



TürkTraktör | *Yanındayız*

EVALUATION OF 2020 6M

When Starting 2020

**"Leader"
in Domestic
Market**

Export




**Growth in
Other Business
Lines**
-Equipment
-Construction
Equipment

**"Continue"
to Invest in
New
Products**

**Cost
Management,
Productivity
and
Profitability**

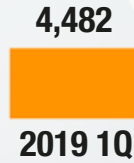
**Strong
Cash
Position**

Before Covid-19

-  **Strong start to the year**
Increase in production and sales numbers
Strong cash position
-  **Establishment of TürkTraktör Pandemic Board (February 2020)**
-  **Production halt (23 March-20 April)**

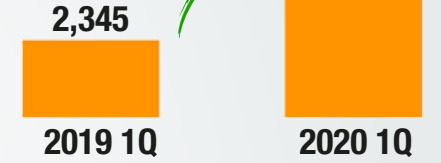
Tractor Manufacturing Units

55% Increase



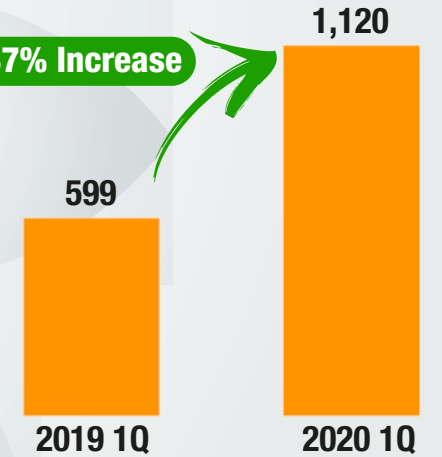
Local Tractor Sales Units

82% Increase



Cash Position (million TL)

87% Increase



Export Units

-4% Decrease



Covid-19 Precautions



Customers and Dealers

- Taking measures at sales and service facilities
- Mobile service to farmers over 65 years old
- Free use of My Farm is in My Pocket app
- Monitoring the financial status of the dealers and supporting them
- Continuous communication



Personnel

- Working in shifts and working from home
- Reduction of common areas
- Reduction of contact density
- Social distancing
- Regular disinfection
- Regular health checks
- Continuous communication



Production and Supply Chain

- Gradual production pace increase
- Alternative supplier pool
- Daily supplier tracking
- Financial situation tracking



Financing

- Strengthen the Cash level
- Review of all expenditures and expense items



Social Responsibility

- Intubation and biological sampling cabin
- Disinfection cabin and patient bed insulator production
- Setting up Shower and W.C. cabins for seasonal agriculture workers with TAT A.Ş., distribution of the hygiene package and informing these workers with healthcare teams.

Covid-19 Precautions for Employees

TSE Covid-19 Certificate



Social Distancing

- Warning signs
- Preventative tapes



Disinfection

- Hand disinfectants
- Disinfection of the Common usage areas



Density Mitigation of the Working Enviroment

- Working from home
- Working in shifts and



Protection of the Employees Health

- Mask
- Temperature measurement
- Regular health screening
- Immunity strengthens meals



Reduction of Contact Density at the Common Areas

- Non-contact faucet and soap dispenser
- Automatic doors with sensors
- Color code



Continuous Communication

- Continuous communication, Information
- Senior management with employees communication meetings
- Precautions bulletin
- Communication through App, e-mail and messages
- Trainings
- Psychologist support

As a first in the sector, our Ankara and Erenler plant received TSE Covid-19 certificate.

Local Market Sector Dynamics



Precipitation Trend

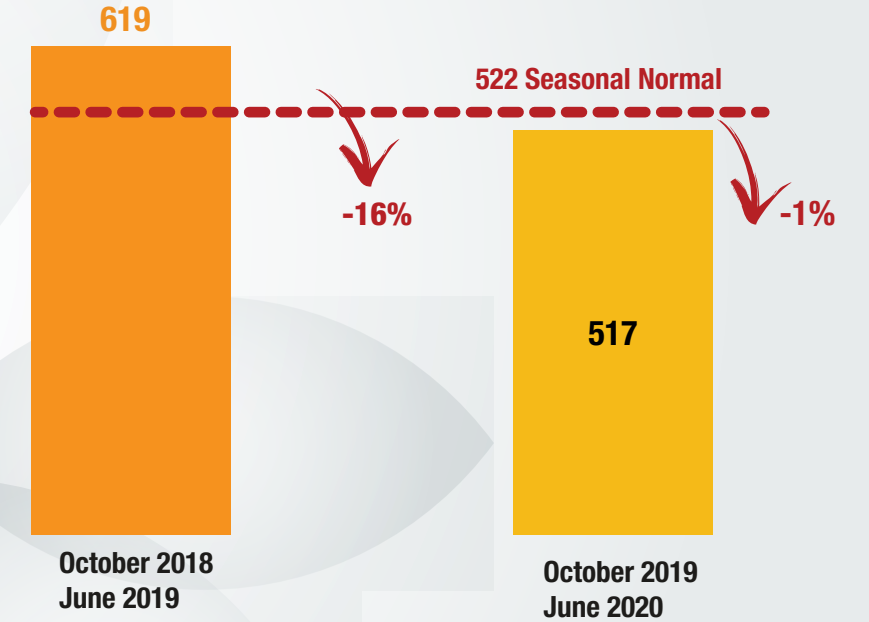
Comparison with the Last Year's Rainfall (October 2019 - June 2020)



In 2020, rains were below last year.
Although the yield was not adversely affected by it.




Cumulative Rainfall (mm)

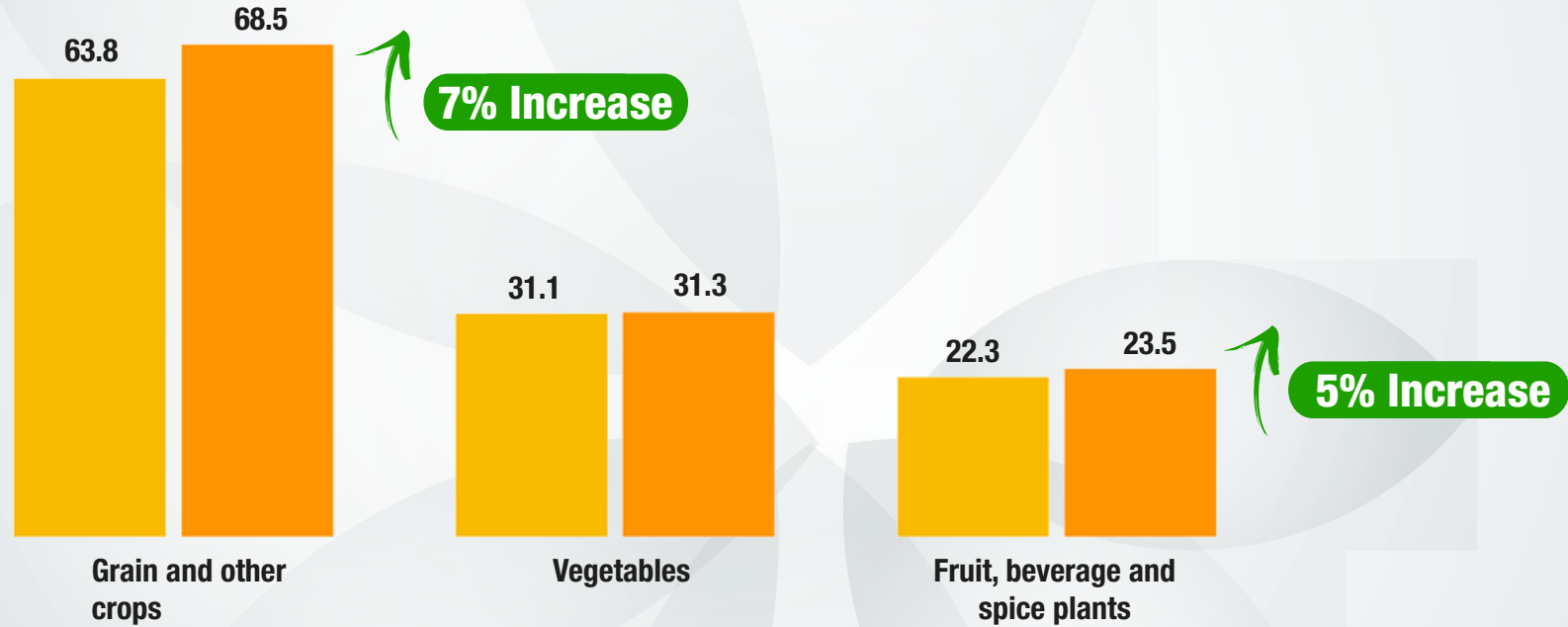


Resource: Turkish State Meteorological Service-2019-2020 9 Month Cumulative Rainfall Report (June 2020)

Agricultural Production

According to the first estimate of 2020, it is predicted that yield will be better than next year. 

Crop Production 2019-2020 1st Estimation (million TL)



Source: TURKSTAT, Crop Production Statistics

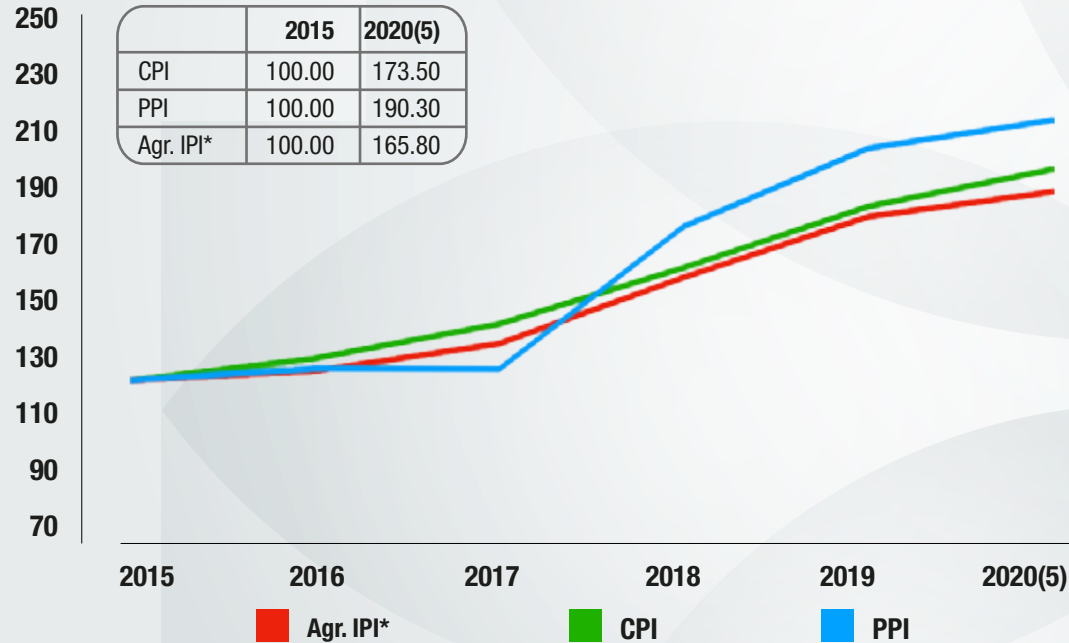
Input Costs and Product Prices

Agricultural input prices are below the CPI index.

After the fluctuations in agricultural input prices in 2018, rebalancing was observed in 2020.

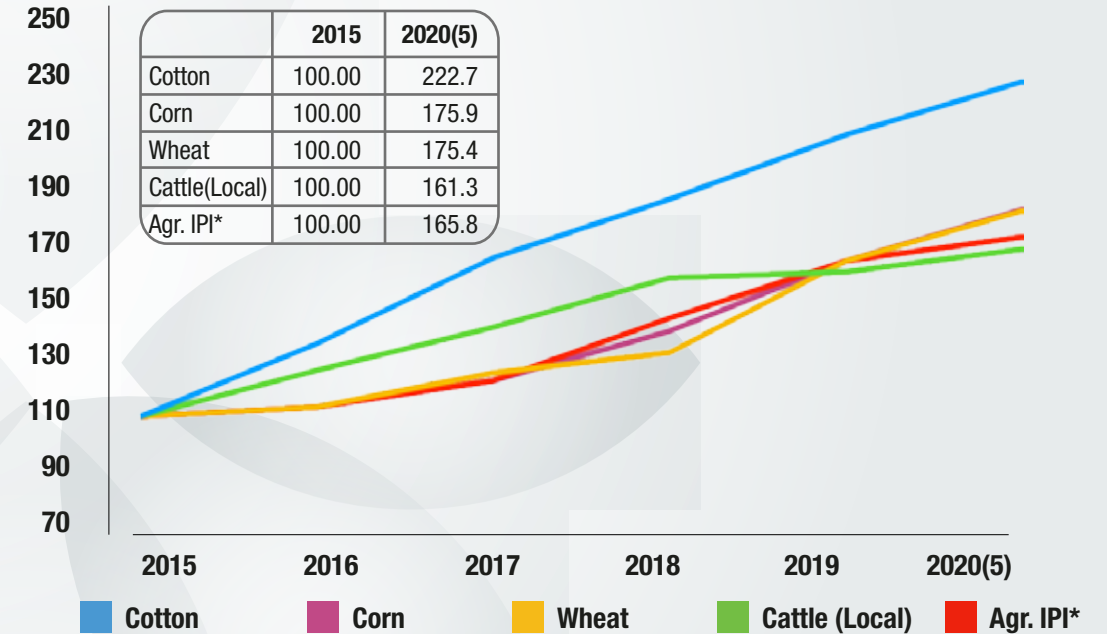
Input Costs

Annual Average (2015=100)



Product Prices

Annual Average (2015=100)



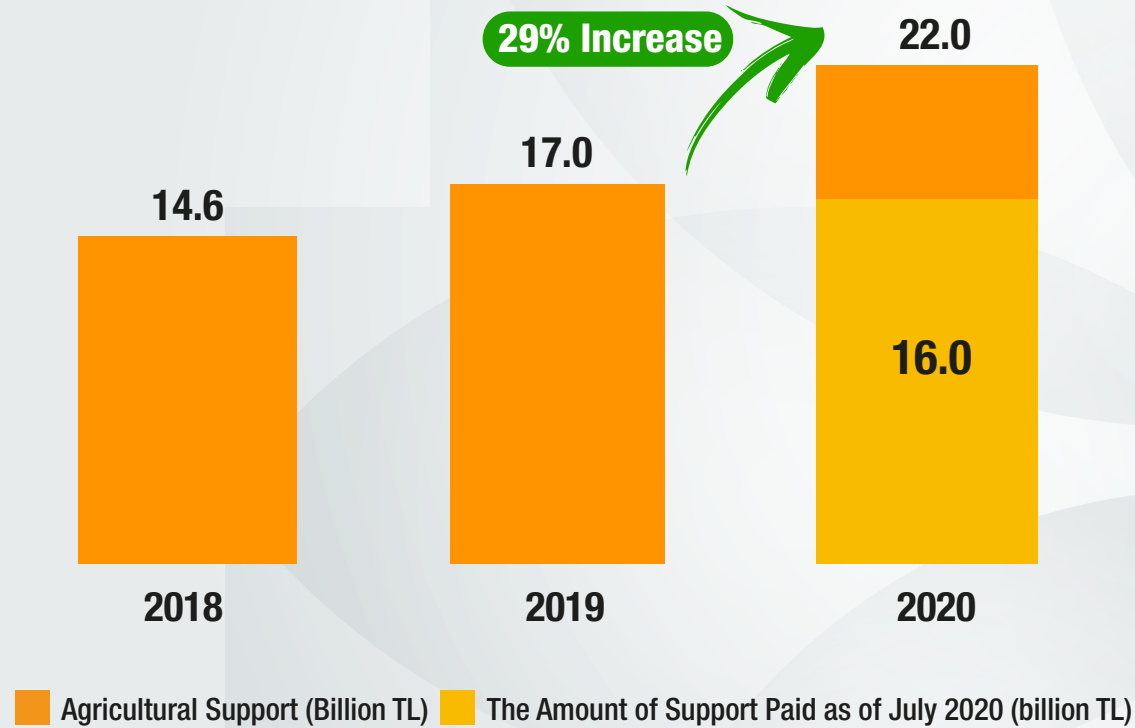
*Agr.IPI: Agricultural Input Price Index

Source: TURKSTAT, Agricultural Input Price Index

Government Support

Government support that has been given in 2020 increased more than the inflation.

As of July 2020, 75% of the supports were paid.



Breakdown of Agricultural Support Budget (million TL)

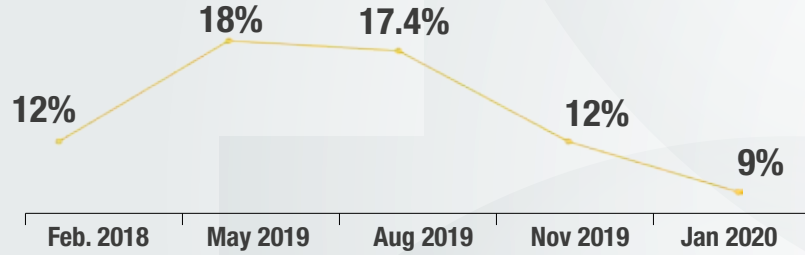
Agricultural Supports	2018	2019	2020	Change 2019 - 2020
Area Based Agricultural Supports	3,852	4,439	5,546	25%
- Fuel	1,900	2,390	3,101	30%
- Fertilizer	553	566	900	59%
Compensatory Payment	201	264	307	16%
Deficiency Payment	3,623	4,590	5,842	27%
Livestock Support Payment	3,832	4,693	6,602	41%
Rural Development Support	1,397	1,063	1,436	35%
Agricultural Insurance	1,061	1,020	1,140	12%
Other Agricultural Supports	587	905	1,095	21%
Total	14,553	16,974	21,968	29%

Source: Republic of Turkey Ministry of Agriculture and Forestry

Consumer Financing



Loan Interest Rates



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

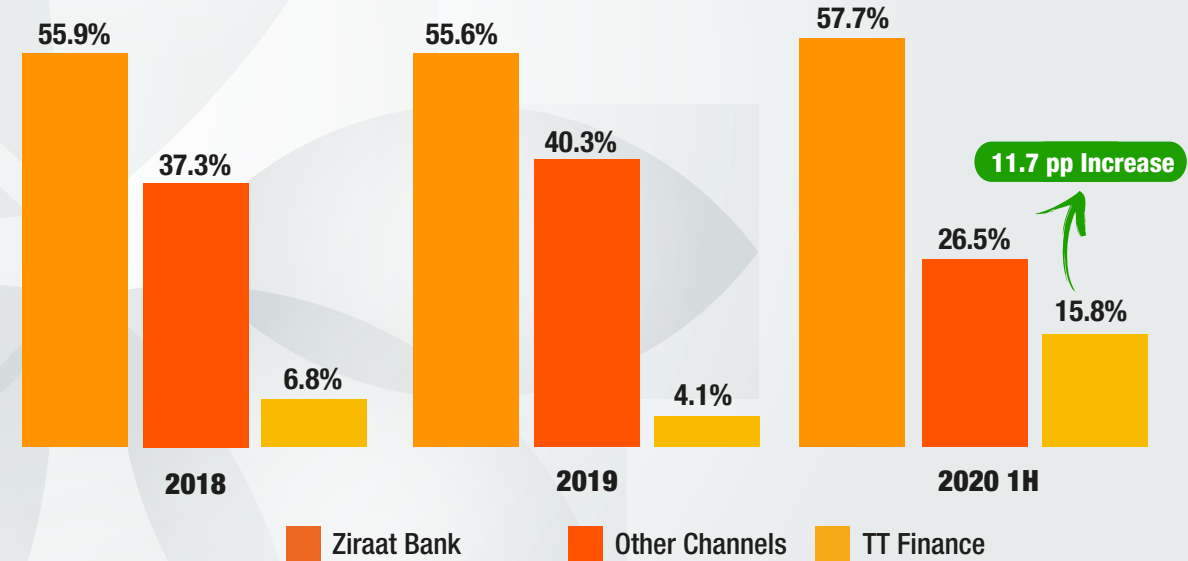
- Credit limit 5,000,000 TL
- Subsidy for loan interest is 75%
- Subsidy for loan interest for locally produced equipment 100%

Ziraat Bank continued to stand by the farmer in 2020 with favorable interest rates.



TürkTraktör Finans

Financing Distribution of TürkTraktör's Sales



TürkTraktör Finance's share in total sales increased to 15.8%.

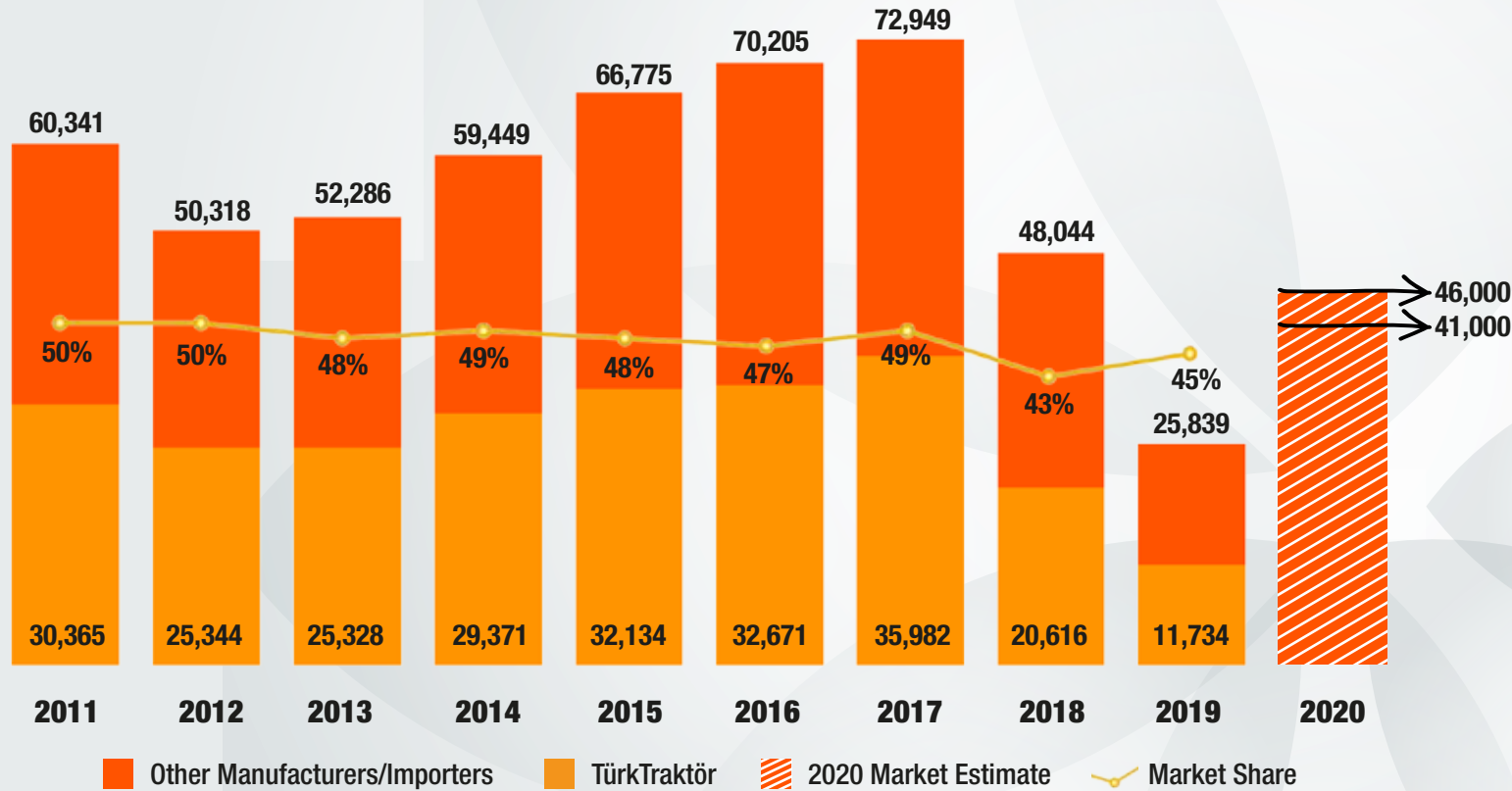


Local Market Sector Dynamics



Market Evaluation

Turkey Tractors Markets grew by 62% in 2019. Despite this, it remained 40% behind 2018.



Source: TURKSTAT, Traffic records

Global Tractor Market

According to 2020 5-month tractor sales Turkey was the world's 4th largest tractor market. 



Total Global Market (Thousand Units)

	2018	2019	2019/5	2020/5	Change
■ India	777	699	267	210	-21%
■ North America	262	270	112	117	4%
■ China	145	160	92	101	10%
■ Turkey	48	26	9	15	62%
■ Brazil	43	38	14	14	-2%
■ Pakistan	63	41	22	12	-45%
■ Other	216	218	91	76	-15%
Total	1,554	1,452	607	545	-10%
■ Europe	147	153	63	54	-15%

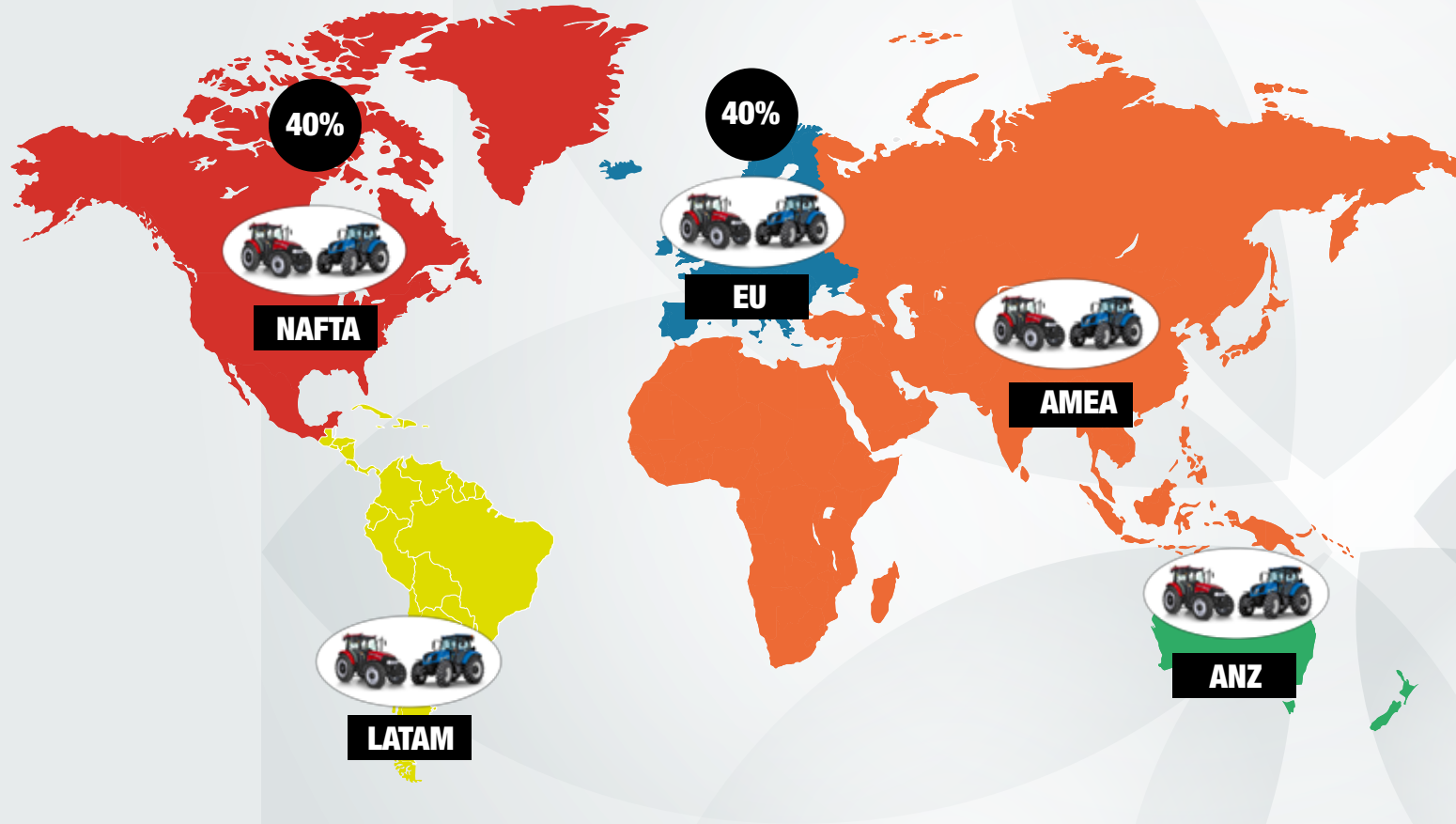
Source: Systematics

13

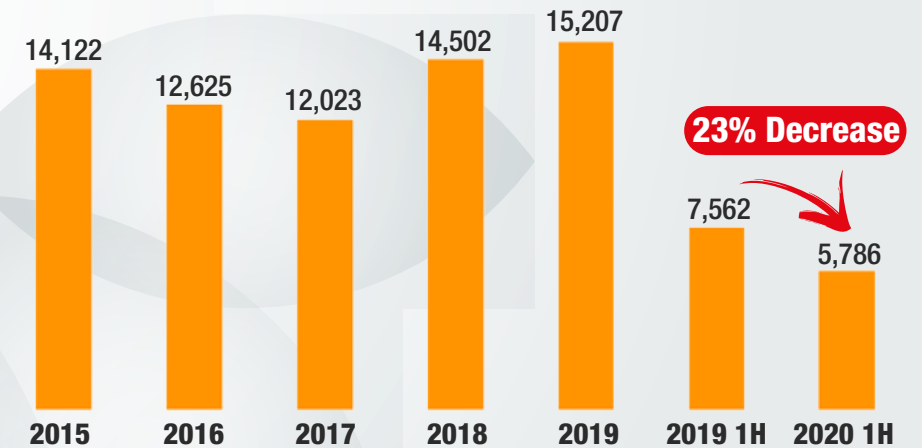
Export

TürkTraktör is an international player which exports to more than 130 countries.

80% of our exports are goes to North America and European markets.



Our tractor export (Unit)





An Important Player of the Market with "Domestic Production" in Construction Equipment!

#YERLİYERİNDE

54 CE
Production
in the
First Half!

2013: Turkey distributor of Case and New
Holland brand construction equipment.

We started to produce construction
equipment locally in January 2020.

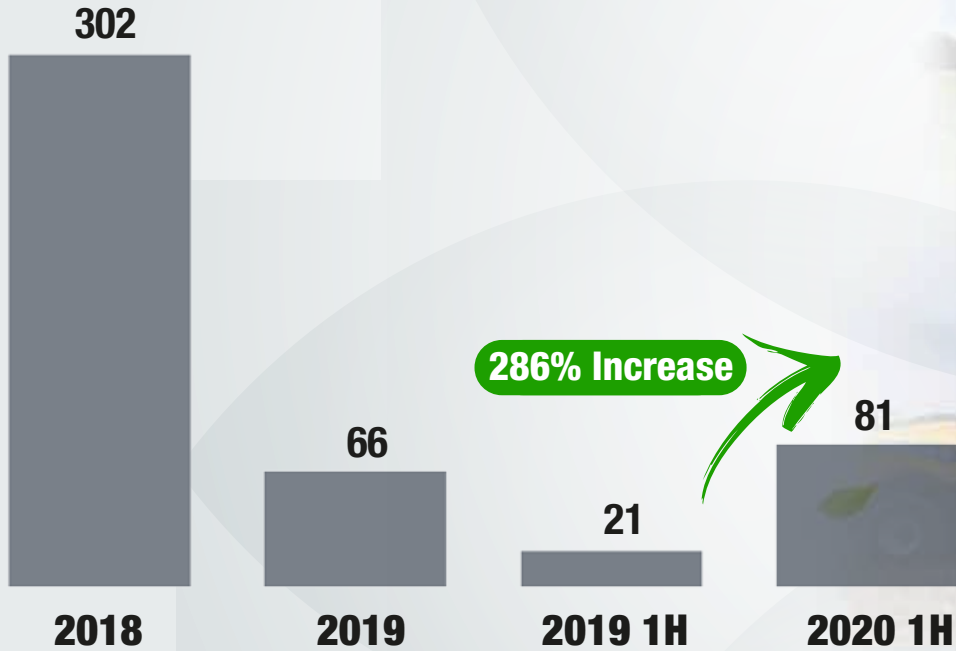


Growth in Agricultural Equipment Sales

In the first six months of 2020, combine sales increased by 286% compared to the same period of the previous year, exceeding the number of sales in 2019.



Combine Sales (Units)



We Continue to Launch New Products

Tier IV Transition in Turkey



Legislation	Affected Products	Effective Date	2020				2021			
			1	2	3	4	1	2	3	4
TMR*	All Models	01.04.2021				✓	✓			
Emisyon Seviyesi	37kW<P<56kW	01.04.2021			✓		✓			
	56kW<P<130kW	01.10.2021							✓	

→ : 6 Months Postponement

*TMR: Main Tractor Regulation Amendment

Equipment and R&D



Tier V Transition in Europe

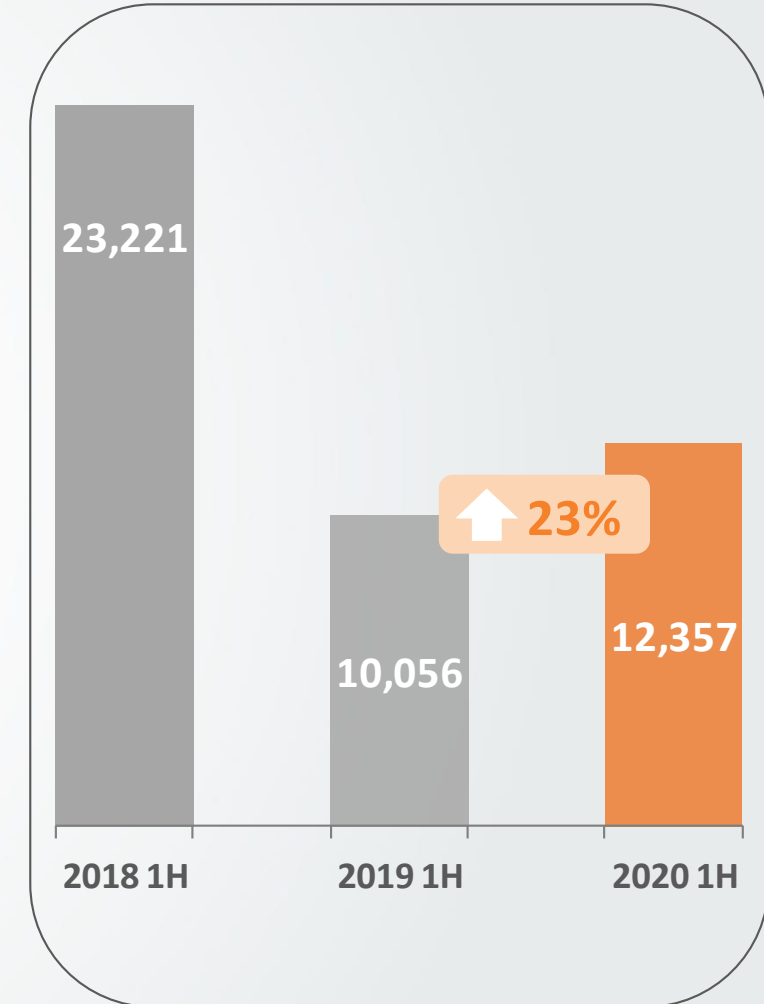
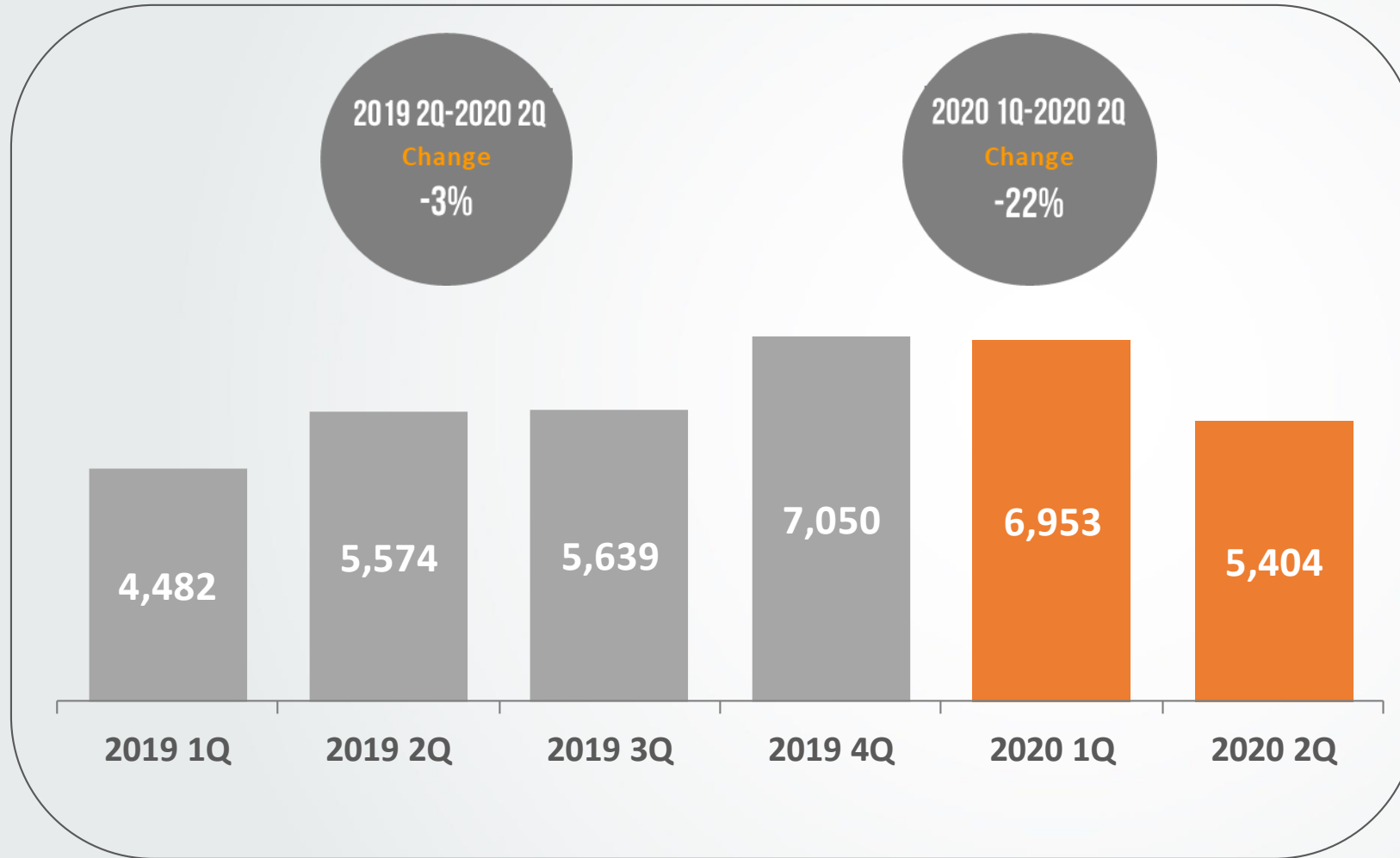
New Product Launches





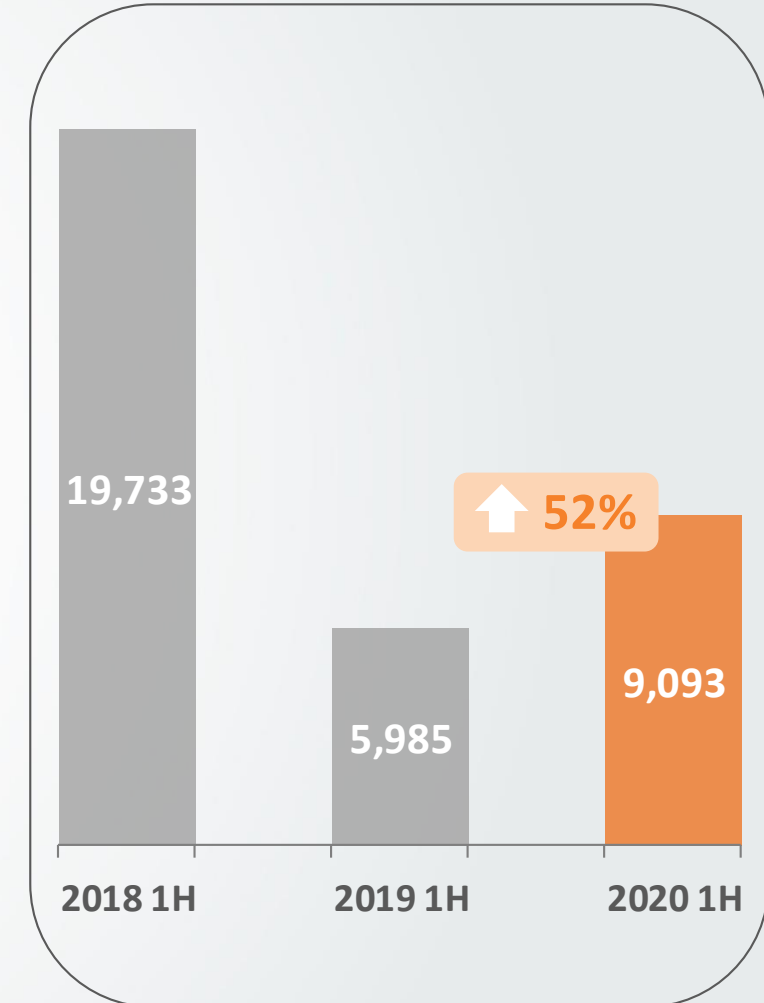
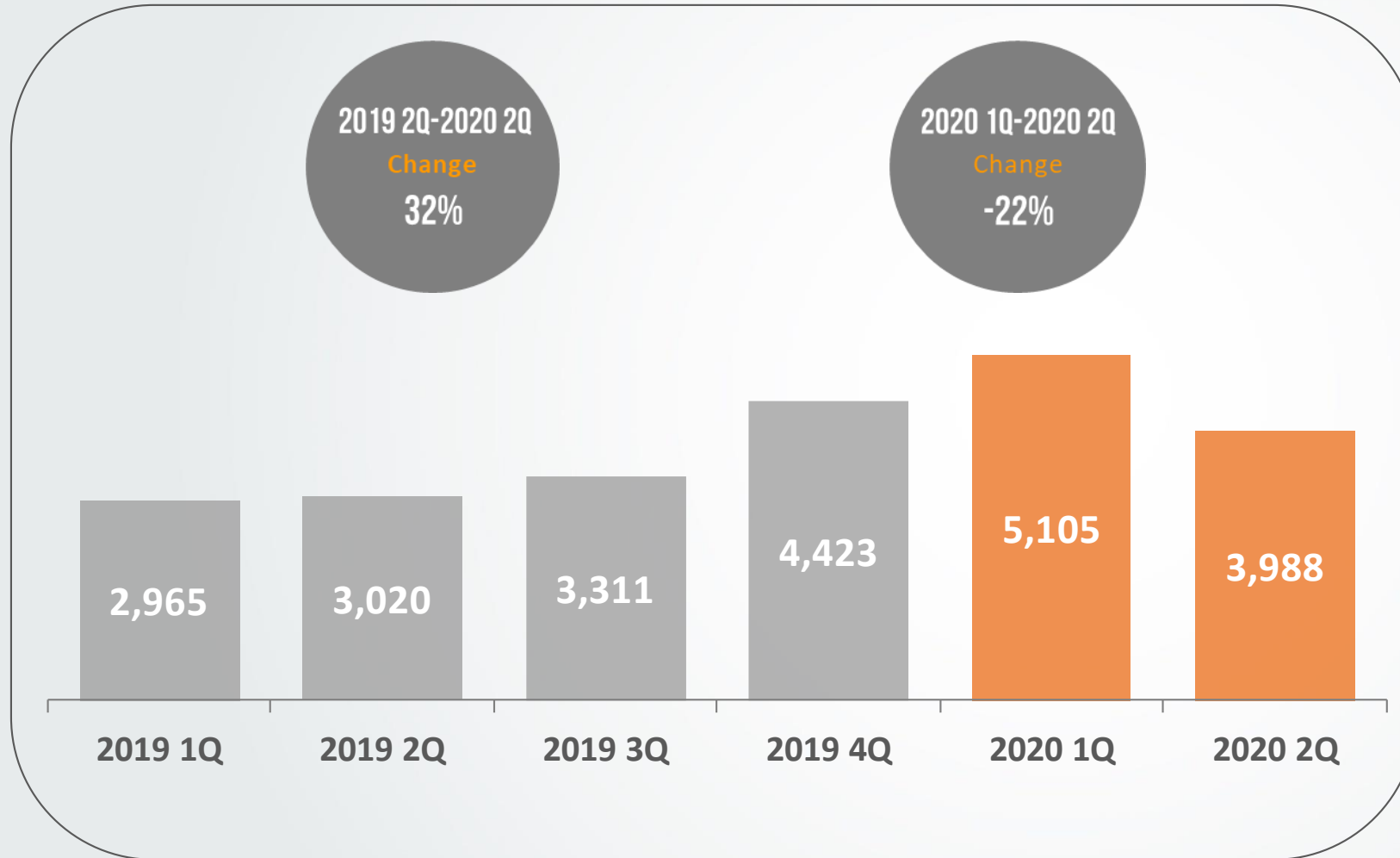
Operational Results – Production (Units)

Tractor



Operational Results – Production (Units)

Engine



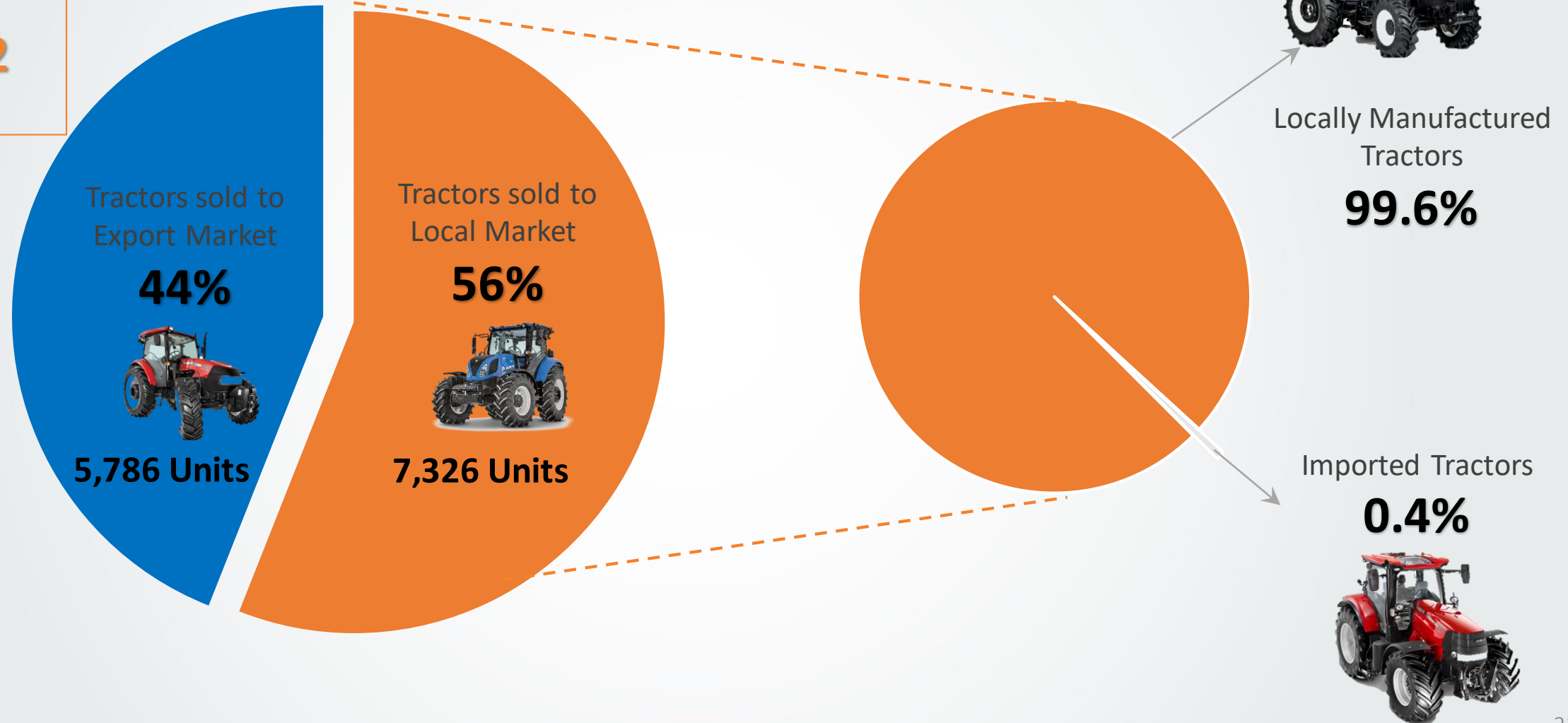
Breakdown of Tractor Sales

Total Sales in

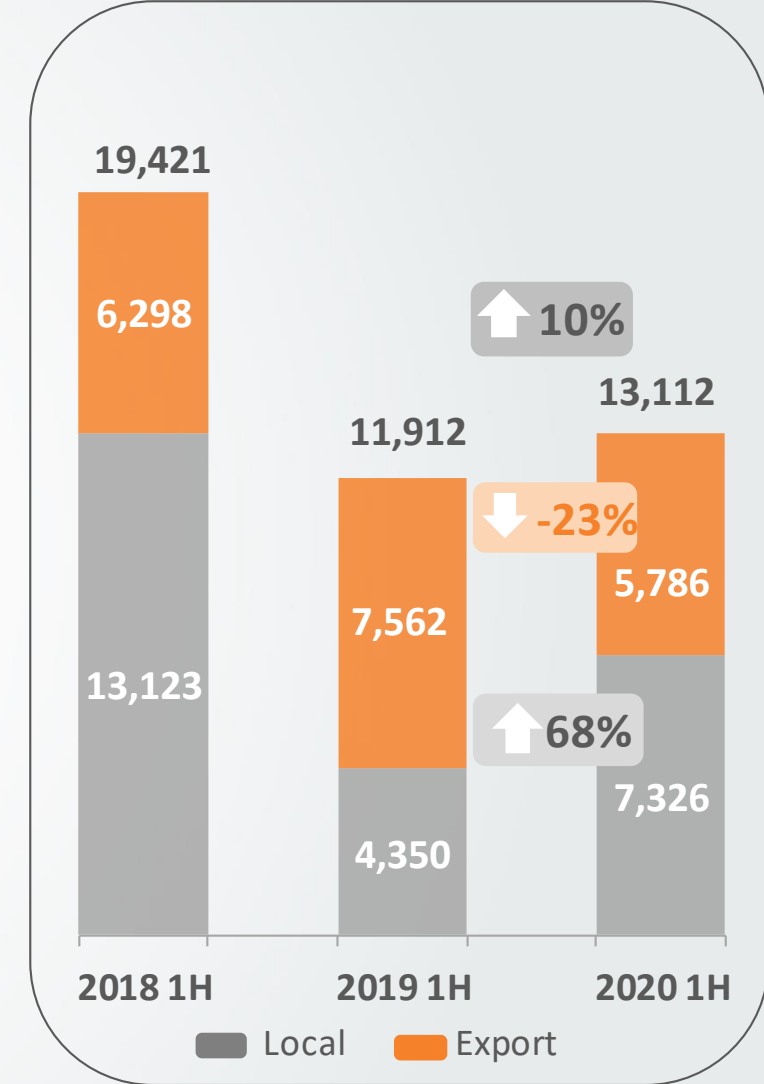
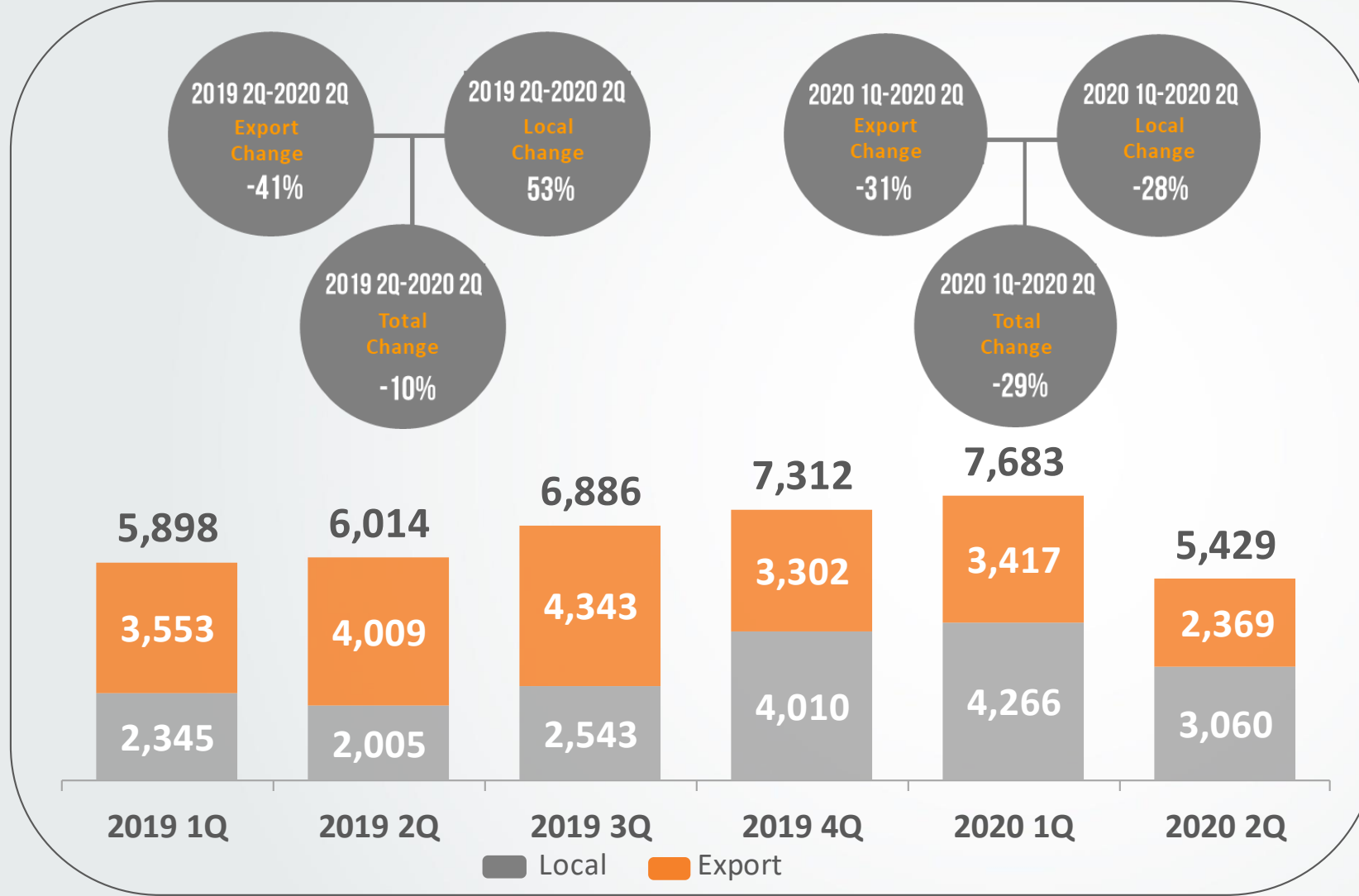
1H2020

13,112

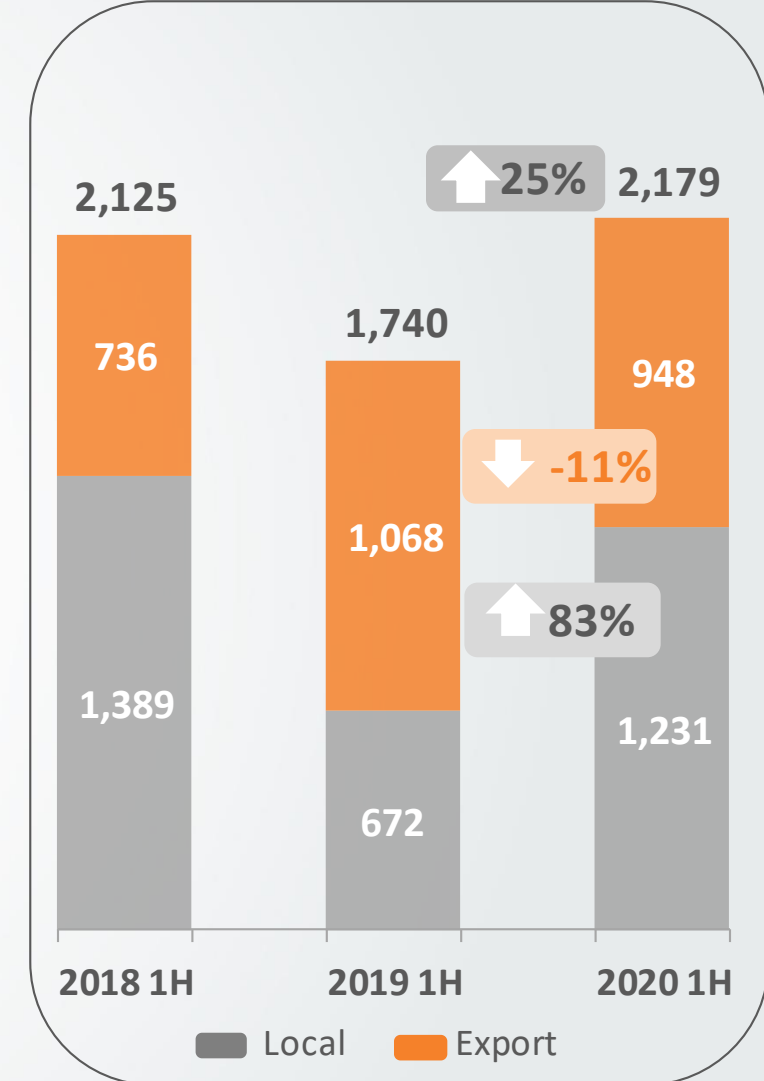
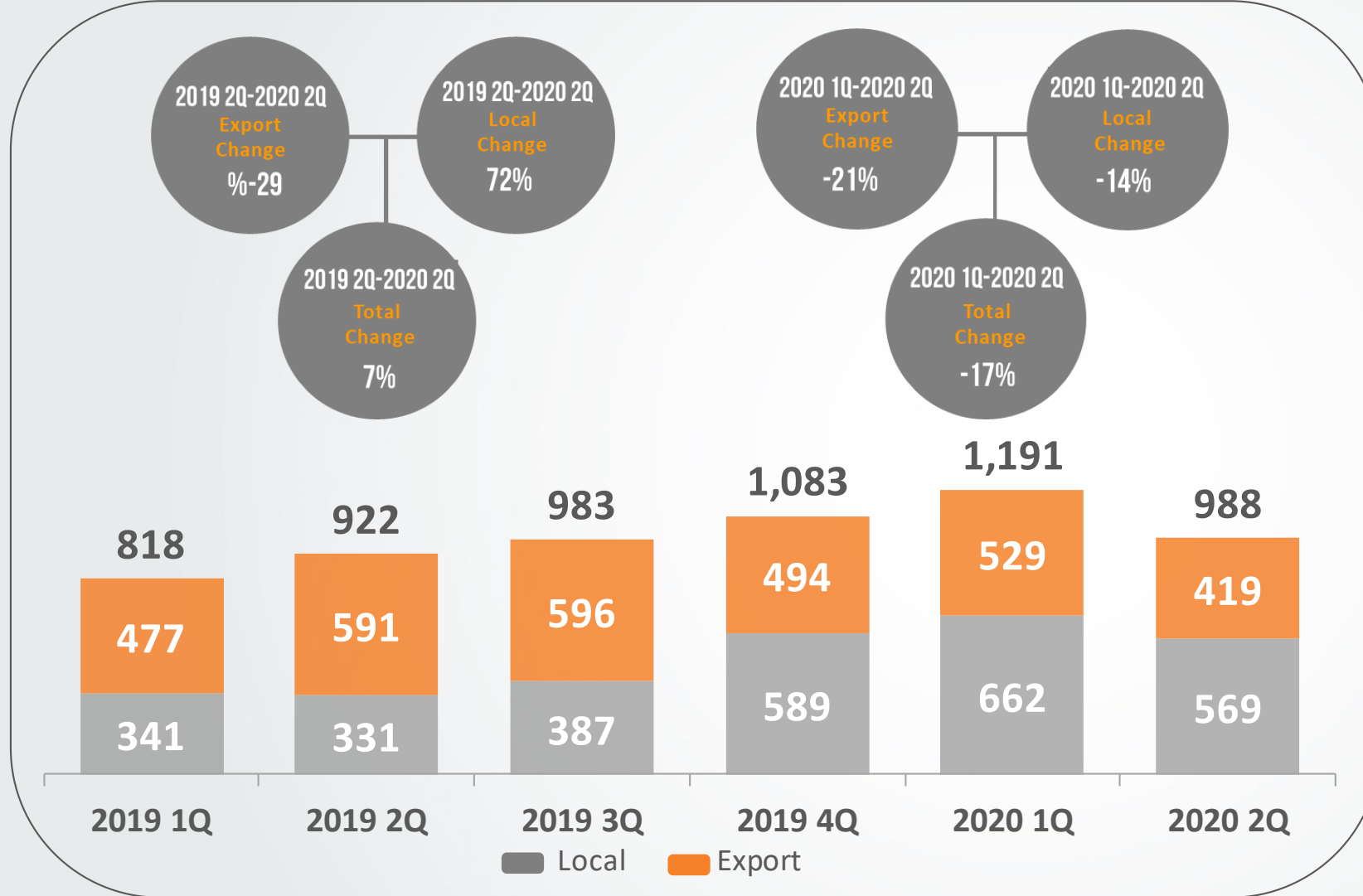
tractors



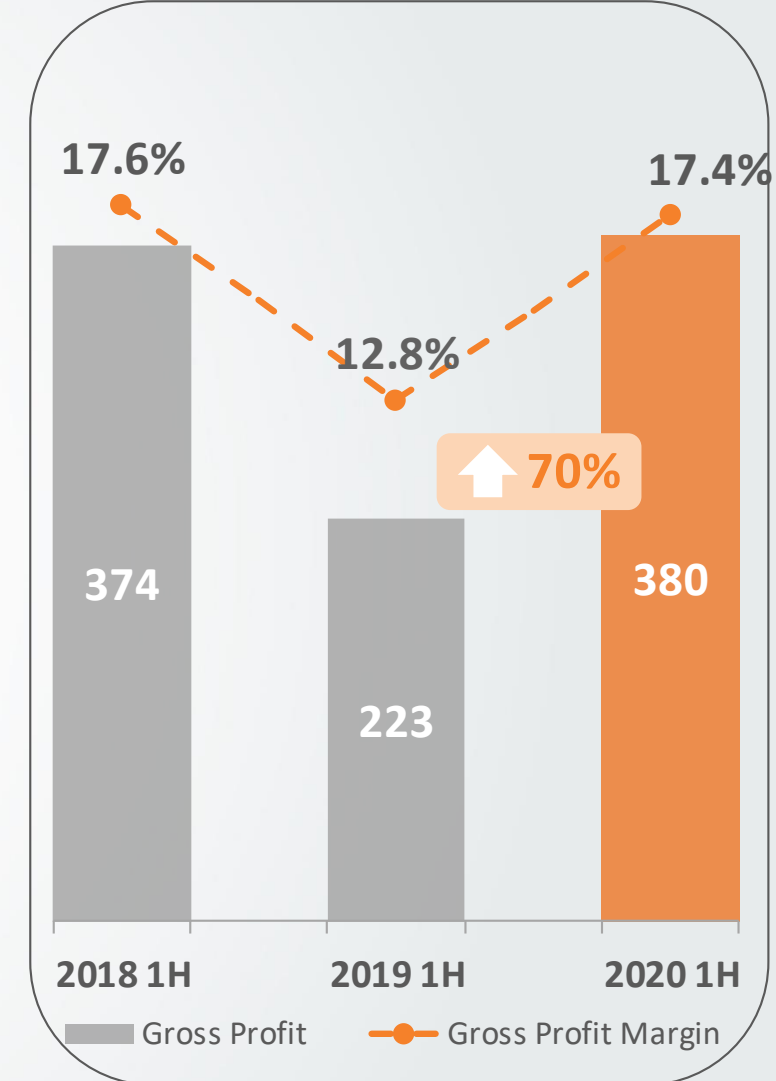
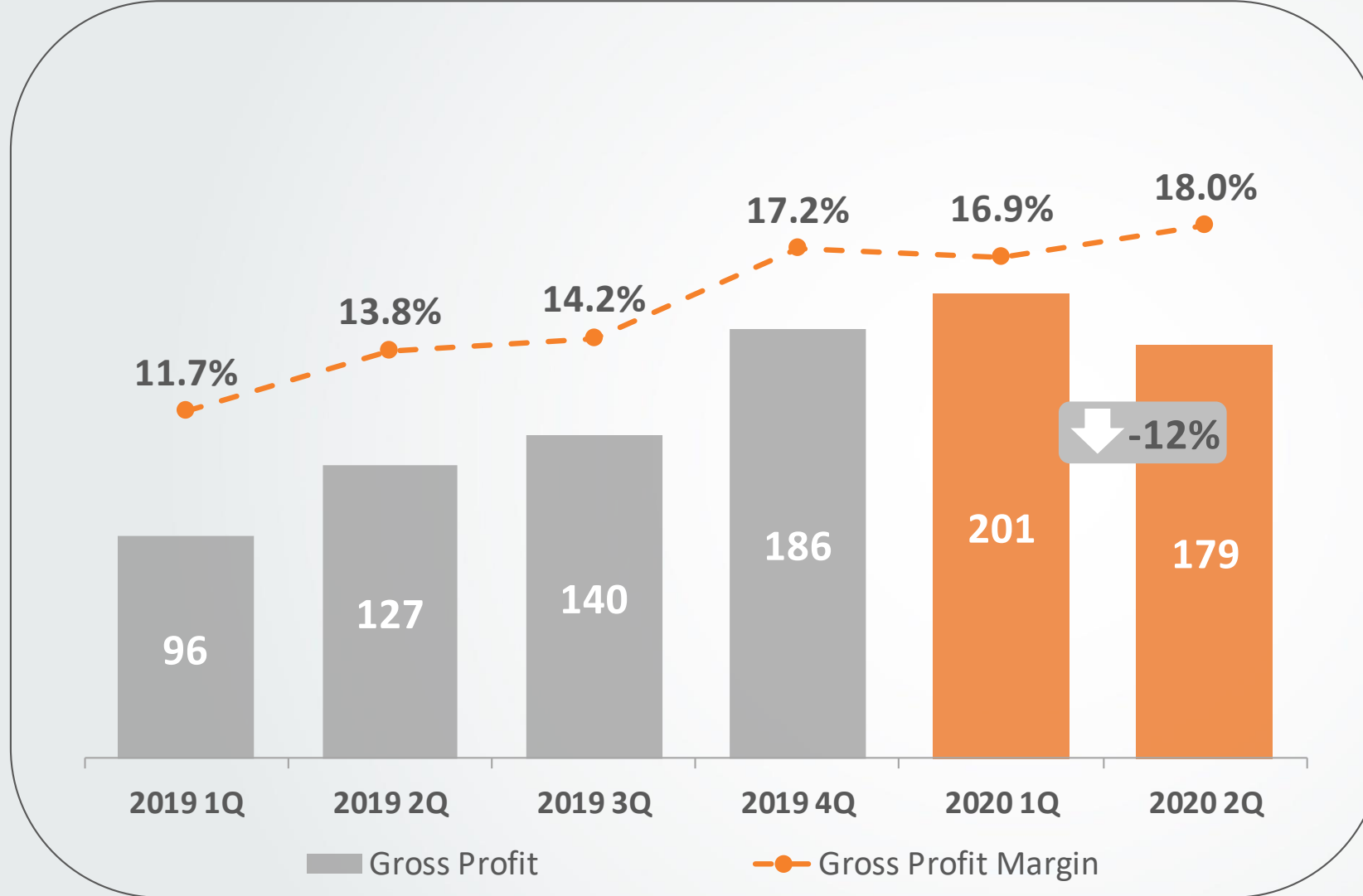
Total Sales Units (tractors)



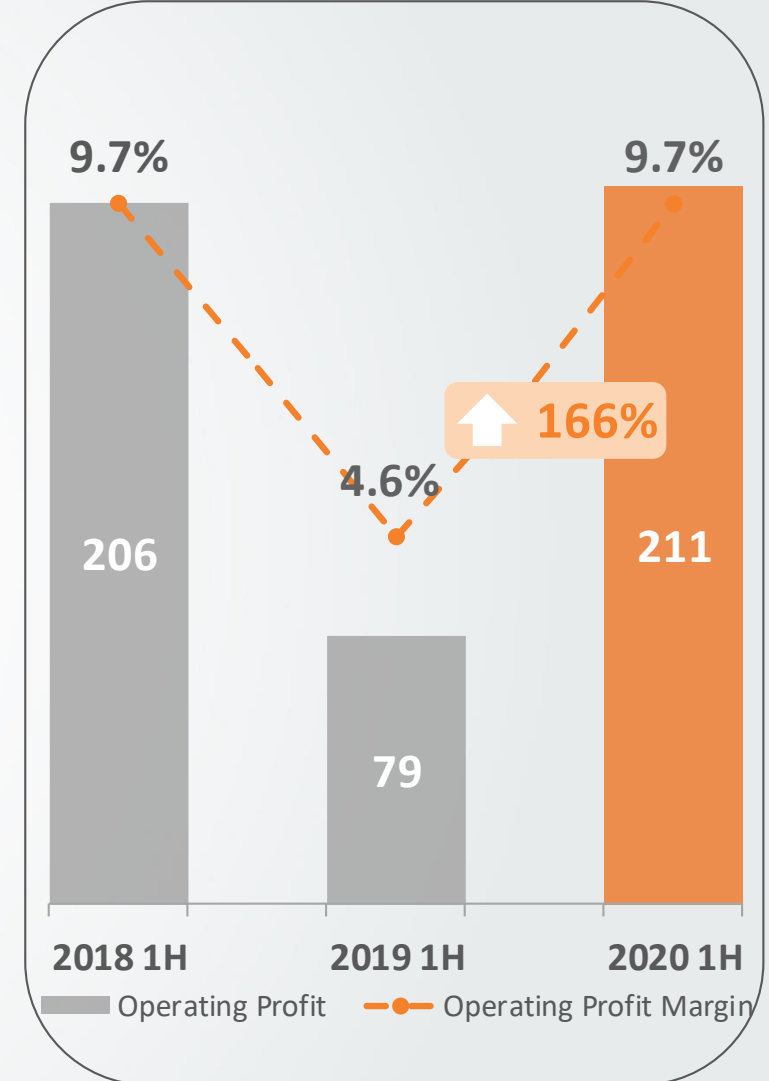
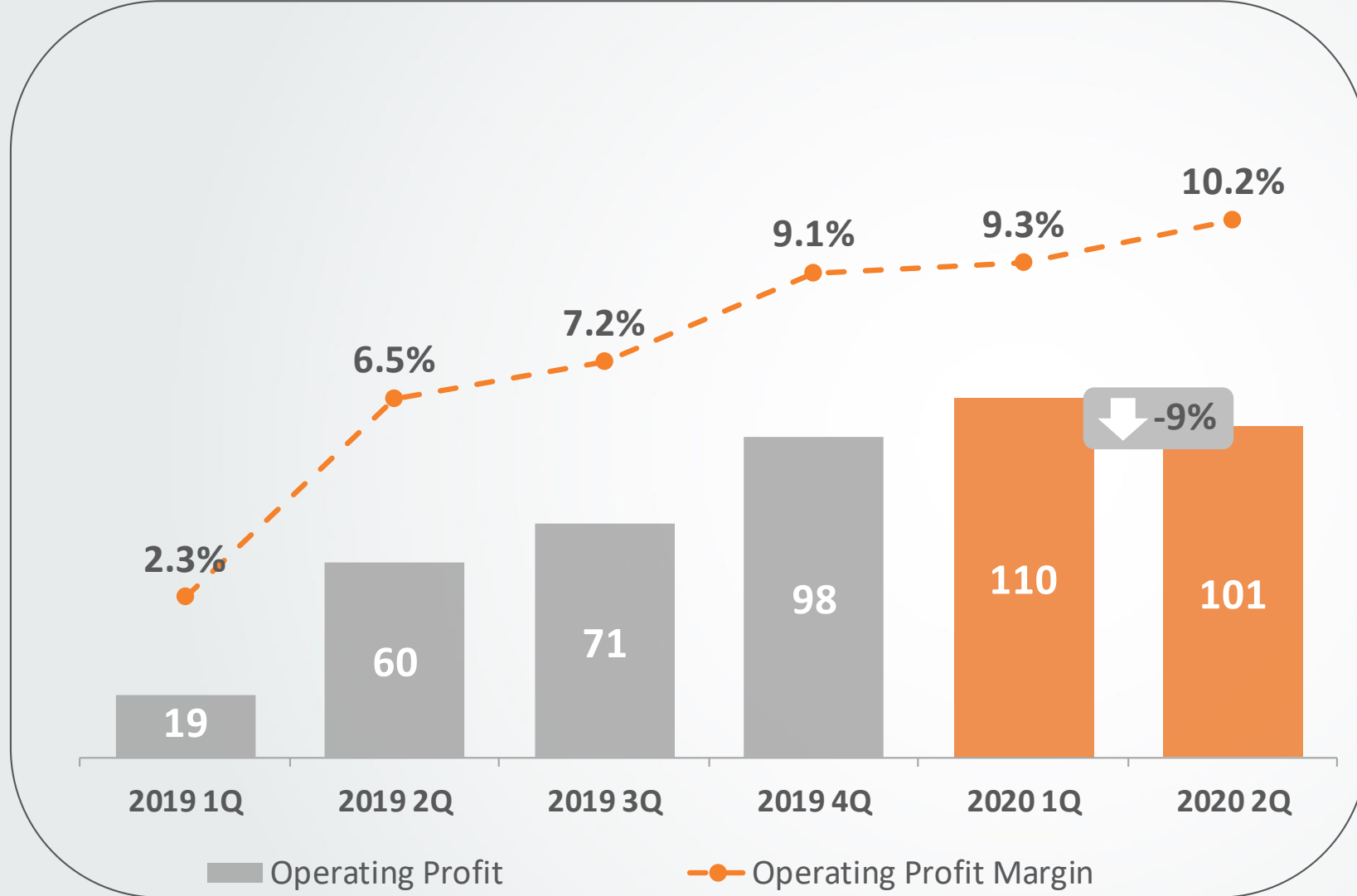
Total Sales Revenue (mio TL)



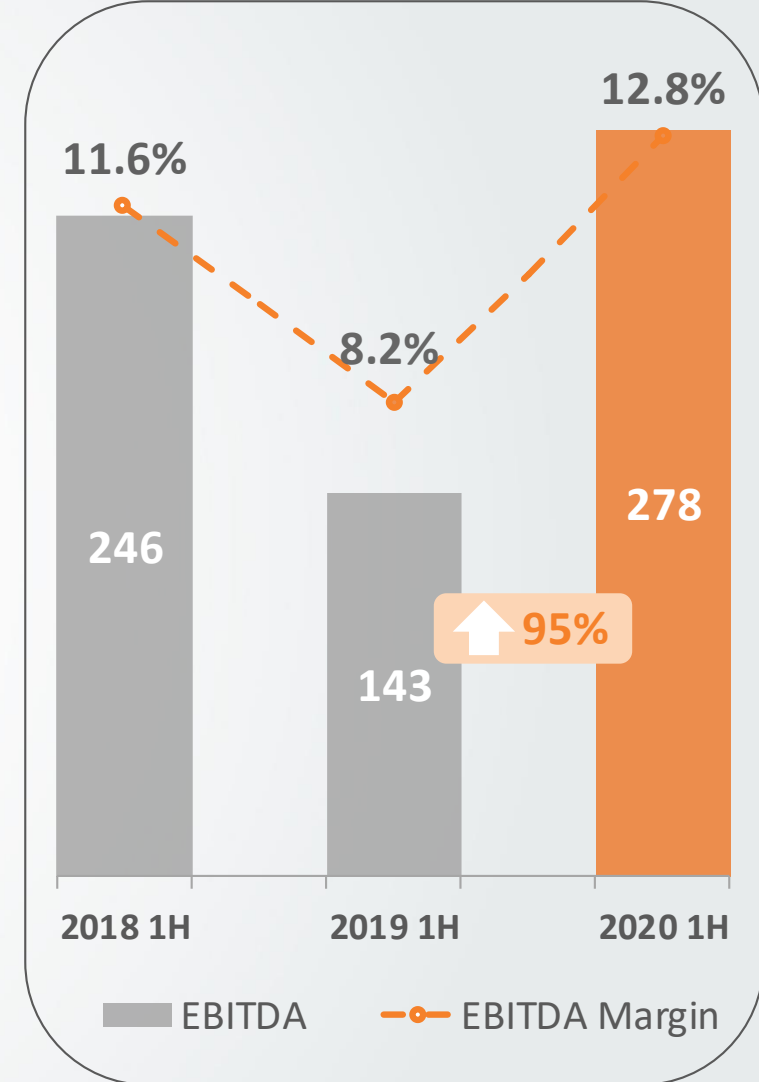
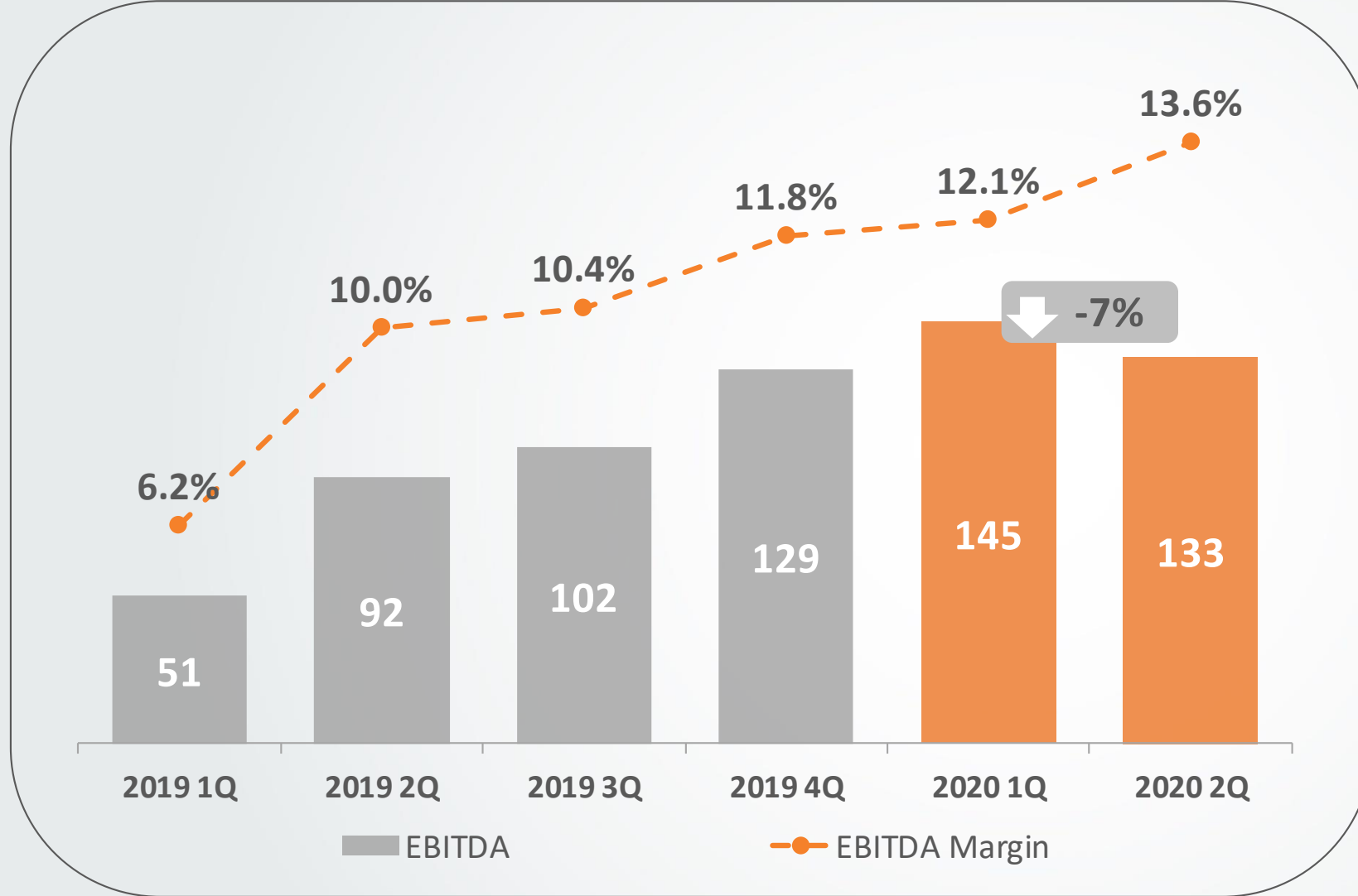
Profitability – Gross Profit (mio TL)



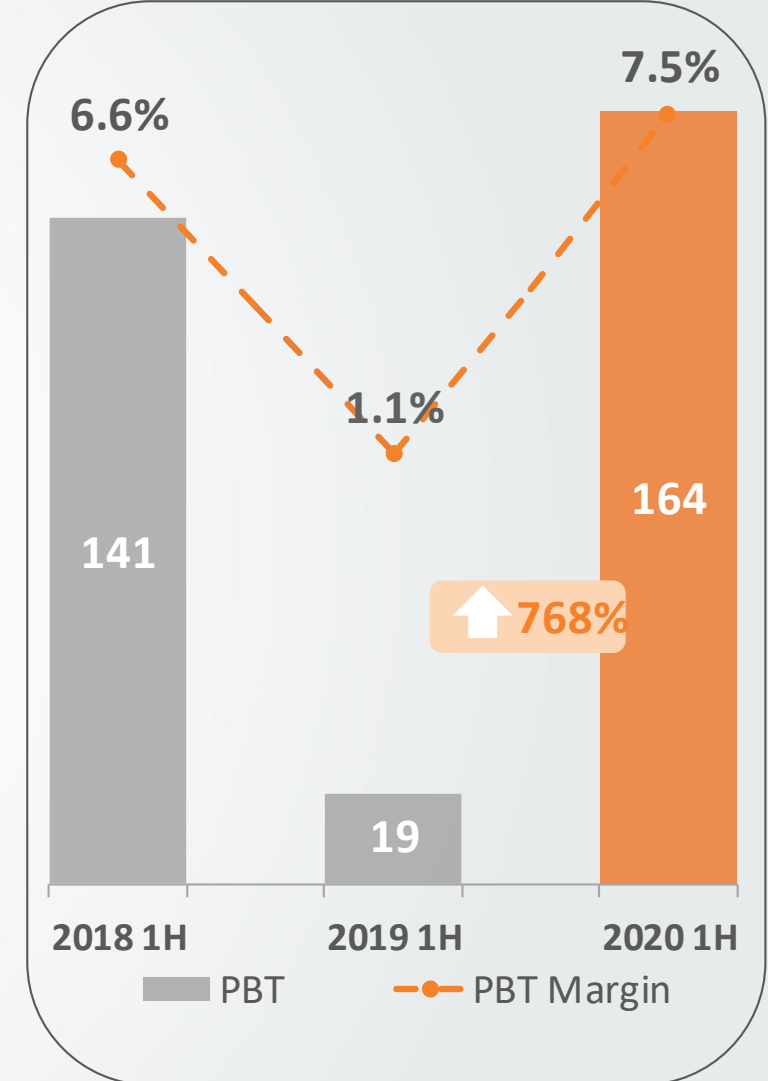
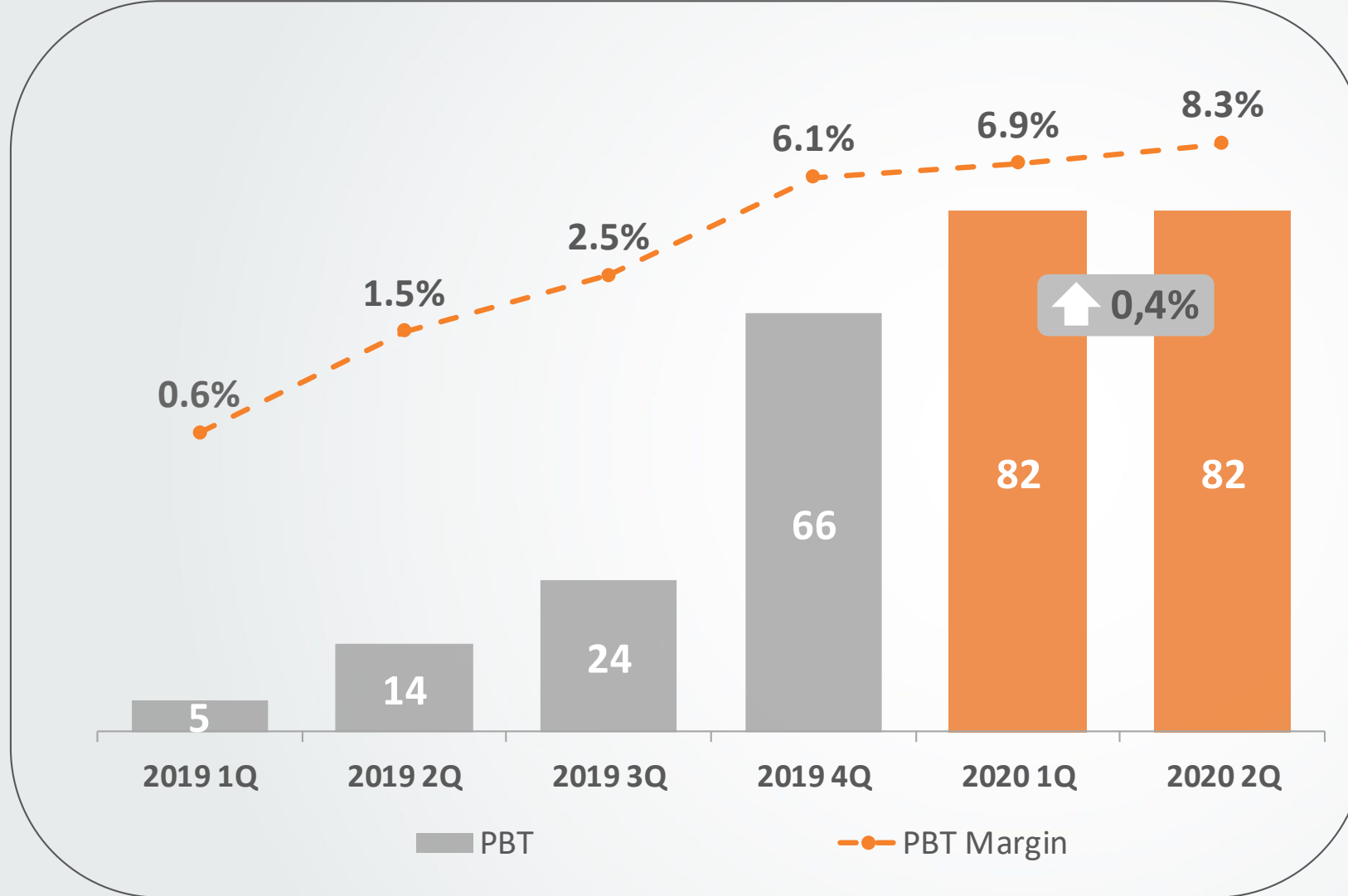
Profitability – Operating Profit (mio TL)



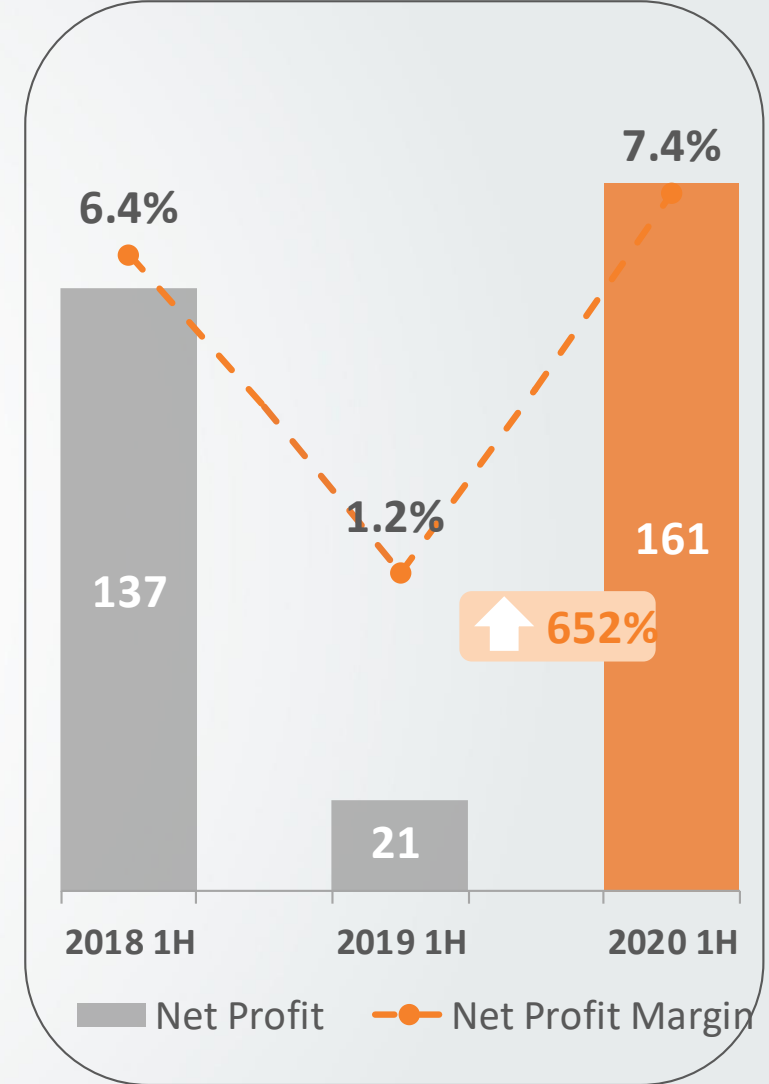
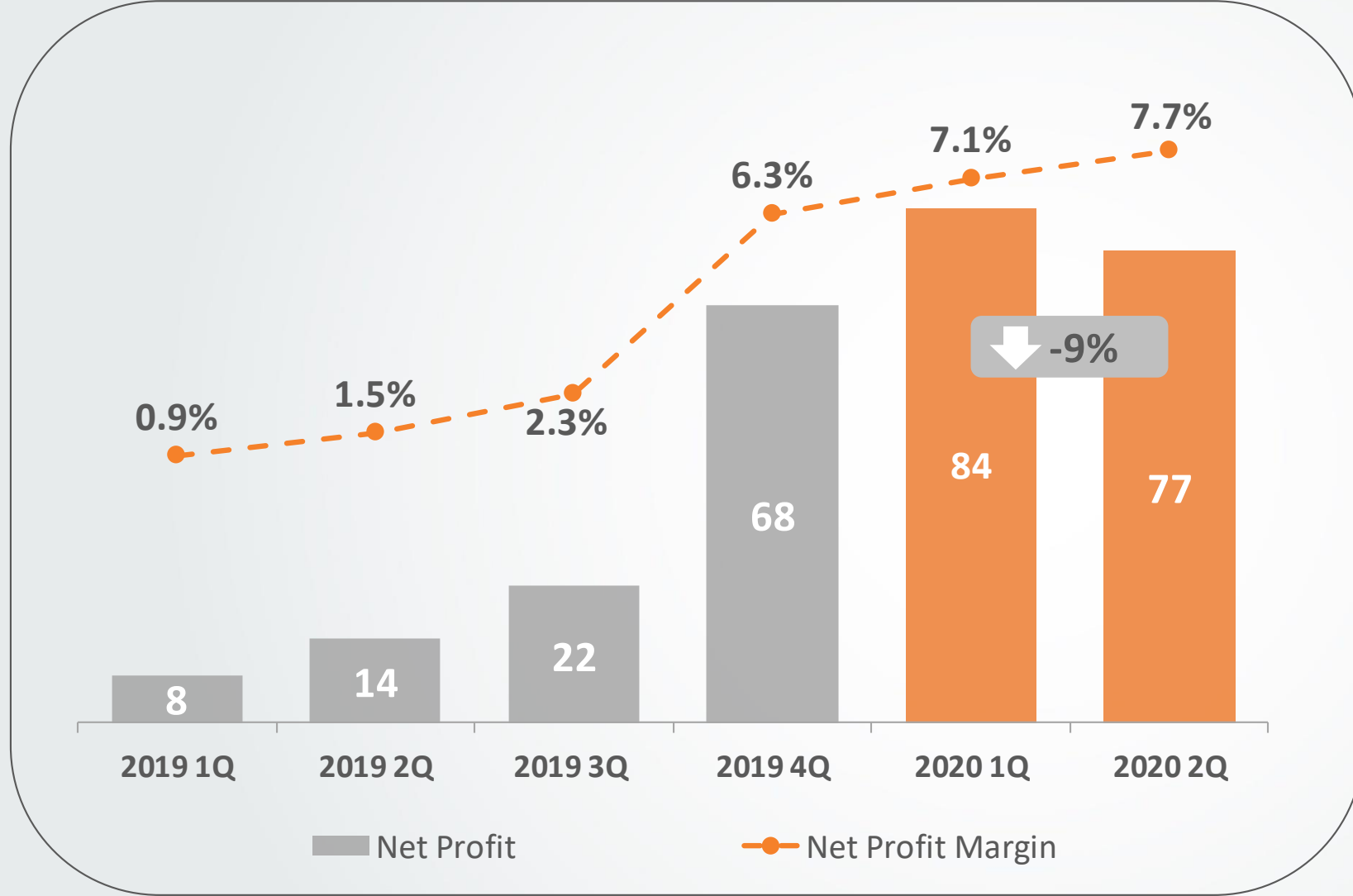
Profitability – EBITDA (mio TL)



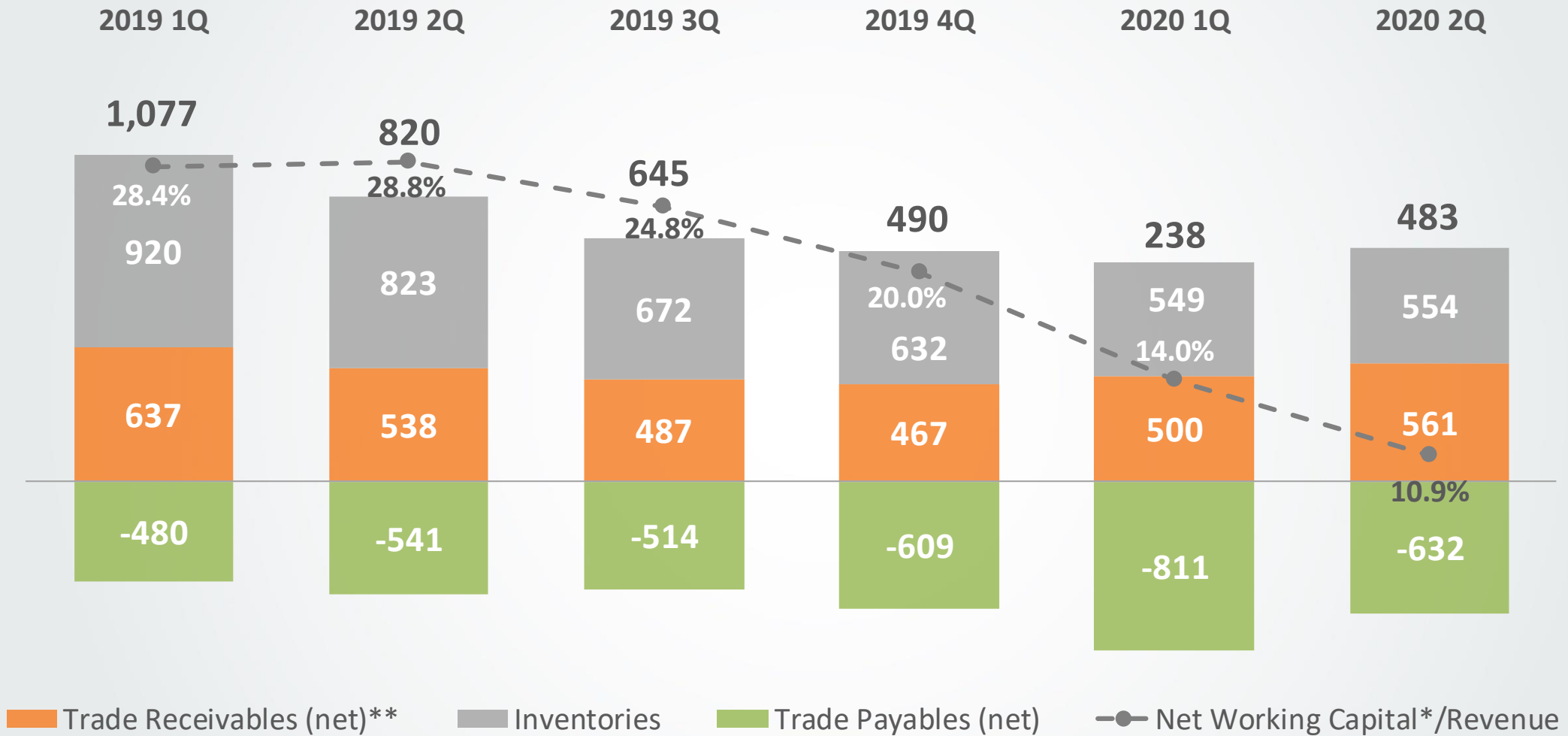
Profitability – Profit Before Tax (mio TL)



Profitability – Net Profit (mio TL)



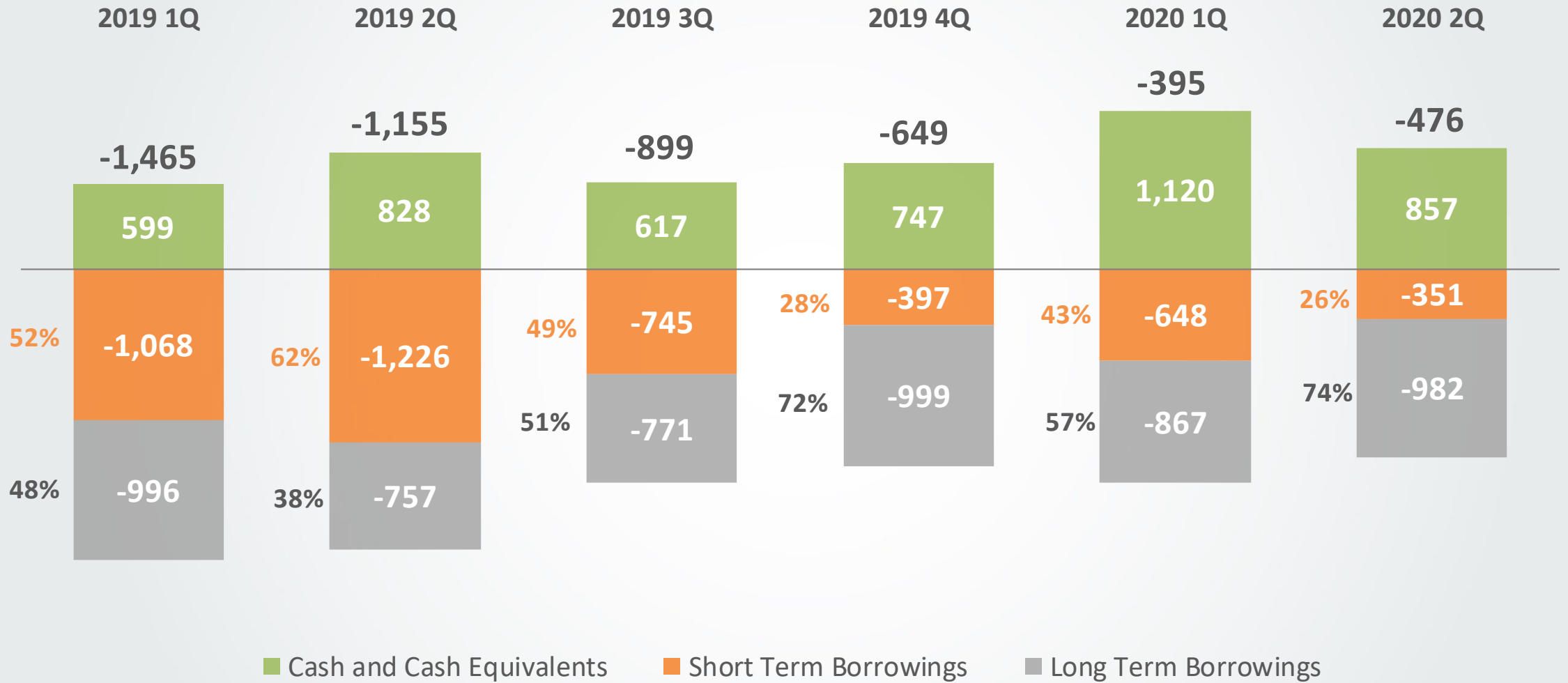
Working Capital (mio TL)



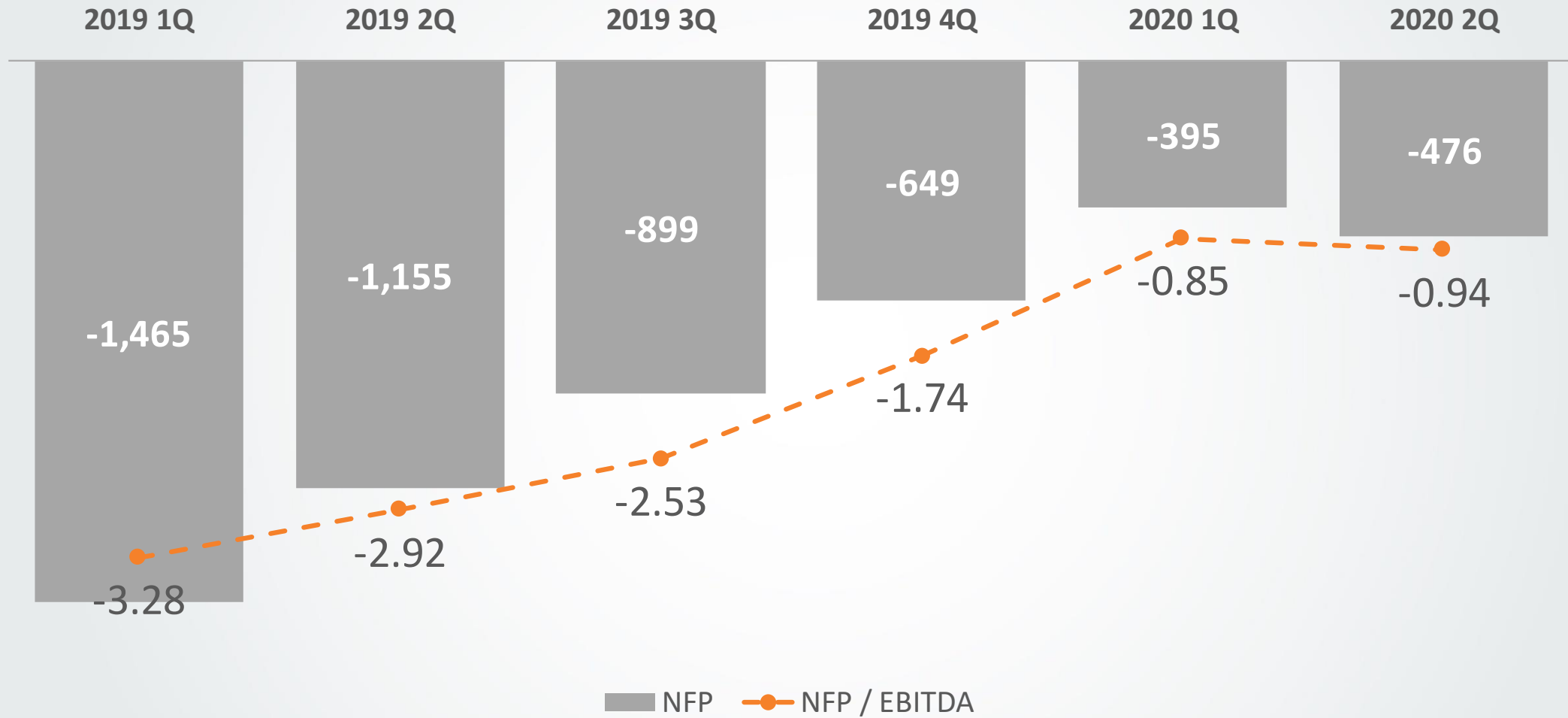
*12 Month Average

** Excluding Long-Term Receivables

Net Financial Position (mio TL)



Net Financial Position / EBITDA



Financial Debt and Repayment Schedule

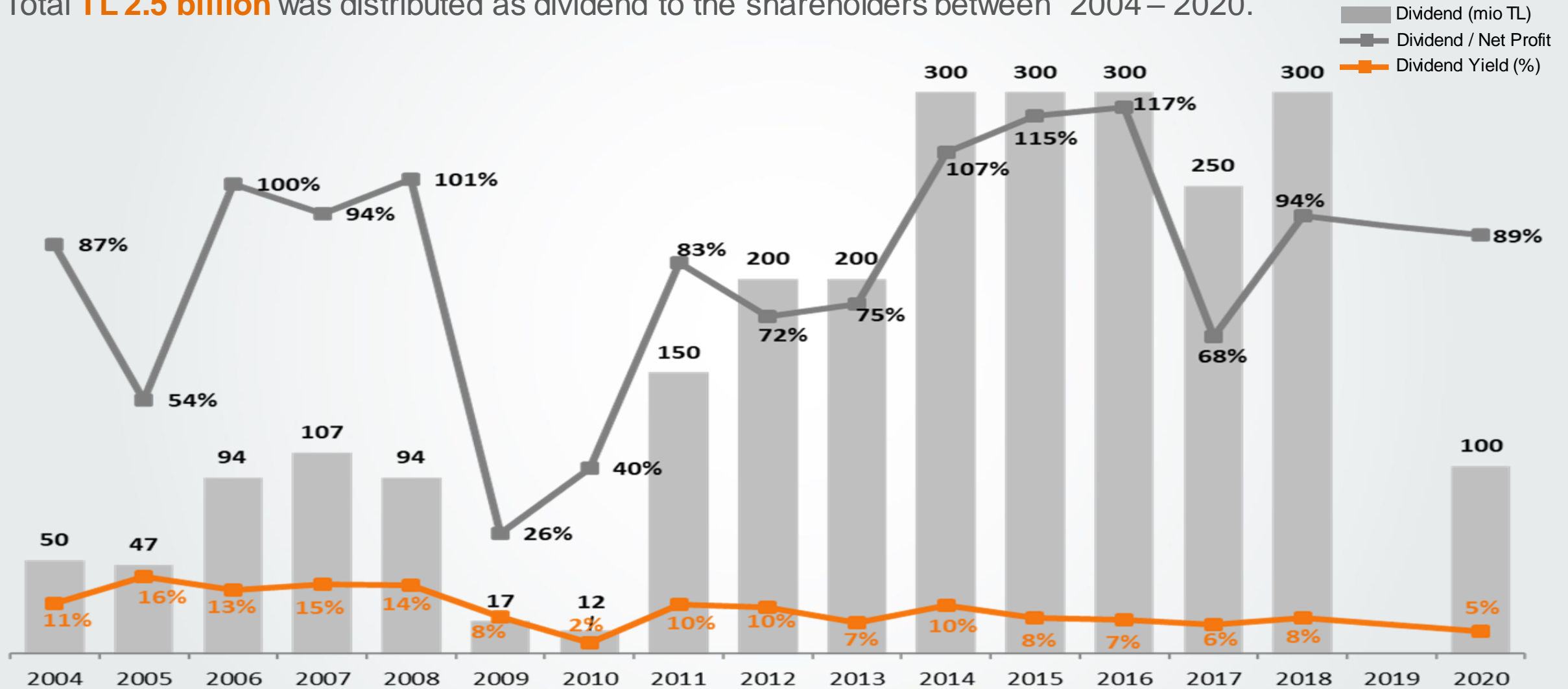
Capital Repayment Schedule of TL and Foreign Currency Loans

30/06/2020	2020	2021	2022	2023	2024	Total	Av. Interest
Mio Euro	9	14	11	1	1	36	2.0%
Mio TL	7	107	350	560	0	1,025	9.4%
31/12/2019	2020	2021	2022	2023	2024	Total	Av. Interest
Mio Euro	1	14	11	1	1	45	2.0%
Mio TL	133	313	608	0	0	1,053	15.2%
Change-Euro	-9	0	0	0	0	-9	
Change-TL	-125	-206	-258	560	0	-28	

- Existing loans are refinanced with loans with more favorable maturities and lower interest rates and the average interest rate reduced to 9.4%
- Re-financing efforts continued in July and this rate was further lowered.

Dividend

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



Expectations

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).

Disclaimer

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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