

Corporate Credit Rating

New Update

Sector: Metal Industry

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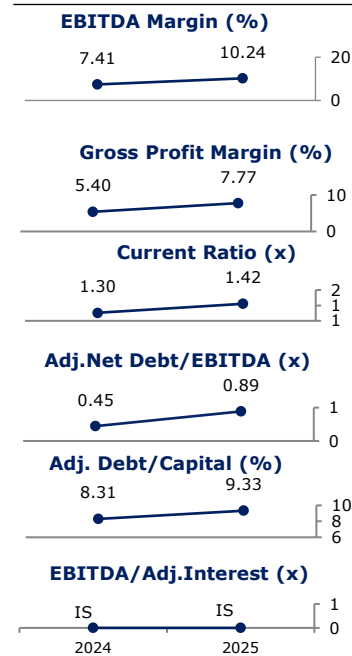
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Affirmed by JCR on September 1, 2025



IS: Interest Surplus (Interest received is more than interest paid)

KARDEMİR KARABÜK DEMİR ÇELİK SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Kardemir Karabük Demir Çelik Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA+ (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of the Republic of Türkiye.

Kardemir Karabük Demir Çelik Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Kardemir" or "the Company" or "the Group") was established in 1937, was privatized in 1995 and has Türkiye's first integrated iron and steel plant. Kardemir produces railway wheels, rail tracks, profiles, coils, rebar construction steel, blooms, platins, billets, angles, mine poles, pig irons, coke and coke by-products in international quality standards and provides the basic inputs in rail systems, automotive, defense industry, machinery manufacturing, construction and the mining sectors. Kardemir has four subsidiaries: Kardemir Çelik Yapı İmalat Sanayi ve Ticaret A.Ş. (Karçel), Kardemir Döküm Makina Sanayi ve Ticaret A.Ş. (Kardökmak), Kardemir Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. (Kardemir Enerji), and Karlımtaş Kardemir Liman İşletmeciliği ve Taşımacılık A.Ş. (Karlımtaş). Detailed information regarding the operations and activities of these subsidiaries is provided in the history and activities section of the report.

Kardemir had a staff force of 4,458 together with its subsidiaries and affiliates as of 1Q2026. (FYE2025: 4,434). As of 1Q2026, the paid-in capital of Kardemir is TRY 1,140mn and all of shares of Kardemir are traded on Borsa İstanbul (BIST) in three different types: KRDMA, KRDMB and KRDMC classes, and Kardemir has a shareholder structure consisting of 21.08% Type A shares, 10.48% Type B shares and 68.44% Type D shares.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Ongoing reasonable leverage profile in FY2025, supported by improved EBITDA generation despite increased net indebtedness mainly driven by CapEx,
- Sound interest coverage profile in FY2025 thanks to net interest surplus position,
- Hard currency income generation capacity providing natural hedge against currency risk in a certain extent,
- Favourable operational efficiency supported by manageable cash conversion cycle, prudent operating ratio, and reasonable trade net working capital in FY2025,
- Strong equity structure driven by retained earnings over the reviewed years, with further increase in the equity share within total assets at 1Q2026 financials,
- Expected revenue growth driven by newly completed and ongoing investments in the upcoming periods,
- Strong local market position and well-established business relationships underpinned by an operational history since the 1930s and an integrated production structure,
- Compliance with Corporate Governance Practices as a publicly traded company.

Constraints

- High financing expenses, largely stemming from FX losses, exerting pressure on bottom-line profitability in the reviewed years,
- Dependence on imported raw materials, representing a sector-wide structural issue,
- As actions for a global soft-landing gain prominence, geopolitical risks and decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AA+ (tr)'. The Company's solid leverage and coverage profile, strong equity structure, favourable operational efficiency metrics, strong local market position along with long-standing operational history as well as dependence on imported raw materials and high financing expenses in the reviewed years are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as "Stable". The Company's liquidity structure, profitability performance, and debt & equity level are the priority issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and the legal framework about the sector will be monitored as well.