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Kardemir

Wider-than-Expected Net Loss…

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Kardemir reported a net loss of TRY 682mn in 3Q25 (3Q24: TRY -1,294mn) on inflation-adjusted financials (TAS-29 impact), significantly below the market median estimate of TRY -166mn. The larger-than-expected loss was mainly driven by high financial expenses and deferred tax charges, while strong recovery on the operational side was insufficient to offset these pressures at the bottom line.

The company's net sales revenues came in at TRY 16,058mn, broadly in line with the market median estimate of TRY 15,913mn, marking a 17.2% YoY decline (3Q24: TRY 19,394mn). The drop in sales was mainly attributable to weak domestic demand, while declining raw material prices and an improved product mix contributed positively to profitability.

Kardemir recorded an EBITDA of TRY 1,778mn, coming in 4% below the market median estimate of TRY 1,853mn. EBITDA increased 75% YoY, while the EBITDA margin rose from 5.2% to 11.1% (+5.9pp). This improvement was supported by lower raw material costs, a stronger product mix, and disciplined operating expense management.

Operating profit increased by 248% YoY to TRY 1,112mn. Despite improved operating profitability, higher financial expenses (TRY 1,156mn) and negative tax effects led the company to report a net loss for the quarter.
As of September 2025, net debt stood at TRY 7,249mn, showing a slight increase compared to 2Q25 (TRY 7,057mn). The Net Debt/EBITDA ratio improved to 1.3x (2Q25: 1.6x).
Macro and sector outlook... In 3Q25, global crude steel production declined slightly on a yearly basis, mainly due to persistent weakness beyond China. The ongoing slowdown in China's real estate sector continued to pressure global steel prices, while signs of recovery in Turkey's construction and automotive industries supported domestic demand. Maintaining current raw material price levels remains an important factor for sustaining steel producers' margins in the final quarter of the year.
Following the 3Q25 financial results and revisions to our macroeconomic assumptions, we revise our 12-month target price for Kardemir to TL 30.35 per share (previously TL 37.98). Our new target implies a 17% upside potential over the latest price, and we revise our "Outperform" recommendation for Kardemir shares to "Market Perform".

MARKET PERFORM
TP: 30,35 TL
Previous TP:37,98 TL
Upside: 17%

	TRY	US$
Close	25,94	0,62
BIST 100	10.925	260
US$/TRY (CB Bid Rate):	42,12	
52 Week High:	33,86	0,92
52 Week Low:	21,74	0,55
Bloomberg/Reuters Ticker:	KRDMD.TI /KRDMD.IS	

Number of Shares (Mn):	780,2	
	(TRY Mn)	(US$ Mn)
Current Mcap:	20.239	481
Free Float Mcap:	18.013	428

	1 M	YOY	YTD
TRY Return (%):	-7,0	-2,8	-4,3
US$ Return (%):	-7,9	-21,0	-19,8
BIST 100 Relative (%):	-7,9	-20,4	-13,9
Avg. Daily Vol. (TRY Mn):	1.499,23		
Avg. Daily Vol. (US$ Mn):	39,20		

Beta	1,25
Volatility (Stock)	0,42
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

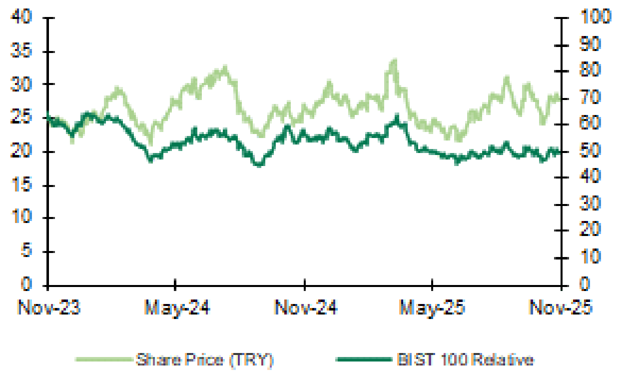


Figure 1: Financials (Including IAS -29)

TRY Million	9M24	9M25	YoY	3Q24	3Q25	YoY
Revenues	54.673	48.199	-11,8%	19.394	16.058	-17,2%
Gross Profit	2.831	3.139	10,9%	685	1.465	113,9%
Gross Profit Margin	*5,2%*	*6,5%*		*3,5%*	*9,1%*	
EBIT	1.816	2.088	15,0%	320	1.112	248,0%
EBIT Margin	*3,3%*	*4,3%*		*1,6%*	*6,9%*	
EBITDA	3.963	4.285	8,1%	1.017	1.778	74,9%
EBITDA Margin	*7,2%*	*8,9%*		*5,2%*	*11,1%*	
Net Profit	-3.950	-955	-75,8%	-1.294	-682	-47,3%
Net Profit Margin	*-7,2%*	*-2,0%*		*-6,7%*	*-4,2%*	

Source: Finnet, Seker Invest Research

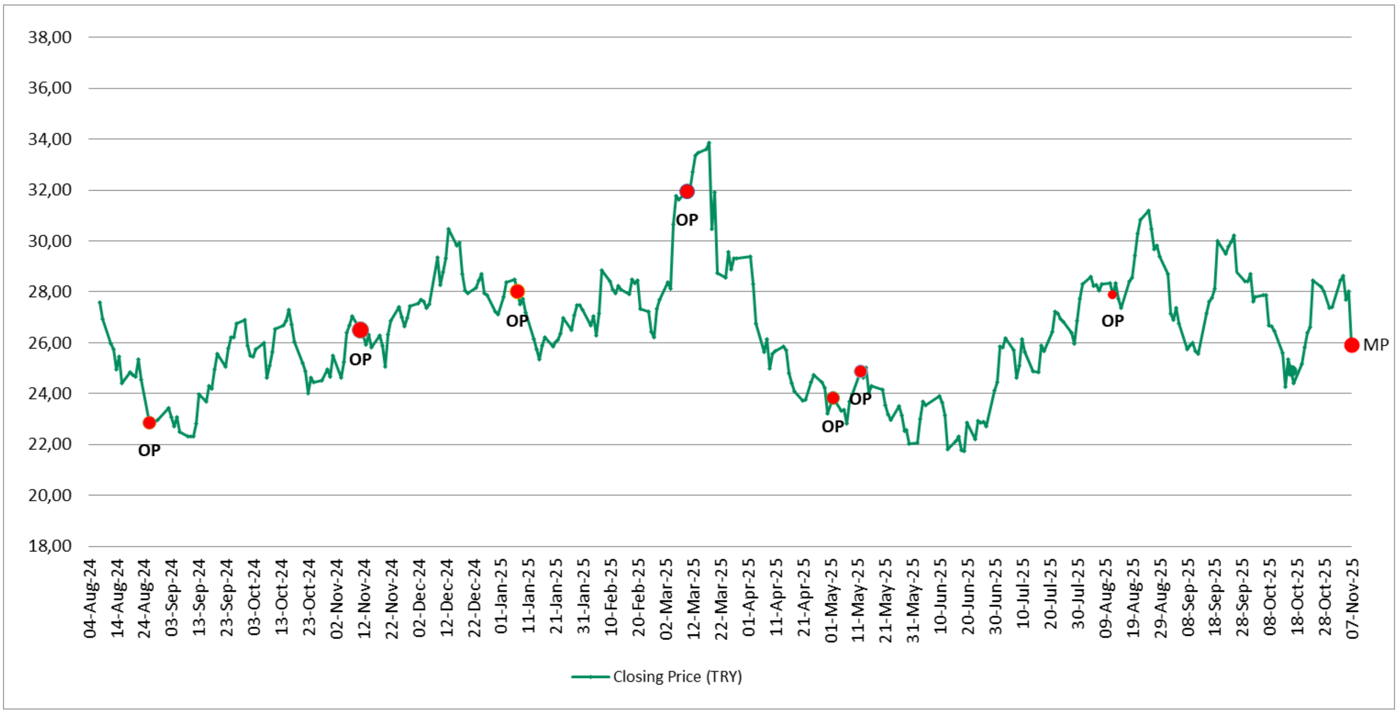
Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2024/12K	2025/09K	Chg%
PP&E	62.588	63.252	1
Intangibles	328	341	4
Other Non-Current Assets	603	760	26
Trade Receivables	5.922	8.019	35
Cash&Equivalents	3.505	2.148	(39)
Other Current Assets	29.817	25.020	(16)
Total Assets	**102.764**	**99.541**	**(3)**
Long Term Debt	415	2.559	517
Other Non current liabilities	7.789	8.902	14
Short Term Debt	5.431	7.043	30
Trade Payables	19.397	12.168	(37)
Other Current Liabilities	5.216	4.959	(5)
Total Liabilities	38.248	35.631	(7)
Total Equity	64.516	63.910	(1)
Total Equity&Liabilities	**102.764**	**99.541**	**(3)**

INCOME STATEMENT (TRY Mn)	2024/09K	2025/09K	Chg%
Net Sales	54.673	48.199	(12)
COGS	51.842	45.060	(13)
Gross Profit/(Loss)	2.831	3.139	11
Operating Expenses	1.015	1.051	4
Operating Profit/(Loss)	(1.384)	120	N.M.
Net Other Operational Gain/(Loss)	(3.200)	(1.969)	N.M.
Income/(Loss) from Investing Activities	12	70	505
Financial Income/(Expense)	(1.591)	(1.376)	N.M.
Monetary Gain/Loss	554	1.015	83
Share of profit of equity accounted investments	58	42	(27)
Profit Before Tax (Loss)	**(2.351)**	**(128)**	**N.M.**
Tax	1.599	827	(48)
Net Profit/(Loss)	**(3.950)**	**(955)**	**N.M.**
Minority Interest	0	0	(71)
Parent Equity	(3.950)	(955)	N.M.

KRDMD *Source: Finnet, Seker Invest*

Historical Recommendations and Target Price



Date	Recommendation	Target Price (TRY)
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
7-Nov-25	Market Perform (MP)	30,35

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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