

# INVESTOR PRESENTATION

## January - December 2023



# Legal Disclaimer

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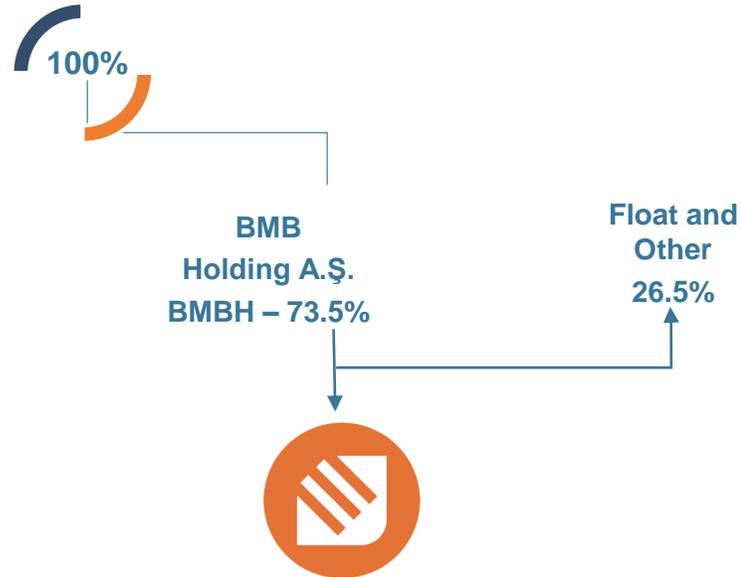
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# BORUSAN BORU: LOCAL PLAYER OF GLOBAL MARKETS

## BORUSAN GROUP



## Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. – BBB



- Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. (“BBB”), is among the pioneer manufacturers in Europe’s and the world’s steel pipe sector. Founded in 1958, BBB is the first industrial company of Borusan Group.
- In 1994, the Company’s shares have been quoted on Borsa İstanbul and since been trading with BRSAN ticker symbol. (Float: 19.85%)
- In 1998, Borusan Group merged its operations in Türkiye with the leader steel company in Europe; Salzgitter Mannesmann GMBH, and on November 27, 2023, acquired 23% share of Salzgitter Mannesmann GmbH in BMB Holding A.Ş.’s capital, for a transaction price of €52,8 million. Borusan Boru has registered its new title as of November 23, 2023.
- In 2001, in line with its strategy to grow in global markets, BBB acquired its first company abroad in Italy, established its first company in the USA in 2014, and started an investment in Romania in 2023.
- Ultimately, in parallel to its strategy of positioning itself as the “local player of global markets”, BBB acquired 100% of USA originated Berg Europipe Holding Corp’s shares in April 13, 2023, in exchange of \$162 million.\* Berg Pipe financials have been consolidated into Borusan Boru’s financial statements as of April 13, 2023.

# SUSTAINABLE GROWTH IN TARGET MARKETS

**3** Continents

**11** Facilities

**1.1 million m<sup>2</sup>** Area

**2,592** Employees

**2 million ton** Capacity

**4,000** Product Types

FACILITY	PRODUCT	SECTOR	YEAR	CAPACITY (tons)
TR - Halkalı	ERW and Cold Drawn Pipe	Automotive, Industry & Construction	1958	100,000 - welded 40,000 - drawn
TR - Gemlik	ERW Pipe	Industry & Construction, Infrastructure & Project, Energy	1976	550,000
TR – Gemlik**	HSAW Pipe	Infrastructure & Project	2011	300,000
TR - Bursa	Service Center	Automotive	2016	21 mln units
TR - Gemlik	Cold Drawn Pipe	Automotive	2019	60,000 - welded 50,000 - drawn
USA - Baytown	ERW Line Pipes	Energy	2014	300,000
USA - Baytown*	SRM Pipe	Industry & Construction	2023	100,000
USA - Panama City	LSAW Pipe	Infrastructure & Project	1979	330,000
USA - Mobile	HSAW Pipe	Infrastructure & Project	2007	220,000
IT - Vobarno	ERW and Cold Drawn Pipe	Automotive	2001	30,000 - drawn
RO - Romania*	Service Center	Automotive	2023	21 mln units

\* Operations to commence in the first quarter of 2024.

\*\* The land and buildings used for the production of large diameter pipes within the scope of the infrastructure and project business line at Gemlik, have been sold on February 22, 2024 and studies continue on alternatives to sell or relocate the related machinery and equipment. Aforementioned land and buildings will be completely evacuated by December 2024.

# INCREASING STAKEHOLDER VALUE THROUGH GROWTH ORIENTED INVESTMENTS

77%

Global Market\*  
Revenue Share



**1958**  
Borusan Boru has been established



**1968**  
Halkalı ERW Pipe Facility commenced operations

**1969**  
First export has been realized



**1976**  
Gemlik ERW Pipe Facility commenced operations



**1979**  
Borusan Port, providing competitive advantage to Borusan Boru became operational



**1994**  
Borusan Boru A.Ş. shares started to be traded on BIST



**1998**  
Borusan and Mannesmann merged their pipe operations in Türkiye



**2001**  
Borusan Vobarno Tubi S.p.A.; the first company abroad has been acquired



**2004**  
The Company has been titled as Borusan Mannesmann



**2011**  
Gemlik HSAW Pipe Facility commenced operations



**2014**  
OCTG Pipe Facility in Houston constructed with a \$150 mln investment, has commenced operations



**2016**  
Bursa Service Center serving for the automotive segment established



**2019**  
Gemlik Automotive Pipe Line established



**2021**  
Germany Commercial Office has been launched

**\$1.3 billion**

**2022**  
BMB revenues reached to \$1.3 billion



**2023**  
Berg Pipe's two facilities in North America acquired for \$162 mln

**\$50 million**

**2023**  
\$50 mln SRM investment in US, Baytown, continued



**2023**  
€15 mln Service Center investment in Romania, Ploiești continued

**2023**  
Borusan Group acquired Salzgitter Mannesmann shares, increasing its indirect share to 73.5%. Title registered as Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş.

# FOUR BUSINESS LINES MANAGING RISKS WITH THEIR POTENTIAL



## INFRASTRUCTURE & PROJECT



## INDUSTRIAL & CONSTRUCTION



## AUTOMOTIVE



## ENERGY

Revenue Breakdown\*

29%

18%

12%

41%

Production Centers



- Gemlik (TR)\*\*
- Panama City (USA)
- Mobile (USA)



- Gemlik (TR)
- Halkalı (TR)
- Houston (USA)



- Halkalı (TR)
- Gemlik (TR)
- Vobarno (IT)



- Gemlik (TR)
- Houston (USA)

Products

- Spiral Welded Pipes
- LSAW Line Pipes
- ERW Line Pipes

- ERW Natural Gas Pipes
- Industrial Pipe and Profiles
- Water Pipes
- Construction Pipe and Profiles
- SRM Installation Pipes

- Hydraulic Cylinder Pipe
- Cold Drawn Pipes
- Advance Processed Pipes
- Precision Pipes and Profiles

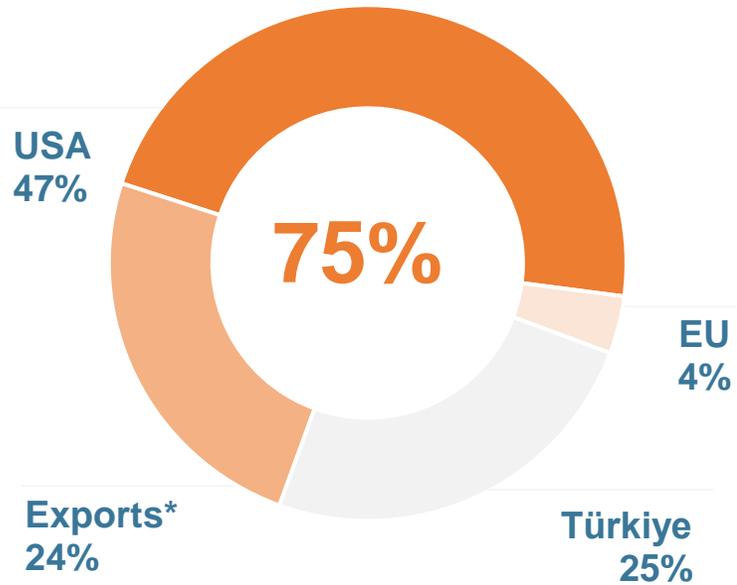
- ERW Line Pipes
- OCTG Pipes

\* As of December 31, 2023

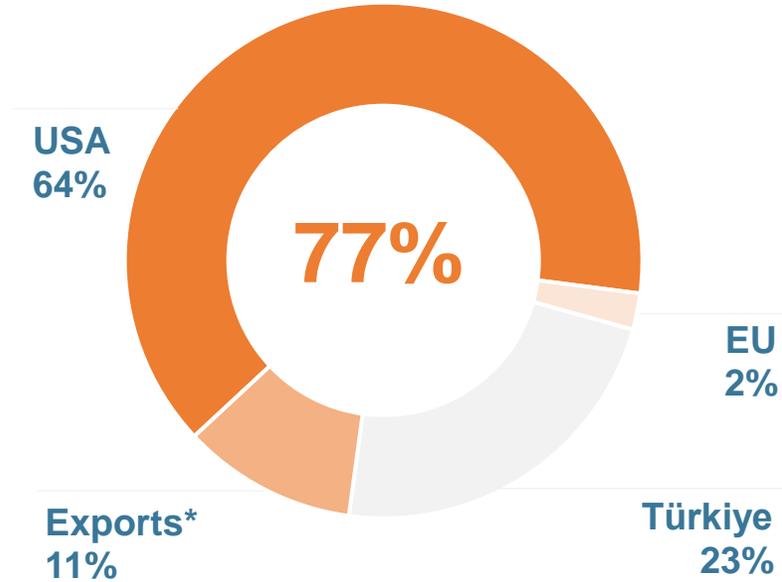
\*\* The land and buildings used for the production of large diameter pipes within the scope of the infrastructure and project business line at Gemlik, have been sold on February 22, 2024 and studies continue on alternatives to sell or relocate the related machinery and equipment. The machinery, equipment, land, and buildings used in the production of pipes, which have been manufactured in Türkiye for many years to be offered to customers in the industrial, construction, and automotive segments and are currently located at our Gemlik Facilities, are not included in the scope of the relevant sales transaction. Borusan Boru is to continue its production activities at Gemlik, Halkalı and Bursa facilities in Türkiye.

# STRONG REVENUE SHARE IN GLOBAL MARKETS

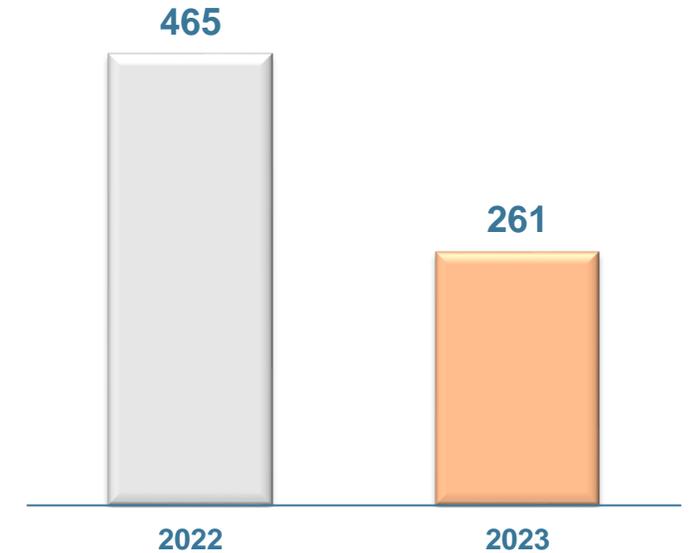
REGIONAL BREAKDOWN 2022 (%)



REGIONAL BREAKDOWN 2023 (%)



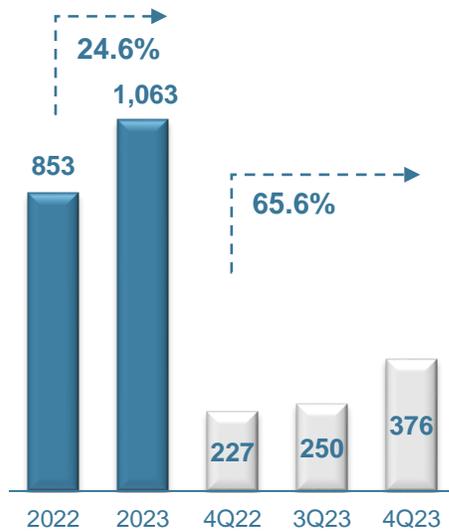
EXPORT REVENUES FROM TÜRKİYE (\$ mln)



Revenue share of global markets increased to 77% as of 2023.

# NORMALIZATION OF REVENUE AND PROFITABILITY AS A RESULT OF SUPPLY- DEMAND BALANCE IN 2H 2023

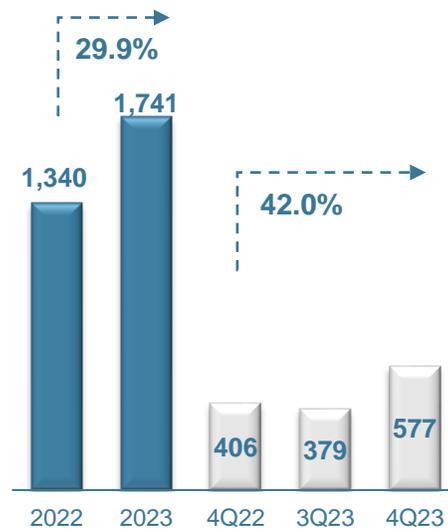
SALES VOLUME (ths ton)



Volume change in 4Q 2023 compared to 4Q 2022 based on business lines:

- + Infrastructure and Project: 799.3% increase
- + Automotive: 7.0% increase
- + Industrial and Construction: 21.5% increase
- Energy: 36.6% decrease

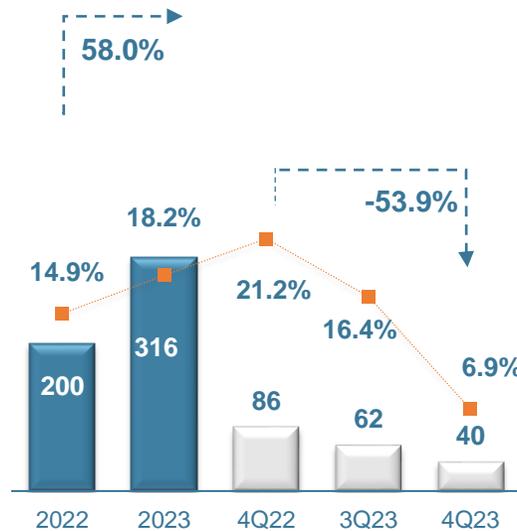
REVENUE (mln \$)



Revenue change in 4Q 2023 compared to 4Q 2022 based on business lines:

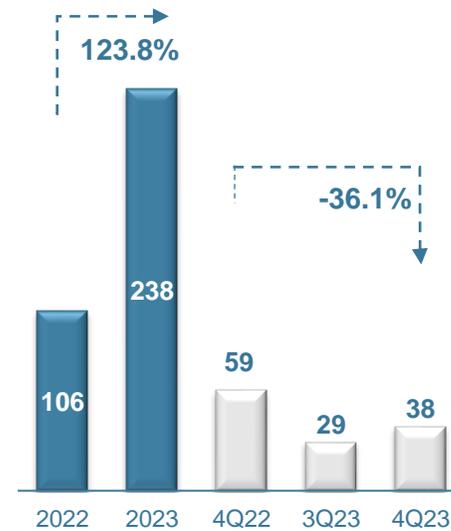
- + Infrastructure and Project: 930.2% increase
- + Industrial and Construction: 3.9% increase
- Automotive: 1.6% decrease
- Energy: 56.3% decrease

EBITDA (mln \$) & EBITDA MARGIN (%)



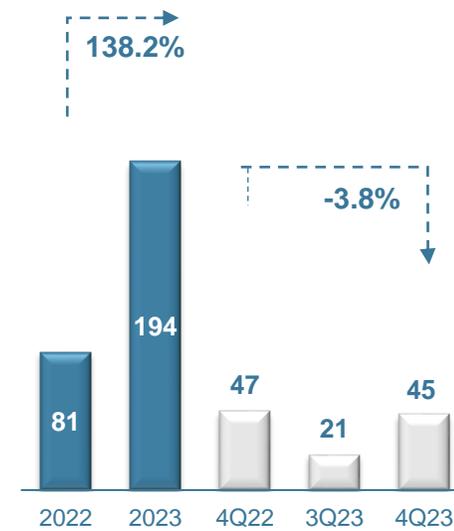
- Normalization of exceptional profitability generated in 1H23, as a result of decreasing volume and sales prices in the energy business line in the second half
- Pressure on profitability due to the production costs affected by the fx volatility and inflation
- Increasing labor costs

PROFIT BEFORE TAX (mln \$)



- + Incidental proceeds stemming from the acquisition of Berg Pipe \$31.9 million lower than its fair price

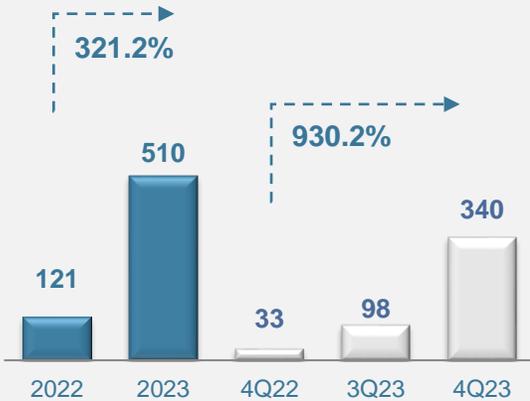
NET INCOME (mln \$)



# BUSINESS LINES MITIGATING THE EFFECTS OF GLOBAL VOLATILITY

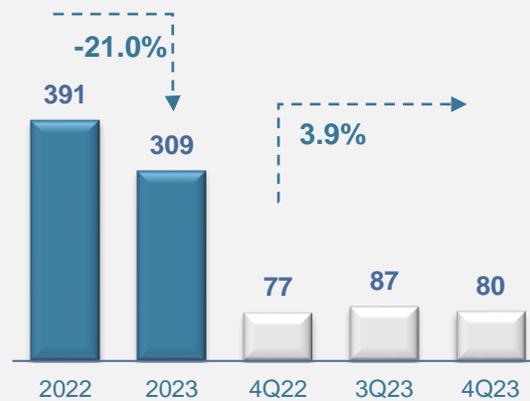
REVENUE SHARE

**29%** INFRASTRUCTURE & PROJECT



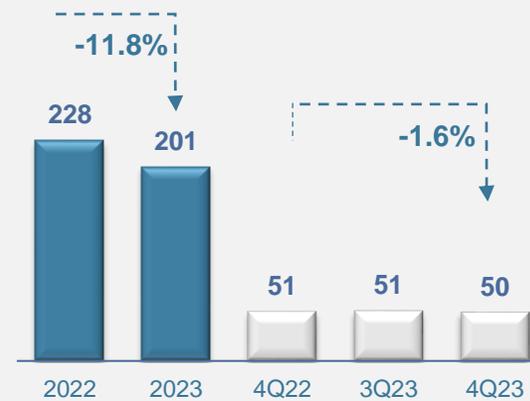
- + Contribution of Berg Pipe, which has been consolidated as of April
- + Increasing share of high value added spiral welded pipe sales

**18%** INDUSTRIAL & CONSTRUCTION



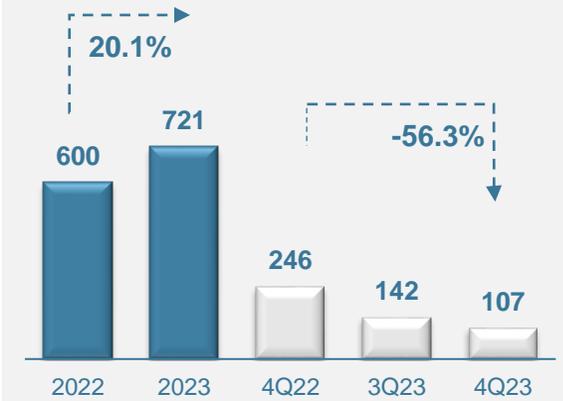
- Negative effect of economic volatility in the operating areas
- The pressure on sales price resulting from decreasing raw material prices
- Increasing labor cost

**12%** AUTOMOTIVE



- Limited decline in revenues with the effect of contracting demand in first half compared to 1H22, particularly in Europe
- Increasing labor cost

**41%** ENERGY



- Normalization of revenue as a result of supply and demand beginning to balance in the 2. half of the year

## SUMMARY INCOME STATEMENT (\$ MLN)

CONSOLIDATED (\$ mln)	2023	2022	Change (%)	4Q23	4Q22	Change (%)	3Q23
Revenue	1,741	1,340	29.9%	577	406	42.0%	379
Gross Profit	318	189	68.5%	38	86	(56.0%)	60
<i>Gross Profit Margin (%)</i>	<i>18.3%</i>	<i>14.1%</i>	<i>4.2 p.p.</i>	<i>6.5%</i>	<i>21.0%</i>	<i>(14.5 p.p.)</i>	<i>15.7%</i>
Operational Expenses	(85)	(65)	31.4%	(16)	(22)	(23.7%)	(23)
<i>OPEX Margin (%)</i>	<i>(4.9%)</i>	<i>(4.8%)</i>	<i>0.1 p.p.</i>	<i>(2.8%)</i>	<i>(5.3%)</i>	<i>(2.5 p.p.)</i>	<i>(6.0%)</i>
Other	62	35	76.8%	36	8	363.8%	7
EBIT	295	159	85.4%	57	72	(20.6%)	44
<i>EBIT Margin (%)</i>	<i>17.0%</i>	<i>11.9%</i>	<i>5.1 p.p.</i>	<i>9.9%</i>	<i>17.6%</i>	<i>(7.7 p.p.)</i>	<i>11.6%</i>
Financial Expenses	(58)	(53)	8.6%	(19)	(12)	54.4%	(15)
Profit Before Tax	238	106	123.8%	38	59	(36.1%)	29
<i>PBT Margin (%)</i>	<i>13.6%</i>	<i>7.9%</i>	<i>5.7 p.p.</i>	<i>6.6%</i>	<i>14.6%</i>	<i>(8.0 p.p.)</i>	<i>7.6%</i>
Net Income	194	81	138.2%	45	47	(3.8%)	21
<i>Net Income Margin (%)</i>	<i>11.1%</i>	<i>6.1%</i>	<i>5.0 p.p.</i>	<i>7.8%</i>	<i>11.5%</i>	<i>(3.7 p.p.)</i>	<i>5.5%</i>
Amortization	42	34	24.2%	9	9	4.0%	12
Other	(21)	7	(406.1%)	(26)	6	(562.6%)	6
EBITDA*	316	200	58.0%	40	86	(53.9%)	62
<i>EBITDA Margin (%)</i>	<i>18.2%</i>	<i>14.9%</i>	<i>3.3 p.p.</i>	<i>6.9%</i>	<i>21.2%</i>	<i>(14.3 p.p.)</i>	<i>16.4%</i>

\* EBITDA is calculated including Net Operating Income, Income from Investment Activities and excluding Extraordinary Income (Expense).

## SUMMARY INCOME STATEMENT (TRY MLN)

CONSOLIDATED (TRY mln)*	2023	2022	Change (%)	4Q23	4Q22	Change (%)	3Q23
Revenue	42,175	22,205	89.9%	16,441	7,370	123.1%	10,156
Gross Profit	7,088	3,128	126.6%	1,113	1,487	(25.2%)	1,594
<i>Gross Profit Margin (%)</i>	18.3%	14.1%	4.2 p.p.	6.5%	21.0%	(14.5 p.p.)	15.7%
Operational Expenses	(2,034)	(1,071)	89.9%	(509)	(386)	31.8%	(605)
<i>OPEX Margin (%)</i>	(4.9%)	(4.8%)	0.1 p.p.	(2.8%)	(5.3%)	(2.5 p.p.)	(6.0%)
Other	1,318	583	126.2%	752	147	413.0%	183
EBIT	6,372	2,640	141.4%	1,356	1,248	8.7%	1,172
<i>EBIT Margin (%)</i>	17.0%	11.9%	5.1 p.p.	9.9%	17.6%	(7.7 p.p.)	11.6%
Financial Expenses	(1,409)	(881)	59.9%	(541)	(232)	133.5%	(403)
Profit Before Tax	4,964	1,759	182.3%	815	1,016	(19.8%)	769
<i>PBT Margin (%)</i>	13.6%	7.9%	5.7 p.p.	6.6%	14.6%	(8.0 p.p.)	7.6%
Net Income	4,103	1,350	203.9%	1,010	796	26.9%	556
<i>Net Income Margin (%)</i>	11.1%	6.1%	5.0 p.p.	7.8%	11.5%	(3.7 p.p.)	5.5%
Amortization	1,000	561	78.3%	270	164	64.7%	316
Other	(504)	115	(539.4%)	(620)	95	(749.4%)	133
EBITDA**	6,869	3,315	107.2%	1,006	1,507	(33.2%)	1,621
<i>EBITDA Margin (%)</i>	18.2%	14.9%	3.3 p.p.	6.9%	21.2%	(14.3 p.p.)	16.4%

\* Margins for TRY Consolidated Income Statement are based on USD dollar Income Statement.

\*\* EBITDA is calculated including Net Operating Income, Income from Investment Activities and excluding Extraordinary Income (Expense).

# SUMMARY BALANCE SHEET AND FX POSITION

## BALANCE SHEET

(\$ mln)	2023	2022	3Q23	3Q22
Cash and Cash Equivalents	129	83	134	77
Trade Receivables	197	251	191	204
Inventories	537	335	526	412
<b>Current Assests</b>	<b>1,084</b>	<b>735</b>	<b>986</b>	<b>754</b>
<b>Non-Current Assets</b>	<b>816</b>	<b>741</b>	<b>865</b>	<b>665</b>
<b>TOTAL ASSETS</b>	<b>1,899</b>	<b>1,476</b>	<b>1,850</b>	<b>1,419</b>
Short Term Borrowings	265	424	297	460
Trade Payables	293	203	253	249
<b>Short Term Liabilities</b>	<b>874</b>	<b>681</b>	<b>846</b>	<b>747</b>
Long Term Borrowings	84	79	99	66
<b>Long Term Liabilities</b>	<b>178</b>	<b>161</b>	<b>235</b>	<b>143</b>
Paid in Capital	69	69	69	69
<b>Equity</b>	<b>848</b>	<b>634</b>	<b>769</b>	<b>530</b>
<b>TOTAL LIABILITIES</b>	<b>1,899</b>	<b>1,476</b>	<b>1,850</b>	<b>1,419</b>

(\$ mln)	2023	2022	3Q23	3Q22
Net Working Capital	441	383	464	368
Net Debt	219	420	262	448

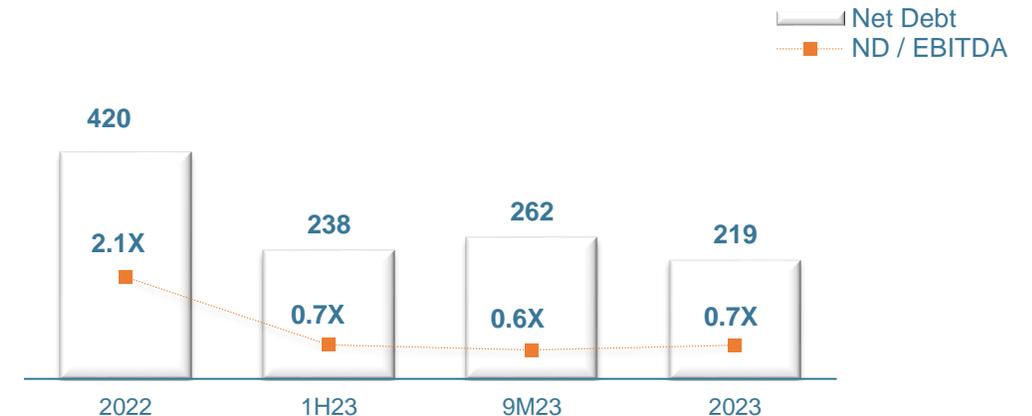
## CASH – DEBT BREAKDOWN

(\$ mln)



- On October 2, 2023, TRY500 million bond with four coupon payments, 365 days of maturity, fixed interest rate of 45% and redemption date of October 1st, 2024 has been issued for the qualified investors in domestic market.

## NET DEBT\*/EBITDA

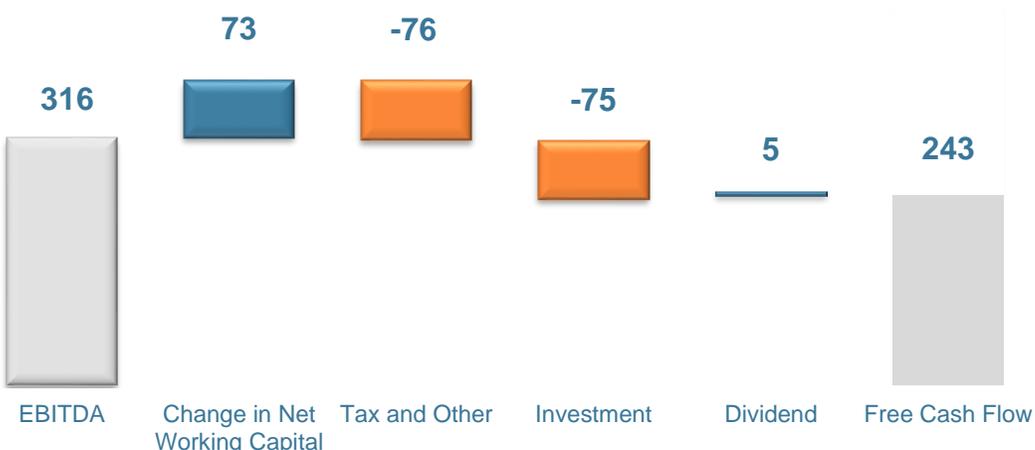


Net Debt  
ND / EBITDA

# STRONG CASH GENERATION ABILITY THROUGH EFFECTIVE EXECUTION

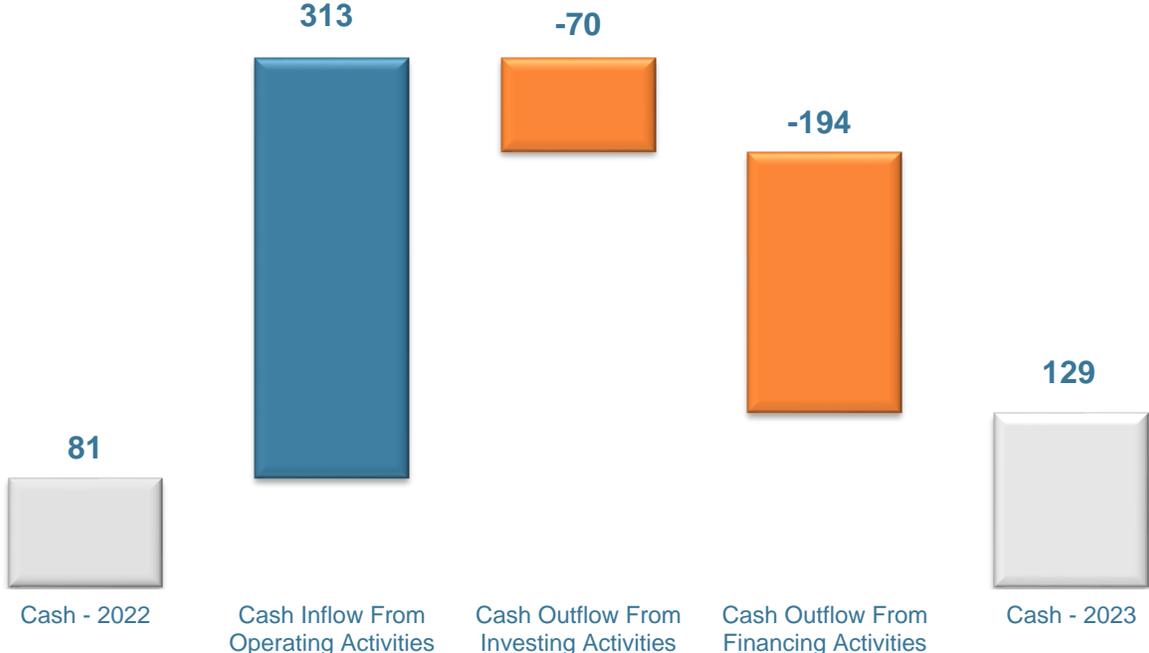
## FREE CASH FLOW

(\$ mln)



## CHANGE IN CASH

(\$ mln)



## 2024 GUIDANCE

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	2023A	2024E
Sales Volume (mln tons)	1.06	1.05 – 1.20
Revenue (\$ billion)	1.7	1.7 – 2.0
EBITDA Margin (%)	18.2%	8% - 10%

\* In the first half of 2023, a high profitability above the sector average has been achieved due to the strong outlook in demand and the rise in sales prices exceeding long-term averages in energy business segment. In 2024, sales prices are expected to approach to the long-term average and profitability levels to normalize, due to balanced supply/demand conditions.

\*\* In the ordinary course of events, expectations are disclosed four times a year, with quarterly financial results. Above figures are presented as the initial expectations for 2024.

# OUR TARGET: POSITIONING BMB FOR THE FUTURE GROWING STAKEHOLDER VALUE

## COMPETITIVE ADVANTAGES

- **Qualified human resources** with agility to take prompt action and vision to turn crises into advantage
- **Quality and leading** brand perception
- **Strong customer satisfaction** thanks to customer and solution focused approach at the maximum
- **Preferred manufacturer by suppliers** due to value-added products, continuous growth and reliable partner approach
- **Wide product portfolio** continuously supported by new investments
- **Ranked 1. in Europe** in cold drawn pipes and **leading manufacturer in the USA** in welded steel pipe market
- **Balanced portfolio approach** with presence in geographies and segments having different dynamics

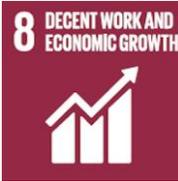
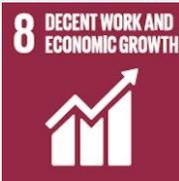
## FOCUS FOR TRANSFORMATION

- ESG oriented **cultural transformation**
- **Compliance studies on CBAM** (Carbon Border Adjustment)
- **Digitalization of** processes
- **Savings** in operational costs
- **Improvement** in Administrative Expenses and Production Costs
- **Profitability oriented sustainable growth** in business lines and geographic regions
- The integration of acquisitions and investments in **new regions** in the most efficient manner
- **Generating value add with smart pipes,** enabling customer and product communication
- **Targeting new markets** with hydrogen, carbon capture and energy storage products

## STRATEGIC ACTIONS

- Infrastructure and Project: Growth in Northern America Market with **Berg Pipe acquisition in the USA**
- Industrial and Construction: Increasing the weight of new products in the portfolio through **SRM investment in the USA**
- Automotive: Penetration in Tier 1 – Tier 2 customer segments in Europe with the **Service Center investment in Romania**
- Energy: Sustaining profitable revenue growth by weighing on **automation and robotics investment** in existing lines
- Constantly evaluating **acquisition and mergers** options with a focus on efficiency

# OUR ENVIRONMENT, SOCIAL, GOVERNANCE (ESG) ORIENTED ACTIONS

	PRIORITIES	RELATED KPI'S	RELATED SDG
HUMAN	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Social Contribution</li> <li>Effective People Management</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in Frequency and Weight of Accident</li> <li>Female Employee Rate</li> <li>Employee Loyalty</li> <li>Talent Retention Rate</li> </ul>	  
CLIMATE	<ul style="list-style-type: none"> <li>Waste Management</li> <li>Circular Economy</li> <li>Combating Climate Crisis</li> <li>Transition to Zero Carbon Economy</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of Scope 1 and 2 Emission</li> <li>Reduction of Waste</li> <li>Reduction of Water Consumption</li> <li>Increase of Recycled Water</li> </ul>	  
GOVERNANCE	<ul style="list-style-type: none"> <li>Sustainability in Supply Chain</li> <li>Effective Risk ve Crisis Management</li> <li>Excellence in Customet Relations</li> <li>Adopting Innovative Business Models</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Corporate Governance Principles</li> <li>All Sustainability KPI's</li> <li>Green Purchase at Supply Chain</li> </ul>	  
INNOVATION	<ul style="list-style-type: none"> <li>New Product and Innovation</li> <li>Digital Transformation</li> <li>Artificial Intelligence</li> <li>Operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Revenue Generated from Innovative Business Models</li> <li>Implementation of Circular Business Model (Product or Service)</li> </ul>	 



# **BORUSAN BORU**

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**Telephone**

**0 212 3935800**

**Fax**

**0 212 2933165**

**E-mail**

**[bmb.investor@borusan.com](mailto:bmb.investor@borusan.com)**