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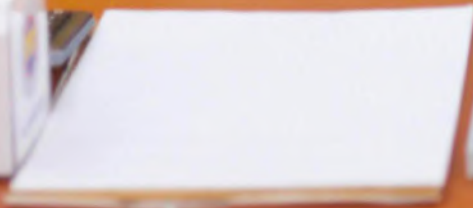


He is a  
Doyen...



Mehmet ARSLAN - Arslan Alüminyum A.Ş -Chairman of the executive board

*Up until today, I did nothing I did not believe.*







## Rising giant of Turkish Aluminum Sector: Arslan Alüminyum

Arslan Alüminyum A.Ş. taking place amongst the most powerful industrial enterprises of Turkish aluminum sector with its high performance in investment and production and with highly brave and leading decisions, is our company becoming prominent with its creative and solution developing practices not only for the sector but also for national economy.

Arslan Alüminyum, setting brave targets and fearlessly advancing for these targets, reaching these targets in high rate and raising the level more after each time and taking firm steps forward for these targets, gets reward for all of these actions. Arslan Alüminyum was ranked at 452 in the first 500 powerful and successful industrial enterprises grading of Turkey which is performed in every year by İstanbul Chamber of Industry in 2016 and was ranked at 285 in 2017 and 167 at this year by making a historical rising. The company rising a little higher in every year, declared that it aims to be amongst first 100, personally by Mr. Mehmet.

He says that while foreign exchange and economic fluctuations frighten many people and enterprises, Arslan Alüminyum says, crises actually allow opportunities and no trouble can prevent their progress. We asked all of these and more to Mehmet ARSLAN, the founder and Chairman of the Executive Board. There you are...

In the interview that two years ago, our journal made for you, you used a sentence expressing a determination changing the fate of the sector actually today: "Arslan Alüminyum will no longer perform material sale without guarantee!". Even though there were many critics both around and loud upon this decision, you are justified today about that matter you mentioned and addressed by saying "Indicate that with big font sizes" as a doyen administrator of Turkish Aluminum Sector. When said that "I really have to write this", you emphasized "If you highlight this, it will work". Because our title at that day, was actually "The Future of Turkish Aluminum Sector". Today, it is revealed that you were 100 % right about that matter. All companies in the sector experienced a period full of serious troubles due to this short and forward sale and the history witnessed that situation. Today, all companies, by gathering around this idea, are asking us: What do we have to do for the future-

of the sector, what kind of strategy we have to determine, what should be the road map after that?

Actually, you remember very well what I told you, you nicely expressed that question of yours too but honestly speaking I do not remember what I said. Because I practice the thing in my mind, my statement in real life, I realize them and I do not follow whether I said this. It is quite normal for me to say above mentioned words. For instance, two years ago, we decided not to sale our product meaning aluminum metal without guarantee. Do you remember, they give me the floor on sector in a meeting after we come back from a fairy and I made my speech. I, more or less, remember I said: "Gentlemen, years after, these large sales will make trouble for us. We better make sales with guarantee". Ironically, I also lost money at that time. After that, people heard me but not followed. During that time when no one cares, it is too risky to take such decision even for me.

However, some other people will fail, I see that. The course of events looks so. Because no one sees or hears what they have to. At that moment, the things I said, sound like a joke for them. But my words were for the future.

I like to speak for the future. About the questions of "What will happen in this sector? What will be the last status?": I still do not sale any material without guarantee. If there is a guarantee, I do forward sale. I plan to reduce the period of checks for 3-4 month up to 1 month in forward sales with guarantee. Let's say today, we took checks for 4 months, there will be 10 % late interest. But when the fourth month comes, we see late interests reach up to 40 %. Do we have any chance to have profit in that case? I don't lose money too. When I give the material, I consider whether I fall into trouble, I try to reduce my loss by negotiating the document. I leave the risk between the bank and the customer. Maybe, I lose in that case, I am having things remained but I feel safer in a way. Are the conditions I present high? Possible.





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You go to the bank to take your money whatever the conditions, you give that to me and take your goods. It will not matter whether you make profit or loss or whether I make profit or loss. Because I loss even with this late interest I take from you. However, when we consider margins, I make increase with half percentage points. I see that the bank is 10 points higher than me again. Then, we are forced to make another raise. We do not raise it immediately, I reflect that on the customer as much as the power I can take from the bank. I determine the conditions. It does not mean that will be the same during lifespan. We all just must to follow rules. So everyone must be careful.

When I take those decisions, I planned to take my company out of dollar debts. If I did not convert my debt into Turkish Lira at that period, today I would have additional 125 million debt. I recommend this to everyone. People were laughing at me at that period due to things I said. Now, when we consider situation, they are laughing at themselves. I am neither a man against government nor an economist. I see the reality of life and

say that. They laughed at me when I said dollar will increase up to 4,5 Turkish Lira. I said, "Don't worry, it is going to be 8 Turkish Lira." I go after simple calculation. This calculation is that my retirement fee was 80 dollars around 12-13 years ago. Many things have been done in the country until now from that time when a retirement fee is 80 dollars. There has been a relief on some level. I think about the possibility of that my retirement fee will reach 125 dollars. However, my retirement fee was 350 dollars around 3-4 months ago. What did happen increasing my retirement fee that much? How do I make calculation. I multiple 125 with the difference from 350, I look at the calculation between Turkish Lira value in that day, it becomes 13 TL. Dollar currency should be like as that one. Today, we see that dollar is 6 liras. There is no chance if goes like that, it will increase. I did not live such level of wealth before. Such good works is done for the country, constructing bridges, submerged tube tunnels, airports. These are performed with running into debt. People complaining about debts. All right, who will pay the price for running into debt? We will. We must know that. If you don't do that, we fall back, we

want that the country develops and grows, right, is it possible to make all these without running into debt? Instead of sitting and complaining here, we have to think over on how to get rid of these debts. We will pay this debt and we will know it is our debt. There is nothing here that government can do. They also know that. While these were performed with a price which is not exist, what did we earn and pay for it, instead we did calculation to finish it with run into debt again. We consistently have current deficit.

Here is the thing that we, industrialist, should do: This press was settled on Turkey years ago. My son told me that "There have been many presses settled in Turkey. We are also one of facilities settling the most pressure. Competitiveness is increased, profit margins will decrease more." When he told me this, I asked him **"Son, how many facilities were established? What is the number?"**. The numbers was taken that day. I told him, **"These are your competitors, would you like to make these companies your customers?"**. How can you make them your customers? You have to meet their needs. By gathering, collecting our opportunities, we established a foundry, then we tried for establishing a smelter. We are collecting all scraps in Turkey. In the past, when it is mentioned material from scrap, it was understood as the lowest quality ones. Now, I export the good I made from scraps I collect to U.S.A. and also Germany. It is metal at all, never changes, but you should use such a technology to make them on desired level. Our capacity for a month is around 9.000- 10.000 tons. Hence, we are doing searches for new markets to decide whether increase our capacity or not.

We commissioned one dyeing plant. As you know, we increased our 452. rank in 2016 to 285. Rank in 2017 amongst the biggest 500 industrialists, with 6 months of turnover difference and both by sales and commissioning dyeing plant. When we commission our new investments, we will move higher around 50-60 ranks. Our target is going to be amongst first 100. As a result, we are an institution making strong investments in crisis periods. As you know, our target for foundry was 240.00 tons / year. Now we are round 120.000 tons/year. We started export to USA, and if we can continue this, in two years, the buildings will be constructed and the machines will be located and we will reach 240.000 tons/year.



For this reason, we are trying to make up our business. We do not stop investments. I am one the most happy persons when our government invites us for an investment. Because I always knew how turn crisis into opportunity. Investment is performed in crisis time. We follow government policies very well. Clearly, there are some bureaucrats who do not like these actions of ours.

As if there is a part saying **"Why are you doing this investment, you stop too like the rest"**. The man in charge of the country says "Make investment", and bureaucrat says "Do not". Maybe he is not doing that as written but he makes it revealed with his moves. It disturbs me a lot. I am struggling here for 2 years. No one sees that and I, Mehmet ARSLAN, am waiting with patience. But I know what is right and move forward. Even though some people try to raise difficulties in front of my investments, I will keep doing that as much as I have power.

**You always mentioned as "The industrialist is alone". At that age, you have a type standing as a deep-rooted plane tree operating an important company. Is Mehmet ARSLAN ever feeling alone in this road considering investment as a case?**

I never feel that before. I think there is a power protecting us, industrialists. I think this power will continue to support us, take us to a long journey by taking us behind, but in recent years, I decided, there is no power anymore. I think this is most bitter situation. For this reason, I wait patiently but I never lose my faith. There is no one saying "stop" directly, but there is one saying **"stop"** indirectly. These persons saying "Stop, don't do it" need to make



some research anymore. I am a citizen. I am someone trusting the country and respecting its government and making investment believing its trust, spending his energy in accordance with that. I never confused my way, but why is he doing that? Someone has to interrogate by looking for why they are doing that. I do not give up anything given by government as right. Actually, I wish an interrogation is done for that and I reply for that, I wish I could give explanation to authorized person! There are some people considering themselves as president while there is one heading the state. I never give up my claim and never give concession. I am also chairman of Bilecik 1. Organized Industrial Zone. If I close my eyes to everyone as administrators in the past, and if I make everyone benefits from that, they would announce me as king. However, I never made someone benefits from a place where entrusted to me. I did not give anything to anyone who does not have right for it. The state is over there, it gives or takes. We are within a pell-mell where it is not clear what happened or who did this. We never give up from our path. I am at the age of 75. I take care of a fully-paid capital. My assets are

enough for my children or grandchildren even if I never work. We did not build that easily. We work for protecting and empowering everything. We have 500-600 employees, and their families, people around us; we need to think them all. It is not easy to establish and developing something and empowering. These turnovers cannot be realized easily. Every missing capillary vessel in the body, means harming body, not even main vein. For this reason, we will continue to make it alive, we think we will surface.

**For a long time, firstly we said raw material games, than these raw materials wars were experienced in markets. The attitude of USA about aluminum, Russia stepping back about this matter, quotas etc. these all are the news kept in agenda, they are keep presented in front of our sector. You, on the other hand, do not draw such pessimist table because of these reasons. Can I learn the reason for that?**

I told you something not long ago; we established the facility required for our occupation. We established smelter. As long as there is existence of scrap in my homeland, I will produce aluminum that industrialist of this country demand. No matter which door is closed, this product will be produced in this facility in a healthy way. "This place is closed, that one is closed, this one has problem" news are keep coming. Yes, these are just problems.





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When it works like that, automatically the number in scrap increases. For instance; once you see scrap is 3 TL, and after a short while, it becomes 5 TL. For this reason, escalation starts. We used to talk about Seydişehir Alüminyum. The need of Turkey is 1.400.000 tons. How Seydişehir can supply this with its 70.000- 80.000 tons production? This is not possible. I obtain 120.000 tons out of 240.000 tons from original ones and scraps. I will figure out the remained 120.000 by obtaining from original and scrap anyway. I sell original raw material to Balkan countries. I sell product to USA over Canada. You have high quality product and if your price is correct, then this product will be purchased from you. My company cannot perform anything causing foreign currency shortage. I collect scraps; I sell them to abroad in return of foreign currency, it is the situation. I export in response to import.

By not exporting surplus, I give them to my citizens by not let them import. The country gains value, gets stronger. I must give the raw materials that I present to domestic market, to my customers by importing. When we mention 120.000 tons of raw materials, we face with numbers more than 2.000 dollars. This money does not go abroad, idle products are utilized, and in the meantime, they gain value. If everyone makes it in his/her own occupation, the problem in this country will be removed. It is not make sense to say I import product from abroad. We import as ingot but we sell as billet to both abroad and domestic markets by adding value. It means 200-300 dollars difference. I also produce materials I need, and materials needed by my customers. I hope, we will raise it to better ranks. If we did not see forward, we would not entered such a big investment. It was started by saying "in the name of god".

#### How Mehmet ARSLAN does consider the next process?

As you know, in aluminum work, it is acted in line with world metal stock exchange. It is a matter of supply and demand in the world. Some big aluminum producers close their factories in the world in some certain times, and when there is demand, they open them back. There is a company I know, they have facilities in 80 different places as our biggest producer. When they feel risk in the season, they close 30-40 of them and they supply their supplies from other places. If escalation is arriving, you do not have chance to stop that. This is an international matter. Meaning, if you do not cut the path of main producers, this material cannot reach desired levels easily. When I consider my occupational life, I remember times when this material costs 170 piasters. I am not quite sure about the date, but it increased to 6 TL in the time of Demirel, it was about to see riot, by saying "we bankrupted". The country needs that one, or the other one, it was said.



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We went through that too. It was 45TL in a moment in 90's. This government removed 6 zeros from the currency. Now they are asking; dollar which was 3 TL, increased to 6 TL, what is going to happen next? Then, I say "it becomes 10 or 50 TL". It is not something which did not happen before, it happened all the time. I will not be surprised if it happens, I suggest you not to be surprised too. What did it happen? Why is it going to happen? There are something in the system required to be changed. We need to increase our production in order to prevent dollar increasing. Now, we are going to earn money from 10 kilos or 100 kilos once we used to earn from 1 kilo before. When I first entered into this occupation, my facility was making 175 kilos production. We used buy an ingot aluminum with 175 piasters and we sell aluminum profile in return of 33 liras. 17 times more. Now, we buy materials with 3 dollars and sell them barely with 4 dollars after processing. Today I produce aluminum profiles in one day which was the need of the whole country at that time. That was 1958 - 1960. The only difference between that time and now, is not just profitability, it is also high production.

I am not performing effort only for selling profile, now, I perform effort for selling aluminum profile and press material. For this reason, I would like to establish a machine park which has a new manufacturing technology and I would like to have automatization and a high manufacturing power. With this dyeing plant investment we did, today we started to make dying process in 1 month while we do the same in 1 year before dyeing plant. This dyeing plant has 1.250 tons of capacity monthly. We established such a facility as we designed all as fully completed substructure works in a way to double capacity with the decision of investment. If my dyeing plant cannot be enough, only machines will be installed there in a complete situation with an order. After installing that, I will make preparation for third one. This is my perspective of investment.



If god allows, there is nothing we cannot do.

**Mr. Mehmet I will have two special questions for you. Most of aluminum companies are young and recently established in historical point of view. In order to provide that aluminum facilities are grown and feel safe, what kind of path should be followed?**

if they want to embrace and follow my ideas, they need to follow me. What I do is important, they have to follow well. Whatever I do, they will do the same. Up until today, **I did nothing I did not believe. If I do something**, and if you believe that, you should do the same. You need to see that. I don't know what kind of message I can give more.

**Mr. Mehmet, why did sector companies afraid and make it clear, in your opinion? Almost all of the companies said "We are abandoned by the banks, and interests and we did not know that such a big crisis will come".**

If they could obey the person saying that, they could reduce their debts to banks in today. We also had debts, if we did not take that radical decision to pass to TL, be sure that they will be in a better situation then us. When I was saying that dollar will rise, what can I say to other while the sector does not believe me when I consider it as my family!

I say, dollar will be 13 liras. The ones, who have debt in dollar, better pass to TL immediately. But they are late. Because they have debts in installments. This debt will be paid one way or another. Above all, you should listen. I have debt in dollar, yes, but you also have debt to me in dollars. I do not carry the risk; the ones buying with dollar carry the risk. It moves like that. Why is the interest increasing? You will increase as the bank increases. Does anyone give you material for free?

**Here it is my second question:**

**Due to the fact that occurrence of value increase in aluminum and experienced tension, the companies those making production and trade of this business, are trying to get into purchase-sale position rather than short sale. When we have interview with aluminum companies, they were thinking that this trade was performed in long way ago and they were thinking that the values of their factories are too high. The reason for that installed and short sales, is to get out of that period and making manufacturer companies trivialized. In addition to that value of aluminum increased again in this period, is it possible to experience a period when aluminum facilities and administrators increase their values?**





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If you sell correct product in correct value, the person in front you, should evaluate you correctly. If he is not doing that, it is his business. If you are a producer, produce your product correctly and try to sell it correctly. They purchase or not, it is their business. During my 60 years of experience, I have correct customers I am doing business for 30-40 years. The man should find it in himself. I believe that, sometimes it is exposed to critical words and complaints of the buyer within facility. A material is purchased and sold, that is all. No one can force me for a business where I will not earn money. Mutual respect is highly important. I do not scorn you because I am the owner of the good, you have your money, and do not crush us and do not praise yourself to the skies because you are going to buy the goods!

If I do not give that material to you, you money means nothing in your pocket, if you are doing that business. Money is highly powerful but only when it can buy something. If it cannot, it has no value. I could never understood that, how is that happening manufacturing company scorns itself and makes itself imprison to the person purchasing material. They run into debt, they were confined by the man. It is entering into

a whirlpool. It is better everyone pulls themselves together! The one, who has material, is the stronger one, not the one with money. Money is not a power by itself. It might be whether TL or dollar. Because there are values used in purchasing a good. The needed thing is the material. The owner of this material, should be respectable people. They better do not run their factories in different businesses. They better protect mutual cooperation and distance in their relations with their customers. Because if distance is not kept, then in a short time, concession starts and the business falls through the floor and then prestige goes away. Because you fall into the hands of the banks, so while you try to clean up the things, you give your facility that you worked hard to establish by providing self-sacrifice, into the hands of the man you called my customer. Stay away from the banks, the man purchases if he has money, or does not if he doesn't have money.

Have you not seen yet the picture of the man selling with cash and the man selling on account? Do not be the ones selling on account. I said years ago not to sell on account. The world trade has changed. The word was warrant before.

In this occupational life of mine, I have seen a father whose word is considered as warrant, and also I saw the death of that father. I saw the word of the son of death father was not considered as warrant. The generation is keep changing. There are less ones giving promises. You will play trade with trade rules. I say the same thing. I do import in a specific rate, I purchase from all over the world, I pay over 10 million dollars monthly. No one gave me good with open account. Am I a tricker? No, I am not but trade has rules. Industrialists, the ones selling goods, better pull themselves together. They wouldn't be late even if they now take the measure I took two years ago. They would reach prosperity two years later. Where will this human being go? You do what I say, and you will see the man who has money, will purchase whose goods! You better knew saying leave him to purchase good wherever he wants. Let another one suffers for that man. The person who really wants to purchase good from me, will understand well, my friend, I manufacture this product, I provide effort for that, suffer for that, spending energy, they should know the value of that and you will see! The man is coming to purchase that, the ones coming to you, are not coming for adding a value to you. Which is the stronger one I wonder? Great minds think alike. It is enough to behave as it has to be. What are you trying to sell below its value? Why the same level does disturbs you? What do you lose if you earn profit in the same level?

**We are talking about Arslan Alüminyum running for the target of 240.000 tons. You want to move your business to international markets. This is a big target. When the situations in the sector are considered, from an outer point of view, there is a matter of trouble that factories are experiencing in the country, this situation will lead foreigner customers to be cautious unavoidably. Does it change the way others consider our country in terms of trade?**

The persons out there, are tradesmen and people trying to purchase something from us in a way. People trying to buy on account, trying to buy with cheap prices. These ones will provide their goods from these facilities in a way, because you produce, however, your problem is at its marketing and selling, and collecting at the end of all.



Meaning, if you say that you are going to make trade within a new trade law from your opinion, not by considering as buying-selling, yes, it changes the perspective.

Look at the world; how does trade be performed in Europe? If you consider there, you will understand it clearly. The rule is so simple: You take the goods of the man if you give money, and if you don't give money, you take nothing. We will deal trading as how it is performed in the world. We bankrupt if we do it in a different way. We promote this. We are talking about forward sale; why? Because we are scared. Do not be scared, make forward sale but take late interest. If you do not have quality problem, the conditions will be settled. You lose wrestle if you act as he purchases from me, not from another one. Turkish Aluminum Sector could never be united. Whenever we have troubles, we start bankruptcy, we start losing money, we start sinking, and then we give a good scolding to save lives. Even advertisements are performed while earning money. Never disregard advertisement when you earn money. It keeps you standing. It does not work when you lose. The correct advertisement is valuable when it is performed in correct time, and it reaches its purpose.

**An industrialist, never step back in any matter at the age of 75. He is active in every matter and takes place within the business. Mehmet ARSLAN is in the places where requiring attention, interest and concern of the sector. He is one administrators taking responsibility and also within the business all the time. You represent that very well in every matter with your existence. From your perspective, while you have an active attitude, why could we not increase the number of these active persons?**

I prefer to earn money by working instead of just by standing. I am one of the first administrators on aluminum companies of Turkey. Since today from the date when I started this business, I never gave up. I always took an important role in growing, becoming strong and changing and I presented ideas. I always have been solution oriented, I did



research, I developed and listened; I never put myself behind about the matters regarding my business. We acquired earning things as profession by running our business at work and being honest. We believed that, we learnt that. I declared my ideas to everyone who wants to see me and the way I follow, I said "it is the right one" and I tried to keep away from the wrong. I wanted to grow up, become strong and reach a prosperity level together. I do my business on correct things. The companies in my country should not have any deficiency comparing the ones from any company from abroad, on the contrary, dues to fact that we came through difficulties, we must work more and we must esteem more. We must ensure protecting values making us existed and protecting us. For this reason, we must be active. I was never someone wants to earn money by doing nothing. There cannot be another explanation. If I see the future in darkness, today, I wouldn't talk assertively like that. When you evaluate these words of mine ten years later, you will say that **"the man said the truth"**. You will act as industrialist if you are an industrialist.

#### Any last words you want to share with us?

Arslan Alüminyum, today, reached an important point. With establishing the latest facilities, it is a facility completed all substructure works for 240.000 tons/year target. It reached 120.000 tons/year target. For remained 120.000 tons/year, 50 % substructure target is completed. By completing remained 50 % substructure works, we are planning to cover the roof in this process and start manufacturing with our target of 240.000 tons. There was sales representative of Wagstaff moulding from America, he passed away. When he asked "what is your target after 240.000 tons?", he was surprised when I answered as "1.000.000 ton". He said, I cannot even think the man who can imagine that. I told him an advice of one of my elders after this 240.000 tons event; "If you are going to increase your target, it should be at last five times of previous one. Do not consider yourself grown if you cannot do that". If you do it 1.000.000 tons, then we talk about 5 million tons. That should be the next target. Maybe it cannot be realized immediately, but certainly it will happen. If the next generation determine a target, all the talks come in front of us after they are concluded.