



2019 3-Month Financial Results



INTRODUCTION

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

Turkish Armed Forces' **leading** supplier and exporter of land platforms

Turkey's **market leader** in passenger bus segment with a capacity of 25 people and over for the last 10 years

VISION & MISSION

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.

BRIEF HISTORY



1963

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

1970s

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

1980s

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

1990s

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

2000s

- Merge with the İstanbul Fruehauf A.S.
- Production of small and mid size buses
- Production of Turkey's first hybrid bus
- The prime contractor of ALTAY Project

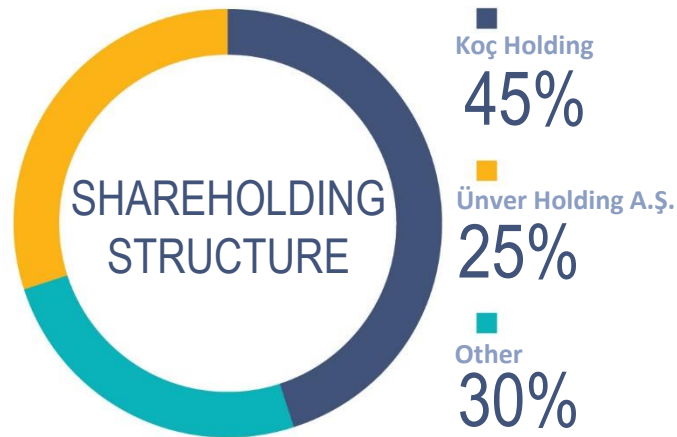
2010s

- Establishment of Otokar Europe (OESAS)
- Multi-wheeled armoured tactical vehicle family
- Production of City Buses
- Turkey's first electric bus
- Atlas Light Truck
- Introduced new armoured tactical wheeled vehicle, URAL
- Tracked Armoured Vehicle TULPAR
- POYRAZ midibus
- Establishment of Otokar Land Systems (OLS) in U.A.E
- Turkey's first electric armoured vehicle, AKREP IIe

OVERVIEW

FOUNDED IN 1963

%100 LOCAL CAPITAL



USD 57 MILLION
EXPORT REVENUES IN 1.Q 2019

TL 419 MILLION
TURNOVER IN 1.Q 2019

TL 1 BILLION
10-YEAR R&D EXPENDITURES



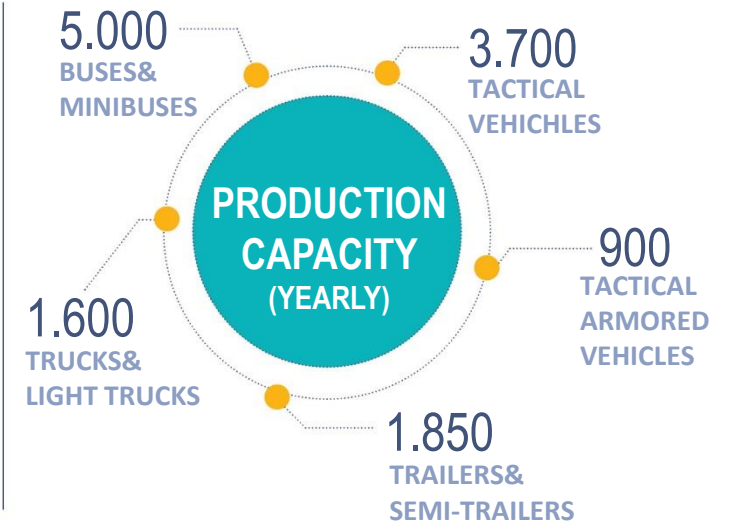
2.035
EMPLOYEES



552.000 M²
PRODUCTION AREA

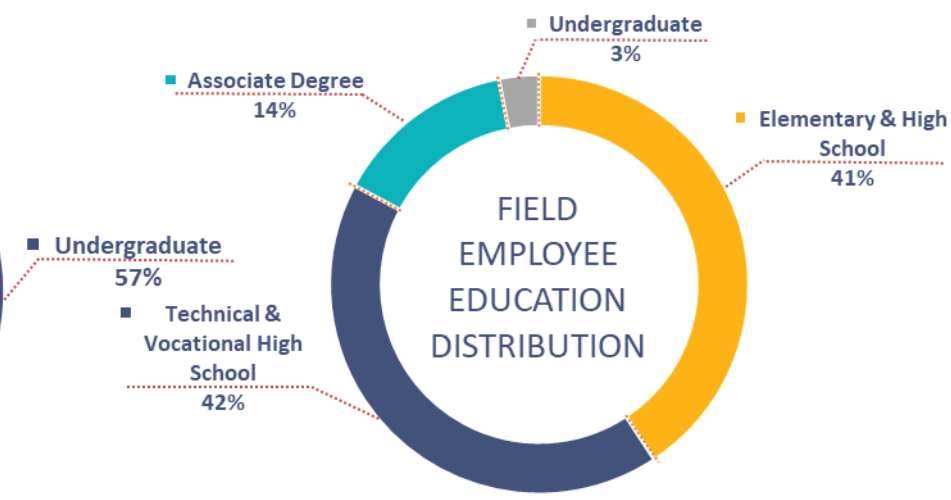
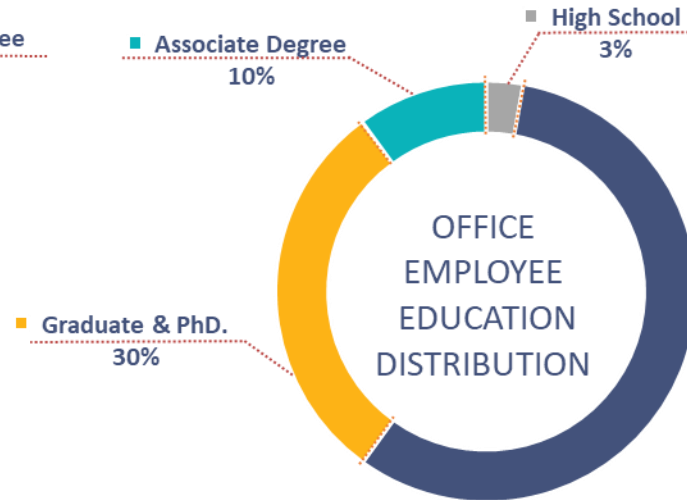
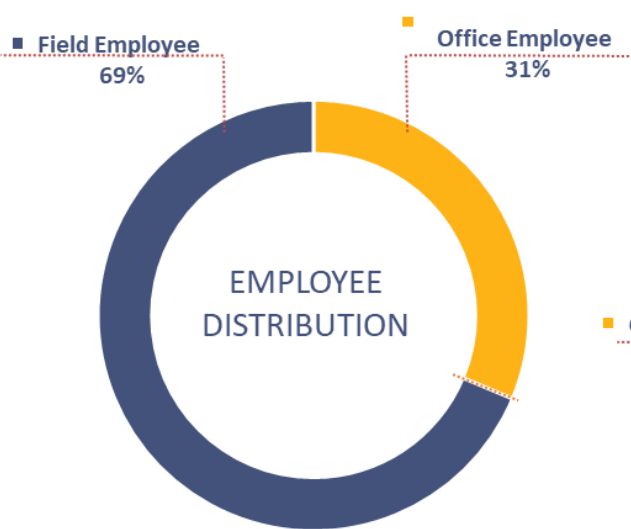


APPROX. 300
SALES&SERVICE NETWORK



1 OUT OF EVERY 3 BUSES SOLD
IN TURKEY IN 2018 IS OTOKAR

HUMAN RESOURCES



AVERAGE AGE



AVERAGE LENGHT OF SERVICE (YEAR)

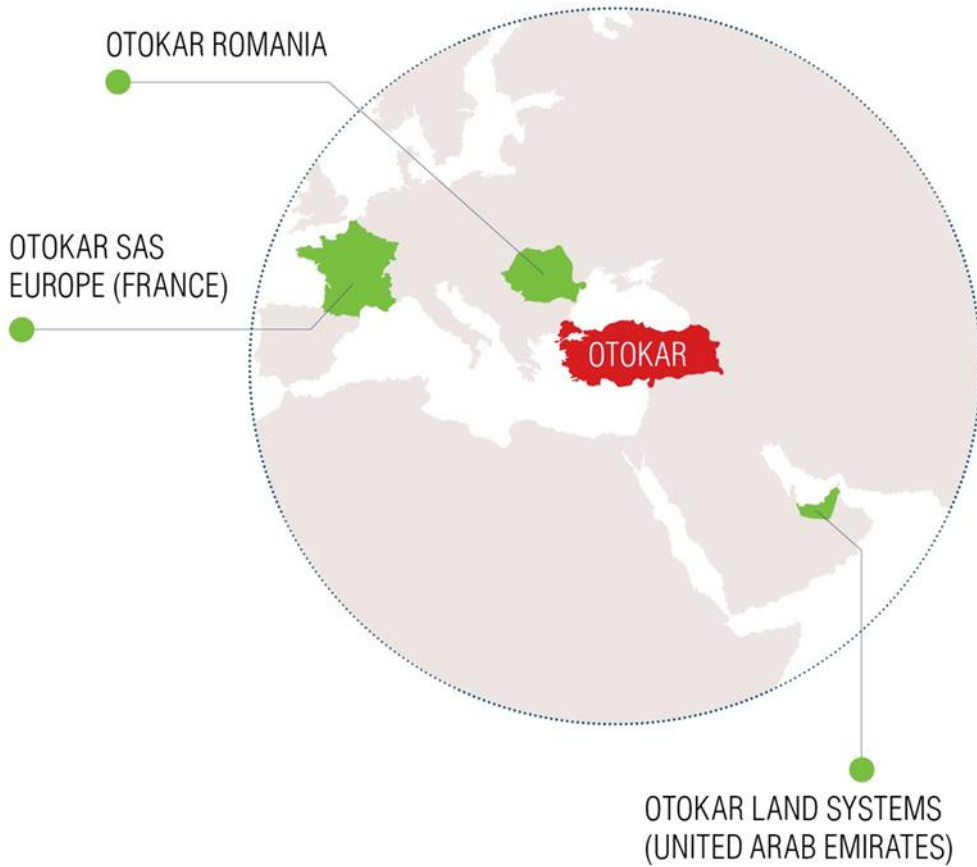


PRODUCTION PLANT



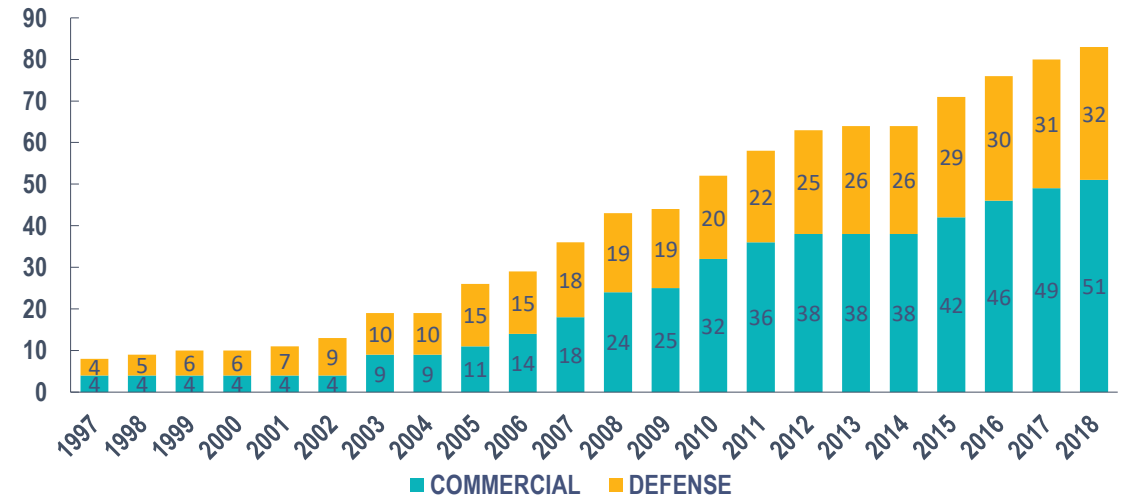
- 552.000m² factory with an annual production capacity of 13,050 units and approximately 2000 employees in Arifiye/Sakarya

OTOKAR WORLDWIDE



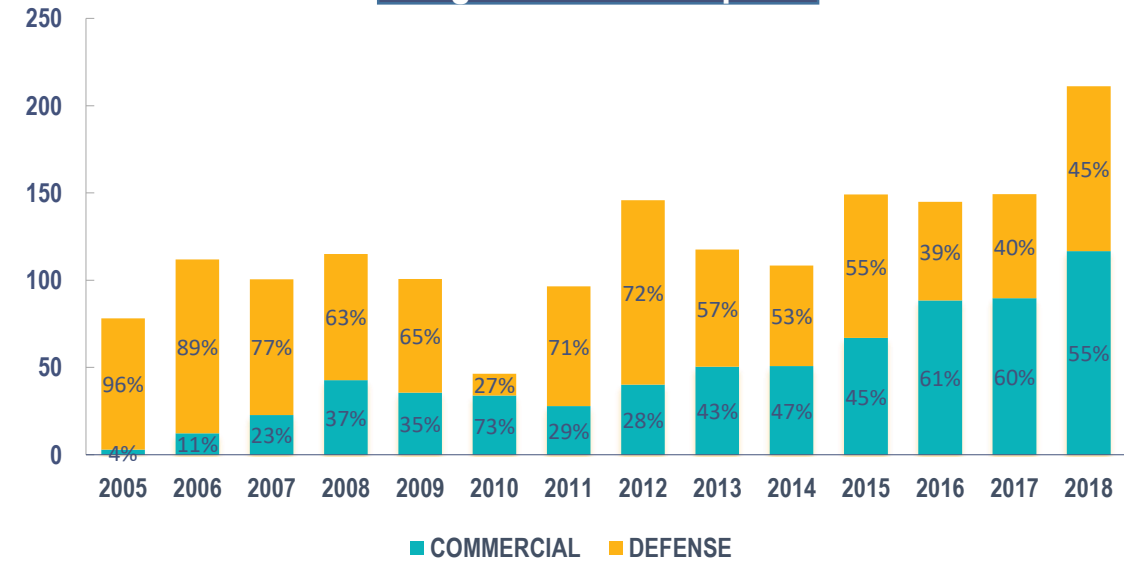
Growth in Export Markets

Number of Countries



Segment Based Export

Export (USD)



AREAS OF OPERATION



2019 1Q

Total revenue :	328 mn TL	5 mn TL	29 mn TL	57 mn TL
Rev. contribution :	78 %	1 %	7 %	13 %
Domestic :	40 mn TL	5 mn TL	29 mn TL	40 mn TL
Export :	288 mn TL	-	-	17 mn TL
* Export share :	88 % (bus)	-	-	29 % (spare part)
** Export share :	69 % (total)	-	-	4 % (total)

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

** The share of exports in total company turnover.

2018 1Q

Total revenue :	117 mn TL	22 mn TL	38 mn TL	75 mn TL
Rev. contribution :	46 %	9 %	15 %	30 %
Domestic :	75 mn TL	22 mn TL	28 mn TL	61 mn TL
Export :	42 mn TL	1 mn TL	10 mn TL	14 mn TL
Export share :	36 % (bus)	2 % (cargo trans.)	26 % (armoured)	19 % (spare part)
Export share :	17 % (total)	-	4 % (total)	6 % (total)



AREAS OF OPERATIONS



- 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.

COMMERCIAL VEHICLES



PUBLIC TRANSPORT

POYRAZ



SULTAN NAVIGO



DORUK VECTIO



TERRITO



KENT



KENT ARTICULATED



LOGISTIC&CARGO TRANSPORTATION



DEFENSE INDUSTRY VEHICLES

WHEELED ARMoured



TRACKED ARMoured



TURRET SYSTEMS

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

COMMERCIAL VEHICLES

1 OUT OF EVERY 3 BUSES SOLD
IN TURKEY IN 2018 IS OTOKAR



1 out of every 3 buses sold in Turkey in 2018 is Otokar

In the all segments in which operates as a market leader, **became the most sold brand in Turkey.**

Otokar accelerated its export activities, **doubled its exports.**

Total vehicle park rose to 2.850 levels in key target export markets, namely France, Italy and Spain.

Won the 400 bus tender of the Municipality of Bucharest and signed the largest bus export agreement for Turkish bus brand.

PUBLIC TRANSPORT



Won the bus tender of the Municipality of Bucharest for 400 units of 98.3 million Euro. Deliveries started in 2018 and continued in the first quarter of 2019.



We won the bus tender of Amman Municipality, received a total of 135 bus orders. Deliveries completed in the first quarter of 2019.



Vectio C buses serving in Berlin were exhibited at the BUS2BUS exhibition in Berlin, Germany.



Otokar's and Tawazun's joint venture Al Jasoor's Rabdan, which produced under the contract signed with the United Arab Emirates Armed Forces, successfully completed the amphibious and shot tests conducted in the Gulf, as well as acceptance tests at the factory. The first batch of the Rabdan deliveries started to the United Arab Emirates at the end of the 2018. The project continues in 2019 as planned.



Otokar attended to IDEX 2018 which took place in U.A.E with its ARMA 6x6, COBRA II 4x4 as well as BOZOK turret, KESKIN turret systems.



Otokar participated in LAAD Defense & Security exhibition in Brazil. Otokar promoted its own design and production, different versions of its wide range armoured vehicles from 4x4 to 8x8 and tracked armoured vehicle which are capable of superior mobility, as well as turret systems.



Otokar introduced the country's first domestically developed electric-powered armoured combat vehicle Akrep II at a news conference at the Otokar compound in Sakarya province.

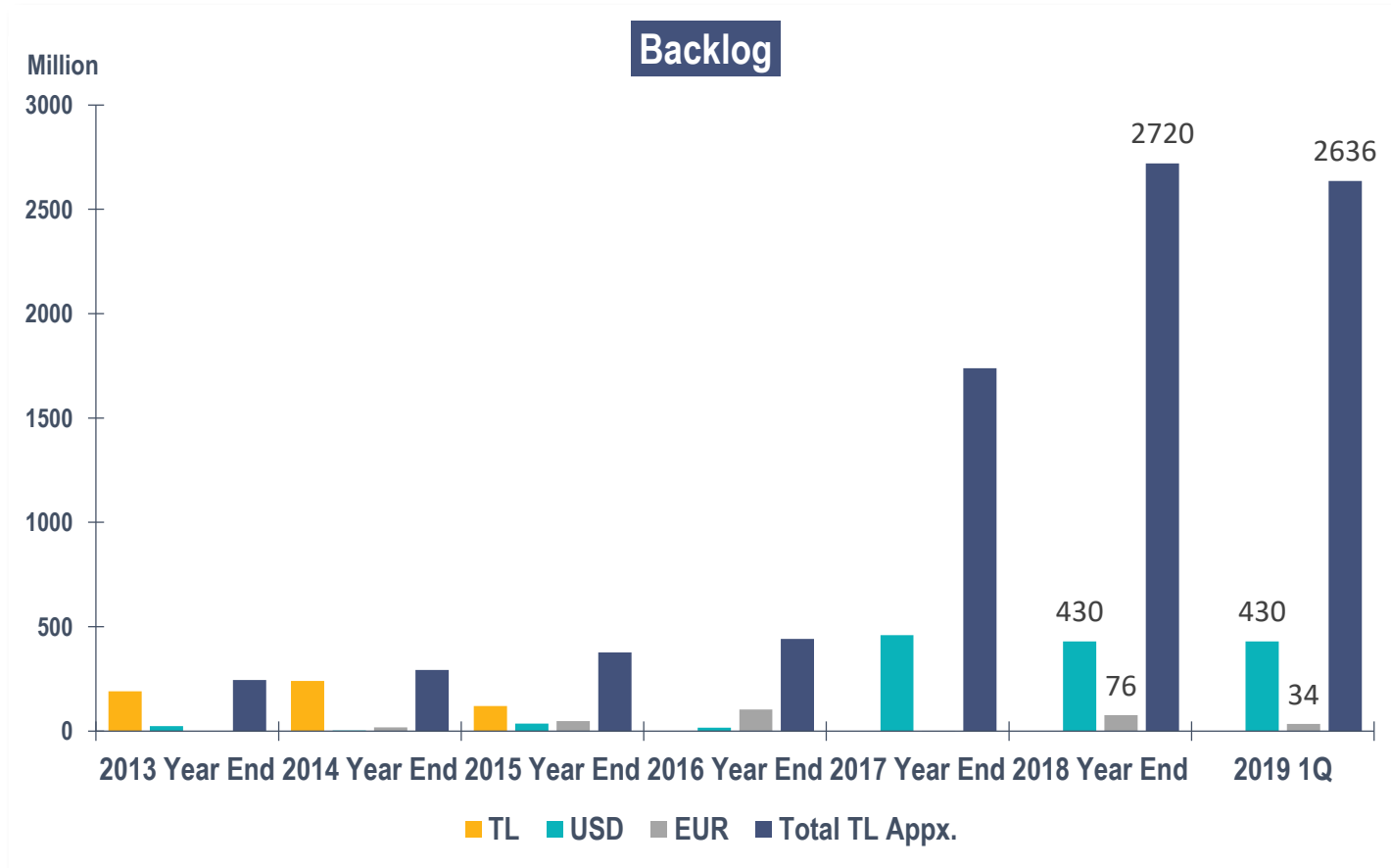


A unique product of OTOKAR's innovative approach, URAL Special Operations Vehicle (SOV), the new variant of the versatile modular URAL platform, exhibited at IDEF 2019



Otokar, global land defense systems manufacturer of Turkey, exhibited 10 military armoured vehicles and its own design turret systems at IDEF 2019

BACKLOG



- 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 from the United Arab Emirates Armed Forces 8x8 Rabdan order, Bucharest Municipality bus order.
- Balance orders amount to US \$ 430 million and € 34 million.

WHY OTOKAR

Leader

The **most preferred** brand in the 25 or more people capacity bus for the **last 10 years** in Turkey

Sustainable growth and profitability

Total turnover increased by **13%** in the last 15 years, Net profit increased by **15%** in the last 15 years, with the annual compound growth rate.

Consistent dividend distribution

Regular dividend distribution within the framework of profit distribution policy.

Strong export performance and a global company

In addition to its strong export performance, Otokar strengthened its global presence with its subsidiaries in France, Romania and the United Arab Emirates. Export revenue **increased by 21%** on 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.

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

Products that are intellectual property rights Otokar

The share of Otokar design vehicle sales in turnover is **99%**.

The number of patents and industrial designs has reached to **279**.

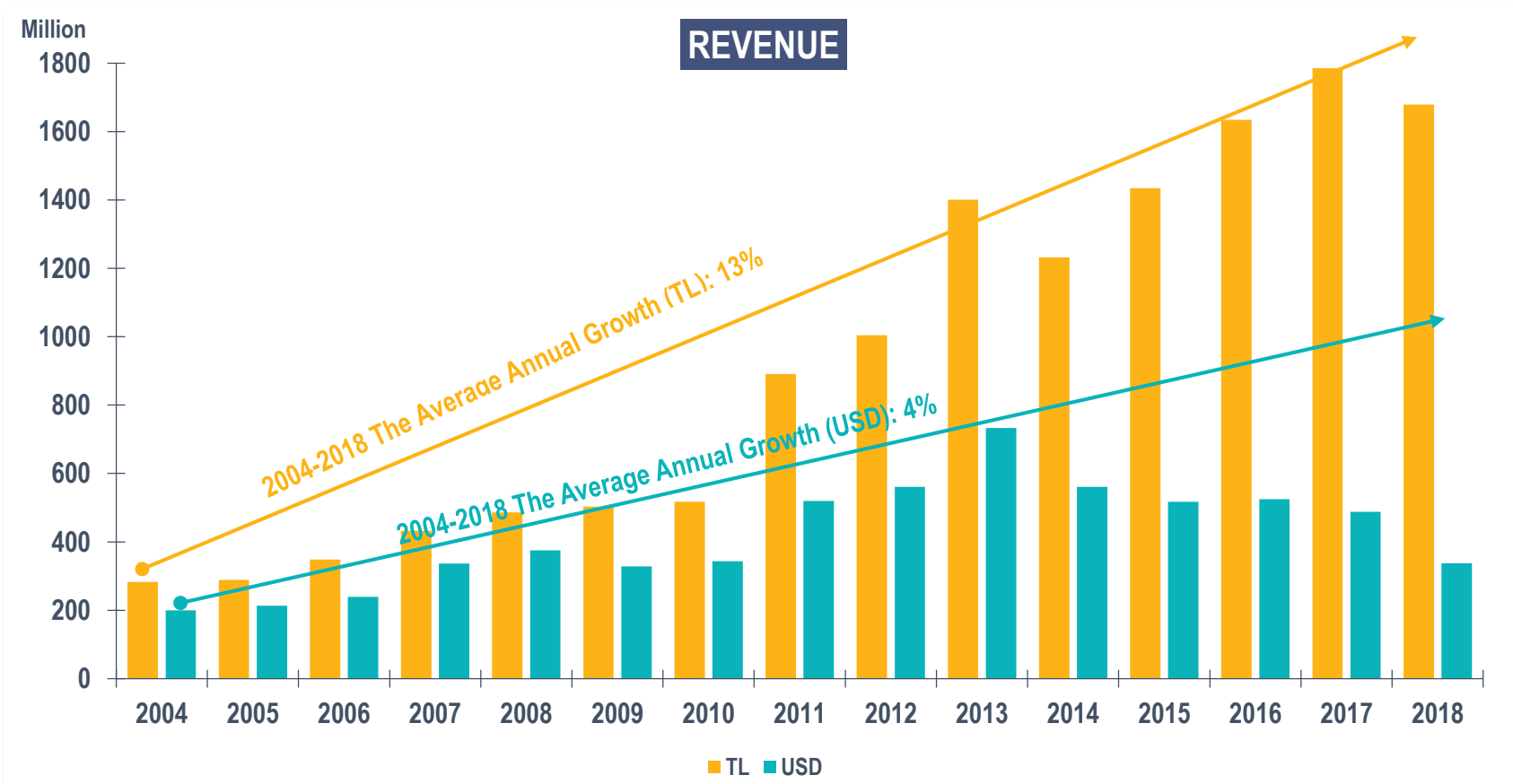
FINANCIAL INDICATORS

Balance Sheet (000 TL)		31.03.2019	
Current Assets	2.143.672	S.T. Liabilities	1.428.880
Fixed Assets	532.807	L.T. Liabilities	949.448
		Shareholders Equity	298.151
Total Assets	2.676.479	Total Liabilities	2.676.479

Income St. (000 TL)	2019 3M	2018 3M	Change (%)
Net Sales	419.070	252.385	66%
Gross Profit	103.611	55.062	88%
Operating Profit	21.184	(10.289)	306%
Profit Before Tax	(18.287)	(30.905)	41%
Net Profit	(10.952)	(27.725)	61%

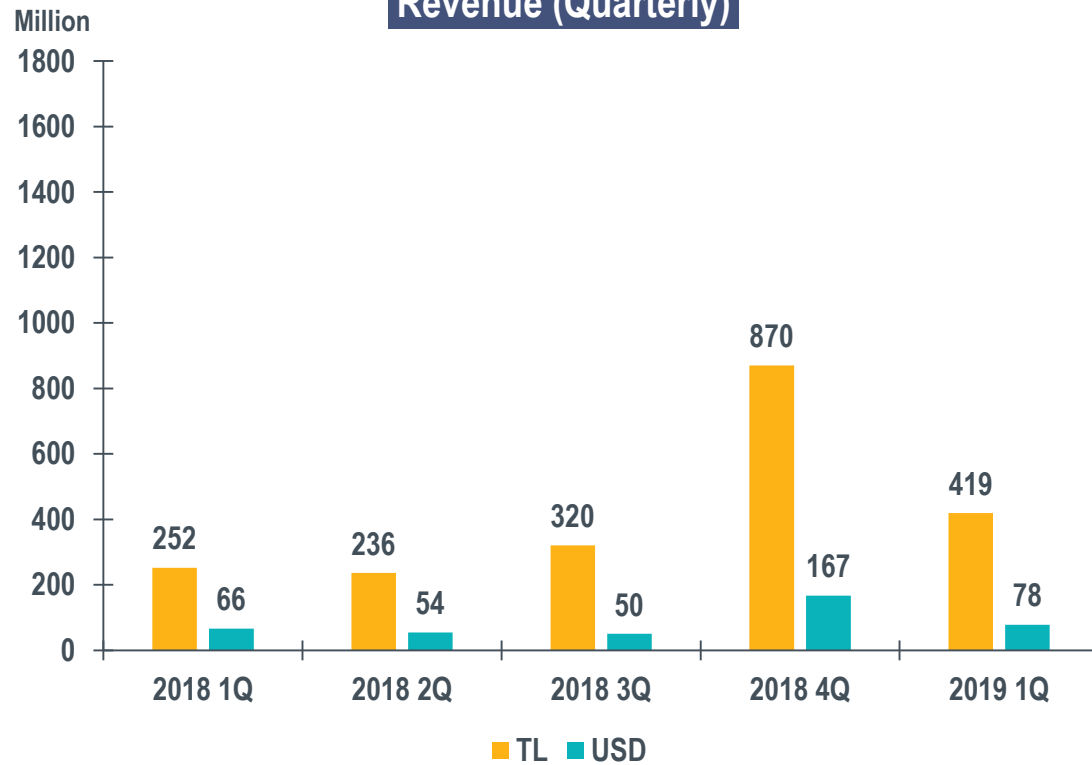
- With the effect of exports, 66% increase in total turnover compared to last year's same period.

FINANCIAL INDICATORS

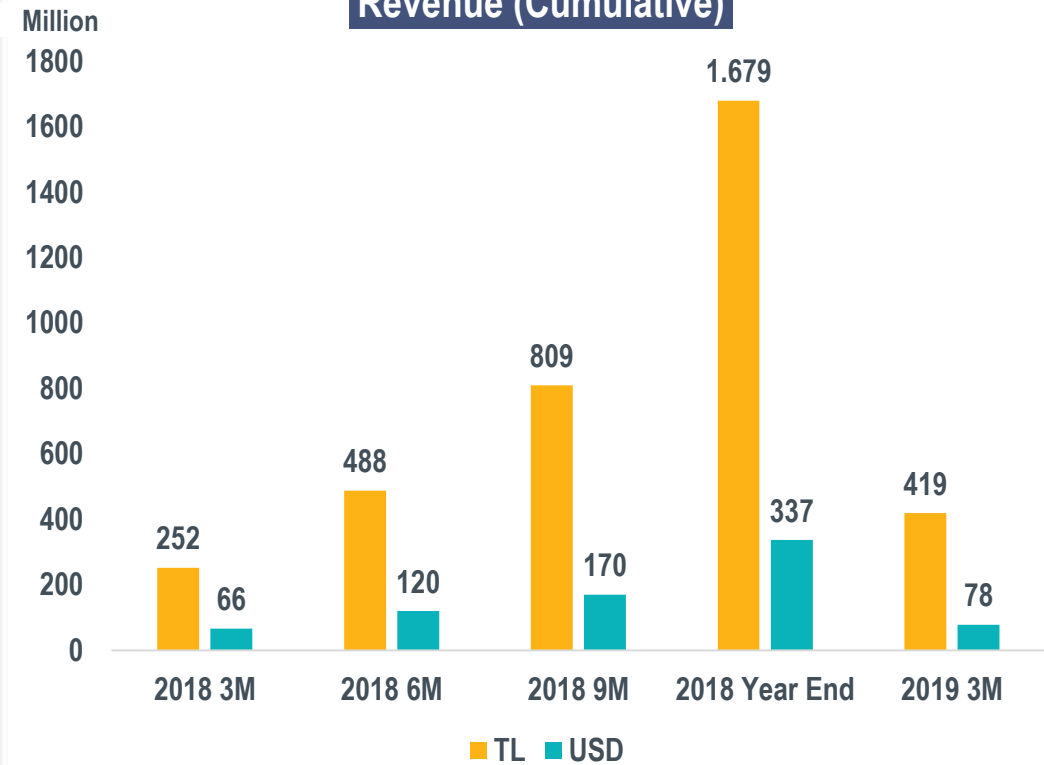


FINANCIAL INDICATORS

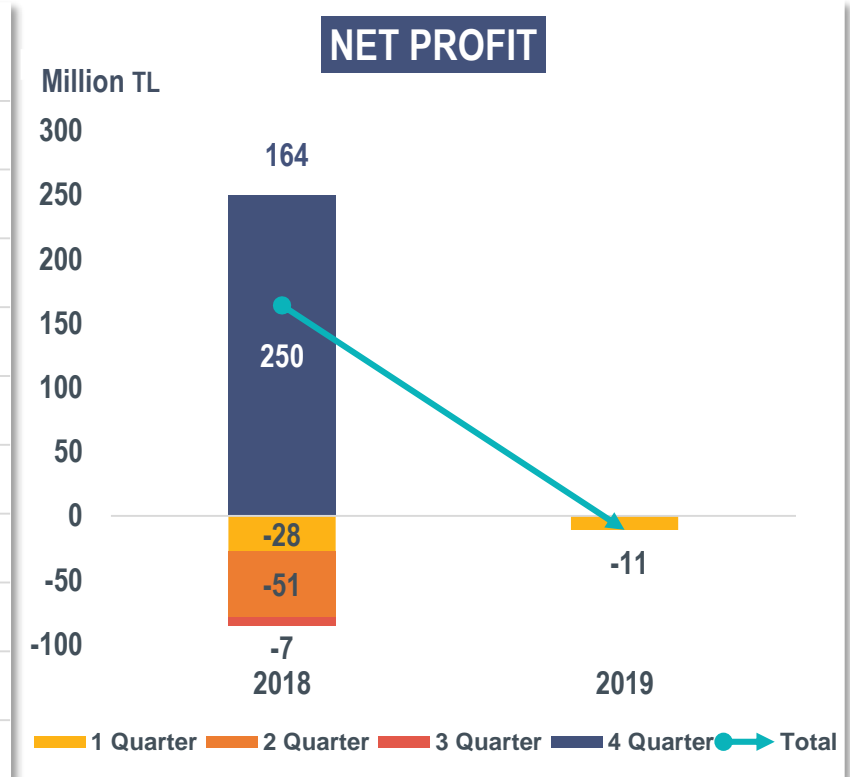
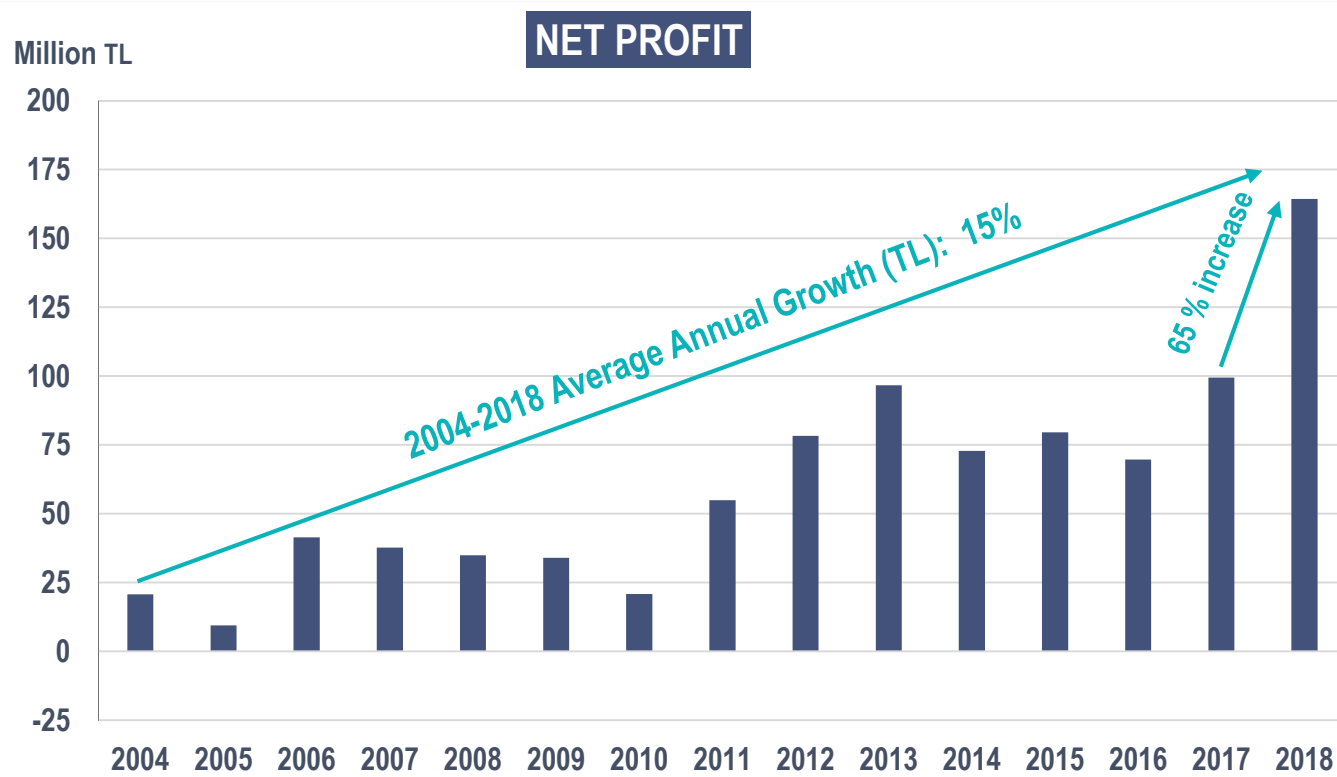
Revenue (Quarterly)



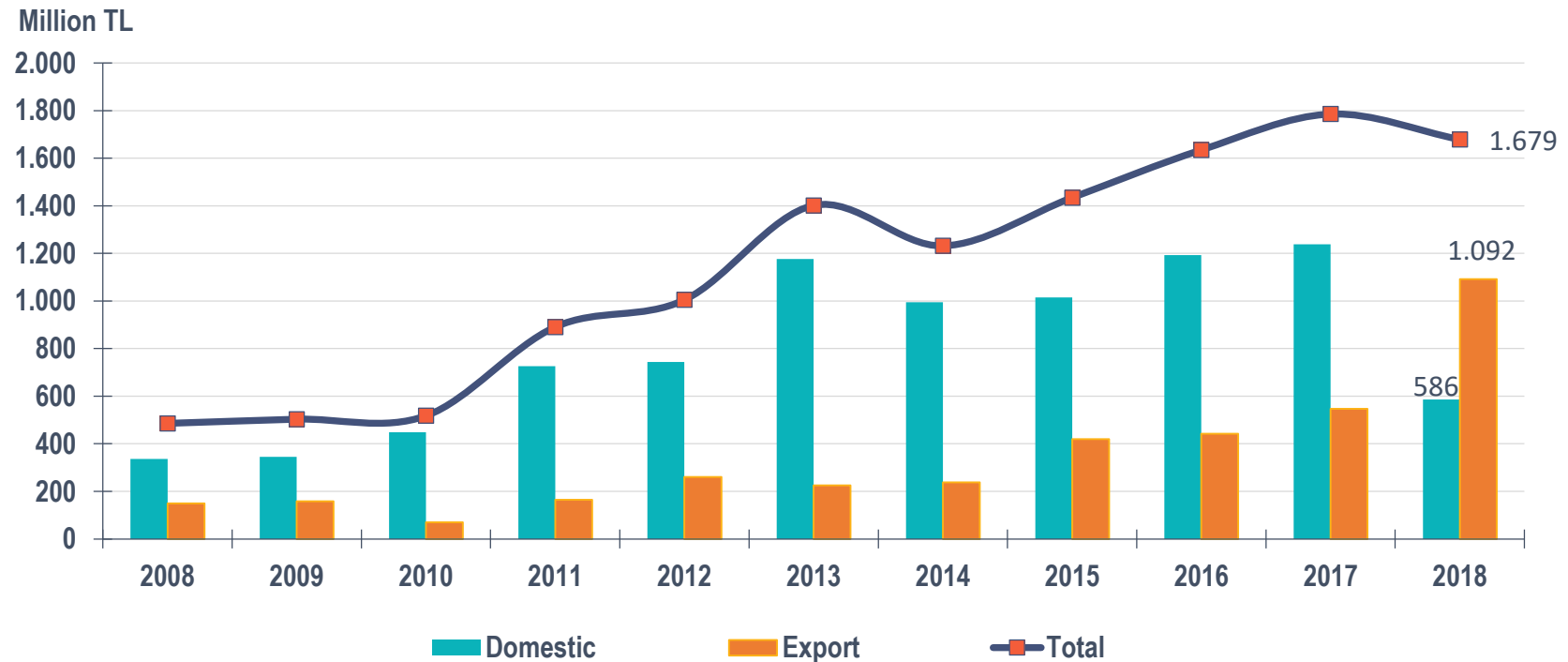
Revenue (Cumulative)



FINANCIAL INDICATORS



SALES

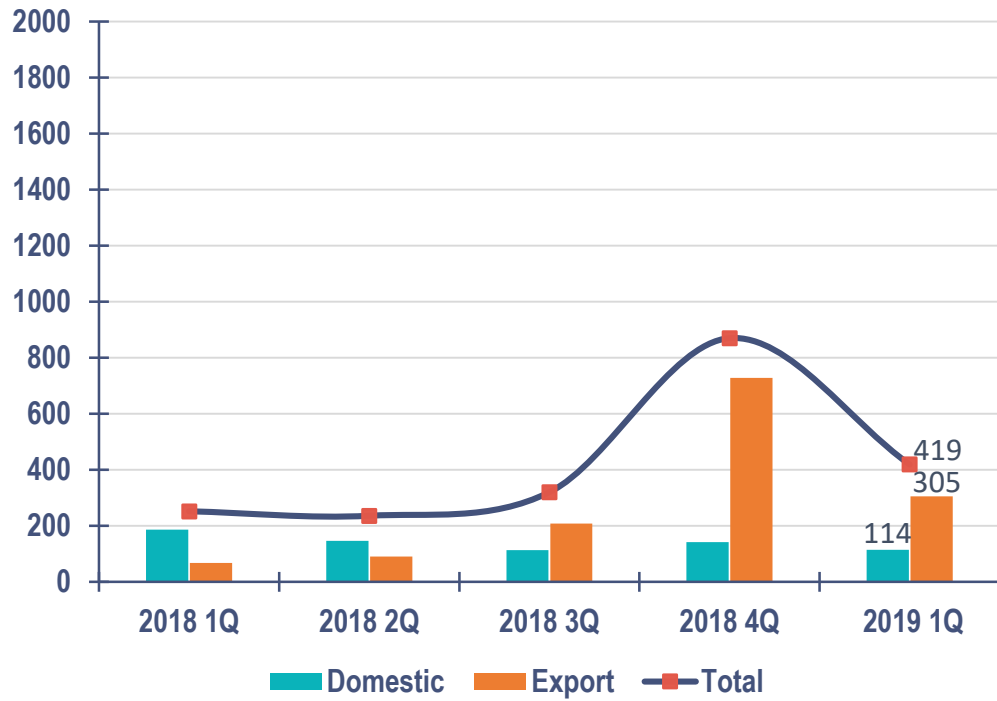


- Export revenues amounted to 1 billion 92 million TL, **doubled** its last year's exports.

FINANCIAL INDICATORS

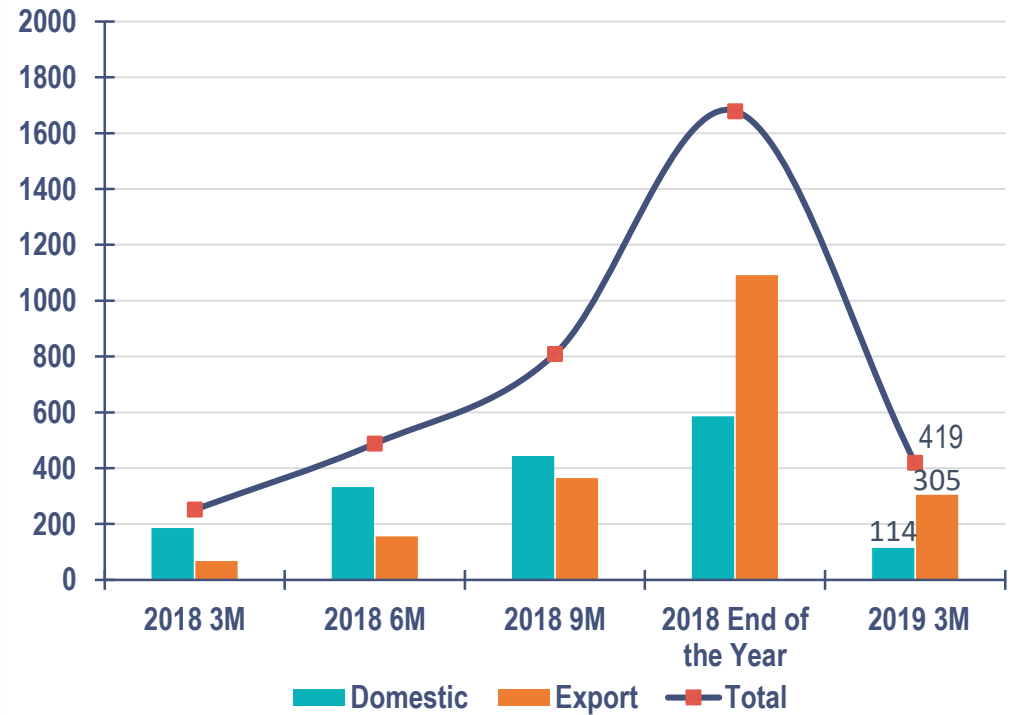
Revenue (Quarterly)

Million TL



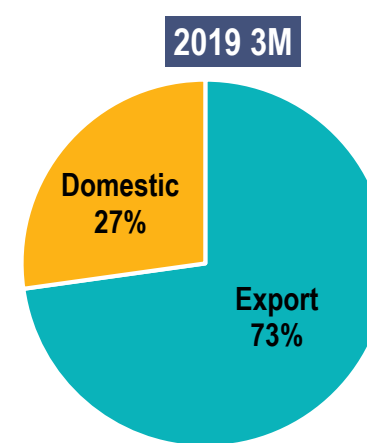
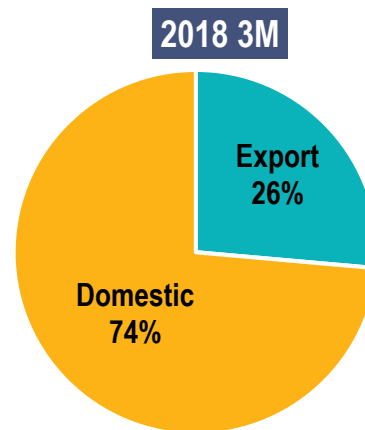
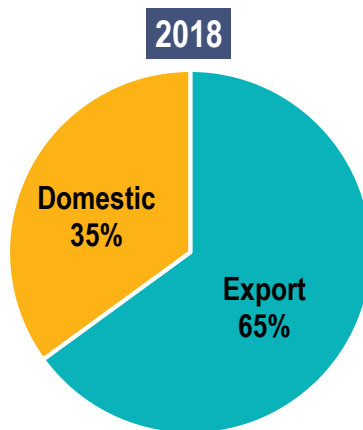
Revenue (Cumulative)

Million TL



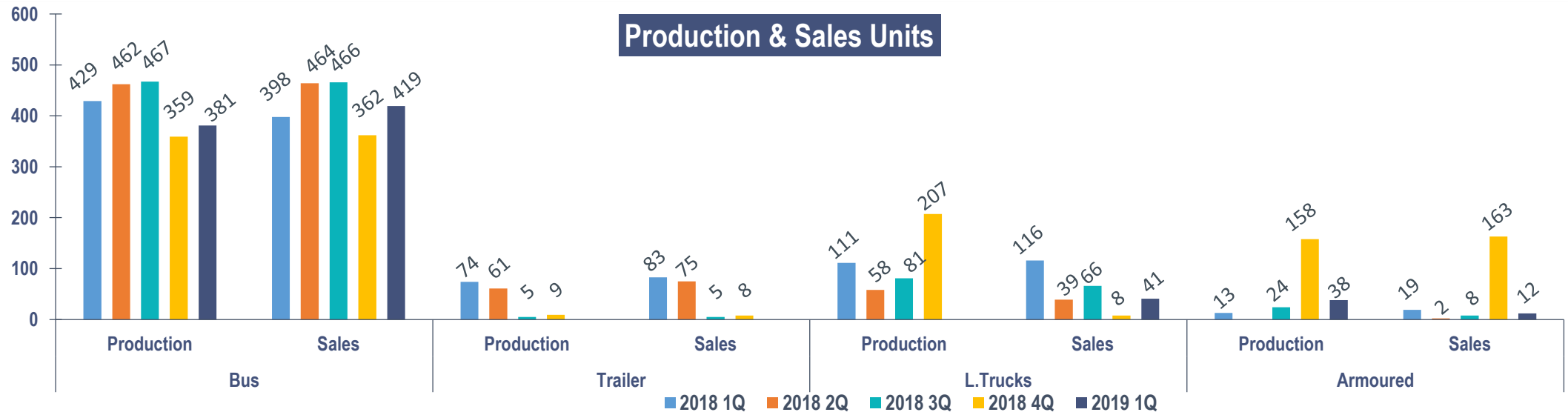
FINANCIAL INDICATORS

Sales (000 TL)	2019 3M	2018 3M	Change (%)	
Domestic	114.031	185.749	(39)%	▼
Export	305.039	66.636	358%	▲
Total	419.070	252.385	66%	▲

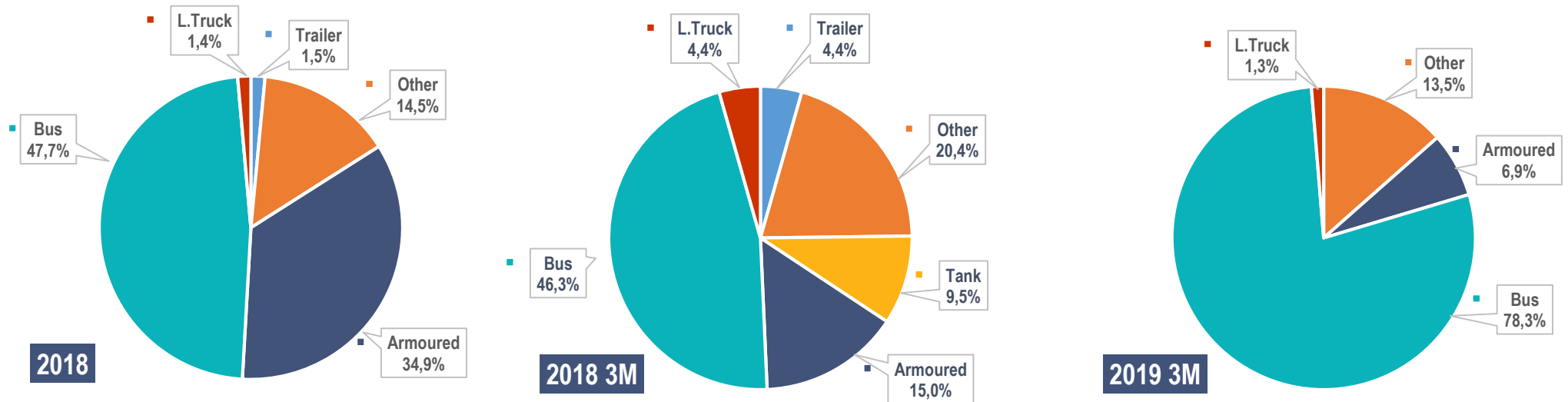


- Otokar domestic sales 39% lower than last year's same period due to the contraction in domestic market, export sales 358% higher than last year's same period.
- The share of exports in turnover was **73%** in the first quarter of 2019.

FINANCIAL INDICATORS

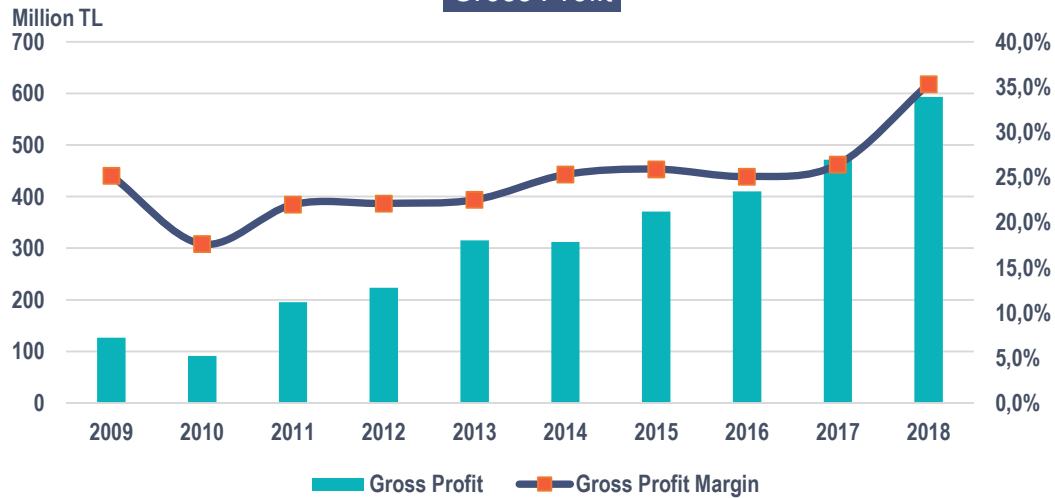


Revenue Distribution

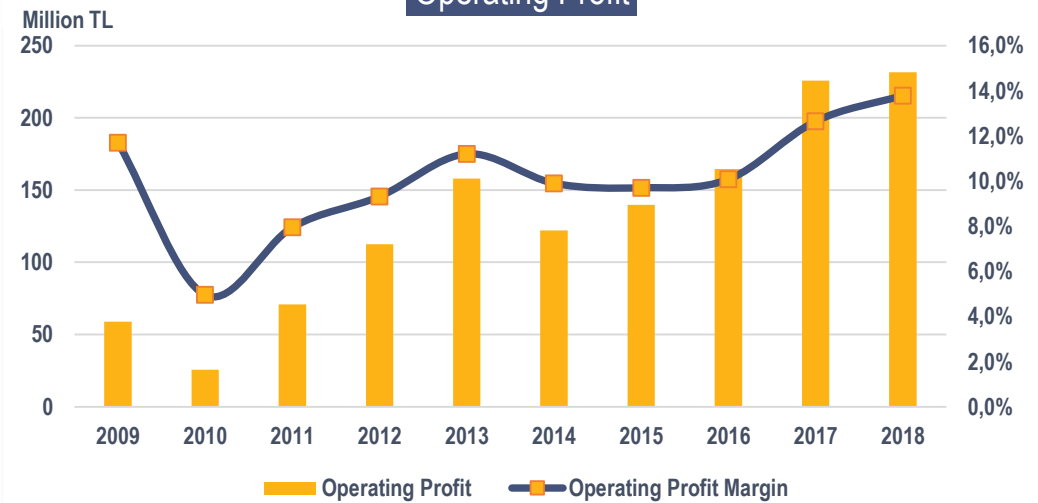


FINANCIAL INDICATORS

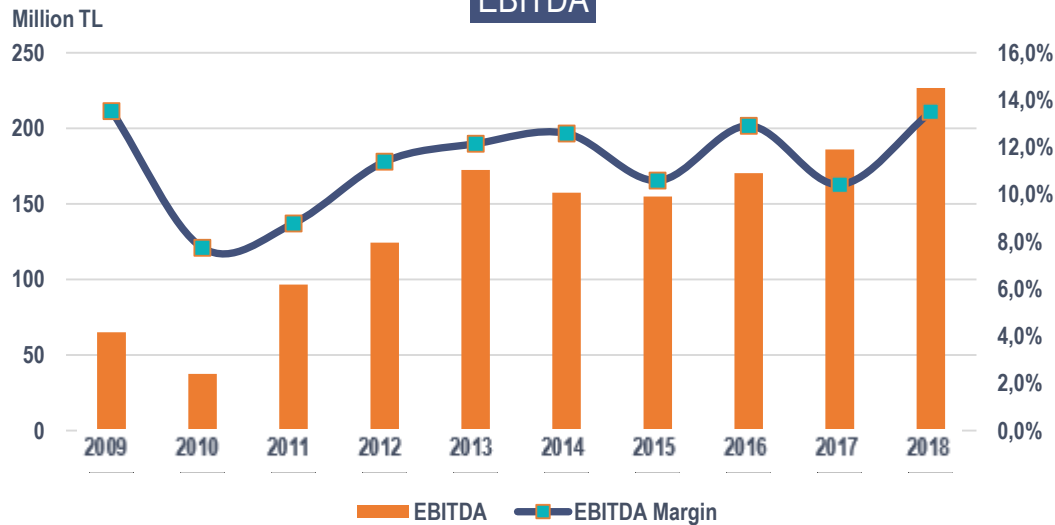
Gross Profit



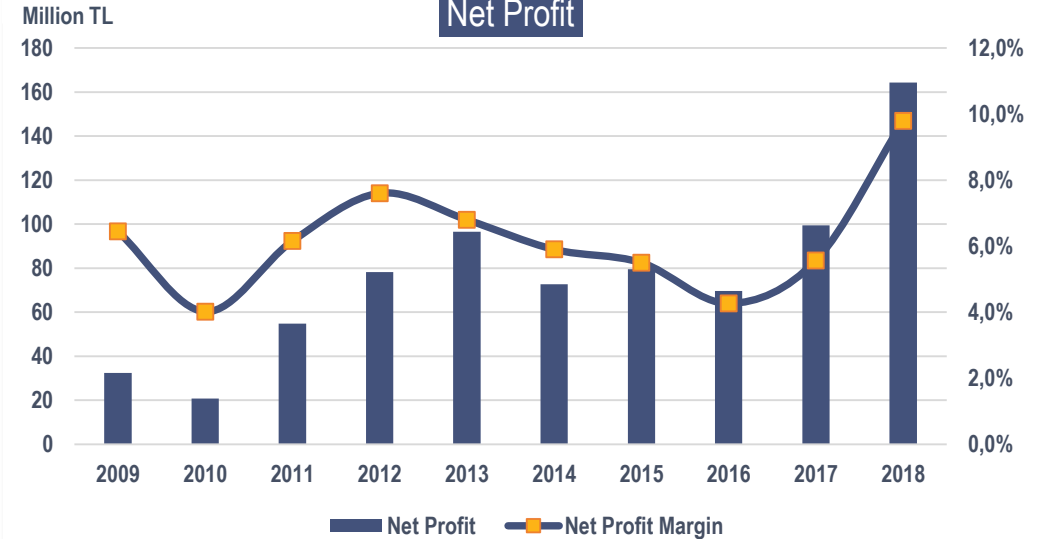
Operating Profit



EBITDA

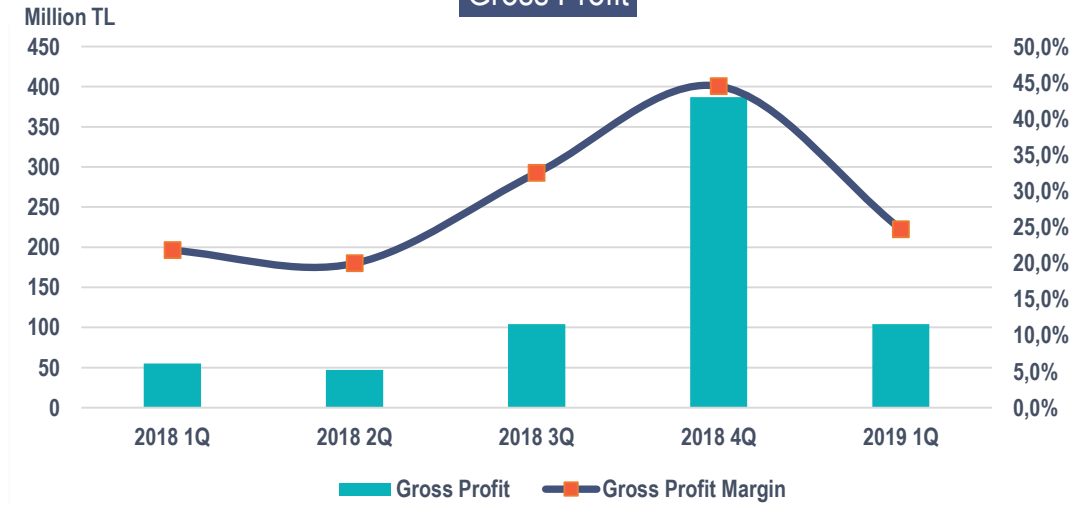


Net Profit

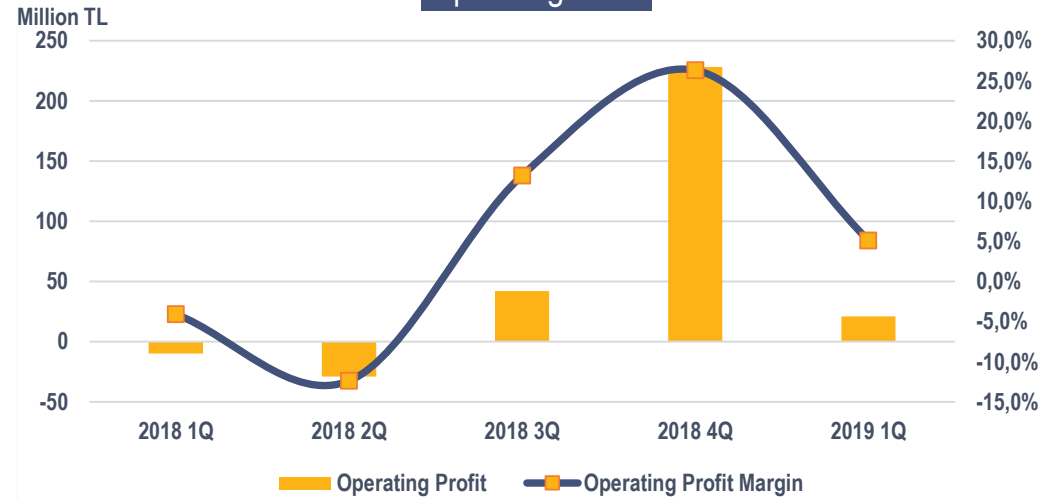


FINANCIAL INDICATORS

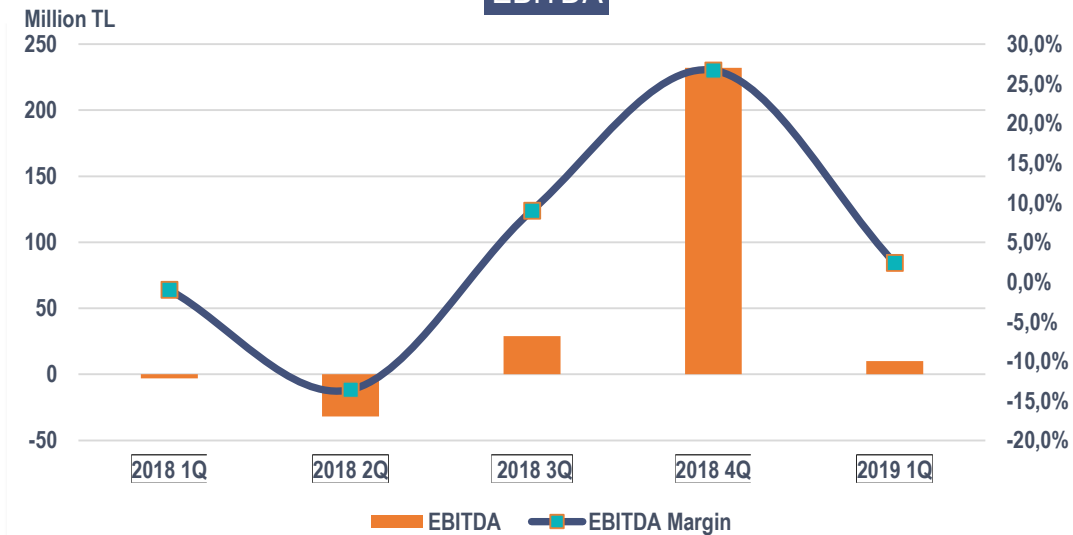
Gross Profit



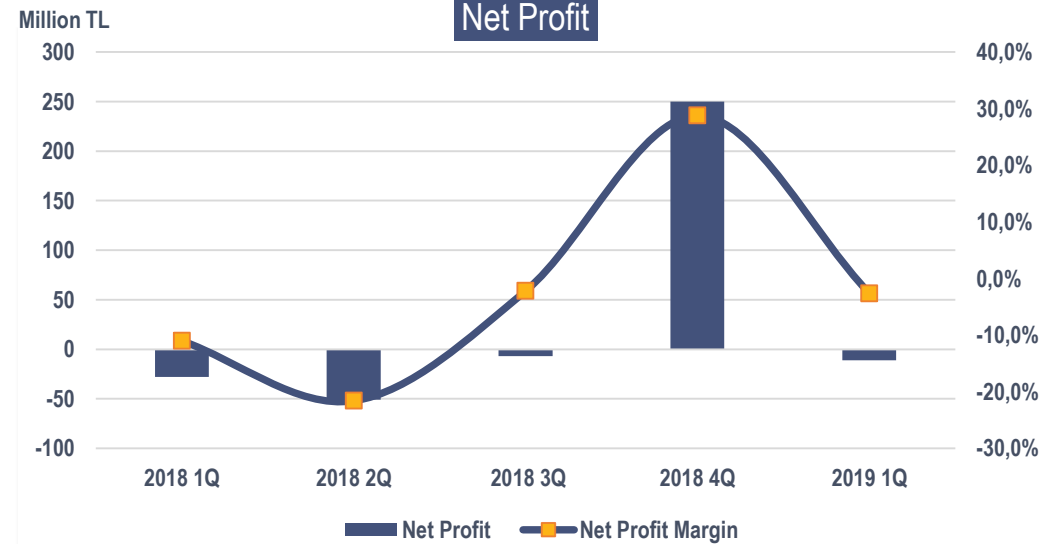
Operating Profit



EBITDA



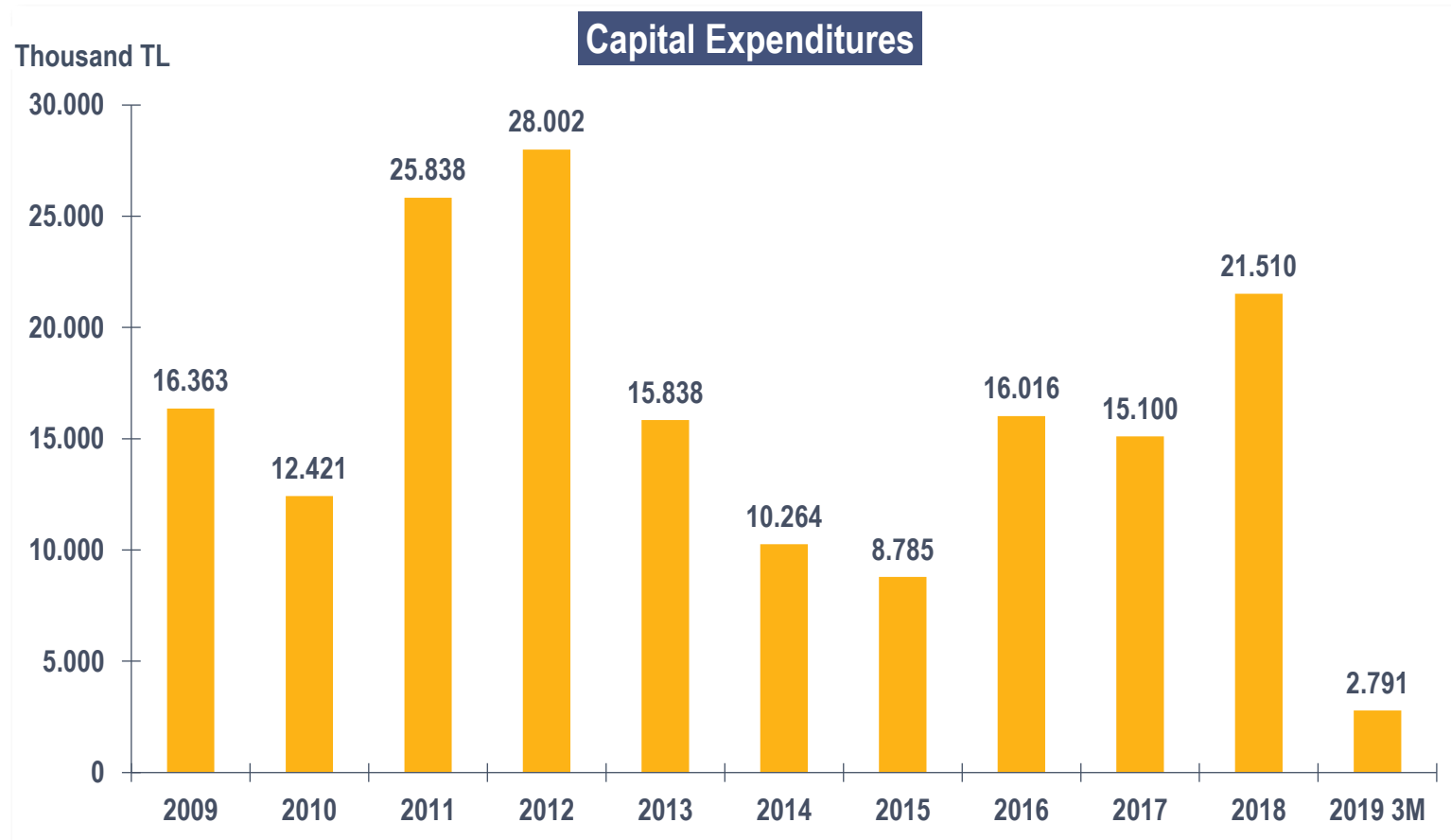
Net Profit



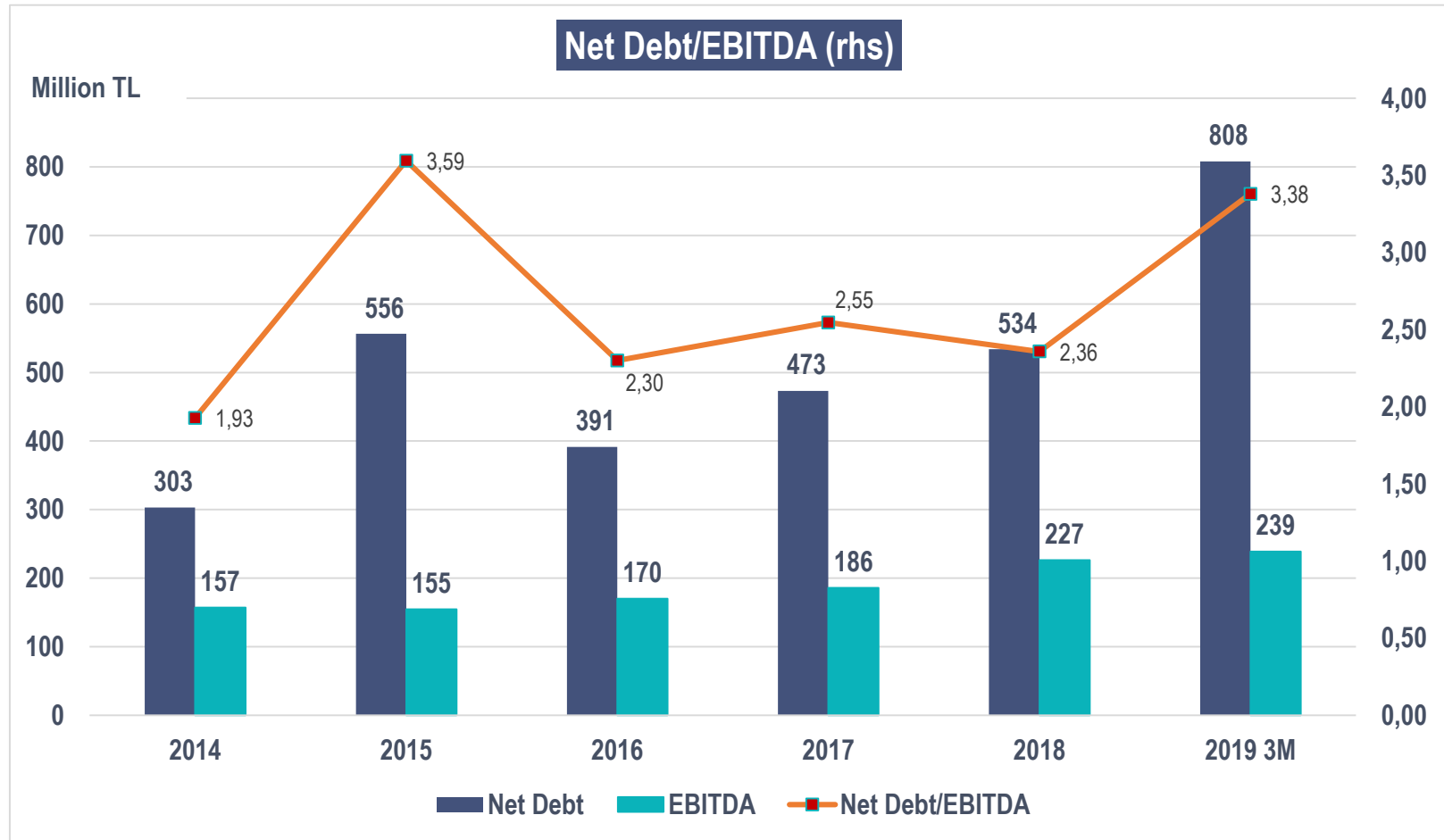
FINANCIAL INDICATORS

Ratios	2014	2015	2016	2017	2018	2018 1Q	2019 1Q
ROE	29,8%	32,4%	28,7%	35,1%	42,2%	(15) %	(3,7) %
EBITDA Margin	12,8%	10,8%	10,4%	10,4%	13,5%	(1)%	2,4%
Net Margin	5,9%	5,5%	4,3%	5,6%	9,8%	(11)%	(2,6)%
Net Debt/Equity	1,2	2,3	1,6	1,7	1,4	3,1	2,7
Net Debt/EBITDA	1,9	3,6	2,3	2,5	2,4	4,9	3,4
ST. Borrowing/T.Borrowings	0,52	0,49	0,60	0,53	0,38	0,51	0,53
Equity/Total Assets	0,20	0,15	0,14	0,14	0,17	0,10	0,11
Current Ratio	1,5	1,3	1,4	1,5	2,1	1,6	1,5

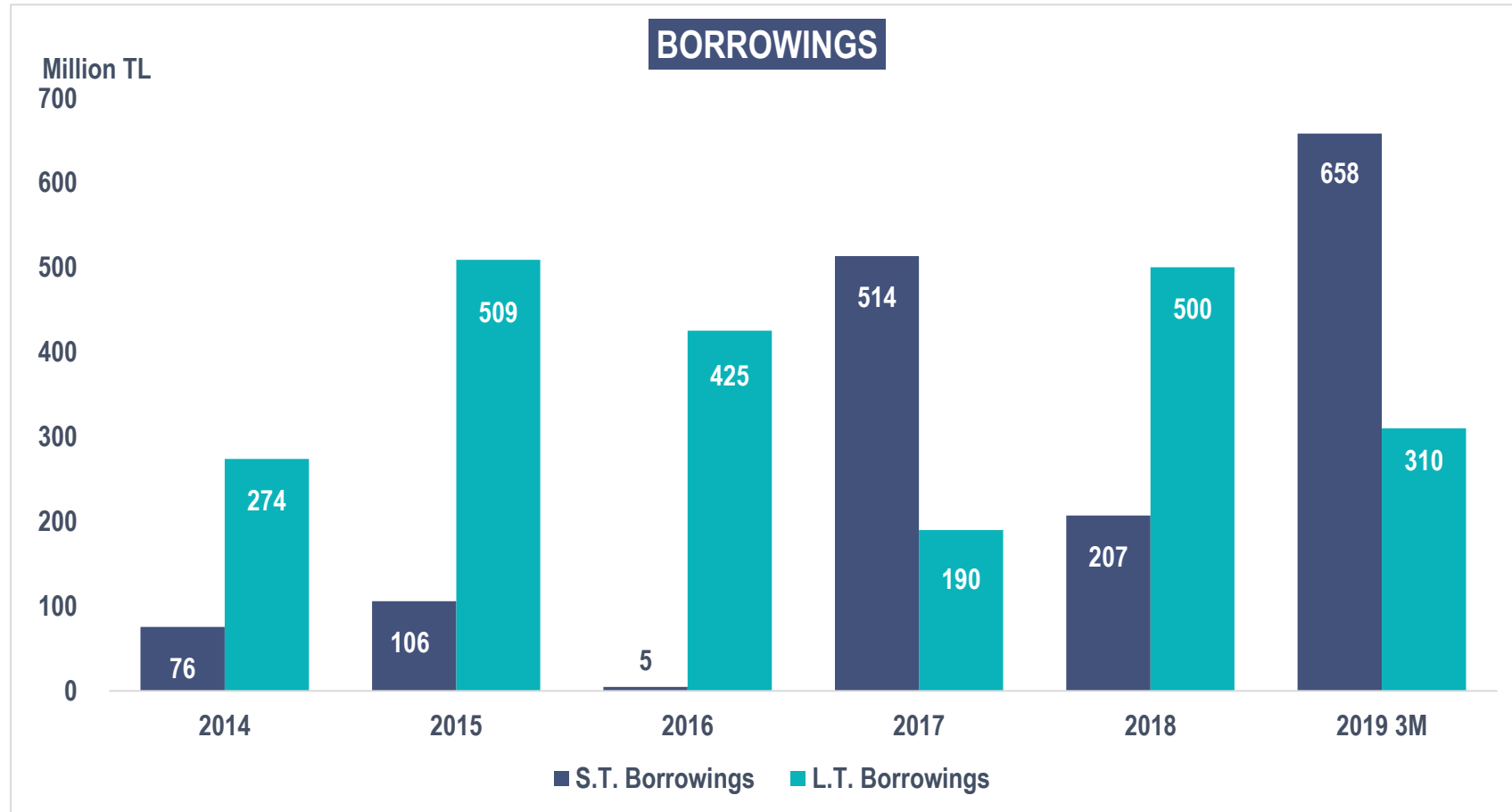
FINANCIAL INDICATORS



FINANCIAL INDICATORS

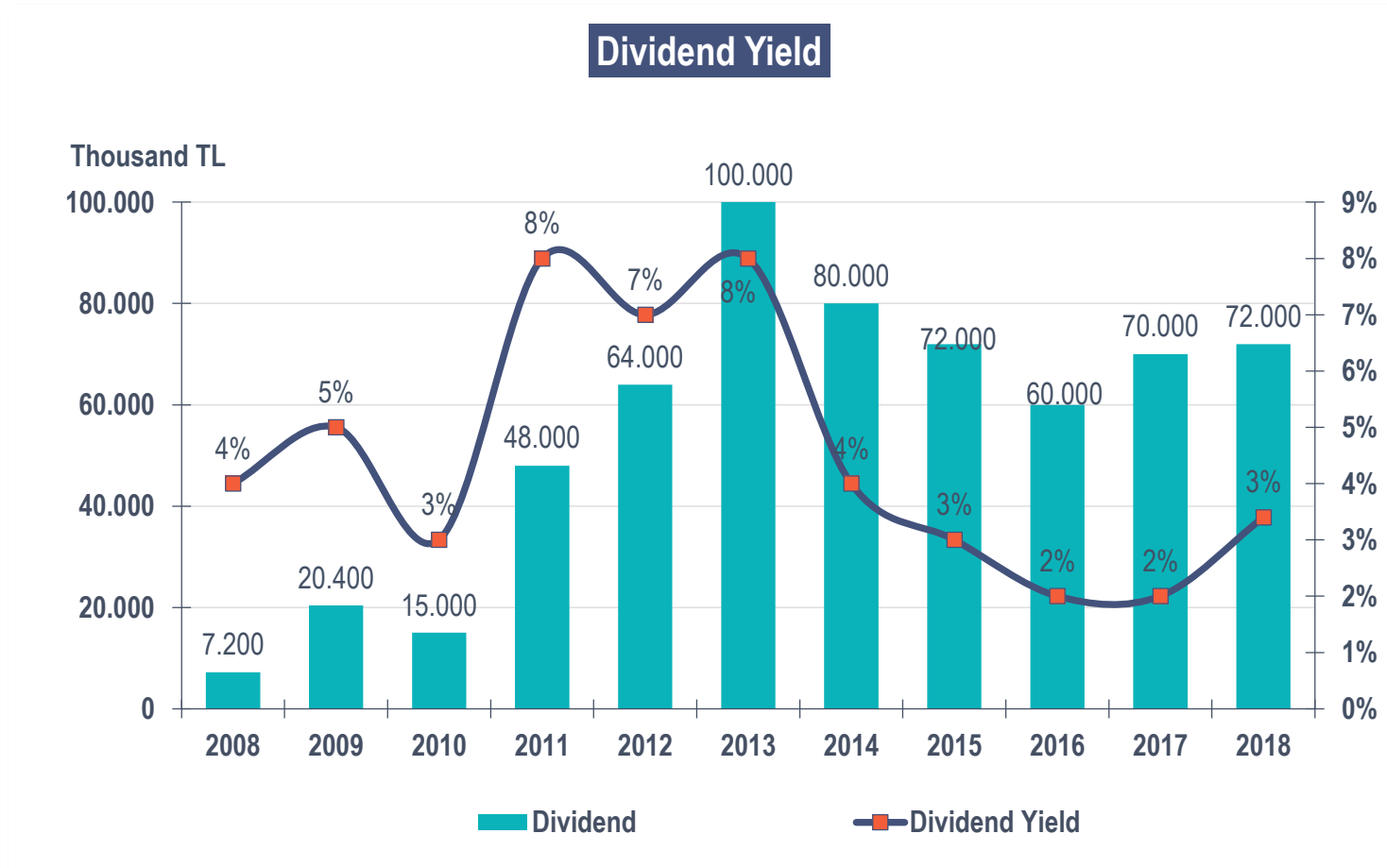


FINANCIAL INDICATORS



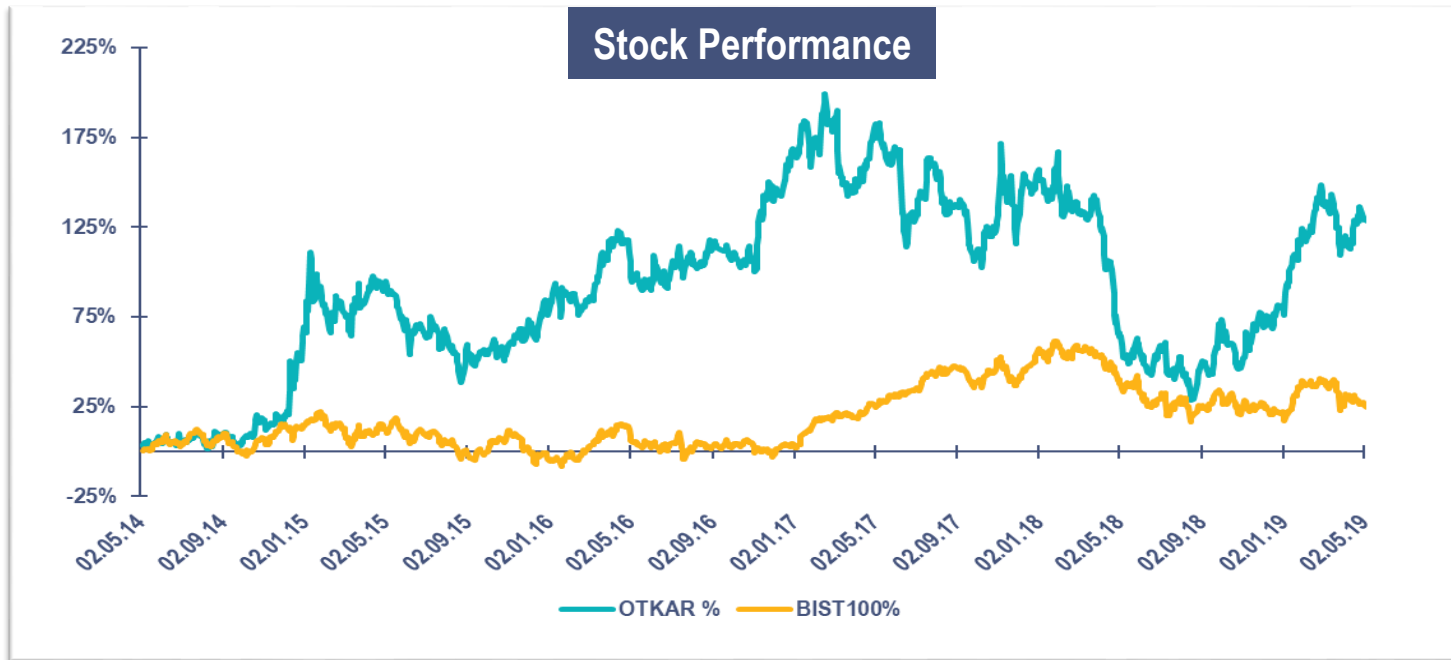
- Exchange rate risk and liquidity are monitored actively and the maturity of the borrowings and the currency type is determined by taking into consideration of the foreign currency position and liquidity risk.
- In the last 5-year period, borrowings are realized mainly in TL and long-term.

FINANCIAL INDICATORS



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

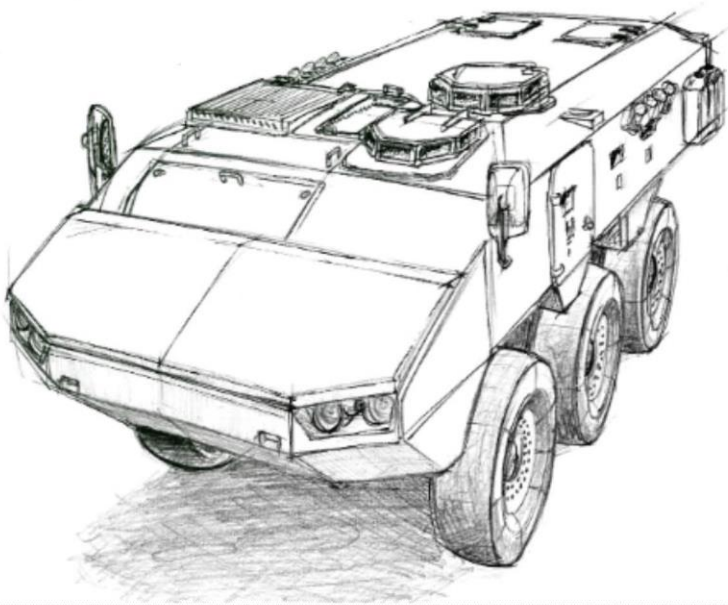
STOCK PERFORMANCE



R&D AND TEST CAPABILITIES



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.



R&D AND TEST CAPABILITIES



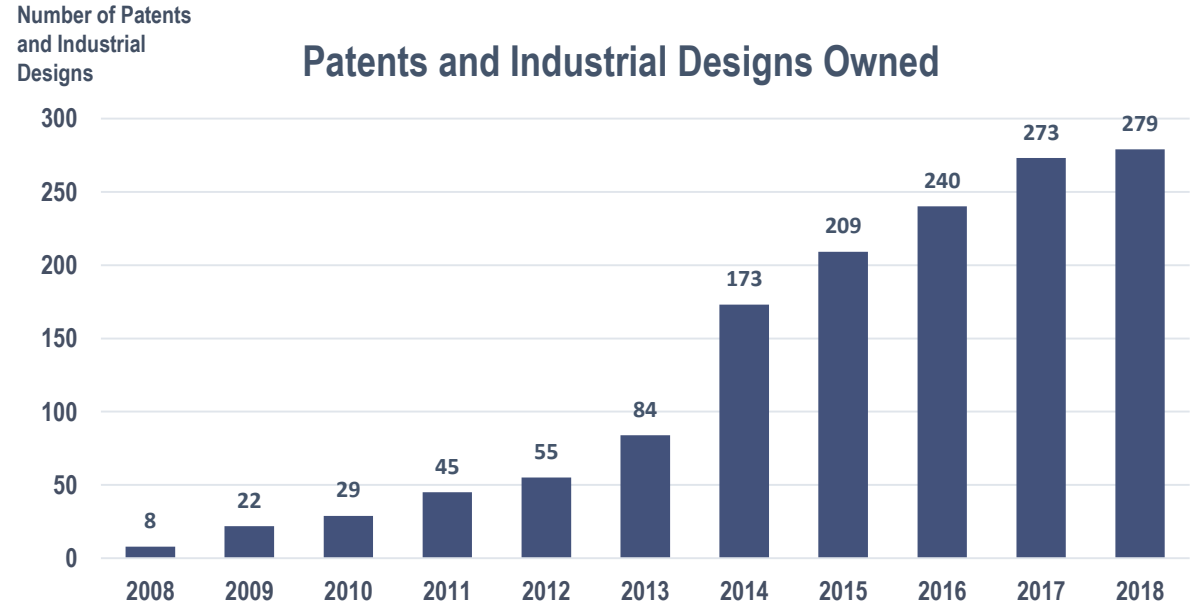
In addition to six different digital transformation projects, Otokar mobile application was developed for commercial vehicle users.

Total of **422** R&D center employee

As the project partner of Otokar and Koç Sistem, the development of the cloud-based platform including the Appstacle project and the smart vehicle applications that will form the next generation automotive standards are in progress.

Total R & D spending over the last 10 years **1 billion TL**

Patents and Industrial Designs Owned



Motor oil, transmission oil, axle oil and antifreeze products for Otokar branded commercial and defense vehicles were introduced to the market under the brand Otokar Spectra.

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

ALTERNATIVE FUELED BUSES

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 vehicle





Otokar listed in the BIST Sustainability Index for the **fourth** consecutive time

Otokar is strictly bound to the 10 principles of the **UN Global Compact** signed by Koç Holding in 2006

Otokar is also a signatory of **UN Women's Empowerment Principles** (WEPs) along with 30 Koç Group Companies

Otokar provided **19,068 hours of training to 1,589 employees** on occupational health and safety.

Otokar's proposal **was awarded** in the MESS Golden Glove and Golden Glove Recommendations Occupational Health and Safety competition which organized by Turkey Metal Industrialists' Union (MESS).

CORPORATE GOVERNANCE



56th Ordinary General Assembly of Otokar Otomotiv ve Savunma Sanayi A.Ş. held on 18.03.2019



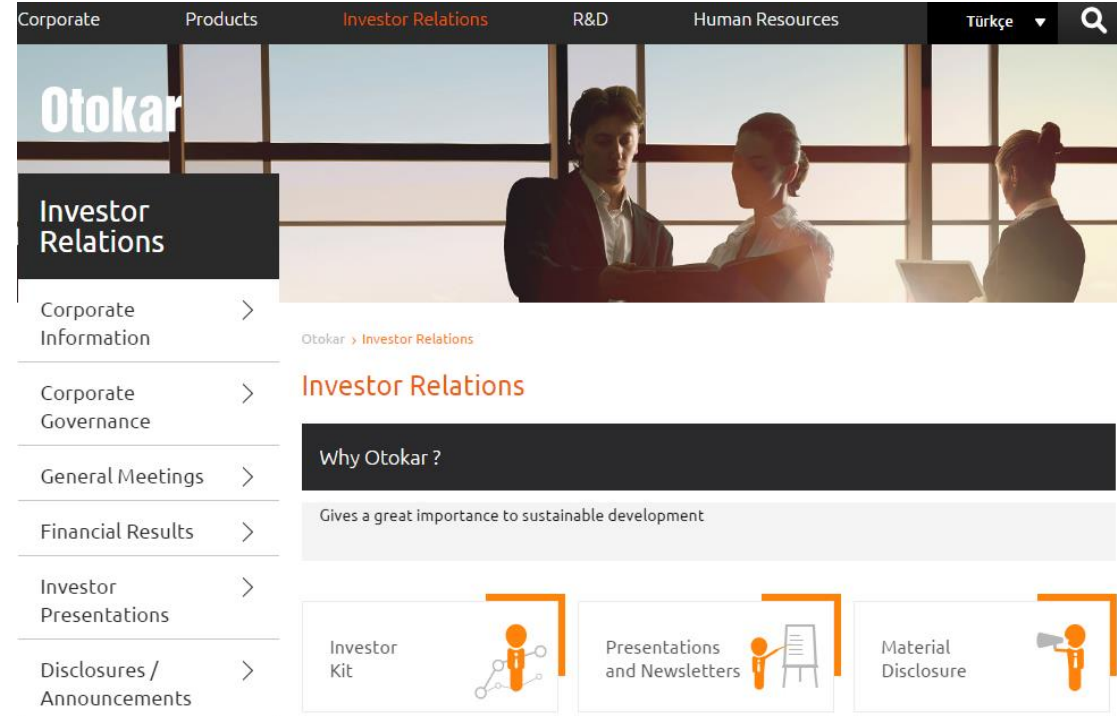
Rating of Adaptation to Corporate Governance Principles	Weight	Rating
Shareholders	25%	95.41
Public Disclosure & Transparency	25%	93.94
Stakeholders	15%	97.13
Board of Directors	35%	91.76
Total	100%	94.02

Otokar, as publicly disclosed with the material disclosure dated 21.03.2018, stated that SAHA Corporate Governance and Rating Services A.Ş. (SAHA) **increased its Corporate Governance Rating to 94.02 (9.40 out of 10)**

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