

### OTOKAR REPORTS 2007 1Q RESULTS

#### **“Sustainable Growth supported by Continuous demand of Defence Orders ”**

In this report we submit **2007 1Q** figures to compare with 2006 1Q figures. 2006 & 2007 1 Q financial results published in this press release are prepared according to International Financial Reporting Standards

#### **Highlights of 2007**

- The recorded net sales of 2007 1Q was USD 48.9 million . Export revenues comprised of 38.9 % of total sales with an amount of USD 19.07 million.
- Sales volume obtained in 2007 1Q was 857 vehicles. %28 of unit sales was defense vehicles while the rest was commercial vehicles. This quarter’s star is the midibus sales with % 25 of all the sales belonging to the midibuses. The sales unit was 252 with an increase of %53 compared to 2006 1Q. This is the result of the company policy to boost the commercial vehicle sales by expanding the European Dealership Network.
- Generated net profit was USD 1.12 million with a net margin of 2.5 %.
- The planned dividend payment that agreed at the General Assembly for the year 2006 is USD.21.7 mio.to be paid on May 15,2007.
- There are 4 major announcements made in the 1Q 2007 concerning the company purchase orders.
  - 1) 288 units of Cobra sales domestically for 167.5 mio YTL.
  - 2) 188 units of Cobra sales abroad for 52.8 mio USD.
  - 3) 546 units of Land Rover Defender sales abroad 45.3 mio USD.
  - 4) Turkish Main Battle Tank Project (R&D phase + the production of 4 (prototypes) 500 mio USD.

### Overview

<b>OTOKAR IFRS P/L Statement Highlights</b>	<b>1Q 2007 USD (thousands)</b>	<b>1Q 2006 USD (thousands)</b>	<b>USD Based Change</b>
Net Sales	48.909	50.856	<b>-3.83%</b>
Cost of Sales	-36.421	-35.089	<b>3.79%</b>
Gross Profit	12.489	15.766	<b>-20.78%</b>
Operating Expenses	-10.345	-9.715	<b>6,49%</b>
Operating Profit	2.146	6.051	<b>-64.53%</b>
Income/(loss) before minorities & taxes	983	6.934	<b>-85.82%</b>
Taxation	133	2.171	<b>-93.87%</b>
Net Profit	1.116	4.763	<b>-76.57%</b>
<b>EBITDA</b>	<b>2,8</b>	<b>7,1</b>	<b>-60.56%</b>

### Net Sales

OTOKAR's 1Q 2007 total revenue was % 3,82 down in comparison with 1Q 2006. Since there is an uncertainty in the market as regards the presidential and general elections which will happen soon this year the commercial vehicle sales has decreased. In spite of this OTOKAR has achieved a sales volume which is % 25 more than the same period of 2006.

Although the 1Q 2007 seems a bit down in sales the 3 main defence orders received by the company regarding its core business (apart from the Tank Project) is going to be the catalyst in achieving the sales and profit targets. The company targets 300 mio USD in revenue and 120 mio USD of it to be exports.

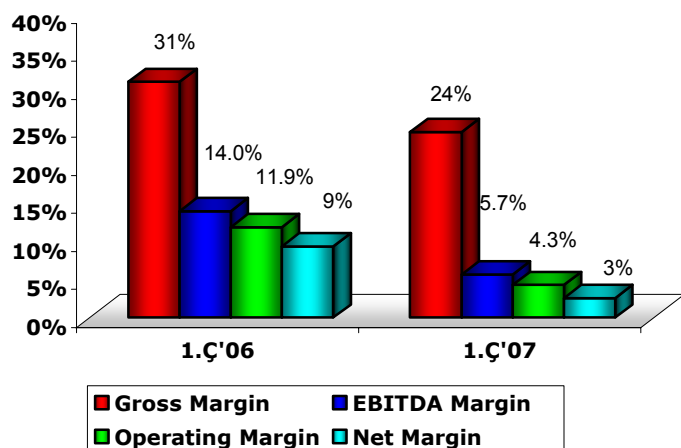
	<b>1Q 2007 USD (thousands)</b>	<b>1Q 2006 USD (thousands)</b>	<b>Change %</b>
Domestic Sales	29.510	21.363	38.13%
Exports	19.399	29.492	-35.21%
<b>Total</b>	<b>48.909</b>	<b>50.855</b>	<b>-3.82%</b>

OTOKAR expects the share of defence orders for the year 2007 to be the main locomotive in revenue. Plus the usual buyers of armoured and defence vehicles there are new orders from new customers abroad.

The commercial vehicles (midibus + trailers + tankers) will also be getting new orders with the support of all the dealers abroad especially France, then Italy, Romania, Bulgaria, Greece and Germany.

### *Profit*

The effect of high gross margin products can not be seen as of 1Q 2007 due to the longer production lead time.



The company had USD 12.489 mio. gross profit with a margin of % 24.0

The operating profit was obtained as USD 2.146 million in 1Q 2007 with a margin of %4,3 .

The EBITDA level is USD.2,8 mio.with an EBITDA Margin of 5.7 % .

Net profit is USD.1.116 in 1Q 2007. The reflection of defence products sales revenues to net profit will be seen by the end of 3Q 2007 and the 4Q 2007 income statements since the completion of the new orders will be seen in the coming months.

### *Investments*

The total capex planned for the year 2007 is around USD 5 million to be spent on modernization & renovation of existing products (Another Welding Robot for the Defence Vehicles and a Laser cutting counter for the steel plates) and also on purchase of additional testing devices for Test and Design Centre. In 2007 when the signing of the agreement of The Main Battle Tank Project is realized there will also be a cash income for USD.500 mio for the design and concept and the production of the prototypes of the Tanks.

### *Objectives*

Otokar, proving its leadership in the production of armoured tactical vehicles is negotiating for more orders in that area. As of 2007 the total receipt of purchase orders in the core business of defence is USD.250.mio.to be produced and delivered by the end of 2008.

As in the international area of defense market, Otokar's land vehicles and armored tactical vehicles are in constant demand and the company has secured its place in the armored vehicle market by attending all the main local and national defense tenders and projects and exhibitions like IDEF, EUROSATORY and DUBAI Fairs.

The company's progress in commercial vehicles is also worth mentioning. Otokar added new models of midibuses to its civilian vehicle product range. A new model midibus for 35 passengers named "DORUK-VECTIO" was launched to the market which is noted for its comfort regarding the handicapped as well. Furthermore, the sales for new model trailers under the brand name of "Otokar" which started production in 2006 are in highly demand by customers..

<b>OTOKAR IFRS Balance Sheet</b>	<b>01Q 2007 USD (thousands)</b>	<b>1Q 2006 USD (thousands)</b>
Current Assets	131.768	111.838
Current Liabilities	89.969	71.501
Working Capital	107.520	86.507
Property, Plant & Equipment -Net	28.709	29.975
Total Assets	193.599	157.948
Total Liabilities	94.712	76.033
Shareholders Equity	98.887	81.915

<b>OTOKAR IFRS Balance Sheet</b>	<b>2007 1Q</b>
Current Ratio	1,46
Liquidity Ratio	0,73
Current Assets / Total Assets	0,68
Current Liabilities / Total Liabilities	0.95
Total Liabilities / Total Liabilities & Shareholders' Equity	0,49

<b>OTOKAR IFRS Statement of Cash Flow</b>	<b>2007 1Q USD (thousands)</b>
Cash and Cash Equivalents at the Beginning of the Period	462
Net Cash Provided by Operating Activities	14.558
Net Cash Used in Investment Activities	-291
Pre-Financing Cash Flow	14.267
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	-4.795
Net Decrease in Cash and Cash Equivalents	9.472
Cash and Cash Equivalents at the End of the Period	9.934

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