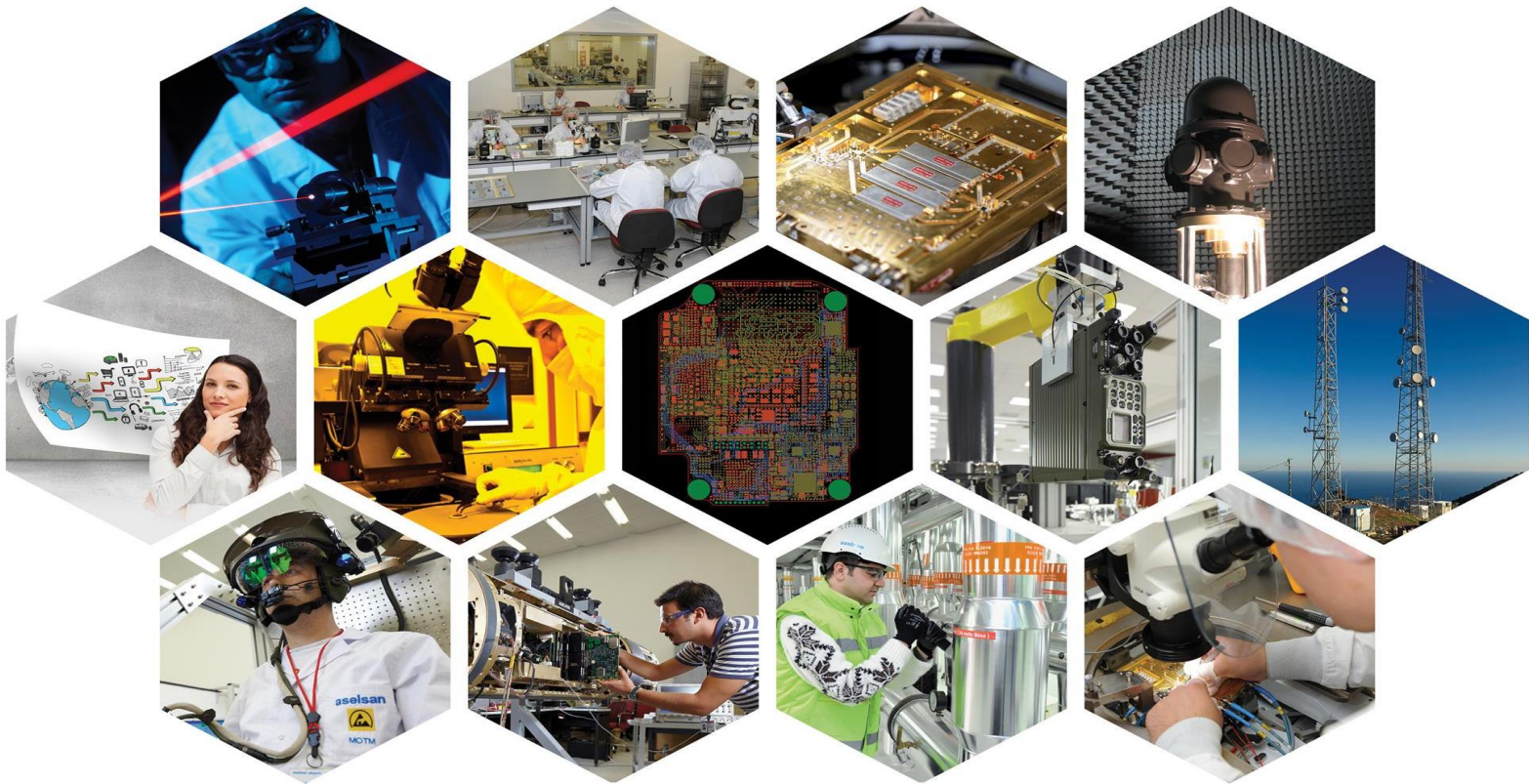


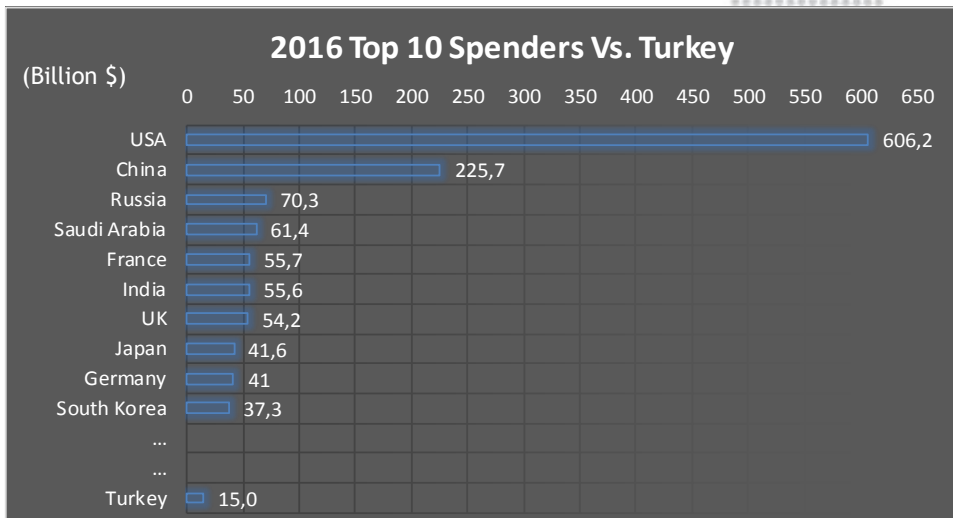
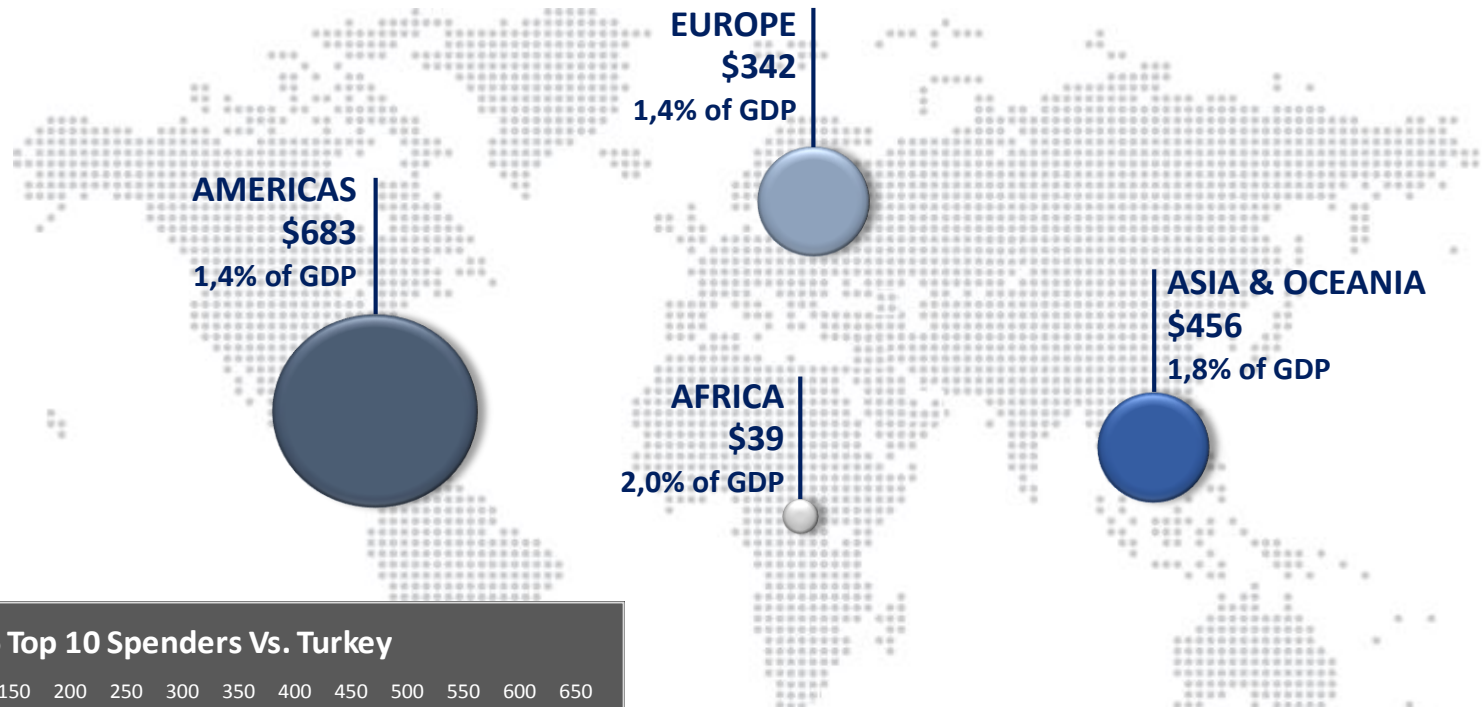
Investor Presentation

February 2018



GLOBAL MILITARY SPENDING, 2016 (BILLION \$)

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2016 TOTAL SPENDING: \$1.682

% difference in spending 2015 vs 2016

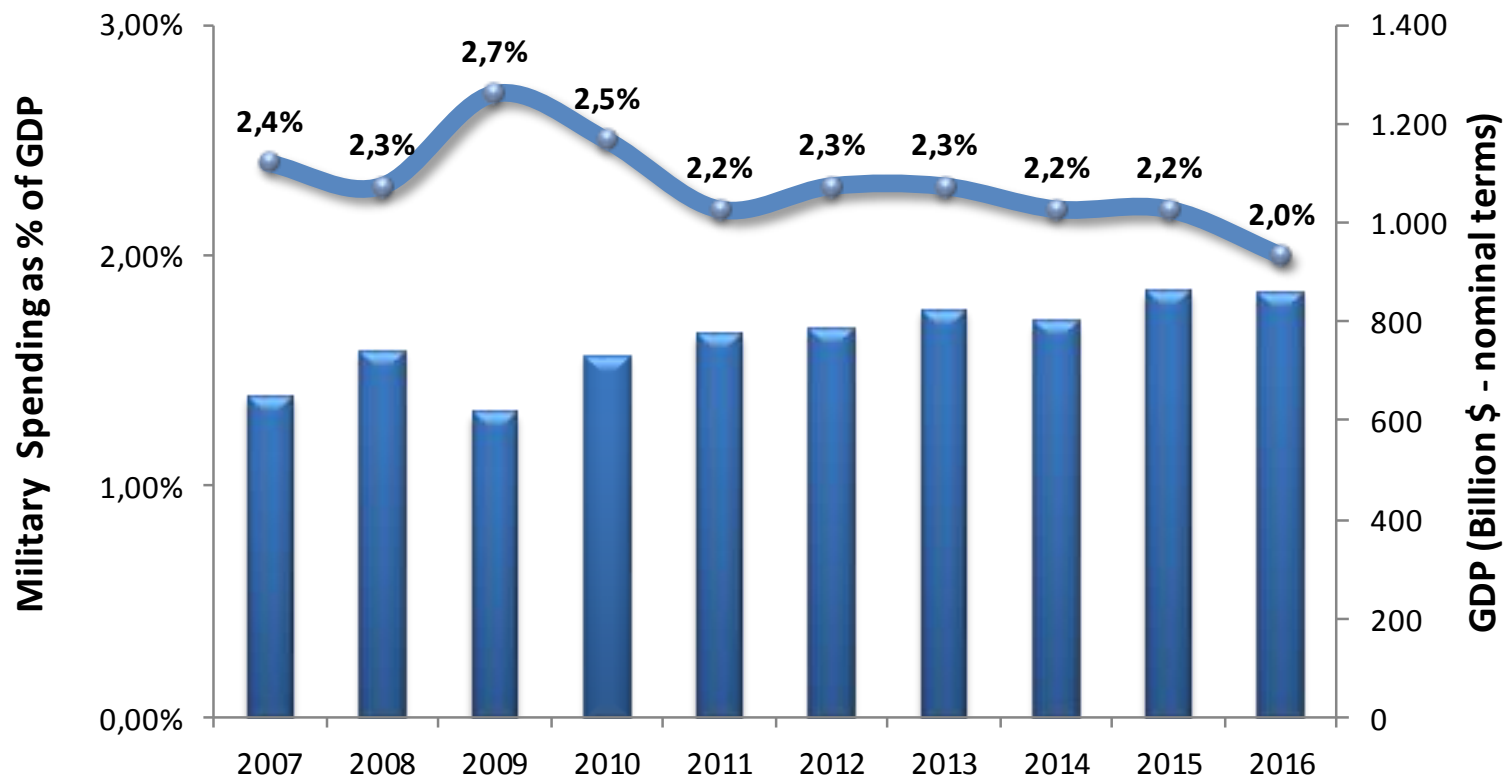
(based on 2011 constant prices & exchange rates)



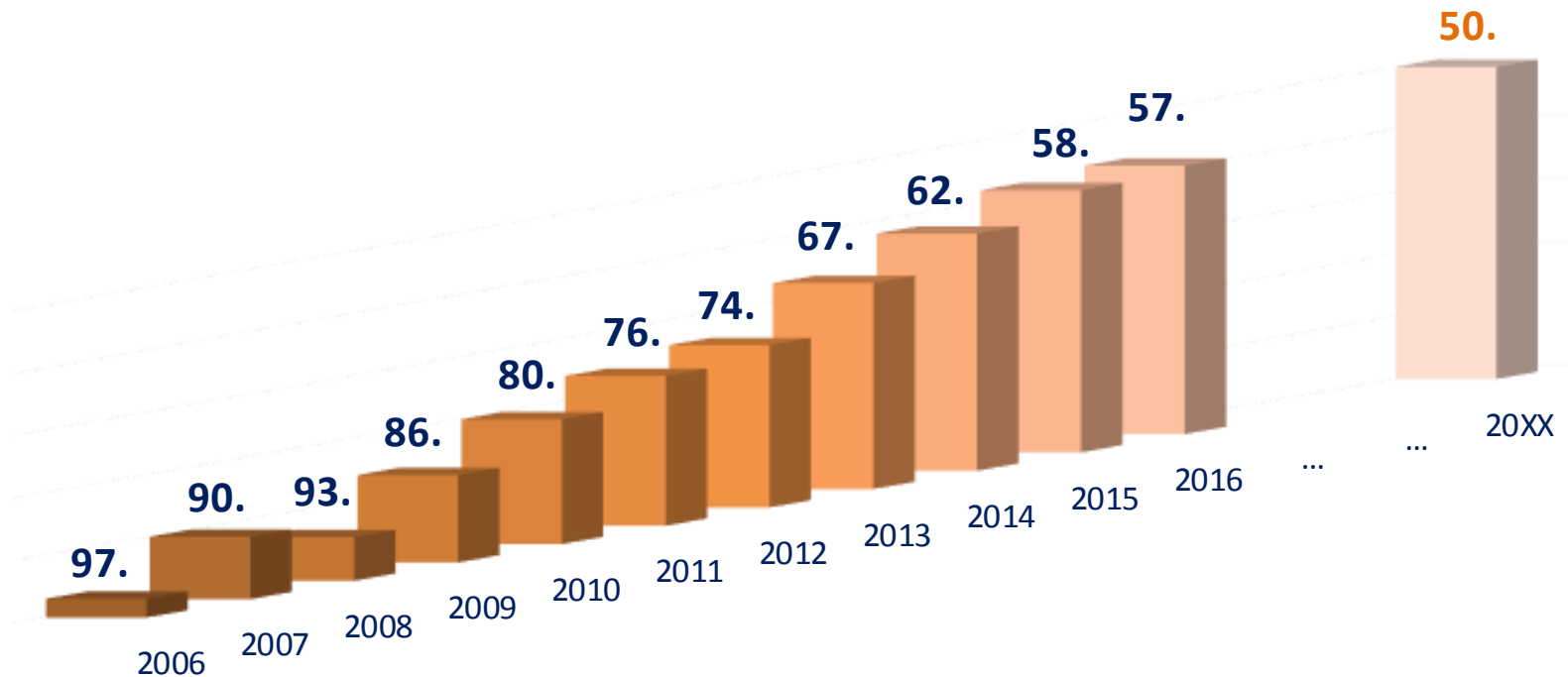
Source: SIPRI

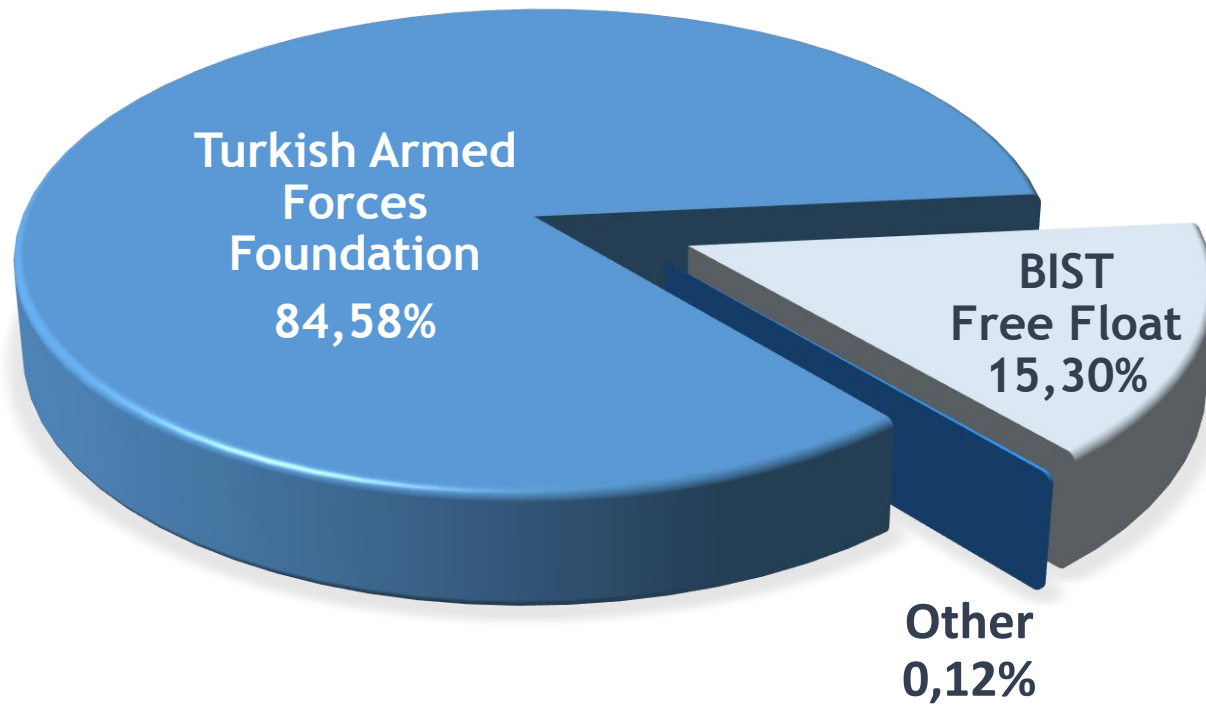
As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget.

MILITARY SPENDING as % of GDP (TURKEY)



ASELSAN Global Defense Ranking

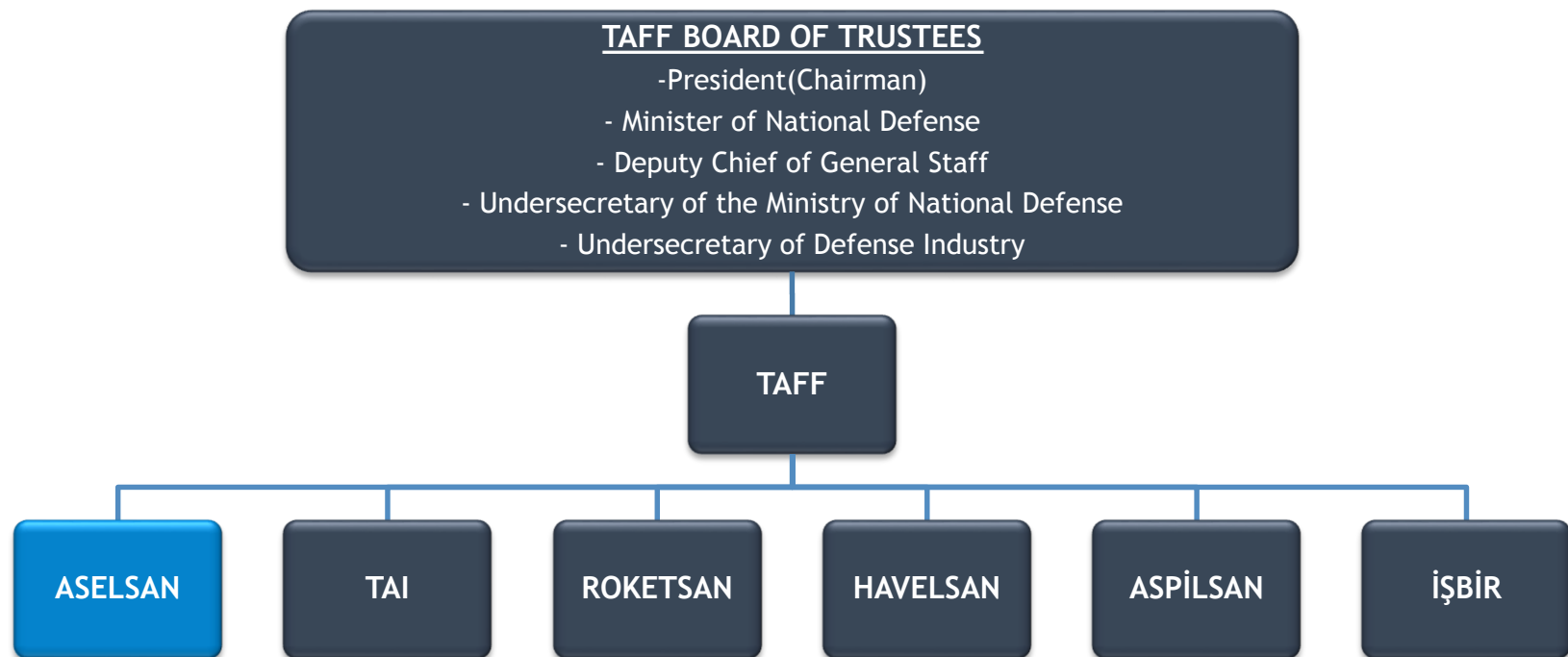




MAIN SHAREHOLDER - TURKISH ARMED FORCES FOUNDATION (TAFF)

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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: \$17,9 M

MİKROELEKTRONİK

İSTANBUL

GEBZE/KOCAELİ

YİTAL

YİTAL



Ownership : 51%
Partner: TÜBİTAK, SSM
Foundation: 2017
Assets: \$1,2 M

ANKARA

ASELSANNET

ROKETSAN

AB-MİKRO NANO

ASPIİSAN

SİVAS

ASELSAN HASSAS
OPTİK

ASELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$27,1 M

ASELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$193M

ROKETSAN



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

ASPIİSAN



Ownership : 1%
Partner: TSKGV
Foundation: 1981
Assets: 5,6 Mio \$

Assets are given as of 31.12.2017

ASELSAN-BAKU (AZERBAIJAN)



Ownership: 100%
Foundation: 1998
Assets: \$1,7 M

ASELSAN Makedonya



Pay : 100%
Kuruluş: 2016

KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%
Partner: Kazakhstan Engineering
Foundation: 2011
Assets: \$42,2 M

ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%
Partner: KADDB Investment Group
Foundation: 2012
Assets: \$15,5 M

ASELSAN Makedonya

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 Malaysia



Ownership : 100%
Foundation: 2017

ASELSAN Malaysia

IGG ASELSAN INTEGRATED SYSTEMS (UAE)



Ownership: 49%
Partner: IGG
Foundation: 2011
Assets: \$3,9 M

ASELSAN SOUTH AFRICA BRANCH

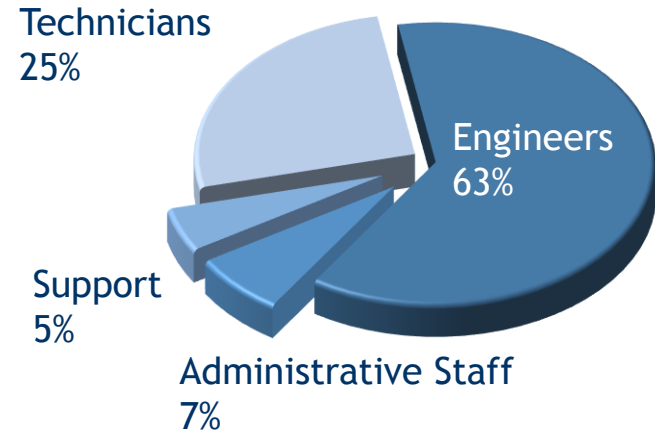
SOUTH AFRICA BRANCH



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

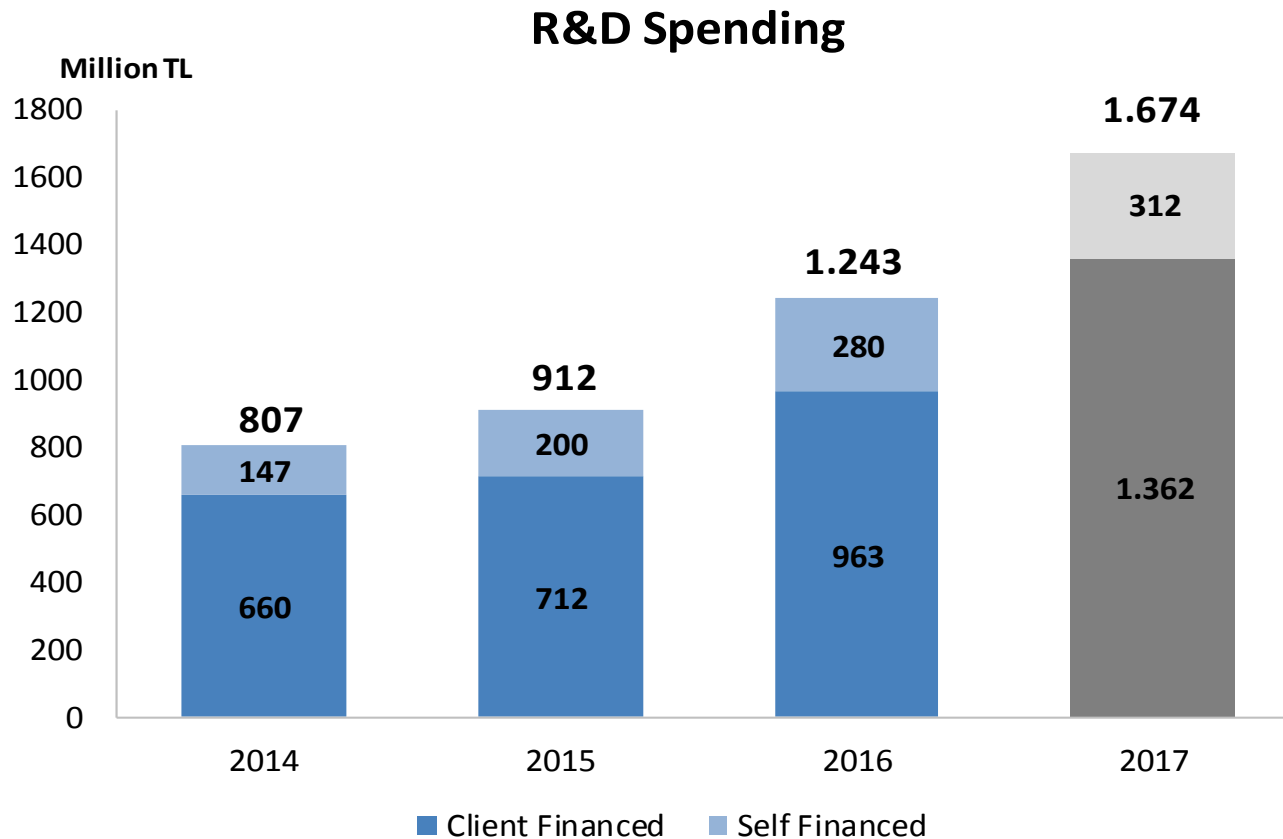
Assets are given as of 31.12.2017

Total Employees : 5.341
Engineers : 3.346



- 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: 2,07 Billion USD

Backlog: 6,8 Billion USD

Net Sales (Jan-Dec): +42% (TL)

EBITDA increase (Jan-Dec): +46%

EBITDA margin: 19,6% (compatible with the year-end target 18-20%)

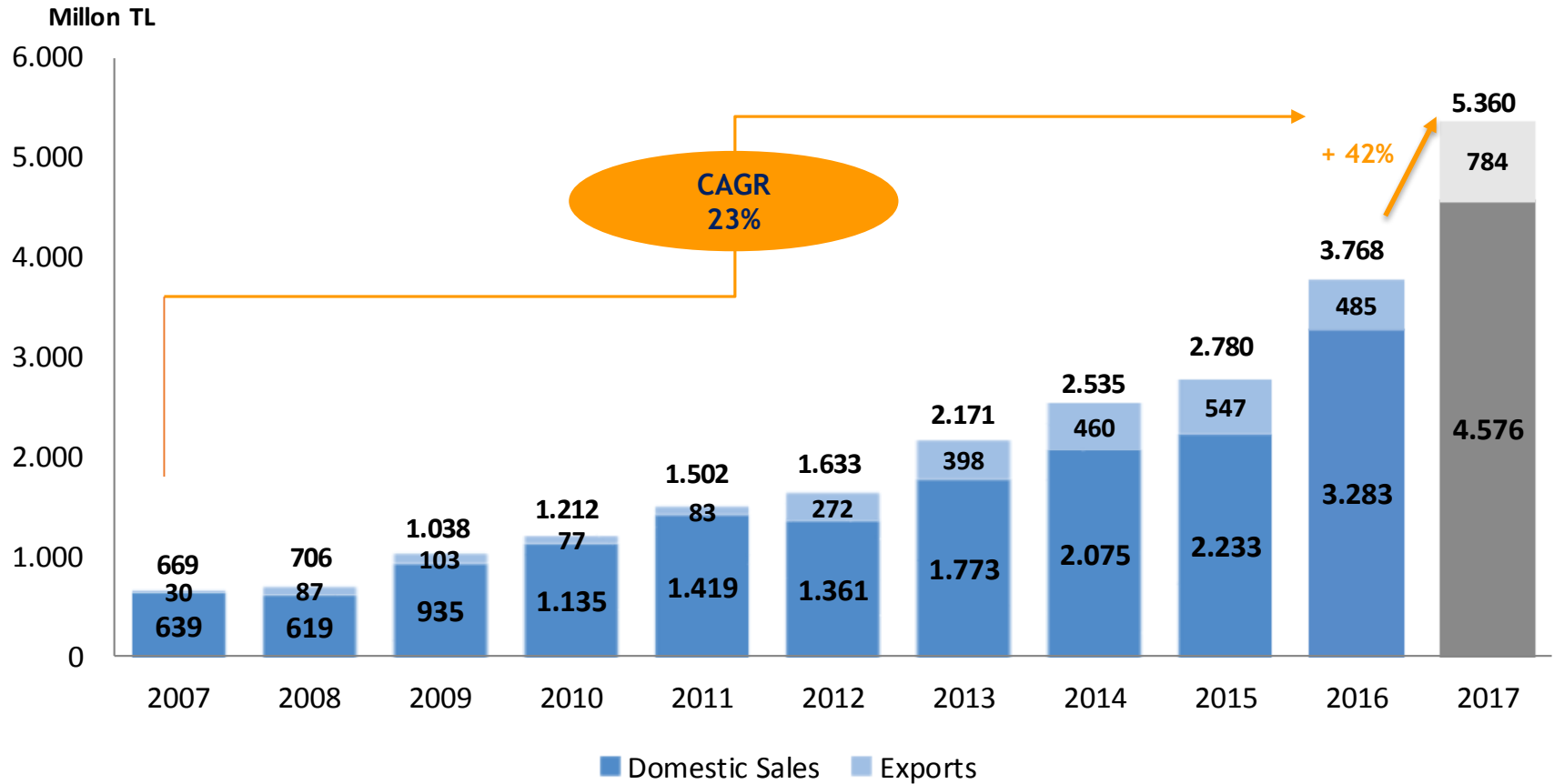
FINANCIAL HIGHLIGHTS

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2016 4Q	2017 4Q	Δ%	(Million TL)	2016	2017	Δ%
1.618	1.912	18%	Net Sales	3.768	5.360	42%
385	527	38%	Gross Profit	923	1.355	47%
284	349	27%	Operating Profit (EBIT)	606	916	51%
312	385	27%	EBITDA	716	1.048	46%
406	560	38%	Net Profit	795	1.388	75%
23,8%	27,6%	↑	Gross Profit Margin	24,5%	25,3%	↑
17,6%	18,3%	↑	Operating Profit (EBIT) Margin	16,1%	17,1%	↑
19,3%	20,1%	↑	EBITDA Margin	19,0%	19,6%	↑
25,1%	29,3%	↑	Net Profit Margin	21,1%	25,9%	↑
476	1.054	↑	Operating Cash Flow (OCF)	981	652	↓
302	858	↑	Free Cash Flow (FCF)	622	94	↓
1.169	1.263	8%	Cash and Cash Equivalents	1.169	1.263	8%

INCREASING TREND IN NET SALES

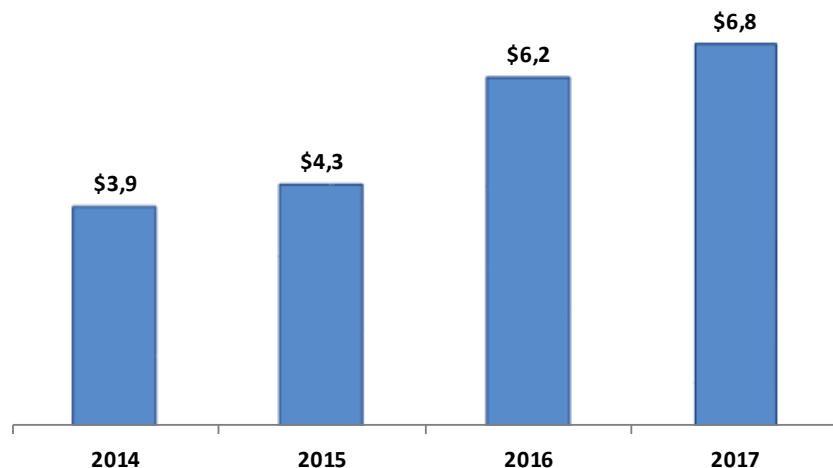
aselsan



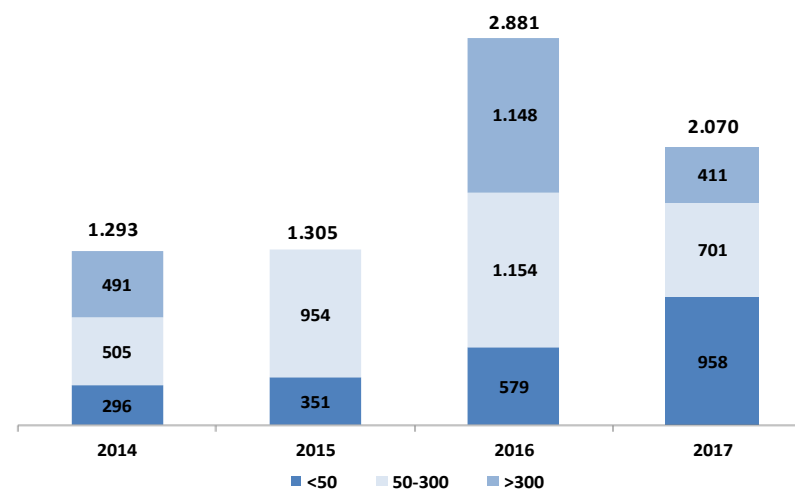
STRONG BACKLOG AND NEW CONTRACT AWARDS

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Backlog History (Billion USD)



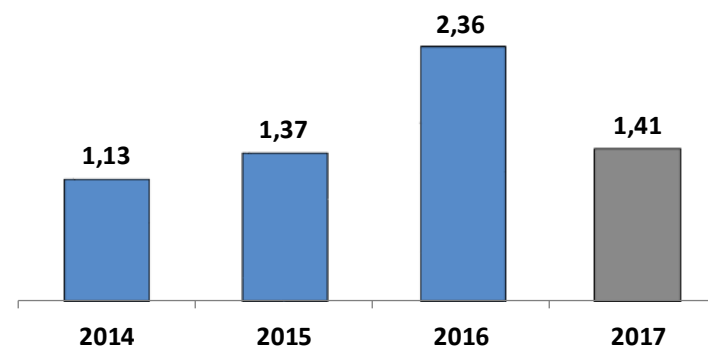
New Contract Awards (Million USD)



Backlog Aging (Billion USD)

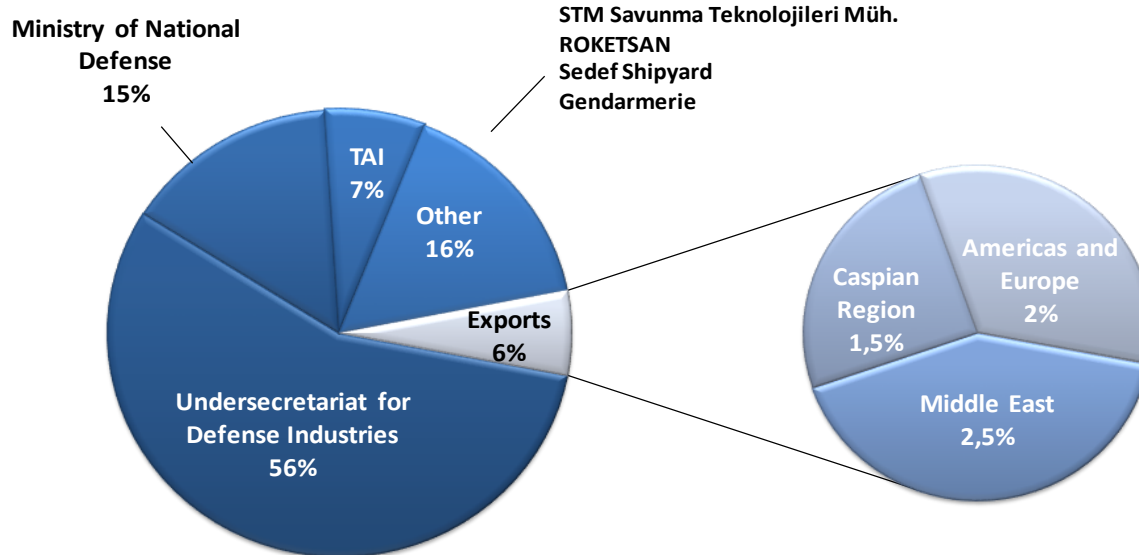
Backlog Aging (Billion USD)	
2018	1,5 – 1,7
2019	1,6 – 1,8
2020	1,3 – 1,5
2021	0,7 – 1,0
2022 and beyond	1,2 – 1,5

Book-to-Bill Ratio

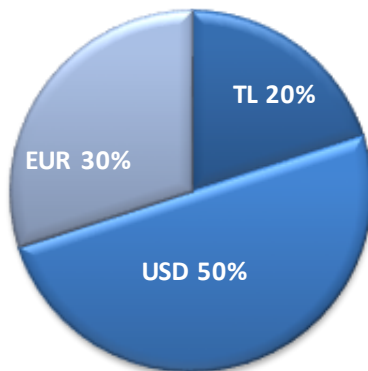


BACKLOG DISTRIBUTION

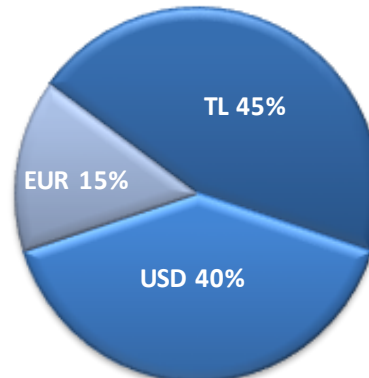
(CLIENT)



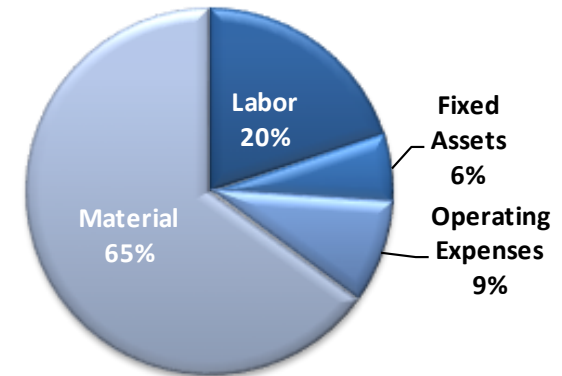
BACKLOG DISTRIBUTION (CURRENCY)



COST DISTRIBUTION (CURRENCY)



COST BREAKDOWN (TYPE)



- HAVASOJ (Stand-off Jammer)



- Identification of Friend or Foe System Serial Production



- Laser Guidance Kit



- MILGEM I-Class Frigate



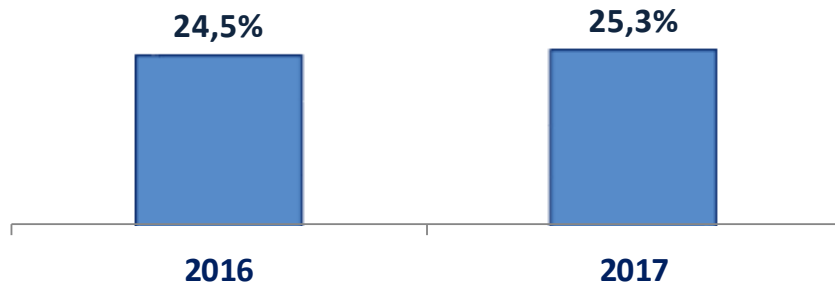
- Turkish Fighter Aircraft Development (TF-X)



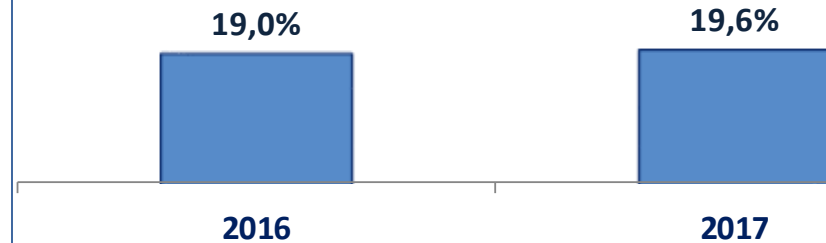
- ALTAY Tank Serial Production



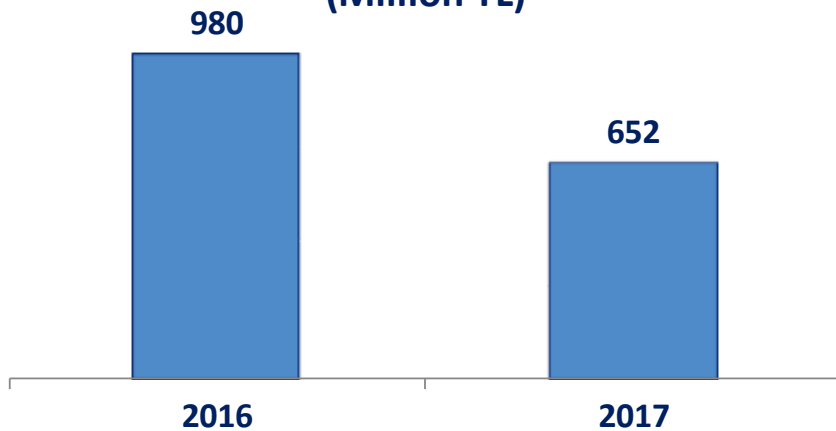
Gross Profit Margin



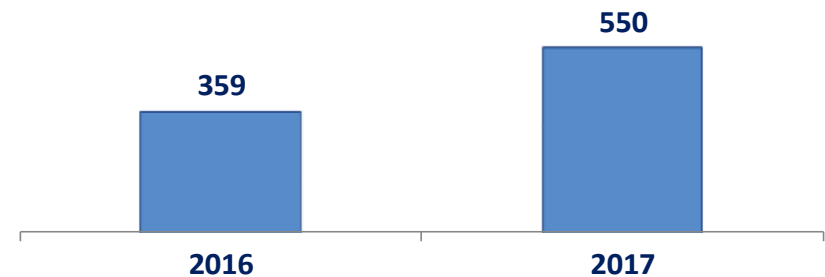
EBITDA Margin



Operating Cash Flow (Million TL)



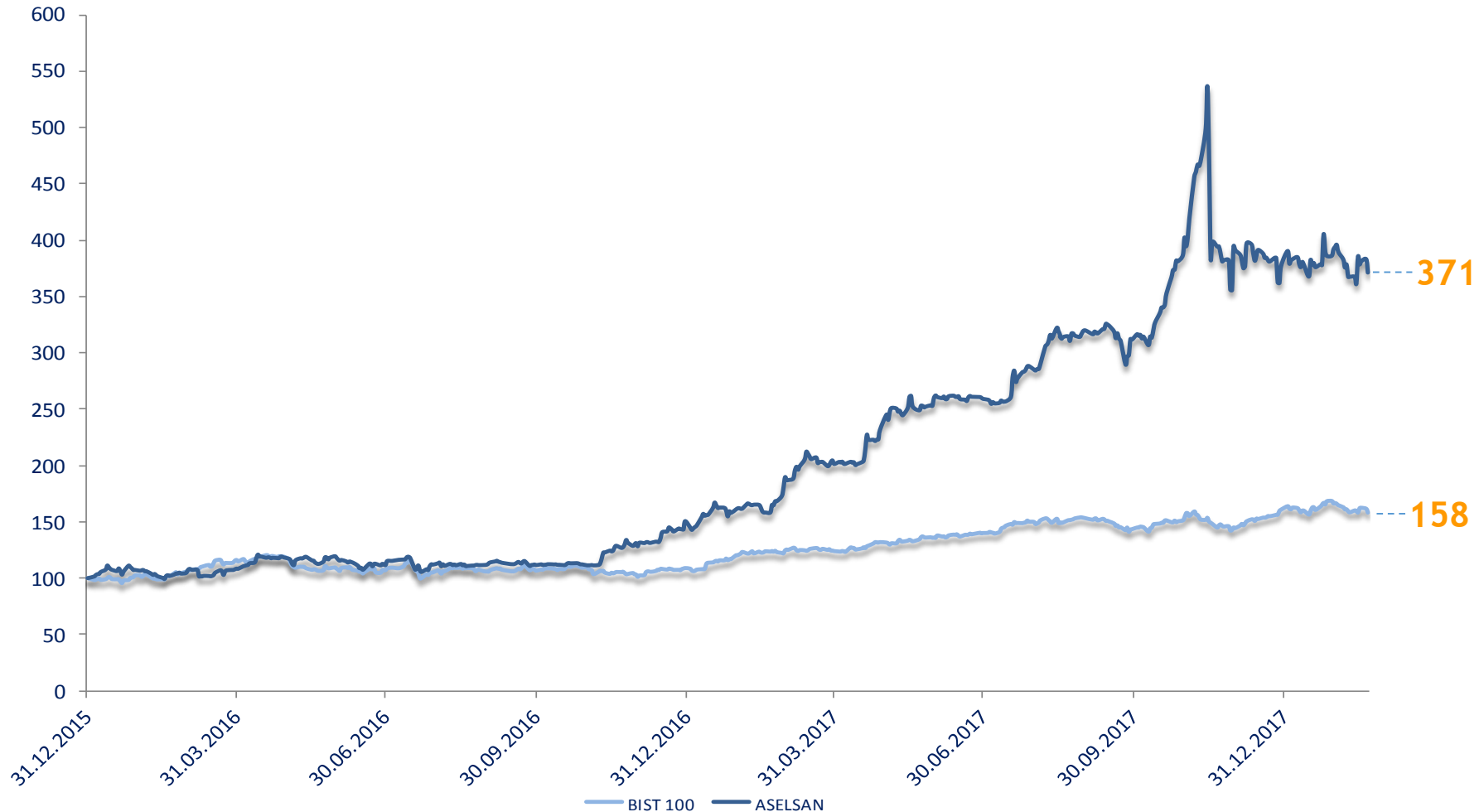
CAPEX (Tangible + Intangible) (Million TL)



ASELSAN's guidance on 2018 year-end results:

	2016	2017	2018 Guidance
Net Sales	3.768 Million TL	5.360 Million TL	25%-35% growth
EBITDA Margin	19%	19,6%	18-20%
CAPEX	359 Million TL	550 Million TL	650 Million TL

ASELSAN reached a market value of 8,31 Billion as of 20.02.2018.



31/12/2015=100

Contact Persons

Okan TURAN
Chief Financial Officer

Pınar ÇELEBİ
Investor Relations Manager

Alper GÜNEY
Investor Relations Associate

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APPENDIX

CONSOLIDATED BALANCE SHEET (MILLION TL)

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A S S E T S	31.12.2017	31.12.2016
CURRENT ASSETS	5.798,1	5.062,4
Cash and Cash Equivalents	1.262,9	1.168,8
Trade Receivables	1.601,8	2.039,7
Other Receivables	112,8	84,7
Inventories	1.944,4	1.187,4
Prepaid Expenses	654,1	380,1
Other Current Assets	222,1	201,7
NON-CURRENT ASSETS	5.120,0	3.535,4
Financial Investments	568,9	516,2
Long-term Trade Receivables	1.198,3	385,6
Other Long-term Receivables	0,7	0,3
Equity Accounted Investments	83,3	57,4
Property, Plant and Equipment	1.090,8	967,5
Intangible Assets	869,0	697,1
Prepaid Expenses	442,7	393,7
Deferred Tax Assets	589,5	384,6
Other Long-term Assets	276,8	133,0
TOTAL ASSETS	10.918,1	8.597,8

CONSOLIDATED BALANCE SHEET (MILLION TL)

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LIABILITIES	31.12.2017	31.12.2016
CURRENT LIABILITIES	2.671,6	2.235,6
Short-term Financial Liabilities	404,3	306,2
Short-term Portion of Long-term Financial Liabilities	67,6	65,7
Trade Payables	1.370,0	1.052,9
Employee Benefit Obligations	46,1	36,8
Other Payables	1,5	6,2
Government Grants and Incentives	41,6	28,3
Deferred Income	300,4	370,6
Corporate Tax Liability	0,7	0,4
Short-term Provisions	425,9	346,7
Other Short-Term Liabilities	13,5	21,8
NON-CURRENT LIABILITIES	3.198,3	2.670,7
Long-term Financial Liabilities	62,2	122,4
Long-term Trade Payables	1.262,0	253,2
Deferred Income	1.642,8	2.092,0
Long-term Provisions	231,3	203,1

CONSOLIDATED BALANCE SHEET (MILLION TL)

aselsan

	31.12.2017	31.12.2016
EQUITY	5.048,2	3.691,5
Equity attributable to equity holders of the parent	5.047,7	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	209,1	219,4
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	540,7	486,0
<i>Gain on Revaluation of Available for Sale Financial Assets</i>	<i>535,4</i>	<i>485,3</i>
<i>Foreign Currency Exchange Differences</i>	<i>5,2</i>	<i>0,7</i>
Restricted Profit Reserves	124,1	94,2
Retained Earnings	1.687,4	997,6
Net Profit for the Period	1.387,8	795,2
Non-controlling Interests	0,5	0,5
TOTAL LIABILITIES AND EQUITY	10.918,1	8.597,8

CONSOLIDATED INCOME STATEMENT (MILLION TL)

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	01.01.2017- 31.12.2017	01.01.2016- 31.12.2016
PROFIT OR LOSS		
Revenue	5.360,2	3.768,1
Cost of sales (-)	(4.005,3)	(2.845,1)
GROSS PROFIT	1.354,9	923,0
General administrative expenses (-)	(177,6)	(150,7)
Marketing expenses (-)	(164,4)	(83,8)
Research and development expenses (-)	(97,3)	(82,6)
Other operating income	1.935,9	489,7
Other operating expenses (-)	(1.678,4)	(285,6)
OPERATING PROFIT	1.173,1	810
Income from investing activities	9,3	8,7
Share of Losses of Equity-Accounted Investments	9,3	0,2
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	1.191,7	818,9
Financial income	99,5	66,4
Financial expenses (-)	(120,1)	(151,3)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	1.171,1	734,0
Tax income/ (expense) from continuing operations	216,9	61,2
- Current tax expense	(2,0)	(1,5)
- Deferred tax income / (expense)	218,9	62,7
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	1.388,0	795,2
Profit for the period attributable to:		
Non-controlling interest	0,1	(0,1)
Shareholders of the parent	1.387,9	795,2

CONSOLIDATED STATEMENT OF CASH FLOW (MILLION TL)


aselsan

	01.01.2017- 31.12.2017	01.01.2016- 31.12.2016
OPERATING CASH FLOW (OCF)	652	981
Net Profit for the Period	1.388	795
Depreciation and Amortization	133	110
Change in Inventory	(562)	(150)
Change in Trade Receivables	(394)	(991)
Prepaid Expenses	(508)	(284)
Deferred Income	(519)	932
Change in Trade Payables	1.339	518
Others	(224)	51
CASH FLOW FROM INVESTING ACTIVITIES	(558)	(359)
Tangible Assets	(211)	(123)
Intangible Assets	(340)	(229)
Other Changes	(8)	(7)
FREE CASH FLOW (FCF)	94	622

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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PROVEN TECHNOLOGY