

OTOKAR REPORTS 2007 RESULTS

“THE YEAR OF MIDIBUS AND ARMOURED TACTICAL VEHICLES”

In this report we submit **2007** figures to compare with 2006 figures. 2006 & 2007 4thQ financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 2007

- The recorded net sales figure of 2007 is USD 356.9 million showing an increase of 49% compared to the previous year. The export revenue in 2007 which is USD 100.6 million is 28% of the total sales indicating that OTOKAR has secured export revenues over USD100 million two years in row.
- Between 2006-2007 figures, there is an increase in total sales units from 3.780 to 4.121. When compared on a yearly basis, the midibus unit sales growth has taken the first place increasing from 769 units to 1.238 units which is an increase of 61%. Similar to the previous year, the highest sales number belonged to trailers with sales units of 1375 throughout the year 2007. In the meantime, the defense vehicles portion in total sales revenue is 50% and it has surpassed the 2006 figure of 45%. The defense vehicles revenue is led by Armoured Tactical Vehicles taking 38% of all sales revenue outperforming last year's 33%.
- Although the midibus niche market has shrunk -4% in Turkey, Otokar has increased its midibus sales unit by 64% and revenue by 102% in 2007. Also in midibus exports, the company has increased its midibus sales unit by 49% and revenue by 60% in 2007. Its marketshare in Turkey has grown from 17% to 26% between 2006 and 2007. Also in the minibus niche marketshare, Otokar has increased its share from 95% to 98%.
- Generated net profit in 2007 is USD 32.3 million with a net margin of 8.8%. It was USD 29.5 million in 2006. MCAP of Otokar has increased by 46% and reached from USD 259.5 million to USD 414.2 million at the end of 2007.

Overview

OTOKAR IFRS P/L Statement Highlights	4Q 2007 USD (thousands)	4Q 2006 USD (thousands)	USD Based Change
Net Sales	356,959	240,193	48.6%
Cost of Sales	-268,458	-164,622	63.1%
Gross Profit	98,685	75,571	30.6%
Operating Expenses	-60,807	-45,806	32.8%
Operating Profit	37,878	29,766	27.3%
Income/(loss) before minorities & taxes	39,706	36,486	8.8%
Taxation	-7,446	-7,023	6.0%
Net Profit	32,260	29,463	9.5%
EBITDA	41,388	33,304	24.3%

Net Sales

First of all, it should clearly be emphasized that the year 2006 was a year of records for Otokar. In 2006, Otokar has achieved to increase its exports by 52% which had located Otokar at the top of the industrial exporter companies whose average rate of increase in exports was at 26%. Although a recession of 20% in automotive sector in 2007, OTOKAR has raised its domestic commercial vehicle sales by 44% in comparison with 2006.

	4Q 2007 USD (thousands)	4Q 2006 USD (thousands)	Change %
Domestic Sales	256,408	126,248	103.1%
Exports	100,552	113,945	-11.8%
Total	356,959	240,193	48.6%

Due to the purchase orders from the Turkish military and the launch of new commercial vehicle models into the market; the company significantly increased its domestic revenues in 2007 by **103%** and total sales by 49%. The domestic sales revenue increase in armoured tactical vehicles is 538%, in Land Rover Defender is 242% and in midibus is 102%. The huge domestic growth was obtained by the launch of new models into the market, constant renovation and progress in current product range and also being in close contact with the market participants. As a result, the share of domestic sales reached to 72% in 2007 against 53% of all total sales in the previous year.

The company target of USD 300 million in revenue for 2007 was clearly surpassed and Otokar has reached to USD 356.9 million revenue at the end of 2007.

Profit

The effect of high gross margin products has dominated the last quarter due to their production lead time's length, as it was mentioned at the 2007 3Q Results Announcement.

The company had USD 98.7 million gross profit with a gross margin of 26.9%.

The operating profit was obtained as USD 37.9 million with an operating margin of 10.3%.

The EBITDA level was USD 41.4 million with an EBITDA margin of 11.3%.

The net profit of the year 2007 was USD 32.3 million with a net margin level of 8.8%.

Investments

The total investment expenditure of the year 2007 has realised as USD 5.1 million as it was planned at the beginning of the year. This was 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. For 2008 the planned investment figure is around USD 15 million which will be spent for the new project regarding The Turkish Main Battle Tank as soon as the deal is finalized together with the newly worked on projects.

Objectives

Otokar has three main objectives which are: Growth in Defence Industry, Raising of Export Revenues, and To Expand with New Models.

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

As in the international area of defense market, OTOKAR's land vehicles and armoured tactical vehicles are in constant demand and the company has secured its place in the armoured vehicle market by attending all the main local and international defense tenders, projects and exhibitions like IDEF, EUROSATORY, DSEI and DUBAI Fairs and designing new models of armoured tactical vehicles according to customer expectations.

The company also targets to progress in commercial vehicles. 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 in September 2007 which is noted for its comfort regarding the handicapped as well. Another feature OTOKAR has launched this fall was HYBRA (Hybrid middle-cap sized bus) which is the first in TURKEY. This bus is environment friendly due to its engine which works both for electricity and diesel. In addition to this, an enhanced model of M2000 minibuses named M3000 was introduced to the market in December 2007. Otokar also added new dealers in Europe for constant progress in exports of commercial sales.

Furthermore, the sales for new model trailers under the brand name of "Otokar" which started production in 2006 are in highly demand by customers.

OTOKAR IFRS Balance Sheet	4Q 2007 USD (thousands)	4Q 2006 USD (thousands)
Current Assets	181,303	128,845
Current Liabilities	123,216	82,705
Working Capital	58,087	46,140
Property, Plant & Equipment -Net	35,523	28,550
Total Assets	250,881	183,546
Total Liabilities	128,527	87,549
Shareholders Equity	122,354	95,997

OTOKAR IFRS Balance Sheet	2007 4Q
Current Ratio	1.47
Liquidity Ratio	0.77
Current Assets / Total Assets	0.72
Current Liabilities / Total Liabilities	0.96
Total Liabilities / Total Liabilities & Shareholders' Equity	0.51

OTOKAR IFRS Statement of Cash Flow	2007 4Q USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	547
Net Cash Provided by Operating Activities	48,028
Net Cash Used in Investment Activities	-8,573
Pre-Financing Cash Flow	39,455
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	-36,909
Net Increase in Cash and Cash Equivalents	2,546
Cash and Cash Equivalents at the End of the Period	3,093

For Further Information please contact:

Ö. Ahmet Özerol
Finance Team
Tel: (+90 264) 229 22 44 – 422
aozerol@otokar.com.tr

Yasemin Orhon
Finance Section Manager
Tel: (+90 264) 229 22 44 – 411
yorhon@otokar.com.tr

Hüseyin Odabaş
Asst. Gen. Manager, Finance
Tel: (+90 264) 229 22 44 - 451
hodabas@otokar.com.tr