Erdemir

Bottom-line Exceeded Expectations…

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Erdemir reported a net profit of TRY 1,307mn in 2Q25, exceeding the market median estimate of TRY 781mn and our forecast of TRY 502mn by 67% and 160%, respectively, yet down 70.2% YoY (2Q24: TRY 4,386mn). The positive deviation from expectations was mainly driven by higher net financial income and lower tax expenses.

In 2Q25, Erdemir generated sales revenues of TRY 41,413mn (down 17.9% YoY; 2Q24: TRY 50,470mn), falling short of both our estimate of TRY 47,154mn and the market median estimate of TRY 49,630mn. We attribute the YoY decline to ongoing volatility in the steel industry and tariff uncertainties between the U.S. and China. On a QoQ basis, despite flat flat-steel prices and a mild recovery in demand, sales revenues were adversely impacted by a decline in sales volumes.

Erdemir posted an EBITDA of TRY 4,134mn in 2Q25, slightly below our estimate of TRY 4,517mn and the market median estimate of TRY 4,316mn, representing a 35.3% YoY drop (2Q24: TRY 6,388mn). The EBITDA margin declined by 2.7pp YoY to 10.0%. Lower raw material costs (particularly iron ore and coking coal) supported margins, but weaker pricing and reduced sales volumes weighed on profitability.

Operational developments… In 2Q25, total crude steel production declined by 6% QoQ and 18.3% YoY to 1.82mn tonnes. The capacity utilization rate (CUR) fell to 77% in 1H25 from 89% in 2024. The Company invested USD 210mn during the quarter and USD 521mn in 1H25 (2024: USD 1.07bn; 2023: USD 977mn). Management stated that the company is nearing the final stage of its plant investment program, which is expected to deliver notable cost efficiency improvements going forward.

Net debt and working capital… As of June 2025, net debt decreased by USD 585mn compared to year-end 2024, standing at USD 1.26bn (YE24: USD 1.84bn). Working capital requirements fell from USD 2.40bn to USD 1.76bn, mainly due to a USD 421mn increase in trade payables. The Company generated USD 567mn in free cash flow in 1H25, while its net debt/EBITDA ratio rose slightly to 2.98x (YE24: 2.85x).

Reflecting revisions in our macroeconomic assumptions and incorporating 2Q25 results, we raise our 12-month target price to TRY 39.70/share from TRY 31.03/share, implying 46% upside potential, and reiterate our OUTPERFORM recommendation.

OUTPERFORM
TP: TRY 39,70
Previous TP: TRY 31,03
Upside: 46%

	TRY	US$
Close	27,26	0,67
BIST 100	10.956	270
US$/TRY (CB Bid Rate):	40,65	
52 Week High:	53,55	0,78
52 Week Low:	26,74	0,54
Bloomberg/Reuters Ticker:	EREGL.TI / EREGL.IS	

	(TRY Mn)	(US$ Mn)
Number of Shares (Mn):	7.000,0	
Current Mcap:	190.820	4.702
Free Float Mcap:	91.594	2.257

	1 M	YOY	YTD
TRY Return (%):	0,9	9,2	12,8
US$ Return (%):	-1,4	-10,2	-2,1
BIST 100 Relative (%):	-6,9	-0,1	1,2
Avg. Daily Vol. (TRY Mn):	4.195,82		
Avg. Daily Vol. (US$ Mn):	115,79		

Beta	0,98
Volatility (Stock)	0,32
Volatility (BIST 100)	0,25

Shareholder Structure	%
Ataer Holding	49,5
Free Float	46,5
Erdemir's own shares	4,0
Total	100,0

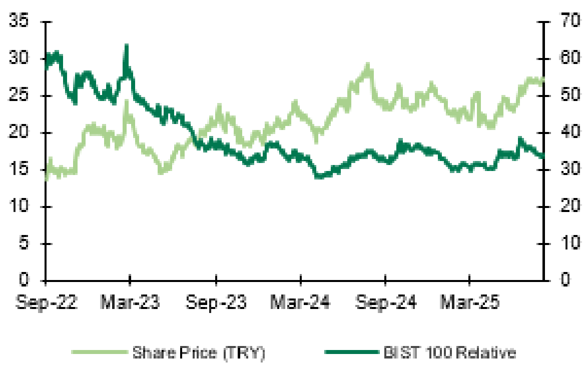


Figure 1: Financials

TRY Million	1H24	1H25	YoY	2Q24	2Q25	YoY
Revenues	100.218	94.958	-5,2%	50.470	41.413	-17,9%
Gross Profit	13.266	7.668	-42,2%	6.237	3.866	-38,0%
Gross Profit Margin	*13,2%*	*8,1%*		*12,4%*	*9,3%*	
EBIT	9.794	3.279	-66,5%	4.265	1.520	-64,4%
EBIT Margin	*9,8%*	*3,5%*		*8,5%*	*3,7%*	
EBITDA	13.905	8.261	-40,6%	6.388	4.134	-35,3%
EBITDA Margin	*13,9%*	*8,7%*		*12,7%*	*10,0%*	
Net Profit	9.987	1.733	-82,6%	4.386	1.307	-70,2%
Net Profit Margin	*10,0%*	*1,8%*		*8,7%*	*3,2%*	

Source: *Seker Invest Research, PDP*

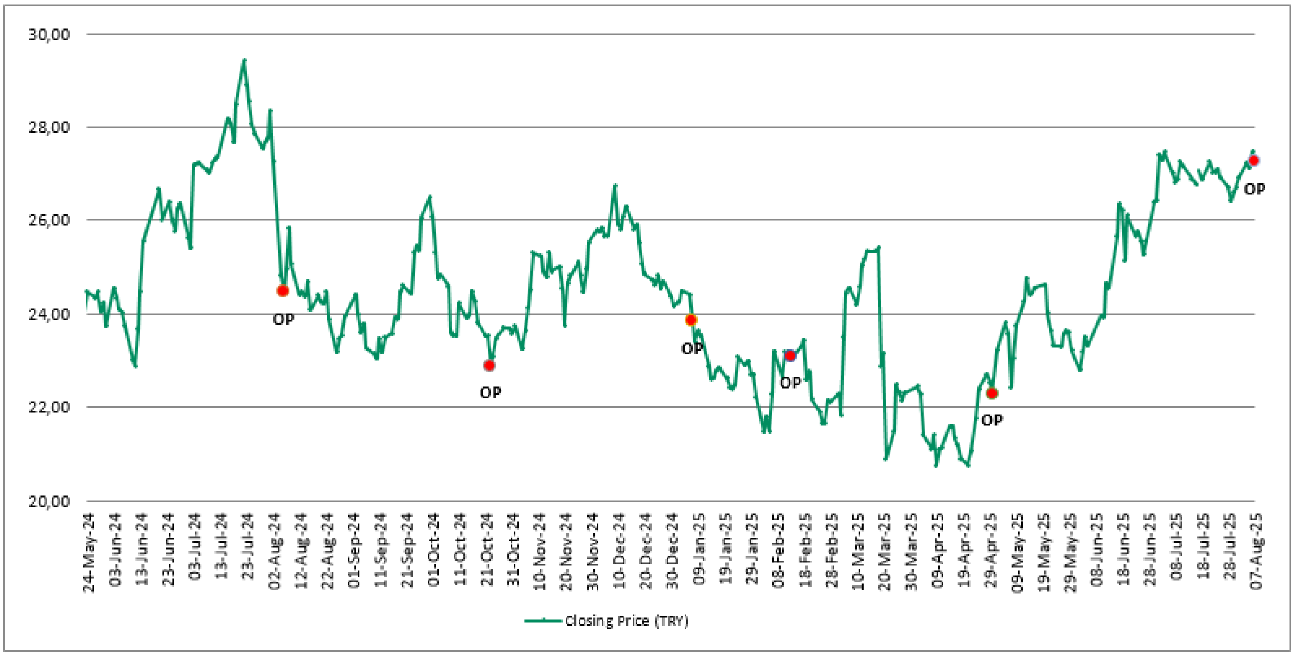
Figure 2: Key financials

BALANCE SHEET (TRY Mn)	2023/12K	2024/12K	2024/06K	2025/06K	Chg%
PP&E	147.415	206.913	175.227	250.362	43
Intangibles	8.106	9.343	8.865	10.281	16
Other Non-Current Assets	19.994	26.047	26.622	19.304	(27)
Trade Receivables	20.353	26.464	24.516	26.111	7
Cash&Equivalents	24.073	55.260	28.432	83.897	195
Other Current Assets	90.092	101.132	99.372	102.410	3
Total Assets	310.033	425.159	363.033	492.365	36
Long Term Debt	10.980	84.577	30.177	106.619	253
Other Non current liabilities	18.233	19.869	17.431	20.453	17
Short Term Debt	46.035	26.268	50.385	15.150	(70)
Trade Payables	23.427	30.023	22.601	50.582	124
Other Current Liabilities	19.830	19.997	19.623	24.493	25
Total Liabilities	118.504	180.735	140.217	217.296	55
Total Equity	191.529	244.424	222.816	275.069	23
Total Equity&Liabilities	310.033	425.159	363.033	492.365	36

INCOME STATEMENT (TRY Mn)	2023/12K	2024/12K	2024/06K	2025/06K	Chg%
Net Sales	147.900	204.060	100.218	94.958	(5)
COGS	133.658	184.055	132.243	87.290	(34)
Gross Profit/(Loss)	14.242	20.005	(32.025)	7.668	N.M.
Operating Expenses	4.041	7.750	3.472	4.388	26
Operating Profit/(Loss)	10.201	12.255	9.794	3.279	(67)
Net Other Operational Gain/(Loss)	3.134	8.801	3.574	457	(87)
Income/(Loss) from Investing Activities	(185)	245	192	553	188
Financial Income/(Expense)	(5.082)	(7.454)	(3.864)	(4.370)	N.M.
Monetary Gain/Loss	(723)	(530)	(220)	435	N.M.
Share of profit of equity accounted investments	78	205	109	39	(64)
Profit Before Tax (Loss)	8.837	13.522	9.584	394	(96)
Tax	4.508	(671)	(805)	(1.422)	N.M.
Net Profit/(Loss)	4.329	14.193	10.389	1.816	(83)
Minority Interest	296	712	402	83	(79)
Parent Equity	4.033	13.481	9.987	1.733	(82,6)

EREGL *Source: Finnet, Seker Invest*

Historical Recommendations and Target Prices



Date	Rec	Target Price (TRY)
9-Aug-23	Outperform (OP)	24,47
27-Oct-23	Outperform (OP)	24,47
15-Jan-24	Market Perform (MP)	28,07
23-Feb-24	Market Perform (MP)	28,07
2-May-24	Outperform (OP)	28,07
10-May-24	Outperform (OP)	28,07
6-Aug-24	Outperform (OP)	33,42
23-Oct-24	Outperform (OP)	33,42
7-Jan-25	Outperform (OP)	35,77
13-Feb-25	Outperform (OP)	35,77
30-Apr-25	Outperform (OP)	31,03
8-Aug-25	Outperform (OP)	39,70

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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