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Aselsan

Q3 closes with net profit of TRY 2,004mn, including the IAS-29 impact

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According to inflation accounting provisions (IAS-29), Aselsan's net profit decreased by 22% YoY to TRY 2,004mn for 3Q24 from TRY 2,563mn in 3Q23 - The Company generated TRY 2,212mn from net monetary loss in 3Q24 (vs. TRY 1,452mn at 3Q23), while the net financial loss rose to TRY 1,955mn for 3Q24 from TRY 385mn in 3Q23 and also net other gain decreased Fx differences from operations to TRY 2.9mn (from TRY 2,401mn) including the IAS-29 impact, affected the bottom-line negatively. However, a deferred tax gain of TRY 2,046mn at 3Q24 (vs. deferred tax loss of TRY 990mn at 3Q23), resulting from the IAS-29 effect supported the bottom-line. On the operational side, the top-line and EBITDA were better compared to the same period of last year. The Company recorded net sales revenue of TRY 21,811mn in 3Q24, up 27.4% YoY on higher project deliveries, factoring in the IAS-29 impact, compared to 3Q23 (TRY 17,126mn). Exports' share in total net sales revenues increased to 13.2% in 3Q24 from 10.9% in 3Q23. EBITDA of TRY 4,925mn was up 22.7% YoY due to the increased top-line (vs. TRY 4,013mn in 3Q23), including the IAS-29 impact. The gross margin increased by 7.1pp YoY to 29.1% in 3Q24 on lower COGS, while the EBITDA margin declined by 0.9pp to 22.6%. The net debt position increased to TRY 29,788mn for 9M24 (from TRY 27,196mn in 1H24 and TRY 18,099mn for YE23 including the IAS-29 impact) due to the increased need for working capital. Thus, Net Debt/EBITDA realized at 1.27x in 9M24 (0.83x in YE23). We may see a slightly positive market reaction today, since the 3Q24 operational results are higher than the same period of last year. Given the disclosed 3Q24 financials, we maintain Outperform with a TP of TRY 72.0/shr, implying 29% upside potential. We note that since the start of 2024 ASELS stock has increased 24.5%, while outperforming the BIST-100 index by 5.0%.

Backlog marks historical high of USD 12.6bn as of 9M24 (USD 12.3bn in 1H24 -USD 10.9bn in YE23) - Concerning publicly-disclosed projects, the Company undertook around USD 0.6bn in new projects in 3Q24 (Q1: USD 1.0bn and Q2: USD1.6bn - a total of USD 3.2bn in 9M24). It received new foreign orders worth USD 170mn in 3Q24 (Q1: USD 115mn - Q2: USD 250mn - a total of USD 535mn in 9M24). The backlog consists of 95% defense and 5% non-defense projects. As of 9M24, 49% of backlog contracts are denominated in USD, 33% in Euro, and 18% in TRY.

Aselsan maintains its 2024 guidance - Recall that Aselsan expects net sales revenue growth of >10% in TRY terms, with an EBITDA margin of >22% for YE24, including the IAS-29 impact. It budgets TRY 14.0bn capex for 2024, including the IAS-29 impact.

OUTPERFORM

TP: TRY 72.00

Previous: TRY 72.00

Upside: %29

	TRY	US\$
Close	56,00	1,64
BIST 100	8.860	259
US\$/TRY(CB Bid Rate):	34,2018	
52 Week High:	66,50	2,14
52 Week Low:	39,57	1,41
Bloomberg/Reuters Ticker:	ASELS.TI / ASELS.IS	

Number of Shares (Mn): 4.560,0

	(TRY Mn)	(US\$ Mn)
Current Mcap:	255.360	7.466
Free Float Mcap:	66.394	1.941

	1 M	YOY	YTD
TRY Return (%):	-4,0	31,7	24,5
US\$ Return (%):	-4,9	6,7	7,0
BIST 100 Relative (%):	4,9	20,6	5,0
Avg. Daily Vol. (TRY Mn):	2.404,10		
Avg. Daily Vol. (US\$ Mn):	76,91		

Beta	1,31
Volatility (Stock)	0,39
Volatility (BIST 100)	0,26

Shareholder Structure	%
Turkish Armed Forces Foundation	74,2
Free Float	25,8

Total 100,0

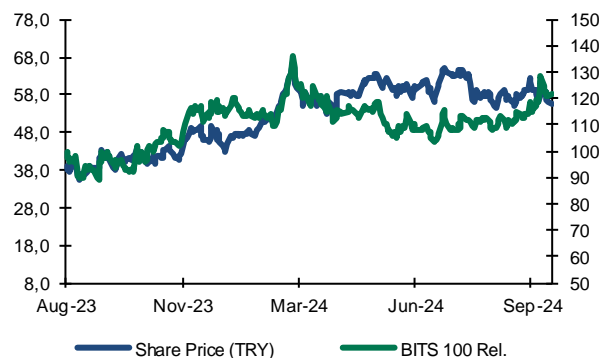


Figure 1: Financials (9M24)

TRY Million	9M23	9M24	YoY	3Q23	3Q24	YoY
Revenues	53.063	60.716	14,4%	17.126	21.811	27,4%
Gross Profit	14.850	18.771	26,4%	3.760	6.344	68,7%
Gross Profit Margin	28,0%	30,9%		22,0%	29,1%	
EBIT	9.638	12.152	26,1%	2.670	4.220	58,1%
EBIT Margin	18,2%	20,0%		15,6%	19,3%	
EBITDA	12.714	14.396	13,2%	4.013	4.925	22,7%
EBITDA Margin	24,0%	23,7%		23,4%	22,6%	
Net Profit	4.284	6.142	43,4%	2.563	2.004	-21,8%
Net Profit Margin	8,1%	10,1%		15,0%	9,2%	

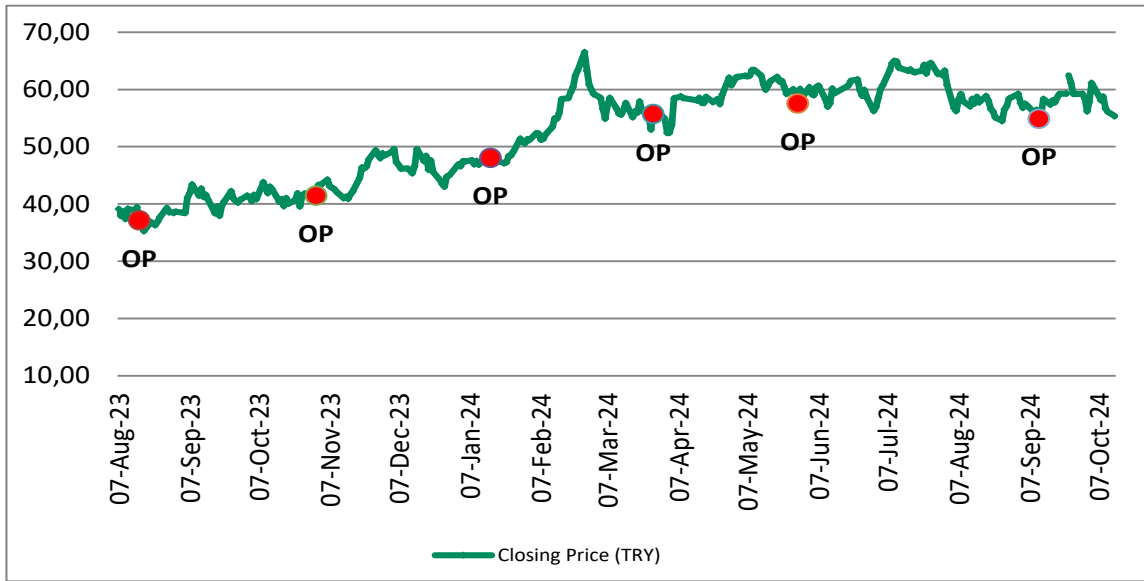
Figure 2: Key financials

BALANCE SHEET (TRY Mn)	2022/12	2023/12	2024/09
PP&E	23.730	32.239	33.536
Intangibles	12.148	16.504	22.177
Other Non-Current Assets	41.816	56.812	63.887
Trade Receivables	20.593	27.978	26.856
Cash&Equivalents	6.610	8.980	3.597
Other Current Assets	45.681	62.062	62.256
Total Assets	150.578	204.576	212.309
Long Term Debt	1.130	1.535	3.192
Other Non current liabilities	10.889	14.794	22.727
Short Term Debt	35.315	15.884	47.870
Trade Payables	14.864	52.289	13.166
Total Liabilities	62.198	84.502	86.955
Total Equity	88.380	120.074	125.354
Total Equity&Liabilities	150.578	204.576	212.309

INCOME STATEMENT (TRY Mn)	2022/12	2023/12	2023/09	2024/09	%Chg
Net Sales	66.860	73.593	53.063	60.716	14
COGS	49.027	53.488	38.214	41.945	10
Gross Profit/(Loss)	17.833	20.105	14.850	18.771	26
Operating Expenses	6.239	7.480	5.212	6.619	27
Operating Profit/(Loss)	11.594	12.625	9.638	12.152	26
Net Other Ope. Rev./ (Exp.)	6.363	12.349	13.140	2.216	(83)
Monetary Gain/Loss	(14.574)	(10.145)	(10.881)	(10.462)	(4)
Net Investing activities Gain/Losses	13	34	39	70	80
Financial Expenses	(4.341)	(7.652)	(6.961)	(4.953)	(29)
Profit Before Tax/(Loss)	(912)	7.210	4.966	(1.002)	N.M.
Tax	(2.102)	(165)	608	(7.077)	N.M.
Net Profit/(Loss)	1.189	7.374	4.357	6.075	39
Minority Interest	(93)	84	73	(67)	(191)
Majority Interest	1.282	7.290	4.284	6.142	43,4

Source: Şeker Invest

Historical Recommendations and target prices



Date	Rec	Target Price (TRY)
20-Oct-22	Outperform (OP)	19,25
12-Jan-23	Outperform (OP)	34,75
1-Mar-23	Outperform (OP)	34,75
27-Apr-23	Outperform (OP)	34,75
1-Aug-23	Outperform (OP)	46,00
16-Aug-23	Outperform (OP)	47,50
1-Nov-23	Outperform (OP)	55,00
16-Jan-24	Outperform (OP)	62,50
27-Mar-24	Outperform (OP)	62,50
29-May-24	Outperform (OP)	72,00
11-Sep-24	Outperform (OP)	72,00

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST 100.

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