Kardemir

Net Profit Below Expectations…

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Kardemir (KRDMD) posted a net profit of TRY 269 mn in 3Q26, based on its inflation-adjusted (TMS-29) financials. This was 58% below our estimate of TRY 646 mn and 67% below the market median of TRY 826 mn, compared with a net loss of TRY 885 mn in 3Q25. The year-on-year improvement came mainly from two items: net financing expenses fell to TRY 148 mn from TRY 1,500 mn as financial debt declined, and tax expense dropped to TRY 35 mn from TRY 700 mn. On the other hand, net FX losses of TRY 820 mn on trade receivables and payables and TRY 137 mn in letter of credit commissions pushed up other operating expenses in 3Q26. Net monetary gains also fell to TRY 142 mn from TRY 550 mn, further weighing on the bottom line.

Kardemir's net sales revenues rose 1.5% year-on-year to TRY 21,136 mn in 3Q26, 2% below our estimate of TRY 21,672 mn and 4% below the market median of TRY 22,037 mn. Standalone core product sales volume grew 10.5% year-on-year to 709.7k tons, with billet sales at 350.6k tons and rolled steel sales at 359.1k tons. However, higher volumes had only a limited impact on revenues. In 9M26, real revenue per ton for core products declined by 8.1%, reflecting a shift in the product mix towards billet, and pressure on prices.

EBITDA came in at TRY 2,298 mn in 3Q26, 6% below our estimate of TRY 2,432 mn and 7% below the market median of TRY 2,468 mn. EBITDA was flat year-on-year, while the EBITDA margin slipped to 10.9% from 11.1% in 3Q25 and was 1.4pp lower than the 12.3% posted in 2Q26. Raw material costs fell to 65.4% of revenues from 71.0%, but this was offset by higher labor and production overhead costs. We expect the recent rise in coal prices to feed into costs in 4Q26.

MARKET PERFORM
TP: 45,00 TRY
Previous TP: 45,00 TRY
Upside: %10

	TRY	US$
Close	40,80	0,82
BIST 100	11.478	230
US$/TRY (CB Bid Rate):	50,03	
52 Week High:	47,48	0,99
52 Week Low:	23,82	0,56
Bloomberg/Reuters Ticker:	KRDMD.TI /KRDMD.IS	

Number of Shares (Mn):	780,2

	(TRY Mn)	(US$ Mn)
Current Mcap:	31.833	637
Free Float Mcap:	28.332	567

	1 M	YOY	YTD
TRY Return (%):	-5,7	42,6	61,5
US$ Return (%):	-7,5	19,9	38,7
BIST 100 Relative (%):	0,8	35,6	58,5
Avg. Daily Vol. (TRY Mn):	1.965,26		
Avg. Daily Vol. (US$ Mn):	43,10		

Beta	1,18
Volatility (Stock)	0,45
Volatility (BIST 100)	0,24

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



On the balance sheet, Kardemir moved from net debt of TRY 335 mn at end-2Q26 to net cash of TRY 2,098 mn at end-3Q26. However, over the same period, trade payables owed to banks under letters of credit for raw material imports rose to TRY 19.4 bn from around TRY 15.0 bn. In our view, the move to net cash was therefore driven by replacing bank loans with letter of credit financing. The open FX position remains the key balance sheet risk to watch.

Overall assessment… We view Kardemir's 3Q26 results as negative. Both net profit and EBITDA missed expectations, and the quarter-on-quarter decline in the EBITDA margin suggests the operational recovery has lost momentum. While the Company has moved to a net cash position, this largely reflects a shift towards letter of credit financing. We expect higher coal costs to pressure margins in 4Q26. On the positive side, the reduction in the corporate tax rate to 12.5% from 2027 should support net profit. Going forward, steel prices, input costs, product mix, and rolling mill utilization will be the key factors to watch.

Following the 3Q26 results, we maintain our 12-month target price of TRY 45.00 per share for Kardemir, implying approximately 10% upside from the current share price, and reiterate our "Market Perform" recommendation.

Figure 1: Financials (Including IAS -29)

TRY Million	9M25	9M26	YoY	3Q25	3Q26	YoY
Revenues	**62.530**	**60.570**	**-3,1%**	**20.832**	**21.136**	**1,5%**
Gross Profit	**4.072**	**5.255**	**29,0%**	**1.901**	**1.641**	**-13,7%**
Gross Profit Margin	*6,5%*	*8,7%*		*9,1%*	*7,8%*	
EBIT	**2.709**	**4.000**	**47,7%**	**1.443**	**1.218**	**-15,6%**
EBIT Margin	*4,3%*	*6,6%*		*6,9%*	*5,8%*	
EBITDA	**5.559**	**7.203**	**29,6%**	**2.307**	**2.298**	**-0,4%**
EBITDA Margin	*8,9%*	*11,9%*		*11,1%*	*10,9%*	
Net Profit	**-1.239**	**6.578**	**N.M.**	**-885**	**269**	**N.M.**
Net Profit Margin	*-2,0%*	*10,9%*		*-4,2%*	*1,3%*	

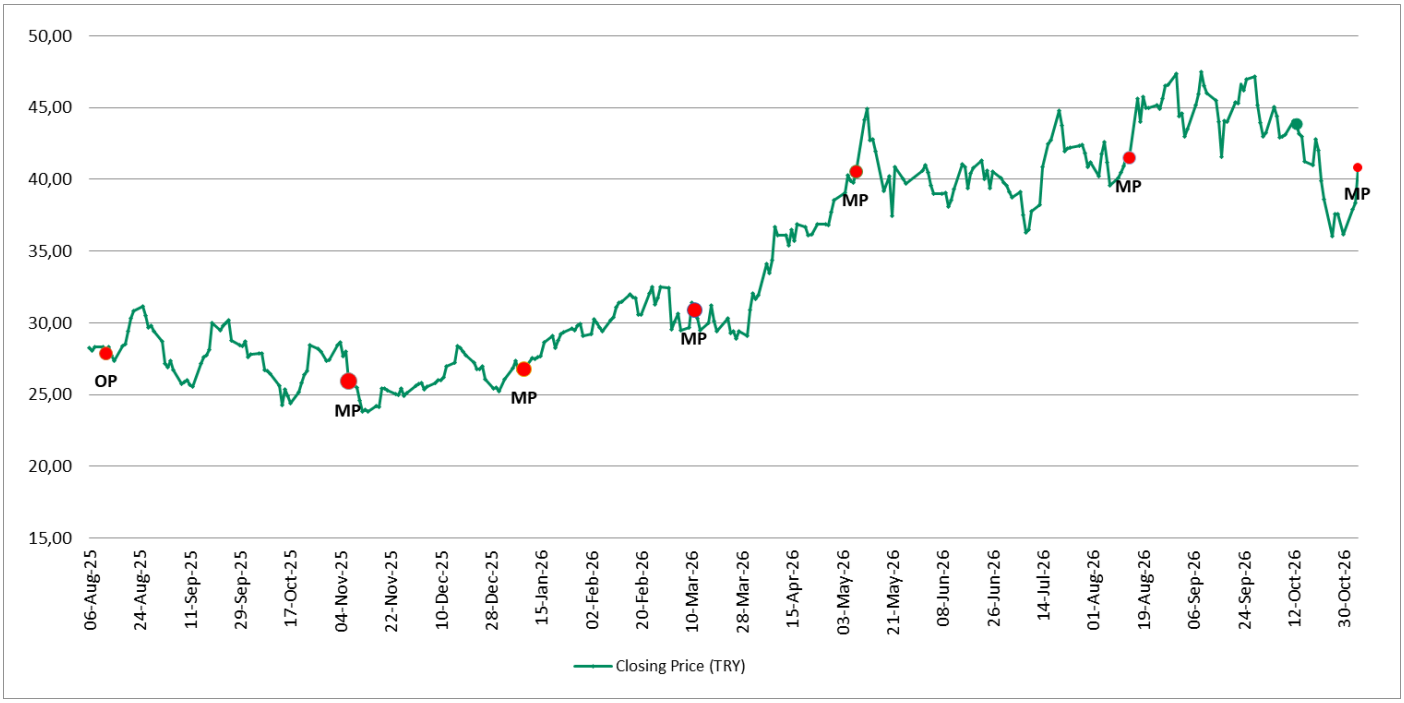
Source: Finnet, Seker Invest Research

Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2025/12K	2026/09K	Chg%
PP&E	111.125	111.306	0
Intangibles	445	665	50
Other Non-Current Assets	905	724	(20)
Trade Receivables	9.717	10.502	8
Cash&Equivalents	3.302	6.689	103
Other Current Assets	32.444	32.254	(1)
Total Assets	**157.938**	**162.141**	3
Long Term Debt	2.651	1.921	(28)
Other Non current liabilities	18.061	10.285	(43)
Short Term Debt	8.182	3.056	(63)
Trade Payables	17.184	23.739	38
Other Current Liabilities	6.622	8.441	27
Total Liabilities	52.701	47.444	(10)
Total Equity	105.238	114.697	9
Total Equity&Liabilities	**157.938**	**162.141**	3
INCOME STATEMENT (TRY Mn)	**2025/09K**	**2026/09K**	**Chg%**
Net Sales	62.530	60.570	(3)
COGS	58.457	55.315	(5)
Gross Profit/(Loss)	4.072	5.255	29
Operating Expenses	1.363	1.255	(8)
Operating Profit/(Loss)	155	2.044	1.217
Net Other Operational Gain/(Loss)	(2.554)	(1.957)	N.M.
Income/(Loss) from Investing Activities	91	112	23
Financial Income/(Expense)	(1.785)	(506)	N.M.
Monetary Gain/Loss	1.317	1.270	(4)
Share of profit of equity accounted investments	55	(29)	N.M.
Profit Before Tax (Loss)	**(166)**	**2.890**	**N.M.**
Tax	1.073	(3.687)	N.M.
Net Profit/(Loss)	**(1.239)**	**6.578**	**N.M.**
Minority Interest	0	0	190
Parent Equity	(1.239)	6.578	N.M.

KRDMD *Source: Finnet, Seker Invest*

Historical Recommendations and Target Price



Date	Recommendation	Target Price (TRY)
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
14-Aug-26	Market Perform (MP)	45,00
4-Nov-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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