Earnings Update
Defense Industry

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Aselsan

Results above expectations

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OUTPERFORM
TP: TRY 240.00
Previous: TRY 184.00
Upside: 29.6%

ASELSAN reported a net profit of TRY 3,993 million in 2Q 2025. This figure was 32% higher than the market median expectation of TRY 3,019 million (2Q 2024: TRY 3,075 million). The increase in net sales revenues in 2Q 2025, along with the rise in operating profit and deferred tax income resulting from successful operational management, supported the net profit figure. However, the increase in net financial expenses due to mounting exchange rate losses, coupled with the loss of net monetary position, were factors that suppressed profitability.
In 2Q 2025, Aselsan's net sales revenues, including the TMS-29 impact, were realized at TRY 29,550 million, above the market median expectation (Expectation: TRY 28,645 million). The Company achieved a net sales revenue of TRY 29,550 million, with a 13.3% increase year-on-year. Deliveries for Air Defense, Electronic Warfare, Electro-Optics, Radar, Avionics, Security and Weapon Systems were influential in the increased sales revenues. EBITDA, including the TMS-29 impact, was realized at TRY 8,016 million, above the market median expectation (Expectation: TRY 6,999 million). In 2Q 2025, EBITDA continued to strengthen thanks to increased operational profitability and turnover growth resulting from cost control. The gross profit margin was 33.7%, the EBITDA margin was 27.1% and the net profit margin was 13.5%. (2Q24, respectively: 34.5%, 26.0%, 11.8%).

ASELSAN's total order value reached a record high of USD16 billion in the first half of the year (1H24: USD12.3 billion). The Company received a total of USD2.8 billion in new orders in 1H25 (1H24: USD2.6 billion). Steadfastly pursuing its export-focused growth strategy, the company secured USD1.3 million of the USD2.8 billion order value received in 1H25 from abroad (1H24: USD365 million). As of 1H25, 97% of the Company's total outstanding orders were defense-related, while 3% were non-defense orders. As of 1H25, 56% of the Company's long-term orders were in dollars, 33% in euros, and 11% in Turkish lira.

Dividend - The Company's net debt position decreased from TRY 21,321 million at the end of 1Q 2025 to TRY 21,041 million. The net debt/EBITDA ratio fell to 0.57 in 1H 2025 due to strong EBITDA. Thus, the Company maintained its position below the industry average.

The Company maintains its expectations for 2025. Accordingly, Aselsan predicts that net sales revenue growth will increase by over 10% in TL terms in 2025, including TMS 29. The Company aims for an EBITDA margin of over 23% in 2025, including TMS 29. It also plans for an investment of TRY 20 billion and above in 2025, including TMS 29.

We find Aselsan's financials for the 2Q25 period to be successful. We note the continued steady upward momentum in both revenue and profitability indicators. Furthermore, we anticipate that the Steel Dome air defense system, Siper Product, Turan System, and Gökdeniz and Göksur defense missile systems will contribute to revenues following the IDEF 2025 Fair. Furthermore, we assess the Company's total R&D share and high export potential positively, and expect this positive trend to continue due to the increasing share of defense spending in countries' total budgets stemming from geopolitical developments. Therefore, due to the upward revision in our forward-looking revenue and EBITDA forecasts, we are revising our 12-month target price for ASELSAN from TRY 184.00 per share to TRY 240. Our target price carries a 29.6% upside potential, and we maintain our OUTPERFORM rating.

	TRY	US$	
Close	185,10	4,56	
BIST 100	10.850	267	
US$/TRY (CB Bid Rate):	40,6026		
52 Week High:	188,50	4,65	
52 Week Low:	54,41	1,61	
Bloomberg/Reuters Ticker:	ASELS.TI / ASELS.IS		
Number of Shares (Mn):	4.560		
	(TRY Mn)	**(US$ Mn)**	
Current Mcap :	844.056	20.793	
Free Float Mcap:	219.455	5.406	
	1 M	**YOY**	**YTD**
TRY Return (%):	22	227	155
US$ Return (%):	20	166	122
BIST 100 Relative (%):	16	198	131
Avg. Daily Vol. (TRY Mn):	3611		
Avg. Daily Vol. (US$ Mn):	97,4		
Beta	0,71		
Volatility (Stock)	0,36		
Volatility (BIST 100)	0,24		
Shareholder Structure	**%**		
Turkish Armed Forces Strengthening Foundation	74,20		
Other	25,80		
Total	**100,1**		

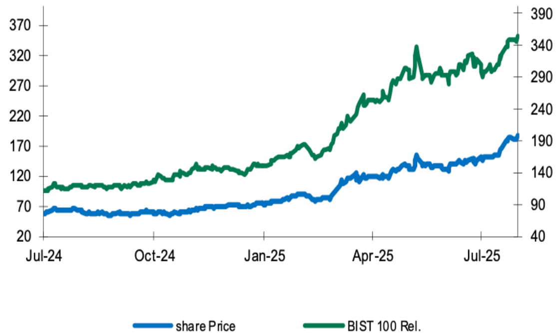


Figure 1: Financials

TRY Million	1H24	1H25	YoY	2Q24	2Q25	QoQ
Revenues	**48.238**	**53.710**	**11,3%**	**26.074**	**29.550**	**13,3%**
Gross Profit	**15.409**	**17.188**	**11,5%**	**8.995**	**9.957**	**10,7%**
Gross Profit Margin	*31,9%*	*32,0%*		*34,5%*	*33,7%*	
EBIT	**9.834**	**11.221**	**14,1%**	**5.869**	**7.011**	**19,5%**
EBIT Margin	*20,4%*	*20,9%*		*22,5%*	*23,7%*	
EBITDA	**11.742**	**13.467**	**14,7%**	**6.768**	**8.016**	**18,4%**
EBITDA Margin	*24,3%*	*25,1%*		*26,0%*	*27,1%*	
Net Profit	**5.130**	**6.405**	**24,8%**	**3.075**	**3.993**	**29,9%**
Net Profit Margin	*10,6%*	*11,9%*		*11,8%*	*13,5%*	

Source: Şeker Invest

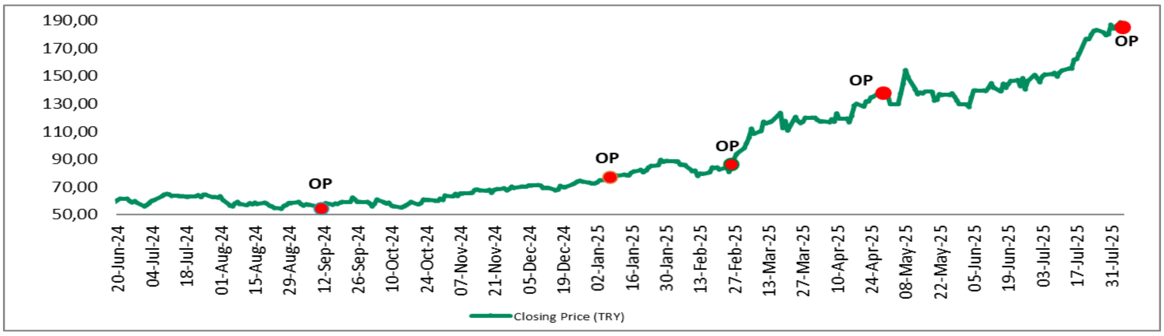
Figure 2: Key Financials

BALANCE SHEET (TRY Mn)	2024/12	2025/06	% Chg
PP&E	43.647	45.717	4,7%
Intangibles	25.472	29.546	16,0%
Other Non-Current Assets	90.350	93.526	3,5%
Trade Receivables	33.083	26.261	-20,6%
Cash&Equivalents	19.411	15.792	-18,6%
Other Current Assets	71.318	79.430	11,4%
Total Assets	**283.282**	**290.272**	**2,5%**
Long Term Debt	11.349	154	-98,6%
Other Non current liabilities	25.610	29.174	13,9%
Short Term Debt	15.827	6.869	-56,6%
Trade Payables	23.055	18.108	-21,5%
Other current liabilities	42.511	65.720	54,6%
Total Liabilities	118.352	120.027	1,4%
Total Equity	164.929	170.246	3,2%
Total Equity&Liabilities	**283.282**	**290.272**	**2,5%**

INCOME STATEMENT (TRY Mn)	2024/06	2025/06	% Chg
Revenues	48.238	53.710	11,3%
COGS	32.829	36.522	11,2%
Gross Profit (Loss)	15.409	17.188	11,5%
Operating Expenses	5.575	5.967	7,0%
Operating Profit/(Loss)	9.834	11.221	14,1%
Net Other Ope. Rev./(Exp.)	2.744	6.237	127,3%
Income/(Loss) from Investing Activities	86	203	135,2%
Financial Expenses	(3.718)	(5.853)	N.M.
Gains (losses) on net monetary positions	(10.230)	(13.986)	N.M.
Profit Before Tax (Loss)	**(1.310)**	**(2.385)**	N.M.
Tax	6.234	8.796	41,1%
Net Profit (Loss)	**4.924**	**6.411**	30,2%
Minority Interest	(206)	6	N.M.
Majority Interest	**5.130**	**6.405**	**24,8%**

Source: Şeker Invest

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
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
7-Jan-25	Outperform (OP)	102,00
26-Feb-25	Outperform (OP)	114,00
30-Apr-25	Outperform (OP)	184,00
6-Aug-25	Outperform (OP)	240,00

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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