Aselsan

Strong Financial Performance Above Expectations, Supported by Record Orders and Exports...

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ASELSAN has reported net income attributable to the parent company of TRY 11,227mn in 3Q26, based on its inflation-adjusted consolidated financial statements. The reported net income exceeded our estimate of TRY 9,255mn by 21.3% and the market median expectation of TRY 8,964mn by 25.2%. The Company had recorded net income attributable to the parent company of TRY 6,182mn in 3Q25. Accordingly, net income increased by 81.6% YoY, while the net profit margin improved by 5.0 pp to 19.3%.

The strong increase in net income was driven by a 59.4% rise in operating profit to TRY 15,523mn and the recognition of a tax income of TRY 885mn, compared to a tax expense of TRY 677mn in the same quarter of the previous year. On the other hand, net financial expenses increased from TRY 2,242mn to TRY 4,195mn, reflecting higher borrowing interest expenses and FX losses on bank loans, while the net monetary loss widened from TRY 850mn to TRY 1,194mn. Net FX gains from operating activities increased from TRY 382mn to TRY 2,590mn, supporting operating profit. Therefore, in addition to operational performance, tax and FX effects also played an important role in net income growth.

Net sales revenues increased by 35.1% YoY to TRY 58,063mn, exceeding our estimate of TRY 56,093mn by 3.5% and the market median expectation of TRY 55,166mn by 5.3%.

International sales were the main growth driver, surging by 307% to TRY 10,807mn, with their share in total revenues increasing from 6.2% to 18.6%, while domestic sales rose by 17.2% to TRY 47,256mn. The gross profit margin improved by 1.7 pp to 30.7%, while operating expenses increased by 41.6% to TRY 5,059mn.

EBITDA increased by 50.8% YoY to TRY 16,028mn, supported by the growing contribution of high value-added products and efficiency improvements, exceeding our estimate of TRY 15,145mn by 5.8% and the market median expectation by 11.5%. The EBITDA margin improved by 2.9 pp YoY to 27.6%.

The acceleration in order intake indicators has significantly strengthened medium-term growth visibility. **New contracts signed in the first nine months reached USD 14.0bn, of which USD 9.1bn was secured in the third quarter alone.**

OUTPERFORM
TP: TRY 495.00
Previous: TRY 495.00
Upside: 45.3%

	TRY	US$
Close	340,75	6,86
BIST 100	11.151	224
US$/TRY (CB Bid Rate):	49,6997	
52 Week High:	434,00	9,62
52 Week Low:	175,78	4,17
Bloomberg/Reuters Ticker:	ASELS.TI / ASELS.IS	
Number of Shares (Mn):	4.560	
	(TRY Mn)	US$ Mn)
Current Mcap :	1.553.820	31.281
Free Float Mcap:	403.993	8.133

	1 M	YOY	YTD
TRY Return (%):	-8,5	63,4	47,1
US$ Return (%):	-10,1	37,6	26,9
BIST 100 Relative (%):	5,9	59,0	48,5
Avg. Daily Vol. (TRY Mn):	11.212,8		
Avg. Daily Vol. (US$ Mn):	246,5		
Beta	1,25		
Volatility (Stock)	0,50		
Volatility (BIST 100)	0,24		

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



Backlog increased by USD 7.5bn QoQ to an all-time high of USD 30.7bn, while the book-to-bill ratio rose to 4.4x from 2.5x in the same period of the previous year. New export contracts increased by 34% to USD 1.9bn, while the commissioning of the first phase of the Oğulbey Technology Hub supports the conversion of the growing order backlog into deliveries. Meanwhile, the 228% increase in infrastructure investments to USD 684mn in the first nine months is positive in terms of capacity expansion, although it also raises cash requirements.

On the balance sheet side, financial debt increased from TRY 53,526mn at YE2025 to TRY 87,008mn, while cash and cash equivalents declined from TRY 36,159mn to TRY 31,845mn, resulting in an increase in net financial debt from TRY 17,367mn to TRY 55,163mn. Although the Company generated TRY 22,998mn in operating cash flow during the first nine months, this remained below the TRY 31,258mn recorded in the corresponding period of the previous year. Total cash outflows of TRY 61,585mn for purchases of property, plant and equipment and intangible assets pushed free cash flow into negative territory at approximately TRY 38,587mn. While increasing inventories and prepaid expenses weighed on working capital, order advances received, reaching TRY 60,700mn, partially supported cash flow.

Overall, we assess ASELSAN's 3Q26 results as positive for the share performance, supported by net income and EBITDA exceeding expectations, accelerating export revenues, improving operating margins and a record order backlog. Although the growing order volume and newly commissioned capacity investments support the Company's medium- to long-term growth potential, rising financial debt, substantial capital expenditures and negative free cash flow should be closely monitored.

We maintain our 12-month target price of TRY 495.00 per share and reiterate our "OUTPERFORM" recommendation, as our target price implies a 45.3% upside potential relative to the closing share price on October 27, 2026.

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

TRY Million	9M25	9M26	YoY	3Q25	3Q26	YoY
Revenues	117.890	151.486	28,5%	42.983	58.063	35,1%
Gross Profit	36.439	47.496	30,3%	12.468	17.835	43,0%
Gross Profit Margin	*30,9%*	*31,4%*	*+0,4 pp*	*29,0%*	*30,7%*	*+1,7 pp*
EBIT	24.545	32.723	33,3%	8.895	12.776	43,6%
EBIT Margin	*20,8%*	*21,6%*	*+0,8 pp*	*20,7%*	*22,0%*	*+1,3 pp*
EBITDA	29.408	40.555	37,9%	10.626	16.028	50,8%
EBITDA Margin	*24,9%*	*26,8%*	*+1,8 pp*	*24,7%*	*27,6%*	*+2,9 pp*
Net Profit	15.115	26.471	75,1%	6.182	11.227	81,6%
Net Profit Margin	*12,8%*	*17,5%*	*+4,7 pp*	14,4%	*19,3%*	*+5,0 pp*

Source: *PDP, Finnet, Şeker Invest Research*

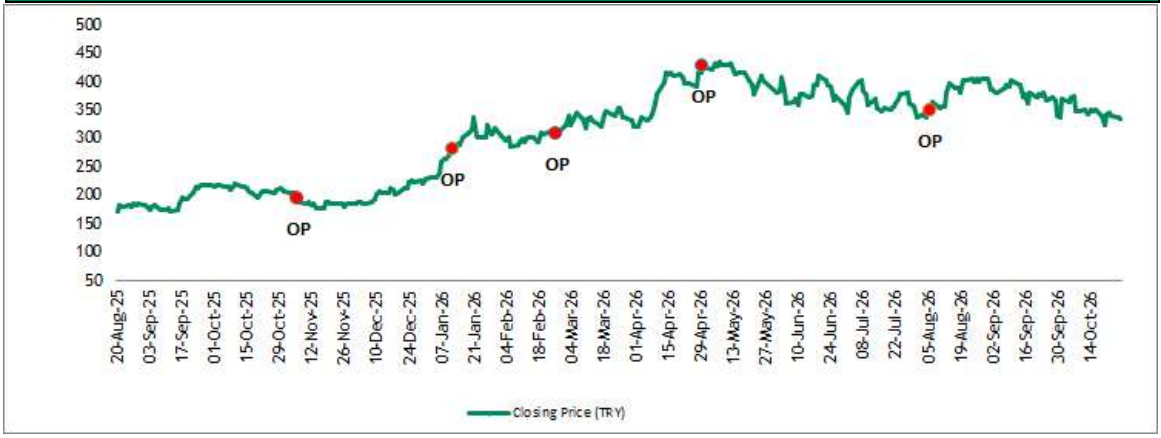
Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	2025/12	2026/09	Change %
PP&E	80.382	103.471	28,7%
Intangibles	46.348	65.403	41,1%
Other Non-Current Assets	192.269	168.696	-12,3%
Trade Receivables	48.309	59.112	22,4%
Cash&Equivalents	36.159	31.845	-11,9%
Other Current Assets	133.065	190.343	43,0%
Total Assets	**536.532**	**618.871**	**15,3%**
Long Term Debt	6.251	18.911	202,5%
Other Non current liabilities	60.347	65.937	9,3%
Short Term Debt	16.318	25.689	57,4%
Trade Payables	47.196	51.961	10,1%
Other current liabilities	93.410	116.305	24,5%
Total Liabilities	223.521	278.803	24,7%
Total Equity	313.011	340.068	8,6%
Total Equity&Liabilities	**536.532**	**618.871**	**15,3%**

INCOME STATEMENT (TRY Mn)	2025/09	2026/09	Change %
Revenues	117.890	151.486	28,5%
COGS	81.451	103.990	27,7%
Gross Profit/(Loss)	36.439	47.496	30,3%
Operating Expenses	11.894	14.773	24,2%
Operating Profit/(Loss)	24.545	32.723	33,3%
Net Other Ope. Rev./(Exp.)	9.540	6.586	-31,0%
Net Investing Activities Gain/(Loss)	392	2.310	489,1%
Financial Income/(Expense)	-10.405	-9.374	N.M.
Gains (losses) on net monetary positions	-20.355	-7.947	N.M.
Profit Before Tax (Loss)	**3.443**	**23.565**	**584,5%**
Tax	11.590	2.785	-76,0%
Net Profit (Loss)	**15.033**	**26.350**	**75,3%**
Minority Interest	-82	-121	N.M.
Majority Interest	**15.115**	**26.471**	**75,1%**

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
05-Agu-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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