

# 2020 6-Month FINANCIAL RESULTS

# Otokar



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

Turkey's **leading** supplier and exporter of land platforms

For the 11th time, the **market leader** in the total segments in which it operates

## 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.



1963

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



1970s

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



1980s

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



1990s

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



2000s

- Merge with the İstanbul Fruehauf A.Ş.
- 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 armored tactical vehicle family
- Production of City Buses
- Turkey's first electric bus
- Atlas Light Truck
- Introduced new armored tactical wheeled vehicle URAL
- Tracked Armoured Vehicle TULPAR
- POYRAZ midibus
- Establishment of Otokar Land Systems (OLS) in U.A.E
- Turkey's first electric armored vehicle, AKREP IIe
- Establishment of Otokar Central Asia Limited (OCAL)

FOUNDED IN **1963**



LOCAL CAPITAL



KOÇ  
HOLDING A.Ş.



ÜNVER  
HOLDING A.Ş.



OTHER



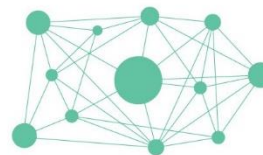
**1,988**

EMPLOYEES



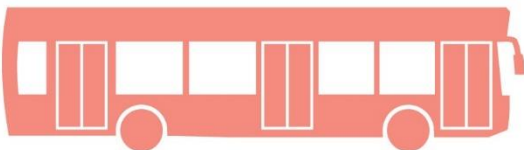
**552,000 M<sup>2</sup>**

PRODUCTION AREA



APPROX. **300**

SALES & SERVICE NETWORK



**1 OUT OF EVERY 3 BUSES SOLD  
IN TURKEY IN 2019 IS OTOKAR**

**USD 132 MILLION**  
EXPORT REVENUES IN 2020 3M

**TL 1,136 MILLION**  
TURNOVER IN 2020 3M

**TL 1,1 BILLION**  
10 YEAR R&D EXPENDITURES

**5,000**

BUSES & MINIBUSES

**3,700**

TACTICAL  
VEHICLES

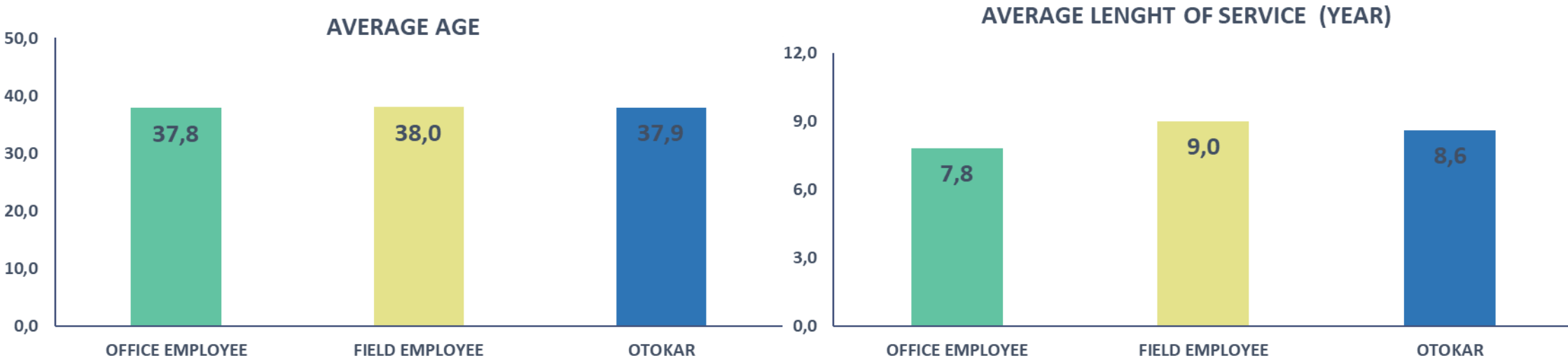
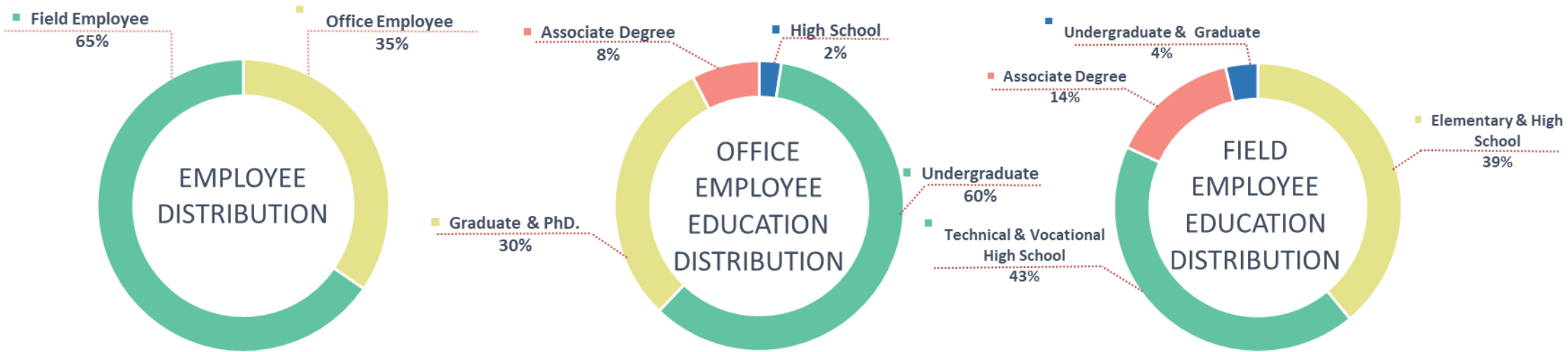
**YEARLY  
PRODUCTION  
CAPACITY**

**1,600**

TRUCKS & LIGHT TRUCKS

**900**

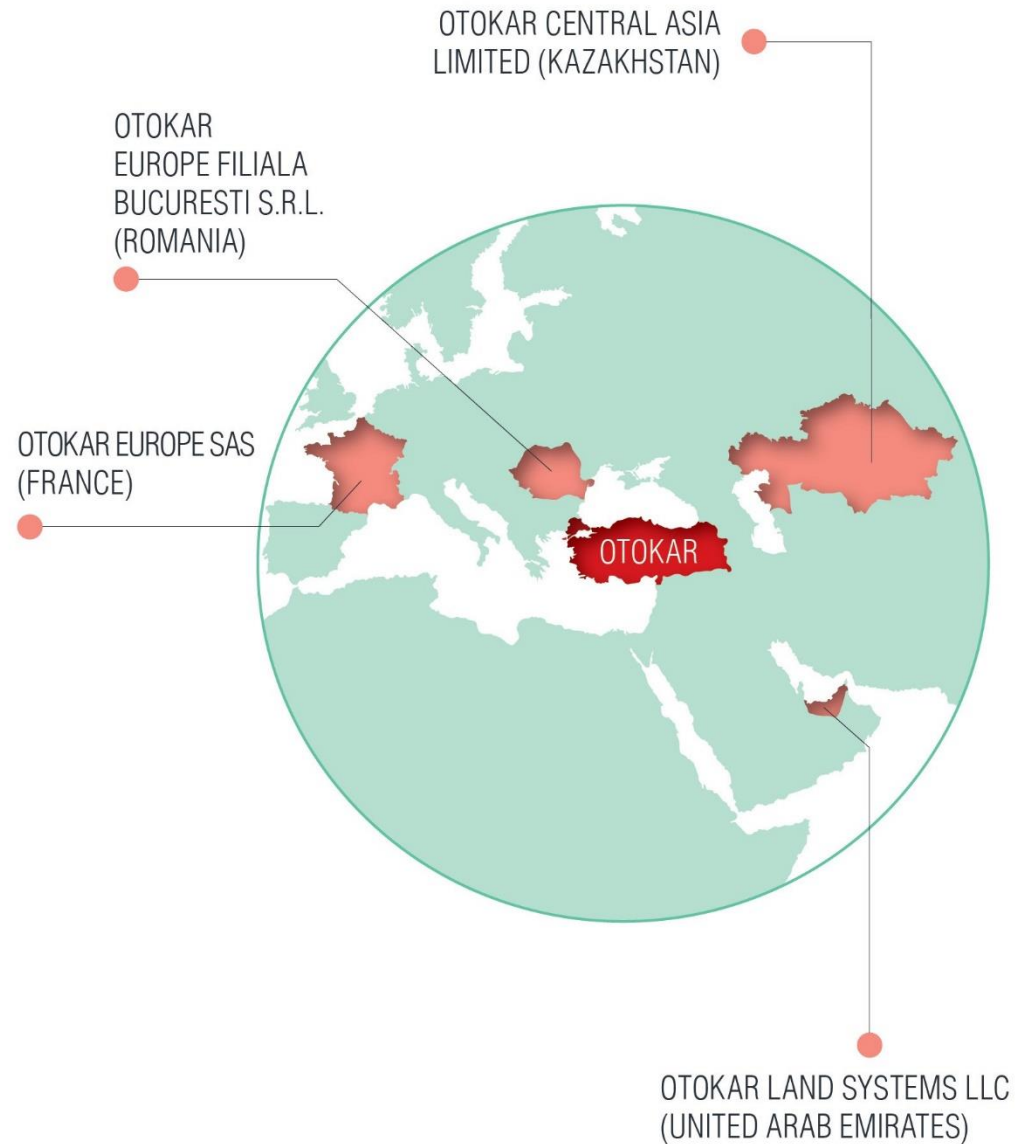
TACTICAL ARMORED  
VEHICLES





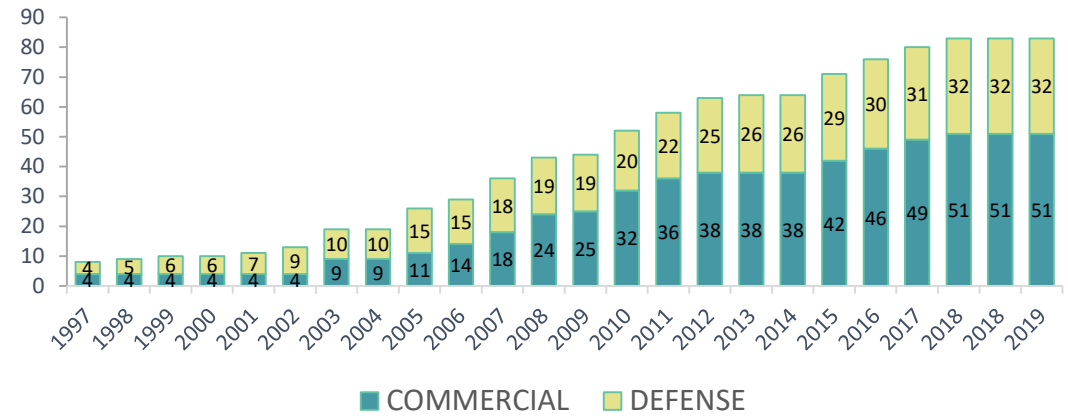


- 552.000m<sup>2</sup> factory with an annual production capacity of 13,050 units and approximately 2,000 employees in Arifiye/Sakarya



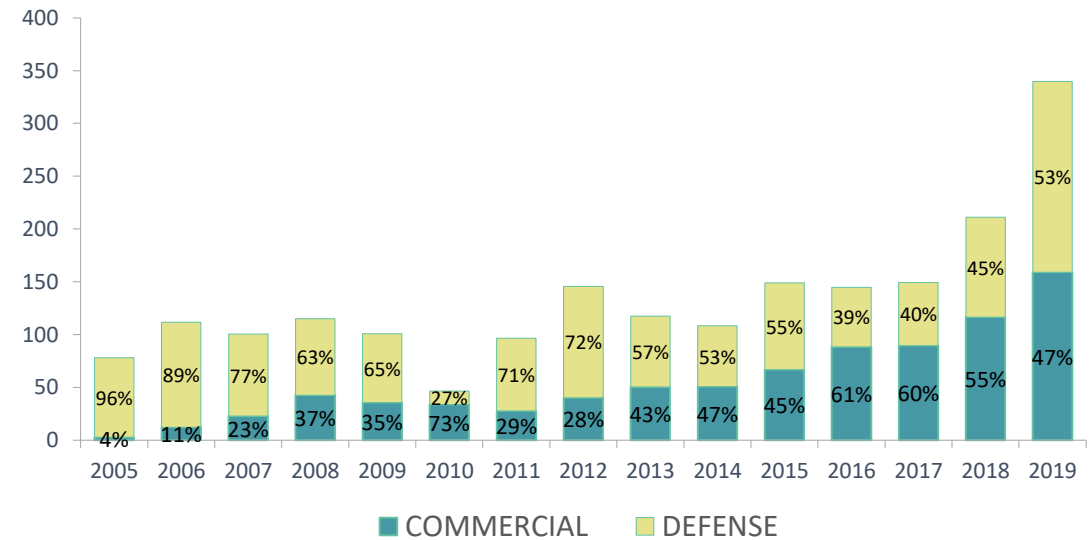
## GROWTH IN EXPORT MARKETS

NUMBER OF COUNTRIES



## SEGMENT BASED EXPORT

MILLION USD







## PASSENGER TRANSPORTATION



## CARGO TRANSPORTATION



## TACTICAL WHEELED &amp; TRACKED ARMORED VEHICLES



## SPARE PART/OTHERS

## 2020 6M

**Total revenue** :  
**Rev. Contribution** :  
**Domestic** :  
**Export** :  
**Export share** :  
**Export share** :

433 mn TL  
 38%  
 165 mn TL  
 268 mn TL  
 62% (bus)  
 24% (total)

23 mn TL  
 2%  
 23 mn TL  
 -  
 -  
 -

552 mn TL  
 49%  
 6 mn TL  
 546 mn TL  
 99% (armoured)  
 48% (total)

ARMORED

128 mn TL  
 11%  
 75 mn TL  
 53 mn TL  
 41% (spare part)  
 5% (total)

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

## 2019 6M

**Total revenue** :  
**Rev. Contribution** :  
**Domestic** :  
**Export** :  
**Export share** :  
**Export share** :

639 mn TL  
 50%  
 113 mn TL  
 526 mn TL  
 82% (bus)  
 41% (total)

12 mn TL  
 1%  
 10 mn TL  
 1 mn TL  
 11%(cargo trans.)  
 -

503 mn TL  
 39%  
 43 mn TL  
 460 mn TL  
 91% (armoured)  
 36% (total)

ARMORED

131 mn TL  
 10%  
 80 mn TL  
 51 mn TL  
 39% (spare part)  
 4% (total)

A GLOBAL  
COMPANY

THE LARGEST



PIONEER



MARKET LEADER





- 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.

## PUBLIC TRANSPORT

POYRAZ



SULTAN NAVIGO



DORUK VECTIO



TERRITO



KENT



KENT ARTICULATED



## LOGISTIC&amp;CARGO TRANSPORTATION





## WHEELED ARMoured



## TRACKED ARMoured

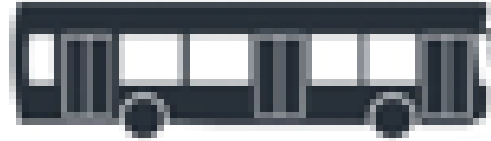


## TURRET SYSTEMS

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

1 OUT OF EVERY 3 BUSES SOLD  
IN TURKEY IN 2019 IS OTOKAR

In the total of segments in which it operates



**1 out of every 3** buses sold in Turkey in 2019 is Otokar

The total of the segments in which it operates as a market leader, **was the best-selling brand in Turkey.**

Otokar accelerated its export activities, **increased its exports by 78%.**

It increased the number of Otokar buses used in passenger transportation only in France **to over 2,200.**





Otokar has participated in Smart Cities and Municipalities Congress organized by Union of Municipalities of Turkey in Ankara in January and introduced a 12-meters full-electric urban bus Urban Electra.



Otokar signed an agreement to manufacture the products of global bus manufacturer IVECO BUS at Otokar's factory in Sakarya.



Atlas truck has been renewed from design to features in line with customer needs and expectations. The promotion meeting of Atlas was held in Otokar's factory in Sakarya with the participation of press members and Otokar dealers.



Otokar participated Busworld Turkey 2020. Otokar, the industry pioneer in electric and alternative fuel vehicles, showcased 5 buses and also exhibited its new 12-meter electric bus Kent Electra.



Between March 25 and April 20, Otokar interrupted production at its factory in Sakarya as part of measures taken to reduce the effects of the COVID-19.



Otokar signed one of the biggest export agreements of the year with Georgia. Otokar signed a contract with Georgia Municipal Development Fund, which covers 175 buses and their spare parts and training, amounting to approximately 18.7 million Euros.



Otokar has delivered its 50-piece right-hand drive Kent bus to Malta. With the delivery, the total number of Otokar buses in the streets of Malta approached to 300.



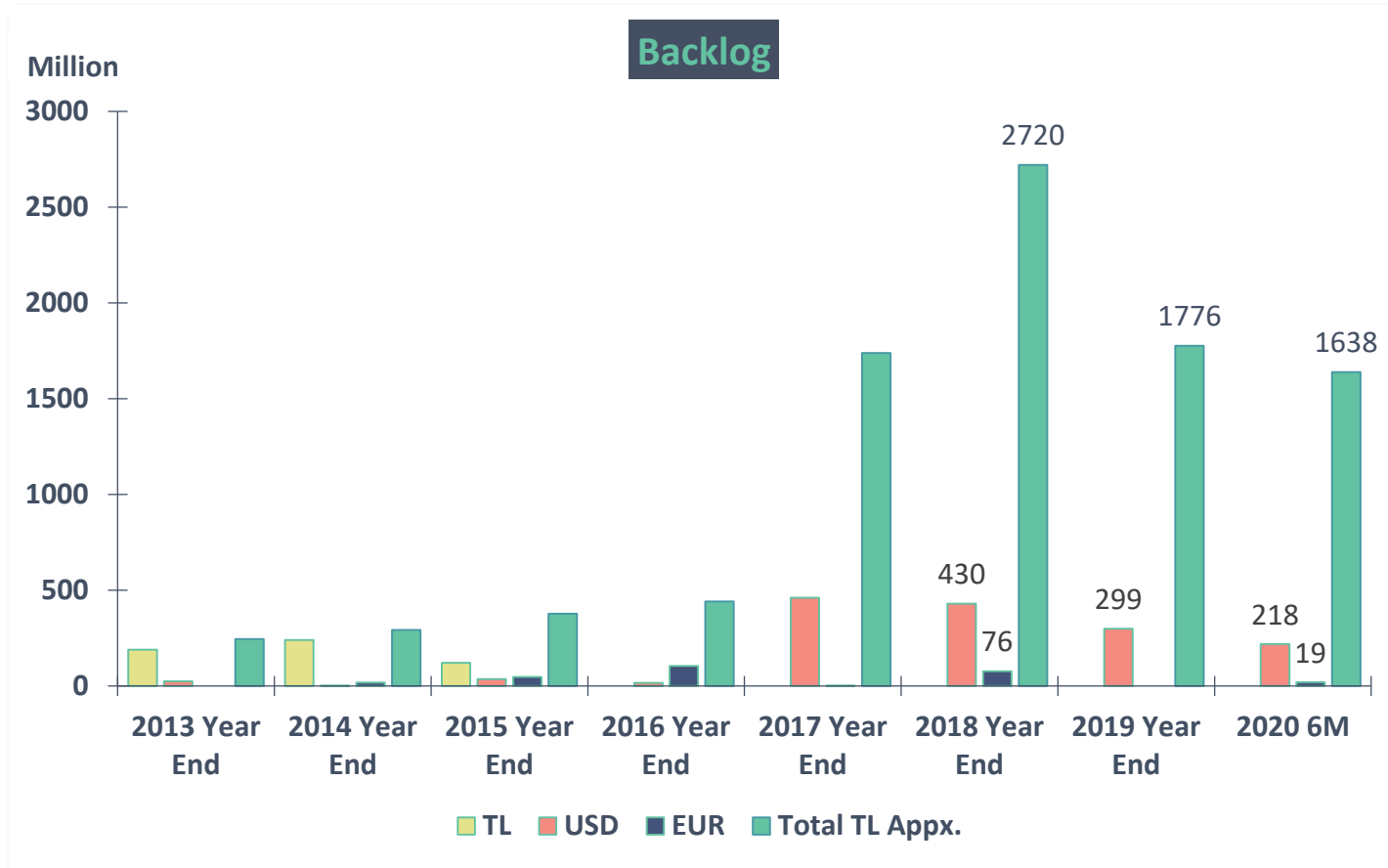
Otokar, at the "Turkey's Most Valuable Brand - Turkey 100" report published by international brand evaluation organization Brandfinance, ranked 35th by rising 12 places compared to last year. Otokar, whose brand value was announced as 159 million dollars, was the most valuable brand with an increase of 140 percent.



Turkey's largest 500 companies which determined in the Fortune 500 list of Turkey, Otokar, rose more than 32 rows. Otokar, which achieved a turnover of 2.4 billion TL and 45% growth in 2019 compared to the previous year. This year Otokar, rose to 142nd in the published list.



Otokar has successfully completed all inspections, with the safe production practices and regulations that Otokar has put into practice in its factory which is over an area of 552 thousand square meters from the beginning of the Covid-19, and has been awarded the COVID-19 Safe Production Certificate issued by the Turkish Standards Institute (TSE).



- 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 the 8x8 armored vehicles order and buses order.
- Balance orders amount to US \$ 218 million and 19 million Euro.



#### Leader

The most preferred brand in the 25 or more people capacity passenger bus for the last 11 years in Turkey.



#### Strong export performance and a global company

In addition to its strong export performance, Otokar strengthened its global presence with its fourth subsidiary in Kazakhstan. Export revenue increased by 40% on annual 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.



#### Products that are intellectual property rights Otokar

The share of Otokar design vehicle sales in turnover is 98%. The number of patents and industrial designs has reached to 296.



#### Sustainable growth and profitability

Total turnover increased by 14% in the last 15 years, Net profit increased by 27% in the last 15 years, with the annual compound growth rate.



#### Consistent dividend distribution

Regular dividend distribution within the framework of profit distribution policy.



#### Significant compliance to corporate governance principles

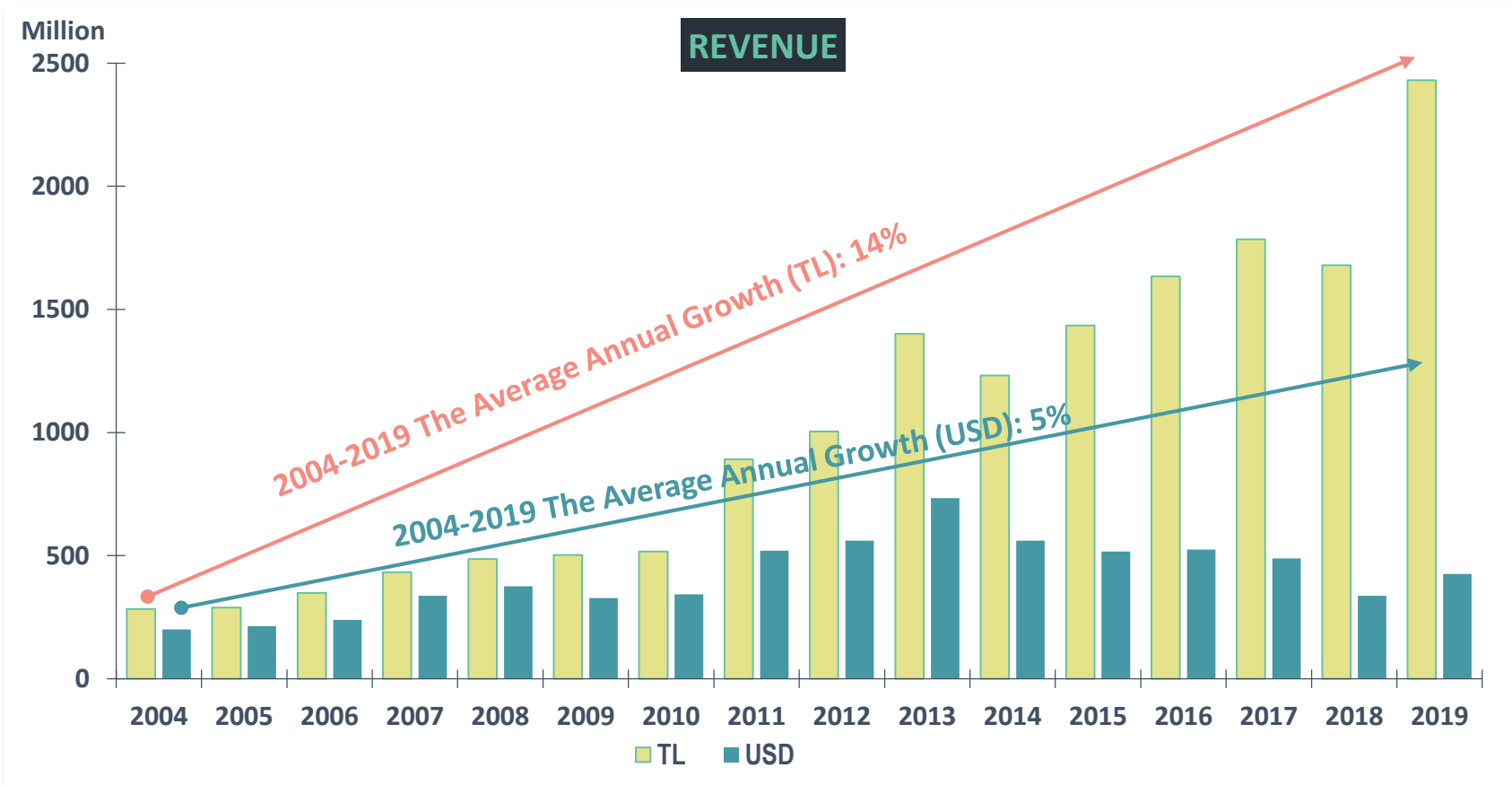
Increased Corporate Governance Rating to 94.02 (9.4 out of 10) as a sign that it has achieved significant compliance with corporate governance principles



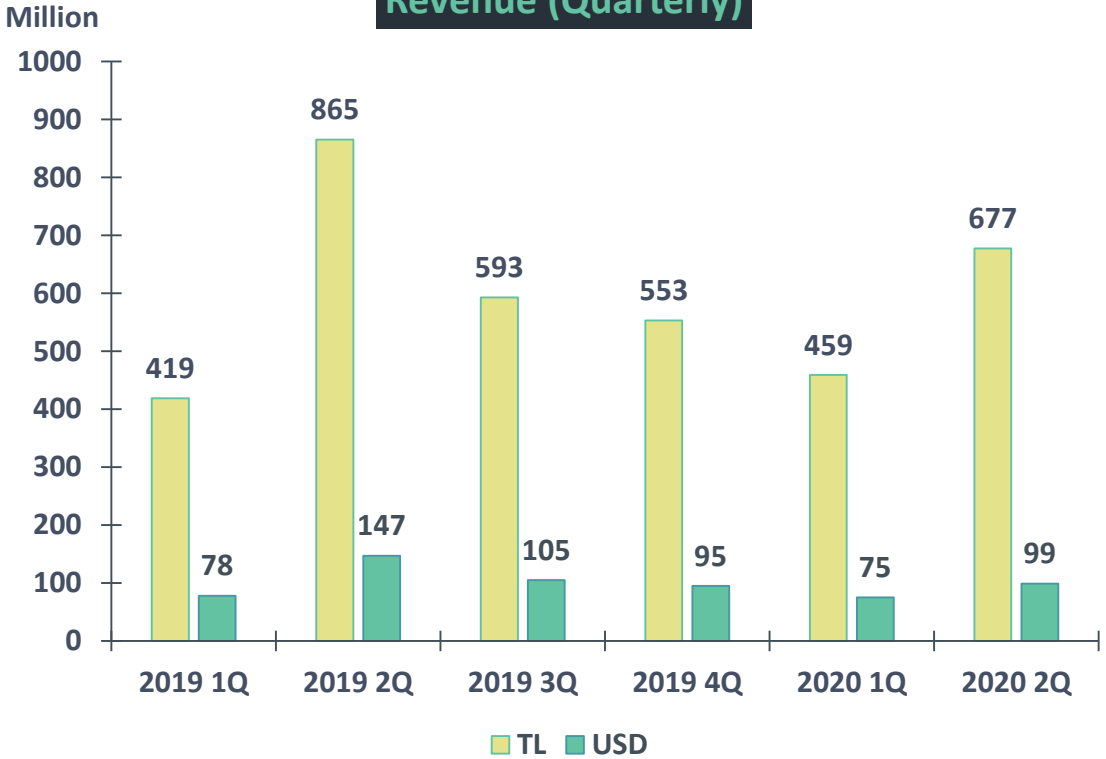
Balance Sheet (000 TL)		30.06.2020	
Current Assets	2.741.313	S.T. Liabilities	1.661.454
Fixed Assets	824.175	L.T. Liabilities	1.309.229
		Shareholders Equity	594.805
<b>Total Assets</b>	<b>3.565.488</b>	<b>Total Liabilities</b>	<b>3.565.488</b>

Income St. (000 TL)	2020 6M	2019 6M	Change (%)
Net Sales	1.136.248	1.283.896	(11)%
Gross Profit	439.116	478.060	(8)%
Operating Profit	221.242	266.265	(17)%
Profit Before Tax	208.801	189.149	10%
Net Profit	172.317	195.330	(12)%

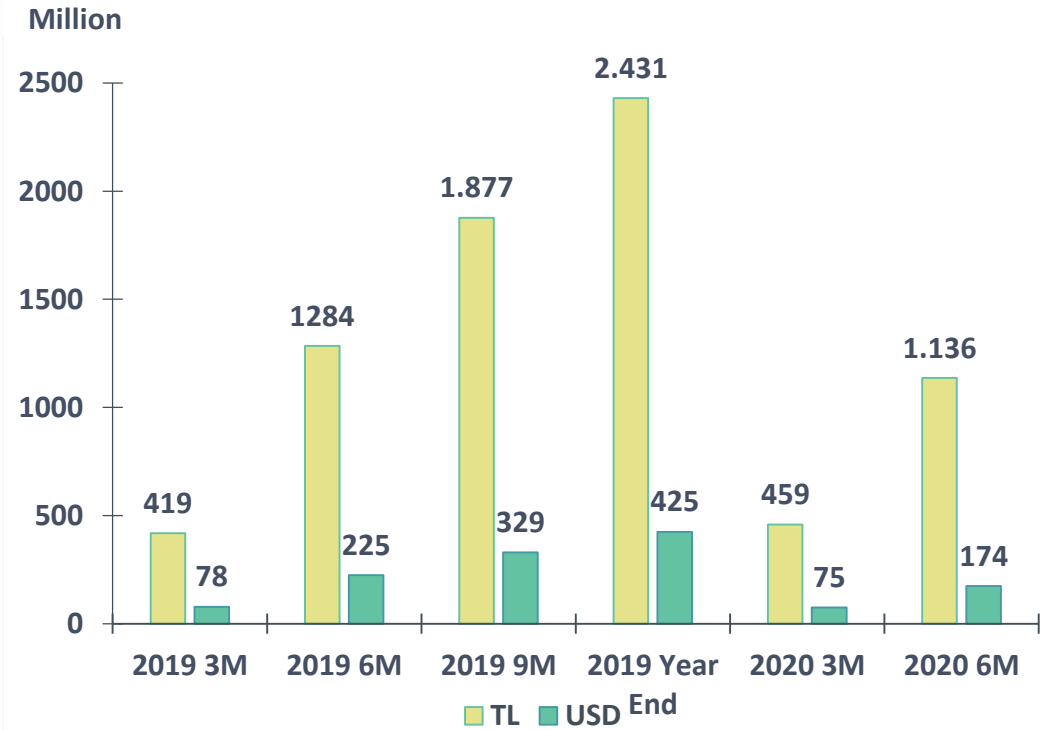
- 11% decrease in total turnover compared to last year's same period.

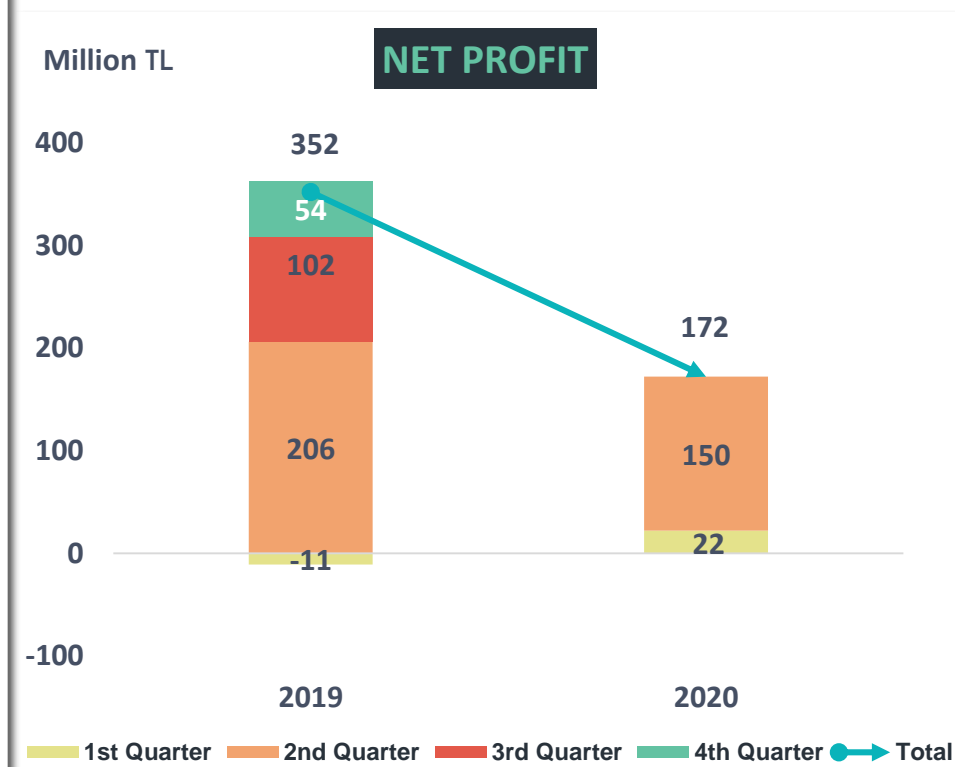
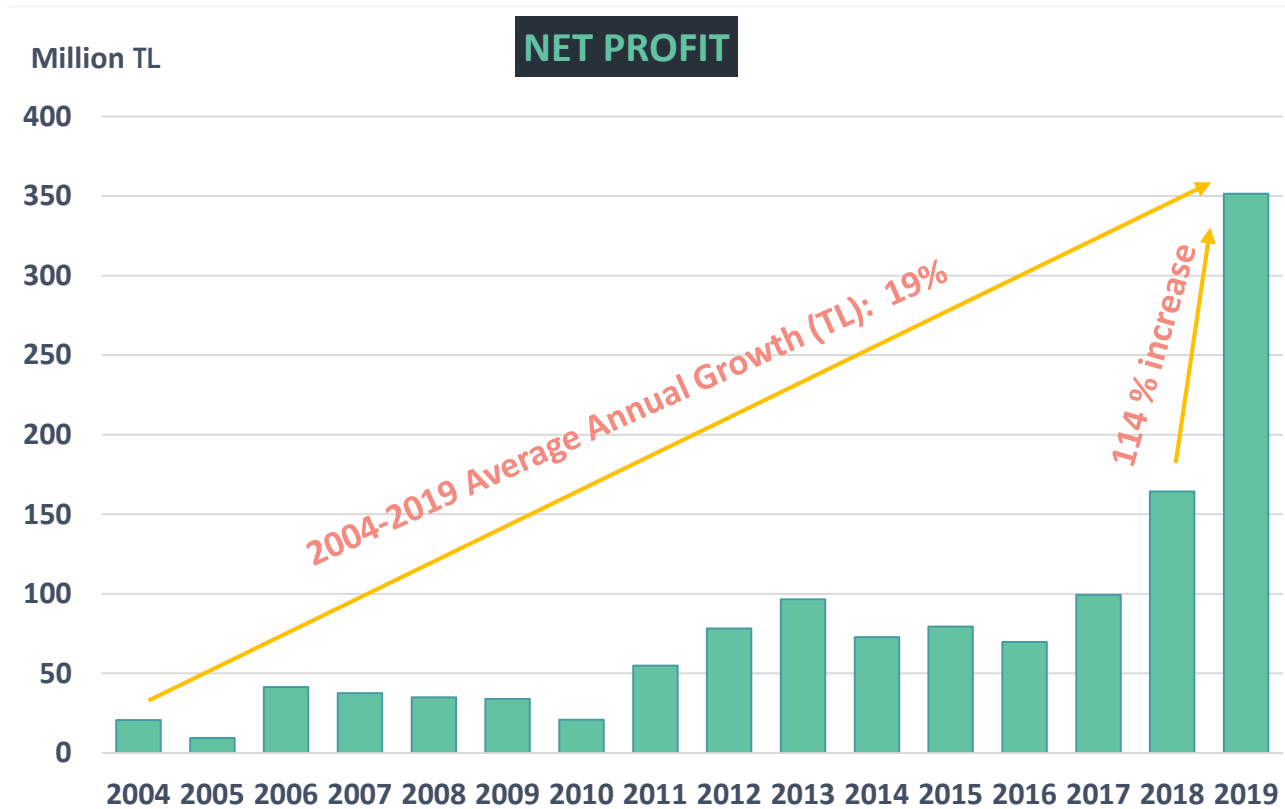


Revenue (Quarterly)

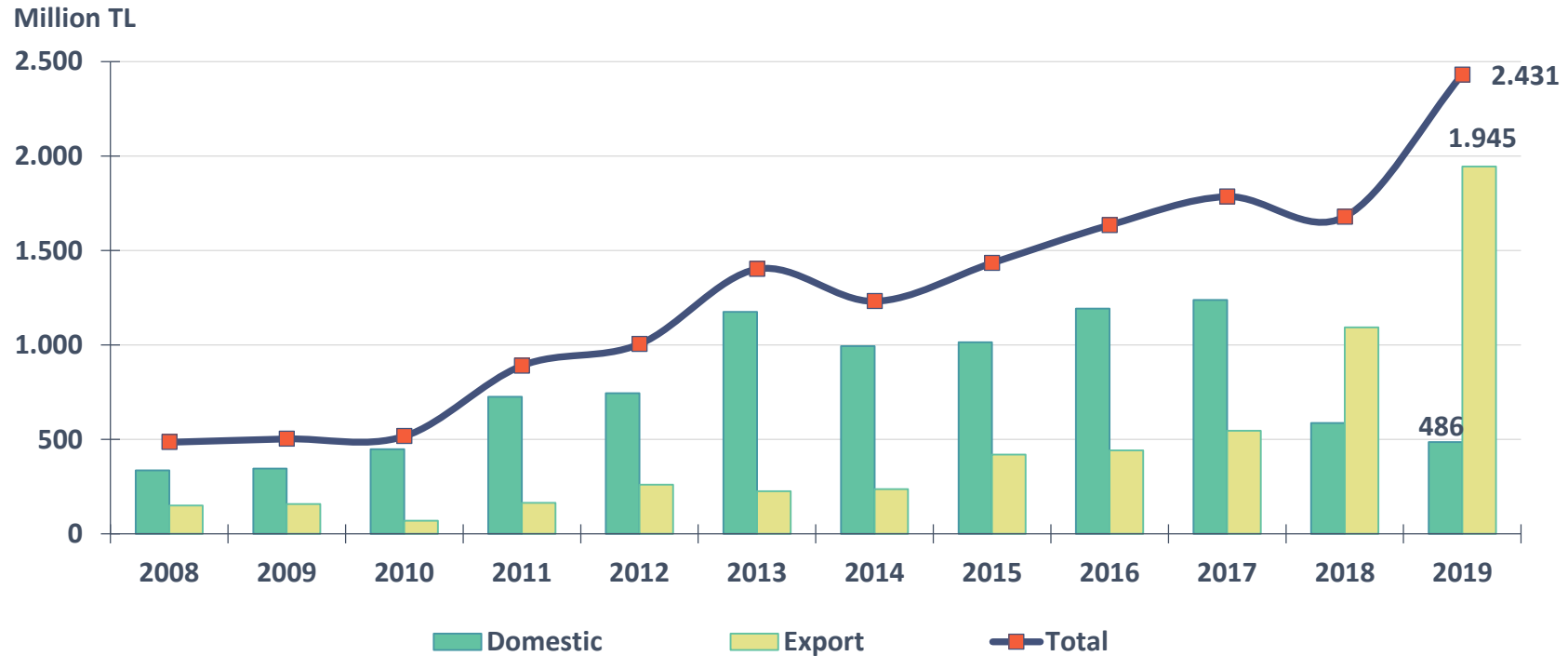


Revenue (Cumulative)





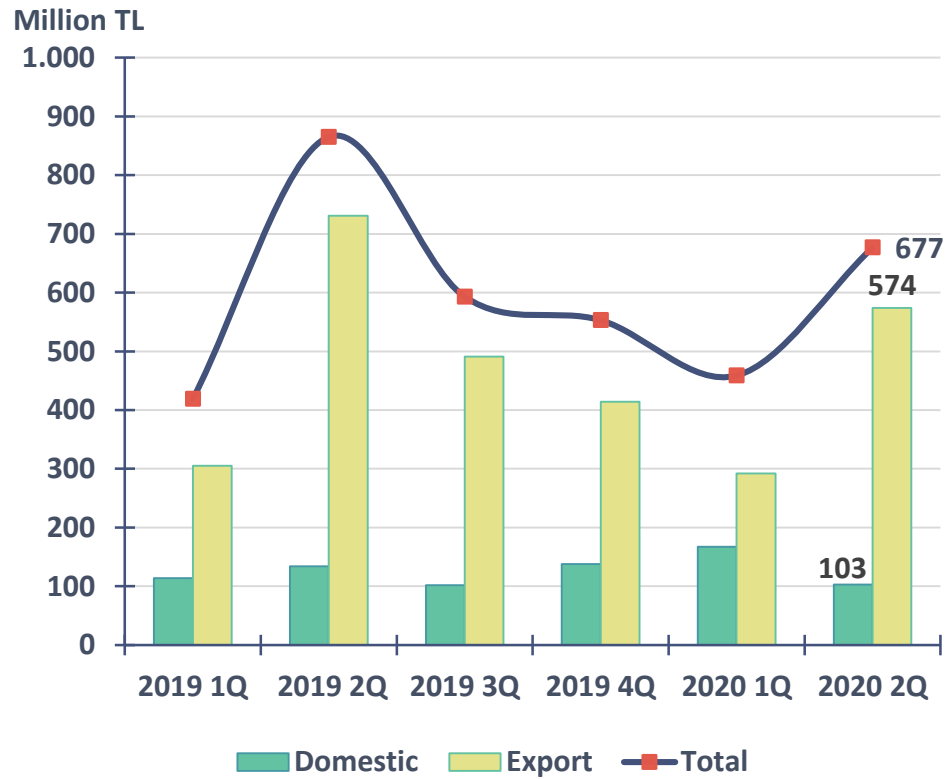
## SALES



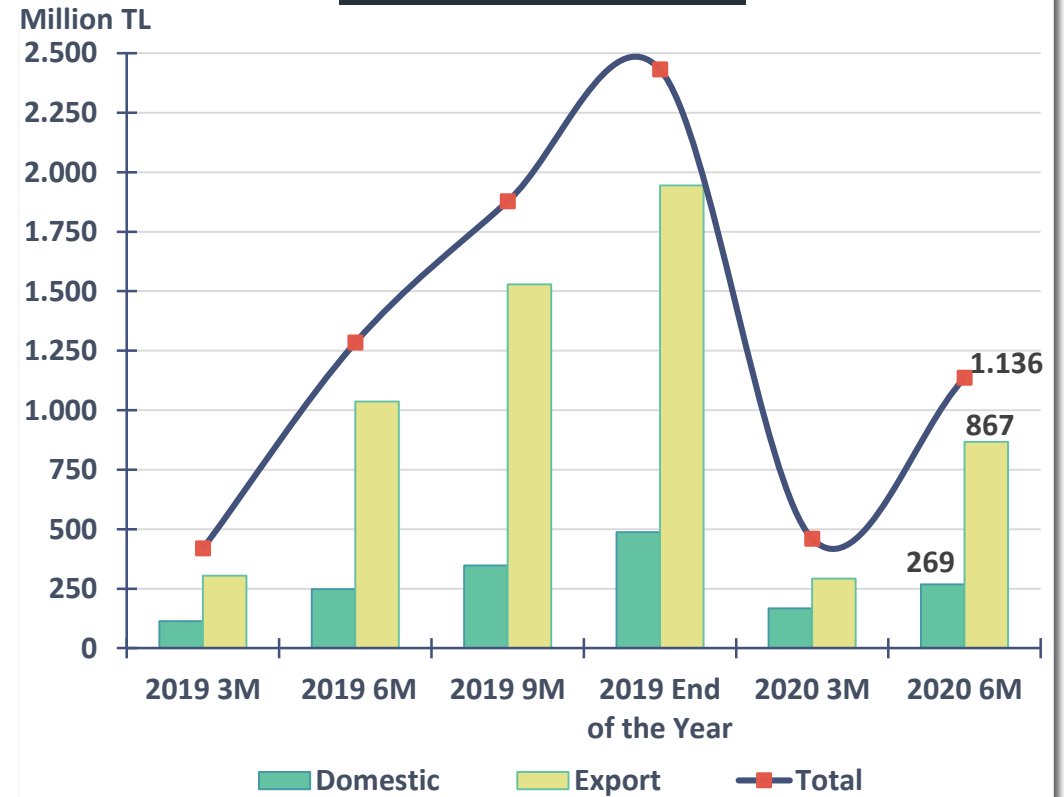
- Export revenues amounted to 1.945 million TL, **increased 78%** compared to last year's exports.



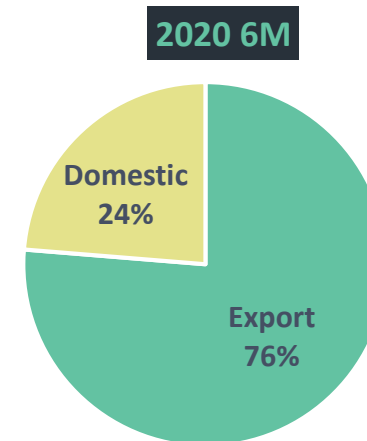
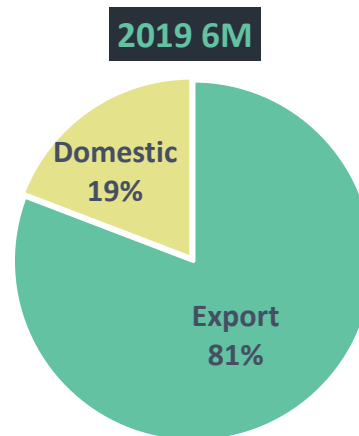
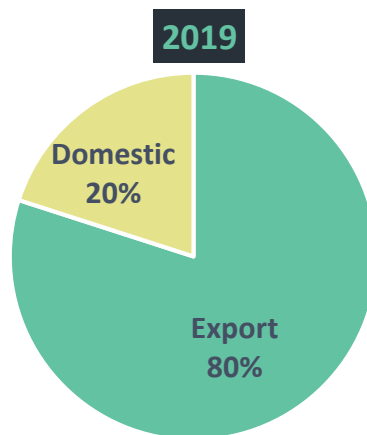
Revenue (Quarterly)



Revenue (Cumulative)

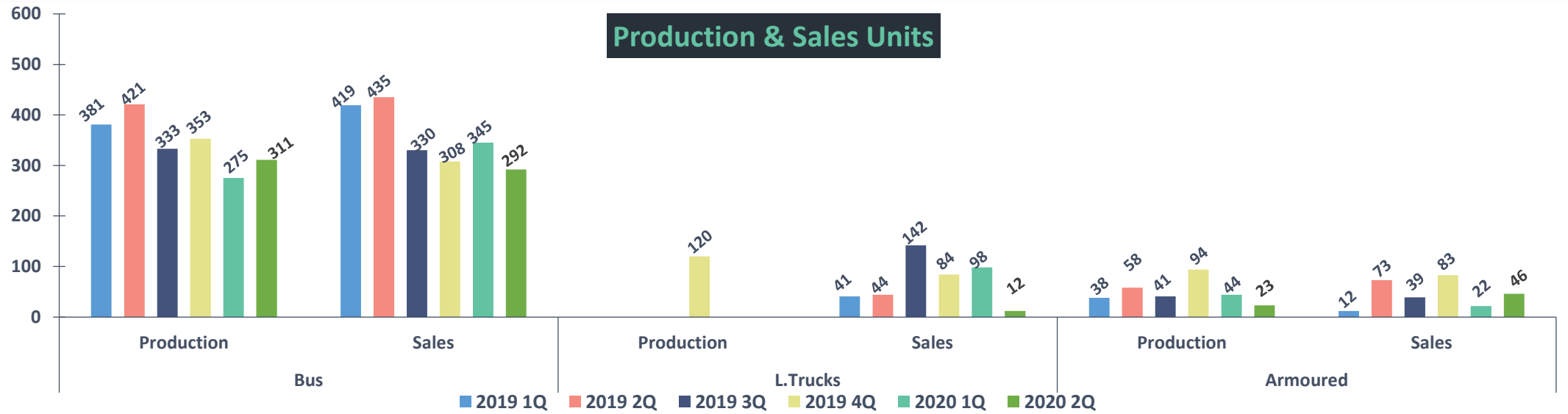


Sales (000 TL)	2020 6M	2019 6M	Change (%)	
Domestic	269.358	246.376	9%	▲
Export	866.890	1.037.520	(16)%	▼
Total	1.136.248	1.283.896	(11)%	▼

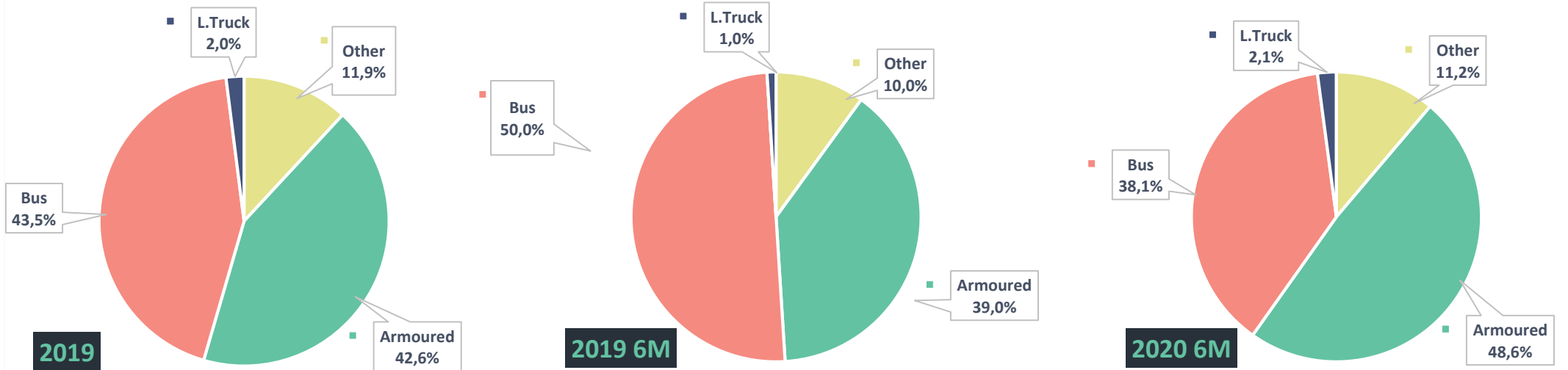


- Otokar domestic sales 9% higher than last year's same period, export sales 16% lower than last year's same period.
- The share of exports in turnover is **76%** in the first six months of 2020.

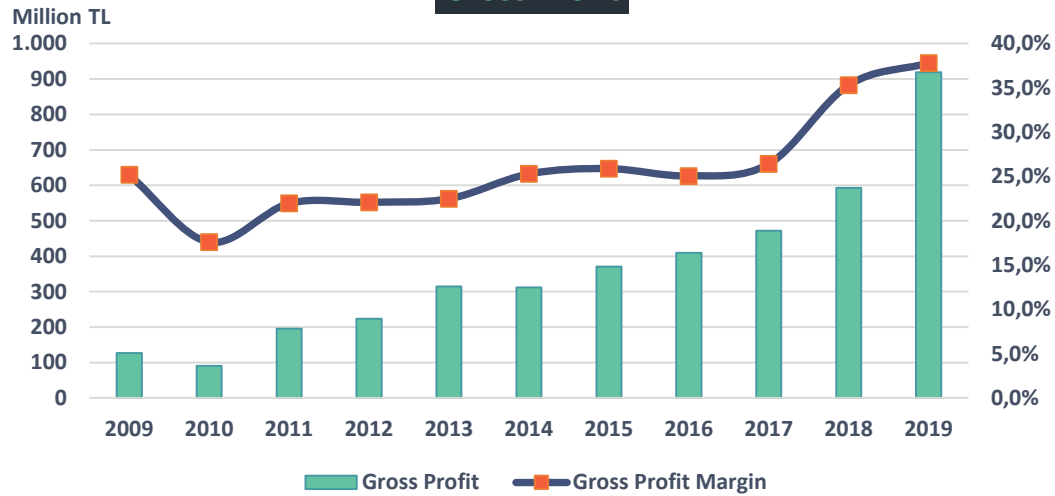
## Production &amp; Sales Units



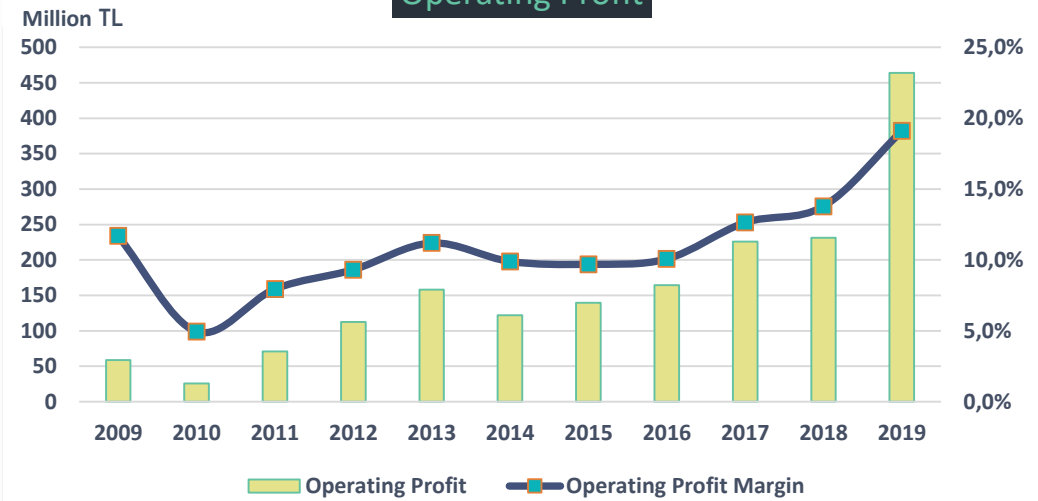
## Revenue Distribution



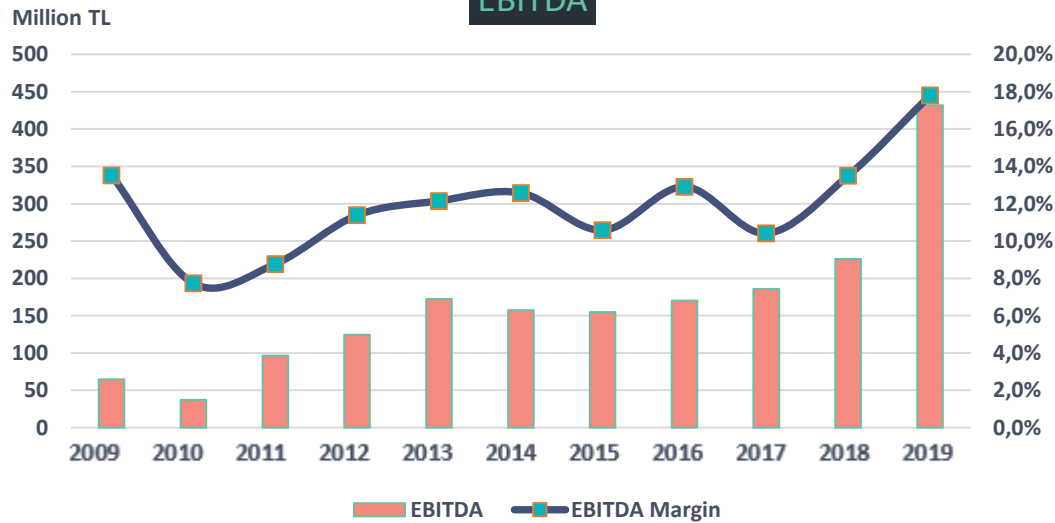
Gross Profit



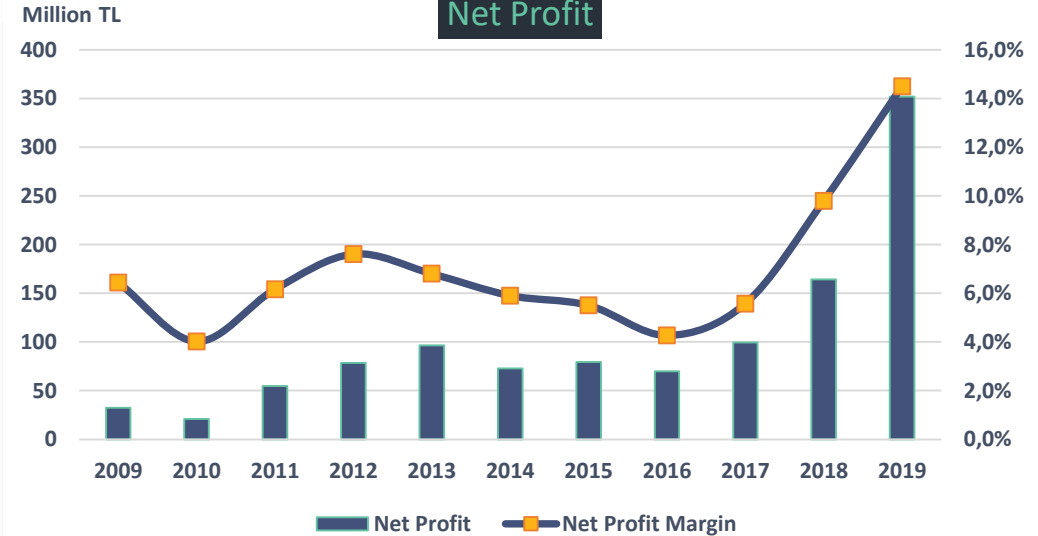
Operating Profit



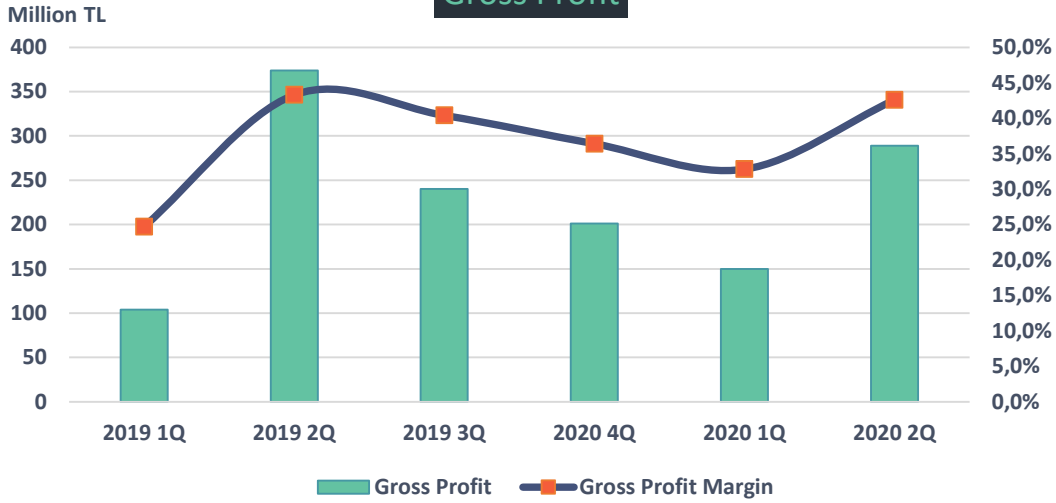
EBITDA



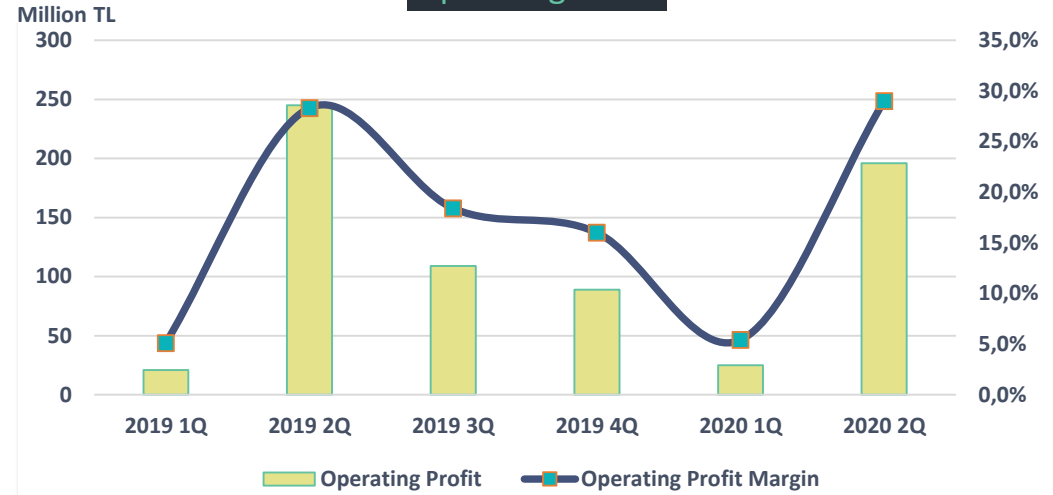
Net Profit



Gross Profit



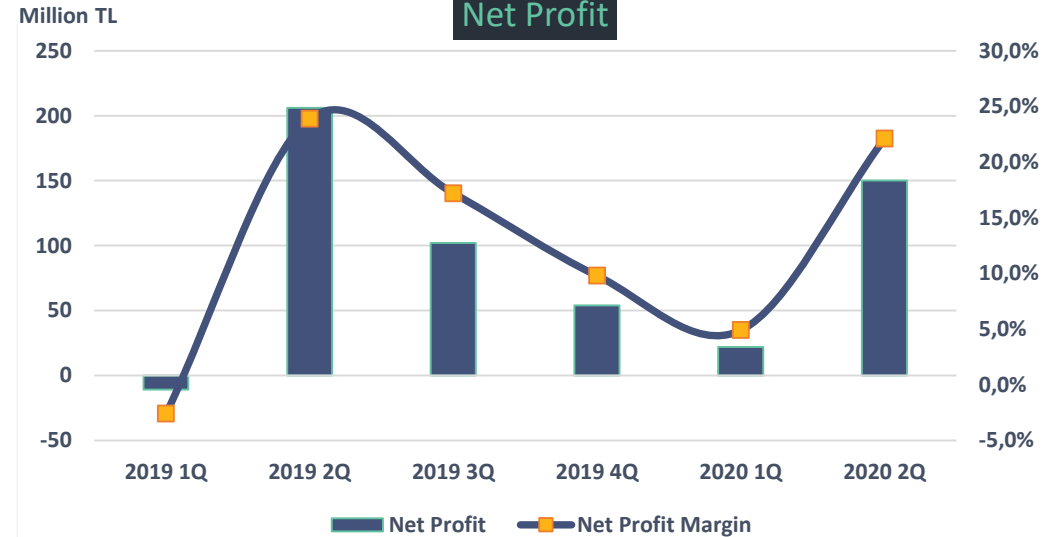
Operating Profit



EBITDA

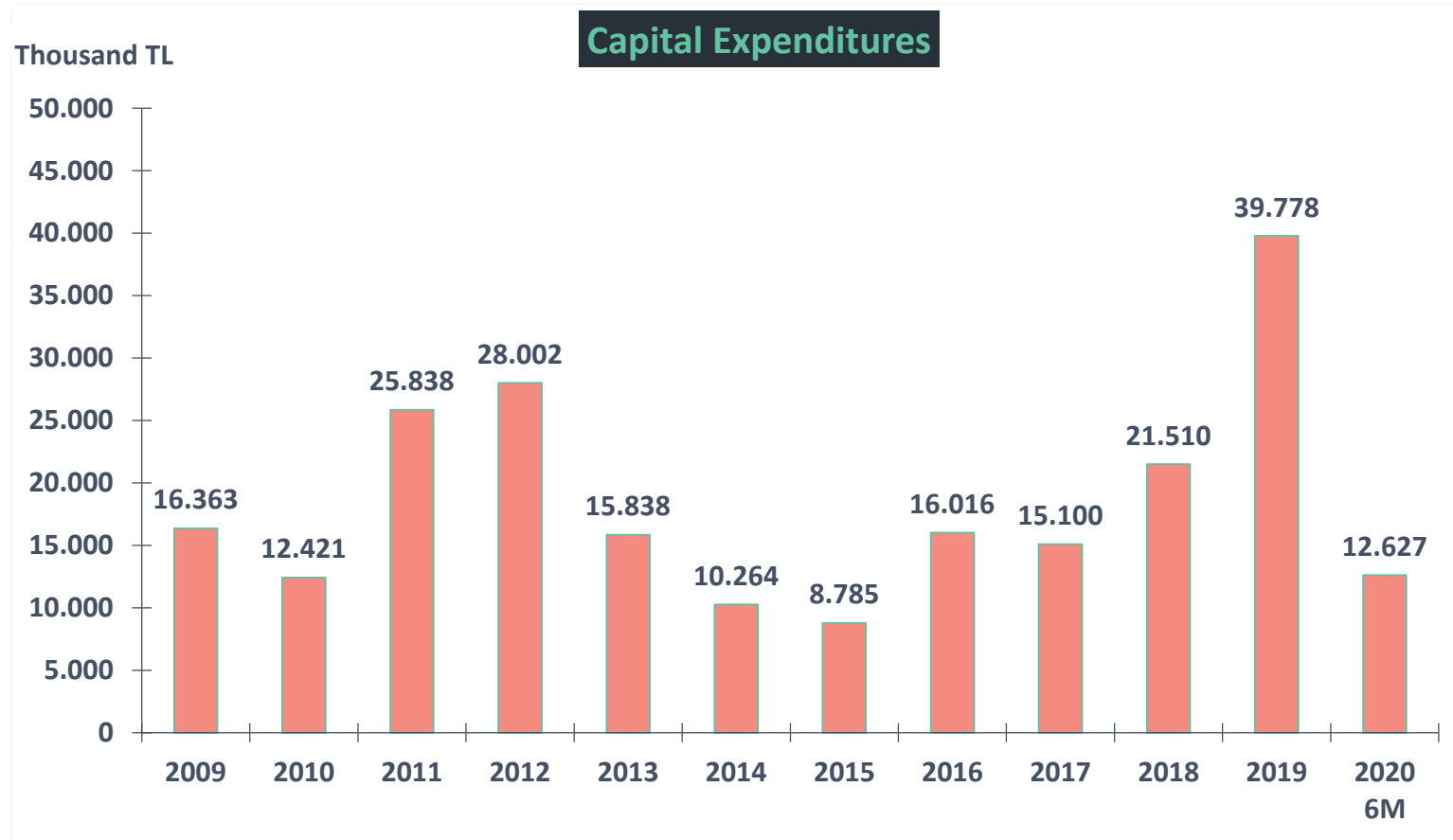


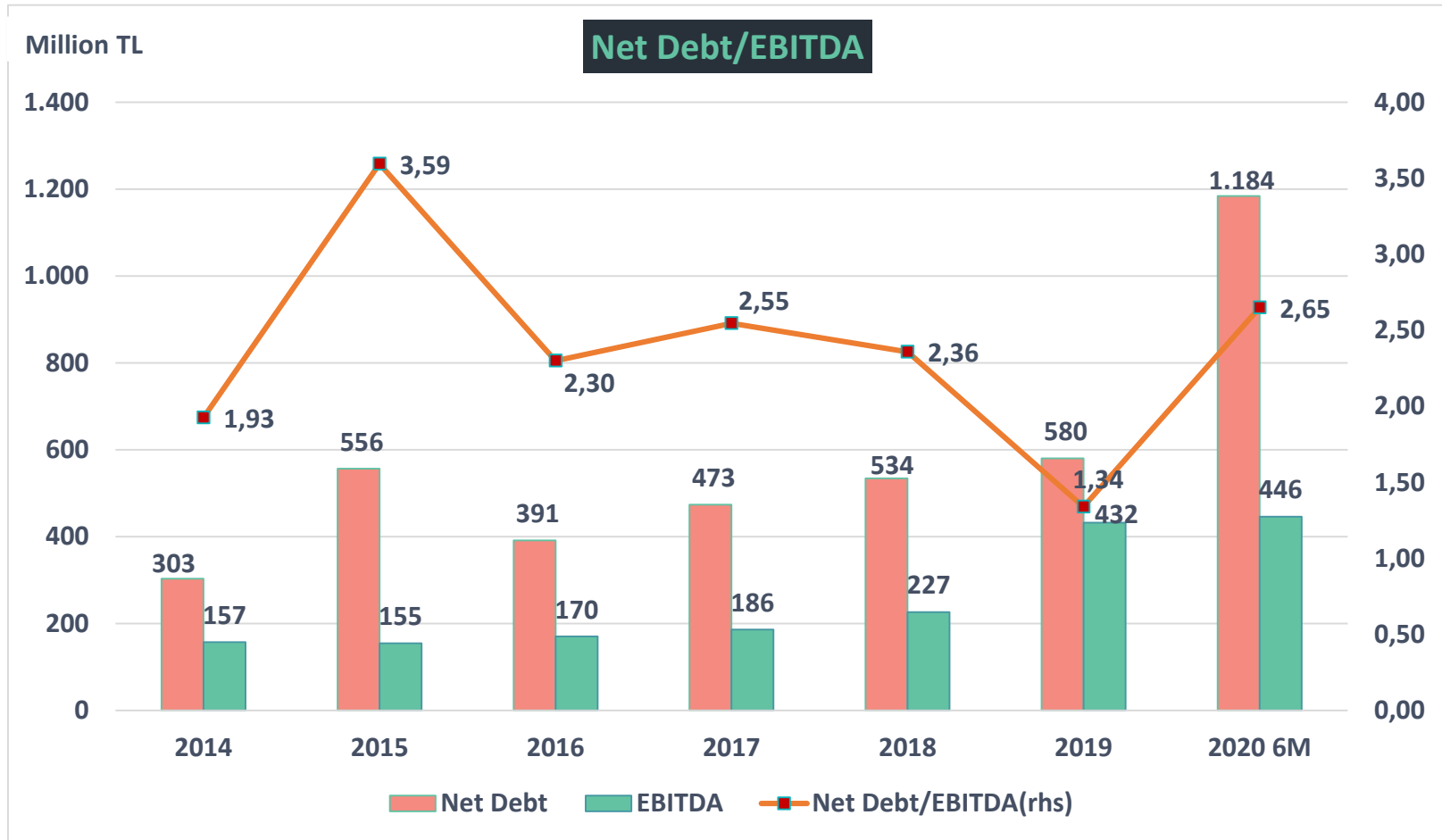
Net Profit

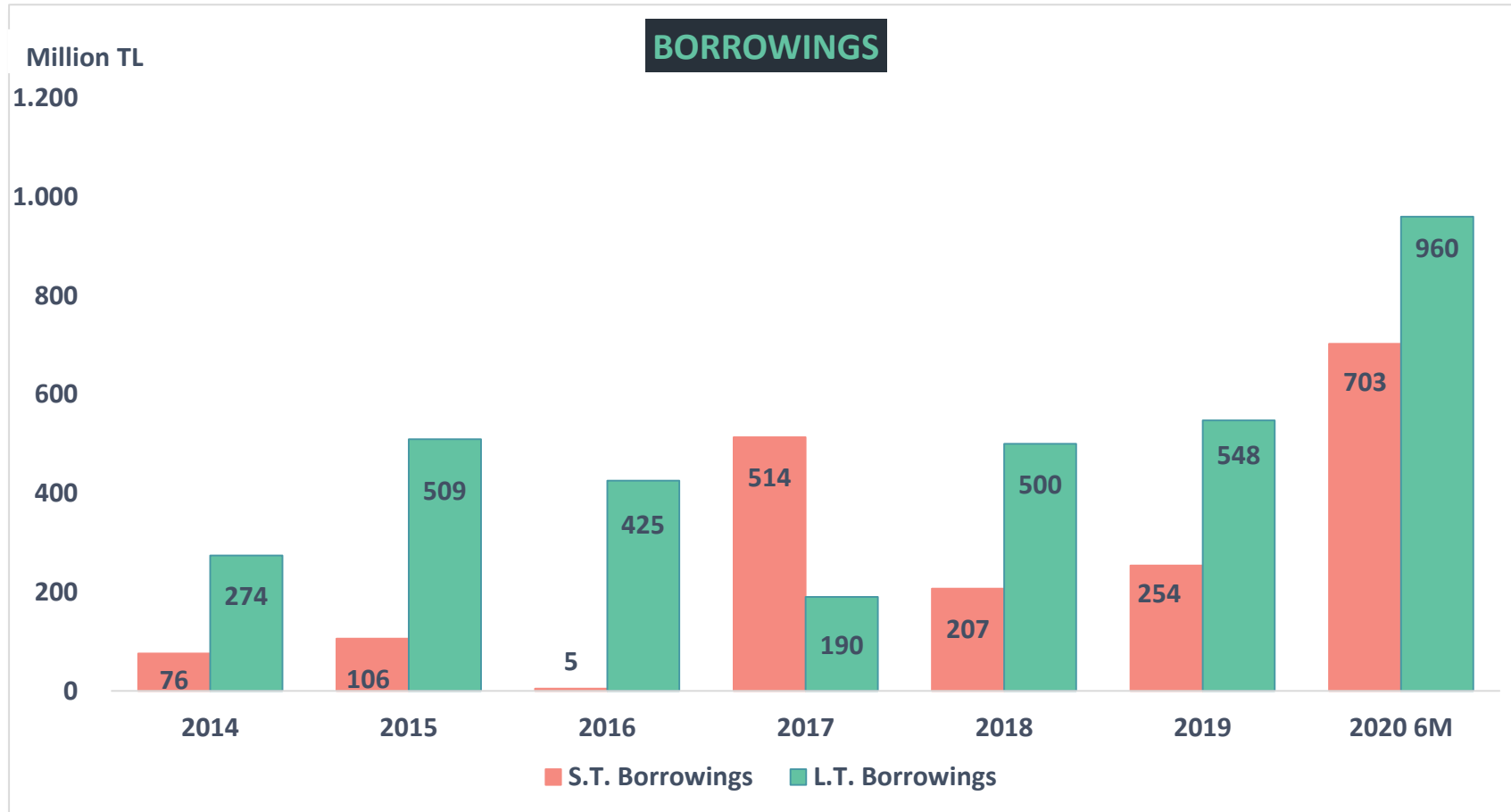




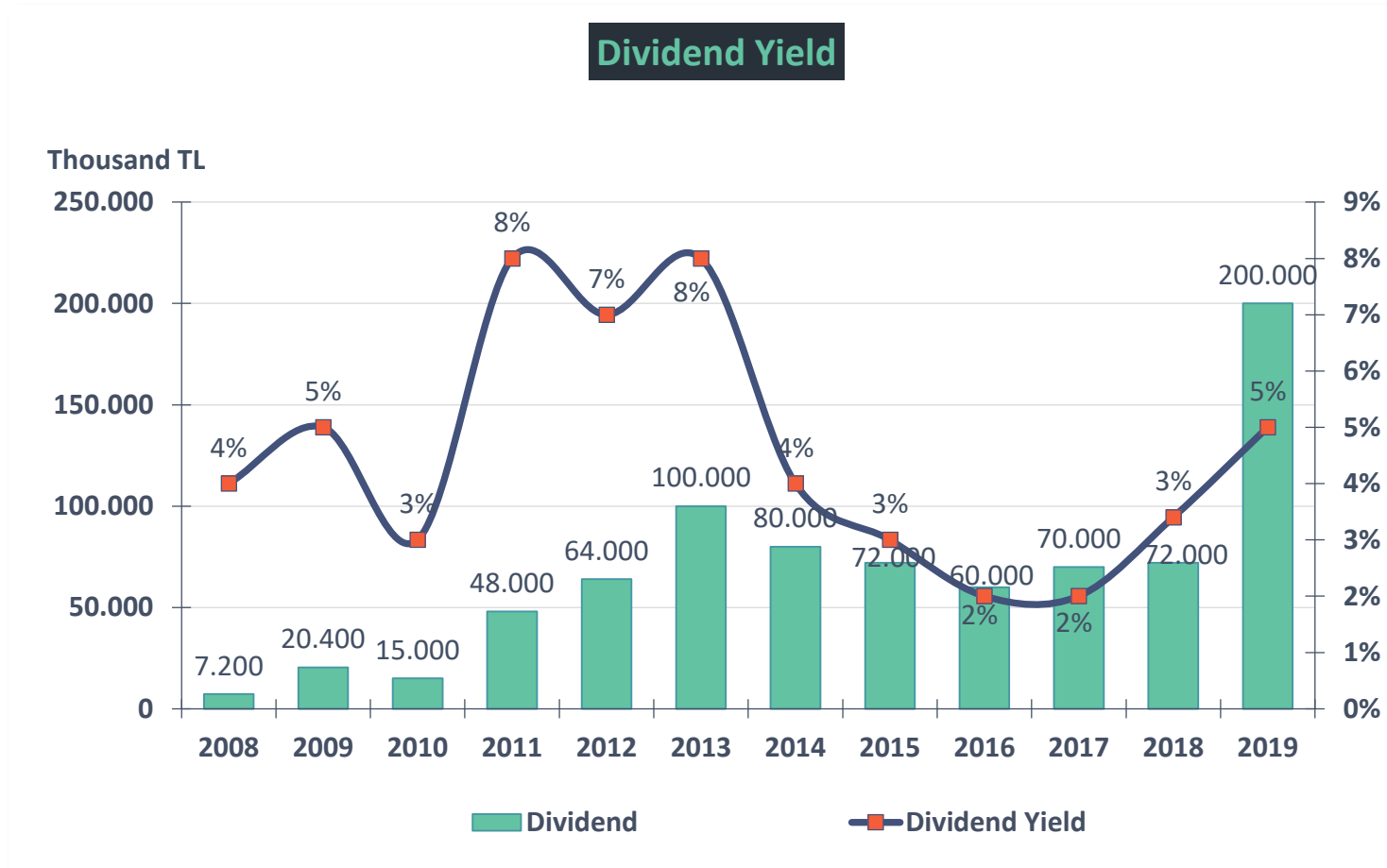
Ratios	2014	2015	2016	2017	2018	2019	2019 6M	2020 6M
ROE	29,8%	32,4%	28,7%	35,1%	42,2%	55,1%	40,2%	29%
EBITDA Margin	12,8%	10,8%	10,4%	10,4%	13,5%	17,8%	18,2%	21,9%
Net Margin	5,9%	5,5%	4,3%	5,6%	9,8%	14,5%	15,2%	15,2%
Net Debt/Equity	1,2	2,3	1,6	1,7	1,4	0,9	2,1	1,99
Net Debt/EBITDA	1,9	3,6	2,3	2,5	2,4	1,3	2,2	2,1
ST. Borrowing/T.Borrowings	0,52	0,49	0,60	0,53	0,38	0,39	0,45	0,47
Equity/Total Assets	0,20	0,15	0,14	0,14	0,17	0,24	0,17	0,17
Current Ratio	1,5	1,3	1,4	1,5	2,1	1,9	1,79	1,65





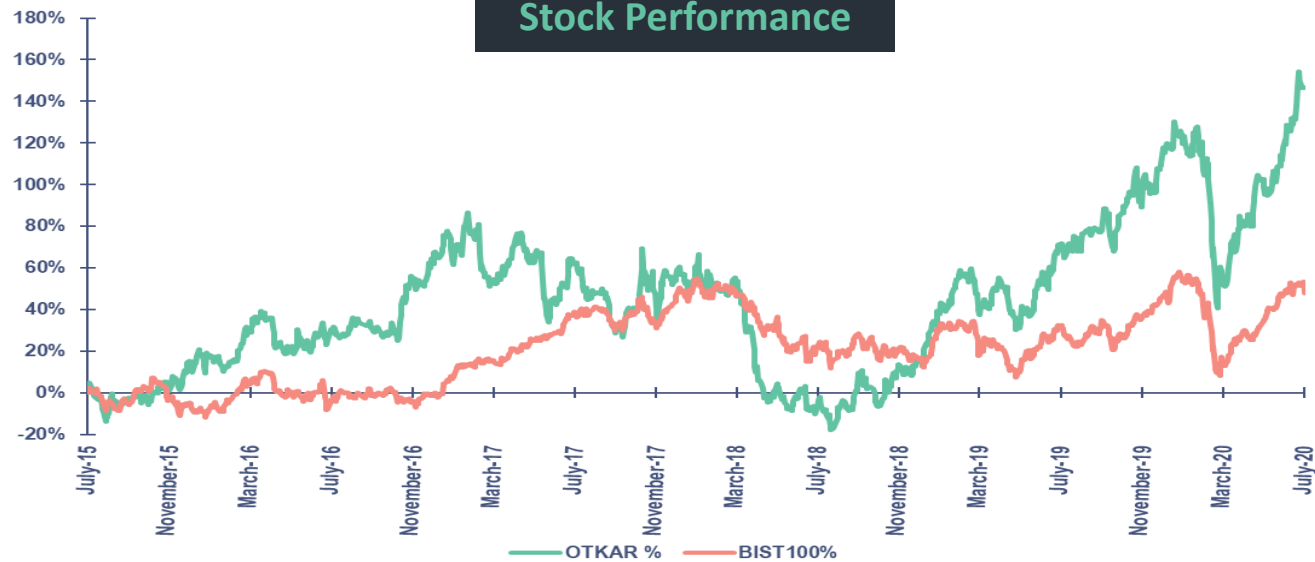


- Exchange rate risk and liquidity are monitored actively and the maturity of the borrowings and the currency type is determined by taking into consideration of the foreign currency position and liquidity risk.
- In the last 5 year period, borrowings are mainly realized in long term, in terms of foreign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



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

## Stock Performance



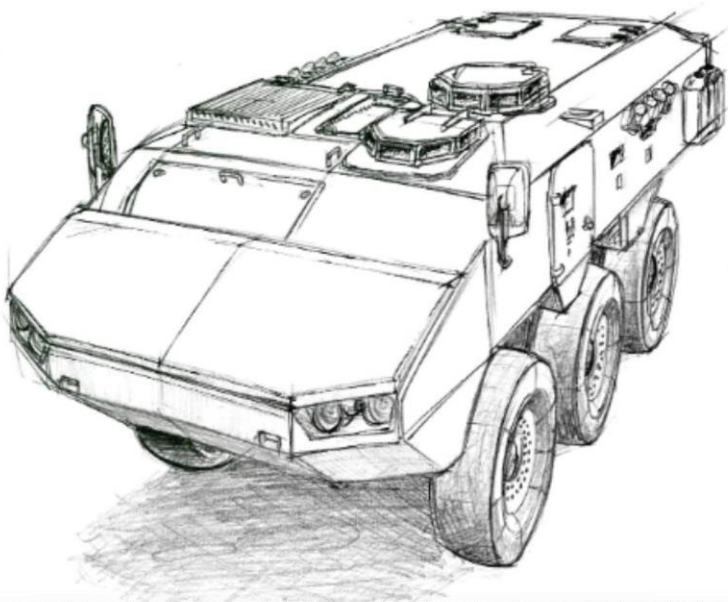
## Market Capitalization







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.





According to "R & D 250, companies that engaged in R & D expenditures in Turkey" survey prepared by Turkishtime magazine in 2018, Otokar ranked 7th among the companies that conduct R&D research.

Total of **470** R&D center employee



Otokar was awarded with "Intelligent Spare Part Optimization" project in the "Analytical and Big Data" category in the Artificial Intelligence, Analytical and RPA Technologies competition, and with its "OTOperasyon" project in the "Mobility in Production" category in the Smart Manufacturing competition organized by IDC.

Total R & D spending over the last 10 years **1.1 billion TL**



Otokar added electric bus e-Kent C and Turkey's first electric-powered armored combat vehicle Akrep IIe to its product range, which both were developed by its own R&D.

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



## 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



## AKREP IIe

Turkey's first electric armoured



## E-Kent C

12 m electric bus





## Otokar listed in the BIST Sustainability Index for the **fifth** consecutive term

**Otokar considers its sustainability strategy**, protecting domestic capital structure and the goal of profitability, its sensitivity to the environment, human and society, its focus on universal human rights and business ethics principles, operational excellence and customer satisfaction, and the development of high-tech, value-added products.

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

Otokar is also signatory of the **Women's Empowerment Principles (WEPs)**, a joint initiative of the United Nations Women's Unit (UN Women) and the United Nations Global Compact (UN Global Compact).

Otokar **accepts 17 Global Goals for Sustainable Development** as defined by the United Nations General Assembly and carries out its activities accordingly.



57th Ordinary General Assembly of Otokar Otomotiv ve Savunma Sanayi A.Ş. held on 16.03.2020



Rating of Adaptation to Corporate Governance Principles	Weight	Rating
Shareholders	25%	95,43
Public Disclosure & Treansperancy	25%	95,84
Stakeholders	15%	97,13
Board of Directors	35%	92,23
<b>Total</b>	<b>100%</b>	<b>94,67</b>

Otokar, as publicly disclosed with the material disclosure dated 23.03.2020, stated that SAHA Corporate Governance and Rating Services A.Ş. (SAHA) **increased its Corporate Governance Rating to 94.67 (9.47 out of 10)**





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