

arslan alüminyum
SANAYİ ve TİCARET LİMİTED ŞİRKETİ

Arslan Alüminyum San. ve Tic. Ltd. Şti.
Mehmet ARSLAN

First the bridge would be strengthened. We go a little on a poor asphalt but we may not pass collapsed bridge.

Arslan Aluminum was a medium sized company having an area of 250 square meters when it was founded in 1970. There were past for Mehmet Arslan, one of the oldest names of Aluminum and one of the most important doyens, living now, of our industry. We are talking about a sector experience close to 60 years. And we are talking about a giant institution turned into one of the biggest 500 companies of the country under the conditions of today. Furthermore Arslan Aluminum has made the enterprises and investments to go into the top 300 in a planning of one or two years. We performed a joyful and stimulating conversation with this precious administrator who makes his competitors customers, who can say my most compelling competitor grows so I can grow, the companies grow as the sector grows. We discussed both the future plans of his company and displeasing conditions of the sector in detail.

First of all, can I get the situation assessment of 2014?

Arslan Aluminum, I guess, has a position that it may enter the top 300 with 330 million Liras to the top 500 companies of Turkey. This is the 30% of what Arslan Aluminum targets. We, in 2016, I guess, will reach 60% of our target. We will reach 100% in 2018. All infrastructures were made related with these targets. We are thinking of producing aluminum billet with an aluminum recycling facility. Even though we are a very big power in the profile market, we will try to make only special profiles in a place where there are such big number of producers. We, as Arslan Aluminum,

plan to establish recycling facility and quit profile part as the production gets strength on the aluminum billet because our competitor becomes our customer. I want to go out of that competition. You know we had very important investments on profile, we plan to perform the production of very special products only according to the needs of the costumers by virtue of this investment. We will raise the aluminum billet production, which is 120,000 tons/year today, to 240,000 tons/year until 2018 thanks to this structuring.

We will reach the 2023 target of our president. It is our target unless there is a problem in the economic conditions, deviations. In the end, target is infinite. 240,000 tons means, there will be 50-60% annual raw material need for the extrusion sector of Turkey. We have competitors on this subject, you know, but they will grow with us, they will develop, new facilities will be come into play. Maybe, Arslan Aluminum will be directed to other centers in the country. We will perform the production of 240,000 tons in Bilecik. The target of Arslan Aluminum, which is the main one, is 1,000,000 tons/year. If the groups which are our suppliers, talk about our target of 1,000,000 tons/year both in America and Germany and in other countries, it means that they know that preparations must be done now for this.

What does Arslan Aluminum, determining the target on aluminum in Turkey, see different in the sector?

Arslan Aluminum determines targets depending on the time. After all, the country has a target too. It is required to see where we, as Turkey, are of the place where the world is. The figures we mention as target are not considered as very important with regards to the developed countries. See Seydişehir Aluminum today, it has a production of 60,000 – 70,000 tons/year until today. It is targeted to reach this 240,000 tons/year with revisions. We, when determining this target, should not do it by obtaining this from the ground; there must be some values you have when talking about a target. One cannot say that I will produce metal and determine a target in a country with no energy. But, if the stations are established, energy enterprises are made, and the companies are supported in Turkey, as in the energy in the world, then, yes these can be talked about. These don't exist. Why we returned to recycling today? The most important reason for this is there are scraps in the soil of the country and this is a value. A value which is not used, we try to use this and convert into dollars.

If we obtain this aluminum of 240,000 tons/year from the scraps, not produce or not bring it from abroad, it means that you don't give money to abroad amounting dollars, that much of 240,000 tons/year x 2,000 USD. It means that this money stays in the country. Therefore, it means that it is the gain of the country. I don't know if this situation causes problem soon, if it does, we will try to provide value added by producing it in a different way because nothing can exist out of thin air. Turkey must use its assets. I call here the ones exporting the scrap to abroad. Now there must be no export, the state must prevent this. It must be used in this country. I was against that the scrap of this country goes out for years and I am always against it. We established these facilities; our friends establish too. This country needs scraps.

Today, there is something I don't understand in the scrap export. There is a price of scrap in Turkey, the export is made from here. You bring imported scrap from the abroad, the price of the scrap you bring is cheaper than scrap inside. I still don't understand how this happens!! What monkey business going on. We brought this issue to the political channel, presented the issue to the undersecretary. They said tell me if you know something. And I said to him that I am neither the revenue officer nor police of this country. I can bring scrap with a price lower than the sales value in the country from abroad but still scrap goes outside from the domestic market, what lies behind it. Because of this, the ones ruling the state must deal with the issue. I have a professional life of 57 years. Since we deal with the production since we start this business, its trade isn't worked on much. This must be asked to the ones who export the scrap from Turkey to abroad. We don't do this, we are against that the values of this country go out and are brought back to Turkey again.



We are producers, we only know producing. The logic, that if we produce more than we earn more, is leached into us. What really matters to us is producing. If we are the people only making the trade of this, then we would know how the scrap goes outside and how it is taken in the country. We can't give an answer to this. We don't ask for this. The one who does this business is an aluminum scrap dealer. What the undersecretary said to me was such that it is good that scrap goes abroad and enters inside as a foreign exchange, what can be wrong about this. I said to him tricky part of my question is this, how a scrap which is expensive inside the country comes inside the country cheaply when it goes outside and you rebuy it. How this happens, somebody describes this to me. It is OK, sell the scrap but buy and sell it at its worth, so its name becomes trade. In the past, it was done for the aluminum billets too. Because of this, these businesses must be quitted. If there are big targets in front of Turkey, everybody must pull themselves together and not be in such a tricky businesses to be a good player of this growing, strengthening country. Our only problem must be producing, producing more, we don't do this for bringing to the grave. Again, we create resources for developing the industry and industrialist, i.e. we do all these enterprises for the country. What we do is obvious. But, this company is the company of the country, let it act correctly and grow.

I don't sell raw materials worth 1 penny with check and receipts, with open account, to any company which doesn't have back bond as from the January, 2015. You will see in 2 years that all of them selling this will bankrupt or won't sell.

The companies started to make substantial investments on branding recently in the geography we are in. could you inform us on this subject?

First of all, I'd like to emphasize that Arslan Aluminum is already a value, a brand. Of my professional life of 57 years, the Arslan Aluminum part of 30 something is the proof of this. If we couldn't be a brand in a profession of 57 years, then we can't afterwards. I like you especially to see that as the companies grow the brand value grows too.

I have read an important research of a newspaper. It was written that instead of family companies, institutionalized companies grow very much in the world but family companies grow faster and become successful in Turkey. I was written that among them is Arslan Aluminum. And we absolutely don't know the author. This means that, someone really follows something. I think there will be different articles in the follow ing years. Another newspaper writer emphasized that in their visit to Bilecik Province, everybody mentioned Arslan Aluminum facilities and when he heard everybody mentions the investments, and such facilities are great assets to the economy of the country and must be supported. I don't know him. It is the same in my endeavors in the stoppage issue, it means that someone now accepts you and you are now a value. I believe in that Arslan Aluminum will be a better brand. It is not important that the business is made with big money, to earn a lot of money, when you are in a structure which is correct and thinks about the interests of the country, by not considering your own interests and profit, then you have become a good brand. It is required to struggle to become compatible with the world standards and acceptable to the global markets Turkey has never exported billet in that much years passed, always imported. Today, we, as Arslan Aluminum export to Germany, Italy, Poland, Greece, Egypt, and the neighboring countries in the east. We, even, send world class materials. We have become an institutions giving due dates after March, 2015.



We won't give materials without guarantee. We had a lot of bad debts in this sector. Now we want to make commerce with the world principles. We will work with the facilities which have guarantee with us. The ones who fail will fail and ones who go will go. It is not possible in this way that the aluminum sector goes somewhere. We want that Arslan Aluminum is faced with only the investment risk in a sector with no risk and no payment problem arises. I will carry both the investment risk and sales risk, there is no such way of commerce. As from 2015, no material will be given to any check without guarantee. There was punishment on check in the past, it was revoked. You give material to the company, he says I bankrupt. What kind of business is this?

Now, a production of 120,000 tons/year is absolute for us. The customer as well as the investment is ready. The infrastructure of the investments after that is ready, it will be done immediately if demand occurs. When you decide, investment is realized in 1 year. Let's say we will establish additional furnaces in the mill today, these don't happen before 1 year. Today, even our shipment place is made in a closed area. Everything will be with discipline. We, today, even made the transportation traffic of a production of 240,000 tons/year. That from where the materials will come and go out. Think that a shipment of 240,000 tons/year today, how many trucks does it take daily? 800 tons of materials will go in and out daily. 800 tons means that 20 different trucks will go in and out. These are important for completing the investment. I can't build roads. We talked about the situations which will reach the train and highway. Now, study is made over 120,000 tons. But something must be done for a production of 240,000 tons/year.



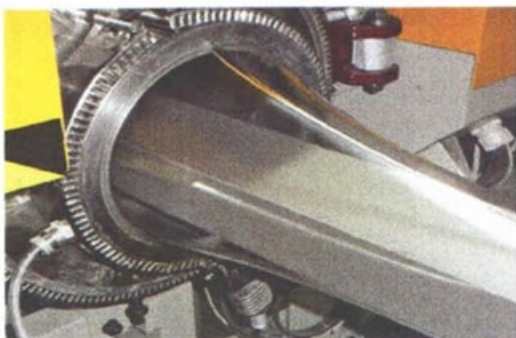


Now, I'd like to ask a personal question. I know you in person for 16 years. You are the voice of the sector always raising and you are one of the rare persons who answer loudly when there is a problem inside the sector. What does Mehmet Arslan target about the aluminum sector?

Increases in the number of aluminum extrusion companies are experienced substantially recently in Turkey. Especially it may have the position of making the strongest investments in its geography. To which levels do these investments bring the country especially on aluminum in the coming periods?

Mehmet Arslan came to the world like every living thing. He has a life of 70 years and believe in me that I neither want nor expect anything from this sector. Giving what I can give to the sector for the future of the country is my only purpose because when I pass this life away I won't be able to bring any material power I earn or struggle in this life with me and reap the benefit. If my sons, my employees, living in this world, following me, do the transitions correctly and in due time, then they will have the condition to say what I think like I have. Today, I expect nothing. I have contribution to this sector for 57 years. One of the persons in this sector with old age and living now is Mr. Celal Başer and the other one is Mehmet Arslan. One of us is in the plate segment and one in the profile with years of experience. There is no one older than me with regards to profile. Because of this I expect nothing, as long as there is an aluminum sector where peaceful, comfortable and risk free commerce is made. Just that the next generations will say that there is such a person in this sector against what they see. May the god give the courage to our competitors to do better and more business because if they grow, we all grow, the country grows. I would like you to know that the foundation of branding depends on the growth of your competitors. As our competitors grow so we become a brand more quickly. We are among the ones starting first, there is no return from here.

I hope that they grow healthily and make healthy investments. I, saying that extrusion companies are our friends, so they should not call as competitor, took the aluminum profile production to our second business from the first business. We want to decrease it slowly. When my son said to me that it becomes that money can't be earned in the aluminum extrusion, aluminum profile because of competition, how we should do this business, I put forward the recycling facility. Do the person you call as competitor your customer. Now my competitor became my customer. They may grow. There are 300-500 presses in the country, this is a big figure, and aluminum raw material is needed for them. It is required to find this raw material somehow. I think that when we reach 240,000 tons/year, it won't be hard that they are consumed.



In the last period, the subjects are in the agenda that aluminum billet may not come from the abroad, quotas may be applied; what will the aluminum sector experience in such a case?

We need raw materials from the world. We don't produce aluminum. As an ingot, yes, it should be able to enter; all goods coming after the ingot should be cleared in the customs. You must do this for supporting the industrialists. You take it as an ingot and shape it; I don't say that ingot must be cleared in the customs, let it come, the others are cleared in the customs like how the aluminum profile is subjected to customs clearance. Let billet comes as profile sale. If billet comes as a raw material, what is ingot? It will be billet after i ingot and then convert to profile. If billet comes to this point in the future, which there is no one left bringing billet, it is brought a the points it is not enough. There is no problem inside as long as the capacity is adequate inside. You can do this purchase very easily inside. You can buy material here immediately. The quality issue may be mentioned, I can say it certainly on this subject that the quality of all products produced in the facilities of Arslan Aluminum is produced according to the international quality standards. There may be companies with poor quality; I can't say anything about this. Production is made according to the world quality norms in the facilities of Arslan Aluminum.

Mr. Mehmet Arslan, as Aluminum Structure Magazine, it is talked especially among the aluminum companies about that aluminum production comes to very critical levels but the profit margins range almost at the deep levels, this causes big distresses in the sector. This situation causes that the companies review their investments related with future again and again and an unhappy sector image is drawn. Why this situation came to such critical dimensions?

I go to 55 years history of the sector. Aluminum ingot was 175 kuruş, profile 33 liras. i.e. 17 times of the raw material. The production was 150 kg. If 150 tons were produced with that margin, that profit margins couldn't be. As to the 1970s, aluminum billet comes to 20 liras, profile to 40 liras almost suddenly. Today, aluminum billet is 400 TL, profile 500 TL. Today, an organization produces monthly 1000 – 2000 tons /month. This is the face, seen, of the medallion.

There is also an unseen face, let me talk about it. When you, as Aluminum Structure Magazine, gathered aluminum sector, I had the right to speak for my opinions. I mentioned there these; it was 2005. I told in that day. We will produce, we will sell but how we will collect these moneys. I told it in that time, now it appears in front of me. Mehmet Arslan doesn't speak of today, he speaks of tomorrow. Today is what we live already, it is required to calculate what will happen tomorrow, to take precautions for this. Obtaining returns is something, I understand this but how can the ones be, who do business with bad check of Ahmet, Mehmet. It doesn't matter if you provide returns or not. First solve the first issue. You couldn't hold the money you earn on your hands, you risked it by giving to the man. Now you struggle for recover the loss. You sell the good and say that you'd earn 10 liras, if 8 liras of this fail, what should I do, I should earn 18 liras, then you say there is no profit margin. First of all, it is required to establish the payment discipline. This is a huge gap. Today, of the ones who will bankrupt, 90% will bankrupt due to this. We have noticed this, because of this, I don't sell raw materials worth 1 kuruş with check and receipts, with open account, to any company which doesn't have back bond as from the January, 2015. You will see in 2 years that all of them selling this will bankrupt or won't sell. Our decision was got about to the neighbor, they say that we hoped this would happen. Then, the production will be talked about actually. If this won't happen like this, it gets out of control. If you sink money, it doesn't matter to obtain returns. We want that the ones having money do this business and the trade becomes smooth in the aluminum sector.

What is the final message of Mehmet Arslan to the sector?

May everybody, every company put themselves together and they absolutely apply what is talked about. Aluminum sector may not be pushed down that much. There is such a situation that everywhere is asphalt road but the bridge collapsed. First the bridge must be strengthened. We may go a little in the poor asphalt but may not pass the bridge collapsed.

