

### OTOKAR REPORTS 2005 RESULTS

#### “2005: Year of Exports”

In this report we submit 2004 end of year figures re-based to provide an approximate comparison to 2005 end of year figures. 2004 & 2005 financial results published in this press release are audited and prepared according to International Financial Reporting Standards.

#### Highlights of 2005

- Export revenues of 2005 was almost as triple as 2004. Share of export revenues in total revenues in 2005 increased to %37 from %12 in 2004. This growth in exports was stemmed from high international demand on our defense products.
- Shipments of the \$88,4 million amount defense order taken in mid-2005 from abroad took a start in 4Q of 2005.
- Net sales in 2005 were USD 212 million implying a 2% decrease YoY.
- Sales volume obtained in 2005 was 3.750 vehicles. Defense vehicles’ portion in total sales volume rose to %34 in 2005 from %16 compared a year before.
- Yielding a margin of 8%, Otokar’s recorded EBITDA as of 2005 was USD 17,2 million.
- Net profit of 2005 was realized as USD 6,9 million. The attained net margin of 2005 was 3,3%.

#### Overview

<b>OTOKAR IFRS P/L Statement Highlights</b>	<b>2005 USD (thousands)</b>	<b>2004 USD (thousands)</b>	<b>USD Based Change</b>
Net Sales	211.665	215.891	-2%
Cost of Sales	160.032	166.314	-4%
Gross Profit	51.633	49.577	4%
Operating Expenses	39.552	30.300	31%
Operating Profit	12.081	19.277	-37%
Income/(loss) before minorities & taxes	9.159	22.098	-59%
Taxation	2.187	6.645	-67%
Net Profit	6.972	15.453	-55%
<b>EBITDA</b>	<b>17.215</b>	<b>24.720</b>	<b>-30%</b>

### *Net Sales*

Otokar generated USD 212 million sales revenues and reported a net profit of USD 6,9 million for the year 2005. %37 of total net sales came from international businesses where as %63 came from countrywide sales.

Compared to year 2004, Otokar increased its export revenues %199 in 2005 via defense oriented orders that were taken from abroad at the end of 2004 and the beginning of 2005. Shipments of the USD 88,4 million amount defense order taken in mid-2005 from abroad also took a start in last quarter of 2005. This single agreement in realm of exports is the largest defense industry order from abroad the company has ever received until today.

	<b>2005 USD (thousands)</b>	<b>2004 USD (thousands)</b>	<b>Change %</b>
Domestic Sales	133.226	189.626	-30
Exports	78.439	26.264	199
<b>Total</b>	<b>211.665</b>	<b>215.891</b>	<b>-2</b>

Land Rover Defenders ranked first in share of export revenues. Main export regions of the company were North African, Middle Eastern, Gulf Region and European countries. The sustainable growth in export revenues mainly resulted in exports of defense products proves the maintenance of company's innovator status.

Beside the growth in defense vehicles, Otokar also remained as one of the main players in commercial vehicles market with the minibuses, midi-buses and trailers that were in its product range. During 2005 the homologation studies were completed for adaptation of our midi-buses - "Navigo"- to European Union markets. Distribution network in Europe for "Navigo" was also established. Recently, the company has dealers in France, Italy, Romania and Bulgaria. Overwhelming market dominance of company in minibus niche market also remained in 2005 with %89 market share. Like 2004, Otokar also continued to meet the trailer sector demand by producing full capacity in 2005.

### *Profit*

The composition of total sales volume in 2005 was different from 2004 in terms of product's gross profit margins. Gross profit rose by %4 with higher gross margin of %24,4 in 2005 whereas it was %23 in 2004.

Despite of 4% increase in gross profit, 31% decrease in operational expenses caused lower operating profit in 2005 compared to 2004. The operating profit was recorded as USD 12 million with 6% operating margin. Sales expenses due to export contracts were the main reason behind the high increase in operating expenses affecting the operating profit.

Yielding a margin of 8%, Otokar's recorded EBITDA as of 2005 was USD 17,2 million.

The generated net profit of 2005 was USD 6,9 million with a net profit margin of 3,3%.

### *Investments*

Total capex in 2005 was USD 3,5 million. Some part of this amount was spent on routine machinery repairment, plant fixing and renovation. The rest of the total capex was belong to modernization and purchasing additional test and design equipments for Otokar's new Test and Design Center, which became active during 2005.

### *Objectives*

The company aims %22 growth in net sales revenue together with an export revenue growth over %28 for the year 2006 which are all signed contracts. Beside the substantial revenue growth in defence vehicles for 2006, the company have also been carrying R&D studies on new models of its civilian vehicles product range to increase the revenue coming from its civilian vehicles.

### *Ongoing Projects for 2006*

The production of USD 88,4 million amount defense order taken in mid-2005 from abroad is planned to be completed till the end of 2006. This giant defense order is comprised of 600 vehicles, 573 of which are armored vehicles.

Lately, Otokar concluded an agreement of 50 units of "Cobra" 4x4 armoured vehicles plus spare parts and training with an amount of USD 13,3 million. This order will also be delivered until the end of 2006.

With this latest defense order, Otokar has a total of over USD 100 million worth already signed military orders to be delivered for the year 2006. Except for these, other military based agreements are being held with our clients in the export markets for the coming year.

### *Modern National Tank Project*

The Undersecretariat for the Defence Industry launched a local tender for the design, development and manufacture of a main battle tank in February, 2006. The companies Otokar, FNSS and BMC responded to the Request for Proposal in February, 2006. Initial tender process is expected to be completed within 2006.

<b>OTOKAR IFRS Balance Sheet</b>	<b>2005 USD (thousands)</b>	<b>2004 USD (thousands)</b>
Current Assets	111.630	114.550
Current Liabilities	73.641	74.639
Working Capital	37.988	39.911
Property, Plant & Equipment -Net	30.852	32.792
Total Assets	155.266	160.104
Total Liabilities	78.061	78.731
Shareholders Equity	77.205	81.374

<b>OTOKAR IFRS Balance Sheet</b>	<b>2005</b>
Current Ratio	1,52
Liquidity Ratio	1,00
Current Assets / Total Assets	0,72
Current Liabilities / Total Liabilities	0,94
Total Liabilities / Total Liabilities & Shareholders' Equity	0,50

<b>OTOKAR IFRS Statement of Cash Flow</b>	<b>2005 USD (thousands)</b>
Cash and Cash Equivalents at the Beginning of the Period	3.651
Net Cash Provided by Operating Activities	29.025
Net Cash Used in Investment Activities	-2.762
Pre-Financing Cash Flow	26.263
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	-23.302
Net Decrease in Cash and Cash Equivalents	2.960
Cash and Cash Equivalents at the End of the Period	6.611

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