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ASELSAN is a Turkish Armed Forces Foundation company.

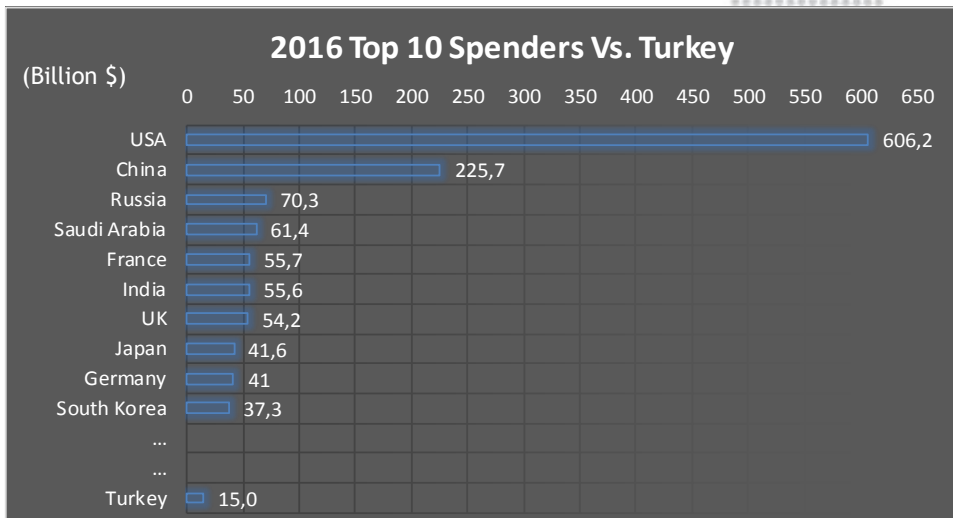
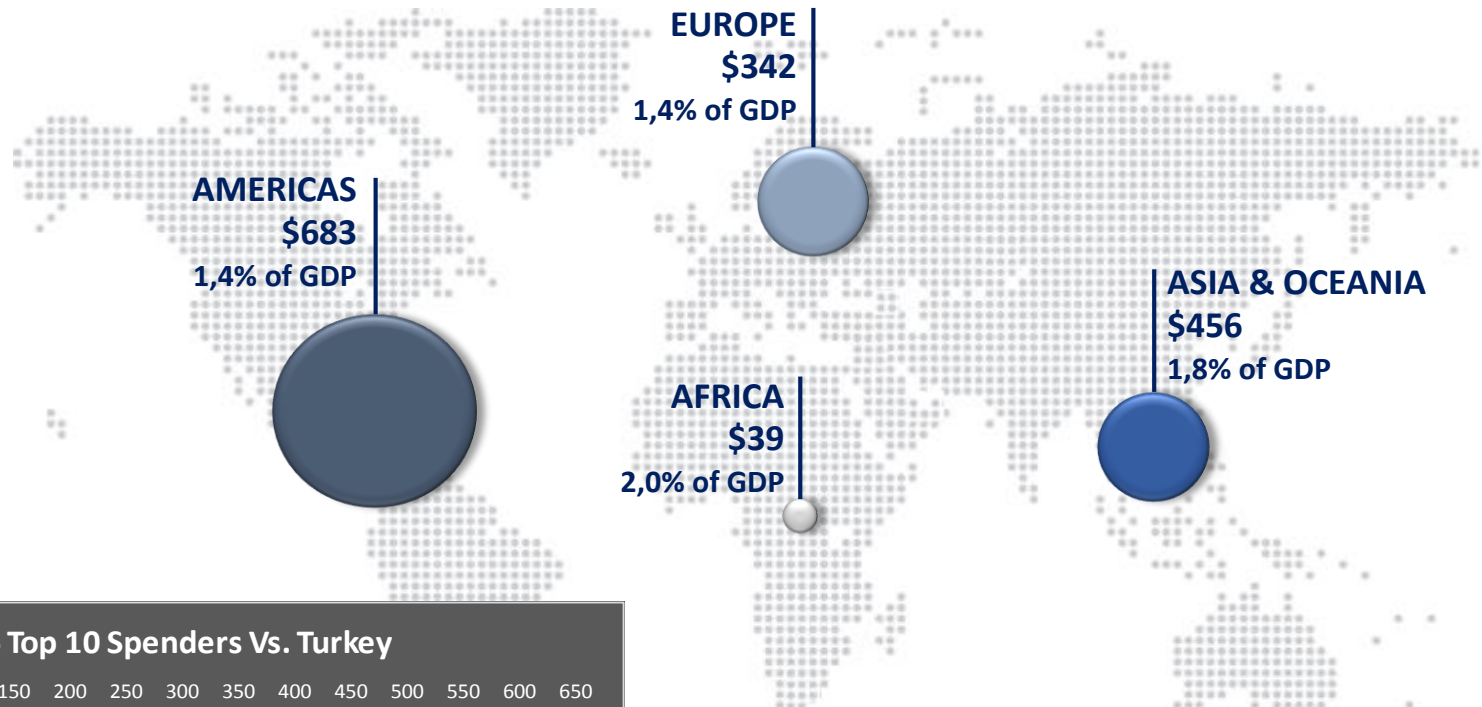


Investor Presentation

May 2018

GLOBAL MILITARY SPENDING, 2016 (BILLION \$)

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2016 TOTAL SPENDING: \$1.682

% difference in spending 2015 vs 2016

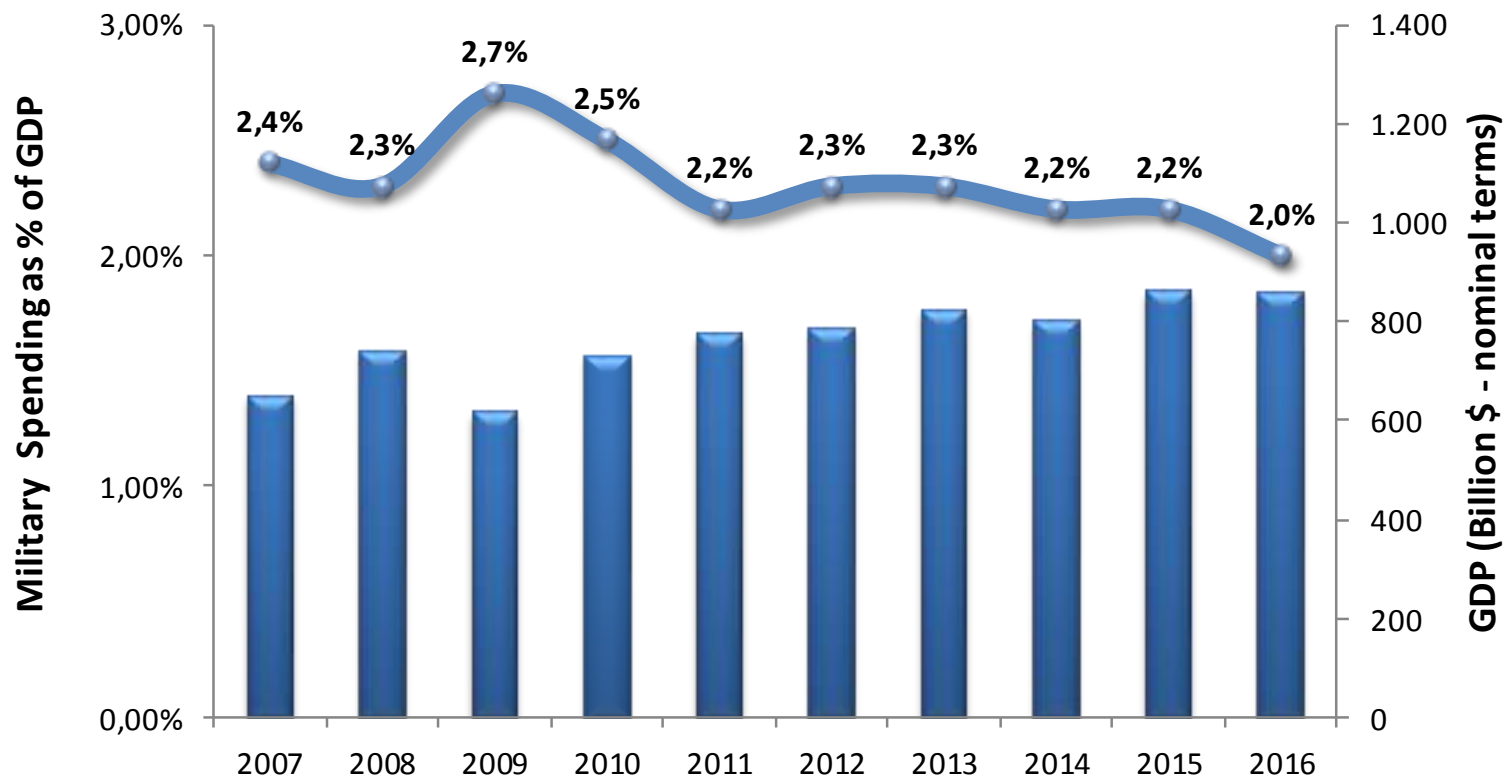
(based on 2011 constant prices & exchange rates)



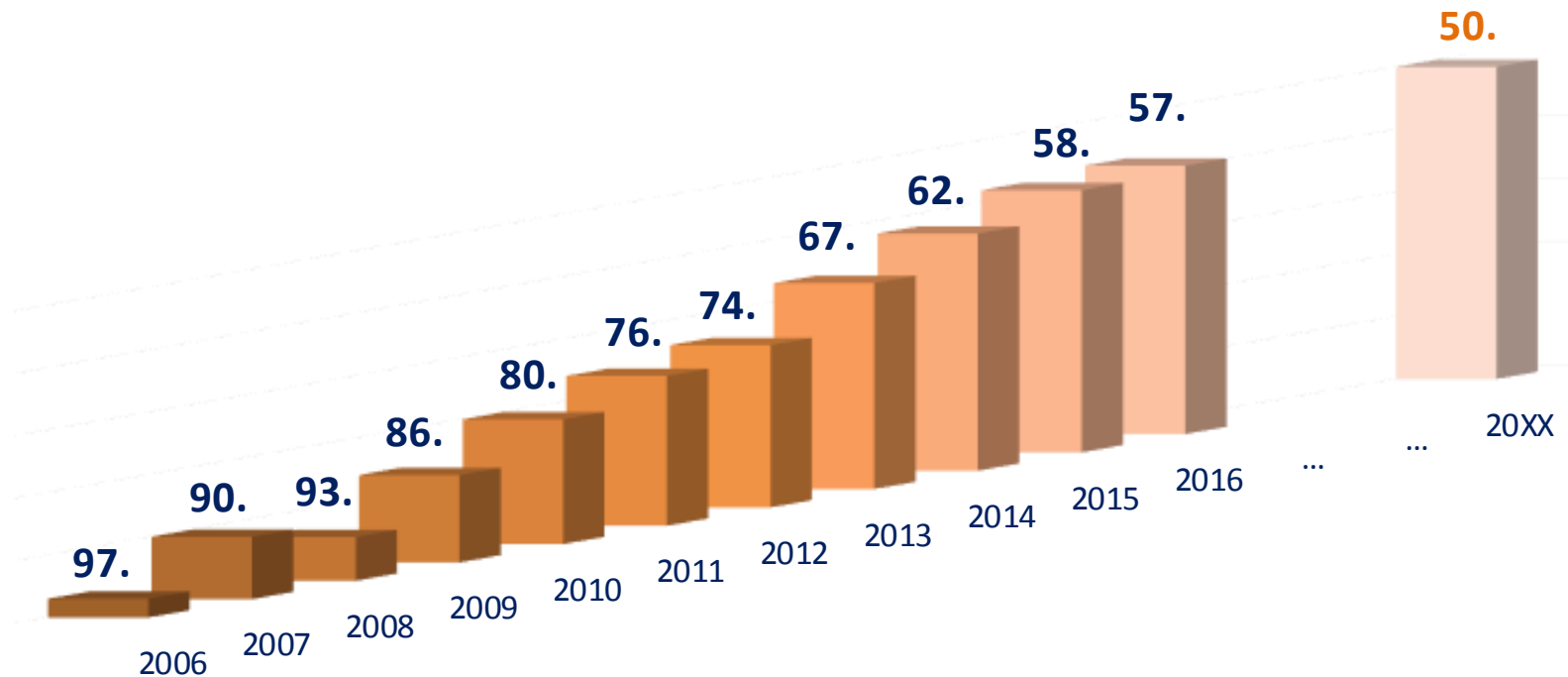
Source: SIPRI

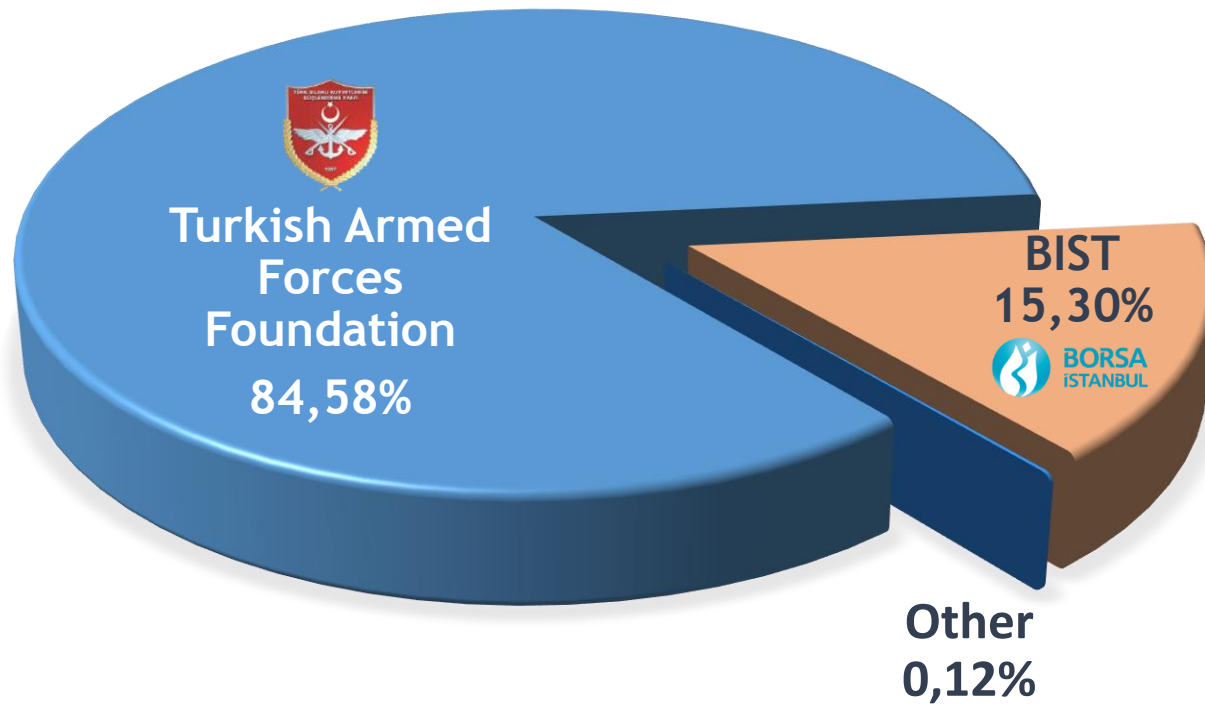
As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget.

MILITARY SPENDING as % of GDP (TURKEY)



ASELSAN Global Defense Ranking

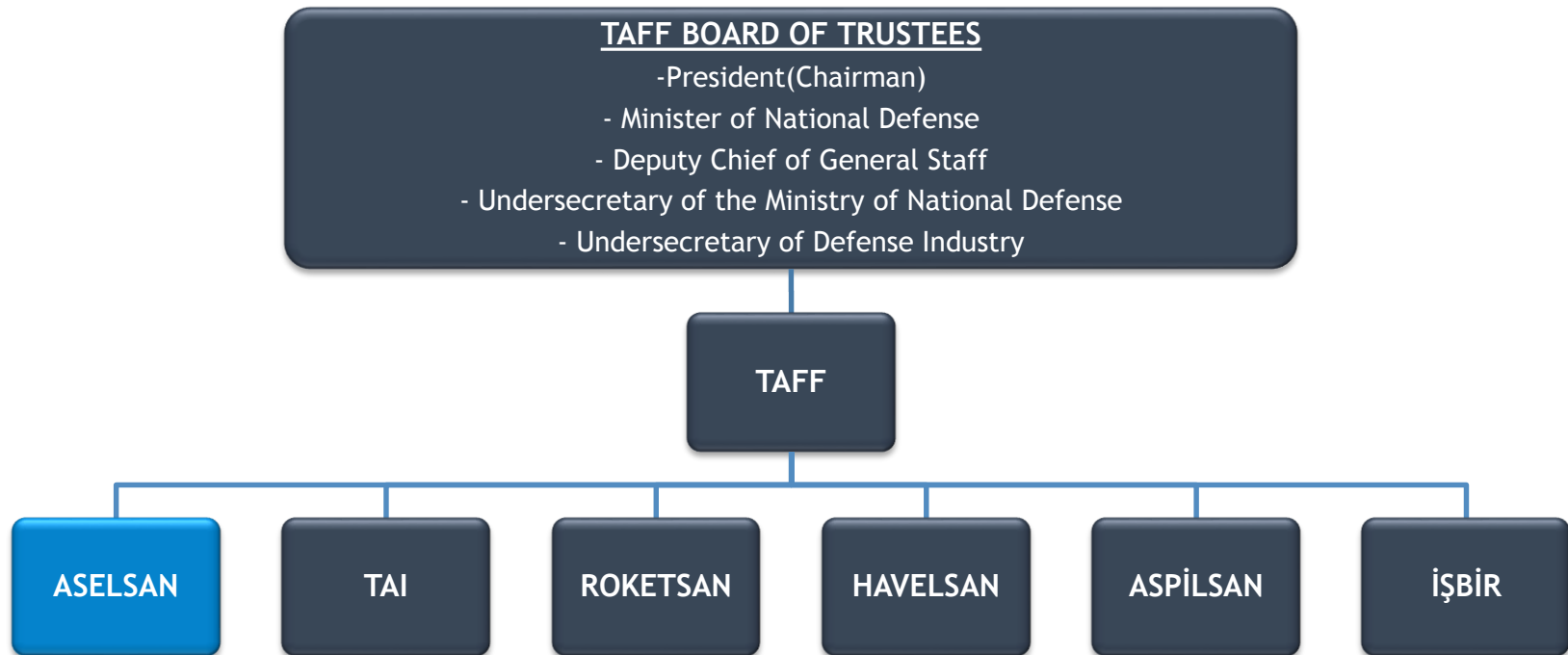




MAIN SHAREHOLDER - TURKISH ARMED FORCES FOUNDATION (TAFF)

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- TAFF was established by the merger of Land, Navy and Air Forces Foundations.
- TAFF's objective is to enhance the warfare capability of Turkish Armed Forces through national defense industry.
- TAFF owns several defense companies operating in separate fields.
- The only privilege TAFF has is nominating 6 members of the 9 members of Board of Directors.





Macunköy Facilities (1979)

Total Area 186.000 m²
Closed Area 110.000 m²



Akyurt Facilities (1991)

Total Area 231.000 m²
Closed Area 54.000 m²



Gölbaşı Facilities (2014)

Total Area 350.000 m²
Closed Area 75.000 m²



Teknokent Facilities (2004)

Total Area 4.500 m²
Closed Area 4.000 m²

COMMUNICATION INFORMATION TECHNOLOGIES



COMMUNICATION

MICROELECTRONICS GUIDANCE & ELECTRO-OPTICS



AVIONIC

RADAR, ELECTRONIC WARFARE



RADAR SYSTEMS

DEFENSE SYSTEMS TECHNOLOGIES



AIR & MISSILE DEFENSE

TRANSPORTATION, SECURITY, ENERGY & AUTOMATION



SECURITY



SATELLITE SYSTEMS



ELECTRO-OPTIC



ELECTRONIC WARFARE



LAND & WEAPON SYSTEMS



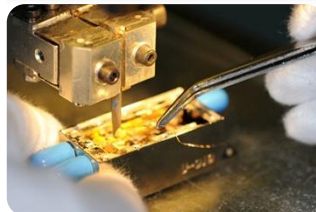
TRANSPORTATION



IT & CYBER SECURITY



GUIDANCE & UNMANNED SYSTEMS



MICROWAVE PRODUCTS



COMMAND CONTROL (C4ISR)



TRAFFIC & AUTOMATION



MICROELECTRONICS



NAVAL SYSTEMS



ENERGY

MİKROELEKTRONİK



Ownership : 85%
Partner: İTÜ ETA
Participation: 2010
(Founded in 2006)
Assets: \$1,5 M

ASELSAN PRECISION OPTICS



Ownership: 50%
Partner: Sivas Optik
Malzemeleri
Foundation: 2014
Assets: \$20 M

MİKROELEKTRONİK

İSTANBUL

GEBZE/KOCAELİ

YİTAL

YİTAL



Ownership : 51%
Partner: TÜBİTAK, SSM
Foundation: 2017
Assets: \$1,1 M

ANKARA

ASELSANNET

ROKETSAN

AB-MİKRO NANO

SİVAS

ASELSAN HASSAS
OPTİK

ASELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$26,9 M

ASELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$187M

ROKETSAN



Ownership : 15%
Partner: TAFF
Foundation: 1988
Assets: \$1,1 B

ASELSAN-BAKU (AZERBAIJAN)



Ownership: 100%
Foundation: 1998
Assets: \$2 M

ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%
Partner: KADDB
Investment Group
Foundation: 2012
Assets: \$13,1 M

IGG ASELSAN INTEGRATED SYSTEMS (UAE)



Ownership: 49%
Partner: IGG
Foundation: 2011
Assets: \$3,8 M
*As of 31.12.2017

KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%
Partner: Kazakhstan
Engineering
Foundation: 2011
Assets: \$45 M

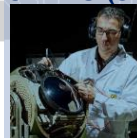
KAZAKHSTAN ASELSAN ENGINEERING

ASELSAN BAKÜ

ASELSAN MIDDLE EAST

SADEC

SADEC (SAUDI ARABIA)



Ownership : 50%
Partner : TAQNIA DST
Foundation : 2016
Assets: \$3,9 M

IGG ASELSAN INTEGRATED SYSTEMS

ASELSAN Malaysia

ASELSAN SOUTH AFRICA BRANCH

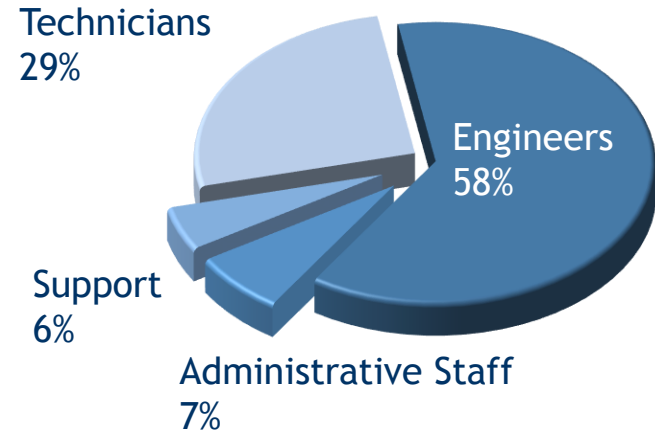
SOUTH AFRICA BRANCH



Ownership: 100%
Foundation: 2011
Assets: \$1,3 M

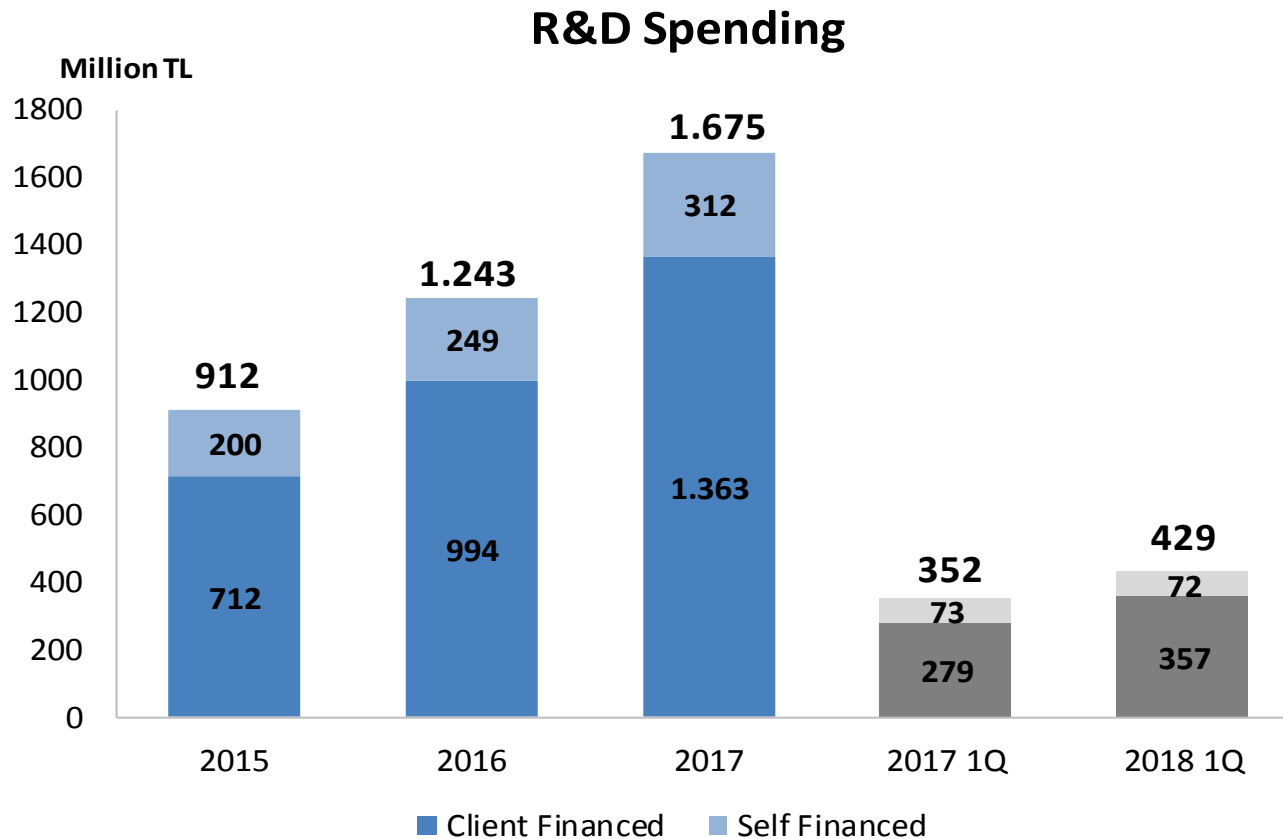
Assets are given as of 31.03.2018

Total Employees : 6.165
Engineers : 3.575



- University-industry cooperation
 - Projects carried out with universities
 - Internship and co-op opportunities for high school and university students
 - Masters and doctorate program incentives for employees
 - Doctorate program scholarship
- Location and fringe benefits
- Back to Turkey Project
- ASELSAN was selected as the mostly sought-after company to work for by engineering students in Turkey

ASELSAN will not pay any corporate taxes till 2023 due to tax incentives on R&D activities.



New Contracts Awarded: 1.02 Billion USD

Backlog: 7.5 Billion USD

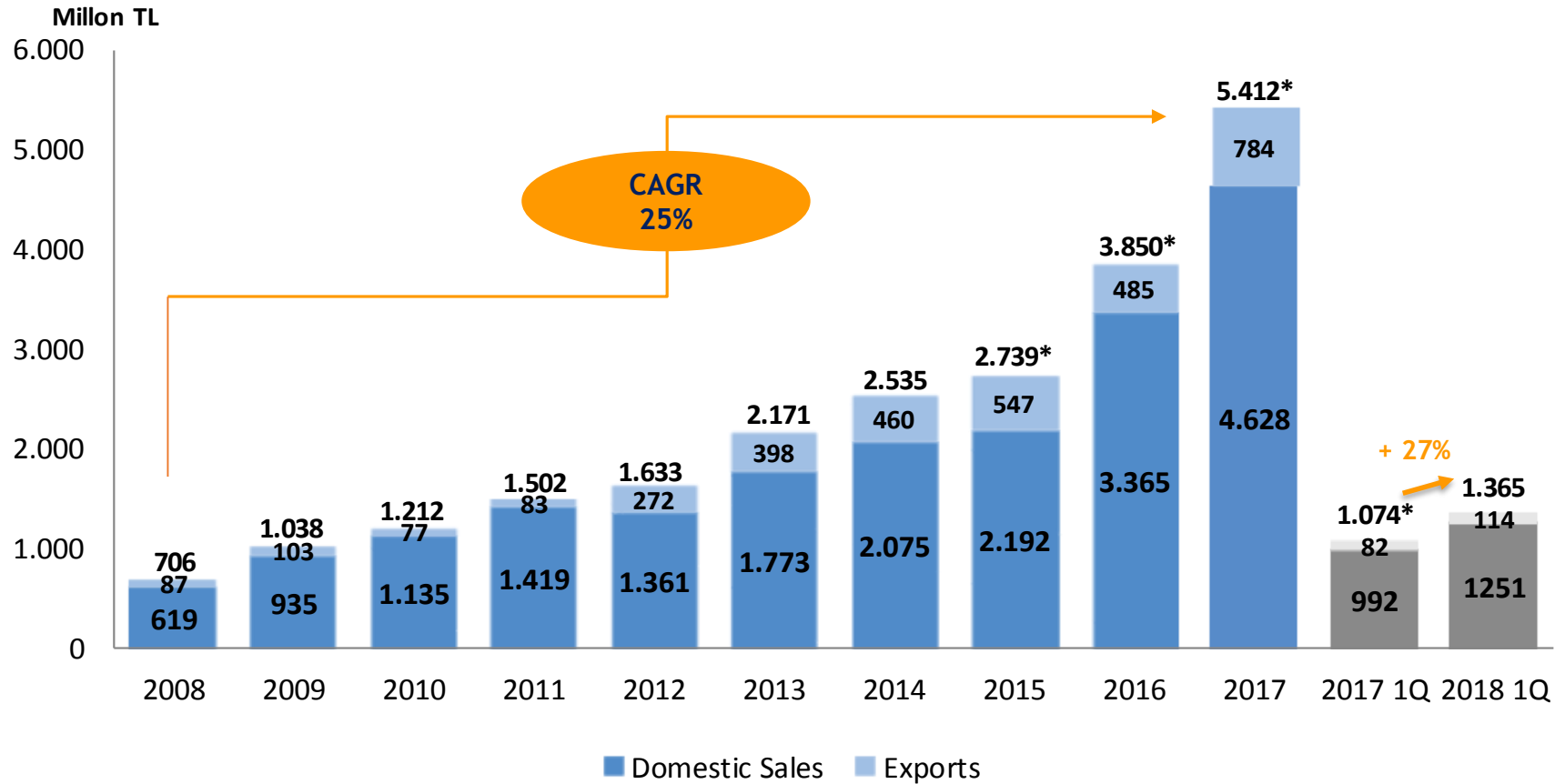
Net Sales (Jan-Mar): +27% (TL)

EBITDA increase (Jan-Mar): +6%
EBITDA margin: 20.8%

(Million TL)	2017 1Q	2018 1Q	%Δ
Net Sales	1.074	1.365	27%
Gross Profit	313	332	6%
Operating Profit (EBIT)	237	243	2%
EBITDA	267	283	6%
Net Profit	344	351	2%
<i>Gross Profit Margin</i>	<i>29,1%</i>	<i>24,3%</i>	<i>↓</i>
<i>Operating Profit (EBIT) Margin</i>	<i>22,1%</i>	<i>17,8%</i>	<i>↓</i>
<i>EBITDA Margin</i>	<i>24,9%</i>	<i>20,8%</i>	<i>↓</i>
<i>Net Profit Margin</i>	<i>32,0%</i>	<i>25,7%</i>	<i>↓</i>
Cash and Cash Equivalents	876	480	8%

INCREASING TREND IN NET SALES

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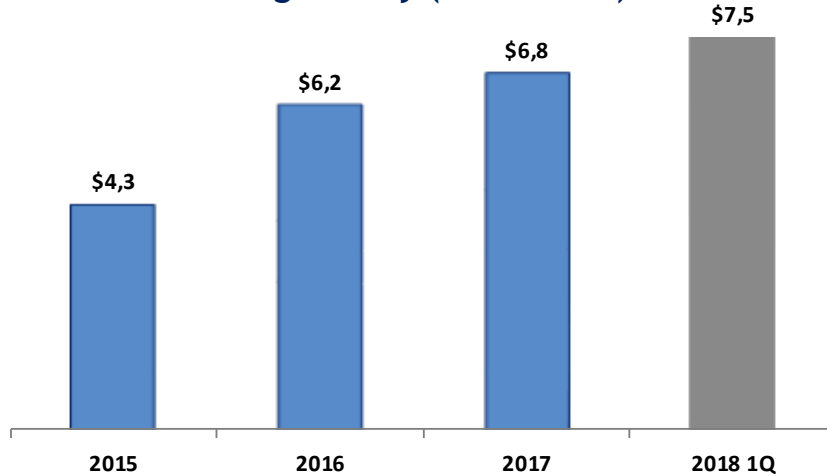


*Restated after TFRS-15 and TFRS-9 adjustments.

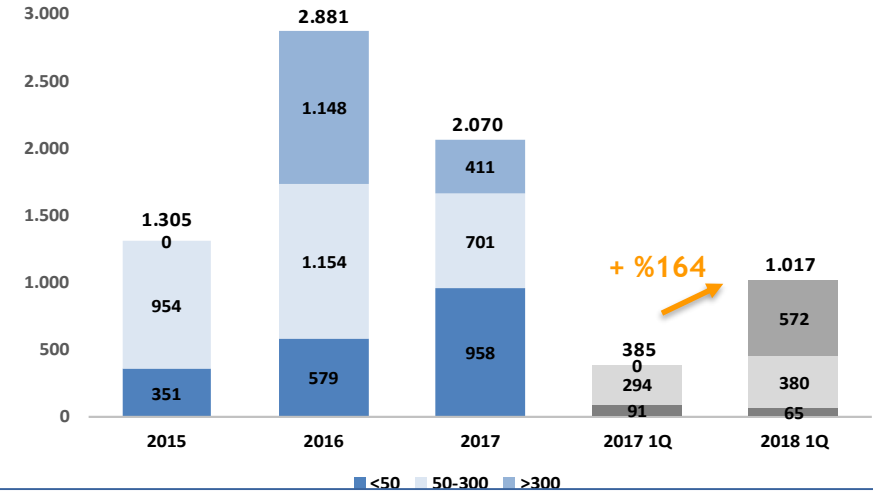
STRONG BACKLOG AND NEW CONTRACT AWARDS

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Backlog History (Billion USD)



New Contract Awards (Million USD)

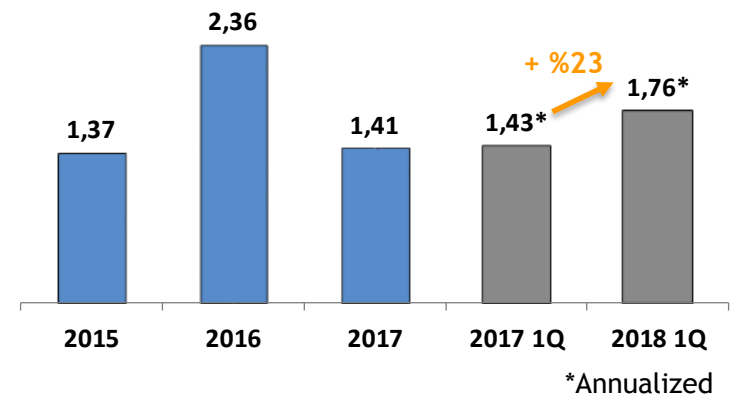


Backlog Aging (Billion USD)

2018*	1,3 – 1,6
2019	1,6 – 1,9
2020	1,5 – 1,8
2021	1,0 – 1,2
2022 and beyond	0,8 – 1,1

*Backlog for remaining 9 months

Book-to-Bill Ratio

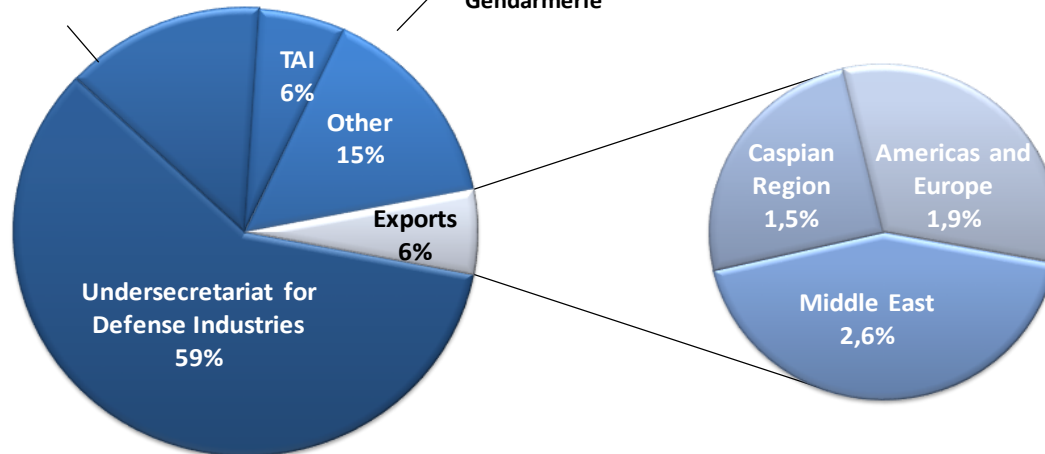


BACKLOG DISTRIBUTION

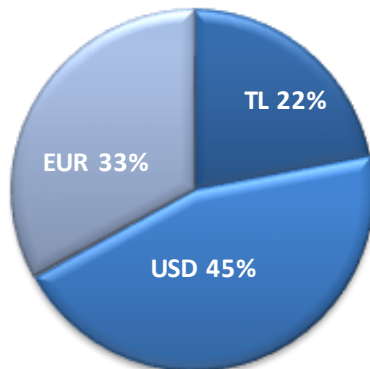
(CLIENT)

Ministry of National
Defense
14%

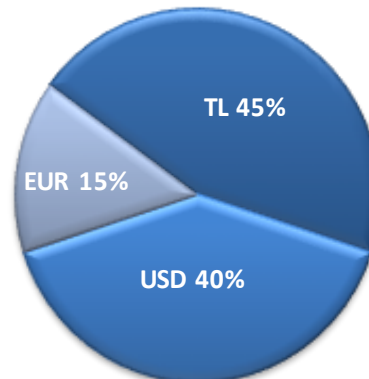
STM Savunma Teknolojileri Müh.
ROKETSAN
Sedef Shipyard
Gendarmerie



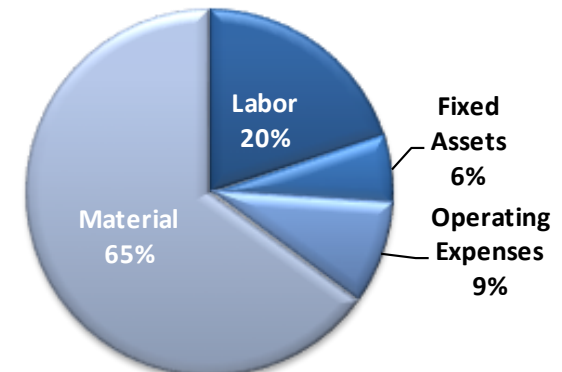
BACKLOG DISTRIBUTION (CURRENCY)



COST DISTRIBUTION (CURRENCY)



COST BREAKDOWN (TYPE)



- HAVASOJ (Stand-off Jammer)



- Identification of Friend or Foe System Serial Production



- Laser Guidance Kit



- MILGEM I-Class Frigate



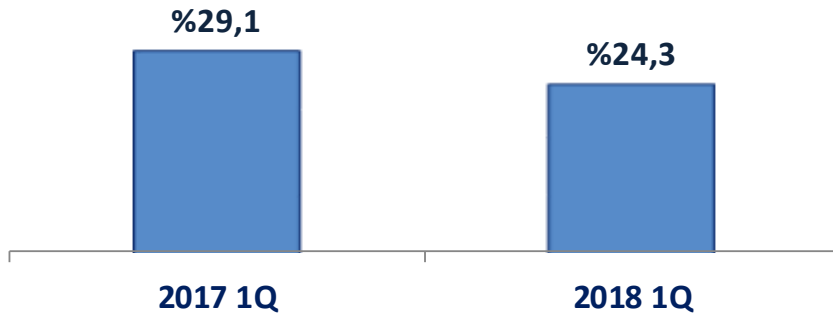
- Turkish Fighter Aircraft Development (TF-X)



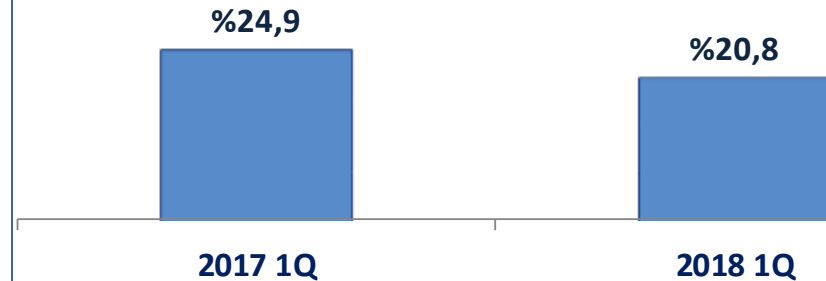
- ALTAY Tank Serial Production



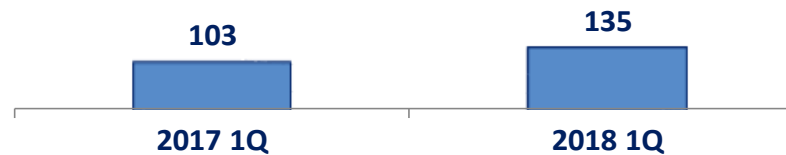
Gross Profit Margin



EBITDA Margin



CAPEX (Tangible + Intangible) (Million TL)



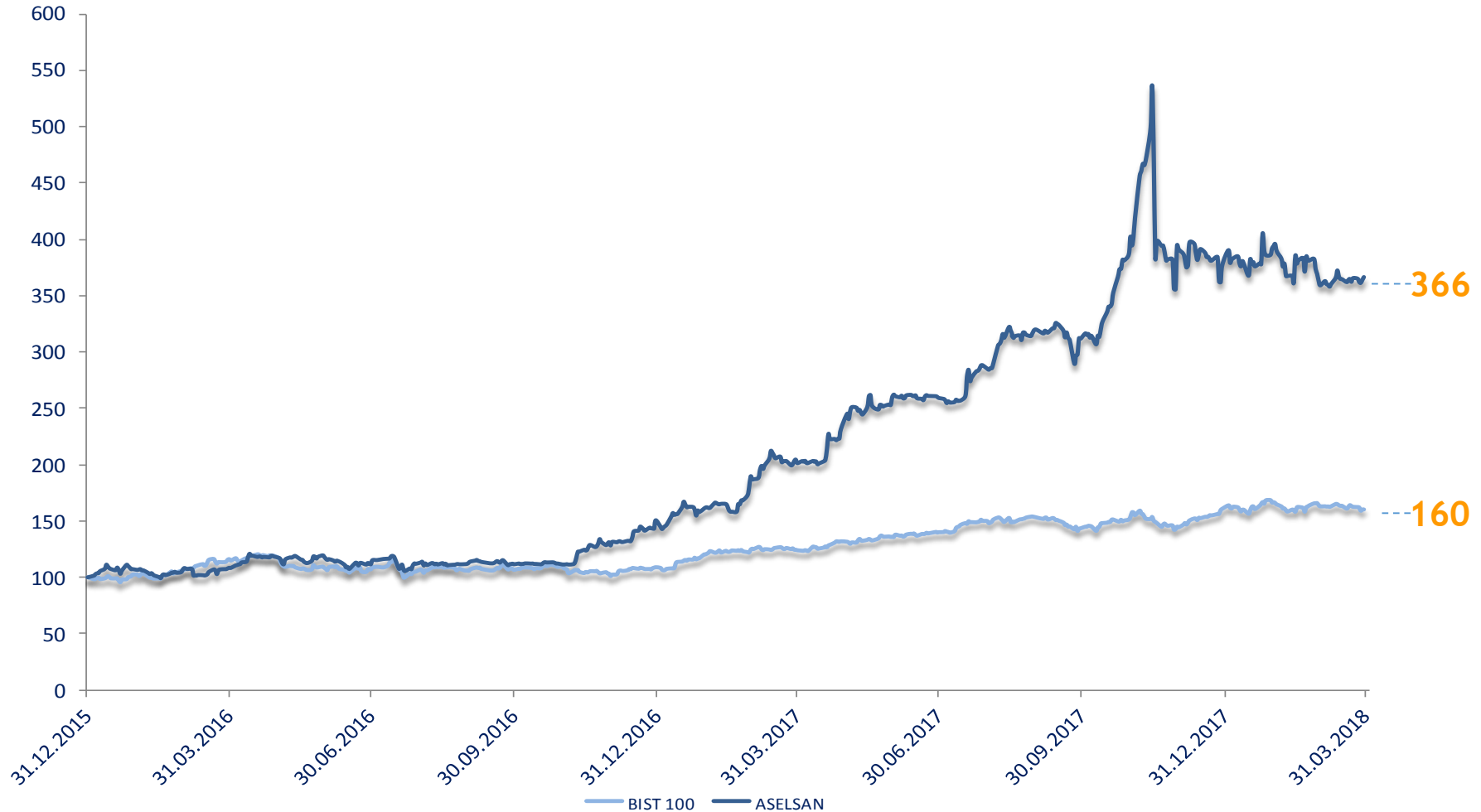
ASELSAN's guidance on 2018 year-end results:

	2017	2018 1Q	2018 Guidance
Net Sales	5.412 Million TL	1.365 Million TL	25%-35% growth
EBITDA Margin	21,4%	20,8%	18-20%
CAPEX	550 Million TL	135 Million TL	650 Million TL

REMARKABLE SHARE PERFORMANCE

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ASELSAN reached a market value of 7,83 Billion as of 31.03.2018.



31/12/2015=100

Contact Persons

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Pınar ÇELEBİ
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Alper GÜNEY
Investor Relations Associate

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APPENDIX

CONSOLIDATED BALANCE SHEET (MILLION TL)

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A S S E T S	31.03.2018	31.12.2017
CURRENT ASSETS	6.473,9	6.058,4
Cash and Cash Equivalents	480,4	1.262,9
Trade Receivables	2.188,3	1.581,2
Other Receivables	99,6	112,8
Inventories	2.506,5	2.221,6
Prepaid Expenses	915,5	657,7
Other Current Assets	283,6	222,2
NON-CURRENT ASSETS	5.723,1	5.580,2
Financial Investments	568,9	568,9
Long-term Trade Receivables	1.477,7	1.575,0
Other Long-term Receivables	0,7	0,7
Equity Accounted Investments	85,4	83,3
Property, Plant and Equipment	1.112,2	1.090,8
Intangible Assets	955,6	891,2
Prepaid Expenses	529,7	442,7
Deferred Tax Assets	689,2	650,8
Other Long-term Assets	303,7	276,8
TOTAL ASSETS	12.197,0	11.638,6

CONSOLIDATED BALANCE SHEET (MILLION TL)

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LIABILITIES	31.03.2018	31.12.2017
CURRENT LIABILITIES	3.910,8	3.691,7
Short-term Financial Liabilities	406,9	404,3
Short-term Portion of Long-term Financial Liabilities	50,9	67,6
Trade Payables	1.691,5	1.790,2
Employee Benefit Obligations	44,0	46,1
Other Payables	86,7	1,5
Government Grants and Incentives	40,3	41,6
Deferred Income	1.120,6	900,1
Corporate Tax Liability	2,1	0,7
Short-term Provisions	464,0	425,9
Other Short-Term Liabilities	3,8	13,6
NON-CURRENT LIABILITIES	3.246,2	3.178,8
Long-term Financial Liabilities	47,7	62,2
Long-term Trade Payables	1.237,2	1.262,0
Deferred Income	1.749,1	1.642,8
Long-term Provisions	212,0	211,7

CONSOLIDATED BALANCE SHEET (MILLION TL)

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	31.03.2018	31.12.2017
EQUITY	5.040,0	4.768,1
Equity attributable to equity holders of the parent	5.039,5	4.767,6
Share Capital	1.000,0	1.000,0
Share Capital Adjustment	98,6	98,6
Other Comprehensive Income / Expense not to be Re-classified to Profit or Loss	209,1	209,1
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	545,8	540,7
<i>Gain on Revaluation of Available for Sale Financial Assets</i>	<i>535,4</i>	<i>535,4</i>
<i>Foreign Currency Exchange Differences</i>	<i>10,4</i>	<i>5,2</i>
Restricted Profit Reserves	172,7	124,1
Retained Earnings	2.661,9	1.419,2
Net Profit for the Period	351,4	1.375,9
Non-controlling Interests	0,5	0,5
TOTAL LIABILITIES AND EQUITY	12.197,0	11.638,5

CONSOLIDATED INCOME STATEMENT (MILLION TL)

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	01.01.2018- 31.03.2018	01.01.2017- 31.03.2017
PROFIT OR LOSS		
Revenue	1.365,2	1.074,1
Cost of sales (-)	(1.033,3)	(761,1)
GROSS PROFIT	331,9	313
General administrative expenses (-)	(44,3)	(40,0)
Marketing expenses (-)	(25,4)	(22,9)
Research and development expenses (-)	(18,8)	(12,6)
Other operating income	508,9	410,5
Other operating expenses (-)	(375,4)	(307,3)
OPERATING PROFIT	376,9	340,7
Income from investing activities	0,0	9,0
Share of Losses of Equity-Accounted Investments	(2,0)	8,0
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	374,93	357,7
Financial income	61,5	79,2
Financial expenses (-)	(121,3)	(130,9)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	315	306
Tax income/ (expense) from continuing operations	36,3	37,7
- Current tax expense	(2,1)	(1,2)
- Deferred tax income / (expense)	38,4	38,9
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	351,3	343,7
Profit for the period attributable to:		
Non-controlling interest	(0,02)	(0,005)
Shareholders of the parent	351,4	343,7

The information contained herein has been prepared by ASELSAN (the Company). The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except to the extent required by law, we assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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PROVEN TECHNOLOGY