

## Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. 2024 Earnings Announcement

Borusan Birleşik Boru Fabrikaları San. Ve Tic. A.Ş. (BIST: BRSAN) (“Borusan Boru”) announced its 2024 financial results on February 21, 2025.

### Management's Evaluation

«2024 was a year in which our company demonstrated its financial and operational resilience despite challenging market conditions and achieved financial results in line with expectations.

In 2024, despite a weak demand environment, intensifying competition, declining raw material prices, and the inflationary pressure on costs, we adapted to changing market conditions by providing swift and effective solutions to customer demands and took steps to maintain our market position.

Throughout the year, our sales volume increased by 10%, reaching 1.17 million tons, while our sales revenue declined by 3% year-on-year to \$1.7 billion. Despite the pricing constraints imposed by market dynamics during this period, our strong position in the U.S. market and the growing business volume in the infrastructure-project segment contributed positively to our revenues.

During this period, in addition to pricing challenges in the market, rising cost pressures driven by the inflationary environment and exchange rate movements had an impact on our profitability. Gross profit declined by 65% year-on-year to \$112 million, while EBITDA decreased by 68% to \$102 million. Our EBITDA margin was in line with our expectations at 6.0%. Thanks to the steps we took in the second half of the year to strengthen our cash flow and balance sheet structure, we maintained our Net Financial Debt/EBITDA ratio at 2.8X, keeping it at its third-quarter-end level despite the decline in EBITDA.

Regarding geographical revenue distribution, the share of the U.S. market in our total revenue reached 69%, while the share of our international revenues in total was 81%. On a segment basis, the infrastructure and project business segment made the largest contribution with a 47% share, while the energy segment accounted for 23%. The industry & construction and automotive segments recorded shares of 18% and 12%, respectively.

The challenges we faced in 2024 strengthened our resilience against changing market conditions and enabled us to implement more effective practices in cost management and operational efficiency. The strategic approaches we developed during this period enhanced our risk management capacity while contributing to maintaining our competitiveness in the markets where we operate.

In 2025, while the market challenges experienced in 2024 are expected to continue, our key priorities are to maintain stability in revenue and sales volume, keep the EBITDA margin within the 5% - 7% range through effective cost management, optimize working capital management, and strengthen cash flow to reduce debt levels. The demand outlook in key operating markets, exchange rate movements, raw material price trends, and particularly potential new regulations in the U.S. steel sector will continue to impact our profitability.»

### 2024 Summary of Financial Results

(million \$)	2024	YoY Δ	2023	YoY Δ	2022	4Q24	YoY Δ	4Q23	YoY Δ	4Q22
<b>Revenues</b>	1,689	-3%	1,741	30%	1,340	350	-39%	577	42%	406
<b>Gross Profit</b>	112	-65%	318	68%	189	9	-75%	38	-56%	86
<b>EBITDA*</b>	102	-68%	316	58%	200	6	-85%	40	-54%	86
<b>Profit/Loss Before Tax</b>	1	-100%	238	124%	106	-18	N/M	38	-36%	59
<b>Net Profit/Loss</b>	-5	N/M	194	138%	81	-16	N/M	45	-4%	47

### Margins

(%)	2024	YoY Δ, pps	2023	YoY Δ, pps	2022	4Q24	YoY Δ, pps	4Q23	YoY Δ, pps	4Q22
<b>Gross Profit Margin</b>	6.6%	-11.7	18.3%	4.2	14.1%	2.7%	-3.8	6.5%	-14.5	21.0%
<b>EBITDA Margin</b>	6.0%	-12.2	18.2%	3.3	14.9%	1.7%	-5.2	6.9%	-14.3	21.2%
<b>Net Profit Margin</b>	-0.3%	-11.4	11.1%	5.0	6.1%	-4.5%	-12.3	7.8%	-3.7	11.5%

(\*) EBITDA is calculated including Net Operating Income, Income from Investment Activities and excluding Extraordinary Income (Expense). The financial results presented here have been prepared in accordance with the Turkish Financial Reporting Standards (TFRS).

## Sales Volume

('000 tons)	2024	YoY Δ	2023	YoY Δ	2022	4Q24	YoY Δ	4Q23	YoY Δ	4Q22
<b>Sales Volume</b>	1,168	10%	1,063	25%	853	214	-43%	376	66%	227

### 2024 Highlights

- In 2024, our sales volume increased by 10% year-over-year, reaching 1,168 thousand tons.
- During this period, our sales revenue declined by 3% year-on-year to \$1.7 billion, in line with our expectations, as market conditions pressured pricing, particularly in the second half of the year.
- The share of sales revenue generated from global markets in total revenue increased by 4 percentage points compared to the previous year, reaching 81%. In terms of regional revenue distribution, the U.S. market had the highest share at 69%, followed by Türkiye with 19%. Sales to other regions accounted for 12% of total sales.
- In 2024, on a business segment basis, the infrastructure and project segment accounted for the largest share of sales revenue at 47%, while the energy segment contributed 23%, and the industry & construction and automotive segments accounted for 18% and 12%, respectively.
- During this period, despite the increase in sales volume, gross profit declined by 65% year-on-year to \$112 million due to intensified competition limiting pricing capability and ongoing cost pressures (Gross Profit: \$318 million in 2023, \$189 million in 2022).
- EBITDA decreased by 68% year-over-year to \$102 million in 2024 (EBITDA: \$316 million in 2023, \$200 million in 2022).
- In 2024, PBT declined by 100% year-on-year to \$1 million, while net loss amounted to \$5 million (PBT: \$238 million in 2023, \$106 million in 2022 – Net Profit/Loss: \$194 million in 2023, \$81 million in 2022).
- Among leverage indicators, the Net Financial Debt/EBITDA<sup>1</sup> ratio remained stable at 2.8X, staying at its 9M24 level despite the need for net working capital and the decline in EBITDA (2023: 0.7X).

### Sectoral Outlook

- In the last quarter of the year, steel prices showed a limited increase in the U.S. and China compared to the previous quarter, while the downward trend continued in Western Europe. Throughout 2024, the average hot rolled coil (HRC) price per ton declined by \$137 year-over-year to \$771 in the U.S., by \$93 to \$674 in Western Europe, and by \$48 to \$432 in China. As of the end of December, the HRC price per ton stood at \$683 in the U.S., \$582 in Western Europe, and \$408 in China<sup>2</sup>.
- In 2024, the price of Brent crude oil per barrel declined by 2.0% to an average of \$82.0. In December, movements in oil prices were influenced by OPEC+'s decision to postpone production increases until April 2025, continued production growth in non-OPEC countries, easing geopolitical tensions, and a slowdown in demand growth. At the end of December, the price of Brent crude oil per barrel stood at \$76.5 (December 2023: \$80.3).
- As of the end of December 2024, the global rig count<sup>3</sup> decreased by 79 units year-over-year, reaching 1,660. During this period, the number of rigs in the U.S. decreased by 34 units compared to the same period last year, falling to 589<sup>4</sup>.
- Global crude steel production in 2024 declined by 0.8% to 1.8 billion tons. Meanwhile, crude steel production in Turkey increased by 9.4% year-over-year to 36.9 million tons. The consumption of finished steel products rose by 0.6% in 2024, reaching 38.3 million tons<sup>5</sup>.
- In 2024, Türkiye's steel pipe exports increased by 7.4% year-over-year, reaching 2.23 million tons. Romania, the United Kingdom, and Iraq emerged as the most significant export markets.

(1) Net Financial Debt/EBITDA ratios are calculated using EBITDA for the last twelve months.

(2) Data has been sourced from SteelBenchmarker.

(3) It shows the total number of gas, oil, and other rigs.

(4) Data has been sourced from Baker Hughes.

(5) Data has been sourced from Turkish Steel Producers Association.

## 2024 Business Segment Developments

- **Infrastructure and Project:** In 2024, sales volume increased by 37.2% year-over-year, while sales revenue grew by 56.2% year-over-year, reaching \$797.0 million. This increase was driven by ongoing projects in the U.S. and the consolidation of Berg Pipe into the financial statements since April 2023.
- **Industrial and Construction:** Despite weak demand in the markets in which we operate, sales volume increased by 10.3% year-over-year in 2024. During this period, due to pricing challenges arising from declining raw material prices and increasing competition, sales revenue contracted by 2.5% year-over-year, reaching \$301.0 million.
- **Automotive:** Despite the weak demand outlook for pipes in the automotive market in 2024, sales volume grew by 4.9% year-over-year, and sales revenue increased by 0.8% compared to the same period of the previous year, reaching \$202.8 million.
- **Energy:** In 2024, sales volume in the energy segment declined by 16.9% year-over-year, impacted by the high base effect from the previous year. During this period, sales revenue decreased by 46.1% year-over-year to \$388.5 million, driven by prices returning to long-term averages.

### Revenue Breakdown by Business Segment

(million \$)	2024	YoY Δ	2023	YoY Δ	2022	4Q24	YoY Δ	4Q23	YoY Δ	4Q22
<b>Revenues</b>	1,689	-3%	1,741	30%	1,340	350	-39%	577	42%	406
<i>Infrastructure and project</i>	797	56%	510	322%	121	137	-60%	340	930%	33
<i>Industry and construction</i>	301	-2%	309	-21%	391	78	-3%	80	4%	77
<i>Automotive</i>	203	1%	201	-12%	228	46	-7%	50	-2%	51
<i>Energy</i>	389	-46%	721	20%	600	90	-16%	107	-56%	246

### Summary Balance Sheet Figures

(million \$)	12/31/2024	12/31/2023	YoY Δ
<b>Current Assets</b>	698	1,084	-36%
Property, Plant and Equipment	742	711	4%
<b>Total Assests</b>	1,571	1,899	-17%
Short Term Liabilities	539	874	-38%
<b>Total Liabilities</b>	718	1,052	-32%
Equity	853	848	1%

### Financial Ratios

	12/31/2024	12/31/2023
<b>Current Ratio</b>	1.29	1.24
Liquidity Ratio	0.64	0.63
<b>Inventory Turnover Ratio</b>	4.13	2.65
Working Capital Utilization	32.2%	42.1%
<b>Net Financial Debt/ EBITDA*</b>	2.8	0.7
Equity Utilization Ratio	56.7%	47.9%

### Summary Cash Flow Statement

(million \$)	12/31/2024	12/31/2023
<b>Cash Inflow/Outflow (-) From Operating Activities</b>	19	313
Cash Inflow/Outflow (-) From Investing Activities	(29)	(70)
<b>Cash Inflow/Outflow (-) From Financing Activities</b>	(52)	(194)
Change in Cash and Cash Equivalents	(63)	48
<b>Cash in 2023</b>	129	81
Cash in 4Q24	67	129

### Free Cash Flow

(million \$)	12/31/2024	12/31/2023
<b>EBITDA*</b>	102	316
Increase/Decrease (-) in Net Working Capital	(75)	73
<b>Tax and Other</b>	(8)	(76)
Investment, net	(31)	(75)
<b>Dividend</b>	2	5
Free Cash Flow	(10)	243

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

(\*\*) Net Financial Debt/EBITDA ratios are calculated using EBITDA for the last twelve months.

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## 2025 Guidance

	2020	2021	2022	2023	2024	2025 Expectation
<b>Sales Volume (mln tons)</b>	0.63	0.76	0.85	1.06	1.17	1.05-1.20
Revenue (\$ billion)	0.5	0.8	1.3	1.7	1.7	1.6-1.8
<b>EBITDA Margin (%)</b>	9.9%	9.8%	14.9%	18.2%	6.0%	5%-7%

In 2024, results were in line with expectations.

In 2025, the market challenges experienced in 2024 are expected to continue. In this context, while sales volume and revenue are expected to remain stable, profit pressures are expected to be balanced through effective cost management, and the EBITDA margin is projected to be in the range of 5% - 7%. Demand outlook in key operating markets, raw material prices, exchange rate movements, and particularly potential new regulations in the U.S. steel sector are expected to continue impacting profitability.

In the ordinary course of events, expectations are disclosed four times a year, with quarterly financial results.

### Contact

Borusan Boru (BRSAN) Investor Relations

E-mail: [bb.investor@borusan.com](mailto:bb.investor@borusan.com)

Phone: +90 212 393 57 58

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