



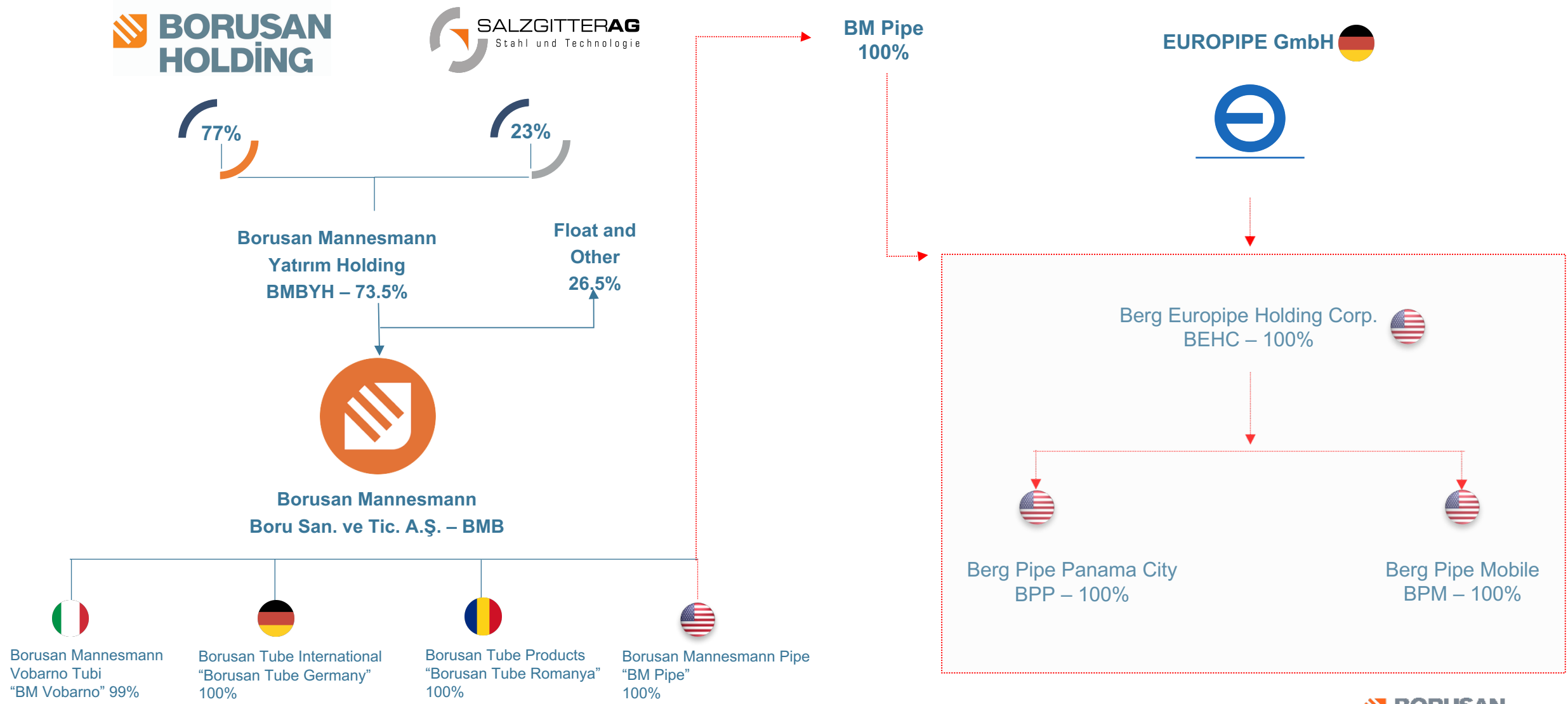
BERG PIPE ACQUISITION
April 2023

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BORUSAN MANNESMANN ACQUIRED BERG PIPE, LOCATED IN THE USA



BERG PIPE ACQUISITION HIGHLIGHTS

Berg Pipe History

- ▣ Founded in 1979 in the USA.
- ▣ Acquired by Europipe GmbH in 1992.
- ▣ In 2001, Berg Pipe Panama acquired EB Pipe Coating located in the USA.
- ▣ The spiral facility has been established in 2007 in Mobile, located in the State of Alabama in the USA.
- ▣ In 2012, EB Pipe Coating merged with Berg Pipe.
- ▣ In 2020, the fourth welding mill investment of the spiral facility in Mobile has been completed.

Acquisition Process

- ▣ The parties signed a non-binding letter of intent on March 2, 2023.
- ▣ BM Pipe, BMB's subsidiary located in the USA, has acquired 100% of Berg Europipe Holding Corp's shares on April 13, 2023.
- ▣ The acquisition value of \$162 million has been determined based on negotiation method and that \$50 million trench is to be paid in 3 years (1. year \$20 million, 2. year \$15 million, 3. year \$15 million)
- ▣ As per the study conducted by the independent valuation firm, share value of the acquired company has been indicated to be in the range of \$175 and \$195 million.
- ▣ The title of the company post acquisition has been changed as Borusan Berg Pipe.

Targeted Value Add Through Acquisition

- ▣ Northern America has a significant growth potential in energy pipe markets.
- ▣ Berg Pipe has a competitive advantage with its facilities in two locations; Panama City has 330,000 ton longitudinally welded pipe capacity and Mobile has 220,000 ton spiral welded pipe capacity.
- ▣ Berg Pipe is to contribute approximately 2.5 million tons to Borusan Mannesmann's sales volume in 10 years.
- ▣ Opportunity for operational and financial synergy will be achieved in the USA with the Texas Baytown Facility, which has been established with an investment of \$150 million and operating since 2014 as well as the \$50 million SRM Line to be completed by the end of 2023.
- ▣ As a result, BMB's total production capacity in the USA is expected to reach 1 million tons and revenues to \$1 billion.

BERG PIPE; LEADING LARGE DIAMETER LINE PIPE MANUFACTURER OF THE USA

Global Steel Pipe Market (2022)

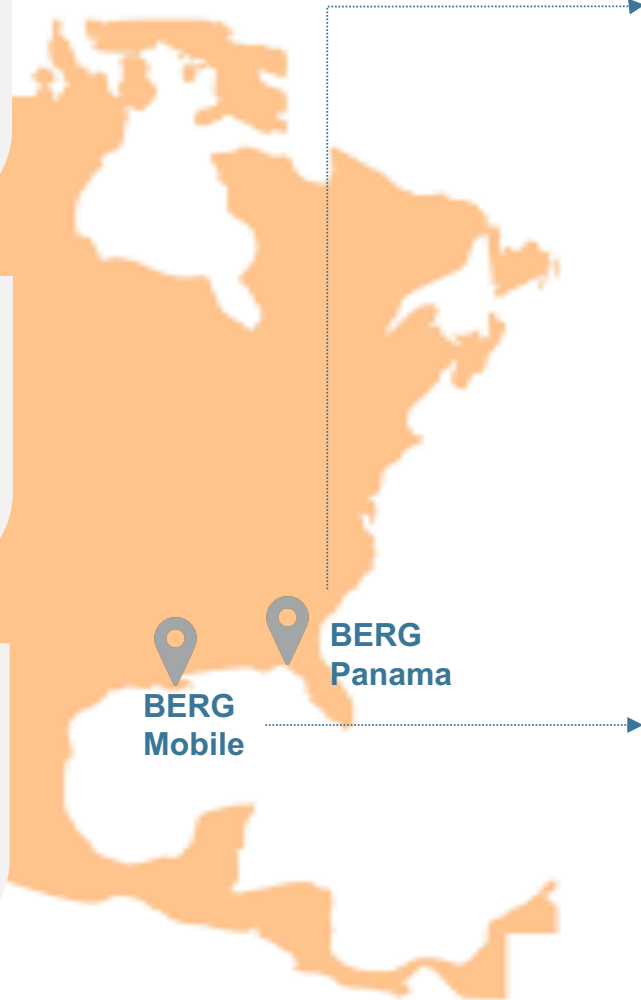
\$ 90 billion

North America Market Share (2022)

28%

2022/2032 CAGR

5.4%



BERG PIPE - BPP

Location	Panama City, Florida
Establishment Date	1979
Capacity (ton/year)	330,000
Product Type	Longitudinally Welded
Area (m ²)	28,600



BERG PIPE - BPM

Location	Mobile, Alabama
Establishment Date	2007
Capacity (ton/year)	220,000
Product Type	Spiral Welded
Area (m ²)	30,800

~2.5 MILLION TONS OF SALES VOLUME POTENTIAL IN 10 YEARS DUE TO ACQUISITION

- ✓ **GROWING STRONGER IN GLOBAL MARKETS**
- ✓ **RESILIENCE FOR CHANGING GLOBAL COMMERCIAL BALANCES AND GEOPOLITICAL DYNAMICS**
- ✓ **EVALUTING THE POTENTIAL OF ENERGY RESOURCES IN NORTHERN AMERICA MARKET**
- ✓ **OPERATIONAL AND FINANCIAL SYNERGIES WITH PRODUCTION FACILITY AND SRM LINE IN TEXAS BAYTOWN**
- ✓ **INVESTMENT OPPORTUNITIES IN NICHE AND VALUE ADDED NEW BUSINESS LINES**
- ✓ **POSITIONING AS THE LEADING MANUFACTURER IN THE USA WELDED STEEL PIPE MARKET**



BORUSAN MANNESMANN

bmb.investor@borusan.com