

# H1 2021 RESULTS



**BORUSAN  
MANNESMANN**

# Legal Disclaimer

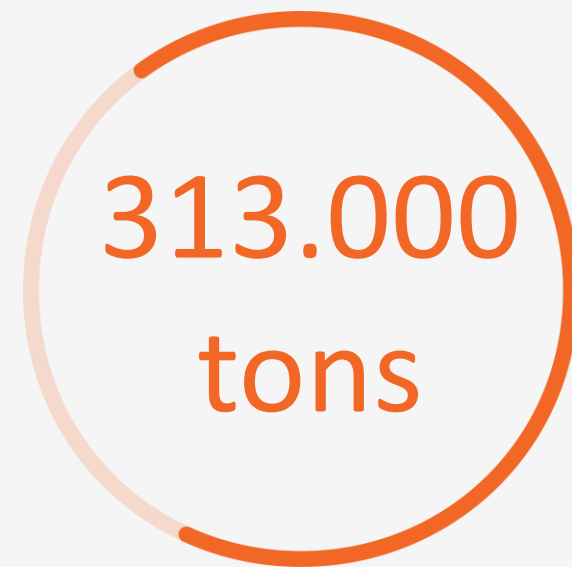
---

Certain information set forth on this website may contain “forward-looking statements”, including, without limitation BORUSAN MANNESMANN BORU SANAYİ ve TİCARET A.Ş (Company)’s business projects, strategic objectives, future revenues, anticipated savings, financial results (including expenses, earnings, liquidity, cash flow and capital expenditures), industry or market conditions, demand for and pricing of our products, acquisitions future development, future-oriented financial information and “financial outlook” under applicable Capital Market Laws (collectively referred to herein as forward-looking statements). Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These forward-looking statements reflect the Company’s views at the time such statement was made with respect to future events and are not a guarantee of future performance or developments and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

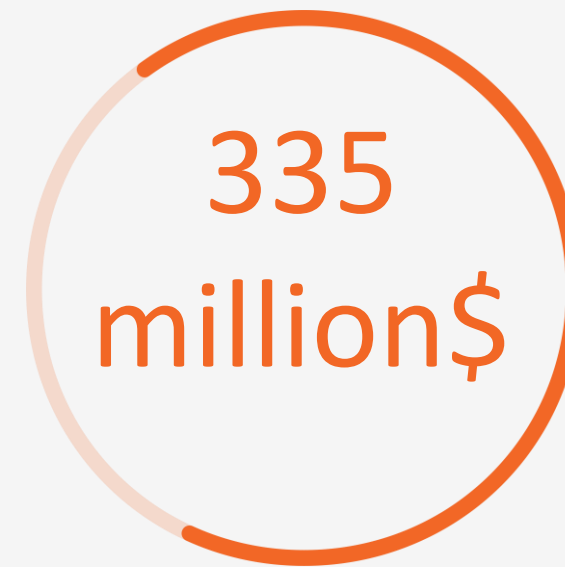
---

# 01 BORUSAN MANNESMANN KEY FIGURES

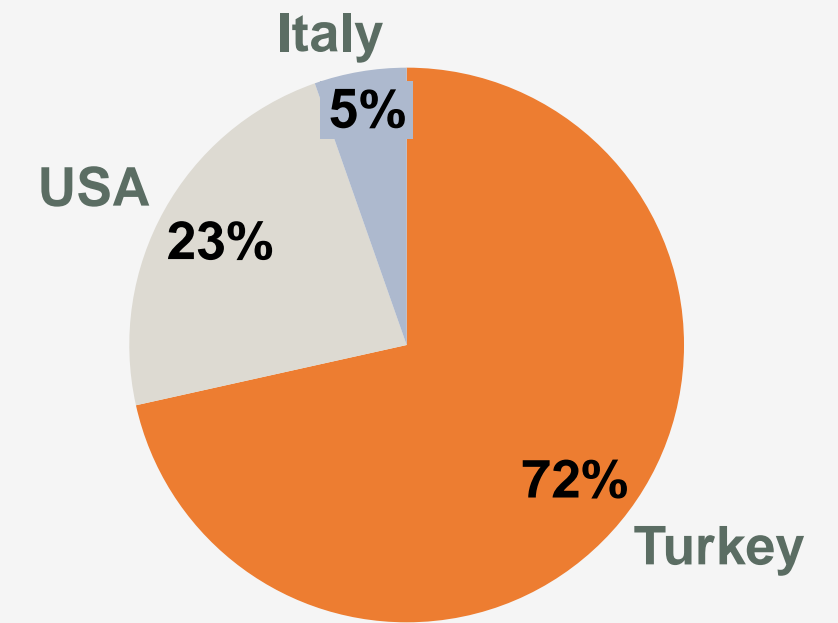
## TOTAL PRIME PRODUCT SALES / 2021 H1



## TOTAL PRIME PRODUCT REVENUE / 2021 H1



## TURNOVER BY COUNTRY / 2021 H1



## NUMBER OF EMPLOYEES



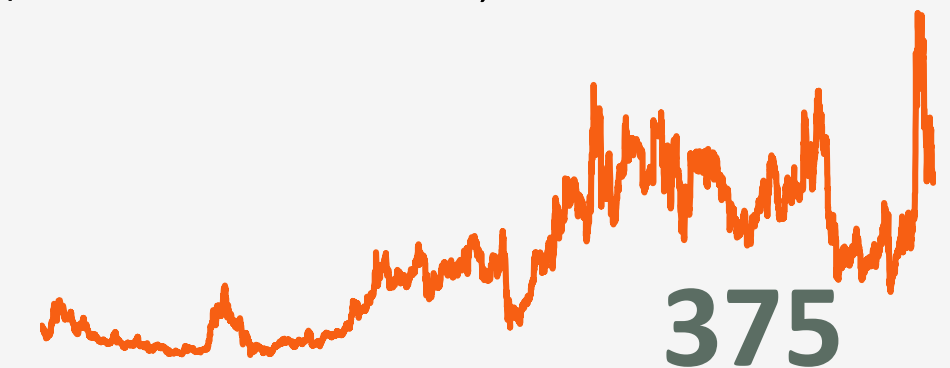
## NUMBER OF COUNTRIES

Exporting to  
more than  
70  
countries



## MARKET CAPITALIZATION

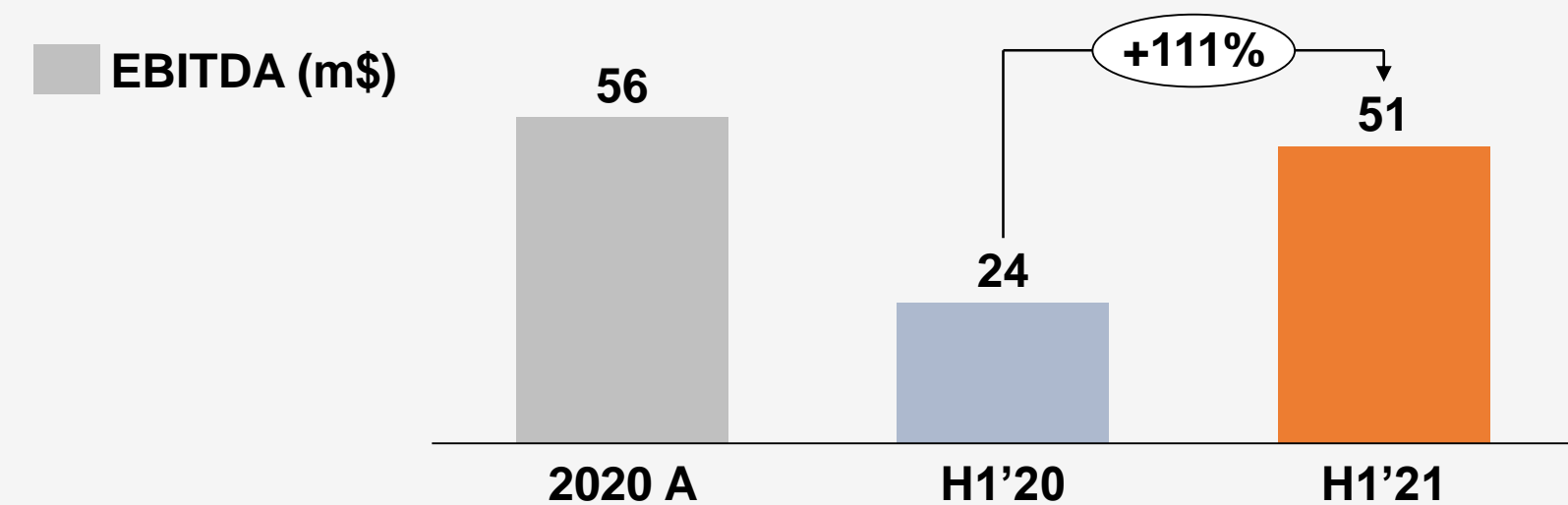
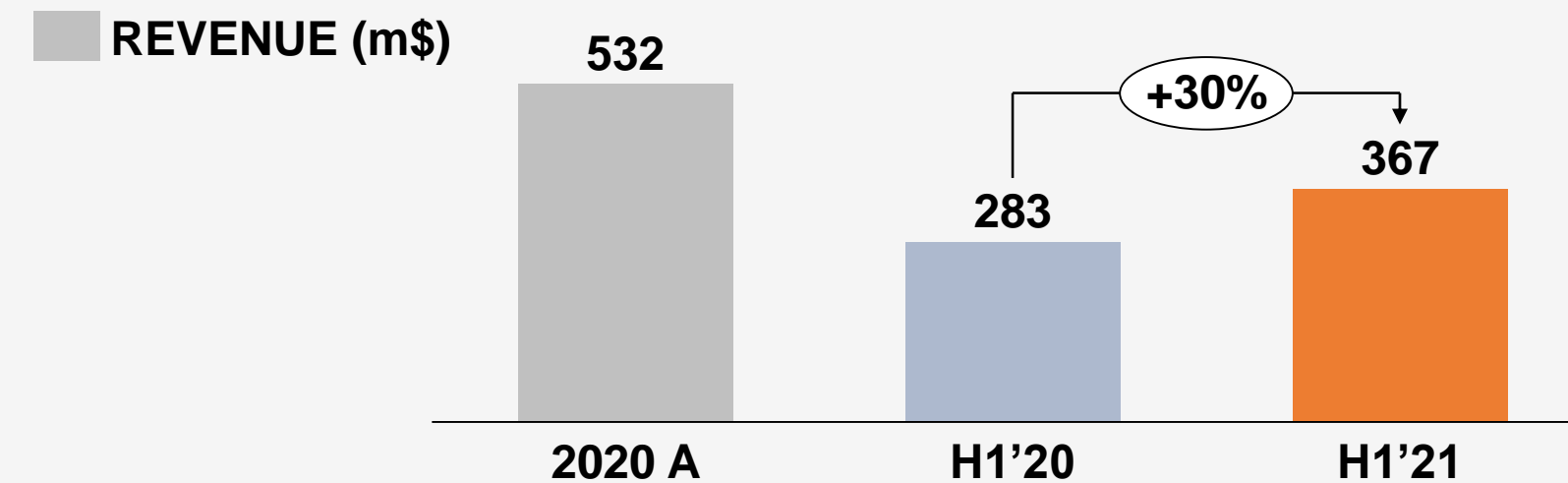
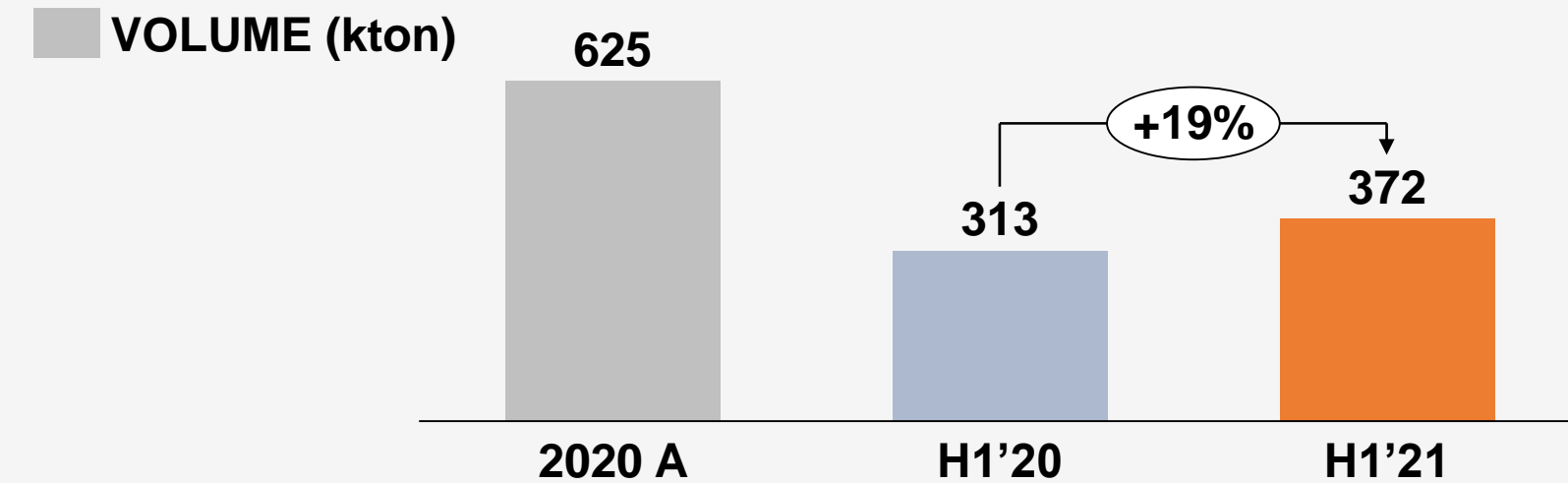
in \$ million as of June 30, 2021



02

# H1 2021 KEY FINANCIAL FIGURES \*

- **51m\$ EBITDA**, strong y-o-y (year-over-year) increase , with margin increasing to **13,8%**
- Volume increase, mainly driven by strong domestic market conditions in Industry&Construction as well as Automotive business.
- **367 m\$** revenue, significant increase y-o-y, reflecting both higher steel prices and higher sales volume.
- Additional gp (gross profit) margin due to increase in steel prices in combination with efficient inventory exposure management
- Positive volume & gp effect of additional capacity ('Vision') investment in automotive business.
- Better absorption of fixed production costs reflecting the increase in production
- **226 m\$** Net financial debt, reflecting a decrease of **28,6%** y-o-y



\* The financial figures have been prepared in accordance with IFRS and presented in US Dollars, which is the Group's functional currency. Conversion in to TL principals for CMB report are explained in note 2.2 of each audit report.

# 03 H1 2021 REVENUE BY INDUSTRY



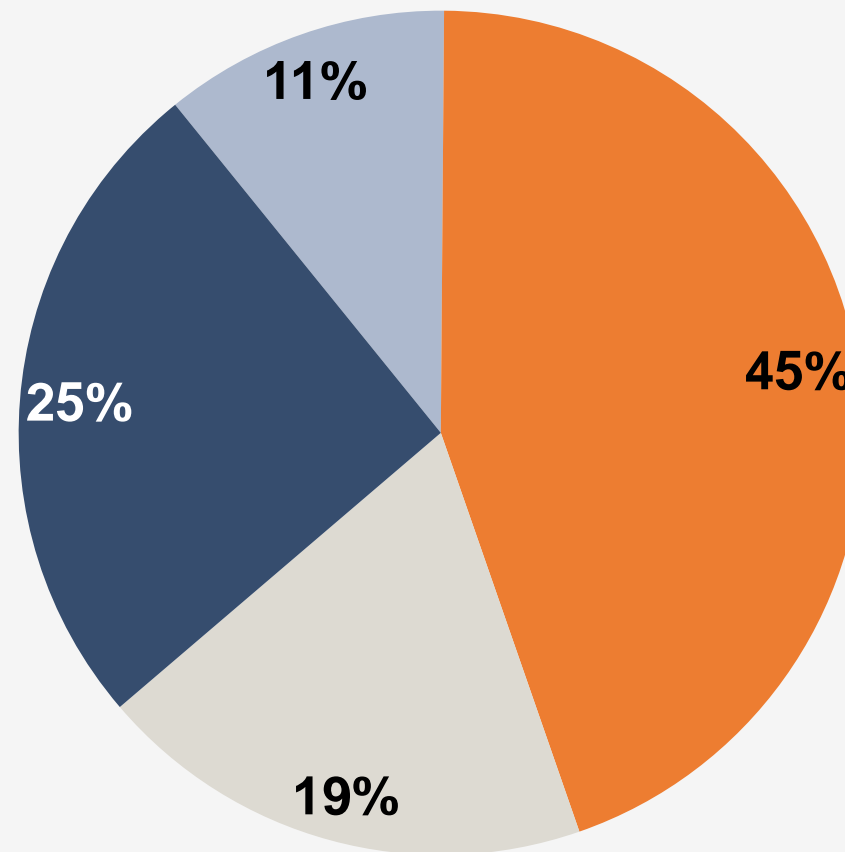
## Infrastructure & Project

- Revenue decreased by **17%** y-o-y
- Lack/cancellation of projects due to continuing effect of COVID pandemic related economic environment.
- Ongoing protectionist policies, Sec232 and Safeguard measures, are the biggest obstacle.
- Lower profitability potential in domestic projects due to unfavorable currency rates.



## Automotive

- Revenue increased by **84%** y-o-y.
- Maintained market leadership in domestic market with the additional capacity provided by new 'Vision' investment
- Positive impact in local market due to the shift in global supply chain network as an outcome of COVID pandemic.
- Ongoing global chip shortage resulted in unexpected, long-term disruptions in production plan of OEM's (Original Equipment Manufacturer).



## Industry & Construction

- Revenue increased by **107%** y-o-y
- Strong recovery in local market was the main driver of ramp-up
- Re-entrance to Construction - Profile market
- Strong volume increase in European market despite the Safeguard measures.
- Continuation of global shipment crisis prevent further improvement



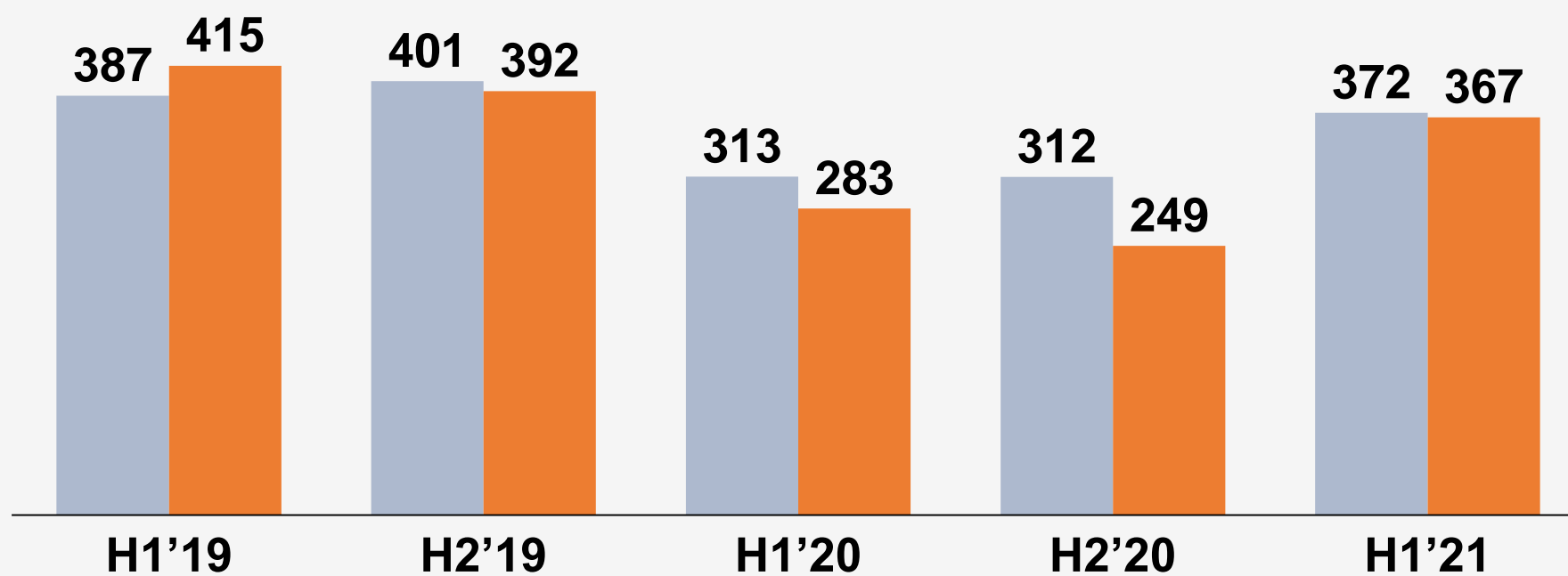
## Energy

- Revenue decreased by **39%** y-o-y reflecting the rig count numbers in USA. Average rig count, a major driving KPI for Energy business, was 423 in H1 2021 whereas it was 580 in H1 2020.
- Unprecedented, historical steel pricing and availability in USA market adds uncertainty to the sales expectations.

04

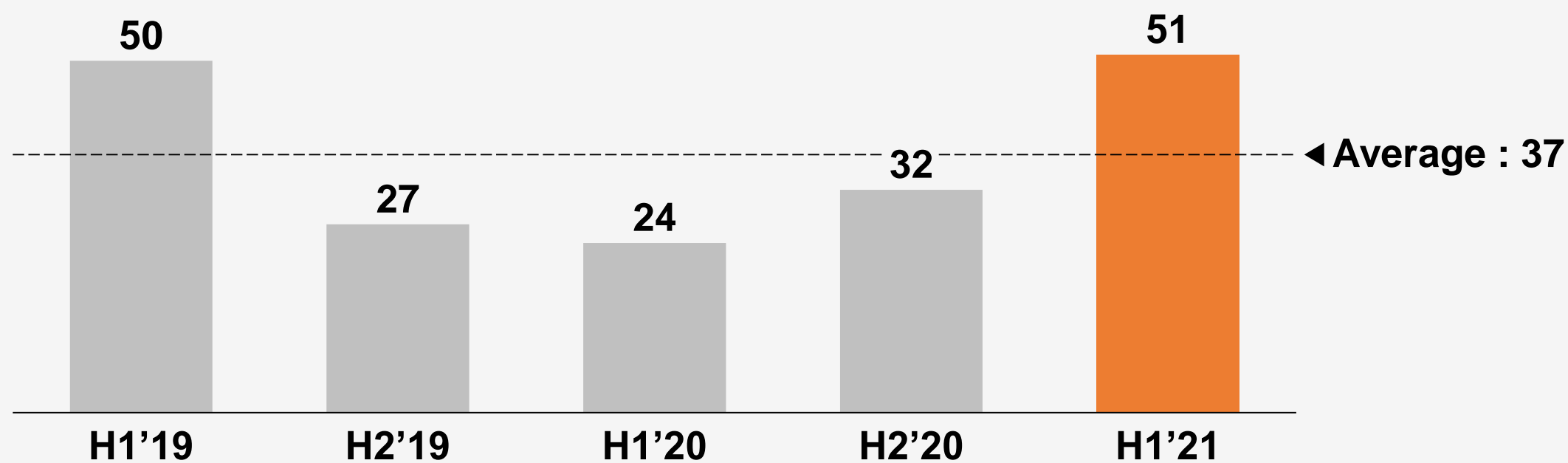
# REVENUE / EBITDA TREND

■ Volume (kton)  
■ Revenue (m\$)



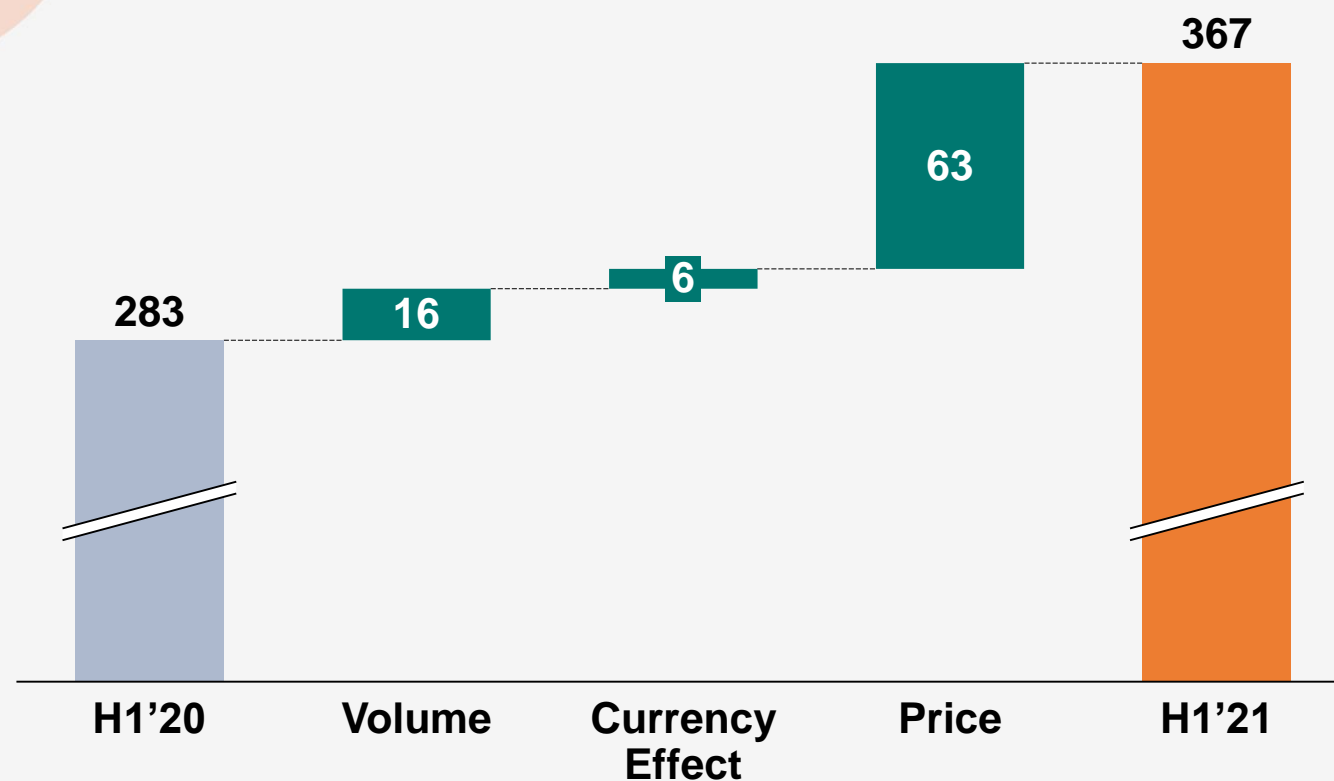
➤ H1 2021 represents ramp-up in markets and corresponding operational results after COVID – 19 pandemic collapse.

■ EBITDA (m\$)



05

# REVENUE BRIDGE



(m\$)	H1 2021	H1 2020	Change
Revenue	367	283	29,7%
Cost of Sales	(317)	(263)	20,3%
Gross Margin	50	20	153,9%
(as a % of revenue)	13,7%	7,0%	+6,7%
SG&A	(23)	(22)	5,1%
(as a % of revenue)	-6,4%	-7,8%	+1,5%
Other	(7)	(0)	-621%
PBT	20	(3)	+23m\$
(as a % of revenue)	5,6%	-1,0%	+6,5%
EBITDA	51	24	+27m\$
(as a % of revenue)	13,8%	8,4%	+5,4%

➤ Revenue increased by 30 %y-o-y

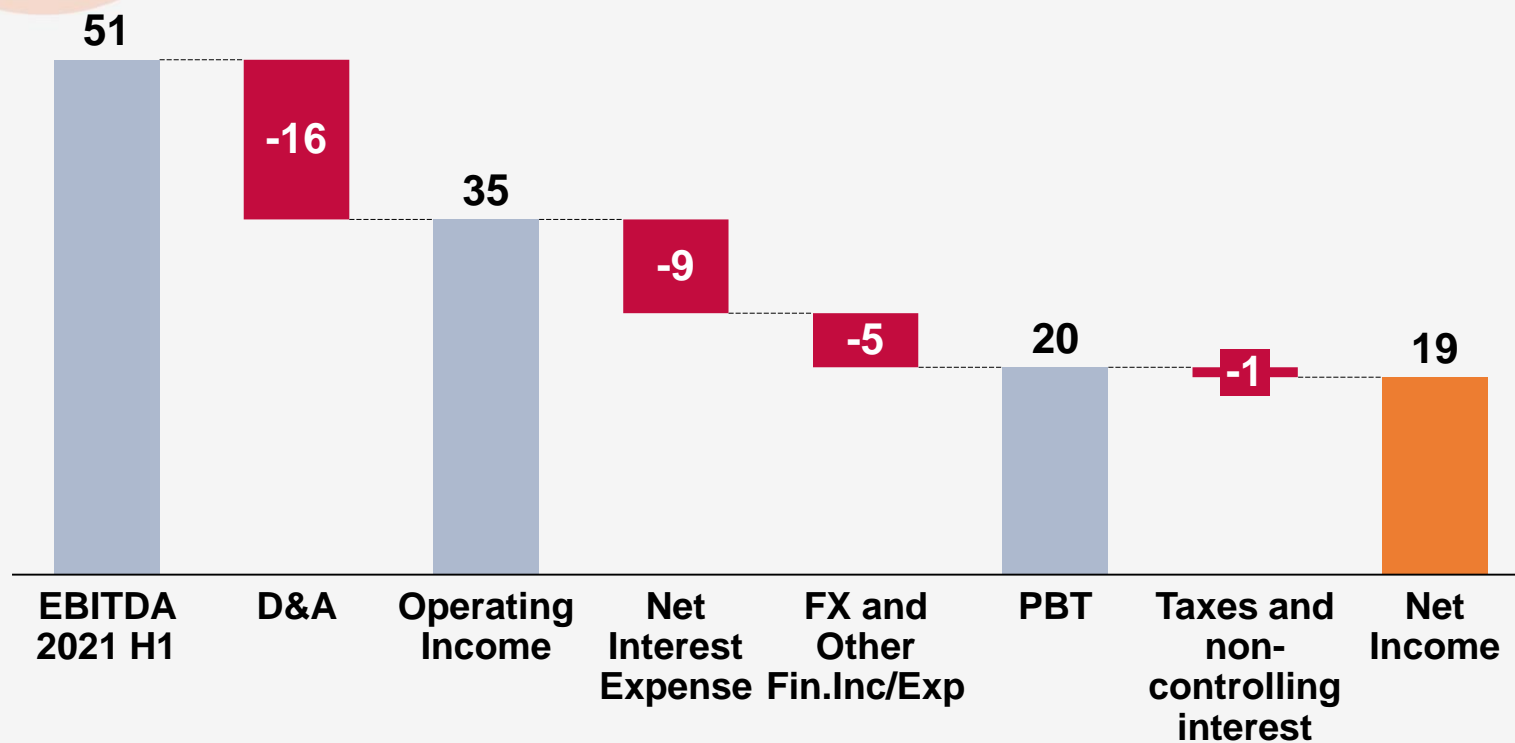
- Volume impact mainly comes from Industry&Construction and Automotive market while Energy and Infrastructure & Project side were both decreasing.
- Price effect is reflecting the higher contribution of domestic market due to significant increase in raw-material prices.
- Currency effect is related to increase in EUR/USD parity.

➤ EBITDA at 51m\$, up 111% y-o-y with the increase in EBITDA margin up 5.4% to 13.8%

- Gross margin of 50m\$ , significantly increased compared to 2020 reflecting mainly the price effect of local market sales.

# 06

## EBITDA TO NET INCOME



➤ Higher EBITDA arising from much better operational performance and higher steel prices

▪ Depreciation increase due to new investments.

➤ Financial income (loss) increased by %20 y-o-y

▪ Slightly lower interest rate expense realization

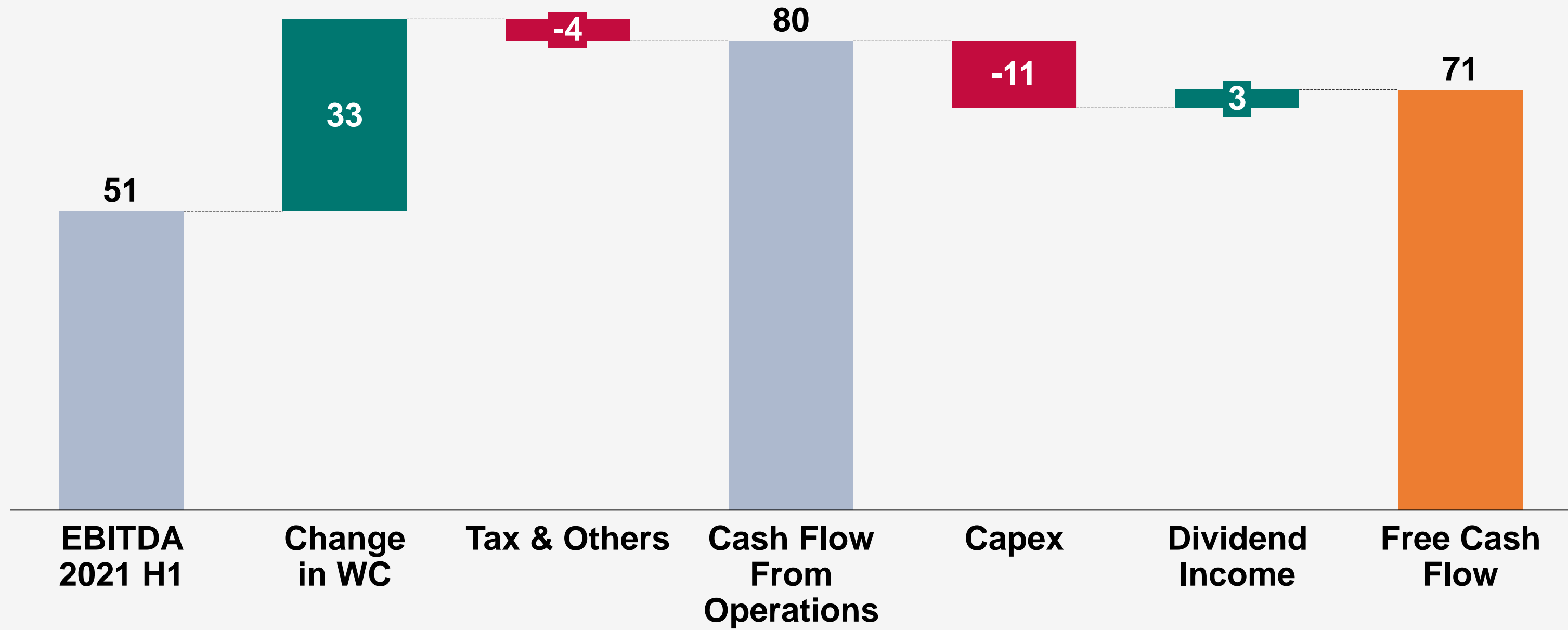
▪ Higher forward transaction losses incurred mainly driven by hedged TL sales orders in fluctuating TL environment

(m\$)	H1 2021	H1 2020	Change
EBITDA	51	24	+27m\$
(as a % of revenue)	13,8%	8,5%	+5,4%
Depreciation & Amortization	(16)	(15)	7,0%
Operating income (loss)	35	9	+26m\$
Financial income (loss)	(15)	(12)	19,9%
PBT	20	-3	+23m\$
Income tax	(1)	(1)	na
Net Income	19	-3	+23m\$
Attributable to non-controlling	0	(0)	na
Net Income, Group share	19	-3	+23m\$
Net earnings per share	0,0001370	-0,0000236	na



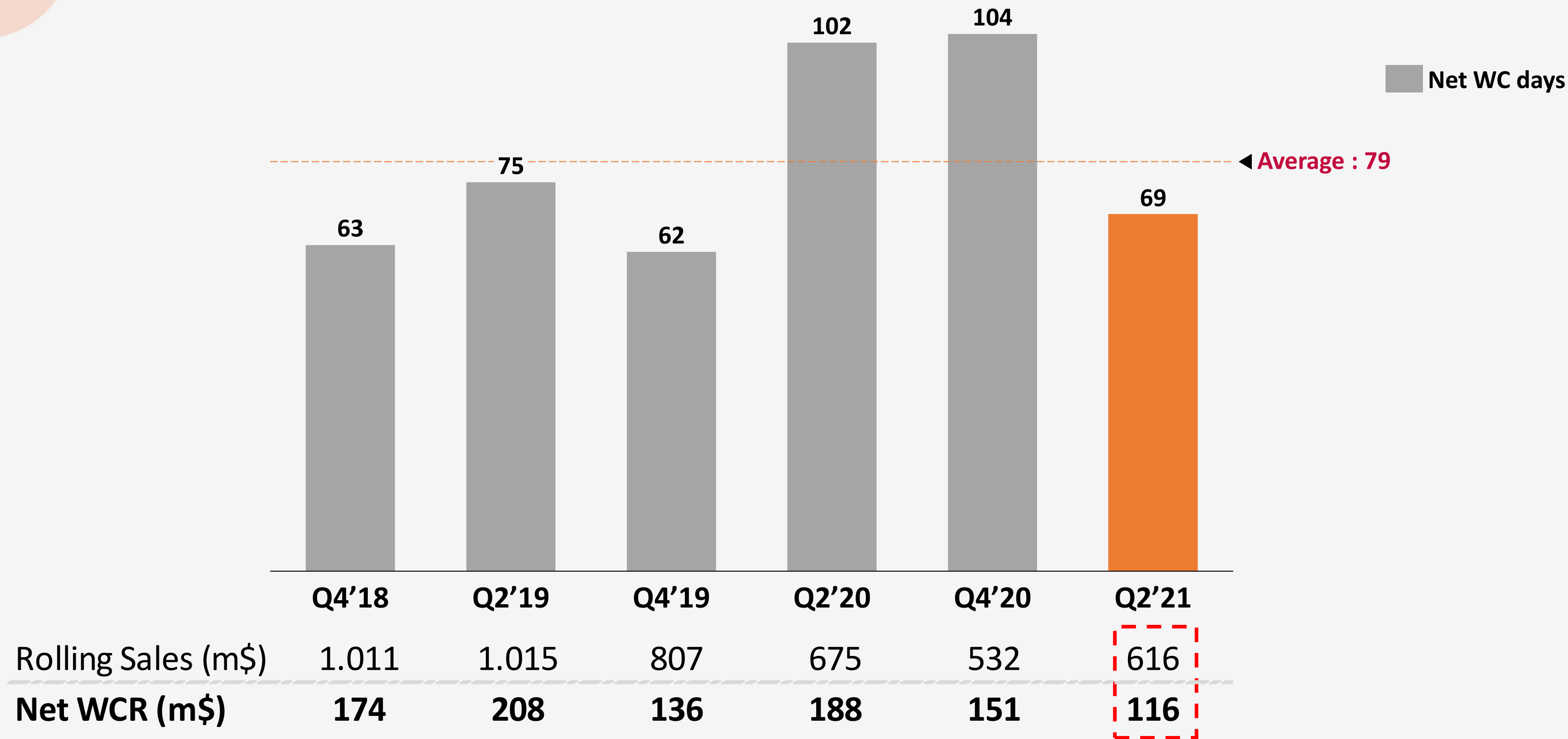
07

# EBITDA TO FREE CASH FLOW (m\$)



08

# WORKING CAPITAL REQUIRMENT



➤ Net working capital requirement at 69 days of Rolling 12 months sales, down from 104 days in 2020 YE



THANK YOU

 **BORUSAN  
MANNESMANN**