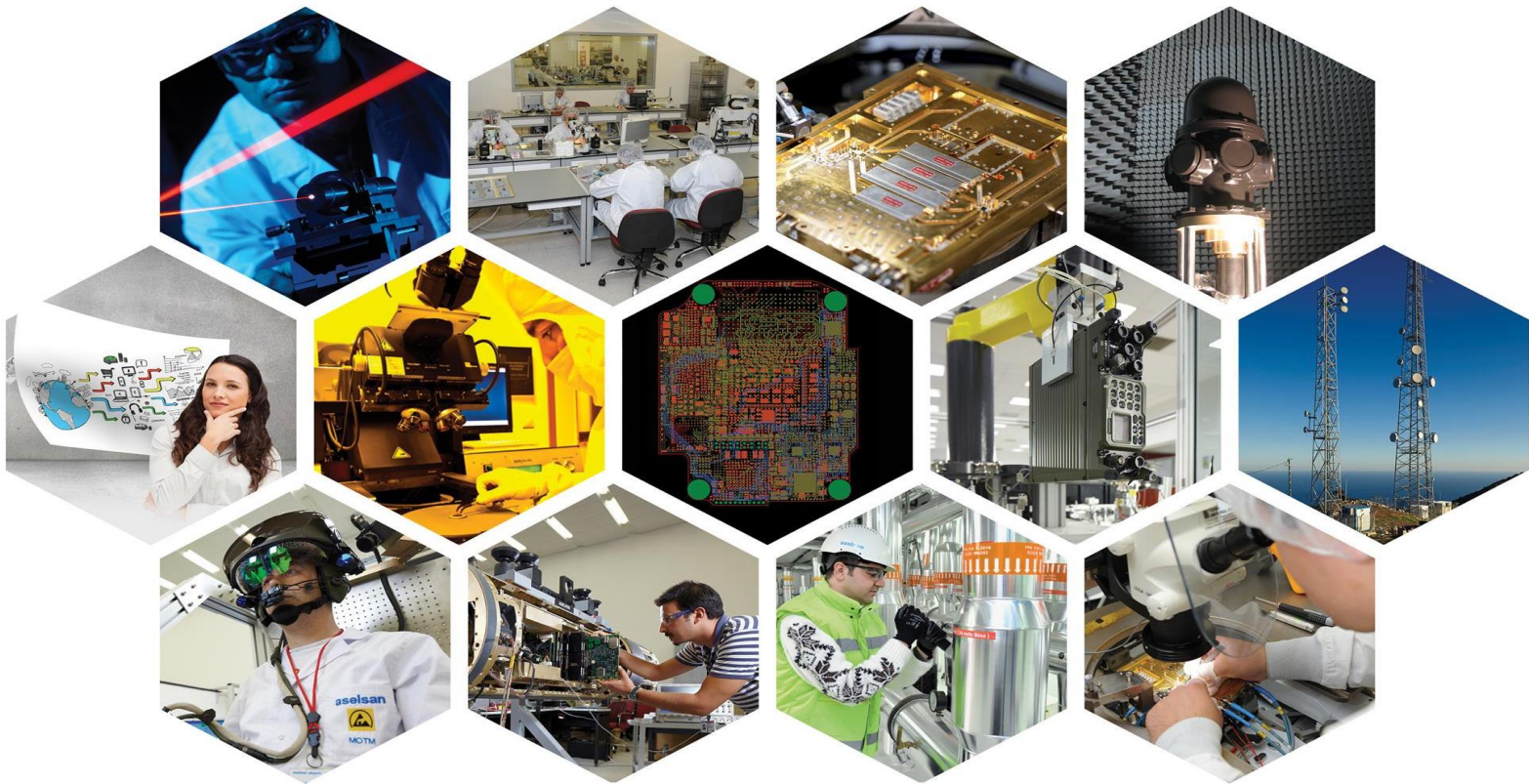


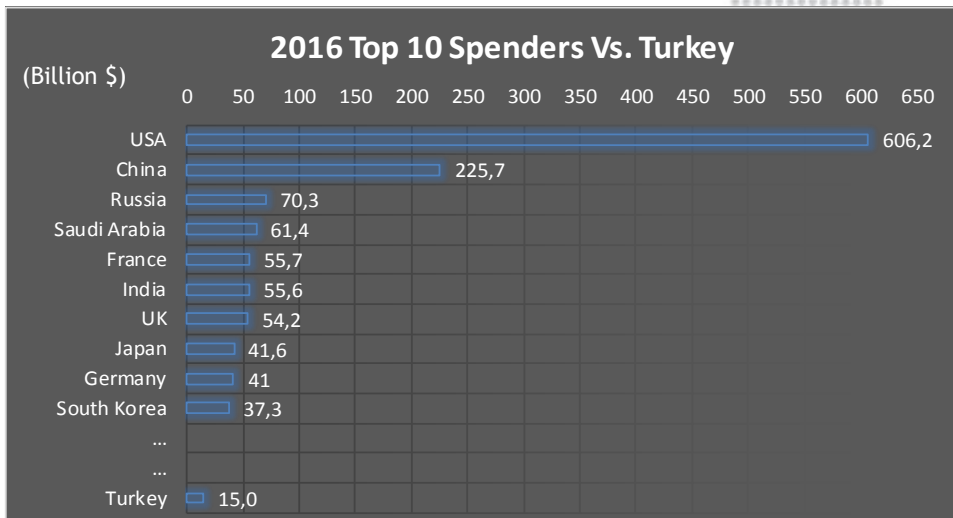
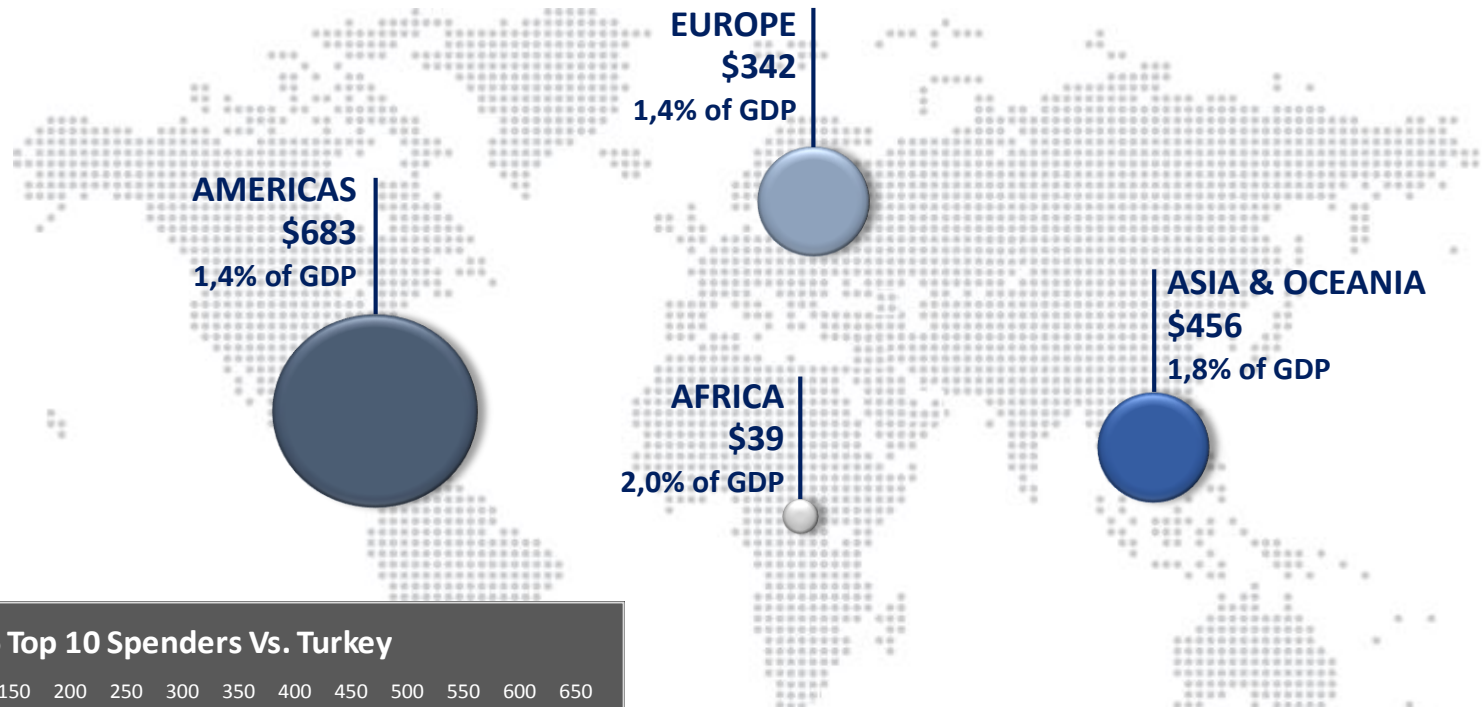
Investor Presentation

August 2017



GLOBAL MILITARY SPENDING, 2016 (BILLION \$)

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2016 TOTAL SPENDING: \$1.682

% difference in spending 2015 vs 2016

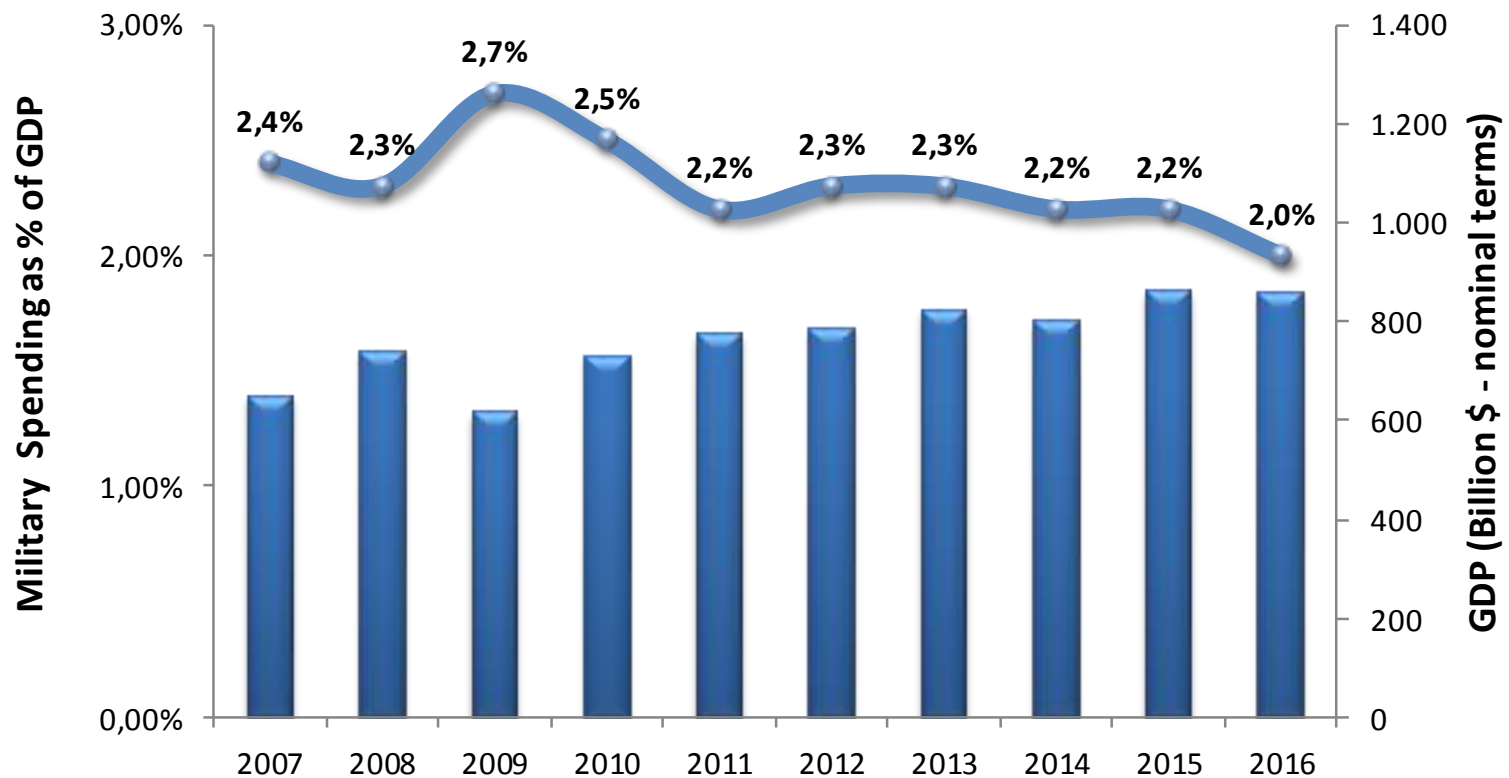
(based on 2011 constant prices & exchange rates)



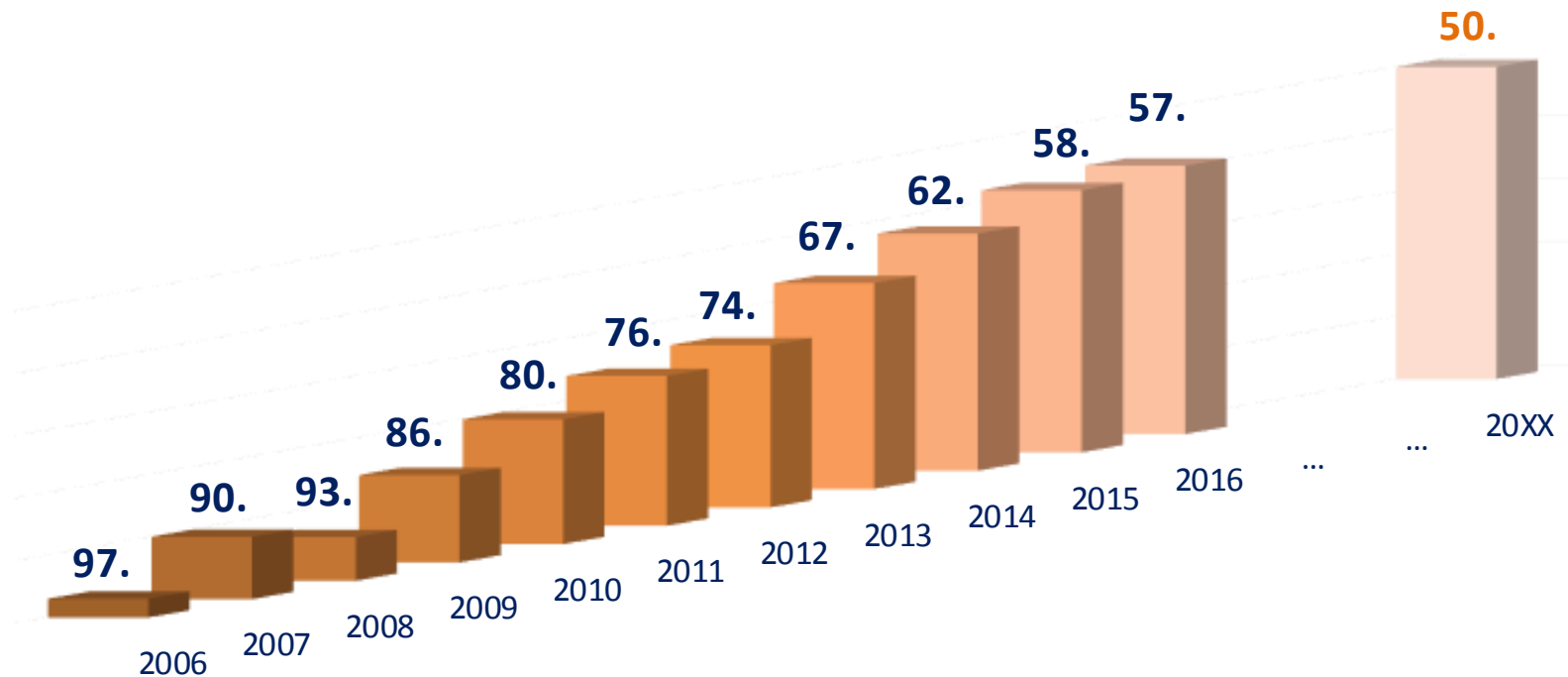
Source: SIPRI

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

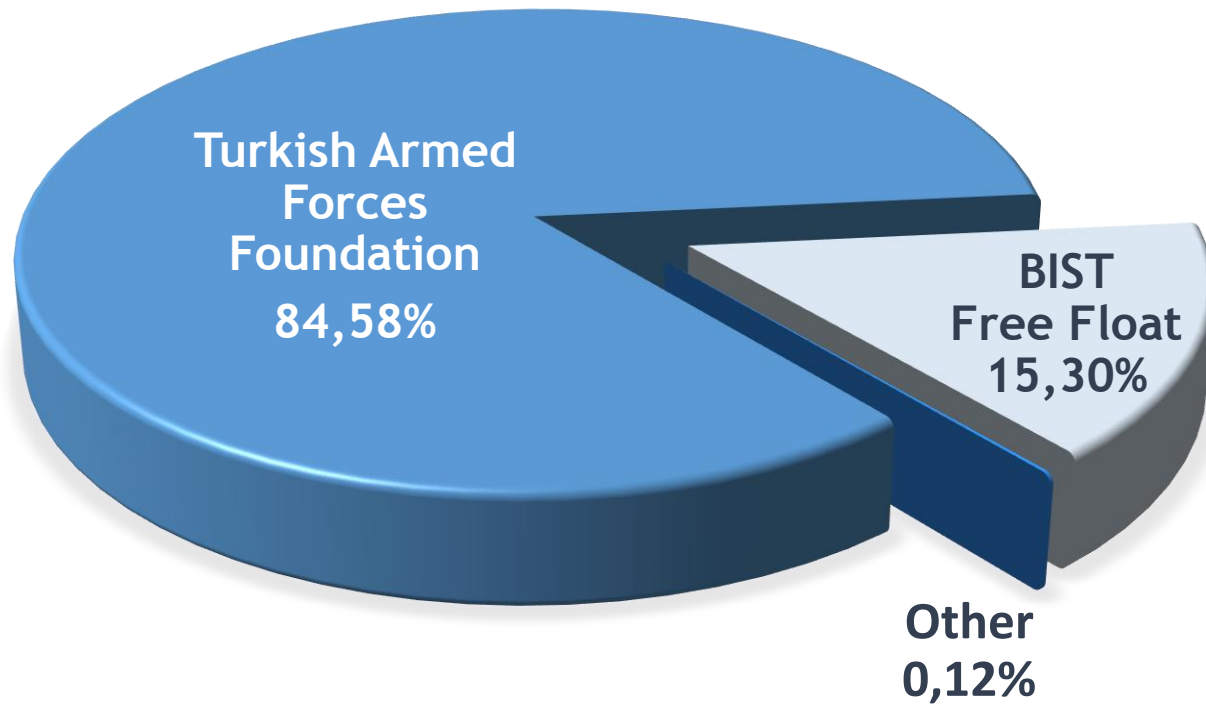
MILITARY SPENDING as % of GDP (TURKEY)



ASELSAN Global Defense Ranking



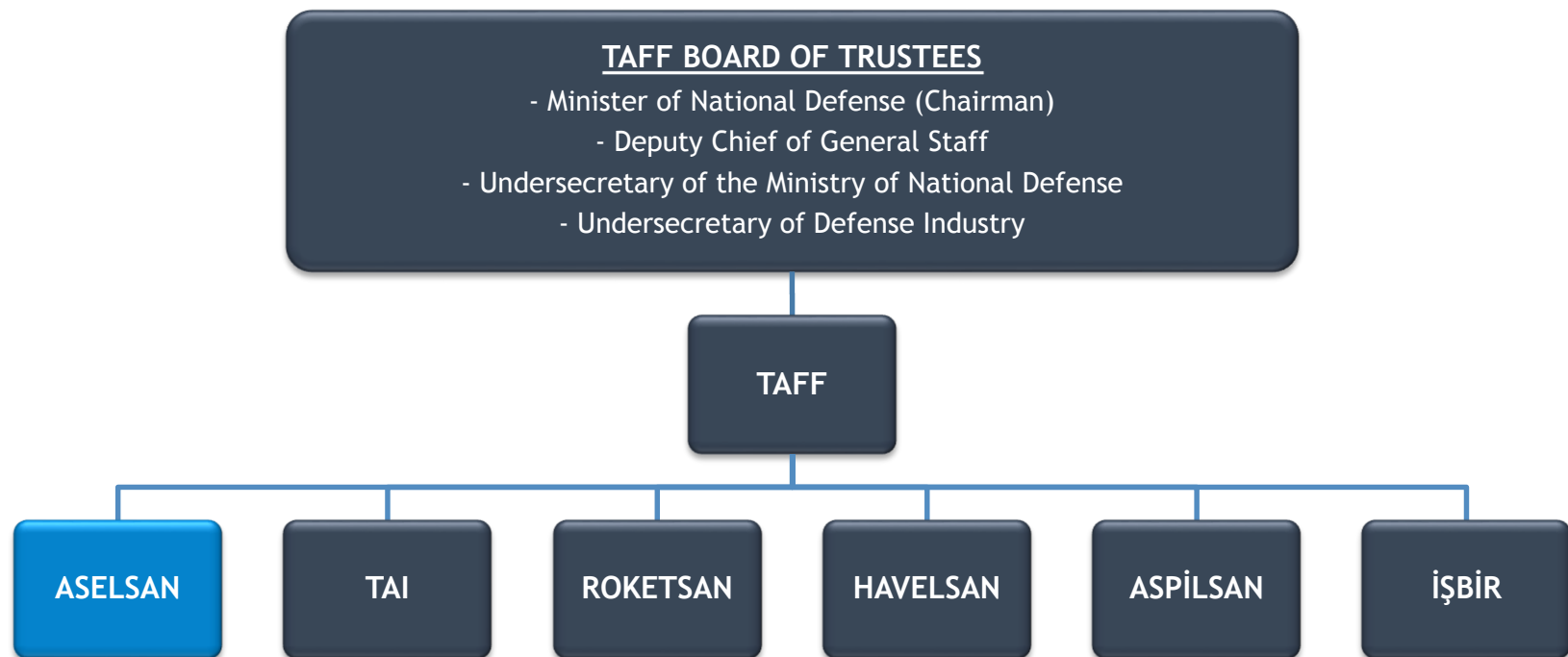
Source: Defense News Top 100 Worldwide List



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



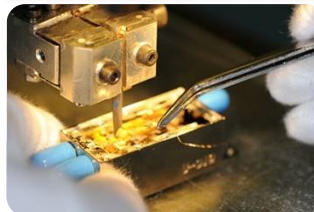
TRANSPORTATION



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: \$1,6 M

● İSTANBUL

MİKROELEKTRONİK

● ANKARA

AELSANNET

ROKETSAN

AB-MİKRO NANO

● SİVAS

AELSAN HASSAS
OPTİK

AELSAN PRECISION OPTICS



Ownership: 50%
Partner: Sivas Optik
Malzemeleri
Foundation: 2014
Assets: \$13,4 M

AELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$144 M

ROKETSAN



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

AELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$21,7 M

Assets are given as of 30.06.2017.

ASELSAN-BAKU (AZERBAIJAN)



Ownership: 100%
Foundation: 1998
Assets: \$1,4 M

KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%
Partner: Kazakhstan Engineering
Foundation: 2011
Assets: \$41,2 M

KAZAKHSTAN ASELSAN ENGINEERING

ASELSAN BAKÜ

ASELSAN MIDDLE EAST

SADEC

SADEC (SAUDI ARABIA)

Ownership : 50%
Partner : TAQNIA DST
Foundation : 2016
Assets: \$6 M

IGG ASELSAN INTEGRATED SYSTEMS

ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%
Partner: KADDB Investment Group
Foundation: 2012
Assets: \$19 M

IGG ASELSAN INTEGRATED SYSTEMS (UAE)



Ownership: 49%
Partner: IGG
Foundation: 2011
Assets: \$3,5 M

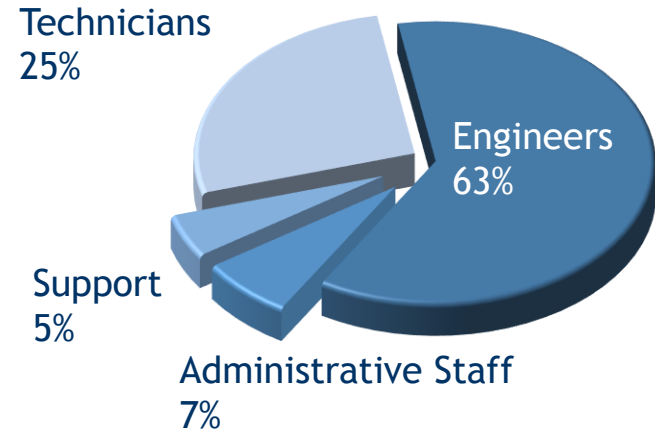
SOUTH AFRICA BRANCH



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

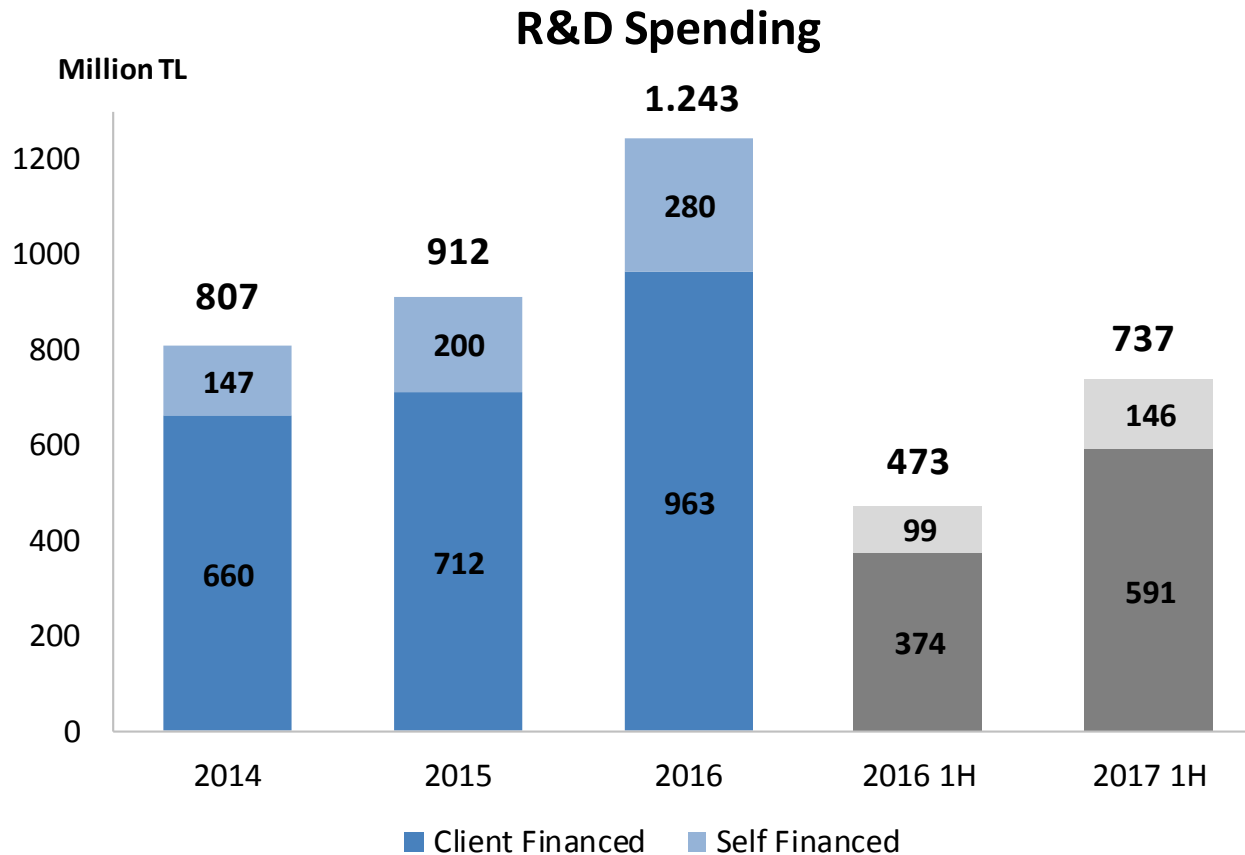
ASELSAN SOUTH AFRICA BRANCH

Total Employees : 5.291
Engineers : 3.324



- 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: 780 Million USD

Backlog: 6,4 Billion USD

Net Sales (Jan-Jun): +52% TL Basis

EBITDA increase (Jan-Jun): +51%

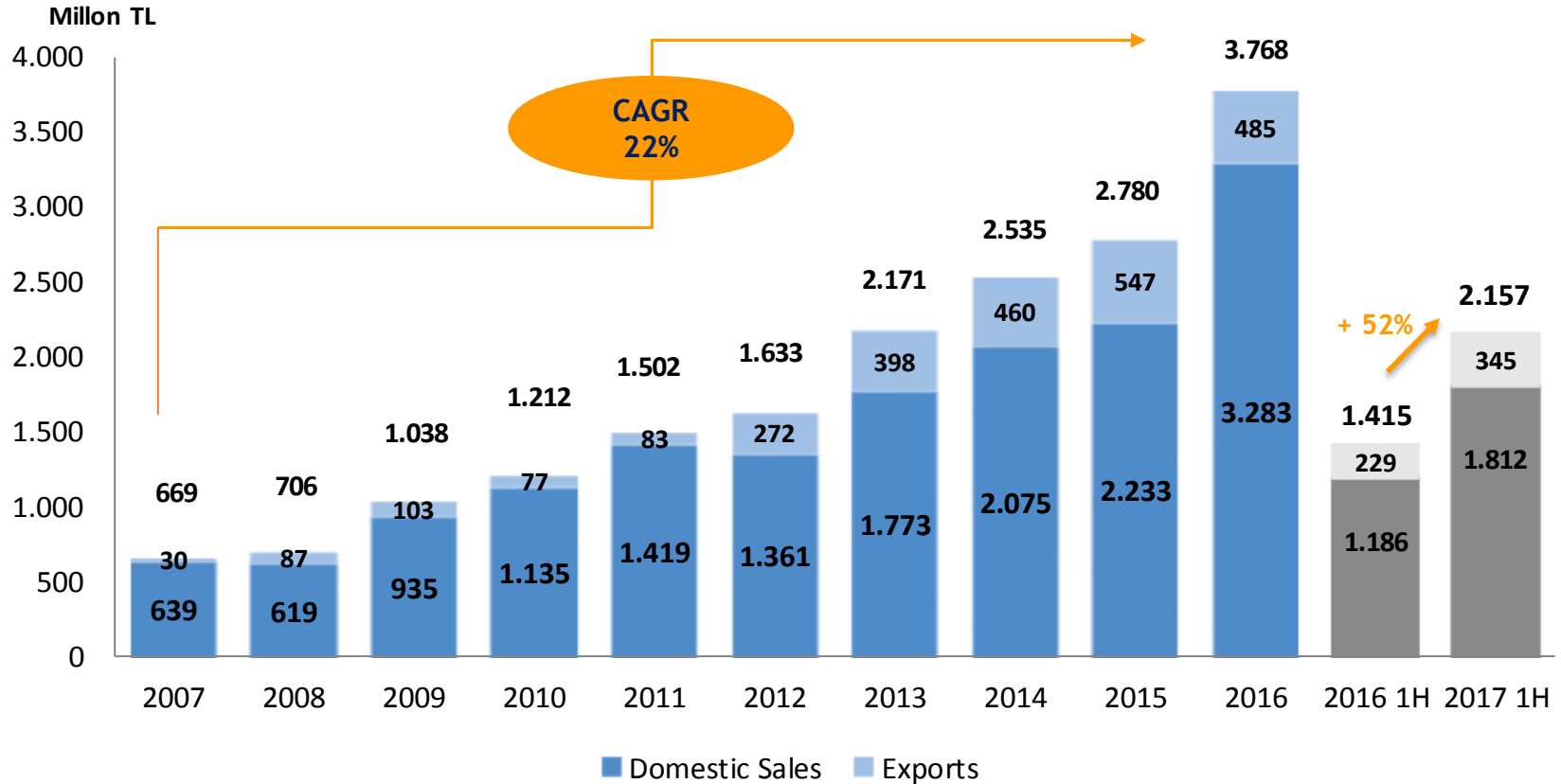
EBITDA margin: 19% (in line with the year-end target 18-20%)

Net Cash Position: 267 Million TL

(Million TL)	2016 1H	2017 1H	Δ%
Net Sales	1.415	2.157	52%
Gross Profit	363	516	42%
Operating Profit (EBIT)	220	353	61%
EBITDA	275	414	51%
Net Profit	236	565	139%
<i>Gross Profit Margin</i>	25,7%	23,9%	↓
<i>Operating Profit (EBIT) Margin</i>	15,6%	16,3%	↑
<i>EBITDA Margin</i>	19,4%	19,2%	~
<i>Net Profit Margin</i>	16,7%	26,2%	↑
Operating Cash Flow (OCF)	118	(192)	↓
Free Cash Flow (FCF)	13	(418)	↓
Cash and Cash Equivalents	552	682	23%

INCREASING TREND IN NET SALES

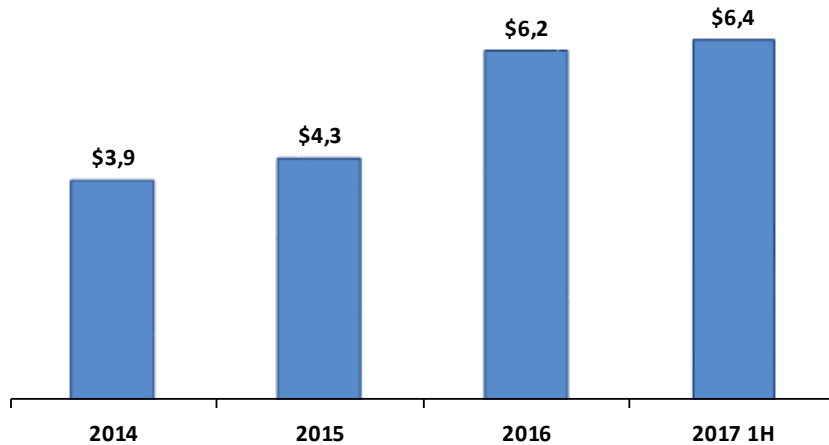
aselsan



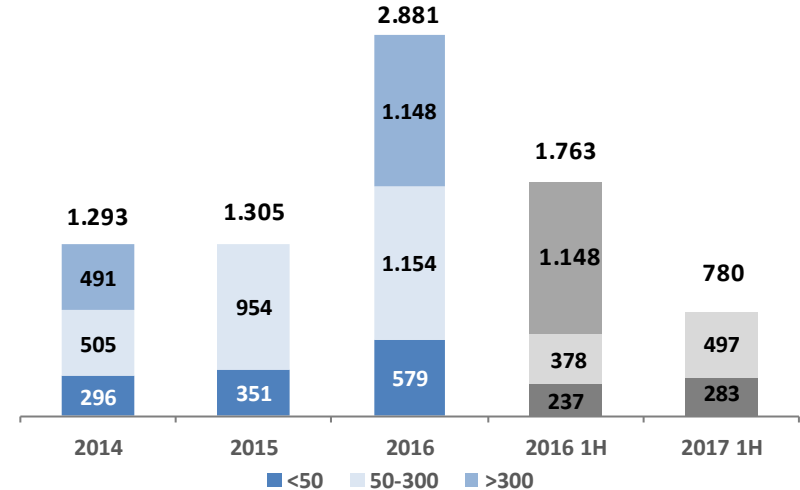
STRONG BACKLOG AND NEW CONTRACT AWARDS

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Backlog History (Billion USD)



New Contract Awards (Million USD)

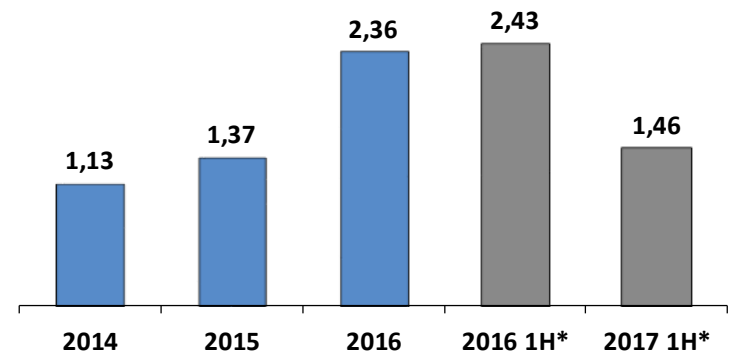


Backlog Aging (Billion USD)

2017*	0,7 – 1,0
2018	1,2 – 1,5
2019	1,1 – 1,4
2020	1,1 – 1,3
2021 and beyond	1,6 – 1,8

*Backlog for remaining 6 months

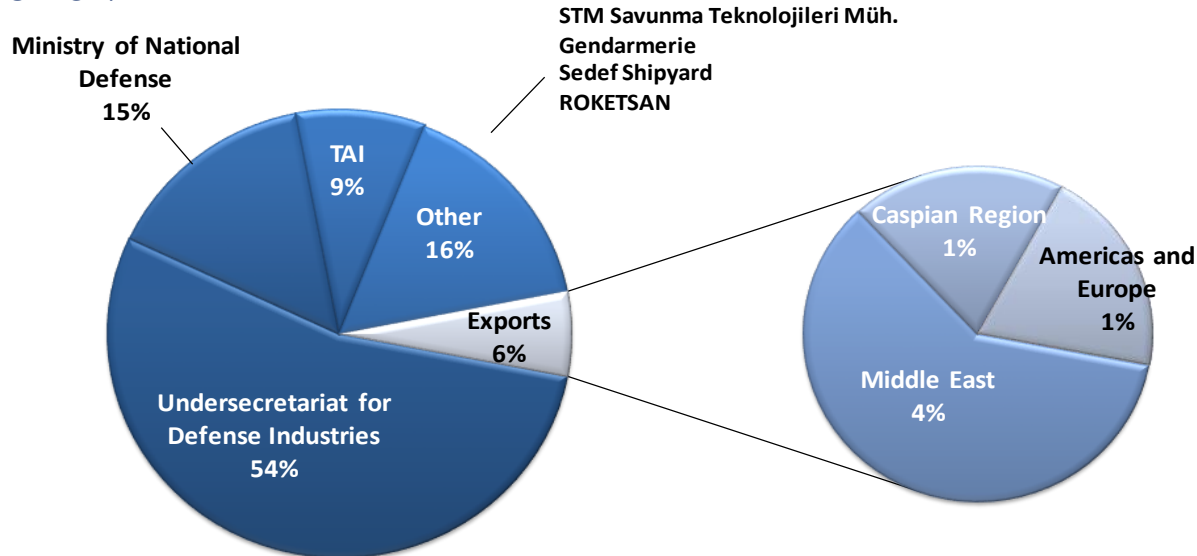
Book-to-Bill Ratio



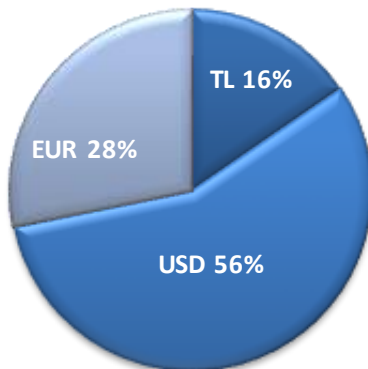
*Annualized data

BACKLOG DISTRIBUTION

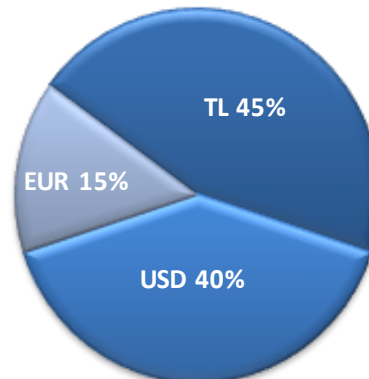
(CLIENT)



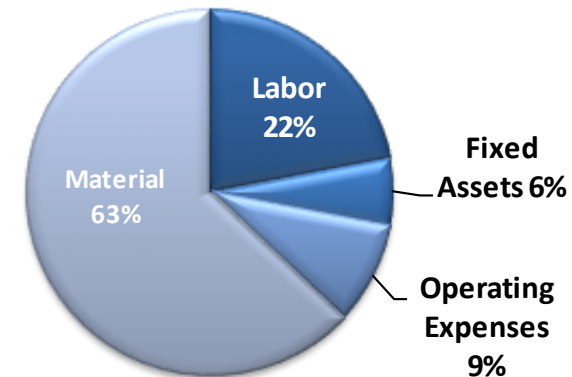
BACKLOG DISTRIBUTION (CURRENCY)



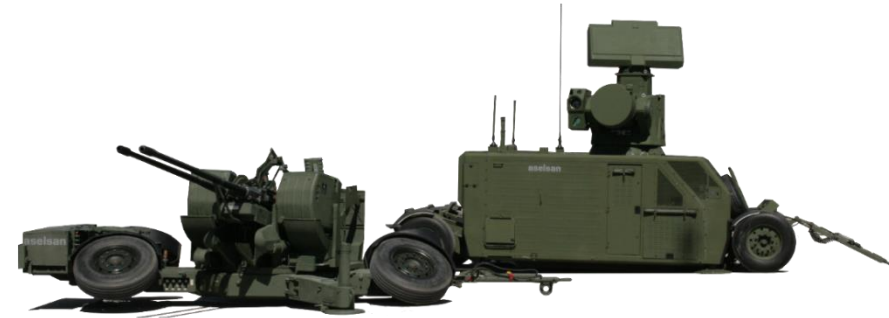
COST DISTRIBUTION (CURRENCY)



COST BREAKDOWN (TYPE)



- Air Defense System Modernization Serial Production



- HAVASOJ (Stand-off Jammer)



- Long Range Air Defense Missile System



- MILGEM I-Class Frigate



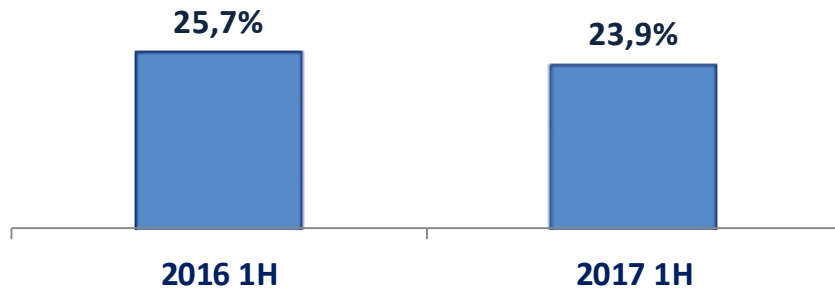
- Turkish Fighter Aircraft Development (TF-X)



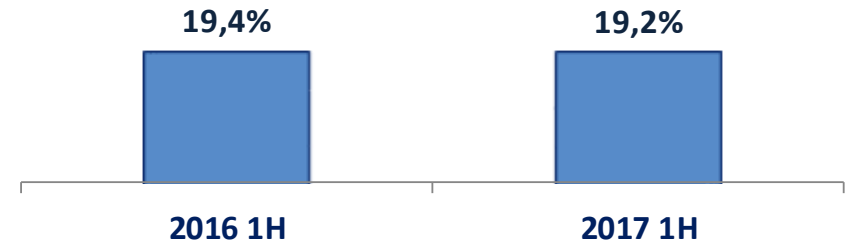
- ALTAY Tank Serial Production



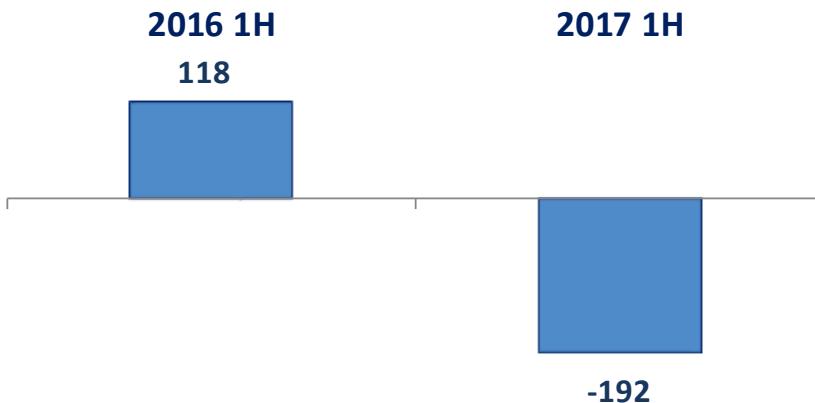
Gross Profit Margin



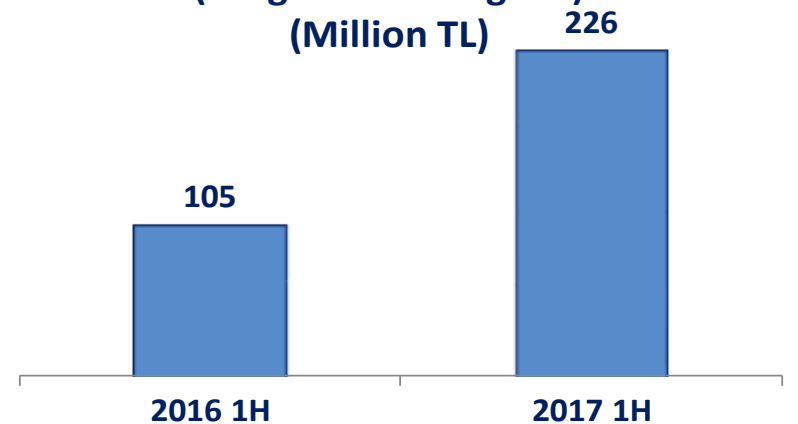
EBITDA Margin



Operating Cash Flow (Million TL)



CAPEX (Tangible + Intangible) (Million TL)



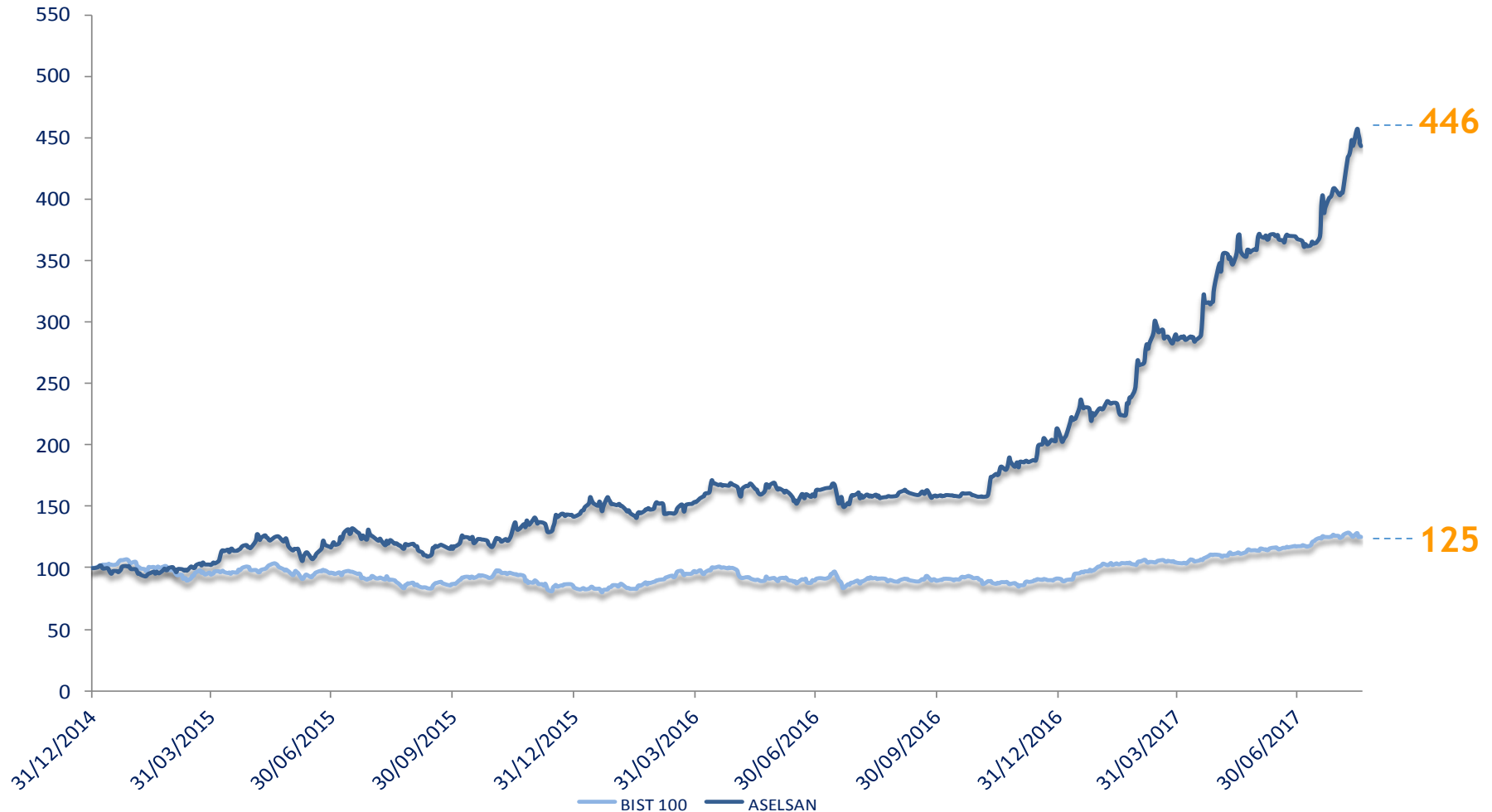
ASELSAN's guidance on 2017 year-end results:

	2016	2017 1H	2017 Guidance
Net Sales	3.768 Million TL	2.157 Million TL	≥ 25% growth
EBITDA Margin	19%	19%	18-20%
CAPEX	353 Million TL	226 Million TL	500 Million TL

REMARKABLE SHARE PERFORMANCE

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ASELSAN reached a market value of USD 7,53 Billion as of 18.08.2017.



31/12/2014=100

Contact Persons

Okan TURAN
Chief Financial Officer

Aykan ÜRETEN
Finance Director

Pınar ÇELEBİ
Investor Relations Manager

Başak YÜCEKAYALI
Investor Relations Associate

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E-Mail

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APPENDIX

CONSOLIDATED BALANCE SHEET (MILLION TL)

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A S S E T S	30.06.2017	31.12.2016
CURRENT ASSETS	4.584,7	5.069,5
Cash and Cash Equivalents	681,7	1.168,8
Trade Receivables	1.468,2	2.039,7
Other Receivables	100,5	84,7
Inventories	1.429,5	1.187,4
Prepaid Expenses	664,6	387,2
Other Current Assets	240,2	201,7
NON-CURRENT ASSETS	4.371,9	3.535,4
Financial Investments	516,2	516,2
Long-term Trade Receivables	866,4	385,6
Other Long-term Receivables	0,7	0,3
Equity Accounted Investments	74,4	57,4
Property, Plant and Equipment	987,8	967,5
Intangible Assets	797,7	697,1
Prepaid Expenses	446,5	393,7
Deferred Tax Assets	507,7	384,6
Other Long-term Assets	174,5	133,0
TOTAL ASSETS	8.956,6	8.604,9

CONSOLIDATED BALANCE SHEET (MILLION TL)

aselsan

LIABILITIES	30.06.2017	31.12.2016
CURRENT LIABILITIES	2.443,5	2.242,7
Short-term Financial Liabilities	251,6	306,2
Short-term Portion of Long-term Financial Liabilities	81,8	65,7
Trade Payables	993,6	1.052,9
Employee Benefit Obligations	24,1	36,8
Other Payables	58,6	6,2
Government Grants and Incentives	33,1	28,3
Deferred Income	635,8	370,6
Corporate Tax Liability	1,1	0,4
Short-term Provisions	357,1	353,8
Other Short-Term Liabilities	6,7	21,8
NON-CURRENT LIABILITIES	2.334,2	2.670,7
Long-term Financial Liabilities	81,2	122,4
Long-term Trade Payables	642,6	253,2
Deferred Income	1.390,8	2.092,0
Long-term Provisions	219,6	203,1

CONSOLIDATED BALANCE SHEET (MILLION TL)

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	30.06.2017	31.12.2016
EQUITY	4.178,9	3.691,5
Equity attributable to equity holders of the parent	4.178,4	3.691,0
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	216,5	219,4
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	487,2	486,0
<i>Gain on Revaluation of Available for Sale Financial Assets</i>	<i>485,4</i>	<i>485,3</i>
<i>Foreign Currency Exchange Differences</i>	<i>1,8</i>	<i>0,7</i>
Restricted Profit Reserves	124,1	94,2
Retained Earnings	1.687,4	997,6
Net Profit for the Period	564,6	795,2
Non-controlling Interests	0,5	0,5
TOTAL LIABILITIES AND EQUITY	8.956,6	8.604,9

CONSOLIDATED INCOME STATEMENT (MILLION TL)

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	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
PROFIT OR LOSS		
Revenue	2.157,5	1.414,8
Cost of sales (-)	(1.641,6)	(1.051,4)
GROSS PROFIT	515,9	363,4
General administrative expenses (-)	(82,5)	(79,7)
Marketing expenses (-)	(53,8)	(30,0)
Research and development expenses (-)	(26,9)	(33,5)
Other operating income	644,7	112,6
Other operating expenses (-)	(576,1)	(127,1)
OPERATING PROFIT	421,3	205,7
Income from investing activities	9,1	8,3
Share of Losses of Equity-Accounted Investments	5,7	(0,2)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	436,1	213,8
Financial income	62,3	46,1
Financial expenses (-)	(55,1)	(49,0)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	443,3	210,9
Tax income/ (expense) from continuing operations	121,3	25,0
- Current tax expense	(1,1)	(0,5)
- Deferred tax income / (expense)	122,4	25,5
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	564,6	235,9
Profit for the period attributable to:		
Non-controlling interest	0,0	-0,1
Shareholders of the parent	564,6	236,0

CONSOLIDATED STATEMENT OF CASH FLOW (MILLION TL)

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	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
OPERATING CASH FLOW (OCF)	(192)	118
Net Profit for the Period	565	236
Depreciation and Amortization	61	54
Change in Inventory	(151)	(83)
Change in Trade Receivables	82	(126)
Prepaid Expenses	(415)	(181)
Deferred Income	(436)	273
Change in Trade Payables	335	(90)
Others	(233)	35
CASH FLOW FROM INVESTING ACTIVITIES	(226)	(105)
Tangible Assets	(63)	(36)
Intangible Assets	(161)	(76)
Other Changes	(2)	7
FREE CASH FLOW (FCF)	(418)	13

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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Reliable technology