



aselsan

# Investor Presentation

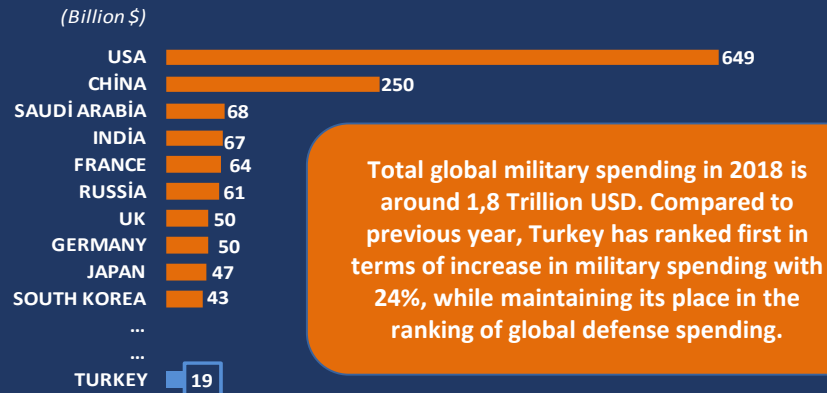
August 2019

# Turkey and ASELSAN's Place in Global Defense

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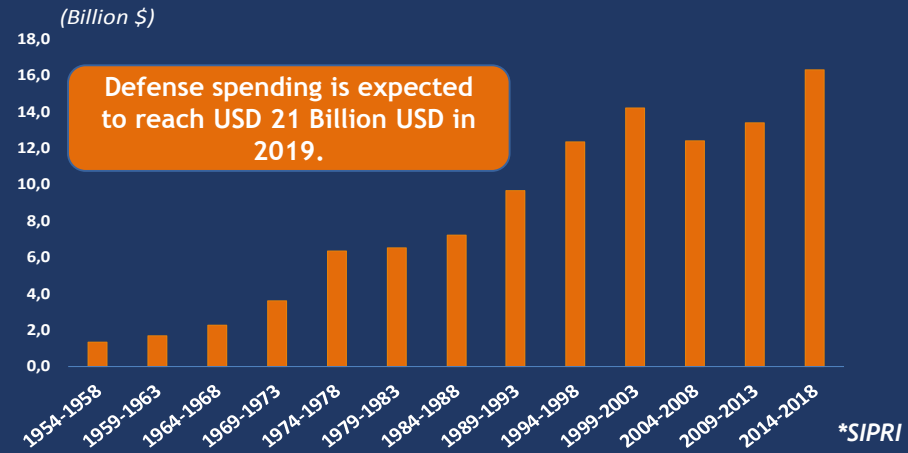
As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget.

## 2018 Top 10 Spenders vs. Turkey



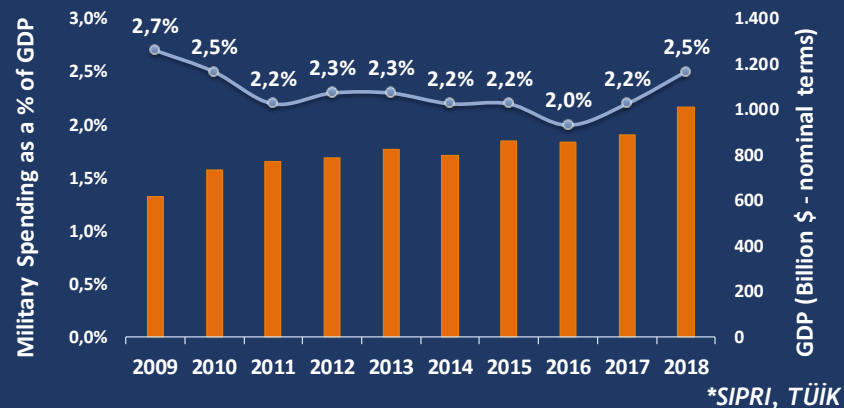
\*SIPRI

## Military Spending of Turkey (5-year averages)

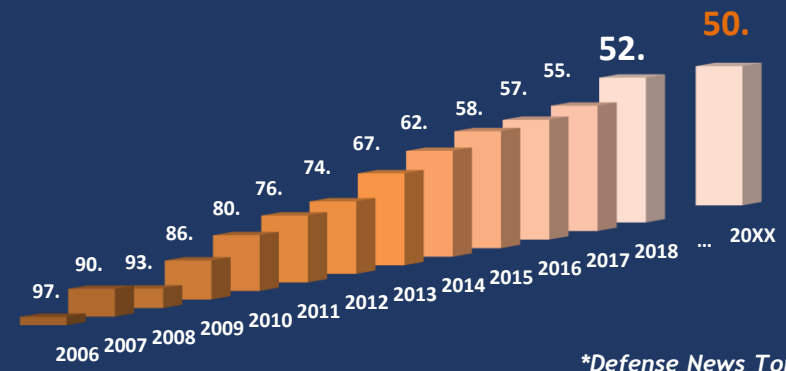


\*SIPRI

## Military Spending as a % of GDP (TURKEY)



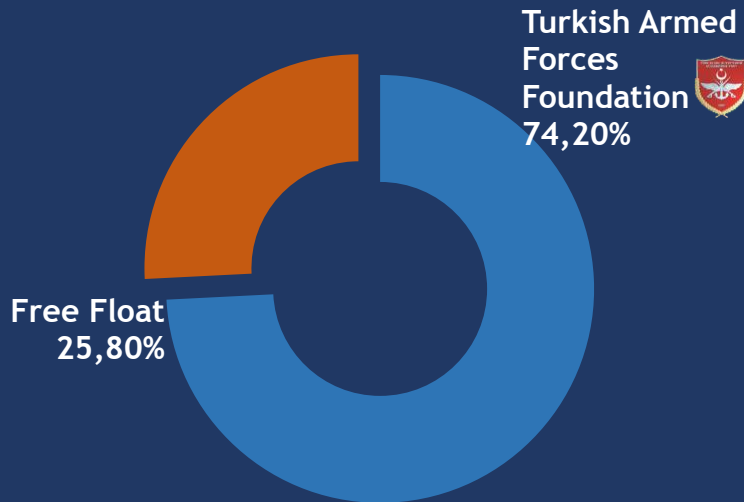
## ASELSAN Global Defense Ranking\*





## Shareholder Structure

ASELSAN is the only defense company listed on BIST.



## Turkish Armed Forces Foundation (TAFF)



- 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 of the shares owned by TAFF have is nominating 6 members of the 9 members of Board of Directors.



## COMMUNICATION INFORMATION TECHNOLOGIES



COMMUNICATION



SATELLITE SYSTEMS



IT and CYBER SECURITY

## MICROELECTRONICS GUIDANCE and ELECTRO-OPTICS



AVIONIC



ELECTRO-OPTIC



GUIDANCE and UNMANNED SYSTEMS



MICROELECTRONICS

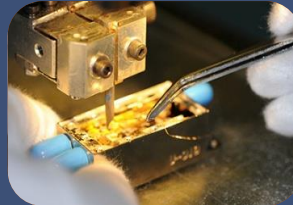
## RADAR, ELECTRONIC WARFARE



RADAR SYSTEMS



ELECTRONIC WARFARE



MICROWAVE PRODUCTS

## DEFENSE SYSTEMS TECHNOLOGIES



AIR and MISSILE DEFENSE



LAND and WEAPON SYSTEMS



COMMAND CONTROL



NAVAL SYSTEMS

## TRANSPORTATION, SECURITY, ENERGY and AUTOMATION



SECURITY



TRANSPORTATION



TRAFFIC and AUTOMATION



ENERGY and HEALTH



## Local

### ROKETSAN



Share : 15%  
Partner : TAFF  
Founded : 1988  
Assets : 1,2 Bio \$

### ASELSANNET



Share : 100%  
Founded : 2004  
Assets : 210,1 Mio \$

### ASELSAN BİLKENT MİKRO NANO



Share : 50%  
Partner : BİLKENT Üniv.  
Founded : 2014  
Assets : 24,6 Mio \$

### ASELSAN HASSAS OPTİK



Share : 50%  
Partner : Sivas Optik  
Malzemeleri  
Founded : 2014  
Assets : 26 Mio \$

### ASELSAN KONYA SİLAH SİST.



Share : 51%  
Partner : Konya Sav. Sanayi  
Founded : 2018  
Assets : 17 Mio \$

### ULAK



Share : 51%  
Partner : SSTEK A.Ş.  
Founded : 2017  
Assets : 14,1 Mio \$

### ASPİLSAN



Share : 1%  
Partner : TAFF  
Founded : 1981  
Assets : 10,3 Mio \$

### MİKROELEKTRONİK



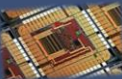
Share : 85%  
Partner : İTÜ ETA  
Participation : 2010  
Founded : 2006  
Assets : 5,1 Mio \$

### BİTES



Share : 51%  
Partner : Real Person  
Founded : 2016  
Assets : 1,9 Mio \$

### TÜYAR



Share : 51%  
Partners : TÜBİTAK, SSM  
Founded : 2017  
Assets : 2,9 Mio \$

### TEKNOHAB



Share : 30%  
Partner : HAB,TUSAŞ  
GAZİ Üniv.  
Founded : 2018  
Assets : 0,4 Mio \$



## International

### KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Share : 49%  
Partner : Kazakhstan  
Engineering  
Founded : 2011  
Assets : 39,1 Mio \$

### ASELSAN-BAKU (AZERBAIJAN)



Share : 100%  
Foudned: 1998  
Assets : 1,8 Mio \$

### MACEDONIA BRANCH



Share : 100%  
Founded : 2014  
Assets : 6 Mio \$

### SOUTH AFRICA BRANCH



Share : 100%  
Founded : 2011  
Assets : 0,9 Mio \$

### ASELSAN MIDDLE EAST (JORDAN)



Share : 49%  
Partner : KADDB  
Investment Group  
Founded : 2012  
Assets : 11 Mio \$

### BARQ QSTP (QATAR)

Share : 48%  
Partner : BARZAN Holding,  
SSTEK A.Ş.  
Founded : 2018  
Assets : 0,3 Mio \$

### IGG ASELSAN INTEGRATED SYSTEMS (UNITED ARABIAN EMIRATES)

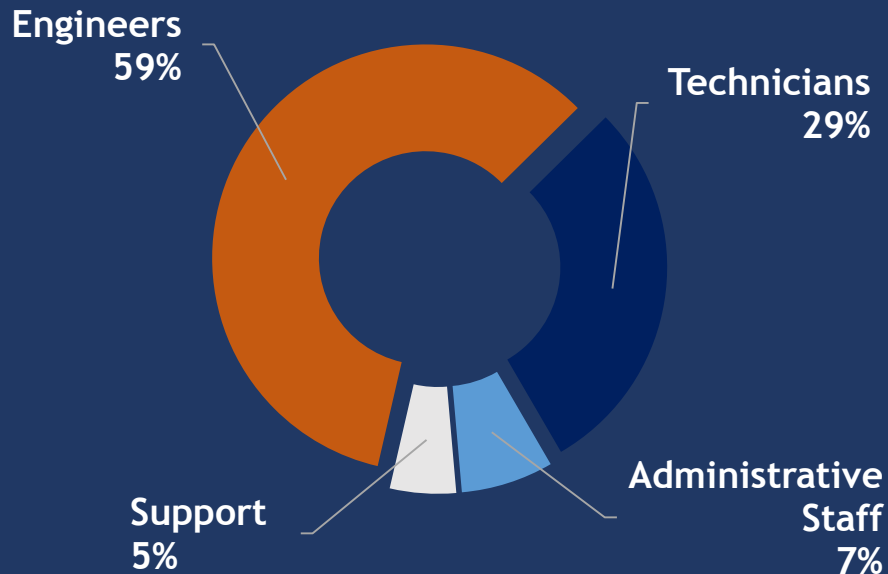


Share : 49%  
Partner : IGG  
Founded : 2011  
Assets : 4,2 Mio \$

### SADEC (SAUDI ARABIA)

Share : 50%  
Partner : TAQNIA DST  
Foudned : 2016  
Assets : 1,2 Mio \$

Total Employees : 7.092  
Engineers : 4.197



## Talent Management

University-Industry Cooperation

Location and Fringe Benefits

Back to Turkey Project

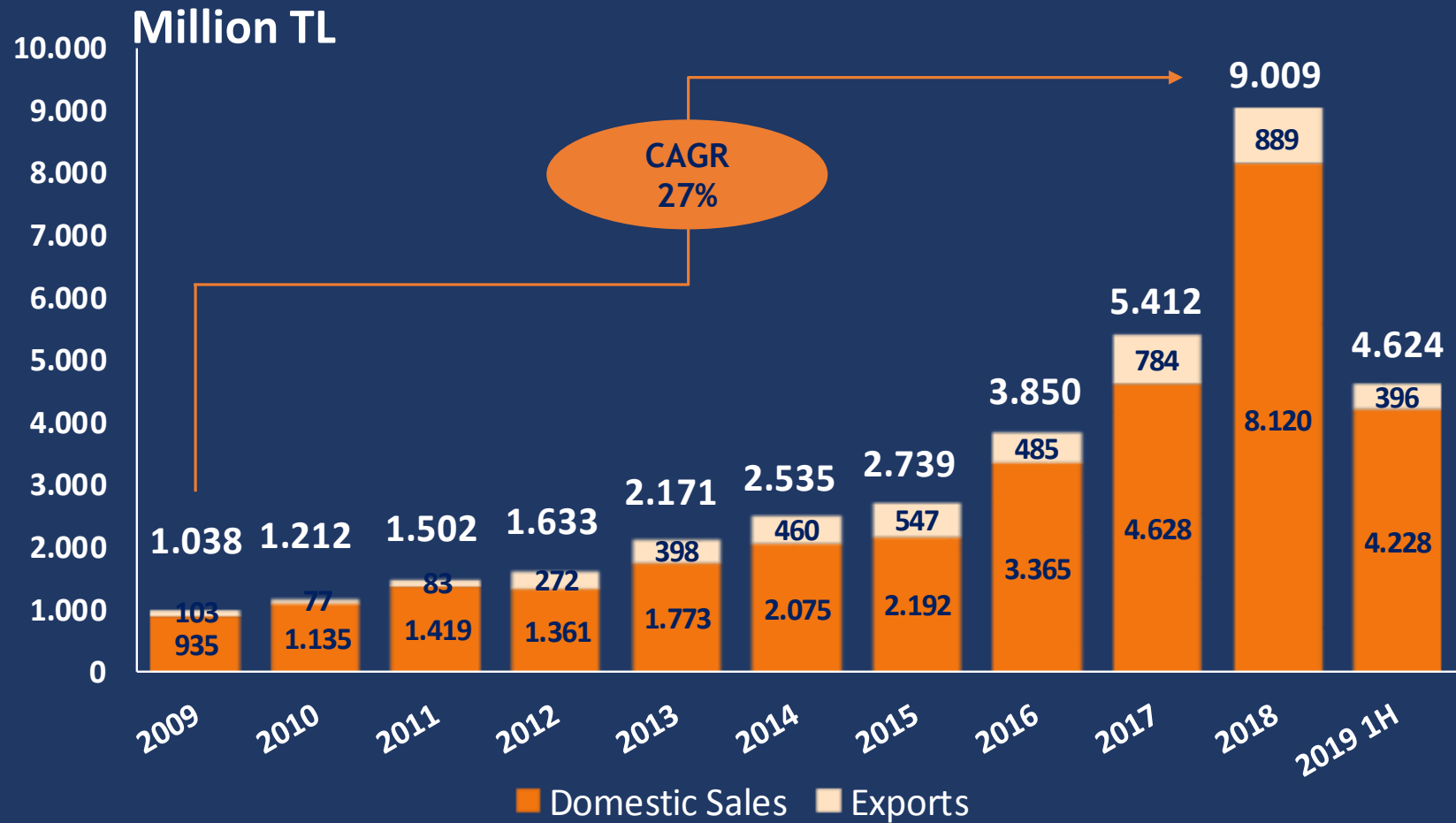
Projects Carried Out with Universities

Internship and Co-op Opportunities for High school and University Students

Masters and Doctorate Program Incentives for Employees

ASELSAN Academy





1,8  
Billion \$

NEW  
CONTRACTS

10,2  
Billion \$

BACKLOG

+41%

INCREASE in  
REVENUE  
(TL)

+35%

INCREASE in  
EBITDA

20,5%

EBITDA  
MARGIN



## Financial Highlights

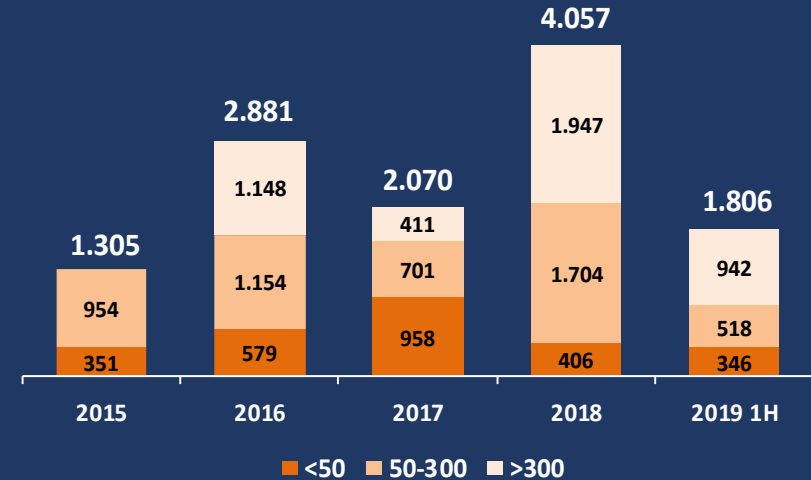
(Million TL)	June'18	June'19	Δ%
Net Sales	3.280	4.624	41
Gross Profit	820	1.126	37
Gross Profit Margin	25,0%	24,3%	↓
Operating Profit (EBIT)	621	841	36
Operating Profit (EBIT) Margin	18,9%	18,2%	↓
EBITDA	703	947	35
EBITDA Margin	21,4%	20,5%	↓
Net Profit	942	1.335	42
Net Profit Margin	28,7%	28,9%	↑
Cash and Cash Equivalents	3.447	1.612	↓
Net Cash	2.901	155	↓



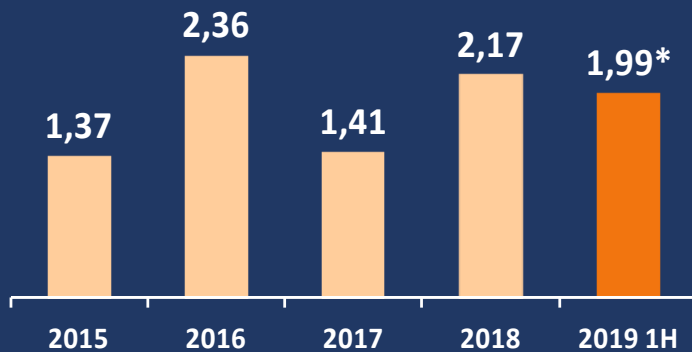
Backlog History (Billion USD)



New Contract Awards (Million USD)



Book-to-Bill Ratio



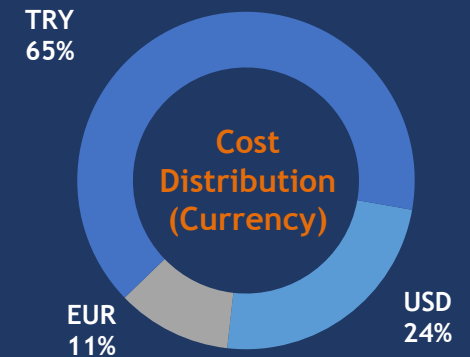
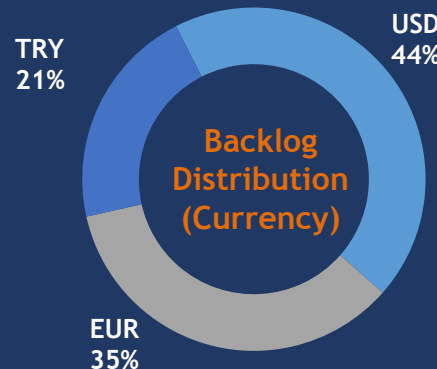
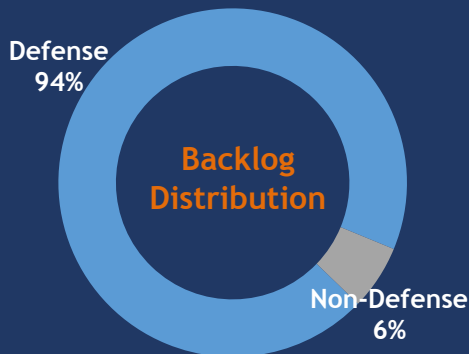
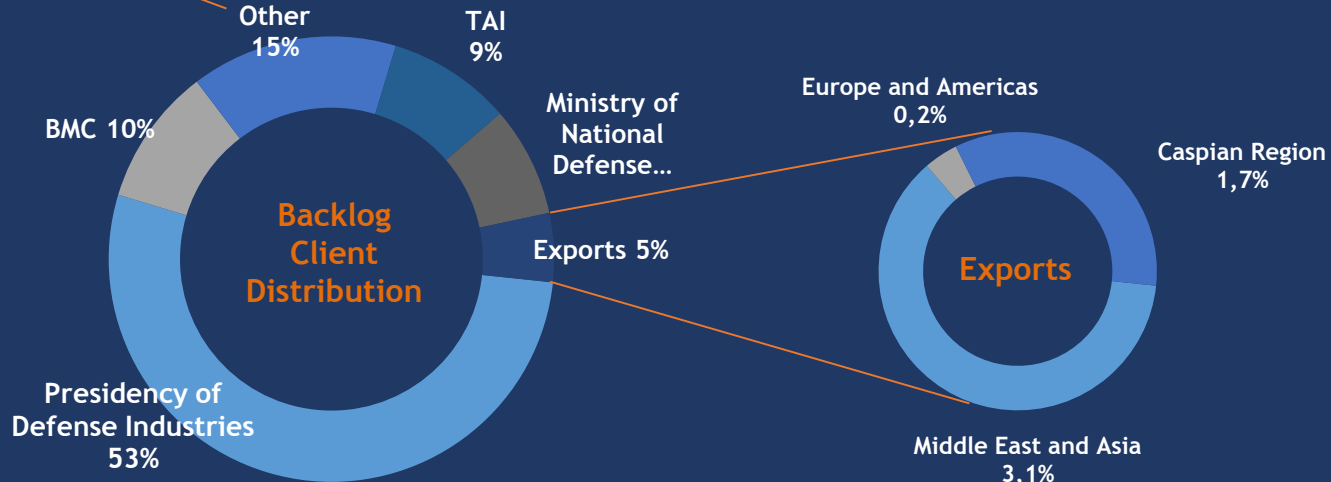
(\*) Annualized.

Backlog Aging  
(Billion USD)

2019*	1,5 - 1,8
2020	2,4 - 2,8
2021	1,9 - 2,2
2022	1,1 - 1,4
2023 and Beyond	2,1 - 2,5

(\*) Backlog for the remaining 6 months.

STM Savunma Teknolojileri Müh.  
ROKETSAN  
Turkish Land Forces Maintenance  
Central Finance Unit





## Prospective Projects



**MILGEM I-Class  
Frigate**



**Indigenous  
Helicopter**



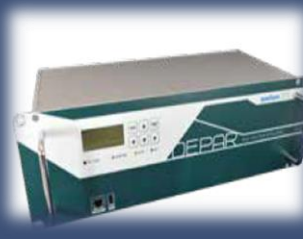
**Laser Guidance  
Kit**



## Non-Defense Areas



**Railway Signaling Systems**



**Energy Management and Smart  
Grid Systems**



**Health Systems**



## Exports / New Export Orders (Million USD)

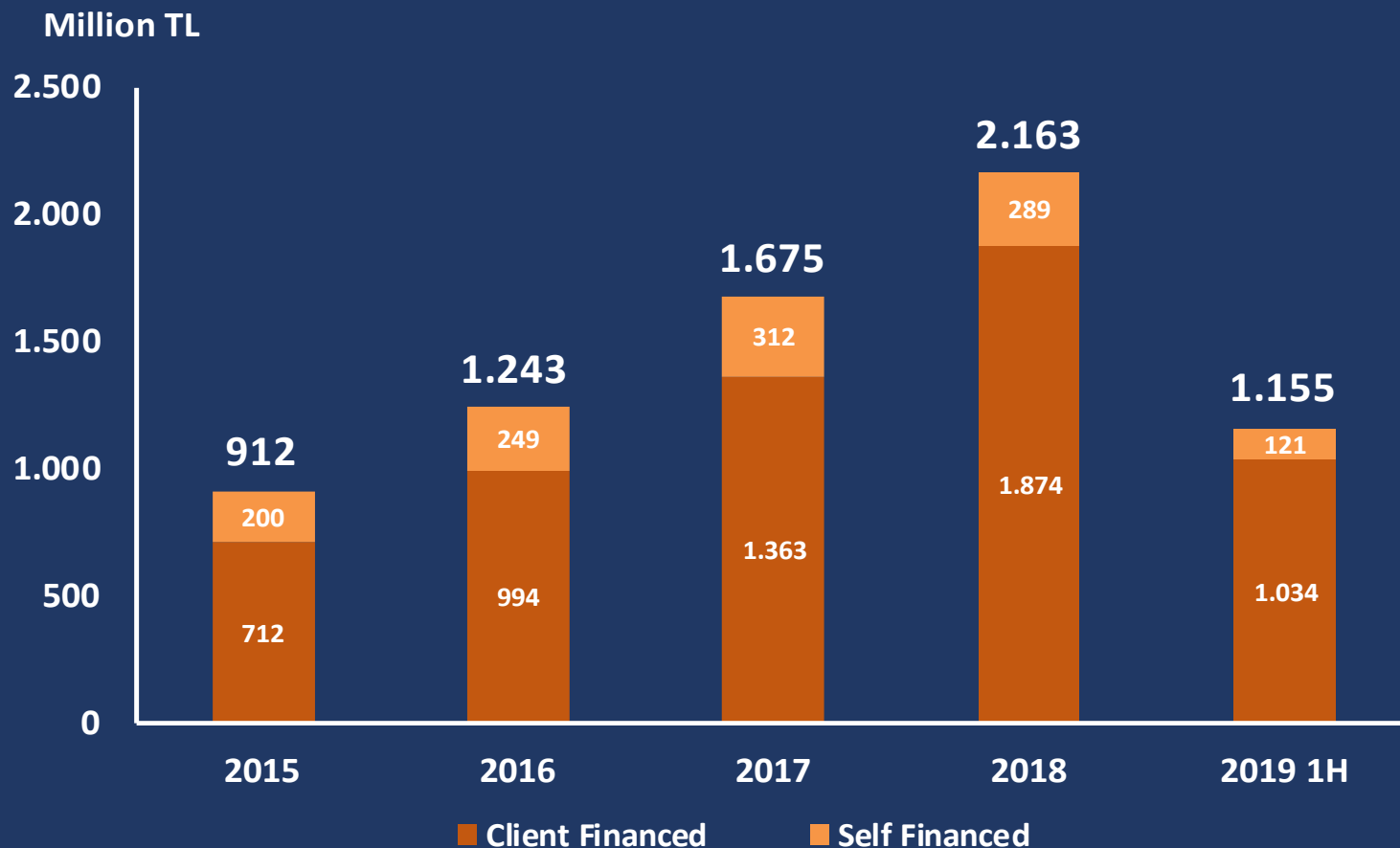


“ASELSAN Global Foreign Trade and Marketing Company” was established on August 6, 2019.

In this way, the aim is to decrease Value Added Tax (VAT) carried forward over time.

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

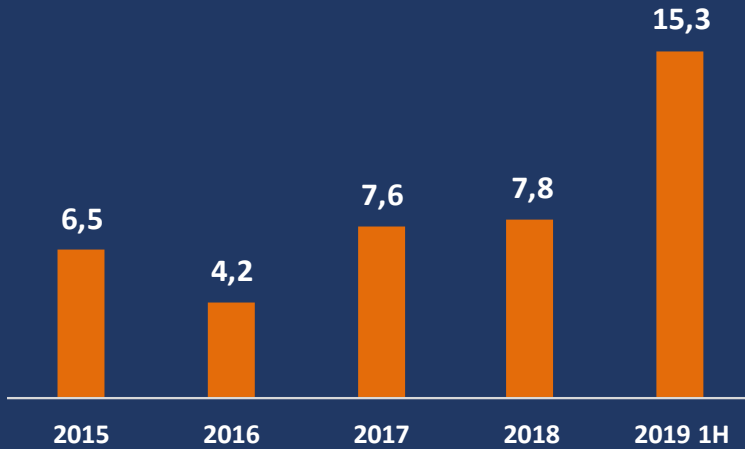
## R&D Spending



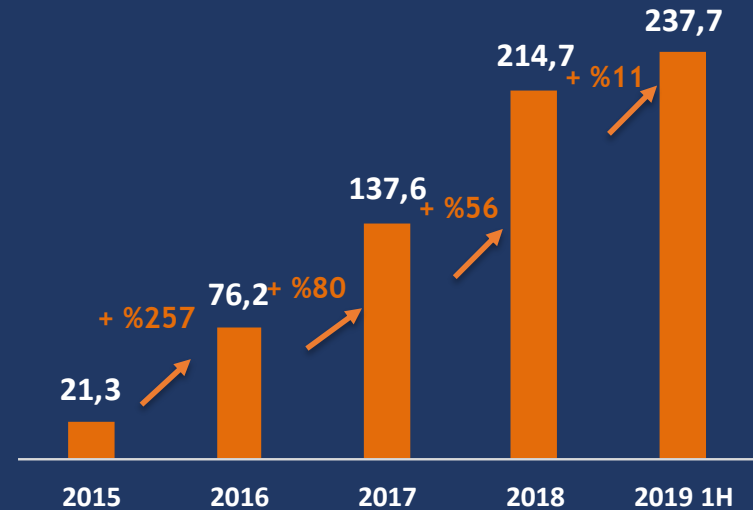


	2018	2019 1H	2019 Guidance
Net Sales	9.009 Million TL	4.624 Million TL	40%-50% Growth
EBITDA Margin	21%	20,5%	19-21%
CAPEX	738 Million TL <small>Tangible 342 M TL Intangible 396 M TL</small>	324 Million TL <small>Tangible 170 M TL (%26) Intangible 154 M TL (%44)</small>	1.000 Million TL <small>Tangible 650 M TL Intangible 350 M TL</small>

## Dividend Per Share (per 100 shares)



## Earnings Per Share TL\* (per 100 shares)



(\*) Annualized.



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# APPENDIX

# Consolidated Balance Sheet (Million TL)

**aselsan**

## Assets

(Million TL)	31/12/2018	30/06/2019
<b>CURRENT ASSETS</b>	<b>11.617</b>	<b>11.546</b>
Cash and Cash Equivalents	3.116	1.612
Financial Investments	-	10
Trade Receivables	3.072	3.177
Inventories	3.577	4.548
Prepaid Expenses	1.319	1.554
Other Current Assets	533	645
<b>NON-CURRENT ASSETS</b>	<b>7.857</b>	<b>9.581</b>
Financial Investments	779	774
Long-term Trade Receivables	2.827	4.188
Property, Plant and Equipment	1.336	1.433
Intangible Assets	1.082	1.179
Prepaid Expenses	504	490
Deferred Tax Assets	734	760
Other Long-term Assets	595	757
<b>TOTAL ASSETS</b>	<b>19.474</b>	<b>21.127</b>

## Liabilities

(Million TL)	31/12/2018	30/06/2019
<b>CURRENT LIABILITIES</b>	<b>4.685</b>	<b>5.436</b>
Short-term Financial Liabilities	766	1.456
Trade Payables	2.549	2.464
Deferred Income	633	571
Other Short-Term Liabilities	737	945
<b>NON-CURRENT LIABILITIES</b>	<b>4.612</b>	<b>4.339</b>
Long-term Financial Liabilities	20	1
Long-term Trade Payables	1.768	2.016
Deferred Income	2.297	1.814
Other Long-term Liabilities	527	508

(Million TL)	31/12/2018	30/06/2019
<b>EQUITY</b>	<b>10.177</b>	<b>11.352</b>
Share Capital	1.140	1.140
Share Premiums	2.797	2.797
Other Funds	1.260	1.380
Retained Earnings	2.662	4.702
Net Profit for the Period	2.318	1.333
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>19.474</b>	<b>21.127</b>



## Consolidated Income Statement (Million TL)

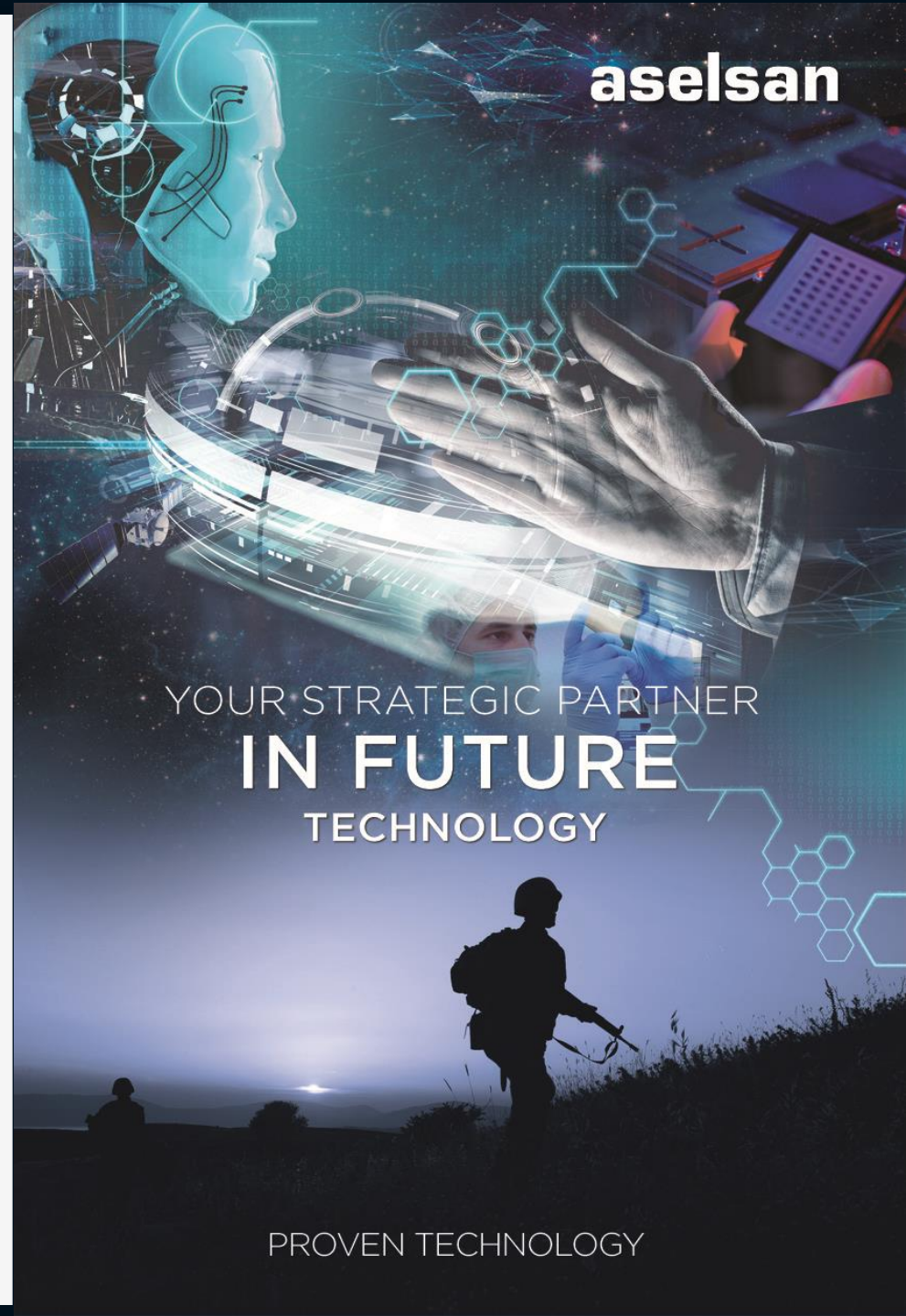
(Million TL)	30/06/2018	30/06/2019
<b>PROFIT OR LOSS</b>		
Revenue	3.280	4.624
Cost of sales (-)	(2.460)	(3.498)
<b>GROSS PROFIT</b>	<b>820</b>	<b>1.126</b>
General administrative expenses (-)	(100)	(153)
Marketing expenses (-)	(65)	(81)
Research and development expenses (-)	(34)	(50)
Other operating income	1.531	1.422
Other operating expenses (-)	(1.118)	(1.028)
<b>OPERATING PROFIT</b>	<b>1.034</b>	<b>1.236</b>
Income from investing activities	4	2
Share of Losses of Equity-Accounted Investments	(7)	4
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSE</b>	<b>1.031</b>	<b>1.242</b>
Financial income	174	509
Financial expenses (-)	(299)	(440)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>906</b>	<b>1.311</b>
Tax income/ (expense) from continuing operations	36	24
- Current tax expense	(3)	(2)
- Deferred tax income / (expense)	39	27
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>942</b>	<b>1.335</b>
Profit for the period attributable to:		
Non-controlling interest	(0,01)	2
Shareholders of the parent	942	1.335

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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TECHNOLOGY

PROVEN TECHNOLOGY