

# INVESTOR PRESENTATION

January - September 2024



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# BORUSAN BORU AT A GLANCE

## BORUSAN GROUP



**BMB  
Holding A.Ş.**  
BMBH – 73.5%

**Float and  
Other**  
26.5%



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



**Borusan Pipe US Inc.**  
100%



**Borusan Vobarno Tubi S.p.A.**  
99%



**Borusan Tube Products  
“Borusan Tube Romania”**  
100%



**Borusan Tube International  
“Borusan Tube Germany”**  
100%



**Borusan Berg Pipe Panama – 100%**



**Borusan Berg Pipe Mobile – 100%**

- 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 Turkey 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 in 2023, BBB expanded its operations in the USA by acquiring Berg Pipe.
- In 1Q24, as part of its strategy to expand its automotive business line initiated last year, BBB completed its facility investment in Romania and the installation of the SRM line in Houston, Baytown campus in the USA. Following trial production, commercial activities began in 3Q24.

# LEADING GLOBAL POWER IN STEEL PIPE PRODUCTION



**3** Continents

**10** Facilities

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

**2,493** Employees

**1.7 million ton** Capacity

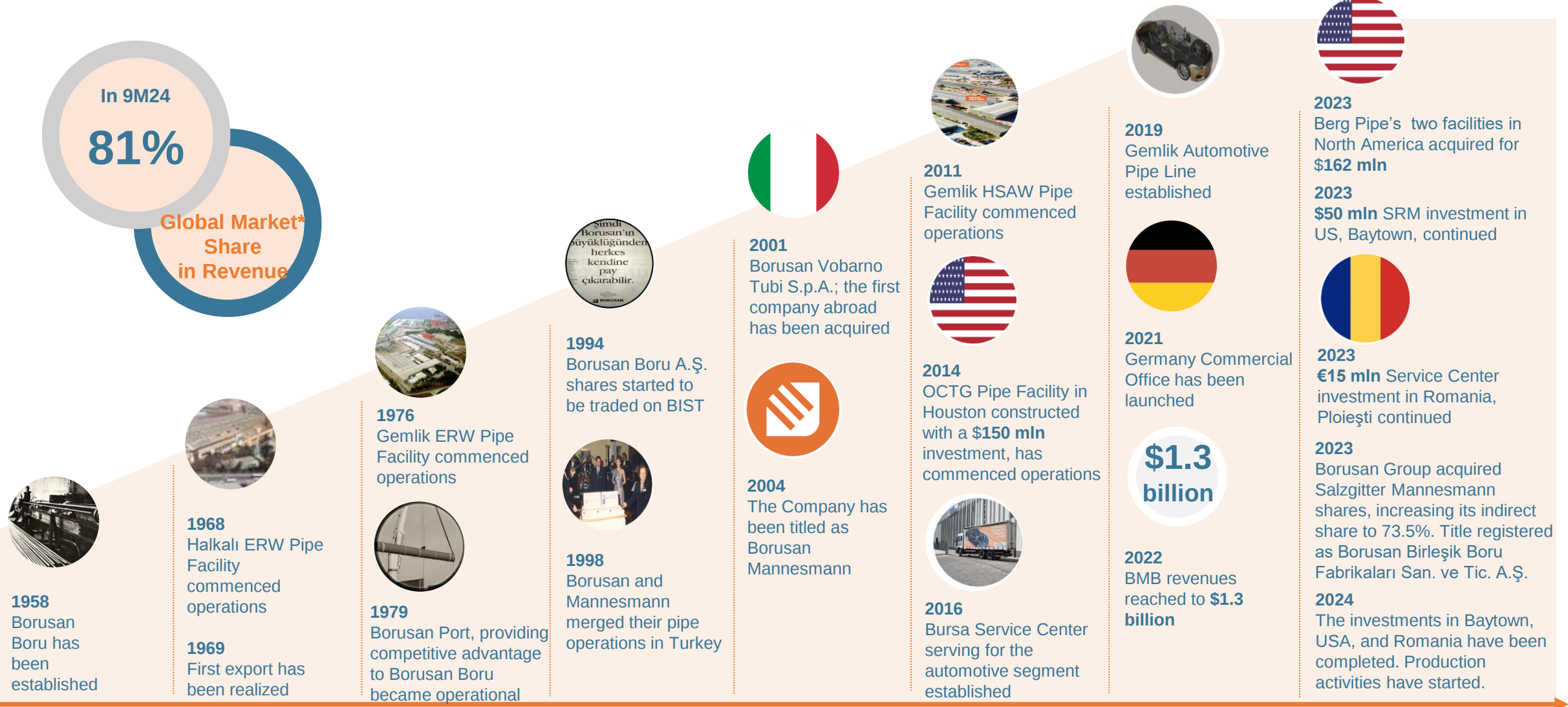
**4,000** Product Types

| FACILITY          | PRODUCT                 | SECTOR                                                    | YEAR | CAPACITY (tons)                    |
|-------------------|-------------------------|-----------------------------------------------------------|------|------------------------------------|
| TR - Halkali      | ERW and Cold Drawn Pipe | Automotive, Industry & Construction                       | 1958 | 100,000 - welded<br>40,000 - drawn |
| TR - Gemlik       | ERW Pipe                | Industry & Construction, Infrastructure & Project, Energy | 1976 | 550,000                            |
| TR - Bursa        | Service Center          | Automotive                                                | 2016 | 21 mln units                       |
| TR - Gemlik       | Cold Drawn Pipe         | Automotive                                                | 2019 | 60,000 - welded<br>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                       |

\* The investment was completed in 1Q24. Following trial production, commercial activities began in 3Q24.

\*\* 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. In 3Q24, production activities at the relevant facility were completed, and the land and buildings will be fully vacated by December 2024..

# STEP BY STEP JOURNEY TO GLOBALIZATION



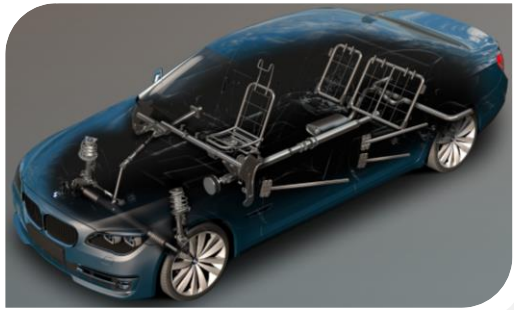
# BUSINESS MODEL THAT MANAGES RISKS THROUGH SECTOR AND GEOGRAPHICAL DIVERSITY



INFRASTRUCTURE  
& PROJECT



INDUSTRIAL  
& CONSTRUCTION



AUTOMOTIVE



ENERGY

Revenue  
Breakdown

|      |     |     |     |     |
|------|-----|-----|-----|-----|
| 9M23 | 15% | 19% | 13% | 53% |
| 2023 | 29% | 18% | 12% | 41% |
| 9M24 | 49% | 17% | 12% | 22% |

Production  
Centers



- 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

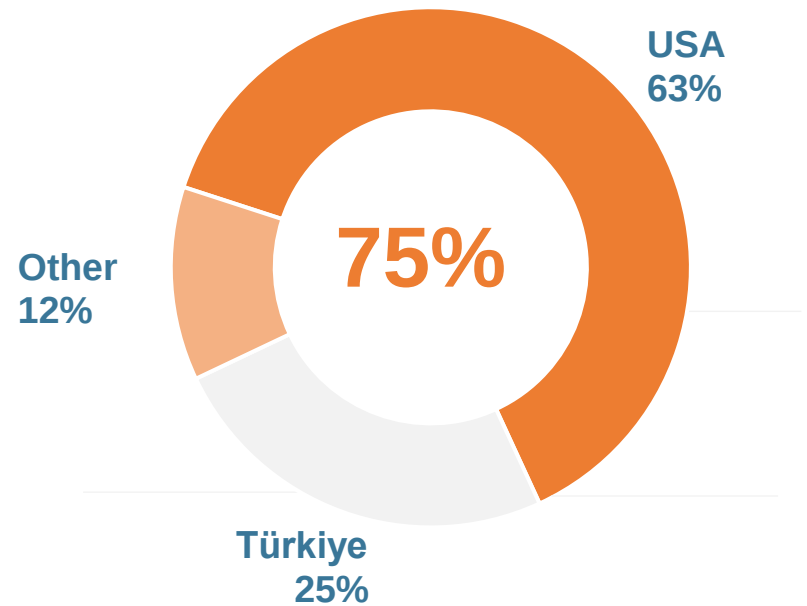
- Hydraulic Cylinder Pipe
- Cold Drawn Pipes
- Advance Processed Pipes
- Precision Pipes and Profiles

- ERW Line Pipes
- OCTG Pipes

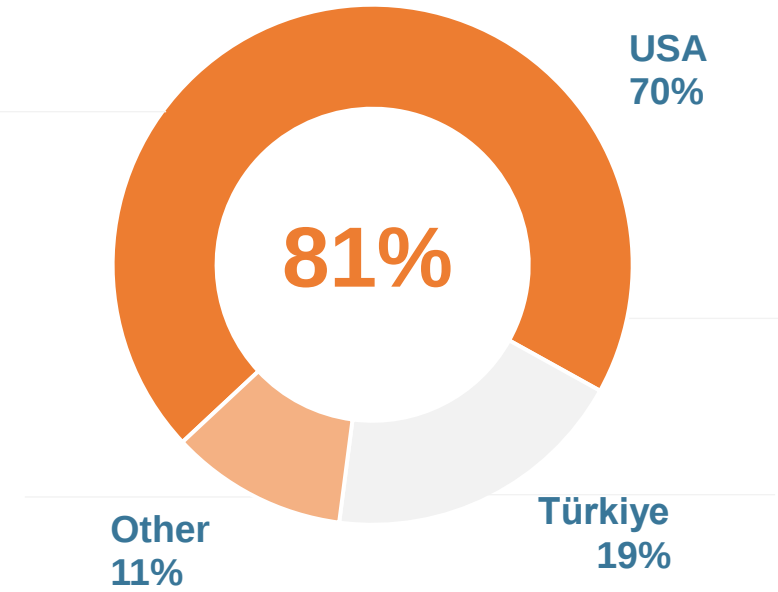
The land and buildings used for the production of large diameter pipes within the scope of the infrastructure and project business line at Gemlik, have been sold on February 22, 2024 and production activities at the relevant facility were completed in 3Q24. Studies continue on alternatives to sell or relocate the related machinery and equipment. The machinery, equipment, land, and buildings used in the production of pipes, which have been manufactured in Turkey 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 Turkey.

# IN 9M24, INCREASE IN REVENUE FROM GLOBAL MARKETS

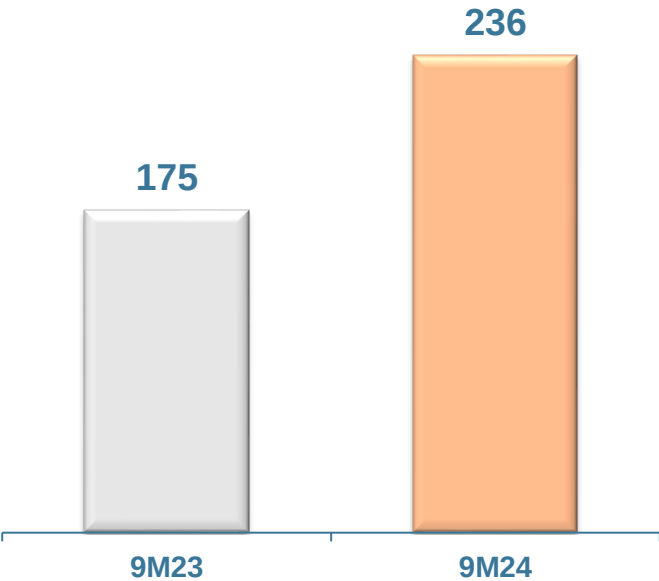
REGIONAL BREAKDOWN 9M23\* (%)



REGIONAL BREAKDOWN 9M24\* (%)



EXPORT REVENUES FROM TÜRKİYE (\$ mln)

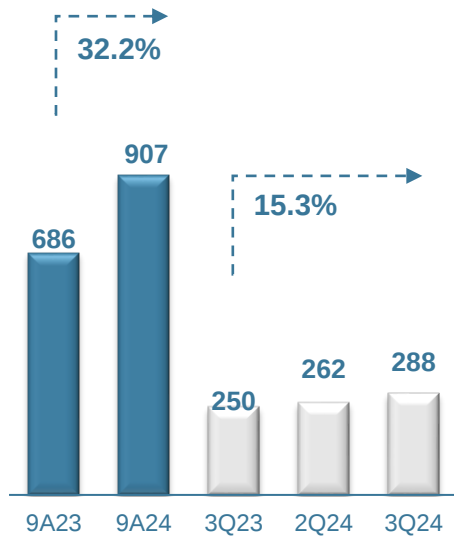


Revenue share of global markets increased to 81% as of 9M24

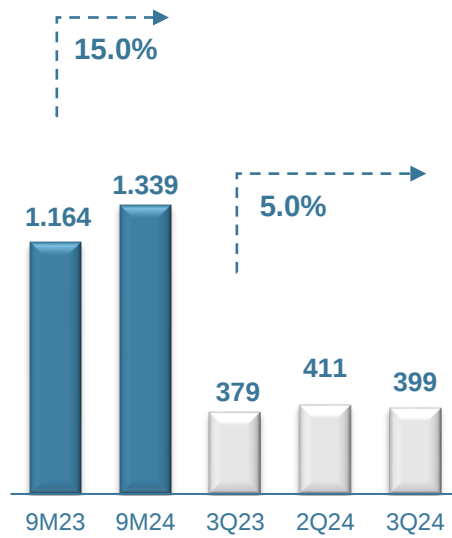
\* Exports from Türkiye to US operations are consolidated under the relevant operations.

# IN 9M24 INCREASED SALES VOLUME AND REVENUE DESPITE CHALLENGING MARKET CONDITIONS

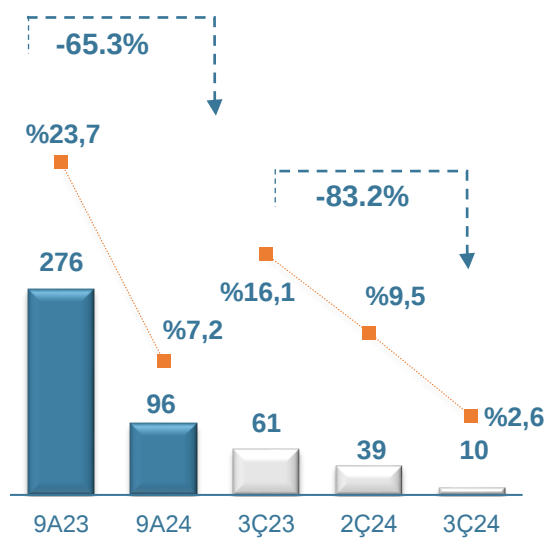
SALES VOLUME (ths ton)



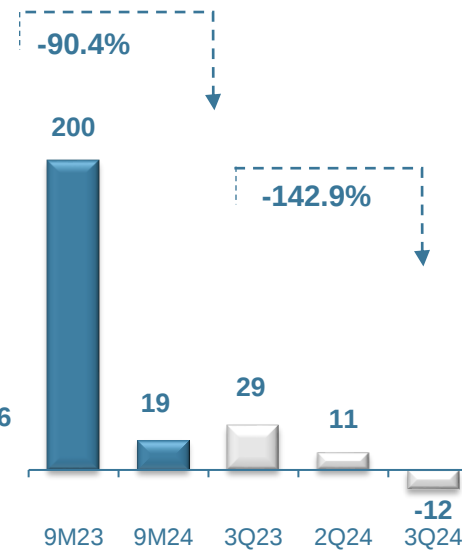
REVENUE (mln \$)



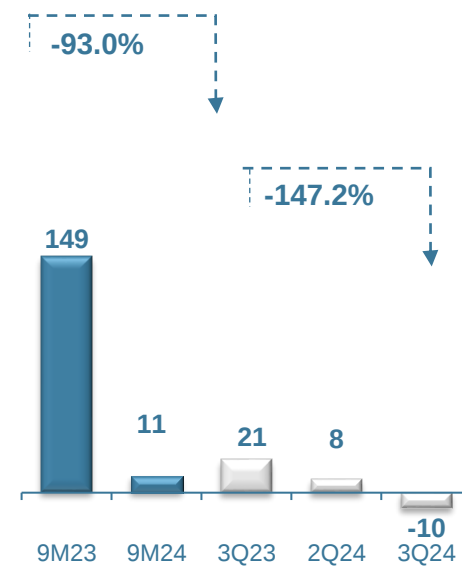
EBITDA (mln \$) & EBITDA MARGIN (%)



PROFIT BEFORE TAX (mln \$)



NET INCOME (mln \$)



Volume change in 9M 2024 compared to 9M 2023 based on business lines:

- + Infrastructure and Project: 200.3% increase
- + Automotive: 6.8% increase
- + Industrial and Construction: 13.5% increase
- Energy: 22.1% decrease

Revenue change in 9M 2024 compared to 9M 2023 based on business lines:

- + Infrastructure and Project: 287.6% increase
- + Automotive: 3.4% increase
- Industrial and Construction: 2.3% decrease
- Energy: 51.3% decrease

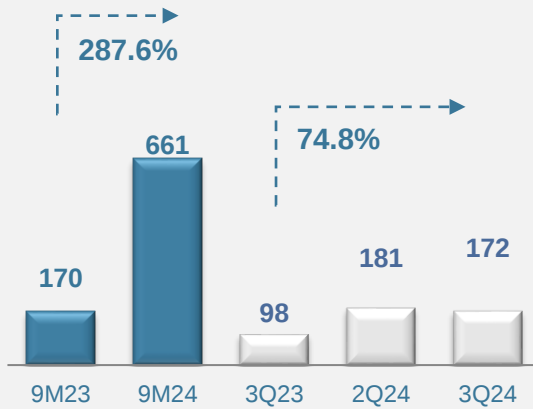
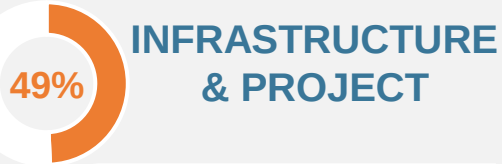
- The negative impact of the production loss resulting from the weakening of demand on capacity utilization
- The effect of the real appreciation of the Turkish lira on costs and operational expenses
- o The continuation of the normalization process, which began in 2H23, due to declining volumes and sales prices in the energy business line.

- The increased financing costs resulting from financial debts incurred to meet working capital requirements.

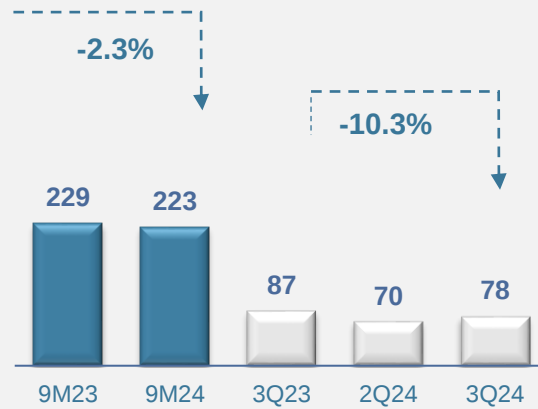
# FINANCIAL RESULTS SUPPORTED BY THE INFRASTRUCTURE AND PROJECT BUSINESS LINE

REVENUE SHARE (9M24)

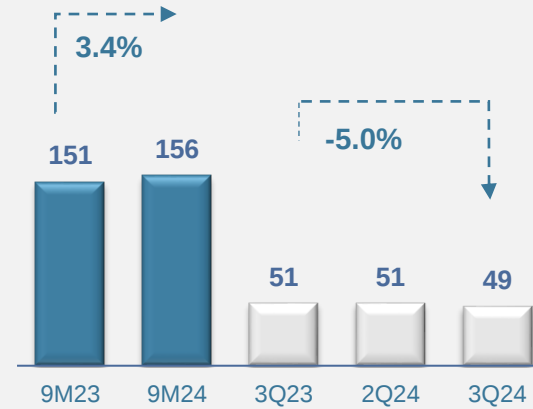
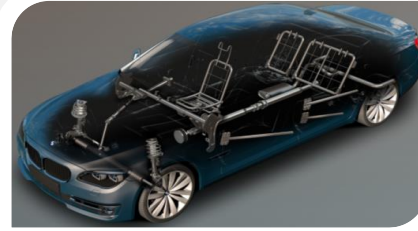
REVENUE (\$ mln)



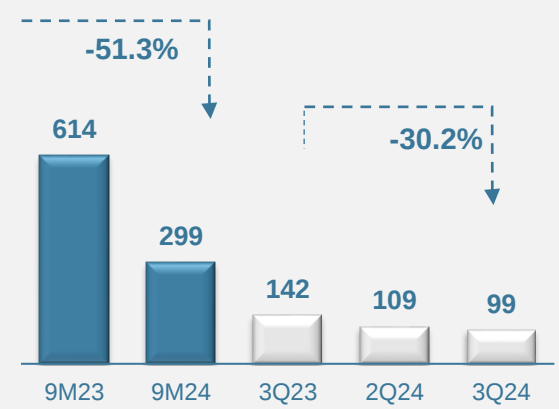
- + Contribution of Berg Pipe, which has been consolidated as of April 2023
- + Increasing share of high value added spiral welded pipe sales



- Weak demand outlook in the operating areas, particularly in Türkiye
- Inability to benefit from economies of scale due to weak demand
- Limited contribution from the USA SRM line investment as it is still in the transition phase
- Increasing competition



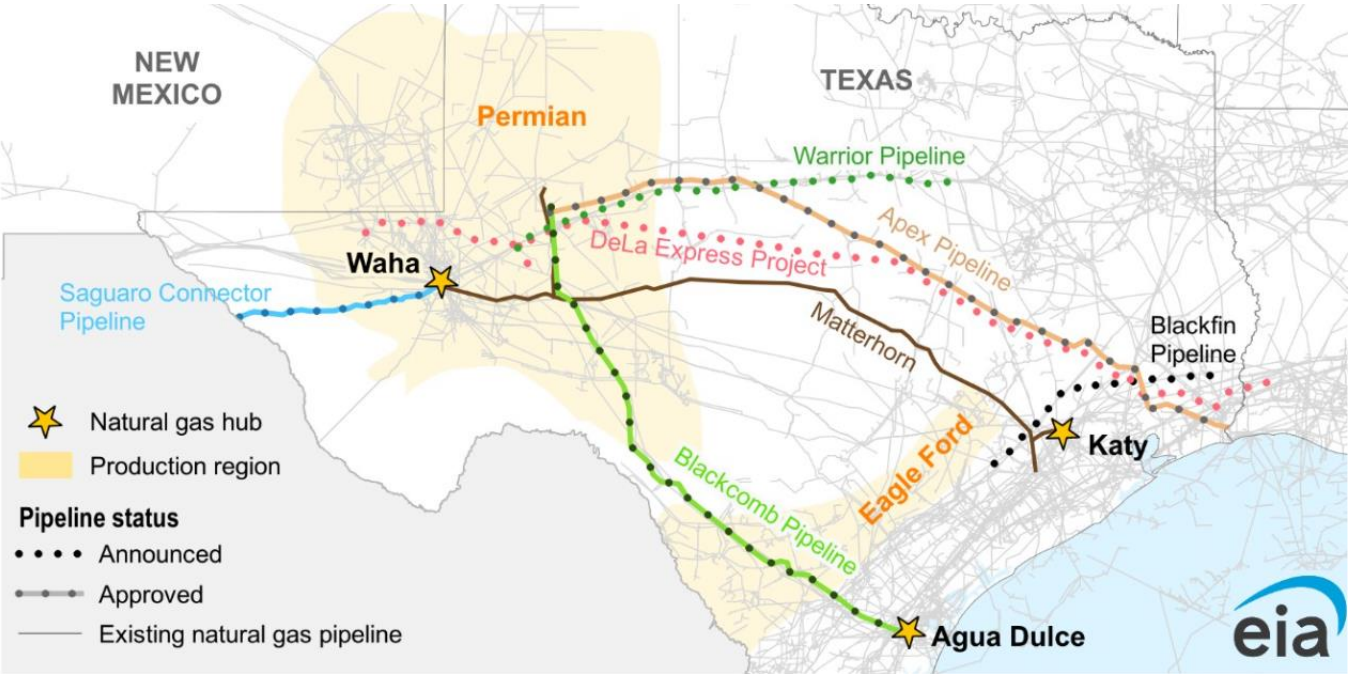
- Weak demand outlook, particularly in the European automotive market
- Inability to benefit from economies of scale due to weak demand
- Rising labor costs in USD terms



- Normalized revenue due to balanced supply-demand conditions

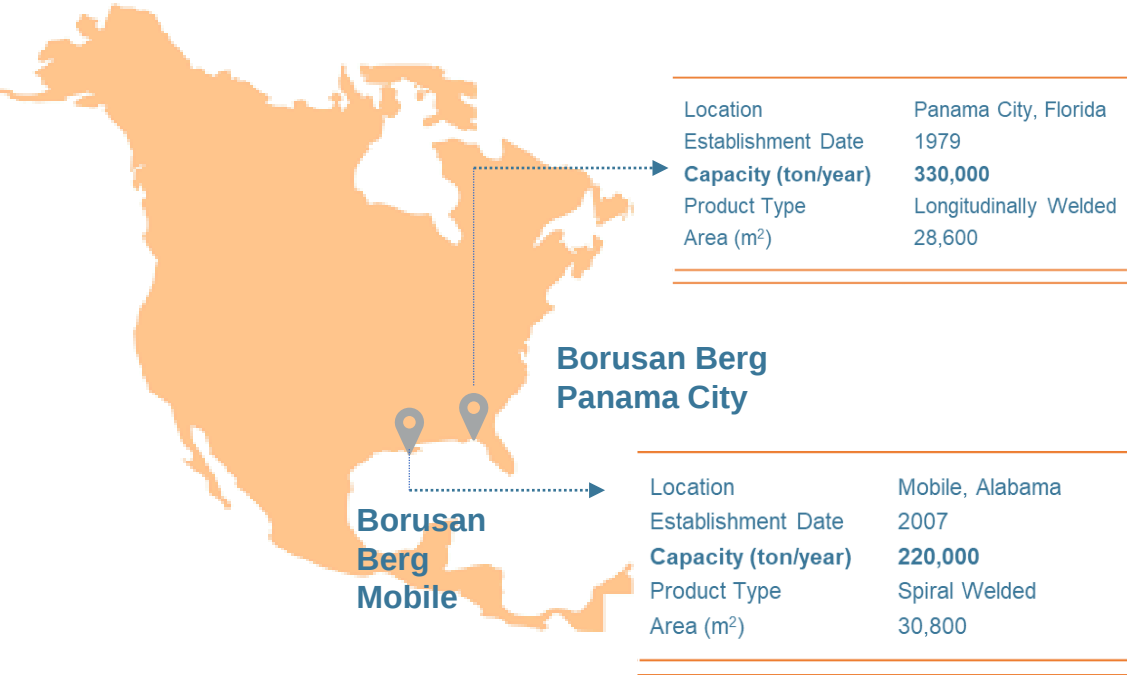
# NEW BUSINESS AGREEMENT IN THE USA - BLACKCOMB PIPELINE PROJECT

## Natural Gas Infrastructure in Texas (September 2024)



«Blackcomb Pipeline, with a capacity of 2.5 Bcf/d, is designed to transport natural gas through approximately 365 miles of 42-inch pipeline from the Permian Basin to Agua Dulce in south Texas. Operator Whitewater Midstream expects the pipeline to enter service in 2026.» U.S. Energy Information Administration (EIA)

- In 3Q24, taking advantage of opportunities in the infrastructure & project business line in the U.S. market, a contract worth approximately 363 million USD was signed with Blackcomb Supply Co, LLC for the Blackcomb Project in North America.
- As part of the project, our deliveries as Borusan Boru will begin in 2025 and will be completed within the same year.



## SUMMARY INCOME STATEMENT (\$ MLN)

| CONSOLIDATED (\$ mln)   | 9M24  | 9M23  | Change (%) | 3Q24  | 3Q23  | Change (%) | 2Q24  |
|-------------------------|-------|-------|------------|-------|-------|------------|-------|
| Revenue                 | 1,339 | 1,164 | 15.0%      | 399   | 379   | 5.0%       | 411   |
| Gross Profit            | 103   | 280   | -63.3%     | 16    | 60    | -72.6%     | 44    |
| Gross Profit Margin (%) | 7.7%  | 24.1% | -16.4 pps  | 4.1%  | 15.7% | -11.6 pps  | 10.6% |
| Operational Expenses    | -59   | -69   | -13.5%     | -21   | -23   | -7.6%      | -20   |
| OPEX Margin (%)         | -4.4% | -5.9% | 1.4 pps    | -5.2% | -6.0% | 0.7 pps    | -4.9% |
| Other                   | 22    | 26    | -17.7%     | 6     | 6     | -0.1%      | 4     |
| EBIT                    | 66    | 238   | -72.5%     | 2     | 43    | -96.5%     | 28    |
| EBIT Margin (%)         | 4.9%  | 20.5% | -15.5 pps  | 0.4%  | 11.3% | -10.9 pps  | 6.7%  |
| Financial Expenses      | -46   | -39   | 19.7%      | -13.9 | -14.3 | -3.2%      | -16   |
| Profit Before Tax       | 19    | 200   | -90.4%     | -12   | 29    | N/M        | 11    |
| PBT Margin (%)          | 1.4%  | 17.1% | -15.7 pps  | -3.1% | 7.6%  | -10.6 pps  | 2.7%  |
| Net Income              | 11    | 149   | -93.0%     | -10   | 21    | N/M        | 8     |
| Net Income Margin (%)   | 0.8%  | 12.8% | -12.0 pps  | -2.5% | 5.5%  | -7.9 pps   | 2.1%  |
| Amortization            | 31    | 33    | -4.3%      | 11    | 12    | -12.6%     | 9     |
| Other                   | -1    | 5     | N/M        | -2    | 6     | N/M        | 2     |
| EBITDA*                 | 96    | 276   | -65.3%     | 10    | 61    | -83.2%     | 39    |
| EBITDA Margin (%)       | 7.2%  | 23.7% | -16.5 pps  | 2.6%  | 16.1% | -13.5 pps  | 9.5%  |

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

## SUMMARY INCOME STATEMENT (TRY MLN)

| CONSOLIDATED (TRY mln)* | 9M24    | 9M23    | Change (%) | 3Q24   | 3Q23   | Change (%) | 2Q24   |
|-------------------------|---------|---------|------------|--------|--------|------------|--------|
| Revenue                 | 42,984  | 25,734  | 67.0%      | 13,338 | 10,156 | 31.3%      | 13,290 |
| Gross Profit            | 3,286   | 5,975   | -45.0%     | 545    | 1,594  | -65.8%     | 1,412  |
| Gross Profit Margin (%) | 7.7%    | 24.1%   | -16.4 pps  | 4.1%   | 15.7%  | -11.6 pps  | 10.6%  |
| Operational Expenses    | - 1,913 | - 1,525 | 25.4%      | -698   | -605   | 15.5%      | -646   |
| OPEX Margin (%)         | -4.4%   | -5.9%   | 1.4 pps    | -5.2%  | -6.0%  | 0.7 pps    | -4.9%  |
| Other                   | 694     | 567     | 22.4%      | 204    | 163    | 24.8%      | 128    |
| EBIT                    | 2,067   | 5,017   | -58.8%     | 51     | 1,152  | -95.6%     | 894    |
| EBIT Margin (%)         | 4.9%    | 20.5%   | -15.5 pps  | 0.4%   | 11.3%  | -10.9 pps  | 6.7%   |
| Financial Expenses      | - 1,493 | -867    | 72.1%      | -464   | -383   | 21.1%      | -529   |
| Profit Before Tax       | 574     | 4,149   | -86.2%     | -413   | 769    | N/M        | 365    |
| PBT Margin (%)          | 1.4%    | 17.1%   | -15.7 pps  | -3.1%  | 7.6%   | -10.6 pps  | 2.7%   |
| Net Income              | 311     | 3,093   | -89.9%     | -328   | 556    | N/M        | 273    |
| Net Income Margin (%)   | 0.8%    | 12.8%   | -12.0 pps  | -2.5%  | 5.5%   | -7.9 pps   | 2.1%   |
| Amortization            | 1,013   | 730     | 38.6%      | 353    | 323    | 9.2%       | 299    |
| Other                   | - 31    | 116     | N/M        | -59    | 133    | N/M        | 74     |
| EBITDA**                | 3,049   | 5,863   | 48.0%      | 345    | 1,608  | -78.6%     | 1,267  |
| EBITDA Margin (%)       | 7.2%    | 23.7%   | -16.5 pps  | 2.6%   | 16.1%  | -13.5 pps  | 9.5%   |

\* 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

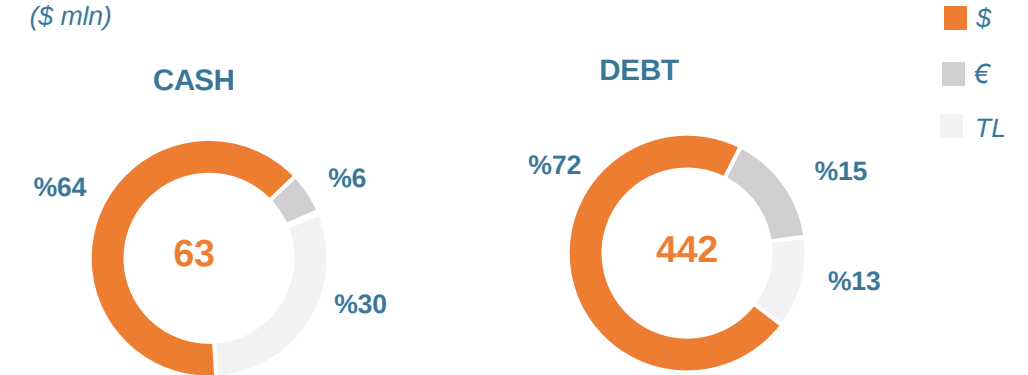
## BALANCE SHEET

| (\$ mln)                      | 3Q24         | 2Q24         | 2023         | 3Q23         |
|-------------------------------|--------------|--------------|--------------|--------------|
| Cash and Cash Equivalents     | 63           | 58           | 129          | 134          |
| Trade Receivables             | 170          | 180          | 197          | 191          |
| Inventories                   | 443          | 557          | 537          | 526          |
| Inventory Advances            | 3            | 3            | 57           | 39           |
| <b>Current Assests</b>        | <b>807</b>   | <b>934</b>   | <b>1,084</b> | <b>986</b>   |
| <b>Non-Current Assets</b>     | <b>868</b>   | <b>838</b>   | <b>816</b>   | <b>865</b>   |
| <b>TOTAL ASSETS</b>           | <b>1,676</b> | <b>1,772</b> | <b>1,899</b> | <b>1,850</b> |
| Short Term Borrowings         | 344          | 321          | 265          | 297          |
| Trade Payables                | 117          | 182          | 293          | 253          |
| Advances Received             | 94           | 139          | 221          | 254          |
| <b>Short Term Liabilities</b> | <b>616</b>   | <b>704</b>   | <b>874</b>   | <b>846</b>   |
| Long Term Borrowings          | 98           | 112          | 84           | 99           |
| <b>Long Term Liabilities</b>  | <b>184</b>   | <b>201</b>   | <b>178</b>   | <b>235</b>   |
| Paid in Capital               | 69           | 69           | 69           | 69           |
| <b>Equity</b>                 | <b>876</b>   | <b>868</b>   | <b>848</b>   | <b>769</b>   |
| <b>TOTAL LIABILITIES</b>      | <b>1,676</b> | <b>1,772</b> | <b>1,899</b> | <b>1,850</b> |
| (\$ mln)                      | 3Q24         | 2Q24         | 2023         | 3Q23         |
| Net Working Capital*          | 405          | 420          | 277          | 249          |
| Net Financial Debt            | 379          | 375          | 219          | 262          |

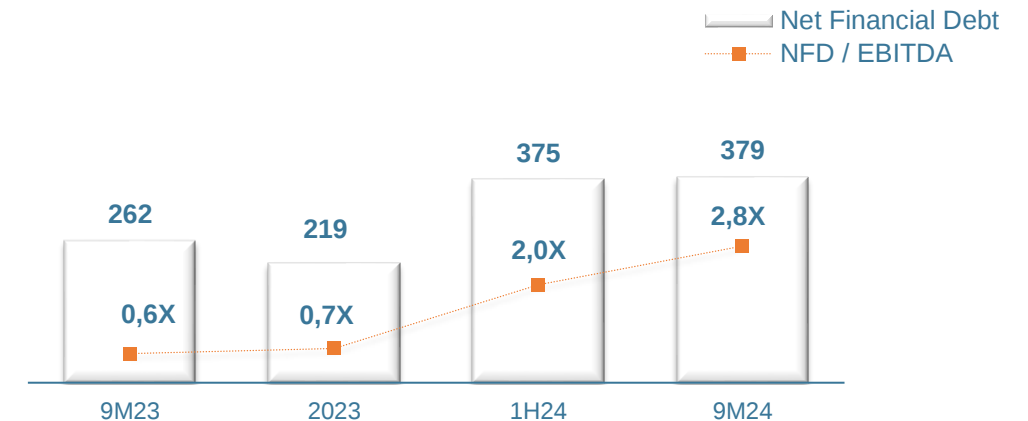
\* Net working capital is calculated including advances.

## CASH – DEBT BREAKDOWN (3Q24)

(\$ mln)



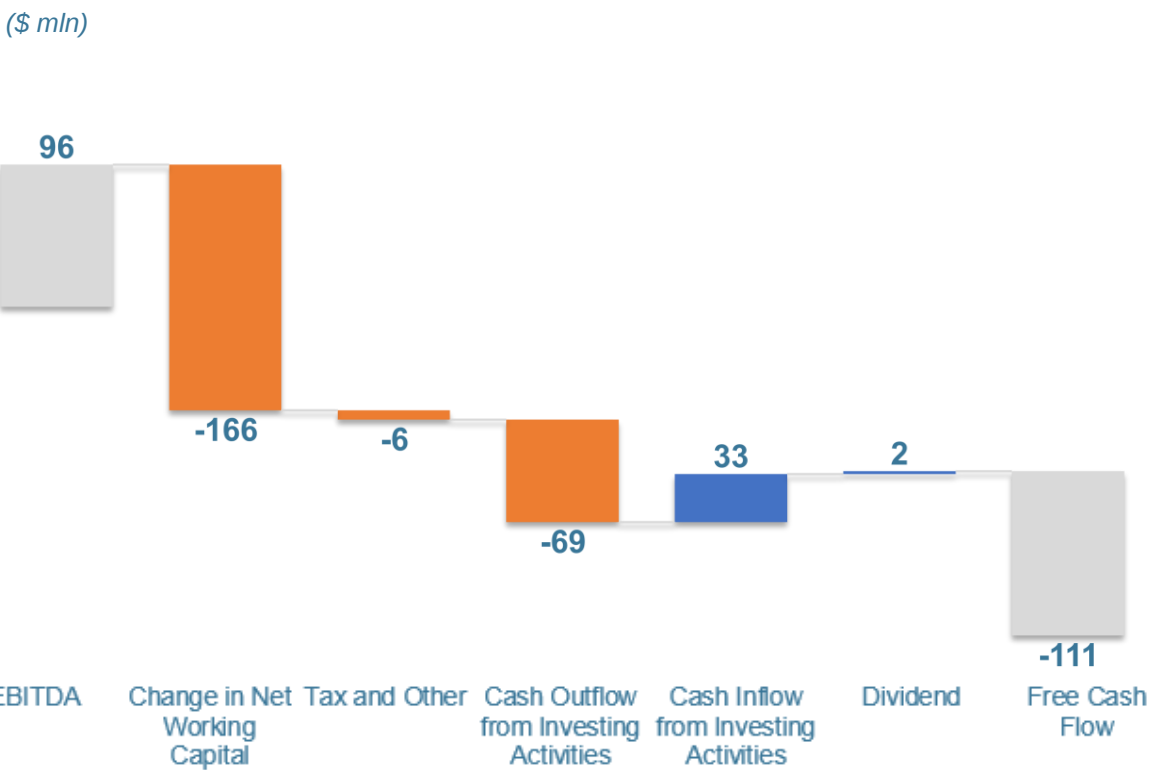
## NET FINANCIAL DEBT\*\*/EBITDA



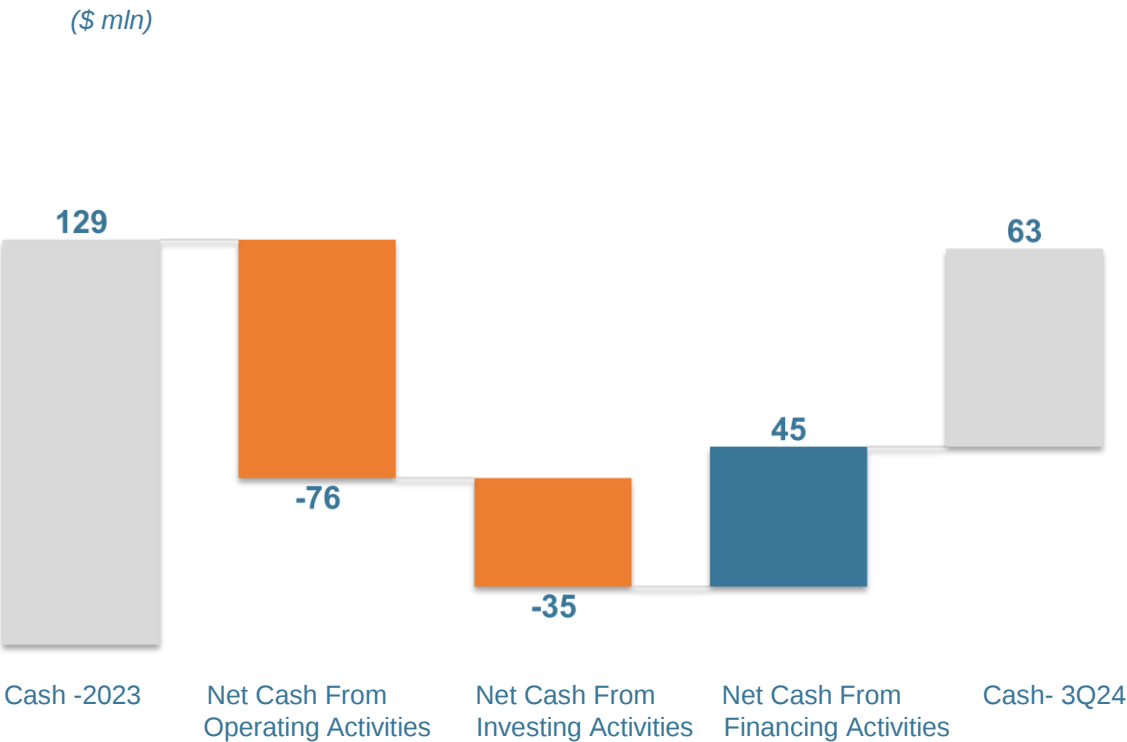
\* Net Financial Debt/EBITDA ratios are calculated using EBITDA for the last twelve months.

# CASH FLOW in 3Q24

## FREE CASH FLOW



## CHANGE IN CASH



## 2024 GUIDANCE

|                            | 2020 | 2021 | 2022  | 2023  | 9M24 | 2024<br>1H24 Guidance | 2024<br>Current Guidance |
|----------------------------|------|------|-------|-------|------|-----------------------|--------------------------|
| Sales Volume<br>(mln tons) | 0.63 | 0.76 | 0.85  | 1.06  | 0.91 | 1.05 – 1.20           | 1.00 – 1.12              |
| Revenue<br>(\$ billion)    | 0.5  | 0.8  | 1.3   | 1.7   | 1.3  | 1.7 – 2.0             | 1.6 – 1.8                |
| EBITDA<br>Margin (%)       | 9.9% | 9.8% | 14.9% | 18.2% | 7.2% | 8% - 10%              | 5% - 7%                  |

- The financial results for the first nine months of 2024 were below expectations due to the further worsening of weak demand, increased pricing challenges, and cost pressures in the third quarter.
- Based on the third-quarter performance and changes in demand and cost expectations for the remainder of the year, sales volume has been revised to a range of 1.00-1.12 million tons, revenue to a range of 1.6-1.8 billion dollars, and EBITDA margin to a range of 5%-7%.
- In the ordinary course of events, expectations are disclosed four times a year, with quarterly financial results.

# OUR TARGET: POSITIONING BBB 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

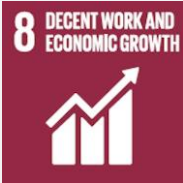
## FOCUS FOR TRANSFORMATION

- ESG oriented **cultural transformation**
- **Compliance studies on CBAM** (Carbon Border Adjustment)
- Digital transformation initiated with the **SAP** project
- **Cost-saving** measures in operational expenses
- **Improvement** efforts in 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 Customer 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 PIPE

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Telephone

0 212 3935758

E-mail

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