

aselsan

2020 1st Quarter Earnings Release

June 2, 2020

ASELSAN Completes the First Quarter with Strong Growth

ASELSAN's financial results for the first quarter of 2020 have been announced. The company maintained the growth trend in sales in the first quarter of 2020 as well. ASELSAN's 3-month sales grew by 30% compared to the same period last year and reached 2.6 Billion TL.

The first quarter of the year was a period in which the increase in profitability indicators exceeded growth in sales. While the company's gross profit increased by 61% compared to the first quarter of last year; Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) also increased by 57% compared to the same period of last year and reached 621 Million TL. EBITDA margin exceeded the 20-22% range, which is the company's guidance for the end of the year, reaching to 23.9%. ASELSAN's net profit increased by 46% compared to the same period of the previous year and reached the level of 920 Million TL.

ASELSAN continued to add new products to its portfolio in both defense and non-defense areas in 2020 and to receive new orders within this framework. In the first quarter of 2020, the amount of orders received was 350 million USD and the backlog stood at 9.7 Billion USD.

“We Work by Looking out for the Whole Ecosystem”

ASELSAN Chairman, President and CEO Prof. Dr. Haluk GÖRGÜN stated the following in his evaluation of the company's financial results for the first quarter of 2020:

“We completed the first quarter of 2020, where the world is going through a difficult period, with strong sales and profitability rates. Our equity, which has reached 14.5 Billion TL as of the end of the first quarter of 2020, constitute 55% of our balance sheet. Our equity is very strong compared to similar companies operating in the international arena and many industrial companies in our country. As ASELSAN, we sustain our profitability by supporting our equity with effective working capital and cash management strategies. In this way, we have maintained both our growth and profitability in the last few years, which have been difficult for many sectors in the financial sense; we also managed to keep our debt at the lowest levels.

We are confident that we will realize our guidance for the end of 2020, with a 40-50% increase in sales and 20-22% EBITDA margin.

Since the beginning of 2020, we have implemented every step that can be taken to financially support our stakeholders and suppliers. In this context, we have contributed to the continuity of our suppliers by paying approximately 5 Billion TL to our suppliers until this day. As ASELSAN, we realized our initiatives in this challenging period by keeping our net cash position at the end of the first quarter of the year. ”

ASELSAN is Ready for Post-Pandemic Period

“We took all necessary precautions in the crisis period for the continuity and sustainability of production and design in all our areas of strategic importance. We have successfully managed this process in accordance with the decisions taken and the directions made by our Ministry of Health and other institutions, especially our Presidency, quickly and early. Thanks to the continuity of our government's uninterrupted work with devotion, we kept the stable course of our backlog by receiving new orders as much as our sales in the first quarter of the year.

We are expanding our 45 years of experience in the field of defense technologies every day. Achieving this growth with a healthy profitability enables us to increase our contributions to the Turkish defense industry day by day and to transfer this experience to non-defense areas such as health, energy and finance. We work hard to reduce the dependency of our country abroad in every field that our competencies allow.

These challenging days have revealed how important it is for both countries and companies to be self-sufficient. In this period, we also accelerated our nationalization efforts. As the public closely follows, we will soon offer many of our designs that will turn into products, especially in the field of health. As ASELSAN, we continue our journey with the mission of both adding more value to our country and being a company that creates trust worldwide and responds to the needs of allied countries in defense and non-defense areas.”

2020 1Q Financial Highlights

(Million TL)

Balance Sheet Items	Mar'20	Dec'19	Δ%	Balance Sheet Items	Mar'20	Dec'19	Δ%
Current Assets	14.074	13.976	1	Liabilities	11.750	12.064	-3
Non-Current Assets	12.170	11.657	4	Equity	14.494	13.569	7
Total Assets	26.244	25.633	2	Liabilities and Equity	26.244	25.633	2

(Million TL)

Income Statement Items	Mar'20	Mar'19	Δ%
Revenue	2.595	1.998	30
Gross Profit	752	466	61
<i>Gross Profit Margin</i>	<i>%29</i>	<i>%23,3</i>	-
Operating Profit (EBIT)	555	344	61
<i>Operating Profit Margin (EBIT)</i>	<i>%21,4</i>	<i>%17,2</i>	-
EBITDA	621	395	57
<i>EBITDA Margin</i>	<i>%23,9</i>	<i>%19,8</i>	-
Net Profit	920	630	46
<i>Net Profit Margin</i>	<i>%35,5</i>	<i>%31,5</i>	-

- ✓ Revenues are 2.595 Million TL and increased by 30% compared to the same period of the previous year.
- ✓ The newly signed contracts reached 349 Million USD and the backlog is 9.652 Million USD.
- ✓ Total assets increased by 2% compared to the year-end and reached 26.244 Million TL.
- ✓ EBITDA is 621 Million TL and increased by 57% compared to the same period of the previous year.
- ✓ Gross profit margin was 29% and increased 570 bp compared to the same period of the previous year.
- ✓ Return on Assets (ROA) is 16%. (December 2019: 16%)
- ✓ Asset Turnover Rate was 59%.
- ✓ Revenue per employee is 296 Thousand USD.
- ✓ Operating profit per employee is 61 Thousand USD.

2020 Guidance

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Increase in Revenues (TL)	40% - 50%
EBITDA Margin	20% - 22%
CAPEX	1.500 Million TL

ASELSAN financial reports can be accessed through the link:

<https://www.aselsan.com.tr/en-us/InvestorRelations/financial-data/Pages/Financial-Reports.aspx>

ASELSAN investor presentations can be accessed through the link:

<https://www.aselsan.com.tr/en/investor-relations/financial-data/investor-presentations>

CONTACT

Address

ASELSAN Elektronik Sanayi ve Ticaret A.Ş.
Mehmet Akif Ersoy Mah. 296. Cad. No:16
06200 Yenimahalle, Ankara
Phone: +90 850 828 1 828

E-Mail

aselsan.ir@aselsan.com.tr

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