

Talking Turkey

A major market in Asia minor

Cotgrave Place Golf Club
Stragglethorpe
Nottingham
NG12 3HB

Wednesday 23 April 2008
5.15 pm – 8.00 pm



emita
the business network
for international trade





Metallurgical Resources Limited



TALKING TURKEY

Case Study

John Hughes



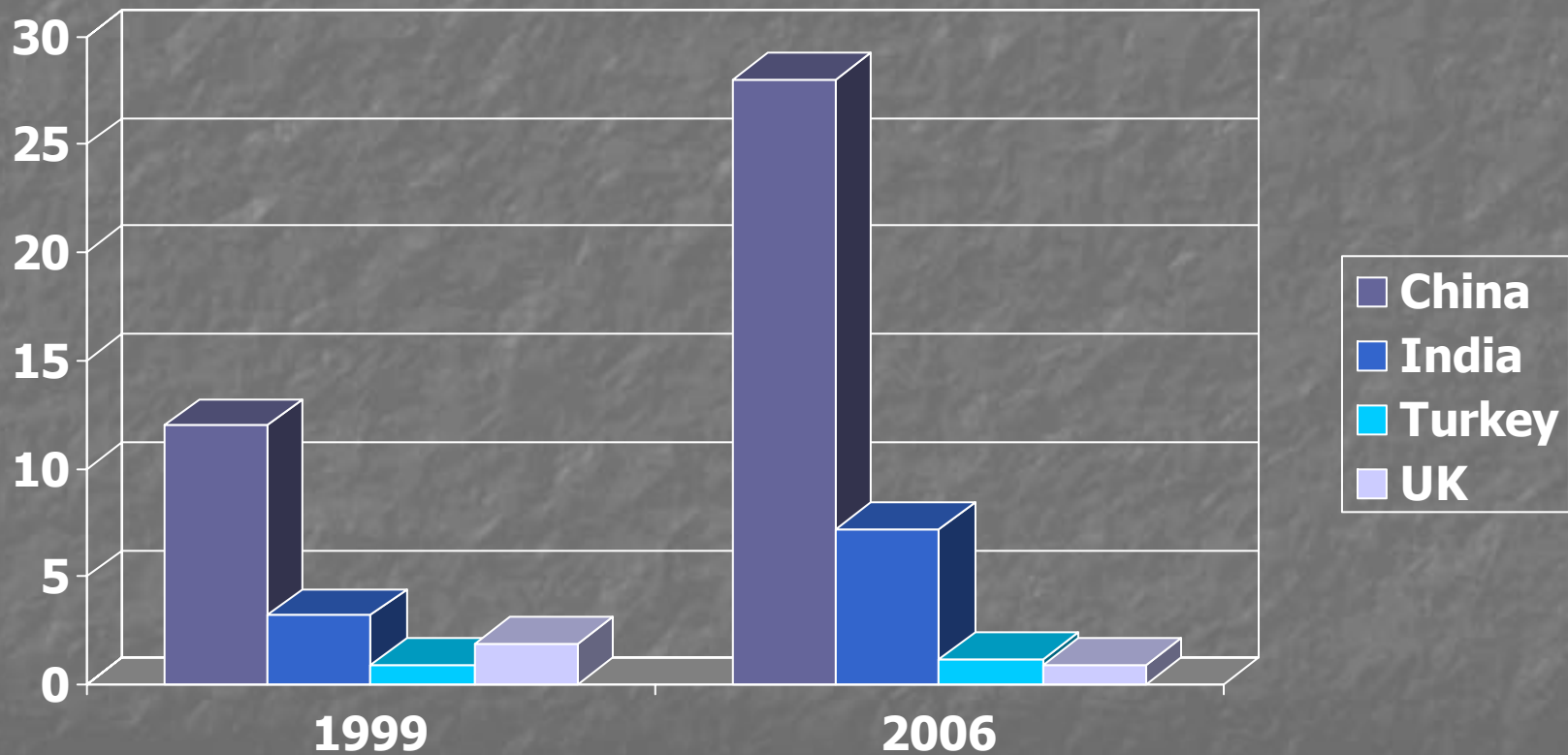
- **Supplier of metallurgical products to foundry and steel industries.**
- **Employs 20 people in the UK with a turnover of £30m.**
- **Product range includes commodities and specialised products.**

FOUNDRIY INDUSTRY

- **Iron castings are supplied for many applications.**
- **60% of iron casting production is supplied to the automotive sector.**
- **Iron foundries produce parts such as engine blocks, cylinder heads, brake discs, manifolds, crankshafts, camshafts etc.**
- **The worldwide foundry industry enjoys healthy growth year-on-year.**
- **The UK industry has been in decline for 20 years.**

Changing Market

Casting Production Millions t



Why Turkey?

- **Good knowledge of market.**
- **Stable solid industry with good long-term prospects.**
- **Trade agreements with EU.**
- **Interested in supplying big 15 directly.**
- **All metallurgical technical products are imported from USA, Norway, France, Germany etc.**
- **Payments from larger customers are secured with cash against documents.**

Strengths/**Weaknesses**

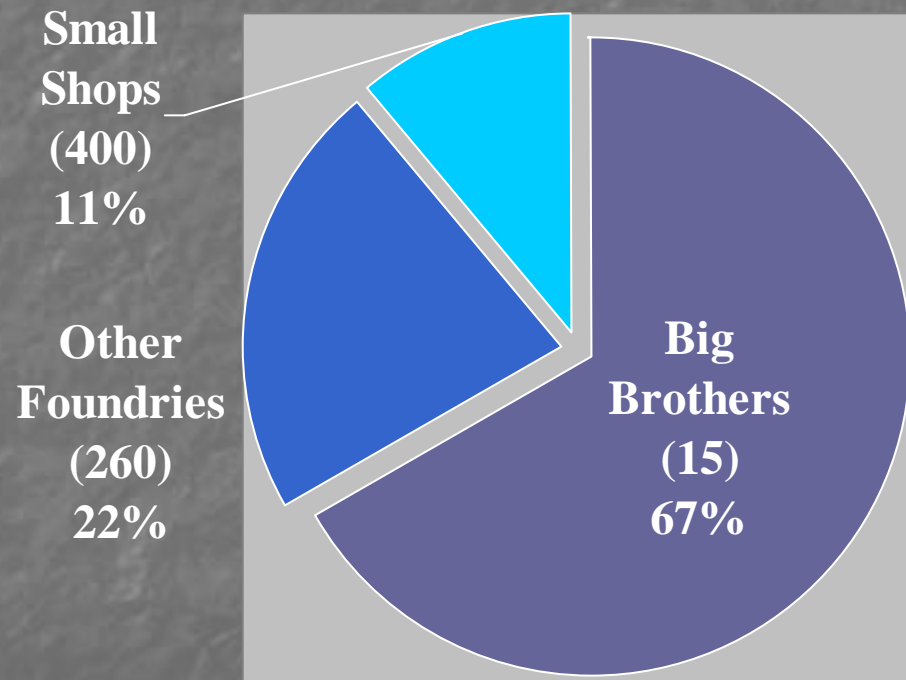
- Well established industry.
- Young dynamic population.
- Good geographical position.
- Ataturk's model for a modern secular Islamic democratic country remains intact.
- **Payment difficulties with small to medium size companies.**
- **Chronic inflation form 1960s**
 - **1966** **\$1 = 9 TL**
 - **1988** **\$1 = 1,300 TL**
 - **1996** **\$1 = 107,000 TL**
 - **2001** **\$1 = 1,650,000 TL**
 - **2008** **\$1 = 1.3 new TL (more stable)**

Turkish/UK Foundry Industries

- **UK has been in rapid decline since the 1980s**
- **Turkey grew throughout the 70s and 80s to become a major supplier of castings to European markets.**
- **Top tier of Turkish foundries have world class reputations with highly skilled management and latest technology.**

Classification of Customers

GROUP	CAPACITY Tons/Year
Big 15	600.000
Other Foundries	200.000
Small shops	100.000



Development in Turkey

- Turnover quickly rose and stabilised at £0.5M-1.0M.
- Sales to big 15 remain competitive.
- Medium to small size customers were supplied from consignment stock in Ankara via agent. This was abandoned after 2 years of persistent payment problems.

Market Penetration Plan

- Find a suitable agent
 - References from other exporters
 - Participation in exhibitions
- Participate in bi-annual exhibitions
 - Firstly as visitor
 - Secondly as exhibitor
- Establish suitability of our product range
 - **Commodities – price sensitive. X**
 - Sophisticated technical products – less price sensitive / emphasis on technical sales
- Support agent with regular technical visits
 - 4 6-day visits per year. Sunday to Friday
 - A typical tour from Ankara to Istanbul, passing through industrial regions of Eskişehir, Bilecik and Bursa
- Long technical discussions



Adapting to Globalisation

■ 2000

- UK office only
- £25M turnover
- 2% export sales (reactive)
- Mostly domestic sales

■ 2008

- Companies in Spain (A&S Recursos Metalúrgicos) and Italy (A&S Metalurgica)
- £30M turnover
- 35% export sales (proactive)
- Active in many export markets. All of Western Europe, Turkey, India, China, Korea, Japan, Taiwan.

A&S's Future in Turkey

- **Current sales remain at around £600,000.**
- **Focus on competitiveness and tailor-made products for Big 15.**
- **Target of £2,000,000 sales in 2010.**
- **Profit is more important than turnover.**
- **Steer clear of bad debt.**

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