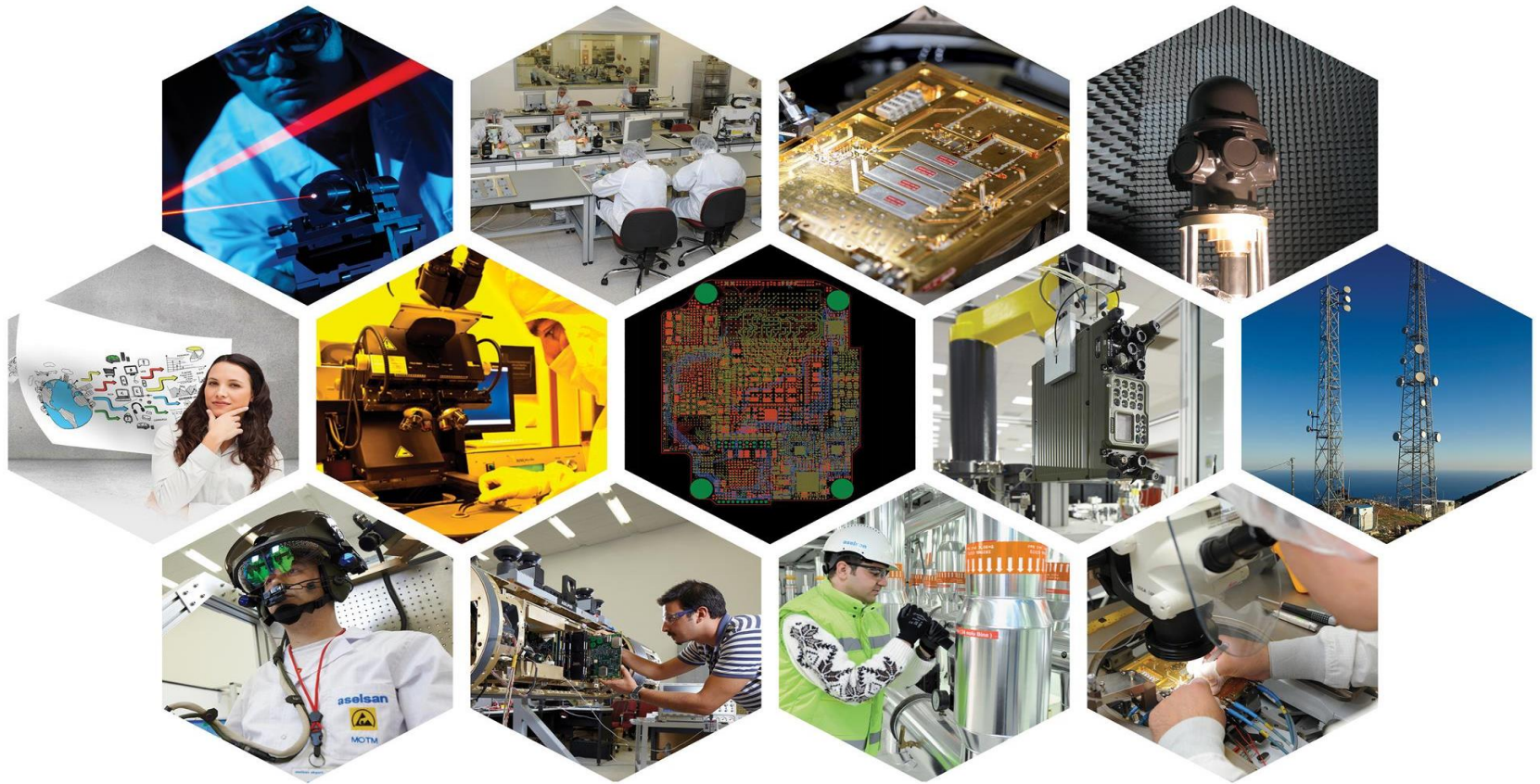


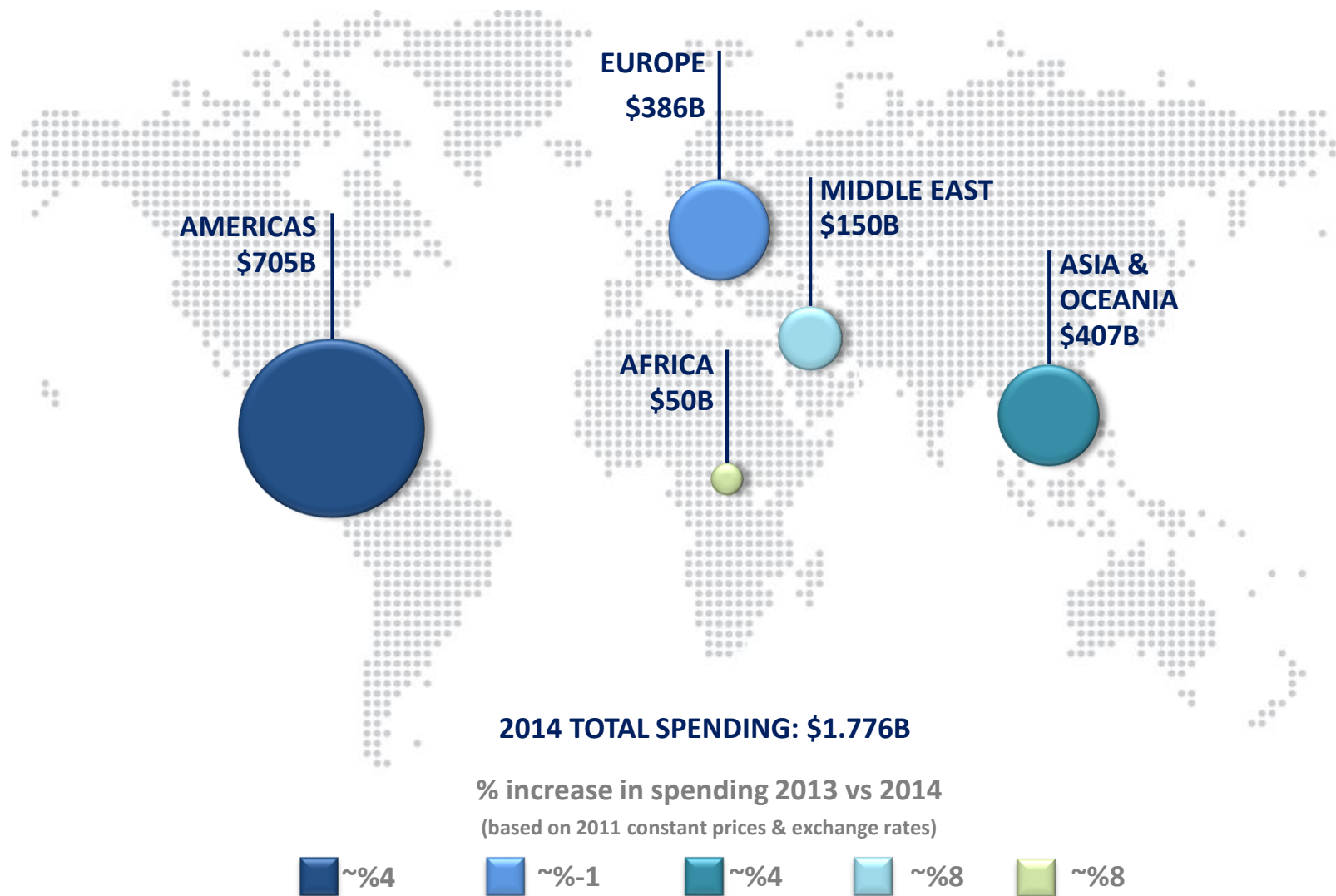
Investor Presentation

March 2016



THE WORLD MILITARY SPENDING BY REGION, 2014

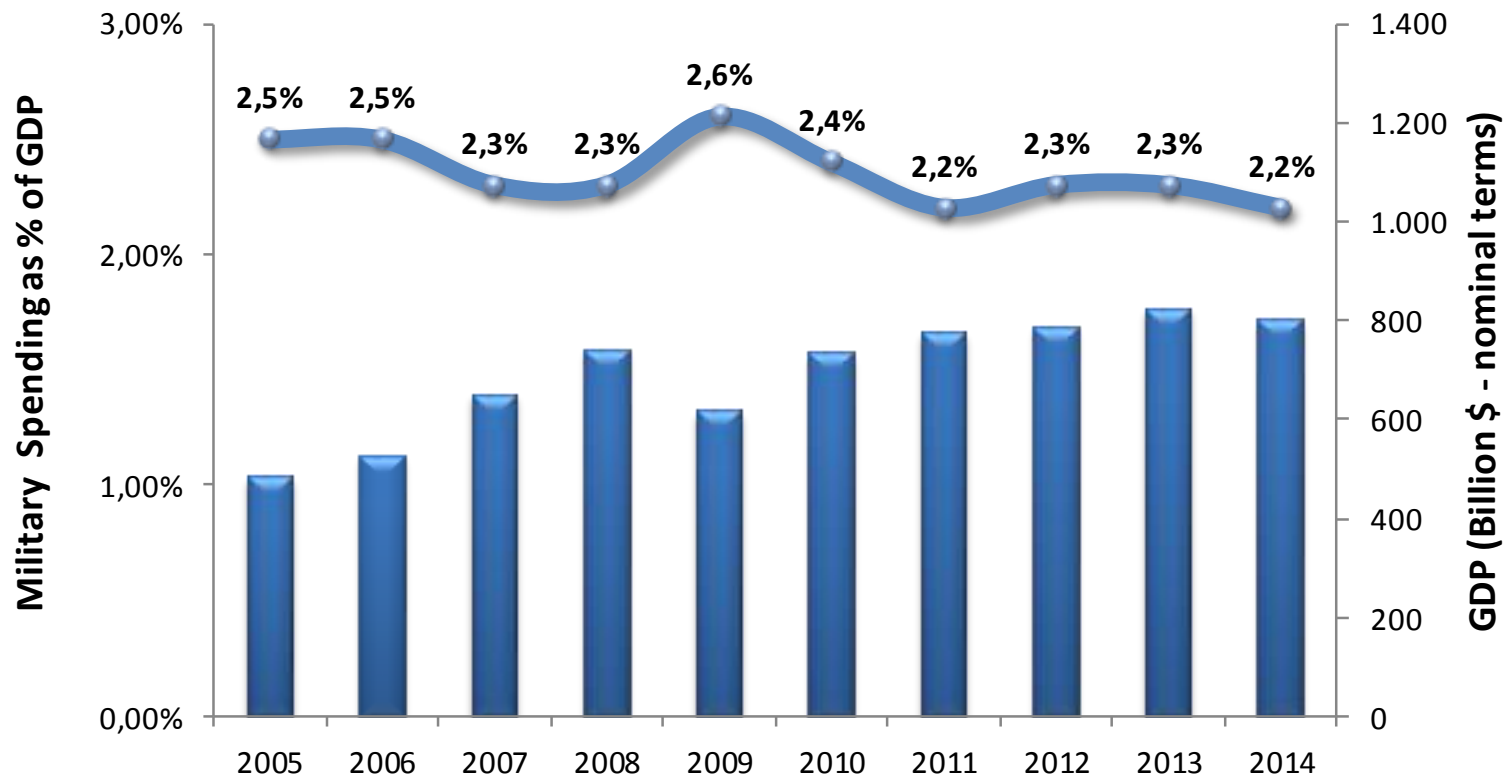
World military spending was unchanged in 2014.



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)

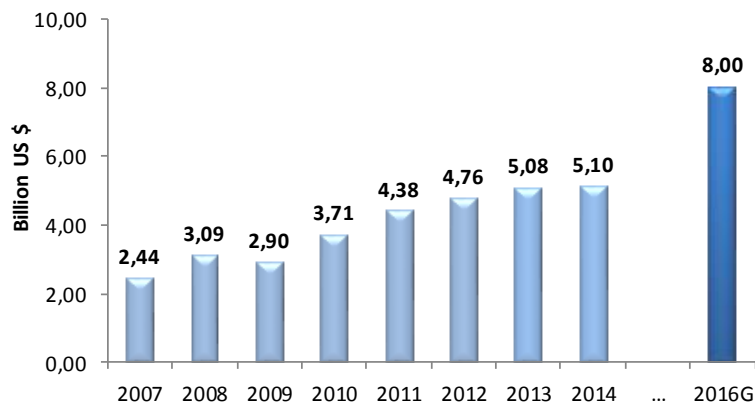


Source: SIPRI

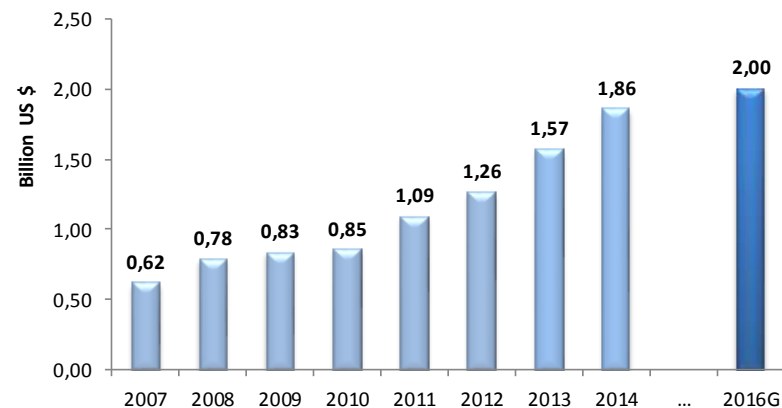
TURKISH DEFENSE INDUSTRY IN YEARS & GOVERNMENTAL TARGETS

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

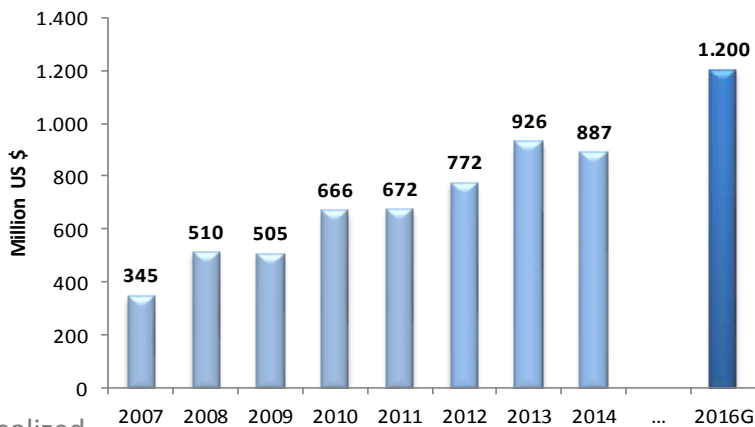
Turkish Sector Revenue



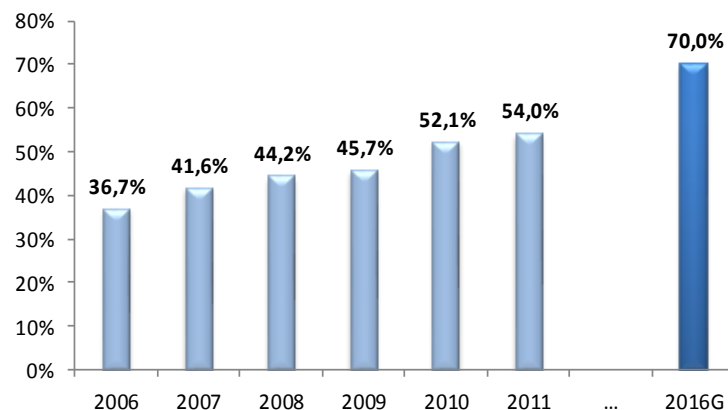
Turkish Sector Export Revenue



Turkish Sector R&D Expenditure



Local Content in UDI's Procurement

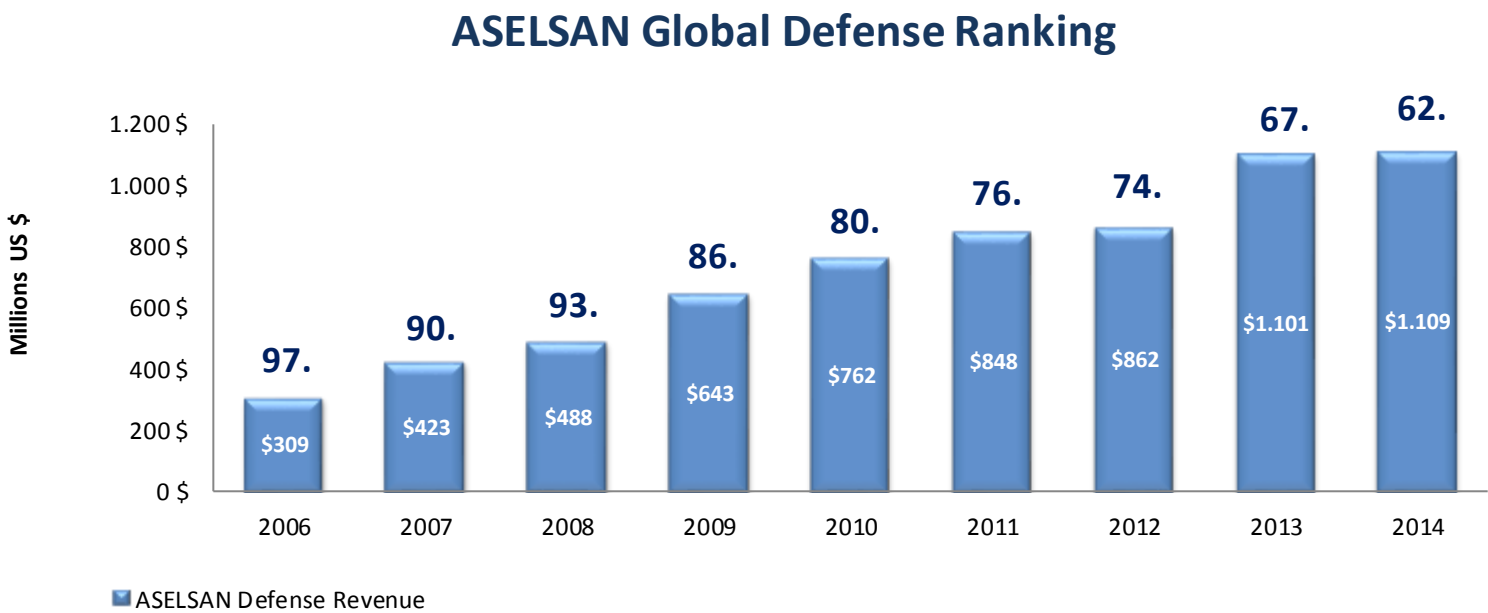


Realized

Government Goal

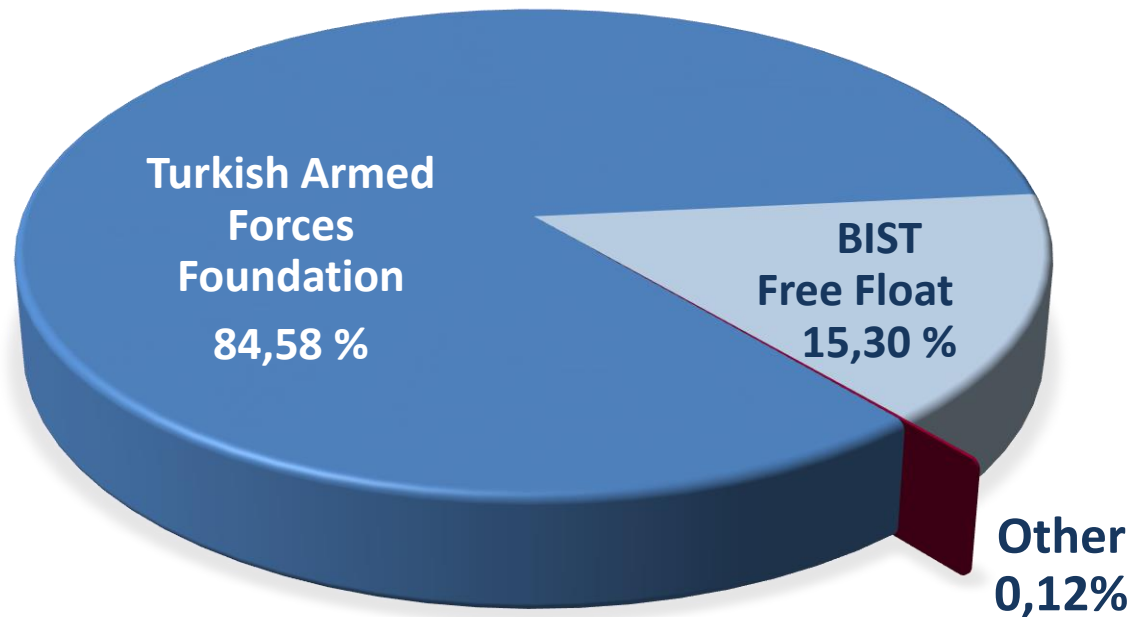
ASELSAN'S PROGRESS OVER THE YEARS

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



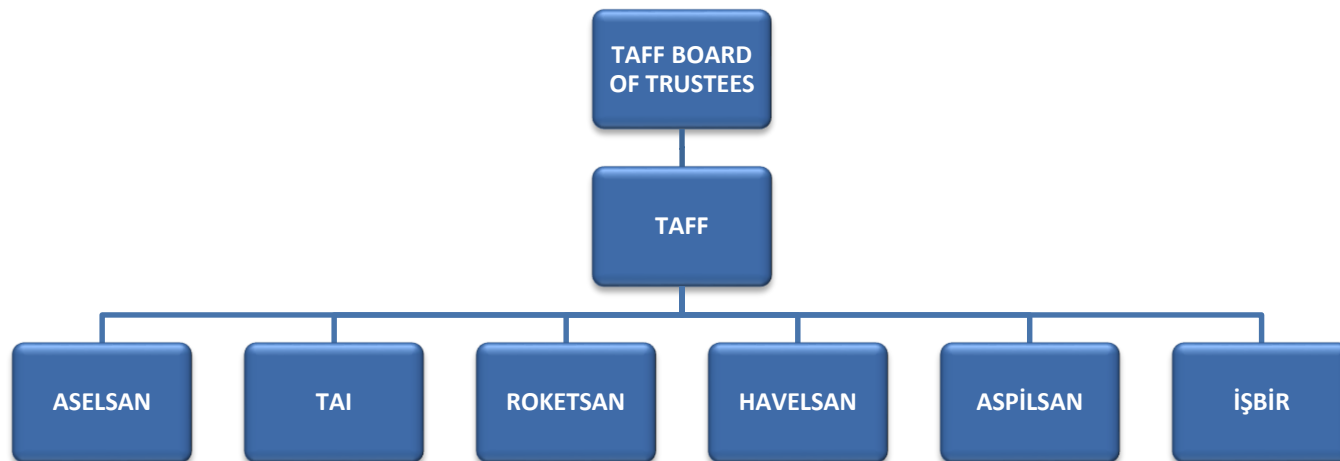
SHAREHOLDERS

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



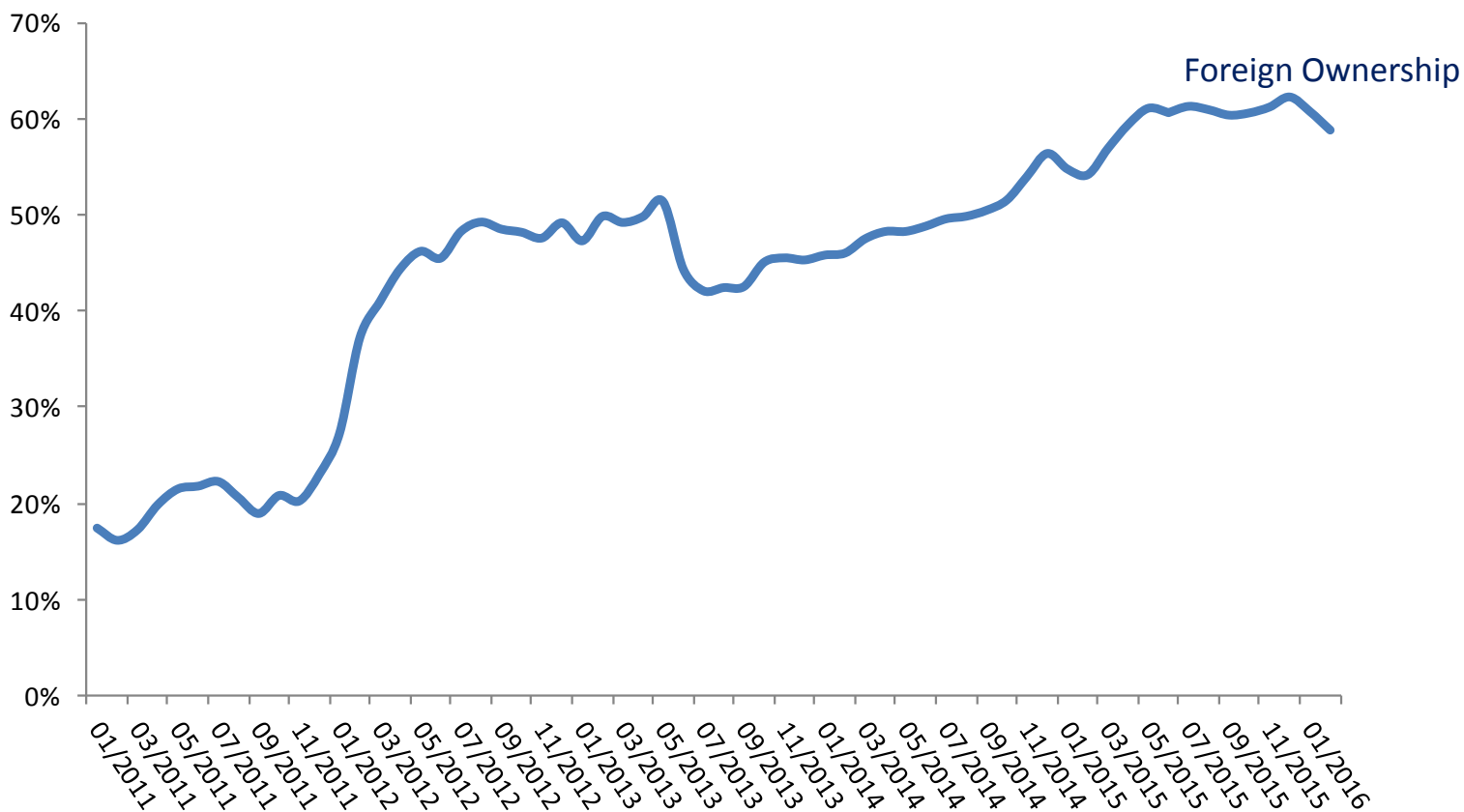
TURKISH ARMED FORCES FOUNDATION (TAFF)

- 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.
- The only privilege TAFF has is nominating 6 members of the 9 members of Board of Directors.



SHAREHOLDERS

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: \$2,7 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: \$10,7 M

AELSANNET



Ownership : 100%
Foundation: 2004
Assets: \$48,9 M

ROKETSAN



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

AELSAN BİLKENT MİKRO NANO



Ownership: 50%
Partner: BİLKENT UNI.
Foundation: 2014
Assets: \$19,6 M

Assets are given as of 31.12.2015.

AFFILIATES – Global

ASELSAN-BAKU (AZERBAIJAN)



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

ASELSAN MIDDLE EAST (JORDAN)



Ownership: 49%
Partner: KADDB
Investment Group
Foundation: 2012
Assets: \$18,5 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: \$35,8 M

KAZAKHSTAN ASELSAN ENGINEERING

ASELSAN BAKÜ

ASELSAN MIDDLE EAST

IGG ASELSAN INTEGRATED SYSTEMS

SOUTH AFRICA BRANCH



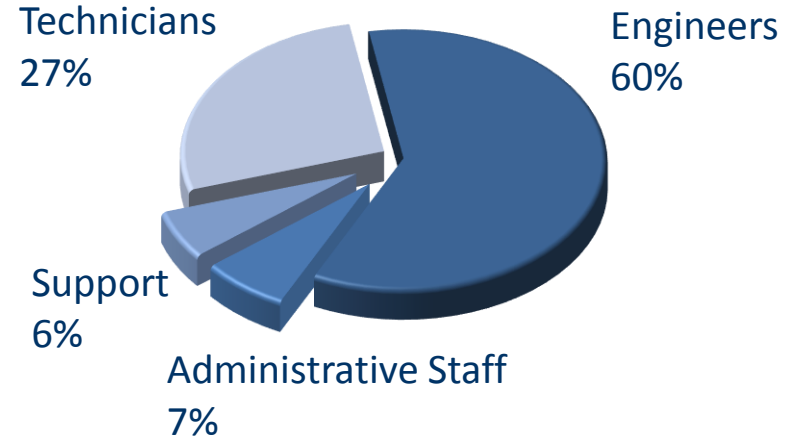
Ownership: 100%
Foundation: 2011

ASELSAN SOUTH AFRICA BRANCH

Assets are given as of 31.12.2015.

HUMAN RESOURCES

Total Employees : 5.041
Engineers : 3.042



- **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 March 2016

AN R&D COMPANY

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%.
- 2.902 R&D Staff (2.523 R&D Engineers)
- Cooperation with highest ranked universities of Turkey

R&D EXPENSES	2015 (Million USD)	2015 (%)	2014 (Million USD)	2014 (%)
Self-financed R&D Expense	76	%22	68	18%
Client-financed R&D Expense	271	%78	308	82%
Total R&D Expense	347	%100	376	100%

As of March 2016

Year 2015 Financial Outlook

IAS-21 “THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES” STANDARD

The standard identifies the foreign exchange rate that shall be used and the effects of the changes in foreign exchange rates on financial tables in the reporting made according to Turkey Financial Reporting Standards (TFRS).

According to this standard, balance sheet items are classified as “Monetary” and “Non-monetary”. Monetary items are subject to valuation where, non-monetary items are not.

Monetary

- * Cash and cash equivalents
- * Banks and Loans
- * Severance Pay, Retirement Bonus, Annual Leave Provisions
- * All Provisions
- * Trade Receivables and Payables
- * Other Receivables and Payables
- * Deferred Tax Income/Expense

Non-monetary

- * Tangible Assets
- * Intangible Assets
- * Inventory
- * Subsidiaries
- * Equity
- * Pre-paid Expenses
- * **Advances Received and Paid**

OLD vs. NEW METHODS REGARDING THE ADVANCES

OLD

Previously FX denominated Advances Received and Paid were classified as “**Monetary**” and were subject to valuation at the end of the reporting period.

Advances received were considered as;

- they are used for any kind of liquidity needs of ASELSAN rather than being used only for the related project,
- refundable.

NEW

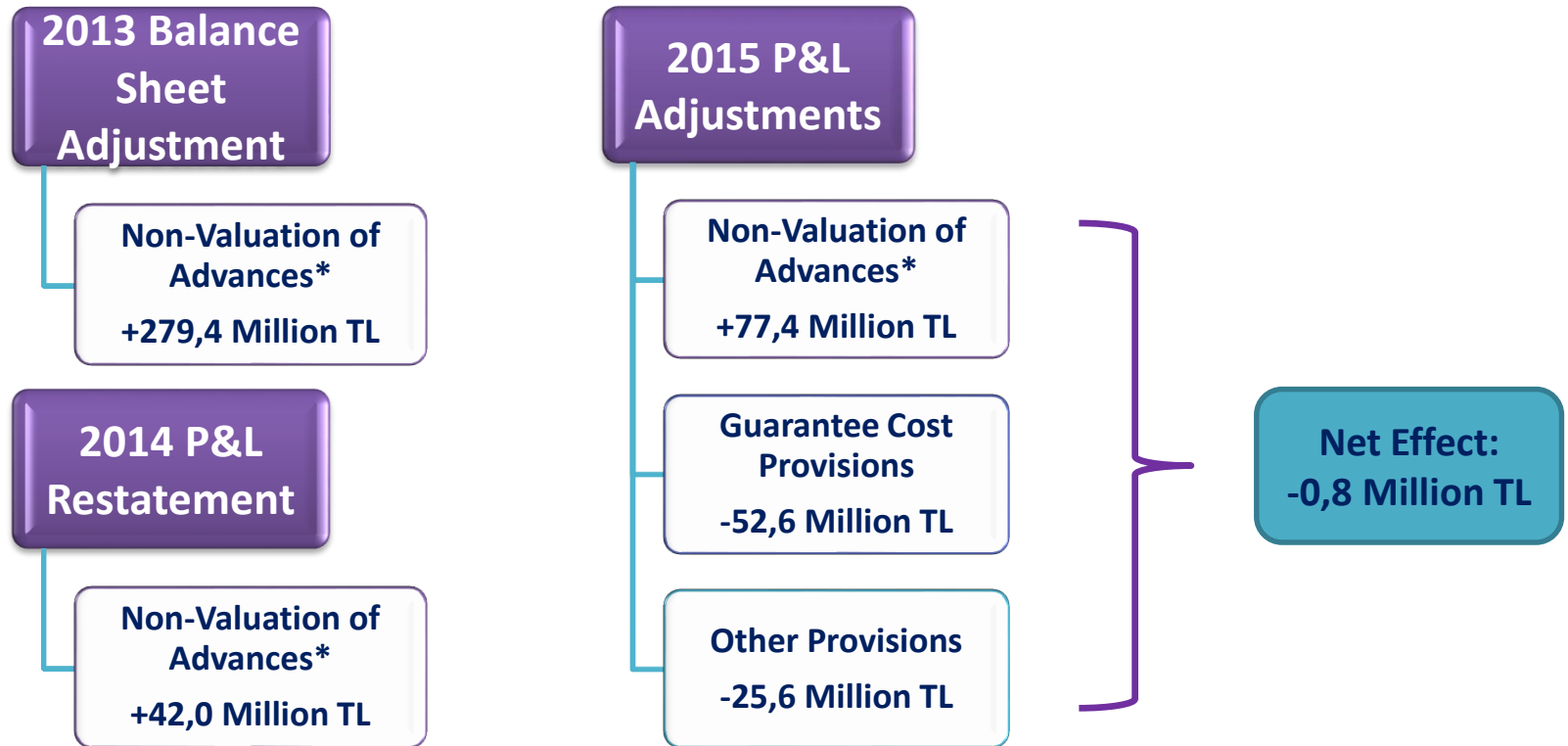
Advances Received and Paid are now classified as “**Non-Monetary**” and are no longer subject to valuation at the end of the reporting period.

Advances received are considered as;

- they are used only for the related Project and are deducted when a sales revenue is recognized in the related project,
- non-refundable.

MAJOR CHANGE IN ACCOUNTING ESTIMATES

- 2013 > Adjustments only in Balance Sheet
- 2014 > P&L restatement & Adjustments in Balance Sheet
- 2015 > Balance Sheet and P&L in accordance with new accounting estimates



** As per change in accounting estimates (IAS-21); FX denominated advances are considered non-monetary and are no longer subject to re-valuation at the end of reporting period. Accordingly, equity and P&L adjustments have been made.*

FINANCIAL HIGHLIGHTS

(Million TL)	2015	2014	%Δ
Sales Revenue	2.780	2.535	%10
Gross Profit	626	619	%1
Operating Profit (EBIT)*	325	376	(%14)
EBITDA	428	466	(%8)
Net Profit	213	392	(%46)
<i>Gross Profit Margin</i>	%22,5	%24,4	(190bps)
<i>Operating Profit (EBIT) Margin</i>	%11,7	%14,8	(310bps)
<i>EBITDA Margin</i>	%15,4	%18,4	(300bps)
<i>Net Profit Margin</i>	%7,7	%15,5	(780bps)
Operating Cash Flow (OCF)	767	282	%173
Free Cash Flow (FCF)	511	(42)	%1.289
Cash and Cash Equivalents	681	132	%416

* Excluding Other Operating Income/Expenses

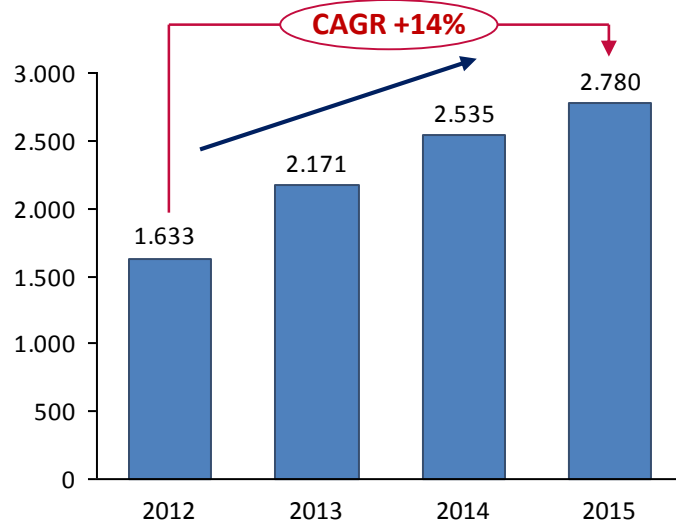
EBITDA CALCULATION

(Million TL)	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Profit or Loss		
Sales revenue	2.780	2.535
Cost of sales (-)	-2.154	-1.916
Gross Profit	626	619
General administrative expenses (-)	-138	-124
Marketing, selling and distribution expenses (-)	-75	-47
Research and development expenses (-)	-88	-72
Operating Profit (EBIT)*	325	376
Amortization	103	90
EBITDA	428	466
EBITDA Margin	15,4%	18,4%
One-off Adjustments is Provisions	67	0
EBITDA Excluding the One-Off Adjustments	495	466
EBITDA Margin Excluding the One-Off Adjustments	17,8%	18,4%

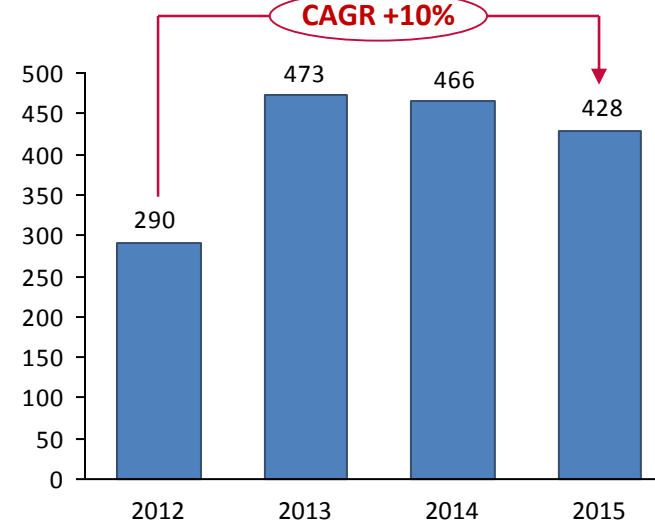
* Excluding Other Operating Income/Expenses

MAIN FINANCIAL INDICATORS

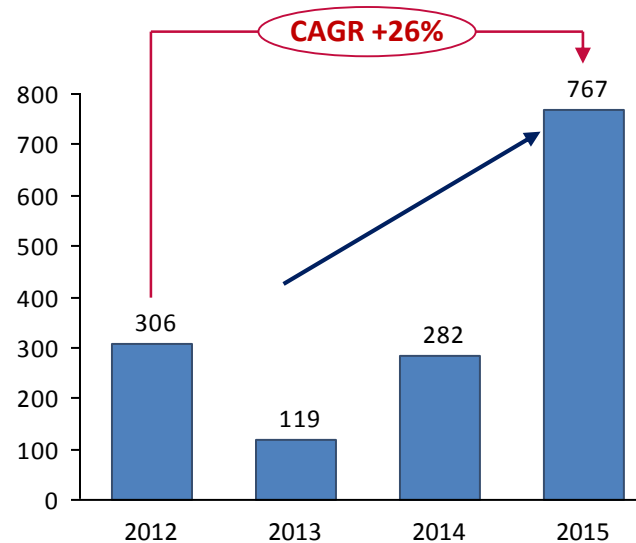
Sales Revenue



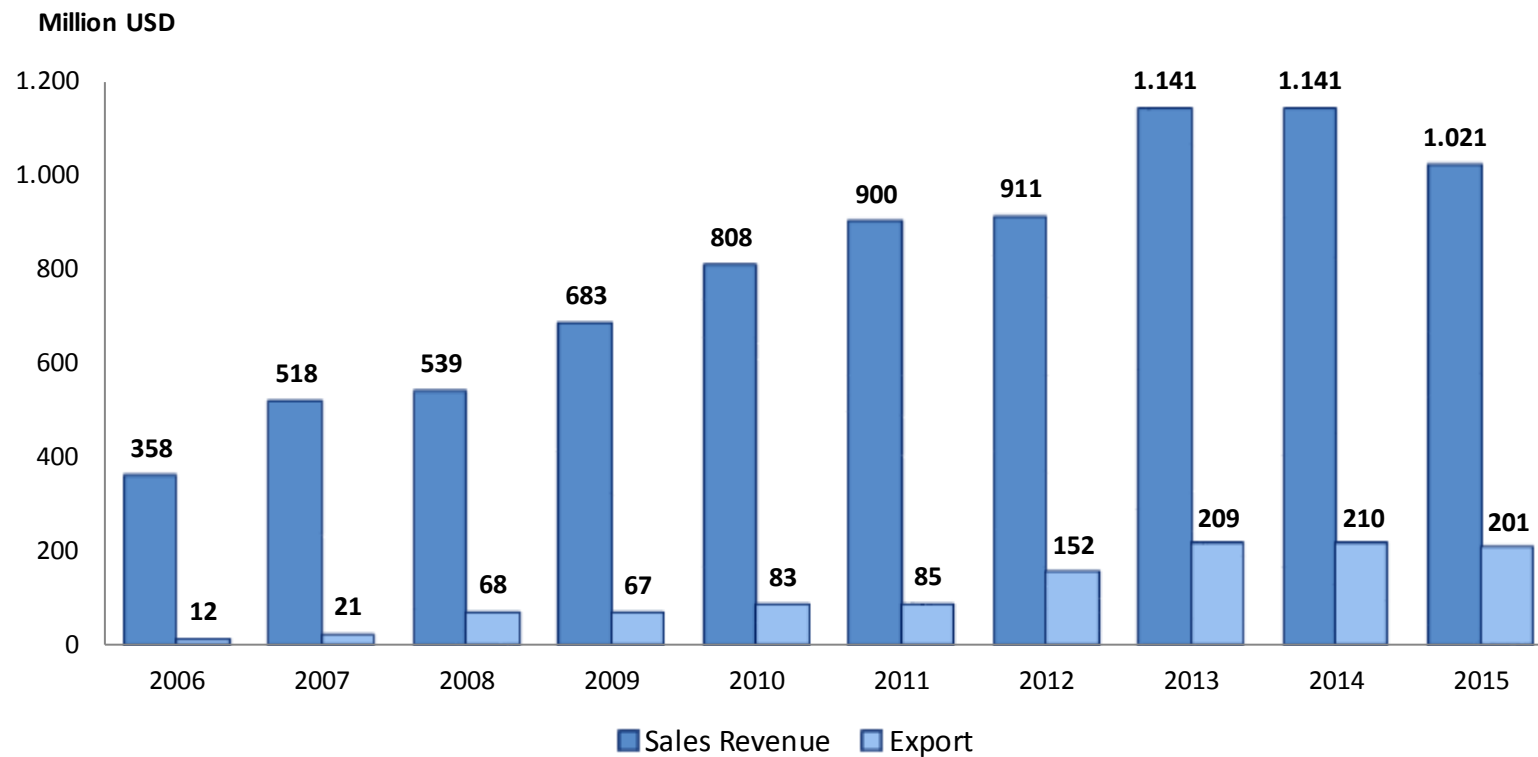
EBITDA



Cash Flow From Operations



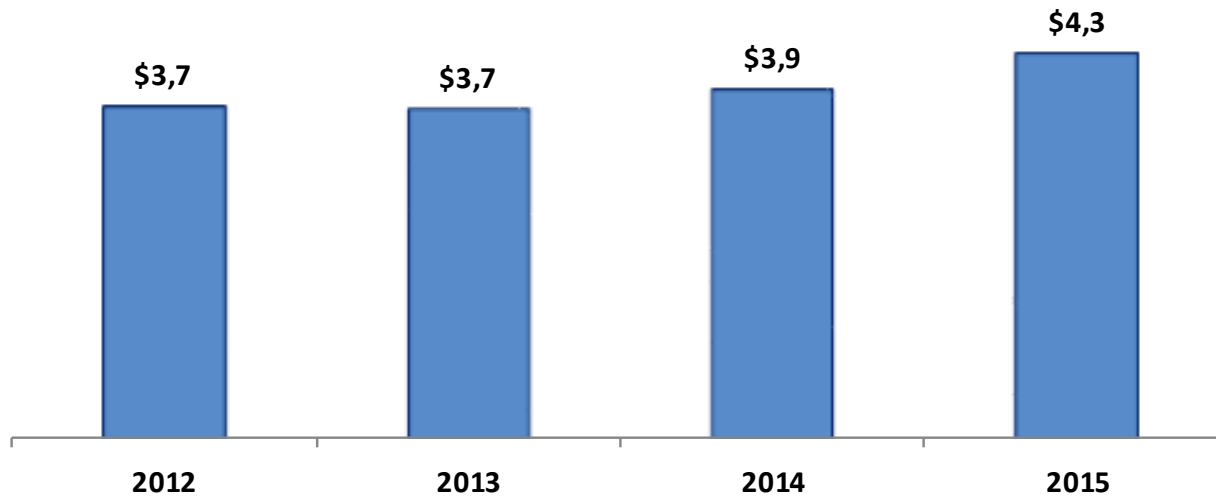
SALES REVENUE AND EXPORT



BACKLOG

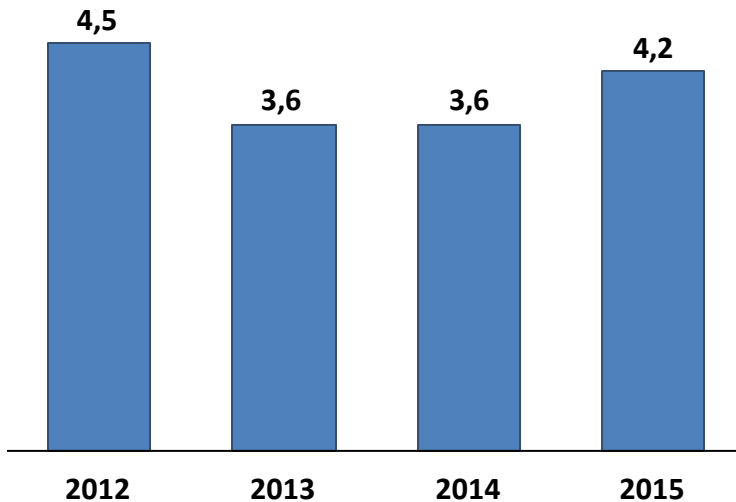
Our backlog is 4,3 Billion USD.

Backlog History (Billion USD)



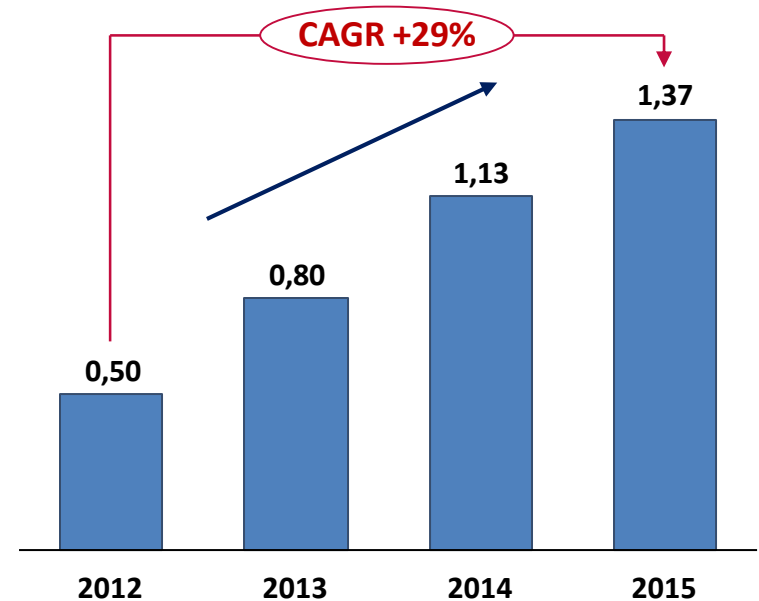
BACKLOG

Backlog/Sales Revenue



Management target is to maintain a backlog level of at least 3 x Sales Revenue.

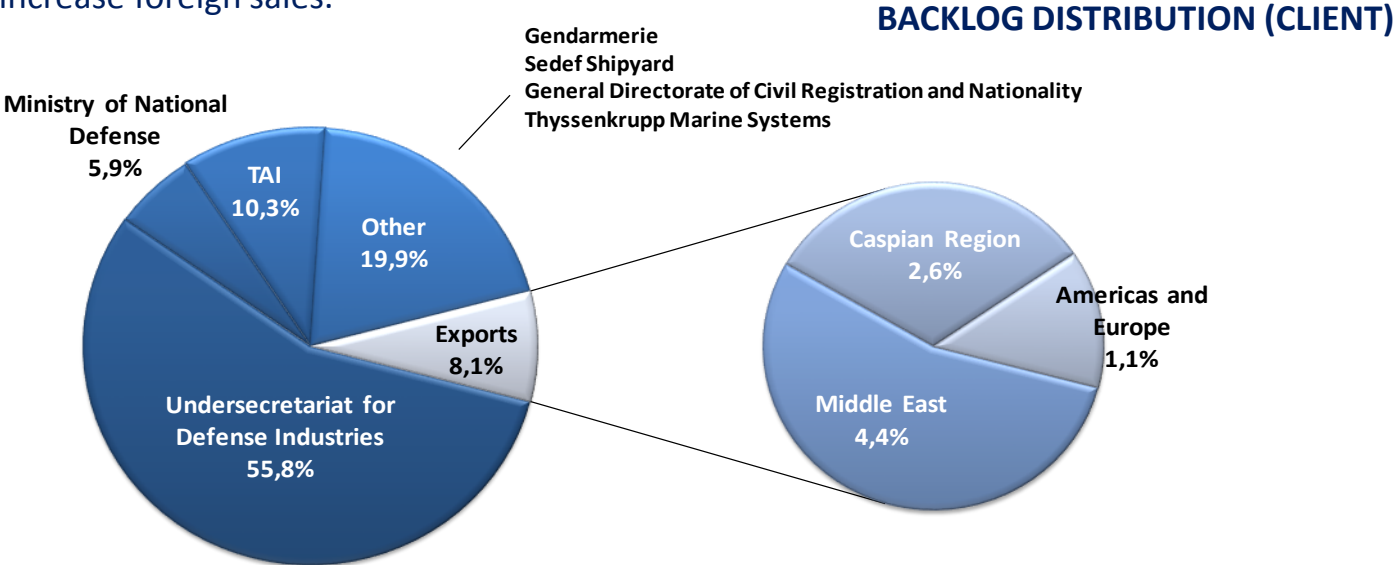
Book-to-Bill



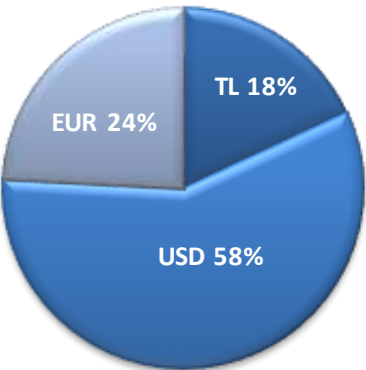
Immense improvement in book-to-bill ratio over the past 4 years with a CAGR of 29%.

BACKLOG DISTRIBUTION (31.12.2015)

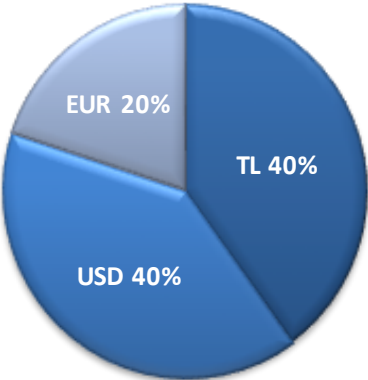
Our target is to increase foreign sales.



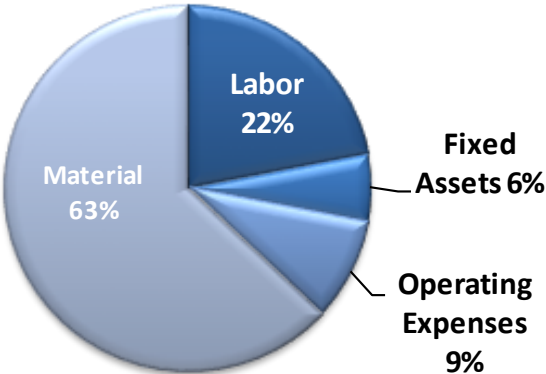
BACKLOG DISTRIBUTION (CURRENCY)



TOTAL EXPENSE DISTRIBUTION (CURRENCY)



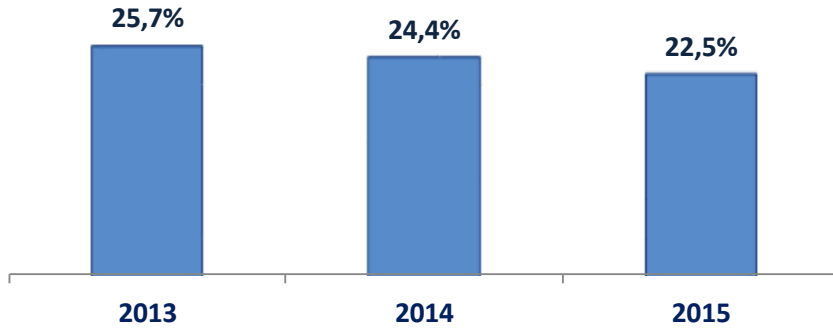
TOTAL EXPENSE BREAKDOWN



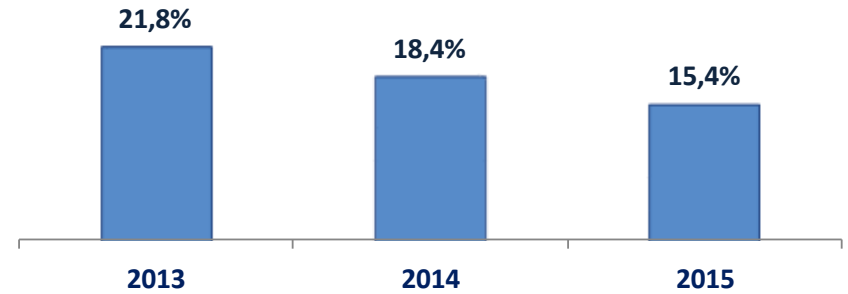
- Long Range Surveillance Radar
- Short & Medium Range Air Defense Systems (KORKUT, Air Defense Gun Modernization, HİSAR) Serial Productions
- ALTAY Serial Production
- Long Range Air Defense Missile System
- Turkish Airborne Stand-Off Jammer

MARGINS

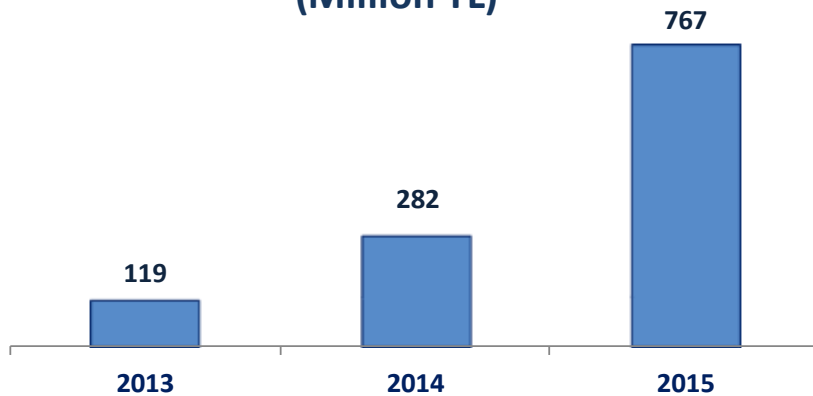
Gross Profit Margin



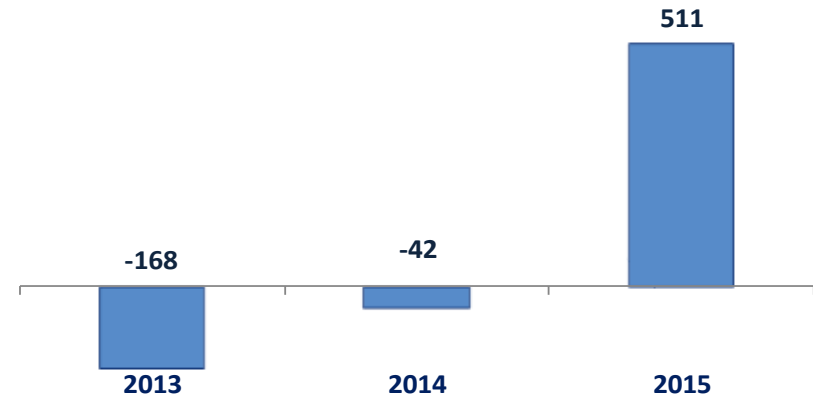
EBITDA Margin



Operating Cash Flow (Million TL)




Free Cash Flow (Million TL)



NET DEBT IMPROVEMENT (2014-2015)

December 31, 2015 Net Debt Position	
Cash & Cash Equivalents 681 Million TL	Financial Debt 603 Million TL
	Net Debt = Short/Long Term Debt - Cash -78 Million TL

December 31, 2014 Net Debt Position	
Cash & Cash Equivalents 132 Million TL	Financial Debt 479 Million TL
	Net Debt = Short/Long Term Debt - Cash 347 Million TL

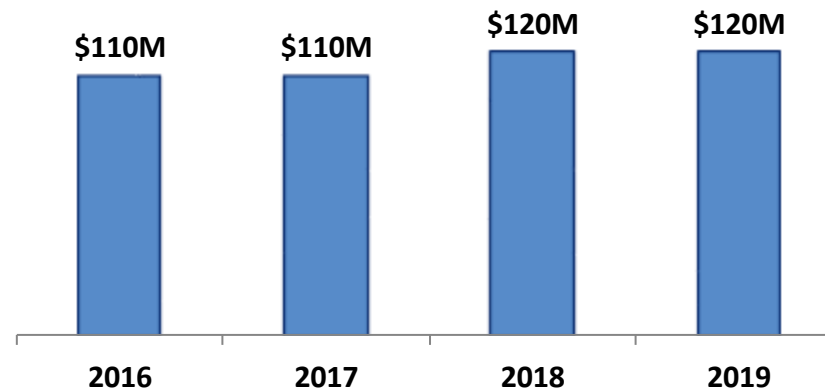


GUIDANCE & CAPEX

ASELSAN's guidance for 2016:

- TL Sales Revenue Growth : 16-20%
- EBITDA Margin : 18-20%
- CAPEX : 340 Mio TL
(tangible + intangible) (tangible: %45, intangible: %55)

CAPEX (Tangible + Intangible)



RISKS

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

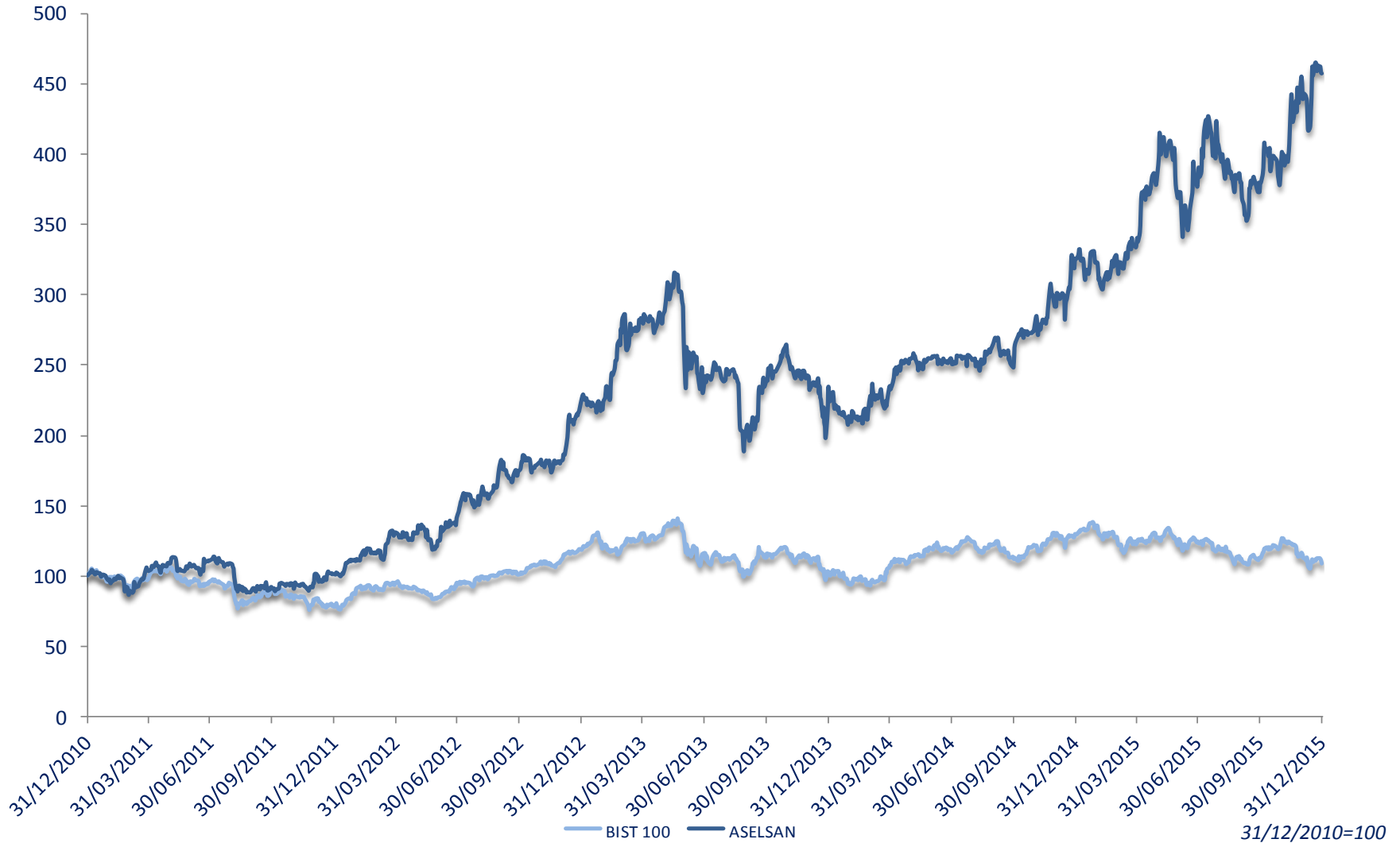
- Difficulty in increasing the number and variety of customers
- Cut-backs in defense expense budgets
- Supplier and subcontractor risks
- Global economic slowdown and financial crisis
- Foreign exchange risk

“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 (BIST) Corporate Governance Index since its first Corporate Governance Rating in 2012.
- Sustainability Report was first published in December 2013.
- ASELSAN, is one of the companies to be listed in the BIST Sustainability Index since its launch in November 2014.
- ASELSAN’s Corporate Governance Rating is 9,13 over 10 by December 2015.

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

ASELSAN share has closed the year 2015 at TL 16,9 and reached a market value of USD 2,9.



CONTACT

Contact Persons

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Chief Financial Officer A.

Aykan ÜRETEN
Finance Director

Pınar ÇELEBİ
Investor Relations Manager

Başak YÜCEKAYALI
Investor Relations Specialist

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Tel: +90 312 592 10 00

Web

www.aselsan.com

E-Mail

aselsan.ir@aselsan.com.tr

APPENDIX

CONSOLIDATED BALANCE SHEET (MILLION TL)

A S S E T S	31.12.2015	31.12.2014
CURRENT ASSETS	3.092,8	2.363,3
Cash and Cash Equivalents	681,0	131,9
Trade Receivables	1.068,3	1.046,3
Other Receivables	48,2	42,0
Inventories	886,8	837,4
Prepaid Expenses	228,7	189,1
Other Current Assets	179,8	116,6
NON-CURRENT ASSETS	3.152,3	2.712,7
Financial Investments	475,4	355,6
Long-term Trade Receivables	376,0	421,8
Other Long-term Receivables	0,3	0,2
Property, Plant and Equipment	924,8	852,8
Intangible Assets	537,5	438,5
Prepaid Expenses	410,1	352,4
Deferred Tax Assets	330,5	200,9
Other Long-term Assets	97,7	90,4
TOTAL ASSETS	6.245,1	5.075,9

CONSOLIDATED BALANCE SHEET (MILLION TL)

LIABILITIES	31.12.2015	31.12.2014
CURRENT LIABILITIES	1.569,0	1.261,6
Short-term Financial Liabilities	357,8	235,3
Short-term Portion of Long-term Financial Liabilities	89,4	48,6
Trade Payables	577,2	606,2
Employee Benefit Obligations	21,6	23,0
Other Payables	2,9	0,8
Government Grants and Incentives	22,6	15,0
Deferred Income	261,5	188,5
Corporate Tax Liability	2,6	0,7
Short-term Provisions	220,1	139,3
Other Short-Term Liabilities	13,3	4,2
NON-CURRENT LIABILITIES	1.835,4	1.275,2
Long-term Financial Liabilities	156,1	195,3
Long-term Trade Payables	222,9	54,2
Other Long-Term Payables	0,0	0,0
Government Grants and Incentives	0,0	2,3
Deferred Income	1269,5	880,1
Long-term Provisions	186,9	143,3

CONSOLIDATED BALANCE SHEET (MILLION TL)

	31.12.2015	31.12.2014
EQUITY	2.840,7	2.539,1
Equity attributable to equity holders of the parent	2.840,3	2.539,1
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	201,2	161,6
Other Comprehensive Income / Expense to be Re-classified to Profit or Loss		
Gain/Loss on Revaluation of Available for Sale Financial Assets	406,8	293,0
Foreign Currency Exchange Differences	(0,1)	
Restricted Profit Reserves	86,9	73,7
Retained Earnings	1.332,3	1.020,1
Net Profit for the Period	212,9	392,1
Non-Controlling Interests	0,4	
TOTAL LIABILITIES AND EQUITY	6.245,1	5.075,9

CONSOLIDATED INCOME STATEMENT (MILLION TL)

	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
PROFIT OR LOSS		
Sales Revenue	2.780,4	2.534,5
Cost of sales (-)	(2.154,3)	(1.915,9)
GROSS PROFIT	626,1	618,6
General administrative expenses (-)	(138,4)	(124,3)
Marketing, selling and distribution expenses (-)	(74,7)	(46,5)
Research and development expenses (-)	(88,0)	(72,0)
Other operating income	173,7	105,4
Other operating expenses (-)	(295,9)	(137,2)
OPERATING PROFIT	202,8	344,1
Income from investing activities	2,4	2,1
Shares from the losses of investments valued by equity method	(9,1)	0,0
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	196,1	346,2
Financial income	38,4	50,1
Financial expenses (-)	(155,3)	(73,5)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	79,2	322,8
Tax income/ (expense) from continuing operations	134,2	69,3
- Current tax expense	(3,5)	(1,2)
- Deferred tax income / (expense)	137,7	70,5
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	213,4	392,1
Profit for the period attributable to:		
Non-controlling interest	0,4	0,0
Shareholders of the parent	212,9	392,1

CONSOLIDATED STATEMENT OF CASH FLOW (MILLION TL)

	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
OPERATING CASH FLOW (OCF)	767,4	282,4
Net Profit for the Period	213,4	392,1
Depreciation and Amortization	103,4	89,9
Provision for Guarantee Expenses	107,8	45,5
Change in Inventory	68,1	46,8
Change in Trade Receivables	17,5	(291,2)
Prepaid Expenses	(207,1)	(290,2)
Deferred Income	462,3	19,0
Change in Trade Payables	143,3	260,9
Others	(141,3)	9,6
CASH FLOW FROM INVESTING ACTIVITIES	(256,2)	(324,1)
Capital Expenditures	(90,9)	(157,7)
Intangible Assets	(165,3)	(133,8)
Capital Increase in Subsidiaries	0,0	(32,6)
FREE CASH FLOW (FCF)	511,2	(41,7)

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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