

# TürkTraktör

Investor Presentation  
August 2021





# 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 m<sup>2</sup>



### Erenler Plant

Paintshop and assembly  
processes

Opening : 17.06.2014

Total Area : 402,162 m<sup>2</sup>

### Ankara CE Facility

Total Area : 9,748 m<sup>2</sup>



### İzmir CE Facility

Opening : 18.09.2014

Total Area : 6,396 m<sup>2</sup>



### Akyurt – Ankara Warehouse

Opening : 01.04.2010

Total Area : 20,820 m<sup>2</sup>

## Shareholder Structure



**Koç Holding A.Ş.**

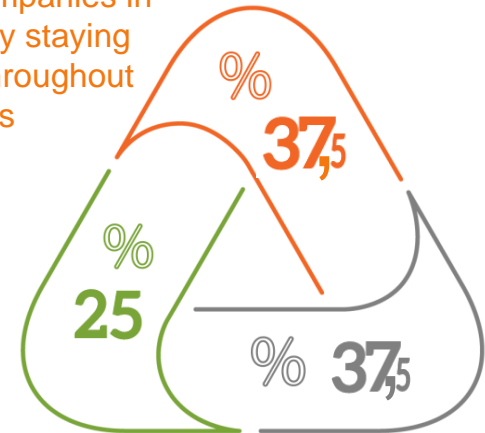
Founded in 1926, Koç Holding has become not only one of the largest and most successful groups of companies in Turkey but also in Europe, by staying one step ahead of change throughout its journey of 95 years



**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 **2,799** employees of which  
**2,154** are shop-floor employee  
and  
**645** are office employee\*



\*as of 31.03.2021

## 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 m<sup>2</sup>** 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  
**191** active patents\*

**149** R&D Center employees of which  
**120** are researchers\*

\*as of 31.03.2021



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 14 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 lines
    - Construction Equipment
- (Started to produce TLB (Backhoe Loader) locally in January 2020)**
- Agricultural Equipment

03

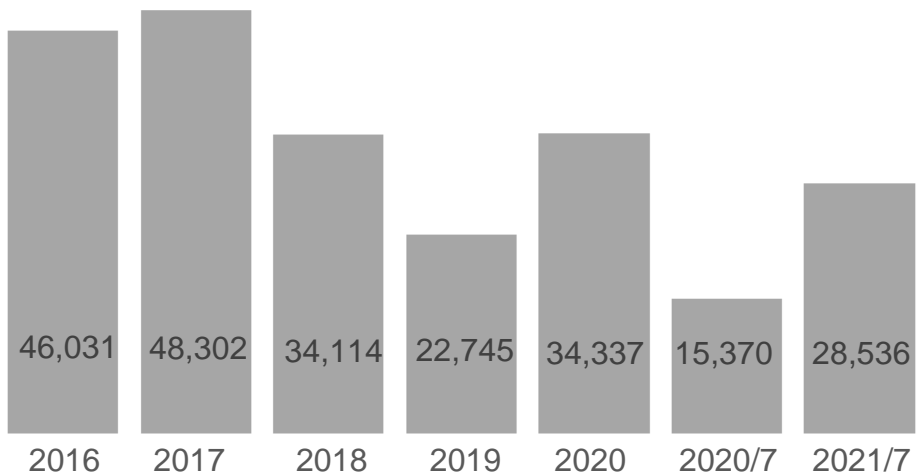


### Good shareholder returns

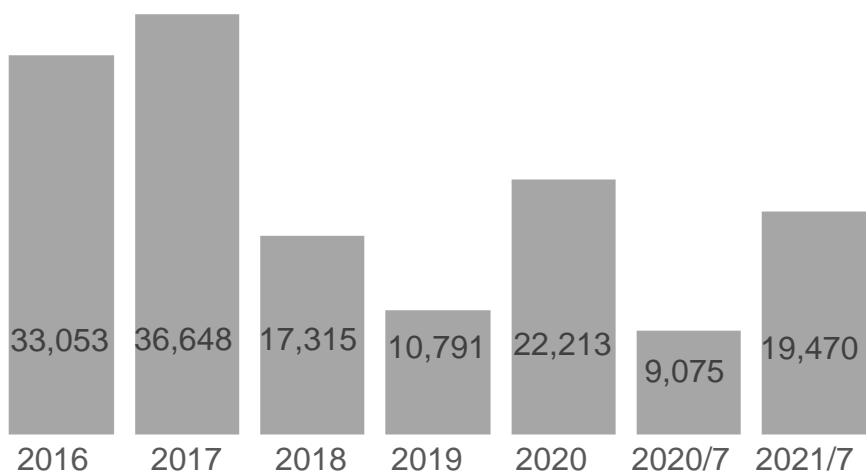
- Given priority to maintain and to grow profitability
- Sustainable dividend policy  
Total TL 3.4 billion was distributed as dividend to the shareholders between 2004 - 2021
- Successful, profitable operation



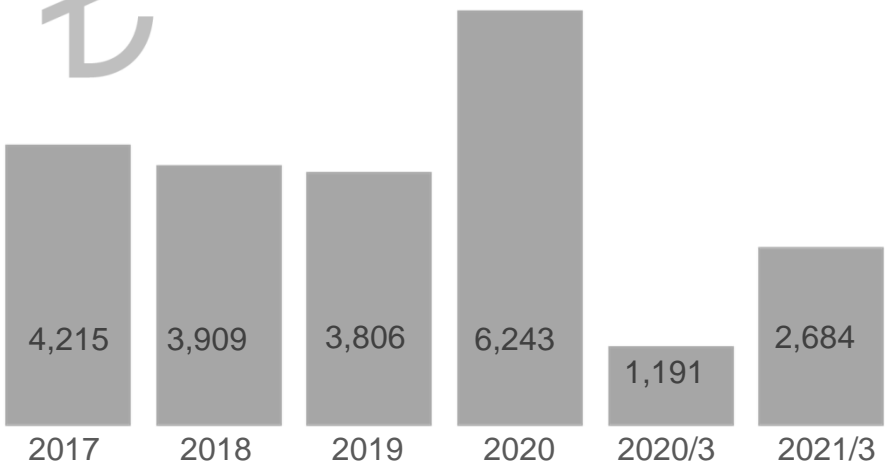
Tractor Manufacturing Units



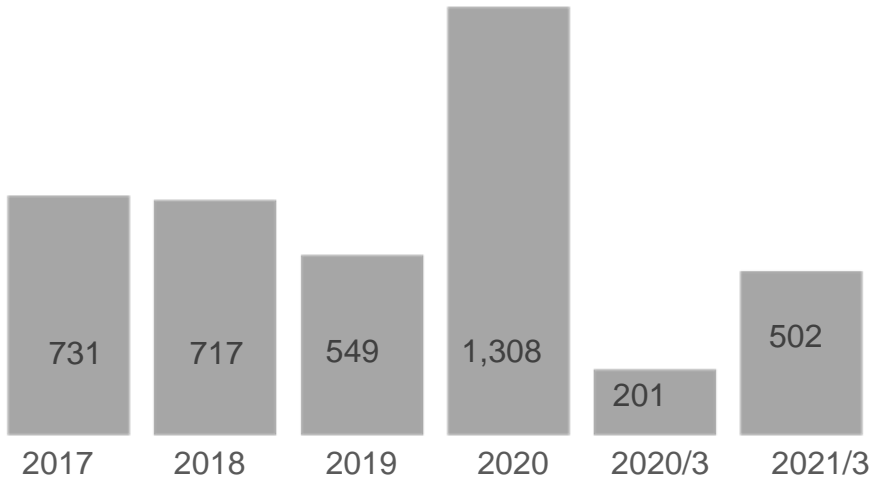
Local Tractor Sales Units\*



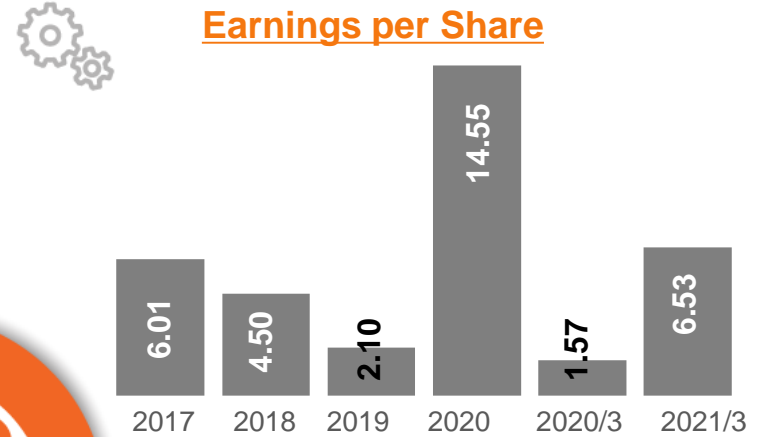
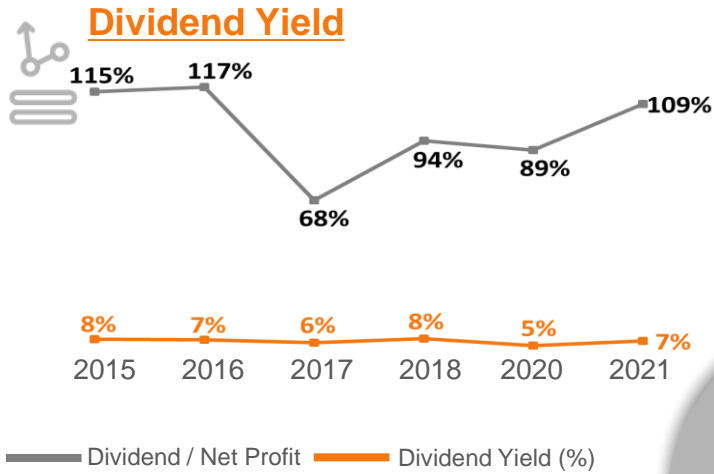
Total Revenue (mio TL)



Gross Profit (mio TL)



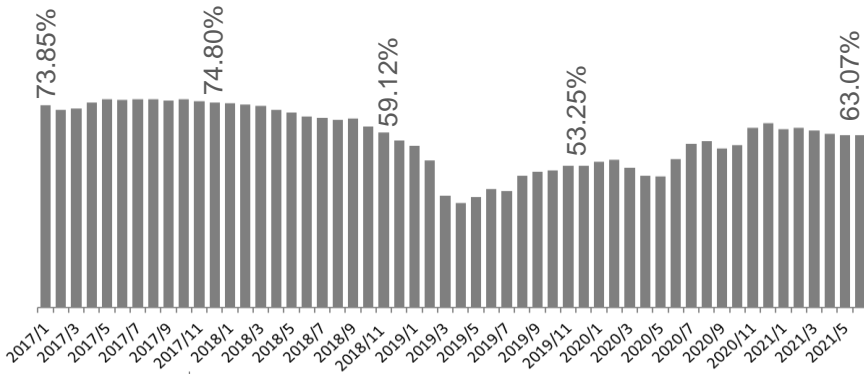
# Growth of Shareholder Value



**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 (48HP-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 Brands

\*Market leader for 14 years in a row

\* 45.7%\* market share

\*The largest dealer network

\*Full territory coverage

\*Wide customer portfolio



\*Targeting professional farmers

\* 9.2%\* market share



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

\*Heavy line products are sold directly by CASE sales team

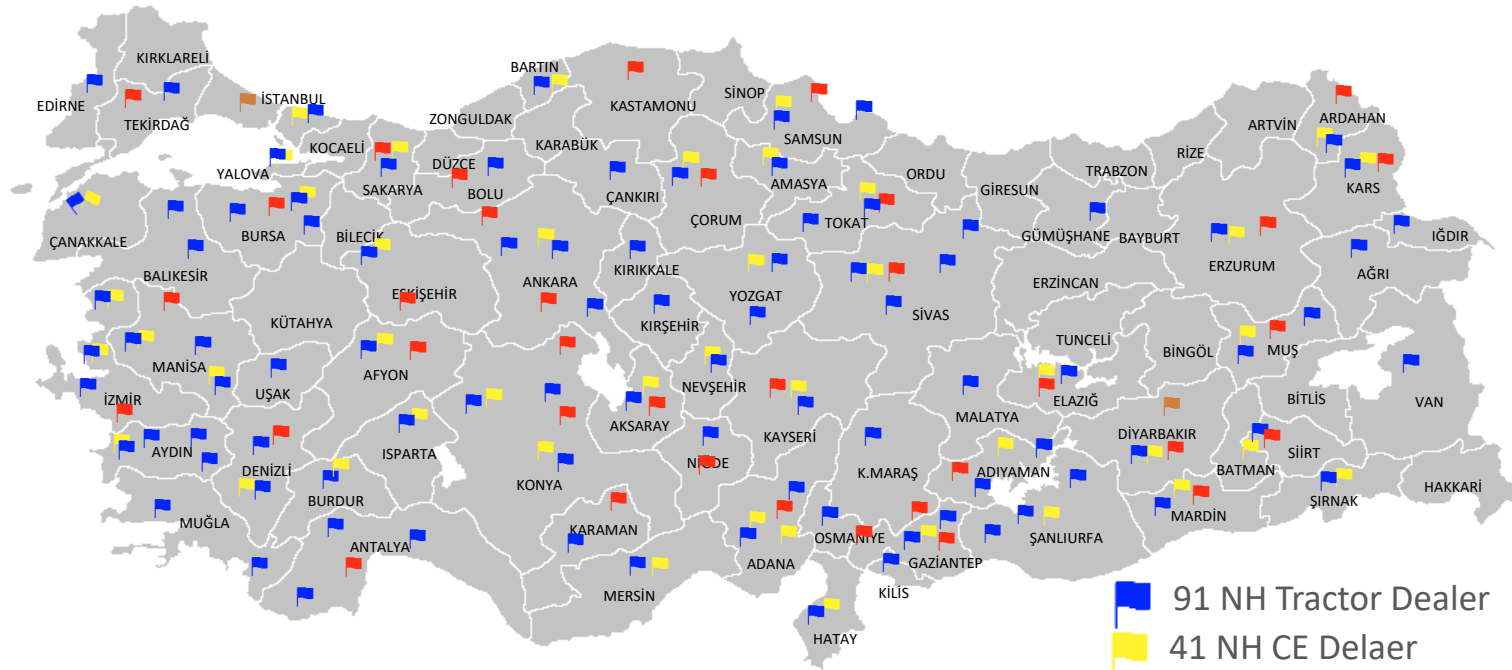


\* According to TURKSTAT Traffic Registration data of 6M 2021



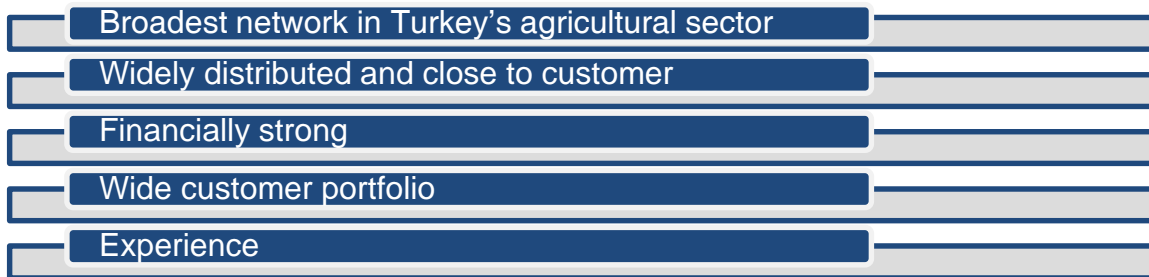


## Network at a Glance



- 91 NH Tractor Dealer
- 41 NH CE Dealer
- 37 CASE IH Tractor Dealer
- 2 CASE CE Dealer

## Our Strengths in Network



**~500** services\*

(NH and CASE IH)

**~150** spare part dealers\*

(NH and CASE IH)

\*as of 31.03.2021



## ► Turkey's Agriculture Sector with Numbers

10<sup>th</sup>

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

1<sup>st</sup>

Turkey's agricultural economy in Europe  
(2019 numbers)

6.5%

share of the agricultural industry over the GDP  
(2021 1Q\*)

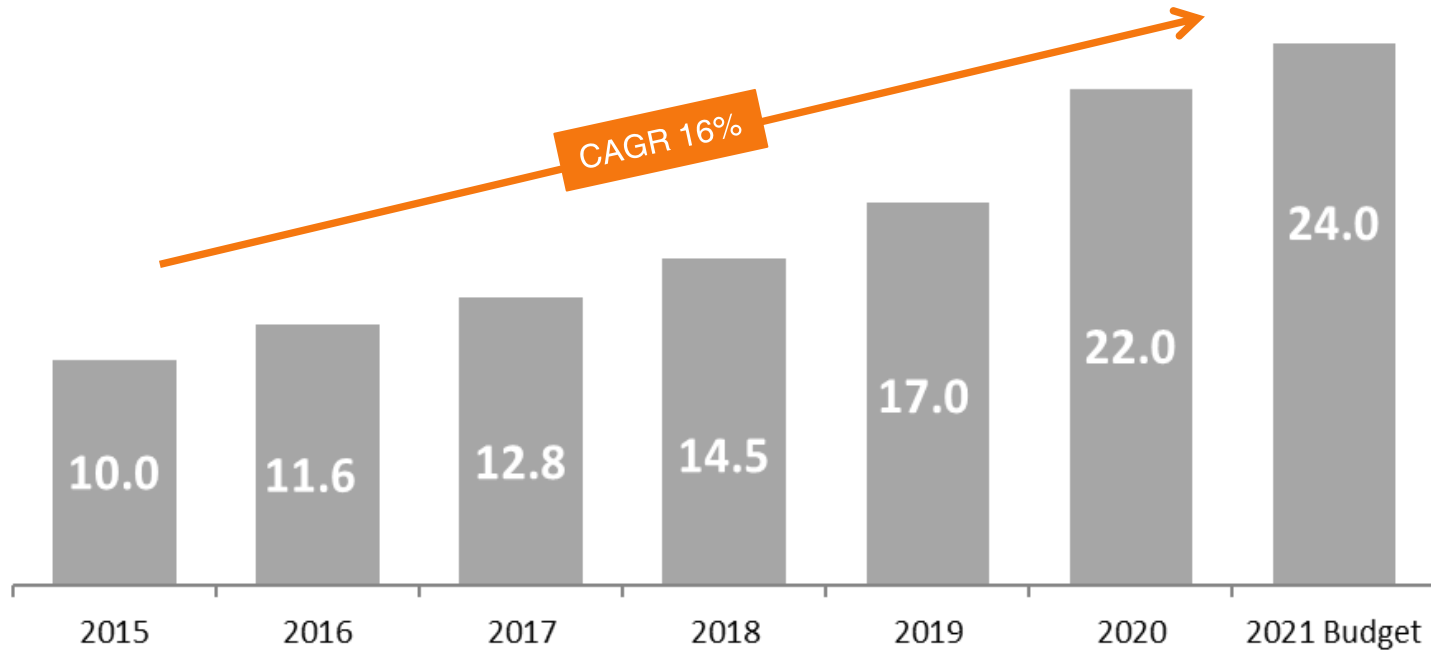
18.0%

share in the total employment  
(2021 April)



\*12 months average

## Government Support in Turkey (billion TL)



It has been announced that the government has allocated  
**24.0 billion TL** for agriculture support in 2021.

# Supports Provided within the scope of Agricultural Policies

(source: [www.sbb.gov.tr](http://www.sbb.gov.tr))

Breakdown of resources allocated to agriculture in 2021 budget has been announced as 24.0 billion TL **(9% increase)** for agricultural support, 12.1 billion TL **(137% increase)** for investment loans and 8.3 billion TL **(32% increase)** for agricultural loans.

## Breakdown of Agricultural Support Budget (mio TL)

Agricultural Supports	2018	2019	2020	%	2021B	%	Change 2020 - 2021B
Area Based Agricultural Supports	3,852	4,439	5,287	24.1	5,199	21.7	-1.7%
- Fuel	1,900	2,390	2,901	13.2	2,724	11.4	-6.1%
- Fertilizer	553	566	840	3.8	788	3.3	-6.2%
Compensatory Payment	201	264	307	1.4	307	1.3	0%
Deficiency Payment	3,623	4,590	5,842	26.6	5,915	24.6	1.2%
Livestock Support Payment	3,832	4,693	6,862	31.2	6,304	26.3	-8.1%
Rural Development Support	1,397	1,063	1,436	6.5	1,750	7.3	21.9%
Agricultural Insurance	1,061	1,019	1,140	5.2	1,250	5.2	9.6%
Other Agricultural Supports	587	904	1,095	5.0	1,275	5.3	16.4%
Additional Reserves	0	0	0		2,000	8.3	
<b>Total</b>	<b>14,553</b>	<b>16,972</b>	<b>21,969</b>		<b>24,000</b>		<b>9.2%</b>



## 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

- Interests are Subsidized at **25%** for imported tractors and if the tractor is locally produced Interests are Subsidized at **50%**.
- Ziraat Bank decreased its base interest rate to 9% from 12% in January 2020.
- Ziraat Bank increased its base interest rate to 17% from 9% in January 2021.
- Subsidy levels remained the same.

**will be effective between  
01.01.2020 – 31.12.2022**

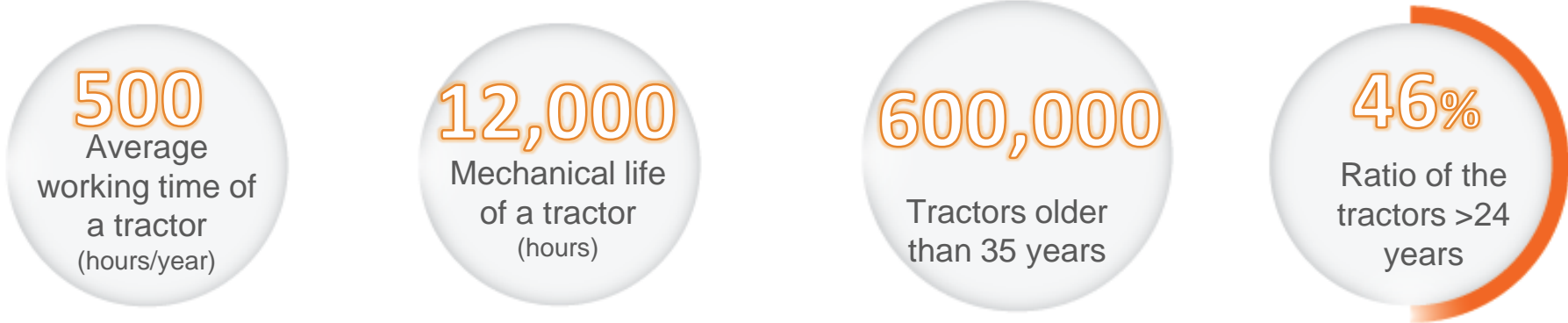
Agricultural Equipment Loan - Credit limit 2,500,000 TL  
Subsidy for loan interest is **50%**  
Subsidy for loan interest for locally produced equipment **75%**

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%**



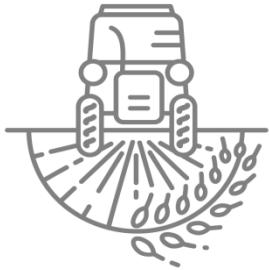
- First in Turkish agriculture sector
- Aimed to enable farmers to have new tractors through the alternative financial solution and to support the increase of mechanization and modernization of agriculture
- Covers tractor, equipment and construction equipment businesses
- All transactions are completed 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 2020 9% of local sales have been done through TT Finance



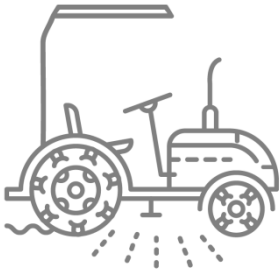


Average Farm Size(Ha)

Average Tractor Power (HP)



Turkey	EU
7.6	16.6



Turkey	EU
65+	100+



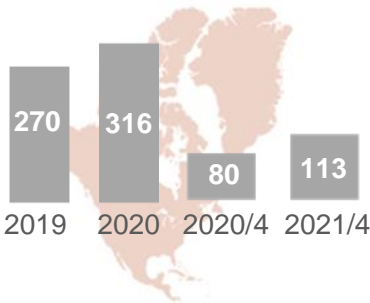
Affected Product <sup>2</sup>	Regulation	Affected Products <sup>2</sup>	Current Validity Date	2021				2022			
				1	2	3	4	1	2	3	4
Tractor	TMR	All Models	1-Jul-21		★→✓						
Tractor	Emission (Tier 4)	50< P <75 HP	1-Jul-21		★→✓						
Tractor	Emission (Tier 4)	75< P <150 HP	1-Oct-21			✓					
Tractor	Emission (Tier 5)	All HP's	1-Jan-23								✓
Combine	Emission (Tier 5)	All HP's	1-Oct-22							✓	
Construction Equipment	Emission (Tier 5)	All HP's	1-Oct-22							✓	

- For tractors with engines between 50-75 HP, the Tier 4 transition date was changed from 01.04.2021 to 01.07.2021 and production with Tier 3 engine was allowed under the 80% flexibility plan during Tier 4 emission period (until 1.1.2023).
- For tractors between 75-150HP, production with Tier 3 engine is allowed within the scope of the 80% flexibility plan during the Tier 4 emission period (until 1.1.2023). There was no change in the transition date and it remained as 01.10.2021.
- The maximum number of Tier 3 that can be produced** in total during the transition period will be 80% of the sales average of the 5 years before the transition date.
- Tier 5 emission transition at all HP's is determined as 01.01.2023.
- There has been no change for Construction Equipment and Combine. Planned Tier 5 transition date continues as 01.10.2022.

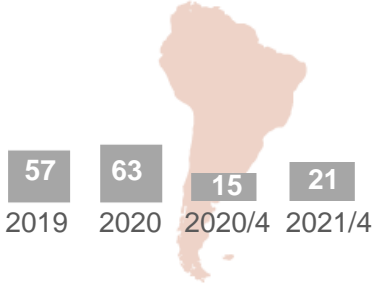


Turkey was the **4th biggest** tractor market in the world in the 2021/4

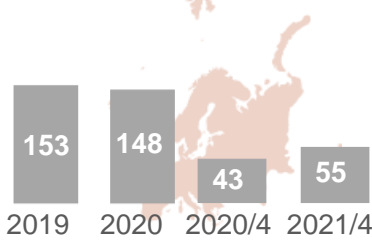
## North America



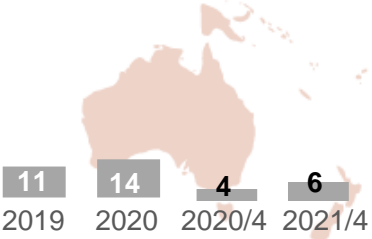
## South America\*



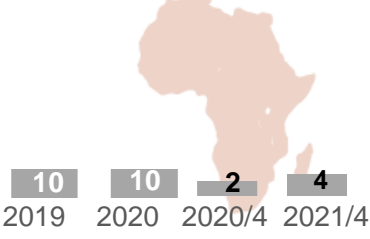
## Europe



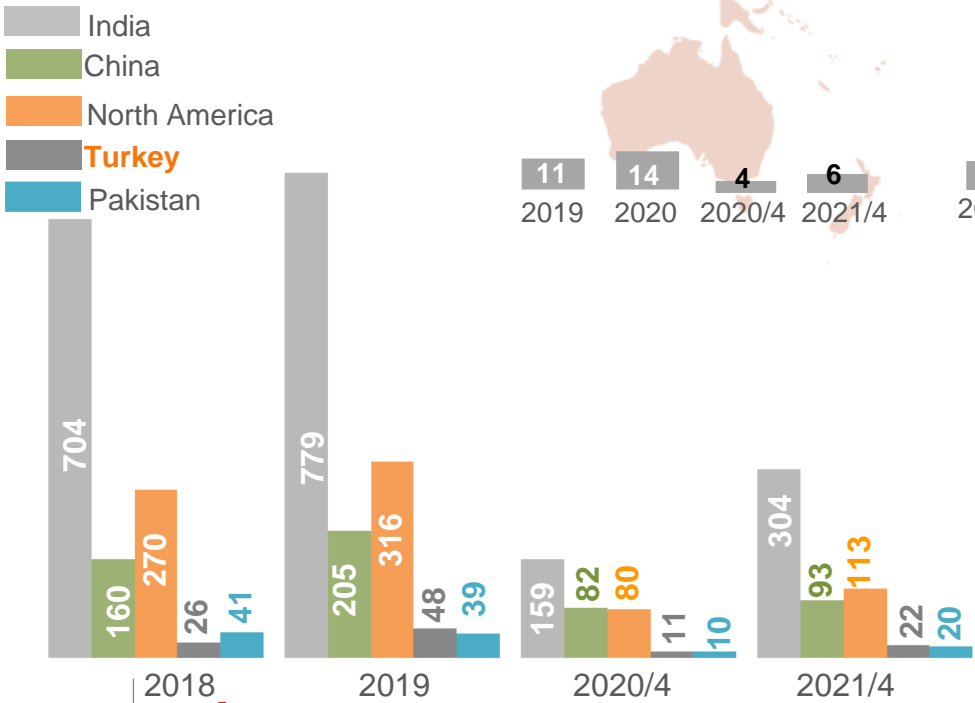
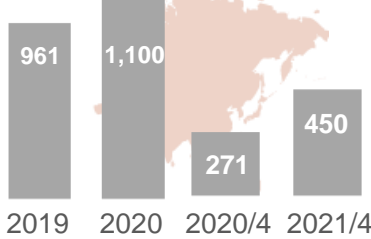
## Australia



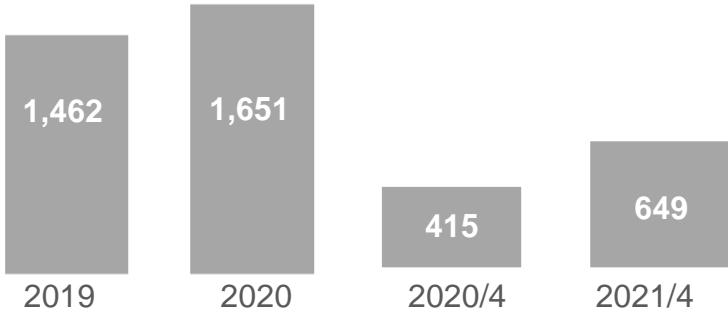
## Africa



## Asia

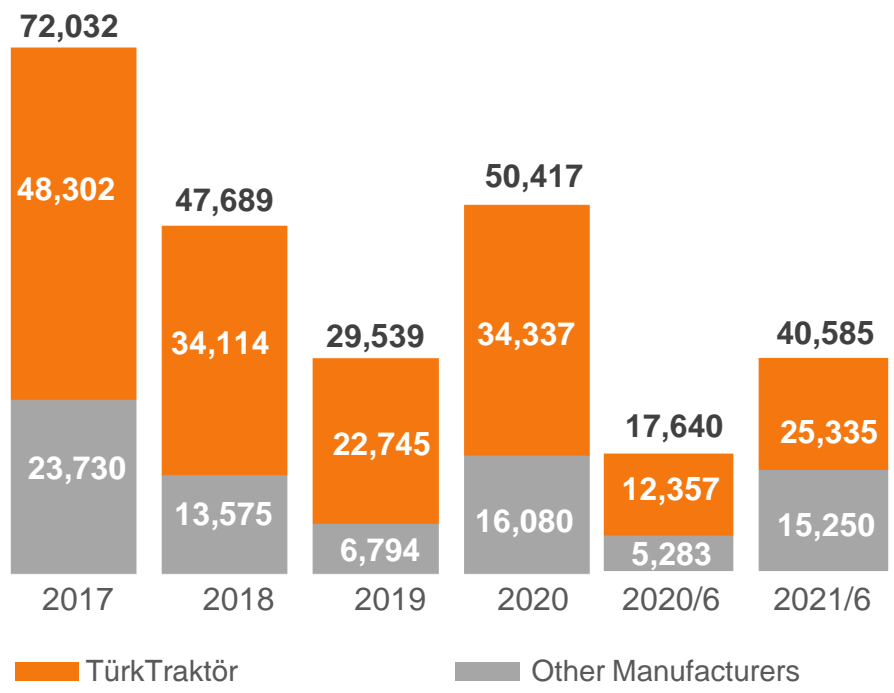


## Global Tractor Market (thousand unit)

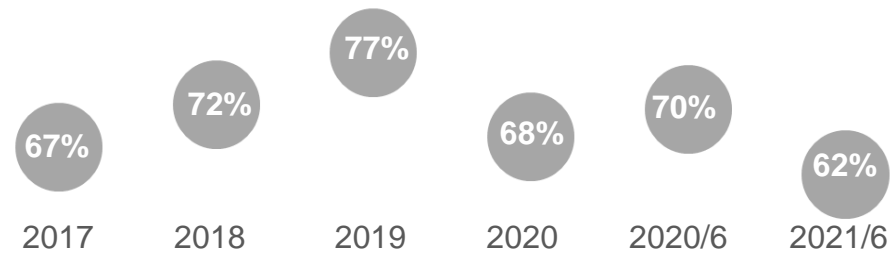


## Tractor Production (units)

Source : Tarmakbir

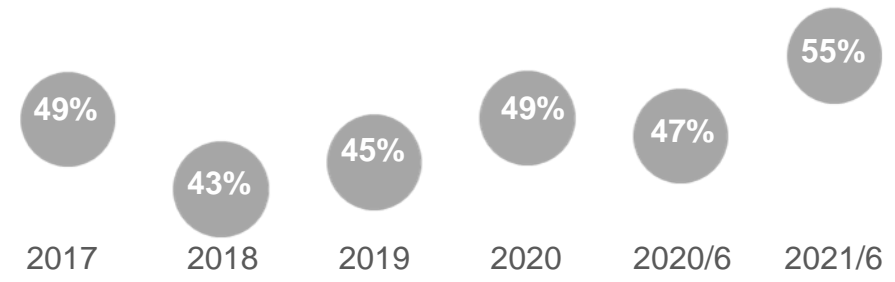


## TürkTraktör Share in Local Production



## Market Share of TürkTraktör

Source : TÜİK

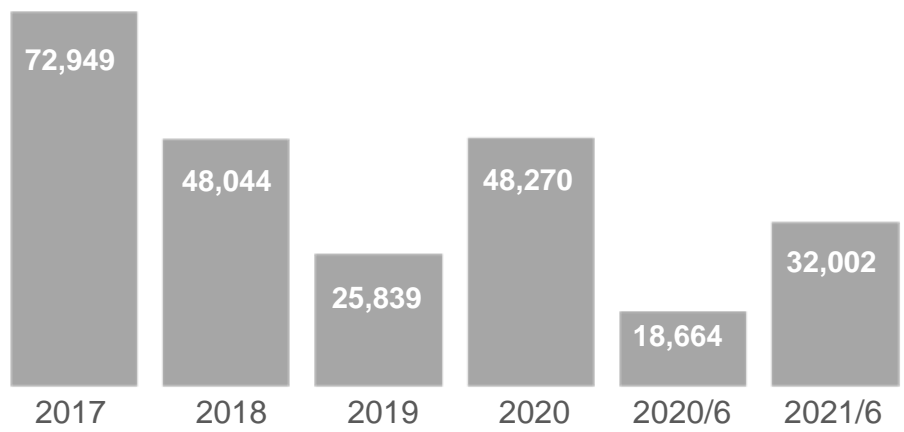


TürkTraktör covers 62% of the total production in Turkey where 40,585 tractors were manufactured in 2021/6.

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

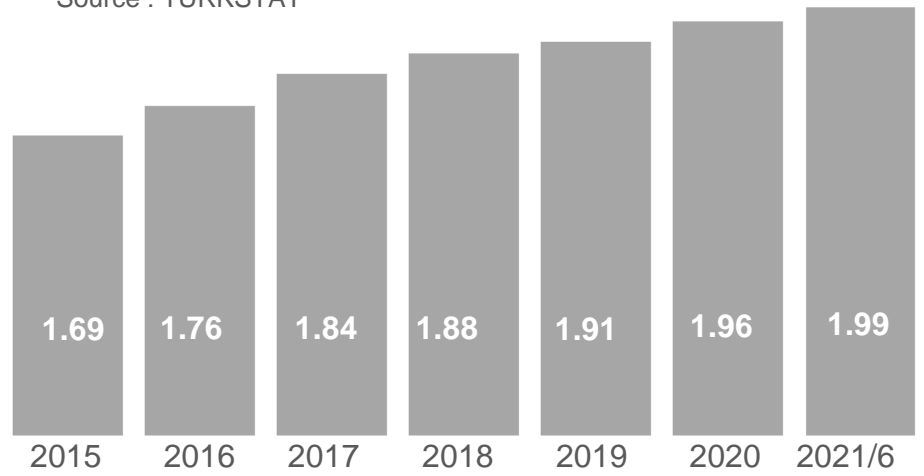
**Turkish Tractor Market** (units)

Source : TURKSTAT



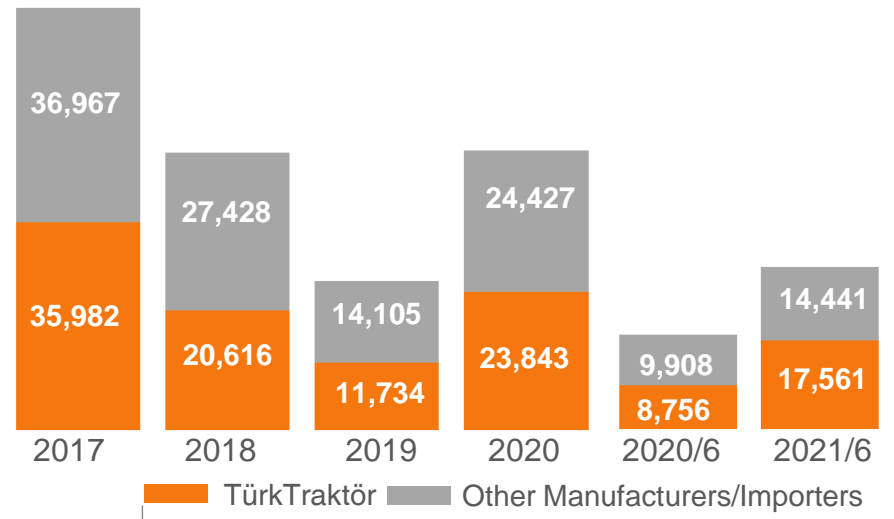
**Tractor Park in Turkey** (mio units)

Source : TURKSTAT



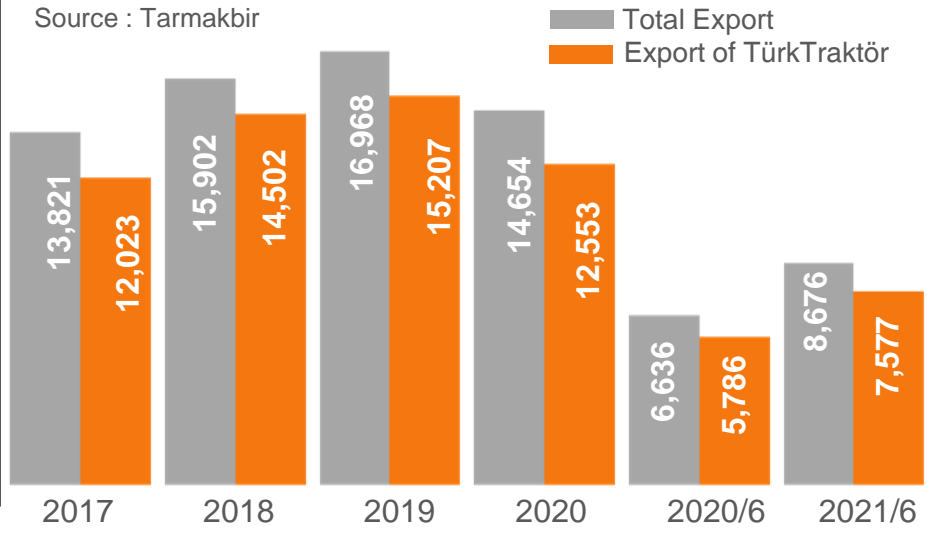
**Turkish Tractor Market** (units)

Source : TURKSTAT

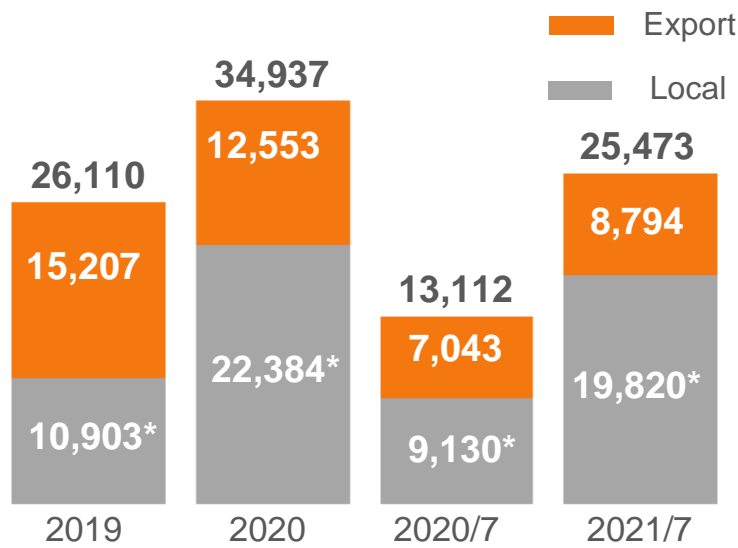


**Tractor Export from Turkey** (units)

Source : Tarmakbir



Tractor Sales (units)

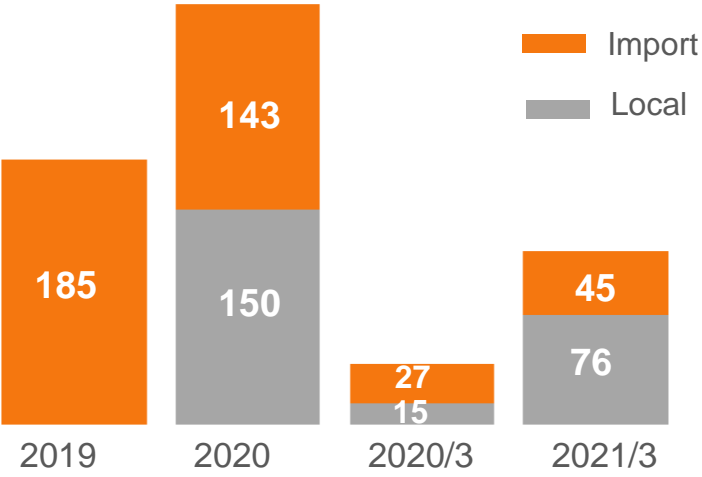


\*Domestic tractor sales increased by 117% in 2021/7 YoY.

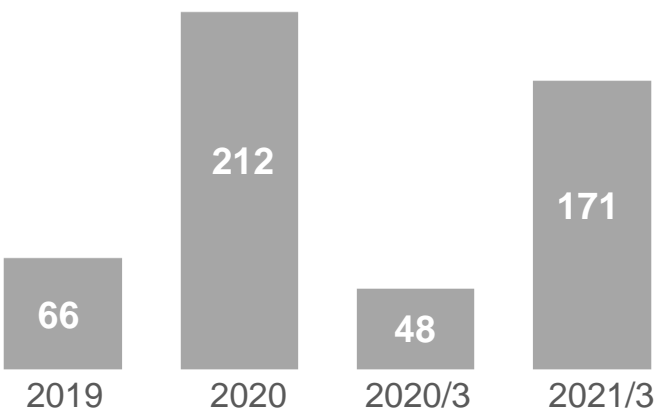
\*In 2021/7 export tractor sales increased by 25% comparing to 2020/7.



Construction Equipment Sales (units)



Combine Sales (units)

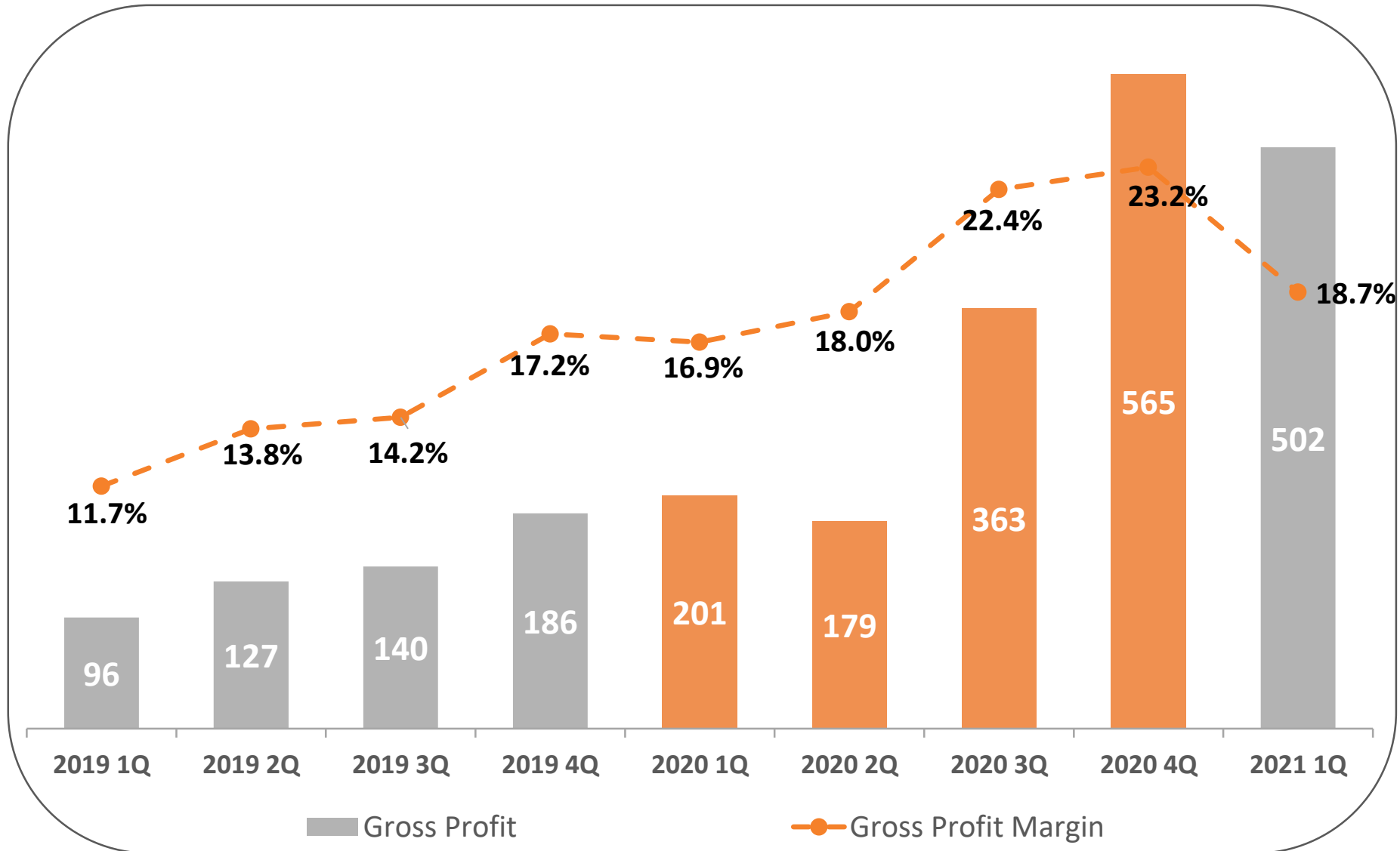


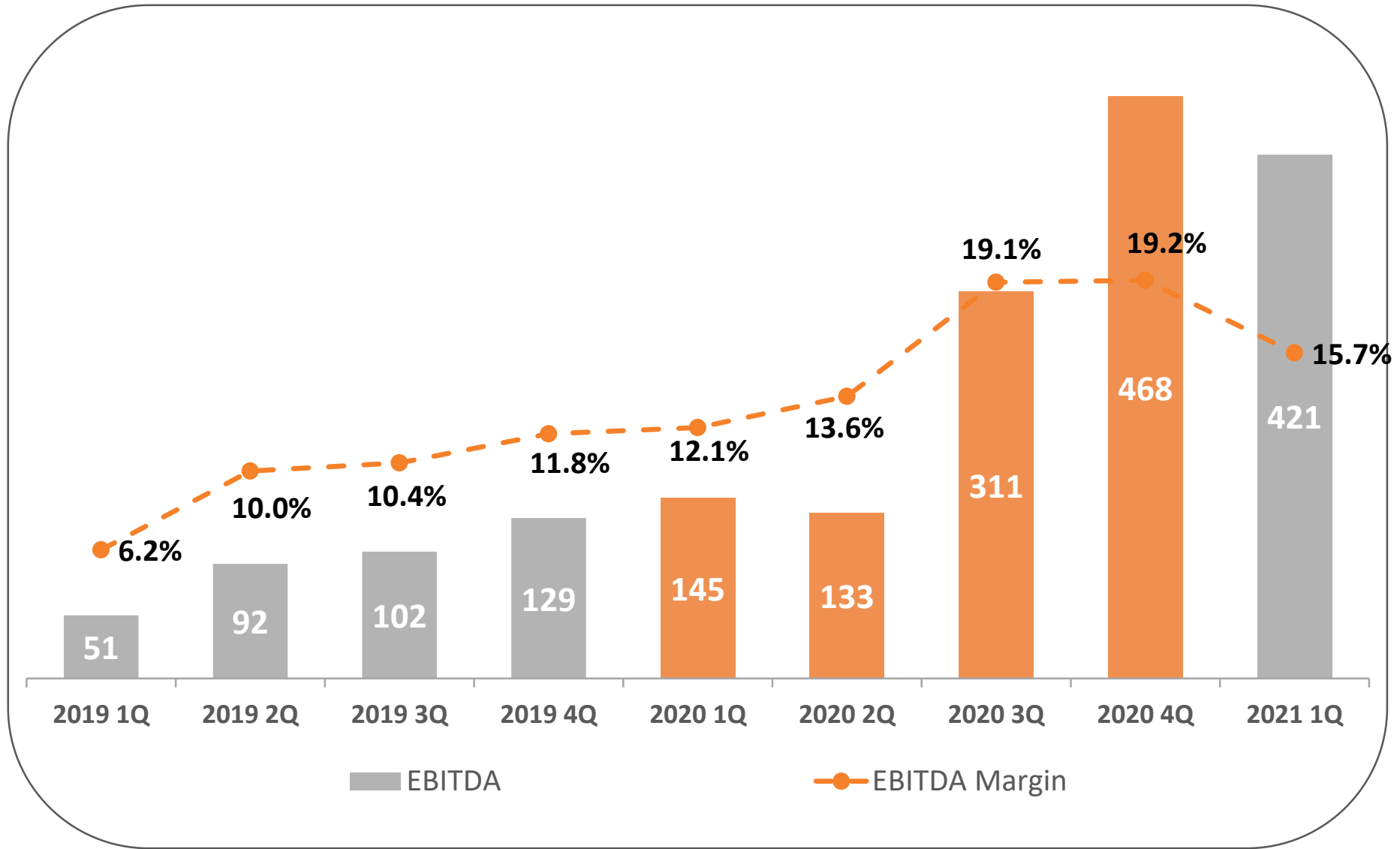


# Operational Results

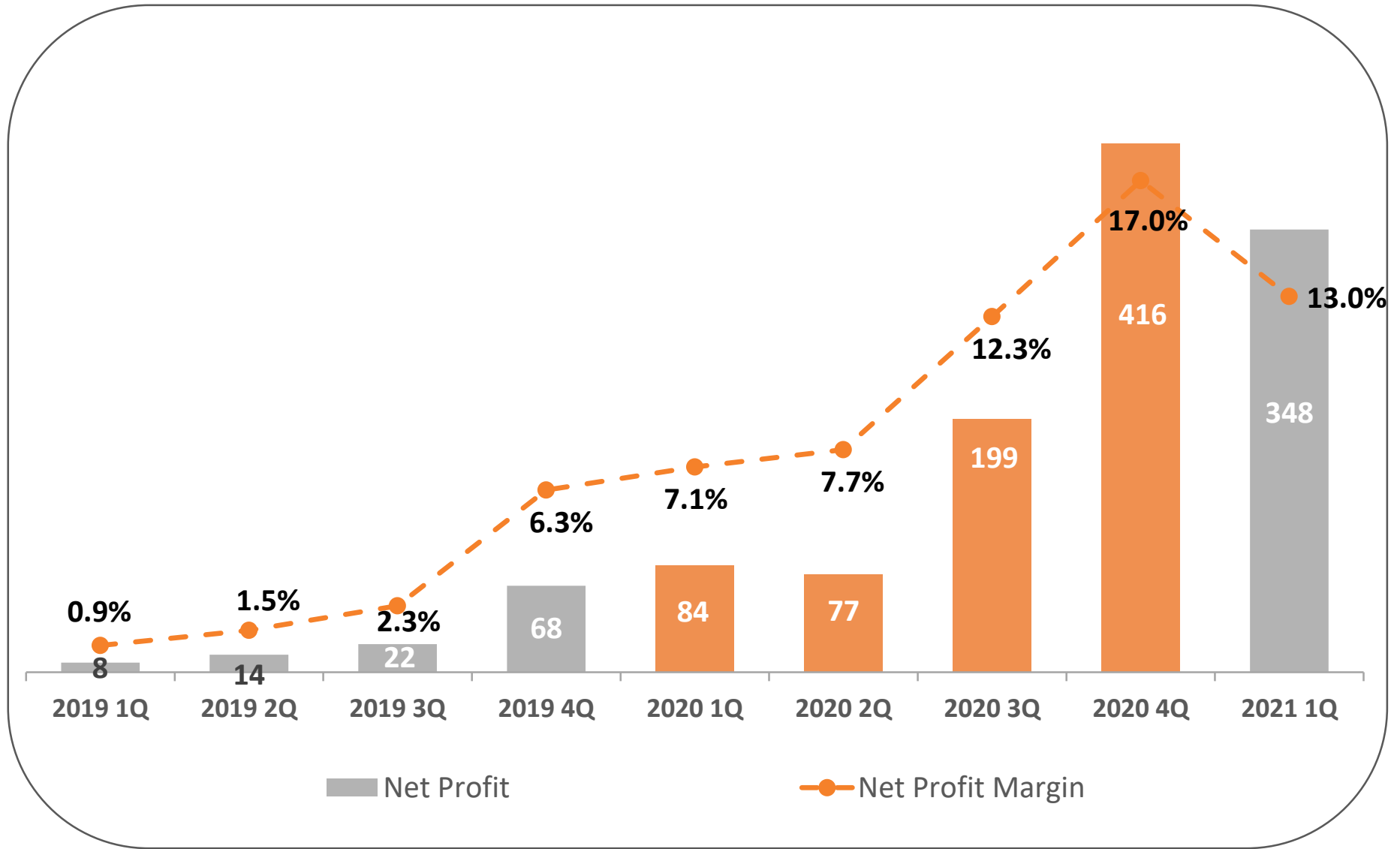
# Income Statement

	2019	2020	2020/3	2021/3	Change
- Domestic Sales	1,648	3,930	662	1,952	195%
- Export Sales	2,158	2,313	529	732	38%
<b>Total Sales Revenue</b>	<b>3,806</b>	<b>6,243</b>	<b>1,191</b>	<b>2,684</b>	<b>125%</b>
<b>Gross Profit</b>	<b>549</b> 14.4%	<b>1,308</b> 21.0%	<b>201</b> 16.9%	<b>502</b> 18.7%	<b>149%</b> 1.8 pp
<b>Net Operating Income</b>	<b>248</b> 6.5%	<b>928</b> 14.9%	<b>110</b> 9.3%	<b>382</b> 14.2%	<b>246%</b> 4,9 pp
<b>Profit Before Tax</b>	<b>109</b> 2.9%	<b>874</b> 14.0%	<b>82</b> 6.9%	<b>421</b> 15.7%	<b>413%</b> 8.8 pp
<b>Net Income</b>	<b>112</b> 2.9%	<b>776</b> 12.4%	<b>84</b> 7.1%	<b>348</b> 13.0%	<b>315%</b> 5.9 pp
<b>EBITDA</b>	<b>374</b> 9.8%	<b>1,057</b> 16.9%	<b>145</b> 12.1%	<b>421</b> 15.7%	<b>191%</b> 3.6 pp





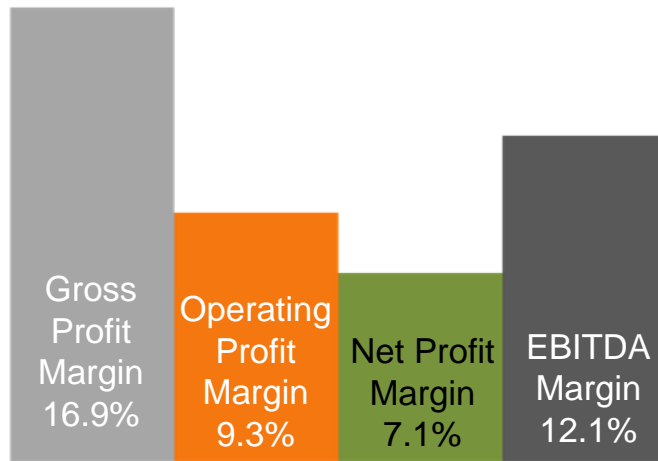




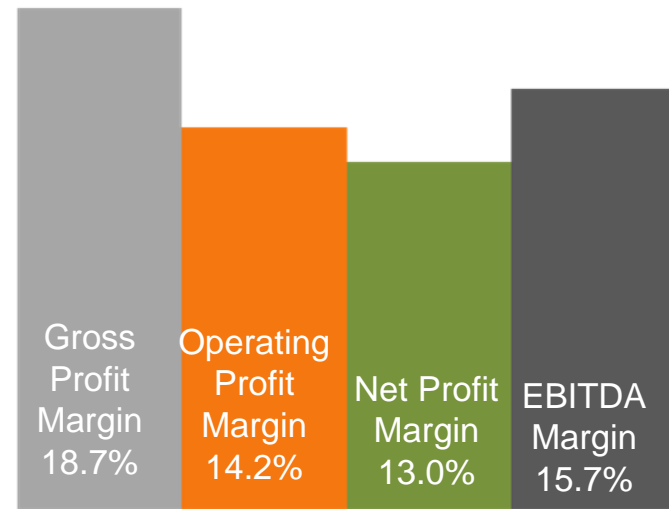


# Profitability

(%)	2019	2020	2020/3	2021/3	Δ
Gross Profit Margin	14.4	21.0	16.9	18.7	1.8 pp
Operating Profit Margin	6.5	14.9	9.3	14.2	4.9 pp
Net Profit Margin	2.9	12.4	7.1	13.0	5.9 pp
EBITDA Margin	9.8	16.9	12.1	15.7	3.6 pp



2020/3

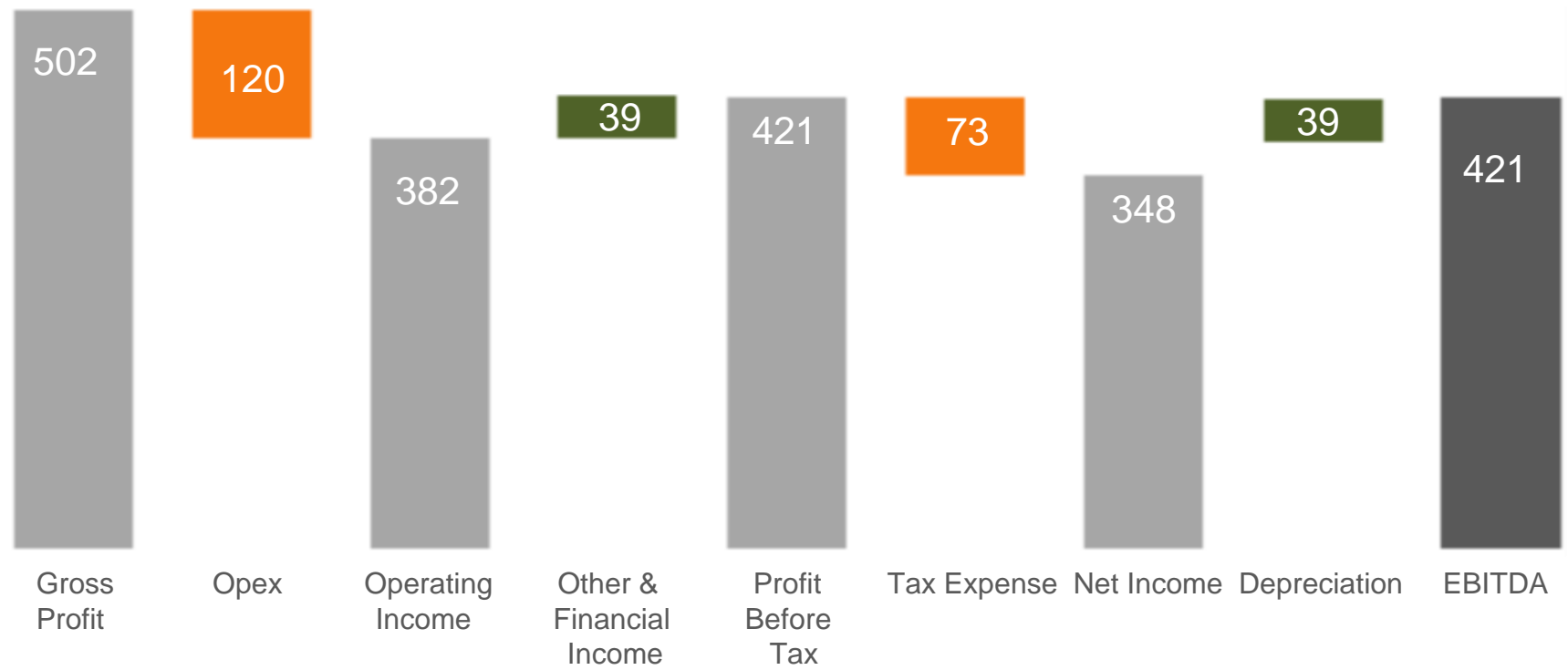


2021/3

# Gross Profit to EBITDA Flow (mio TL)



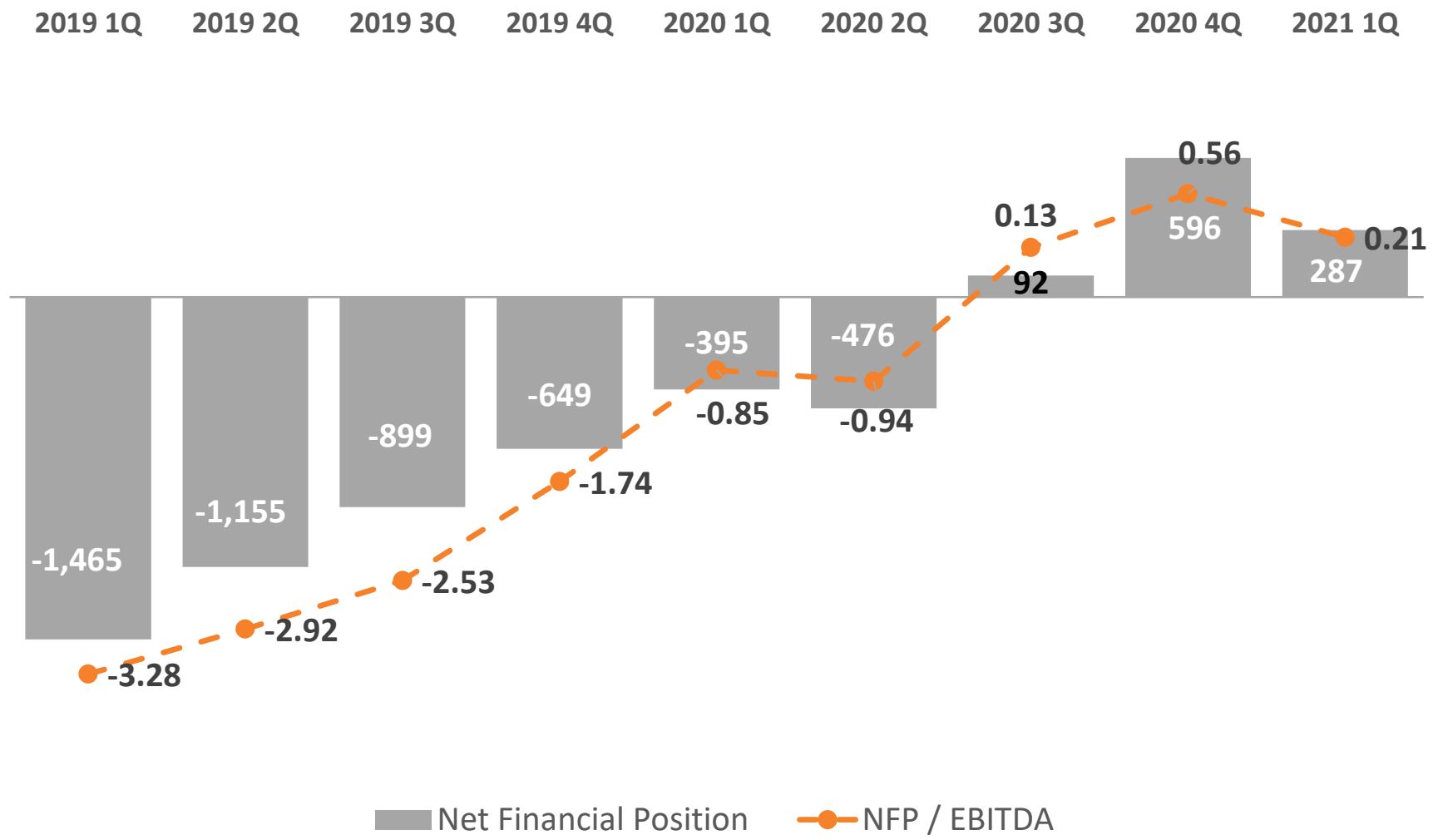
as of 31.03.2021



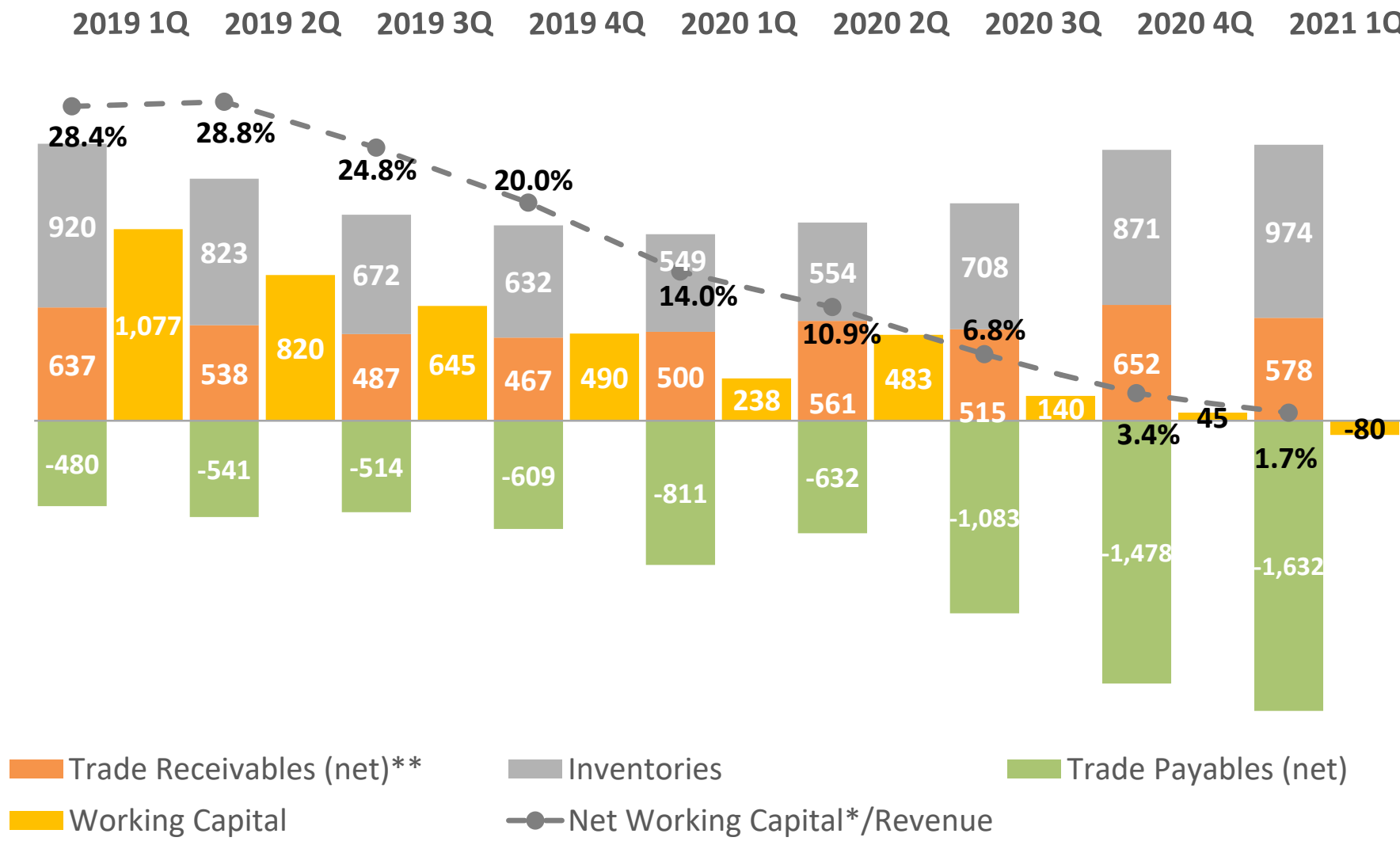
# Debt Profile & Financial Ratios

(mio TL)	2019	2020	2020/3	2021/3	Δ
- Cash & Cash Equivalents	747	1,890	1,120	1,521	36%
- Total Financial Debt	1,396	1,294	1,515	1,234	-19%
<b>Net Financial Position</b>	<b>(649)</b>	<b>596</b>	<b>(395)</b>	<b>287</b>	<b>NM</b>
Current Ratio	1.8	1.8	1.5	1.4	-1 pp
Quick Ratio	1.2	1.4	1.1	1.0	-1 pp
Current Assets / Total Assets	66%	80%	69%	78%	9 pp
Current Liabilities / Total Liabilities	37%	44%	48%	55%	7 pp
<b>Capex</b>	<b>143</b>	<b>135</b>	<b>26</b>	<b>30</b>	<b>15%</b>

# Net Financial Position / EBITDA



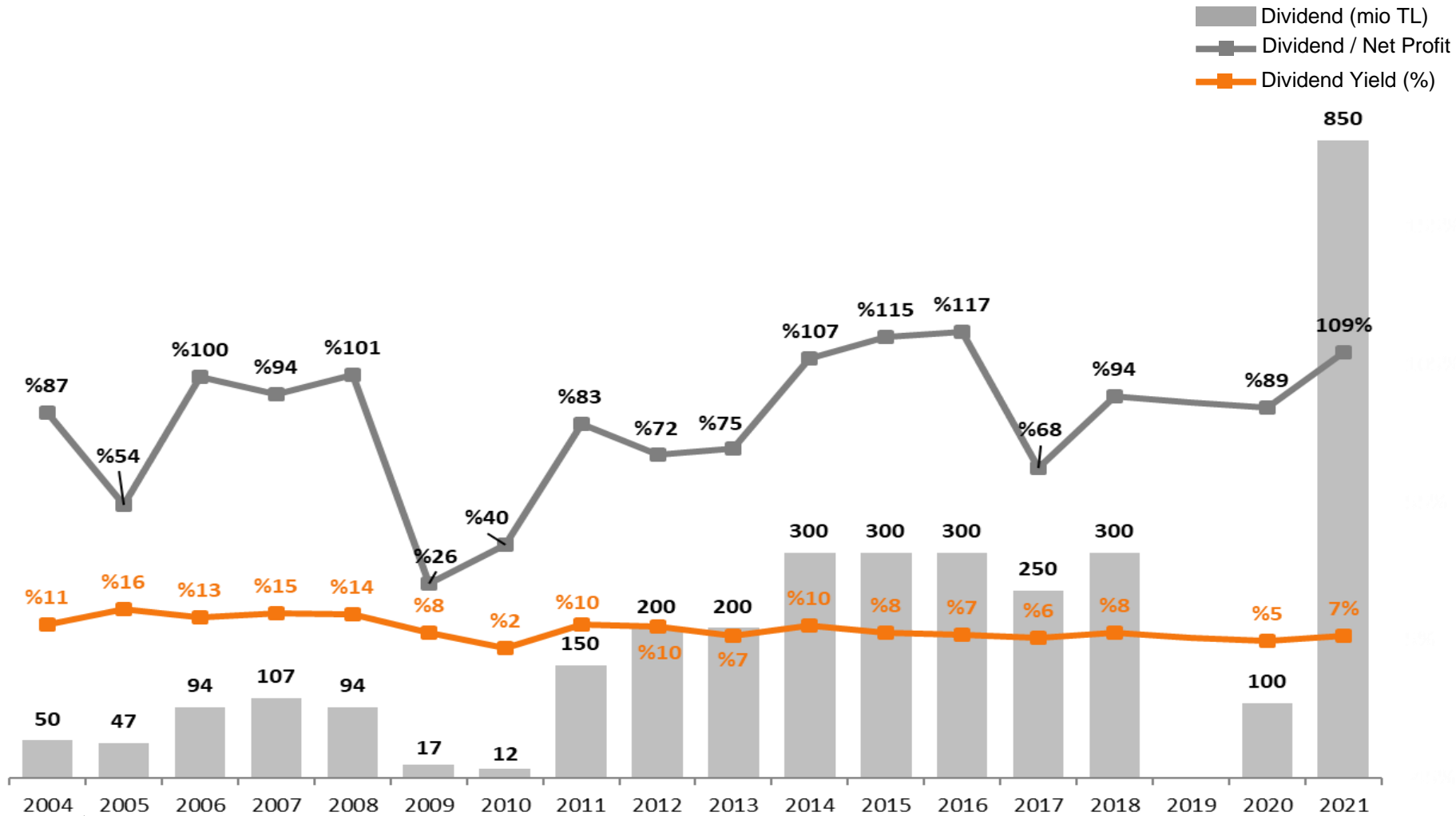
# Working Capital (mio TL)



\*12 Month Average  
\*\* Excluding Long-Term Receivables

# Dividend Payments

Total **TL 3.4 billion** was distributed as dividend to the shareholders between 2004 – 2021.



## Our expectations for the year 2021 are as follows.

Turkish Tractor Industry Volume 58,000 – 64,000 units

### TürkTraktör

Local Tractor Sales\* 29,000 – 32,500 units

Tractor Exports 14,250 – 15,750 units

CAPEX 250 – 320 million TL

\* Sales to the dealers included imported tractors

\*According to TURKSTAT's monthly reports, the market numbers realized above our expectations for the first three months of 2021, because of that our Turkish tractor market sales units expectations for 2021 increased to 58,000-64,000 units (previously 53,000-59,000 units) and in parallel with this our wholesale local tractor sales units expectations increased to 29,000-32,500 units (previously 26,000-29,500 units). In addition, after seeing recovery in our export markets, we increased our export tractor sales expectation for 2021 to 14,250-15,750 units (previously 13,500-15,000 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.

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



# Investor Relations Contact

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Ahmet DİNÇ

Investor Relations Team Leader

+90 312 2332502

[Ahmet.Dinc@turktraktor.com.tr](mailto:Ahmet.Dinc@turktraktor.com.tr)

Sıla AKÇAY

Investor Relations Leader Specialist

+90 312 2332504

[Sila.Akcay@turktraktor.com.tr](mailto:Sila.Akcay@turktraktor.com.tr)

[investorrelations@turktraktor.com.tr](mailto:investorrelations@turktraktor.com.tr)