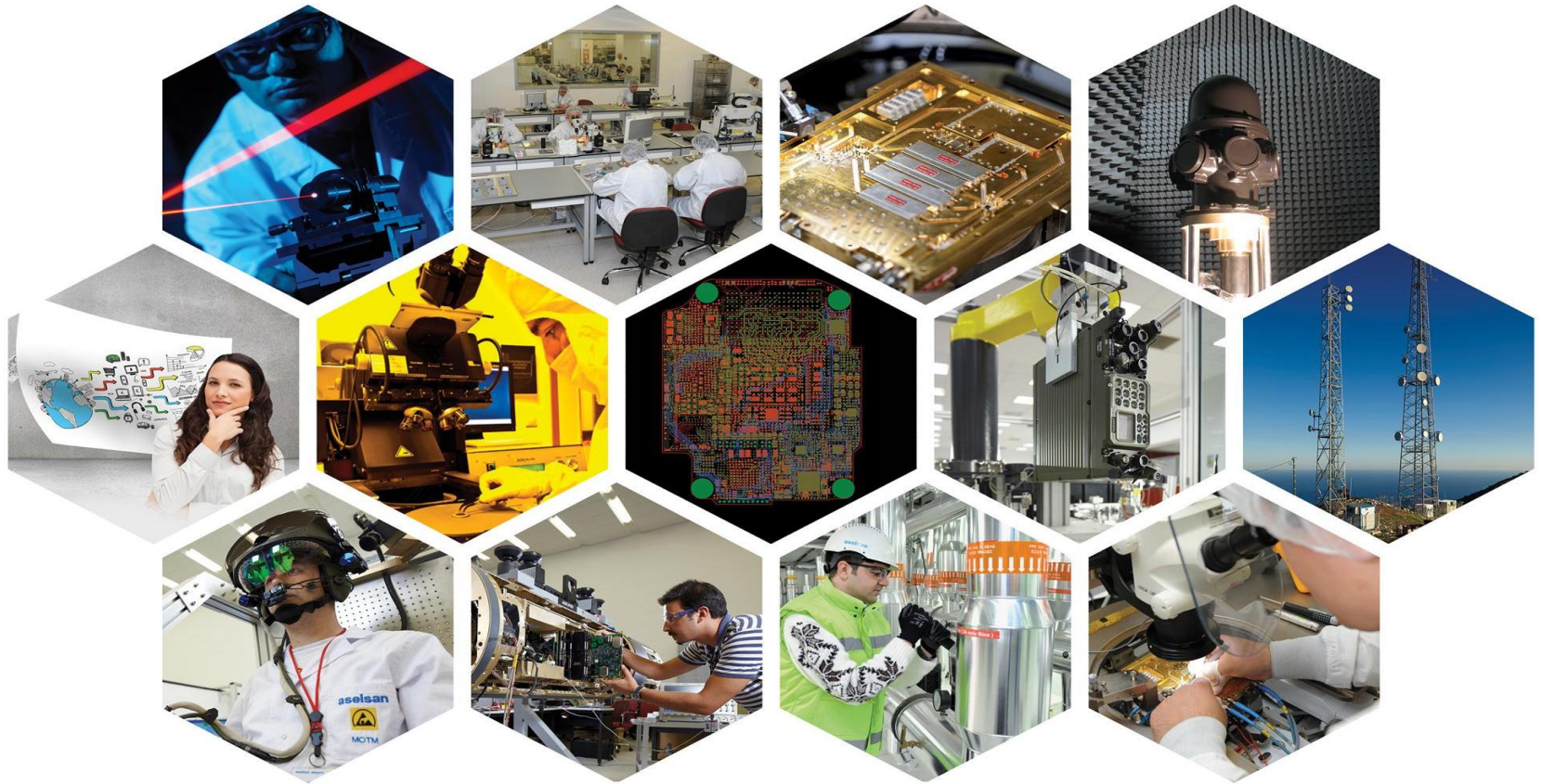


Investor Presentation

August 2015

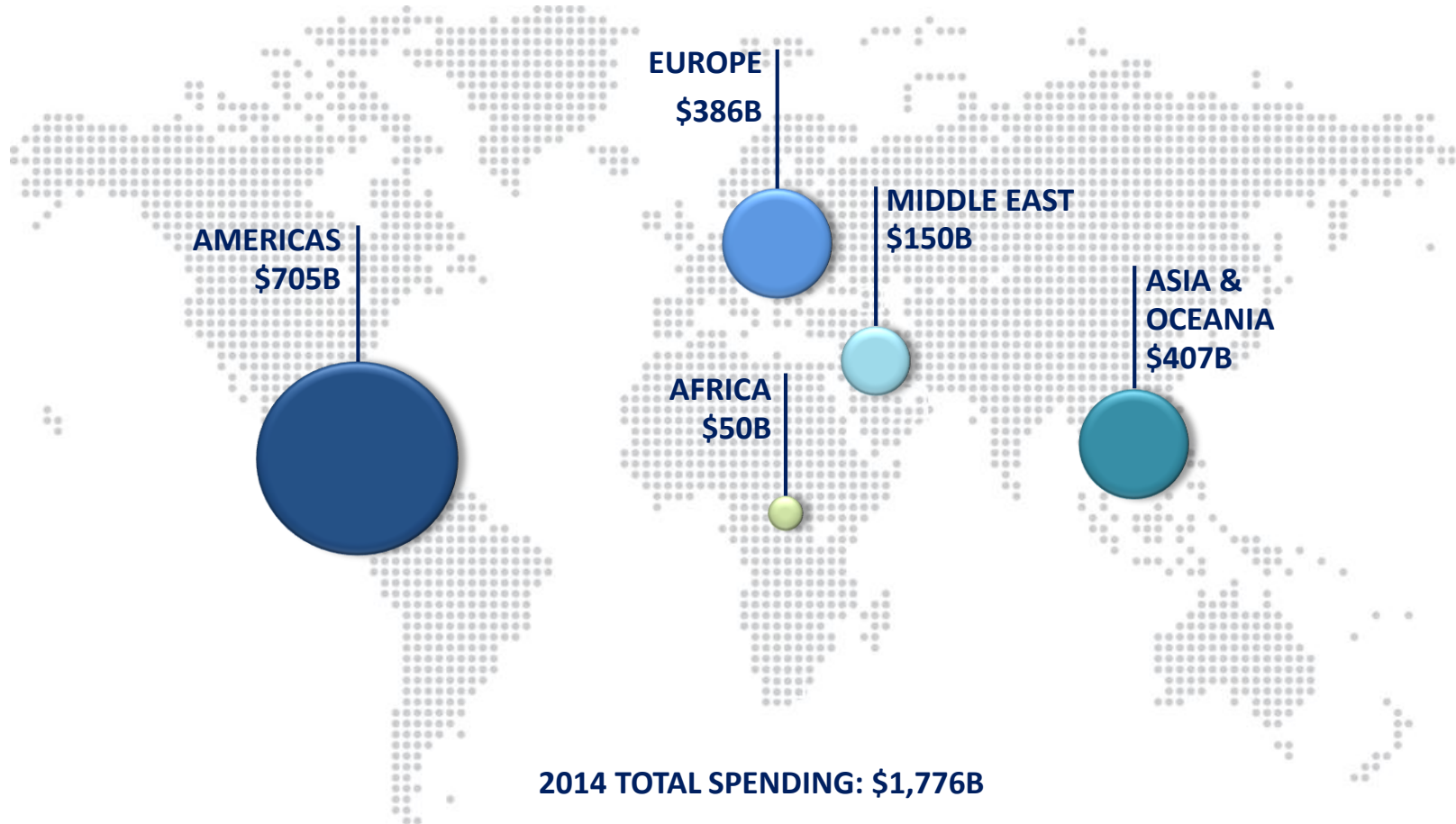


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THE WORLD MILITARY SPENDING BY REGION, 2014

World military spending was unchanged in 2014.



% increase in spending 2013 vs 2014

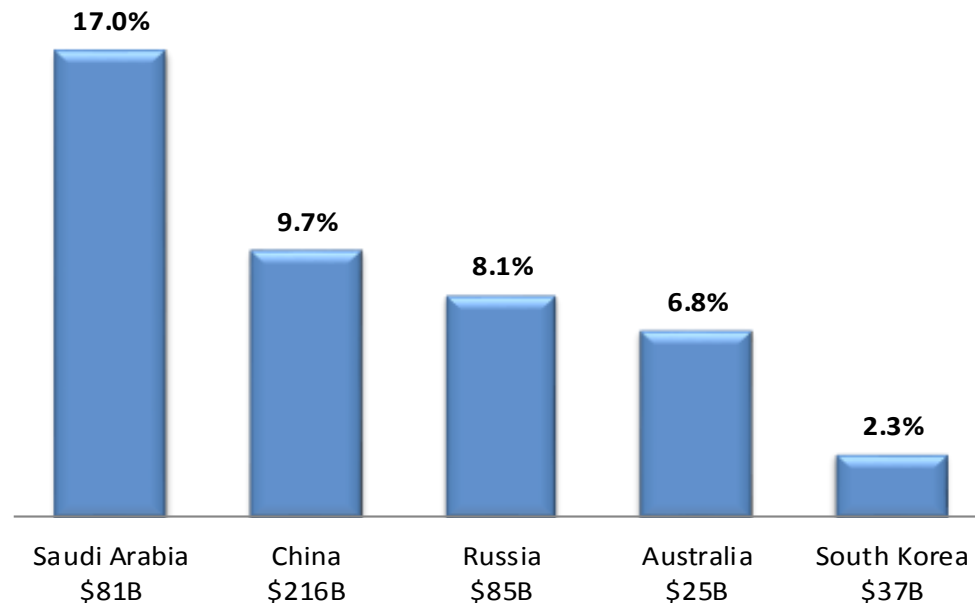
(based on 2011 constant prices & exchange rates)



TOP 5 WITH GROWING DEFENSE BUDGETS (2013 vs 2014)

Despite the global crises, some of the countries carried out real growth in their defense budgets.

GROWTH RATE (%) OF COUNTRIES (2013-2014 real terms)

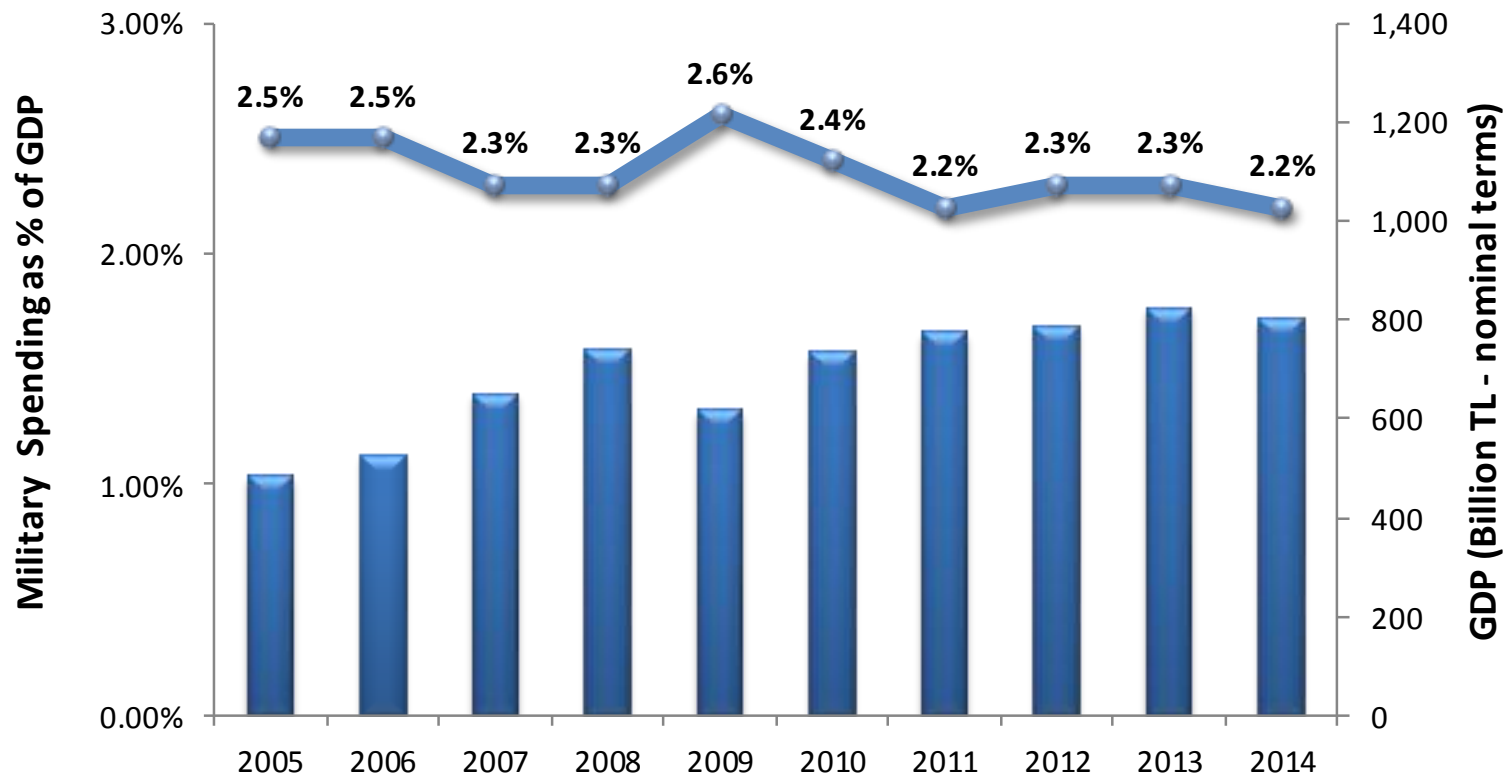


Source: SIPRI
comparison based on 2011 constant prices and exchange rates

TURKEY'S MILITARY SPENDING vs GDP

As being the 15th military spender globally, Turkey has healthy growth rate of defense budget.

MILITARY SPENDING as % of GDP (TURKEY)



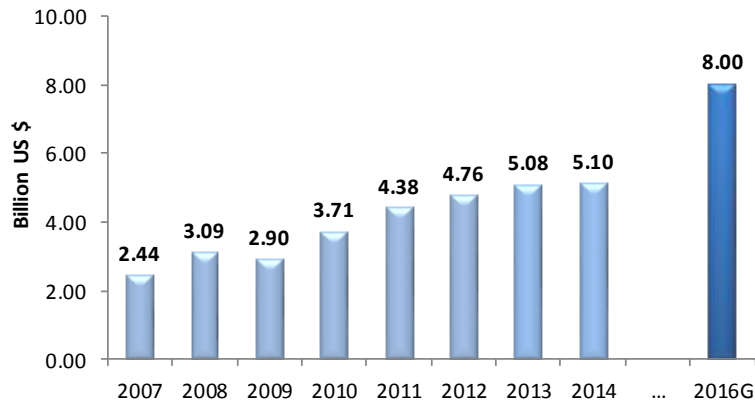
Source: SIPRI

TURKISH DEFENSE INDUSTRY IN YEARS & GOVERNMENTAL TARGETS

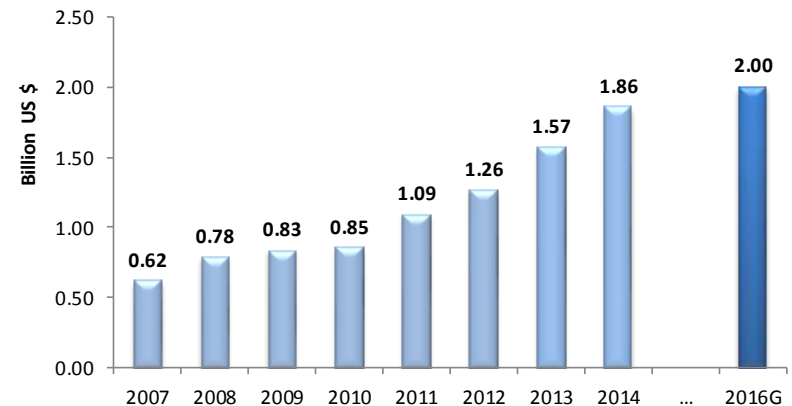


Turkey's defense procurement strategy targeting self sufficiency and favoring local production.

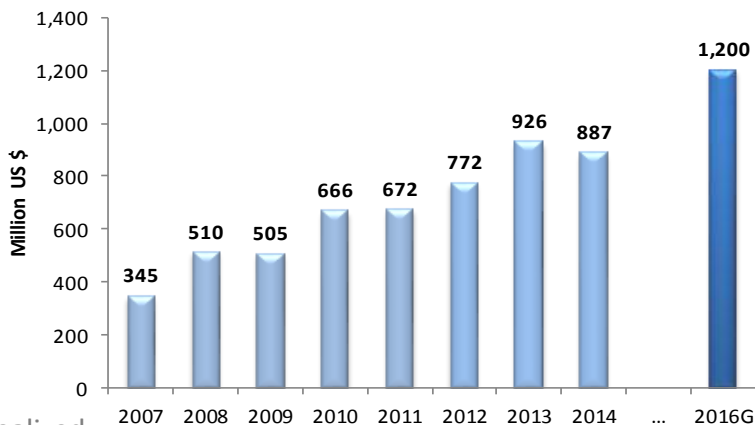
Turkish Sector Revenue



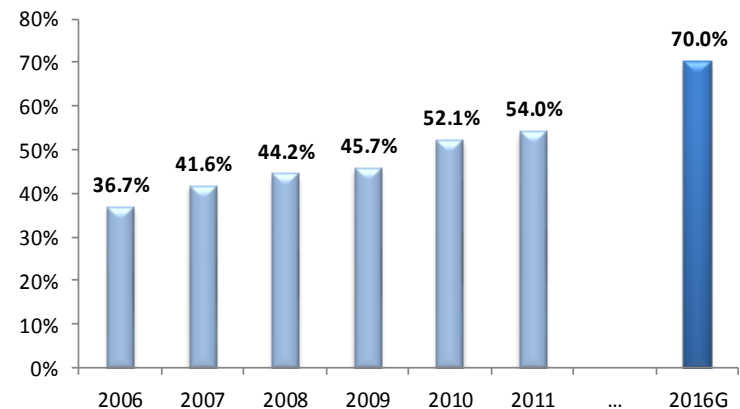
Turkish Sector Export Revenue



Turkish Sector R&D Expenditure



Local Content in UDI's Procurement



Realized

Government Goal

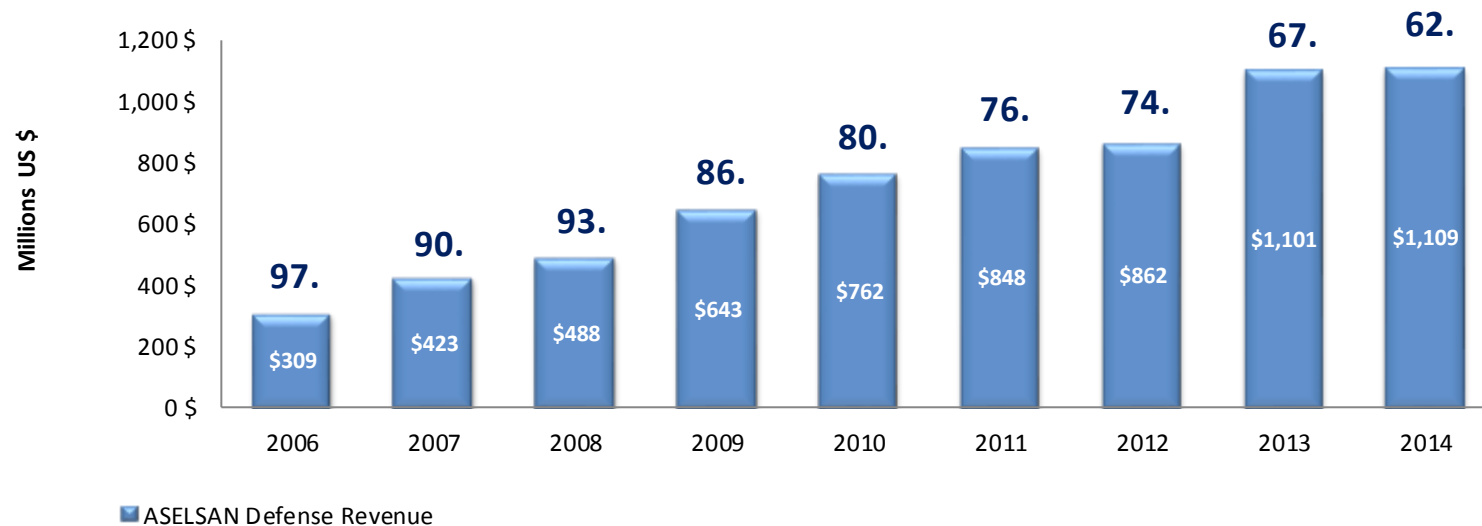
1. Global Defense Industry
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ASELSAN'S PROGRESS OVER THE YEARS



Turkey's leading defense company continuing its rise in global defense industry & ranking 62nd worldwide.

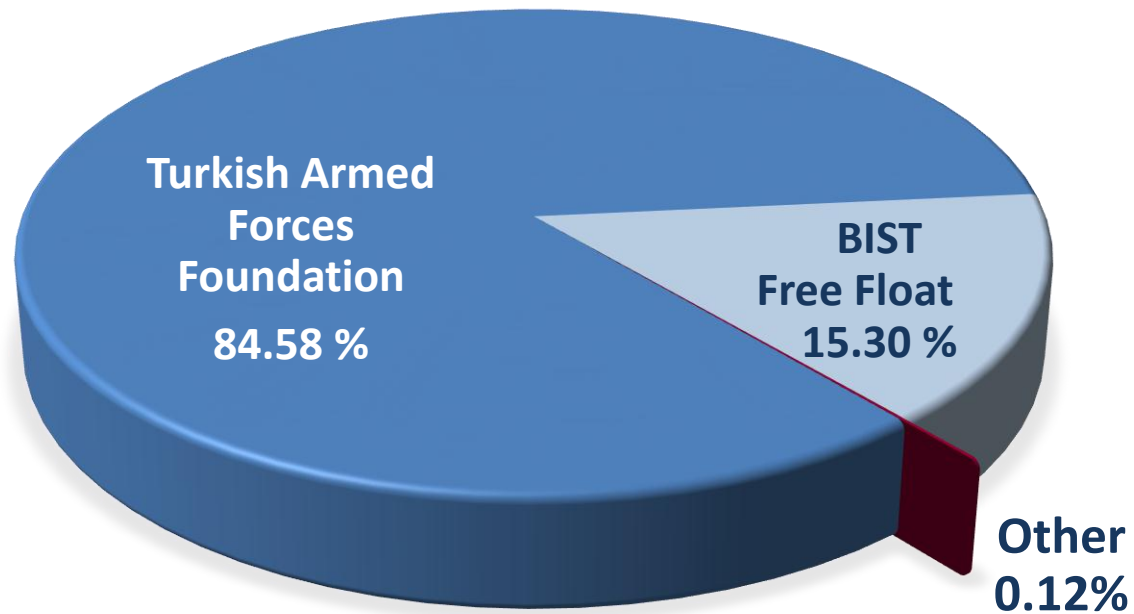
ASELSAN Global Defense Ranking



Source: Defense News Top 100 Worldwide List

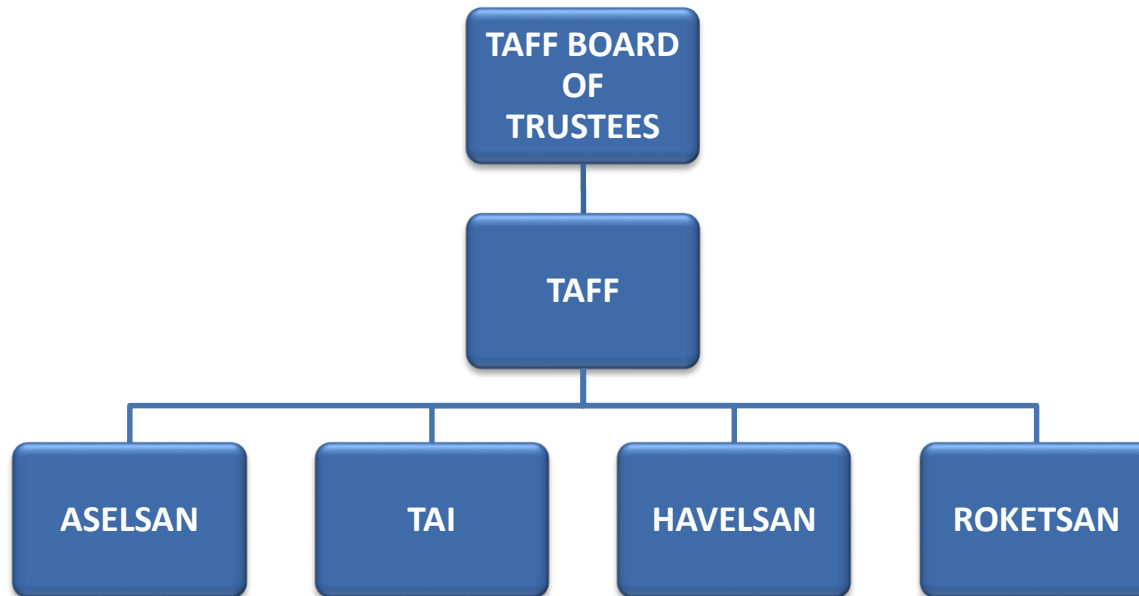
SHAREHOLDERS

ASELSAN is the only defense company that is listed in Borsa Istanbul (BIST).



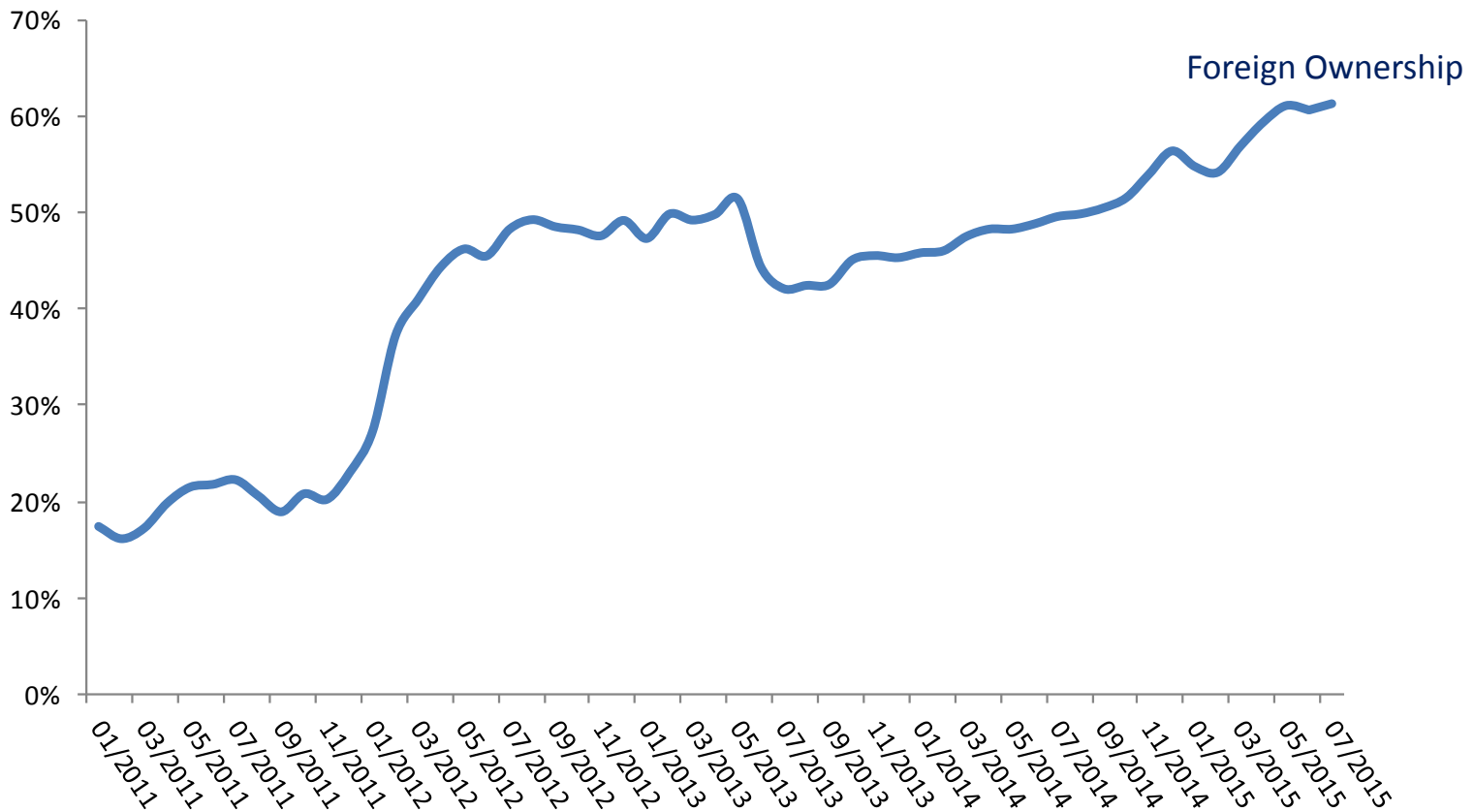
TURKISH ARMED FORCES FOUNDATION (TAFF)

- 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.
- Managed by the Board of Trustees formed of:
 - Minister of National Defense (Chairman)
 - Deputy Chief of General Staff
 - Undersecretary of the Ministry of National Defense
 - Undersecretary of Defense Industry
- In compliance with its objective, TAFF owns several defense companies that operates in separate fields.



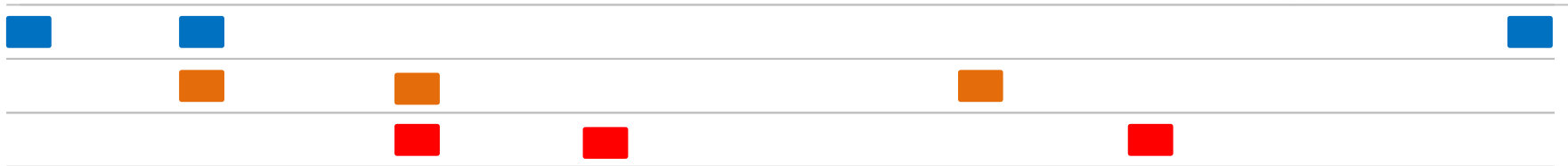
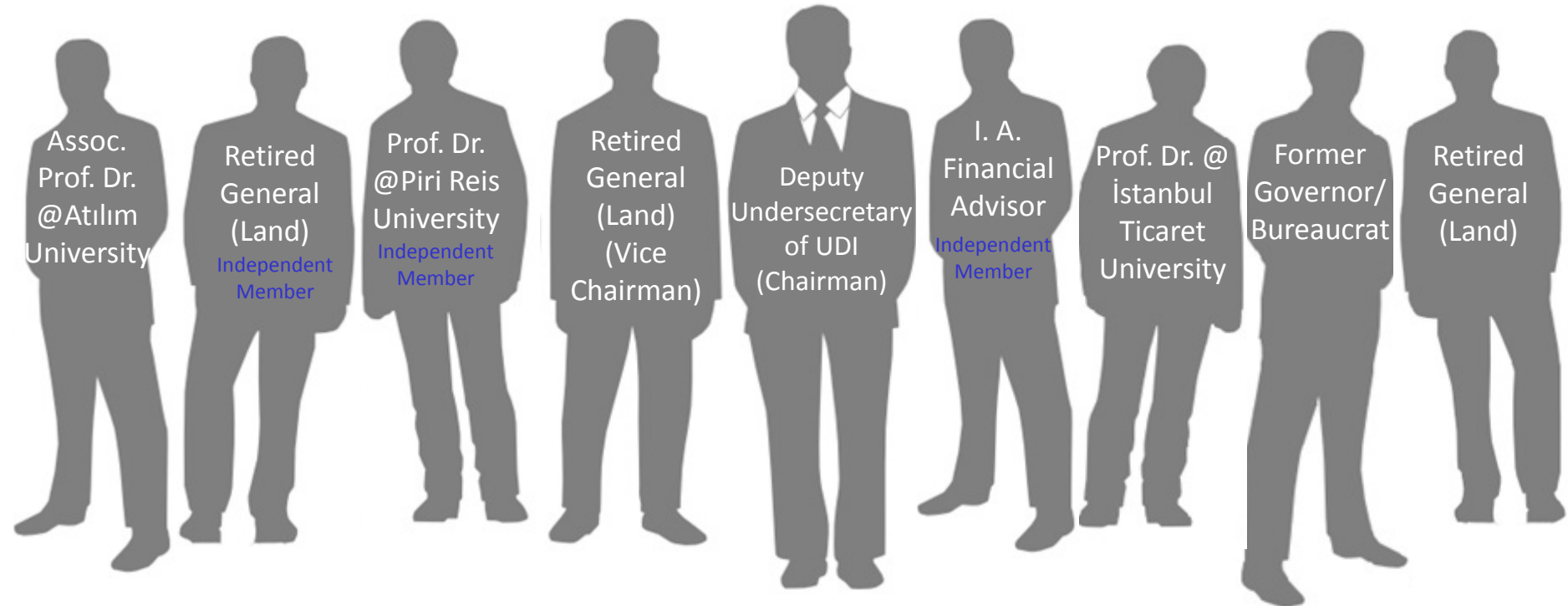
SHAREHOLDERS

Improved IR effort and financial transparency have been the main drivers for the increase in interest of foreign institutional investors for ASELSAN.



BOARD MEMBERS

ASELSAN's board structure is in full compliance with Capital Market Boards new regulation on corporate governance.



- Risk Management Committee
- Audit Committee
- Corporate Governance Committee

Independent members are the heads of the committees they are assigned to.

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

DIVISIONS

A global asset of Turkey's technological infrastructure



Communication & Information Technologies Business Sector

- Military Communication Systems
- Public Security
- Communication Systems
- Satellite, Air and Naval Communication Systems
- Crypto and Information Security Systems



Defense Systems Technologies Business Sector

- Air and Missile Defense Systems
- C4ISR Systems
- Naval Systems
- Land and Weapon Systems



Microelectronics, Guidance & Electro-Optics Business Sector

- Avionic Systems
- Electro Optic Systems
- Guidance and Unmanned Systems



Transportation, Security, Energy & Automation Systems Business Sector

- Transportation Systems
- Security Systems
- Traffic and Automation Systems
- Energy Systems
- Homeland Security Systems



Radar & Electronic Warfare Systems Business Sector

- Radar Systems
- Electronic Warfare Systems
- Self Protection Systems

AFFILIATES – Local

MİKROELEKTRONİK



Ownership : 85%
Partner: İTÜ ETA
Participation: 2010
(Founded in 2006)
Assets: \$2.9 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: \$2.9 M

AELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$58.5 M

ROKETSAN



Ownership : 15%
Partner: TAFF
Foundation: 1988
Assets: \$1.0 B

AELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$11.2 M

Assets are given as of 30/06/2015.

ASELSAN-BAKU (AZERBAIJAN)



Ownership: 100%
Foundation: 1998
Assets: \$2.5 M

ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%
Partner: KADDB
Investment Group
Foundation: 2012
Assets: \$10.7 M

IGG ASELSAN INTEGRATED SYSTEMS (UAE)



Ownership: 49%
Partner: IGG
Foundation: 2011
Assets: \$1.9 M

KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)



Ownership: 49%
Partner: Kazakhstan
Engineering
Foundation: 2011
Assets: \$62.1 M

KAZAKHSTAN ASELSAN ENGINEERING

ASELSAN BAKÜ

ASELSAN MIDDLE EAST

IGG ASELSAN INTEGRATED SYSTEMS

SOUTH AFRICA BRANCH



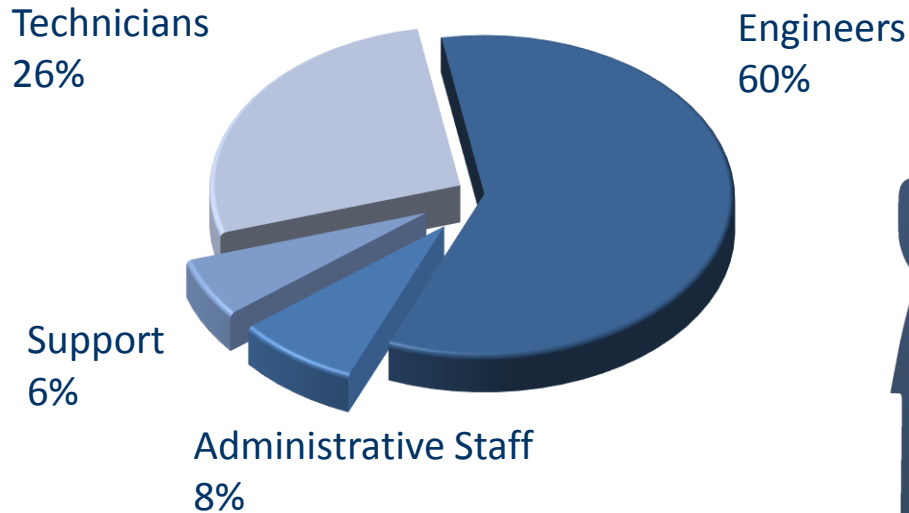
Ownership: 100%
Foundation: 2011

ASELSAN SOUTH AFRICA BRANCH

Assets are given as of 30/06/2015.

HUMAN RESOURCES

Total Employees : 4,870
Engineers : 2,945



As of August 2015

As the largest R&D spender in Turkey, ASELSAN fully benefits from tax incentives on R&D activities.

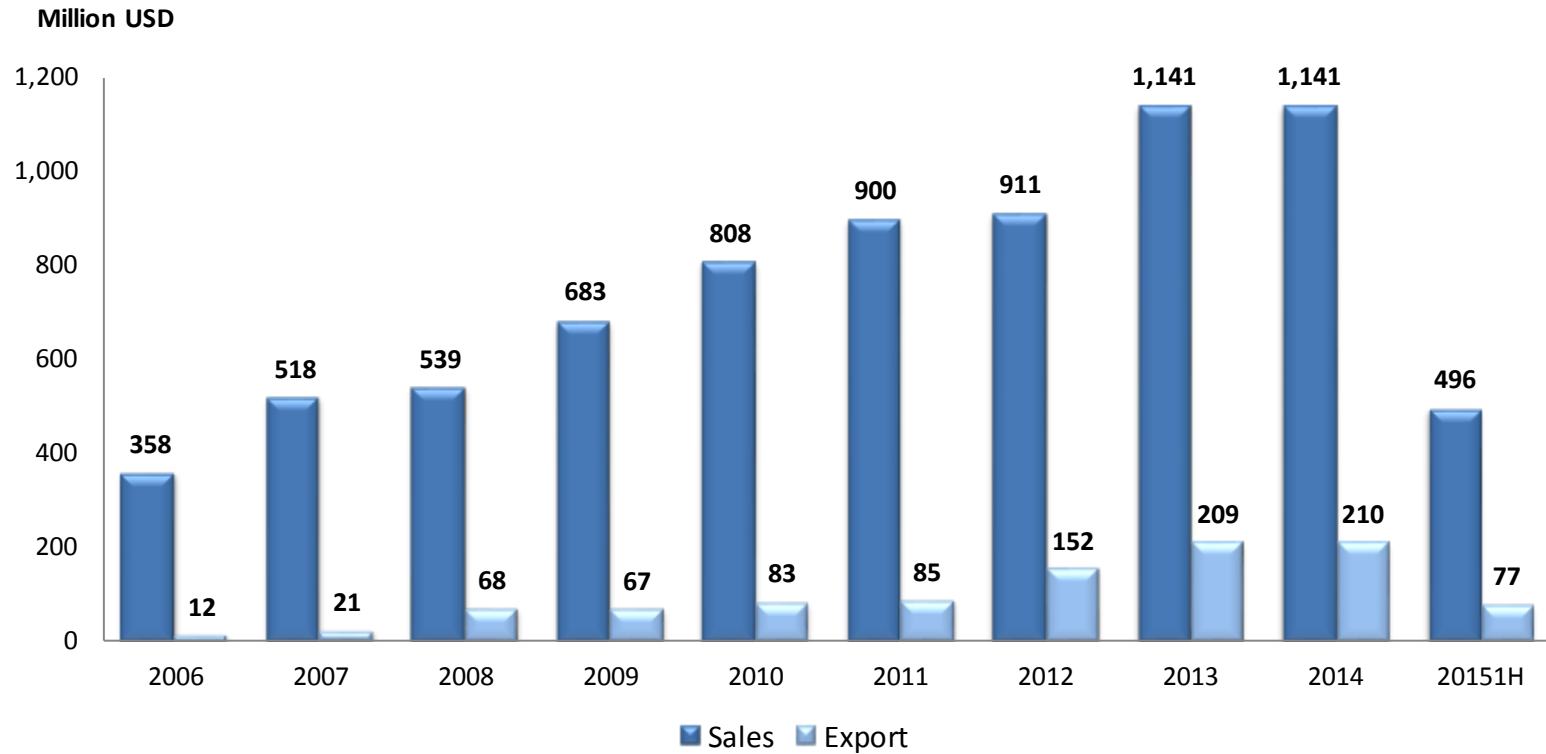
ASELSAN will not pay any corporate taxes till 2023.

- ASELSAN's share of the total Turkish defense sector R&D spending is 43%.
- 2,820 R&D Staff (2,446 R&D Engineers)
- Cooperation with highest ranked universities of Turkey

2014 R&D EXPENSES	Million USD	%
Self-financed R&D Expense	68	18%
Client-financed R&D Expense	308	82%
Total R&D Expense	376	100%

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SALES AND EXPORT (30/06/2015)



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BACKLOG (30/06/2015)

Our backlog is 4.0 Billion USD.

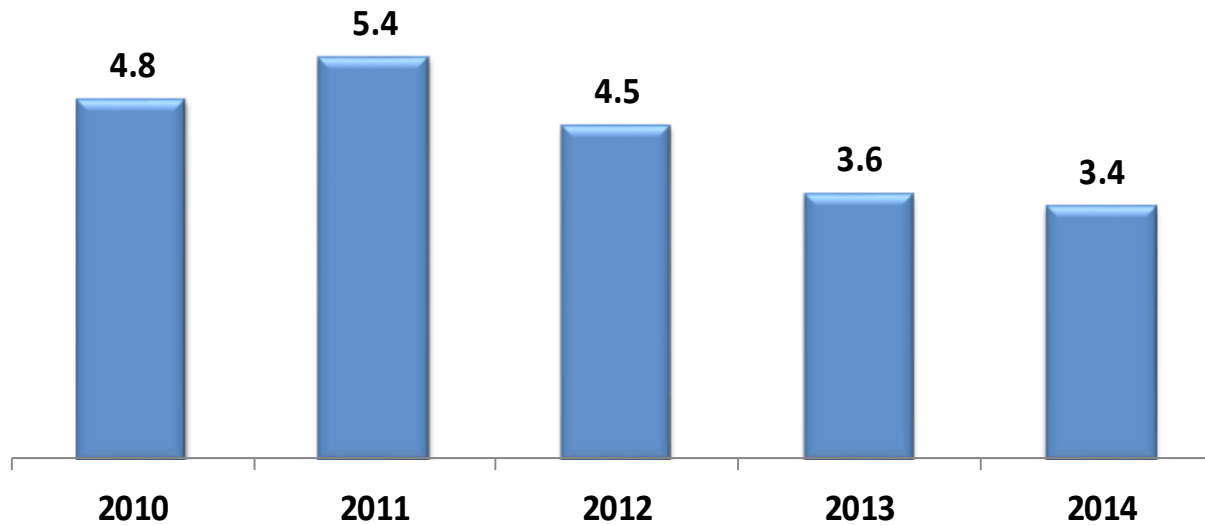
Backlog History (Billion USD)



BACKLOG

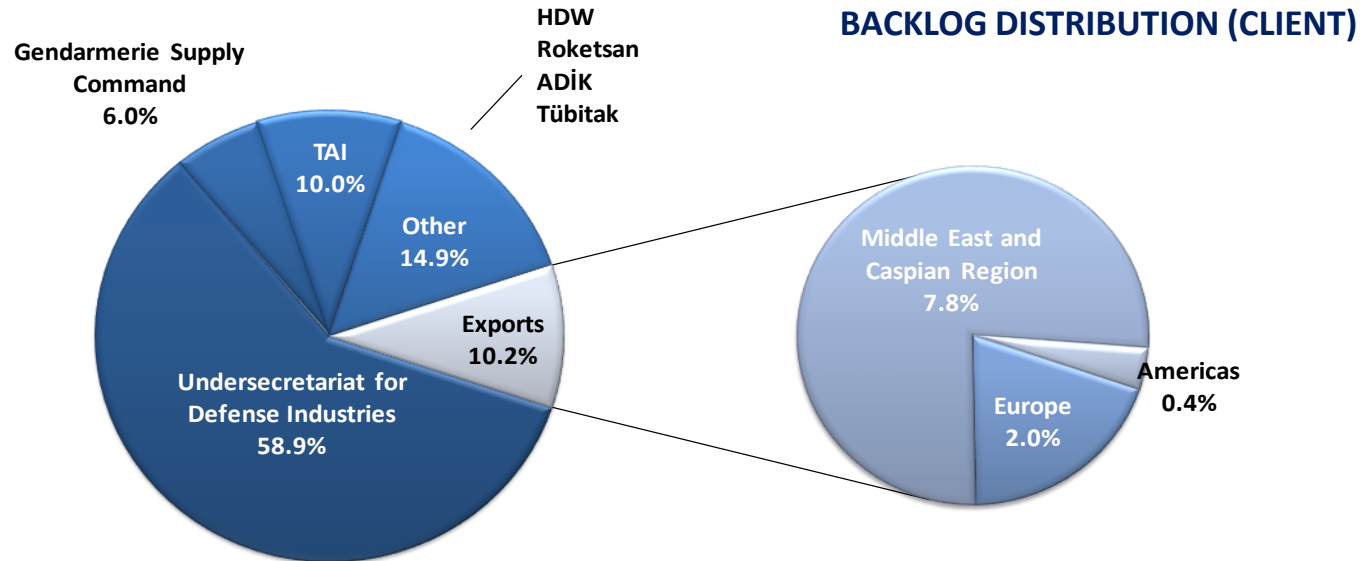
Our target is to maintain a backlog level of at least 3 times the total revenue.

BACKLOG/REVENUE

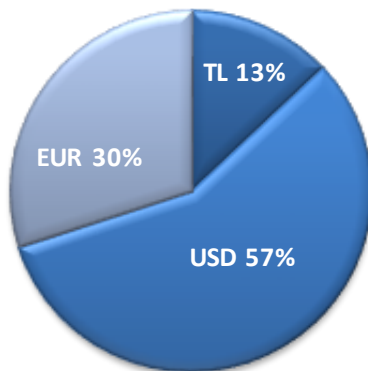


BACKLOG DISTRIBUTION (30/06/2015)

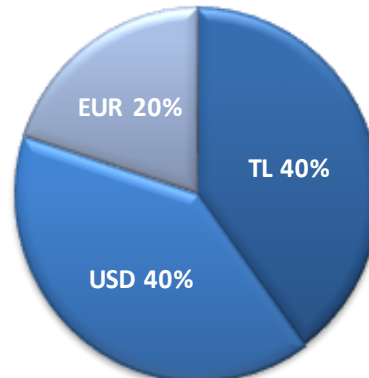
Our target is to increase foreign sales.



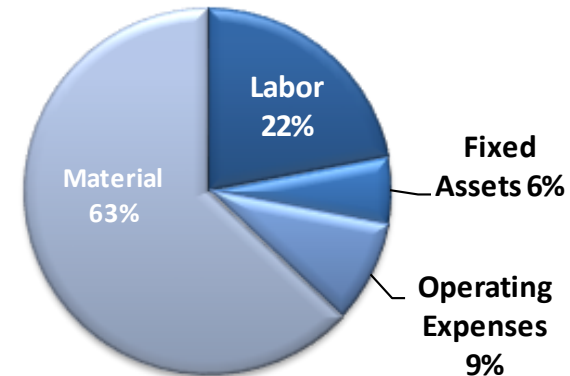
BACKLOG DISTRIBUTION (CURRENCY)



TOTAL EXPENSE DISTRIBUTION (CURRENCY)



TOTAL EXPENSE BREAKDOWN

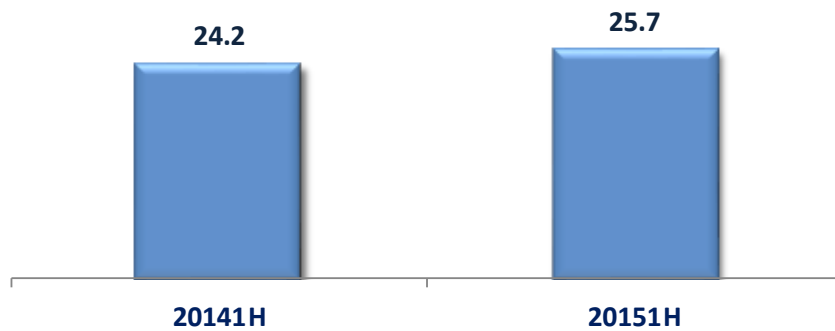


- ALTAY Serial Production
- Long Range Surveillance Radar
- Short & Medium Range Air Defense Systems (KORKUT, Air Defense Gun Modernization, HiSAR) Serial Productions
- Long Range Air Defense Missile System
- Turkish Airborne Stand-Off Jammer

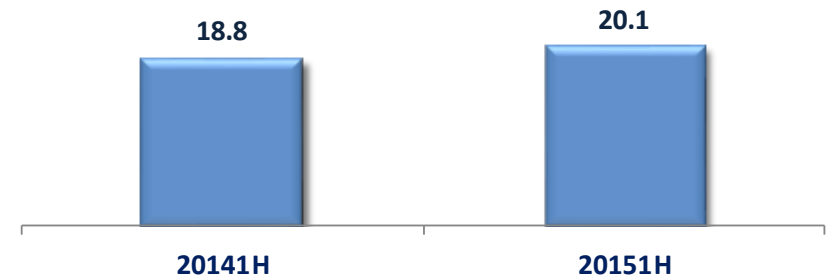
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MARGINS

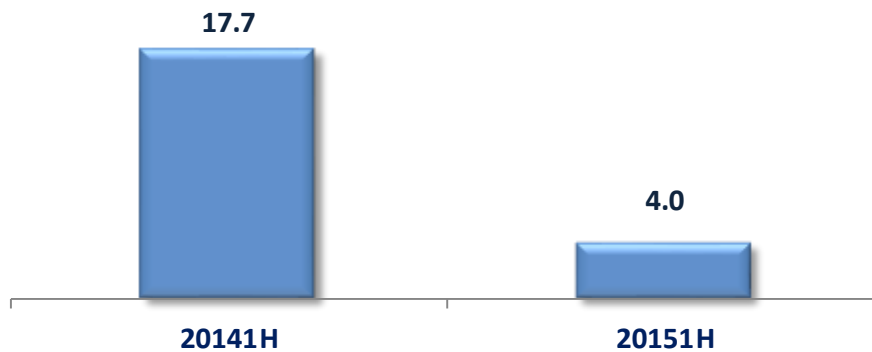
Gross Profit Margin (%)



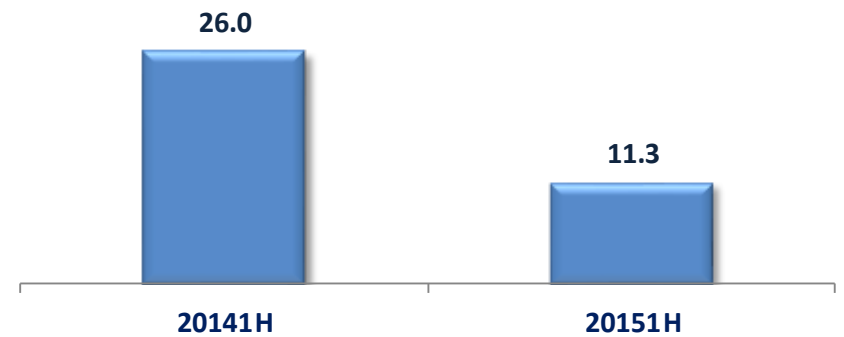
EBITDA Margin (%)



Net Profit Margin (%)



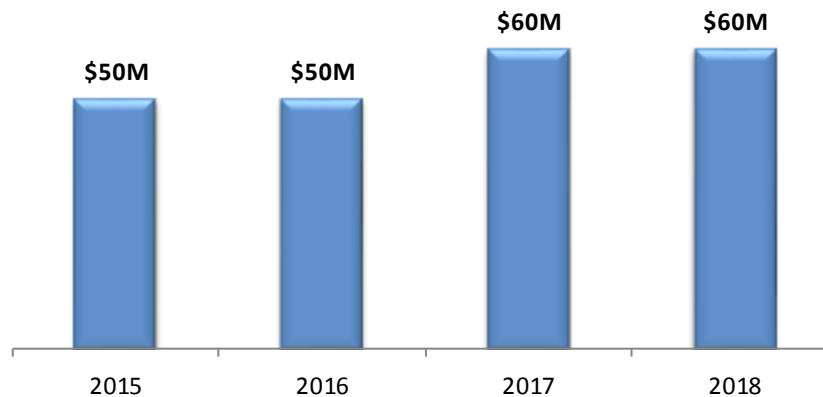
ROE (%)



ASELSAN's guidance for 2015:

- TL Revenue Growth : 16-20%
- EBITDA Margin : 18-20%
- CAPEX : 120 Mio TL

CAPEX



Important risks have been identified with regard to ASELSAN's corporate risk management policy.

- Single customer dependency in sales
- Cut-backs in defense expense budgets
- Supplier and subcontractor risks
- Global economic slowdown and financial crisis
- Foreign exchange risk

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“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 listed in the Borsa İstanbul (BİST) Corporate Governance Index since its first Corporate Governance Rating in 2012.
- Sustainability Report was first published in December 2013.
- ASELSAN, is one of the 15 companies to be listed in the BİST Sustainability Index since its launch in November 2014.
- ASELSAN’s Corporate Governance Rating is 9.09 over 10 by December 2014.

PERFORMANCE of ASELSAN vs. BIST-100 INDEX (2011-2015)

ASELSAN reached a market value of USD 2.5 Billion as of 19/08/2015.



31/12/2010=100

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- **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**

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APPENDIX

CONSOLIDATED BALANCE SHEET (MILLION TL)

A S S E T S	30/06/2015	31/12/2014
CURRENT ASSETS	2,403.1	2,271.4
Cash and Cash Equivalents	109.5	132.0
Financial Investments	0.5	-
Trade Receivables	1,007.0	943.7
Other Receivables	44.7	41.9
Inventories	857.7	837.4
Prepaid Expenses	263.1	199.8
Other Current Assets	120.6	116.6
NON-CURRENT ASSETS	2,908.3	2,714.0
Financial Investments	363.0	355.6
Long-term Trade Receivables	305.8	310.5
Other Long-term Receivables	0.3	0.3
Property, Plant and Equipment	914.1	854.0
Intangible Assets	527.1	438.5
Prepaid Expenses	371.2	383.5
Deferred Tax Assets	334.5	281.2
Other Long-term Assets	92.3	90.4
TOTAL ASSETS	5,311.4	4,985.4

CONSOLIDATED BALANCE SHEET (MILLION TL)

LIABILITIES	30/06/2015	31/12/2014
CURRENT LIABILITIES	1,283.9	1,201.2
Short-term Financial Liabilities	308.0	235.3
Short-term Portion of Long-term Financial Liabilities	69.3	48.6
Trade Payables	453.4	607.2
Employee Benefit Obligations	16.8	23.0
Other Payables	36.1	0.8
Government Grants and Incentives	19.7	15.0
Deferred Income	250.0	143.6
Corporate Tax Liability	0.6	0.7
Short-term Provisions	128.3	122.8
Other Short-Term Liabilities	1.7	4.2
NON-CURRENT LIABILITIES	1,782.9	1,565.3
Long-term Financial Liabilities	185.2	195.3
Long-term Trade Payables	158.8	67.2
Other Long-Term Payables	0.04	0.03
Government Grants and Incentives	-	2.2
Deferred Income	1,300.4	1,170.2
Long-term Provisions	138.5	130.4

CONSOLIDATED BALANCE SHEET (MILLION TL)

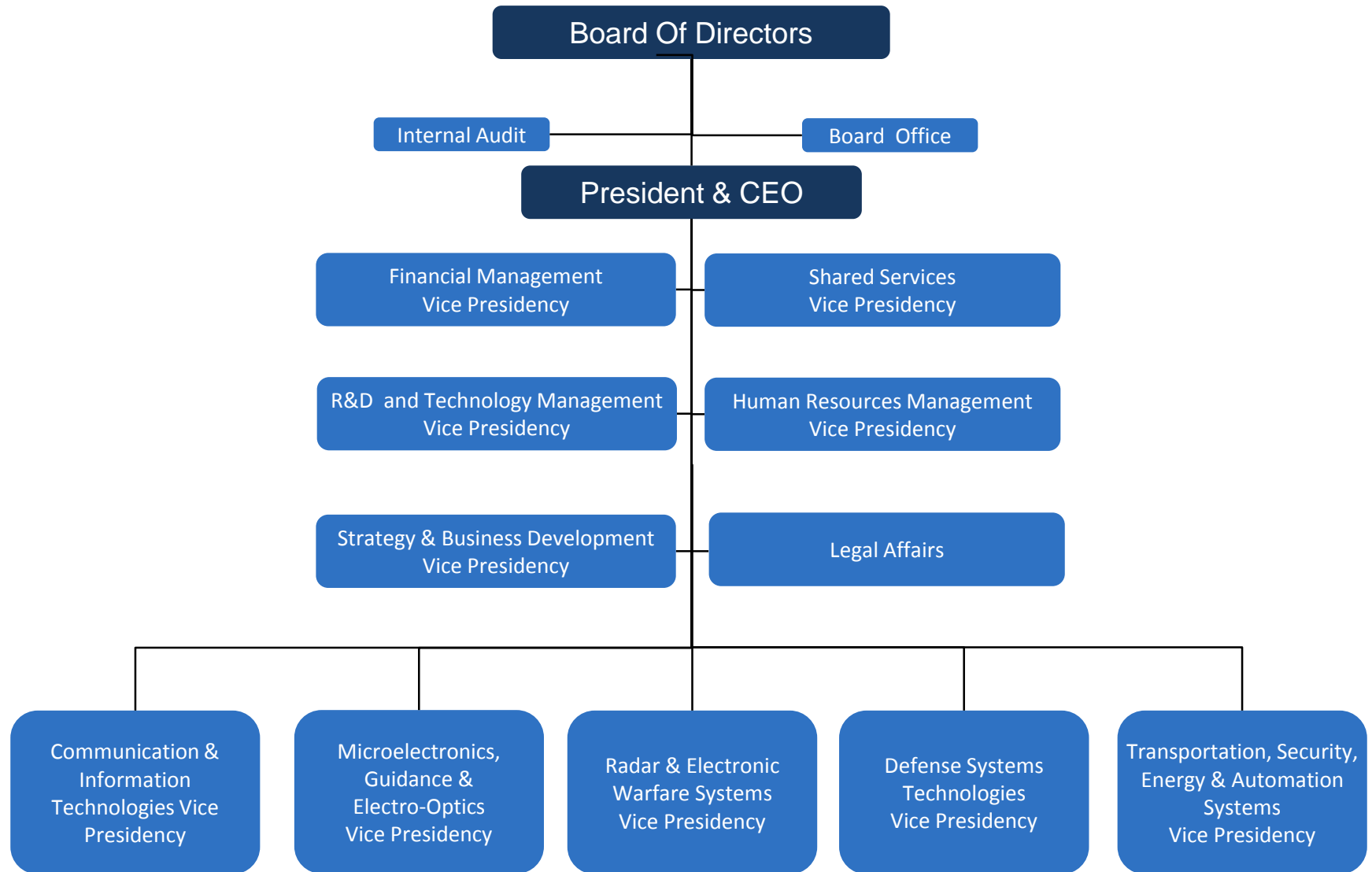


LIABILITIES	30/06/2015	31/12/2014
EQUITY	2,244.6	2,218.9
Equity attributable to equity holders of the parent	2,244.6	2,218.9
Share Capital	500.0	500.0
Share Capital Adjustment	100.3	98.6
Other Comprehensive Income / Expense not to be Re-classified to Profit or Loss	(14.9)	(14.9)
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss		
Gain/Loss on Revaluation of Available for Sale Financial Assets	293.0	293.0
Restricted Profit Reserves	87.0	73.7
Retained Earnings	1,010.8	740.7
Net Profit for the Period	51.1	350.1
TOTAL LIABILITIES AND EQUITY	5,311.4	4,985.4

CONSOLIDATED INCOME STATEMENT (MILLION TL)

	01/01/2015- 30/06/2015	01/01/2014- 30/06/2014
PROFIT OR LOSS		
Sales revenue	1,272.7	1,121.7
Cost of sales (-)	(945.7)	(850.5)
GROSS PROFIT	327.0	271.2
General administrative expenses (-)	(67.3)	(56.6)
Marketing, selling and distribution expenses (-)	(28.3)	(19.5)
Research and development expenses (-)	(29.5)	(31.5)
Other operating income	206.5	296.1
Other operating expenses (-)	(336.7)	(286.4)
OPERATING PROFIT	71.7	173.3
Income from investing activities	-	1.9
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	71.7	175.2
Financial income	2.10	18.2
Financial expenses (-)	(77.5)	(17.9)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(3.7)	175.5
Tax income/ (expense) from continuing operations	54.8	23.5
- Current tax expense	(0.6)	(0.4)
- Deferred tax income / (expense)	55.3	23.9
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	51.1	199.0
Profit for the period attributable to:		
Non-controlling interest	-	0.4
Shareholders of the parent	51.1	198.6

ORGANIZATION CHART



DISCLAIMER



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