



# Otokar



## **INVESTOR RELATIONS PRESENTATION 3Q 2006**

## AGENDA

---

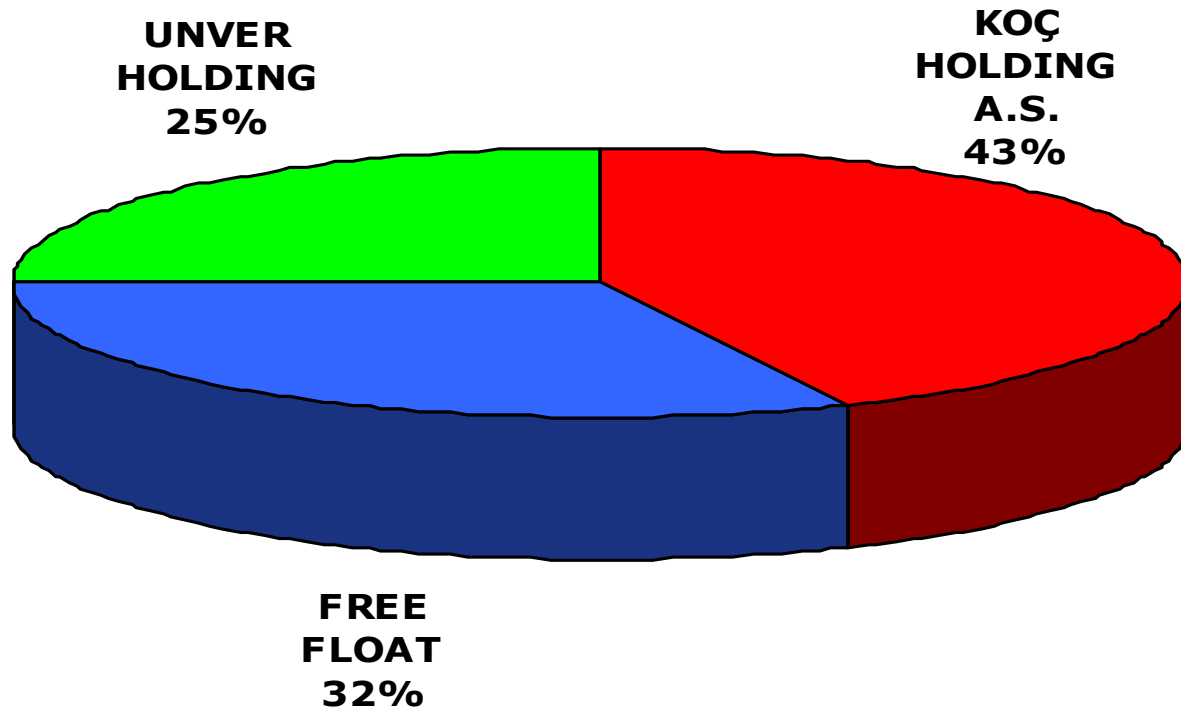
- ✓ Highlights of 2006
- ✓ Company Profile
- ✓ Vision & Strategy
- ✓ Production & Sales Volume
- ✓ Financials
- ✓ Market Evaluation
- ✓ Guide for 2006
- ✓ Annex

## HIGHLIGHTS OF 2006

---

- ✓ Boom in exports
- ✓ Export of "Navigo" midibuses to Europe through established distribution network
- ✓ Shipments of the \$88,4 mn amount defense order from abroad realized
- ✓ Proven reliability and confidence in production of defense vehicles for international markets

## PROFILE-SHAREHOLDERS



## PROFILE-BRIEF OVERVIEW

Otokar was founded as Turkey's first intercity bus manufacturer by Mr. İzzet Ünver.

In mid 80's, Otokar manufactured the first Turkish armored vehicle as a cash carrier

In early 90's, Otokar combined its armor technology with its experience in military vehicles by developing Turkey's first 4x4 light-armored tactical wheeled vehicles

In '03 Sultan midi-buses were added to Otokar's civilian vehicle product range.

'63

'70

'80

'87

'90

'95

'02

'03

In early 70's Koç Group became the major shareholder of Otokar and began to manage the company.

In 87, Otokar started to manufacture 4x4 tactical vehicles under license from Land Rover-UK

In 95, Otokar's initial public offer was realized.

After the merger of İstanbul Fruehauf Taşıt Araçları Company and Otokar in '02, trailers have been a part of the Otokar product range.

## PROFILE-OPERATIONS

### ➤ CIVILIAN VEHICLES

- Minibuses



- Midibuses



- Trailers/Semi-trailers



### ➤ DEFENSE VEHICLES

- Land Rover 4X4 Land Vehicles



- Armored Internal Security Vehicles



- Armored Tactical Vehicles



## PROFILE-DEALERSHIP SYSTEM



## PROFILE-EXPORT MARKETS





## PROFILE-KEY INDICATORS

**US\$ million, as of 30 September 2006**

Total Revenues		182,5
EBITDA	30	
Net Profit		27,5
Shareholder's Equity		94
ROE (%)		29,4
EBITDA Margin(%)		16,4
Net Margin(%)	15	
Current Ratio		1,7
Total # of Employees		949

## VISION

---

### SUSTAINABLE GROWTH



BY EXPORTS OF COMMERCIAL VEHICLES IN  
EUROPE

BY INCREASING EXPORTS OF DEFENSE  
VEHICLES

BY INCREASING DOMESTIC MARKET SHARE

## STRATEGY

Strategy in  
production



- Product Development
- Product Differentiation
- Focus on R&D

Strategy in  
marketing



- Participation in international exhibitions
- Focus on exports
- Focus on market research

Strategy in  
financials



- Lowering costs

## OBJECTIVES

---

- Providing min %10 profitability on our share holders' equity and growing by %14 on average in certain periods by increasing our stock price
- Focusing on manufacturing goods in which we are assertive of ourselves and we have international competitive advantage
- Investing in technology to be the leader in the sectors we have been to be ranked as the second
- Increasing our brand competence and dominating in technology in the sectors we have been
- Increasing the portion of international businesses in revenues by extending exports and international operations

## DEMAND DRIVERS

---

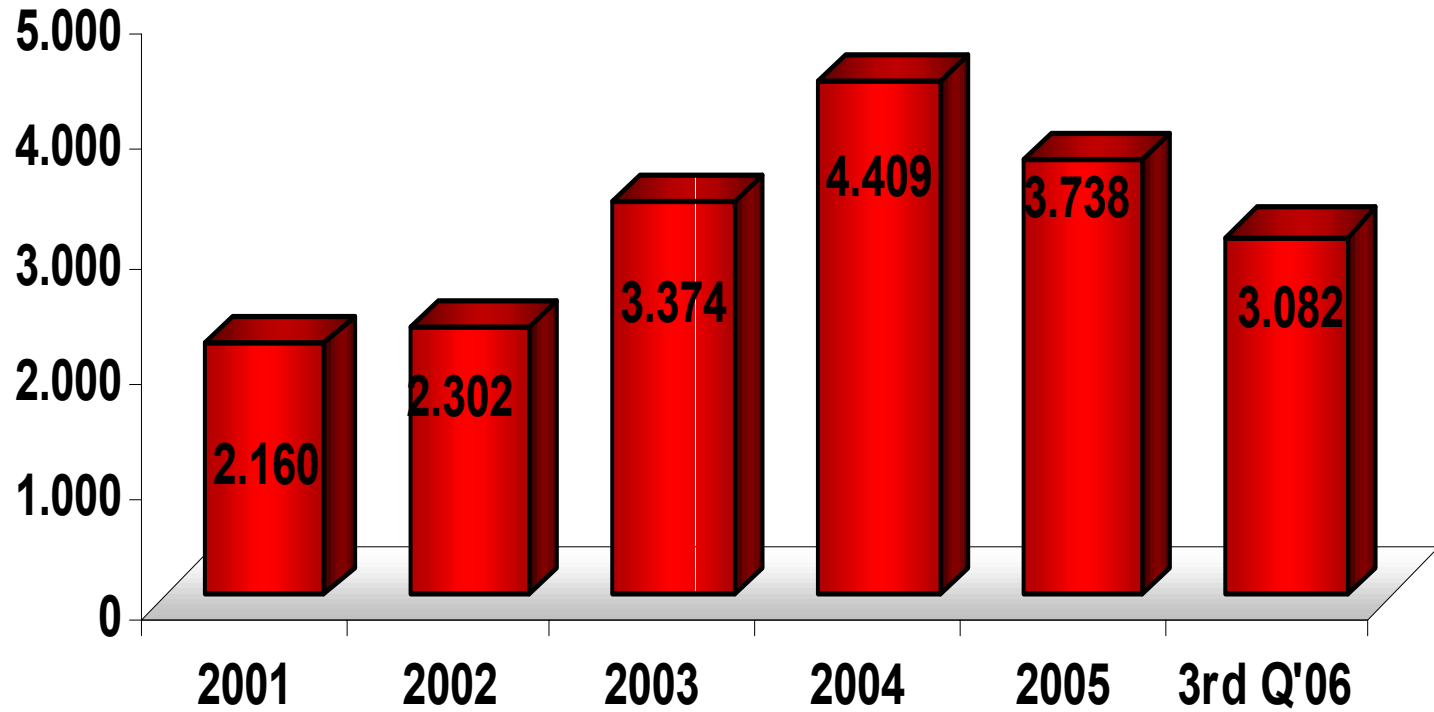
- Economic Growth
- New legislation about logistics & transportation
- New neighborhoods around big cities - from urban to rural
- Social unrest in Middle East & Gulf Region
- New global trends in internal security

## COMPETITIVE ADVANTAGES

- Possession of our own technology →
  - Working with well known brand names →
  - Flexible plant capacity →
  - Ability to offer custom designs →
  - Strategic location →
  - Low engineering costs →
  - Unique in defense industry
  - Product reliability in markets
  - Capability to react urgent defense oriented orders
  - Meet customer requirements
  - Lower logistic cost
  - Lower unit cost
- Research & Design Center

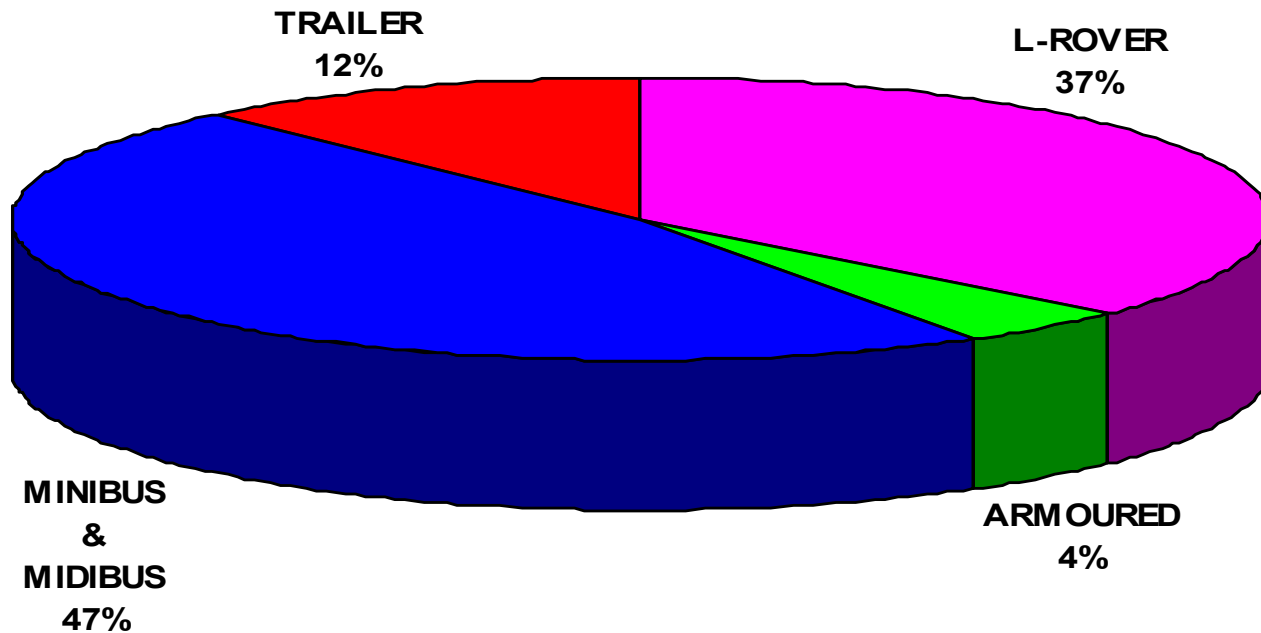
## PRODUCTION

unit



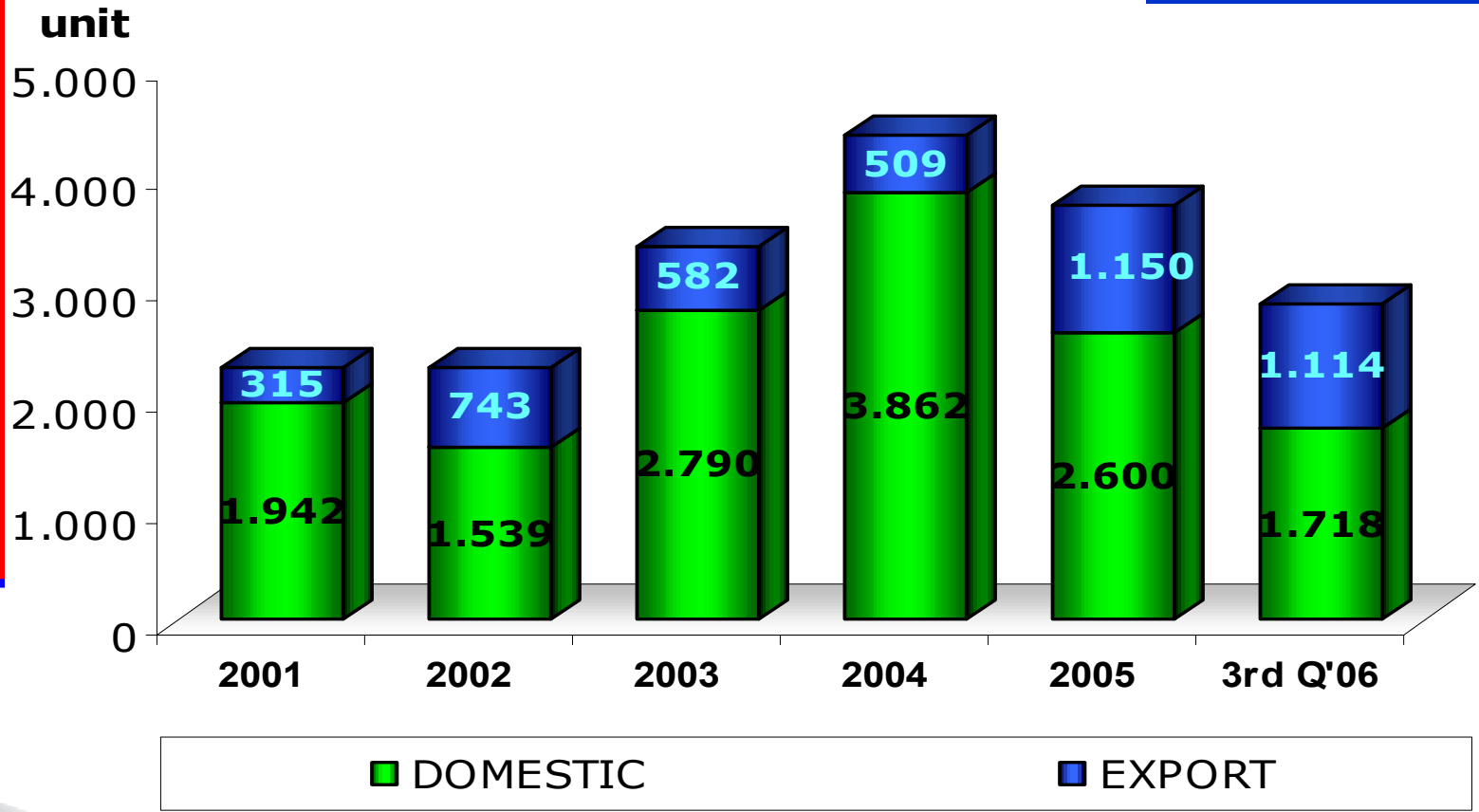
## PRODUCTION CAPACITY

**Total Production Capacity :9525 units**



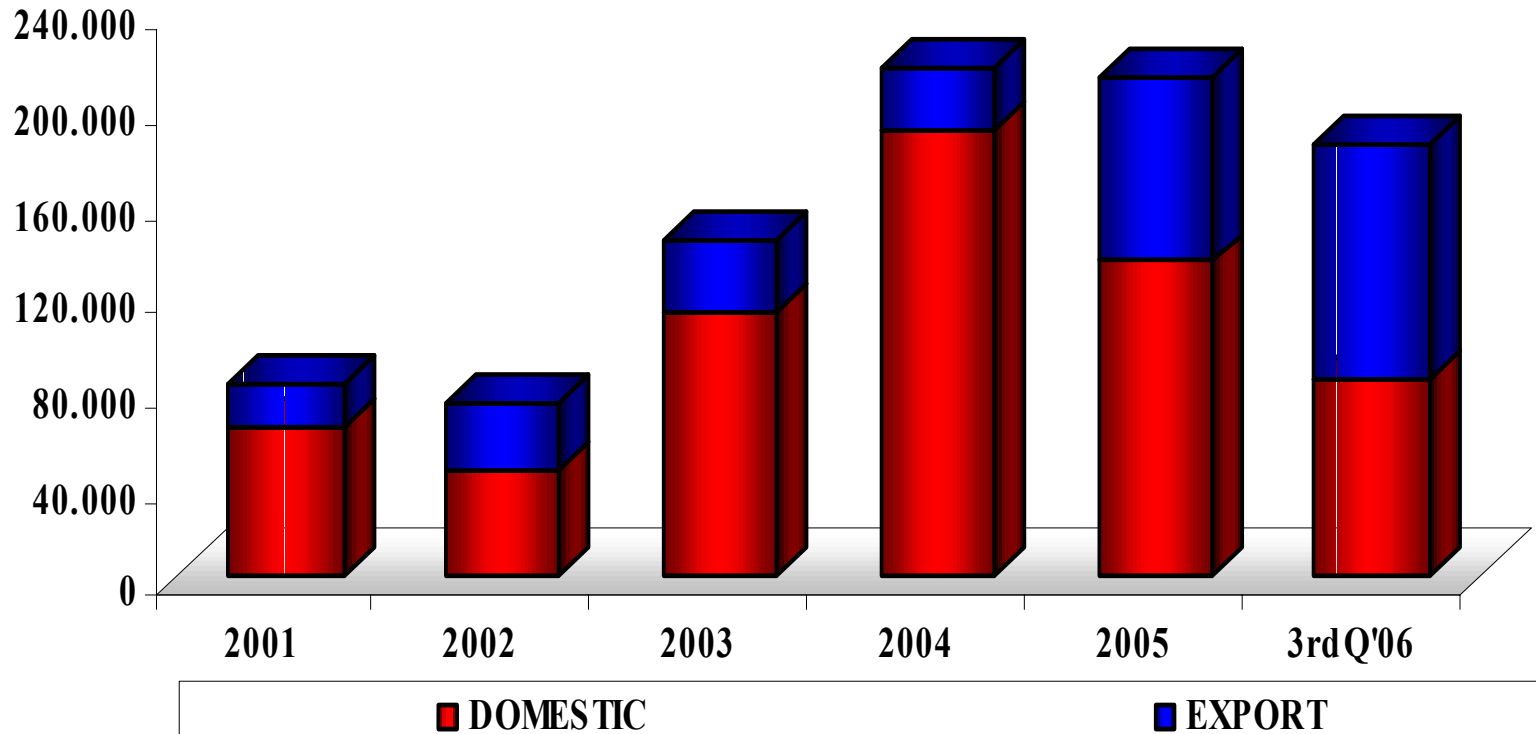


## SALES VOLUME



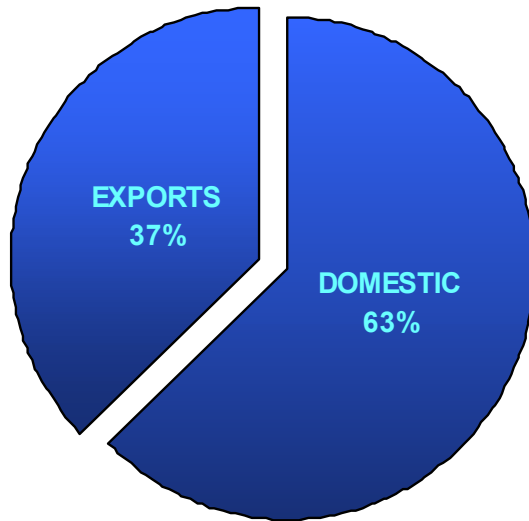
## REVENUES

USD thousand

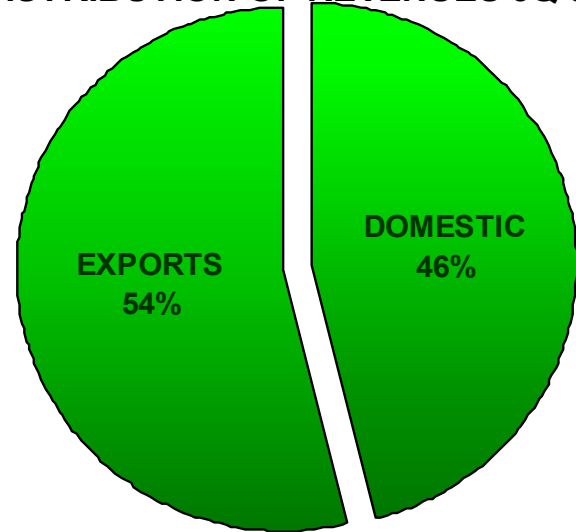


## REVENUES-DISTRIBUTION

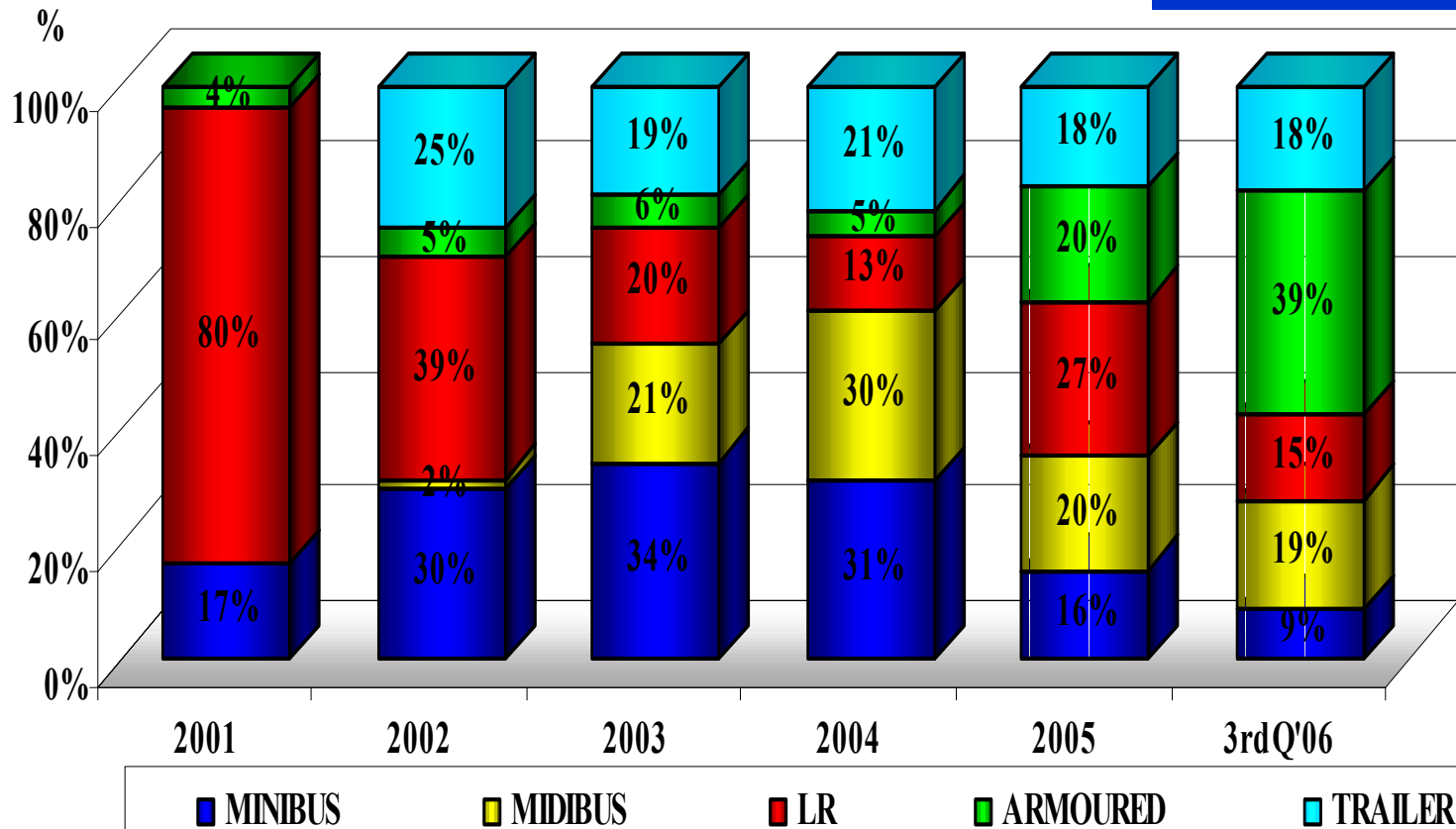
DISTRIBUTION OF REVENUES 3Q'05



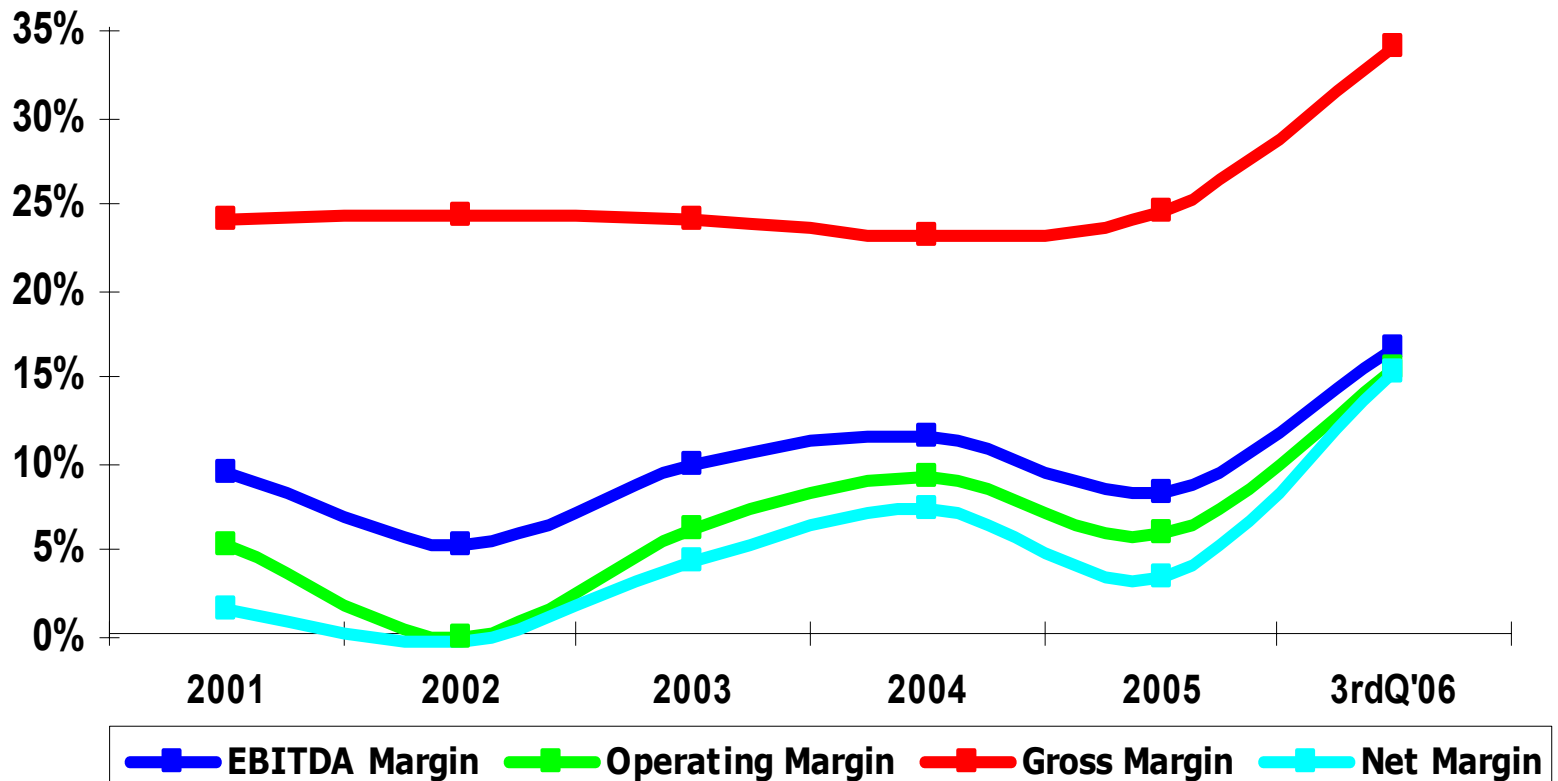
DISTRIBUTION OF REVENUES 3Q'06



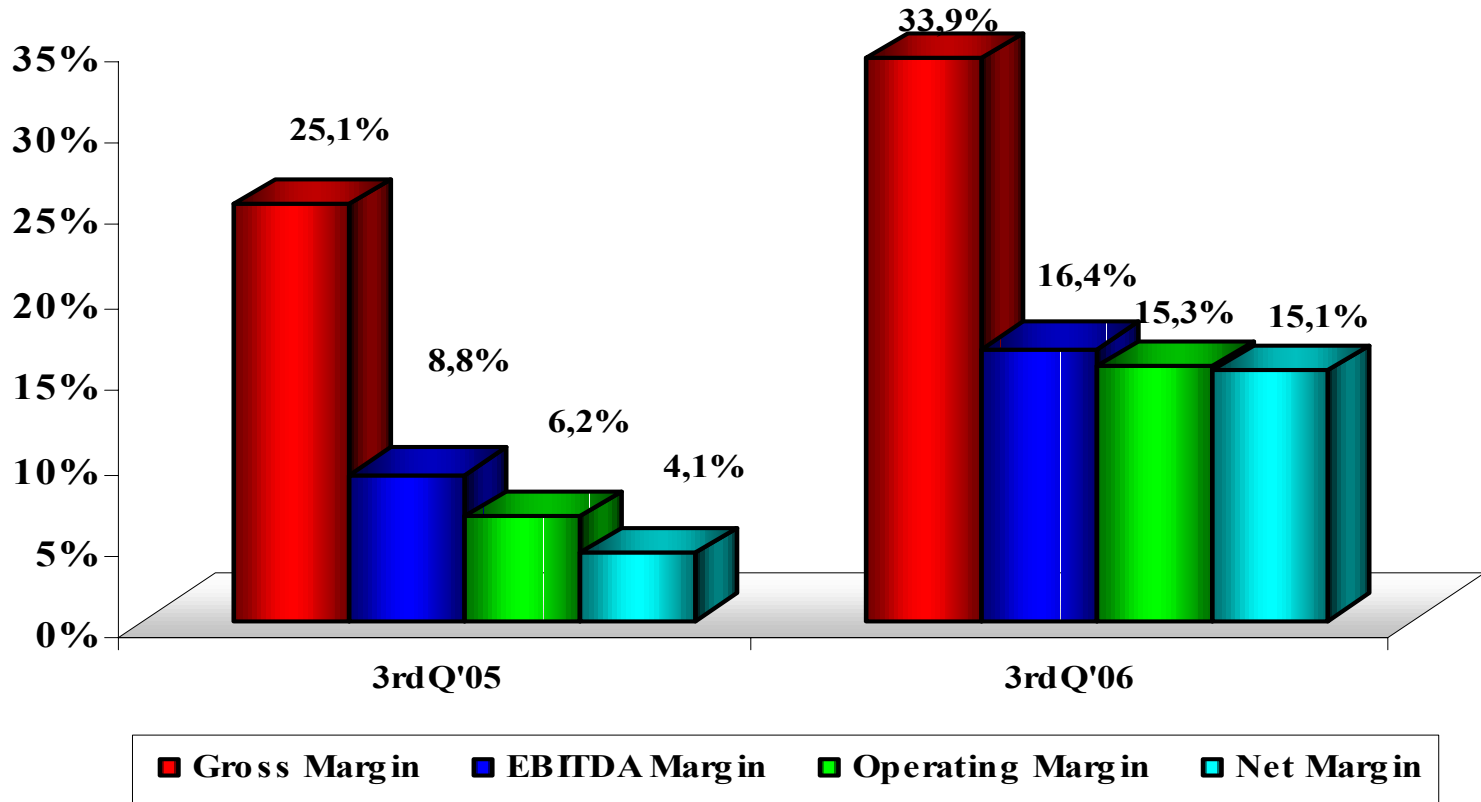
## REVENUES-COMPOSITION



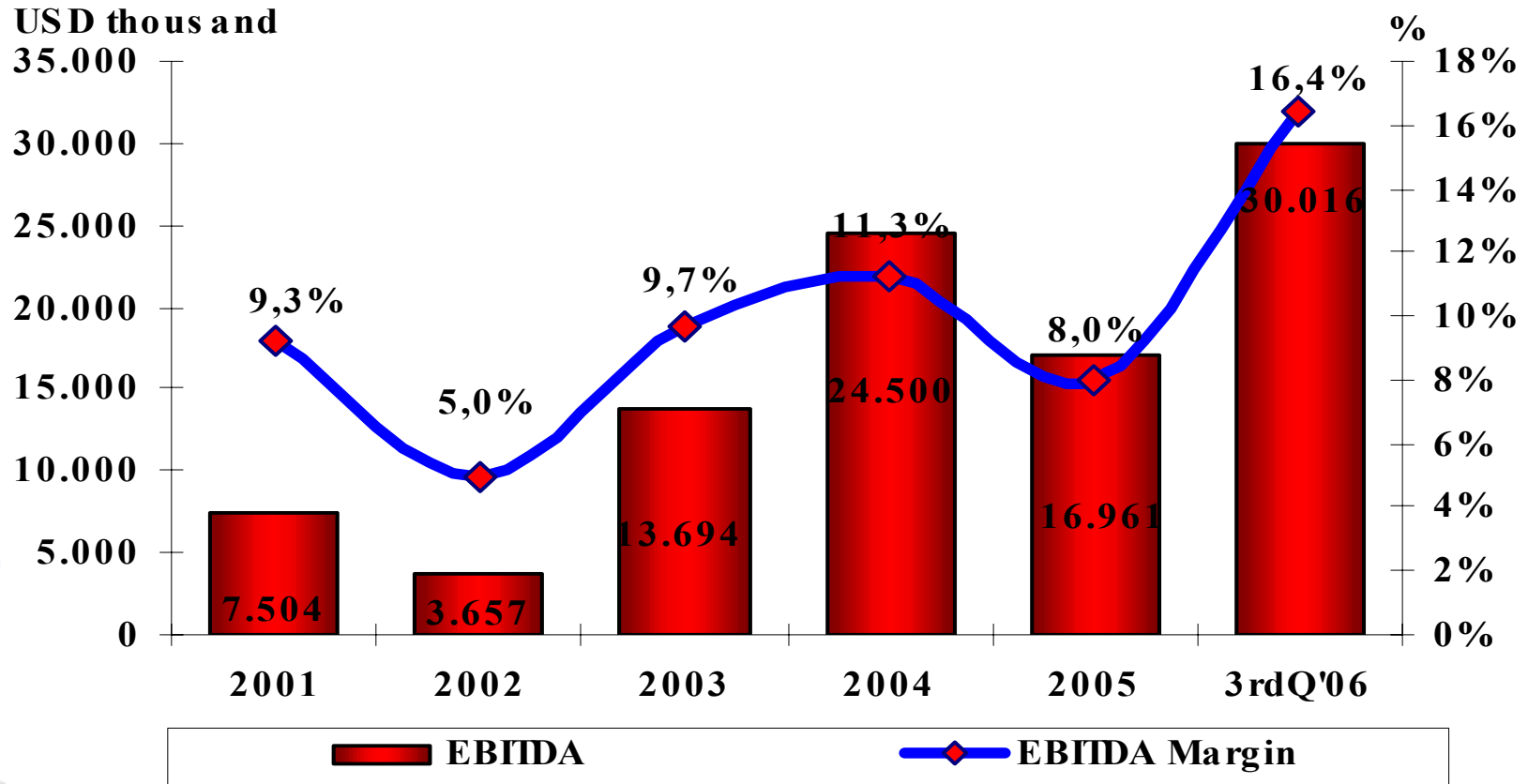
## MARGINS



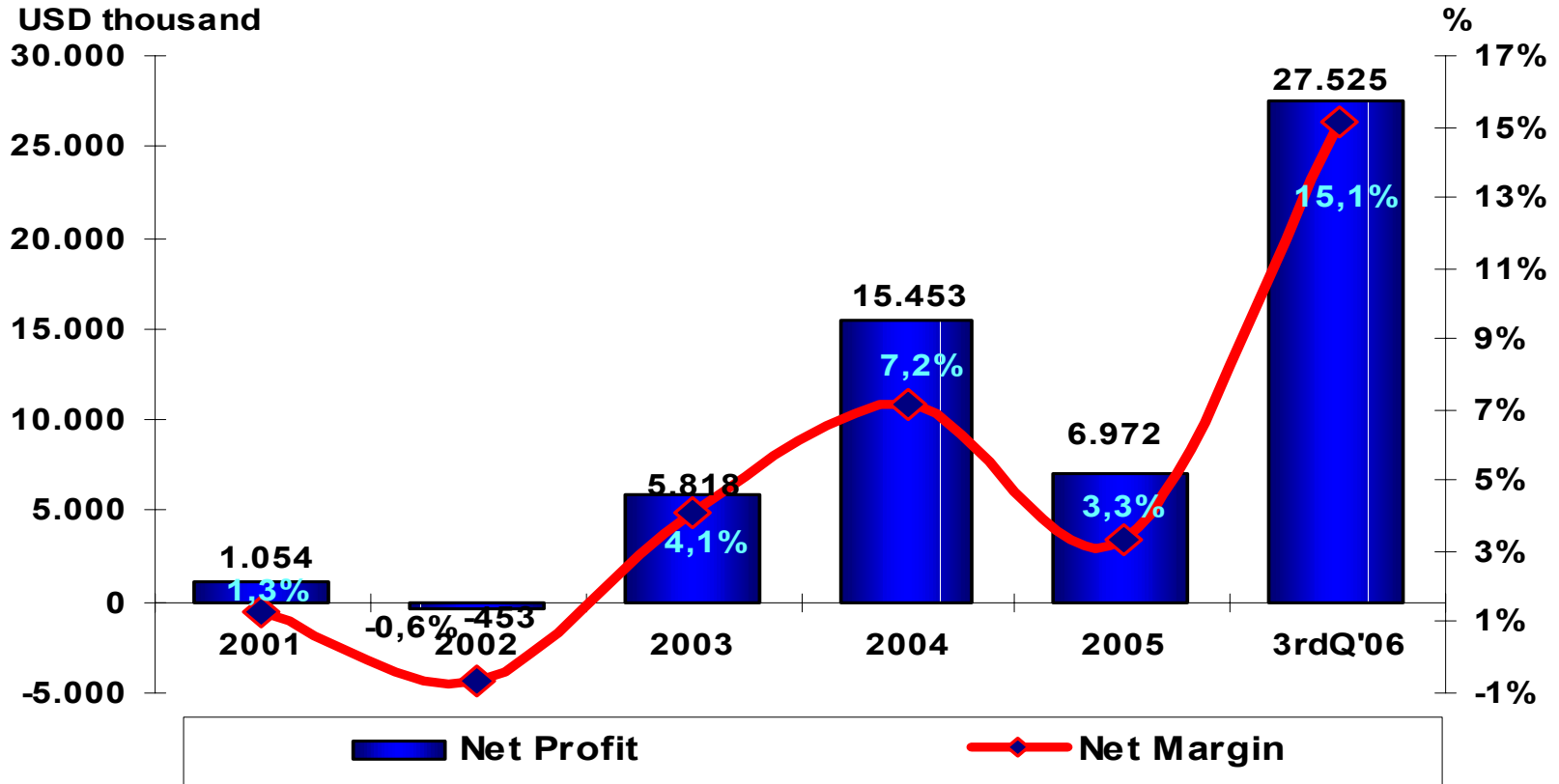
## MARGINS-Continue



## EBITDA & EBITDA MARGIN



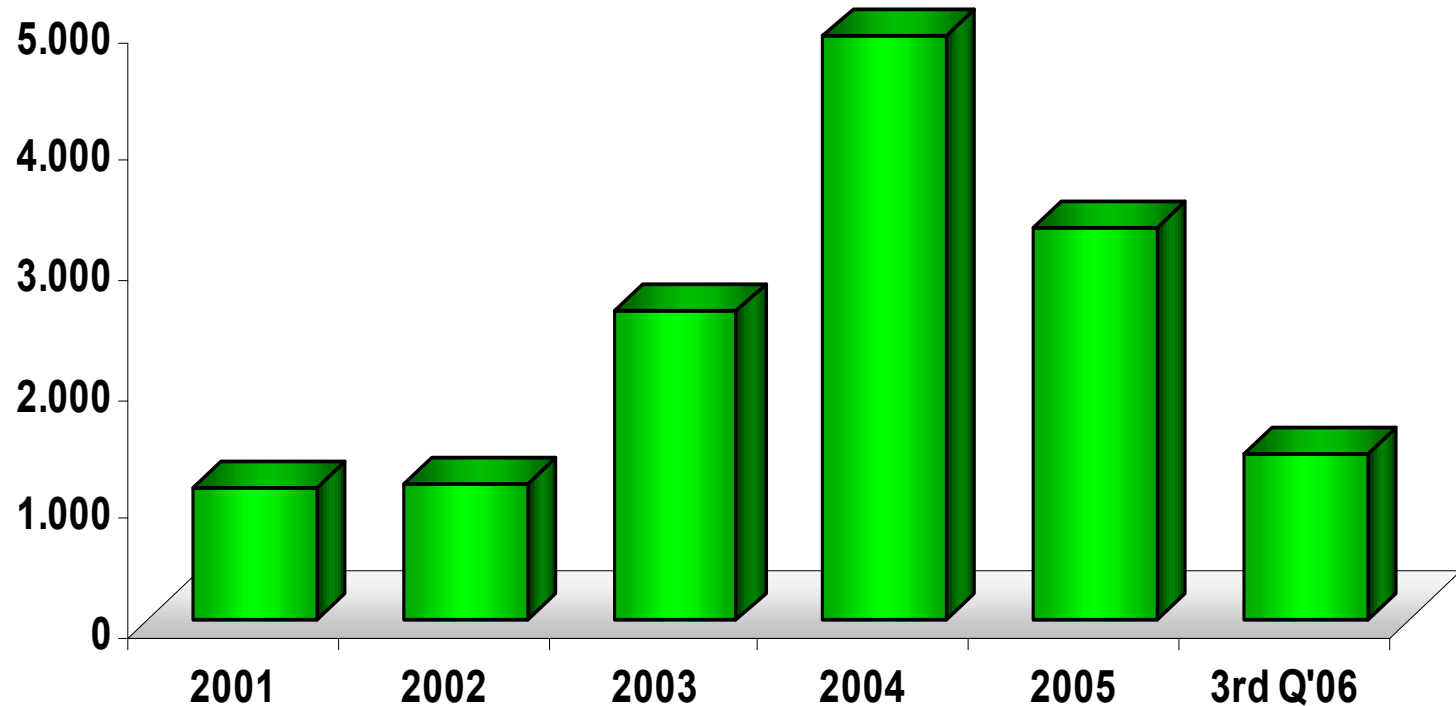
## NET PROFIT & NET MARGIN





## CAPITAL EXPENDITURE

USD thousand



## WORKING CAPITAL

USD thousand	Sept. 30, 2006	Dec. 31, 2005
Trade Receivables	71.651	77.835
Inventories	53.690	31.012
Trade Payables	30.324	25.392
<b>Total Working Capital</b>	<b>95.017</b>	<b>83.455</b>

## NET FINANCIAL DEBT

USD thousand	Sept. 30, 2006	Dec. 31, 2005
Cash&Cash Equivalents	1.188	6.620
Marketing Securities	0	0
Other	0	0
<b>Total Financial Assets</b>	<b>1.188</b>	<b>6.620</b>

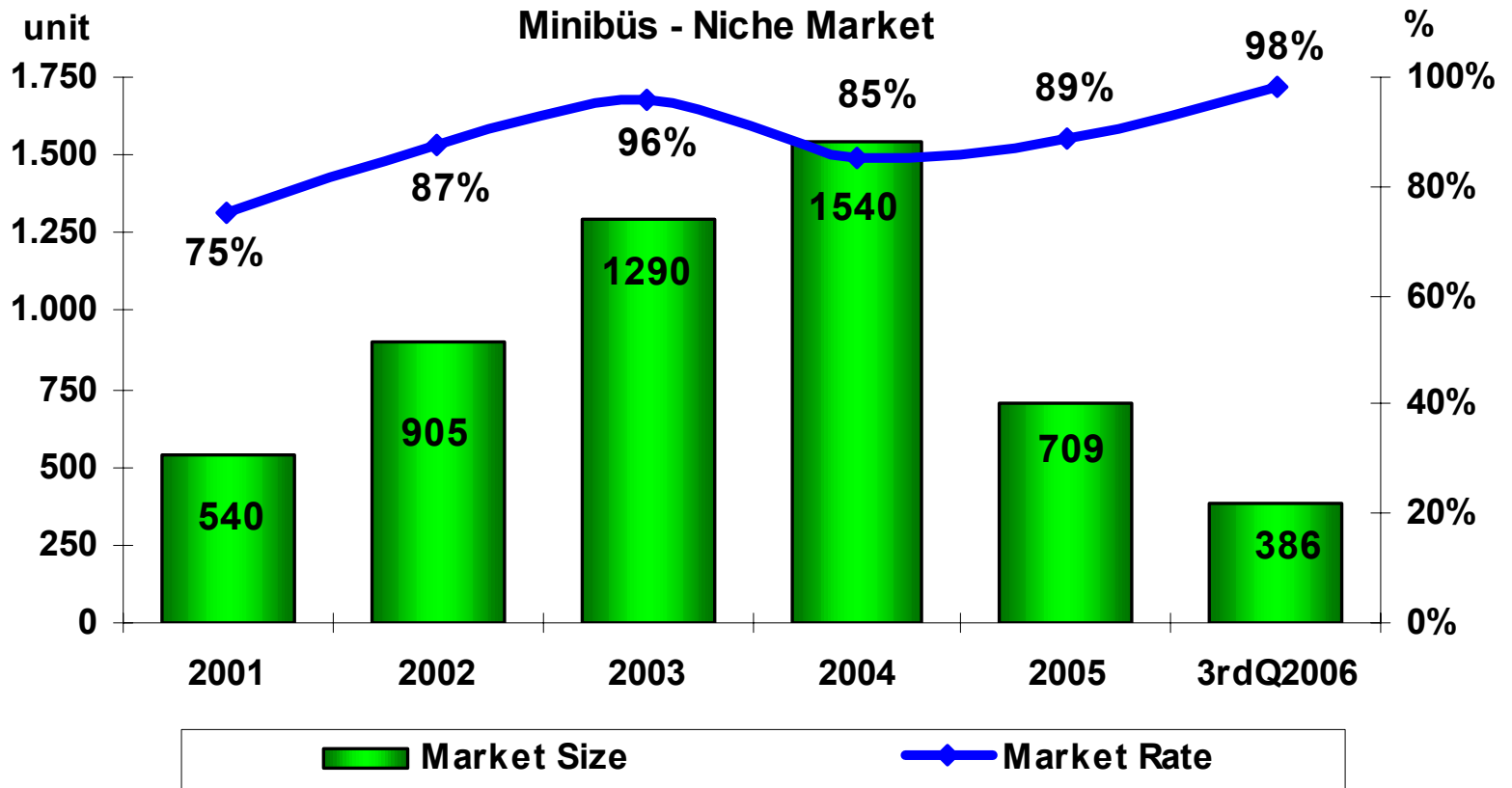
USD thousand	Sept. 30, 2006	Dec. 31, 2005
ST Bank Borrowings	24.590	20.105
LT Bank Borrowings	0	0
	0	0
<b>Total Financial Liabilities</b>	<b>24.590</b>	<b>20.105</b>

**Net Financial Debt (\$ thousand)**

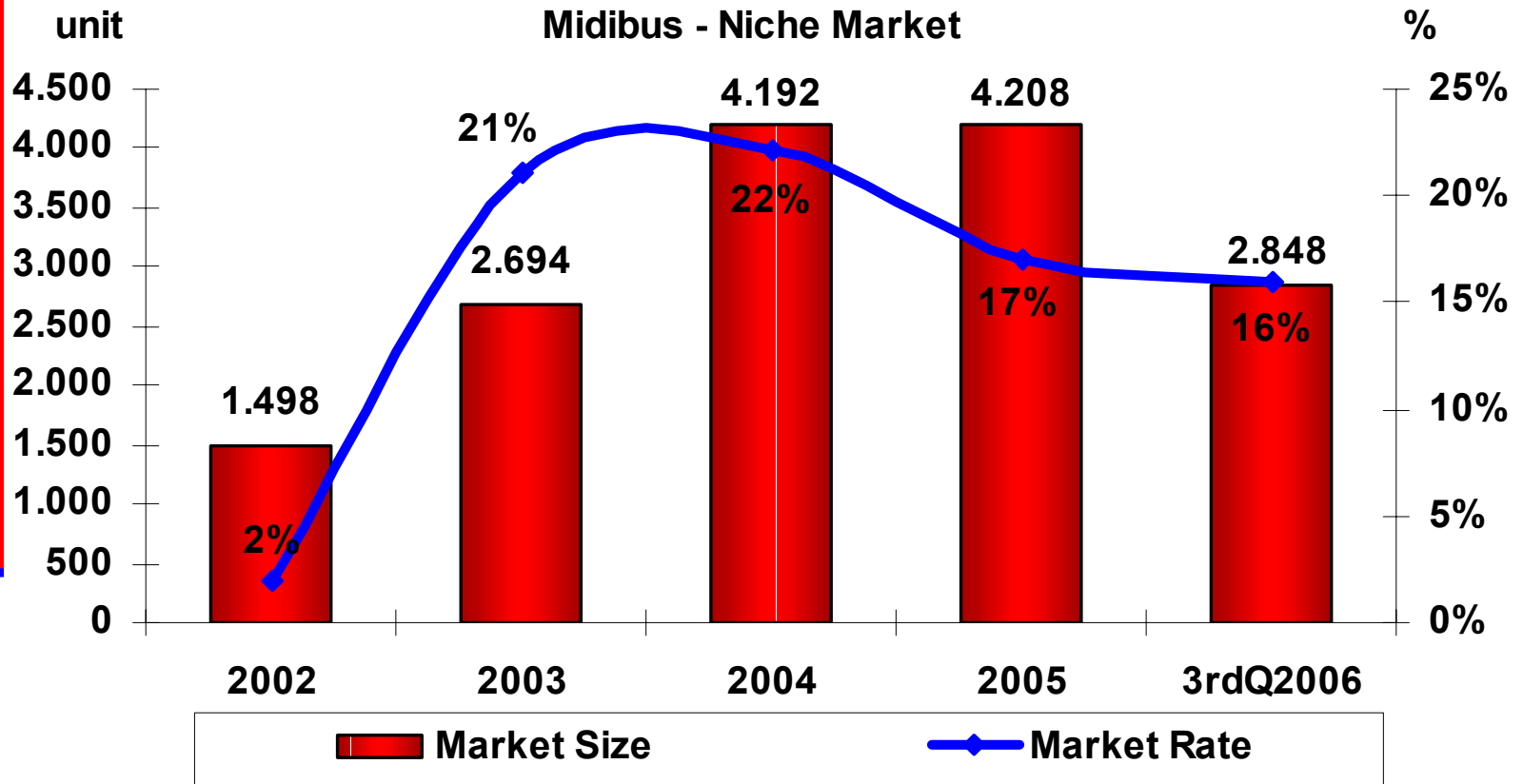
**Sept.30, 2006**  
**23.402**

**Dec.31, 2005**  
**13.485**

## MARKET SHARE

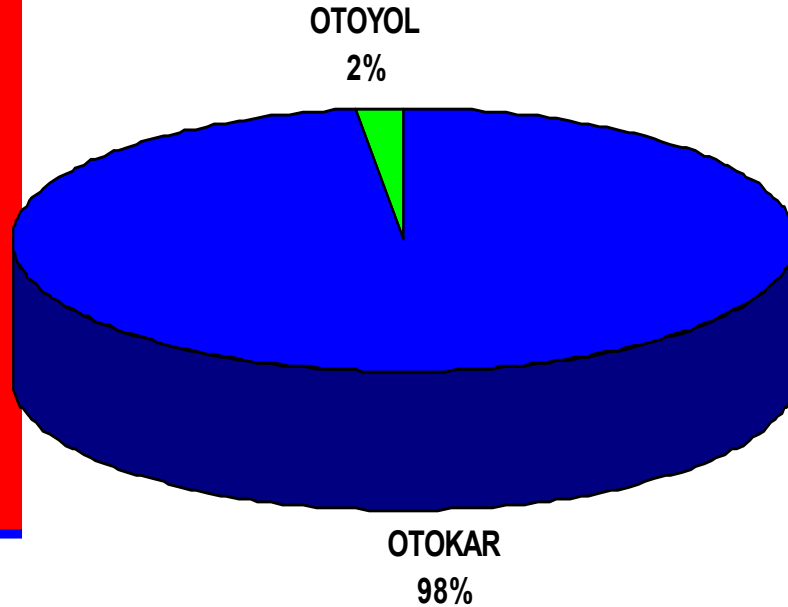


## MARKET SHARE -Continue

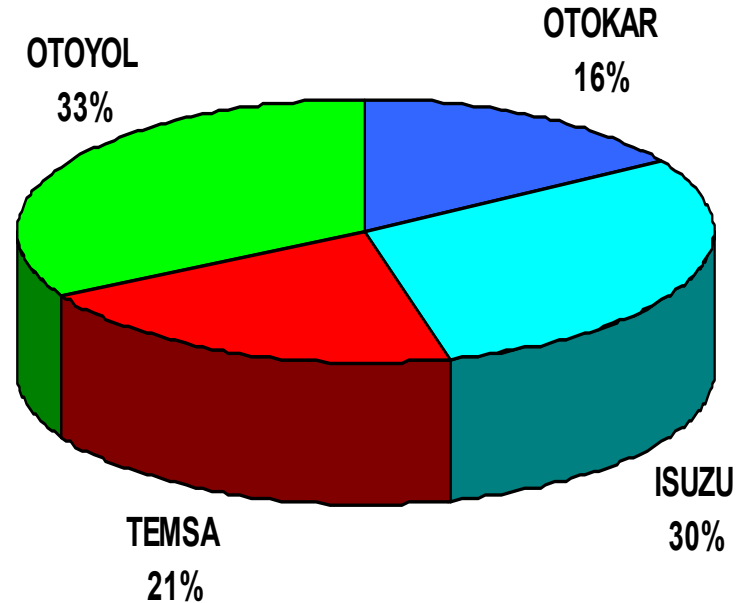


## MARKET SHARE-COMPETITIVES

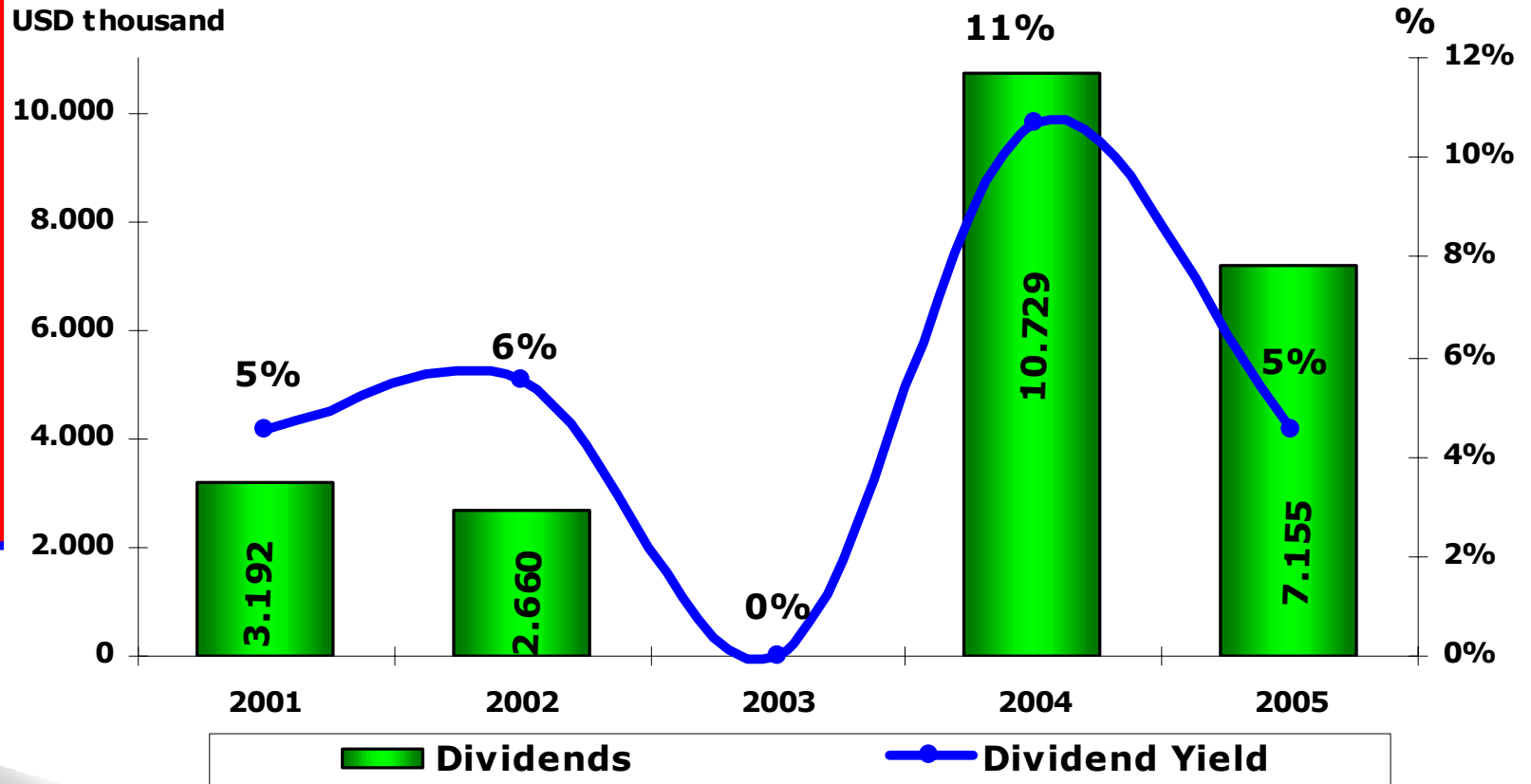
Minibus-3rd Q'06 Niche Market



Midibus-3rd Q'06 Niche Market

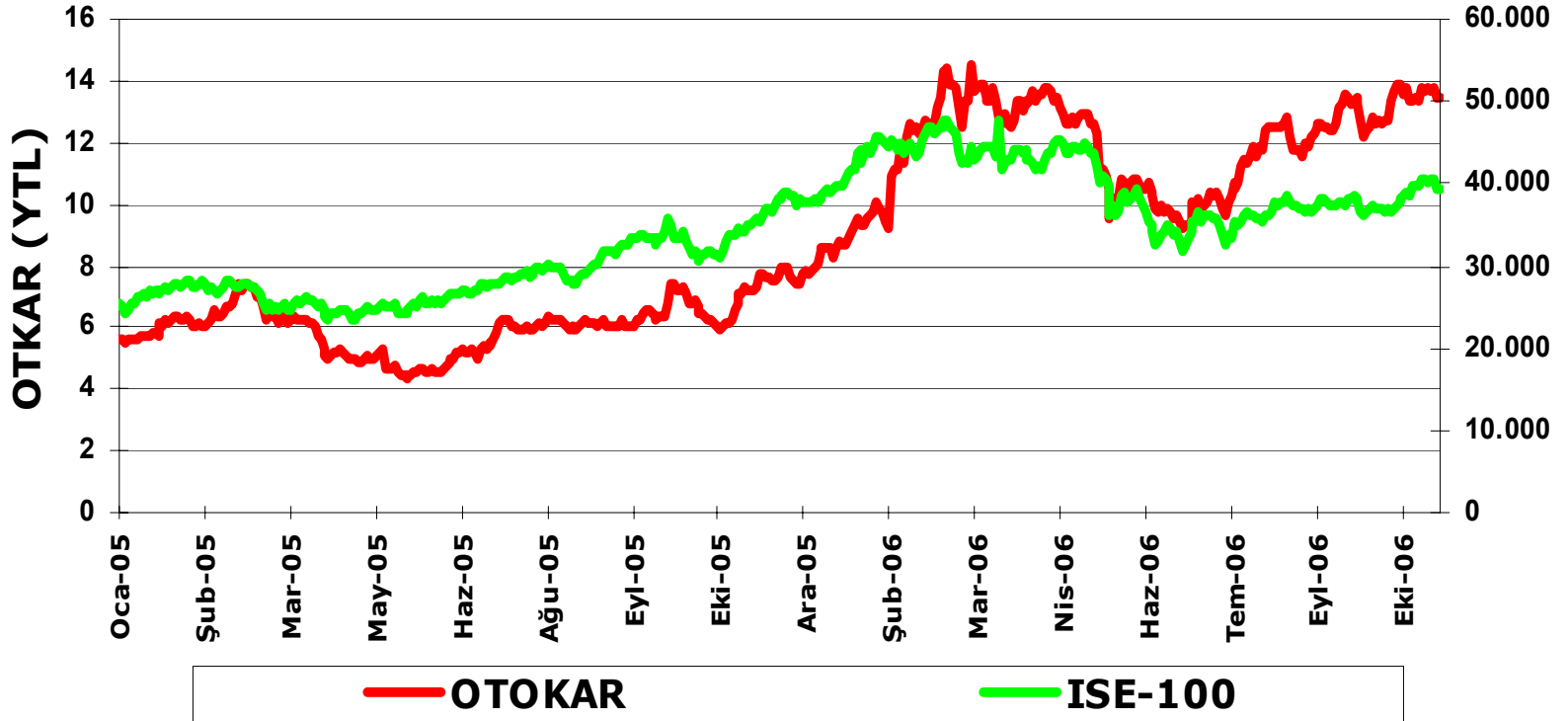


## STOCK PERFORMANCE



## STOCK PERFORMANCE-Continue

As of November 3, 2006

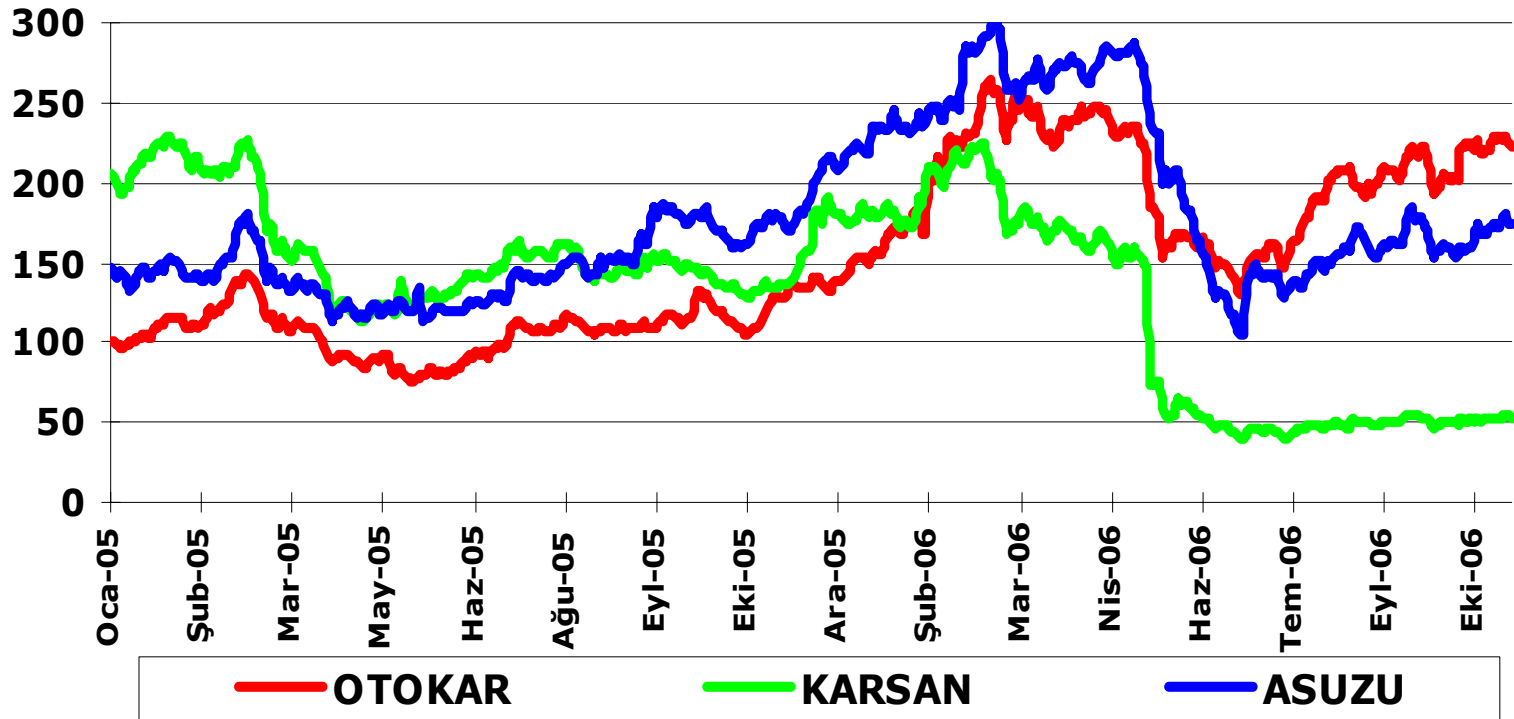




## STOCK PERFORMANCE-Continue

USD million

MCAP → USD 223 mio (3 November 2006)



## GUIDANCE FOR 2006

✓ Total Sales (\$ million) 250

Export Revenues(\$ million) > 100

✓ Capex(\$ million) 3,5

✓ Higher Margins

✓ New Markets in Europe for “Navigo”

✓ New models for Sultan midi-buses

✓ New Model trailers

## *ANNEX*

---

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

## *SUMMARY: Profit & Loss Statement*

<b>US\$thousand (IFRS)</b>	<b>Sept. 30,06</b>	<b>Sept. 30,05</b>
Domestic Revenues	83.946	94.467
Export Revenues	98.606	55.730
<b>Net Sales Revenues</b>	<b>182.552</b>	<b>150.197</b>
Cost of Sales	-120.721	-112.445
<b>Gross Profit</b>	<b>61.831</b>	<b>37.752</b>
Operating Expenses	-33.878	-28.435
<b>Operating Profit/Loss</b>	<b>27.953</b>	<b>9.317</b>
Income/loss before minorities&taxes	34.074	8.544
Tax	-6.549	-2.405
<b>Net Profit</b>	<b>27.525</b>	<b>6.139</b>

## *SUMMARY:Balance Sheet*

US\$thousand (IFRS)	Sept.30,06	Dec. 31,05
<b>Current Assets</b>	<b>122.068</b>	<b>111.688</b>
Cash and cash equivalents	1.188	6.620
Receivables	52.736	66.895
Due from Related Parties	6.543	2.732
Other Receivables	82	819
Inventories	53.690	31.012
Other Current Assets	7.830	3.610
<b>Non-current Assets</b>	<b>49.182</b>	<b>43.659</b>
Trade Receivables	18.915	10.940
Financail Assets	1.387	1.471
Property, Plant & Equipment - net	28.492	30.868
Intangibale Assets	269	379
Deferred tax liabilities	120	-
<b>Total Assets</b>	<b>171.250</b>	<b>155.347</b>
<b>Current Liabilities</b>	<b>73.676</b>	<b>73.680</b>
Bank Borrowings	24.590	20.105
Payables	30.324	25.392
Due to Related Parties	1.910	1.739
Advances Received	5.664	20.067
Provisions	8.417	1.029
Other Current Liabilities	2.771	5.349
<b>Non-current Liabilities</b>	<b>3.971</b>	<b>4.422</b>
Provisions	3.971	3.678
Deferred tax liabilities	-	270
Other non-current liabilities	-	474
<b>Shareholders' Equity</b>	<b>93.604</b>	<b>77.245</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>171.250</b>	<b>155.347</b>

## *SUMMARY: Cash Flow Statement*

<b>US\$thousand (IFRS)</b>	<b>Sept. 30,06</b>	<b>Sept. 30,05</b>
Cash and Cash Equivalants at the begining of the period	6.237	3.663
Net cash provided by operating activities:	762	22.189
Net cash used in investing activities	-1.052	-1.055
Pre-financing cash flow	-290	21.134
Net cash used in Financing Activities and Effect on Exchange Rate Changes	-4.759	-23.929
Net decrease/increase in Cash and Cash Equivalents	-5.049	-2.794
<b>Cash and cash equivalents at the end of the period</b>	<b>1.188</b>	<b>868</b>

## *Most Recent Sales&Production Figures*

### Sales Revenues-Comparison

US\$ thousand	30.09.2005 actual	30.09.2006 actual	30.09.2006 budgeted	Increase Decrease %	Actual vs Budget %
Domestic	94.467	83.946	91.612	-11	-9
Export	55.730	98.606	57.267	77	42
<b>Total</b>	<b>150.197</b>	<b>182.552</b>	<b>148.878</b>	<b>22</b>	<b>19</b>

### Production - Comparison

Units	2.635	3.082	2.962	17	4
-------	-------	-------	-------	----	---

# Otokar

THANK YOU...



## CONTACTS

- ✓ Hüseyin Odabaş  
Asst. Gen. Manager, Finance  
(90 264) 229 22 44 – 451  
[hodabas@otokar.com.tr](mailto:hodabas@otokar.com.tr)
- ✓ Yasemin Orhon  
Finance Director  
(90 264) 229 22 44 – 411  
[yorhon@otokar.com.tr](mailto:yorhon@otokar.com.tr)
- ✓ Esra Şirinel  
Investor Relations  
(90 264) 229 22 44 – 422  
[esirinel@otokar.com.tr](mailto:esirinel@otokar.com.tr)