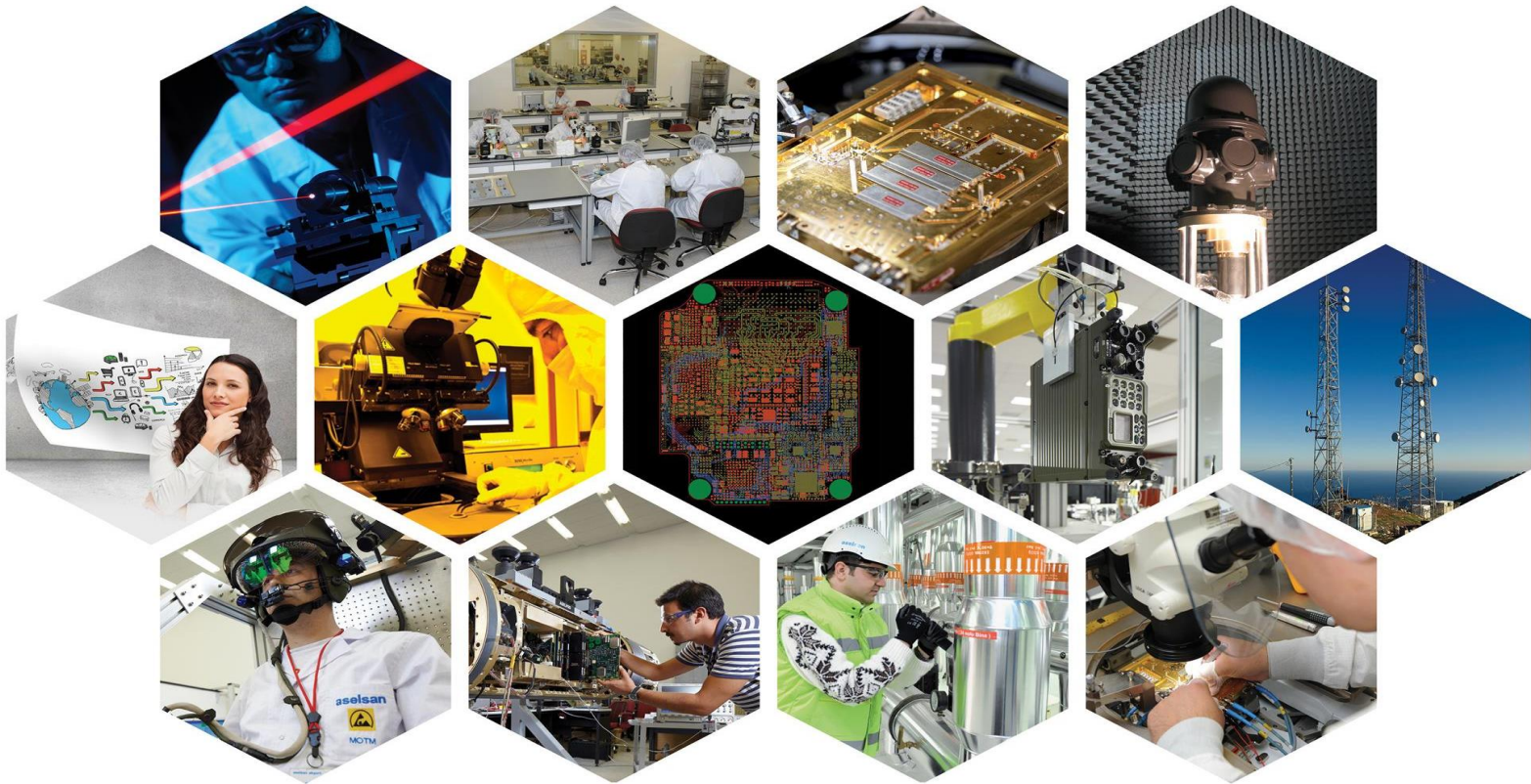


aselsan

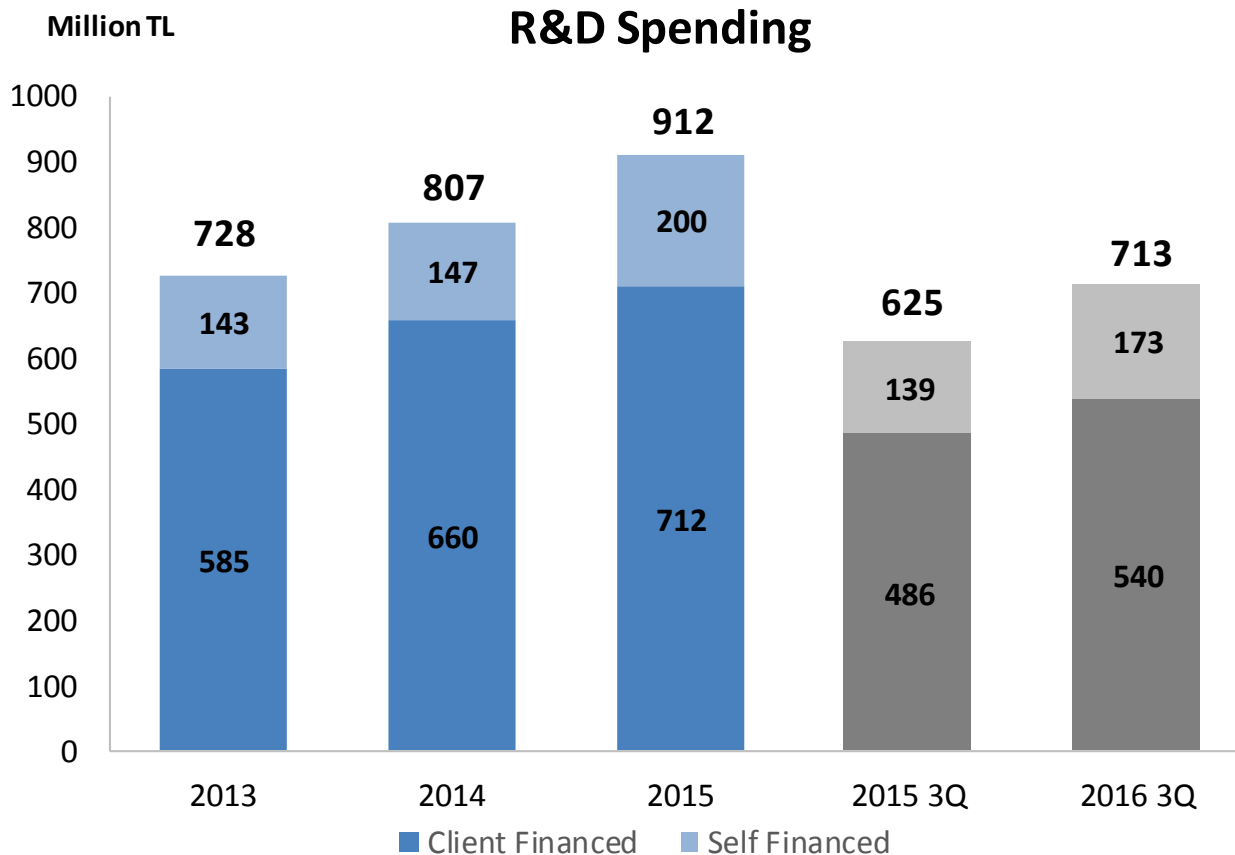
2016 Q3 Earnings Release



AN R&D COMPANY

ASELSAN, the largest R&D spender in Turkey, has a share of 43% in the total Turkish defense sector R&D spending.

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



3Q – KEY FINANCIAL FIGURES

Sustainable Revenue Growth

Net Sales (Jan-Sep): + 16%

Exports: + 9%

Solid Margins

Gross Profit margin: 25%

EBIT margin: 15%

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

Improving Cash Flow

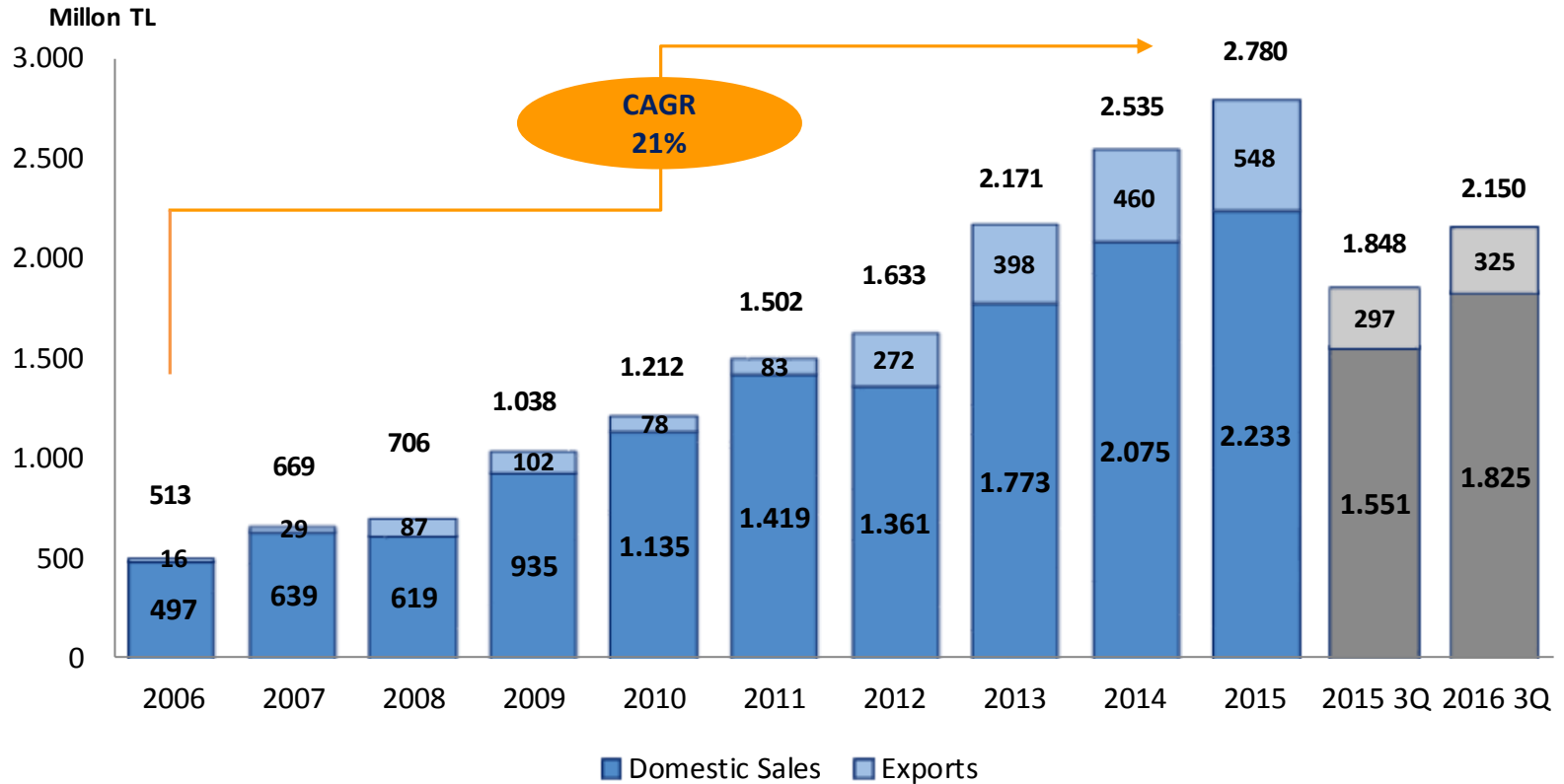
Net Cash Position: +373 Million TL

Free Cash Flow: +320 Million TL

FINANCIAL HIGHLIGHTS

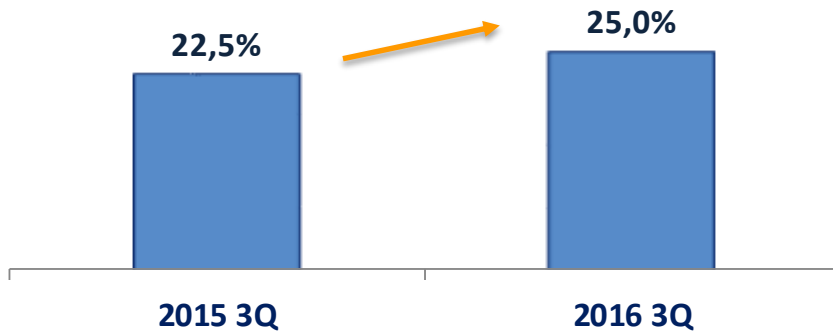
(Million TL)	2015 3Q	2016 3Q	%Δ
New Contracts	3.034	6.122	102%
Backlog	12.646	20.012	58%
Net Sales	1.848	2.150	16%
Gross Profit	415	538	30%
Operating Profit (EBIT)	242	322	33%
EBITDA	317	404	27%
Net Profit	146	389	167%
<i>Gross Profit Margin</i>	<i>22,5%</i>	<i>25,0%</i>	↑
<i>Operating Profit (EBIT) Margin</i>	<i>13,1%</i>	<i>15,0%</i>	↑
<i>EBITDA Margin</i>	<i>17,1%</i>	<i>18,8%</i>	↑
<i>Net Profit Margin</i>	<i>7,9%</i>	<i>18,1%</i>	↑
Operating Cash Flow (OCF)	448	505	↑
Free Cash Flow (FCF)	236	320	↑
Cash and Cash Equivalents	402	821	104%

INCREASING TREND IN NET SALES

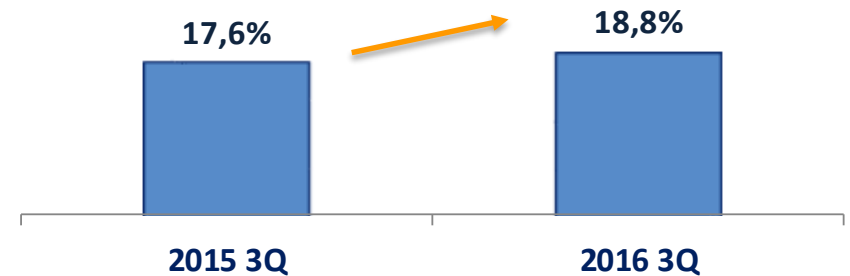


IMPROVED MARGINS AND OPTIMIZED CAPEX

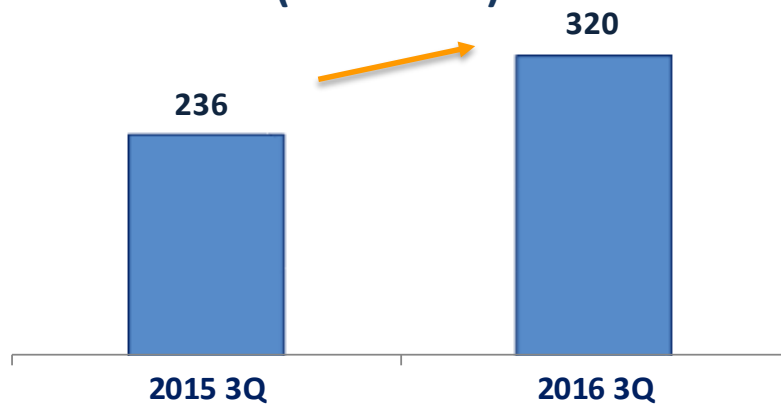
Gross Profit Margin



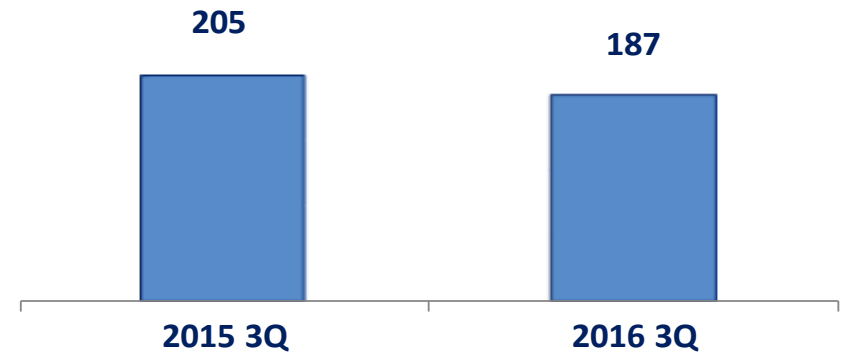
EBITDA Margin



Free Cash Flow (Million TL)

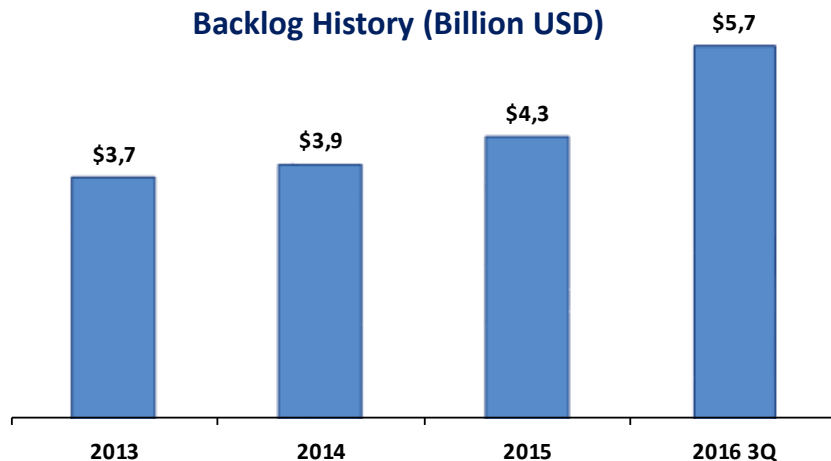


CAPEX (Tangible + Intangible) (Million TL)

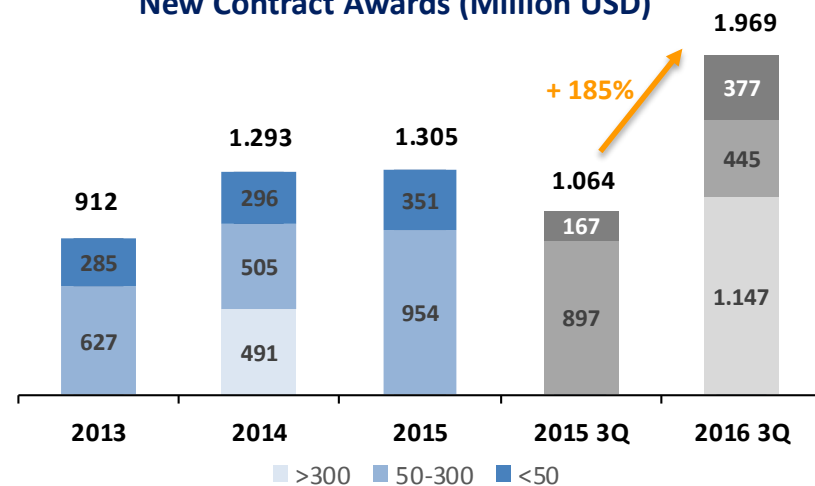


SIGNIFICANT BACKLOG INCREASE AND NEW CONTRACT AWARDS

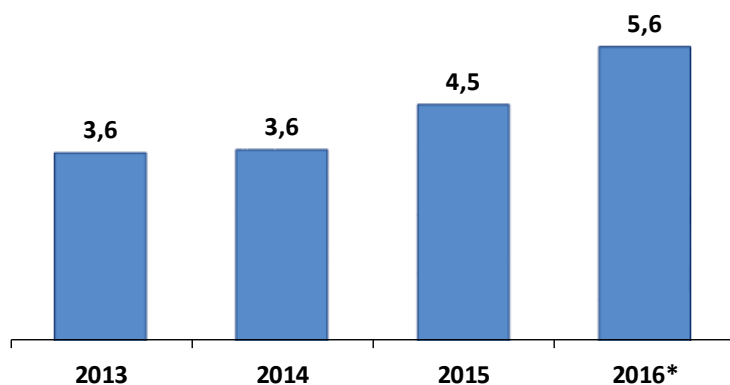
Backlog History (Billion USD)



New Contract Awards (Million USD)



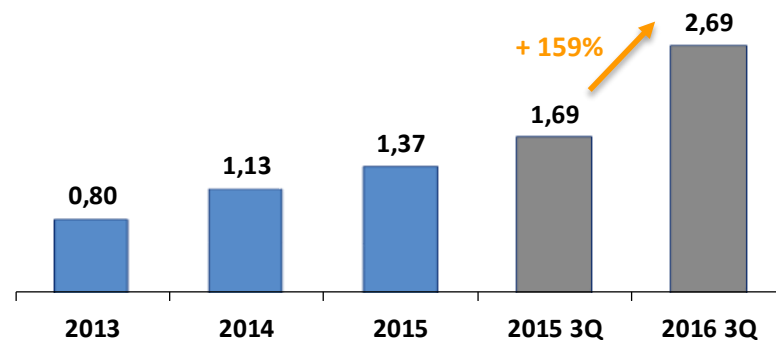
Backlog/Net Sales



Our target is to maintain a backlog level of 3x Net Sales.

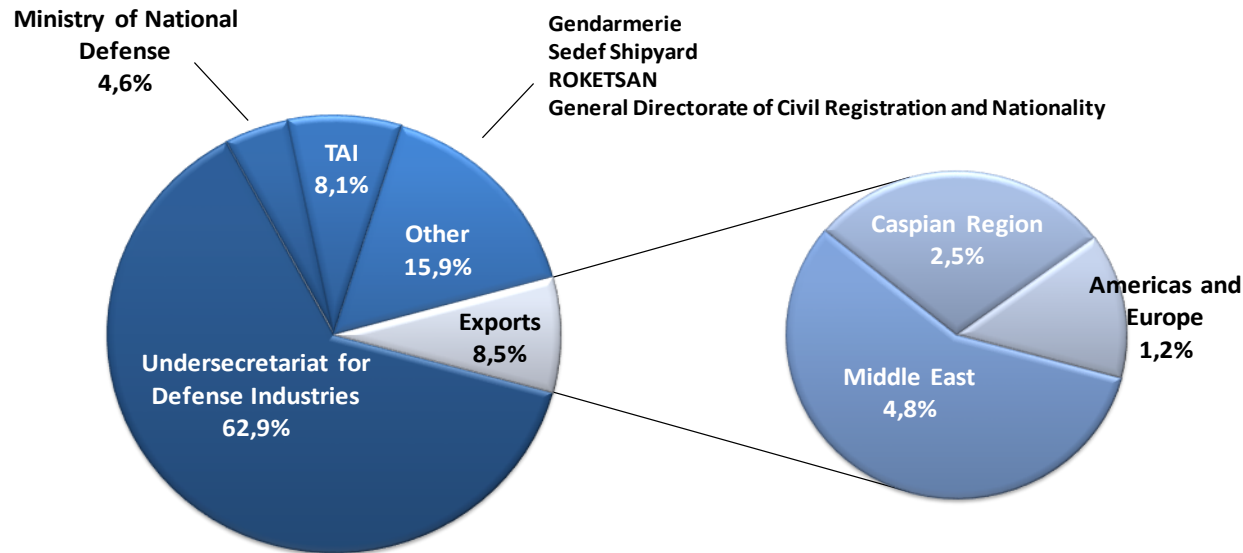
* Sales data is annualized.

Book-to-Bill Ratio

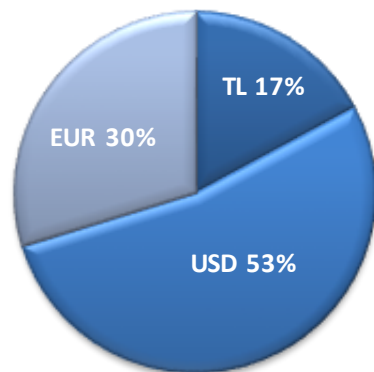


BACKLOG

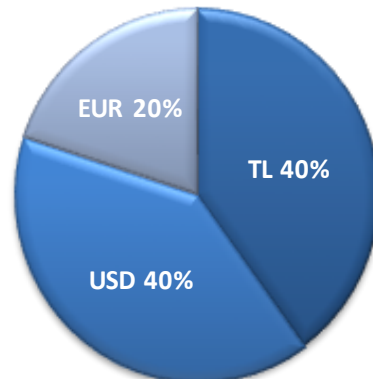
BACKLOG DISTRIBUTION (CLIENT)



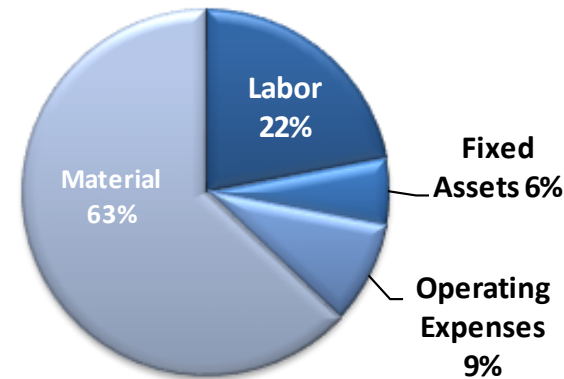
BACKLOG DISTRIBUTION (CURRENCY)



TOTAL EXPENSE DISTRIBUTION (CURRENCY)




TOTAL EXPENSE BREAKDOWN (TYPE)



STRONG CASH FLOW AND NET CASH POSITION

September 30, 2016 Net Cash Position	
Cash & Cash Equivalents 821 Million TL	Financial Debt 448 Million TL
	Net Cash = Cash - Short/Long Term Debt 373 Million TL
December 31, 2015 Net Cash Position	
Cash & Cash Equivalents 681 Million TL	Financial Debt 603 Million TL
	Net Cash = Cash - Short/Long Term Debt 78 Million TL



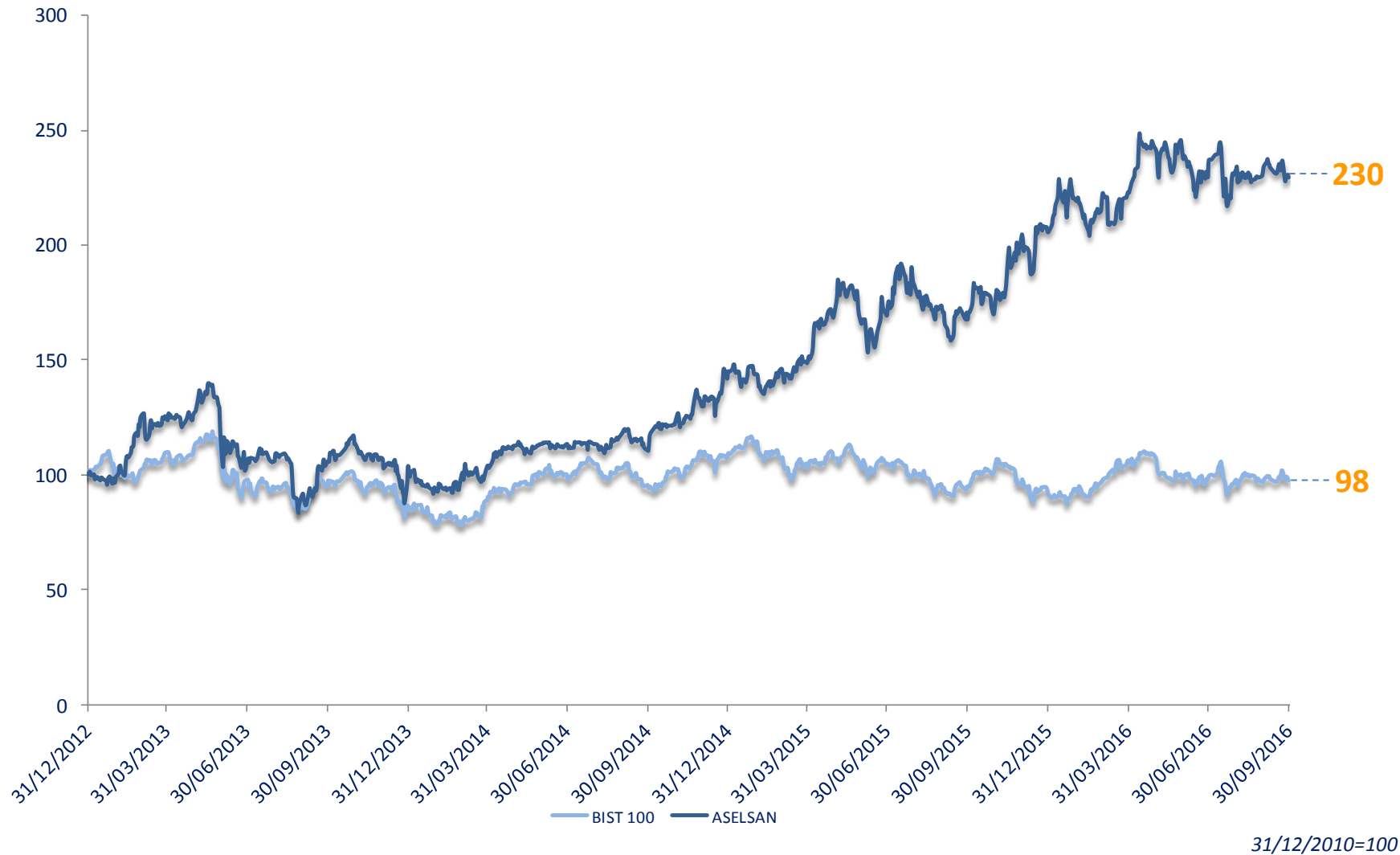
GUIDANCE

ASELSAN's guidance on 2016 year-end results:

	2015	2016 3Q	2016 Expected	Assessment
Net Sales (Million TL)	2.780	2.150	3.200 – 3.400 (16-20% increase)	Expecting a strong 4 th quarter
EBITDA Margin	18%	19%	18-20%	Within the expected range
CAPEX (Million TL)	260	187	340	Likely to remain below annual guidance

REMARKABLE SHARE PERFORMANCE

ASELSAN reached a market value of USD 3,1 Billion as of 30.09.2016.



CONSOLIDATED BALANCE SHEET (MILLION TL)

A S S E T S	30.09.2016	31.12.2015
CURRENT ASSETS	3.892,2	3.092,8
Cash and Cash Equivalents	820,9	681,0
Trade Receivables	1.237,7	1.068,3
Other Receivables	52,5	48,2
Inventories	1.241,5	886,8
Prepaid Expenses	370,1	228,7
Other Current Assets	169,5	179,8
NON-CURRENT ASSETS	3.383,3	3.152,3
Financial Investments	433,5	433,5
Long-term Trade Receivables	499,1	375,9
Other Long-term Receivables	0,5	0,4
Equity Accounted Investments	48,2	41,9
Property, Plant and Equipment	922,6	924,8
Intangible Assets	619,8	537,5
Prepaid Expenses	371,0	410,1
Deferred Tax Assets	364,0	330,5
Other Long-term Assets	124,6	97,7
TOTAL ASSETS	7.275,5	6.245,1

CONSOLIDATED BALANCE SHEET (MILLION TL)

LIABILITIES	30.09.2016	31.12.2015
CURRENT LIABILITIES	1.525,2	1.568,9
Short-term Financial Liabilities	282,7	357,8
Short-term Portion of Long-term Financial Liabilities	55,8	89,4
Trade Payables	568,9	577,2
Employee Benefit Obligations	23,2	21,6
Other Payables	20,8	2,9
Government Grants and Incentives	26,9	22,6
Deferred Income	342,3	261,5
Corporate Tax Liability	1,1	2,6
Short-term Provisions	194,8	220,0
Other Short-Term Liabilities	8,7	13,3
NON-CURRENT LIABILITIES	2.559,4	1.835,4
Long-term Financial Liabilities	110,0	156,1
Long-term Trade Payables	247,1	222,9
Deferred Income	1.915,7	1.269,5
Long-term Provisions	286,6	186,9

CONSOLIDATED BALANCE SHEET (MILLION TL)

	30.09.2016	31.12.2015
EQUITY	3.190,9	2.840,7
Equity attributable to equity holders of the parent	3.190,5	2.840,2
Share Capital	1.000,0	500,0
Share Capital Adjustment	98,6	100,3
Other Comprehensive Income / Expense not to be Re-classified to Profit or Loss	204,0	201,2
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	406,9	406,7
<i>Gain on Revaluation of Available for Sale Financial Assets</i>	<i>406,8</i>	<i>406,8</i>
<i>Foreign Currency Exchange Differences</i>	<i>0,1</i>	<i>(0,1)</i>
Restricted Profit Reserves	94,2	86,9
Retained Earnings	997,6	1.332,2
Net Profit for the Period	389,2	212,9
Non-controlling Interests	0,4	0,5
TOTAL LIABILITIES AND EQUITY	7.275,5	6.245,0

CONSOLIDATED INCOME STATEMENT (MILLION TL)

	01.01.2016- 30.09.2016	01.01.2015- 30.09.2015
PROFIT OR LOSS		
Revenue	2.149,8	1.847,9
Cost of sales (-)	(1.611,5)	(1.433,0)
GROSS PROFIT	538,3	414,9
General administrative expenses (-)	(107,3)	(95,0)
Marketing expenses (-)	(50,0)	(36,9)
Research and development expenses (-)	(59,0)	(41,1)
Other operating income	208,6	341,0
Other operating expenses (-)	(176,5)	(349,4)
OPERATING PROFIT	354,1	233,5
Income from investing activities	8,4	0,1
Share of Losses of Equity-Accounted Investments	1,4	-
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	363,9	233,6
Financial income	60,9	9,9
Financial expenses (-)	(68,8)	(147,6)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	356	95,9
Tax income/ (expense) from continuing operations	33,1	50,1
- Current tax expense	(1,1)	(0,8)
- Deferred tax income / (expense)	34,2	50,9
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	389,1	146
Profit for the period attributable to:		
Non-controlling interest	0,0	0,0
Shareholders of the parent	389,1	146,0

CONSOLIDATED STATEMENT OF CASH FLOW (MILLION TL)

	01.01.2016- 30.09.2016	01.01.2015- 30.09.2015
OPERATING CASH FLOW (OCF)	505	448
Net Profit for the Period	389	146
Depreciation and Amortization	82	75
Change in Inventory	(241)	(25)
Change in Trade Receivables	(297)	7
Prepaid Expenses	(209)	(109)
Deferred Income	727	373
Change in Trade Payables	21	(23)
Others	33	4
CASH FLOW FROM INVESTING ACTIVITIES	(185)	(212)
Tangible Assets	(58)	(58)
Intangible Assets	(129)	(146)
Other Changes	2	(8)
FREE CASH FLOW (FCF)	320	236

CONTACT

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Aykan ÜRETEN
Finance Director

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Investor Relations Manager

Başak YÜCEKAYALI
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FORWARD LOOKING STATEMENTS

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Reliable technology