



TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

TOFAŞ WEBCAST PRESENTATION

31.12.2019 Results

AGENDA

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

KEY HIGHLIGHTS

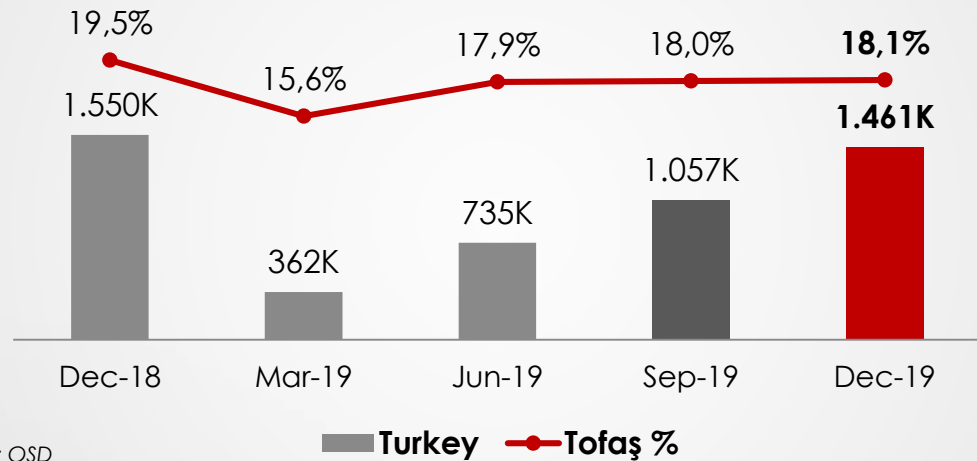
- ✓ **Strong profitability** with 80bps expansion in **PBT margin** reaching to **7.7%** in 2019. **Healthy cash conversion** with operating cash flow at ~2.5x net income last year.
- ✓ Accomplished **domestic light vehicle market leadership** with **sizable market share gains** in 2019. **Fiat** was the **only brand registering volume growth in passenger car market**, thanks to sustained leading position of Egea.
- ✓ **Tofas** plant achieved **the highest score in World Class Manufacturing** (i.e. quality, cost, delivery, safety, environment) among 400 plants under WCM umbrella within FCA universe in Dec'19.
- ✓ **The extension of MCV** (mini cargo vehicle) **contract** for three years until the **end of 2024**.
- ✓ **Egea/Tipo facelift investment** is **on track** with the production of new versions expected to begin in 4Q20.

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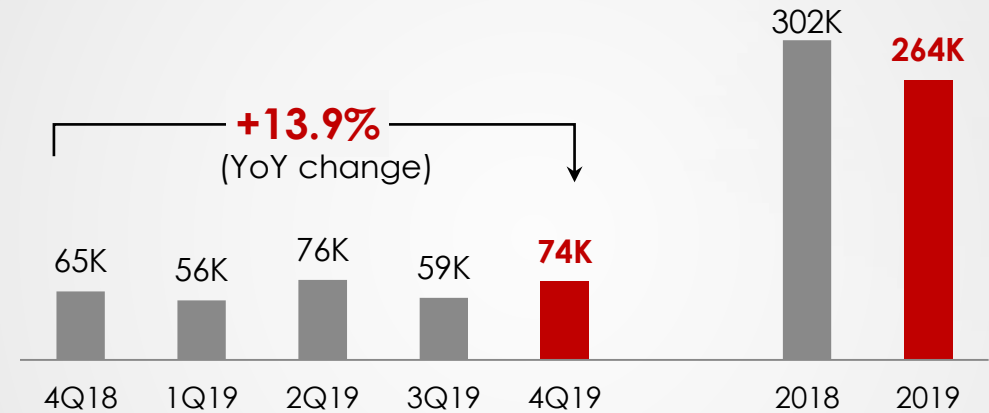
PRODUCTION

Turkish Automotive Industry & Tofaş

Turkish Automotive Production (2019)



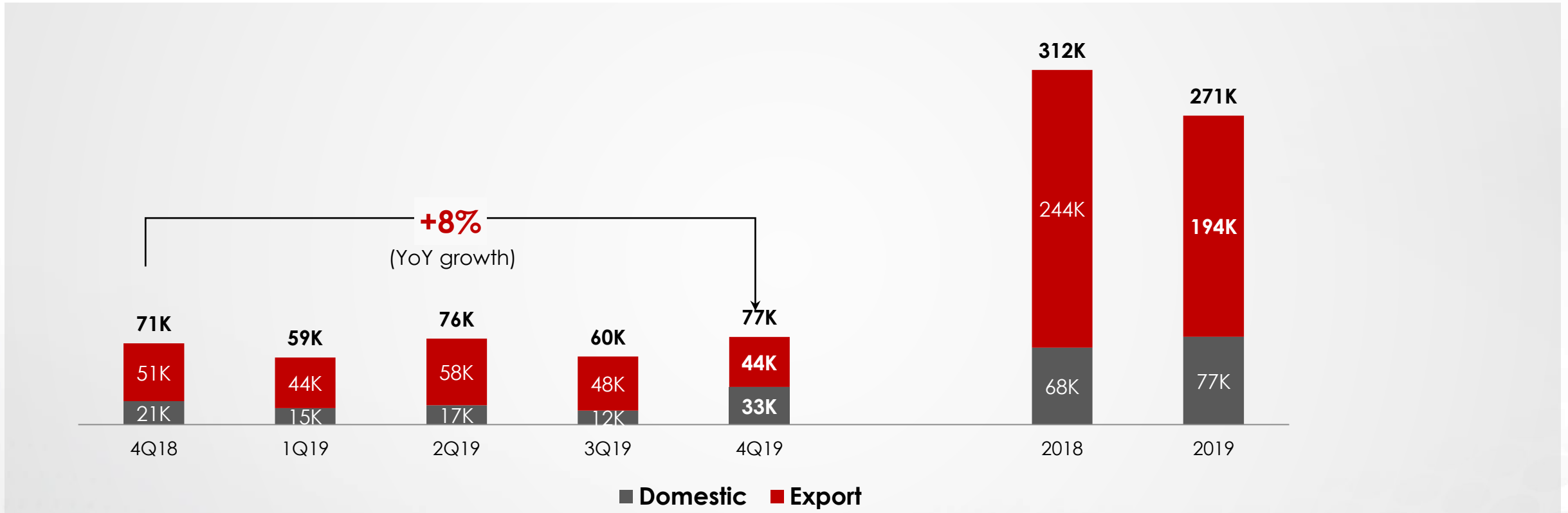
Tofaş Production (2019)



- ✓ In **2019**, total Turkish motor vehicle **production declined by 5.7% YoY** to **1.46mn** units.
- ✓ **Tofaş** constituted **18.1%** of the industry with a production of **264.2K** units in **2019** (down 12.4% YoY).
- ✓ **4Q19 production** volume of Tofaş **resumed growth** at **13.9% YoY**, reaching to **73.7K units** (3Q19: -5%; 2Q19: -17% YoY; 1Q19: -33% YoY).
- ✓ Tofaş **2019** production **mix; PC: 55%** and **LCV: 45%** vs. 49% PC and 51% LCV in 2018.

SHIPMENTS

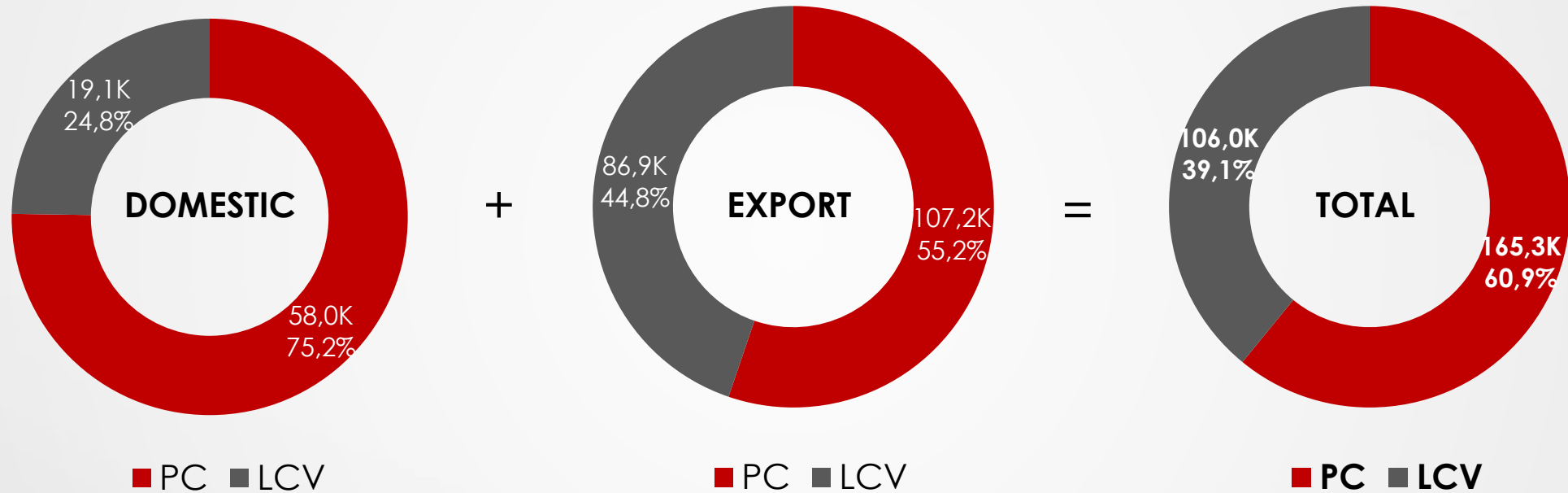
Tofaş Total Shipment Units



- ✓ **Total unit shipments of Tofaş recovered by 8% YoY in 4Q19**, reaching to **77K** units (3Q19: -3% YoY; 2Q19: -17% YoY), with a full year slide of 13% at 271K units (vs. -19% in 9M19).
- ✓ **Sizable acceleration in domestic volume growth** was the main driver of total volume recovery.

SHIPMENTS








Tofaş Shipment Volumes by Business – 2019



- ✓ In 2019, the most notable change in shipment mix was observed in **domestic volumes** with ~13pp YoY increase in **passenger car mix** reaching to **75% of domestic shipments**, mainly attributable to the incentive scheme, which was in place last year.

SHIPMENTS

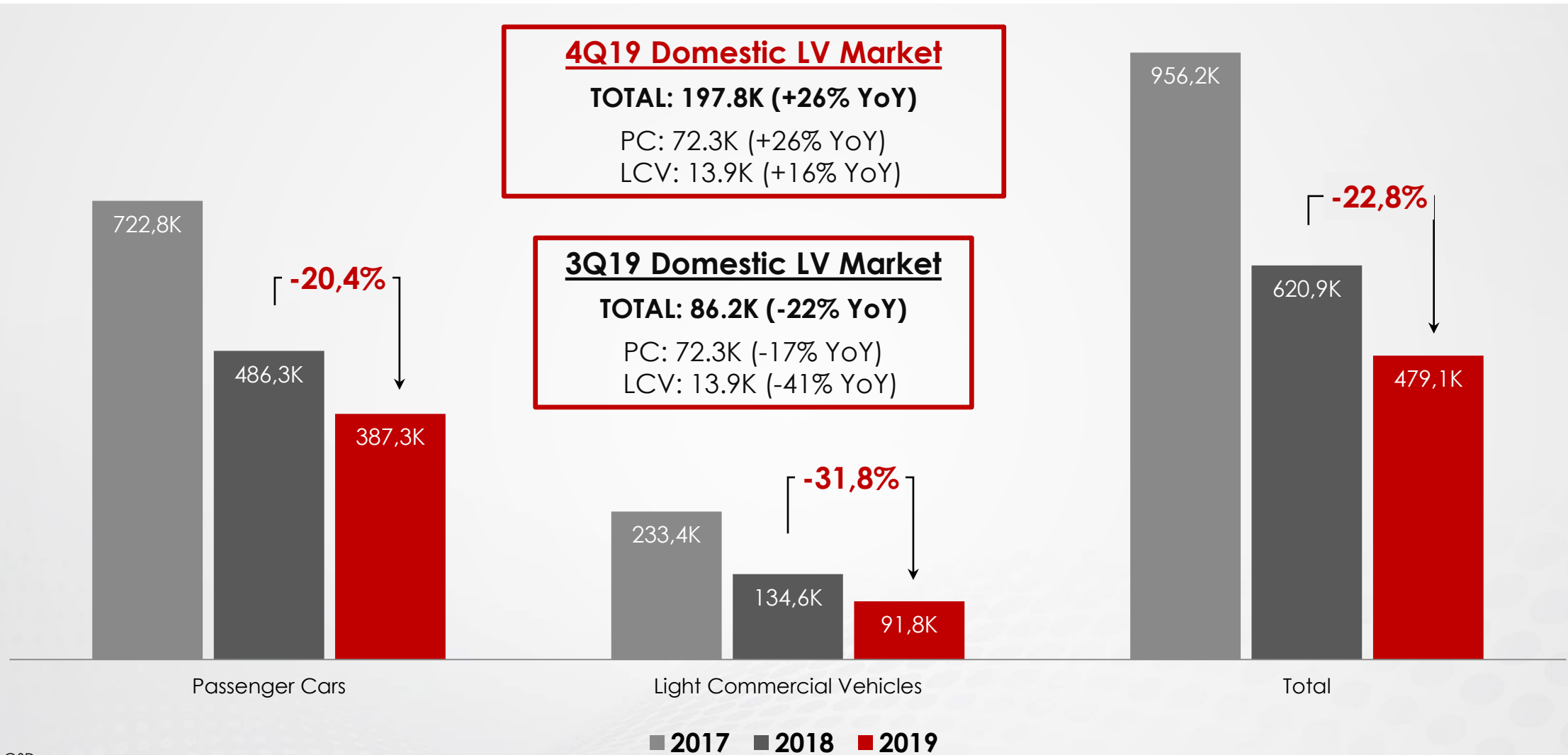
Tofaş Shipment Volumes by Model

Exports	2019	2018	Δ		Domestic Market	2019	2018	Δ
					Linea	-	1.461	-1.461
Tipo Sedan	23.160	24.600	-1.440		Egea Sedan	51.567	32.985	18.582
Tipo HB & SW	70.041	89.578	-19.537		Egea HB & SW	3.071	2.403	668
Doblo	56.058	65.077	-9.019		Doblo	9.519	11.709	-2.190
Cargo/Combi	51.282	56.691	-5.409		Cargo/Combi	9.155	10.802	-1.647
Panaroma	4.776	8.386	-3.610		Panaroma	364	907	-543
GM (Opel, Vauxhaul)	-	11.956	-11.956					
RAM Promaster City	11.340	15.774	-4.434					
MCV Fiat	33.504	36.811	-3.307		Fiorino	8.239	13.170	-4.931
Cargo/Combi	24.292	26.012	-1.720		Cargo/Combi	7.960	12.287	-4.327
Panaroma	9.212	10.799	-1.587		Panaroma	364	883	-519
Others	42	37	5		Imported Vehicles	4.783	5.938	-1.155
Exports Total	194.145	243.833	-49.688		Domestic Total	77.179	67.666	9.513
					Total Shipments	271.324	311.499	-40.175

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DOMESTIC MARKET

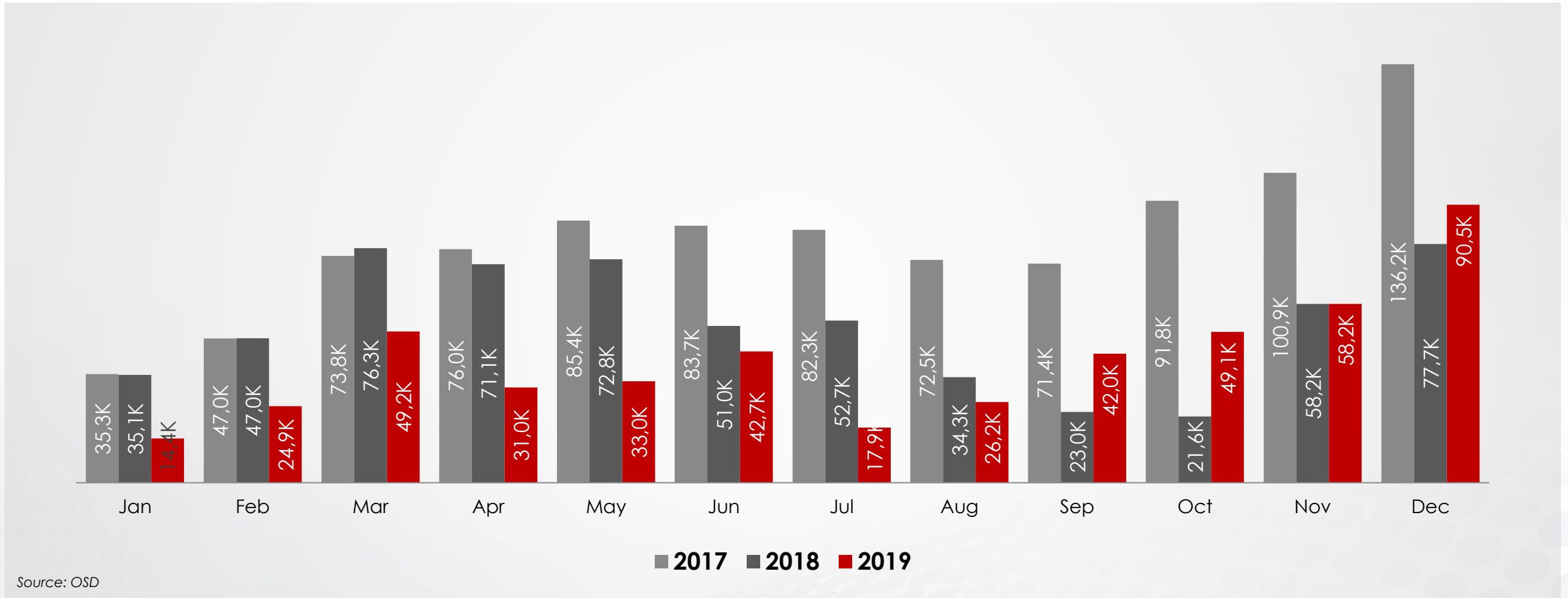
Segment Evolution (12M)



Source: OSD

DOMESTIC MARKET

PC & LCV Retail Sales - Monthly



- ✓ **Total domestic market retail sales** declined by **22.8%** YoY, reaching to **479.1K** units in **2019**.
- ✓ Domestic LV demand has **begun to recover in September** thanks to **i.** declining loan rates on the back of stabilising macro conditions and, **ii.** pent-up demand.

TOFAS DOMESTIC MARKET PERFORMANCE

Segment Evolution (Retail)



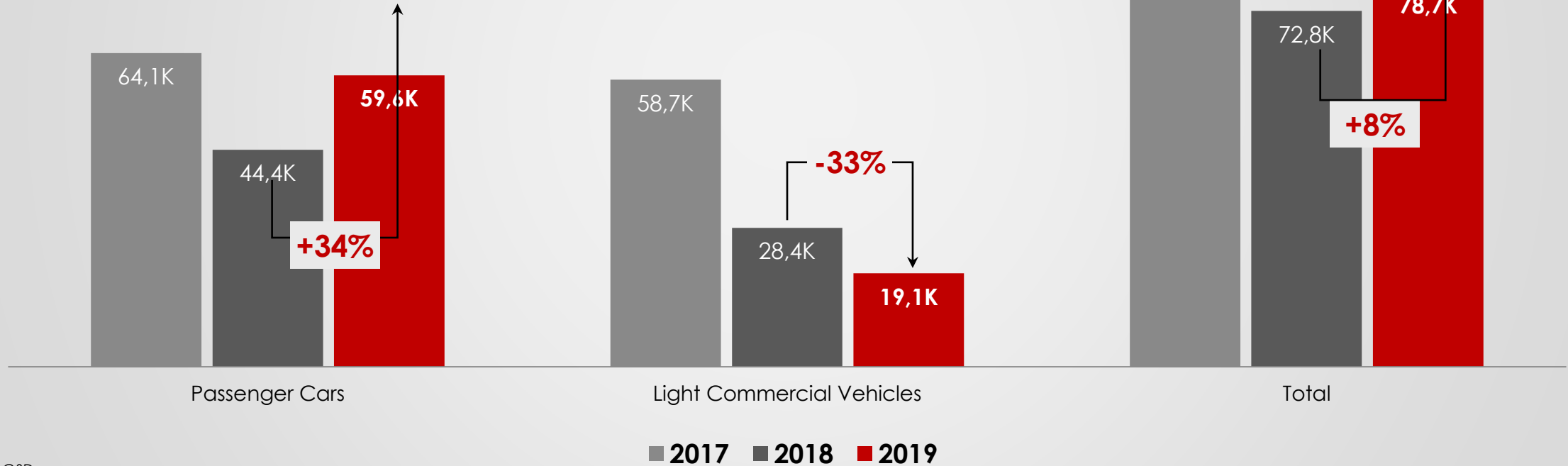
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4Q19 Domestic Retail LV Shipments

TOTAL: 34.6K (+62% YoY)

PC: 25.1K (+74% YoY)

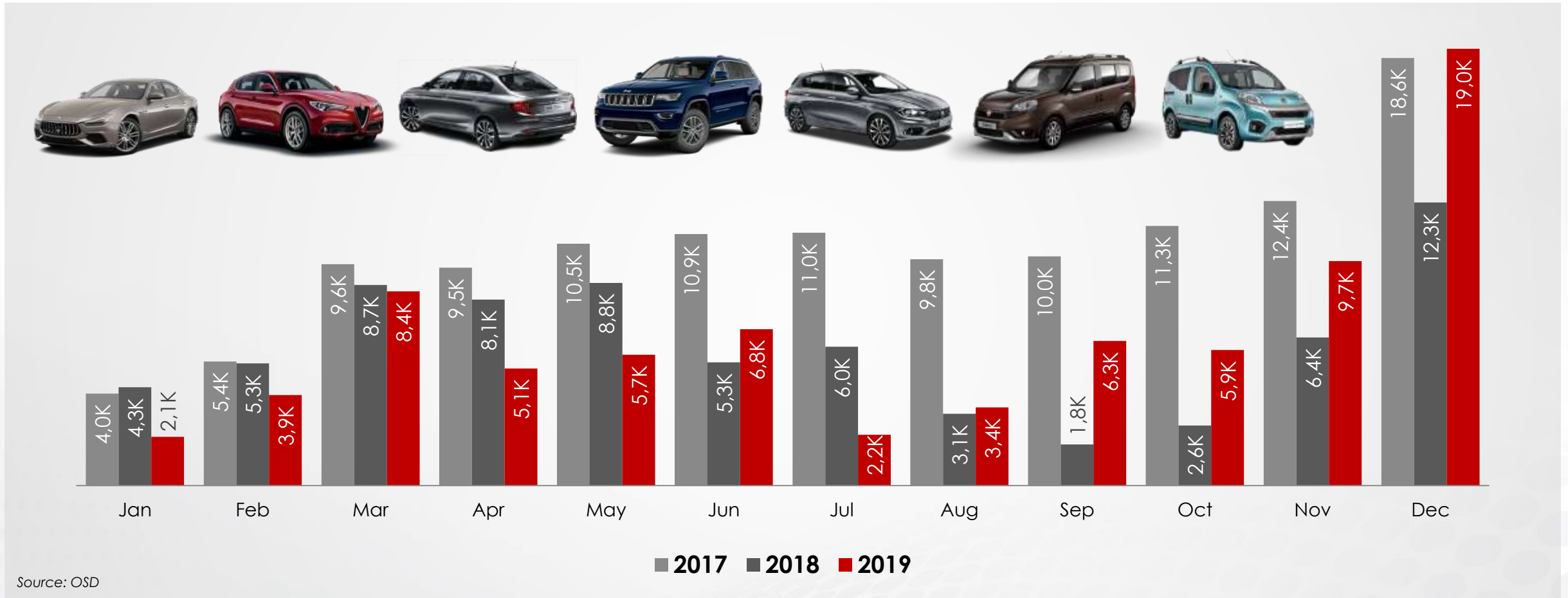
LCV: 9.5K (+37% YoY)



Source: OSD

TOFAŞ DOMESTIC MARKET PERFORMANCE

PC & LCV Retail Sales - Monthly



✓ Tofaş domestic retail sales notably outperformed total domestic LV demand with **8% YoY growth** in **2019** vs. **23% contraction** in **domestic LV demand** last year.

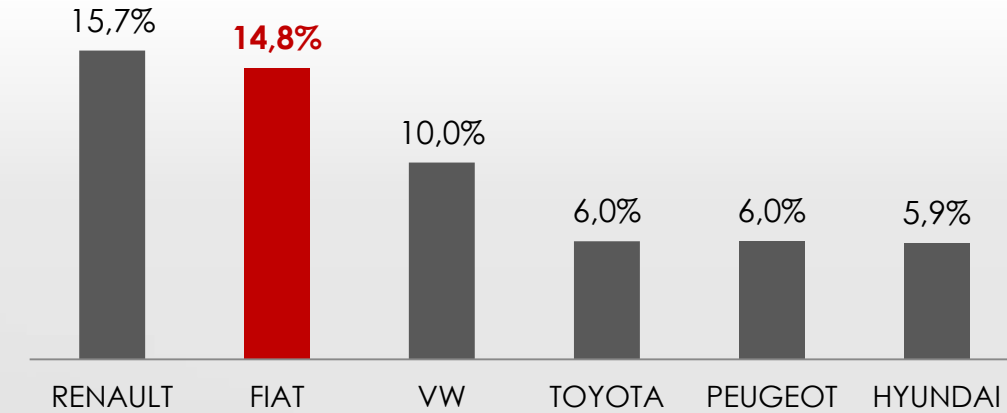
FIAT BRAND DOMESTIC MARKET PERFORMANCE

Passenger Car Market Share



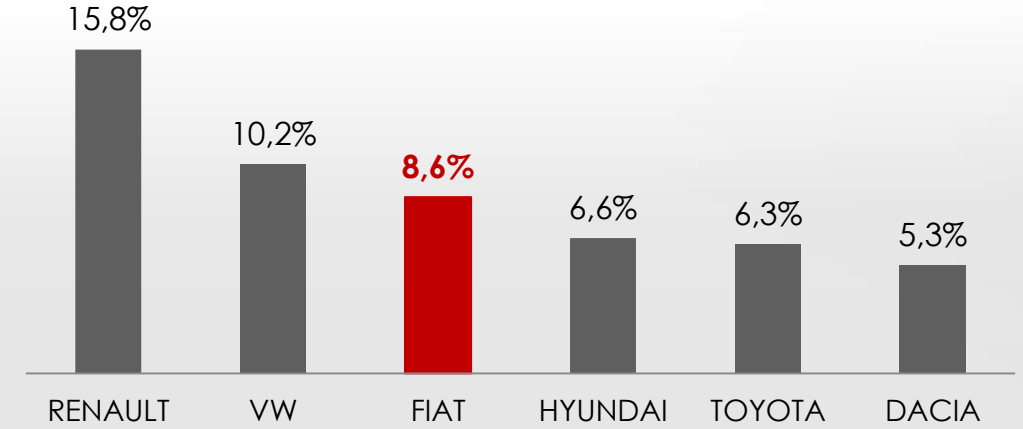
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2019



Source: ODD

2018



Source: ODD

- ✓ Passenger car market share of Fiat brand surged by **6.2pp** YoY, reaching to **14,8%** in 2019.
- ✓ Fiat Egea maintained its **market leadership** (4 years in a row), supported by its improved value proposition as a local PC, incentives and solid track record.
- ✓ Fiat was the **only brand that registered YoY volume growth** in domestic PC market in 2019.



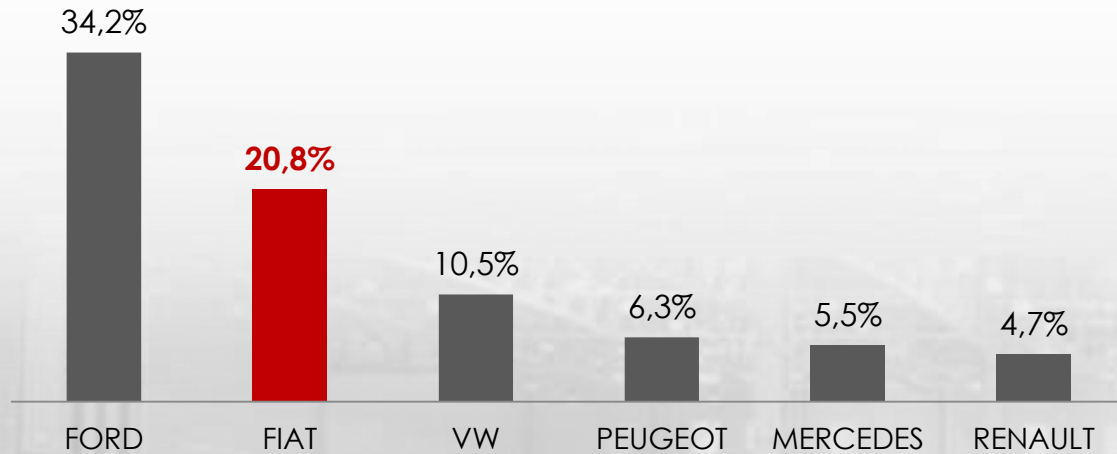
FIAT BRAND DOMESTIC MARKET PERFORMANCE

Light Commercial Vehicle Market Share



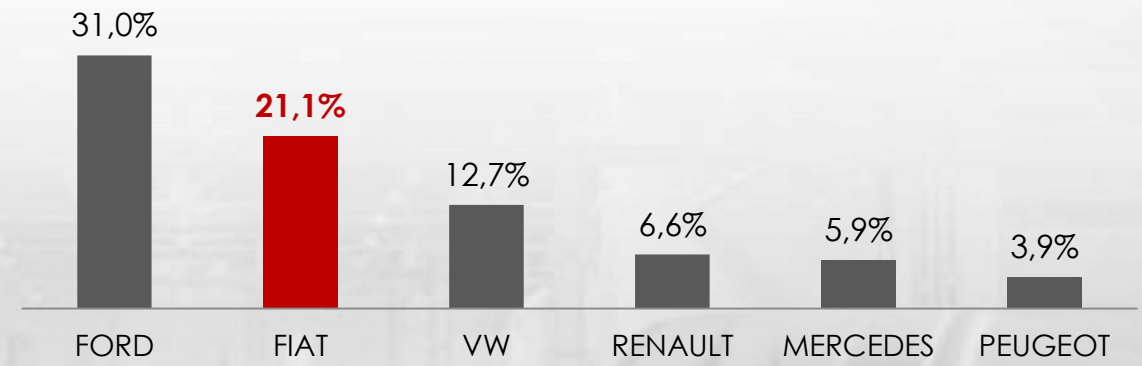
TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

2019



Source: ODD

2018



Source: ODD

- ✓ In **2019**, domestic LCV market share of Fiat brand was **flat** YoY (down 30bps), at **20.8%**.
- ✓ Domestic LCV market share had **started recover** in **2H19**, post the expiry of SCT incentives (June 30, 2019),

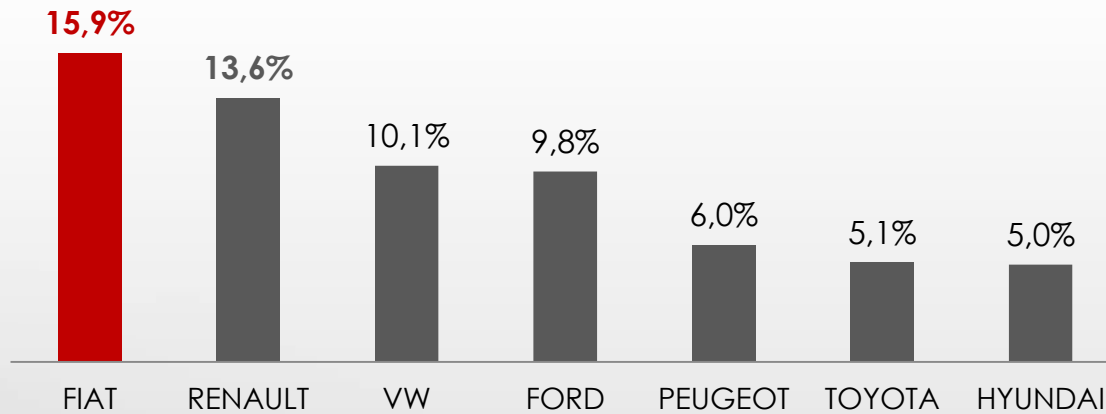
FIAT BRAND DOMESTIC MARKET PERFORMANCE

PC & LCV Combined Market Share



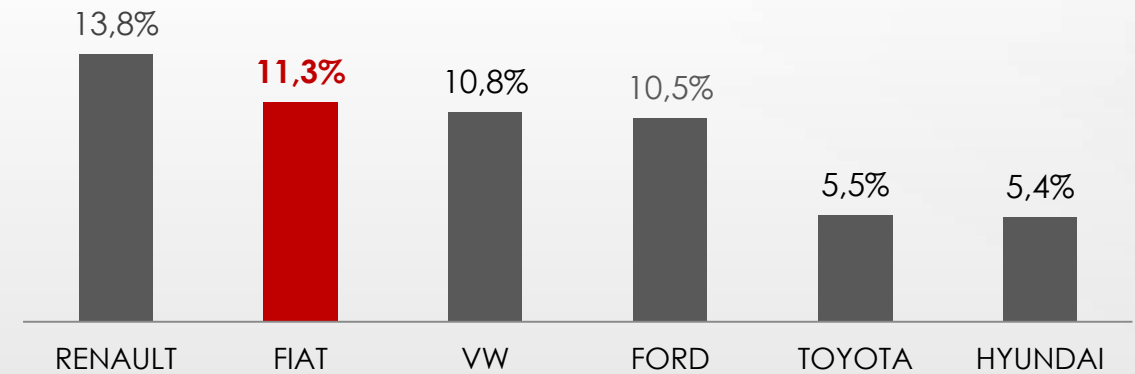
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2019



Source: ODD

2018



Source: ODD

- ✓ Fiat brand had substantially improved its market share with **4.6pp YoY increase**, reaching to **15.9%** in 2019.
- ✓ Tofaş market share including premium brands expanded by **4.6pp YoY** to **16.4%** in 2019.



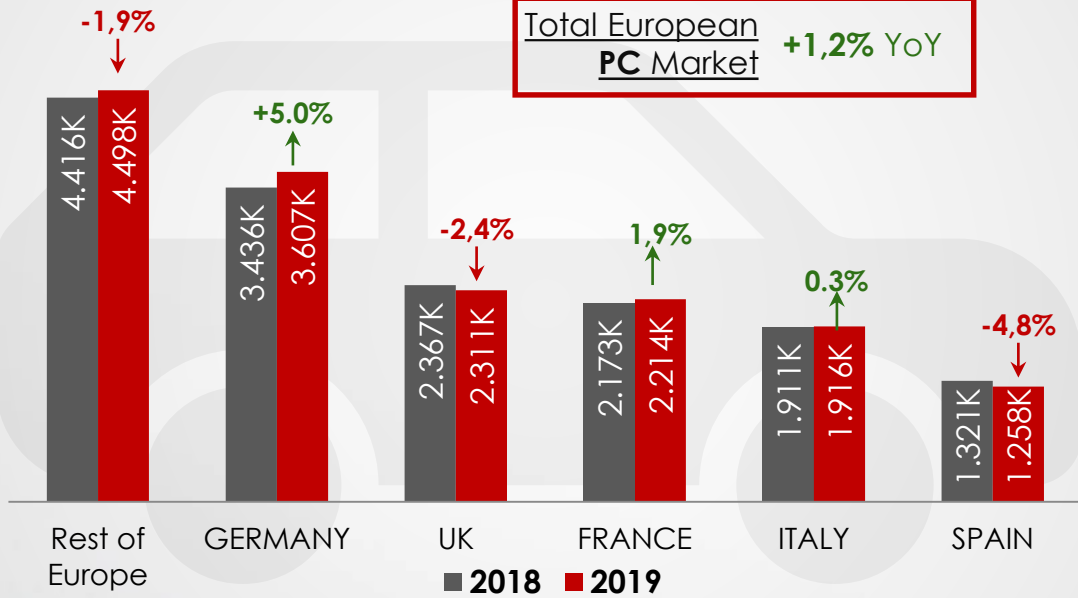
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EUROPEAN MARKET

PC & LCV - 2019



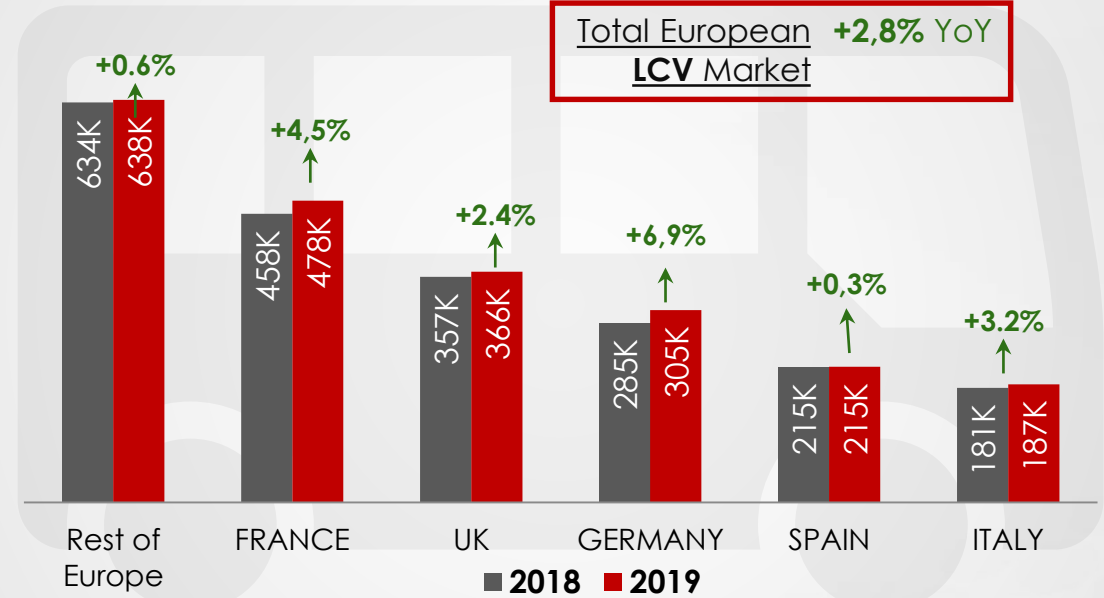
EU PC Market



Source: ACEA



EU LCV Market

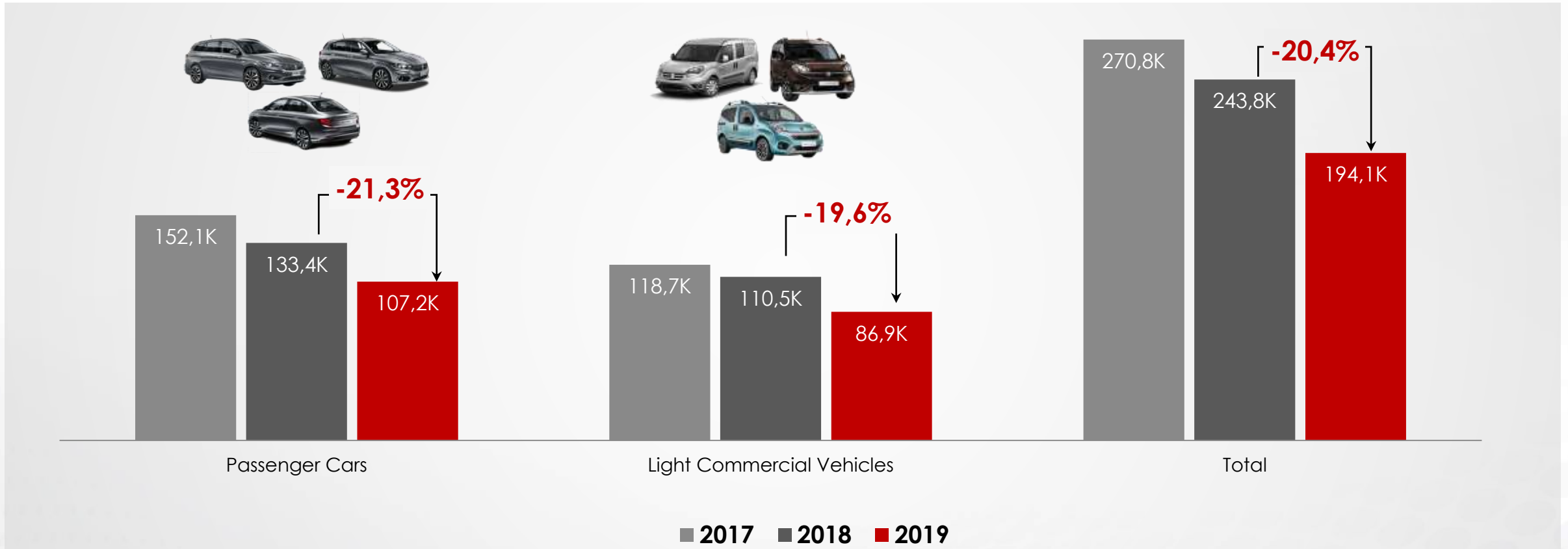


Source: ACEA

- ✓ **European PC market ascended by 1.2% YoY** in 2019, thanks to robust growth in 4Q19. Germany, France and Italy deviated positively from other main markets last year.
- ✓ **LCV markets remained healthy** in EU, **up 2.8% YoY** in 2019, following a temporary hiccup post WLTP emission testing regime (effective Sep'19). All the major markets in EU posted growth in 2019.

TOFAŞ EXPORTS

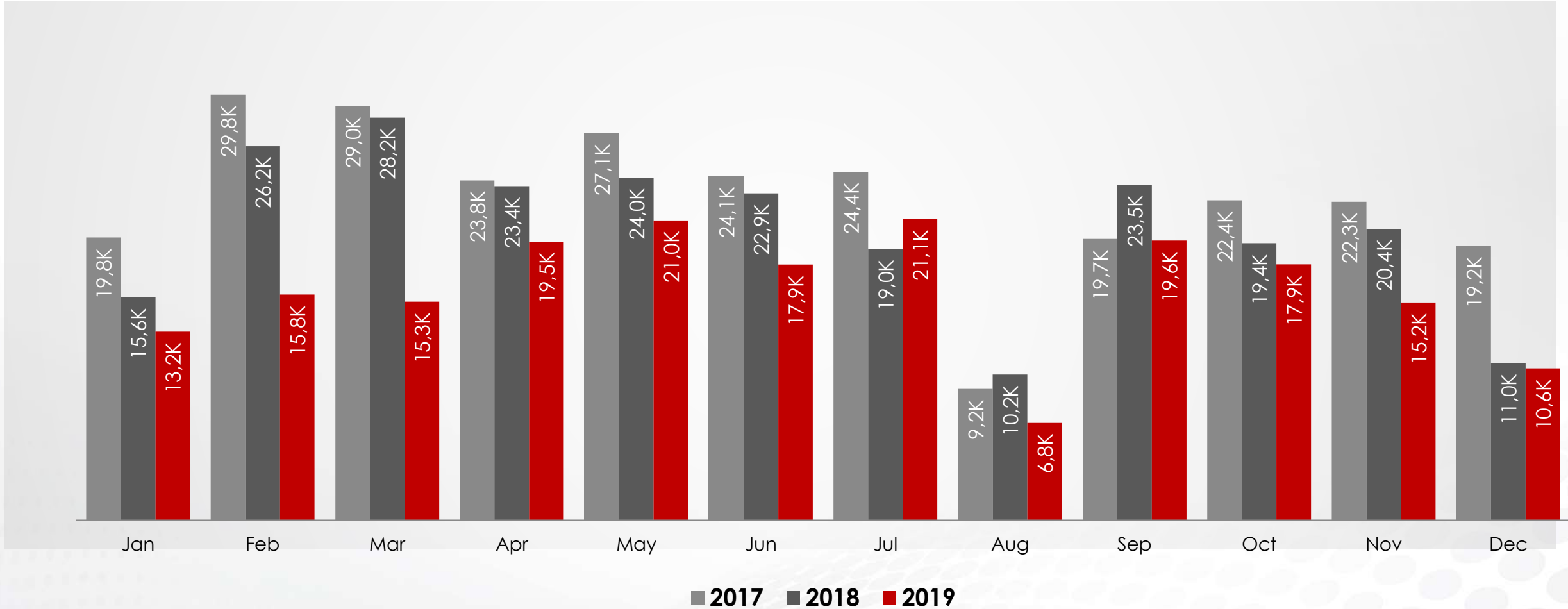
Segment Evolution - 2019



- ✓ In **2019, Tofaş export volume** contraction slightly decelerated to **20%** YoY at **194K** units (vs. 22% YoY decline in 9M19). The YoY slide was 16% excluding Opel/Vauxhall agreement.
- ✓ In addition to the ongoing shift in consumer preferences, 4Q19 export shipments were also negatively impacted from market reallocation in order to meet strong domestic demand.
- ✓ Export volume mix remained stable YoY with PC: 45% and LCV: 55% in 2019.

TOFAŞ EXPORTS

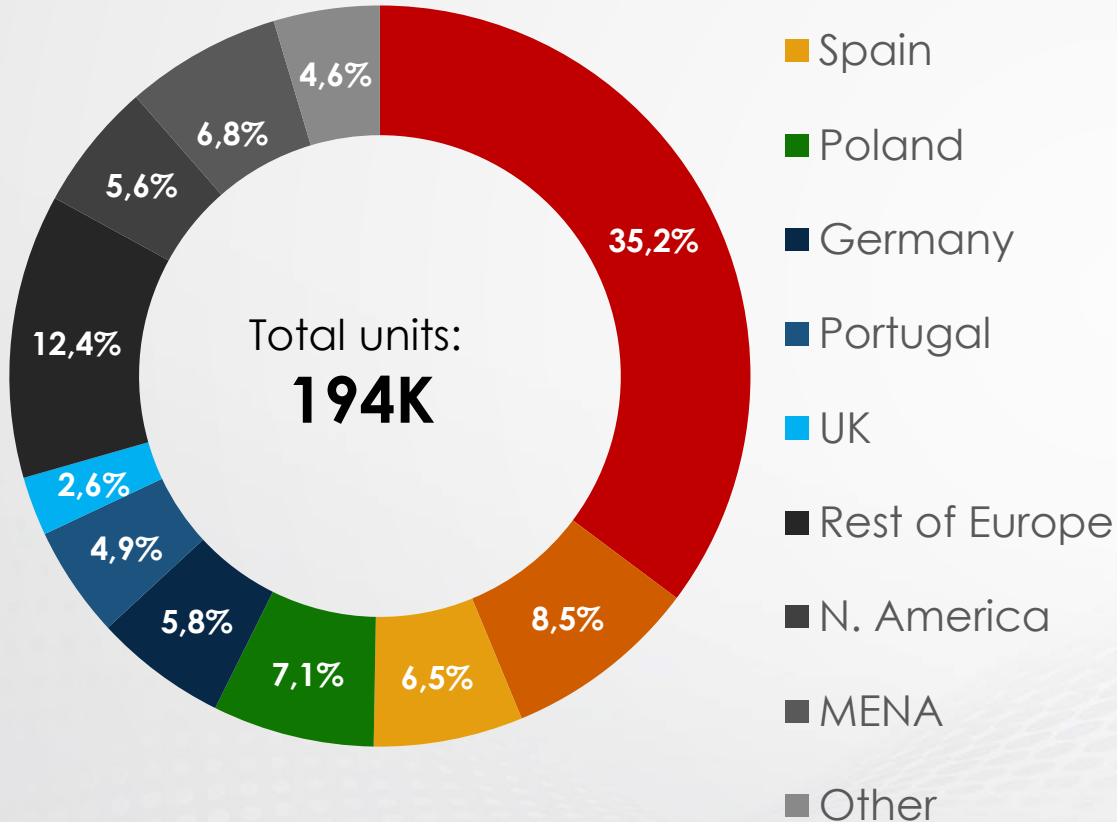
Export Volumes - Monthly



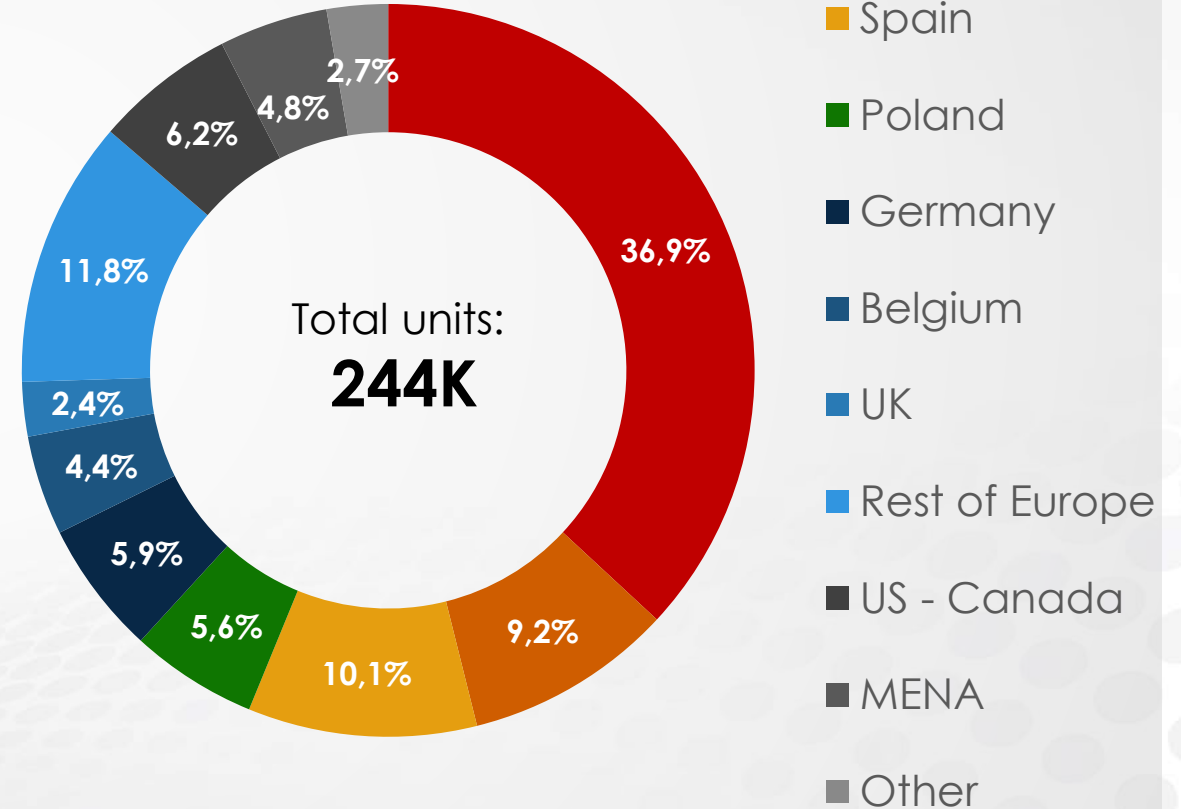
TOFAŞ EXPORTS

Volume Breakdown

2019



2018

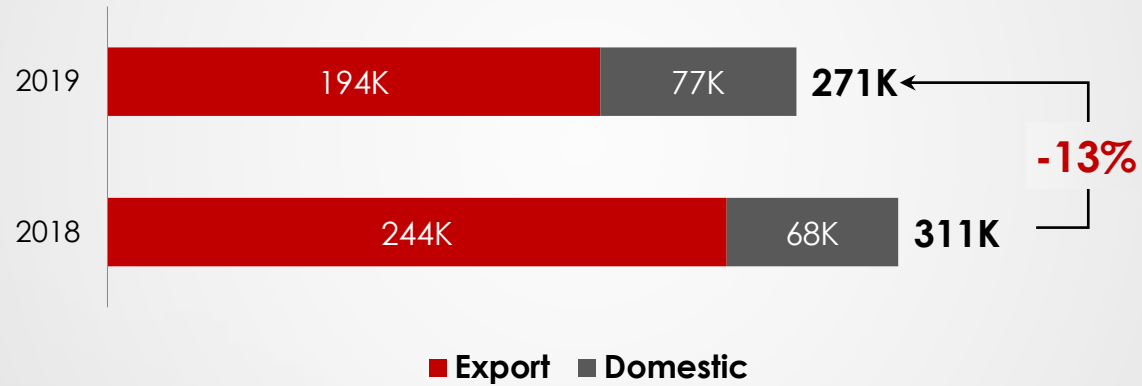


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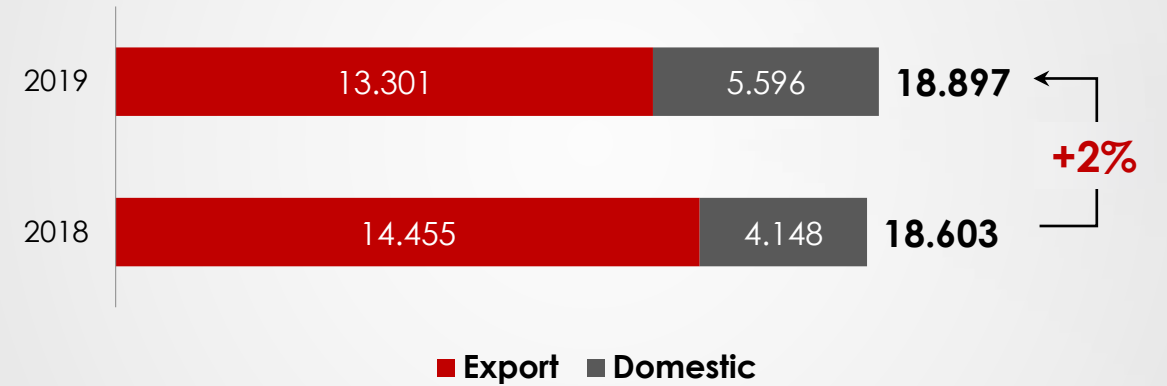
FINANCIAL PERFORMANCE

Financial Highlights (2019)

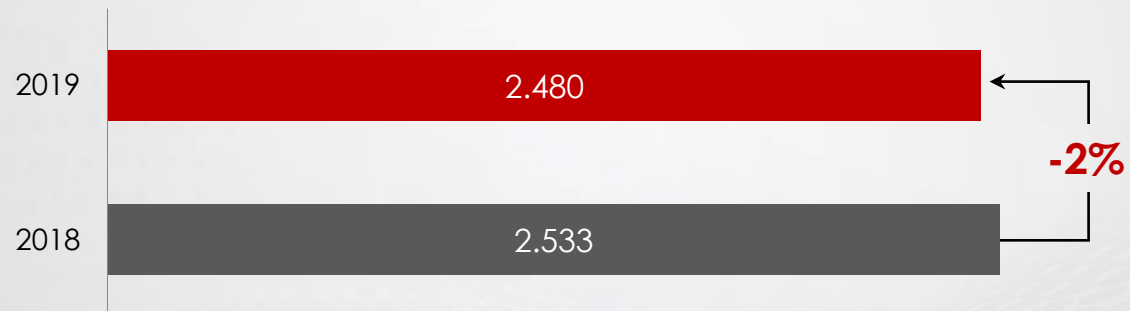
Shipments - Units



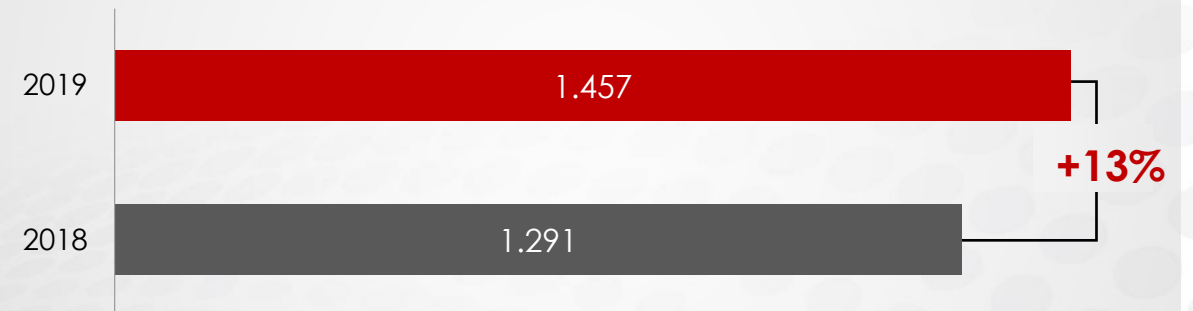
Revenue - mn TL



EBITDA - mn TL

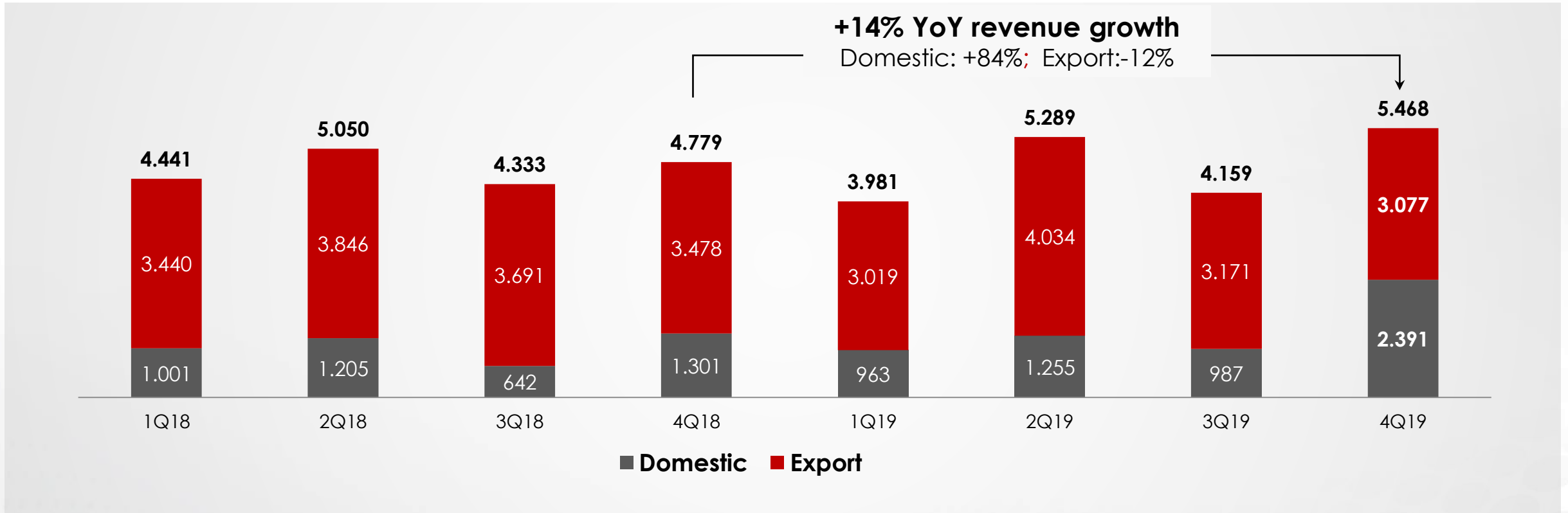


Profit Before Tax - mn TL



FINANCIAL PERFORMANCE

Revenue - mn TL



- ✓ In 4Q19, consolidated revenue of Tofas grew by 14% YoY (-4% YoY in 3Q19) to 5.5bn TL driven by strong domestic market performance.
- ✓ 4Q19 domestic revenue growth of 84% YoY was driven by robust shipment growth as well as good pricing. Export revenue were negatively impacted by lower volumes.
- ✓ Overall, 2019 consolidated revenue growth stood at 2% owing to recovery in domestic volumes, stronger EUR/TRY and pricing.

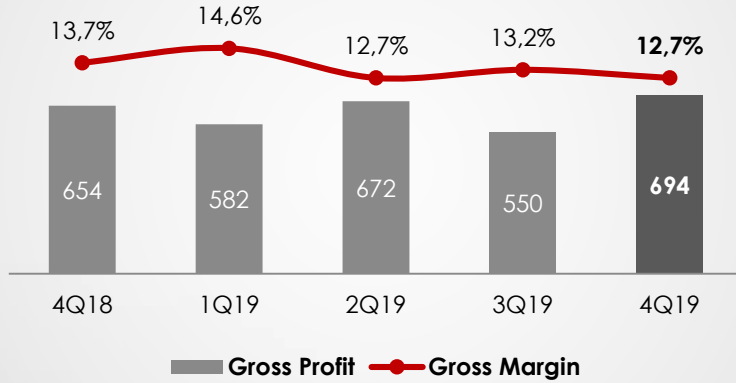
FINANCIAL PERFORMANCE

Profitability - mn TL

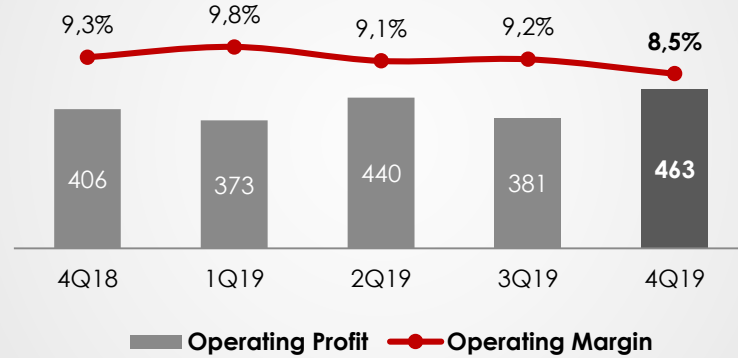


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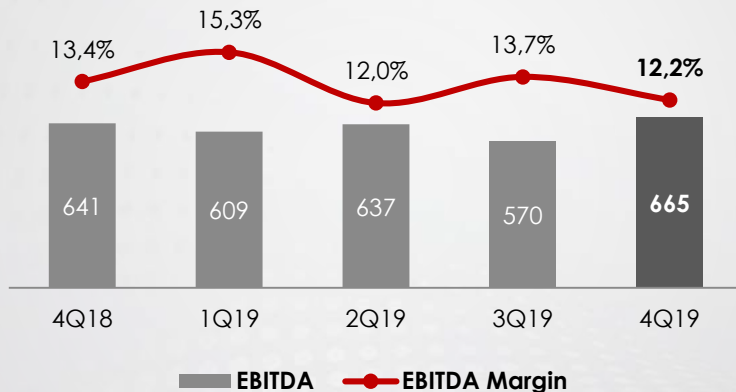
Gross Profit



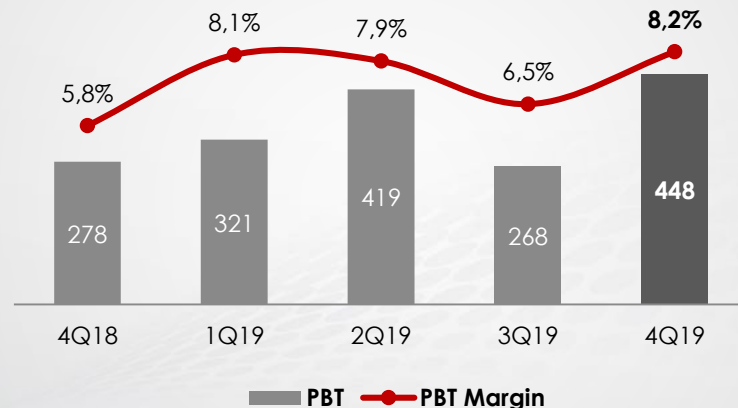
Operating Profit



EBITDA



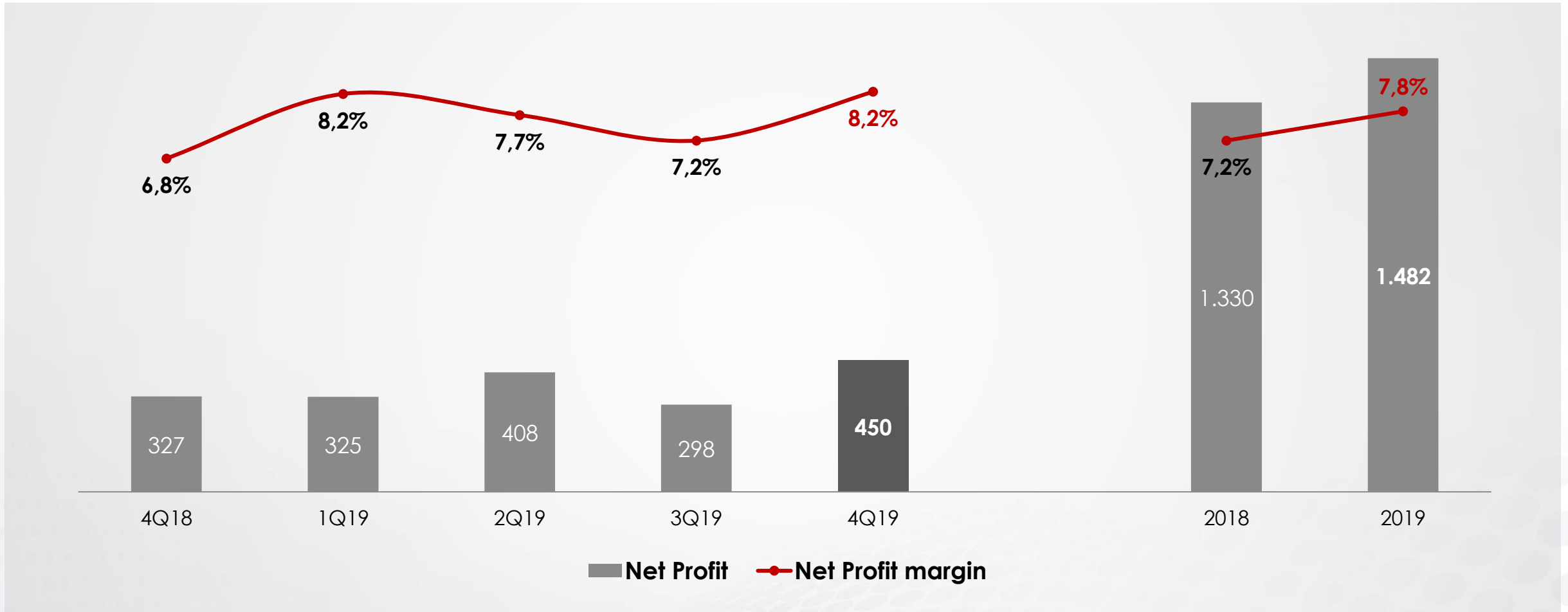
Profit Before Tax



- ✓ In 2019, **gross margin** was down 0.3pp YoY at 13.2%. **Lower LCV mix** in domestic market diluted profitability despite **strict cost control** and **disciplined pricing** in domestic market
- ✓ **EBITDA margin** slid by 0.5pp YoY to **13.1%** in **2019**, in parallel to gross margin performance.
- ✓ In 2019, **PBT margin** expanded by **0.8pp YoY**, reaching to **7.7%** with **13% PBT growth** during the same period.

FINANCIAL PERFORMANCE

Net Profit - mn TL



- ✓ **4Q19 net profit** surged by **38% YoY** at **450 Mn TL** with **1.4pp YoY improvement in net margin** at **8.2%**.
- ✓ In **2019**, **net profit margin** was **up 0.6pp YoY**, reaching to **7.8%** with **11% YoY growth in net profit**.

FINANCIAL PERFORMANCE

Income Statement - 2019

mn TL	2019	2018	Δ
Net Sales	18.897	18.603	+1,6%
Gross Profit	2.499	2.516	-0.7%
Operating Profit	1,720	1,758	-2,2%
EBITDA	2,480	2,533	-2.1%
Profit Before Tax	1,457	1,291	12.8%
Net Profit	1,482	1,330	11.4%
Gross Margin %	13,2%	13,5%	-0,3pp
Operating Margin %	9.1%	9.4%	-0.3pp
EBITDA %	13,1%	13,6%	-0.5pp
Profit Before Tax Margin %	7.7%	6,9%	+0.8pp
Net Margin %	7,8%	7,2%	+0,6pp

FINANCIAL PERFORMANCE

Balance Sheet - Assets & Liabilities (mn TL)

Current Assets	31.12.2019	31.12.2018	Δ
Cash and Cash Equivalents	2.826	2.385	441
Inventory	749	1.077	-328
Trade Receivables	2.145	2.097	48
S.T. Consumer Financing Loans	1.088	1.277	-189
Other Current Assets	162	252	-90
Non-Current Assets	31.12.2019	31.12.2018	Δ
Fixed Assets	2.122	2.248	-126
Intangible Assets	1.659	1.579	80
L.T. Consumer Financing Loans	929	1.016	-87
Other Non-current Assets	1.140	1.071	69
Total Assets	12.809	13.002	-193

Current Liabilities	31.12.2019	31.12.2018	Δ
Short-term Financial Liabilities	25	444	-419
S.T. Portion of L.T. Financial Liabilities	1.822	2.017	-195
Trade Payables	3.885	3.294	591
Other Current Liabilities	395	343	52
Non-Current Liabilities	31.12.2019	31.12.2018	Δ
Long-term Financial Liabilities	2.104	2.971	-867
Other Long-term Liabilities	249	226	23
Sh. Equity	4.329	3.707	622
Total Equity & Liabilities	12.809	13.002	-193

FINANCIAL PERFORMANCE

Financial Position & Working Capital (mn €)



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Financial Position	Dec'19	Sep'19	Jun'19	Dec'18	Sep'18	Jun'18	Dec'17
Financial Assets	425	367	472	396	385	449	717
KFK - Consumer Loans Granted	303	280	304	380	348	483	562
KFK – Financial Liabilities	271	279	312	377	340	454	557
Tofaş Financial Liabilities	320	427	449	525	637	528	730
Net Financial Position	137	-59	15	-125	-245	-50	-8
of which: Factoring	20	64	54	84	0	133	153

- ✓ **YoY improvement in financial position** mainly stemmed from **deleveraging** with **robust operating cash flow generation**.





Working Capital	Dec'19	Sep'19	Jun'19	Dec'18	Sep'18	Jun'18	Mar'18
Trade Receivables	321	348	341	348	369	361	336
Inventory	112	159	165	179	246	267	229
Other Receivables	24	35	22	42	78	72	78
Trade Payables	582	513	659	546	647	848	824
Other Liabilities	30	29	29	32	35	43	85
Net Working Capital	-155	-	-160	-10	11	-191	-267
of which: Factoring	20	64	54	84	0	133	210

- ✓ **Solid net working capital management in 2019.**

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INVESTMENTS

(mn €)

		2019	2018	2017	2016
	Structural	18	29	31	55
	Minicargo	12	7	13	15
	Doblo & RAM ProMaster City	25	22	24	30
	Egea/Tipo Sedan, HB & SW	52	37	89	252
TOTAL		107	95	157	352

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	FY20
Domestic Light Vehicle Market (PC+LCV)	560K-600K units
Tofaş Domestic Retail Sales	78K-84K units
Export Shipments	170K-190K units
Production Volume	240K-265K units
Investments	€250 M

APPENDICES

FINANCING INCENTIVE

Details



- ✓ The **financing incentive by state banks** is extended until **31.03.2020**.
- ✓ **For locally produced passenger cars and commercial vehicles, state banks** (Ziraat Bank, Halkbank and Vakifbank) will cooperate with automarkers to **offer favorable loan rates for vehicle purchases**. Accordingly;

Passenger cars:

Loan amount: TRY50K-TRY120K

Loan duration: 18-36 months

Loan rate (monthly): 0.49%-0.69%

Commercial vehicles;








Loan amount: TRY72K-TRY120K

Loan duration: 30-60 months

Loan rate (monthly): 0.49%-0.69%

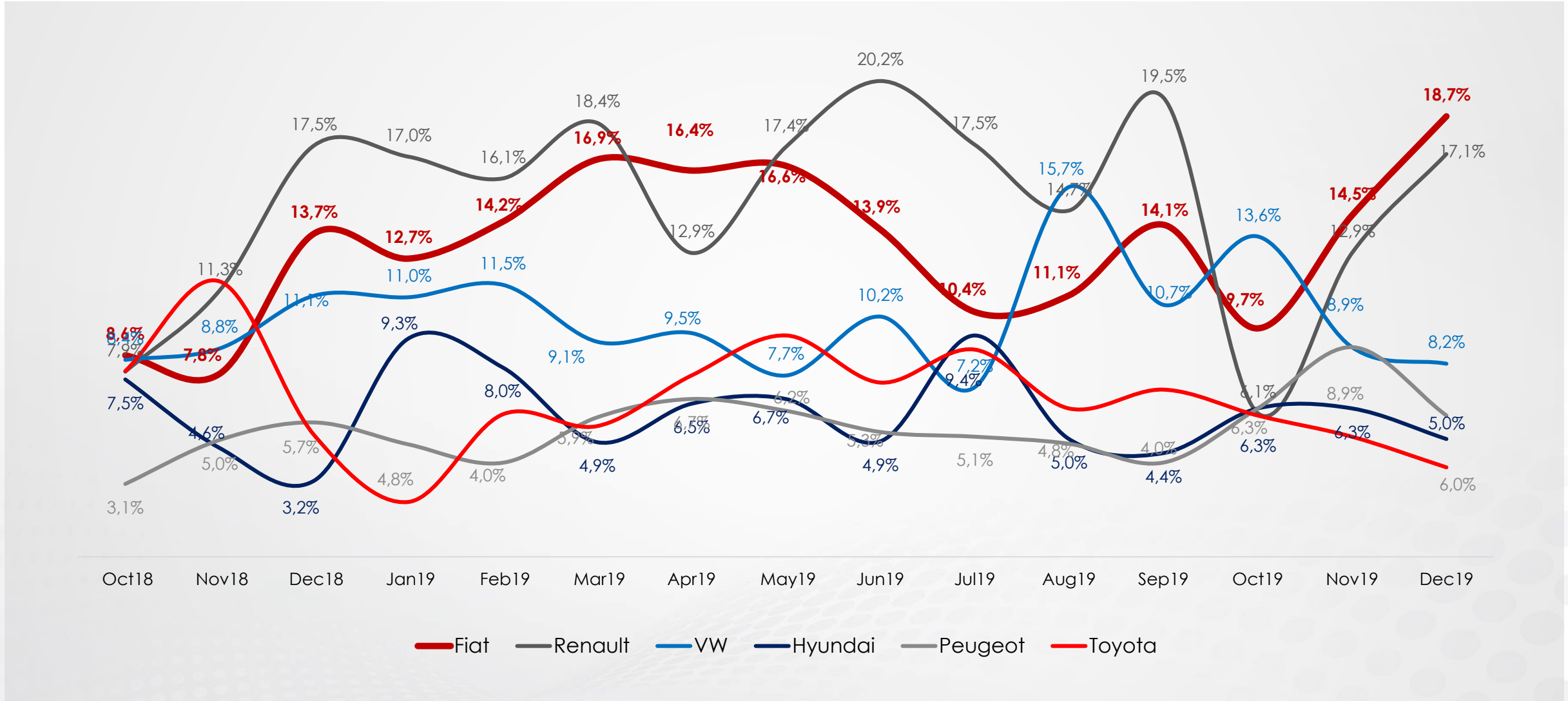
SHIPMENTS

Tofaş Shipment Volumes by Model - 4Q19

Exports	4Q19	4Q18	Δ		Domestic Market	4Q19	4Q18	Δ
Tipo Sedan	6.764	5.843	921		Egea Sedan	21.046	12.182	8.864
Tipo HB & SW	17.494	17.806	-312		Egea HB & SW	1,630	589	1,041
Doblo	11.647	12.888	-1.241		Doblo	4.418	2.834	1,584
Cargo/Combi	10.309	11.460	-1.151		Cargo/Combi	4.350	2.709	1,650
Panaroma	1,338	1.428	-90	 	Panaroma	68	125	-117
RAM Promaster City	1.361	5.992	-4,631					
MCV Fiat	6.520	8.615	-1.680		Fiorino	4.276	3.147	1,129
Cargo/Combi	5.198	6.968	-2.095		Cargo/Combi	4.143	3.052	1,091
Panaroma	1.322	1.647	-325	 	Panaroma	218	95	123
Others	4	8	-4		Imported Vehicles	1,807	1,798	9
Exports Total	44.790	50.785	-5.995		Domestic Total	33.215	20.578	12.637
					Total Shipments	77.005	71.363	5.642

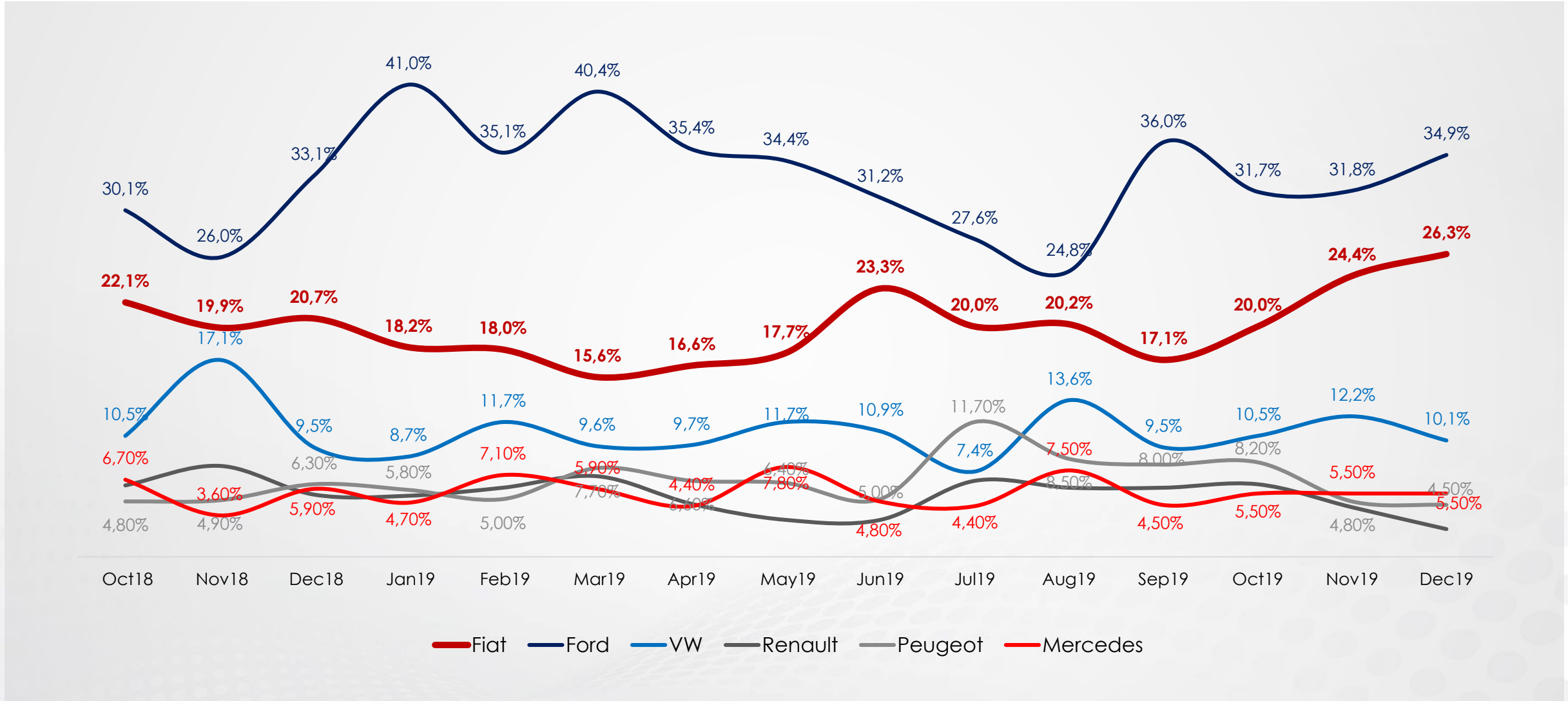
FIAT DOMESTIC MARKET SHARE

PC Market Shares - Monthly



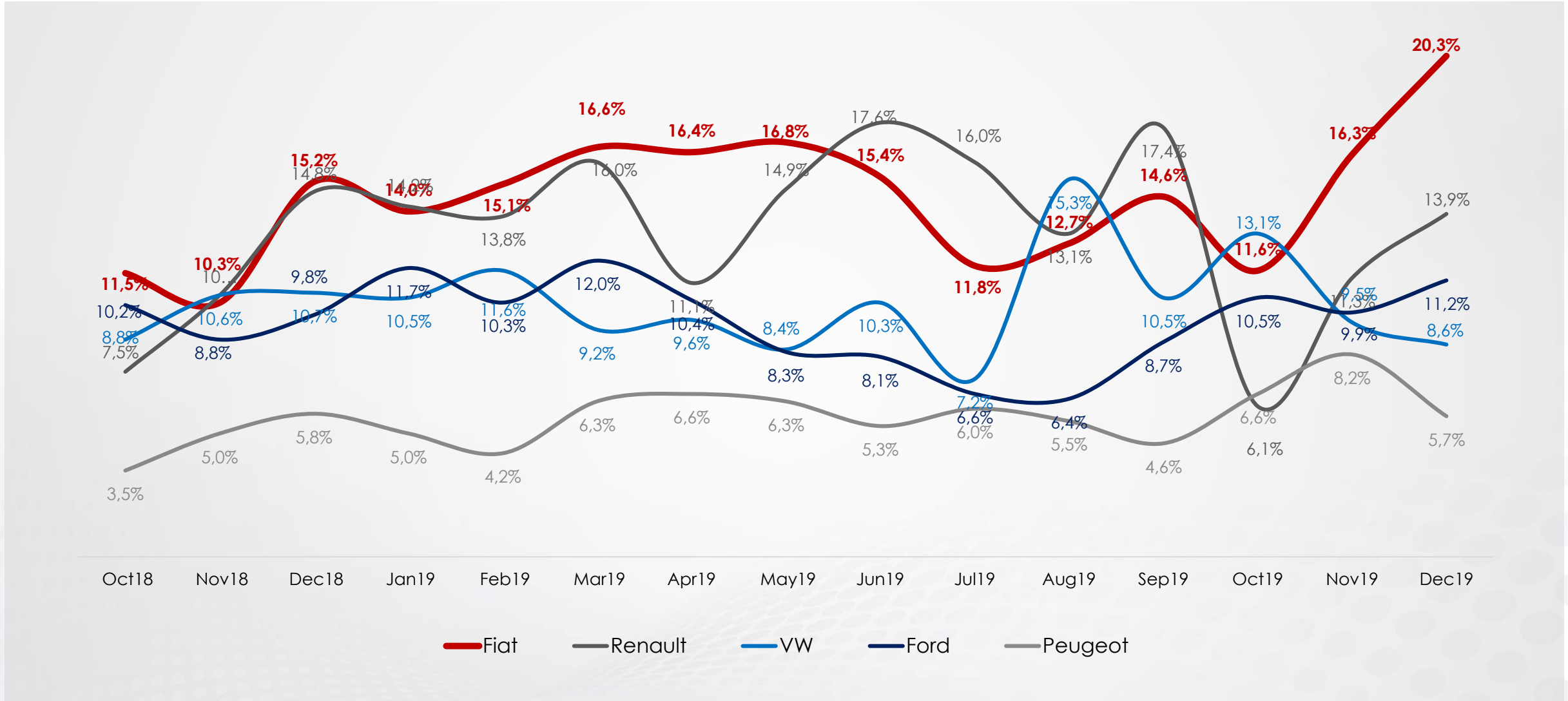
FIAT DOMESTIC MARKET SHARE

LCV Market Shares - Monthly



FIAT DOMESTIC MARKET SHARE

PC & LCV Market Shares - Monthly



INSTITUTIONAL INVESTOR RELATIONS

Mehmet A. Ağyüz, CFA

Investor Relations and Risk Manager

 +90 212 275 3390 / 2751

 +90 212 216 4028

 mehmet.agyuz@tofas.com.tr

 Büyükdere Caddesi No:145 Tofaş Han 34394 Zincirlikuyu / ISTANBUL - TURKEY

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