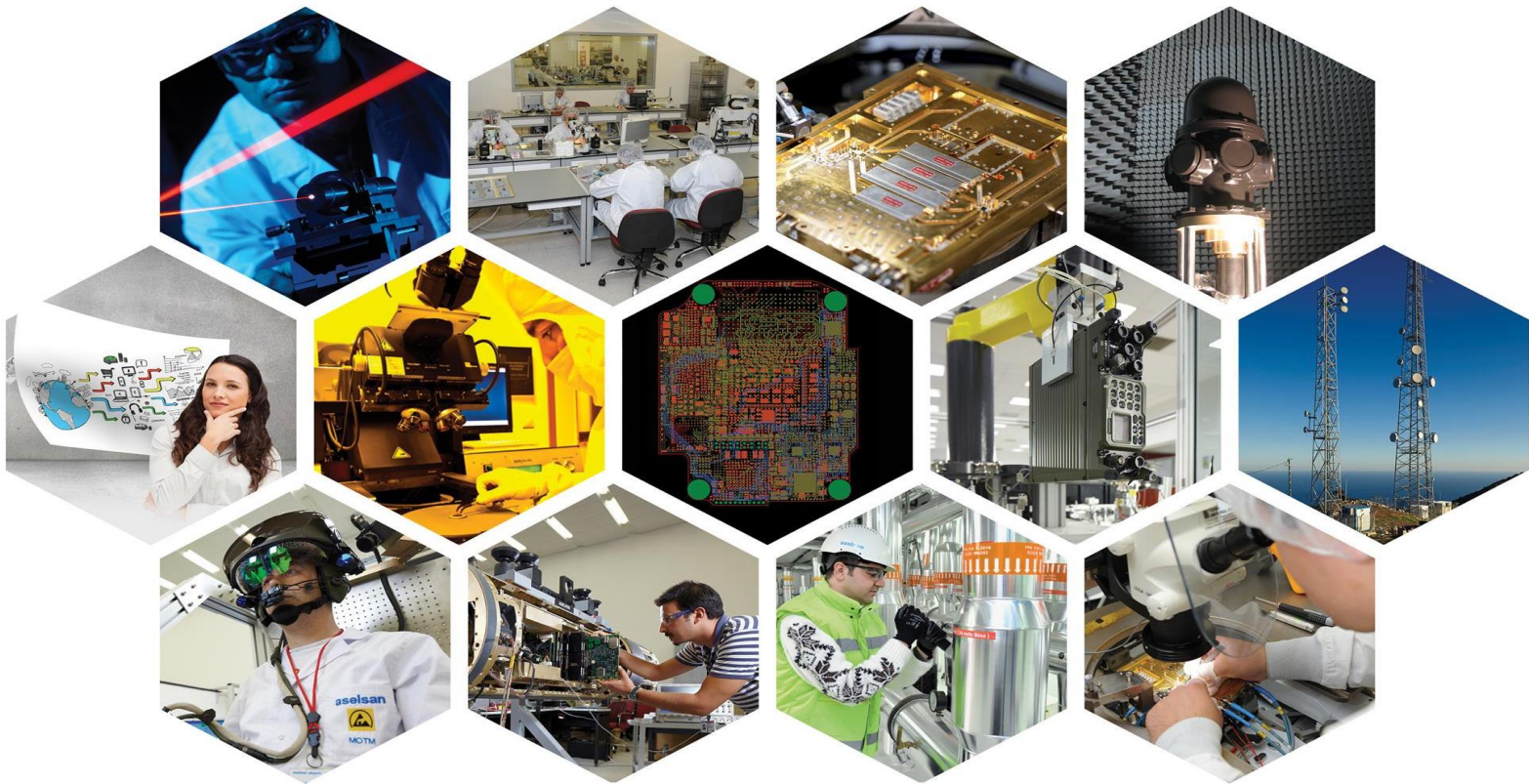
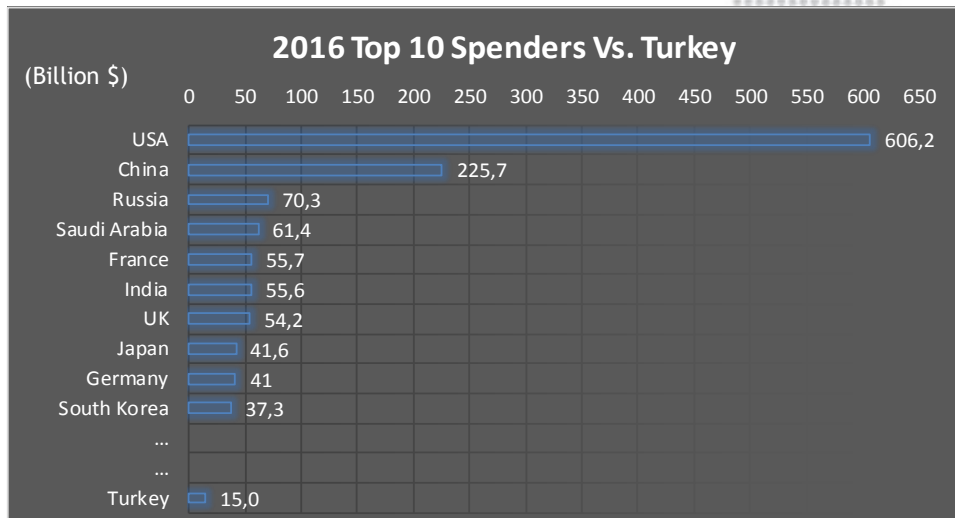
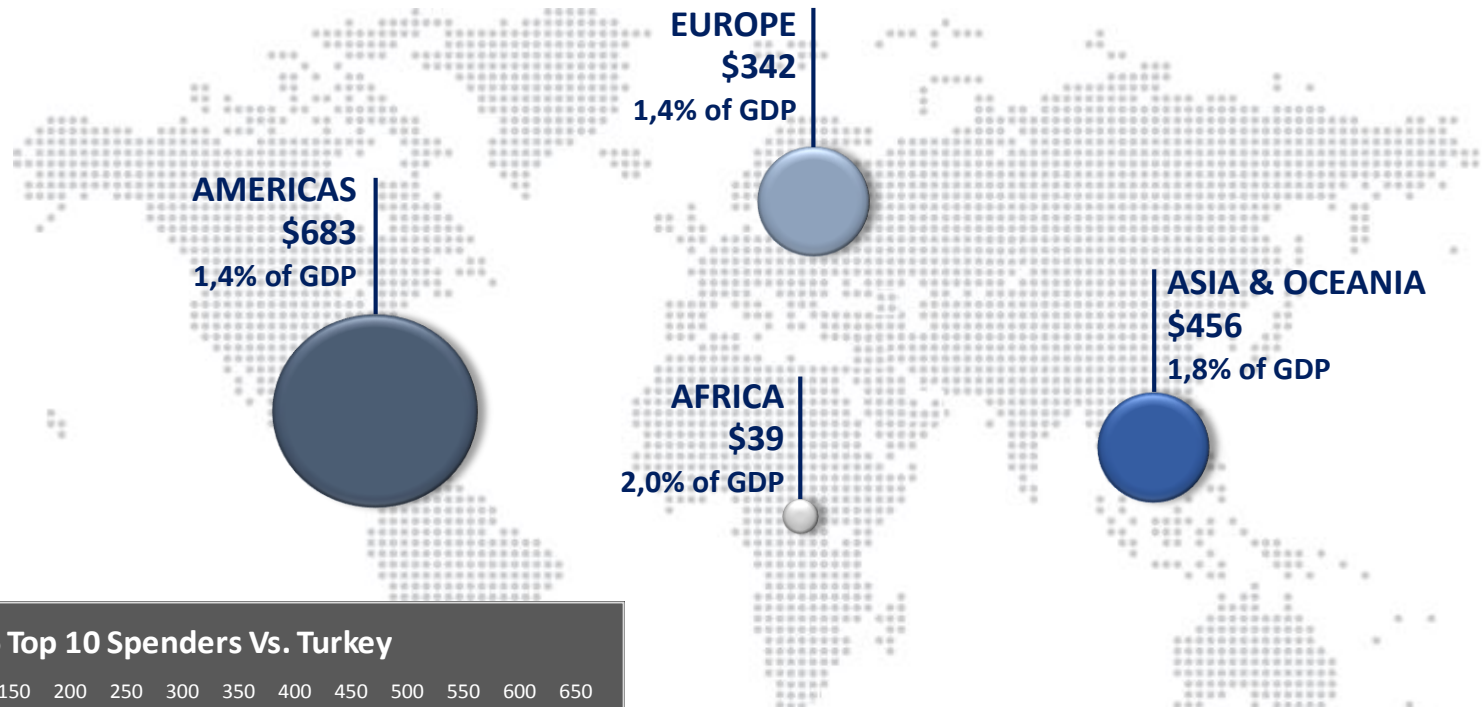


Investor Presentation October 2017



GLOBAL MILITARY SPENDING, 2016 (BILLION \$)

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2016 TOTAL SPENDING: \$1.682

% difference in spending 2015 vs 2016

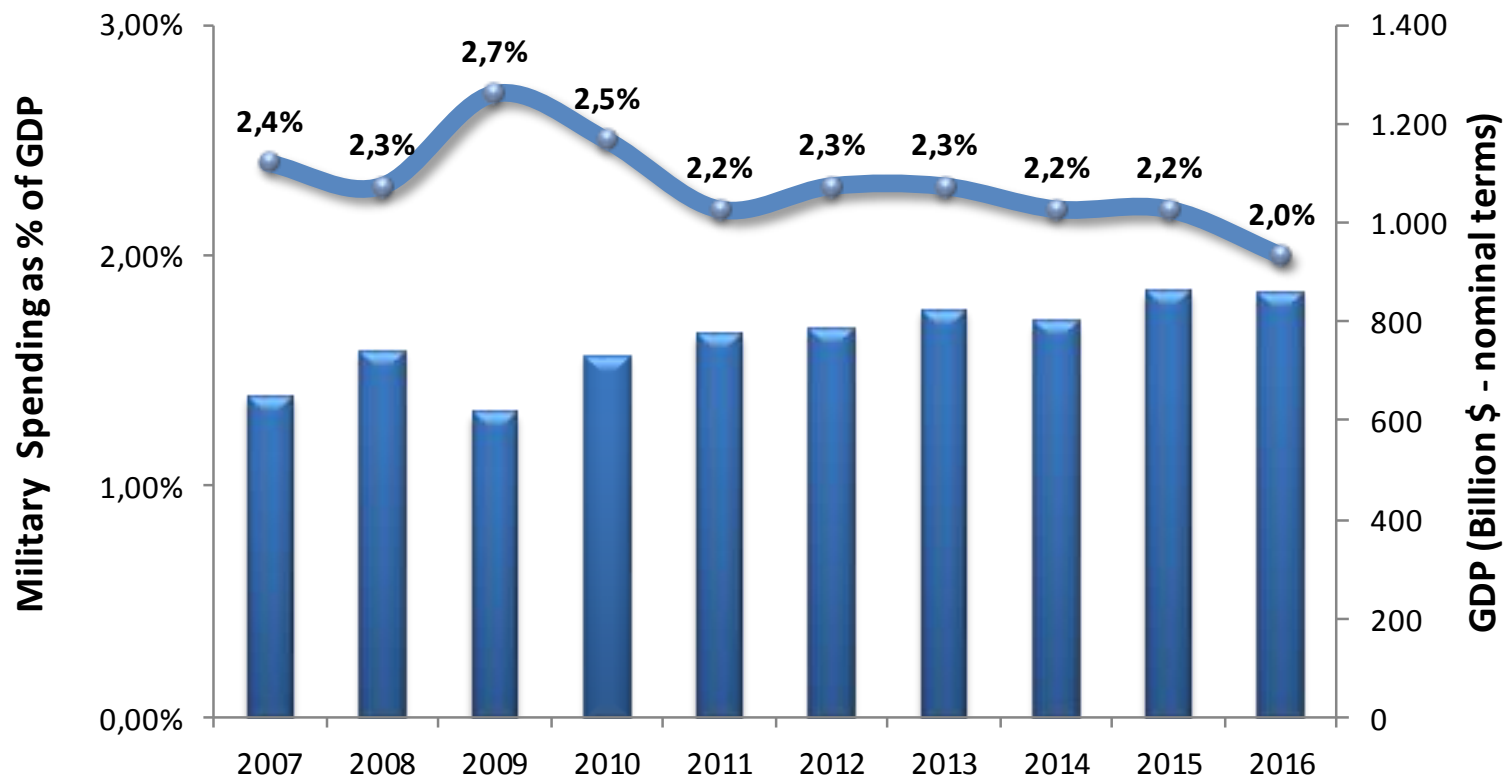
(based on 2011 constant prices & exchange rates)



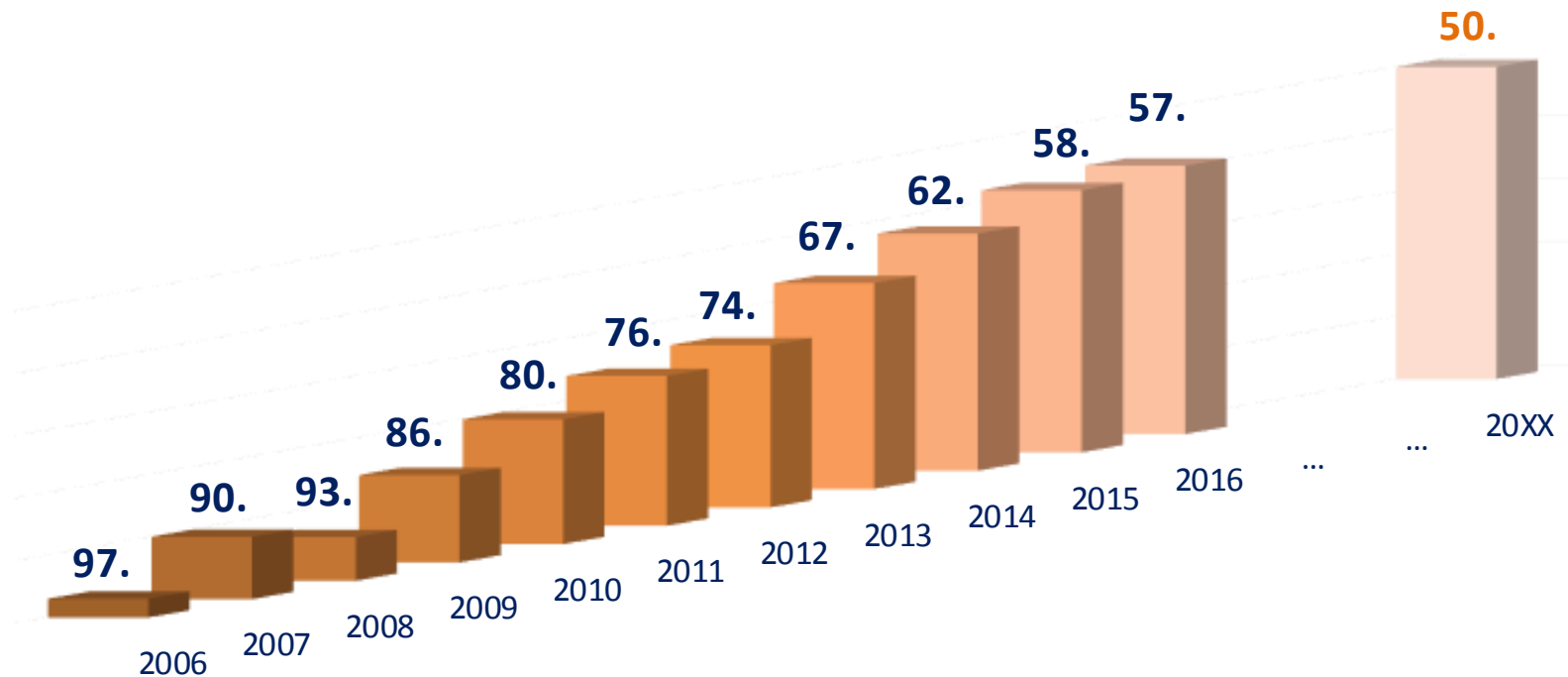
Source: SIPRI

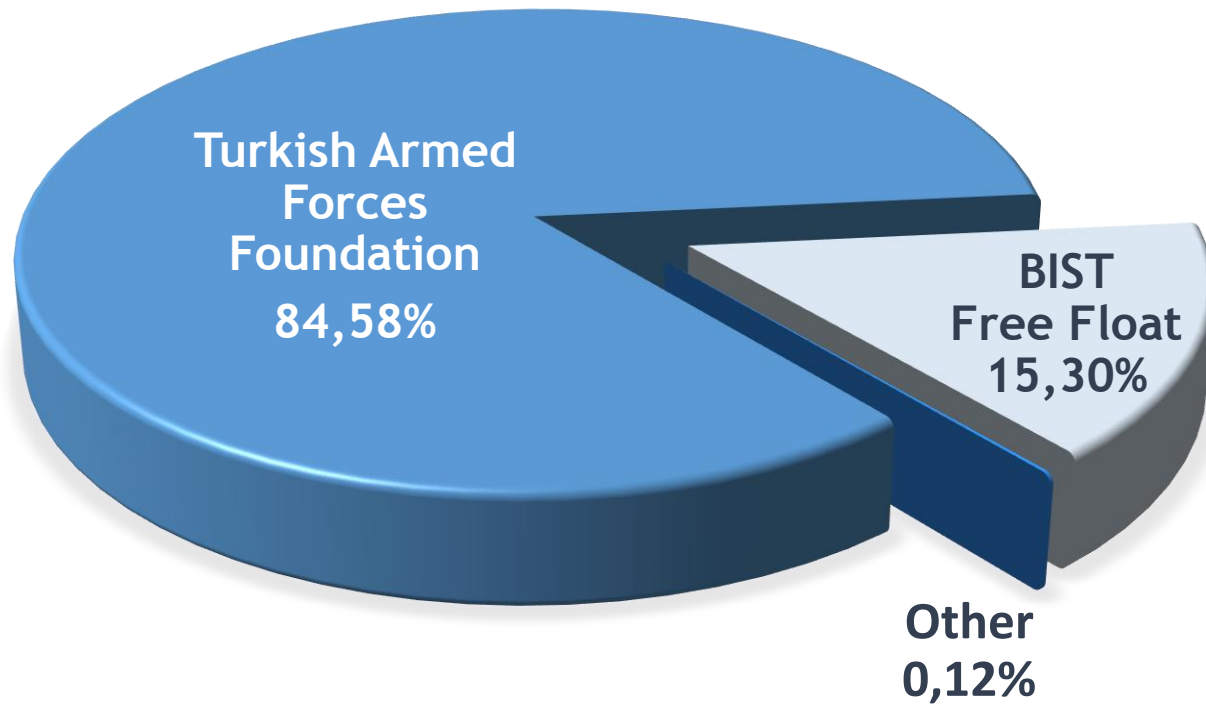
As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget.

MILITARY SPENDING as % of GDP (TURKEY)



ASELSAN Global Defense Ranking

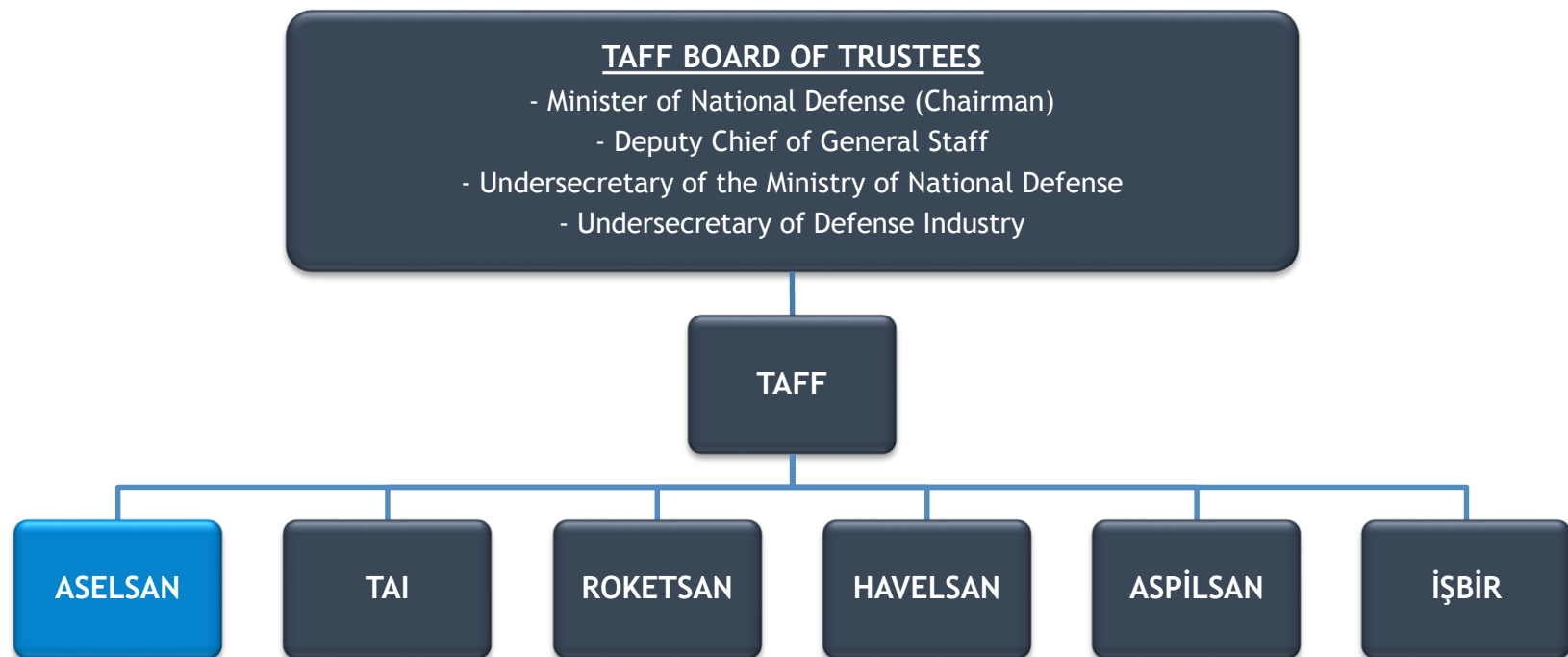




MAIN SHAREHOLDER - TURKISH ARMED FORCES FOUNDATION (TAFF)

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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: \$2 M

ASELSAN PRECISION OPTICS



Ownership: 50%
Partner: Sivas Optik
Malzemeleri
Foundation: 2014
Assets: \$15 M

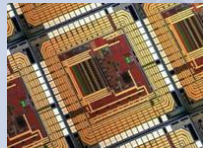
MİKROELEKTRONİK

İSTANBUL

GEBZE/KOCAELİ

YİTAL

YİTAL



Ownership : 51%
Partner: TÜBİTAK, SSM
Foundation: 2007
Assets: \$5 M

ANKARA

ASELSANNET

ROKETSAN

AB-MİKRO NANO

SİVAS

ASELSAN HASSAS
OPTİK

ASELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$166 M

ROKETSAN



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

ASELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$27 M

ASELSAN-BAKU (AZERBAIJAN)



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

KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%
Partner: Kazakhstan Engineering
Foundation: 2011
Assets: \$39,3 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: \$17 M

IGG ASELSAN INTEGRATED SYSTEMS (UAE)



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

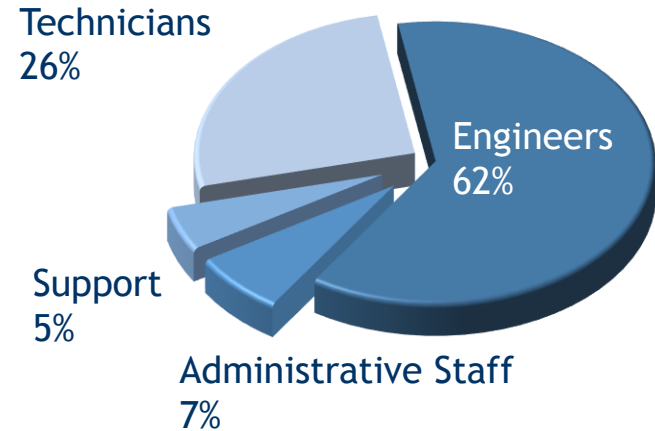
SOUTH AFRICA BRANCH



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

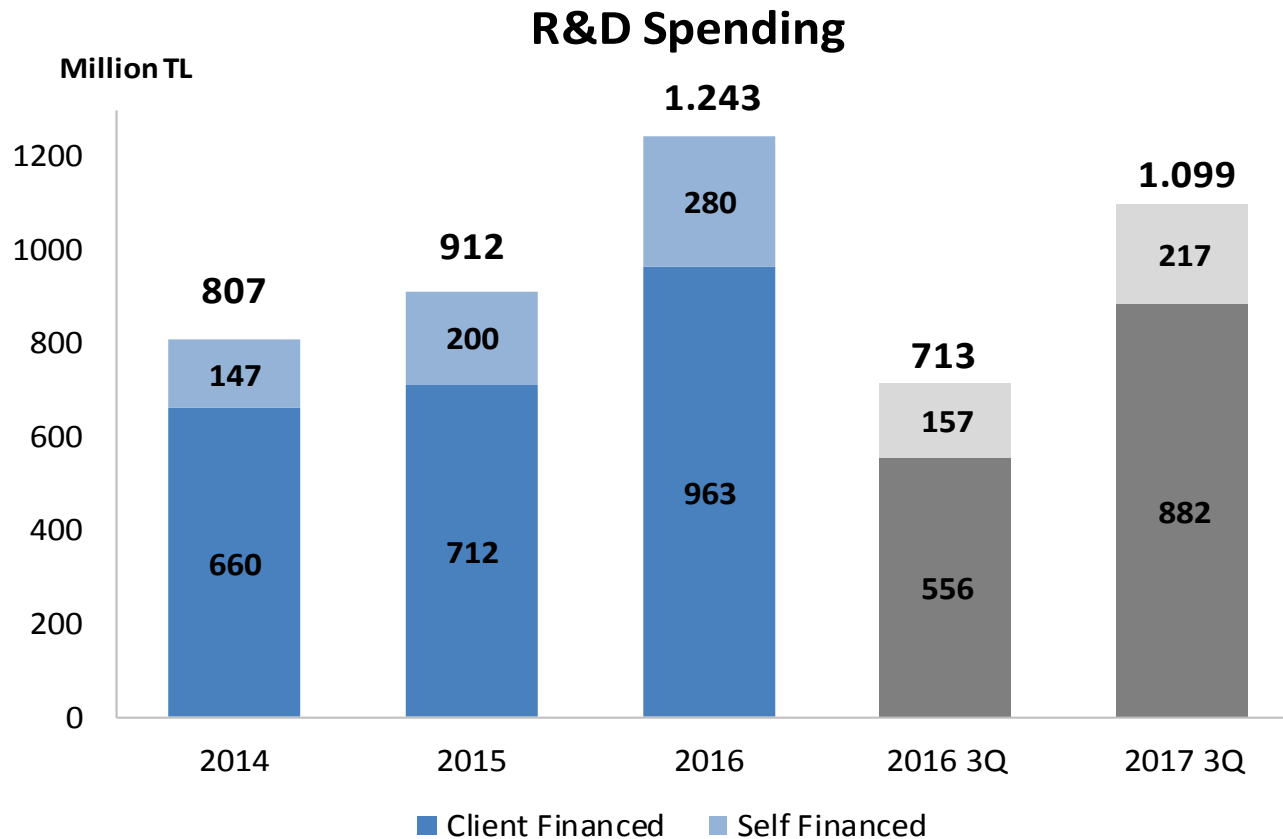
ASELSAN SOUTH AFRICA BRANCH

Total Employees : 5.479
Engineers : 3.364



- 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: 1.160 Million USD

Backlog: 6,4 Billion USD

Net Sales (Jan-Sep): +60% (TL)

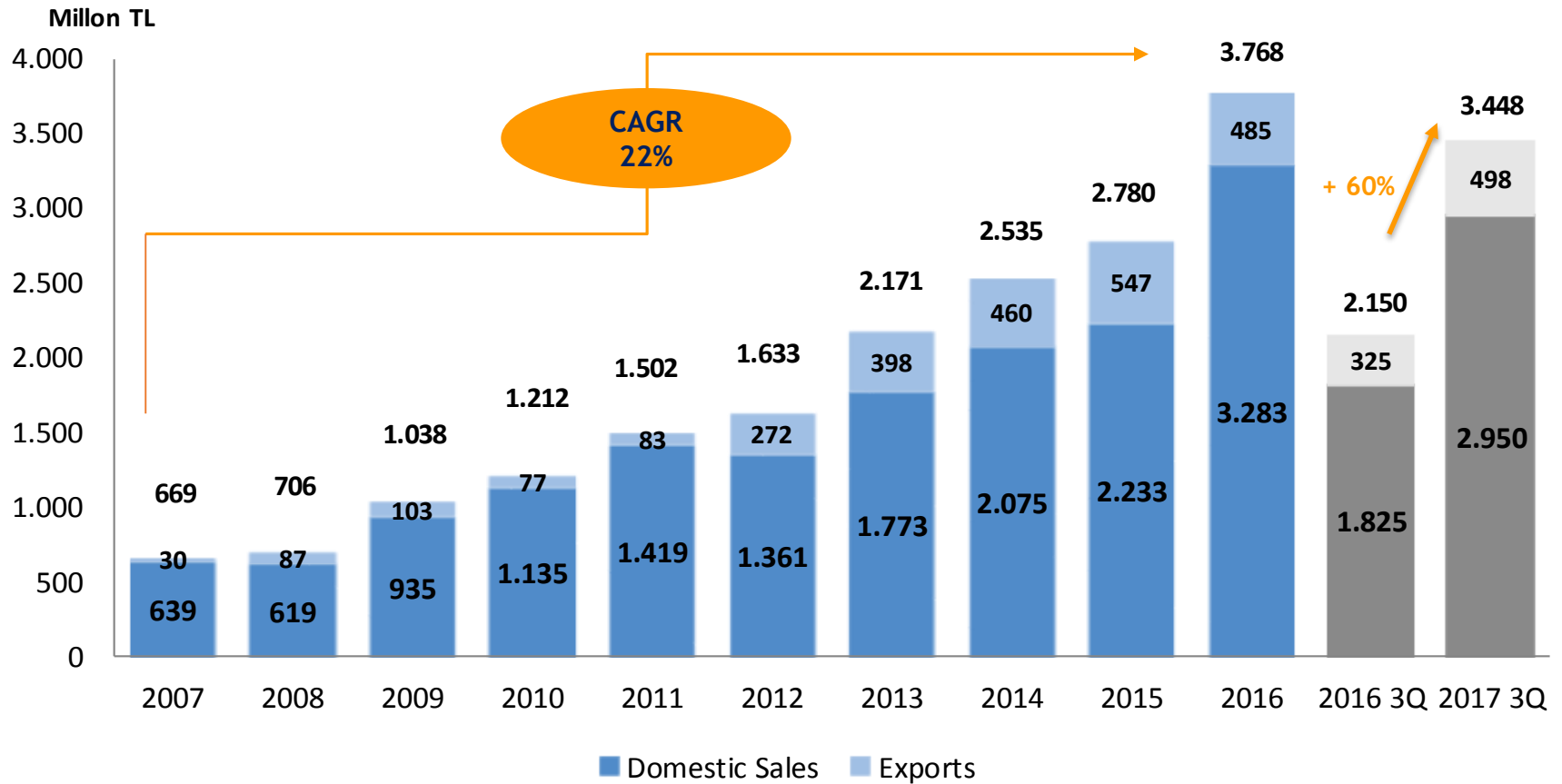
EBITDA increase (Jan-Sep): +60%

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

(Million TL)	2016 3Q	2017 3Q	Δ%
Net Sales	2.150	3.448	60%
Gross Profit	542	828	53%
Operating Profit (EBIT)	332	567	71%
EBITDA	414	663	60%
Net Profit	389	828	113%
<i>Gross Profit Margin</i>	25,2%	24,0%	↓
<i>Operating Profit (EBIT) Margin</i>	15,4%	16,4%	↑
<i>EBITDA Margin</i>	19,3%	19,2%	~
<i>Net Profit Margin</i>	18,1%	24,0%	↑
Operating Cash Flow (OCF)	504	(402)	↓
Free Cash Flow (FCF)	320	(764)	↓
Cash and Cash Equivalents	821	332	(60%)

INCREASING TREND IN NET SALES

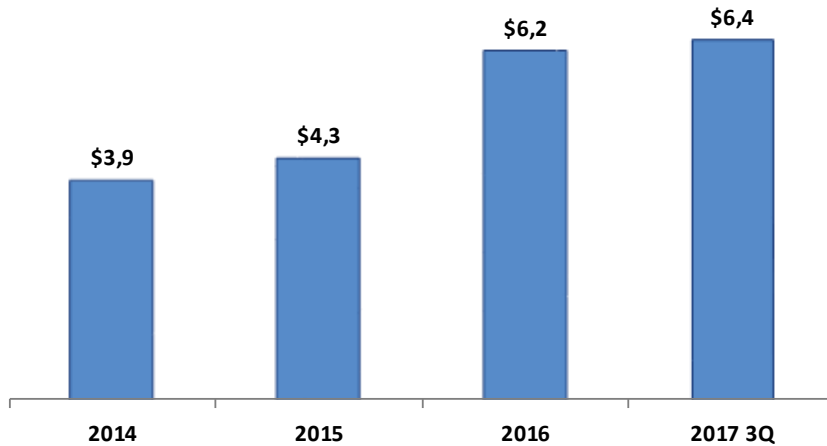
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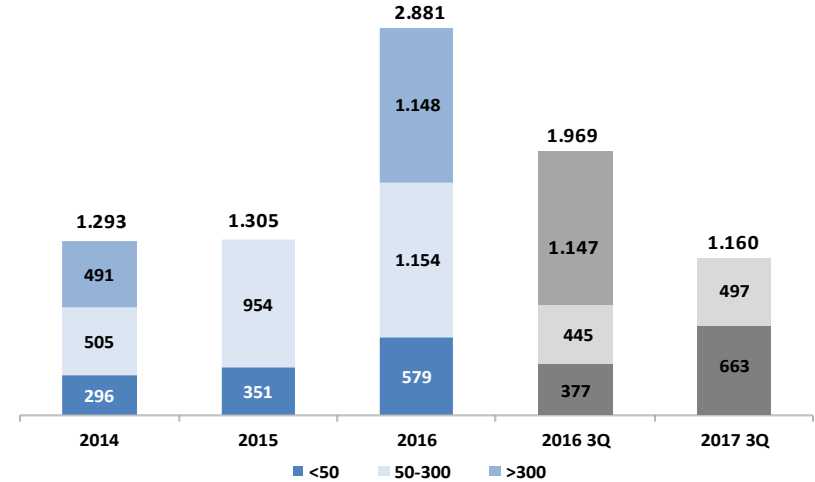
STRONG BACKLOG AND NEW CONTRACT AWARDS

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Backlog History (Billion USD)



New Contract Awards (Million USD)

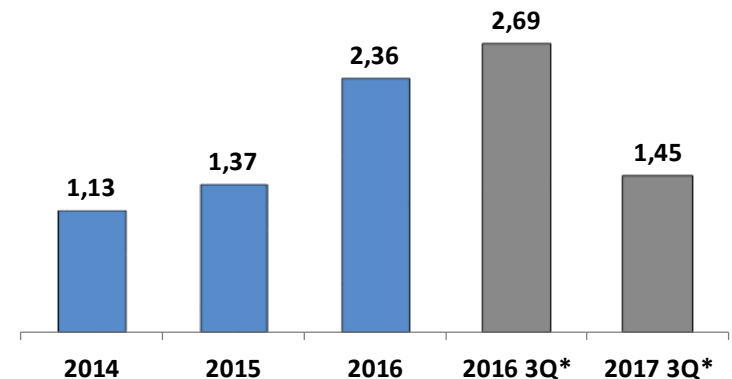


Backlog Aging (Billion USD)

Backlog Aging (Billion USD)	
2017*	0,4 – 0,7
2018	1,1 – 1,3
2019	1,4 – 1,6
2020	1,1 – 1,4
2021 and beyond	1,7 – 1,9

*Backlog for remaining 3 months

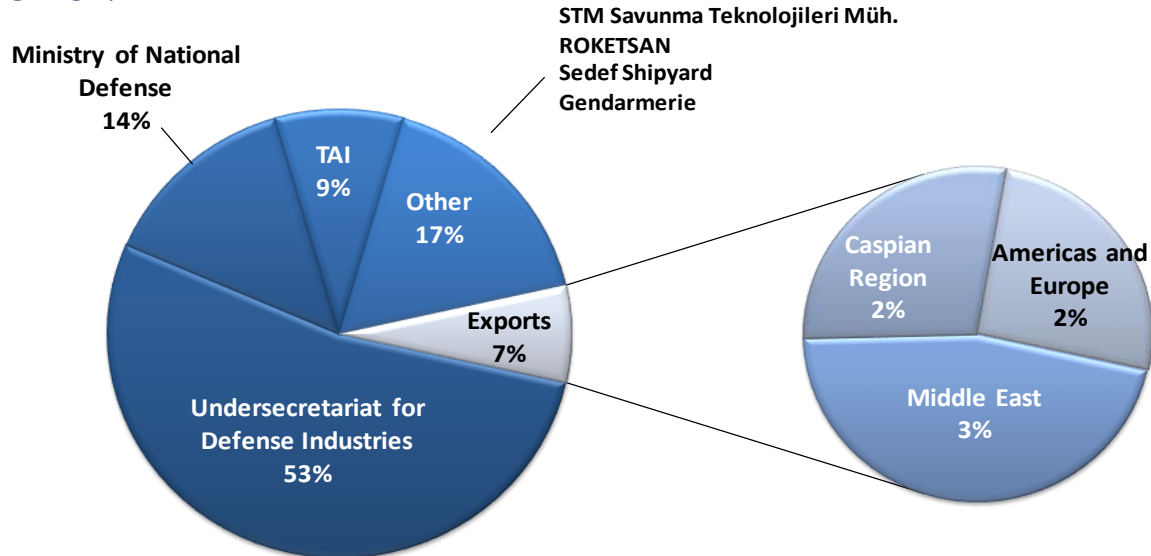
Book-to-Bill Ratio



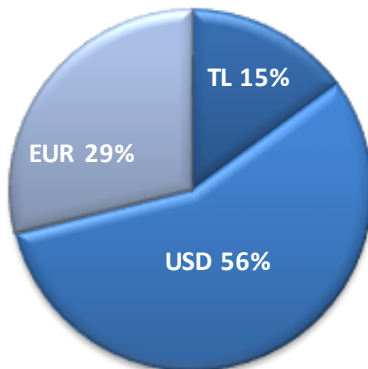
*Annualized data

BACKLOG DISTRIBUTION

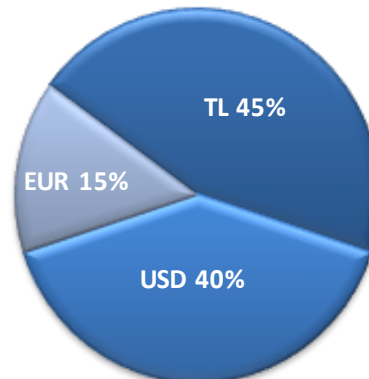
(CLIENT)



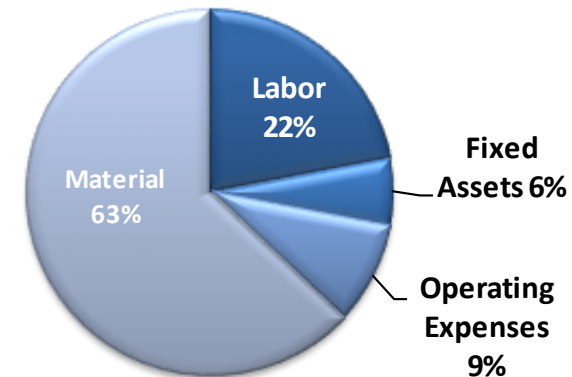
BACKLOG DISTRIBUTION (CURRENCY)



COST DISTRIBUTION (CURRENCY)



COST BREAKDOWN (TYPE)



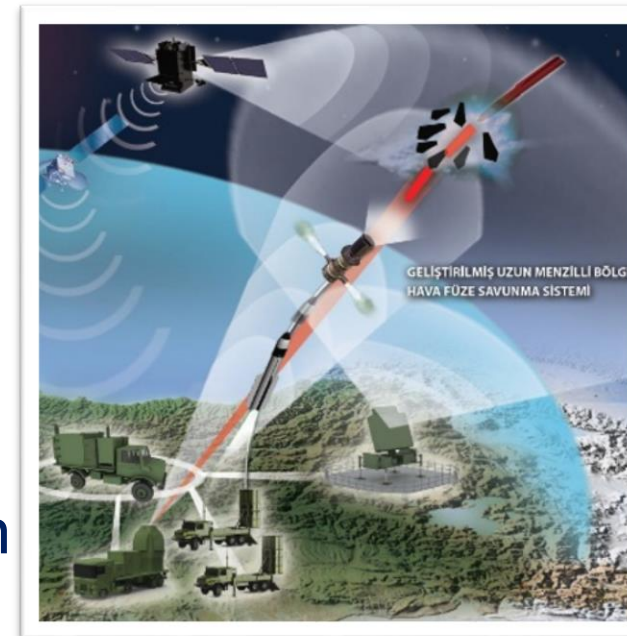
- Air Defense System Modernization Serial Production



- HAVASOJ (Stand-off Jammer)



- Long Range Air Defense Missile System



- MILGEM I-Class Frigate



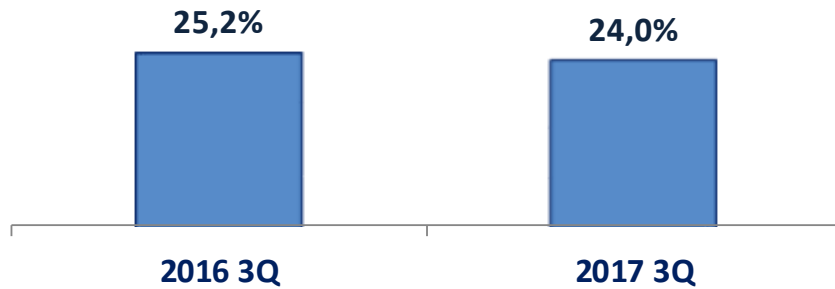
- Turkish Fighter Aircraft Development (TF-X)



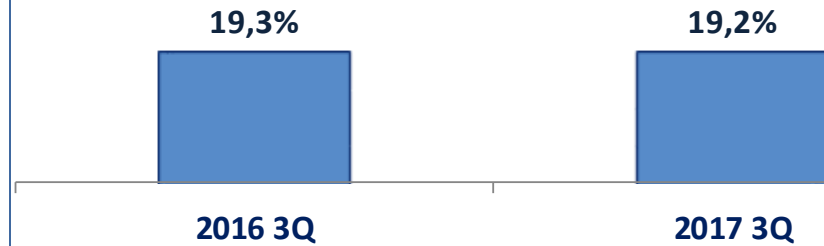
- ALTAY Tank Serial Production



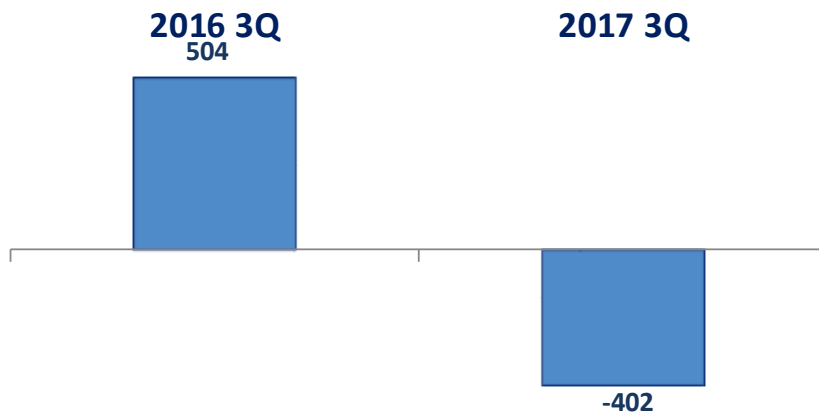
Gross Profit Margin



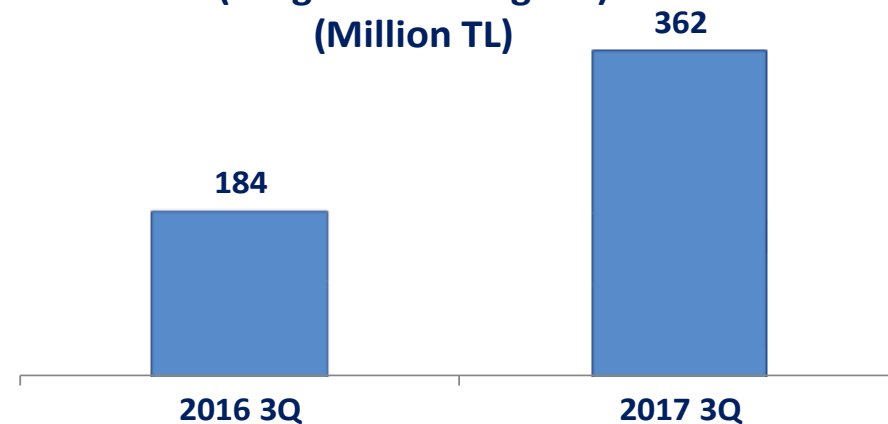
EBITDA Margin



Operating Cash Flow (Million TL)



CAPEX (Tangible + Intangible) (Million TL)



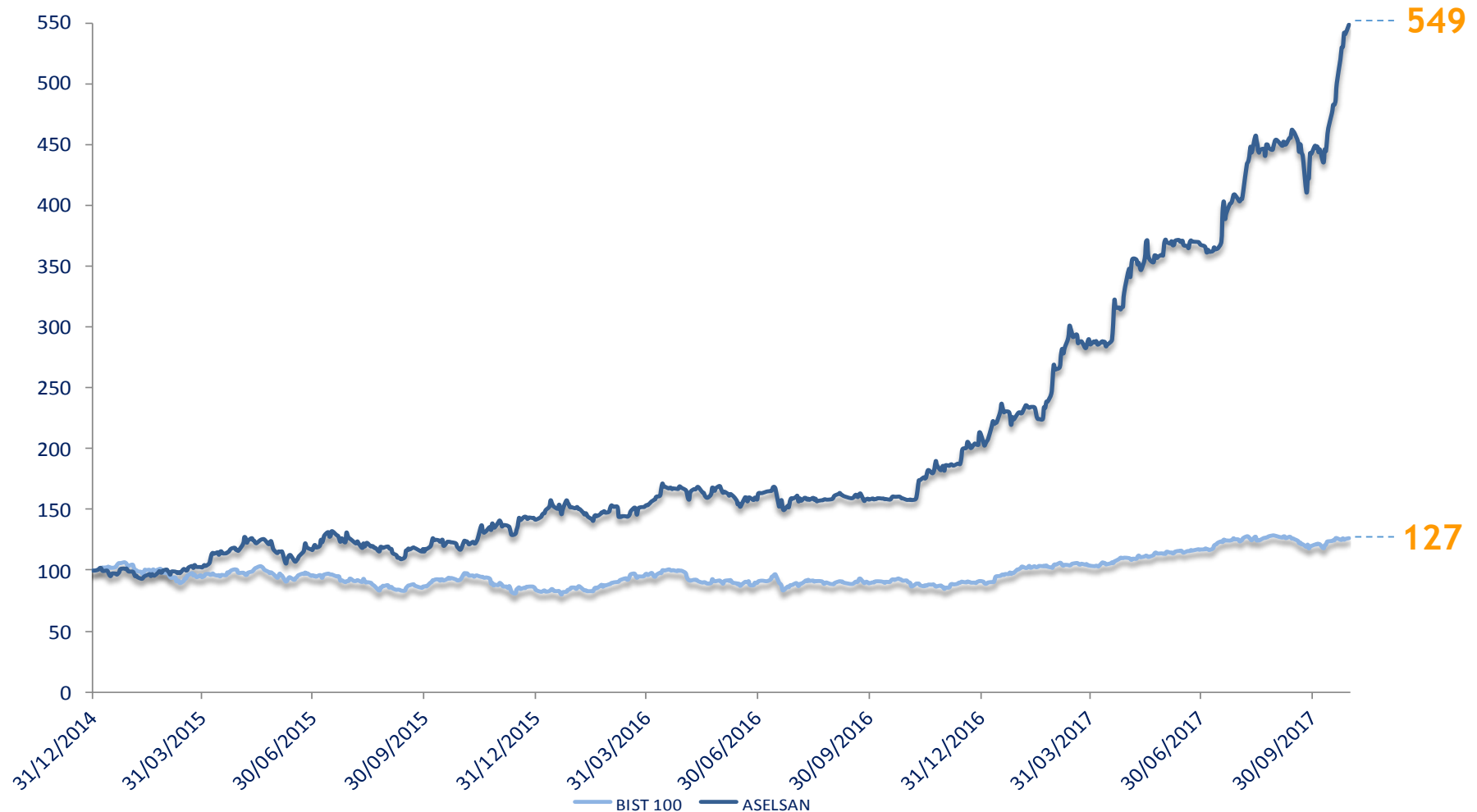
ASELSAN's guidance on 2017 year-end results:

	2016	2017 3Q	2017 Guidance
Net Sales	3.768 Million TL	3.448 Million TL	≥ 25% growth
EBITDA Margin	19%	19%	18-20%
CAPEX	353 Million TL	362 Million TL	500 Million TL

REMARKABLE SHARE PERFORMANCE

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ASELSAN reached a market value of 8,65 Billion as of 30.10.2017.



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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ASSETS	30.09.2017	31.12.2016
CURRENT ASSETS	4.697,5	5.069,5
Cash and Cash Equivalents	332,2	1.168,8
Trade Receivables	1.554,1	2.039,7
Other Receivables	95,2	84,7
Inventories	1.704,2	1.187,4
Prepaid Expenses	756,1	387,2
Other Current Assets	255,7	201,7
NON-CURRENT ASSETS	4.775,3	3.535,4
Financial Investments	516,2	516,2
Long-term Trade Receivables	1.167,8	385,6
Other Long-term Receivables	0,7	0,3
Equity Accounted Investments	72,1	57,4
Property, Plant and Equipment	1.017,2	967,5
Intangible Assets	843,9	697,1
Prepaid Expenses	441,5	393,7
Deferred Tax Assets	503,2	384,6
Other Long-term Assets	212,7	133,0
TOTAL ASSETS	9.472,8	8.604,9

CONSOLIDATED BALANCE SHEET (MILLION TL)

aselsan

LIABILITIES	30.09.2017	31.12.2016
CURRENT LIABILITIES	2.887,0	2.242,7
Short-term Financial Liabilities	313,1	306,2
Short-term Portion of Long-term Financial Liabilities	63,7	65,7
Trade Payables	1.583,9	1.052,9
Employee Benefit Obligations	45,2	36,8
Other Payables	26,4	6,2
Government Grants and Incentives	36,3	28,3
Deferred Income	387,1	370,6
Corporate Tax Liability	1,3	0,4
Short-term Provisions	422,2	353,8
Other Short-Term Liabilities	7,8	21,8
NON-CURRENT LIABILITIES	2.142,6	2.670,7
Long-term Financial Liabilities	66,1	122,4
Long-term Trade Payables	386,5	253,2
Deferred Income	1.468,8	2.092,0
Long-term Provisions	221,2	203,1

CONSOLIDATED BALANCE SHEET (MILLION TL)

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	30.09.2017	31.12.2016
EQUITY	4.443,2	3.691,5
Equity attributable to equity holders of the parent	4.442,7	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	218,5	219,4
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	486,0	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>0,6</i>	<i>0,7</i>
Restricted Profit Reserves	124,1	94,2
Retained Earnings	1.687,4	997,6
Net Profit for the Period	828,1	795,2
Non-controlling Interests	0,5	0,5
TOTAL LIABILITIES AND EQUITY	9.472,8	8.604,9

CONSOLIDATED INCOME STATEMENT (MILLION TL)

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	01.01.2017- 30.09.2017	01.01.2016- 30.09.2016
PROFIT OR LOSS		
Revenue	3.448,4	2.149,8
Cost of sales (-)	(2.620,3)	(1.608,2)
GROSS PROFIT	828,1	541,6
General administrative expenses (-)	(127,7)	(105,4)
Marketing expenses (-)	(82,7)	(49,8)
Research and development expenses (-)	(50,5)	(54,0)
Other operating income	1.035,6	208,6
Other operating expenses (-)	(902,6)	(176,6)
OPERATING PROFIT	700,2	364,4
Income from investing activities	9,3	8,4
Share of Losses of Equity-Accounted Investments	2,2	1,4
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	711,7	374,2
Financial income	77,6	60,9
Financial expenses (-)	(78,3)	(79,1)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	711	356
Tax income/ (expense) from continuing operations	117,2	33,1
- Current tax expense	(1,3)	(1,1)
- Deferred tax income / (expense)	118,5	34,2
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	828,2	389,1
Profit for the period attributable to:		
Non-controlling interest	0,1	-0,1
Shareholders of the parent	828,1	389,2

CONSOLIDATED STATEMENT OF CASH FLOW (MILLION TL)

aselsan

	01.01.2017- 30.09.2017	01.01.2016- 30.09.2016
OPERATING CASH FLOW (OCF)	(402)	504
Net Profit for the Period	828	389
Depreciation and Amortization	96	82
Change in Inventory	(399)	(241)
Change in Trade Receivables	(310)	(297)
Prepaid Expenses	(525)	(209)
Deferred Income	(607)	727
Change in Trade Payables	670	21
Others	(156)	31
CASH FLOW FROM INVESTING ACTIVITIES	(362)	(184)
Tangible Assets	(116)	(58)
Intangible Assets	(243)	(129)
Other Changes	(3)	3
FREE CASH FLOW (FCF)	(764)	320

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