

OTOKAR REPORTS 1Q 2010 RESULTS

In this report we submit 1Q 2010 figures to compare with 1Q 2009 figures. 1Q 2010 & 1Q 2009 financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 1Q 2010

- Otokar generated USD 47.6 million domestic revenues in 1Q 2010, 62% greater than the 1Q 2009. Otokar's 1Q 2010 total revenues were USD 54.3 million. As a result of this, the share of the domestic revenues in total revenues reached to 88%, whereas it was 41% and 69% in 1Q 2009 and FY 2009 respectively. A similar situation is encountered in comprise of sales in terms of defensive, commercial and other revenues. The portion of commercial products in total revenues was 45% in 1Q 2010, whereas it was 25% in 1Q 2009.
- In the 1Q 2010, Otokar vastly increased its sales and production units. Otokar's production and sale units in 1Q 2010 were 732 and 695, 84% and 90% greater than 1Q 2009 respectively.
- The planned dividend payment that was agreed at the General Assembly for the year 2009 is TL.20.4 million was paid on Mar 24, 2010.

Overview

OTOKAR IFRS P/L Statement Highlights	1Q 2010 USD (thousands)	1Q 2009 USD (thousands)	USD Based Change
Net Sales	54.302	71.239	-24%
Cost of Sales	45.715	41.685	10%
Gross Profit	8.586	29.554	-71%
Operating Expenses	10.020	14.254	-30%
Operating Profit	-1.433	15.300	-109%
Income/(loss) before minorities & taxes	-4.564	9.802	-147%
Taxation	-289	963	-130%
Net Profit	-4.275	8.839	-148%
EBITDA	223	16.118	-99%

Net Sales

The total revenue of 1Q 2010 is USD 54.3 million, 24% lower than the same period a year ago. This decrease was mainly stemmed from the decrease by 84% on exports side, because there is nothing to say of any decrease, but also a promising increase exists on domestic revenues side. The domestic revenues in 1Q 2010 were USD 47.6 million, 62% greater than the 1Q 2009. The significant growth in domestic revenues stemmed from both the growth in Land Rover Defender vehicle sales and the doubling commercial vehicle sales of Otokar. The sales revenue increases of the commercial vehicle were as follows: Minibuses by 99%, Auto&midibuses by 83%, Trailers by 51%. This upward movement was not valid only for the domestic sales but also valid for the export sales of auto&midibuses. The export revenues of Navigo and Vectio were 163% greater than the same period a year ago.

Although there is a decrease by 24% in total revenues, the units of sales and production were on the rise. The sales units rose by 90% and the production units also moved up by 84%.

On total sales revenues terms, the leader segment was the auto&midibus with a share of 31% and it was followed by Land Rover Defender with a share of 27% in total revenues. In export revenues again the leader was auto&midibus segment. It constituted 95% of all export revenues by itself. Lastly, in domestic revenues the largest revenue derived from Land Rover Defender sales with a share of 31%.

Otokar has generated USD 6.7 million export revenues in 1Q 2010. This year's export revenues were led by the auto&midibus segment after long years. It must also be noted that the steady, stable and noticeable increase in Otokar's auto&midibus exports -USD 6.4 million for 1Q 2010- shows the successful results of organized and systematic dealership policy of Otokar on abroad.

	1Q 2010 USD (thousands)	1Q 2009 USD (thousands)	Change %
Domestic Sales	47.586	29.408	62%
Exports	6.716	41.831	-84%
Total	54.302	71.239	-24%

Profit

Gross profit in 1Q 2010 was USD 8.6 million, 71% below the same period a year ago. Gross margin was 15.8%, whereas it was 41.5% in 1Q 2009.

Operating profit was USD -1.4 million in 1.Q'10. Operating margin also decreased to -2.6% in 1.Q'10 from 21.5% in 1.Q'09.

The company's EBITDA was USD 0.2 million in 1.Q'10, having an EBITDA margin of 0.4%. The same figures were USD 16.1 million and 22.6% respectively.

Otokar's net profit was USD -4.3 million in 1.Q'10, having a net margin of -7.9%.

The company has continued to pay dividends to its shareholders as in previous years. The planned dividend payment that was agreed at the General Assembly for the year 2009 was TL 20.4 million which was paid on 24.03.2010. Dividend payment percentages were 125%, 30% and 85% for the years 2007, 2008 and 2009 respectively.

Investments

The total investment expenditure of the 1Q 2010 was realised about USD 1 Million. For the full year 2010, the planned investment expenditure figure is around USD 10-15 million which is planning to be spent on modernization & renovation of existing products and also on purchase of additional devices for production units.

Objectives

There are three key events for Otokar to watch out for the near term: 1) Undersecretariat for Defence Industry's 1.411 tactical wheeled armoured vehicles tender, 2) İstanbul Municipality's 1.500-bus tender and 3) Minibus export for the first time in Otokar history.

Undersecretariat for Defence Industry issued two tenders about procuring military vehicles. One of them was about 2720 units of tactical wheeled vehicle and Otokar was honoured to produce 861 vehicles out of 2720 units. The deliveries of this tender will be completed until the 1H 2010. The second tender was composed of 2 parts which were 336 units of tactical wheeled armoured vehicle and 1075 units of weapon carrier vehicle. The tender is still being negotiated and expected to be realized in 2010.

İstanbul Municipality plans to procure 1.500 buses in 2010. The tender is likely to be completed in forthcoming months. Otokar will attend in this tender with its new low entry bus series of KENT and Doruk.

M2010 is the new minibus of Otokar a modern version of M2000 which is very commonly used in domestic public transport. Even though there is no export activity regarding the minibuses till now, since this new product will be produced in accordance with the European transportation standards, the export operation of M2010 under the name of Centro is planned after the first half of 2010.

Otokar targets to produce total revenue of USD 350 million for 2010. Also Otokar plans to produce total export revenues of USD 110 million. In order to realize these objectives, Otokar will attend both the defensive and commercial fairs held both in Turkey and abroad.

FINANCIALS

OTOKAR IFRS Balance Sheet	1Q 2010 USD (thousands)	1Q 2009 USD (thousands)
Current Assets	255.358	268.335
Current Liabilities	210.995	268.111
Working Capital	44.363	224
Property, Plant & Equipment -Net	67.001	56.295
Total Assets	369.198	367.124
Total Liabilities	273.037	270.867
Shareholders Equity	96.162	96.256

OTOKAR IFRS Balance Sheet	1Q 2010
Current Ratio	1.21
Liquidity Ratio	0.69
Current Assets / Total Assets	0.69
Current Liabilities / Total Liabilities	0.77
Total Liabilities / Total Liabilities & Shareholders' Equity	0.74

OTOKAR IFRS Statement of Cash Flow	1Q 2010 USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	20.954
Net Cash Provided by Operating Activities	-4.960
Net Cash Used in Investment Activities	-4.477
Pre-Financing Cash Flow	-9.437
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	-1.087
Net Increase in Cash and Cash Equivalents	-10.524
Cash and Cash Equivalents at the End of the Period	10.430

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