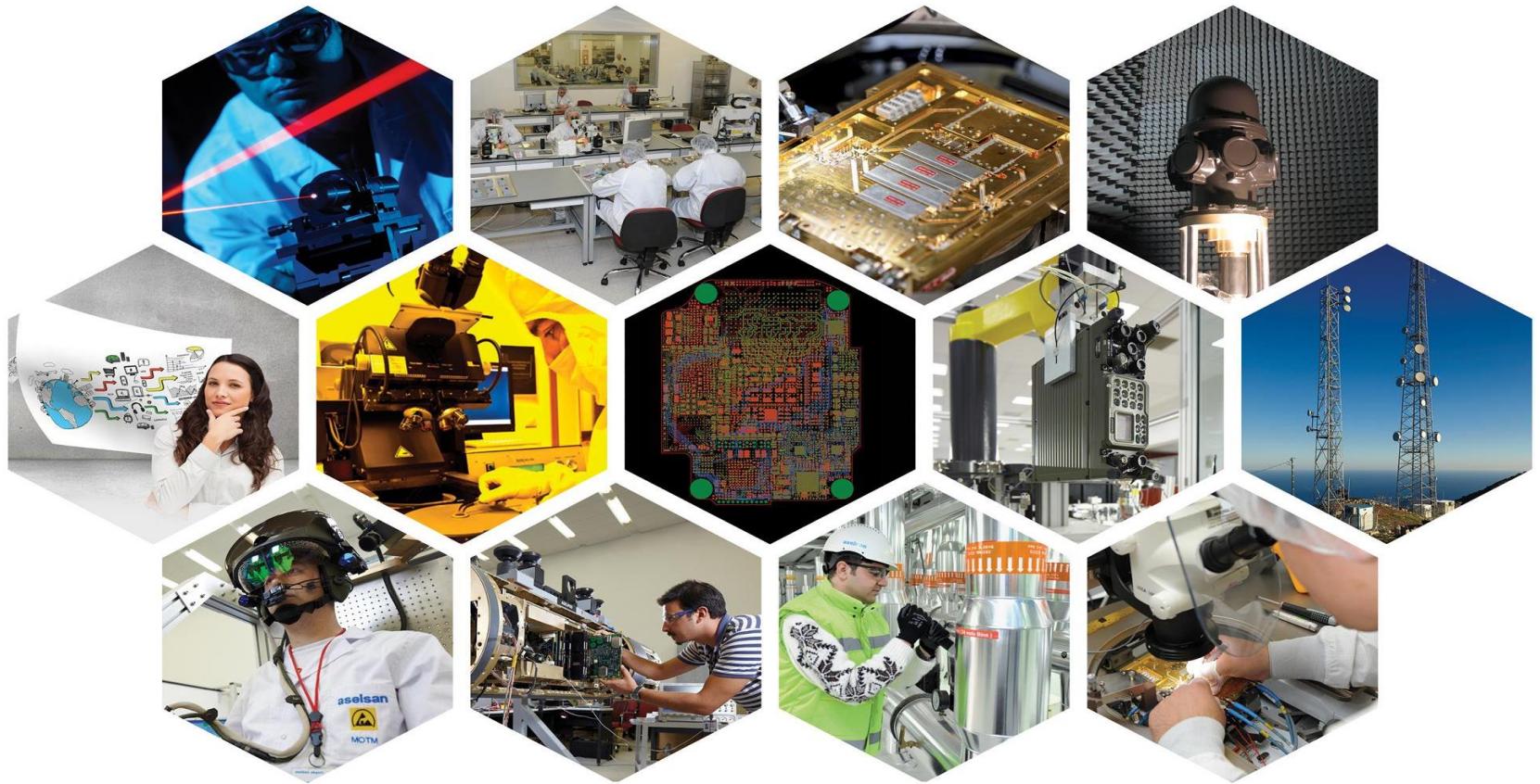
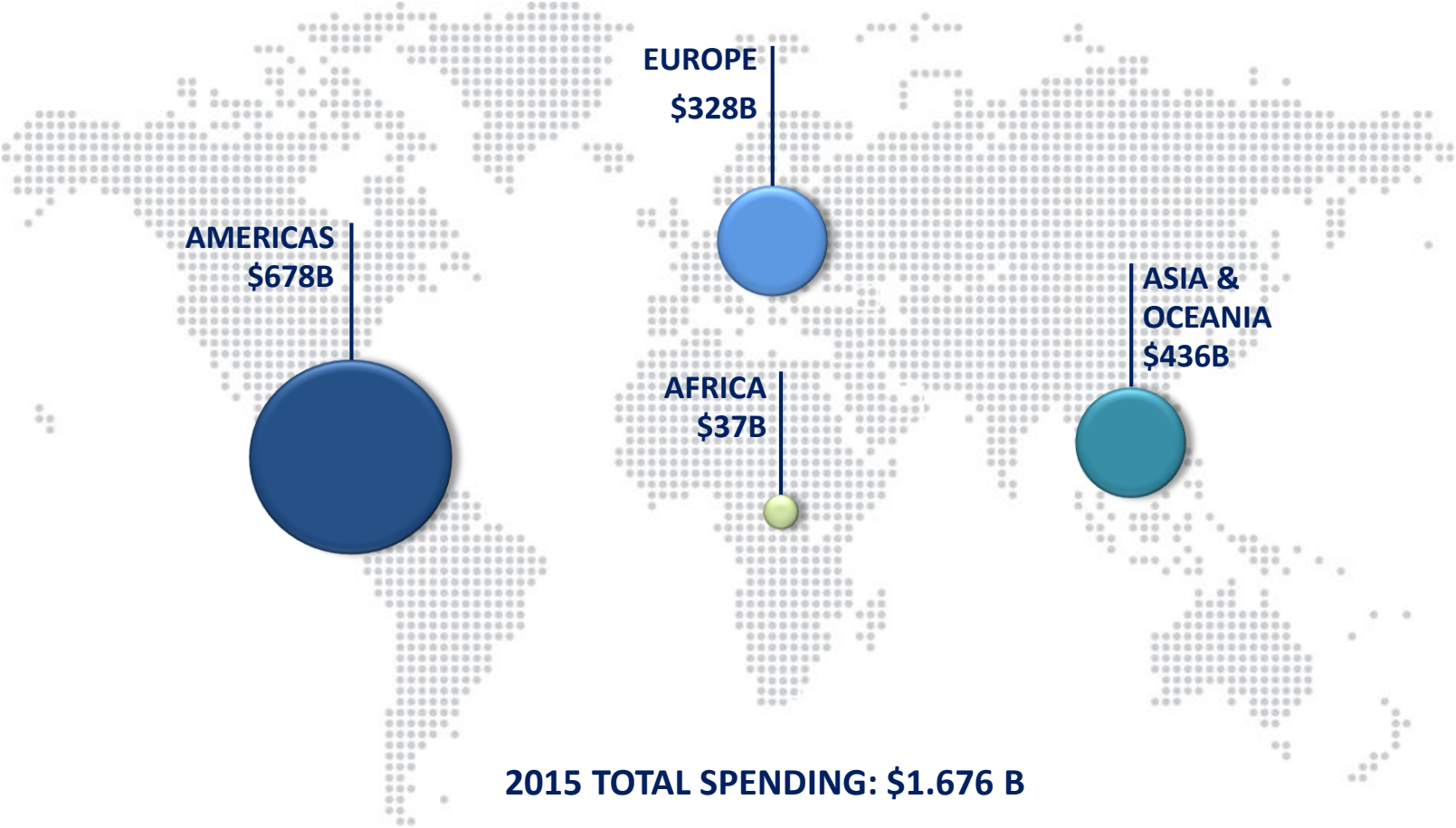


Investor Presentation

August 2016



SLIGHT DECREASE IN GLOBAL MILITARY SPENDING, 2015



% difference in spending 2014 vs 2015
(based on 2011 constant prices & exchange rates)

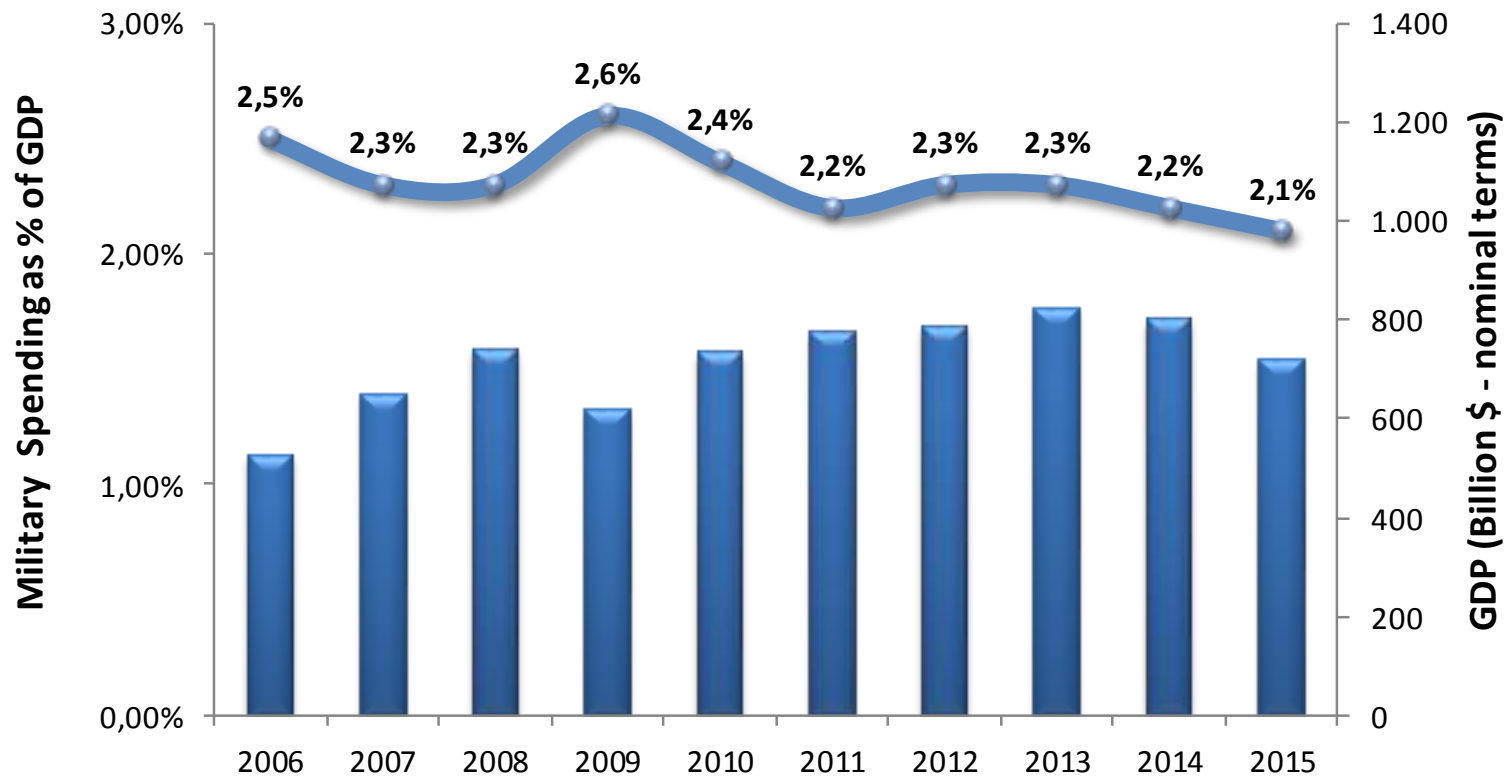


Source: SIPRI

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)

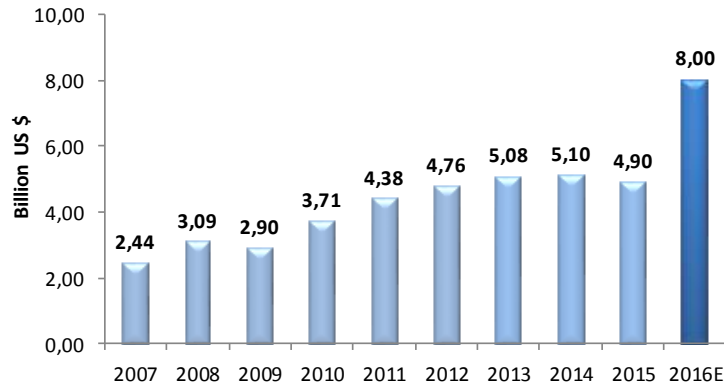


Source: SIPRI

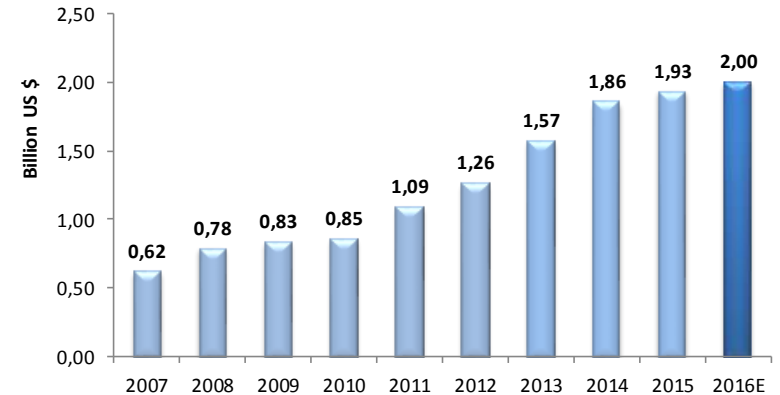
TURKISH DEFENSE INDUSTRY GROWING OVER YEARS

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

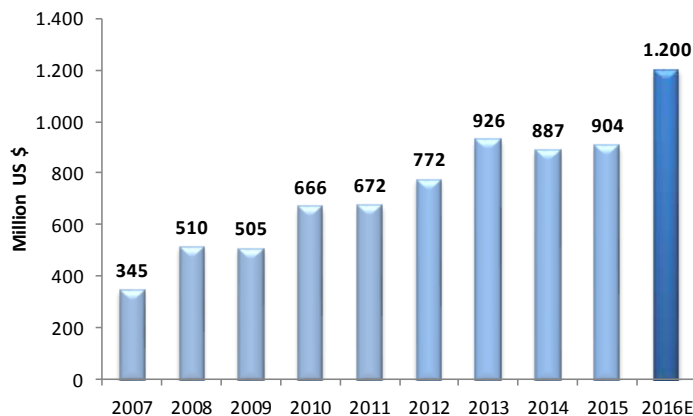
Defense Sector Revenue



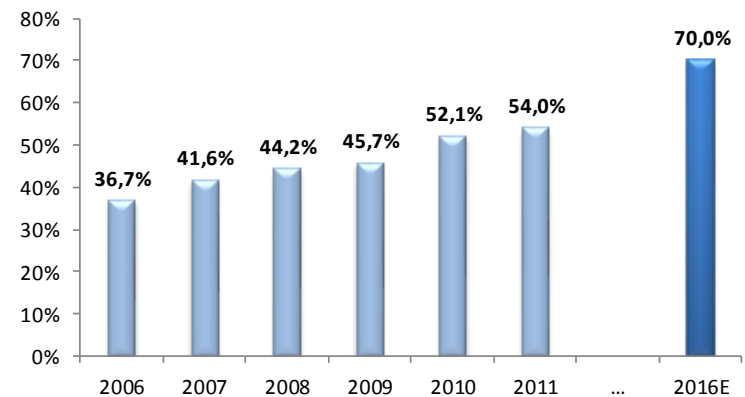
Defense Sector Export Revenue



Defense Sector R&D Expenditure



Local Content in UDI's Procurement

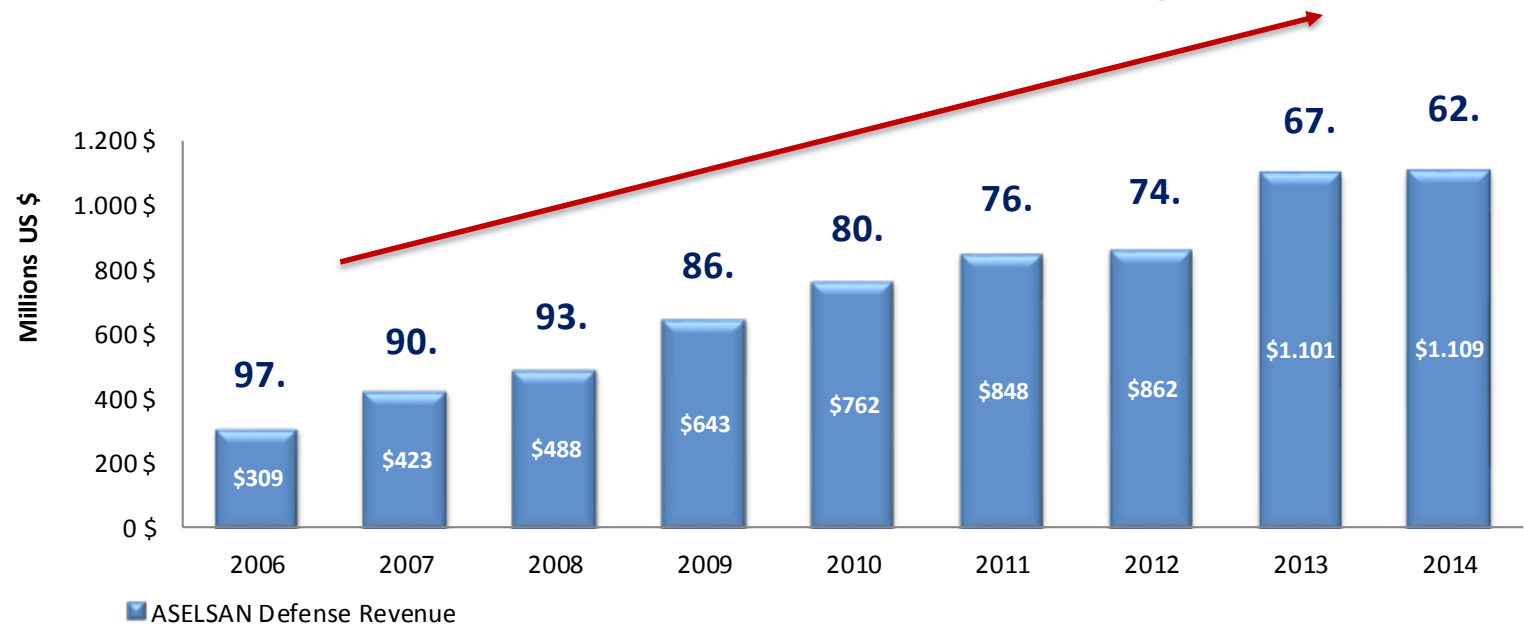


Realized

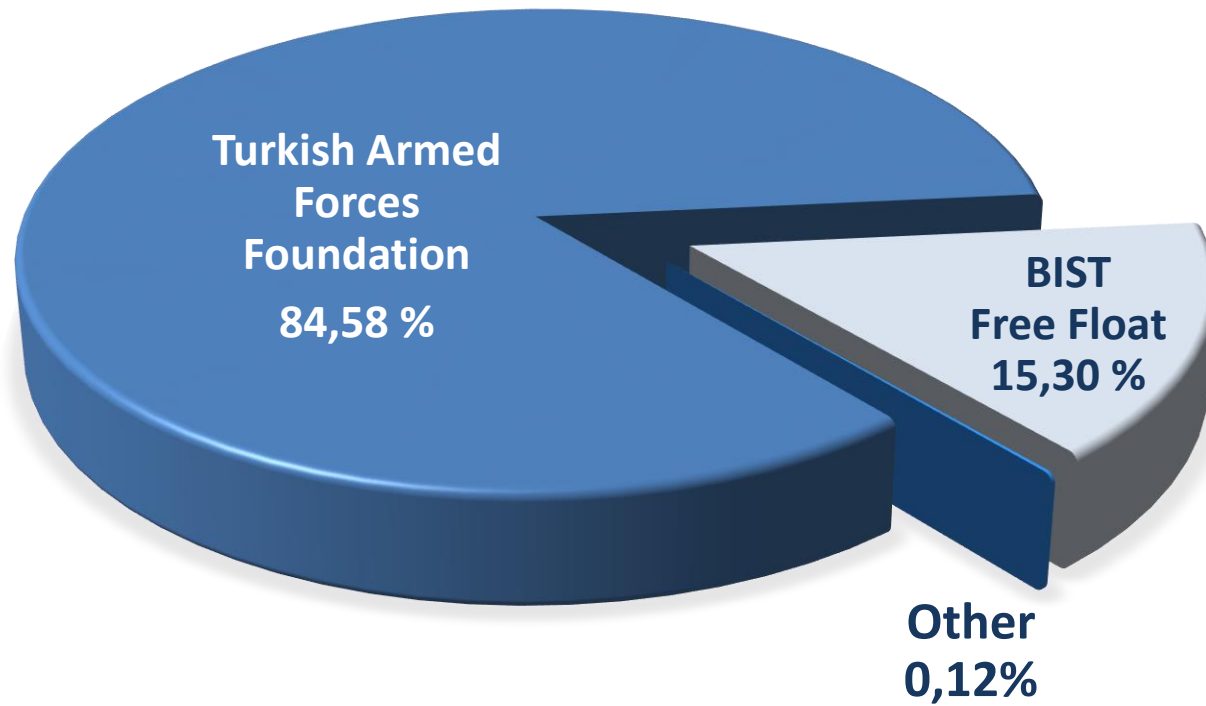
Government Goal

ASELSAN CONTINUING TO CLIMB UP

ASELSAN Global Defense Ranking

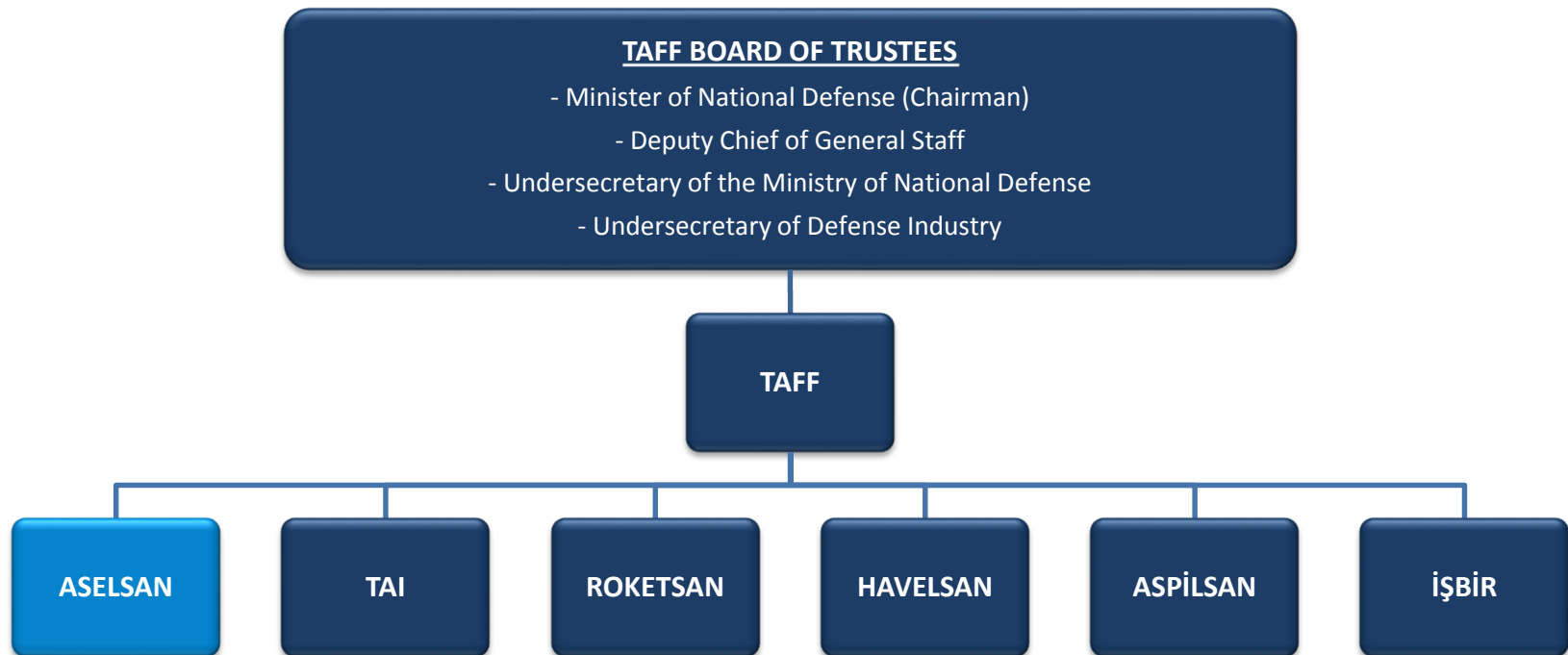


ASELSAN – THE ONLY DEFENSE COMPANY LISTED ON BIST



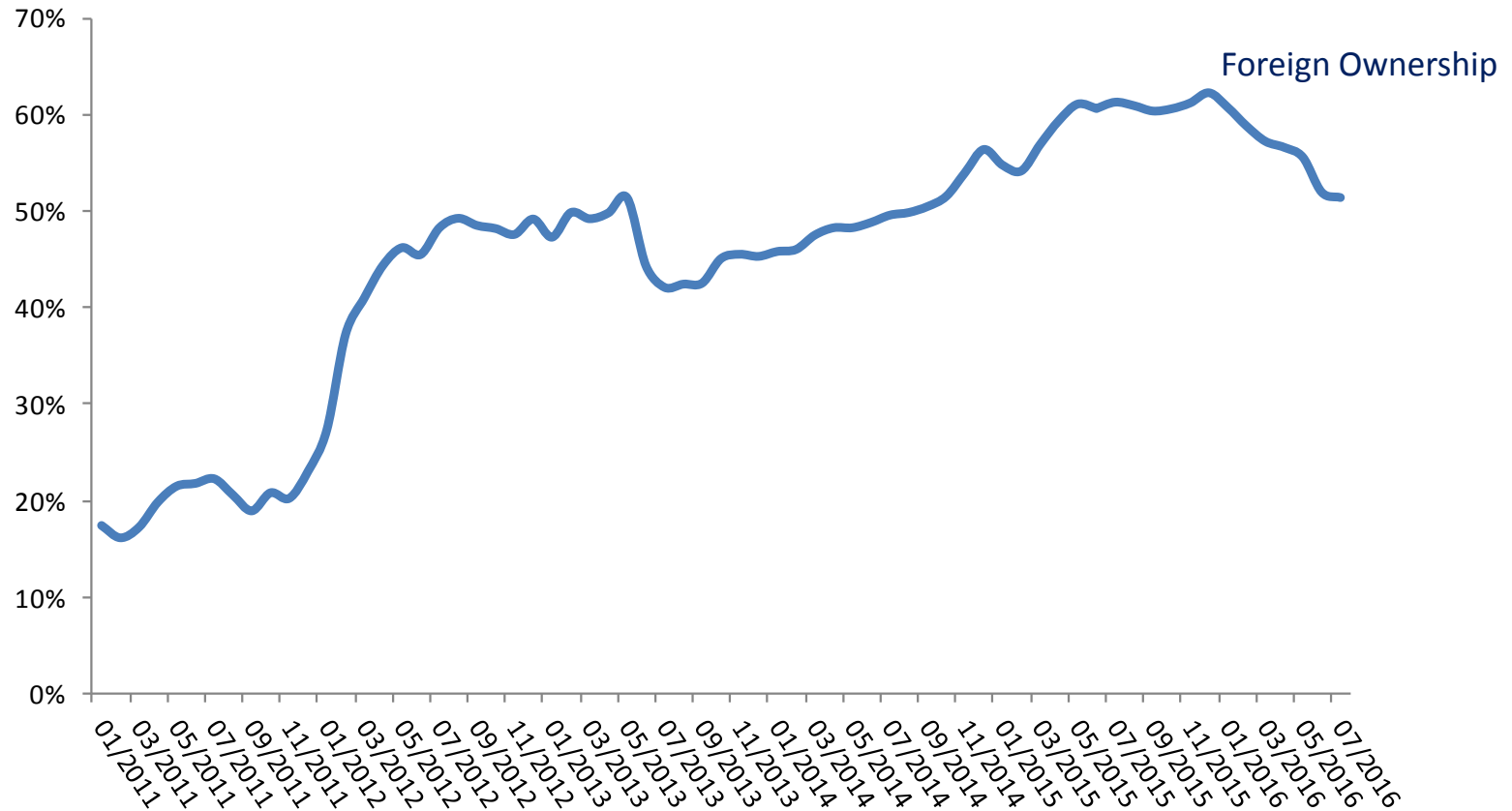
MAIN SHAREHOLDER - TURKISH ARMED FORCES FOUNDATION (TAFF)

- 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 that operates in separate fields.
- The only privilege TAFF has is nominating 6 members of the 9 members of Board of Directors.



HIGH INTEREST OF FOREIGN INVESTORS

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



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: \$2,1 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 M

AELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$63 M

ROKETSAN



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

AELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$21,1 M

Assets are given as of 30.06.2016.

AFFILIATES – Global

ASELSAN-BAKU (AZERBAIJAN)



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

ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%
Partner: KADDB
Investment Group
Foundation: 2012
Assets: \$22,9 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: \$44,7 M

KAZAKHSTAN ASELSAN ENGINEERING

ASELSAN BAKÜ

ASELSAN MIDDLE EAST

IGG ASELSAN INTEGRATED SYSTEMS

SOUTH AFRICA BRANCH



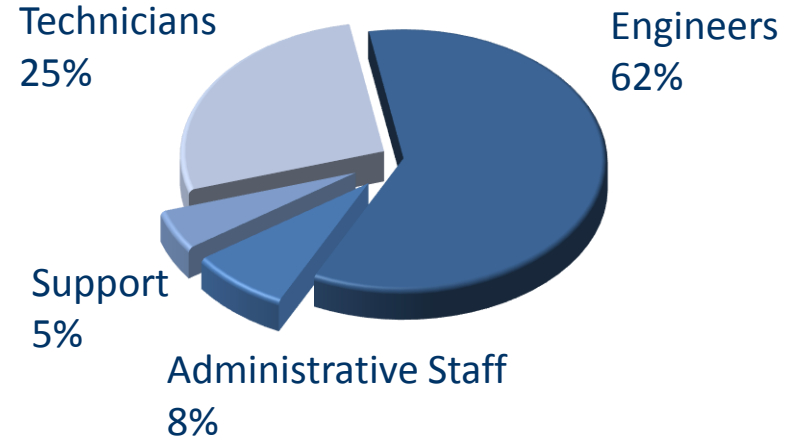
Ownership: 100%
Foundation: 2011

ASELSAN SOUTH AFRICA BRANCH

Assets are given as of 30.06.2016.

SUSTAINABLE AND INNOVATIVE HUMAN CAPITAL

Total Employees : 5.120
Engineers : 3.155



- **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**

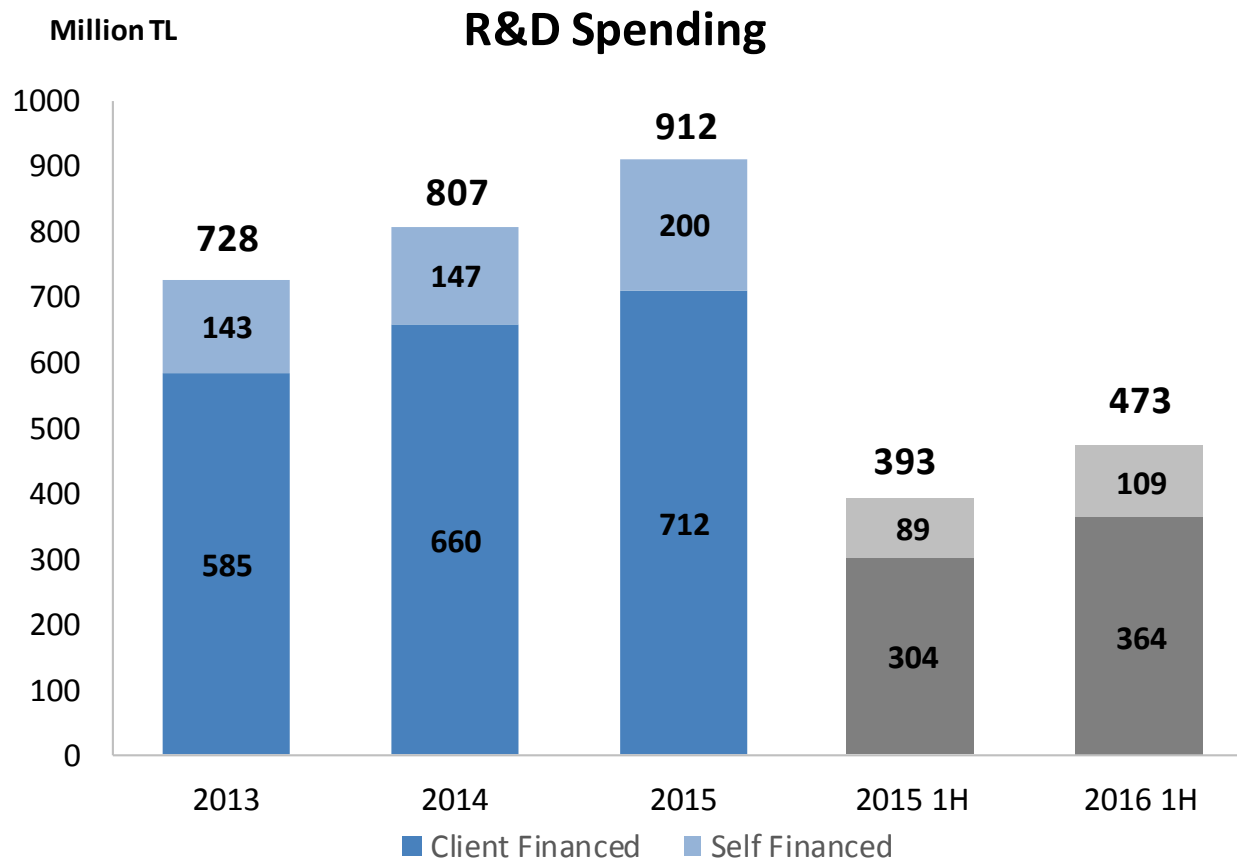
- **ASELSAN was selected as the mostly sought-after company to work for by engineering students in Turkey**

As of August 2016

AN R&D COMPANY

ASELSAN, the largest R&D spender in Turkey, has a share of 43% in the total Turkish defense sector R&D spending.

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



1H – KEY FIGURES

Outstanding level of new contracts: 5,2 Billion TL (~ 2 Billion USD)

Outstanding level of backlog: 19,3 Billion TL (~ 6 Billion USD)

Net Cash Position at the year-end level: +77 Billion TL

Net Sales (Jan-Jun): + %8

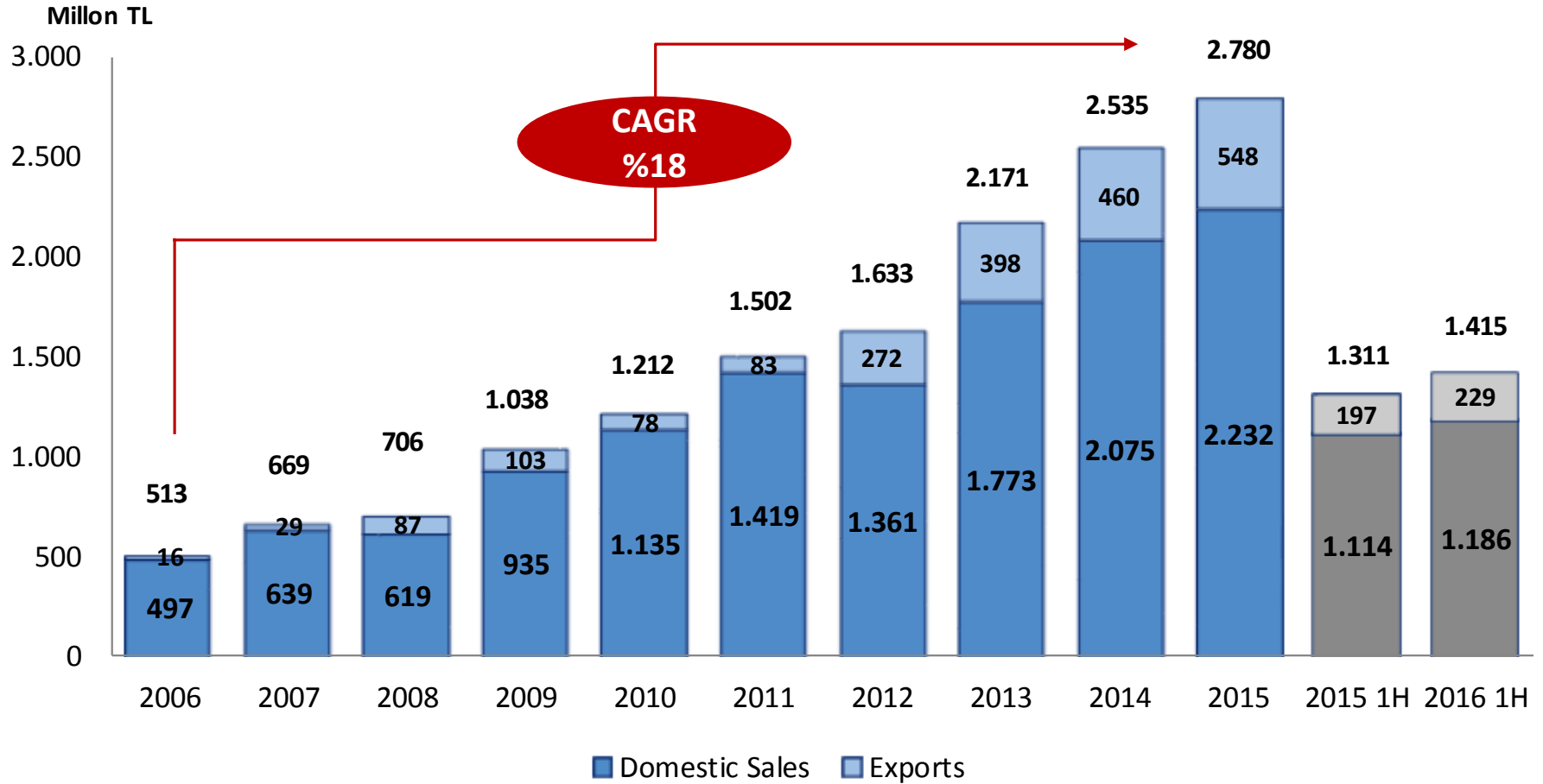
Exports: + %16

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

FINANCIAL HIGHLIGHTS

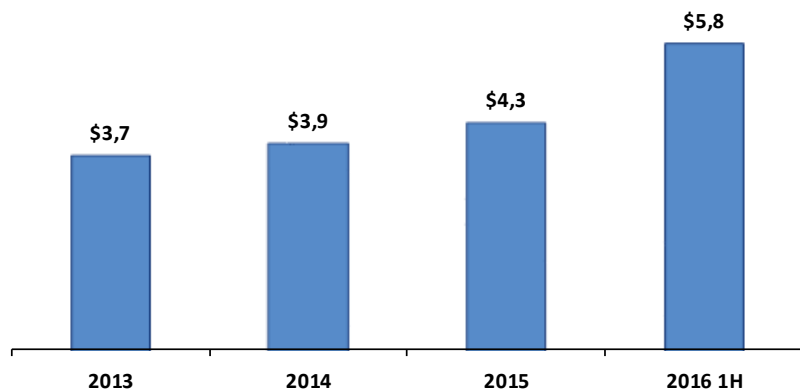
(Million TL)	2015 1H	2016 1H	%Δ
New Contracts	1.763	5.228	197%
Backlog	11.671	19.294	65%
Net Sales	1.311	1.415	8%
Gross Profit	299	361	21%
Operating Profit (EBIT)	174	213	22%
EBITDA	223	268	20%
Net Profit	78	236	203%
<i>Gross Profit Margin</i>	22,8%	25,5%	↑
<i>Operating Profit (EBIT) Margin</i>	13,3%	15,1%	↑
<i>EBITDA Margin</i>	17,0%	18,9%	↑
<i>Net Profit Margin</i>	6,0%	16,7%	↑
Operating Cash Flow (OCF)	103	118	14%
Free Cash Flow (FCF)	(59)	13	
Cash and Cash Equivalents	110	552	404%

INCREASING TREND IN NET SALES

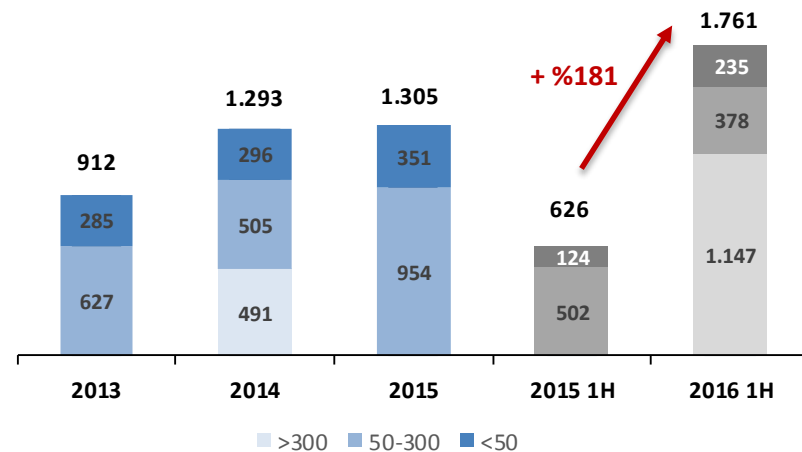


SIGNIFICANT BACKLOG INCREASE AND NEW CONTRACT AWARDS

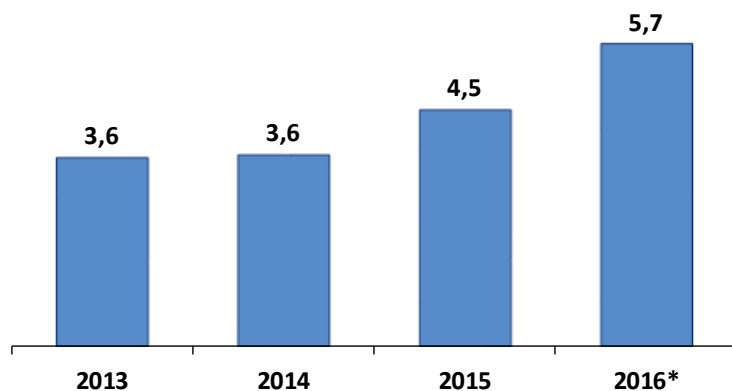
Backlog History (Billion USD)



New Contract Awards (Million USD)



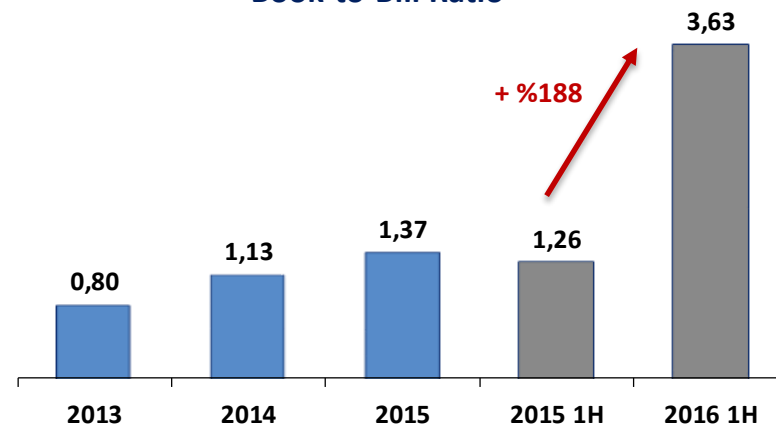
Backlog/Net Sales



Our target is to maintain a backlog level of 3x Net Sales.

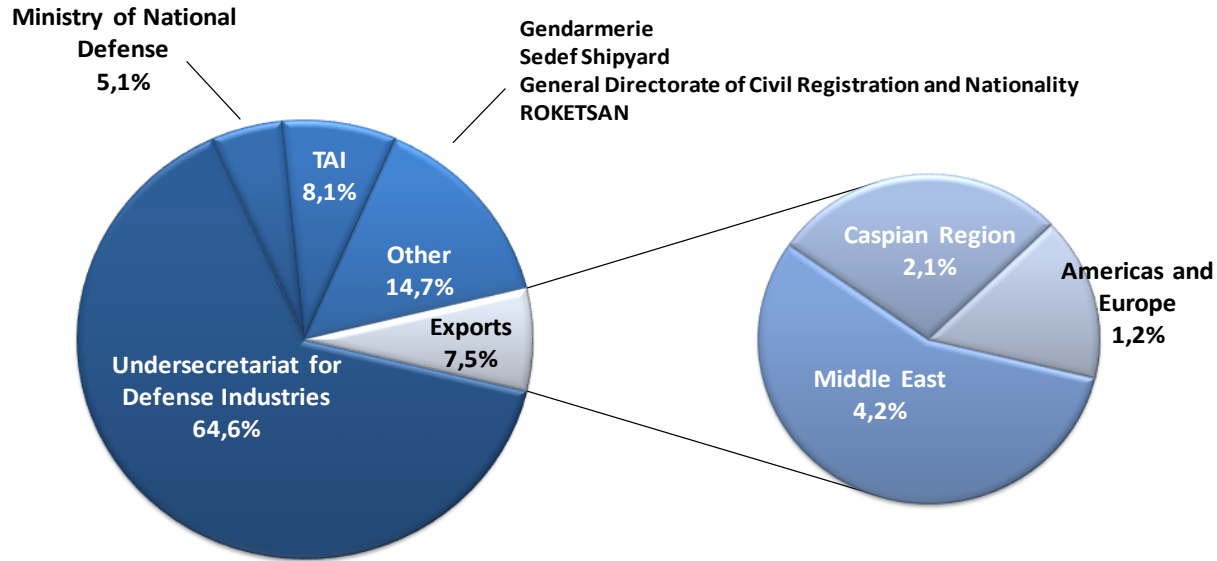
* Sales data is annualized.

Book-to-Bill Ratio

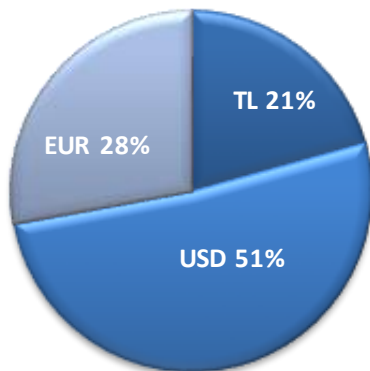


BACKLOG

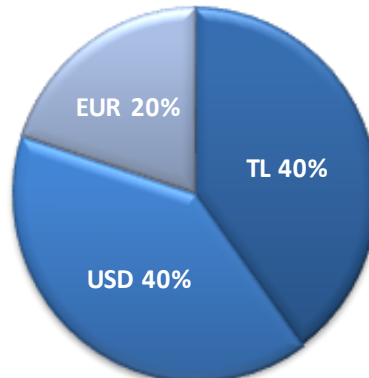
BACKLOG DISTRIBUTION (CLIENT)



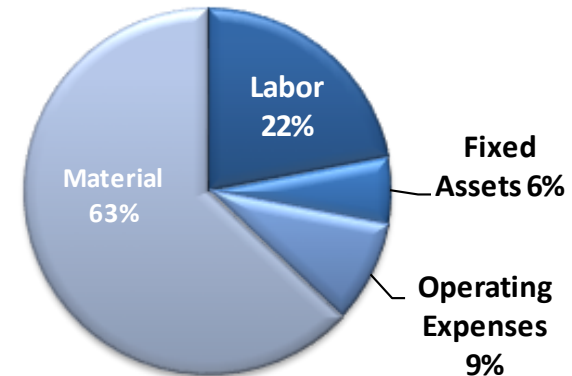
BACKLOG DISTRIBUTION (CURRENCY)



TOTAL EXPENSE DISTRIBUTION (CURRENCY)

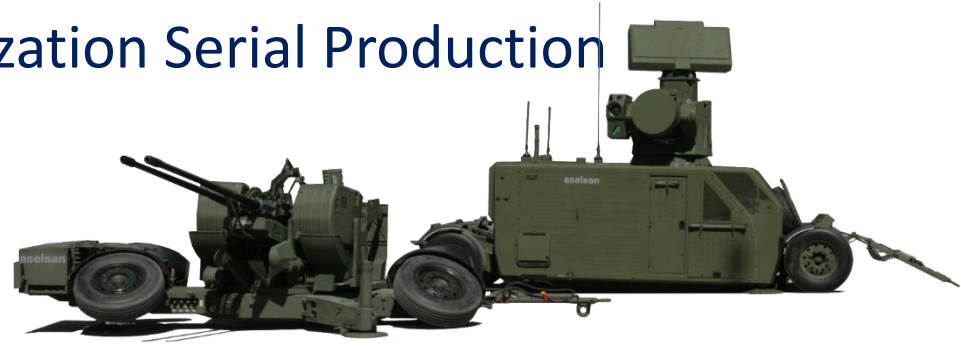


TOTAL EXPENSE BREAKDOWN (TYPE)



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)

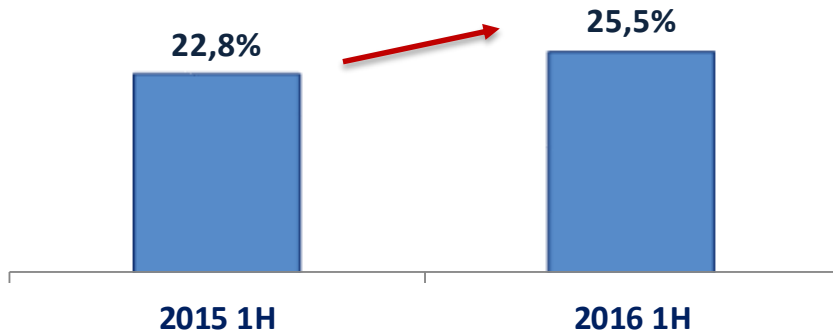


- ALTAY Tank Serial Production

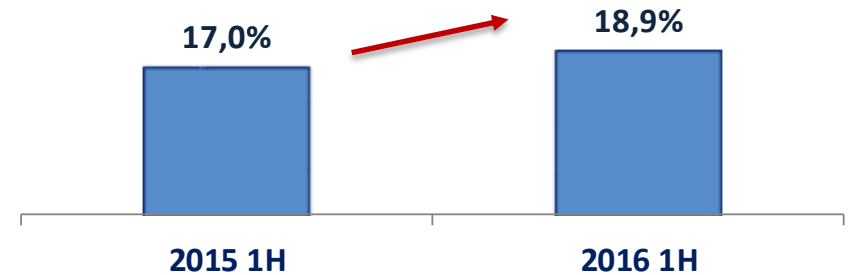


IMPROVED MARGINS AND OPTIMIZED CAPEX

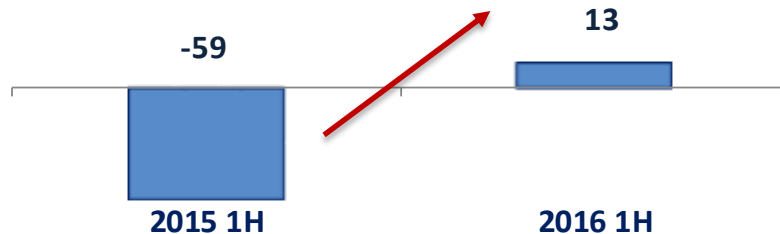
Gross Profit Margin



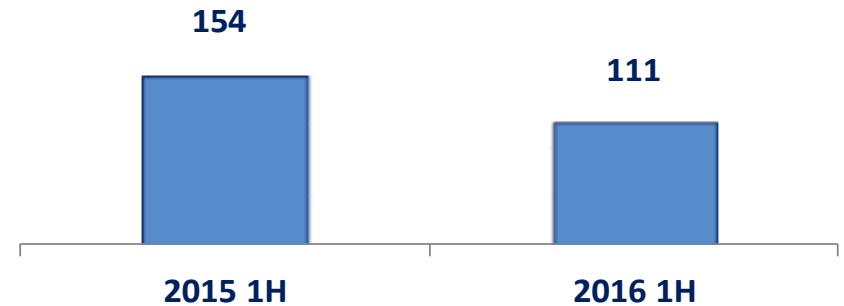
EBITDA Margin



Free Cash Flow (Million TL)




CAPEX (Tangible + Intangible) (Million TL)



STRONG CASH FLOW AND NET CASH POSITION

June 30, 2016 Net Cash Position	
Cash & Cash Equivalents 552 Million TL	Financial Debt 475 Million TL
	Net Cash = Cash - Short/Long Term Debt 77 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 2016 year-end results:

	2015	2016 1H	2016 Expected	Assessment
Net Sales (Million TL)	2.780	1.415	3.225 – 3.336 (16-20% increase)	Expecting a strong 2 nd half
EBITDA Margin	%18	%19	%18-20	Within the expected range
CAPEX (Million TL)	260	111	340	In line with targets

LONG TERM PRIORITIES

- Keeping on track to deliveries, top line growth and profitability
- Continuing focus on flawless execution through efficiency and structural cost reduction
- Focusing on WC optimization
- Maintaining strong liquidity position and healthy balance sheet
- Sustaining available talent pool
- Continuing innovation for sustainable growth
- Increasing exports whilst keeping focus on domestic sales

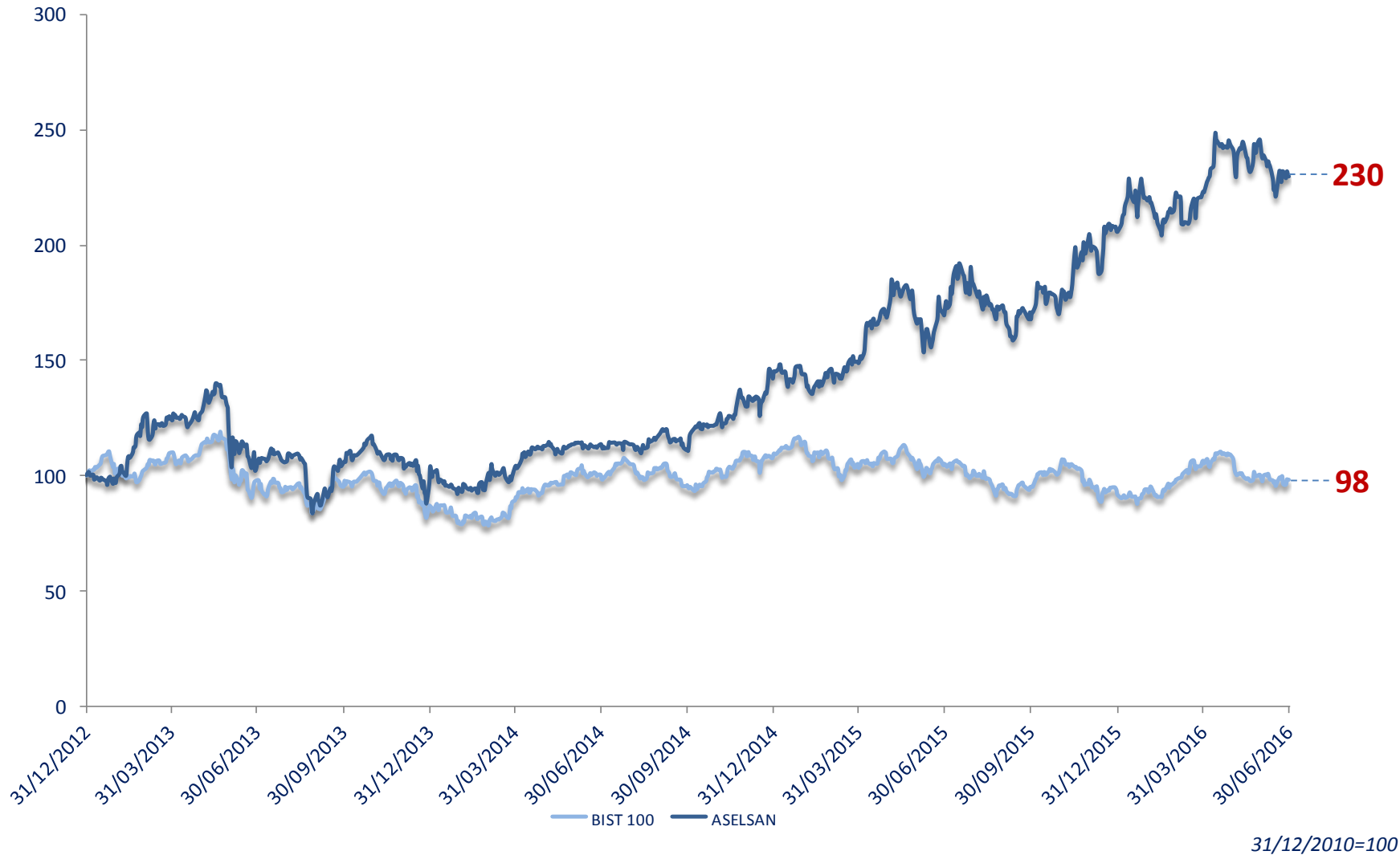
SUSTAINABILITY

“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.

REMARKABLE SHARE PERFORMANCE

ASELSAN reached a market value of USD 3,3 Billion as of 30.06.2016.



CONTACT

Contact Persons

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Aykan ÜRETEN
Finance Director

Pınar ÇELEBİ
Investor Relations Manager

Başak YÜCEKAYALI
Investor Relations Specialist

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Web

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E-Mail

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APPENDIX

CONSOLIDATED BALANCE SHEET (MILLION TL)

A S S E T S	30.06.2016	31.12.2015
CURRENT ASSETS	3.476,1	3.092,8
Cash and Cash Equivalents	552,3	681,0
Trade Receivables	1.183,3	1.068,3
Other Receivables	66,9	48,2
Inventories	1.057,2	886,8
Prepaid Expenses	449,7	228,7
Other Current Assets	166,7	179,8
NON-CURRENT ASSETS	3.110,0	3.152,3
Financial Investments	433,5	433,5
Long-term Trade Receivables	383,1	375,9
Other Long-term Receivables	0,3	0,4
Equity Accounted Investments	43,2	41,9
Property, Plant and Equipment	920,7	924,8
Intangible Assets	579,3	537,5
Prepaid Expenses	286,6	410,1
Deferred Tax Assets	355,5	330,5
Other Long-term Assets	107,8	97,7
TOTAL ASSETS	6.586,1	6.245,1

CONSOLIDATED BALANCE SHEET (MILLION TL)

LIABILITIES	30.06.2016	31.12.2015
CURRENT LIABILITIES	1.578,9	1.568,9
Short-term Financial Liabilities	274,7	357,8
Short-term Portion of Long-term Financial Liabilities	65,7	89,4
Trade Payables	518,9	577,2
Employee Benefit Obligations	19,8	21,6
Other Payables	36,1	2,9
Government Grants and Incentives	23,0	22,6
Deferred Income	388,8	261,5
Corporate Tax Liability	0,50	2,6
Short-term Provisions	242,2	220,0
Other Short-Term Liabilities	9,2	13,3
NON-CURRENT LIABILITIES	1.970,1	1.835,4
Long-term Financial Liabilities	134,4	156,1
Long-term Trade Payables	184,8	222,9
Deferred Income	1.415,6	1.269,5
Long-term Provisions	235,3	186,9

CONSOLIDATED BALANCE SHEET (MILLION TL)

	30.06.2016	31.12.2015
EQUITY	3.037,1	2.840,7
Equity attributable to equity holders of the parent	3.036,7	2.840,2
Share Capital	1.000,0	500,0
Share Capital Adjustment	98,6	100,3
Other Reserves	610,3	607,9
Restricted Profit Reserves	94,2	86,9
Retained Earnings	997,6	1.332,2
Net Profit for the Period	236,0	212,9
Non-controlling Interests	0,4	0,5
TOTAL LIABILITIES AND EQUITY	6.586,1	6.245,0

CONSOLIDATED INCOME STATEMENT (MILLION TL)

	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
PROFIT OR LOSS		
Net Sales	1.414,8	1.311,4
Cost of sales (-)	(1.053,7)	(1.012,0)
GROSS PROFIT	361,1	299,4
General administrative expenses (-)	(81,1)	(67,3)
Marketing expenses (-)	(30,1)	(28,3)
Research and development expenses (-)	(36,6)	(29,5)
Other operating income	112,6	206,7
Other operating expenses (-)	(127,1)	(278,5)
OPERATING PROFIT	198,8	102,5
Income from investing activities	8,4	0,0
Share of Losses of Equity-Accounted Investments	(0,2)	-
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	207	102,5
Financial income	46,1	5,1
Financial expenses (-)	(42,2)	(77,5)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	210,9	30,1
Tax income/ (expense) from continuing operations	25,0	48,0
- Current tax expense	(0,5)	(0,6)
- Deferred tax income / (expense)	25,5	48,6
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	235,9	78,1
Profit for the period attributable to:		
Non-controlling interest	0,0	-
Shareholders of the parent	236,0	78,1

CONSOLIDATED STATEMENT OF CASH FLOW (MILLION TL)

	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
OPERATING CASH FLOW (OCF)	118	103
Net Profit for the Period	236	78
Depreciation and Amortization	54	49
Change in Inventory	(83)	29
Change in Trade Receivables	(126)	36
Prepaid Expenses	(181)	(79)
Deferred Income	273	32
Change in Trade Payables	(90)	(54)
Others	34	(11)
CASH FLOW FROM INVESTING ACTIVITIES	(105)	(162)
Capital Expenditures	(36)	(43)
Intangible Assets	(76)	(111)
Other Changes	7	(8)
FREE CASH FLOW (FCF)	13	(59)

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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aselsan

Reliable technology