



## Stellantis Investor Day – June 13, 2024 Transcript

### Enlarged Europe

Announcer:

Please welcome Uwe Hochgeschurtz, Chief Operating Officer, Enlarged Europe.

Uwe Hochgeschurtz:

Good morning, everybody. Welcome here in Auburn Hills. I'm very happy to show you the challenges and the opportunities of the Enlarged Europe region. My name is Uwe Hochgeschurtz, and I am the chief operating officer of Europe.

Let's have a short look on the agenda. What we see today is about first key opportunities in Europe. Second, how we want to address the industry disruptions, and last not least, what are our recipes in order to face all these opportunities and challenges. But let's have a first look on our, let's say, snapshot or identity card in our operations here in Europe.

So besides the figures, let me highlight some of the key characteristics. Stellantis is number two OEM in Europe, just behind Volkswagen, and of course our objective is to be number one one day. That's a strategic objective. We are already quite well positioned in terms of AOI.

I think we can easily say that we are the leading OEM on AOI for the mass market automakers. We are number one in light commercial vehicles, and we are number three in BEV sales in Europe. And last, not least in 2023, we have produced 2.8 million units in 22 competitive assembly plants in nine countries.

Couple of words about Europe. So Europe is one of the biggest markets in the world, 440 million consumers in one single market. GDP is about 25,000 euro per capita, so a lot of money, sufficient money to buy a car for each and every one. Market stability is also very important. We have 340 million consumers using the euro, second most important currency in the world.

And last not least, we have a very important road network in terms of density and in terms of quality. The Europeans, they love their brands. The Europeans love their brands and they are mainly considering European brands. If we have a look, for example, on the charging network in Europe, we are today have around 6 million BEVs in 2024. And compared to this, we have 750,000 public EV chargers. So this is a ratio of eight to one, so a lot of space for BEV.

If you compare that to the US, there are 3 million BEVs and 150,000 public EV chargers. So the ratio is 20 to one, and as I said, Europeans loves their brands. Over 70% of the sales are belonging to European-based brands. So in summary, Europe offers vast consumer base, stable economic environment, advanced infrastructure, so this is all a great potential for Stellantis.

Let's have a look on the results. First quarter 2024, our market share was 19.2%. If we compare that with the full year 2023, we are winning almost one point, so good growth. We have a solid number two spot just behind Volkswagen. Overall, volumes have increased by 5.6%, and in some of our countries, we have a good double-digit growth in Germany, Portugal and in the UK.

We also signed in 2024 a two very important contracts, which is one with the rental car company Sixt. Around 250,000 units will be sold in the next three years. We started already this year and we have sold already 30,000. The other one is the world leading leasing company, which is Avis, 500,000 to plant deliveries in three years.

But that's not all. We are also number one in the commercial vehicle market. We were number one, we are number one and of course we count to be number one. Market share is 30%, 30% of European market, clear number one position. But we have also in some single markets number one positions, such as France, Spain, Italy, and Germany.

In Italy itself, we are only with one brand, with the Fiat Professional brand alone, number one. In addition to this, in these markets we are leader in ACV BEVs, and on top we have other markets where we are number one in BEVs, which is Poland, Belgium, Portugal and the Netherlands. We just relaunched our full lineup, including on almost all models ICE versions and BEV versions, and on some versions we have also fuel cell technology.

Let's have a look on the, sorry, let's have a look on the BEVs. BEV sales increased by 3.2% year over year. We have a market share of 14.3 in the European countries in Q1, and we have secured top positions in major European markets. We have strong growth in France, 54% increase in this year. We are number one in the social leasing program. Also, a significant increases in the UK and Poland, and on Pro One, we have a 33% BEV market share. Peugeot is here, the number one brand.

Let's now come to the main disruptions on the next slide. So what we can see, I think this is the right one. Let's see, what are the major disruptions? Number one is about the development of the TIV of the industry. We had a quite stable evolution of the market. We had a quite stable evolution of the market at around 18 or 19 million.

This went down when it came to the crisis, there was COVID, there was war, and there was disruption in the supply chain. So that went down, significantly down. The next phase is that we can clearly see that we are going up again, so it is stabilizing at around 14 or 15 million units. And what we project for the next years from 2025 to 2030 is a stabilization with the balanced growth, and of course, there will be a quite bumpy road for BEVs. Electrification, safety and emission regulations will impact significantly the TIV trend. Stellantis is aiming for a 100% zero emission line-up in Europe by 2030. Affordability, of course, will be key for BEVs.

The second one is it's about technology. As we can see here on this slide, the good old ICE power train, which came from the 19th century, has 1,400 components. However, these 1,400 components are all amortized. They are all amortized, and that's a big difference.

The BEV engine is around 200 components only and nothing of that is amortized, so that is the major issue. What we are doing is we are trying to target larger batteries with a range of up to 1000 kilometers. We want to charge these vehicles up to 10 minutes charging time.

Third disruption is about the Chinese. The Chinese are coming to Europe, Chinese will be there. They have significant advantages in full electric vehicles. In 2022, six new brands entered Europe, five of them were from China. Chinese brands have low production cost, technological expertise, and innovative solutions.

Over 100 new Chinese models are expected in Europe until 2026. However, there are also some challenges for the Chinese brands. It's about brand awareness. They have no brand awareness. There is no real dealership presence and after sales experience is quite bad.

Stellantis will double its BEV offerings from 30 models today to 60 in the next three years. Next is about how to respond to the dynamic market. We have seen the challenging environment around us, but we are prepared for that. Let's see now the ingredients of our recipe one by one.

Let's start with the products. So as we can see, Citroen, Fiat and Opel/Vauxhall explore new mainstream market price points. Citroen E3 offers versatility and comfort, starting at 23,300 euros. That is probably the most affordable, the best positioned vehicle in the market. And that's not all, we are trying to drop this below 20,000 euros, of course, with adapted features.

Citroen Ami, Opel/Vauxhall and Fiat Topolino are different ways of mobilities. We can offer here options below 10,000 euros. That is a clear revolution in European mobility. Fiat adapts a multi-energy platform for electric, hybrid and ICE power trains at competitive prices, and Opel/Vauxhall's B-segment models include the all new Frontera with electric and hybrid options, starting at the very attractive 24,000 euro for a full-size B SUV.

Let's now look on the international joint venture with Leapmotors, so we will start in Q3 2024. In Europe, we will start with the first models in September 2024, and this is the ideal combination because it's about competitive total cost at Leapmotors combined with Stellantis excellence in Europe, so that is the unique offer for European customers.

We have already 200 sales points, which we consider by year-end. We will expand this to 500 by 2026, and of course 2026, including of course our own retail stores of Stellantis and [inaudible 01:38:05]. Let's now see where we have additional opportunities. That is mainly on the dominant C-segment in Europe.

As you probably know, we have already leadership in A and B segment of around 30% segment share. This includes a segment share of 46% in the BEV segment of the AB segment in Q1 2024. However, there is an important significant domination of the C segment. It is about 40% in Europe, and our goal is to aim for 20% market share of this very important segment by 2025.

Key players will be the all new Peugeot 3008 and 5008. But we have also the Opel/Vauxhall Grandland, which is very well positioned, and then there will be a couple of other models based on this stellar medium platform. Couple of words about our LCV leadership. We have unrivaled leadership in Europe, but Pro One aims for more. We are going for global leadership.

What are the benefits of Pro One? We have class leading vans. We have pick-up trucks and we have micromobility, leading electrified propulsions and fully connected vehicle technologies. We have 12 new models in all segments, over six brands covering all needs. Zero emission has a priority. Our second generation of BEV models will increase range up to 420 kilometers, but that's not all.

Let's speak about our circular economy projects. We are a front-runner in circular economy. The circular economy business unit expands its approach based on the four Rs, remain, repair, reuse, and recycle, supporting our decarbonization target.

Stellantis inaugurated its first circular economy hub in Turin last year, supporting a sustainable business model for parts and vehicles. The hub consolidates skills and activities to create a high performing center of excellence in Europe. But that's not all. There are still a lot of opportunities on the cost side. On the margin gap between ICEs and BEVs. We are targeting parity, means the same margin on ICEs and on BEVs. That is the plan for the next three years. We have already reduced this gap from 50% couple of years ago to 30% in 2023, and in the next three years, we will go down to zero.

There are also a lot of opportunities in reducing our delivery logistic costs. We have to restructure our strategy. It's in execution mode. We aim for a gradual savings of -25% in H2 and -35% in H2 25. This all compares to H2 2023, and we are adapting a disciplined inventory management, continued focus on reducing stock ahead of new launches. Today, our breakeven point is below 50% in Europe. This is very, very competitive, but that is not yet the end.

Ladies and gentlemen, today I outlined our readiness for Europe's growing competitiveness, highlighted by our innovation launch plan featuring over 25 new vehicles across all Stellantis brands, ensuring fresh experience for our customers. We are leveraging key opportunities in Europe for a transformative journey in free mobility. We are addressing the industry disruptions with clear understanding of market dynamics, tech evolution, new entrants.

Our key ingredients to succeed pass through exploiting synergies while enhancing respective brands' unique selling proposition. Our strategy revolves around technological innovation, particularly evident in Peugeot's approach, which focuses on real needs and aims and enhance driving pleasure. Thank you very much for your attention.

Video 2:

Everywhere I go, the people really want to know who I is and who I be, they stop and stare when they see me.

If I said it once, no need to repeat, run up on me, watch your fall to your knees.

Tip my hat when it's time for the kill.

Ain't no beast when you really real.

I am the boss. I am the don. I am the one they call lucky charm.

Who I is and who I be, they stop and stare, it make me weak.

Built to last, this girl ain't weak, sturdy and still when I plant my feet.

Announcer:

Please welcome Linda Jackson, Peugeot Brand, CEO.

Linda Jackson:

Well, let's invent another vision of the future. And let's be honest, the future of mobility just doesn't seem as exciting as it should. It's a sea of sameness. Cars look more and more alike. New cars, new brands, who can tell them apart? The robots are taking over, artificial intelligence, autonomous technology, what role for us humans?

And then, well, then there's regulation and complexity, speed cameras, parking restrictions, city center bans, energy regulations. Where's the pleasure in that? But here at Peugeot, we think that another future is possible, an optimistic vision of the future, where technology serves pleasure, a future where pleasure still roars, where for human is at the heart of the driving experience.

And this is what our customers are looking for and expect of us. They say they want to have fun, they want to enjoy life, they want to seize the moment. And pleasure is at the center of what we do and have been doing for more than two centuries. Technological invention and reinvention with pleasure at the core, because our core belief is that pleasure drives progress and that that's-

PART 3 OF 7 ENDS [01:45:04]

Linda Jackson:

The pleasure drives progress and that's what drives our invention. Our mission is to reinvent mobility with pleasure-driven tech with our three brand values, allure, sharp design and feline attraction, emotion, the instinctive driving pleasure when you take the wheel of a Peugeot, and excellence, efficiency, quality technology.

In other words, pleasure at every site, at every drive and pleasure that lasts. This is what defines us. This is what gives us our irresistible allure, and this is what drives our commercial success. We are a global, upper mainstream brand present in 150 countries around the world, selling more than a million cars every year. We are committed to becoming the leading electric brand in Europe, and an electric front-runner internationally.

We want to break down the barriers of electric by responding to our customer's needs with class-leading electric range and charging solutions, or making the choice of electric accessible and reassuring accessible through initiatives like the Peugeot Electric Leasing for All program in France where we led the market to become the number one brand delivering affordable EVs to customers on lower incomes, but for all our electric customers.

We also offer unrivaled peace of mind with eight years Allure Care, the best cover, the best warranty offered by any European brand. That's pleasure without limits. That's pleasure that lasts. We cover everything from small cars to large SUVs, and a complete range of commercial vehicles. In total, a range of 12 electric models. That is the widest electric line-up of any mainstream brand in Europe. It covers more than 90% of the market in Europe.

Today, we are already the leaders in electric small cars and like commercial vehicles. Well this year, we launch five brand new midsize electric cars, the largest segment in the market. These new models include our E3008, and for those lucky to be here today, you've got a chance or you will get a chance to discover it physically. In addition, we offer a complete range of hybrid and plug-in hybrid models in order to cover the different market needs and the different paces of electrification.

With products like these, we can be confident about our performance. Now performance is about our three key priorities, quality, profit, volume. Quality means putting our customers at the heart of everything we do, delivering best in class customer experience with innovations like eight years of a lower care warranty on all our EVs. This focus has already made us the most preferred French brand.

Profit means our focus on sustainable, profitable growth as a powerhouse for Stellantis, including all of our electric models, which are profit contributors today. We represent one third of net revenue in Europe. Pricing power is a key factor in this. We are consistently positioned in a corridor between one and two points above the European volume leader. Volume, well volume is the fruits of our labor. We represent one in three sales of Stellantis in Europe and one in five worldwide.

Now let's take a look at the secret of our success, our products and DNA developed over generations of cars. The feline future design appeal, the sensations of driving a Peugeot and the excellence of the electric technology and performance. I would like to share a little bit more about one key Peugeot innovation. It's at the heart of every Peugeot car we make. The iCockpit.

The iCockpit story started 12 years ago. It was a new relationship between the driver and the drive and it was designed around the eyes, the hands, and the body of our customers. A cluster raised directly in the line of sight for greater safety, a compact steering wheel for agility and fun to drive, and a driving position that enables you to feel at one with your car.

Well today, we have 12 million satisfied iCockpit users and best in class satisfaction for interior design. Our latest model, the new E3008 takes the iCockpit to the next level with its new 21-inch panoramic and floating screen. We have 10 digital and personalizable iToggle buttons as well as ChatGPT on board. The

whole iCockpit sits within a fabric-wrapped dashboard giving a real living room- like feel to the whole interior.

The exterior design of the E3008 also breaks the mold. It's a fast back SUV and meets our customer's expectations for a car that reflects their personality. Well, a car that stands out from that sea of sameness. Of course, the new E3008 was born electric, the first car to benefit from the new STLA Medium platform, bringing class-leading electric range up to 680 kilometers or 425 miles with standard range, long range and dual motor all-wheel drive so that every customer can find the right EV for them.

Our iCockpit story and the story of pleasure through progress doesn't end there. Enter the hyper square. This is the next revolution. The tablet-like hyper square will be the driving device at the heart of the next generation of Peugeots as we were revealed with the inception concept at the CES last year, powered by steer by wire technology. The fingertip controls bring a new dimension of precision and agility.

No more lock to lock turns. Let your fingers do the driving and best of all, the hyper square will find its way onto a production Peugeot in just two years from now, bringing new gestures, new pleasures to the way you drive. That's what we mean when we say pleasure drives progress. Thank you.

Speaker 1:

Ladies and gentlemen, we will now take a 10-minute break. Thank you.