Şeker Invest

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Aselsan

Export Momentum and Lower Financial Drag Lead to a Strong Net Income Beat...

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ASELSAN has reported TRY 8,511mn net income in 2Q26, based on its consolidated financial statements adjusted for inflation accounting. The reported figure came in 20.7% above our estimate of TRY 7,052mn and 23.1% above the market median expectation of TRY 6,917mn. The Company had posted TRY 5,275mn net income in the same quarter of last year. Accordingly, net income increased by 61.3% YoY, while the net margin expanded by 2.9pp to 16.4%.

The strong increase in net income in 2Q26 was driven by the improvement in operating profitability, together with the significant decline in net monetary position loss and lower financial expenses. The decrease in net monetary position loss from TRY 8,637mn to TRY 284mn YoY provided strong support to pre-tax profit, while financial expenses declined by 34.6% to TRY 3,690mn. The reduction in financial expenses was mainly driven by the decline in foreign exchange losses on bank borrowings from TRY 4,456mn to TRY 1,659mn, although the increase in borrowing costs partially offset this positive impact. As a result, the Company reported TRY 10,376mn pre-tax profit, compared with a TRY 161mn pre-tax loss in the same period of last year. On the other hand, the shift from a TRY 5,642mn tax income in the previous year to a TRY 1,865mn tax expense in the current period limited the increase in net income; nevertheless, net income came in well above expectations.

Net sales revenues increased by 32.6% YoY to TRY 51,782mn in 2Q26, coming in above our expectation of TRY 48,336mn and the market median expectation of TRY 47,461mn. While domestic sales grew by 18.8%, the 152.6% increase in international sales to TRY 10,183mn was the main driver of revenue growth. During the same period, gross profit rose by 27.9% YoY to TRY 16,820mn, while the gross margin declined by 1.2pp to 32.5%, due to the relatively faster increase in cost of sales.

EBITDA increased by 32.2% YoY to TRY 13,995mn, supported by strong sales growth, the increasing contribution of high value-added products and operational efficiency. Reported EBITDA came in 13.5% above our expectation of TRY 12,335mn and 14.8% above the market median expectation of TRY 12,189mn. The EBITDA margin remained broadly flat YoY at 27.0%, indicating that strong revenue growth was also reflected in operational profitability.

The strong momentum in order indicators continues to support the Company's medium-term revenue visibility. ASELSAN's new contracts signed in 1H26 increased by 72% YoY to USD 4.9bn, while its backlog rose by 45% YoY to USD 23.2bn. The book-to-bill ratio of 2.5x indicates that strong demand for the Company's products and systems remains intact.

OUTPERFORM
TP: TRY 495.00
Previous: TRY 495.00
Upside: 41.7%

	TRY	US$
Close	349,25	7,36
BIST 100	13.688	288
US$/TRY (CB Bid Rate):	47,4694	
52 Week High:	434,00	9,62
52 Week Low:	169,78	4,17
Bloomberg/Reuters Ticker:	ASELS.TI / ASELS.IS	

Number of Shares (Mn):	4.560	
	(TRY Mn)	(US$ Mn)
Current Mcap :	1.592.580	33.564
Free Float Mcap:	414.071	8.727

	1 M	YOY	YTD
TRY Return (%):	-13	86	51
US$ Return (%):	-14	58	36
BIST 100 Relative (%):	-8	47	24
Avg. Daily Vol. (TRY Mn):	9496		
Avg. Daily Vol. (US$ Mn):	215,9		

Beta	1,11
Volatility (Stock)	0,47
Volatility (BIST 100)	0,23

Shareholder Structure	%
Turkish Armed Forces Strengthening Foundation	74,20
Other	25,80
Total	**100**

The 25% real revenue growth and 26.3% EBITDA margin recorded in the first half indicate a strong performance against the Company's 2026 guidance, which calls for revenue growth of over 10% and an EBITDA margin of above 24%.

On the balance sheet side, cash and cash equivalents increased by 15.2% compared with the end of 2025 to TRY 39,469mn, while total financial debt reached TRY 73,293mn, reflecting higher capital expenditures and working capital requirements. Supported by strong EBITDA generation, the Net Debt/EBITDA ratio declined from 0.57x to 0.55x YoY, indicating that leverage remained under control. The Company generated TRY 15,206mn in positive operating cash flow in 1H26, while cash outflow from investing activities increased to TRY 33,538mn. The 22.8% increase in inventories and 40% rise in prepaid expenses compared with year-end increased working capital requirements, while higher customer advances and deferred revenue supported the liquidity outlook.

Overall, we view ASELSAN's 2Q26 results positively, supported by strong revenue growth, operational profitability above expectations and robust net income performance. The acceleration in export revenues and strong backlog enhance visibility regarding the sustainability of growth, while positive cash generation and low leverage provide an important buffer for the balance sheet during a period of intensive investment. Nevertheless, the significant contribution of the decline in net monetary position loss to net income growth, together with the increases in inventories, financial debt and capital expenditures, remain the key factors to monitor in the coming periods.

We maintain our 12-month target price at TRY 495.00 per share and reiterate our "OUTPERFORM" recommendation, implying a 41.7% upside potential based on the closing price as of 4 August 2026.

Table 1: Summary Income Statement (including TAS 29 effects)

TRY Million	1H25	1H26	YoY	2Q25	2Q26	YoY
Revenues	**70.956**	**88.494**	**24,7%**	**39.039**	**51.782**	**32,6%**
Gross Profit	**22.707**	**28.097**	**23,7%**	**13.154**	**16.820**	**27,9%**
Gross Profit Margin	*32,0%*	*31,7%*	*-0,3 pp*	*33,7%*	*32,5%*	*-1,2 pp*
EBIT	**14.824**	**18.895**	**27,5%**	**9.263**	**11.684**	**26,1%**
EBIT Margin	*20,9%*	*21,4%*	*+0,5 pp*	*23,7%*	*22,6%*	*-1,2 pp*
EBITDA	**17.791**	**23.233**	**30,6%**	**10.590**	**13.995**	**32,2%**
EBITDA Margin	*25,1%*	*26,3%*	*+1,2 pp*	*27,1%*	*27,0%*	*-0,1 pp*
Net Profit	**8.461**	**14.439**	**70,7%**	**5.275**	**8.511**	**61,3%**
Net Profit Margin	*11,9%*	*16,3%*	*+4,4 pp*	13,5%	*16,4%*	*+2,9 pp*

Source: *PDP, Finnet, Şeker Invest Research*

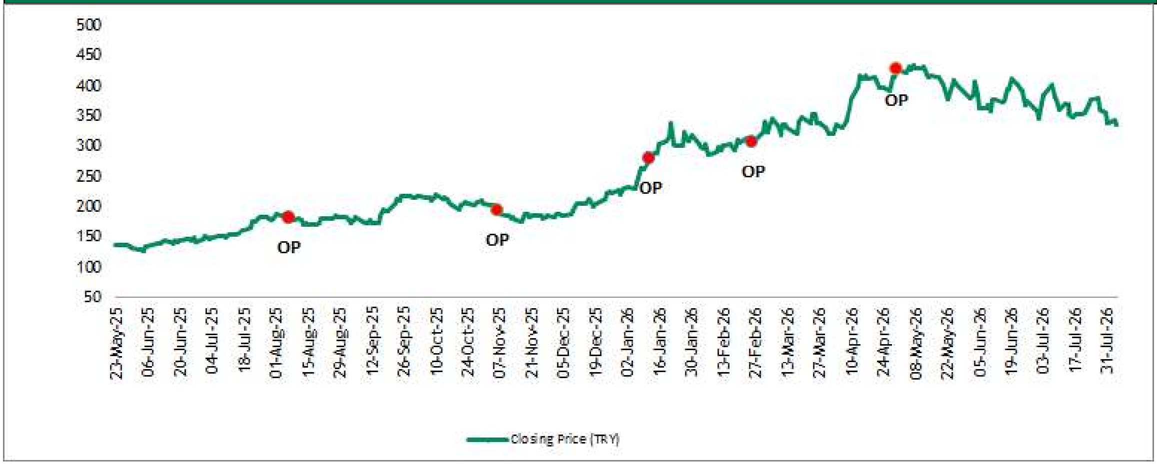
Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	2025/12	2026/06	Change %
PP&E	76.141	86.186	13,2%
Intangibles	43.903	53.707	22,3%
Other Non-Current Assets	182.126	161.090	-11,6%
Trade Receivables	45.760	47.167	3,1%
Cash&Equivalents	34.252	39.469	15,2%
Other Current Assets	126.046	162.129	28,6%
Total Assets	**508.229**	**549.748**	**8,2%**
Long Term Debt	5.921	8.586	45,0%
Other Non current liabilities	57.164	63.634	11,3%
Short Term Debt	15.457	25.398	64,3%
Trade Payables	44.706	37.218	-16,7%
Other current liabilities	88.482	106.387	20,2%
Total Liabilities	211.730	241.223	13,9%
Total Equity	296.499	308.525	4,1%
Total Equity&Liabilities	**508.229**	**549.748**	**8,2%**

INCOME STATEMENT (TRY Mn)	2025/06	2026/06	Change %
Revenues	70.956	88.494	24,7%
COGS	48.249	60.398	25,2%
Gross Profit/(Loss)	22.707	28.097	23,7%
Operating Expenses	7.883	9.202	16,7%
Operating Profit/(Loss)	14.824	18.895	27,5%
Net Other Ope. Rev./(Exp.)	8.239	3.636	-55,9%
Net Investing Activities Gain/(Loss)	269	1.670	521,9%
Financial Income/(Expense)	-7.733	-4.905	N.M.
Gains (losses) on net monetary positions	-18.477	-6.397	N.M.
Profit Before Tax (Loss)	**-3.151**	**12.650**	**N.M.**
Tax	11.620	1.800	-84,5%
Net Profit (Loss)	**8.469**	**14.450**	**70,6%**
Minority Interest	8	11	35,9%
Majority Interest	**8.461**	**14.439**	**70,7%**

Source: *PDP, Finnet, Şeker Invest Research*

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
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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