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X

Otolkar®



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Inc.



OTOKAR OTOMOTIV VE SAVUNMA SANAYİ A.Ş.

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HAMZAH ALHALABI

Guiding Principles



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.



Vision

Otokar's vision is to preserve the local and national identity of its products by developing technologies in-house and to ensure the continued satisfaction of its clients, employees, and shareholders with total excellence philosophy.



Values

- Customer Satisfaction and Sustainable Growth
- Universal Quality and Koç Group Principles
- Trust, Continuity, and Esteem
- Pursuit of Excellence
- Human Resources as a Priority
- Contribution to the Turkish Economy
- Superior Business Ethics and Continuous Development"

Company Overview

Production Capacity

- **5300 BUSES/MINIBUSES**
- **1600 TRUCKS/LIGHT TRUCKS**
- **2,000 TACTICAL VEHICLES**
- **700 TACTICAL ARMORED VEHICLES**

(from 2022)

TL 9.6 BILLION

2022 TURNOVER

USD 403.5 MILLION

2022 EXPORT REVENUES

TL 2.1 MILLION

10-YEAR R&D EXPENDITURE

2,942
EMPLOYEES

552,000 M²
PRODUCTION AREA

300+ SALES AND
AFTERSALES NETWORK

Stock Information

Corporate Name	Otokar Otomotiv ve Savunma Sanayi A.Ş.
Stock Exchange	Borsa İstanbul (BIST)
BIST Ticker	OTKAR
Bloomberg Ticker	OTKAR.TI
Reuters Ticker	OTKAR.IS
IPO	24.04.1995
Free Float	%27,22

Free float refers to the shares of a public company that are readily available for trading on the open market.

Areas of Operation

COMMERCIAL VEHICLES



DEFENSE INDUSTRY



Products

BUSES

- Centro, e-Centro
- Sultan/Navigo (Sultan S, Sultan Comfort, Sultan Maxi, Sultan Mega, Sultan LF, Sultan Maxi Accessible, Sultan Giga, Navigo C, Navigo U, Navigo T, Agilo C)
- Doruk/Vectio (Doruk LE, Doruk T, Vectio C, Vectio U)
- Ulyso T
- Kent (Kent LF, Kent CNG, Kent U, Kent C, Kent Hybrid, e-Kent)
- Kent Articulated (Kent Articulated, Kent Articulated CNG, e-Kent Articulated)
- Kent XL
- Territo

LIGHT TRUCKS

- Otokar Atlas
- Otokar Atlas 3D

TACTICAL WHEELED VEHICLES

- 4x4 Tactical Wheeled Armored Vehicles (Ural, Akrep II, Akrep Ile, Cobra, Cobra II, Cobra II MRAP, Kaya II, Armored Internal Security Vehicle)
- 6x6 Tactical Wheeled Armored Vehicle (Arma 6x6)
- 8x8 Tactical Wheeled Armored Vehicle (Arma 8x8, Arma II 8x8)

TRACKED ARMORED VEHICLES

- Tracked Armored Vehicles (Tulpar, Tulpar S)

TURRET SYSTEMS

- Mızrak RCWS, Keskin RCWS, Open Turrets, Internal Security Turret, Üçok, Başok

Main Financial Ratios

Liquidity Ratios (x 100%)	2022	2021	2020	2019	2018
Current Ratio	1.06	1.39	1.49	1.87	2.08
Liquidity Ratio	0.67	0.89	0.87	1.13	1.28
Leverage Ratios (x 100%)	2022	2021	2020	2019	2018
Debt Ratio	0.85	0.75	0.77	0.76	0.83
Profitability Ratios (%)	2022	2021	2020	2019	2018
Gross Profit Margin	31.7	38.1	41.1	37.8	35.3
Operating Margin	17.6	23.9	21.9	19.1	13.8
EBITDA Margin	12.9	20.2	23.1	17.8	13.5
Pre-Tax Profit Margin	11.2	20.1	21.5	14.2	7.2
Net Profit Margin	12.9	23.1	21.3	14.5	9.8

R&D INDICATORS

7%

Share of 10-year R&D expenditures in turnover

46

Patent and industrial design applications

95.55%

Share of Otokar-designed vehicle sales in turnover

PRODUCTIVITY INDICATORS

38.3%

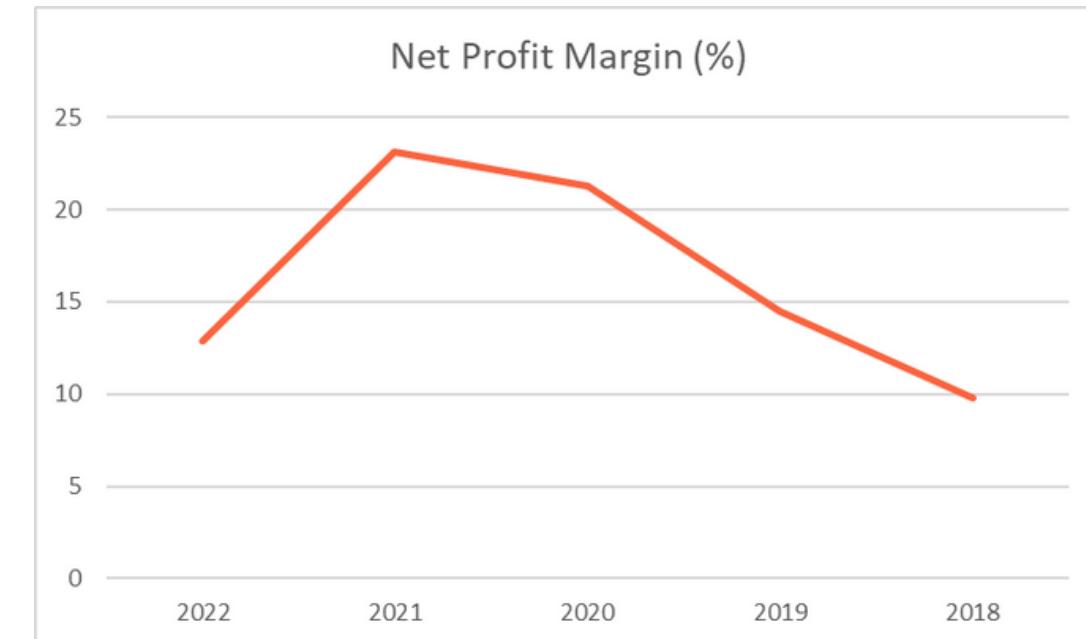
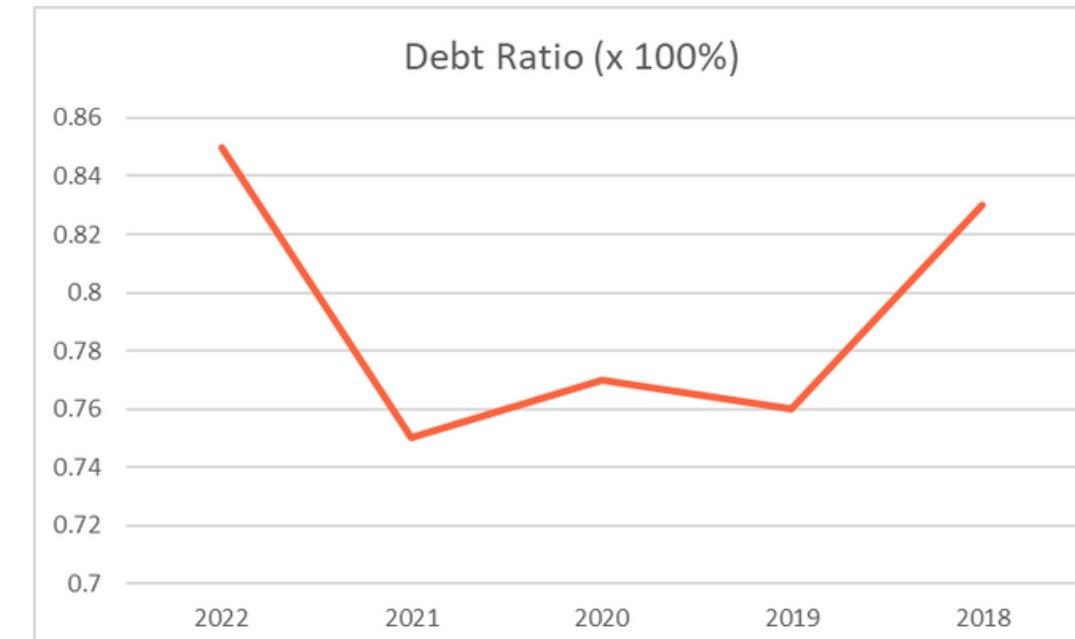
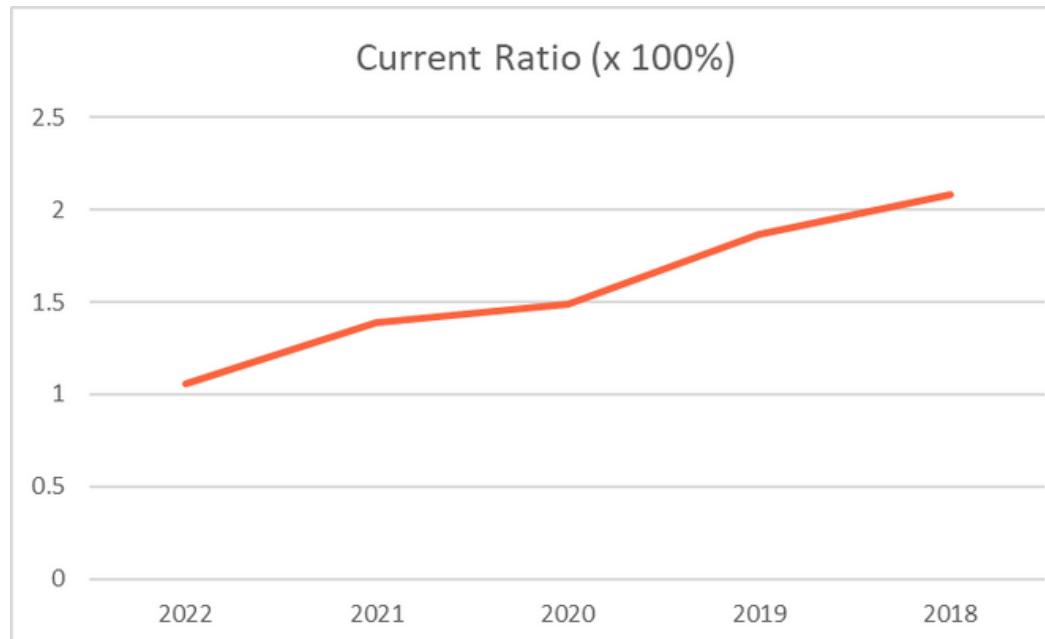
Capacity utilization rate

21%

10-year average growth

TL 521 MILLION

Economic contribution



Competitive Advantages



PRODUCTS WITH OTOKAR OWNED INTELLECTUAL PROPERTY RIGHTS

INDEPENDENCE TO DEVELOP PRODUCTS TO
MEET MARKET REQUIREMENTS

PUBLICLY TRADED

TRANSPARENT
STRUCTURE, RELIABILITY

OPERATING IN NICHE MARKETS

SUSTAINABLE
GROWTH

R&D CAPABILITIES AND FLEXIBLE PRODUCTION ABILITY

RAPID PRODUCT DEVELOPMENT
AND SPEED TO MARKET

CAPABILITY TO OFFER CUSTOMIZED FEATURES

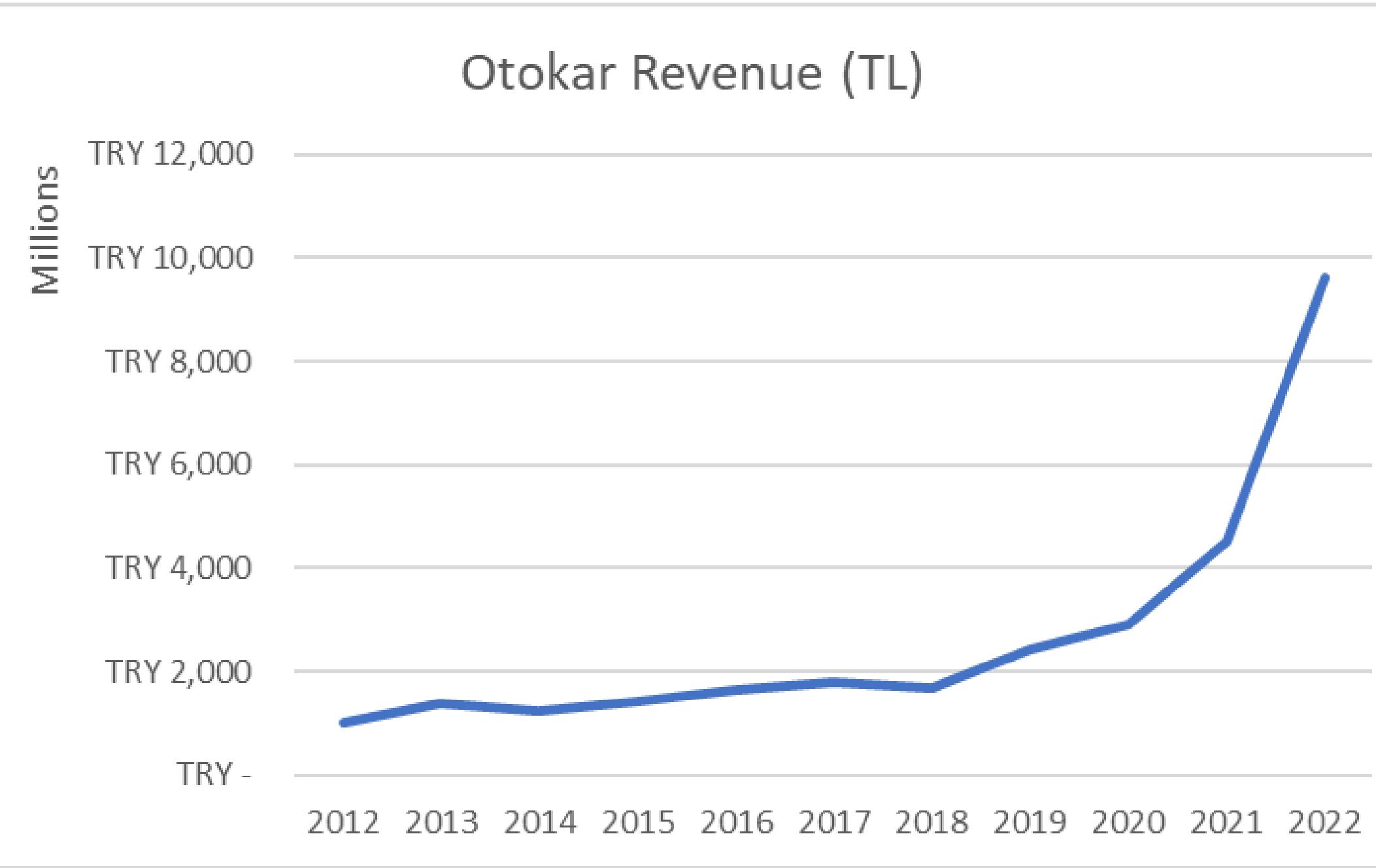
CUSTOMER SATISFACTION
GUARANTEE

NO FOREIGN SHAREHOLDERS

FREEDOM TO DETERMINE
COMPANY STRATEGIES

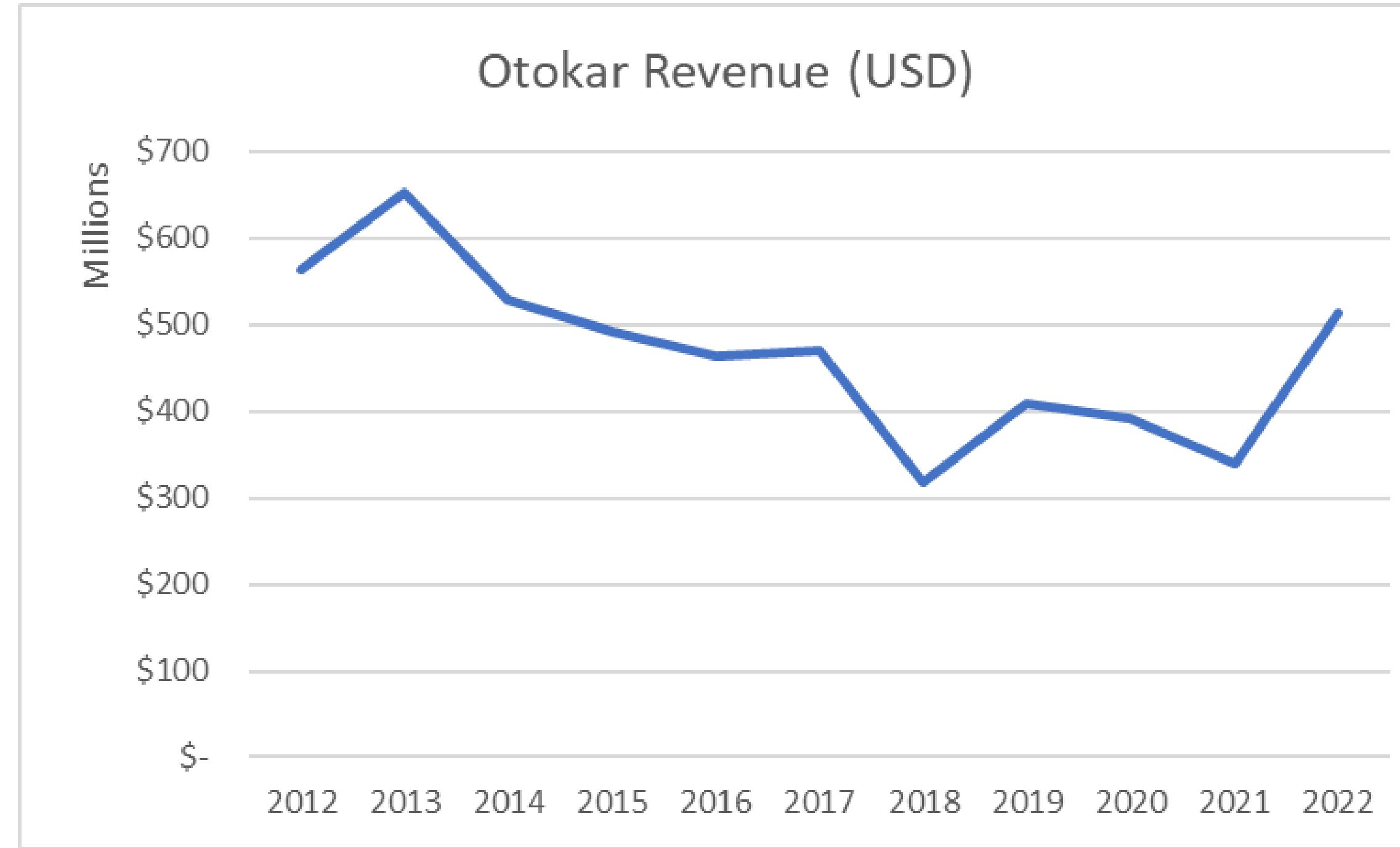


2012 – 2022 Revenue Summary (TL)



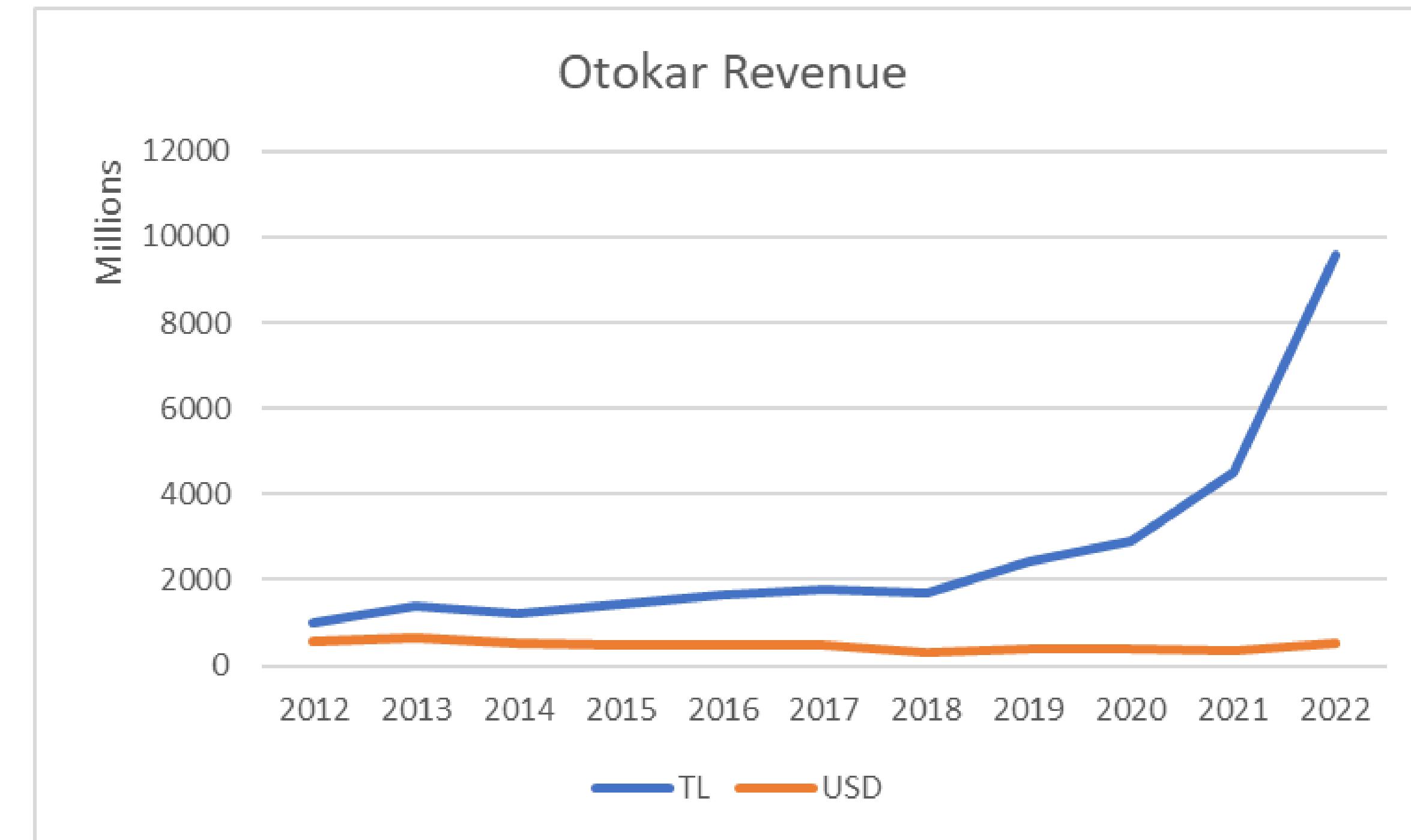
Year	TL
2012	TRY 1,004,492,000.00
2013	TRY 1,401,553,000.00
2014	TRY 1,231,634,000.00
2015	TRY 1,433,968,000.00
2016	TRY 1,634,515,000.00
2017	TRY 1,785,272,000.00
2018	TRY 1,678,661,000.00
2019	TRY 2,430,643,000.00
2020	TRY 2,908,711,000.00
2021	TRY 4,508,874,000.00
2022	TRY 9,600,000,000.00

2012 – 2022 Revenue Summary (USD)

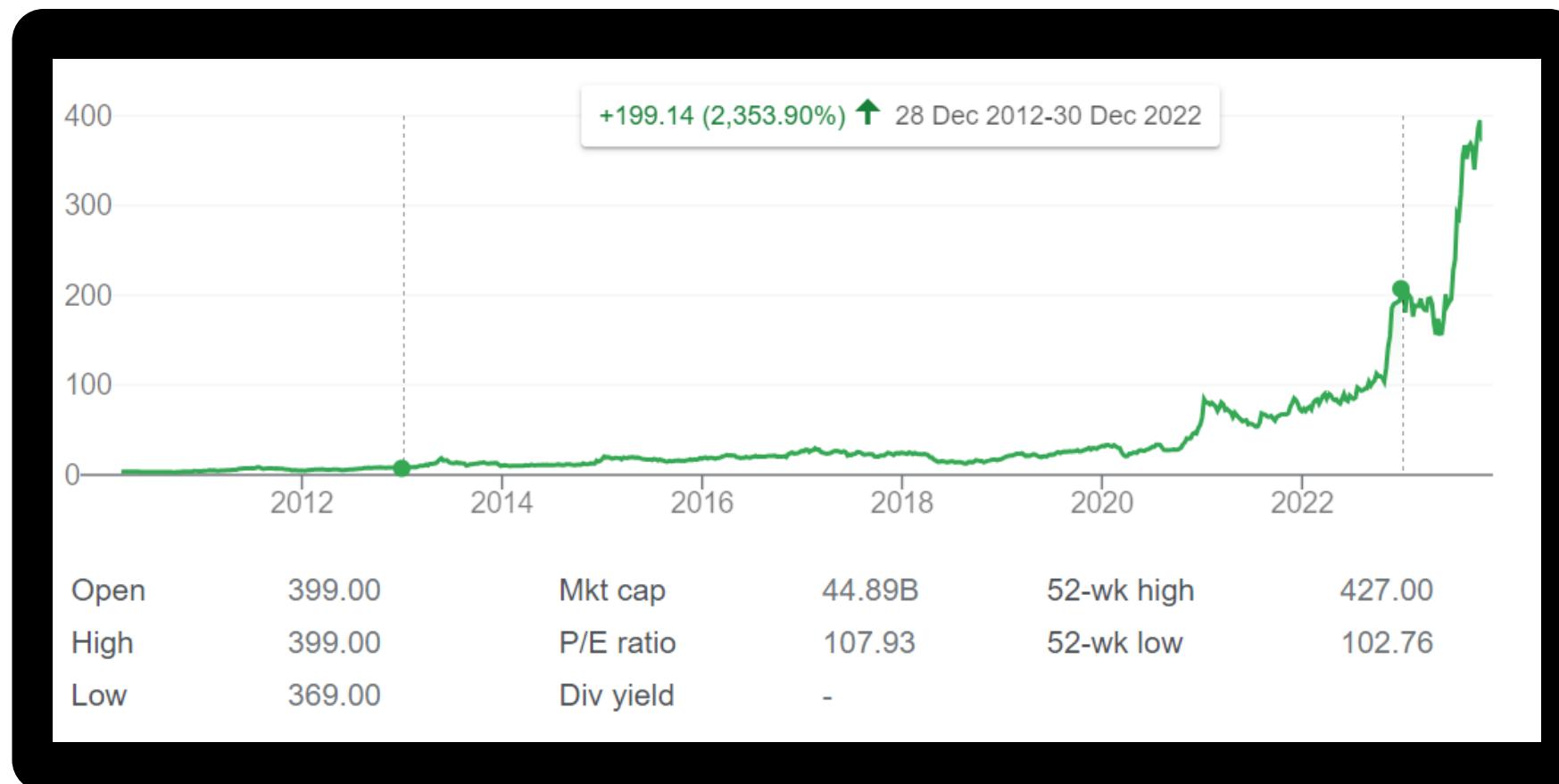


Year	USD
2012	\$ 562,709,091.93
2013	\$ 652,249,162.32
2014	\$ 528,280,861.29
2015	\$ 491,371,003.67
2016	\$ 463,718,508.85
2017	\$ 470,241,538.26
2018	\$ 317,910,156.62
2019	\$ 408,662,530.68
2020	\$ 391,281,847.78
2021	\$ 340,166,579.91
2022	\$ 513,445,863.55

2012 – 2022 Revenue Summary (USD) vs (TL)



Stock Price for 2012–2022 & to-date



2012 – 2022



2012 – Oct 2023



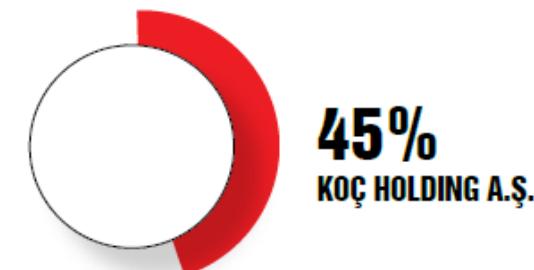
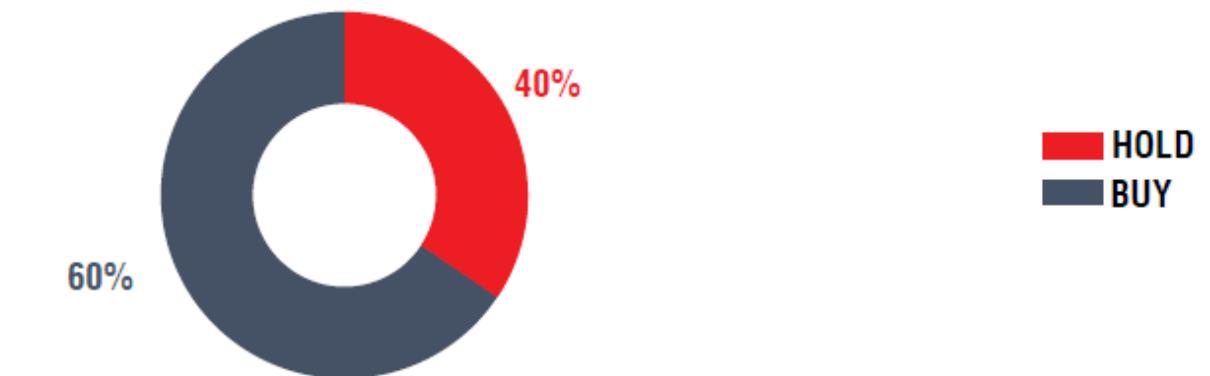
Investor Relations

Otokar's Investor Relations Department is dedicated to enhancing shareholder value through sustainable growth, dividend distribution, strong investor relations, and effective corporate governance practices. They work closely with relevant divisions to manage shareholder relations, provide transparent information, and facilitate two-way communication between the company and shareholders and potential investors. In the post-pandemic period, the department conducted a variety of meetings, conference calls, and updates to keep stakeholders informed.

9.55

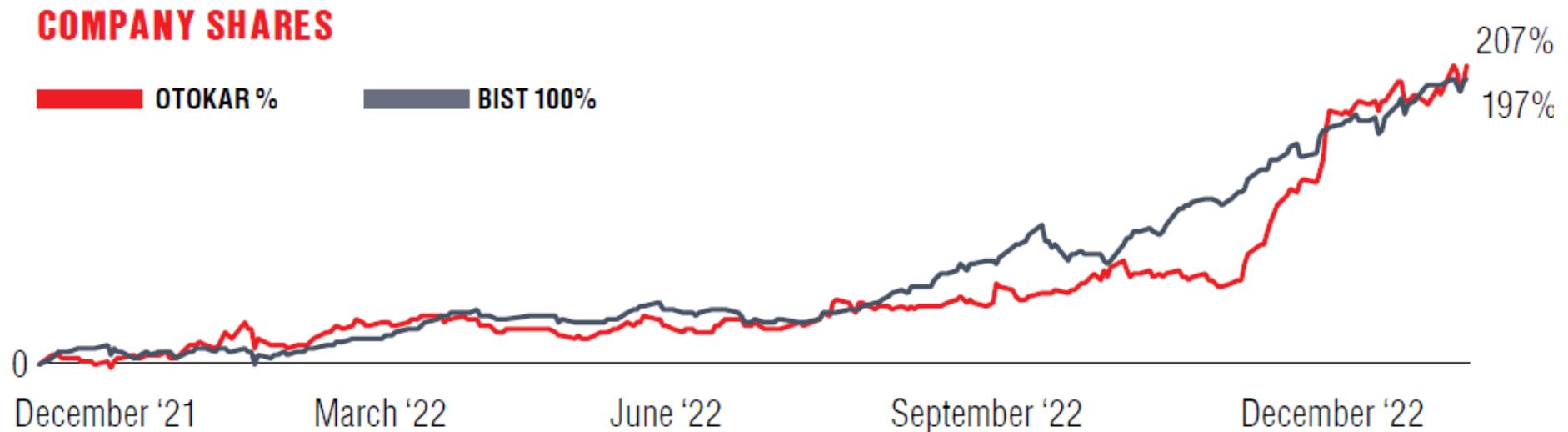
OTOKAR'S CORPORATE GOVERNANCE RATING SCORE ROSE TO 95.53
(9.55 OUT OF 10).

ANALYST RECOMMENDATIONS



COMPANY SHARES

OTOKAR % BIST 100%



Strategic Positions?

1. What is the basic purpose of the organisation?

The basic purpose of Otokar is to create, manufacture, and distribute a diverse array of automobiles, ranging from buses for public transportation to armoured tactical vehicles for defense purposes

2. What are the macroenvironmental drivers for change?

Otokar is subject to a number of important macroenvironmental drivers of change, including geopolitical unrest, technological developments, changes in the world economy, environmental laws, and changes in the demand for public transportation.

3. How can the organisation identify a competitive position?

Otokar can find a competitive position by studying the strengths and weaknesses of its rivals, gathering market data, and identifying distinctive value propositions for its products.

4. What are the organisation's distinctive capabilities?

Otokar's distinctive strengths are its extensive product line, robust R&D capabilities, rich manufacturing heritage, and capacity to build armored vehicles that satisfy global defense requirements.



5. What are stakeholders' expectations?

Stakeholders anticipate that Otokar will continue to produce high-quality automobiles, stay profitable, grow its customer base, make investments in sustainable technologies, and adhere to moral and CSR guidelines.

6. How does culture fit the strategy?

Otokar's strategy to become a top specialized vehicle manufacturer in Turkey and throughout the world is well-aligned with its innovative, quality-focused, and customer-focused culture.

Strategic Choices?

7. What business strategy and model should be used?

Otokar should keep concentrating on differentiating itself from the competition, highlighting the special products it offers, particularly in the defense industry, and growing its market share in the public transportation sector.

8. Which businesses should be included in a portfolio?

Trucks, armored defense vehicles, public transportation vehicles, and perhaps even electric or hybrid vehicles, even avionics in the future should all be part of Otokar's business portfolio and SBUs.



9. Where should the organisation compete internationally?

Otokar should concentrate on developing nations that require contemporary public transportation options and those with expanding defense budgets.

10. Is the organisation innovating appropriately?

As of 2023 and as far as our humble unbiased opinion about the company, Otokar has been seen appropriately innovating, particularly in the armored vehicle market compared to its local competition in the local market. Remaining ahead of the curve requires constant R&D.

11. Should the organisation buy other companies, ally or go it alone?

Otokar may think about making strategic acquisitions or alliances in order to increase its technological prowess or market penetration, depending on the state of the industry. However, to preserve brand identity, going solo could be advantageous in some markets.

Strategy in Action?

12. Are strategies suitable, acceptable and feasible?

Otokar's strategies can be assessed for suitability, acceptability, and feasibility through recurring SWOT and PESTEL analyses.



13. What kind of strategy-making process is needed?

Developing a strategy should involve both senior management and front-line staff members, and a mix of top-down and bottom-up methodologies would be optimal for Otokar's case.

14. What are the required organisation structures and systems?

Otokar can more effectively manage its wide range of products with the aid of a matrix hierarchy. It is possible to further optimize operations by putting in place reliable CRM and ERP systems.

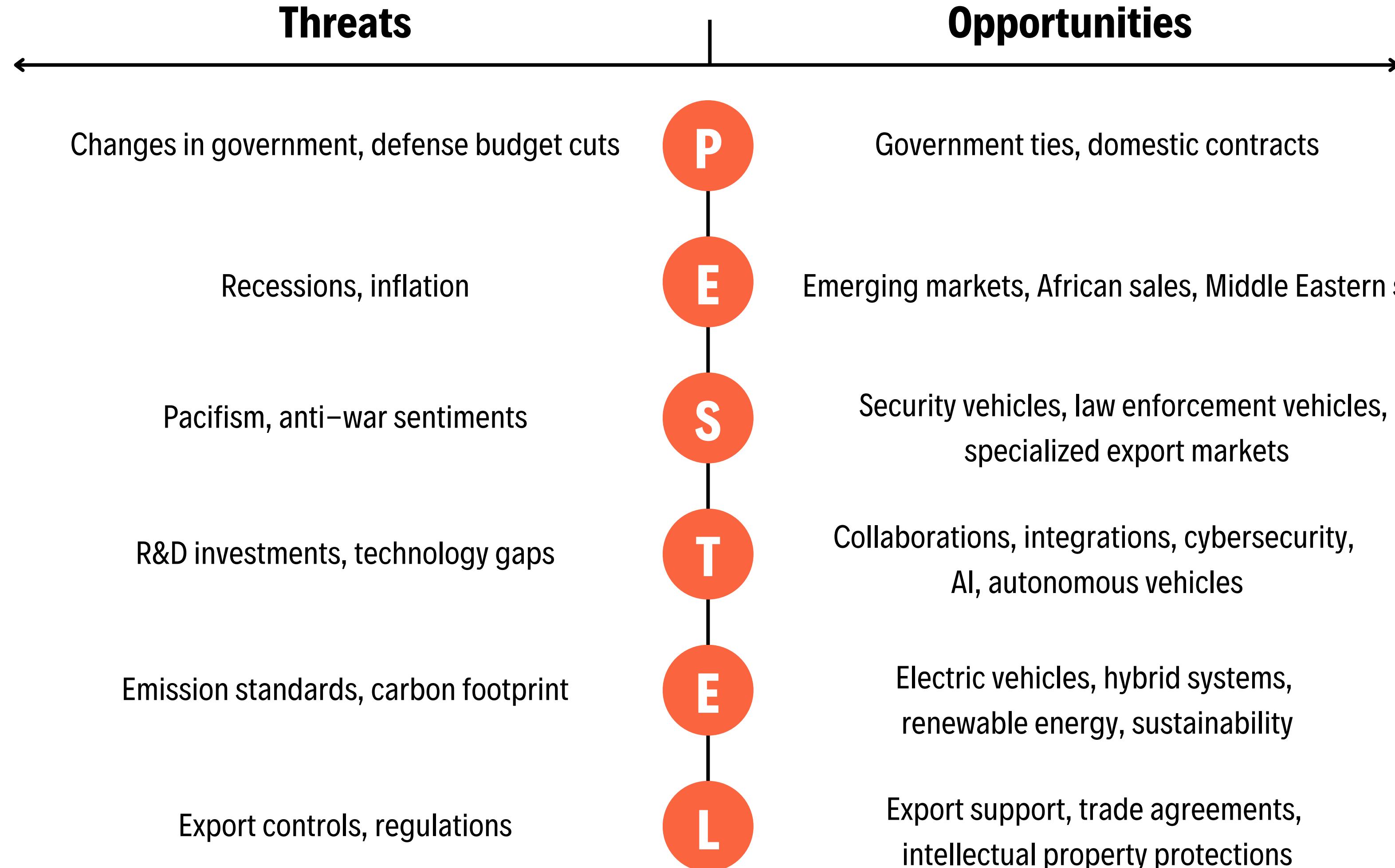
15. How should the organisation manage necessary changes?

When putting strategic changes into practice, change management programs that include stakeholder engagement, communication, and training are essential.

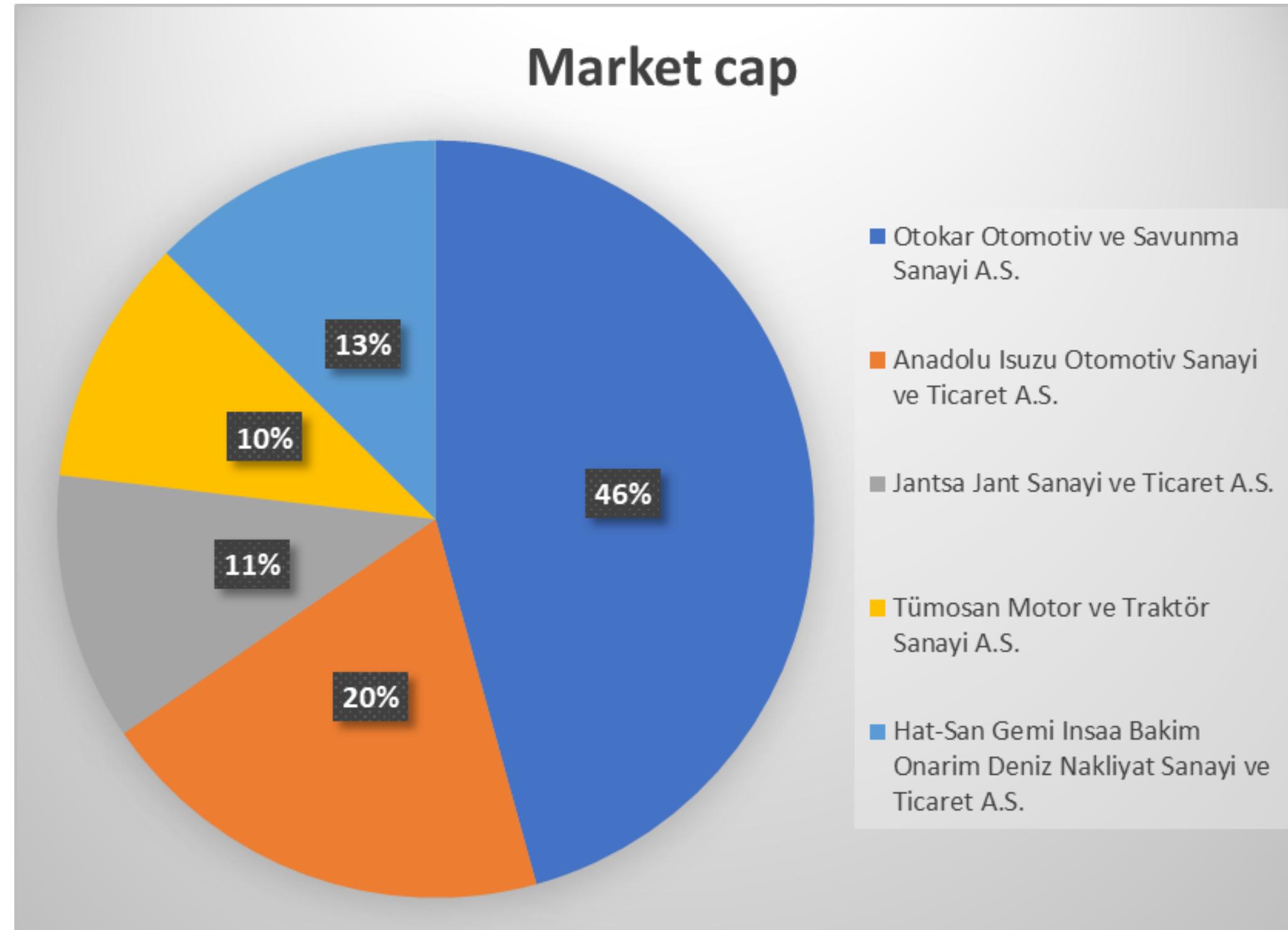
16. Who should do what in the strategy process?

Lower-level staff members can provide insightful feedback from the front lines, while middle-level managers should be involved in operationalizing strategies and providing guidance.





Market capitalization



Industry Export Comparison

Industry	2022 Industry ranking	Firm	2022 Industry Export (\$)	2022 Total Export (\$)
Automotive Industry	21	S.S.P. OTOMOTİV SAN. VE DIŞ TİC. A.Ş.	216603946.3	227659022.1
Automotive Industry	22	DÖKTAŞ DÖKÜMCÜLÜK TİC. VE SAN. A.Ş.	208292370.2	268889725.2
Automotive Industry	23	SAMPA OTOMOTİV SAN. VE TİC. A.Ş.	174064033.7	221709981.6
Automotive Industry	25	OTOKAR OTOMOTİV VE SAVUNMA SAN. A.Ş.	145130991.5	155296897.1
Automotive Industry	28	JANTSAJANT SAN. VE TİC. A.Ş.	128218131.5	128425722.8
Automotive Industry	33	ANADOLU ISUZU OTOMOTİV SAN. VE TİC. A.Ş.	102077882.2	105505940.7

Current Earnings, Revenue, and Cash flow

Sep 30 2023

Revenue **€17.414b /yr**

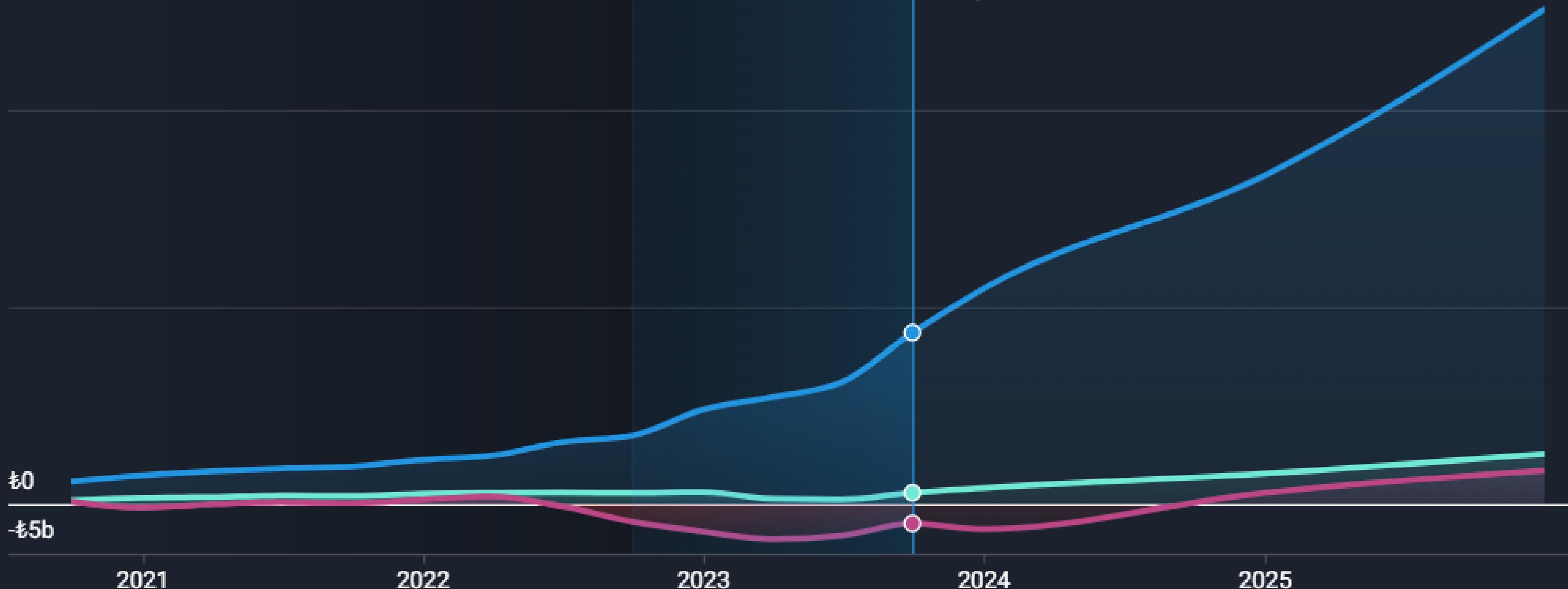
Earnings **€1.147b /yr**

Free Cash Flow **-€1.956b /yr**

€55b

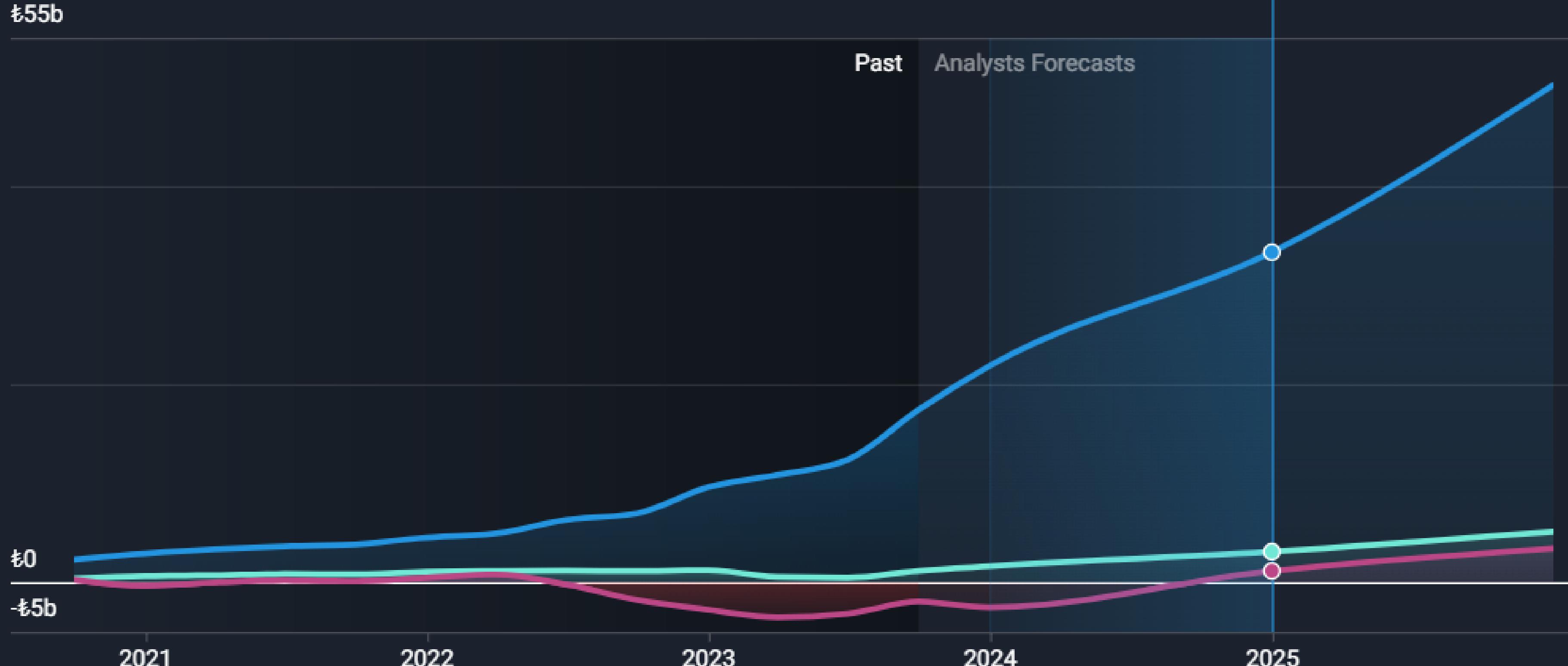
Past

Analysts Forecasts



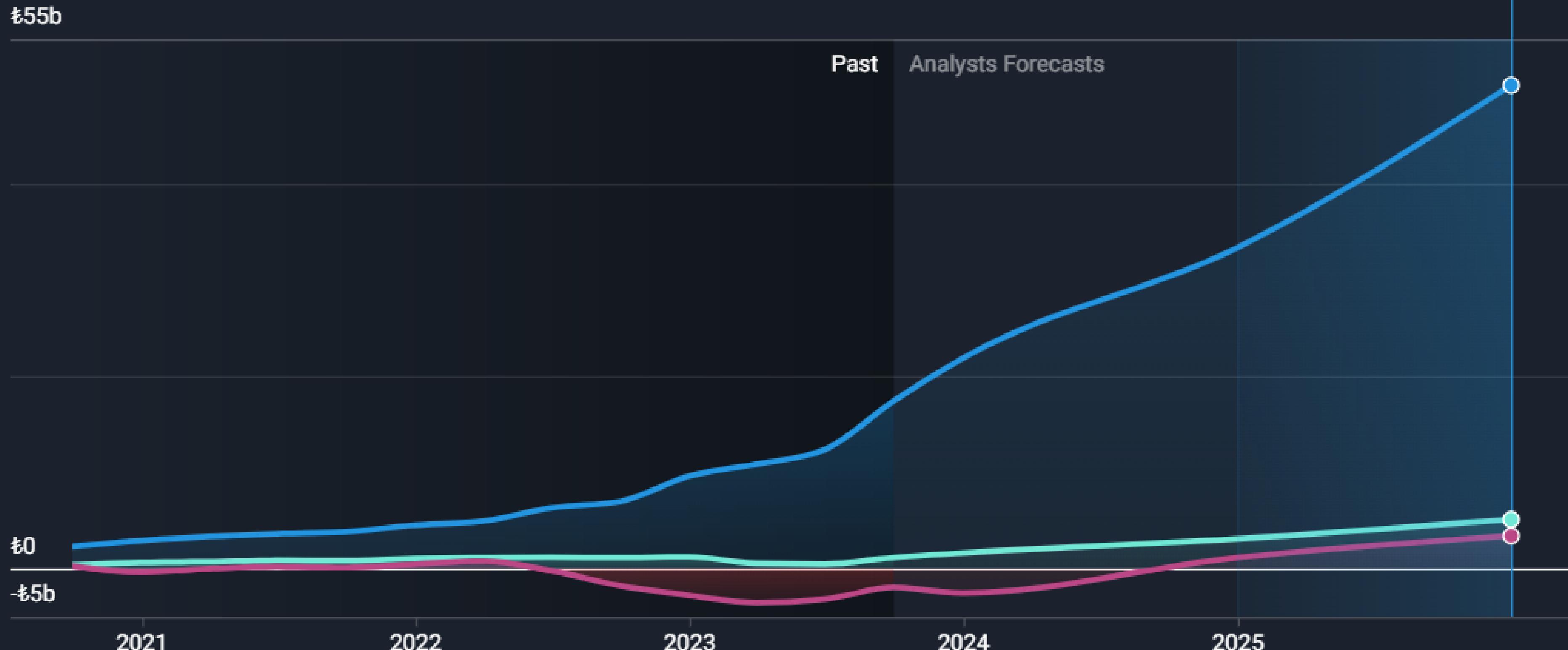
Earnings, Revenue, and Cash flow Forecast in 2024

Dec 31 2024	Analysts	Last Updated
Revenue £33.332b /yr	3	Oct 24 2023
Earnings £3.094b /yr	4	Oct 24 2023
Free Cash Flow £1.145b /yr	1	Oct 24 2023



Earnings, Revenue, and Cash flow in Forecast 2025

Dec 31 2025	Analysts	Last Updated
Revenue €50.215b /yr	1	Oct 24 2023
Earnings €5.110b /yr	2	Oct 24 2023
Free Cash Flow €3.404b /yr	1	Oct 24 2023



Forecast Annual Earnings Growth

Earnings vs Savings Rate: OTOKAR's forecast earnings growth (61.7% per year) is above the savings rate (9.1%).

Earnings vs Market: OTOKAR's earnings (61.7% per year) are forecast to grow faster than the TR market (18.5% per year).

High Growth Earnings: OTOKAR's earnings are expected to grow significantly over the next 3 years.

61.7%

Company
Otokar

23.6%

Industry

16.9%

Market

Forecast Annual Revenue Growth

Revenue vs Market: OTOKAR's revenue (32.9% per year) is forecast to grow faster than the TR market (23.8% per year).

High Growth Revenue: OTOKAR's revenue (32.9% per year) is forecast to grow faster than 20% per year.

32.9%

Company
Otokar

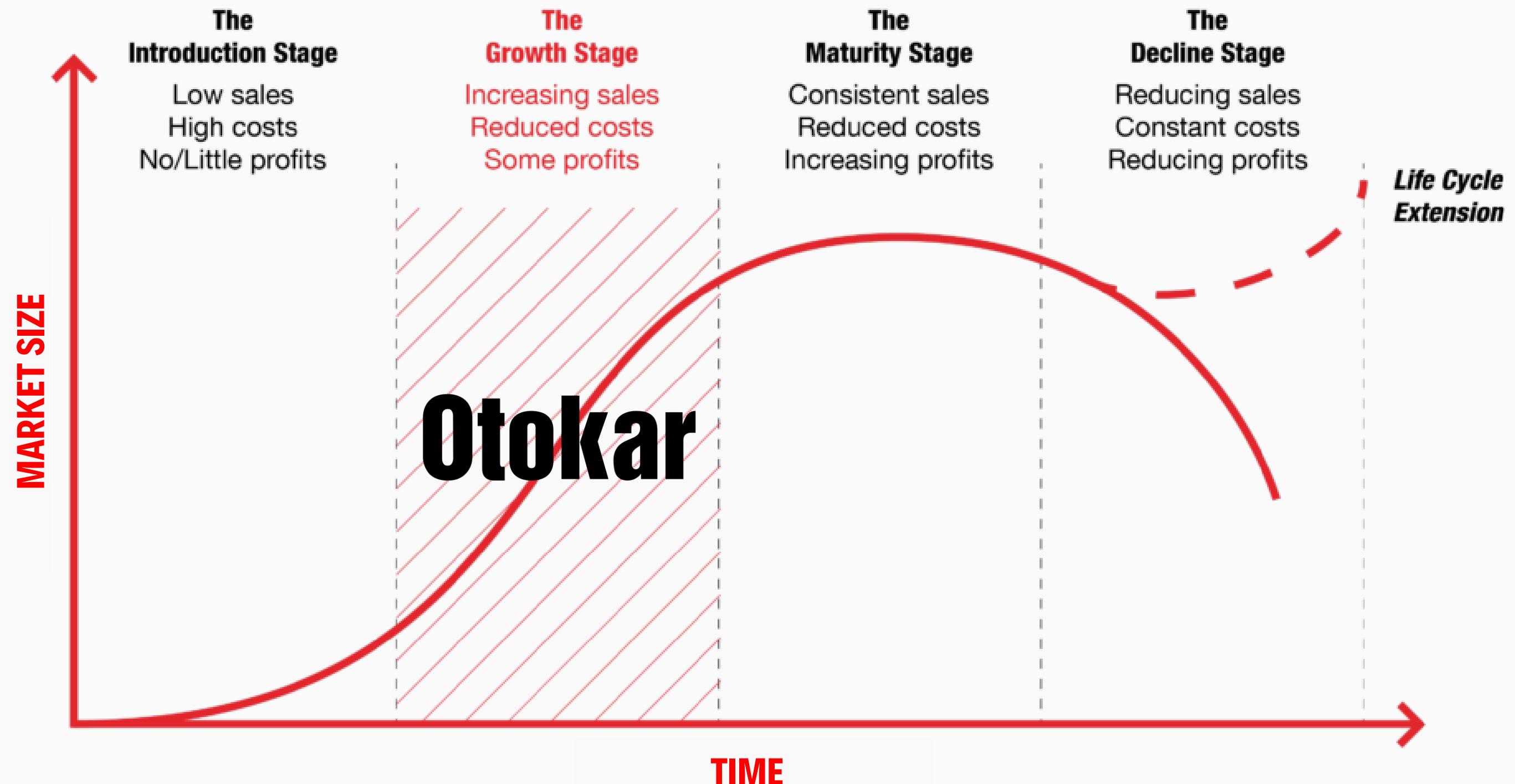
13.4%

Industry

26.3%

Market

Industry Life Cycle



Otokar®

Porter's Five Forces Framework

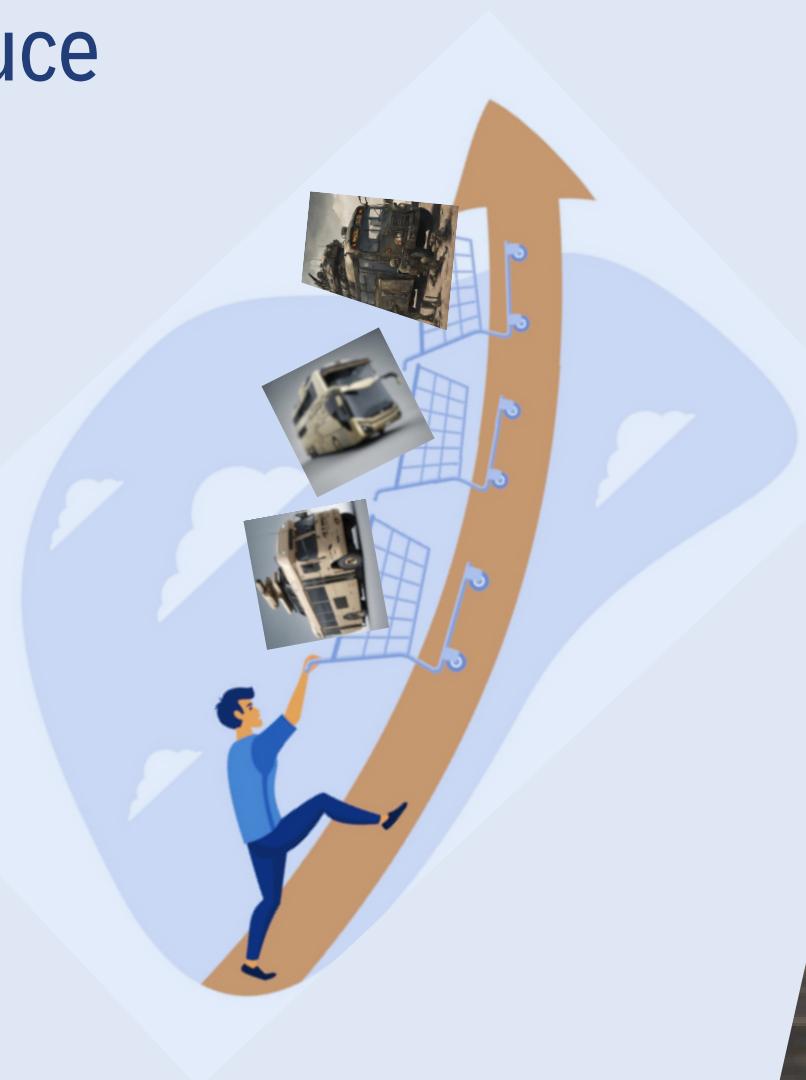
Bargaining Power of Buyers

- Otokar's primary buyers are state/defense ministries which have high purchasing power given their monopoly over defense budgets.
- However, the existence of alternative suppliers and the importance of Otokar's expertise/capabilities in some product segments means individual ministries may not hold complete leverage.
- Buyer power for Otokar is assessed as moderately high given the nature of buyers but mitigated by the need for specialized suppliers.



Bargaining Power of Suppliers

- Build long-term, trusting relationships with suppliers to reduce their bargaining power.
- Consider both local and global supplier options to increase competition and lower prices.
- Foster communication and compliance to create interdependence and reduce supplier leverage.
- Prioritize local Turkish suppliers to diversify supply sources.
- Prefer suppliers that align with Otokar's strategic goals like technology and sustainability.
- Emphasis on quality, innovation, and standards gives Otokar strong evaluation and replacement abilities.





BARRIERS TO ENTRY:

- High capital requirements for manufacturing plants, R&D capabilities and certification standards pose major entry barriers.
- Established suppliers have advantages of scale, branding and intellectual property that would be difficult for new entrants to replicate.
- However, the Turkish government supports local defense industries which could potentially help lower entry barriers via subsidization or partnerships.

BARRIERS TO EXIT:

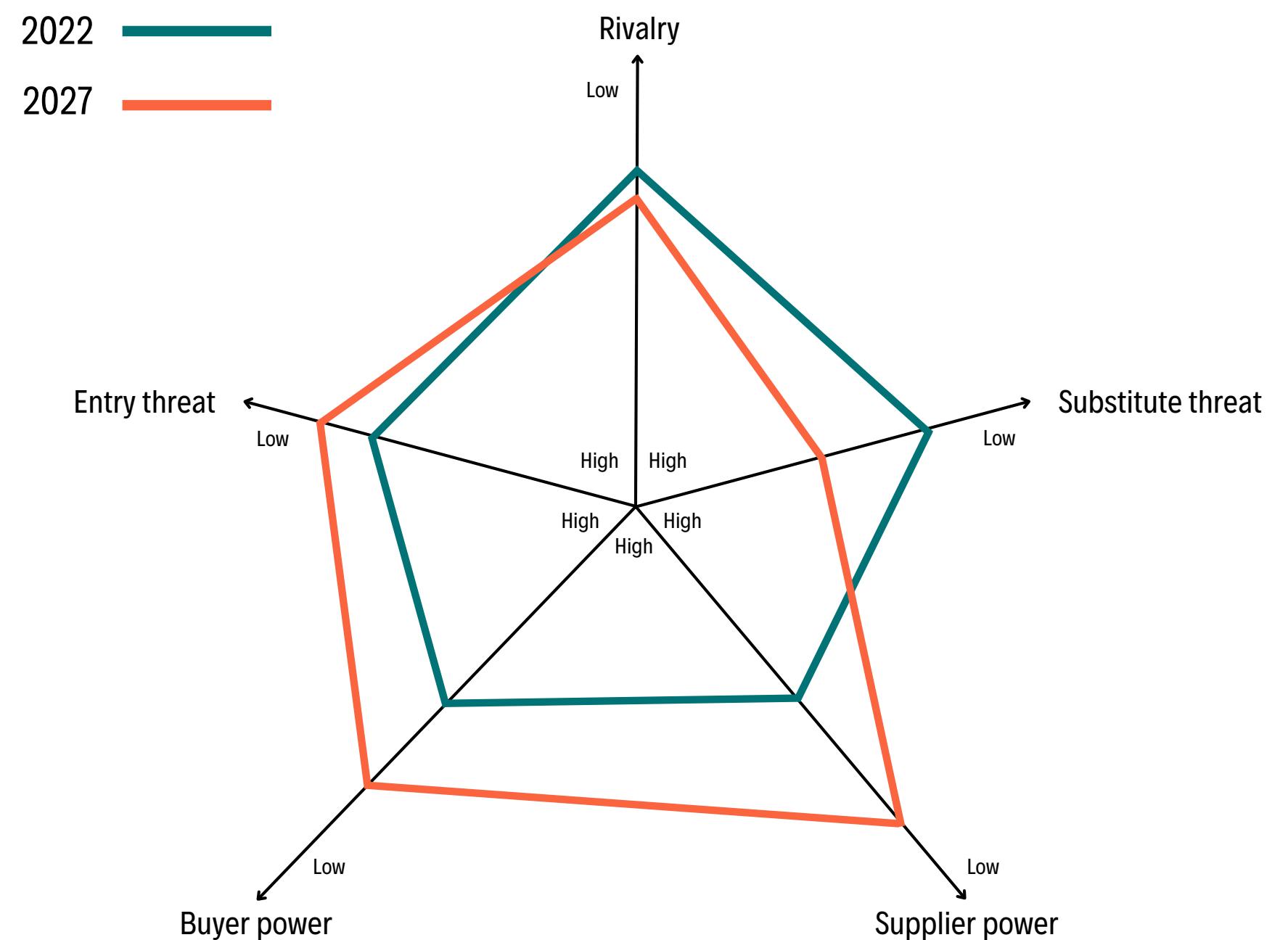
- Otokar has built significant expertise, facilities, and relationships that have high asset specificity to the military vehicle industry that cannot be easily transferred.
- Exiting the market would mean a loss of reputation, future contracts, and abandonment of sizable past investments – making outright exit unlikely.
- However, barriers to exit for individual product lines may be lower if capabilities are transferable to other segments.

COMPARATIVE INDUSTRY STRUCTURE ANALYSIS

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COMPARATIVE INDUSTRY STRUCTURE ANALYSIS 2022 and 2027

Rivalry:

2022: Otokar holds an important position in Turkey's defence and automotive sectors. However, there are also domestic and international manufacturers that produce armoured vehicles, buses and other vehicles in the market. Therefore, the intensity of competition is expected to increase further.

2027: The level of competition may stabilize or intensify depending on the company's strategic moves and competitor reactions. As Otokar innovates or strengthens its market share, competition may decrease. However, competition remains high according to our forecasts.

Entry Threat:

2022: The risk of new entrants in 2022 is relatively low given the significant investment, expertise and regulatory approvals required in the defence and heavy industry sectors.

2027: Barriers to entry may rise as the industry matures thus risk to new entrants remains low.

Substitute threats:

2022: Although the risk of substitute of specialized defence vehicles is generally low, the wider automotive sector may face potential replacements such as electric or autonomous buses. However, in 2022 the risk is lower as the competition is still brewing.

2027: As technological advances continue, particularly in the automotive industry, the threat of substitutes such as electric or autonomous vehicles may increase.

Bargaining Power of Buyers (Buyer power):

2022: Defence products manufactured by Otokar are purchased primarily by governments and large corporations, giving it significant bargaining power. However, the special nature of some products may lead to a decrease in purchasing power in 2022.

2027: If Otokar manages to diversify its customer base or increase exports, it may be in a better position to negotiate.

The Bargaining Power of Suppliers (Suppliers Power):

2022: Otokar is a major manufacturer and may have multiple suppliers for various components. If there are limited suppliers of certain unique components, these suppliers may have some leverage over Otokar.

2027: If Otokar decides to vertically integrate or expand its supplier base, it could further reduce its suppliers' bargaining power.



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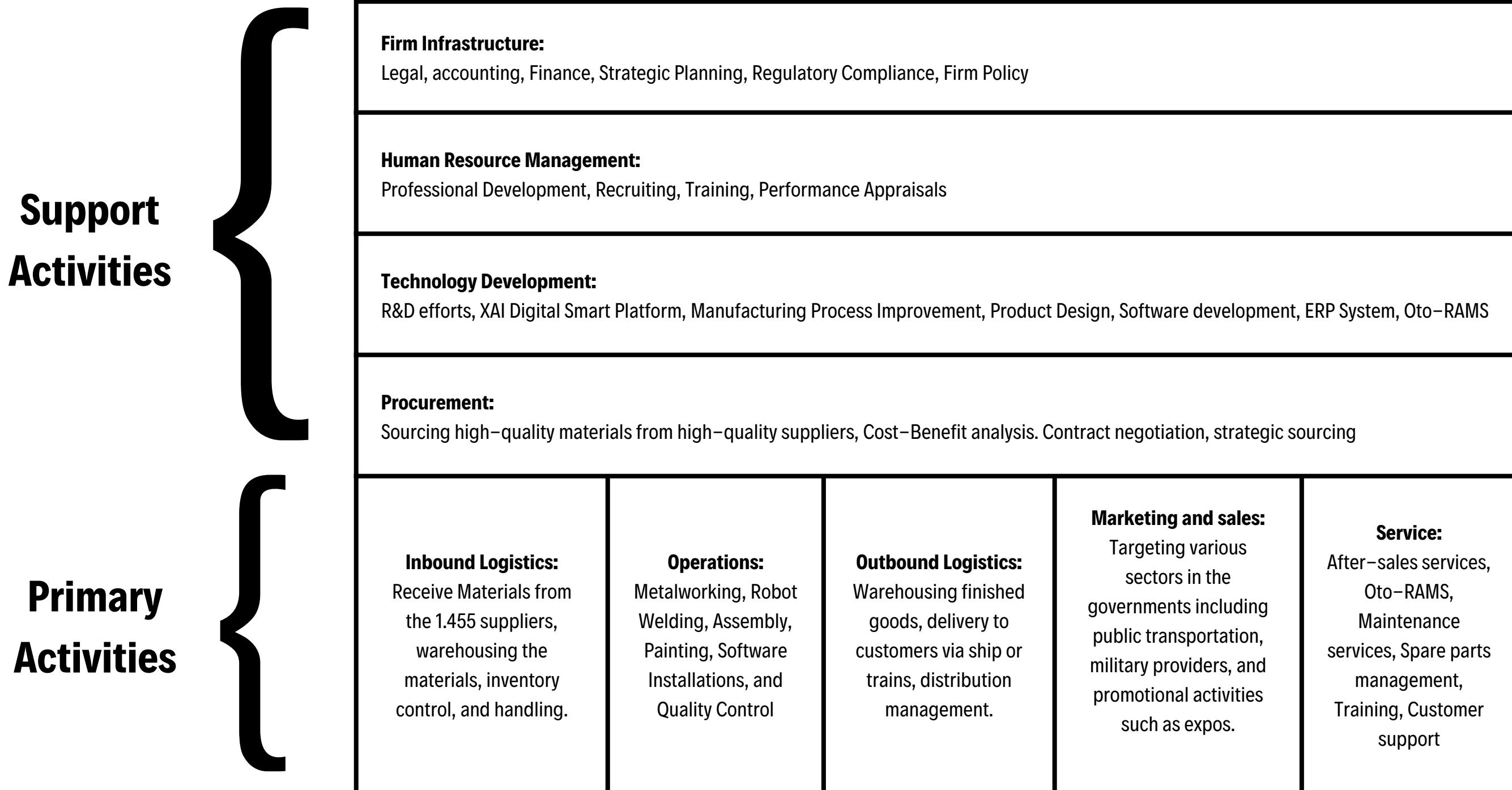
Otokar®

Resources and Capabilities

Resources		Capabilities
Physical	Financial	Human
<p>Advanced manufacturing facilities and machinery, access to sought-after raw materials, 46 patents, avionics system, XAI Digital Smart Platform,</p>	<p>TL 700M Investment in R&D, Over TL 800M in economic contribution, healthy debt ratio of 0.85. Ability to enter new niche markets and capture more investment growth opportunities</p>	<p>Strategic partnerships with system developers to expand current capabilities, Strong supply chain relationships, Massive international footprints and partnerships, complex engineering know-hows</p>
<p>Access to Koc Holding's experts and consultants, 3.000+ employees, 17 project partners, 1.455 suppliers, 60 clients from 40 countries.</p>		



Value Chain Model



VRIO Model

Value

Products and Services: Otokar's range of military and commercial vehicles.
Market Position: Otokar's position in its target markets.
Brand Reputation: Trusted by 60+ clients from 40+ countries

Rarity

Technology and Innovation: Advanced AI-enabled technology or innovation used in their vehicles.
Exclusive Partnerships: Exclusive agreements with suppliers or customers that provide a competitive advantage.
Skilled Workforce: 3000+ highly skilled employees with expertise in bus and defense vehicle manufacturing, access to high-expertise consultants from Koc holding.

Inimitability

Patents and Intellectual Property: 46 patents or intellectual property protecting our technology or designs.
Unique Processes: Proprietary manufacturing processes that are difficult to replicate.
Human Resources: Having a workforce with specialized skills and knowledge that is hard to find in the industry.

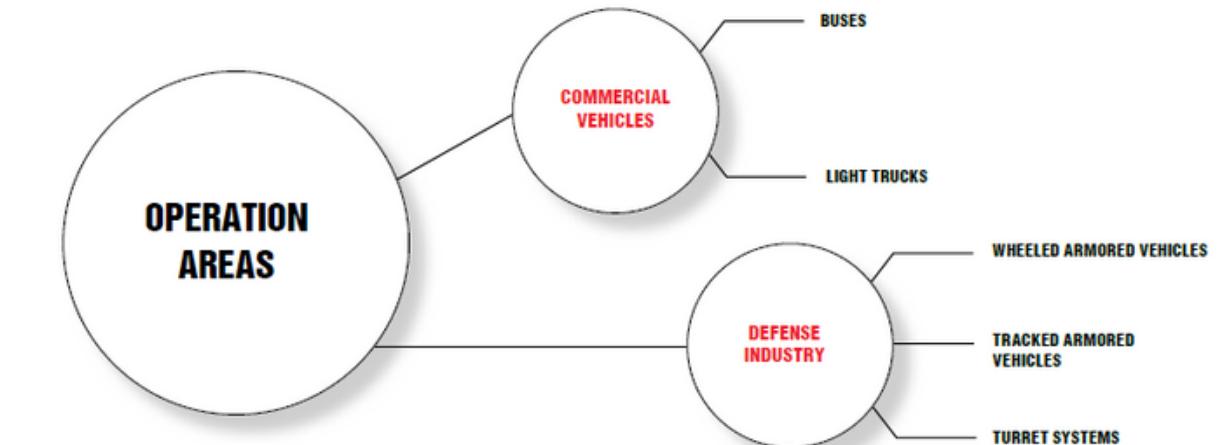
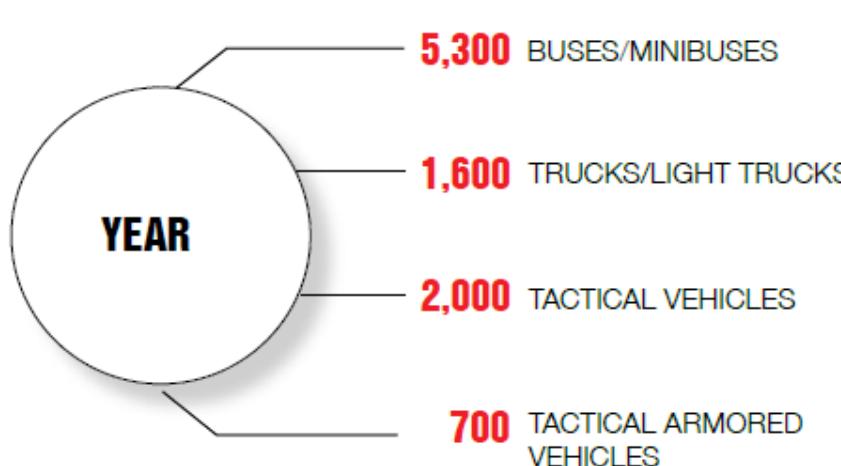
Organizational support

Effective Management: Strong leadership and management that can harness the company's resources effectively.
Efficient Operations: Streamlined and efficient manufacturing and supply chain processes.
Innovative Culture: Leading to 36% expenditures to R&D efforts.

TOWS matrix		Strengths (S)	Weaknesses (W)
Opurtunities (O)	Otokar can use its expertise in armored vehicle design and strong R&D capabilities to expand into emerging markets, collaborating with local stakeholders and diversifying its product portfolio to meet evolving security needs.	To recognize new opportunities, Otokar can overcome weaknesses like limited global reach and market diversification. Strategies include forming partnerships with international defense manufacturers, investing in market research, and focusing on workforce development and education initiatives to bridge skill gaps.	
Threats (T)	Otokar's established brand and manufacturing capabilities can help the company fend off competition and changing customer preferences. This can be achieved by investing in innovative, fuel-efficient technologies, strengthening customer relationships, and pursuing global expansion and diversification.	Otokar can reduce weaknesses, such as supply chain vulnerabilities and supplier dependencies, by diversifying its supplier base and developing in-house manufacturing capabilities. Alongside this, implementing a comprehensive risk management strategy and exploring alternative revenue streams like maintenance services can help mitigate threats from economic downturns and industry-specific challenges.	

Operations

PRODUCTION CAPACITY



COMPETITIVE ADVANTAGES

PRODUCTS WITH OTOKAR OWNED INTELLECTUAL PROPERTY RIGHTS

INDEPENDENCE TO DEVELOP PRODUCTS TO MEET MARKET REQUIREMENTS

PUBLICLY TRADED

TRANSPARENT STRUCTURE, RELIABILITY

OPERATING IN NICHE MARKETS

SUSTAINABLE GROWTH

R&D CAPABILITIES AND FLEXIBLE PRODUCTION ABILITY

RAPID PRODUCT DEVELOPMENT AND SPEED TO MARKET

CAPABILITY TO OFFER CUSTOMIZED FEATURES

CUSTOMER SATISFACTION GUARANTEE

NO FOREIGN SHAREHOLDERS

FREEDOM TO DETERMINE COMPANY STRATEGIES

GLOBAL COMPANY

PRODUCTS WITH OTOKAR-OWNED INTELLECTUAL PROPERTY RIGHTS, USED IN OVER 75 COUNTRIES ACROSS 5 CONTINENTS

PIONEER

TURKEY'S PIONEER COMMERCIAL VEHICLE MANUFACTURER AND LAND DEFENSE SYSTEMS SUPPLIER

MARKET LEADER

MOST PREFERRED BUS BRAND IN TURKEY

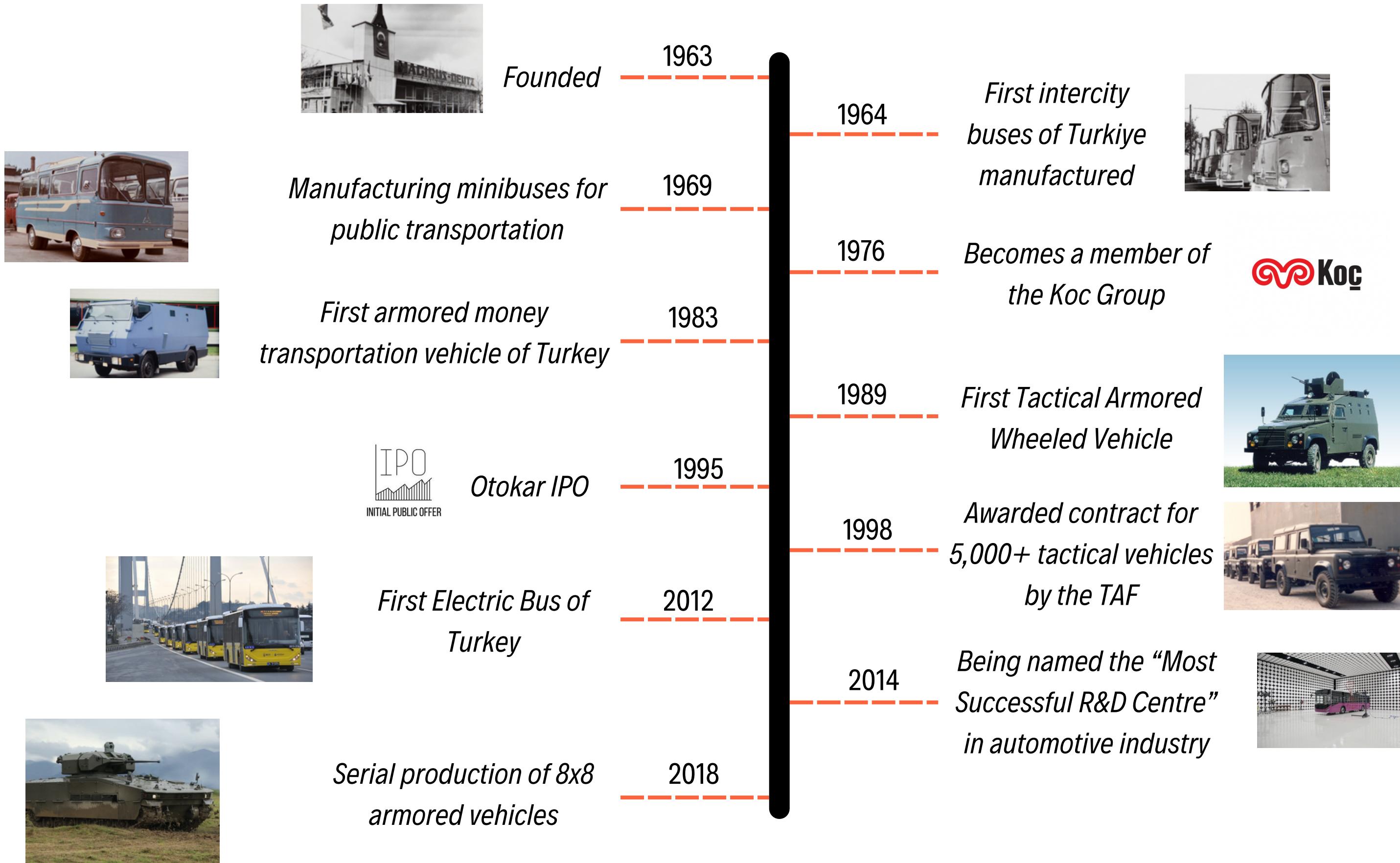
2,942
EMPLOYEES

552,000 M²
PRODUCTION AREA

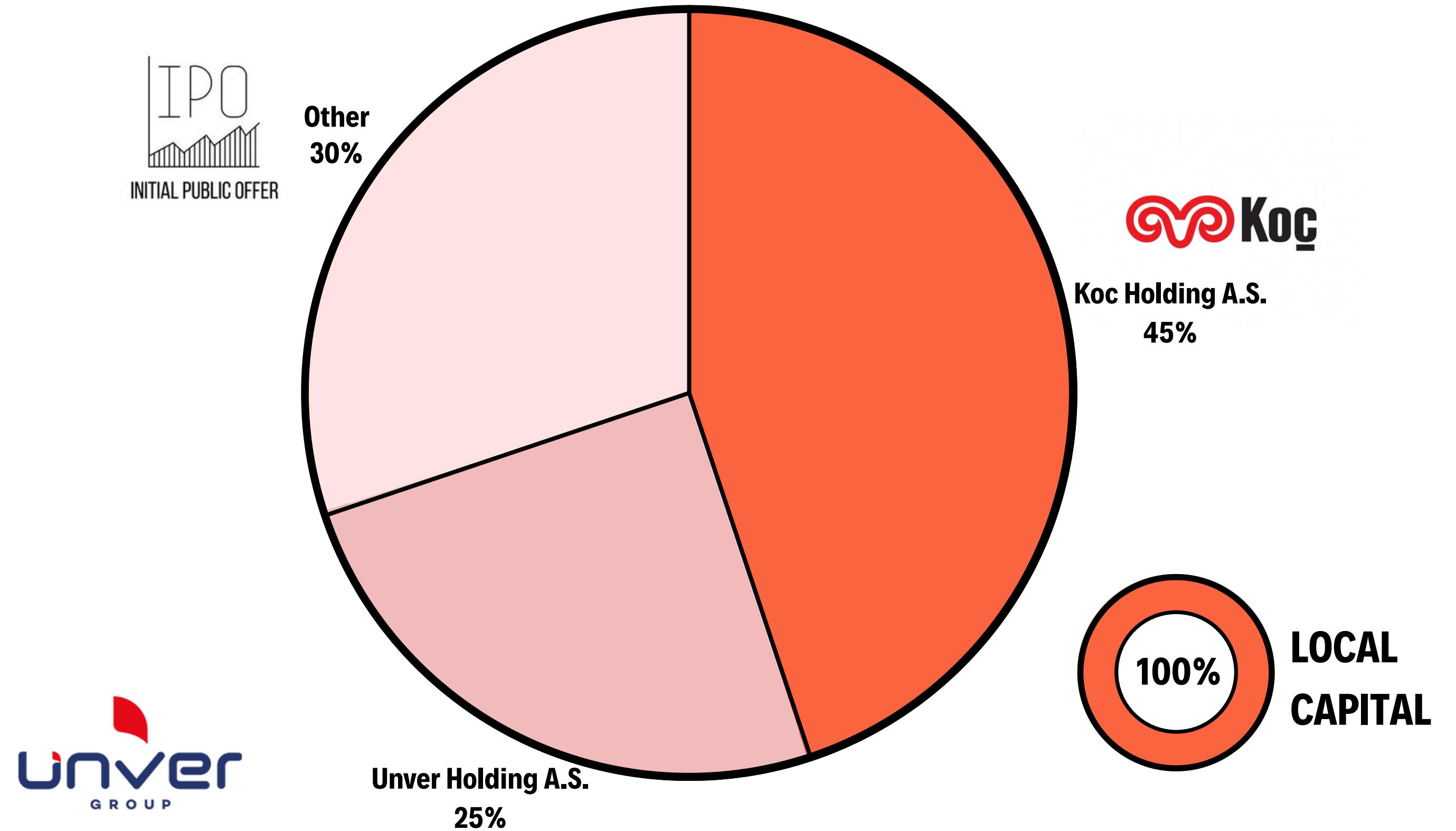
300+ SALES AND
AFTERSALES NETWORK



History



Ownership



Board of Directors

Full Name	Title
Yıldırım Ali KOÇ	Chairman
Levent ÇAKIROĞLU	Vice Chairman
Selin Ayla ÜNVER	Member (Unver Holding)
Haydar YENİGÜN	Member
İsmail Cenk ÇİMEN	Member
Ahmet Serdar GÖRGÜC	Member – General Manager
Ali İhsan İLKBAHAR	Independent Member
Ali İhsan KAMANLI	Independent Member
Kenan GÜVEN	Independent Member



Independent Auditor

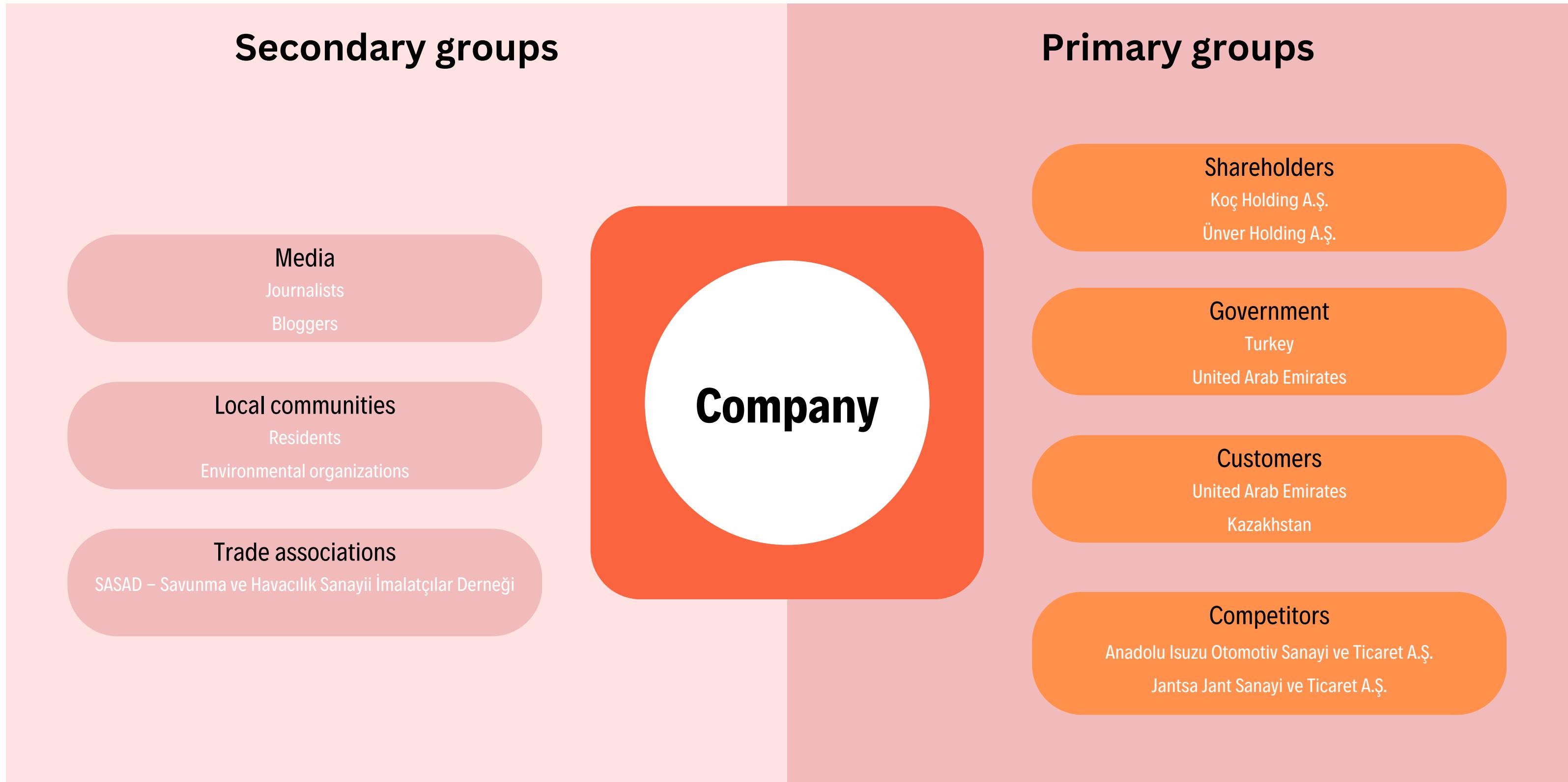


Responsibilities – Independent Members

Full Name	Title	Commitment and Responsibilities
 Ali İhsan İLKBAHAR	Independent Member	<ul style="list-style-type: none"> The last 5 years, they have not assumed any major duty or responsibility, or been employed in a management position, or acquired more than 5% of capital or voting rights or privileged shares either by myself or with others. In the last five years, they have not been a partner (holding 5% or more of the shares in the company), a manager with important duties and responsibilities, or a member of the board of directors of any company with which the Company engages in purchasing or selling of services, in particular, auditing (tax auditing, legal auditing, internal auditing, etc.) rating or consultancy services, or products within the framework of signed agreements. They have the necessary professional training, knowledge and experience to fulfill the duties I will assume as an independent director. They have to possess strong ethical standards, professional reputation, and experience to enable me to contribute positively to the Company's operations, maintain my impartiality in conflicts of interest between the shareholders and the Company, and decide freely by considering the rights of the stakeholders. They do not serve as an independent director on the Boards of more than three companies controlled by the Company or shareholders with controlling stakes in the Company, or in more than five listed companies in total. They will not work full-time for state enterprises or institutions, except for serving in an academic capacity at a university per applicable legislation, after my election as an independent director.
 Ali İhsan KAMANLI	Independent Member	
 Kenan GÜVEN	Independent Member	



Stakeholder groups



Stakeholder mapping

