

Corporate Credit Rating

New Update

Sector: Metal Industry
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Team Leader

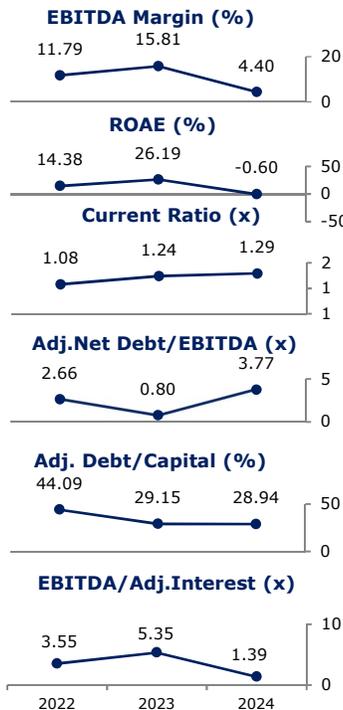
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

*Assigned by JCR on May 10, 2024



BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated **Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş.** in the investment-grade category with high credit quality and affirmed the Long-Term and Short-Term National Issuer Credit Rating at '**A+ (tr)**' and '**J1 (tr)**' with '**Stable**' outlooks, respectively. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings have been determined as '**BBB**' with '**Stable**' outlooks above the sovereign ratings of the Republic of Türkiye.

Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. (hereafter referred to as 'the Group' or 'Borusan Birleşik Boru') is the major industrial enterprise of one of Türkiye's foremost business conglomerates, the Borusan Group. Borusan Birleşik Boru started its activities under the name of Borusan Boru Sanayi A.Ş. in 1958. The Group merged its operations with Europe's leading steel and technology firm Salzgitter Mannesmann GMBH in 1998. Borusan Holding A.Ş. repurchased the existing shares in Salzgitter Mannesmann GMBH on November 27, 2023, and the entity's title was changed to its current form. Borusan Birleşik Boru continues its steel pipe production as a global brand offering more than 4,000 product varieties at 10 facilities across 3 continents, including Türkiye, USA, Romania, and Italy. The SRM factory investment in the USA and service center in Romania have been finalized, and production activities have begun following a trial period in the fourth quarter of 2024. Borusan Birleşik Boru ranked 82nd among the first 500 industrial enterprises (ISO500) in 2024, concerning sales revenues generated from production figures, compiled annually by the İstanbul Chamber of Industry (ISO) (2023: 65th). In FY2024, the Company was ranked 88th largest exporter company of Türkiye in the annual Top 1000 Exporter Companies list compiled by TIM -Turkish Exporters Assembly (95th in FY2023). In the same list, the Company was also ranked as the 13th largest exporter company of the steel industry in Türkiye (12th in FY2023). As of 1H2025, according to the audited financial statements, Borusan Birleşik Boru's paid in capital increased to TRY 141,772k (USD 68,997k) through the merger with BMB Holding, where all assets and liabilities were transferred as a whole to Borusan Birleşik Boru (FYE2024: USD 68,997k, TRY equivalent of 141,750k). The main and ultimate controlling shareholder, Borusan Holding A.Ş. ('Borusan Holding'), with a 64.40% share, is one of the leading holding in the Türkiye; 9.08% is held by Borusan Yatırım ve Pazarlama A.Ş. ('Borusan Yatırım'), and remaining have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol 'BRSAN' since 1994. In addition, the Group shares are listed in the BIST 100 index as of the report date.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Increased sales volumes in FY2024 and expected to be maintained at similar levels in FY2025 despite relatively lower sales revenues from raw material price trends and intensifying competition
- Improvement in profitability in 2Q2025, recovering from the margin squeeze in 2H2024 driven by lower demand & limited capacity utilization, inflationary pressures and exchange rate movements, supported by favorable pricing and operational efficiency measures implemented
- Satisfactory liquidity position and strengthened asset quality in terms of low collection risk through diversified customer portfolio and collateralized sales structure over the reviewed periods
- Strong equity contribution and progress in the debt ratio at FYE2024, despite the stable paid-in capital base
- Solid revenue stream through foreign operations and natural hedging opportunities to some extent as well as having competitive advantages thanks to operations in both domestic and international markets
- Ongoing investments and strategically located facilities enhancing market penetration, economies of scale, and mitigating regional & concentration risks
- Compliance with corporate governance practices as publicly listed company status
- Established market position reinforced by a strong brand awareness, long operational track record, and reputable corporate identity of Borusan Group

Constraints

- Weakened leverage and coverage metrics due to contraction in EBITDA in FY2024, showing partial recovery in 1H2025, while the loan structure remains short-term weighted
- Margins remain sensitive to steel price swings, rising costs, tariffs, and CBAM; though partly offset by order-based production, the share of EU sales in total, green steel sourcing option, and limited tariff thanks to USA operations
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, Borusan Birleşik Boru's Long-Term National Issuer Credit Rating has been affirmed at '**A+ (tr)**'. The Group's increasing sales volume that catering to various sectors, strong equity level, low collection risk through collateralized receivables, as well as the narrowing profitability margins amid market normalization and macroeconomic indicators in domestic and international markets, and global interest rate cycle, have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as '**Stable**'. The Group's growth in terms of sales volume, equity structure, liquidity position, profitability, debt structure and developments in the economy along with actions for a global soft landing gaining prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty are the main factors that will be closely monitored by JCR Eurasia Rating in the coming periods. The macroeconomic indicators at national and international markets, as well as the market conditions and the legal framework of the sector will also be monitored.