

OTOKAR with the results of 2014 3Q

In this report we submit 3Q14 figures to compare with 3Q13 figures. 3Q14 & 3Q13 financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 2014 3Q

- Otokar generated TRY 875,1 million total revenue in 3Q14. Total sales was decreased by 13,1% compared to the same period of last year. Otokar's 3Q14 domestic and export revenue was respectively realized at the amount of TRY 734,8 million and TRY 141,7 million.
- Otokar generated TRY 47,7 million net profit with a net margin of 5,5% in 3Q14.
- In 3Q14, Otokar's production and sales units were 3.674 and 3.566 respectively.
- The planned dividend payment that was agreed at the General Assembly for the year 2013 was TRY100.0 million was paid on Apr 04, 2014.

Overview

OTOKAR IFRS P/L Statement Highlights	2014 3Q TRY (thousands)	2013 3Q TRY (thousands)	Change
Net Sales	875.089	1.007.821	(13,1%)
Cost of Sales	(663.352)	(783.132)	(15,3%)
Gross Profit	211.736	224.689	(5,7%)
Operating Expenses	(124.218)	(120.366)	3,2%
Operating Profit	87.518	104.323	(16,1%)
Financial Expenses	(33.433)	(30.298)	10,3%
Income/(loss) before minorities & taxes	54.085	74.025	(26,9%)
Taxation	(6.313)	(6.685)	(5,5%)
Net Profit	47.772	67.340	(29%)
EBITDA	119.655	132.112	(9,4%)

Net Sales

The total sales revenue of Otokar in 3Q14 was TRY 875,1 million, by 13,1% decrease compared to the previous year's same period. The fall in total revenue mainly stemmed from the decrease in total revenue of the midibus&bus by 45,5%. Though, the domestic sales, constituting the 84% of total sales, decreased by 14,8% compared to the previous year's same period. The largest contribution in domestic sales revenue came from defence industry vehicles segment with growth ratios of 32,3%.

In the commercial side, light truck Atlas launched in the middle of 2013 and trailer sales were important contributors to domestic sales revenue. Atlas truck sales for the first nine months of 2014 has been realized 127,3% more than its total sales of the last year. On the other hand trailer sales increased by 110,3% compared to the same period of the last year. 16% of total sales was generated from export sales in 3Q14.

Considering the share of segments in total revenue terms, the leader segment was the midibus&bus group with a share of 35% with TRY 302,7 million in revenue and it was followed by defence industry vehicles segment with a share of 27% with TRY 236,3 million in revenue.

	2014 3Q TRY (thousands)	2013 3Q TRY (thousands)	Change (%)
Domestic Sales	733.386	860.804	(%14,8)
Exports	141.702	147.017	(%3,6)
Total	875.088	1.007.821	(13,1%)

Profitability

Gross profit was TRY 211,7 million in 3Q14, with a gross margin of 24,2%. The same figures in 3Q13 were TRY 224,6 million and 22,3% respectively. Operating profit was TRY 87,5 million in 3Q14 with an operating margin of 10%. The same figures in 3Q13 were TRY 104,3 million and 10,4% respectively. The company's EBITDA was TRY 119,7 million in 3Q14 with an EBITDA margin of 13,7%. The same figures in 3Q13 were TRY 132,1 million and 13,1% respectively. Otokar's net profit was TRY 47,7 million in 3Q14, having a net margin of 5,5%. The same figures in 3Q13 were TRY 67,3 million and 6,7% respectively.

Otokar has continued to pay dividends to its shareholders as in previous years. The dividend payment for the year 2013 was paid on April 04, 2014 as TRY 100 million. Dividend payment percentages were 200%, 266,67% and 416,67% for the years 2011, 2012 and 2013 respectively.

Investments

Otokar has continued to invest on R&D activities field in 3Q14 like the previous years. Total investment expenditure of Otokar was realized over USD 2.9 Million in 3Q14.

Objectives

Otokar aims to provide its growth with the products of which design, intellectual and property rights owned by itself. Otokar determines its strategies as follows: to grow in defence industry, to enhance the share of the exports in total revenue and to produce new models for the market needs. In line with stated targets Otokar attended in the following fairs with its defence vehicles: in January - Bahrain BIAS 2014, in March 2014-Chile FIDAE 2014, in April – Malaysia DSA, in May - Kazakstan KADEX and Bulgaria HEMUS, in June – France EUROSATORY, in July – Tanzania Land Forces East Africa, in September – Azerbaijan ADEX and South Africa AAD. In addition to these, Otokar attended Erbil Auto Show fair in March 2014, Busworld İstanbul fair in April 2014, in May 2014 TırExpo, in June - Transport Public 2014-Paris, in July RDA Workshop-Cologne Germany, in September - IAA-Hannover fair with its commercial vehicles. Otokar has a backlog volume of TRY 67 million and USD 9,9 million as of September 30, 2014.

The conceptual design and detailed design phases of total 78.5-month Main Battle Tank project were completed and third and the last phase "Prototype Production and Qualification" was started in 2nd half of 2013. On March 29, 2013 Otokar established the first Tank Test Center of Turkey, which is also one of the most modern center in the world, in Arifiye Plant with the attendance of

Minister of National Defence of Turkey .On November 15, 2012, test drives of two prototypes carried out in Arifiye Otokar plant during a ceremony honored by the Prime Minister of Turkey.

FINANCIALS

OTOKAR IFRS Summary Balance Sheet	2014 3Q TRY (thousands)	2013 3Q TRY (thousands)
Current Assets	718.957	792.567
Current Liabilities	634.985	673.263
Working Capital	83.972	119.304
Property, Plant & Equipment –Net	113.140	121.679
Total Assets	1.290.238	1.302.267
Total Liabilities	1.070.662	1.058.378
Shareholders' Equity	219.576	243.889

OTOKAR IFRS Financial Ratios	2014 3Q	2013 3Q
Current Ratio	1.13	1.18
Liquidity Ratio	0.63	0.70
Current Assets / Total Assets	0.56	0.61
Current Liabilities / Current&Non-current Liabilities	0.59	0.64
Current&Non-current Liabilities / Total Assets	0.83	0.81

OTOKAR IFRS Summary Statement of Cash Flow	2014 3Q TRY (thousands)	2013 3Q TRY (thousands)
Cash and Cash Equivalents at the Beginning of the Period	8.884	47.906
Net Cash Provided by Operating Activities	134.763	(36.112)
Net Cash Used in Investment Activities	(36.277)	(45.494)
Pre-Financing Cash Flow	98.486	(81.606)
Net Cash Obtained From Financing Activities	(79.016)	38.503
Net Increase in Cash and Cash Equivalents	19.470	(43.103)
Cash and Cash Equivalents at the End of the Period	28.354	4.803

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