

# Otokar



# INTRODUCTION

Turkey's the **largest** private and **100% domestically** owned company in defense industry

A **global company**, intellectual property rights belong to itself and its products are in use on 5 continents as well as in more than 60 countries

Turkish Armed Forces' **leading** supplier and exporter of land platforms

Turkey's **market leader** in passenger bus segment with a capacity of 25 people and over for the last 10 years

# VISION & MISSION

## Vision

Otokar's vision is to preserve the local and national identity of its products by developing technologies in-house, also to provide continued satisfaction for its clients, employees, and shareholders with total excellence philosophy.

## Mission

Otokar's primary mission is to design, manufacture and market commercial vehicles and various defense industry products with global competitive strength, all developed to meet customer expectations.

# BRIEF HISTORY



1963

- Establishment
- Production of buses under the license of Magirus-Deutz



1970s

- Turkey's first intercity bus
- The first Turkish Armoured Vehicle production
- Partnering with Koç Group



1980s

- Production of 4x4 tactical vehicle under the license of Land Rover



1990s

- Military armoured vehicles by own desing
- Turkey's first export of tactical armoured vehicle
- Sakarya plant/factory



2000s

- Merge with the İstanbul Fruehauf A.S.
- Production of small and mid size buses
- Production of Turkey's first hybrid bus
- The prime contractor of ALTAY Project



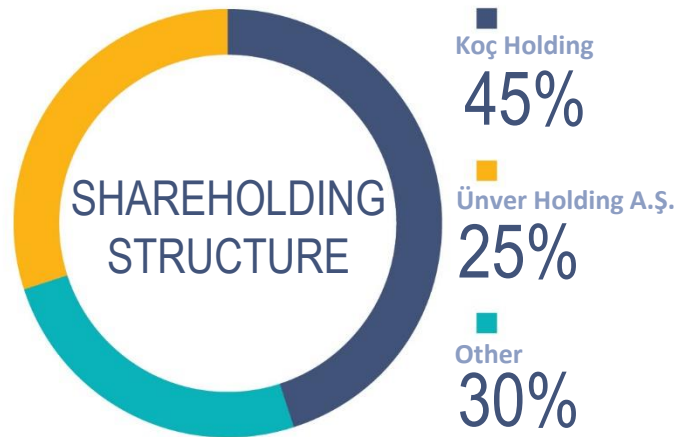
2010s

- Establishment of Otokar Europe (OESAS)
- Multi-wheeled armoured tactical vehicle family
- Production of City Buses
- Turkey's first electric bus
- Atlas Light Truck
- Introduced new armoured tactical wheeled vehicle, URAL
- Tracked Armoured Vehicle TULPAR
- POYRAZ midibus
- Establishment of Otokar Land Systems (OLS) in U.A.E

# OVERVIEW

FOUNDED IN 1963

%100 LOCAL CAPITAL



USD 211 MILLION  
EXPORT REVENUES IN 2018

TL 1,7 BILLION  
TURNOVER IN 2018

TL 1 BILLION  
10-YEAR R&D EXPENDITURES



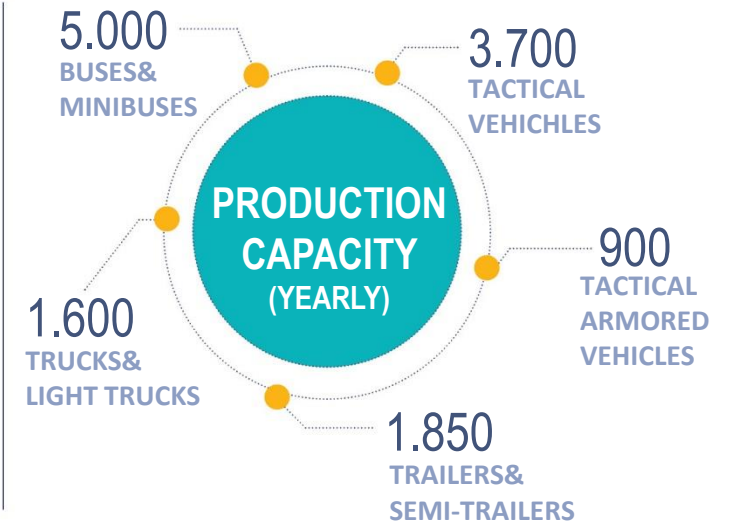
1.966  
EMPLOYEES



552.000 M<sup>2</sup>  
PRODUCTION AREA

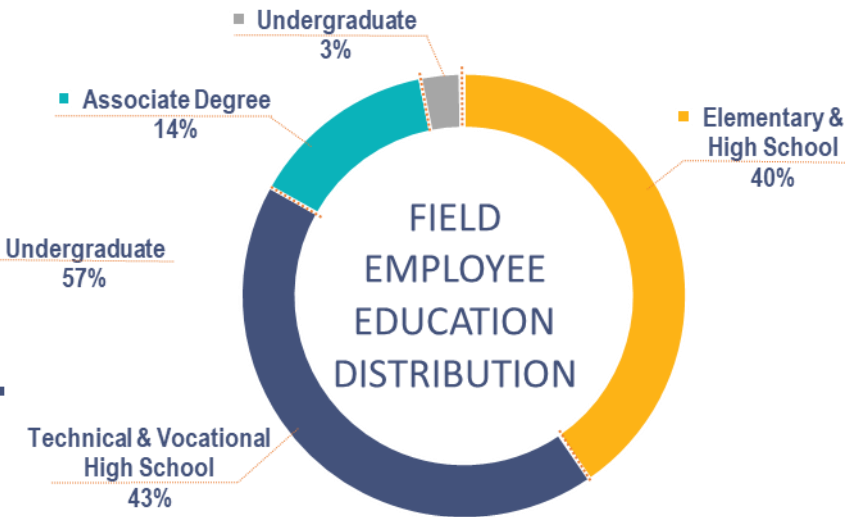
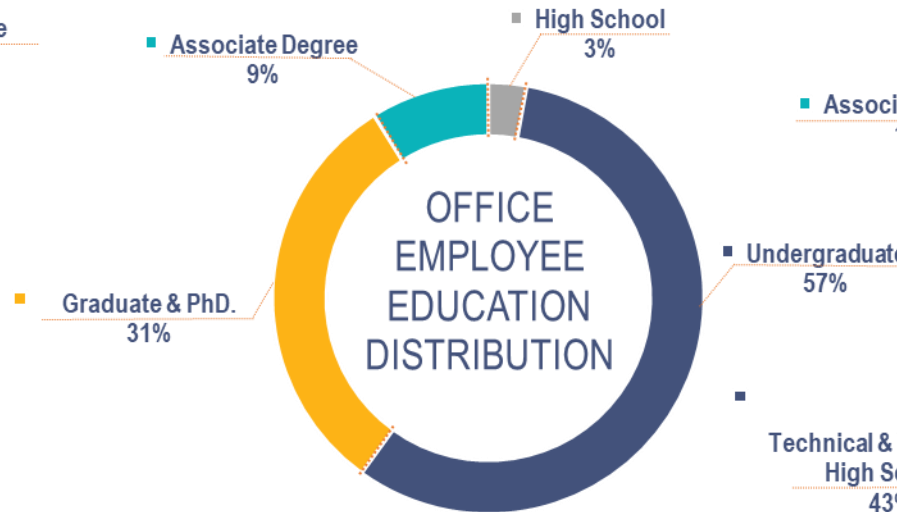
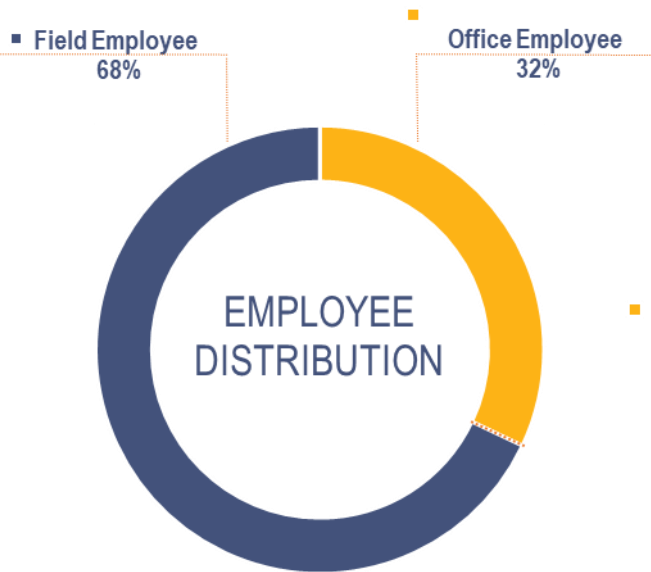


APPROX. 300  
SALES&SERVICE NETWORK

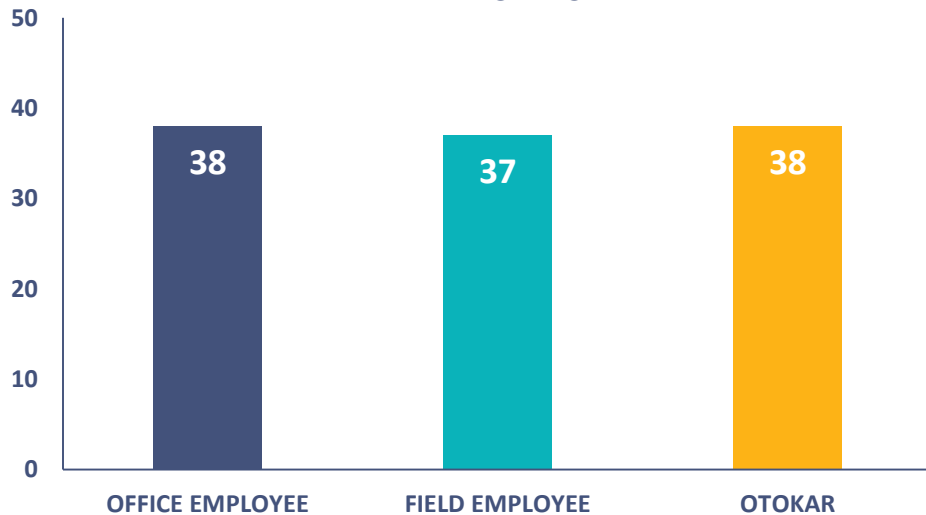


1 OUT OF EVERY 3 BUSES SOLD  
IN TURKEY IN 2018 IS OTOKAR

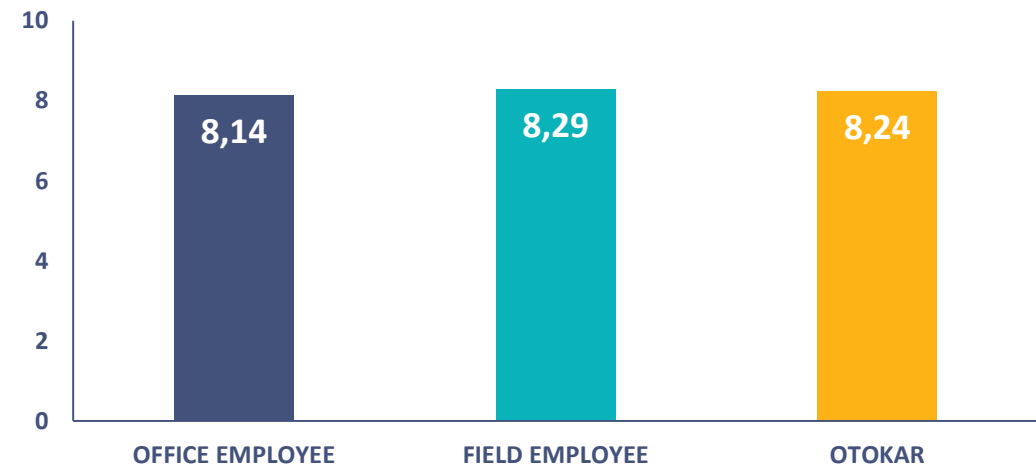
# HUMAN RESOURCES



**AVERAGE AGE**



**AVERAGE LENGTH OF SERVICE (YEAR)**



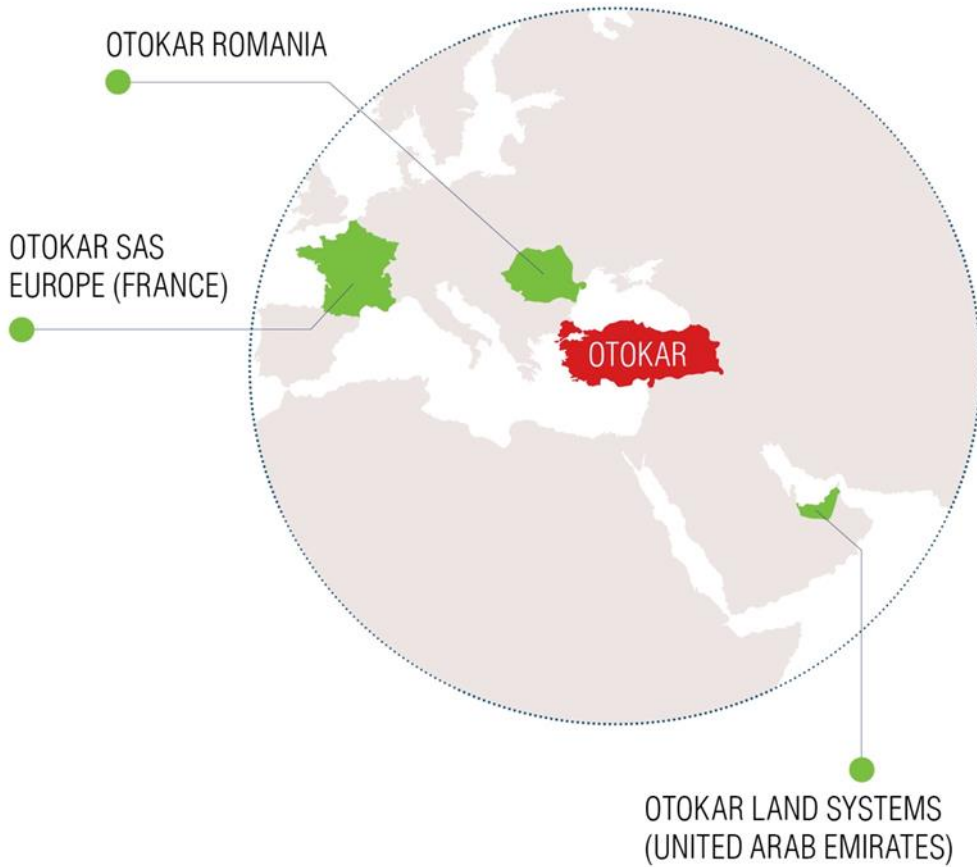


# PRODUCTION PLANT



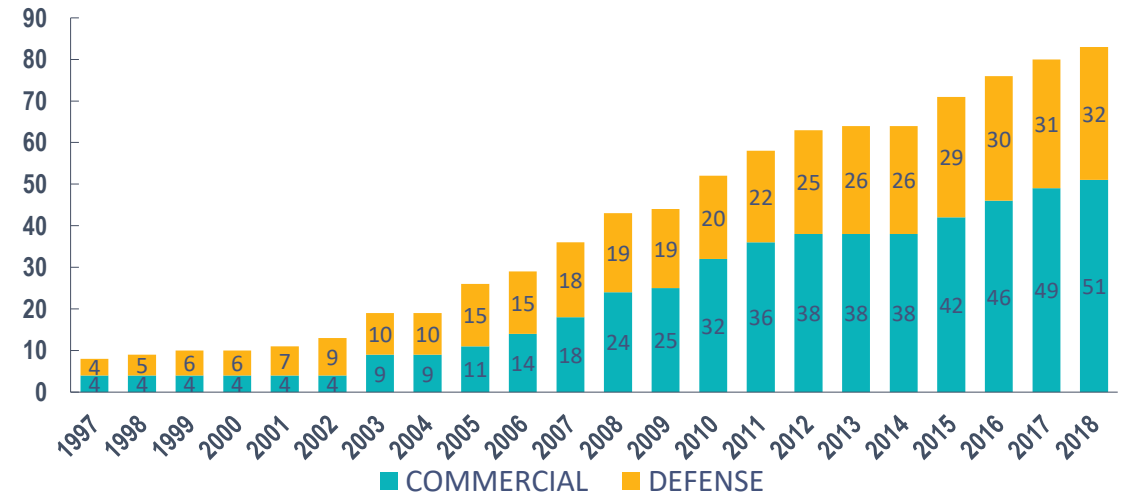
- 552.000m<sup>2</sup> factory with an annual production capacity of 13,050 units and approximately 2000 employees in Arifiye/Sakarya

# OTOKAR WORLDWIDE



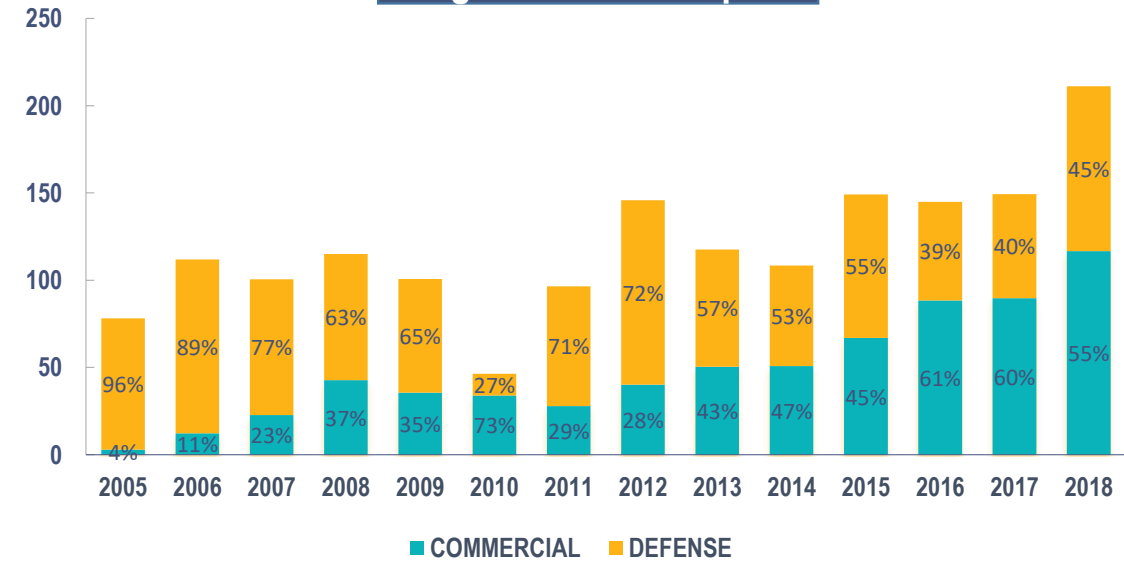
## Growth in Export Markets

Number of Countries



## Segment Based Export

Export (USD)





# AREAS OF OPERATION



## 2018

Total revenue :	800 mn TL	48 mn TL	586 mn TL	245 mn TL
Rev. contribution :	48%	3%	35%	15%
Domestic :	245 mn TL	45 mn TL	104 mn TL	192 mn TL
Export :	556 mn TL	3 mn TL	482 mn TL	53 mn TL
* Export share :	69% (bus)	5% (cargo trans.)	82% (armoured)	22% (spare part)
** Export share :	33% (total)	0% (total)	29% (total)	3% (total)

Armoured

\* The share of exports in the relevant segment vehicle turnover.  
\*\* The share of exports in total company turnover.

## 2017

Total revenue :	613 mn TL	73 mn TL	796 mn TL	223 mn TL
Rev. contribution :	34%	4%	45%	12%
Domestic :	324 mn TL	70 mn TL	597 mn TL	168 mn TL
Export :	290 mn TL	3 mn TL	199 mn TL	55 mn TL
Export share :	47% (bus)	4% (cargo trans.)	25% (armoured)	25% (spare part)
Export share :	16% (total)	0% (total)	11% (total)	3% (total)

Armoured

MBT revenue: 80 mn TL  
MBT rev. contribution: 4%

A GLOBAL  
COMPANY



THE  
LARGEST



PIONEER



MARKET  
LEADER



# AREAS OF OPERATIONS



- Widest product range in the Turkish bus segment with an offering that includes buses from **7 to 18.75 meters** with varying passenger capacities suitable for urban, intercity and tourism transportation..
- Exporting buses to **more than 50 countries**, particularly in Europe.
- Working on alternative fuelled vehicles.



- In light truck segment, manufacturing light truck with 8.5-ton weight capacity under license since 2013.



- The leading supplier of land defense systems.
- More than 30.000 vehicles are actively used both in **Turkey and also in over 30 allied and friendly countries** across continents by their armed forces and security forces.
- Products are manufactured on order basis depending on intended purposes, capacity and production levels.

# COMMERCIAL VEHICLES



## PUBLIC TRANSPORT

POYRAZ



SULTAN NAVIGO



DORUK VECTIO



TERRITO



KENT



KENT ARTICULATED



## LOGISTIC&CARGO TRANSPORTATION





# DEFENSE INDUSTRY VEHICLES

## WHEELED ARMoured



## TRACKED ARMoured



## TURRET SYSTEMS

- Open Cupola
- Open Anti-Tank Cupola
- Keskin - RCWS
- Ucok / Basok
- Bozok
- Mızrak UKKS

# COMMERCIAL VEHICLES

1 OUT OF EVERY 3 BUSES SOLD  
IN TURKEY IN 2018 IS OTOKAR



**1 out of every 3** buses sold in Turkey in 2018 is Otokar

In the all segments in which operates as a market leader, **became the most sold brand in Turkey.**

Otokar accelerated its export activities, **doubled its exports.**

**Total vehicle park rose to 2.850 levels** in key target export markets, namely France, Italy and Spain.

**Won the 400 bus tender** of the Municipality of Bucharest and signed the largest bus export agreement for Turkish bus brand.



# PUBLIC TRANSPORT



Won the bus tender of the Municipality of Bucharest for 400 units of 98.3 million Euro.



Received an order of 34 intercity buses from Municipality of Warsaw



We won the bus tender of Amman Municipality, received a total of 135 bus orders.



We made the first export of CNG buses to Spain



For the first time, Vectio T was introduced to the German market at the IAA Commercial Vehicle Fair, one of the biggest events of the international commercial vehicle and supplier industry

# CARGO TRANSPORTATION



Otokar continued its activities in 2013 in the light truck segment with the 8.5-ton Atlas truck. Sales carried out throughout the year were made to public institutions and organizations as well as individual customers who opted for Atlas trucks. Atlas trucks' market share increased by three percentage points to **\*13 percent** compared to the previous year.

*\*The market share is calculated based on Otokar's market research and OSD data, which represents an approximate rate. .*



Otokar's and Tawazun's joint venture Al Jasoor's Rabdan, which produced under the contract signed with the United Arab Emirates Armed Forces, successfully completed the amphibious and shot tests conducted in the Gulf, as well as acceptance tests at the factory. The first batch of the Rabdan deliveries started to the United Arab Emirates.



In accordance with the needs of our internal security forces, an additional Cobra II order was received from the Presidency of Defense Industries. Deliveries were completed in 2018.



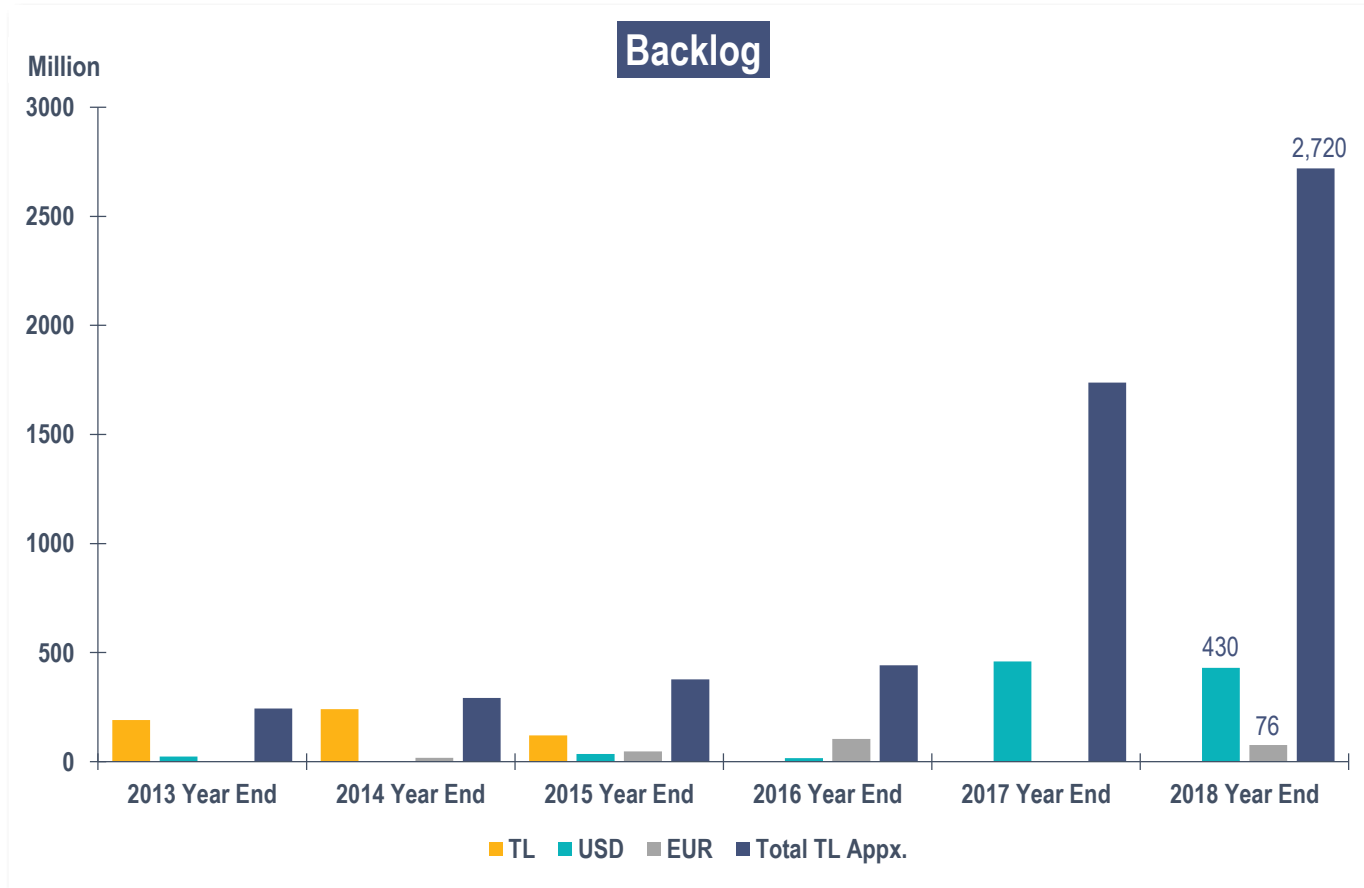
Otokar received \$28.9 Million Contract for its Armored Vehicles from an Asian country



Tulpar Light Tank, added to the defense vehicle product family, was introduced for the first time in the defense industry exhibition Eurosatory in Paris. The experience in the design and development of armored vehicles and especially the main battle tank was exhibited once again with TULPAR.



# BACKLOG



- The above backlog amounts and deliveries will be held directly by Otokar Otomotiv ve Savunma Sanayi A.Ş., is related to important projects.
- Backlog consists of orders from the United Arab Emirates Armed Forces 8x8 Rabdan order, Bucharest Municipality bus order and Amman Municipality additional bus order.
- Balance orders amount to US \$ 430 million and € 76 million.



# WHY OTOKAR

## Leader

The **most preferred** brand in the 25 or more people capacity bus for the **last 10 years** in Turkey

## Sustainable growth and profitability

Total turnover increased by **13%** in the last 15 years, Net profit increased by **15%** in the last 15 years, with the annual compound growth rate.

## Consistent dividend distribution

Regular dividend distribution within the framework of profit distribution policy.

## Strong export performance and a global company

In addition to its strong export performance, Otokar strengthened its global presence with its subsidiaries in France, Romania and the United Arab Emirates. Export revenue **increased by 21%** on average in the last 10 years.

## R & D capabilities and flexible production capability

New product development and speed of delivery to market. Ability to develop products according to market needs.

## Significant compliance to corporate governance principles

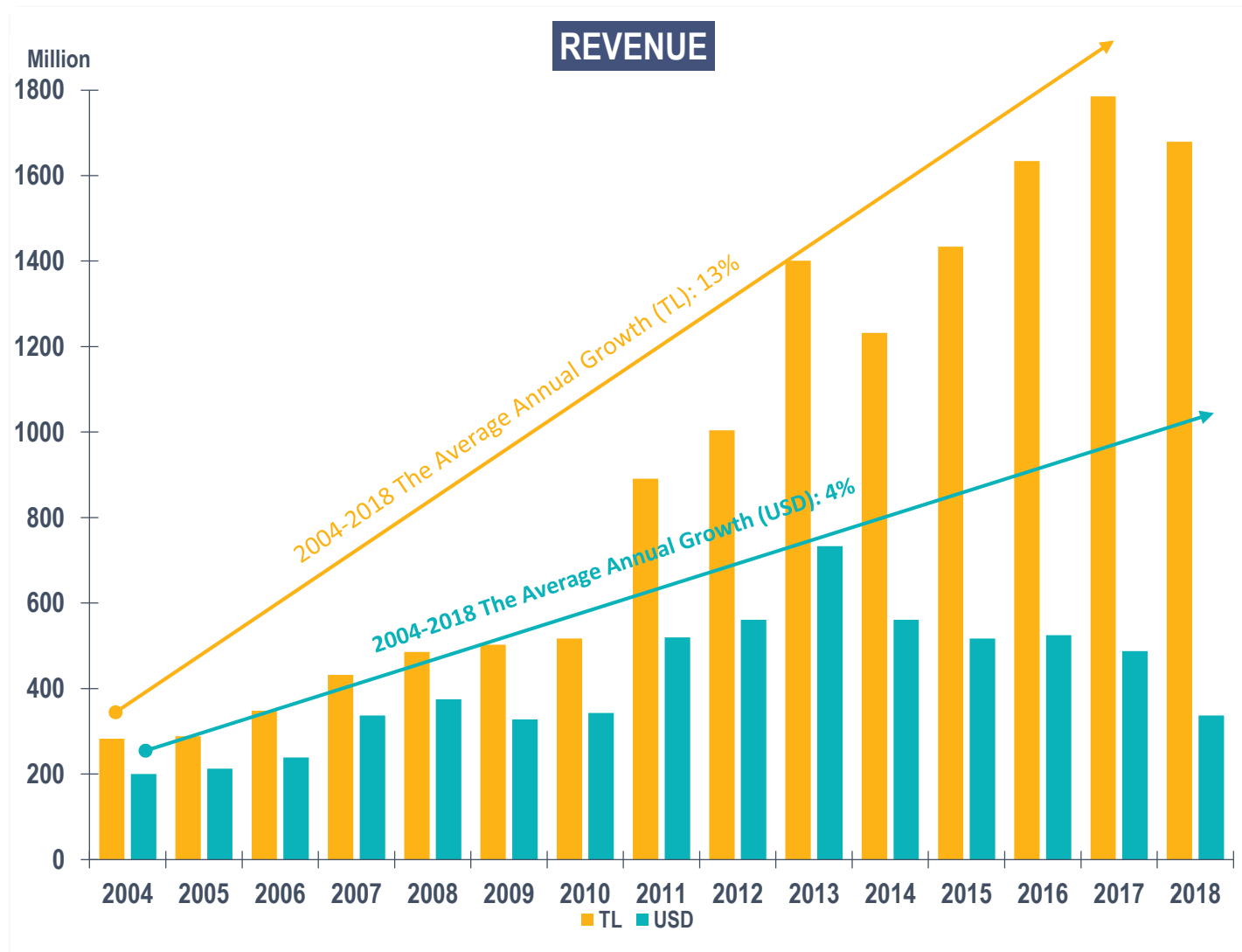
Increased Corporate Governance Rating to **93.51 (9.3 out of 10)** as a sign that it has achieved significant compliance with corporate governance principles

## Products that are intellectual property rights Otokar

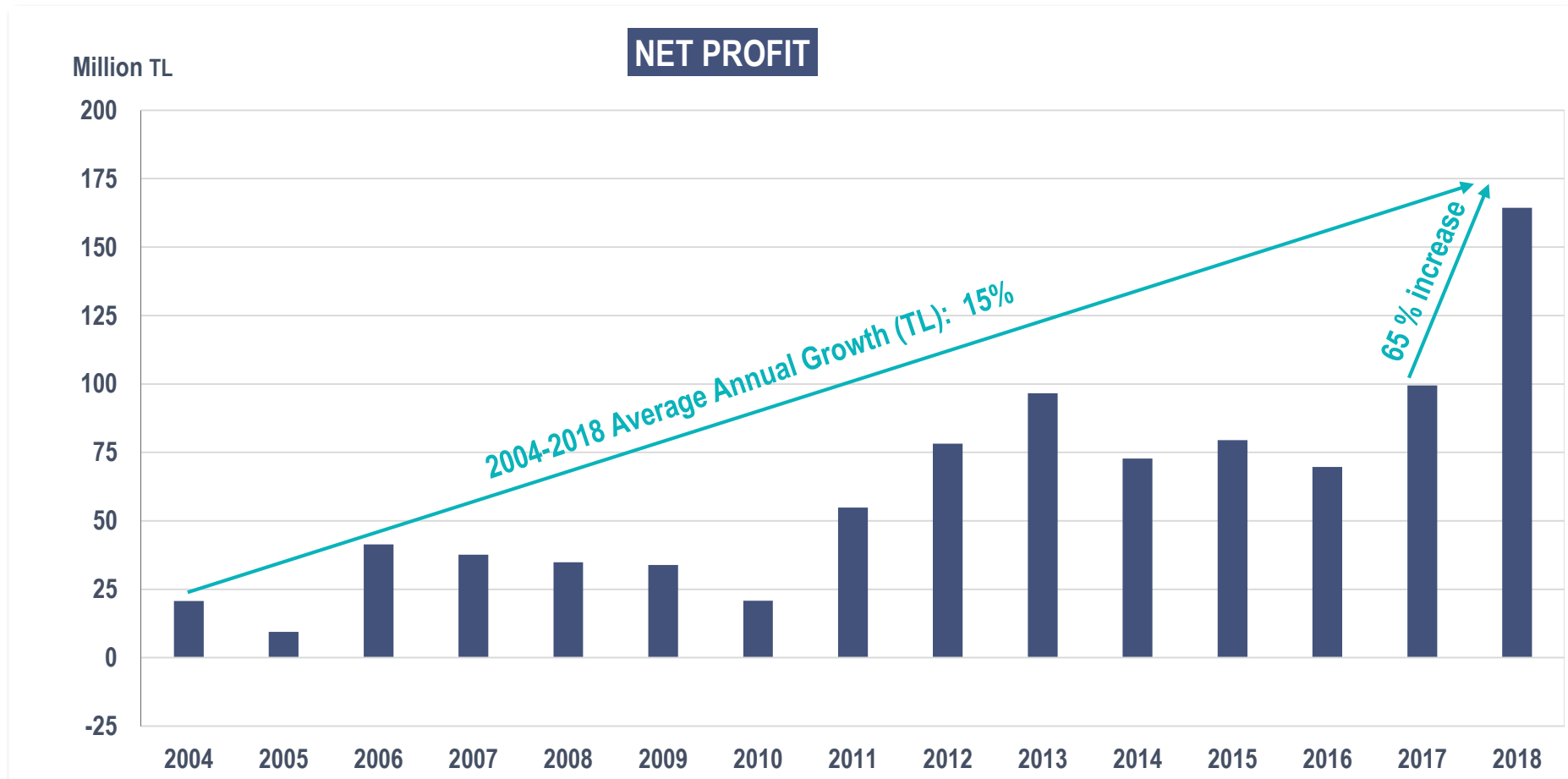
The share of Otokar design vehicle sales in turnover is **99%**.

The number of patents and industrial designs has reached to **279**.

# FINANCIAL INDICATORS



# FINANCIAL INDICATORS



- **65 %** increase in Net Profit
- Export revenues and high profit margin product mix was effective in the increase

# FINANCIAL INDICATORS

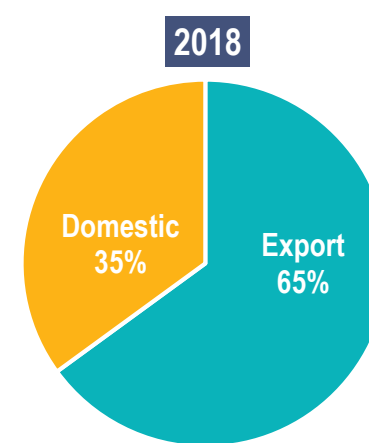
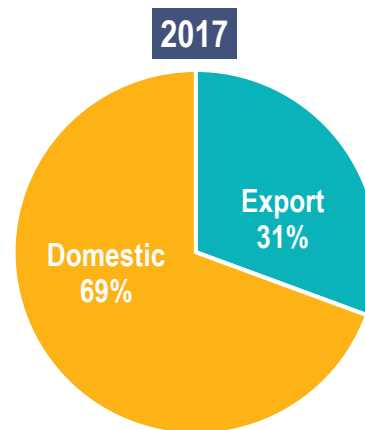
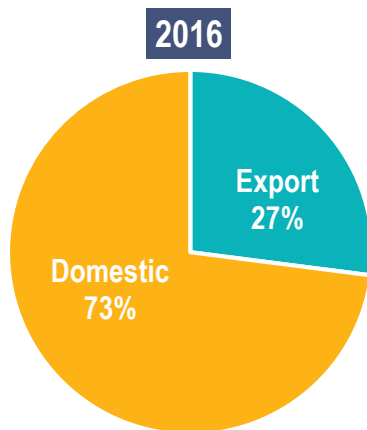
Balance Sheet (000 TL)		31.12.2018	
Current Assets	1.802.481	S.T. Liabilities	868.140
Fixed Assets	500.265	L.T. Liabilities	1.045.020
		Shareholders Equity	389.586
<b>Total Assets</b>	<b>2.302.746</b>	<b>Total Liabilities</b>	<b>2.302.746</b>

Income St. (000 TL)	2018	2017	Change (%)
Net Sales	1.678.661	1.785.272	(6,0)%
Gross Profit	592.957	471.626	25,7%
Operating Profit	231.412	225.714	(2,5)%
Profit Before Tax	121.145	90.706	33,6%
Net Profit	164.336	99.423	65,3%

- 6% decrease in total turnover with the effect of contraction in domestic market
- 65% increase in net profit due to increase in export revenues and high profit margin product mix.

# FINANCIAL INDICATORS

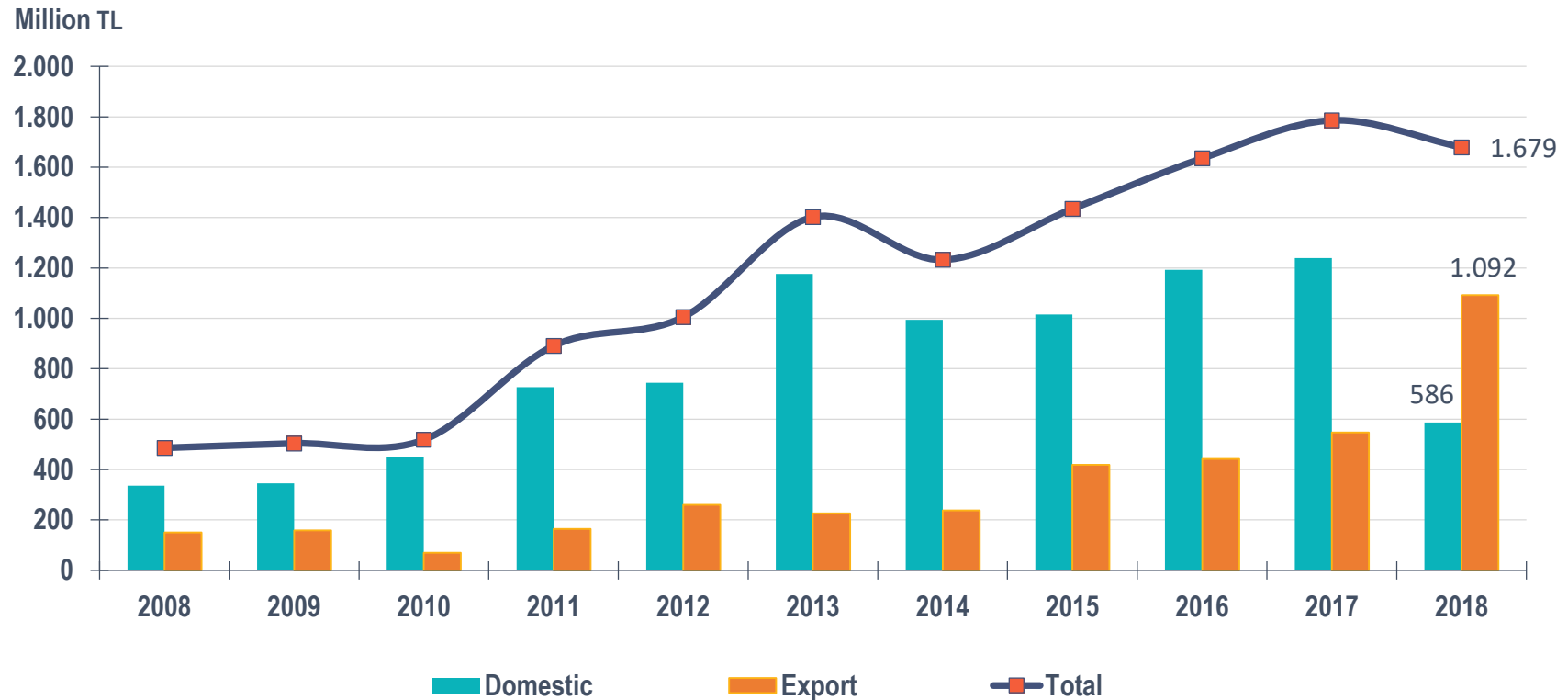
Sales (000 TL)	2018	2017	Change (%)	
Domestic	586.232	1.238.732	(53)%	▼
Export	1.092.424	546.540	100%	▲
<b>Total</b>	<b>1.678.661</b>	<b>1.785.272</b>	<b>(6)%</b>	▼



- Otokar sales amounted to 1 billion 678 million TL 6% lower than last year due to the contraction in domestic market.
- The share of exports in turnover was **65%**.



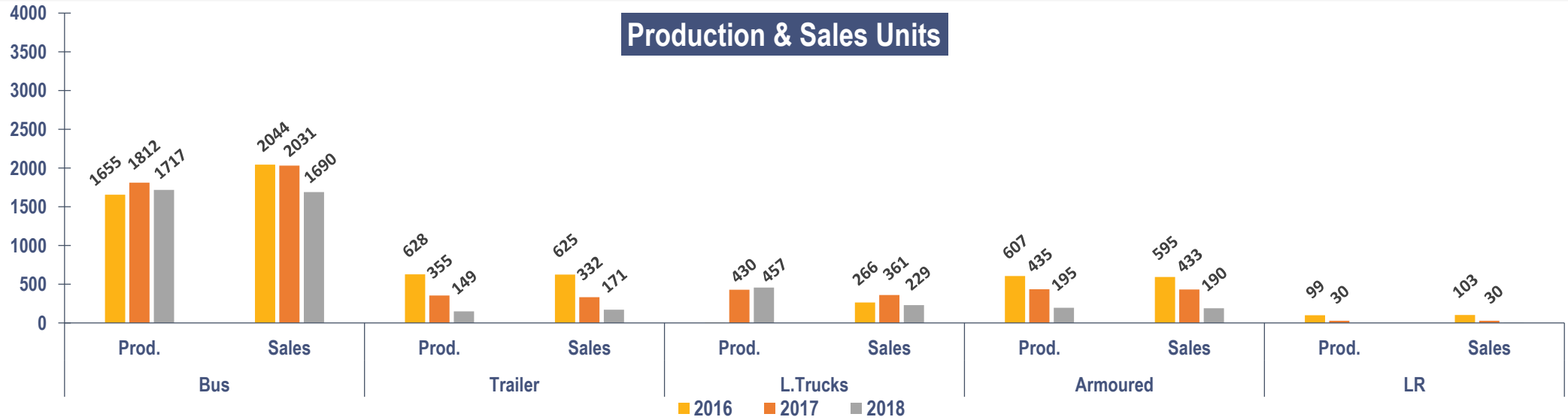
## SALES



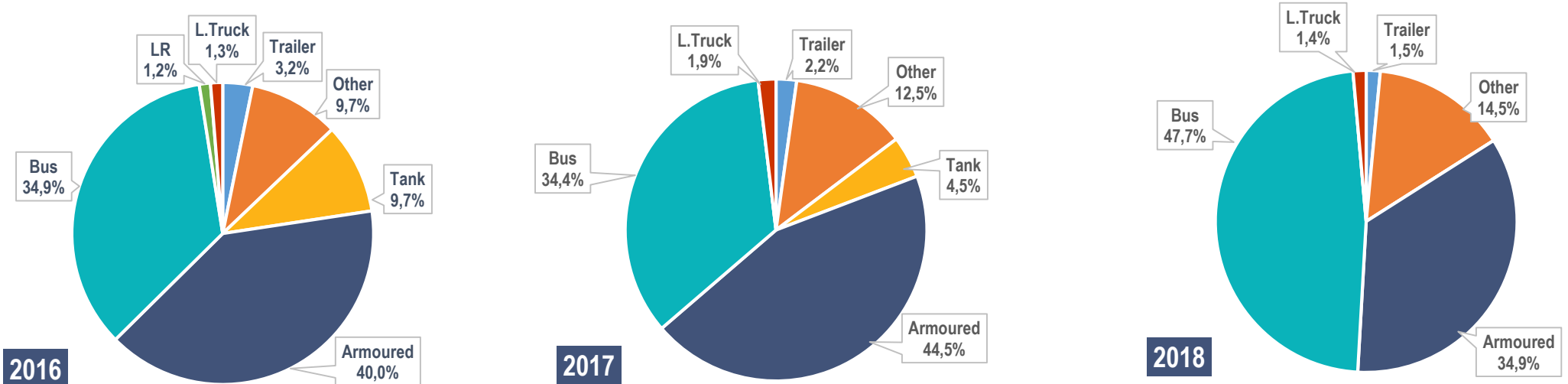
- Export revenues amounted to 1 billion 92 million TL, doubled its last year's exports.

# FINANCIAL INDICATORS

## Production & Sales Units

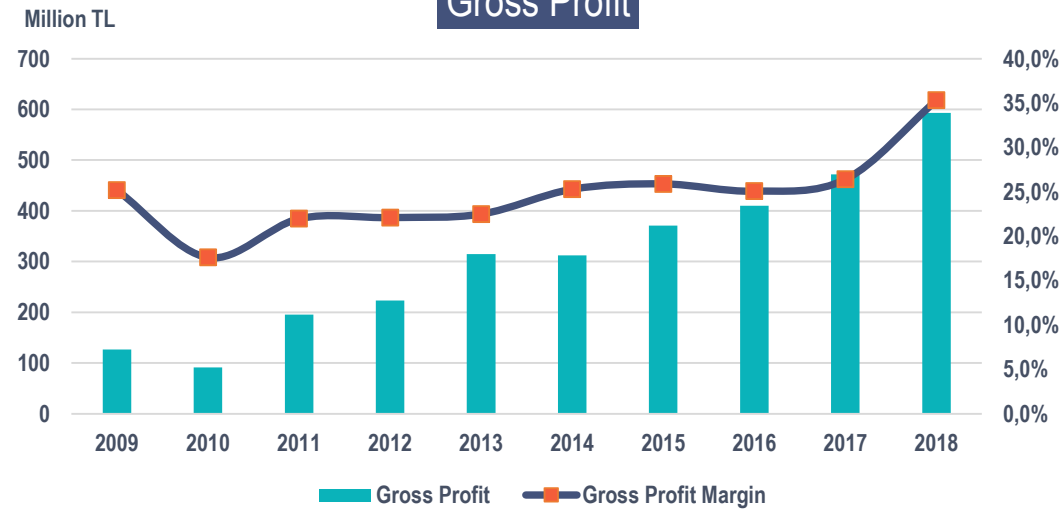


## Revenue Distribution

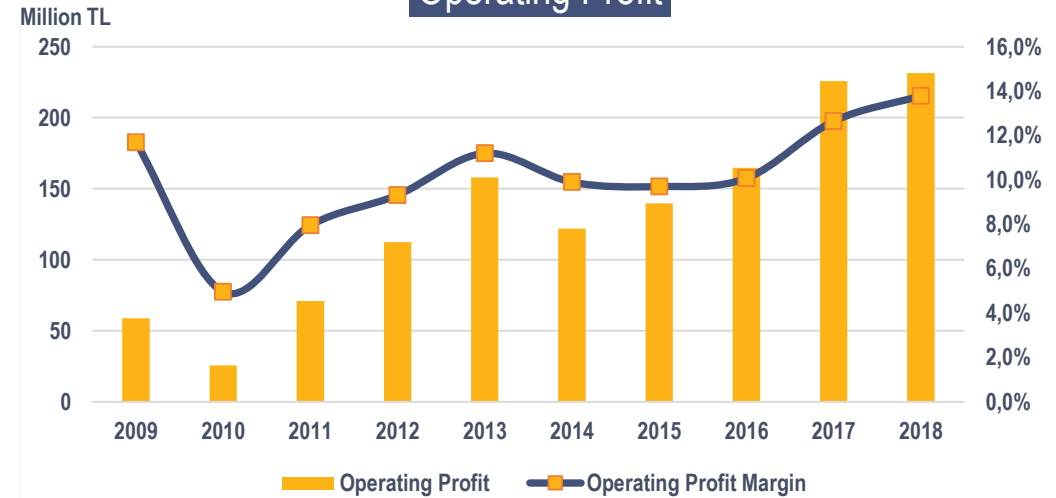


# FINANCIAL INDICATORS

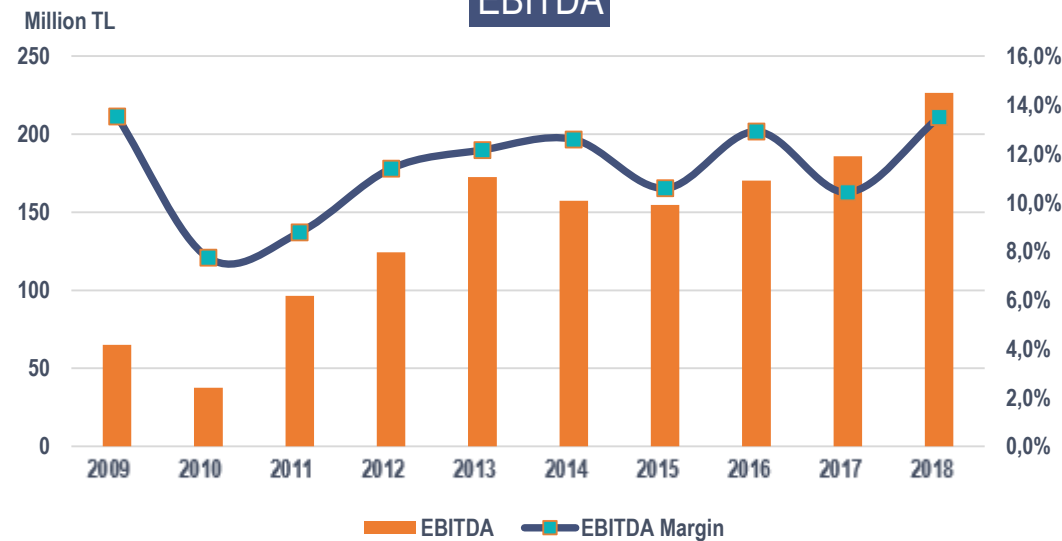
## Gross Profit



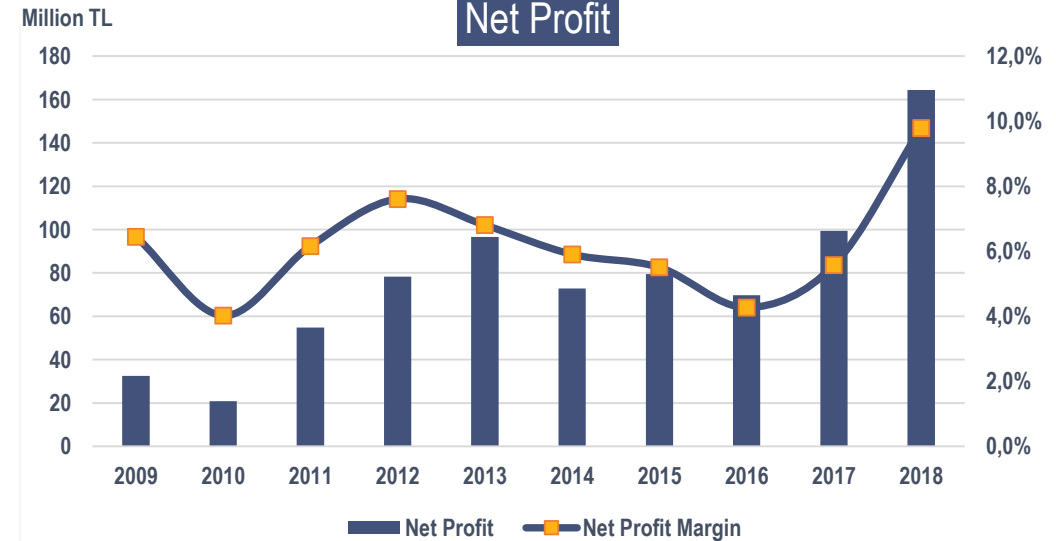
## Operating Profit



## EBITDA



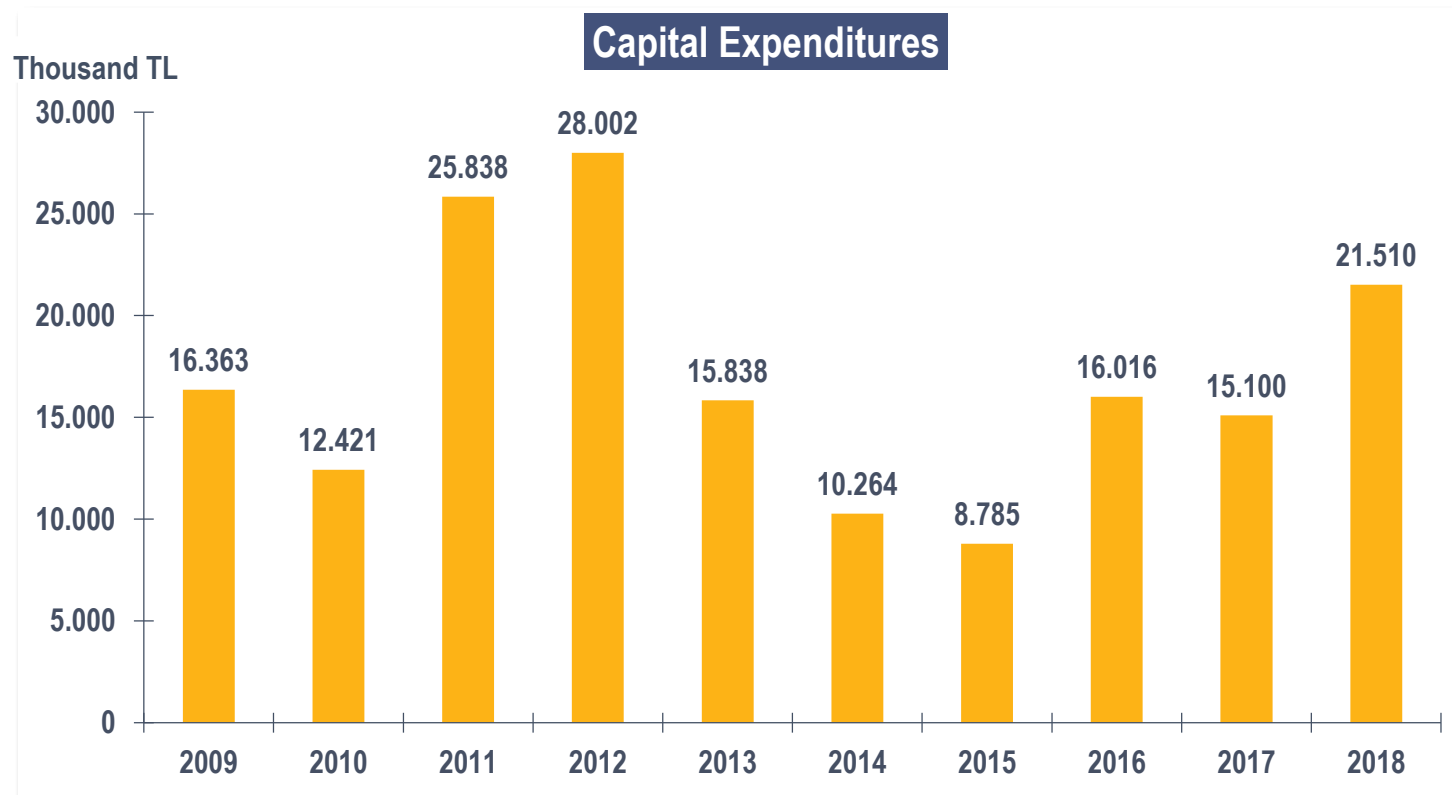
## Net Profit



# FINANCIAL INDICATORS

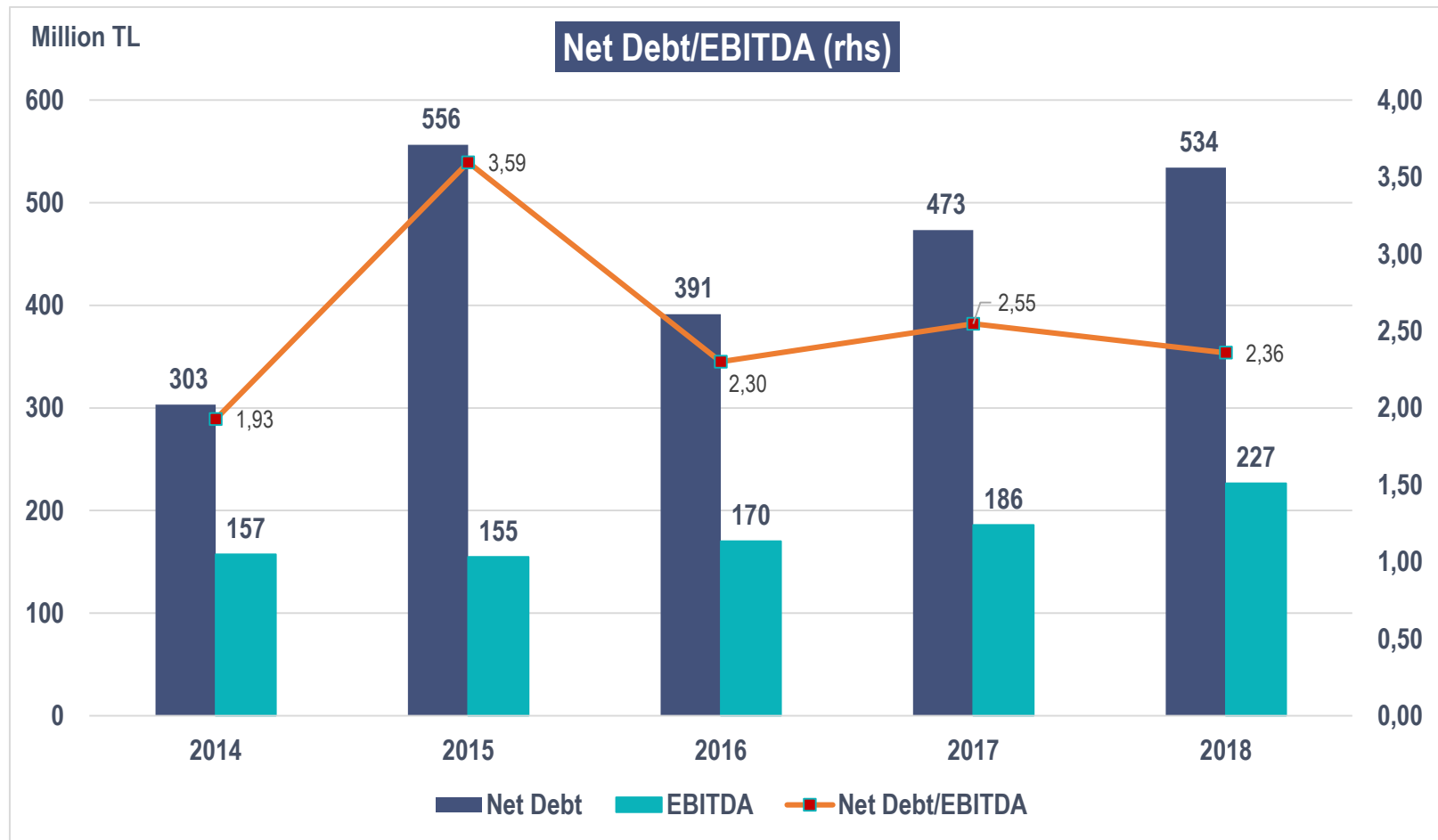
Ratios	2014	2015	2016	2017	2018
ROE	29,8%	32,4%	28,7%	35,1%	42,2%
EBITDA Margin	12,8%	10,8%	10,4%	10,4%	13,5%
Net Margin	5,9%	5,5%	4,3%	5,6%	9,8%
Net Debt/Equity	1,2	2,3	1,6	1,7	1,4
Net Debt/EBITDA	1,9	3,6	2,3	2,5	2,4
ST. Borrowing/T.Borrowings	51,8%	48,9%	59,8%	53,4%	37,7%
Equity/Total Assets	19,8%	15,3%	13,6%	14,1%	16,9%
Current Ratio	1,5	1,3	1,4	1,5	2,1

# FINANCIAL INDICATORS

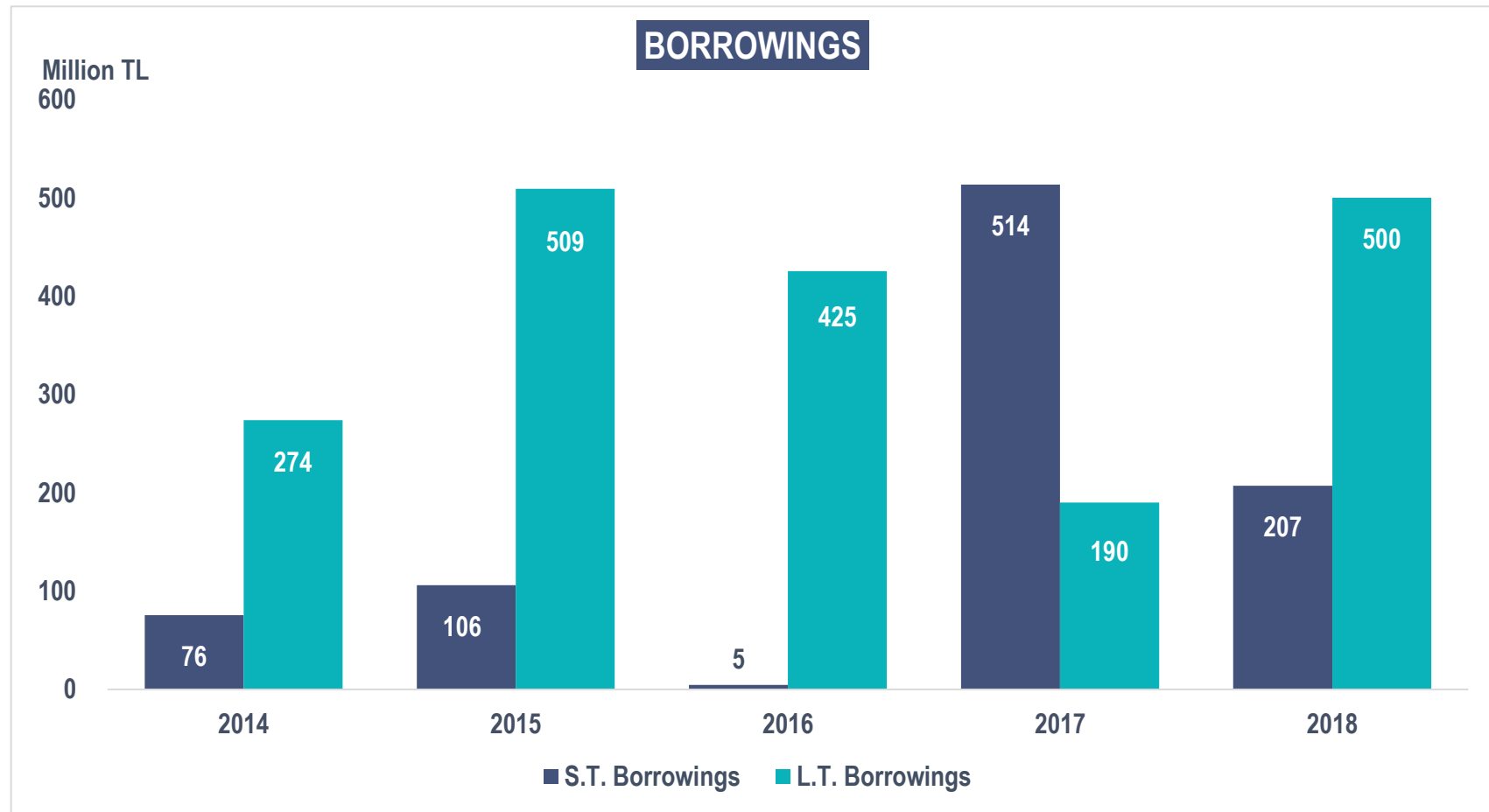




# FINANCIAL INDICATORS

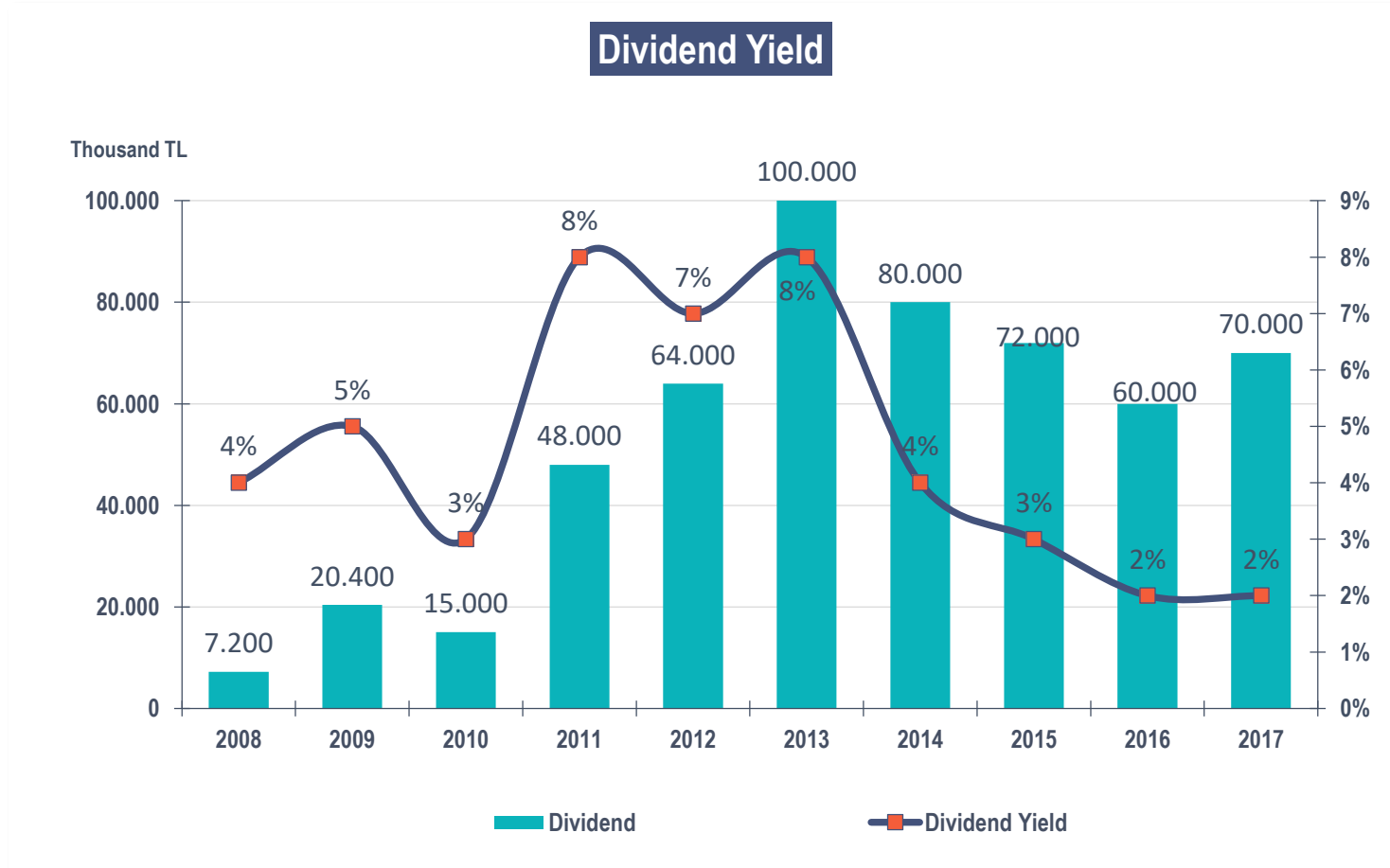


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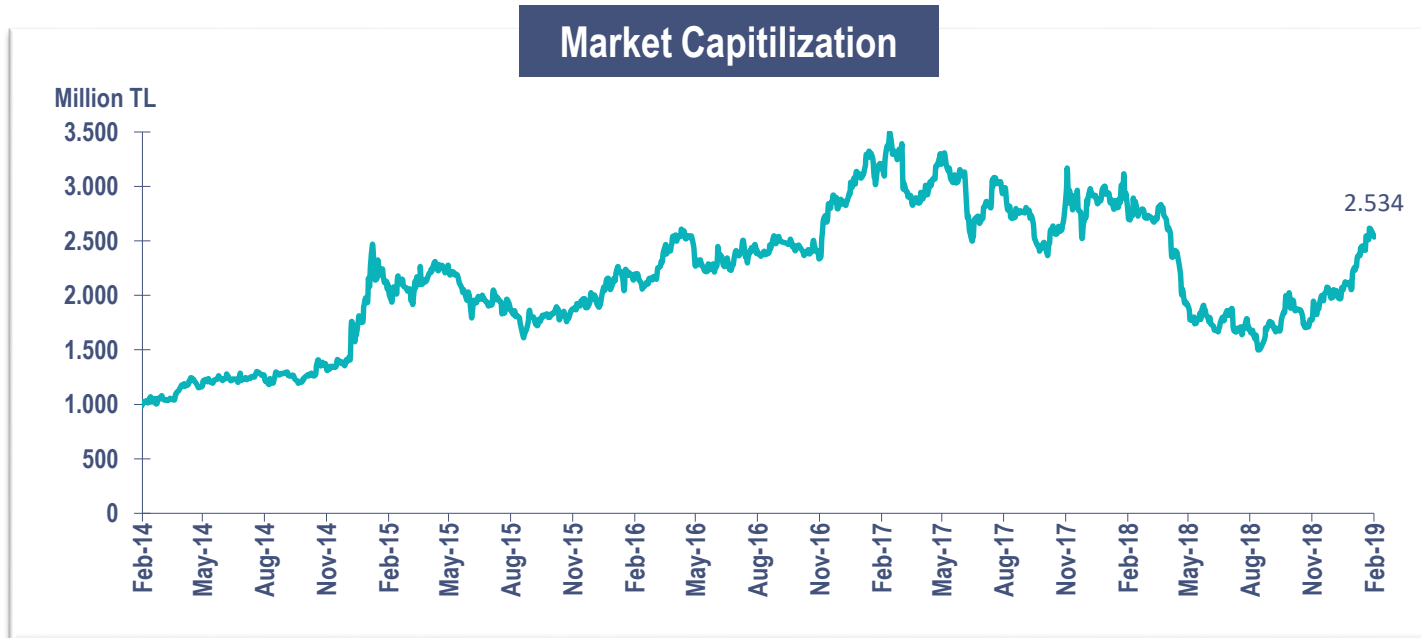
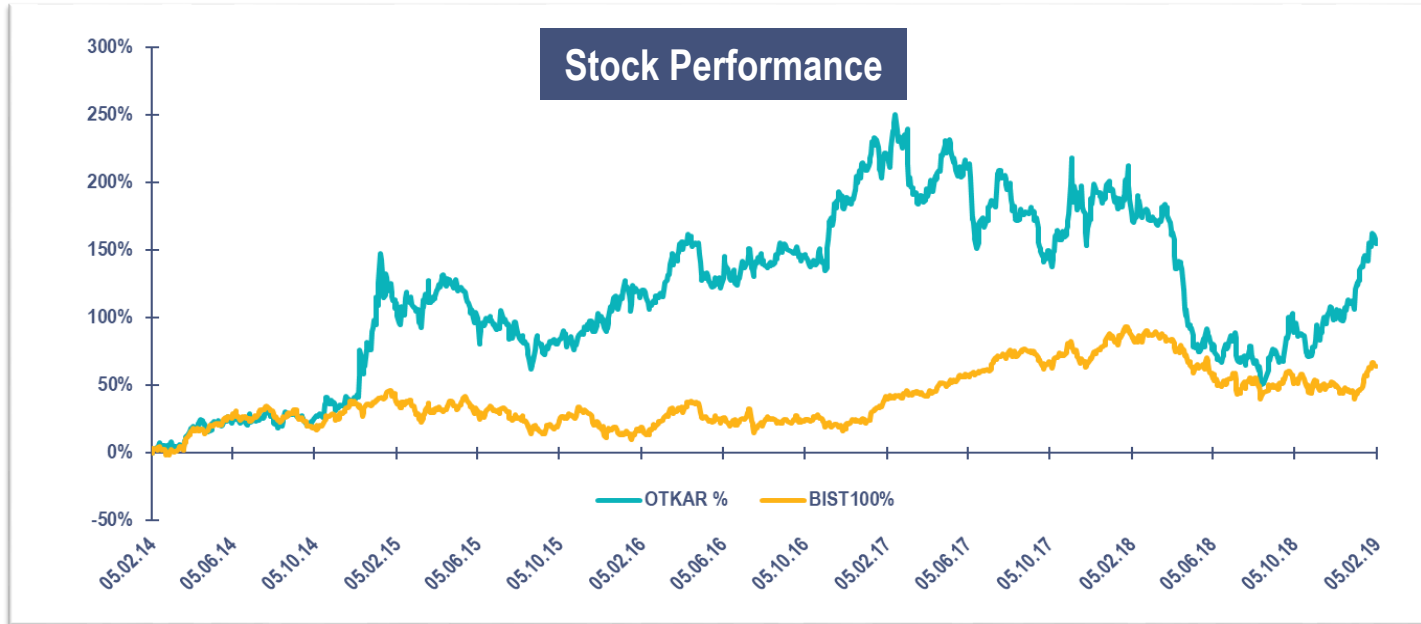
- Exchange rate risk and liquidity are monitored actively and the maturity of the borrowings and the currency type is determined by taking into consideration of the foreign currency position and liquidity risk.
- In the last 5-year period, borrowings are realized mainly in TL and long-term.

# FINANCIAL INDICATORS



- Consistent dividend distribution is an indication of the importance given to creating shareholder value.

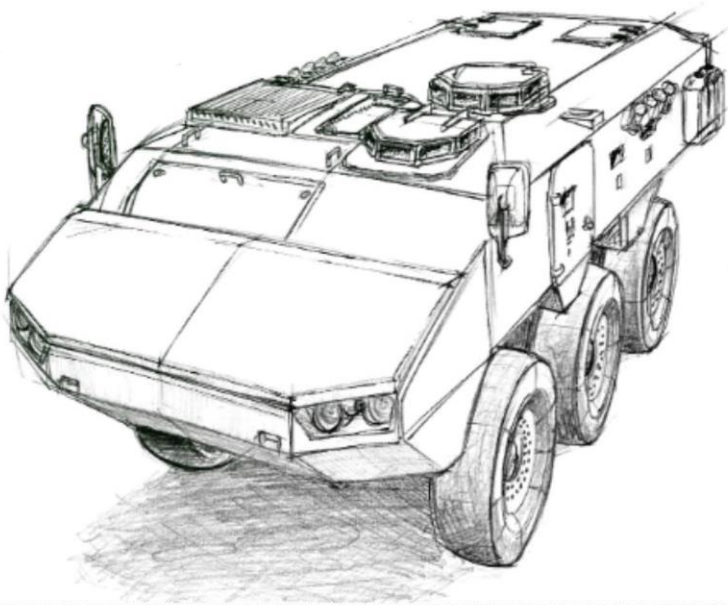
# STOCK PERFORMANCE



# R&D AND TEST CAPABILITIES



Otokar R&D Centre houses a Climatic Test Chamber with Dynamometre, the one and only of its kind in Turkey, and among the top few in Europe, and Turkey's highest capacity hydraulic road simulator as well as Turkey's largest and the world's best state-of-the-art Electromagnetic Compatibility Test Centre.





# R&D AND TEST CAPABILITIES



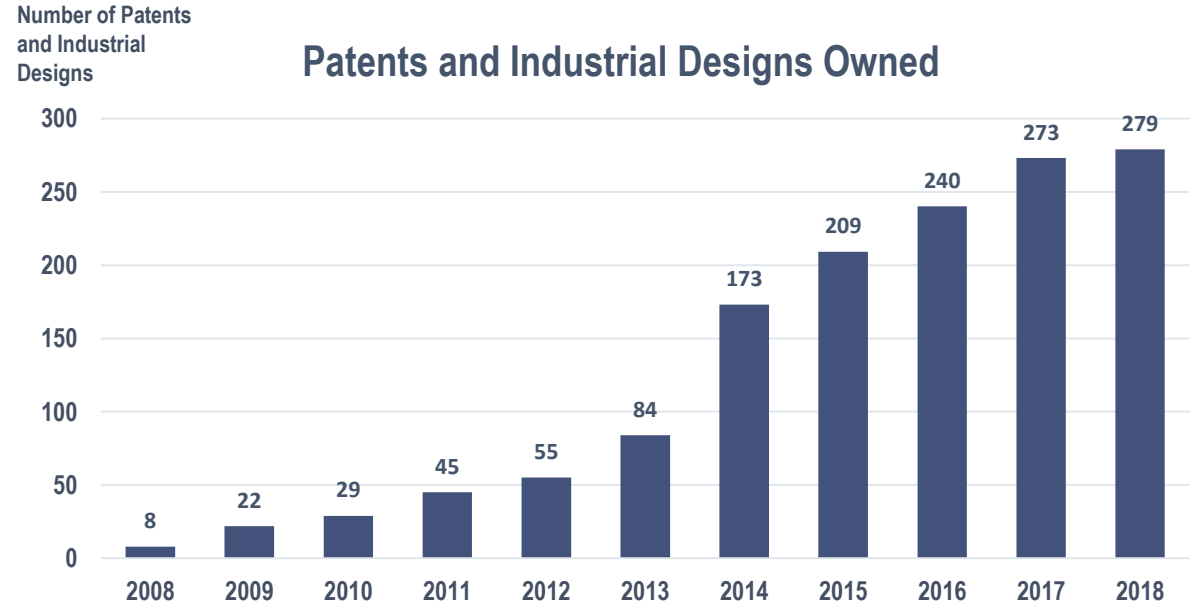
In addition to six different digital transformation projects, Otokar mobile application was developed for commercial vehicle users.

Total of **422** R&D center employee

As the project partner of Otokar and Koç Sistem, the development of the cloud-based platform including the Appstacle project and the smart vehicle applications that will form the next generation automotive standards are in progress.

Total R & D spending over the last 10 years **1 billion TL**

## Patents and Industrial Designs Owned



Motor oil, transmission oil, axle oil and antifreeze products for Otokar branded commercial and defense vehicles were introduced to the market under the brand Otokar Spectra.

10-year R & D expenditures in turnover **8%**

# ALTERNATIVE FUELED BUSES

## DORUK HIBRA

Turkey's first hybrid bus



## DORUK DG

Turkey's first natural gas powered mid-sized bus



## KENT DG

12 m CNG bus



## DORUK ELECTRA

Turkey's first electric bus



## Otokar listed in the BIST Sustainability Index for the **fourth** consecutive time

Otokar is strictly bound to the 10 principles of the **UN Global Compact** signed by Koç Holding in 2006

Otokar is also a signatory of **UN Women's Empowerment Principles** (WEPs) along with 30 Koç Group Companies

Otokar provided **19,068 hours of training to 1,589 employees** on occupational health and safety.

Otokar's proposal **was awarded** in the MESS Golden Glove and Golden Glove Recommendations Occupational Health and Safety competition which organized by Turkey Metal Industrialists' Union (MESS).

# CORPORATE GOVERNANCE



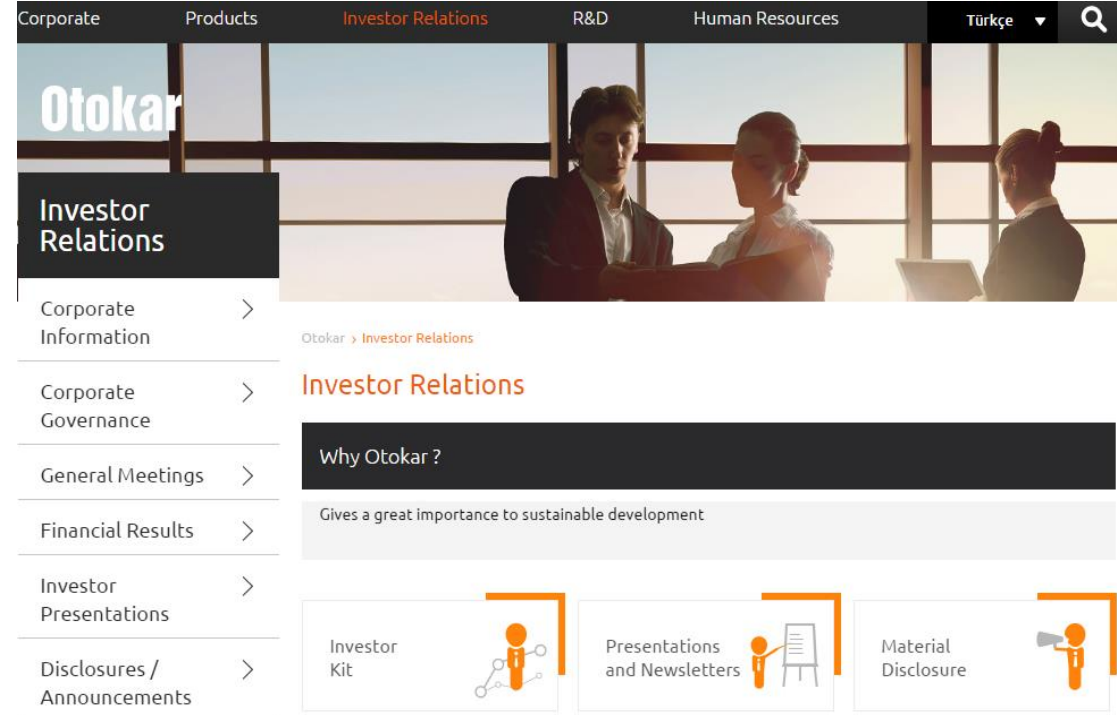
As a sign of the fact that it has achieved significant compliance with corporate governance principles and its efforts to adapt to corporate governance principles will continue to increase; Otokar, as publicly disclosed with the material disclosure dated 21.03.2018, stated that SAHA Corporate Governance and Rating Services A.Ş. (SAHA) **increased its Corporate Governance Rating to 93.51 (9.35 out of 10)**

Rating of Adaptation to Corporate Governance Principles	Weight	Rating
Shareholders	25%	95,41
Public Disclosure & Transparency	25%	93,94
Stakeholders	15%	97,13
Board of Directors	35%	90,31
<b>Total</b>	<b>100%</b>	<b>93,51</b>

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