

OTOKAR REPORTS 2008 3Q RESULTS

“Another Profitable Quarter by Innovative Products and Defense Vehicles”

In this report we submit **2008 3rdQ** figures to compare with **2007 3rdQ figures**. 2007 & 2008 3rdQ financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 3Q 2008

- Otokar generated USD **32.1** million net profit with a net margin of **11.1%** in the third quarter of 2008 which refers to 193% increase compared to the same period of the previous year. By 100 million USD increase in its net sales compared to the first half of 2008, Otokar’s 3Q2008 net sales revenue was USD **288.4** million. This means an increase of 31% compared to 3Q2007. These rises were stemmed from a total sales revenue of USD 206.7 million from armoured tactical vehicle and midibus-bus sales which constituted the 72% of the total sales.
- As of unit sales, like the first half of 2008, this period’s dominant segment was again the midibus-bus segment with sales volume of 1362 units which constituted the 46.5% of the total sales. Also the market share for midibuses-buses has gone up from 24.9% as of 3Q2007 to 30.0% in 3Q2008. A remarkable growth was on midibus-bus segment. This growth is stemmed from the innovative production policy and the sustainable growth in exports policy of Otokar. Midibus-bus unit sales increased by 62.3% in the third quarter of 2008 compared to the same period of 2007. The increase in unit sales reflected on sales revenues as a greater increase of 83%. As a new product of Otokar, the sales units and revenues of Doruk had an important role on reaching these positive results. Otokar increased its domestic unit sales by 61% and export unit sales by **67%**. This indicates the growing importance of the exports in Otokar’s unit sales. Otokar made another noteworthy increase in minibus sales, although the niche market has been in a downtrend of -18.9% (from unit sales of 597 as of 3Q2007, to 484 units as of 3Q2008) in the 3Q2008 compared to 3Q2007. Unit sales of minibus segment increased by 42.9% from 224 to 320 units. The increase was stemmed from the sales of 214 units of newly designed M3000 minibuses. The armoured tactical vehicles still continue to be the admiral ship of OTOKAR with an increase of 82% in unit sales and 86% in sales revenues.
- The planned dividend payment that was agreed at the General Assembly for the year 2007 was YTL.30 million which was paid on May 12, 2008.

Overview

OTOKAR IFRS P/L Statement Highlights	3Q 2008 USD (thousands)	3Q 2007 USD (thousands)	USD Based Change
Net Sales	288.437	219.885	31,18%
Cost of Sales	-215.076	-165.491	29,96%
Gross Profit	73.361	54.394	34,87%
Operating Expenses	-36.865	-42.795	-13,86%
Operating Profit	36.496	11.600	214,62%
Income/(loss) before minorities & taxes	38.262	12.578	204,20%
Taxation	-6.126	-1.609	-280,64%
Net Profit	32.136	10.968	192,98%
EBITDA	39.673	14.158	180,21%

Net Sales

In 3Q2008, Otokar generated USD 288.4 million total revenues which was 31.2% greater than 3Q2007. The locomotive of this period was domestic sales revenues with its share of 70% in comprise of sales and also with 36% increase compared to 3Q2007 due to the domestic defence orders and innovative products launched to the domestic market before the export markets. Like the 3Q2007 ranking, in the third quarter of 2008 cobra ranked first in the share of total revenues with 38.8% by enhancing its share 11.5 bps (from 27.3% to 38.8%). OTOKAR has also expanded its revenues from minibus by 52.5% with the launch of M3000, although the minibus market has been in a downtrend for a long time. This means Otokar generated a sales revenue increase of 52.5% by an increase of 42.9% in unit sales. Otokar raised its domestic and export sales of midibus segment by 76.8% and 104.4% respectively. The launch of DORUK had an important role on both the domestic and export uptrend.

In 3Q2008, Otokar's export revenue was 21.9% greater than the 3Q2007. Otokar generated USD 87.7 million export revenue in 3Q2008, whereas it was USD 71.9 million in 3Q2007. In addition to this, Otokar increased its export revenues by 85.6% compared

	3Q 2008 USD (thousands)	3Q 2007 USD (thousands)	Change %
Domestic Sales	200.659	147.922	35.65%
Exports	87.778	71.963	21.98%
Total	288.437	219.885	31.18%

to the 1H2008. This increase makes the 3Q2008 the most successful quarter. This year's export revenues are stemmed from not only the armoured tactical products, but also from the midibus-bus segment. Armoured tactical products constituted 63% of the total export revenues by itself. However, it must also be noted that the portion of midibus-bus sales in export revenues of 3Q2008 was considerably higher than the previous years, thanks to the increase in midibus-bus exports by distributor network and newly added export countries. The share of midibus sales in export revenues of 3Q2008 increased to 26.3%, whereas it was at 15.7% in 3Q2007. This is a result of the sustainable export revenues policy via new dealership agreements. Otokar became in a more advantageous position in Euro zone due to the newly added countries to its dealership network such as Spain, Latvia and Slovenia.

Profit

Gross profit in 3Q2008 was USD **73.4** million, 34.9% above the same period of 2007. Gross margin was **25.4%** in 3Q2008, whereas it was 24.7% in 3Q2007.

Operating profit tripled 3Q2007 and came in at USD **36.5** million in 3Q2008 which was USD 11.6 million in 3Q2007. Operating margin also doubled in 3Q2008 and reached to **12.7%** which was 5.3% in 3Q2007.

The company's EBITDA was USD **39.7** million in 3Q2008, having an EBITDA margin of **13.8%**. The same figures were USD 14.1 million and 6.4% respectively.

Otokar's net profit was USD **32.1** million in 3Q2008. By this net profit figure, Otokar has produced the whole year profit of 2007 in only three quarters of 2008. The reflection of armoured tactical vehicle sales revenue and newly launched Doruk and M3000 sales revenues were seen at the end of the third quarter of 2008 income statements like the first two quarters. As a result, Otokar generated in 3Q2008 a net margin of 11.1% which was 5.0% in 3Q2007.

Investments

In the third quarter of 2008, Otokar's investment expenditures reached to USD **57.9** million. The vast majority of this investment was spent on the purchase of the buildings and the land of the Otoyol Sanayi A.Ş.(in liquidation). Otokar purchased the land and the buildings of Otoyol Sanayi A.Ş.(in liquidation) for the new projects and especially for the tank project.

Objectives

By the signature of the final agreement of the first national tank production project on July 29, 2008 as the main contractor, Otokar is maintaining its assertive position in defense industry. On the defence industry issues, Otokar is again attending two big tenders of the Undersecretariat for Defence Industry totalling to 4.131 units of military vehicles. Otokar attended and bid on the first one on 30 April 2008 that was about the procurement of 2720 units of tactical wheeled vehicles. The second tender is for the procurement of 1411 units of military vehicle. The tender consists of 336 units of tactical wheeled armoured vehicle and 1075 units of weapon carrier vehicle and the proposals should be submitted within January 2009. The tenders' results will have a positive effect on Otokar's 2009 and 2010 production and revenues. In addition to these two big tenders, in the first three quarters Otokar exported the remaining USD 180 million part of USD 300 million-contract of defensive vehicles which was signed last year. Otokar is a company which identifies the needs of the market and quickly puts the solutions into practice. As the needs of the market M3000, Doruk and ADR tankers were designed and presented to the market immediately and the first two of them met with great demand and also ADR tankers will be in strong demand in the last quarter and the forthcoming year, since the new legislation will force tanker owners to have tankers with an ADR certificate as of 2009.

In addition to the targets above, Otokar also plans to set 11% as an EBITDA basis for 2008 and the next years. Lastly, with its sustainable growth policy by attending all the main local&international, civil&defensive vehicle fairs, tenders, by continuing to develop its dealer network both at home and abroad and also by innovative and R&D oriented production, Otokar will always be among the leader firms of Turkey in exports and total revenues .

OTOKAR IFRS Balance Sheet	3Q 2008 USD (thousands)	3Q 2007 USD (thousands)
Current Assets	233.851	181.303
Current Liabilities	224.746	124.259
Working Capital	9.105	57.043
Property, Plant & Equipment -Net	78.667	35.523
Total Assets	353.104	250.881
Total Liabilities	229.151	128.527
Shareholders Equity	123.954	122.354

OTOKAR IFRS Balance Sheet	2008 3Q
Current Ratio	1,04
Liquidity Ratio	0,57
Current Assets / Total Assets	0,66
Current Liabilities / Total Liabilities	0.98
Total Liabilities / Total Liabilities & Shareholders' Equity	0,65

OTOKAR IFRS Statement of Cash Flow	2008 3Q USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	2.925
Net Cash Provided by Operating Activities	15.281
Net Cash Used in Investment Activities	-57.670
Pre-Financing Cash Flow	-42.389
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	57.326
Net Increase in Cash and Cash Equivalents	14.937
Cash and Cash Equivalents at the End of the Period	17.862

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