

Otokar Reports 2009 Results

“A Good Sprint from Otokar by a Productive Last Quarter”

In this report we submit 2009 figures to compare with 2008 figures. 2009 & 2008 financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 2009

- Otokar generated USD 325.3 million total revenues in 2009. In 2009, the company recorded USD 224.9 million domestic and USD 100.4 million export revenues. Due to the sprint in the last quarter, the share of the last quarter reached to 38.0 % among all quarters. In spite of the global and domestic crisis, 2009 was not a lost year for Otokar.
- 2009 total revenues decreased 12.0 % and the unit sales contracted by 28.6 %. The decrease in revenues was always less than the contraction in the unit sales throughout the year, indicating the company’s conscious strategy to get rid of the expected economic stagnancy by focusing on profitable products. Especially, in the last quarter Otokar showed strong growth both in defense and commercial businesses.
- On the other hand, the decrease in sales units and revenues weren’t reflected identically on the profits. The decreases in gross, operating and net profits were 5.8 %, 18.2 % and 18.6 % respectively but on the margins side even increases were performed by Otokar. Gross margin was 26.1 % in 2009, whereas it was 24.3 % in 2008. Operating margin was 11.7 %, whereas it was 11.5 % in 2008. And lastly EBITDA was 13.5% in 2009, whereas it was 12.6 % in 2008.
- The planned dividend payment for 2009 was announced on Feb 19,2010 for TL.20.4 million which will be paid on Mar 24, 2010.

Overview

OTOKAR IFRS P/L Statement Highlights	2009 USD (thousands)	2008 USD (thousands)	USD Based Change
Net Sales	325.298	369.483	-12%
Cost of Sales	(240.534)	(279.543)	-14%
Gross Profit	84.764	89.940	-6%
Operating Expenses	(46.724)	(47.431)	-1%
Operating Profit	38.040	42.509	-11%
Income/(loss) before minorities & taxes	23.060	28.199	-18%
Taxation	(1.173)	(1.319)	-11%
Net Profit	21.887	26.880	-19%
EBITDA	43.995	46.453	-5%

Net Sales

Since the year 2009 was a crisis period, there were decreases in total revenues and unit sales. However, on Otokar side the decreases in revenues were lower than the decreases in unit sales and also the economical slowdown improved quarter after quarter. The total revenue of 2009 was USD 325.3 million, 12.0 % lower than the same period of the previous year. In domestic revenues, after an upward movement maintained by Otokar in 4Q 2009, the momentum of decrease by 38.2 % until 3Q'09, has slowed down to 11.6 %. Due to the continuation of the global crisis, export revenues declined by 12.7 % in 2009. As a result, the total revenues decreased by 12.0 % in 2009, whereas the decrease in total sales was 30.8 % in 3Q'09.

In terms of export and domestic revenues, exports comprised 31% and domestic revenues comprised 69 % of 2009 revenue, unchanged from a year before.

	2009 USD (thousands)	2008 USD (thousands)	Change %
Domestic Sales	224.851	254.450	-12%
Exports	100.447	115.033	-13%
Total	325.298	369.483	-12%

The new leader of 2009 on auto&midibus market was Otokar with 40.1 % share. Again in midibus market, Otokar was the new leader by comprising 36.8 % of the whole market. The marketshare of Otokar for Midibus segment sequentially increased from 25.7 %, 28.8 %, 31.8 % to 36.8 % from 1st to 4th quarters of 2009 respectively. This shows that the success in marketshare was a result of continuous and conscious growth strategy.

As a result, this year's leader segment in total revenues was the auto&midibus with 28.5 % share in total revenues. Armoured tactical products closely stood at the second place with 25.6 % share. In domestic revenues, auto&midibus segment stood at first place with 25.9 % share, whereas in exports armoured tactical vehicles remained as the leader with 53.0 % share like previous years.

Profit

In a year of downhill in sales units and revenues, Otokar managed to get even higher margins on almost all profit types except net profit. This was mainly because of the decreases in cost of sales, operating expenses and increase in amortisation. Otokar lowered its total debt to TL 141 million at the end of 2009, from TL 224 million at the end of 3Q'09. Otokar also converted some costly short-term debt to cheaper long-term debt in 4Q'09. In addition to the improvement in debt structure, due to the R&D incentives Otokar's tax expenditures minimized and the higher profit margins maintained.

Otokar's gross profit in 2009 was USD 84.8 million with a gross margin of 26.1 %. It was 24.3 % in 2008.

The operating profit in 2009 was USD 38.0 million with and operating margin of 11.7 %. It was 11.5 % in 2008.

The EBITDA in 2009 was USD 44.0 million with an EBITDA margin of 13.5 %. It was 12.6 % in 2008.

The net profit in 2009 was USD 21.9 million with a net margin of 6.7 %. It was 7.3 % in 2008.

The dividend for the year 2009 is TL.20.4 million which will be paid on Mar 24, 2010.

Investments

For 2009, the planned investment expenditure figure was around USD 10-15 million and it was spent firstly on R&D studies and then on facilities to add new products to the product range. The investment figure performed throughout 2009 amounted to USD 10.9 million.

Objectives

There are two key events for Otokar to watch out for the near term: 1) Undersecretariat for Defence Industry's 1.411 tactical wheeled armoured vehicle tender, 2) İstanbul Municipality's 1.500-bus tender.

In the defence vehicles side Otokar attended two big tenders of the Undersecretariat for Defence Industry totalling to 4.131 units of military. One of them is 1411 tactical wheeled armoured vehicle (336 units) and weapon carrier vehicle (1075units). The tender is still being negotiated and expected to be realized in 2010. The other tender was for the procurement of 2720 units of tactical wheeled vehicles and Otokar was honoured to produce 861 vehicles out of 2720 units. The result of the last tender effected greatly OTOKAR's last quarter figures. The remainder of this tender will be realized by the end of the 1st quarter 2010.

On commercial side, Otokar continues to launch the needs of the market. Although there is a decrease in domestic sales together with the stagnancy in the domestic market, Otokar has continued its R&D studies regarding the new products. The presentation of the new minibus M2010, KENT and Doruk 215T are proofs of this policy and opportunities like the big tender of İstanbul Municipality regarding the procurement of 1.500 buses may be a generous and immediate award to Otokar for its R&D studies. 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. Otokar had firstly launched Doruk series into the market in 2008 and then launched KENT public transport vehicles in June 2009. KENT was the first big bus vehicle of Otokar and targeted to meet the market demands in public transport market of 12-meter segment. Also Doruk 215T is the first 10-meter bus of Otokar and Turkey for intercity tourism needs. And last but not least, M2010 is the new minibus of Otokar a modern version of M2000 which is very commonly used in public transport. Even though there is no export activities regarding the minibuses till now, since this new product was produced in accordance with the European transportation standards and the export operation of M2010 under the name of Centro is also planned.

In addition these developments in product development side, Otokar also continues to attend in both military and commercial fairs. Otokar attended to 6 fairs in the first 9 months of 2009. 4 of them were military and 2 of them were commercial fairs. The fairs Otokar attenden so far are:1-IDEX 2009 Abu Dhabi, 2-Bahrain Security Forum and Exhibition 2009, 3-DSEI 2009 London, 4-IDEF Defence Industry Fair-Istanbul, 5-LPG and Pressurized Natural Gas Services and Technology Fair-Istanbul, 6-Busworld 2009-Belgium, 7-18-21 November Verona Bus Fair.

FINANCIALS

OTOKAR IFRS Balance Sheet	2009 USD (thousands)	2008 USD (thousands)
Current Assets	281.912	227.069
Current Liabilities	232.725	235.078
Working Capital	49.188	(8.008)
Property, Plant & Equipment -Net	68.136	63.948
Total Assets	399.143	335.817
Total Liabilities	284.165	238.021
Shareholders Equity	119.978	97.796

OTOKAR IFRS Balance Sheet	2009
Current Ratio	1.21
Liquidity Ratio	0.74
Current Assets / Total Assets	0.71
Current Liabilities / Total Liabilities	0.82
Total Liabilities / Total Liabilities & Shareholders' Equity	0.71

OTOKAR IFRS Statement of Cash Flow	2009 USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	43.774
Net Cash Provided by Operating Activities	59.439
Net Cash Used in Investment Activities	(18.791)
Pre-Financing Cash Flow	40.648
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	(63.250)
Net Increase in Cash and Cash Equivalents	(22.601)
Cash and Cash Equivalents at the End of the Period	21.174

For Further Information please contact:

Ö.Ahmet Özerol
Investor Rel.s
Tel: (+90 264) 229 22 44 – 422
aozerol@otokar.com.tr

Yasemin Orhon
Finance Section Manager
Tel: (+90 264) 229 22 44 – 411
yorhon@otokar.com.tr

Hüseyin Odabaş
Asst. Gen. Manager, Finance
Tel: (+90 264) 229 22 44 - 451
hodabas@otokar.com.tr