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# Aselsan

## Results above expectations

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**ASELSAN's net profit increased by 55% year-on-year in 4Q25, reaching TRY 17,791 million including the effects of TMS-29 inflation accounting (4Q24: TRY 11,482 million).** The reported net profit exceeded both the market median expectation of TRY 11,146 million and our estimate of TRY 12,093 million. During 4Q25, the company significantly improved its operational profitability, supported by strong revenue growth and disciplined cost management. While ASELSAN had recorded monetary losses in previous quarters due to inflation accounting, it recognized a monetary gain in this period, providing an additional contribution to profitability. Despite higher tax expenses, net profit showed a strong increase compared to prior periods, driven by improvements in operations and a favorable performance in financial items. **ASELSAN's net sales revenues rose by 17.5% year-on-year in 4Q25 to TRY 85,614 million. The reported revenue came in slightly above both our estimate of TRY 83,120 million and the market median expectation of TRY 83,019 million.** As part of the aselsaneXt program launched at the beginning of 2024 to achieve its long-term strategic objectives, ASELSAN continued to deliver positive results. ÇELİKKUBBE, Radar Systems, Electronic Warfare, Electro-Optics, Smart Ammunition, Guided Munitions, Naval and Underwater Systems, Military Communications, and Urban Security Systems played a decisive role in this performance.

**EBITDA (including TMS-29 effects) increased by 21.1% year-on-year in 4Q25 to TRY 23,674 million (4Q24: TRY 19,550 million), exceeding both the market median expectation of TRY 21,317 million and our estimate of TRY 21,545 million.** EBITDA strengthened in 4Q25, supported by operational efficiency improvements. The company increased its EBITDA margin to 27.7% (4Q24: 26.8%) and reduced general administrative expenses by 10% through efficiency initiatives. Moreover, ASELSAN maintained strong order momentum, raising its Book-to-Bill ratio to 2.2x in 2025 (2024: 2.0x), thereby sustaining solid order intake and long-term growth visibility. **With the contribution of USD 9.6 billion in new contracts signed during 2025, ASELSAN's total backlog reached a historical high of USD 20.4 billion (2024: USD 14 billion).** Contracts related particularly to the ÇELİKKUBBE project constituted a significant share of new order intake. Of the USD 9.6 billion in new orders secured in 2025, USD 2.1 billion was generated from international markets (2024: USD 1.01 billion). As of 2025, 97% of the company's total backlog consists of defense projects, while 3% relates to non-defense activities. In terms of currency breakdown, 49% of long-term orders are denominated in USD, 45% in EUR, and 6% in TRY.

**The company's net debt declined significantly,** falling from TRY 24,803 million at the end of September 2025 to TRY 13,970 million by year-end 2025. ASELSAN's Net Debt/EBITDA ratio improved from 0.53x in 2024 to 0.30x in 2025. In this context, the company continued to maintain leverage metrics below sector averages, further strengthening its financial profile.

**OUTPERFORM**  
**TP: TRY 395.00**  
Previous: TRY 340.00  
**Upside: 27.8%**

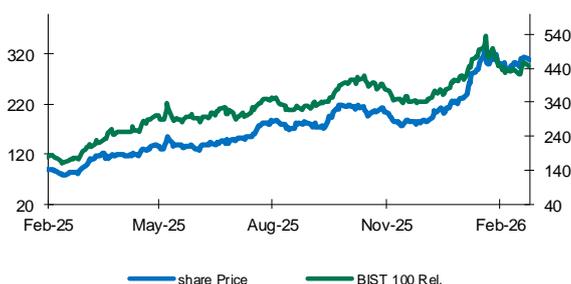
	TRY	US\$
Close	309,00	7,06
BIST 100	14.051	321
US\$/TRY (CB Bid Rate):	43,7775	
52 Week High:	336,75	7,80
52 Week Low:	80,90	2,23
Bloomberg/Reuters Ticker:	ASELS.TI / ASELS.IS	

Number of Shares (Mn):	4.560	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	1.409.040	32.204
Free Float Mcap:	366.350	8.373

	1 M	YOY	YTD
TRY Return (%):	3	269	33
US\$ Return (%):	1	207	31
BIST 100 Relative (%):	-5	152	7
Avg. Daily Vol. (TRY Mn):	7050		
Avg. Daily Vol. (US\$ Mn):	171,9		

Beta	0,80
Volatility (Stock)	0,36
Volatility (BIST 100)	0,24

Shareholder Structure	%
Turkish Armed Forces Strengthening Foundation	74,20
Other	25,80
<b>Total</b>	<b>100</b>



**Regarding 2026 guidance**, ASELSAN expects net sales revenue growth of over 10% in TRY terms (including TMS-29 effects). The company targets an EBITDA margin above 24% (including TMS-29 effects) in 2026. In addition, ASELSAN plans capital expenditures of TRY 50 billion or more in 2026 (including TMS-29 effects).

**In 2025, ASELSAN effectively implemented its financial sustainability strategy, achieving a notable improvement in cash generation and balance sheet quality.** Operating cash flow (OCF) increased from TRY 28 billion to TRY 49 billion, while free cash flow (FCF) rose from TRY 91 million to TRY 10 billion. The share of financial debt within total assets declined from 13.4% to 10%, reinforcing the company's balance sheet strength and financial resilience.

**Strengthened capacity and technological capabilities through a serial production drive** - In 2025, ASELSAN accelerated its investments aimed at enhancing its serial production capabilities, increasing its capital expenditures by 106% year-on-year to USD 372 million. With the commissioning of 14 new production facilities during the year, the company established sufficient capacity to respond to rising demand. Investments in R&D and serial production have further strengthened ASELSAN's high-technology development and manufacturing capabilities, thereby supporting its sustainable growth.

ASELSAN continues to maintain a steady upward momentum in both revenue and profitability indicators. The increasing share of export-oriented orders, effective financial management, strong cash flow generation, and rising capital expenditures stand out as the key pillars supporting the company's long-term sustainable growth. In addition, we expect that higher R&D spending and investments focused on serial production will further strengthen the company's technology development and manufacturing capabilities, making a meaningful contribution to sustainable growth. Looking ahead, we believe that the Oğulbey Technology Base—whose foundation was laid in 2025 and which represents the largest single defense industry investment in the history of the Republic—will provide additional production capacity for ÇELİKKUBBE components and further enhance ASELSAN's global role in the defense industry. The first phase of the investment is planned to become operational in the second quarter of 2026, and we expect the facility to contribute directly to revenues as well as to the financing of the investment. In particular, by enabling higher-volume serial production of critical technologies—especially air defense systems under the ÇELİKKUBBE project—the investment is expected to positively impact ASELSAN's export performance. We believe that this strategic investment will enhance the company's serial production capacity, R&D capabilities, employment opportunities, and competitiveness in global markets, thereby supporting ASELSAN's stable and sustainable growth trajectory. As a result, we revise our target price upward to TRY 395.00 from TRY 340.00 and maintain our OUTPERFORM recommendation.

Figure 1: Financials

TRY Million	YE24	YE25	YoY	4Q24	4Q25	YoY
<b>Revenues</b>	<b>157.340</b>	<b>180.445</b>	<b>14,7%</b>	<b>72.884</b>	<b>85.614</b>	<b>17,5%</b>
<b>Gross Profit</b>	<b>49.946</b>	<b>57.427</b>	<b>15,0%</b>	<b>23.835</b>	<b>28.116</b>	<b>18,0%</b>
<i>Gross Profit Margin</i>	<i>31,7%</i>	<i>31,8%</i>		<i>32,7%</i>	<i>32,8%</i>	
<b>EBIT</b>	<b>35.255</b>	<b>41.780</b>	<b>18,5%</b>	<b>18.352</b>	<b>22.037</b>	<b>20,1%</b>
<i>EBIT Margin</i>	<i>22,4%</i>	<i>23,2%</i>		<i>25,2%</i>	<i>25,7%</i>	
<b>EBITDA</b>	<b>39.574</b>	<b>47.329</b>	<b>19,6%</b>	<b>19.550</b>	<b>23.674</b>	<b>21,1%</b>
<i>EBITDA Margin</i>	<i>25,2%</i>	<i>26,2%</i>		<i>26,8%</i>	<i>27,7%</i>	
<b>Net Profit</b>	<b>20.025</b>	<b>29.950</b>	<b>49,6%</b>	<b>11.482</b>	<b>17.791</b>	<b>55,0%</b>
<i>Net Profit Margin</i>	<i>12,7%</i>	<i>16,6%</i>		<i>15,8%</i>	<i>20,8%</i>	

Figure 2: Key Financials

BALANCE SHEET (TRY Mn)	2024/12	2025/12	% Chg
PP&E	48.896	64.659	32,2%
Intangibles	28.576	37.283	30,5%
Other Non-Current Assets	101.429	154.662	52,5%
Trade Receivables	37.115	38.860	4,7%
Cash&Equivalents	21.777	29.086	33,6%
Other Current Assets	80.009	107.038	33,8%
<b>Total Assets</b>	<b>317.803</b>	<b>431.587</b>	<b>35,8%</b>
Long Term Debt	12.732	5.028	-60,5%
Other Non current liabilities	28.731	48.543	69,0%
Short Term Debt	17.755	13.126	-26,1%
Trade Payables	25.865	37.989	46,9%
Other current liabilities	47.692	75.114	57,5%
Total Liabilities	132.775	179.801	35,4%
Total Equity	185.028	251.786	36,1%
<b>Total Equity&amp;Liabilities</b>	<b>317.803</b>	<b>431.587</b>	<b>35,8%</b>
INCOME STATEMENT (TRY Mn)	2024/12	2025/12	% Chg
Revenues	157.340	180.445	14,7%
COGS	107.393	123.018	14,5%
Gross Profit (Loss)	49.946	57.427	15,0%
Operating Expenses	14.691	15.647	6,5%
Operating Profit/(Loss)	35.255	41.780	18,5%
Net Other Ope. Rev./(Exp.)	499	7.365	N.M.
Income/(Loss) from Investing Activities	111	867	678,7%
Financial Expenses	(6.816)	(9.816)	N.M.
Gains (losses) on net monetary positions	(18.154)	(13.552)	N.M.
<b>Profit Before Tax (Loss)</b>	<b>10.819</b>	<b>26.391</b>	<b>143,9%</b>
Tax	9.106	3.527	-61,3%
<b>Net Profit (Loss)</b>	<b>19.925</b>	<b>29.918</b>	<b>50,1%</b>
Minority Interest	(100)	(32)	N.M.
Majority Interest	20.025	29.950	49,6%

## 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
5-Nov-25	Outperform (OP)	240,00
9-Jan-26	Outperform (OP)	340,00
25-Feb-26	Outperform (OP)	395,00

## 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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