

Reuters Code: BRSAN.IS  
 Mcap(mn\$): 194  
 Free Float (%): 16  
 Price : 10.80 YTL  
 Avg. Vol. (3 months) : 287k\$

**Outperforming profit margins under strong demand and price conditions...**

**BMB achieved 102,7m\$ turnover and 11,9m\$ EBITDA in 2006Q1. EBITDA margin almost doubled over 2005Q1, reaching 11.5%.**

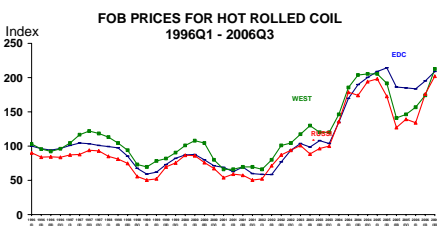
**Gross profit margin improved from 11% in 2005Q1 to 18% in 2006Q1.**

**Net profit for the period of 2006Q1 reached to 4,2mn\$,**

**BMB's net financial debt is ~16,5mn\$, almost all is used for working capital finance.**

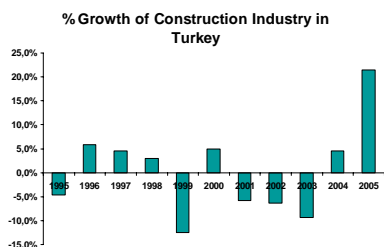
**Total sales volume realised as 146k tons, an increase by 24% on y-o-y basis.**

**BMB confidently maintain its year-end revenue target of 459mn\$ within the strong demand and price conditions.**



**Steel Prices recovered back to its historical peak level**

After experiencing sharp price declines in HRC prices during 2005Q3, prices are now back to the rising trend. Prevailing price negotiations with the mills in local and foreign markets indicate that HR coil prices for 2006Q3 delivery will give a try to break up its historical high levels of 600\$/ton FOB base.

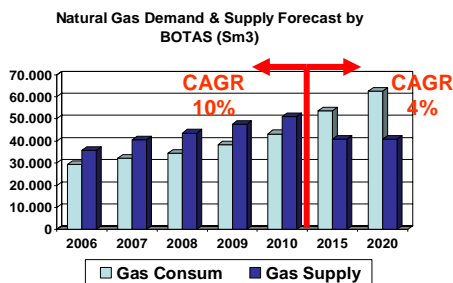


**Strong demand in target markets drive the performance**

BMB's product portfolio mainly serves to construction, natural gas distribution networks, automotive industry and oil & gas pipeline applications. BMB balances its product portfolio under high capacity utilization to boost up the profitability with high value added products.

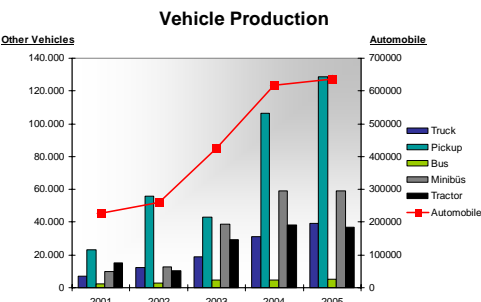
**Construction industry keeps on growing in Turkey**

After the stagnation in 2003 and 2004, construction industry in Turkey achieved 21% growth rate in 2005 on y-o-y basis. Demand is still alive for 2006 and driven mainly by private sector investments for residential buildings and superstructures like hotels and shopping malls. BMB's sales volume in construction profiles and water & gas pipes were up by 36% and 4% respectively in 2006Q1 on y-o-y basis.



**Demand for natural gas is expected to grow by 10% CAGR.**

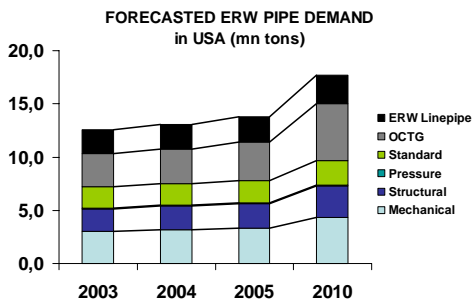
Growing demand in local market for natural gas pipes, driven by the infrastructure investments in mainly Anatolian cities' heating system conversion from coal to natural gas, resulted in 50% increase for BMB's high value added pressure pipe sales on y-o-y basis. Demand for natural gas pipes is expected to reach ~130k tons in 2010 from current level of ~70k tons with a CAGR of 13%. BMB dominates the segment with its ~60% market share.



**Automotive production is expected to exceed 1mn units threshold.**

Total motor vehicle production in Turkey reached ~900k units in 2005, up by 5% on y-o-y basis and expected to be over 1mn units in 2006. BMB serves to automotive industry with its high value added special pipes. In 2006Q1, special pipe sales were 10% up on y-o-y basis. BMB holds ~60% of overall segment and dominate some sub-segments such as shock absorbers, bus body frames, automotive seats etc.





**ERW export market sales are in line with the previous year due to local market dedicated capacity utilization.**

Worldwide demand for ERW pipes is estimated as 35mn tons in 2005 while Europe and USA represent ~30% and ~40% of overall demand respectively. BMB mainly exports construction, water-gas and special pipes to Europe while casing and tubing pipes to USA, the biggest OCTG market in the world.

Strong local market demand left limited capacity to further penetrate into export markets and BMB realized 31k tons of sales in ERW pipes as of 2006Q1, just inline with the previous year.

BMB also concentrated on penetrating into new markets especially in Europe. Establishment of an effective distribution network in new target markets such as UK and France will be one of the major task.

**Oil & Gas business will continue to be eye-catching for the next decade.**

Demand for large diameter pipelines for transportation of crude oil and natural gas will keep its pace especially in North Africa, Middle East and CIS regions where considerable amount of energy reserves are located but the construction of pipeline network is still in progress.

BMB identified approx. 2,7mn tons of demand for large diameter steel pipes in North Africa, Middle East and Turkey to be realized in mid-term. Algeria is one of the biggest markets with forecasted demand of ~900k tons.

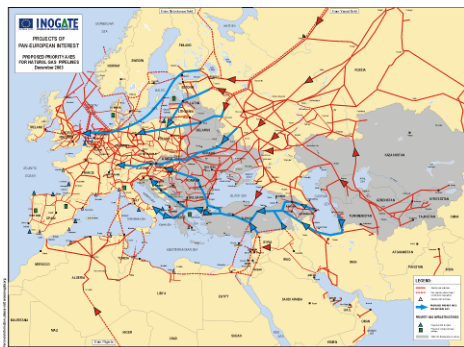
In 2006Q1, BMB-Noksel-Ümran consortium was awarded as the winner to supply 112k tons of spiral pipes to NK-1 project in equal shares. Project was the largest pipe supply contract ever given by SonatrachTRC, Algerian state-owned energy company. BMB booked the second phase of INGL project (8,6k tons) in Israel, following the successful completion of the first phase. Some new contracts have been booked in Tunisia, Portugal, Egypt and Turkey. Currently, ~55% of total projects booked are in export markets.

**Investment plans for high value added products**

New capacity investment plans in high value added product lines have been identified in the scope of BMB's 2010 strategic plan.

As a first step, BMB has invested into two production lines (named as T5 and T6) for large diameter oil and gas pipeline business. Investment will double current spiral pipe capacity from 100k tons p.a. to 200k tons p.a. The first phase of the additional capacity will bring 50k tons to be commissioned within 2007Q1 and expected to deliver 40mn\$ of revenues and 9mn\$ EBITDA on average. The start time of the second phase of the investment to add another 50k tons will be announced during the year.

Feasibility studies for other investment plans are still in progress.



Country	Size of Projects(tons)
Algeria	884,000
Lybia	574,000
Europe	404,047
Iran	337,000
Jordan	250,000
Turkey	108,903
Kuwait	90,250
Oman	88,220
Syria	5,900
<b>Grand Total</b>	<b>2,742,320</b>

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**CONSOLIDATED IFRS BALANCE SHEET (mn\$)**

ASSETS	31.03.2006	31.03.2005	31.12.2005
Cash and cash equivalents	4,0	15,5	17,9
Trade receivables, net	75,6	61,9	60,6
Inventory	77,1	73,1	56,5
Other current assets	7,6	6,6	4,6
<b>Total current assets</b>	<b>164,3</b>	<b>157,1</b>	<b>139,6</b>
Property plant and equipment, net	139,5	131,0	133,4
Investments	15,8	16,6	15,8
Intangibles assets, net	1,1	0,7	1,1
Deferred tax assets	0,1	0,4	0,1
Other non-current assets	0,3	0,0	0,3
<b>Total non-current assets</b>	<b>156,8</b>	<b>148,7</b>	<b>150,7</b>
<b>Total Assets</b>	<b>321,1</b>	<b>305,8</b>	<b>290,3</b>

LIABILITIES, MINORITY INTEREST and SHAREHOLDERS' EQUITY	31.03.2006	31.03.2005	31.12.2005
Trade payables	96,7	25,7	82,8
ST Bank Borrowings	19,8	78,3	12,6
Accruals and other payables	21,0	29,5	6,4
Financial Lease Liabilities	0,1	0,0	0,1
Taxes on income	2,3	0,0	1,2
<b>Total current liabilities</b>	<b>139,8</b>	<b>133,6</b>	<b>103,1</b>
Financial Lease Liabilities	0,0	0,1	0,0
LT Bank Borrowings	0,6	3,8	2,1
Provision for employment termination benefits	9,9	6,9	9,5
Deferred tax liability	7,5	7,1	6,3
<b>Total non-current liabilities</b>	<b>18,0</b>	<b>17,9</b>	<b>17,8</b>
<b>Minority interest</b>	<b>0,1</b>	<b>0,1</b>	<b>0,1</b>
Share capital	69,0	69,0	69,0
Revelation reserves	64,2	69,0	65,1
Retained earnings	25,7	17,0	20,8
Net Income	4,2	-0,6	14,3
<b>Total shareholders' equity</b>	<b>163,2</b>	<b>154,3</b>	<b>169,3</b>
<b>Minority interest and total shareholders' equity</b>	<b>163,3</b>	<b>154,4</b>	<b>169,4</b>
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>321,1</b>	<b>305,8</b>	<b>290,3</b>

**CONSOLIDATED IFRS STATEMENT OF INCOME (mn\$)**

PROFIT & LOSS STATEMENT (Cumulative)	2006 Q1	2005 Q1	2005 Q4
<b>Net Sales</b>	102,7	89,7	431,4
Cost of Sales	-84,2	-80,2	-383,6
<b>Gross Profit</b>	<b>18,4</b>	<b>9,6</b>	<b>47,8</b>
Gross Profit Margin	18%	11%	11%
Selling Marketing & GA	-8,4	-6,2	-29,5
Other Income/expense	0,1	0,4	1,0
<b>Operating Profit</b>	<b>10,1</b>	<b>3,8</b>	<b>19,3</b>
EBIT Margins	10%	4%	4%
Financial Income/expense	-1,8	-1,2	-4,9
<b>Profit before Translation Gain, taxation on income and minority interest</b>	<b>8,3</b>	<b>2,6</b>	<b>14,5</b>
Translation gain	-0,6	-1,6	3,8
Tax Provision	-3,5	-1,6	-3,9
<b>Net Profit before minority interest</b>	<b>4,2</b>	<b>-0,6</b>	<b>14,3</b>
Minority interest	0,0	0,0	0,0
<b>Net Profit</b>	<b>4,2</b>	<b>-0,6</b>	<b>14,3</b>

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