

# Otokar

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## INVESTOR RELATIONS PRESENTATION

30.06.2012

- ✓ Company Profile
- ✓ Highlights of 2012
- ✓ Financials
- ✓ Market Evaluation
- ✓ Annex
- ✓ **Otokar** in 2015



**ADAPAZARI / ARİFİYE PLANT**

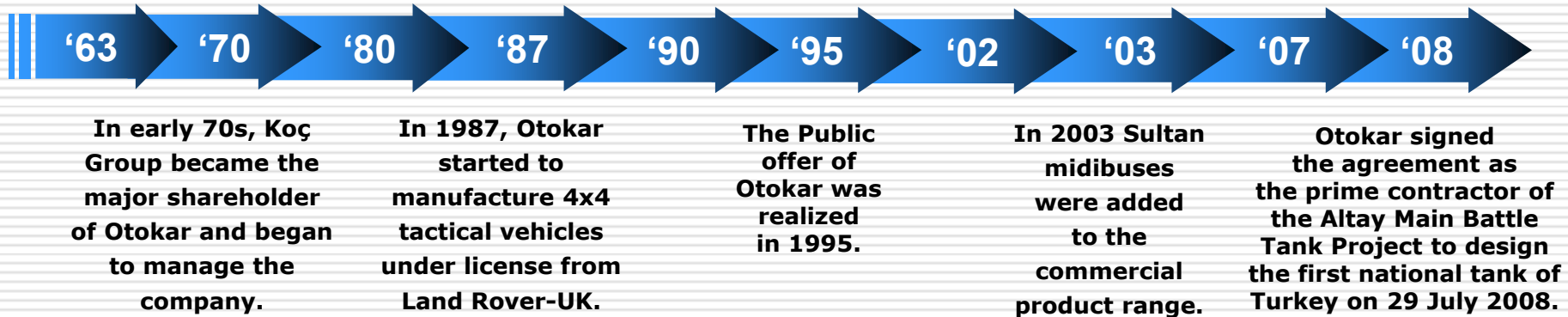
Otokar was founded as Turkey's first intercity bus manufacturer.

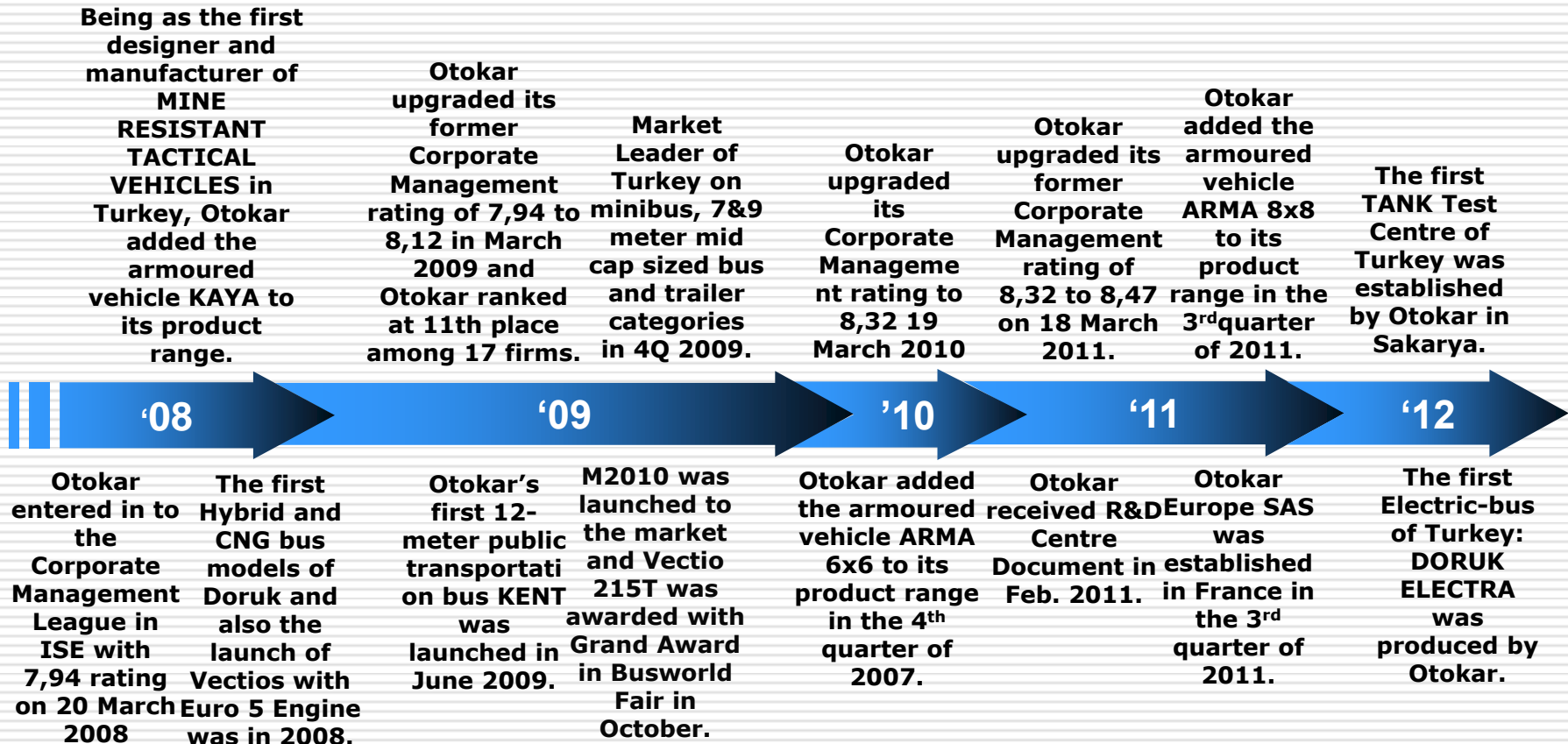
In mid 80s, Otokar manufactured the first Turkish armoured vehicle as a cash carrier.

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.

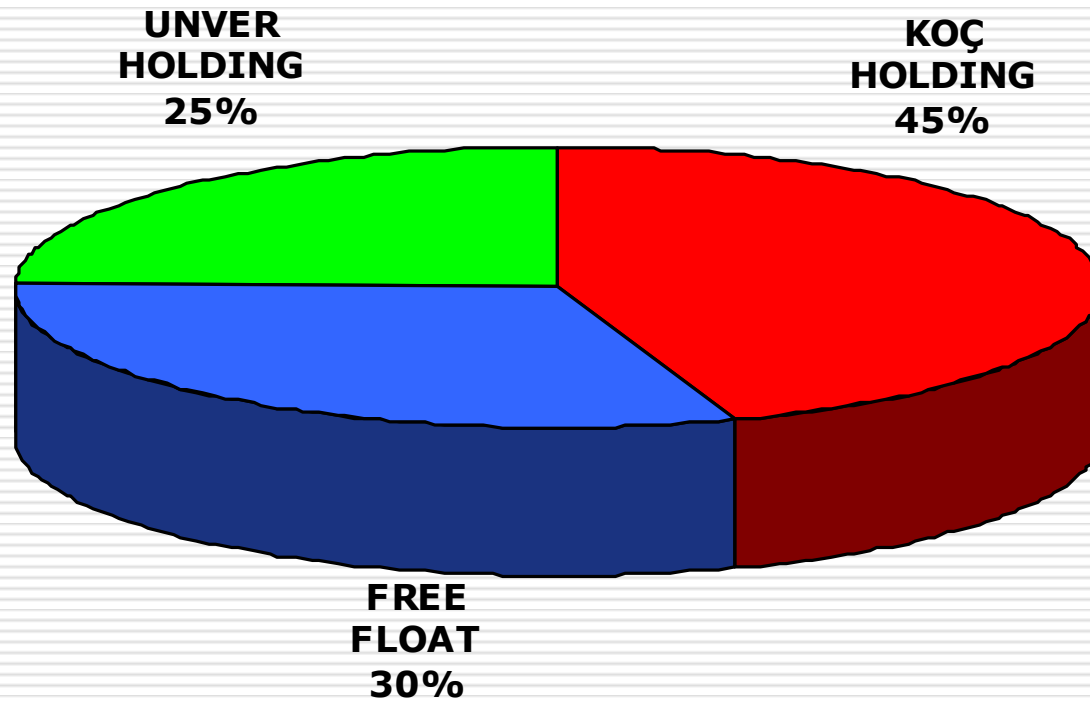
After the merge with Istanbul Fruehauf in 2002, trailers were added to the product range.

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





- ♦ **Otokar** is among the leading companies of Turkey on both commercial and defence industry sides with its 49 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 over 300 engineers in its 1000m<sup>2</sup> R&D department.
- ♦ **Otokar** has integrated logistic support for its customers:
  - In Turkey, at 7 regions, 179 authorized service stations.
  - At 20 countries **Otokar** vehicles are fully supported.
  - **Otokar** also presents 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 5 fairs in 2011.
- ♦ **Otokar** realized over 1 billion \$ defense industry deliveries including exports in last 21 years and 456 million \$ of this derived from exports in last 8 years.



### ➤ COMMERCIAL VEHICLES

- **Minibus**



- **Mid Cap Sized Bus**



- **Buses**



- **Trailer, Semi-trailer & Tankers**



### ➤ DEFENCE VEHICLES

- **Land Rover 4x4 Land Vehicles**



- **Armoured Internal Security Vehicles**



- **Mine Resistant Armoured Tactical Vehicle: KAYA**



- **6x6 and 8x8 Armoured Tactical Vehicle: ARMA**



- **Armoured Tactical Vehicles**





### ➤ **COMMERCIAL VEHICLES**

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

**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 AND BUSES FROM 5,5 METER TO 12 METER 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**
  - ♦ **Scorpion**
  - ♦ **Cobra**
  - ♦ **Discreetly Armoured Station Wagon**
  - ♦ **Armoured Internal Security Vehicle**
  - ♦ **8x8 tactical armoured vehicle**
  - ♦ **Mine Resistant Troop Carrier: Kaya**
  - ♦ **Arma 6X6 and 8X8**
- **Tank in Near Future**

## OTOKAR

OTOKAR, LEADER COMPANY IN DESIGN, TEST, INTEGRATION AND PRODUCTION OF MILITARY TACTICAL VEHICLES, AFTER THE 21 YEARS DEFENSE INDUSTRY EXPERIENCE, SCORED ALMOST 1 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.

## Otokar's Profile Recently Launched Products



- Doruk 230DG
- Doruk 160LE Hibra
- Vectio / Doruk 215T



- 6X6 Armoured Tactical Vehicle: ARMA
- 8X8 Armoured Tactical Vehicle: ARMA
- Mine Resistant Armoured Tactical Vehicles: KAYA

- 12-meter Low Floor Public Transport Vehicle: KENT 290LF

- M2010 / Centro



### "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 first mock-up of Altay was exhibited in IDEF-11.
- The first prototype of Altay will be presented in Autumn 2012





### R&D

- 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, Navigo, 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, 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 R&D Center and Design Awards

- Jury's Special Award for KENT bus, Busworld Fair 2011
- Otokar designed vehicles constitutes 85% of the total revenue
- "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
- "Good Design Award", Design Turkey 2008 for DORUK 190LE
- Industrial Design "Honour Award" by Mimar Sinan University in 1999
- "Award of New Articles" by the Undersecretariat of Foreign Trade in 1996



## ADAPAZARI / ARİFİYE PLANT

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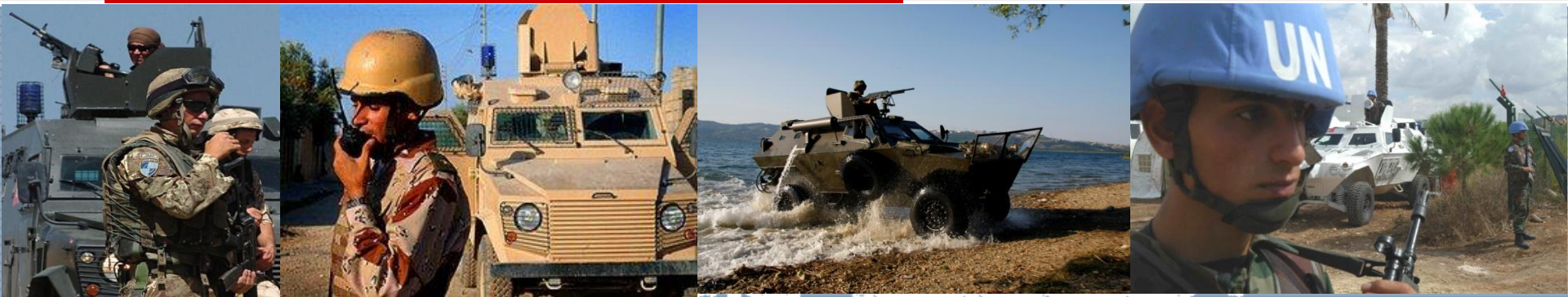


**Total area 552.000 m<sup>2</sup>**  
**Total closed area 141.303 m<sup>2</sup>**

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Otokar's defence vehicles are actively in use over 20 countries and also over 30 countries the commercial vehicles of Otokar are in use.



## Otokar's Profile Competitive Advantages

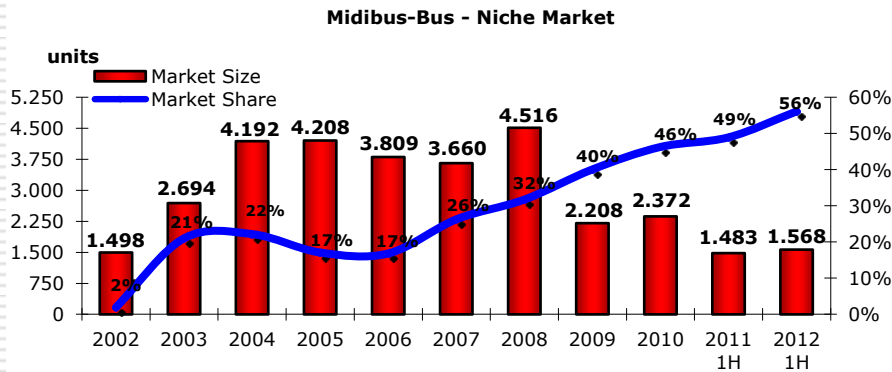
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- |   |   |  |
|---|---|--|
| ▪ Having products which the industrial and ownership rights belong to <b>Otokar</b> | ⇒ | ▪ Unique in Defence Industry                         |
| ▪ Working with well known brand names   | ⇒ | ▪ Product reliability in 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 persistence 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 2012 were USD242,7 mio. Otokar generated USD20,6 mio net profit with a net margin of 8%.
- Otokar's 8,47 Corporate Management rating upgraded to 8,68 in March 2012.
- Successful results in both armored tactical vehicle & auto&midibus sales:
  - ❖ The armored tactical vehicle sales increased by 32%.
  - ❖ Leadership in 7&9-meter bus market. Sultan (domestic version of Navigo) is the leader of 7mt midibus market of Turkey with its 56,3% share which was 43,2% at the end of 2011. Doruk (domestic version of Vectio) is the leader of the 9&10mt bus segment with its 54,8% share.
- Deliveries and new orders from Defence Industry:

As of June 2012, the backlog figure to be delivered in near future reached to USD 124,7 million consisting of 6x6 ARMA, 4x4 Cobra, Land Rover and APV vehicles.
- Doruk Electra was manufactured as the first electric-bus of Turkey in 2012.

### Sustainable Leadership in midcap sized Bus Market



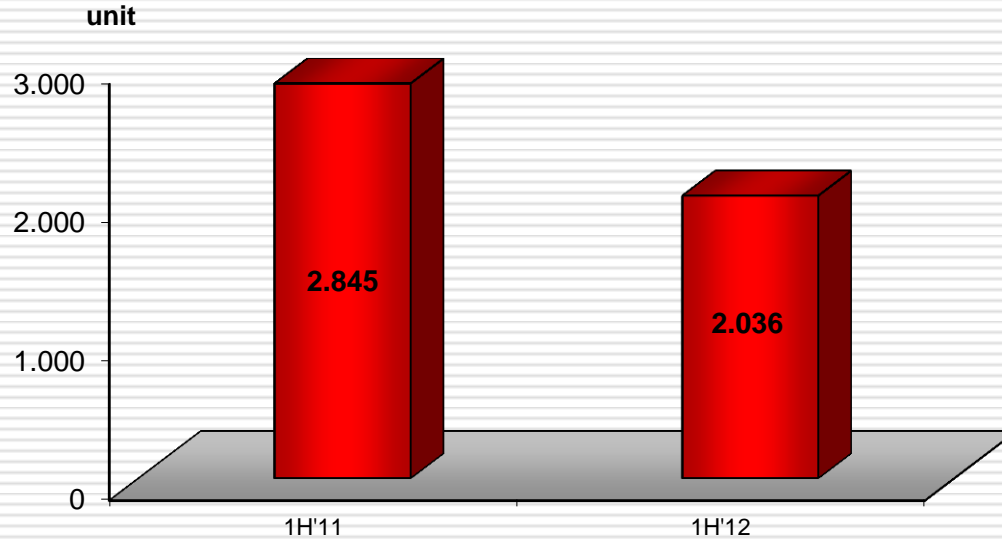
### The 1st ELECTRIC-BUS of TURKEY: Doruk ELECTRA

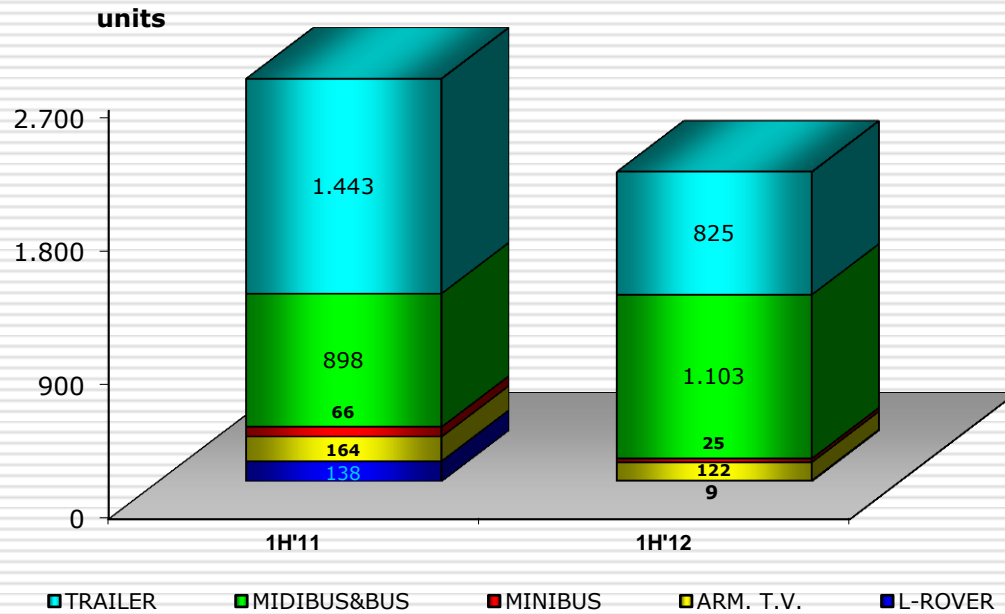


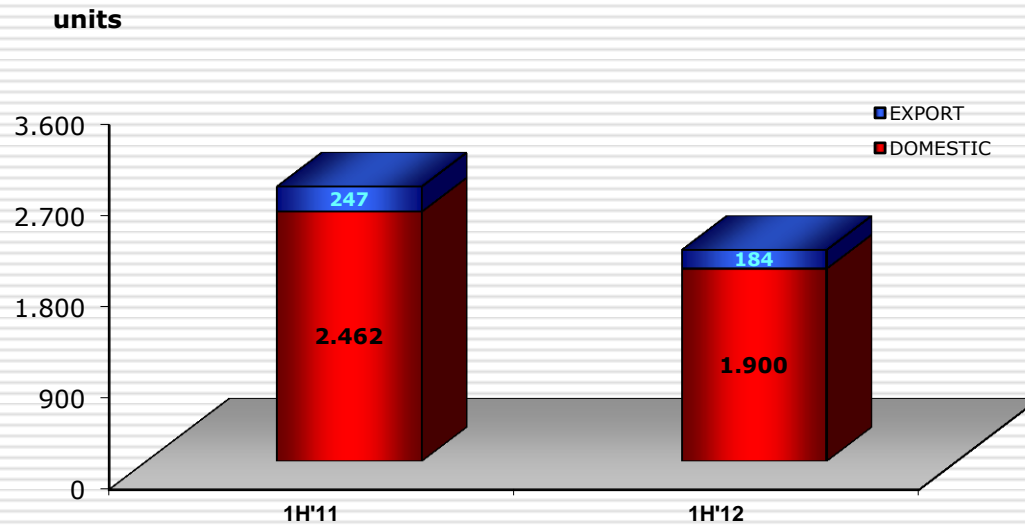


	2012 1H	2011 1H
Total Revenue	242,7	248,4
EBITDA	31,9	28,3
Net Profit	20,6	17,7
Shareholders' Equity	112	114
ROE (%)	18,3	14,9
Gross Margin (%)	23,2	22,1
Operating Margin (%)	10,1	9,0
EBITDA Margin (%)	13,1	11,3
Net Margin (%)	8,5	7,1
Current Ratio	1,02	0,99
Total # of Employees	1654	2136

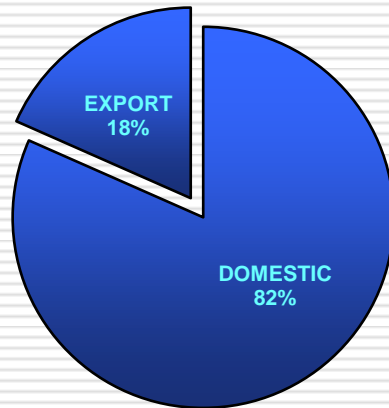
As of 30.06.2012 & 2011  
(USD mio)



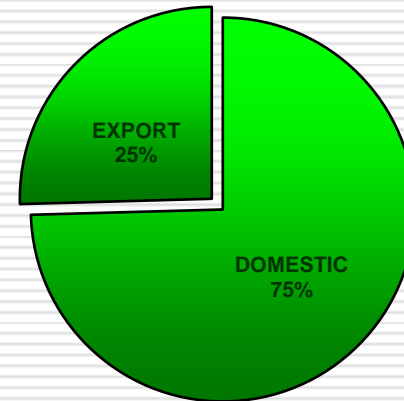


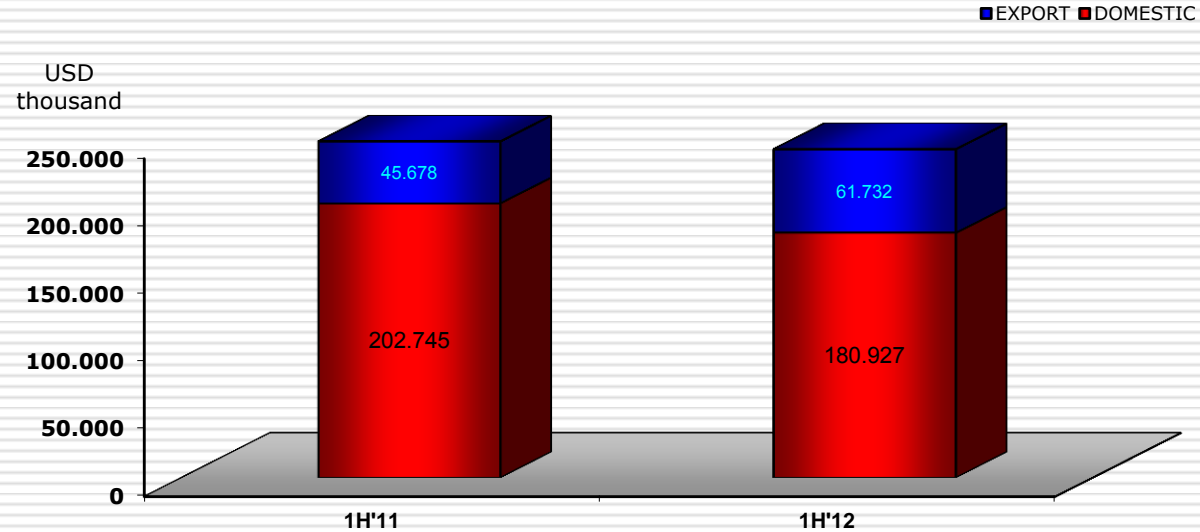


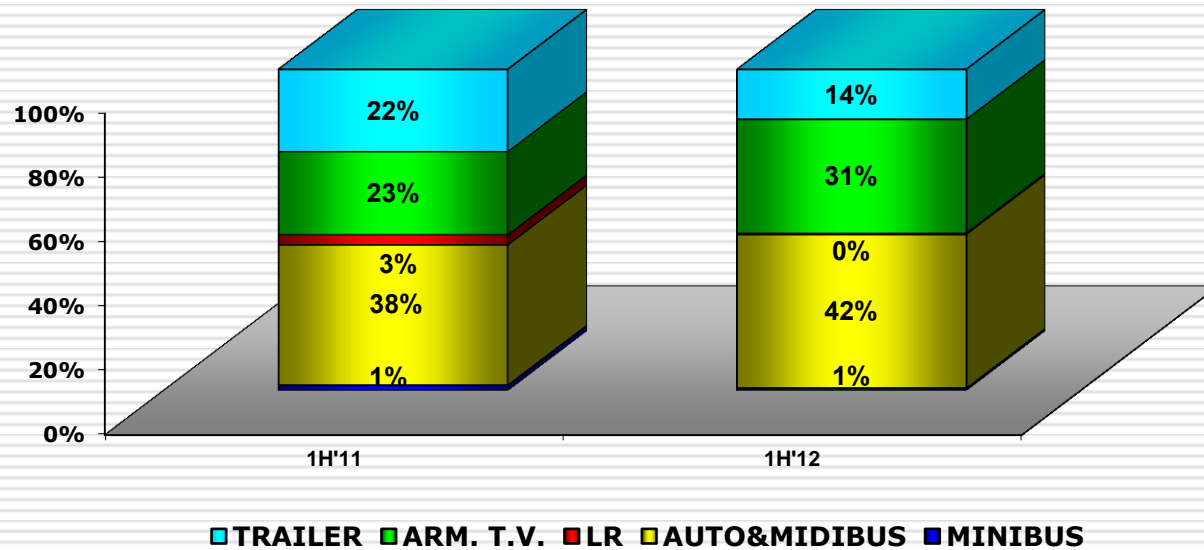
DISTRIBUTION OF REVENUES 2011 1H

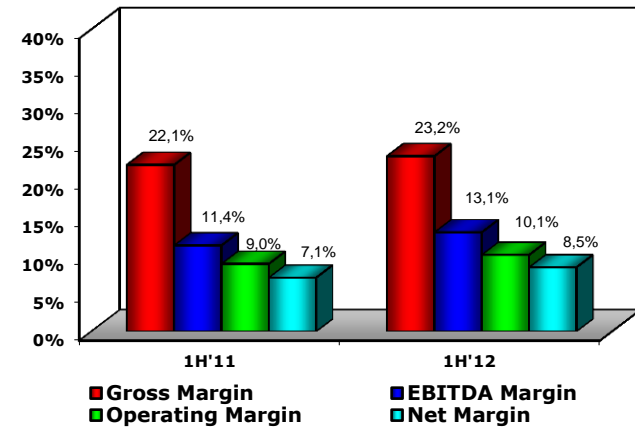
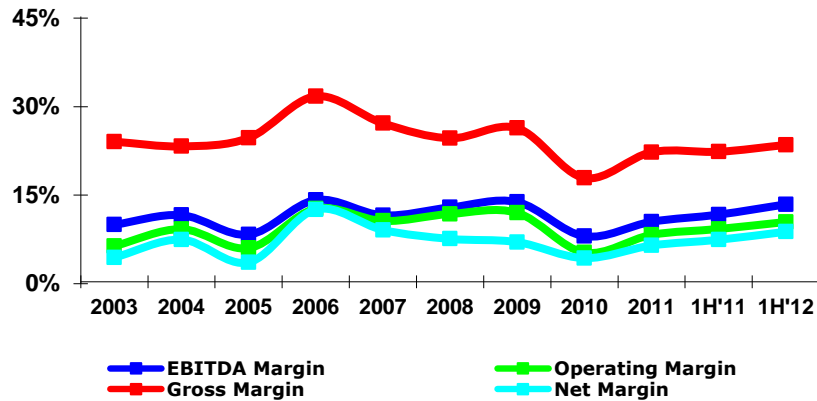


DISTRIBUTION OF REVENUES 2012 1H

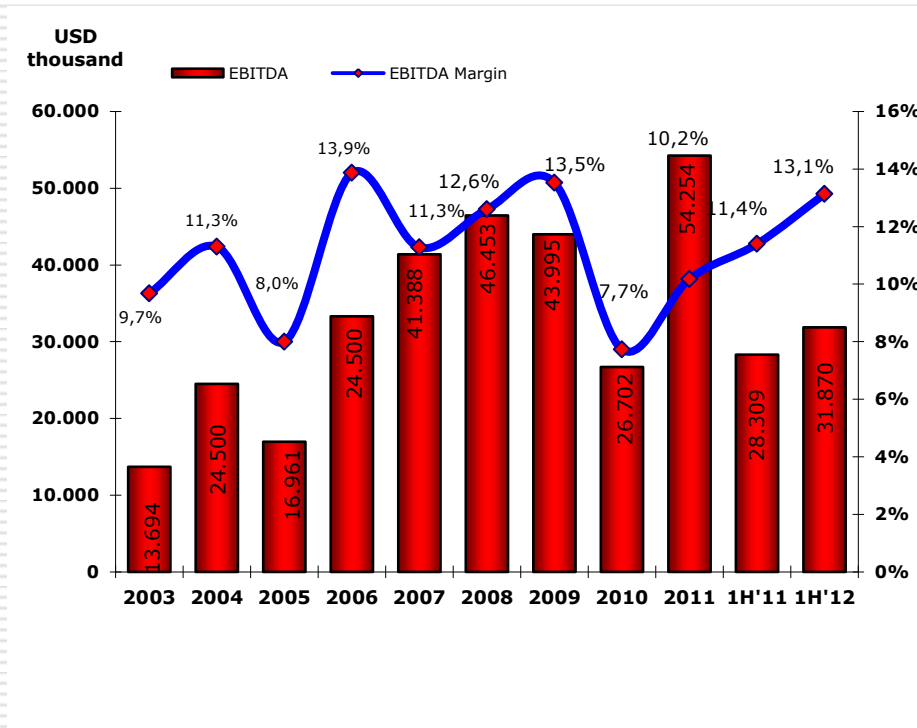






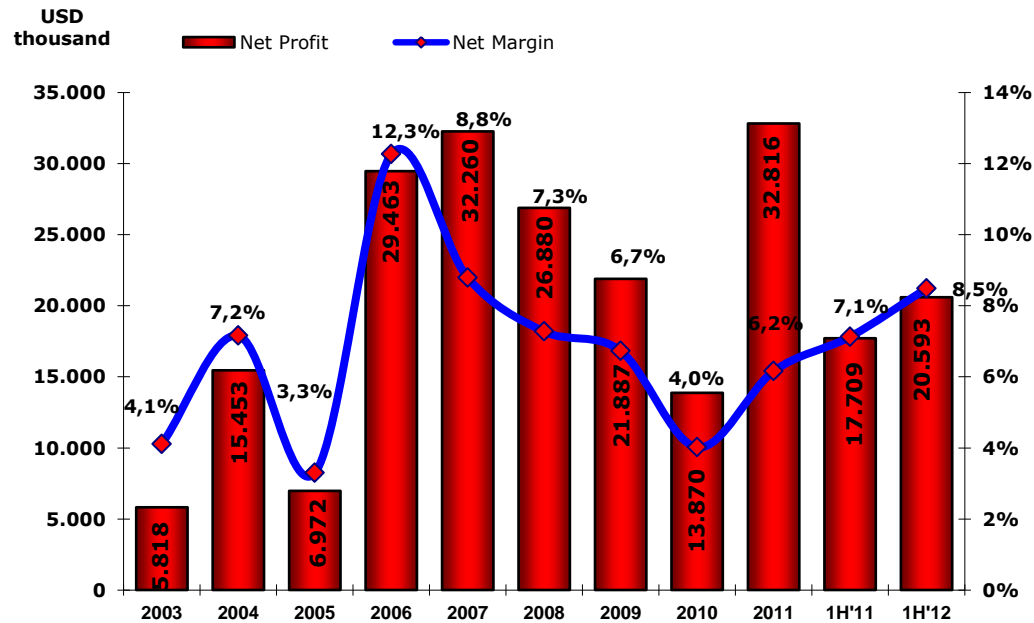


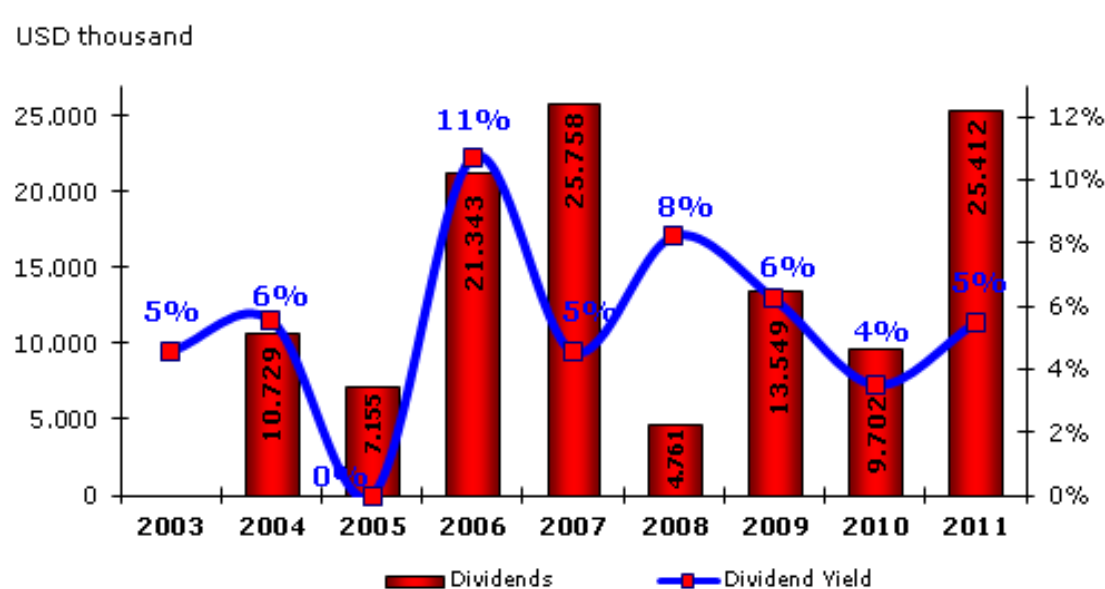


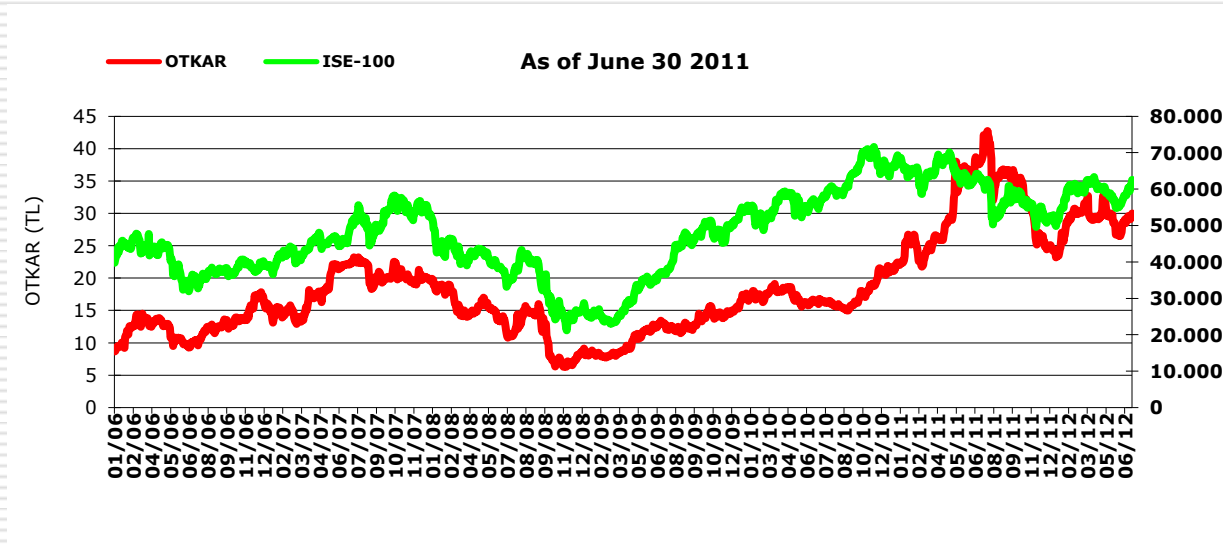


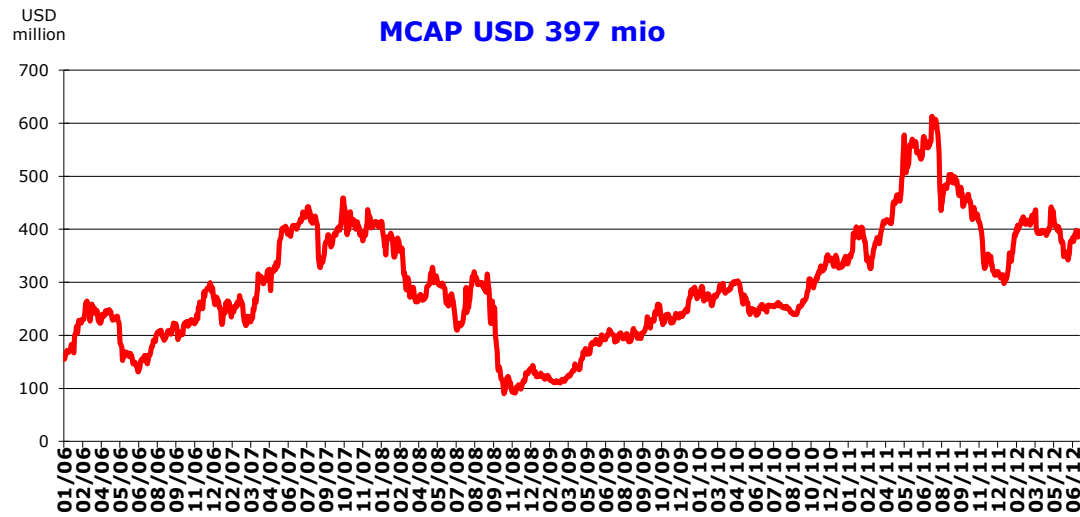
## Otokar's Financials

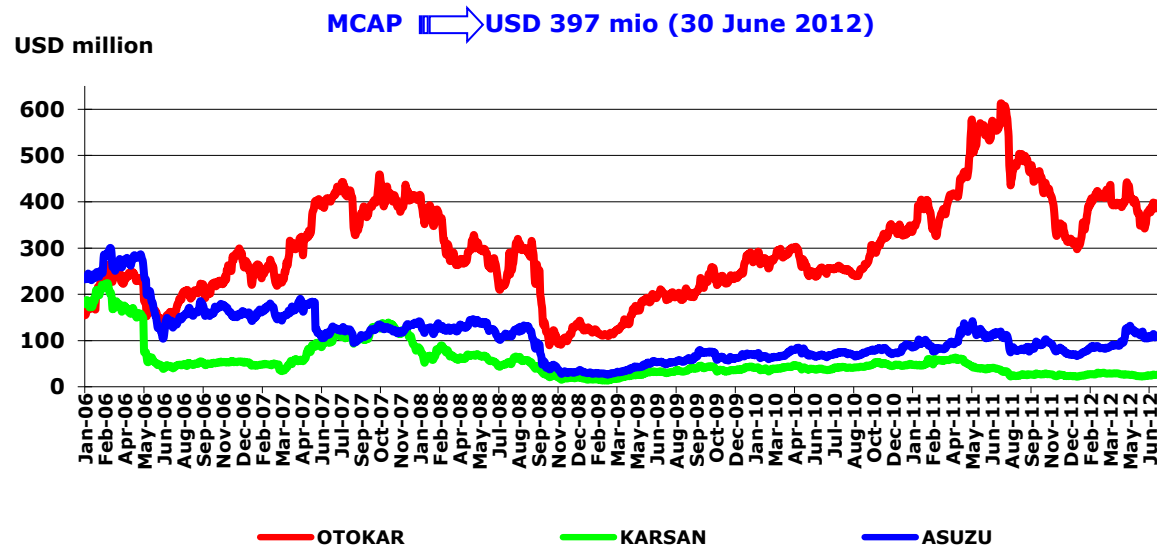
### Net Profit & Net Margin

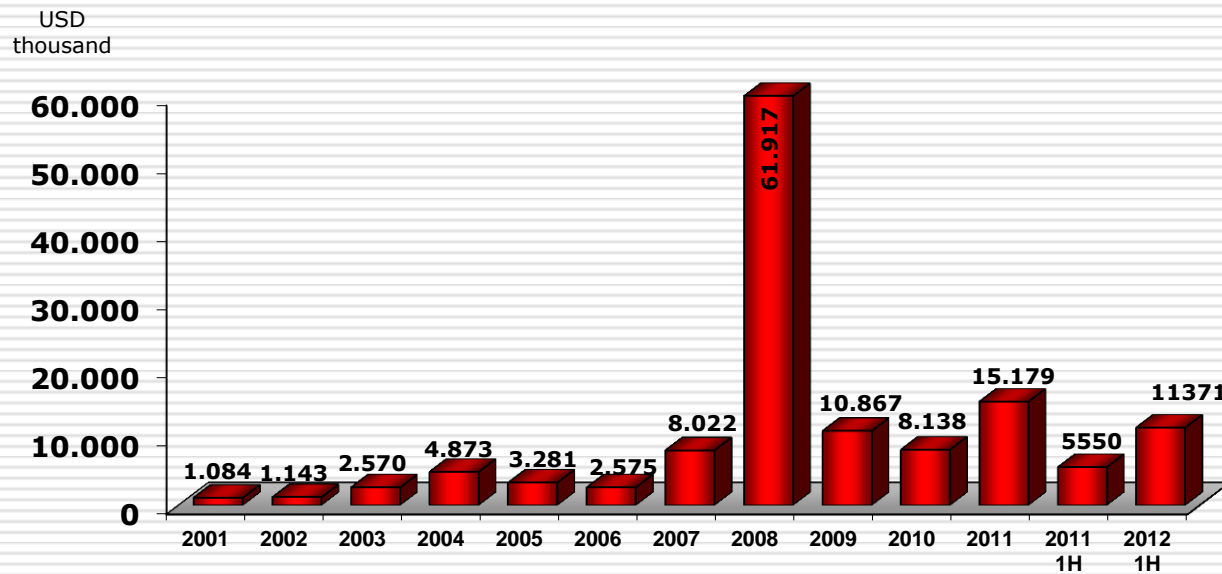












- ✓ Summary Profit & Loss Statement (IFRS)
- ✓ Summary Balance Sheet (IFRS)
- ✓ Summary Cash Flow Statement (IFRS)
- ✓ Most recent Sales Volume and Production Figures
- ✓ Summary Working Capital



## ANNEX

### SUMMARY-Profit&Loss Statement

US\$thousand (IFRS)	June 30 2012	June 30 2011
Domestic Revenues	180.927	202.745
Export Revenues	61.732	45.678
<b>Net Sales Revenues</b>	<b>242.659</b>	<b>248.423</b>
Cost of Sales	-186.325	-193.630
<b>Gross Profit</b>	<b>56.333</b>	<b>54.794</b>
Operating Expenses	-31.719	-32.548
<b>Operating Profit/Loss</b>	<b>24.614</b>	<b>22.246</b>
Income/Loss before minorities&taxes	21.414	20.558
Tax	-821	-2.849
<b>Net Profit</b>	<b>20.593</b>	<b>17.709</b>

### SUMMARY-Balance Sheet

US\$ thousand (IFRS)	30-Jun-2012	31-Dec-2011
<b>Current Assets</b>	<b>418.641</b>	<b>304.686</b>
Cash and Cash Equivalents	18.282	2.367
<b>Receivables</b>	<b>133.834</b>	<b>114.248</b>
Other Receivables	46	0
Inventories	140.996	89.233
Receivables from Operations Related to the Coming Years	27.672	23.277
Derivative Financial Assets	2.255	4.995
Other Current Assets	95.555	70.785
<b>Non-Current Assets</b>	<b>154.506</b>	<b>147.771</b>
Trade Receivables	35.520	43.123
Other Trade Receivables	35.520	43.123
Financial Investments	132	127
Property, Plant & Equipment - net	65.667	59.982
Intangible Assets	45.243	37.839
Deferred Tax Liabilities	7.941	-
<b>Total Assets</b>	<b>573.147</b>	<b>452.457</b>
<b>Current Liabilities</b>	<b>409.148</b>	<b>290.486</b>
Bank Borrowings	97.560	51.283
Payables	39.509	41.556
Trade Payables to Related Parties	2.451	2.693
Other Trade Payables	37.059	40.636
Due to Related Parties	2.451	2.693
Other Payables	137.088	82.021
Government Incentives and Grants	344	329
Tax Liabilities from Net Income for the Period	3.373	1.636
Provision	127.749	109.301
Other Current Liabilities	3.524	4.359
<b>Non Current Liabilities</b>	<b>52.026</b>	<b>49.023</b>
Reserve for Retirement Pay	6.771	4.823
<b>Shareholders' Equity</b>	<b>111.974</b>	<b>112.948</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>573.147</b>	<b>452.457</b>

### SUMMARY-Cash Flow Statement

US\$thousand (IFRS)	30-Jun-12	30-Jun-11
Cash and Cash Equivalents at the begining of the period	2.492	71.325
Net cash provided by operating activities:	15.716	-54.985
Net cash used in investing activities	-16.058	-10.552
Pre-financing cash flow	-342	-65.537
Net cash used in Financing Activities and Effect on Exchange Rate Changes	16.263	885
Net decrease/increase in Cash and Cash Equivalents	15.921	-64.652
<b>Cash and cash equivalents at the end of the period</b>	<b>18.414</b>	<b>6.673</b>

## ANNEX SUMMARY-Cash Flow Statement

USD thousand	June 30 2012	June 30 2011	USD thousand	June 30 2012	June 30 2011
Cash&Cash Equivalents	18.414	6.673	ST Bank Borrowings	98.263	75.885
Marketing Securities	0	0	LT Bank Borrowings	44.666	25.679
Other	0	0		0	0
Total Financial Assets	18.414	6.673	Total Financial Liabilities	142.929	101.563
<b>Net Financial Debt (\$ thousand)</b>			<b>June 30 2012</b>	<b>June 30 2011</b>	
			<b>124.515</b>	<b>94.890</b>	

## ANNEX SUMMARY-Working Capital

USD thousand	June 30 2012	June 30 2011
Trade Receivables	170.574	53.327
Inventories	142.011	112.503
Trade Payables	39.794	53.724
<b>Total Working Capital</b>	<b>272.791</b>	<b>112.106</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 belonging to Otokar
- ❖ High dividend yield
- ❖ Increasing the company market value
- ❖ Satisfied shareholders

# CONTACTS

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