

Otokar

INVESTOR PRESENTATION

(07.08.2017)

Prepared based on 2017 1H financial results

ABOUT US

- INTRODUCTION
- VISION & MISSION
- BRIEF HISTORY
- SHAREHOLDER STRUCTURE
- PRODCUTION PLANT
- EMPLOYEE PROFILE
- PRODUCT RANGE
- ALTAY PROJECT
- R&D and TEST CENTRE

FINANCIAL INDICATORS

- FINANCIAL STATEMENTS & RATIOS
- PRODUCTION-SALES-REVENUE-BACKLOG
- CAPITAL EXPENDITURE
- STOCK and DIVIDEND PERFORMANCE
- MARKET CAPITALISATION

LONG-TERM OBJECTIVES

- SUSTAINABLE GROWTH
- GROWTH WITH PRODUCTS WHICH LICENSE RIGHTS BELONG TO OTOKAR
- GROWTH IN EXPORT MARKETS
- SHAREHOLDER VALUE CREATION

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 and 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 7 years

Vision

- Otokar's vision is to preserve the local and national identity of its products by developing technologies in-house, and 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 defence industry products with global competitive strength, all developed to meet customer expectations.

Brief History

Otokar



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 buses
- Turkey's first hybrid bus
- The prime contractor of ALTAY Project



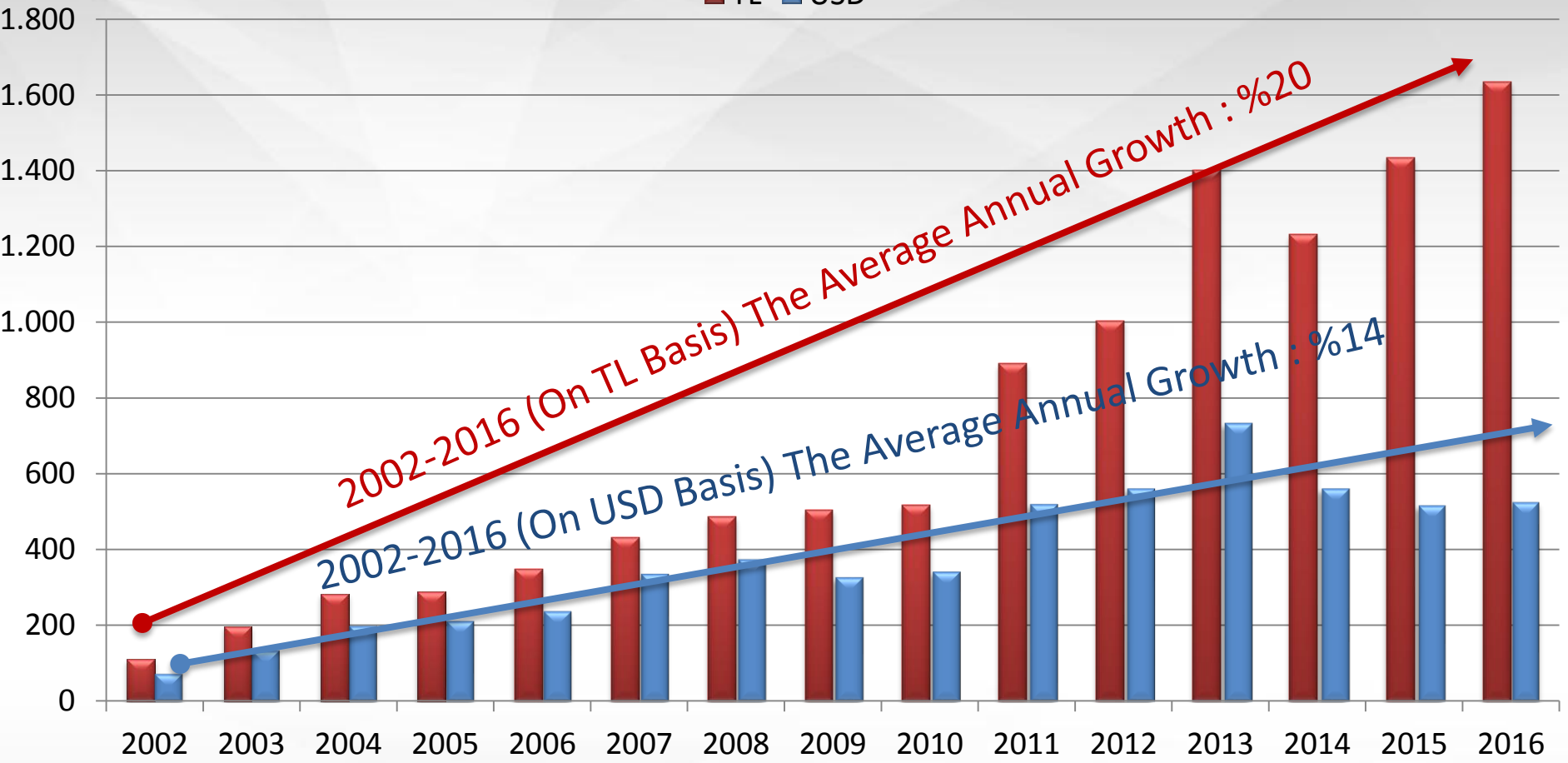
2010s

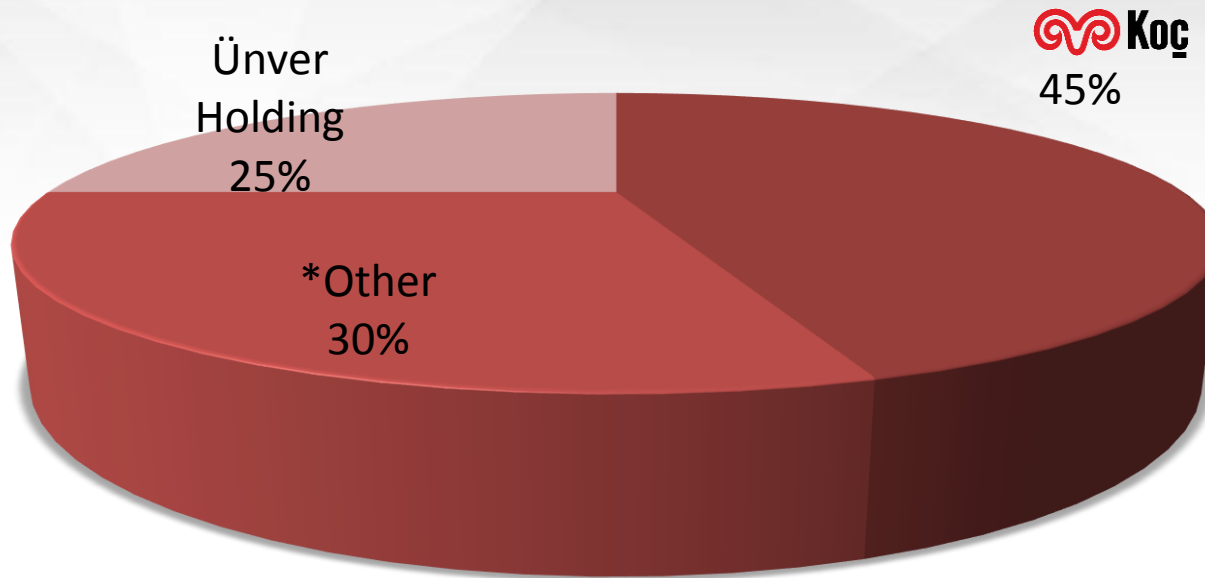
- Production of City Buses
- Multi-wheeled armoured tactical vehicle family
- Turkey's first electric bus
- Atlas Light Truck
- New armoured tactical wheeled vehicle, URAL
- Tracked Armoured Vehicle
- POYRAZ midibus

Million
TRY/USD

Revenue

TL USD





**27% Listed*

**3% Other*



552,000 m² plant, approximately 2200 employee

Capacity of

3700 Land Vehicle

900 Tactical Armoured Vehicle

5000 Autobus + Minibus

1400 Trailer ve Semi-trailer

1600 Light Truck

Certificates

ISO 9001 Quality Standard

ISO 14001 Environmental Standard

ISO 10002 Customer Satisfaction Quality Standard

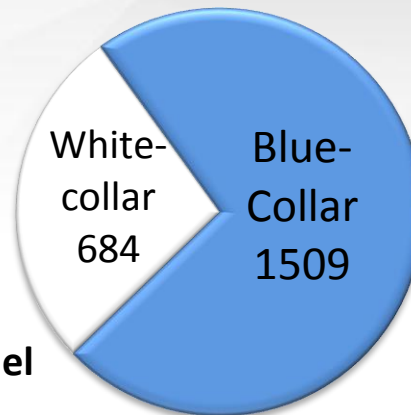
ISO 27001 Information Security Management System

AQAP 2110 Military Quality Assurance Certificate

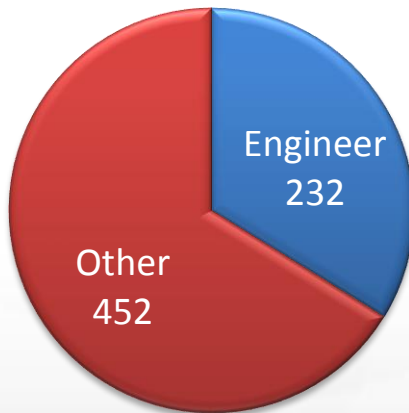
Facility Security Certificate with National and NATO Secrecy Degree

ISO 3834-2 Quality Requirements for Fusion Welding of Metallic Materials

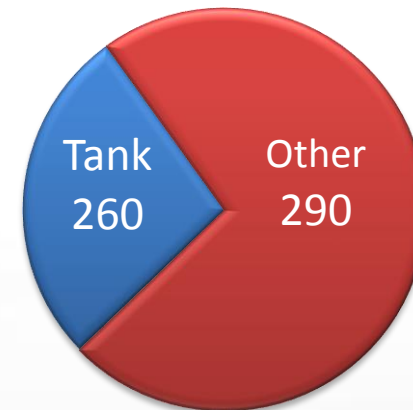
2193 Employee



684 White-Collar Personnel

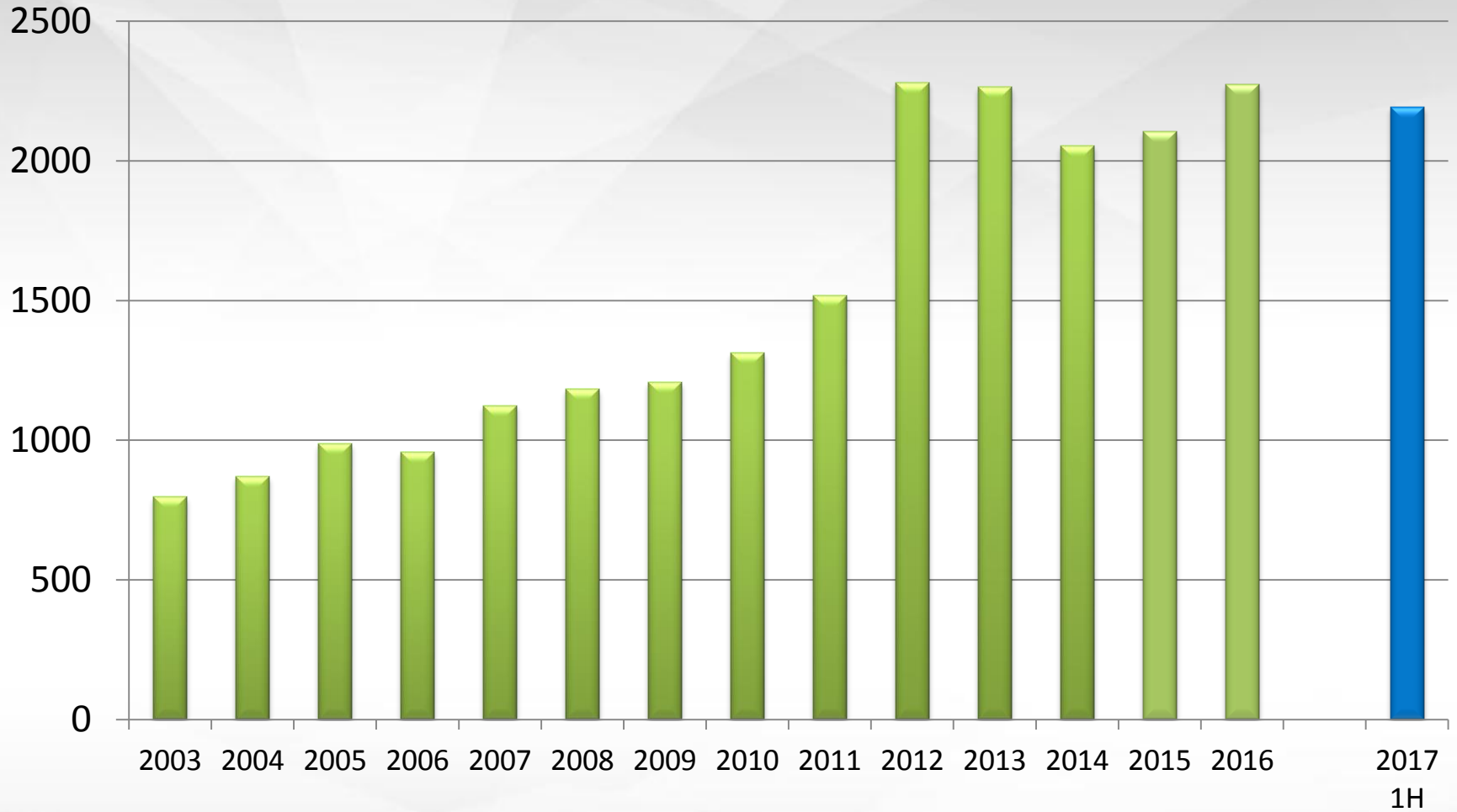


550 R&D Centre Personnel



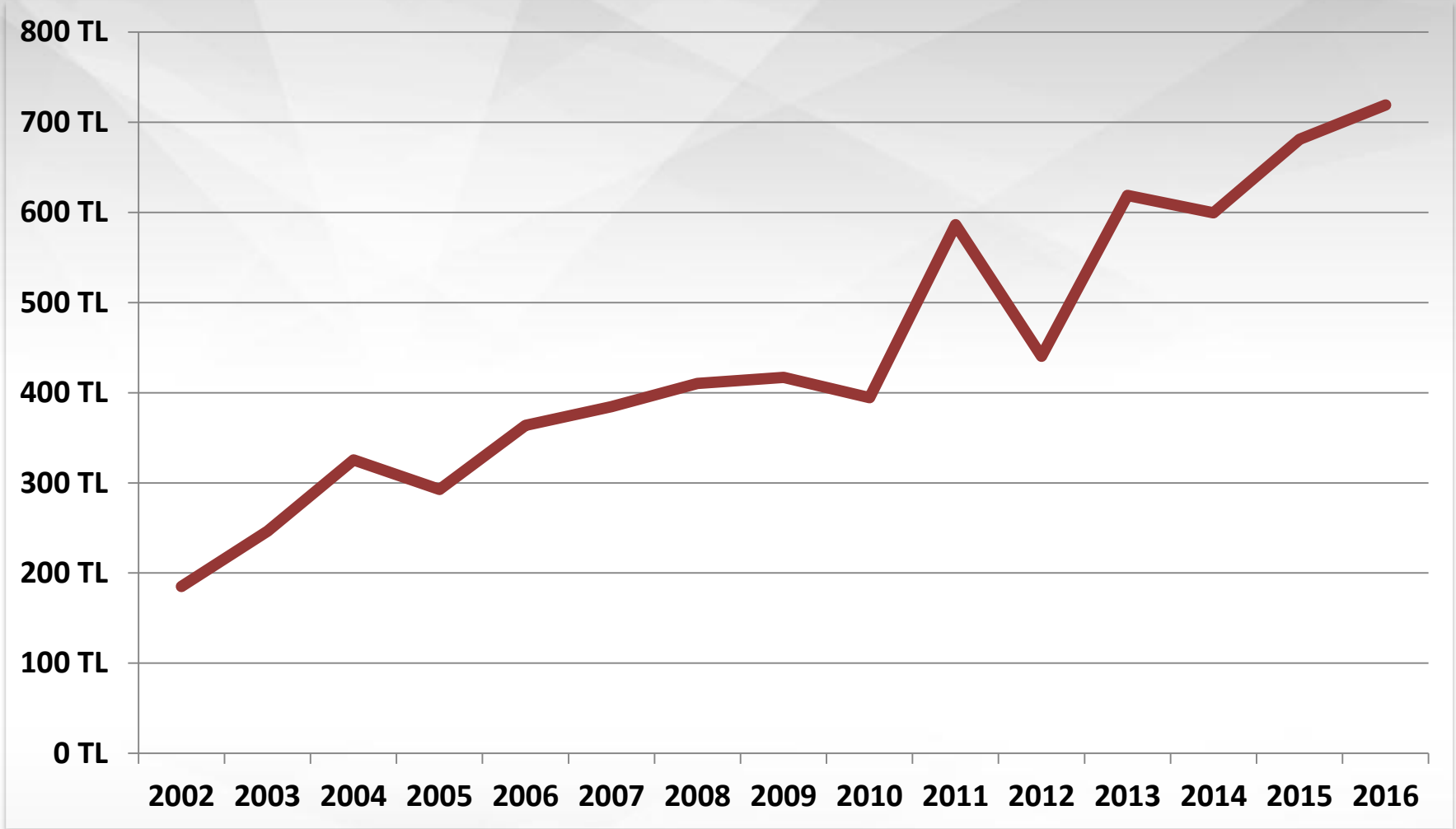
Number of Employee

Otokar



Revenue per Employee

Otokar



Commercial Vehicles

Defense Industry

Public Transport



Models

KENT / DORUK /
SULTAN / POYRAZ /
M-2010 / CENTRO /
NAVIGO / VECTIO /
TERRITO / KENT
ARTICULATED

Logistic Vehicles



Models

FRUEHAUF / OTOKAR

Light Truck



Models

OTOKAR ATLAS



Models

LAND ROVER DEFENDER / ARMoured
PERSONAL CARRIER / URAL / COBRA /
COBRA II / KAYA / KAYA II / KALE /
ARMA 6x6 / ARMA 8x8 / INTERNAL
SECURITY VEHICLE / TULPAR / ALTAY

Otokar, Turkey's the most preferred bus brand for the seventh time!

About 30 thousand buses, carrying millions of passengers in more than 40 countries!





POYRAZ



SULTAN / NAVIGO



DORUK / VECTIO



TERRITO



KENT



KENT ARTICULATED

A wide product range
from intercity
transport to personnel
and tourism transport

Special Products

Researches for
Alternative fuels

The new small bus
with low operating
costs and very
economic fuel
consumption,
designed for service
transport



SULTAN / NAVIGO

Otokar

- Turkey's best-selling small bus
- Different models for intercity transport, service and tourism transport



- Turkey's market leader in medium-sized buses
- “Grand Award” prize in Europe
- Different models for intercity transport, service and tourism transport



The 12-meter
bus developed
for the
European
market



- Turkey's most preferred 12 m. intercity bus
- 2 Design Award in Europe and Turkey



Kent Articulated bus was launched at Busworld Exhibition, Belgium in 2015.



Alternative Fueled Buses

Otokar

2007

DORUK Hibra

**Turkey's first
hybrid bus**



2009

DORUK DG

**Turkey's first natural
gas powered mid-sized
bus**



2011

KENT DG

12 m CNG bus



2012

DORUK ELECTRA

**Turkey's first electric
bus**





About 25 thousands of semi-trailer that provides transportation service in the roads of the world!

Curtainsider Trailers



- TIRLINER
- EUROSLIDER
- SPEEDSLIDER
- MEGALINER
- ECOTIR
- ECOLINER

Van Type Trailer



- ICELINER
- TEXTILE CARRIER

Tanker Trailer



- ADR CERTIFICATED TANKER
- TRAILER AND TRUCK-TOP APPLICATIONS

Internal Logistic Tools



- CONTAINER CARRIER
- PLATFORM TRAILER
- ROLL CARRIER
- TIPPER CHASIS

Curtainsider Trailer

Otokar

Customer-oriented
solutions in the
transportation of dry
load



Van Type Trailer

Otokar

For 14 years, most commonly preferred refrigerated trailer in Turkey for transport of perishable goods in hygienic and safe condition



Tanker

Otokar

- Turkey's first ADR certificated trailer
- Wide product range and proficiency





A light truck, with high payload capacity and low operating cost





More than 29.000 military vehicle serving in 5 continents and in more than 30 countries

Tactical Wheeled Vehicles

TWV



Land Rover
Defender

TWAV

4x4



APC
URAL
COBRA
COBRA II
KAYA
KAYA II
KALE
ISV

6x6



ARMA 6X6

8x8



ARMA 8X8

Tracked Vehicles

TAV



TULPAR

MBT



ALTAY

Turret Systems



MIZRAK UKKS
KESKİN UKKS
OPEN TURRETS
INTERNAL SECURITY TURRET
WEAPON STATIONS (MİLAN
TOW)
UCOK
BOZOK
BASOK

Land Vehicles from 3/4 ton to 60 tons

APC (Armoured Personnel Carrier)

Otokar

Actively in use in
12 countries
including Turkey



Otokar's armoured tactical wheeled vehicle which is successful on Internal Security Operations, low silhouetted and quick

The optimal solution on issues such as strategic areas and border control, convoy protection and patrol



Armoured tactical vehicle which has worldwide competitiveness with its unique design, mobility, survivability and superior protection



The new member
of COBRA family
the most well-
known vehicle of
Otokar...

Large internal
volume, high
protection.



Otokar's new armoured tactical wheeled vehicle that is suitable for safety and internal security usage.



KAYA Mine Resistant Vehicle

Otokar

The mine resistant vehicle which provides maximum mine and ballistic protection in all types of terrain, offers great mobility



The mine resistant personnel carrier vehicle that consists of single cabin with its monocoque body



KALE Mine Resistant Vehicle

Otokar

Mine resistant
personnel carrier



ARMA is new generation modular multi-wheel configuration armoured vehicle with high level of ballistic and mine protection



Arma 6x6, with its large internal volume, amphibious capability and low silhouette



Armoured combat vehicle
ARMA 8x8, provides high
protection and large
internal volume



A new generation tracked armoured vehicle which ends Turkey's dependence on foreign sources and its all intellectual property rights belong to OTOKAR



INTERNAL SECURITY VEHICLE

Otokar

The armoured tactical vehicle specifically designed and developed with the aim of internal security in cities and living areas.



A worldwide
brand in
tactical
vehicles.



- Since 1989, Otokar has been working on turret systems to meet the needs and demands of current and potential users in land systems with trained manpower and R&D investments.
- Otokar has nearly 27 years of experience and expertise on the subjects of original design and integration of different turrets.
- Otokar's 4x4, 6x6, 8x8 and tracked vehicles serve as ideal platforms for different types of turret.

Otokar is the PRIME CONTRACTOR of Turkish Main Battle Tank Project ALTAY.



The request for Altay serial production proposal document was released and Otokar was invited to the tender.



- Otokar's R&D, establishment dates back to 1970's, today, designing and manufacturing Turkey's vehicle.
- Otokar's R&D works for products whose intellectual rights belong to itself, with the vision of having and dominating the technology.



- CAD programs for product developments
- The Prototype workshops and softwares
- Computer-aided analysis and simulation softwares
- Test-purpose setup and software





Dinometer Air-conditioned Test Centre; Turkey's first and only, one of the few facilities in Europe

Turkey's the highest capacity hydraulic road simulator



Turkey's the biggest and the world's most modern Electromagnetic Compatibility Testing Centre



One of the world's most advanced and modern ballistic laboratories and mine testing equipments



30.06.2017

Total Assets (TRY)		Total Liabilities&Shareholders Equity (TRY)	
Current Assets	1.485.791	S.T. Liabilities	867.126
Fixed Assets	353.375	L.T. Liabilities	762.594
		Shareholders Equity	209.446
Total	1.839.166	Total	1.839.166

TRY thousands (IFRS)	30.Jun.2017	30.Jun.2016
Net Sales	961.228	693.670
Cost of Sales	(742.962)	(518.673)
Gross Profit	218.266	174.997
Operating Costs	(133.898)	(119.995)
Operating Profit	84.368	55.002
Finacial Expenses	(57.509)	(36.323)
Profit Before Taxes	28.080	18.691
Taxes	0	(2.953)
Net Profit	28.080	15.738

Net Profit

Otokar



TRY thousand (IFRS)	30.Jun.2017	30.Jun.2016
Cash and Cash Equivalants at the beginning of the period	38.598	62.960
Net cash provided by operating activities	(254.019)	(16.810)
Net cash used in investing activities	(42.697)	(31.808)
Pre-financing cash flow	(296.716)	(48.618)
Net cash used in Financing Activities	317.861	21.891
Net decrease/increase in Cash and Cash Equivalents	21.429	(26.781)
Cash and cash equivalents at the end of the period	60.027	36.179

TRY thousands	30.Jun.2017	31.Dec.2016
Current Assets	1.485.791	1.449.932
S. T. Liabilities	867.126	1.066.339
Working Capital	618.665	383.593

Net Financial Debts

Otokar

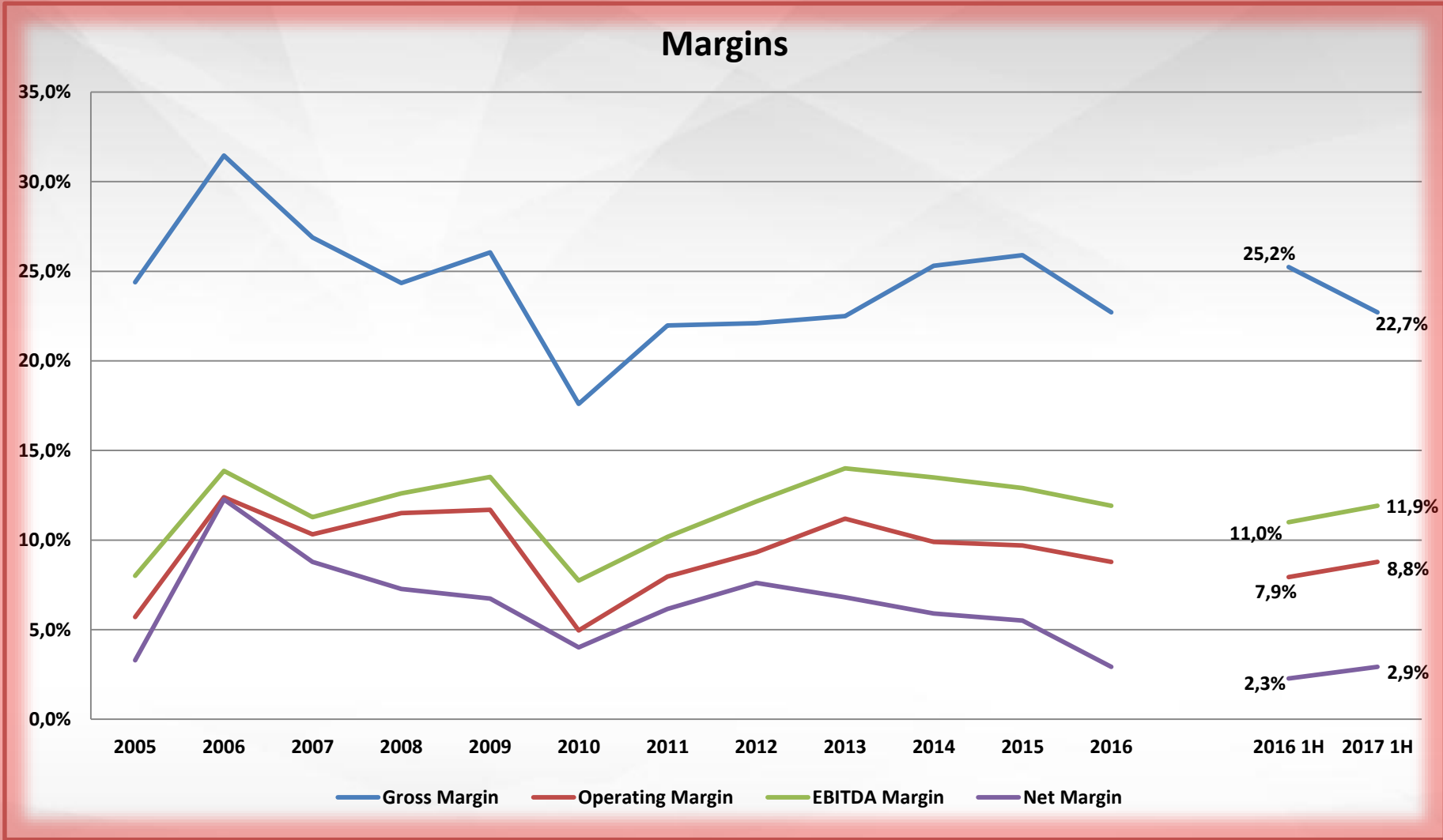
TRY thousand	30.Jun.2017	31.Dec.2016
Cash and Equivalents	60.027	38.598
Trading Securities	0	0
Other	0	0
Total Financial Assets	60.027	38.598

TRY thousand	30.Jun.2017	31.Dec.2016
S.T. Bank Loans	145.480	4.672
L.T. Bank Loans	721.436	425.447
Total Financial Debts	866.916	430.119

TRY thousand	30.Jun.2017	31.Dec.2016
Net Financial Debts	806.889	391.521

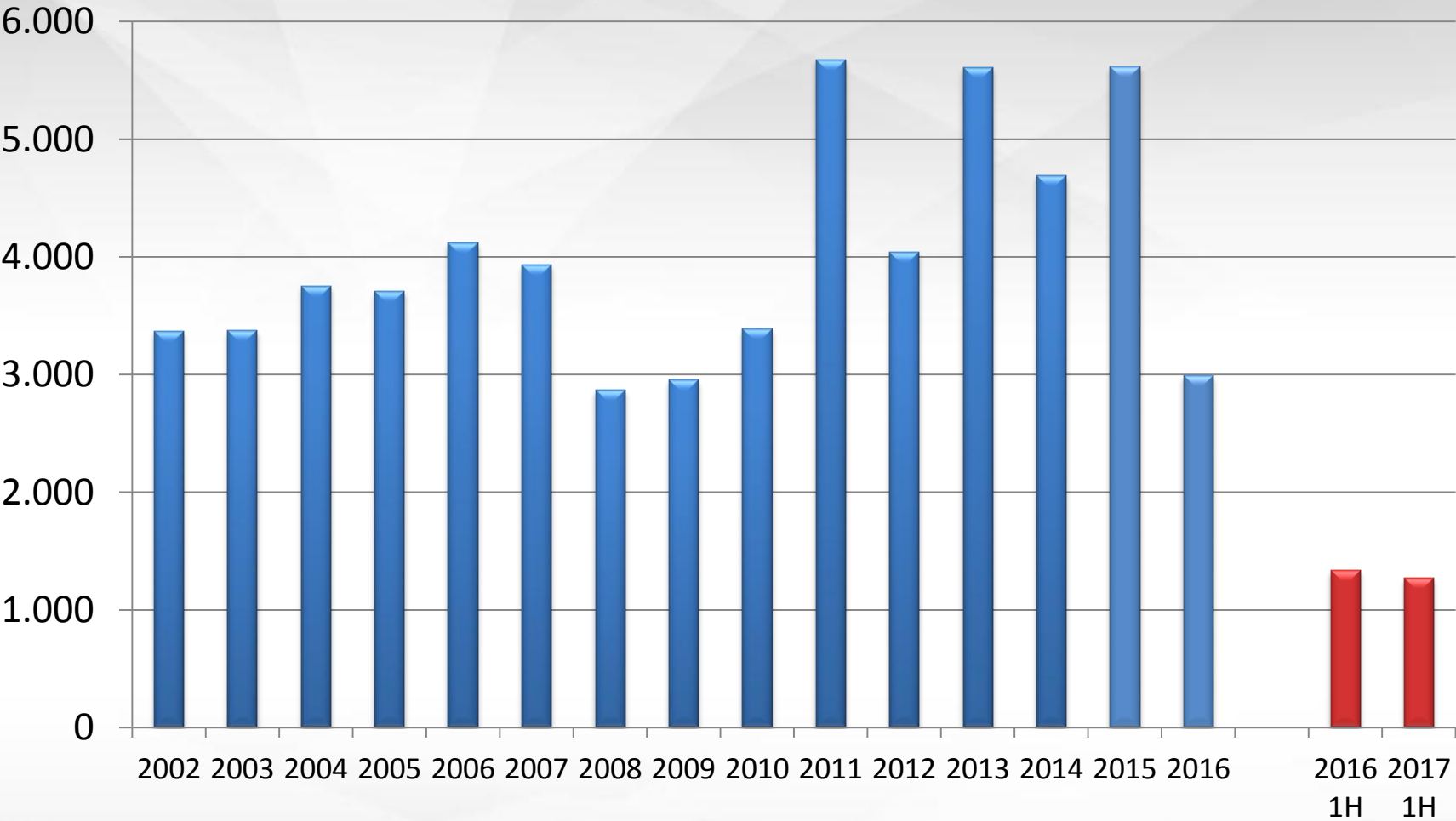
Financial Ratios	2017 1H	2016 1H
Current Ratio	1,71	1,29
Liquidity Ratio	1,16	0,76
Return On Equity	13,4%	8,3%
Return on Assets	1,5%	0,9%
Cur.Assets/Tot.Assets	81%	78%
Short Term Lia./Tot. Lia.	47%	60%
Tot.Lia./Tot.Assets	89%	89%

Margins	2017 1H	2016 1H
Gross Margins	22,7%	25,2%
Operating Margin	8,8%	7,9%
EBITDA Margin	11,9%	11%
Net Profit Margin	2,9%	2,3%

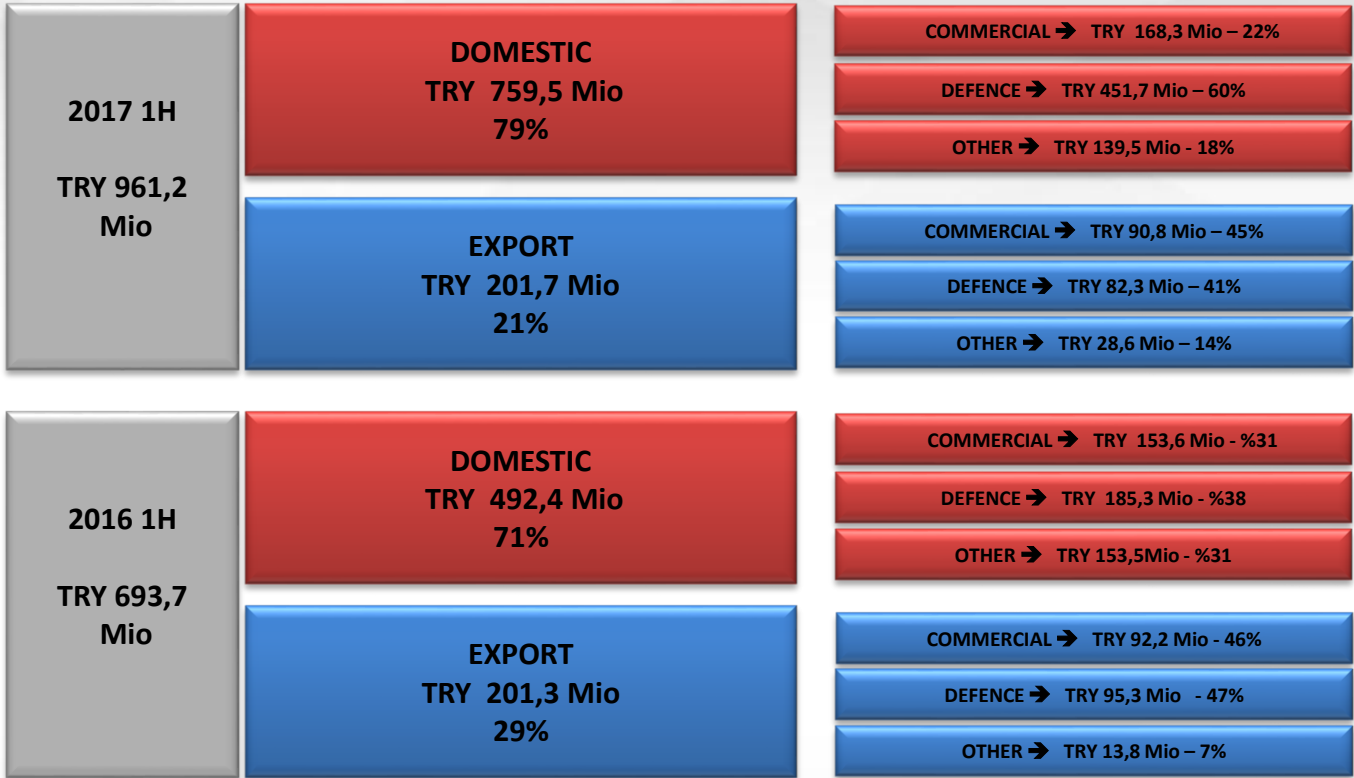


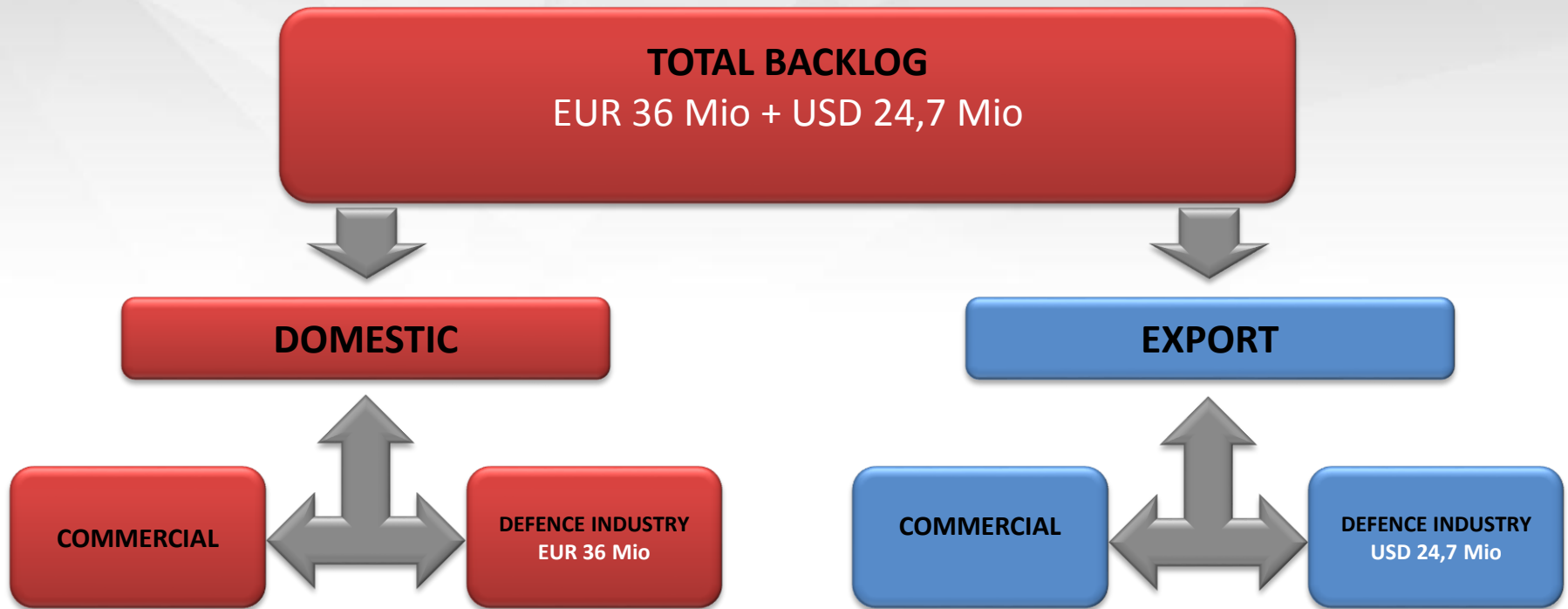
Production Units

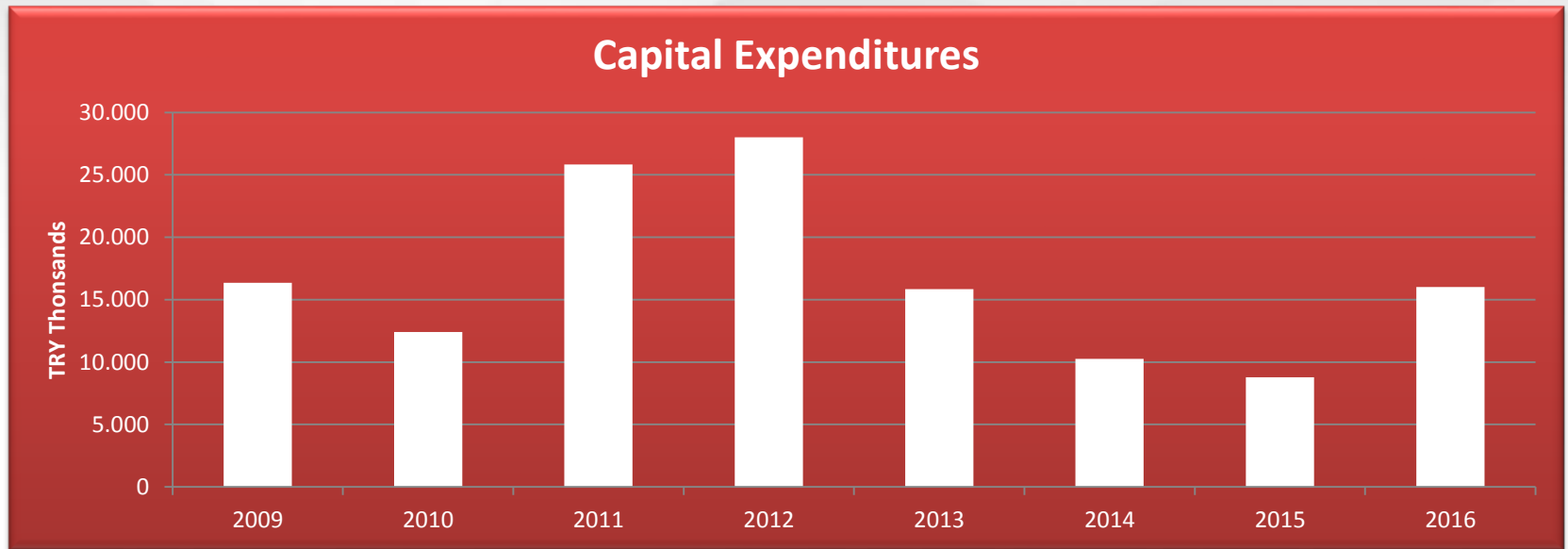
Otokar

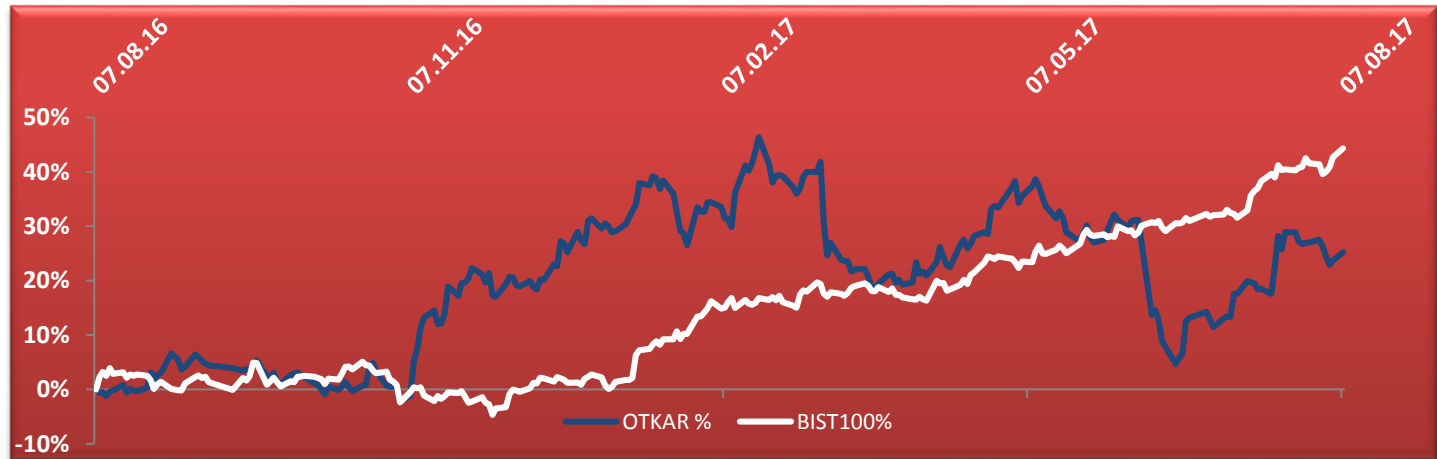
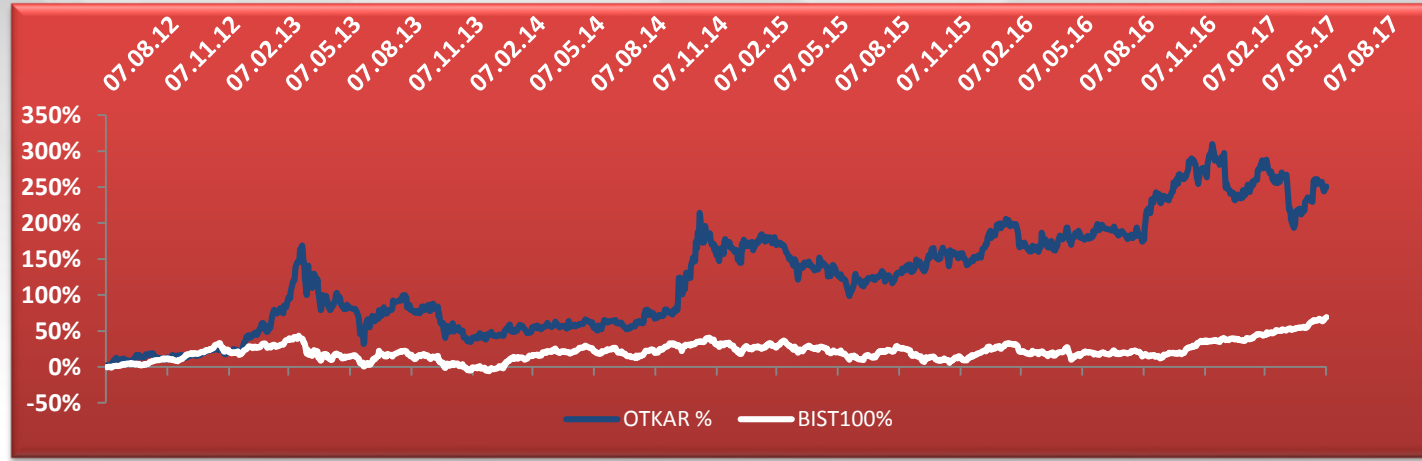


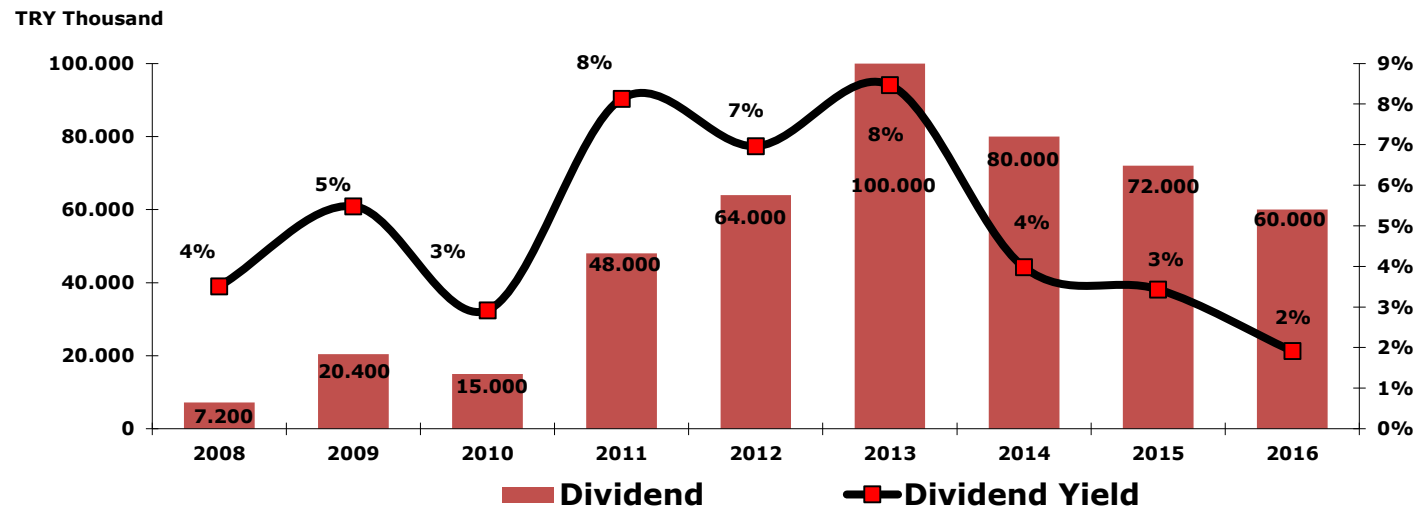
Revenue Distribution

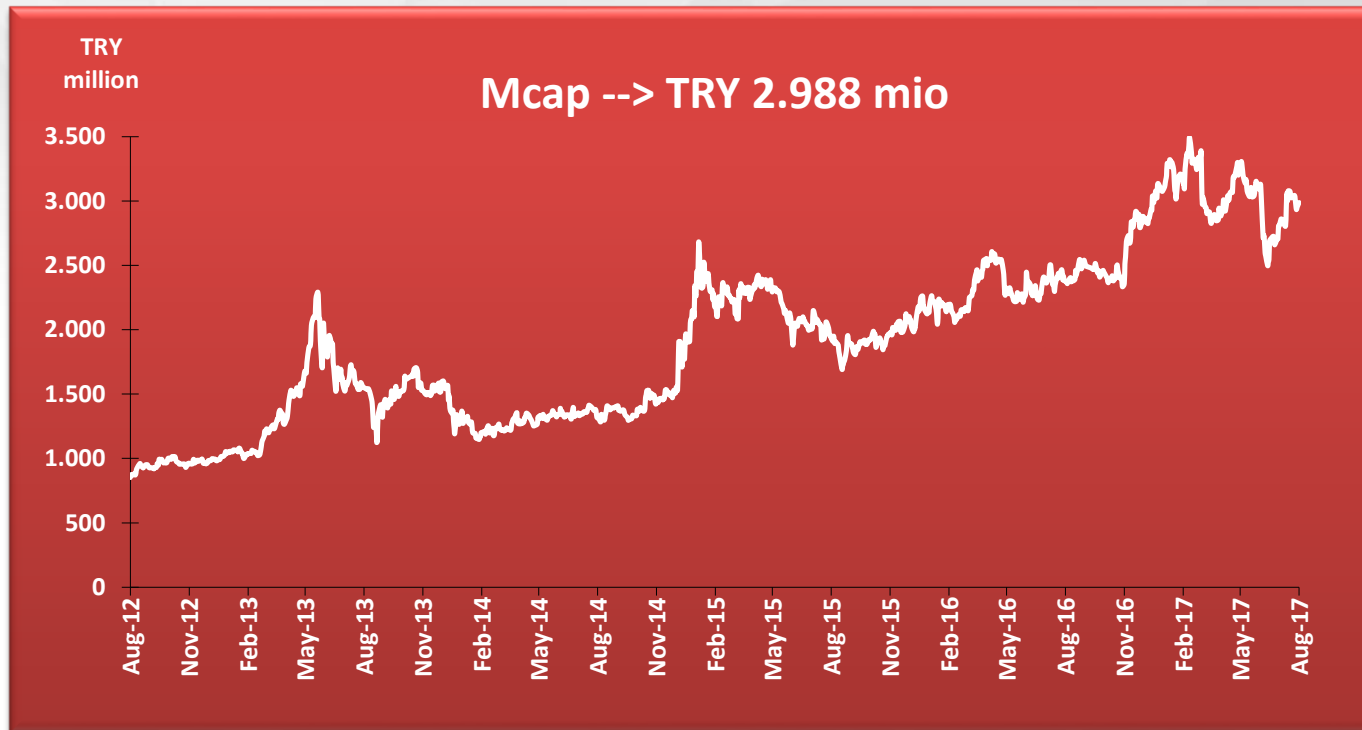












Growth With Products Which License Rights Belong to OTOKAR

Otokar

96%

The share of Otokar designed vehicle sales in turnover.

269

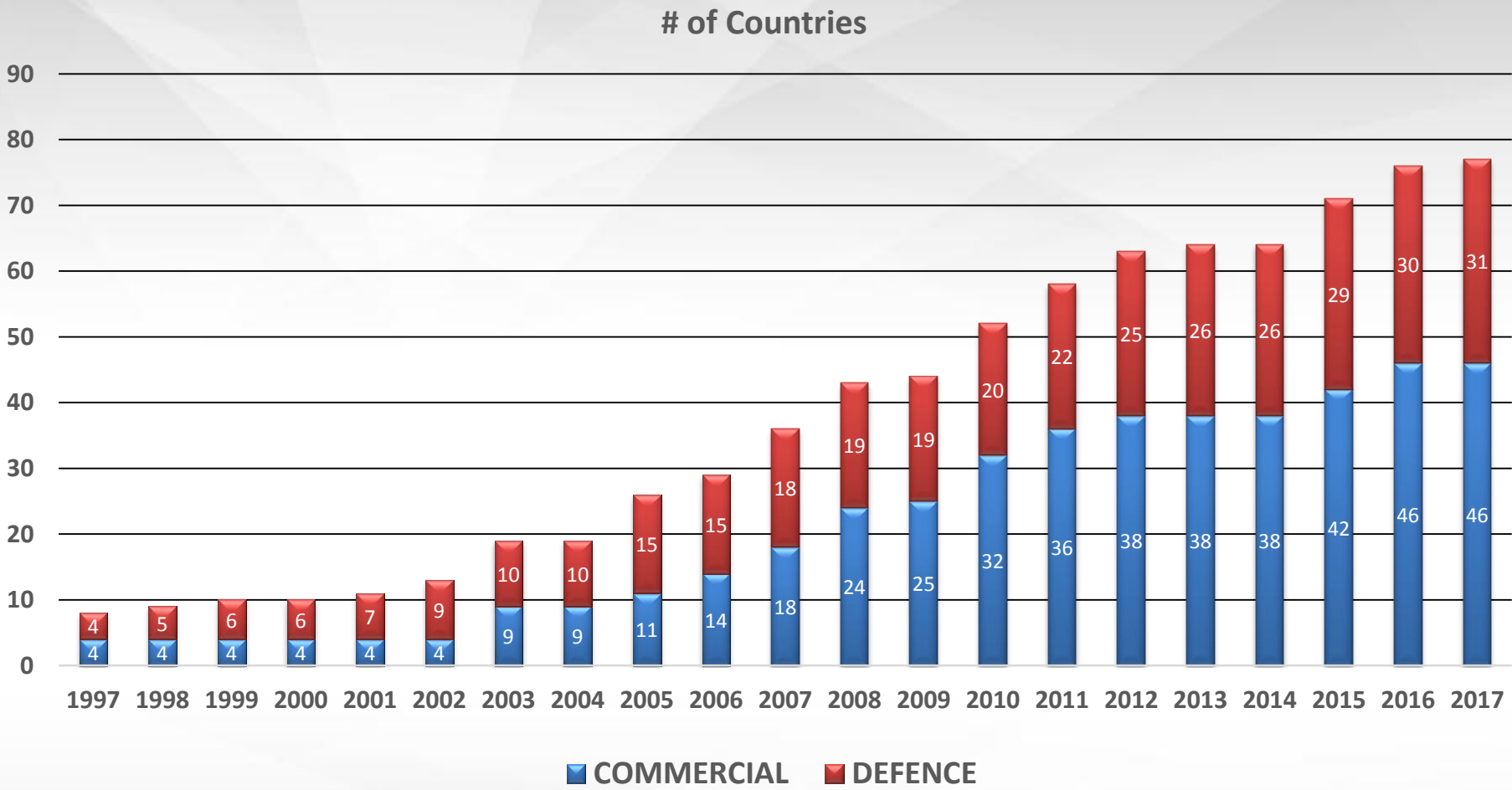
Number of owned patents and industrial designs



Otokar Europe was established in 2011 in France, in order to support bus sales in Europe.

Growth in Export Markets

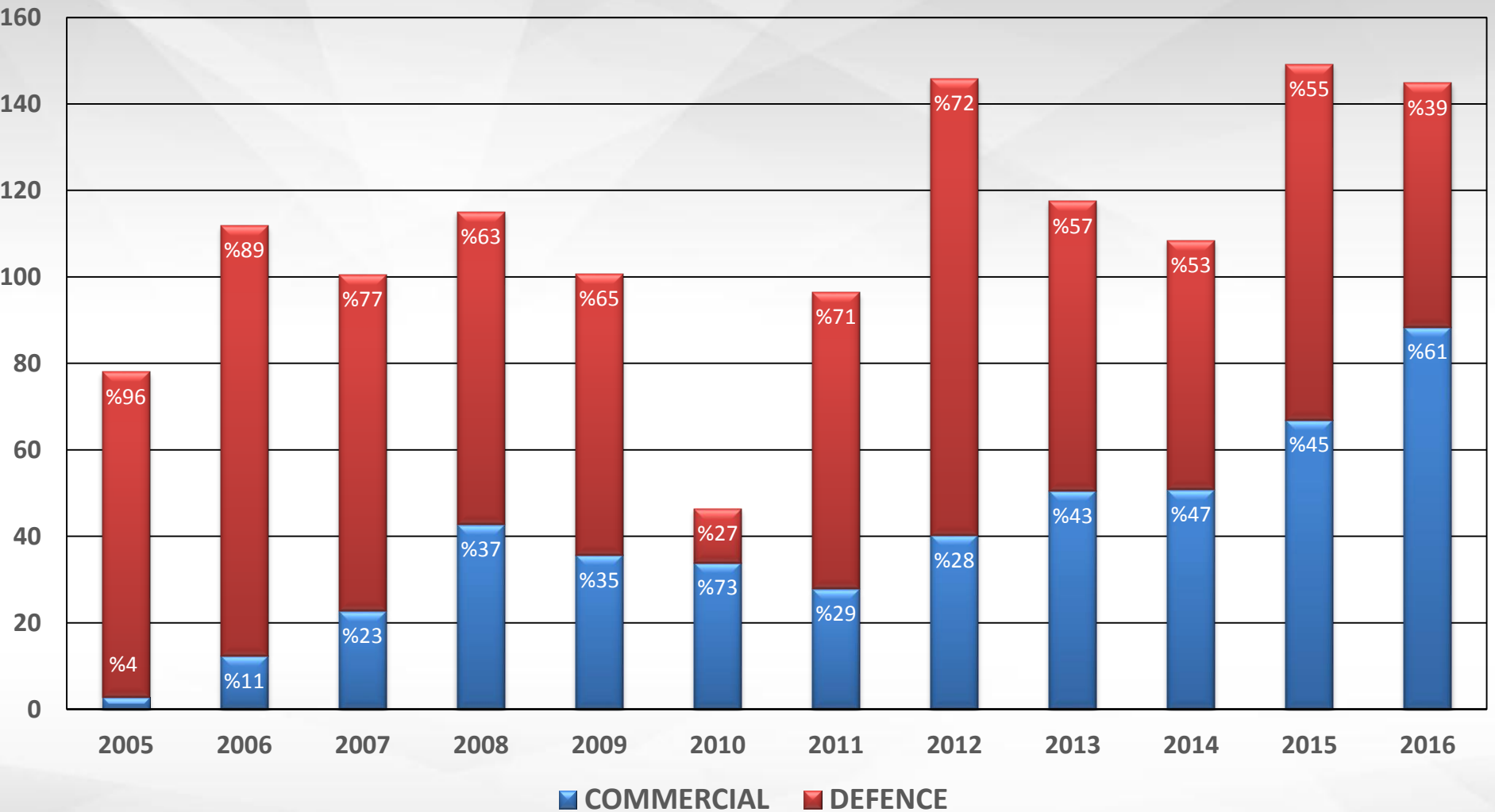
Otokar



Growth in Export Markets

Otokar

Million USD



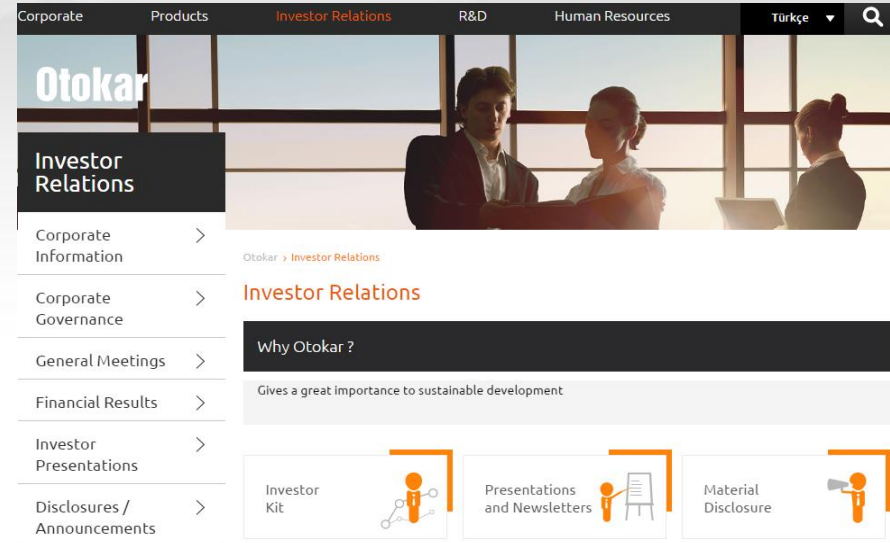
■ COMMERCIAL ■ DEFENCE

- Continuously increase revenue to ensure high and sustainably dividend yield
- In the framework of our corporate governance and professional management principles, we aim to move further up our company's market value

✓ **Doğın Seçkinler**
Finance & IR Manager
+90 264 229 22 44 – 6300
dseckinler@otokar.com.tr

✓ **Öktem Söylemez**
IR Officer
+90 264 229 22 44 – 6316
osoylemez@otokar.com.tr

Please visit www.otokar.com.tr



Disclaimer: This presentation contains forward-looking statements that reflect the Company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.

Neither OTOKAR nor any of its directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from use of this presentation.