

OTOKAR REPORTS 1Q 2005 RESULTS

“Boom in the defence vehicles export revenues”

In this report we submit 1Q 2004 figures re-based to provide an approximate comparison to 1Q 2005 figures. 1Q 2004 & 1Q 2005 financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 1Q 2005

- Otokar generated USD 17,3 million export revenues in 1Q 2005, 537 % greater than in 1Q 2004. The significant growth in export revenues in 1Q 2005 stemmed from the tenders acquired for the defense products abroad.
- The portion of defense products in revenues was 47 % in 1Q 2005, whereas it was 8 % in 1Q 2004. These figures are the result of the strategy applied by the company management to maintain its sustainable growth also in the 1Q 2005.
- In 1Q 2005, the company recorded USD 37 million sales revenue.
- The planned dividend payment that agreed at the General Assembly for the year 2004 is USD 10,5 million to be paid on 16.05.2005.

Overview

OTOKAR IFRS P/L Statement Highlights	1Q 2005 USD (thousands)	1Q 2004 USD (thousands)	USD Based Change
Net Sales	37.033	46.171	-20%
Cost of Sales	26.636	35.951	-26%
Gross Profit	10.397	10.221	2%
Operating Expenses	9.592	5.332	80%
Operating Profit	805	4,889	-84%
Income/(loss) before minorities & taxes	235	3.928	-94%
Taxation	-112	-1.752	-94%
Net Profit	124	2.176	-94%
EBITDA	2.126	6.305	-66%

Net Sales

The total revenue was USD 37 million, %20 down from the same period a year ago. Turkey's total minibus-midibus market contracted 25% and this also reflected in Otokar's sales. Having a wide range of products, Otokar will be able to compensate this contraction by defence products and trailer sales in 2005. The portion of defence products in revenues was %47 in 1Q 2005, whereas it was %8 in 1Q 2004.

Otokar generated USD 17,3 million export revenues in 1Q 2005, 537% greater than 1Q 2004. The significant growth in export revenues in 1Q 2005 stemmed from the tenders of defence products signed abroad. Land Rover Defenders ranked first in the share of export revenues. Main export regions of the company were North African, Middle Eastern and Gulf Region countries.

	1Q 2005 USD (thousands)	1Q 2004 USD (thousands)	Change %
Domestic Sales	19.706	43.451	-55%
Exports	17.327	2.720	537%
Total	37.032	46.171	-20%

Profit

Gross profit in 1Q 2005 was USD 10,4 million, %2 above the same period a year ago. Gross margin was %28 whereas it was %22 in 1Q 2004.

Operating profit regressed to USD 805 thousands in first quarter of 2005. Operating margin of 1Q 2005 was %2.

The company's EBITDA was USD 2,1 million in the first quarter of 2005, having an EBITDA margin of %6.

Otokar's net profit was USD 124 thousands in 1Q 2005. The reflection of defence products sales revenues to net profit will be able to be seen in 6th and 9th month income statements, since the completion of their production will be in the coming months although their contracts were signed at the end of 2004 and in the first quarter of 2005.

The company has pursued to pay continuous dividends to its shareholders every year except for 1997 and 2003. The planned dividend payment that agreed at the General Assembly for the year 2004 is USD 10,5 million to be paid on 16.05.2005.

Investments

Otokar's USD 6,5 million investment "Otokar Design and Test Center" which had been started in mid 2004 completed in the first quarter of 2005. R&D activities of the company have started to take place in this new center. The center has been built on 2750 square-meter area and will house Turkey's first and only hydraulic road simulator, which will facilitate the testing process of vehicles up to 13 tons. With the help of this center, Otokar will be able to design, test and start production of its new models for the market in a shorter time than before and also will be able to assist other automotive companies in this respect.

Objectives

In the first quarter of 2005, although the Turkish minibus-midibus market has contracted %25, this contraction will not be a threat to Otokar's sustainable growth objective for the year 2005, which will be supported by exports. The strategy for the year 2005 will be on focusing the production and exporting of defence vehicles of which USD 65 million of contracts have already been signed.

FINANCIALS

OTOKAR IFRS Balance Sheet	1Q 2005 USD (thousands)	1Q 2004 USD (thousands)
Current Assets	112.683	75.556
Current Liabilities	71.473	52.456
Working Capital	41.211	23.100
Property, Plant & Equipment -Net	31.042	31.596
Total Assets	155.232	123.162
Total Liabilities	75.426	56.398
Shareholders Equity	79.806	66.764

OTOKAR IFRS Balance Sheet	1Q 2005
Current Ratio	1,58
Liquidity Ratio	0,94
Current Assets / Total Assets	0,73
Current Liabilities / Total Liabilities	0,95
Total Liabilities / Total Liabilities & Shareholders' Equity	0,49

OTOKAR IFRS Statement of Cash Flow	1Q 2005 USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	3.576
Net Cash Provided by Operating Activities	4.013
Net Cash Used in Investment Activities	-61
Pre-Financing Cash Flow	3.951
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	-5.741
Net Decrease in Cash and Cash Equivalents	-1.789
Cash and Cash Equivalents at the End of the Period	1.786

For Further Information please contact:

Esra Şirinel
Investor Relations
Tel: (+90 264) 229 22 44 – 422
esirinel@otokar.com.tr

Yasemin Orhon
Finance Director
Tel: (+90 264) 229 22 44 – 411
ypirim@otokar.com.tr

Hüseyin Odabaş
Asst. Gen. Manager, Finance
Tel: (+90 264) 229 22 44 - 451
hodabas@otokar.com.tr