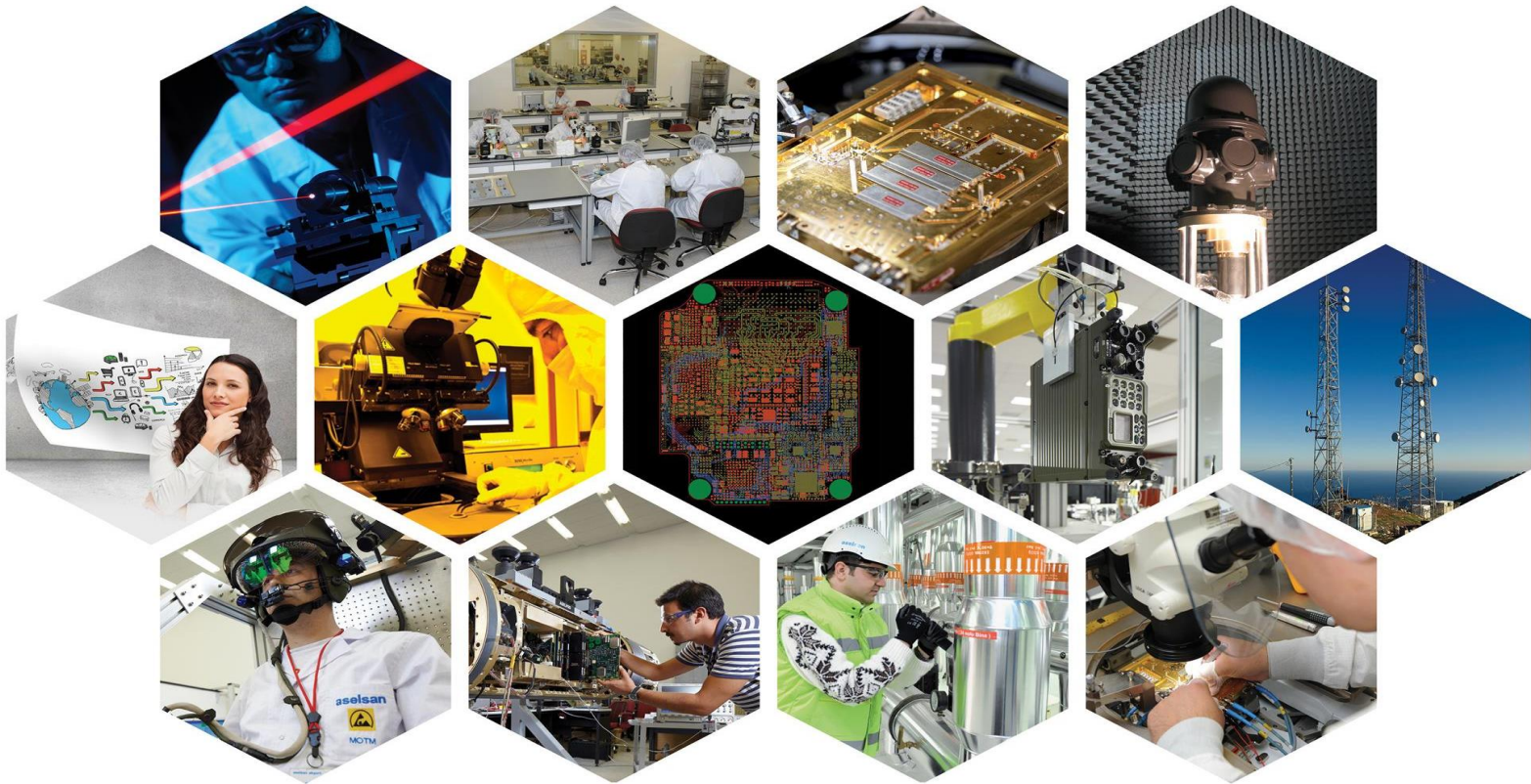
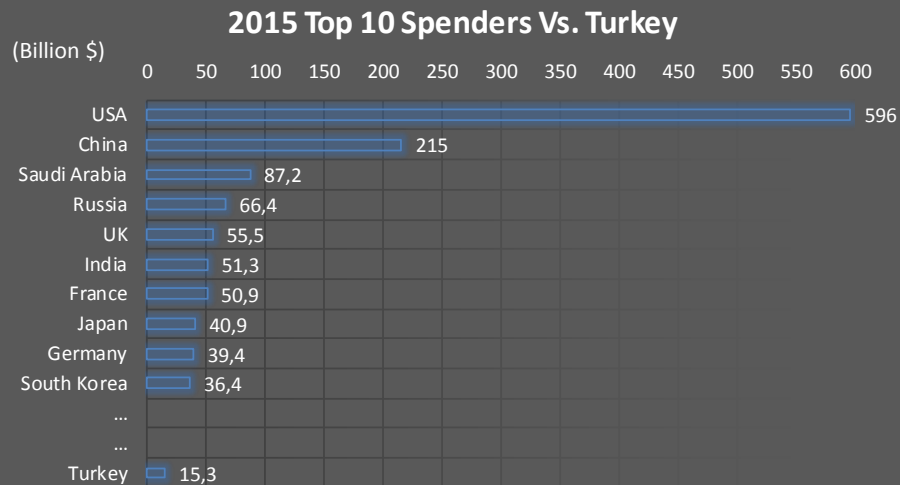
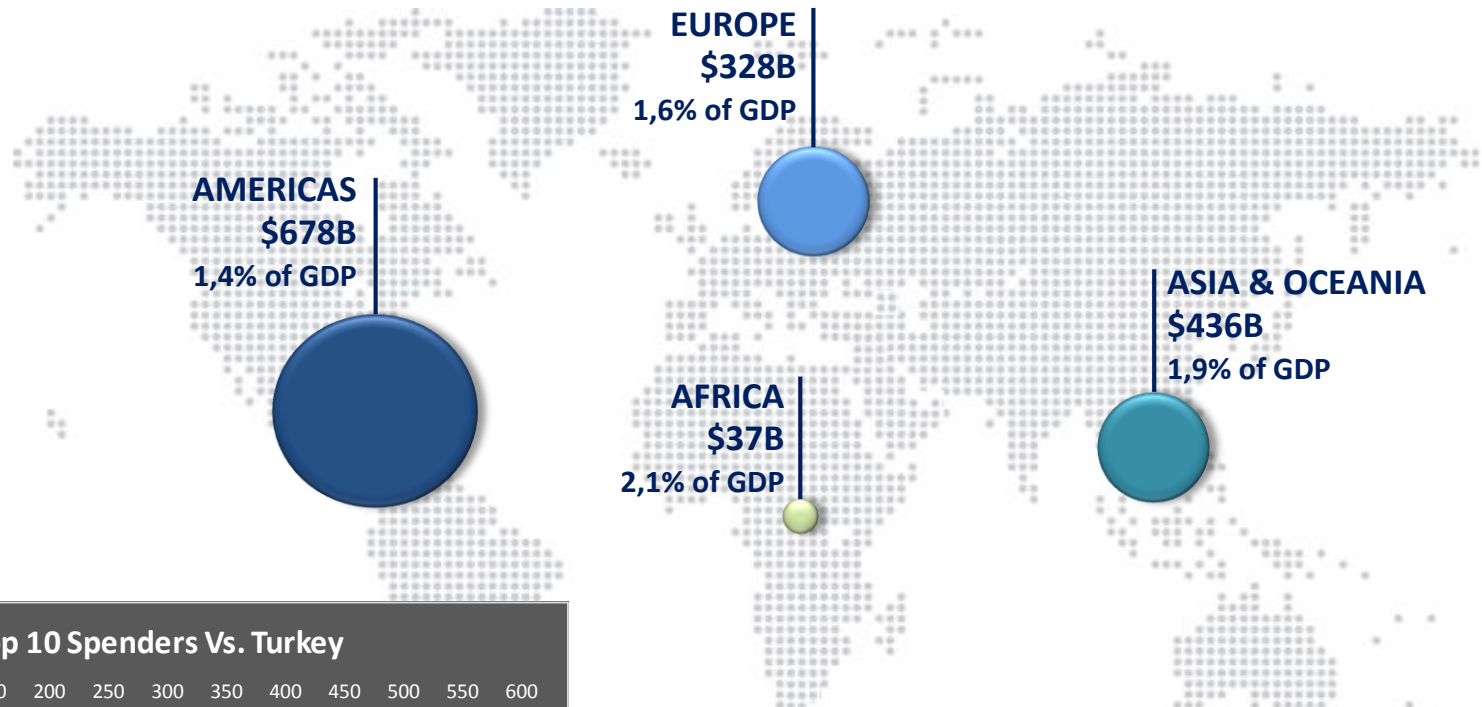


aselsan

Investor Presentation February 2017



GLOBAL MILITARY SPENDING, 2015



2015 TOTAL SPENDING: \$1.676 B

% difference in spending 2014 vs 2015

(based on 2011 constant prices & exchange rates)

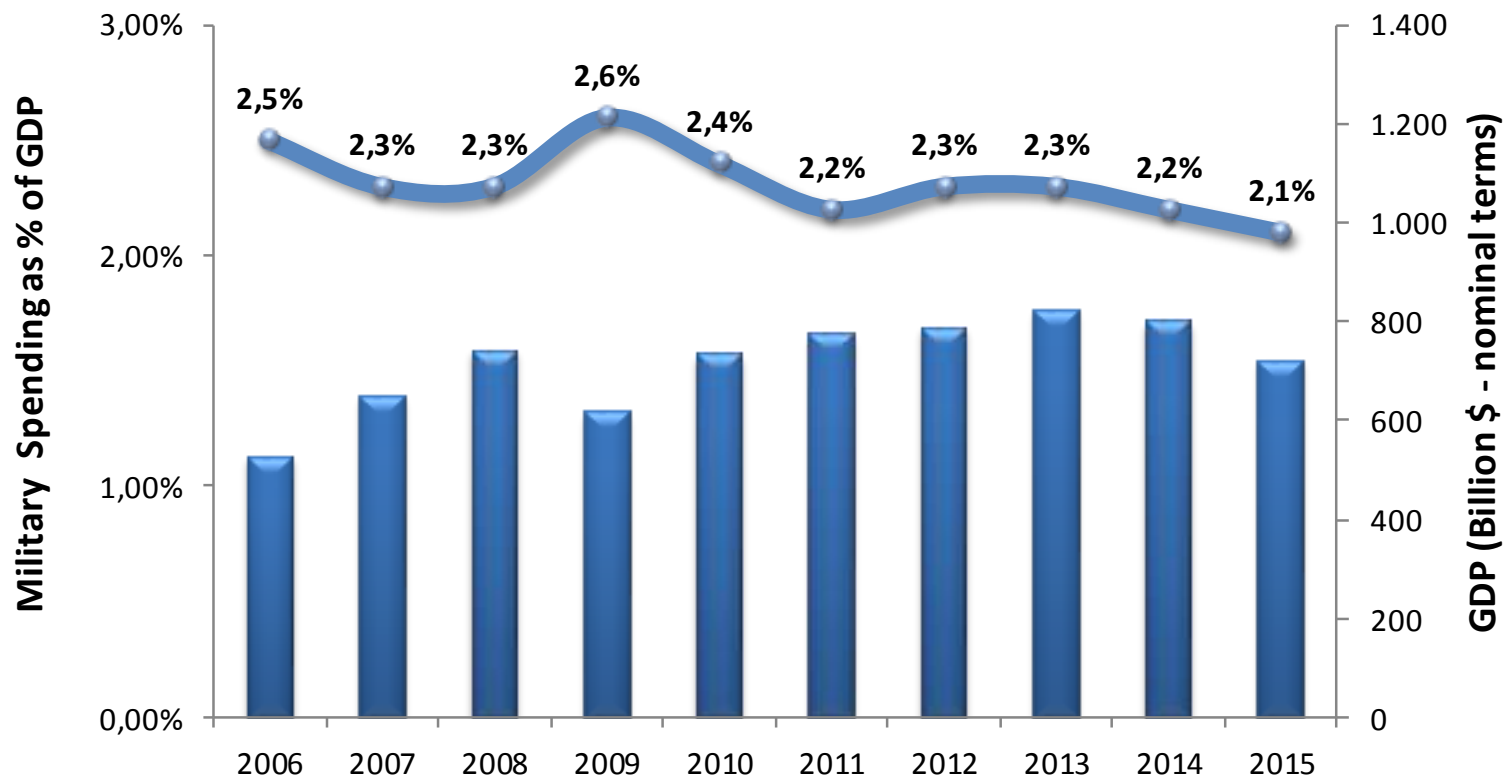


Source: SIPRI

BALANCED GROWTH OF TURKISH MILITARY SPENDING

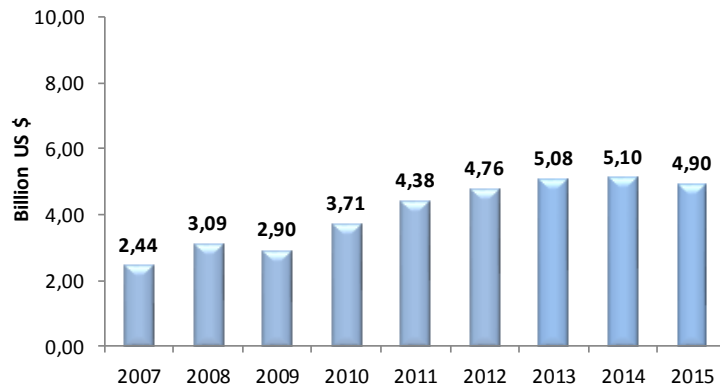
As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget.

MILITARY SPENDING as % of GDP (TURKEY)

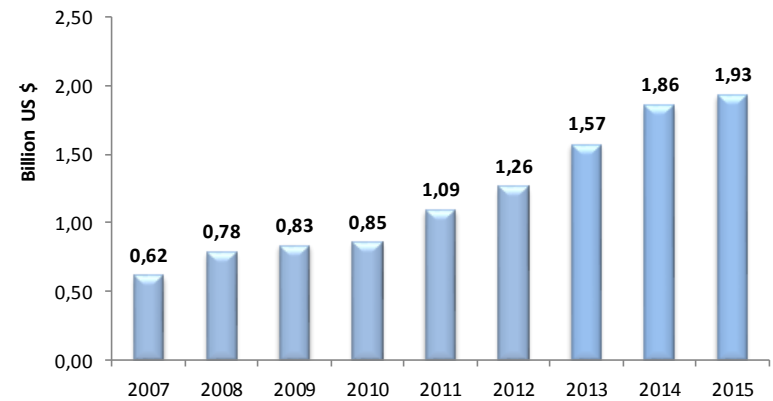


TURKISH DEFENSE INDUSTRY GROWING OVER YEARS

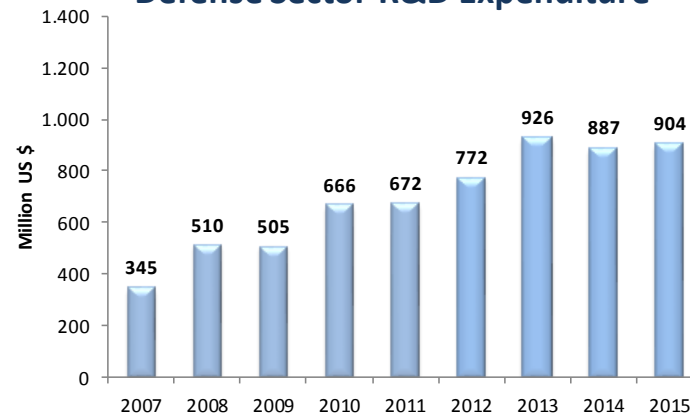
Defense Sector Revenue



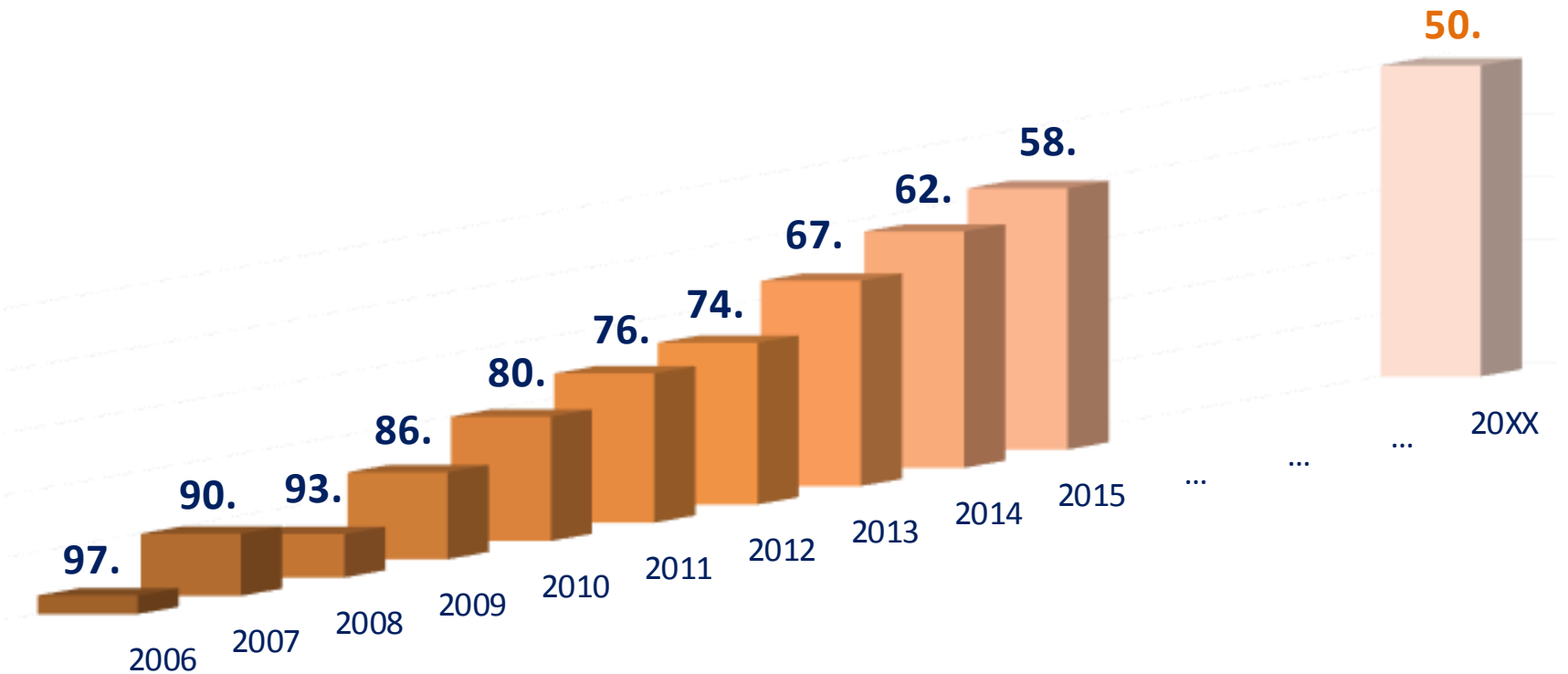
Defense Sector Export Revenue



Defense Sector R&D Expenditure

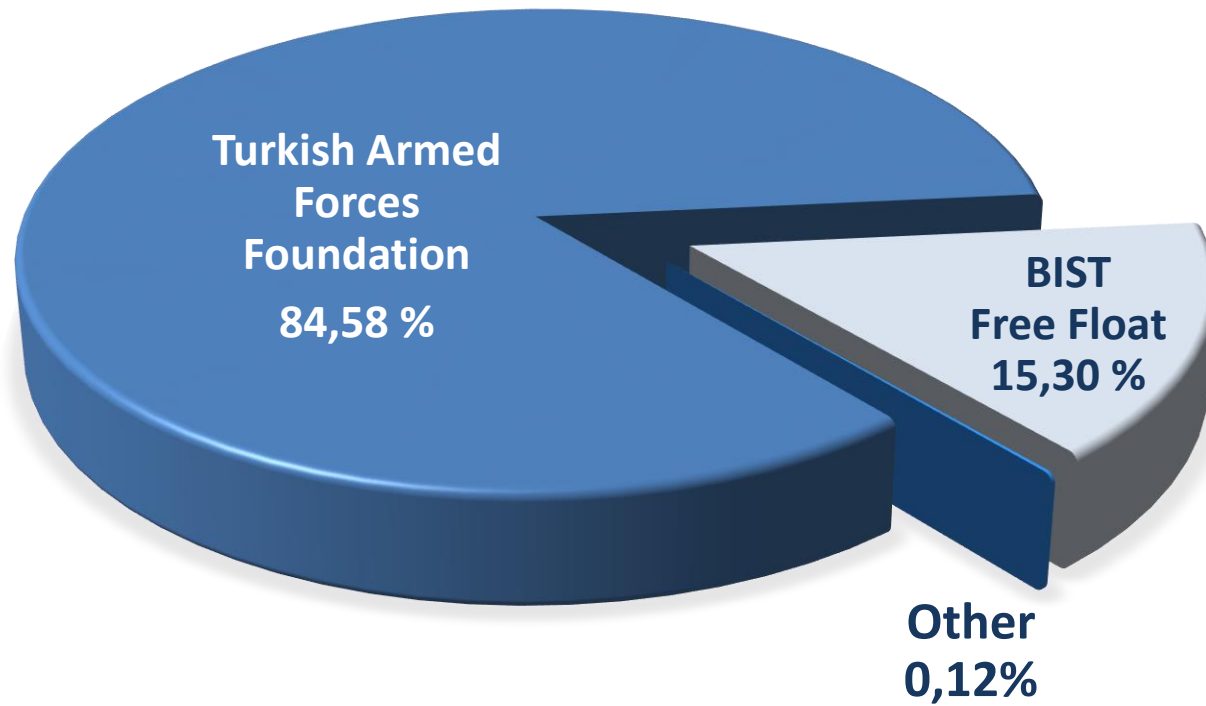


ASELSAN Global Defense Ranking



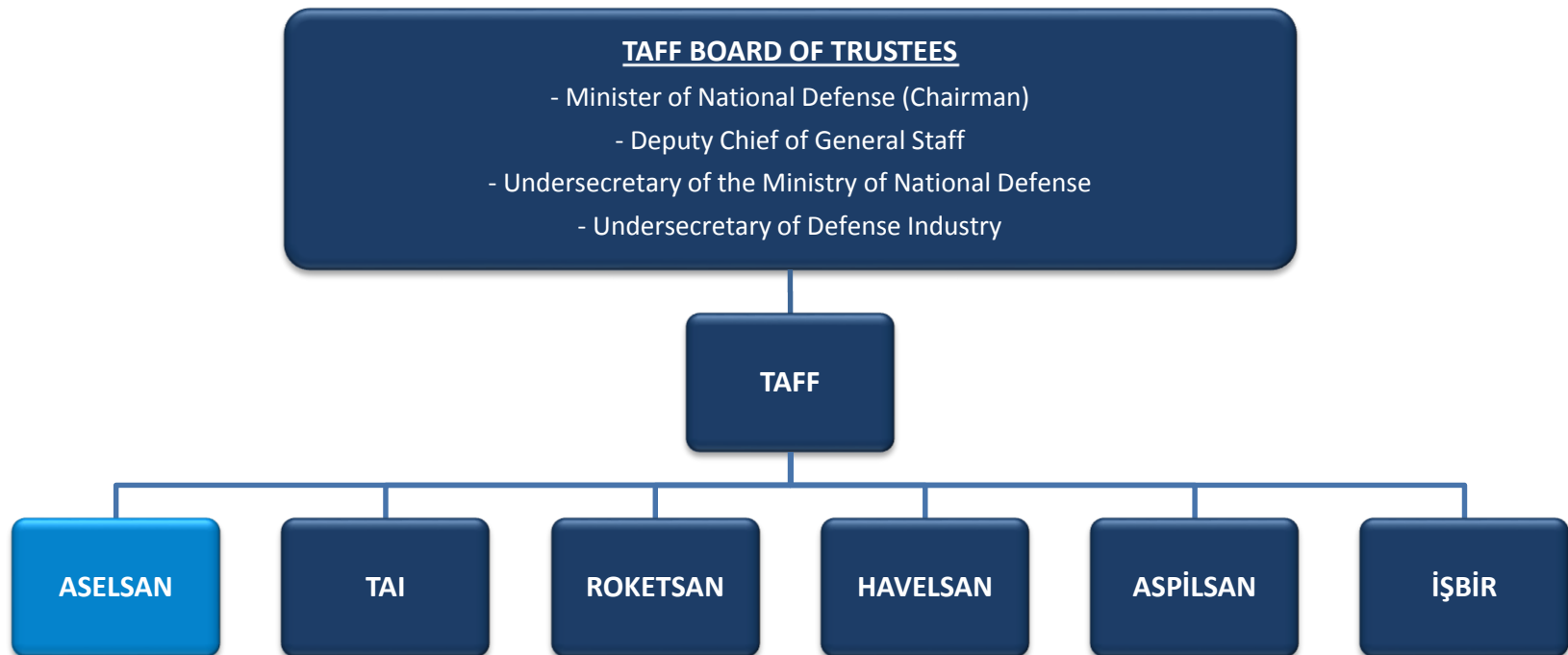
Source: Defense News Top 100 Worldwide List

ASELSAN – THE ONLY DEFENSE COMPANY LISTED ON BIST



MAIN SHAREHOLDER - 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 TAFF has is nominating 6 members of the 9 members of Board of Directors.



FACILITIES



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

FIELD OF ACTIVITIES

COMMUNICATION INFORMATION TECHNOLOGIES



COMMUNICATION



SATELLITE SYSTEMS



IT & CYBER SECURITY

MICROELECTRONICS GUIDANCE & ELECTRO-OPTICS



AVIONIC



ELECTRO-OPTIC



GUIDANCE & UNMANNED SYSTEMS



MICROELECTRONICS

RADAR, ELECTRONIC WARFARE



RADAR SYSTEMS



ELECTRONIC WARFARE



MICROWAVE PRODUCTS

DEFENSE SYSTEMS TECHNOLOGIES



AIR & MISSILE DEFENSE



LAND & WEAPON SYSTEMS



COMMAND CONTROL (C4ISR)



NAVAL SYSTEMS

TRANSPORTATION, SECURITY, ENERGY & AUTOMATION



SECURITY



TRANSPORTATION



TRAFFIC & AUTOMATION



ENERGY

AFFILIATES – Local

MİKROELEKTRONİK



Ownership : 85%
Partner: İTÜ ETA
Participation: 2010
(Founded in 2006)
Assets: \$2,0 M

İSTANBUL

MİKROELEKTRONİK

ANKARA

AELSANNET

ROKETSAN

AB-MİKRO NANO

SİVAS

AELSAN HASSAS OPTİK

AELSAN PRECISION OPTICS



Ownership: 50%
Partner: Sivas Optik
Malzemeleri
Foundation: 2014
Assets: \$11,8 M

AELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$115,4 M

ROKETSAN



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

AELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$20,2 M

Assets are given as of 31.12.2016.

AFFILIATES – Global

ASELSAN-BAKU (AZERBAIJAN)



Ownership: 100%
Foundation: 1998
Assets: \$1,6 M

ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%
Partner: KADDB
Investment Group
Foundation: 2012
Assets: \$25,7 M

IGG ASELSAN INTEGRATED SYSTEMS (UAE)



Ownership: 49%
Partner: IGG
Foundation: 2011
Assets: \$4,7 M

SADEC (SAUDI ARABIA)

Ownership : 50%
Partner : TAQNIA DST
Foundation : 2016

KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%
Partner: Kazakhstan
Engineering
Foundation: 2011
Assets: \$40,4 M

KAZAKHSTAN ASELSAN ENGINEERING

ASELSAN BAKÜ

ASELSAN MIDDLE EAST

IGG ASELSAN INTEGRATED SYSTEMS

SOUTH AFRICA BRANCH



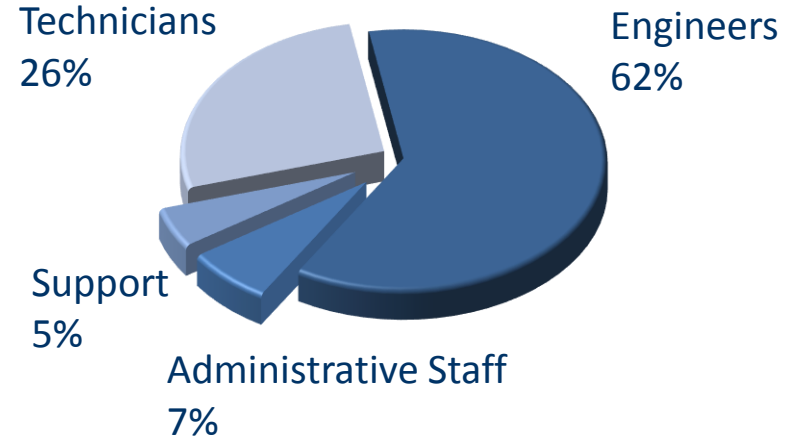
Ownership: 100%
Foundation: 2011

ASELSAN SOUTH AFRICA BRANCH

Assets are given as of 31.12.2016.

SUSTAINABLE AND INNOVATIVE HUMAN CAPITAL

Total Employees : 5.174
Engineers : 3.178



- **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

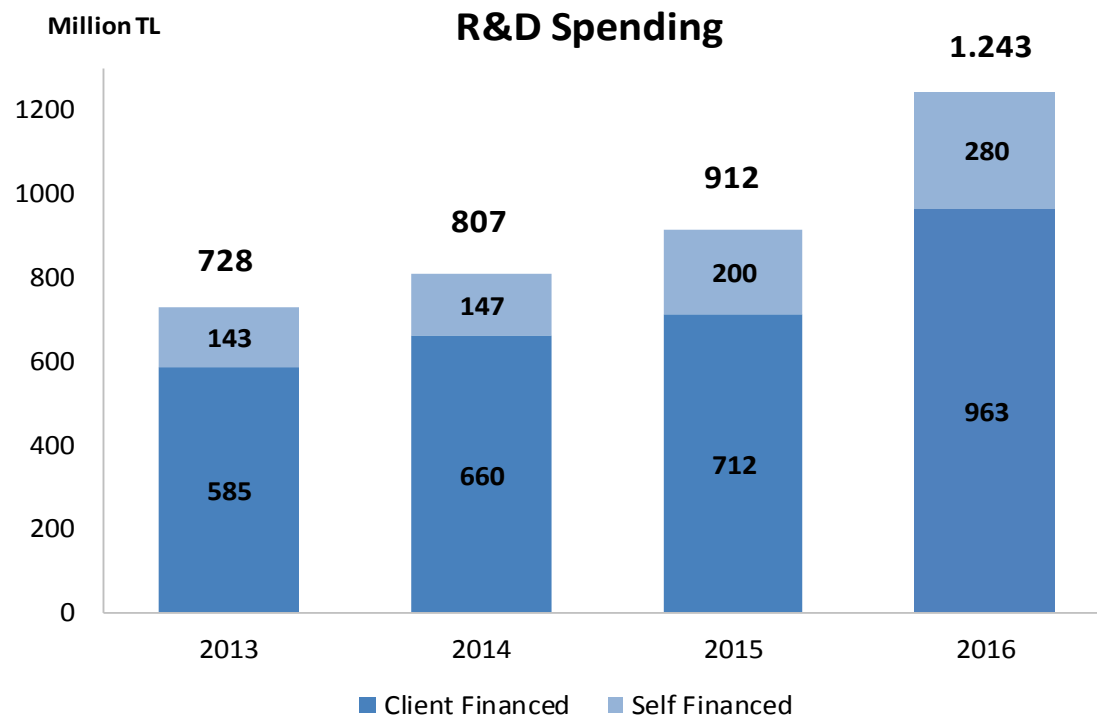
- **Location and fringe benefits**

- **Back to Turkey Project**

- **ASELSAN was selected as the mostly sought-after company to work for by engineering students in Turkey**

As of February 2017

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



2016 FULL YEAR – KEY FINANCIAL FIGURES

Net Sales: +36% (Jan-Dec); last quarter +74% (Oct-Dec)

New Contracts Awarded: 9,5 Billion TL

Backlog: 22,975 Million TL

EBITDA increase (Jan-Dec): +%45

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

Net Cash Position: 675 Million TL (2015: 78 Million TL)

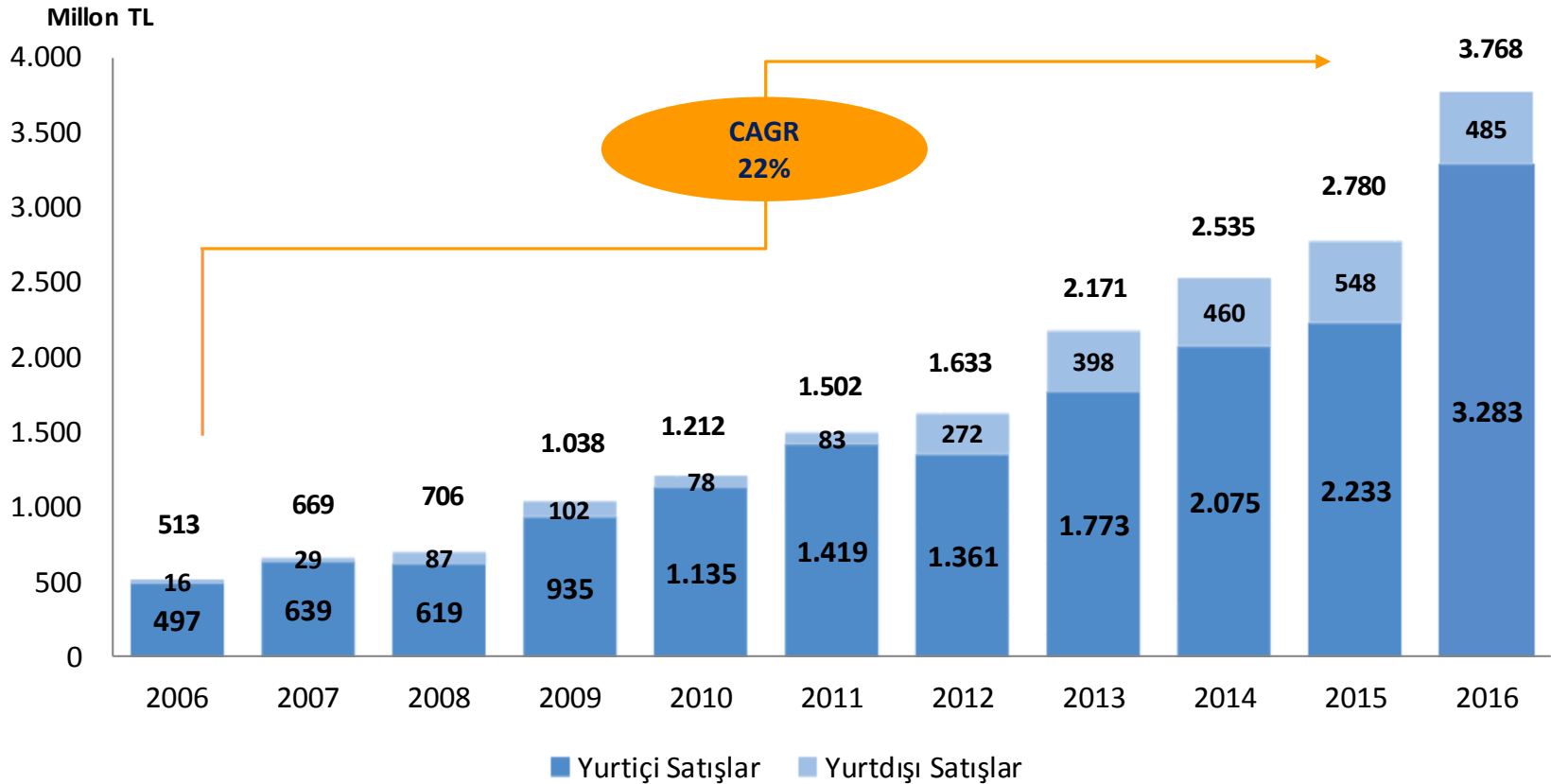
Net FX Position: +587 Million USD (2015: +311 Million USD, 89% increase)

FINANCIAL HIGHLIGHTS

2015 4Q	2016 4Q	Δ%	(Million TL)	2015	2016	Δ%
932	1.618	74%	Net Sales	2.780	3.768	36%
211	385	82%	Gross Profit	626	923	47%
150	284	89%	Operating Profit (EBIT)	392	606	55%
178	312	75%	EBITDA	495	716	45%
67	406	506%	Net Profit	213	795	273%
22,7%	23,8%	↑	Gross Profit Margin	22,5%	24,5%	↑
16,1%	17,6%	↑	Operating Profit (EBIT) Margin	14,1%	16,1%	↑
19,1%	19,3%	↑	EBITDA Margin	17,8%*	19,0%	↑
7,2%	25,1%	↑	Net Profit Margin	7,7%	21,1%	↑
319	476	↑	Operating Cash Flow (OCF)	776	981	↑
275	302	↑	Free Cash Flow (FCF)	510	622	↑
681	1.169	25%	Cash and Cash Equivalents	681	1.169	72%

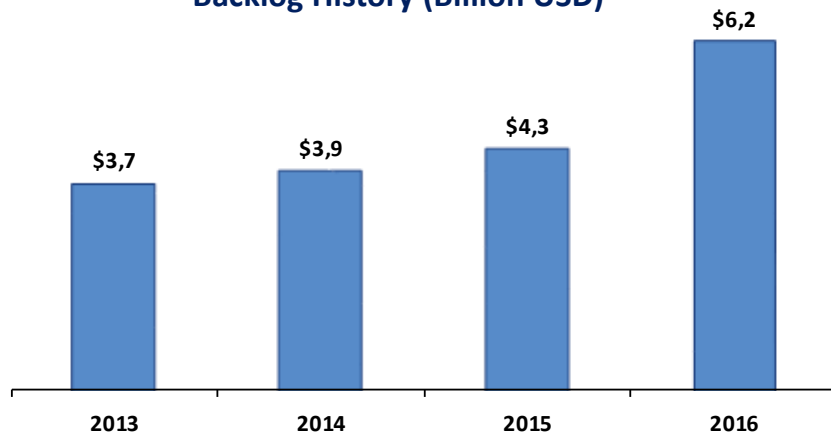
*15,4% including one-off accounting adjustments

INCREASING TREND IN NET SALES

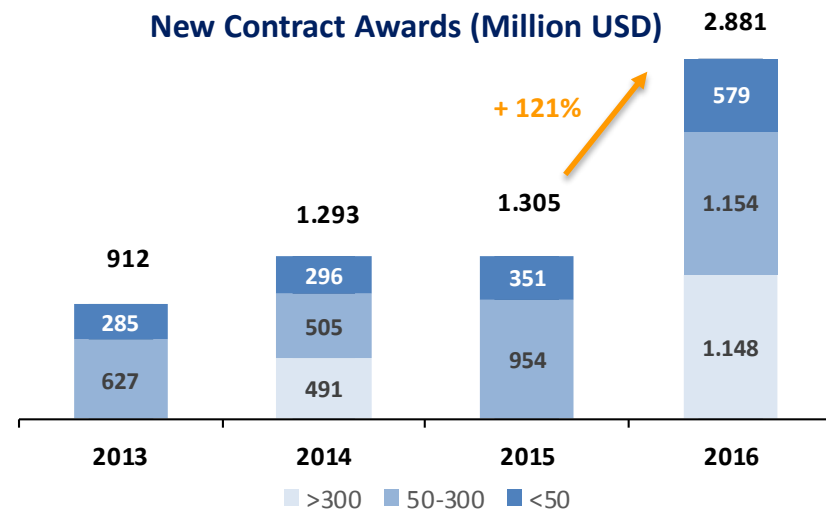


SIGNIFICANT BACKLOG INCREASE AND NEW CONTRACT AWARDS

Backlog History (Billion USD)



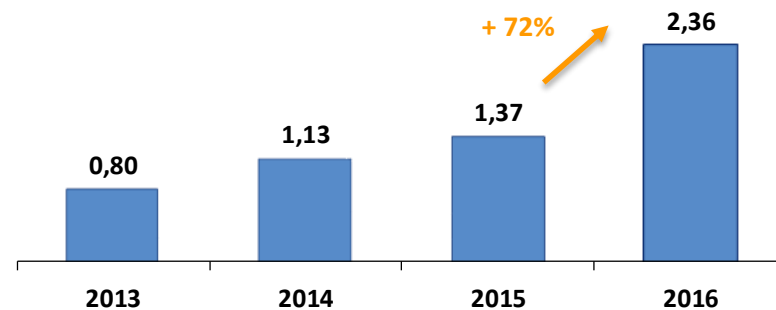
New Contract Awards (Million USD)



Backlog Aging (Billion USD)

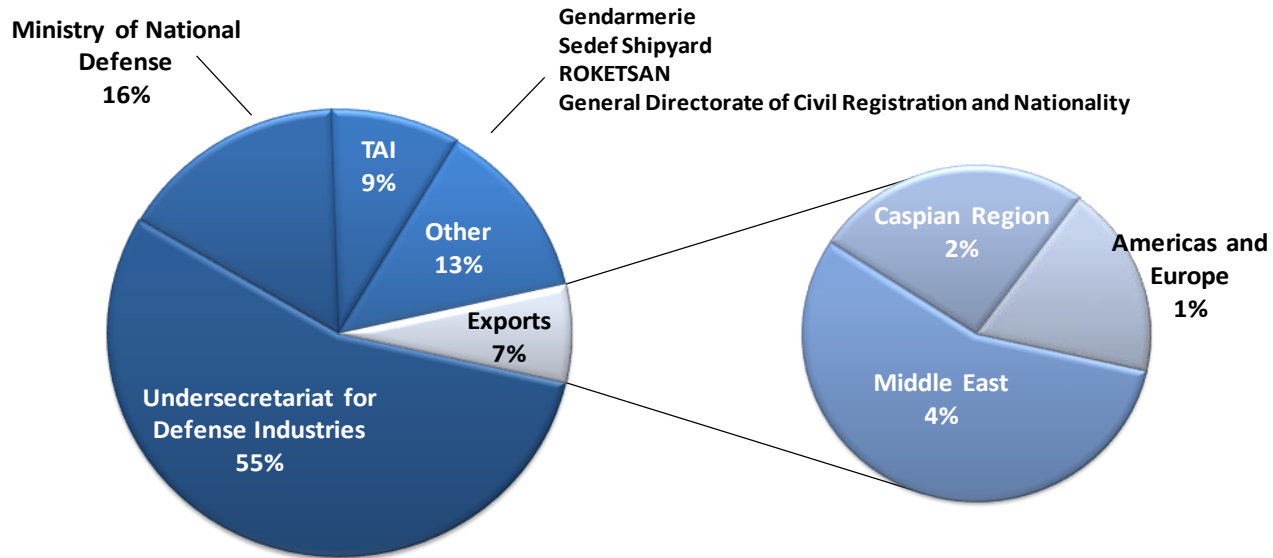
Backlog Aging (Billion USD)	
2017	1,1 – 1,4
2018	1,0 – 1,2
2019	1,0 – 1,3
2020	1,0 – 1,2
2021 and beyond	1,6 – 1,8

Book-to-Bill Ratio

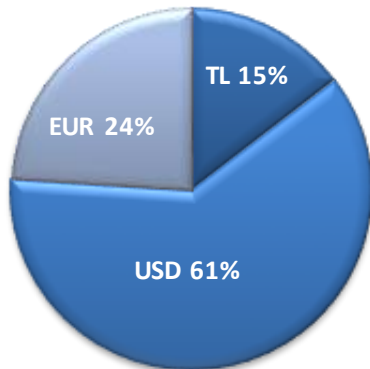


BACKLOG

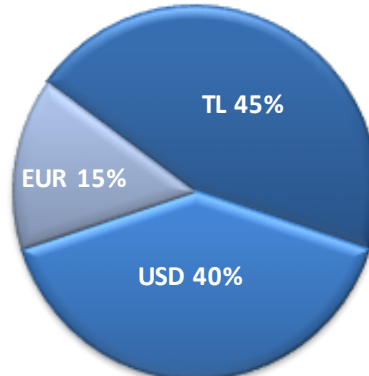
BACKLOG DISTRIBUTION (CLIENT)



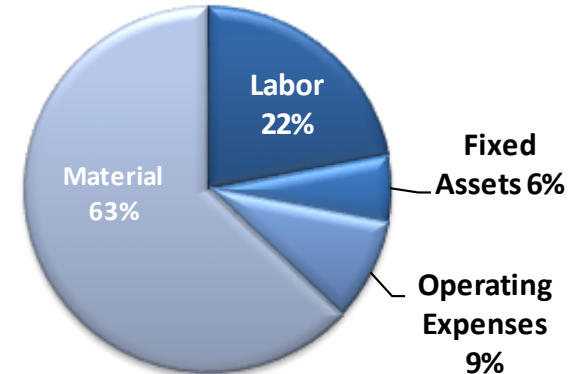
BACKLOG DISTRIBUTION (CURRENCY)



COST DISTRIBUTION (CURRENCY)

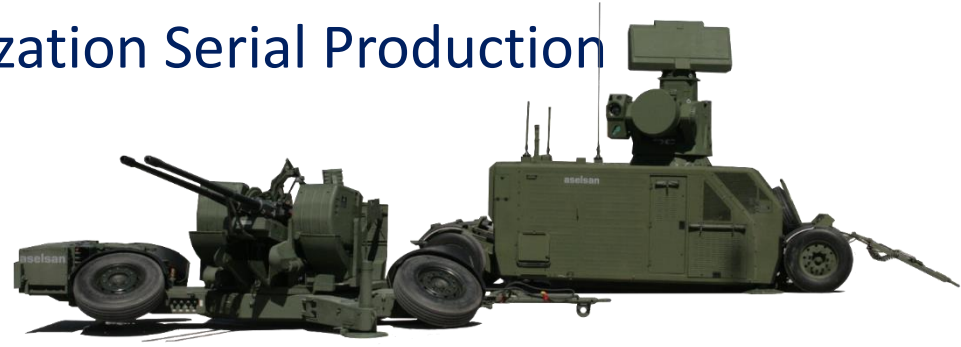


COST BREAKDOWN (TYPE)



PROSPECTIVE PROJECTS

- Air Defense System Modernization Serial Production



- HAVASOJ (Stand-off Jammer)



- Long Range Air Defense Missile System



PROSPECTIVE PROJECTS

- MILGEM I-Class Frigate



- Turkish Fighter Aircraft Development (TF-X)

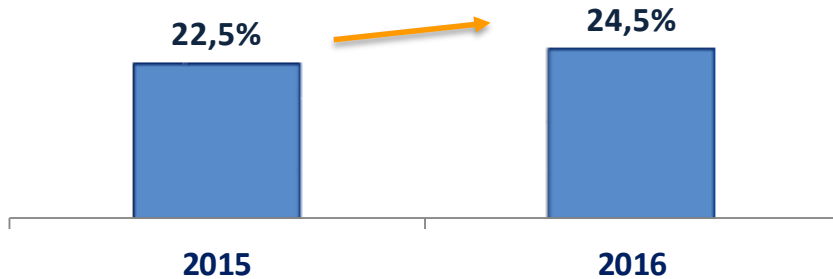


- ALTAY Tank Serial Production

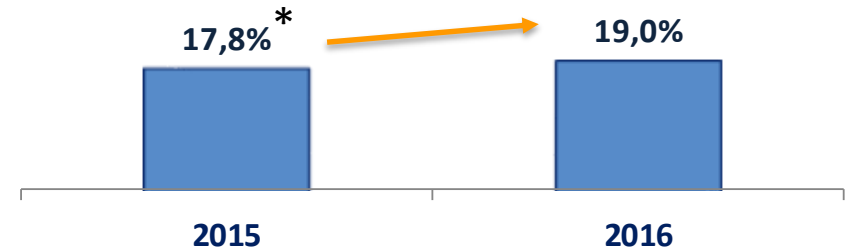


IMPROVED MARGINS AND OPTIMIZED CAPEX

Gross Profit Margin

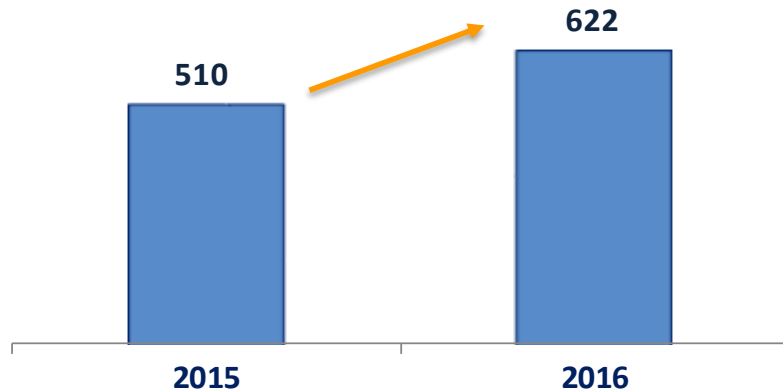


EBITDA Margin

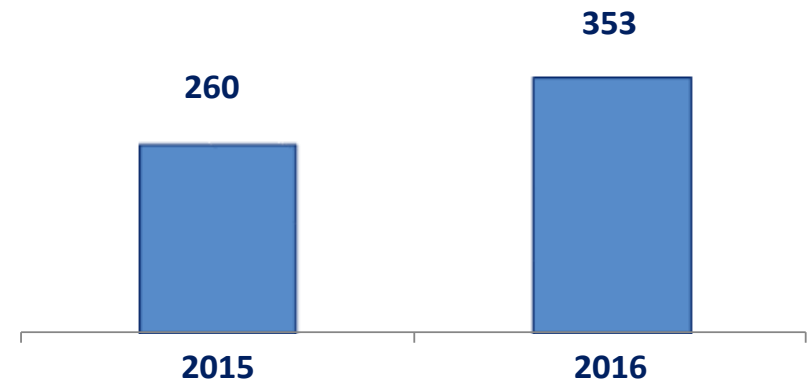


*15,4% including one-off accounting adjustments

Free Cash Flow (Million TL)




CAPEX (Tangible + Intangible) (Million TL)



STRONG CASH FLOW AND NET CASH POSITION

December 31, 2016 Net Cash Position	
Cash & Cash Equivalents 1.169 Million TL	Financial Debt 494 Million TL
	Net Cash = Cash - Short/Long Term Debt 675 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 2017 year-end results:

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

SUSTAINABILITY

“Sustainability” is not a new concept for ASELSAN.

- 
- ASELSAN holds OHSAS 18001:2007 Occupational Health and Safety Management System and ISO 14001:2004 Environmental Management System Certificates since 2009.
 - ASELSAN has been in the “Highest” category in Carbon Disclosure Project (CDP) since 2012.
 - ASELSAN, is one of the companies to be listed on the BIST Sustainability Index since its launch in November 2014.
 - As per ASELSAN Enterprise Risk Management System, the potential risks are systematically identified, analyzed, monitored and mitigated while focusing on efficiency and sustainable growth.

CONTACT

Contact Persons

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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)

A S S E T S	31.12.2016	31.12.2015
CURRENT ASSETS	5.069,5	3.092,8
Cash and Cash Equivalents	1.168,8	681,0
Trade Receivables	2.039,7	1.068,3
Other Receivables	84,7	48,2
Inventories	1.187,4	886,8
Prepaid Expenses	387,2	228,7
Other Current Assets	201,7	179,8
NON-CURRENT ASSETS	3.535,4	3.152,2
Financial Investments	516,2	433,5
Long-term Trade Receivables	385,6	375,9
Other Long-term Receivables	0,3	0,3
Equity Accounted Investments	57,4	41,9
Property, Plant and Equipment	967,5	924,8
Intangible Assets	697,1	537,5
Prepaid Expenses	393,7	410,1
Deferred Tax Assets	384,6	330,5
Other Long-term Assets	133,0	97,7
TOTAL ASSETS	8.604,9	6.245,0

CONSOLIDATED BALANCE SHEET (MILLION TL)

LIABILITIES	31.12.2016	31.12.2015
CURRENT LIABILITIES	2.242,7	1.568,9
Short-term Financial Liabilities	306,2	357,8
Short-term Portion of Long-term Financial Liabilities	65,7	89,4
Trade Payables	1.052,9	577,2
Employee Benefit Obligations	36,8	21,6
Other Payables	6,2	2,9
Government Grants and Incentives	28,3	22,6
Deferred Income	370,6	261,5
Corporate Tax Liability	0,4	2,6
Short-term Provisions	353,8	220,0
Other Short-Term Liabilities	21,8	13,3
NON-CURRENT LIABILITIES	2.670,7	1.835,4
Long-term Financial Liabilities	122,4	156,1
Long-term Trade Payables	253,2	222,9
Deferred Income	2.092,0	1.269,5
Long-term Provisions	203,1	186,9

CONSOLIDATED BALANCE SHEET (MILLION TL)

	31.12.2016	31.12.2015
EQUITY	3.691,5	2.840,7
Equity attributable to equity holders of the parent	3.691,0	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	219,4	201,2
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	486,0	406,7
<i>Gain on Revaluation of Available for Sale Financial Assets</i>	<i>485,3</i>	<i>406,8</i>
<i>Foreign Currency Exchange Differences</i>	<i>0,7</i>	<i>(0,1)</i>
Restricted Profit Reserves	94,2	86,9
Retained Earnings	997,6	1.332,2
Net Profit for the Period	795,2	212,9
Non-controlling Interests	0,5	0,5
TOTAL LIABILITIES AND EQUITY	8.604,9	6.245,0

CONSOLIDATED INCOME STATEMENT (MILLION TL)

	01.01.2016- 31.12.2016	01.01.2015- 31.12.2015
PROFIT OR LOSS		
Revenue	3.768,1	2.780,4
Cost of sales (-)	(2.845,1)	(2.154,4)
GROSS PROFIT	923	626
General administrative expenses (-)	(150,7)	(138,4)
Marketing expenses (-)	(83,8)	(74,7)
Research and development expenses (-)	(82,6)	(87,9)
Other operating income	489,7	173,7
Other operating expenses (-)	(285,6)	(296,0)
OPERATING PROFIT	810	202,7
Income from investing activities	8,8	2,5
Share of Losses of Equity-Accounted Investments	0,2	(9,1)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	819	196,1
Financial income	66,4	38,3
Financial expenses (-)	(151,3)	(155,3)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	734,1	79,1
Tax income/ (expense) from continuing operations	61,2	134,2
- Current tax expense	(1,5)	(3,5)
- Deferred tax income / (expense)	62,7	137,7
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	795,3	213,3
Profit for the period attributable to:		
Non-controlling interest	0,0	0,0
Shareholders of the parent	795,2	213,4

CONSOLIDATED STATEMENT OF CASH FLOW (MILLION TL)

	01.01.2016- 31.12.2016	01.01.2015- 31.12.2015
OPERATING CASH FLOW (OCF)	981	776
Net Profit for the Period	795	213
Depreciation and Amortization	110	103
Change in Inventory	(150)	68
Change in Trade Receivables	(991)	17
Prepaid Expenses	(284)	(207)
Deferred Income	932	462
Change in Trade Payables	518	143
Others	51	(23)
CASH FLOW FROM INVESTING ACTIVITIES	(359)	(266)
Tangible Assets	(123)	(95)
Intangible Assets	(229)	(165)
Other Changes	(7)	(6)
FREE CASH FLOW (FCF)	622	510

FORWARD LOOKING STATEMENTS

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