

August 8, 2025, 09:00AM

EREGL (MP) 2Q25 Financial Results – Neutral

| 2Q25 | Announced | Consensus | Garanti |
|-------------------|---------------|-----------|---------|
| Net Sales (TLmn) | 41,413 | 50,296 | 47,445 |
| EBITDA (TLmn) | 4,134 | 4,383 | 4,195 |
| EBITDA Margin (%) | %10 | %8.7 | %8.8 |
| Net Profit (TLmn) | 1,307 | 829.7 | 943.0 |

Net profit exceeded expectations, while sales and EBITDA fell short

- Erdemir announced a net profit of 1,307mn TL in 2Q25, which is 57.5% above the market expectation of 829.7mn TL.
- EBITDA came in at 4,134mn TL, 5.7% below the market expectation of 4,382.8mn TL, and decreased by 34.6% compared to 2Q24.
- The EBITDA margin narrowed to 10%, a 2.5pp decline compared to 2Q24. However, it was 1.3pp above the market expectation of 8.7%. EBITDA per ton rose from 51\$ in 1Q25 to 64\$ in 2Q25. The company had reported 101\$ EBITDA per ton in 2Q24.
- In this quarter, Erdemir sold 1.8mn tons (1Q25: 1.9mn tons). Flat steel sales were 1.6mn tons, while 166 thousand tons of long steel were sold. Sales revenue decreased by 18% compared to 2Q24, coming in at 41,413mn TL, which is 18% below the market expectation of 50,296mn TL. The capacity utilization rate, which was 93% in the first half of 2024, fell to 77% in 1H2025. The export share rose to 27.3% in 2Q25..
- Compared to the end of 2024, the decline in trade receivables and inventories along with an increase in trade payables led to a decrease in working capital from 2,401mn USD to 1,764mn USD. The company's net debt decreased by 585mn USD. While Erdemir closed 2024 with a net debt/EBITDA of 2.85x, it completed 1H25 at 2.98x (1Q25: 2.97x).

We expect a neutral market reaction

- In this quarter, which was operationally weak, a tax income of 1,396mn TL supported the company's profit and carried it above expectations. Due to sales and EBITDA falling short of expectations, we interpret the results as neutral. The company will hold a financial results conference today at 16:00. Possible announcements or Q&A regarding the gold mine will be closely monitored during the conference. Ongoing uncertainty on this matter may exert pressure on the stock price.
- We maintain our "Market Perform (MP)" recommendation for Erdemir with our 12-month target price of TL28.8.

| Eregli Demir Celik Summary Financials (mn TL) | 2024/2Q | 2025/1Q | 2025/2Q | 2024/6M | 2025/6M | 2025/2Q- 2024/2Q | 2025/2Q- 2025/1Q | 2025/6M- 2024/6M |
|---|---------------|---------------|---------------|----------------|---------------|---------------------|---------------------|---------------------|
| Net Sales | 50,470 | 53,545 | 41,413 | 100,218 | 94,958 | -18% | -23% | -5% |
| Gross Profit (Loss) | 6,237 | 3,801 | 3,866 | 13,266 | 7,668 | -38% | 2% | -42% |
| Marketing Selling & Distrib. Expenses (-) | -507 | -559 | -652 | -938 | -1,211 | n.m. | n.m. | n.m. |
| General Administrative Expenses (-) | -1,387 | -1,399 | -1,610 | -2,392 | -3,009 | n.m. | n.m. | n.m. |
| Research & Development Expenses (-) | -77 | -84 | -85 | -142 | -169 | n.m. | n.m. | n.m. |
| Operating Profits | 4,265 | 1,759 | 1,520 | 9,794 | 3,279 | -64% | -14% | -67% |
| EBITDA | 6,324 | 4,127 | 4,134 | 13,905 | 8,261 | -35% | 0% | -41% |
| Net Other Income/Expense | 291 | 138 | 319 | 3,574 | 457 | 10% | 131% | -87% |
| Income from Invest. Act. | 113 | 528 | 25 | 192 | 553 | -78% | -95% | 188% |
| Financial Inc./Exp.(net) | -1,514 | -2,018 | -1,917 | -4,085 | -3,934 | n.m. | n.m. | n.m. |
| Monetary Gain / (Loss) | -159 | 262 | 173 | -220 | 435 | n.m. | -34% | n.m. |
| PBT | 3,221 | 422 | -28 | 9,584 | 394 | n.m. | n.m. | -96% |
| Tax | 1,321 | 26 | 1,396 | 805 | 1,422 | 6% | 5229% | 77% |
| Net Profit | 4,386 | 426 | 1,307 | 9,987 | 1,733 | -70% | 206% | -83% |
| Net Cash | -61,756 | -56,163 | -51,402 | -61,756 | -51,402 | | | |
| Working Capital | -84,466 | -69,514 | -59,986 | -84,466 | -59,986 | | | |
| Cash from Core Operations | 2,509 | 17,161 | 15,418 | 5,370 | 32,579 | | | |
| Shareholders Equity | 222,816 | 260,561 | 275,069 | 222,816 | 275,069 | | | |
| Ratios | | | | | | | | |
| Gross Margin | 12.4% | 7.1% | 9.3% | 13.2% | 8.1% | -3 pp | 2.2 pp | -5.2 pp |
| Operating Margin | 8.5% | 3.3% | 3.7% | 9.8% | 3.5% | -4.8 pp | 0.4 pp | -6.3 pp |
| EBITDA Margin | 12.5% | 7.7% | 10.0% | 13.9% | 8.7% | -2.5 pp | 2.3 pp | -5.2 pp |
| Net Profit Margin | 8.7% | 0.8% | 3.2% | 10.0% | 1.8% | -5.5 pp | 2.4 pp | -8.1 pp |

Analyst: Cenk Özdemir
+90 212 384 11 19
cozdemir@garantibbva.com.tr

Sales Contact
+90 (212) 384 1155-58
icm@garantibbva.com.tr

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GARANTİ YATIRIM MENKUL KIYMETLER A.Ş

Nispetiye Mahallesi Barbaros Bul. Çiftçi Towers Kule 1,
34340 Beşiktaş / İstanbul
Phone: 212 384 11 21
Fax: 212 352 42 40
E-mail: arastirma@garantibbva.com.tr