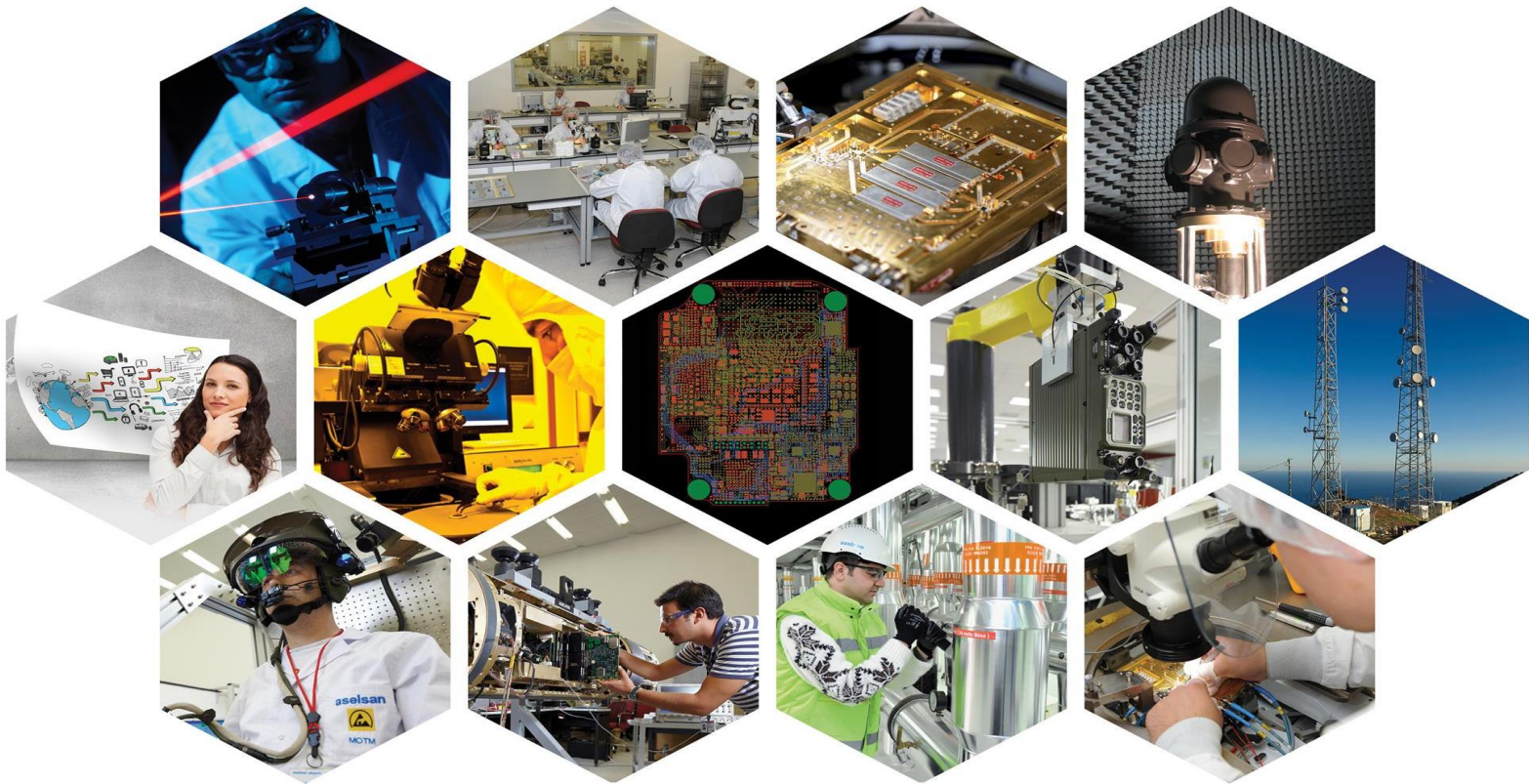
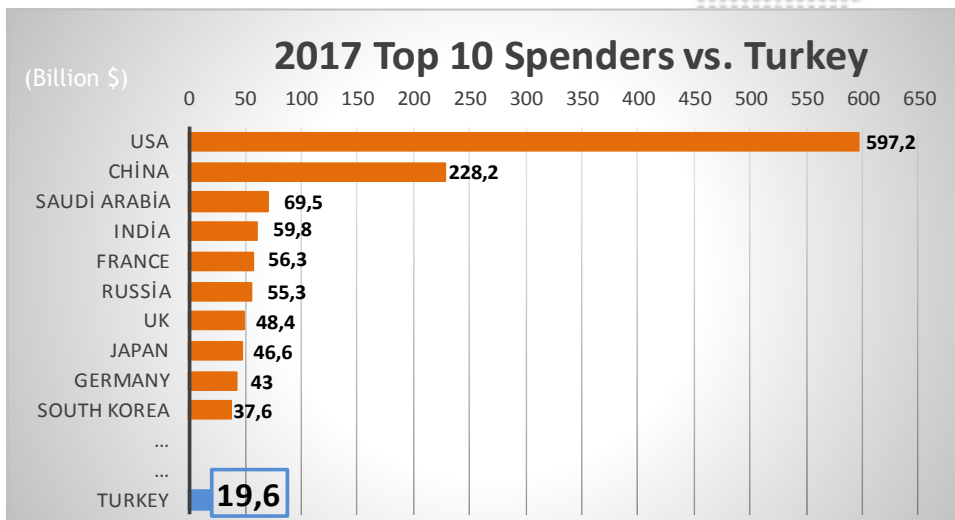
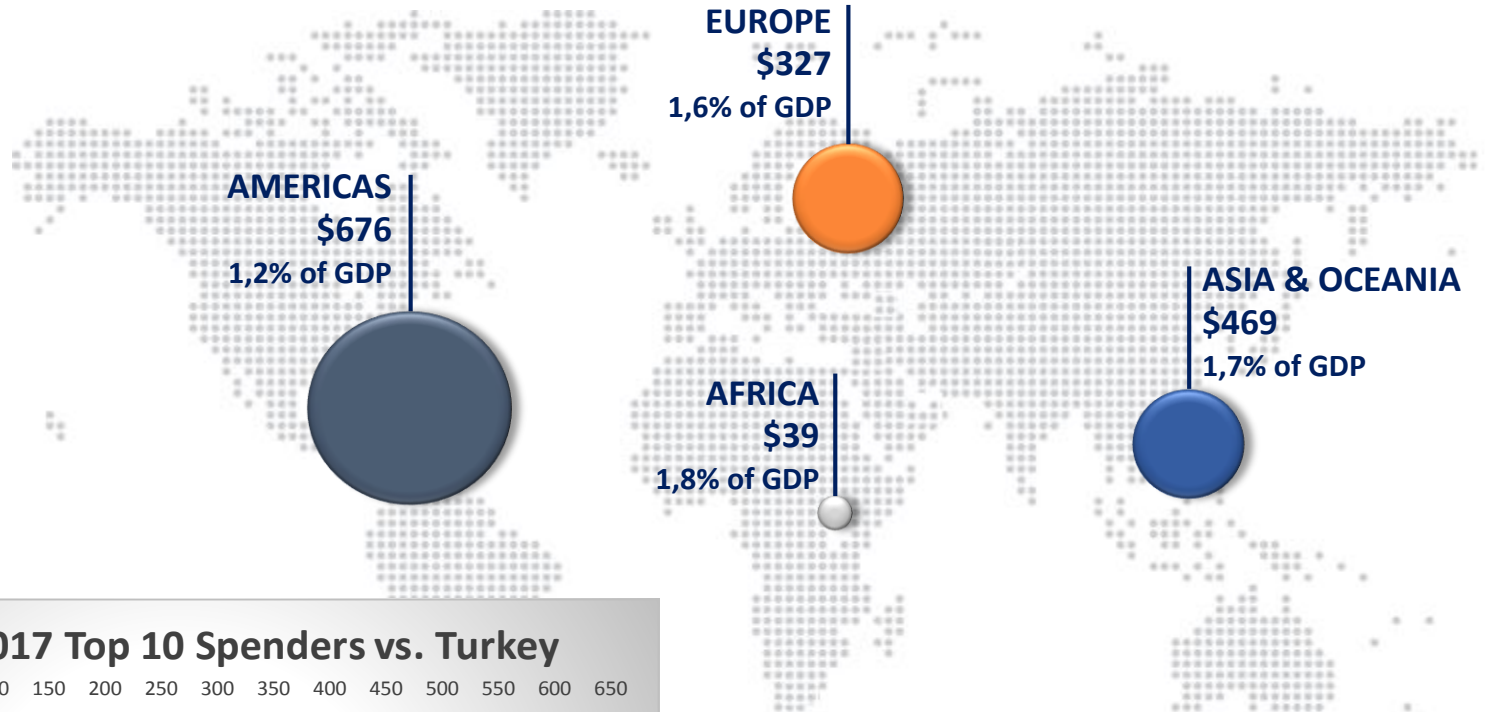


## Investor Presentation October 2018



# GLOBAL MILITARY SPENDING 2017 (BILLION \$)

**aselsan**

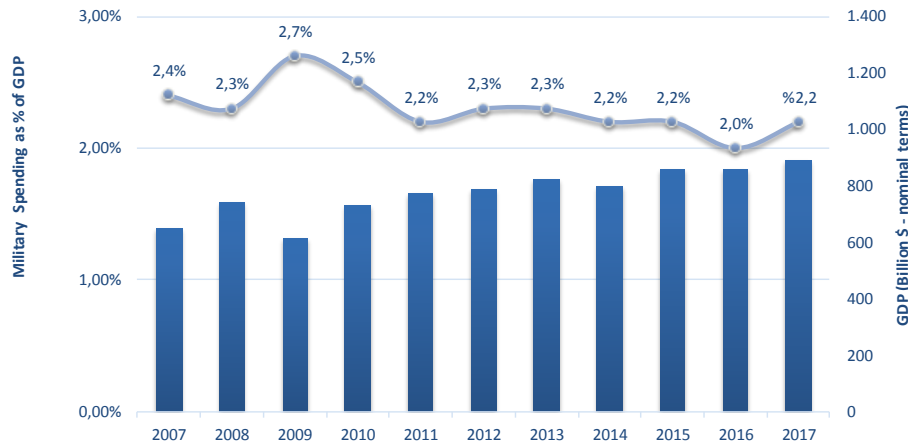


**2017 TOTAL SPENDING: \$1.686**  
 % difference in spending 2016 vs 2017  
 (based on 2016 constant prices & exchange rates)

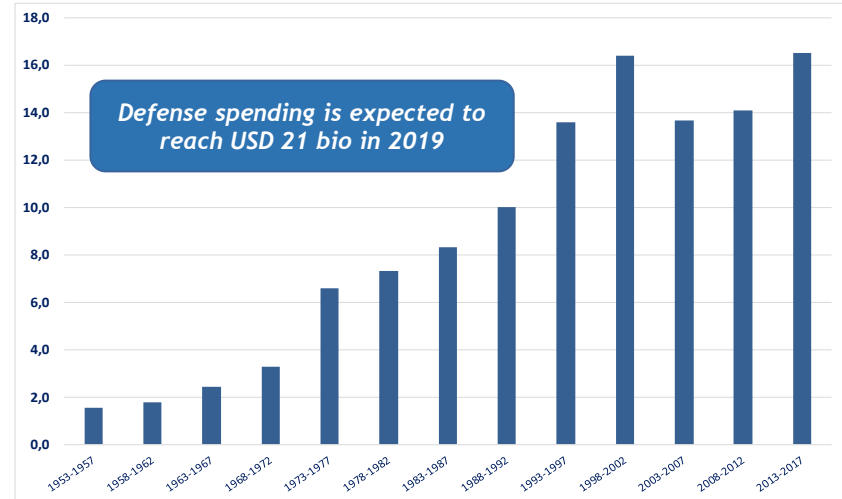


As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget.

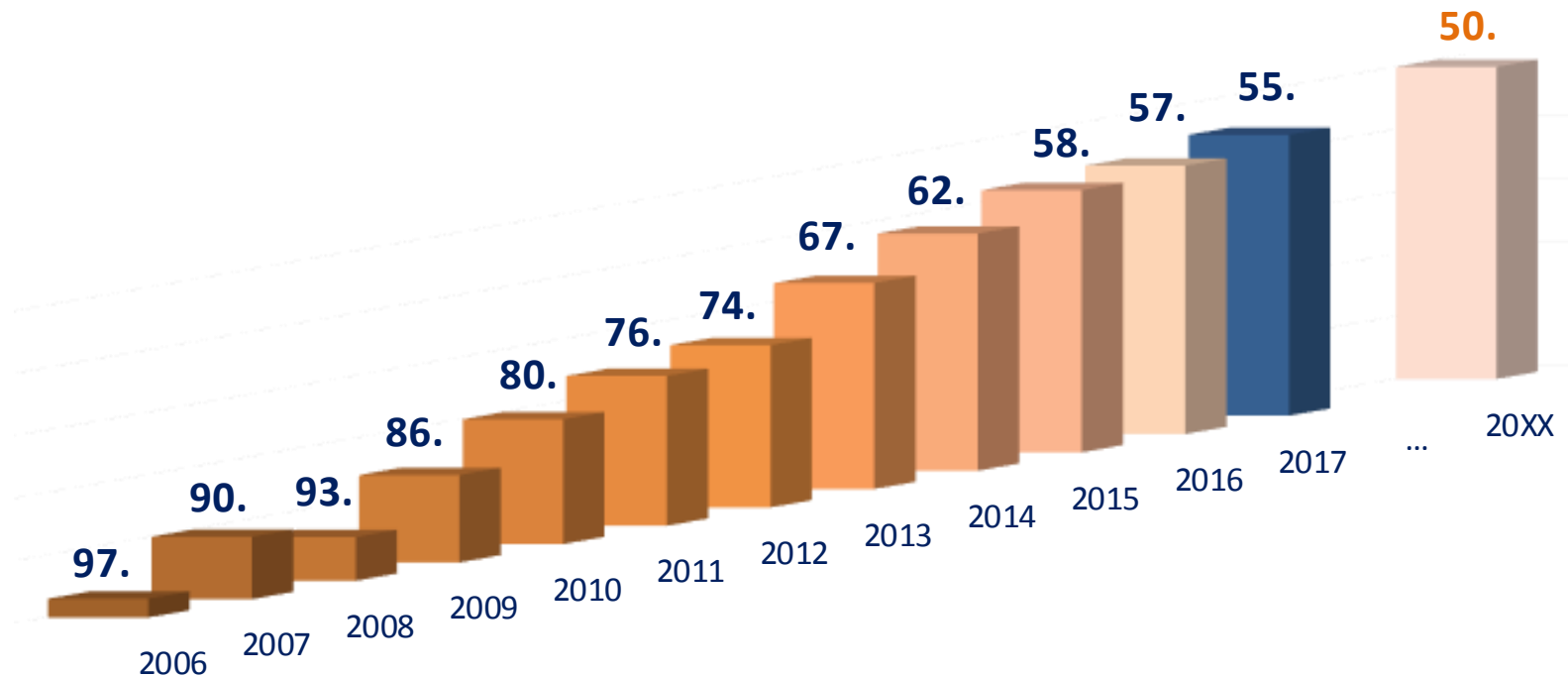
**MILITARY SPENDING  
as % of GDP (TURKEY)**



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



## ASELSAN Global Defense Ranking



Aselsan is the only defense company listed on BIST.

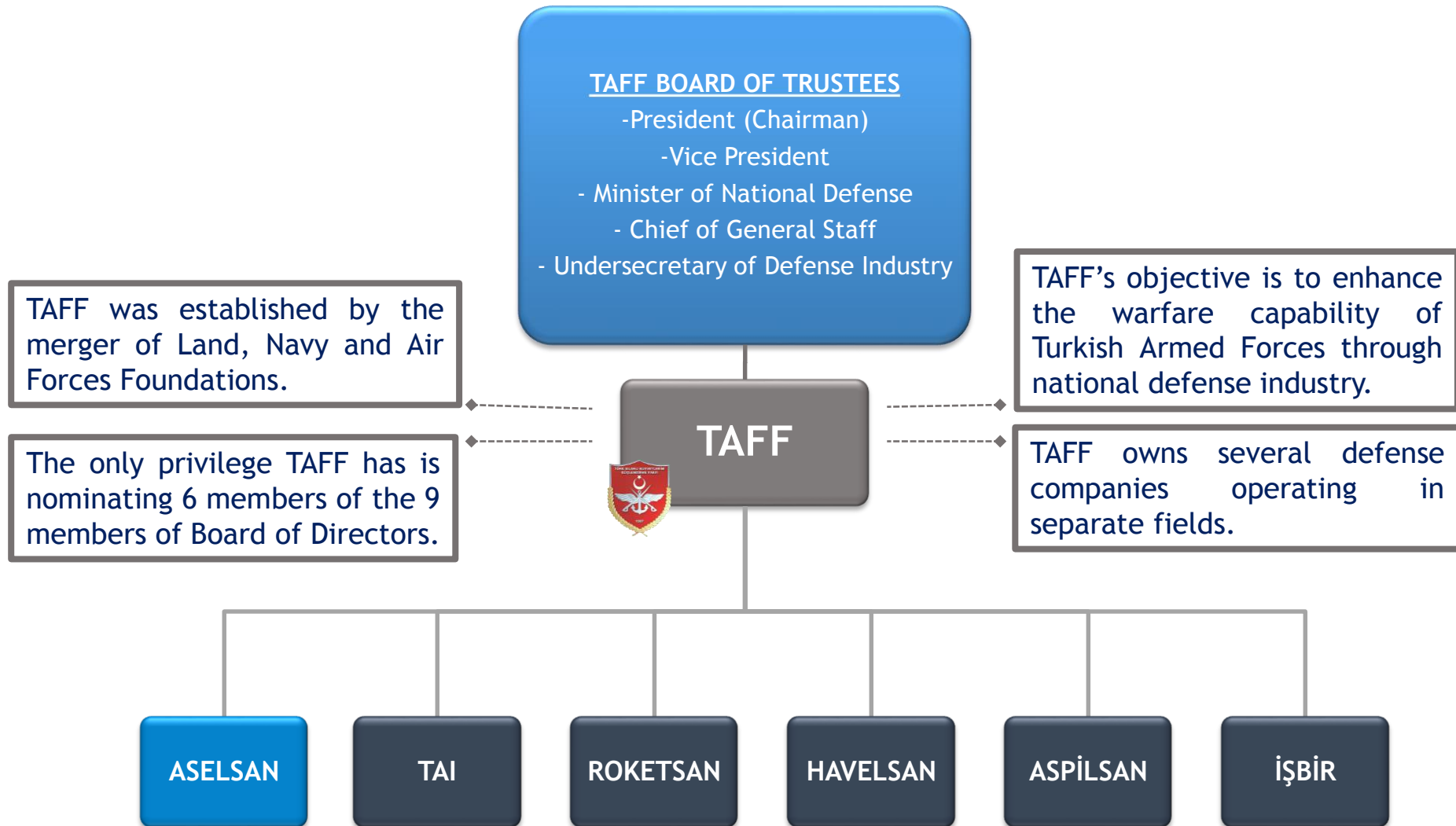
Turkish Armed  
Forces  
Foundation  
74,20%



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**



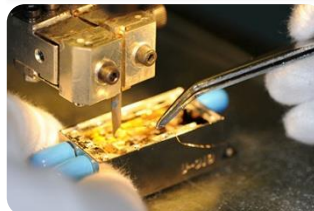
**TRANSPORTATION**



**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: \$1,4 M

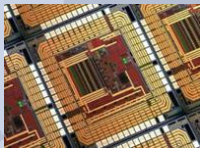
## MİKROELEKTRONİK

İSTANBUL

GEBZE/KOCAELİ

YİTAL

YİTAL



Ownership : 51%  
Partners: TÜBİTAK,SSB  
Foundation: 2017  
Assets: \$0,7 M

## ASELSANNET



Ownership : 100%  
Foundation: 2004  
Assets: \$169 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: \$18,1 M

SİVAS

ASELSAN HASSAS OPTİK

## ASELSAN BİLKENT MİKRO NANO



Ownership: 50%  
Partner: BİLKENT UNI.  
Foundation: 2014  
Assets: \$24,5 M

Assets are given as of 30.09.2018.

## ASELSAN-BAKU (AZERBAIJAN)



Ownership: 100%  
Foundation: 1998  
Assets: \$2,1 M

## ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%  
Partner: KADDB  
Investment Group  
Foundation: 2012  
Assets: \$9,8 M

## IGG ASELSAN INTEGRATED SYSTEMS (UAE)



Ownership: 49%  
Partner: IGG  
Foundation: 2011  
Assets: \$3,3 M\*  
*\*given as of 30.06.2018.*

## SADEC (SAUDI ARABIA)

Ownership : 50%  
Partner : TAQNIA DST  
Foundation : 2016  
Assets: \$2,9 M

## KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%  
Partner: Kazakhstan  
Engineering  
Foundation: 2011  
Assets: \$43 M

## KAZAKHSTAN ASELSAN ENGINEERING

## ASELSAN BAKÜ

## ASELSAN MIDDLE EAST

## BARQ QSTP LLC.

## IGG ASELSAN INTEGRATED SYSTEMS

## BARQ QSTP LLC. (KATAR)

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

## ASELSAN MALAYSIA

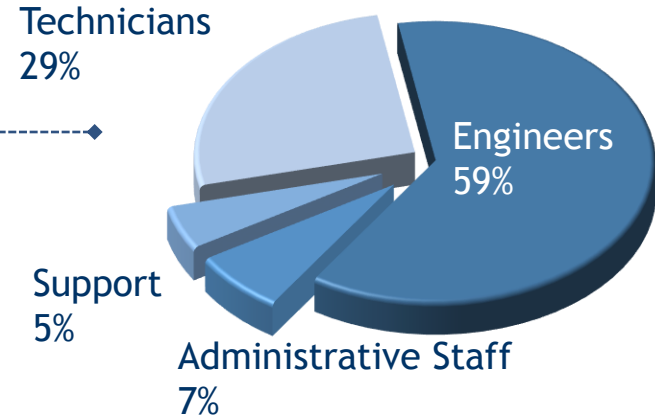
## SOUTH AFRICA BRANCH



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

*Assets are given as of 30.09.2018.*

Total Employees : 6.239  
Engineers : 3.634



- 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

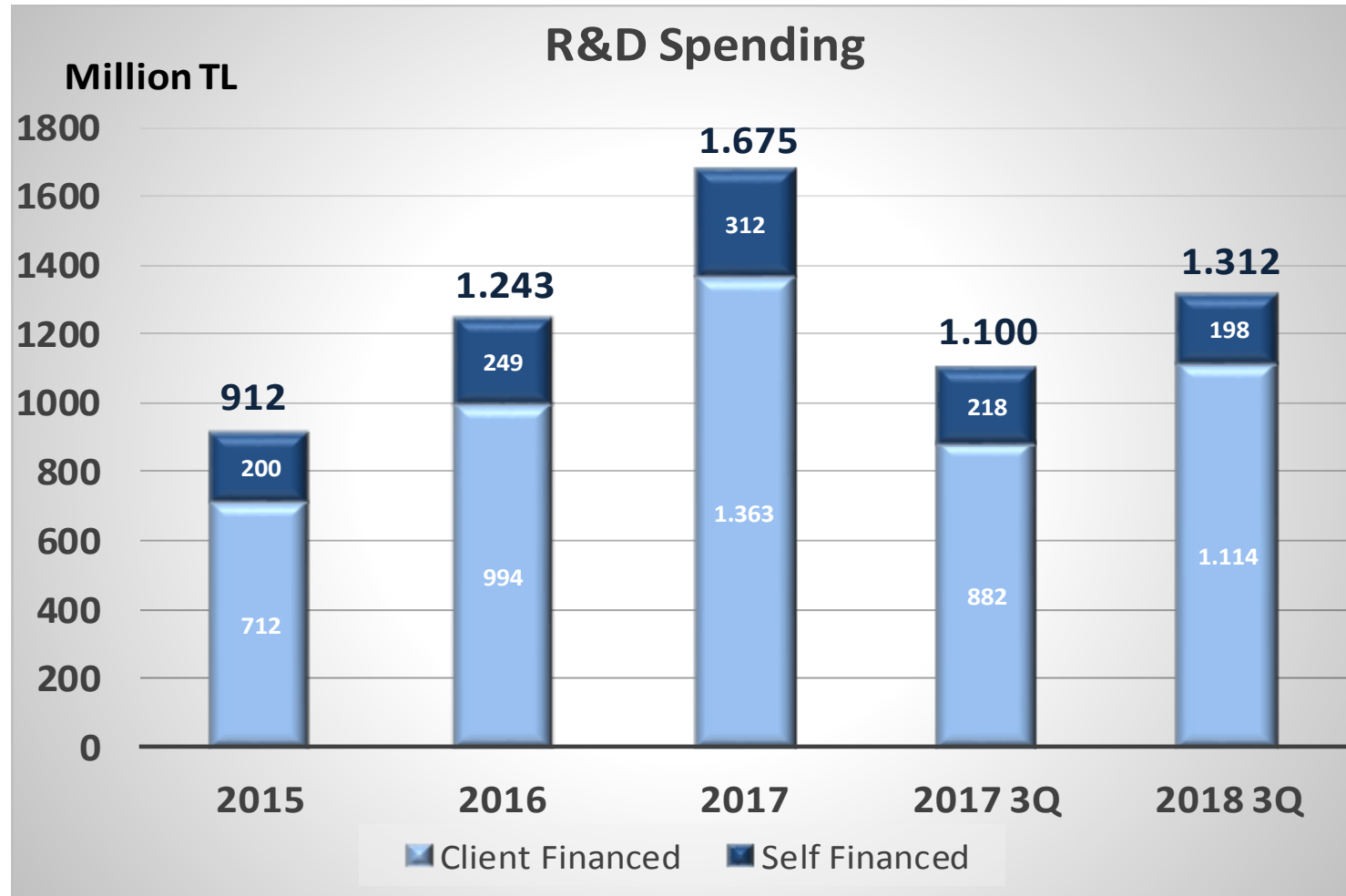
University-industry cooperation

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.





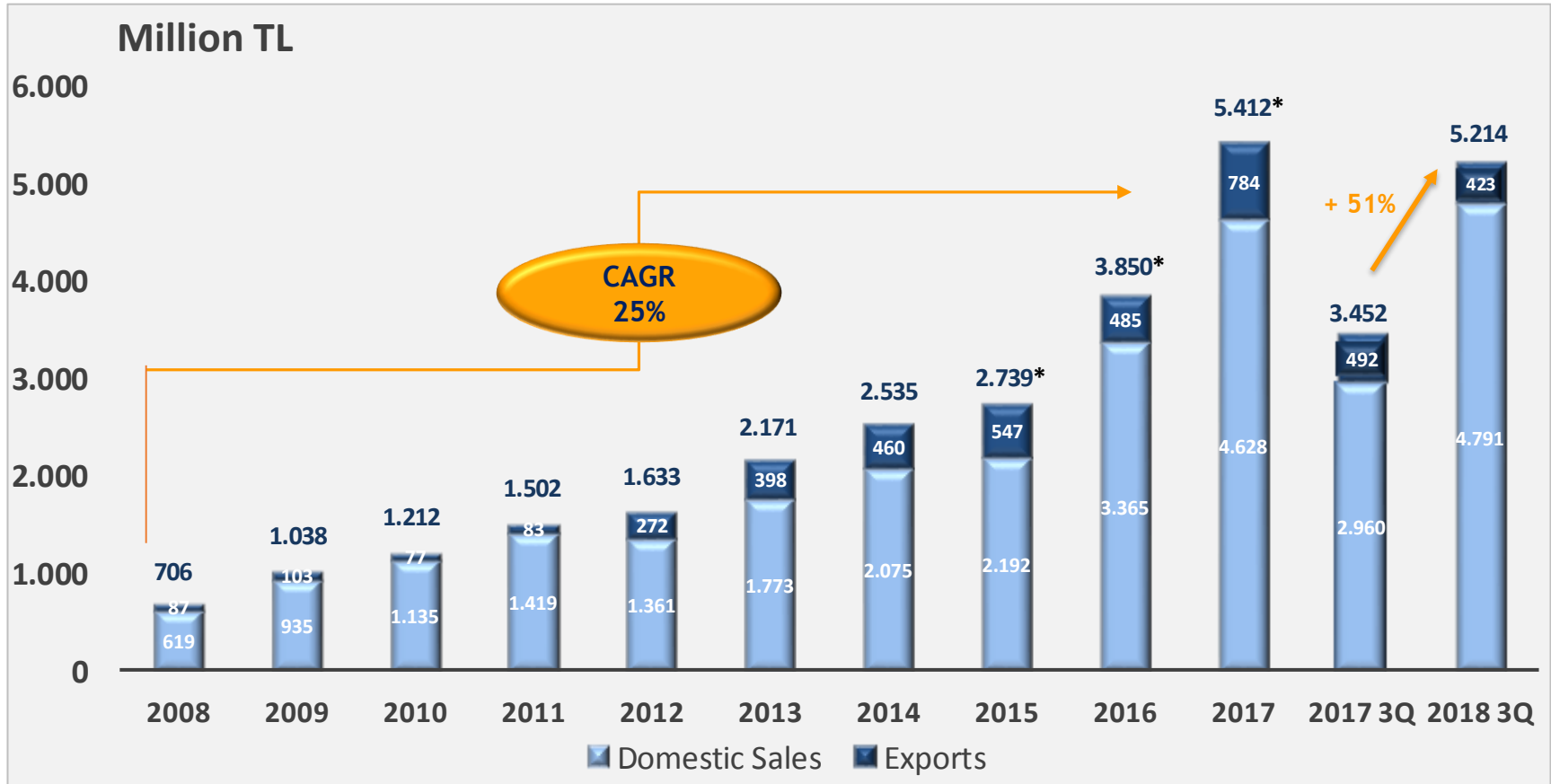
New Contracts Awarded: 2,9 Billion USD

Backlog: 8,6 Billion USD

Net Sales (Jan-Sep): +51% (TL)

EBITDA increase (Jan-Sep): +60%  
EBITDA margin: 20,8%

(Million TL)	Sep'17	Sep'18	Δ%
<b>Net Sales</b>	3.451	5.214	51
<b>Gross Profit</b>	843	1.273	51
<b>Operating Profit (EBIT)</b>	582	958	65
<b>EBITDA</b>	677	1.083	60
<b>Net Profit</b>	752	1.736	131
<b>Gross Profit Margin</b>	24,4%	24,4%	↔
<b>Operating Profit (EBIT) Margin</b>	16,9%	18,4%	↑
<b>EBITDA Margin</b>	19,6%	20,8%	↑
<b>Net Profit Margin</b>	21,8%	33,3%	↑
<b>Cash and Cash Equivalents</b>	332	3.083	828



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

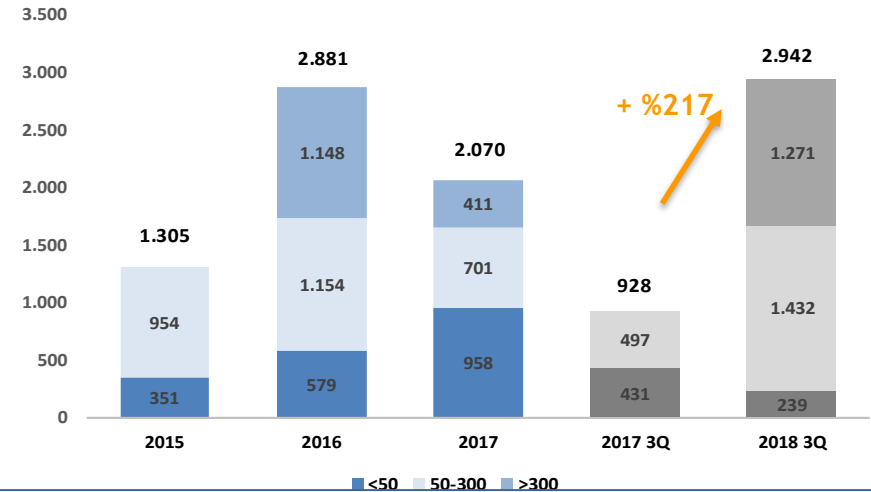
# STRONG BACKLOG AND NEW CONTRACT AWARDS

**aselsan**

Backlog History (Billion USD)



New Contract Awards (Million USD)

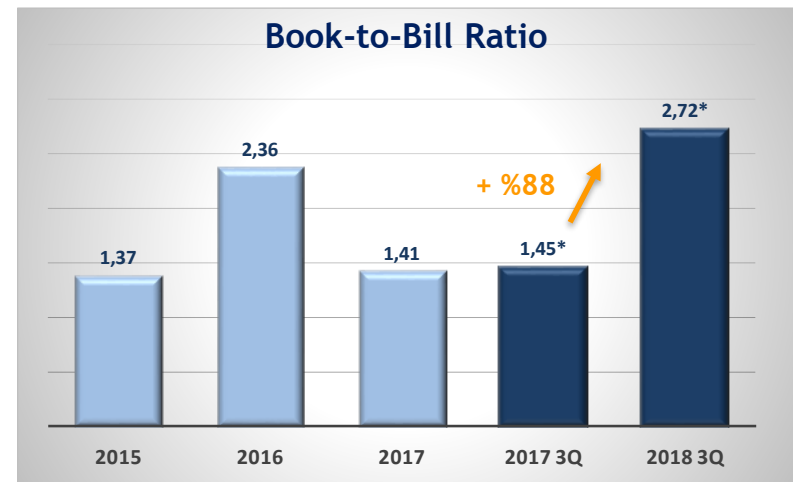


Backlog Aging (Billion USD)

2018*	0,7 - 1,0
2019	2,0 - 2,3
2020	2,1 - 2,4
2021	1,6 - 1,9
2022 and beyond	1,4 - 1,7

\*Backlog for remaining 3 months

Book-to-Bill Ratio



\*Annualized

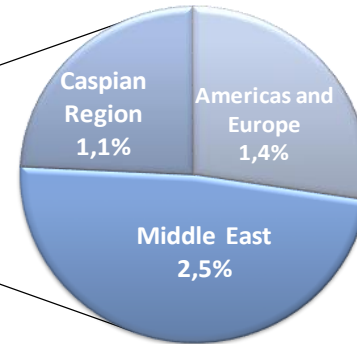
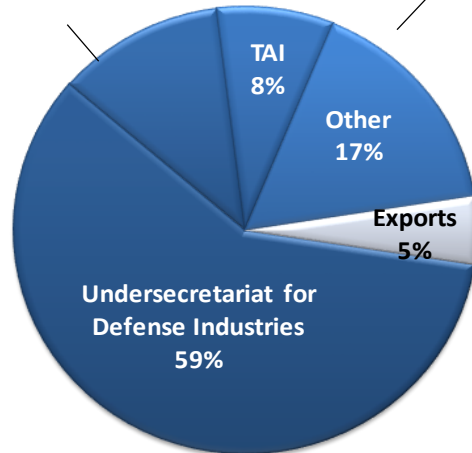


## BACKLOG DISTRIBUTION

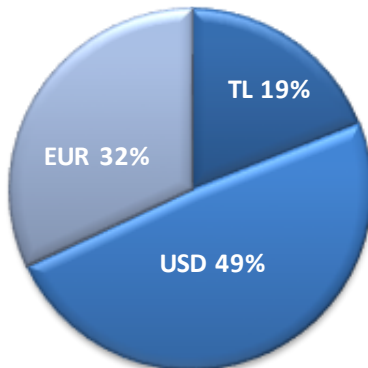
(CLIENT)

Ministry of National  
Defense  
11%

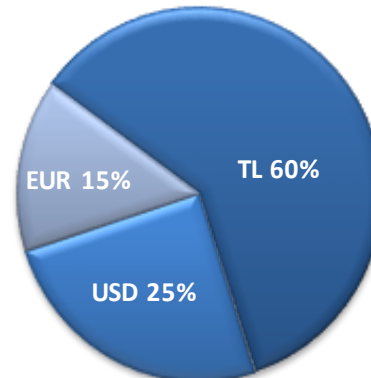
STM Savunma Teknolojileri Müh.  
Nurol Makina ve Sanayi  
ROKETSAN  
BMC Otomotiv Sanayi ve Ticaret



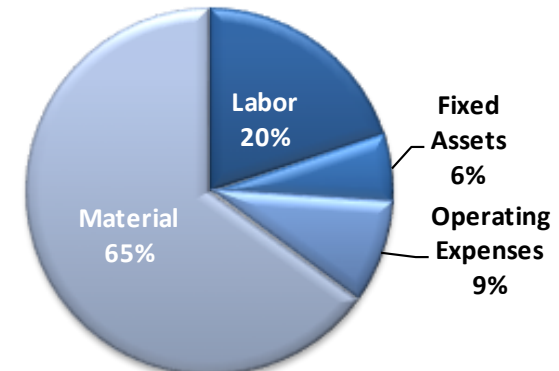
## BACKLOG DISTRIBUTION (CURRENCY)



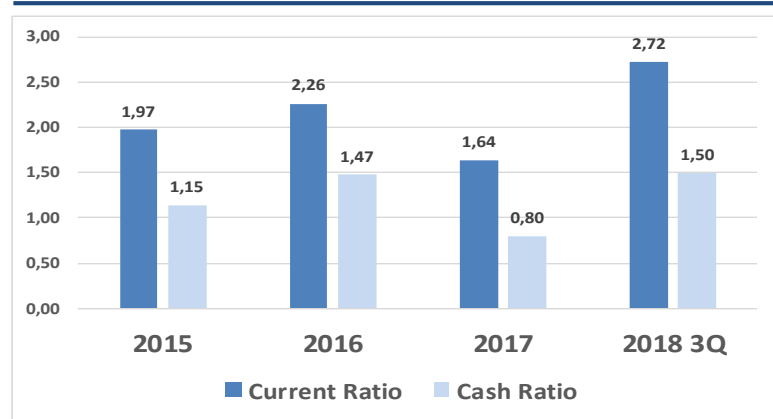
## COST DISTRIBUTION (CURRENCY)



## COST BREAKDOWN (TYPE)



## Key liquidity ratios

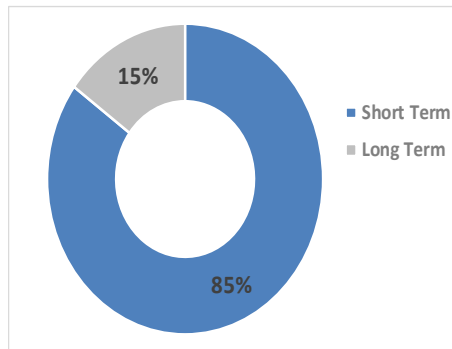


### Note on key liquidity ratios:

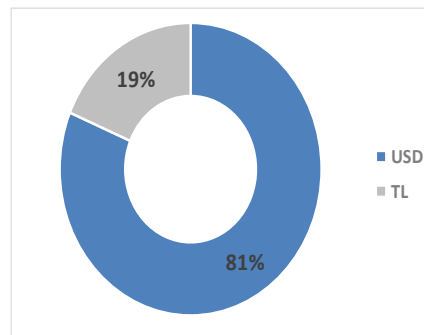
- Current ratio: Current Assets / Current Liabilities
- Cash ratio: Cash / Current Liabilities

## Composition of debt by maturity and currency

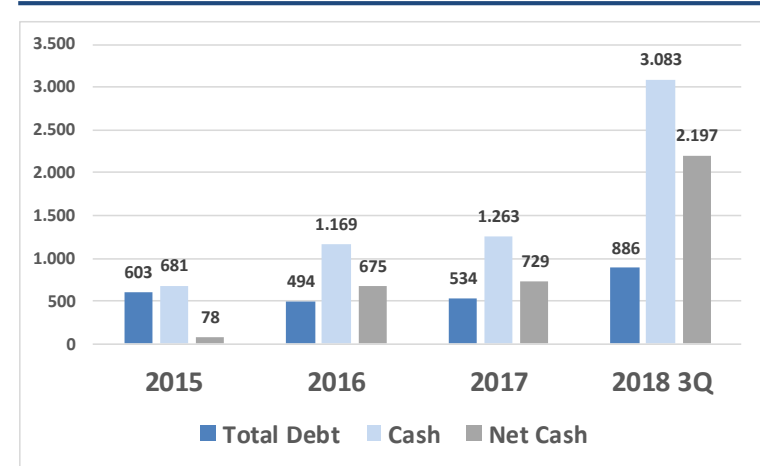
By maturity



By 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)**

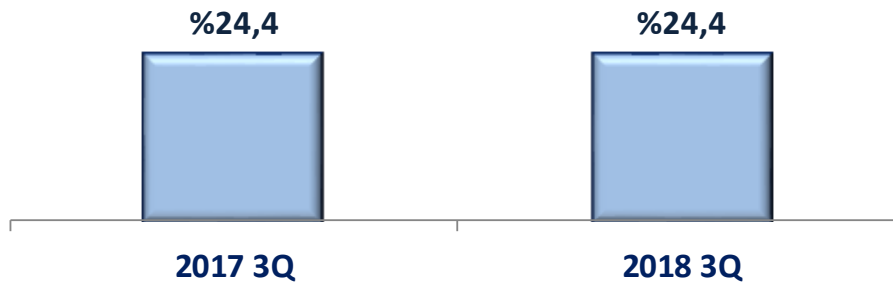


**ALTAY Tank Serial Production**

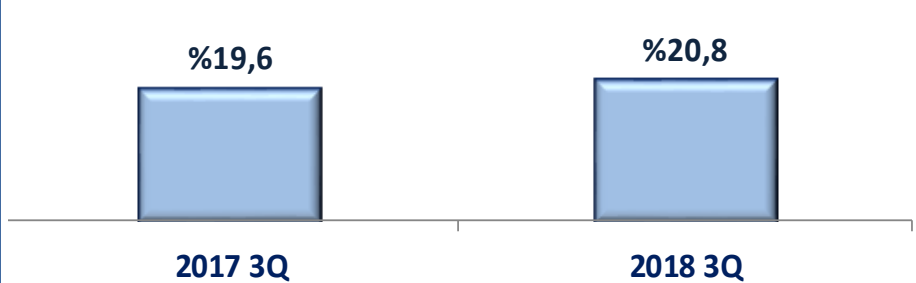


Aselsan as  
sub-  
contractor

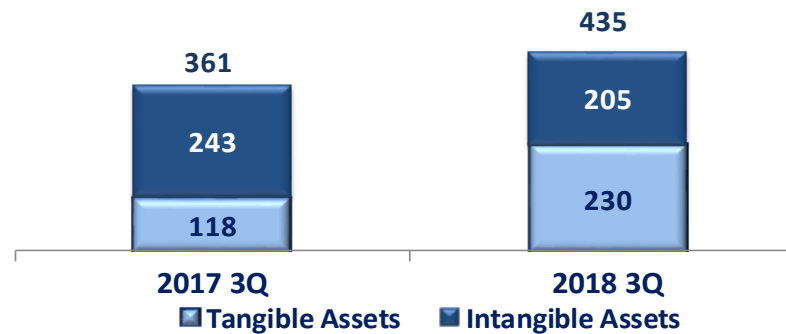
### Gross Profit Margin



### EBITDA Margin



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





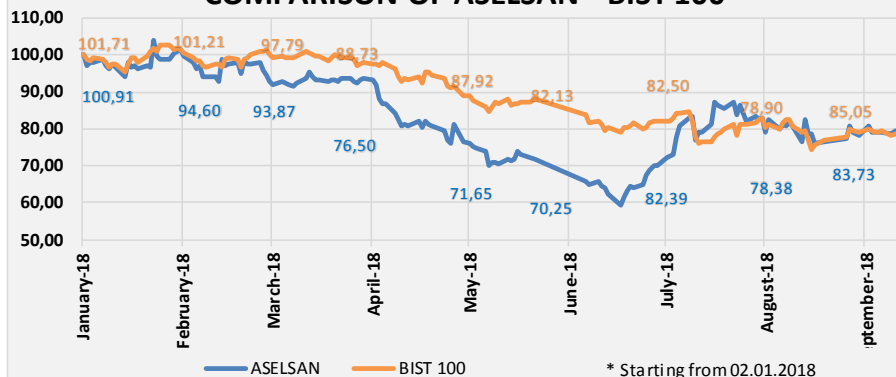
## ASELSAN's guidance on 2018 year-end results

	2017	2018 3Q	2018 Guidance
Net Sales	5.412 Million TL	5.214 Million TL	≥ 40% growth (*)
EBITDA Margin	21,4%	20,8%	19-21% (*)
CAPEX	561 Million TL	435 Million TL	650 Million TL

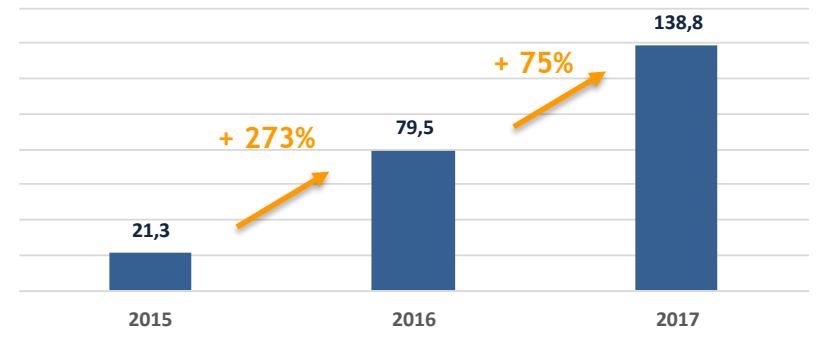
(\*) Revised as of 14.08.2018

**ASELSAN reached a market value of 5,25 Billion USD as of 28.09.2018.**

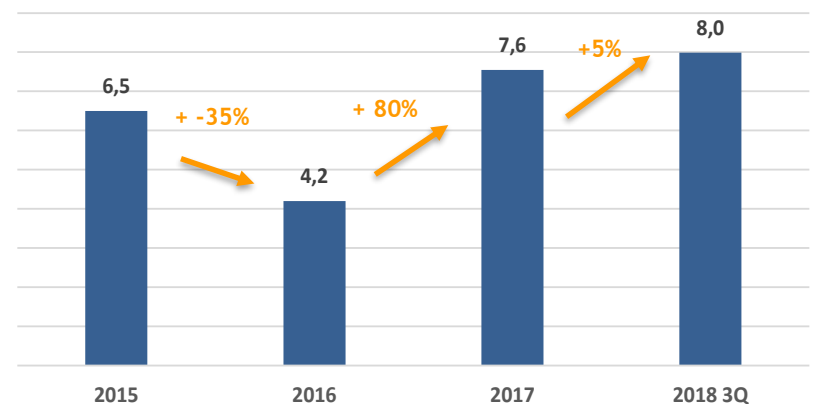
**COMPARISON OF ASELSAN - BIST 100\***



**Earnings Per Share  
(per 100 shares)**



**Dividend Per Share  
(per 100 shares)**



## Contact Persons

Okan TURAN  
Chief Financial Officer

Pınar ÇELEBİ  
Investor Relations Manager

Gülru SELÇUK FİLİZ  
Investor Relations Associate

## Address

ASELSAN Elektronik Sanayi ve Ticaret A.Ş.  
Mehmet Akif Ersoy Mah. 296. Cad. No:16  
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

# APPENDIX



# CONSOLIDATED BALANCE SHEET (MILLION TL)

**aselsan**

ASSETS	30.09.2018	31.12.2017
<b>CURRENT ASSETS</b>	<b>11.004,0</b>	<b>6.058,3</b>
Cash and Cash Equivalents	3.082,8	1.262,8
Trade Receivables	2.868,5	1.581,2
Other Receivables	107,9	112,8
Inventories	3.457,0	2.221,6
Prepaid Expenses	1.119,6	657,7
Other Current Assets	368,2	222,2
<b>NON-CURRENT ASSETS</b>	<b>6.807,0</b>	<b>5.580,2</b>
Financial Investments	569,1	568,9
Long-term Trade Receivables	2.183,6	1.575,0
Other Long-term Receivables	1,1	0,7
Equity Accounted Investments	104,7	83,3
Property, Plant and Equipment	1.242,2	1.090,8
Intangible Assets	969,1	891,2
Prepaid Expenses	687,7	442,7
Deferred Tax Assets	621,2	650,8
Other Long-term Assets	428,3	276,8
<b>TOTAL ASSETS</b>	<b>17.811,0</b>	<b>11.638,5</b>

LIABILITIES	30.09.2018	31.12.2017
<b>CURRENT LIABILITIES</b>	<b>4.042,9</b>	<b>3.691,7</b>
Short-term Financial Liabilities	773,9	404,3
Short-term Portion of Long-term Financial Liabilities	76,9	67,6
Trade Payables	1.754,4	1.790,3
Employee Benefit Obligations	46,0	46,1
Other Payables	30,8	1,5
Government Grants and Incentives	47,2	41,6
Deferred Income	783,1	900,1
Corporate Tax Liability	8,2	0,7
Short-term Provisions	521,4	425,9
Other Short-Term Liabilities	1,0	13,6

<b>NON-CURRENT LIABILITIES</b>	<b>4.385,9</b>	<b>3.178,7</b>
Long-term Financial Liabilities	34,6	62,2
Long-term Trade Payables	1.545,0	1.262,0
Deferred Income	2.442,5	1.642,8
Long-term Provisions	363,8	211,7

	30.09.2018	31.12.2017
<b>EQUITY</b>	<b>9.382,2</b>	<b>4.768,1</b>
<b>Equity attributable to equity holders of the parent</b>	<b>9.381,7</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	2.797,0	-
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	203,7	209,1
Gain on Revaluation of Available for Sale Financial Assets	572,3	540,7
<i>Foreign Currency Exchange Differences</i>	535,3	535,4
<i>Restricted Profit Reserves</i>	37,0	5,2
Retained Earnings	2.661,9	1.419,2
Net Profit for the Period	1.735,5	1.375,9
Non-controlling Interests	0,5	0,5
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>17.811,0</b>	<b>11.638,5</b>

# CONSOLIDATED INCOME STATEMENT (MILLION TL)

**aselsan**

	01.01.2018- 30.09.2018	01.01.2017- 30.09.2017
<b>PROFIT OR LOSS</b>		
Revenue	5.213,9	3.451,2
Cost of sales (-)	(3.940,7)	(2.608,6)
<b>GROSS PROFIT</b>	<b>1.273,2</b>	<b>842,6</b>
General administrative expenses (-)	(158,9)	(127,7)
Marketing expenses (-)	(98,8)	(82,7)
Research and development expenses (-)	(57,1)	(50,5)
Other operating income	4.624,3	1.035,6
Other operating expenses (-)	(3.588,5)	(902,6)
<b>OPERATING PROFIT</b>	<b>1.994,2</b>	<b>714,7</b>
Income from investing activities	5,92	9,3
Share of Losses of Equity-Accounted Investments	(8,2)	2,2
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSE</b>	<b>1.991,9</b>	<b>726,2</b>
Financial income	481,3	252,1
Financial expenses (-)	(698,6)	(362,1)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>1.774,6</b>	<b>616,2</b>
<b>Tax income/ (expense) from continuing operations</b>	<b>(39,1)</b>	<b>136,1</b>
- Current tax expense	(8,2)	(1,3)
- Deferred tax income / (expense)	(30,9)	137,4
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>1.735,5</b>	<b>752,3</b>
<b>Profit for the period attributable to:</b>		
Non-controlling interest	0,01	0,060
Shareholders of the parent	1.735,5	752,3

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.

This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. None of the Company nor any of its shareholders, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.

# aselsan

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

ASELSAN is a Turkish Armed Forces Foundation company.



# aselsan

## PROVEN TECHNOLOGY