



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT
OFFICE**

WHY INVEST IN TURKISH MACHINERY INDUSTRY?

November 2022

[INVEST.GOV.TR](https://invest.gov.tr)



AGENDA

1

Executive
Summary

2

Turkish Machinery
Industry Outlook

3

Growth Drivers
in Türkiye

4

Opportunities in Turkish
Machinery Industry

5

Success
Stories



TURKISH MACHINERY INDUSTRY?

1

EXECUTIVE SUMMARY

TÜRKİYE HAS A GROWING MACHINERY INDUSTRY OFFERING OPPORTUNITIES IN MANY AREAS...



FAVORABLE INVESTMENT ENVIRONMENT

- Strong macroeconomic growth with increasing income per capita and a burgeoning middle class
- Favorable demographics with a dynamic, young and skilled labor force supporting the industry
- Cost-competitive labor and energy prices
- Strong government support through manufacturing and R&D incentives



STRONG INTERNATIONAL PRESENCE

- Global machinery companies are present in Türkiye with significant manufacturing activities, using Türkiye as a hub to access regional markets
- Successful partnerships with local companies to grow in the region, capitalizing on locals' experience and networks



LUCRATIVE OPPORTUNITIES IN SUB-SECTORS

- World-scale domestic demand and strong industrial base offer ample opportunities in agricultural machinery, construction & mining machinery, energy equipment such as electric motors & turbines, food processing & packaging machinery, HVAC, lifting & handling equipment, metalworking & machine tooling, pumps & compressors, textile machinery



ROBUST GROWTH IN THE SECTOR

- Turkish machinery industry has been robustly growing over the past decade with approx. 5% CAGR
- Turkish machinery market is ranked 3rd largest sector in the Turkish manufacturing industry.
- Customer industries, such as plastic & rubber, automotive, construction, textiles and electrical machinery are robustly growing and therefore further supporting the growth of the machinery sector
- Export opportunities due to Türkiye's proximity to regional markets

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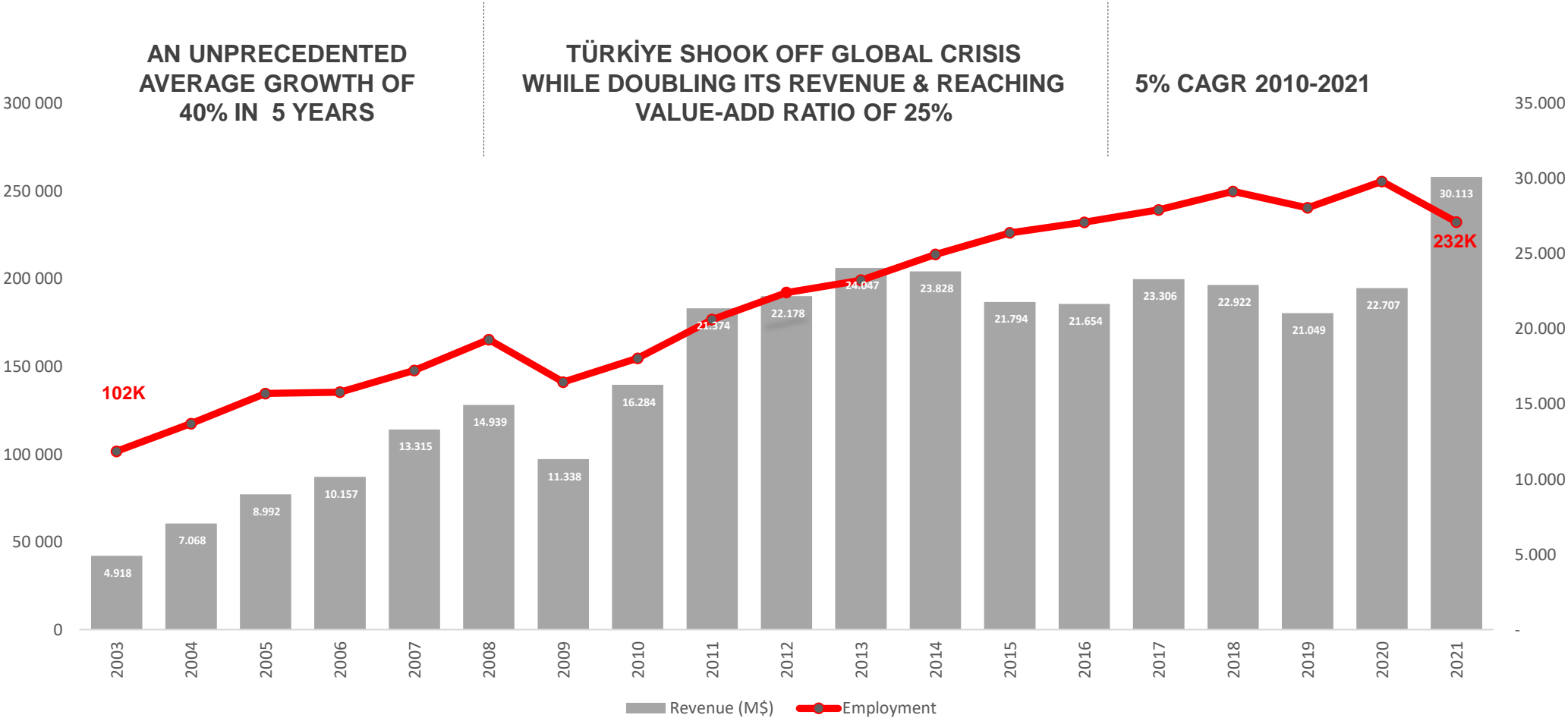


TURKISH MACHINERY INDUSTRY OUTLOOK

2

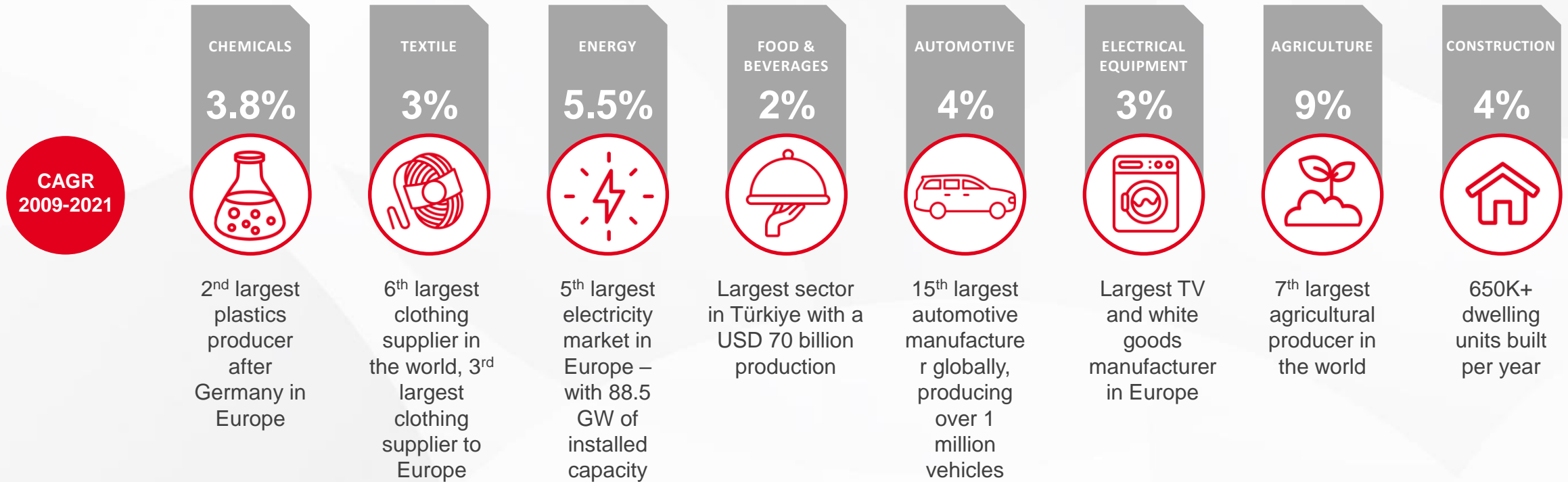
TURKISH MACHINERY INDUSTRY

TURKISH MACHINERY SECTOR HAS MORE THAN QUADRUPLED ITS REVENUES TO USD 30 BILLION AND DOUBLED ITS WORKFORCE TO 232K OVER THE PAST DECADE



END-USE INDUSTRIES

SUSTAINABILITY OF GROWTH IN CUSTOMER INDUSTRIES DRIVING TÜRKİYE'S MACHINERY INDUSTRY...



FOREIGN TRADE

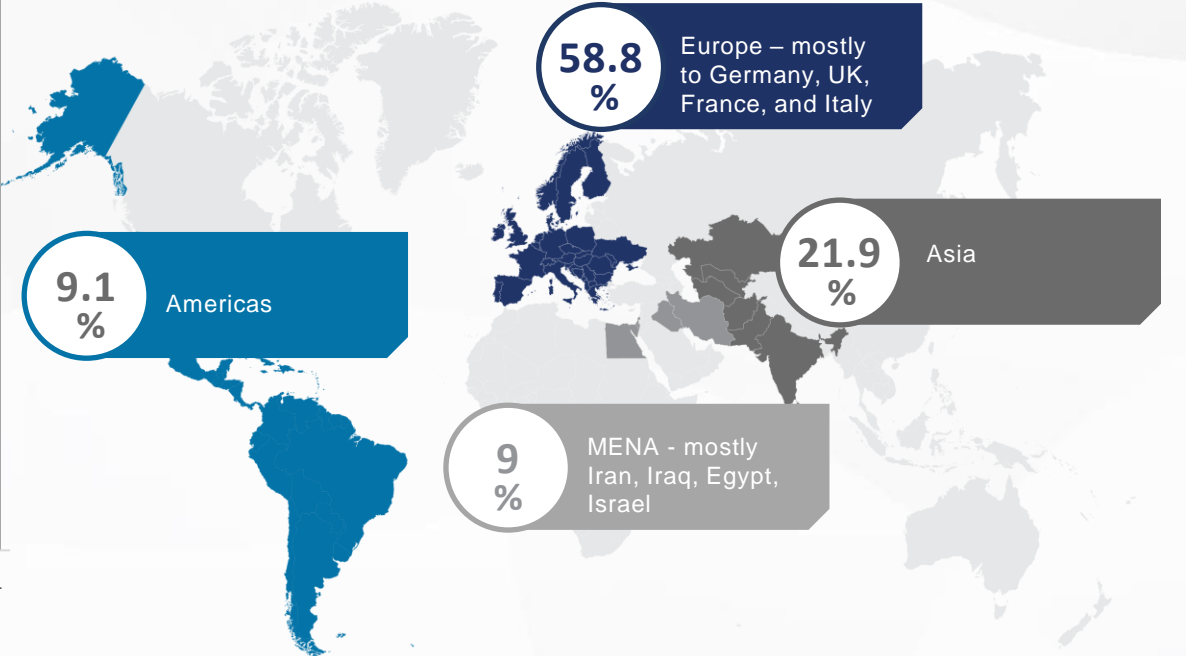
TÜRKİYE'S EXPORTS HAVE GROWN
FIVE TIMES SINCE 2003, MAKING IT ONE OF THE TOP
PERFORMERS IN GLOBAL MACHINERY TRADE



WHEN WORLD EXPORTS DOUBLED,
TÜRKİYE'S EXPORTS
INCREASED FIVE TIMES...



...WHILE DIVERSIFYING ITS
EXPORT MARKETS:



FOREIGN TRADE

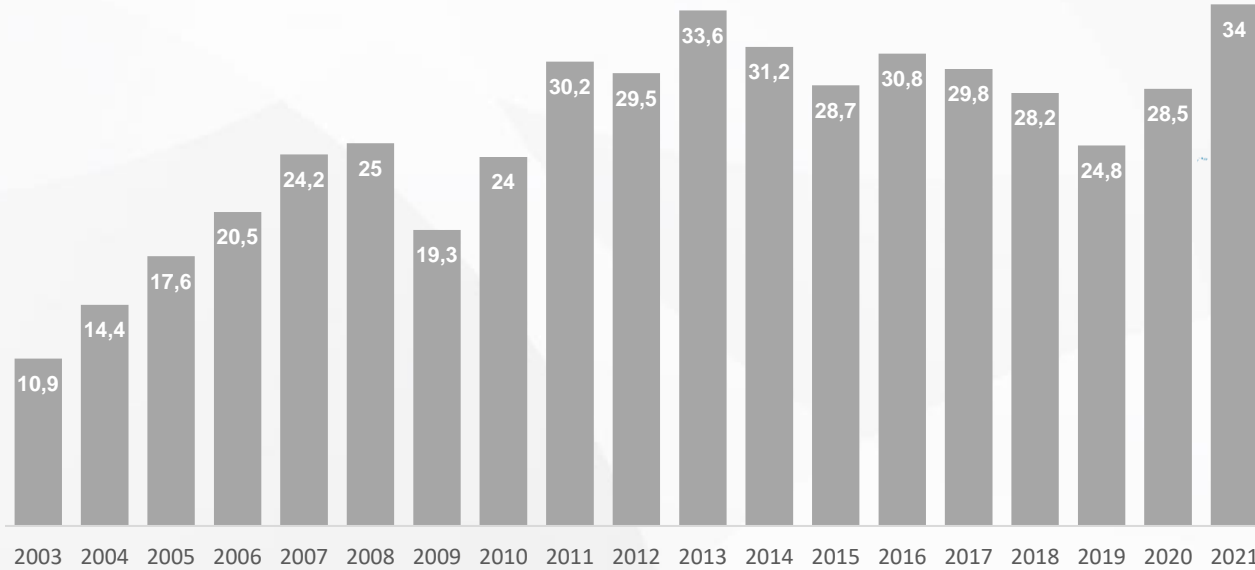
TÜRKİYE HAS ALMOST TRIPLED ITS IMPORTS TO USD 28 BILLION AND NOW IS THE 24TH LARGEST IMPORTER IN THE WORLD



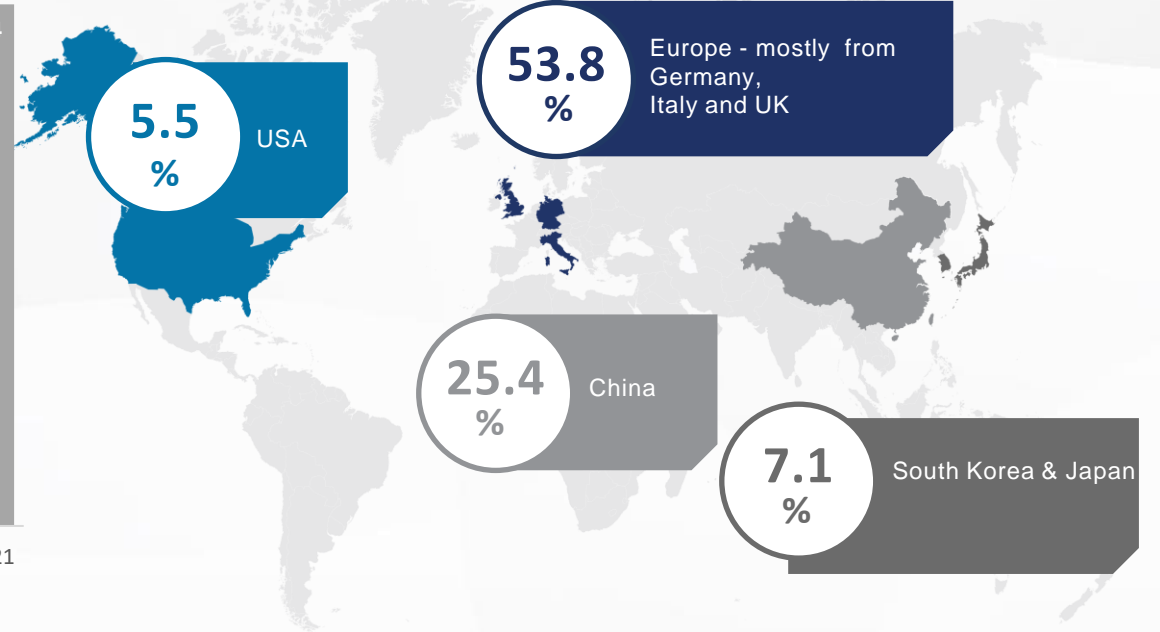
TÜRKİYE HAS INCREASED ITS EXPORT/IMPORT RATIO FROM 30% TO 65% SINCE 2003...



...WITH THE FOLLOWING BREAKDOWN BY COUNTRIES



— Import (Billion USD)



PROXIMITY TO KEY MARKETS

TÜRKİYE IS WELL CONNECTED WITH THE REGION
THROUGH CUSTOMS UNION WITH THE EU AND
FREE TRADE AGREEMENTS WITH 28 COUNTRIES



TÜRKİYE

HAS GEOGRAPHICAL
PROXIMITY TO SOME OF THE

HIGHEST-GROWTH MARKETS

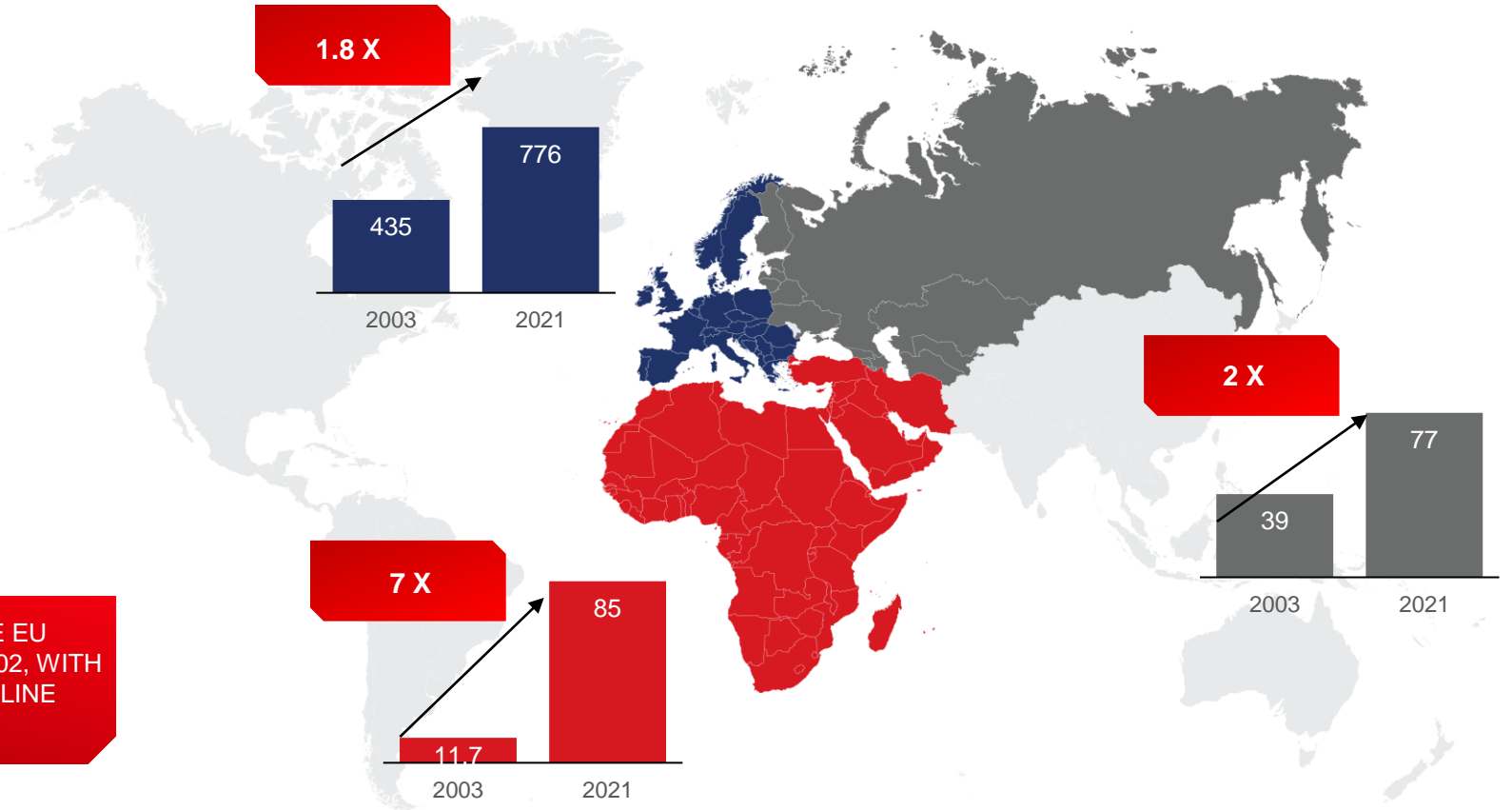
IN MACHINERY AND IS CONVENIENTLY
POSITIONED AS A

MANAGING AND MANUFACTURING HUB



TÜRKİYE FULLY COMPLIES WITH THE EU
TECHNICAL LEGISLATIONS SINCE 2002, WITH
ALL CONFORMITY ASSESSMENTS IN LINE
WITH EU REGULATIONS

IMPORT NUMBERS (IN BILLION USD)



MAJOR PLAYERS

THERE ARE OVER 18K COMPANIES IN TURKISH MACHINERY SECTOR WHERE BOTH LOCAL AND INTERNATIONAL PLAYERS ARE ACTIVE

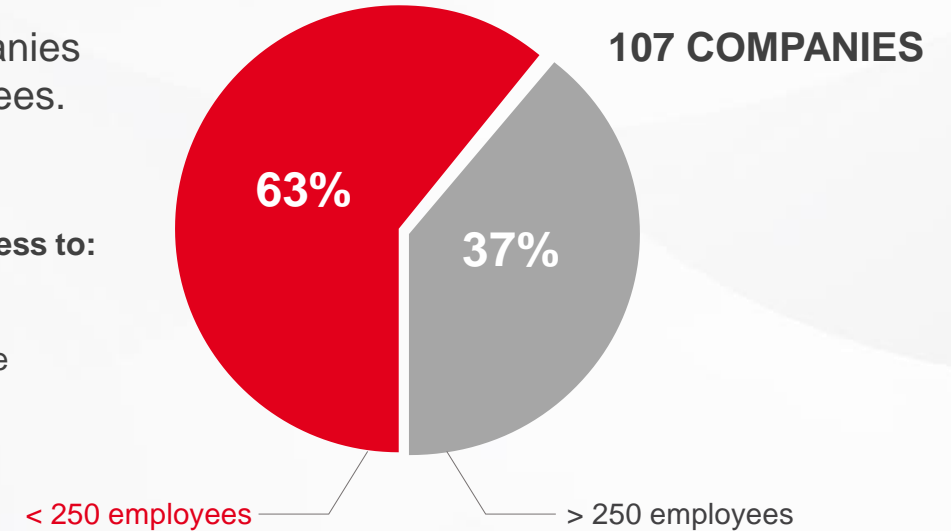


63% OF MACHINERY REVENUE IS MADE BY SMALL AND MEDIUM ENTERPRISES

77% of the companies have <10 employees.

Growth requires access to:

- Market
- Technology
- International finance



10 OF THE LARGEST 25 PLAYERS ARE INTERNATIONAL & EXPORT RATE IS 40% ON AVERAGE

40% EXPORT ON AVERAGE



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GROWTH DRIVERS IN TÜRKİYE

3



11th largest economy in the world

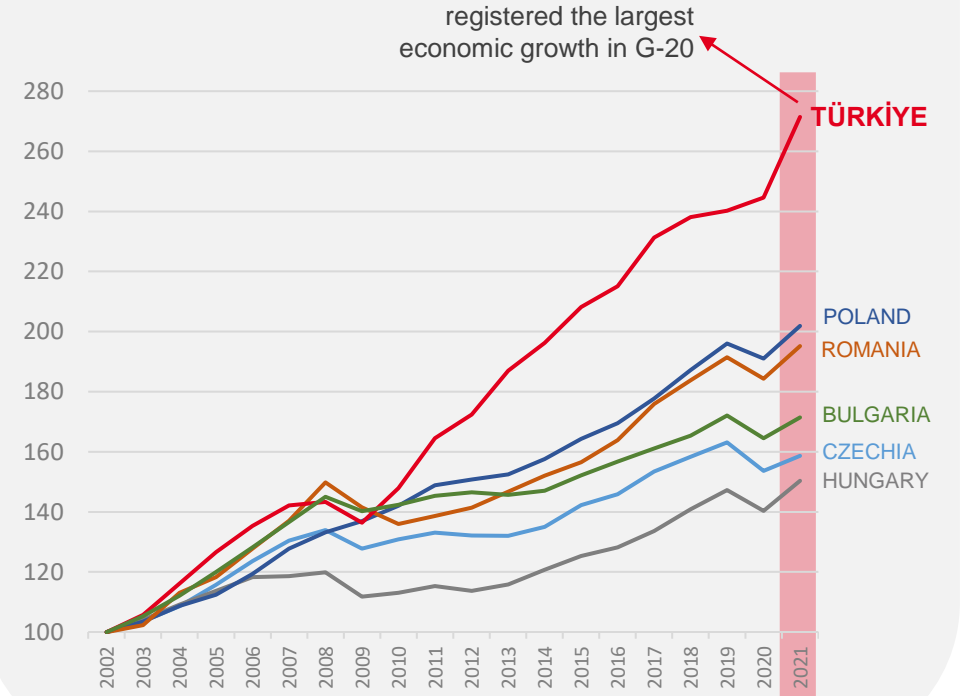
RANKING OF ECONOMIES BY GDP AT PPP

2003	2019	2021
1. USA	1. CHINA	1. CHINA
2. CHINA	2. USA	2. USA
3. JAPAN	3. INDIA	3. INDIA
4. GERMANY	4. JAPAN	4. JAPAN
5. INDIA	5. GERMANY	5. GERMANY
6. RUSSIA	6. RUSSIA	6. RUSSIA
7. FRANCE	7. INDONESIA	7. INDONESIA
8. UK	8. BRAZIL	8. BRAZIL
9. BRAZIL	9. UK	9. UK
10. ITALY	10. FRANCE	10. FRANCE
11. MEXICO	11. MEXICO	11. TÜRKİYE
12. INDONESIA	12. ITALY	12. ITALY
13. SPAIN	13. TÜRKİYE	13. MEXICO
14. CANADA	14. S.KOREA	14. KOREA
15. S.KOREA	15. SPAIN	15. CANADA
16. S.ARBABIA	16. CANADA	16. SPAIN
17. IRAN	17. S.ARBABIA	17. S.ARBABIA
18. TÜRKİYE	18. IRAN	18. TAIWAN, PRC

AVERAGE ANNUAL GDP GROWTH (%) 2002-2021



REAL GDP GROWTH (INDEX: 2002=100)

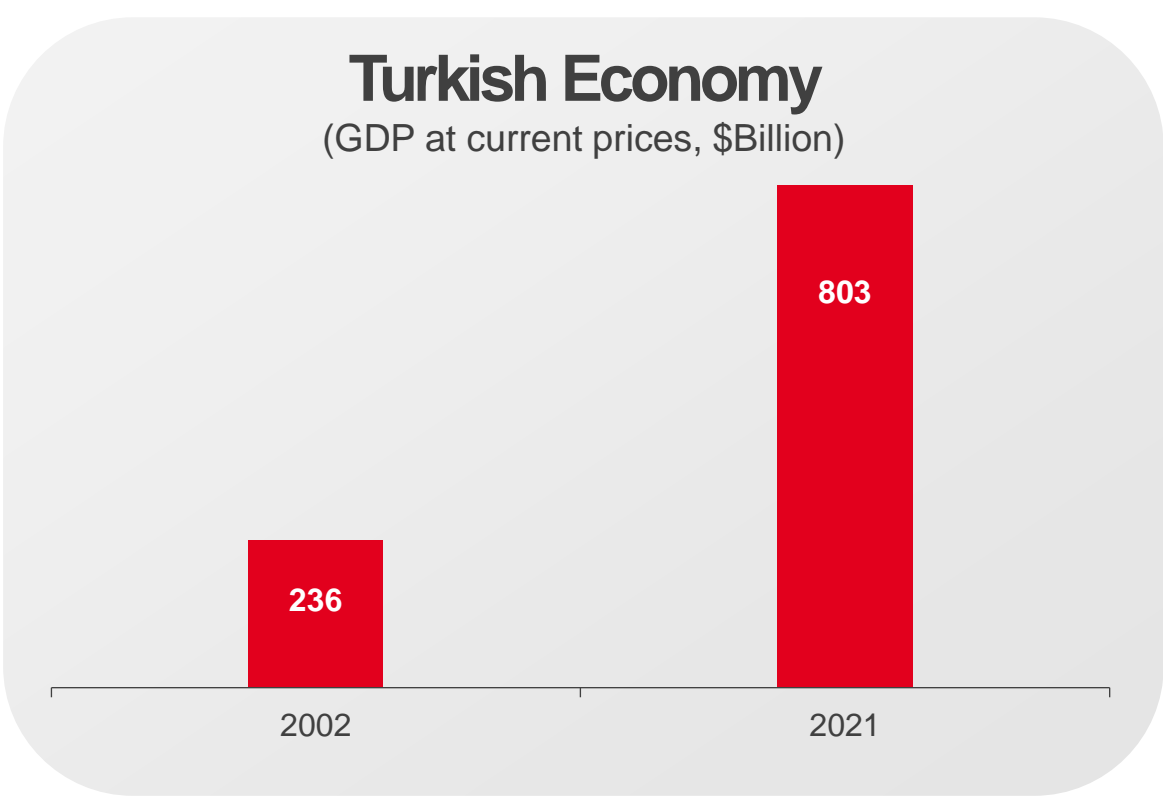


ROBUST ECONOMY

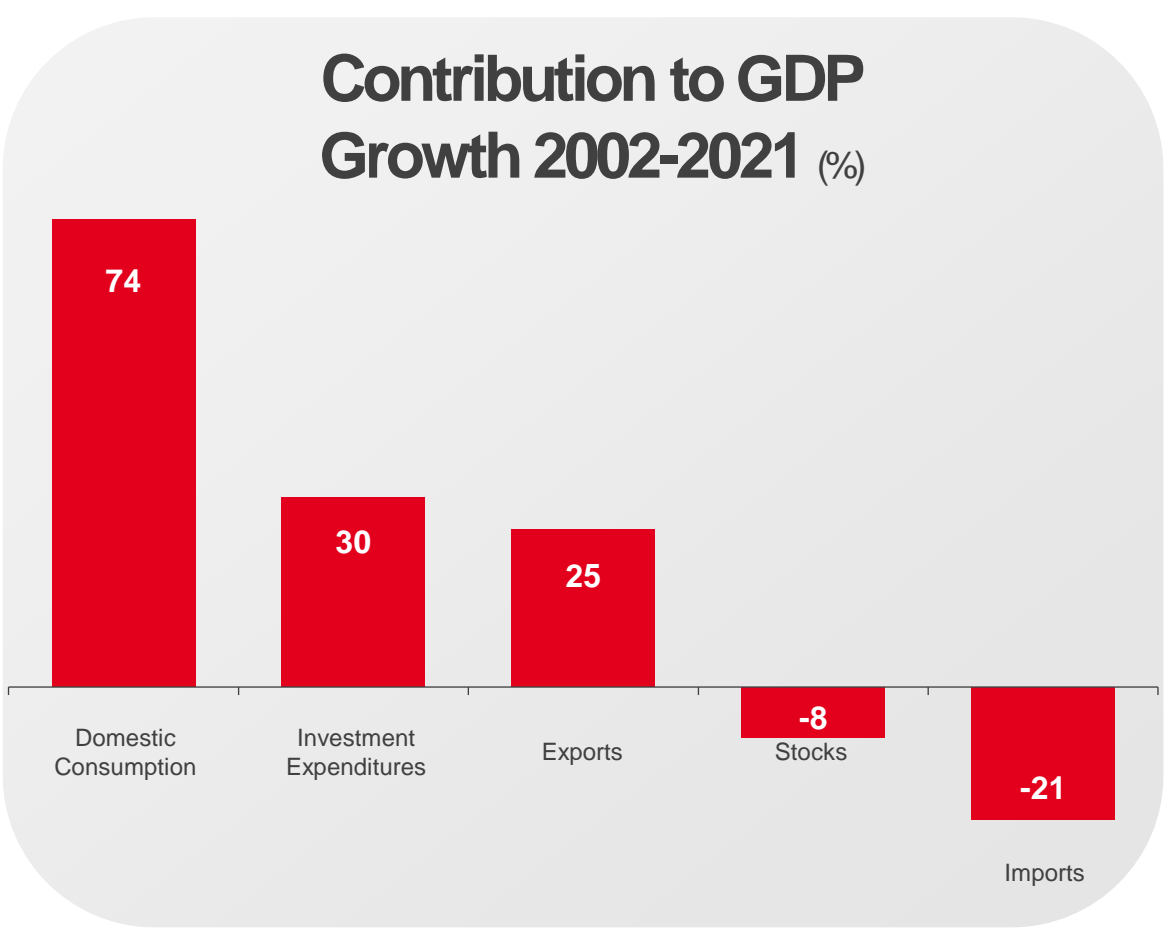
TRIPLING SIZE OF THE ECONOMY OVER THE PAST 19 YEARS



Turkish economy has **more than tripled over** the past 19 years and is promising to be on the growing trend



Robust domestic market and entrepreneurial private sector spurred investments and exports



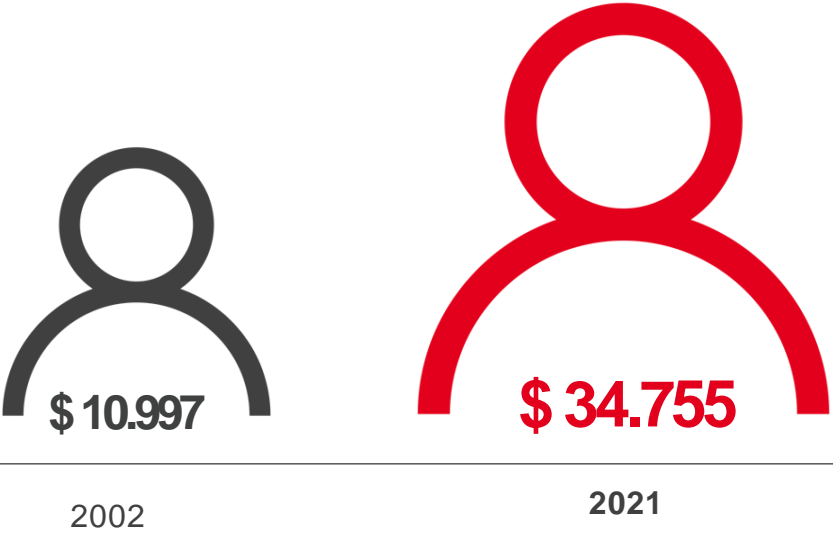
DOMESTIC MARKET

IMPRESSIVE ECONOMIC GROWTH LEADING TO A SIZEBLE MIDDLE CLASS WITH INCREASING PURCHASING POWER



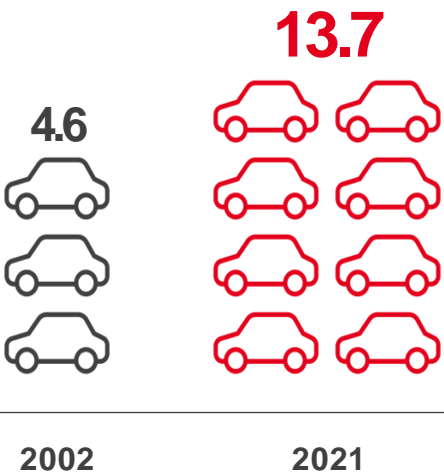
Income per capita

(GDP per capita, current prices at purchasing power parity)



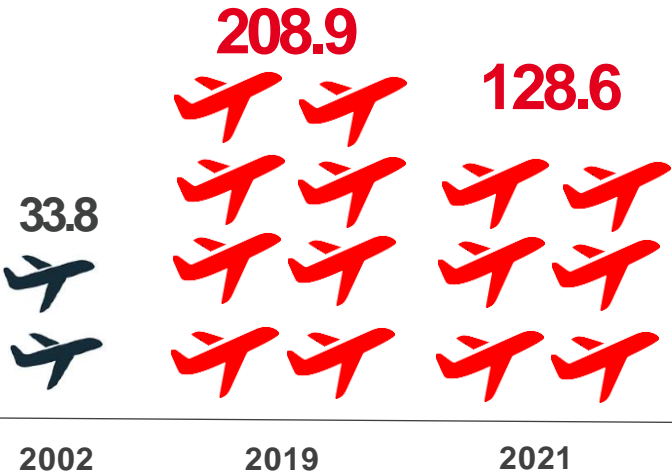
Stock of Automobiles

(million passenger car)



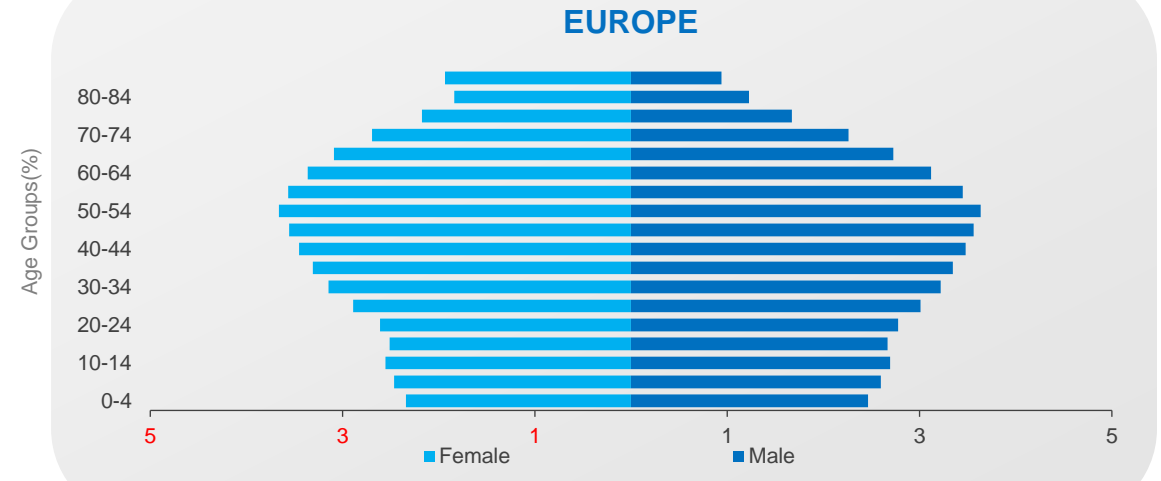
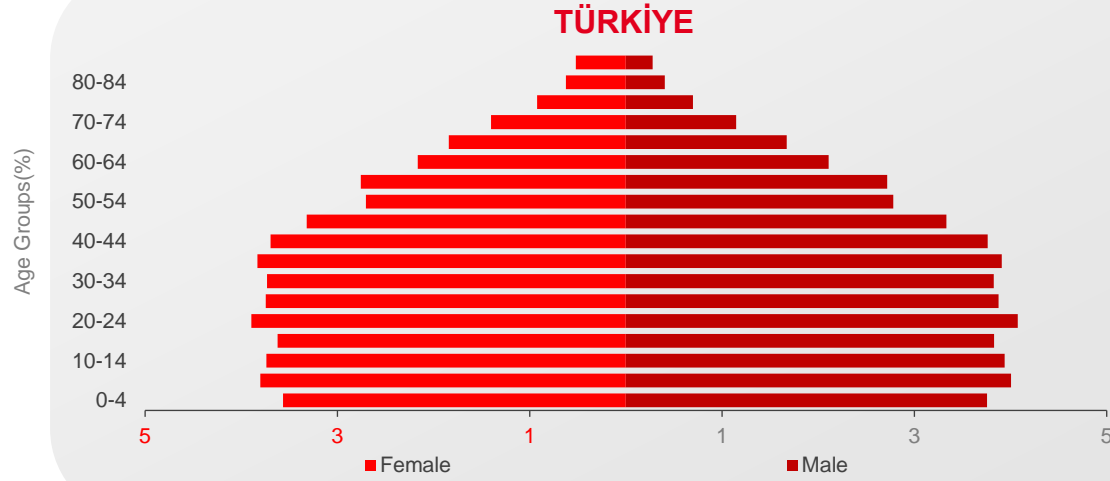
Turkish Aviation Passenger

(million passenger)



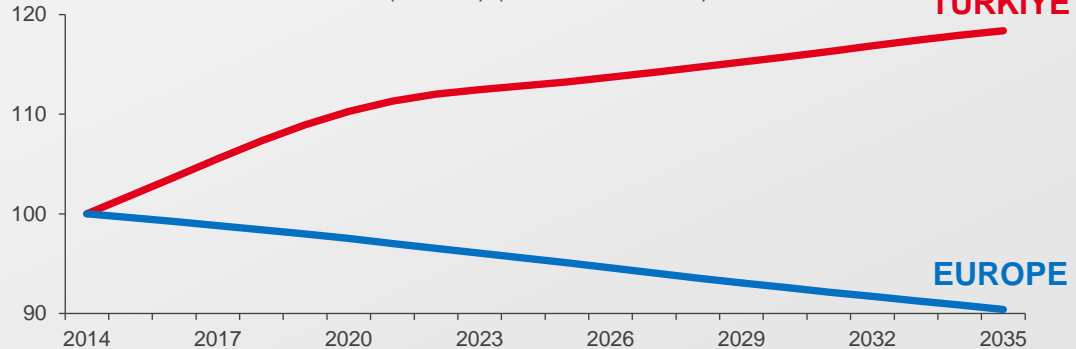
FAVORABLE DEMOGRAPHICS

HALF OF POPULATION UNDER AGE OF 32.7 CREATING
DYNAMIC LABOR FORCE AND FISCAL DISCIPLINE



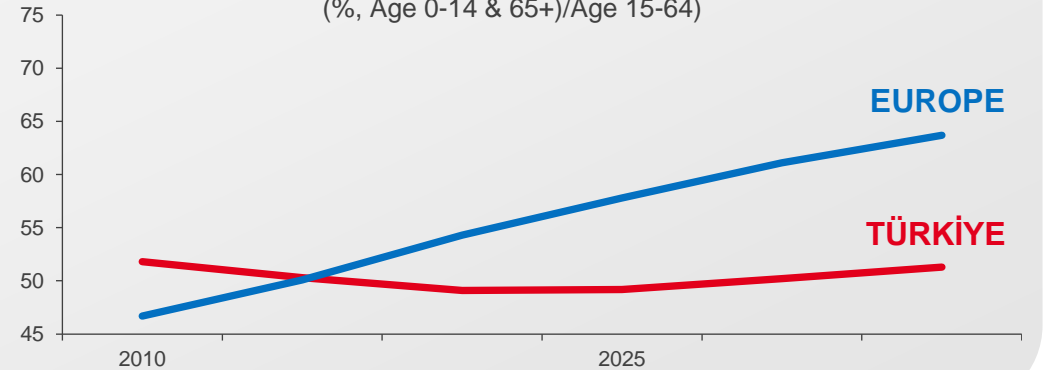
WORKING AGE POPULATION

(15-64+) (Index: 2014=100)



TOTAL DEPENDENCY RATIO

(%, Age 0-14 & 65+)/Age 15-64)

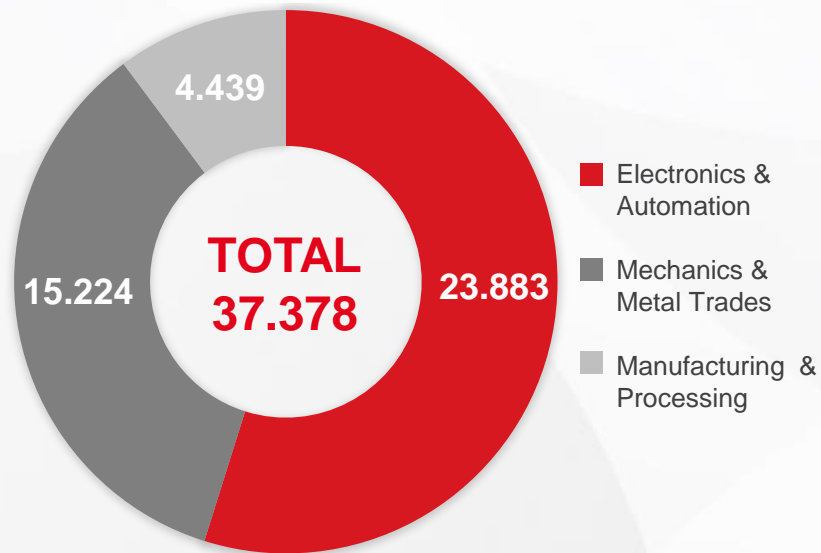


SKILLED & COST-COMPETITIVE LABOR FORCE

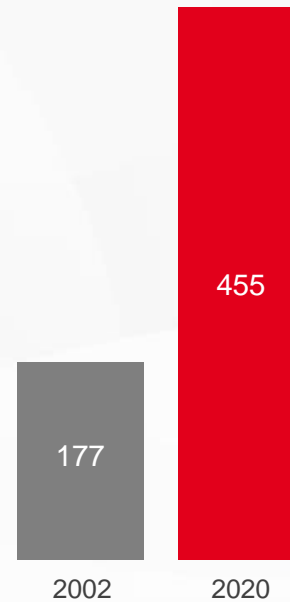
TÜRKİYE'S EDUCATION SYSTEM UPGRADED
TO SUPPORT A SKILLED LABOR POOL



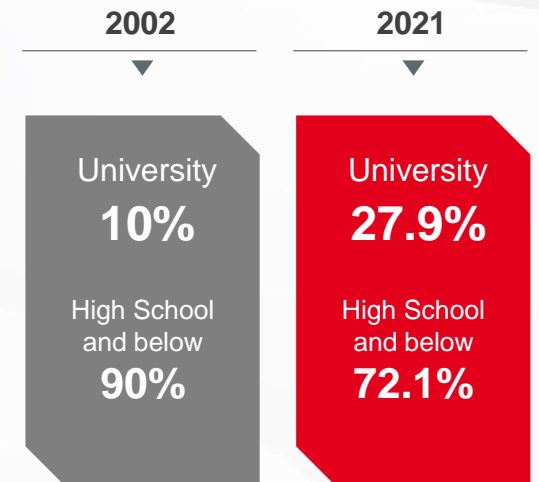
ANNUAL NUMBER OF UNIVERSITY GRADS IN MECHANICAL FIELDS (2020-2021)



NUMBER OF GRADS FROM VOCATIONAL & TECHNICAL HIGH SCHOOLS (in thousands)



LABOR FORCE BY EDUCATION LEVEL



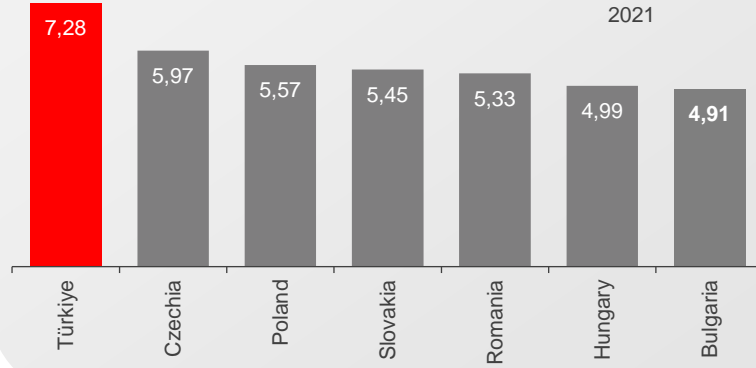
SKILLED AND COMPETITIVE LABOR FORCE

UPGRADED EDUCATION SYSTEM TO ENABLE
A SKILLED LABOR POOL AND ADDRESS
BUSINESS REQUIREMENTS



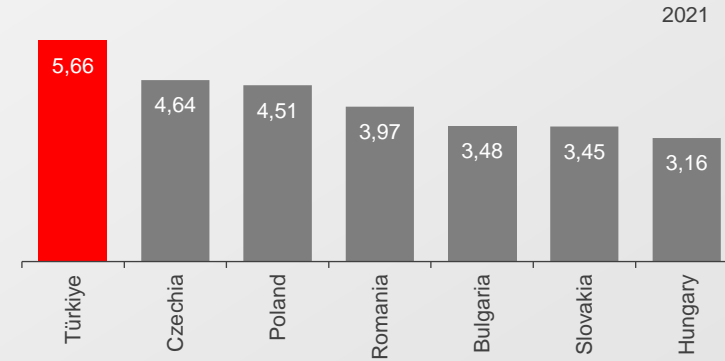
AVAILABILITY OF QUALIFIED ENGINEERS

(10=Available; 0=Unavailable)



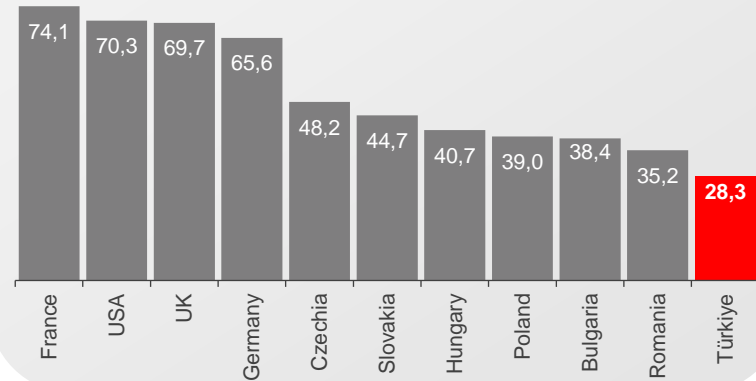
AVAILABILITY OF COMPETENT SENIOR MANAGERS

(10=Available; 0=Unavailable)



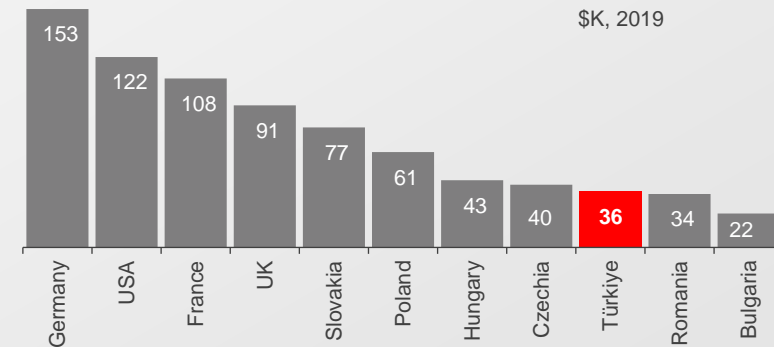
COST OF LIVING INDEX 2022

(New York=100)



REMUNERATION OF MANAGEMENT/ENGINEER

Total base salary plus bonuses and long-term incentives

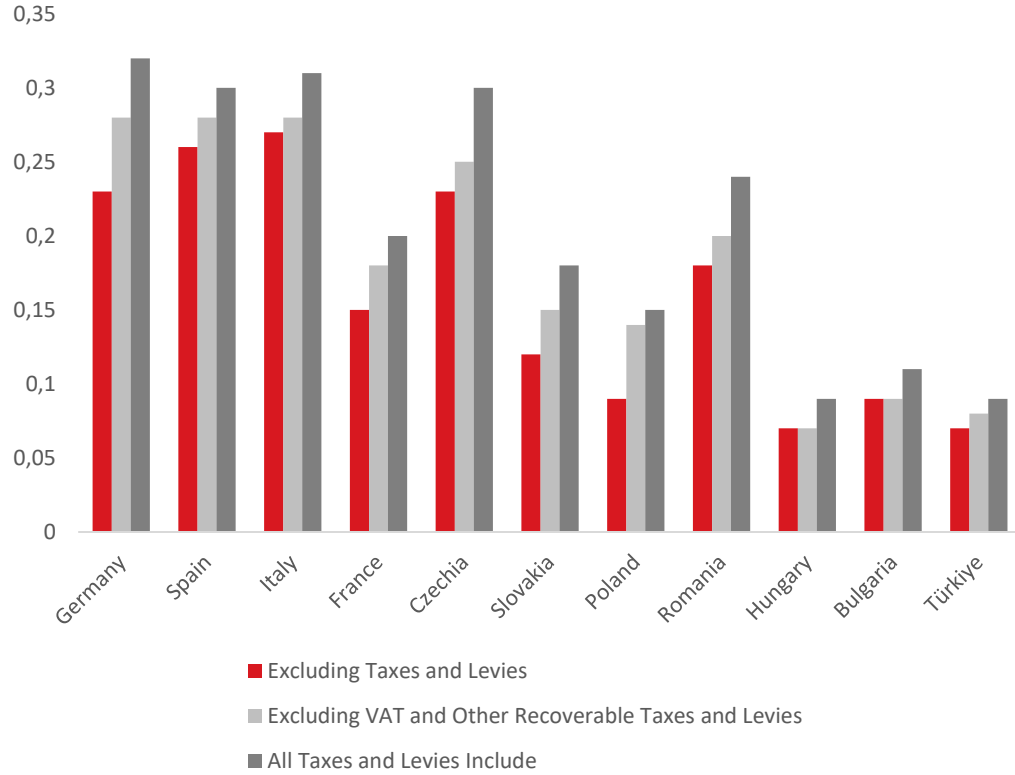


COMPETITIVE ENERGY PRICES

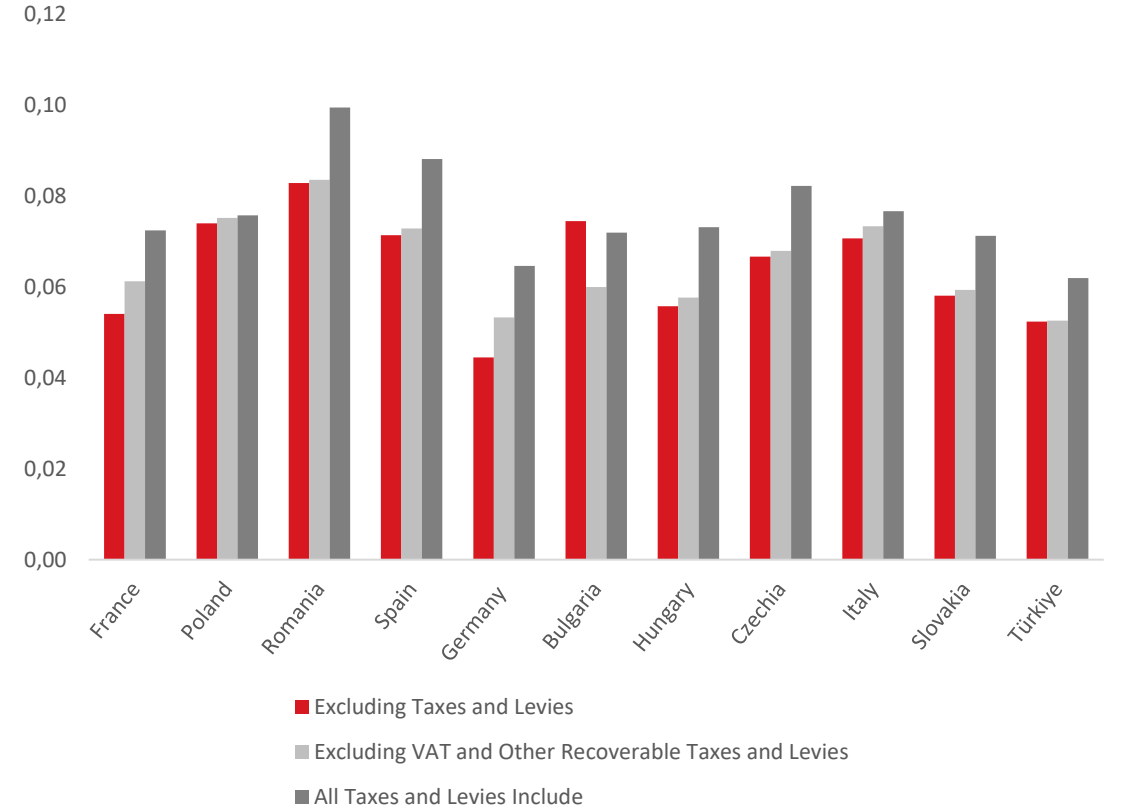
ELECTRICITY AND NATURAL GAS PRICES IN TÜRKİYE HAVE BEEN COST-COMPETITIVE IN COMPARISON WITH THE EU



Electricity Prices for Household Consumers, S1 2022
(EUR per kWh)



Natural Gas Prices for Non-Household Consumers, S1 2022
(EUR per kWh)



INCENTIVES

MACHINERY & EQUIPMENT MANUFACTURING INVESTMENTS ARE ABLE TO BENEFIT FROM “MEDIUM-HIGH TECH INCENTIVES”



MAIN INCENTIVE ITEMS

VAT Exemption: Investment machinery and equipment imported and/or locally provided within the scope of the incentive certificate will be VAT exempt.

VAT Refund: VAT collected for the construction expenses will be refunded as the construction expenses (only for manufacturing industry).

Corporate Tax Reduction: The corporate tax reduction is calculated over the fixed investment amount and support could be between 30-55%. (Up to 200% in project-based incentives) CIT to be paid at the end of each year is deducted from the support calculated over the fixed investment amount. There is no time limit until you reach maximum support.

Customs Duty Exemption: Investment machinery and equipment imported within the scope of the incentive certificate will be customs duty exempt.

Social Security Premium Support (Employer's Share): The employer's share of the social security premium calculated on the basis of the legal minimum wage will be covered by the government. (Between 6-12 years)

Interest Rate Support: For the loans extended in order to finance the fixed investment amount for up to 10 years. (3-7% points in TRY, 1-2% points in foreign currency loans).

Land Allocation: If the investment is built upon a public immovable property, a right of easement or use on that immovable property can be granted in favor of the investor without consideration for 49 years.

Incentive Items	Incentive Schemes					
	General Incentives	Regional Incentives	Medium-High Tech Incentives	Priority Incentives	Strategic Incentives	Project Based Incentives
VAT Exemption	✓	✓	✓	✓	✓	✓
VAT Refund	✓	✓	✓	✓	✓	✓
Customs Duty Exemption	✓	✓	✓	✓	✓	✓
Corporate Tax Reduction		✓	✓	✓	✓	✓
Social Security Premium Support (Employer's Share)		✓	✓	✓	✓	✓
Income Tax Withholding Support *		✓	✓	✓	✓	✓
Social Security Premium Support (Employee's Share) *		✓	✓	✓	✓	✓
Land Allocation		✓	✓	✓	✓	✓
Interest Rate Support		✓	✓	✓	✓	✓
Qualified Employee Support						✓
Energy Support						✓
Purchasing Guarantee						✓
Cashback Support						✓

* In regional incentive scheme, Income Tax Withholding Support and Social Security Premium Support (Employee's Share) are only for Region 6. They are also included in Strategic and Project Based Incentives.

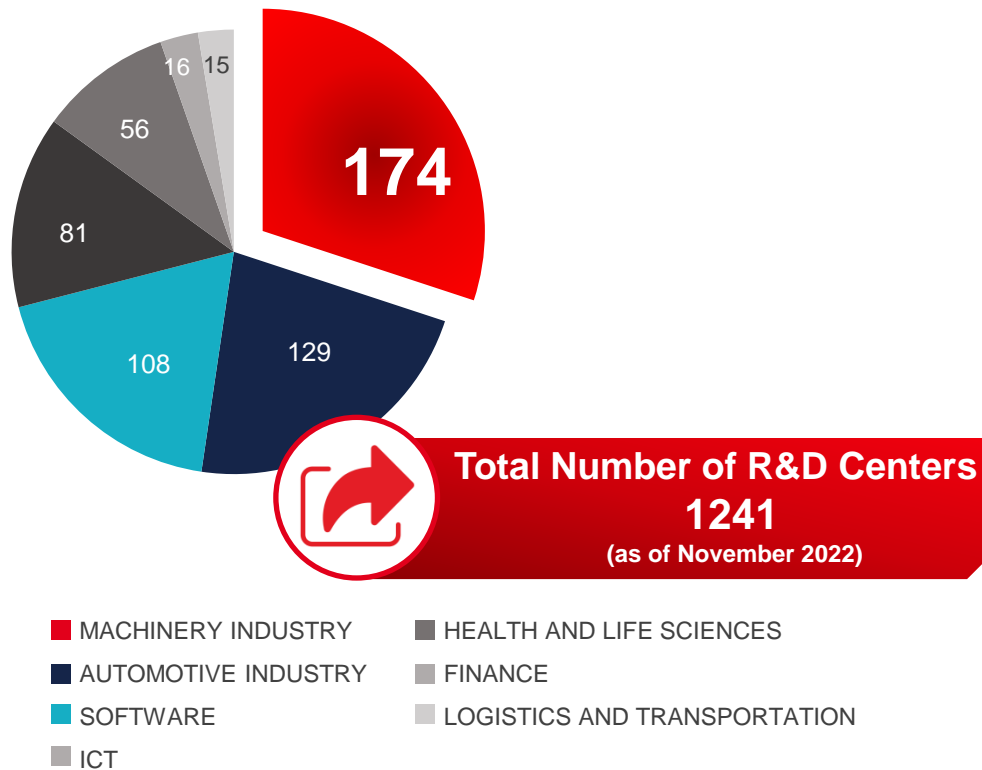
** Medium-High Tech Incentives are Region 4 incentives and Priority Incentives are Region 5 incentives. Rate of the support items is higher in better incentive schemes like Strategic and Project Based Incentives.

R&D INCENTIVES

EXCLUSIVE INCENTIVES INCLUDE SUPPORT FOR TECH ENTREPRENEURS TO CREATE INNOVATIVE HIGH VALUE-ADDED ACTIVITY, WHICH ARE KEY TO CATCHING UP WITH THE NEW INDUSTRIAL REVOLUTION



BREAKDOWN OF R&D CENTERS BY SECTOR



INCENTIVES THROUGH INNOVATION LIFECYCLE

START



Technostartup Incentives:
Cash support up to 450K TRY

PRODUCT / PROJECT DEVELOPMENT



Tubitak programs:
Cash support up to 60-80% of the project budget

COMMERCIALIZATION



Technoparks and R&D Centers:
Income Tax Exemption
Tax cuts up to 20-30% of the personnel cost

MANUFACTURING



SME Technoinvestment Incentives:
Cash/credit support up to 5Million TRY for SMEs

GROWTH & COMPETITION



Patented sales:
Income Tax & VAT Exemption

INCENTIVES - HAMLE

HAMLE; TECH-DRIVEN INDUSTRY INITIATIVE



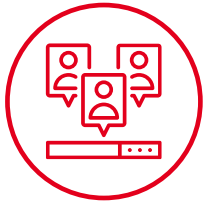
Tech-Driven Industry Initiative has been launched in 2019



Complete support for high-value-added, medium-high tech and high-tech products manufactured in certain sectors with local resources and capabilities Machinery, Computer, Electronics, Chemicals etc.



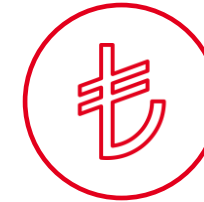
R&D incentives, KOSGEB incentives and investment incentives will be given through a single platform / www.hamle.gov.tr



The products will be supported from concept phase to marketing



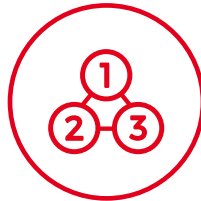
The investments supported in the program shall receive **strategic investment incentives**.



Investments over TRY 50 million will be able to benefit from **project based investment incentives**



The Ministry of Industry and Technology will create schedules within the scope of **investor calls** for each sector.



Application Process in 3 Stage
Stage 1 PRE APPLICATION
(1 MONTH)
Stage 2 DETAILED APPLICATION
(3 MONTHS)
Stage 3 FINAL DECISION
(1 MONTH)



The **purchasing guarantee** mechanism will also operate in projects where the state is the buyer

DIGITAL MANUFACTURING

TO FURTHER VALUE-ADDED MANUFACTURING,
THE METAL INDUSTRY ESTABLISHED A STATE-OF-THE-ART
DIGITAL TRANSFORMATION AND CAPABILITY BUILDING CENTER.



260+MEMBERS
LOCAL & INTERNATIONAL PLAYERS



Mercedes-Benz

GROUPE RENAULT



HITACHI



SIEMENS



A technology centre that brings the latest disruptive technologies of **Industry 4.0**;

- Create an ecosystem connecting members from various metal industries and other industries with global players
- Set the aspiration for future industrial development of members in an innovative environment
- Execute digital maturity assessments and roadmaps for the deployment of digital transformation
- Develop capabilities to accelerate transformation and reach full industrial potential



In addition to digital transformation, MEXT is;

- Building Artificial Intelligence Laboratory.
- Focusing on green transformation.



DIGITAL FACTORY

An end-to-end integrated infrastructure and is supported entirely by 5G technology. Housing more than **+160 use cases applications in 2 production lines** (discrete and continuous).



DIGITAL MATURITY ASSESSMENT

Smart Industry Readiness Index (**SIRI**), created with a network of leading technology companies and recognized by WEF, and **Fraunhofer** assessments have been completed with **200+ companies in 8 different sectors** (Automotive, White Goods, Textile, Chemistry, Food etc.).



TRAINING AND DEVELOPMENT

Data science, applied trainings in the digital factory, digital transformation strategies, IoT for field team members, automation, robotics, and image processing programs, design thinking and business strategy.



ECOSYSTEM AND ENTREPRENEURSHIP

+50 global and regional best solution partners, technology businesses, and academic institutions, brings all business partners together under one roof. Close collaboration with startups.

10,000 M² CENTER
2 production lines
covering 160+ use cases on discrete manufacturing & continuous process

200+ companies
in 8 different sectors
(Automotive, White Goods, Textile, Chemistry, Food etc.).

CORE PARTNERS

McKinsey & Company



The strategic member of the WEF (World Economic Forum) Fourth Industrial Revolution Centers Network.

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OPPORTUNITIES IN TURKISH MACHINERY INDUSTRY



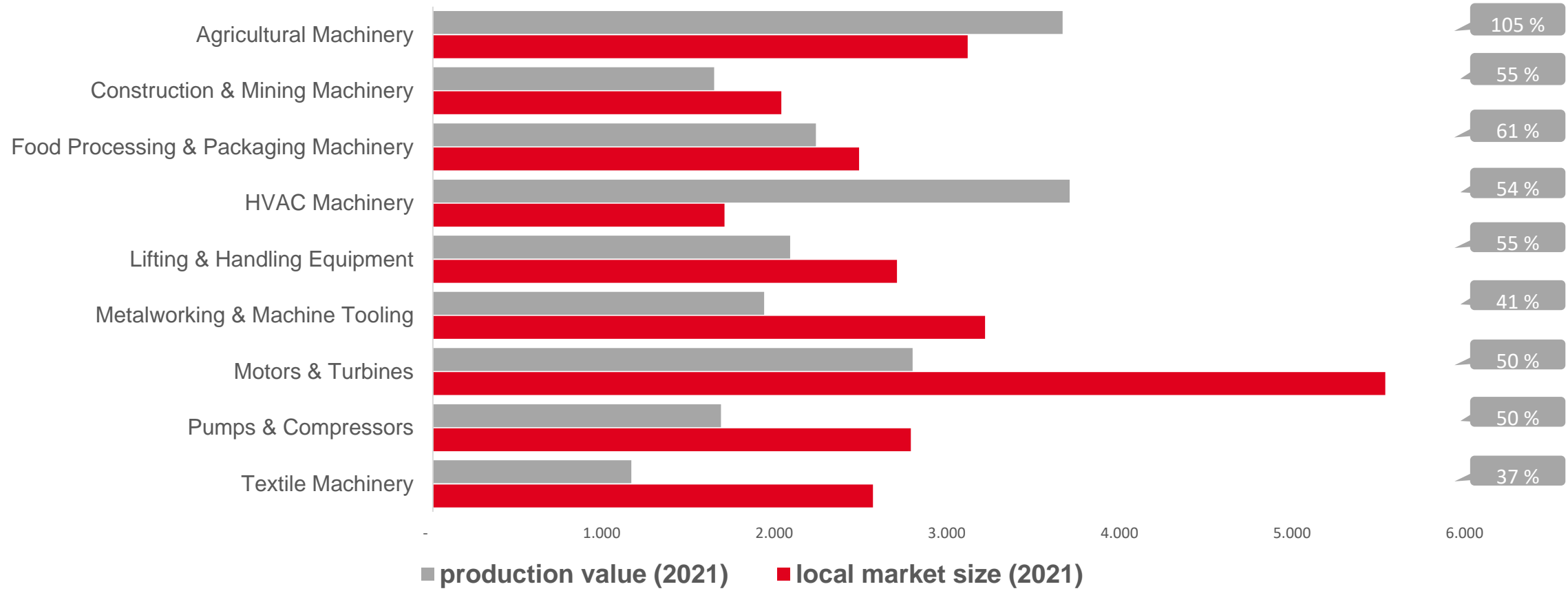
OPPORTUNITIES IN SUB-SECTORS

TÜRKİYE OFFERS SOLID FUNDAMENTALS
TO MAKE PROFITABLE INVESTMENTS IN THE
MACHINERY SUB-SECTORS



PRODUCTION VALUE IN ALL SUBSECTORS
INCREASED RAPIDLY IN COMPARISON WITH 2020

MILLION USD



AGRICULTURAL MACHINERY

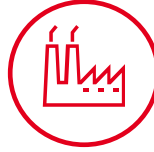
TÜRKİYE'S AGRICULTURAL MACHINERY
MARKET HAS REACHED
USD 2.6 BILLION IN 2021 - 4TH IN EUROPE



KEY FACTS



At the beginning of 2000, exports stood at 70 million dollars, increasing to 1.3 billion dollars in 2021.



Strong industrial base - over 10% share in Europe's production with **over 73K** units in 2021.



Strong local market with **72K** units in 2021 - **largest** tractor sales in Europe, 4th in the world, **75%** of the local market supplied by local players



Agricultural machinery manufacturing ecosystem with local and international players with a total of **20K employees**



Agricultural Machinery in Türkiye has highest production value with TRY 20 billion (13,76 % share) among 22 national machinery sub-segments

Some of the major investment areas needed by the sector are:

- **Self-propelled harvesters (Combine, cotton harvester, beet harvester, etc.**
- **Self-propelled sprayers**
- **Self-propelled loaders**
- **Machinery, hardware (equipment) and software for smart agriculture**
- **High-capacity harvesters**
- **Milking facilities, milking robots, related software**
- **Circular and linear motion irrigation systems**

DEMAND DRIVEN BY TÜRKİYE'S AGRICULTURAL ECONOMY AND FRAGMENTED STRUCTURE:



Agricultural GDP
USD 80 Billion



Agricultural land
23 Million ha



Arable land
6.1 Million ha



Average enterprise size
7,6 ha

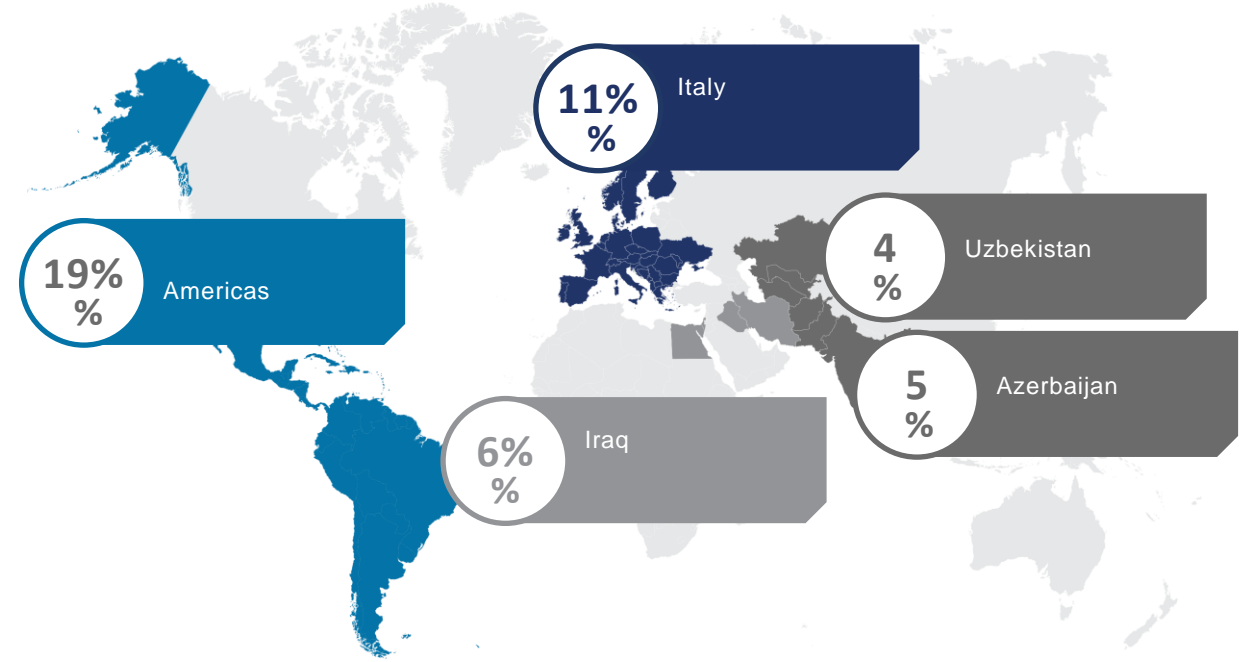
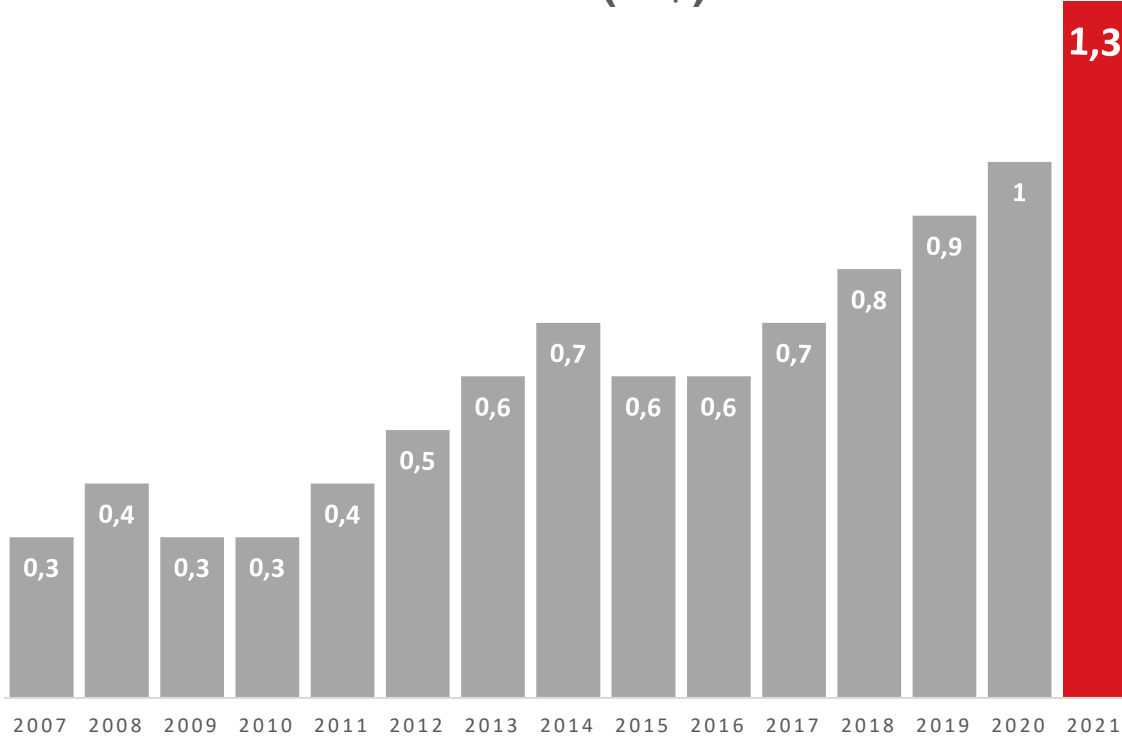


AGRICULTURAL MACHINERY

TÜRKİYE'S AGRICULTURAL MACHINERY
EXPORTS ALMOST QUADRUPLED IN 10 YEARS



EXPORTS (M\$)



CONSTRUCTION & MINING MACHINERY

TÜRKİYE'S CONSTRUCTION MACHINERY
EXPORT HAS REACHED USD 1.8 BILLION IN 2021



KEY FACTS



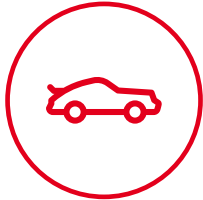
Strong local market - 3rd largest growth in the world after China and India for the last eight years



Local and international companies are present - local market supplied by **35% local production** and **65% import**



Europe's **7th largest manufacturing base** with key actors, **USD 1.63 million** local market and **USD 1.8 billion** of exports in 2021



Strong & international supplier base - Construction machinery industry can benefit from the supplier base of automotive manufacturing industry in Türkiye, which serves as a European manufacturing hub and has reached 1.3 million units



Local demand driven by public infrastructure and urbanization projects - opportunity for smaller sized construction machinery



Access to international markets enabled through Turkish construction companies - **42 contractors in ENR250 list**



CONSTRUCTION & MINING MACHINERY

TÜRKİYE INVESTED USD 100 BILLION TO
INFRASTRUCTURE PROJECTS IN THE LAST 5 YEARS



3rd ISTANBUL AIRPORT



3rd ISTANBUL BRIDGE



URBAN TRANSFORMATION
PROJECTS



PUBLIC HOSPITAL PROJECT



ANOTHER USD 325 BILLION
IS EXPECTED BY 2023



ENERGY EQUIPMENT

TÜRKİYE'S ENERGY EQUIPMENT (ELECTRIC MOTORS & TURBINES) MARKET HAS REACHED USD 5.4 BILLION IN 2021



KEY FACTS



5th largest electricity market in Europe; highest growth in Europe with 4.5%



Türkiye added the most renewable capacity in one year **in 2020** at around **4,800 MW** from investments totaling almost **\$7 billion**.



Electricity demand and supply to grow by **50%** by **2030** - renewable and local energy resources are priorities



Opportunities in production of **wind/hydro/steam turbines and generators**

20GW by 2023; 11 GW total as of July 2022

USD 250 million of wind turbine imports in 2018 - 70% decrease since 2016

YEKA tender for 1GW made in 2017; winning consortium is Siemens-Turkerler-Kalyon at 3.48c/kWh with local production required



WIND

1.7GW geothermal & 1.8GW biomass in as of July 2022; 1.6GW geothermal in the pipeline

USD 238 million of steam turbine imports in 2019 - 83% decrease since 2016



GEOTHERMAL & BIOMASS

10GW by 2030; 8.6GW total as of July 2022

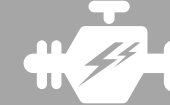
75% of solar panel imports are from Asia

YEKA tender for 1GW was made in 2017; winning consortium is Hanwha QCells-Kalyon at 6.99c/kWh with local production required



SOLAR

USD 2 billion of electric motor & generator imports in 2020 - 60% from China, Germany, Italy and Slovakia



ELECTRIC MOTOR

34GW by 2023; 32GW total as of July 2022

USD 39 million of hydro turbine imports in 2019 - 44% decrease since 2016



HYDRO

27.5% of the Akkuyu Nuclear Power Plant will be completed by the end of this year. The start of operation for the first of the plant's by 2023.

Akkuyu and 2nd nuclear project will lead to USD 16 billion of products & service sales

Nuclear supply chain in Türkiye to develop through international partnerships



NUCLEAR

10GW lignite, 8.8GW imported coal

18.5GW new capacity for lignite to be developed via PPAs

Lignite power projects are supported via capacity payments, PPAs and tax cuts



COAL

FOOD PROCESSING & PACKAGING MACHINERY

TÜRKİYE'S FOOD PROCESSING & PACKAGING MACHINERY MARKET HAS REACHED USD 2.5 BILLION IN 2021



KEY FACTS



Strong industrial base with a production value of **USD 2.3 billion** clustered in Istanbul, Konya, Ankara, Gaziantep and Izmir



Demand driven by the strong packaged food and beverages market in Türkiye - **USD 23 billion export in 2021**

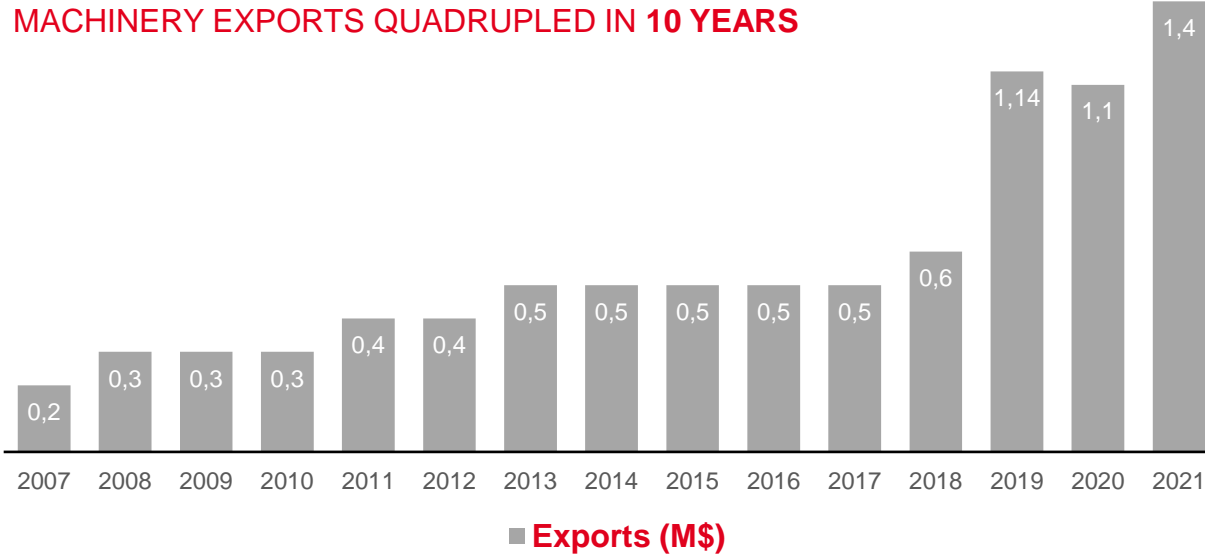


USD 1.6 billion of import in 2021 - major imports are machinery for industrial preparation of food or drink, for treating material by heat change and machinery for filtering or purifying water



Türkiye is a manufacturing base for international food giants like **Unilever, Kraft, Nestle, Danone, Ferrero** with over **15K employees**

TÜRKİYE'S FOOD PROCESSING & PACKAGING MACHINERY EXPORTS QUADRUPLD IN 10 YEARS



...WHERE 80% OF EXPORTS ARE MACHINERY FOR



Processing & milling of grains and cereals



Industrial preparation of food or drink



Milking machines and dairy machinery

...AND TOP5 EXPORT MARKETS ARE



UZBEKISTAN



IRAQ



KAZAKHSTAN



IRAN



ROMANIA

FERRERO

pladis
GODIVA AMERSON **ÜLKER**

DANONE

Nestlé

Unilever

Cargill

Mondelēz International

HVAC

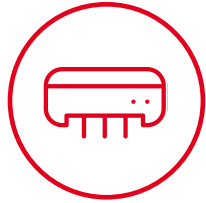
TÜRKİYE'S HVAC EXPORT MARKET HAS REACHED USD 6.2 BILLION IN 2021



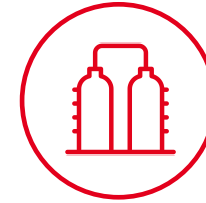
KEY FACTS



Strong industrial base - USD 3.2 billion in value - **Europe's manufacturing base** for panel radiator, boiler and AHU's



Strong local market - Europe's largest split AC market with **1.5M** units and VRF market with **250K** units



Strong local market - **Europe's 4th largest** with **1.3M** boiler units



Demand driven by construction in residential market; **efficiency regulations** and **development** in technology in non-residential market



VRF market has grown 6 times with imports - opportunity for **high-tech production**



Access to international markets through Turkish construction companies - **44 contractors** in **ENR250** list

TOSHIBA



BOSCH
Invented for life



DAIKIN

SAMSUNG

AIRFEL

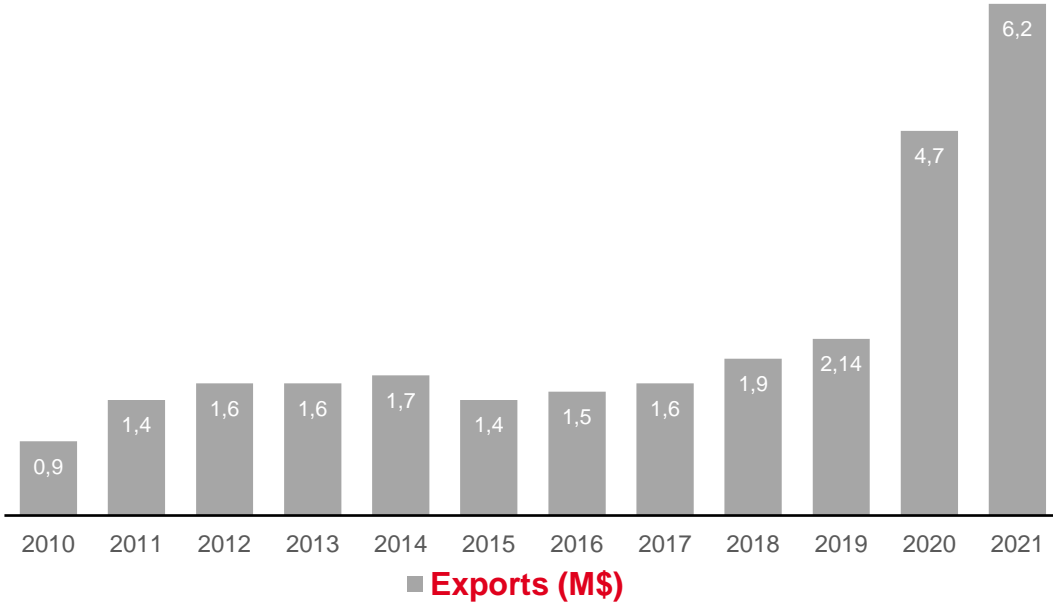
DemirDöküm

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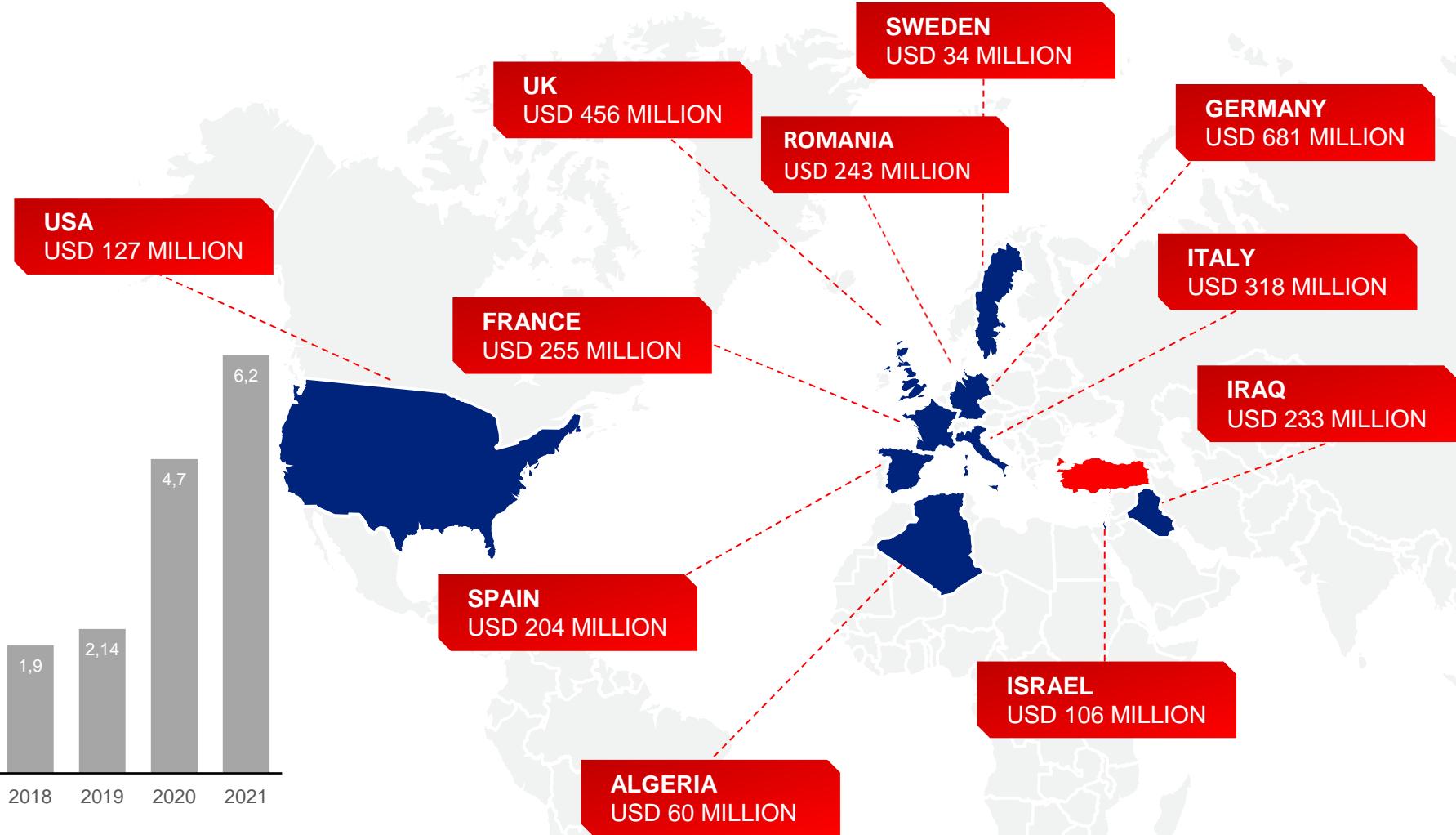
LG

VESTEL

TURKIYE'S HVAC EXPORTS MORE THAN **QUADRUPLED** IN 5 YEARS



...WHERE EUROPE HAS OVER 60% SHARE



LIFTING & HANDLING EQUIPMENT

TÜRKİYE'S MARKET FOR LIFTING & HANDLING EQUIPMENT HAS REACHED USD 2.7 BILLION IN 2021



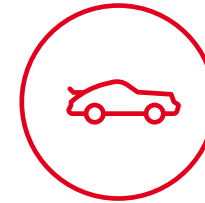
KEY FACTS



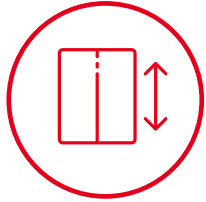
Strong industrial base - USD 2.1 billion of production in 2021



Local and international players mostly based in Istanbul, Kocaeli, Bursa, Ankara, Konya, Kayseri and Izmir



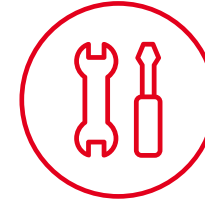
Strong supplier base - expertise in automotive, machinery and electronics & control systems



3rd largest elevator market in the world with 30K new units - ThyssenKrupp, Otis, Kone, Schindler, Hyundai present with some level of assembly operations



2nd largest escalator and moving walk market in the world with 2K new units per year



Opportunity for assembly and manufacturing of parts



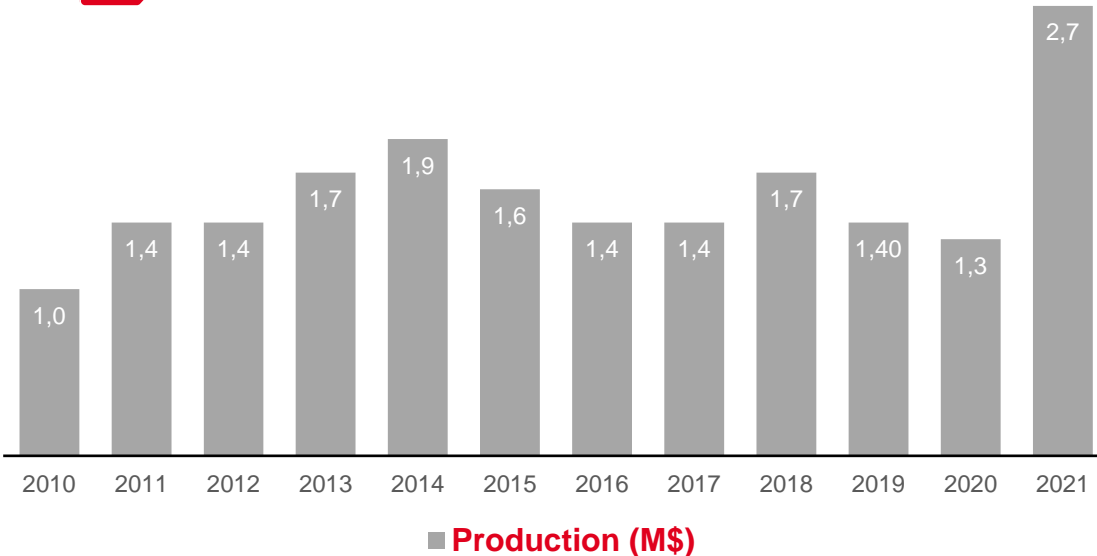
Strong local market - demand driven by the growth in the industry and infrastructure & construction projects



LIFTING & HANDLING EQUIPMENT

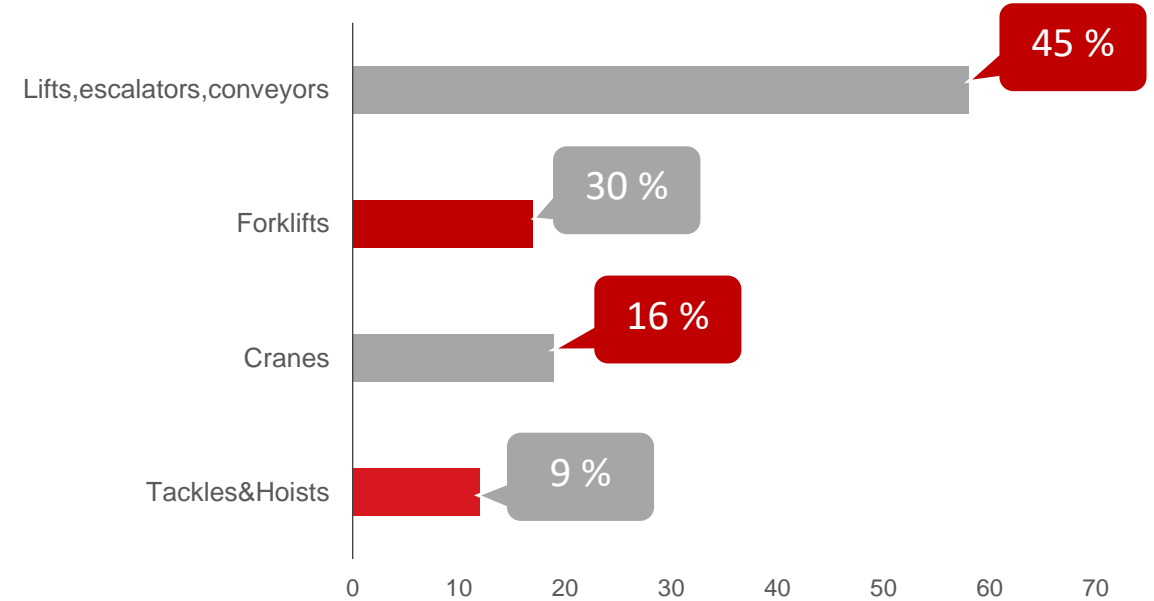


TÜRKİYE'S PRODUCTION OF LIFTING & HANDLING EQUIPMENT HAS ALMOST **TRIPLED** SINCE 2010

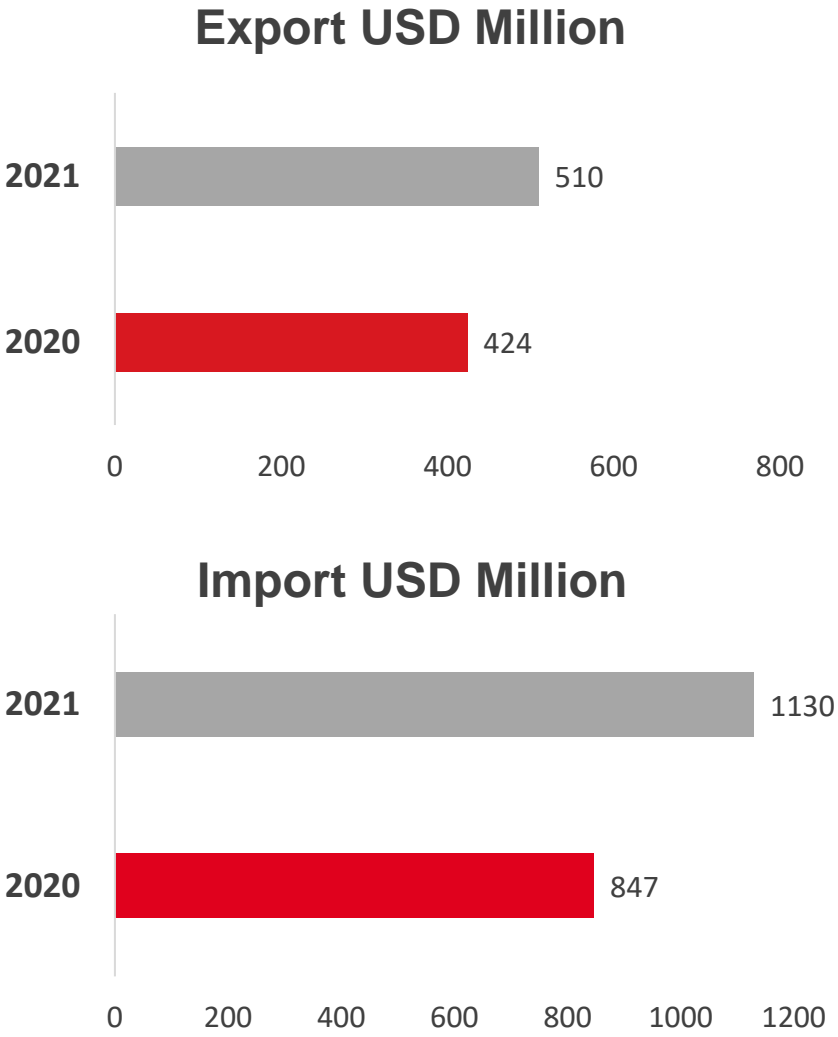
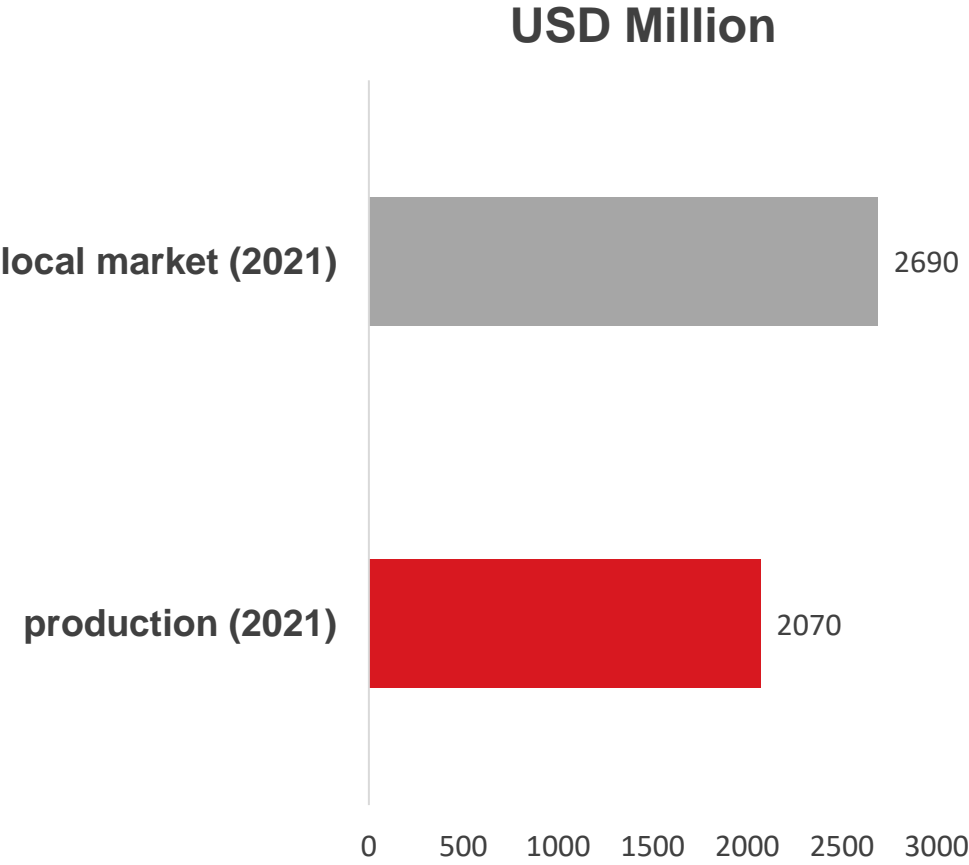


...AND EXPORTS HAVE REACHED USD 510 MILLION IN 2021

USD 1.2 MILLION IMPORT IN 2021 - ALMOST 70% FROM CHINA, GERMANY & ITALY



LIFTING & HANDLING EQUIPMENT



METALWORKING & MACHINE TOOLING

TÜRKİYE'S METALWORKING & MACHINE TOOLING
MARKET HAS REACHED TO USD 3.2 BILLION IN 2021 -
11TH LARGEST IN THE WORLD



KEY FACTS



Strong industrial base - largest in Central and Eastern Europe with **USD 1.92 billion** of production in 2021



Strong in laser machine tools, forging & punching machine tools (including presses) - **80% of the exports**



Exports have reached USD 1.03 billion in 2021 - 20% growth in the last three years - industry diversifying its export markets to Russia, Germany, USA, Poland, France, Canada.



Almost 30% of the USD 2.31 billion import in 2021 is for machining centers, transfer machines and lathes - mostly from Germany, Japan and Italy



Investment opportunity for CNC tools - supplier base for CNC tools exist

DEMAND IS DRIVEN BY INDUSTRIES WHERE TÜRKİYE HAS A STRONG PRESENCE



AUTOMOTIVE



WHITE GOODS

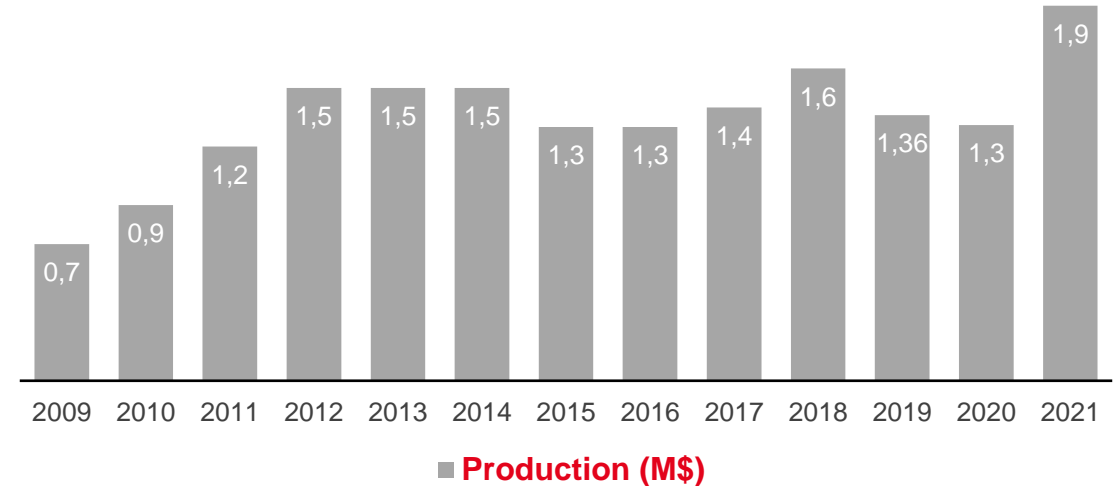


AVIATION



HEALTH CARE

TÜRKİYE'S METALWORKING & MACHINE TOOLING
MANUFACTURING DOUBLED SINCE 2009



PUMPS & COMPRESSORS

TÜRKİYE’S MARKET FOR PUMPS & COMPRESSORS HAS EXCEEDED USD 2.8 BILLION IN 2021



KEY FACTS



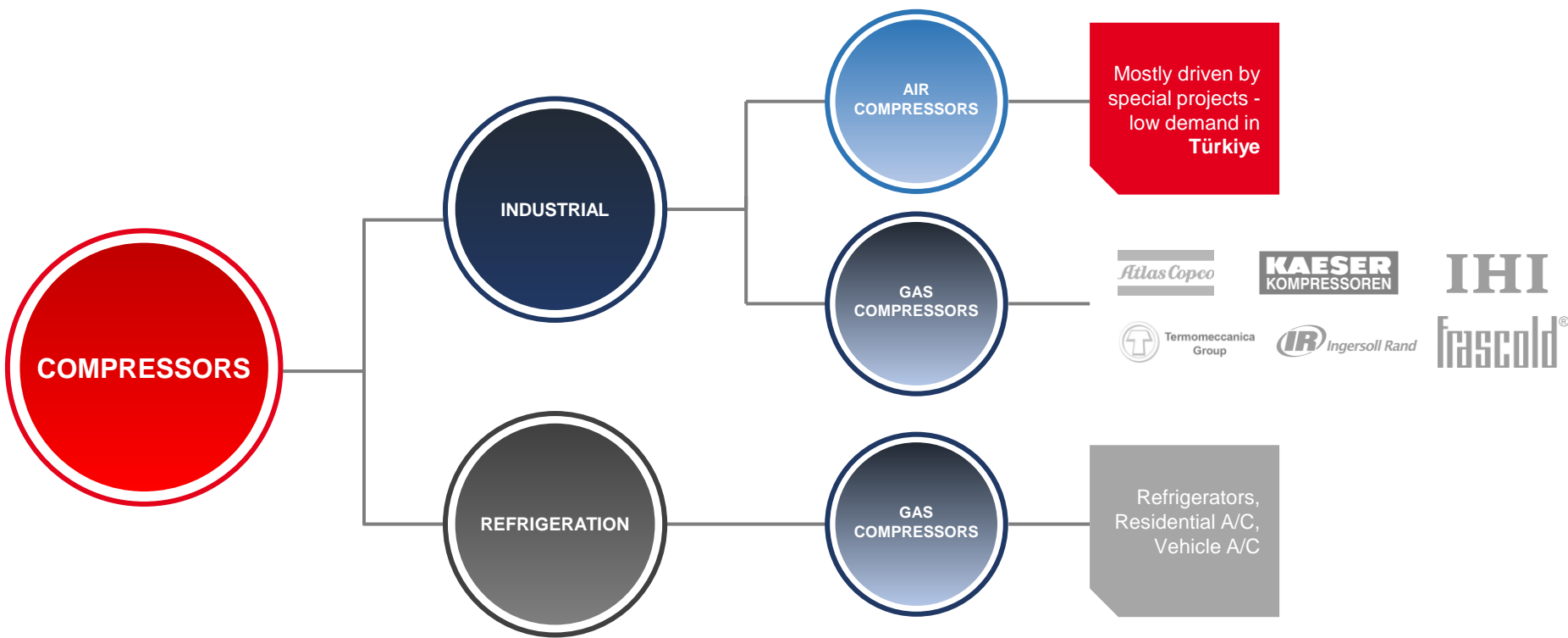
Industrial base - **USD 1.7 billion** of production in 2021; mostly based in Istanbul, Konya and Izmir



Majority of the companies are small-sized - **over 9K employees** in **500 companies**



Strong local market - demand driven by the growth in the industries, municipal infrastructure investments, construction and agriculture



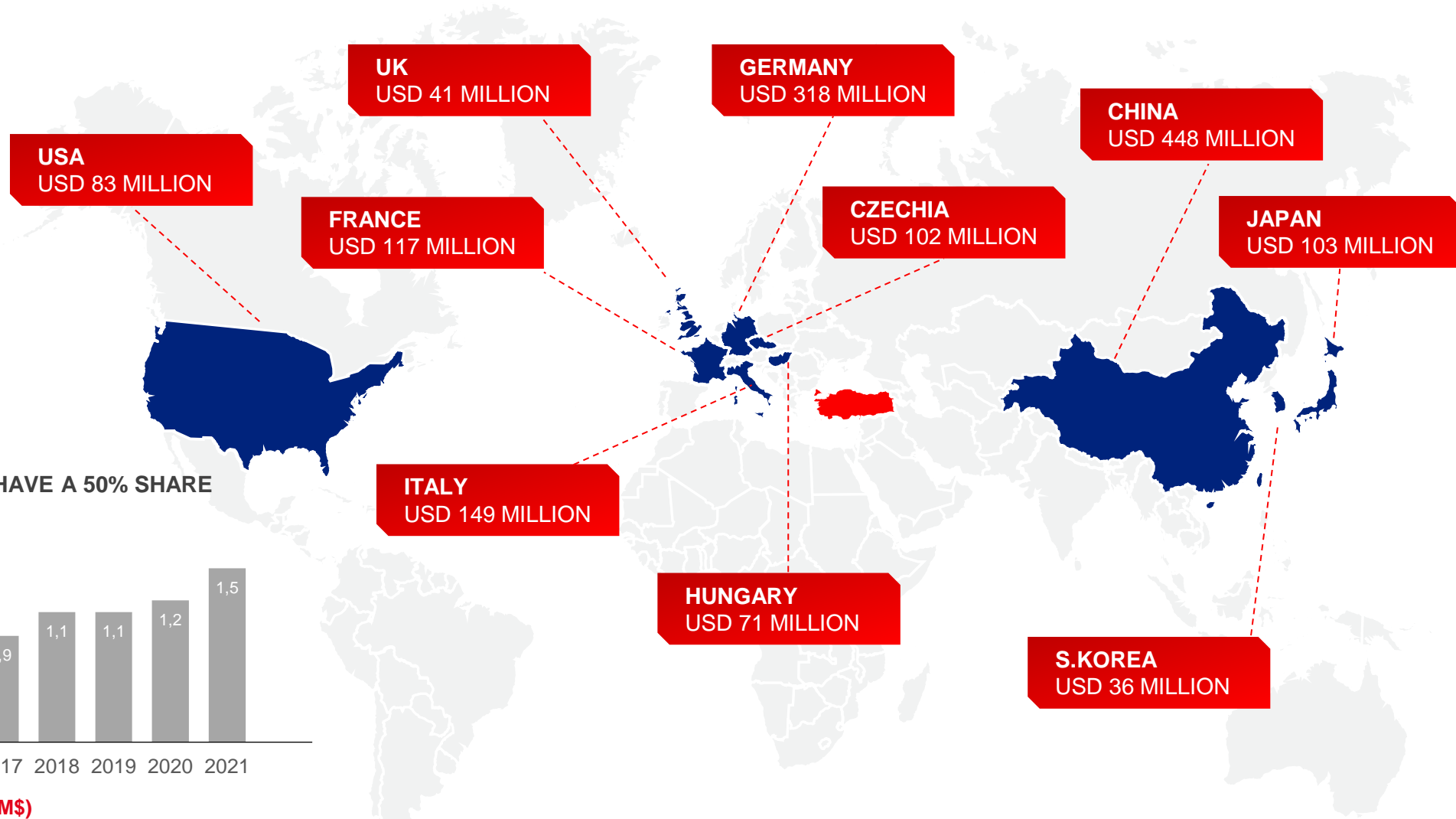
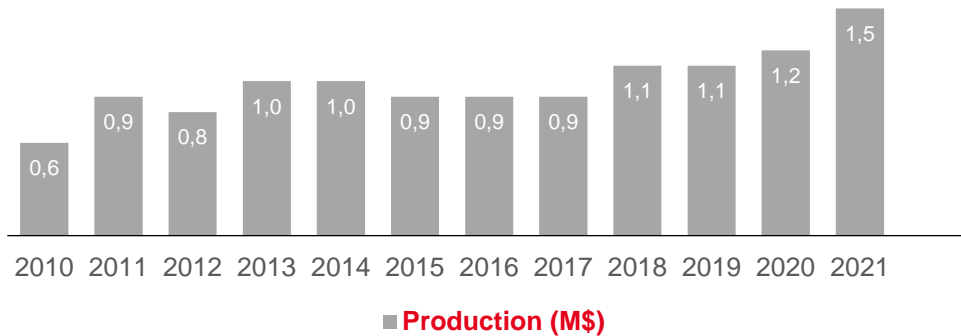
PUMPS & COMPRESSORS

TÜRKİYE HAS USD 2 BILLION OF IMPORTS WHERE
EUROPE HAS AROUND 60% SHARE



TÜRKİYE'S PRODUCTION OF PUMPS & COMPRESSORS HAS **TRIPLED** SINCE 2010

...AND EXPORTS HAVE REACHED
\$1.5 BILLION WHERE EUROPE & USA HAVE A 50% SHARE



TEXTILE MACHINERY

TÜRKİYE'S TEXTILE MACHINERY MARKET HAS REACHED USD 2.5 BILLION IN 2020



KEY FACTS



Strong industrial base especially in knitting and dyeing & finishing machines

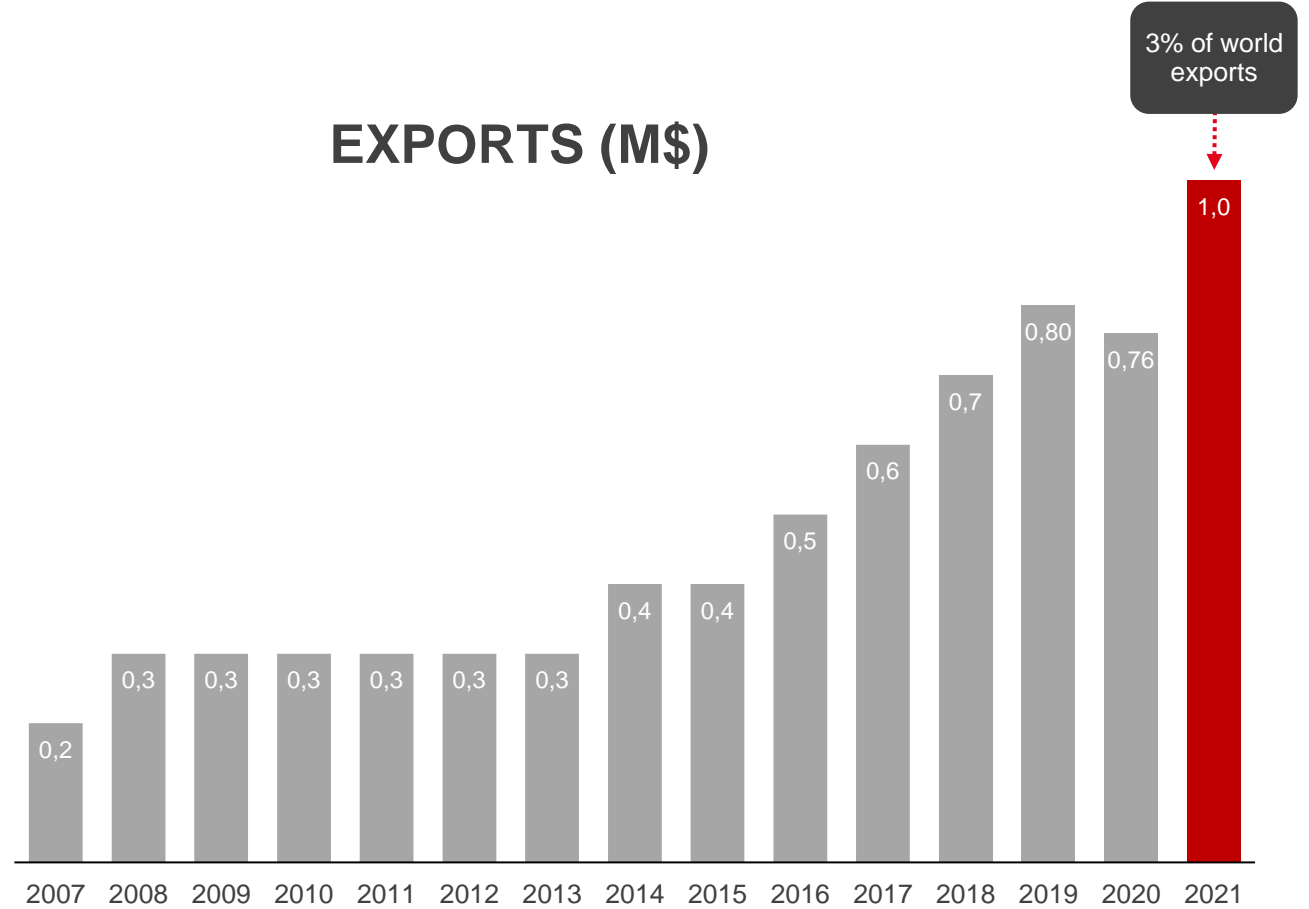


Demand driven by textile industry - Türkiye is the **7th largest** textile exporter with **USD 23 billion** in 2021 where Europe has around 50% share.



Due to high cost pressure from Asian countries, Türkiye's textile industry needs to specialize and increase its added value while upgrading or renewing its **USD 25 billion** machinery park - technical textile is an example

EXPORTS (M\$)



TEXTILE MACHINERY

TÜRKİYE'S TEXTILE MACHINERY EXPORTS TRIPLED IN 10 YEARS
STILL LOW COMPARED TO \$2.4 BILION OF IMPORTS



TÜRKİYE'S COMPETITIVENESS IN TEXTILE MACHINERY CATEGORIES



WEAVING



71% of Türkiye's imports are from **Belgium & Italy**
Türkiye is the **3rd** importer country in the world.

DYEING & FINISHING



Türkiye is the **3rd** importer of dyeing and finishing machines in the world.

TECHNICAL TEXTILE



693 million USD export in 2020. The top three export countries are **Germany, the USA and the UK** respectively.

SPINNING



50% of Türkiye's imports are from **Switzerland, Germany & Italy**.

KNITTING



Türkiye is the **2nd** importer of knitting machines in the world with its **350 million USD** import.

SEWING



Turkish market dominated by **China & Vietnam**.

AGENDA

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Turkish Machinery
Industry Outlook

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Growth Drivers
in Türkiye

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Opportunities in Turkish
Machinery Industry

5

Success
Stories

SUCCESS STORIES



5

SUCCESS STORIES

MACHINERY GIANTS HAVE BEEN INVESTING IN TÜRKİYE FOR DECADES



B/S/H/

- The company's brand portfolio includes eleven well-known appliance brands like Bosch, Siemens, Gaggenau and Neff as well as the ecosystem brand Home Connect and service brands like Kitchen Stories.
- 38 production sites in Europe, the USA, Latin America and Asia
- At the end of 2020, BSH employed about 60,000 people worldwide.
- BSH achieved record sales of €13.9 billion in 2020.
- At 5.1 percent of total turnover, R&D spending in 2020 remained high – with a focus on digital technologies.
- BSH Türkiye produced 5.8 million products from Çerkezköy Factories in 2020. 70 % of the production is exported.
- BSH Türkiye is the first company that exports by rail to China from Türkiye.

IHI

- IHI Corporation - Japanese corporation that produces ships, aircraft engines, turbochargers, industrial machines, power station boilers and suspension bridges
- Had a revenue of USD 13 billion in 2020 with 30K employees
- Completed projects in Türkiye include Golden Horn Bridge, Fatih Sultan Mehmet Bridge, Osman Gazi Bridge and several reinforcement projects
- Formed a JV with Dalgakıran Makine with an investment of USD 14.4 million to produce turbo compressors in Türkiye in 2018 (60 employees)
- Uses Türkiye as a base for exports to Europe, the Middle East, and other growing markets.



- Japanese multinational electronics and electrical equipment manufacturing company with a total revenue of USD 40,7 billion in 2019
- Operational in Türkiye since 2012 especially in air conditioning, elevators and escalators, factory automation systems, visual information systems and transportation systems as well as electrification
- In 2018, opened its first air-conditioner manufacturing plant for Europe in Türkiye with an investment of USD 80 million

SUCCESS STORIES

MACHINERY GIANTS HAVE BEEN INVESTING IN TÜRKİYE FOR DECADES



Putzmeister

- Established in Germany in 1958, its products include plants and equipment for concrete production, truck mixers, plastering machines, concrete injectors and concrete pumps
- Acquired by Chinese competitor Sany Heavy Industries for USD 402 million in 2012
- Manufacturing concrete pumps and mechanical and hydraulic distributors at its Cerkezkoy plant since 2008

Haier

CANDY



- Established in Italy, its products include washing appliances, built-in and small domestic appliances. Had a revenue of 1.1 Billion in 2019
- Manufacturing in Türkiye since 2007 at its Eskisehir plant
- Invested EUR 15 Million for the launch of a new plant in Türkiye where a workforce of 300 people were employed
- Uses Türkiye plant as a base for oven and stove manufacturing, built-in appliances and dryers and exports over 90% of its production
- Qingdao Haier completed the acquisition of the Candy Hoover Group in 2019.

Türk Traktör

- Turk Tractor was established in 1954. In 2008, the company merged with Italian company CNH Industrial.
- 2 production facilities in Ankara and Sakarya with 50,000-unit capacity.
- 2 R&D centres located in İstanbul and Ankara.
- As of 2021, Turk Tractor has reached 11 million TL sales revenue doubled in two years.
- Over 16.000 unit export and 32.000 unit local sales in 2021.



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT
OFFICE**

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