

POLITECNICO DI TORINO

Collegio di ingegneria gestionale e della produzione industriale

Corso di laurea in ingegneria Gestionale

TESI DI LAUREA MAGISTRALE

MARZO 2022



STELLANTIS: SYNERGIES and COMPETITIVENESS in the LCV MARKET

**Market analysis and brand positioning study to maximize
profit margins and minimize cross-brand cannibalization**

Relatore accademico

Carlo Cambini

Tutor aziendale

Stefano De Angelis

Candidata

Giulia Ferrando

S279827

To my parents

To my grandparents

Even if in different countries, thanks for always being on my side

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Announcement

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Analysis, tables and charts of this paper were mainly elaborated during 8 months internship at Stellantis.

Aim of the work

This study assesses Stellantis' strategies in the light commercial vehicles market and takes a close look at the implications of the merger on the European LCV scenario. The thesis offers different points of view of the expected actions that the new company will implement to maintain its leading position in the Enlarged Europe region (EE) and to catch growth opportunities in the LCV market. Stellantis' strategy on optimizing synergies to reduce the production cost and to investment in R&D to follow the rapid evolution of market demand in terms of quantity, attention to the environment, safety, and vehicle integration. This ambitious collides with the difficulty of not just coordinating, but integrating and complementing four different brands: FiatPro, Citroen, Peugeot e Opel (Vauxhall in UK). This analysis arises from the current need to establish a market strategy to enhance the identities of the individual brands in terms of human potential and value perceived by the consumers, especially in the local markets, but at the same time to exploit the synergies (costs reduction, R&D quality, geographical diversification to rich a more extensive market coverage versus the competitors).

Stellantis will be the largest van maker both in Europe and across the world. The company's ambitious challenge is to be able to consolidate already substantial margins and volumes. The aim of the research is to evaluate various possible strategic choices of market positioning to maximize and accelerate synergies and value creation. In detail:

- Analyze the potential of synergies and define an operational strategy to ensure a costs reduction through shared development platforms and an increase in market power by identifying competitive advantages and product differentiation, also in terms of services, that individual brands can use to characterize and distinguish their own vehicle offering. Commercial vehicles are a technical product, so the best strategy will be to exploit synergies upstream and diversifying the product downstream, in order to reduce the costs and at the same time to not lose market power;
- Harmonize and maximize the margins of individual brands by monitoring their competitiveness and reaching the market share set as target, through the study of brands and models positioning. By setting several technical and optional characteristics of each van model, it is possible to better manage the offer of the same product with 4 different brands and sales networks in the European market, minimizing intra-brands cannibalization. The aim is to enhance individual brands on their respective domestic markets and simultaneously exploit synergies to counter the relevant competitors (Ford, Renault, VW, Mercedes);
- Define the internal organizational characteristics to align cultures and routines, exploiting the combination of experience and skills to advance the competitive position of the company, focusing all human resources on the same Stellantis objectives, and no longer on the individual ones of the single brand. The purpose is to achieve synergy between different departments by setting up cross-disciplinary workgroups in which teams work cooperatively to increase productivity and innovation.

To achieve these ambitious targets, it is important to define well structured objectives, processes and internal organization and to develop the expected synergies, integrating the physical and human assets. A recent report published in the Harvard Business Review magazine reports that the failure rate for M&A operations fluctuates between 70% and 90%. According to several authors, including Lakshman, "it is now

well accepted that aside from some exceptions, a remarkable number of failures in M&As are due to poor post-acquisition integration ... a dearth of knowledge on the precise features of an integration and the various mechanisms that make such integration attempts successful still exists¹". The failure of many M&A operations is attributable to an incorrect execution of the integration process, which involves the meeting of distinct national cultures: to plan the post-acquisition integration phase is necessary for finding the conditions to not only realize intended synergies but also to avoid destroying both organizations' core competences and capabilities.

The success of the merger will depend, mainly, on Stellantis ability to realize the synergies, cost savings, growth opportunities and other benefits preempted from combining the businesses. Several factors must impact the success of the merger, and they must be analyzed since they could decrease or delay the achieve of the set targets. One of these factors is the uncertainties, that included the competitive factors in the marketplace and whether is able to integrate the businesses of PSA and FCA in an efficient manner and implement effective operational procedures. These factors could be verified in the loss of key employees, the disruption of ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the company's ability to maintain relationships with suppliers, customers and employees, achieve the anticipated benefits of the merger or maintain quality standards.

¹ "Post-acquisition cultural integration in mergers & acquisitions: a knowledge-based approach" – Lakshman, Chandrashekar, 2011

Structure

The study begins with a brief introduction on the birth of Stellantis. It comes from the merger of 4 different brands, and it has become the fourth-largest automotive OEM in terms of sales volumes. Its mission is to maintain the actual market share asserting itself as a leader in sustainable mobility and increase its market position in the future, by exploiting cost synergies upstream and maintaining the identities of individual brands downstream. In the introduction, it's presented the current state of the competitiveness in the automotive industry: in Europe for the passenger cars and the SUV segment, and around the world for the light commercial vehicles segment, in order to present the new opportunities for Stellantis.

The first chapter presents an analysis of the light commercial vehicle (LCVs) market, characterized by standardized products. Therefore, it has low production costs and difficulties in differentiating the product since they are used for purely economic purposes. These conditions determine a lower market power for the brands. The study presents the main characteristics of the market and the product types, it defines the customer segment and the players, and it underlines the sales trend and the transition towards the electric motors.

The second chapter analyses the costs and benefits determined by the merger into Stellantis in the European LCV market. Commercial vehicles are a technical product, so, the best corporate strategy is to exploit synergies upstream and diversifying the product downstream, to reduce the costs and at the same time to don't

lose market power. In particular, the analysis highlights the advantages offered by the potential synergies of a common product offer, compared to the research of differentiation linked to existing sales networks and the customer needs of each specific brand. In fact, commercial vehicles guarantee the possibility of exploiting economies of scale and scope, but at the same time they cause a higher degree of product substitutability and lower market power. At the end, several opportunities are analysed, especially at a national level, to maintain the specific brand identity and create a competitive advantage to distinguish the own's range of offers, and overall, to steal market share from competitors outside Stellantis through a differentiated offer in terms of marketing and services.

The third chapter presents Stellantis' current competitiveness and some possible future strategies. At the corporate level, guidelines were issued to monitor the competitiveness of commercial vehicles on a monthly basis, using the model proposed by FCA, applying tactical actions when necessary. Competitors to be analysed in each segment are selected based on the analysis of market shares and top in/out flow charts. The basket of the players must be periodically updated based on the market evolution. The market analysis shows that the prices and competitiveness of all brands are getting aligned, as the commercial customer is particularly rational, and the spread of electric vehicles will guide the purchase decision based mainly on TCO. Therefore, two possible market positioning of the Stellantis brands are analyzed, in order to optimize and align margins, and at the same time avoiding cross-brands cannibalization.

The post-merger phase is a delicate moment of the M&A process, where it is necessary to align the objectives and routines of the employees of the different brands with those of the corporate, both at personal (in terms of productivity), organizational (through efficient communication) and cultural level (integrate the different traditional corporate cultures of FCA and PSA). Therefore, Stellantis has to create a transparent and stimulating environment, and to establish relationships of mutual trust. The fourth chapter analyzes the internal structure of Stellantis, which is functional to the strategic choices outlined in the previous chapters. Stellantis strategy

is based on acquired the benefits of each member: it applied the stock minimization policy used by PSA and it created an LCV division as in FCA, in order to focus more on individual business lines. Therefore, the brands maintain their own peculiarities but are coordinated and supervised by a contact person who provides common policies and prevents overlaps, in order to avoid excessive divergences in the margins by cannibalizing the other brands and to align profits between the different EMEA countries. The creation of a matrix structure is the best solution to combine the need of focusing on each specific geographical and product segments of the market, and at the same time, to deepen all corporate functions. Brands maintain their independence downstream, placing products on the market, but they are monitored by a central body that avoids internal cannibalization to increase Stellantis' market share. Even valorising their uniqueness, the brands share the values and mission of Stellantis, focusing on individual objectives functional for increasing corporate profits.

1 INTRODUCTION

1.1 16 January 2021: Stellantis, a leader for a new era of sustainable mobility

Stellantis comes from the Latin verb “stello” ^[1] which means to be illuminated with stars. The Latin origins of the name pay homage to the long and important history of the two founding companies while the evocation of astronomy recalls the spirit of optimism, energy and renewal at the basis of this union that will change the automotive sector. Stellantis represents a new chapter powered by the combination of two automakers, FCA and PSA, each contributing a rich heritage, iconic brands and track records of performance driven by competitive spirit and a well-defined mission: to offer freedom through attractive, advantageous, versatile, and sustainable mobility solutions. One of the greatest strengths of Stellantis is the diversity and talent of its 300000 people around the world and the shared values that will drive it. It includes 20 marks:



Figure 1: 20 Stellantis brands – Stellantis.com

Stellantis aims to align legendary automotive brands and strong corporate cultures which, joining together, are in the process of creating one of the new leaders in the next era of mobility. It plans to enhance the value of the company and its individual constituent parts in order to create a global group with an extraordinary breadth and depth of talent, know-how and resources to provide sustainable mobility

solutions for the coming decades. In this new era of mobility, the Stellantis brand portfolio is positioned to offer innovative and sustainable solutions, able to meet the ever-changing needs of customers who increasingly choose electrification, connectivity, autonomous driving and shared ownership. The range covers the entire spectrum of offerings, from luxury, premium and traditional cars to pickups, from SUVs to light commercial vehicles, as well as brands dedicated to mobility, financial services, spare parts and assistance.

The strength of Stellantis is the heterogeneous group of talented women and men who work with passion and competence every day, all over the world: despite being a global organization, it remains deeply rooted in the communities in which it operates and in which the workers live and work. With industrial operations in nearly 30 countries and a commercial presence in over 130 markets, Stellantis has the capabilities to meet any need and exceed customers' ever-changing expectations, creating superior value for all stakeholders at the same time. The customer is always the top priority of Stellantis, which has confirmed an investment plan of over €30 billion, to offer iconic vehicles with features of performance, functionality, style, comfort and electric range capable of perfectly integrating into everyday life. The defined strategy assigns the right share of investments to the technologies necessary to arrive on the market at the right time, ensuring that Stellantis can strengthen freedom of movement in the most efficient, economical, and sustainable way.

1.2 Stellantis target

^[2] The merger between Fiat Chrysler Automobiles (FCA) and the PSA Group is one of the most significant mergers among automotive original equipment manufacturers and it becomes the fourth-largest automotive OEM in terms of sales volumes (by summing FCA and PSA sales from the table below). Before Stellantis, for the number of sales in 2020 there are Toyota (9.5 million), Volkswagen (9.3 million) and Nissan-Renault-Mitsubishi (7.8 million), even if the 2020's sales are influenced by Covid pandemic and so these data are about 25% lower than in 2019. Stellantis' strategy aims to consolidate the market position by using a group policy to exploit synergies, and at the same time to maintain the identity of the individual brands and

products. In fact, the strengths of the two parties are exploited, such as the cost reduction philosophy applied by PSA and the creation of an LCV division, already present in FCA, in order to focus more on each business segment and maximize margins on the individual carlines.

Group	Nation	Sales (Car+LCV) 2019
Volkswagen	Germany	10,336,495
Toyota	Japan	9,698,609
Renault-Nissan-Mitsubishi	Netherlands	9,222,665
General Motors	US	7,744,714
Hyundai/Kia	South Korea	7,203,538
Ford	US	4,901,247
Honda	Japan	4,826,223
Fiat Chrysler	Netherlands	4,360,186
PSA	France	3,176,473
Daimler AD	Germany	2,623,037

Table 1: TOP 10 automotive group for world sales in 2019 – Marklines.com

The new group will have a combined revenue of more than \$180 billion and an operating profit margin of 6.8%. The combined annual R&D potential is more than \$6.5 billion per year, which is a fair amount to invest in electrification and other technologies. As a result of the merger, Stellantis expects to achieve significant synergies from the integration of the legacy FCA and PSA businesses, estimated more than €5 billion value, with approximately 80% of synergies expected to be achieved by the end of 2024. Approximately 75% of synergies are expected to arise from technology, platform and product convergences and procurement savings, and the remaining approximately 25% of synergies from purchasing, SG&A (selling, general and administrative expenses) and all other functions.

1.3 Stellantis Product Segmentation

The table^[3] below shows the current Stellantis segmentation, agreed between the different brand and used to classify each model, according with the main dimensional characteristics.

		SIZE CLASS RULES – Lengths [m]						SUB SIZE CLASS	REGISTR. TYPE
BODYTYPE GROUP	BODYTYPE	A Micro	B Small	C Compact	D Mid-Size	E Full-Size	F Large		
CAR	Hatch	< 3.8 500/Panda/108	3.7-4.2 208/Corsa/C3	4.1-4.7 Tipo/308/Astra/C4				L < 3.4 m (Keicar Japan) L < 4.0 m (India)	PC/CV
	Sedan	< 4.0	4.0-4.5	4.4-4.7 301	4.6-5.0 Giulia/508/DS9	4.9-5.1 Charger/Ghibli	> 5.1 Quattroporte	L < 4.0 m (India)	PC/CV
	Wagon		<4.0-4.5	4.4-4.7 Tipo/308/Astra	4.6-5.0 508	4.9-5.1			PC/CV
	Coupe-Cabrio	< 3.8 500C	3.8-4.1 207 CC	4.0-4.5 308 C/Boxster/TT	4.4-4.75 Mas. MC20/911	> 4.75 GT-GC/Challenger			PC/CV
MPV	MPV	< 3.8	3.7-4.4 500L	4.3-4.7 C4 Space tourer	4.7-4.9	> 4.9 Pacifica / T&C		L < 3.4 m (Keicar Japan) L < 4.0 m (India)	PC/CV
SUV	SUV	< 4.0	4.0-4.35 Reneg./500X/2008	4.3-4.7** Compass/3008/5008	**4.6-4.9 Cherokee/Stelvio	4.8-5.1 G.Cherokee/G.Comm.	> 5.1 Wagoneer/G. Wagon	L < 3.4 m (Keicar Japan) L < 4.0 m (India) C SUV split: Short & Long	PC/CV
	OFF-ROAD				Bronco Wrangler Hummer				PC/CV
VAN	Van		< 4.2 Fiorino	4.2-4.9 Berlino/Doblò	4.8-5.4 Jumpy/Talento	> 5.0 Jumper/Ducato		L < 3.4 m (Keicar Japan)	PC/CV
PICKUP	Pickup		< 4.7 Strada/Ram 700	4.7-5.1 Toro	5.1-5.6 Gladiator/Landtrack		> 5.3 RAM 1500 - 3500		PC/CV
Medium / Heavy & Buses	Medium / Heavy & Buses						>5.5 RAM 4500 - 5500		PC/CV

Table 2: Stellantis segmentation, April 2021 – internal presentation “Stellantis Product Segmentation 2021” - 26/03/2021

1.4 Stellantis Market Positioning

1.4.1 Car Segment: TOP 25 sellers in Europe

The table^[4] presents the current position of all Stellantis models in the car segment, order by sale volumes in 2020.

A CAR	2020 Volumes	B CAR	2020 Volumes	C CAR	2020 Volumes
1 Fiat Panda	147k	1 Renault Clio	252k	1 Volkswagen Golf	288k
2 Fiat 500	141k	2 Volkswagen Polo	241k	2 Skoda Octavia	212k
3 Toyota Aygo	83k	3 Peugeot 208	209k	3 Ford Focus	175k
4 Renault Twingo	73k	4 Opel/Vauxhall Corsa	199k	4 Mercedes-Benz A-Class	160k
5 Volkswagen Up!	59k	5 Toyota Yaris	177k	5 Toyota Corolla	143k
6 Kia Picanto	52k	6 Dacia Sandero	168k	6 SEAT Leon	113k
7 Hyundai i10	51k	7 Ford Fiesta	156k	7 BMW 1-Series	107k
8 Peugeot 108	43k	8 Citroen C3	151k	8 Peugeot 308	91k
9 Citroen C1	40k	9 Lada Granta	134k	9 Renault Megane	76k
10 Smart Fortwo	19k	10 Kia Rio	127k	10 Audi A3 Sportback	76k
11 Skoda Citigo	14k	11 Lada Vesta	121k	11 Opel/Vauxhall Astra	72k
12 Smart forfour	8k	12 Mini Mini	112k	12 Mercedes-Benz CLA	69k
13 SEAT Mii	8k	13 Skoda Fabia	101k	13 Kia Ceed	67k
14 Fiat 500C	7k	14 Renault Zoe	100k	14 Volkswagen ID.3	55k
15 Fiat Panda Van	3k	15 Hyundai i20	66k	15 Fiat Tipo	55k
16 Citroen C-Zero	2k	16 SEAT Ibiza	64k	16 Others Others PV	54k
17 Suzuki Celerio	2k	17 Audi A1	58k	17 Skoda Scala	54k
18 e.GO Life	1k	18 Suzuki Swift	51k	18 Hyundai i30	45k
19 Ravon R2	1k	19 Hyundai Solaris	49k	19 Nissan Leaf	31k
20 Peugeot iOn	0k	20 Lancia Ypsilon	42k	20 Mazda 3	27k
21 Renault Twingo Van	0k	21 Renault Logan	39k	21 Hyundai Ioniq	26k
22 Peugeot 108 Van	0k	22 Nissan Micra	39k	22 Audi A3	23k
23 Citroen C1 Van	0k	23 Mitsubishi Spacestar	35k	23 BMW 2-Series Gran Coupe	18k
24 Mitsubishi i-MiEV	0k	24 Renault Sandero	34k	24 Honda Civic	17k
25 Peugeot 107	0k	25 Citroen C3 Van	11k	25 Alfa Romeo Giulietta	11k
Opel/Vauxhall Adam	0k	Citroen C-Elysee	4k	Peugeot 308 Van	5k
Opel/Vauxhall Karl	0k	Opel/Vauxhall Ampera-e	3k	Citroen C4	4k
		Peugeot 301	2k	Citroen C4L	1k
		Opel/Vauxhall Corsa Van	0k	Peugeot 408	0k
		Fiat 124	0k	Opel/Vauxhall Astra Van	0k
		Citroen E-Mehari	0k	Fiat Bravo	0k
		Fiat Punto	0k	Alfa Romeo 147	0k
		DS DS3	0k	Fiat Stilo	0k
		Alfa Romeo MiTo	0k	DS DS4	0k
		Alfa Romeo 4C	0k		
		Fiat Punto Van	0k		
		Citroen C3 Pluriel	0k		

Table 3: Best 25 models sold in 2020, order by volumes, for A car, B car and C car segments - Wikipedia

D CAR	2020 Volumes	E CAR	2020 Volumes
1 BMW 3-Series	119k	1 Mercedes-Benz E-Class	78k
2 Volkswagen Passat	119k	2 BMW 5-Series	65k
3 Tesla Model 3	87k	3 Audi A6	56k
4 Mercedes-Benz C-Class	85k	4 Volvo V90	14k
5 Audi A4	77k	5 Porsche Taycan	12k
6 Skoda Superb	63k	6 Ford Mustang	7k
7 Toyota Camry	44k	7 Audi A7	6k
8 Volvo V60	44k	8 Volvo V90 Cross Country	6k
9 Peugeot 508	29k	9 Tesla Model S	6k
10 Kia Optima	26k	10 Lexus ES	5k
11 Audi A5 Sportback	22k	11 Porsche Panamera	5k
12 Ford Mondeo	22k	12 Volvo S90	5k
13 Opel/Vauxhall Insignia	22k	13 BMW 8-Series	4k
14 Porsche 911	16k	14 Mercedes-Benz CLS	4k
15 Volkswagen Arteon	14k	15 BMW 8-Series Gran Coupe	4k
16 Mazda 6	13k	16 BMW 6-Series GT	3k
17 BMW 4-Series	11k	17 Audi A6 Allroad	3k
18 Polestar Polestar 2	10k	18 Mercedes-Benz AMG GT-4	3k
19 Renault Talisman	8k	19 Jaguar XF	3k
20 Hyundai Sonata	7k	20 Maserati Ghibli	1k
21 Volvo V60 Cross Country	7k	21 Mercedes-Benz S-Class Co	1k
22 Alfa Romeo Giulia	7k	22 Bentley Continental GT	1k
23 Volvo S60	7k	23 Bentley Continental GTC	1k
24 BMW 4-Series Gran Coupe	7k	24 Genesis G80	0k
25 Dodge Avenger	0k	25 Dodge Challenger	0k
Citroen C5	0k	Maserati GranTurismo	0k
Peugeot 406	0k	Maserati GranCabrio	0k
Alfa Romeo Spider	0k	Dodge Charger	0k
Alfa Romeo 159	0k	Chrysler 300	0k
		Chrysler Pacifica	0k

Table 4: Best 25 models sold in 2020, order by volumes, for D car and E car segments - Wikipedia

The European market registered almost 7 millions of car sales in 2020, about 30% less than in 2019 due to the Covid pandemic. The larger segment is the B (41,2% of total sales) which includes the subcompact cars, while the E segment represents a niche of luxury models, and it is the smallest segment, although the most profitable.

SEGMENT	Total SALES	% SALES
B	2,736,000	41.2%
C	2,065,000	31.1%
D	866,000	13.0%
A	753,000	11.3%
E	225,000	3.4%
Total	6,645,000	100%

Table 5: Car segments order by volumes in 2020 in Europe - Wikipedia

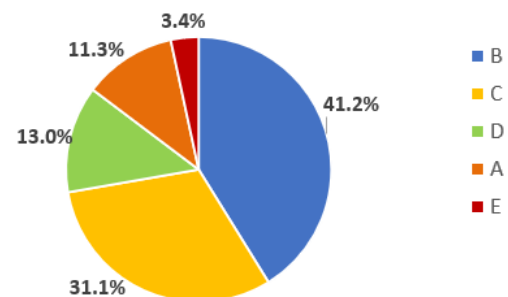


Chart 1: Car segments weight on volumes sold in 2020 in Europe

The leader of the European market car is Volkswagen, thanks to a vehicles' gamma which cover all the segments, while Stellantis is in the second position, with

almost the 20% of market share, due to lack of vehicles in the larger car segments, the D and E.

COMPANY	Total SALES	% SALES
Volkswagen	1,718,000	25.9%
Stellantis	1,282,000	19.3%
Renault-Nissan	820,000	12.3%
Hyundai	516,000	7.8%
Toyota	449,000	6.8%
BMW	439,000	6.6%
Mercedes	419,000	6.3%
Ford	353,000	5.3%
Lada Granta	255,000	3.8%
Tesla	87,000	1.3%
Geely/Volvo	82,000	1.2%
Other	54,000	0.8%
Suzuky	51,000	0.8%
Mazda	40,000	0.6%
Mitsubishi	35,000	0.5%
Porsche	28,000	0.4%
Honda	17,000	0.3%
Total	6,645,000	100%

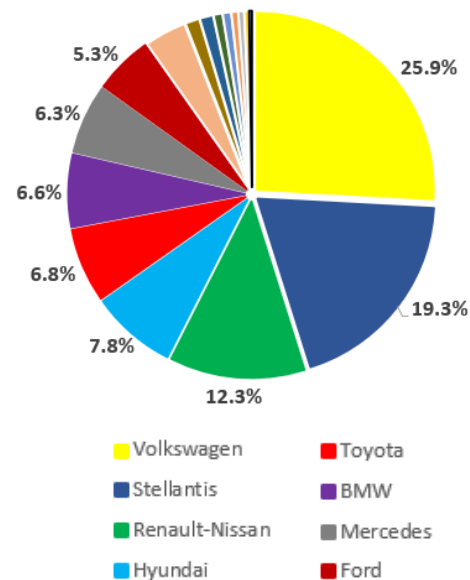


Chart 2: TOP 17 companies for cars sales in 2020 in Europe

Table 6: TOP 17 companies for cars sales in 2020 in Europe - Wikipedia

1.4.2 A Car

This segment includes minicars and small cars and covers up 11% of the total European car market. Stellantis is its market leader, with more than 50% of the share. Sales are expected to increase further in coming years, as manufacturers are pulling out of this segment or switching their models to EV-only. This is the result of increasing costs to comply with stricter safety and emissions standards, which makes these cars nearly unprofitable, since for most models from European brands this is the only market.

COMPANY	Total SALES	% SALES
Stellantis	383,000	50.9%
Hyundai	103,000	13.7%
Toyota	85,000	11.3%
Volkswagen	82,000	10.9%
Renault-Nissan	73,000	9.7%
Mercedes	27,000	3.6%
Total	753,000	100.0%

Table 7: TOP companies for volumes in A car segment, Europe 2020 - Wikipedia

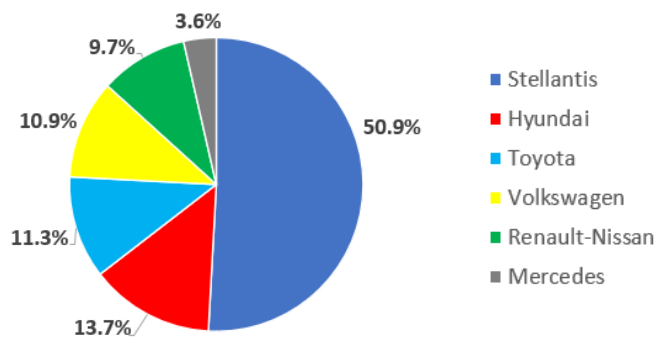


Chart 3: TOP companies for volumes in A car segment, Europe 2020

1.4.3 B Car

This segment includes subcompact cars, and it's the bigger in Europe for volumes, covering more than 40% of car sales and the 19,1% of total sales. Renault-Nissan-Mitsubishi is its market leader, with 24% of the share, but Stellantis is very closed, with only 2% less, thanks to several different available models.

COMPANY	Total SALES	% SALES
Renault-Nissan-Mitsubishi	667,000	24.4%
Stellantis	612,000	22.4%
Volkswagen	464,000	17.0%
Lada Granta	255,000	9.3%
Hyundai	242,000	8.8%
Toyota	177,000	6.5%
Ford	156,000	5.7%
BMW	112,000	4.1%
Suzuki	51,000	1.9%
Total	2,736,000	100%

Table 8: TOP companies for volumes in B car segment, Europe 2020 - Wikipedia

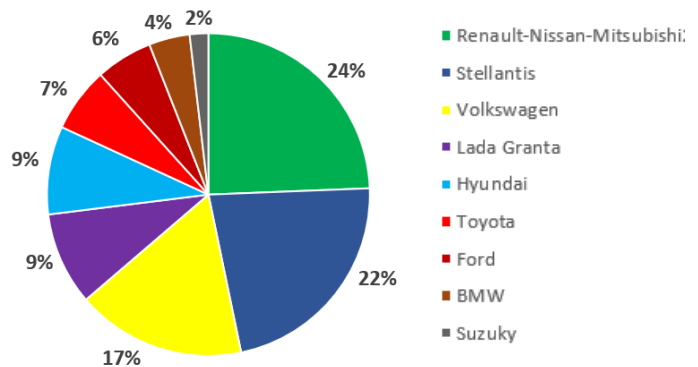


Chart 4: TOP companies for volumes in B car segment, Europe 2020

1.4.4 C Car

This segment covers 17% of the total European market and the 31% of European car sales. It includes medium cars, with a length of 4.2-4.6 meters.

Volkswagen is the leader of this segment, thanks to the different successful models offered (40%), followed by Stellantis and Mercedes with 11%.

COMPANY	Total SALES	SALES %
Volkswagen	821,000	39.8%
Stellantis	229,000	11.1%
Mercedes	229,000	11.1%
Ford	175,000	8.5%
Toyota	143,000	6.9%
Hyundai	138,000	6.7%
BMW	125,000	6.1%
Renault-Nissan	107,000	5.2%
Other	54,000	2.6%
Mazda	27,000	1.3%
Honda	17,000	0.8%
Total	2,065,000	100%

Table 9: TOP companies for volumes in C car segment, Europe 2020 - Wikipedia

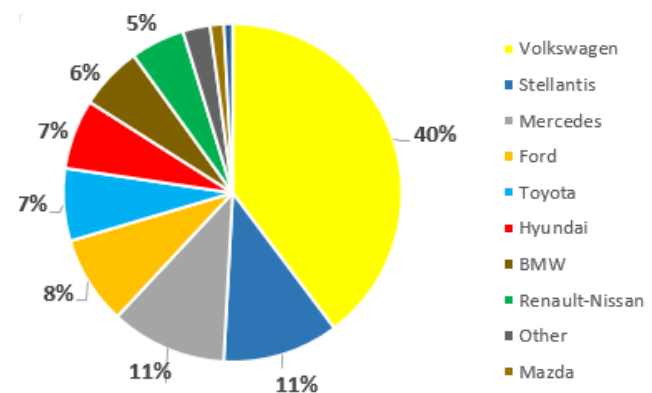


Chart 5: TOP companies for volumes in C car segment, Europe 2020

1.4.5 D Car

This segment includes the large passenger cars and it's very diversified, from basic low-cost product to more luxurious and expensive models. It covers less than 7% of the total European market share. The market leader is Volkswagen (34%), followed by BMW, Tesla and Mercedes, while Stellantis covers only 6.7% of the European share with three models: Peugeot 508, Opel Insignia and Alfa Romeo Giulia.

COMPANY	Total SALES	% SALES
Volkswagen	295,000	34.1%
BMW	137,000	15.8%
Tesla	87,000	10.0%
Mercedes	85,000	9.8%
Geely	68,000	7.9%
Stellantis	58,000	6.7%
Toyota	44,000	5.1%
Hyundai	33,000	3.8%
Ford	22,000	2.5%
Porsche	16,000	1.8%
Mazda	13,000	1.5%
Renault-Nissan	8,000	0.9%
Total	866,000	100%

Table 10: TOP companies for volumes in D car segment, Europe 2020 - Wikipedia

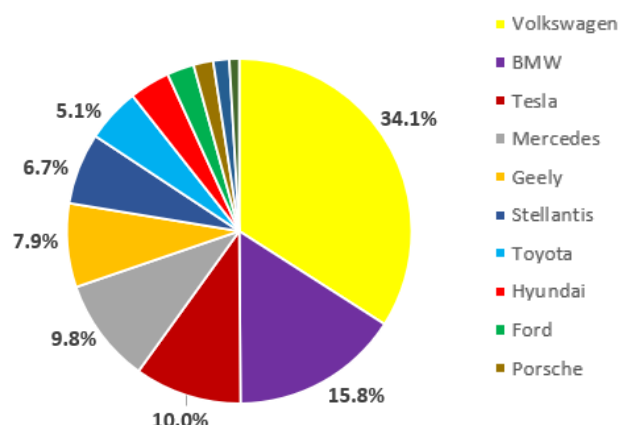


Chart 6: TOP companies for volumes in D car segment, Europe 2020

1.4.6 E Car

This is a niche segment (3% of the market share), which includes the Executive cars. Stellantis is presented with the Maserati mainly in Italy, while the European market is characterized by single models: Mercedes Benz, BMW 5 Series and Audi A6 of Volkswagen.

COMPANY	Total SALES	% SALES
Mercedes	78,000	34.7%
BMW	65,000	28.9%
Volkswagen	56,000	24.9%
Volvo	14,000	6.2%
Porsche	12,000	5.3%
TOTAL	225,000	100%

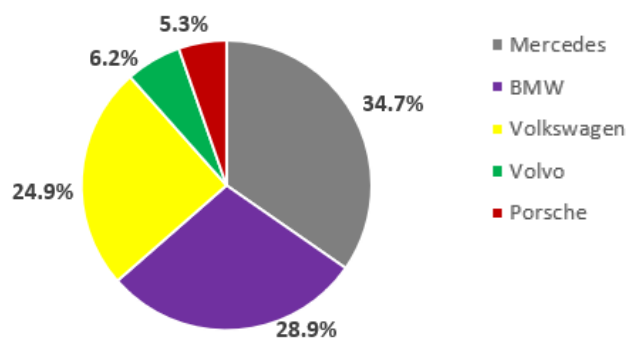


Chart 7: TOP companies for volumes in E car segment, Europe 2020

Table 11: TOP companies for volumes in E car segment, Europe 2020 - Wikipedia

1.5 SUV Segment

SUV - sport utility vehicle - includes cars that combine elements of road-going passenger cars with features from off-road vehicles, as four-wheel drive and ground clearance.

1.5.1 TOP 25 sellers in Europe

The table presents the current position of main Stellantis models in the SUV segment, order by sale volumes in 2020.

A SUV	2020 Volumes	B SUV	2020 Volumes	C SUV	2020 Volumes	D SUV	2020 Volumes	E SUV	2020 Volumes
1 Suzuki Ignis	38k	1 Renault Captur	176k	1 Volkswagen Tiguan	211k C SUV short	1 Volvo XC60	73k	1 BMW X5	50k
2 Suzuki Jimny	12k	2 Volkswagen T-Roc	160k	2 Nissan Qashqai	166k C SUV short	2 Mercedes-Benz GLC	71k	2 Mercedes-Benz GLE	43k
3 Dacia Spring	2k	3 Peugeot 2008	157k	3 Toyota RAV4	137k C SUV long	3 BMW X3	68k	3 Audi e-tron	29k
4 Mahindra KUV100	1k	4 Dacia Duster	144k	4 Peugeot 3008	129k C SUV short	4 Audi Q5	56k	4 Volvo XC90	27k
5 Great Wall M4	0k	5 Hyundai Kona	126k	5 Hyundai Tucson	120k C SUV short	5 Mercedes-Benz GLC Coupe	34k	5 Audi Q7	21k
6		6 Ford Puma	117k	6 Volvo XC40	112k C SUV short	6 Land Rover Discovery Sport	23k	6 Volkswagen Touareg	21k
7		7 Volkswagen T-Cross	113k	7 Kia Sportage	106k C SUV short	7 Kia Sorento	21k	7 Land Rover Range Rover Sp	19k
8		8 Toyota C-HR	105k	8 Skoda Karoq	101k C SUV short	8 BMW X4	21k	8 Lexus RX	17k
9		9 Opel/Vauxhall Crossland	94k	9 BMW X1	93k C SUV short	9 Hyundai Santa Fe	19k	9 Toyota Land Cruiser	16k
10		10 Hyundai Creta	80k	10 Skoda Kodiaq	92k C SUV long	10 Lexus NX	18k	10 Audi Q8	16k
11		11 SEAT Arona	79k	11 Ford Kuga	82k C SUV short	11 Porsche Macan	18k	11 BMW X6	15k
12		12 Skoda Kamiq	76k	12 Kia Niro	78k C SUV short	12 Alfa Romeo Stelvio	17k	12 Toyota Land Cruiser Prado	15k
13		13 Citroen C3 Aircross	76k	13 Opel/Vauxhall Grandland	73k C SUV short	13 Mercedes-Benz EQC	14k	13 Porsche Cayenne	13k
14		14 Jeep Renegade	62k	14 Citroen C5 Aircross	71k C SUV short	14 Land Rover Range Rover Ve	14k	14 Porsche Cayenne Coupe	10k
15		15 Nissan Juke	59k	15 SEAT Ateca	71k C SUV short	15 Jaguar I-PACE	12k	15 Mercedes-Benz GLE Coupe	9k
16		16 Audi Q2	58k	16 Renault Kadjar	66k C SUV short	16 Jaguar F-PACE	14k	16 Mercedes-Benz G-Class	9k
17		17 Fiat 500X	57k	17 Mercedes-Benz GLA	57k C SUV short	17 Land Rover Defender	9k	17 Land Rover Discovery	9k
18		18 Kia Stonic	53k	18 Peugeot 5008	55k C SUV long	18 Jeep Wrangler	9k	18 Audi e-tron Sportback	6k
19		19 Suzuki Vitara	51k	19 Mitsubishi Outlander	54k C SUV long	19 Mitsubishi Pajero Sport	6k	19 Jeep Grand Cherokee	6k
20		20 Ford EcoSport	49k	20 Mazda CX-5	54k C SUV short	20 Great Wall Hover H7	6k	20 Tesla Model X	6k
21		21 Mini Countryman	46k	21 Mazda CX-30	51k C SUV short	21 Haval Hover FTX	4k	21 Nissan Murano	3k
22		22 Lada Niva/4x4	43k	22 Audi Q3	51k C SUV short	22 Ford Edge	4k	22 Ford Explorer	3k
23		23 Renault Duster	39k	23 Jeep Compass	48k C SUV short	23 Toyota Fortuner	3k	23 Maserati Levante	2k
24		24 Citroen C4 Cactus	28k	24 Kia Xceed	47k C SUV short	24 Great Wall Hover H6	3k	24 Mazda CX-9	2k
25		25 DS DS3 Crossback	19k	25 DS DS7 Crossback	24k C SUV short	25 Jeep Cherokee	3k	25 Dodge Durango	0k
		Opel/Vauxhall Mokka	0k	Citroen C4 Aircross	0k C SUV short	Fiat Freemont	0k		
		Fiat Sedici	0k			Dodge Journey	0k		
						Peugeot 4007	0k		

Table 12: TOP SUV models sold, ordered by volumes in Europe, 2020 - Wikipedia

The SUV market is a bit smaller than the car one, but with a bigger potential growth. It is covered for more than 80% by B and C segment, which include compact SUV and mid-size SUV, while the D segment (full-size SUV) and E segment (extended-SUV) are smaller and contain larger and more expensive models.

SEGMENT	Total SALES	% SALES
C	2,149,000	42.2%
B	2,067,000	40.6%
D	517,000	10.1%
E	312,000	6.1%
A	52,000	1.0%
Total	5,097,000	100%

Table 13: Suv segments order by volumes in 2020 in Europe - Wikipedia

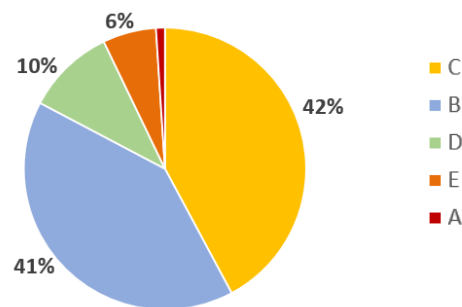


Chart 8: Suv segments' weight on volumes sold in 2020 in Europe

The leader of the SUV European market is Volkswagen, as for the car market, follow by Stellantis and Renault-Nissan-Mitsubishi. The main shortage of Stellantis vehicles occurs in the large and luxury segments, where the models proposed are mainly sold at national level. This affects the SUV market less than the car market given the small size of these segments (D and E), although they weigh heavily on profits.

COMPANY	Total SALES	% SALES
Volkswagen	1,155,000	22.7%
Stellantis	919,000	18.0%
Renault-Nissan-Mitsubishi	712,000	14.0%
Hyundai	650,000	12.8%
Toyota	308,000	6.0%
Ford	248,000	4.9%
BMW	247,000	4.8%
Mercedes	219,000	4.3%
Volvo	212,000	4.2%
Mazda	105,000	2.1%
Suzuki	101,000	2.0%
Land Rover	91,000	1.8%
Mini	46,000	0.9%
Lada	43,000	0.8%
Porsche	41,000	0.8%
Total	5,097,000	100%

Table 14: TOP 15 companies for suv sales in 2020 in Europe - Wikipedia

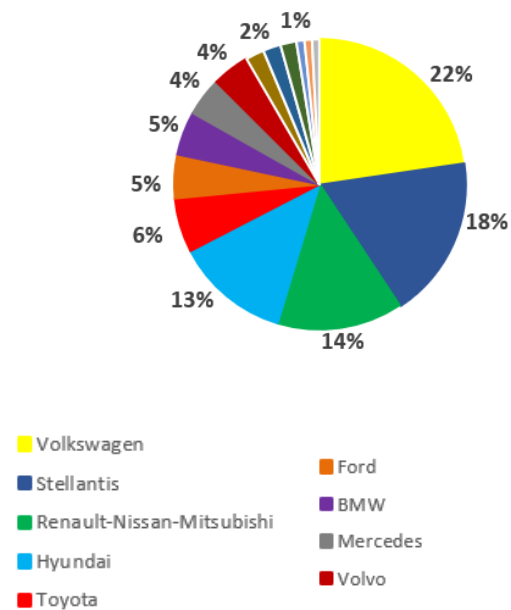


Chart 9: TOP 15 companies for suv sales in 2020 in Europe

1.6 LCV Market

One of the most important impacts of the merger is that Stellantis will be the largest van maker both in Europe and across the world. The company's ambitious challenge is to be able to consolidate already substantial margins and volumes. LCV demand has been increasing steadily over the past 5 years in Europe due to the high penetration of eCommerce, and the future outlook is positive due to increasing orders from delivery service providers, which will further drive LCV demand in the near future.

1.6.1 LCV Segment: TOP 25 sellers in Europe

The table presents the current position of all Stellantis models in the LCV European market, order by sale volumes in 2020.

B VAN	2020	C VAN	2020	D VAN	2020	E VAN	2020
Volumes		Volumes		Volumes		Volumes	
1 Ford Transit Courier	16k	1 Peugeot Partner	65k	1 Ford Transit Custom	113k	1 Mercedes-Benz Sprinter	124k
2 Fiat Fiorino	12k	2 Citroen Berlingo	63k	2 Volkswagen Transporter	83k	2 Ford Transit	91k
3 Piaggio Porter	4k	3 Renault Kangoo	61k	3 Renault Trafic	63k	3 Renault Master	90k
4 Ford Tourneo Courier	4k	4 Lada Largus	53k	4 Mercedes-Benz Vito	57k	4 Fiat Ducato	88k
5 Chevrolet Damas	1k	5 Citroen Berlingo Multispace	52k	5 Peugeot Expert	48k	5 Fiat Ducato Combi	57k
6 DFSK Mini Van	0k	6 Volkswagen Caddy	49k	6 Opel/Vauxhall Vivaro	35k	6 Iveco Daily	55k
7 Chevrolet Labo	0k	7 Volkswagen Caddy Life	46k	7 Mercedes-Benz V-Class	34k	7 Volkswagen Crafter	53k
8 Fiat Fiorino Qubo	0k	8 Peugeot Rifter	46k	8 Citroen Jumpy	31k	8 Peugeot Boxer	52k
9 ZAZ Lanos	0k	9 Ford Transit Connect	39k	9 Ford Tourneo Custom	31k	9 GAZ Gazelle	43k
10 Fiat Qubo	0k	10 Fiat Doblo	34k	10 Volkswagen Caravelle	28k	10 Citroen Jumper	34k
11 Piaggio Ape Truk	0k	11 Opel/Vauxhall Combo	31k	11 Others Others CV	24k	11 Opel/Vauxhall Movano	21k
12 DFSK Mini Truck	0k	12 Dacia Dokker	28k	12 Volkswagen Multivan	21k	12 MAN TGE	16k
13 DFSK C-Series	0k	13 Dacia Dokker Van	25k	13 Fiat Talento	20k	13 Mercedes-Benz Sprinter Co	13k
14 Dongfeng Xiaokang	0k	14 Opel/Vauxhall Combo Combi	20k	14 Toyota Proace	17k	14 Citroen Jumper Combi	11k
15 Citroen Nemo	0k	15 Renault Kangoo Passenger	11k	15 Mercedes-Benz Vito Combi	13k	15 Ford Transit Combi	11k
16 Foton FORLAND BJ1020	0k	16 Mercedes-Benz Citan	10k	16 UAZ 2206-3900 Series	12k	16 Citroen Relay	6k
17		17 Ford Tourneo Connect	9k	17 Renault Trafic Passenger	12k	17 Nissan NV400	5k
18		18 Toyota Proace City Verso	8k	18 Opel/Vauxhall Zafira Life	11k	18 Peugeot Boxer Combi	4k
19		19 Nissan NV200	7k	19 Peugeot Traveller	11k	19 Mitsubishi Fuso Canter	4k
20		20 Toyota Proace City	7k	20 Citroen Space Tourer	9k	20 Nissan Cabstar	4k
21		21 Mercedes-Benz Citan Combi	4k	21 Toyota Proace Verso	6k	21 Isuzu N-Series	3k
22		22 StreetScooter Work	3k	22 Nissan NV300	5k	22 Volkswagen Crafter Combi	3k
23		23 Nissan NV250	3k	23 GAZ Sobol	5k	23 GAZ Gazelle Next	3k
24		24 Fiat Doblo Combi	2k	24 Citroen Dispatch	5k	24 Others Others HVAN	3k
25		25 Peugeot Partner Tepee	0k	25 Opel/Vauxhall Vivaro Combi	0k	25 Opel/Vauxhall Movano Com	0k
				Fiat Talento Combi	0k		
				Opel/Vauxhall Vivaro Life	0k		
				Fiat Scudo	0k		
				Citroen Jumpy Combi	0k		
				Peugeot Expert Tepee	0k		
				Citroen Dispatch Combi	0k		

Table 15: TOP Van models sold, ordered by volumes in Europe, 2020 - Wikipedia

After the merger, FCA and PSA (Peugeot, Citroen, Opel, and Vauxhall) together control more than 34% of the LCV European market: FCA vehicles dominates the B and E van segments, while PSA is in the first place with his models of C and D segments. It is followed by Ford and Renault-Nissan Groups (14%).

COMPANY	Total SALES	SALES %
Stellantis	752,000	35.8%
Ford	305,000	14.5%
Renault-Nissan	290,000	13.8%
Volkswagen	280,000	13.3%
Mercedes	251,000	11.9%
Iveco	55,000	2.6%
Lada	53,000	2.5%
Gor'kovskj	43,000	2.0%
Other	24,000	1.1%
Toyota	17,000	0.8%
MAN TGE	16,000	0.8%
Hyundai	12,000	0.6%
Total	2.102.000	100%

Table 16: TOP 12 companies for van sales in 2020 in Europe - Wikipedia

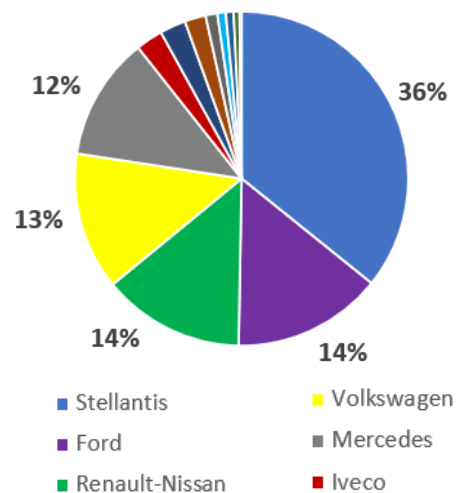


Chart 10: TOP 15 companies for van sales in 2020 in Europe

1.6.2 LCV Segment: TOP 25 sellers in South America

The table presents the current position of all Stellantis models in the LCV South American market, order by sale volumes in 2020.

B VAN		2020	C VAN		2020	D VAN		2020	E VAN		2020
		Volumes			Volumes			Volumes			Volumes
1	Fiat Fiorino	21k	1	Peugeot Partner	9k	1	Others Others CV	98k	1	Mercedes-Benz Sprinter	13k
2	Chana Van	3k	2	Renault Kangoo	8k	2	Hyundai HR	4k	2	Renault Master	7k
3	Chevrolet N300	3k	3	Citroen Berlingo	5k	3	King Long XMQ6520	3k	3	Iveco Daily	5k
4	Changan M201	1k	4	Fiat Doblo	4k	4	Peugeot Expert	3k	4	Fiat Ducato	5k
5	Dongfeng Mini Truck	1k	5	Foton Midi	3k	5	Kia Frontier	3k	5	Volkswagen Delivery Expres	3k
6	DFSK Mini Truck	1k	6	Chevrolet N400	3k	6	Kia K2700	3k	6	Chevrolet N-Series	3k
7	Changan S	1k	7	Ram ProMaster Rapid	1k	7	Citroen Jumpy	2k	7	Jianghuai HFC 1061	2k
8	Qiteng EX80	1k	8	Peugeot Rifter	1k	8	Hyundai H1	2k	8	Hino Dutro	2k
9	Karry Q22	1k	9	Renault Dokker	1k	9	Hyundai Porter	2k	9	Peugeot Boxer	2k
10	Foton Jiayu	1k	10	Ram ProMaster City	1k	10	Toyota Hiace	1k	10	Hyundai HD	2k
11	DFSK Mini Bus	0k	11	Qiteng M70	0k	11	Jinbei H2	1k	11	Ford Transit	1k
12	Jinbei SY1027/SY5021	0k	12	Opel/Vauxhall Combo	0k	12	Hyundai H100	1k	12	Foton Light Truck	1k
13	Effa Cargo	0k	13	Mercedes-Benz Citan Comb	0k	13	Kia Bongo	1k	13	JMC Conquer	1k
14	Fiat Qubo	0k	14	BYD T3	0k	14	Nissan Urvan	1k	14	Jianghuai Sunray	1k
15	Changan Honor	0k	15	Changan S50	0k	15	Mercedes-Benz Vito	1k	15	Citroen Jumper	1k
16	Chana Star	0k	16	Volkswagen Caddy	0k	16	Golden Dragon Hiace	0k	16	Foton Forland	1k
17	Changhe Carry Bus	0k	17	Beijing Auto Weiwang M20/i	0k	17	Renault Trafic	0k	17	Hyundai H350	1k
18	Changan Oushang	0k	18			18	Foton View	0k	18	Volkswagen Delivery 6.160	1k
19	Shineray T-Series	0k	19			19	Nissan NV350	0k	19	Maxus V80	1k
20	Suzuki Carry Pickup	0k	20			20	Jinbei Haise	0k	20	Jiangling Teshun	1k
21	Foton FORLAND BJ1020	0k	21			21	Kia K3000	0k	21	Tangjun Ouling/Oubei	0k
22	Lifan Fengshun	0k	22			22	Volkswagen Transporter	0k	22	Mitsubishi Fuso Canter	0k
23	KYC T3	0k	23			23	Citroen Space Tourer	0k	23	Jiangling N800	0k
24	Suzuki Carry Truck	0k	24			24	Foton Columbus	0k	24	JAC HFC 1060 series	0k
25	Fiat Fiorino Qubo	0k	25			25	Opel/Vauxhall Vivaro	0k	25	Ram ProMaster	0k
							Peugeot Traveller	0k			

Table 17: TOP Van models sold, ordered by volumes in South America, 2020 - Wikipedia

Even if the South American market is dominated by local players, Stellantis controls 24% of the shares. It dominates the B segment with the Fiorino and the C segment with Peugeot Partner, Citroen Berlingo and Fiat Doblò. The D segment is the biggest for volumes, while the E segment, that includes the larger vehicles, is dominated by Mercedes.

COMPANY	Total SALES	% SALES
Others	98,000	49.7%
Stellantis	47,000	23.9%
Renault-Nissan	15,000	7.6%
Mercedes	13,000	6.6%
Hyundai	10,000	5.1%
Iveco	5,000	2.5%
Volkswagen	3,000	1.5%
Xiamen	3,000	1.5%

Table 18: TOP companies for van sales in 2020 in South America - Wikipedia

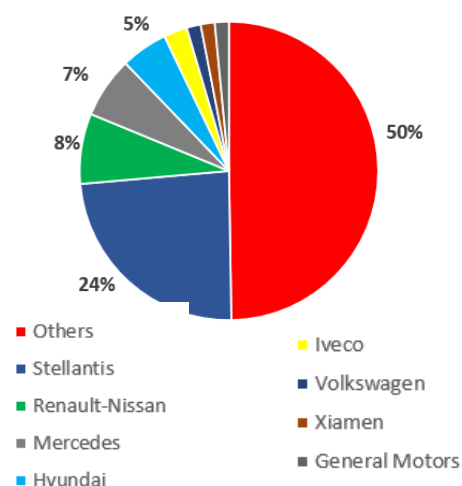


Chart 11: TOP companies for van sales in 2020 in South America

1.6.3 LCV Segment: TOP 15 sellers in North America

The table presents the current position of all Stellantis models in the North American LCV market, order by sale volumes in 2020.

C VAN	2020 Volumes	D VAN	2020 Volumes	E VAN	2020 Volumes
1 Ford Transit Connect	39k	1 Mercedes-Benz Metris	11k	1 Ford Transit	151k
2 Nissan NV200	19k	2 Nissan Urvan	6k	2 Chevrolet Express	57k
3 Ram ProMaster City	11k	3 Toyota Hiace	4k	3 Ram ProMaster	55k
4 Peugeot Partner	4k	4 Volkswagen Eurovan	2k	4 Mercedes-Benz Sprinter	47k
5 Ram ProMaster Rapid	4k	5 Others Others CV	1k	5 Ford E-Series	39k
6 Volkswagen Caddy	3k	6 Hyundai Starex	1k	6 GMC Savana	19k
7 Peugeot Rifter	1k	7 Peugeot Expert	0k	7 Nissan NV-Series	16k
8 Renault Kangoo	1k	8 Mercedes-Benz V-Class	0k	8 Isuzu Elf	1k
9 Nissan NV-Series	0k			9 Volkswagen Crafter	1k
10				10 Peugeot Boxer	0k
11				11 Fiat Ducato	0k
12				12 Dodge Sprinter	0k
13				13 Jianghuai Light Truck	0k
14				14 Jianghuai Sunray	0k
15				15 Others Others HVAN	0k

Table 19: TOP Van models sold, ordered by volumes in North America, 2020 - Wikipedia

The North American LCV market is dominated by Ford, which has almost 50% of the shares, followed by Stellantis and General Motors with 15%. FCA is present in the market with the RAM brand.

COMPANY	SALES	% SALES
Ford	229,000	47.0%
General Motors	76,000	15.6%
Stellantis	74,000	15.2%
Mercedes	58,000	11.9%
Renault-Nissan	41,000	8.4%
Volkswagen	5,000	1.0%
Toyota	4,000	0.8%
Total	487,000	100%

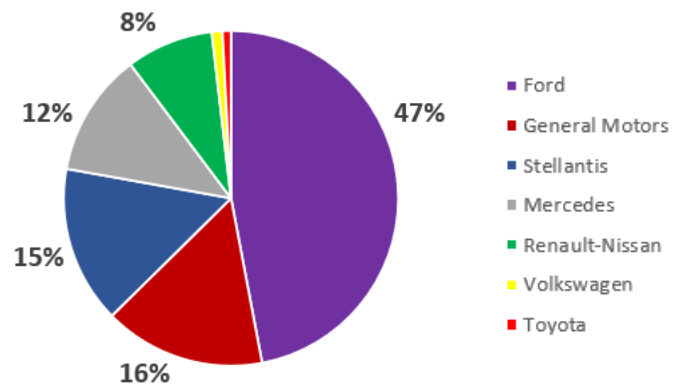


Chart 12: TOP 15 companies for van sales in 2020 in North America

Table 20: TOP companies for SUV sales in 2020 in North America - Wikipedia

1.6.4 LCV Segment: TOP 25 sellers in India and Asia Pacific

The table presents the current position of all Stellantis models in the LCV market of India and Asia Pacific, order by sale volumes in 2020. It is a very difficult market to penetrate: Stellantis is presented almost exclusively in the C segment, which has the lowest volumes. The shares are divided between the main Asian companies, mainly Hyundai, Toyota and Renault-Nissan-Mitsubishi, while Suzuki is the market leader in the B segment, the largest one.

B VAN	2020 Volumes	C VAN	2020 Volumes	D VAN	2020 Volumes	E VAN	2020 Volumes
1 Daihatsu Hijet	137k	1 Volkswagen Caddy	3k	1 Hyundai Porter	106k	1 Isuzu Elf	54k
2 Maruti-Suzuki Eeco	100k	2 Renault Kangoo	3k	2 Toyota Hiace Regius Ace	71k	2 Hino Dutro	37k
3 Suzuki Carry Pickup	91k	3 Toyota Townace	2k	3 Kia Bongo	65k	3 Mitsubishi Fuso Canter	31k
4 Tata Ace	62k	4 Citroen Berlingo	1k	4 Hyundai Starex	39k	4 Toyota Dyna	20k
5 Suzuki Every	59k	5 Nissan NV200	1k	5 Toyota Hiace	38k	5 Isuzu N-Series	12k
6 Daihatsu Gran Max	34k	6 Force Trum	0k	6 Nissan Caravan	21k	6 Tata 407/608/609	11k
7 Honda N-VAN	32k	7 StreetScooter Work L	0k	7 Mitsubishi Colt L300	15k	7 Isuzu Traga	6k
8 Nissan NV100 Clipper	27k	8 Peugeot Partner	0k	8 Nissan Vanette	13k	8 Hyundai Mighty	6k
9 Honda Acty Truck	18k	9 Peugeot Rifter	0k	9 Mitsubishi Delica	9k	9 Tata Winger	6k
10 China Motor Veryca Truck	16k	10 Volkswagen Caddy Life	0k	10 Toyota Hiace Wagon	9k	10 Force Traveller	5k
11 Suzuki Every Wagon	16k	11 Fiat Doblo	0k	11 Mitsubishi L300	8k	11 Toyota Coaster	5k
12 Ashok Leyland Dost	15k	12 LEVC TX	0k	12 Kia K2700	8k	12 Nissan Atlas	5k
13 Mahindra Maxximo	13k	13 Opel/Vauxhall Combo	0k	13 Kia K3000	7k	13 Ford Transit	4k
14 Toyota Pixis	11k	14 Chana Multi Carry	0k	14 Nissan Urvan	6k	14 Mercedes-Benz Sprinter	3k
15 Nissan NT100 Clipper	11k	15 BYD T3	0k	15 Toyota Townace	6k	15 Samsung Master	2k
16 Tata Ace Zip	10k			16 Hyundai iLoad	4k	16 Isuzu Trviz	2k
17 Tata Intra	10k			17 Mazda Bongo Truck	4k	17 Hino Llesse II	2k
18 Ashok Leyland Dost Van	9k			18 Toyota Liteace	4k	18 Renault Master	2k
19 Mitsubishi Minicab	8k			19 Ford Transit Custom	3k	19 Iveco Daily	2k
20 Mazda Scrum	7k			20 Hyundai H1	3k	20 Fiat Ducato	1k
21 Suzuki Carry	6k			21 Mazda Bongo Brawny	3k	21 Volkswagen Crafter	1k
22 Suzuki Carry Truck	6k			22 Mercedes-Benz V-Class	3k	22 Mahindra Cabstar	1k
23 Subaru Sambar Truck	5k			23 Mazda Bongo Van	2k	23 Mazda Titan	1k
24 Nissan Clipper Rio	4k			24 Renault Trafic	2k	24 Toyota Granace	1k
25				25 Peugeot Expert	2k	25 Peugeot Boxer	0k
				Citroen Dispatch	0k	Citroen Jumper	0k
				Peugeot Traveller	0k		
				Opel/Vauxhall Vivaro	0k		

Table 21: TOP Van models sold, ordered by volumes in Asia Pacific, 2020 - Wikipedia

1.6.5 LCV Segment: TOP 25 sellers in Africa

The table presents the current position of all Stellantis models in the LCV African market, order by sale volumes in 2020.

B VAN		2020	C VAN		2020	D VAN		2020	E VAN		2020
		Volumes			Volumes			Volumes			Volumes
1	Ford Tourneo Courier	32k	1	Fiat Doblo	24k	1	Others Others CV	56k	1	Ford Transit	28k
2	Fiat Fiorino	18k	2	Dacia Dokker	12k	2	Toyota Hiace	16k	2	Mercedes-Benz Sprinter	8k
3	Suzuki Ravi	7k	3	Volkswagen Caddy	8k	3	Toyota Ses'fikile	12k	3	Isuzu Elf	6k
4	Suzuki Bolan	6k	4	Citroen Berlingo Multispace	6k	4	King Long XMQ6520	5k	4	Fiat Ducato	6k
5	Chevrolet N300	4k	5	Peugeot Rifter	5k	5	Volkswagen Transporter	5k	5	Renault Master	4k
6	Ford Transit Courier	3k	6	Renault Dokker Van	4k	6	Ford Transit Custom	5k	6	Toyota Coaster	4k
7	Suzuki Micro Bus	3k	7	Citroen Berlingo	4k	7	Nissan Urvan	4k	7	Iveco Daily	3k
8	DFSK Mini Truck	3k	8	Renault Kangoo Passenger	3k	8	Golden Dragon Hiace	4k	8	Peugeot Boxer	3k
9	Fiat Fiorino Qubo	2k	9	Volkswagen Caddy Life	3k	9	Kia K2700	3k	9	Hino Dutro	3k
10	Suzuki Carry Van	0k	10	Opel/Vauxhall Combo	3k	10	Hyundai H100 Pickup	3k	10	Volkswagen Crafter	3k
11	Victory Mini Bus	0k	11	Dacia Dokker Van	3k	11	Mercedes-Benz Vito	2k	11	Chevrolet N-Series	1k
12	Changhe M50	0k	12	Peugeot Partner	2k	12	Hyundai H1	2k	12	Citroen Jumper	1k
13	Suzuki Carry Pickup	0k	13	Renault Kangoo	1k	13	Hyundai Starex	2k	13	Hyundai H350	1k
14	Chana Star	0k	14	Opel/Vauxhall Combo Combi	1k	14	Beijing Auto Sasuka	2k	14	Toyota Dyna	1k
15	Karry Youjin	0k	15	Fiat Doblo Combi	1k	15	Peugeot Expert	1k	15	Mitsubishi Fuso Canter	1k
16	Victory GHT1020S	0k	16	Ford Tourneo Connect	1k	16	Ford Tourneo Custom	1k	16	Isuzu N-Series	0k
17	Victory V Series	0k	17	Dongfeng Fengguang 330	0k	17	Mercedes-Benz V-Class	1k	17	Karsan Jest	0k
18	FAW Jiabao Bus	0k	18	Volkswagen Caddy Combi	0k	18	Hyundai H100 Van	1k	18	GMC Savana Cargo	0k
19	Karry Q22	0k	19	Toyota Proace City Verso	0k	19	Hyundai Porter	1k	19	Chevrolet Savana	0k
20	DFSK Mini Van	0k	20	Fiat Doblo Classic	0k	20	Renault Trafic	1k	20	Ford Transit Combi	0k
21	Beijing Auto Weiwang 306	0k	21	Toyota Proace City	0k	21	Jinbei Haise Combi	1k	21	Maxus Light Truck	0k
22	Jinbei Haixing	0k	22	Ford Transit Connect	0k	22	Nissan NV350	1k	22	MAN TGE	0k
23			23	Nissan NV200	0k	23	Citroen Jumpy	0k	23	JMC Carrying	0k
24			24	Peugeot Partner Tepee	0k	24	Foton View	0k	24	Opel/Vauxhall Movano	0k
25			25			25	Citroen Space Tourer	0k	25		
							Peugeot Traveller	0k			
							Opel/Vauxhall Vivaro	0k			
							Citroen Jumpy Combi	0k			
							Opel/Vauxhall Zafira Life	0k			

Table 22: TOP Van models sold, ordered by volumes in Africa, 2020 - Wikipedia

Ford and Stellantis share almost 50% of the African LCV market, distributing their vehicles through importers.

COMPANY	SALES	% SALES
Ford	65,000	23.1%
Stellantis	63,000	22.4%
Others	56,000	19.9%
Toyota	32,000	11.4%
Renault-Nissan-Mitsubishi	24,000	8.5%
Volkswagen	13,000	4.6%
Suzuki	13,000	4.6%
Mercedes	8,000	2.8%
Hyundai	7,000	2.5%
Total	281,000	100%

Table 23: TOP companies for van sales in 2020 in Africa - Wikipedia

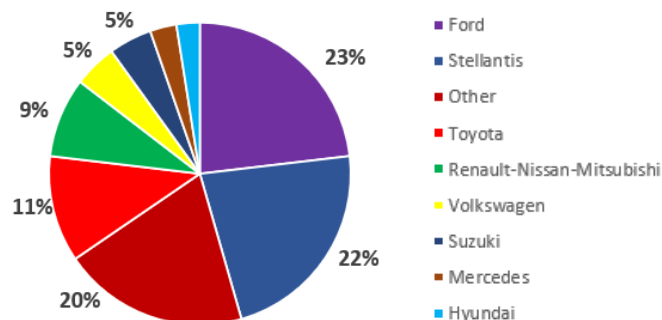


Chart 13: TOP 15 companies for van sales in 2020 in Africa

1.6.6 LCV Market Profitability

More than sales volumes, the importance of LCVs for Stellantis lies in the profitability which characterized the light commercial vehicles' segment: LCVs offer lower production and development costs than passenger vehicles. Therefore, operational costs will decrease due to shared platforms among OEMs, which allows for common parts and component sharing, reducing overall cost and raising the profit margins. FCA and PSA have already collaborated more than 40 years ago in Sevel (*Società Europea Veicoli Leggeri*), a joint-venture company founded for sharing the same production platform for light commercial vehicles: in the factory of Tofas, in Turkey, they produced Fiat Fiorino, Peugeot Bipper and Citroen Nemo, while in Val di Sangro they realized Fiat Ducato, Citroen Jumper and Peugeot Boxer^[4].

1.7 Stellantis electric strategy

To maintain its market share, Stellantis must invest in R&D to anticipate market needs towards an increasingly sustainable mobility^[1]. Stellantis aims to become the world leader in electric commercial vehicles with an electrification roadmap that encompasses the entire value chain. Thanks to its battery procurement strategy, the company expects to secure over 130 gigawatt hours (GWh) of capacity by 2025 and over 260 GWh by 2030: five 'giga-factories' will satisfy the needs for EV batteries and components. In Europe, electric LCVs (eLCVs) are expected to account for 15% of the total LCV share by 2025 and nearly 35% by 2030. With a big push from European pollution reduction regulations and following the EU roadmap for electrification of road transportation, OEMs are looking at the electrification of their LCV fleets as a viable option and are expanding their electric LCV lineups.

The 8th of July 2021, during the Stellantis Electrification Day, Tavares announced “Our electrification journey is probably the most important step to start defining the future of Stellantis just six months after its birth, and today the entire company is dedicating all its commitment to exceeding each customer's expectations and accelerating our initiatives to redefine mobility around the world. We have the size, capabilities, spirit and sustainability to be able to achieve double-digit adjusted operating profit margins, position ourselves at the forefront of the industry as an efficiency model, and deliver electrified vehicles that ignite customer passion².” The automotive group's goal is to reach over 70% of sales in Europe for electrified vehicles, and more than 40% of sales in the United States by 2030. To implement this strategy, Stellantis plans to invest over 30 billion euros by 2025 in electrification and software development, including equity investments made in joint ventures to finance their respective businesses, and aims to maintain 30% more efficiency than the industry average in the ratio of total Research and Development and Capex and revenues^[1].



Figure 2: Targeting sustainable double-digit ao margins mid-term – Stellantis EVDay presentation

As shown in the slide above during the electrification day, Stellantis plans to increase its profitability in the coming years. This will be supported by:

² Tavares, Stellantis EVDay, 8th July 2021

- the implementation of the synergy opportunities arising from the formation of Stellantis, with a forecast of annual cash synergies of more than €5 billion at steady state,
- the roadmap of battery cost reductions,
- the continued optimization of distribution and production costs and realization of new revenue streams, from connected services and future software business models.

As result, Stellantis is targeting to achieve sustainable and double-digit Adjusted Operating Income margins in the mid-term (~2026), making the Company a profitability benchmark for providing electrified mobility to customers on a global basis.

2 LIGHT COMMERCIAL VEHICLE MARKET

2.1 COMMERCIAL VEHICLE

Commercial vehicles^[5] are motor vehicles used for the carriage of goods or passengers to support the worker in his activities. They include light commercial vehicles, heavy trucks, coaches, and buses. They are different from passenger cars, which do not transport persons only for hire. Commercial vehicles are further classified by gross weight: light commercial vehicles (LCV) are commercial carrier vehicles with gross weight lower than 3,5 tons, while heavy commercial vehicles have a gross vehicle weight between 3,5 and 7 tons - this limit depends on national and professional definitions. The figure below presents the classification of commercial vehicle based on gross vehicle weight (GVM), cubic capacity and dimensions.

Light Commercial Vehicle (LCV)	Light Rigid Truck	Heavy Rigid Truck	Semi-Trailer Truck (Articulated Truck)
			
<ul style="list-style-type: none">- Less than 3.5 tonnes gross vehicle mass (GVM).- Cubic capacity: Up to 5.5 m³, 2 pallets.- Dimensions: Up to 3.2 metres (length), 1.5 m (height), 2.2 m (width).	<ul style="list-style-type: none">- Light rigid truck with 3.5-7.5 tonnes GVM.- Cubic capacity: Up to 21 m³, 10 pallets.- Dimensions: Up to 6 metres (length), 2.4 m (height), 2.4 m (width).	<ul style="list-style-type: none">- Heavy rigid truck with 8-23 tonnes GVM and 2-3 axles.- Cubic capacity: Up to 65 m³, 20 pallets.- Dimensions: Up to 12.5 metres (length), 4.3 m (height), 2.5 m (width).	<ul style="list-style-type: none">- Prime mover attached to a semi-trailer with GVM of 24 tonnes (3 axles) - 39 tonnes (5 axles).- Dimensions: Up to 19 metres (length), 4.3 m (height), 2.5 m (width).

Figure 3: Commercial vehicles classification - VicRoads, Truck Gen Mass and dimension limits, Department of Transport, State Government of Victoria, Melbourne 2016

2.2 LIGHT COMMERCIAL VEHICLE (LCV)

Light commercial vehicles^[4] are conceived as a compact truck to be used in intra-city operations and so they are optimized to be tough built, have low operating costs and powerful yet fuel efficient engines. LCVs are suitable for many activities involving frequent travel or even constitute the core of the business: deliveries, carrying out technical work, crafts, transporting food.

Commercial customers, unlike passenger ones, are more focused on the quality/price ratio and technical characteristics of the vehicle which better match with the own business. The vehicle is chosen based on the functional and performance requirements that best suit the designated activities. It can also be used as a showcase for the business, for example by decorating the bodywork, but the choice is always rational and seldom aesthetic and non-functional factors influence the final judgment. Given the mainly practical function of the vehicles, the LCVs' market is characterized by a standardized basic product, designed to easily adapt to the needs of the different business customers through many option configurations. Therefore, production costs are lower thanks to the possibility to standardize the production system and there are high profit margins, which increase with the level of customization required in terms of structural and technical features and optional.

Due to the specific characteristics of the LCVs' business, for the market players is more difficult to create a competitive advantage because it is harder to differentiate the own range of vehicles from the competitors. The goal of maximizing profit is sought by offering the best quality/price solution to the customer. The quality perceived by the customer is influenced by vehicle performance and consumption, ability to adapt to specific needs, pre and post sales assistance and the perceived reputation of the brand.

2.3 CUSTOMER SEGMENTATION

LCVs' market can be segmented according to two main parameters: the type of ownership and the "mission" of vehicles^[6].

2.3.1 By ownership

Customers are mainly divided into two groups: fleets (BTB channel) and private owners (BTC channel). Business to business channel represents more than 80%^[3] of sales every year and in this case the customer is another company that purchases, usually, more than one vehicle, needed for his journey activities. For example, a construction company knows exactly the type of materials that must be moved, the average daily mileage that must be covered, the number of passengers that will use the vehicle and the engine power needed to optimize the process. These parameters will be significantly different for a delivery company or for a business involved in maintenance of appliances. Brand and model selection are based on how much a specific vehicle fits customer specific needs, reliability, safety and purchase and operational costs.

Business to customer channel, instead, is usually chosen by clients who need a limited number of vehicles to perform a range of different tasks, so flexibility is very important. Private owners pay attention to the same parameters of BTB channel, but, in addition, their decision process involves other aspects: they are directly involved with driving, so the design and the comfort become important criteria to make the decision.

The table below shows the trend between BTB and BTC costumers from 2018 to 2020 in the main European countries, that appears constant.

OWNERSHIP	SALES FY 18	% FY 18	SALES FY 19	% FY 19	SALES FY 20	% FY 20
BTB	1,503,363	86.2%	1,571,045	86.4%	1,311,389	84.6%
<i>Commercial</i>	1,433,737	82.2%	1,504,195	82.7%	1,261,249	81.4%
<i>Fleet</i>	69,626	4.0%	66,850	3.7%	50,140	3.2%
BTC	241,376	13.8%	246,794	13.6%	238,840	15.4%
<i>Dealerships/Manufacturer</i>	9,084	0.5%	9,277	0.5%	6,749	0.4%
<i>Private</i>	215,241	12.3%	215,849	11.9%	213,083	13.7%
<i>Rentals (Short Term)</i>	17,051	1.0%	21,668	1.2%	19,008	1.2%
Total	1,744,739	100%	1,817,839	100%	1,550,229	100%

Table 24: Trend of BTB and BTC sales 2018-2020 all over the world – Dataforce YTD2021

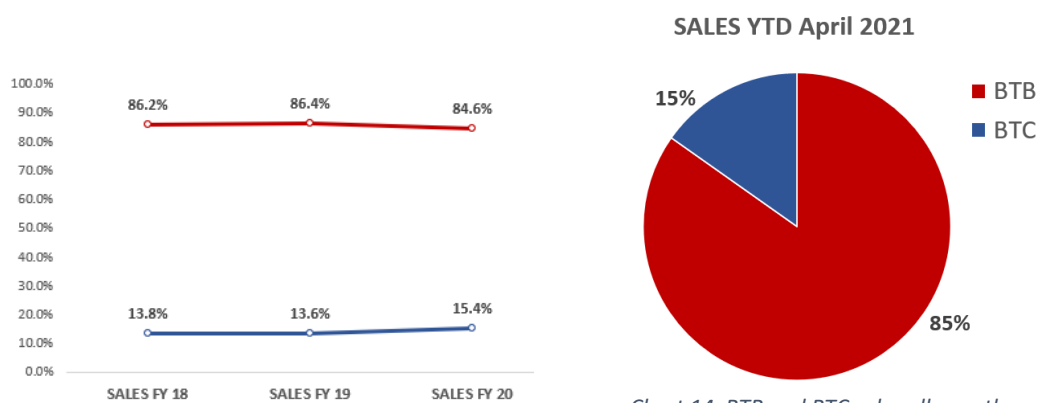


Chart 15: Trend of BTB and BTC sales 2018-2020 all over the world (lines-diagram)

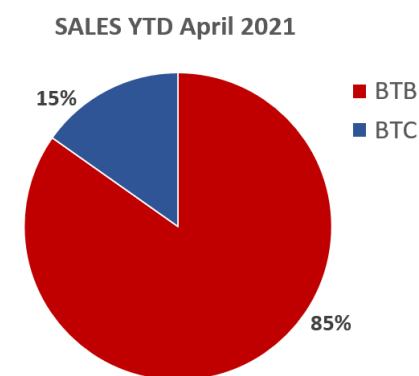


Chart 14: BTB and BTC sales all over the world, April 2021

2.3.2 By Mission

The mission of a vehicle is the specific role^[7] that it must fulfil. The two main missions are goods transport and people mover, that can be classified into subclasses, each one with peculiar “routines” that require specific vehicle’s characteristics.

Goods transport missions are:

- “General haul”, individuals or small enterprises use vehicles for the transport of goods and tools as a noncore business activity. It includes craftsmen, retail merchants, short term rentals and utilities, involving both services and municipalities. Usually, they drive for short-medium distance every day, and so they pay more attention on the load capacity and easy of loading/unloading.

- “Delivery”, professional freight logistics including post & urban delivery, food & beverage and thermo controlled or refrigerated vehicles. They spend most of the day on the vehicle, and therefore they are focused on fuel consumption, reliability and driving comfort. If the vehicle is destined for the last mile deliveries, it is also necessary to evaluate the need to respect the pollution limits imposed in the city and the maneuverability in the streets of the center: the best solution could be an electric vehicle with a limited load compartment, to be recharged while loading the packs.
- “Construction”, vehicles used to move construction materials and equipment from or to a jobsite. It is necessary to evaluate the vehicle specifications in terms of length, width and gross vehicle weight based on the material and equipment needed for the activities.
- “Special equipment”, includes all emergency, maintenance or special public vehicles that need to be specifically designed and adapted for their use. Those include, for example, ambulances, car recovery, waste collection and “autonomy” vehicles (such as the ones specifically adapted to carry a person in a wheelchair).

People Mover missions are:

- “Collective transport”, vehicles used for passenger transport, either public or private services, and either city or intercity routes, such as shuttle bus and camping car.
- “Recreational”, vehicles used for leisure applications, such as camping or vacation.

The graphs below show that the good transport represented more than 90% of vehicles sales in the whole world between 2004 and 2019, even if this percentage is slowly decreasing.

	Sales FY 2004	% 2004	Sales FY 2010	% 2010	Sales FY 2016	% 2016	Sales FY 2019	% 2019
Good Transport	6,017,353	96.44%	9,061,134	96.26%	8,955,912	95.74%	8,143,988	94.39%
People Mover	222,318	3.56%	351,578	3.74%	398,841	4.26%	483,933	5.61%
Total	6,239,671	100.00%	9,412,712	100.00%	9,354,753	100.00%	8,627,921	100.00%

Table 25: Trend of sales of good transport vehicles and people mover vehicles from 2004 to 2019 - Dataforce

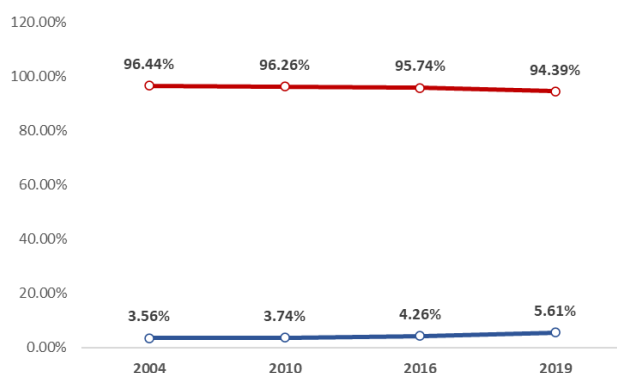


Chart 16: Trend of good transport and people mover vehicles sales 2004-2019 all over the world (lines-diagram)

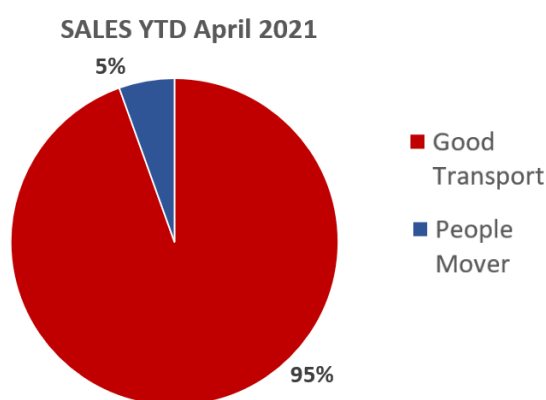


Chart 17: good transport and people mover vehicles sales in April 2021, all over the world

2.3.3 Sales channels and purchasing methods

Business customers can choose between different methods to purchase commercial vehicles to maximize the usefulness of their capital^[8].

2.3.3.1 Buying an LCV

This is the preferred solution, although it is slowly being replaced by leasing. The main advantage is that the customer owns the good, so he can do what he prefers, including sell it. On the other hand, he has to pay immediately the value, impacting his cash flow, and van vehicles tend to depreciate faster.

2.3.3.2 Fleet hire

By hiring, business customers don't lock up their capital in vehicles. They can opt for fixed, predictable, and lower monthly costs and at the same time always drive new LCVs, with no worries about depreciation costs during the years.

2.3.3.3 Finance leasing

Finance leasing allows to hire an LCV for a fixed period of normally 3 or 4 years. Customers have monthly payments during this time, and they can choose between:

- Closed-end leases, no obligation to purchase the vehicle at the end of the period, meaning that they don't have to shoulder the cost of a depreciating vehicle;
- Open-end (or balloon) leases, customers must pay a final 'balloon' payment at the end of the lease period, at which point they become the owner of the vehicle.

The benefits are the fixed monthly costs and interest rates, no tied-up of capital and tax benefits, but on the other hand there are a limited mileages allowance in order to preserve the value of the vehicle, a higher insurance and customization cost, and also a deposit can be required.

2.3.3.4 Contract hire

Contract hire is the most common form of vehicle leasing in today's marketplace. It is similar to finance hire, since it allows the customers to have the use of an LCV for a fixed monthly cost over for an agreed period of time, usually 3 years. However, unlike finance hire, there is not the option to buy the vehicle at the end of the lease term. The main advantages are the lower monthly and balloon payments, the deposit is not required, and the contract includes courtesy vehicle, breakdown cover, regular maintenance, and flexible customization. On the other hand, mileages are limited, the customer hasn't the ownership and there are high penalties in case of early contract breakdown.

2.3.3.5 Flexible hire

Flexible hire works as contract hire, except that customer is free to terminate the agreement at short notice, often with 14 days' notice. It is useful when the business

has seasonal fluctuations in LCV use, the future vehicles requirements is hard to predict, and customers need to fulfil short-term contract.

The table below shows the trend between purchasing and leasing option in the main European countries from 2018 to 2020. Purchase is the most common choice (67% registered as YTD April 2021).

METHOD	FY 18	% FY 18	FY 19	% FY 19	FY 20	% FY 20
Leasing	67,058	27.0%	38,185	31.4%	20,574	34.0%
Demo / km0	354	0.1%	210	0.2%	219	0.4%
Fleet by Dealers	28,966	11.7%	10,339	8.5%	2,401	4.0%
Private	7,865	3.2%	2,581	2.1%	492	0.8%
Rentals (Long Term)	25,671	10.3%	23,630	19.4%	17,117	28.3%
Rentals (Short Term)	4,202	1.7%	1,425	1.2%	345	0.6%
Purchase	181,076	73.0%	83,551	68.6%	39,905	66.0%
Demo / km0	15,398	6.2%	9,667	7.9%	4,331	7.2%
Fleet by Dealers	102,972	41.5%	48,584	39.9%	21,910	36.2%
Private	14,584	5.9%	14,006	11.5%	12,164	20.1%
Rentals (Long Term)	39,403	15.9%	8,166	6.7%	-	0.0%
Rentals (Short Term)	8,719	3.5%	3,128	2.6%	1,500	2.5%
Total	248,134	100.0%	121,736	100.0%	60,479	100.0%

Table 26: Trend between purchase and leasing solutions from 2018 to 2020 - Dataforce

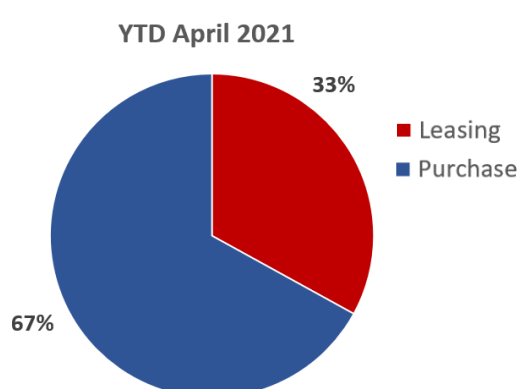


Chart 19: Purchase and leasing sales in Europe, April 2021

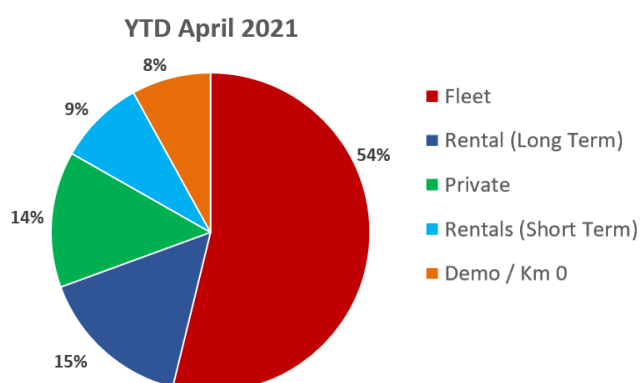


Chart 18: Customer types weighted by volumes sales in Europe, April 2021

2.4 TCO

LCV customers base their choice of vehicle looking at the total cost of ownership (TCO) [9]. They do not consider only the final price but the cost of the vehicle during the entire life cycle, and therefore they analyze consumption, repair costs and residual value to determine the most advantageous offer suitable for their own type of business, in line with their use of the vehicle. There are many ancillary services and supplier services that determine the TCO, as summarized in the following figure.

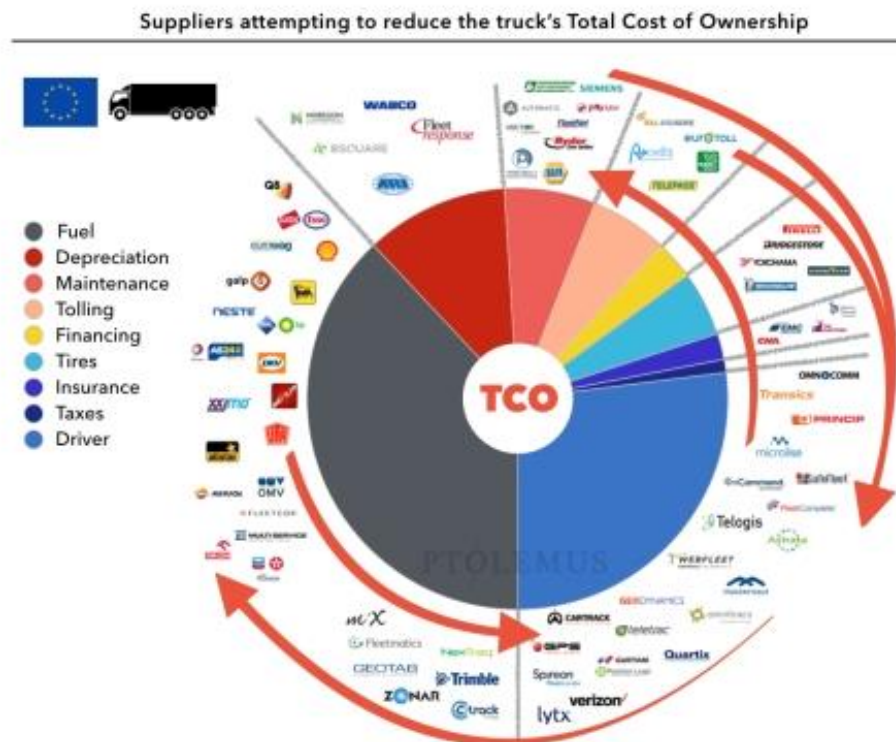


Figure 4: Suppliers involved in the total cost of ownership (TCO) – Ptolemus sample vehicle TCO calculated for HGVs in Europe

The main elements of the TCO analysis are:

2.4.1 Purchase price

It includes the cost of all the vehicle's futures and should be detracted from the discount receive from the seller. It usually makes up the highest percentage of the TCO.

2.4.2 Kilometers driven

More the vehicle drives over its life cycle, lower the TCO per kilometer will be. However, the TCO of electric vehicles decreases faster than the TCO of conventional vehicles, given the lower operating costs. Conversely, when distances are low, the competitive gap between electric vehicles and their diesel version is greater. As it appears in the figures below, for example, between Kangoo D (ICE fuel) and Kangoo ZE (electric fuel), the difference is bigger when the kilometer driven per year are low, but the TCO of the electric model becomes faster lower with the kms, getting closer with the diesel version^[10].

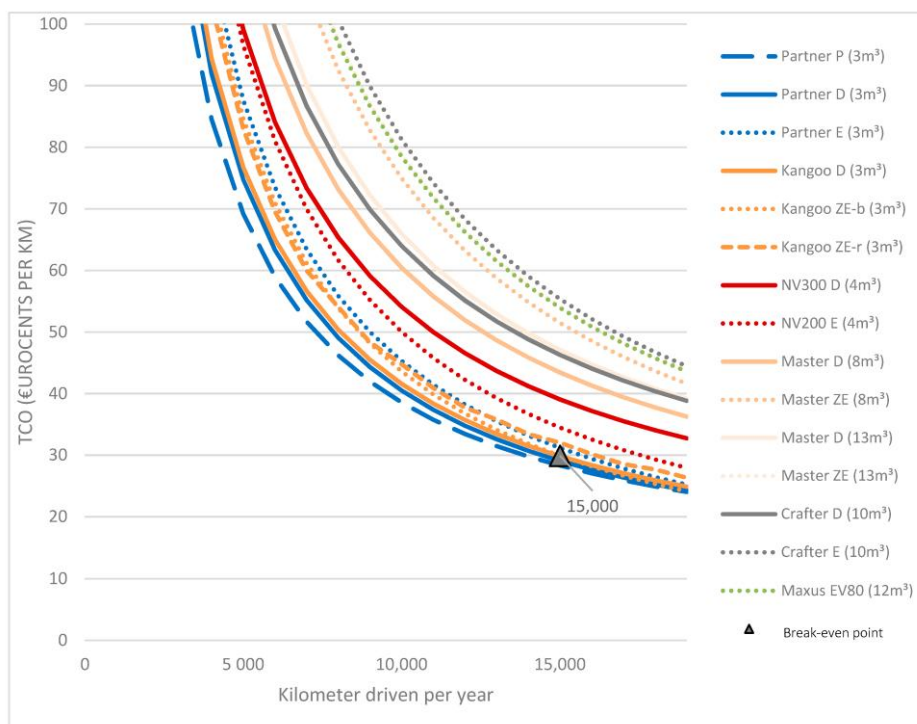


Chart 20: TCO trend base on kilometres driven per year - World electric Vehicle J Eissn 2032-6653 by MDPI - 2019

2.4.3 Years of ownership

As showed in the graph below, TCO is very sensitive to the year of ownership, particularly during the first years. Assuming no residual value for the batteries, to sell the eVan after one year would generate important loss. But, in a longer period of ownership, the TCO for eVan drops faster than the ones of diesel vehicles as they take advantage of lower running costs. They can compensate during a longer time their high purchase costs with their low operating costs. In that extent, the sensitivity analysis on

the period of ownership is similar to the sensitivity analysis on the kilometers driven given that more years of ownership involves more kilometers driven.

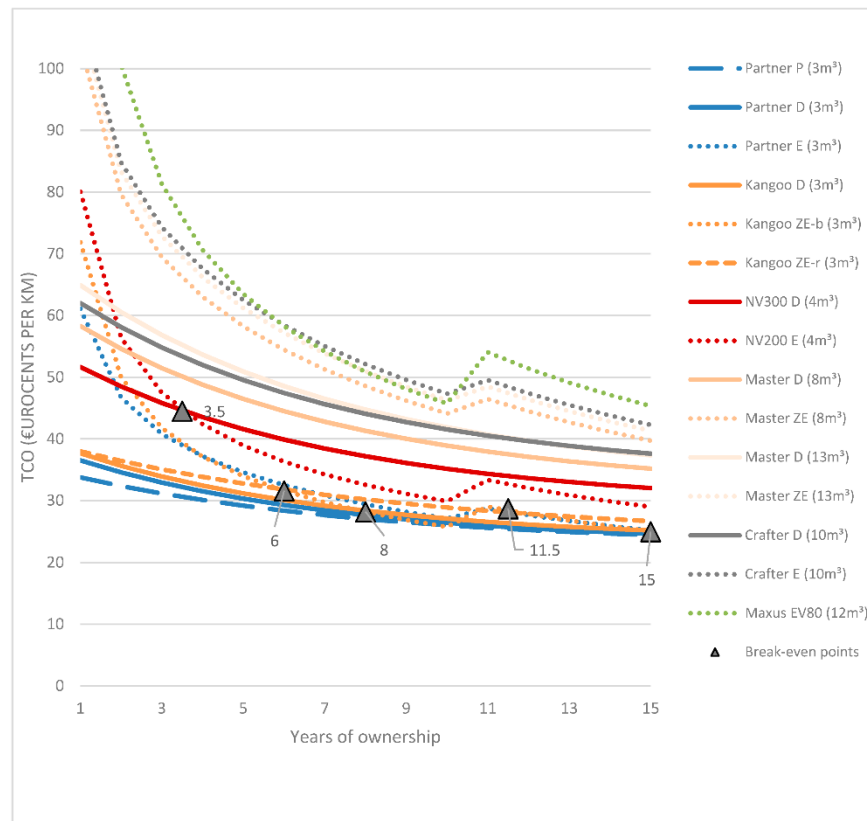


Chart 21: TCO trend base on years of ownership - World electric Vehicle J Eissn 2032-6653 by MDPI - 2019

2.4.4 Services, maintenance, and repair

It's important to protect the fleet vehicle's warranty, and to ensure that the vehicle is kept in its best operating condition, minimizing the possibility of breakdowns and associated downtime. Having a well-maintained vehicle helps with disposal at the end of term, both in terms of speed of sell and to get the best price. It also includes replacement tires, particularly for fleet cars that cover a high mileage.

2.4.5 Plug-in-grants and national incentives

For ultra-low emission vehicles, contributions are available to incentivize the purchase of up to 35% of the purchase price. They must have less than 50g/km CO₂ emissions and be able to travel at least 70 miles in zero-emission mode. The analysis

shows that the impact of incentives can be effective on the competitiveness of the models. There are several break-even points:

- the first electric vehicle reaching a break-even point starts with a deductibility of maximum 76% on costs related to conventional vehicles;
- the electric version of Partner and Kangoo ZE-r become more competitive than diesel versions when the deductibility is further reduced to 68%.

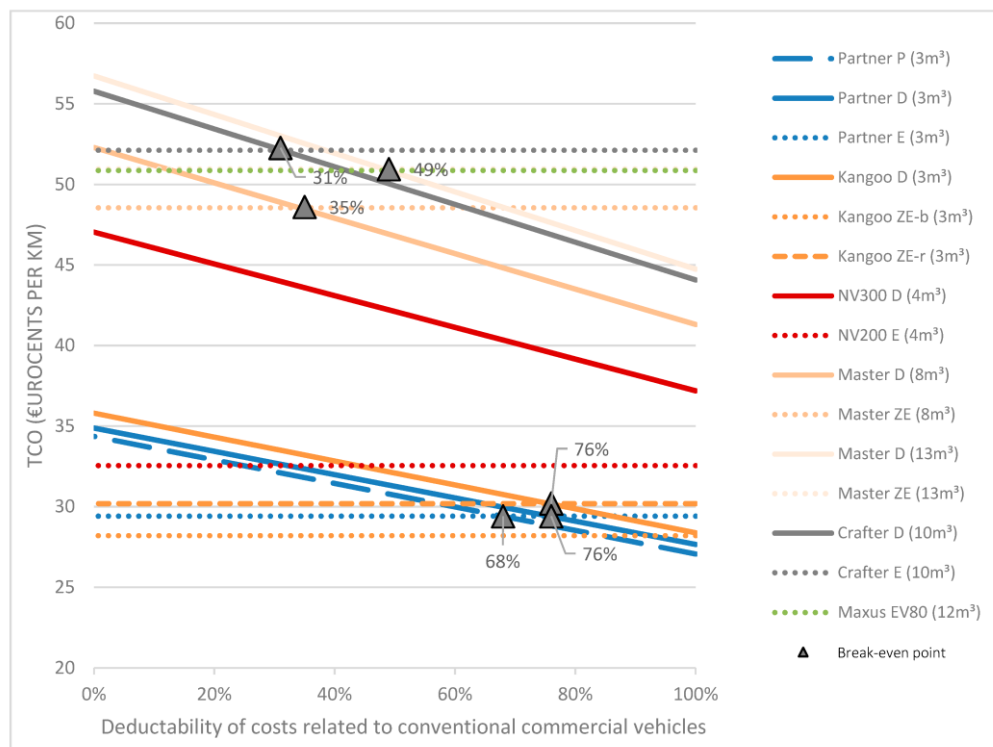


Chart 22: TCO trend base on deductability of costs related to conventional LCVr - World electric Vehicle J Eissn 2032-6653 by MDPI - 2019

2.4.6 Residual Value

Forecast of vehicle residual value (RV) is specific for each vehicle and depends by several factors: the vehicle age and mileage at time of disposal, condition it is kept in, market conditions, depreciation rate.

2.4.7 Battery of eVans Residual Value

Larger the battery, more this criterion affects the TCO, as the graph shows. A 50% residual value on the battery after 8 years could already reduce by 14% the

vehicle's TCO, bringing it closer the diesel one. However, the other electric vehicles in the large van segment fail to break even with their diesel versions, even with a theoretical residual value of 100%. Their batteries are smaller, and the effect of that parameter is therefore more limited. However, the competitive gap is narrowed from a difference in TCO of around 15% to a difference of up to 5%.

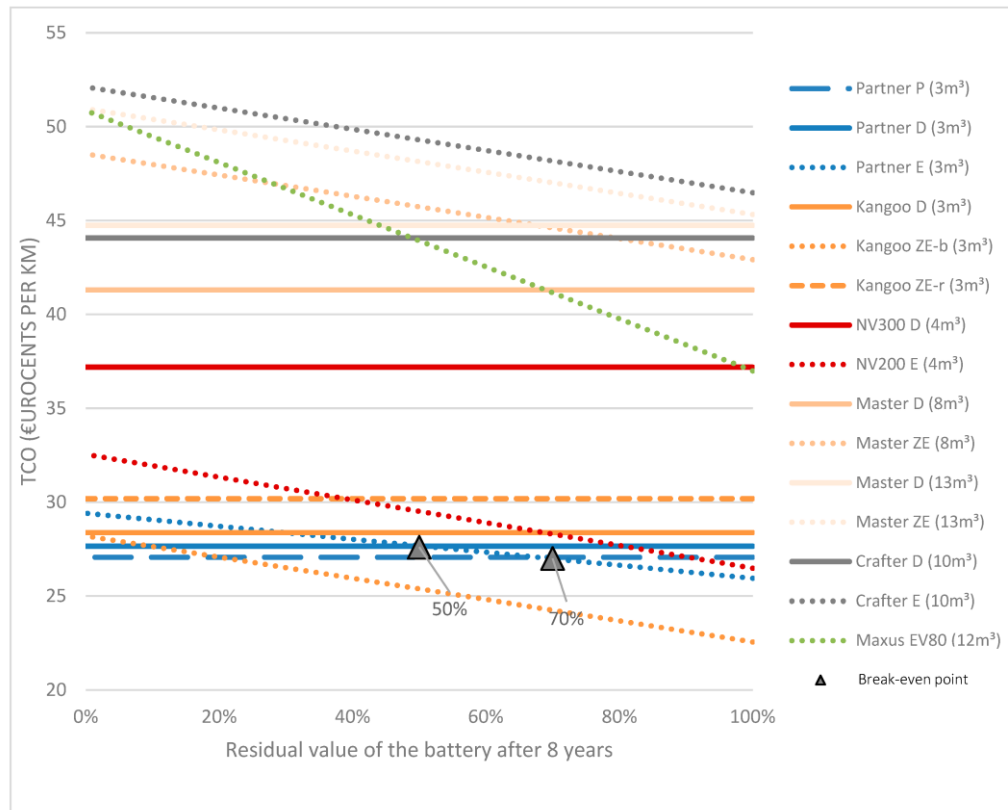


Chart 23: TCO trend base on residual value of the battery - World electric Vehicle J Eissn 2032-6653 by MDPI - 2019

2.4.8 Other factors

Other factors to be considered are insurance, finance cost and interest rate, cost of tires and duration of them, access to limited traffic area.

2.4.9 Fuel type

The results of this initial TCO analysis shows that the competitive position of electric vehicles is still challenging in the light commercial vehicle segment. Small electrics are competitive with their conventional versions as they weigh less and therefore require smaller and less expensive batteries, but heavier the electric vehicle

becomes, lower the competitiveness is. The analysis shows that the competitiveness of BEVs improves with intensive vehicle use and long ownership, as the TCO of electric vehicles decreases faster than that of conventional vehicles as they benefit of low operating costs. However, it is difficult to use an electric van extensively given the limited range of those vehicles.

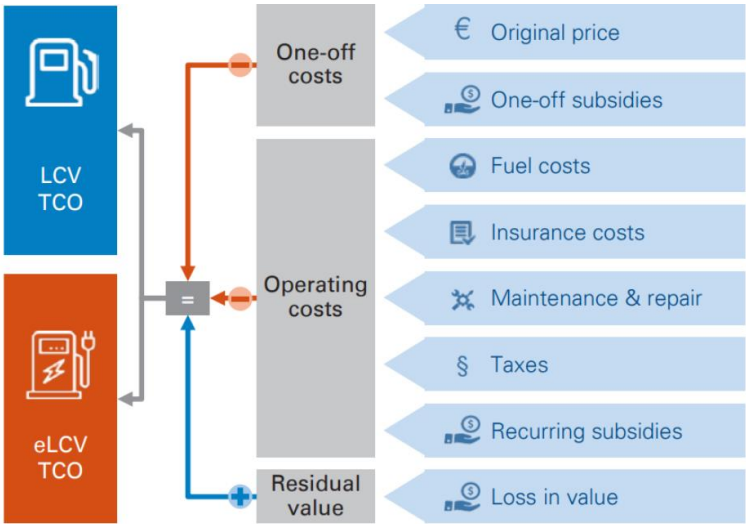


Figure 5: TCO comparison between LCV and eLCV - World electric Vehicle J Eissn 2032-6653 by MDPI - 2019

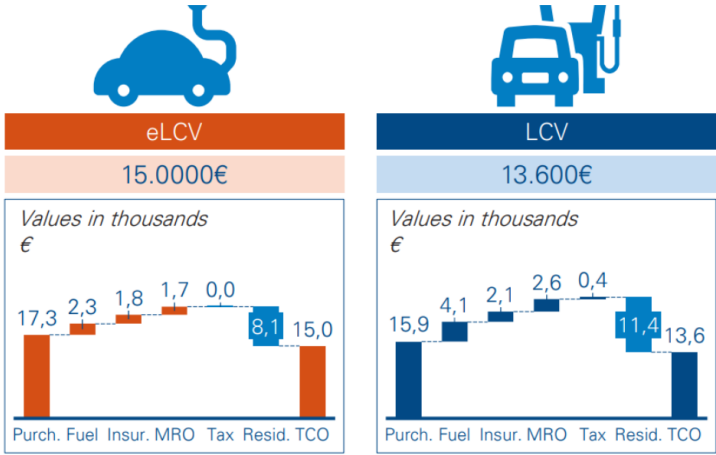


Figure 6: value of LCV and eLCV based on TCO - World electric Vehicle J Eissn 2032-6653 by MDPI - 2019

2.4.10 TCO analysis

The table shows the TCO analysis for 18 different vans^[11]. They are sorted from the vehicle showing the lowest to highest TCO. The smaller vehicle segment (starting from the left) is characterized by a limited speed (approx. 50/70 km/h) and a smaller

range (approx. 50/70 km) but is very versatile. Manufacturers offer many options to tailor them to specific customers, such as local authorities, last mile delivery companies, and industrial sites.

The other 15 vehicles show similar performance in terms of speed and range over 100km, varying payloads and volumes. The van with the lowest TCO is the petrol version of the Peugeot Partner, followed by the diesel one, as it benefits of lower maintenance and purchase costs. Indeed, depreciation rates of gasoline vehicles are falling less rapidly than diesel due to anticipated regulations. Consequently, these advantages of gasoline vehicles offset their higher fuel consumption and insurance costs than diesel vehicles. This analysis is surprising given the dominant position of diesel in the light commercial vehicle segment. However, an electric vehicle can offer an alternative to diesel in the small van segment. The Electric Partner, the Kangoo ZE-r (with a battery rental system) and the Kangoo ZE-b (with a percussio purchase system) feature TCO with less than 1% difference between similar models, although their cost structures are quite different. The purchase costs of electric vehicles are typically higher than their conventional versions despite a lower depreciation rate. In addition, they are subjected to additional costs of batteries, but they benefit from the lower insurance, maintenance and fuel costs of the vehicles compared to their diesel versions, which results in a similar competitive position between electric and diesel vehicles in the small segment.

Instead, the medium size vans' segment shows that the electric Nissan NV200 benefits from a lower TCO than the diesel NV300, with a difference of almost 15%. The additional battery costs of the electric NV200 are covered by the lower maintenance expense and lower fuel cost compared to the diesel version.

The latter segment includes large vans such as Renault's Master, Volkswagen's Crafter and Maxus's EV80. They are characterized by a total ground weight of over 3000 kg and a volume of over 8m³. The graph shows that the TCO of diesel vehicles is markedly different from the TCO of electric vehicles. It is observed that the TCO of electric vans is about 15% higher. This difference is explained by the purchase of the

battery and the higher cost of the electric versions due to the more limited economies of scale given the lower sales forecasts. As a result, the competitiveness of electric vehicles is lower in the large van segment.

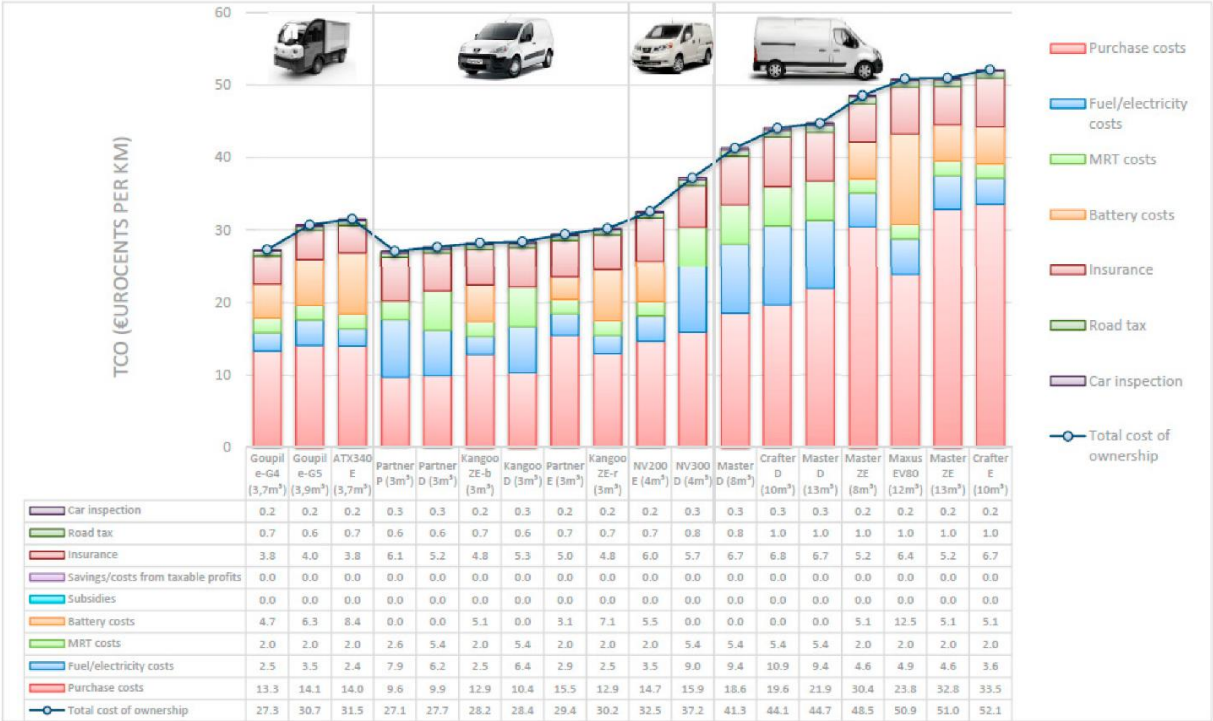


Chart 24: TCO analysis of each segment of LCV – Consumer report.org

The following charts show^[12] the owner cost percentages across different points of time: it underlines that the effect of the depreciation decreases during the time, while they increase the percentage of insurance, fuel and maintenance costs.

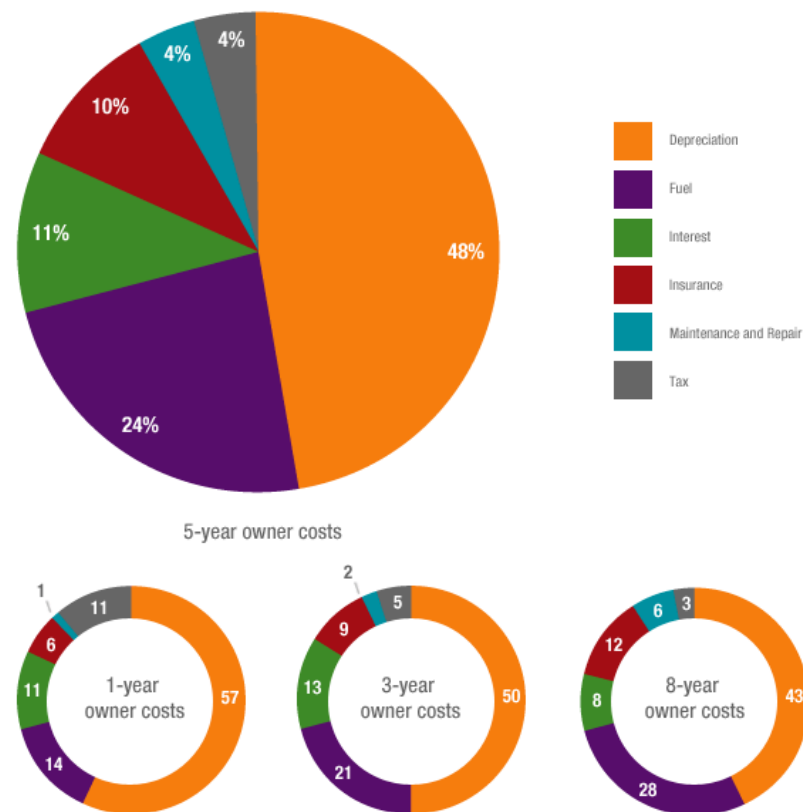


Chart 25: Depreciation effect on TCO - Consumer report.org

2.5 PRODUCT SEGMENTATION

To meet the different needs of commercial customers, LCVs offered a modular range of construction, increasing prices in terms according with size and technical characteristics^[13]. Each basic model, which is characterized by a short wheelbase and a standard roof, can be purchased in combinations of medium and long length and with a semi-high or high roof. Furthermore, according to the mileage and performance needed, business clients can choose the body-type of the vehicle, the size, the payload, the engine, the load space, the gross vehicle weight, the horsepower, and the type of transmission.

2.5.1 Body-type

- Van, it is the most sold type (almost 70%) and it includes vehicles used for the transport of goods and for freight movement within the city, up to 4.5 tons gross vehicle weight (GVW);

- People mover, it derives from van and it is used for the transport of passengers. These vehicles can transport up to 9 seats and are ideal for hotels, rent-a-car companies and park-to-fly services;
- Cab, that includes special vehicles. They are specific conversions bases for refrigerating boxes, drop sides, tippers, mobile kitchens, ambulances, and many others.

The graph below shows that the most sold type of vehicle are the vans (almost 65%), follow by cab (30%) that are increasing during the year and people mover (5%), that are decreasing during the year.

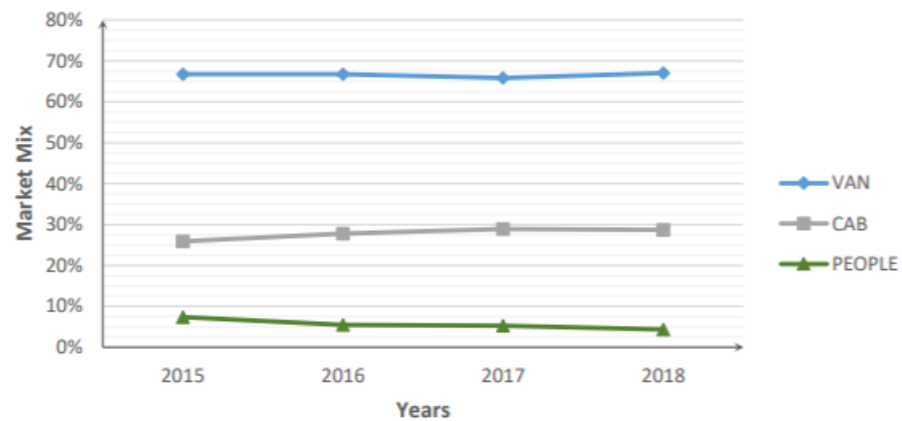


Chart 26: Trend of sales of van, cab and people mover from 2018 to 2020 in Europe – Dataforce

2.5.2 Size

Each size is designed for a specific function. For a better understanding of this segmentation, there will be a brief presentation of Fiat Professional vehicles, that emphasizes the synergies already presented between the different commercial producers that use the same model, therefore highly standardized, which is subsequently customized on some aesthetic elements and optional by the individual brands^[14]:

- Compact-size Van, which includes the smallest commercial vehicles:



Figure 7: Fiorino - MiaCar

- Small Van (1A), it has a good fuel economy due to the compact size, that makes it match with the needs of many tradespeople, such as DJs, florists, photographers,

plumbers, electricians and roofers. Fiat Fiorino third generation is realized thanks to the collaboration between exFCA and exPSA Group, aimed at the reduction of investment and production costs through the joint venture Sevel. The project is Italian and made by Fiat, while the vehicle is manufactured in the Tofas plant, in Turkey, using the same platform for both Fiat Fiorino, Peugeot Bipper and Citroen Nemo.



Figure 8: Doblò - MiaCar

- Mid-size Van (1B), it offers more flexibility and load carrying ability, but it still has a compact style that make it easier to maneuver at the same time. It's usually the model which suits the majority of trades. Fiat Doblò was realized with some components of Fiorino and Grande Punto, and it is produced in Turkey. Opel Combo is based on the same structure.



Figure 9: Talento - MiaCar

- Medium vans (2P) are generally side-loading vehicles with rear-loading capabilities, popular with joiners, plumbers, builders and other manual workers who tend to carry larger items. They can carry two people in the front, along with the driver and tend to have more standard features such as infotainment, electric windows, sat nav and other technology. Fiat Talento is the substitute of previous Fiat Scudo, and it is a rebrand of the model Renault Trafic made by Fiat Professional, which is also sold as Opel Vivaro and Nissan NV300. In 2021 the new Scudo will be launched, based on the Citroen Jumpy and Peugeot Expert model, symbol of the synergies that characterize Stellantis.



Figure 10: Ducato - MiaCar

- Large-size Van (2G or X250), it is chosen for activities that need to transport more goods, as it provides greater availability of cargo. Fiat Ducato is the largest LCV vehicle of the Fiat Professional product portfolio. The second and third generation vehicles are sold as Fiat Ducato, Citroen Jumper and Peugeot Boxer in Europe, while in Canada and the USA they are sold as Ram ProMaster.

The following table represents the division of the whole LCV market between the different sizes, according with the sales from 2010 to 2019. The 2G segment is the only one that is constantly increasing its volumes and from 2015 it become the biggest, while the smaller segments, 1A and 1B, are reducing their shares during the years, as the 2P.

SEGMENT	SALES 2010	% 2010	SALES 2015	% 2015	SALES 2017	% 2017	SALES 2019	% 2019
1A	662,014	6.5%	1,494,894	14.6%	1,234,835	12.7%	921,539	9.9%
1B	4,869,180	48.0%	3,412,414	33.4%	3,092,904	31.9%	2,988,638	32.0%
2G	3,497,221	34.5%	3,650,441	35.8%	3,780,083	39.0%	3,995,862	42.7%
2P	1,110,263	11.0%	1,646,927	16.1%	1,579,641	16.3%	1,443,259	15.4%
Total	10,138,678	100.0%	10,204,676	100.0%	9,687,463	100.0%	9,349,298	100.0%

Table 27: sales of LCVs divided per segment (1A, 1B, 2P, 2G) from 2010 to 2019 all over the world - Dataforce

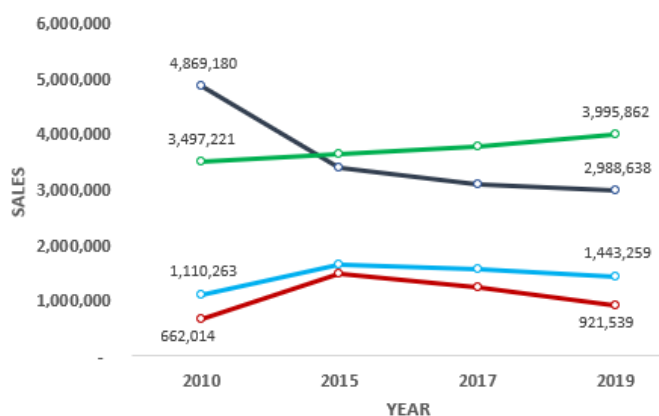


Chart 28: trends of sales of LCVs divided per segment (1A, 1B, 2P, 2G) from 2010 to 2019 all over the world

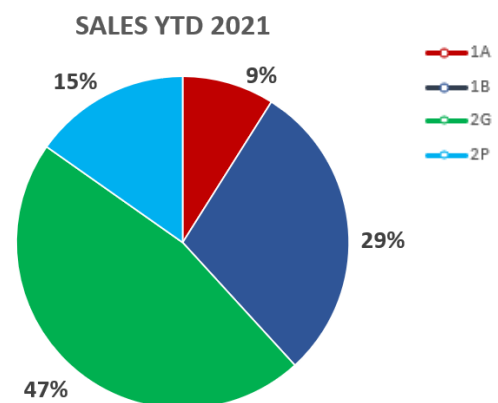


Chart 27: sales of LCVs divided per segment (1A, 1B, 2P, 2G) in 2021 all over the world

2.5.3 Payload

It is a load carried by a vehicle, including passengers. It's important to know what payload the van can handle as overloading a vehicle is illegal and dangerous.

2.5.4 Load Space

Often measured in liters or in square meters, is the maximum available area that can be carried in the vehicle.

2.5.5 Fuel Power

The main fuel is diesel, followed by petrol and electric. Customers choose the best option for their business linked to distance per day, cost and reliabilities. Several countries of EU are planning national incentives to achieve an increasing registration of electric vehicles.

The table below show the trend of fuel in the European market based on sales between 2018 and 2020: diesel is the most common choice (94%), but electric vehicle percentage is increasing by the years, while petrol is slowly decreasing.

FUEL	SALES FY 18	% FY 18	SALES FY 19	% FY 19	SALES FY 20	% FY 20
Petrol	74,678	4.3%	83,491	4.6%	51,201	3.3%
CNG / Petrol	8,990	0.5%	11,619	0.6%	9,516	0.6%
LPG / Petrol	4,729	0.3%	6,486	0.4%	3,186	0.2%
Petrol	60,959	3.5%	65,386	3.6%	38,499	2.5%
Diesel	1,655,751	94.9%	1,713,689	94.3%	1,469,994	94.9%
Diesel	1,655,749	94.9%	1,711,590	94.2%	1,460,231	94.3%
Diesel (Mild-Hybrid)	2	0.0%	2,099	0.1%	9,763	0.6%
Electric	14,190	0.8%	20,015	1.1%	27,252	1.8%
Electric	13,089	0.8%	18,540	1.0%	25,140	1.6%
Electric (Plug-in) + Diesel	-	0.0%	5	0.0%	5	0.0%
Electric (Plug-in) + Petrol	21	0.0%	32	0.0%	1,127	0.1%
Total	1,744,619	100%	1,817,195	100%	1,548,447	100%

Table 28: sales of LCVs divided per fuel type (Petrol, Diesel, Electric, other) from 2018 to 2020 in Europe - Dataforce

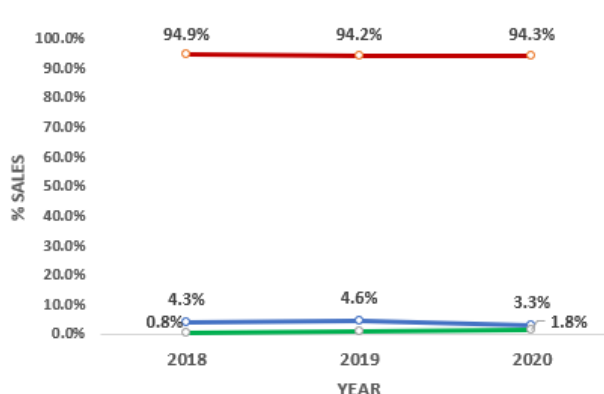


Chart 29: trend of LCVs sales divided per fuel type (Petrol, Diesel, Electric, other) from 2018 to 2020 in Europe

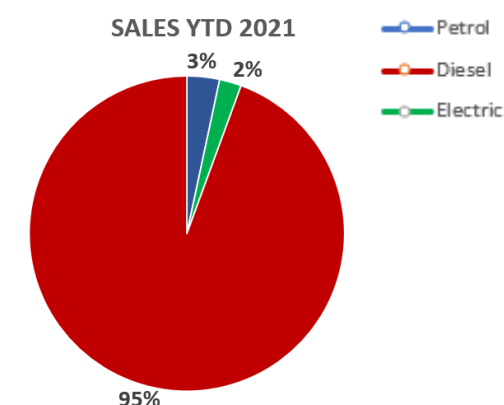


Chart 30: LCVs sales divided per fuel type (Petrol, Diesel, Electric) in April 2021 in Europe

2.5.6 Gross Vehicle Weight (GVW)

It is the total weight allowed for the vehicle, including its curb weight, crew weight and payload weight. In the case of LCV belonging to the Large Van segment, the maximum GVW allowed is 3.5 tons.

2.5.7 Engine power

It is the measure of the power of an engine, commonly measured in horsepower (hp), even if the IS official unit is the kW. The following chart represents the division of the main European market, according to vehicle engine power.

The most sold power is the 101-110 kW (135-145hp), and the band of engine with more volumes is between 71kW and 110 kW (95-145hp). From 2018, there is a positive trend of increasing power engine: 111-140kW (135-187hp) increased of 2% in 2 years, while 51-70kW (68-95hp) decreased of 5%. These data agree with the positive trend of larger van vehicles sold.

POWER	SALES FY 18	% FY 18	SALES FY 19	% FY 19	SALES FY 20	% FY 20
101 - 110 kW	263,007	15.2%	301,563	16.7%	289,088	23.3%
111 - 120 kW	90,509	5.2%	104,477	5.8%	91,787	7.4%
121 - 130 kW	100,622	5.8%	110,255	6.1%	95,555	7.7%
131 - 140 kW	23,946	1.4%	35,990	2.0%	47,831	3.9%
141 - 150 kW	23,700	1.4%	24,688	1.4%	17,721	1.4%
151 - 160 kW	412	0.0%	2,836	0.2%	6,830	0.5%
41-50 kW	9,871	0.6%	7,574	0.4%	5,356	0.4%
51-60 kW	149,750	8.6%	112,759	6.3%	45,927	3.7%
61-70 kW	139,892	8.1%	128,303	7.1%	61,261	4.9%
71 - 80 kW	265,932	15.4%	295,166	16.4%	189,292	15.2%
81 - 90 kW	244,754	14.1%	274,009	15.2%	191,712	15.4%
91 - 100 kW	418,963	24.2%	403,199	22.4%	199,552	16.1%
Total	1,731,358	100.0%	1,800,819	100.0%	1,241,912	100.0%

Table 29: sales of LCVs divided per engine power from 2018 to 2020 in Europe - Dataforce

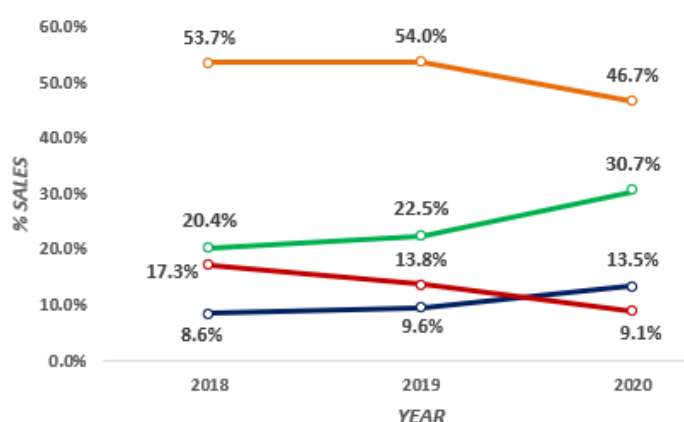


Chart 31: trend of LCVs sales divided per engine power from 2018 to 2020 in Europe

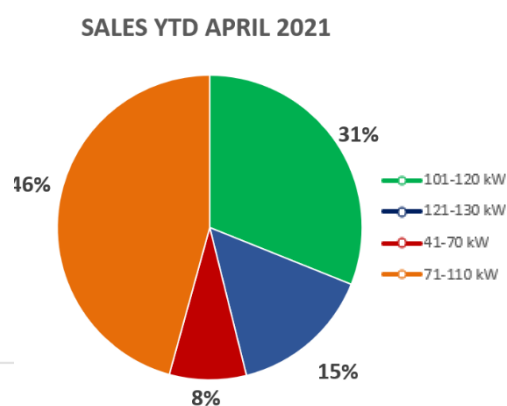


Chart 32: LCVs sales divided engine power in April 2021 in Europe

2.5.8 Transmission

Transmission^[15] can be either automatic or manual. In case of manual transmission, every gear change needs human actions: the driver has to perform manually all gear changes, usually using a shift lever. Instead, in the case of the automatic transmission, the transmission can automatically change gear ratios as the vehicle moves, freeing the driver from changing gears manually. The manual transmission has the advantage to allow drivers more control while driving the vehicle because they can change gear according to their driving style. On the other hand, a manual transmission can cause safety problems while the driver is changing gear: the driver has to release the grip from the steering wheel, and this can be dangerous in case of abrupt maneuvers. The automatic transmission is safer because the driver does not need to use hands to manage the gear, and even less stressful because, especially in urban areas where there are a lot of stops and starts (queues, traffic lights, pedestrians...), the driver can be more relaxed not concerning about gear shifts. On the other hand, an automatic transmission could increase fuel consumption.

2.6 LCV PRICE CONSTRUCTION

The following table shows the price construction of the electric Ducato in the 5 main European markets: Italy, France, Germany, Spain and the United Kingdom. The price list starts from the basic price of the vehicle, which can be enriched with greater power, length or height of the roof, a faster charger, a different version, or a diesel power supply.

DUCATO BEV PRICE-WALK	IT	FR	DE	ES	UK
Base Price: 47KWH 35 MH1	60,800 €	55,900 €	55,400 €	58,810 €	£ 55,675
Modal Price: BGO LH2	62,900 €	59,950 €	57,100 €	60,250 €	£ 60,425
Max Price	86,500 €	82,850 €	78,030 €	78,645 €	£ 81,830
Version:					
47kwh					
79kwh	19,000 €	17,750 €	16,600 €	17,000 €	£ 11,395
Lenght:					
Medium					
Long	1,100 €	1,050 €	1,100 €	840 €	£ 950
Extra Long		2,000 €		740 €	£ 950
Roof:					
H1					
H2	1,000 €	950 €	600 €	1,440 €	£ 800
H3	1,000 €	950 €	1,100 €	655 €	£ 800
Tons:					
3.5					
4.2	2,500 €	1,150 €	1,730 €		£ 2,000
Base					
Trim 1		3,100 €			£ 1,505
Cab vs Van					
	- 500 €	-600	- 600 €	- 500 €	-£ 200
People vs Van					
			2,500 €	2090	£ 1,000
Charger					
1U9 - 11kw charger	2000	1390	1500	1400	1495
1UA - 22kw charger	5000	4200	3000	4250	3965
07E - Fast Charge	3000	2350	2500	2100	2295
Prezzo Diesel S7 MT Van 295					
	28100	19890	21380	32425	27825
Δ Diesel S7 AT Van 295					
		3000	2940	2795	
total discount FbD					
	30%	23%	23%	23%	24%
total discount F2+10 FY dealer channel					
	49%	49%	46%	46%	51%
Sconto cliente BEV					
	22%	10%	14%	11%	15%

Table 30: Price-walk construction of BEV Ducato – Stellantis internal data

2.7 MARKET ANALYSIS: SURVEY and NETWORK EVIDENCE

As highlighted in the market analysis of the commercial vehicle segment, fleet managers are rational buyers, so purchasing decisions are conditioned by practical considerations. This aspect emerged in the survey carried out among customers with different types of activities, who rated the importance which they attribute to the

various criteria in the purchase phase from 1 to 5 (1 - "not important", 5 - "very important"). The most important factor is the functionality of the vehicle, coherent with the interest of business customers, and the perceived quality of both the manufacturer brand and in terms of vehicle reliability. Subsequently, the price and TCO are considered, as factors that directly impact on the cash flows of the business, while less important criteria, albeit always relevant, are the presence of the purchase and repair centers, the option of leasing payments or rates and the presence of special offers for the purchase of fleets^[16].

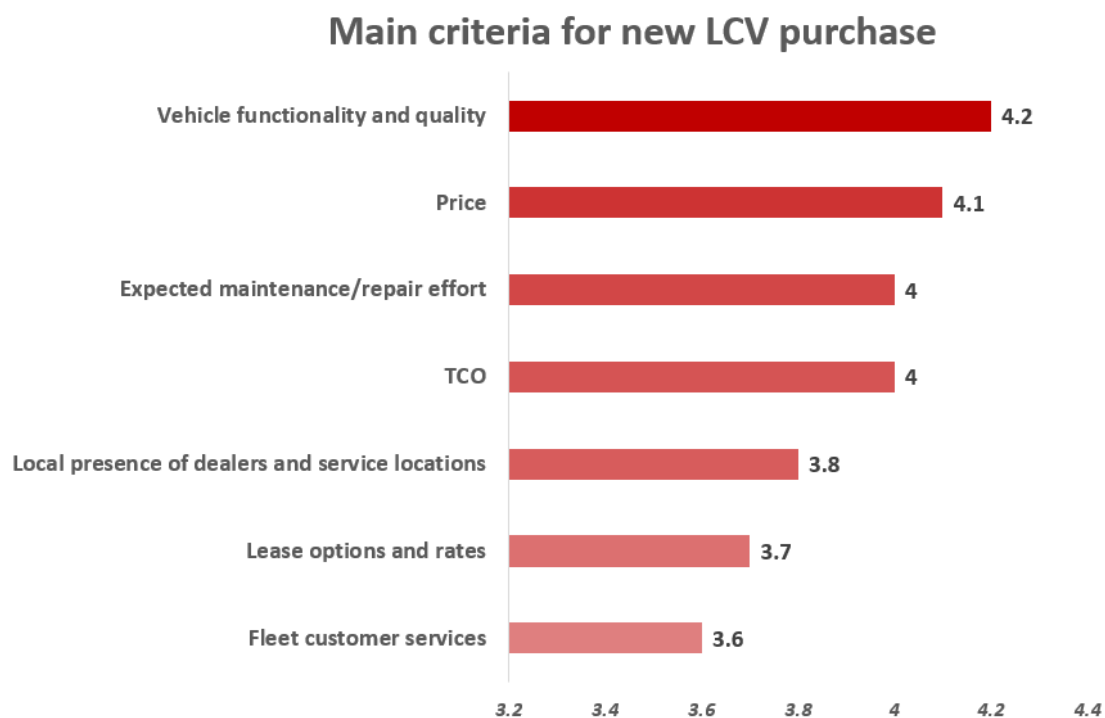


Chart 33: Main criteria of new LCV purchase – *adlittle.com* – Schlosser, 2019

2.8 LCV MARKET TREND

The graph shows the trend of passenger cars (PC) and light commercial vehicles (LCV) sales in the last 17 years (from 2004 to the preemptive sales of 2021) all over the world^[17]. The LCV market has maintained a positive trend, and the sales decrease between 2008 and 2009, due to the financial crisis of 2008, is less significant than in the cars market. LCV market shows a faster recovery than the one of passenger cars, explained because LCV are used for professional purposes, and therefore they are more

needed than passenger cars, even in times of crisis. In fact, LCV market kept growing, maintaining its trend, and reaching pre-crisis level in 2018. The main causes of this positive trend are:

- Urbanization: more people are living in cities, requiring more vehicles intended for the carriage of passengers and goods,
- E-commerce growth, it causes an increase of the packs' number expectations, so more vehicles were needed for the carriage of freight,
- Increase of people's expectation: people expect better service levels, requiring sellers of goods and services to adapt using new management principles, for example arranging smaller but more frequent deliveries improving the timing of shipping, and therefore more vehicles are needed.

VEHICLE TYPE	SALES FY 2004	SALES FY 2006	SALES FY 2008	SALES FY 2009	SALES FY 2010	SALES FY 2012	SALES FY 2014	SALES FY 2016	SALES FY 2018	SALES FY 2020	SALES PREV FY 2021
LCV	11,571,260	12,439,423	12,022,766	11,685,742	14,039,958	14,616,768	15,100,409	15,114,692	15,333,142	13,723,790	14,599,891
PC	49,732,159	53,843,432	54,198,564	52,336,911	58,659,521	65,099,907	71,439,759	77,106,104	78,387,090	62,749,943	68,775,341
Total	61,303,419	66,282,855	66,221,330	64,022,653	72,699,479	79,716,675	86,540,168	92,220,796	93,720,232	76,473,733	83,375,232

Table 31: sales from 2004 to 2021, divided between LCV and PC, all over the world - Dataforce

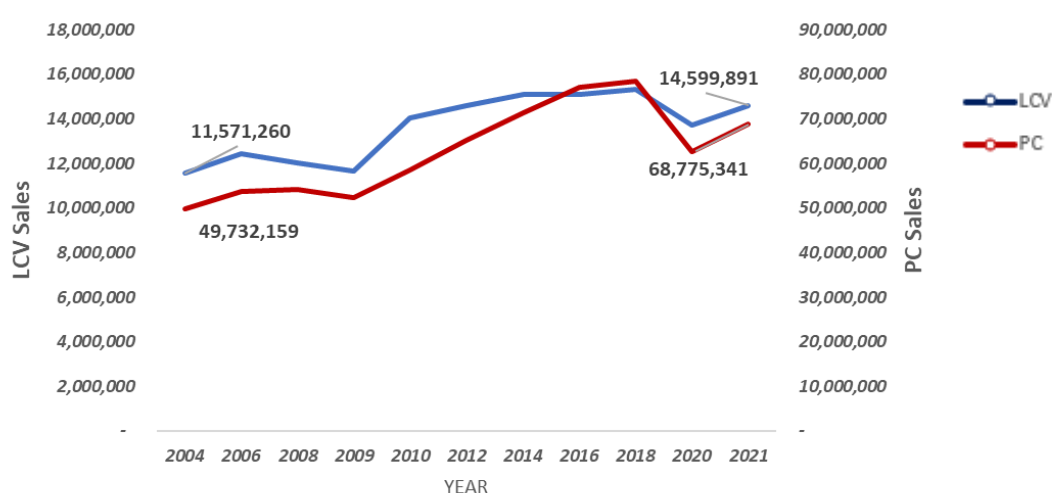


Chart 34: trend of sales from 2004 to 2021, divided between LCV and PC, all over the world

The follow graph shows the evolution of the sales trend of LCV market in the different areas from 2004 to forecasts 2021, according to the Stellantis geographic

segmentation. North American was the bigger LCV market in 2004, but China did not stop to grow during the crisis of 2009, becoming the largest market for volumes. In 2021 North American market prospects to grow faster after the Covid pandemic, so it's already becoming the largest area in terms of volumes (30% market share in 2021). India + Asia and Enlarged Europe looks quite aligned, and in 2021 they'll recover the volumes lost in 2009 and 2019, reaching more sales than 2006 (16% of total volumes sold). Middle East + Africa and South America presents a similar trend (6% of market share), but for them the growth of volumes is quite slow, due to the poor economy of these countries.

STELLANTIS SEGMENT	SALES FY 2004	SALES FY 2006	SALES FY 2008	SALES FY 2009	SALES FY 2010	SALES FY 2012	SALES FY 2014	SALES FY 2016	SALES FY 2018	SALES FY 2020	SALES PREV FY 2021
China	1,958,315	2,398,713	2,877,578	4,321,500	5,367,716	4,967,797	5,052,685	4,528,308	3,867,060	3,886,076	3,803,909
Enlarged Europe	2,230,378	2,447,456	2,531,761	1,864,957	1,998,505	1,979,087	2,061,673	2,441,896	2,720,691	2,296,061	2,399,803
India + Asia + Pacific	2,032,069	2,155,764	1,989,258	1,825,645	2,261,489	2,698,714	2,506,589	2,496,695	2,940,959	2,225,576	2,477,917
Middle East & Africa	801,733	980,396	1,054,454	982,309	1,137,987	1,178,870	1,192,222	968,955	750,213	628,826	662,083
North America	4,027,282	3,814,772	2,785,855	2,011,217	2,337,831	2,693,634	3,199,211	3,810,148	4,055,822	3,916,527	4,346,546
Rest of World	76,441	96,361	68,190	43,481	65,733	49,730	45,549	63,185	62,763	45,038	52,687
South America	445,042	545,961	715,670	636,633	870,697	1,048,936	1,042,480	805,505	935,634	725,686	856,946
Total	11,571,260	12,439,423	12,022,766	11,685,742	14,039,958	14,616,768	15,100,409	15,114,692	15,333,142	13,723,790	14,599,891

Table 32: sales from 2004 to 2021, divided between Stellantis segments, all over the world - Dataforce

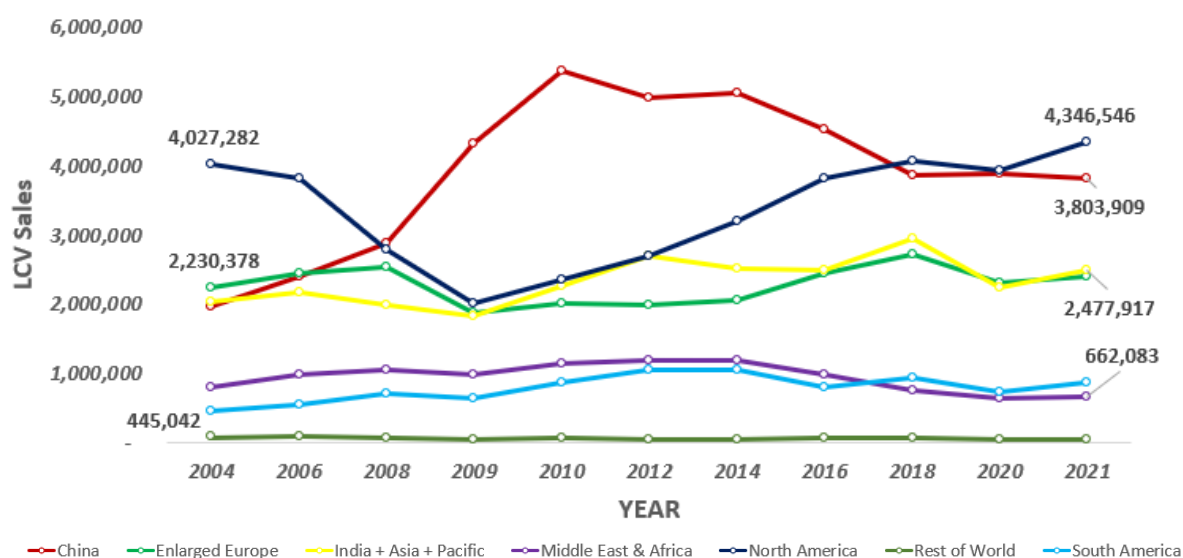


Chart 35: trend of sales from 2004 to 2021 all over the world, divided by Stellantis segments

The previous graphs also highlighted the decline in sales for all areas due to the Covid-19 pandemic^[18]. The COVID-19 crisis has resulted in disruptions in production operations and in the supply chain of all brands, lower capacity utilization, plant shutdowns and unfavorable movements of working capital (for example because in terms of established supply, during periods where plants were closed, he was required to pay suppliers for components purchased in a previous high-volume environment), negatively impacting the results of all auto companies.

Even if Covid-19 continues to transform the growth of various companies, this event will have a lower impact on the light commercial vehicle industries. The European LCVs market is expected to regain its growth during the forecast period as online retail sales and e-commerce have been rising due to increased penetration of internet connectivity and smartphones, as well as for national lock-down periods. This is expected to result in the increased purchase of LCVs for facilitating the timely delivery of items to buyers. Furthermore, cities are restricting diesel vehicles access through the implementation of ultra-low emissions zones, and government grants, lower running and servicing costs can make electric commercial vehicles an attractive choice for business in the future.

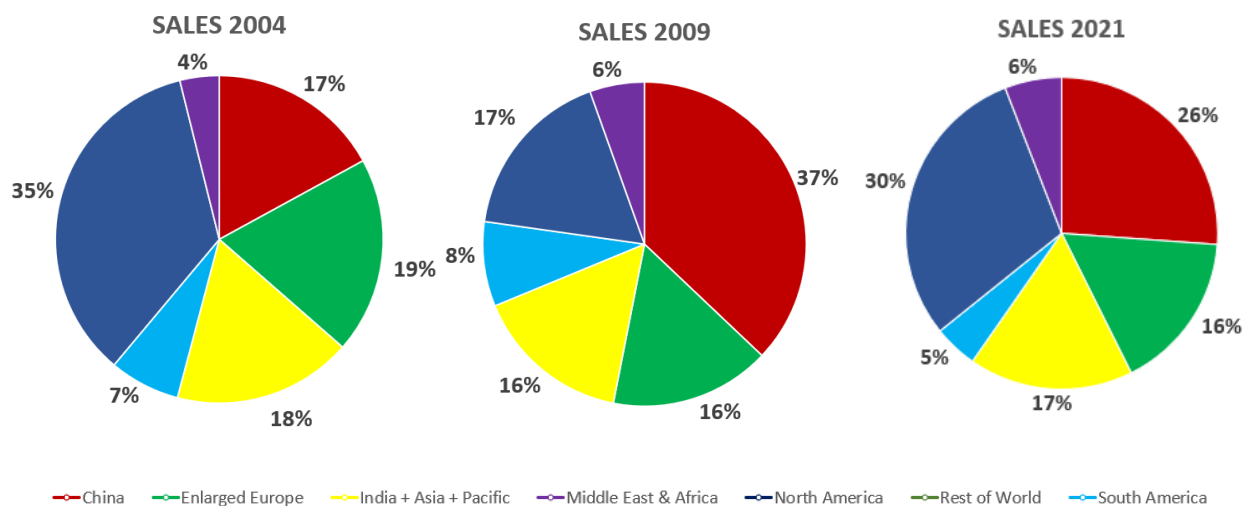


Chart 36: Stellantis sales divided by geographical segment in 2004, 2009 and 2021 - Dataforce

The graph below shows the preemptive sales until 2031, in lines with Stellantis studios. China (-5% market share, -700.000 sales/year in 10 years) and North America (-3% market share, +500.000 sales/year) will reduce their market share, and their volumes will be replaced mainly by India and Asia, (+3% market share, +1million sales/year in 10 years), which will become the second largest market. South America (+600.000 sales/year), Africa (+500.000 sales/year) and Enlarged Europe (+500.000 sales/year) will slowly increase their volumes^[3].

STELLANTIS AREA	SALES 2020	SALES 2021	SALES 2023	SALES 2025	SALES 2027	SALES 2029	SALES 2031
China	3,886,076	3,803,909	3,347,101	3,200,491	3,180,541	3,233,261	3,175,502
Enlarged Europe	2,296,061	2,399,803	2,682,130	2,758,165	2,779,425	2,872,660	2,801,913
India + Asia + Pacific	2,225,576	2,477,917	2,598,488	2,800,094	2,938,908	3,049,688	3,293,418
Middle East & Africa	628,826	662,083	820,910	930,178	1,008,964	1,062,211	1,064,957
North America	3,916,527	4,346,546	4,437,815	4,429,929	4,366,398	4,388,454	4,322,990
South America	725,686	856,946	931,862	1,014,911	1,109,860	1,200,162	1,285,508
Total	13,678,752	14,547,204	14,818,306	15,133,768	15,384,096	15,806,436	15,944,288

Chart 38: preempted sales from 2021 to 2031, divided between Stellantis segments, all over the world - Dataforce

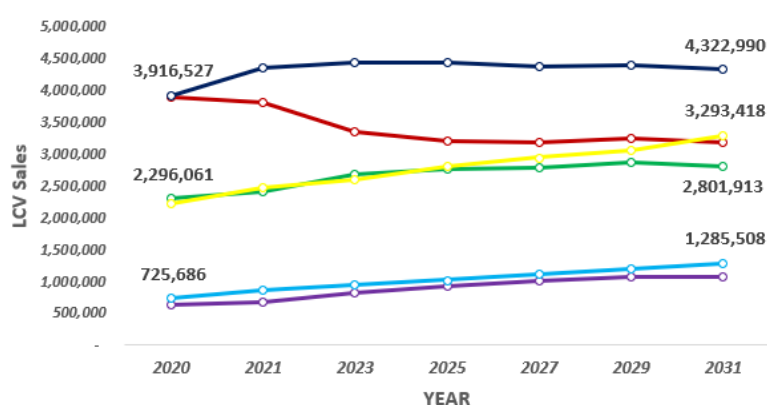


Chart 39: pre-empted trend of sales from 2021 to 2031, divided by Stellantis segments, all over the world

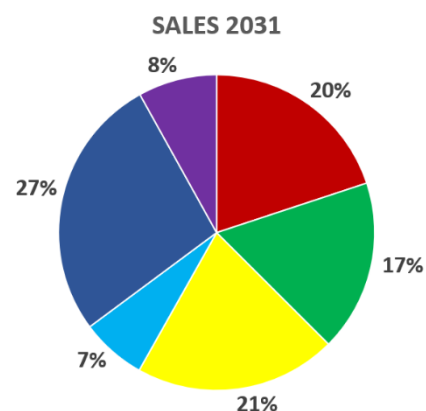


Chart 37: pre-empted Stellantis sales divided per geographical segments in 2031

China Enlarged Europe India + Asia + Pacific Middle East & Africa North America Rest of World South America

2.8.1 LCV Enlarged Europe Market (EE)

Enlarged Europe market includes the 27 members of the European Union, the UK and the members of the European Free Trade Association. The area includes also all the other European countries and Russia, Uzbekistan, Kazakhstan and the French

island of Reunion. The European Free Trade Association (EFTA) is the intergovernmental organization of Norway, Switzerland, Iceland and Liechtenstein, set up in 1960 by seven Member States for the promotion of free trade and economic integration between its members.

Enlarged Europe volumes currently (2021) cover 16% of total sales, with a forecast of almost 2.4 million commercial vehicles sold. Volumes increased of 10% between 2010 and 2015, of 8% between 2015 and 2021 and a growth of 15% of volumes is estimated to the 2025^[3].

The volumes of the top 10 European countries cover more than 80% of total sales, which are concentrated in the west of the continent. In 2010 France was the country with the highest demand for commercial vehicles, but due to the decrease in demand and the slow recovery, disadvantaged by the actual pandemic, it was overtaken by Germany and in 2025 it is expected to be aligned with the United Kingdom. Netherlands and Poland managed to maintain a positive demand trend, while Sweden was overtaken by Switzerland and, in 4 years, by Austria. Italy, like France and Russia, experienced a large decline in demand for commercial vehicles in 2015, and the starting level was reached in 2021, while Spain kept the volumes growing and will become the 4th European country for sales in 2025.

COUNTRY	SALES 2010	SALES 2015	SALES 2021	SALES 2025	SALES 2031
Austria	37,890	49,324	51,039	60,941	64,123
Belarus	3,903	3,918	4,288	6,570	7,830
Belgium	83,991	87,531	93,246	101,360	99,869
Bosnia-Herzegovina	945	1,029	1,358	1,998	1,908
Bulgaria	3,285	5,953	5,115	6,939	7,535
Croatia	3,797	6,330	7,525	10,123	10,128
Cyprus	8,303	1,475	1,868	2,392	2,725
Czech Republic	24,860	31,250	33,277	38,078	38,883
Denmark	14,458	25,776	29,087	25,269	25,443
Estonia	2,028	4,400	5,805	6,891	6,835
Finland	14,460	14,419	16,320	16,808	17,114
France	372,933	338,386	398,778	414,062	405,088
Germany	361,669	421,014	518,816	505,063	487,624
Greece	11,451	6,137	8,612	13,560	14,253
Hungary	9,528	20,891	31,324	29,371	26,399
Iceland	241	1,592	1,592	1,828	1,987
Ireland	8,073	18,870	18,967	18,590	18,452
Italy	199,145	135,705	159,037	188,384	179,508
Kazakhstan	4,555	8,585	7,607	14,637	17,296
Latvia	883	2,880	3,536	4,062	5,215
Lithuania	1,309	3,243	4,935	7,624	8,960
Luxembourg	5,095	5,955	6,869	6,282	5,667
Macedonia	1,007	720	907	1,233	1,476
Malta	376	596	524	631	673
Netherlands	55,767	61,730	68,304	78,115	71,034
Norway	27,831	33,957	39,757	39,834	34,120
Poland	52,863	64,492	76,977	94,532	95,068
Portugal	33,761	27,539	31,558	47,873	52,441
Reunion	4,166	4,975	4,960	5,924	6,041
Romania	9,436	15,504	20,315	29,015	31,996
Russia	159,654	113,966	93,018	188,444	245,122
Serbia	2,292	2,755	4,136	5,502	5,996
Slovakia	9,237	11,552	11,583	16,928	20,420
Slovenia	8,527	8,934	13,001	14,599	16,367
Spain	114,823	155,615	157,016	210,816	230,733
Sweden	44,632	53,339	42,249	46,266	47,492
Switzerland	35,507	44,490	51,219	50,543	50,829
Ukraine	12,488	4,246	9,609	19,209	25,368
United Kingdom	237,720	389,121	352,868	412,363	395,913
Uzbekistan	15,616	15,558	12,801	15,506	17,982
Total	1,998,505	2,203,752	2,399,803	2,758,165	2,801,913

Table 33: Stellantis sales in Europe from 2010 to expected sales in 2031 - Dataforce

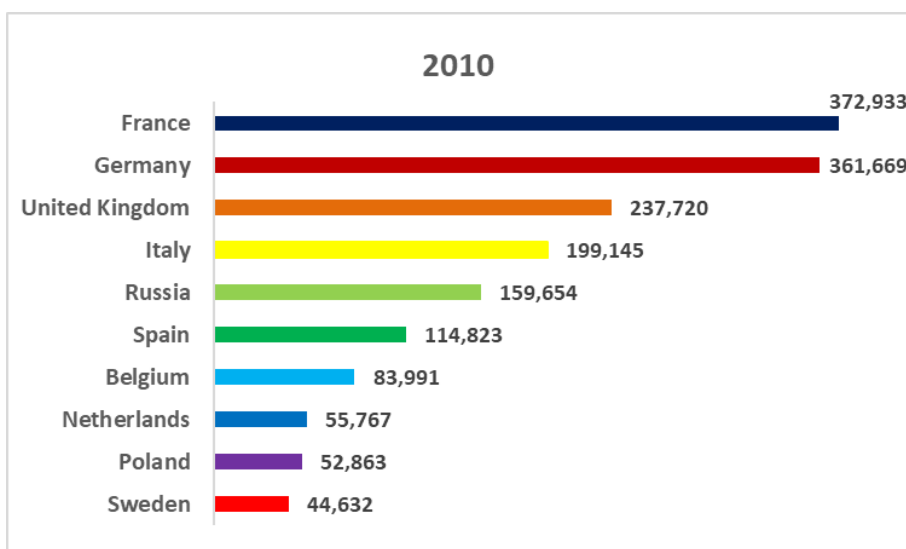


Chart 40: Best 10 European countries for volumes in 2010

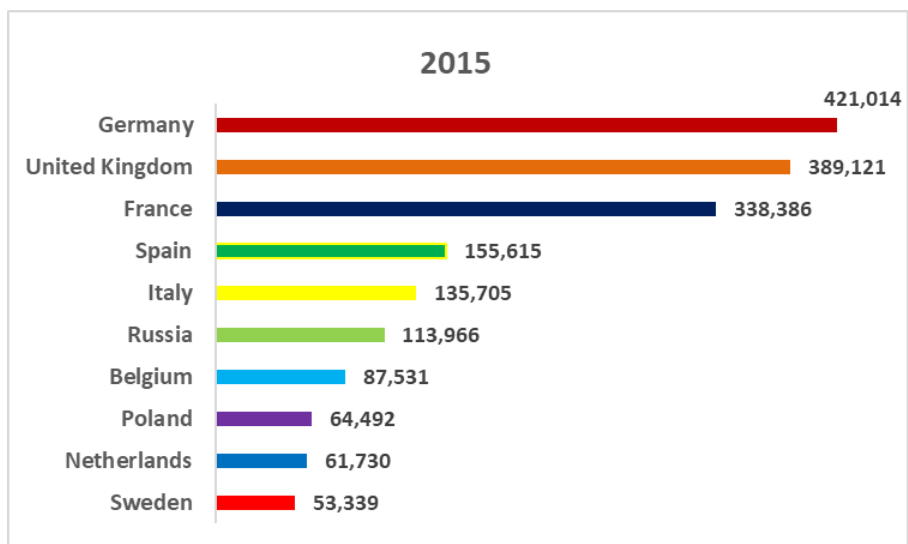


Chart 41: Best 10 European countries for volumes in 2015

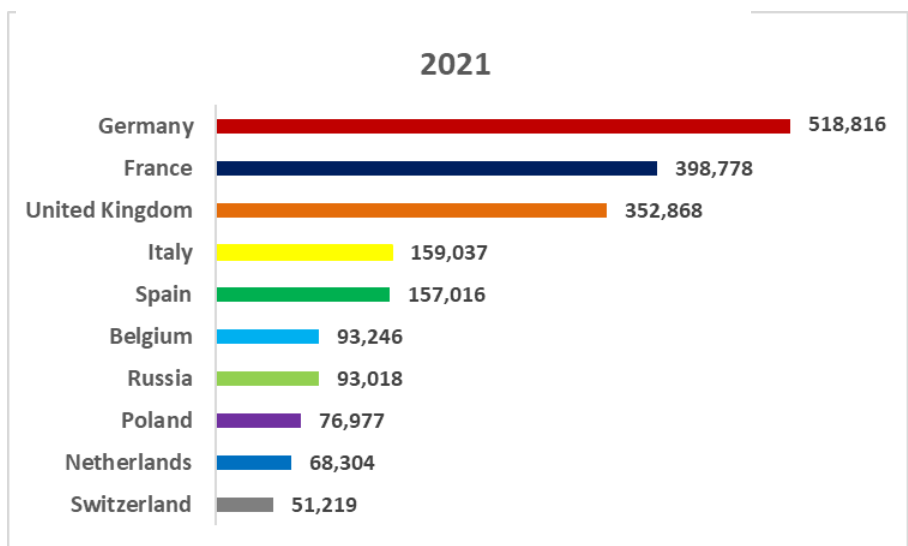


Chart 42: Best 10 European countries for volumes in 2021

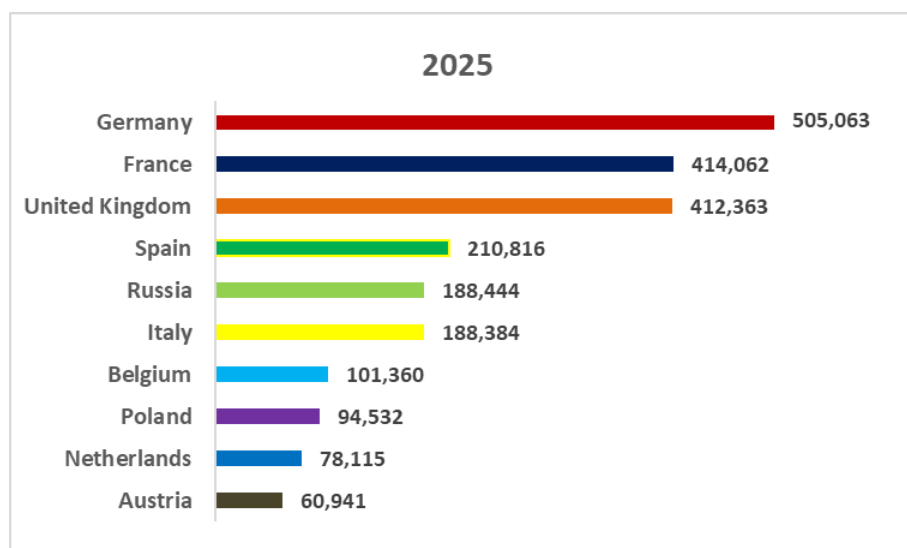


Chart 43: Expected best 10 European countries for volumes in 2025

2.8.2 LCV electric market (BEV)

2.8.3 Policy context: Paris Agreement

The Paris Agreement^[18], signed on 12 December 2015, represents the crucial junction in the context of environmental policies in a global understanding based on the now widespread awareness that the earth is severely subjected to the harmful effects of climate change. The European Commission spoke of a "global breakthrough in strengthening collective action and accelerating the global transition to a low-carbon and climate-resilient society". The conference resulted in the signing of the Paris Agreement which goes beyond the limits of the Kyoto Protocol, overturning its strategy. In fact, binding limits are no longer envisaged for developed countries, but a community strategy is adopted based on the participation of all states while maintaining differentiation through the contribution determined at national level by each state. The most delicate aspect of the Agreement is precisely the abandonment of the top-down strategy, based on the imposition of constraints and sanctions from above in favor of a bottom-up strategy, where each signatory states can self-determinate the methods and levels of emissions.

2.8.4 BEV Market analysis

Before analyzing the growth trend of the electricity market and its prospects, let's start with some findings that come directly from surveys carried out on current and potential business customers.

The main motivation^[16] behind the plans to switch from petrol and diesel to electric motor, recognized by more than 80% of fleet managers, is the need of a more sustainable mobility, which has become increasingly evident over the years given the growth in travel and the consequent environmental impact. The other main advantages encountered by business customers are the prospective savings over the vehicle life cycle (TCO), the possibility of access to financial incentives such as subsidies and tax exemptions, that must therefore be increased, and the advantages in daily operations, like the access to urban areas with limited transit.

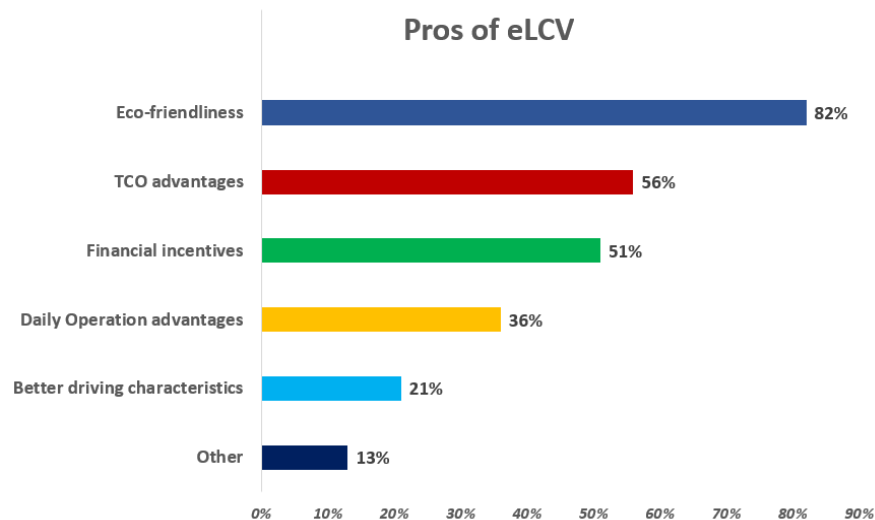


Chart 44: Main pros of electric LCV (eLCV) – Arthur D. Little analysis, adlittle.com

Another important question asked to explain the trend in electric commercial vehicles is why, in previous purchases, customers have preferred a diesel or petrol vehicle. This survey lets to better understand the preconceptions and barriers to selling electric motors. The main reason, expressed by more than 50% of customers, lies in the limited range that vehicles can travel with on a single charge, which significantly slows down operations. Other important cons are the high purchase price and the lack of recharging points, which make the use of the electric vehicle less efficient.

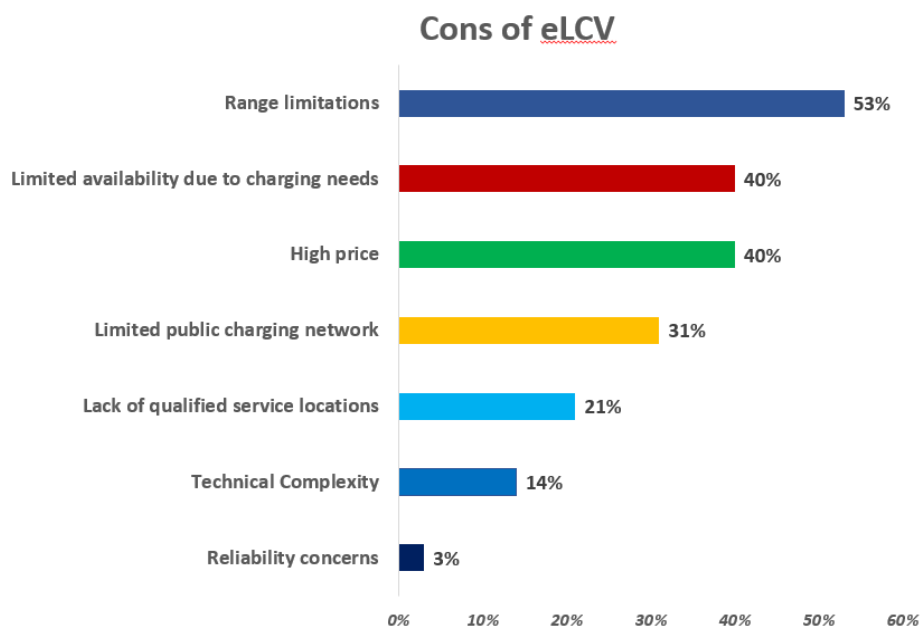


Chart 45: Main cons of electric LCV (eLCV) - Arthur D. Little analysis, adlittle.com

On the other hand, referring the question to the current owners of fleets with electric vehicles, problems similar to those previously foreseen emerged in the daily activities. In day-to-day operations, limited battery life negatively affects vehicle performance, as evidenced by 53% of owners surveyed, and the limited number of charging points and the technical complexity of operations inhibit the willingness to buy additional electrical commercial vehicles.

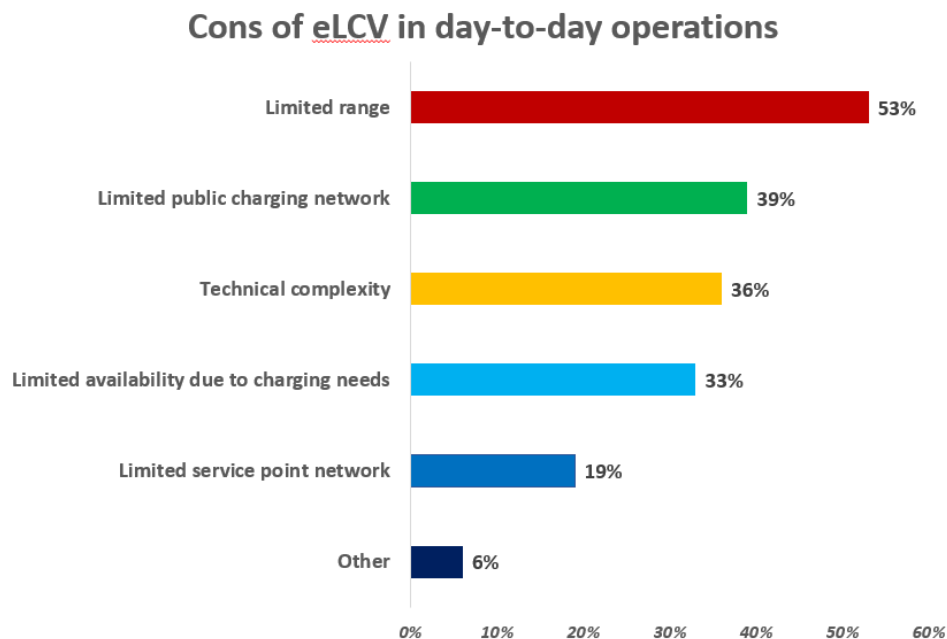


Chart 46: Main cons of electric LCV (eLCV) in daily operations - Arthur D. Little analysis, adlittle.com

Huge investments in technology and infrastructure are required to resolve the critical issues highlighted. The technology path should be developed and easily adapt to the specific use of the vehicle. Commercial vehicles are custom-built to meet needs concerning load and operation which results in a large variety and low production volume of different vehicle configurations. Plug-in hybrids and full electric vehicles are well suited for urban and regional operation where charging and dynamic power transfer infrastructure can be developed to an integrated transport system. Longer distance and heavier transports are more suitable for conventional hybrids, plug-in hybrids, and possibly dynamic power transfer due to the physical limitations of on-board electric energy storage.

2.8.5 Bev LCV Trend

The graph below shows the trend of the European volumes of LCV's sales in the main 8 countries, divided by fuel^[3]. Electric commercial vehicle is the only segment that increased the volumes even during the pandemic of Covid-19, growing of 69% in 2 years. The main reasons are:

- The rapid urbanization, stringent emission regulations and advancements in battery technology are expected to fuel the demand for electric LCVs during the forecast period. The market is already witnessing the adaptation of electric passenger vehicles in developed countries, and the start-ups and major players in the LCV market are planning to introduce their new electric models in the coming years.
- The population in urban areas is growing rapidly, owing to which, governments across the world are planning to ban diesel cars and vans. Cities are restricting the access of diesel vehicles through the implementation of ultra-low emissions zones. Additionally, government grants, lower running and servicing costs, and access to ultra-low emissions zones can make electric commercial vehicles an attractive choice for business in the future.
- The EV battery range is growing rapidly. New models are being launched in the market with a range of up to 600 miles, and trucks and vans' body sizes are bigger compared to passenger cars, thus, they can accommodate more batteries for a longer range.

With the growing demand for electric vehicles, business owners have started replacing their existing fleets to electric vehicles, and market players are announcing the expected launch of their new electric models. In 2019, Renault Group launched two hydrogen-electric commercial vehicles, namely, MASTER Z.E. Hydrogen and KANGOO Z.E. Hydrogen and nowadays companies are expanding their presence by forming strategic alliances with other players in the market and launching new electric LCVs.

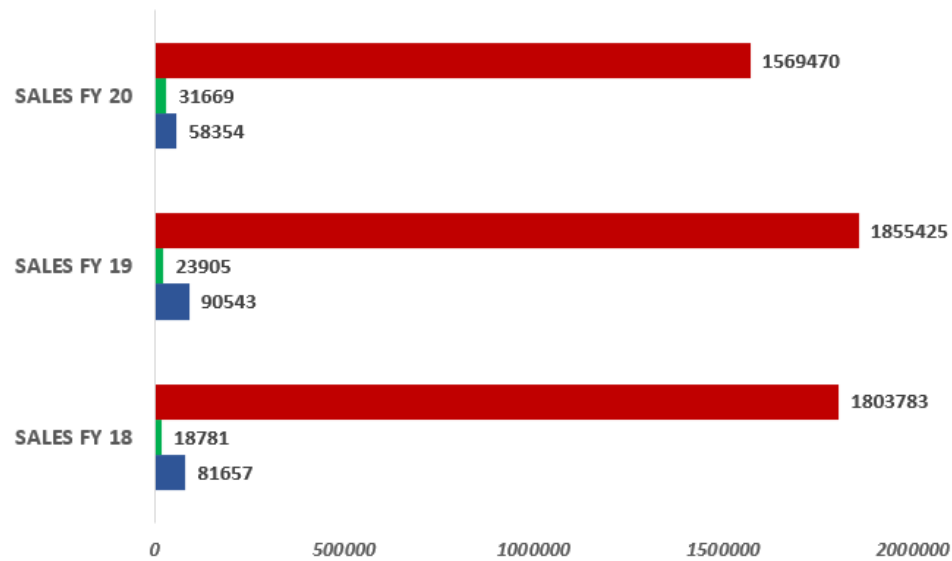


Chart 47: Stellantis sales from 2018 to 2020, divided by fuel power, in the 8 main European countries - Arthur D. Little analysis, adlittle.com

In the new report from "Electric Vans 2020/2030"^[19], forecasts announce that global Bev LCV production will exceed 2.4 million units per year by 2030. Indeed, the light commercial vehicle market is in a unique position to facilitate the transition from diesel/petrol to electric vehicles. Business customers primarily base their purchasing decisions on vehicle life cycle costs (TCO), and although the initial cost of electric light commercial vehicles is currently higher than an equivalent diesel model, the significant savings on operating costs deriving from the use of electricity as fuel and improved amortization of costs. Significant economy-of-scale savings on the cost of electrical components and vehicle manufacturing will be achieved in the next decade, and companies will have a competitive advantage in using electric vans due to lower battery pack prices and improved electric drive efficiency. The addition of road tolls for diesel vehicles in low-emission zones within urban centers will heavily swing the TCO budget in favor of electric light commercial vehicles, and state incentives will lower the initial barrier of high engine prices electrical. Over the next few years, companies will conduct large-scale pilot projects to establish that eLCVs meet their operational range, load capacity, payload and reliability requirements, to raise

awareness and accelerate the replacement of older diesel light commercial vehicles with eLCVs.

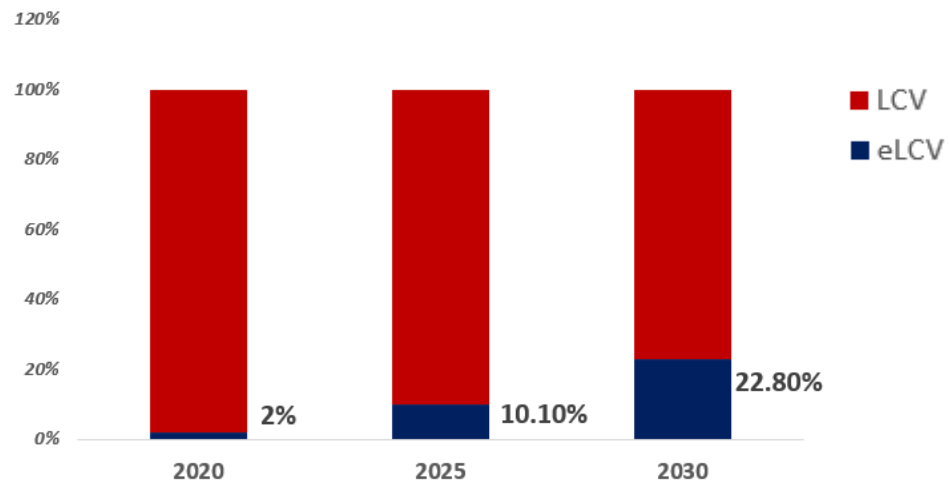


Chart 48: Stellantis expected volumes all over the world, divided between LCV and eLCV from 2020 to 2030 - IDTechEx Electric vans 2020-2030 ACEA

2.9 LCV BATTLE GROUND: COMPETITORS AND MARKET SHARE

The light commercial vehicle market is certainly one of the most profitable, given the low production costs, but due to the difficulty of differentiating the individual models it is hard to acquire competitive advantages and consistent market shares.

2.9.1 Competitiveness of LCV European market

Stellantis includes 4 different brands in the LCV segment: Fiat Pro, Citroen, Peugeot and Opel/Vauxhall. The main competitors in the European market are Renault, part of the Renault-Nissan-Mitsubishi Group, and Ford.

2.9.2 EU28+EFTA Brand ranking for registrations

























BRAND	SMALL SIZE VAN 1B	MID-SIZE VAN 2P	LARGE SIZE VAN X250
	 Doblò	 Talento	 Ducato
	 Berlingo	 Jumpy	 Jumper
	 Partner	 Expert	 Boxer
	 Combo	 Vivaro	 Movano
	 Kangoo	 Trafic	 Master
	 Transit Connect	 Transit Custom	 Transit

Table 34: Main model of LCVs available in Europe, divided by segment and market player – Stellantis internal data

The table below shows the ranking of the brand for number of registrations in 2019 and 2020 in the 28 European countries + EFTA countries^[3]. Although the number of registrations has decreased for almost all brands due to Covid pandemic, Fiat Pro has managed to increase its market share by almost 1%, mainly thanks to the release of the new Ducato. On the other hand, several brands have decreased their share of volumes as Renault and Volkswagen (almost -1%), and Nissan (-0.5%). Toyota and

Man are the only brands that have managed to increase the number of commercial vehicles registered despite the pandemic.

FY 2019			FY 2020			2020 vs 2019	
BRAND	Reg.	M.Share	BRAND	Reg.	M.Share	ΔReg.	ΔMS
Ford	386,757	16.5	Ford	334,886	17.1	- 51,871	0.6
Renault	325,636	13.9	Renault	254,785	13.0	- 70,851	-0.9
Volkswagen	316,127	13.4	Volkswagen	245,801	12.5	- 70,326	-0.9
Mercedes	243,287	10.3	Fiat Pro	218,221	11.1	- 24,547	0.8
Fiat Pro	242,768	10.3	Mercedes	212,196	10.8	- 31,091	0.5
Peugeot	235,024	10.0	Peugeot	190,934	9.7	- 44,090	-0.3
Citroen	199,950	8.5	Citroen	163,728	8.3	- 36,222	-0.2
Opel	108,536	4.6	Opel	97,775	5.0	- 10,761	0.4
Iveco	65,745	2.8	Toyota	62,336	3.2	939	0.6
Toyota	61,397	2.6	Iveco	54,114	2.8	- 11,631	0.0
Nissan	55,548	2.4	Nissan	37,220	1.9	- 18,328	-0.5
Mitsubishi	25,439	1.1	Mitsubishi	18,451	0.9	- 6,988	-0.2
Dacia	25,387	1.1	Dacia	16,031	0.8	- 9,356	-0.3
Isuzu	18,370	0.8	Man	14,248	0.7	2,398	0.2
Man	11,850	0.5	Isuzu	11,024	0.6	- 7,346	-0.2
Ram	5,058	0.2	Ram	4,894	0.2	- 164	0.0
Piaggio	4,062	0.2	Piaggio	3,954	0.2	- 108	0.0
Hyundai	2,117	0.1	Streetscooter	3,438	0.2	3,438	0.2

Table 35: Ranking of the brands for number of registrations in 2019 and 2020 in the 28 European countries + EFTA countries - Dataforce

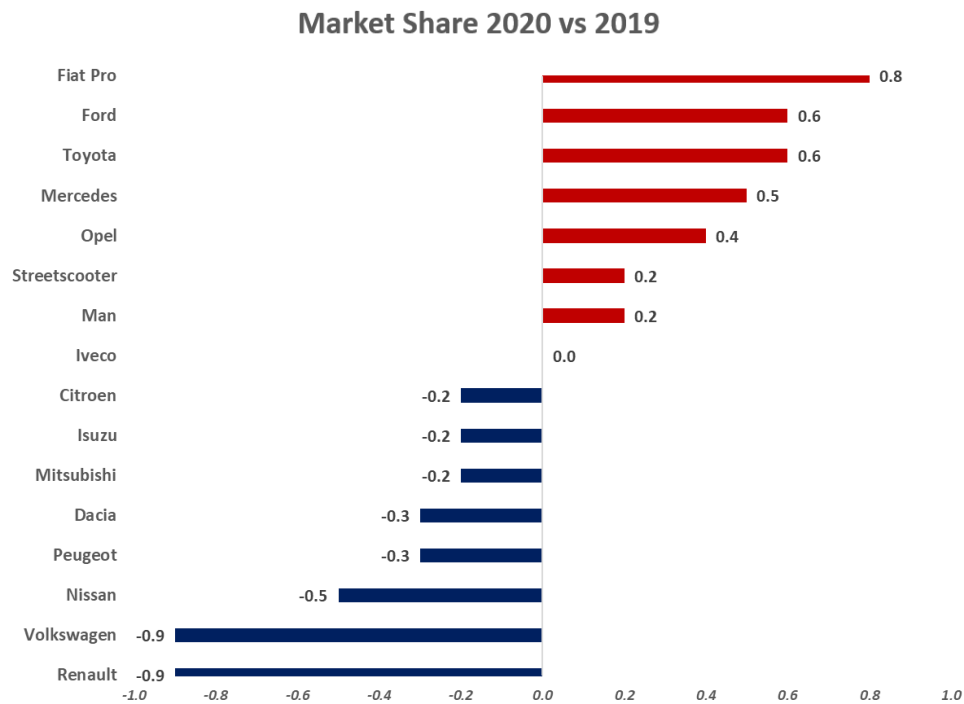


Chart 49: Delta market share of the main brands for number of registrations in 2019 and 2020 in the 28 European countries + EFTA countries

Stellantis is currently the market leader in light commercial vehicles, covering 34% of volumes. It is followed by the Renault-Nissan-Mitsubishi Group (16%) and Volkswagen (12%).

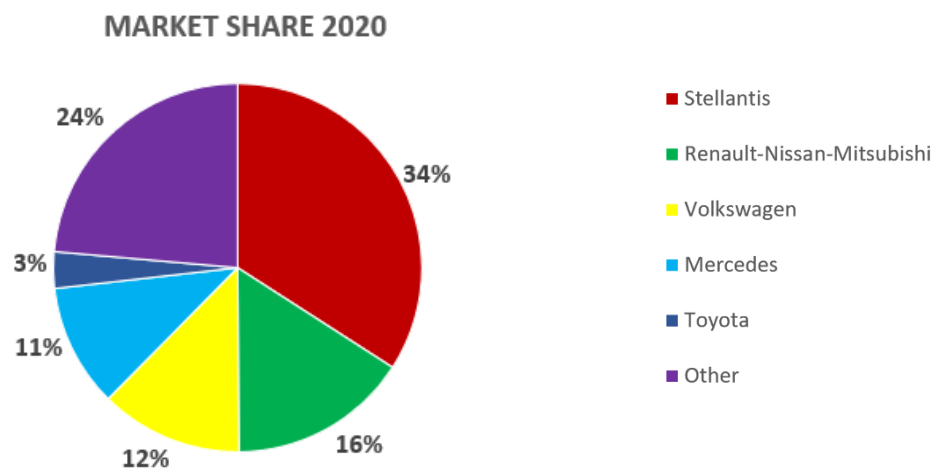


Chart 50: Market share of the main brands in Europe, 2020

2.9.3 EU28+EFTA Model ranking for registrations

The table below shows the ranking of the model for number of registrations in 2019 and 2020 in the 28 European countries + EFTA countries. The market records a decline in volumes linked to the pandemic for all models except for the Ducato of the Stellantis Group, which in fact reaches the first place for market share, accounting for 7.6% of European sales of light commercial vehicles. Ford's Transit Custom, Mercedes Sprinter and Renault Master also increase their share compared to 2020, despite the drop in registrations, while the Volkswagen Transporter loses 0.5%. The Renault Kangoo is the model with the greatest loss, 0.7%, selling 30,000 units less than in 2019^[3].

FY 2019			FY 2020			2020 vs 2019	
MODEL	Reg.	M.Share	BRAND	Reg.	M.Share	ΔReg.	ΔMS
Transporter	165,959	7.1	Ducato	148,694	7.6	10,484	1.7
Transit Custom	148,584	6.3	Transit Custom	141,800	7.2	- 6,784	0.9
Ducato	138,210	5.9	Transporter	129,628	6.6	- 36,331	-0.5
Sprinter	134,089	5.7	Sprinter	126,114	6.4	- 7,975	0.7
Transit	113,243	4.8	Master	92,366	4.7	- 6,163	0.5
Traffic	98,597	4.2	Transit	90,259	4.6	- 22,984	-0.2
Master	98,529	4.2	Traffic	75,372	3.8	- 23,225	-0.4
Kangoo	90,349	3.8	Vito	70,782	3.6	- 12,697	0
Vito	83,479	3.6	Partner	64,544	3.3	- 16,127	-0.1
Partner	80,671	3.4	Kangoo	60,701	3.1	- 29,648	-0.7
Berlingo	69,491	3	Berlingo	59,189	3	- 10,302	0
Daily	65,743	2.8	Boxer	56,022	2.9	- 7,162	0.2
Boxer	63,184	2.7	Daily	54,113	2.8	- 11,630	0
Caddy	63,116	2.7	Crafter	53,722	2.7	- 9,293	0
Crafter	63,015	2.7	Jumper	50,563	2.6	- 7,812	0.1
Expert	62,155	2.6	Expert	49,782	2.5	- 12,373	-0.1
Jumper	58,375	2.5	Caddy	45,911	2.3	- 17,205	-0.4
Ranger	53,066	2.3	Ranger	43,388	2.2	- 9,678	-0.1
Vivaro	48,894	2.1	Transit Connect	37,970	1.9	- 9,414	-0.1
Doblo Cargo	48,082	2	Vivaro	37,614	1.9	- 11,280	-0.2
Transit Connect	47,384	2	Jumpy	35,173	1.8	- 7,695	0
Jumpy	42,868	1.8	Doblo Cargo	33,220	1.7	- 14,862	-0.3
Combo	32,595	1.4	Combo	29,541	1.5	- 3,054	0.1
Hilux	30,411	1.3	Proace	28,837	1.5	848	0.3
Proace	27,989	1.2	Hilux	25,655	1.3	- 4,756	0
Clio	27,805	1.2	Movano	21,597	1.1	- 2,717	0.1
Dokker	24,746	1.1	Talento	19,645	1	- 4,880	0
Talento	24,525	1	Clio	18,939	1	- 8,866	-0.2
Fiorino	20,653	0.9	Fiorino	11,048	0.6	- 9,605	-0.3
Panda Van	6,660	0.3	Ram 1500	4,891	0.2	- 166	0
Ram 1500	5,057	0.2	Panda van	3,230	0.2	- 3,430	-0.1
Fullback	1,910	0.1	500l Business	1,236	0.1	- 413	0
500l Business	1,649	0.1	Tipo Van	895	0	72	0
Tipo Van	823	0	Fullback	182	0	- 1,728	-0.1
Punto Van	139	0	Punto Van	-	0	- 139	0

Table 36: Ranking of the models for number of registrations in 2019 and 2020 in the 28 European countries + EFTA countries - Dataforce

Market Share 2020 vs 2019

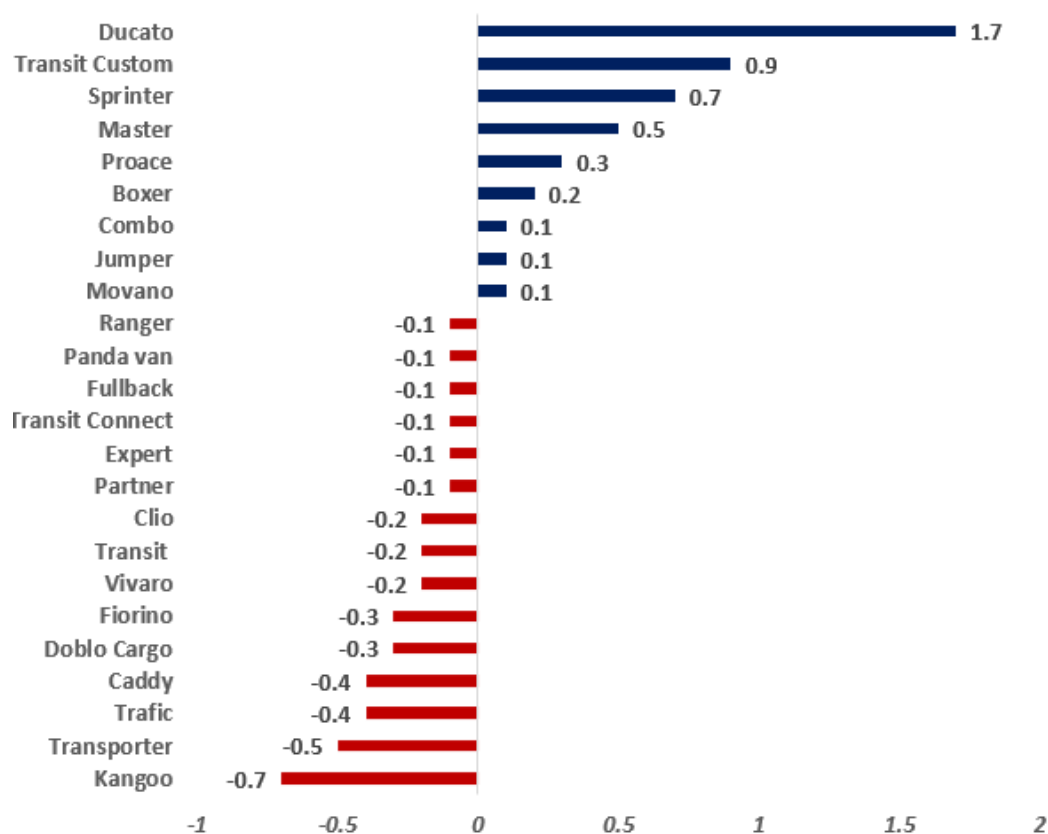


Chart 51: Delta market share of the main models for number of registrations in 2019 and 2020 in the 28 European countries + EFTA countries

2.9.4 1B segment

The sales trend of small commercial vehicles, included in the 1B segment, is particularly fluctuating: compared to 2005, all brands recorded a decline, due both to the crises of 2009 and 2019, and to the tendency of the market to replace the product with larger size vans. PSA is the market leader, and after the merger with FCA they cover almost 50% of volumes in Europe. Renault and Mercedes recorded the largest loss of market share from 2020 to 2015, due to the advance of a new competitor, Toyota, which in 5 years has increased its share by 2%^[3].

GROUP/BRAND	SALES 2005	SALES 2008	SALES 2009	SALES 2012	SALES 2015	SALES 2018	SALES 2019	SALES 2020
Daimler	595	-	-	2,366	17,843	18,438	15,846	10,199
Mercedes-Benz	595	-	-	2,366	17,843	18,438	15,846	10,199
FCA	47,970	78,872	59,110	54,092	58,950	65,348	69,913	44,156
Fiat	47,970	78,872	59,110	54,092	58,950	65,348	69,913	44,156
Ford	65,739	54,629	35,451	27,317	67,116	79,063	75,419	54,845
Ford	65,739	54,629	35,451	27,317	67,116	79,063	75,419	54,845
PSA	237,378	226,253	201,350	173,151	197,076	169,148	187,425	155,461
Citroen	111,528	100,123	97,281	80,195	92,261	75,733	71,029	60,508
Opel	33,065	27,178	16,715	12,597	13,727	14,381	21,756	19,848
Peugeot	71,898	82,760	79,117	75,637	84,540	76,190	81,696	64,525
Vauxhall	20,887	16,192	8,237	4,722	6,548	2,844	12,944	10,580
Renault-Nissan-Mitsubishi	117,119	94,132	74,294	86,243	122,720	127,463	139,817	90,366
Dacia	-	-	-	312	25,498	29,569	29,074	19,278
Lada	-	-	-	-	-	-	-	-
Nissan	7,406	3,785	2,561	12,720	17,287	12,751	13,083	10,101
Renault	109,713	90,347	71,733	73,211	79,935	85,143	97,660	60,987
Toyota	7,315	6,142	7,418	3,182	2,860	3,884	4,075	9,661
Daihatsu	510	2	-	10	-	-	-	-
Piaggio	6,805	6,140	7,418	3,172	2,860	3,884	4,075	3,547
Toyota	-	-	-	-	-	-	-	6,114
Volkswagen	67,305	84,005	60,700	74,880	63,899	68,372	64,878	48,415
SEAT	41	-	-	-	-	-	-	-
Skoda	-	4,982	2,270	2,617	1,251	1	1	-
Volkswagen	67,264	79,023	58,430	72,263	62,648	68,371	64,877	48,415
Total	543,421	544,033	438,323	421,231	530,464	531,716	557,373	413,103

Table 37: Main group-players for volumes in the 1B segment, all over the world, from 2005 to 2020 - Dataforce

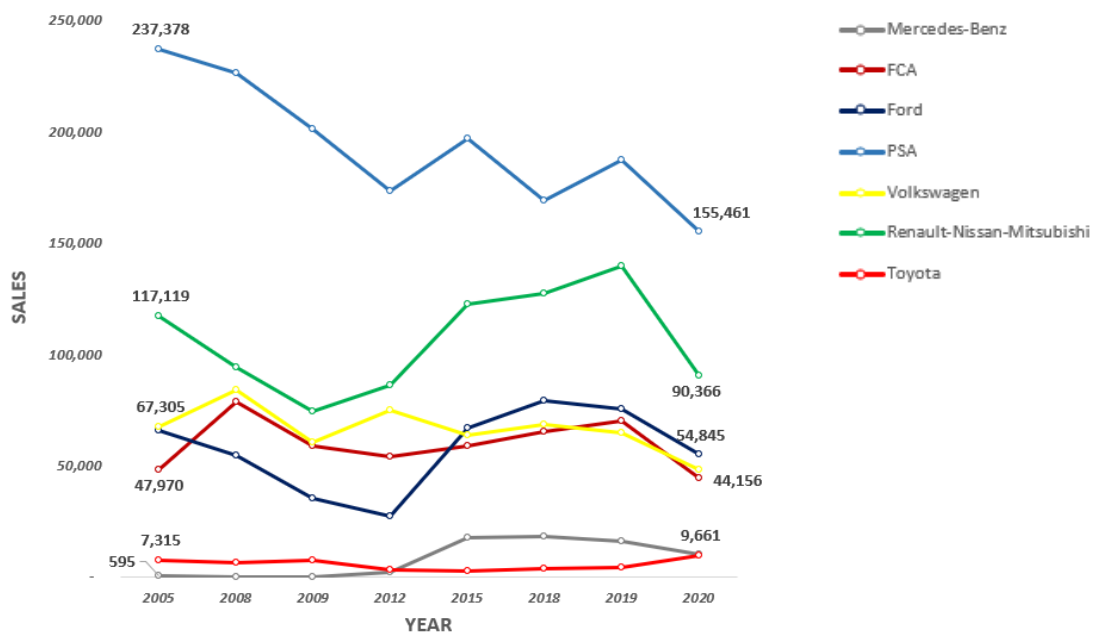


Chart 52: Main group-players for volumes in the 1B segment, all over the world, from 2005 to 2020

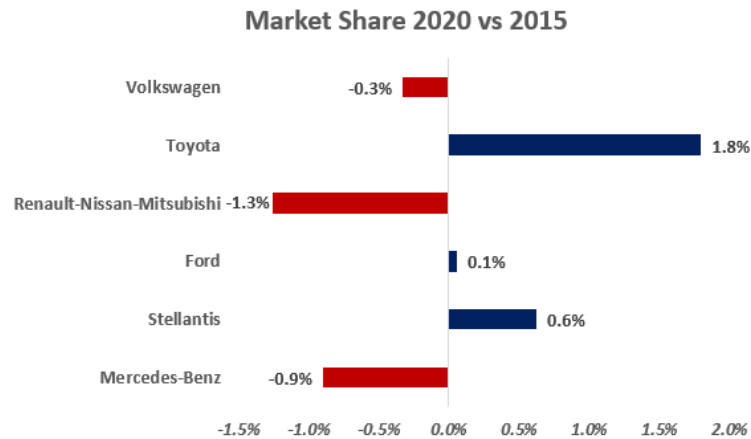


Chart 53: Delta market-share 2020 vs 2015 of 1B segment for the main brands all over the world

The volumes of the 1B segment are estimated to be constant over the next 10 years, as diesel and petrol vehicles will be replaced by electric motors, but commercial customers are increasingly turning to larger vehicles, with better performance and greater load capacity. In 2025, Renault will be the only brand capable of increasing sales by more than 40,000 units per year, thus taking market share from Stellantis and establishing itself as the second brand in the segment with 30% volumes, compared to 40% of FCA and PSA Group together^[3].

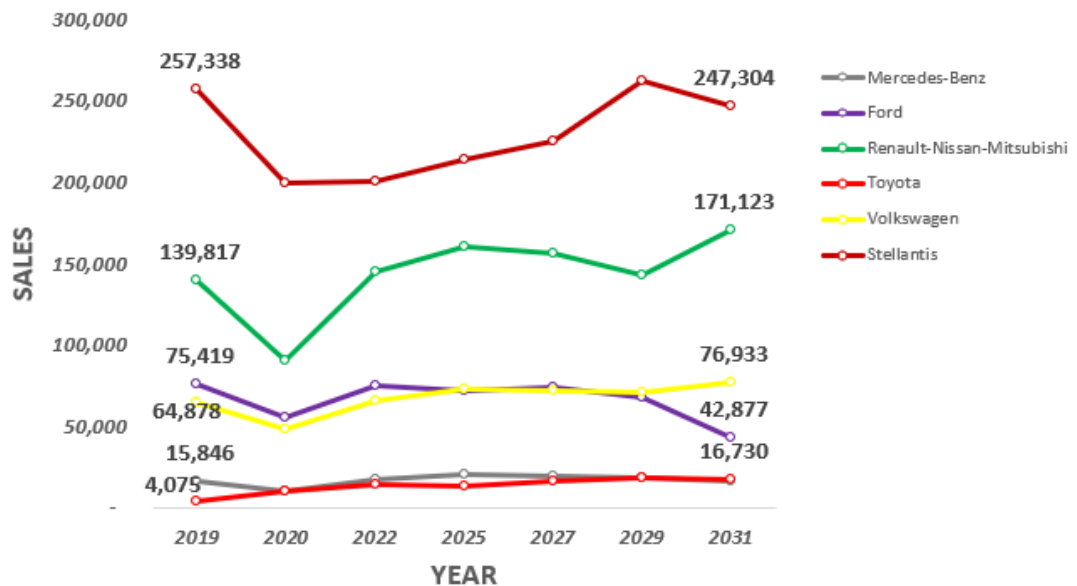


Chart 54: estimated volumes of the main players in the 1B segment, all over the world, until 2031

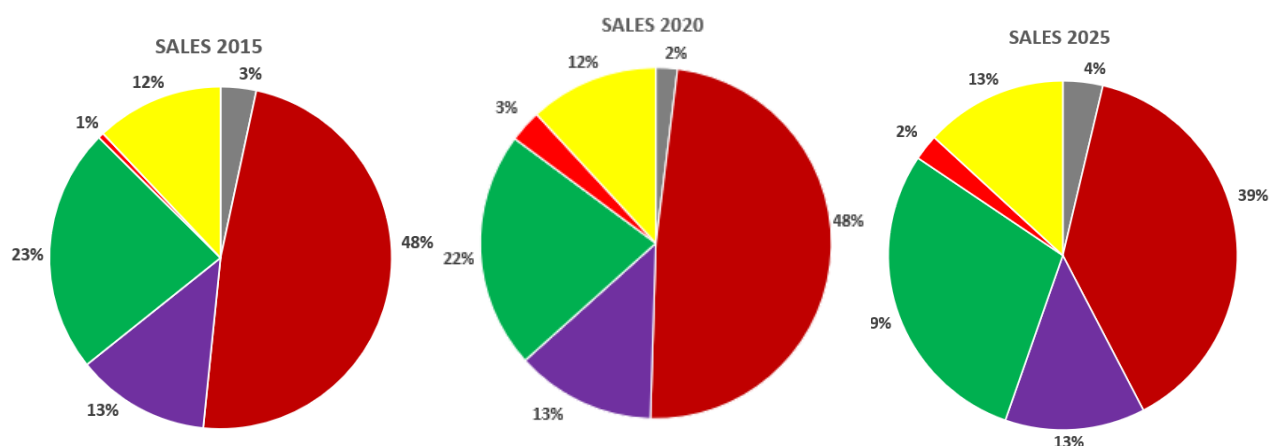


Chart 55: Market share of the main players in the 1B segment all over the world in 2015, 2020 and 2025

2.9.5 2P segment

In the 2P of mid-size van segment, volumes grew for all brands compared to 2005, before plummeting due to the pandemic. The market leader is Stellantis (28%), thanks to sales from Peugeot, Citroen and Opel, while the Fiat Pro Talento has marginal volumes. Ford increased its market share by 3% in 5 years, presenting the highest rate of volume growth in the segment. On the other hand, Volkswagen lost more than 7% of the shares, acquired by Toyota (+3%) and Stellantis (+3%)^[3].

GROUP/BRAND	SALES 2005	SALES 2008	SALES 2009	SALES 2012	SALES 2015	SALES 2018	SALES 2019	SALES 2020
Daimler	60,526	68,597	48,295	53,744	59,205	75,476	81,838	67,926
Mercedes-Benz	60,526	68,597	48,295	53,744	59,205	75,476	81,838	67,926
FCA	21,895	34,239	21,769	16,186	14,917	21,378	24,552	19,170
Fiat	21,895	34,239	21,769	16,186	14,917	21,378	24,552	19,170
Ford	18	1	-	1,254	109,426	151,733	159,357	139,412
Ford	18	1	-	1,254	109,426	151,733	159,357	139,412
Hyundai-Kia	13,324	13,683	7,037	3,020	959	410	654	222
Hyundai	5,300	12,277	6,196	2,926	709	372	615	171
Kia	8,024	1,406	841	94	250	38	39	51
PSA	124,170	135,083	84,655	93,563	123,704	185,181	180,867	146,282
Citroen	30,742	35,576	24,300	24,380	27,907	54,961	56,980	43,221
Opel	45,566	45,605	27,194	28,440	39,194	41,890	32,605	29,542
Peugeot	30,882	36,515	25,970	26,412	27,907	68,207	72,813	57,074
Vauxhall	16,980	17,387	7,191	14,331	28,696	20,123	18,469	16,445
Renault-Nissan-Mitsubishi	93,264	88,945	59,434	67,607	81,716	99,899	105,477	78,769
Mitsubishi	397	514	295	1	-	-	-	-
Nissan	17,582	12,678	8,418	5,893	905	7,285	6,839	5,972
Renault	75,285	75,753	50,721	61,713	80,811	92,614	98,638	72,797
Toyota	16,219	19,740	11,839	4,941	7,723	26,395	28,802	26,731
Toyota	16,219	19,740	11,839	4,941	7,723	26,395	28,802	26,731
Volkswagen	138,310	150,886	103,957	136,586	142,156	144,849	141,657	113,213
Volkswagen	138,310	150,886	103,957	136,586	142,156	144,849	141,657	113,213
Total	467,726	511,174	336,986	376,901	539,806	705,321	723,204	591,725

Table 38: Main group-players for volumes in the 2P segment, all over the world, from 2005 to 2020 - Dataforce

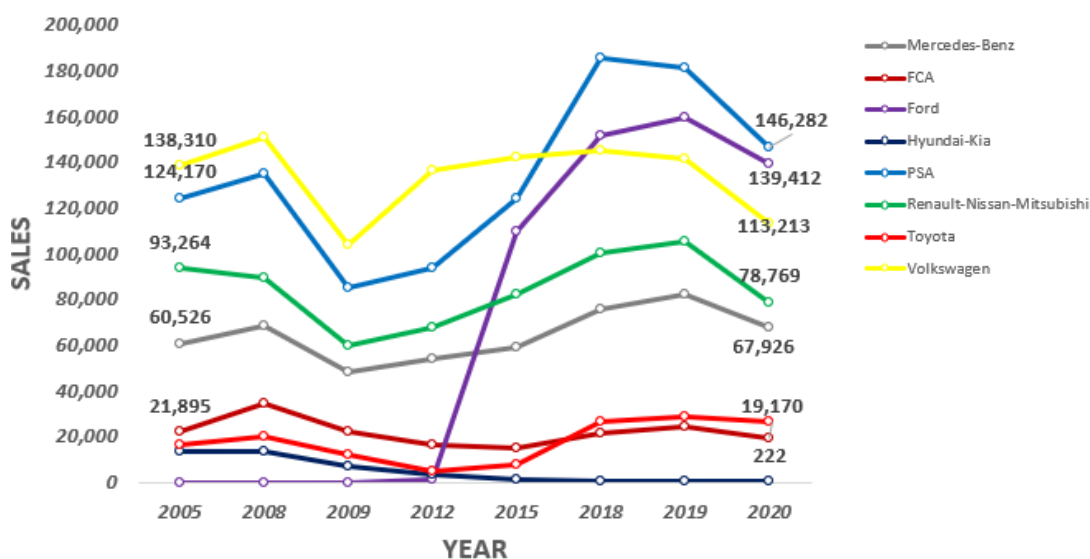


Chart 56: Main group-players for volumes in the 2P segment, all over the world, from 2005 to 2020

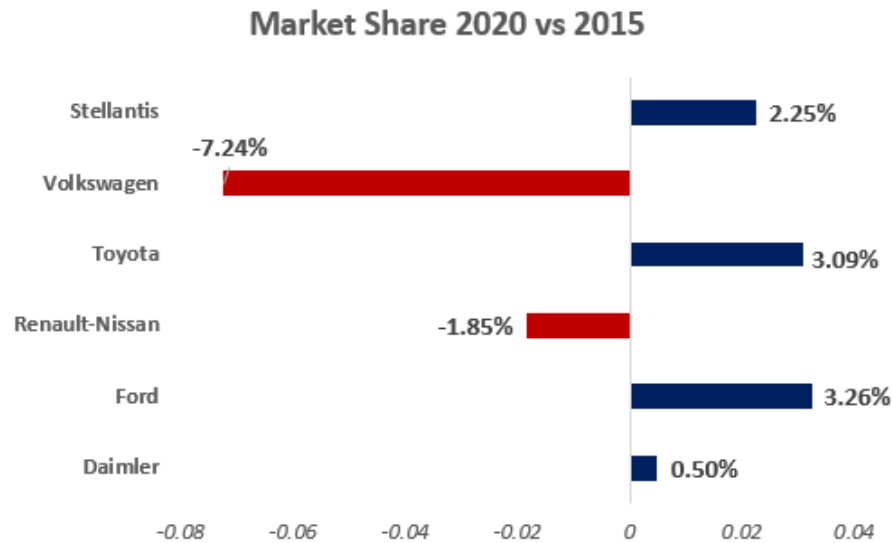


Chart 57: Delta market-share 2020 vs 2015 of 2P segment for the main brands all over the world

Over the next 5 years, volumes in the 2P segment are expected to reach higher levels than before the pandemic, albeit with limited growth linked to the choice of commercial customers to prefer larger vans. Stellantis plans to maintain its market share (28%), while Volkswagen will recover the lost volumes by reaching the same market share as Stellantis in 2025, subtracting volumes from Ford and Renault.

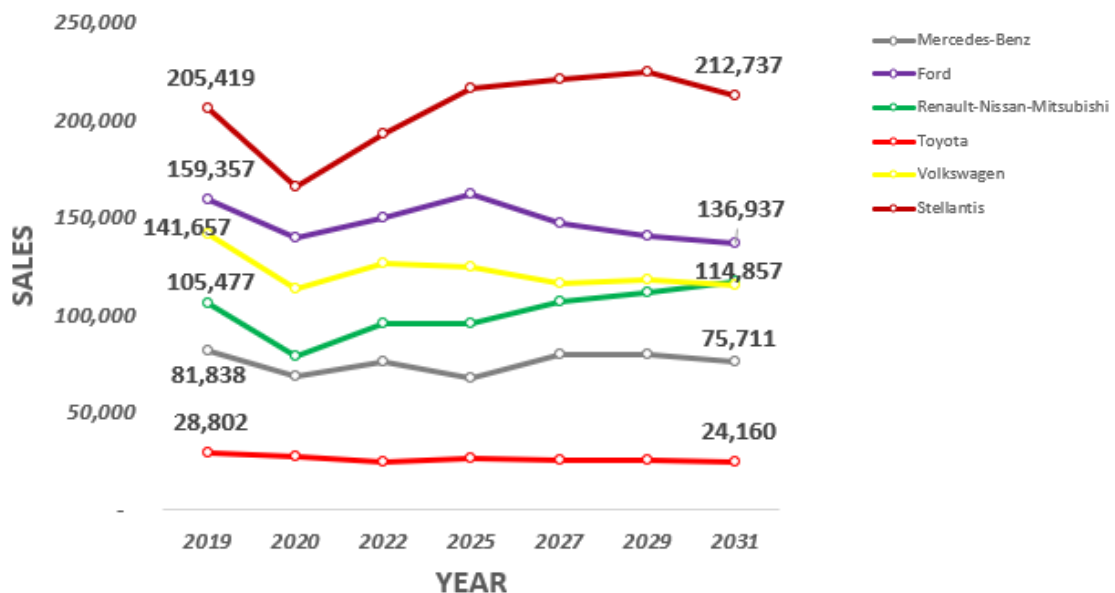


Chart 58: estimated volumes of the main players in the 2P segment, all over the world, until 2031

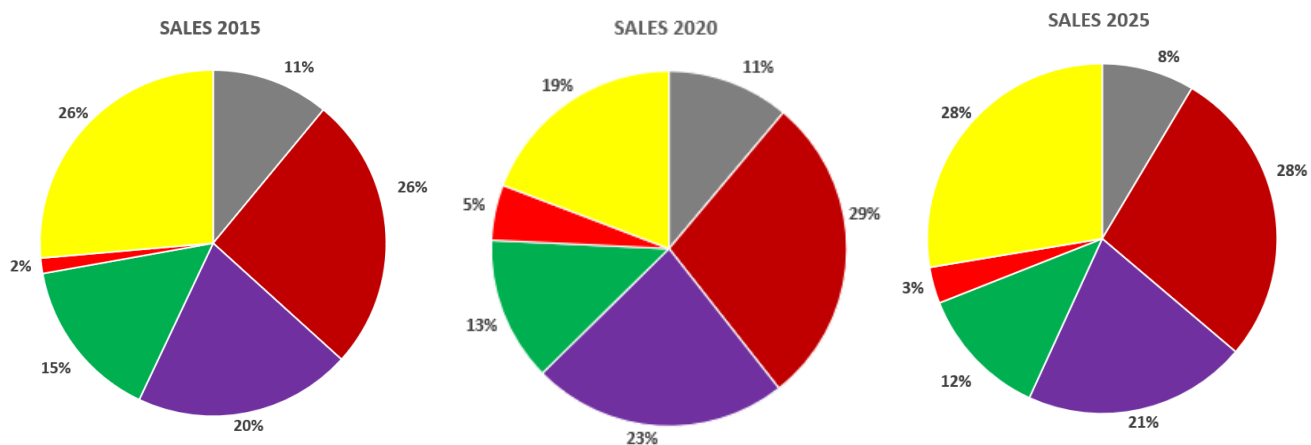


Chart 59: Market share of the main players in the 2P segment all over the world in 2015, 2020 and 2025

2.9.6 X250 segment

The large van segment (X250) is characterized by a growth trend in volumes until 2019, except for FCA, which despite the pandemic has managed to increase sales thanks to the new Ducato launch. Stellantis covers 40% of volumes, and the market shares of the brands have remained constant over time, except for Volkswagen, which gained more than 3% at the expense of Renault^[3].

GROUP/BRAND	SALES 2005	SALES 2008	SALES 2009	SALES 2012	SALES 2015	SALES 2018	SALES 2019	SALES 2020
CNH Industrial	71,991	72,139	44,600	43,152	51,927	64,251	66,054	52,429
Iveco	71,991	72,139	44,600	43,152	51,927	64,251	66,054	52,429
Daimler	98,279	112,141	80,683	91,193	105,216	113,391	133,991	124,721
Mercedes-Benz	98,279	112,141	80,683	91,193	105,216	113,391	133,991	124,721
FCA	93,672	111,934	88,445	98,274	117,255	132,171	132,970	147,200
Fiat	93,672	111,934	88,445	98,274	117,255	132,171	132,968	147,200
Ford	148,471	178,049	119,765	133,097	76,277	113,815	110,913	97,569
Ford	148,471	178,049	119,765	133,097	76,277	113,815	110,913	97,569
Hyundai-Kia	-	-	-	-	801	2,340	1,269	611
Hyundai	-	-	-	-	801	2,340	1,269	611
Isuzu	2,116	2,572	1,877	978	956	1,980	2,740	2,061
Isuzu	2,116	2,572	1,877	978	956	1,980	2,740	2,061
PSA	96,193	110,216	70,281	90,608	111,660	144,188	144,669	125,140
Citroen	43,230	49,364	31,427	36,094	43,779	59,571	58,685	51,165
Opel	12,028	10,066	5,429	10,678	13,752	17,982	19,228	16,686
Peugeot	36,771	46,736	31,471	41,146	48,725	62,370	61,783	53,452
Vauxhall	4,164	4,050	1,954	2,690	5,404	4,265	4,973	3,837
Renault-Nissan-Mitsubishi	95,802	95,327	62,278	80,157	96,013	114,999	120,346	103,063
Mitsubishi Fuso	4,670	3,554	2,178	1,510	1,486	2,434	2,965	2,963
Nissan	20,053	17,693	11,393	10,331	14,616	13,409	13,423	8,491
Renault	71,074	70,593	46,207	64,567	75,946	95,105	100,002	89,279
Renault Trucks	-	3,481	2,496	3,749	3,965	4,051	3,956	2,330
Toyota	3,618	4,085	2,607	1,442	903	10	-	2
Toyota	3,618	4,085	2,607	1,442	903	10	-	2
Volkswagen	26,105	39,701	25,355	36,927	37,669	61,212	77,949	67,283
MAN	-	-	-	-	-	7,258	13,021	14,131
Volkswagen	26,105	39,701	25,355	36,927	37,669	53,954	64,928	53,152
Total	636,247	726,164	495,891	575,828	598,677	748,357	790,901	720,079

Table 39: Main group-players for volumes in the X250 segment, all over the world, from 2005 to 2020 - Dataforce

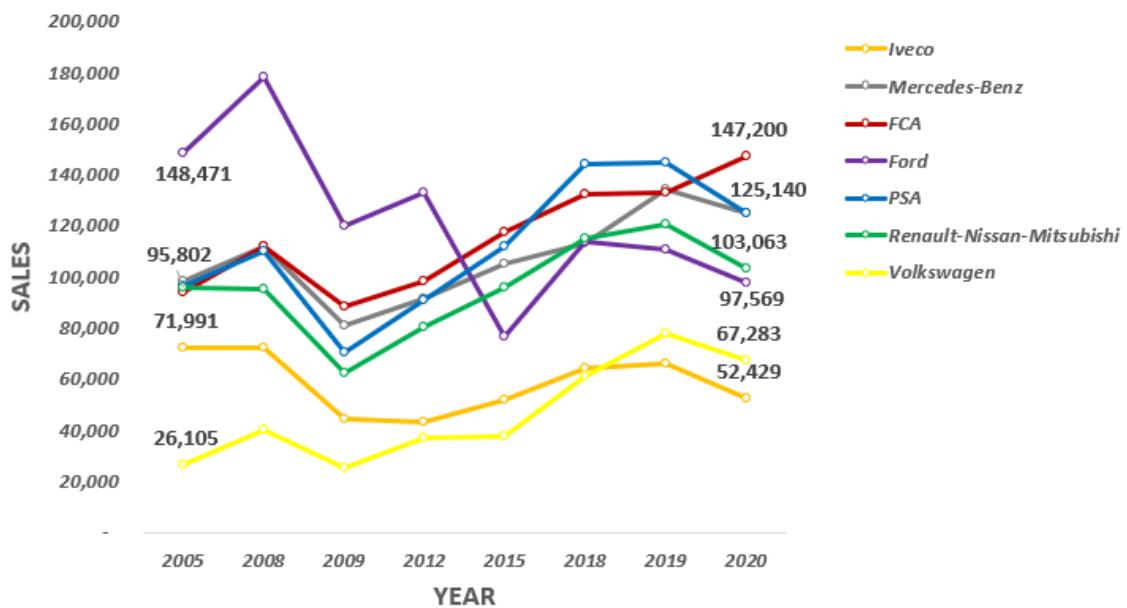


Chart 60: Main group-players for volumes in the X250 segment, all over the world, from 2005 to 2020

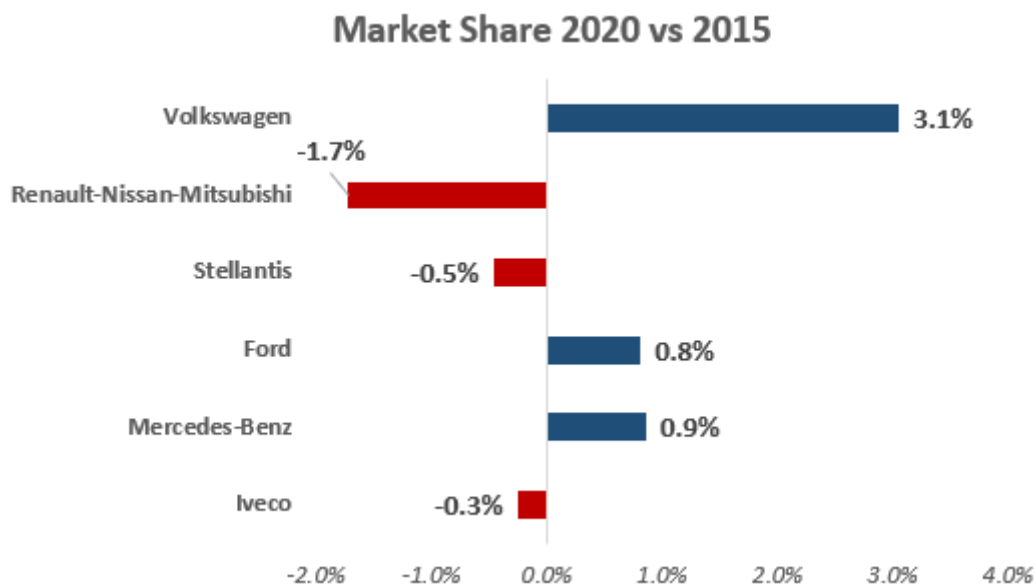


Chart 61: Delta market-share 2020 vs 2015 of X250 segment for the main brands all over the world

The X250 has the greatest growth potential compared to the other segments. Stellantis will maintain its leading position with 40% market share, increasing the volumes per year of 10%, just as the other brands will proportionally increase sales.

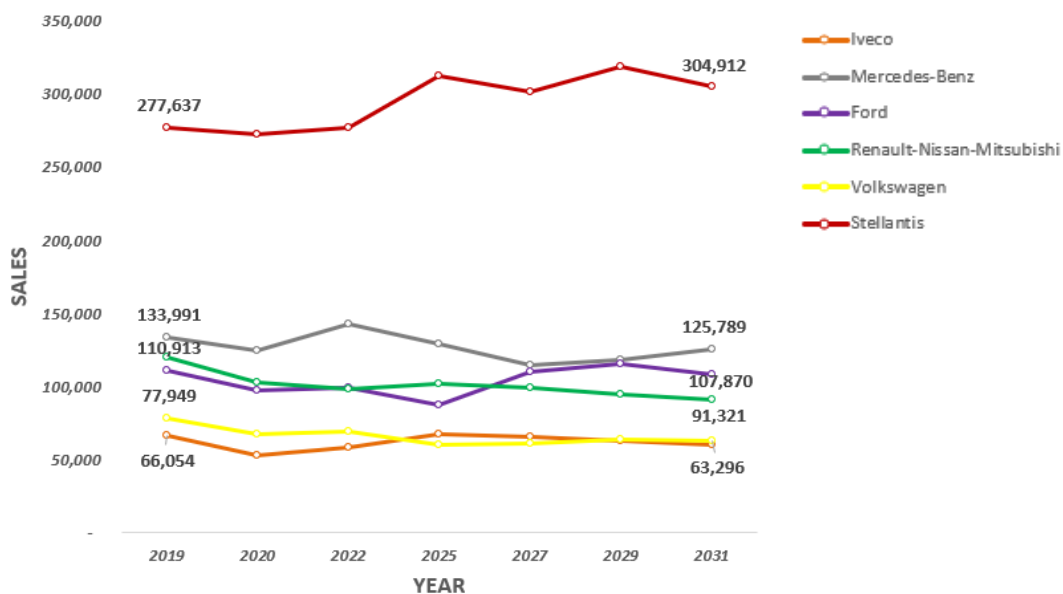


Chart 62: estimated volumes of the main players in the X250 segment, all over the world, until 2031

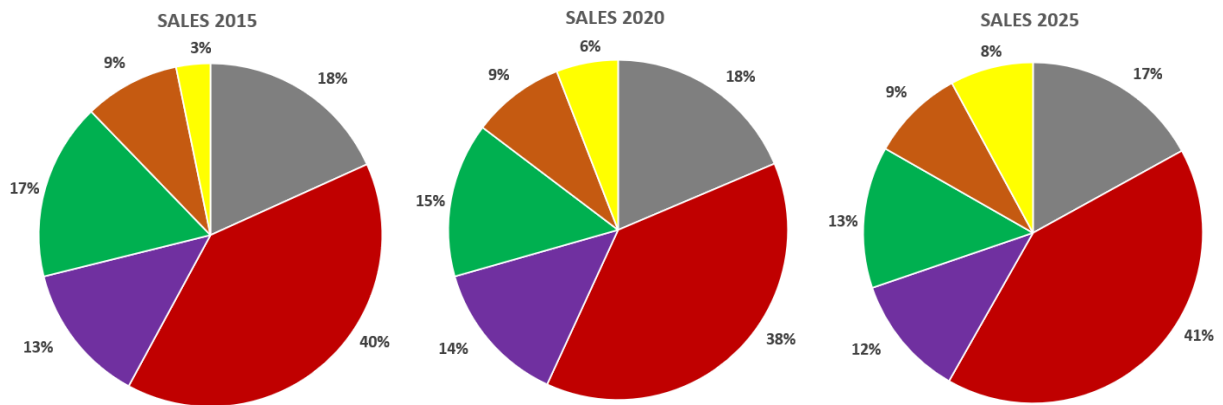


Chart 63: Market share of the main players in the X250 segment all over the world in 2015, 2020 and 2025

2.9.7 Competitiveness in electric European market

The follow table shows the registration full year 2019 and 2020 in the main European countries for each segment, divided between ICE and electric motor. The large size segment is net camper^[3].

		SMALL SIZE		MID SIZE		LARGE SIZE*	
	<u>kunits</u>	ICE	BEV	ICE	BEV	ICE	BEV
IT	2019	58,4	0,8	26,1	0	62,0	0,3
	2020	44,8	0,5	22,5	0,2	53,3	0,8
FR	2019	116,5	5,5	118,8	0	128,3	0,2
	2020	93,9	4,5	101,1	0,7	112,6	0,8
DE	2019	53,2	2,2	167,8	0,8	130,4	0,6
	2020	38,4	2,0	146,7	2,2	121,1	1,1
ES	2019	35,8	1,1	40,0	0,1	34,3	0,0
	2020	25,4	1,1	33,0	0,3	26,3	0,0
UK	2019	77,2	2,9	139,1	0,1	102,8	0,0
	2020	59,1	3,4	105,4	0,8	90,9	1,0
AT	2019	8,6	0,5	23,1	0,0	14,9	0,0
	2020	6,2	0,6	19,3	0,2	12,8	0,0
BE	2019	22,6	0,3	27,6	0,0	27,0	0,0
	2020	19,6	0,2	23,4	0,1	24,8	0,1
NL	2019	20,5	0,8	32,7	0,1	23,6	0,1
	2020	14,6	0,5	23,0	0,7	19,0	0,2
PL	2019	16,9	0,1	18,1	0,0	38,7	0
	2020	9,7	0,1	14,9	0,0	35,8	0,1

Table 40: registration full year 2019 and 2020 in the main European countries for each segment, divided between ICE and electric motor – Stellantis internal presentation/Dataforce

2.9.8 BEV 1B segment

The follow chart shows the small size BEV registrations in the main European countries. Compared to 2019, volumes decreased by 9.1%, which is a lower percentage than for diesel and petrol vehicles. The proportion of electric commercial vehicles is higher in the 1B segment than larger vans, as they offer a more profitable TCO for commercial customers. The most developed markets are in France (4500 units), United Kingdom, Germany and Spain. The leader is the Renault-Citroen-Mitsubishi group,

which covers almost 90% of the electric shares of the main markets. Stellantis is present with the models of the ex-PSA group, albeit with shares ranging from 2% to 6%^[3].

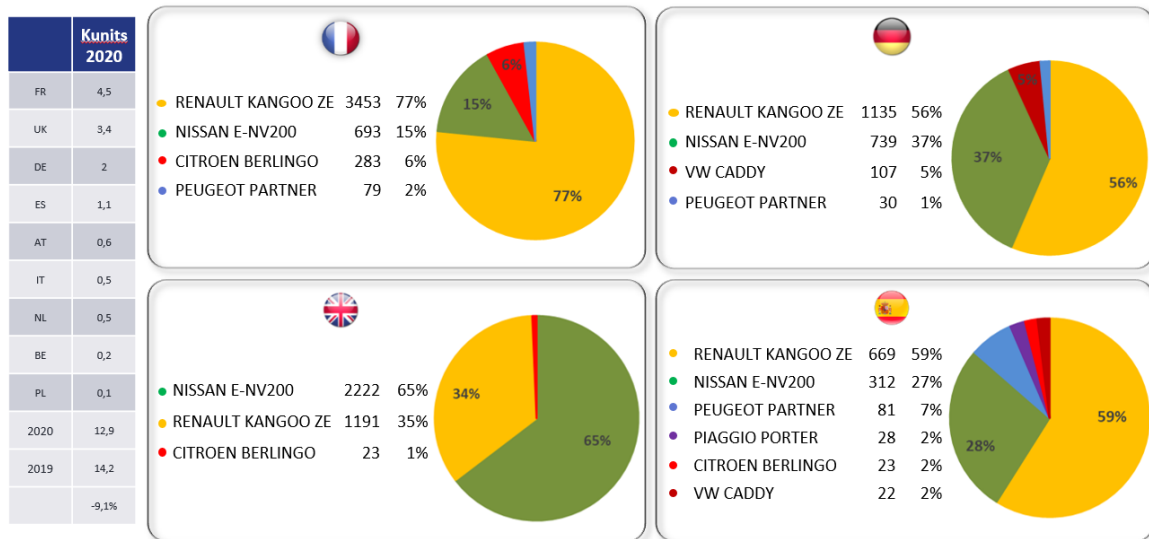


Chart 64: eLCV registration in the 1B segment in 2020 in Europe, divided by competitors – Stellantis internal presentation/Dataforce

2.9.9 BEV 2P segment

The following graph shows the registrations of electric vehicles of the 2P segment in the main European markets. Compared to 2019, volumes increased by 400%, although the percentage is still negligible compared to diesel and petrol vehicles. The most developed markets are Germany (2200 units), the United Kingdom, France and the Netherlands. The leader is Mercedes in Germany and the Netherlands with more than 60% of the shares, while Stellantis, with the vehicles of the exPSA group, is the leader in France (80%) and UK (55%)^[3].

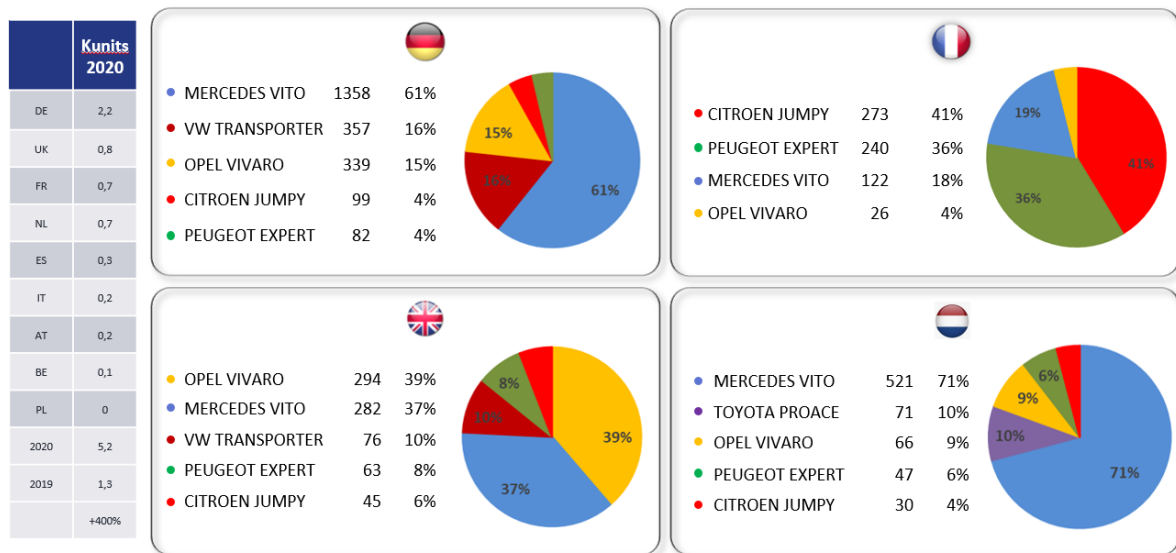


Chart 65: eLCV registration in the 2P segment in 2020 in Europe, divided by competitors - Stellantis internal presentation/Dataforce

2.9.10 BEV X250 segment

The following chart shows the registrations of the electric vehicles of the X250 segment in the main European markets. Compared to 2019, volumes increased by 342%, although the volume share is still negligible compared to diesel and petrol vehicles. The most developed markets are Germany (1100 units), the United Kingdom, France and Italy. The leader is Mercedes in all markets with more than 90% of the shares in the UK, while in France it is Volkswagen. In Italy Stellantis is increasing its market share thanks to the launch of the electric Ducato of the former FCA group^[3]..

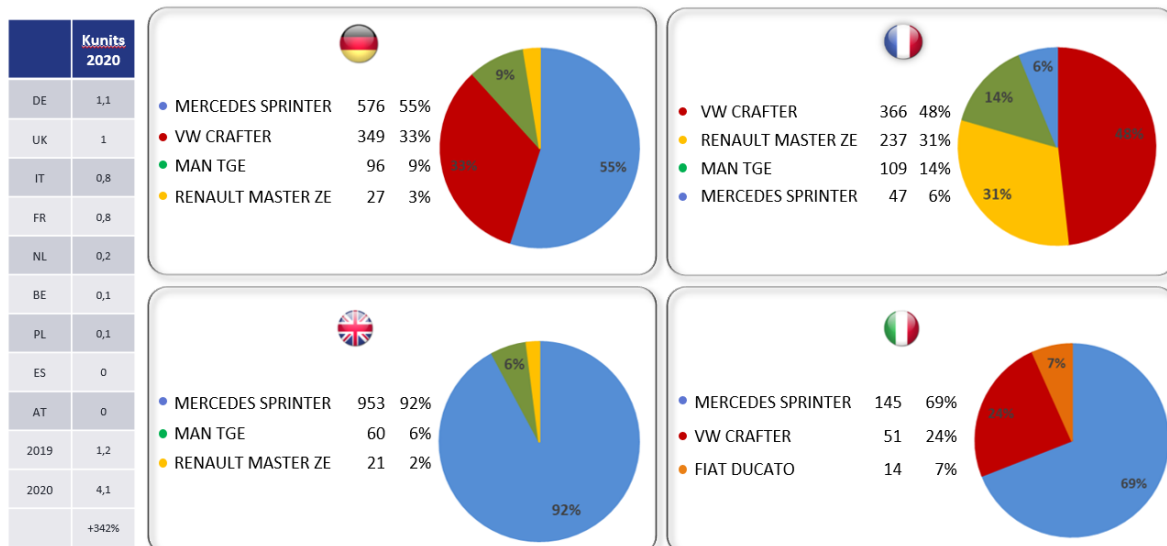


Chart 66: eLCV registration in the X250 segment in 2020 in Europe, divided by competitors - Stellantis internal presentation/Dataforce

3 COST BENEFIT ANALYSIS: SYNERGIES AND PRODUCT DIFFERENTIATION

The second chapter analyses the costs and benefits determined by the merger into Stellantis in the European LCV market. Commercial vehicles are a technical product, so, the best corporate strategy is to exploit synergies upstream and diversifying the product downstream, to reduce the costs and at the same time to don't lose market power. In particular, the analysis highlights the advantages offered by the potential synergies of a common product offer, compared to the research of differentiation linked to existing sales networks and the customer needs of each specific brand. In fact, commercial vehicles guarantee the possibility of exploiting economies of scale and scope, but at the same time they cause a higher degree of product substitutability and lower market power. At the end, several opportunities are analysed, especially at a national level, to maintain the specific brand identity and create a competitive advantage to distinguish the own's range of offers, and overall, to steal market share from competitors outside Stellantis through a differentiated offer in terms of marketing and services.

3.1 SYNERGIES OVERVIEW

The main objective of a business company^[20] is the maximization of the profit in order to increase shareholder wealth. This objective can be achieved through growth^[21]:

- Organic growth is the process by which a company expands according to its capabilities by optimizing current assets, redistributing financial resources and

developing new processes or products/services. Therefore, it is a slow and natural growth,

- Inorganic growth (or external growth) is the process of consolidating the own business through external resources and capabilities and can therefore lead to a more rapid expansion. Inorganic growth, in case of mergers and acquisitions (M&A) transactions, can be achieved thanks to synergies and expansion, and can be pursued jointly with organic growth, in order to maximize it, or disjointly, in order to jump-start it in the case of a deceleration caused by the corporate governance, management errors or industry related factors.

Synergy^[22] is defined as “the combined power of a group of things that working together reach a greater result than the total power achieved by each working separately”. Synergies represent the opportunities for increasing the value that can be obtained from the merger of two companies. There are two main types:

- operational synergies allow the company to enhance income flows from existing activities or to add new ones, thanks to the dimensional growth given by the acquisition.
- financial synergies, on the other hand, allow for an increase in cash flows or a decrease in the cost of capital.

3.2 OPERATIONAL SYNERGIES

3.2.1 Economies of scale

It is a synergy^[23] achieved thanks to size. It's defined as “the result when increasing the size of a single operating unit reduces the unit cost of production or distribution, and therefore decrease the average cost of production”. This definition applies mostly to the operating economies of scale, which reduce the marginal cost of production when there is an increase in the yield thanks to upturns in efficiency and the spread of fixed costs over a higher level of output. Economies of scale can be also considered on the financial side if there is a reduction of financial leverage after an M&A transaction. However, economies of scale might become diseconomies if the increased size creates difficulties in the internal coordination, reducing the profitability.

3.2.2 Economies of scope

It is an operating synergy^[24] defined as “the savings deriving from the joint production of different products or from the pursuit of different objectives with the same production factors (same resources, same plants, same know-how)”, reaching through the combination of the complementary skills of the entities involved in the transaction or thanks to the unification of business divisions that would otherwise become redundant after the merger.

3.2.3 Market power

It is a synergy^[25] directly connected to the size of the resulting entity: bigger is the size, strongest will be the market power. Increases in market power can lead to the development of monopolies, the former achieving pricing power, that's a higher degree of control over the price of the goods sold, and monopsonies, which provide a higher degree of control over the cost of inputs, with lower purchasing costs. In fact, market power is inversely correlated to the level of competitiveness present in the sector and directly proportional to market concentration. On the financial point of view, market power conduces to achieve a lower cost of capital thanks to the idea that a bigger company is less risky compared to smaller ones. If the combined entity's market power gains are particularly noticeable, national and international regulators may not approve the transaction.

3.2.4 Vertical integration

The value of the synergy^[26] is obtained when the sum of costs of the different stages of production previously supported by multiple owners decreases as they move under a single new company: cost savings is generated by the multiple technical relationships between the two phases of production or in transaction costs. Vertical integration creates economic benefits as a preferable tool over mutual investment contracts, to prevent opportunistic behavior.

3.2.5 Know-how

It includes^[27] the different technical skills, corporate cultures, patents and all human capital. The synergy is obtained from the merger of different know-how belonging to individual companies, increasing the probability and speed of achieving technological progress or process innovations.

3.3 FINANCIAL SYNERGIES

3.3.1 Diversification

It is treated in the portfolio theory^[28], for which the market value of a company can be increased if it is subject to an optimization risk by investing in various unrelated activities, also reducing the risk of bankruptcy. Therefore, managers assemble a portfolio by selecting several assets based on their overall correlation between risk and return performance, rather than choosing activities that have only high individual perspectives.

3.3.2 Debt capacity

The debt capacity^[29] increases when two companies merged because their earnings increase and cash flows can become more stable and predictable, allowing them to borrow more than they could have as individual entities, and at a lower cost of capital.

3.3.3 Interest rate

Small businesses often cannot borrow money at competitive interest rates due to liquidity constraints or information asymmetries in the external capital market. A large company, on the other hand, and therefore through M&A, increases the possibility of receiving loans at cheaper rates than individual businesses^[28].

3.4 STELLANTIS EXPECTED SYNERGIES

3.4.1 Market overview before Stellantis

The combination of operational and financial strengths through synergies makes possible the improving of the potentiality of the merging company, as will be shown in the Stellantis merger case. PSA, compared to FCA, has had fewer strategic deals and, as a result, has fewer brands in its portfolio and is less geographically extensive. FCA, on the other hand, has a long history of mergers and acquisitions and includes ten brands, but it has looked for a partner for the last 30 years, with many failed negotiations (the last of which in 2019 with Renault, just before the announcement of the deal with PSA), because it has progressively lagged behind its competitors in what concerns R&D, especially in recent years regard the EV technology. In Stellantis, FCA will provide a wider distribution network, and PSA will share the knowledge and research in specific departments, such as on electric vehicle platforms. Each individual company has delays or inefficiencies in specific areas and to reach the level of the competitors would require a large investment of resources and time, without the certainty of could achieve it. The merger, therefore, ensures faster access to existing competitive advantages, like networks and expertise, by sharing knowledge, routines and resources.

3.4.2 Expected merger synergies

The merger between Fiat Chrysler Automobiles (FCA) and the PSA Group will be one of the most significant mergers among automotive original equipment manufacturers and it will become the fourth-largest automotive OEM in terms of sales volumes^[30]. The new group will have a combined revenue of more than \$180 billion and an operating profit margin of 6.8%. The combined annual R&D potential is more than \$6.5 billion per year, which is a fair amount to invest in electrification and other technologies.

As a result of the merger, Stellantis expects to achieve significant synergies from the integration of the legacy FCA and PSA businesses, estimated more than €5 billion value, with approximately 80% of synergies expected to be achieved by the end of

2024. Approximately 75% of synergies are expected to arise from technology, platform and product convergences and procurement savings, and the remaining approximately 25% of synergies from SG&A and all other functions^[2].

3.4.3 Technology, platforms and products

The sharing and convergence of PSA's and FCA's respective platforms, modules and systems, along with the optimization of R&D investments, with manufacturing processes and tooling, is expected to create significant efficiencies, in particular, as investments will be amortized over the combined Group production.

3.4.4 Purchasing

Procurement savings are expected to result from leveraging the Group's enlarged scale, leading to lower product costs (especially respect to electric and high-tech components), improved price alignment and broader access to new suppliers.

3.4.5 Selling, general and administrative expenses ("SG&A")

Savings are expected from the integration of functions such as sales and marketing, and the optimization of costs in regions where both exFCA and exPSA had a well-established presence, as in Europe.

3.4.6 Other functions

Synergies are expected from the optimization of other functions, as logistics, where savings are preempted from the optimization of logistics for new cars and the effect of the procurement volume increase on ex-FCA's and ex-PSA's combined expenditures, as well as supply chain, quality and after-market operations.

3.4.7 Expected result (in million €)

	%	2021	2022	2023	2024
COGS	40%	400	800	1200	1600
R&D	35%	350	700	1050	1400
SG&A	25%	250	500	750	1000
Total		1000	2000	3000	4000

Table 41: expected economical result of the synergies 2021-2024 – Stellantis internal forecast

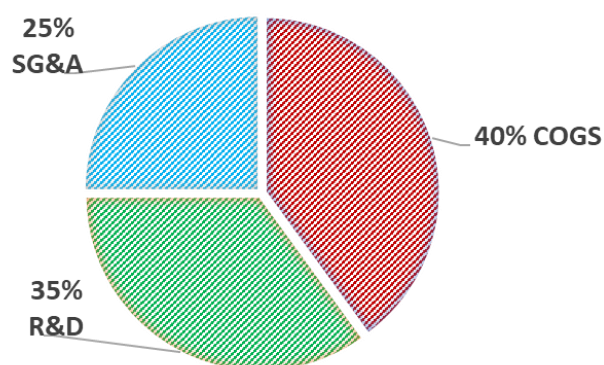


Chart 67: expected synergies of the merger

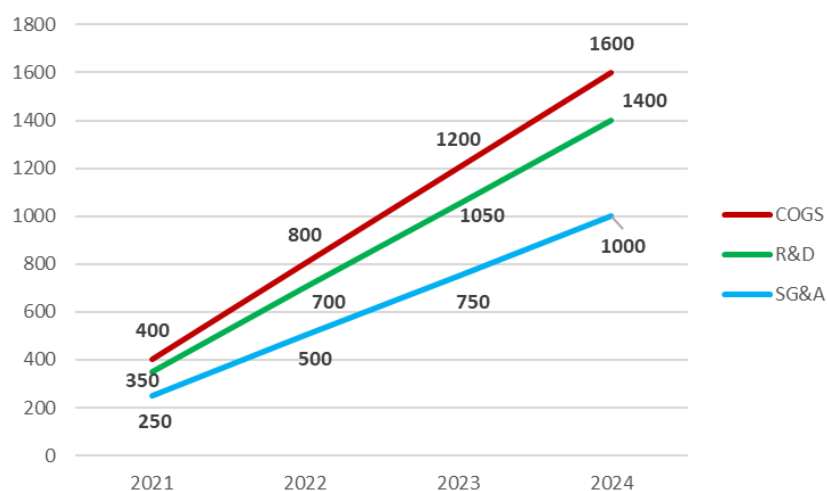


Chart 68: expected economical result of the synergies 2021-2024

3.4.8 LCV planned merger synergies: the 12 topics

The table below shows the 12 main topics on which Stellantis has decided to focus to exploit the synergies in the LCV market^[3].

	Topics	Main Outcomes	Planning of deliveries
1	Supply arbitrage + X2/50 as QW	<ul style="list-style-type: none"> Methods of calculation Decision process Methods and decision process to optimize 	Immediate – Q1/Q2 2021
2	Recreational Vehicles	<ul style="list-style-type: none"> Common strategy Contract definition Volume allocation 	Short term – H2 2021 to Mid term – 2022
3	Commercial Policy	<ul style="list-style-type: none"> Convergence in commercial approach Pricing strategy Future common approach 	Short term – H1 2021 Mid Term - 2022
4	Strategic Product Plan	<ul style="list-style-type: none"> Product Scenarios Industrial footprint 	Short-Mid-Long term
5	Conversions management	<ul style="list-style-type: none"> Strategy Animation 	Short - Mid term
6	Network Development	<ul style="list-style-type: none"> Sales force in place Programs in progress Networks : contracts / coverage 	Mid Term
7	Fleets management	<ul style="list-style-type: none"> Common strategy to tender large fleet 	Immediate – Q1/Q2 2021 Mid term
8	Communication	<ul style="list-style-type: none"> Tone of Voice Planning/ Spendings 	Short – Mid Term
9	Convergence in Current Line	<ul style="list-style-type: none"> Product Strategy Diversity 	Short – Mid term
10	Industrial Optimization	<ul style="list-style-type: none"> Capacity for K9 New sources 	Mid term
11	Brand portfolio management	<ul style="list-style-type: none"> Overseas / Brand / Products Global footprint? RAM and Pick-up Strategy** 	Mid term – Long term
12	Market intelligence	<ul style="list-style-type: none"> Studies / stats / KPIs Profitability KPIs Common Process definition 	Short – Mid Term

Table 42: 12 main topics on which Stellantis focus to exploit the synergies in the LCV market – Stellantis internal data

3.5 EXPANSION

Moving on from synergies^[31], the other main form of growth sought through mergers and acquisitions is expansion. Expansion can take various forms: the most common are sector diversification, geographic diversification, and time to market.

3.5.1 Product and sector diversification

The diversification of products^[28] allows the company to access market sectors that it was previously unable to reach, for example by entering more profitable segments through the development of a new industry, which represents a 'blue ocean', or because the sector in which the company operates is becoming obsolete and the market is saturated, so it is necessary looking for new opportunities.

3.5.2 Geographical diversification

Geographical diversification^[32] allows to take advantage of internal growth to seize new business challenges and opportunities, overcoming language barriers and bureaucratic and cultural issues that would make the operation slower and riskier by merging with a company in the same market segment, which operates in the target and which already has the necessary resources, personnel, knowledge and networks.

3.5.3 Time to market

Time to market^[28] is exploited when a company has developed a new product / process or has a competitive advantage in technology over its competitors. The merger allows to save on the costs of developing the product and to obtain a time advantage. Sometimes this solution is the only possible choice as this advantage could be backed up by a patent which acts as a barrier to entry into a business.

3.6 BENEFITS of THE MERGER

In this paragraph they are analyze in detail all the potential benefits that can be reached through the synergies that characterize Stellantis.

3.6.1 Platform sharing

The opportunity to share platforms amongst^[33] different models and brands is one of the most useful synergy in the car manufacturing market. The platform is the basic structure of the vehicle, and it usually includes axles, floor, suspensions, steering mechanism, and type of powertrain. Especially in a time when the product life cycle is getting shorter, developing a modular platform that can be used in several models of the same generation and across generations, is essential for reducing the R&D costs and the time for the development of new cars. Sharing a standard platform among brands might reduce the differentiation between the models and consequently the market power, so it's necessary the development of a 'modular' platform, which can easily adapt to different vehicles but at the same time can be improved over time with less resources. Platform sharing will contribute to bypass the product differentiation issue and to reduce fixed and long-term costs.

FCA^[33] has currently developed only one electric platform, used for the Nuova 500 city car, while PSA, on the other hand, has already introduced two modular platforms for PHEV and BEV engines. Utilizing these resources FCA expects to reduce the research and development costs for the new electric and hybrid vehicles, a product segment in which it has lagged the competition over the past decade. Stellantis would thus have platforms that cover most of the vehicles in current and future line-ups, with greater component sharing, which would significantly reduce overall production and development costs. The convergence of platforms could help to further reduce the structural complexity of commercial vehicles, resulting in both lower production costs and logistical simplification, but at the same time it becomes more difficult for the brand to maintain its own identity on the market. The two companies officially stated that the two platforms would be used in about 2/3 of the Stellantis models, leveraging more economies of scale and scope and reaching the industry target levels for using the platform.

3.6.2 Simplification of the range and margins increase

Stellantis' strategy^[34] consists in reducing the complexity and differentiation between vehicles to reduce management costs. These guidelines have already applied by PSA, that has always focused on the simplification of the structure of the vehicle range, to increase the speed of production and switch between different models on the lines, reducing variable costs and increasing margins. This cost-cutting policy could impact the brand's reputation in the long run, but this issue will be addressed in the analysis of the cons of Stellantis' strategy.

3.6.3 Supersaturated production lines

The production of models of different brands in a single line favors the probability of reducing the numbers of stops during the production due to the reduction in demand, which would be absorbed by the presence of different brands in a single structure.

3.6.4 Stock reduction

Another guideline of the Stellantis strategy^[3] is the minimization of stocks, to avoid losses related to the age of the vehicles and maintenance costs. This policy frees up capital and creates liquidity by accelerating vehicle turnover but could also lead to

longer waiting times for customers. Just-in-time manufacturing practices, which can minimize waste and increase efficiency by keeping low inventory, are widely exploited in the automotive supply chain. In normal times, stock reduction is financially beneficial; however, in the event of an unforeseen shortage, such as the current situation of lack of semiconductors, the practice results in the immediate disruption of the entire supply chain.

The following charts show the implementation of stock reduction policy in Fiat-Pro. In one year, the aged stock of Ducato in the inventory decrease of 15%, from 30,5% to 14,1%, as in each other segment.

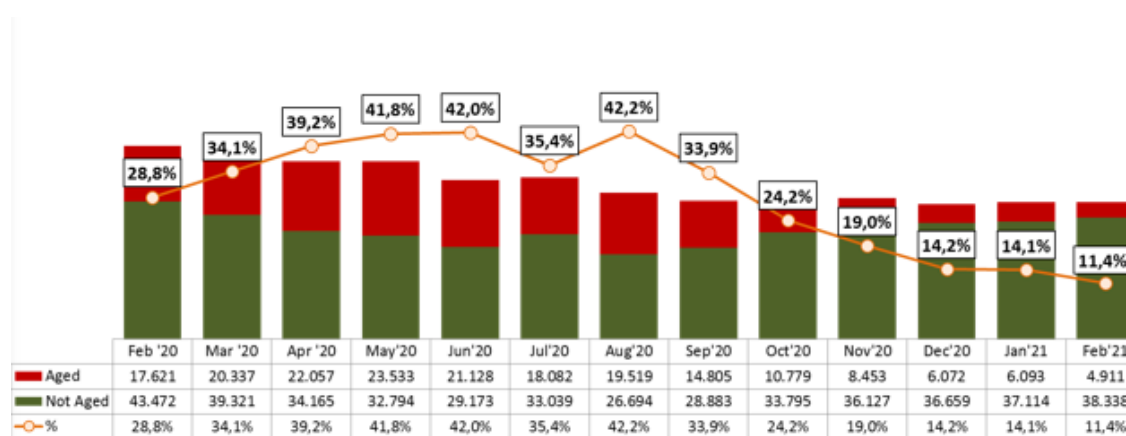


Chart 69: implementation of stock reduction policy by Fiat-Pro – Stellantis internal data

	Month	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21
Ducato	Aged uts	8.664	9.273	9.458	10.314	9.387	8.101	8.493	6.416	4.945	4.483	3.459	3.629	2.950
	Tot Inv	28.416	25.902	23.865	27.129	24.759	26.295	23.703	21.513	20.997	20.352	21.044	20.431	20.975
	% Tot Inv	30,5%	35,8%	39,6%	38,0%	37,9%	30,8%	35,8%	29,8%	23,6%	22,0%	16,4%	17,8%	14,1%
Doblo	Aged uts	4.617	5.834	6.515	6.663	5.916	5.108	5.732	4.366	3.027	2.133	1.262	1.142	909
	Tot Inv	15.911	16.471	15.910	14.253	11.779	11.170	10.450	10.414	11.071	12.113	10.325	10.912	11.138
	% Tot Inv	29,0%	35,4%	40,9%	46,7%	50,2%	45,7%	54,9%	41,9%	27,3%	17,6%	12,2%	10,5%	8,2%
Fiorino	Aged uts	1.653	1.888	2.002	1.972	1.805	1.363	1.924	1.621	1.085	662	298	335	257
	Tot Inv	5.335	5.985	5.776	5.266	4.452	4.389	4.024	3.886	3.766	3.849	3.394	3.228	2.929
	% Tot Inv	31,0%	31,5%	34,7%	37,4%	40,5%	31,1%	47,8%	41,7%	28,8%	17,2%	8,8%	10,4%	8,8%
Talento	Aged uts	8.894	2.305	2.827	3.402	3.048	2.794	2.806	1.949	1.396	971	958	840	693
	Tot Inv	1.902	8.836	8.357	7.637	7.516	7.095	6.082	5.531	6.337	6.060	6.180	6.755	6.317
	% Tot Inv	467,6%	26,1%	33,8%	44,5%	40,6%	39,4%	46,1%	35,2%	22,0%	16,0%	15,5%	12,4%	11,0%
Fullback	Aged uts	229	202	199	192	174	113	66	49	45	40	7	5	3
	Tot Inv	600	569	561	550	525	456	405	367	335	310	254	233	3
	% Tot Inv	38,2%	35,5%	35,5%	34,9%	33,1%	24,8%	16,3%	13,4%	13,4%	12,9%	2,8%	2,1%	100,0%

Table 43: implementation of stock reduction policy by Fiat-Pro – Stellantis internal data

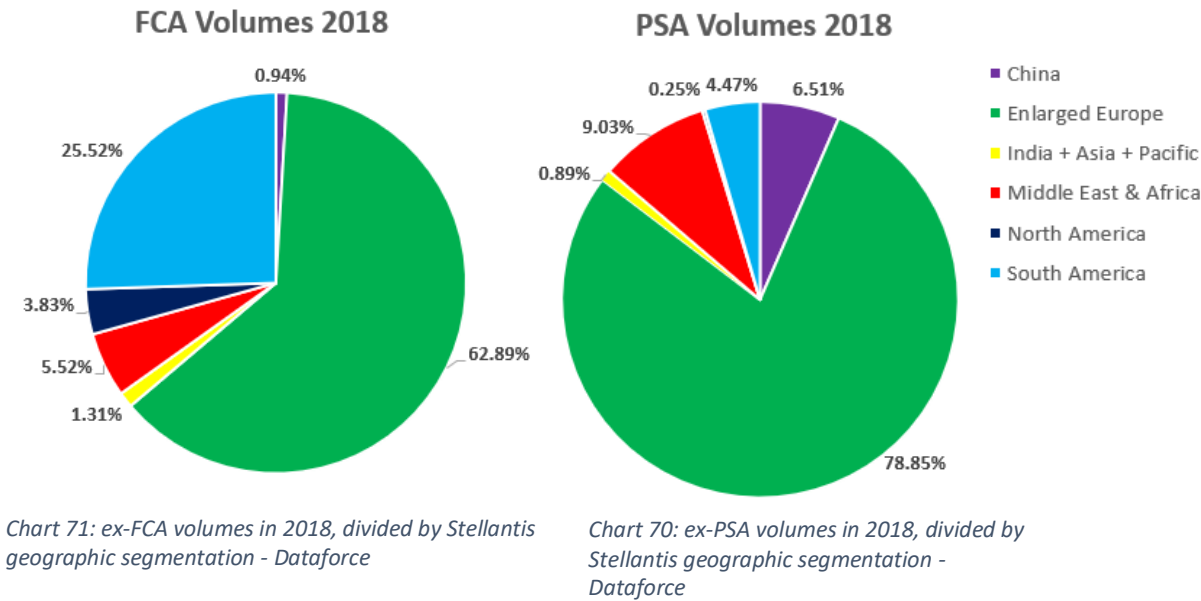
3.6.5 Improve of the commercial network

Customers will benefit of a multi-brand and multi-channel offer^[34] with a wider range of services. Stellantis will keep all current sales and service contracts with

European dealers for its 14 brands until June 2023. Then, there will be a restructuration of the distribution and servicing network to improve the quality offered and to reduce the costs, guaranteeing a balanced distribution model between manufacturers and their network.

3.6.6 Geographic diversification and expansion

ExFCA operated almost worldwide, but more than 62% of vehicle sold in 2018 come from Enlarged Europe area and America (almost 30%). On the other hand, exPSA operated mainly in the Old Continent, with 78% of sales originating in Europe, included some countries missing in FCA business as Russia. Considering the actual combined volumes of Stellantis, 71% would come from Enlarged Europe and 17% from America. In 2025, Stellantis expects to consolidate its market share in Europe, reaching 85% of the total volume of vehicles, and distributing 6% in America and 8% in Middle East and Africa.



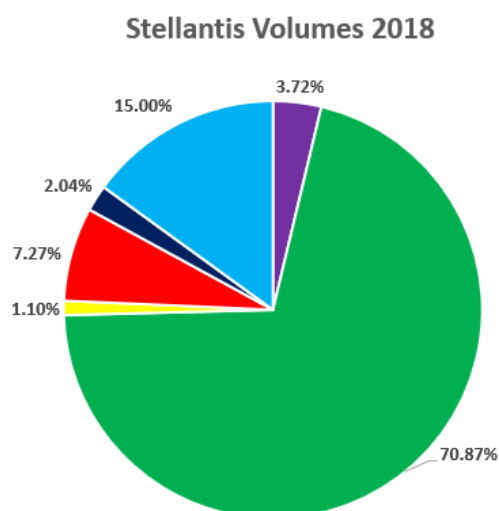


Chart 72: Stellantis volumes in 2018, divided by Stellantis geographic segmentation, based on FCA and PSA volumes – Dataforce

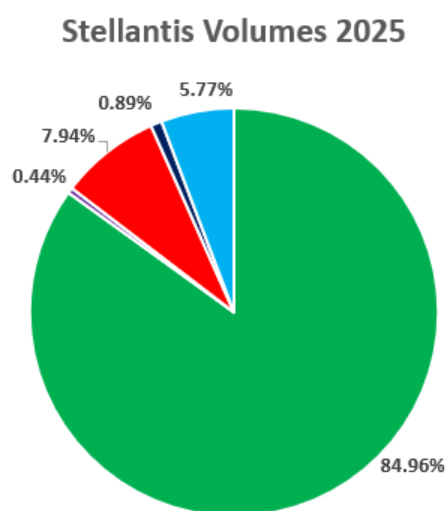


Chart 73: expected Stellantis volumes in 2025, divided by Stellantis geographic segmentation - Dataforce

Focusing on LCV European sales, FCA's volumes are divided between Europe (79%), North America (10%), and Middle East & Africa (11%), while PSA is mainly present in Europe, where it counts on 90% of light commercial vehicle sales. Thus, from a geographical expansion perspective, it is mostly PSA that benefits from the merger, as it should greatly profit from FCA's existing network to expand its operations outside of the EU, instead of having to create a new distribution system from scratch. At the same time, exFCA will benefit of the consolidate European network, such as in Russia, and together their build a competitive electric worldwide network, saving costs.

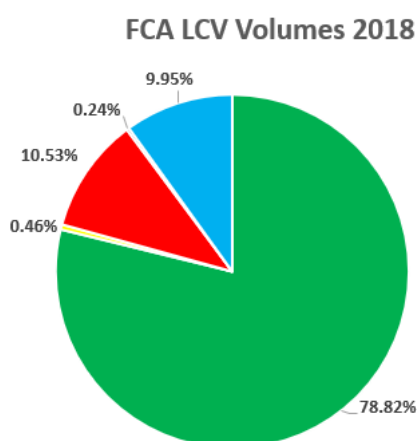


Chart 74: ex-FCA LCVs volumes in 2018, divided by Stellantis geographic segmentation - Dataforce

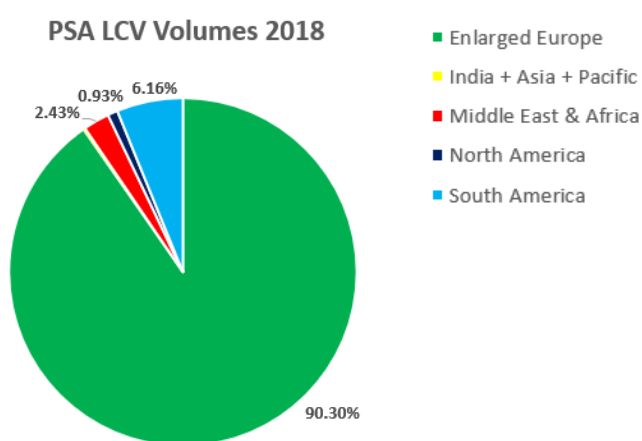


Chart 75: ex-PSA LCVs volumes in 2018, divided by Stellantis geographic segmentation - Dataforce

Stellantis LCV Volumes 2018

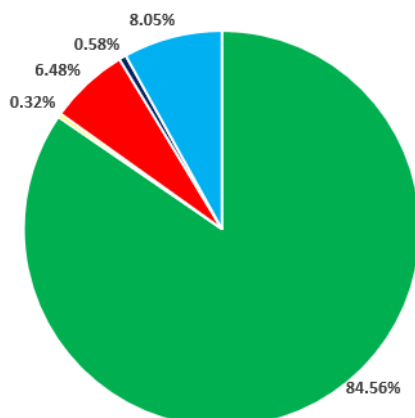


Chart 77: Stellantis LCVs volumes in 2018, divided by Stellantis geographic segmentation, based on FCA and PSA LCVs volumes - Dataforce

Stellantis Volumes 2025

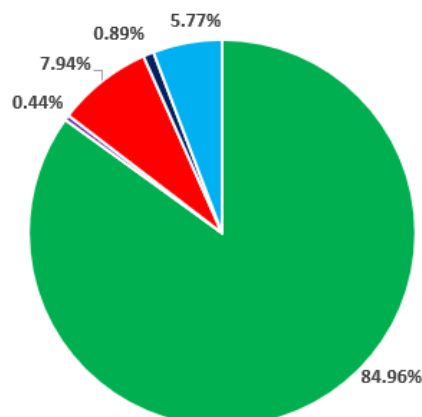


Chart 76: expected Stellantis volumes in 2025, divided by Stellantis geographic segmentation - Dataforce

3.6.7 CO₂ compliance

European regulations require all car manufacturers to reduce CO₂ emissions for private vehicles to an average of 95 grams per kilometers in 2021. The production of electric and hybrid motors is therefore not only linked to the growing demand for BEV vehicles from customers, but is also due to stricter regulations regarding the emissions of both the vehicles sold and the factories that produce them. With the electrical technology that PSA brought to Stellantis, the society met autonomously the carbon dioxide emission regulations in 2021, as announced by Carlos Tavares. Thus, Stellantis do not need to buy credit pooling by Tesla. In fact, California-based Tesla earned credits for exceeding emissions and fuel economy standards, and it sold them to other automakers that fall short^[3].

3.6.8 R&D

Thanks to the implementation of synergies, Stellantis will be able to save liquidity of costs and invest higher and more effective amounts in R&D^[35], compared to the potential of individual brands. To quickly respond to market trends and predict social and technological changes, Stellantis dynamically feeds innovation, making the Group's processes more competitive and fostering R&D through open innovation.

The innovation strategy focuses on customers, environment and products:

- Innovate to meet customer expectations: this is the focal point of innovation, in which to convey the needs of most people and study vehicles with original features.
- Innovate to limit the environmental impact: reducing CO₂ and polluting emissions from vehicles, limiting the environmental impact of the materials used to build them.
- Innovate to offer more attractive products, in terms of quality, durability, value-added services such as connectivity and autonomy, and the driving experience.

Stellantis will be able to exploit and finance the Business Lab^[36], created by PSA to respond to the rapid multiplication of new car use trends. The research center involves several important areas of innovation, such as mobility, digital technology, artificial intelligence, smart city, circular economy, connected and self-driving vehicles and the plant of the future. Business Lab is designed to detect, test and transform opportunities into marketable products and services. They are present globally in San-Francisco, Singapore, Shanghai, San Paolo and Vigo.

The Lab is organized according to three programs:

- the Business Innovation Hub, which identifies commercial and technological innovations, promotes interaction with innovative ecosystems around the world, and acts as a starting point for start-ups
- the Business Factory, which experiments with new large-scale activities and new interesting proposals for customers;
- Venture Development, which fosters partnerships with innovative start-ups, in which it acquires minority stakes, directly or through the contribution of capital.



Figure 11: Stellantis Business Lab – PSA presentation

3.6.9 Electrification process

Stellantis confirms^[1] its commitment to expand its leadership in commercial vehicles in Europe, to strengthen its position in North America and to become the world leader in electric commercial vehicles. Leveraging on the knowledge and synergies available, in the next three years the electrification path of commercial vehicles will extend to all products and all Regions. Stellantis' roadmap for electrification encompasses the entire value chain. With its battery procurement strategy for electric vehicles, the company expects to secure over 130 gigawatt hours (GWh) of capacity by 2025 and over 260 GWh by 2030. The need for EV batteries and components will be met with five "giga-factory" in Europe and North America, to which other supply and partnership contracts will be added to support total demand.

In addition to supporting procurement strategies, Stellantis' synergies related to technical and manufacturing skills will allow to reach lower battery costs. The goal is to reduce the costs of battery packs by more than 40% between 2020 and 2024 and by a further 20% by 2030. All aspects of the battery pack can contribute to cost reduction: general optimization package, simplified module format, increased cell size and advances in battery chemistry. The company intends to maximize the value of batteries over their entire life cycle through repair, regeneration, reuse, and recycling and wants to create a sustainable system that places customer needs and environmental issues at the center.

Stellantis has planned a program of hardware upgrades and over-the-air software updates for extending the life of the platforms well into the next decade. It will develop software and controls in-house to maintain the characteristics unique to each brand. For Stellantis, electrification is not an undifferentiated strategy: each of the company's 14 iconic brands aspires to offer fully electrified best-in-class solutions and to pursue this goal by enhancing its specific DNA. The following slogans express the identity-based approach to electrification of each of the brands:

- Citroën - "Citroën Electric: Well-Being for All!"
- Fiat - "It's Only Green When It's Green for All"
- Opel / Vauxhall - "Green is the New Cool"

- Peugeot - "Turning Sustainable Mobility into Quality Time"
- Commercial Vehicles - "The Global Leader in e-Commercial Vehicles"



Figure 12: Stellantis Electrification Day 2021 – Stellantis presentation

3.6.10 Atlante project

Stellantis presents Atlante^[37], the project to create a network of charging infrastructures for electric mobility. Therefore, it aims to build 9000 stations by 2030 in South Europe, and it represents Stellantis' response to the Ionity consortium, the fast-charging network promoted by the main German manufacturers (BMW, Daimler and Volkswagen) and also supported by Ford, Hyundai and Kia.

The project is developed in collaboration with NHOA, a company listed on the Paris Stock Exchange and specialized in the clean energy sector and on sustainable mobility. The network, which will initially involve four countries, Italy, France, Spain and Portugal, will offer privileged access to the customers of the Stellantis group, but will be open to all. Stellantis has defined the road map for the construction of the charging network, with the first 1,500 service stations, for approximately 5,000 charging points, which will be installed by 2025. It will then continue to arrive at approximately 9,000 stations, for 35,000 refuelling points, by 2030. The manufacturer's goal is to build at least one station every 100 kilometres on the motorway for electric recharging and a refuelling plant for hydrogen every 150

kilometres. The Atlante project involves a significant economic commitment, estimated at least one billion euros, considering that each charging station has a cost between 100,000 and 140,000 euros, to which are added the even higher costs relating to the construction of the refuelling for hydrogen.

At corporate level, Atlante project involves the creation of an almost equal joint venture with 50.1% of the shares in Free2Move eSolutions, controlled by Stellantis, and the remaining 49.9% held by the partner NHOA. Roberto Di Stefano, CEO of Free2Move eSolutions, said: “Atlante is opening a new era in which the energy transition and zero-emission mobility will become the norm in our life, allowing a better planet for future generations”.

3.6.11 Hydrogen Fuel Cell

Stellantis has announced that it will also focus heavily on hydrogen fuel cell technology in the near future. In particular, the first vehicles to come out with this technology will be those of segment C, at first the Talento K0 and subsequently those of the former PSA group, Peugeot Expert, Citroën Jumpy and Opel Vivaro^[33].

The hydrogen fuel cell system is not an absolute novelty in the automotive world, but it is as regards the production of the brands enclosed under Stellantis. The project was born through collaboration with the Symbio^[38] and Faurecia^[38] sector companies, which provided the three hydrogen tanks with a total capacity of 4.4 kg at a pressure of 700 bar. These are housed under the floor, where the battery of the electric version is usually located. Fuel cell vehicles, in fact, will be developed on the same platform. This will also allow to not have any negative impact on the total capacity of the vehicle or on its final shape. The idea of using this technology comes from the fact that the fuel cell system represents a different approach to zero-emission engines, with a hydrogen refuelling that will not take more than three minutes and a total autonomy with a full tank of over 400 km, even if this data is still awaiting certification. The electric motor is positioned without problems under the hood and manages to keep the total weight of the vehicles under 2 tons, a result that not even pure electric was able to achieve. Here we also find a 10.5 kWh lithium-ion battery, which in case of need can be recharged at home or at the electric car columns, to obtain 50 km of extra autonomy.

By the way, hydrogen fuel cell technology presents some problems to be solved. First of all, in countries such as Italy the distribution network is almost inexistent, and autonomy is limited, although according to Stellantis data the customers of their commercial vehicles in 83% of cases never exceed 200 km per day and 44% does not exceed 300km.

3.7 CONS of STELLANTIS MERGER

Before of the merger, FCA's strategy was based on customer focus, offering highly targeted options specific for the geographic market and reference segment. The new shared strategy, on the other hand, envisages for the simplification of flows and the minimization of stock, thus losing the competitive advantage of differentiation both respect to the type of customer and also respect to other brands. Therefore, a strong marketing campaign appears necessary, both at the corporate level, to show the values and mission of Stellantis, and at the brand level, to maintain its own identity and strengthen its customer network.

3.7.1 Brand Identity – loss of brand strength

As previously examined, one of the criticalities of the commercial vehicle market is that, although production costs are low and therefore, they allow high margins, the products are difficult to differentiate and so on the brands are unable to build competitive advantages to increase their market power^[40]. In fact, customers use the vehicles for commercial purposes, and they choose the good based on reliability and performance, for example in terms of consumption and efficiency of the network in case of breakdowns, rather than respect to aesthetic and less rational criteria. Following the simplification policy to favour the use of the same production platforms and reduce the costs of switching between different vehicles, brands could lose the construction peculiarities that characterized their range, giving up market power and reducing costs, but risking to drastically reduce the benefit of synergies.

An example of the identity problem emerges in the choice to launch the marketing campaign for commercial vehicles with the slogan "The Global Leader in e-

Commercial Vehicles", ie without distinguishing between the models of the different brands, as in the case of passenger cars.

Each of the Stellantis brands had established a specific market positioning to guarantee profits and sales, usually higher on the domestic market than in other European countries, above all thanks to a greater diffusion of its own sales and service network, as well as a qualitatively superior perception of the local brand. Now it is necessary to establish a strategy in terms of price positioning and quality of services not aimed at maximizing individual sales and margins, but to ensure greater coverage and market share for Stellantis, through tactical actions and strategic choices to counter the main competitors: Mercedes, Volkswagen and Renault.

3.7.2 Brand reputation

Stellantis' cost-cutting policy not only involves the loss of competitive advantages for individual brands due to the simplification of the basic vehicle, but also risks reducing customers' perception of brand value, favouring competitors. The quality of the brand does not derive solely from the configuration of the vehicle, but is determined by the training of the sales staff, the conditions of the workers, the availability and variety of purchase offers for customers and after-sales assistance services^[41].

The Index rankings show the brands with the highest average Index scores between February 1, 2020 and January 31st, 2021. The scores are mostly representative of the general population of adults 18+ (some are online representative). All brands have been tracked for at least 6 months to be included in the rankings. Each day consumers are asked about their views on automotive brands across various markets, which allows to build a picture of how these brands are perceived by the general public through comparing Index scores, which is a measure of overall brand health calculated by taking the average of Impression, Quality, Value, Satisfaction, Recommend and Reputation^[42].

TOP BRAND							
RANK	FRANCE	GERMANY	ITALY	SPAIN	UK	SWEDEN	FINLAND
1	Peugeot	Mercedes	Mercedes	Mercedes	Mercedes	Volvo	Toyota
2	Mercedes	Audi	BMW	Audi	Ford	Volkswagen	Volvo
3	Audi	BMW	Audi	BMW	Volkswagen	Toyota	Mercedes
4	BMW	Volkswagen	Volkswagen	Volkswagen	Audi	Mercedes	Volkswagen
5	Volkswagen	Skoda	Toyota	Toyota	Volvo	BMW	Audi
6	Citroen	Volvo	Ford	Renault	Toyota	Audi	BMW
7	Toyota	Toyota	Alfa Romeo	Peugeot	Jaguar	Tesla	Skoda
8	Renault	Porche	Fiat	Seat	BMW	Lexus	Ford
9	Ford	Opel	Volvo	Ford	Honda	KIA	Honda
10	Volvo	Ford	Jeep	Volvo	Porsche	Skoda	Nissan

Table 44: brands with the highest average Index scores of reputations in the main European countries between February 1, 2020 and January 31st, 2021 – YouGov Global Automotive Rankings – reputation ranking 2021 automotive report ranks top auto brands, dealerships and dealer groups in Europe

The following table shows the percentage of total sales of the 7 European countries, to weigh the reputation of each brand based on volumes and obtain an overall ranking, assigned 10 points to the first brand and so on for each country. The most valued brands perceived are Mercedes, Audi and Volkswagen.

COUNTRY	% SALES 2020
Germany	31.41%
France	20.13%
United Kingdom	19.60%
Italy	14.76%
Spain	9.86%
Sweden	3.17%
Finland	1.08%
Total	100.00%

Table 45: weight of the main 7 European countries based on sales in 2020, to weigh the reputation of each brand based on volumes and obtain an overall ranking - YouGov Global Automotive Rankings – reputation ranking 2021 automotive report ranks top auto brands, dealerships and dealer groups in Europe

RANK	BRAND	POINT	RANK	BRAND	POINT
1	Mercedes	9.682	13	Jaguar	0.784
2	Audi	8.100	14	Opel	0.628
3	Volkswagen	7.058	15	Honda	0.609
4	BMW	6.871	16	Alfa Romeo	0.590
5	Toyota	4.880	17	Fiat	0.443
6	Volvo	3.755	18	Seat	0.296
7	Ford	3.448	19	Jeep	0.148
8	Peugeot	2.408	20	Tesla	0.127
9	Skoda	1.959	21	Lexus	0.095
10	Porsche	1.138	22	Kia	0.063
11	Renault	1.097	23	Nissan	0.011
12	Citroen	1.007			

Table 46: TOP 12 brands for reputation in Europe in 2020 - YouGov Global Automotive Rankings – reputation ranking 2021 automotive report ranks top auto brands, dealerships and dealer groups in Europe

3.8 RISK ANALYSIS

3.8.1 Risk related to the merger

Before the closing of the merger on the 16th January 2021^[2], PSA and FCA operated independently as separate companies. The success of the merger will depend, mainly, on Stellantis ability to realize the synergies, cost savings, growth opportunities and other benefits preempted from combining the businesses. The achievement of the anticipated benefits is subject to several uncertainties, including general competitive factors in the marketplace and whether it is able to integrate the businesses of PSA and FCA in an efficient manner and implement effective operational procedures. Failure to achieve these anticipated benefits could result in increased costs, decreases in revenues and diversion of management's time and energy, and could materially impact the business, financial condition, cash flows or results of operations. If Stellantis won't be able to successfully achieve these objectives, the expected value creation may not be realized fully, or at all, or may take longer than supposed time.

Therefore, Stellantis has planned to devote significant management attention and resources to integrating the business practices and operations of FCA and PSA. Potential difficulties that it may encounter as part of the integration process include complexities associated with managing business, such as difficulty integrating manufacturing processes, systems, and technology, in a seamless manner, as well as integration of the FCA and PSA workforces. It has also incurred significant costs associated with the transaction, as for the migration of our headquarters to The Netherlands, and unforeseen expenses, including those in capital investments and financial risks (the possible effect of adverse tax treatments, the incurrence of unexpected write-offs). All these factors must be analyzed, since they could decrease or delay the expected accretive effect of the merger. These factors could be verified in the loss of key employees, the disruption of ongoing businesses or inconsistencies in standards, controls, procedures, and policies that adversely affect the company's ability to maintain relationships with suppliers, customers and employees, achieve the anticipated benefits of the merger or maintain quality standards.

3.8.2 Uncertainties associated with post-merger integration

It can cause the loss of qualified personnel. The business potential lies in the experience and industry knowledge of PSA and FCA managers, and success depends on the ability to attract and retain personal management and other key employees.

3.9 RISK RELATED TO BUSINESS, STRATEGY AND OPERATION

3.9.1 Business interruptions due to COVID-19

On 11 March 2020, the global pandemic of COVID-19^[43] was declared by the World Health Organization. It had determined imposed quarantines, travel restrictions and limitations on daily activities, leading businesses to cut down normal operations. The impact occurred in the changes and fears of consumers, and consequently in the downturns of the market, causing a global economic slowdown and a significant decrease in demand in the world of the automotive market, which could persist even after the lifting of some restrictions linked to the COVID situation. The outbreak caused significant supply chain disruptions and could cause further disruptions in the future. These outages can negatively impact the availability and price at which companies are

able to source components and raw materials globally, such as the current shortage of semiconductors, which will result in a reduction in the number of vehicles available for sale. In addition, the epidemic has led to increased needs for working capital and reduced liquidity and the provision of credit. Finally, COVID-19 has led to a sharp rise in unemployment rates, and economic uncertainty can result in higher delinquencies and negatively impact the demand for new and used vehicles.

The extent to which the COVID-19 pandemic will impact Stellantis outcomes will depend on the scale, duration, severity and geographical scope of future developments, which are highly uncertain and unpredictable. In particular, the final impact will depend on the length and severity of the restrictions on businesses and individuals, the impact of the pandemic on customers, retailers and suppliers, how quickly normal economic conditions, operations and demand for vehicles will resume.

3.9.2 General economic conditions

Businesses can be adversely affected by global financial markets, general economic conditions and the application of government incentives and geopolitical volatility. Stellantis is subject to other risks, such as increases in energy and fuel prices and fluctuations in commodity prices - these factors can have a negative effect on the ability to make full use of the factory line.

3.9.3 Difficulty of growth for some brands

All Stellantis brands have global appeal, and a drop in margins on a single brand would have material negative effects on the company's business. Volume growth and margin expansion strategies include renewal of key products, the launch of white space products, the implementation of various electrified powertrain applications and partnerships related to the development of autonomous driving technologies. Historically, FCA has experienced challenges in expanding the product range and global sales of some brands, in particular Alfa Romeo. Instead, PSA faced challenges in increasing the visibility of its brands in China and Russia^[44].

An example of an issue is failing to position Citroen DS brand as a premium brand in light of competition from established premium brands that benefit from a favorable reputation and significant marketing budgets. Stellantis' strategies require

continuous significant investments in products, engines, production facilities and distribution networks. If the company is unable to meet its volume growth and margin expansion targets, it will not be able to achieve a sufficient return on investment, which could have a material adverse effect on its business, on financial condition and on the results of the operations.

3.9.4 Future performance depends on the ability to offer innovative, attractive and fuel-efficient products

Stellantis' success depends on the ability to develop innovative and high-quality products that could be attractive to consumers and, at the same time, highly profitable. For example, the advent of electric and plug-in hybrid vehicles has fuelled highly competitive pricing among automakers to gain market share, which can significantly impact profits relative to the sale of those vehicles.

Furthermore, competitive deficiencies with other automakers could emerge about electrification, autonomous driving, artificial intelligence, and other new trends in the industry. Stellantis could be not able to sufficiently adapt its business model to new forms of mobility, such as car sharing, carpooling and related services. Such mobility changes can lead to decreased sales.

Moreover, the technological capabilities acquired through continuous investments could prove short-lived. For example, if hybrid cars were replaced by fully electric cars sooner than expected. Additionally, vehicle electrification can negatively impact aftermarket revenue as EVs are expected to require fewer repairs. Finally, the increasing state of development of new innovations and technologies could have a negative impact on the residual value of the vehicles, increasing the TCO and decreasing the competitiveness of the vehicle.

3.10 RISK RELATED TO THE INDUSTRY

The automotive industry is highly competitive and cyclical^[45], and these factors affect each player in the market differently. Most of Stellantis' revenues are related to the automotive sector. There, competitors are strong and established in all markets around the world in terms of innovation, product quality, prices, introduction of new

technologies, safety, fuel economy, reliability and consumer and financial services offered. Some competitors are better capitalized than Stellantis and therefore they have a competitive advantage, covering larger market shares. Furthermore, the automotive sector is exposed to the risk of new entrants, which may be characterized by technological capabilities or lower prices.

In the automotive sector, sales to both private individuals and fleets are cyclical and subject to change in line with the conditions of the economy, the willingness of consumers to pay and their ability to obtain financing, as well as government incentives, mainly linked to new technologies. In addition, the sector is characterized by the constant renewal of the product offering through frequent launches, which lead to an excess of global production capacity and a downward pressure on vehicle prices, net of inflation.

3.10.1 Shortage of raw materials and semiconductors

The automotive industry uses many varieties of manufacturing raw materials^[46], including aluminum, polymers, steel, copper, lead, and precious metals such as platinum, palladium and rhodium, as well as electricity and natural gas. Furthermore, the development of electrified powertrains requires significant supplies of lithium, nickel and cobalt, which are used in ion batteries. The prices of these raw materials fluctuate, and with the increase in the production of electric vehicles, there will be a shortage of raw materials and lithium cells and therefore an increase in the bargaining power of suppliers and the cost of materials. This would increase operating costs, which could reduce vehicle profitability, if not offset by higher prices.

For example, a global shortage of semiconductors impacted global production volumes in early 2021^[47], and it is currently unclear if suppliers could maintain their contracts at reasonable prices. Any interruption of the supply, however, would have a negative impact on the ability to achieve the objectives set. This risk increases during times of economic uncertainty such as the crisis resulting from the COVID-19 epidemic, or because of regional economic disturbances such as the one experienced in LATAM due to the deterioration of Argentina's economic conditions in recent years.

3.11 FINANCIAL EXPECTATIONS

According with several evaluations made using the discount cash flow method (DCF), the value of Stellantis^[3] will more than double thanks to the implementation of the synergies. Therefore, also the market capitalization will acquire value. The following tables shows the forecasts of the Unlevered Free Cash Flow (UFCF), calculated in line with Stellantis internal data and Thomson Reuters, 2021: thanks to the synergies, the value of the UFCF is almost doubled at the end of 2024, as the costs of the assets are more than recovered in EBIT.

Without synergies (in million)	2020	2021	2022	2023	2024
EBIT	2,479	4,037	5,806	7,510	9,140
NOPAT (25%)	1,859	3,028	4,354	5,633	6,855
Capex	-14,334	-13,834	-13,334	-13,334	-13,334
Depreciation	8,553	8,754	8,754	8,754	8,754
Change in NWC	1,725	1,725	1,725	1,725	1,725
UFCF	-2,197	-327	1,499	2,778	4,000

Table 47: forecasts of the Unlevered Free Cash Flow (UFCF) from 2020 to 2024 without synergies – Stellantis internal analysis

With synergies (in million)	2020	2021	2022	2023	2024
EBIT	2,479	5,037	7,726	10,330	12,860
NOPAT (25%)	1,859	3,778	5,795	7,748	9,645
Capex	- 14,334	- 14,634	- 14,334	- 14,334	- 13,334
Depreciation	8,553	8,754	8,834	8,934	9,034
Change in NWC	1,725	1,725	1,725	1,725	1,725
UFCF	-2,197	- 377	2,020	4,073	7,070

Table 48: forecasts of the Unlevered Free Cash Flow (UFCF) from 2020 to 2024 with synergies – Stellantis internal analysis

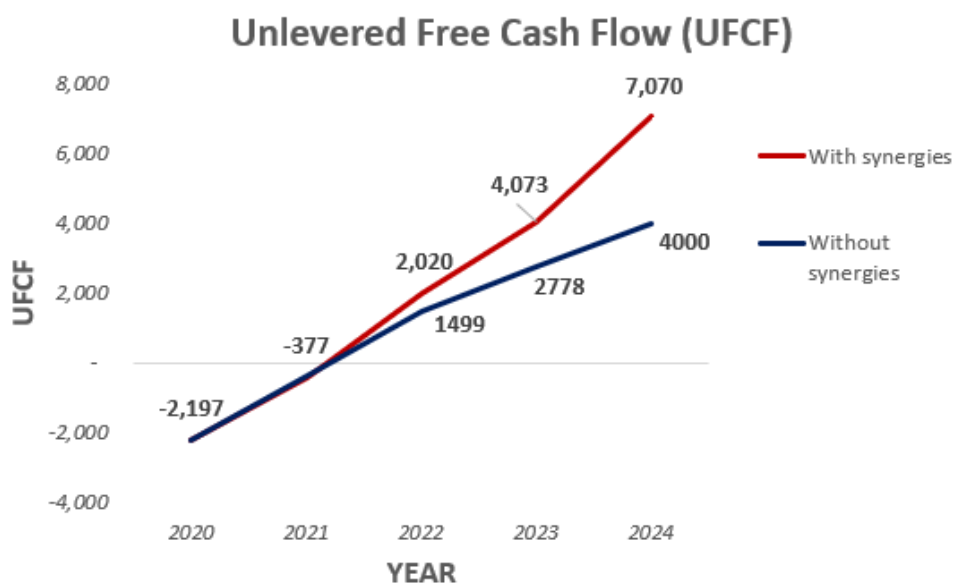


Chart 78: forecasts of the Unlevered Free Cash Flow (UFCF) from 2020 to 2024 with and without synergies – Stellantis internal analysis

Analysing the income statement, the synergies make it possible to decrease the cost of goods sold and consequently the gross margin increases. EBITDA grows as a result of the reduction in general and insurance costs (SG&A) and the lower investment in research and development (R&D) required, as they exploit more the resources already present. Therefore, in 2024, net income will increase by more than 50% thanks to synergies.

Without Synergies (million €)	2020	2021	2022	2023	2024
Revenues	129,396	142,336	155,863	169,391	182,918
COGS	108,112	118,924	130,254	141,585	152,916
Gross Profit	21,284	23,412	25,609	27,806	30,002
SG&A	12,867	12,868	12,869	12,871	12,873
R&D	3,737	4,107	4,533	5,024	5,589
EBITDA	4,680	6,437	8,207	9,911	11,540
Depreciation	2,200	2,400	2,400	2,400	2,400
Interest	888	888	888	888	888
Other	2,312	2,312	2,312	2,312	2,312
EBIT	- 720	837	2,607	4,311	5,940
Taxes 0.25	- 180	209	652	1,078	1,485
Net Income	- 540	628	1,955	3,233	4,455

Table 49: forecasts of gross profit, EBITDA, EBIT and net income from 2020 to 2024 without synergies –
Stellantis internal data

With Synergies (million €)	2020	2021	2022	2023	2024
Revenues	129,396	142,336	155,863	169,391	182,918
COGS	108,112	118,524	129,454	140,385	151,316
Gross Profit	21,284	23,812	26,409	29,006	31,602
SG&A	12,867	12,668	12,469	12,271	12,073
R&D	3,737	3,707	3,733	3,824	3,989
EBITDA	4,680	7,437	10,207	12,911	15,540
Depreciation	2,200	2,400	2,480	2,580	2,680
Interest	888	888	888	888	888
Other	2,312	2,312	2,312	2,312	2,312
EBIT	- 720	1,837	4,527	7,131	9,660
Taxes 0.25	- 180	209	652	1,783	2,415
Net Income	- 540	1,628	3,875	5,348	7,245

Table 50: forecasts of gross profit, EBITDA, EBIT and net income from 2020 to 2024 with synergies – Stellantis internal data

Ratio of key indicators	with synergies	w/o synergies	% change
Gross Margin	17.28%	16.40%	5.30%
EBITDA Margin	8.50%	6.31%	34.70%
EBIT Margin	7.03%	5.00%	40.70%
Net Margine	3.96%	2.44%	62.60%
Net income (million €)	7245	4455	62.60%

Table 51: ratio of key indicators from 2020 to 2024 with and without synergies – Stellantis internal data

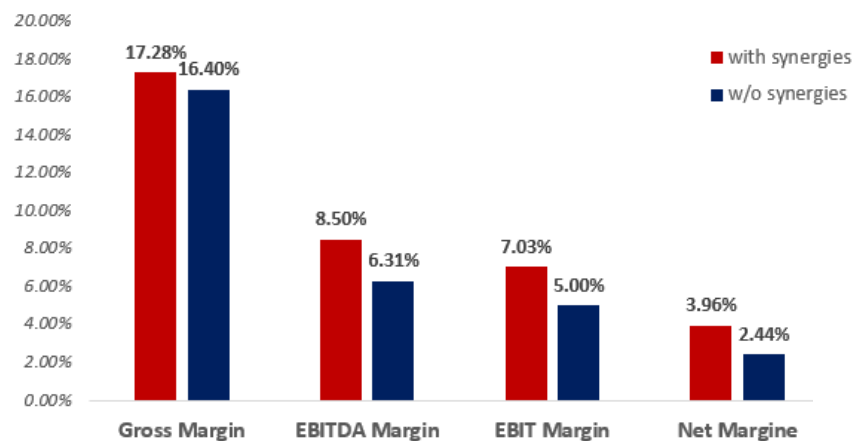


Chart 79: forecasts of gross profit, EBITDA, EBIT and net income from 2020 to 2024 with and without synergies

3.12 BRANDS DIVERSIFICATION AND COMPETITIVE ADVANTAGES

Before of the merger, FCA's strategy was based on customer focus, offering highly targeted options specific for the geographic market and reference segment. The new shared strategy, on the other hand, envisages for the simplification of flows and the minimization of stock, thus losing the competitive advantage of differentiation both respect to the type of customer and respect to other brands.

Stellantis needs to establish itself at the corporate level and at the same time to make sure that individual brands not to lose their identity and the share of customers. To reach these two goals, Stellantis needs:

- To establish internal guidelines for all Stellantis' brands,
- To support individual brands to create different competitive advantages to cover greater market shares and not satisfy the customer solely with the price, but through a brand identity.

3.12.1 Product differentiation

Commercial vehicles are a technical product, so it is necessary exploiting synergies upstream and diversifying downstream^[48]. Several strategies and tactical actions can be implemented to make the range offers of the different brands complementary, to limit mutual competition (decreasing the degree of substitutability) and steal market share from competitors^[49].

3.12.2 Horizontal Differentiation

Horizontal differentiation occurs when the preference is subjective in nature or when no product is objectively superior in all characteristics. There is no univocal criterion for ordering products from best to worst, as the judgment on products is established by the subjective preferences of individual consumers who, having different preferences, prevents the construction of a single objective scale of reference: each consumer constructs his own subjective scale of values based on his preferences.

To differentiate the light commercial vehicle^[50], it is necessary to support the fitter of each market. The attractiveness of the brand increases with the internal ability to understand and anticipate customer needs, offering increasingly targeted vehicles, albeit starting from a common base. In fact, a commercial vehicle can be used as an ambulance or cold room, filled with shelves or glazed, with a roof rack or with an aluminium ramp. The more dynamic and flexible a range is, the greater the possibility of responding to customer needs and increasing sales.

3.12.3 Vertical Differentiation

Vertical differentiation is a criterion of comparison between two or more products based on their objective characteristics. It is also defined differentiation by

quality and occurs when an asset is objectively superior to the others in all characteristics.

The purchase of the commercial vehicle^[51], and therefore the evaluation of its value by the customer, is focused on the analysis of the TTO and therefore of the relationship between the price of the vehicle and performance during its life cycle. For example, it is necessary to provide the commercial customer with a high-performance vehicle with reduced consumption, because the cost of fuel is an important criterion in the purchase of the vehicle, as well as the probability of breakdown and maintenance costs, and it is therefore necessary to formulate the most suitable offer, in relation to the price of the vehicle and the other pre-emptive costs.

3.12.4 Promo dashboard

Individual brands can sell commercial vehicles similar to competitors but offering prices and promotions in line with their customer segment, establishing ad hoc deals and promos. For example, let's examine the different promos proposed by the several players in the 3 market segments (1B, 2P and X250) in Germany, in April 2021^[3].

In the small-van segment, Opel and Renault have the highest discounts, although they have all remained unchanged or decreased compared to the previous month. Fiat Pro, Ford and Opel present a price reduction aimed at disposing of the stock, while Volkswagen offers a 7% discount in case of scrappage or trade-in. Almost all brands also offer a discount linked to the registration bonus, which varies from 2% to 17%.

April 2021	Fiat Professional Doblo Cargo			Citroen Berlingo			Peugeot Partner			Ford Transit Connect			Opel Combo			VW Caddy			Renault Kangoo		
	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %
Fixed Margin	10.0%			14.0%			14.0%			10.5%			13.0%			10.5%			9.0%		
Variable Margin	10.1%			3.0%			3.0%			7.5%			2.3%			4.1%			11.2%		
Registration Bonus	13.5%	13%	100%	11.0%	11%	100%	12.0%	12%	100%	2.2%	2.2%	100%	17.1%						17.0%	17%	100%
Registration Bonus (2)				5.0%	5.0%	100%	4.8%	4.8%	100%												
Stock	0.5%	2.0%	25%							4.0%	8.0%	50.0%	1.9%								
Scrappage/Trade-In													0.2%			7.0%	10%	70%			
Warranty Service																					
Opt for free																					
Other Promo	0.6%	2.0%	30%							4.5%	4.5%	100%									
Special client support max																					
Target achievement	1.0%	1.5%	65%							4.0%	4.0%	100%	2.6%								
Fleet bonus	1.2%	4.0%	30%																		
Sales bonus				1.5%	2.0%	75%	1.6%	2.0%	80%												
Cash bonus							0.9%	2.0%	45%												
Test vehicle	0.3%	2.0%	15%																		
Sum	37.2%			34.5%			36.3%			32.7%			37.0%			21.6%			37.2%		
Assumed Dealer Margin	7.0%			6.0%			6.0%			7.0%			7.0%			7.0%			7.0%		
Total Discount	30.2%			28.5%			30.3%			25.7%			30.0%			14.6%			30.2%		
PRICE RESUME DISCOUNT	29.5%			27.3%			29.3%			25.7%			30.2%			9.7%			30.5%		
Discount Previous Month	30.0%			27.3%			29.3%			25.7%			30.8%			9.7%			30.5%		

Table 52: Promo dashboard of the main European players in the 1B segment, April 2021 – Stellantis internal data

In 2P Stellantis^[3] presents higher discounts than the main competitors to increase the competitiveness of its vehicles. In addition to the offer of a higher registration, except for Ford (17%), they offer promotions for the purchase of fleets with more than 3 vehicles (fleet bonus) and on older stock.

2P April 2021	Fiat Talento			Citroen Jumpy			Peugeot Expert			Renault Trafic			Ford Transit Custom			Opel Vivaro			VW Transporter		
	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %
Fixed Margin	10%			14%			14%			9%			11%			13%			14%		
Variable Margin	10%			3%			3%			11%			8%			2%			5%		
Registration Bonus	14%	14%	100%	14%	11%	100%	14%	14%	100%	17%	17%	100%	1%	1%	100%	18%					
Registration Bonus (2)				5%	5%	100%	5%	5%	100%												
Stock	1%	3%	30%										3%	6%	46%	2%					
Scrappage/Trade-In																0%			6%	9%	70%
Warranty Service																					
Opt for free													2%	2%	100%						
Other Promo																					
Special client support max	1%	2%	70%										15%	15%	100%	3%					
Target achievement	1%	4%	30%																		
Fleet bonus				2%	2%	75%	2%	2%	80%												
Sales bonus							1%	2%	45%												
Cash bonus	0%	2%	15%																		
Test vehicle	37%			38%			38%			37%			39%			37%			24%		
Sum	7%			6%			6%			7%			7%			7%			7%		
Assumed Dealer Margin	30%			32%			32%			30%			32%			30%			17%		
Total Discount	30%			30%			32%			30%			31%			33%			18%		
PRICE RESUME DISCOUNT	31%			30%			32%			30%			29%			33%			18%		
Discount Previous Month	31%			30%			32%			30%			29%			33%			18%		

Table 53: Promo dashboard of the main European players in the 2P segment, April 2021 – Stellantis internal data

In the X250^[3] the discounts are higher than in the other segments since it is the most expensive. The registration bonus is in fact higher, and to encourage the purchase of larger commercial vehicles, the brands offer combinations of free opt together with the good and discounts for fleets, customer support and cash bonus.

X250 April 2021	Fiat Professional Ducato			Citroen Jumper			Peugeot Boxer			Renault Master			Ford Transit			Opel Movano			VW Crafter		
	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %	Discount	Val. %	TR %
Fixed Margin	10%			14%			14%			9%			13%			13%			16%		
Variable Margin	10%			3%			3%			11%			8%			2%			6%		
Registration Bonus	13%	13%	100%	17%	11%	100%	20%	20%	100%	17%	17%	100%	4%	4%	100%	18%					
Registration Bonus (2)				5%	5%	100%	5%	5%	100%				1%	1%	100%						
Stock	1%	3%	30%										2%	5%	42%	2%					
Scrappage/Trade-In																0%			12%	12%	100%
Warranty Service																					
Opt for free	1%	2%	30%										1%	1%	100%						
Other Promo																					
Special client support max	1%	2%	50%										6%	12%	50%	3%					
Target achievement	2%	6%	33%																		
Fleet bonus				2%	2%	75%	2%	2%	80%												
Sales bonus							1%	2%	45%												
Cash bonus	0%	2%	15%																		
Test vehicle	0%	3%	2%																		
Sum																					
Assumed Dealer Margin	37%			41%			44%			37%			35%			38%			33%		
Total Discount	6%			6%			6%			6%			6%			6%			6%		
PRICE RESUME DISCOUNT	31%			35%			38%			31%			29%			32%			27%		
Discount Previous Month	31%			33%			37%			35%			29%			34%			27%		

Table 54: Promo dashboard of the main European players in the X250 segment, April 2021 – Stellantis internal data

3.12.5 Service Network

It includes the sales and after-sales service network, which can be different between different brands and in different countries. In fact, it is evident that the local brand, such as Fiat in Italy, have a more widespread network at national level given the higher volume of sales, and smaller networks in other countries. The customer could therefore be willing to pay a higher price than vehicles of other brands with the same quality but fewer services, thus guaranteeing greater market power to the local brand^[17].

For example, let's examine the network of the FCA Ducato, sold as camper base:

Over the years, the Ducato base camper^[52] has continuously evolved in terms of product and development of services that revolve around traveling by camper. The ability to listen to the customer, which begins at Customer Care and continues in the Fiat Professional workshops, allows FCA to respond not only to current needs in a timely manner, but also to anticipate future ones. The synthesis of this attention to the customer is expressed by the tagline «Traveling with confidence». The basic assumption is that anyone who buys an RV is not just buying a vehicle, but a vacation. For this reason, the concept of service is not limited to product assistance but extends to assistance to customers on vacation through constant proximity. Specifically, a dedicated and widespread network, distributed along the routes most followed by campers, a dedicated Customer Care Center where every motorhome owner finds expertise and preparation in the world of motorhomes and roadside assistance ready to intervene promptly throughout the European continent and beyond.

24 hours a day, 7 days a week, motorhomers can call the dedicated Customer Care and speak in their own language with one of the twenty "Fiat Camper Brand Ambassadors". The Ambassador's mission is to resolve the customer's problem as quickly as possible, interfacing and coordinating the company departments involved, and always ensuring the customer a dialogue based on understanding and competence. For this reason, the members of the dedicated team are constantly trained and updated throughout the year and attend the most important European trade fairs in the sector, to get to know the world of campers and motorhomers ever better and more closely. Customer Care, then, is increasingly integrated with the work of roadside assistance

and the workshop: every camper driver can count on a mobile workshop ready to reach him in 44 different countries and on 24/7 telephone support. CustomerCare will contacts the owner to update him on repair methods and times while providing active support to the workshop to facilitate diagnosis and make spare parts delivery as fast as possible. The set of these best practices has given campers an extra day of vacation, leading to a one-day reduction in the average stop of the vehicle in the event of unforeseen events.

In addition, a complete range of services is available, all tailored to the needs of the motorhome customer, from the "Maximum Care Camper" international warranty extension, which provides coverage for all mechanical and electrical components of the Ducato, with different options for duration and mileage, to the innovative "Fiat Ducato Camper Mobile" application, which also provides tourist information, to date downloaded by over 90,000 campers. Today, those traveling in a Ducato Motorhome can be sure of having over 6,500 Fiat Professional assistance points available, equipped for the maintenance and repair of the Ducato base, of which over 1,800 dedicated Fiat Camper Assistance points. Finally, a new service was recently developed, called Conciergerie, currently active in France, Germany and the UK, and which will be extended throughout Europe in 2017. The end customer, again via the Camper Assistance toll-free number, will be able to speak to an operator who will guide him to discover a package of additional and completely free services for two years from the first registration date of his Euro 6 Ducato camper and thus obtain touristic information and assistance in finding and booking parking areas, campsites, transport, restaurants and much more.

3.12.6 Marketing campaign

Automotive marketing^[53] is a complex strategy derived from multiple channels intersection to obtain the highest number of contacts and customers. At the centre of the process there is the value of the product that should be communicate to the customers, to gain their trust and a greater interest in visiting the physical store. Potential buyers must conceive the dealership not as a car resale, but as a set of products and services designed specifically to meet their needs.

In recent decades, the customer's approach to the automotive product has changed. Before, people went directly to the dealership, even during the evaluation phase, to observe the models and learn about their technical data and prices. Today this *modus operandi* has changed. The preliminary information phase takes place directly via the web, through company website and social media. With a click clients can get all the technical information of each model, where it is available and the nearest dealership.

This revolution has completely subverted the marketing rules of car dealerships, forcing all the companies in the sector to adapt. If on the one hand the new marketing requires specific skills, on the other it allows you to hit interested users with more precision. Obviously, a successful automotive marketing implies the integrated and joint work of car manufacturers and dealers, the former above all for branding activities, the latter for the quality of service.

The main characteristics of effective marketing are:

- 1) Develop a multichannel digital automotive marketing strategy, consistent with the character of the brand and integrated with offline initiatives (events, partnerships, etc.), in order to guarantee a complete brand experience that complies with the customer journey;
- 2) Listen to the needs of consumers and use all possible channels to meet these expectations - make the customer the protagonist of automotive marketing;
- 3) Communicate authenticity, experience and professionalism;
- 4) Guarantee the best possible customer experience, from communication and interaction through the company website to the management of the lead process at the point of sale;
- 5) Use digital channels to generate emotional experiences and emphasize relevant content, information and customer relationships;
- 6) Take advantage of social media to advertise products through short videos, think “mobile-first” and with a view to geo-localization;

- 7) Measure the results of investments through appropriate KPIs and optimize the strategy.

3.12.7 Call to action

To differentiate the own range of commercial vehicles and make them more attractive on the market, brands can use different launch offers that guarantee an advantage for customers in terms of leasing or insurance prices, and at the same time favor the increase in sales volumes. For example, let's examine the different launch offers that have been proposed in the main European countries for the electric Ducato.

COUNTRY	Launch Offer
ITALY	<i>"E-Ducato starting from € 42,700 (without VAT) in case of scrapping of the used vehicle and with Top Care by Mopar program which includes routine maintenance and extended warranty up to 5 years or 120,000 km"</i>
FRANCE	<i>"Leasing offer on the best seller Evolution VAN 35 MH2 47kWh: 549€ for month 4y/60000km, including 5 years warranty and maintenance"</i> or <i>"First edition with 2350€ contents for free for who pay cash, including 5 years warranty and maintenance"</i>
GERMANY	<i>"Launch Leasing offer: 609€ for month 48m/10000km, including 5 years warranty, maintenance and road assistance"</i>
SPAIN	<i>"Launch leasing offer: 475€ for month 60m/100000km, including 5 years warranty and maintenance, 11990€ deposit"</i>
UK	<i>"Peace of Mind 5+5+5: 5 years warranty, maintenance and road assistance, and DC charger for free on client retail"</i>
BELGIUM THE NETHERLAND	<i>"5 years warranty and maintenance included"</i>
AUSTRIA	<i>"Buy in 2021 - pay in 2022": attractive leasing offer with postponement of first installment, including 5 years warranty and maintenance."</i>
POLAND	<i>"100% leasing (0% interests), including 5 years warranty and maintenance"</i>
SWEDEN NORWAY	<i>"5years/200.000km warranty and maintenance included"</i>

Table 55: Call to action as a differentiation strategy, implemented for the Ducato BEV in the main European countries – Stellantis internal data

3.12.8 Mixed Bundling: packs

In marketing, product bundling represents the offer of several products or services as one combined package. It is a common feature in many imperfectly competitive product and service markets, such as cars and holiday packages. Consumers usually choose not only the product itself, but also various options. Brands decide how to present these options to them, and they often sell options both individually and in bundles (mixed bundling).

The following table summarizes the contents present in the basic model of the main competitors in the 1B segment in Italy. Therefore, similar commercial vehicles are differentiated in terms of content and price.

1B SEGMENT ITALY	FIAT PRO	CITROEN	PEUGEOT	OPEL	RENAULT	FORD
	DOBLO'	BERLINGO	PARTNER	COMBO	KANGOO	T. CONNECT
	1.6 MJET 105hp EU6D	1.5 BLUEHDI 100hp	1.5 BLUEHDI 100hp	1.5 BLUEHDI 100hp	1.5 BLUEHDI 105hp	1.5 BLUEHDI 100hp
	CH1 LOUNGE	M CLUB	PREMIUM L1	EDITION	L1H1	L1H1 TREND
Content Value	2,700 €	2,975 €	3,175 €	3,055 €	2,660 €	3,170 €
Cruise Control		Standard	Standard	Standard	Standard	
Electronic hand brake		Standard		Standard		
Hill holder	Standard	Standard	Standard	Standard	Standard	Standard
Touch screen 5.0	Standard					
Speakers	Standard	Standard	Standard	Standard	Standard	Standard
Cornering lights						Standard
Fog lights		Standard	Standard			Standard
Headlight control		Standard	Standard			
Door mirror		Standard	Standard	Standard	Standard	Standard
Bulkhead						Standard
Below seat storage		Standard	Standard	Standard		
Front seat	Standard			Standard		
Head restraints	Standard	Standard	Standard	Standard	Standard	Standard
Spare wheel			Standard		Standard	
Tire kit	Standard	Standard		Standard		Standard
Limited slip differential						Standard
Floor covering	Standard				Standard	
Heated windshield						Standard
Windshiels wipers			Standard			

Table 56: application of the mixed bundling strategy by the player of the 1B segment in Italy, 2021, through contents differentiation – Stellantis internal data

Let's examine, also, the different packs' offers those have been proposed in the main European countries for the electric Ducato. To give more advantages to the client,

E-Ducato is offered with special packs, which includes all the optional that the client usually looks for.

COUNTRY	Pack Offer
ITALY	<p><i>READY NAV, includes automatic air conditioning, rear view camera, techno dashboard, radio 7", 270 doors and led lights in the load compartment. Customers buy this pack at 2000€, lower price then the sum of all the optional.</i></p> <p><i>ENERGY PLUS, includes the ready nav pack and the charger of 22kW, the clients pay it 5000€, saving 200€ in the charger, that has a list price of 3200€.</i></p>
GERMANY	<p><i>SX LIGHT at 1690€, that includes automatic air conditioning, USB charger, infotainment 7" and light and rain sensors</i></p> <p><i>ENERGY PACK at 5000€, it includes the SX light pack + blind spot assist, road sign recognition, A/C with pollen filter and reversal signal</i></p>
SPAIN	<p><i>NAVIGATOR at 650€, which includes 7" navigator, reverse signal, techno dashboard, fog lights and electric rear view mirror</i></p> <p><i>NAVIGATOR PLUS at 2750€, includes the pack navigator + blind spot assist, rear view camera, charger of 11kW and light and rain sensors.</i></p>

Table 57: application of the mixed bundling strategy by the player of the 1B segment in Italy, 2021, through pack offer – Stellantis internal data

3.12.9 Brand Reputation

The brand reputation^[54] is built over time based on the perceived and real quality of products and services. It constitutes a competitive advantage as products perceived as better can be sold at a higher price or in greater quantities than vehicles of the same quality offered at the same price, and therefore increase the company's market power and revenues. It is influenced by:

- Impression – whether someone has a positive or negative impression of a brand
- Quality – a net measure of whether consumers think the brand represents good or poor quality

- Value – a net measure of whether consumers think the brand represents good or poor value for money
- Satisfaction – whether someone is a satisfied or dissatisfied customer
- Recommend – whether someone would recommend a brand to a friend or not
- Reputation – whether someone is proud or embarrassed to work for a brand.

4 STELLANTIS COMPETITIVENESS: BRAND POSITIONING IN THE LCV MARKET

The third chapter presents Stellantis' current competitiveness and some possible future strategies. Stellantis' strategy is focused on exploiting synergies for cost reduction upstream and enhance downstream the value of individual brands to differentiate products and strengthen its market share. At the corporate level, guidelines were issued to monitor the competitiveness of commercial vehicles on a monthly basis, using the model proposed by FCA, applying tactical actions when necessary. Competitors to be analysed in each segment are selected based on the analysis of market shares and top in/out flow charts. The basket of the players must be periodically updated based on market evolution. The market analysis shows that the prices and competitiveness of all brands are getting aligned, as the commercial customer is particularly rational, and the spread of electric vehicles will guide the purchase decision based mainly on TCO. Therefore, two possible market positioning of the Stellantis brands are analyzed, to optimize and align margins, and at the same time avoiding cross-brands cannibalization.

4.1 COMPETITIVENESS

Stellantis^[3] has implemented common methodologies between brands to monitor its competitiveness on the automotive market, to ensure to achieve the set targets of volumes and market share. Monitoring the positioning of its own brands on the different geographic market in terms of list prices and transaction price (final price for the customer) is essential to explain the volumes and profits achieved, and to implement tactical actions to increase the unitarian margins or the competitiveness through incentives, based on the specific conditions of the segment.

In a given market, the competitiveness indicator of a specific model of a brand shows its positioning in that segment based on the price and value of the vehicle, in relation to the other players. Therefore, by aligning the different vehicle prices based on the promotions and content offered by each brand, it is verified that:

- a vehicle with a high indicator has a particularly high price in the market or is a version poor of contents, compared to other players. Therefore, its margins will be higher than competitors, but it offers a lower quality/price ratio, which could reduce volumes. However, volumes are not only influenced by the price and value of the vehicle, but also by the reputation of the brand, the TCO and the availability of ancillary services.
- a vehicle with a low indicator has a very competitive price, or offers to the customer much more included content at a fair price.

4.2 LCV COMPETITIVENESS METHODOLOGY

To monitor the competitiveness of the LCV market, Stellantis has taken up the methodology previously used by FCA.

The main functions are:

- Monitor volume in Compact, Mid-size and Large Van segments
- Highlight changes in pricelist, contents and promo, focusing on single order with 2 or more vehicles
- Discuss each month with the 5 major markets (Italy, France, Spain, UK, Germany) to define the competitors discounts and highlight changes versus the previous month (periodical internal check of take rates on scrappage, trade in, sales from aged stock or stock)

The methodology consists in:

- 1) division of the market into segments, both geographic (EMEA, LATAM, North America...) and product (1B, 2P, X250)

- 2) creation of baskets, selecting the competitors to monitor for each identified segment
- 3) creation of the cluster, selecting the model to be monitored for each competitor in the segment
- 4) evaluate the value of the model starting from the detax list price and adjusting it in value, to make it comparable with the other models in the segment
- 5) create the graph with the promo real price (PPP) trend of each brand, evaluating the positioning trend and the competitiveness level of the market.

4.3 BASKET DEFINITION

The competitors of the basket are selected based on the market share and the customers in/out flow vs the Stellantis brand^[3].

For example, the following figures show the baskets used to monitor the competitiveness in Italy, based on market share and in/out flows vs Fiat Pro.

4.3.1 1B segment

The top in/out flow chart shows the choice of Italian buyer that have to substitute their old commercial vehicle. Relying on Doblò buyers, the 70.8% of them had already a Fiat vehicle, while the 30% come from other players. On the other hand, compared to customers who have bought a Doblò, only the 7% buys the same vehicle and the 57% buys another Fiat-Pro model, while more than 11% buys a new Ford LCV^[3].

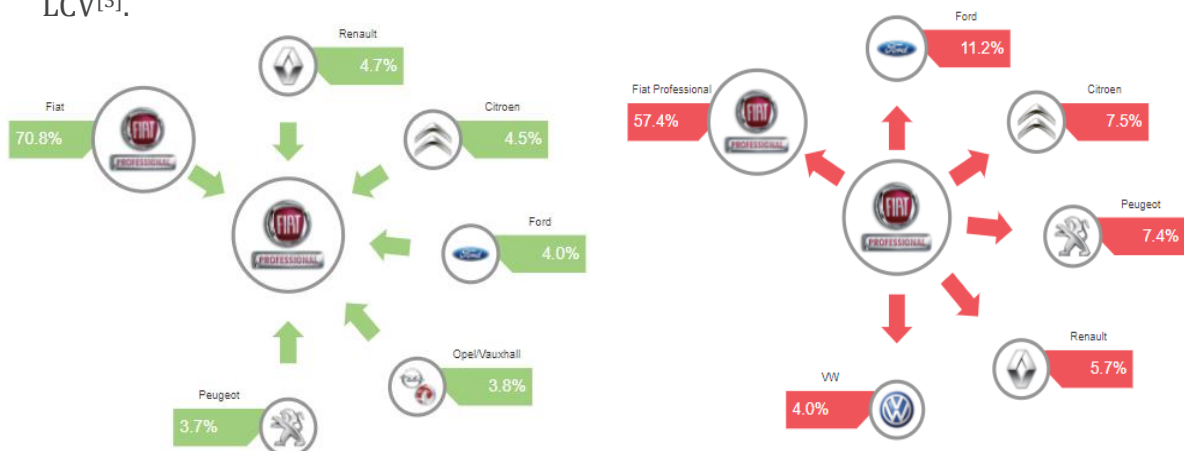


Chart 81: in flow chart of Fiat-Pro, 1B segment, Italy 2021, used to define the basket of the competitors – NVBS 2016-2019

Chart 80: out flow chart of Fiat-Pro, 1B segment, Italy 2021, used to define the basket of the competitors - NVBS 2016-2019

In order to consider the main competitors of the segment, it is also important to rely on the market share in Italy. FCA covers almost the 50% of the market share, followed by Citroen (7.0%) and Renault (6.6%).

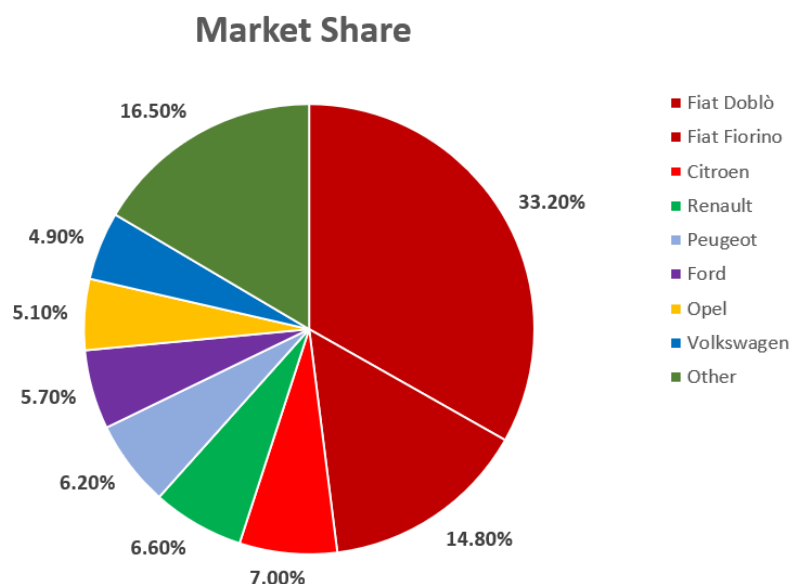


Chart 82: market share of the 1B segment in Italy, 2021, used to define the basket of the competitors – Stellantis internal data

Therefore, the basket to monitor the competitiveness of segment 1B in Italy is made up of the following players, of which a version with comparable characteristics between the brands is examined (base length/L1 and base height/H1, i.e., ~100hp).


BASKET 1B	FIAT PROFESSIONAL	CITROEN	PEUGEOT	OPEL VAUXHALL	FORD	VOLKSWAGEN	RENAULT
Compact van							
							
Model	DOBLO'	BERLINGO	PARTNER	COMBO	TRANSIT CONNECT	CADDY	KANGOO
Version	1.6 MJET 105HP EU6D CH1 LOUNGE	1.5 BLUE HDI 100HP S/S M CLUB	1.5 BLUE HDI 100HP M L1 PREMIUM	1.5 BLUE HDI 100HP L1H1	1.5 TDCI 100HP L1H1 TREND	1.5 TDCI 100HP L1H1	1.5 DCI 115HP L1H1

Table 58: Basket for the analysis of the competition in the 1B segment in Italy, 2021 – Stellantis internal data

4.3.2 2P segment

The top in/out flow chart below shows the choice of Italian buyer that have to substitute their old mid-size commercial vehicle. 16.2% of sales of Talento come from consumers who already owned one, while 65% are related to consumers who owned another Fiat Pro vehicle. Instead, from 3% to 5% of customers of other brands buy a Talento. Compared to customers who own a Talento, 8% decided to replace it with an identical vehicle, while 46% with a Fiat Pro vehicle. Ford is the competitor who subtracted the greatest number of volumes, 16%.

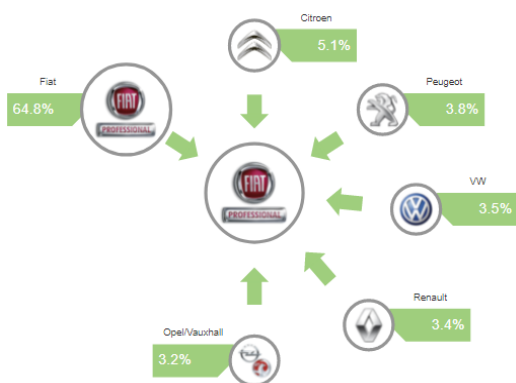


Chart 84: in flow chart of Fiat-Pro, 2P segment, 2021
- NVBS

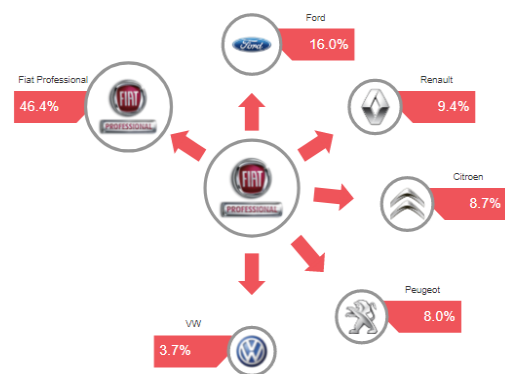


Chart 83: out flow chart of Fiat-Pro, 2P segment, 2021
- NVBS

In line with what emerged in the previous graph, Ford is the main player in the 2P segment in Italy, with more than 30% of the market share. Although Fiat-Pro is the local player in Italy, the Talento covers only 12% of the share, while the rest of the market is divided equally among the other players.

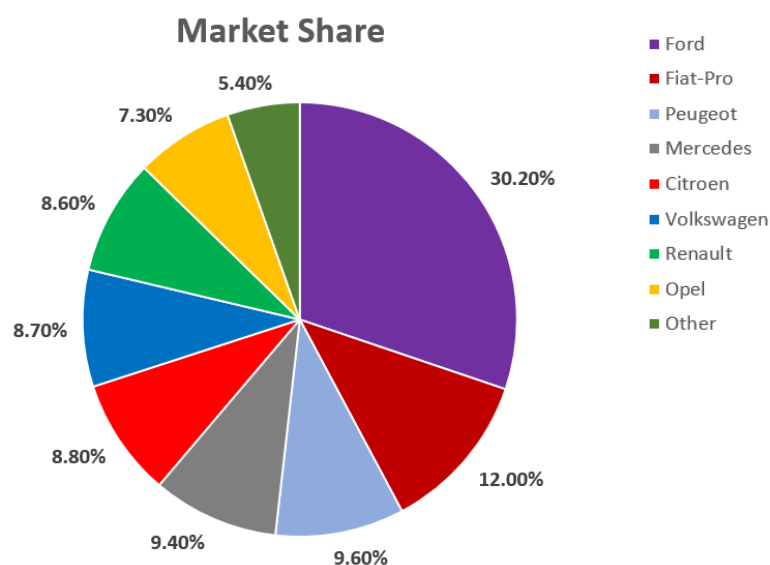


Chart 85: market share of the 2P segment in Italy, 2021, used to define the basket of the competitors – Stellantis internal data

Therefore, the basket of the 2P segment in Italy is composed of the following players and comparable models:













BASKET 2P Mid-size van	FIAT PROFESSIONAL	CITROEN	PEUGEOT	OPEL VAUXHALL	FORD	RENAULT
						
						
Model	TALENTO	JUMPY	EXPERT	VIVARO	TRANSIT CUSTOM	TRAFIC
Version	2.0 Multijet 120hp CH1	2.0 BLUEHDI 120hp S&S M CLUB	2.0 BLUEHDI 120hp M L1 STANDARD	2.0 BLUEHDI 120hp L1H1	2.0 ECOBLUE 120hp L1H1 TREND	2.0 DCI 120hp L1H1

Table 59: Basket for the analysis of the competition in the 2P segment in Italy, 2021 – Stellantis internal data

4.3.3 X250 segment

The top in/out flow chart shows the choice of Italian buyer that have to substitute their old commercial large van. 61% of Ducato sales come from clients who already owned a Fiat vehicle, while more than 8% had previously purchased an Iveco van. More than 60% of those who own a Ducato buy a Fiat-Pro vehicle, although 8% choose to buy Peugeot and 25% buy a model of other brands.

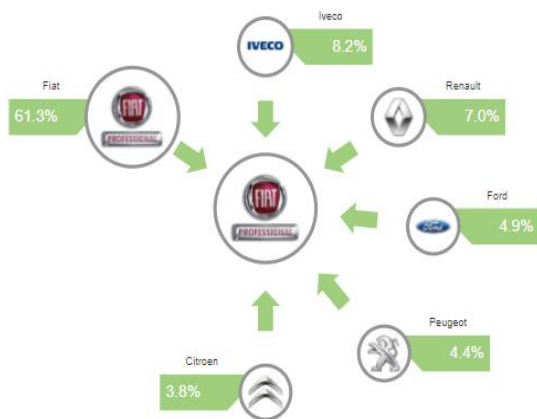


Chart 87: in flow chart of Fiat-Pro, X250 segment, 2021 - NVBS

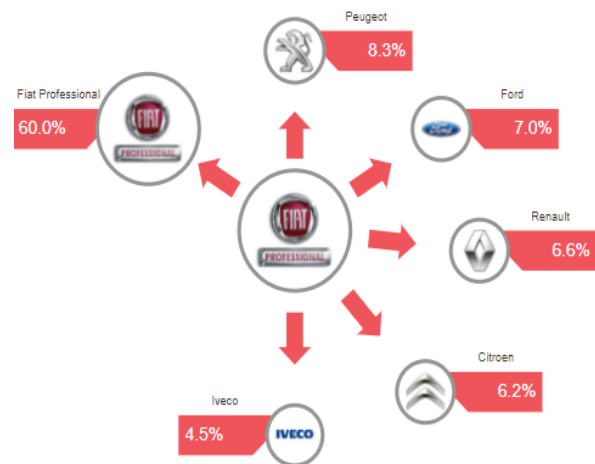


Chart 86: out flow chart of Fiat-Pro, X250 segment, 2021 - NVBS

The Italian market is dominated by the local players, Fiat-Pro and Iveco, which more than 32% and 17% of the volumes. The other competitors cover the large-van market with uniform shares.

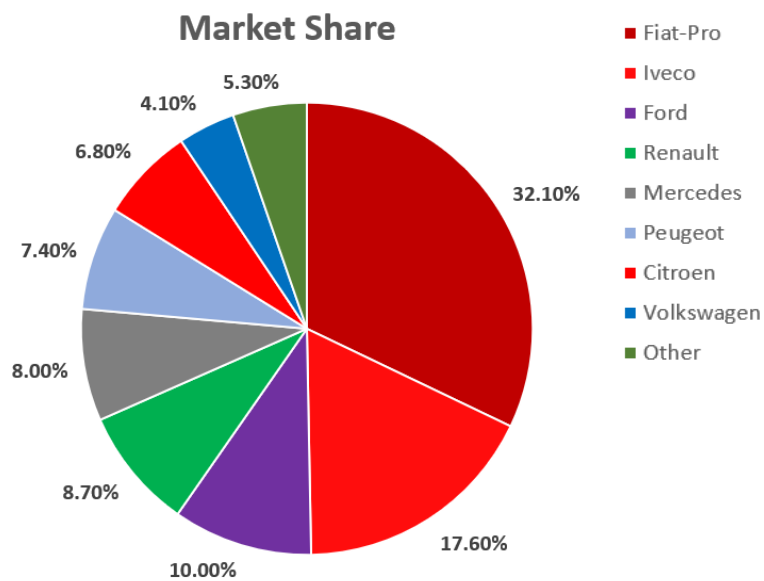


Chart 88: market share of the X250 segment in Italy, 2021, used to define the basket of the competitors – Stellantis internal data

Therefore, the players and versions considered in the basket of the Stellantis X250 segment in Italy are:















BASKET X250	FIAT PROFESSIONAL	CITROEN	PEUGEOT	OPEL VAUXHALL	FORD	VOLKSWAGEN	RENAULT
Large van							
							
Model	DUCATO	JUMPER	BOXER	MOVANO	TRANSIT	CRAFTER	MASTER
Version	2.3 MJET 140HP EU6D L3H2	2.2 BLUEHDI 140HP L3H2	2.2 BLUEHDI 140HP L3H2	2.2 BLUEHDI 140HP L3H2	2.0 ECO 140HP L3H2 TREND	2.2 BLUEHDI 140HP L3H2	2.0 ECO 135HP L3H2

Table 60: Basket for the analysis of the competition in the X250 segment in Italy, 2021 – Stellantis internal data

4.4 PROMO REAL PRICE (PPP)

The different players in the market are represented in the competitiveness in term of Real Transaction Price. It is calculated following the next steps^[3]:

1. Detax list price
2. Transaction price, is the final price offers to the customers, which includes discounts and other promo (trade-in, aged stock, scrappage)
3. Real-price, is the price obtained through the alignment of the vehicles of the different players in terms of content (optional included in the identified version) and performance (engine hp, payload, cargo-volu
4. me, capacity), compared to the Fiat-Pro model. In fact, the FCA vehicle has the same transaction and real price, while for the other vehicle the real price is bigger if they offer less contents for free included or they performance are lower
5. Each brand real price is weighted by the segment promo price, obtained as a weighted average of the real price of brands for the number of registrations in the last 6 months (the main players only, Fiat-Pro, Citroen, Peugeot, Renault, Ford).

4.4.1 1B segment

Fiat-Pro is the brand that in April 2021 presents the highest list price for the 1B segment vehicle in Italy, but its competitiveness is lower than Volkswagen, which presents a higher final price to the customer offering lower discounts, although the real price is lower than the transaction because the Caddy has a higher performance than the Doblò. Citroen and Peugeot are aligned, and the index differs only for some contents present in the Partner and not in the Berlingo. Renault has the lowest competitiveness index in the segment, as it provides the higher discount to the customer.








April 2021 Compact van	FIAT PROFESSIONAL 	CITROEN 	PEUGEOT 	OPEL VAUXHALL 	FORD 	VOLKSWAGEN 	RENAULT 
Model	DOBLO'	BERLINGO	PARTNER	COMBO	TRANSIT CONNECT	CADDY	KANGOO
Visual Price	20,650€	17,980€	17,980€	17,880€	19,350€	20,530€	18,870€
Discount	34.5%	29.0%	29.0%	30.0%	30.6%		33.8%
Transaction Price	14,576€	13,526€	13,439€	13,483€	14,299€	17,666€	13,206€
Real Price	14,576€	13,628€	13,453€	13,657€	14,474€	17,258€	13,220€
Reg.	9,098	1,901	1,578		1,500		1,517
Index vs avg 14,205€	102.6	95.9	94.7	96.1	101.9	121.5	93.1

Table 61: competitiveness of the 1B segment in Italy, April 2021 – Stellantis internal data

4.4.2 2P segment

Although Fiat-Pro is the local brand in Italy, its competitiveness index is lower than Renault, which has a lower list price, but offers less discount and a less rich vehicle. Also Citroen and Peugeot offer a lower discount to the customer (30.8% compared to 33.2% of the Talento), but their competitiveness indexes are lower because the Jumpy and the Expert offer greater performance and content in the

analyzed version. Ford, the market leader with 30% of the market share, has a list price and a discount in line with the market average, and in fact its competitiveness is 101.







April 2021	FIAT PROFESSIONAL	CITROEN	PEUGEOT	OPEL VAUXHALL	FORD	RENAULT
Mid-size van						
<i>Model</i>	TALENTO	JUMPY	EXPERT	VIVARO	TRANSIT CUSTOM	TRAFIC
<i>Visual Price</i>	26,365€	26,450€	26,450€	26,450€	26,500€	25,830€
<i>Discount</i>	33.2%	30.8%	30.8%	35.0%	32.3%	31.7%
<i>Transaction Price</i>	18,662€	19,110€	19,050€	18,177€	18,848€	18,494€
<i>Real Price</i>	18,662€	17,654€	17,430€	17,113€	18,270€	18,792€
<i>Reg.</i>	2,325	1,542	1,871	1,456	5,804	1,552
<i>Index vs avg 18,099€</i>	103.1	97.5	96.3	94.6	100.9	103.8

Table 62: competitiveness of the 2P segment in Italy, April 2021 - Stellantis internal data

4.4.3 X250 segment

Ducato is the vehicle with the highest competitiveness index, being the local player in Italy and the most performing model of the segment. In fact, all the competitors have a real price higher than the promo price, to compensate the technical characteristics and contents. Citroen and Peugeot have low list prices and high discounts, and in fact they are confirmed as the price leaders for customers, having the lowest competitiveness index. Ford, the third player in the market with 10% market share, has a transaction price compared to the average of the market (competitiveness index 99.1).








April 2021 Large van	FIAT PROFESSIONAL 	CITROEN 	PEUGEOT 	OPEL VAUXHALL 	FORD 	VOLKSWAGEN 	RENAULT 
Model	DUCATO	JUMPER	BOXER	MOVANO	TRANSIT	CRAFTER	MASTER
Visual Price	35,300€	30,870€	31,170€	31,430€	32,700€	36,040€	30,260€
Discount	38.2%	42.8%	42.8%	39.0%	38.9%		30.8%
Transaction Price	22,864€	19,799€	19,710€	20,304€	20,899€	22,310€	22,019€
Real Price	22,864€	20,144€	20,099€	20,693€	21,562€	23,299€	21,791€
Reg.	8,507	2,446	2,880		3,752		2,987
Index vs avg 21,761€	105.1	92.6	92.4	95.1	99.1	107.1	100.1

Table 63: competitiveness of the X250 segment in Italy, April 2021 - Stellantis internal data

4.5 STELLANTIS COMPETITIVENESS

4.5.1 1B segment

The graph below shows the competitiveness trend in the 1B segment in Italy. Among the main competitors, Fiat-Pro is the one with the highest index. Since Italy is its national market, it can maintain a higher price than the competitors despite similar products thanks to its reputation and the greater availability of services offered. The former PSA group, Peugeot, Citroen and Opel, has progressively raised prices starting from Q2 2020 in order to increase margins and achieve a uniform strategic positioning. Renault, which is the second player in the market, has opted for a lower positioning, in order to offer a lower price to the customer and focus on a specific portion of the segment.

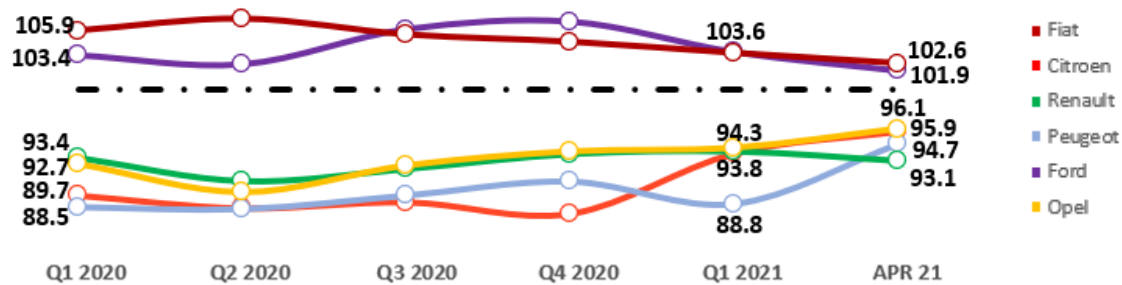


Chart 89: competitiveness of the 1B segment in Italy, April 2021 - Stellantis internal data

Competitiveness in Europe is calculated by weighing the indices of the 5 major markets by the volumes of Stellantis. Fiat-Pro has a particularly low index given its poor reputation in the UK and the low list-price in France, which is necessary to remain competitive versus the local Peugeot and Citroen brands. In fact, France (30.5%) and UK (23.2%) are the countries that record the highest number of volumes of small-size vehicles, and therefore that have the greatest influence on the average EU index. Renault confirms its position as price leader, with an European index of 93.7 in April. Ford is highly competitive in Italy (13.7%) and Germany (7.5%), while in other countries it must offer greater discounts to remain competitive. Peugeot and Citroen are aligned in all markets, and thanks to their dominant position in France and Spain (25%), they have a higher positioning in the market and so they reach bigger margin per unit.

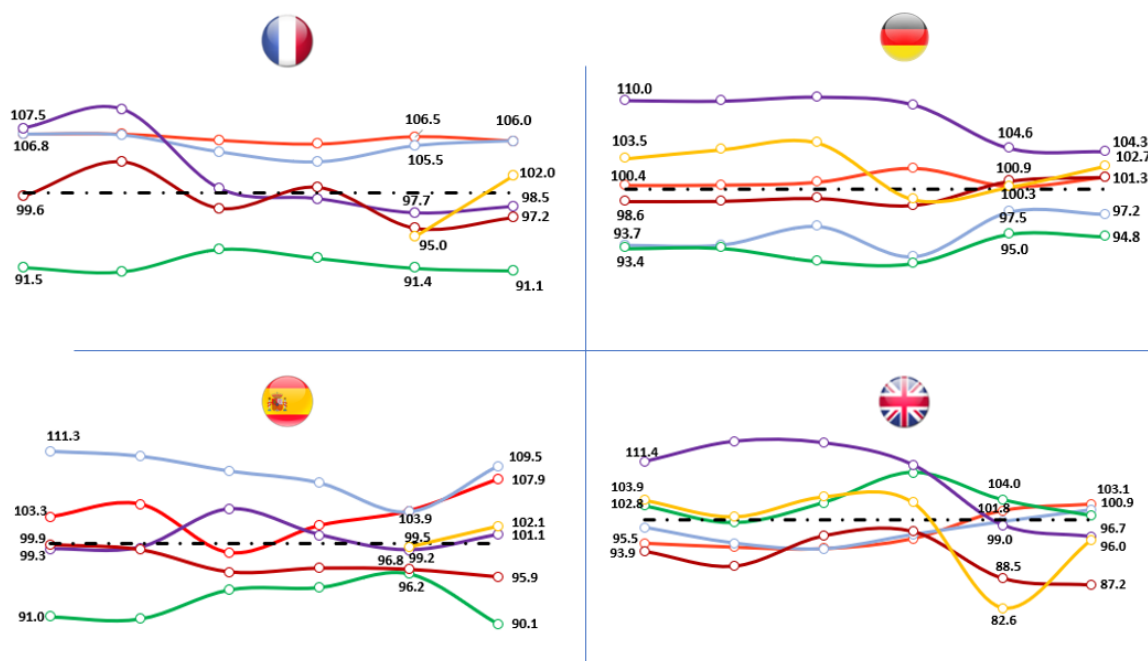


Chart 90: competitiveness of the 1B segment in France, Spain, Germany and UK, April 2021, to establish the European competitiveness of the segment - Stellantis internal data

K9	IT			FR			DE			ES			UK		
SALES H1 2021	DOBLO'	BERLINGO	TOT	DOBLO'	BERLINGO	TOT	DOBLO'	BERLINGO	TOT	DOBLO'	BERLINGO	TOT	DOBLO'	BERLINGO	TOT
	7868	2043	13751	2153	12880	30544	1993	1470	7495	1059	10235	25170	673	7946	23287
	PARTNER	COMBO	14%	PARTNER	COMBO	30%	PARTNER	COMBO	8%	PARTNER	COMBO	25%	PARTNER	COMBO	23%
	2275	1565		14165	1346		1338	2694		9975	3901		7782	6886	

Table 64: competitiveness of the 1B segment in Europe, April 2021 - Stellantis internal data

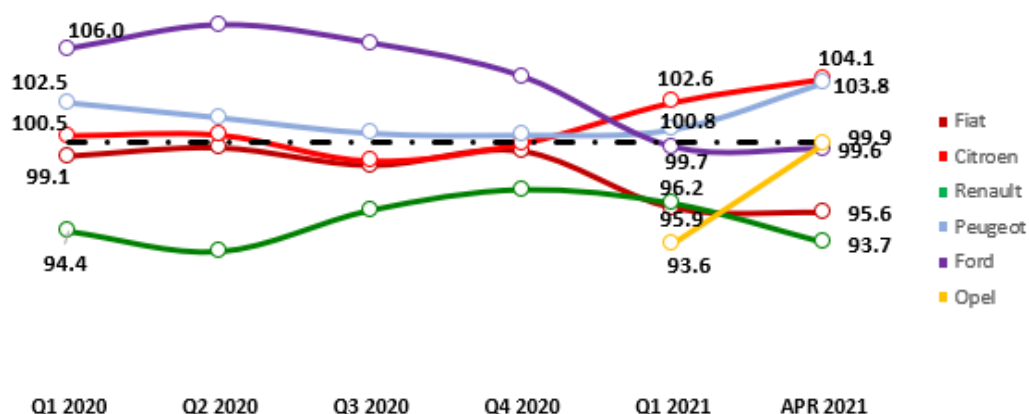


Chart 91: competitiveness of the 1B segment in Europe, April 2021 - Stellantis internal data

4.5.2 2P segment

The graph below shows the competitiveness trend in the 2P segment in Italy. Peugeot, Citroen and Opel are getting aligned, increasing their competitiveness in order to obtain higher margins and not cannibalize Fiat Pro with excessively low prices. In contrast to the strategy adopted in segment 1B, Renault is the player with the highest competitiveness index, as it has chosen a high price for a model rich in value in terms of options and performance. By the way, in line with the trend of Fiat-Pro and Ford, compared to January 2021 its index is decreasing. Although the Talento is the vehicle of the local brand, it hasn't the maximum index, as in the mid-size segment the product is not particularly competitive from a performance point of view.

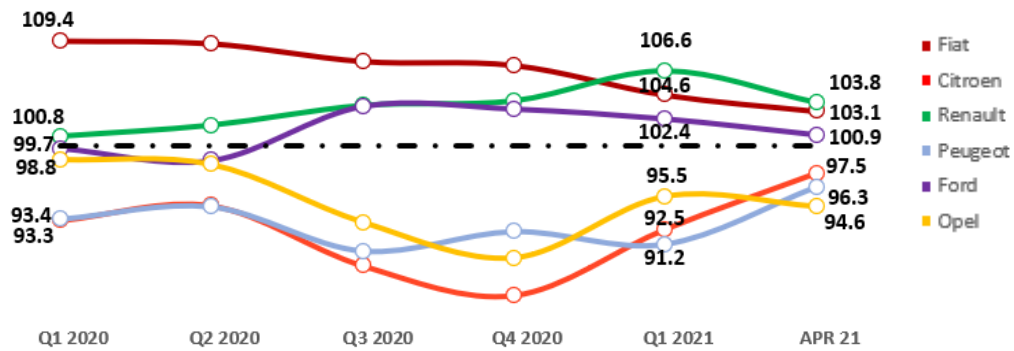


Chart 92: competitiveness of the 2P segment in Italy, April 2021 - Stellantis internal data

The countries with the greatest influence on the European positioning are France, where 40% of sales of mid-size vehicles are concentrated, and the UK, with 29%. In France, Peugeot and Citroen have the highest indexes, as they exploit the competitive advantage of the local brand, and Opel, in line with PSA's policy of avoiding cannibalization, are quickly raising its prices and, therefore, its competitiveness index. In the UK market, the PSA group is also aligned with Ford, which is the brand with the highest prices in all the countries, except in France and Italy. Renault remains the price leader in all the countries, except in Germany and Italy, and it confirms its strategy started in 2020 to decrease its index. At the European level, therefore, three market segments can be identified:

- Starting from the bottom, there are Renault and Fiat-Pro, which in order to maintain their volumes had to reduce prices, except in the local market
- near to the market average (100) there is the former PSA group, which through tactical actions on promos tries to align its indices
- Ford, the leader of the 2P segment with 30% market share, is the brand with the highest average competitiveness index in Europe.

2P	IT			FR			DE			ES			UK		
SALES H1 2021	TALENTO	JUMPY	TOT	TALENTO	JUMPY	TOT	TALENTO	JUMPY	TOT	TALENTO	JUMPY	TOT	TALENTO	JUMPY	TOT
	1789	1178	5186	2398	8935	24698	1656	1296	8308	993	1604	5439	820	2848	18074
	EXPERT	VIVARO		EXPERT	VIVARO		EXPERT	VIVARO		EXPERT	VIVARO		EXPERT	VIVARO	
	1294	925	9%	11408	1948	40%	1489	3867	13%	1296	1546	9%	4138	10268	29%

Table 65: competitiveness of the 2P segment in Europe, April 2021 - Stellantis internal data

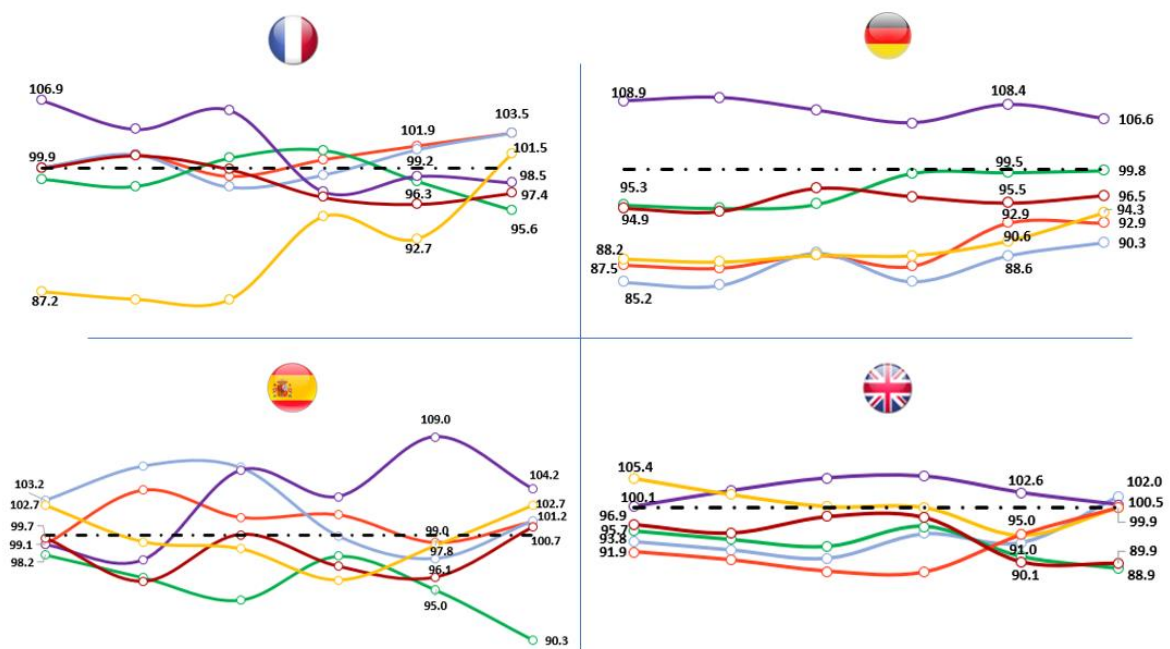


Chart 93: competitiveness of the 2P segment in France, Spain, Germany and UK, April 2021, in order to establish the European competitiveness of the segment - Stellantis internal data

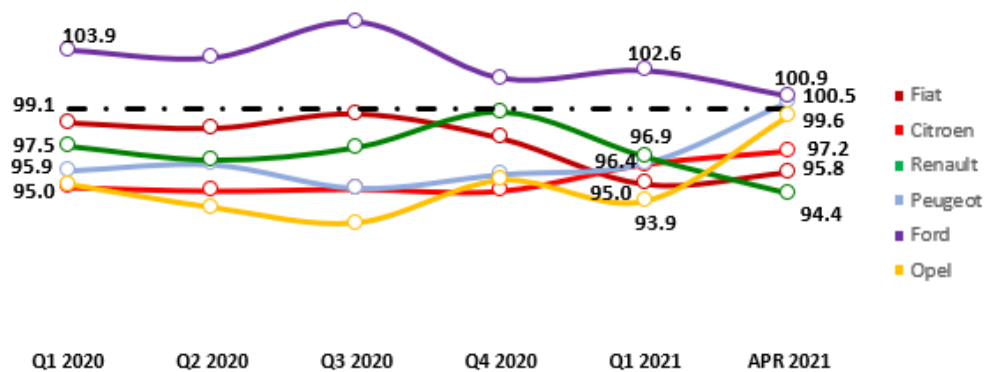


Chart 94: competitiveness of the 2P segment in Europe, April 2021 - Stellantis internal data

4.5.3 X250 segment

The graph below shows the competitiveness trend in the X250 segment in Italy. Fiat Pro, as the local brand, has the highest index, which it has kept constant throughout 2020. The former PSA group has slowly aligned the indices, which are the lowest in the segment in Italy. Ford and Renault are keeping their index constant, in line with the market average.

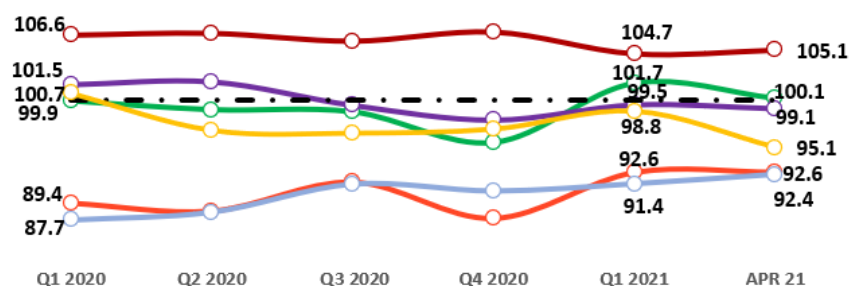


Chart 95: competitiveness of the X250 segment in Italy, April 2021 - Stellantis internal data

The countries that have the greatest impact on the European competitiveness are France, which includes 31% of the volumes of the X250 segment, and Germany, with 27%. Both countries present Ford and Fiat-Pro with high competitiveness indexes. Peugeot and Citroen, which have very similar vehicles, have chosen a lower positioning in all markets, except in the local one and in Spain. Renault is no longer the price leader of the segment, although it is decreasing its index in almost all markets.

X250	IT			FR			DE			ES			UK		
SALES	DUCATO	JUMPER	TOT	DUCATO	JUMPER	TOT	DUCATO	JUMPER	TOT	DUCATO	JUMPER	TOT	DUCATO	JUMPER	TOT
H1 2021	8,507	2,446	13,833	4,399	6,161	18,516	4,916	6,913	15,912	1,527	1,882	5227	2,941	1,928	6478
	BOXER		23%	BOXER		31%	BOXER		27%	BOXER		9%	BOXER		11%
	2,880			7,956			4,083			1,818			1,609		

Table 66: competitiveness of the X250 segment in Europe, April 2021 - Stellantis internal data

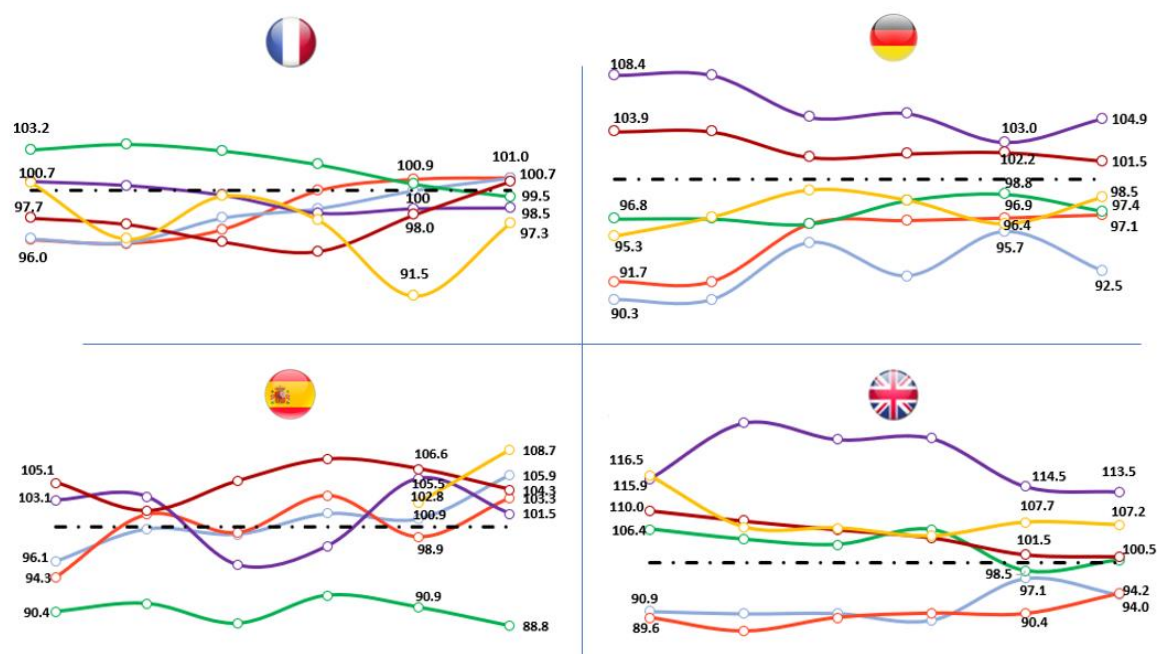


Chart 96: competitiveness of the X250 segment in France, Spain, Germany and UK, April 2021, in order to establish the European competitiveness of the segment - Stellantis internal data

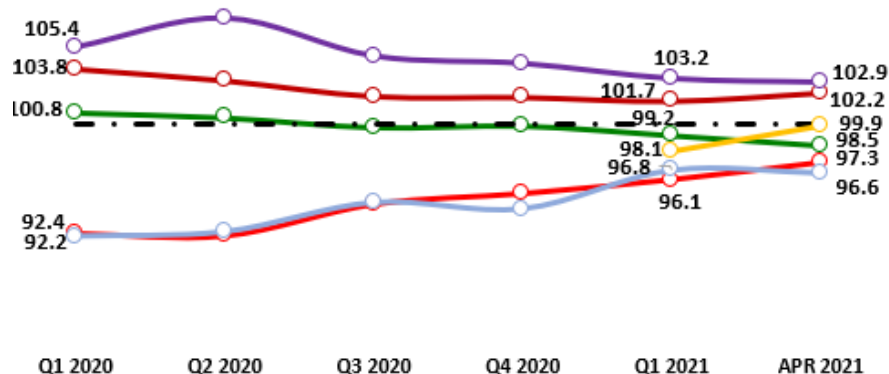


Chart 97: competitiveness of the X250 segment in Europe, April 2021 - Stellantis internal data

4.6 MARKET TREND EVIDENCE

4.6.1 Market Power of the local brand

From the analysis of the previous graphs on competitiveness, it emerges that the local brand tends to offer final prices above the market average. This strategic choice, aimed at increasing margins, is sustainable in the local market thanks to the national reputation of the brands, and the more extensive sales and service network compared to competitors. For example, this strategy is observed in Fiat-Pro and Iveco in Italy, and in Peugeot and Citroen in France.

4.6.2 Indexes alignment

In line with the characteristics of the commercial vehicle market, the competitiveness indices of the individual brands are rather uniform, since the business customer is particularly rational in purchasing, given the specific functionality of the asset. As evidenced by the trend of all segments, the index tends more and more to conform between the different brands. In fact, the products become even more similar in order to optimize synergies and reduce costs. Furthermore, the number of sales channels is increasing and they're getting uniform, especially online: reducing the information asymmetries, the market power of the individual brands decreases and, therefore, it decreases the brands' ability to improve unit margins by increasing the final prices to the customer. Furthermore, the alignment of the competitiveness of LCVs is favored by the sales increase of electric vehicles. Product differentiation will be even

more linked to TCO, and, therefore, the competitive advantages of the individual brands and their market power will be based solely on the efficiency and performance guaranteed by the vehicle, and by the network of ancillary services. Also for the local brand, the advantage will mainly reside in the residual value considered for the TCO analysis.

4.7 STELLANTIS TARGET

As examined in the previous chapter, Stellantis' strategy is to exploit the synergies upstream of the production chain to reduce costs. At the same time, it wants to maintain the characteristics of the individual brands downstream, to obtain a greater market share. Therefore, the internal structure of the LCV market provides that the individual brands maintain their own independence within the division, but they are coordinated and monitored by a central body which, through policy, directs them towards the corporate objectives. In fact, it is important to monitor the competitiveness of all the players in the segments and the relative market position on a monthly basis, in order to:

- avoid internal cannibalization between Stellantis brands,
- monitor the own positioning versus the competitors.

Stellantis' goal is to maximize profits through a strategy of margins alignment between brands and in the different geographic markets. In fact, since LCVs are very similar products, excessively low prices could erode volumes to other Stellantis brands that are trying to improve unit margins, thus creating a double disadvantage at corporate level.

Therefore, two proposals for the positioning of internal brands are analyzed, designed in line to achieve the Stellantis target. The following graphs represent the price bands occupied by the brands in the markets, from the basic model with the lowest price to the top of the range.

4.7.1 Local brand with higher competitiveness index

Analyzing the price bands of the 1B segment, it is noted that the strategic choice implemented in Italy, France and Germany in 2021 is to keep the local brand prices higher than others by 3/4 percentage points, both at list and transaction level, both for the ice and the electric market. In fact, Fiat-Pro in Italy, Peugeot and Citroen in France and Opel in Germany have both the minimum price of the 100hp version and the maximum price of the top of the range, a few percentage points higher than the other Stellantis brands.

This strategy is useful for:

- maximize the margins of the local brand, thanks to the choice of a higher price
- do not cannibalize the offer of the other Stellantis brands, as an equal price for all could increase the volumes of the local brand but to impact negatively the margins, and also stall the sales of the other internal brands.

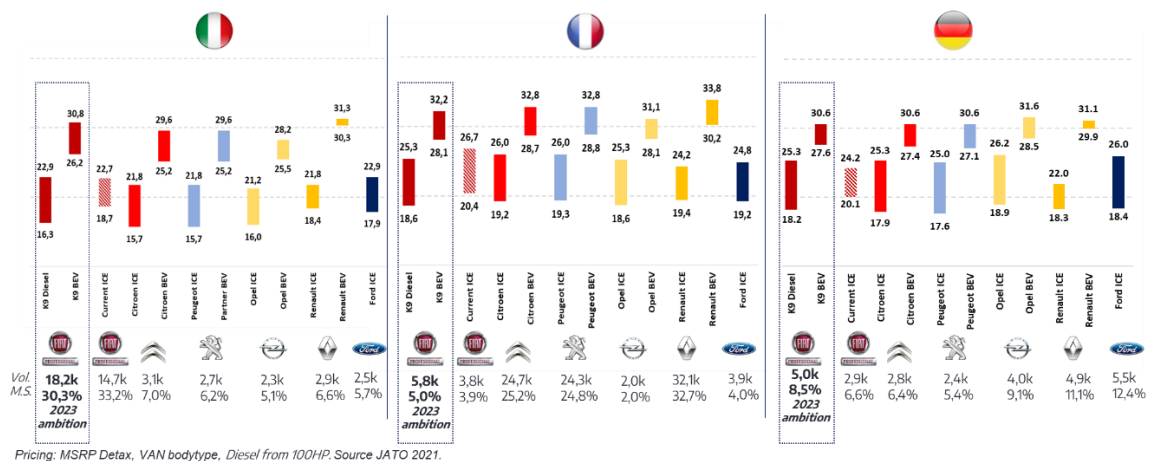


Chart 98: Stellantis strategy - local brand with higher competitiveness index – Italy, France and Germany, visual price - Stellantis internal data

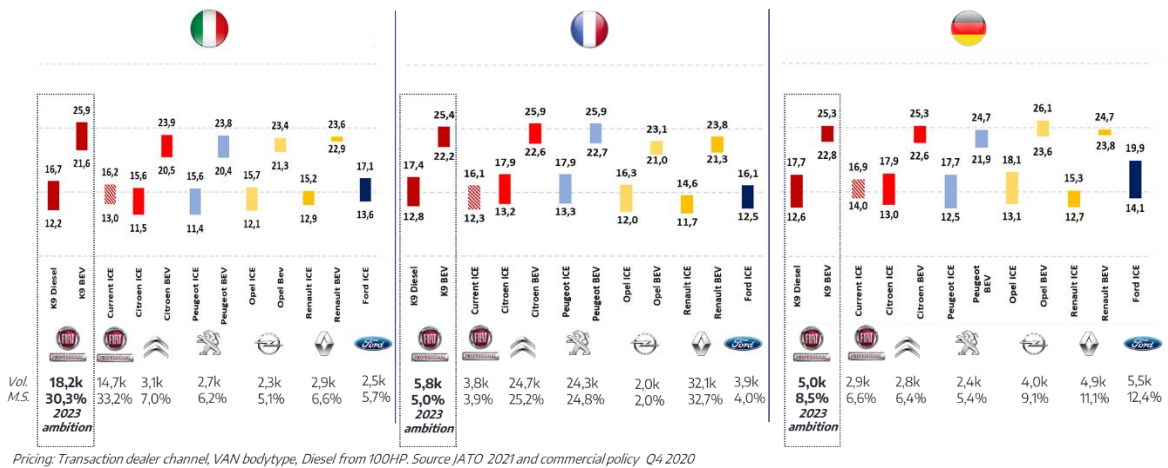


Chart 99: Stellantis strategy - local brand with higher competitiveness index – Italy, France and Germany, transaction price - Stellantis internal data

4.7.2 Alignment of all the brands

A different strategic solution is the one implemented by Stellantis in the United Kingdom, where in the 1B segment the brands have aligned prices, both the price list and the promo price. This choice allows to keep the margins constant between the different brands avoiding cannibalization, as the production costs are also similar. Contemporary, brands can keep their characteristics and differentiate themselves in the people mover segment, as they are more customizable vehicles by definition, as seen in the first chapter. By the way, through this strategy, it is not possible to exploit the competitive advantage of the local brand, which would reduce its unitary margin without the certainty of compensating it with the increase in volumes, which would also be subtracted from the other Stellantis players.

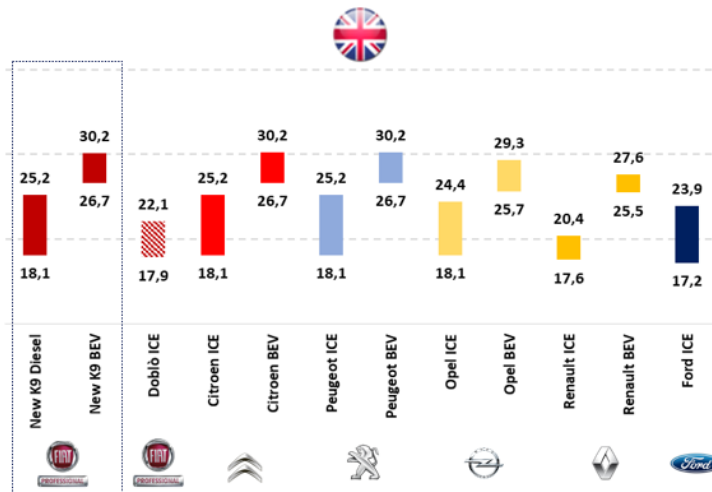


Chart 100: Stellantis strategy - alignment of all the brands - UK, visual price - Stellantis internal data

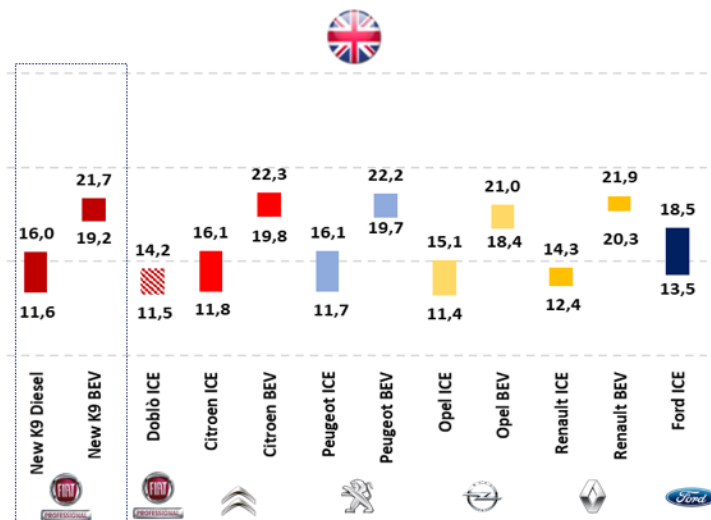


Chart 101: Stellantis strategy - alignment of all the brands - UK, transaction price - Stellantis internal data

5 CORPORATE IDENTITY AND STRATEGIC ORGANIZATION

The post-merger phase is a delicate moment of the M&A process, where it is necessary to align the objectives and routines of the employees of the different brands with those of the corporate, both at personal (in terms of productivity), organizational (through efficient communication) and cultural level (integrate the different traditional corporate cultures of FCA and PSA). Therefore, Stellantis has to create a transparent and stimulating environment, and to establish relationships of mutual trust. The fourth chapter analyzes the internal structure of Stellantis, which is functional to the strategic choices outlined in the previous chapters. Stellantis strategy is based on acquired the benefits of each member: it applied the stock minimization policy used by PSA and it created an LCV division as in FCA, in order to focus more on individual business lines. Therefore, the brands maintain their own peculiarities but are coordinated and supervised by a contact person who provides common policies and prevents overlaps, to avoid excessive divergences in the margins by cannibalizing the other brands and to align profits between the different EMEA countries. The creation of a matrix structure is the best solution to combine the need of focusing on each specific geographical and product segments of the market, and at the same time, to deepen all corporate functions. Brands maintain their independence downstream, placing products on the market, but they are monitored by a central body that avoids internal cannibalization to increase Stellantis' market share. Even valorising their uniqueness, the brands share the values and mission of Stellantis, focusing on individual objectives functional for increasing corporate profits.

5.1 POST MERGER PHASE

As it emerged in the previous chapters, the M&A process cannot be defined concluded at the signing of the contract, since it is necessary to carry out a common integration plan that allows the two companies, now forming a single entity, to implement a common strategic plan. Among the major difficulties that determine the success of the M&A, the most important is the management of human resources. "Because the behaviours of employees influence profitability, customer satisfaction and a variety of other important measures of organizational effectiveness, managing human resources is a key strategic challenge for all companies, and particularly so for those engaged in cross border alliances³".

A merger or acquisition encompasses a potential increase in business capacity that must be grasped and exploited, since the value to be added is not automatically created^[55]. Indeed, the parties must actively seek to integrate with each other. The way with HR chooses to manage and implement employee communication plans can maximize the value of the merger. As recent studies have documented, effective communication is, among all the issues concerning human capital, the element that determines the success of the merger more than any other (Miller, 2006). Therefore, given that communicating the idea and reasoning behind the M&A program to employees is necessary to increase the value of the merger, this becomes an essential element of strategic planning, especially in cross-border mergers and acquisitions where cultural differences they can amplify friction due to misunderstandings and distance. Furthermore, in the design of the communication process is essential focusing on the effectiveness to alleviate the stress and uncertainty that characterize M&A operations, and to provide updated information on the progress of the integration process and on any problems.

³ Briscoe

5.1.1 Merger syndrome

Previously, it has already analysed how in company practice, when an M&A transaction is implemented^[56], greater emphasis is placed on strategic and financial factors, such as strategic compatibility, the degree of interrelation between the buyer's activities and the activities of the target or the similarity in management. However, the importance of the human factor, as a determining variable for the success of an M&A, is emerging, as the need to analyze the problems related to less tangible social aspects, psychological factor and culture.

For proper integration, immediate action is important to prevent the so-called "merger syndrome"⁴. The information must be transparent and openly communicated to all staff, and it is necessary to foster a progressive trust on the part of the employees in the company, ethics and decision-making effectiveness of management. Information can be shared in a wide variety of methods: through the company's intranet, through email or through joint meetings. Finally, it is important, in the shortest possible time, to reciprocally involve the staff of the two companies at all levels: this consists in the formation of inter-company teams for sharing information regarding the respective organizations, through the elimination of prejudices. Developing systems that allow the interaction of workers belonging to two different organizations is an important strategy to promote the effectiveness of the merger.

The merger syndrome is a decline in company performance that can be found on three levels:

- on a personal level, individuals faced a culture shock with a reduction in performance and work productivity with a high resistance to change,
- At the organizational level, the decision-making process is centralized, communications become deficient both qualitatively and quantitatively.
- on a cultural level, anomalies arise due to cultural clashes from which sources of hostility derive.

⁴ Mirvis, 1994

To avoid the merger syndrome, it is necessary to align the objectives of brands and human resources, creating a transparent environment, characterized by trust and motivation, through appropriate incentives. Trust plays a key role. It can constitute a high added value and help the integration process and the correct functioning of the new company immediately. If wisely adopted as one of the priorities in HR policies, it improves the quality of employees' work performance, their behaviour, increases communication and commitment to performance. Furthermore, at a macro level, it helps the company in relations between managers and subordinates, and to adapt to the complexity of the external environment and change quickly. All this offers companies a huge competitive advantage (Sthal, 2004). Failure to implement the policies aimed at establishing mutual trust between the parties and the absence of prior contact between the components of the various companies, inevitably leads to obstacles to the integration process and the daily operation of the company.

5.2 STELLANTIS STRATEGY

The strategy chosen by Stellantis^[3] is to exploit the synergies upstream of the production chain to reduce costs, and to maintain and enhance the identities of the individual brands downstream in order to maintain their market share. For this purpose, it needs to establish itself at the corporate level and at the same time to make sure that individual brands not to lose their identity and the share of customers. To reach these two goals, Stellantis needs:

- To establish internal guidelines for all Stellantis' brands, even if they work on the own business. For Stellantis, a key process will be to establish guidelines characterised by consistency, recognisability, effective communication and high perceived value and trust.
- To support individual brands to create different competitive advantages to cover greater market shares and not satisfy the customer solely with the price, but through a brand identity, as already analysed in the previous chapter.

Building a strong company means a combination of visibility, reputation and differentiation from other. Therefore, Stellantis must define and communicate a clear corporate and brand identity to succeed in both the national and global economies.

5.2.1 Corporate identity

Corporate identity^[57] is the action a company undergoes to achieve a good perception from its target audience. Corporate identity refers to the perception of the entire company, not just one idea, product or service that it provides. One business may have many different brand identities wrapped up in its overall corporate identity. It is obtained through corporate design, corporate communication, and corporate behaviour.

5.2.2 Corporate Behavior

Corporate behaviour^[58] is the essence of a company: it shows the philosophy, the core values and brands' promise. It is explained in the corporate social responsibility endeavours, which is the strategic choice to present the corporate to the community at large, including customers, clients, employees and investors.

5.2.3 Corporate Design

Corporate design includes the brand assets that make the company unique and stand out from the competition. Identity is visually reflected in logo, name, style guide, slogan. Maintaining the corporate identity requires clear corporate guidelines that must be followed by employers of all brands.

5.2.4 Corporate Communication

Corporate communication^[59] is how business disseminates information to employees, investors, external stakeholders, and customers: this includes public relations, internal communication, reputation management, and other external communication efforts.

5.2.5 Brand identity

Brand identity is similar to the corporate one, and it refers to the perception of a particular product, service or idea that individual business provides. In creating a brand identity, the goal is to distinguish the product, service or idea to guarantee that it gets noticed and not just seen. It requires that the brand is recognisable, memorable and unique. The identity of a brand will create strong experiences related to it, which will lead to client attraction and retention, through, for example, logo, graphic elements, typefaces image and style.

Brand identity is characterized by:

- Recognizability, differentiating from competitors is not enough, because it's necessary to emerge from the crowd, that means to be recognizable and to enhance one's personality, through messages, images, behaviours,
- Familiarity, synonymous with trust, which leads a consumer to buy a certain product, because in his mind that company evokes positive values,
- Uniformity, the coherence and harmony of the brand, promotional messages and coordinated images are fundamental elements so that the corporate identity can be fixed in the mind of the consumer.

5.2.6 Brand visibility

Having brand visibility is much more important than just being noticed, since it means creating connections with customers through delivering a message and creating unique opportunities, earning their trust. Brand visibility is the impression that any client or customer feels when they see the brand, perceiving trustworthy and quality compared to others. Brand image is linked with marketing campaigns and promotions, but require also a strong brand design, guidelines and identity. Reaching the brand awareness represents the strategic objective of obtaining the degree of attractiveness that a brand must possess in its reference market, so that consumers can identify it as the first option in the search for a specific product. It is reachable by creating an engaging brand experience with consistency throughout the years, means creating a story beyond product and services. Benefits of brand visibility are clear differentiation

and uniqueness, attraction and retention of clients, improve the perceived value of the brand, seem and feel more trustworthy and memorability and recognisability.

5.3 STELLANTIS ORGANIZATION

The value of Stellantis^[3] does not coincide with the sum of that of the individual constituent brands, but must be amplified. In fact, the strategy envisages enhancing the strengths of the single brands, both from the point of view of the products and of the internal organization, in order to build a strong and competitive corporate. Therefore, the organizational and strategic models of FCA and PSA are examined, taking the most advantageous elements and improving the deficient aspects. PSA's cost reduction strategy is enhanced by simplifying the range and reducing stock. Instead, as previously analyzed, the methodology for monitoring the competitiveness of vehicles is generalized by FCA.

At the organizational level, Stellantis has opted for a matrix structure, to overcome the coordination problem that characterizes the vertical-type structure, and the communication problem due to the horizontal-type structure. In fact, the automotive sector is a complex and dynamic environment, as it has different characteristics based on the segment and the specific geographic market and given the continuous development of new technologies for sustainable mobility. Therefore, the matrix structure is the most suitable in the case of complex organizations, as it guarantees greater speed of adaptation and efficient communication, allowing the management of multiple product lines. On the other hand, the presentation of dual authority requires an adequate balance of powers and intense communication activities, particularly time-consuming.

On the columns of the matrix there is a functional structure, i.e. the staff is grouped according to the function they perform, forming groups with homogeneous work processes, such as HR, finance, engineering. This business division is used to optimize production efficiency, as it favors the specialization of work and economies of scale (therefore cost efficiency), but they tend to work in general rather than for specific segments, and coordination between the various functions can be complex.

On the rows of the matrix there is a divisional structure, i.e. the staff is grouped according to the segment on which they are specialized, both in geographical terms (Enlarged Europe, Latin America...) and in terms of product (commercial vehicles, luxury...). This division facilitates the coordination between the different functions and the measurement of the performance and profitability of the individual carlines, but could lead to an increase in costs due to the duplication of some functions, and communication problems between the different segments.

The matrix structure therefore allows Stellantis to combine the efficiency of the functional structure favored by the specialization of work, with the benefits of the divisional structure, deriving from being able to focus on each segment of the business.

Following the organizational model of FCA, to focus more on the individual business segments of the automotive sector, Stellantis has created a LCV division, which includes the commercial vehicle departments of all brands. Consistent with the matrix structure established at the corporate level, the LCV division is characterized by a rather lean central structure, which monitors the competitiveness of the Fiat-Pro, Citroen, Peugeot and Opel / Vauxhall teams. The central body is responsible for checking the competitiveness of the entire range of vehicles and confirming the strategic choices of the individual brands. In fact, the objective is the alignment of margins and prices in the different markets, to limit internal cannibalization and steal market shares from the main competitors.

5.4 STELLANTIS RESPONSABILITY

The creation of Stellantis^[3] marks a new chapter fuelled by the combination of two automakers each contributing a rich heritage, iconic brands and track records of performance driven by a competitive spirit. One of the greatest strengths of this new company is the diversity and talent of its 300.000 people around the world and the shared values that will guide this new journey. Stellantis aspires to become the greatest rather than the biggest, taking the United Nations Sustainable Development Goals 2030 as a framework for its actions in the transition to a more sustainable future.

FCA's Material Sustainability Topics																
	1 NO PEOPLE	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	
BUSINESS OPERATIONS																
Business transparency and integrity				✓			✓	✓	✓		✓	✓		✓	✓	
Responsible sourcing							✓	✓			✓					
Cybersecurity and data protection								✓						✓	✓	
EMPLOYEES, CUSTOMERS AND SOCIETY																
Employee health, safety and well-being		✓														
Customer experience			✓					✓	✓	✓						
Vehicle safety		✓						✓		✓						
Workplace attractiveness	✓		✓	✓			✓		✓						✓	
Community development	✓		✓	✓			✓		✓	✓						
ENVIRONMENTAL AND CLIMATE IMPACT																
Vehicle fuel economy and emissions								✓		✓	✓	✓				
Emissions from operations											✓	✓				
Waste management											✓					
Water management					✓						✓					
Biodiversity conservation											✓					
Alternative fuels						✓				✓	✓	✓	✓			
TECHNOLOGY AND INNOVATION																
Research and innovation						✓		✓		✓		✓				
Electrified vehicles						✓				✓		✓				
Sustainable design											✓					
Mobility services and solutions								✓		✓		✓				
Autonomous driving and connected vehicles								✓		✓						

Figure 13: Sustainability Topics – Stellantis.com

5.4.1 Corporate social responsibility (CRS)

“Our spirit defines us. We know that long-term success is achieved by linking economic growth to respect, financial results to social responsibility and industrial development to environmental protection. As a leading company, we take our corporate social responsibility seriously and incorporate it into business practices. We are committed to shaping a better future through a strong sense of responsibility and leadership in a new era of sustainable mobility. We engage with our stakeholders through a dialogue aimed at creating and sharing value with them: our employees, our customers, our partners, our suppliers, our host territories and their communities, our investors and the environment.” [3]

Stellantis' governance model reflects the commitment to a culture dedicated to accountability, integrity and ethical behaviour in all areas of the business and across the entire value chain. For customers, with over a century of innovation behind the history of FCA and PSA, Stellantis is committed to shaping the mobility of the future based on solutions with high environmental performance, safety and

connectivity, while providing products and services that customers are proud to choose and drive, and that exceed their expectations for a great customer experience.

It is also committed to contributing to a decarbonised economy by engaging talents and resources on its path to carbon neutrality through products, plants and other facilities. Stellantis offers its customers freedom of movement through sustainable mobility solutions that leverage the leadership in clean and advanced technologies and support it in the fight against climate change. From day one, Stellantis has 29 electrified models available to consumers.

With its suppliers, Stellantis works in partnership to implement responsible sourcing practices, to ensure sustainable progress along the entire supply chain, with particular emphasis on respect for human rights, the wise use of natural resources and the reduction of environmental impacts, contributing to the development of local activities in new territories. (bgnfnmtghh s.d.)

For its host communities, Stellantis supports philanthropic programs that address the challenges it faces today and help them prepare for the future.

Diversity and inclusion are an intrinsic part of the fabric of the company. Stellantis offers its employees opportunities to improve their work-life balance by developing remote work, where possible, and in an inclusive work environment, where everyone feels respected and valued. Every day, people around the world bring their different cultures and unique talents and strengths to their work. Their leadership and collaborative spirit and their determination to consistently achieve best-in-class performance are always appreciated.

5.4.2 2020 Sustainability highlights

2020 Sustainability Highlights

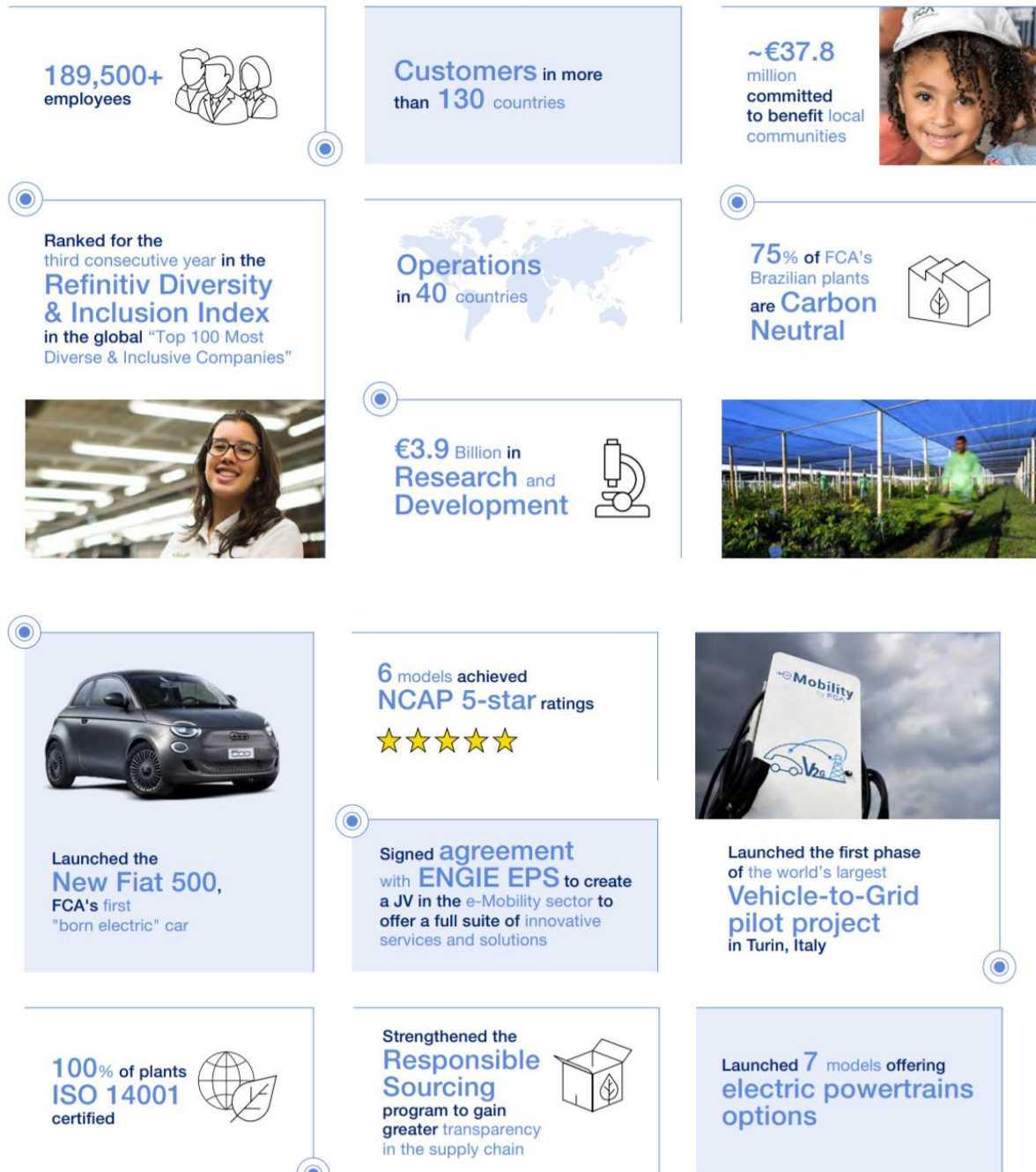


Figure 14: Stellantis sustainability highlights – Stellantis.com

6 CONCLUSIONS

The study aims to provide two different perspectives of the automotive market, which is getting more concentrated due to the merger of FCA and PSA. For both players and consumers, the merger determines the formation of new cost/benefit trade-offs that will determine the formation of a new equilibrium in the consolidated world automotive market. For Stellantis, the merger represents the opportunity to reduce production costs exploiting economies of scale, and at the same time the challenge/need to coordinate and differentiate the individual brands to maintain its market share. For consumers, the merger makes it possible to optimize investments in R&D and, therefore, to offer innovative and sustainable solutions faster and at more accessible costs, but it determines a reduction in competition and a concentration of the market.

The first result of the analysis is the attractive opportunity that the automotive sector offers to Stellantis after the merger. Nowadays, Stellantis is the 4th largest automotive OEM in terms of sales volumes. Its ambitious is to maintain these volumes, enhancing the rich heritage of all 20 iconic brands. Furthermore, it covers the 34% of the European LCVs market, one of the most profitable segments, characterized by low production costs and high margin per unit. Keep this market share will guarantee Stellantis sufficient revenues to attract new talents and invest in R&D and sustainable mobility, maintaining the leader position also in the future by following the new technological evolution of the electric segment and the whole automotive market.

The success of the merger depends on Stellantis ability to realize the synergies, cost savings, growth opportunities and other benefits preempted from combining the businesses. The achievement is subject to several uncertainties, including general competitive factors in the marketplace and whether it is able to integrate the businesses of PSA and FCA in an efficient manner and implement effective operational procedures. Failure could result in increased costs, decreases in revenues and diversion of management's time and energy, and could materially impact the business, financial condition, cash flows or results of operations. Therefore, Stellantis has planned to devote significant management attention and resources to integrating the business practices and operations. The achievement of volume targets and profit maximization depends on the ability to exploit the synergies upstream of the production chain and enhance the characteristics of the individual brands downstream, to maintain a product differentiation that guarantees greater market power. Stellantis must establish a clear policy at corporate level, which allows to maximize margins without cannibalizing the offer of the internal players. The preferred solution, used in the main European markets as France, Germany and Italy, is to grant the local brand a higher price of 3%-4% points. This option allows non-local brands not to lose volumes, as they are offering the asset at a lower price, and at the same time the local brand can increase the unit margins. Therefore, Stellantis is covering more segments of the same market, increasing both volumes and margins. By the way, the market trend shows an alignment of prices in the LCV segment, as assets bought for a specific function. So, the most valuable competitive advantage that Stellantis can build is through the optimization of the total cost of ownership (TCO), since it is the most used evaluation tool for the choice of a commercial vehicle. Improving TCO requires large investments in R&D, which only a large company with high margins can achieve: Stellantis has the potential to become a world leader, while the individual separate brands could not have withstood the competitiveness and evolution trend of the automotive segment.

The automotive sector shows a strong impact due to merger, emphasized by instability of political and economic conditions. Although large investments have been planned to facilitate the transition to sustainable mobility, especially the stakeholders

of the commercial vehicle segment could be harmed by the concentration of market power. For example, the cost reduction synergies derive from Stellantis' greater bargaining power, which is now able to reduce the costs of its suppliers. At the same time, taking advantage of the current shortage of semiconductors and less competition in the market, final commercial vehicle prices have shown increases of up to 7% in less than a year, mainly related to discounts cut. To allow the merger, guaranteeing effective competitiveness in the LCV segment and defending the interests of the stakeholders involved, the European Commission has defined two main constraints for Stellantis:

- the extension of the agreement to produce Toyota light commercial vehicles, to reduce market concentration and reflect the objective of sharing platforms in the automotive market,
- facilitate competitors' access to FCA / PSA repair networks, in order to reduce barriers to entry and help new players to enter the market.

Acknowledgements

Thanks to my parents and my grandparents, I owe you everything. Even if I am working in Moscow or Lodz, I am inspired by your teachings and I keep you in my heart.

Thanks to my supervisor, Carlo Cambini, who during his lessons, albeit online, was able to catch my attention and my esteem, making me thirsty to learn more, and who continues to inspire students.

Thanks to my tutor, Stefano De Angeli, who was able to teach me how to work and show me that precision, attention to detail and passion are the springboard for an ambitious career. He deserved all the promotions he got after the merger.

Thanks to the friends of the sleepless nights, passed by sharing experiences and opinions. Some have always support me, others have taught me to support myself.

I thank all the people I met on this path. Some have helped to fuel my ambition with their testimony, others have been able to support me in difficult moments during the lockdowns, others have shown me what I do not want to become and inspire to work harder and be more assertive.

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