

SHAPING THE FUTURE WITH



AT BORUSAN

ANNUAL REPORT 2019





***“Throughout my life, I have always
believed that people come first and
companies exist to serve them.”***

1924-2012

Asım Kocabıyık
Founder and Honorary Chairperson

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BUSINESS LEADERS – ARCHITECTS OF THE FUTURE

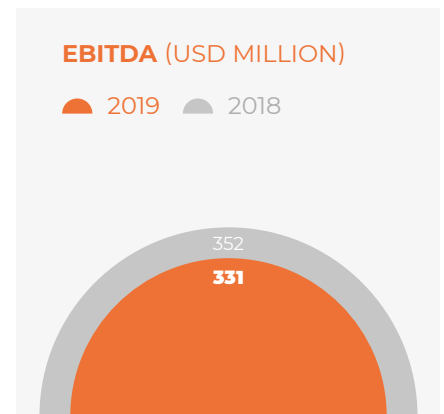
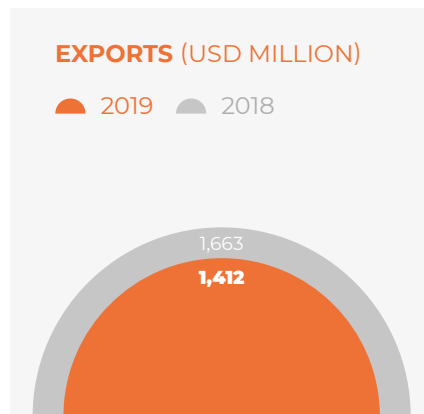
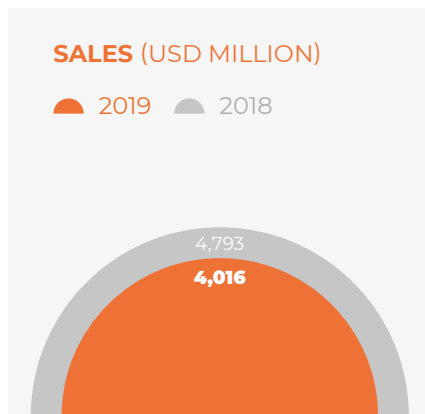
We continue to add value to life with products and services in manufacturing, machinery and power systems, automotive logistics and energy. We place as much importance on educating leaders who shape the future of both Borusan and Turkey as we do on being “the best” across our business areas.

We groom our employees to be business leaders. We accelerate their personal and professional development with the Borusan Leadership Model. As a result, these high-performing staff members will have a greater voice in shaping the future of Borusan as well as the country’s economic and social environment.

Financial Highlights

MOVING FORWARD INTO THE FUTURE

(USD million)	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Sales	4,381	4,297	4,688	4,793	4,016
Exports	816	915	1,367	1,663	1,412
EBITDA	329	394	418	352	331
Working Capital	1,214	1,311	1,558	1,571	1,148
CAPEX	362	204	364	103	32
Net Financial Debt	1,168	1,348	1,493	1,371	1,035
Total Assets	3,896	4,115	4,498	4,592	4,065



**Borusan Holding
ended fiscal year
2019 with net sales
of USD 4,016 million
and total assets of
USD 4,065 million.**



Chairperson's Message

CREATING SUSTAINABLE VALUE IN ALL OUR BUSINESS LINES



Esteemed Business Partners,
Colleagues and Shareholders,

Demonstrating rapid growth thanks to financial market liberalization for some years, the global economy faced various challenges in 2019. These included trade wars between the USA and China ongoing since 2018, fluctuating capital markets due to the Fed's monetary policies and the impact of the Brexit process in the Eurozone. After the IMF continually revised down its growth forecasts throughout the year, the world economy expanded by 2.9% as of year-end 2019. With the Covid-19 outbreak in December in the city of Wuhan, China, a global pandemic took hold and spread with great speed. This unfolding crisis has had a significant impact on the growth performance of the global economy and the world order. Intensive aircraft traffic, urbanization, and increasing interaction between communities around the world have been among the most important indicators of global economic growth over the last 20 years. However, these same factors appear to have accelerated the spread of the Covid-19 pandemic, leading to serious questions regarding the course of the post-pandemic world economy. At Borusan Holding, we believe that the global economy and the international community will learn important lessons from this challenging period. Economic activity and wealth generation will return. We expect that the Covid-19 pandemic will present opportunities to create a better world over the long term, despite the many short-term challenges.

Turkey: Sound economic fundamentals and social unity

After facing multidimensional challenges, such as foreign exchange rate shocks, inflation and rising geopolitical risks, Turkey was regaining growth momentum in the second half of 2019, thanks to rebalancing steps implemented across the economy. Taking hold in the last month of the year, the Covid-19 pandemic had a destructive impact on the global economy. This critical health crisis also seriously rocked Turkey's macro-economic balance. By capitalizing on its strategic advantages in food production and healthcare manufacturing in addition to its robust social ties, Turkey has managed to blunt the extreme impacts of the pandemic, which has morphed into a crisis with multiple dimensions. Although there is no clear global exit strategy on when the outbreak will come to an end, Turkey has limited the effects the crisis by implementing new responsive measures on every front. At Borusan Group, we sincerely believe that we will endure this crisis, which underscores the importance of domestic production, with minimum damage. With our significant experience and expertise in diverse lines of business, we are committed to doing our part to ensure that Turkey emerges from this multipronged crisis. In addition to our strong corporate foundations, I would like to indicate once again to our stakeholders that we strongly believe in the bright future of our country.

Turkey's reassuring industry group

Borusan Holding is a global industry group with expertise in steel, machinery and power systems, automotive distributorship, energy and logistics. In 2019, we recorded successful financial and operational results while maintaining stakeholder trust with our professional approach to risk management. We have proudly served as the change and innovation leader, upholding our corporate values since our founding in 1944. Thanks to its ongoing digital transformation investments, Borusan Holding achieved successful outcomes in 2019 by effectively coordinating its operations and human resources in various countries across the world. We consistently create sustainable value in all our business lines with our human capital focused on continuous improvement in addition to our innovation-oriented management approach. During the year, our Group once again demonstrated its agility in evaluating risks and opportunities. We are keenly aware that the multidimensional crisis environment created by the Covid-19 pandemic will require new roles and actions for the private sector. Currently, we are taking steps to speed up our decision-making processes across our organization in the coming period in line with our mission and vision.

Borusan's experience and expertise will leave its mark on centuries to come

Borusan Group represents 76 years of experience and expertise in the industry sector. With our deep experience, we

Ongoing digital transformation

Thanks to its ongoing digital transformation investments, Borusan Holding achieved successful outcomes in 2019 by effectively coordinating its operations and human resources in various countries across the world.

plan to be operating two centuries from now. Every time we face significant challenges such as the Covid-19 pandemic, we return to our foundations and our mission, refreshing our energy and renewing our belief in a bright future. We are committed to creating sustainable value in all lines of business and geographies where we operate.

I would like to thank all our employees, business partners and customers for their support in our achievements in 2019, which was a challenging period in every sense. We hope to share the pride and happiness of even greater successes in the future.

Kind regards,

Ahmet Kocabiylık
Chairperson
Borusan Holding

Group CEO Message

SUCCESSING IN UNCERTAIN TIMES



Esteemed Business Partners,
Colleagues and Shareholders,

First of all, I would like to briefly review the state of the world economy in 2019.

The main factor that affected the global economy during the year was the ongoing trade wars. Disagreements between China and the US, coupled with political and economic uncertainties on both sides, adversely impacted the global economy.

According to the IMF's latest estimates, world economic growth slowed to 2.9% in 2019, down from 3.6% a year earlier. As the pace of economic expansion in advanced countries fell from 2.3% in 2018 to 1.7% in 2019, emerging market growth declined from 4.5% to 3.7% in the same period. China's economy registered growth of 6.1% for the year, down from 6.6% in 2018. Meanwhile, the Eurozone economy expanded 1.2% in 2019, versus 1.9% a year earlier.

While the US has recorded relatively strong economic growth of 2.3% in 2019, the world's biggest economy could not escape the impact of global recession concerns. The high level of economic uncertainty throughout the year caused central banks in developed countries, especially the Fed in the US, to change the direction of their monetary policies, from contractionary to expansionary in 2019.

Steps to rebalance Turkey's economy started to yield results...

The Turkish economy entered 2019 with rising foreign exchange rates and growing inflation, which impacted every aspect of the economy in the prior year. After GDP contracted by 2.1% and 1.0% in the first two quarters of the year, Turkey's economy emerged from recession in the third quarter. Thanks to a more robust external environment and the positive impact of the government's rebalancing efforts in terms of both monetary and fiscal policies, the Turkish economy expanded by 1.0% and 5.9% in the last two quarters of the year, respectively. Turkey recorded GDP growth of 0.9% for the year. The economy's upward momentum as the year came to close shows that the rebalancing steps implemented by the government restored Turkey's macro-economic stability.

Covid-19 pandemic brings about uncertainty

The Covid-19 outbreak in December in Wuhan, China quickly became a global pandemic, significantly impacting the entire world. Under globalization, societies across the globe have become interdependent in every aspect thanks to increasing communication and transportation links while the rate of urbanization has climbed to 75%. These factors resulted in the Covid-19 pandemic rapidly morphing into a full-blown global crisis, whose destructive impact is felt across the world economy and society.

The Covid-19 pandemic hit just when Turkey's economic rebalancing measures, initiated in 2018, had started to produce results. By leveraging its extensive health care infrastructure as well as the country's competitive advantages and advanced production capabilities in strategic sectors such as textiles and food, Turkey quickly established itself in the new environment.

In the coming days and months, we will more clearly see the economic impact of the Covid-19 pandemic on our country. However, government policies to support the private sector in addition to SMEs and tradesmen will need to be implemented as well as other interventions to stabilize and stimulate Turkey's economy.

Borusan will further contribute to Turkey's sustainable growth

Borusan Holding enters this new environment emerging with the Covid-19 pandemic by focusing on protecting its employees, stakeholders and business. We are taking all necessary measures to safeguard the health of our employees and stakeholders. We maintain business continuity without compromising the safety of our people. At Borusan Group, we believe this is the most appropriate approach for our national economy as well as for our shareholders, employees and all our stakeholders. We aim to successfully overcome this difficulty with social unity – much like the unity and togetherness shown by Borusan employees.

Business continuity without compromising safety

Borusan Holding enters this new environment emerging with the Covid-19 pandemic by focusing on protecting its employees, stakeholders and business.

Group CEO Message

Borusan Group has significant experience and a comprehensive vision: We want Borusan to be successfully operating 200 years from now. We have great trust in our corporate structure, which was established with decades-long experience and built on deep expertise.

Value-added products

Borusan Group left behind a successful year where it ventured into new markets due to declining global trade volume, rising protectionist policies in the steel business while focusing on value-added products.

At Borusan Holding, we see that the Covid-19 crisis has highlighted the power of economies that engage in value-added production. We remain committed to significantly contributing to the sustainable growth of our country with the rich heritage of our well-established corporate culture and our strategic product portfolio in domestic and international markets.

Nothing will darken our achievements

In 2019, I can proudly say that we prudently managed our risks in spite of the difficult conditions. During the year, we focused on efficiency and never compromised our financial discipline at Borusan Group. Thanks to our drive and determination, we recorded another successful year. In 2019, our Group reported total turnover of more than USD 4 billion and EBITDA of USD 331 million. Showing improvement in our general administrative expenses compared to the previous year, we significantly reduced our net indebtedness by 25%.

Our affiliate Borçelik, operating in the flat steel industry, once again accounted for the lion's share of our total Group turnover. In 2019, Borçelik posted turnover of USD 1.1 billion. Our steel business, including Borusan Mannesmann, recorded turnover of over USD 1.9 billion. Meanwhile, Borusan's automotive and heavy machinery business lines also made a significant contribution to the Group's total turnover accounting for about USD 800 million each. Aiming to be a

strong player in every country where it operates, Borusan Group recorded total international sales of USD 1.4 billion through its various companies, making up 35% of our consolidated turnover.

We differentiate from the competition with our value-added products

Borusan Group left behind a successful year where it ventured into new markets due to declining global trade volume, rising protectionist policies in the steel business while focusing on value-added products. With total production capacity of 1.5 million tons with the Borçelik brand and 500 thousand tons of metal processing capacity with the Kerim Çelik brand, Borçelik is Turkey's largest high-quality steel producer. In 2019, Borçelik further boosted its profitability and expanded its market share. As a leader in the Turkish steel pipe industry, Borusan Mannesmann also recorded a strong year with its innovative product portfolio and prudent management approach both in Turkey and the US. Boosting its productivity drastically with Industry 4.0 investments made throughout the year, our Borusan Mannesman company continued to move forward on its digital transformation journey with great success.

In 2019, Borusan Automotive Group increased its market share despite the major contraction in the market and achieved real growth in profitability. Boosting its EBITDA by 75% compared to the previous year, our Automotive Group recorded a strong year all around. Celebrating the 25th

anniversary of its business partnership with Caterpillar in Turkey and the 20th anniversary of its operations in Kazakhstan in 2019, Borusan CAT was our company that was most affected by the contraction in the domestic market. Nevertheless, thanks to the exceptional performance of our overseas dealers, our Caterpillar company increased its EBITDA by 9% year-on-year.

Supsan, the valve supplier of the world's leading car brands and Turkey's largest manufacturer of valves, produced a total of 5.5 million units in 2019. The company exported 3.6 million pieces during the year. Widely recognized for its R&D efforts, our Group company Supsan included push rod, cam shaft and turbo products to its portfolio in addition to its valve offerings, significantly boosting its market penetration. As Turkey's first and only manufacturer of push rod products, Supsan maintained its leadership position in the industry during the year.

Borusan Lojistik consolidated its sector leadership by developing a new business model, eTA Platform, for road transport. The company continued to be the most trustworthy companion of its customers with its digital truckers, thanks to the eTA Trucker Mobile App, which has become the third largest digital logistics platform in Europe. More than 150 thousand trucks were registered on the eTA Platform as of year-end 2019. In addition, the average number shipments per month reached 30 thousand.

Borusan EnBW Enerji generates power for Turkey and contributes to sustainability with 11 power plants, each based on renewable energy sources. In 2019, Borusan EnBW Enerji expanded its installed capacity from 495 MW to 505 MW. Reaching a total portfolio size of 1,200 MW as of year-end 2019, Borusan EnBW Enerji aims to increase its total installed capacity to 715 MW by year-end 2020.

Borusan aims to operate 200 years from now...

Borusan Holding has the capability to grow further in all its business lines, including steel, energy, automobile and heavy machinery distribution as well as logistics.

What moves Borusan forward is its well-established corporate culture. This competitive advantage will enable us reach new heights in the future. As across the entire world, change and transformation continue at full speed in our lines of business and the markets where we operate. With the Covid-19 pandemic, we are facing risks as well as opportunities. We stand among the leaders of this change and those who shape the future by evaluating risks and opportunities effectively. With our innovative approach, the importance we place on R&D and our investments in future technologies, Borusan Group will add value to our country not only today but also in the future.

Borusan Group has significant experience and a comprehensive vision: We want Borusan to be successfully operating 200 years from now. We realize how difficult it is to achieve this ambitious vision. However, we will rely on our deep experience and expertise, which is part of our corporate DNA. I wholeheartedly believe that we will achieve this goal with the help of our shareholders, customers, business partners, and most importantly, our employees. We are one big team whose members are all interconnected – moving forward together into the future.

Thank you all for your support to us on this journey.

Kind regards,

Erkan Kafadar
Group CEO
Borusan Holding

Borusan Holding Management

BOARD OF DIRECTORS



Ahmet Kocabiyik
Chairperson



Bülent Demircioğlu
Vice Chairperson



Zeynep Hamedî
Member



Nükhet Özmen
Member



Agah Uğur
Member

STEERING COMMITTEE



Ahmet Kocabiyik
Chairperson



Erkan Kafadar
Group CEO



Mehmet Hamedî
Member



Semih Özmen
Member



Levent Kocabiyik
Member

Borusan Corporate Center

CONTINUOUSLY CREATING VALUE

Strategic guidance

As the corporate center of Borusan Group, Borusan Holding provides strategic guidance to the entire Group. Acting as a bridge between shareholder expectations and Group companies, Borusan Holding adopts a systematic yet nuanced management approach in its strategic role.

As the corporate center of Borusan Group, Borusan Holding provides strategic guidance to the entire Group. Acting as a bridge between shareholder expectations and Group companies, Borusan Holding adopts a systematic and nuanced management approach in its strategic role. The Holding offers recommendations and poses questions while also directing and supervising Borusan Group companies. However, Borusan Holding does not participate in the direct operational activities of Group companies. If the ideas and recommendations it provides are adopted by Group companies, Borusan Holding supports its implementation through cooperation.

Borusan Holding Steering Committee is an executive platform composed of executive directors that Group Company General Managers report to. The Steering Committee aims to set the Group's strategy, conduct best practices and operationally guide Borusan Group companies.

Borusan Group is a well-established, powerful industrial conglomerate in its 76th year of operation. The Group is a leader in the steel, machinery and power systems, automotive distributorship, logistics and energy sectors. With nearly 11,000 employees, Borusan operates across a wide geographic area that includes 12 countries on three continents – North America, Asia and Europe. Each

Borusan Group company is a leader in its respective industry. Borusan Group enterprises create value with their international partners in the manufacturing, service and industrial sectors. Empowered by Borusan's long-standing core values and solid corporate culture, Borusan Group companies conduct their business operations with the primary goal of creating added value for customers, employees and business partners as well as the societies, countries and environments where they operate. Group companies are also committed to providing business advantages at work, quality and convenience in life. Borusan Holding determines the rules creating value for the companies and stakeholders while safeguarding Borusan's corporate culture. The Holding delivers strategic guidance and conducts supervisory activities for the entire Group.

Borusan Holding continuously enhances the value it creates for shareholders via its strategic leadership, services and supervision for the Group's companies. Borusan Holding ensures that Borusan Group continues to move forward as a well-respected and innovative powerhouse that creates significant value and benefits for Turkey.

HOLDING EXECUTIVE MEMBERS



Erkan Kafadar
Group CEO



Barış Kökoğlu
Group Chief Financial Officer



Nursel Ölmez Ateş
Chief Human Resources and Corporate
Communications Officer



Deniz Emre Dağ
Assistant General Manager - Strategy
and Business Development



Ümit Aslantekin
Chief Information Officer

Borusan Kocabiyik Foundation

CREATING VALUE FOR COMMUNITY

Contribution to community

Acting with the vision of "Contribution to Community," Asım Kocabiyik Culture and Education Foundation and Borusan Sanat were established together under the roof of Borusan Kocabiyik Foundation in 2008 within the scope of social responsibility activities.

Standing as one of the leading industry organizations of Turkey, Borusan achieved progress by adopting the principle of sharing what is gained from the community back with the community. Focusing on education, culture and arts under corporate social responsibility projects, Borusan maintained its growth by creating a national value on the one hand, while it undertook the contribution to the community in any areas where public resources fell short as a duty on the other hand.

Having contributed to the national educational and cultural life for many years either through the resources of Borusan or his personal initiatives, Kocabiyik, being the Founding and

Honorary President of Borusan, founded the Asım Kocabiyik Culture and Education Foundation in 1992 as the first step taken towards executing these activities under the roof of a corporate structure.

Acting with the vision of "Contribution to Community," he brought the Asım Kocabiyik Culture and Education Foundation and Borusan Sanat, established in 1997, together under the roof of Borusan Kocabiyik Foundation in 2008 within the scope of social responsibility activities.



Education

CONTRIBUTION TO FUTURE GENERATIONS

High priority for education

Among the social responsibility areas that Borusan covers, education is a top priority.



The Borusan Kocabiyyik Foundation has completed construction of Zehra Nurhan Kocabiyyik Primary School; Gemlik Borusan Primary School; Borusan Asim Kocabiyyik Technical and Industrial Vocational High School; Kocaeli University Asim Kocabiyyik Vocational College; and Uludağ University Asim Kocabiyyik Vocational College. BKF also completed restoration of Istanbul University's Faculty of Economy Library.

The Project for Sustainable Quality Improvement in Education was initiated in 2009 at Uludağ University Gemlik Asim Kocabiyyik Vocational College, which was constructed by Borusan Kocabiyyik Foundation. The initiative was awarded numerous accolades in recognition of its educational quality excellence. The Project for Sustainable Quality Improvement in Education received the EFQM Certificate of Determination in 2009; Quality in Education Jury Encouragement Award and Competency in Excellence 3-Star Certificate in 2012; Quality Success Award in 2013; and Grand Prize and Competency in Excellence 5-Star Certificate in 2014.

In addition, BKF granted scholarships to 180 students in 2019.

In 2019, Borusan Kocabiyyik Foundation presented 27,500 books to 99 school libraries across the country.



The project also won the Turkey Excellence Grand Prize in 2016, gaining the distinctive position of the first and only vocational high school to receive the award in its first year of applying.

Borusan Sanat

A COMMUNITY INTEGRATED WITH ART



Ray Chen: a talented musician

In 2019, BIPO hosted a violin virtuoso with a truly impeccable technique and skillful interpretation to match – Ray Chen.

Borusan Sanat

Borusan Sanat, the driving force behind the Borusan Istanbul Philharmonic Orchestra, was founded by Borusan Holding. Placing Borusan Istanbul Philharmonic Orchestra (BIPO) at the core of its activities, Borusan Sanat organizes the orchestra's regular monthly concerts as well as those of Borusan Quartet, which is made up of BIPO's group leaders. Borusan Children's Choir is another meaningful initiative that commenced in 2002 to foster a love for classical music in children.

Borusan Sanat also acts as the coordination center of Ertuğ & Kocabıyık Publications, a prominent publishing house offering exquisite art volumes presenting the rich cultural heritage of mainly Anatolia and recently Europe. A performance venue and a new home, Borusan Sanat opened Borusan Music House in 2010 and has since organized classical, jazz, world and new music concerts as well as dance performances and contemporary art exhibitions at this venue, to reach a wider audience.

In Borusan Istanbul Philharmonic Orchestra (BIPO)'s 21st year, 11 concerts await music lovers this season; Borusan Quartet will be perform eight concerts on both banks of the Bosphorus and host award-winning Turkish virtuosos as well as world-known musicians. During the 2019–2020 season, Borusan Istanbul Philharmonic Orchestra will share the stage of Istanbul Lütfi Kırdar ICEC with Ray Chen, Yeol Eum Son, Miloš Karadaglić, Dorothea Röschmann, Angel Gheorghiu, Andreas Ottensamer, Yuri Bashmet, Pablo Ferrández, Harriet Krijgh, Ekaterina Siurina, Elena Maximova, Peter Sonn, and Bogdan Baci.

In 2019, Borusan Istanbul Philharmonic Orchestra (BIPO) hosted a violin virtuoso with a truly impeccable technique and skillful interpretation to match – Ray Chen. Chen is a talented musician who is praised world-wide and who has won first place at the 2008 Yehudi Menuhin and 2009 Queen Elisabeth competitions and received the ECHO Klassik for his album released in 2017. Gürer Aykal conducted Borusan Istanbul Philharmonic Orchestra accompanying pianist Yeol Eum Son.



The concert, where La Clemenza di Tito, KV 491 Piano Concerto, KV 165 "Exultate jubilate" and Symphony in C Major were performed, is a tribute to the grandmaster of classical music. This season, Borusan Istanbul Philharmonic Orchestra under the direction of Diego Matheuz, accompanied the eminent guitarist Miloš Karadaglić. The concerto for orchestra and guitar titled "Ink Dark Moon," by the young English composer Joby Talbot, commissioned by BIPO, and performed by BBC Symphony Orchestra, made its Turkish premiere at Lutfi Kırdar. One of the most unusual concerts of this season was without a doubt "A Golden Page In Music History." Historian Prof. Dr. İlber Ortaylı simultaneously delivered a speech on the history of music during the concert. Music devotees were familiar with the concert soloist, ECHO Klassik winner Dorothea Röschmann. The Borusan Istanbul Philharmonic Orchestra welcomes the new year with Angela Gheorghiu, one of the greatest stars of the opera scene. The soprano has always received praise and admiration since she stepped onto the stage in 1992. She has enchanted music lovers at concerts and operas around the world ever since. Gheorghiu got together with the Borusan Istanbul Philharmonic Orchestra under the direction of Ludovic Morlot for the BIPO New Year's Concert.

Borusan Contemporary

WHERE THE CONTEMPORARY ARTS MEETS TURKEY

14,388
visitors

A total of 14,388 people visited
Borusan Contemporary's
exhibitions in 2019.



Borusan Contemporary is an associated institution of Borusan Kocabıyık Foundation, which is a subsidiary of Borusan Holding. Borusan Contemporary opened its doors in September 2011. The institution offers a multi-platform program of exhibitions, events, educational activities, new commissions, and site-specific installations. Borusan Contemporary Art Collection spans 30 years of collecting. It is located in Perili Köşk (the Haunted Mansion), one of the iconic buildings of Istanbul, and is open to the public during weekends.

In 2007, the building was leased by Borusan Group, renovated and has been used as Group headquarters since then. As the building was designed as office space, the exhibition areas and training rooms are integrated with the office infrastructure. This means there are certain restrictions in terms of allocating space for children's workshops, events, and meetings. Borusan Contemporary's core activity is preparing exhibitions that are either curated from the Borusan Contemporary Art Collection or organizing shows with guest curators and artists included in the collection.



Moreover, Borusan Contemporary plans extensive education, events and programs designed for children aged between 5-12, and adults. Through these programs, Borusan Contemporary welcomes thousands of visitors each year.

As part of the educational programs, Borusan Contemporary opened its blog in 2018. Digital content was created focusing on the exhibitions organized in Borusan Contemporary, and artists included in the collection. The content is designed to give in-depth information about the exhibitions and artwork, as well as to enhance the artistic and curatorial perspectives. The aim is to educate the audience on how to look at media artwork and create new engagement opportunities for the audience. Two posts are published online each month. Furthermore, the Borusan Contemporary Art Collection commissions numerous artists, both local and foreign, to produce new artwork. These commissioned pieces are also included in the collection. Thus, collecting is not limited to existing groups of works, as it also aims to contribute to the art world through this patronage activity.

In 2019, Borusan Contemporary planned five exhibitions. In March, of the three exhibitions open to visit, two were curated from the Borusan Contemporary Art Collection, They are Uttered and Left Unfinished All The Loves in the World and Overture: Selections from the Borusan Contemporary Art Collection. The exhibition was named after one of Turgut Uyar's poems, They Are Uttered. Turgut was one of the pioneers of Turkish literature. In comparison, Overture presents a selection of works recently added to the Borusan Contemporary Art Collection. Another exhibition that opens in March is Bosphorus by Boomoon. Boomoon is a South Korean photographer who launched a project commissioned by the Borusan Contemporary Art Collection.

In fall 2019, two new exhibitions were opened for art lovers to visit. The first exhibition was of Bill Viola: Impermanence, one of the pioneers of video art. This solo exhibition is the first in Turkey dedicated to the artist. Ten artworks, from 1969 to 2015 are being exhibited until September 13, 2020. The other exhibition, the extended version of They are Uttered and Left Unfinished All the Loves in the World, is curated from the collection.

A total of 14,388 people visited Borusan Contemporary's exhibition in 2019. Borusan Contemporary opens to arts audience for weekend visits as part of the Borusan Group's transparency policy. It is rare to see corporations willing to share their headquarters with the public.

Borusan Group is aware of the vital place culture and art have in society. As a result, Borusan Contemporary strives to extend its reach and enhance the interest in the arts.

Gender Equality

NOT SEPARATELY, ALL TOGETHER

Since 2012, Borusan has focused on gender equality as a priority social responsibility area. The Holding is committed to developing policies to support its female employees and eliminating gender discrimination in its internal corporate policies. Borusan provides infrastructure and financial support to increase women's participation in professional life in society at large.

As a signatory to the UN Women's Empowerment Principles (WEPs), Borusan was invited to become a member of the UN WEPs Leadership Group in 2015 – the first Turkish company to receive this honor.

Thanks to its efforts to empower women, Borusan has become a leader of this important cause both in Turkey and worldwide.

My Mom's Job is My Future

One of Borusan Holding's most important social responsibility initiatives is "My Mom's Job Is My Future." Research shows that provision of affordable childcare is critical to boosting women's employment in Turkey and worldwide. This long-running project aims to expand women's employment by providing support for working mothers. "My Mom's Job Is My Future" is conducted with the support of Turkey's Ministry of Family and Social Policies, and the Ministry of Science, Industry and Technology. Nurseries and daycare centers, known as "Borusan Joy Factories," with a 75-child capacity



at each facility, are built at 4 organized industry zones (OIZ) across 4 provinces in Turkey to provide childcare and pre-school education to children aged 0-6. To date, Borusan Joy Factories have opened in Adıyaman, Afyonkarahisar, Malatya and Balıkesir under this effort. "My Mom's Job Is My Future" was granted a social responsibility award at the Golden Compass Public Relations Awards in 2015, hosted by the Turkish Public Relations Association. The project was also recognized with an award from the Turkish Confederation of Employer Associations.

Promoting gender equality

Borusan Holding is committed to developing policies to support its employees and eliminating gender discrimination in its internal corporate policies.

BORUSAN  **ESİTİR**

Microfinance

The late Asim Kocabiyik, Founder and Honorary Chairperson of Borusan Holding, personally established the first microfinance branch in 2009 in Afyonkarahisar, his place of birth, to support women entrepreneurs. In 2013, the second location, Gemlik Borusan Microfinance Branch, opened in Gemlik, Bursa, where Borusan Holding has a large industrial campus.

To date, these two microfinance branch locations have jointly extended loans totaling TL 5.5 million to 2,800 women entrepreneurs to help them establish or expand their businesses.

Equal Borusan Platform

Borusan established its Equal Borusan – Social Equality platform in November 2015, to adopt and embrace gender equality at both the corporate and individual levels. The platform aims to obtain results across a wide range of issues – from human resources policies to communication and awareness.

Love Begins with Language

The Equal Borusan platform published its “Guidebook to Avoid Statements and Behavior Suggesting Gender Discrimination in the Workplace” in cooperation with the Gender and Women’s Studies Research Center of Kadir Has University. The guidebook contains examples of discriminatory statements and conduct that are common in everyday business life. Along with gender-discriminative phrases such as “like a man,” “you’re the man,” “female manager,” “woman’s job” and “man’s job,” ageist language such as “dinosaur” and “born yesterday,” along with their neutral, non-discriminatory synonyms, were outlined. The initiative also included specially designed posters placed prominently in offices and other Borusan working environments. In addition, a video titled “Love Begins with Language,” featuring Borusan employees, was shot for Valentine’s Day and published on the Borusan corporate website on February 14, 2017 to draw attention to the issue of gender discrimination in the workplace.

Call-Out Sexism

Borusan launched the “Call Out Sexism” campaign launched in 2018. With a video released on March 8, International Women’s Day, hashtags

such as “Love Begins with Language” and “Call Out Sexism” were used to raise awareness of sexist language and the widespread culture of sexism in society. The campaign highlighted many of the sexist archetypes and behaviors displayed in both personal and professional arenas. “Call Out Sexism” also drew attention to common chauvinistic expressions such as “This is not a woman’s job,” “Are you a feminist?” and “You should smile more.”

Gender Equality Seminars

At Borusan, we aim to raise awareness of more than 10,000 Borusan staff and their families through gender equality trainings organized in cooperation with the Mother Child Education Foundation (AÇEV) to prevent gender inequalities.

No Job too Tough for Women

In 2018, Borçelik, a Borusan Group company, implemented the “No Job Too Tough for Women” initiative to underscore that women can perform any job in male-dominated heavy industry. The effort’s first target was to expand women’s employment in the

flat steel industry. Under the project, female applicants were provided with technical trainings such as overhead crane certification as well as 250-hour comprehensive specialized trainings, including personal development and mentor-mentee sessions. At the program’s conclusion, 26 women who had successfully completed their training were employed in various jobs traditionally held by men.

Women’s Employment Initiative at Borusan Mannesmann

In order to show that women can work and be successful in the metal sector and increase the women employment rate, high school graduate female candidates were given on-the-job training programs organized in cooperation with İşkur, while the social areas within the Borusan Mannesmann factories were made suitable for women. The initiative aims to increase the ratio of female employees to 10%. In line with this target, the female employee ratio increased from 3% in 2017 to 6% in 2018.



Borusan Ocean Volunteers Platform

COMPASSIONATELY SHARING TO ADD VALUE TO SOCIETY

**16,500
hours**

**Borusan employees also
volunteered for 16,500 hours
in 40 projects in line with
United Nations Sustainable
Development Goals.**



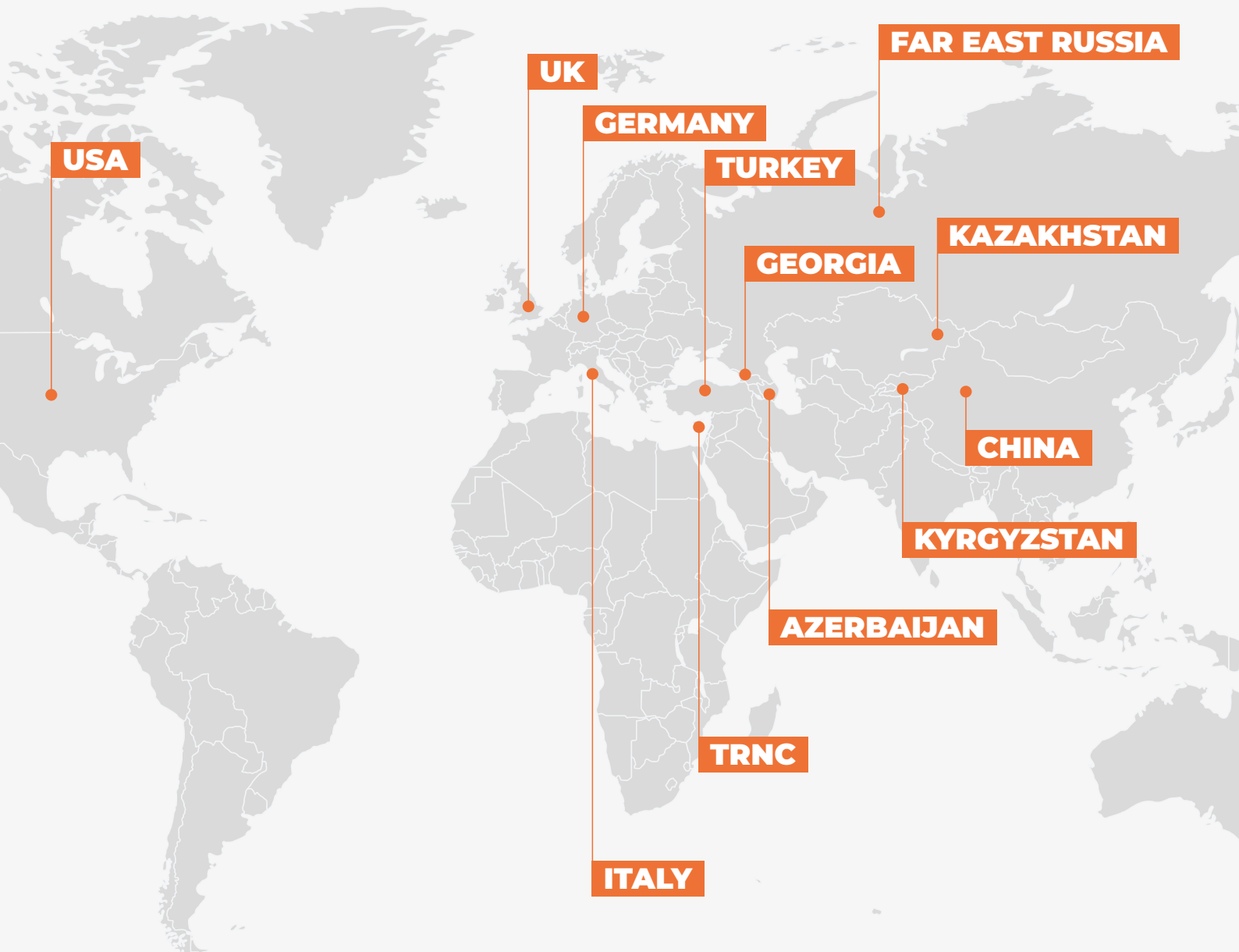
The Borusan Ocean Volunteers platform was founded in 2008 to enable Borusan staff members to channel their knowledge and skills to voluntary social responsibility projects in education, culture and arts, environment and human rights. In 2019, more than 1,000 volunteers were involved in various projects. Borusan employees also volunteered for 16,500 hours in 40 projects in line with United Nations Sustainable Development Goals. The Borusan Ocean Volunteers platform often collaborates with non-governmental organizations on various volunteering initiatives. These include book donation campaigns, shoreline and sea cleaning events, book reading for the visually impaired, mentoring, and school friendly programs.

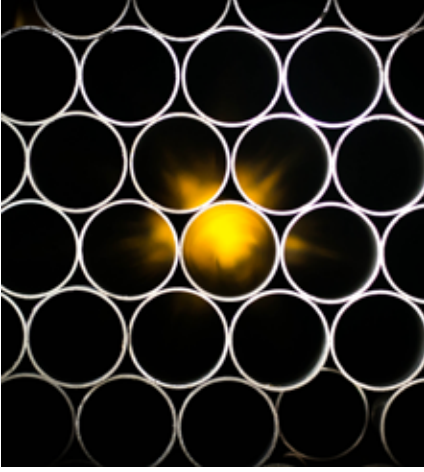
Conducted since 2012, the Coaching Program for Vocational High Schools is Borusan's longest-running volunteer project. The program is organized by Private Sector Volunteers Association. As participants of the initiative, Borusan volunteers coached vocational high school students, preparing these young persons for their professional lives by sharing personal experiences with them.

Another effort carried out by Borusan Ocean Volunteers platform is the Free Animal Shelter project. Ocean Volunteers realized this initiative in collaboration with Aegean Idea Partnership Association at İzmir Buca Stray Animals Rehabilitation Center to ensure that disabled stray animals are adopted. The project was also designed to raise awareness of the plight of disabled animals. Volunteers set up shelters at Borusan Group companies for disabled strays. In addition, food and water containers were made and placed on streets for stray animals.



GLOBAL OPERATIONS ON 3 CONTINENTS, IN 12 COUNTRIES





MANUFACTURING

- Borusan Mannesmann Boru Yatırım Holding
- Borusan Mannesmann
- Borusan Mannesmann Pipe US
- Borusan Mannesmann Vobarno
- İstikbal Ticaret
- Borçelik
- Supsan



MACHINERY AND POWER SYSTEMS

- Borusan Cat



AUTOMOTIVE

- Borusan Otomotiv
- Borusan Oto
- Borusan Otomotiv Premium
- Borusan Araç İhale



LOGISTICS

- Borusan Lojistik
- Borusan Port



ENERGY

- Borusan EnBW Enerji

ADDING VALUE TO STEEL

A young team assumed the task of setting up a new factory with a budget of USD 30 million. In a race against time, this ambitious team completed a wholly unique facility in Turkey and one of the few of its kind in Europe. The innovative factory was open and ready for production after an exhausting two-year period.

A major investment was approved shaping the future of the automotive market. After the capital investment received approval, a project team was created to implement the operation at a specified time and budget. Our people joined forces toward this goal. They worked together, from across different divisions and functional areas at the Company. They labored at an intensive pace to realize this forward-looking investment.

As our other operations continued, the young project management team started to take steps to establish a major new factory with a budget of USD 30 million. The ambitious team competed against time to complete the exhausting two-year long process. This effort required a high level of coordination. We planned the best facility and location site with our skilled R&D teams. Nearly every functional area at the company was involved, including planning, technical and engineering, occupational health & safety, human resources, construction, quality and process studies, finance, purchasing, and foreign trade. We commenced commercial production after establishing one of the few facilities of its kind in Europe, and the first in Turkey. During this major undertaking, we implemented many firsts, always maintaining our innovative perspective.



#leadersatborusan



Borusan Mannesmann Boru Yatırım Holding

Borusan Group and Salzgitter Mannesmann GMBH merged their welded steel pipe investments in Turkey under Borusan Mannesmann Boru Yatırım Holding A.Ş. in 1998. The Company holds 73.48% of the shares in Borusan Mannesmann Boru San. ve Tic. A.Ş.

**Borusan Mannesmann
Boru Yatırım Holding
has an investment
amount of USD 136.6
million in the last
5 years, including
USD 44.6 million in 2019.**





Borusan Mannesmann

A RELIABLE GLOBAL BRAND



High-quality standards

Borusan Mannesmann grows and develops together with its customers in line with its high-quality standards, passion to innovate and the principle of working with a focus on customer satisfaction.

With its pioneering role in the Turkish steel pipe industry, Borusan Mannesmann steers the development of the sector. It also continues creating value for stakeholders by investing in health & safety, people-oriented success, digital transformation, innovation, and globalization. Presenting new products and services each year, Borusan Mannesmann produces a wide range of steel pipe products.

Strategic Positioning

Borusan Mannesmann is a globally recognized steel pipe and complementary solutions provider focusing on high value-added products with a production footprint in its major markets. It is positioned as the leader of high value-added products in the Turkish market as well as one of the leading producers in Europe and the USA. The company's competitive advantages include:

- Profitable growth strategy of investing in high value-added products in target markets;



- Global competitive edge attained by channeling approx. 70% of prime quality sales tonnage to global markets;
- Ability to garner more than three-fourths of prime quality product turnover from high value-added products;
- Sustainable and profitable business model for large diameter spirally welded line pipes in high value-added markets;
- Aiming to be North America's most profitable and most preferred player in high value-added products in the drilling and well pipes market;
- Market leader in special pipes for the automotive sector in Turkey; and aiming to be one of the top three manufacturers in Europe;
- Digitalized business processes that provide efficiency increasing solutions and competitive edge in operations;
- Investment strategy focusing on high value-added products and processes to meet customers' unfulfilled expectations with fast, innovative and value-adding solutions;
- Penetration strategy for niche and new markets while maintaining leadership in existing markets by pursuing a strategy focused on innovative products and new business models.

Strengthening Market Presence in Global Markets with High Value-Added Products

Borusan Mannesmann recorded sales of 667,500 tons in first quality products in 2019. Protectionist measures taken amidst trade constraints around the globe had an impact on global markets. Furthermore, the shrinkage in the domestic market resulted in a drop in sales. Despite remaining below the quantities of last year, the company maintained its gross profit margin at 15%, similar to 2018, through profitability generated by high value-added pipes in particular. As Borusan Mannesmann strengthened its presence in global markets with investments in high value-added products and international projects awarded, international sales reached a 70% share in total first quality product sales.

In August 2018, the Section 232 tariff was increased from 25% to 50% after the US president issued an executive order to implement sanctions against Turkey, bringing Turkish steel exports to the USA to a halt. The tariff for Turkish steel exports was later reduced from 50% to 25% in May 2019. However, the positive impact of the 25% rate cut in tariffs remained limited due to declining prices in the US domestic market. The European Commission, on the other hand, started implementing quotas for steel imports as part of its safeguard measures. A 25% additional duty is applied to products exceeding the designated quota. These protectionist measures sharpened the competition in global markets, making trade operations much tougher.

Borusan Mannesmann, however, maintained its gross profit margin amidst these developments.

Although the company faced a year-on-year decline in sales of high value-added pipes, specifically, pressure, special and spiral pipes, the profit margin derived from these products realized at 16%. Turnover of these pipes reached a 81% share in total first quality product sales. The sales tonnage of high value-added drilling and well pipes grew by 5% year-on-year as the North American market continued to recover. Sales of value-added steel pipes in the automotive sector were satisfactory in spite of the contraction of the sector in Europe and Turkey. Sales in the automotive sector represent a 16% share in the sales turnover of first quality products. Furthermore, new investment worth USD 75 million in Gemlik targeting production of high value-added standard pipes and pipes for the automotive sector is completed, therefore increasing existing capacity.

Innovative and Value-Added Products

Borusan Mannesmann embraces new product and service development as one of the key triggers to reach the company's long-term targets. In 2019, Borusan Mannesmann focused on developing new value-added products and further processes for different customer segments. The company also targeted building innovative value-added services for customers to make their lives easier and increase efficiency in their businesses.

Borusan Mannesmann

Borusan Mannesmann grows and develops together with its customers in line with its high-quality standards, passion to innovate and focus on customer satisfaction.

Sustainability Steps of Borusan Mannesmann

Borusan Mannesmann grows and develops together with its customers in line with its high-quality standards, passion to innovate, and focus on customer satisfaction. Accordingly, Borusan Mannesmann carefully listens to the expectations and needs of its customers and engages in meticulous VoC (Voice of Customer) and customer satisfaction efforts.

Throughout its operations, Borusan Mannesmann identifies strategies to minimize its footprint on the environment and follow environment-friendly policies for a clean environment and a healthy future. It operates in accordance with all national and international regulations with a view to recycling its waste, minimizing its use of natural resources, and ensuring a healthy environment for future generations.

In 2019, as part of its sustainability efforts, Borusan Mannesmann completed the following actions:

- Replaced existing motors with high-efficiency motors at the Halkali Plant,
- Reduced water and electricity consumption with the closed-loop cooling system at Gemlik Cold Drawing Plant,
- Achieved 280,000 kWh of energy savings with optimization of two pumps used at Gemlik Spirally Welded Pipe Factory,
- Reduced water consumption by 10% compared to the previous year at Gemlik Spiral Factory UT section,



- Reduced boron oil waste at Gemlik ERW Plant by 25 compared to 2018,
- Provided environmental training to 820 students at five primary schools.

Reaching “Zero Accident” is the Main Target

A significant player in the Turkish and global steel pipe sector, Borusan Mannesmann’s employees and senior management are committed to creating safer and healthier working environments especially for their colleagues, customers, and suppliers. The company targets reaching the “zero accident” goal, and protecting the environment during production operations. Therefore, Borusan Mannesmann:

- Complies with all applicable laws, regulations and other rules on Occupational Health and Safety (OHS) and Environmental Protection;

- Identifies all potential risks emerging from its operations and works to mitigate them and attain acceptable risk levels;
- Strives to minimize waste, and guarantees the disposal of waste in an environmentally-friendly manner;
- Works to bring consumption of natural resources down to acceptable levels;
- Inspects its systems and activities regularly and allows all stakeholders to inspect them; and
- Adopts a management system built on continuous improvement principles and expresses its commitment to implement same.

At Borusan Mannesmann, employees are the most valuable assets. Therefore, they are treated as a top priority in the company. By means of the extra attention and efforts devoted, Borusan Mannesmann is improving the Health Safety & Environment (HSE) scores year-on-year. To reach a world-class level in Health Safety & Environment (HSE) standards, the Health Safety & Environment (HSE) programs and activities will be continued, combined with digitalization of the business to reach the ultimate zero accident target. Industry 4.0 implementation will continue to be the focus and improve the Health Safety & Environment (HSE) standards with the help of technology and automation.

Embracing society and the environment, Borusan Mannesmann keeps its OHS and environmental protection policies publicly accessible via its website, bulletins and notice boards.

Furthermore, the OHS and Environmental Protection Policy is communicated to contractors and suppliers prior to working with them, i.e. the contract phase, with a letter. Contractors working on behalf of Borusan Mannesmann are required to act in compliance with the provisions of Occupational Health and Safety (OHS) stipulated by the laws and Borusan Mannesmann's OHS and Environmental Management principles.

Exemplary Social Responsibility Understanding...

Borusan Mannesmann also laid the foundations of the Group's social responsibility-oriented culture. Borusan Mannesmann supports institutions and projects in the fields of education,

Employees first

At Borusan Mannesmann, employees are the most valuable assets. Therefore, they are treated as a top priority in the company.



culture, arts, and gender equality. As part of the project, "Önce Babayım," caring fatherhood training was delivered in cooperation with Mother Child Education Foundation (AÇEV) for employees at Gemlik and Halkalı. This program helps to improve the communication between fathers and their children and prepare them for the future in a true environment of trust, with the right role model. On the "Bu İşte Bir Eşitlik Var," platform, last year Borusan Mannesmann took an important step with the "Birlikte Eşit" project regarding employment of women in production. Currently, 20 women working in our Gemlik and Bursa facilities break gender-based stereotypes for jobs by working in equal jobs with our male employees.

#PipeAsArt – A 360 Communication Campaign

At Borusan Mannesmann, the most valuable asset is its human resources. The company aims to provide a happy working environment where employees can develop themselves professionally and culturally. #PipeAsArt was launched as an internal communication campaign to extend gratitude to

employees. The effort turned into an external communication campaign, ranking among the five finalists in the PR category at the European Excellence Awards. Reaching 10 million viewers and 15 million views, the video makes reference to arts by explaining the great expertise required to produce a steel pipe, although it is recognized as an ordinary commodity. One hundred different production sounds were turned into the "rhythm of production," composed by Mercan Dede. Borusan Mannesmann is grateful to the production craftsmen who blend every product with their mastery.

New Digital Human Resources Practices

Borusan Mannesmann treats digital transformation as one of the key drivers in the company. In 2019, numerous projects were completed to increase the effectiveness and efficiency of the operations. From augmented and virtual reality, machine learning and production flow simulation practices to the innovation of online platforms, Borusan Mannesmann worked on a wide range of digital transformation projects.

Borusan Mannesmann

Talent Gate is a key development program helping employees acquire long or short-term work experience at Borusan Mannesmann's subsidiary companies abroad.



58,591

hours of training

A total of 58,591 hours of training and 438 professional training certificates were issued to employees in the past year.

In 2019, Techstation was made available to employees, with all its functions. The system is intended to guarantee:

- a systemic and structured approach for Employee Development and Training;
- alignment with developing and ever-changing technical requirements;
- development of technical and leadership skills;
- specialization at work through development programs;
- furthering of foreman-apprentice relations and succession; and
- positive contributions in all relevant fields to targeted business results.

A total of 58,591 hours of training and 438 professional training certificates were issued to employees in the past year.

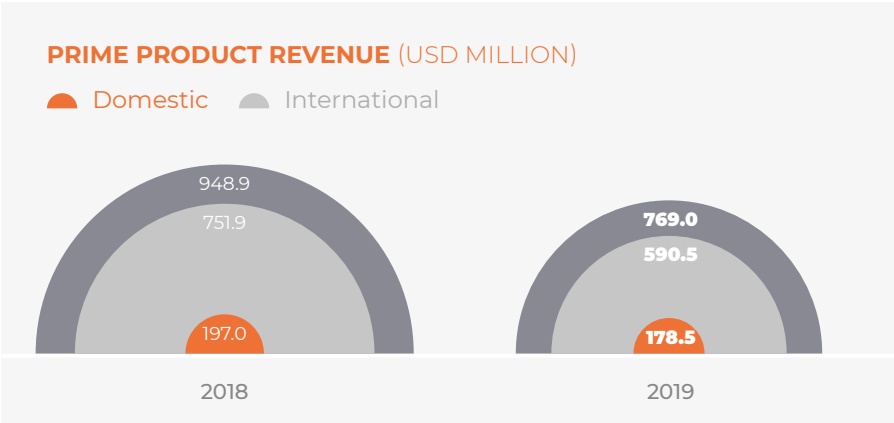
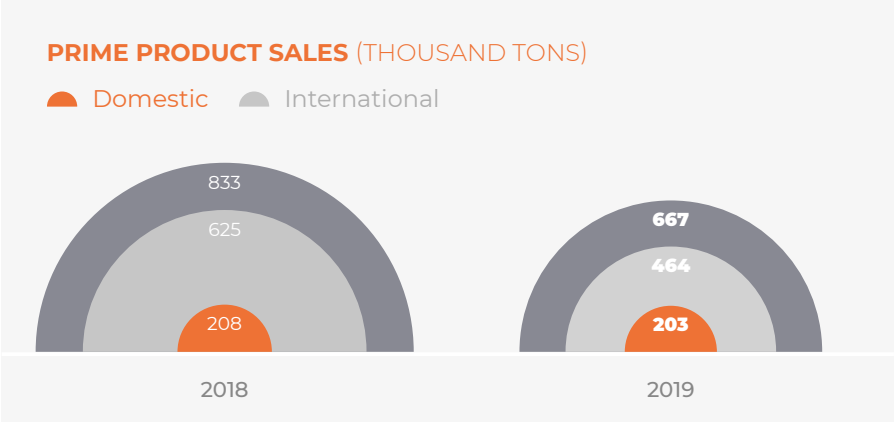
The competency-based machine operation project is taking place with the TEKkart system. With this card, employees are not allowed to operate machines if their competencies are not fit for these machines. At the plants, 241 workstations have certain operating systems posing specific risks. It would not be realistic to expect employees to have the appropriate skills to operate all workstations. Employees who operate the lines while lacking the required skills can experience undesired events, including occupational accidents, inefficiency and the cost of insufficient quality. An extension of the Safety First approach and a guarantor of people-driven success at the worksite, this digital project will ensure the effective and proper use of labor in the factories. Thanks to this project, employees will not risk their safety by going to a certain

worksite urgently as instructed by their foremen, unless they are competent enough to work there. When taking urgent decisions for large teams, supervisors will not take a risk if they do not know the competencies of each and every team member, because the system will. The plants will determine the competencies required for their sites, following up on employees' abilities through the support of Human Resources, Training and Development.

"Talent Gate"

The "Talent Gate" Program was launched to provide employees with professional experience overseas. Talent Gate is a key development program helping employees acquire long or short-term work experience at Borusan Mannesmann's subsidiary companies abroad. Employees have an option to work at Borusan Mannesmann Pipe US and Borusan Mannesmann Vobarno. Thanks to Talent Gate, participating employees will experience work in different cultures and transfer their professional experience to the foreign unit of the company.

Borusan Mannesmann recorded turnover of USD 769 million and 667,000 tons of prime product sales in 2019.



In 2019, Borusan Mannesmann reached the investment amount of USD 44.6 million with an addition of USD 2 million as compared to 2018.



Borusan Mannesmann

Borusan Mannesmann is the leader steel pipe producer in Turkey and one of the leading producers in Europe and USA.

COMPANY PROFILE

Borusan Mannesmann

Operational Information

- Prime Product Sales: 667,000 tons
- Prime Product Total Revenue: USD 769 million
- Prime Product Gross Profitability: USD 114 million
- Investments: USD 45 million

Production

- Manufactures 4,000 types of pipe, with diameters ranging from 4.6 mm to 3,048 mm and wall thickness from 0.7 mm to 25.4 mm.
- Produces water pipes, general use pipes, natural gas, and petroleum line pipes, industrial pipes and profiles, construction pipes, drilling pipes, boiler pipes, and spirally welded pipes.
- Borusan Mannesmann is the only European producer of large-diameter petroleum and natural gas pipes.

The company manufactures spirally welded steel pipes with exterior diameters ranging from 508 mm to 3,048 mm, for water, natural gas and petroleum lines. The company has the capacity to match customers' special requests for Plastic Pipe (PE), Fusion-bonded Epoxy (FBE), Polypropylene (PP), Epoxy and concrete-covered pipe types.

Production Capacity

- Annual production capacity of 1.1 million tons, comprised of about 750,000 tons of longitudinally welded and 300,000 tons of spirally welded steel pipe.

Sectors Served

- A wide product range in longitudinally welded steel pipe, backed by high-quality service focused on the construction, energy and automotive sectors.

- Spirally welded steel pipe solutions focused on domestic and foreign infrastructure projects for water, petroleum and natural gas lines and construction industry.

Service Locations

- Bursa-Gemlik, Istanbul-Halkali production plants, Bursa Automotive Pipe Service Center
- 90 distributors

Business Partner

Salzgitter Mannesmann

<p>Borusan Mannesmann Pipe US</p> <p>Production Capacity</p> <ul style="list-style-type: none"> • Annual 300,000 tons of well and drilling pipes • 546,000 m² production plant <p>Sectors Served</p> <ul style="list-style-type: none"> • North America drilling and well, and line pipe markets <p>Service Point</p> <ul style="list-style-type: none"> • Manufacturing plant in Houston, Texas, US 	<p>BM Vobarno</p> <p>Production Capacity</p> <ul style="list-style-type: none"> • Annual production capacity of 28,000 tons of cold-drawn special pipes • Operational area of 29,000 m² (closed space) • Special value-added steel pipes with exterior diameters from 20 mm to 140 mm <p>Sectors Served</p> <ul style="list-style-type: none"> • European manufacturing industries, primarily in the automotive sector <p>Service Point</p> <ul style="list-style-type: none"> • Manufacturing plant in Vobarno, Italy 	<p>İstikbal Ticaret</p> <ul style="list-style-type: none"> • Borusan Group's first company • Conducts Borusan Group's flat steel and pipe exports • Incorporated under Turkish law as a foreign trade company
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EXECUTIVE MANAGEMENT



Zafer Atabey
General Manager
Borusan Mannesmann



Mehtap Anık Zorbozan
Assistant General Manager
Financial Affairs, FTO and Information
Borusan Mannesmann



Muammer Kızılaslan
Assistant General Manager
Digital Technologies



Oğuzhan Kuşcuoğlu
Assistant General Manager
Standard Pipes Segment
Borusan Mannesmann



Ali Okay
Assistant General Manager
Supply and Procurement Segment
Borusan Mannesmann



Uğur Onbaşı
Assistant General Manager
Infrastructure Projects Segment
Borusan Mannesmann



Fırat Akkemik
Assistant General Manager
Human Resources, Corporate
Development, Environment and
Sustainability



Joel Johnson
General Manager
Borusan Mannesmann Pipe US



Josh Croix
Commercial Director
Borusan Mannesmann Pipe US



Eric Diehl
Finance Director
Borusan Mannesmann Pipe US

Borçelik

DYNAMIC WORKFORCE, INNOVATIVE APPROACH

Borçelik is the biggest galvanized steelmaker of Turkey offering the highest quality.



Founded as the first private and the second-largest flat steelmaker of Turkey in 1990, Borçelik started its activities in 1994, producing cold-rolled steel. Borçelik increased its production capacity to 1.5 million tons with investments in total USD 530 million in years 1994, 2003 and 2008. Borçelik has three cold-rolling and three hot-dip galvanized lines. As Turkey's biggest galvanized steel producer, Borçelik offers the highest quality products with 900,000 tons of galvanized capacity. Borçelik successfully continues its activities under the partnership of Borusan Holding and ArcelorMittal, one of the largest global steelmakers.

Turkey's Biggest Galvanized Steelmaker, Offering the Highest Quality

The company has a total production capacity of 1.5 million tons with the Borçelik brand and a metal processing capacity of 500,000 tons with the Kerim Çelik brand, making it Turkey's biggest highest quality galvanized steelmaker.

Strategic Positioning

Borçelik has strategically a solid vision which is to become the number one down-stream steel solutions provider for key segments in our territories thru customer proximity, efficiency and innovation. Borçelik's competitive advantages are as follows:

- Extensive experience and know-how through the being the first private steel maker in Turkey
- Turkey's biggest galvanized steelmaker, offering the highest quality

- Turkey's market leader in the hot-dip galvanized steel industry
- Main supplier to leading industrial companies
- 1.5 million tons of production capacity under the Borçelik brand coupled with 500,000 tons of metal processing capacity which provides flexibility and market penetration advantage under steel service center activities with the Kerim Çelik brand
- Kerim Çelik, Turkey's first steel service center at global standards, with more than 50 years of experience
- Strategic partnership with ArcelorMittal, a global leader in the steel sector

Sustainable Financial and Operational Results

As of the end of 2019, Borçelik achieved sales of 1.7 million tons and reached a total export volume of 216,000 tons. Negative impact of USA Section 232 investigation is compensated by various diverse export markets for achieving better results. With its well-known commercial capabilities and a dedicated focus in value-added operations, Borçelik managed to achieve a 15% increase in its profitability results and continued to add value to its stakeholders in 2019. Borçelik performed 13% of Turkey's cold-rolled and galvanized steel exports in 2019. The Company exported to 32 countries while continuing to extend strong support to the Turkish economy in 2019 as it is the major supplier of leading export brands of Turkey.

Borçelik reached a high capacity utilization rate as in previous years in 2019. The strong export performance of automotive and white goods sectors helped maintain the market share in domestic market sales and also, strong export position of Borçelik in 2019 result in high percentage of utilized capacity.

R&D, innovation and digitalization initiatives continued in 2019 with internal focus on cost reduction, productivity, health and safety and external focus on new products industry 4.0 incentives and enhanced customer service.

Turkey's First Steel Service Center at Global Standards

Kerim Çelik, Turkey's first steel service center at global standards with over 50 years of experience, maintains strong market share performance in 2019 and continued to add new sectors and customers to its sales portfolio.

Innovative Power of Turkish Flat Sector

Innovation, research and development, digitalization studies, and new product developments are core business opportunities in the flat steel sector to create competitive advantage and value-added brand perception.

Borçelik R&D (research and development) had roughly USD 3 million of expenditure in 2019. This corresponds to a 10% increase compared to 2018. Borçelik's R&D expenditure consists of physical



investment in test equipment, prototypes, engineering software purchases, software maintenance costs, consultancy and consumables, all dedicated to R&D projects.

In 2019, Borçelik R&D continued previously started projects and launched new ones. Of these, 13 projects were concluded and closed and 5 new ones were launched. Focusing on quality and value-added projects are the policies of project management. In this regard, the academic contacts and relationships have expanded, as has contact with other R&D centers of Turkish industry stakeholders. The Borçelik R&D test center is also enriched with new testing capabilities, especially on the corrosion side, one of which is the first in Turkey (Svet equipment).

In 2019, 7 projects came from the innovation department and Borçelik made 7% of its sales from these projects. "Galvanoks" was added to Borçelik's product portfolio in 2019, and with the existing "GalPlus" two new trademarks were offered to the market as part of the innovation initiative.

Four major projects were initiated for strengthening the digitalization initiative of Borçelik. The first was

Borçelik recorded 538 thousand tons of shipment under the Kerim Çelik brand as of year-end 2019.

Advance Planning, which aims to create a frictionless supply chain and reviews all processes in purchasing, planning, sales, and delivery. The second was the SAP S4/HANA transition, which aims to have leaner, more efficient and faster processes in sourcing, production and delivery areas. The third was Robotic Process Automation, which aims to automate processes after reviewing the two projects above. Last but not least, was Digimon, which aims to create a predictive maintenance platform in order to reduce breakdowns in production.

One Coil One Sapling

We are presenting one sapling to the nature for each coil we manufacture, because a livable future is possible only with love and respect shown to the green.

Borçelik

Highest production quality with long term automotive sector experience together with innovation, R&D and digitalization initiatives and strong human resources provide Borçelik a competitive advantage in its sector.



Sustainability is the Main Priority

Sustainability is a priority in the steel sector and the sector closely follows the U.N. Sustainable Development Goals. Safety and health, technological developments to reduce the carbon footprint, modernization of processes and social responsibility are major topics in sustainability in the steel sector.

Environmental sustainability is one of the main drivers of Borçelik's strategy and Borçelik makes responsible decisions that will reduce its negative impact on the environment. Borçelik aims to design and carry out all its activities with the intention of preserving natural resources and using energy efficiently, preventing pollution and leaving a cleaner, livable environment for future generations.

In order to achieve this, Borçelik measures, continually monitors, reports and improves its performance indicators on its environmental footprint. Borçelik carries out many projects and studies every year to improve the efficient use of natural resources in production (water, consumables, etc.), to improve energy efficiency (electricity and natural gas), to reduce its amount of waste, and to increase the use of recycled materials.

Continuous OHS

The Company's occupational health and safety policy aims to stop unsafe working, continuously improve dangerous situations and create a culture that gives feedback on unsafe practices. Therefore, risk-assessment, hazard hunting, and behavior-based

Environment-friendly green solutions

Environmental sustainability is one of the main drivers of Borçelik's strategy. Borçelik makes responsible decisions that will reduce its negative impact on the environment.

As a part of this project, the saplings grown in the greenhouse of 2,000 square meters within the factory complex will be given to nature, and by doing so, the future will be protected. Having given to nature a total of 600,000 saplings over 10 years, Borçelik has already re-forested an area equal to 2% of the total green-field area which has burnt out in the country over the last 10 years.

To the "Give a Breath to Future" tree planting campaign organized by the Turkish Ministry of Agriculture and Forest, we have contributed by planting 5,000 saplings in the memory of 25th Anniversary of our foundation in Borçelik Memorial Forest located in Yalova/Altınova/Havuzdere Village.

safety management (Number Ten) tools have been implemented for a while. Employees participate in each of these tools. In conclusion, the goal is to continuously improve the safety culture.

In 2019, much training was carried out, in OHS Training, Number Ten Observer and Captain Training, and Corporate Orientation OHS Training in particular.

Borçelik Technical Academy

Borçelik Technical Academy (BTA) was established in 2014 with the initial intention of designing and delivering technical training to Borçelik employees to develop/improve their competencies and hold corporate technical information. BTA has extended these internal training activities beyond the scope of Borçelik employees over time and has focused on the training of potential future employees of Borçelik. As a part of this target, BTA has collaborated with vocational high schools in its region and has been involved in many corporate social responsibility projects. BTA has supported these vocational schools, their students and their trainers with coaching programs, training of trainers programs, common projects, and intangible support programs.

In 2019, Borçelik Technical Academy (BTA) decided to go one step further in these activities to be more active in vocational training and create a new business line through a vocational qualification certification.

Borçelik Technical Academy aims to ensure the creation of a qualified workforce in the country by experience from all sectors in which an active role is taken and to be a training and certification institution that performs all the activities in a reliable, high quality, ethical and legal frame

Borçelik Technical Academy will establish training and certification units in its internal structure with this accreditation process. The communication activities to be conducted on the Borçelik Technical Academy brand are intended to be started by 2020. With this system model to be established, it is aimed to provide a financial contribution to the development of vocational education activities.

Total Sales (000 tons)	2015	2016	2017	2018	2019
Domestic Sales	1,518	1,664	1,850	1,840	1,734
Export Sales	173	291	404	292	216
Total	1,691	1,955	2,254	2,132	1,950

Borçelik delivered 1,500 hours of training in 153 sessions under the Borçelik Technical Academy, as part of continuous training for employees.

Borçelik Technical Academy included 80 vocational school students in the coaching and professional training program and delivered 450 hours of voluntary training to 35 volunteering coaches, as part of the Student Development Program.

Borçelik Technical Academy included five female students from the Metal and Machinery Department of Mimar Sinan Vocational and Technical Anatolian High School under the Coaching Program for Vocational High Schools.

Awards

Borçelik was granted to prestigious awards in 2019 as a result of its achievement.

- According to the results of the "Top 500 Industrial Enterprises of Turkey 2018 Survey" conducted by the Istanbul Chamber of Commerce, the Company climbed from the rank of 22nd in 2017 to 19th in 2018.
- According to the Capital 500 – the Top 500 Companies of Turkey – survey, the Company is excelled to ascend from the 61st to the 58th on the list, and in the Fortune 500 survey published for the 12th time this year, company is excelled to ascend from the 51st to the 44th on the list. Borçelik is going to continue the efforts to further move up the ranks in these very important surveys.
- The project "No Job Too Tough For Women" was awarded a prize in the Corporate Social Responsibility Programs of the Turkish Confederation of Employer Associations this year

1,500

hours of training

Borçelik Technical Academy delivered 1,500 hours of training in 153 sessions as well as 450 hours of voluntary training to 35 volunteering coaches, as part of the Student Development Program.

- The Company was awarded the second best project prize in the Big Data and Analytics category in the Smart Production Technologies Awards organized by International Data Corporation (IDC), a global technology counseling company.
- Bursa Nilüfer Organized Industrial Zone (NOSAB) and NİLSİAD awarded the Company its prizes for the largest turnover, the highest number of exports, the greatest employment and the support given to women employment
- The Company was recognized by the Bursa Chamber of Commerce and Industry (BTSO) as "Champion of the Bursa Metal Sector" in the "Adding Value to the Economy 2019" awards.
- In the Haier Europe 2019 Suppliers Meeting, organized by Haier, the largest white goods manufacturer in the world, Borçelik was awarded the "Best Industrial Cooperation" prize.

Borçelik

At the Haier Europe 2019 Suppliers Meeting, the largest white goods manufacturer in the world, Borçelik was awarded the “Best Industrial Cooperation” prize.

COMPANY PROFILE

Borçelik

Product Portfolio

- Hot-dipped galvanized steel, cold-rolled steel and hot-rolled steel (pickled and oiled), used as industrial raw material.
- Production of various grades of flat carbon steel, including commercial, drawing, extra deep drawing, dual-phase, bake-hardening, rephosphorized, High Strength Low Alloy (HSLA), high-carbon and special alloy, enameling, and structural steel.

Production Capacity

- The total production capacity of 1.5 million tons
- 600,000 tons of cold-rolled steel
- 900,000 tons of hot-dip galvanized steel

Kerim Çelik

- Metal processing capacity of 500,000 tons in total
- Bursa Steel Service Center: 340,000 tons
- Manisa Steel Service Center: 130,000 tons
- Adana Steel Service Center: 30,000 tons

Sectors Served

- Borçelik serves the following industries: household appliances, automotive (main and sub-industries), panel radiators, construction, color coating, pipe and profile, packaging, metal goods, and steel service centers.
- Kerim Çelik serves the following industries: automotive sub-industry, household appliances (main and sub-industries), heating, cooling and ventilation, electricity, electronics, lighting, construction, elevator, machinery, and spare parts industries, radiator, silo and poultry equipment, furniture and accessory manufacturers, cable and conveying systems, pipe and profile, steel service centers, and other sectors.

Service and Manufacturing Center

- Gemlik
- Bursa Steel Service Center
- Manisa Steel Service Center
- Adana Steel Service Center
- Istanbul Sales Office

Partnership

- ArcelorMittal

EXECUTIVE MANAGEMENT



Kerem Çakır
General Manager



Hafize Çetinel
Executive Committee Member
Financial Affairs



Mesut Güney
Executive Committee Member
Production and Investments



Sinan Sözen
Executive Committee Member
Purchasing and Kerim Çelik Sales



Güvenç Temizel
Executive Committee Member
Sales, Marketing, Customer Technical
Relations, and Innovation



Mustafa Ayhan
Executive Committee Member
R&D, IT, Digitalization, Management
System



Önder Aydoğan
Executive Committee Member
Supply Chain Operations

Supsan

TURKEY'S LARGEST ENGINE VALVE MANUFACTURER



Positioned as the valve supplier for the world's leading automobile brands and the largest manufacturer in Turkey, Supsan continued to move forward in the 2019 operating period.

Strategic Positioning

Operating as a Borusan Holding company, Supsan carries out distinctive business processes thanks to the following competitive advantages:

- Supsan is Turkey's largest manufacturer of engine valves,
- It is the leader of the domestic Original Equipment Manufacturer (OEM) and spare parts market,
- The company's strategy is focused on expanding its product range and increasing reference units to meet the needs of the automotive spare parts market.

TL 5 Million for R&D

Supsan spent TL 5 million for R&D in 2019. Electric and hybrid cars are on the agenda. The ambition is to have high power output from small engines to match new emissions. Therefore, advances have been achieved in both the engine technology and the use of turbo. However, these changes cause the engine temperature to rise too high because of hollow valves; consequently, sodium valves are considered. Nine internal R&D projects were launched and six internal R&D projects were finalized in 2019. These were about process development, new material development, new product development, digitalization, and Industry 4.0. One of the process development projects was "Direct Quench Process Design for Martensitic Steels," which aimed to increase Supsan's heat treatment efficiency.

Supsan is very close to announcing its own engine valve material to reduce the raw material costs. In 2019, Supsan's material was produced and underwent metallographic and mechanic characterization studies. After successful results in production and engine tests, new material will be ready. Moreover, Supsan started the "Development of Data Collection System" project in 2019. Data analysis and deep learning are the most popular R&D subjects. Supsan started to use different types of sensors to collect data on its own utility services. Supsan can monitor all data 24/7 and predict the next scheduled maintenance. These data will also help to anticipate the root cause of any defect.

Following Digitalization and Industry 4.0 Trends...

Supsan considers the Finite Element Method (FEA) Analysis as important. One of these R&D projects is "Valve Seat Insert Optimization by Finite Element Method (FEA) Model." The main objectives of this project include creating a Finite Element Method (FEA) Model to define maximum stresses on the surface between the valve seat and valve seat ring and to optimize the match of the valve seat angle with the material. In another R&D project which utilizes Finite Element Method (FEA) modeling, the engine valve is developed and prototyped according to the Original Equipment Manufacturer (OEM) customer's requirements.

Supsan follows digitalization and Industry 4.0 trends closely. Several examples may be provided for these trends at Supsan. First is the adaption of an industrial robotic arm to allow for automatic visual inspection and avoid the failure of products. This project improves the effectiveness of error detection in the KI QC line. The other project is the adaptation of sensors for early detection systems to detect problems in all auxiliary facilities and production lines.

Almost ready to supply lightweight, high-strength engines with a hollow valve, Supsan conducts Türkiye Bilimsel ve Teknolojik Araştırma Kurumu (TUBITAK) and internal R&D projects to support characterization of the hollow engine valve. Solid valves and hollow valves are subjected to a thermometric engine test at Supsan's Dyno Test Room to compare the temperature distribution on the engine valve surface. The thermal stress of a hollow valve is analyzed in comparison with a solid valve by the finite element method (FEM). As a result, the maximum temperature and thermal stress of sodium hollow valve are lower than the solid valve. Turkey often uses regular valves, which cannot be replaced. Supsan is launching a new special valve for LPG. The packaging will be different for easy detection. The most distressing side of the valve is covered with a special material called satellite to increase strength.

Occupational Health and Safety (OHS) is the Top Priority

Occupational health and safety (OHS) has always been the top priority at Supsan. The company has significantly reduced the number of occupational accidents through continuous improvement efforts.

TL 5 million for R&D

Supsan spent TL 5 million for R&D in 2019.



Significant Increase in Productivity with Lean Six Sigma

In 2019, Supsan enjoyed considerable improvements in production and productivity due to its efforts focused on Lean Six Sigma and its philosophy of continuous development.

2019 Business Outcomes

Positioned as the valve supplier for the world's leading automobile brands and the largest manufacturer in Turkey, Supsan recorded a number of achievements in 2019:

- The number of non-valve references increased from 2,534 in 2018 to 3,236 in 2019.
- The number of turbocharger references increased to 62.
- The share of non-valve products in total turnover corresponded to 25% in 2019.
- Some 3,108 people were contacted through 42 customer training & introduction meetings and 48 Apprenticeship Training Center Meetings, in line with the marketing strategy for Turkey.
- As a result of productivity studies conducted under Lean Six Sigma and continuous development efforts, 35 projects were developed in order to become a lean manufacturer on a global scale.
- Compared to the previous year, the number of projects increased by 17% and the number of Sosyal Destek Programı (Social Support Program - SÖDES) suggestions rose 127%.

Future Outlook of Supsan

Existing performance and future outlook of valve business led to three initiatives to transform Supsan:

Reorganization of Valve Business

- Receive more projects from potential players in the Turkish Original Equipment Market (OEM) market
- Improve sales channels to get more turnover in foreign markets
- Improve the infrastructure to supply large valves to non-automotive sectors (marine, rail system, energy,)
- Focus on developing high-technology products such as hollow valves

Aftermarket Transformation

- Enhance the distribution network and reach wider areas.
- Achieve dominance in selected products in high-potential markets.
- Have value-added spare parts (use in electrified transportation standards (xEVs) and electronics).

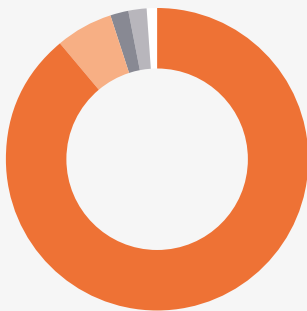
New Product Development

- Work on Original Equipment Manufacturer (OEM) products that will generate turnover in addition to valve business in the short term, replace valves in the long term and also use in electrified transportation standards (xEVs).
- Carry out negotiations for candidate/new products, conduct of feasibility studies, establish of market strategies
- Execute investment(s) with incentives for candidate/new product(s).

Supsan

In 2019, Supsan enjoyed considerable improvements in production and productivity due to its efforts focused on Lean Six Sigma and its philosophy of continuous improvement.

DISTRIBUTION OF VALVE EXPORTS BY COUNTRY (%)



- Italy **83%**
- Russia **10%**
- Germany **4%**
- France **2%**
- USA **1%**

CAPACITY AND PRODUCTION (MILLION UNITS)

Production Capacity



2018

2019

SALES (MILLION UNITS)

Export Domestic



2018

2019

COMPANY PROFILE

Operational Information

- Total Production: 5.4 million units
- Global Sales: 3.56 million units
- 2019 Valve Sales: 5.5 million units
- Exports to Italy: 83%

Corporate Information

Field of Activity

- International expertise in the manufacturing and after-sales services of engine parts and other related products in the original equipment and aftermarket.
- Valve production for internal combustion engines under the license of Eaton SRL, the leading manufacturer in the global market.

Products and Services

- Domestic OEM
- Domestic OES
- International OEM & OES

Manufacturing Capacity

- 12 million valves per year
- Production capacity of 3 million stellated valves and 3.3 million two-piece valves

Sectors Served

- Domestic and international OEM and after-market customers

Service Locations

- Headquarters: Halkalı Plant
- Independent Spare Parts: 100 dealers

Partnership

Eaton

EXECUTIVE MANAGEMENT



Salih Alson
General Manager

#leadersatborusan



MAKING A DIFFERENCE

IN CONSTRUCTION,
RESOURCE AND ENERGY
& TRANSPORTATION
INDUSTRIES

Component Rebuild Centers of Borusan Cat are integrated solutions providing facilities working just like an actual factory. These facilities, which are built to create a center of excellence and to give the best service to customers both required and gave birth to leadership stories.

The journey of our transformation began in 2017 for Turkey and a critical part of this transformation focused on service operations. From an organization operating in nine locations, we shifted to central of excellence model, with the opening of 2 Component Rebuild Centers (CRC), first in Gebze then in Ankara, as we did in Kazakhstan. One of the most important reasons for this centralization strategy could go live and worked flawlessly was due to influential and constructive leadership examples.

Shifting to the CRC structure leads to working with standardized processes and services. Along with the development of digital tools, optimum planning, improved expertise and technical competence building, we can now offer the solution that our customers need faster and at the highest standards. We can compare CRCs to replacing an airplane engine with a new one, doing maintenance, or making comprehensive overhauls to the aircraft body. And while doing this, we are growing leaders who are becoming experts in their area. Most importantly, this is an endless journey, our transformation will continue from here.

Borusan Cat

FOR 25 YEARS, WE CREATE SOLUTIONS FOR A BETTER WORLD

Borusan Cat, the market leader in its operating territories since its establishment, represents Caterpillar in six countries, with more than 2,500 employees.

With its renowned capabilities and expertise developed in different territories, Borusan Cat is dedicated to creating value for all its stakeholders through solution-provider-focused strategic initiatives. The company is known as one of the leading dealers of Caterpillar in the world.

Borusan Cat addresses customers' needs by developing comprehensive and value-added solutions, through expanding its presence in six countries. With its experienced and dynamic team, Borusan Cat looks to the future with confidence and is dedicated to creating solutions for a better world. The company will continue investing in advanced technology and digitalization along with a focus on boosting operations efficiency.

Strategic Positioning

Borusan Cat sustains its strong presence and successful operations, driven by the following competitive strengths:

- A reliable consultant for customers with solution provider identity,
- Unique expertise gained in different territories,
- Value-added sales and after-sales solutions reinforced by innovation and digitalization,
- Strong engineering capabilities, project management skills and extensive turnkey solutions,



- Process and analysis of continuous data flow from the field with artificial intelligence tools,
- A customer-oriented, agile and lean organization working with founder's mentality.

Borusan Cat Creates Solutions Across Territories

- Through strong financial discipline, efficient organizational structure and a customer centric approach, Borusan Cat has been maintaining its operations successfully.
- 2019 was a record year in terms of financial results, particularly for profitability.
- Customer loyalty results reached record levels in almost all countries.
- The company celebrated its 25th anniversary of the Caterpillar dealership in Turkey and the 20th anniversary in Kazakhstan.

Construction Industry

Despite industry decline, Borusan Cat's sales and market share increased with customer focused, innovative marketing and distribution approaches. The company was selected as one of the highest performing dealers in terms of increasing market share.

- Dominating backhoe loader industry in Kazakhstan with increased market share to 50%, while still being one of the strongest players in paving segment resulting in highest level of sales ever,
- Reached highest sales to user and market share in Far East Russia territory despite the slowing down GDP. Strong footprint and support capabilities in the territory combined with 3-tier coverage (dominance, focus to grow and selective coverage)

and innovative solutions enabled sustainable growth in customer loyalty,

- Highest performing SEM distributor award received in Far East Russia, reaching ¾ share of the market in 2019.
- Turkey operations continued its growth for end user sales in 2019 by 5%. By dedicated focus on core equipment sales, over 25% growth achieved in 2019.
- Awarded for making one of the most successful NextGen Excavator launch, managed steady market share increase in medium and large excavator groups. Dominance in marble industry secured by 2 percentage points market share increase in total wheel loader market.
- With "Site Technology" approach Borusan Cat is as a game changing player by productivity focused innovative products with smart solutions. As a value creating technology partner with innovative and disruptive solutions, Sitech Eurasia has been offering unparalleled customer experience to its partners. Sitech is the winner of all mega projects by value-added engineering capabilities, strong project management skills with highly capable and experienced teams operating in Turkey, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan and launched in Far East Russia this year.
- Benim Filom was strategically repositioned as an end to end solution provider from greenfield to landscape concentration in construction industry. Customers have the opportunity of simplifying all site works from multi vendors to a single trustable vendor.
- Used Equipment and Rental business, continued to sustain its strong position despite tough market conditions in Turkey. Turkey's success is approved by Caterpillar with

Unique experience and expertise

With 25 years of experience Borusan Cat developed disruptive and innovative applications for excellent customer service and became pioneer in its territories.



gold and silver certification levels in Operational Excellence Program respectively. Borusan Cat plans to deploy this experience to other Borusan territories with 'Integrated Used Equipment and Rental Strategy' in order to provide the same standard of customer experience across its territories.

- Borusan Cat continued process optimization and efficiency increase efforts in 2019 resulting in improvements in call to dispatch and turnaround time. The number certified of rebuilds increased significantly in 2019 in Far East Russia, a record in Caterpillar Eurasia Territory.
- With the aim of offering fast, reliable and convenient customer support solutions Exchange (B'Daha) business is initiated.
- With an increasing focus on aftersales business, pilot studies for customized and flexible "Customer Value Agreements" were initiated.
- Ecolog brand, wheeled harvesters and forwarders for the forestry segment, were added to Far East Russia's portfolio.

Resource Industry

Being a reliable consultant for customers and offering tailor made solutions through account base approach, Borusan Cat continued its success in resource industry. Despite

the challenges in the industry, the company achieved highest revenue and maintained market share by creating solutions for its partners and strong key account management.

- Sustained high market share in underground mining segment and become one of the leading Caterpillar dealers.
- The largest truck type tractors of Caterpillar product line (D11) and the first 250 tons off high way trucks (793) were introduced to Kazakhstan market.
- The first licensed manufacturing of Ground Force products (water tanks) was completed and exported in Kazakhstan. The unique rebuild of Metso crushers was also completed.
- Along with a long-standing partnership with Kumtor Gold Mine in Kyrgyzstan, the company expanded its service portfolio and reach significant revenue growth.
- Continued its long standing strong partnership with Petropavlovsk in Russia Far East.
- Focus on alluvial miner's clusters delivered boost of LTTT sales, which expected to grow in coming years.
- Continued its strong partnership with Tuprag Gold Mine (Eldorado Gold Company) and successfully completed customers off high way trucks LNG conversion.

Borusan Cat

Borusan Cat addresses customer needs by developing comprehensive and value adding solutions



Creating innovative, value-added services

Borusan CAT continues to invest in digital and R&D creating innovative, value-added services throughout the entire customer lifecycle.

Energy and Transportation Industry

Leading total solution provider in energy and transportation businesses, delivering the highest value to its customers' needs with agility, capable and disciplined project management mentality, with project responsibility upon sales to commissioning and total customer satisfaction commitment through empowered teams in 6 countries.

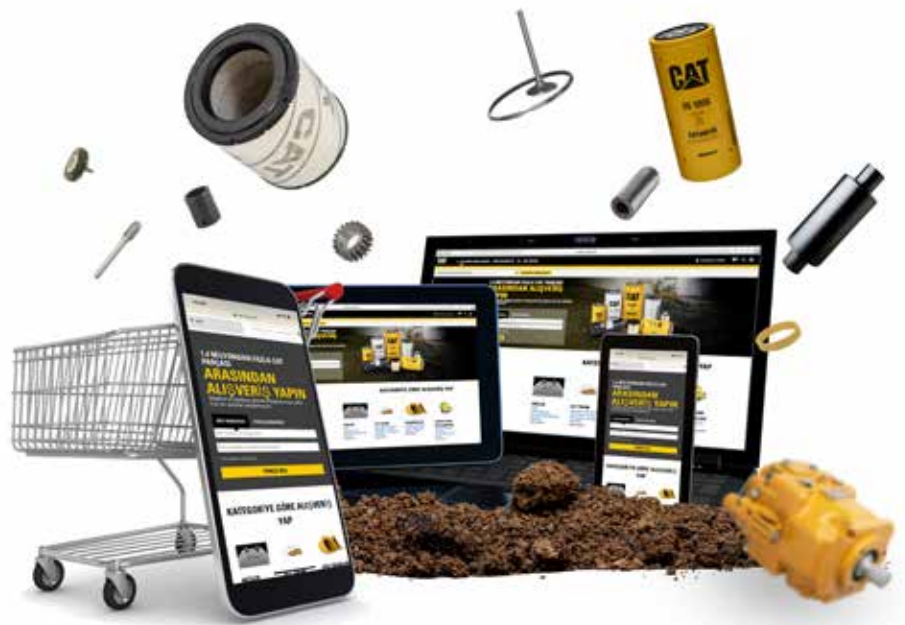
- Achieved the sales of first agricultural biogas project. (8MW).
- Preferred Generator package solution to Petrofac for TurkStream project, including design and supply of a captive power plant that consist of containerized gas gensets.
- Achieved the first complex packaging experience of engineering, procurement and construction (EPC) with containerized four gas generators and one diesel generator on off shore platform project in Garagol, Turkmenistan.

- Achieved the first sales of complete Marine propulsion package including propulsion engines, gensets, thrusters and an Advanced Variable Drive (AVD) system for the world's first tugboat, with innovative technology.
- Continued to sell IMO III certified Marine engines in the tugboat segment for a clean environment.
- Achieved sales of the highest number of small size Marine genset packages worldwide.
- Turkey's largest health complexes which are Bilkent and Bursa Hospitals are commissioned successfully.
- Reached the highest commissioning experience on LFG and BIOGAS Projects in terms of power of totally 80 MW.
- Achieved the first largest custom made generator sales to the Turkish locomotive manufacturer Tulomsaş with product diversification.
- Continued its strong partnership with Ronesans for rental solutions at Amur AGPZ Project in Russian Far East.
- Achieved to deliver fully designed and built 8 MW power plant at Kuril Islands for one of the largest Fish Farm in Russian Far East.
- Continued strong partnership with TPAO as an energy solution provider by supplying different size of Gas Generator Sets to be operated in their oil fields.

Digital Transformation Journey Continues at Full Pace

Delivering total solutions proactively is in Borusan CAT's center line. One of main business focus areas for 2019 was as always, to create value and solution that would improve customer experience through digital solutions.

Pending patents
for 2 applications,
2 research papers
submitted, 4
trademarks acquired.



Our Digital & Technology team including 30 R&D team of engineers, utilizing cutting-edge mobile/web, data analytics, machine learning & RPA and IoT technologies continued serving to our commitment of total solution provider for customers.

Leveraging best-of-breed technologies and sophisticated analytics capacities, data is transformed into precious insights making a difference for customers and their business.

The efforts and successful outcomes of our teams in the digitalization were recognized both by Caterpillar and other dealers worldwide. Besides that, best practices and digitalization insights were shared with many peer firms in Turkey on demand and received appreciation.

R&D and Digital Investments Bearing Fruit

Sustaining the investments in the digital and R&D, laid the foundations of many highlights from 2019:

- Müneccim: An award-winning AI & IoT solution proactively predicted many machinery and component revision and repair opportunities benefiting to both customers, Borusan CAT and our world. Roll-out to other countries is in progress.
- RFM-S: Brand new AI application RFM-S (Recency, Frequency, Monetary and Sensitivity) identifies the customers with the highest potential to buy based on historical data and economic conditions.

- **CRC ERP:** A specific ERP solution which is solely designed for CRC operations developed by inhouse resources and adapted to Gebze CRC and Ankara CRC units.
- **Focus on Customer Experience:** New website has been launched with new design and user experience, it will be the hallmark for deepening customer engagement and growing e-business.
- **ERP Solution for our Authorized Dealers:** A cost-effective ERP (SAP B1) is rolled-out to 28 dealers returning improved efficiency both for Authorized Dealers and Borusan CAT.
- **Innovation is the Key:** With the vision of developing domestic technology and intellectual property rights, R&D initiatives progressed further in 2019. Two applications developed by Borusan R&D team, are patent pending. Four trademark licenses were acquired. Two research papers were submitted for publication in peer-reviewed journals.
- **Anywhere Anytime:** Efficient technician planning digital application, WeKing, is further improved and deployed to Kazakhstan and Azerbaijan.
- **Continuous Process Automation & Optimization:** 85 new software RPA (Robotic Process Automation) robots are launched yielding greater efficiency and agility with 2.600 human day savings. They had tremendous impact on processes by easing the works of finance and operation departments.

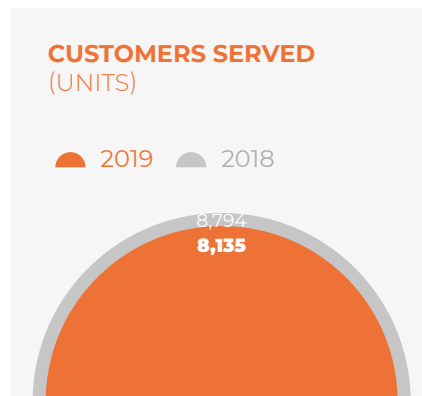
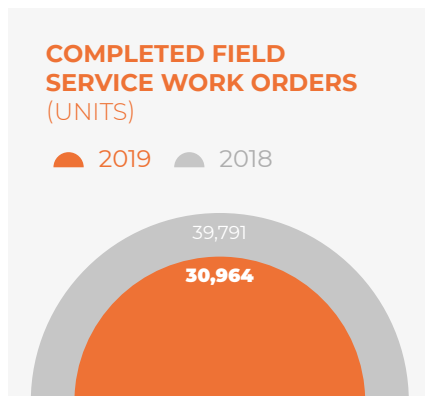
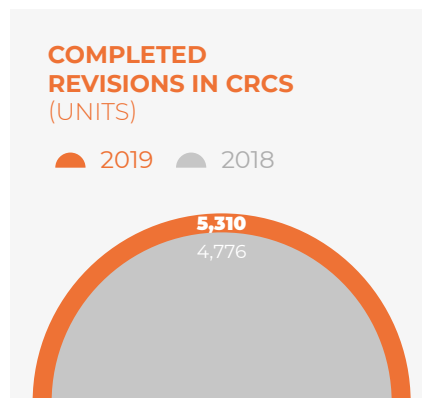
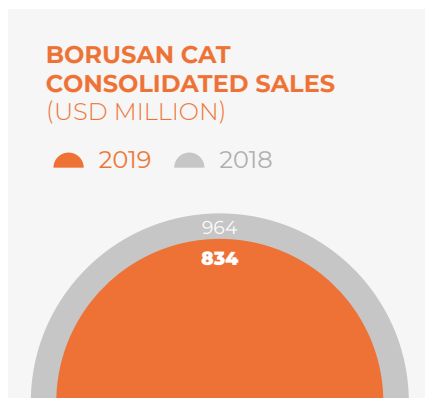
- Digital Data Security: Regarding the “information” as a corporate asset that must be protected in all circumstances, ISO 27001 Certification for Information Security Management was successfully renewed.

Awards

- Borusan Cat was granted with 'Digital Trailblazer' award in SAP Global Innovation Awards.
- Turkey received 'Bronze' award for Marketing and Sales Excellence Program and 3rd prize for 'Rental Excellence' in AME region by Cat.
- Kazakhstan received high recognition of its partnership from one of its key customers ERG (one of the largest ferrochrome producer) and won the "Best Service Provider" nomination.
- Kazakhstan is also rewarded with 2nd prize for 'Service Excellence' and 'Paving Best Performance' categories and 3rd prize for 'SEM Consistent Superior Performance Eurasia' by Caterpillar.
- Far East Russia received 'EAME Continuous Improvement SEM Award' for its successful operations in SEM machines sales.
- Far East Russia was also awarded with Exxon Yellow Blood Challenge 2019 prize, a competition for dealers organized by Caterpillar and Exxon Mobil, in the sales growth category.
- Azerbaijan received 2nd prize for 'Building Construction Products (BCP) Best Sales and Market Share Growth' award from Caterpillar.

Borusan Cat

**Through strong financial discipline and efficient organization structure
Borusan Cat achieved successful results in 2019.**



COMPANY PROFILE

Operational Information

- Borusan Cat 2019 Consolidated Sales: USD 833,587 million
- Completed Revisions in CRCS: 5,310
- Completed Field Service Work Orders: 30,964
- Customers Served: 8,135
- Active Customer Value Agreements: 5,915
- Customer Value Agreements Sales: USD 51,923 million

Corporate Information

- Dealer for Caterpillar in Turkey since 1994.
- Caterpillar's sole representative in Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, and Far Eastern Russia, as well as Turkey.
- Representative of Metso in Turkey, a world leader in mobile crushers and screener units, and Italian MB Crushers which offers bucket crushers and screen buckets.
- Sole representative of Genie boom lifts and Mantsinen port cranes in Turkey.
- Representative of heavy fuel and medium speed MaK marine engines Electro-Motive Diesel (EMD) engines.
- SITECH is the local distribution channel of Trimble Navigation Limited's Heavy and Highway Construction Site Technology Solutions. SITECH serves many customers, from contractors with single-brand fleets of machinery to those with mixed-brand fleets.

EXECUTIVE MANAGEMENT



Özgür Günaydın
Chief Executive Officer



İrem Erdoğan
Human Resources and Learning &
Development Director and Executive
Committee Member



Bülent Atar
International Business Director and
Executive Committee Member



Aslan Hiçsolmaz
Finance Director and Executive
Committee Member



Fuat Murat
Turkey General Manager and Executive
Committee Member



İbrahim Harun Akçınar
Energy & Transportation Executive
Committee Member

RAISING THE BAR

IN THE AUTOMOTIVE INDUSTRY

Borusan Otomotiv Group offers the best sales and aftersales services by providing customized, integrated, transparent and value-focused services at all touchpoints - with its expert staff.

Borusan Otomotiv Group places great importance on employee happiness and loyalty in order to deliver unconditional customer satisfaction. A major success story at the company started with the Employee Engagement Survey, which solicits feedback from staff members at regular intervals.

As a result of the Employee Engagement Survey Actions of 2018 on Leadership, Work-Private Life Balance, Performance Management and Career Development, members of the Executive Committee, led by the Human Resources department, announced a series of initiatives to address these four key areas. Subsequently, an internal volunteer team "Voltran" became the part of the change. The Voltran team commenced a transformation with major research efforts and related projects. With this transformation drive, Borusan Otomotiv Group is taking steps to boost the level of service it provides to both employees and customers. We have embraced a management approach that puts people at the center of how we measure success.



#leadersatborusan



Borusan Otomotiv, Borusan Oto, Borusan Otomotiv Premium

BORUSAN MAKES A DIFFERENCE IN THE PREMIUM AUTOMOBILE SEGMENT



Turkey's distributor of premium brands

Borusan Otomotiv is Turkey's distributor of premium brands - including BMW, MINI, BMW Motorrad, Jaguar and Land Rover - with a well-deserved reputation in the global automotive market.

Borusan Holding operates with three companies in its automotive group. Borusan Otomotiv is Turkey's distributor of premium brands with a well-deserved reputation in the global automotive market, including BMW, MINI, BMW Motorrad, Jaguar, and Land Rover. Borusan Oto holds over 55% share in all authorized retail operations as an authorized dealer and service provider for Borusan Otomotiv. Borusan Otomotiv Premium, meanwhile, provides loans, insurance solutions, and long-term rental services for customers.

Strategic Positioning

Borusan Otomotiv, Borusan Oto and Borusan Otomotiv Premium create strong synergy and focus on added value in business processes through the following vision, mission and strategic goals:

Borusan Otomotiv

Borusan Otomotiv pursues the following:

- Be the first choice and pioneer company in the premium automobile and motorcycle segment,
- Offer unique experience to customers and sustainable value to stakeholders with innovative products and services in the automotive industry,
- Know customers well and provide customized, integrated, transparent and value-focused services at all touchpoints by building trust and fostering, sustainable relations,
- Be the most desirable company in the automotive industry that respects the principles of equality and supports the development of employees in a positive environment encouraging creativity and high performance,

- Be the most admired brand in the premium automobile and motorcycle segments, in line with the values of the brands Borusan Otomotiv represents, creating value for all stakeholders,
- Be a leading company in the implementation of digital solutions and create value by providing a seamless experience to customers, employees and all stakeholders with lean, innovative and data-driven decision-making processes.

Borusan Oto

- Holds over 55% share in all authorized retail operations as authorized dealer and service provider for Borusan Otomotiv,
- Borusan Oto is the customer-facing part of Borusan Otomotiv Group, therefore it focuses on creating the best experience for customers.

Borusan Otomotiv Premium

- Provides loans, insurance solutions and long-term rental services for Borusan Otomotiv customers,
- Conducts initiatives for used car operations,
- Creates a loyal customer base for Borusan Otomotiv Group with high customer satisfaction by differentiating from the traditional rental business model and providing customized and flexible solutions,
- Aims at providing loan and insurance services via partnerships, through an integrated system infrastructure and with a team positioned in Borusan Otomotiv Authorized Dealers.

Automotive Industry in Turkey

The automotive is one of the most important industrial sectors all over the world due to its volume and impact area. Fluctuations in exchange rates and inflation and fragility in global demand are the main threats of the sector today. The transformation pressure created by technological developments in the automotive industry is undoubtedly a threat to the sector. In addition to all these threats, there are also opportunities for the sector. The priorities and support given to the domestic automobile project, as well as support provided by the government for R & D and investment expenditures, encourage the sector.



Turkey's geopolitical position and the potential of the logistics industry is also an opportunity. The fact that the number of cars per person is well below the levels of developed countries and the high age of the car park is a signal that the domestic demand can be sustained.

Turkey's passenger car and light commercial vehicle total market decreased by 22.85% in 2019 compared to 2018, to 479,060. In 2018, the total market sales figure was 620,937. Passenger car sales went down by 20.37% in 2019 compared to 2018, to 387,256. In 2018, sales were 486,321. Although contracting in the domestic market, the automotive industry is still the export leader in Turkey in 2019.

In 2019, the launch of the all-new and refreshed core models BMW 1 Series, BMW 3 Series and BMW X1, with attractive designs, advanced technologies and the right engine mix increased competitiveness.

Transformation of Marketing Communication Strategy of Borusan Otomotiv

Borusan Otomotiv started transforming its product planning and marketing communication strategy in 2019. Product offer and price positioning based on market and customer insight, along with martech assisted digital communication based on the customer journey and lead nurturing lifted the brand perception and strengthened market penetration.

Borusan Otomotiv Group brands are the first in the automotive sector with online sales platforms Borusan Otomotiv Group has enhanced the stock locators for all of its brands. The Group introduced a new sales and stock management system through the stock locators which provided stock and price transparency and improved product accessibility for customers which in turn improved the competitive edge.

In 2019, Borusan Otomotiv Group integrated S/4HANA, transforming its operation while gaining speed and agility. Borusan Otomotiv:

- Introduced RPA to increase efficiency, ensure compliance and release value to its employees.
- Moved the car buying process to online, structurally changing the rules of engagement with its BMW, MINI, Jaguar and Land Rover customers. Launched a new online platform for used cars - supporting initially B2C - extending it to B2B/C2C.
- Revamped the Customer Relations Management (CRM) operation into Customer Experience (CX) strategic services to drive a data-driven, customer-first approach.
- Initiated a cloud migration strategy for a lean and nimble IT, reduced operational expenditures (OPEX) on core IT elements.

Borusan Otomotiv, Borusan Oto, Borusan Otomotiv Premium

“What makes the activity valuable is not endangering the health and safety of the employees.”

A Safe Working Environment for Employees

Borusan Otomotiv Group is committed to complying with all applicable domestic and international laws, rules and regulations while meeting customer requirements and pursuing continuous improvement. Providing a safe working environment for its employees is a top priority across the Group. To this end, Borusan Otomotiv Group shaped its Occupational Health and Safety (OHS) Policy around the slogan: “What makes the activity valuable is not endangering the health and safety of the employees.” To protect the health of employees and to ensure safety in the workplace, the Group also actively protects the environment and conserves natural resources. In addition to fulfilling legal and regulatory requirements related to the employee occupational health and safety, Borusan Otomotiv Group strives to monitor changes in the law and makes modifications when necessary. The Group’s OHS related commitments include:

- Embracing the principle of “Health and Safety First,
- Identifying potentially hazardous situations to which the employees may be exposed, and taking necessary precautions in accordance with risk levels,
- Periodically reviewing the Occupational and Health Policy (OHS) in order to maintain compliance with applicable requirements,
- Operating in a way to protect the health of employees and to ensure work safety, to prevent injuries and occupational diseases,



- Constantly raising employee awareness on Occupational Health and Safety (OHS) issues,
- Pursuing continuous improvement with effective methods to improve occupational health and safety performance,
- Determining protection parameters related to health and safety risks that may arise from activities in order to create a safe working environment,
- Organizing training activities to effectively implement occupational health and safety practices.

New Reward and Recognition Concept of Borusan Otomotiv Group: SEN DEĞERLİSİN

SENDEĞERLİSİN is Borusan Otomotiv Group’s new Reward and Recognition concept that consists of Team Player of The Month Award, Manager of

The Month Award, Puanum Awards, and Department-based Facilitation Sessions. The concept is the first in its category since it was created by the internal volunteer group Voltran. The group consists of 12 employees from different departments. They have worked for 7 months; they have found out employees’ needs and expectations using methods such as brainstorming, interviews, meetings, benchmarks, and one-to-one meetings. As part of the program, managers received Recognition Seminar on how to determine best recognition approaches for their employees. In addition to SENDEĞERLİSİN concept, in cooperation with Voltran, working hours were revised, internal mentoring program MENTORUM, Birthday Leave, and flexible working arrangement

Mobile Day were implemented. The creation of internal volunteer group Voltran and implementation of concepts in cooperation with Voltran have impacted the employee engagement very positively in both ways; Voltran members and employees. Voltran members have become part of the change, they have led the change. They have used their negotiation skills and they have had the chance to evaluate the dynamics of Borusan Otomotiv Group in a holistic way. They have done magnificent teamwork and they have developed their networking skills.

Firm Steps Towards Digital Transformation

Borusan Otomotiv moved forward with firm steps towards digital transformation.

In 2019, Borusan Otomotiv accelerated the digital transformation by enhancing customer experience and improving productivity and revenue. Borusan Otomotiv:

- Led the way in the industry with migration to S/4HANA.
- Upgraded to Robotic Process Automation (RPA) for highly manual, repetitive, and rules-based processes.
- Increased efficiency, ensured compliance, and created value for employees involved in key processes.
- Revamped the CRM operation in an actionable and accessible way, contributing to all brands – with the goal to achieve better sales results.
- Accelerated customer-centric experience for BMW, MINI, Jaguar and Land Rover based on online channels.
- Received the SAP Quality Award in the innovation category by launching the company's first executive dashboard for all brands and all devices (desktop, laptop and mobile), thus reinforcing its data-driven approach.
- Kept the momentum to provide the best customer experience with the Call Center Quality League Award as the 2nd prize winner.
- Continued the "Digital Tribe," a program that supports the evolution of corporate culture to achieve a truly successful digital transformation.
- Launched its first customer engagement lab "BOpen" to generate customer-centric solutions and services for the enrichment of customer experience.

Reflection of Digitalization in Total Sales...

- In the first half of the year, the online sales platform "BMWnibul" was used to support dealers in sales. In addition to regular sales, aged cars in stock were promoted as "Opportunity Cars" and sold only via BMWnibul. 51% of total BMW sales were sold via this platform in 2019.
- A total of 59% of MINI sales were realized online in 2019.
- 21.7% of Jaguar sales and 19.0% of Land Rover sales were realized online in 2019.

51% of total BMW sales

Aged cars in stock were promoted as "Opportunity Cars" and sold only via BMWnibul. 51% of total BMW sales were sold via "BMWnibul" platform in 2019.



Borusan Otomotiv, Borusan Oto, Borusan Otomotiv Premium

Borusan Otomotiv was the winner in the Automotive Premium Segment A.C.E. Award (Achievement in Customer Excellence) with the BMW brand for the sixth consecutive year.



- Borusan Otomotiv's total sales of retail parts and labor revenue for Jaguar & Land Rover Authorized Services amounted to EUR 32 million.
- MIXX Award Europe – “Silver MIXX Award” in the program marketing category with BMW 4 Series Addressable TV execution.
- MIXX Award Turkey - “Bronze MIXX Award” by BMW in the direct marketing category with Facebook Offline Conversation Project.
- Social Media Awards Turkey – “Golden Award” by BMW in the effective use of data in the social media category with Facebook Offline Conversion Project.
- Social Media Awards Turkey – “Bronze Award” in the use of new technologies category with BMW 4 Series Programmatic Addressable TV execution.
- Facebook – Video Polling Case with The New BMW 3 Series launch.
- Automotive Distributors Foundation's (ODD) Sales & Communications Gladiators Awards – “Integrated Communication Campaign Award” for the end-to-end communication campaign for The New BMW 3 Series.
- BMW won the “Customer Brand Award” in the Passenger Car category at the A.L.F.A. Awards.
- At the MINI Marketing Awards 2019 held for the region, MINI Turkey won the First Prize among 25 countries with its “Questions with Serkay Tütüncü” Project for MINI Countryman SUV.
- MINI Electric was introduced by a pre-launch display event at İstinye Park.
- BMW Motorrad won the Golden Award in the Motorcycle category at the A.L.F.A. Awards.

A.L.F.A. Awards

BMW Motorrad won the Golden Award in the Motorcycle category at the A.L.F.A. Awards.

2019 Business Outcomes

BORUSAN OTOMOTİV

- Sold 12,452 BMW, MINI, Jaguar, and Land Rover automobiles (2018: 15,569) and 716 BMW motorcycles (2018: 1,000).
- Sold 9,583 BMW units (2018: 12,728).
- Sold 1,254 MINI units (2018: 1,373), achieving the highest market share in its history.
- Sold 716 BMW motorcycles, and thus kept its leading position in the BMW Motorrad Importer Group in Eastern Europe and Asia.
- Sold 7,678 used cars.
- Borusan Otomotiv's total sales of retail parts and labor revenue for BMW, MINI and BMW Motorrad Authorized Services amounted to EUR 114 million.
- Sold 1,371 Land Rover vehicles (2018: 1,248).
- Sold 244 Jaguar units (2018: 220).



- Borusan Otomotiv was the winner in the Automotive Premium Segment A.C.E. Award (Achievement in Customer Excellence) with the BMW brand for the sixth consecutive year. Complaints from customers via sikayetvar.com were evaluated in terms of the first reaction time to the complaints, complaint resolution process, resolution rate, level of satisfaction with results, and positive feedback percentage.
- Initiated by Borusan Otomotiv in 2008, Borusan Otomotiv Motorsport (BOM) won - over the course of 12 years - 18 championships in 352 races, which took place in 36 different circuits in 20 countries on four continents. In the 2019 season, Borusan Otomotiv Motorsport (BOM) participated in the GT4 European Series, which included 50 teams and over 100 drivers from 12 brands and 35 racing teams. Borusan Otomotiv Motorsport (BOM) represented Turkey successfully in races held in Italy, France, United Kingdom, and Holland, taking the podium in second place in Misano. The team participated in the Turkish Championship in two categories and won them both, being also nominated The Teams Champion for the fifth time. BOM E-Team, founded in 2018 with the aim of playing a part in the emerging e-sports

industry and representing Turkey in this field, organized the Virtual GT Championship for the second time with the motto, "The Path from Virtual to Reality." The team achieved its goal by introducing one young driver and supporting him in two races in the Turkish Championship with two first places on the podium.

- Borusan Otomotiv was the Bronze Winner of the SAP Quality Award in the Innovation category in Turkey. The award was granted for the SAP Executive Dashboard project, which supported a data-driven culture at the executive level, providing insights to the business questions of each company/leader, in a holistic, real-time manner. Borusan Otomotiv has consistently improved its call center management and received the 2nd prize for the Call Center Quality League Award in 2019.
- Borusan Otomotiv Ocean Volunteers has established "Ocean Libraries" in different locations for the last three years. In 2019, Borusan Otomotiv Ocean Volunteers opened a library at Alagün Primary School in Siverek, Şanlıurfa with 4,000 books donated by its employees, families of employees, customers, and third-party suppliers. The motto was "Reading is freedom."

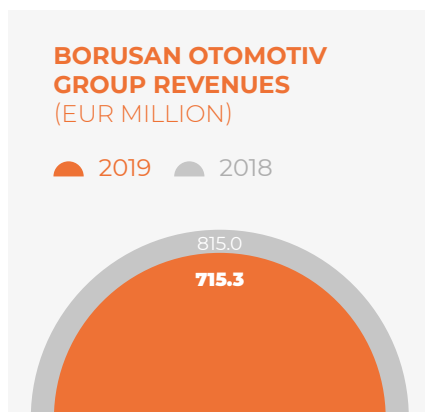
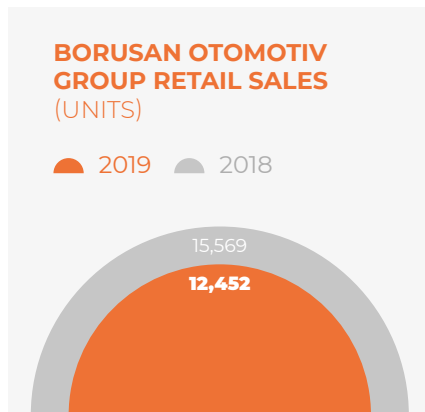
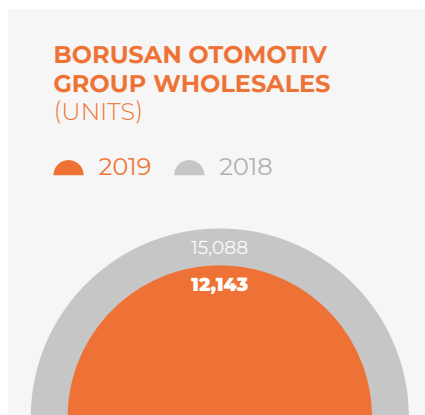
- Heavy-duty wooden pallets were reused to create homes for dogs. With the participation of employees and students of Asım Kocabıyık High School, dog houses were produced at Borusan Oto workshops and transferred to Giresun to support the lives of dogs under severe winter conditions.
- At the Cannes Lions International Creativity Festival, the largest global event in the creative marketing community, Land Rover won Bronze Lion in the Outdoor category with the project "Land Rover Beyond Fashion."
- At the MediaCat Felis Awards, Land Rover won a Felis Award in the Print Category with the project "Land Rover Beyond Fashion."
- At the Crystal Apple Festival, the largest marketing communication and creativity event in Turkey, Land Rover won Crystal Apple Award for the project "Land Rover Beyond Fashion" in the Print/Fashion & Accessories and Outdoor/Textile & Fashion Categories. Land Rover also won Grand Prix in the Print Category.
- At the Outdoor Awards, "Jaguar I-PACE shares its electricity" project won an award in the Outdoor/Automotive Category.

BORUSAN OTO

- Borusan Oto reported strong annual operational results in 2019, despite the challenging business environment. New car and motorcycle sales volume of Borusan Oto reached 6,263 units at the end of 2019 and used car sales volume was 4,811 units.
- Borusan Oto introduced a completely new business model for the first time in Turkey in collaboration with an insurance company. No insurance approval is needed on standard insurance claims, to reduce inefficiencies and complexity of the procedures and shorten the lead time for better customer experience.
- New projects were launched successfully to increase loyalty and regain the lost customers of older cars.
- Borusan Oto created the video series "Driving Talks with BOM Academy" and posted them on social media in five episodes throughout the year. With this project, besides strong brand and company communication, Borusan Oto aimed to share useful driving tips with followers.

Borusan Otomotiv, Borusan Oto, Borusan Otomotiv Premium

Borusan Oto reported strong annual operational results in 2019, despite the challenging business environment.



* Motorrad excluded.



BORUSAN OTOMOTIV PREMIUM

- In 2019, Borusan Otomotiv Premium just got the reconciliation of stock movement as 2,787 units. The optimization strategy was completed by 31.46% fleet reduction.
- Total turnover was EUR 89.5 million, including EUR 41.2 million as rental revenues, EUR 47.2 million as revenue from used car sales, EUR 1.1 million as revenue from loan-insurance operations.

Borusan Otomotiv İkinci El Platform: Borusan Otomotiv İkinci El is an online used car platform and technology initiative. The platform serves 23 Borusan Otomotiv used car dealers, four brands, and rental operations also designed for cross-selling opportunities.

The system offers customers the possibility of pre-valuation for their own cars via trade pricing module (powered by Borusan Araç İhale) and pre-loan approval via Borusan Otomotiv Financial Solutions.

Consignment Project: The project aims to reach potential car owners in the premium segment to help them exhibit and sell their cars in Borusan Otomotiv's Samandira premises and avoid seller procedures. With this unique business model, car owners can now eliminate time spent for showing cars to different buyers and dealing with countless negotiations. Borusan Otomotiv undertakes all services such as car expertise, offering cars to potential buyers, price negotiations and contract procedures. In 2019, 38 cars were sold via the Consignment Project.

COMPANY PROFILE

Operational Information

- Borusan Otomotiv Group Wholesales: 12,631 units (BMW Motorrad included)
- Borusan Otomotiv Group Retail Sales: 13,168 units (BMW Motorrad included)
- Borusan Otomotiv Group Revenues: EUR 715.3 million

Corporate Information

Company History

- Became BMW's distributor in Turkey in 1984.
- Became BMW Motorrad's distributor in Turkey in 1985.
- Started Land Rover sales and aftersales services in 1998.
- Became MINI's distributor in Turkey in 2001.
- Founded Borusan Oto Cyprus Ltd. Land Rover in 2008.
- Became Jaguar's distributor in Turkey in the last quarter of 2014.
- Distributor of BMW, MINI, BMW Motorrad, Jaguar and Land Rover as of the end of 2019.

Products and Services

Sales of passenger cars and 4x4 vehicles used cars, and motorcycles; fleet and corporate sales; sales of special diplomatic cars, parts; aftersales services; and long-term car leasing and financial services.

Brands

- BMW
- MINI
- BMW Motorrad
- Jaguar
- Land Rover

Dealer Network

- Borusan Otomotiv provides sales and aftersales services for its products through 18 Authorized Dealers and 40 Authorized Services across seven geographical regions in Turkey.
- Borusan Oto, a Borusan Otomotiv authorized dealer and service provider, operates in two countries (Turkey and North Cyprus), seven cities (Istanbul, Ankara, Adana, Gaziantep, Çorlu, Bodrum, Nicosia), and 11 premises (Avcılar, İstinye, Vadi, Samandıra, Esenboğa, Balgat, Adana, Gaziantep, Çorlu, Bodrum, Nicosia).

Business Partners

Giwa Holding GmbH & Co. KGaA

EXECUTIVE MANAGEMENT



Hakan Tiftik

Executive Committee Chairperson



Aslı De Munnink

Executive Committee Member
Chief Digital Officer



Simay Alsan

Executive Committee Member
Borusan Oto General Manager



Cem Uluğtekin

Executive Committee Member
Jaguar Land Rover Managing Director

Borusan Araç İhale

TURKEY'S LEADING USED CAR AUCTION PLATFORM



Reshaping the secondhand vehicle market

Borusan reshapes the second-hand vehicle market with its digital channels that offer a unique experience to customers.

Manheim, the 50% shareholder of Borusan Manheim, is part of U.S. based Cox Automotive Group. Cox Automotive decided to withdraw from the countries except for the main markets as part of its global business strategy. In addition to Turkey, those countries included Portugal, Spain and Italy. In this context, Cox Automotive handed over its shares to Borusan at the end of 2018. Borusan Araç İhale conducts its business operations as a 100% Borusan company.

A 100% Borusan Company

A 100% Borusan company since 2019 and the first multi-brand used car platform in Turkey, Borusan Araç İhale is an integral part of Borusan Group's expanding network of automotive dealers. The company had 8,495 buyer members as of the end of 2019. Since 2001, the company has been organizing auctions for member dealers with used

vehicles from fleet lease companies, independent dealers, authorized dealers, banks, insurance companies, distributors, and commercial fleets.

Strategic Positioning

Borusan Araç İhale is the unique multi-channel and multi-brand auction company in the Used Car sector. Borusan Araç İhale also differentiates from the rivals by being the only trusted auction service provider between the 3rd party sellers and buyers. Borusan Araç İhale diversified auction channels and managed to provide fast sales and premium prices to their customers in 2019. With the deployment of the CRM system, Borusan Araç İhale started to manage all customer operations centrally and provide a more personalized service to its customers. In cooperation with the group company Borusan Lojistik, Borusan Araç İhale can provide countrywide logistics service in addition to other value-added services such as local/mobile inspection and storage, and valuation.

Borusan Araç İhale can also provide easy-to-integrate B2B Valuation service to automotive companies, thanks to the API-based pricing system. Having its own sales channels, its valuation tool calculates the prices based on the real sales data, which is also its unique differentiator in the market.

The majority of the applications are developed by its local team in Borusan Araç İhale. They include, among others, the new fixed/mobile inspection tool, field management tools, portals of online services and some mobile services. Borusan Araç



İhale also transformed its inspection and photography areas to cutting-edge premises to obtain minimal inspection errors and the most realistic car pictures.

Competitive Advantages of Borusan Araç İhale

- Development of CRM system
- In cooperation with Borusan Lojistik
- Integration of B2B Valuation service into automotive companies
- Majority of the applications are locally developed

The conjuncture of the Turkish Used Car Market in 2019

Last year was a tough one for the automotive sector. In 2018, the New Car sector shrank by 35%, and the total of sold cars and light commercial vehicles dropped to 620 thousand units, compared to 956 thousand units in the previous year. In 2019, the sector further shrank by 23%, ending up the year with 480 thousand units. High interest, tax and exchange rates were the main factors affecting the results.

In contrast, the Used Car sector kept slightly growing last year. A total of 7 million sales transactions were carried out in 2019, compared to 6.8 million transactions in the previous year.

While the majority of the sales took place between the consumers (C2C), business to business (B2B) sales shrank significantly due to changing dynamics in Rent-a-Car (RAC) companies and Franchised Dealers. High prices in the New Car sector forced RACs to extend existing contracts instead of reselling the existing car park. On the other hand, the Franchised Dealers had to support the dropping of new car sales by selling used cars directly to end customers, while they were previously conducting used car business mainly for trade-in.

Characteristics of Turkish Car Market in 2019

- High interest, tax and exchange rates -> shrinking the new car market by 23%
- A total of 7 million sales transactions-> growing the used car market
- Changing dynamics in Rent-a-Car (RAC) companies and Franchised Dealers -> shrinking sales between C2B and B2B
- High prices in New Car sector -> forced RACs to extend contracts/ Franchised Dealers had to sell used cars directly to end costumers

The Market Leader in Physical Auctions

Turkish automotive industry had steadily grown for a couple of years by the end of 2017. However, it shrank sharply in 2018 and 2019 due to the economic turbulence. This affected significantly the Rent-a-car companies and Franchised Dealers, which were the main suppliers of Used Car Auction companies like Borusan Araç İhale. In spite of the decreasing sales, Borusan Araç İhale leveraged the tough market conditions as an opportunity to transform for the sake of sustainable growth in the future. In this context, online channels and C2B will be the strategic growth areas in 2020. On the other hand, market expectations are more positive for 2020, and a gradual growth is anticipated both in new and used car sectors.

Borusan Araç İhale is the market leader in physical auctions. Digital and process transformations were the key success factors for cost optimization in this area. The profitable physical auctions enabled Borusan Araç İhale to invest in the new innovative growth areas such as online auctions, machine learning, and C2B.

In this strategic growth area, C2B will provide a huge supply channel and diversification in sold cars, which is a significant added value for the ~8.6 thousand Independent Dealer buyers. Borusan Araç İhale will keep on investing in digital transformation and new business models.

2019 Business Outcomes

- Economic turbulences in 2018 and 2019-> affected the Rent-a-car companies and Franchised Dealers (main suppliers of Borusan Araç İhale)
- Growth area of Borusan Araç İhale in 2020 -> online channels and C2B
- The leader in physical auctions -> digital and process transformations are the key success factors for cost optimization
- Investing in online auctions, machine learning, C2B

Borusan Araç İhale

In spite of the shrinking B2B business, Borusan Araç İhale has kept solidifying its market leader position in physical auctions, being the trusted actor in used car sales between 3rd party corporate customers.

1,742
corporate
members

Borusan Araç İhale got a significant achievement by reaching 8,495 member dealers and 1,742 corporate members in 2019.

Steady Increase of Member Dealers and Corporate Members

Borusan Araç İhale got a significant achievement by reaching 8,495 member dealers and 1,742 corporate members in 2019. With operations of 66,000 vehicles throughout the year, Borusan Araç İhale sold 15,092 used vehicles in auctions, while achieving average weekly participation of 3,150 members in these auctions. In addition to the physical auctions, mobile auctions in İzmir and cyberructions (live auctions) on different days of the week continued.

Borusan Araç İhale took a significant initiative in 2018 and went live with Onlinealsat.com, the online auction platform allowing customers to buy and sell vehicles 24/7 across Turkey. This system enables firms to sell used cars by uploading inspection information and photographs and to learn the market value, while helping independent and authorized dealers to find, bid, and purchase cars, 24 hours per day, anywhere and at any time. The Valuation Module was also utilized to develop a model for cash purchases, whereby vehicles would be supplied for auctions and authorized dealers would increase their trade-in rates and see positive impacts on their business. As of December 2018, distributorship agreements started to be signed.

Firm Steps on the Path to Digitalization

In spite of the shrinking B2B business, Borusan Araç İhale has kept solidifying its market leader position in physical auctions, being the trusted actor in used car sales between 3rd party

corporate customers. Borusan Araç İhale has leveraged the tough market conditions as an opportunity to transform for the sake of sustainable growth in the future. In this context, Borusan Araç İhale has kept investing in online channels such as 724Ihale.com, simulcast and cyber-auctions. As a result, the share of online sales has increased to 46% in 2019. 724Ihale.com, as the successor of onlinealsat.com, is providing a very high UI/UX capability promising to be the market leader in its own segment.

Digitalization was another focus area of Borusan Araç İhale last year. Borusan Araç İhale invested in digital transformation in many areas, including field operations, inspection system and Customers Relations Management (CRM).

In parallel to the vision of being the unique reference point for Used Car pricing, Borusan Araç İhale launched the Machine Learning project to empower the existing Valuation service, 724Fiyat. Although 724Fiyat was previously servicing to business customers, Borusan Araç İhale announced the easy-to-use pricing application in December 2019 in cooperation with the leading Turkish mobile operator. Valuation is very critical for future business strategies of Borusan Araç İhale. Borusan Araç İhale started the C2B business in October 2019, in which it aims to sell the end customer cars through its diversified auction channels in a short time and at a higher price when compared to the market trade-in price level. C2B will be a strategic growth area in 2020 as well.

COMPANY PROFILE

Operational Information

- Member Dealers: 8,495
- Auction Sales: 15,092 units

Corporate Information

Field of Activity

- Providing a platform for used vehicle buyers and sellers in a secure auction format that strictly complies with laws and regulations.

Products and Services

- Private auction
- Inspection, pricing, logistical support for transportation of vehicles to special auctions, and all documentation and financial transfer services between buyer and seller for all domestic or imported used motor vehicles
- Sales of all vehicle brands
- Weekly private auctions for member dealers from many provinces at Borusan Araç İhale's Gebze facilities
- 7/24 Fiyat-Online Pricing Tool
- Online sales systems
 - Simulcast
 - CyberAuction
 - Mobile Auction
- 7/24 İhale- 724ihale.com

Sectors Served

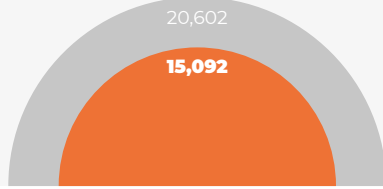
- Used vehicles

Service Locations

- Headquarters: Kocaeli - Gebze

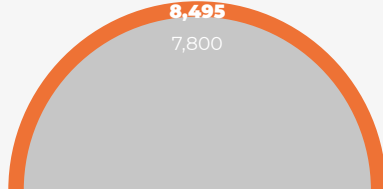
AUCTION SALES (UNIT)

2019 2018



MEMBER DEALERS

2019 2018



EXECUTIVE MANAGEMENT



Sinan Barutçuoğlu
General Manager

eTA: MAKING A DIFFERENCE IN LOGISTICS

Borusan Lojistik's motto is "We do the right things and deliver our promises!". As a leader in the Turkish logistics market, Borusan Lojistik is committed to become a "technology company operating in the logistics & transportation sector" and transform the sector through digitalization, as the right thing to do. The first step towards this objective was the establishment of eTA, which has become the third-largest digital forwarder in Europe in less than 7 years, as we deliver our promises.

eTA has been founded by Borusan Holding in 2012, as a technology start-up, bringing together shippers and truck drivers on a digital platform and delivering full truck load (FTL) services without any intermediaries. eTA has been focusing on small and medium sized enterprises while majority of Borusan Lojistik's customers consists of large key accounts. After eTA has reached the target technological maturity and scale in terms of member truckers; Borusan Lojistik and eTA FTL services have been migrated under the eTA Platform.

In 2019, 270.000 trips have been planned and executed through eTA and there are 156,000 truck drivers registered on eTA, with 36,000 of them having downloaded the eTA mobile application to their smartphones. eTA won the grand prize in the Customer and Market Engagement category of the European Business Awards - 2019, one of the most prestigious business awards in the world.



#leadersatborusan



Borusan Lojistik

A TECHNOLOGY COMPANY IN THE LOGISTICS SECTOR



3rd largest digital forwarder in Europe

- 270,000 trips
- 156,000 registered truck drivers
- 36,000 installed applications

Strategic Positioning

Borusan Lojistik is committed to develop and run digital platforms delivering specialized solutions for its customers, targeting excellent customer and employee experience, as a technology company operating in the logistics sector.

Borusan Lojistik aims to continuously transform and expand its operations powered by agile technology development and Borusan Lojistik's expertise, also driving the digital transformation of the Turkish Logistics sector as a strong leader.

Sectors Served

Core sectors served by Borusan Lojistik are food & beverage, consumer goods, e-commerce, durable goods, industrial products and automotive manufacturing, representing ~70% of total turnover.

Products and Services

Borusan Lojistik's operations can be grouped in three categories:

eTA:

- Digital platform for domestic full truck load (FTL) services

Partial Delivery Network, Special Distribution & Home Delivery

- Domestic partial delivery network from 81 cities to 81 cities
- Special distribution and milk run operations
- Storage and customer facility management services including vehicle logistics

International Logistics Services:

- International land transportation
- Air and Sea forwarding
- Chartering services
- Project logistics and heavy transportation

eTA

Founded in 2012, eTA is the first digital logistics platform in Turkey, bringing shippers and truck drivers digitally together without any need for intermediaries.

During its initial phase, eTA was mainly focusing on small sized business while large key accounts' operations were managed by Borusan Lojistik. This has given eTA a unique opportunity to assess large scale operations for future digitalization, while running a pure digital operation with early adopters from both shippers and truck drivers.

After eTA has reached the target technological maturity and scale especially in terms of member truckers; Borusan Lojistik and eTA FTL services have been migrated under the eTA Platform. Today, there are 156,000 truckers registered on eTA, with 36,000 truckers having downloaded the eTA mobile application to their smartphones and 6,000 truck drivers using eTA actively. In 2019, 270.000 trips have been planned and executed through eTA. Together with the 130.000 trips operated by Borusan Lojistik before the migration, the total number of annual FTL trips reaches to 400.000.

+400,000 trips in 2019

Borusan Lojistik is the leader of full truckload transportation services in Turkey, with more than 400,000 trips in 2019.

**European
Business
Awards®**



Truck drivers can sign up to the eTA Platform through the eTA mobile application by uploading their vehicle and commercial documents, which are reviewed and approved by eTA team. Following the sign up, truck drivers can browse through trips published on the eTA mobile application, bidding instantly for trips, and can also request loads for desired routes in advance, so that they can secure their future dated trips.

eTA operating model can be best described as "digital forwarding" where all the deliveries are operated by Borusan Lojistik. In order to ensure excellent shipper experience with no compromise on "On Time In Full" delivery performance, trucks owned by Borusan Lojistik are used to cover in case an independent eTA Platform member trucker cannot initiate a trip.

Same principle holds true for eTA Platform member truckers. All payments upon successful completion of a trip are made by Borusan Lojistik through eTA Card, eTA Platform's payment system, offering discounts and benefits to truck drivers besides instant payment.

Since 2012, eTA platform was developed by Borusan Lojistik in-house R&D. In 2019, eTA's infrastructure is completely transferred to cloud services to support the fast growth of the transactions through eTA platform and also to benefit from cloud computing services mainly for personalized trip recommendations for truck drivers and best available price calculations for the shippers.

Besides efficiency and customer satisfaction through digitalization, another critical success factor for eTA is the environmental sustainability. Empty trip rates for FTL services in Turkey are estimated around 18%. By offering personalized trip recommendations and assigning the nearest truckers to trips, eTA aims to bring this rate down to 12%, reducing carbon emissions caused by FTL trips.

Partial Delivery Network, Special Distribution & Home Delivery

Borusan Lojistik, as part of its domestic logistics services, provides partial land transportation, special distribution, milk run operations, and storage & customer facility management services including vehicle logistics.

Borusan Lojistik

In the highly fragmented logistics industry, Borusan Lojistik's market share is 1% in domestic and foreign markets.

37 warehouses

In total, Borusan Lojistik has 405,000 m² of open and closed warehouse space in 37 warehouse locations across Turkey.

Borusan Lojistik's partial delivery network covers 24 distribution centers and 93 pick-up & drop-off locations, enabling deliveries from 81 cities to 81 cities across Turkey. In 2019, 613 million of loads have been carried through the partial delivery network.

Becoming the backbone of the omnichannel operations and e-commerce deliveries in Turkey is a key strategic priority for Borusan Lojistik. In 2019, high desi products, mainly durable goods and large electronics constituted the majority of omnichannel and e-commerce operations, while the scope of operations will be extended throughout 2020 and 2021.

As part of special distribution and home delivery operations, Borusan Lojistik carried around 5 million volumetric weight and completed more than 1,300 home deliveries, in 2019. These deliveries are complemented with digital solutions such as "scheduled deliveries integrated with e-commerce platforms" and "traceability of deliveries" targeting excellent customer experience

In 2019, Borusan Lojistik has opened the Tepeören Warehouse, as its main warehouse for storage services, offering 1,500 m² open and 93,000m² closed stor thousandge area. In total, Borusan Lojistik has 405 thousand m² open and closed warehouse area in 37 warehouses across Turkey. Besides its own warehouses, Borusan Lojistik is offering storage services at its customers' facilities.

International Logistics Services

Borusan Lojistik provides land, railroad, air and sea transportation services, as well as multimodal transportation operations as part of its international logistics services.

In 2019, Borusan Lojistik's international logistics operations focused mainly on Europe, North America, Russia, Middle East, Central Asia and Far East.

Borusan Lojistik's International Land operations mainly focus on European destinations and completed around 20.000 trips through a wide network of agents and partners, in 2019. Services cover full truck load and less than truck load deliveries, as well as intermodal operations.

Borusan Lojistik's air forwarding operations cover 80+ airlines through DSE Agreements in 120 countries and 275 destinations. Borusan Lojistik has become one of the Top 10 IATA Agencies in Turkey, in 2019, in terms of weight forwarded.



Besides the forwarding operations, Borusan Lojistik provides logistics services for project loads that require sensitive handling, as well as for heavy cargo and special equipment transportation. Borusan Lojistik's project logistics services include chartering, project consultancy, heavy/oversized cargo operations, vessel loading/discharging operations, post terminal operations, warehouse management, door-to-door logistics organization, unloading at customer site, site operations, installation at site, and energy logistics.

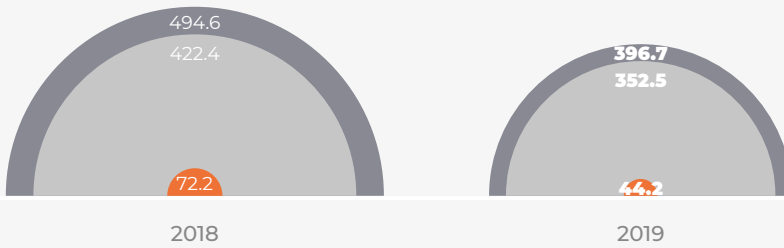
2019 Business Outcomes

- Borusan Lojistik's 2019 turnover was TL 2,522 million, with a 6% decrease vs 2018.
- Despite sales decrease, the EBITDA margin was kept at the same level as 2018, mainly through cost efficiencies achieved through digitalization.
- Number of trips planned and executed through eTA grew by 5 times vs 2018, reaching to 270 thousand.



NET SALES (USD MILLION)

■ Group Sales
 ■ Non-Group Sales



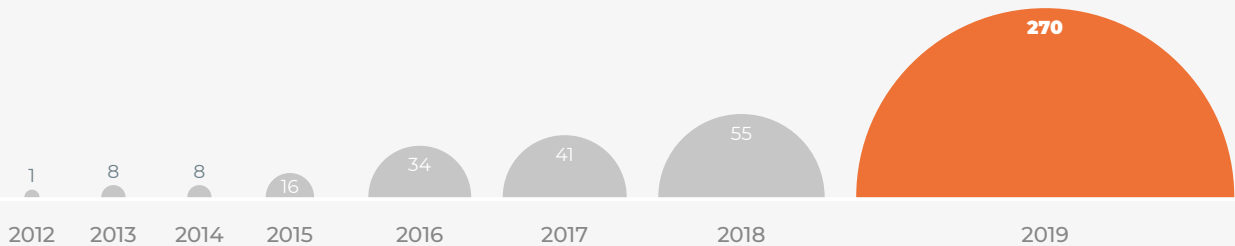
COMPANY PROFILE

Net Sales: USD 396.7 million

Non-Group Sales: USD 352.5 million

Group Sales: USD 44.2 million

NUMBER OF FULL TRUCKLOAD TRIPS DELIVERED BY ETA (THOUSAND TRIPS)



Borusan Lojistik

eTA won the Grand Prize in the Customer and Market Engagement category of the European Business Awards - 2019 - one of the most prestigious business awards in the world.

EXECUTIVE MANAGEMENT



Mehmet Kalay
General Manager



Tuğba Paşalı
Executive Committee Member
Human Resources and Strategic
Transformation



Aydın Başar
Executive Committee Member
Financial Affairs



Tolga Ekren
Executive Committee Member
Commercial Excellence & Marketing



Hamdi Erçelik
Executive Committee Member
Head of eTA Platform



Canan Ölçer
Executive Committee Member
Home Delivery and Special Distribution



Selman Çoban
Executive Committee Member
International Land Transportation



Esen Öz Tekayak
Executive Committee Member
International Air & Sea Forwarding



Borusan Port

STRATEGIC BUSINESS PARTNER WITH THE INTEGRATED LOGISTIC APPROACH



18,562
hours of training

In 2019, a total of 18,562 hours of training was given to more than 500 employees.

Strategically located at Gemlik Bay with ideal captive location serving the large, fast-growing, and diversified hinterland Borusan Port is the only Turkish port serving in 3 different segments; general cargo, container, and vehicle handling with substantial market shares.

Operating in multiple segments enables us to result in high resilience, high capacity utilization, and high financial performance. Today in Marmara Region, Borusan Port is the 1st biggest general cargo, 3rd biggest vehicle handling and 8th biggest container terminal in terms of volume handled.

Strategic Positioning

Borusan Port position as an integrated solution provider to customers with experience in steel & iron business in general cargo segment by seamless customer experience with the capabilities of equipment & terminal area, customer integrations, and strong IT systems and continuous improvement approach in process management.

As a trusted & boutique service provider in container segment, scale-independent customer-centric approach, berthing and crane

availability, continuous and fast operation, liner& customer integrations and strong IT systems enables us to differentiate by customer touch & service quality in our region.

Our dedicated customer and account responsible approach in vehicle handling segment, and real-time and integrated information flow, flexible operation ability to customer demand fluctuations proactively guides the main customer.

Key Industries and Sectors Served

Automotive & Automotive Spare Parts

- One of the worldwide bases of automotive manufacturing
- Includes 60% of Turkey's total auto manufacturing

Flat Steel and Steel Pipes

- Manufacturing of iron-steel alloy tube-pipe-profiles, metals, casting and other products

Textile

- Produces 75% of all synthetic yarn

Wood, Paper and Furniture

- Includes Turkey's 1st furniture and wood products organized industrial zone

**It's our planet:
In 2019, 2,357 m³
wooden materials
were re-used
9,428 trees were
prevented from
being cut.**

Mines-Marble, Chrome, Zinc,
Manganese

- One of the leading Turkish bases for marble production

2019 Figures

Borusan Port handled 3 million tons general cargo, 206 thousand TEUs container, 267 thousand units vehicles in 2019.

General Cargo:

45.4% of 2019 revenue

- Type of goods carried include hot and cold rolled coils, spiral pipes and conventional pipes

Container:

36.3% of 2019 revenue

- Majority of the container throughput is O&D

Vehicle Handling:

18.2% of 2019 revenue

- Type of goods handled comprise mostly passenger cars, light commercial vehicles and high & heavy equipment

Sustainability in Borusan Port

As one of the first Green Ports in Turkey, Borusan Port decreases carbon footprint every year although handling volumes increase. In three years' perspective, we aim to decrease our carbon emission by 10%.

CFS Area Renewal Project of Borusan Port

To increase safety at the port, the CFS area lay-out has been renewed. Best practices were benchmarked, and traffic flow, stuffing and stripping areas have been redesigned to shorten the walking distance and to improve security and safety in 2019.

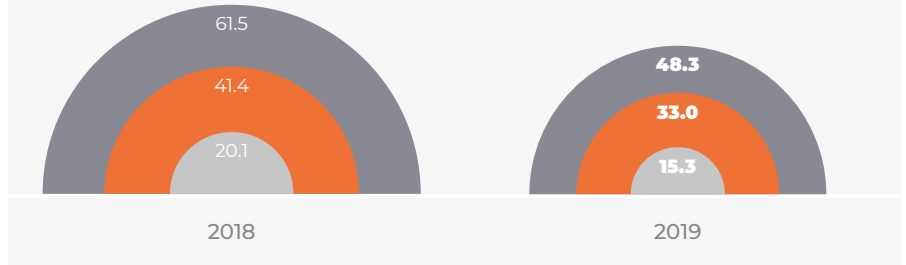
Overhead Bridge Crane Investment of Borusan Port

Within the scope of 'affordable and clean energy' goal, Borusan Port invested in 4 OBCs both in the bonded and unbonded area with the storage capacity of 160 thousand tons. New OBC storage areas allow us to operate with electricity instead of diesel oil. 3D positioning systems implemented on OBCs by 2019 enabled us to digitalize the work queue system and improve safety by providing an unmanned working environment.



PORT SALES (USD MILLION)

Non-Group Sales Group Sales



Women Empowerment

As Borusan Lojistik, we take the responsibility of a fragile societal issue like achieving gender equality by supporting its women employees as a matter of company policy, promoting gender equality, and providing infrastructure and financial support to enable women in other sectors of society to participate in professional life. Thus, we increased the number of site employees, especially Borusan Port. First time in 2019, we have employed 2 drivers in Port - Ro-Ro operation.

Borusan Port currently has 506 employees. To support gender equality in sustainable development goals, Borusan Port has the highest women number of site employees in Gemlik Ports.

Digital Initiatives of Borusan Port

State-of-art IT systems: Borusan Port's both in-house developed and world based recognized operational systems BOPSNET and NAVIS are integrated with customer systems. Besides, Borusan Port also provides real-time monitoring and booking tracking for customers via Borusan Port Mobile Application and Borusan Port Web Portal. Being fully integrated with customer systems.

Our 2020 vision is to renew technology & infrastructure need for ease of doing business to and provide efficiency by smart automation with low costs in labor-intensive operations.

COMPANY PROFILE

Borusan Port

Port Container (kTEU): 206

Port Vehicle Park: 266,582

General Cargo Volume (Million Ton/Year): 2,963

EXECUTIVE MANAGEMENT



Serdar Erçal

Borusan Lojistik

Port Services General Manager

LEADERS ENERGIZING GENERATION

Borusan EnBW Enerji continues its activities with its mission to support the development of the renewable energy potential of Turkey and to reduce foreign dependency in the area of energy.

Prioritizing efficiency and compliance with the natural and social environment in all of its activities from investment to operation stage, with an entire production portfolio consisting of renewable energy resources, Borusan EnBW Enerji has initiated two important investments in 2019.

By building 20 turbines each with a capacity of 3.6 MW in addition to Kıyıköy Wind Power Plant (WEPP) in the current facility with an installed capacity of 28 MW, Borusan EnBW Enerji has completed permit processes and finance for the commissioning of the 72 MW additional capacity. European Bank of Reconstruction and Development (EBRD) and ICBC Turkey will provide USD 74 million to Kıyıköy WEPP which will in total have investment of 100 million dollars. Kıyıköy WEPP will replace the production of plants with greenhouse gas emissions thanks to its "0" emission generation and will prevent 140,000 tons of carbon dioxide to be emitted to the atmosphere every year.

Besides, Borusan EnBW Enerji has concluded financing agreements with a total of 145 million dollars with four different banks for the Saros WEPP investment which is performed with its subsidiary Boylam Enerji and which has installed capacity of 138 MW and 27 wind turbines. When the plant is commissioned, it will meet the electrical energy needs of around 200,000 houses per annum.

#leadersatborusan



Borusan EnBW Enerji

RENEWABLE ENERGY, SUSTAINABLE FUTURE



Total portfolio size of 1,156 MW

Borusan EnBW Enerji has total installed power of 505 MW and a total portfolio size of 1,156 MW.

Featuring an installed capacity and portfolio based entirely on renewable energy sources, Borusan EnBW Enerji makes a direct contribution to sustainability in Turkey and in the world as it becomes one of the leading wind power generation companies.

Total Generation of 6.6 billion kWh Energy in 10 Years

Starting from its first investment in Balıkesir with Bandırma WEPP, Borusan EnBW Enerji grew 11-fold in 10 years and reached 505 MW installed capacity while the total portfolio raised to 1,156 MW. With a total generation of 6.6 billion kWh energy in 10 years, around 3 million houses have been enlightened and natural gas imports of USD 410 million have been avoided.

A Very Strong Partnership...

Since 2009, Borusan and EnBW have been in a very strong partnership in the Turkish Energy Market and their established joint venture company, Borusan EnBW Enerji, has been successfully managed through economic fluctuations, whereby proving its resilience. Since then, the partnership has seized an important opportunity in flourishing the Turkish



Electricity Market and invested only in the renewable energy portfolio.

With the current financial situation of Borusan EnBW Enerji, the status of the Turkish electricity market and the renewable energy strategy of parent companies, it can be expected that the partnership will endure many more years to come.

Strategic Positioning

Borusan EnBW Enerji aims to lead the wind energy industry and has made it a core priority to contribute directly to the sustainability of Turkey and the world. The Company enjoys the following competitive advantages:

- Installed capacity and portfolio comprised solely of renewable energy sources,
- R&D projects to improve efficiency and availability of renewable power plants such as wind, solar and hydroelectricity,
- Active participation in renewable energy capacity tenders in the Turkish electrical energy market to expand its diverse portfolio comprised solely of renewable energy sources (wind, hydroelectric and solar), and the goal of expanding the portfolio via new acquisitions,
- Superior services to meet customers' green energy needs solely from renewable sources with its TÜV NORD Ecopower Green Energy certified energy product.

Energy Industry in 2019

Turkey's energy generation industry is suffering from high exposure to currency fluctuations due to foreign currency-based debts and limited transparency in energy pricing. Another reason for the low spot electricity price is the weak consumption increase over the last 5 years in comparison to strong private sector investment in the same period, resulting in over-capacity in the electricity supply. Renewable power generators, which add up to 27% of the installed power, have, on the other hand, benefitted from off-take guarantees and USD-based incentive payments.

Turkey's installed capacity reached 91.3 GW by the end of 2019 with 2,826 MW net capacity added in 2019 compared to the previous year. Investments in renewable energy exceeded the investments in thermal power: 542 MW wind, 255 MW geothermal, 919 MW solar, 203 MW hydro, 258 MW natural gas, 727 MW coal, and 187 MW other capacity were commissioned, whereas 265 MW fuel oil capacity was decommissioned. Renewables' share in the installed capacity including the hydro-dams is 49%. By the end of 2019, the state owns 25% of the installed capacity and independent generators own 75% of the total capacity. The average increase in installed power over the last five years was 5.7% annually, whereas the appetite in new investments has dropped significantly, resulting in growth rates of 4.7% in 2018 and 3.2% in 2019.

- In 2019, the total licensed generation decreased by 0.7% compared to 2018.
- 2019 electricity demand decreased by 0.5% compared to 2018. The average electricity consumption increase over the last 5 years was 2.5%.
- Spot electricity price in 2019 was 46.03 USD/MWh, 3.0% lower than in 2018.

Developments in the Energy Business in 2019

In 2019, unanticipated extra hydro generation of 29 TWh increased hydro's share to 30%, whereas it was 20% in 2018. The boost in hydro generation led to a significant drop in natural gas generation in 2019. Natural gas share in total generation decreased to 19% in 2019, whereas it was 31% in 2018. The wind generation is 7% of the total generation in Turkey.

In May 2019, unlicensed generation regulation was announced. Monthly clearance of generated vs consumed electricity was introduced, thus enabling the supply of excess generation to the grid. Unlicensed power plants that were built after the announcement of the regulation can sell their excess energy at the price of the active energy (TRY) national tariff (according to previous regulation, unlicensed power plants could sell their excess energy at FIT price (USD)).

Borusan EnBW Enerji

The total installed capacity of Borusan EnBW Enerji is 505 MW and 1,397 GWh electricity was generated in 2019.

In December 2019, there were legal concerns over 13 coal power plants' compliance with the environmental legislation. Out of these 13 coal power plants, 5 of them (3 GW installed capacity) were completely shut down until they fulfill their obligations. Following this, the price cap of TL 2,000/MWh was decreased to TL 600/MWh to avoid any extreme price spikes.

In 2019, gas tariffs for natural gas power plants increased by 3% compared to the end of 2018. Electricity tariff for residential customers increased by 20%, for commercial customers by 33% and for industrial customers by 32%.

New Business Opportunities of the Energy Business in 2019

Wind YEKA 2 for 1,000 MW took place in May 2019. Borusan EnBW Enerji participated in the auctions but withdrew from them on the 1st round due to the aggressive offers of the other participants.

2019 Business Results

- In 2019, Borusan EnBW Enerji generated 1.26 TWh from its WEPPs and 0.124 TWh from hydro. This generation corresponds to 0.775 million tons of CO₂.
- Saros and Kıyıköy's administrative procedures were almost concluded. Approval from financial institutions was obtained. Borusan EnBW Enerji signed a contract with GE for turbine procurement and maintenance for Saros WEPP. This marks the first order of GE's largest onshore wind turbine in the field, Cypress platform in Turkey. Administrative procedures are ongoing for greenfield projects with 400 MW.



- In 2019, Borusan EnBW Enerji sold 646.5 thousand tons of CO₂.
- Borusan EnBW Enerji also started to collaborate actively with start-ups. In 2019, Borusan EnBW Enerji worked with Tarentum for wind generation forecast; with Blok-Z for tokenization of wind generation, and with Aura for drone technology to detect any faults on the blades.
- 2019 also marked the 10th anniversary of Borusan and EnBW's partnership.
- The total installed capacity of Borusan EnBW Enerji is 505 MW and 1,397 GWh electricity was generated in 2019.
- Around 500,000 households were lightened with clean and green energy.

Total Installed Power of 505 MW and Total Portfolio Size of 1,156 MW

Borusan EnBW Enerji has a total installed power of 505 MW and a total portfolio size of 1,156 MW. Borusan EnBW Enerji continued its investments in Kıyıköy WEPP, Saros WEPP and 10 tender projects in 2019. The investment decision was taken for Kıyıköy WEPP Extension and Saros WEPP projects, which will start operation in 2020.

Borusan EnBW Enerji's wind installed capacity is 5.9% of Turkey's wind installed capacity. Borusan EnBW Enerji's share in wind generation is 5.8% in 2019 with 1.3 TWh. The total installed capacity of Borusan EnBW Enerji accounts for 0.6% of Turkey's installed capacity and its 2019 licensed generation corresponds to 0.5% of the total generation in Turkey.

Developments of Saros and Kıyıköy Wind Power Plant in 2019

Kıyıköy Capacity Increase Wind Power Plant Project

Location: Kırklareli, Kıyıköy

Installed Power: 72 MW

Number of Turbines to be Installed: (20)

Project Full Commissioning Date:

October 2020

Project Status

- Main permits were already obtained.
- The contracts for the wind turbine and electrical balance of plant (EBoP) works were signed. The tender for the civil balance of plant (CBoP) works will be finalized in January 2020.
- Construction works started in October 2019. Initial deliveries of the wind turbine scope will start in January 2020.
- The project is financed by The European Bank for Reconstruction and Development (EBRD) and the contract will be signed mid-January 2020.

Saros Wind Power Plant Project

Location: Çanakkale, Center and Çan

Installed Capacity: 138 MW

Number of Turbines to be Installed: 27

Project Full Commissioning Date:

December 2020

Project Status

- Main permits were already obtained.
- When Saros WEPP was licensed in 2012, it consisted of 69 turbines (each 2 MW). With the developments in turbine technology in 2018, the number of turbines reduced to 27 turbines as 5 MW turbines.
- Contracts with the main contractors were signed in 2019 (Turbine, Construction, Power Transmission Lines, Electromechanical Equipment).
- Construction works for access roads started in June 2019. Initial deliveries of the wind turbine scope will start in June 2020.
- Due diligence for project financing is underway with Lenders - DZ Bank (ECA Lender), IsBank - TSKB GarantiBBVA (Commercial & ECA Guarantee Lenders). The contract will be signed in Q1 2020.



R&D and Digitalization Steps of Borusan EnBW Enerji

In 2019, Borusan EnBW Enerji developed a Digitalization Roadmap by conducting an Enterprise Architecture Study on which areas it should take initiatives in digitalization. The year 2019 was accepted as the starting point and the areas to be focused on were determined as Data & Analytics, Robotic Process Automation, Business Process Management, Enterprise Content Management, and Integration Management. In 2020, the Enterprise Architecture Study will be revised and new projects are planned to be developed in Data and BPM areas. The aim in 2021 is to increase the profitability in Sales and Maintenance by using advanced analytics and machine learning through the infrastructure Borusan EnBW Enerji established.

In 2019 focus was mainly on the development of a chemical applied to the wind turbine blades to reduce icing. Initial site trials are encouraging so far.

Direct and Indirect Contribution to the World's Sustainability...

The main approach of Borusan EnBW Enerji to sustainability is to create a direct and indirect contribution to the world's sustainability in its operations. 11 power plants generate green energy and directly contribute to the world's sustainability with their "0" emission production. Their generation, therefore, substitutes that of fossil fuel-based power plants having considerable green-house emissions.

Borusan EnBW Enerji also aims to decrease its environmental footprint in its daily operations and investments, thereby creating an indirect impact on the world's sustainability.

Borusan EnBW Enerji

Borusan EnBW Enerji aims to create a safe and healthy working environment for all its employees, customers, suppliers, and local people in the activity areas. The company is committed to protecting the environment we live in and continuously improving its energy performance.

Investment Projects

Kıyıköy WEPP

- Turbines do not have any hazardous waste.
- Turbines do not cause any pollution because they work with wind energy and therefore do not contribute to global warming.
- The annual power generation will be 230 GWh. With this production, the energy needs of approximately 90,000 households can be met.
- Wind power plants use a completely renewable energy source and are clean and environmentally friendly, so they do not create any waste harmful to the environment. The project will prevent 139,000 tons of carbon emissions per year.
- To make the footprint even smaller, the turbines were positioned in the most efficient places, using existing roads.
- Since this is a capacity increase project, there is no need for an overhead line and substation. The project will benefit from the existing energy transmission infrastructure.
- In case of necessity during bird migration periods, active turbine management will be implemented.
- Bat protection measures will be implemented based on the reports of the experts.
- Flora protection measures are already being implemented.
- Proper soil will be taken care of and stored separately. In case the Forest Directorate gives approval, it will be distributed to the villagers in need.



- During the construction of the project, measures will be taken to reduce environmental impact (e.g. traffic management, dust and noise control, proper disposal of waste).

Saros WEPP

- Turbines do not have any hazardous waste.
- Turbines do not cause any pollution because they work with wind energy and therefore do not contribute to global warming.
- Although Saros Project is one of the biggest wind power plant to be built in Turkey, with 27 turbines, the environmental impact will be reduced considerably.
- The annual power generation will be 500 GWh. With this production, the energy needs of approximately 200,000 households can be met.

- Wind power plants use a completely renewable energy source and are clean and environmentally friendly, so they do not create waste harmful to the environment. Once built, the project will prevent 296,000 tons of carbon emissions per year.
- The project will be built on a mostly deteriorated forest and individual lands. In the settlement plan which was prepared considering environmental and social sensitivities, great importance was given to the use of existing roads and open land (95% of the transportation roads are on the existing forest roads, in the treeless forest area and 5% on individual lands).
- In this way, both the environmental impact of turbine platforms and road construction will be reduced, and existing roads will be improved and turned into safe roads that will be used in summer and winter.

Operational Power Plants

Due to the operation processes, minor quantities of waste were created and therefore the energy consumption and water usage are very low. Despite this, the Company tried its best to further minimize it and keep updated with the new technologies.

Examples of measures taken:

- Rainwater and use it for irrigation were collected.
- Plants with very low water consumption at landscaping were selected.
- The consumption of water at all sites to locate leakages was monitored.
- Faucet aerators and sensors were used to minimize excess water consumption.
- The waste and dispose of were separated according to the environmental rules and regulations.
- At all the investment projects, the Company complies with the rules of financial corporations such as International Finance Corporation (IFC) and The European Bank for Reconstruction and Development (EBRD) on environmental protection, including biodiversity issues, all types of waste, water and wastewater management.

Lean Six Sigma Project Realized...

Every year, operational costs are closely monitored to maintain profitability. Thanks to the digital infrastructure (remote surveillance center), most of the man and plant-based activities are now carried remotely. BEE's own staff continued to perform wind turbine maintenance activities as the subcontractor of Original Equipment Manufacturer (OEM) and, in some plants, performed all works without Original Equipment Manufacturer (OEM) to lower costs. In addition, lean six sigma projects are realized consistently to lower operational expenses and increase the generation of power plants.

Safe and Healthy Working Environment for All Stakeholders...

At Borusan EnBW Enerji, the aim is to create a safe and healthy working environment for all the employees, customers, suppliers, and local people in the activity areas, protecting the environment we live in and improving the energy performance continuously while keeping up with the "Zero Occupational Accident" target.



Training Programs for the Teams...

Throughout the year, different training programs were provided depending on the needs of the teams. Starting with the basics, General Health Safety& Environment (HSE) training programs were held for each employee by HSE Specialists. To get one step further, the needs of operations, maintenance, and investment teams were analyzed and different sets of training were held to each group.

Successful Results

A new wind turbine supplier was selected for the Çanakkale Saros Wind Power Plant. Processes and permit procedures for Saros WEPP and Kırklareli WEPP projects were successfully continued, financing institutions were determined and construction works were initiated. In June and December 2017, 10 new projects of 395 MW power were added to the portfolio under wind capacity allocation tenders organized by Turkish Electricity Transmission Company (TEIAS); processes and permit procedures were successfully continued. In April 2010 in the context of Corporate Start – Up – Start Up Friendly Corporations organized by Endeavor Turkey, Türkiye Odalar ve Borsalar Birliği Genç Girişimciler Kurulu (TOBB GKK), Özyeğin University and Start Up magazine Borusan EnBW Enerji has been awarded as Effective Company/ New Start Up Cooperation. In 2019, 10th anniversary of the establishment of

Borusan and EnBW partnership has been celebrated Successful HR projects have been executed throughout the year such as technician management review and HR visits as well as Yarınlar Koşanlar, an employee trademark project whereby employees create the working environment they aspire to have with their built-up actions.

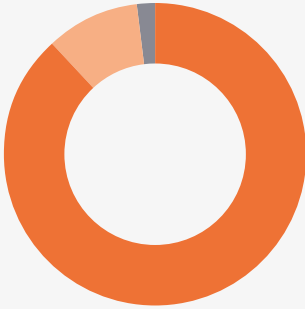
Future Strategy of Borusan EnBW Enerji

- Borusan EnBW Enerji's current portfolio reached a certain maturity level. The next step will be to hedge the existing projects that are not in FiT or finance the greenfield projects through PPAs with commercial or industrial customers.
- Borusan EnBW Enerji aims to provide accumulated experience of O&M services to 3rd parties. Negotiations are ongoing with Vestas to act as its subcontractor.
- Borusan EnBW Enerji has always emphasized the importance of digitalization and will continue to work with start-ups and advisors to reach the desired level.
- Borusan EnBW Enerji is also investigating possible market developments in Turkey, based on disruptive changes in worldwide energy markets and preparing to be the leading technology solutions and services provider for distributed renewable power in the future.

Borusan EnBW Enerji

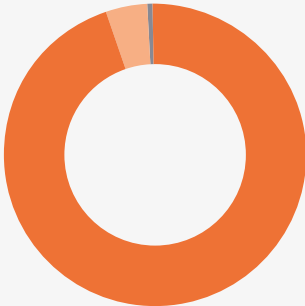
Borusan EnBW Enerji's current portfolio has reached a certain maturity level. The next step is to hedge existing projects that are not in FiT or finance greenfield projects through PPAs with commercial or industrial customers.

INSTALLED CAPACITY (505 MW)



Wind 445 MW **88.3%**
Hydro 50.3 MW **10.0%**
Solar 8.8 MW **1.7%**

EXISTING PORTFOLIO (1,155 MW)



Wind - 1,096.4 **94.9%**
Hydro - 50.3 **4.4%**
Solar - 8.8 MW **0.8%**

COMPANY PROFILE

Operational Information

- Installed Capacity: 505 MWm
- Generation: 1,397 GWh
- Existing Portfolio: 1,156 MWm

Corporate Information

Field of Activity

- Renewable energy generation, sales

Products and Services

- Electric energy generation and sales

Manufacturing Capacity

- 505 MW installed capacity/1,397 GWh (2019 generation)

Sectors Served

- Balancing market
- Eligible consumers (industrial and commercial customers consuming over 1,600 kWh/year)

Partnership

EnBW

Service Locations

- Istanbul Head Office
- Ankara Office
- Bandırma Wind Power Plant
- Yedigöl Aksu Hydroelectric Power Plant
- Balabanlı Wind Power Plant
- Kuru Wind Power Plant
- Mut Wind Power Plant
- Harmanlık Wind Power Plant
- Fuat Wind Power Plant
- Dayıcık Solar Energy Plant
- Pamuklu Solar Energy Plant
- Kartaldağı Wind Power Plant
- Kıyıköy Wind Power Plant

EXECUTIVE MANAGEMENT



Mehmet Acarla
General Manager



Enis Amasyalı
Executive Committee Member
Investments



Hakan Aras
Executive Committee Member
Finance and Financial Control



Tuna Güven
Executive Committee Member
Operations



Emre Okuyan
Executive Committee Member
Strategic Planning, Business
Development, Sales and Trading

