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Kardemir

Net Profit Prints Above Expectations...

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Kardemir (KRDMD) reported a net profit of TL 25mn in 1Q26, based on its inflation-adjusted financials under TMS-29. The reported net profit came in positive, contrary to both our, and the market median expectation. The Company had reported a net loss of TL 1,939mn in 1Q25. The shift to net profit was driven by the year-on-year improvement in operational profitability and stronger-than-expected EBITDA performance. In addition, the increase in net monetary gains to TL 543.8mn in 1Q26 from TL 175.5mn in 1Q25, lower deferred tax expense, which declined to TL 704mn in 1Q26 from TL 1,293mn in 1Q25, and lower FX losses supported the net profit.

Kardemir's net sales revenues declined by 18.0% year-on-year and 14.4% quarter-on-quarter to TL 15,475mn in 1Q26. Sales revenues came in 13% below our estimate of TL 17,871mn and 3% below the market median expectation of TL 15,995mn. The decline in sales revenues was driven by lower sales volumes. The Company's product sales volume declined by 11.6% year-on-year to 561.7k tons in 1Q26. In terms of product breakdown, crude steel sales volume decreased by 7.4% year-on-year to 259.7k tons, while rolled steel sales volume fell by 15.0% year-on-year to 302.0k tons.

EBITDA came in at TL 1,960mn in 1Q26. The reported EBITDA was 7% above our estimate of TL 1,836mn and 5% above the market median expectation of TL 1,863mn. EBITDA increased by 34.9% year-on-year, while declining by 24.6% quarter-on-quarter. The Company's gross profit margin increased to 8.6% in 1Q26 from 5.0% in 1Q25, while the operating profit margin rose to 6.3% from 2.9% in the same period. On the other hand, on a quarter-on-quarter basis, the gross profit margin declined to 8.6% from 11.6%, while the operating profit margin decreased to 6.3% from 9.3%. The EBITDA margin rose to 12.7% in 1Q26 from 7.7% in 1Q25, but remained below the 14.4% level recorded in 4Q25. The year-on-year improvement in operating margins was supported by the relative normalization on the cost side and the recovery in the margin structure. That said, the quarter-on-quarter decline in EBITDA and margins indicates that the operational recovery is still progressing gradually.

MARKET PERFORM
TP: 45,00 TL
Previous TP: 30,91 TL
Upside: %11

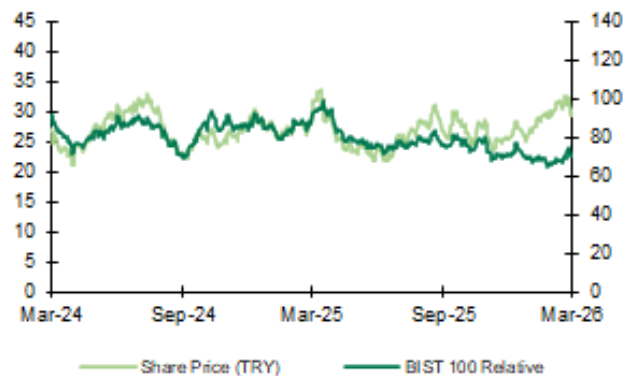
	TRY	US\$
Close	40,52	0,90
BIST 100	15.063	333
US\$/TRY (CB Bid Rate):	45,27	
52 Week High:	40,52	0,90
52 Week Low:	21,74	0,55
Bloomberg/Reuters Ticker:	KRDMD.TI /KRDMD.IS	

	780,2	(TRY Mn)	(US\$ Mn)
Number of Shares (Mn):			
Current Mcap:	31.615		700
Free Float Mcap:	28.137		623

	1 M	YOY	YTD
TRY Return (%):	17,9	71,0	60,4
US\$ Return (%):	16,2	46,0	52,3
BIST 100 Relative (%):	5,9	5,3	19,9
Avg. Daily Vol. (TRY Mn):	1.604,59		
Avg. Daily Vol. (US\$ Mn):	38,07		

Beta	1,19
Volatility (Stock)	0,40
Volatility (BIST 100)	0,22

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



Sector outlook... Pricing pressure stemming from excess supply and dumped exports in the global steel industry continued at the beginning of 2026. Low-priced supply from China continues to weigh on global benchmark prices, increasing competition particularly in import-sensitive markets such as Türkiye. The limited recovery observed in steel prices and signs of improvement in order flow recently support the outlook, particularly for the second and third quarters of the year. On the other hand, rising geopolitical risks and volatility in energy prices pose upside risks to production costs. In this context, we continue to expect the margin recovery to be gradual and spread over time.

On the balance sheet side, Kardemir's net debt position declined to TL 3,973mn as of end-1Q26, from TL 6,666mn at end-2025. The decrease in net debt was driven by lower financial debt and an increase in cash and cash equivalents. The Company's Net Debt/EBITDA ratio declined to 0.5x as of end-1Q26, from 0.80x at YE25, maintaining its low leverage profile.

Overall assessment... We evaluate Kardemir's 1Q26 financial results as broadly positive, supported by the net profit printing positively contrary to expectations, stronger-than-expected EBITDA, and the improvement in the Company's net debt position. However, net sales revenues coming in below our expectations, the decline in sales volumes, and the quarter-on-quarter normalization in margins indicate that the operational recovery is still gradual and balanced.

Following Kardemir's 1Q26 financial results, we revise our 12-month target price upwards to TL 45.00 per share, from TL 30.91. Our target price implies approximately 11% upside potential compared to the current market price, while we maintain our "Market Perform" recommendation. Our target price revision reflects the stronger-than-expected EBITDA performance, the net profit coming in positive contrary to expectations, and the improvement in the Company's net debt position. Nevertheless, we maintain our cautious stance due to the weak trend in sales revenues, the quarter-on-quarter normalization in margins, and demand/pricing uncertainties regarding the steel market.

Figure 1: Financials (Including IAS -29)

TRY Million	1Q25	1Q26	YoY	4Q25	QoQ
Revenues	18.861	15.475	-18,0%	18.069	-14,4%
Gross Profit	937	1.329	41,9%	2.102	-36,8%
<i>Gross Profit Margin</i>	<i>5,0%</i>	<i>8,6%</i>		<i>11,6%</i>	
EBIT	544	973	79,0%	1.683	-42,2%
<i>EBIT Margin</i>	<i>2,9%</i>	<i>6,3%</i>		<i>9,3%</i>	
EBITDA	1.453	1.960	34,9%	2.599	-24,6%
<i>EBITDA Margin</i>	<i>7,7%</i>	<i>12,7%</i>		<i>14,4%</i>	
Net Profit	-1.939	25	N.M.	-751	N.M.
<i>Net Profit Margin</i>	<i>-10,3%</i>	<i>0,2%</i>		<i>-4,2%</i>	

Source: Finnet, Seker Invest Research

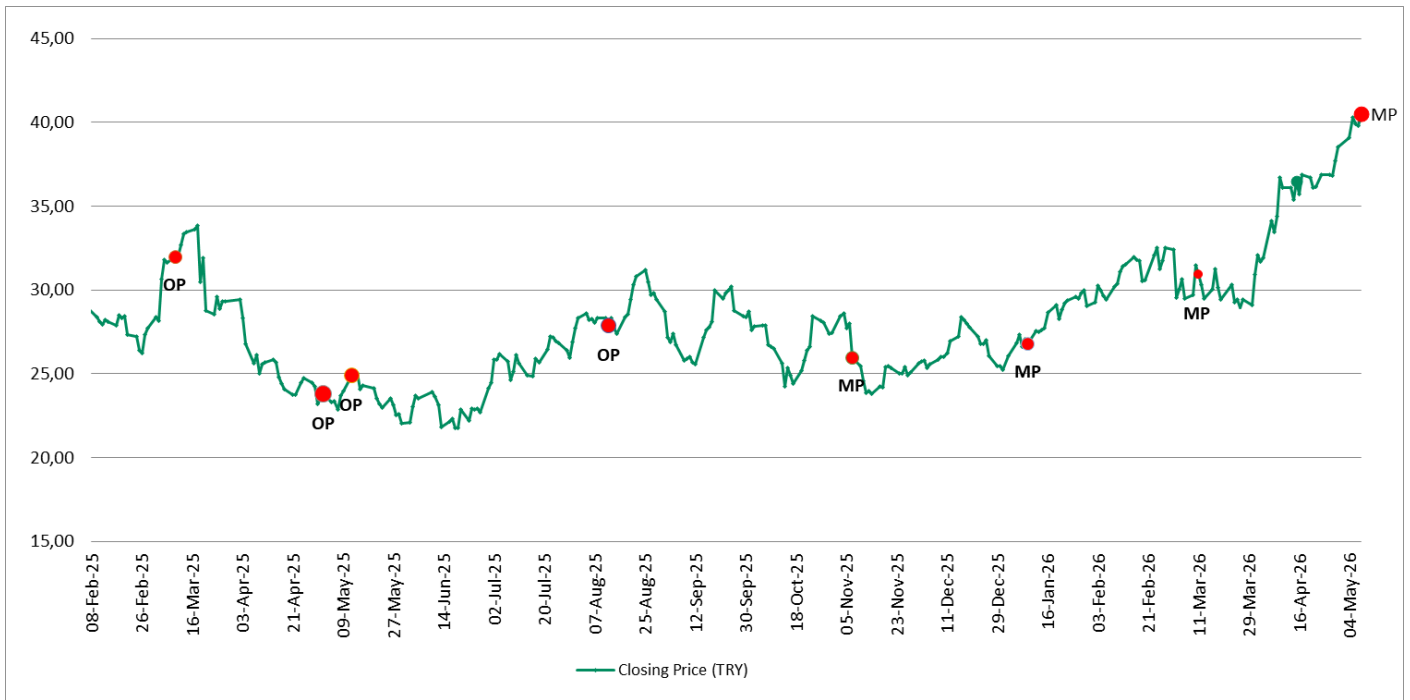
Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2025/12K	2026/03K	Chg%
PP&E	98.365	98.246	(0)
Intangibles	394	426	8
Other Non-Current Assets	801	731	(9)
Trade Receivables	8.602	9.084	6
Cash&Equivalents	2.923	4.216	44
Other Current Assets	28.719	28.494	(1)
Total Assets	139.803	141.198	1
Long Term Debt	2.347	1.997	(15)
Other Non current liabilities	15.987	16.912	6
Short Term Debt	7.242	6.192	(14)
Trade Payables	15.211	14.632	(4)
Other Current Liabilities	5.862	8.049	37
Total Liabilities	46.649	47.783	2
Total Equity	93.154	93.415	0
Total Equity&Liabilities	139.803	141.198	1
INCOME STATEMENT (TRY Mn)	2025/03K	2026/03K	Chg%
Net Sales	18.861	15.475	(18)
COGS	17.925	14.146	(21)
Gross Profit/(Loss)	937	1.329	42
Operating Expenses	393	356	(9)
Operating Profit/(Loss)	(675)	757	N.M.
Net Other Operational Gain/(Loss)	(1.218)	(216)	N.M.
Income/(Loss) from Investing Activities	24	45	84
Financial Income/(Expense)	(187)	(446)	N.M.
Monetary Gain/Loss	176	544	210
Share of profit of equity accounted investments	19	7	(60)
Profit Before Tax (Loss)	(643)	907	N.M.
Tax	1.296	882	(32)
Net Profit/(Loss)	(1.939)	25	N.M.
Minority Interest	0	0	(8)
Parent Equity	(1.939)	25	N.M.

KRDMD

Source: Finnet, Şeker Invest

Historical Recommendations and Target Price



Date	Recommendation	Target Price (TRY)
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
9-Jan-26	Market Perform (MP)	30,91
11-Mar-26	Market Perform (MP)	30,91
8-May-26	Market Perform (MP)	45,00

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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