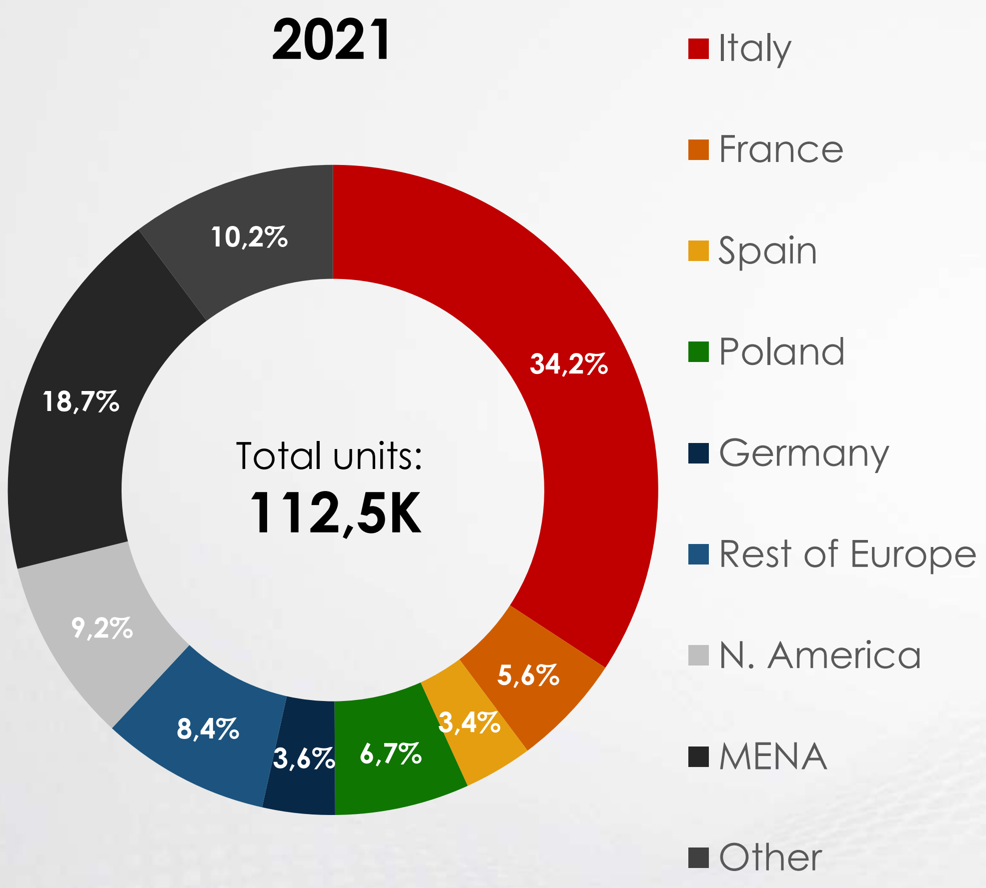
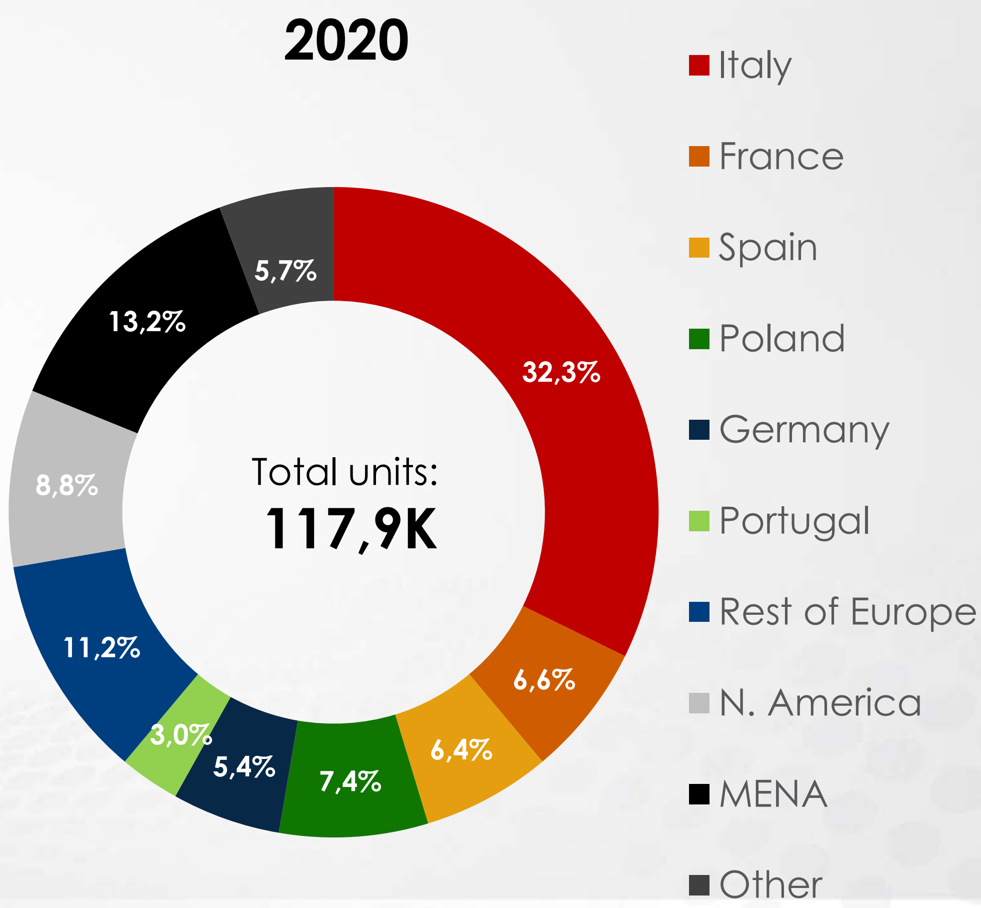
TOFAŞ EXPORTS
Volume Breakdown





SHIPMENTS

Tofaş Shipment Volumes by Model

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Exports	2021	2020	Δ
Tipo	45.524	60.840	-15.316
Sedan	*16.278*	*19.153*	*-2.875*
Cross	*7.926*	*-*	*7.926*
H/B and S/W	*21.320*	*41.687*	*-20.367*
Doblo	37.697	33.387	4.310
RAM Promaster City	11.064	10.324	740
MCV	18.180	13.335	4.845
Others	12	17	-5
Exports Total	**112.477**	**117.903**	**-5.426**

Domestic Market	2021	2020	Δ
Egea	70.860	90.494	-19.634
Sedan	*49.183*	*79.371*	*-30.188*
Cross	*18.901*	*-*	*18.901*
H/B and S/W	*2.776*	*11.123*	*-8.347*
Doblo	28.865	23.952	4.913
Fiorino	16.257	16.867	-610
Imported Vehicles	6.327	10.263	-3.936
Domestic Total	**122.309**	**141.576**	**-19.267**
TOTAL SHIPMENTS	***234.786***	***259.479***	***-24.693***

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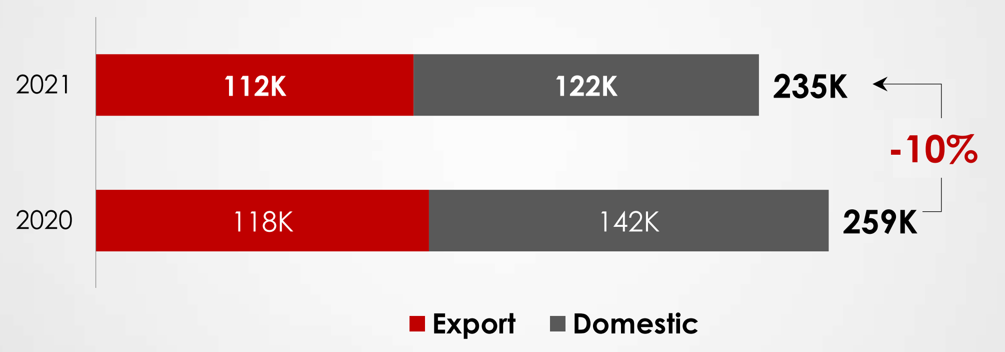
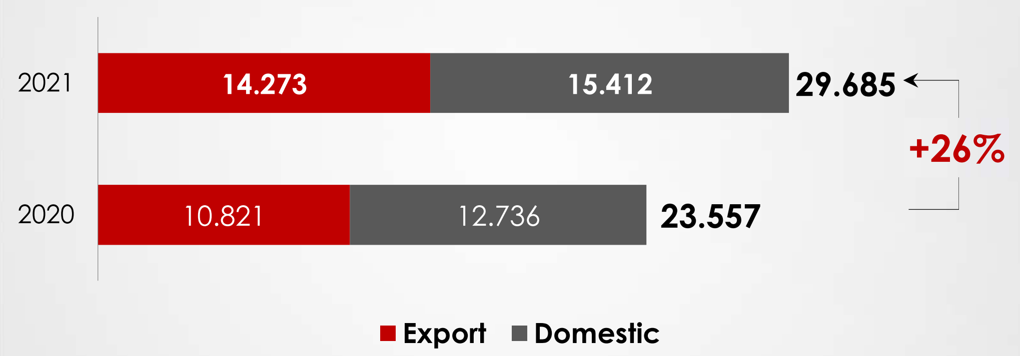
FINANCIAL PERFORMANCE

Financial Highlights - 2021

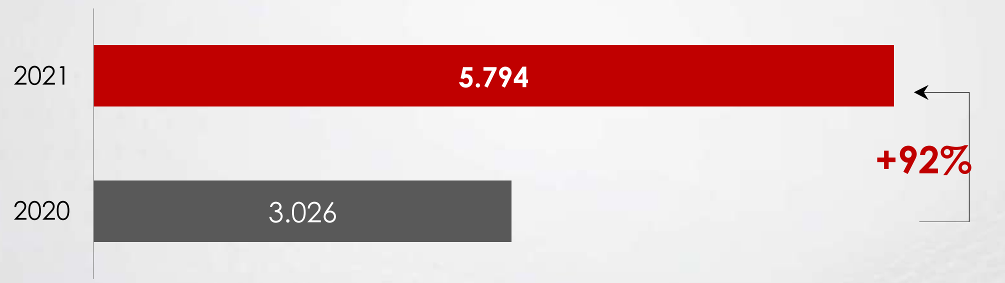
Shipments (units)



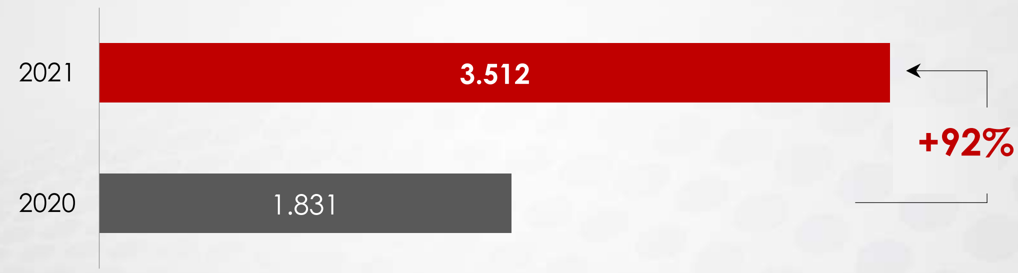
Revenue (mnTL)



EBITDA (mnTL)

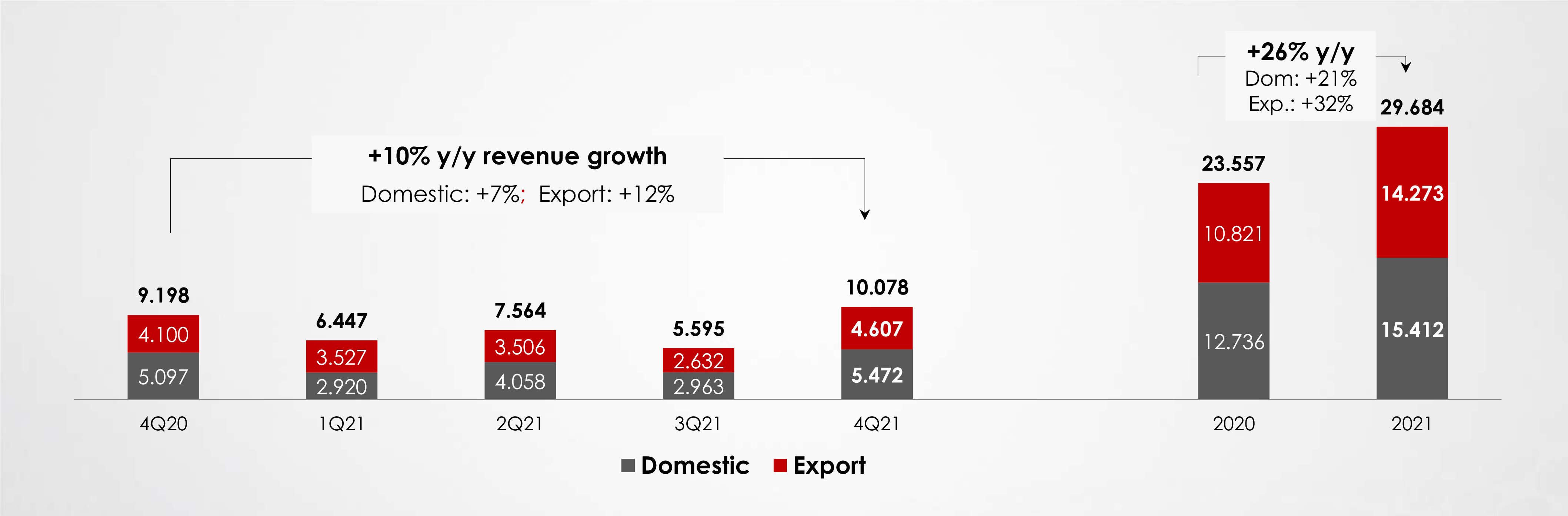


Profit Before Tax (mnTL)



FINANCIAL PERFORMANCE

Revenue (mn TL)



- ✓ **2021 consolidated revenue expanded** by **26% y/y**, reaching to **TRY29.7bn** driven by a balanced combination of domestic and export sales growth.
- ✓ **4Q21 y/y revenue growth** of Tofas stood at **+10%** (vs. -18% y/y in 3Q21), reaching to **10.1bn TL**, thanks to good pricing, offseting lower shipment volumes from supply-chain driven production challenges and base effect.
- ✓ Stronger EUR/TRY further supported export sales in 4Q21.

FINANCIAL PERFORMANCE
Profitability (mn TL)

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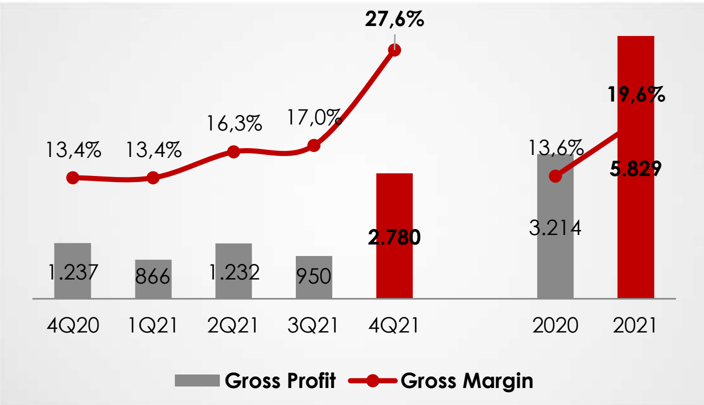
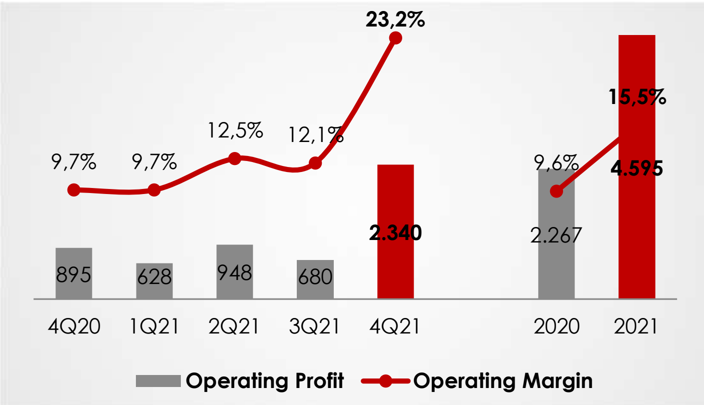
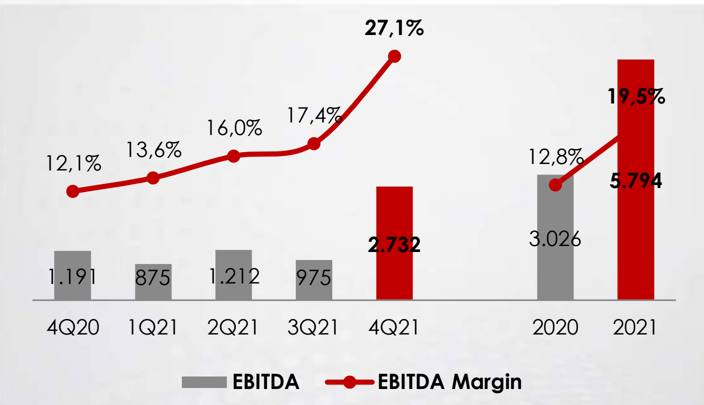
Gross Profit



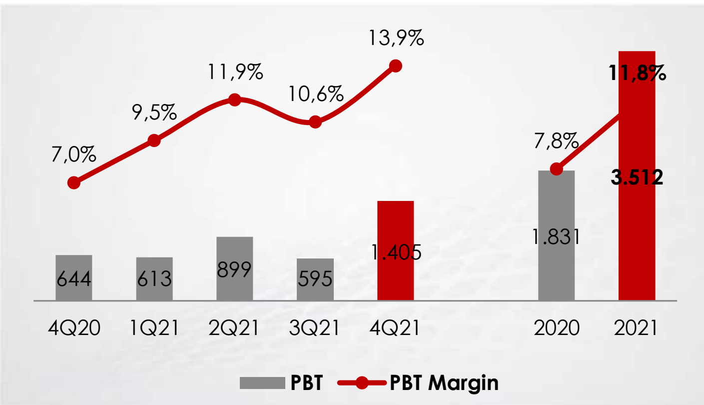
Operating Profit



EBITDA



Profit Before Tax



- ✓ In 2021, **gross margin expanded by 6pp y/y,** reaching to **19.6%.** This was mainly driven by; **i.** strong execution in local market owing to cost control, channel mix and weaker TRY; **ii.** protective cost-plus export contracts.
- ✓ **EBITDA surged** by **92% y/y** with an **EBITDA margin** of **19.5% (up 6.7pp y/y),** in-line with gross margin performance, in 2021.
- ✓ **PBT grew** by **92% y/y** in **2021** with a **PBT margin** of **11.8% (up 4pp y/y),** supported by notable **acceleration** in **PBT growth** in **4Q21 (up 118% y/y).**

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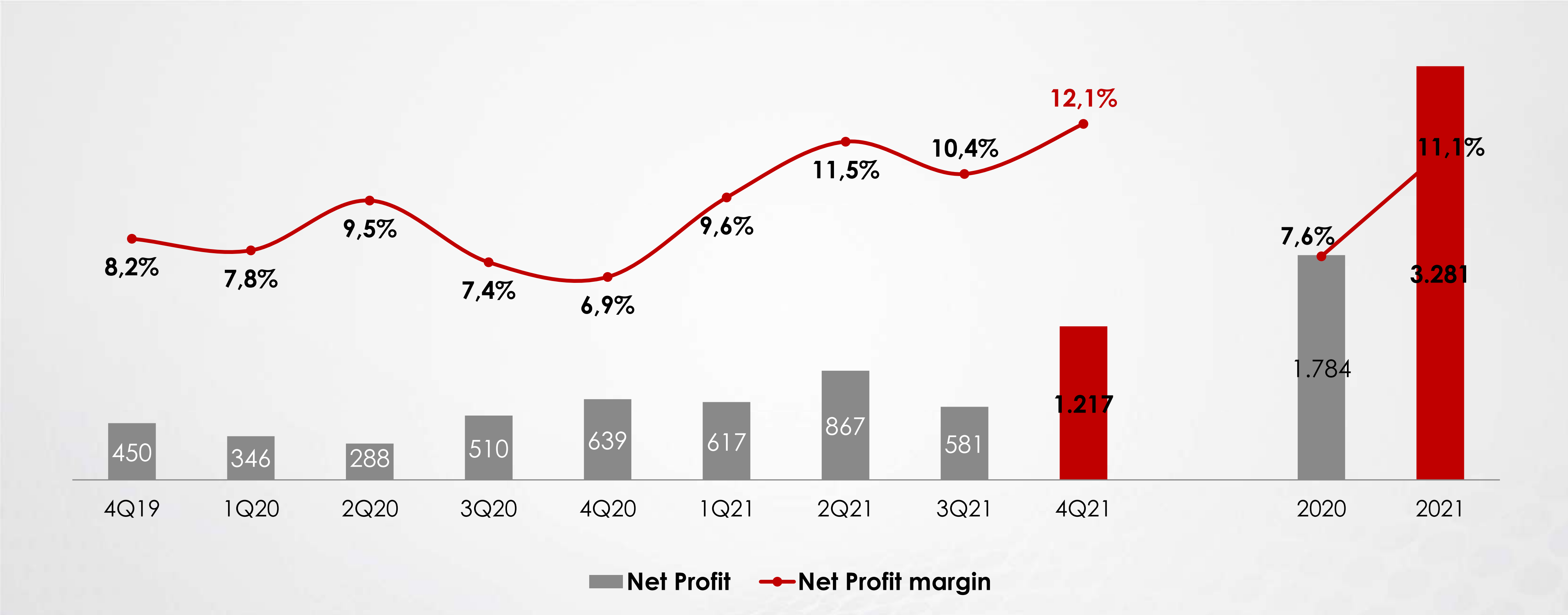
FINANCIAL PERFORMANCE

Net Profit (mn TL)



- ✓ **4Q21 y/y bottom-line growth accelerated** to **c.90%** with a **net profit** of **1.22bn TL**, and **net margin** reached to **12.1% (up 5.2pp y/y** and **1.7pp q/q).**
- ✓ As a result, **2021 net income** reached to **3.28bn TL (up c.84% y/y)** with **net profit margin** of **11.1% (up 3.5pp y/y).**

FINANCIAL PERFORMANCE

Income Statement

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

mn TL	2020	2021	Δ
Net Sales	23.557	29.684	+26.0%
Gross Profit	3.214	5.829	+81.4%
Operating Profit	2.267	4.595	+102.7%
EBITDA	3.026	5.794	+91.5%
Profit Before Tax	**1.831**	**3.512**	**+91.8%**
Net Profit	1.784	3.281	+83.9%
Gross Margin %	13,6%	19,6%	+6.0pp
Operating Margin %	9,6%	15,5%	+5.9pp
EBITDA %	12,8%	19,5%	+6.7pp
Profit Before Tax Margin %	**7,8%**	**11,8%**	**+4.0pp**
Net Margin %	7,6%	11,1%	+3.5pp

FINANCIAL PERFORMANCE

Balance Sheet - Assets & Liabilities (mn TL)

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

Current Assets	31.12.2021	31.12.2020	Δ
Cash and Cash Equivalents	4.215	4.251	-36
Inventory	2.379	1.524	855
Trade Receivables	7.142	5.493	1.649
S.T. Consumer Financing Loans	2.147	1.400	747
Other Current Assets	287	173	114
Non-Current Assets	**31.12.2021**	**31.12.2020**	**Δ**
Fixed Assets	1.904	2.037	-133
Intangible Assets	1.926	1.880	46
L.T. Consumer Financing Loans	2.236	1.460	776
Other Non-current Assets	1.238	1.257	-19
Total Assets	**23.473**	**19.476**	**3.997**

Current Liabilities	31.12.2021	31.12.2020	Δ
Short-term Financial Liabilities	150	50	100
S.T. Portion of L.T. Financial Liabilities	3.988	2.777	1.211
Trade Payables	8.768	7.484	1.284
Other Current Liabilities	852	570	282
Non-Current Liabilities	**31.12.2021**	**31.12.2020**	**Δ**
Long-term Financial Liabilities	3.621	3.863	-242
Other Long-term Liabilities	351	264	87
Sh. Equity	5.743	4.469	1.274
Total Equity & Liabilities	**23.473**	**19.476**	**3.997**

FINANCIAL PERFORMANCE

Financial Position & Working Capital (mn EUR)

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

Financial Position	Dec'21	Sep'21	Jun'21	Mar'21	Dec'20	Sep'20	Jun'20
Financial Assets	287	350	233	308	472	440	270
KFK - Consumer Loans Granted	298	404	372	368	317	262	254
KFK – Financial Liabilities	240	349	324	314	310	260	238
Tofaş Financial Liabilities	255	359	359	438	430	526	501
Net Financial Position	**91**	**46**	**-78**	**-76**	**49**	**-83**	**-215**

✓ Solid financial position as of year-end

Working Capital	Dec'21	Sep'21	Jun'21	Mar'21	Dec'20	Sep'20	Jun'20
Trade Receivables	473	464	573	521	604	484	484
Inventory	157	177	190	187	168	148	152
Other Receivables	-	-	8	8	19	12	9
Trade Payables	580	582	672	691	822	639	499
Other Liabilities	45	36	15	41	32	18	37
Net Working Capital	**5**	**23**	**84**	**-16**	**-63**	**-13**	**109**

✓ Slight sequential improvement in net working capital.

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INVESTMENTS
(mn €)

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

	2021	2020	2019	2018
Structural	10	7	18	29
Minicargo	11	6	12	7
Doblo & RAM ProMaster City	18	11	25	22
Egea/Tipo Sedan, HB & SW	62	85	52	37
TOTAL	**100**	**108**	**107**	**95**

AGENDA

- Key Highlights
- Production & Shipments
- Domestic Market
- Export
- Financial Performance
- Investments
- Outlook

OUTLOOK
2022

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	2021A	2022E
Domestic Light Vehicle Market (PC+LCV)	737K units	**700K-750K units**
Tofaş Domestic Retail Sales	125K units	**125K-140K units**
Export Shipments	113K units	**125K-140K units**
Production Volume	229K units	**240K-270K units**
Investments	€100M	**€100M**

Q&A

APPENDICES

STELLANTIS DOMESTIC LV (PC & LCV) MARKET SHARE (2021)

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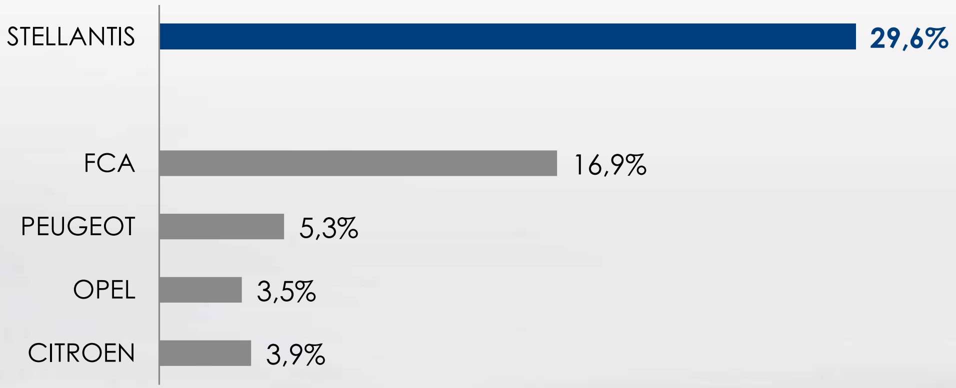
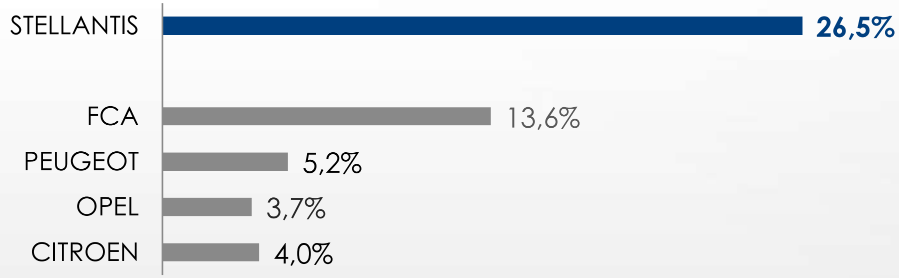
PC & LCV market share



Source: ODD

PC market share



LCV market share

Source: ODD

STELLANTIS EV DAY

EV Strategy of Stellantis

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4 full BEV Platforms

Up to 2 million Vehicles / Platform / Year

STLA SMALL

EFFICIENT CITY MOBILITY

STLA MEDIUM

PREMIUM VEHICLES

STLA LARGE

AWD PERFORMANCE & AMERICAN MUSCLE

STLA FRAME

CAPABILITY & PRACTICALITY

EV RANGE WILL FIT CUSTOMERS

- 80% of customers in the small cars segment
- 90% of customers in the compact and midsize cars segment

EUR30bn+ within 2021-2025- Planned total investment in electrification and software

80% of EV value under control (more than ICE) - Coverage of critical supply items by JVs

STELLANTIS LEV MIX* EXPECTED TO GROW FAST

EU		US
14%	2021	4%
70%+	2030	40%+

NAMEPLATES with LEV OFFERING

EU		US
98%	2025	96%

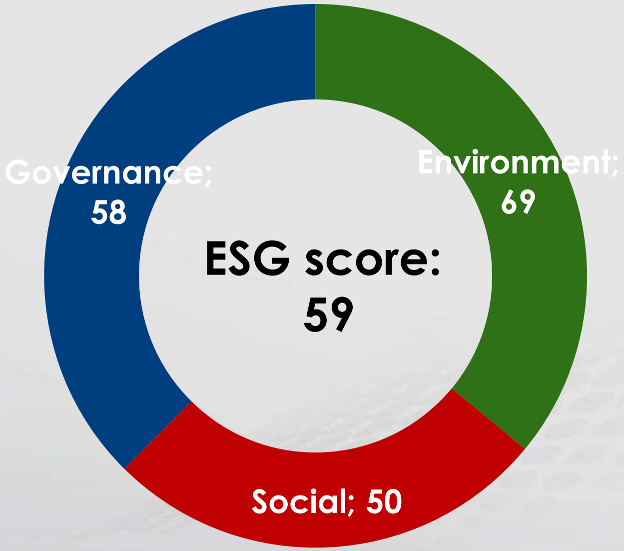
*Forecasted LEV mix on total Stellantis passenger car and light-duty truck sales

Koç

STELLANTIS

SUSTAINABILITY

- ✓In July 2021, we had **published our 2020 Sustainability report**, which provides insights about the performance, strategy and progress in environmental, social and ethical areas of Tofas in 2020. http://irsustainability.tofas.com.tr/2020/en/
- ✓Borsa İstanbul signed an agreement with Refinitiv to assess listed companies based on international sustainability criteria in 3Q21.
- ✓Accordingly, **ESG score** of **Tofas** is calculated as **59** and above the threshold level of 50 in the sustainability index. **Tofas ranks** in **top 25% quartile** amongst **automobile** and **auto parts companies globally**.



Source: Refinitiv

DOMESTIC MARKET SHARE

PC Market Shares (Monthly)

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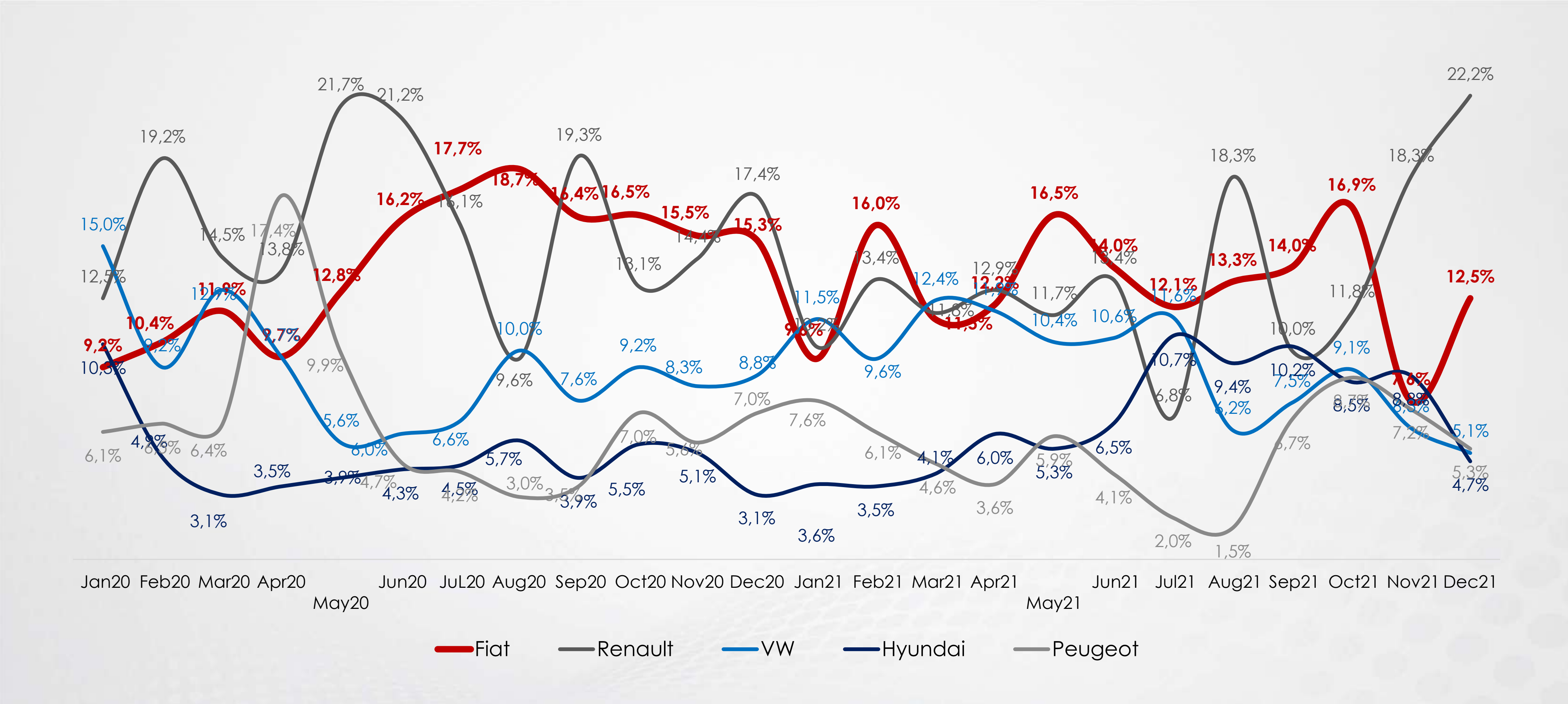

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STELLANTIS

DOMESTIC MARKET SHARE

LCV Market Shares (Monthly)

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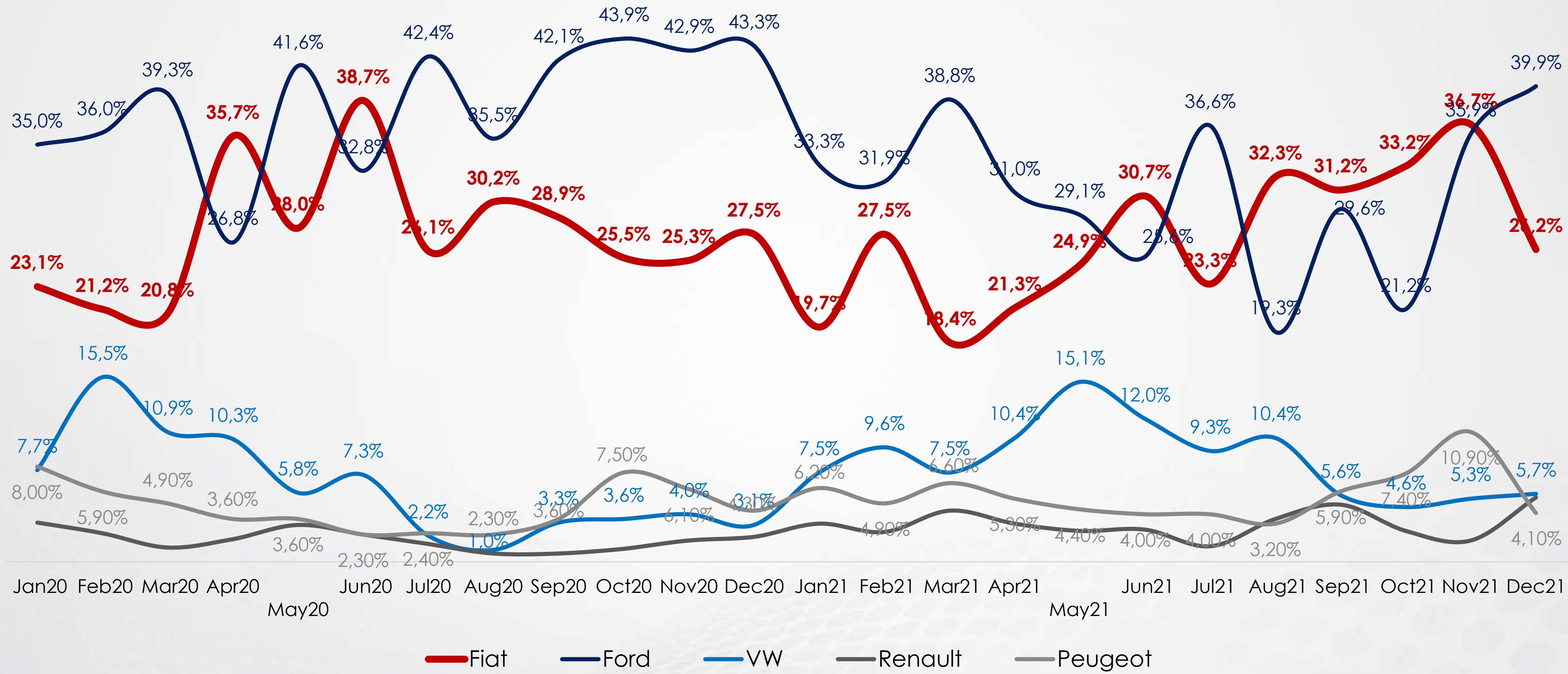

DOMESTIC MARKET SHARE

PC & LCV Market Shares (Monthly)

Jeep

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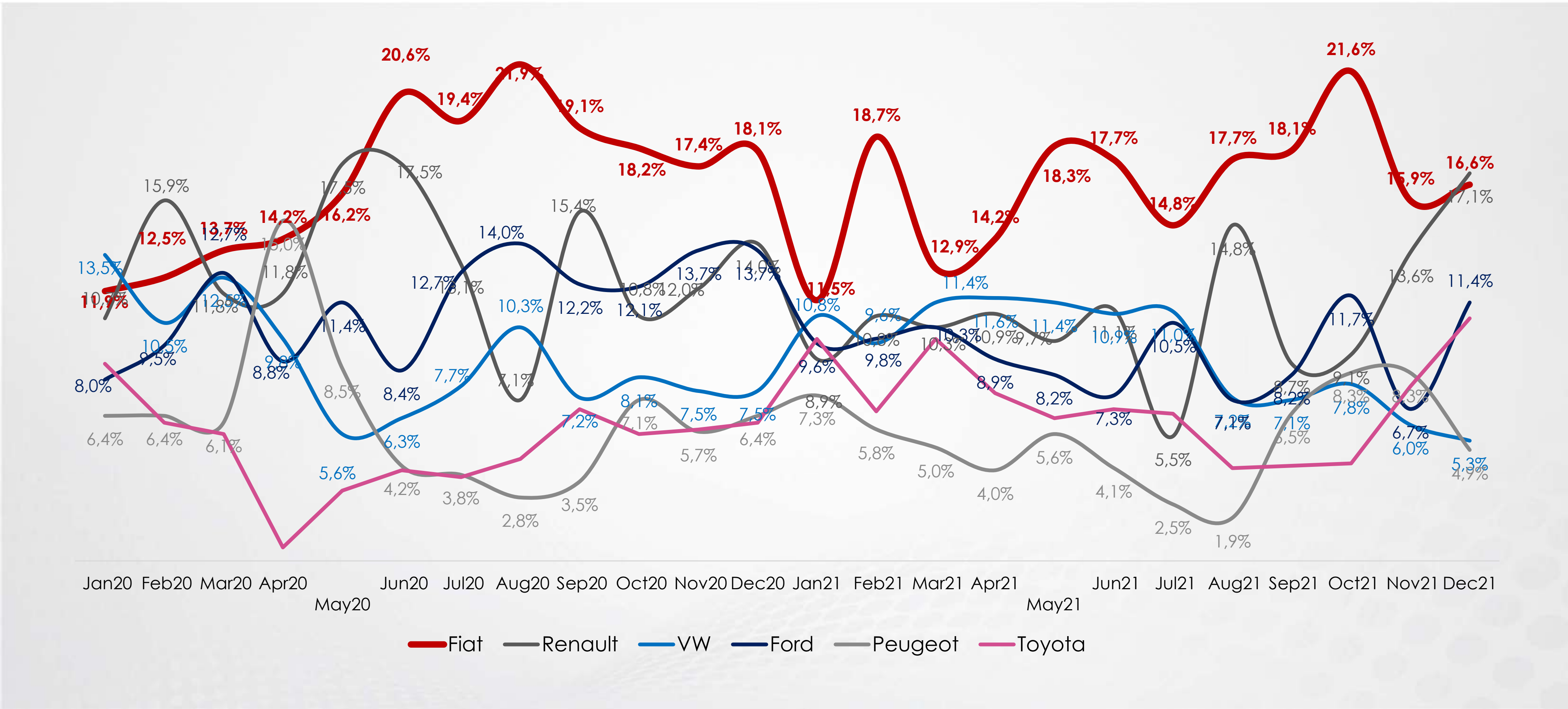

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