

Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. 9M 2025 Earnings Announcement

Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. (BIST: BRSAN) ("Borusan Pipe") announced its 9M 2025 financial results on November 7, 2025.

Management's Evaluation

"As we conclude the first nine months of 2025, the mixed outlook in the global economy and the steel pipe industry has persisted. While uncertainty surrounding U.S. tariff policies brought demand forward in the first half of the year, the depreciation of the U.S. dollar provided temporary capital inflows to emerging markets and some relief in financing costs. However, structural vulnerabilities—such as fragilities in global value chains—are expected to become more pronounced over the remainder of the year.

In the global steel market, the expansion of U.S. tariffs on steel and aluminum imports has prompted a restructuring of supply chains. Meanwhile, in China, the potential introduction of export incentives to offset excess production has been raised for consideration. As capacity investments continue, carbon compliance costs rise, and competition in green steel becomes more intense, the supply-demand balance remains fragile. Despite the economic and structural uncertainties in our operating environment, we maintained our focus on profitability and efficiency in the third quarter of the year. During this period, we delivered strong operational and financial performance, supported by: (i) higher sales volumes and revenues driven by the contribution of our U.S. operations, (ii) the continued impact of cost-reduction measures, and (iii) effective cash management.

Supported particularly by the contribution of Infrastructure & Project and Industry & Construction business segments, our consolidated sales volume increased by 33% and our revenues by 36% compared to the third quarter of last year. Our EBITDA margin rose by 6.2 percentage points to 8.8%, and we recorded a net profit of \$23 million for the period.

In the first nine months of 2025, our sales volume increased by 7% to 968 thousand tons. Due to the base effect from large projects completed last year in the Infrastructure & Project segment, sales revenues declined by 2% to \$1,317 million. EBITDA rose to \$101 million, while net profit increased 2.6 times year-on-year, reaching \$38 million. We continued to prioritize effective working capital and cash management, bringing our net financial debt down by 36% year-on-year to \$243 million.

In terms of geographic revenue distribution, the share of international sales in our consolidated revenues rose to 84%, driven by the strong contribution of the U.S. market, which accounted for 72% of total revenue. By business segment, the Infrastructure & Project segment provided the largest contribution at 41%, followed by Industry & Construction (25%), Energy (23%), and Automotive (11%).

In the third quarter of 2025, our profitability increased in line with expectations, supported by the favorable pricing environment in the U.S. market and the operational efficiency initiatives implemented across our facilities. We expect this positive momentum to continue into the final quarter of the year, albeit at a more moderate pace. Accordingly, we have updated our full-year 2025 outlook to a sales volume of 1.20–1.35 million tons, revenue of \$1.7–1.9 billion, and an EBITDA margin in the range of 6%–8%.

As recently announced to the public, we expect two new business agreements in the United States - strengthening our position as a local producer - to contribute \$797 million to our revenues in 2026 and \$456 million in 2027. We are continuing our strategic investments in Türkiye, with a focus on further strengthening our cash flow through effective cost management. At the same time, we are closely monitoring the implications of U.S. tariffs on steel product imports, as well as cost increases driven by inflation and exchange rate movements in Türkiye. In sustainability, as highlighted in our first TSRS-compliant Sustainability Report, we are steadily advancing our compliance efforts regarding the Carbon Border Adjustment Mechanism (CBAM)."

9M 2025 Summary of Financial Results

(\$ mln)	9M25	9M24	YoY Δ	3Q25	3Q24	YoY Δ	2Q25
Revenues	1,317.2	1,339.2	(1.6%)	542.6	398.5	36.1%	455.5
Gross Profit	117.3	103.0	13.8%	53.3	16.3	227.2%	47.3
EBITDA*	101.4	96.0	5.6%	47.9	10.3	364.9%	35.8
PBT	44.3	19.1	132.1%	27.1	(12.3)	n.m.	24.2
Net Profit	38.0	10.5	261.2%	23.0	(9.8)	n.m.	22.8

Margins

(%)	9M25	9M24	YoY Δ	3Q25	3Q24	YoY Δ	2Q25
Gross Margin (%)	8.9%	7.7%	1.2 pps	9.8%	4.1%	5.7 pps	10.4%
EBITDA Margin (%)	7.7%	7.2%	0.5 pps	8.8%	2.6%	6.2 pps	7.9%
Net Profit Margin (%)	2.9%	0.8%	2.1 pps	4.2%	(%2.5)	6.7 pps	5.0%

(*) 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)	9M25	9M24	YoY Δ	3Q25	3Q24	YoY Δ	2Q25
Sales Volume	968.1	907.3	6.7%	383.5	288.2	33.1%	325.6

9M 2025 Highlights

- In 9M25, sales volume rose by approximately 6.7% year-over-year, reaching 968.1 thousand tons.
- During this period, sales revenues decreased by 1.6% year-on-year to \$1,317.2 million, due to the ongoing weak demand in export markets and the pressure of competition on pricing.
- The share of sales revenue generated from global markets continued its strong upward trend, reaching 84%. In terms of regional revenue breakdown, the United States accounted for the largest share with 72%, followed by Türkiye, which represented 16% of total sales. Sales to other regions made up the remaining 12% of total revenue.
- In 9M25, the Infrastructure & Project business line provided the largest contribution to consolidated revenue with a 41% share. This was followed by Industry & Construction with 25%, Energy with 23%, and Automotive with 11%, respectively.
- In 3Q25, operational profitability improved compared to the same period of the previous year, supported by higher revenues and reduced production costs resulting from strict cost control measures. Over the nine-month period, operational profitability also increased year-on-year, despite the decline in consolidated revenues due to base effect in the Infrastructure and Project business line, as well as demand weakness and pricing pressures stemming from the inflationary environment in Türkiye.
- In 9M25, EBITDA increased by 5.6% compared to the same period of the previous year, amounting to \$101 million, while the EBITDA margin rose by 0.5 points to 7.7%.
- The Company recorded \$44 million in Profit Before Tax (9M24 Profit Before Tax: \$19 million) and \$38 million in Net Profit. (9M24 Net Profit: \$11 million)
- Thanks to the strong financial discipline and effective working capital management, net financial debt decreased to \$243 million. The Net Financial Debt/EBITDA ratio stood at 2.3x.

Sectoral Outlook

- In the third quarter of 2025, the average hot rolled coil (HRC) steel price in the United States increased by 24% year-on-year, reaching USD 837 per ton as of the end of September. During the same period, the average HRC price in Western Europe rose by 1% to USD 658 per ton, while in China it increased by 1% to USD 403 per ton. Compared to the second quarter of the year, the average HRC steel price declined by 7.1% in the United States and by 7.6% in Western Europe, while it increased by 6.3% in China.¹
- According to the Short-Term Energy Outlook report published by the U.S. Energy Information Administration ("EIA") in September, global liquid fuel consumption is expected to increase by 0.9 million barrels per day in 2025 and by 1.3 million barrels per day in 2026. On the supply side, driven particularly by OPEC+ production increases and growth from Brazil, Canada, Guyana, and the United States, global liquid fuel production is projected to rise by 2.3 million barrels per day in 2025 and 1.1 million barrels per day in 2026. EIA forecasts that the average price of Brent crude oil will be \$68 per barrel in 2025, and will decline to \$51 per barrel in 2026, due to increasing global inventory build-up and additional OPEC+ supply. OPEC+ production decisions, the Russia-Ukraine conflict, China's demand outlook, and U.S. - EU trade policies remain the key sources of uncertainty for energy prices.
- As of the end of September 2025, the total number of rigs worldwide² increased by 62 compared to the previous year, reaching 1,812. In the U.S., the total rig count declined by 38 year-over-year, standing at 549 as of the end of September 2025.³
- According to data released by the World Steel Association (worldsteel), global crude steel production in the first nine months of 2025 decreased by 1.6% year-on-year, reaching 1,373.8 million tons. During the same period, crude steel production in Turkey increased by 0.6%, amounting to 28.1 million tons. Final steel product consumption in Turkey rose by 3.9% year-on-year, reaching 28.9 million tons.⁴
- In the first nine months of 2025, Türkiye's steel pipe exports rose by 1.6% compared to the previous year, totaling 1.6 million tons. Romania, the United Kingdom, and Iraq stood out as the key export markets.

(1) Data has been sourced from SteelBenchmark.

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

(3) Data has been sourced from Baker Hughes.

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

9M 2025 Business Line Developments

- In the *Infrastructure and Projects* business line, although sales volume increased in the first nine months of the year due to deliveries under the Blackcomb Mainline Project in North America, it declined by 11.0% compared to 9M24, primarily due to the base effect of projects completed in the prior year. During the same period, revenue decreased by 18.0% to \$541.9 million. This business line accounted for 41% of consolidated revenues. Deliveries for the Blackcomb Project will continue in the remainder of the year.
- In the *Industrial and Construction* business line, despite weaker demand in operating regions leading to lower volumes in early 2024, sales volume rose by 36.6%, supported by the contribution of the SRM plant, which commenced operations in 3Q24. Accordingly, revenue also increased by 45.5%, reaching \$325.1 million. This segment represented 25% of consolidated revenues.
- In the *Automotive* business line, sales volume declined by 2.9% year-on-year due to subdued demand in the European pipe market. Revenue contracted by 6.0% to \$147.0 million, reflecting continued price pressure amid intense competition. This business line constituted 11% of consolidated revenues.
- In the *Energy* business line, sales volume increased by 2.6% in the first nine months compared to the same period last year. Revenue, supported by the favorable pricing environment driven by tariff uncertainty in OCTG products, recorded a limited rise of 1.4% in the first nine months to \$303.1 million. This segment accounted for 23% of consolidated revenues. In the fourth quarter of the year, the favorable pricing environment observed in OCTG products is expected to normalize.

Revenue Breakdown by Business Lines

(\$ mln)	9M25	9M24	YoY Δ	3Q25	3Q24	YoY Δ	2Q25
Revenues	1,317.2	1,339.2	(1.6%)	542.6	398.5	36.1%	455.5
<i>Infrastructure and Project</i>	541.9	660.6	(18.0%)	272.6	172.2	58.3%	190.3
<i>Industry and Construction</i>	325.2	223.4	45,5%	113.9	78.4	45.2%	107.0
<i>Automotive</i>	147.0	156.4	(6.0%)	46.8	48.7	(3.9%)	50.1
<i>Energy</i>	303.1	298.8	1.4%	109.3	99.2	10.1%	108.1

Summary Balance Sheet Figures

(\$ mln)	Sept 30, 2025	Dec 31, 2024	YoY Δ
Current Assets	888.1	697.6	27.3%
Property, Plant and Equipment	732.6	741.8	(1.2%)
Total Assests	1,778.0	1,571.4	13.1%
Short Term Liabilities	730.8	538.9	35.6%
Total Liabilities	887.2	718.2	23.5%
Equity	890.8	853.2	4.4%

Financial Ratios

(\$ mln)	Sept 30, 2025	Dec 31, 2024
Current Ratio	1.22	1.29
Liquidity Ratio	0.55	0.64
Inventory Turnover Ratio	3.15	3.50
Working Capital Utilization	42.1%	37.5%
Net Financial Debt/ EBITDA**	2.27	2.75
Equity Utilization Ratio	52.6%	56.7%

Summary Cash Flow Statement

(\$ mln)	Sept 30, 2025	Sept 30, 2024
Cash Inflow/Outflow (-)		
From Operating Activities	118.5	(76.2)
Cash Inflow/Outflow (-)		
From Investing Activities	(53.3)	(34.7)
Cash Inflow/Outflow (-)		
From Financing Activities	(47.9)	44.7
Change in Cash and Cash Equivalents	17.3	(66.1)
Cash at the beginning of the Period	66.8	129.4
Cash at the end of the Period	84.1	63.3

Free Cash Flow

(\$ mln)	Sept 30, 2025	Sept 30, 2024
EBITDA*	101.4	96.0
Increase/Decrease (-) in Net Working Capital	18.0	(165.7)
Tax and Other	(0,8)	(6.4)
Investment, (net)	(55,2)	(36.6)
Dividend	1.8	1.9
Free Cash Flow	65.2	(110.9)

(*) 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.

The financial results presented here have been prepared in accordance with the Turkish Financial Reporting Standards (TFRS).

2025 Guidance

	2021	2022	2023	2024	9M25	2025 Initial Guidance	2025 Revized Guidance
Sales Volume (mln tons)	0.76	0.85	1.06	1.17	0.97	1.05 – 1.20	1.20 – 1.35
Revenue (\$ billion)	0.8	1.3	1.7	1.7	1.3	1.6 – 1.8	1.7 – 1.9
EBITDA Margin (%)	9.8%	14.9%	18.2%	6.0%	7.7%	5% - 7%	6% – 8%

- Similar to the 2Q25; in 3Q25, financial results were in line with expectations, supported by improved profitability driven by the positive pricing environment—particularly in the U.S. market—and operational efficiency initiatives implemented across all plants.
- The positive trend is expected to continue in the fourth quarter of 2025, albeit to a more limited extent.
- In 4Q25, the favorable pricing environment observed in OCTG products in the U.S. market is expected to normalize. In the U.S., the potential impact of possible changes in tariffs applied to steel product imports on operational profitability will be closely monitored. In Turkish operations, cost increases driven by inflation and exchange rate fluctuations are expected to continue to adversely affect the overall competitiveness of the sector in the coming period.
- At this stage, a limited upward revision has been made to the year-end 2025 expectations.
- In line with its outlook for the remainder of the year, Borusan Pipe expects to achieve a sales volume of between 1.20 and 1.35 million tons, revenue in the range of \$1.7 - 1.9 billion, and an EBITDA margin between 6% and 8% in 2025.
- Under normal circumstances, guidance is disclosed four times a year, in conjunction with quarterly financial disclosures.

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