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# Aselsan

## Net profit above expectations

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Aselsan reported a net income of TRY 5,539 million in 1Q26 (including TMS-29 effects), marking a strong year-on-year increase of 86.1% (1Q25: TRY 2,977 million). Net income came in above both the market median expectation of TRY 4,667 million and our estimate of TRY 4,375 million. The company strengthened its operational performance in 1Q26, supported by robust revenue growth and improved EBITDA profitability. Notably, deferred tax income was the primary driver behind the increase in net profit. In addition, the decline in financial expenses and monetary position losses also contributed positively to profitability. Aselsan's net sales revenues increased by 15% year-on-year to TRY 34,306 million in 1Q26. The reported figure was in line with our estimate of TRY 33,950 million and the market median expectation of TRY 34,150 million. Revenue generation in the first quarter was mainly driven by Steel Dome (ÇELİKKUBBE), Radar, Electronic Warfare, Military Communications, AI-Supported Urban Security, Electro-Optics, and Guided Munitions Systems.

EBITDA (including TMS-29 effects) rose by 28.3% year-on-year to TRY 8,633 million (1Q25: TRY 6,730 million), slightly exceeding both our estimate and the market consensus of TRY 8,487 million. The company improved its EBITDA margin to 25.16% in 1Q26 (1Q25: 22.56%), while reducing general administrative expenses by 3% through efficiency measures. Meanwhile, the book-to-bill ratio, an important growth indicator, stood at 1.6 in 1Q26 (1Q25: 2.3).

The company reached historical highs in new export contracts and backlog. Global demand for Aselsan's products and systems continued to expand. New export contracts signed in 1Q26 increased by 69% year-on-year to USD 629 million (1Q25: USD 372 million). The backlog also rose by 39% year-on-year to USD 20.7 billion (1Q25: USD 15 billion). As of 2025, 97% of total backlog consists of defense-related orders, while 3% comes from non-defense segments. In terms of currency composition, long-term orders consist of 51% USD, 43% EUR, and 6% TRY.

Despite a quarterly increase, net debt improved on an annual basis. Net debt, which stood at TRY 15,373 million as of 2025 year-end, increased by 44% to TRY 22,084 million by the end of 1Q26. However, on a year-on-year basis, net debt declined by 16%. Accordingly, the Net Debt/EBITDA ratio improved to 0.41x in 1Q26 from 0.60x in 1Q25.

2026 guidance maintained: The company expects net sales revenue growth of above 10% in TRY terms (including TMS-29 effects) in 2026. It also targets an EBITDA margin above 24% for the year. Additionally, Aselsan plans to execute capital expenditures of TRY 50 billion or more (including TMS-29 effects) in 2026.

R&D and mass production investments continued: R&D expenditures increased by 41% year-on-year to USD 357 million during the period. In the first quarter, investments aimed at capacity expansion—particularly at the Oğulbey Technology Campus and existing facilities—surged by 261% compared to the previous period.

**OUTPERFORM**  
TP: TRY 495.00  
Previous: TRY 395.00  
Upside: 19.4%

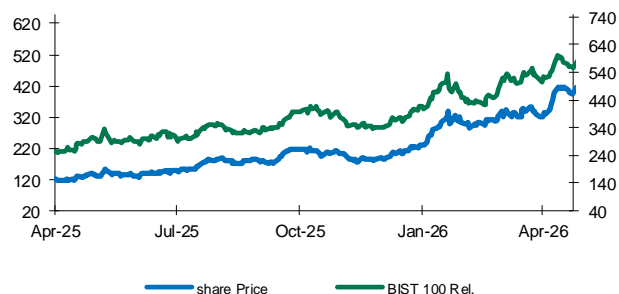
	TRY	US\$
Close	414,50	9,22
BIST 100	14,329	319
US\$/TRY (CB Bid Rate):	44,9705	
52 Week High:	416,75	9,33
52 Week Low:	127,44	3,26
Bloomberg/Reuters Ticker:	ASELS.TI / ASELS.IS	

	4.560	(TRY Mn)	(US\$ Mn)
Number of Shares (Mn):			
Current Mcap :	1.890.120		42.059
Free Float Mcap:	491.431		10.935

	1 M	YOY	YTD
TRY Return (%):	25	199	79
US\$ Return (%):	23	155	71
BIST 100 Relative (%):	11	94	41
Avg. Daily Vol. (TRY Mn):	7814		
Avg. Daily Vol. (US\$ Mn):	184,6		

Beta	0,81
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>



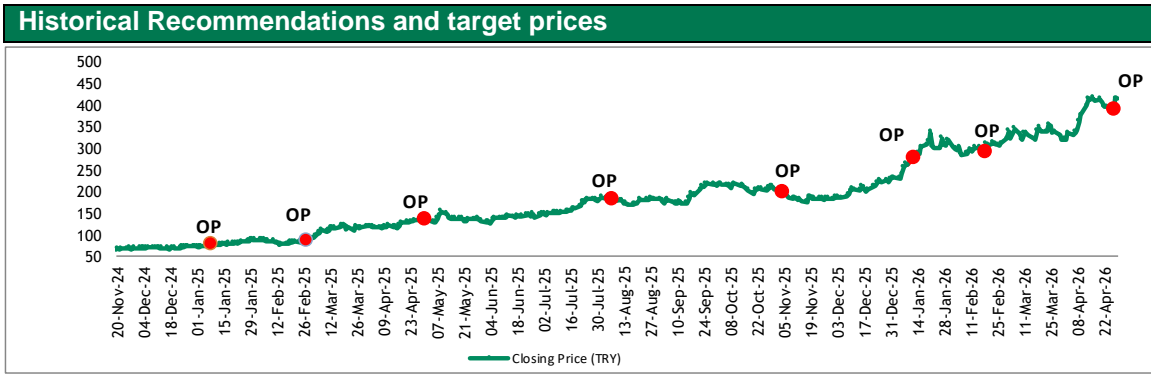
Aselsan has made a strong start to 2026, supported by improvements in revenues, backlog, export contracts, and operational margins. Increasing R&D expenditures and ongoing mass production investments are expected to support the company's technological capabilities and production capacity, thereby contributing to sustainable growth. In addition, the Oğulbey Technology Campus—whose foundation was laid in 2025 and which stands as one of the largest defense industry investments in the history of the Republic—is expected to significantly enhance the company's production capacity, particularly in ÇELİKKÜBBE components. The first phase of the investment is planned to become operational in 2Q26 and is expected to contribute both to revenue generation and to the company's funding structure. This investment is also anticipated to strengthen mass production capabilities in critical technologies, particularly in air defense systems, thereby supporting export performance and further reinforcing Aselsan's global competitiveness. In this respect, we view the project as a strategic step that enhances the company's long-term and sustainable growth outlook. As a result, we increase our target price for the shares from TRY 395 to TRY 495 and maintain our "OUTPERFORM" recommendation.

Figure 1: Financials

TRY Million	1Q25	1Q26	YoY
<b>Revenues</b>	<b>29.825</b>	<b>34.306</b>	<b>15,0%</b>
<b>Gross Profit</b>	<b>8.927</b>	<b>10.537</b>	<b>18,0%</b>
<i>Gross Profit Margin</i>	<i>29,9%</i>	<i>30,7%</i>	
<b>EBIT</b>	<b>5.197</b>	<b>6.738</b>	<b>29,7%</b>
<i>EBIT Margin</i>	<i>17,4%</i>	<i>19,6%</i>	
<b>EBITDA</b>	<b>6.730</b>	<b>8.633</b>	<b>28,3%</b>
<i>EBITDA Margin</i>	<i>22,6%</i>	<i>25,2%</i>	
<b>Net Profit</b>	<b>2.977</b>	<b>5.539</b>	<b>86,1%</b>
<i>Net Profit Margin</i>	<i>10,0%</i>	<i>16,15%</i>	

Figure 2: Key Financials

BALANCE SHEET (TRY Mn)	2025/12	2026/03	% Chg
PP&E	71.151	74.874	5,2%
Intangibles	41.026	45.090	9,9%
Other Non-Current Assets	170.190	157.380	-7,5%
Trade Receivables	42.761	41.524	-2,9%
Cash&Equivalents	32.007	31.006	-3,1%
Other Current Assets	117.785	135.145	14,7%
<b>Total Assets</b>	<b>474.919</b>	<b>485.019</b>	<b>2,1%</b>
Long Term Debt	5.533	4.319	-21,9%
Other Non current liabilities	53.417	63.080	18,1%
Short Term Debt	14.444	26.061	80,4%
Trade Payables	41.776	29.090	-30,4%
Other current liabilities	82.683	79.731	-3,6%
Total Liabilities	197.853	202.281	2,2%
Total Equity	277.066	282.738	2,0%
<b>Total Equity&amp;Liabilities</b>	<b>474.919</b>	<b>485.019</b>	<b>2,1%</b>
INCOME STATEMENT (TRY Mn)	2025/03	2026/03	% Chg
Revenues	29.825	34.306	15,0%
COGS	20.898	23.769	13,7%
Gross Profit (Loss)	8.927	10.537	18,0%
Operating Expenses	3.730	3.799	1,9%
Operating Profit/ (Loss)	5.197	6.738	29,7%
Net Other Ope. Rev./ (Exp.)	4.496	1.812	-59,7%
Income/ (Loss) from Investing Activities	45	1.059	2260,3%
Financial Expenses	(3.206)	(1.645)	N.M.
Gains (losses) on net monetary positions	(9.194)	(5.712)	N.M.
<b>Profit Before Tax (Loss)</b>	<b>(2.795)</b>	<b>2.125</b>	<b>N.M.</b>
Tax	5.587	3.424	-38,7%
<b>Net Profit (Loss)</b>	<b>2.792</b>	<b>5.549</b>	<b>98,8%</b>
Minority Interest	(185)	10	N.M.
Majority Interest	2.977	5.539	86,1%



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
29-Apr-26	Outperform (OP)	495,00

### 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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