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Erdemir

EBITDA in line with market expectations; strong net income driven by tax effect…

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Erdemir's net profit increased by 554% YoY to TRY 8,549mn in 2Q26 (2Q25: TRY 1,307mn). Reported net profit was 4% below our TRY 8,914mn estimate, but 59% above the market median estimate of TRY 5,374mn. Despite reporting a pre-tax loss of TRY 674mn in 2Q26, the Company recorded TRY 9,485mn of tax income, of which TRY 9,111mn was a one-off deferred tax income arising from a change in the corporate tax rate. During the same period, a TRY 2,182mn impairment expense on advances granted as part of the reassessment of investment plans reduced pre-tax profit under expenses from investing activities. The strong reported net profit was driven primarily by the one-off tax effect rather than operating performance.

Erdemir's EBITDA increased by 59% YoY and 13% QoQ to TRY 6,582mn in 2Q26 (2Q25: TRY 4,134mn; 1Q26: TRY 5,820mn). Reported EBITDA was 9.9% below our TRY 7,304mn estimate and 0.3% below the market median estimate of TRY 6,604mn, broadly in line with the median. The EBITDA margin rose by 0.1pp YoY and 0.3pp QoQ to 10.1%. The main reason EBITDA fell short of our estimate was net sales coming in below our forecast. EBITDA per ton increased from USD 73 in 1Q26 to USD 75 in 2Q26, indicating that the sequential recovery remained intact. Nevertheless, the limited improvement in the EBITDA margin suggests that better pricing was partly offset by cost and product mix effects.

Erdemir's net sales increased by 56.7% YoY and 8.7% QoQ to TRY 64,883mn in 2Q26 (2Q25: TRY 41,413mn; 1Q26: TRY 59,685mn). Net sales were 8.7% below our TRY 71,076mn estimate, but 0.7% above the market median estimate of TRY 64,415mn. USD-denominated sales revenue increased by 35.5% YoY to USD 1,432mn, while sales volume rose by 19.7% to 2.12mn tons. Accordingly, volume growth was the main driver of annual revenue growth, while USD revenue growing faster than volume indicates a positive contribution from pricing and product mix. Gross profit increased by 52.0% YoY and 22.3% QoQ to TRY 5,879mn, with the gross margin standing at 9.1% (2Q25: 9.3%; 1Q26: 8.1%). Türkiye's flat steel imports remaining unchanged at 4.4mn tons in 1H26 and the weak trend in global HRC prices indicate that competitive pressure on pricing persists.

OUTPERFORM
TP: 42,24 TL
Previous TP: 42,24 TL
Upside: %9

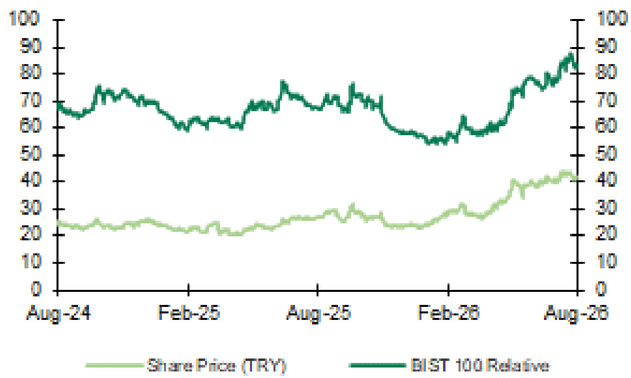
	TRY	US$
Close	38,68	0,81
BIST 100	13.779	290
US$/TRY (CB Bid Rate):	47,61	
52 Week High:	44,20	0,94
52 Week Low:	23,32	0,54
Bloomberg/Reuters Ticker:	EREGL.TI / EREGL.IS	

Number of Shares (Mn):	7.000,0	
	(TRY Mn)	(US$ Mn)
Current Mcap:	270.760	5.697
Free Float Mcap:	129.965	2.735

	1 M	YOY	YTD
TRY Return (%):	-6,3	43,8	64,6
US$ Return (%):	-7,8	22,9	48,5
BIST 100 Relative (%):	-1,4	14,4	34,5
Avg. Daily Vol. (TRY Mn):	5.453,56		
Avg. Daily Vol. (US$ Mn):	125,19		

Beta	0,97
Volatility (Stock)	0,39
Volatility (BIST 100)	0,23

Shareholder Structure	%
Ataer Holding	49,54
Free Float	46,49
Erdemir's own shares	3,97
Total	100,00



Improvement in net financial debt continued… The Company's net debt excluding IFRS 16 declined from USD 963mn at end-2025 to USD 817mn at end-2Q26, while the net debt/EBITDA ratio fell from 1.92x to 1.45x. The decrease in net working capital from USD 1,328mn to USD 1,106mn supported cash generation. Despite a USD 95mn dividend payment in 1H26, the Company reduced its net debt and improved its balance sheet profile.

Operational outlook… The Company's finished product sales volume increased by 19.7% YoY to 2.12mn tons in 2Q26 and remained broadly flat QoQ. Liquid steel production rose by 27.2% YoY to 2.32mn tons, while the crude steel capacity utilization rate increased to 95% in 1H26 (1H25: 77%). Domestic sales volume increased by 31.5% YoY in 1H26, whereas export volume declined by 33.5%, reducing exports' share in total sales from 24.7% to 14.2%. The decline in idle capacity expenses arising from production stoppages from TRY 1,215mn to TRY 251mn supported operating profitability. Nevertheless, the concentration of sales growth in the domestic market and the 1.7% decline in cold product sales suggest that channel and product mix may have limited the margin contribution from strong volume growth.

Sector outlook… Türkiye's steel production increased by 5.3% YoY to 21.9mn tons in 1H26, while domestic steel consumption rose by 7.0% to 19.9mn tons. During the same period, total steel imports remained flat at 9.3mn tons and flat steel imports were unchanged at 4.4mn tons, indicating continued import competition in the domestic market. Global crude steel production declined by 0.7% to 931.5mn tons, while the HRC price charts in the Company's presentation indicate that pricing conditions remained weak. Although domestic demand growth should continue to support Erdemir's domestic sales volumes, we expect the margin recovery to remain gradual due to elevated imports and weak global pricing.

The 2Q26 results indicate that the operational recovery remains intact, while the strong increase in net profit was largely driven by a one-off tax effect. The increase in the capacity utilization rate to 95% in 1H26 and the rise in EBITDA per ton from USD 64 to USD 75 over the last five quarters support the improvement in the operational outlook. Nevertheless, elevated import competition and weak global pricing suggest that the recovery will remain gradual. Accordingly, we make no material changes to our forward estimates and maintain our TRY 42.24 target price for Erdemir. Based on the latest closing price, our target price offers 9% upside; therefore, we reiterate our "Outperform" recommendation on the stock.

Figure 1: Financials

TRY Million	1H25	1H26	YoY	2Q25	2Q26	YoY
Revenues	**94.958**	**124.567**	**31,2%**	**41.413**	**64.883**	**56,7%**
Gross Profit	**7.668**	**10.684**	**39,3%**	**3.866**	**5.879**	**52,0%**
Gross Profit Margin	*8,1%*	*8,6%*		*9,3%*	*9,1%*	
EBIT	**3.279**	**4.901**	**49,4%**	**1.520**	**2.757**	**81,4%**
EBIT Margin	*3,5%*	*3,9%*		*3,7%*	*4,2%*	
EBITDA	**8.261**	**12.402**	**50,1%**	**4.134**	**6.582**	**59,2%**
EBITDA Margin	*8,7%*	*10,0%*		*10,0%*	*10,1%*	
Net Profit	**1.733**	**8.933**	**415,5%**	**1.307**	**8.549**	**554,3%**
Net Profit Margin	*1,8%*	*7,2%*		*3,2%*	*13,2%*	

Source: Finnet, Seker Invest Research

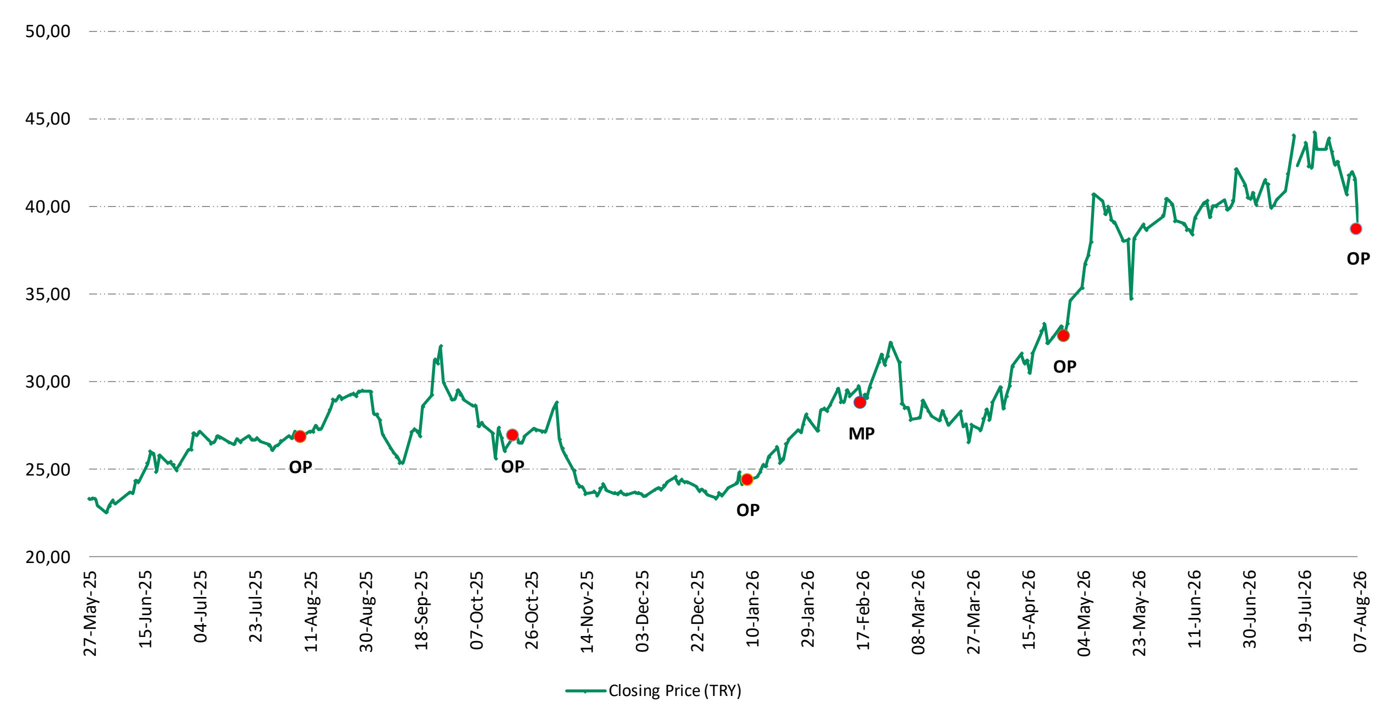
Figure 2: Key Financials

BALANCE SHEET (TRY Mn)	2024/12K	2025/12K	2025/06K	2026/06K	Chg%
PP&E	206.913	277.300	250.362	306.778	23
Intangibles	9.343	11.075	10.281	11.794	15
Other Non-Current Assets	26.047	19.529	19.304	15.053	(22)
Trade Receivables	26.464	27.448	26.111	25.958	(1)
Cash&Equivalents	55.260	115.477	83.897	121.326	45
Other Current Assets	101.132	107.703	102.410	118.191	15
Total Assets	**425.159**	**558.531**	**492.365**	**599.099**	**22**
Long Term Debt	84.577	118.324	106.619	101.541	(5)
Other Non current liabilities	19.869	26.014	20.453	19.991	(2)
Short Term Debt	26.268	23.952	15.150	19.164	26
Trade Payables	30.023	68.762	50.582	81.016	60
Other Current Liabilities	19.997	24.199	24.493	48.606	98
Total Liabilities	180.735	261.251	217.296	270.318	24
Total Equity	244.424	297.280	275.069	328.781	20
Total Equity&Liabilities	**425.159**	**558.531**	**492.365**	**599.099**	**22**

INCOME STATEMENT (TRY Mn)	2024/12K	2025/12K	2025/06K	2026/06K	Chg%
Net Sales	204.060	208.910	94.958	124.567	31
COGS	184.055	190.345	87.290	113.883	30
Gross Profit/(Loss)	20.005	18.565	7.668	10.684	39
Operating Expenses	7.750	9.409	4.388	5.783	32
Operating Profit/(Loss)	12.255	9.156	3.279	4.901	49
Net Other Operational Gain/(Loss)	8.801	796	457	335	(27)
Income/(Loss) from Investing Activities	245	913	553	(2.075)	N.M.
Financial Income/(Expense)	(7.454)	(8.168)	(4.370)	(4.615)	N.M.
Monetary Gain/Loss	(530)	876	435	1.461	236
Share of profit of equity accounted investments	205	107	39	215	451
Profit Before Tax (Loss)	**13.522**	**3.680**	**394**	**223**	**(44)**
Tax	(671)	2.986	(1.422)	(8.995)	N.M.
Net Profit/(Loss)	**14.193**	**694**	**1.816**	**9.217**	**408**
Minority Interest	712	183	83	284	242
Parent Equity	13.481	512	1.733	8.933	415,5

EREGL *Source: Finnet, Seker Invest*

Historical Recommendations and Target Price



Date	Rec	Target Price (TRY)
8-Aug-25	Outperform (OP)	39,70
20-Oct-25	Outperform (OP)	39,70
9-Jan-26	Outperform (OP)	32,47
17-Feb-26	Market Perform (MP)	32,47
28-Apr-26	Outperform (OP)	42,24
7-Aug-26	Outperform (OP)	42,24

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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