

### OTOKAR REPORTS 2008 1H RESULTS

#### **“Continuing record profit by defense vehicles and innovation”**

In this report we submit **2008 1<sup>th</sup>H** figures to compare with 2007 1<sup>st</sup>H figures. 2007 & 2008 1<sup>st</sup>H financial results published in this press release are prepared according to International Financial Reporting Standards.

#### **Highlights of 2008**

- Otokar generated USD 28.2 million net profit in the first half of 2008 which refers to a record increase of 2200% compared to the same period of the previous year. The net sales of 2008 1H was USD 188.6 million which means an increase of 64% compared to 2007 1H. These rises were stemmed from USD 141.54 million armoured tactical vehicle and midibus sales.
- As of unit sales, this period’s dominant segment was the midibus-bus with sales of 897 units of a total of 1778 which constitutes the 50.5% of all the total sales. Also the market share for midibuses has gone up from 24.9% as of 2007 1H to 28.8% in 2008 1H. Otokar made a noteworthy increase in minibus sales, although the market has been in a downtrend for a long time. Unit sales of minibus segment increased by 27% from 167 to 212 units between 1H 2007 and 1H 2008 and 179 units of these were newly designed M3000 minibuses. Another remarkable growth was on midibus-bus segment. This growth is stemmed from the sustainable growth in exports policy and the innovative production policy of Otokar. Midibus-bus unit sales increased by 66% in the first half of 2008 compared to the same period of the last year. The increase in sales units reflected on sales revenues as an increase of 101%. As another new product of Otokar, the sales units and revenues of Doruk had an important role on reaching these successful results. The armoured tactical vehicles still continue to be the admiral ship of OTOKAR with an increase of 134% on unit sales.
- Generated net profit was USD 28.19 million with a net margin of 15.0 %.
- The planned dividend payment that was agreed at the General Assembly for the year 2007 is YTL.30 million which was paid on May 12, 2008.

### Overview

<b>OTOKAR IFRS P/L Statement Highlights</b>	<b>1H 2008 USD (thousands)</b>	<b>1H 2007 USD (thousands)</b>	<b>USD Based Change</b>
Net Sales	188.560	114.877	<b>64,14%</b>
Cost of Sales	-134.314	-86.311	<b>55,62%</b>
Gross Profit	54.246	28.565	<b>89,90%</b>
Operating Expenses	-25.714	-26.267	<b>-2,92%</b>
Operating Profit	28.532	2.298	<b>1.272,61%</b>
Income/(loss) before minorities & taxes	34.259	1.121	<b>2.956,69%</b>
Taxation	-6.068	105	<b>5.902,52%</b>
Net Profit	28.191	1.225	<b>2.200,63%</b>
<b>EBITDA</b>	<b>30.611</b>	<b>3.805</b>	<b>753,65%</b>

### Net Sales

The locomotive of this period was domestic sales with its share of 75% in comprise of sales and also with 110% increase compared to the previous year's same period due to the domestic defence orders and innovation. As an Otokar engineering product, Cobra ranked first in the share of total revenues with 43.2%, whereas in 1H 2007 the leader was the Land Rover Defender segment with a share of 28.4%. OTOKAR has also expanded its revenues from minibus by 54% with the launch of M3000, although the minibus market has recently been in a downtrend. This also means that Otokar generated a 54% increase of sales from 27% increase in unit sales of minibus segment. Otokar raised its domestic and export sales of midibus segment by 101% and 103% respectively. The launch of DORUK had a positive effect especially on the domestic uptrend.

The company targets 400 mio USD in revenue and 100 mio USD of it to be exports.

In 1H 2008, Otokar's export revenue was almost the same as 1H 2007. Otokar generated USD 47.3 million

export revenue in 1H 2008 whereas it was USD 47.7 million in 1H 2007. This year's export revenue again stemmed from armoured tactical products. Armoured tactical products constituted 60% of the total export revenue by itself. It must also be noted that the portion of midibus sales in export revenues of 2008 1H was considerably higher than the previous years, thanks to the increase in midibus exports. The share of midibus sales in export revenues of 1H 2008 increased to 24%, whereas it was at 11,7% in 1H 2007. This is a result of the sustainable export revenues policy via new dealership agreements.

	<b>1H 2008 USD (thousands)</b>	<b>1H 2007 USD (thousands)</b>	<b>Change %</b>
Domestic Sales	141.269	67.134	110.43%
Exports	47.291	47.743	-0.94%
<b>Total</b>	<b>188.560</b>	<b>114.877</b>	<b>64.14%</b>

### *Profit*

The effect of high gross margin products on record net profit was seen also in 1H 2008 like 1Q 2008.

Gross profit in 1H 2008 was USD 54.2 million, 89.9% above the same period a year ago. Gross margin was 28.8% in 1H 2008, whereas it was 24.9% in 1H 2007.

Operating profit was up by **12.7** fold and came in at USD 28.5 million in the first half of 2008. Operating margin was also up by **8.4** fold in 1H 2008 and reached to 15.1%.

The company's EBITDA is USD 30.6 million in 1H 2008, having an EBITDA margin of %16.2. The same figures were USD 3.6 million and 3.1% respectively.

Otokar's net profit was USD 28.2 million in 1H 2008 reflecting a **2200%** growth compared to 1H 2007. The reflection of armoured tactical vehicle sales revenues and newly launched Doruk and M3000 sales revenues were seen in the first half income statements of 2008.

### *Investments*

In the first half of 2008, Otokar's investment expenditures reached to USD 8.1 million. The projected investment figure for 2008 is around USD 15 million which is planning to be spent for the new project regarding The Turkish Main Battle Tank as soon as the deal is finalized followed by the signing of the contract together with the newly worked on projects.

### *Objectives*

Otokar is working hard to finish its 45<sup>th</sup> foundation year 2008 with successful results on all its targets. Otokar is 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 last date for proposals is at the end of October 2008. The tender results will have a positive effect on Otokar's 2009 and 2010 production and revenues. In addition to these two big tenders, Otokar will also be exporting the remaining USD 180 million part of USD 300 million-contract of defensive vehicles to abroad. Otokar is a company which identifies the needs of the market and quickly puts the solutions into practice. M3000, Doruk and ADR tankers were the needs of the market and the first two of them met with great demand and ADR tankers will be in strong demand in forthcoming quarters since the new legislation will force tanker owners to have tankers with an ADR certificate as of 2009. Otokar targets to produce total revenue of USD 400 million for 2008. Also Otokar plans to set 11% as the EBITDA basis for 2008 and the years ahead.

As in the international area, OTOKAR is again attending all the main local and international civil and defensive vehicle fairs and also tenders.

<b>OTOKAR IFRS Balance Sheet</b>	<b>01H 2008 USD (thousands)</b>	<b>1H 2007 USD (thousands)</b>
Current Assets	202.937	165.878
Current Liabilities	150.464	144.684
Working Capital	52.473	21.194
Property, Plant & Equipment -Net	33.722	30.535
Total Assets	275.325	230.838
Total Liabilities	154.724	149.180
Shareholders Equity	120.602	81.659

<b>OTOKAR IFRS Balance Sheet</b>	<b>2008 1H</b>
Current Ratio	1,35
Liquidity Ratio	0,65
Current Assets / Total Assets	0,74
Current Liabilities / Total Liabilities	0,97
Total Liabilities / Total Liabilities & Shareholders' Equity	0,56

<b>OTOKAR IFRS Statement of Cash Flow</b>	<b>2008 1H USD (thousands)</b>
Cash and Cash Equivalents at the Beginning of the Period	2.944
Net Cash Provided by Operating Activities	-23.005
Net Cash Used in Investment Activities	-7.810
Pre-Financing Cash Flow	-30.815
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	30.365
Net Increase in Cash and Cash Equivalents	-450
Cash and Cash Equivalents at the End of the Period	2.494

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