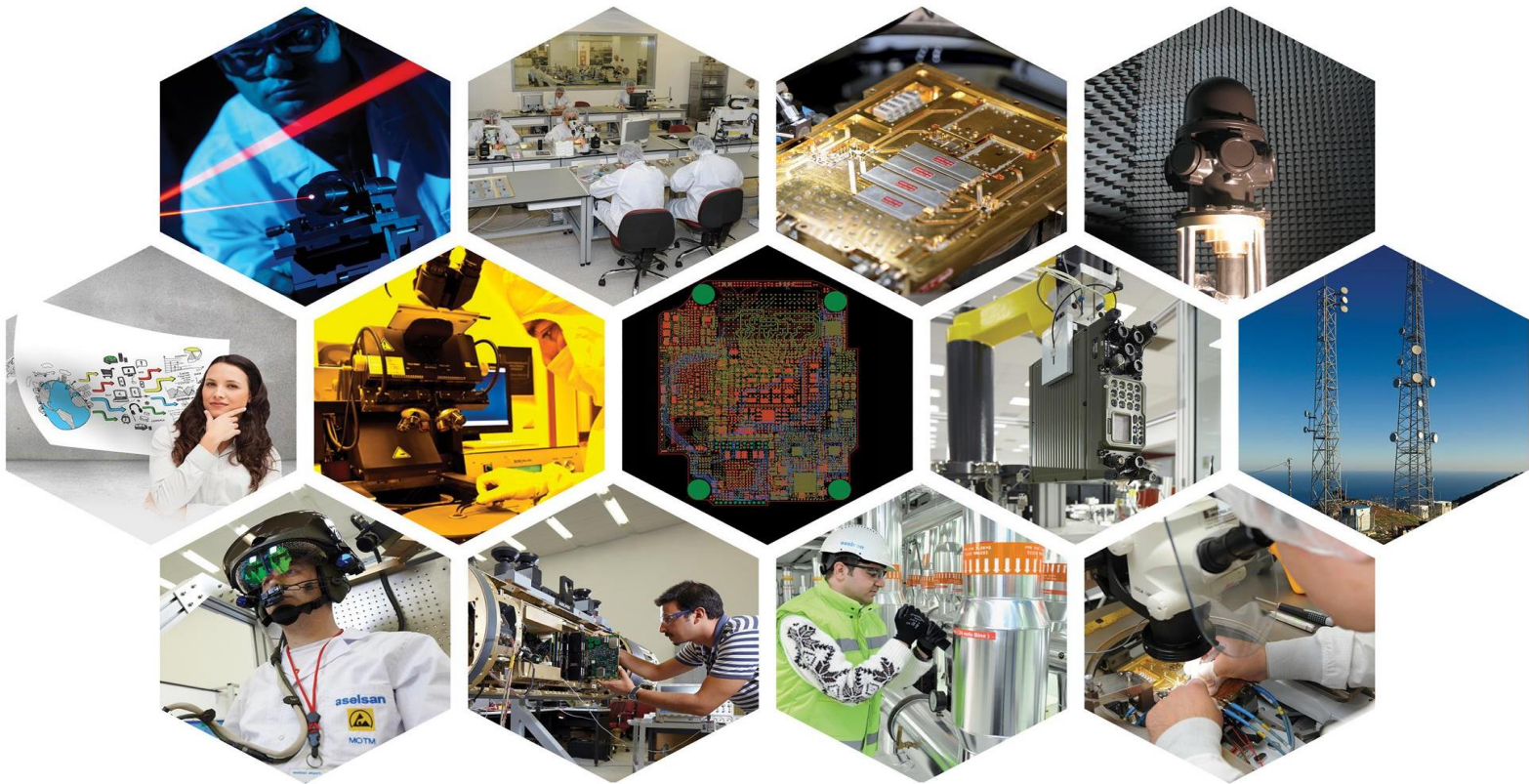


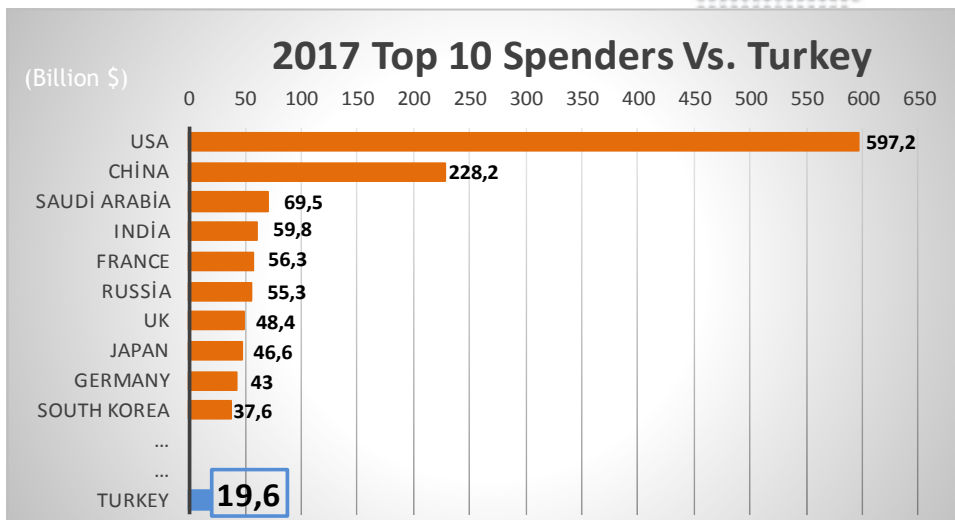
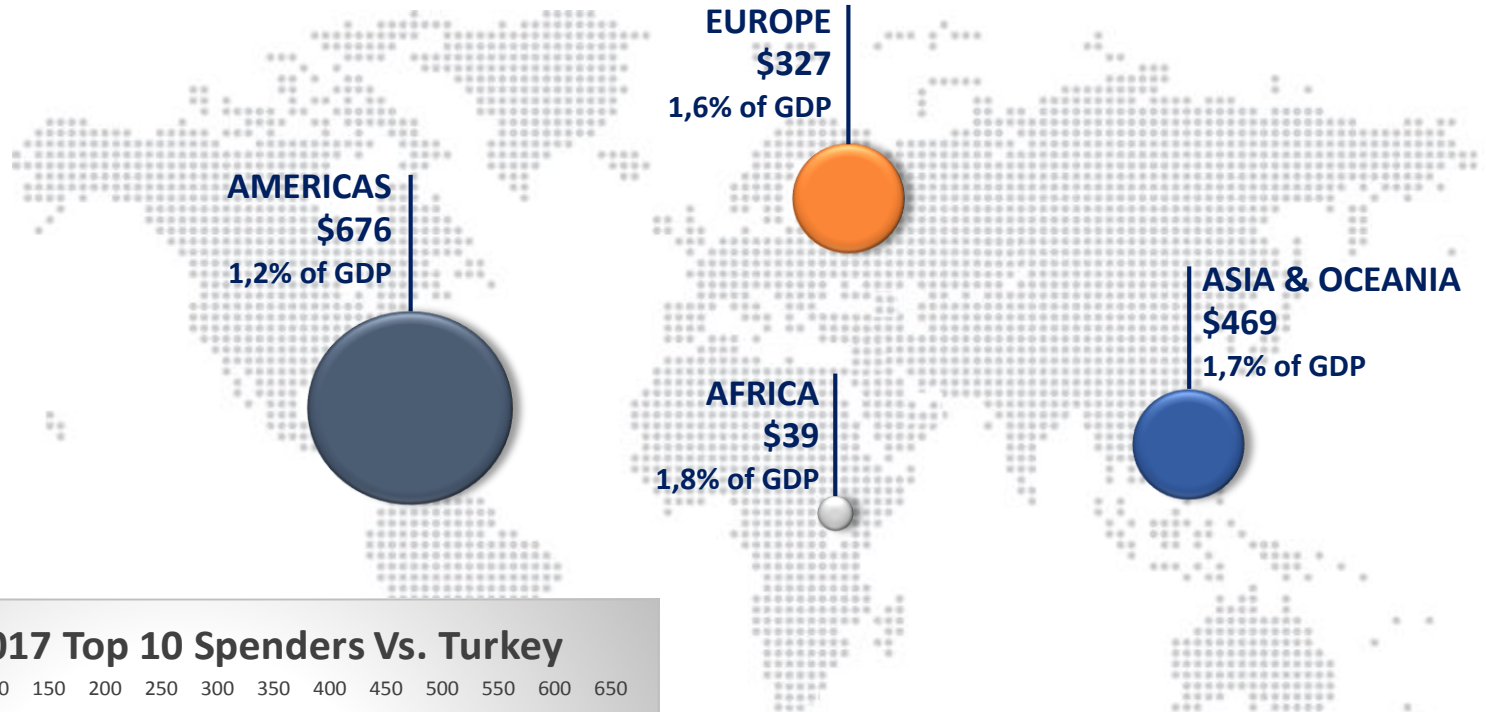
Investor Presentation

August 2018



GLOBAL MILITARY SPENDING 2017 (BILLION \$)

aselsan



2017 TOTAL SPENDING: \$1.686

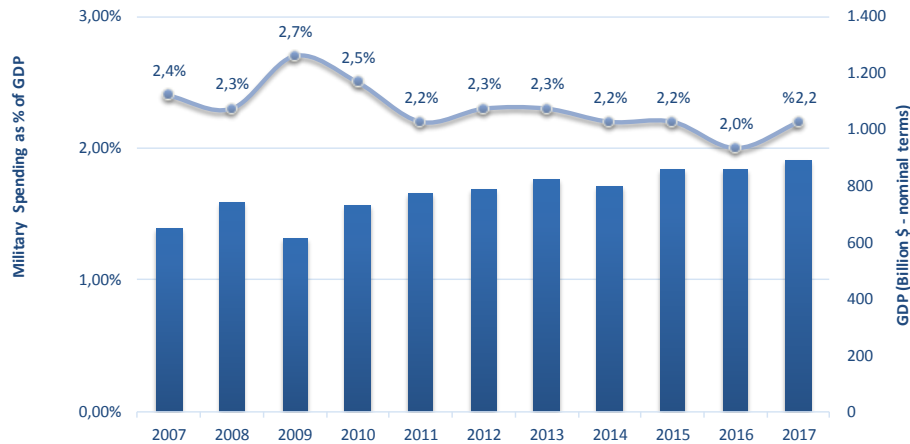
% difference in spending 2016 vs 2017

(based on 2016 constant prices & exchange rates)

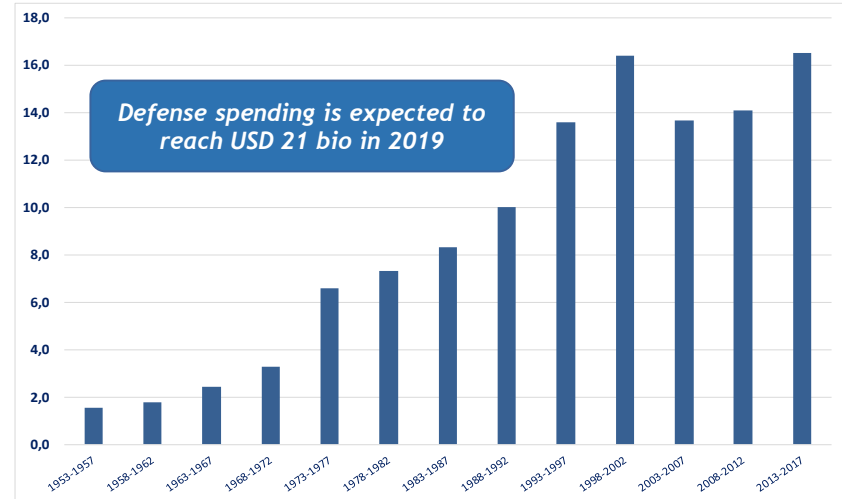


As being the 2nd biggest army in NATO, Turkey has healthy growth rate of defense budget.

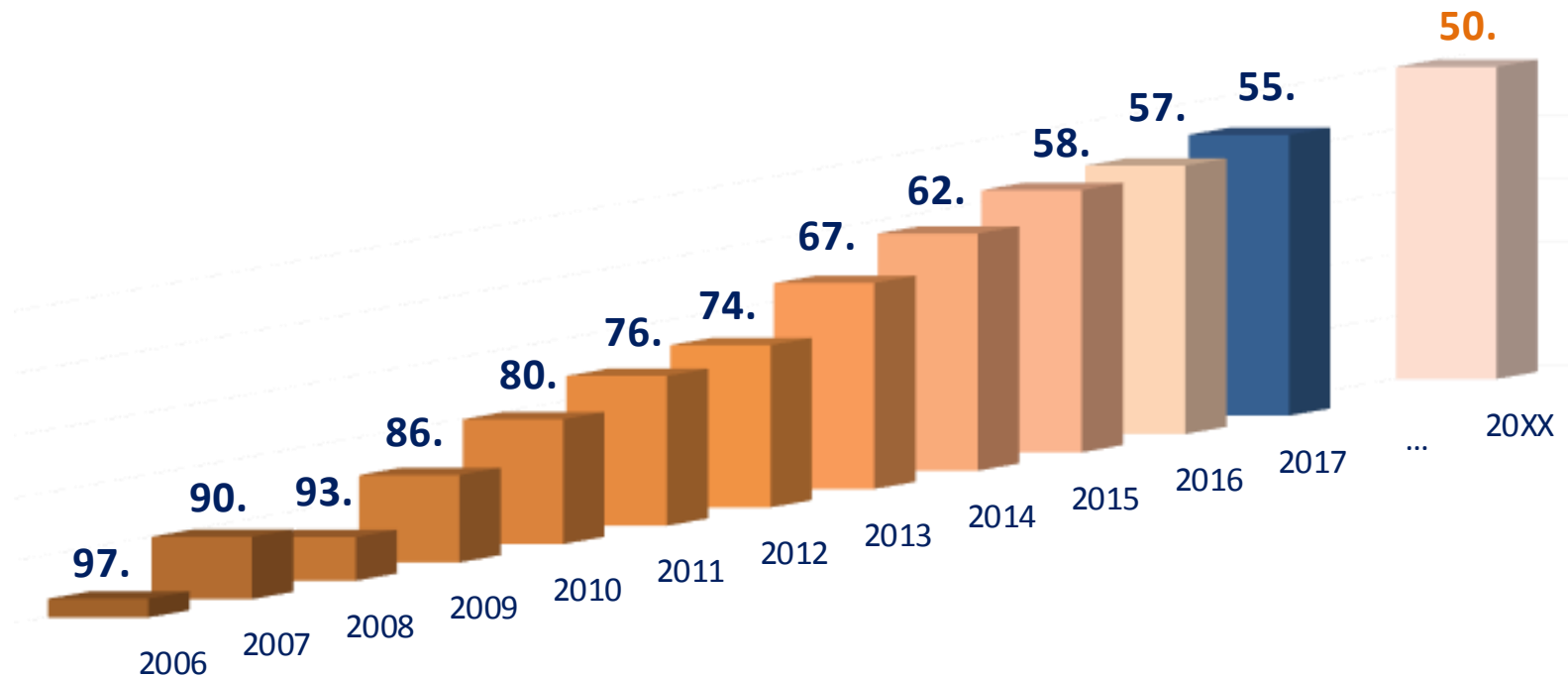
**MILITARY SPENDING
as % of GDP (TURKEY)**



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



ASELSAN Global Defense Ranking



Aselsan is the only defense company listed on BİST.

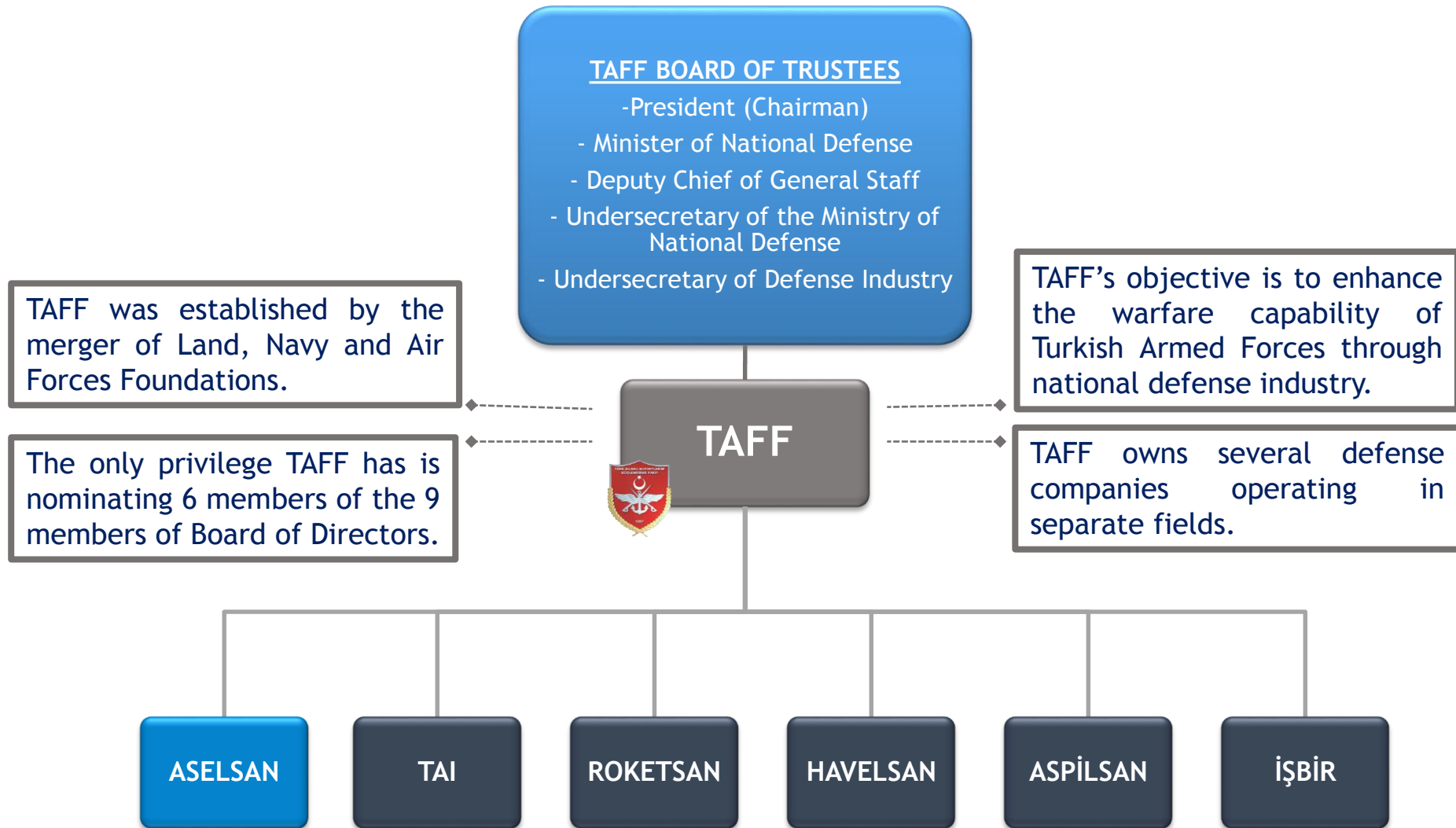
Turkish Armed
Forces
Foundation
74,20%



Other
0,10%

MAIN SHAREHOLDER - TURKISH ARMED FORCES FOUNDATION (TAFF)

aselsan





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



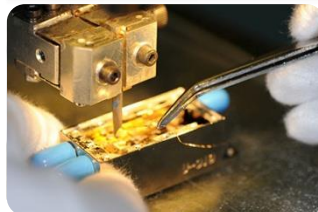
TRANSPORTATION



IT & CYBER SECURITY



GUIDANCE & UNMANNED SYSTEMS



MICROWAVE PRODUCTS



COMMAND CONTROL (C4ISR)



TRAFFIC & AUTOMATION



MICROELECTRONICS



NAVAL SYSTEMS



ENERGY & HEALTH

MİKROELEKTRONİK



Ownership : 85%
Partner: İTÜ ETA
Participation: 2010
(Founded in 2006)
Assets: \$1,9 M

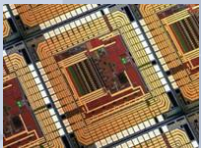
MİKROELEKTRONİK

İSTANBUL

GEBZE/KOCAELİ

YİTAL

YİTAL



Ownership : 51%
Partners: TÜBİTAK,SSB
Foundation: 2017
Assets: \$0,9 M

ASELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$180 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: \$21 M

SİVAS

ASELSAN HASSAS OPTİK

ASELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$26,3 M

Assets are given as of 30.06.2018.

ASELSAN-BAKU (AZERBAIJAN)



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

ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%
Partner: KADDB
Investment Group
Foundation: 2012
Assets: \$12,3 M

IGG ASELSAN INTEGRATED SYSTEMS (UAE)



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

SADEC (SAUDI ARABIA)

Ownership : 50%
Partner : TAQNIA DST
Foundation : 2016
Assets: \$3,2 M

KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%
Partner: Kazakhstan
Engineering
Foundation: 2011
Assets: \$46,1 M

KAZAKHSTAN ASELSAN
ENGINEERING

ASELSAN BAKÜ

ASELSAN MIDDLE EAST

IGG ASELSAN INTEGRATED
SYSTEMS

ASELSAN MALAYSIA

ASELSAN SOUTH AFRICA
BRANCH

SOUTH AFRICA BRANCH



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

Assets are given as of 30.06.2018.

Total Employees : 6.077
Engineers : 3.583

Technicians
29%

Support
5%

Administrative Staff
7%

Engineers
59%

- 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

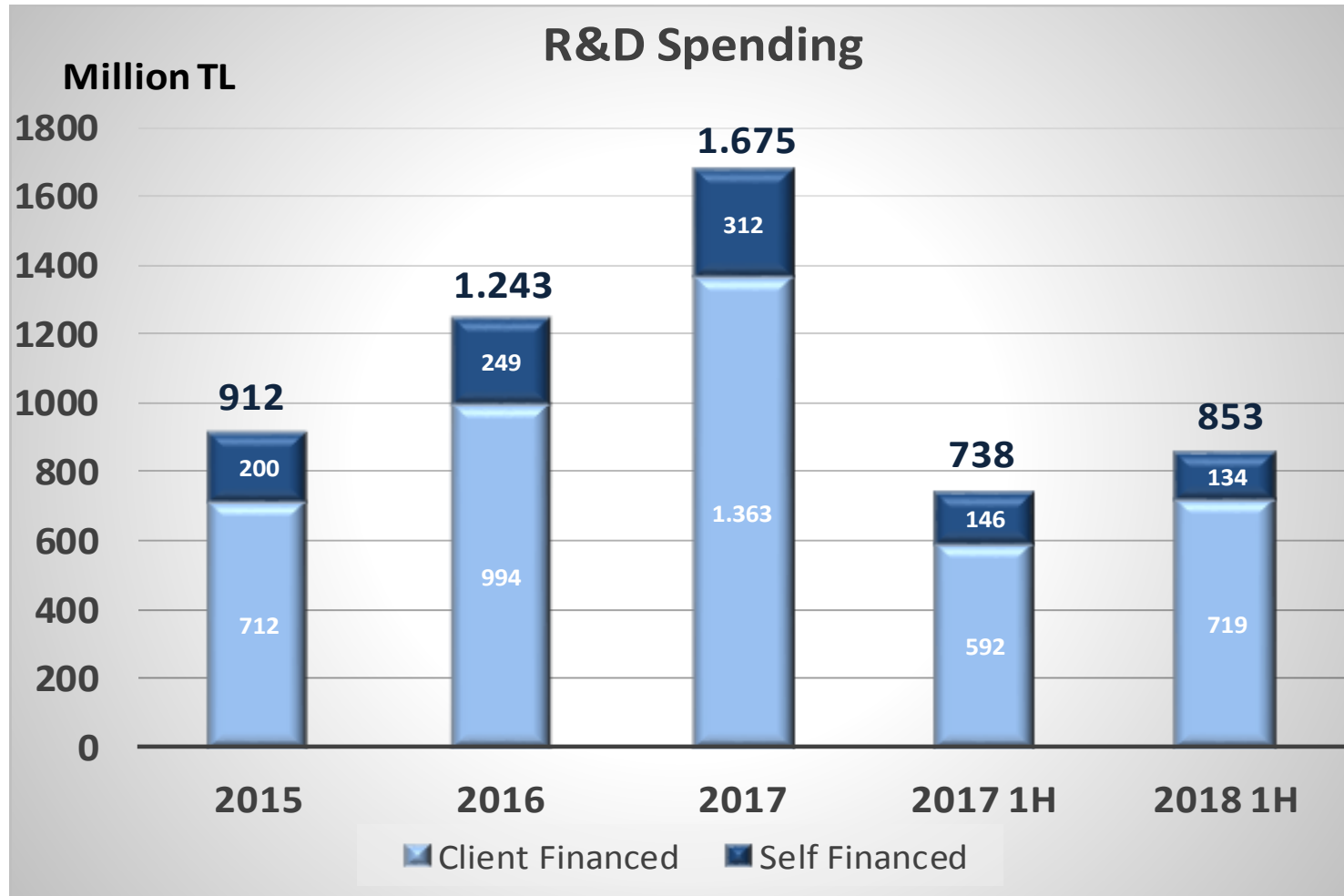
University-industry cooperation

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: 2,1 Billion USD

Backlog: 8,1 Billion USD

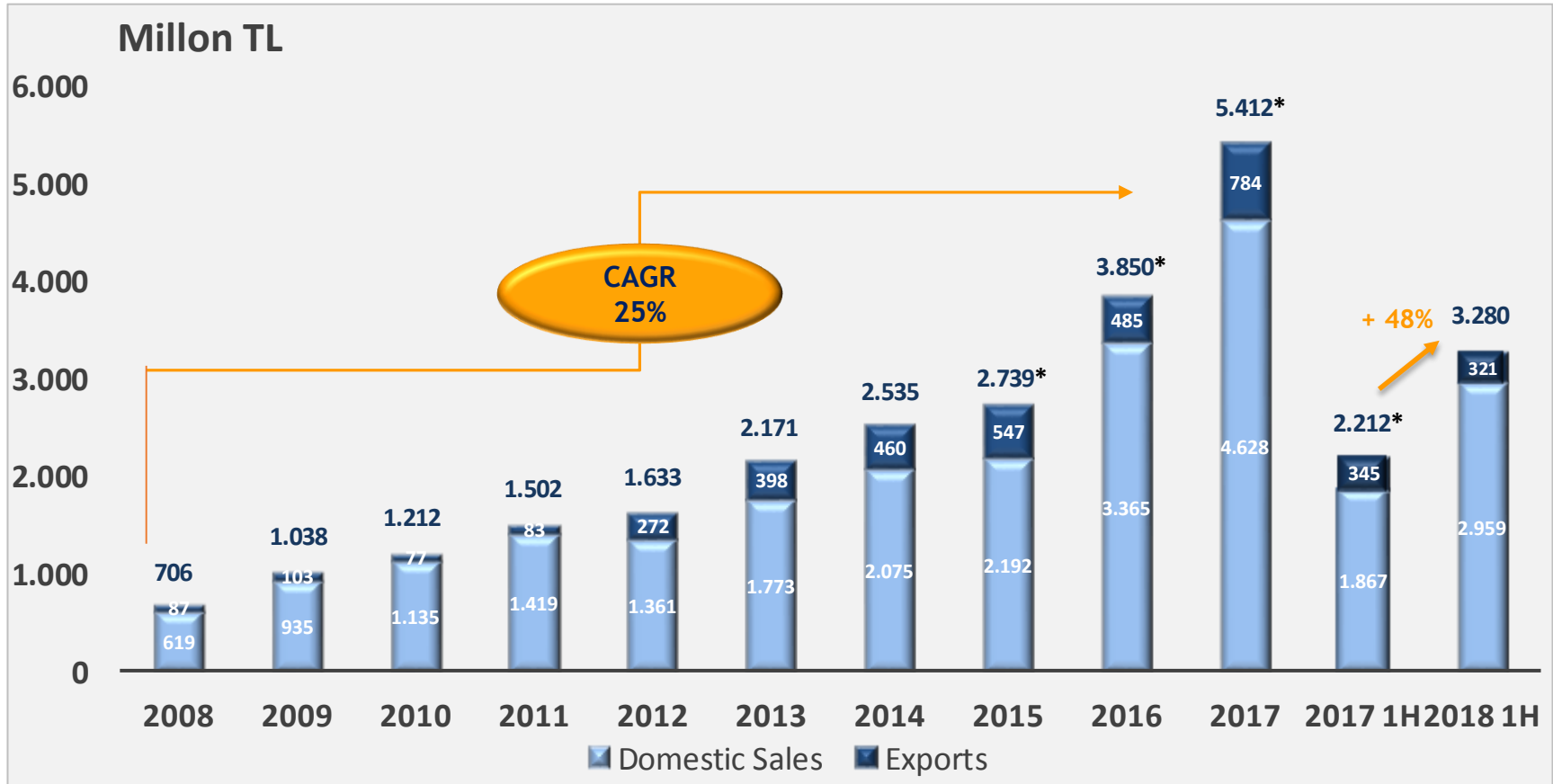
Net Sales (Jan-June): +48% (TL)

EBITDA increase (Jan-June): +47%
EBITDA margin: 21.4%

(Million TL)	June'17	June'18	Δ%
Net Sales	2.212	3.280	48
Gross Profit	578	820	42
Operating Profit (EBIT)	415	621	50
EBITDA	477	703	47
Net Profit	545	942	73
<i>Gross Profit Margin</i>	26,1%	25,0%	↓
<i>Operating Profit (EBIT) Margin</i>	18,8%	18,9%	↑
<i>EBITDA Margin</i>	21,6%	21,4%	↓
<i>Net Profit Margin</i>	24,6%	28,7%	↑
Operating Cash Flow (OCF)	(185)	(529)	↓
Free Cash Flow (FCF)	(418)	(780)	↓
Cash and Cash Equivalents	682	3.447	406

INCREASING TREND IN NET SALES

aselsan

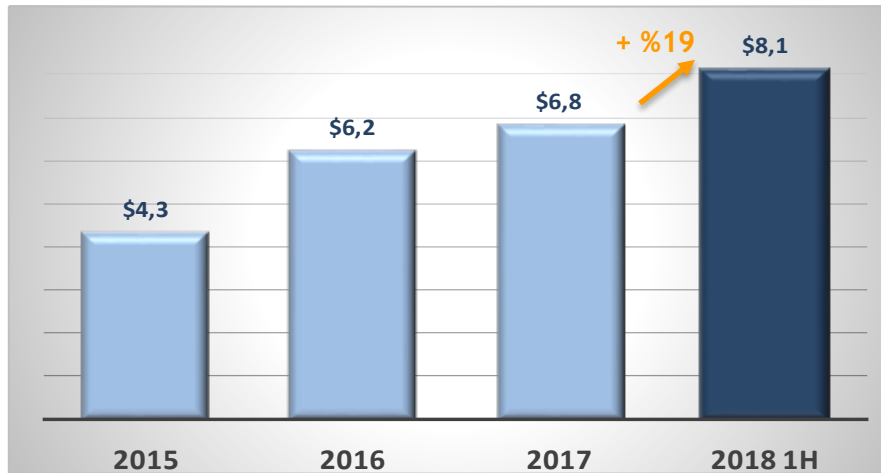


*Restated after TFRS-15 and TFRS-9 adjustments.

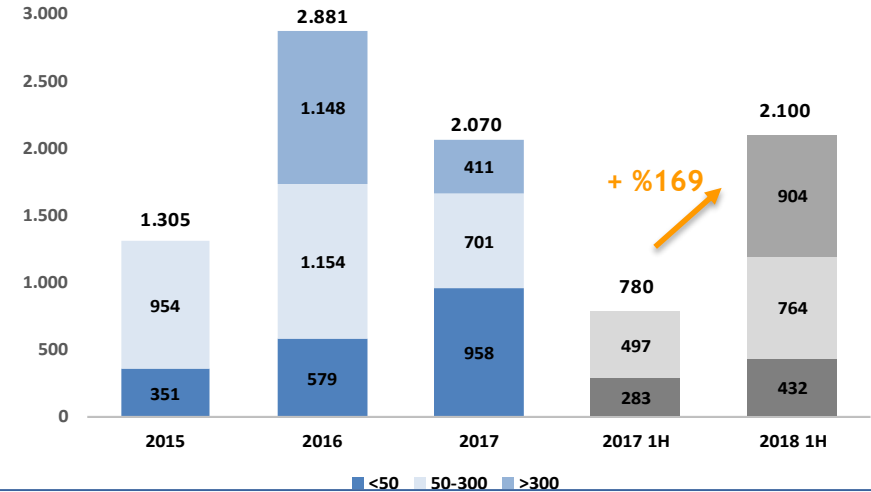
STRONG BACKLOG AND NEW CONTRACT AWARDS

aselsan

Backlog History (Billion USD)



New Contract Awards (Million USD)

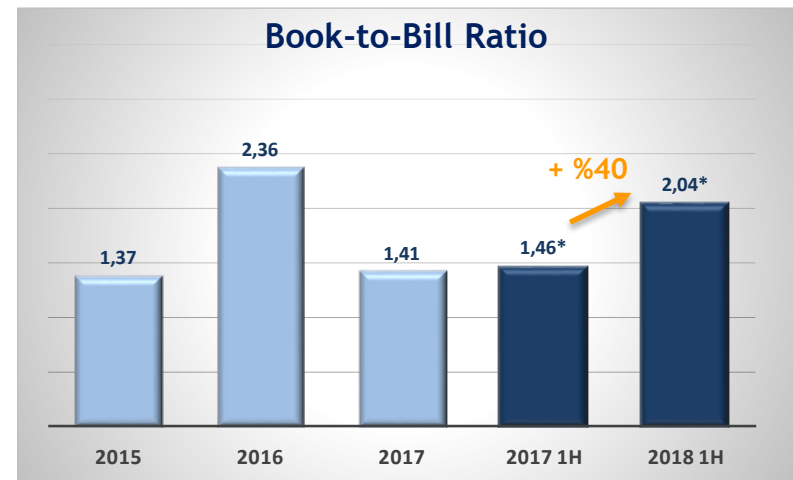


Backlog Aging (Billion USD)

2018*	1,1 - 1,4
2019	2,0 - 2,3
2020	1,9 - 2,2
2021	1,2 - 1,5
2022 and beyond	1,0 - 1,3

*Backlog for remaining 6 months

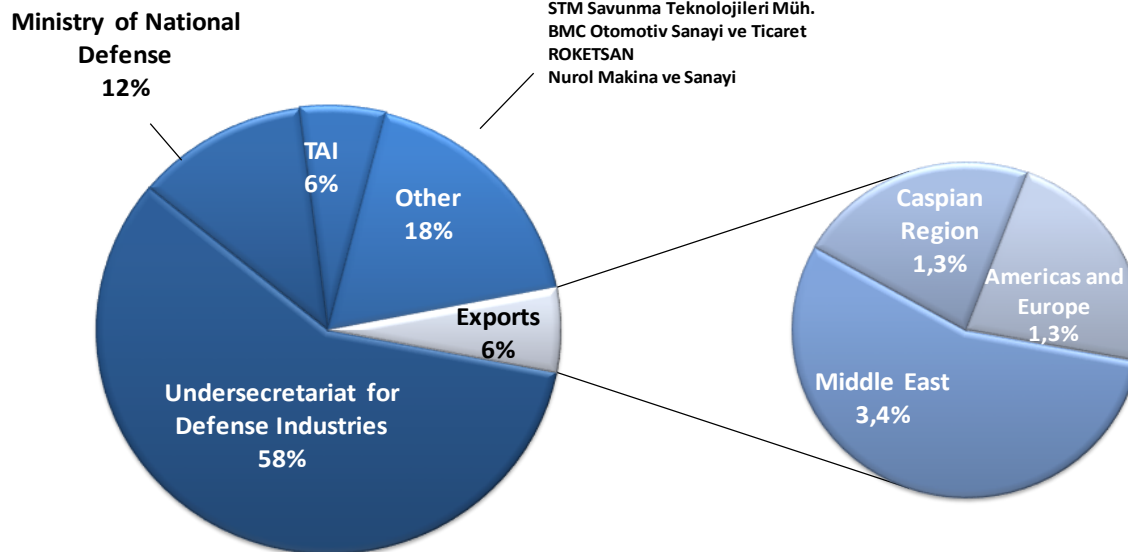
Book-to-Bill Ratio



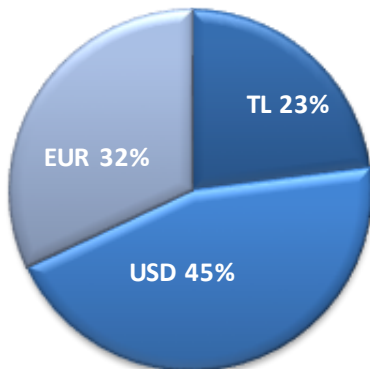
*Annualized

BACKLOG DISTRIBUTION

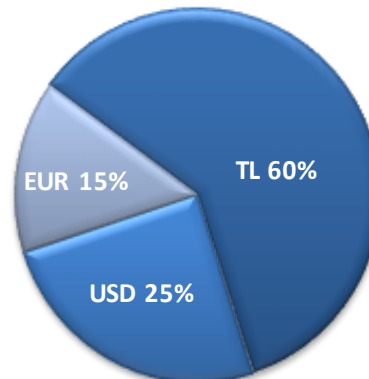
(CLIENT)



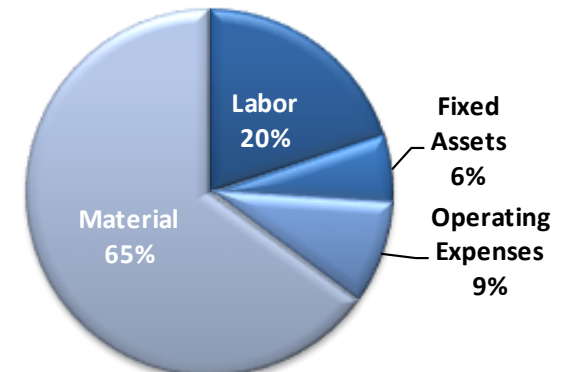
BACKLOG DISTRIBUTION (CURRENCY)



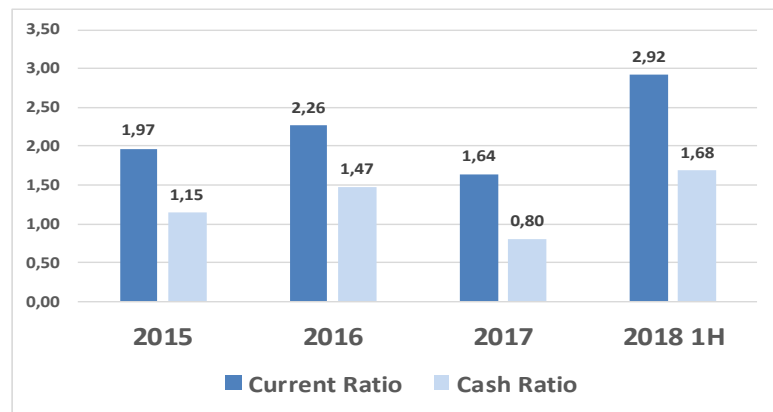
COST DISTRIBUTION (CURRENCY)



COST BREAKDOWN (TYPE)



Key liquidity ratios

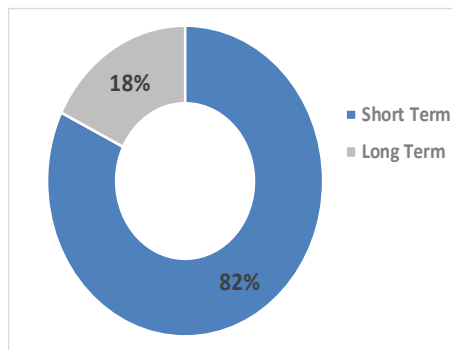


Note on key liquidity ratios:

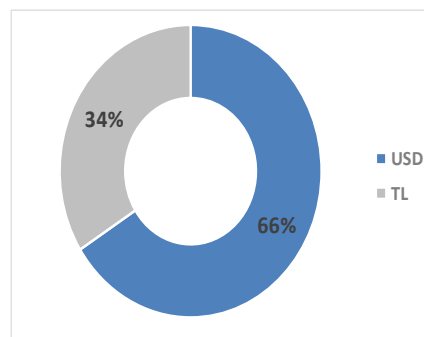
- Current ratio: Current Assets / Current Liabilities
- Cash ratio: Cash / Current Liabilities

Composition of debt by maturity and currency

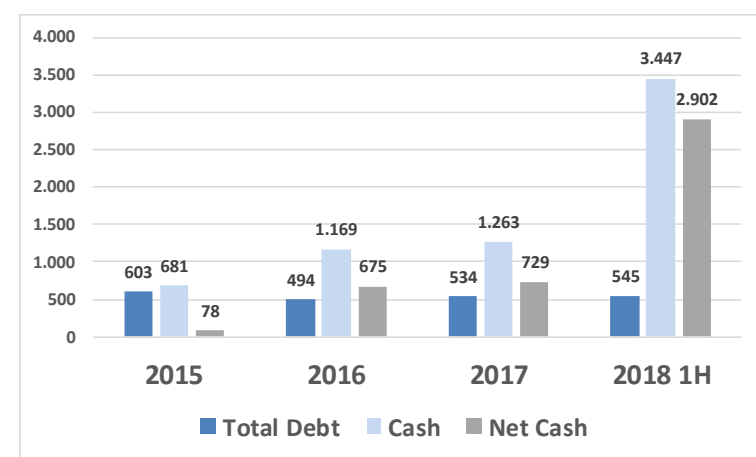
By maturity



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)**

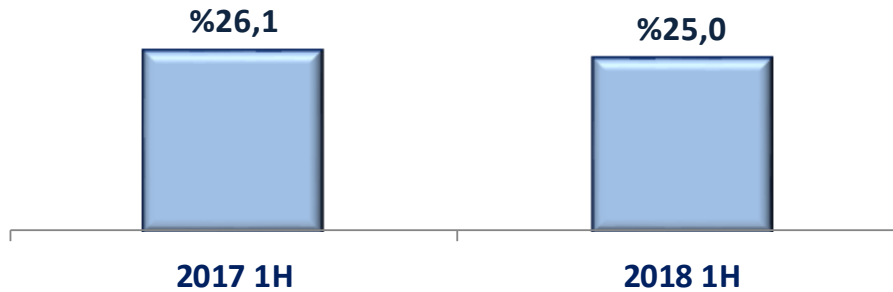


ALTAY Tank Serial Production

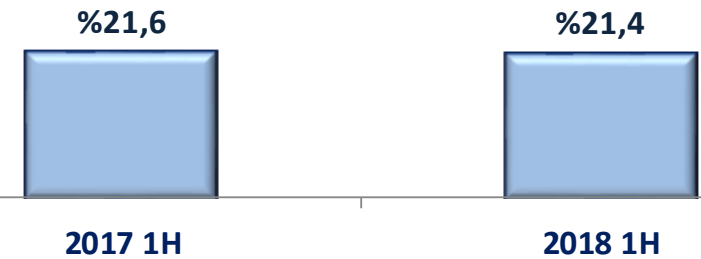


Aselsan as
sub-
contractor

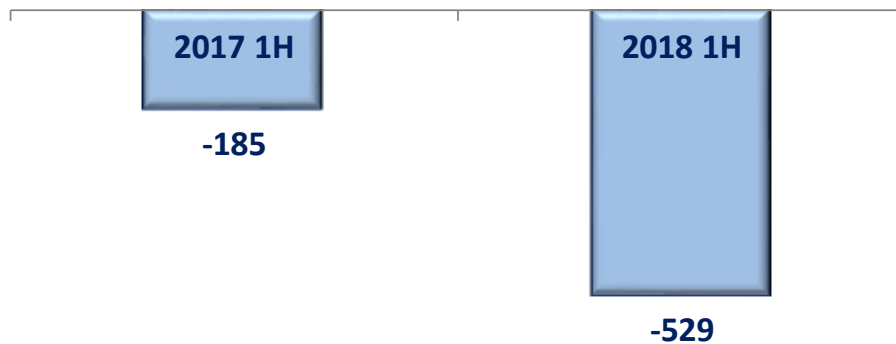
Gross Profit Margin



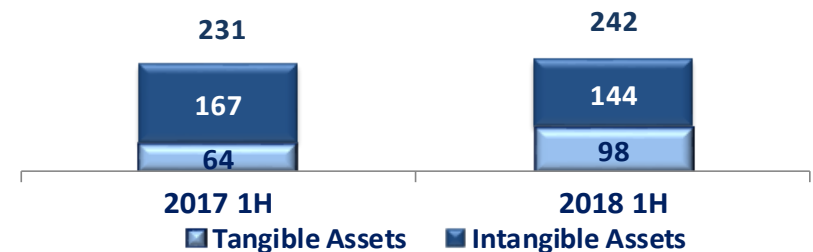
EBITDA Margin



Operating Cash Flow (Million TL)



CAPEX (Tangible + Intangible) (Million TL)



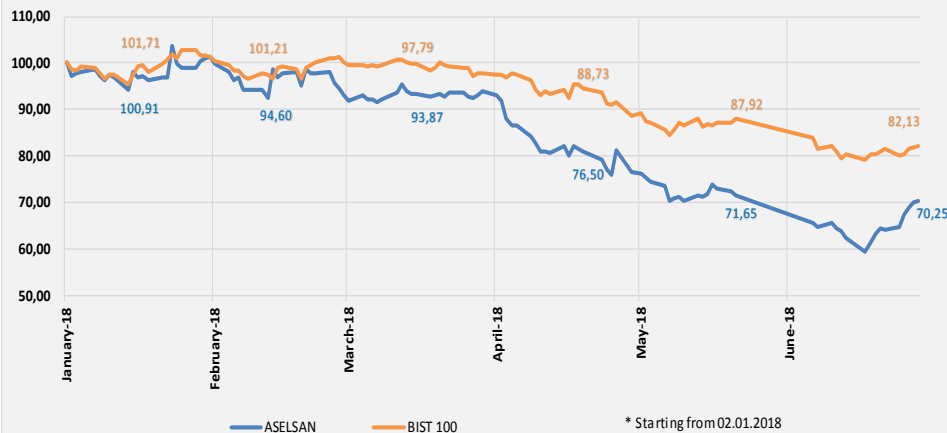
ASELSAN's guidance on 2018 year-end results

	2017	2018 1H	2018 Guidance
Net Sales	5.412 Million TL	3.280 Million TL	≥ 40% growth (*)
EBITDA Margin	21,4%	21,4%	19-21% (*)
CAPEX	561 Million TL	242 Million TL	650 Million TL

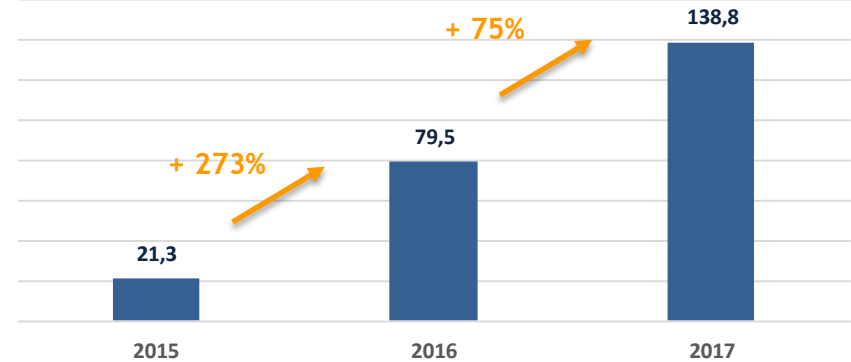
(*) Revised as a date of 14.08.2018

ASELSAN reached a market value of 5,78 Billion USD as of 29.06.2018.

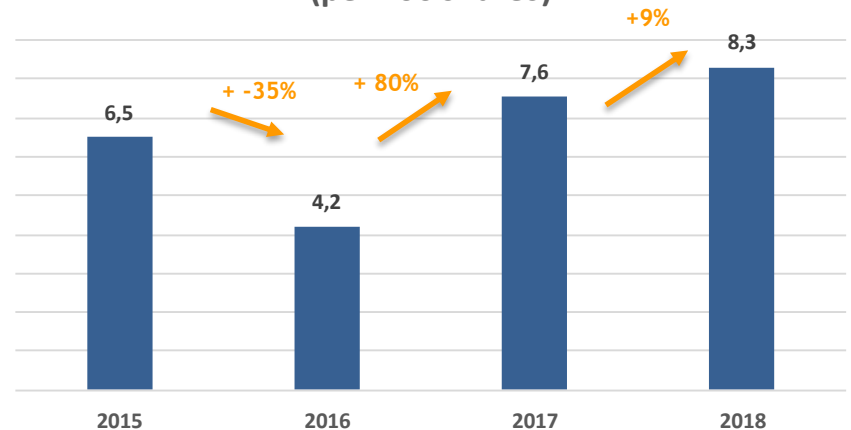
COMPARISON OF ASELSAN - BIST 100*



**EPS
(per 100 shares)**



**DPS
(per 100 shares)**



Contact Persons

Okan TURAN
Chief Financial Officer

Pınar ÇELEBİ
Investor Relations Manager

Gülru SELÇUK FİLİZ
Investor Relations Associate

Address

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06370 Yenimahalle, Ankara, TURKEY
Tel: +90 312 592 10 00

Web

www.aselsan.com.tr

E-Mail

aselsan.ir@aselsan.com.tr

APPENDIX

CONSOLIDATED BALANCE SHEET (MILLION TL)

aselsan

ASSETS	30.06.2018	31.12.2017
CURRENT ASSETS	9.904,9	6.058,3
Cash and Cash Equivalents	3.447,0	1.262,8
Trade Receivables	2.153,6	1.581,2
Other Receivables	112,8	112,8
Inventories	2.922,0	2.221,6
Prepaid Expenses	950,0	657,7
Other Current Assets	319,5	222,2
NON-CURRENT ASSETS	6.204,6	5.580,2
Financial Investments	569,1	568,9
Long-term Trade Receivables	1.833,1	1.575,0
Other Long-term Receivables	0,9	0,7
Equity Accounted Investments	89,3	83,3
Property, Plant and Equipment	1.139,7	1.090,8
Intangible Assets	942,0	891,2
Prepaid Expenses	590,8	442,7
Deferred Tax Assets	690,9	650,8
Other Long-term Assets	348,8	276,8
TOTAL ASSETS	16.109,5	11.638,5

LIABILITIES	30.06.2018	31.12.2017
CURRENT LIABILITIES	3.395,0	3.691,7
Short-term Financial Liabilities	441,3	404,3
Short-term Portion of Long-term Financial Liabilities	57,8	67,6
Trade Payables	1.607,1	1.790,3
Employee Benefit Obligations	52,0	46,1
Other Payables	58,5	1,5
Government Grants and Incentives	42,5	41,6
Deferred Income	651,8	900,1
Corporate Tax Liability	3,1	0,7
Short-term Provisions	475,6	425,9
Other Short-Term Liabilities	5,3	13,6

NON-CURRENT LIABILITIES	4.138,9	3.178,7
Long-term Financial Liabilities	46,5	62,2
Long-term Trade Payables	1.463,6	1.262,0
Deferred Income	2.265,4	1.642,8
Long-term Provisions	363,4	211,7

	30.06.2018	31.12.2017
EQUITY	8.575,6	4.768,1
Equity attributable to equity holders of the parent	8.575,1	4.767,6
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	2.801,9	-
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss	203,9	209,1
Gain on Revaluation of Available for Sale Financial Assets	554,4	540,7
Foreign Currency Exchange Differences	535,4	535,4
Restricted Profit Reserves	18,7	5,2
Retained Earnings	2.661,9	1.419,2
Net Profit for the Period	941,7	1.375,9
Non-controlling Interests	0,5	0,5
TOTAL LIABILITIES AND EQUITY	16.109,5	11.638,5

CONSOLIDATED INCOME STATEMENT (MILLION TL)

aselsan

	01.01.2018- 30.06.2018	01.01.2017- 30.06.2017
PROFIT OR LOSS		
Revenue	3.279,8	2.211,7
Cost of sales (-)	(2.459,7)	(1.633,5)
GROSS PROFIT	820,1	578,2
General administrative expenses (-)	(100,5)	(82,5)
Marketing expenses (-)	(64,6)	(53,6)
Research and development expenses (-)	(34,3)	(26,9)
Other operating income	1.530,7	644,7
Other operating expenses (-)	(1.117,6)	(576,3)
OPERATING PROFIT	1.033,8	483,6
Income from investing activities	4,20	9,0
Share of Losses of Equity-Accounted Investments	(6,6)	5,7
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	1.031,4	498,3
Financial income	173,8	159,6
Financial expenses (-)	(299,2)	(239,7)
PROFIT BEFORE TAX FROM CONTINUING	906,0	418,2
Tax income/ (expense) from continuing operations	35,8	126,4
- Current tax expense	(3,1)	(1,1)
- Deferred tax income / (expense)	38,9	127,4
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	941,8	544,6
Profit for the period attributable to:		
Non-controlling interest	0,01	0,050
Shareholders of the parent	941,8	343,7

CONSOLIDATED STATEMENT OF CASH FLOW (MILLION TL)

aselsan

(Million TL)	June'17	June'18	Δ%
OPERATING CASH FLOW (OCF)	(185)	(529)	(186)
Net Profit for the Period	545	942	
Depreciation and Amortization	62	82	
Change in Inventory	(158)	(695)	
Change in Trade Receivables	233	(753)	
Prepaid Expenses	(417)	(441)	
Deferred Income	(489)	172	
Change in Trade Payables	183	35	
Others	(144)	129	
CASH FLOW FROM INVESTING ACTIVITIES	(233)	(251)	(8)
Tangible Assets	(63)	(98)	
Intangible Assets	(168)	(144)	
Other Changes	(2)	(9)	
FREE CASH FLOW (FCF)	(418)	(780)	(86)

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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ASELSAN is a Turkish Armed Forces Foundation company.



aselsan

PROVEN TECHNOLOGY