

# TOFAŞ

TÜRK OTOMOBİL FABRİKASI A.Ş.

**TOFAŞ Türk Otomobil Fabrikası A.Ş.**  
**First Quarter 2026**  
**Financial Results Conference Call and Live Webcast**

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**Conductors:**

**Mr. Cengiz Eroldu, Chief Executive Officer**  
**Mr. Ahmet Tasangil, Chief Financial Officer**  
**Mr. Mehmet Ağyüz, CFA - Investor Relations Manager**

Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Konstantinos your Chorus Call operator. Welcome and thank you for joining the TOFAŞ Türk Otomobil Fabrikası A.Ş conference call and Live Webcast to present and discuss the First Quarter 2026 Financial Results.

At this time, I would like to turn the conference over to Mr. Cengiz Eroldu, CEO, Mr. Ahmet Tasangil, CFO, Mr. Mehmet A. Ağyüz, CFA - Investor Relations Manager.

Mr. Tasangil, you may now proceed.

TASANGIL A: Good afternoon and good morning. Thank you all for joining our call. Mehmet Agyuz is our Head of Investor Relations, will now take you through the details of our results for Q1 2026. But before that, I would like to highlight a few key points.

We had a good start to the year in terms of profitability, execution in our local markets and also in our production. Q1 PBT margin reached 3.5% despite a seasonally low quarter, marking a significant improvement over the same period of last year. Higher production tempo and consolidation of Stellantis-Turkiye lead to economies of scale and were the main drivers of our year-on-year PBT margin expansion.

In Q1, we improved our local light vehicle market share by 130 basis points, reaching to approximately 27%. Our light commercial vehicle market share reached close to 49%, 500 basis points higher versus

the same period of last year, while passenger car market share was flattish at 21.4% in the First Quarter.

On the other hand, capacity utilization of our plant has been improving with 38% year-on-year production growth in First Quarter. Thanks to better performance of K0 model at both export and local markets, we revised up our 2026 production outlook. Our export volumes increased by 155% year-on-year in Q1, supported by the introduction of new variants of K0. We now project approximately 20% higher export volumes for 2026 compared to our initial guidance. The ongoing investments for new models are on track.

We plan to begin the production of K9 model in September this year. As the only locally produced van in this segment, K9 is likely to improve our profitability further.

Investments for K0 exports to North America is ongoing and shipments to this market are also expected to begin late this year. Our feasibility studies to achieve full capacity utilization at our plant have been progressing. We anticipate to share more details about new projects over the next couple of months.

Lastly, even after the TRY10 billion dividend distribution in Q1 and the ongoing capex cycle, our balance sheet remains flexible with an industrial net debt-to-EBITDA of 0.4x. I will now give the floor to Mehmet for the rest of the presentation, and then we will be glad to answer your questions. Thank you.

AGYÜZ M: Thank you, Ahmet Bey. Good afternoon, and good morning, everybody. We start with the production. In the First Quarter, Turkish motor vehicle production declined by around 7%, reaching to slightly above 320,000 units. During this period, Tofas production expanded by 38% compared to the same period of last year and reached 37,000 units. With this performance, our share in the industry increased to 11.4% compared to 8% in the First Quarter of 2025.

In terms of production mix, LCV share has been increasing and now constitutes about 2/3 of our production volumes. This marks more than doubling of the mix on the LCV side thanks to the ramp-up of K0 production.

Moving on to domestic market. After 3 years of record sales in the local market, in the First Quarter, light vehicle demand retreated slightly and down by around 4%, reaching to 265,000 units. The driver of this decline was the passenger car demand, which was down 6%, whereas LCV demand remained robust and grew by 4%.

When we look at the monthly evolution of the domestic retail sales, you could see that following the increasing geopolitical tensions in Gulf region, the market which has been slightly growing to stable, started to go down in March, and declined by 12%. Nevertheless, yesterday's data for the April figures suggested stabilization in the overall light vehicle market and remains well above the historical averages.

In terms of market share, Tofas continues to perform quite strongly and our market share increased by around 130 basis points, reaching slightly above 27% in the First Quarter. Fiat and Citroen brands were the main drivers of this performance as well as the Jeep brand which more than doubled its market share, thanks to the introduction of Jeep Compass.

On the LCV market, we now control slightly below half of the market with a 48.7% market share, which is up 500 basis points compared to the prior year. The main driver of the improvement is the Fiat brand, which increased by around 10 percentage points. This is thanks to the ramp-up of K0, higher availability of the imported LCVs as well as the low base of last year.

On the PC market share front, our market share was relatively stable at 21.4%. Citroën and Opel brands were performing well and Jeep brand was quite strong. This was partially offset by the decline in the Fiat brand market share due to the product transition.

Moving on to exports. In the First Quarter, demand conditions in the European market was benign and passenger car registrations grew by 4%. This was mainly due to the robust March performance, which was up in double digits. Thanks to revised and the new tax incentive schemes introduced across the major European countries, the share of battery electric registrations increased by more than 400 basis points and constitutes slightly less than 20% of the PC registrations in Europe.

On the LCV market, it was slightly up by around 1% and this reflects a recovery from a relatively low base of the last year. There were mixed results across the main markets where France and Spain registered growth and the other markets registered declines in the First Quarter.

Our export volume performance has diverged from the underlying demand in Europe. As you know, we are in the process of ramping up our production and filling the gaps in our product portfolio. And due to the strong performance of the K0, our export volumes recovered by more than 150% in the First Quarter, reaching to slightly below 17,000 units. This was mainly driven by the tripling of our LCV volumes thanks to K0, which we introduced the new version, the combi version towards the end of last year.

You could see the monthly evolution of our export volumes. And you can see the increasing tempo on our export volumes, which marked around 7,500 units in the March month, and we expect this trend to continue for the rest of the year.

In terms of regional breakdown of our exports, as you can see, almost 100% of our exports go to Europe. And within that, 1/3 of our volumes goes to France, followed by Italy and Germany with shares of around 15% and Spain constituted around 13% of our export volumes.

In terms of shipment volume breakdown, this is wholesale figures and total domestic volumes grew by around 190% and reaching to 77,000 units. This is

enabled by the import growth of more than 8x compared to the prior year, thanks to the inclusion of Stellantis-Turkiye. On the local sales from production side, our LCV sales from production grew by 82%, whereas our PC sales from production was down around 36% due to aging of Egea, as you know that the production phaseout will take place at the end of June this year.

On the export front, the main driver is the increase in our LCV shipments, which more than tripled and resulted in 155% growth. All in all, we shipped 93,000 units, which is 180% higher compared to the prior year. Our shipment volumes were balanced between LCV and PC, which were roughly 46,000 units each.

Moving on to financial performance. 183% growth in shipments, translated into 200% real growth, in revenues. And this is mainly due to product mix, whereas the revenue growth translated into similar EBITDA growth with an EBITDA of TRY2.6 billion in the First Quarter. Our profit before tax surged to TRY3.3 billion compared to the negative figure in the First Quarter of '25.

This is a snapshot of our P&L and more than tripling of the revenues has translated into gross profit margin expansion as well as notable operating margin expansion due to economies of scale. And our main KPI, PBT margin improved by 360 basis points to 3.5%, which is at the midrange of our year-end guidance in a relatively seasonally low period.

Our balance sheet remains robust with a net industrial net debt position of around TRY5 billion after the distribution of TRY10 billion of dividends as well as the ongoing capex cycle. One of the major increases here, you could see in the inventory line, and this is partly due to the phase-out of Egea production as we are building inventory to be able to sell after the phase-out of production as well as goods in transit. You could see balanced increases in the other items with trade receivables and trade payables are broadly offsetting each other, which has not put pressure on the net working capital.

On the investments, we spent EUR41 million in the First Quarter, half of which is constituted of our ongoing K9 investment, whereas the rest of that is mainly K0 investment, the homologation investments for the North American market. The remainder was structural investments as well as pre-spending for the new projects.

Moving on our guidance, on the local light vehicle market, we decided to take a more cautious approach given the geopolitical tensions and slightly revised down our domestic market assumption by around 100,000 units to 1.2 million to 1.3 million units. And in parallel to that, we are reducing our local domestic retail sales by around 25,000 units to 320,000 to 350,000 units.

Considering the good export shipment tempo, we decided to slightly increase our export guidance by around 8% to 70,000 to 80,000 units. And in parallel

to the increase in our export shipments, we also increased our production volume assumption by the same amount to 145,000 to 155,000 units. And we maintain our capex guidance at this stage at EUR250 million. Our profitability target for this year and for 2028 when we complete our investment cycle remains the same with 3% to 4% PBT margin in 2026 and 5% to 7% for 2028.

This slide concludes our presentation, and we are happy to take your questions. Operator?

OPERATOR: The first question comes from the line of Cemal Demirtas Ata Invest. Please go ahead. Mr. Cemal excuse me for the interruption. We cannot hear you.

DEMIRTAS C: Do you hear me now?

OPERATOR: Yes, we can. Please proceed.

DEMIRTAS C: Do you hear me now?

AGYÜZ M: Yes. Yes, we can. Cemal Bey.

DEMIRTAS C: Okay. Okay. Thank you. My first question is about the domestic market. We see that you cut around 100,000 units from your previous estimates. But I would like to understand the reasoning behind that. Does it include potential risks related to geopolitical issues? Or do you have any sense of some slowdown in the market? Because Cengiz Bey, you have always been good in predicting the market direction in these times.

So, I want to understand any specific indication you see in the market or just being cautious because we

are also being cautious nowadays. If these tensions continue, then we are likely to see maybe major decline as a risk factor. But I would like to understand how much you -- the concern you issued in this area. Do you see any additional downside risk if these current conditions or the current worries continue? That's my first question.

And the second question is, recently, we see April figure for your export figures. And finally, we see some improvements in April, and we see that you increased your -- the exports, the guidance to some extent. Could you further just elaborate that side on the export side?

And in the -- at some point, do we have a chance of moving to the three shifts, any change in the production signal? What could be the signal that your just capacity utilization is getting higher? When do you think we can get that indication, of course, assuming that the global conditions or geopolitical conditions will normalize? Thank you very much.

EROLDU C:

Thank you for the question, Cemal Bey. Cengiz Eroldu speaking. So, regarding the domestic market side, we are -- as you said in your question, we are a little bit cautious about the geopolitics, I can say, because the April market numbers are almost at the level of last year. There is a very small difference between 2024 and 2025.

So, in Turkey, there is still a high demand for the cars, both passenger cars and light commercial vehicle side because according to us, still for the customer, the car

is representing important opportunity to invest in these circumstances because in the normal conditions, we should not see this kind of high demand but only explanation is the customer is acting in order to also protect the value that they have in their hands because they are also seeing the flat exchange rate situation. They are seeing geopolitical tension, and they are expecting also some cost ups and reflection of those cost up on the sales price in the coming months.

So, for this reason, the demand in the local market is still robust. March was like this and April is the same. Now the May, we have a 1-week of vacation period. So, for this season, maybe not so much indicative, but we will see in June and how the geopolitical tension will continue. That will be the key for the local market, I think.

Regarding the export side, as also Mehmet explained, our export performance is improving. We are forecasting also better year-end numbers compared to the latest our provision. But the third shift, I don't think so because now we are also -- we need to manage also launch of the K9, the Doblo and the sisters production in the plant in the last quarter of this year, which is a very important car for the company performance. Thank you again.

DEMIRTAS C: Thank you.

OPERATOR: The next question comes from the line of Murat Ignebekcili with HSBC. Please go ahead.

IGNEBEKCILI M: Hello, thank you for the presentation. Actually, my question is similar to Cemal. Seeing the April run rate of exports, would you say another year-end export guidance upwards is likely in the coming call because a monthly run rate of 10,000 is quite strong. You already have 26,000 in the first 4 months. So that's -- I mean, that tells us that this number could easily be attained. Would you agree with that? And also looking at the KFS, the contribution to profit before tax is over 10%. Now it's been a significant item in your balance sheet. Would you expect the performance to the contribution of that to improve as well in the coming quarters? Thank you.

TASANGIL A: Thank you very much for the questions. Starting from the first one, you also see the numbers is a pretty much strong number. But we would like to, for the time being, stick with our expectation, but obviously, there is an upside risk on the volumes, but we will wait and see on this one and how it will evolve through the time.

For the other question about KFS, the net income contribution is getting higher, and that's one of the achievements of the company as well because now KFS is also offering consumer finance business for Peugeot, Citroen and Opel and DS brands as well. So the contribution will continue throughout the months to follow, and it is one of the synergies that we have managed to achieve. Thank you very much.

IGNEBEKCILI M: Thank you. And if you were to comment on the First Quarter's PBT margin, would you say it's ahead of

your forecast when you provide us the year-end guidance? Is it above your previously envisaged run rate? Thank you.

TASANGIL A: Q1 is a seasonally low quarter, and it's good to have 3.5% margin on PBT terms. So, it's a good start, obviously, and we expect to continue it. But for the whole year, we still stick with our guidance on that one. And one worthy note, especially in this quarter, as you know, the inflation rate is also 10%, which we also expect to slow down, not maybe in this month, but in the coming months as well. So, we may see also an upside there as well. But for the time being, we also would like to stick with our guidance.

IGNEBEKCILI M: Thank you very much.

OPERATOR: The next question comes from the line of Hanzade Kilickiran with JP Morgan. Please go ahead.

KILICKIRAN H: Ahmet Bey, congratulations on your strong results. I have a question about your capex first. I mean I know you discussed this many times in the previous calls, but it's really, it will be helpful if you can repeat again. Is it possible to clarify whether new project investments are included into 2026 guidance? Or your capex guidance may be revised up in case you reach an agreement to proceed on these new investments?

And in case you fill the rest of the capacity with new models, how much capex will be required in 2027? I know you can't comment much on new projects, but a rough guidance of potential capex will be very helpful to understand the upside from here.

And my second question, I have asked this before as well, but to be fair, I'm going to ask you as well. Do you expect any production ramp-up issue in case of aluminum shortage globally? And where do you supply your aluminum? Thank you.

TASANGIL A: Okay. Thank you very much for the question, Hanzade. Starting from the last one, especially during the war times, the supply chain issue is really important, and it's a bumpy road. And we are closely monitoring that one as well. So, it has two aspects from our point of view. One is like the metals that you mentioned, there can be a shortage on that one.

But for the time being, we have no immediate problem on that one. The only problem that we face is the prolonged transit times, especially from the Far East part of the world, but it is still on the manageable side. So, no issue at all for the time being on the supply chain part.

On the capacity part, the capex figure that we presented to you doesn't include any investment related to new projects. There are some pre spendings, obviously, but they are not really material enough to mention. And going forward on the new projects, it's hard to come up with an exact number, and I need to be cautious on that one as well because it really depends on the models and can vary.

But as you know, if you take a look at the previous models that we invested at Tofas, the number is around EUR300 million, EUR350 million range. It can be along those lines, but it depends also on the model

as well. Hopefully, we will be -- we are in talks with Stellantis. As you remember, we mentioned that one before in our previous call as well. Hope to come up with some tangible announcement on that one in the coming months as well. Thank you very much.

KILICKIRAN H: Thank you, Ahmet Bey.

OPERATOR: Ladies and gentlemen, there are no further audio questions at this time. We will now move on to our webcast questions. The first webcast question comes from Emin Hacıeminoğlu with QNB Invest, and I quote. Thank you for the presentation. My question is whether there is any near-term locally produced PC platform project planned to replace the Egea or whether the PC side will be carried forward entirely through the F2U and F2X programs, which produced in Morocco? Thank you.

TASANGIL A: Thank you very much for the question. As I mentioned to you, we are working on the new projects. If you take a look at the last decade, the top three selling cars are always local produced cars in Turkey. And as the decent market leader in Turkey, it is actually inevitable for us as well to produce a PC car in Turkey as well. So, we are working on that one. No problem at all, but we will announce it when we will finalize it.

OPERATOR: The next webcast question comes from Murat Bulut with Azimut Asset Management, and I quote. Hi and thanks for the presentation. There were some concerns regarding domestic pricing environment, yet you achieved a real increase in revenue per vehicle in domestic side in the First Quarter. Do you have any

worries about this topic for the upcoming quarters?  
Thank you.

TASANGIL A: Actually, in terms of pricing, it's a complex answer to that one because we are taking into account all sorts of competitive pressures and the market and the inventory on hand as well. And we are trying to get the optimal results on that one.

Maybe one answer to the question is that there is also an effect of the mix change as well in terms of pricing. So, it also affects our results. But as I mentioned to you, as the market leader in Turkey, we are trying to get the most optimal solution on pricing front. Thank you very much.

OPERATOR: Ladies and gentlemen, there are no further questions at this time. I will now turn the conference over to Mr. Tasangil for any closing comments. Thank you.

TASANGIL A: Okay. Thank you. Thank you very much indeed for being with us today and for your continued interest at Tofas. We appreciate your time and wish you a great day.