



## 2019 Financial Results



# INTRODUCTION

Turkey's the **largest** private and **100% domestically** owned company in defense industry

A **global company**, intellectual property rights belong to itself and its products are in use on 5 continents as well as in more than 60 countries

Turkey's **leading** supplier and exporter of land platforms

For the 11th time, the **market leader** in the total segments in which it operates

# VISION & MISSION

## Vision

Otokar's vision is to preserve the local and national identity of its products by developing technologies in-house, also to provide continued satisfaction for its clients, employees, and shareholders with total excellence philosophy.

## Mission

Otokar's primary mission is to design, manufacture and market commercial vehicles and various defense industry products with global competitive strength, all developed to meet customer expectations.

# BRIEF HISTORY



1963

- Establishment
- Production of buses under the license of Magirus-Deutz

1970s

- Turkey's first intercity bus
- The first Turkish Armoured Vehicle production
- Partnering with Koç Group

1980s

- Production of 4x4 tactical vehicle under the license of Land Rover

1990s

- Military armoured vehicles by own desing
- Turkey's first export of tactical armoured vehicle
- Sakarya plant/factory

2000s

- Merge with the İstanbul Fruehauf A.S.
- Production of small and mid size buses
- Production of Turkey's first hybrid bus
- The prime contractor of ALTAY Project

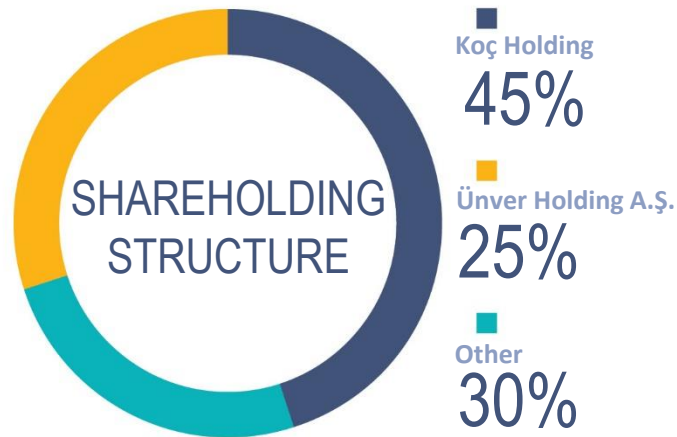
2010s

- Establishment of Otokar Europe (OESAS)
- Multi-wheeled armoured tactical vehicle family
- Production of City Buses
- Turkey's first electric bus
- Atlas Light Truck
- Introduced new armoured tactical wheeled vehicle, URAL
- Tracked Armoured Vehicle TULPAR
- POYRAZ midibus
- Establishment of Otokar Land Systems (OLS) in U.A.E
- Turkey's first electric armoured vehicle, AKREP Iİe
- Establishment of Otokar Central Asia Limited (OCAL)

# OVERVIEW

FOUNDED IN 1963

%100 LOCAL CAPITAL



USD 340 MILLION

EXPORT REVENUES IN 2019

TL 2.431 MILLION

TURNOVER IN 2019

TL 1.1 BILLION

10-YEAR R&D EXPENDITURES



1.957  
EMPLOYEES



552.000 M<sup>2</sup>  
PRODUCTION AREA



APPROX. 300  
SALES & SERVICE NETWORK

5.000  
BUSES &  
MINIBUSES

3.700  
TACTICAL  
VEHICLES

PRODUCTION  
CAPACITY  
(YEARLY)

1.600  
TRUCKS &  
LIGHT TRUCKS

900  
TACTICAL  
ARMORED  
VEHICLES

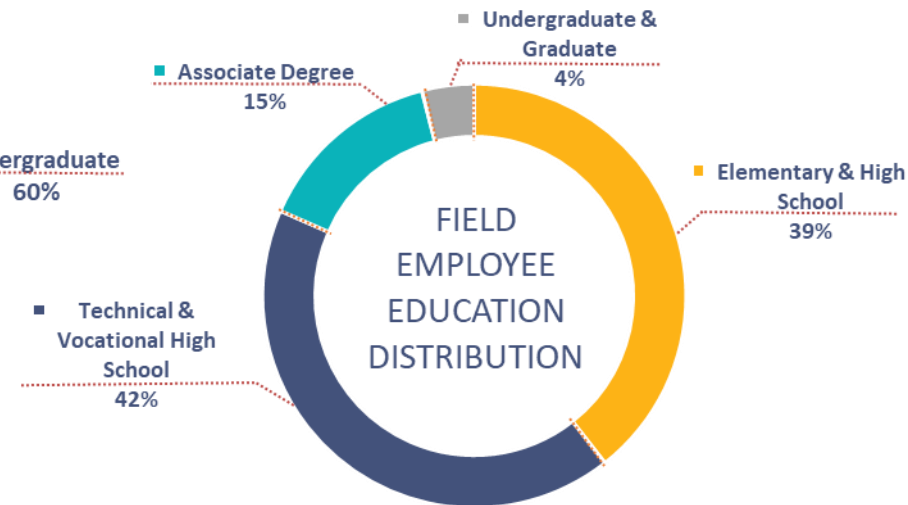
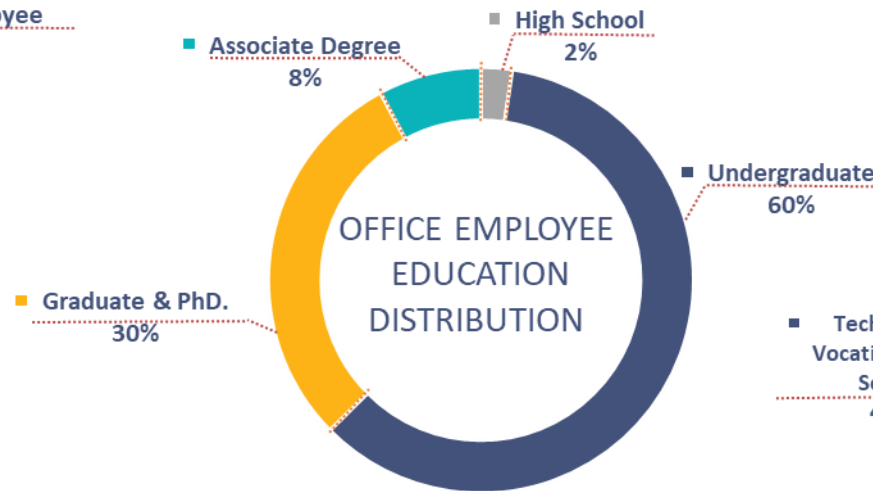
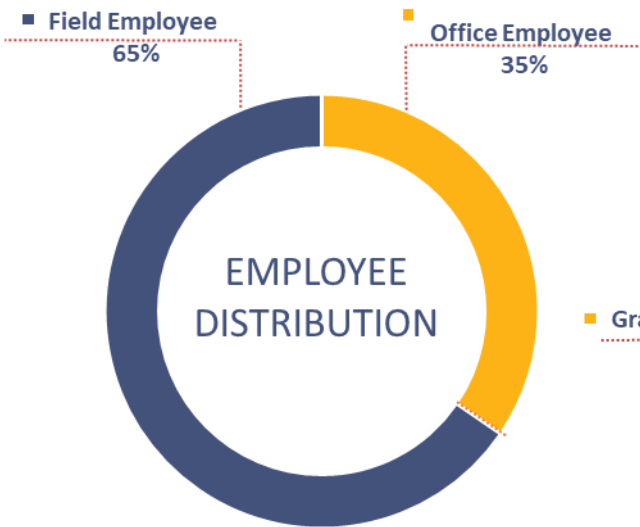
1.850  
TRAILERS &  
SEMI-TRAILERS



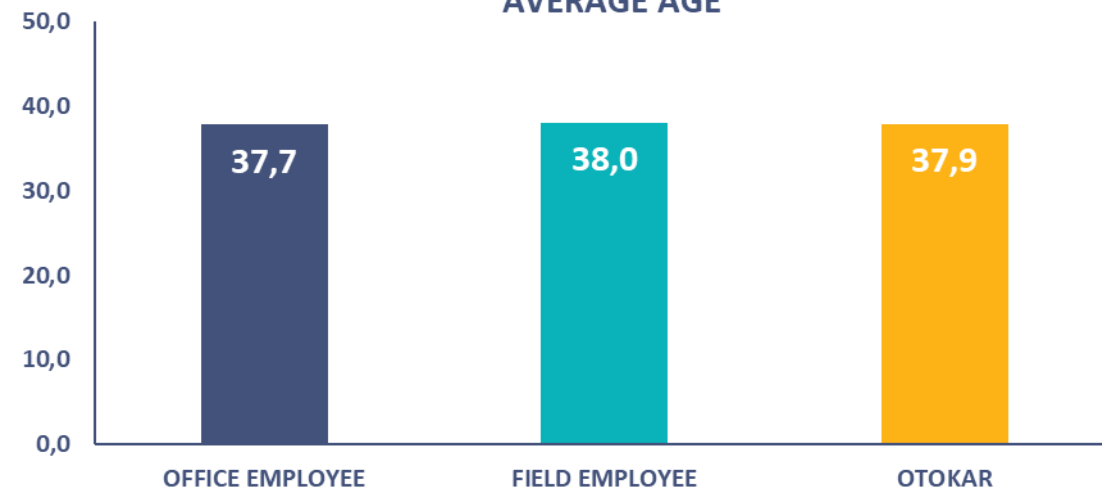
1 OUT OF EVERY 3 BUSES SOLD  
IN TURKEY IN 2019 IS OTOKAR

In the total of segments in which it operates

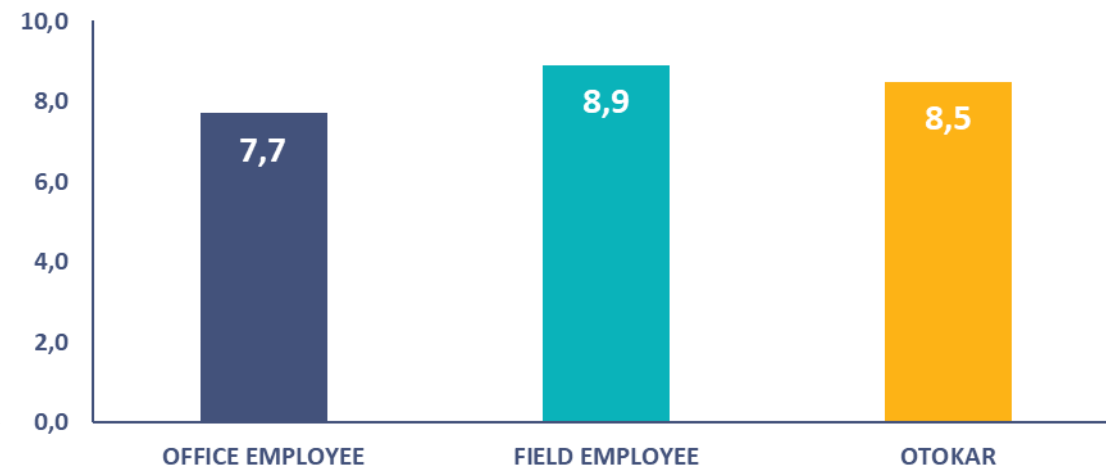
# HUMAN RESOURCES



**AVERAGE AGE**



**AVERAGE LENGHT OF SERVICE (YEAR)**



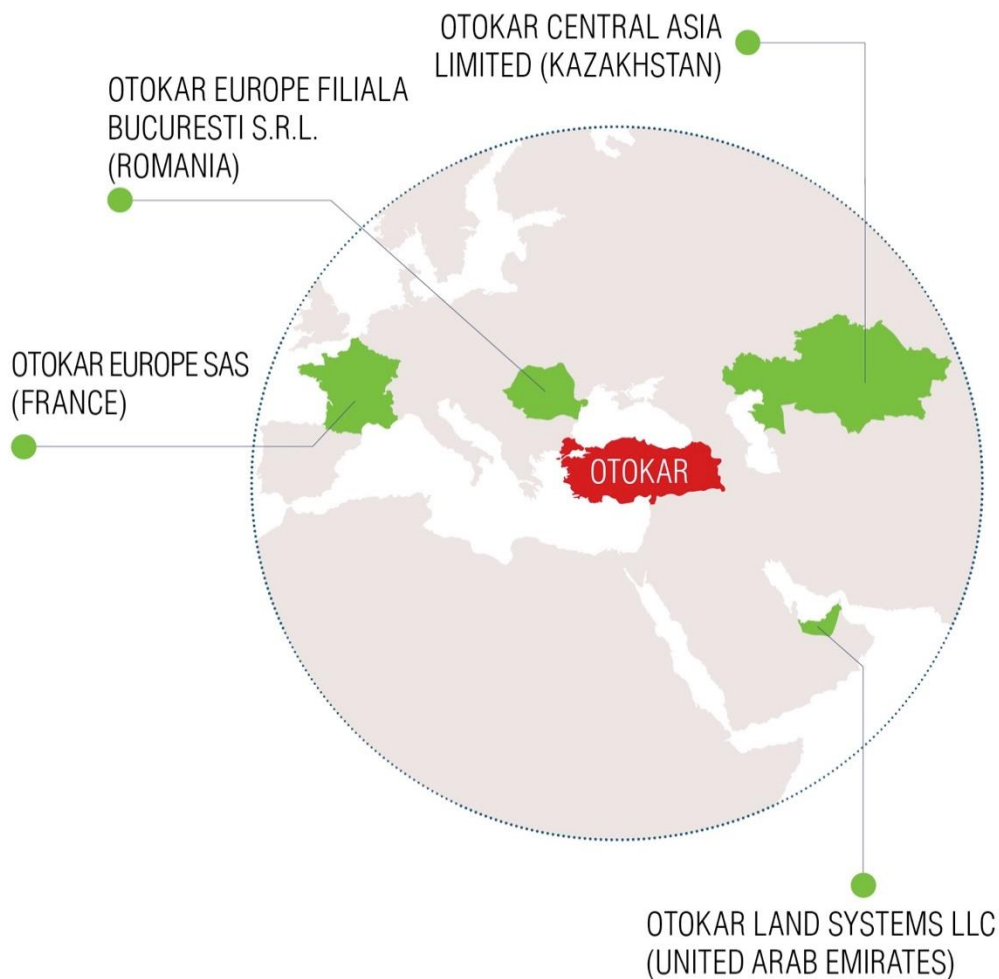


# PRODUCTION PLANT



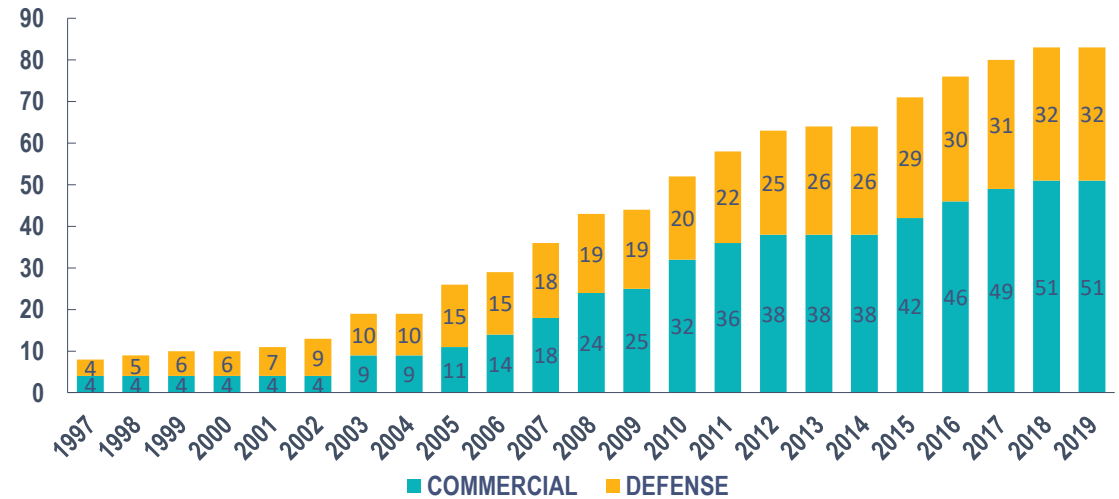
- 552.000m<sup>2</sup> factory with an annual production capacity of 13,050 units and approximately 2,000 employees in Arifiye/Sakarya

# OTOKAR WORLDWIDE



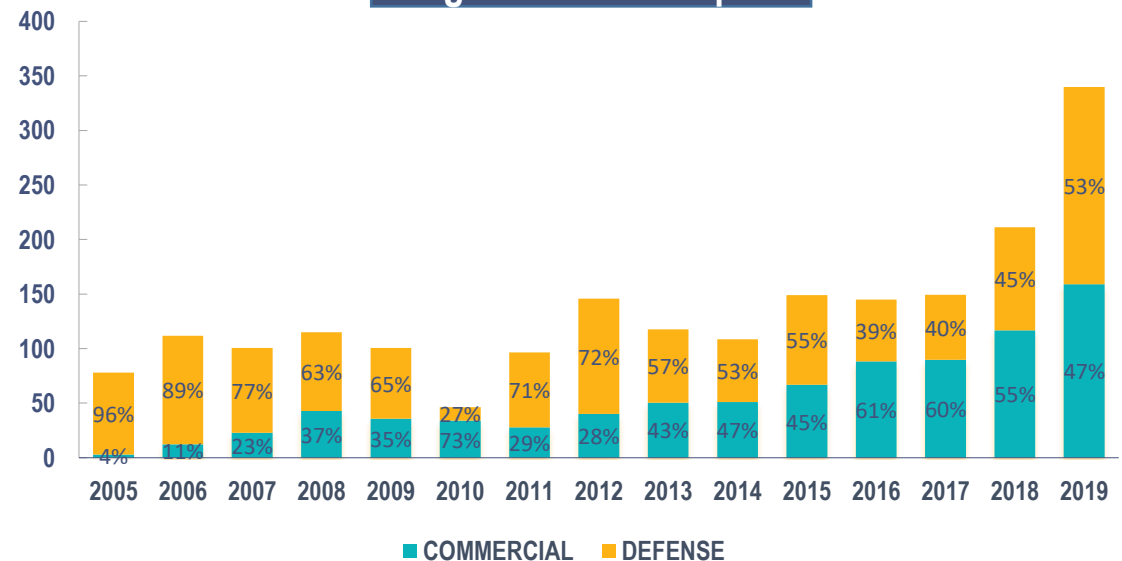
Number of Countries

## Growth in Export Markets



Export (Million USD)

## Segment Based Export





# AREAS OF OPERATION



## 2019

Total revenue :	1.057 mn TL	49 mn TL	1.034 mn TL	289 mn TL
Rev. contribution :	43%	2%	43%	12%
Domestic :	217 mn TL	49 mn TL	50 mn TL	171 mn TL
Export :	841 mn TL	-	985 mn TL	118mn TL
* Export share :	80% (bus)	-	95% (armoured)	41% (spare part)
** Export share :	35% (total)	-	40% (total)	5% (total)

\* The share of exports in the relevant segment vehicle turnover.

\*\* The share of exports in total company turnover.

## 2018

Total revenue :	800 mn TL	48 mn TL	586 mn TL	245 mn TL
Rev. contribution :	48%	3%	35%	14%
Domestic :	245 mn TL	45 mn TL	104 mn TL	192 mn TL
Export :	556 mn TL	3 mn TL	482 mn TL	53 mn TL
Export share :	69% (bus)	5% (cargo trans.)	82% (armoured)	22% (spare part)
Export share :	33% (total)	-	29% (total)	3% (total)



# AREAS OF OPERATIONS



- Widest product range in the Turkish bus segment with an offering that includes buses from **7 to 18.75 meters** with varying passenger capacities suitable for urban, intercity and tourism transportation..
- Exporting buses to **more than 50 countries**, particularly in Europe.
- Working on alternative fuelled vehicles.



- In light truck segment, manufacturing light truck with 8.5-ton weight capacity under license since 2013.



- The leading supplier of land defense systems.
- More than 30.000 vehicles are actively used both in **Turkey and also in over 30 allied and friendly countries** across continents by their armed forces and security forces.
- Products are manufactured on order basis depending on intended purposes, capacity and production levels.

# COMMERCIAL VEHICLES



## PUBLIC TRANSPORT

POYRAZ



SULTAN NAVIGO



DORUK VECTIO



TERRITO



KENT



KENT ARTICULATED



## LOGISTIC&CARGO TRANSPORTATION





# DEFENSE INDUSTRY VEHICLES

## WHEELED ARMoured



## TRACKED ARMoured



### TURRET SYSTEMS

- Open Cupola
- Open Anti-Tank Cupola
- Keskin - RCWS
- Ucok / Basok
- Bozok
- Mızrak UKKS

# COMMERCIAL VEHICLES

1 OUT OF EVERY 3 BUSES SOLD  
IN TURKEY IN 2019 IS OTOKAR

In the total of segments in which it operates



**1 out of every 3** buses sold in Turkey in 2019 is Otokar

The total of the segments in which it operates as a market leader, **was the best-selling brand in Turkey.**

Otokar accelerated its export activities, **increased its exports by 78%.**

It increased the number of Otokar buses used in passenger transportation only in France **to over 2,200.**





Won the bus tender of the Municipality of Bucharest for 400 units of 98.3 million Euro. The tender is featured to be the biggest bus export agreement of a Turkish bus brand. Deliveries started in 2018 and were completed in the first half of 2019.



We won the bus tender of Amman Municipality, received a total of 135 bus orders. Deliveries were completed in the first quarter of 2019.



Vectio C buses serving in Berlin were exhibited at the BUS2BUS exhibition in Berlin, Germany.



TURKEY'S  
TOP 500 INDUSTRIAL  
ENTERPRISES

Otokar has risen up 38 positions this year, in the survey of ISO 500 Top Industrial Enterprises organized by Istanbul Chamber of Industry (ISO) for 51 years. According to 2018 results of the survey where gaint Turkish companies listed, Otokar took 49th place and continued its success.

## SULTAN COMFORT



Sultan Comfort has been renewed. Sultan's Comfort model is equipped with new features. Sultan Comfort, which attracts attention with its low operating expenses, superior performance and durability and has a passenger capacity of 29+1, can now be used in tourism, as well as student and personnel transportation with its new features.



Busworld fair, which was organized for the first time in Almaty, Kazakhstan, Otokar exhibited its Kent city bus suitable for disabled passenger transportation. In addition, users were informed about the wide range of buses from 7 meters to 18.75 meters and its large bus family.



40 right-hand drive Kent buses were delivered to Malta. Otokar's total number of buses on the streets of Malta reached to 244 with this delivery. Otokar branded buses generate 60 percent of the total public transportation buses operating on the island.



Electric bus e-Kent C which developed by Otokar's R&D, was showcased in Busworld Europe, the international bus fair held in Brussels.



Otokar delivered 10 city buses to be used in public transportation services in Subotica, Serbia.



Otokar added Otokar Central Asia, which was established in Kazakhstan among its foreign subsidiaries with the goal of becoming a global brand. Askar Mamin, the Prime Minister of Kazakhstan presented the registration certificate of Otokar Central Asia to Ali Y. Koç, Vice Chairman of Koç Holding and Chairman of Otokar.



Otokar completed the last delivery of the year with a ceremony held on December 30th to ESHOT. The number of Otokar brand buses within the scope of Izmir Metropolitan Municipality reached to 350 with the buses delivered.



Supply of 8x8 armored vehicles continued in 2019 as planned.



Otokar attended to IDEX 2019 with its ARMA 6x6, COBRA II 4x4 as well as BOZOK turret, KESKIN turret systems.



Otokar participated in LAAD Defense & Security exhibition in Brazil. Otokar promoted its own design and production, different versions of its wide range armoured vehicles from 4x4 to 8x8 and tracked armoured vehicle which are capable of superior mobility, as well as turret systems.





Otokar introduced the country's first domestically developed electric-powered armored combat vehicle Akrep IIe at a news conference at the Otokar compound in Sakarya province.



A unique product of Otokar's innovative approach, URAL Special Operations Vehicle (SOV), the new variant of the versatile modular URAL platform, exhibited at IDEF 2019



Otokar, global land defense systems manufacturer of Turkey, exhibited 10 military armoured vehicles and its own design turret systems at IDEF 2019





Otokar participated in DSEI exhibition in London. Otokar exhibited its tracked armored vehicle TULPAR and its wheeled armored vehicle COBRA II.

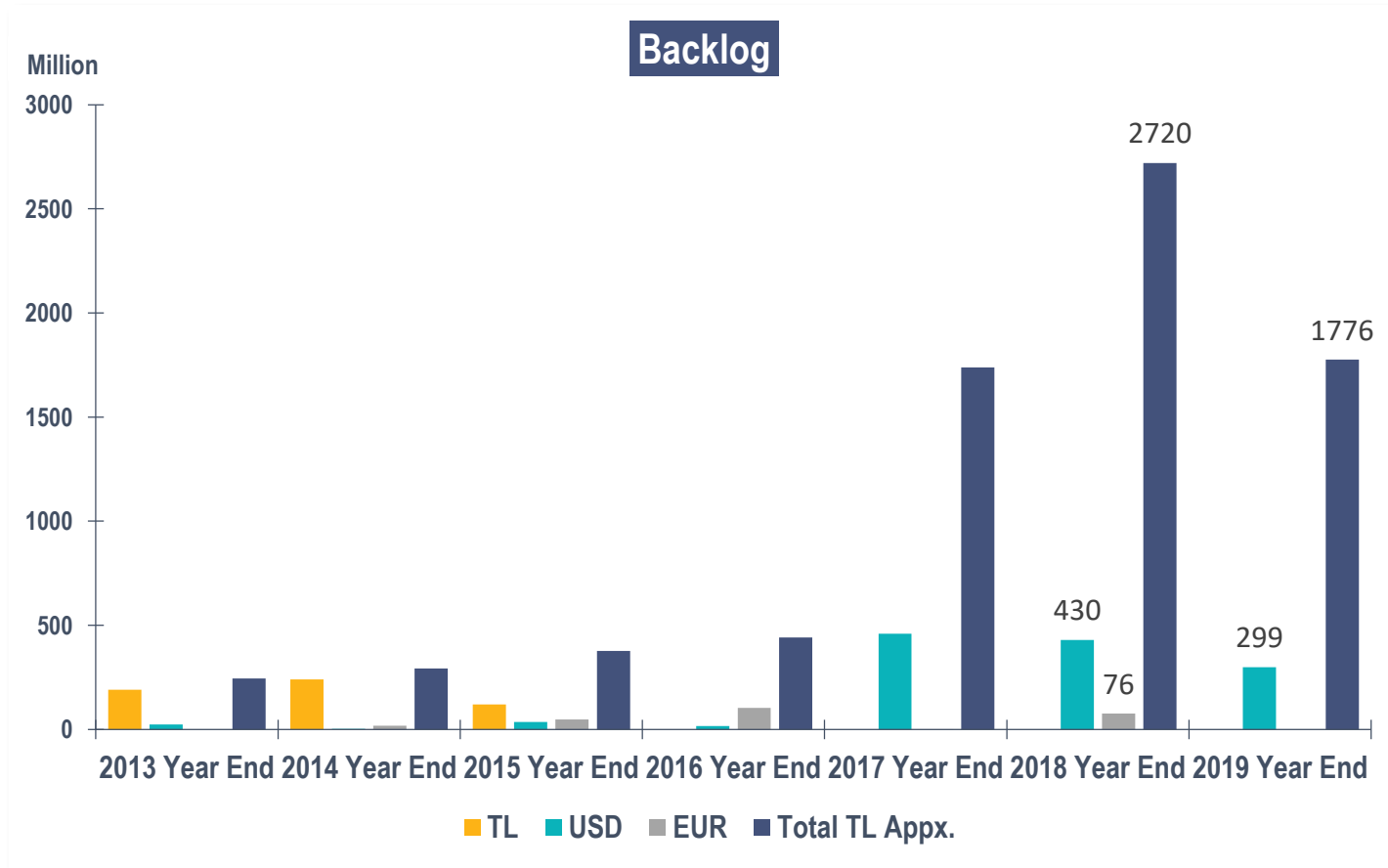


Otokar, participated in BIDECE 2019 (Bahrain International Defence Exhibition & Conference) with its worldwide known military vehicles in Bahrain. During the exhibition, Otokar's COBRA II Medical Evacuation Vehicle, URAL 4x4 Armoured Personnel Carrier and ARMA 6x6 Armoured Personnel Carrier were showcased.



Otokar, participated in GDA 2019 (Gulf Defense & Aerospace) with its worldwide known military vehicles. During the exhibition, Otokar showcased ARMA 6x6 with BOZOK turret and COBRA II with KESKIN turret

# BACKLOG



- The above backlog amounts and deliveries will be held directly by Otokar Otomotiv ve Savunma Sanayi A.Ş., is related to important projects.
- Backlog consists of the 8x8 armored vehicles order.
- Balance orders amount to US \$ 299 million.

# WHY OTOKAR

## Leader

The **most preferred** brand in the 25 or more people capacity passenger bus for the **last 11 years** in Turkey

## Sustainable growth and profitability

Total turnover increased by **14%** in the last 15 years, Net profit increased by **27%** in the last 15 years, with the annual compound growth rate.

## Consistent dividend distribution

Regular dividend distribution within the framework of profit distribution policy.

## Strong export performance and a global company

In addition to its strong export performance, Otokar strengthened its global presence with its fourth subsidiary in Kazakhstan. Export revenue **increased by 40%** on annual average in the last 10 years.

## R & D capabilities and flexible production capability

New product development and speed of delivery to market. Ability to develop products according to market needs.

## Significant compliance to corporate governance principles

Increased Corporate Governance Rating to **94.02** (9.4 out of 10) as a sign that it has achieved significant compliance with corporate governance principles

## Products that are intellectual property rights Otokar

The share of Otokar design vehicle sales in turnover is **98%**. The number of patents and industrial designs has reached to **296**.

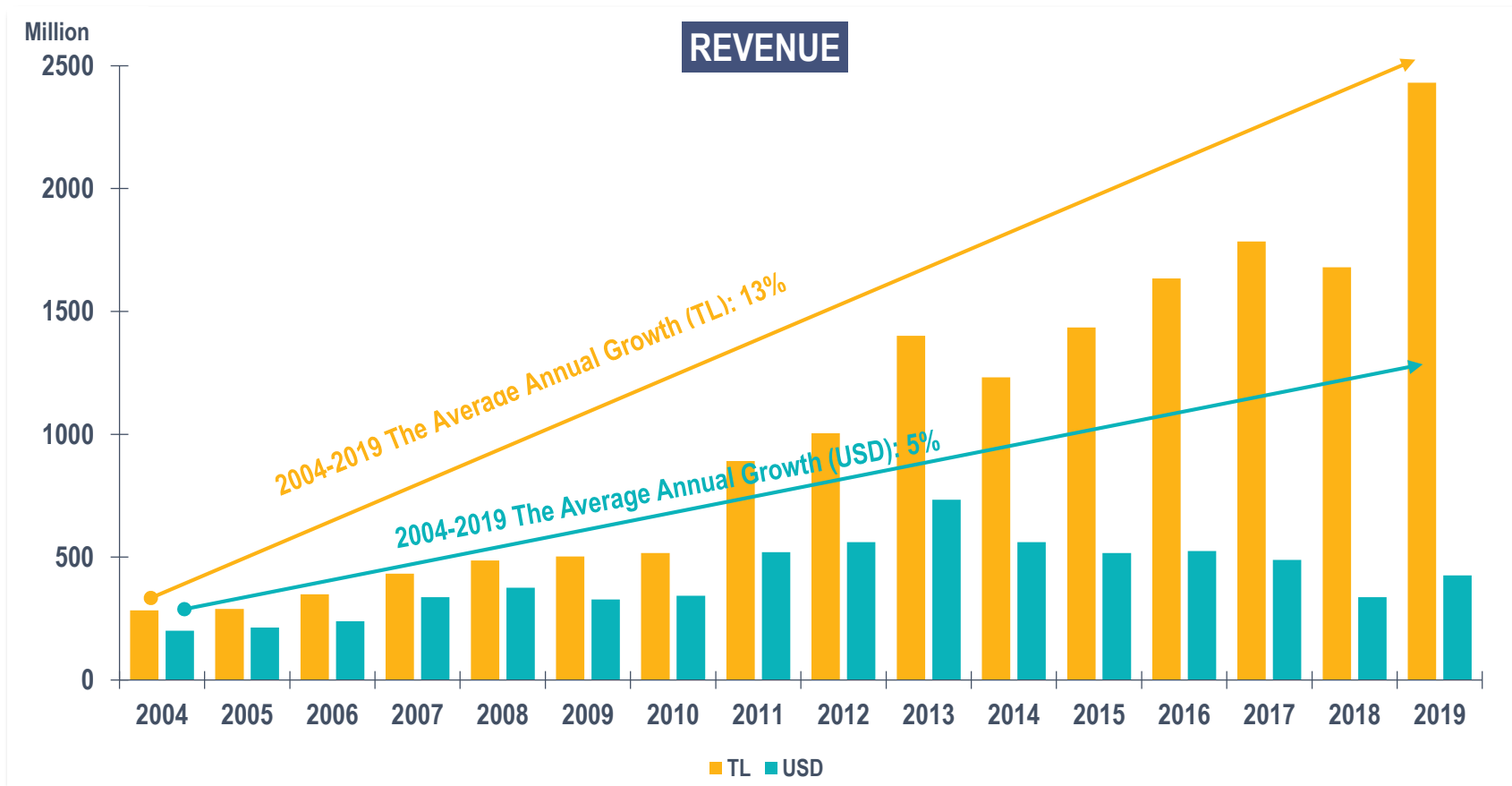
# FINANCIAL INDICATORS

Balance Sheet (000 TL)		31.12.2019	
Current Assets	1.942.644	S.T. Liabilities	1.037.747
Fixed Assets	735.073	L.T. Liabilities	1.002.324
		Shareholders Equity	637.646
<b>Total Assets</b>	<b>2.677.717</b>	<b>Total Liabilities</b>	<b>2.677.717</b>

Income St. (000 TL)	2019	2018	Change (%)
Net Sales	2.430.643	1.678.661	45%
Gross Profit	919.051	592.957	55%
Operating Profit	463.946	231.412	101%
Profit Before Tax	346.354	121.145	186%
Net Profit	351.592	164.336	114%

- With the effect of exports, 45% increase in total turnover compared to last year's same period.

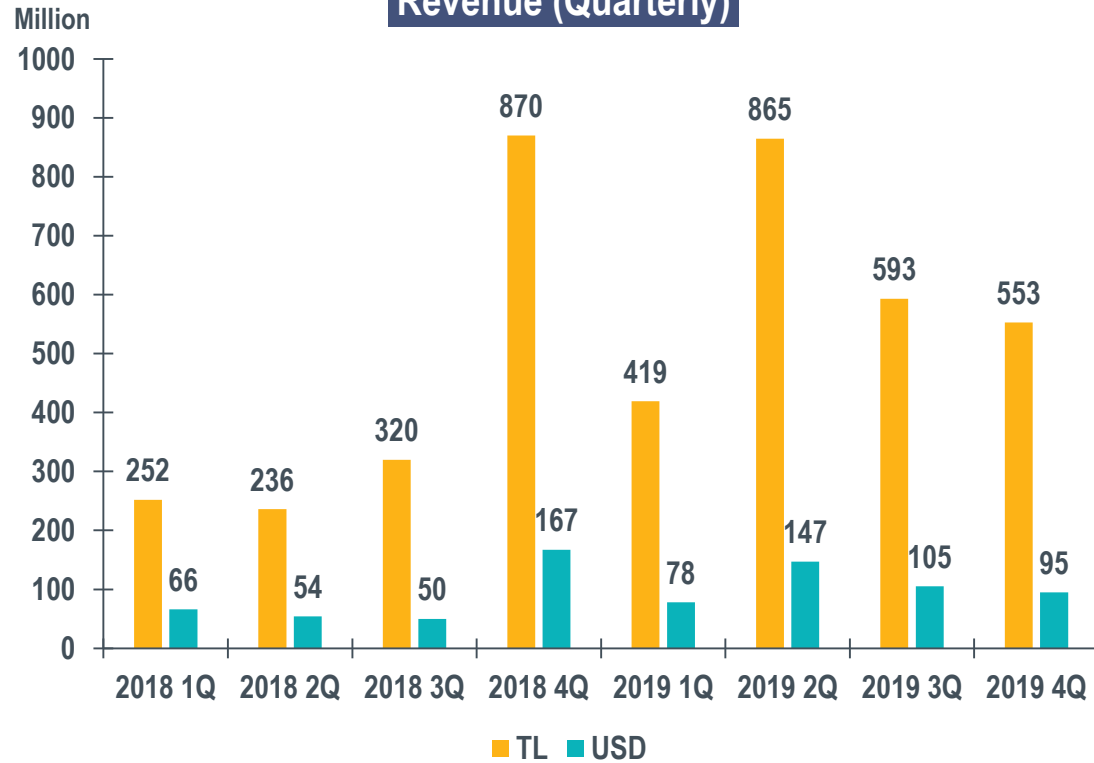
# FINANCIAL INDICATORS



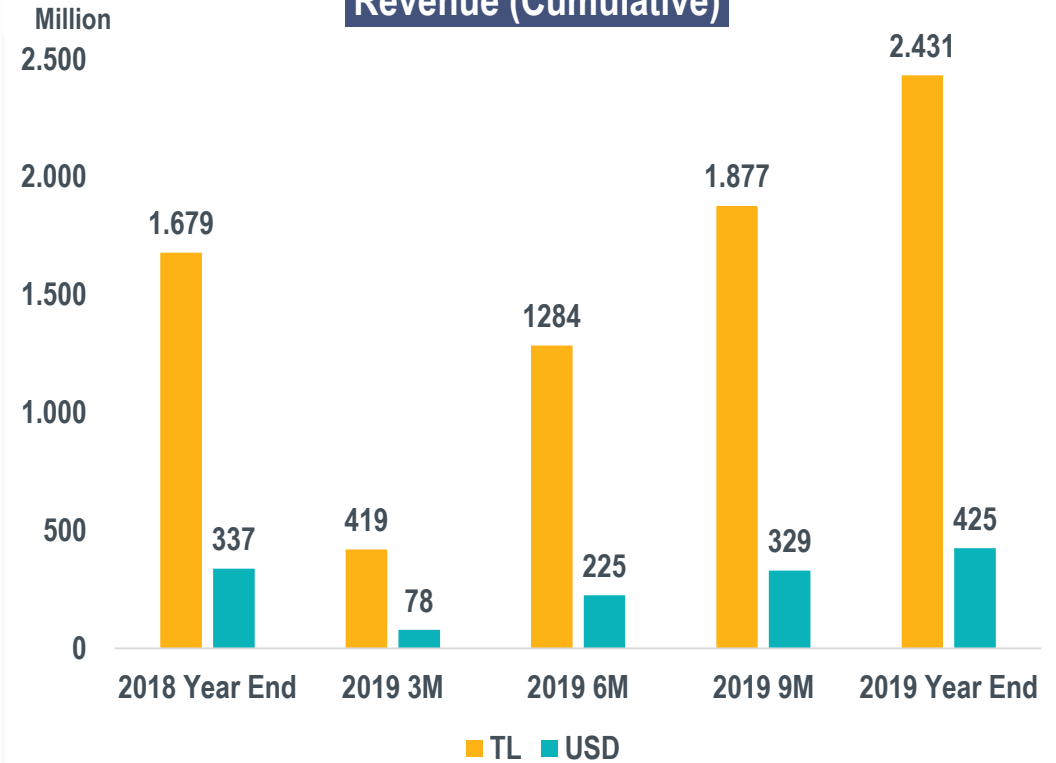


# FINANCIAL INDICATORS

## Revenue (Quarterly)



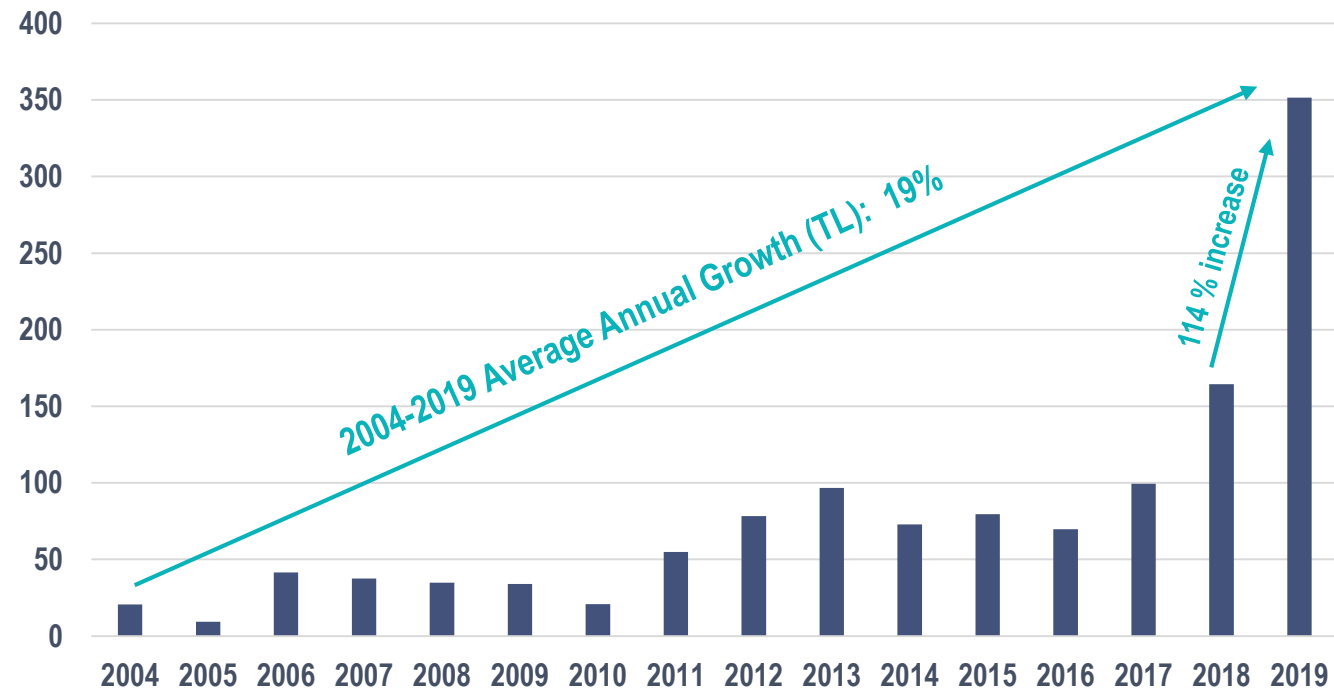
## Revenue (Cumulative)



# FINANCIAL INDICATORS

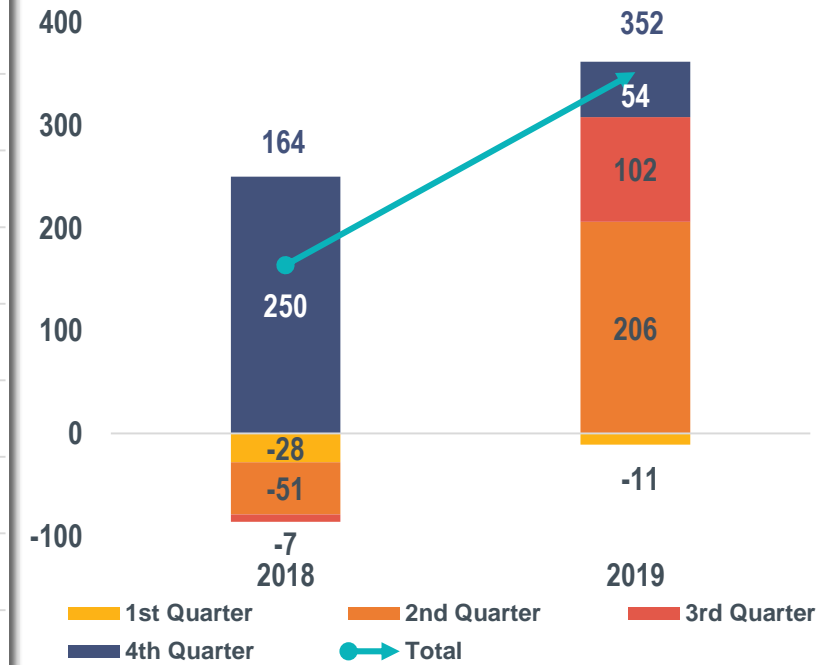
## NET PROFIT

Million TL

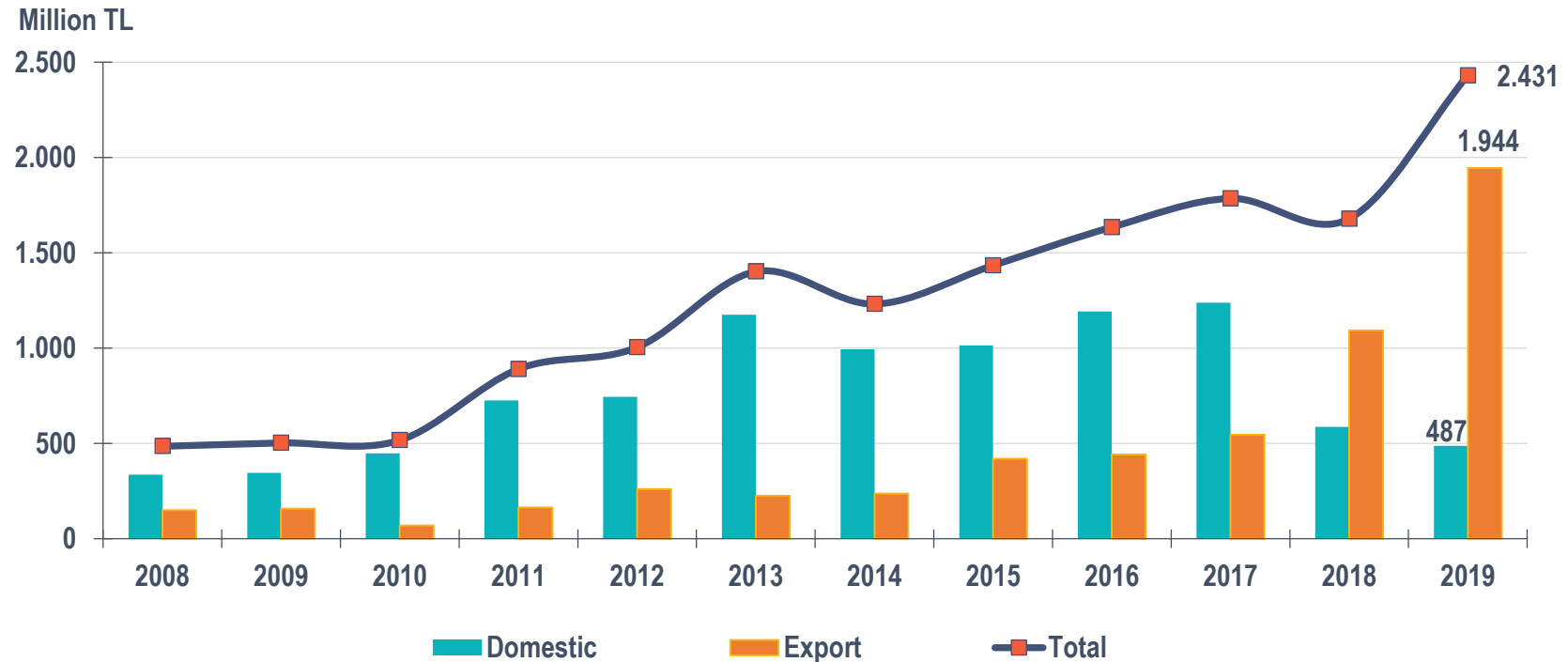


## NET PROFIT

Million TL



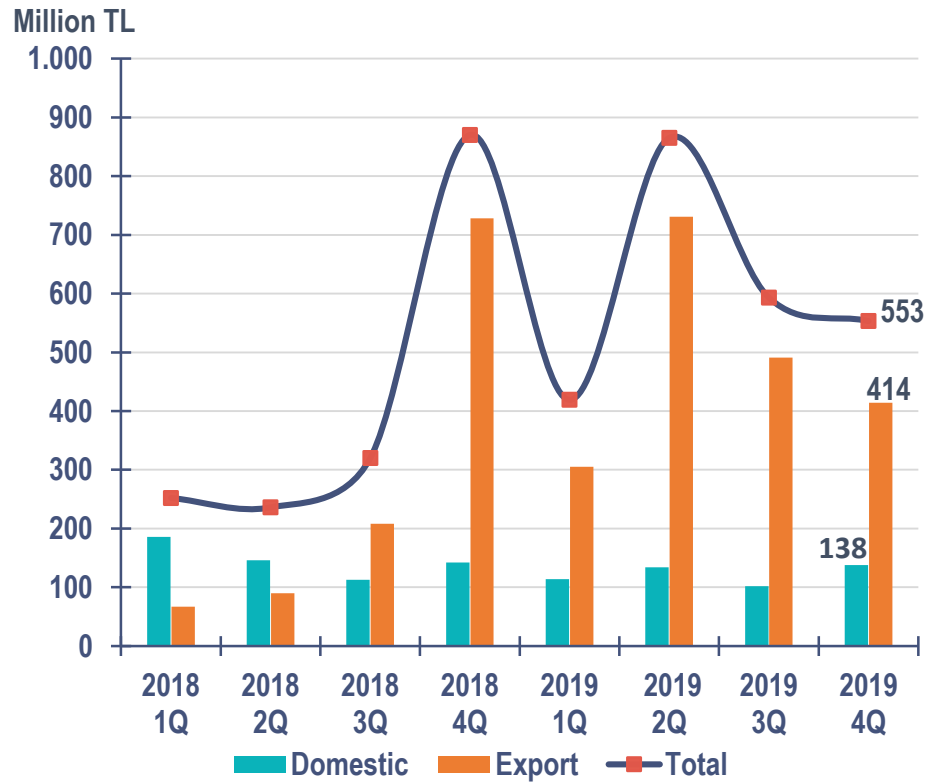
## SALES



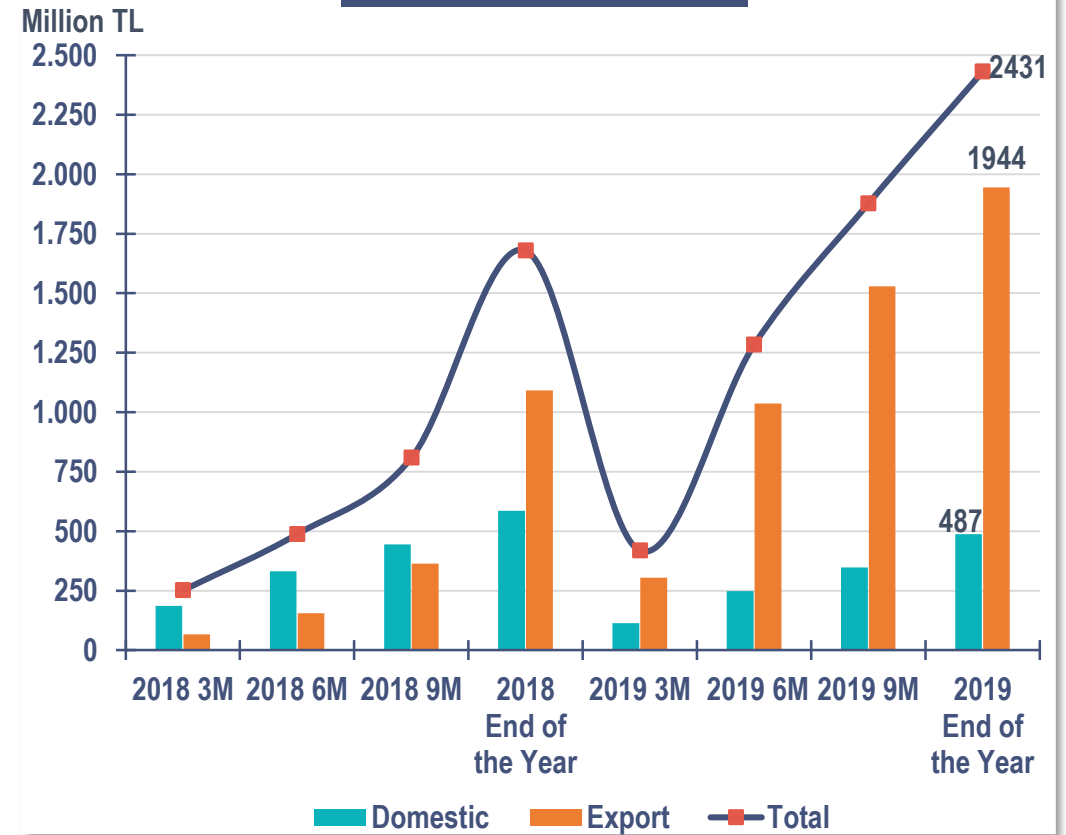
- Export revenues amounted to 1.944 million TL, **increased 78%** compared to last year's exports.

# FINANCIAL INDICATORS

## Revenue (Quarterly)

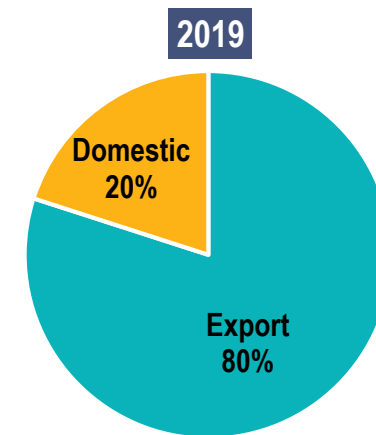
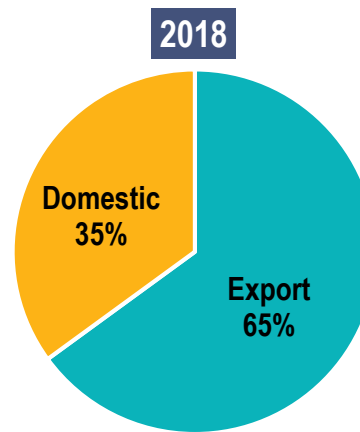
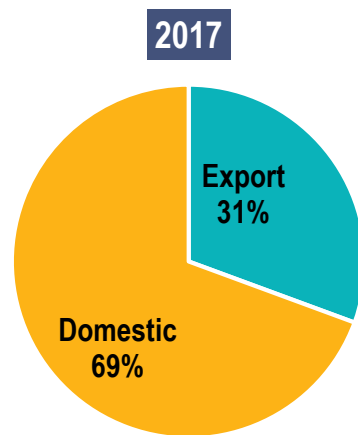


## Revenue (Cumulative)



# FINANCIAL INDICATORS

Sales (000 TL)	2019	2018	Change (%)	
Domestic	486.886	586.237	%(17)	▼
Export	1.943.757	1.092.424	%78	▲
Total	2.430.643	1.678.661	%45	▲

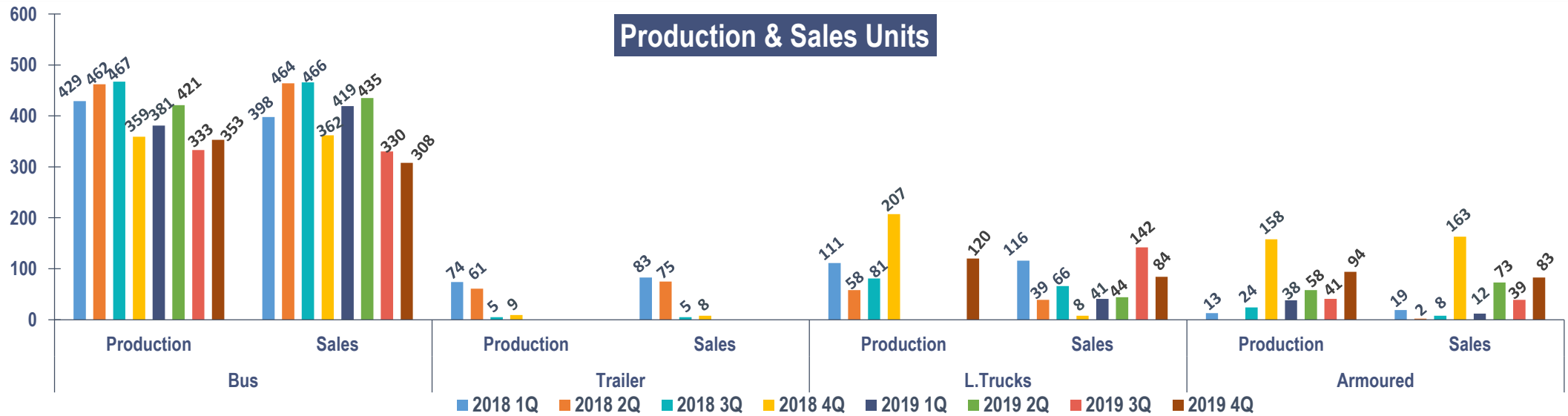


- Otokar domestic sales 17% lower than last year's same period due to the contraction in domestic market, export sales 78% higher than last year's same period.
- The share of exports in turnover was **80%** in 2019.

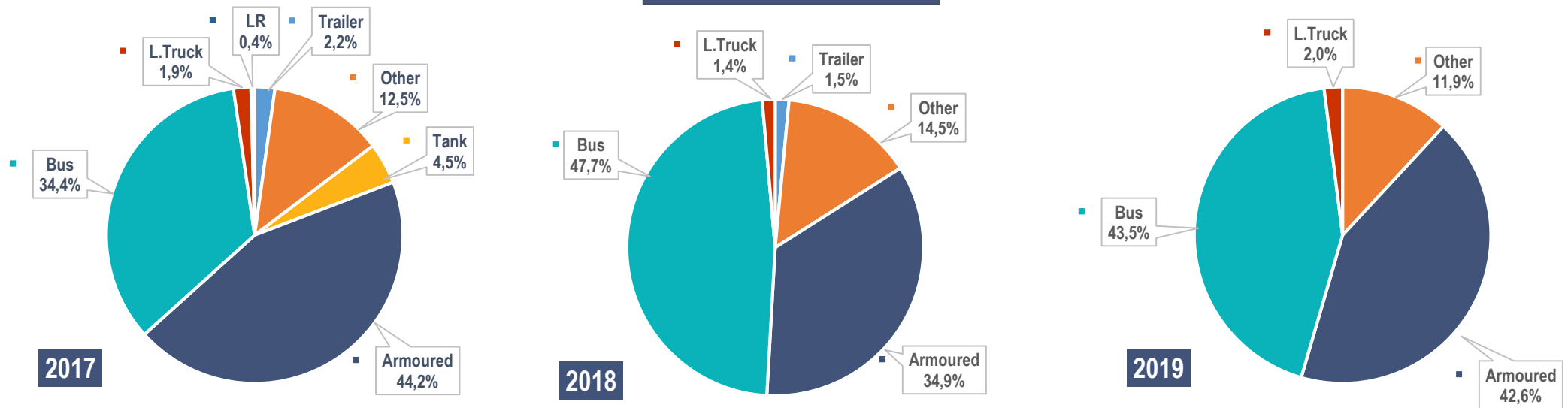


# FINANCIAL INDICATORS

## Production & Sales Units

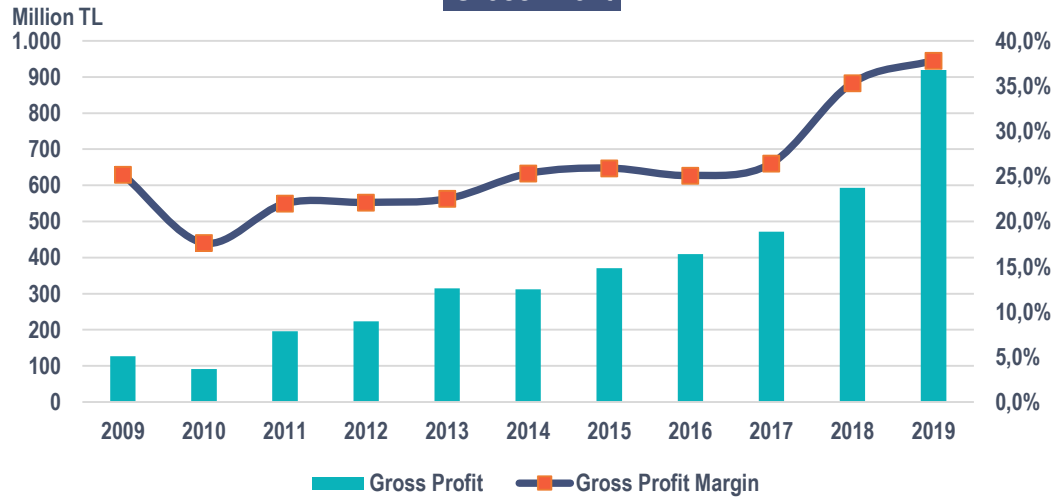


## Revenue Distribution

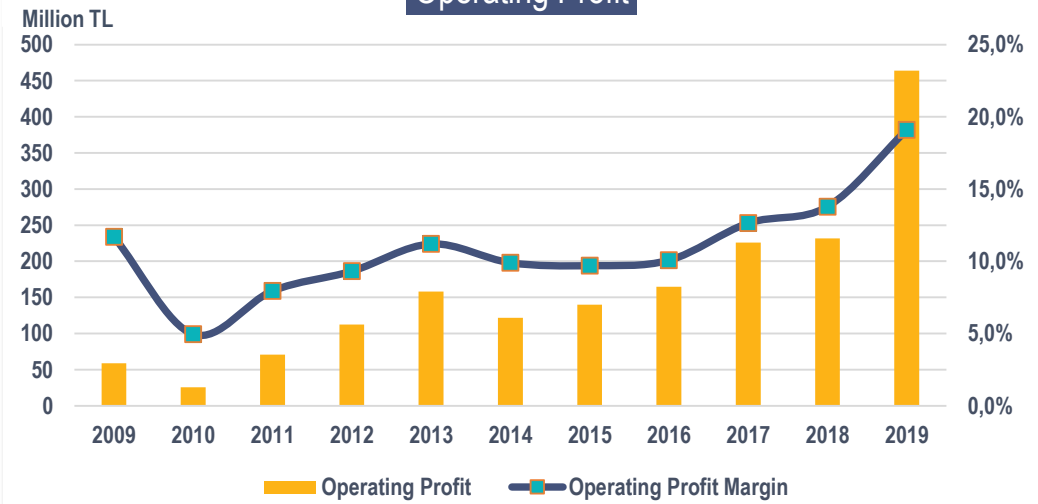


# FINANCIAL INDICATORS

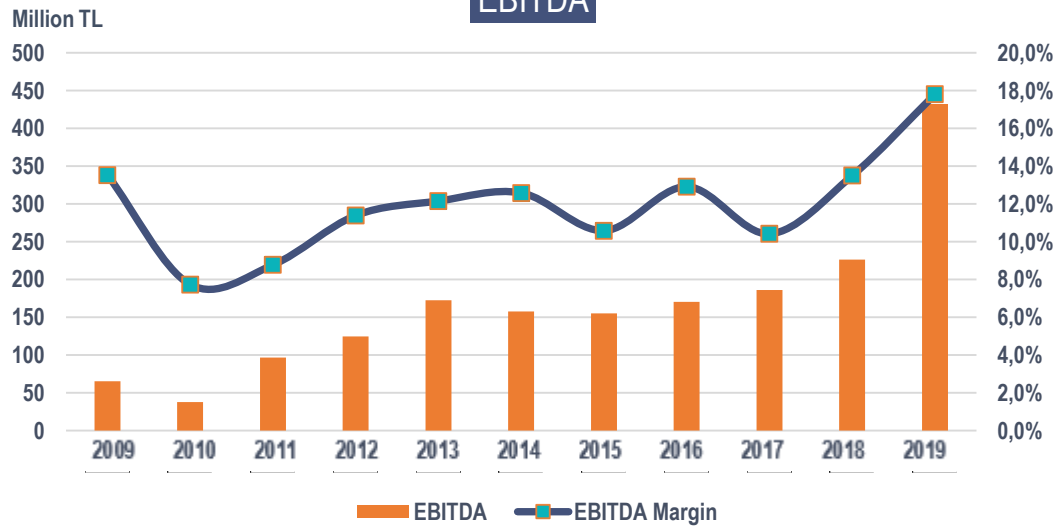
## Gross Profit



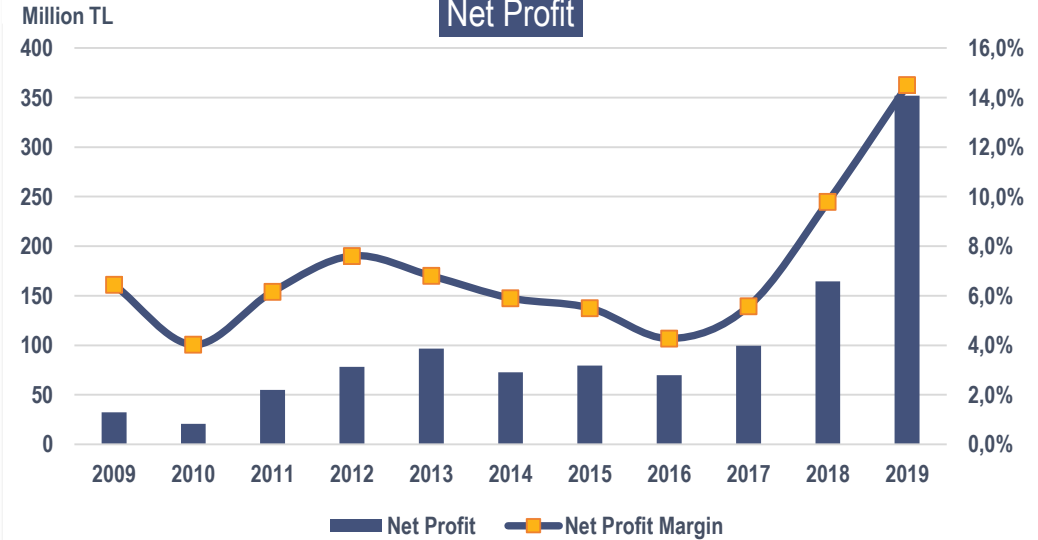
## Operating Profit



## EBITDA

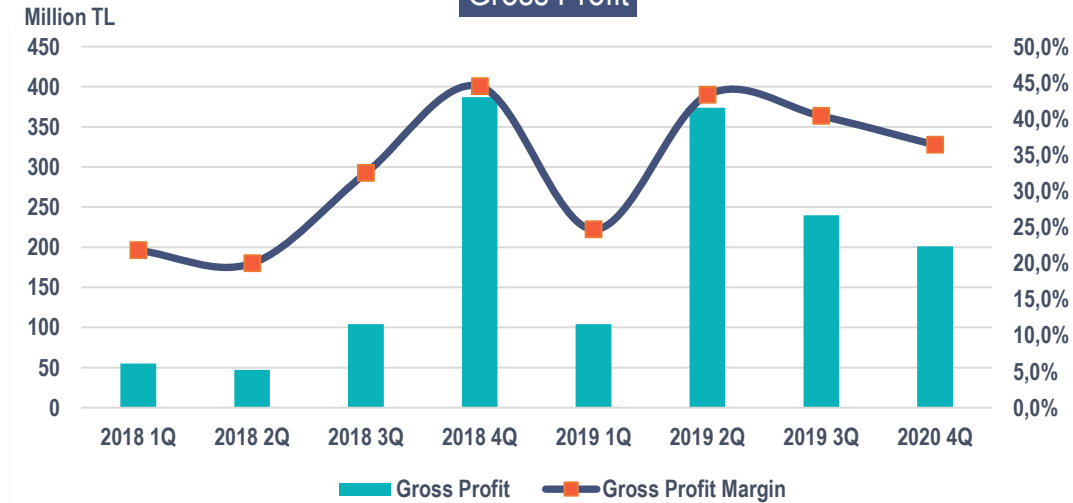


## Net Profit

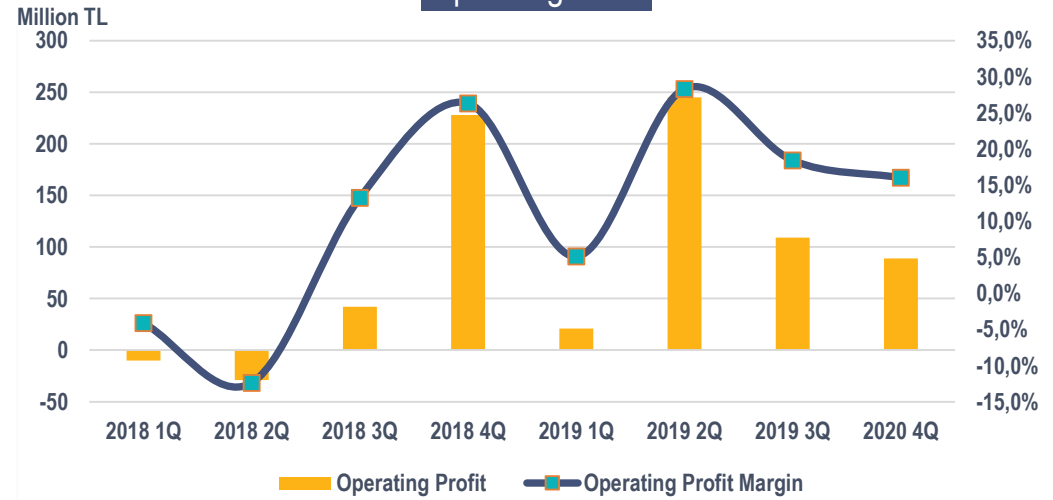


# FINANCIAL INDICATORS

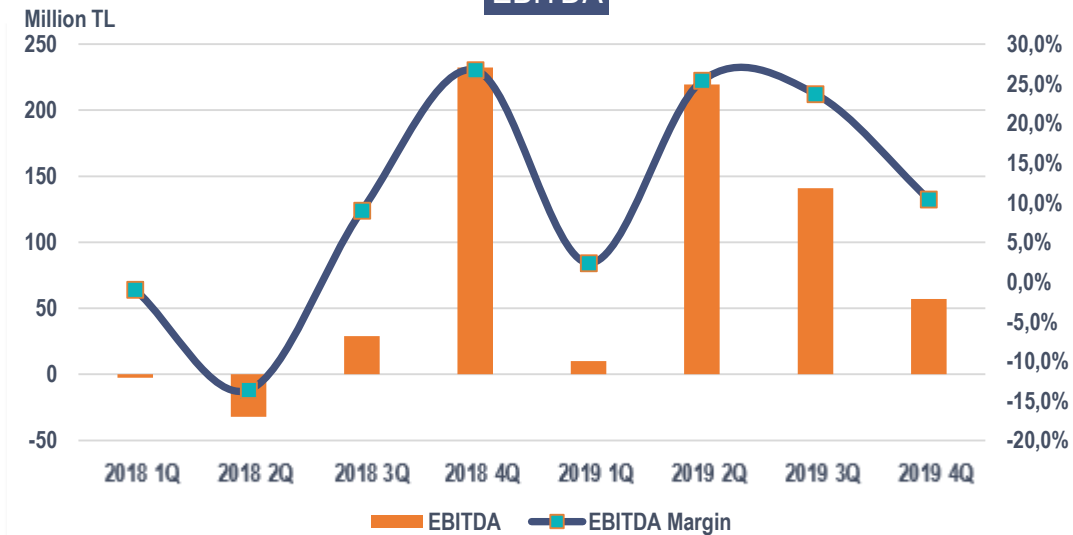
## Gross Profit



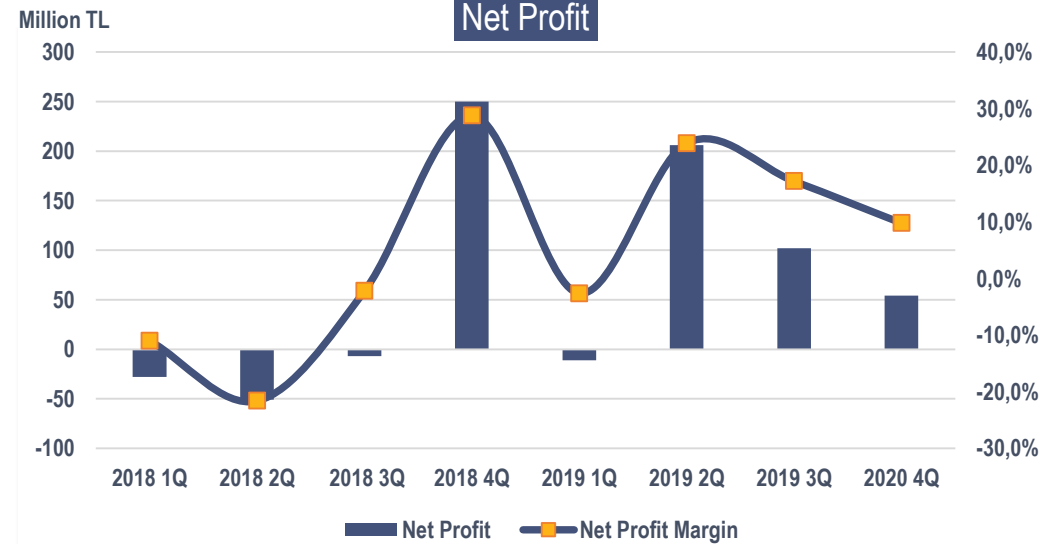
## Operating Profit



## EBITDA



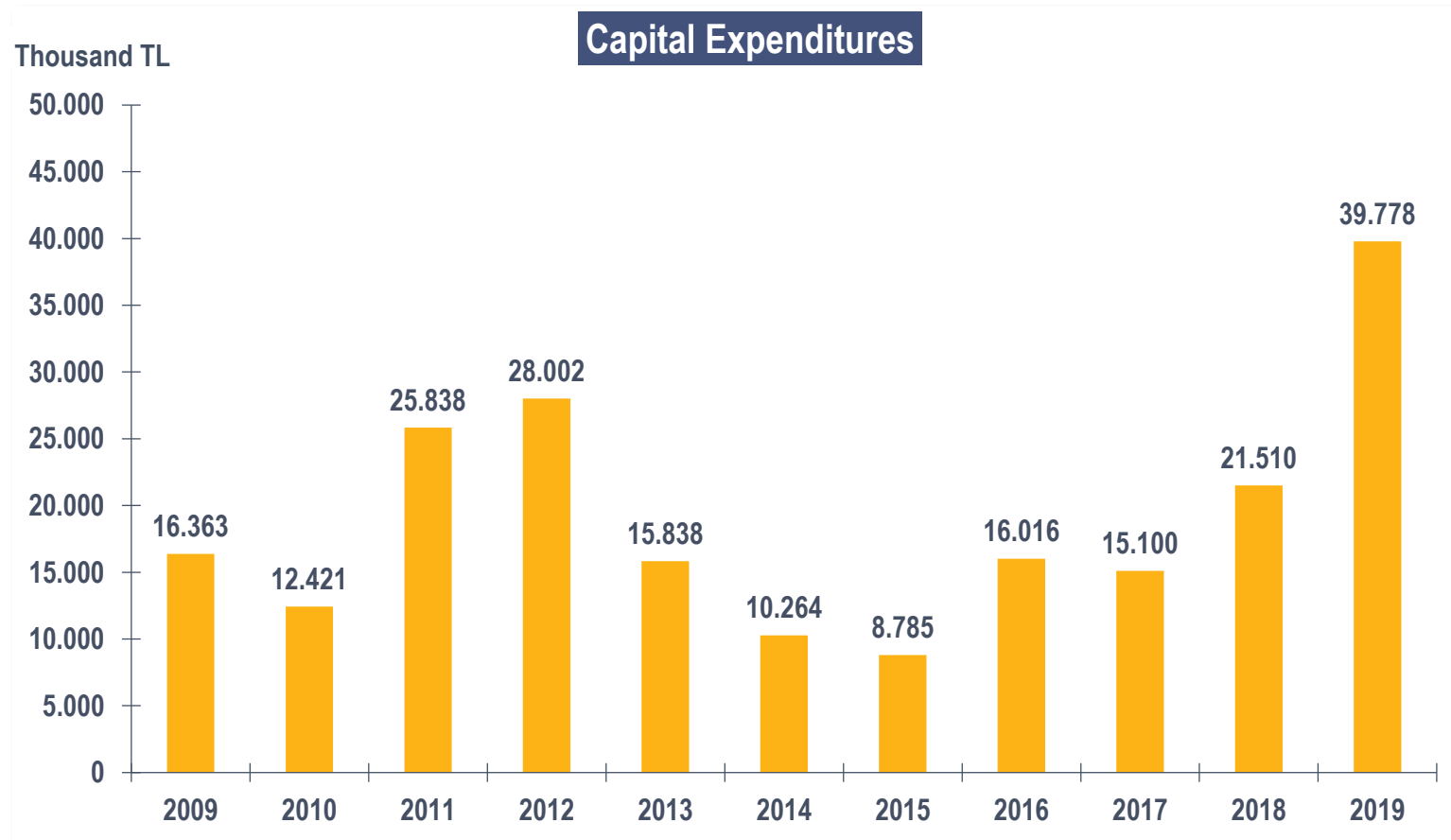
## Net Profit



# FINANCIAL INDICATORS

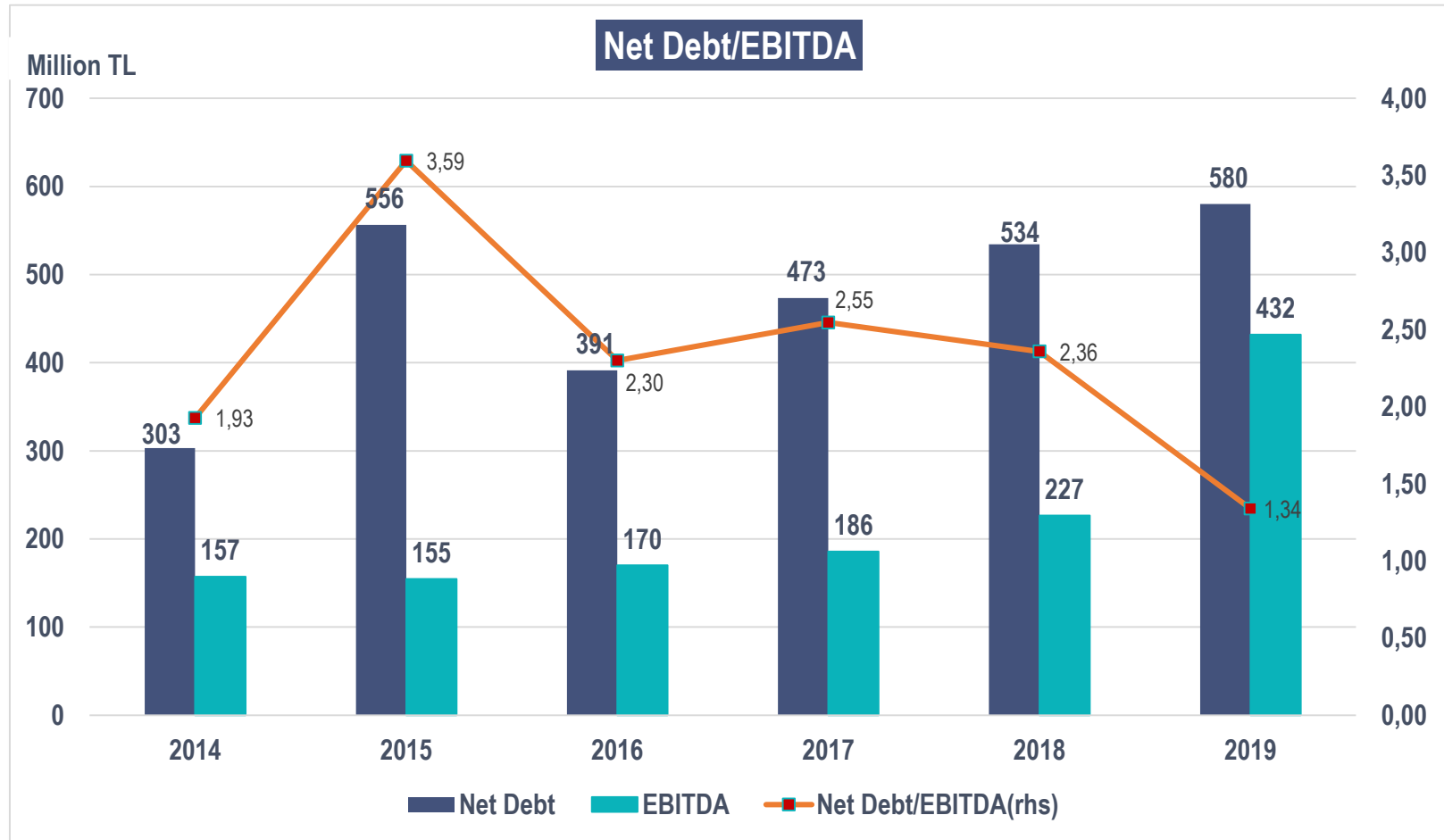
Ratios	2014	2015	2016	2017	2018	2019
ROE	29,8%	32,4%	28,7%	35,1%	42,2%	%55,1
EBITDA Margin	12,8%	10,8%	10,4%	10,4%	13,5%	%17,8
Net Margin	5,9%	5,5%	4,3%	5,6%	9,8%	%14,5
Net Debt/Equity	1,2	2,3	1,6	1,7	1,4	0,9
Net Debt/EBITDA	1,9	3,6	2,3	2,5	2,4	1,3
ST. Borrowing/T.Borrowings	0,52	0,49	0,60	0,53	0,38	0,39
Equity/Total Assets	0,20	0,15	0,14	0,14	0,17	0,24
Current Ratio	1,5	1,3	1,4	1,5	2,1	1,9

# FINANCIAL INDICATORS

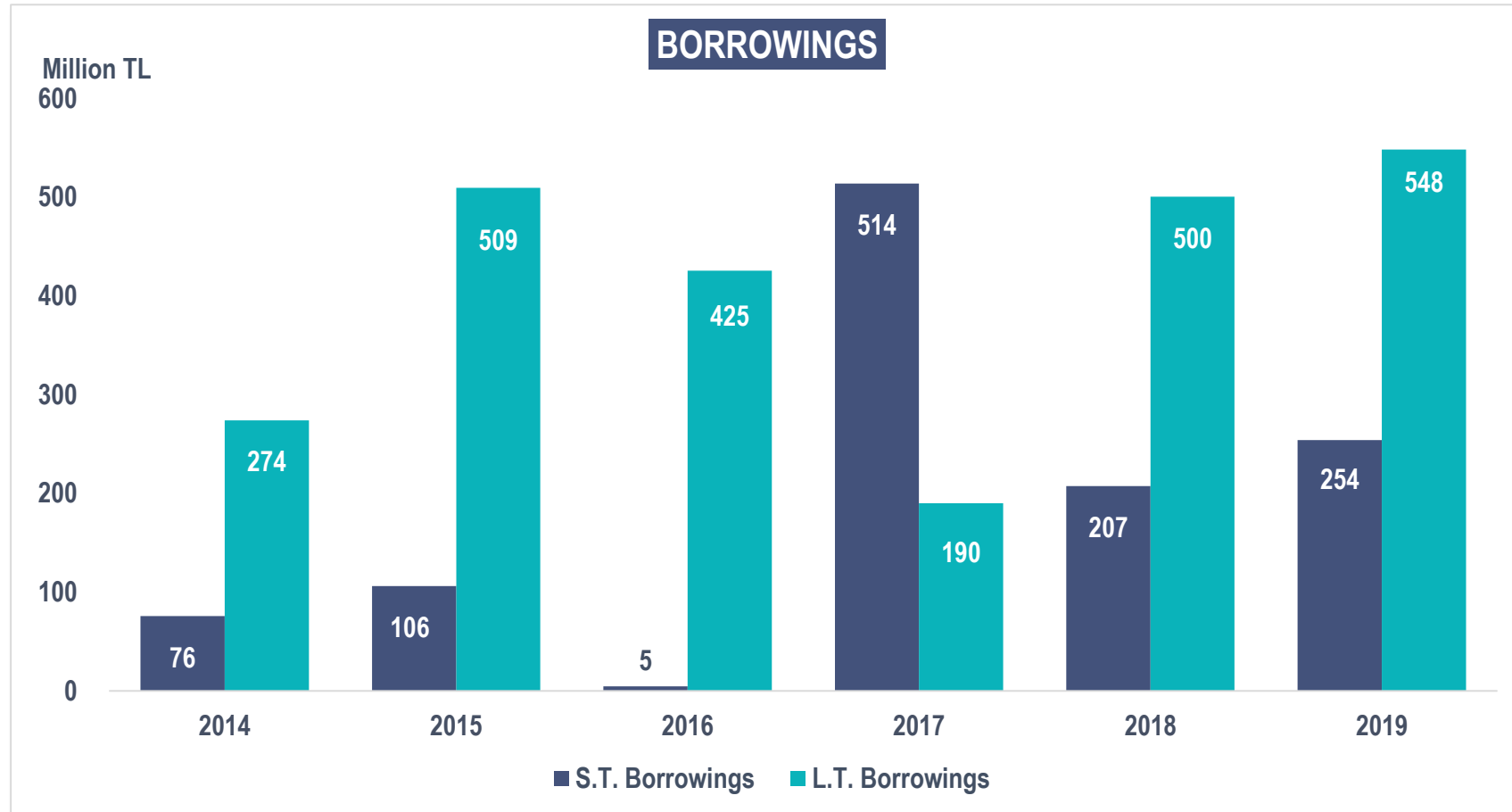




# FINANCIAL INDICATORS

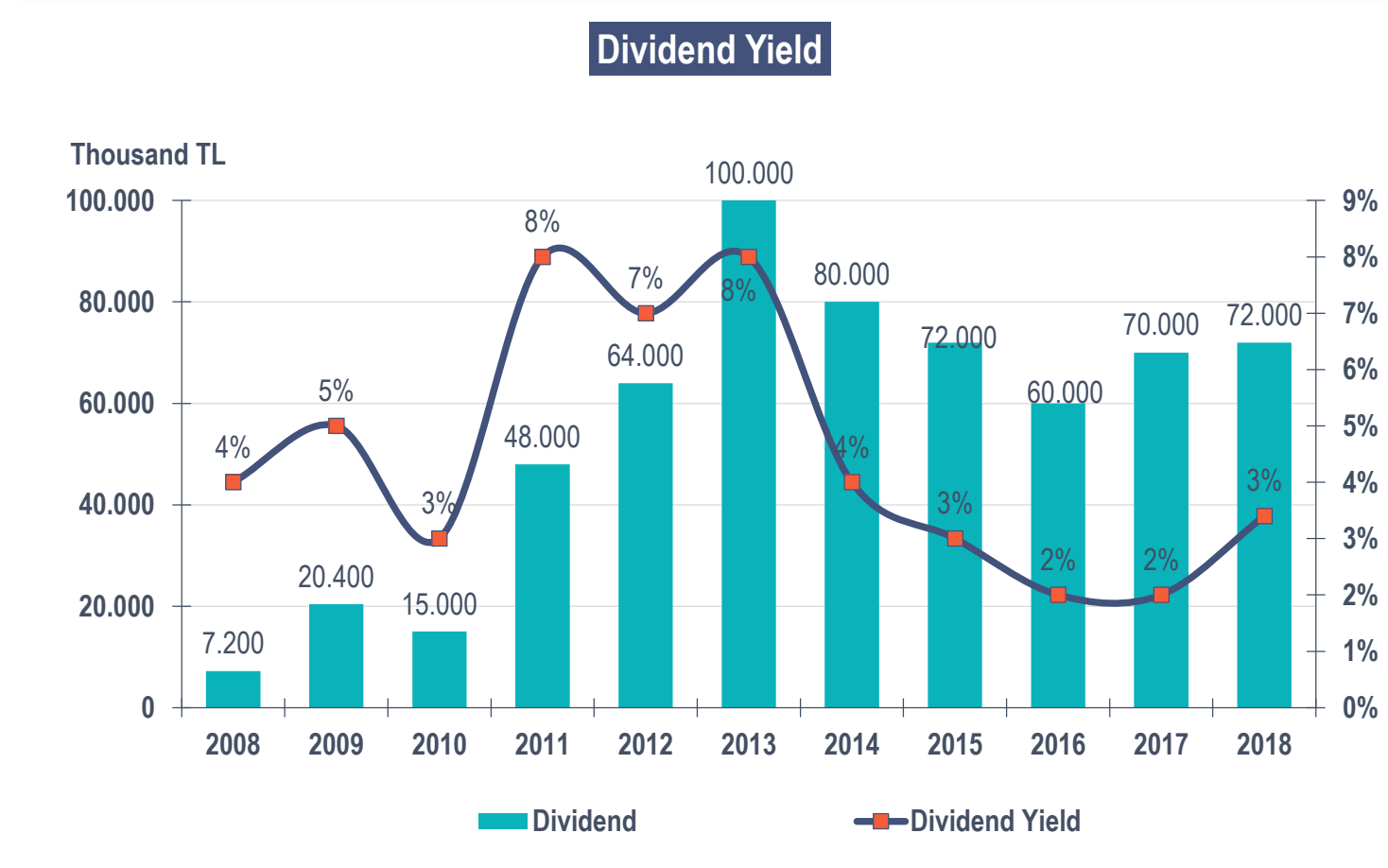


# FINANCIAL INDICATORS



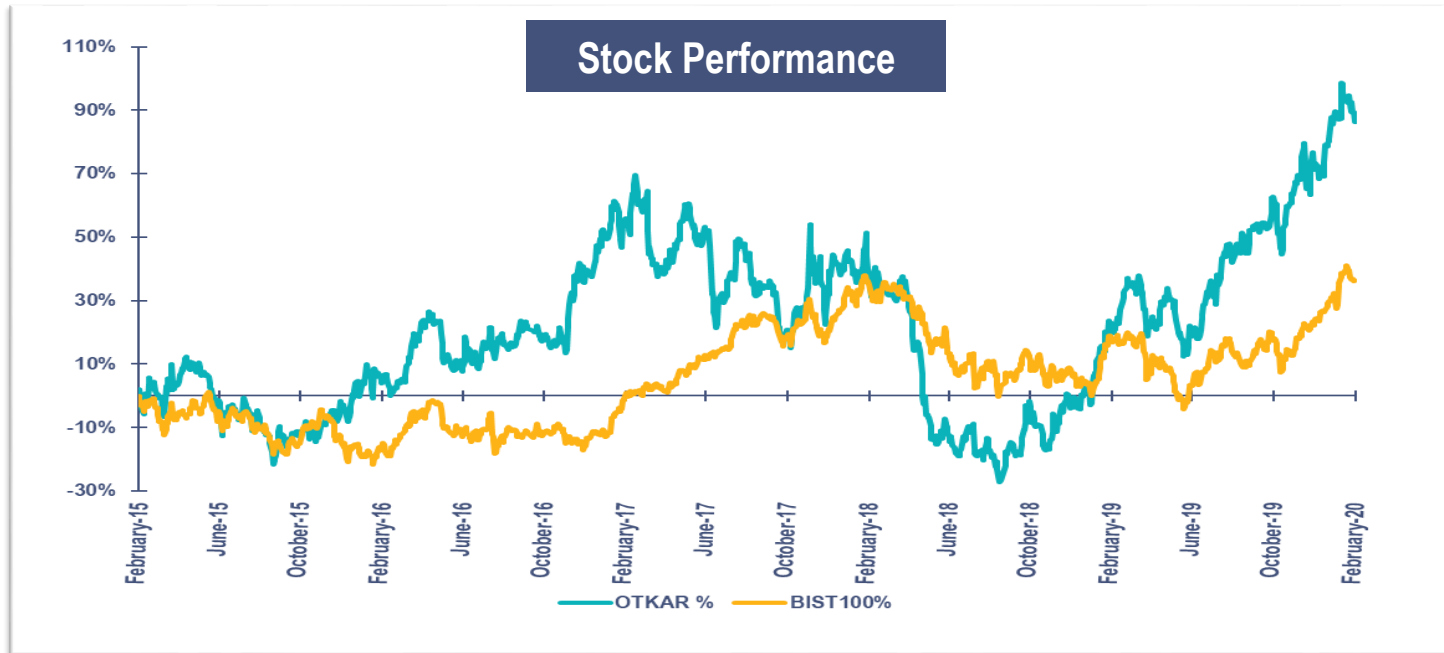
- Exchange rate risk and liquidity are monitored actively and the maturity of the borrowings and the currency type is determined by taking into consideration of the foreign currency position and liquidity risk.
- In the last 5 year period, borrowings are mainly realized in long term, in terms of foreign currency and TL.

# FINANCIAL INDICATORS



- Consistent dividend distribution is an indication of the importance given to creating shareholder value.

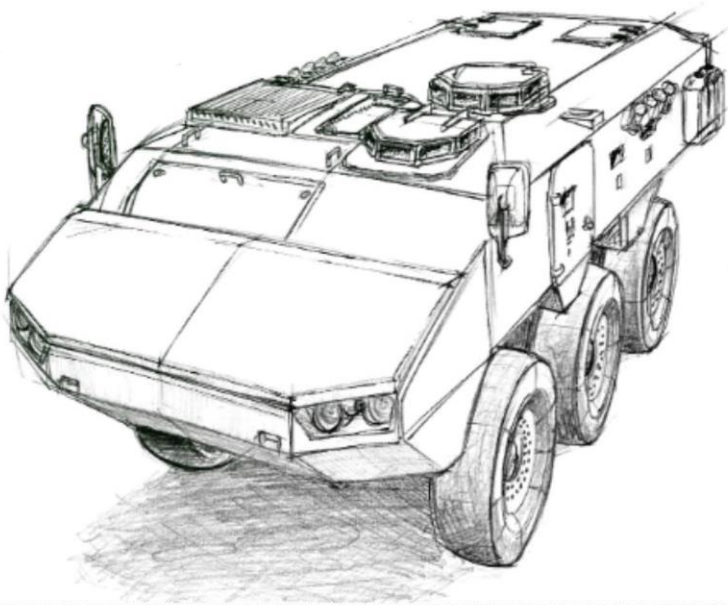
# STOCK PERFORMANCE



# R&D AND TEST CAPABILITIES



Otokar R&D Centre houses a Climatic Test Chamber with Dynamometre, the one and only of its kind in Turkey, and among the top few in Europe, and Turkey's highest capacity hydraulic road simulator as well as Turkey's largest and the world's best state-of-the-art Electromagnetic Compatibility Test Centre.





# ARGE VE TEST KABİLİYETLERİ



According to "R & D 250, companies that engaged in R & D expenditures in Turkey" survey prepared by Turkishtime magazine in 2018, Otokar ranked 7th among the companies that conduct R&D research.



Otokar was awarded with "Intelligent Spare Part Optimization" project in the "Analytical and Big Data" category in the Artificial Intelligence, Analytical and RPA Technologies competition, and with it's "OTOperasyon" project in the "Mobility in Production" category in the Smart Manufacturing competition organized by IDC.



Otokar added electric bus e-Kent C and Turkey's first electric-powered armored combat vehicle Akrep IIe to it's prdoduct range, which both were developed by it's own R&D.

Total of **422** R&D center employee

Total R & D spending over the last 10 years **1.1 billion TL**

10 year R & D expenditures in turnover **8%**

# ALTERNATIVE FUELED BUSES

## DORUK HIBRA

Turkey's first hybrid bus



## DORUK DG

Turkey's first natural gas powered mid-sized bus



## KENT DG

12 m CNG bus



## DORUK ELECTRA

Turkey's first electric bus



## AKREP Ile

Turkey's first electric armoured vehicle



## E-Kent C

12 m electric bus





## Otokar listed in the BIST Sustainability Index for the **fifth** consecutive term

**Otokar considers its sustainability strategy**, protecting domestic capital structure and the goal of profitability, its sensitivity to the environment, human and society, its focus on universal human rights and business ethics principles, operational excellence and customer satisfaction, and the development of high-tech, value-added products.

Otokar is strictly bound to the 10 principles of the **UN Global Compact** signed by Koç Holding.

Otokar is also signatory of the **Women's Empowerment Principles (WEPs)**, a joint initiative of the United Nations Women's Unit (UN Women) and the United Nations Global Compact (UN Global Compact).

Otokar **accepts 17 Global Goals for Sustainable Development** as defined by the United Nations General Assembly and carries out its activities accordingly.



# CORPORATE GOVERNANCE



56th Ordinary General Assembly of Otokar Otomotiv ve Savunma Sanayi A.Ş. held on 18.03.2019



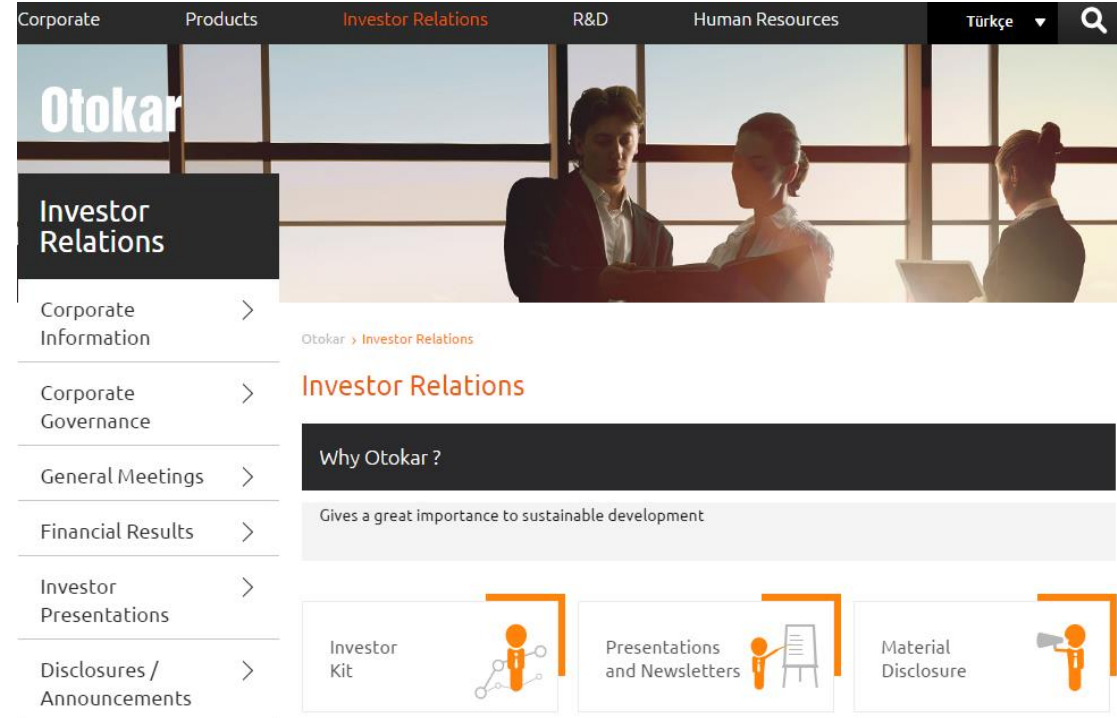
Rating of Adaptation to Corporate Governance Principles	Weight	Rating
Shareholders	25%	95.41
Public Disclosure & Transparency	25%	93.94
Stakeholders	15%	97.13
Board of Directors	35%	91.76
Total	100%	94.02

Otokar, as publicly disclosed with the material disclosure dated 21.03.2018, stated that SAHA Corporate Governance and Rating Services A.Ş. (SAHA) **increased its Corporate Governance Rating to 94.02 (9.40 out of 10)**

# CONTACT

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