

**aselsan**

2020 1<sup>st</sup> Half Earnings Release

August 18, 2020

## **ASELSAN COMPLETED THE FIRST-HALF OF 2020 WITH HIGH PROFITABILITY**

**2020 first-half financial results of ASELSAN have been announced. ASELSAN reached the highest first- half year profit of all time with TL 1.8 Billion. The company's revenue increased by 13% and reached 5.2 Billion TL.**

Having closed 2019 with strong profitability indicators; ASELSAN continued its positive momentum in profitability indicators in the first six months of 2020. The company's gross profit increased by 38% compared to the same period of the previous year. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) also increased by 35% to TL 1,274 Million. The EBITDA margin reached 24.4%, exceeding the 20-22% range, which was the company's forecast for the end of the year. With these results, ASELSAN managed to achieve the best first-half year profit of all time.

Strong profitability also continued to feed ASELSAN's equity growth. The company's equity increased by 11% compared to the end of the year and exceeded 15 Billion TL. The ratio of equity to assets, which was 53% at the end of 2019, rose to 56% in the first half of the year.

ASELSAN Chairman, President and CEO Prof. Dr. Haluk GÖRGÜN evaluated the financial results of the company for the first half of the year:

“Coronavirus pandemic has changed both social and commercial life all over the world in the first half of 2020. Serious disruptions and contractions have occurred in the production and sales volumes of companies, especially in the supply chain, during this period. On the other hand, the pandemic period has been a period in which companies were tested against how prepared they were for such crisis periods. From the first moment the effects of the pandemic were seen, ASELSAN took effective steps towards the management of this process by taking very fast decisions both within the company and on behalf of all its external stakeholders, including its suppliers. In this process, we have determined the uninterrupted continuity of our activities by considering the health of our employees as the first priority. This business continuity has been provided by strictly fulfilling all the directives of our Ministry of Health and all related organizations regarding the pandemic. Thanks to the measures we have taken, ASELSAN has become the first defense industry company to qualify for COVID-19 Safe Production / Safe Service Certification by fulfilling all the standards set by the Turkish Standards Institute”.

Turkey has been one of the best countries in the world that manages and keeps pandemic effect to minimum. In this process, ASELSAN became one of the members of the consortium for national ventilator production initiated under the leadership of our Ministry of Industry and Technology and our Ministry of Health. At the first stage, 5,000 devices were manufactured and the needs of our country are met. The export of the device to various countries around the world still continues. "

### **511 Million Dollars of New Orders in First Half of the Year**

ASELSAN, which succeeded in eliminating the negative effects of the pandemic by continuing its activities without interruption, managed to receive new orders of 511 Million Dollars in the first-half of 2020. Prof. Dr. GÖRGÜN stated that "10% of the orders are sourced from foreign customers. This is important for the continuation of international marketing activities without any interruption and showing the competitiveness of ASELSAN products." ASELSAN's total backlog reached 9.5 Billion Dollars as of the end of the first half, while 94% of the backlog were defense and 6% non-defense orders. Prof. Dr. GÖRGÜN stressed that ASELSAN will continue its contributions to the Turkish defense industry and to transfer this experience to non-defense areas such as health, energy and finance.

### **Support to Defense Ecosystem from ASELSAN with 7 Billion TL**

Prof. Dr. Haluk GÖRGÜN said that, "By emphasizing that the sustainability of the defense industry ecosystem is one of the main priorities of ASELSAN, there was no disruption in the procurement processes during the pandemic period". The company continued to place new orders for its more than 5,000 suppliers.

Since the beginning of the year, more than 7 Billion TL has been paid to suppliers, ensuring the continuity of the production wheel in the sector. In April 2020, as an indication of the uninterrupted continuity of activities, the "Powerful Together" platform was launched for ASELSAN's suppliers. With this platform, activities such as bidding, quality, product supply, trainings, inspection processes, supplier scorecards and announcements were carried out without interruption.

### **ASELSAN, the 48<sup>th</sup> Biggest Defense Company of the World**

ASELSAN continued to rise steadily every year in the list of the world's biggest defense industry companies (Defense News Top 100), in which it was first included as the 97<sup>th</sup> in 2008. Prof. Dr. Haluk GÖRGÜN; "One of ASELSAN's strategic goals, to become one of the world's top 50 defense companies, has become real." He said that ASELSAN is ranked as the 48<sup>th</sup> biggest defense company in the world in the "Defense News 2020" list. Stating that they see this as the result of a growth strategy spread over a long period of time, Prof. Dr. GÖRGÜN; " We are very pleased to see that ASELSAN's strong balance sheet structure, profitability and turnover progress has reached a level that can compete with the world's big companies."

### **ASELSAN continued it's rise in ISO 500**

In "Turkey's Top 500 Industrial Enterprises"" list which was prepared by the Istanbul Chamber of Industry (ISO), ASELSAN rose 4 levels up and has become 11th. The company is listed as the 1st with the highest EBITDA and has taken the first place in Turkey among the companies located in Ankara.

### **ASELSAN is also a Pioneer in Employment Increase**

ASELSAN continued to implement its employment plans in the first half of 2020 without compromise. In this context, 732 people were hired in the first six months of 2020. The total number of employees of the company reached 8,279 people, including new hires. Prof. Dr. Haluk GÖRGÜN; "We consider human capital as the most valuable asset of our company. There was no change in our employment policies in 2020 and we continued recruitment in compliance with our targets. ASELSAN's 6-year first place was once again registered in the Most Attractive Employers Survey in Engineering and IT, organized by Universum, in which 54,597 students from 55 universities participated. We are confident that ASELSAN will continue its leadership in its sector and will continue to be one of the most preferred companies in the coming years, thanks to the investments we have made in the development of our human assets.

As ASELSAN, we completed the first half of 2020 with extremely successful results, with our solid business model, competent human resources, effective working capital management and strong balance sheet structure. Our results confirm our year end guidance of 40-50% increase in turnover and 20-22% EBITDA margin.

I would like to take this opportunity to thank our precious human assets, who work uninterruptedly with great devotion, and all our stakeholders."

## 2020 1H Financial Highlights

(Million TL)

Balance Sheet Items	June'20	Dec'19	Δ%	Balance Sheet Items	June'20	Dec'19	Δ%
Current Assets	14.954	13.976	7	Liabilities	11.929	12.064	-1
Non-Current Assets	12.056	11.657	3	Equity	15.081	13.569	11
Total Assets	27.010	25.633	5	Liabilities and Equity	27.010	25.633	5

(Million TL)

Income Statement Items	June'20	June'19	Δ%
Revenue	5.231	4.624	13
Gross Profit	1.555	1.126	38
<i>Gross Profit Margin</i>	<i>29,7%</i>	<i>24,3%</i>	-
Operating Profit (EBIT)	1.138	841	35
<i>Operating Profit Margin (EBIT)</i>	<i>21,8%</i>	<i>18,2%</i>	-
EBITDA	1.274	947	35
<i>EBITDA Margin</i>	<i>24,4%</i>	<i>20,5%</i>	-
Net Profit	1.848	1.335	38
<i>Net Profit Margin</i>	<i>35,3%</i>	<i>28,9%</i>	-

- ✓ Revenues are 5.231 Million TL and increased by 13% compared to the same period of the previous year.
- ✓ The newly signed contracts reached 511 Million USD and the backlog is 9.5 Million USD.
- ✓ Total assets increased by 5% compared to the year-end and reached 27.010 Million TL.
- ✓ EBITDA is 1.274 Million TL and increased by 35% compared to the same period of the previous year.
- ✓ Gross profit margin was 29,7% and increased 538 bp compared to the same period of the previous year.
- ✓ Return on Assets (ROA) is 16% (December 2019: 15%).
- ✓ Asset Turnover Rate was 57% (December 2019: 58%).
- ✓ Revenue per employee is 256 Thousand USD.

## 2020 Guidance

	2020 Guidance
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/investor-relations/financial-data/financial-reports>

**ASELSAN investor presentations can be accessed through the link:**

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

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