



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

WHY INVEST IN TURKISH MACHINERY INDUSTRY?

April 2024

[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 robust 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

- The Turkish machinery industry has exhibited strong growth; approx. 8% CAGR over the last five years.
- The 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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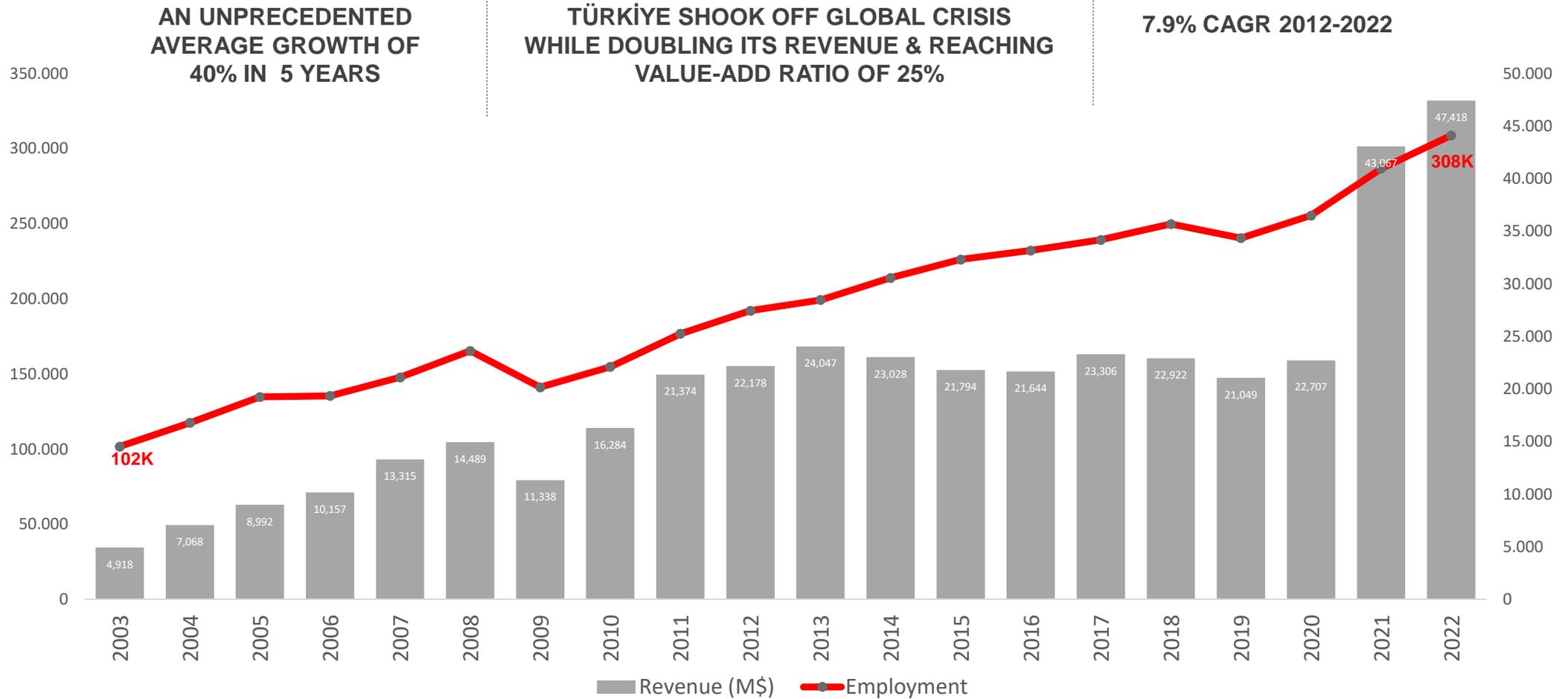
TURKISH MACHINERY INDUSTRY OUTLOOK



2

TURKISH MACHINERY INDUSTRY

TURKISH MACHINERY SECTOR HAS MORE THAN QUADRUPLED ITS REVENUES TO USD 47 BILLION AND DOUBLED ITS WORKFORCE TO 300K OVER THE PAST DECADE

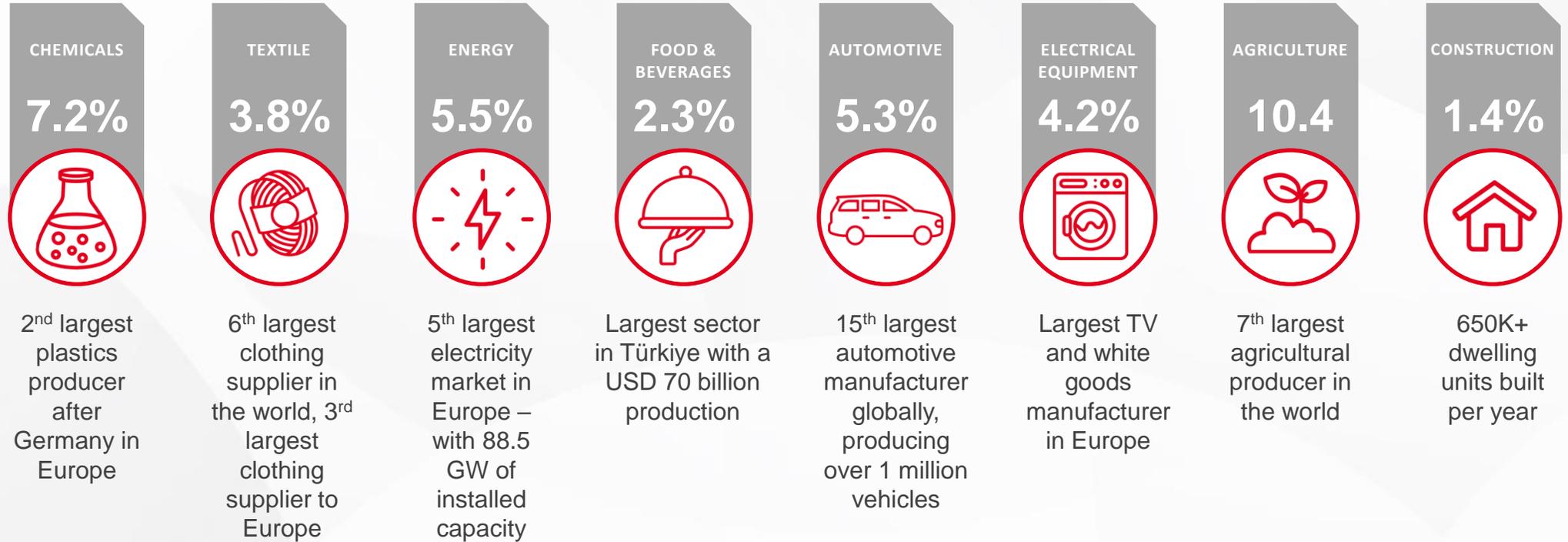


END-USE INDUSTRIES

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



CAGR
2009-2022



FOREIGN TRADE

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

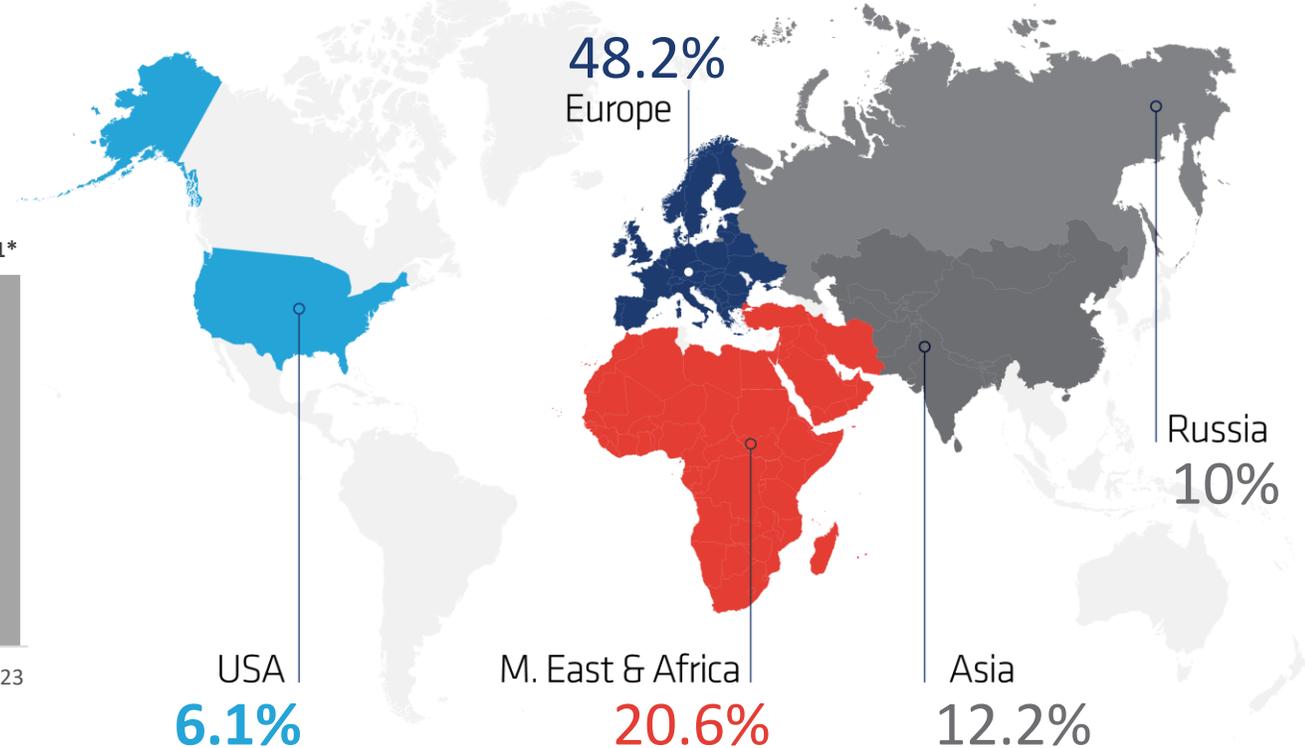
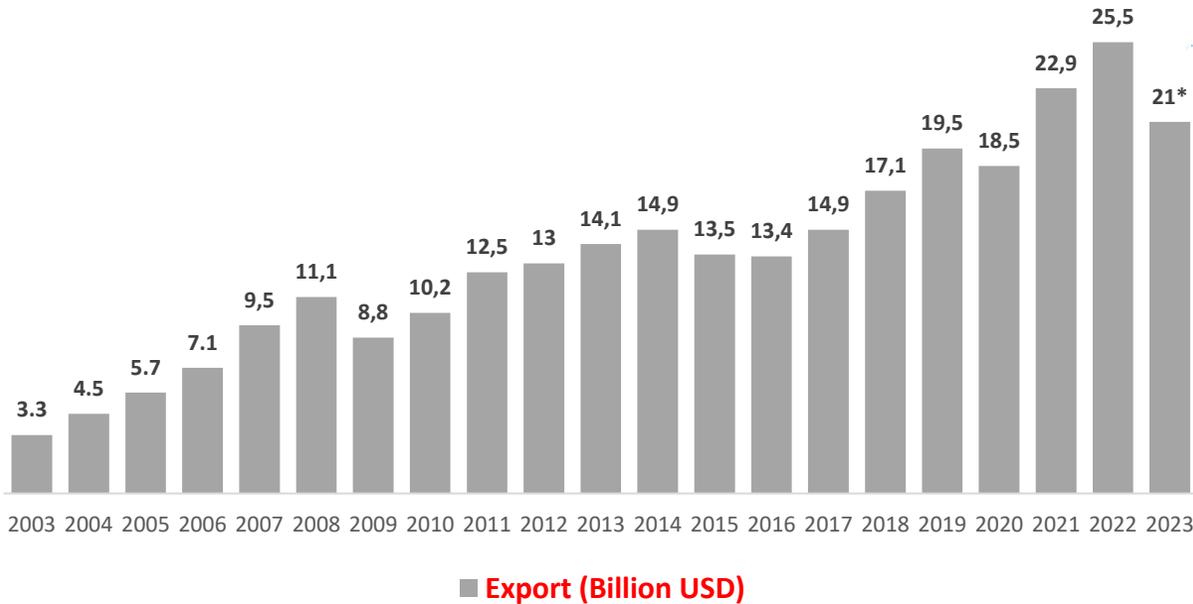


WHEN WORLD EXPORTS DOUBLED, TÜRKİYE'S EXPORTS INCREASED FIVE TIMES...



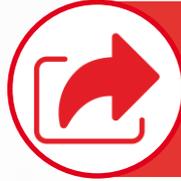
...WHILE DIVERSIFYING ITS EXPORT MARKETS:

Export



FOREIGN TRADE

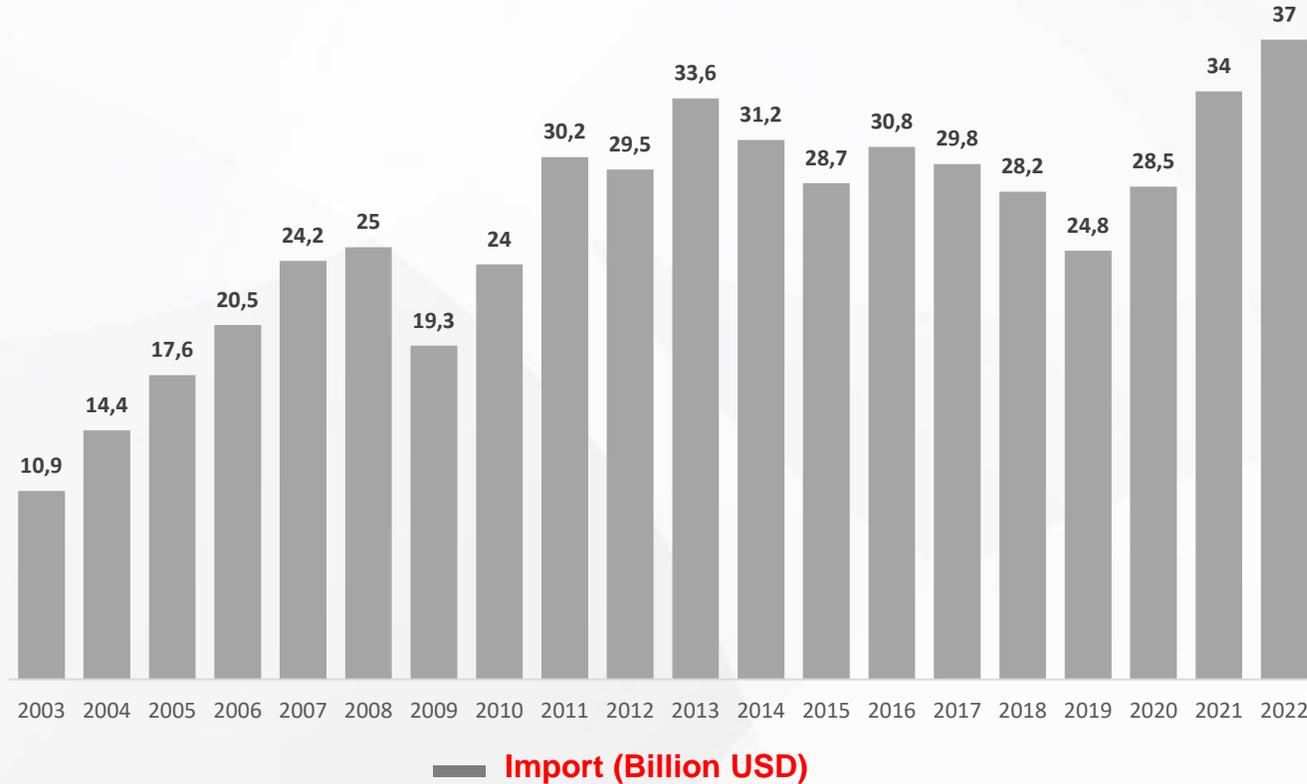
TÜRKİYE HAS ALMOST TRIPLED ITS IMPORTS TO USD 28 BILLION AND NOW IS THE 24TH LARGEST IMPORTER IN THE WORLD



TÜRKİYE HAS INCREASED ITS EXPORT/IMPORT RATIO FROM 30% TO 69% SINCE 2003...



...WITH THE FOLLOWING BREAKDOWN BY COUNTRIES



USA
5%

Mostly from
Germany,
Italy and UK
Europe
50.6%

China
26.1%

S. Korea
Japan
7.1%

PROXIMITY TO KEY MARKETS

TÜRKİYE IS WELL CONNECTED WITH THE REGION THROUGH CUSTOMS UNION WITH THE EU AND FREE TRADE AGREEMENTS WITH 23 COUNTRIES



TÜRKİYE

HAS GEOGRAPHICAL PROXIMITY TO SOME OF THE

HIGHEST-GROWTH MARKETS

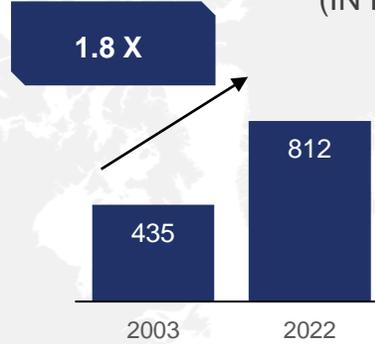
IN MACHINERY AND IS CONVENIENTLY POSITIONED AS A

MANAGING AND MANUFACTURING HUB



TÜRKİYE IS IN FULL COMPLIANCE WITH THE EU TECHNICAL LEGISLATIONS SINCE 2002, WITH EVERY CONFORMITY ASSESSMENT CONFIRMING ALIGNMENT WITH EU REGULATIONS.

IMPORT NUMBERS
(IN BILLION USD)



1.8 X

2003

2022

5.5 X

11.7

2003

65

2022

3 X

294

2003

901

2022

MAJOR PLAYERS

THERE ARE OVER 21K COMPANIES IN TURKISH MACHINERY SECTOR WHERE BOTH LOCAL AND INTERNATIONAL PLAYERS ARE ACTIVE

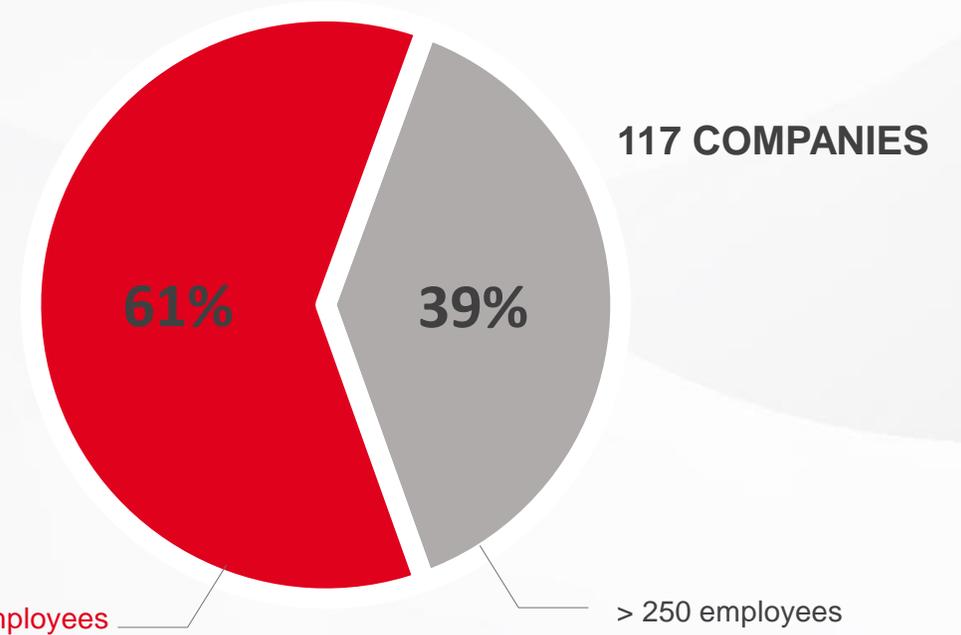


61% OF MACHINERY REVENUE IS MADE BY SMALL AND MEDIUM ENTERPRISES

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



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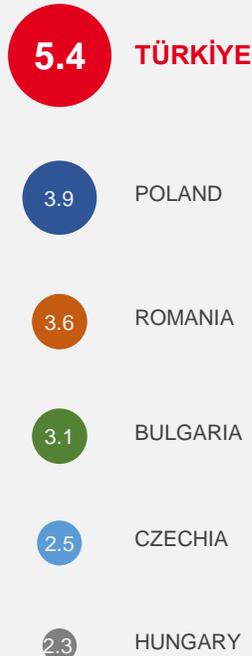


11th largest economy in the World

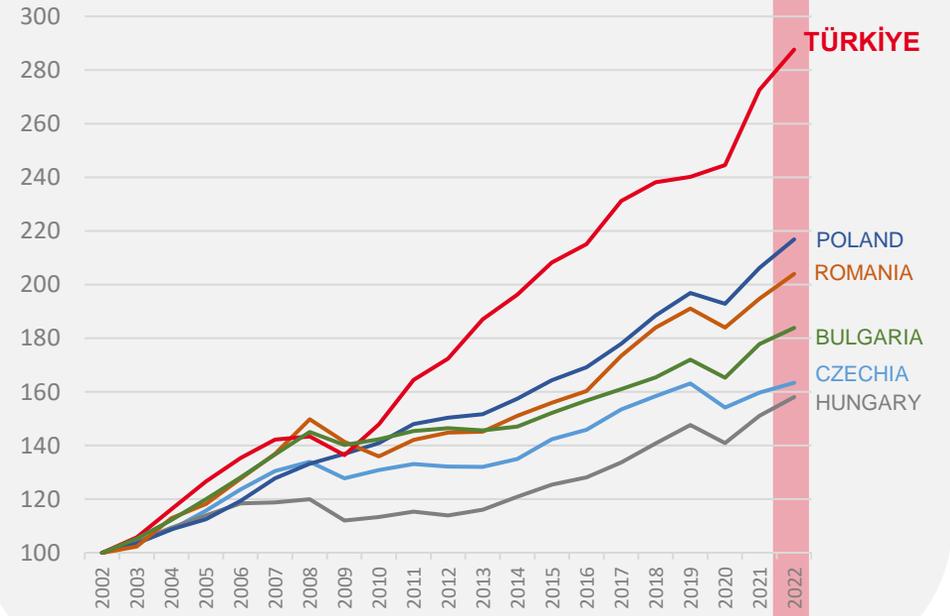
RANKING OF ECONOMIES BY GDP AT PPP

2003	2019	2022
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.ARABIA	16. CANADA	16. SPAIN
17. IRAN	17. S.ARABIA	17. S.ARABIA
18. TÜRKİYE	18. IRAN	18. EGYPT

AVERAGE ANNUAL GDP GROWTH (%) 2002-2022



REAL GDP GROWTH (INDEX: 2002=100)



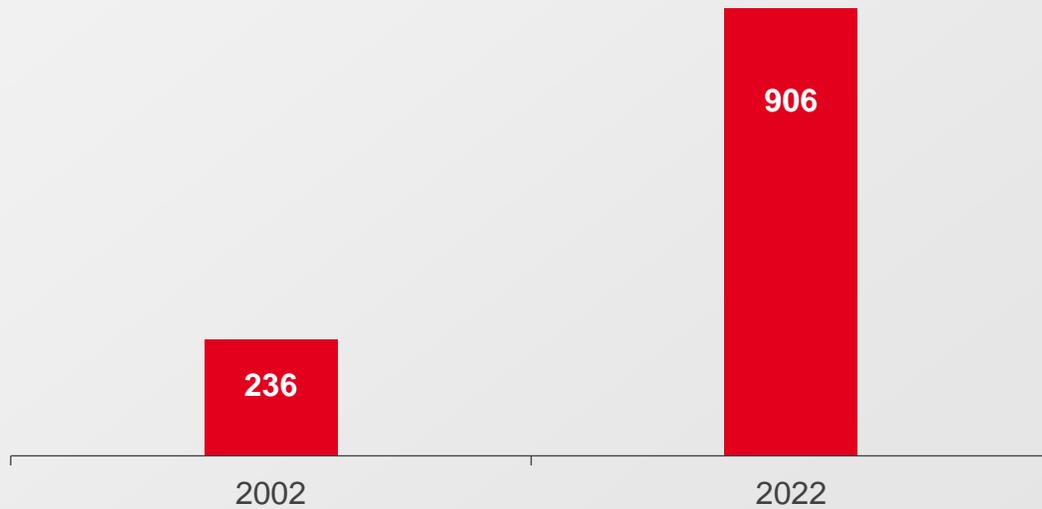
ROBUST ECONOMY

TRIPLING SIZE OF THE ECONOMY OVER THE PAST 20 YEARS



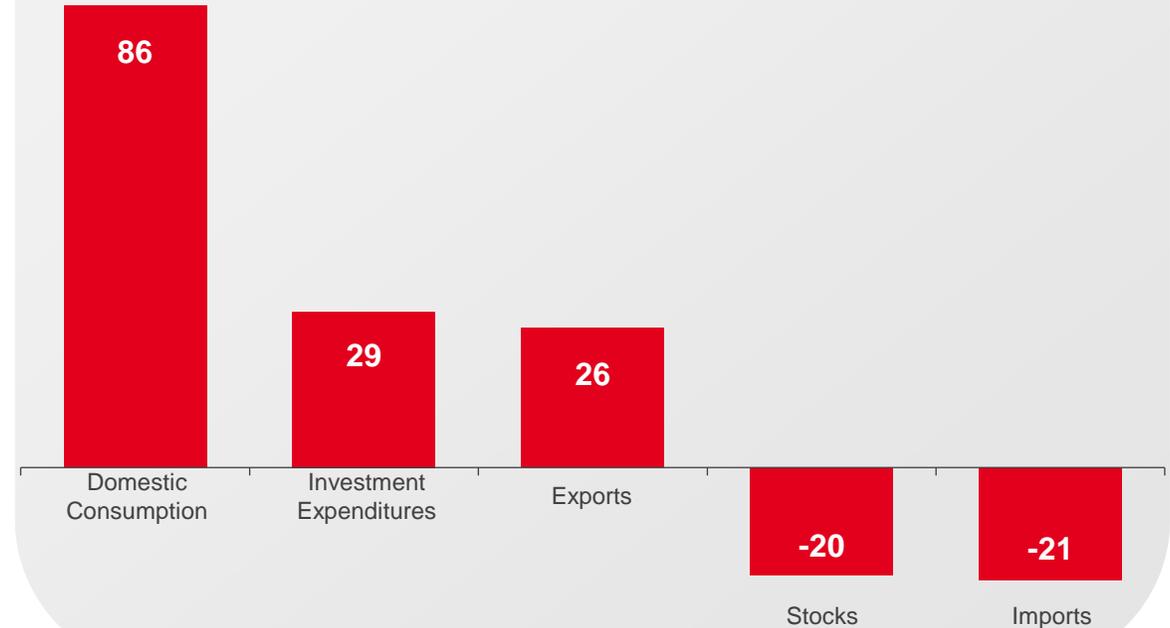
The Turkish economy has **more than tripled** over the past 20 years and shows promises to maintain on the growing trend

Turkish Economy (GDP at current prices, \$Billion)



Robust domestic market and entrepreneurial private sector spurred investments and exports

Contribution to GDP Growth 2002-2022 (%)



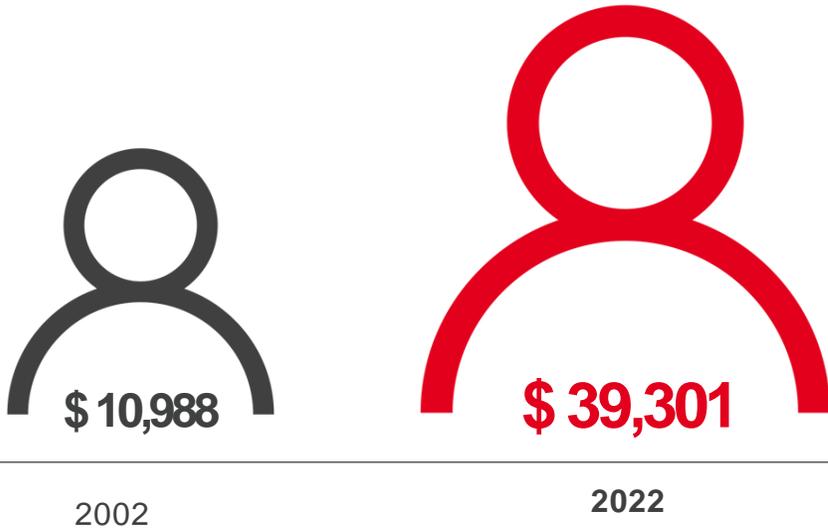
DOMESTIC MARKET

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



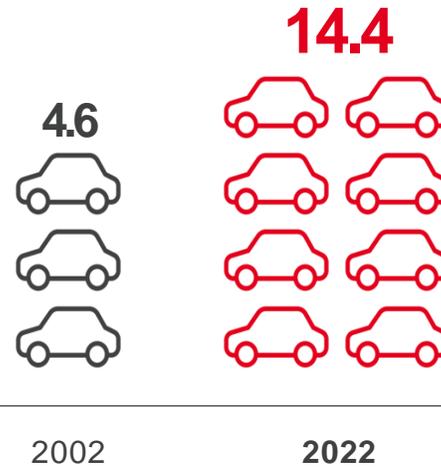
Income per capita

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



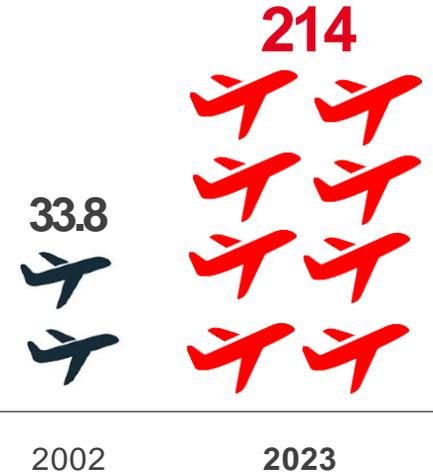
Passenger Car Stock

(millions)



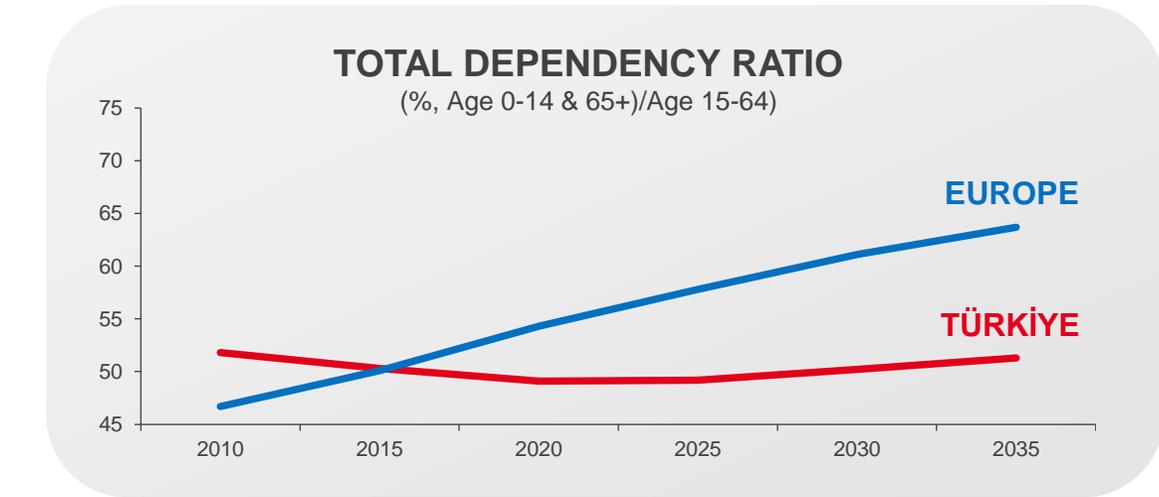
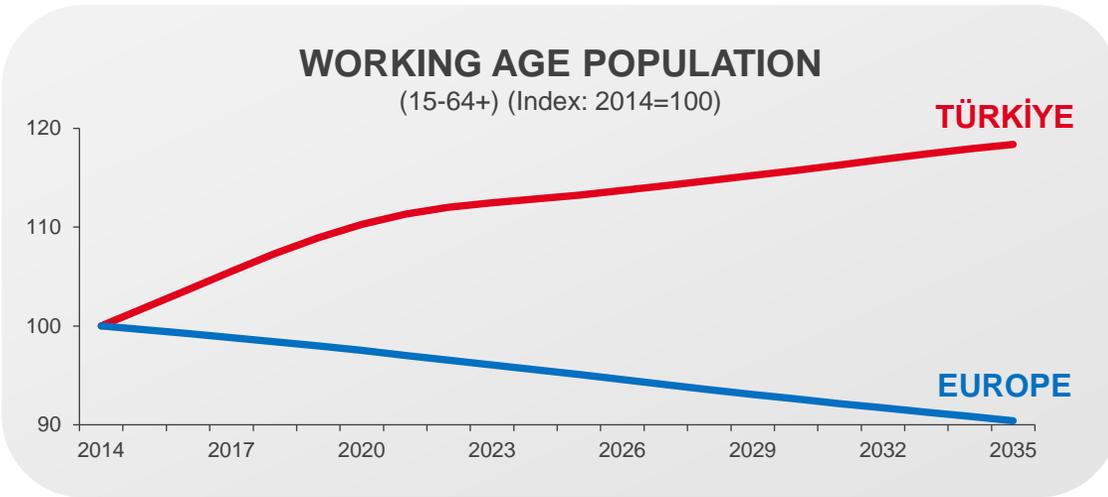
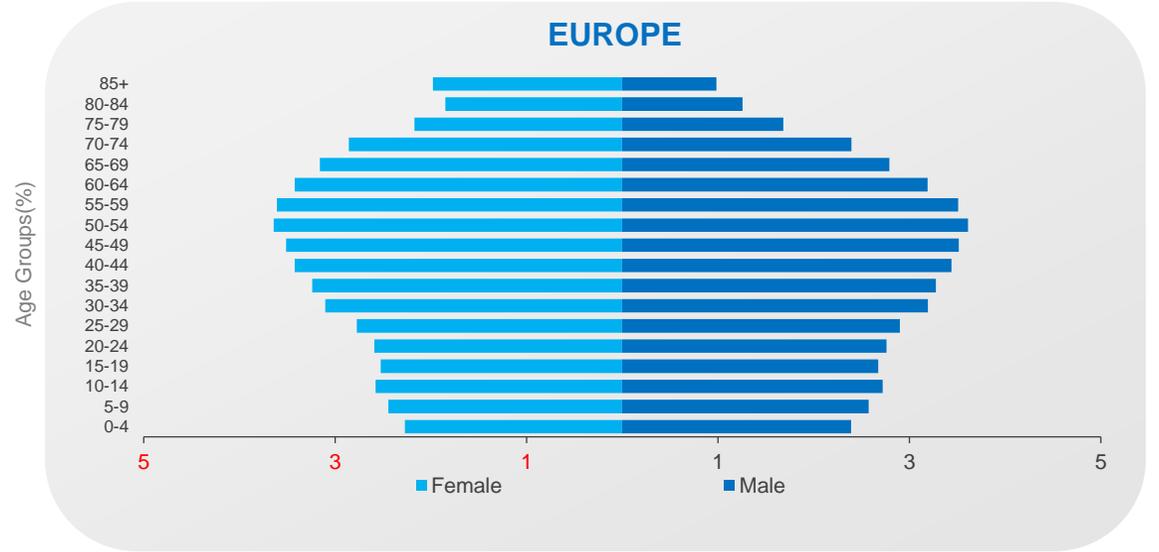
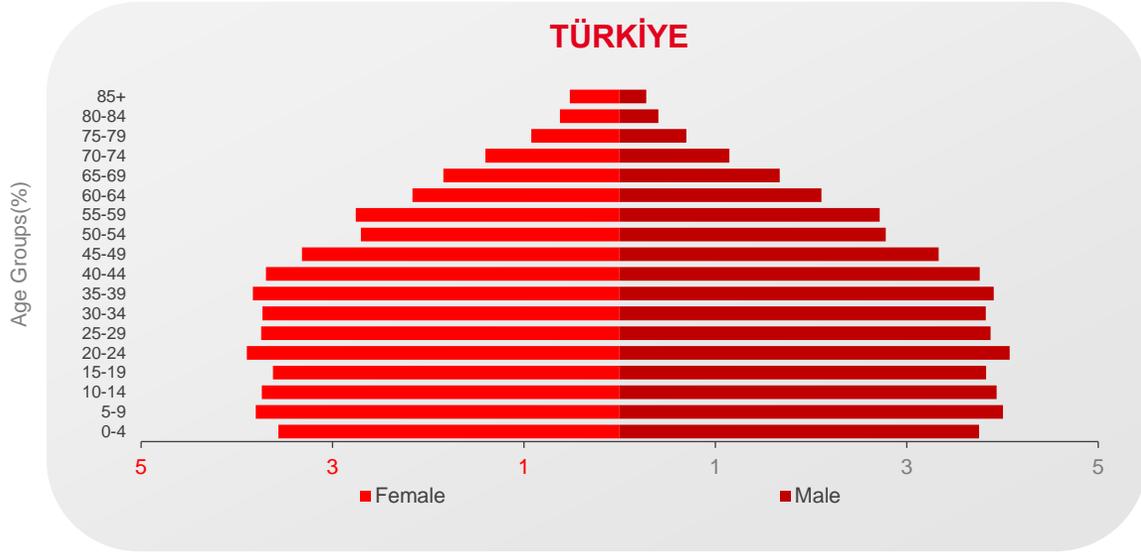
Domestic Air Passenger Traffic

(millions)



FAVORABLE DEMOGRAPHICS

HALF OF POPULATION UNDER AGE OF 33.5, CREATING DYNAMIC LABOR FORCE AND FOSTERING FISCAL DISCIPLINE

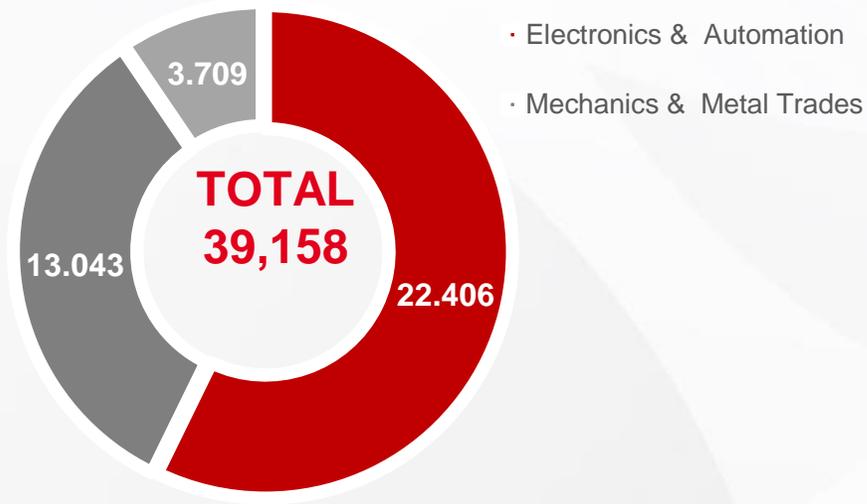


SKILLED & COST-COMPETITIVE LABOR FORCE

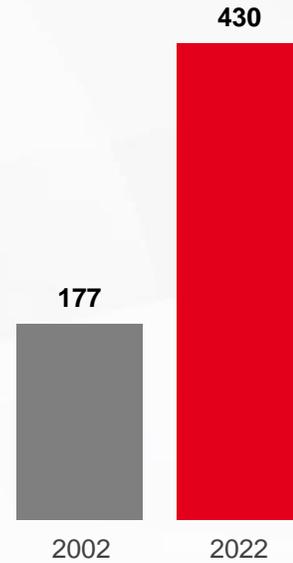
TÜRKİYE'S EDUCATION SYSTEM UPGRADED
TO SUPPORT A SKILLED LABOR POOL



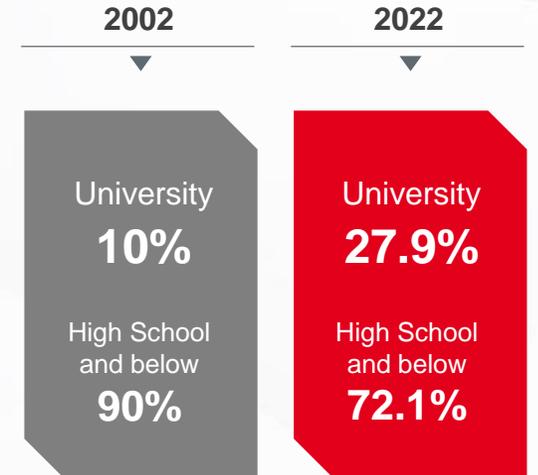
ANNUAL NUMBER OF UNIVERSITY GRADS IN MECHANICAL FIELDS (2022-2023)



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



LABOR FORCE BY EDUCATION LEVEL



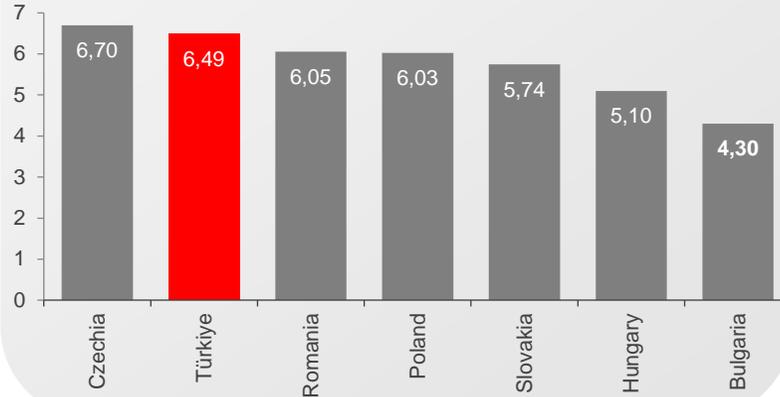
SKILLED AND COMPETITIVE LABOR FORCE

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



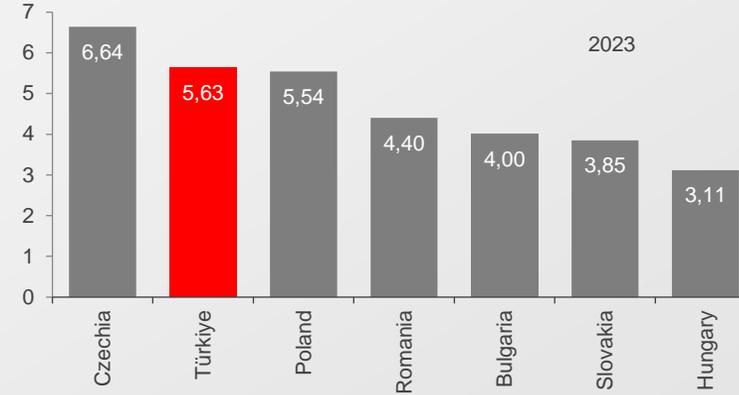
AVAILABILITY OF QUALIFIED ENGINEERS

(10=Available; 0=Unavailable) 2023



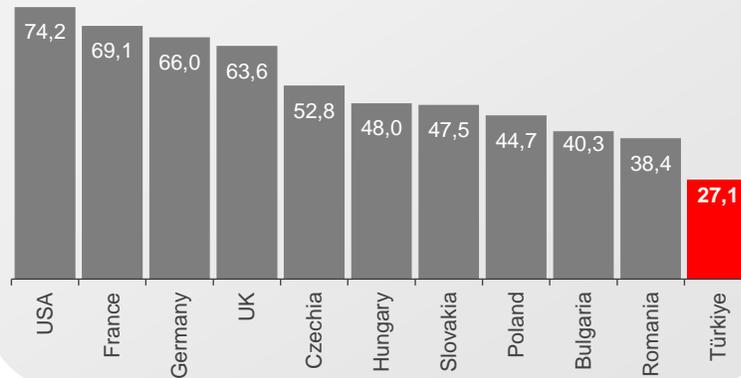
AVAILABILITY OF COMPETENT SENIOR MANAGERS

(10=Available; 0=Unavailable) 2023



COST OF LIVING INDEX 2023

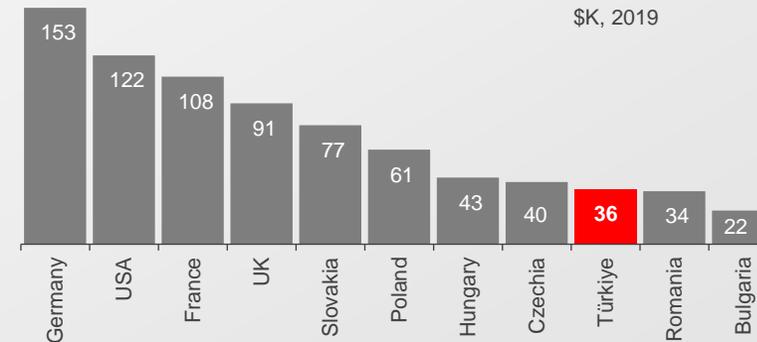
(New York=100)



REMUNERATION OF MANAGEMENT/ENGINEER

Total base salary plus bonuses and long-term incentives

\$K, 2019



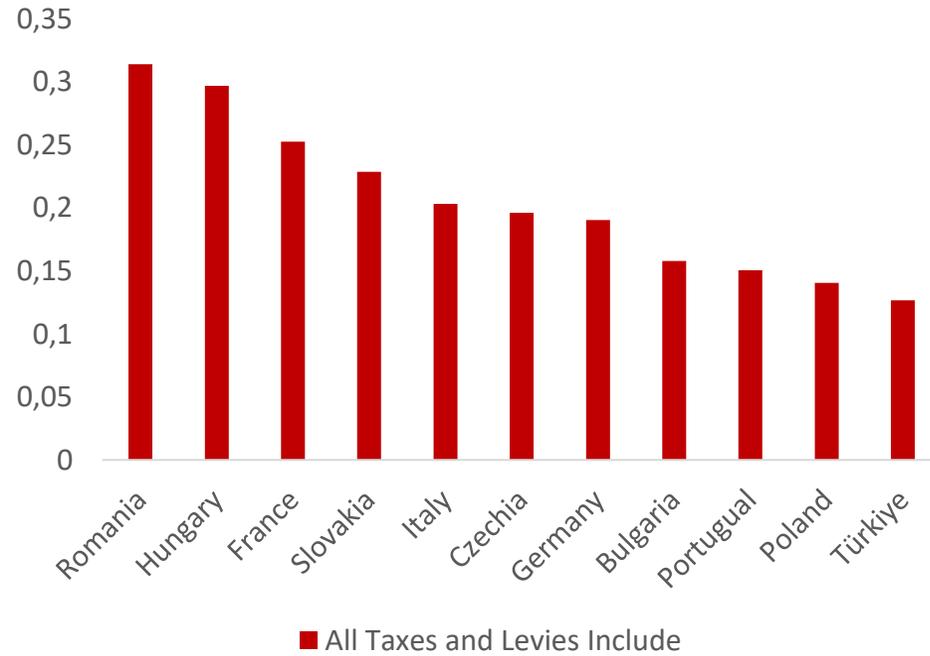
COMPETITIVE ENERGY PRICES

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



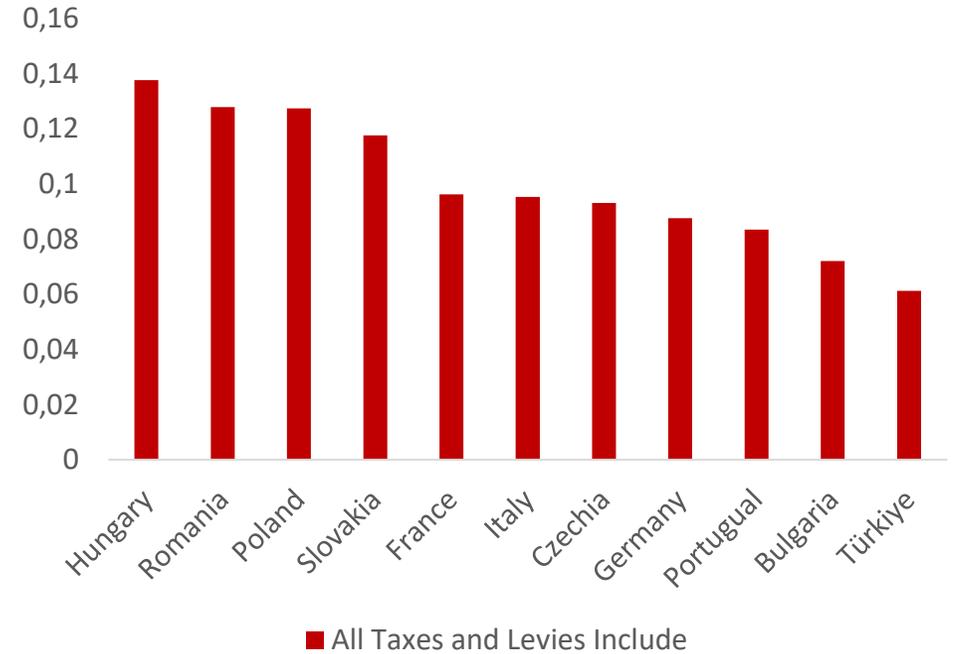
Electricity Prices for Non-Household Consumers, S1 2023

(EUR per MWh)



Gas Prices for Non-Household Consumers, S1 2023

(EUR per kWh)



INCENTIVES

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



MAIN INCENTIVE ITEMS

- VAT Exemption for Machinery
- VAT Exemption for Construction[#]
- Customs Duty Exemption
- Corporate Tax Reduction of 15-55% of investment expenditures depending on the investment location
- Social Security Premium Support (Employer’s Share) for 2-12 years depending on the investment location
- Land Allocation
- Interest Rate Support^{###} in the amount of TRY 1 to 1.8M depending on the investment location



Eligibility Criteria

Minimum fixed investment amount between TRY 1,500,000- TRY 4,000,000 depending on the investment location and industry

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.

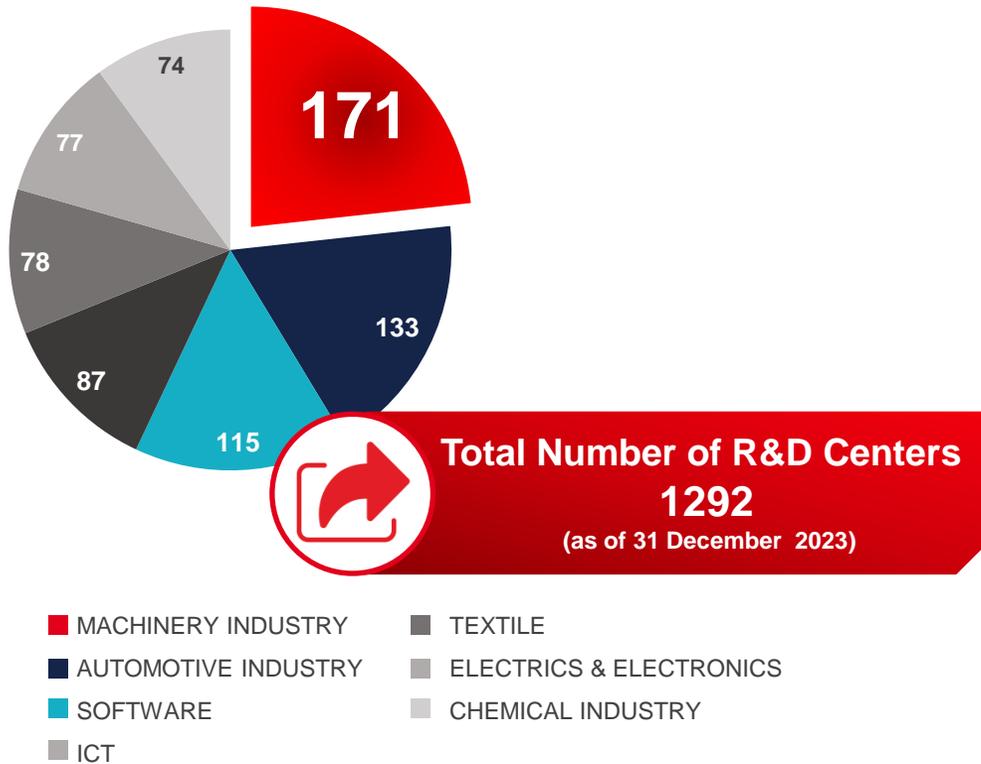
** Medium-High Tech Incentives are Region 4 incentives and Priority Incentives are Region 5 incentives. Rate of the support items is higher in better incentive schemes like Strategic and Project Based Incentives.

R&D INCENTIVES

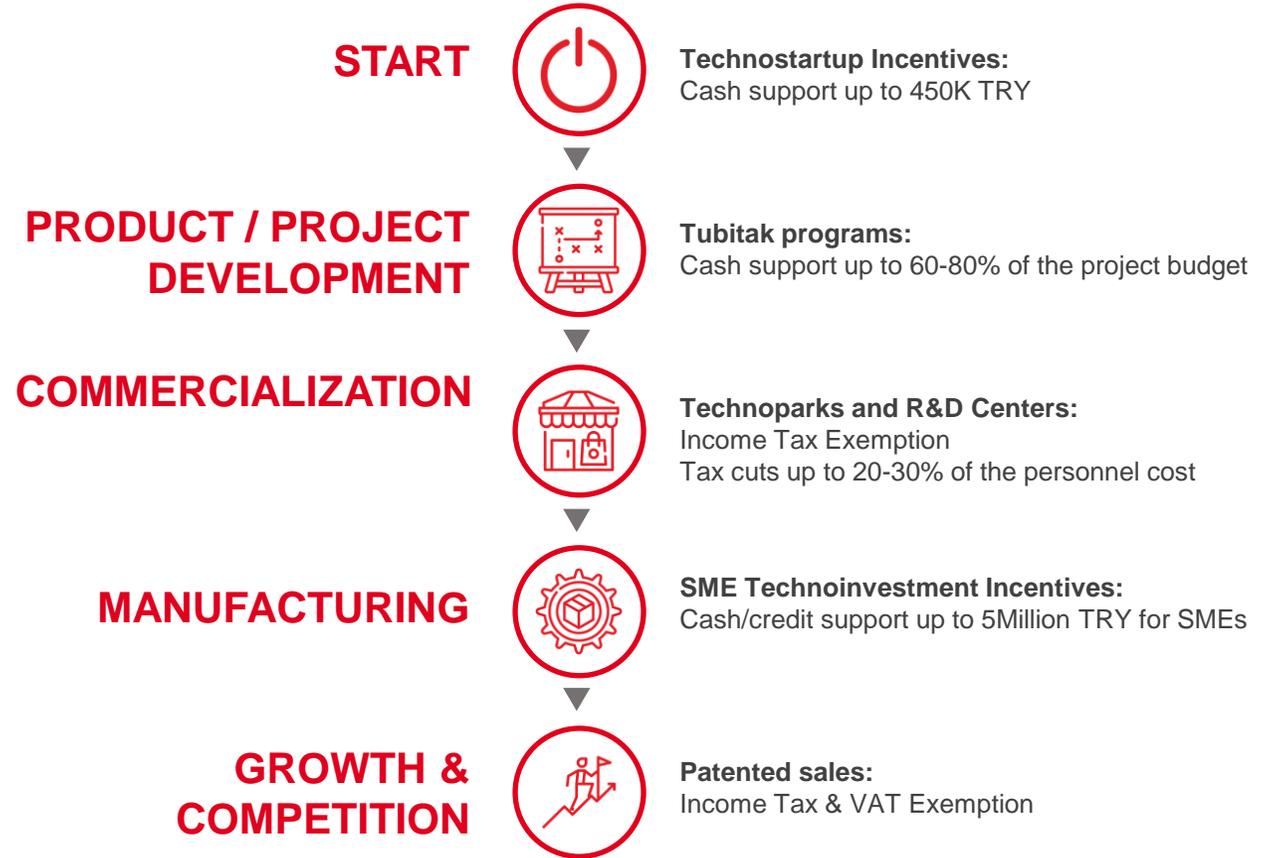
EXCLUSIVE INCENTIVES INCLUDE SUPPORT FOR TECH ENTREPRENEURS TO CREATE INNOVATIVE HIGH VALUE-ADDED ACTIVITY, WHICH ARE KEY TO CATCHING UP WITH THE NEW INDUSTRIAL REVOLUTION



BREAKDOWN OF R&D CENTERS BY SECTOR



INCENTIVES THROUGH INNOVATION LIFECYCLE





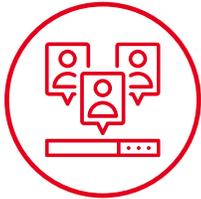
Tech-Driven Industry Initiative has been launched in 2019



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



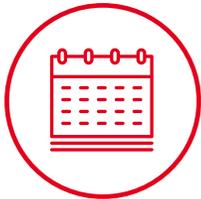
Support will be provided for the products throughout the entire process, from the concept phase to marketing.



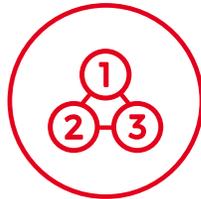
The investments supported in the program shall receive **strategic investment incentives**.



Investments exceeding TRY 50 million will qualify for **project-based investment incentives**



The Ministry of Industry and Technology will establish schedules as part 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)



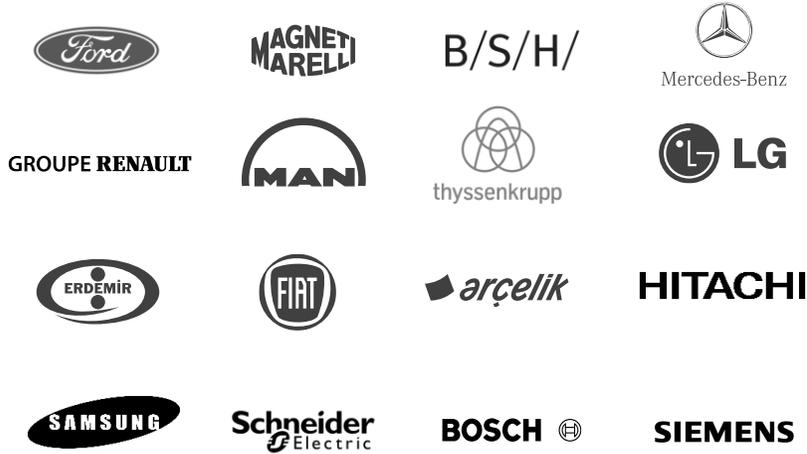
The **purchasing guarantee** mechanism will also operate in projects where the state is the buyer

DIGITAL MANUFACTURING

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



269+MEMBERS
LOCAL & INTERNATIONAL PLAYERS



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

- Create an ecosystem
- Set the aspiration for future industrial development of members in an innovative environment
- Execute digital and sustainability maturity assessments and roadmaps for the deployment of digital and green transformation
- Develop capabilities to accelerate transformation and reach full industrial potential



- Building Artificial Intelligence Laboratory
- As an official Turcorn 100 Program Partner support Turkish startups



DIGITAL FACTORY

An end-to-end integrated infrastructure and is supported entirely by 5G technology.

10,000 m² CENTER
2 production lines
covering 160+ use cases on
discrete manufacturing &
continuous process
+50 sustainability use cases



MATURITY ASSESSMENTS

Developed with a network of leading tech companies and recognized by WEF.

250+ companies
in 12 different sectors
(Automotive, White Goods,
Textile, Cement, Chemistry,
Food, Oil and Gas etc.).



TRAINING AND DEVELOPMENT

Data science, applied training in the digital factory, digital transformation strategies, IoT for field team members, etc.

CORE PARTNERS
McKinsey & Company
Fraunhofer
Microsoft



ECOSYSTEM AND ENTREPRENEURSHIP

Bringing together +50 global and regional best solution partners.

Represented Türkiye in the WEF (World Economic Forum) Fourth Industrial Revolution Centers Network.



DIGITAL MANUFACTURING

TO IMPROVE THE RESEARCH AND DEVELOPMENT CAPACITY AND COLLABORATION BETWEEN ACADEMIA AND INDUSTRY METU DTX IS ESTABLISHED



METU DTX is to increase the **competitiveness** and **EU value chain integration** of Turkish manufacturing industry through solution focused R&D projects on smart products and digitalized processes.

The main elements of digital transformation will be implemented at the METU DTX such as ;

- Artificial intelligence
- Collaborative robots
- Augmented/virtual reality
- Cybersecurity
- Horizontal-vertical integration
- Additive manufacturing applications



The Center will provide services to companies through three laboratories;

- Artificial Intelligence, Big Data Analytics And Cloud Computing
- Smart and Flexible Manufacturing Systems
- Virtual and Augmented Reality



ARTIFICIAL INTELLIGENCE, BIG DATA ANALYTICS AND CLOUD COMPUTING

Artificial intelligence and machine learning algorithms necessary for smart devices and products will be developed



SMART AND FLEXIBLE MANUFACTURING SYSTEMS

Modular flexible manufacturing cells will be created according to the needs of the industry.



VIRTUAL AND AUGMENTED REALITY

Research will be conducted in virtual and augmented reality environments in the fields of design, manufacturing, assembly, maintenance, repair, and training.

PARTNERS



ODTU-TEKNOKENT



STAKEHOLDERS



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OPPORTUNITIES IN TURKISH MACHINERY INDUSTRY



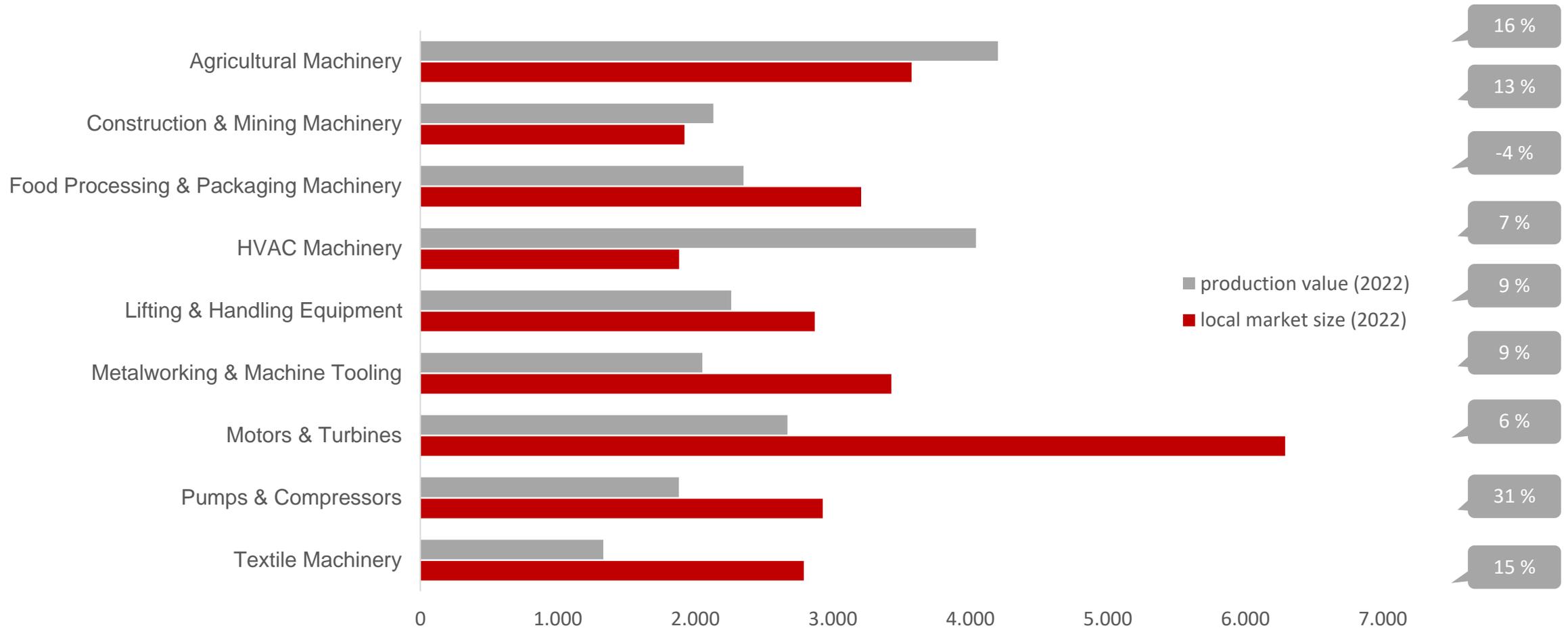
OPPORTUNITIES IN SUB-SECTORS

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



PRODUCTION VALUE IN ALMOST ALL SUBSECTORS INCREASED SUBSTANTIALLY IN COMPARISON WITH 2022

MILLION USD



AGRICULTURAL MACHINERY

TÜRKİYE'S AGRICULTURAL MACHINERY MARKET HAS REACHED USD 3.6 BILLION IN 2022 - 4TH IN THE WORLD



KEY FACTS



At the beginning of 2000, exports stood at 70 million dollars, increasing to 1.5 billion dollars in 2022.



Robust industrial base - over 10% share in Europe's production with **over 83K** units in 2022.



Strong local market with **67K** units in 2022 - **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 **21K employees**



Agricultural Machinery in Türkiye stands out as one of the prominent industries among the 22 national machinery sub-segments, primarily due to its substantial production value.

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:



1st

LARGEST COUNTRY IN EUROPE IN TERMS OF AGRICULTURAL ECONOMY (2022)



10th

LARGEST COUNTRY IN THE WORLD IN TERMS OF AGRICULTURAL ECONOMY (2022)

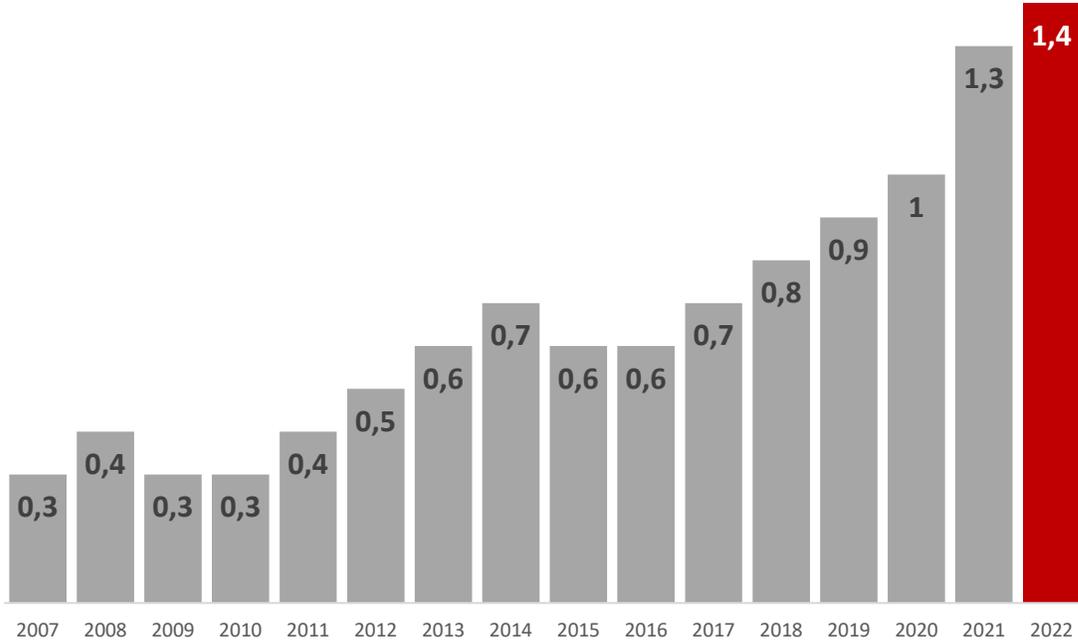


AGRICULTURAL MACHINERY

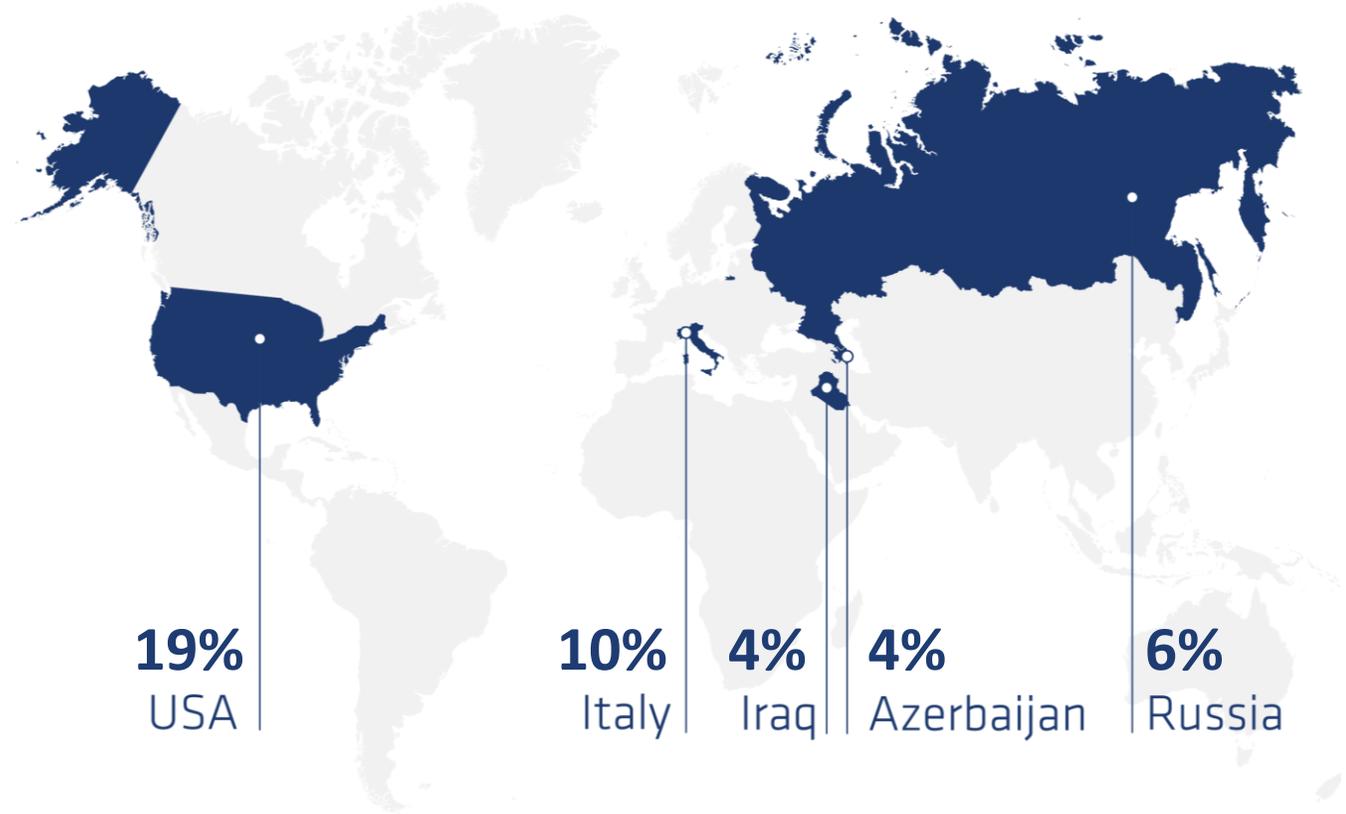
TÜRKİYE'S AGRICULTURAL MACHINERY EXPORTS ALMOST QUADRUPLED IN 10 YEARS



EXPORTS (B\$)



TOP 5 EXPORT COUNTRIES





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 1.92 million** local market and **USD 2 billion** of exports in 2022



A robust and international supplier base: The construction machinery industry in Türkiye can leverage the well-established supplier network of the automotive manufacturing industry. Türkiye, serving as a European manufacturing hub, has achieved a production volume of 1.3 million units.



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



Access to international markets facilitated by Turkish construction companies: With **40 contractors listed in the ENR250**



CONSTRUCTION & MINING MACHINERY

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



ANOTHER USD 100 BILLION € IS EXPECTED IN NEXT 5 YEARS*



*Source: Ministry of Transport and Infrastructure

ENERGY EQUIPMENT

TÜRKİYE'S ENERGY EQUIPMENT (ELECTRIC MOTORS & TURBINES) MARKET HAS REACHED USD 6.2 BILLION IN 2022



KEY FACTS



6th largest electricity market in Europe with more than 100 GW



In Türkiye, net demand stems from industrial production, constituting 44% of the total demand in 2022. This sector has experienced a significant 15% growth since 2018.



7th in the Europe in wind energy capacity



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

Total Installed Capacity 11 GW total as of July 2022
Almost 300 operational wind energy plants

Over 100 wind equipment manufacturers
Türkiye has many operational facilities, making it the fifth-largest wind turbine component producer in Europe.



WIND

National Energy Plan: 5.1 GW in geothermal and biomass power plants by 2035.
1.7GW geothermal & 2.2GW biomass as of July 2022



GEOHERMAL & BIOMASS

8.6GW total as of July 2022

Wind and solar power will remain the drivers of renewables growth in Türkiye.

National Energy Plan: 52.9 GW projected solar energy capacity by 2035.



SOLAR

USD 1,8 billion of electric motor & generator imports in 2022 - mostly from China, Germany, Italy and Mexico.



ELECTRIC MOTOR

32GW total as of July 2022
8th in the world global capacity



HYDRO

Akkuyu NPP Project is the first nuclear investment.
Once completed, the plant will fulfill about 10% of domestic electricity needs.

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 3.2 BILLION IN 2022



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 2022**

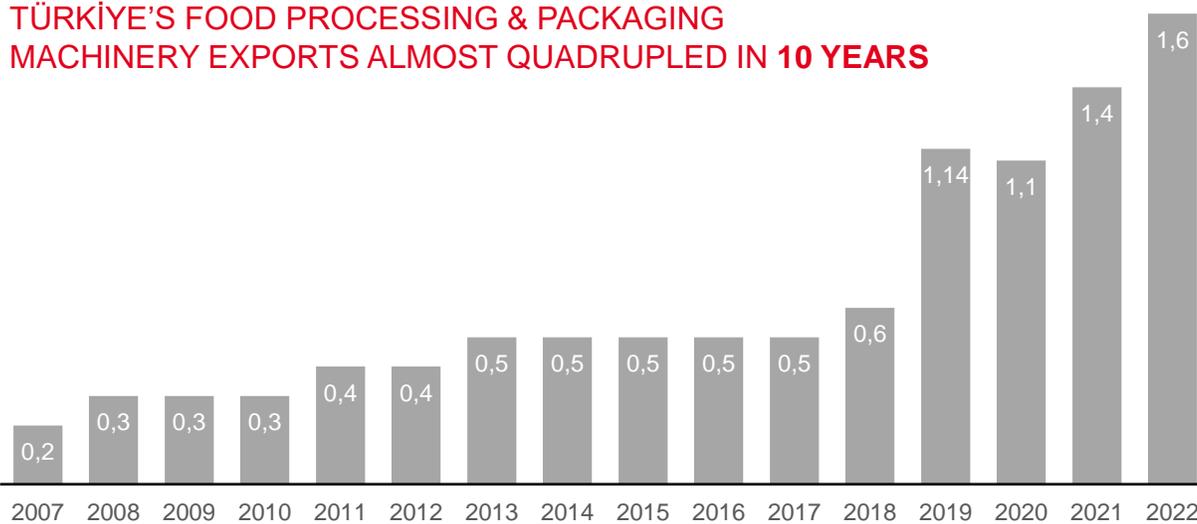


In 2022, imports to Türkiye amounted to USD 1.1 billion, with a focus on machinery for the industrial preparation of food or drink, and equipment for material treatment through heat exchange and machinery for water filtering or purification.



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 ALMOST QUADRUPLED IN 10 YEARS



■ Exports (M\$)

...WHERE 80% OF EXPORTS ARE MACHINERY FOR



Processing & milling of grains and cereals



Industrial preparation of food or drink



Filtering or purifying water machinery

...AND TOP5 EXPORT MARKETS ARE



UZBEKISTAN



IRAQ



RUSSIA



ALGERIA



MOROCCO

FERRERO

pladis

GODIVA MAYNARD **ÜLKER**

DANONE

Nestlé

Unilever

Cargill

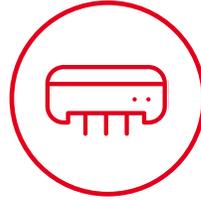
Mondelēz International



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

arçelik

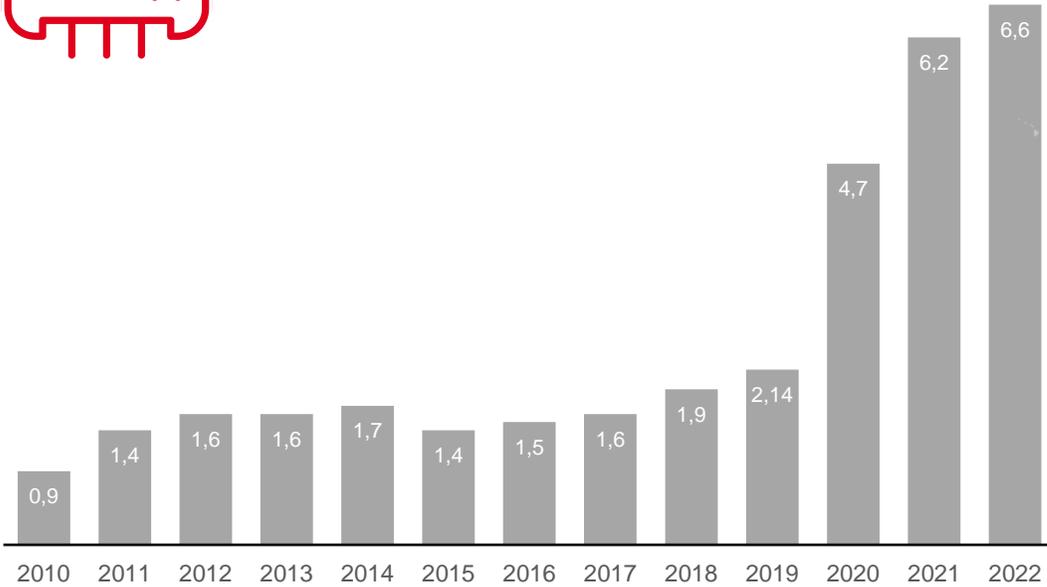
LG

VESTEL

HVAC

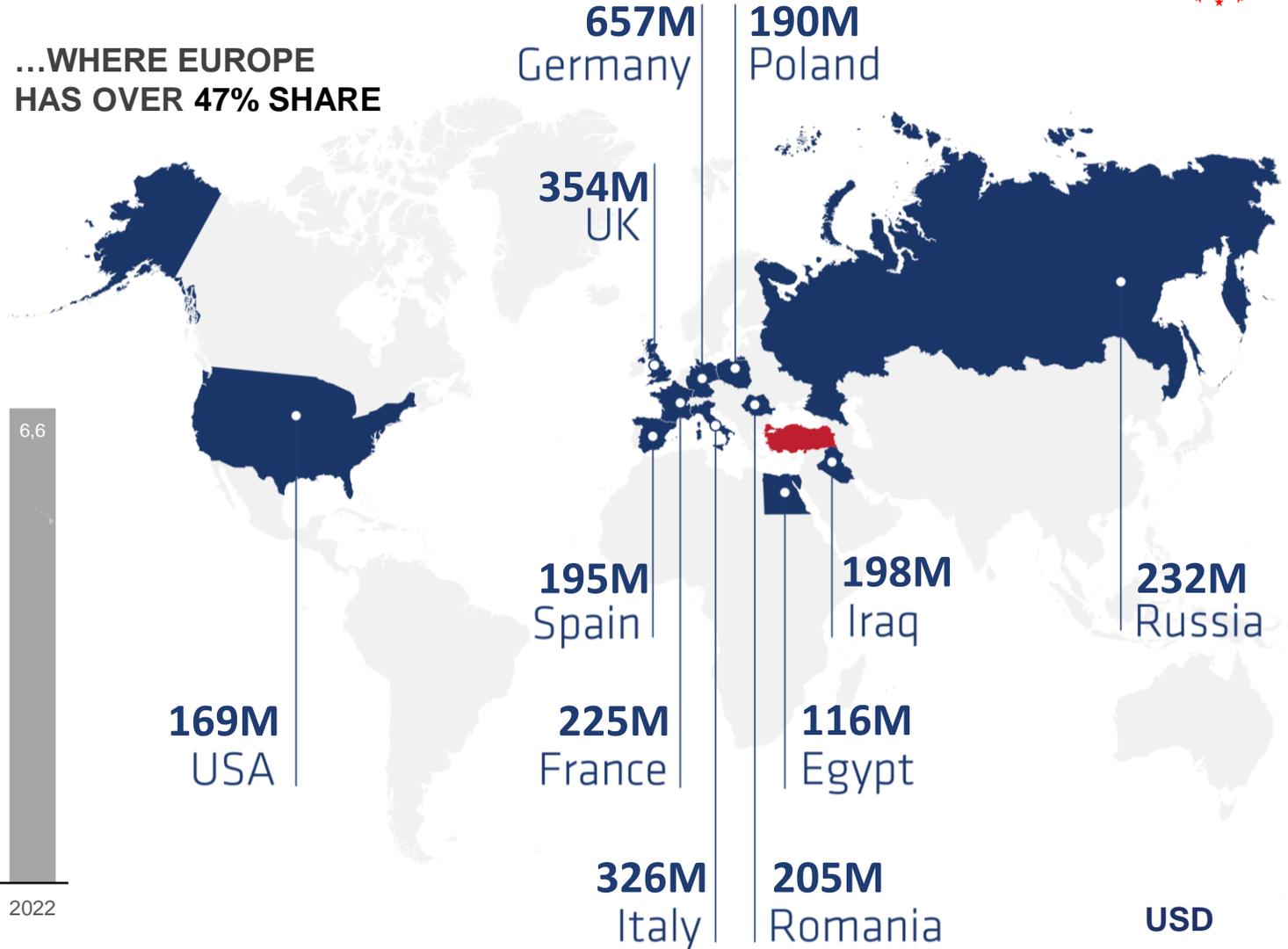


TURKIYE'S HVAC EXPORTS MORE THAN **QUADRUPLED** IN 5 YEARS



■ Exports (M\$)

...WHERE EUROPE HAS OVER 47% SHARE



USD



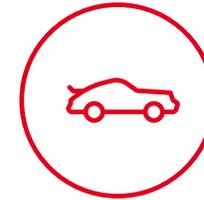
KEY FACTS



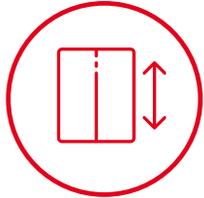
Strong industrial base - USD 2.2 billion of production in 2022



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



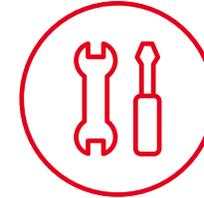
Strong supplier base - expertise in automotive, machinery and electronics & control systems



3rd largest elevator market in the world with 40K new units – TK Elevator, 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



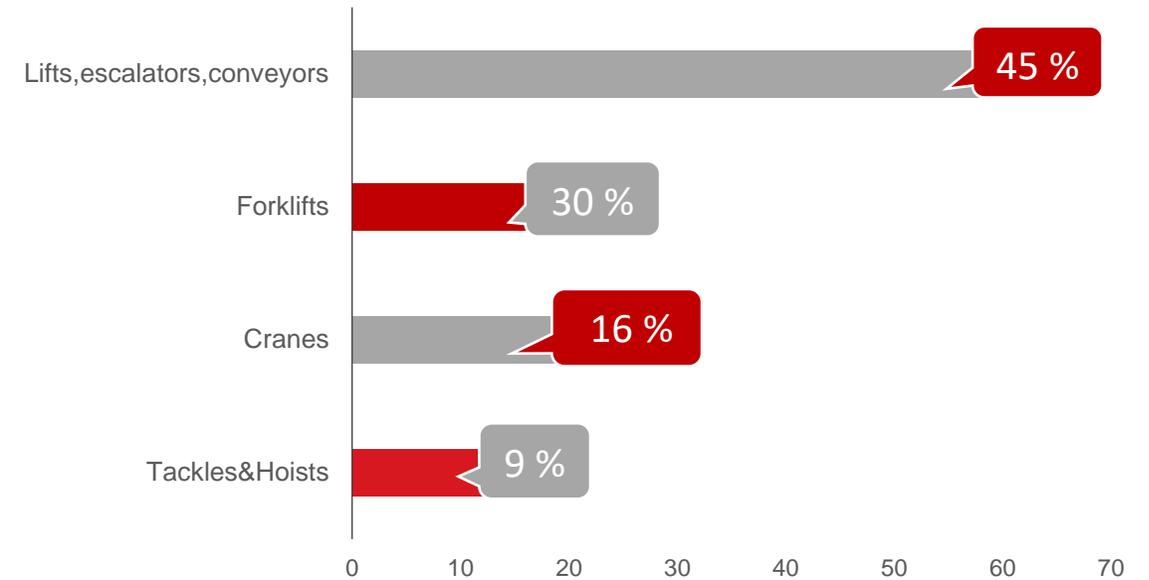
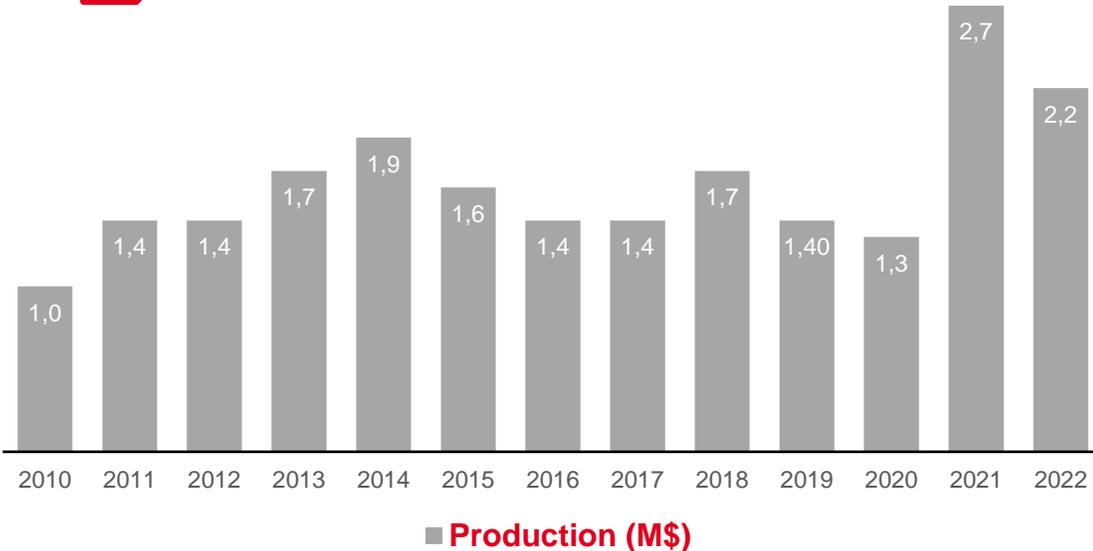
LIFTING & HANDLING EQUIPMENT



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

...AND EXPORTS HAVE REACHED USD 627 MILLION IN 2022

USD 1.2 BILLION IMPORT IN 2022 - ALMOST 70% FROM CHINA, GERMANY & ITALY



LIFTING & HANDLING EQUIPMENT



USD Million

local market (2022)

2868

production (2022)

2260

0 500 1000 1500 2000 2500 3000 3500



Export USD Million

2022

627

2021

510

2020

424

0 200 400 600 800

Import USD Million

2022

1235

2021

1130

2020

847

0 500 1000 1500

METALWORKING & MACHINE TOOLING

TÜRKİYE'S METALWORKING & MACHINE TOOLING MARKET HAS REACHED TO USD 3.4 BILLION IN 2022 - 11TH LARGEST IN THE WORLD



KEY FACTS



Strong industrial base - largest in Central and Eastern Europe with **USD 2.1 billion** of production in 2022



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



Exports have reached USD 1.23 billion in 2022 - 20% growth in the last three years - industry diversifying its export markets to Russia, Germany, USA, Poland, Italy, Iraq.



Almost 30% of the USD 2.6 billion import in 2022 is for machining centers, transfer machines and lathes.



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

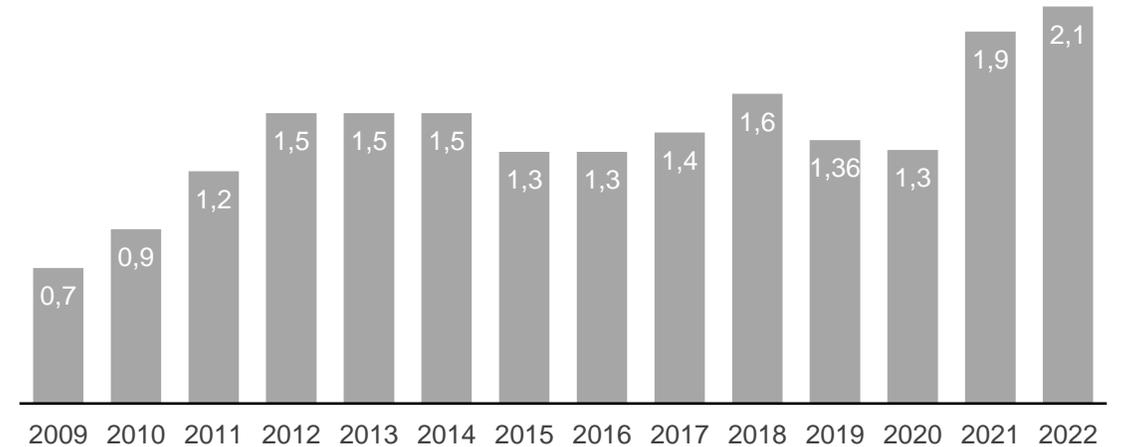


AVIATION



HEALTH CARE

TÜRKİYE'S METALWORKING & MACHINETOOLING MANUFACTURING DOUBLED SINCE 2009



■ **Production (M\$)**

PUMPS & COMPRESSORS

TÜRKİYE'S MARKET FOR PUMPS & COMPRESSORS HAS EXCEEDED USD 3 BILLION IN 2022



KEY FACTS



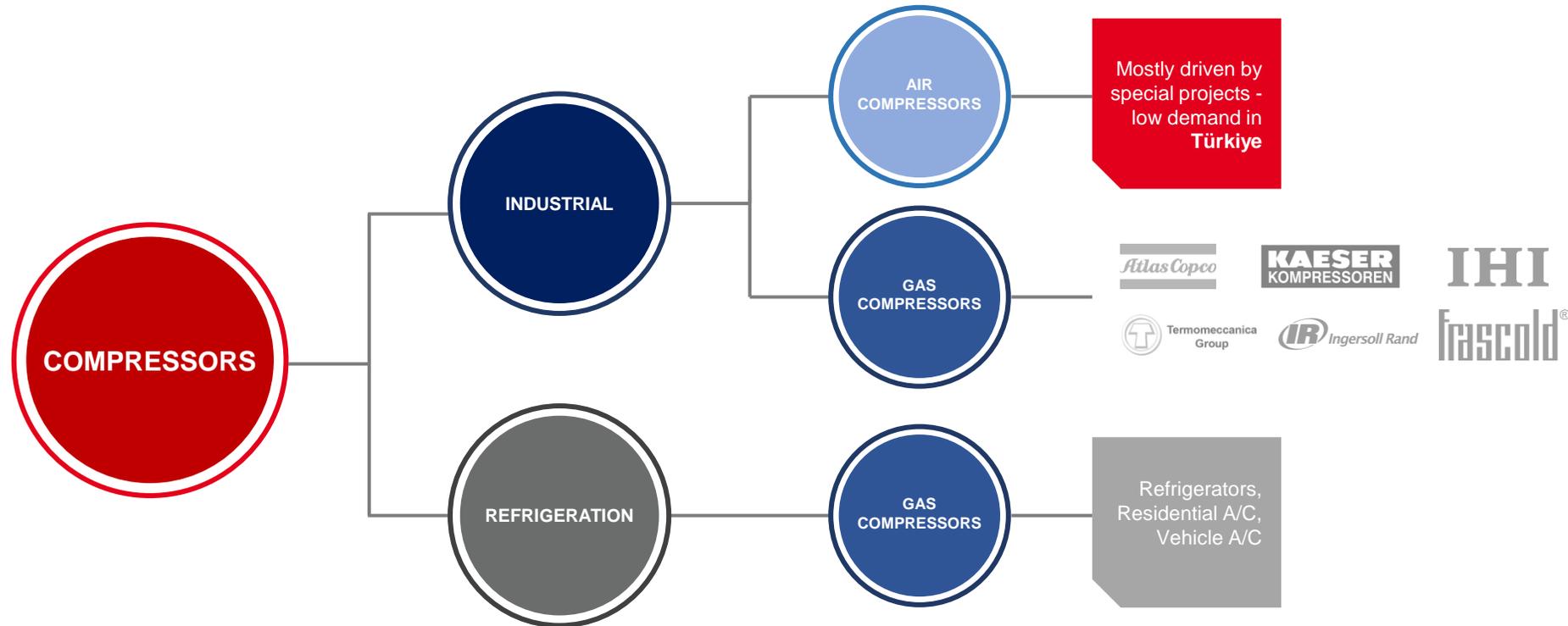
Industrial base - **USD 1.9 billion** of production in 2022; mostly based in Istanbul, Konya and Izmir



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



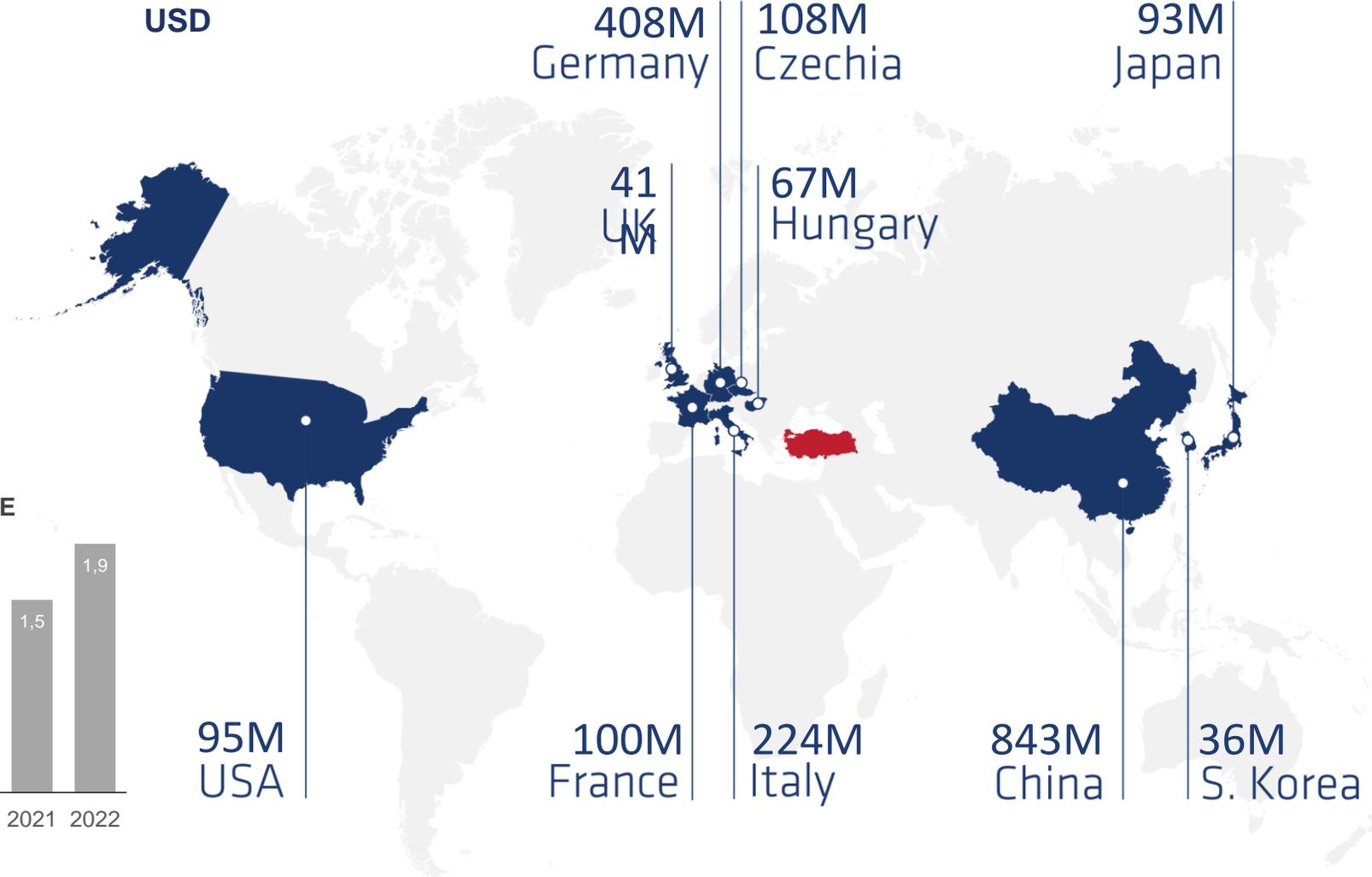
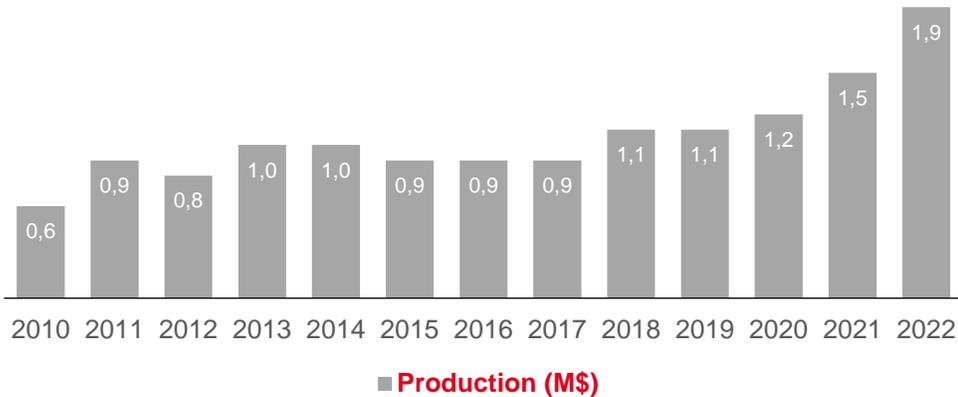
PUMPS & COMPRESSORS

Türkiye's total imports stand at USD 2.6 billion, with Europe contributing approximately 38% to this import figure.



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

...AND EXPORTS HAVE REACHED \$1.6 BILLION WHERE EUROPE & USA HAVE A 50% SHARE



In 2022, Türkiye's textile machinery market has achieved a value of USD 2.8 billion.



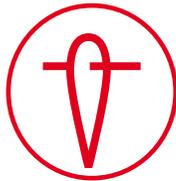
KEY FACTS



Strong industrial base especially in knitting and dyeing & finishing machines

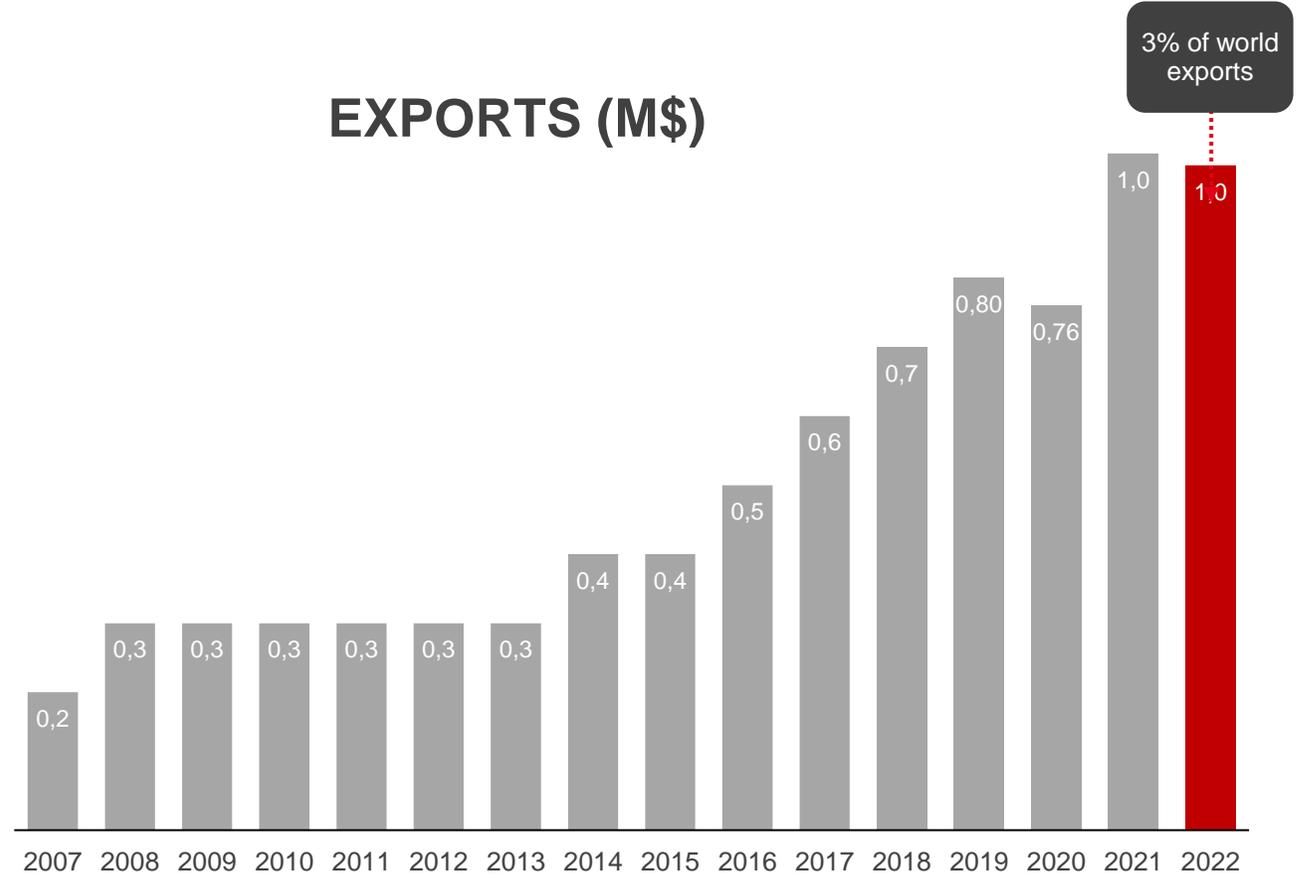


Demand in Türkiye's textile machinery market is fueled by the thriving textile industry. Türkiye, ranking as the **8th** largest textile exporter, achieved a remarkable **USD 31 billion** in exports in 2022. Europe holds approximately 20% of this market share, while China accounts for around 30%.



In response to escalating cost pressures from Asian countries, Türkiye's textile industry is compelled to specialize, enhance added value, and modernize its machinery park, valued at **USD 25 billion**. Specialized segments such as technical textiles exemplify this strategic approach.

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



81% of Türkiye's imports are from **Belgium & Italy**
Türkiye is the **3rd** importer country in the world.

DYEING & FINISHING



Türkiye is the **5th** importer of **dyeing and finishing** machines in the world.

TECHNICAL TEXTILE



919 million USD export in 2022. The top three export countries are **Uzbekistan, Bangladesh and Pakistan**, respectively.

SPINNING



70% of Türkiye's imports are from **China, Germany & India**.

KNITTING



Türkiye is the **2nd** importer of **knitting** machines in the world with its **385 million USD** import.

SEWING



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

AGENDA

1 Executive Summary

2 Turkish Machinery Industry Outlook

3 Growth Drivers in Türkiye

4 Opportunities in Turkish Machinery Industry

5 Success Stories

SUCCESS STORIES



5



B/S/H/

- The company's brand portfolio includes 12 well-known appliance brands like Bosch, Siemens, Gaggenau, Profilo and Neff as well as the ecosystem brand Home Connect and service brands like Kitchen Stories.
- 39 production sites in Europe, the USA, Latin America and Asia as well as BSH employed about 63,000 people worldwide..
- BSH achieved record sales of €15.9 billion in 2022.
- At 5.3 percent of total turnover, R&D spending in 2022 remained high – with a focus on digital technologies.
- BSH Türkiye produced 5.68 million products from Çerkezköy Factories in 2023. 56 % 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 10.2 billion in 2022 with 28.5K 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 37.5 billion in 2022
- 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



- 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 Cerkezkooy plant since 2008



- Founded as Qingdao Refrigerator Co. in 1984, Haier developed its product range to include washing appliances, built-in and small domestic appliances. It achieved a revenue of 36 Billion USD in 2022.
- Manufacturing in Türkiye since 2007 at its Eskisehir plant
- Invested EUR 200 Million in the last 5 years for the launch of 3 new plants in Türkiye, anticipated to create employment opportunities for approximately 4000 individuals.
- Türkiye serves as the primary production and export hub for Haier in Europe. Türkiye's plants play a pivotal role in manufacturing ovens, hobs, built-in appliances, dishwashers, and dryers for Haier. Remarkably, Haier Türkiye exports more than 90% of its production.



- 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 2022, Turk Tractor has reached 21 million TL sales revenue doubled in two years.
- Over 16,000 unit export and 35,000 unit local sales in 2023.



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT
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