

## **Türk Traktör ve Makineleri A.Ş. 9M22**

### **Financial Results Conference Call**

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**Ahmet Dinç, Head of IR**

**Ahmet D. (Translated from Turkish):** Hello Aykut, you can start if you want.

**Aykut Ö. (Translated from Turkish):** Thank you, Ahmet. Ahmet please open the presentation and let me start.

Yes, let's start. Good evening, everyone. Today we would like to inform you very quickly through our standard presentation. With Ahmet, Federico and Meriç we will explain you the standard presentation together. We will try to answer your questions and make this session more of a question and answer session. Let's start it off. Let me give you some information about the market. I would like to answer many questions that I think comes to your mind.

First, I will talk about our tractor business. We'll move on to business machines and then the finally, the financials. We specifically put a slide on the cover. We got questions about this. We also updated the website about 2-3 months ago. We made the second item bold to show that a new product has been launched. Yes that's true. Today, in many CNH products that we are already proud of, there were officers we recruited as a production center and as a design production center for some products. As of August, we launched a new series recently and this year called Utility. This is a Stage 5 emission level product that produces 90 to 120 horsepower. We started mass production gradually. Therefore, we want to improve our position throughout the year with each passing day. We are trying to get a lot of projects. This was an investment we started in the past years and we launched it this year. Therefore, it will join our product range as a new product that will support our desire to grow in exports. Let's continue with the normal presentation, Ahmet.

First of all, I would like to talk about the domestic market dynamics. Again, let's take a look at the precipitation, production and harvest product prices and state support. First, precipitation. If you remember last year, it was a very dry year. This also affected the yield. This year, the precipitation rate is very close to the normal. In fact, part of its beauty is that it's geographically dispersed. Especially last year, there was an extreme decrease in precipitation in certain regions. And we had a severe drought in those regions. When we look at the regions this year, the precipitation was distributed more uniformly and we observed an efficient increase in almost every region as a result of this, compared to last year. Again, I will share shortly, this year's product manufacturing expectations are expected to be higher than last year's. Let's continue, Ahmet. The first estimates announced by TURKSTAT this year are a 10 percent increase in cereals and other herbal products, and a 6 percent increase in total. As of today, we have entered October and almost all of the harvests are finished in September. In the last few weeks, cotton harvest was still going on. Harvest has ended in many regions. In parallel with the estimations of TURKSTAT, which we have observed from all regions and from farmers, an increase is observed in almost all grain product groups in every region. Therefore, we seem to close this year's October period with a yield above expectations for our agricultural farmers. Let's continue. We have been talking about inflation in our daily life for a long

time, but when we look at the agriculture, we have been following the balance between input costs and final product prices very closely for 2 years. There were periods in the past when product prices were chasing behind cost increases from time to time. But as of today, when you look at it, it references December 2020. Because when you look at the short-term results, input and product prices may not support each other due to seasonality. Because when calculating overall costs, a farmer makes annual investments starting from October to March. But the main harvest is from June to September. Therefore, we find it more appropriate to look at a larger period. When you look at it this way, agricultural input prices actually increased at a rate close to PPI rather than CPI in this period. At about 70%. When you look at the product prices in this period, there are products that have increased by more than 200%. As we all know very well, this is not tied only to Turkey's dynamics. An increase in cumulative prices in foreign currencies and dollar has been observed in the last year and a half in the world. A reflection of this seems to be positive for Turkey from the farmer's point of view. I am making a general comment here. Again, when we enter very special segments, we can observe a lesser increase in prices in certain segments. Examples of these are mentioned in the dairy sector, which you all follow closely. For example, this year, the price of cotton was slightly below the expectations. The reason for this is that the textile business has started to stagnate a bit in Europe. But when you look at the main production motif of Turkey in general, we observed an increase in almost all products of wheat, corn, chickpea and barley were above the inflation of the farmer in the last period. This of course also positively affects our equipment and tractor base. Let's move on to the next slide. Assurances. You may remember that at the beginning of the year, the budget was announced as 29 billion TL. If I remember correctly, this figure was increased to 39 billion TL in June or July, and the payments are going as planned this year. Therefore, state assurances were revised rapidly according to changing inflation rates. The draft budget for 2023 was also announced in the past weeks. This has not been approved yet, but the first draft was announced as 54 billion TL. Especially when we evaluate not only Turkey but also the countries we export to, especially as a result of the increased focus on food and agricultural supply after COVID, states are trying to rapidly increase their support in this regard with the agriculture assistance in the world in recent years. We observed this. Especially in the press. We also observe this in many European countries. In Turkey, we see that they will strongly give assistance agriculture again next year, at least it shows that way in the first draft budget. Consumer finance. Access to finance is very strong with Ziraat Bank loans. Approximately two-thirds of sales in the tractor market are made by Ziraat Bank loans. You can see the interest rates in the chart, they are revising in parallel with the Central Bank lowering their interest rates. Especially since there is a 50 percent subsidy for domestically produced tractors, 4-5 year loans can be financed at a cost of 5.6 percent for domestic tractors. For this reason, 2/3 of the sales are achieved through Ziraat Bank loans. And in general, Ziraat Bank continues to support these loans. Recently, especially in the last 3-4 months, this rate has even started to increase upwards. Let's move on to the next slide. Without going into too much detail, we have evaluated the market in the past quarters with a summary table for you. How was it last year, how is it this year? You know, we looked at red, green, yellow. And we wanted to show you if there is a difference, especially in the situation in June. But when we compare the September and June periods, there was no significant change in the market. Our point of view in September was exactly the same in June. The precipitation situation this year, as I mentioned earlier, is quite good compared to last year. This product yield had a very positive effect on production as well. Input prices increase rapidly in parallel with inflation, as in many other areas in our country. But the agricultural sector is differentiated here and frankly, perhaps a little positively compared to other sectors. Despite the increase in input prices, product prices also increased in parallel with or above it. Therefore, we marked product prices as green. General

supports, state investment supports and Ziraat Bank continuing in the same way as they did last year. The reason why we marked Türk Traktör Finans yellow is that in Ziraat Bank's very low loan environment, our Türk Traktör Finans loan rates remained high. Therefore, we have a slight decrease in penetration here. We think this is normal. Also, secondhand work. Since the beginning of this year, secondhand tractors have been going at an accelerated pace with much more than last year. I also want to remind you this. Why did we mark some green? Last year, there was a market all over Turkey at the emission level we call Tier 3. Especially in the middle of the year, Tier 4 transition was achieved in the main models around October. Therefore, the emission transition did not affect last year much. Why am I saying this? Because there is a significant cost increase when moving from Tier 3 to Tier 4.

The reason why it is orange this year is that this year we are both on the emission calendar as Tier 4, but Tier 3's are also produced under the name of small series with the flexibility provided by the minister of industry. Therefore, there is a mixed market structure. I will comment on this while talking about the problems in the supply chain again soon. Therefore, managing the market this year has been a bit difficult for all of our competitors in general, but especially for us. That's why we marked it as orange. But we have taken a lot of action regarding this, and I will talk about it shortly, especially its second and third quarter effects. The tractor market has just been announced for the first 9 months, and Ahmet updated it today parallel to last year. There is a decline in our sales. It fell from 24 thousand to 20 thousand. Our market leadership continues. Our CASE brand is the third brand. Our market share is around 44% which was 53% last year. Let me touch on it a little bit. And I actually started with the emissions. Again, as you remember, we update these slides every month. Until April, our market share this year was approximately 51% if I remember correctly. Especially after April, in the May-September period, we had production difficulties in certain models due to the fragility in this supply chain. This particularly affected our Tier 4 engine vehicles. Therefore, we could not reach the production levels we wanted there. We quickly took action to use the small Tier 3 series right provided by the government. It took until September for us to take those actions into action quickly. Therefore, we experienced some market loss in this process especially in the domestic market. But as of September, we made these major changes. Between Tier 4 and Tier 3 models. By the way, when the parts were found, these special parts are electronic parts, we've started seeing improvements. Therefore, we came back to a balanced production pace as of September. The world tractor market was at the level of 1.6-1.5 million in 2020 and before. It increased to 1.9 in 2021. A sale of approximately 1.9 million is expected this year. The estimate we got from our partner last year also shows about 1.8 million. We interpret this as if a new market is emerging especially in the agricultural sector due to COVID, which we underline in our own internal presentations. Because we see this as a new base when 21, 22, 23 increases from 1.5-1.6 million units to 1.8 million units. There was a rapid acceleration from 530 thousand to 620 and 580 thousand, which we call important export markets for us. Next year are that our export markets are expected to be parallel to 2022. This strengthens our export base. We see greater opportunities in export markets, especially with the introduction of new products in the coming period. Let's look at the next slide, Ahmet. This year, we grew by 10 percent in the export market. In fact, we also experienced the emission-related supply problems I mentioned earlier. But we were not as affected as the domestic market. We had an approximate performance of 10 percent over last year. Again, our main export markets do not change. 80 percent is North America and Europe. Here, you can think of about 50 percent as North America and 30-35 percent as Europe. If we look at the first nine months, we closed at a record level compared to last year. Our plan is to keep this pace at the end of the year and close the year successfully with a record on exports. Let's continue. There is a 12 percent decrease in our production overall. We still produce two-thirds of the total production in Turkey. As I mentioned earlier, while exports

grew by ten percent, we had a total decrease of 12 percent as a result of the contraction in the domestic market. As of this September, we have reached a new pace. Federico will also talk about our general expectations in his upcoming speech. Therefore, our aim is to increase our pace rapidly and reach high production levels in the coming period. We are growing rapidly in terms of construction machinery and equipment, especially in areas where we concentrate on our non-tractor revenues. When we look at our margins in the last quarter, it has a significant impact on our margins. The combine market is in parallel with last year's. It's a bit more. We have started to grow regularly in construction equipment, especially since 2020. We are growing. Our turnover increased by 133 percent. Therefore, non-tractor revenues are the most important area for us to give more importance and to increase the mix. We are progressing in this area accordingly to our plan. Next. Finally, Federico will explain the financials in great detail. In fact, Federico will talk about what I said very generally, about the information I gave about the production. How were we this year? We anticipate that this year will be at a pace parallel to last year. We expect the market to be in the range of 59,500-63,500 this year. Especially the first quarter of the year actually started with the decline we expected. That's what we predicted, and really last year it started 20 percent lower than the previous year. But we observe a rapid increase in demand, especially in the second and third quarters. We observe this both in the market and when we look at our own orders, we have a very strong order amount in the domestic market. We have a similarly strong order amount in exports, but especially in the domestic market, which we are trying to meet. Therefore, we do not foresee a change in this demand in the market until the end of the year or even at the beginning of next year. We anticipate that the demand will continue at the same pace. We anticipate that the market will be in the range of 59,500-63,500. Our initial estimate for tractor sales in the domestic market was a wider range of 26,500 and above. We narrowed it down a bit. When we evaluate the remaining three months, we aim to be in the range of 26,500-28,500. This is partly due to the timely arrival of the imported products and partly as a result of the increase in production tempo. We're guessing we'll be somewhere in this range. When we look at the point we have reached in the export tractor market as of today, we see that it will be above the minimum level of 17,250. Therefore, we will close the export market somewhere between 17,250-18,000. It was 16,100 last year. Last year was a record in itself. Therefore this year, we will have left behind a very successful year on exports. Our investment expenditures continue. We will close in the 650-800 million band, perhaps closer to the 850 million band. This is what we call vertical, which we mostly invest in, especially the workbench expenses we make in the Ankara factory, we take in and placed. We have been giving great importance to this issue over the last 2 years. We also made the cabin investment in Erenler. And many of our product projects continue. As I just mentioned, we are just starting the mass production of tractors, which we call the new Utility series. In parallel with this, we continue and work on many product projects. Especially in the next period, Stage 5 calendar starts in Turkey as of January 2023. Therefore, our intensive emission studies in the domestic market will continue. I tried not to go into as much detail as possible. Now Federico will both talk about financial numbers and explain how the works I just mentioned affect numbers and their relationship with numbers. Ahmet, let's turn to Federico now. I will mute myself.

**Federico P. :** Thank you Aykut, and good evening to everyone. Let's go over, the financials for a few minutes before opening the Q&A. Türk Traktör closed the quarter as you have seen from the numbers that we have revised last night. We have improved profitability and cash flow compared to the previous quarter. Despite a year over year decline of domestic tractor sales, our revenue grew in real terms thanks to the good performances in export and not tractor businesses, namely spare parts agricultural and construction equipment. Our margins also improved compared to the second quarter, supporting a good

cash generation, and helping us to improve our net financial position. Like in the second quarter, we experienced some headwind in the supply of some key components, particularly electronic ones. Tractor finished goods inventories both of the dealers and in our books are at extremely low levels, as we made our best to optimize our retail performance considering our production constraints. While the domestic tractor market continues to be strong, we see now an improved supply chain scenario, which give us some confidence as we enter into the last quarter of the year. Entering a little bit more into the details. Türk Traktör's total revenue was 14.6 billion and 82% growth compared to the same period last year driven by export and non-tractor revenue increase. The non-tractor revenue represented 22% of our total revenue. So, a 230 basis points increase compared to last year. The domestic revenue was 9.7 billion TL up 72% year over year with domestic tractor volumes decreasing by 21% due to lower market share. Tractor industry also slightly down by 1% as we have seen. We continued our discipline, pricing approach to preservers healthy margins and offset part of cost increases. When we look at our export revenues, our sales were 305 million euro, a 17% increase compared to the same period last year, driven by volume. These marked our all-time export volume record for the first nine months. As we have anticipated in our last meeting three months ago, we launched a new generation Utility model. Although we are still, in the ramp-up phase, in perspective we expect to grow our penetration in the export market thanks to the improved functionality of this new tractor range. Moving to the gross profit, despite the headwinds on material economics, production, cost inflation and exchange volatility, we were able to improve our gross profit margin by 100 basis point compared to last year. We priced our tractors in anticipation to the material economics increases, and we experienced a favorable mix. In particular, combine sales were very strong in Q3, bringing our year to date volume sales slightly high of where they were last year. EBITDA was 2.2 billion TL at 15.2% of net sales with a nice trajectory over the three quarters as we will see later. Compared to last year, the operational expenses, particularly on marketing activities, we started at the pre-pandemic levels, compressing just slightly EBITDA margin in the comparison. The net profit was 1.6 billion TL, 94% higher than last year. Despite the deterioration on the interest income expenses due to the higher debt and increased cost of fund funding we had on the other side higher FX gains on our Euro denominated deposits. And the lower effective tax rate linked with the tax restructuring we put in place last year. In addition, we have recently obtained a new and improved incentive certificate for our Erenler plant investments, which will help us maintain the effective tax rate well below the statutory levels also in the future. Looking at the free cash flow, we generated almost 1.1 billion TL. We were able to reverse the trend we experienced at the end of the second quarter, thanks to a strong profit generation and an improvement in the working capital. We'll see some details later on. Finally, our liquidity is almost 2.8 billion TL, and the net financial position is on the debt side at almost 0.6 billion TL. We can move to the next page and actually I will not spend any further comment on the analysis we covered all the elements already. Now let's move to the quarterly evolution of our profit margins. We can appreciate improvements over the previous quarter across the board. The solid improvement on the gross profit is reflected in the EBITDA margins, quarter after quarter this year as we said, thanks to the effort to close the gap by aligning pricing to the material economic increases. And as I said in Q3, we also experience a favorable mix, particularly thanks to the higher sales of agriculture and construction equipment. The racing quarterly trend experience in the gross profit and EBITDA margins is not fully reflected at PBT and net profit level. In Q2 as you will remember, our net financial position deteriorated due to increase in working capital. This element paired with increased the cost of funding that remain higher financial expenses and penalized the profit before and after tax. In Q3, though, we see a strong acceleration also at PBT and net profit level as our net financial position improved and therefore our financial expenses and our effective tax rate also

reduced. We move to the next page and make some comments on the cash flow. So, we generated almost 1.1 billion of a free cash flow and raised almost 1.9 billion of new loans, increasing the cash on end from 1.6 billion at the end of 2021 to 2.8 billion at the end of September. We are preparing ourselves for the next year commitments in terms of loans repayments, as we can see in the bottom right chart and for dividend payments. Moving to the working capital, as I mentioned previously, we have improved the working capital compared to the second quarter. One page back please. This I think is an important element because, we've made the definitely some improvements but, you see that the topics are still here. So overall, we have improved the working capital compared to the second quarter, almost all for what it was. But it is still intentionally higher than what we would've enormously supply chain circumstances. In other words, we are running with high raw material inventories as we are trying to secure production as much as possible while the demand remains strong. On the next slide, we show evolution on our financial position with the improvement that I had already mentioned. Finally, if we move to the next page, I wish to remind you, our historical performances on dividend distribution. This ends my part of the presentation. I will turn now back to, Aykut for the final remarks and the Q&A. Thank you.

Thank you, Federico. Thanks everyone for their participation. As I said, especially Federico and I tried not to keep the presentation too long. Especially if you have questions, we wanted to answer them. How should we manage Ahmet, will you direct it?

**Ahmet D. (Translated from Turkish):** Ms. Ece had a question. Here you go, Ms. Ece.

**Ece M. (Translated from Turkish):** Hello. Thanks a lot for the presentation. Congrats on very strong results. What I'm wondering is this. There is a serious improvement in working capital now. Part of this was also due to your inventories of imported products. As of the third quarter, can we say that those products in stock have been reset? Do you still carry this stock? I would like to ask if it will affect the fourth quarter in terms of financial performance or income statement. Also, how should we predict the stock level at the end of the year as working capital divided by sales ratio or net debt divided by EBITDA? If these expectations come true, I'm curious about it in terms of volume.

**Aykut Ö. (Translated from Turkish):** Let me give a general answer, Federico, you can answer about the end of the year part if you want. I will comment on the product. There is a decrease in stocks related to imported products. Especially when we compare our combine stock with the second quarter. But at the moment, combine stock and heavy machine production and stocks are going as planned to meet the demand in the last quarter. I can emphasize that it's because of the seasonal shift in the second quarter. Normally, the combine harvester market was more active in April-May. It wasn't this year; it ramped up in July-August. After all, the point we have reached as of today, as I showed in the presentation, has reached almost the same level as last year. There was a quarter shift only. So, for the moment, it created some bloat in the inventory in second quarter. Now it's normalized. Federico also mentioned that we have reduced the inventory quite a bit compared to the second quarter, but we want to keep it at these levels. Because the vulnerabilities, especially in the supply chain, continue in general. However, we are trying to be more sensitive on certain issues like chips. Therefore, we do not anticipate a further decrease in the imported products stock, especially after the combine harvester stocks are fixed. Regarding the stock level, Federico said that we generally reached a good production pace as of September. We reached the 4,200-4,300 band. After that, as I had already underlined a little while ago, we experienced some problems in Tier 4 and we quickly changed the production line and switched to Tier 3. As of September, we started to see its results. Therefore, I can say that October, November and December will pass at a very parallel

pace to September. At least that's what we plan to do. I wanted to give a very general answer in terms of production pace, sales pace and inventory rotation speed. Federico, is there anything you want to add? Especially regarding the last question.

**Federico P.** : Yes, I will just add I think you are right. At the end of the first quarter next year, the emission level will go to Stage 5. So yes, we still have some inventory left from the previous emission levels. So, on finished goods, on commercial lines products and with all those we expect the inventory to go down as Aykut said. We are still cautious on the raw materials in order to add all the chances we have to maximize our production as Aykut said. But overall, we don't see an inversion of the trend that we are considering on the working capital. So, we continue to stock, we made some actions. We will try to collect our receivables little bit faster on the domestic side. And we continue with our supplier factoring program in order to extend payment terms. So, we are on top of these, and we are rather bullish on the cash flow of the fourth quarter.

**Ahmet D. (Translated from Turkish):** Mr. Kamer had a question. Here you go.

**Kamer K. (Translated from Turkish):** Hello everyone, thank you for the presentation. We also congratulate you for the strong results. First of all, I want to ask a question or two to Mr. Aykut. In fact, it was mentioned a while ago, but if we take into account the estimates you shared and the latest September data, it seems like we can think of the next domestic sales figures of 2,800 units, about 1,700-1,750 units on average export. Which is to approximate our estimates. This of course, points to a topline of about 7 billion in the last quarter and a topline of nearly 22 billion for the year in general. I wanted to ask if there is an error with this math. And my second question will be about this. We are now entering the election season. We will probably see many related incentives and subsidies in the coming period. In particular, the issue of agriculture will be very critical. Has there been any communication with the government or ministry? What kind of a plan do you think for the next period, especially for the first quarter, in terms of production and sales? I wanted to ask this. I have a third question, which I will raise at the general assembly. Because it also concerns Koç Holding to some extent. But we are having a serious problem with the liquidity of this stock. Especially as the funds grow, it becomes more difficult to invest, buy and sell. Are you considering taking any steps in this regard? So, is there any division? In other words, when we want to buy or sell, we have a serious problem with TürkTraktör. Frankly, I would like to buy from a company with such a high ROI with more peace of mind. Thank you for now. I wish you success again. By the way, thanks to Ahmet. There would be a lower consensus, especially when we take the average prices as compared to the period in June, when there are such relatively low numbers. He probably pulled the consensus up with some good communication. Thanks again to him.

**Aykut Ö. (Translated from Turkish):** Thank you, Kamer. Let me try to answer the last question, I will leave the difficult question to Federico. But maybe I can answer that too. Of course, we try not to say such a clear number. In particular, I emphasize that we do not go into details at these meetings, but for two and a half years, there have been serious problems in the supply chain. Sometimes you can see them very clearly. Because it happens in that quarter. You can see something happened because it coincided with that quarter. You feel something, even if you don't fully understand it. Sometimes you don't realize it, because you don't notice it during quarter transitions. When you look at the quarterly balance sheets, you see things as normal, but especially for the last year and a half, the entire automotive industry has been experiencing very serious problems in the supply chain. This happened last year as well. We didn't talk much last year because it coincided with such a period that you didn't notice it much. Now this year of

course, this affected us in the May-July period. Our market share has dropped from 50's to 44's right now. Now, we have taken many actions regarding the upcoming period. We have already seen these results of these actions in September. There is no reason not to take those actions at the moment. We are talking about the very recent period. October is already over. October and September are parallel to each other, at least let me say that. I can say that with confidence. But again, it would not be right to say many figures for November and December in a place where there is such fragility, but that's why I mentioned the problem before. October, November and December are more or less the same and they will be parallel to September. We planned towards this. About the first quarter, you said election, you said first quarter. Sure, let me comment on the first quarter without commenting on the election. I have already said very implicitly, but at the moment, we do not expect a change in the agricultural policies of the state. In particular, there were no negotiations, but in general, agriculture was always supported in Turkey in the past. But especially this year, since there will be an election period next year, no macro change is expected in the first six months. Because the government assistance given at the moment is very supportive. All of you are dealing with finance, a five-year loan is given at an interest rate as much as a month's inflation. So, there is very strong government assistance. Therefore, in the first 6 months of next year, it would not be right to comment on all of them, but we do not expect any difference in assistance. Therefore, we will probably not have anything on our agenda for the demand part next year. We can say that we will focus on how we can do better in terms of supply in the first 6 months, as we have done for 2 years, both in Turkey and in exports. Let me make a comment about Europe and the world. I can say that agriculture has already positive discrimination, I think that agriculture will be positively differentiated from other similar sectors in the upcoming period. I can say the same for Turkey, I can say the same for world markets. For example, there is talk of recession for some sectors for 2023. The sectors close to us have changed, there is talk that there will be a decrease in demand, but we see from at least the forecasts and data we have seen so far that agriculture will also be positively differentiated from other automotive derivative vehicles in export markets. Therefore, we do not foresee that there will be a new demand problem both in Europe and Turkey. I will stop here. I won't comment on election. Let me leave the hard question about liquidity to Federico, but in general, it is not on our agenda right now, at least as of today.

Federico, would you like to add any comment about the last question specifically but for all the questions also? About the liquidity.

**Federico P.** : Yes, I mean you have seen a lot of cash flows, you are generating cash from operations. We have raised 1.9 billion in new loans. So, we are raising liquidity in order to be protected for the next year. You might have read the news on programmed new bond. So, it is an issue about the fourth quarter for half a billion TL. So, we are going to be prepared for all the commitments that are in front of us.

**Aykut Ö. (Translated from Turkish):** Okay. Federico, sorry the question is basically more about the stocks liquidity actually.

**Kamer K. (Translated from Turkish):** It's related with trading liquidity.

**Federico P.** : Okay. We all know the capital market, so of course we are having difficulty finding loans. But we have been looking for loans all over the last quarter. We have opened new lines wherever we find the final opportunity. Even small lines, 50 million, 100 million. The key decision is making things a little bit more difficult to gather liquidity. We are in the parameter we are following everything close. So that said, we don't expect any issue in front of us. We are managing it.



**Aykut Ö. (Translated from Turkish):** Kamer, let me answer your question again, at least it is not on our agenda. I don't know what will happen next. But not for today.

**Ahmet D. (Translated from Turkish):** He must know that it wasn't on your agenda, I think he was just trying his luck.

**Kamer K. (Translated from Turkish):** Either that or it has to be done in the general assembly. Maybe it's not from you, maybe you're demanding it too. This is a bit of a holding situation, of course, but as the funds grow, especially when we talk to friends who manage foreign funds, they actually like the company very much. The number of institutions may increase more, but since the number they have is very high, it is really difficult to invest a little trade opportunity. I just wanted to point out.

**Ahmet D. (Translated from Turkish):** There is one more question, Mr. Aytunç?

**Aytunç U. (Translated from Turkish):** Hello. First of all, congratulations for the strong results. In 2022, unit turnover in Euro prices remained high. There are Tier 4 and Tier 5 transitions next year. But it was said that there was not much difference between Tier 4 and Tier 5. Therefore, I don't think there won't be a 10-15 percent price increase or cost increase, whatever you call it, due to the engine change in 2023, as it was this year. But is it reasonable to expect prices to normalize downwards per unit turnover in 2023?

**Aykut Ö. (Translated from Turkish):** It is a very difficult question that I will try to answer. The reason I say it's hard is that we actually sold Tier 4 for the first 6 months, mainly the first 5 months, this year. Then we quickly returned to Tier 3 at the minor level. So, it's been a mixed year. When commenting on the average year basis, we were disclaiming first. Because this year, it was not just Tier 4, not Tier 3, but a completely mixed year. But in summary, there will not be a major transition between Tier 4 and Tier 5. We do not expect price and cost increase. Next year will be a different year in terms of emissions. Tier 3 will also be produced due to the rights provided by the Ministry of Industry. We also have a significant amount about this, because we are applied for a production number and it got approved. Tier 3 will be produced. Tier 4 will be produced. Tier 4 has already been passed to Tier 5 because none of the local manufacturers except us have done anything about changing emission level. We will also produce Tier 4. Also, as per the calendar, Tier 5s will be produced as the products grow. Therefore, in general terms, it is difficult to say that the unit price of tractor will increase or decrease in dollar or euro terms. Because it's going to be a combination of all three. Tier 3 and Tier 4 production will be higher in the first 6 months and there will no longer be Tier 3 production in the last 6 months. According to today's plan, it will be Tier 5. If we think more clearly about the effect you mentioned, revenues on a unit basis will be more settled in 2024. Because I predict that we will feel the full transition from Tier 3 to Tier 5 between 2021-24 and towards 2024. It has risen and now because since we sold Tier 4 earlier this year, there will be an increase of between 15 and 20 percent there. Let me give a wide range between the year 2021 when we sold Tier 3 and the year, we will pass to Tier 5 completely. There will be increases ranging from 15-25 on a unit basis in the tractor. I'm sorry I gave such a mixed answer, but I've really been an automotive professional for 30 years, I have never seen a period where we had difficulties in planning because of the emission programs that were announced 6 months later, which were contradictory at the same time. Therefore, we will be producing and selling three emission levels in the same year. That's why I hesitated to comment.

**Ahmet D. (Translated from Turkish):** Thank you. If you have a question, you can raise your hand. If there are no questions, we can end the session. We can end it, Mr. Aykut.

**Aykut Ö. (Translated from Turkish):** Thanks everyone. Thank you very much for your time in the evening. I hope we can do it again next year like February, we will come together again. Hopefully, we will close this year successfully as we planned. Thank you all so much for participating. Federico, would you like to add any comments? Ahmet or Meriç?

**Federico P. :** Thank you very much. Have a good day.

**Ahmet D. (Translated from Turkish):** Thank you very much, have a good evening.