



Reuters Code : BRYAT.IS
 Mcap (mn\$) : 83
 Free Float (%) : 33
 Price : 4,28 YTL

Borçelik Investment Decision: Another milestone from Borusan Group on the way to achieving over 5bn\$ of turnover by 2010.

Borusan Yatırım's 13.25% subsidiary Borçelik has decided to invest in 60% capacity increase to become Turkey's largest galvanized steel producer.

Borçelik, the second largest flat steel producer in Turkey with current annual capacity of 1m tons, has decided to invest 180m\$ to expand its production to 1.6m tons in downstream products. The investment, which will increase mill capacity to 1.6m tons and add the 3rd Galvanizing Line to its production scale to deliver 900k tons of galvanized and 700k tons of cold rolled steel, is planned to commence operations during the second half of 2008.

The company utilizing the Extragal® production technology developed by Arcelor since September 2003, will be the largest and the most modern galvanized steel producer in Turkey with an expected turnover in excess of 1bn\$ by 2010. Borçelik will be able to meet demand from the rapidly growing automotive sector as well as increasing supply to other target markets like white goods.

Composition of Borçelik's current 1m ton capacity is 500k tons of cold rolled, 420k tons of galvanized steel and 80k tons of pickled and oiled products. Main sectors served are automotive, white goods, radiator and construction. Based on ISO 500, Borçelik ranked as the largest 29th industrial company in Turkey with 548m\$ of turnover in 2005.



Borçelik has also decided to purchase Kerim Çelik shares (previously 100% owned by Borusan Group of which 10% belonged to Borusan Yatırım) to lead the way for the value-adding steel service center concept in Turkey. Borçelik will act as part of supply chain of several industrials through Kerim Çelik which currently has in total 225k tons of processing capacity in its Gebze and Manisa facilities. Capital requirements to fund the enhancement of steel service center's operational performance and the geographical expansion will be realized through Borçelik integration.



Corporate decisions taken by Borçelik both in terms of flat steel production and expansion of steel service center concept indicate joint commitment of Borusan and Arcelor in the growing Turkish flat steel sector.