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Erdemir

Bottom-line Slightly Below Market Expectations...

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Erdemir reported a net profit of TRY 651mn in 3Q25, coming in 9% below the market median estimate of TRY 712mn yet 46% above our forecast of TRY 447mn, while declining 19% YoY (3Q24: TRY 801mn). The positive deviation from our estimate was mainly driven by lower tax expenses and an increase in net financial expense.

Erdemir generated sales revenues of TRY 52,958mn in 3Q25, exceeding our estimate of TRY 48,389mn and the market median estimate of TRY 49,837mn by 9% and 6%, respectively (up 9% YoY; 3Q24: TRY 48,729mn). In the third quarter of 2025, global steel demand was projected to remain broadly flat. According to Worldsteel, global steel demand for 2025 is expected to stay in line with 2024 levels. In this context, price-driven revenue growth was limited; however, Erdemir's 9% YoY revenue growth indicates an outperformance relative to the global trend.

The company posted an EBITDA of TRY 4,737mn in 3Q25, 5% above our estimate of TRY 4,494mn and 2% below the market median estimate of TRY 4,858mn, representing a 4% YoY increase (3Q24: TRY 4,546mn). The EBITDA margin contracted by 0.4pp YoY to 8.9%. Lower input costs (particularly iron ore and coking coal) supported margins, while weaker pricing conditions and a slight decline in sales volumes weighed on profitability.

Operational developments... In 3Q25, total crude steel production rose 21% QoQ and 0.1% YoY to 2.2mn tonnes. The capacity utilization rate (CUR) declined to 81% in 9M25 from 89% in 2024. The company invested USD 631mn in capex during the first nine months of the year (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 September 2025, net debt decreased by USD 695mn compared to year-end 2024, standing at USD 1.15bn (YE24: USD 1.84bn). Working capital requirements declined from USD 2.40bn to USD 1.57bn, mainly due to a USD 591mn increase in trade payables. The company generated USD 734mn in free cash flow during 9M25, while its net debt/EBITDA ratio improved slightly to 2.76x (YE24: 2.85x).

Reflecting 3Q25 results, we maintain our 12-month target price at TRY 39.70/share, implying a 46% upside potential over the last closing price, and reiterate our OUTPERFORM recommendation.

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

	TRY	US\$
Close	27,18	0,65
BIST 100	10.956	270
US\$/TRY (CB Bid Rate):	40,65	
52 Week High:	32,44	0,78
52 Week Low:	20,76	0,54
Bloomberg/Reuters Ticker:	EREGL.TI / EREGL.IS	

Number of Shares (Mn):	7.000,0	
	(TRY Mn)	(US\$ Mn)
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 (%):	8,7	-8,4	5,7
Avg. Daily Vol. (TRY Mn):	4.195,82		
Avg. Daily Vol. (US\$ Mn):	115,79		

Beta	0,97
Volatility (Stock)	0,35
Volatility (BIST 100)	0,25

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

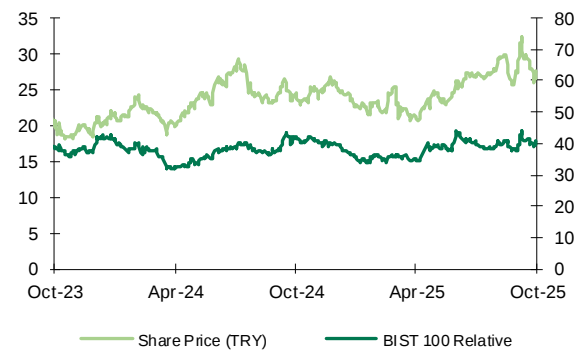


Figure 1: Financials

TRY Million	9M24	9M25	YoY	3Q24	3Q25	YoY
Revenues	148.947	147.915	-0,7%	48.729	52.958	8,7%
Gross Profit	17.595	11.838	-32,7%	4.329	4.171	-3,7%
Gross Profit Margin	11,8%	8,0%		8,9%	7,9%	
EBIT	12.135	5.047	-58,4%	2.341	1.767	-24,5%
EBIT Margin	8,1%	3,4%		4,8%	3,3%	
EBITDA	18.451	12.998	-29,6%	4.546	4.737	4,2%
EBITDA Margin	12,4%	8,8%		9,3%	8,9%	
Net Profit	10.787	2.384	-77,9%	801	651	-18,7%
Net Profit Margin	7,2%	1,6%		1,6%	1,2%	

Source: Seker Invest Research, PDP

Figure 2: Key financials

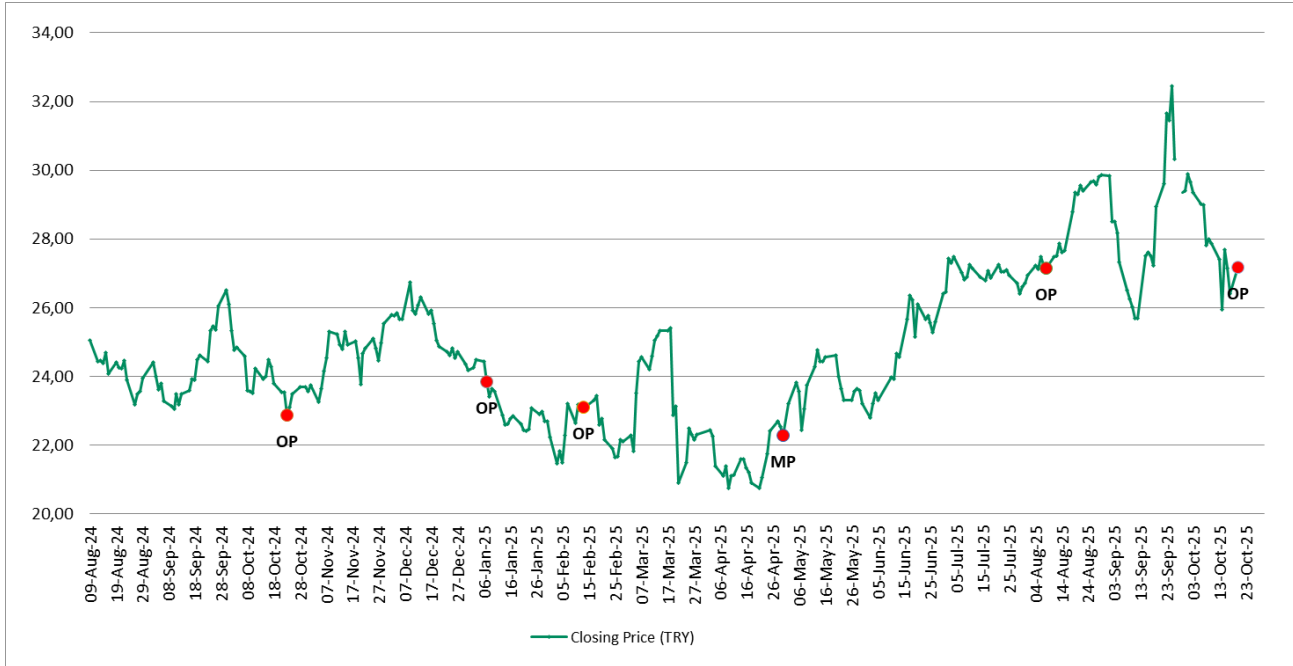
BALANCE SHEET (TRY Mn)	2023/12K	2024/12K	2024/09K	2025/09K	Chg%
PP&E	147.415	206.913	189.260	263.528	39
Intangibles	8.106	9.343	9.137	10.695	17
Other Non-Current Assets	19.994	26.047	27.038	19.578	(28)
Trade Receivables	20.353	26.464	23.548	26.581	13
Cash&Equivalents	24.073	55.260	47.838	97.706	104
Other Current Assets	90.092	101.132	108.401	105.559	(3)
Total Assets	310.033	425.159	405.221	523.646	29
Long Term Debt	10.980	84.577	71.915	111.816	55
Other Non current liabilities	18.233	19.869	17.317	20.482	18
Short Term Debt	46.035	26.268	39.254	20.900	(47)
Trade Payables	23.427	30.023	23.802	59.863	152
Other Current Liabilities	19.830	19.997	19.957	21.721	9
Total Liabilities	118.504	180.735	172.245	234.782	36
Total Equity	191.529	244.424	232.976	288.865	24
Total Equity&Liabilities	310.033	425.159	405.221	523.646	29

INCOME STATEMENT (TRY Mn)	2023/12K	2024/12K	2024/09K	2025/09K	Chg%
Net Sales	147.900	204.060	148.947	147.915	(1)
COGS	133.658	184.055	131.352	136.077	4
Gross Profit/(Loss)	14.242	20.005	17.595	11.838	(33)
Operating Expenses	4.041	7.750	5.460	6.792	24
Operating Profit/(Loss)	10.201	12.255	12.135	5.047	(58)
Net Other Operational Gain/(Loss)	3.134	8.801	3.719	878	(76)
Income/(Loss) from Investing Activities	(185)	245	236	573	143
Financial Income/(Expense)	(5.082)	(7.454)	(5.909)	(6.805)	N.M.
Monetary Gain/Loss	(723)	(530)	(387)	689	N.M.
Share of profit of equity accounted investments	78	205	160	80	(50)
Profit Before Tax (Loss)	8.837	13.522	9.954	462	(95)
Tax	4.508	(671)	(1.327)	(2.055)	N.M.
Net Profit/(Loss)	4.329	14.193	11.281	2.516	(78)
Minority Interest	296	712	493	132	(73)
Parent Equity	4.033	13.481	10.787	2.384	(77,9)

EREGL

Source: Finnet, Seker Invest

Historical Recommendations and Target Prices



Date	Rec	Target Price (TRY)
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
20-Oct-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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