

# Aselsan

25/02/2026

## Review of 4Q25 Financials

**BUY**

**Upside Potential 30%**

**We expect a positive market reaction to Aselsan's strong 4Q25 results, driven by a massive 60% beat on net income and an 11% beat on EBITDA.**

**Strong set of 4Q25 results.** Well above the expectations (Is Inv: TL10.83bn; Consensus: TL11.15bn), Aselsan recorded net earnings of TL17.79bn in 4Q25, up by 55% YoY, on the back of stronger operational performance and higher monetary gains despite elevated non-cash tax expenses. The deviation from our estimate was mainly attributable to better-than-expected operational income and significantly higher monetary gains. In line with the estimates (Is Inv: TL83.1bn; Consensus: TL83.0bn), Aselsan generated TL85.6bn revenues in 4Q25, up by 17% YoY. Gross margin rose slightly by 0.1 ppt YoY to 32.8% in 4Q25 while op-ex/sales ratio improved by 0.4 ppt YoY to 7.1% in 4Q25. Beating the expectations, EBITDA was realized at TL23.7bn in 4Q25 (Is Inv: TL21.6bn; Consensus: TL21.3bn), up by 21% YoY, registering an EBITDA margin of 27.7% in 4Q25, up by 0.8 ppt YoY.

**Positive FCF supported by higher advances received.** Despite significantly higher cap-ex (2025: US\$912mn vs. 2024: US\$589mn), free cash flow improved markedly to US\$237mn in 2025 from US\$38mn in 2024, supported by stronger operating performance and a significant increase in advances received. Net debt declined to US\$325mn at 2025-end from US\$452mn at 2024-end. Working capital/sales ratio improved to 70.3% in 2025 from 81.3% in 2024, with net advances received increasing to US\$830mn in 2025 from US\$252mn in 2024 playing a key role in this improvement. Notably, as above-peer working capital requirements ease, OCF/EBITDA improved from 52% in FY23 to 74% in FY24 and reached 104% in 2025, leaving net debt around 0.3x EBITDA as of 2025-end, a comfortable leverage position given the active CapEx cycle.

**Record-high backlog continues to grow.** The backlog stands at US\$20.4bn as of 4Q25-end, compared to US\$17.9bn as of 3Q25-end and US\$14.0bn as of 4Q24-end. New contract awards reached US\$9,573mn in 2025, significantly higher than US\$6,545mn in 2024. Book-to-bill ratio stands at 2.2x for 2025 (2024: 2.0x), supporting backlog growth. New contracts awarded from international clients reached US\$2,069mn in 2025 compared to US\$1,017mn in 2024, marking a 103% increase YoY. International contracts share rose from 15.5% of new orders in 2024 to 21.6% in 2025, demonstrating accelerating export penetration.

**Solid performance in 2025, exceeding the guidance.** The company exceeded its initial 2025 guidance for revenues and EBITDA margin: real revenue growth of 15% vs. above 10% guidance and EBITDA margin of 26.2% vs. above 23% guidance. Cap-ex amounted to TL38.9bn, significantly above the initial guidance of above TL20bn. For 2026, company management guides above 10% real revenue growth, above 24% EBITDA margin, and above TL50bn cap-ex. The first phase of the Oğulbey Technology Base, which will expand the existing 5,000-acre operating area to 11,500 acres upon full completion, is expected to become operational in 2Q26.

Stock Data	TL
Price	309.00
Target Price	402.00
Prev.TP	402.00
Mcap (mn)	1,409,040
Float Mcap (mn)	363,251
Avg.Daily Volume (3M, mn)	7070.7
No. of Shares Outstanding (mn)	4,560
Free Float (%)	26
Foreign Share (%)	54

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	-0.5	33.4	269.4
US\$	-1.5	30.5	206.8
Rel.to BIST-100	-7.2	6.9	151.8

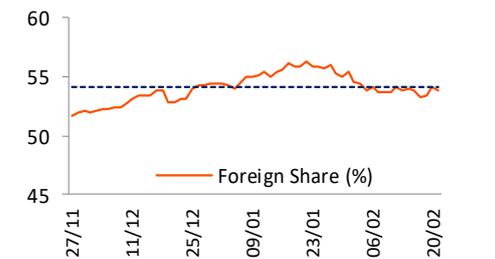
Multiples (\$)	2025	2026	2027
P/E	45.6	25.5	18.0
P/BV	7.1	6.1	4.9
EV/EBITDA	28.7	23.2	17.9

### Price / Relative Price



3M Range (Close TL)	183.40	336.75
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Foreign Share (%)	Cur.(%) :	53.82
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**We expect a positive market reaction to Aselsan's strong 4Q25 results, driven by a massive 60% beat on net income and an 11% beat on EBITDA.** We reiterate our 12-month PT of TL402/share for ASELS along with our BUY rating, and the stock remains in our model portfolio. Following a stellar 220% gain in 2025, the stock has risen 33% year-to-date in 2026. We believe the global defense theme remains intact for 2026 and continue to favor the stock, as Aselsan’s substantially superior growth and margin profile relative to peers justifies its current valuation. According to our estimates, ASELS shares trade at 23.2x 2026E and 17.9x 2027E EV/EBITDA multiples, representing modest premiums of 5% and 6% to international peers, respectively. However, on an adjusted earnings basis, the shares offer a significantly deeper discount; the 2026E and 2027E P/E multiples imply attractive discounts of 27% and 28% when net profit is adjusted for inflation accounting-related effects.

**Valuation.** We derive our target price using a weighted methodology combining DCF (50%), EV/EBITDA peer multiples (25%), and P/E peer multiples (25%). For our peer-based valuation, we utilize 2026E multiples. We apply a 22.0x target EV/EBITDA multiple to our 2026E EBITDA forecast of US\$1,365mn, yielding a valuation of US\$30.4bn. Our P/E-based valuation, using a 32.0x target P/E multiple on our 2026E net income forecast of US\$1,174mn, adjusted for inflation accounting-related impacts, results in a valuation of US\$42.2bn. Our DCF model, predicated on an average WACC of 10.0% and 5% terminal growth rate, yields a target equity value of US\$36.3bn. Weighting these components 50/25/25 results in a blended target market capitalization of US\$36.3bn. Based on our house forecast of 50.5 for 2026-YE USD/TRY, we derive a target price of TL402/sh. According to Bloomberg consensus estimates, international peers are expected to deliver a median US\$-based revenue CAGR of around 12% over the 2025–2028 period, whereas we forecast Aselsan to generate a materially higher CAGR of 28% over the same timeframe, positioning the company as a clear growth outlier within its peer group.

**Peer Comparison**

Company	P/E		EV/EBITDA		EBITDA Margin 25E	Sales CAGR 25E-28E
	26E	27E	26E	27E		
BAE SYSTEMS	26.0	23.1	15.6	14.4	14%	7%
THALES SA	22.8	20.2	13.7	12.2	17%	8%
ELBIT SYSTEMS	53.6	47.1	32.9	29.7	11%	8%
NORTHROP GRUMMAN	26.1	24.4	18.4	17.3	14%	5%
BHARAT ELECTRON	52.6	44.5	39.5	33.5	26%	15%
LEONARDO SPA	25.8	22.0	13.3	12.0	13%	8%
LEONARDO DRS INC	35.7	32.1	22.9	20.9	12%	6%
SAAB AB-B	45.6	36.2	25.9	21.2	14%	20%
HENSOLDT AG	43.5	33.6	20.0	16.6	18%	15%
RHEINMETALL AG	43.5	29.1	24.6	16.9	21%	34%
KONGSBERG GRUPP	38.9	29.4	27.7	21.5	17%	21%
LIG NEX1 CO LTD	30.6	22.0	20.8	15.8	12%	20%
<b>Peer Median</b>	<b>37.3</b>	<b>29.3</b>	<b>21.9</b>	<b>17.1</b>	<b>14%</b>	<b>12%</b>
<b>ASELSAN - Consensus</b>	<b>29.7</b>	<b>15.6</b>	<b>19.9</b>	<b>13.8</b>	<b>26%</b>	<b>51%</b>
<b>ASELSAN - Is Investment</b>	<b>27.4</b>	<b>21.0</b>	<b>23.2</b>	<b>17.9</b>	<b>26%</b>	<b>28%</b>
<b>Prem. / (Disc.)</b>	<b>(27%)</b>	<b>(28%)</b>	<b>6%</b>	<b>5%</b>	-	-

Source: Bloomberg & Is Investment Estimates

**Aselsan**

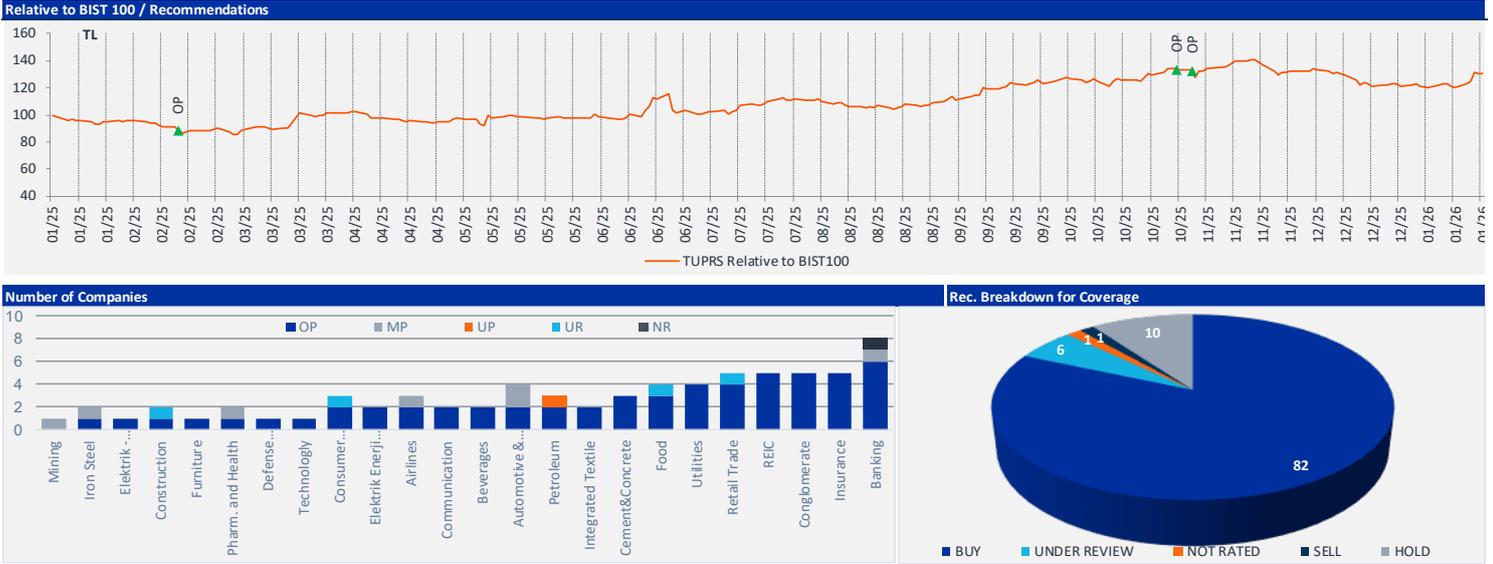
Shareholder Structure (%)	Company Description
TSKGV	74.2
Other	25.8

Aselsan was established in 1975 by the Turkish Armed Forces Foundation (TAFF) in order to meet the communication needs of the Turkish Armed Forces and the Company has evolved from a military communication product provider to a leading R&D house and high-technology manufacturer and integrator of a comprehensive range of advance technology systems both in defense and non-defense industries.

**Financial Highlights**

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	TL mn	12 Month Period			Quarterly			Cons.	IS Inv.
		2025	2024	YoY ?	4Q25	4Q24	YoY ?	4Q25E	4Q25E
<b>Revenues</b>	<b>180,445</b>	<b>157,340</b>	<b>15%</b>	<b>85,614</b>	<b>72,884</b>	<b>17%</b>	<b>83,019</b>	<b>83,074</b>	
<b>Gross Profit</b>	<b>57,427</b>	<b>49,946</b>	<b>15%</b>	<b>28,116</b>	<b>23,835</b>	<b>18%</b>			
<i>Gross Margin</i>	<i>31.8%</i>	<i>31.7%</i>	<i>0.1ppt</i>	<i>32.8%</i>	<i>32.7%</i>	<i>0.1ppt</i>			
<b>Op-ex</b>	-15,647	-14,690	7%	-6,079	-5,484	11%			
<i>Op-ex/Sales</i>	<i>-8.7%</i>	<i>-9.3%</i>	<i>0.7ppt</i>	<i>-7.1%</i>	<i>-7.5%</i>	<i>0.4ppt</i>			
<b>EBIT</b>	41,780	35,256	19%	22,037	18,351	20%			
<b>EBITDA</b>	<b>47,329</b>	<b>39,574</b>	<b>20%</b>	<b>23,674</b>	<b>19,550</b>	<b>21%</b>	<b>21,317</b>	<b>21,621</b>	
<i>EBITDA Margin</i>	<i>26.2%</i>	<i>25.2%</i>	<i>1.1ppt</i>	<i>27.7%</i>	<i>26.8%</i>	<i>0.8ppt</i>	<i>25.7%</i>	<i>26.0%</i>	
<b>Financial Inc. (Exp.), net</b>	-9,817	-6,817	44%	-1,447	74	n.m.			
<b>Monetary Gain/Loss</b>	-13,552	-18,154	-25%	2,822	-3,602	n.m.			
<b>PBT</b>	<b>26,391</b>	<b>10,819</b>	<b>144%</b>	<b>23,621</b>	<b>12,213</b>	<b>93%</b>			
<i>PBT Margin</i>	<i>14.6%</i>	<i>6.9%</i>	<i>7.7ppt</i>	<i>27.6%</i>	<i>16.8%</i>	<i>10.8ppt</i>			
<b>Tax Inc./Exp.</b>	3,527	9,106	-61%	-5,796	-737	686%			
<b>Net Income</b>	<b>29,950</b>	<b>20,025</b>	<b>50%</b>	<b>17,791</b>	<b>11,482</b>	<b>55%</b>	<b>11,146</b>	<b>10,831</b>	
<i>Net Margin</i>	<i>16.6%</i>	<i>12.7%</i>	<i>3.9ppt</i>	<i>20.8%</i>	<i>15.8%</i>	<i>5.0ppt</i>	<i>13.4%</i>	<i>13.0%</i>	

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