

Türk Traktör



**Investors Presentation
March 2010**

Türk Traktör – A Profile

The Domestic Market

Technology & Products

CNH and The Export

The Business Model

Financials and Other Data

Contacts

Türk Traktör – A Profile

The Domestic Market

Technology & Products

CNH and The Export

The Business Model

Financials and Other Data

Contacts

- Türk Traktör was established in 1954
- The production facility, Sales & Marketing offices are located in Ankara on 282,800 m² land, with a covered area of 82,126 m²
- Training & After sales facilities & warehouses are located around Turkey (i.e. Ankara, İzmir, Urfa, Çorlu..etc)
- Leader in Turkish agricultural industry by production, sales & export
- Annual Production Capacity : 35.000 Tractors and 25.000 Engines
- Joint-Venture of Koç Holding and Case New Holland
- Quality Certificates
 - ✓ ISO 9001 Quality Management System Certificate (Version 2000 Audit by TÜV Rheinland)
 - ✓ ISO 14001 Environment Management Certificate (Version 2000 Audit by TÜV Rheinland)
 - ✓ ISO 27001 Information Security System Management Certificate





Türk Traktör

SHAREHOLDERS



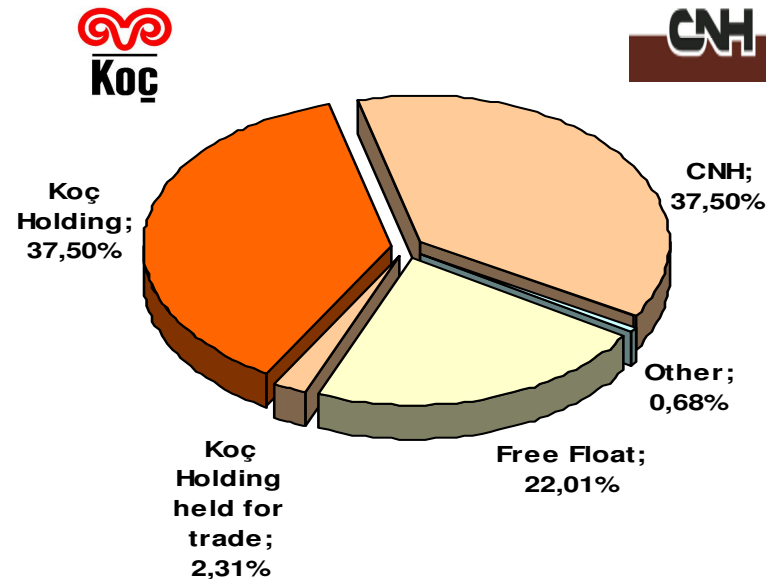
Türk Traktör is a joint venture of Koç Group, the largest industrial conglomerate of Turkey, and CNH, one of the top farm equipment manufacturers worldwide. Koç Holding and CNH have equal control on the management of Türk Traktör.

KOÇ HOLDİNG A.Ş.

- Operates in the energy, automotive, consumer durables, finance, food & retailing, tourism and IT industries .
- More than 71.000 employees and **12.000 dealers** as well as agencies and after-sales services.
- The only Turkish company in Fortune Global 500 List (rank 172) with 44.2 billion USD Revenues in Year 2009.
- 70 companies, 14 listed in İstanbul Stock Exchange (ISE:KCHOL).

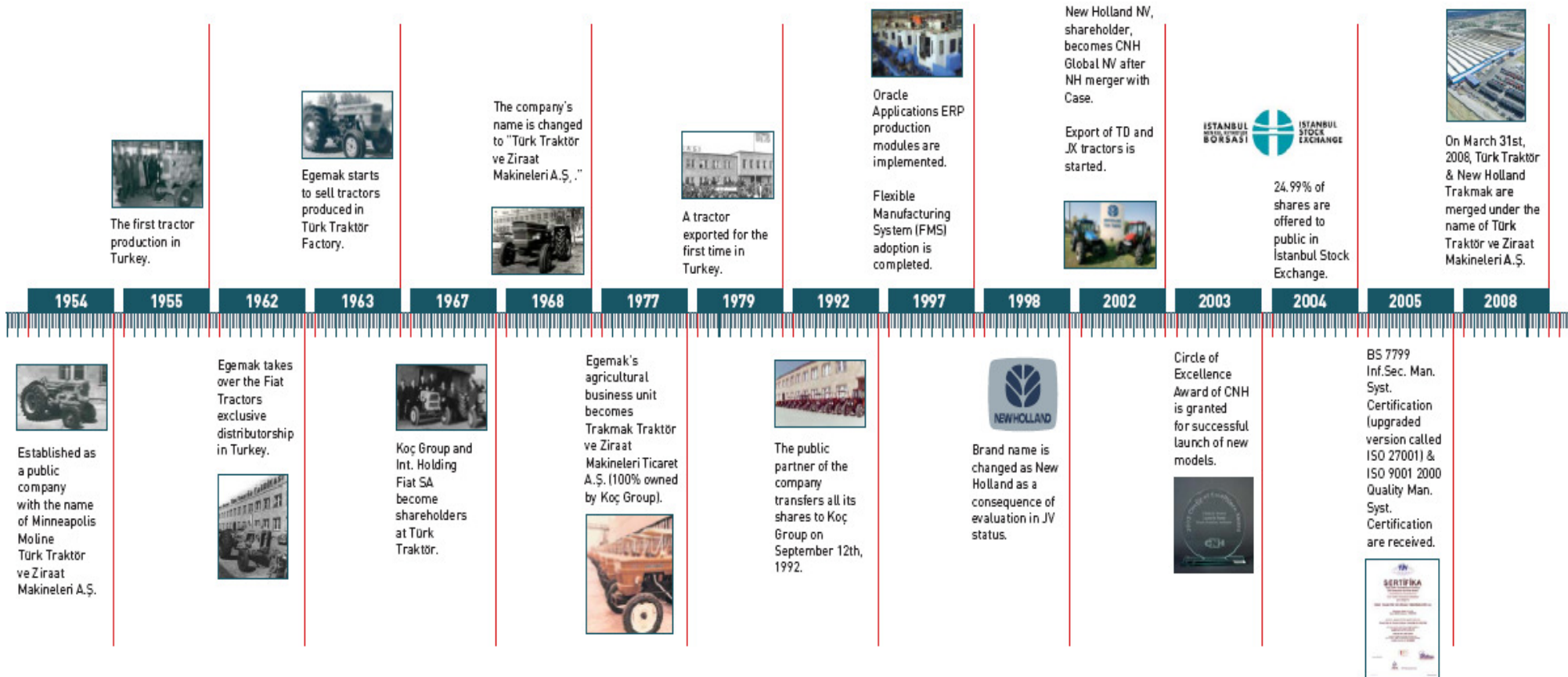
CNH

- A global market leader in agricultural and construction equipment businesses.
- CNH has 38 manufacturing facilities, 14 of which are engaged in tractor manufacturing, and 27 R&D centers across 5 continents.
- 30.000 employees and more than **11,600 dealers** in 170 countries.
- Support and finance organizations.
- Listed at the New York Stock Exchange (NYSE:CNH), is a majority-owned subsidiary of Fiat S.p.A. (FIA.MI; NYSE:FIA)



Türk Traktör

HISTORY



Türk Traktör – A Profile

The Domestic Market

Technology & Products

CNH and The Export

The Business Model

Financials and Other Data

Contacts

	USA	EU	TURKEY
TOTAL POPULATION (Million)	272	374	72
AGRICULTURAL POPULATION (Million)	6,6	18,5	24
AGRICULTURAL POPULATION RATIO (%)	2,4	4,9	33
AGRICULTURE SHARE IN GNP (%)	1,7	1,9	11
AGRICULTURE SHARE IN EMPLOYEMENT (%)	2,8	5	29



CULTIVATED AREA: 26,6 million ha

=

- **1.7% of total cultivated area in the world**
- **24% of EU-27**
- **137% of France**

- Richness in variety of products
- World leadership in many vegetable and fruit products
- Important positions in the world rank for many kinds of crops (28 crops in the top ten, 15 crops in the top five, 6 crops in the top three and 4 crops in the first rank)

Crop	World Rank in Production
Wheat	9
Lentils	10
Maize	15
Cereals	10



Crop	World Rank in Production
Hazelnuts	1
Apricots	1
Figs	1
Tomatoes	3
Grapes	6



AGRICULTURAL PRODUCTION: 35 billion €

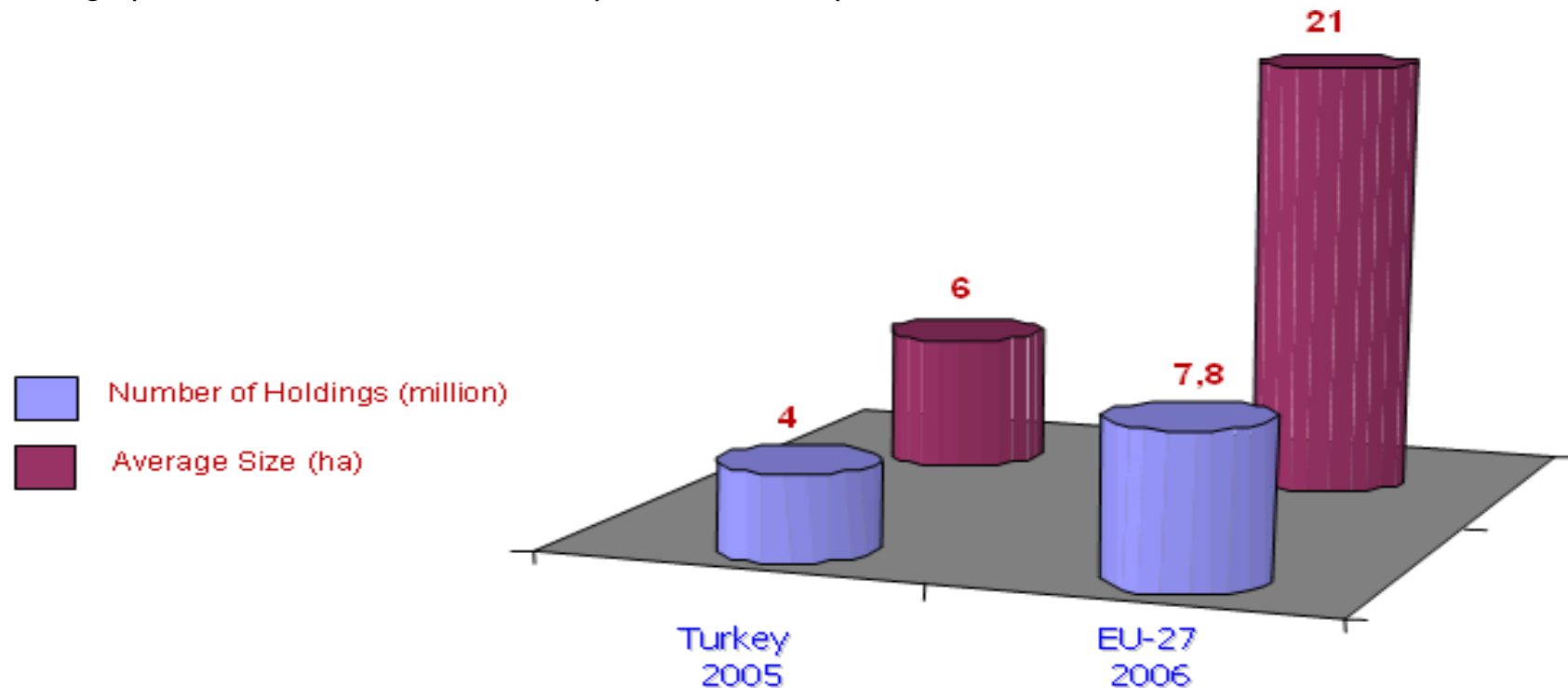
=

10% EU-27
60% France

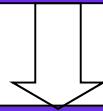
In spite of having big agro-ecological potential, the productivity and competitiveness are still low in Turkish agriculture mainly due to:

- * unsuitable farm structure - small size, low income
- * high agricultural population – more than 30% of the total population
- * low technology

Given the current low levels of productivity and competitiveness, when Turkey will manage to utilise its huge potential we will witness an impressive development in the market.

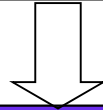


*Total : **3.075.515** agricultural holdings*



***3.021.190** have land*

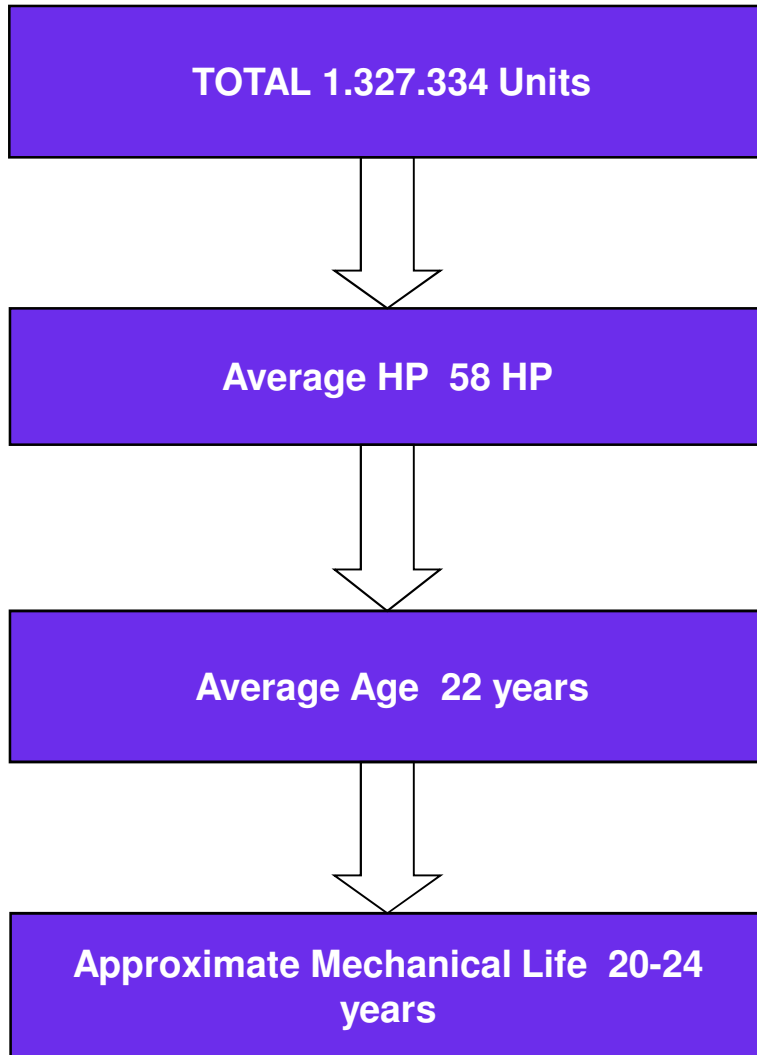
98%



***968.982** have tractor*

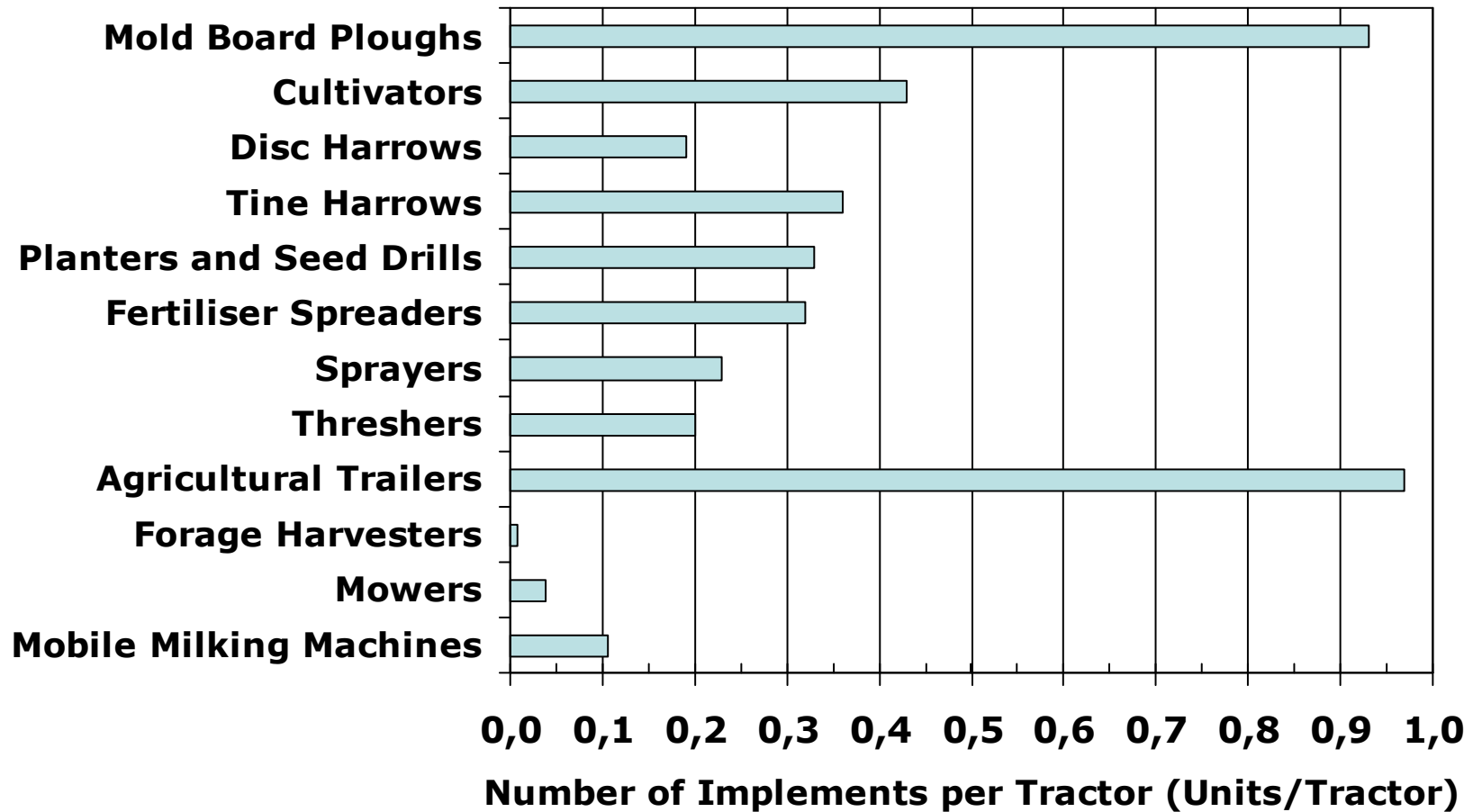
31,5%

68,5 % do not have tractor yet !



- More than half a million tractors are ready to be replaced because of their obsolete features.
- Old tractor usage causes 25% of productivity losses which increase cost of holdings.
- Given the direct link between HP & mechanization, increase in mechanization shall accompany rise in the average HP of the tractors sold in Turkey.

- Machinery intensity rate, compared to tractor usage rate, is very low in Turkey. Number of implements per tractor and the specifications of the machinery are quite behind the values of developed countries.



Türk Traktör



AGRICULTURAL SUBSIDIES IN TURKEY



Subsidies paid by the government are categorized into 5 groups:

1. Area Based Subsidies

By a certain value per ha, which is subject to change year by year. Topics are “Direct Income Support”, “Diesel Support” and “Fertilizer Support”.

2. Deficit Payment Subsidies (Premiums)

For production of the crops having deficit in supply, namely seed-cotton, sunflower (oil seed only), canola, safflower, seed-corn, olive oil, cereals and pulses.

3. Livestock and Feed Production Incentives

By a certain value per head for livestock production and per ha of the area allowed for forage production.

4. Rural Development Supports

Investment supports for the equipment required to improve productivity and quality of the process, such as drop irrigation, hay and forage equipment, etc.

Although the rates and contents are subject to change year by year; the total amount of the public supports mentioned above has been increased significantly in the period of 2001-2009 (i.e. From 450 million to 4.9 billion TL) . Based on 2010 budget figures, 5.6 billion TL is reserved for these supports.

5. Credit Subsidies

Investment and operating loans with discounted rates are given by the Agricultural Bank and Agricultural Credit Cooperatives for the certain farming activities, such as organic and GAP farming, and their requirements including mechanization tools.

Credit total of 6 billion TL was given by 2008 and it is planned to increase to 7.3 billion TL in 2009.

Türk Traktör



GROWTH POTENTIAL IN TURKEY



➤ **Economic Development**

Domestic tractor sales have a tendency to move in line with the performance of the economy, but growing faster than GDP itself. The Turkish economy is estimated to grow 5% per annum in the coming years by OECD. Declining real interest rates and continuing government support (as direct income support, agricultural subsidies, restructuring of farmers' debts and fuel support - effective from 2003) are seen as positively effecting tractor sales in Turkey.

➤ **Changing Consumer Preferences**

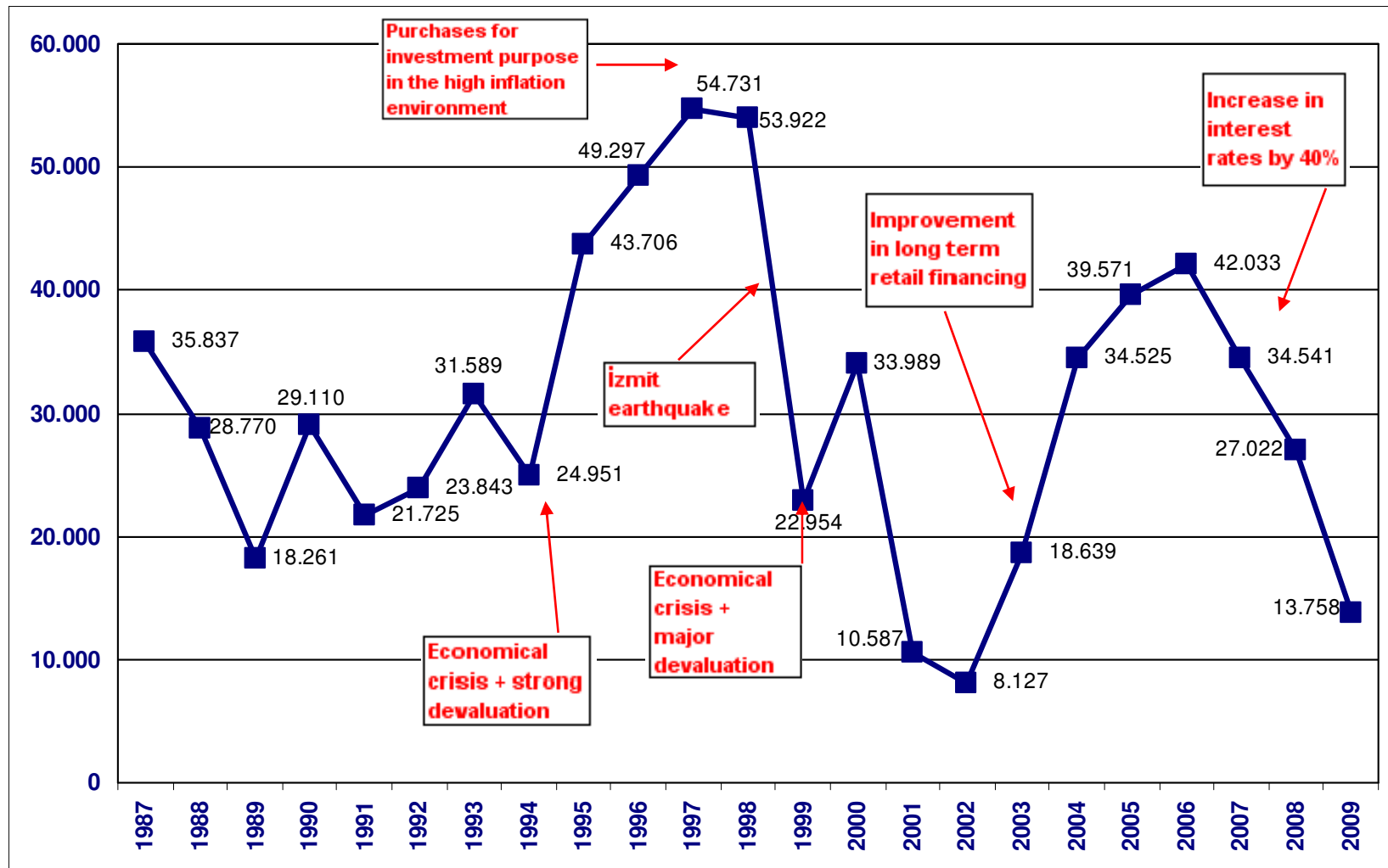
The average tractor horse power is 95 HP in Europe, comparing with 58 HP in Turkey. Tractors pull on average 12 tons agricultural equipment in Europe, which is almost 5 times more than Turkey. By means of mechanization in agriculture, it will be possible to decrease the agricultural population ratio and to make efficient use of manpower. At the same time, production costs will decrease & quality of the crops will increase, due to high technology usage. By this way, increasing efficiency in agricultural segment will bring more demand for tractors with higher HP is expected, which would help Turk Traktor to improve its profit margin.

➤ **Replacement Potential**

Turkey is among the top ten countries in the world in terms of its tractor park with 1.3 million tractors. Tractors have an economic life of approximately 20 - 24 years, thus Turkey has a theoretical replacement potential of more than 55.000 tractors per year.

➤ **Global Factors**

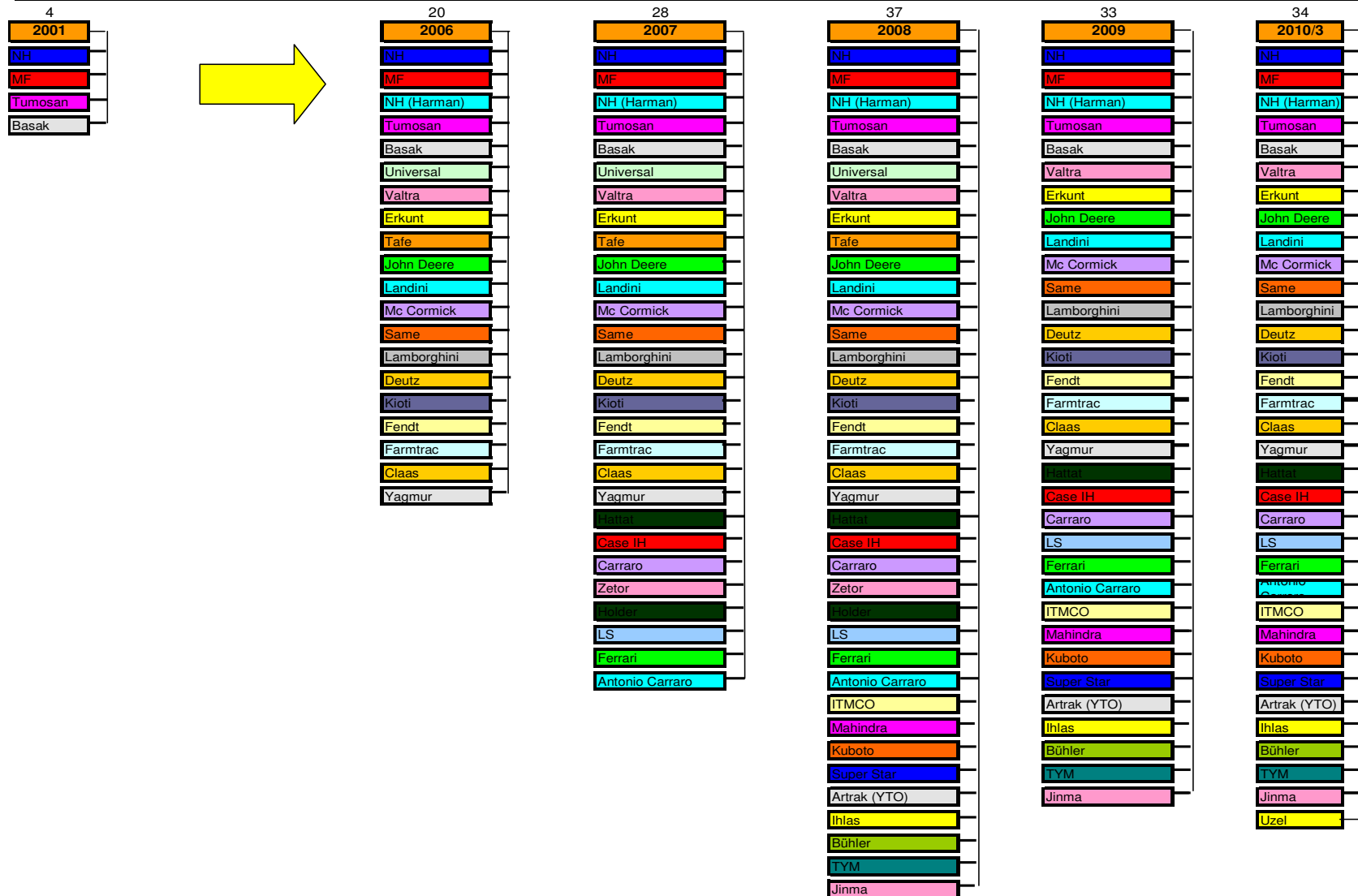
Due to competition, global warming, environmental consciousness, increasing world population & food requirements, the importance of agriculture will keep on increase which, in turn, will result higher farming income. However, grabbing a portion will highly depend on competitive production; time & cost savings, which will be possible only through "correct mechanization – high power & specs tractors & machinery -". Therefore such trend would help Turk Traktor to improve its business even further.



Türk Traktör



TRACTOR MARKET IN TURKEY - COMPETITION



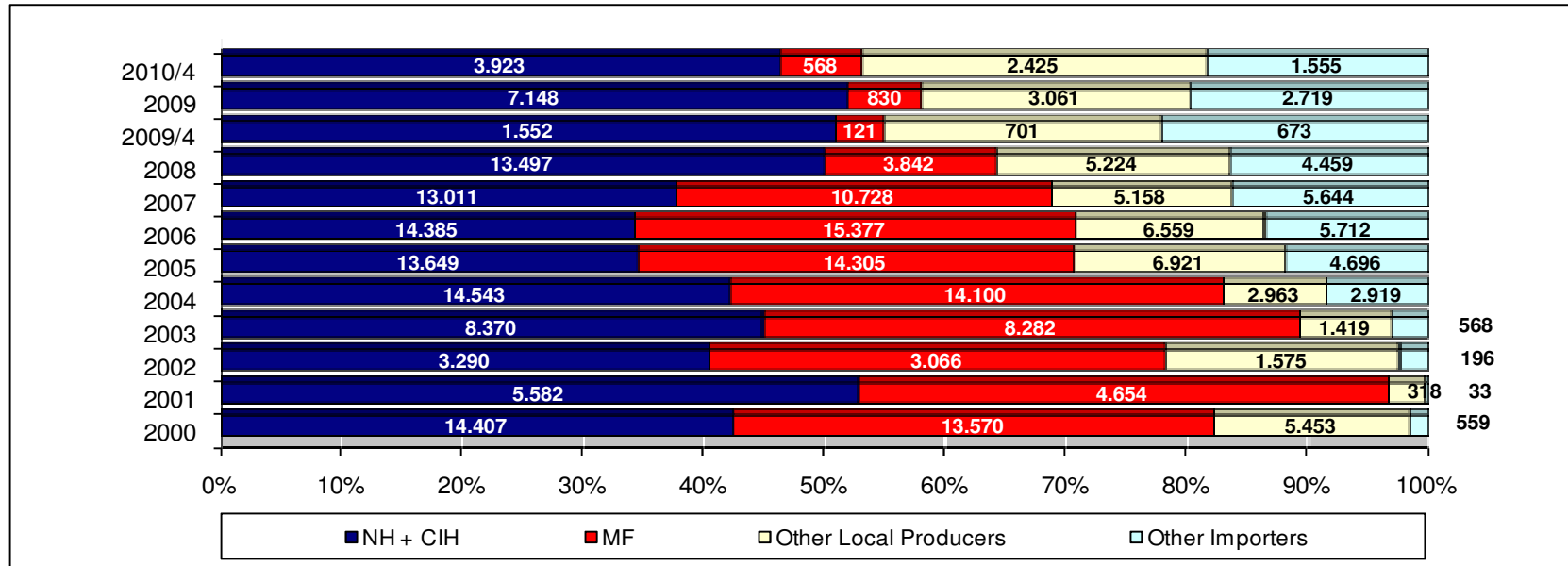
Türk Traktör



TRACTOR MARKET IN TURKEY - COMPETITION



- In 2001, there were only 4 brands in domestic market but as of 1Q2010 34 brands (33 in 2009) compete in the market.
- Domestic tractor market was almost a duopoly (TTF and UZEL) commanding a total market share of app. 70% up to 2007.
- Almost every major player in the tractor world is present in Turkey; out of them only CNH (through TTF) and MF (through Uzel until June 2008, since August 2008 through HATTAT) have a manufacturing base. All the others (John Deere, Same,..etc) are present through importers.
- The share of import tractor has increased from 1% to 20% from 2001 to 2009 and decreased to 18% in April 2010.

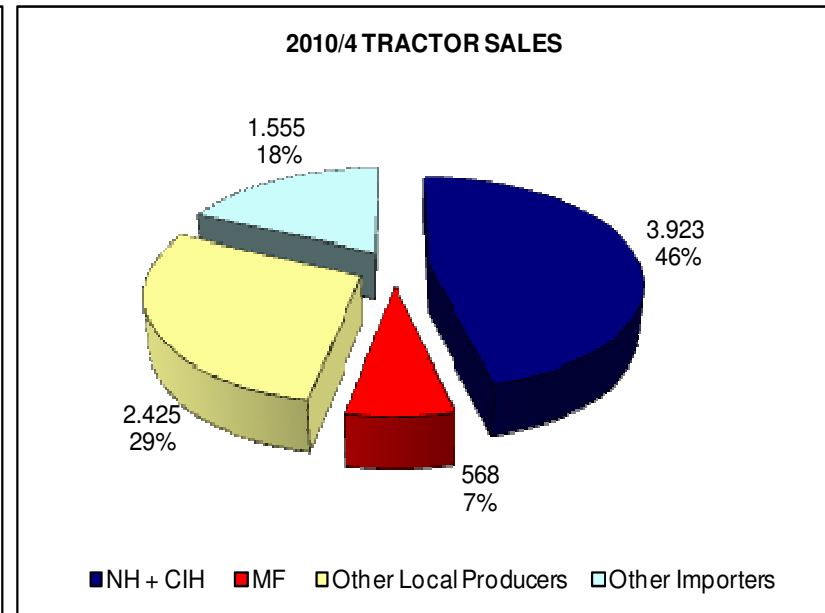
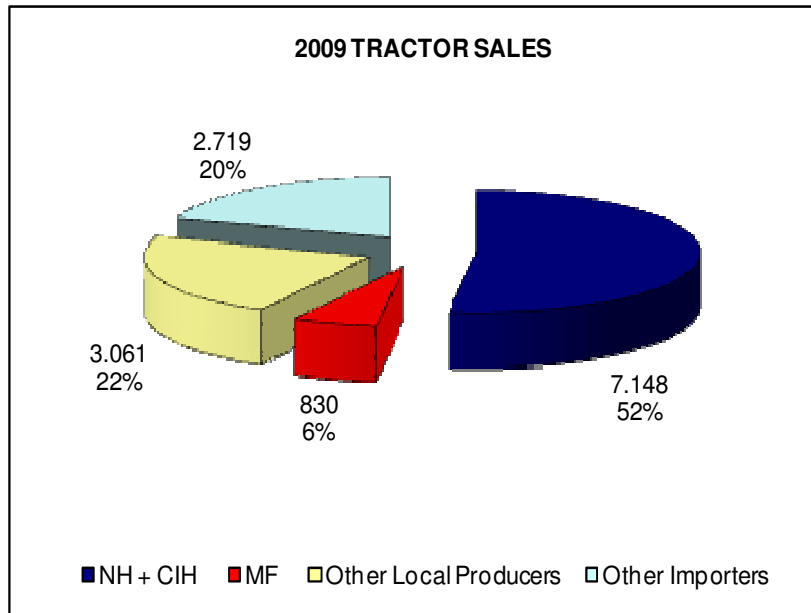


Source: TÜİK (Turkish Statistical Institute) - Traffic Registration Data

Türk Traktör



TÜRK TRAKTÖR IN DOMESTIC MARKET



Source: TÜİK (Turkish Statistical Institute) - Traffic Registration Data

- Company has a strong dealer network; 205 dealers (115 tractor dealers, 90 spare parts dealers) all around Turkey.
- In Turkey, our brand is identified with its quality, reliability and strong services, commanding a premium price.
- We are the most reputable brand in Turkish tractor market since years, thanks to our dealers' strong and long-term relationships with Turkish farmers.

Türk Traktör – A Profile

The Domestic Market

Technology & Products

CNH and The Export

The Business Model

Financials and Other Data

Contacts

Türk Traktör



MANUFACTURING TECHNOLOGY



- Türk Traktör is the first in Turkey to make extensive use of Flexible Manufacturing Systems (FMS), which employs sophisticated control systems and robotized manufacturing units for its production. This approach grants to the factory a very high degree of flexibility, with respect not only to the final product output, but also to the items that the company manufactures.
- Approximately 1/3rd of 455 production work stations are Computer Numerical Control (CNC) machining centers, enabling production based on Flexible Manufacturing Systems concept.

CNC Process Centers and FMS Line



Tractor Body Assembly Line



Paintshop



Engine Assembly Line



- Invested over USD 100 million in the previous decade, Türk Traktör features an in-house engine production unit as well as one of the most modern paintshops in Turkey.
- Coupled with automated thermal processing, painting and assembly facilities and a strong production technology, this system confers to Türk Traktör a clear advantage both in terms of product quality and production costs.

- Component Test Laboratory
- Front Hood Latching and Durability Test
- Suspended Pedal Endurance Test
- AVL Chassis Dynamometer
- Engine Test System
- Quick Prototyping
- Bump Tests
- Field Tests



Türk Traktör

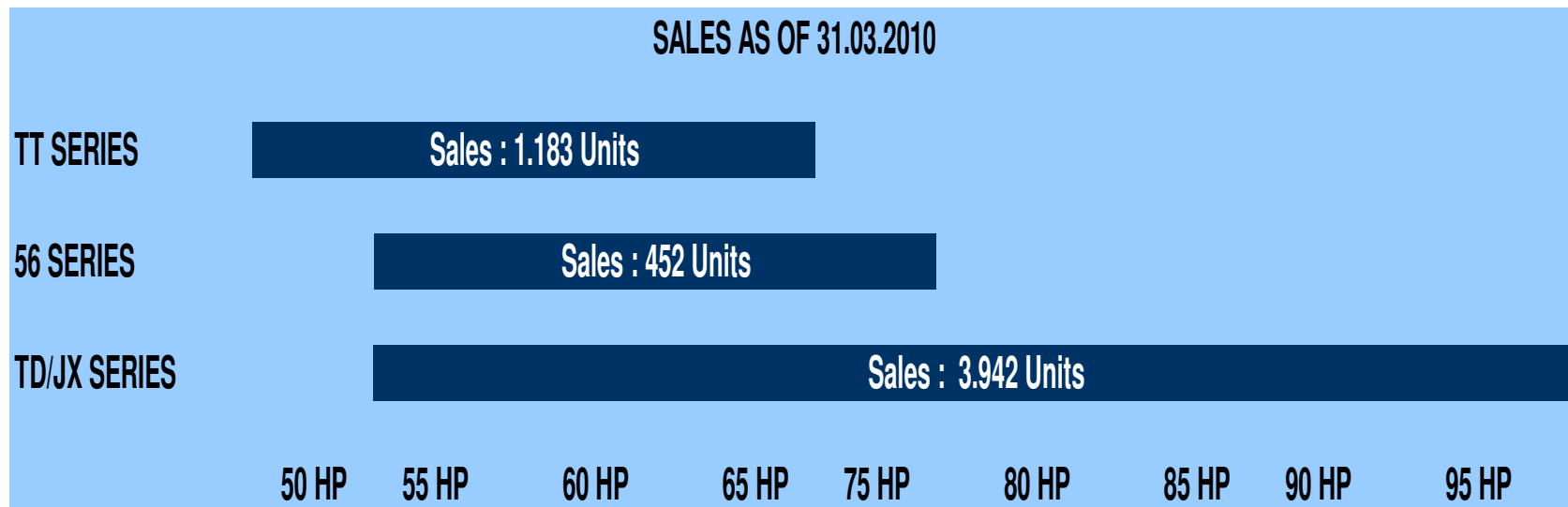


PRODUCT LINE – LOCALLY MANUFACTURED TRACTORS



A) LOCALLY MANUFACTURED TRACTORS

- 3 tractor series that the Company manufactures locally are TT (small, launched in 2004), 56 (medium, launched in 1989), TD/JX (bigger, launched in 2002 domestically and in 2003 abroad).
- JX tractors are exported mainly to the USA, Canada and Australia and sold to domestic market under the Case IH brand starting from September 2007.
- TD tractors are sold in Turkey and the other international markets under the New Holland brand.



Türk Traktör



THE MAIN LOCALLY MANUFACTURED TRACTORS



TT SERIES



56 SERIES



TD SERIES



JX SERIES



TT Narrow



TT Orchard



- We aim to manufacture the most suitable products for our customers.

TD Narrow



TD Straddle



TD High Clearance



- We therefore design and produce special purpose versions of our tractors to cater for all the main segments and niches in the market.

JX Straddle



JX High Clearance



Türk Traktör

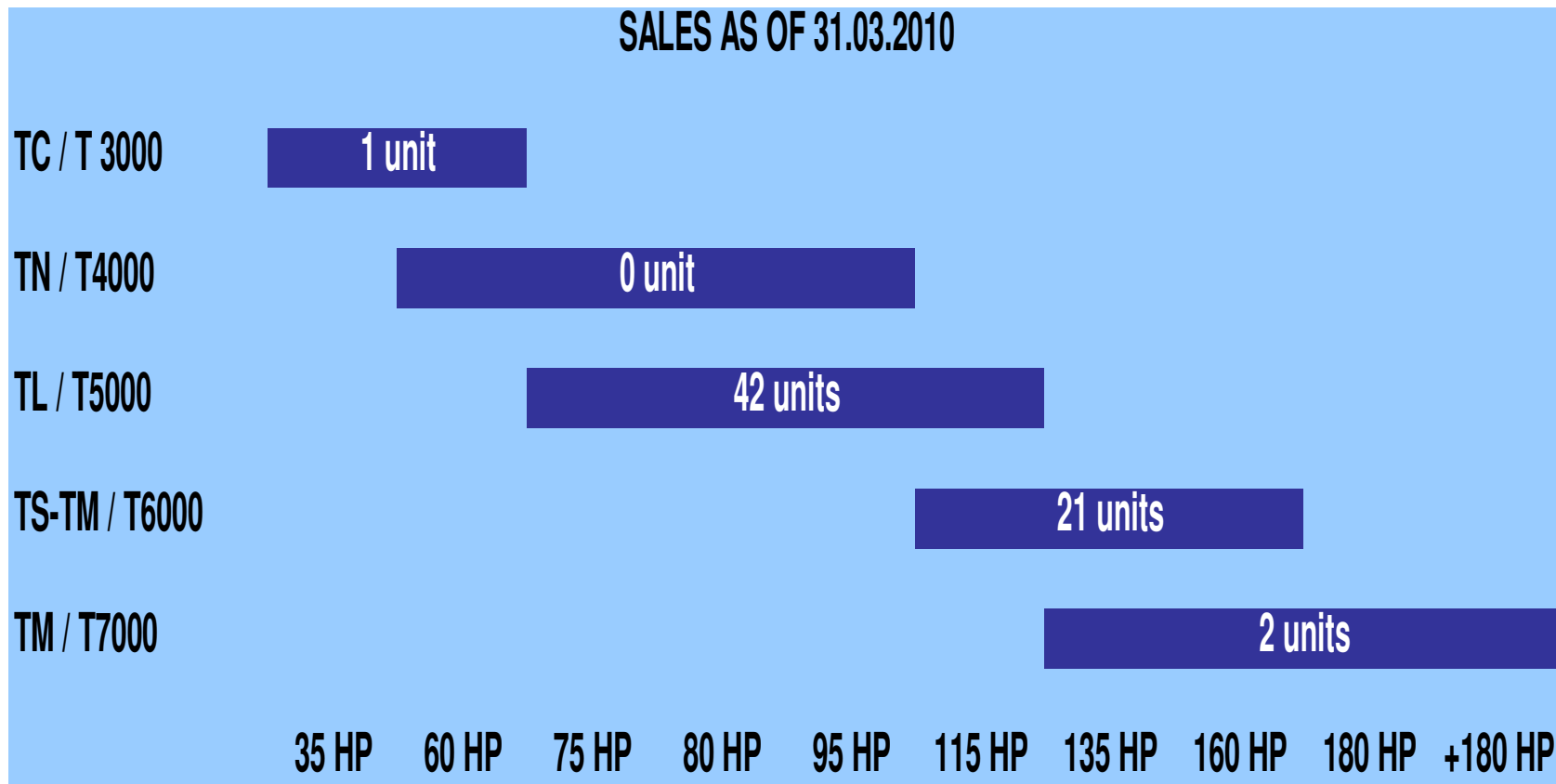


PRODUCT LINE – IMPORTED TRACTORS



B) IMPORTED TRACTORS – NH BRAND

- New Holland brand tractors in the range of 35-270 HP for the local market.



Türk Traktör



THE MAIN IMPORTED TRACTORS



T3000 SERIES



T4000 SERIES



T5000 SERIES



T6000 SERIES



T7000 SERIES



T8000 SERIES



Türk Traktör

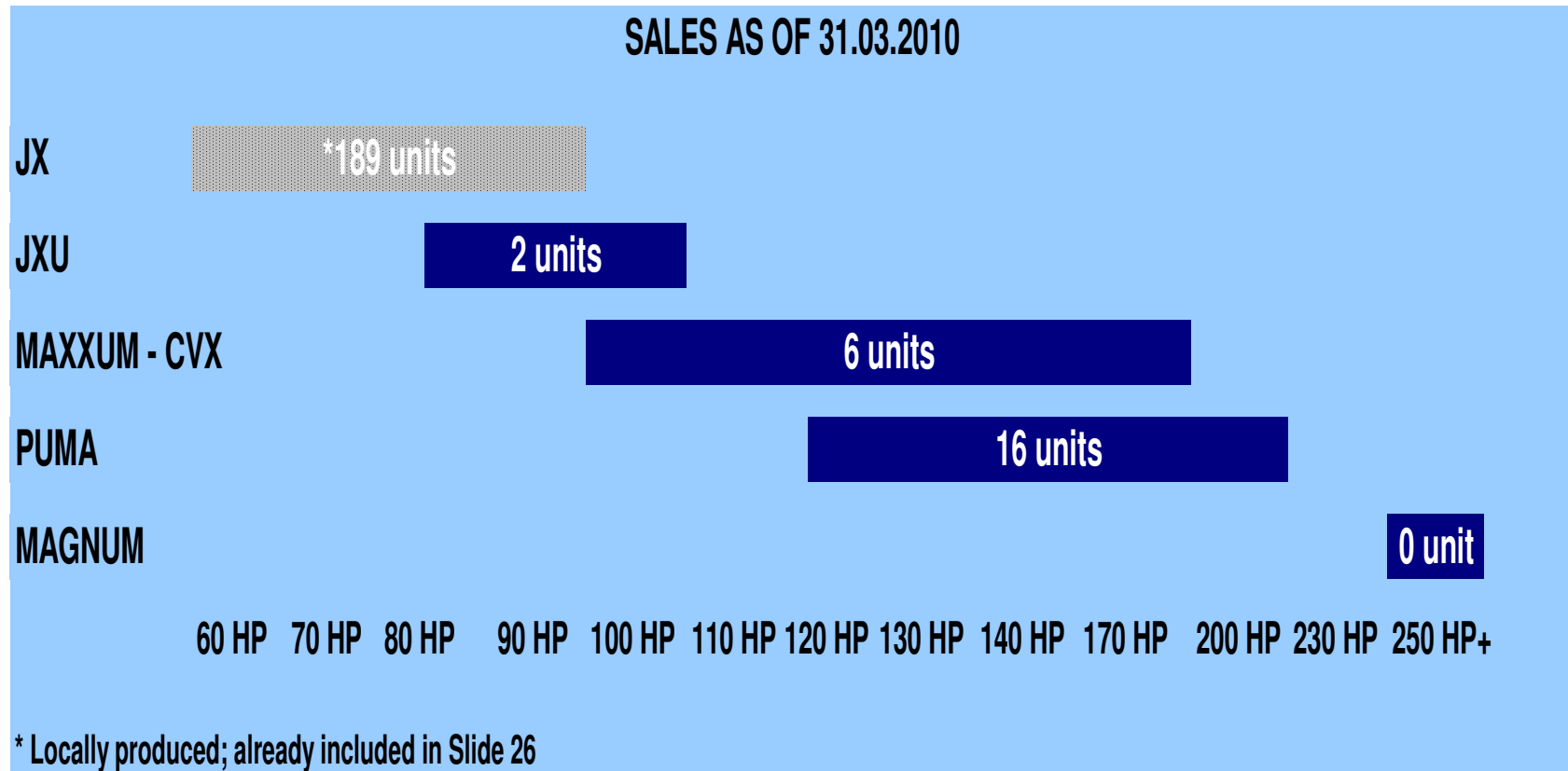


PRODUCT LINE – IMPORTED TRACTORS



C) IMPORTED TRACTORS - CASE IH BRAND

- Other brand of the Company, launched in the domestic market in September 2007
- Market share reached 3,03% at the end of 2009 and 3,78% as of January 2010.



Türk Traktör



THE MAIN CASE IH TRACTORS



MAXXUM SERIES



PUMA SERIES



CVX SERIES

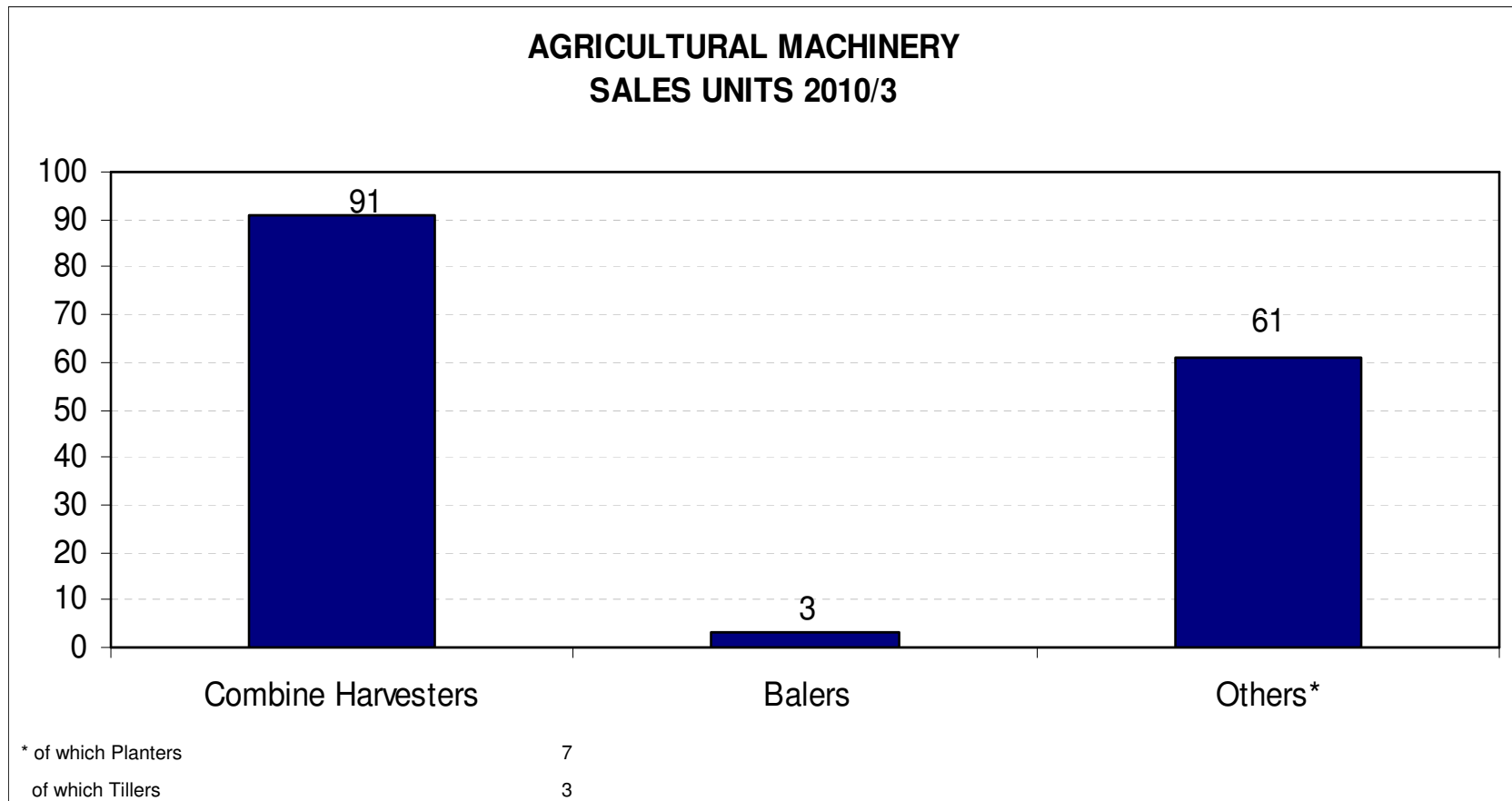


MAGNUM SERIES



D) AGRICULTURAL MACHINERY

➤ Main products are combine harvesters, cotton pickers, balers & other plant equipment.



Türk Traktör



PRODUCT LINE – AGRICULTURAL MACHINERY



**New Holland
Combine Harvesters**



New Holland Self-Propelled Forage Harvesters



New Holland Self-Propelled Grape-Olive Harvesters



New Holland Telehandlers



Berthoud Sprayer Attachments



New Holland Balers



New Holland Big Balers



New Holland Round Balers



New Holland Combi Balers



New Holland Bale Wagons



Berthoud Orchard Sprayers



New Holland Mower Conditioners



New Holland Pneumatic Precision Seed Drills



New Holland Power Harrows



New Holland Power Tillers



Pedrotti Grain Driers



Fantini Maize Headers



Fantini Sunflower Headers

Türk Traktör



PRODUCT LINE – AGRICULTURAL MACHINERY



**Case IH 420 - 620
4-5-6-rows Cotton Pickers**



**IH AFX Combine Harvesters
AFX 2377 – AFX 2388**



**Case IH 2022
2-rows Cotton Pickers**



**Case IH SPX 3320
Self-Propelled Sprayers**

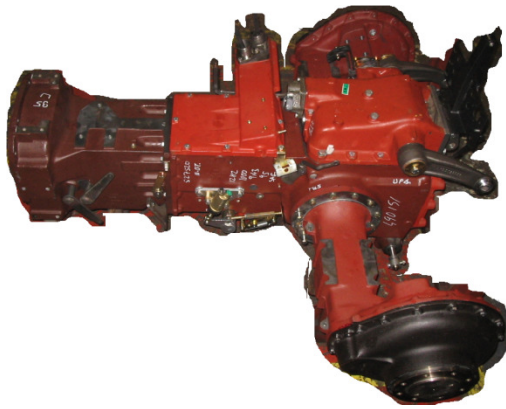
Türk Traktör



OTHER MANUFACTURED PRODUCTS



TRANSMISSION



ENGINE



- From a product content point of view, the two most important components of any tractor are the engine and, even more so, the driveline.
- Türk Traktör is the only plant within the CNH world to manufacture both the engine and the transmission in house, in the same plant where the final tractor assembly is carried over.
- Türk Traktör is also a major manufacturer, exporter & seller of agricultural spare parts.

Türk Traktör – A Profile

The Domestic Market

Technology & Products

CNH and The Export

The Business Model

Financials and Other Data

Contacts

Türk Traktör

POSITION WITHIN CNH



- Türk Traktör is the only engineering centre in the world for TD/JX Series, within the CNH Group.
- Responsible for all types of improvement and development activities for these products.
- The worldwide engineering centre and the sole production centre for the transmissions used in this range of tractors.
- Competency centre for engines.

Türk Traktör



POSITION WITHIN CNH



- Capable of developing its own manufacturing technologies.
- The moulds, templates, tools and special-purpose benches used in manufacturing are designed and produced within the factory, which was granted the “Circle of Excellence” award by CNH in 2004 following the successful launch of the TD/JX models.
- Türk Traktör manufactures in the same premise and within its own technological control all the main components of the tractor (engine, transmission – or body – and front axle), then assembling and painting them to realise the final product.



Türk Traktör

EXPORT TRACTORS

- Türk Traktör exports its tractors through CNH's well established global sales network.
- The main export product is the TD/JX series, which presents the peculiarity of being sold almost in every market of the world, from the most sophisticated (e.g. USA) to the likes of Africa.
- Export is sold to CNH at EXW conditions on a cost plus base.



Türk Traktör – A Profile

The Domestic Market

Technology & Products

CNH and The Export

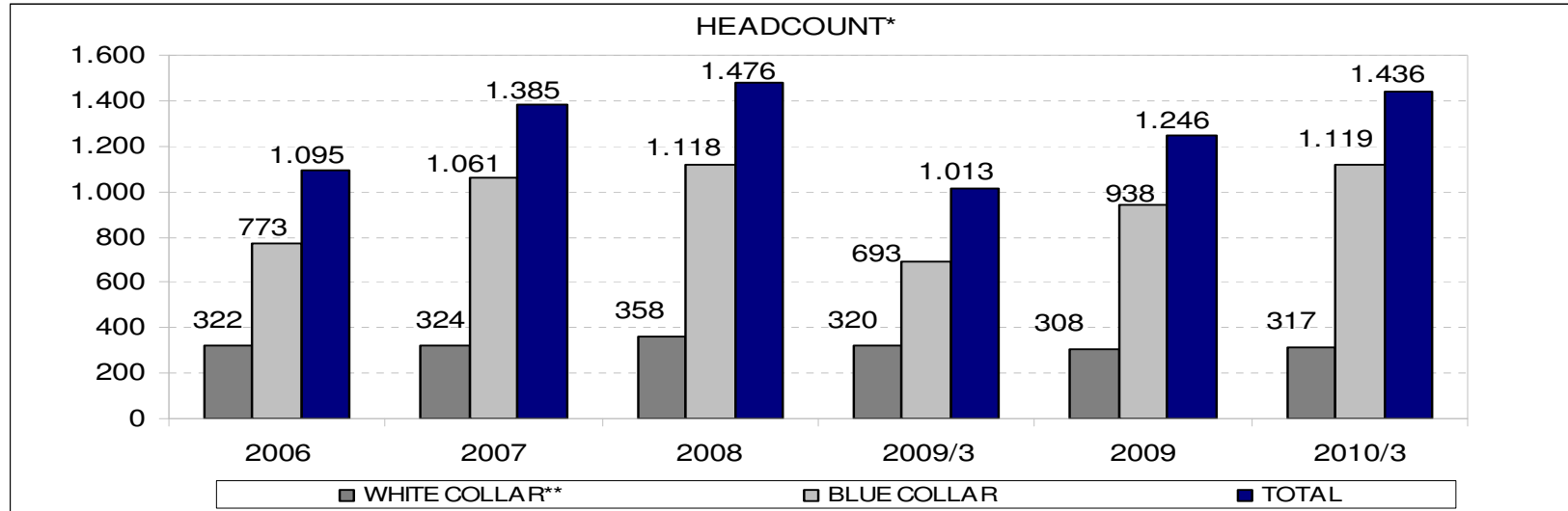
The Business Model

Financials and Other Data

Contacts

- Türk Traktör aims primarily to defend its premium price image and its technological prominence over the other local competitors, continuously investing in R&D and in market intelligence.
- It strives, at the same time, to compete at the highest level with the other international manufacturers operating in the same segments, monitoring developments in the international markets, ready to pursue other export opportunities when available.
- Within this frame, Türk Traktör takes anyway the utmost care to protect its profitability. In other terms, return for the shareholders are not sacrificed to the quest of volumes and market share per se.
- At the same time the company monitors continuously its cost structure, in order to contain the threat arising from the emerging markets (e.g. India).
- Great importance is attained to the stability of the performance over time.
- This situation is reflected by a stable EBITDA and by a profitability level among the highest in the industry in the whole world.

- Türk Traktör multinational status is reflected by the presence, within its workforce, of specialists with international experience in several different fields.
- For Türk Traktör, its employees are as valuable as its customers. Among the candidates wishing to work in Türk Traktör, those with the most suitable qualifications are selected and they are provided with the necessary training in the framework of the relevant job descriptions, thus helping them to develop further and to work in the most efficient way.
- All blue collared personnel graduated from technical schools and provided with continuous and specialised training.



* Period end values

** Due to the merger, New Holland Trakmak's personnel has been added

Türk Traktör – A Profile

The Domestic Market

Technology & Products

CNH and The Export

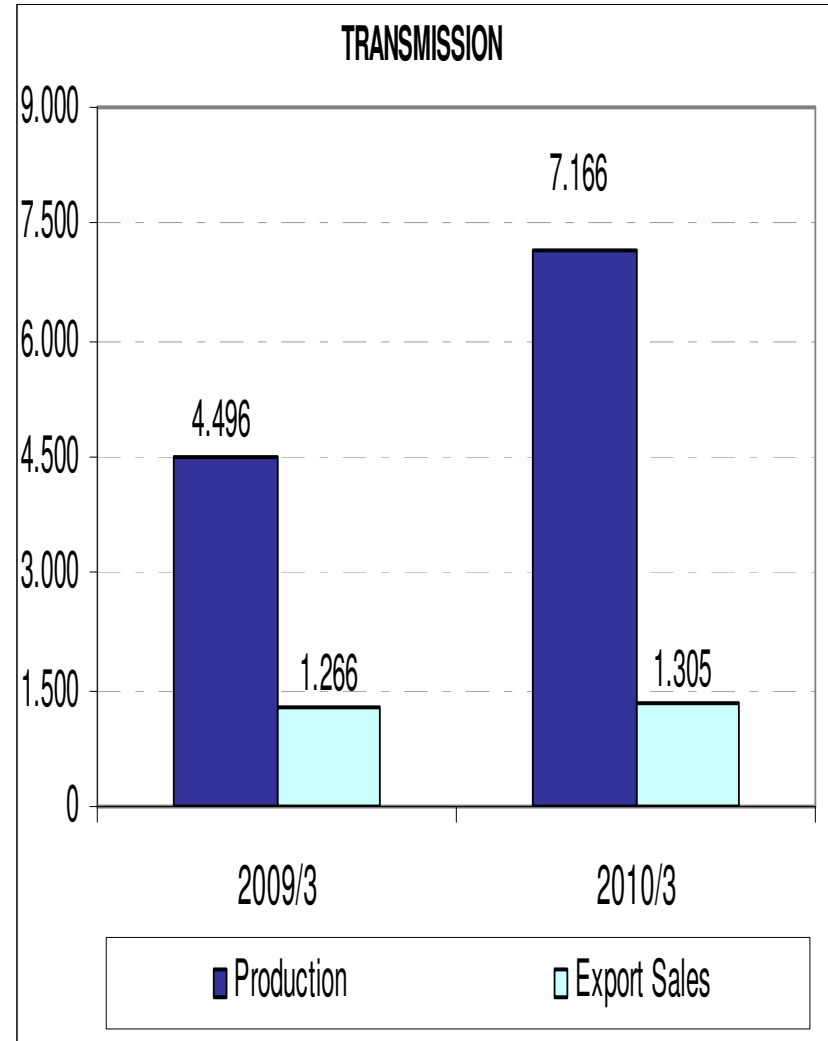
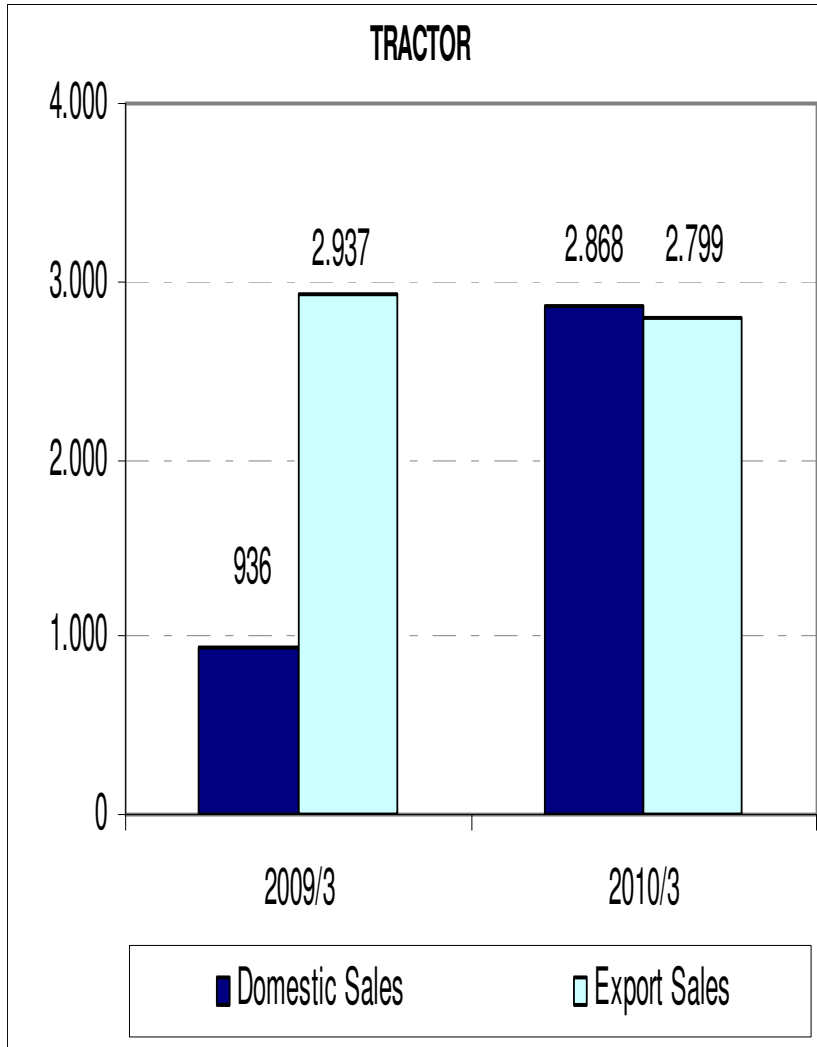
The Business Model

Financials and Other Data

Contacts

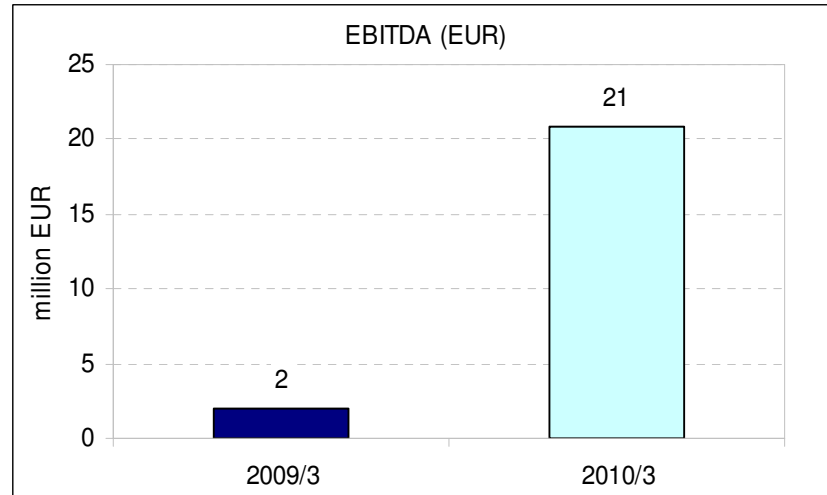
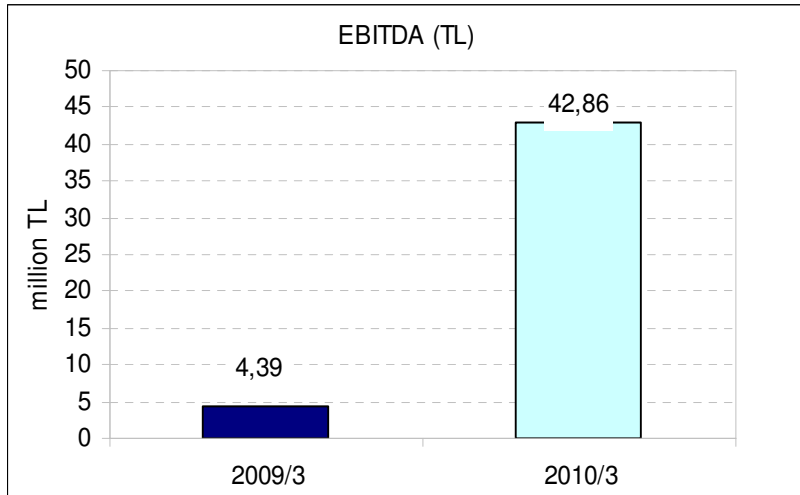
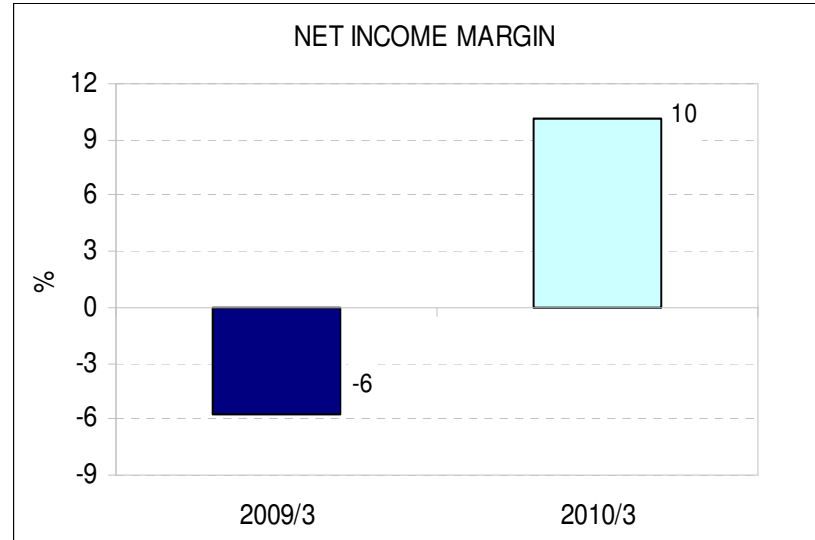
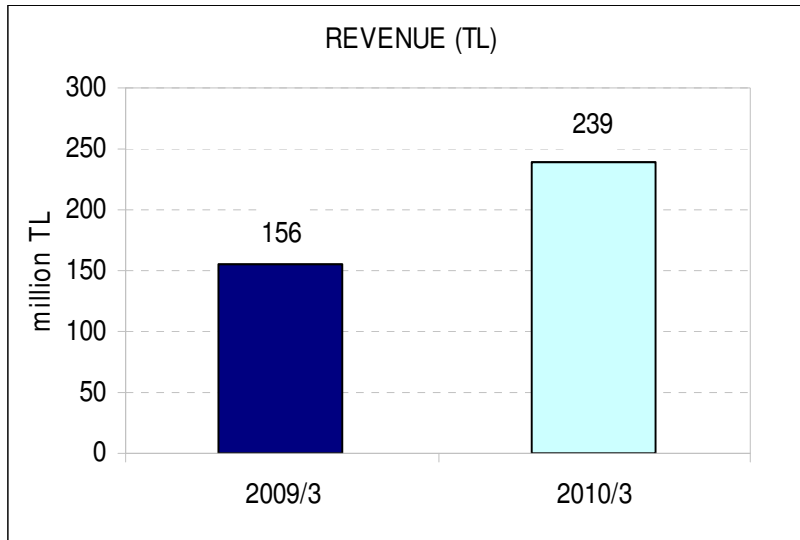
Türk Traktör

TÜRK TRAKTÖR SALES



Türk Traktör

FINANCIAL HIGHLIGHTS



Türk Traktör



INCOME STATEMENTS OF 2009/3 & 2010/3



Million Euro	2009/3	%	2010/3	%
<i>Total Net Sales</i>	70,08	100,00%	116,53	100,00%
- Domestic Sales	23,10		69,40	
- Export Sales	46,98		47,13	
<i>Cost of Sales</i>	-64,02		-89,27	
Gross Profit	6,05	8,64%	27,26	23,39%
<i>Operating Expenses</i>	-5,05		-7,32	
Net Operating Income	1,01	1,44%	19,93	17,11%
<i>Other and Financial Income/(Expense) net</i>	-5,19		-5,34	
Income Before Taxation	-4,19	-5,98%	14,59	12,52%
<i>Taxation</i>	0,18		-2,82	
NET INCOME	-4,00	-5,71%	11,77	10,10%
EBITDA	1,97		20,88	
EBITDA MARGIN	2,82%		17,92%	

TL/€ Central Bank Period End Exchange Rate

2,2258

2,0523

Türk Traktör



BALANCE SHEETS OF 2009 & 2010/3



Million Euro	2009 FY	2010/3		2009 FY	2010/3
ASSETS	330,14	364,02	LIABILITIES	330,14	364,02
			SHORT TERM LIABILITIES	142,64	122,17
			Short Term Borrowings	103,78	33,46
			Trade Payables (net)	26,41	61,28
			Due To Related Parties (net)	4,04	11,18
			Provisions	3,44	5,23
			Tax Provisions on Period Profit	0,96	4,20
			Other Liabilities	4,02	6,83
CURRENT ASSETS	249,34	286,11	LONG TERM LIABILITIES	48,31	89,52
Cash and Cash Equivalents	37,35	39,60	Long Term Borrowings (net)	45,39	86,19
Trade Receivables (net)	76,39	90,15	Provisions	2,92	3,33
Due From Related Parties	37,89	49,93	Other Liabilities (net)	0,00	0,00
Inventories	64,94	70,34	Deferred Tax Payable	0,00	0,00
Financial Assets	0,00	0,00			
Other Current Assets	32,77	36,09			
NON CURRENT ASSETS	80,81	77,91	SHAREHOLDER' EQUITY	139,19	152,32
Trade Receivables (net)	54,69	49,12	Capital	26,00	26,00
Financial Assets	0,00	0,00	Inflation Adjustment to Capital	18,06	19,01
Property, Plant and Equipment	17,55	17,96	Merge Reserves*	-2,71	-2,71
Intangible Assets	4,68	5,33	Legal Reserves	27,32	29,22
Deferred Tax Assets	3,67	5,29	Current Year Profit/(Loss)	14,33	11,77
Other	0,22	0,21	Retained Earnings/(Accumulated Deficit)	57,36	69,03
			* Increased capital after merger		
TL/€ Central Bank Period End Exchange Rate	2,1603	2,0523	TL/€ Central Bank Period End Exchange Rate	2,1603	2,0523



Türk Traktör

NET FINANCIAL POSITION



NET FINANCIAL POSITION

Million Euro	2009 FY	2010/3
Total Financial Assets	37,35	39,60
Total Financial Liabilities	149,17	119,65
Net Financial Position	-111,82	-80,04

CAPEX

Million Euro	2009/3	2010/3
CAPEX*	0,82	0,90
* of which capitalized R&D expenses	0,47	0,54

WORKING CAPITAL

Million Euro	2009 FY	2010/3
Current Assets	267	296
Short Term Liabilities	38	85
Net Operating Working Capital	229	211

Türk Traktör



FINANCIAL PERFORMANCE



MAIN RATIOS

		2009/3	2010/3
Earnings Per Share (TL)	EpS	-0,0017	0,0045
Dividends Per Share (TL)*	DpS	0,0032	0,0032
Book Value Per Share (TL)	BVpS	0,05	0,06
Net Income (million Euro)		-4,00	11,77
Market Capitalisation (million Euro)		96,87	254,84
Net Income / Capitalisation (million Euro)		-0,04	0,05
		2009 FY	2010/3
Current Ratio		1,75	2,34
Quick Ratio		1,29	1,77
Debt Ratio		0,58	0,58
Total Debt to Equity		1,37	1,39
Return on Equity (TL)	ROE	0,10	0,08
Return on Assets (TL)	ROA	0,04	0,03

* Dividend amount calculated from 2008 profit and paid in 2009.

- Türk Traktör strives to achieve a currency hedging of its industrial and commercial operations by adjusting the purchasing turnover denominated in (or indexed to) Euro in order to match its export turnover (which is almost entirely denominated in Euro)
- Aside from achieving such **operational hedging**, Türk Traktör takes care to be neither in a long nor short position regards its assets and liabilities in foreign currency (receivables and payables), so to be **financially hedged** as well
- The aim of protecting the company value against oscillations in the currency exchange market is a priority for the management

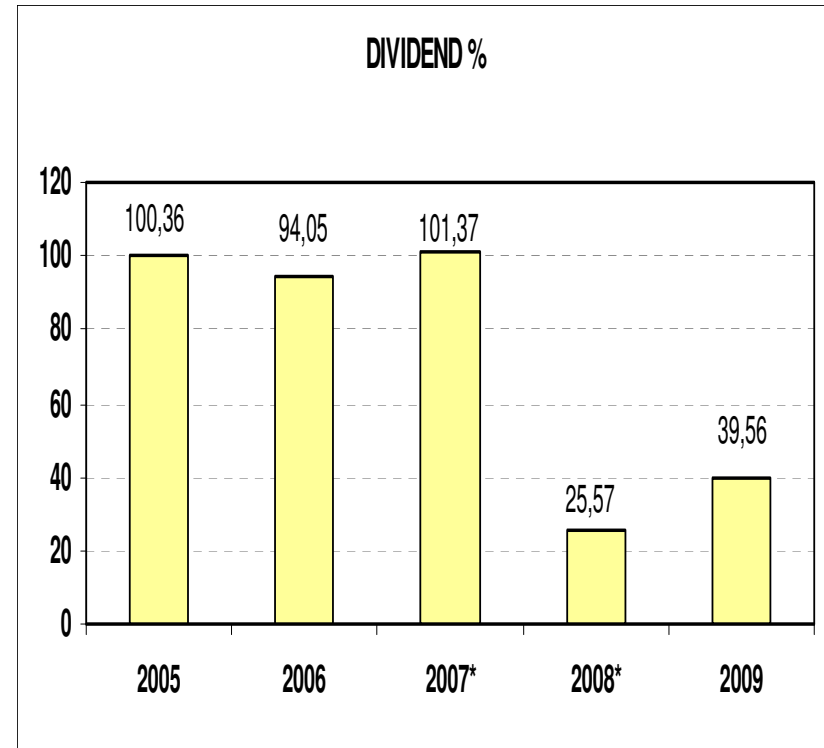
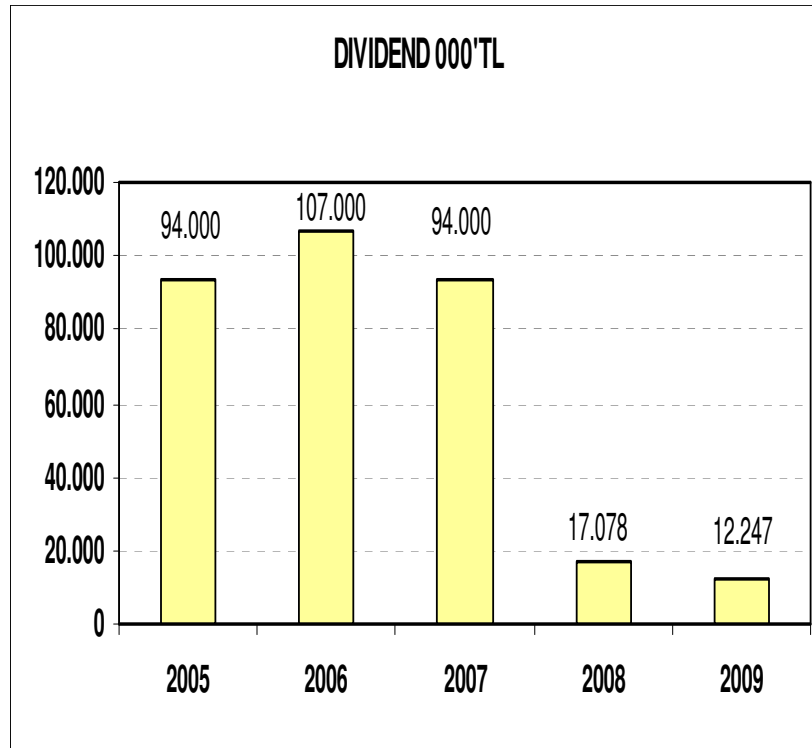
Türk Traktör



DIVIDEND



- According to the agreement between Koç Holding and CNH Global NV dated 22 April 1998, the Parties adopted for the Company a “Dividend Policy” that provides, as a matter of principle, for the distribution of dividends to the shareholders in the rate of 60% of the after tax profit of each Company, unless agreed otherwise by the Parties.
- Anyway in 2002, 2003 and 2004 such percentage was respectively 88%, 82% and 54%.



* According to the consolidated net profit

Türk Traktör – A Profile

The Domestic Market

Technology & Products

CNH and The Export

The Business Model

Financials and Other Data

Contacts

-  **Marco VOTTA**
General Manager
0090 312 2110238
marcov@turktraktor.com.tr

-  **Memet KAMBER**
Chief Financial Officer
0090 312 2110169
memetk@turktraktor.com.tr

-  **İlkiz KARAGULLU**
Investor Relations Specialist
0090 312 2110190
ilkizk@turktraktor.com.tr

Türk Traktör



Let's meet on our Website...



www.turktraktor.com.tr

This presentation contains forward-looking statements that reflect the Company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.

Neither Türk Traktör nor any of its directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from use of this presentation.