

# Otokar

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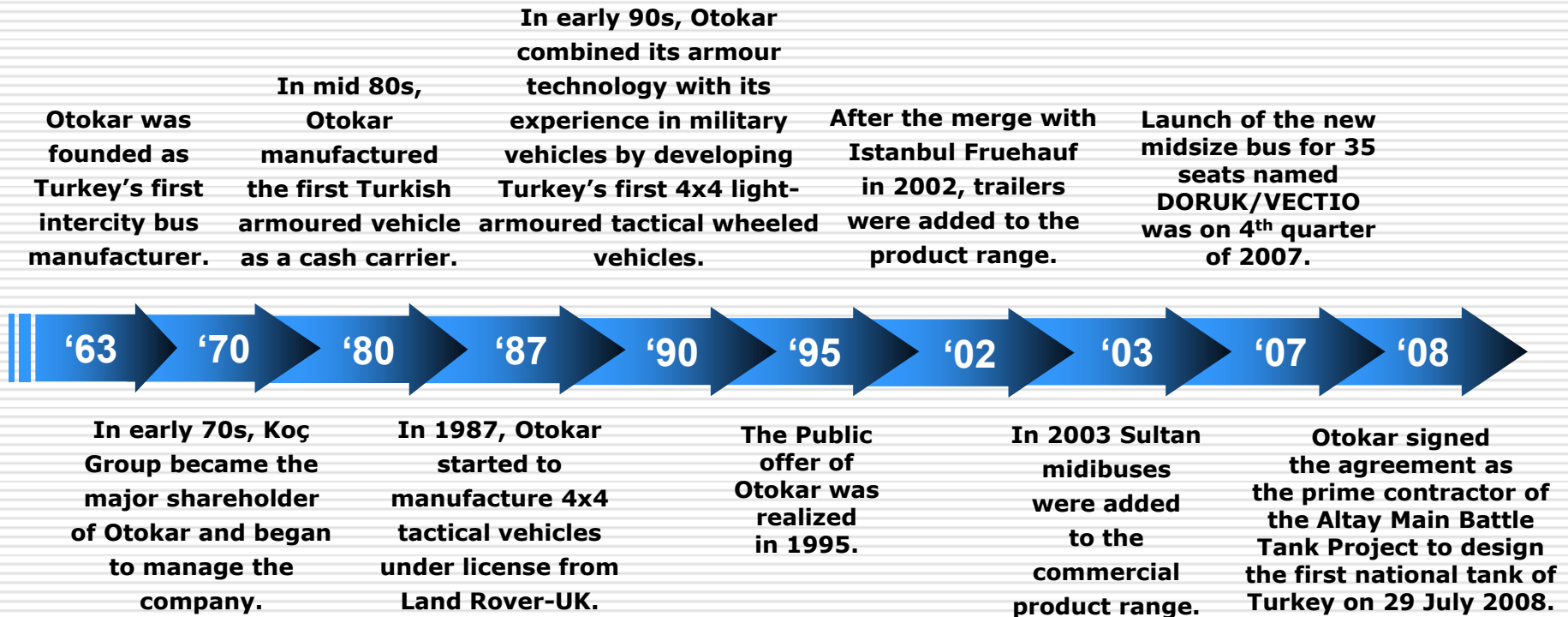
## INVESTOR RELATIONS PRESENTATION

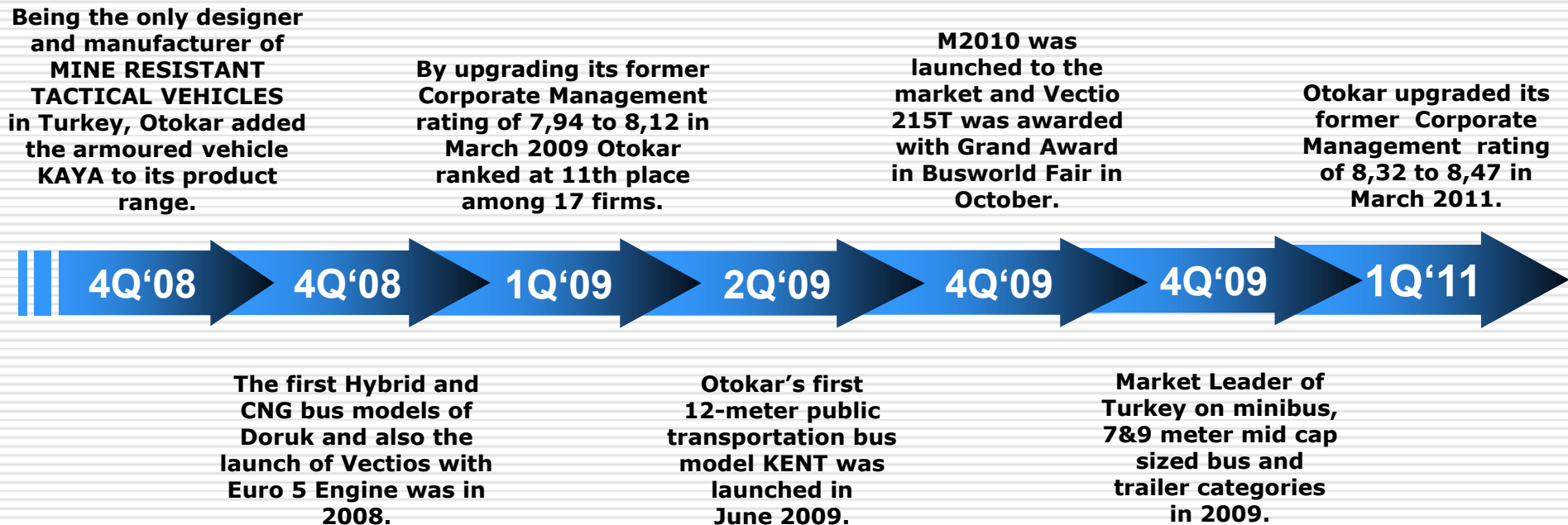
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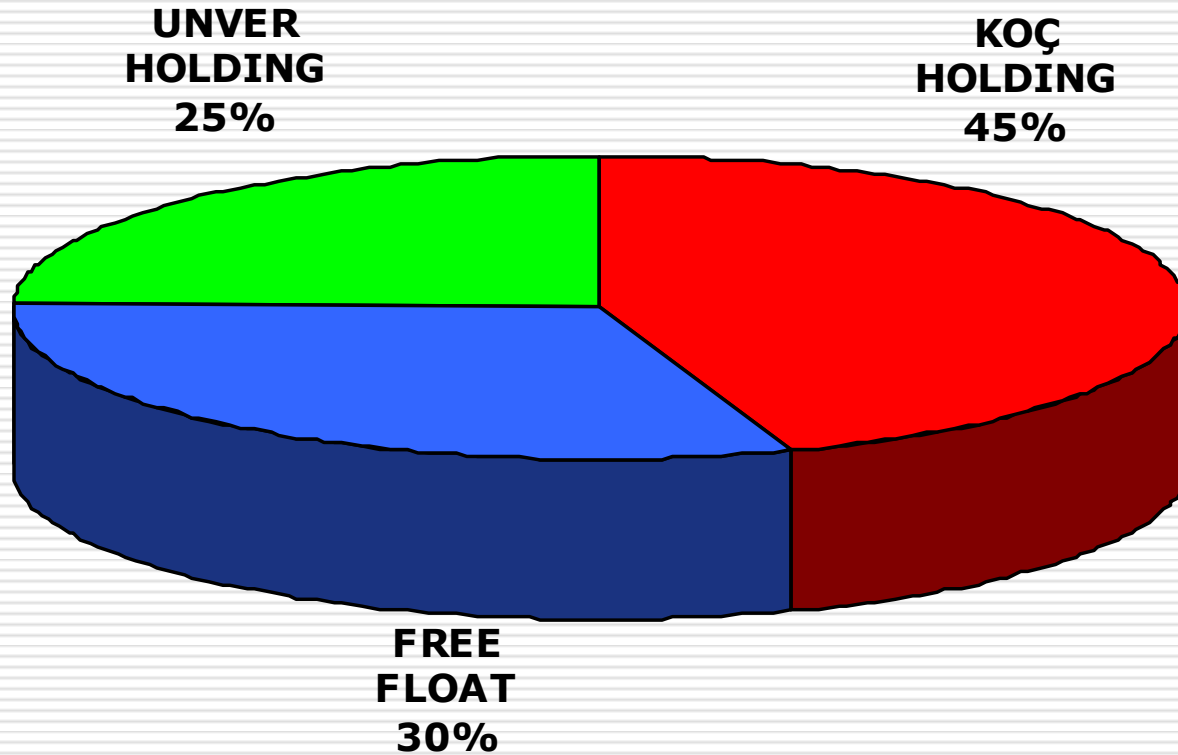
- ✓ Company Profile
- ✓ Highlights of 1H 2011
- ✓ Financials
- ✓ Market Evaluation
- ✓ Annex
- ✓ Otokar in 2015

## ADAPAZARI / ARİFİYE PLANT









- ♦ Otokar is among the leading companies of Turkey on both commercial and defence industry sides with its 48 years' experience.
- ♦ Otokar is quoted in ISE since 1995 and 30% share of Otokar is traded on ISE.
- ♦ Otokar's capex volume is around 10-15 mio \$ per annum. Otokar's R&D activities is realized by over 200 engineers in its 1000m<sup>2</sup> R&D department.
- ♦ Otokar has integrated logistic support for its customers:
  - In Turkey, at 7 regions, 79 authorized service stations.
  - At 18 countries Otokar vehicles are fully supported.
  - Otokar also presents spare part, driver training, maintenance training, technical literature and all kinds of aftersales support.
- ♦ Since 1990 Otokar regularly attends in both defence industry & commercial fairs all over the world. It attended in 8 fairs in 2010.
- ♦ Otokar realized over 1 billion \$ defense industry deliveries including exports in last 21 years and 456 million \$ of this derived from exports in last 8 years.

### ➤ COMMERCIAL VEHICLES

- **Minibus**



- **Mid Cap Sized Bus**



- **Buses**



- **Trailer, Semi-trailer & Tankers**



### ➤ DEFENCE VEHICLES

- **Land Rover 4x4 Land Vehicles**



- **Armoured Internal Security Vehicles**



- **Mine Resistant Armoured Tactical Vehicle: KAYA**



- **6x6 Armoured Tactical Vehicle: ARMA**



- **Armoured Tactical Vehicles**



## ➤ **COMMERCIAL VEHICLES**

- **Minibuses**
- **Midibuses**
- **Buses**
- **Trailer/Semi-trailers, Tankers**

**OTOKAR IS ONE OF THE BIGGEST COMPANIES OF TURKEY IN  
COMMERCIAL VEHICLE INDUSTRY.**

**OTOKAR IS THE MARKET LEADER IN MINI and MID CAP SIZED BUS  
CATEGORIES FROM 5,5 METER TO 10 METER.**

**ON COMMERCIAL SIDE OTOKAR'S HAS A WIDE PRODUCT RANGE  
CONSISTING OF MINIBUSES, MIDIBUSES AND BUSES FROM 5,5  
METER TO 12 METER AND ALSO TRAILERS, SEMI-TRAILERS AND  
TANKERS.**



Besides the success in commercial vehicles and the ability in special vehicles, Otokar proved its world class design and production capability in military tactical vehicles.

## ➤ DEFENCE PRODUCT RANGE

- **Land Rover Defender**
- **Armoured Vehicles**
  - ♦ **Armoured Personnel Carrier**
  - ♦ **Scorpion**
  - ♦ **Cobra**
  - ♦ **Discreetly Armoured Station Wagon**
  - ♦ **Armoured Internal Security Vehicle**
  - ♦ **8x8 tactical armoured vehicle**
  - ♦ **Mine Resistant Troop Carrier: Kaya**
  - ♦ **Arma 6X6**
- **Tank in Near Future**

## OTOKAR

**OTOKAR, LEADER COMPANY IN DESIGN, TEST, INTEGRATION AND PRODUCTION OF MILITARY TACTICAL VEHICLES, AFTER THE 21 YEARS DEFENSE INDUSTRY EXPERIENCE, SCORED ALMOST 1 BILLION USD DELIVERY INCLUDING EXPORTS.**

**AFTER THE MERGER OF ISTANBUL FRUEHAUF FACTORY AND ALSO THE LAND AND FACTORY PURCHASE OF FORMER OTOYOL AŞ, OTOKAR INCREASED ITS PRODUCTION AREA AND BECAME THE MOST IMPORTANT AND BIGGEST DEFENSE INDUSTRY COMPANY IN TURKEY.**

## Otokar's Profile Recently Launched Products

- Doruk 230DG
- Doruk 160LE Hibra
- 6X6 Armoured Tactical Vehicle: ARMA
- Mine Resistant Armoured Tactical Vehicles: KAYA
- Vectio / Doruk 215T
- 12-meter Public Transport Vehicle: KENT 290H
- 12-meter Low Floor Public Transport Vehicle: KENT 290LF
- M2010 / Centro



### "Prime Contractor of the 1<sup>st</sup> National Main Battle Tank of Turkey"

- A feasibility study was performed so that a Main Turkish Battle Tank can be designed and produced locally with a genuine model to meet the needs.
- A tender was opened for the preparation of the design and the prototype of the Main Turkish Battle Tank.
- The result of this tender was announced on March 30, 2007 and Otokar was honoured for the negotiations.
- The agreement was signed on July 29, 2008 at the manufacturing plant of Otokar in attendance of the Prime Minister Recep Tayyip Erdoğan.
- The budget for design, prototype production, tests and qualification of the ALTAY Tank is declared to amount to USD 494 million. The period for this phase is 78,5 months.



### R&D

- R&D activities have been attached great importance in Otokar since its foundation.
- In addition to extending the present product range, Otokar also applies a permanent R&D process in terms of designing military, semi-military and commercial original products in parallel with the demands of the domestic and foreign markets.
- Otokar's small bus, Navigo, which has changed the small bus standards in Turkey, and Otokar's armored vehicles such as ZPT, Cobra and Akrep have been completely designed and developed by R&D Department.
- Otokar R&D Center, has an enclosed area of 1000 m<sup>2</sup>, on the other hand, is equipped with prototype manufacture areas, special paint house, and Hydraulic Road Simulator enabling faster testing of the manufactured vehicles employing the state-of-the-art technology, test equipment and computer systems to create and evaluate information.
- Having proved itself in the realm of R&D, Otokar was awarded with "Award of New Articles" by the Undersecretariat of Foreign Trade in 1996 and with "Mimar Sinan University Industrial Design Honorary Prize" in 1999.
- Otokar's next goal is to design vehicles employing virtual reality simulations in computer environment, thus developing better quality products in a shorter period.



## Otokar R&D Center and Design Awards

- Otokar designed vehicles constitutes 85% of the total revenue
- "Good Design Award", Design Turkey 2010 for KENT 290LF
- 2009 Busworld Kortrijk European Coach and Bus Week (ECW) Grand Award in Midi Coach category for DORUK 215T
- "Good Design Award", Design Turkey 2008 for DORUK 190LE
- Industrial Design "Honour Award" by Mimar Sinan University in 1999
- "Award of New Articles" by the Undersecretariat of Foreign Trade in 1996



## ADAPAZARI / ARİFİYE PLANT

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Total area 552.000 m<sup>2</sup>  
Total closed area 141.303 m<sup>2</sup>

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Otokar's defence vehicles are actively used in armies of 15 countries, and also in 25 countries the commercial vehicles of Otokar are in use.



## Otokar's Profile Competitive Advantages

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- |  |   |  |
|--|---|--|
| ▪ Having products which the industrial and ownership rights belong to OTOKAR | ⇒ | ▪ Unique in Defence Industry                         |
| ▪ Working with well known brand names  | ⇒ | ▪ Product reliability in markets                     |
| ▪ Flexible plant capacity  | ⇒ | ▪ Capability to react urgent defence oriented orders |
| ▪ Ability to offer custom designs  | ⇒ | ▪ Customer satisfaction guaranteed                   |
| ▪ Strategic location   | ⇒ | ▪ Lower Logistic Cost                                |
| ▪ Low engineering costs  | ⇒ | ▪ Lower unit cost                                    |
| ▪ Test and Design Center   | ⇒ | ▪ Shorter test time for vehicles                     |

- Developing its own technology
- Preserving the local and national identity of its own products.
- Targeting persistence satisfaction of customers, employees and partners with total excellence philosophy.
- Designing, manufacturing and marketing commercial vehicles and various defence industry products in line with the requirements of the customers with a worldwide competitiveness
- Sustainable growth by exports of commercial vehicles in Europe through dealers network; by increasing exports of defense vehicles; by increasing domestic market share

## HIGHLIGHTS OF 1H 2011

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- Otokar increased its total revenues by 96% and raised to USD249,2 mio. Otokar generated USD17,8 mio net profit with a net margin of 7,1%.
- Successful results in both commercial and defensive vehicle sales:
  - ❖ Leadership in all niche market bus categories. Sultan (domestic version of Navigo) is the leader of 7mt midibus market of Turkey with its 42,7% share. Doruk (dom.ver. of Vectio) is the leader of the 9&10mt bus segment with its 85,7% share and also KENT is the new leader of 12-meter public transport bus segment in 1H 2011.
  - ❖ Trailer sales revenues increased by 258% and 7-10m buses by 124% and armored tactical vehicles by 487%.
- Deliveries and new orders from Defence Industry:

The backlog figure will be delivered in near future reached to USD 139.4 million. In a short period after the presentation of the new armored tactical vehicle of Otokar ARMA to the world and the first order came from abroad in 2010 even before the Turkish army. Otokar has signed a second contract in 2011 about ARMA with an increasing quantity soon after the first contract.
- Otokar's 8,32 Corporate Management rating upgraded to 8,47 in March 2011.

### **Otokar at IDEX and IDEF with its Armored Vehicles**

Otokar, presented its new armoured vehicle 6x6 "ARMA", worldwide known 4x4 "COBRA" and its mine resistant troop carrier "KAYA" at the show in Abu Dhabi, Feb-2011 and in addition to these models, Turkish battle tank Altay was in IDEF Istanbul with a full-scale model in May-2011. Otokar signed a second contract valued USD 63,2 mio for its newly emerged arm.tact.veh. ARMA in a period shorter than one year.



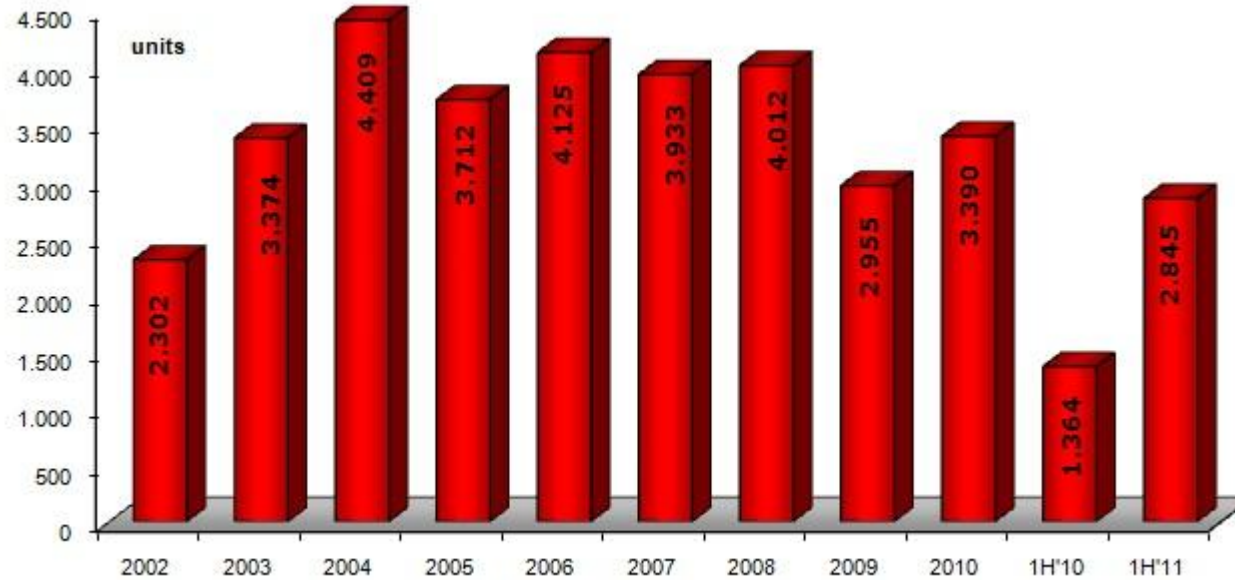
### **12M BUS: KENT/TERRITO**

İstanbul Otobüs AŞ. plans to purchase upto 2000 new buses. In the first tender of this big purchase, KENT obtained the largest portion from 172 units of 12-meter low floor buses. The second tender will take place for 250 units in August 2011.

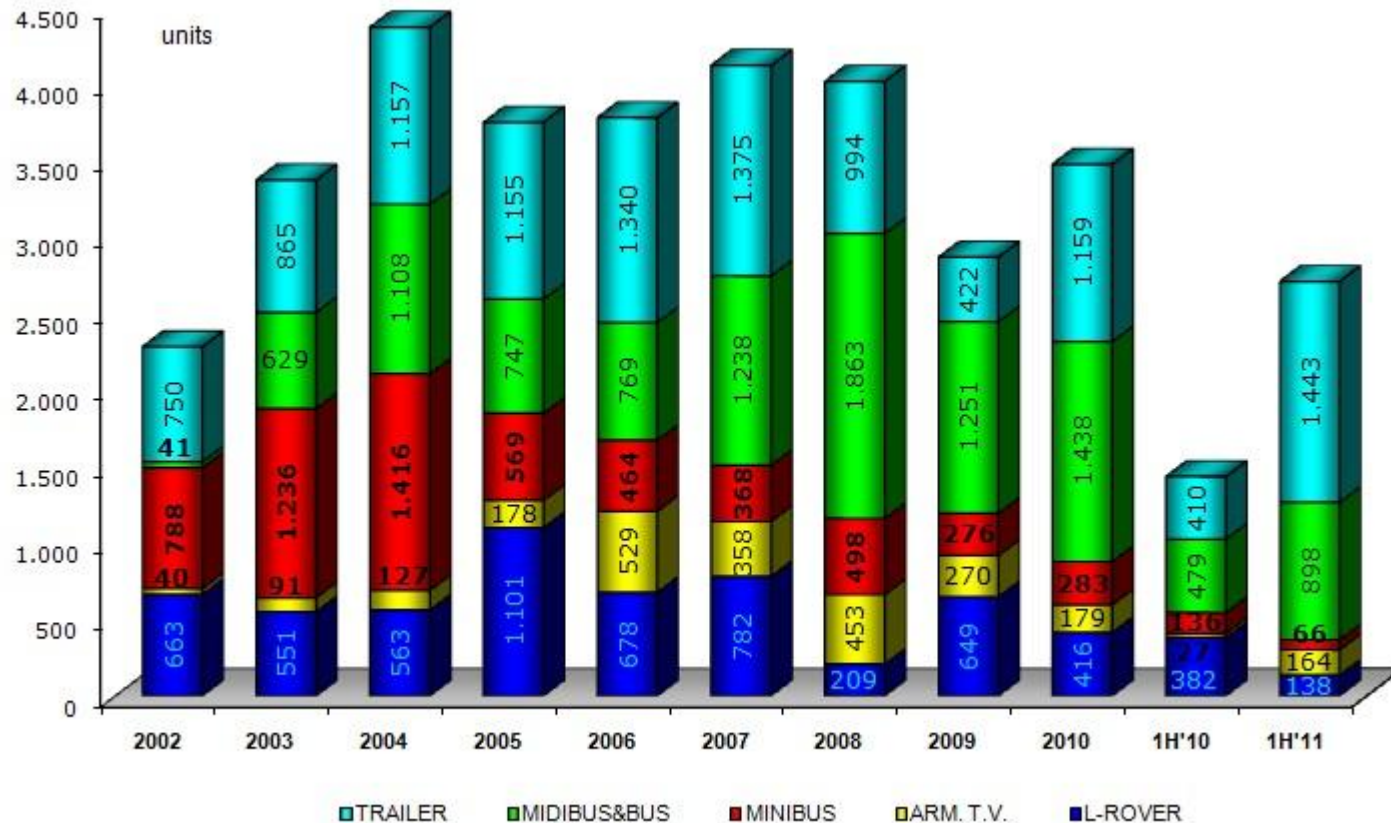


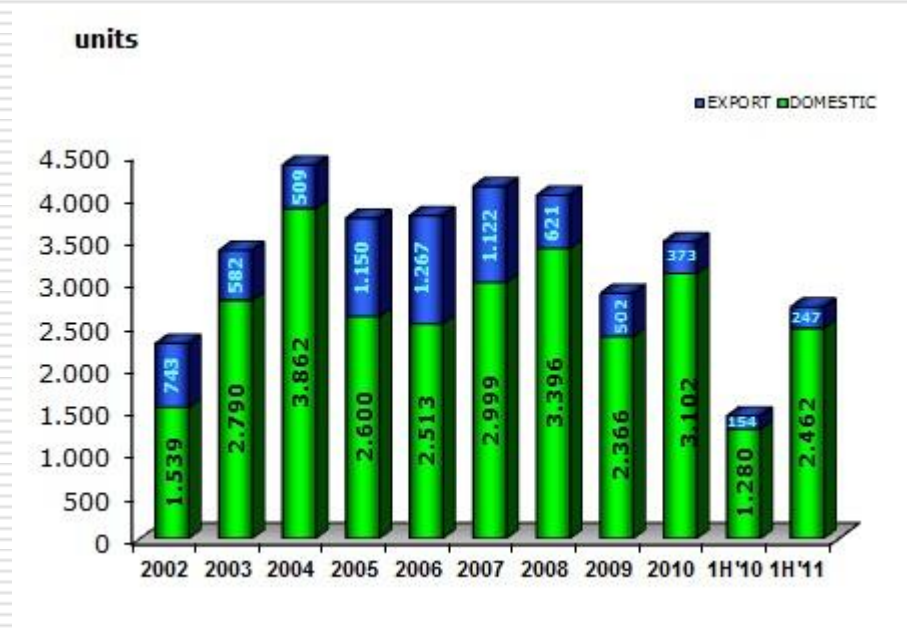
Total Revenue	249,2
EBITDA	28,2
Net Profit	17,8
Shareholders' Equity	114,3
ROE (%)	14,9
Gross Margin (%)	22,1
Operating Margin (%)	9,0
EBITDA Margin (%)	11,3
Net Margin (%)	7,1
Current Ratio	1,0
Total # of Employees	2136

**As of 30.06.2011**  
**(USD mio)**

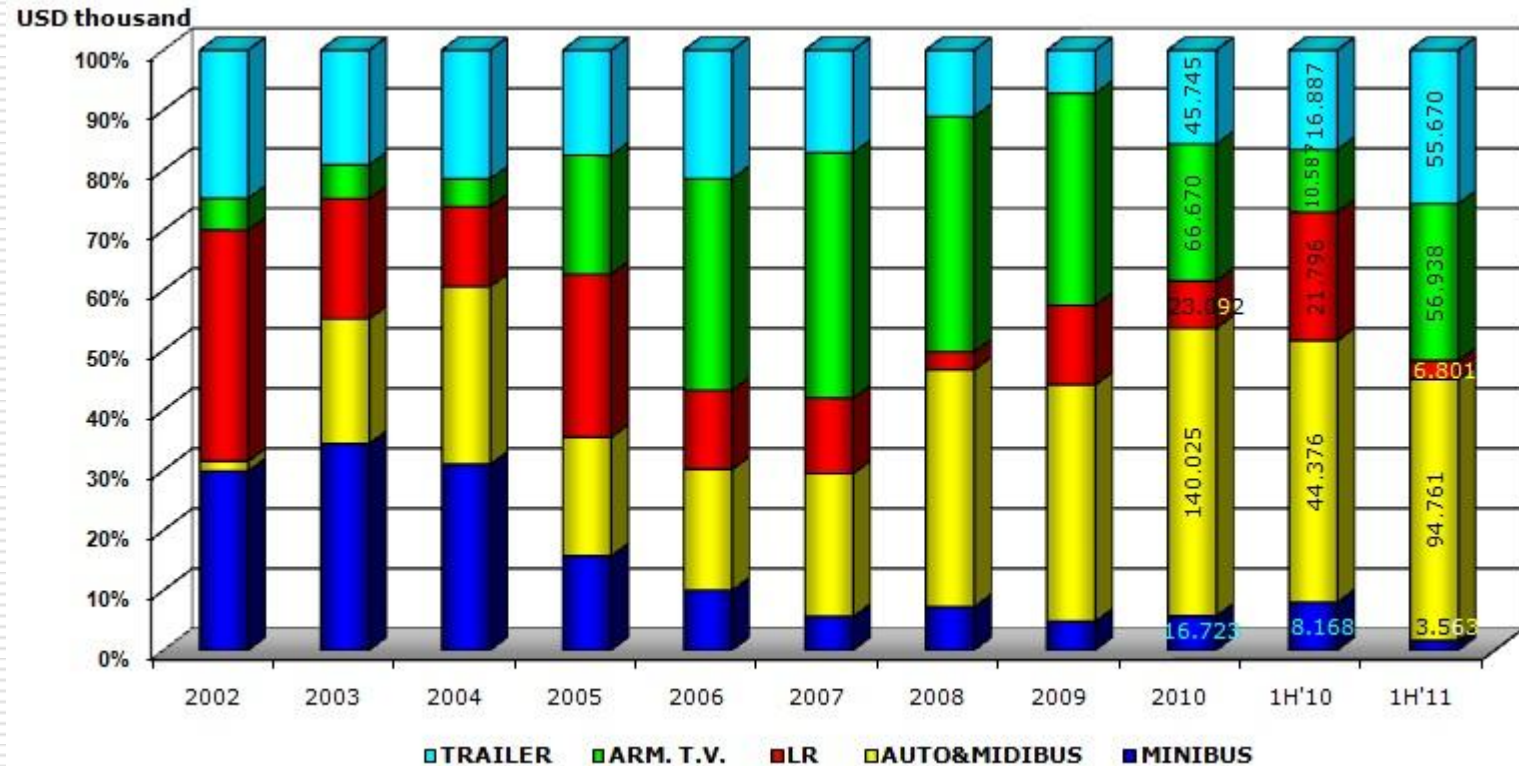


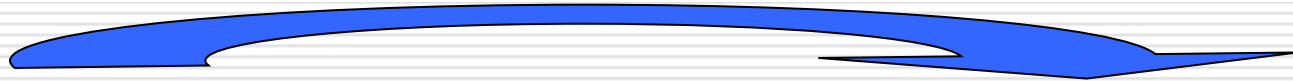
## Otokar's Financials Sales Units-Distribution



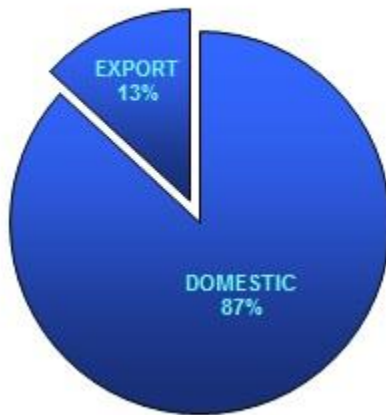


## Otokar's Financials Revenue-Distribution





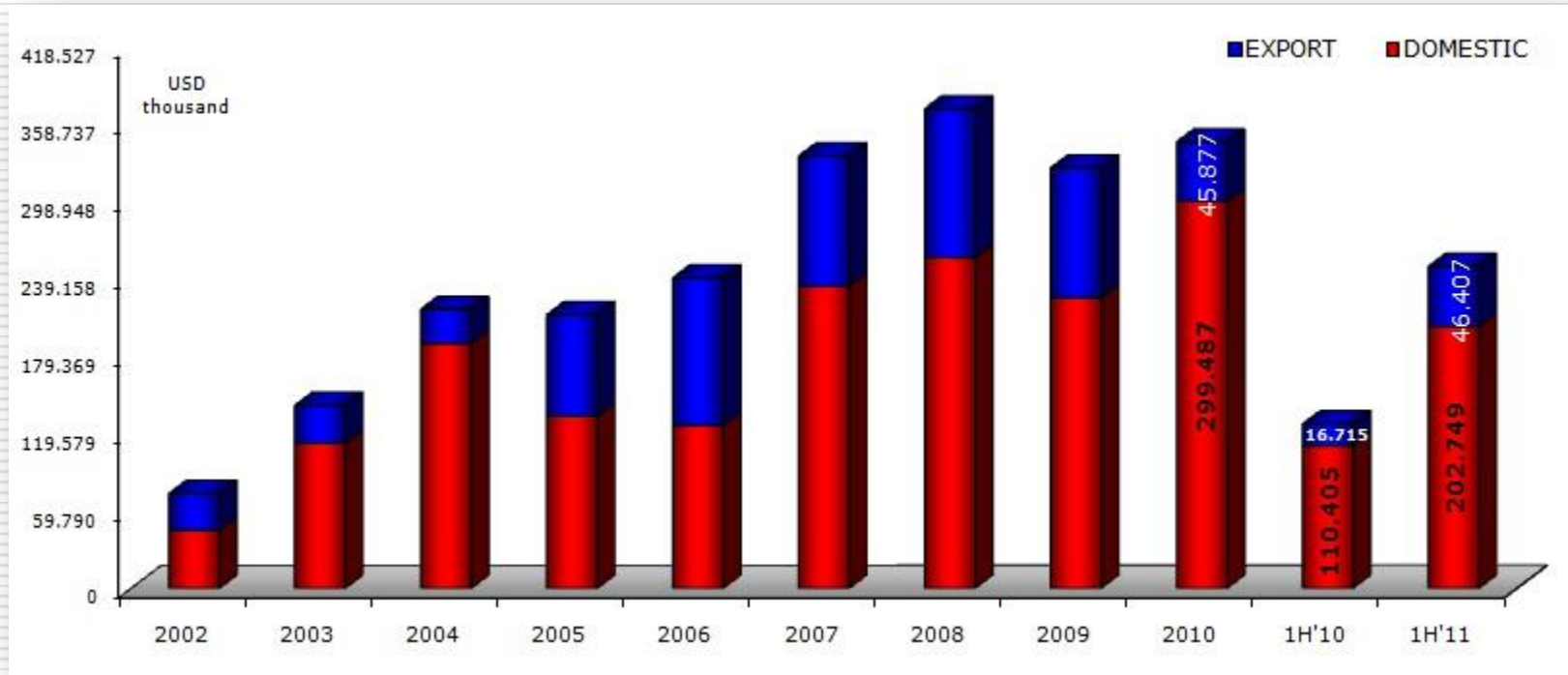
DISTRIBUTION OF REVENUES 2010 1H



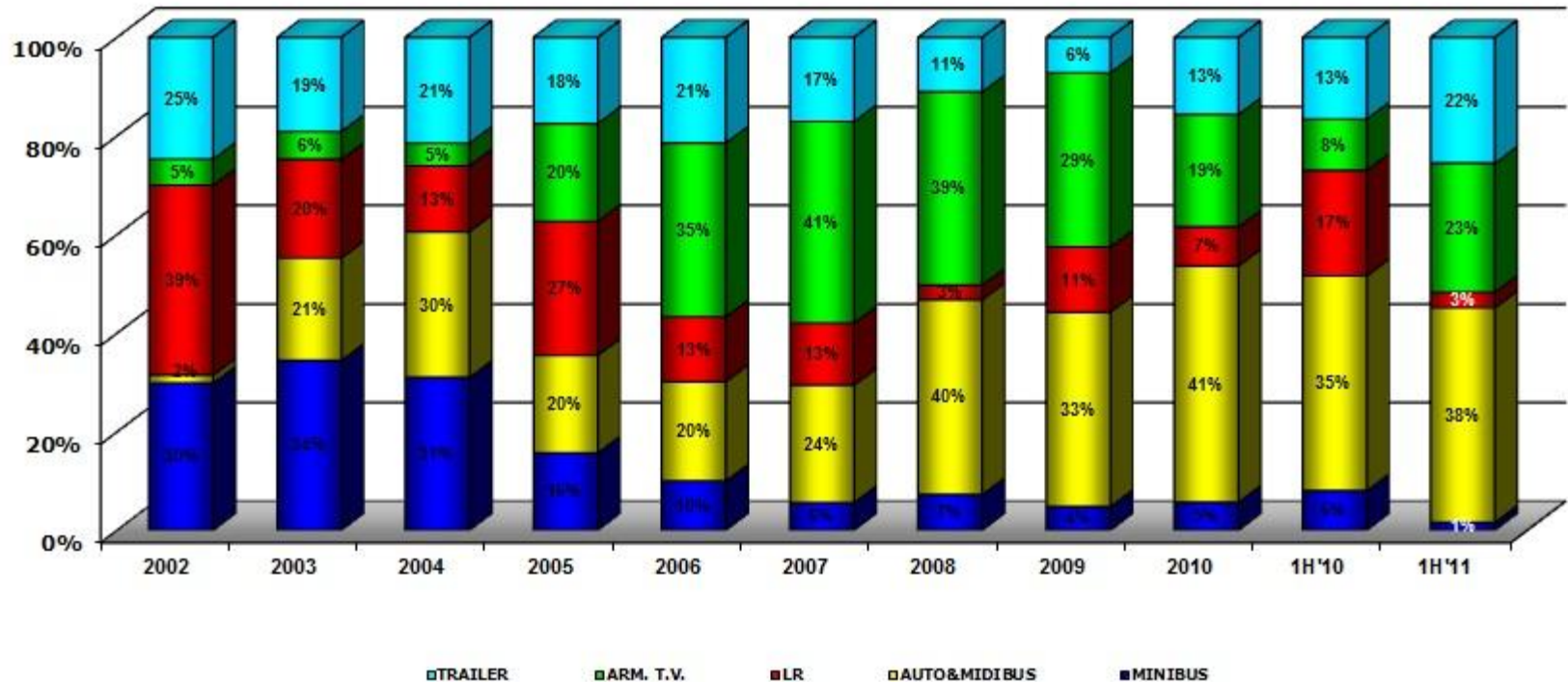
DISTRIBUTION OF REVENUES 2011 1H



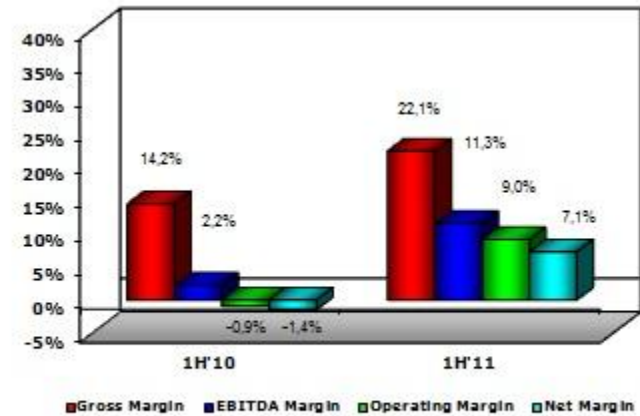
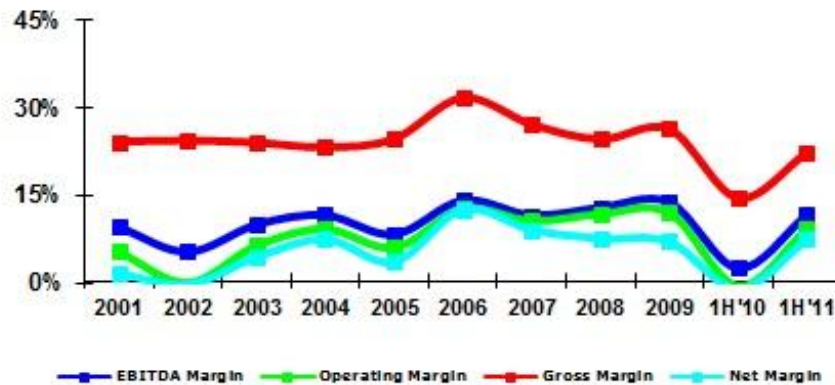
## Otokar's Financials Revenue-Composition



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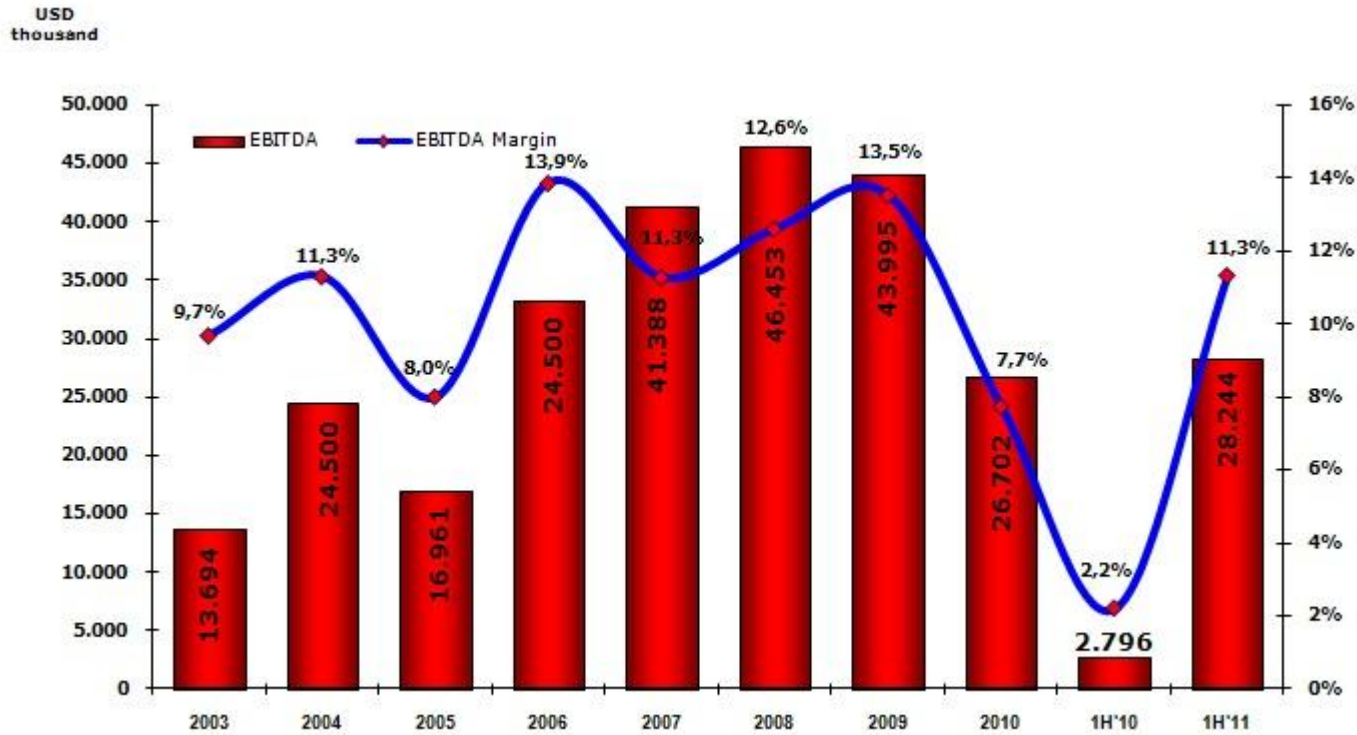


## Otokar's Financials Margins



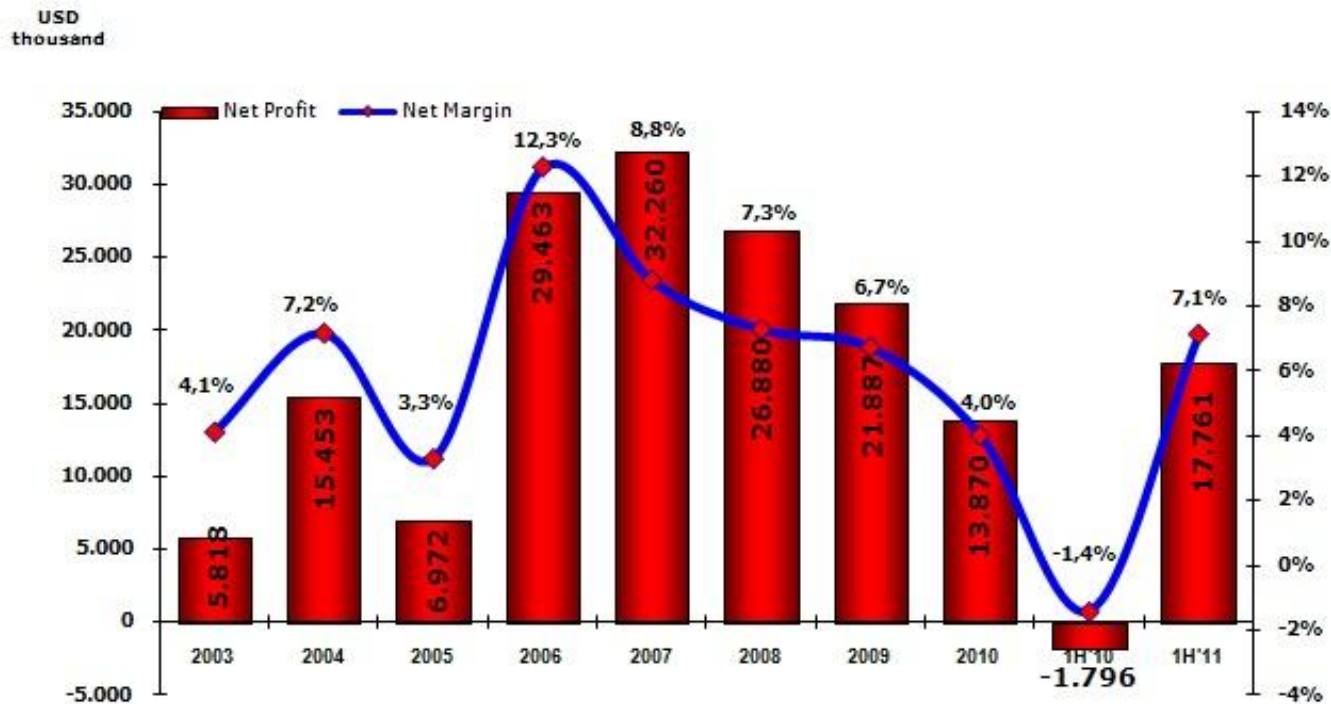
## Otokar's Financials

### Ebitda & Ebitda Margins

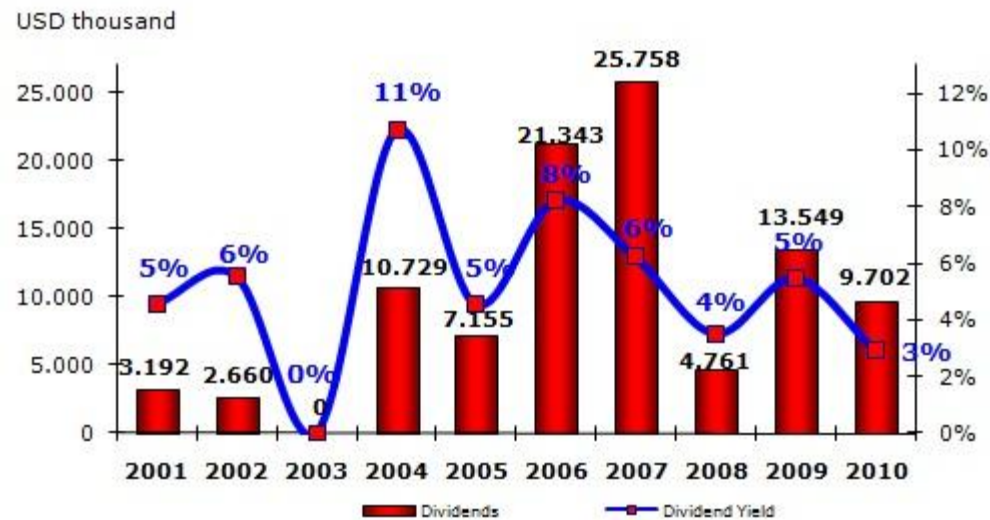


## Otokar's Financials

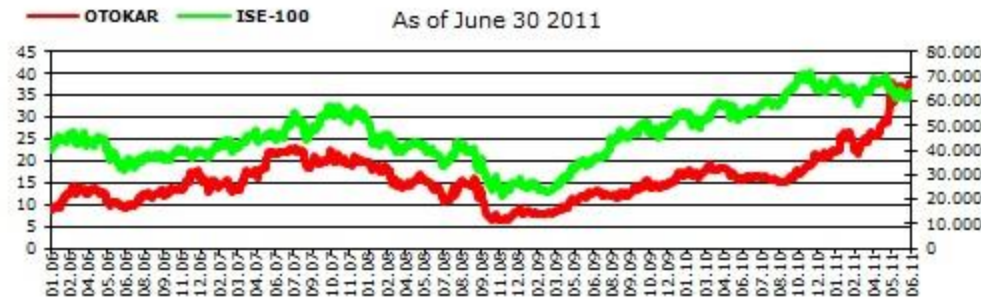
### Net Profit & Net Margin



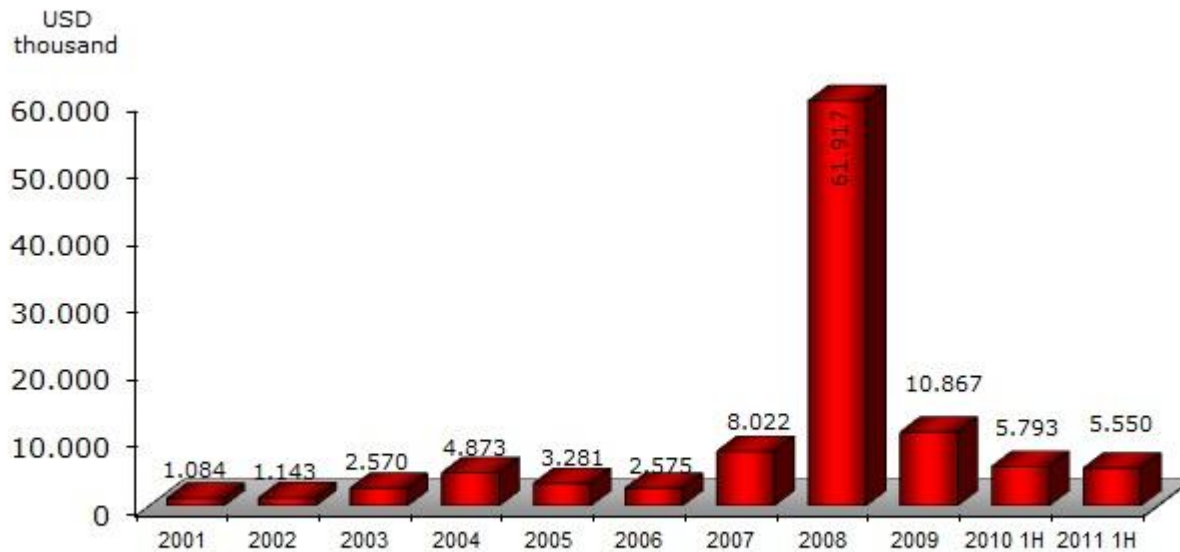
## Otokar's Financials Dividend Performance



## Otokar's Financials Stock Performance







- ✓ Summary Profit & Loss Statement (IFRS)
- ✓ Summary Balance Sheet (IFRS)
- ✓ Summary Cash Flow Statement (IFRS)
- ✓ Most recent Sales Volume and Production Figures
- ✓ Summary Working Capital

## ANNEX SUMMARY-Profit&Loss Statement

US\$thousand (IFRS)	June 30 2011	June 30 2010
Domestic Revenues	202.749	110.405
Export Revenues	46.407	16.715
<b>Net Sales Revenues</b>	<b>249.156</b>	<b>127.120</b>
Cost of Sales	-194.201	-109.041
<b>Gross Profit</b>	<b>54.955</b>	<b>18.078</b>
Operating Expenses	-32.644	-19.224
<b>Operating Profit/Loss</b>	<b>22.311</b>	<b>-1.145</b>
Income/loss before minorities&taxes	20.619	-6.003
Tax	-2.858	4.207
<b>Net Profit</b>	<b>17.761</b>	<b>-1.796</b>

## ANNEX

### SUMMARY-Balance Sheet

US\$ thousand (IFRS)	30-Jun-2011	31-Dec-2010
<b>Current Assets</b>	<b>320.124</b>	<b>279.170</b>
Cash and Cash Equivalents	6.403	72.163
<b>Receivables</b>	<b>116.055</b>	<b>88.125</b>
Other Receivables	29	0
Inventories	107.946	65.049
Receivables from Operations Related to the Coming Years	19.809	14.648
Derivative Financial Instruments	-	112
Other Current Assets	69.882	39.066
<b>Non-Current Assets</b>	<b>146.547</b>	<b>131.981</b>
Trade Receivables	39.562	26.800
Property, Plant & Equipment - net	62.749	64.125
Intangible Assets	37.294	35.913
Deferred Tax Liabilities	6.939	-
<b>Total Assets</b>	<b>466.671</b>	<b>411.151</b>
<b>Current Liabilities</b>	<b>321.863</b>	<b>234.982</b>
Bank Borrowings	72.811	24.584
Payables	51.548	30.764
Trade Payables to Related Parties	-	0
Other Trade Payables	51.548	29.175
Due to Related Parties	-	0
Other Payables	98.528	104.806
Government Incentives and Grants	382	233
Tax Liabilities from Net Income for the Period	3.185	2.963
Provision	91.999	67.019
Other Current Liabilities	2.606	4.613
<b>Non Current Liabilities</b>	<b>30.538</b>	<b>63.943</b>
Reserve for Retirement Pay	5.143	4.585
<b>Shareholders' Equity</b>	<b>114.270</b>	<b>112.226</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>466.671</b>	<b>411.151</b>

### SUMMARY-Cash Flow Statement

US\$thousand (IFRS)	30-Jun-11	30-Jun-10
Cash and Cash Equivalents at the beginning of the period	71.325	21.036
Net cash provided by operating activities:	-54.985	-12.083
Net cash used in investing activities	-10.552	-9.371
Pre-financing cash flow	-65.537	-21.454
Net cash used in Financing Activities and Effect on Exchange Rate Changes	885	10.031
Net decrease/increase in Cash and Cash Equivalents	-64.652	-11.423
Cash and cash equivalents at the end of the period	6.673	9.614

## ANNEX SUMMARY-Cash Flow Statement

USD thousand	June 30 2011	June 30 2010	USD thousand	June 30 2011	June 30 2010
Cash&Cash Equivalents	6.673	9.614	ST Bank Borrowings	75.885	109.702
Marketing Securities	0	0	LT Bank Borrowings	25.679	9.641
Other	0	0		0	0
Total Financial Assets	6.673	9.614	Total Financial Liabilities	101.563	119.343
<b>Net Financial Debt (\$ thousand)</b>			<b>June 30 2011</b>	<b>June 30 2010</b>	
			<b>94.890</b>	<b>109.729</b>	

## ANNEX SUMMARY-Working Capital

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USD thousand	June 30 2011	June 30 2010
Trade Receivables	162.186	76.933
Inventories	112.503	63.550
Trade Payables	53.724	20.796
<b>Total Working Capital</b>	<b>220.964</b>	<b>119.686</b>

- ❖ Revenue more than 500 million USD
- ❖ Exports to be the 1/3 of the revenue
- ❖ Growth with the products of which industrial and property rights belonging to Otokar
- ❖ High dividend yield
- ❖ Increasing the company market value
- ❖ Satisfied shareholders

# CONTACTS

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