

TürkTraktör

*Investor Presentation
October 2020*





Corporate Structure

Established
in
1954

50,000
tractors
annual production capacity*

*The oldest continuously manufacturing company of
Turkish automotive industry*

Plants & Facilities



Ankara Plant

Engine and transmission
manufacturing center

Opening : 25.06.1954

Total Area : 257,325 m²



Erenler Plant

Paintshop and assembly
processes

Opening : 17.06.2014

Total Area : 402,162 m²

Ankara CE Facility

Total Area : 9,748 m²



İzmir CE Facility

Opening : 18.09.2014

Total Area : 6,396 m²



Akyurt – Ankara Warehouse

Opening : 01.04.2010

Total Area : 20,820 m²

Shareholder Structure



Koç Holding A.Ş.

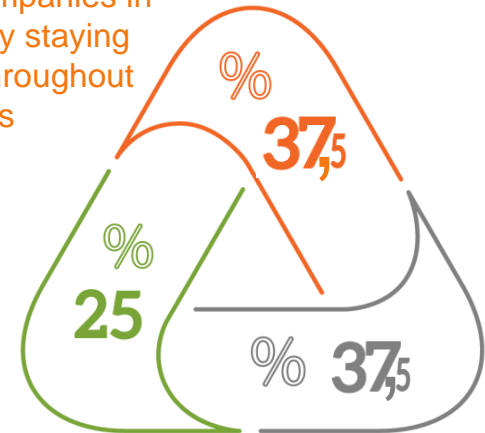
Founded in 1926, Koç Holding has become not only one of the largest and most successful groups of companies in Turkey but also in Europe, by staying one step ahead of change throughout its journey of 94 years



**BORSA
İSTANBUL**

Free Float

Stocks are traded at Borsa
İstanbul with **TTRAK**
symbol



CNH Industrial NV

CNH Industrial is a global leader in the investment goods industry with its production of tractors, agricultural machines, construction equipment, commercial vehicles, buses and coaches, fire trucks and engine & transmission production and with its industrial experience on both design / production process and extensive product range addressing diverse needs

Continuously increasing export penetration.
Turkey's biggest and the most diversified
tractor exporter



We exported tractors to more than
130 countries since our establishment

MANUFACTURING TECHNOLOGY

Being the first in Turkey utilizing flexible
manufacturing lines that make use of automatic
manufacturing units and complex control systems

Being the first in Turkey in its sector having
robotized paintshop

Total **2,121** employees of which
1,480 are shop-floor employee
and
641 are office employee*



*as of 30.06.2020

POSITION within CNH INDUSTRIAL

The only design and main production center of
New Holland TD and Case IH JX series tractors
in the world

The only production center of Utility Light series
tractors and transmissions in the world

The only production and engineering center for
TD series transmissions in the world

The main production center of S8000 series engines

THE FIRST R&D CENTER in its SECTOR

R&D Center with total area of **5,000 m²** which is
accredited by the Ministry of Industry in 2009

R&D, Design and Innovation office opened in 2018 in
Istanbul and accredited by the Ministry of Industry
as an R&D Center in 2019

11 international patents out of
184 active patents*

142 R&D Center employees of which
119 are researchers*

*as of 30.06.2020



01



Leading tractor manufacturer with diversified product range

- The largest tractor producer in Turkey with 50K tractor capacity
- Tractor market leader for the last consecutive 13 years
- The most extensive and professional sales and after sales network in Turkey
- Strong R&D capability creating higher quality, advanced tractors
- State of the art manufacturing processes

02



Sustainable growth

- Vertically integrated operation
- Has long-term and loyal business relations
- Thinks globally
- Other business line – Construction Equipment

03



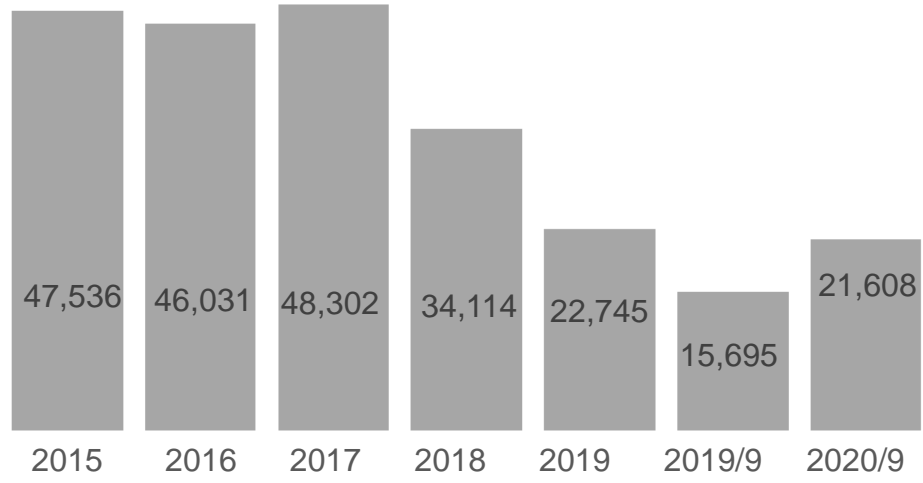
Good shareholder returns

- Given priority to maintain and to grow profitability
- Sustainable dividend policy
Total TL 2.5 billion was distributed as dividend to the shareholders between 2004 - 2020
- Successful, profitable operation

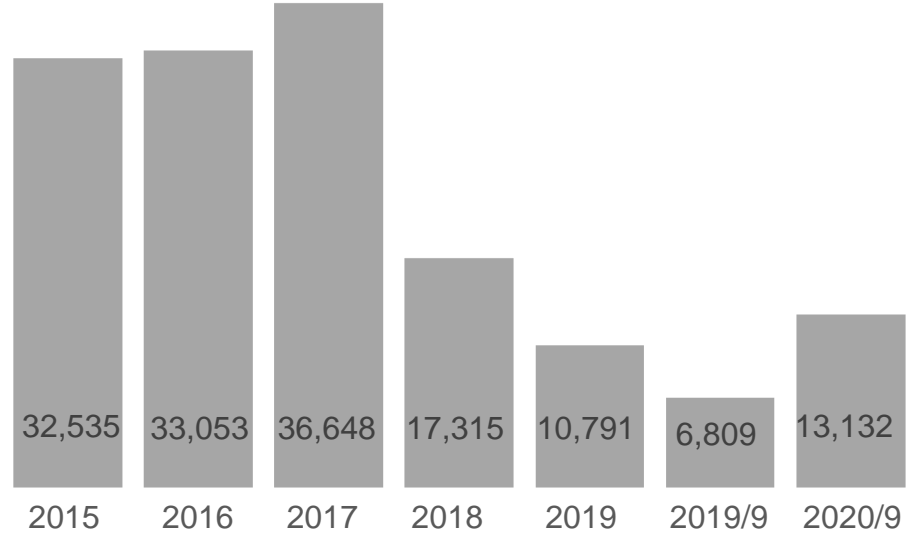
TürkTraktör at a Glance



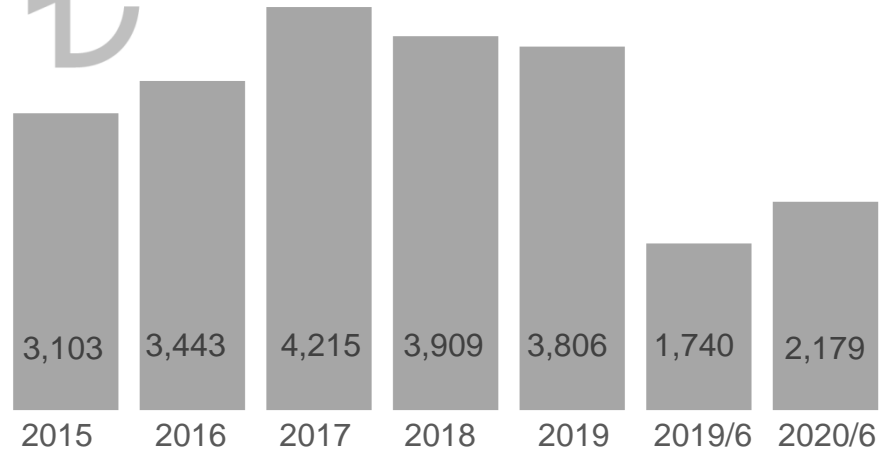
Tractor Manufacturing Units



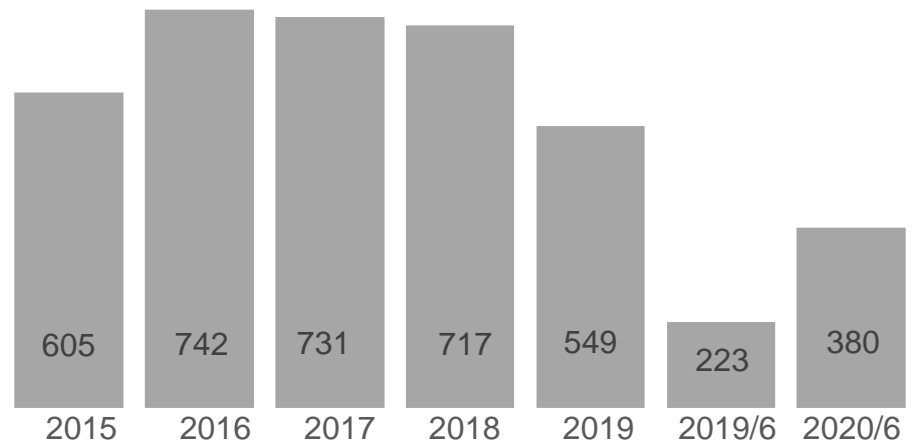
Local Tractor Sales Units*



Total Revenue (mio TL)

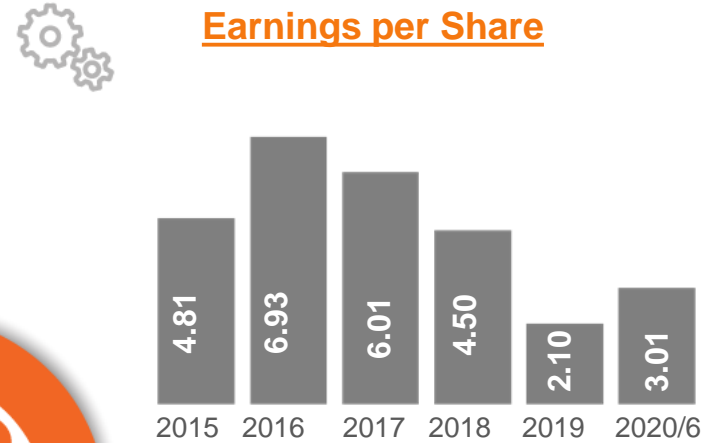
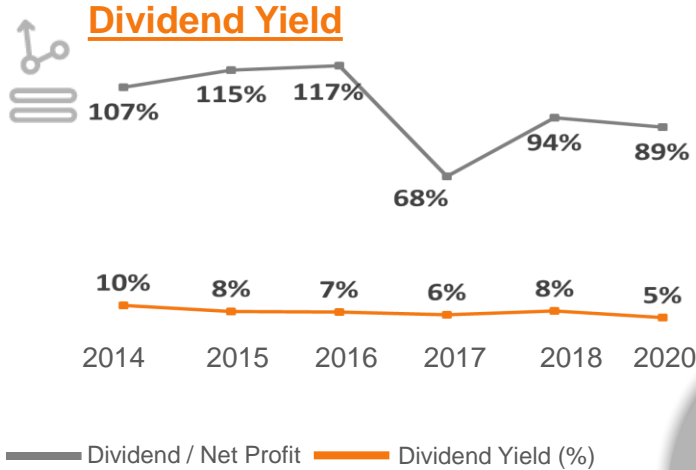


Gross Profit (mio TL)



* Excluded import tractors 5

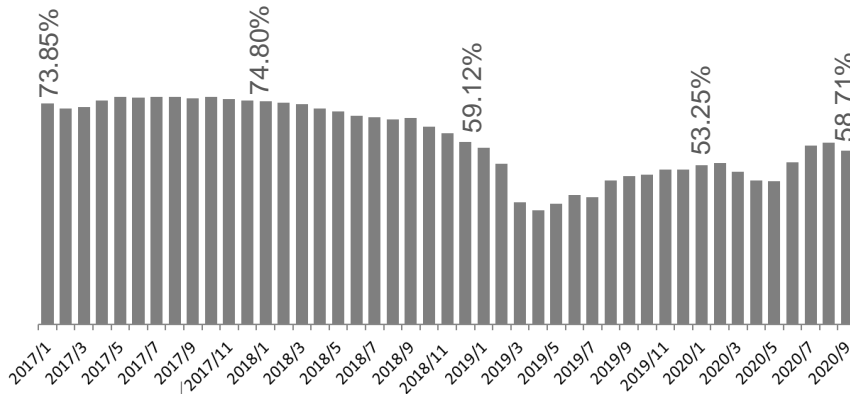
Growth of Shareholder Value



O1 O2

O3 O4

Foreign Ownership in Free Float (%)



Commitment to Corporate Governance

- *Separate CEO and Chairman roles
- *Independent BoD members
- *Audit Committee
- *Corporate Governance Committee (having the tasks of Remuneration Committee)
- *Risk Assessment Committee



Tractors (43HP-380HP)



Agricultural Equipment



Construction Equipment
Compact Line



Tractors (55HP-380HP)



Agricultural Equipment



Construction Equipment
Compact Line



Heavy Line



Tractors (55HP-65HP)



Agricultural Equipment



Market Positioning of the Brands

*Market leader for 13 years in a row

Having ~40% market share



*The largest dealer network

*Full territory coverage

*Wide customer portfolio



*Targeting professional farmers

Having ~7% market share

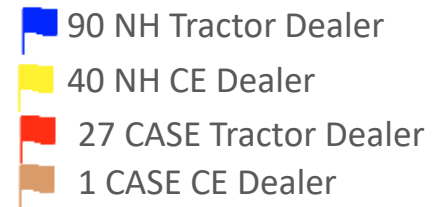


*Utilizing New Holland AG network capability in NH compact line products

*Heavy line products are sold directly by CASE sales team



* According to TURKSTAT Traffic Registration data of 2020 8M



Broadest network in Turkey's agricultural sector

Widely distributed and close to customer

Financially strong

Wide customer portfolio

Experience

~500 services*

(NH and CASE IH)

~150 spare parts dealers*

(NH and CASE IH)

*as of 30.06.2020



Turkey - Agriculture Sector



- *High agricultural population
- *Stabilized government support to the sector
- *Giving rise to professional farming



- *Low productivity
- *Higher inputs costs
- *One of the lowest mechanization levels in Europe

Turkey - Agricultural Equipment Sector

All indicators point to a



Transformation of agriculture

Increasing sophistication of demand

- *Agricultural market becoming more professional
- *Land ownership progressively consolidating
- *Mix shift to higher HP and richer content
- *Growing importance of implements and other equipment
- *Growing of the orchard and specialty tractor segment



Turkey - Agriculture Sector (source : [World Bank](#) & TURKSTAT)

▶ Turkey's Agriculture Sector with Numbers

10th

Turkey's agricultural economy in the world
(2019 numbers)

1st

Turkey's agricultural economy in Europe
(2019 numbers)

6.3%

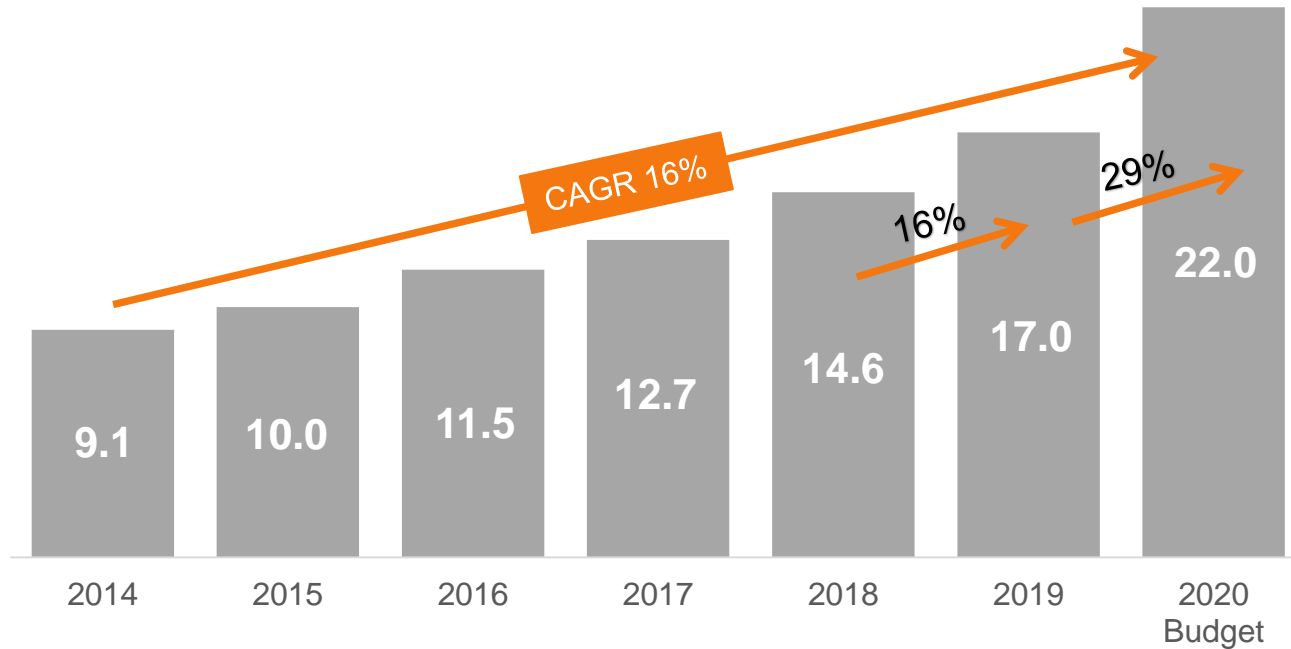
share of the agricultural industry over the GDP
(2020 2Q)*

19.4%

share in the total employment
(2020 July numbers)

*12M average

Government Support in Turkey (billion TL)



It has been announced that the government has allocated
22.0 billion TL for agriculture support in 2020.

Supports Provided within the scope of Agricultural Policies

(source: www.sbb.gov.tr)

Breakdown of resources allocated to agriculture in 2020 budget has been announced as 22.0 billion TL for agricultural support, 5.1 billion TL for investment loans and 6.3 billion TL for agricultural loans.

Breakdown of Agricultural Support Budget (mio TL)

Agricultural Supports	2017	2018	2019	%	2020 Budget(B)	%	2019 vs 2020B
Area Based Agricultural Supports	3,006	3,852	4,439	26	5,546	25	25%
- Fuel	700	1,900	2,390	14	3,101	14	30%
- Fertilizer	805	553	566	3	900	4	59%
Compensatory Payment	191	201	264	2	307	1	16%
Deficiency Payment	3,888	3,623	4,590	27	5,842	27	27%
Livestock Support Payment	3,848	3,832	4,693	28	6,602	30	41%
Rural Development Support	795	1,397	1,063	6	1,436	7	35%
Agricultural Insurance	860	1,061	1,020	6	1,140	5	12%
Other Agricultural Supports	134	587	905	5	1,095	5	21%
Total	12,722	14,553	16,974		21,968		29%

- A total of 134.7 billion TL agricultural support was provided to producers in the last 17 years.

Ziraat Bank Agricultural Loans



Tractor Loan - Credit limit 250,000 TL

Interests are Subsidized at **50%** up to 75,000 TL Loan
(was 50,000 TL before Feb 2018)

Interests are Subsidized at **25%** for the remaining amount above 75,000 TL Loan
(was 50,000 TL before Feb 2018)



- Ziraat Bank increased its base interest rate to 18% from 12% in May 2019.
- Ziraat Bank updated its base interest rate to 17.4% in Aug 2019.
- Ziraat Bank decreased its base interest rate to 12.0% from 17.4% in November 2019.
- Subsidy levels remained the same.

**was effective between
01.01.2018 – 31.12.2019**

Agricultural Equipment Investment Loan - Credit limit 1,500,000 TL

Subsidy for loan interest 75%
(same as 2018 and 2017, 50% in 2016)



Tractor Loan - Credit limit 500,000 TL

- Ziraat Bank decreased its base interest rate to 9% from 12.0% in January 2020.
- Interests are Subsidized at **25%** for imported tractors and if the tractor is locally produced Interests are Subsidized at **50%**.

**will be effective between
01.01.2020 – 31.12.2022**

Agricultural Equipment Loan - Credit limit 2,500,000 TL

Subsidy for loan interest is **50%**

Subsidy for loan interest for locally produced equipment **75%**

Agricultural Equipment Park Loan - Credit limit 5,000,000 TL

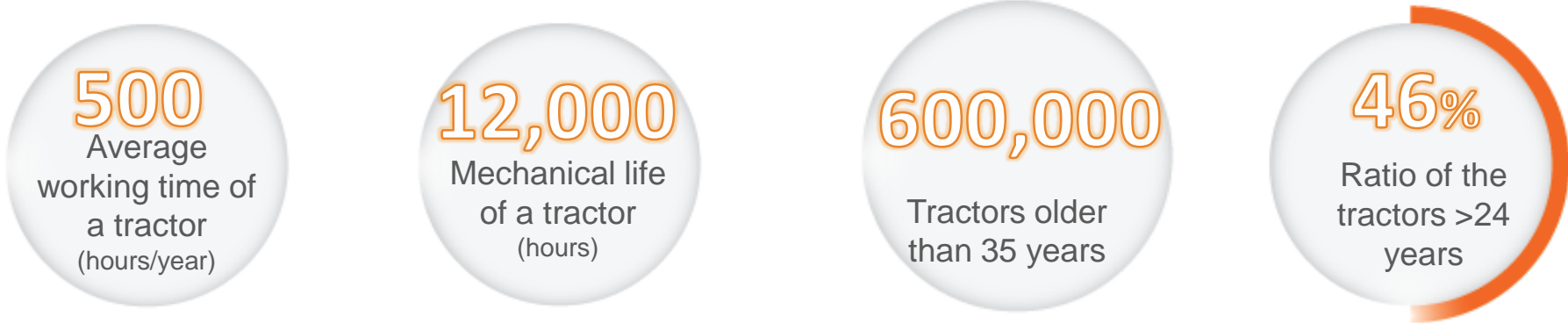
Subsidy for loan interest is **75%**

Subsidy for loan interest for locally produced equipment **100%**



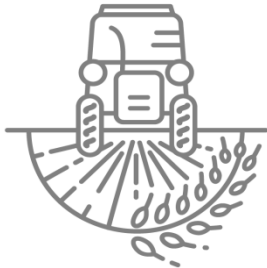
- First in Turkish agriculture sector
- Aimed to enable farmers to have new tractors through the alternative financial solution and to support the increase of mechanization and modernization of agriculture
- Covers tractor, equipment and construction equipment businesses
- All transactions are completed at the dealer location without having need to go to bank branch and obligations such as documents, formalities, etc. existing in other loan procedures are minimized
- In 2019 4% and in 6M 2020 16% of local sales have been done through TT Finance



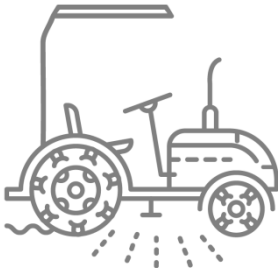


Average Farm Size(Ha)

Average Tractor Power (HP)



Turkey	EU
7.6	16.6

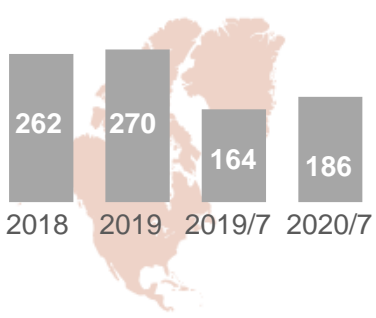


Turkey	EU
60+	100+

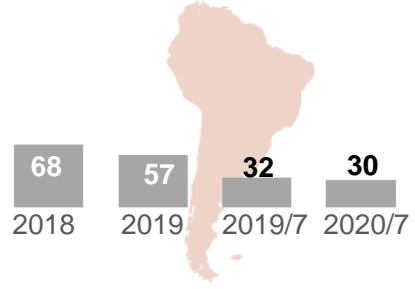


Turkey was the **4th biggest** tractor market in the world in the first seven months of 2020

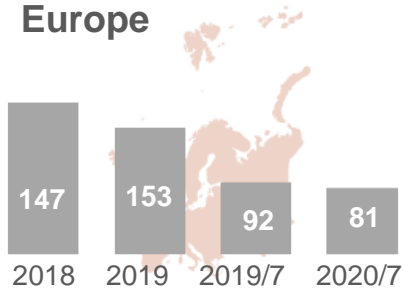
North America



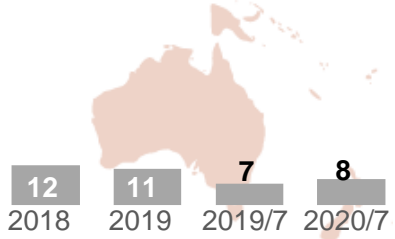
South America*



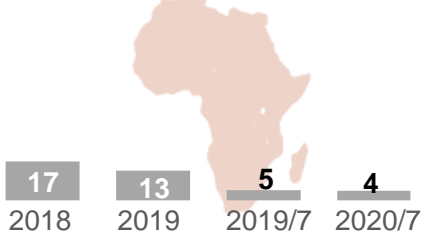
Europe



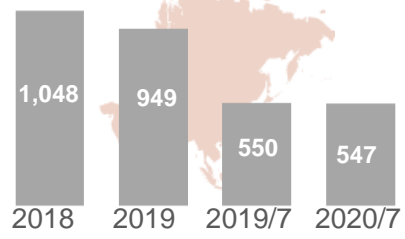
Australia



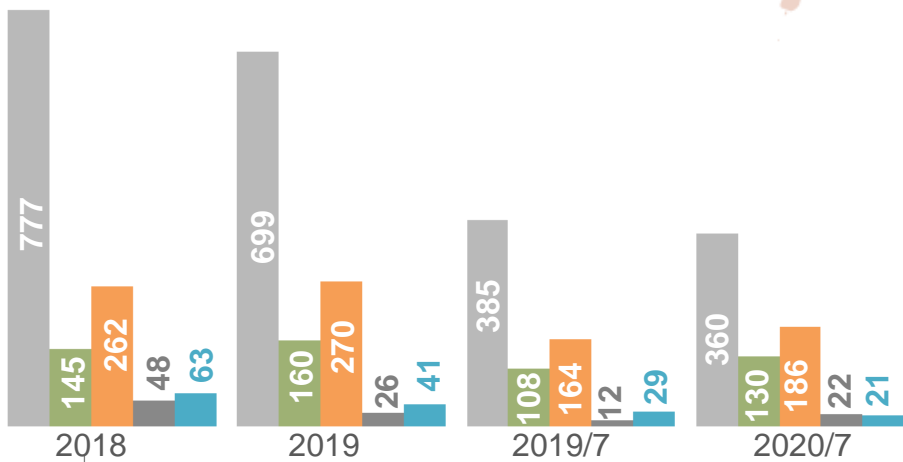
Africa



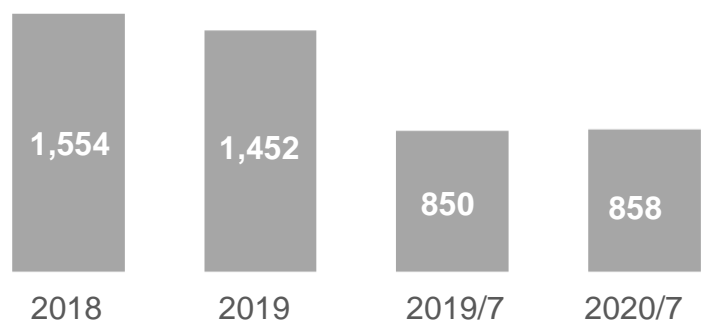
Asia



- India
- China
- North America
- Turkey
- Pakistan

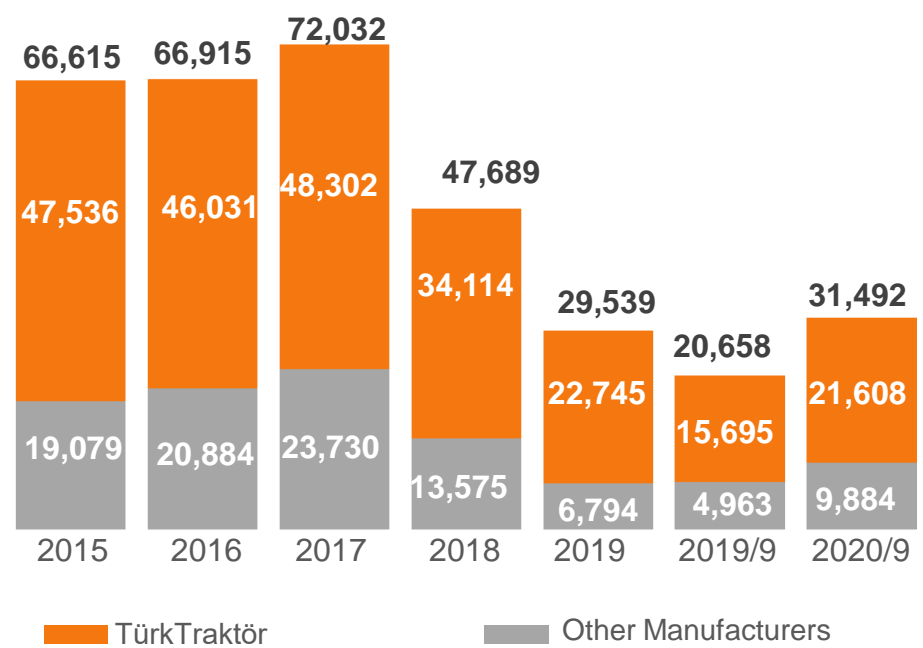


Total Global Market (thousand unit)

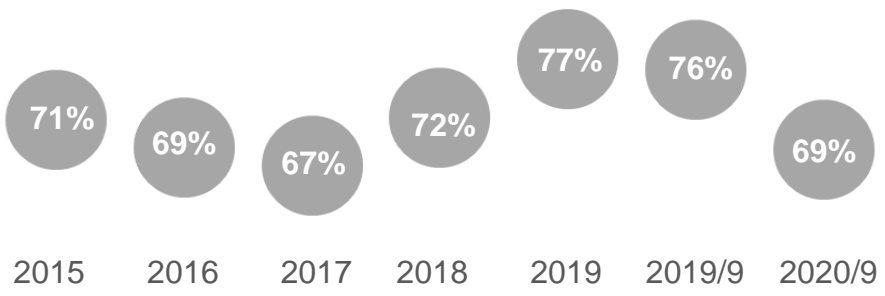


Tractor Production (units)

Source : Tarmakbir

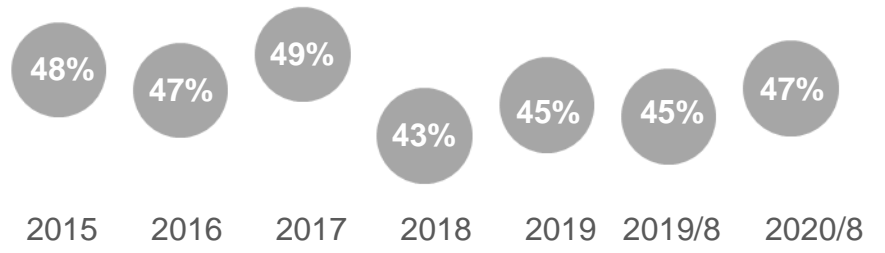


TürkTraktör Share in Local Production



Market Share of TürkTraktör

Source : TURKSTAT

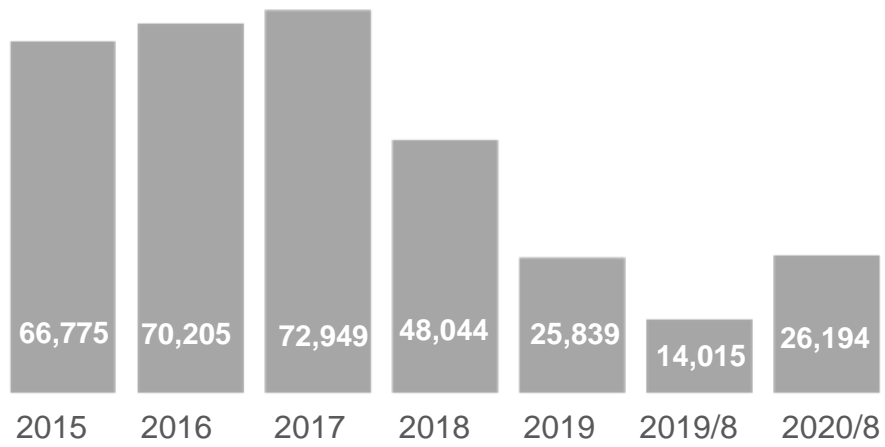


TürkTraktör covers 69% of the total production in Turkey where 31,492 tractors were manufactured in 2020/9.

Almost 40 brands are presenting by 30 companies in Turkish tractor market.

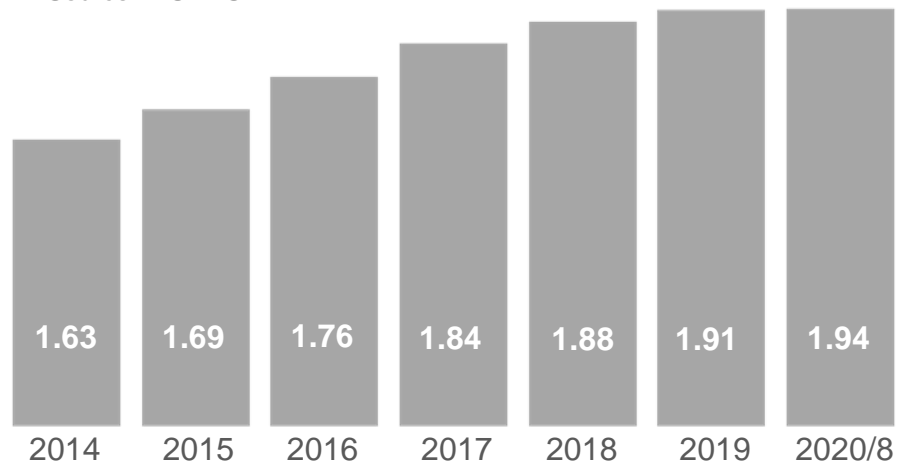
Turkish Tractor Market (units)

Source : TURKSTAT



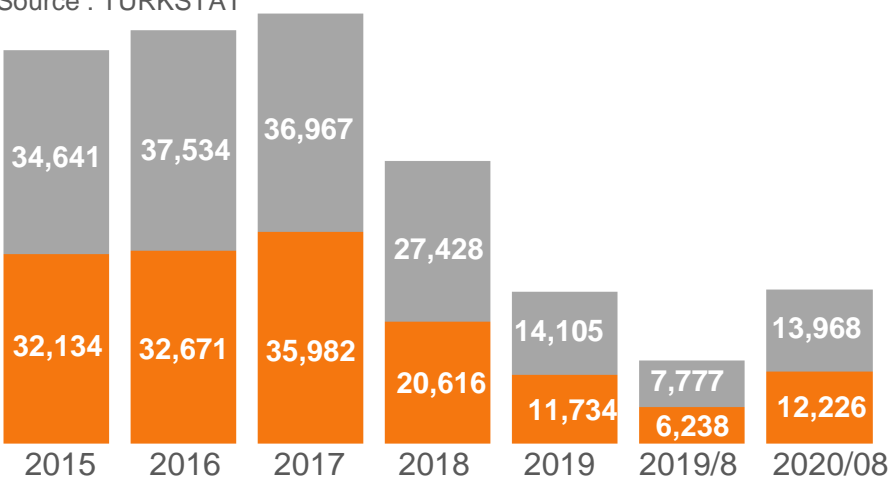
Tractor Park in Turkey (mio units)

Source : TURKSTAT



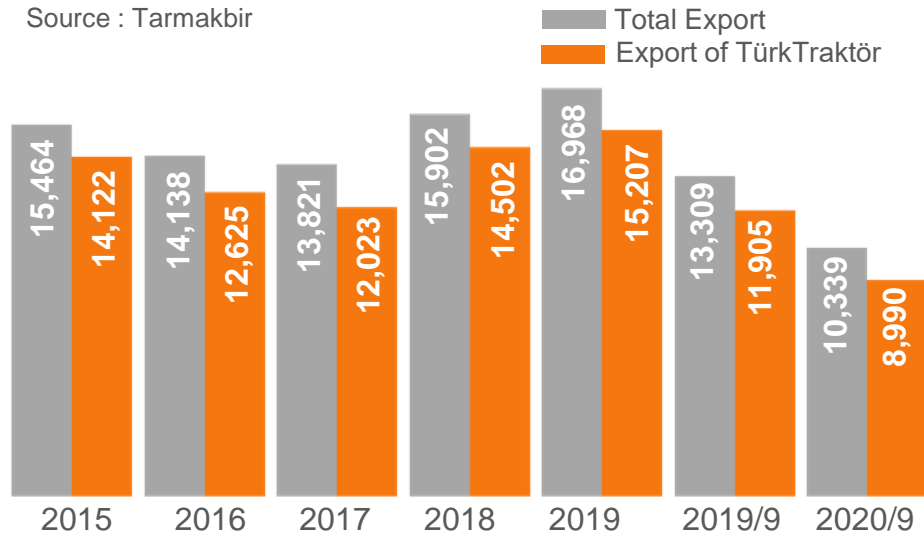
Turkish Tractor Market (units)

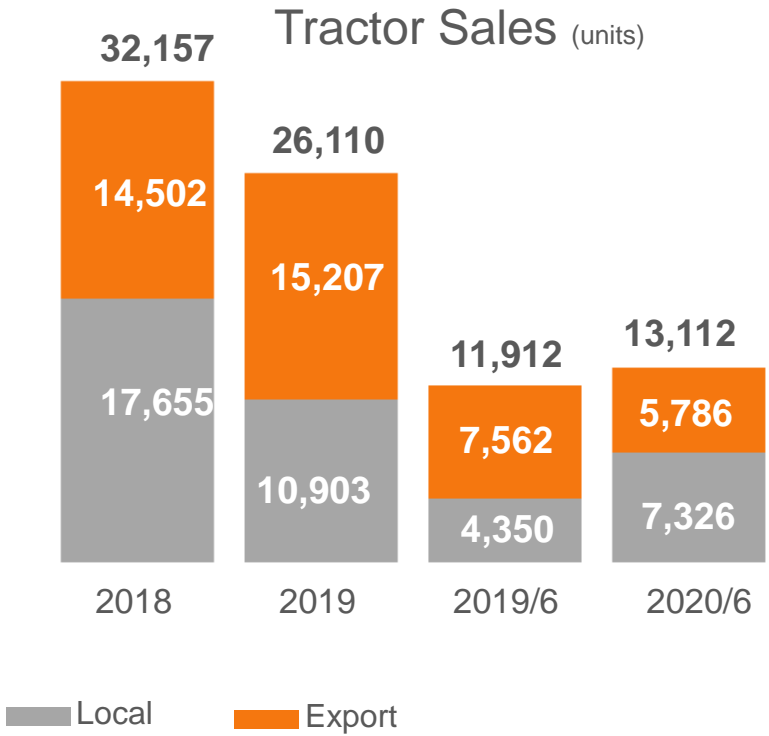
Source : TURKSTAT



Tractor Export from Turkey (units)

Source : Tarmakbir



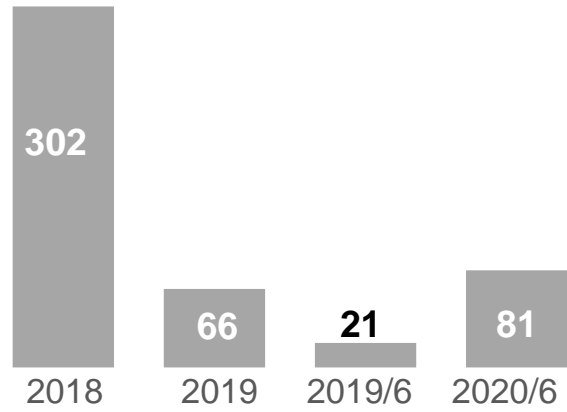


*Domestic tractor sales increased by 68% in 6M2020.

*In 6M 2020 export tractor sales decreased by 23% comparing to 6M2019.



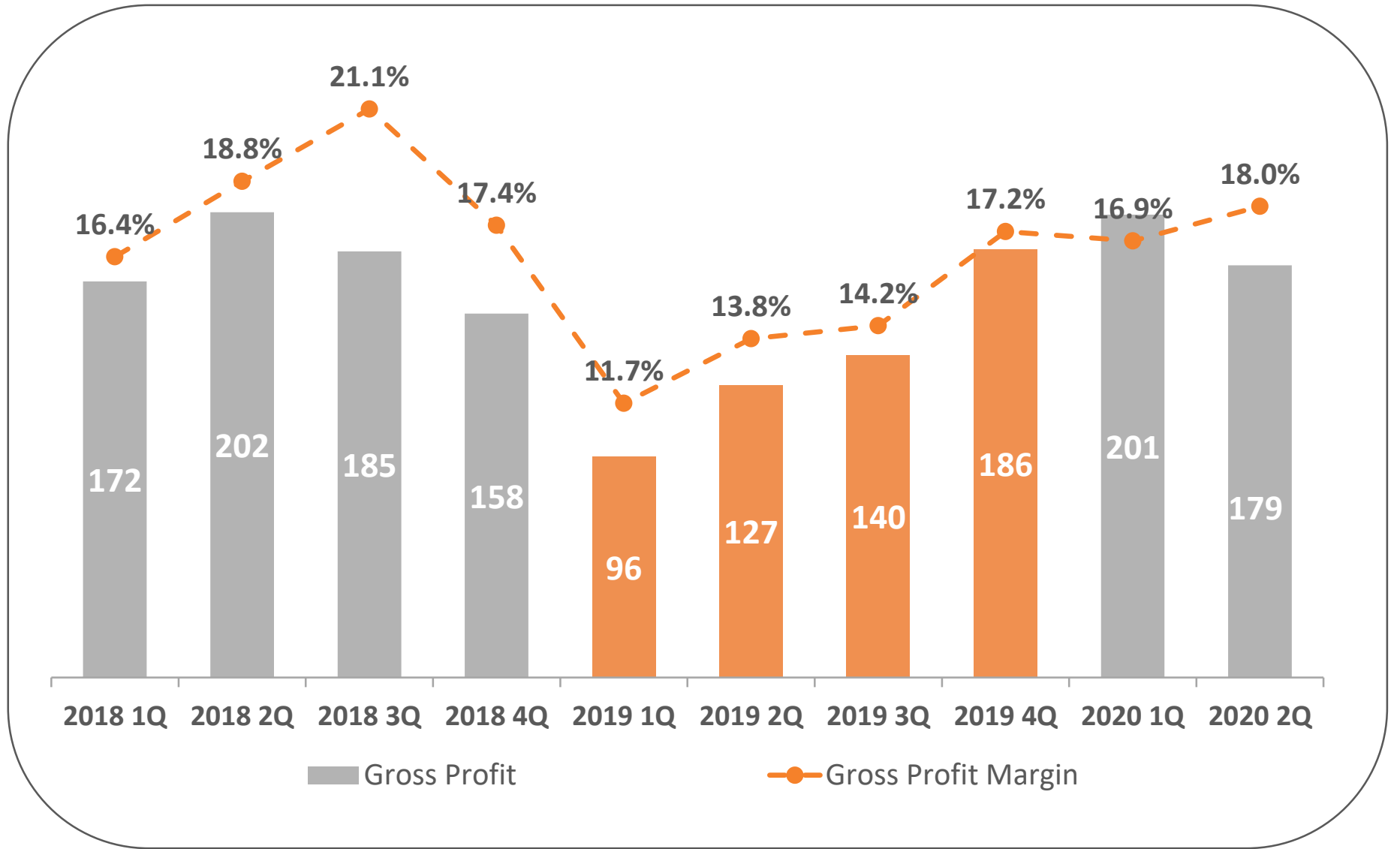
Combine Sales (units)

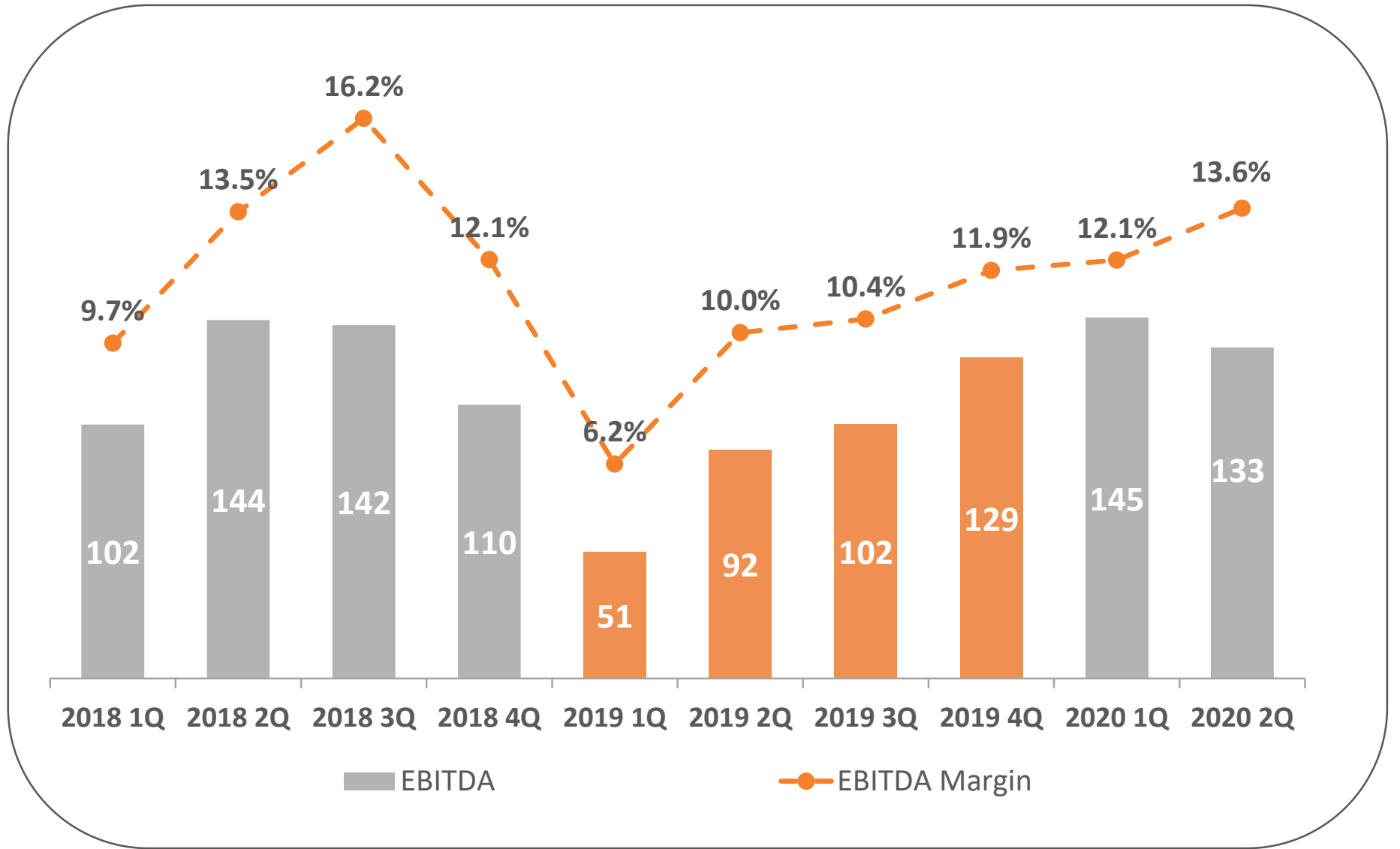


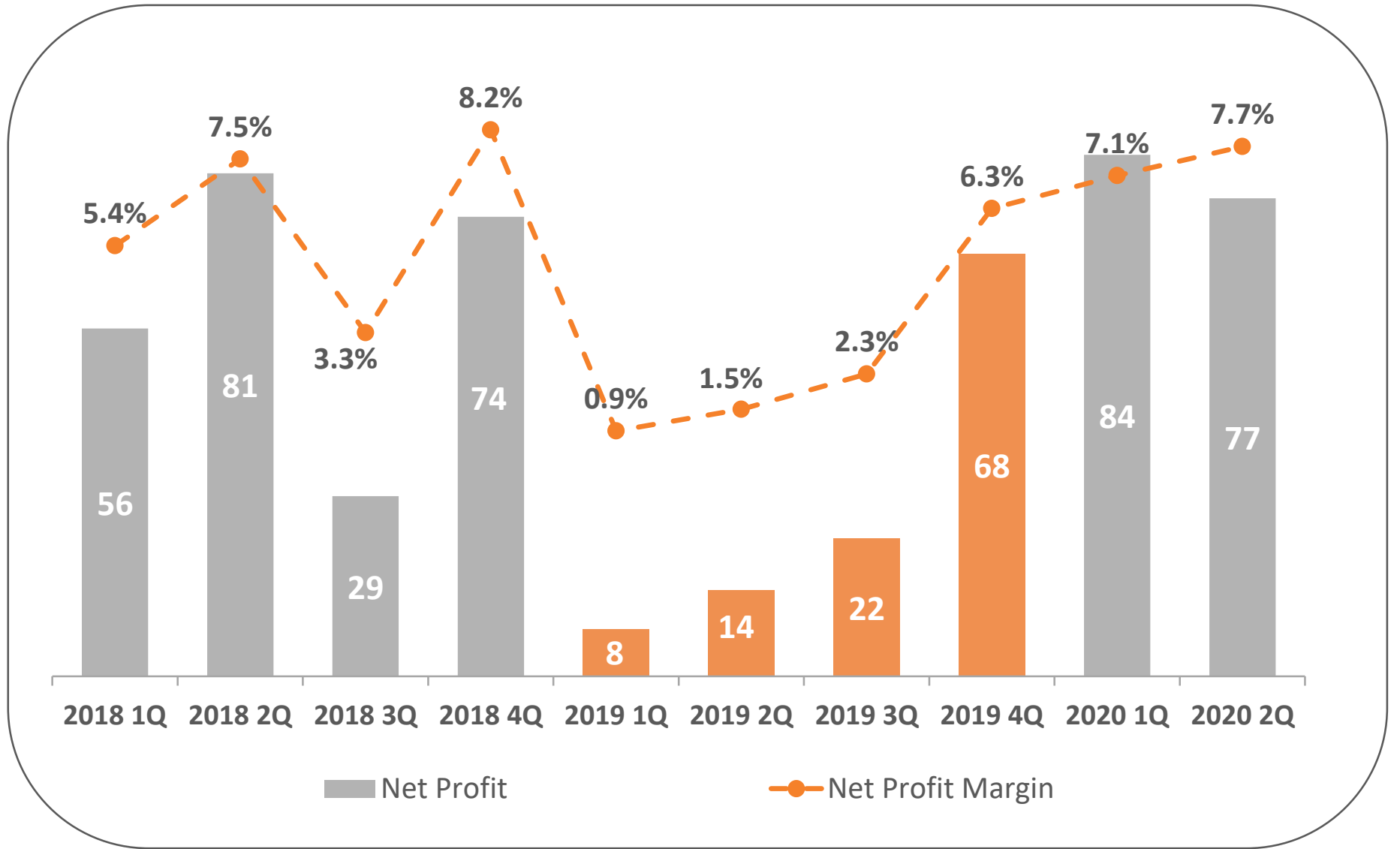


Operational Results

(mio TL)	2018	2019	Δ	2019/6	2020/6	Δ
- Domestic Sales	2,016	1,648	-18%	672	1,231	83%
- Export Sales	1,893	2,158	-14%	1,068	948	-11%
Total Sales Revenue	3,909	3,806	-3%	1,740	2,179	25%
Gross Profit	717	549	-23%	223	380	70%
Net Operating Income	411	248	-40%	79	211	166%
Profit Before Tax	256	109	-57%	19	164	768%
Net Income	240	112	-53%	21	161	652%
EBITDA	498	374	-25%	143	278	95%



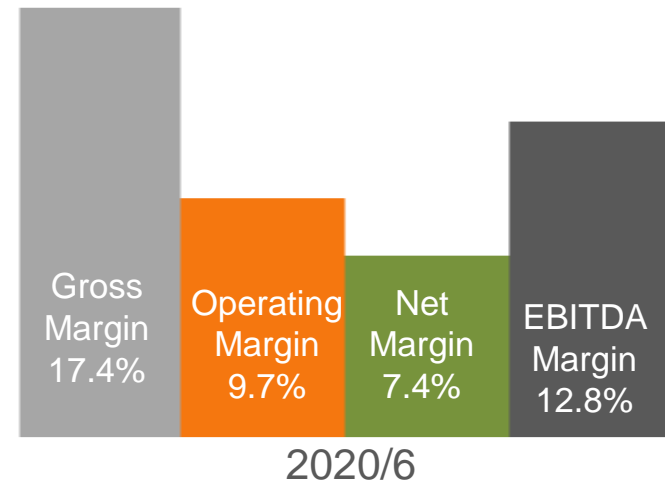
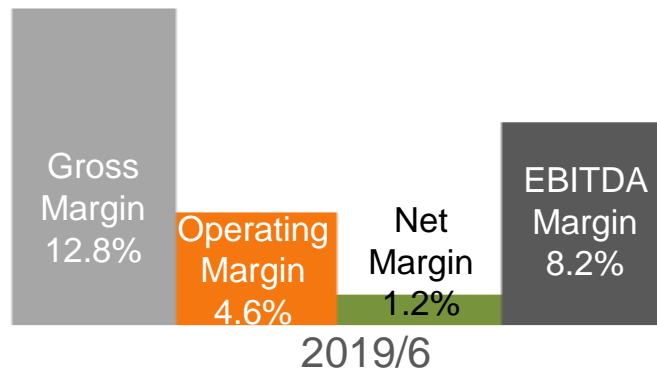






Profitability

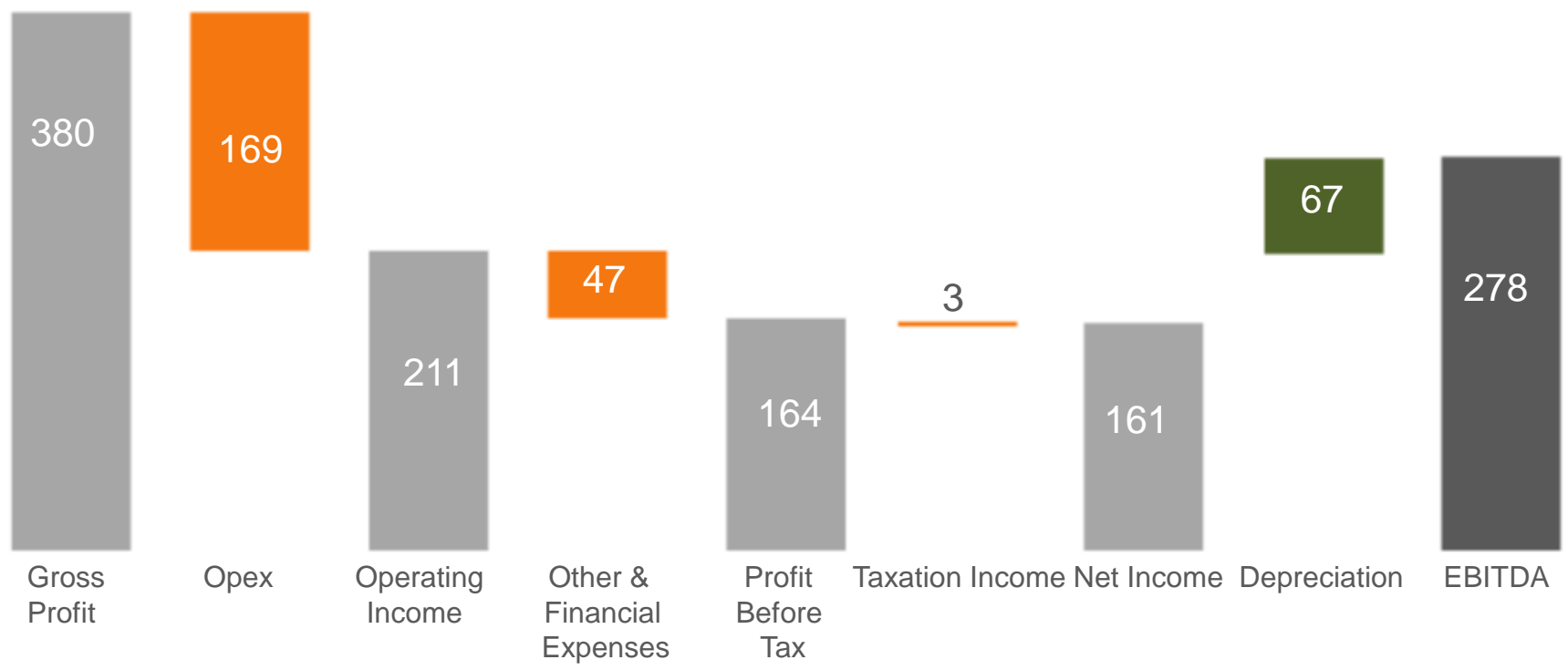
(%)	2018	2019	Δ	2019/6	2020/6	Δ
Gross Profit Margin	18.3	14.4	-3.9 pp	12.8	17.4	4.6 pp
Operating Profit Margin	10.5	6.5	-4.0 pp	4.6	9.7	5.1 pp
Net Profit Margin	6.1	2.9	-3.2 pp	1.2	7.4	6.2 pp
EBITDA Margin	12.7	9.8	-2.9 pp	8.2	12.8	4.6 pp



Gross Profit to EBITDA Flow (mio TL)



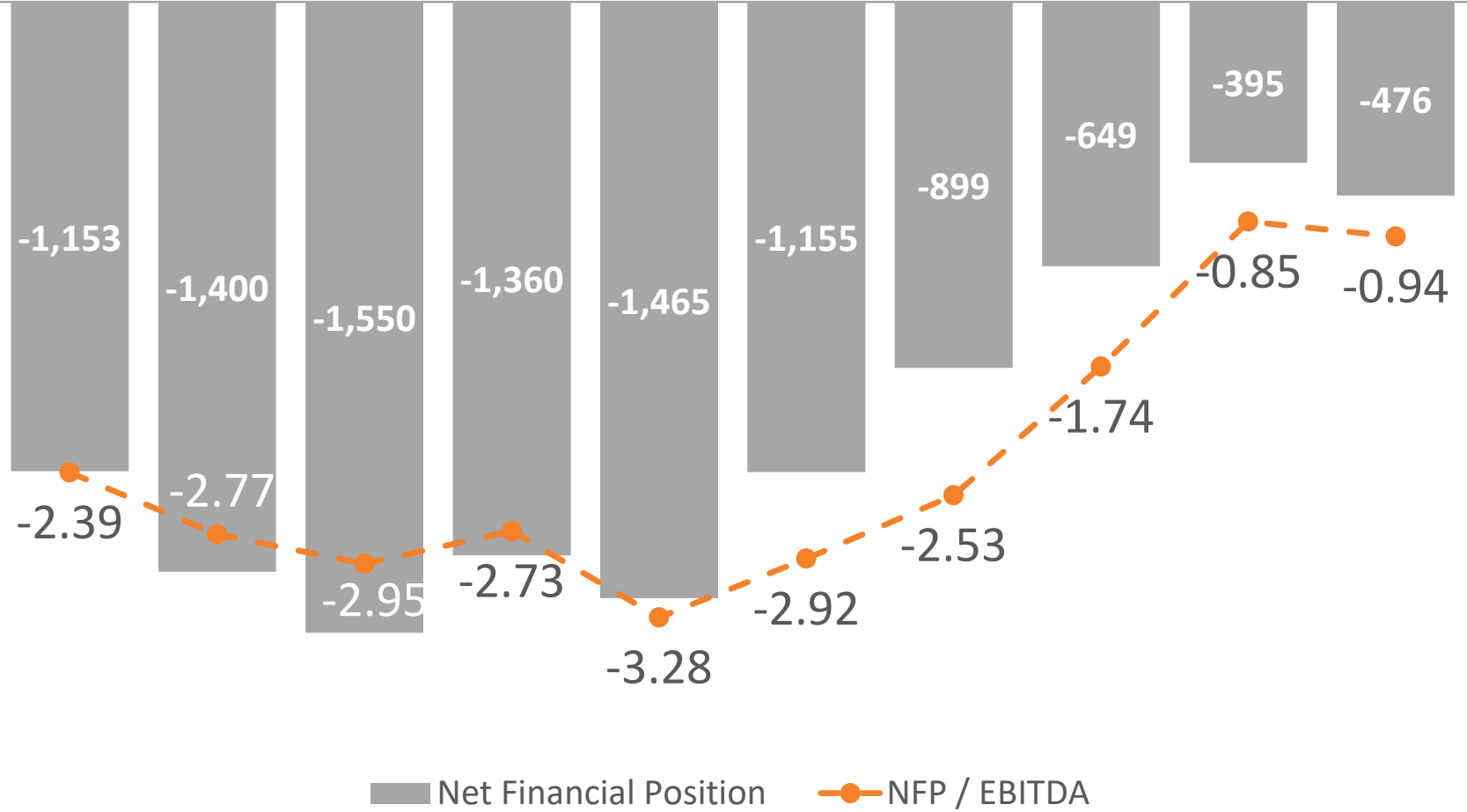
as of 30.06.2020

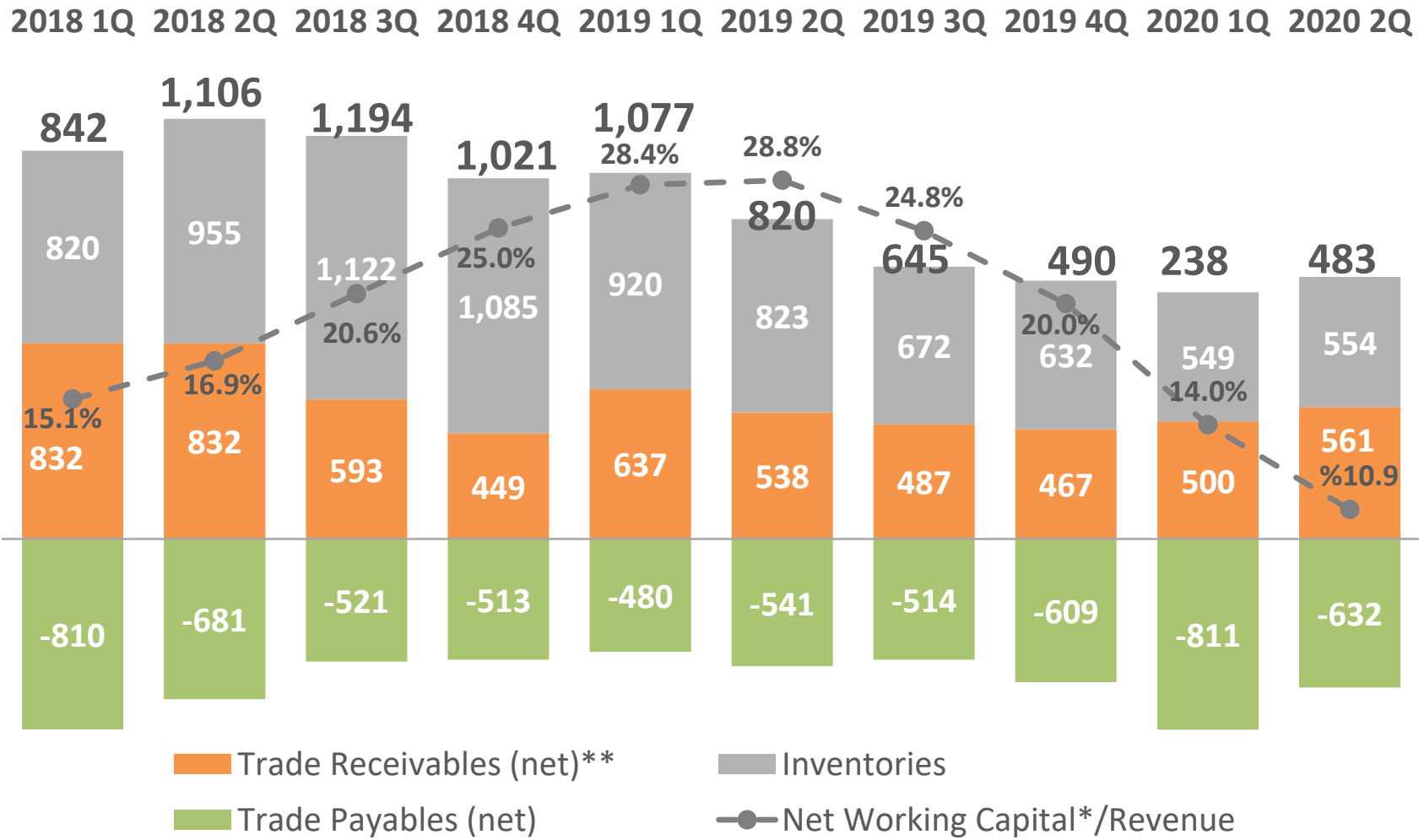


Debt Profile & Financial Ratios

(mio TL)	2018	2019	Δ	2019/6	2020/6	Δ
- Cash & Cash Equivalents	413	747	81%	828	857	3%
- Total Financial Debt	1,773	1,396	-21%	1,983	1,133	-33%
Net Financial Position	(1,360)	(649)	-52%	(1,155)	(476)	-59%
Current Ratio	2.0	1.8	-2 pp	1.3	1.8	5 pp
Quick Ratio	1.0	1.2	2 pp	0.8	1.3	5 pp
Current Assets / Total Assets	70%	66%	-4 pp	70%	68%	-2 pp
Current Liabilities / Total Liabilities	35%	37%	2 pp	56%	37%	-19 pp
Capex	240	143	-40%	78	40	-49%

2018 1Q 2018 2Q 2018 3Q 2018 4Q 2019 1Q 2019 2Q 2019 3Q 2019 4Q 2020 1Q 2020 2Q

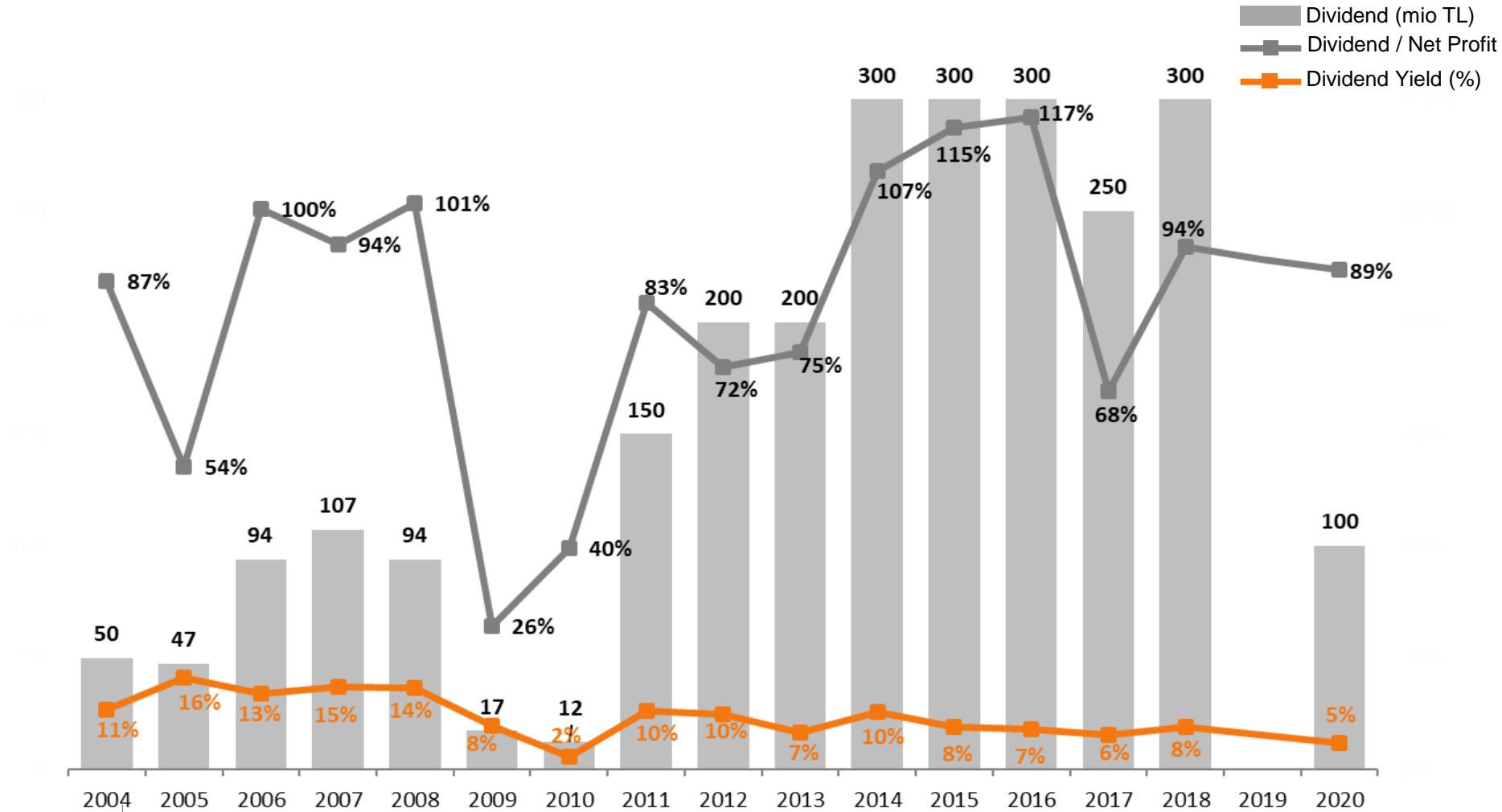




*12 Month Average
** Excluding Long-Term Receivables

Dividend Payments

Total **TL 2.5 billion** was distributed as dividend to the shareholders between 2004 – 2020.



Our expectations for the year 2020 are as follows.*

Turkish Tractor Industry Volume 41,000 – 46,000 units

TürkTraktör

Local Tractor Sales** 19,000 – 21,500 units

Tractor Exports 11,000 – 12,500 units

CAPEX 150 – 200 million TL

** Sales to the dealers included imported tractors

*The market recovered faster than our expectations after Covid-19 outbreak, because of that our Turkish tractor market expectation for 2020 increased to 41,000-46,000 units (previously 28,000-33,000 units) and in parallel with this our wholesale tractor sales expectation increased to 19,000-21,500 units (previously 12,500-15,500 units). In addition, after seeing recovery in our export markets we increased the lower limit of our export tractor sales expectation for 2020 to 11,000 units (previously 10,000 units).

This presentation does contain forward-looking statements that reflect the Company management's current views with respect to certain future events based on the base-case assumptions. 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.

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