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Kardemir

The results are close to our expectations

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According to inflation-accounting provisions (IAS-29), Kardemir reported a net profit of TRY 1,481mn in line with our TRY 1,209mn loss expectation and worse than the market's TRY 165mn loss expectations (1Q24: TRY 1,149mn loss) in 1Q25. As a result of high costs and operational expenses, a limited operating profit of TRY 415mn was recorded. With the addition of net other expenses of TRY 931mn, net financial expenses of TRY 144mn, and tax expenses of TRY 990mn, a net loss was recorded. A monetary gain of TRY 134mn was booked in this quarter..

In 1Q25, Kardemir booked TRY 14,413mn in revenues (1Q24: TRY 16,861mn -15% YoY), including inflation-accounting provisions (IAS-29). Our expectation was TRY 14,105mn and the market's was TRY 13,958mn. The sales volume of 600k tons rose by 13% YoY (1Q24: 563k tons) and matched our 600k tons expectation. Despite the increase in sales volume, weak product prices contributed to the decrease in revenues.

Due to high raw material costs, the gross profit margin narrowed both year-on-year and quarter-on-quarter, standing at 5% (1Q24: 9.6%, 4Q24: 6.2%). The company printed a TRY 1,111mn EBITDA for 1Q25, slightly above our TRY 1,244mn expectation and the market's TRY 1,005mn estimate (1Q24: 1,978mn). The EBITDA margin was 7.7% and EBITDA per ton was USD 48, in line with our USD 46 estimate.

The net debt position increased: The net debt position slightly rose to TRY 5,046mn at the end of 2025/03 from TRY 2,052mn at the end of 2024.

➤ In line with the 1Q25 financial results and our expectations, we maintain our 12-month target price for KRDMD for TRY 37.99/share. We maintain our OUTPERFORM recommendation as our target price has %58 upside potential compared to the stock's latest closing price.

Risks... A further slowdown in China's real estate sector, plus higher raw material costs and weaker product prices than we expect are the main downside risk factors for our valuation.

OUTPERFORM
TP: TRY 37.99
Previous TP: TRY 37.99
Upside: 58%

	TRY	US\$
Close	23,98	0,62
BIST 100	9.391	243
US\$/TRY (CB Bid Rate):	38,64	
52 Week High:	33,86	1,00
52 Week Low:	22,30	0,59
Bloomberg/Reuters Ticker:	KRDMD.TI / KRDMD.IS	

Number of Shares (Mn):	780,2	
	(TRY Mn)	(US\$ Mn)
Current Mcap:	18.710	485
Free Float Mcap:	16.652	432

	1 M	YOY	YTD
TRY Return (%):	-4,1	-12,7	-11,5
US\$ Return (%):	-5,6	-27,1	-19,2
BIST 100 Relative (%):	-5,3	-4,6	-7,4
Avg. Daily Vol. (TRY Mn):	1.411,63		
Avg. Daily Vol. (US\$ Mn):	40,78		

Beta	1,18
Volatility (Stock)	0,41
Volatility (BIST 100)	0,25

Shareholder Structure	%
Kardemir Group A	21,1
Kardemir Group B	10,5
Kardemir Group D	68,4
Total	100,0

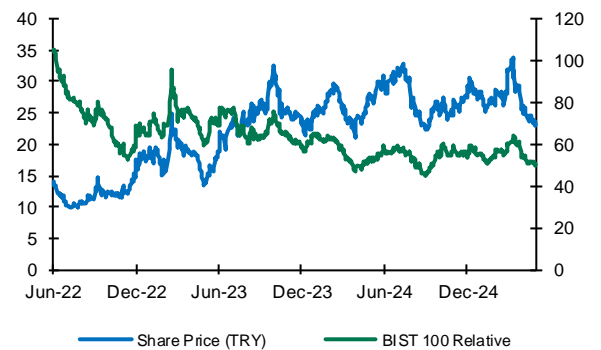


Figure 1: Financials (Including IAS-29)

TRY Million	1Q24	1Q25	YoY	4Q24	YoY
Revenues	16.861	14.413	-14,5%	20.764	-30,6%
Gross Profit	1.617	716	-55,7%	1.279	-44,0%
<i>Gross Profit Margin</i>	<i>9,6%</i>	<i>5,0%</i>		<i>6,2%</i>	
EBIT	1.332	415	-68,8%	802	-48,2%
<i>EBIT Margin</i>	<i>7,9%</i>	<i>2,9%</i>		<i>3,9%</i>	
EBITDA	1.978	1.111	-43,9%	1.128	-1,6%
<i>EBITDA Margin</i>	<i>11,7%</i>	<i>7,7%</i>		<i>5,4%</i>	
Net Profit	-1.149	-1.481	N.M.	129	N.M.
<i>Net Profit Margin</i>	<i>-6,8%</i>	<i>-10,3%</i>		<i>0,6%</i>	

Source: Finnet, Seker Invest Research

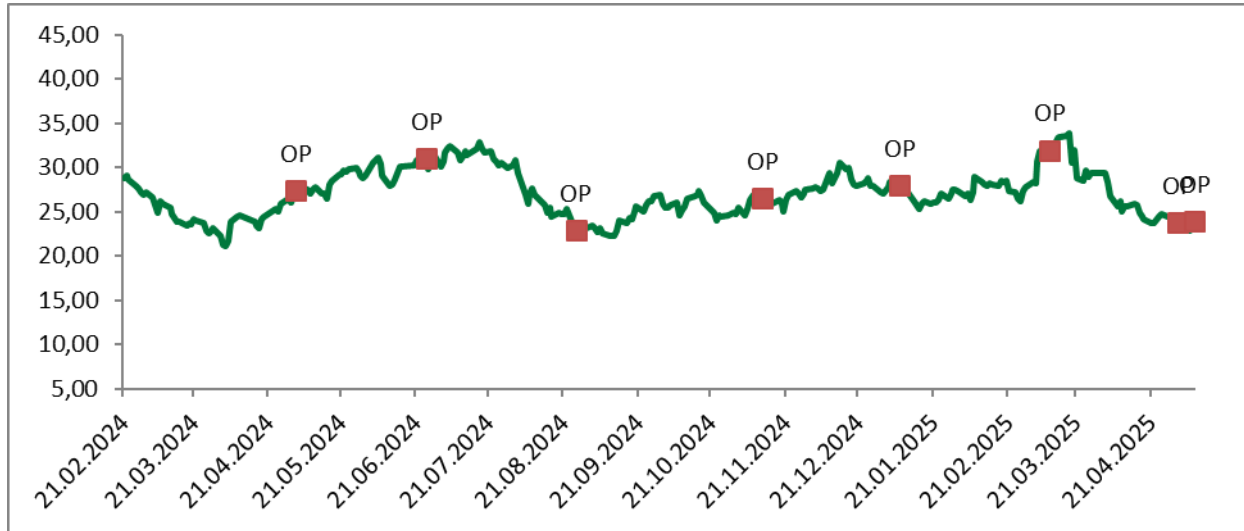
Figure 2: Key financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2024/12	2025/03	Chg%
PP&E	54.921	54.820	18
Intangibles	288	296	3
Other Non-Current Assets	529	561	6
Trade Receivables	5.196	6.088	17
Cash&Equivalents	3.076	2.595	(16)
Other Current Assets	26.164	23.928	(9)
Total Assets	90.174	88.287	(2)
Long Term Debt	364	1.220	235
Other Non current liabilities	6.835	7.828	15
Short Term Debt	3.789	5.791	53
Trade Payables	17.021	12.043	(29)
Other Current Liabilities	5.554	6.338	14
Total Liabilities	33.562	33.219	(1)
Total Equity	56.612	55.068	(3)
Total Equity&Liabilities	90.174	88.287	(2)

INCOME STATEMENT (TRY Mn)	2024/12	2024/03	2025/03	Chg%
Net Sales	62.186	16.860	14.413	(15)
COGS	58.825	15.243	13.697	(10)
Gross Profit/(Loss)	3.360	1.617	716	(56)
Operating Expenses	1.218	285	301	5
Operating Profit/(Loss)	2.142	1.332	415	(69)
Net Other Operational Gain/(Loss)	(3.310)	(1.367)	(931)	N.M.
Income/(Loss) from Investing Activities	26	3	19	626
Financial Income/(Expense)	(1.184)	(541)	(143)	N.M.
Monetary Gain/Loss	2.877	625	134	(79)
Share of profit of equity accounted investments	72	9	14	55
Profit Before Tax (Loss)	(1.565)	(551)	(491)	N.M.
Tax	1.771	598	990	66
Net Profit/(Loss)	(3.336)	(1.149)	(1.481)	N.M.
Minority Interest	0	0,0020	0,0005	(74,8)
Parent Equity	(3.336)	(1.149)	(1.481)	N.M.

Source: Finnet, Seker Invest

Historical Recommendations and target prices



Date	Rec	Target Price (TRY)
2-May-24	Outperform (OP)	43.62
25-Jun-24	Outperform (OP)	43.62
26-Aug-24	Outperform (OP)	43.62
11-Nov-24	Outperform (OP)	39.15
7-Jan-25	Outperform (OP)	40.79
10-Mar-25	Outperform (OP)	40.79
2-May-25	Outperform (OP)	37.99
12-May-25	Outperform (OP)	37.99

KRDMD

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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