

TOFAŞ

TÜRK OTOMOBİL FABRİKASI A.Ş.

WEBCAST PRESENTATION

31.12.2023 Financial Results



Jeep®



DISCLAIMER

With the Capital Markets Board of Turkey's Bulletin dated 28.12.2023 numbered 2023/81, CMB announced that issuers and capital market institutions shall prepare their annual financial statements ending on 31.12.2023 or later, in accordance with IAS 29 inflationary accounting provisions.

Accordingly, this presentation on 2023 year-end financial results contain the Company's audited financial information prepared according to Turkish Accounting / Financial Reporting Standards by application of IAS 29 inflation accounting provisions, in accordance with CMB's decision dated 28.12.2023. In addition to these, given that the guidance information and the 2023 interim financial results announced so far were presented without the application of inflation accounting, in order to enable investors and analysts to conduct a full-fledged analysis, supplementary historical information for selected key performance indicators used in prior periods' investor presentations were provided. Such supplementary information is made available only for this period, and contains unaudited financial information prepared for management reporting purposes.

This presentation does contain forward-looking statements and figures that reflect the Company management's current views with respect to certain future events based on the base-case assumptions. Although it is believed that the expectations reflected in these statements are reasonable under current conditions, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ. Neither Tofaş nor any of its directors, managers, or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this presentation.

AGENDA

- **Key Highlights**
- Production & Shipments
- Domestic Market
- Export
- Financial Performance
- Investments
- Outlook
- Appendices - Financial highlights (w/o IAS 29)

KEY HIGHLIGHTS

- **Solid financial performance** in **2023** owing to strong domestic market execution with increasing local sales mix as well as higher net financial income on the back of growing cash position. **Inflation accounting** (IAS 29) has **started to be implemented**, in-line with Turkish Reporting Authority's decision.
- **Fiat** brand sustained its **distant domestic light vehicle market leadership** (five-years in a row) with a market share of **15.7%** in 2023 (-3pp y/y). Better availability of imported vehicles with new entrants and lessened local advantage due to lack of any adjustment in SCT brackets had a negative impact on market share.
- **Fiat** brand maintained **passenger car (PC) market leadership** with **13.0%** market share in **2023** (-3.4pp y/y). Egea model has been the market leader eight years in a row. **LCV market share** remained strong at **25.7%** (flat) due to robust performance of MCV, offsetting the phase-out of Doblo.
- **Soft export** volumes due the expiry of Doblo contract during the **transition period**; sizable **penetration** into **MENA** region provides support to export shipments.
- Preliminary activity for "**K0 model**" at Bursa plant is **on track**. **Awaiting** the **finalization** of **regulatory approval** process by Competition Board for the completion of merger with Stellantis Otomotiv in local market.

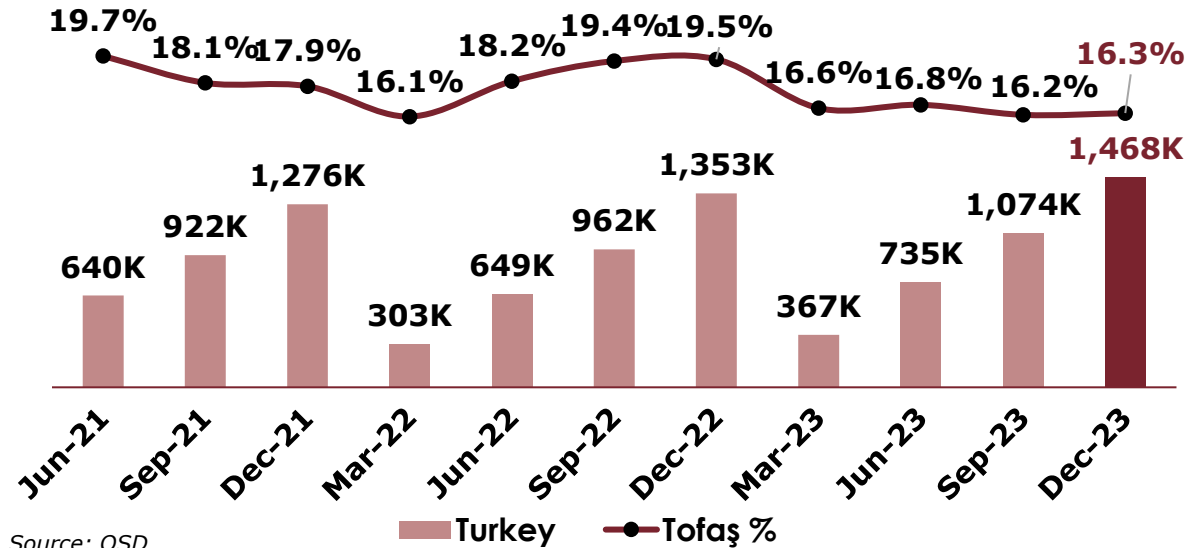
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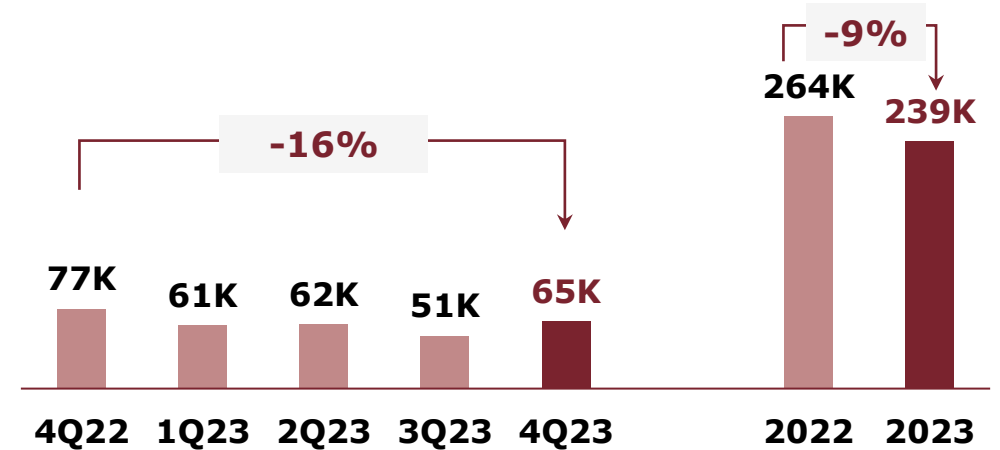
PRODUCTION

Turkish Automotive Industry & Tofaş

Turkish Automotive Production



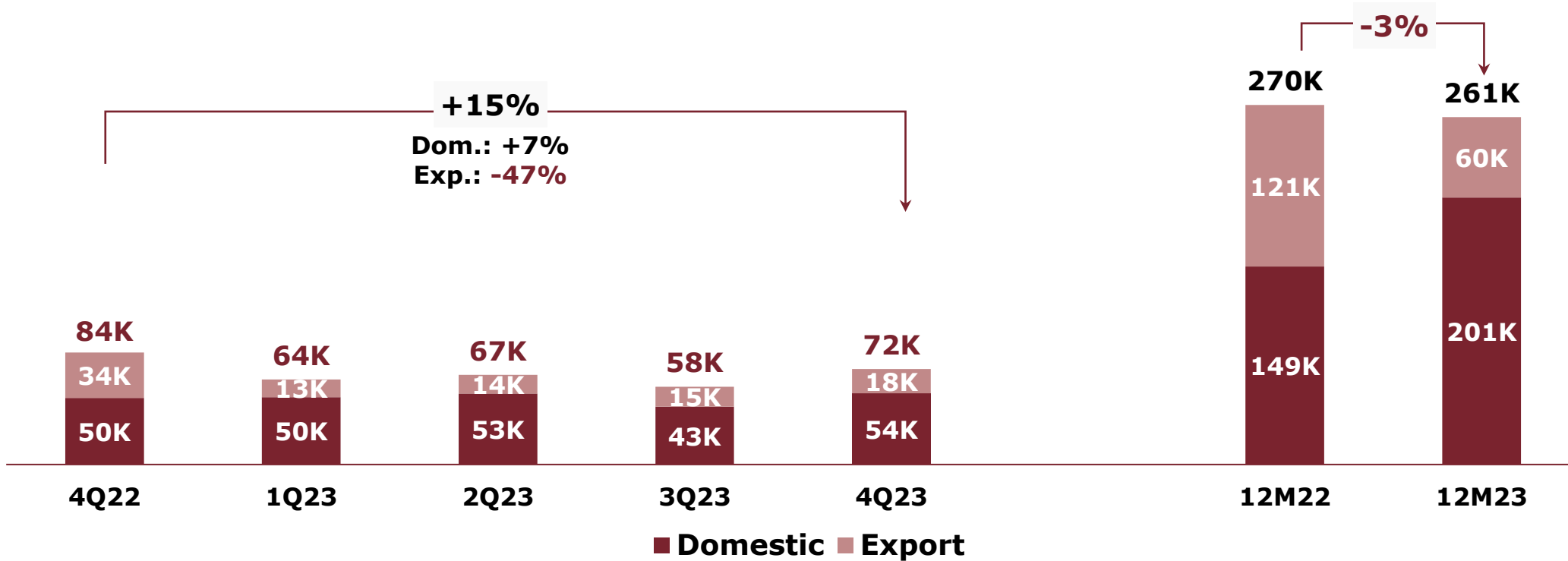
Tofaş Production



- Turkish motor vehicle **production ascended** by **c.9%** to **1.47mn** units in **2023**.
- **Tofaş** constituted **16.3%** of the industry with a **production** of **239K** units in **2023**, **down c.9% y/y**.
- Tofaş 2023 production mix; PC: 71%; LCV: 29% vs. 52% PC; 48% LCV in 2022.

SHIPMENTS

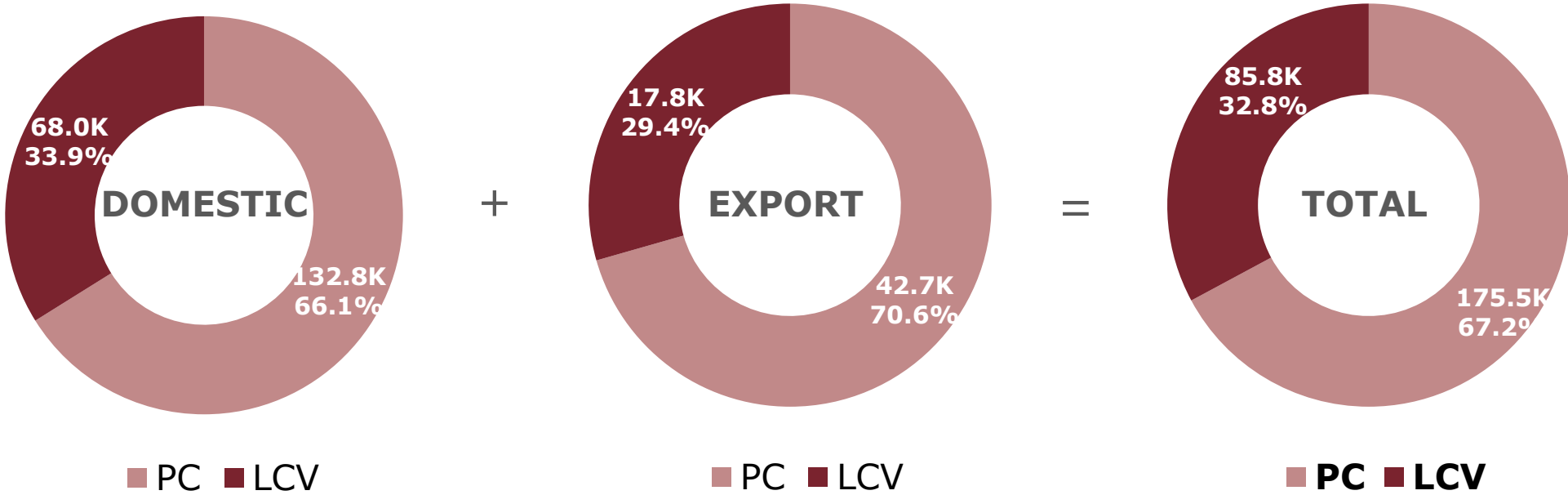
Tofaş Total Shipment Units



- **Total unit shipments of Tofaş descended by c.3%,** reaching to **261K** units in **2023**.
- Robust local shipments (+35% y/y) were offset by lower export volumes (-50% y/y), stemming from phase-out of Doblo.

SHIPMENTS

Tofaş Shipment Volumes by Business



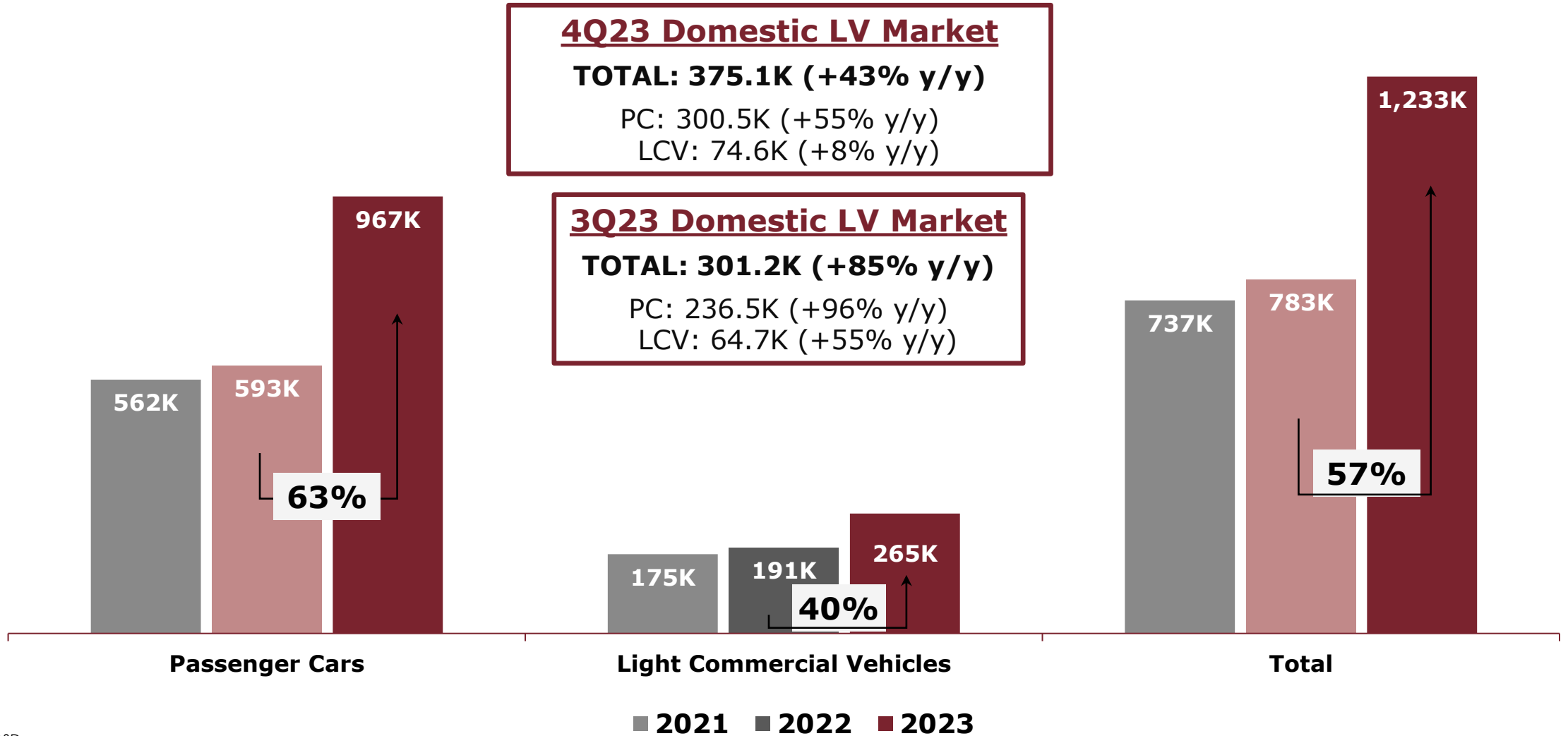
In 2023, LCV mix in export business declined by 38.4pp y/y, constituting c.29% of export business.

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DOMESTIC LV MARKET

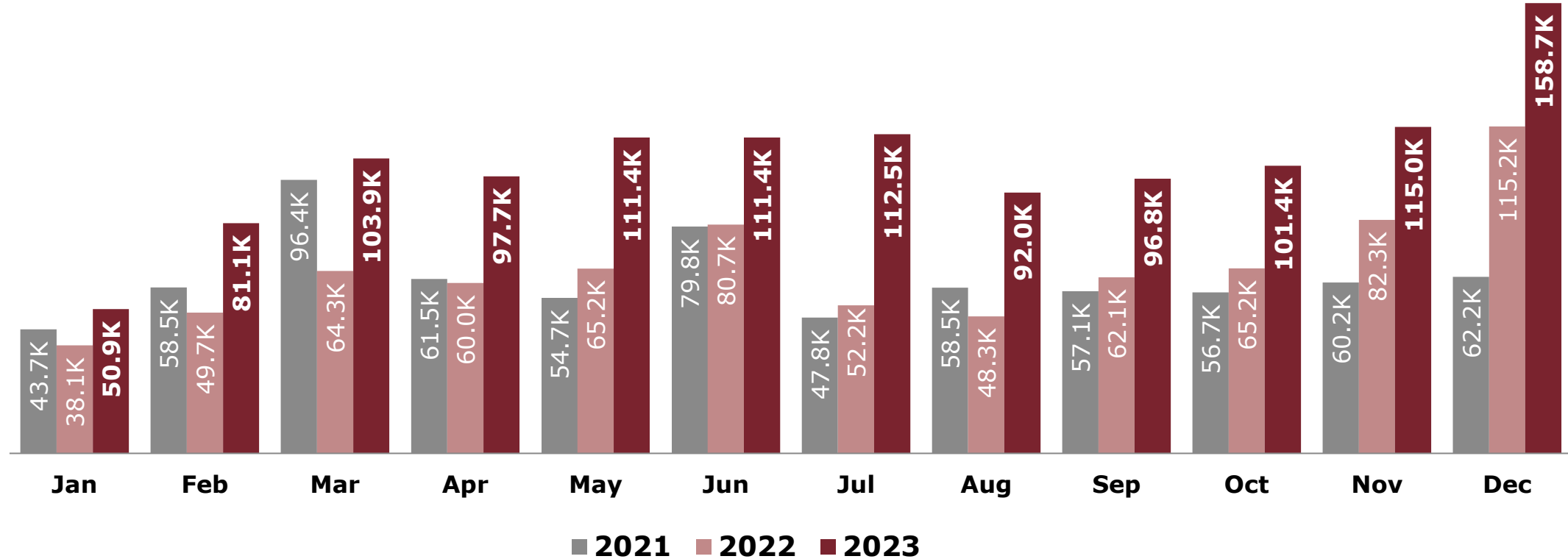
Segment Evolution



Source: OSD

DOMESTIC LV MARKET

PC & LCV Retail Sales - Monthly

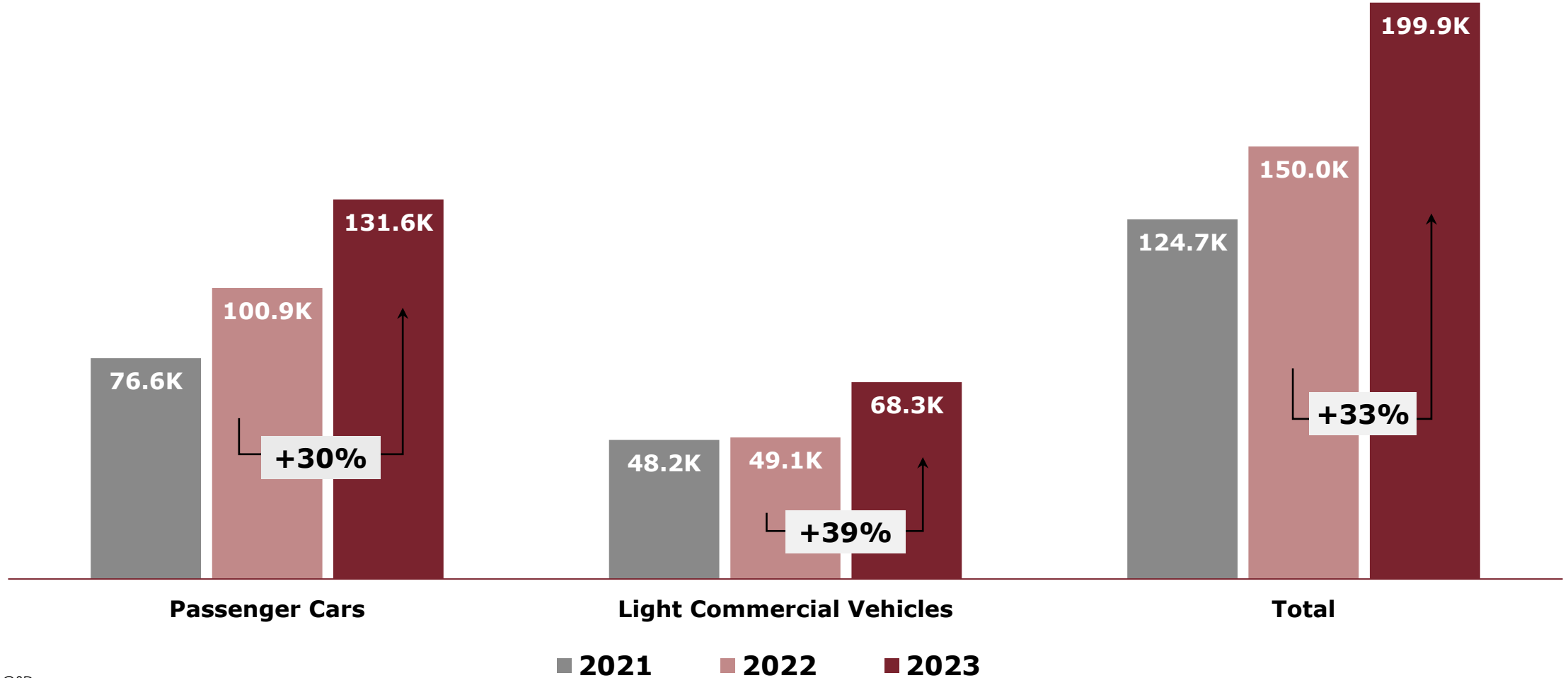


Source: ODD

- Total **domestic LV market** retail sales **surged** by **c.57% y/y**, reaching to a record level of **1.23mn** units in **2023**.
- Despite tightening macro conditions in 2H, local LV demand maintained its strong momentum with 43% y/y growth in 4Q23.

TOFAS DOMESTIC LV MARKET PERFORMANCE

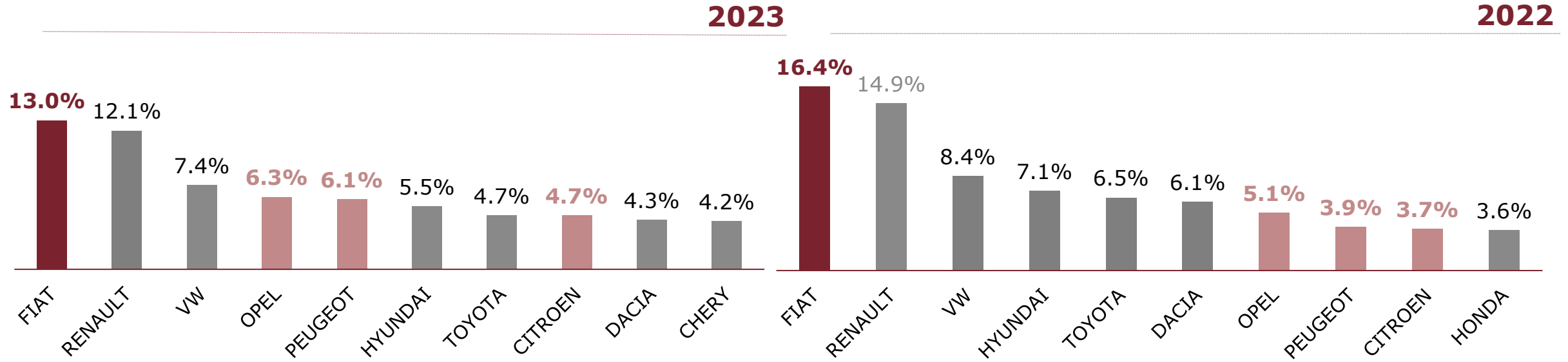
Segment Evolution (Retail)



Source: OSD

FIAT BRAND DOMESTIC LV MARKET PERFORMANCE

Passenger Car Market Share



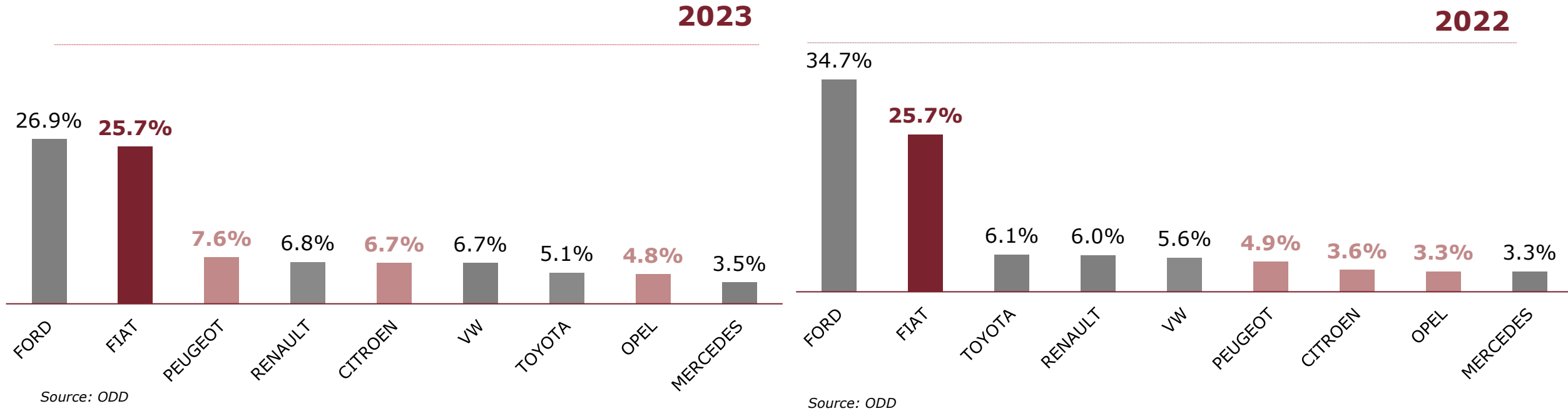
Source: ODD

Source: ODD

- **Fiat** brand sustained **PC market leadership** since 2H22 with a market share of **13.0%** in **2023**. **Egea** model maintained **local market leadership eight years** in a row.
- **PC market share** of **Fiat** brand retreated **by 3.4pp y/y** in **2023**, due to **i.** better availability of imported vehicles; **ii.** lessened local advantage due to lack of any revision in SCT brackets and **iii.** production constraints related with refurbishment of production lines.
- PC market share of **Stellantis** brands **improved** by **0.9pp y/y**, reaching to **31.0%** in 2023.

FIAT BRAND DOMESTIC LV MARKET PERFORMANCE

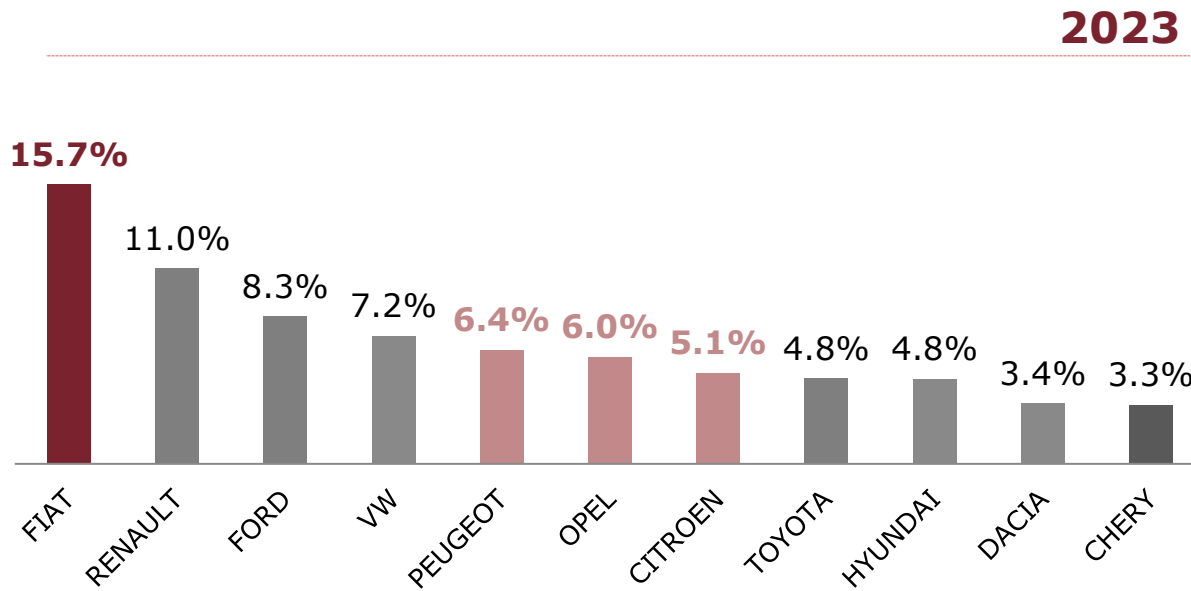
Light Commercial Vehicle Market Share



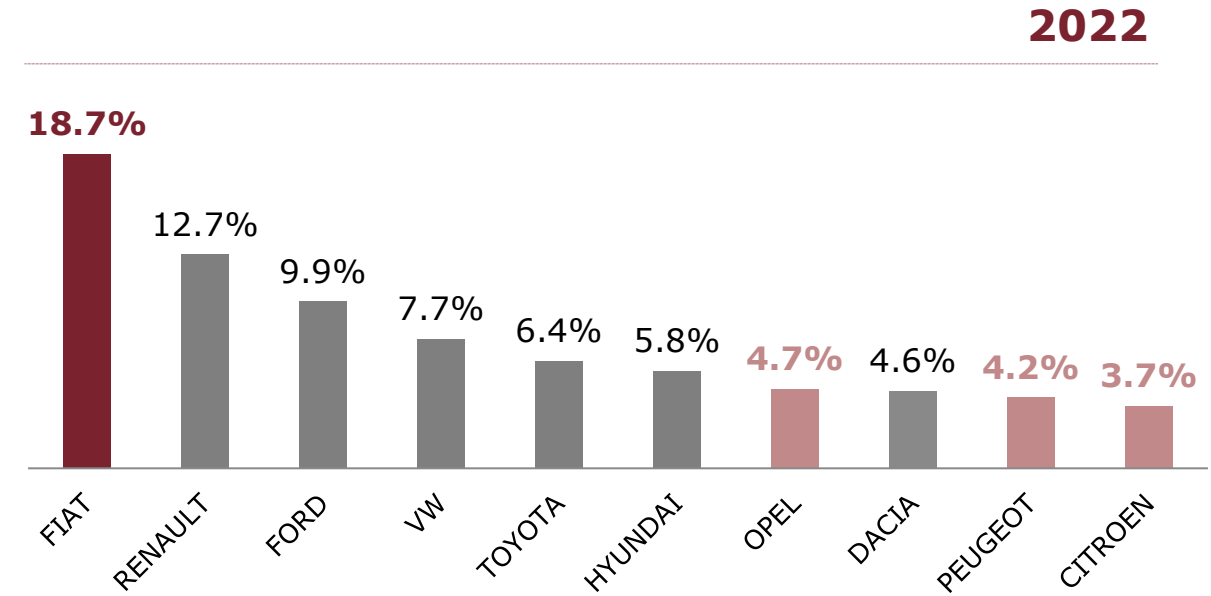
- LCV market share of **Fiat** brand **remained flat y/y**, at **25.7%** in **2023**.
- Robust performance of Fiorino (MCV) compensated for the ceasing of Doblo production.
- LCV market share of **Stellantis** brands **improved** by **7.3pp y/y** in **2023**.

FIAT BRAND DOMESTIC LV MARKET PERFORMANCE

PC & LCV Combined Market Share



Source: ODD



Source: ODD

- **Fiat** brand maintained its **distant domestic** LV market **leadership**, despite **3pp y/y retreat** in market share at **15.7%** in **2023**.
- **Tofaş** market share including premium brands **slided down** by **3pp y/y** to **16.2%** in 2023.
- LV market share of **Stellantis** brands **expanded** by **2.2pp y/y** to **34.0%** in 2023.

AGENDA

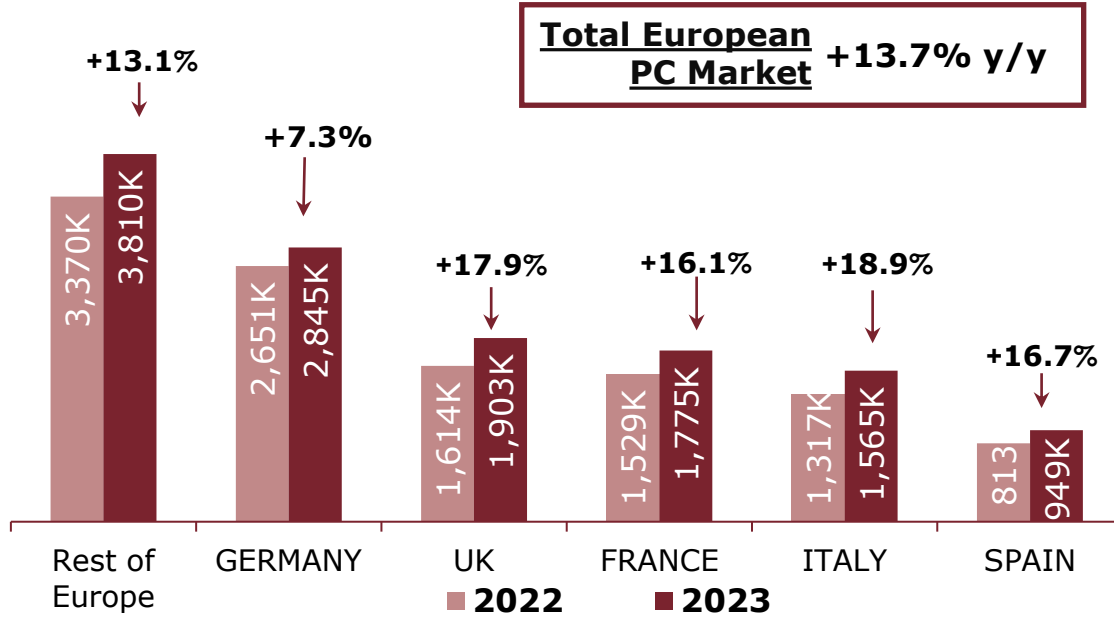
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EUROPEAN MARKET

PC & LCV Registrations



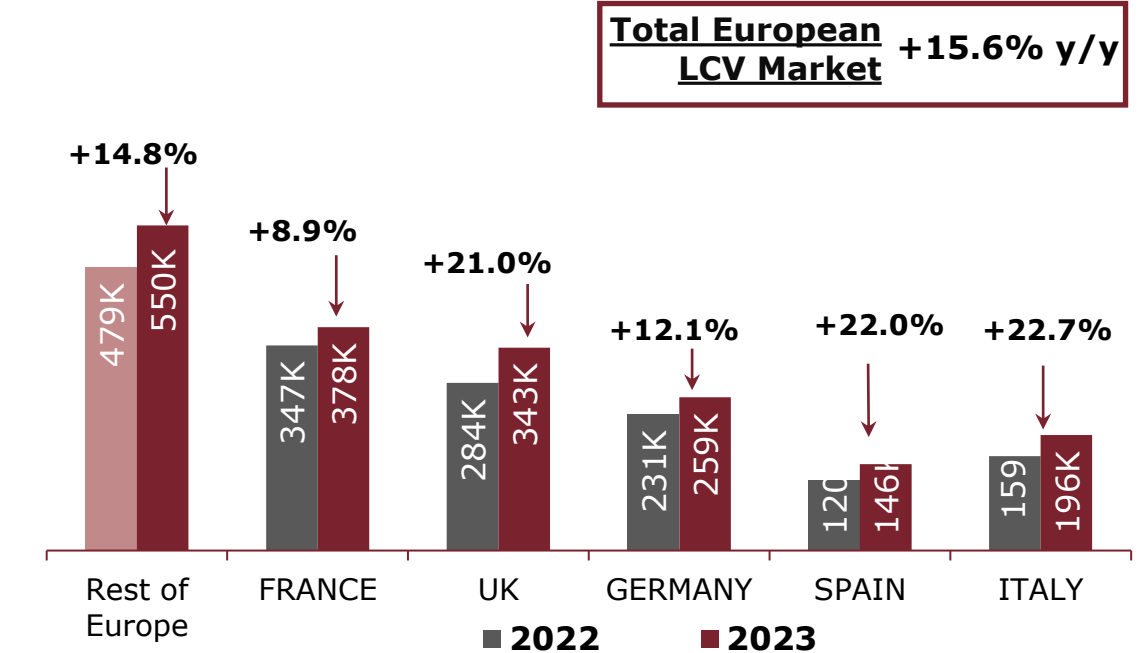
PC Market (EU + UK) – 2023



Source: ACEA



LCV Market (EU + UK) – 2023

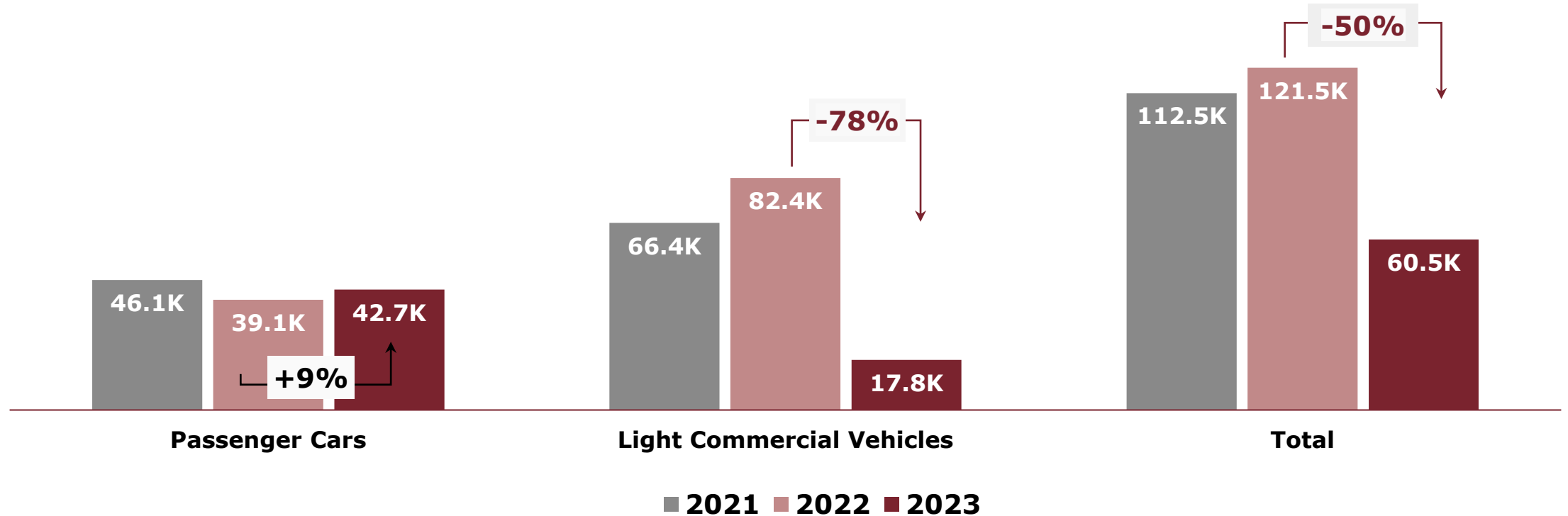


Source: ACEA

- **European (EU+UK) PC market climbed** by **c.14% y/y** in **2023**. Despite the recovery, the market remains 20% below the pre-covid levels in 2019.
- **LCV registrations** in European market (EU+UK) **increased** by **c.16% y/y** in 2023 as supply chain issues eased.

TOFAŞ EXPORTS

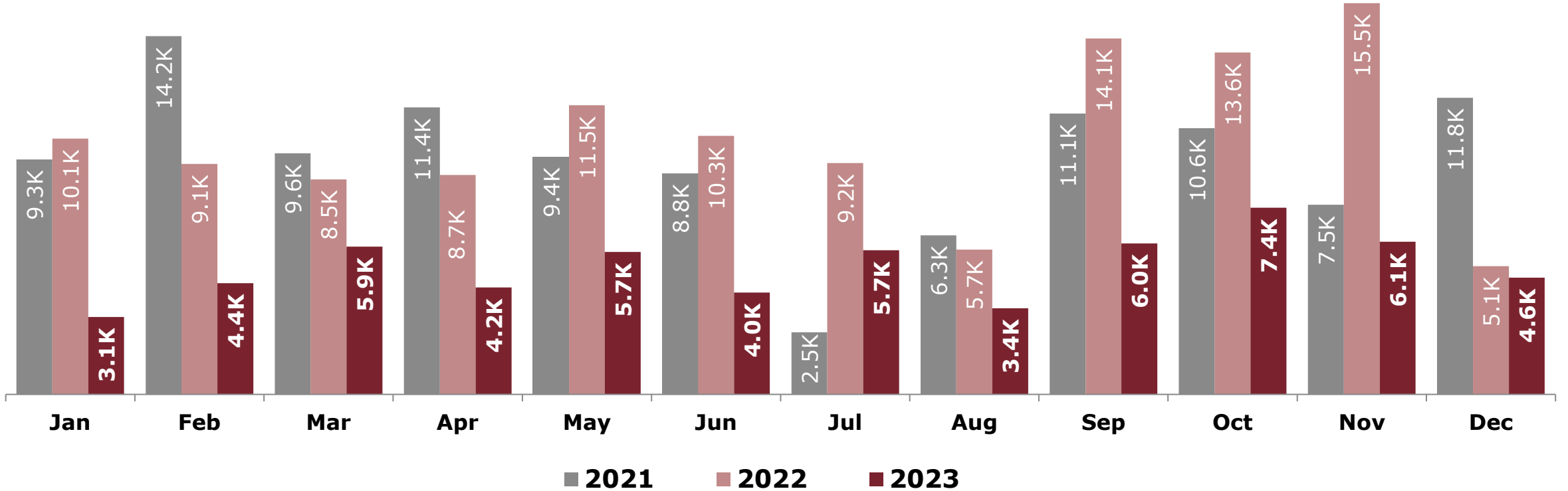
Segment Evolution



- In **2023**, **Tofaş export** volumes **declined** by **c.50% y/y** due to lower LCV shipments stemming from discontinuation of Doblo.
- **c.9% y/y recovery** in **PC shipments** thanks to **strong penetration** into **MENA** region partially compensated for the pull-back in LCV shipments.

TOFAŞ EXPORTS

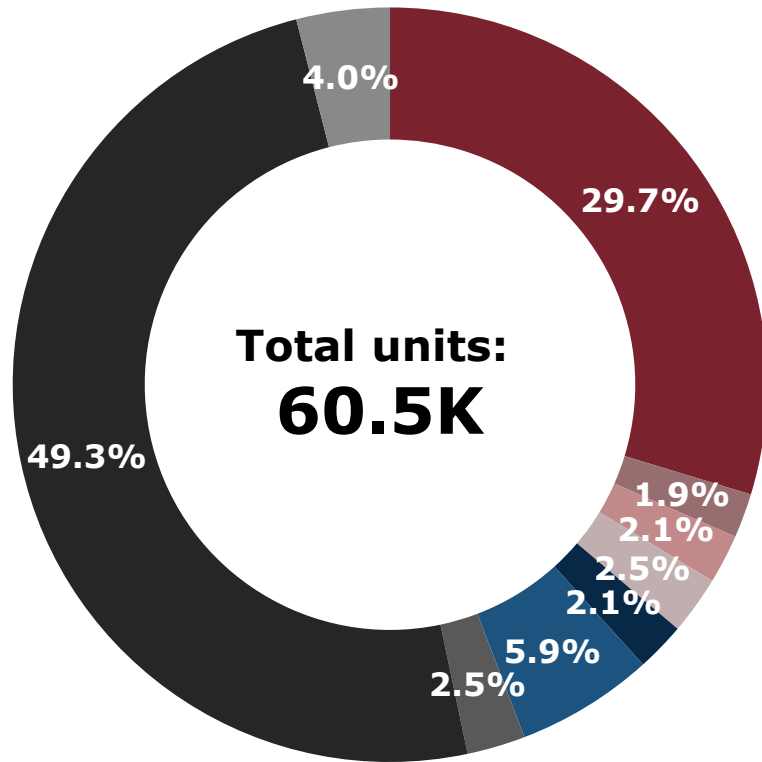
Export Volumes - Monthly



TOFAŞ EXPORTS

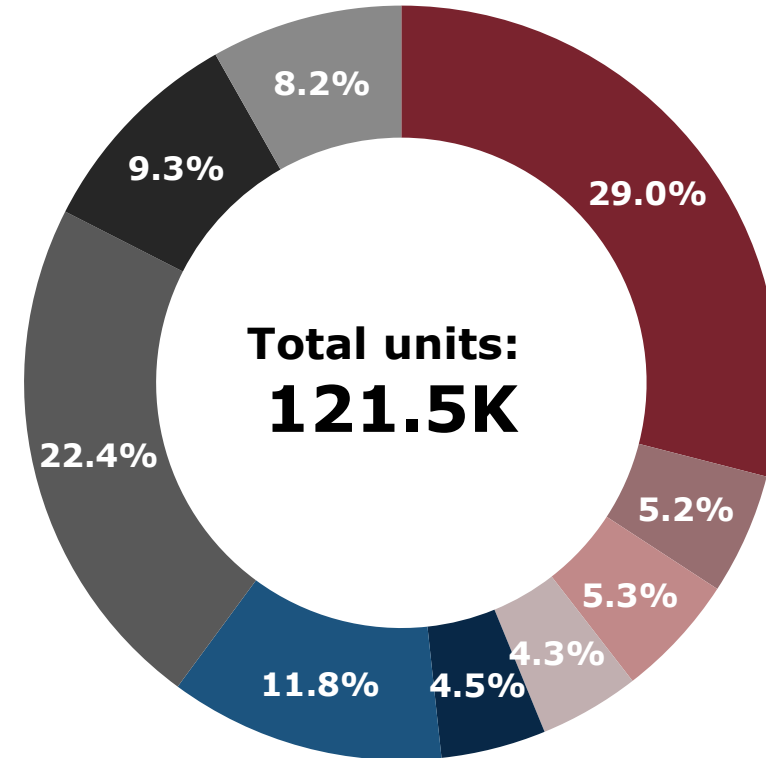
Regional Breakdown

2023



- Italy
- France
- Germany
- Spain
- Portugal
- Rest of Europe
- N. America
- MENA
- Other

2022



- Italy
- France
- Germany
- Spain
- Poland
- Rest of Europe
- N. America
- MENA
- Other

SHIPMENTS

Tofaş Shipment Volumes by Model

EXPORTS	2023	2022	Δ
Tipo	42.696	38.347	4.349
<i>Sedan</i>	25.242	7.890	17.352
<i>H/B and S/W</i>	16.324	21.240	-4.916
<i>Cross</i>	1.130	9.217	-8.087
Doblo	245	32.807	-32.562
RAM Promaster City	1.528	27.755	-26.227
MCV	16.010	22.574	-6.564
Others	13	2	11
TOTAL	60.494	121.485	-60.991

DOMESTIC	2023	2022	Δ
Egea	125.054	96.656	28.398
<i>Sedan</i>	80.850	68.668	12.182
<i>H/B and S/W</i>	405	908	-503
<i>Cross</i>	43.798	27.080	16.718
Doblo	15.448	24.321	-8.873
Fiorino	42.242	21.360	20.882
Imported Vehicles	18.019	6.460	11.559
TOTAL	200.793	148.797	51.996

TOTAL SHIPMENTS	261.287	270.282	-8.995
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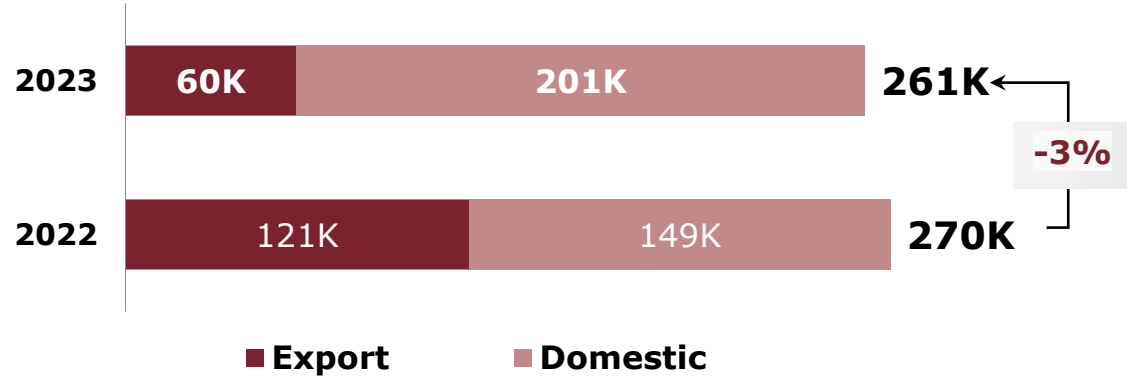
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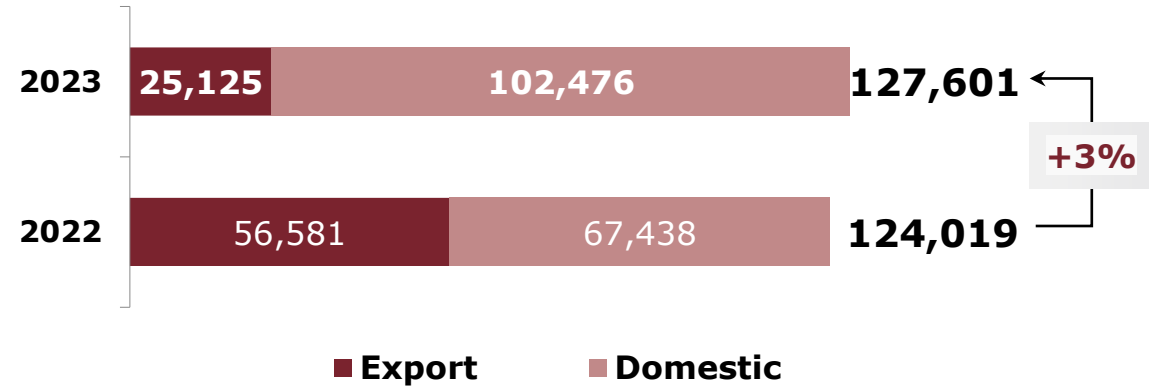
FINANCIAL PERFORMANCE

Financial Highlights

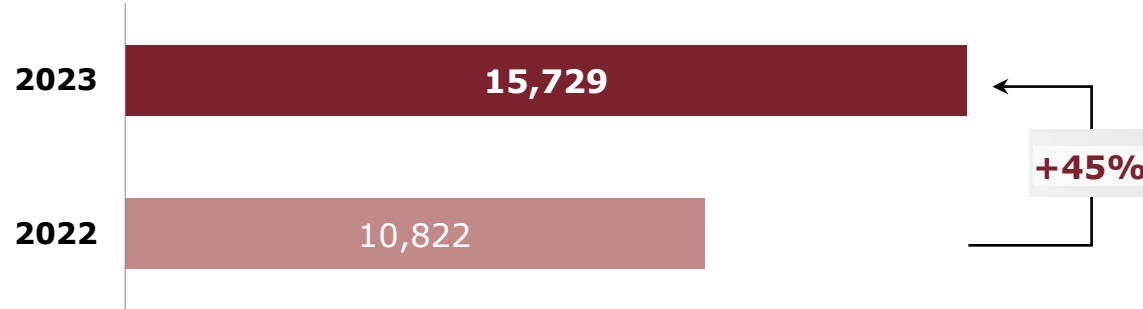
Shipments - Units



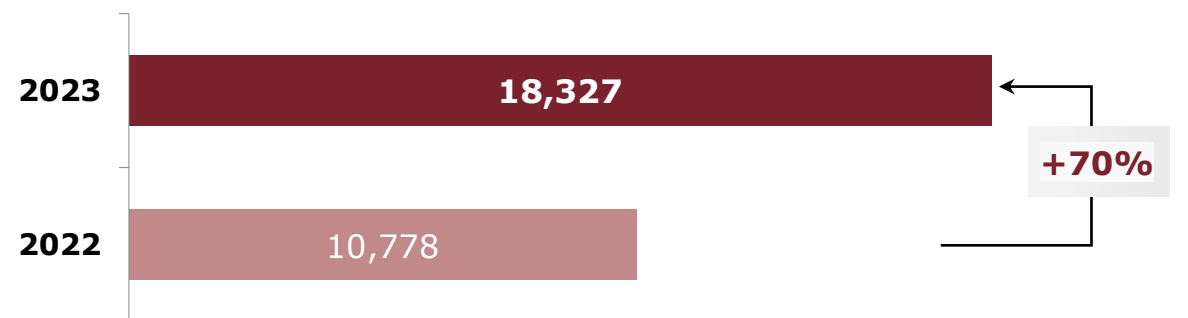
Revenue - mnTL



Operating profit - mnTL



Profit Before Tax - mnTL



FINANCIAL PERFORMANCE

Income Statement

mn TL	2023	2022	Δ
Net Sales	127,601	124,019	+2,9%
Gross Profit	23,159	16,010	+44,7%
Operating Profit	15,729	10,822	+45,3%
EBITDA	19,623	18,064	+8,6%
Profit Before Tax	18,327	10,778	+70,0%
Net Profit	15,083	9,374	+60,9%
Gross Margin %	18,1%	12,9%	+5,2pp
Operating Margin %	12,3%	8,7%	+3,6pp
EBITDA Margin %	15,4%	14,6%	+0,8pp
PBT Margin %	14,4%	8,7%	+5,7pp
Net Margin %	11,8%	7,6%	+4,2pp

FINANCIAL PERFORMANCE

Balance Sheet - Assets & Liabilities (mn TL)

Current Assets	31.12.23	31.12.22	Δ
Cash and Cash Equivalents	24,856	19,804	5,052
Inventory	9,712	5,554	4,158
Trade Receivables	18,418	24,643	-6,225
S.T. Consumer Financing Loans	7,102	4,998	2,104
Other Current Assets	416	200	216
Non-Current Assets	31.12.23	31.12.22	Δ
Fixed Assets	8,816	9,233	-417
Intangible Assets	4,262	5,596	-1,334
L.T. Cons. Fin. Loans	2,543	2,926	-383
Other Non-current Assets	2,543	846	1,697
Total Assets	78,667	73,799	4,868

Current Liabilities	31.12.23	31.12.22	Δ
Short-term Fin. Liabilities	700	964	-264
S.T. Portion of L.T. Financial Liabilities	6,038	7,391	1,353
Trade Payables	23,561	31,310	-7,749
Other Current Liabilities	5,267	3,342	1,925
Non-Current Liabilities	31.12.23	31.12.22	Δ
Long-term Financial Liabilities	5,093	3,113	1,980
Other Long-term Liabilities	1,129	1,830	-701
Shareholders' Equity	36,880	25,849	11,031
Total Equity & Liabilities	78,667	73,799	4,868

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INVESTMENTS

(mn EUR)

		2023	2022	2021	2020
   	Structural	18	12	10	7
	Minicargo	2	2	11	6
	K0	8	n/a	n/a	n/a
	Egea/Tipo Sedan, HB & SW	20	29	62	85
TOTAL		49	46	100	108

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OUTLOOK

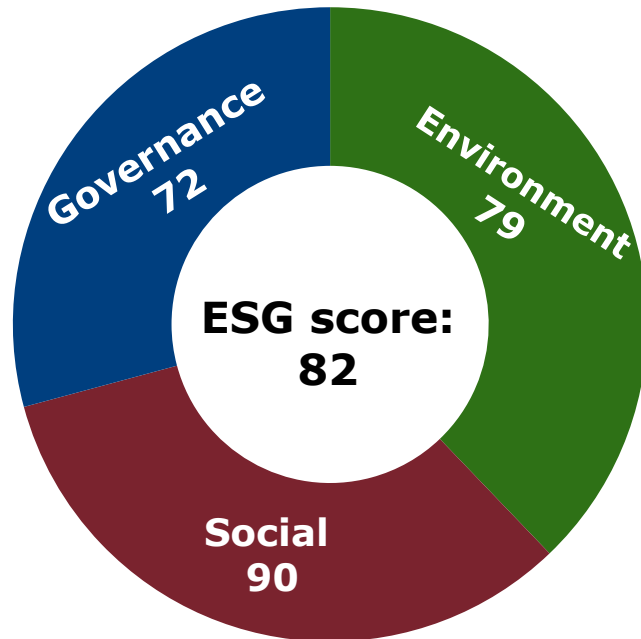
2024E

	2023A	2024E
Domestic Light Vehicle Market (PC+LCV)	1,23mn units	800K – 1,000K units
Tofaş Domestic Retail Sales	199,9K units	160K - 180K units
Export Shipments	60,5K units	60K - 70K units
Production Volume	239,4K units	180K - 210K units
Investments*	€48,6M	€200M
PBT Margin	14,4%	>10%

** Investment amount is subject to change related with the developments about closure of Stellantis-Turkey acquisition process.*

SUSTAINABILITY

- In November 2023, we published our 2022 Sustainability report, which provides insights about performance, strategy and progress in environmental, social and governance areas of Tofas. <https://www.tofas.com.tr/Documents/2022-%C4%B1ntegrated-report-en.pdf>
- **ESG score** of Tofas stands at **82**, with a ranking position of **13th** out of **290 auto/auto parts companies globally**.



Source: Refinitiv

Environment	79
Emissions	87
Resource use	93
Innovation	68
Social	90
Human rights	90
Product responsibility	83
Workforce	92
Community	93
Governance	72
Management	78
Shareholders	68
CSR Strategy	45

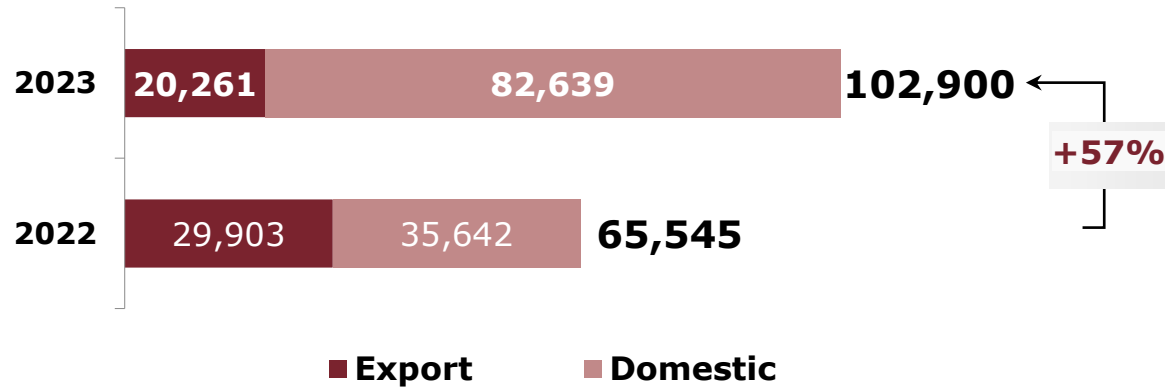
Source: Refinitiv

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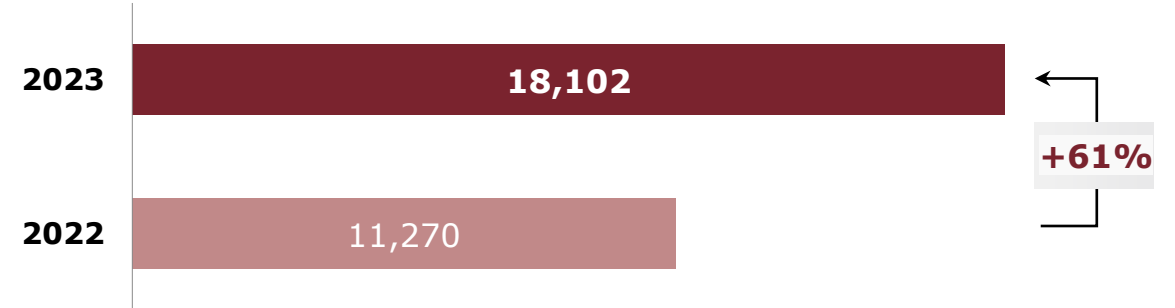
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FINANCIAL HIGHLIGHTS (without IAS 29 impact)

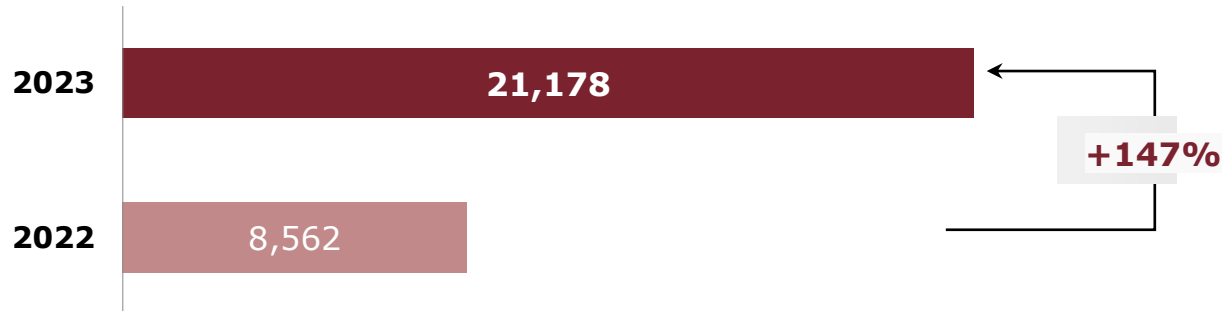
Revenue - mnTL



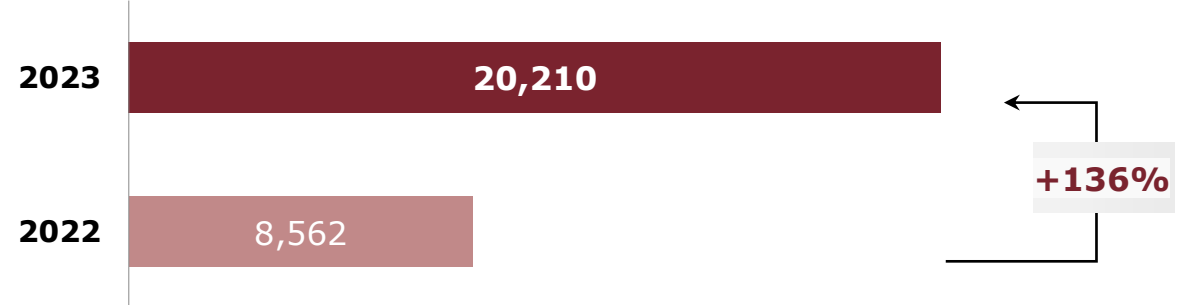
EBITDA - mnTL



Profit Before Tax - mnTL



Net Profit - mnTL



HEADS of AGREEMENT with STELLANTIS



- According to Heads of Agreement, Tofas will purchase **100% of Stellantis Türkiye Otomotiv shares from Stellantis for EUR400mn in cash**; subject to cash/working capital closing adjustment and regulatory approval.
- Commercial activities for all Stellantis brands in Türkiye will be consolidated under Tofaş.



- Stellantis will allocate a **production of the "K0" model to Tofaş**.
- The model is a mid-sized LCV, planned for multiple brands, with target commercial launch of 2025.

- Fiat Egea/Tipo contract will be extended until the end of 2025.
- Production of Fiorino model will end on 31 December 2024.
- The collaboration is expected to yield notable synergies in terms of new business opportunities as well as costs.



STELLANTIS

EV Strategy of Stellantis

4 full BEV Platforms

Up to 2 million Vehicles / Platform / Year

STLA SMALL

STLA MEDIUM

STLA LARGE

STLA FRAME



**EFFICIENT CITY
MOBILITY**



**PREMIUM
VEHICLES**



**AWD PERFORMANCE
& AMERICAN MUSCLE**



**CAPABILITY &
PRACTICALITY**

EV RANGE WILL FIT CUSTOMERS

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

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

STELLANTIS LEV MIX* EXPECTED TO GROW FAST



14%

2021



4%

100%

2030

50%

NAMEPLATES with LEV OFFERING



98%

2025



96%

CONTACT

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