

OTOKAR REPORTS 1Q 2008 RESULTS

“Record profit by defense vehicles and innovation”

In this report we submit 1Q 2008 figures to compare with 1Q 2007 figures. 1Q 2008 & 1Q 2007 financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 1Q 2008

- Otokar has generated USD 13,9 million net profit in 1Q 2008, **1148%** greater than in 1Q 2007. The significant growth in profit revenues in 1Q 2008 stemmed from the armoured tactical products revenues.
- Otokar has also doubled its total revenues in 1Q 2008 with the recorded net sales figure of USD 93,9 million. While Otokar has secured its export revenues, it has expanded its domestic sales by **153%**. Therefore, the portion of domestic sales in revenues increased from 60% of 1Q 2007 to 79% in 1Q 2008. The launch of newfangled products (like Doruk and M3000) and the contribution of the products of which the intellectual ownership rights belonged by OTOKAR such as Cobra appears to be the reason behind achieving such brilliant figures. The revenues acquired from these three products constitute the 61% of the domestic sales. The revenue share rises up to 82% if Sultan vehicles are also included in this group of vehicles.
- In 1Q 2008, Otokar’s increase in sales revenues is %92, in production is 14% and in sales volume is 9%.
- The planned dividend payment that was agreed at the General Assembly for the year 2007 is YTL 30 million which was paid on 12.05.2008.

Overview

OTOKAR IFRS P/L Statement Highlights	1Q 2008 USD (thousands)	1Q 2007 USD (thousands)	USD Based Change
Net Sales	93.965	48.910	92%
Cost of Sales	69.543	36.421	91%
Gross Profit	24.422	12.489	96%
Operating Expenses	11.819	10.244	15%
Operating Profit	12.603	2.245	461%
Income/(loss) before minorities & taxes	17.524	983	1682%
Taxation	-3.587	133	2793%
Net Profit	13.937	1.116	1148%
EBITDA	13.581	3.008	352%

Net Sales

The total revenue of 1Q 2008 is USD 93,9 million, %92 higher than the same period a year ago. Having a wide range of products doesn't stop Otokar adding new types of vehicles to its product range, such as Doruk and M3000. Otokar had launched Doruk and M3000 products at the end of 2007 and the results were obtained at the 1st Q of 2008. Although the sales of minibuses decrease recently in the auto market, OTOKAR has expanded its revenues from minibus by %139 with the launch of M3000 (a newly designed minibus) into the market. An Otokar engineering product Cobra ranked first in the share of total revenues, whereas in 1Q 2007 the leader was the midibus segment. The portion of Cobra in revenues is %45 in 1Q 2008, whereas it was %20 in 1Q 2007.

Otokar has generated USD 19,3 million export revenues in 1Q 2008 almost the same as 1Q 2007 figure of USD 19,4 million. This year's export revenues again stemmed from armoured tactical products. Armoured tactical products have constituted 68% of all export revenues by itself. It must also be noted that the portion of the midibus segment in exports has also considerably increased. The share of midibus in export revenues of 1Q 2008 has increased to 14,6%, whereas it was at 3,9% in 1Q 2007. This indicates the company's well performing policy of being solid and permanent in exports by signing new dealership agreements.

	1Q 2008 USD (thousands)	1Q 2007 USD (thousands)	Change %
Domestic Sales	74.685	29.510	153%
Exports	19.280	19.399	-1%
Total	93.965	48.910	92%

Profit

Gross profit in 1Q 2008 was USD 24,4 million, 96% above the same period a year ago. Gross margin was %26, whereas it was %25,5 in 1Q 2007.

Operating profit increased four and half times to USD 12,6 million in first quarter of 2008. Operating margin almost trebled in 1Q 2008 and reached to 13,4%.

The company's EBITDA is USD 13,6 million in 1Q 2008, having an EBITDA margin of %14,5. The same figures was USD 3 million and 6,1% respectively.

Otokar's net profit was USD 13,9 million in 1Q 2008 reflecting a 1148% growth compared to 1Q 2007. The reflection of armoured tactical vehicle sales revenue and newly launched Doruk and M3000 sales revenue was seen in 1st quarter income statements of 2008.

The company has continued to pay dividends to its shareholders as in previous years. The planned dividend payment that was agreed at the General Assembly for the year 2007 was YTL 30 million which was paid on 12.05.2008.

Investments

The total investment expenditure of the year 2007 was 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 is planning to be spent for the new project regarding The Turkish Main Battle Tank as soon as the deal is finalized followed by the signing of the contract together with the newly worked on projects.

Objectives

Otokar is celebrating its 45th year of foundation anniversary and working hard to finish 2008 with successful results on all targets. Otokar is attending two big tenders of the Undersecretariat for Defence Industry totalling to 4.131 units of military vehicles. One of them is 1411 tactical wheeled armoured vehicle (336 units) and weapon carrier vehicle (1075 units). The other tender is for the procurement of 2720 units of tactical wheeled vehicles. Otokar has bid in April 2008 for the tender of 2720 tactical vehicle as regards its present product range. The tender results will have a positive effect on Otokar's 2009 and 2010 production and revenues. In addition to these big tenders, Otokar will also be exporting the remaining USD 180 million part of USD 300 million-contract of defensive vehicles to abroad. In the first quarter of 2008, although the Turkish minibus market has contracted, this contraction was not a threat to Otokar. Otokar has launched M3000 in November 2007 and got its results in the 1st quarter 2008. Sustainable growth objective is valid for every kind of conditions, recession period as well. Otokar is a company which identifies the needs of the market and quickly puts the solutions into practice. M3000, Doruk and ADR tankers were the needs of the market and the first two of them met with great demand and ADR tankers will be in strong demand in forthcoming quarters since the new legislation will force tanker owners to have tankers with an ADR certificate as of 2009. Otokar targets to produce total revenue of USD 400 million for 2008. Also Otokar plans to set 11% as the EBITDA basis for 2008 and the years ahead. In the year 2008, Otokar plans to start trailer and Vectio exports. Vectio is Doruk's export version. And lastly, Otokar has signed an agreement with Otoyol about the production of "Eurobus" midibuses in the plant of Otokar. Otokar tends to increase the rate of capacity utilization by this agreement.

FINANCIALS

OTOKAR IFRS Balance Sheet	1Q 2008 USD (thousands)	1Q 2007 USD (thousands)
Current Assets	202.216	181.303
Current Liabilities	142.103	124.259
Working Capital	60.113	57.043
Property, Plant & Equipment -Net	31.920	35.523
Total Assets	271.514	250.881
Total Liabilities	145.938	128.527
Shareholders Equity	125.575	122.354

OTOKAR IFRS Balance Sheet	1Q 2008
Current Ratio	1,42
Liquidity Ratio	1,04
Current Assets / Total Assets	0,74
Current Liabilities / Total Liabilities	0,97
Total Liabilities / Total Liabilities & Shareholders' Equity	0,54

OTOKAR IFRS Statement of Cash Flow	1Q 2008 USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	2.822
Net Cash Provided by Operating Activities	-43.204
Net Cash Used in Investment Activities	-3.005
Pre-Financing Cash Flow	-46.209
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	44.816
Net Increase in Cash and Cash Equivalents	-1.393
Cash and Cash Equivalents at the End of the Period	1.429

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