



arslan alüminyum a.ş.

Alüminyum sektörünün ekonomimizde bir köşe taşı olmasında belirleyici bir etkisi ve rolü olan, yatırımın ve başarının yüz akı Arslan Alüminyum A.Ş., bu sektörün devlerinin de sanayideki diğer kuruluşlarla aynı kullarlarda ilerlemesine önemli katkılar sunmaktadır. Alüminyum sektöründe disiplinli uygulamaları, istikrarlı yatırım ve hamleleriyle süreçlere damgasını vuran Küresel Alüminyum Pazarının Yatırım Devi Arslan Alüminyum, tutarlılıkta ve prensipli iş ve ticaret yapmakta ısrar ederek bir sanayi kuruluşunun nasıl olması gerektiğini de gösterdi.

Türk alüminyum sektörünün ana damarlarından birini temsil eden Arslan Alüminyum kesintisiz başarıları ve yüksek kapasitedeki üretim gücüyle her geçen gün gücüne güç katıyor. 2010 yılında izabe tesislerinin temelini atan ve bugün Türkiye'nin en güçlü alüminyum entegre tesislerinden biri haline gelen Arslan Alüminyum A.Ş. 1.000.000 ton/yıl yüksek kapasiteli herkese şapka çıkartan üretim hedefini yakalamak için var gücüyle çalışmalarına devam ediyor. Büyük düşünceler ve büyük yatırımlar anlayışıyla kurulduğu günden bugüne attığı her adımı istikrarlı ve tutarlı bir şekilde geliştiren ve yaptığı tüm hamleler ödüllendirilerek ülke ekonomisine katmadeğer kazandıran Arslan Alüminyum A.Ş. 240.000 Ton/Yıl üretim hacminin alt yapı çalışmalarını hızlandırdı. Arslan Alüminyum A.Ş. Türk Alüminyum Sektörü başta olmak üzere uluslararası piyasaların da kabul ettiği en yüksek standartlara sahip alüminyum billet üretiminde 120.000 Ton/yıl olan kapasitesini, 2021 yılının Mart ayında 180.000 ton/yıla çıkararak; hedeflemiş olduğu 240.000 Ton/yıl üretim rakamının da, bu sayede yol haritasını belirlemiş olacak.

Arslan Alüminyum A.Ş., which has a decisive influence and role in the aluminum sector to be a cornerstone of our economy, is making a significant contribution to the progress of the giants of this sector in the same lanes as other organizations in the industry. Arslan Aluminum, the Investment Giant of the Global Aluminum Market, which left its mark on the processes with its disciplined practices, stable investments and moves in the aluminum sector, also showed how an industrial enterprise should be insisted on consistency and principled business and trade.

Arslan Aluminum, which represents one of the main vessels of the Turkish aluminum sector, is adding strength to its power with its uninterrupted successes and high capacity production power. In 2010 laid the foundation of the smelter and today Arslan has become one of Turkey's most powerful integrated aluminum plant Aluminum Co. The company continues to work hard to achieve its production target of 1,000,000 tons / year with high capacity for everyone. Arslan Alüminyum A.Ş., which develops every step taken consistently with its great thoughts and understanding of big investments, and awards all the moves it makes, adds value to the national economy. It accelerated the infrastructure works of 240.000 tons / year production volume. Arslan Aluminum Inc. In the production of aluminum billets with the highest standards accepted by international markets, especially in the Turkish Aluminum Sector, the capacity increased from 120,000 tons / year to 180,000 tons / year in March of 2021; The target of 240.000 tons / year production figure will be determined in this way.





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Mehmet ARSLAN – Chairman of Board of Directors of Arslan Alüminyum Sanayi ve Ticaret A.Ş.

To strengthen the aluminum extrusion sector, first of all, the sector should re-organize itself and the managers of companies should use time excellently and know how to act intelligently. Aluminum profile sales conducted with checks and bonds and without guarantee have dragged the sector into a slippery ground and pushed it into dark.

Based on these facts, we discussed the actual developments, economic and sectoral conditions and many other issues with Mr. Mehmet ARSLAN, Chairman of Board of Directors of Arslan Alüminyum A.Ş. and asked him the questions on the mind of everyone. The answers to these questions are as follows:

Mr. Mehmet, first of all, we would like to get your general assessment of the sector as the Chairman of Board of Directors of Arslan Aluminum and the latest updates about Arslan Aluminum?

Why are we now involved in recycling plant business? While we have the capacity to produce 5.000 tons of profiles today, we have made this investment. Our monthly production capacity is 1.000 to 1.500 tons for extrusion profile. We make this production for our own customers and for very urgent key needs. I try to sell these products by processing them. We are around 30% level of our profile production. The conditions are currently inappropriate. Everyone is in disagreement with each other. When we were asked what kind of actions are required to be taken, we said the production conducted based on checks and bonds should be immediately stopped. Is it possible for companies to procure materials without submitting guarantees or by using checks and bonds? Is it possible to procure materials from anywhere around the world by using this method? We have been importing materials from the other countries for the last 50 years. We have never procured even 1 kg of material without submitting guarantee; we have procured materials in cash or by submitting guarantee. What kind of business is taking place in the country? They say that capacities are increasing. They have provided materials against the submission of checks and bonds and as a result, the sector has immediately suffocated. We have made the same mistake and when we realized our mistake, we decided to change our direction. During a meeting held in a hotel in the past, the participants started to laugh when I told them

“we should provide materials against guarantee and stop using checks and bonds because the future of the sector is at risk. You will lose your capital and current profit here”.

When we stopped credit sales, we immediately lost our customers. In this case I would like to make it clear that we had difficulties only for 6 months. We collected our receivable 6 months later and set a date for 6 months later. We went through this process. I would never deceive people or mislead my colleagues.

I am only telling them these realities now as they will all happen to them in the near future. I tell the same things to those people that say you told us about this fact years ago; I am speaking the realities now by foreseeing the future. We have left behind those bad days and there is no need to look at the past anymore.

The call for unity and solidarity is not respected in this sector, what is the reason for this?

We have an association called TALSAD. As you know, this association has costs. We have to pay to buy technology from the world, we have to pay if we want to institutionalize, we have to pay if we want to employ good people and we have to pay to acquire knowledge. Therefore, remarkable and strong associations and organizations should be supported. Companies should not view the amounts of 5 to 10 thousand Turkish Lira for such associations as too much because they do not really view the amounts in millions of Turkish Lira that they lost in the market as too much. How can this be explained in another way?

Currently, in the aluminum sector, there is Hydro and Rusal at TALSAD. It has the biggest facilities in Turkey. It is very good that all ideas are voiced in the association. It is very important to gather around a table. I have no business with companies that employ unqualified people and that do not have certificates! This comfort will surely

come to an end someday. It could be caused by state policies, VAT or withholding tax. Some companies could be suffering from these factors. I am also obliged to declare every penny that I earn to the state. If they do not declare it, they can continue to survive, but I do not know what kinds of conditions they may encounter.

Inspection and reporting are the key issues in terms of signing for these types of associations or organizations generally in all sectors. Does it create the reality that it will push those companies that are unprepared in terms of their infrastructures into a difficult situation?

Why do not or cannot most companies in the sectors provide information? They cannot provide information about unregistered details. If they still survive, they mostly have other reasons. The sector should be aligned and re-organize itself. It is accurate to conduct registered operations. Institutionalization requires registration rather than trying to refrain from being registered. I previously told you about an incident. When the withholding tax was started to be implemented, it was told that the withholding tax was enforced as the sector was assessed with smuggling activities. At this point, they laughed at me when I told them:

“Guys, I used to have a door in the past. I placed a chair in front of my door, sat on it and watched the people coming and going.





Now, I have 15 doors. These doors are guarded by some people, for God's sake, please help me to ensure that nothing undesired enters or exits through these doors. In addition to conducting open sales, help to sell my products". If one starts to conduct open sales, attention should be paid if you have many doors. It is only possible to lock and guard the doors well through engaging in registered activities. There is no other way for it. It is wrong to earn more revenues by collecting extra taxes or increasing tax ratios. This places taxpayers into a difficult position. Do you recognize that tax champions have not been announced for the last 2 years, I am really curious to know if the names of the tax champions have changed or the structure has changed? As they are not announced, there should be a problem with this. It is a pity! As Mehmet ARSLAN, I personally feel so sad.

A couple of people are taking the lead to change and strengthen certain things and the messages are delivered to the sector with the same reprehension all the time. In your opinion, isn't it important that the majority of the sector adapts themselves in a way that will strengthen and grow the sector?

I am 75 years old and still want these structures to be protected. Why? Currently, there is only one aluminum magazine. Why don't all stakeholders in the aluminum sector support this magazine? We should investigate it. If you fail to achieve unity and solidarity, it is impossible to show your strength. I would never feel uncomfortable when other people contribute. I would like to emphasize that everyone to whom we sell our materials should absolutely sign up for the magazine and association. If we become stronger and introduce ourselves better, our global strength will increase as well.

Currently, I am the Head of Bilecik Organized Industry Zone at the age of 75. Why do we fail to find a reliable, strong and knowledgeable person that follows up the affairs properly? How could this not be possible? The same is also true for politics. Some people are even in fight with politicians. Why would I fight with politicians?

If they harm my profession and colleagues, I will surely fight. Therefore, we need to collect around TALSAD Association. This association should be further strengthened. If we can unite, we will become stronger, there is no other way TALSAD can contend with foreign

organizations or the state, if necessary.

In this case, the focus is to protect the interests of aluminum companies. When they decide to make investments, they can take the necessary actions by means of exchange of information and knowledge. The rights of the people that have contributed should be protected.

Mr. Mehmet, actually when I speak to all companies, they all emphasize the importance of unity. However, it seems like this is not taken into consideration so much in the field?

Thinking about unity and being in unity are different things. There is no other way out. We have to be in unity in the aluminum sector. We cannot say 'I do not care about the future'. Why are we lagging behind in the field of extrusion? It is because of the prices. Almost free of charge services have been provided. There is no such situation around the world. The unfair sales and competition strategy that is currently taking place in the field of aluminum extrusion in Turkey has been brought forward at TALSAD extrusion committee. The European Aluminum Association believes that Turkey is implementing this sales attitude in the same way in the European countries and therefore,

the production factories in those countries are facing serious problems. They say it is impossible to sell the products at those prices. A warning has been issued regarding this issue. Hence, very serious problems will arise soon due to the exports made at very low prices. They say there could be another fact behind this. Aluminum producers could be trying to use the competition conditions through a different attitude.

Actually aluminum companies are not using the competition conditions excellently. We have to convert the existing circumstances into opportunities. We have to build consensus. Therefore, we are trying to found and use ISG. All we are trying to do is to ensure that everyone benefits from each other in terms of sources.

Currently, there are over 250 companies operating in the aluminum extrusion sector. However, they are broken up from each other. It is impossible to achieve information, assessment or ideas. Each company is trying to survive with its own efforts and believes that it is more accurate to maintain its own struggle. Another issue is aluminum casting and recycling. This is also very different. It is very different particularly for Arslan Alüminyum A.Ş. because it has made an investment in Turkey that is hundreds of times of higher than its size in extrusion, and is trying to further strengthen this investment. Mr. Mehmet, do you think that Turkey really needs such a huge investment in recycling?

When we founded our recycling plant, we implemented it by phases. After we first met our own needs, we started to provide external companies with products. This has turned into a serious investment over the course of time. In the first phase, we basically founded infrastructure with 240.000 tons/year production capacity. We could use only 100.000 to 120.000 tons/year of such infrastructure. Why are we implementing this phase-by phase? We are implementing it depending upon the demand. It is impossible to make 500.000 tons production in our plant due to availability of space, stocks and traffic. This is the current level that can be used. Thanks to the some new technologies, we will increase 240.000 tons/year to 300.000



tons/year with the new investment. The state also offers incentives and therefore, we have decided to implement our program in 2 years instead of 5 years. We will complete this investment within 2 years. We have made all machinery investments and it has taken 2 years fully. You asked me if Turkey needs such a huge investment. We are now a global company. We export our products to the farthest countries around the world. There are companies wishing to sign contracts with us and purchase our products derived from recycling operations according to the international standards and conditions.

The plants of Arslan Alüminyum have completed and programmed all recycling certificates and standards and all relevant requirements.

Naturally, customers desire to procure all products from such plants. They also receive incentives from their own states. We receive these global demands. Therefore, I made this decision 12 years ago. At Hannover Trade Fair, I saw that the dampers and chassis of trucks are made of aluminum. Scraps will be derived from each scrapped truck all around the world, not for today but for 15 to 20 years later. The whole world is wishing to clean such scraps by means of recycling. Such useful investments are supported. An American man told me: "120.000 tons is possible, but 240.000 tons is doubtful". While we were signing the contracts for 240.000 tons/year, he asked me what my target is. I said "1.000.000 tons/year". He said "This Turk is crazy". Our target is 1.000.000 tons /year. I do not know if I will be then living, but we will achieve our target of 300.000 tons/year within 2 years. Currently, I do not know how and where we can achieve our next target of 1.000.000 tons/year. We kept the capacity high. We will dismantle our first factory and move it to the east or to the west so that it can start its operations. It is now difficult to collect all scraps in a single area. Arslan Alüminyum will have regional recycling plants. Every month, we receive shipments of scraps in containers from our partners in Germany. It could increase by 2 or 3 folds. There is no obstacle to receive these scraps from all around the world. We have to do this job professionally. My basket is not full yet. If it becomes full, I could transfer them to another basket, but I believe that there is still empty space inside the basket.



The plants of Arslan Alüminyum are also a serious investment giant with its installed extrusion capacity. Do you also plan to grow in the field of extrusion?

Currently, we have the biggest plant in the field of extrusion. It might be true that we do not use full capacity for production now. 5 years ago, we had already prepared the space and hangar of 10.000 US ton press. Our priority is to ensure that all presses operate at full capacity. If such production is truly needed, it is not difficult to procure it. We have already prepared its energy infrastructure. The purpose is not to just procure and keep the machine in the plant. All you need to do is to operate the presses at full capacity, generate contribution for the national-

economy and sell the well-deserved products. In fact, most of the plants in Turkey operate with 30 to 50% capacity. There are several plants that operate with 100% capacity. Unfair competition conditions lead to very bad circumstances in the extrusion sector.

Can you briefly talk about your new investment decision regarding recycling?

The casting plate for which we have concluded an agreement is the largest one in the world and is capable of pouring 116 billets as 50 tons in one time. The furnace will be emptied by 50 tons. If we can cast for 12 times per day, we will be producing 600 tons per day, 18.000 tons per month and 216.000 tons per year. So, we are proceeding towards 300.000 tons. This investment is very important for Turkey. The managers of aluminum extrusion companies should know that this investment will be useful for extrusion companies. Enhance your capacity, try to sell materials, improve your production skills and expand into the world. We do not desire to press the profile which we do not process. I should sell it by processing it so that I can earn money from added value. We are doing our best to help everyone. We are also trying to ensure that they become professional in processing. We improved the machinery to decrease the number of employees used for a particular operation from 60 - 70 people to 15 people. We do not receive any single complaints for all profiles exported by us, we ship all of them with the best tolerance. We should recognize that it is now possible to manufacture very different products in aluminum. Our job is not easy. We are carrying out the toughest operation in the aluminum sector in the world. As long as we continue to carry out these tough operations, we will always have the opportunities for further growth. If we do not conduct these operations, someone else will do it, so we should appreciate its value. The whole world is willing to assume this tough responsibility. Hence, seek for the ways of competition by conducting regular production instead of reducing the prices.

Bankrupt companies sold the materials against checks and bonds and then, they are now complaining that the laws did not protect them. I am telling them not to sell the materials in this method. If the customers need these materials, they will pay and buy the materials. It is appropriate to receive guarantee and provide materials to the customers that need to make credit payment. All companies might not have the loan facilities. We might have unlimited loan facilities, but it is not accurate to sell materials without guarantee. We need loans and investments for customers. Our purpose is to earn money from the materials that we sell. Only those that do business properly will earn money. You will see that they will be very happy to sell materials against guarantee. It is impossible for us to be a developed country by following our own rules. If we desire to be a developed country, we have to obey the general rules. Currently, we hear that materials are supplied to European customers through credit, what is this called?

It is currently observed that the aluminum extrusion sector is significantly affected by the ongoing crisis? Mr. Mehmet, do you think that the recession in the construction sector could be a reason for this?

There are no problems with any products other than profiles in the Turkish aluminum sector. I told you about this years ago but when I made this statement, we could not achieve the necessary unity and solidarity and everyone laughed at us. At that time, we determined our conditions, and other companies in the sector tried to take advantage of the situation and acted as they wished, which resulted in the current situation in the sector. I prepared my roadmap then. I saw that the aluminum profile has no future anymore. Most importantly, the companies did not make business according to the rules. I mean that a factory that constantly manufactures products never goes bankrupt. Türk Kablo, Aksan, Feniş, Alsan etc. were the giant companies in the past. Where are they now? Aren't they available in the market because they failed to produce or failed to sell their products? They left the market in some way. For some reason, the companies in the aluminum sector failed to become giants. The first aluminum company in Turkey was Ferro Teknik. At that time, they used to procure aluminum ingot for 175 Kurush and sell aluminum profile -

profile for 33 Lira. It is 17 times higher than the raw material. The sector currently operates for 17%. The companies failed to institutionalize. We always tell this: we sold our materials and products to the customers that found us and made payment. We did not search for customers. If one tries to find customers in such a crowded sector, the customers found would exploit you. That is how most of the companies shuts down.

The new plants in the market believe that it is hard to grow in this sector, what do you think?

It is very hard to grow. There is an ignored issue. As long as they provide their products by credit sale, they involuntarily fail to give confidence to the solid buyers and customers in the sector. If you fail to create the notion "this enterprise will definitely meet my needs and never leaves me halfway", then it will run away. Take a look at the customers in the sector now. They buy products today, but it is not certain what will happen tomorrow. Such customers are unacceptable. We have customers that have been cooperating with us for 30 to 35 years. They say "we have been buying materials for 35 years and will always do so". This is very important. You should show your customers that you are strong and will definitely fulfill your obligations. If the customers do not experience any problems with you, they will never change you and will continue to buy a product for 5.5 Lira while any other competitor offers the same product for 5 Lira. We should consider why Europeans are saying that we should not sell this product at this price. If this is a hit-and-run attitude, you should know how to say do whatever you want to do. Everyone should make accurate production and give guarantee for the material sold. How can some companies provide the materials with payment dates 3-5-7 months later although it is impossible for them to postpone the payment of their costs such as withholding tax, insurance, taxes, salaries, telephone, water, natural gas etc.? If you buy a material worth of 10 Lira by paying 12 Lira with 3 month maturity, it is clear that you can't pay this amount. Therefore, it is very difficult for aluminum extrusion companies to grow in these circumstances because the financial dimension is complicated. This is right.

To strengthen the aluminum extrusion sector, first of all, the sector should re-organize itself and the managers of companies should use time excellently and know how to act intelligently. Aluminum profile sales conducted with checks and bonds and without guarantee have dragged the sector into a slippery ground and pushed it into dark.

Can you comment about 2020 in terms of Arslan Alüminyum and Turkey?

It is impossible to predict the Dollar exchange rate. We do not know what the state or foreigners will do, so we are just watching it. We do not know if 2020 will be a good or bad year. If it turns out to be a bad year, I consider that we can go through it without any major loss. Maybe we might have some difficulties, but we can continue. I view it neither positive nor negative. We are trying to resist even in the worsts circumstances. This is how we have grown and strengthened. Yes, a recession might occur again, but everyone should learn how to accommodate themselves to the existing circumstances. They should try to find new strong customers in addition to the existing customers. They should never engage in the business without receiving money. Slow but confident steps are important. While we were previously capable of predicting 1 year on, it is not very difficult to even predict 1 month on.

These bad days are the best days for investment. Good promotion and strong investments should be made and all operations should be properly and accurately carried out.

Our wish is that all aluminum companies in the sector come together in unity and solidarity and make money without harming and damaging each other. I am surprised to see that some owners say they are going bankrupt. They are doing wrong and if you set your rules excellently, it is not so easy to go bankrupt. We should all gather and set the rules together. Nobody should act like a juggler or try to fraud behind you, everyone should listen and take the necessary actions or at least, should not prevent other people from taking the appropriate actions. The companies that continue to take the right actions will always grow. Let's take a look at those companies operating based on these principles and the situation of other plants in the country, most of which were my dealers in the past. Everyone should have principles. It is not accurate to provide materials to customers and wait for the payment. Everyone should continue to operate according to its own conditions and reputation. We will continue to proceed in the sector decisively and through the rule of honesty and manage money excellently. We all witness the existing bad examples. If you do your business well, there is no and there cannot be any problems.

Finally, can you comment on your targets and expectations?

We desire to be one of the Top 100 Companies listed by Istanbul Chamber of Industry and also one of the top 100 exporters. As Arslan Alüminyum A.Ş., we may make our second big factory investment in the Thrace Region and the third factory investment in the southeastern region. We will increase our capacity to 180.000 tons/year in March 2021. We signed the new investment contract in the fair. We are a certified recycler in accordance with the world standards. Nobody has these characteristics. Therefore, our targets are so big. We currently sign international contracts with the most powerful companies around the world. We think big and also believe that the sector is big. We are operating in a sector and in a world that will further grow and strengthen. We have to keep up with the standards and rules.