Şeker Invest

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Kardemir

Bottom-line Exceeded Expectations…

Osman Furkan Ozdemir
Analyst
oozdemir@sekeryatirim.com

Kardemir reported a net profit of TRY 1,316mn in 2Q25 (2Q24: TRY -1,252mn) on inflation-adjusted financials (TAS-29 impact), significantly above the market median estimate of TRY 62mn. The better-than-expected bottom line was driven mainly by approximately TRY 782mn in total tax income —mainly deferred tax gains— around TRY 408mn in monetary gains under TAS-29, and an improvement in operational profitability.

Net sales came in at TRY 14,619mn in 2Q25, exceeding the market median estimate of TRY 14,257mn, yet contracting by 2.2% YoY (2Q24: TRY 14,943mn). Gross profit increased to TRY 798mn, with the gross margin improving by 3.6pp YoY to 5.5% (2Q24: 1.9%), supported by a more favorable product mix and lower input costs (iron ore/coking coal).

The Company posted EBITDA of TRY 1,155mn in 2Q25, broadly in line with the market median estimate of TRY 1,174mn. EBITDA rose 79.5% YoY, while the EBITDA margin improved from 4.3% to 7.9% (+3.6pp). EBITDA per ton increased 69% YoY to USD 49. We believe disciplined operating expenses and more favorable raw material-spread dynamics contributed to margin expansion.

Net debt increased… Kardemir's net debt rose from TRY 2,177mn in the same period of 2024 to TRY 7,057mn.

Macro and sector outlook… In the first half of 2025, global crude steel production declined by 2.2% to 934mn tons, with ongoing weakness in global production excluding China. In Turkey, production fell 1.7% to 18.3mn tons, although the country's global ranking improved from 8th to 7th. In 2Q25, lower coking coal, scrap, and iron ore prices provided significant cost-base support for integrated producers like Kardemir. While China's real estate slowdown and US-China trade uncertainties pose downside risks to global demand, signs of recovery in Turkey's construction and automotive sectors could bolster domestic sales volumes. Maintaining current raw material price levels would be critical for sustaining margins into the second half of the year.

Based on 2Q25 results and our expectations, we maintain our 12-month target price for Kardemir D shares (KRDMD) at TRY 37.98. Given the 36% upside potential relative to the last closing price, we reiterate our OUTPERFORM recommendation.

OUTPERFORM
TP: TRY 37,98
Previous TP: TRY 37,98
Upside: 36%

	TRY	US$
Close	27,86	0,69
BIST 100	10.955	270
US$/TRY (CB Bid Rate):	40,71	
52 Week High:	33,86	0,93
52 Week Low:	21,74	0,55
Bloomberg/Reuters Ticker:	KRDMD.TI /KRDMD.IS	

	(TRY Mn)	(US$ Mn)
Number of Shares (Mn):	780,2	
Current Mcap:	21.737	535
Free Float Mcap:	19.346	476

	1 M	YOY	YTD
TRY Return (%):	8,7	7,3	2,8
US$ Return (%):	7,0	-11,6	-10,9
BIST 100 Relative (%):	2,8	-3,7	-7,7
Avg. Daily Vol. (TRY Mn):	1.357,01		
Avg. Daily Vol. (US$ Mn):	37,25		

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

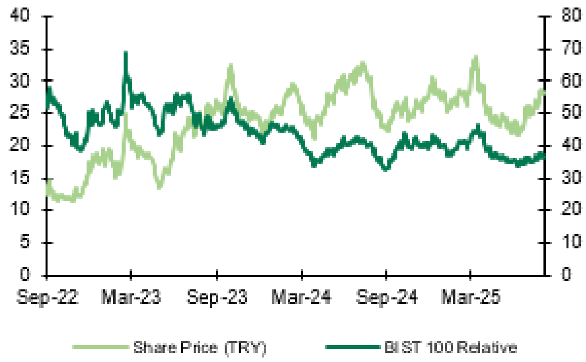


Figure 1: Financials (Including IAS-29)

TRY Million	1H24	1H25	YoY	2Q24	2Q25	YoY
Revenues	**32.816**	**29.898**	**-8,9%**	**14.943**	**14.619**	**-2,2%**
Gross Profit	**1.996**	**1.557**	**-22,0%**	**282**	**798,02**	**183,1%**
Gross Profit Margin	*6,1%*	*5,2%*		*1,9%*	*5,5%*	
EBIT	**1.392**	**908**	**-34,8%**	**-20**	**467**	**N.M.**
EBIT Margin	*4,2%*	*3,0%*		*-0,1%*	*3,2%*	
EBITDA	**2.740**	**2.332**	**-14,9%**	**643**	**1.155**	**79,5%**
EBITDA Margin	*8,4%*	*7,8%*		*4,3%*	*7,9%*	
Net Profit	**-2.470**	**-254**	**N.M**	**-1.252**	**1.316**	**N.M.**
Net Profit Margin	*-7,5%*	*-0,9%*		*-8,4%*	*9,0%*	

Source: Finnet, Şeker Invest Research

Figure 2: Key financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2024/12K	2025/06K	Chg%
PP&E	58.219	58.159	(0)
Intangibles	305	317	4
Other Non-Current Assets	561	655	17
Trade Receivables	5.509	5.698	3
Cash&Equivalents	3.261	2.792	(14)
Other Current Assets	27.736	25.972	(6)
Total Assets	**95.590**	**93.593**	**(2)**
Long Term Debt	386	1.995	417
Other Non current liabilities	7.245	7.608	5
Short Term Debt	5.052	7.854	55
Trade Payables	18.043	13.465	(25)
Other Current Liabilities	4.852	3.337	(31)
Total Liabilities	35.578	34.259	(4)
Total Equity	60.012	59.334	(1)
Total Equity&Liabilities	**95.590**	**93.593**	**(2)**

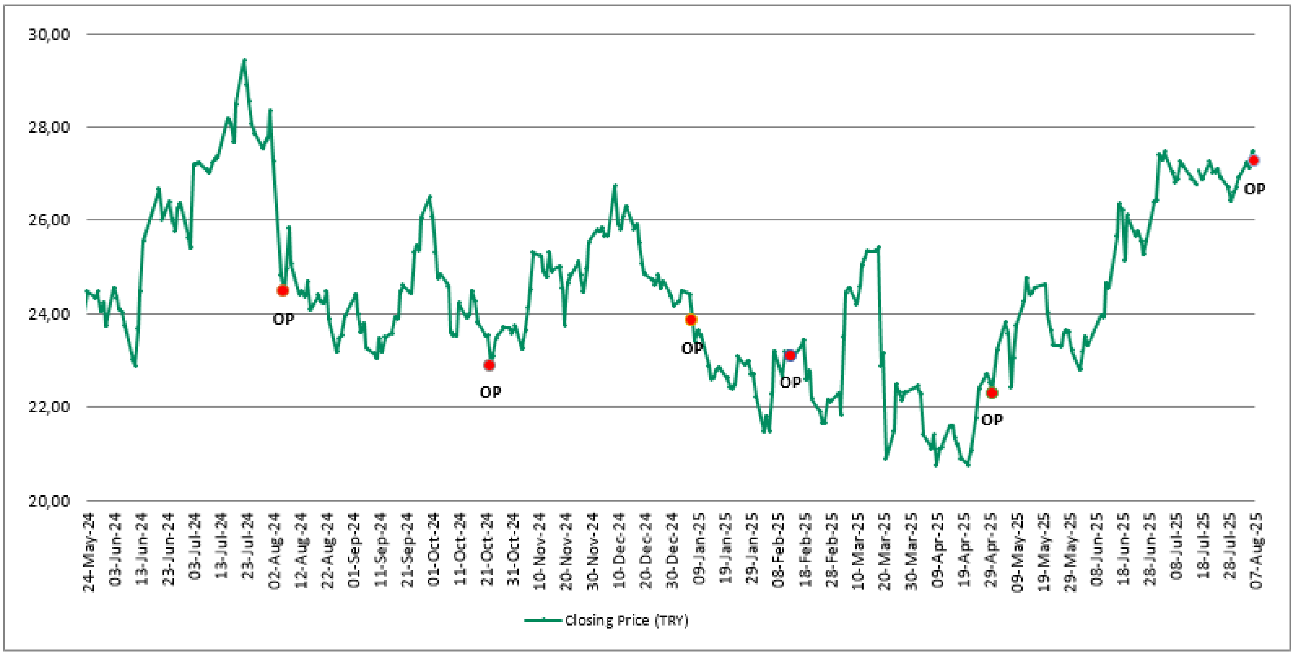
Source: Finnet, Seker Invest

INCOME STATEMENT (TRY Mn)	2024/06K	2025/06K	Chg%
Net Sales	32.816	29.898	(9)
COGS	30.820	28.341	(8)
Gross Profit / (Loss)	1.996	1.557	(22)
Operating Expenses	604	649	7
Operating Profit / (Loss)	(342)	(401)	N.M.
Net Other Operational Gain / (Loss)	(1.734)	(1.308)	N.M.
Income / (Loss) from Investing Activities	6	42	627
Financial Income / (Expense)	(1.248)	(204)	N.M.
Monetary Gain/Loss	168	550	228
Share of profit of equity accounted investments	66	26	(61)
Profit Before Tax (Loss)	**(1.351)**	**13**	**N.M.**
Tax	1.119	267	(76)
Net Profit/(Loss)	**(2.470)**	**(254)**	**N.M.**
Minority Interest	0	0	(58)
Parent Equity	(2.470)	(254)	N.M.

KRDMD *Source: Finnet, Seker Invest*

Historical Recommendations and Target Prices

Date	Rec	Target Price (TRY)
25-Jun-24	Outperform (OP)	43,62
26-Aug-24	Outperform (OP)	43,62
11-Nov-24	Outperform (OP)	39,14
7-Jan-25	Outperform (OP)	40,78
10-Mar-25	Outperform (OP)	40,78
2-May-25	Outperform (OP)	37,98
12-May-25	Outperform (OP)	37,98
12-Aug-25	Outperform (OP)	37,98



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.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No:171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /IST
TURKEY

TEL: +90 (212) 334 33 33
Fax: +90 (212) 334 33 34
E-mail: research@sekeryatirim.com
Web: http://www.sekeryatirim.com/english/index.aspx

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com
Burak Demirbilek	Utilities, Pharmaceutical, Banks	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com
Engin Degirmenci	Cement	+90 (212) 334 33 33-201	edegirmenci@sekeryatirim.com
A. Can Tuglu	Food & Bev., Retail, Auto, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com
Başak Kamber	Glass, Defense Industry, Telecoms, Cons. Dur.	+90 (212) 334 33 33	bkamber@sekeryatirim.com
O. Furkan Ozdemir	Iron & Steel, Oil & Gas	+90 (212) 334 33 33-245	oozdemir@sekeryatirim.com

Economy & Politics

Abdulkadir Dogan	Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com

Institutional Sales

Batuhan Alpman	Head	+90 (212) 334 91 01	balpman@sekeryatirim.com
Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
M. Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

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