

# Otokar

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## INVESTOR RELATIONS PRESENTATION

30.06.2013

- ✓ Company Profile
- ✓ Highlights of 2013
- ✓ Financials
- ✓ Market Evaluation
- ✓ Annex
- ✓ **Otokar** in 2015



## ADAPAZARI ARİFİYE PLANT

**Total area 552.000 m<sup>2</sup>**  
**Total closed area 141.303 m<sup>2</sup>**



Otokar was founded as Turkey's first intercity bus manufacturer.

In mid 80s, Otokar manufactured the first Turkish armoured vehicle as a cash carrier.

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

After the merge with Istanbul Fruehauf in 2002, trailers were added to the product range.

Launch of the new midsize bus for 35 seats named DORUK/VECTIO was on 4<sup>th</sup> quarter of 2007.



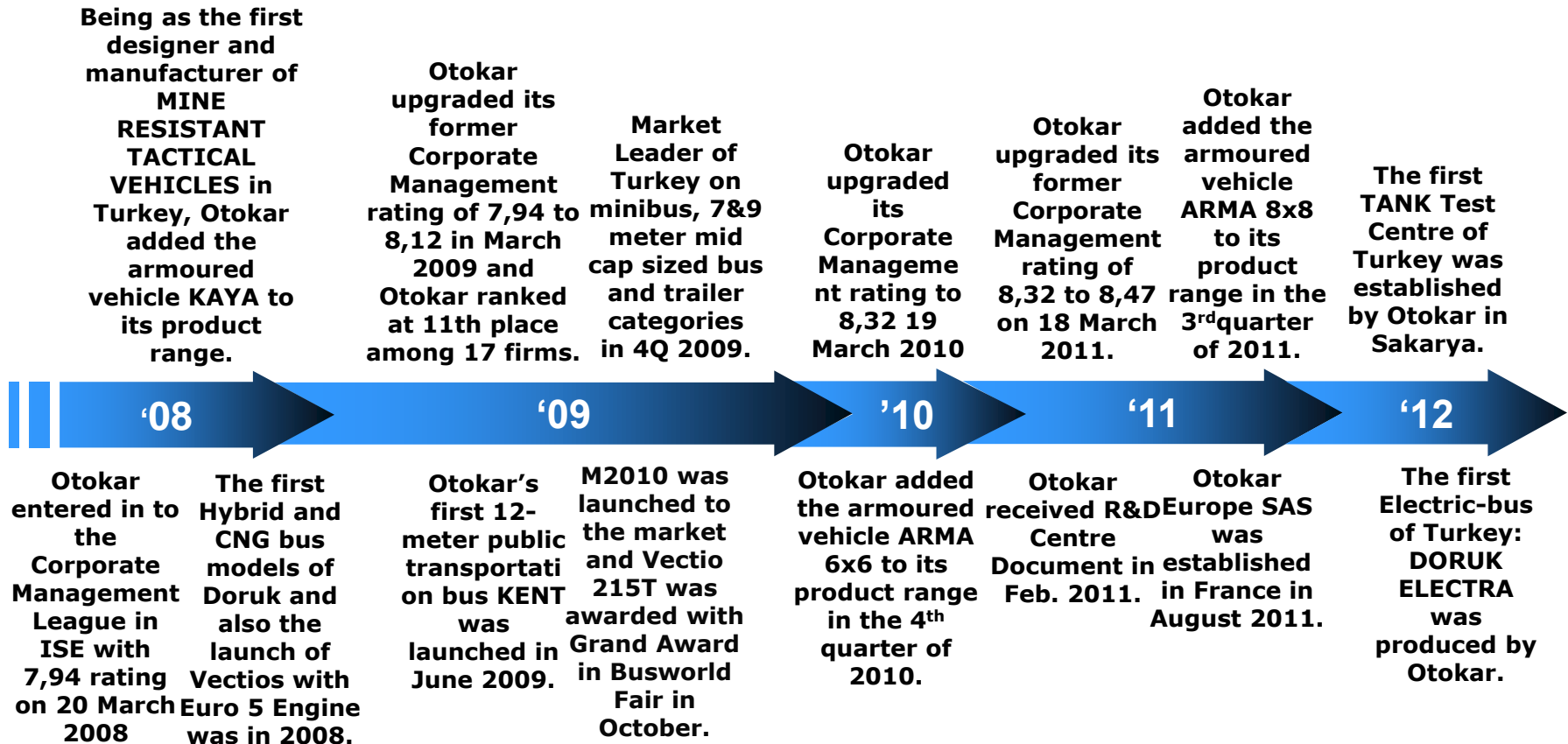
In early 70s, Koç Group became the major shareholder of Otokar and began to manage the company.

In 1987, Otokar started to manufacture 4x4 tactical vehicles under license from Land Rover-UK.

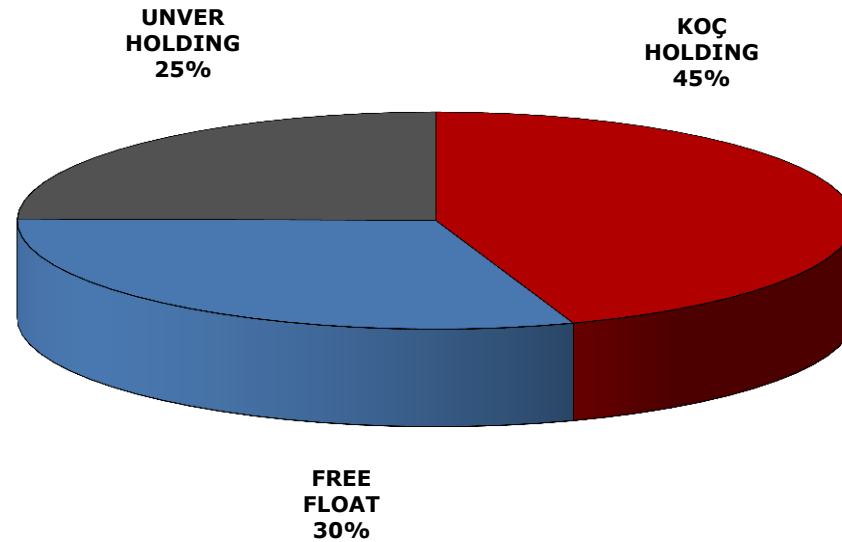
The Public offer of Otokar was realized in 1995.

In 2003 Sultan midibuses were added to the commercial product range.

Otokar signed the agreement as the prime contractor of the Altay Main Battle Tank Project to design the first national tank of Turkey on 29 July 2008.



- ◆ **Otokar** is among the leading companies of Turkey on both commercial and defence industry sides with its 50 years' experience.
- ◆ **Otokar** is quoted in ISE since 1995 and 30% share of **Otokar** is traded on ISE.
- ◆ **Otokar's** capex volume is around 10-15 mio \$ per annum. **Otokar's** R&D activities is realized by 143 engineers in its 1000m<sup>2</sup> R&D department.
- ◆ **Otokar** has integrated logistic support for its customers:
  - In Turkey, at 7 regions, 115 authorized service stations.
  - At 19 countries **Otokar** vehicles are fully supported.
  - **Otokar** also provides spare part, driver training, maintenance training, technical literature and all kinds of aftersales support.
- ◆ Since 1990 **Otokar** regularly attends in both defence industry & commercial fairs all over the world. It attended in 6 fairs in 2013.
- ◆ In last 25 years, **Otokar** realized over 1,5 billion \$ defense industry deliveries including exports and 850 million \$ of this derived from exports in last 9 years.



### ➤ COMMERCIAL VEHICLES

- Minibus



- Mid Cap Sized Bus



- Buses



- Trailer, Semi-trailer & Tankers



- Light Truck



### ➤ DEFENCE VEHICLES

- Land Rover 4x4 Land Vehicle



- Armored Internal Security Vehicles



- Mine Resistant Armored Tact.Veh: KAYA



- Mine Resistant Arm. Troop Carrier: KALE



- 6x6 and 8x8 Arm. Tact. Veh:ARMA

- 4x4 Arm. Tact. Veh: APC, APV, Cobra



- Tracked Arm. Troop Carrier: TULPAR





### ➤ **COMMERCIAL VEHICLES**

- **Minibuses**
- **Midibuses**
- **Buses**
- **Trailer/Semi-trailers, Tankers**
- **Light Truck**

**ONE OF THE BIGGEST COMPANIES OF TURKEY IN COMMERCIAL VEHICLE INDUSTRY.**

**THE MARKET LEADER OF BUS CATEGORIES FROM 7 TO 12-METER.**

**ON COMMERCIAL SIDE OTOKAR HAS A WIDE PRODUCT RANGE CONSISTING OF MINIBUSES, MIDIBUSES, BUSES FROM 5,5 METERS TO 13 METERS, LIGHT COMMERCIAL TRUCKS AND ALSO TRAILERS, SEMI-TRAILERS AND TANKERS.**



Besides the success in commercial vehicles and the ability in special vehicles, **Otokar** proved its world class design and production capability in military tactical vehicles.

### ➤ DEFENCE PRODUCT RANGE

- **Land Rover Defender**
  
- **Armoured Vehicles**
  - ♦ **Armoured Personnel Carrier and Ural**
  - ♦ **Akrep**
  - ♦ **Cobra and Cobra II**
  - ♦ **Discreetly Armoured Station Wagon**
  - ♦ **Armoured Internal Security Vehicle**
  - ♦ **Mine Resistant Arm.Tact. Troop Carrier: Kaya and Kale**
  - ♦ **Armored Tact.Veh: Arma 6X6 and 8X8**
  - ♦ **Tracked Arm. Troop Carrier: TULPAR**
  
- **Tank in Near Future : Altay**

**OTOKAR, LEADER COMPANY IN DESIGN, TEST, INTEGRATION AND PRODUCTION OF MILITARY TACTICAL VEHICLES, AFTER THE 25 YEARS DEFENSE INDUSTRY EXPERIENCE, SCORED ALMOST 1,5 BILLION USD DELIVERY INCLUDING EXPORTS.**

**AFTER THE MERGER OF ISTANBUL FRUEHAUF FACTORY AND ALSO THE LAND AND FACTORY PURCHASE OF FORMER OTOYOL AŞ, OTOKAR INCREASED ITS PRODUCTION AREA AND BECAME THE MOST IMPORTANT AND BIGGEST DEFENSE INDUSTRY COMPANY IN TURKEY.**

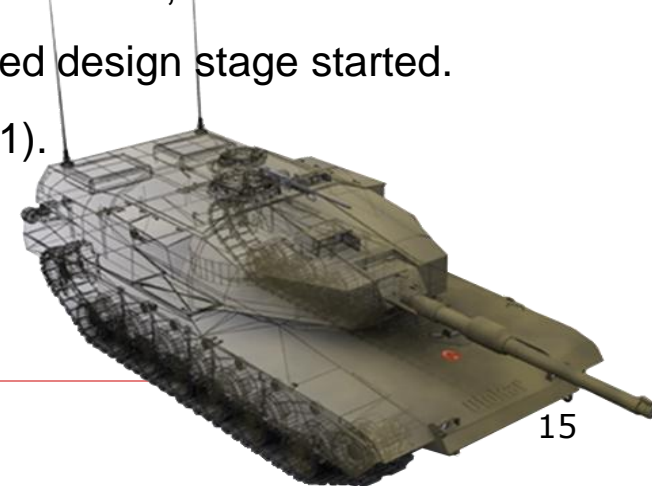


- **ATLAS Light Commercial Truck**
- **TEMPO Short Haul Bus**
- **URAL The New Armored Personnel Vehicle**
- **COBRA II**
- **KAYA II The New Mine Resistant Armored Tactical Vehicle**
- **TULPAR The First Tracked Troop Carrier Vehicle of Otokar**



### "Prime Contractor of the 1<sup>st</sup> National Main Battle Tank of Turkey"

- A feasibility study was performed so that a Main Turkish Battle Tank can be designed and produced locally with a genuine model to meet the needs.
- A tender was opened for the preparation of the design and the prototype of the Main Turkish Battle Tank.
- The result of this tender was announced on March 30, 2007 and **Otokar** was honoured for the negotiations.
- The agreement was signed on July 29, 2008 at the manufacturing plant of **Otokar** in attendance of the Prime Minister Recep Tayyip Erdoğan.
- The budget for design, prototype production, tests and qualification of the ALTAY Tank is declared to amount to USD 494 million. The period for this phase is 78,5 months.
- The conceptual design stage was finished in 2010 and detailed design stage started.
- The 1<sup>st</sup> mock-up of Altay was exhibited in IDEF-11 (May 2011).
- The 1<sup>st</sup> tank test center of Turkey was established within Otokar.
- The first two prototype of Altay was presented. (Nov 2012)



## Otokar's Profile Research & Development

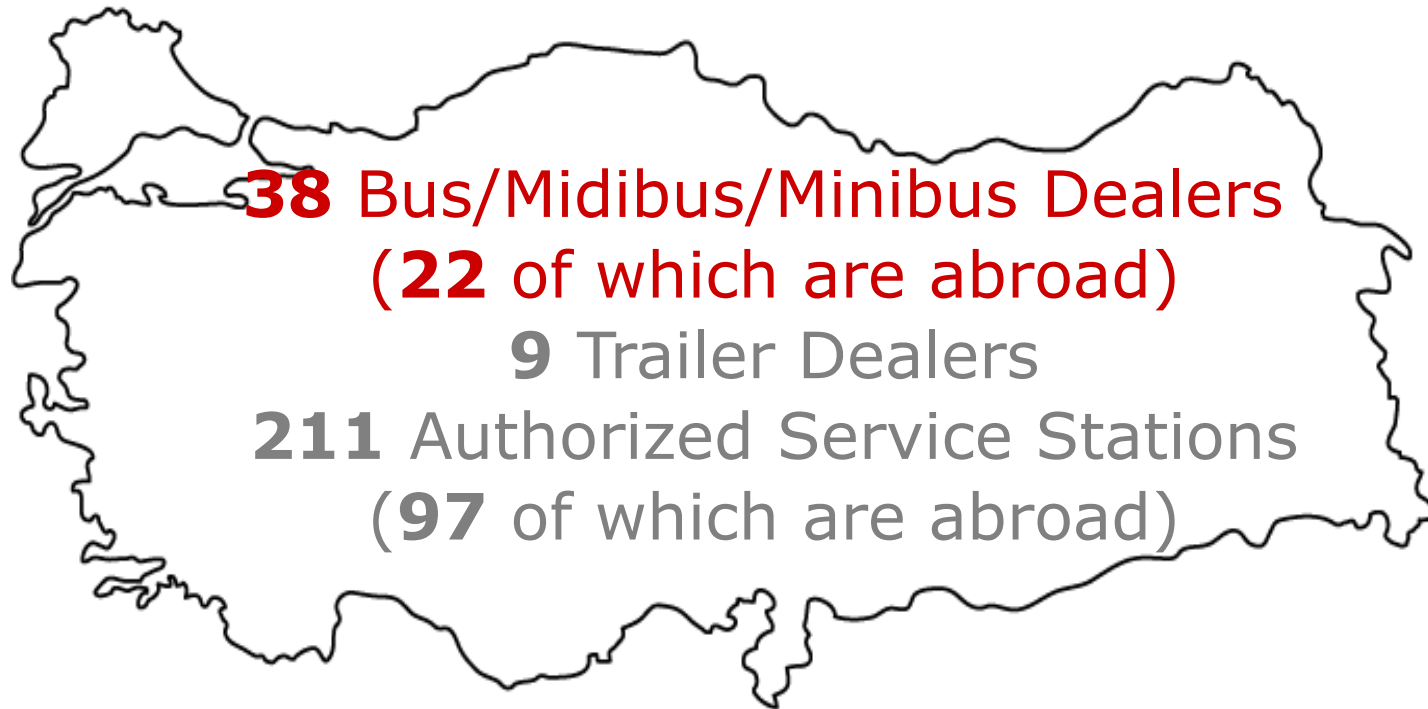
- R&D activities have been attached great importance in **Otokar** since its foundation.
- In addition to extending the present product range, **Otokar** also applies a permanent R&D process in terms of designing military, semi-military and commercial original products in parallel with the demands of the domestic and foreign markets.
- **Otokar's** small bus, Sultan, which has changed the small bus standards in Turkey, and **Otokar's** armored vehicles such as ZPT, Cobra, Kaya, Arma have been completely designed and developed by R&D Department.
- **Otokar** R&D Center, has an enclosed area of 1000 m<sup>2</sup>. On the other hand, it is equipped with prototype manufacture areas, special paint house, and Hydraulic Road Simulator enabling faster testing of the manufactured vehicles employing the state-of-the-art technology, test equipment and computer systems to create and evaluate information.
- Having proved itself in the realm of R&D, **Otokar** was awarded with "Award of New Articles" by the Undersecretariat of Foreign Trade in 1996 and with "Mimar Sinan University Industrial Design Honorary Prize" in 1999.
- **Otokar's** next goal is to design vehicles employing virtual reality simulations in computer environment, thus developing better quality products in a shorter period.
- **Otokar** received R&D Centre Document in Feb. 2011.
- Otokar designed vehicles constitutes 85% of the total revenue.

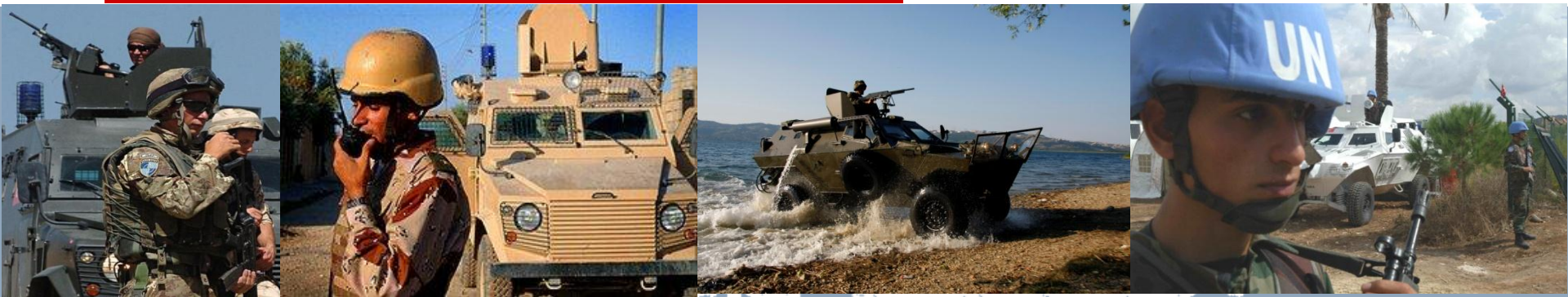




- **2013** : The Cleanest Industry Plant of Turkey Award, Ministry of Environment & Urban Planning
- **2011** : Jury's Special Award for KENT bus, Busworld Fair
- **2010** : "Good Design Award", Design Turkey 2010 for KENT 290LF
- **2009**: Busworld Kortrijk European Coach and Bus Week (ECW) Grand Award in Midi Coach category for DORUK 215T
- **2008**: "Good Design Award", Design Turkey 2008 for DORUK 190LE
- **1999**: Industrial Design "Honour Award" by Mimar Sinan University
- **1996**: "Award of New Articles" by the Undersecretariat of Foreign Trade







Otokar branded vehicles are used actively on 5 continents. Defence vehicles are in nearly 30 countries and commercial vehicles are also over 45 countries.



## Otokar's Profile Competitive Advantages

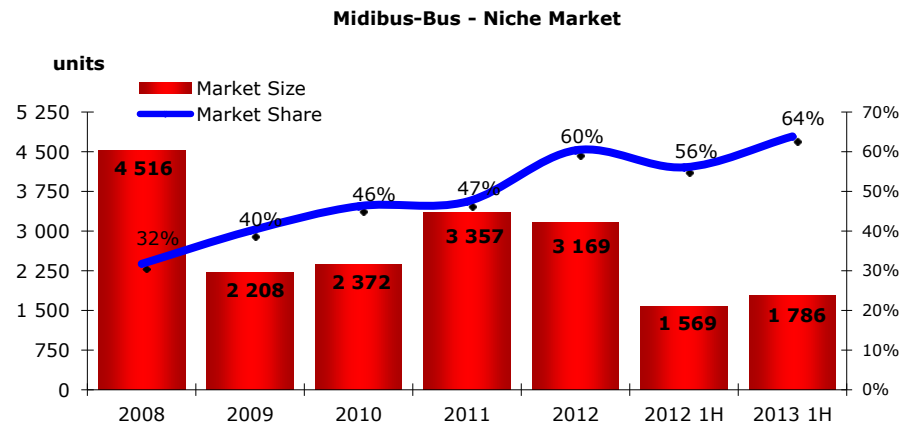
- 
- Having products which the industrial and ownership rights belong to **Otokar**  ▪ Unique in Defence Industry
  - Working with well known brand names  ▪ Product reliability in markets
  - Flexible plant capacity  ▪ Capability to react urgent defence oriented orders
  - Ability to offer custom designs  ▪ Customer satisfaction guaranteed
  - Strategic location  ▪ Lower Logistic Cost
  - Low engineering costs  ▪ Lower unit cost
  - Test and Design Center  ▪ Shorter test time for vehicles

- Developing its own technology
- Preserving the local and national identity of its own products.
- Targeting persistent satisfaction of customers, employees and partners with total excellence philosophy.
- Designing, manufacturing and marketing commercial vehicles and various defence industry products in line with the requirements of the customers with a worldwide competitiveness
- Sustainable growth by exports of commercial vehicles in Europe through dealers network; by increasing exports of defense vehicles; by increasing domestic market share

- The total revenues of Otokar in 1H 2013 were USD 386,8 mio. Otokar generated USD29,9 mio net profit with a net margin of 8%.
- Otokar's 8,68 Corporate Management rating upgraded to 9,10 in March 2013.
- Successful results in bus&midibus sales:
  - ❖ In 1H 2013 bus&midibus total sales increased by 149% compared to 1H 2012.
  - ❖ Continuation in the leadership in 7 to 9-meter local bus market. In 7-meter segment Sultan (Navigo) is the market leader with 61,6% share which was 56,2% in 1H 2012. In 9&10mt bus segment Doruk (Vectio) is the market leader with its 86,9% share which was 55,1% in 1H 2012. In addition to these, Otokar was also the market leader in 12-meter public transport buses with 34,5% share with its KENT.
- New orders from several buyers:

As of June 2013, the backlog figure to be delivered in near future reached to USD 96 million consisting of 6x6 ARMA, 4x4 Cobra, Internal Security Vehicle, APV, Land Rover for several buyers and KENT for Istanbul Municipality.
- Atlas, Tempo, Ural, Cobra II, Kaya II and Tulpar was entered into the product range.

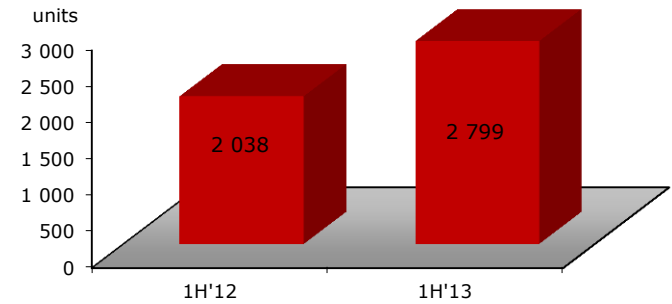
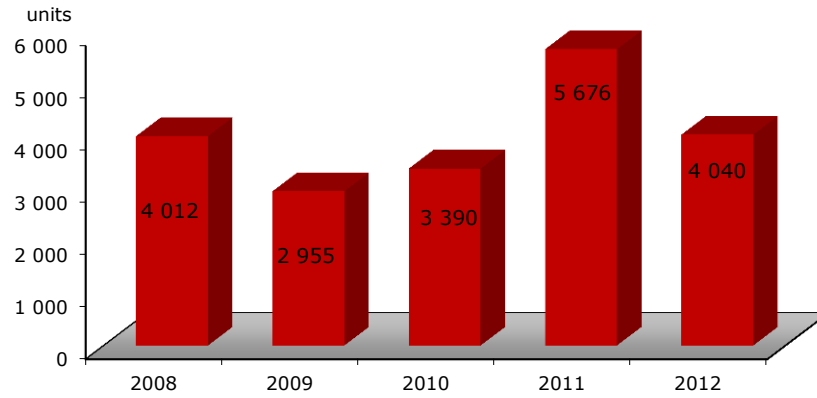
### Sustainable Leadership in midcap sized Bus Market



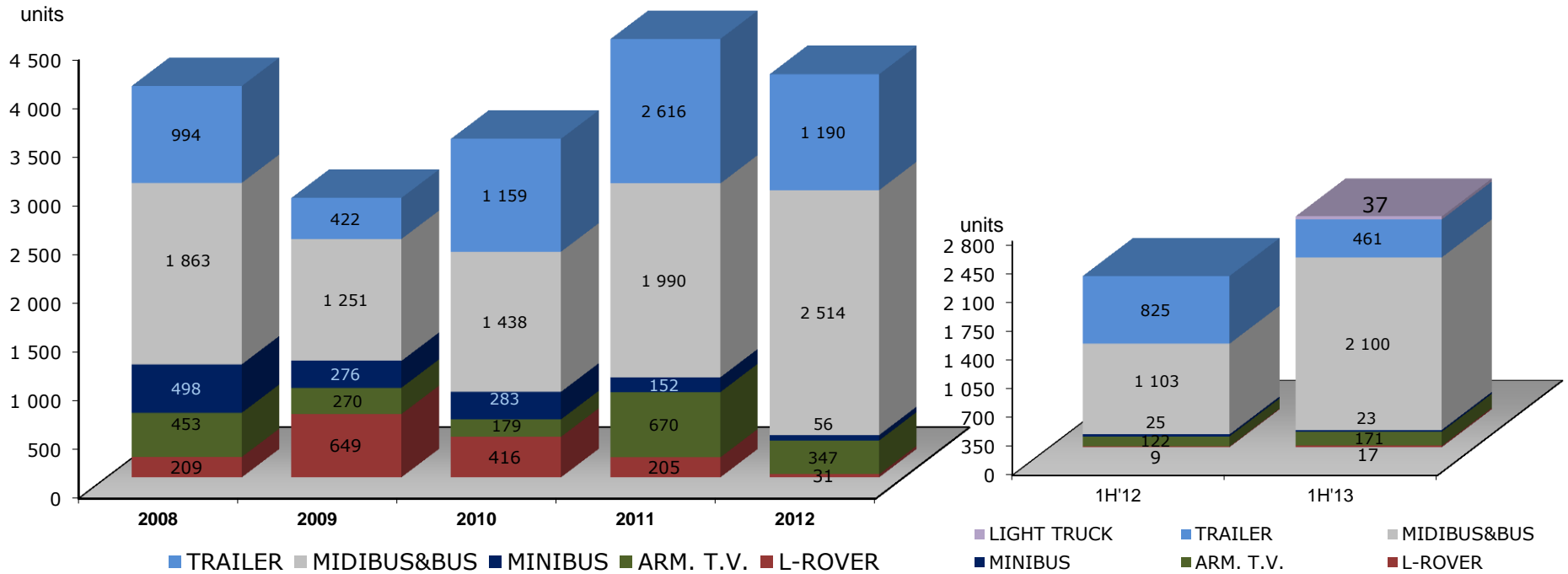
	2012	2011	2013 1H	2012 1H
Total Revenue	561,2	520,0	386,8	242,3
EBITDA	68,2	52,9	96,3	67,1
Net Profit	42,7	32,0	29,9	21,6
Shareholders' Equity	135,6	112,9	120,2	112,0
ROE (%)	31,6	25,7	23,7	18,3
Gross Margin (%)	22,1	22,0	22,3	23,5
Operating Margin (%)	9,3	8,0	11,1	12,4
EBITDA Margin (%)	12,2	10,2	13,6	15,4
Net Margin (%)	7,6	6,2	7,7	8,9
Current Ratio	1,3	1,0	1,13	1,02
Total # of Employees	2281	1519	2460	1654

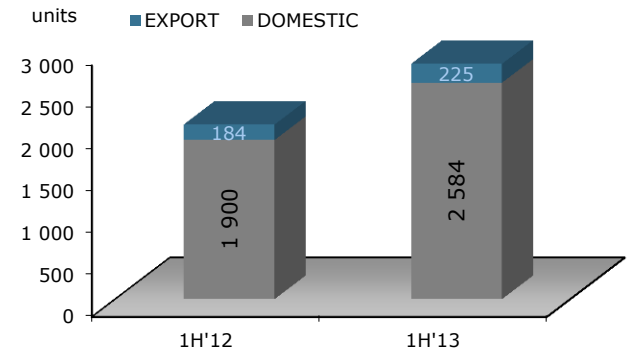
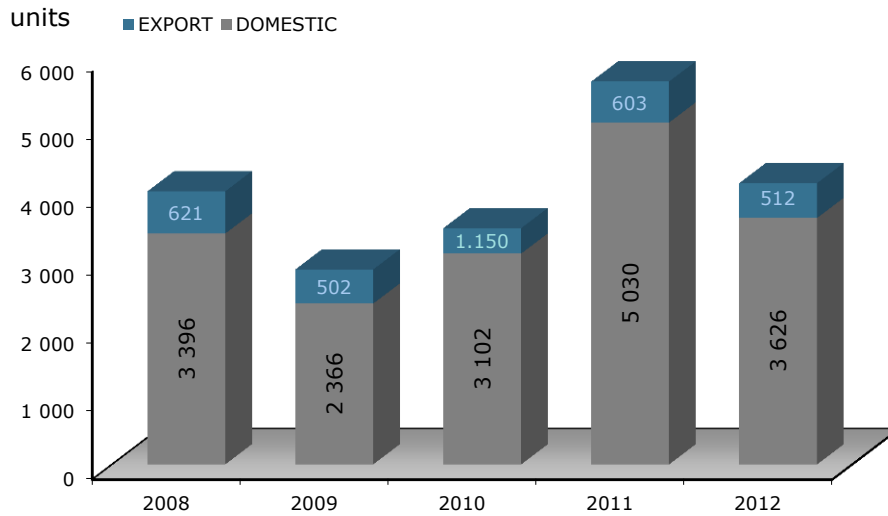
(USD mio)



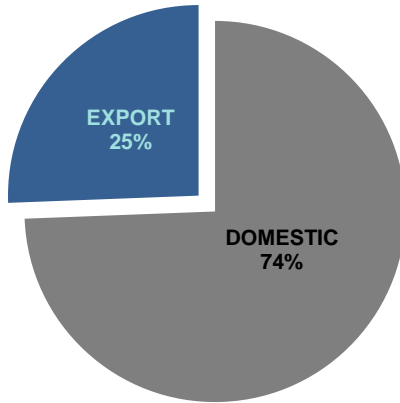


## Otokar's Financials Sales Units-Distribution

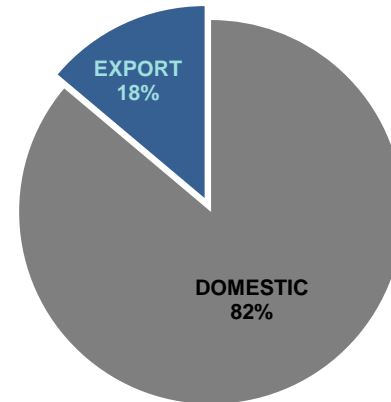




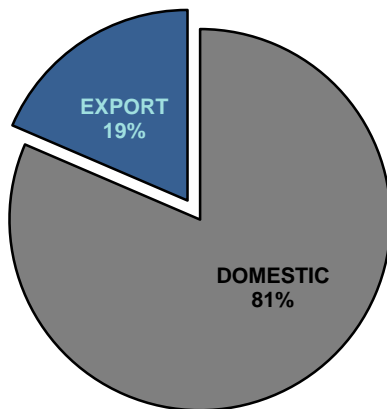
DISTRIBUTION OF REVENUES 1H 2012



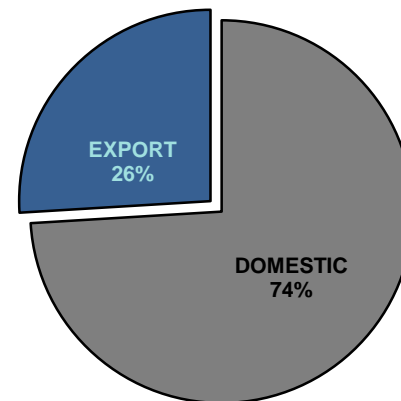
DISTRIBUTION OF REVENUES 1H 2013

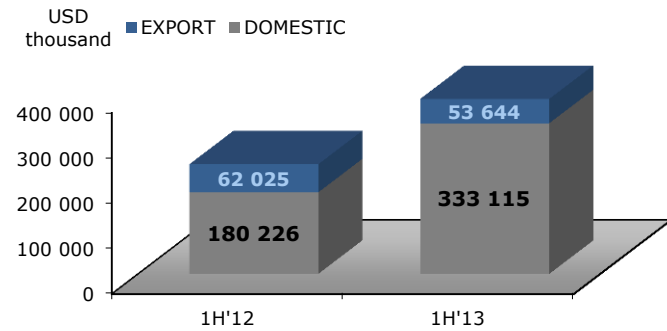
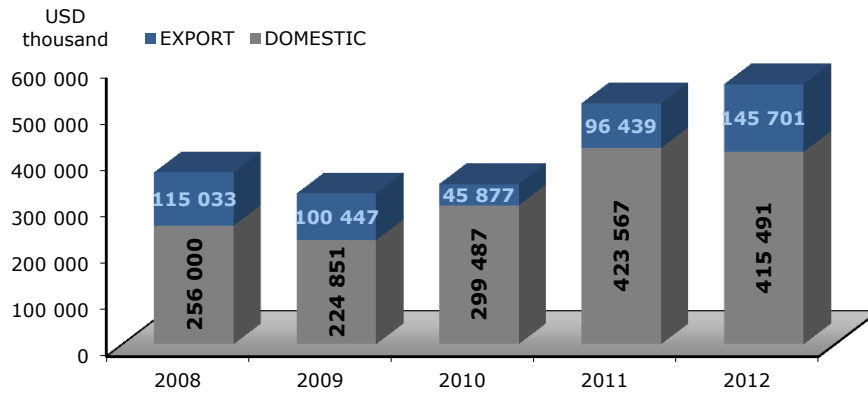


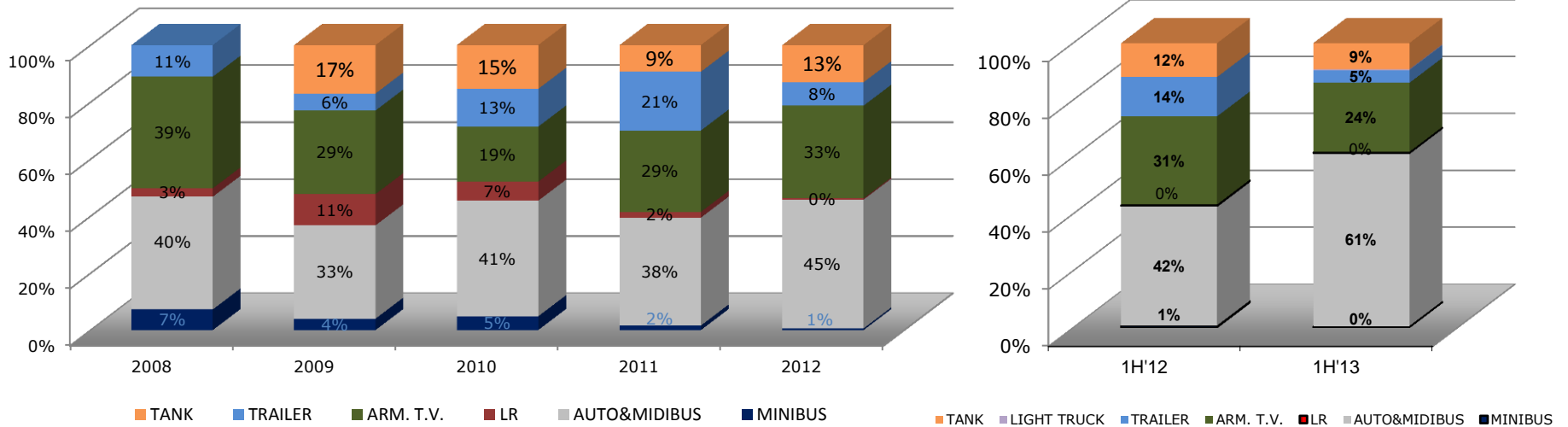
DISTRIBUTION OF REVENUES 2011



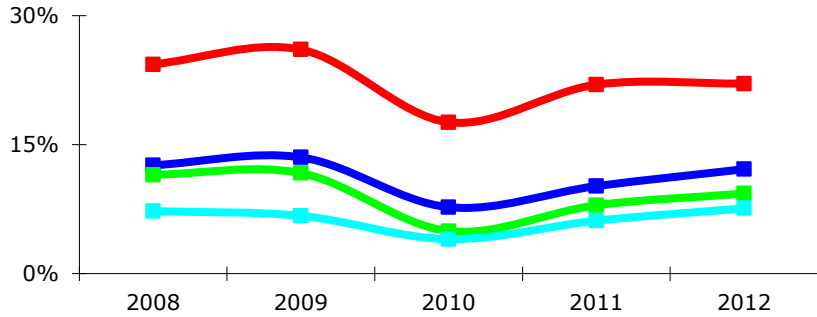
DISTRIBUTION OF REVENUES 2012



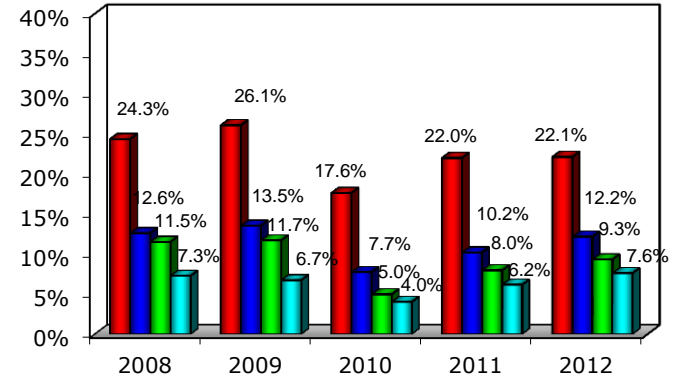




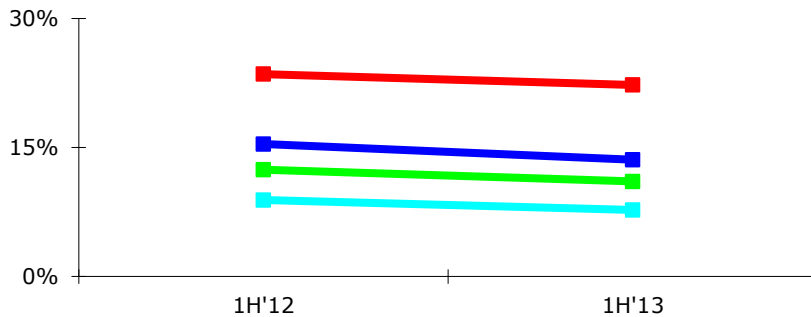
## Otokar's Financials Margins



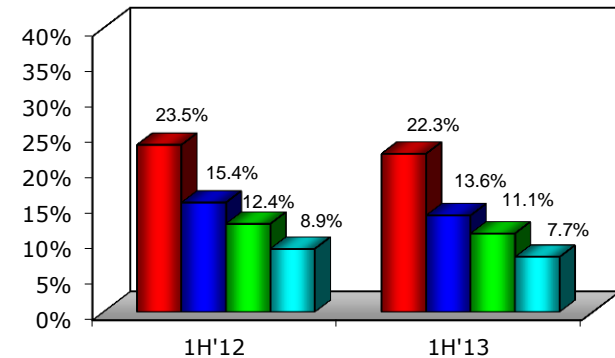
— Gross Margin — EBITDA Margin — Operating Margin — Net Margin



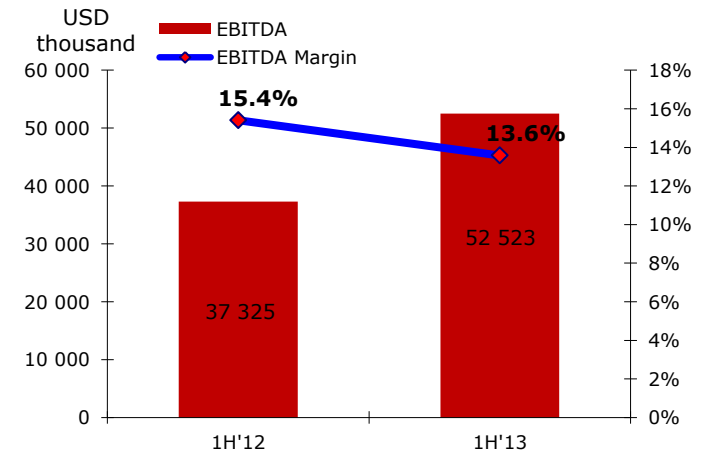
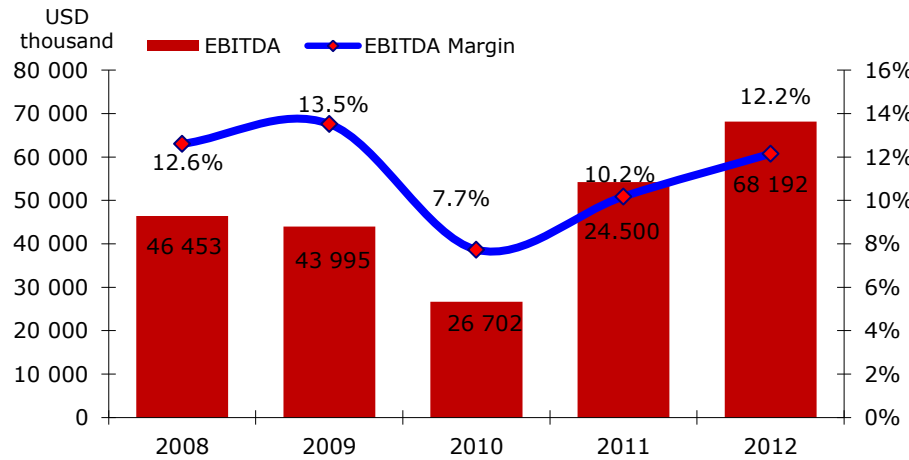
■ Gross Margin ■ EBITDA Margin ■ Operating Margin ■ Net Margin



— Gross Margin — EBITDA Margin — Operating Margin — Net Margin

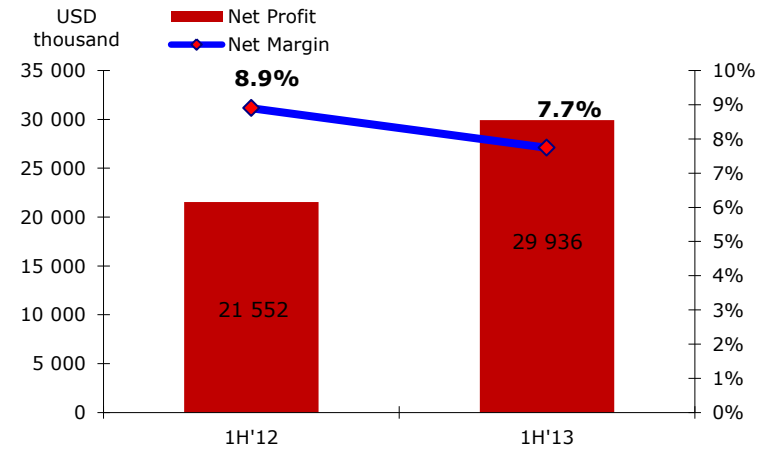
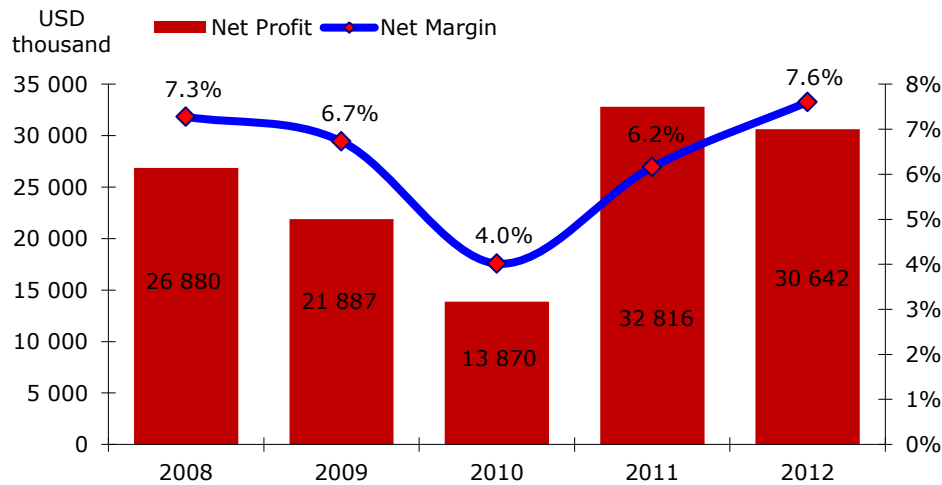


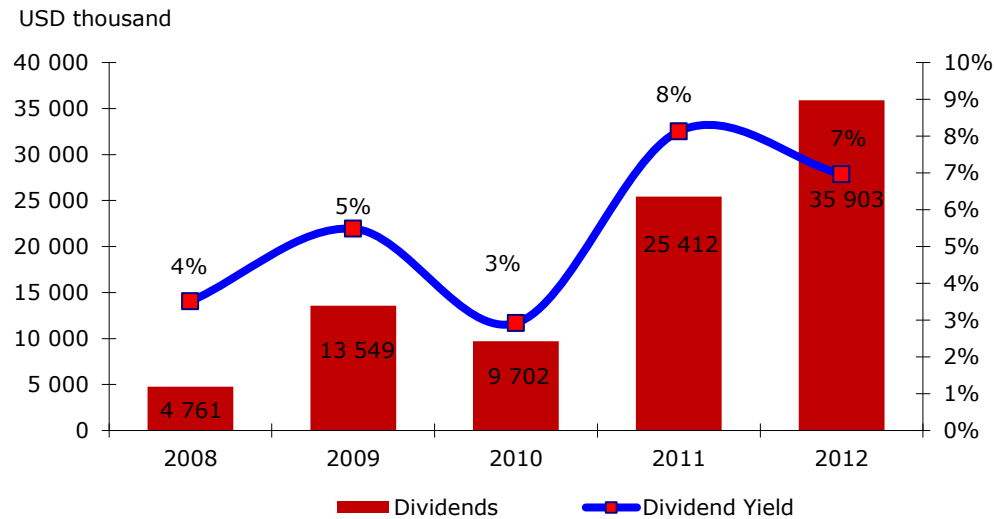
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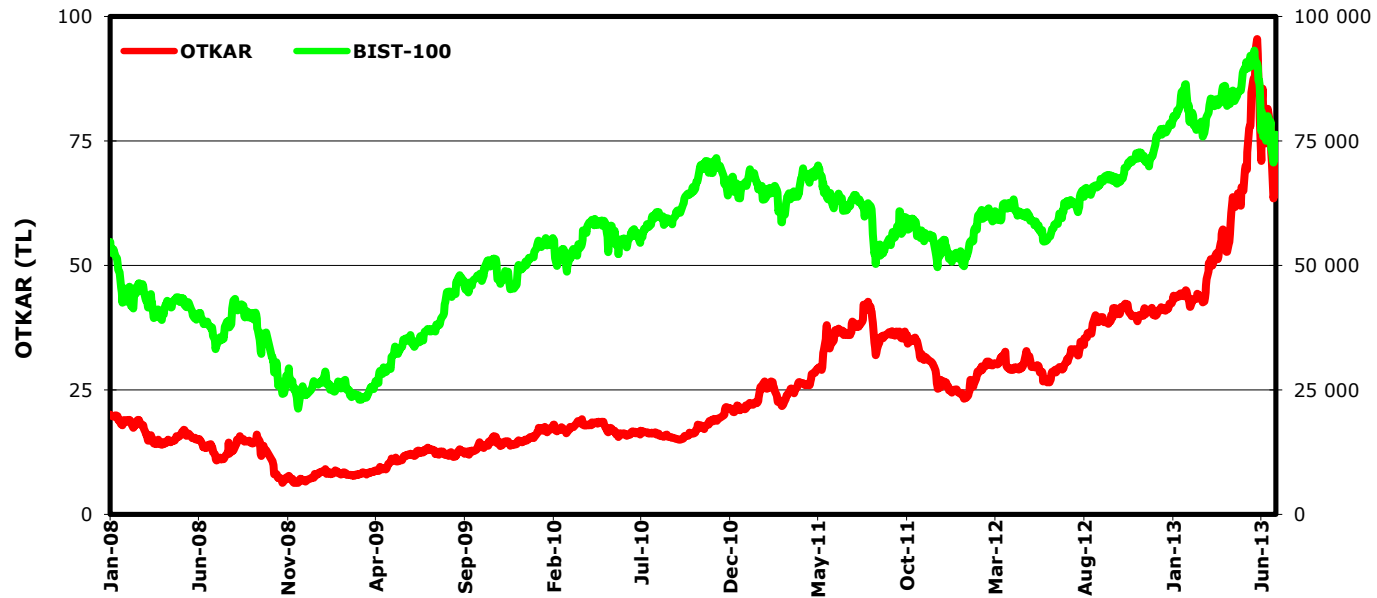


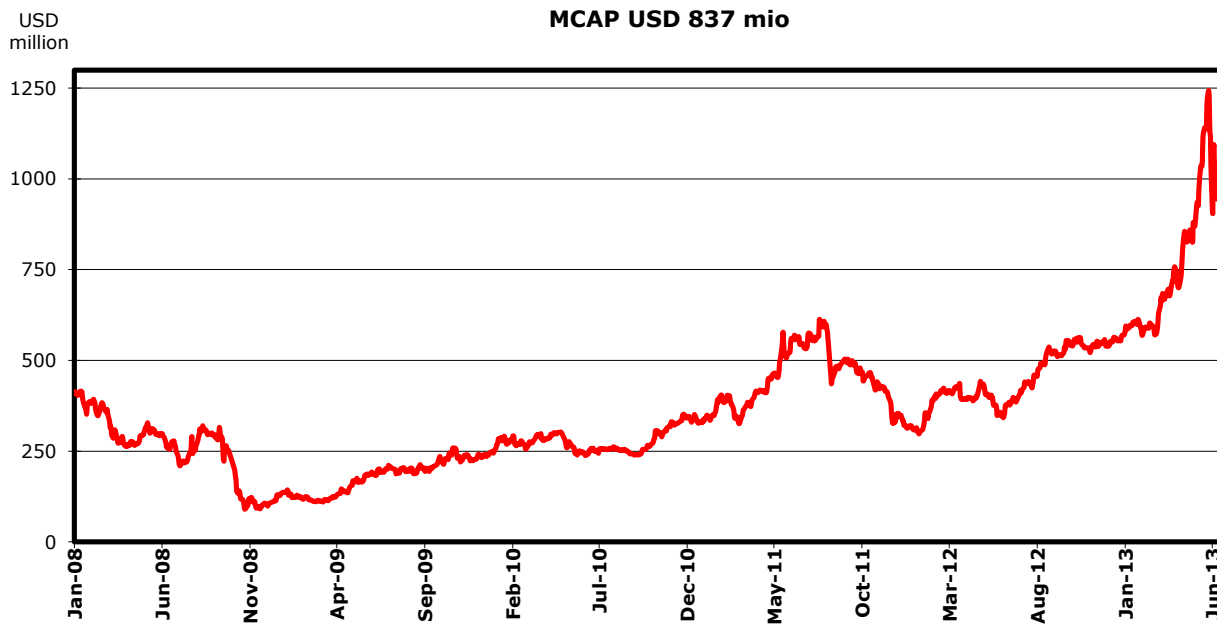
## Otokar's Financials Net Profit & Net Margin

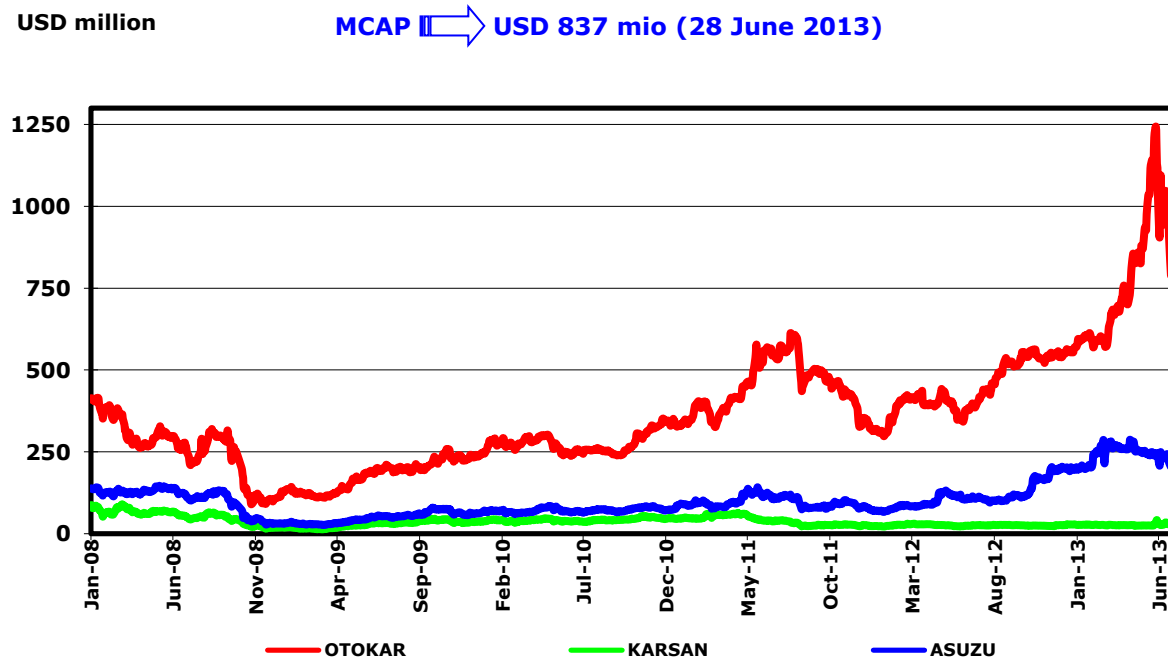


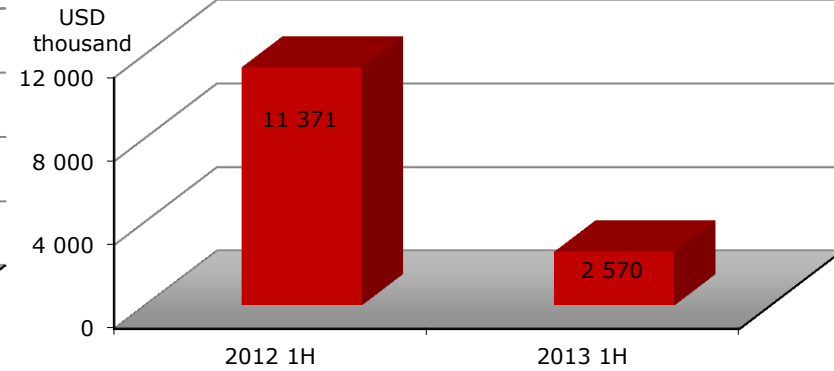
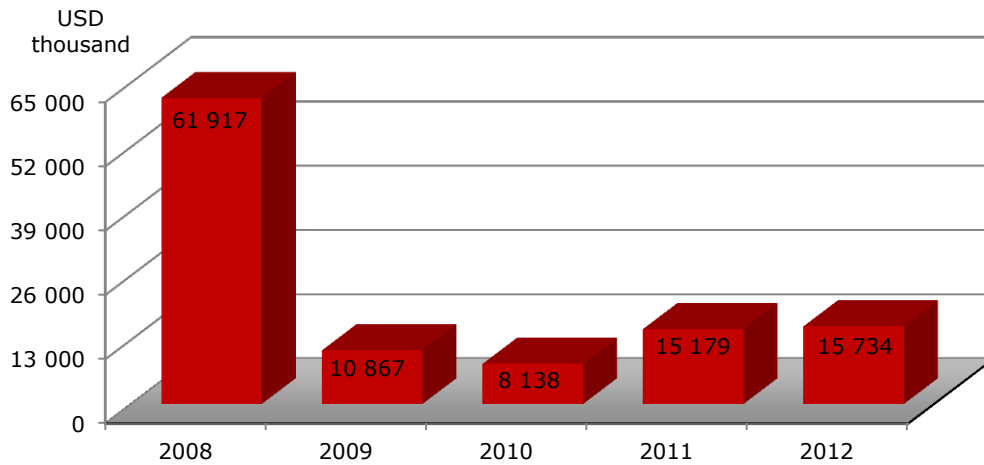


As of June 28 2013









- ✓ Summary Profit & Loss Statement (IFRS)
- ✓ Summary Balance Sheet (IFRS)
- ✓ Summary Cash Flow Statement (IFRS)
- ✓ Summary Working Capital

US\$thousand (IFRS)	June 30 2013	June 30 2012
Domestic Revenues	333.115	180.226
Export Revenues	53.644	62.025
<b>Net Sales Revenues</b>	<b>386.760</b>	<b>242.251</b>
Cost of Sales	-300.612	-185.250
<b>Gross Profit</b>	<b>86.148</b>	<b>57.001</b>
Operating Expenses	-43.371	-26.919
<b>Operating Profit/Loss</b>	<b>42.777</b>	<b>30.081</b>
Income/loss before minorities&taxes	33.286	22.620
Tax	-3.350	-1.068
<b>Net Profit</b>	<b>29.936</b>	<b>21.552</b>



US\$ thousand (IFRS)	30-Jun-2013	31-Dec-2012
<b>Current Assets</b>	<b>459.476</b>	<b>381.560</b>
Cash and Cash Equivalents	69.346	26.874
<b>Receivables</b>	<b>169.395</b>	<b>126.048</b>
Trade Receivables from Related Parties	13.405	13.772
Other Trade Receivables	155.991	112.276
Other Receivables	44	1
Inventories	149.316	141.722
Prepaid Expenses	55.572	74.865
Derivative Financial Assets	632	-
Other Current Assets	15.170	12.050
<b>Non-Current Assets</b>	<b>259.465</b>	<b>200.413</b>
Trade Receivables	78.879	33.321
Other Receivables	26	27
Receivables from Operations Related to the Coming Years	39.281	34.402
Financial Investments	124	134
Property, Plant & Equipment - net	63.300	70.185
Intangible Assets	59.920	56.121
Deferred Tax Liabilities	17.934	6.223
<b>Total Assets</b>	<b>718.941</b>	<b>581.973</b>
<b>Current Liabilities</b>	<b>405.340</b>	<b>297.398</b>
Bank Borrowings	56.365	28.101
Derivative Financial Liabilities	-	1.230
Payables	<b>47.089</b>	<b>47.698</b>
Trade Payables to Related Parties	3.001	5.043
Other Trade Payables	44.088	42.655
Provision for Employee Benefits	2.292	9.630
Other Payables	2.060	808
Deferred Income	161.617	82.383
Government Incentives and Grants	524	376
Tax Liabilities from Net Income for the Period	10.426	-
Current Liabilities Provision	124.607	126.567
Other Current Liabilities	362	604
<b>Non Current Liabilities</b>	<b>193.356</b>	<b>148.968</b>
Bank Borrowings	150.951	132.447
Government Incentives and Grants	2.801	1.309
Non Current Provisions	<b>14.212</b>	<b>12.046</b>
Reserve for Retirement Pay	10.584	9.554
Provision	3.628	2.493
Deferred Income	25.392	3.166
<b>Shareholders' Equity</b>	<b>120.244</b>	<b>135.607</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>718.941</b>	<b>581.973</b>

<b>US\$thousand (IFRS)</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>
Cash and Cash Equivalants at the beginning of the period	26.131	2.488
Net cash provided by operating activities:	49.977	15.691
Net cash used in investing activities	-16.945	-16.032
Pre-financing cash flow	33.032	-341
Net cash used in Financing Activities and Effect on Exchange Rate Changes	13.644	16.237
Net decrease/increase in Cash and Cash Equivalents	46.676	15.896
<b>Cash and cash equivalents at the end of the period</b>	<b>72.807</b>	<b>18.384</b>

USD thousand	June 30 2013	June 30 2012	USD thousand	June 30 2013	June 30 2012
Cash&Cash Equivalents	73.760	18.414	ST Bank Borrowings	59.952	98.263
Marketing Securities	0	0	LT Bank Borrowings	160.558	44.666
Other	0	0		0	0
<b>Total Financial Assets</b>	<b>73.760</b>	<b>18.414</b>	<b>Total Financial Liabilities</b>	<b>220.510</b>	<b>142.929</b>

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

<b>June 30 2013</b>	<b>June 30 2012</b>
<b>146.750</b>	<b>124.515</b>

USD thousand	June 30 2013	June 30 2012
Current Assets	488.719	421.655
Current Liabilities	431.137	412.094
<b>Working Capital</b>	<b>57.582</b>	<b>9.562</b>

- ❖ Revenue more than 750 million USD
- ❖ Exports to be the 1/3 of the revenue
- ❖ Growth with the products of which industrial and property rights belongs to Otokar
- ❖ High dividend yield
- ❖ Increasing the company market value
- ❖ Satisfied shareholders

- ✓ **Hüseyin Odabaş**  
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