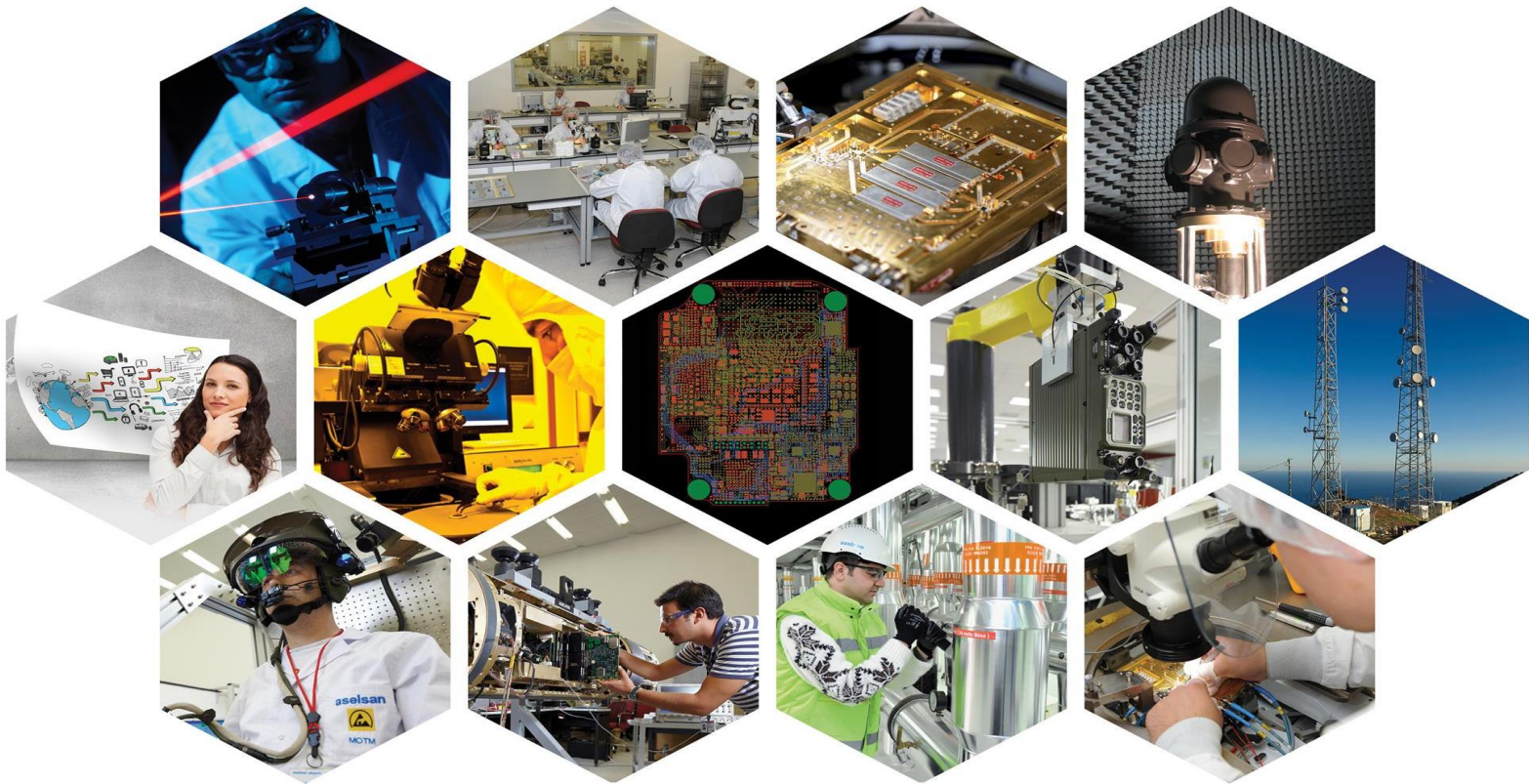
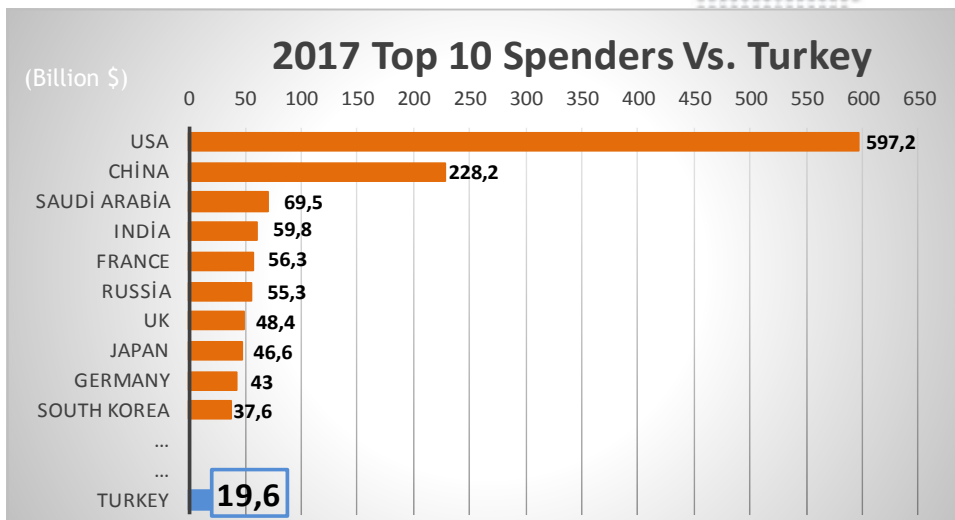
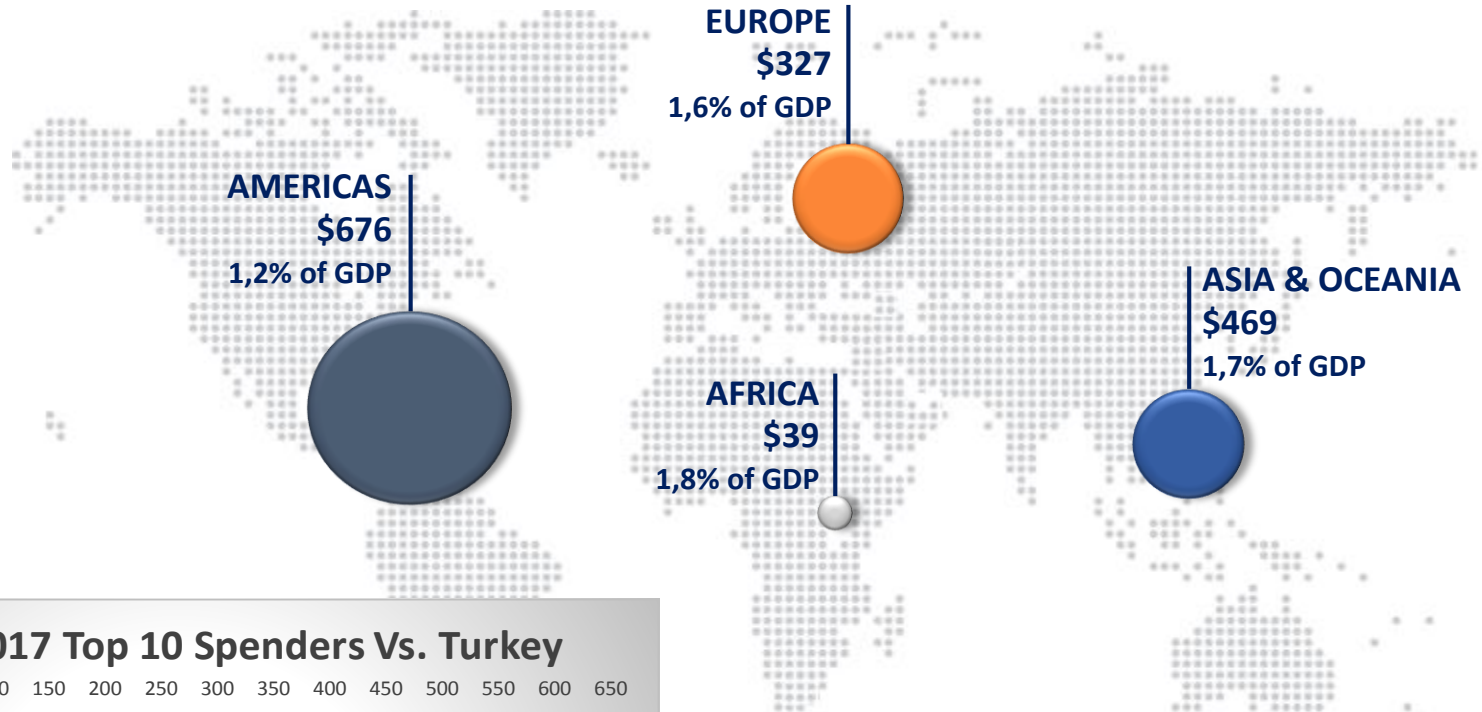


## Investor Presentation August 2018



# GLOBAL MILITARY SPENDING 2017 (BILLION \$)

**aselsan**



**2017 TOTAL SPENDING: \$1.686**

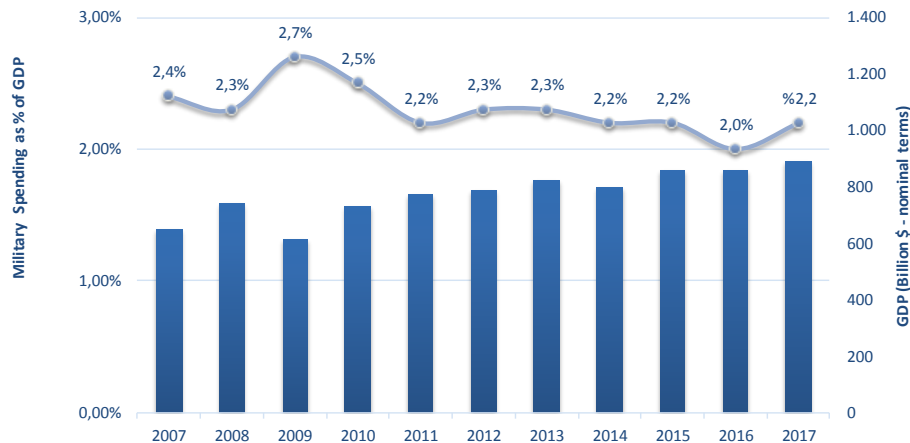
% difference in spending 2016 vs 2017

(based on 2016 constant prices & exchange rates)

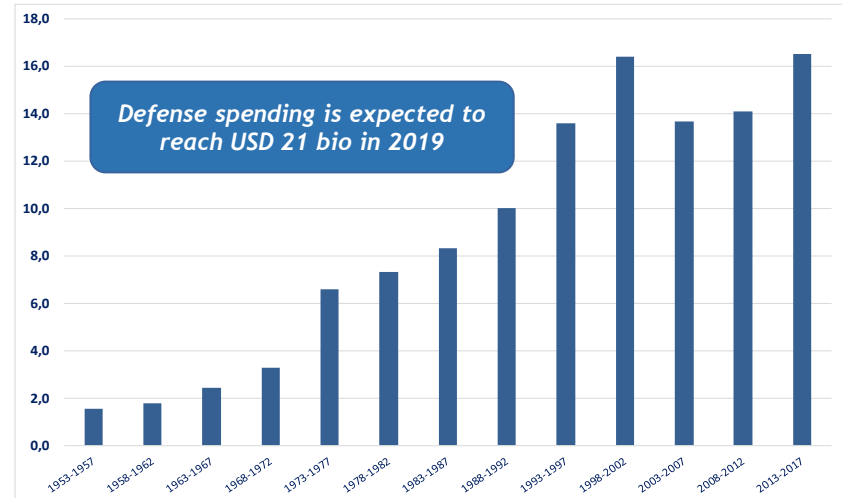


As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget.

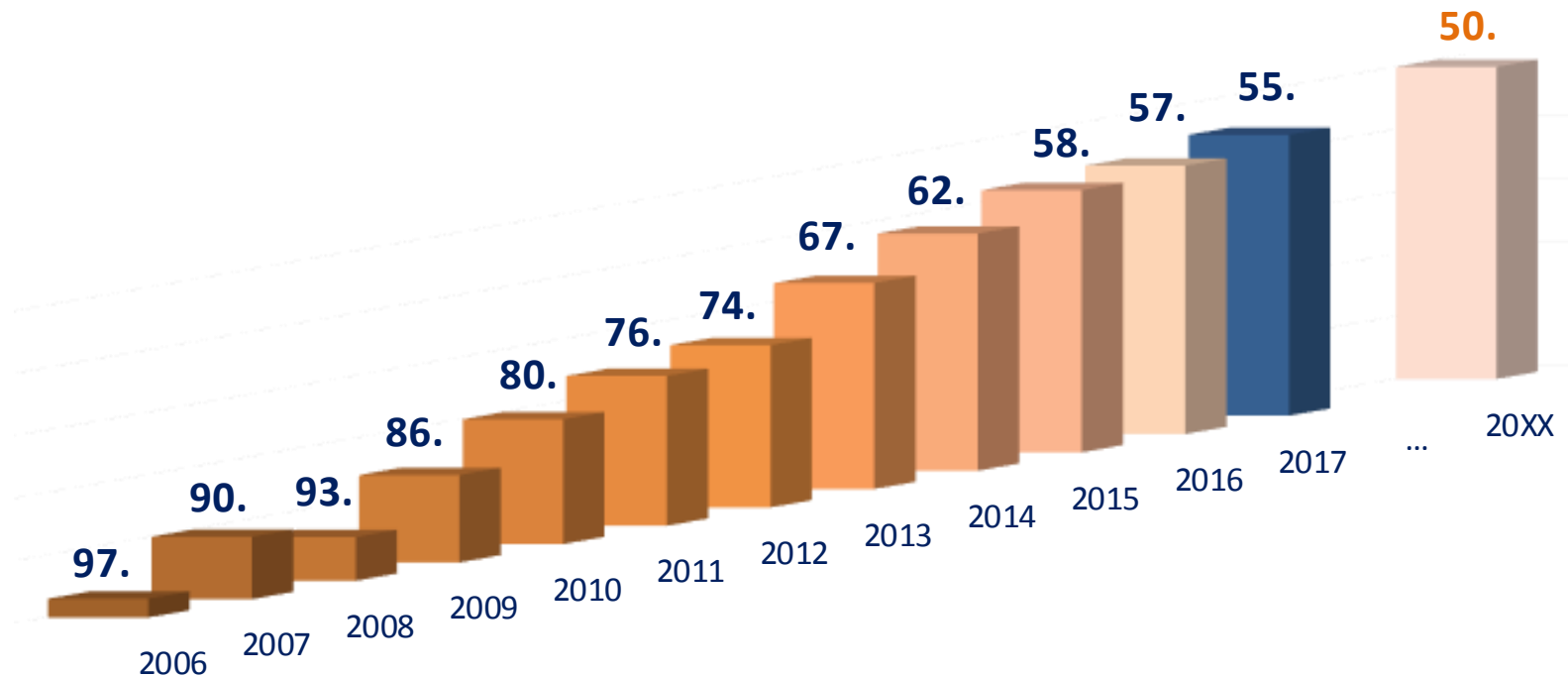
**MILITARY SPENDING  
as % of GDP (TURKEY)**



**Military spending of Turkey  
(5-year averages, USD bio)**



## ASELSAN Global Defense Ranking



Aselsan is the only defense company listed on BİST.

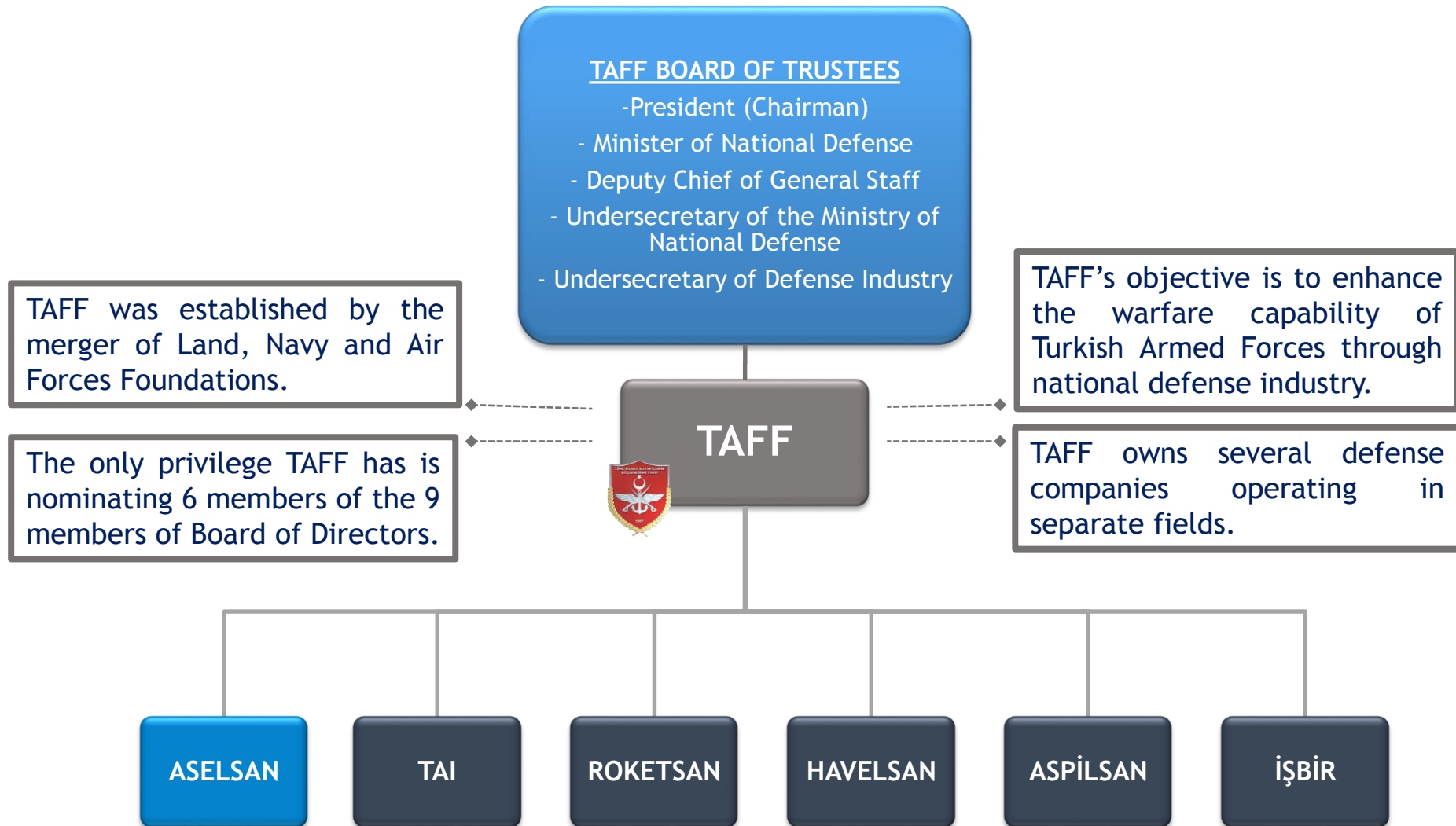
Turkish Armed  
Forces  
Foundation  
74,20%



Other  
0,10%

# MAIN SHAREHOLDER - TURKISH ARMED FORCES FOUNDATION (TAFF)

**aselsan**







## Macunköy Facilities (1979)

Total Area 186.000 m<sup>2</sup>

Closed Area 110.000 m<sup>2</sup>

## Akyurt Facilities (1991)

Total Area 231.000 m<sup>2</sup>

Closed Area 54.000 m<sup>2</sup>



## Gölbaşı Facilities (2014)

Total Area 350.000 m<sup>2</sup>

Closed Area 75.000 m<sup>2</sup>

## Teknokent Facilities (2004)

Total Area 4.500 m<sup>2</sup>

Closed Area 4.000 m<sup>2</sup>



## 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**



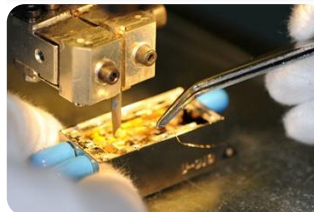
**TRANSPORTATION**



**IT & CYBER SECURITY**



**GUIDANCE & UNMANNED SYSTEMS**



**MICROWAVE PRODUCTS**



**COMMAND CONTROL (C4ISR)**



**TRAFFIC & AUTOMATION**



**MICROELECTRONICS**



**NAVAL SYSTEMS**



**ENERGY & HEALTH**



## MİKROELEKTRONİK



Ownership : 85%  
Partner: İTÜ ETA  
Participation: 2010  
(Founded in 2006)  
Assets: \$1,9 M

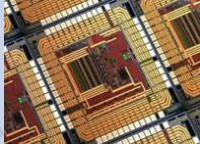
## MİKROELEKTRONİK

İSTANBUL

GEBZE/KOCAELİ

YİTAL

YİTAL



Ownership : 51%  
Partners: TÜBİTAK,SSB  
Foundation: 2017  
Assets: \$0,9 M

## ASELSANNET



Ownership : 100%  
Foundation: 2004  
Assets: \$180 M

ANKARA

ASELSANNET

ROKETSAN

AB-MİKRO NANO

## ROKETSAN



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

## ASELSAN PRECISION OPTICS



Ownership: 50%  
Partner: Sivas Optik  
Malzemeleri  
Foundation: 2014  
Assets: \$21 M

SİVAS

ASELSAN HASSAS OPTİK

## ASELSAN BİLKENT MİKRO NANO



Ownership: 50%  
Partner: BİLKENT UNI.  
Foundation: 2014  
Assets: \$26,3 M

Assets are given as of 30.06.2018.

## ASELSAN-BAKU (AZERBAIJAN)



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

## KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%  
Partner: Kazakhstan Engineering  
Foundation: 2011  
Assets: \$46,1 M

## ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%  
Partner: KADDB Investment Group  
Foundation: 2012  
Assets: \$12,3 M

## SADEC (SAUDI ARABIA)

Ownership : 50%  
Partner : TAQNIA DST  
Foundation : 2016  
Assets: \$3,2 M

KAZAKHSTAN ASELSAN ENGINEERING

ASELSAN BAKÜ

ASELSAN MIDDLE EAST

IGG ASELSAN INTEGRATED SYSTEMS

ASELSAN MALAYSIA

## IGG ASELSAN INTEGRATED SYSTEMS (UAE)



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

ASELSAN SOUTH AFRICA BRANCH

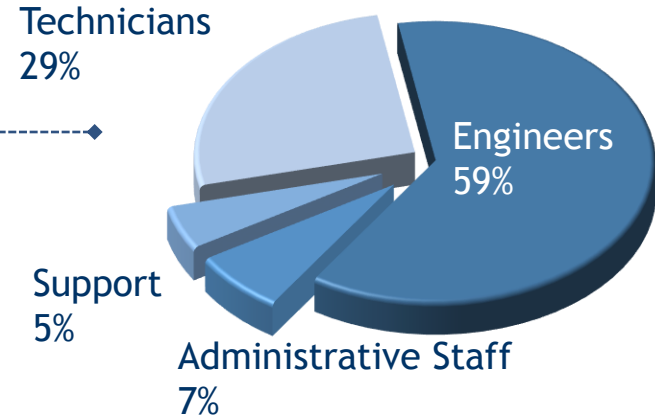
## SOUTH AFRICA BRANCH



Ownership: 100%  
Foundation: 2011  
Assets: \$1,2 M

Assets are given as of 30.06.2018.

Total Employees : 6.077  
Engineers : 3.583



- 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
- ASELSAN Academy

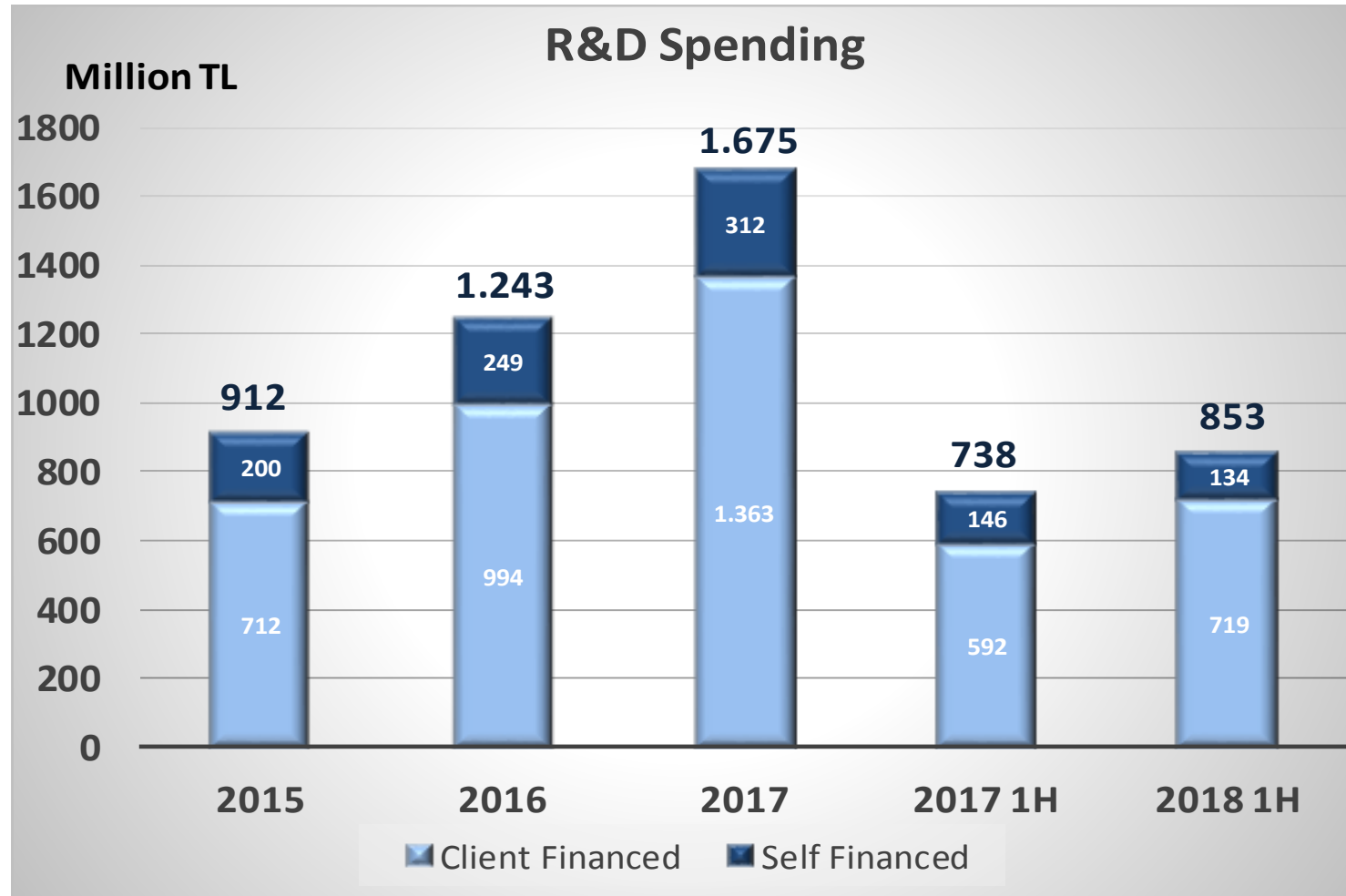
University-industry cooperation

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.





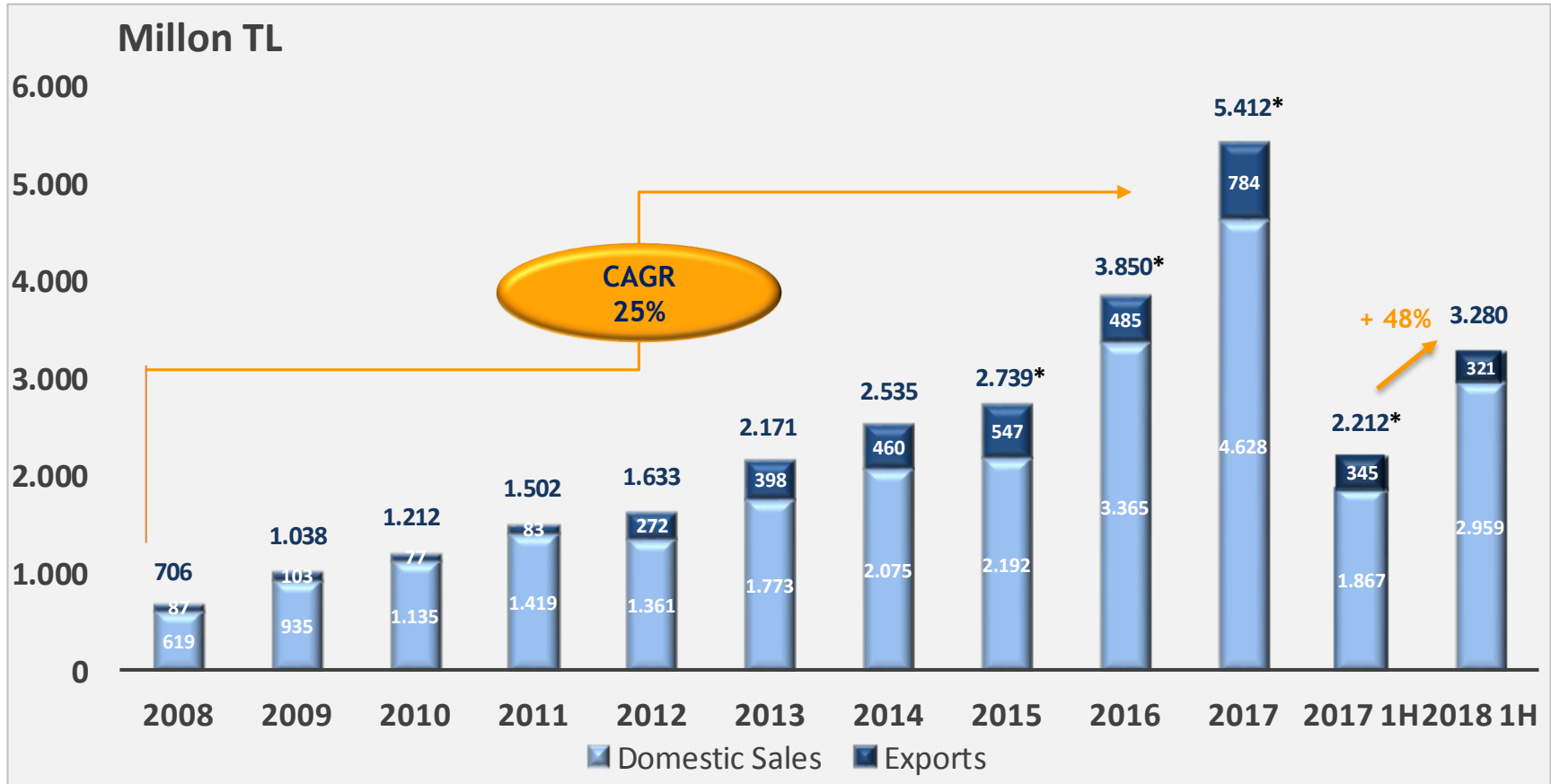
New Contracts Awarded: 2,1 Billion USD

Backlog: 8,1 Billion USD

Net Sales (Jan-June): +48% (TL)

EBITDA increase (Jan-June): +47%  
EBITDA margin: 21.4%

(Million TL)	June'17	June'18	Δ%
<b>Net Sales</b>	2.212	3.280	48
<b>Gross Profit</b>	578	820	42
<b>Operating Profit (EBIT)</b>	415	621	50
<b>EBITDA</b>	477	703	47
<b>Net Profit</b>	545	942	73
<b>Gross Profit Margin</b>	26,1%	25,0%	↓
<b>Operating Profit (EBIT) Margin</b>	18,8%	18,9%	↑
<b>EBITDA Margin</b>	21,6%	21,4%	↓
<b>Net Profit Margin</b>	24,6%	28,7%	↑
<b>Cash and Cash Equivalents</b>	682	3.447	406

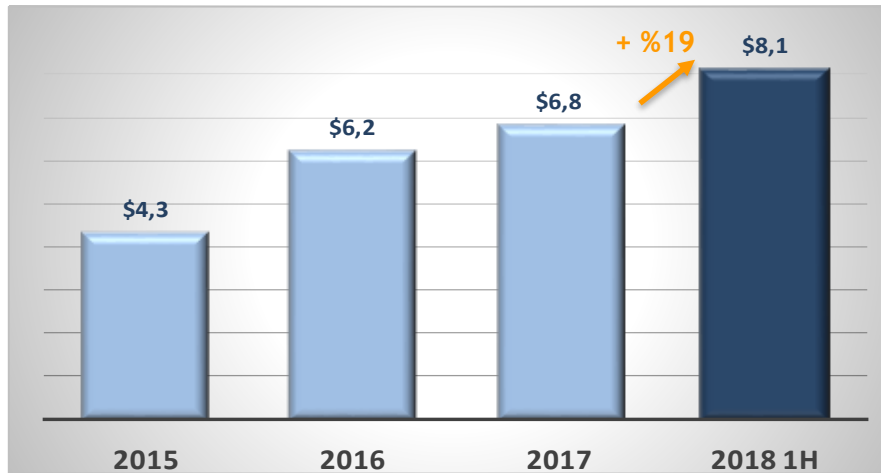


\*Restated after TFRS-15 and TFRS-9 adjustments.

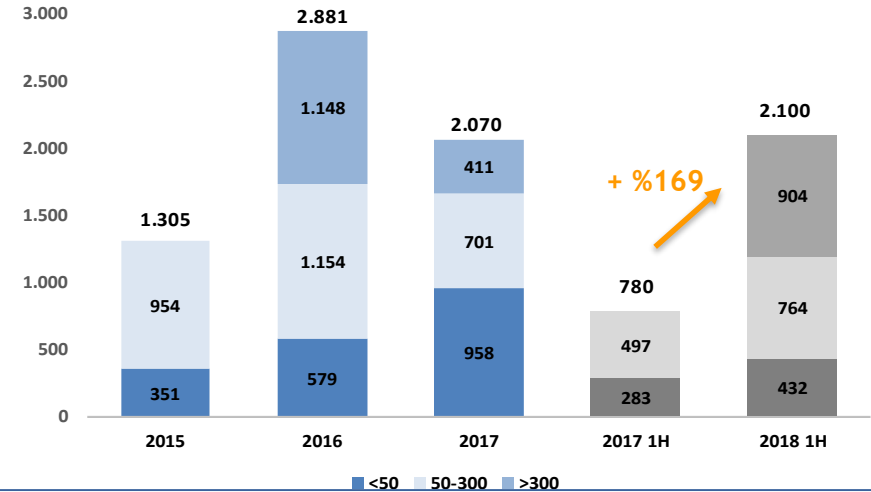
# STRONG BACKLOG AND NEW CONTRACT AWARDS

**aselsan**

Backlog History (Billion USD)



New Contract Awards (Million USD)

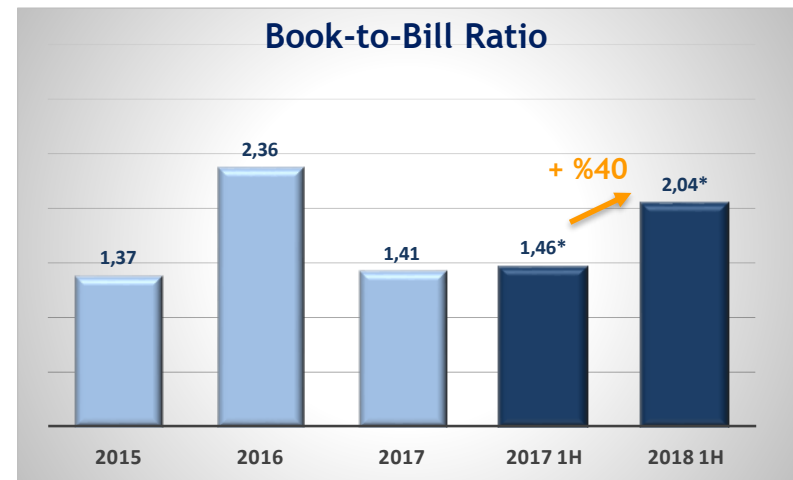


Backlog Aging (Billion USD)

2018*	1,1 - 1,4
2019	2,0 - 2,3
2020	1,9 - 2,2
2021	1,2 - 1,5
2022 and beyond	1,0 - 1,3

\*Backlog for remaining 6 months

Book-to-Bill Ratio

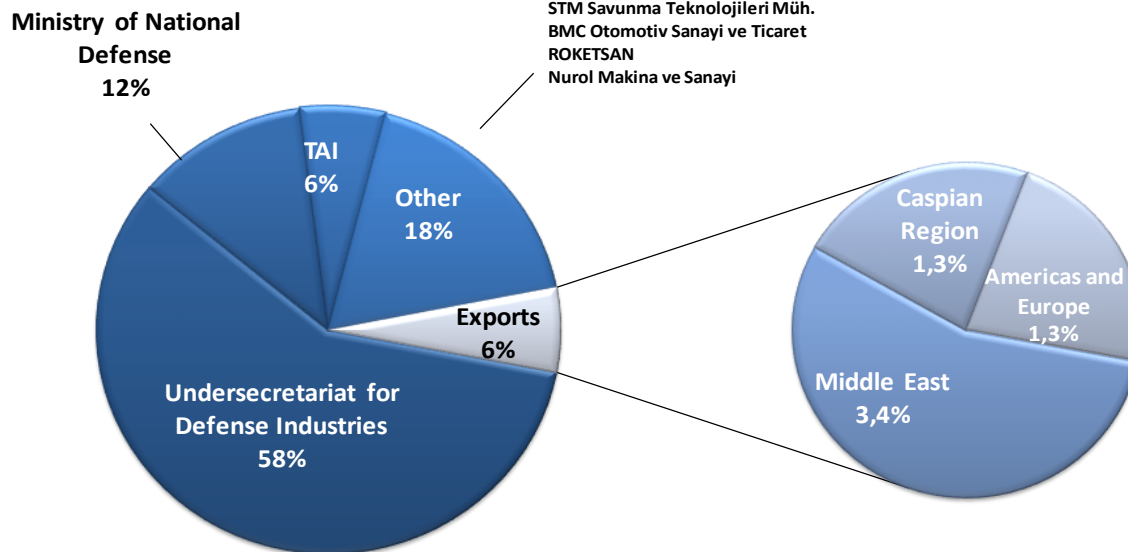


\*Annualized

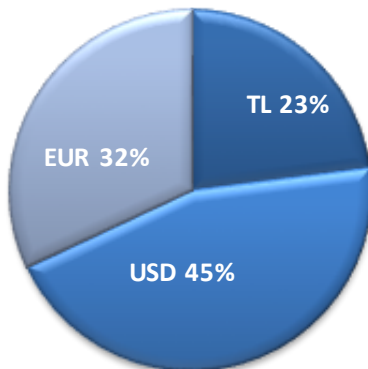


## BACKLOG DISTRIBUTION

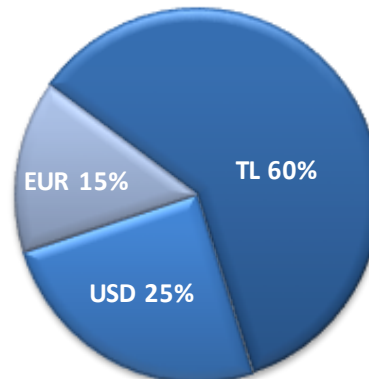
(CLIENT)



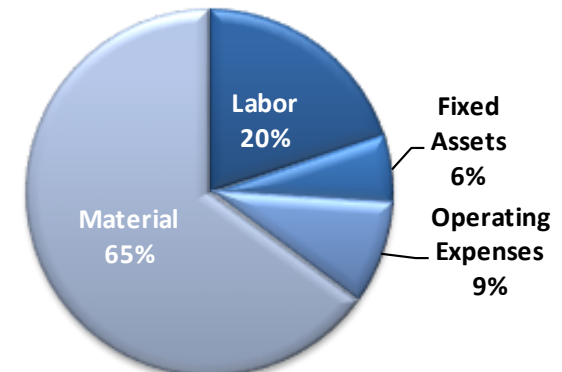
## BACKLOG DISTRIBUTION (CURRENCY)



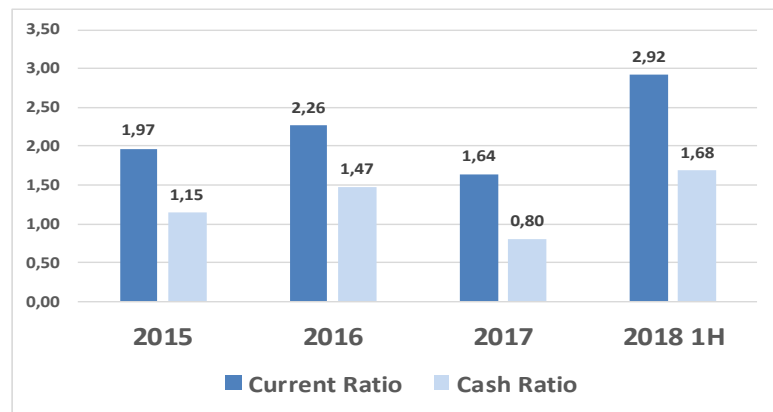
## COST DISTRIBUTION (CURRENCY)



## COST BREAKDOWN (TYPE)



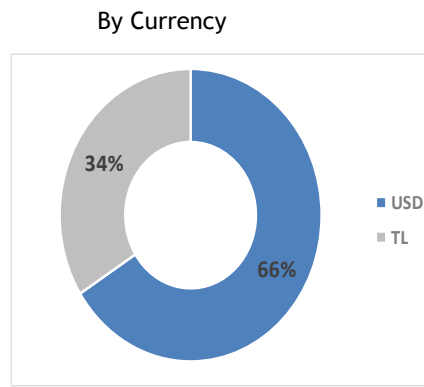
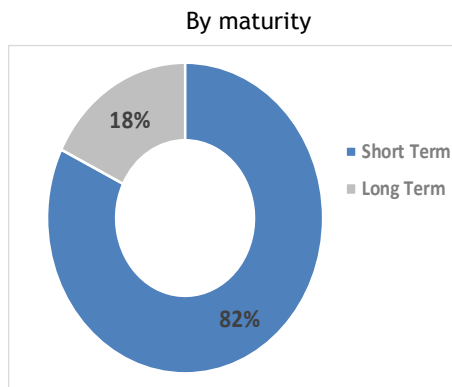
## Key liquidity ratios



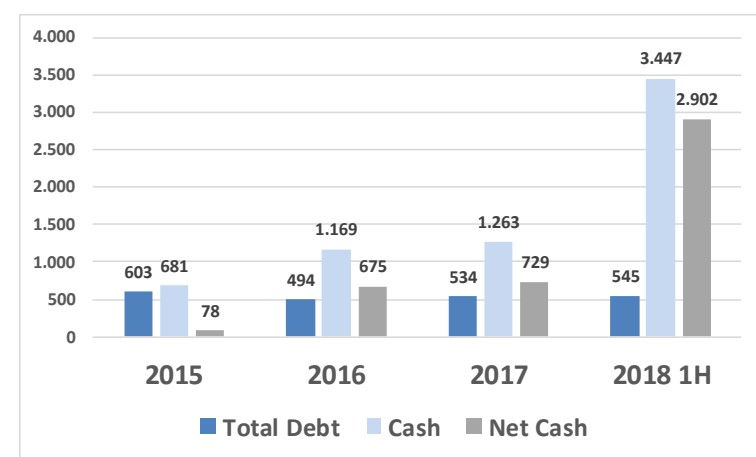
Note on key liquidity ratios:

- Current ratio: Current Assets / Current Liabilities
- Cash ratio: Cash / Current Liabilities

## Composition of debt by maturity and currency



## Net cash/debt position (TL mn)



## Financial resources

Advances taken as down payment

Interim collections within the scope of the contracts

Profits generated by main activities

Defense Industry Support Fund loans

Eximbank export loans

No leverage (unutilized borrowing capacity)

**HAVASOJ  
(Stand-off Jammer)**



**Identification of Friend or Foe  
System Serial Production**



**Laser Guidance Kit**



Aselsan as  
main  
contractor

**MILGEM I-Class Frigate**



**Turkish Fighter Aircraft  
Development (TF-X)**

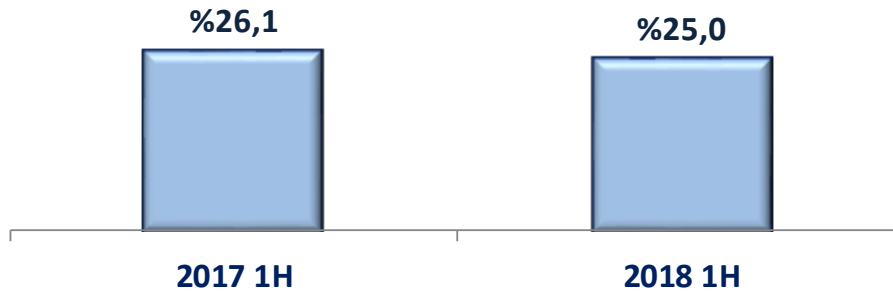


**ALTAY Tank Serial Production**

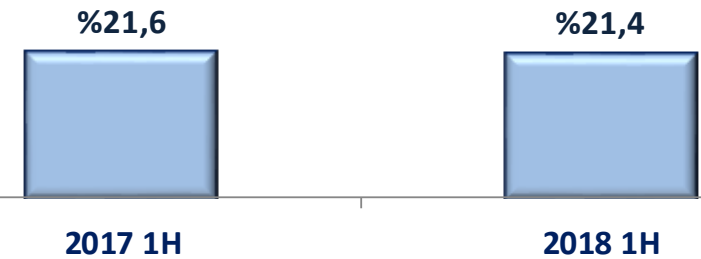


Aselsan as  
sub-  
contractor

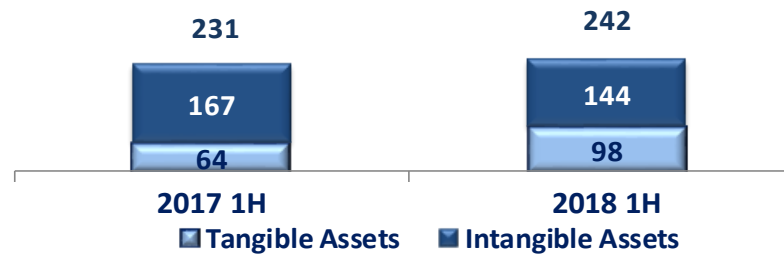
### Gross Profit Margin



### EBITDA Margin



### CAPEX (Tangible + Intangible) (Million TL)





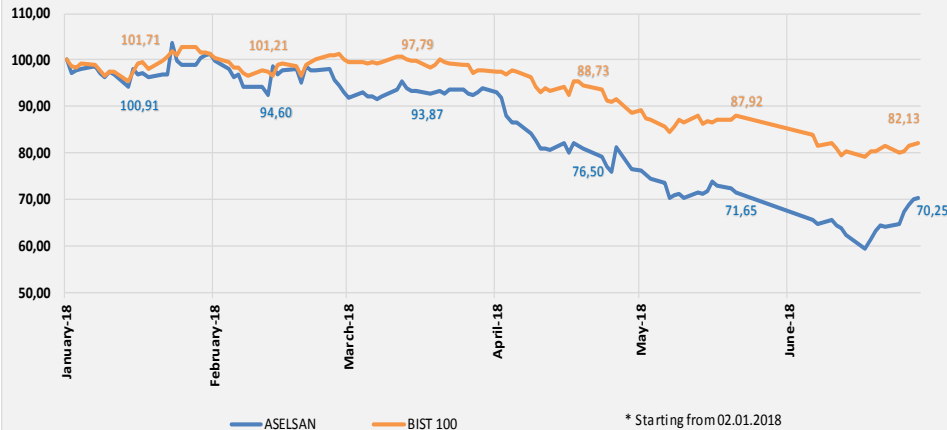
## ASELSAN's guidance on 2018 year-end results

	2017	2018 1H	2018 Guidance
Net Sales	5.412 Million TL	3.280 Million TL	≥ 40% growth (*)
EBITDA Margin	21,4%	21,4%	19-21% (*)
CAPEX	561 Million TL	242 Million TL	650 Million TL

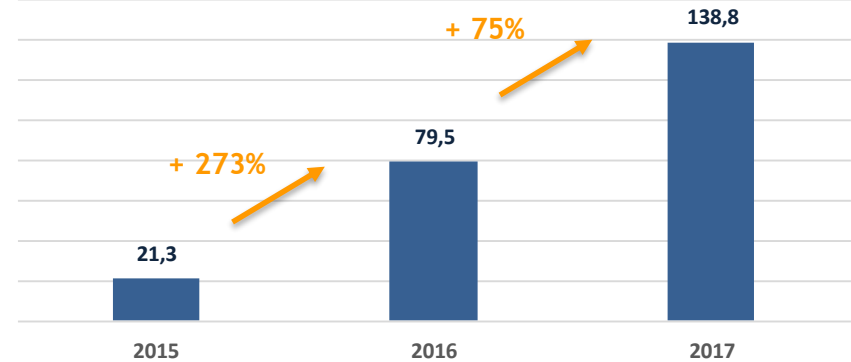
(\*) Revised as a date of 14.08.2018

**ASELSAN reached a market value of 5,78 Billion USD as of 29.06.2018.**

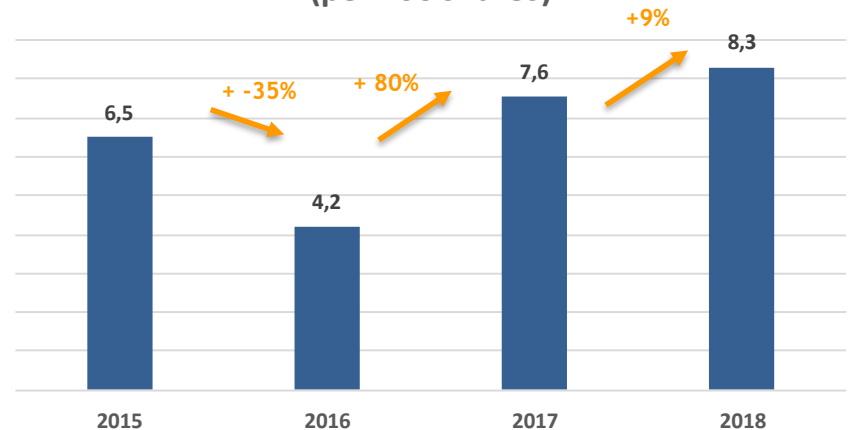
**COMPARISON OF ASELSAN - BIST 100\***



**EPS  
(per 100 shares)**



**DPS  
(per 100 shares)**



## Contact Persons

Okan TURAN  
Chief Financial Officer

Pınar ÇELEBİ  
Investor Relations Manager

Gülru SELÇUK FİLİZ  
Investor Relations Associate

## Address

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06370 Yenimahalle, Ankara, TURKEY  
Tel: +90 312 592 10 00

## Web

[www.aselsan.com.tr](http://www.aselsan.com.tr)

## E-Mail

[aselsan.ir@aselsan.com.tr](mailto:aselsan.ir@aselsan.com.tr)

# APPENDIX



# CONSOLIDATED BALANCE SHEET (MILLION TL)

**aselsan**

ASSETS	30.06.2018	31.12.2017
<b>CURRENT ASSETS</b>	<b>9.904,9</b>	<b>6.058,3</b>
Cash and Cash Equivalents	3.447,0	1.262,8
Trade Receivables	2.153,6	1.581,2
Other Receivables	112,8	112,8
Inventories	2.922,0	2.221,6
Prepaid Expenses	950,0	657,7
Other Current Assets	319,5	222,2
<b>NON-CURRENT ASSETS</b>	<b>6.204,6</b>	<b>5.580,2</b>
Financial Investments	569,1	568,9
Long-term Trade Receivables	1.833,1	1.575,0
Other Long-term Receivables	0,9	0,7
Equity Accounted Investments	89,3	83,3
Property, Plant and Equipment	1.139,7	1.090,8
Intangible Assets	942,0	891,2
Prepaid Expenses	590,8	442,7
Deferred Tax Assets	690,9	650,8
Other Long-term Assets	348,8	276,8
<b>TOTAL ASSETS</b>	<b>16.109,5</b>	<b>11.638,5</b>

LIABILITIES	30.06.2018	31.12.2017
<b>CURRENT LIABILITIES</b>	<b>3.395,0</b>	<b>3.691,7</b>
Short-term Financial Liabilities	441,3	404,3
Short-term Portion of Long-term Financial Liabilities	57,8	67,6
Trade Payables	1.607,1	1.790,3
Employee Benefit Obligations	52,0	46,1
Other Payables	58,5	1,5
Government Grants and Incentives	42,5	41,6
Deferred Income	651,8	900,1
Corporate Tax Liability	3,1	0,7
Short-term Provisions	475,6	425,9
Other Short-Term Liabilities	5,3	13,6

<b>NON-CURRENT LIABILITIES</b>	<b>4.138,9</b>	<b>3.178,7</b>
Long-term Financial Liabilities	46,5	62,2
Long-term Trade Payables	1.463,6	1.262,0
Deferred Income	2.265,4	1.642,8
Long-term Provisions	363,4	211,7

	30.06.2018	31.12.2017
<b>EQUITY</b>	<b>8.575,6</b>	<b>4.768,1</b>
<b>Equity attributable to equity holders of the parent</b>	<b>8.575,1</b>	<b>4.767,6</b>
Share Capital	1.140,0	1.000,0
Share Capital Adjustment	98,6	98,6
Other Comprehensive Income / Expense not to be Re-classified to Profit or Loss	2.801,9	-
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	203,9	209,1
Gain on Revaluation of Available for Sale Financial Assets	554,4	540,7
Foreign Currency Exchange Differences	535,4	535,4
Restricted Profit Reserves	18,7	5,2
Retained Earnings	2.661,9	1.419,2
Net Profit for the Period	941,7	1.375,9
Non-controlling Interests	0,5	0,5
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16.109,5</b>	<b>11.638,5</b>

# CONSOLIDATED INCOME STATEMENT (MILLION TL)

**aselsan**

	01.01.2018- 30.06.2018	01.01.2017- 30.06.2017
<b>PROFIT OR LOSS</b>		
Revenue	3.279,8	2.211,7
Cost of sales (-)	(2.459,7)	(1.633,5)
<b>GROSS PROFIT</b>	<b>820,1</b>	<b>578,2</b>
General administrative expenses (-)	(100,5)	(82,5)
Marketing expenses (-)	(64,6)	(53,6)
Research and development expenses (-)	(34,3)	(26,9)
Other operating income	1.530,7	644,7
Other operating expenses (-)	(1.117,6)	(576,3)
<b>OPERATING PROFIT</b>	<b>1.033,8</b>	<b>483,6</b>
Income from investing activities	4,20	9,0
Share of Losses of Equity-Accounted Investments	(6,6)	5,7
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSE</b>	<b>1.031,4</b>	<b>498,3</b>
Financial income	173,8	159,6
Financial expenses (-)	(299,2)	(239,7)
<b>PROFIT BEFORE TAX FROM CONTINUING</b>	<b>906,0</b>	<b>418,2</b>
<b>Tax income/ (expense) from continuing operations</b>	<b>35,8</b>	<b>126,4</b>
- Current tax expense	(3,1)	(1,1)
- Deferred tax income / (expense)	38,9	127,4
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>941,8</b>	<b>544,6</b>
<b>Profit for the period attributable to:</b>		
Non-controlling interest	0,01	0,050
Shareholders of the parent	941,8	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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ASELSAN is a Turkish Armed Forces Foundation company.



# aselsan

## PROVEN TECHNOLOGY