

OYAK General Manager Süleyman Savaş Erdem: "There is no backward deviation in our 2020 plans"

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OYAK General Manager Süleyman Savaş Erdem stated that it is the common responsibility of all actors of the economy to make moves that will carry the country's economy forward, and said, "There is no backward deviation in our 2020 plans".

In the coming period, we will continue our investments both in our current fields of activity and in new fields that we will take steps."

Savaş Erdem shared the company's future goals and investment plans at the meeting where he met with members of the press.

Explaining that OYAK has increased its consolidated net assets by 129 percent to 118.3 billion liras in the last four years, Erdem said that they operate in 23 countries with more than 100 group companies, they have more than 32 thousand employees and close to 430 thousand members.

Pointing out that OYAK invests in areas where Turkey is partially or completely dependent on foreign sources, Erdem said, "In addition to our contribution to the reduction of foreign dependency, we also aim to strengthen and reinforce the economy with localization projects. With its new investments, OYAK will enable the domestic production and even export of products for which Turkey has to pay more than 650 million dollars in foreign currency every year."

Mentioning that they are working to overcome the effects of the economic difficulties arising from the new type of coronavirus (Covid-19) epidemic, Erdem said:

"Making moves that will carry the country's economy forward is the mutual responsibility of all the actors of the economy. I think it is time for determination in investments. The world is going through a difficult period, but it is an instructive experience in many ways as well as difficult. I believe that Turkey can find great opportunities after the pandemic. Despite all the difficulties, we drew an extremely successful graph in 2019. We realized 2.7 percent of Turkey's total exports. There is no backward bias in our 2020 plans. In the coming period, we will continue our investments both in our current fields of activity and in new fields that we will take steps. We will continue to work towards increasing the inflow of foreign capital into the country and strengthening domestic production."

"Hekimhan will reduce foreign dependency by 350 million dollars annually"

Recalling that they decided to invest \$1.4 billion for the mining metallurgy field in 2019, Savaş Erdem said that in addition to this investment, they also started operations in the galvanizing line and R&D center.

Stating that they also own the majority shares of the armor steel producer Finnish Miilux OY last year, Erdem said, "In this context, OYAK, which has signed one of the biggest localization projects in Turkey, has decided to establish a factory in Turkey in addition to the company's facilities in Finland and Poland. Thanks to this facility, which was established to meet all of Turkey's annual need for armor steel, which is between 17-20 thousand tons, armor steel imports will be zero. At the same time, a new and important export item will be created for Turkey."

Noting that another big investment to reduce foreign dependency will be made in Hekimhan, which alone meets 3 million tons of Turkey's 6.2 million tons of pellet needs, Erdem said:

"The Hekimhan Enrichment and Pelletizing Facility, which is planned to be completed in 55 months in Malatya, is expected to reduce foreign dependency by 350 million dollars annually. The facility, which will be established with the aim of creating new resources, will come to life with an investment of 750 million dollars. The investment will be made in partnership with Japanese JFE Steel. On the other hand, Taiwanese International CSRC Investment Holdings Co., the parent company of Continental Carbon. Ltc. In cooperation, we will produce carbon black in Iskenderun. The facility, which will meet Turkey's annual need of 220 thousand tons of carbon black with its own production, will prevent 300 million dollars of imports."

"OYAK Port will be an export base"

Savaş Erdem reminded that they also took action for the construction of an automotive-focused Ro-Ro port, and within this framework, they laid the foundation of the 110 million dollars OYAK Port investment in 2019 in partnership with Nippon Yusen Kaisha (NYK Line).

Emphasizing that OYAK Port is planned to start operating at the beginning of next year and when it is completed, it will be one of the few ports in the world, Erdem stated that it will meet the demand created by the increasing export volume in the automotive sector and will serve as an export base.

Mentioning that they merged 5 publicly traded companies under the name of OYAK Çimento Fabrikaları AŞ at the beginning of this year, Erdem said, "With this merger, we have strengthened our leadership in the domestic market. Now we are evaluating opportunities to become a global player. We aim to enter the top 5 of the World in cement in the next 5 years, and for this purpose, we have chosen Africa as a growth area. As we start production in Ivory Coast, we are preparing for production in Cameroon."

Noting that as OYAK, they also evaluated the opportunities in different sectors, Erdem reminded that they purchased TOTAL Oil Turkey and M Oil with all their operations in the fuel and mineral oil distribution sector.

Pointing out that OYAK Renault has held the leadership in passenger car production for 20 years in the automotive sector, Erdem said, "The Group Company MAİS, which provides automotive sales and after-sales services, increased its sales by 19.3 percent in the first half of this year, despite the pandemic process managed to gain market share, and the Renault brand retained its passenger car leadership." said.

"We are getting ready to deliver our products to the end consumer with smart logistics methods"

Savaş Erdem stated that one of the important areas of OYAK's future vision is agriculture and animal husbandry.

Explaining that they invested to establish a system in which both the farmer and the country's economy win, they continue to work for the establishment of smart agricultural technologies in Turkey; Erdem said, "We have now invested in blockchain technology in order to establish a structure that will ensure the reliability of the value chain from seed to table. With this investment, we are preparing to deliver the crops produced in smart greenhouses and recorded with good agricultural practices 24/7 to the end consumer with smart logistics methods."

Emphasizing that they aim to increase agricultural productivity with fully digitalized processes, Erdem continued his words as follows:

"OYAK will continue to make breakthroughs that add value to Turkey. I would like to state that we bear the responsibility of the members we represent. In the last 4 years, the number of our members has increased from 305 thousand to 430 thousand with an increase that has never been seen in OYAK's history. We are aware that our responsibility towards our members has increased exponentially. Despite all the difficulties, troubles and existing negative conditions, we hope that we will achieve the desired level of return on equity in the coming years. While investing in areas that our country needs, we work with the aim of increasing the welfare of our members."

"We do not have a new negotiation in the energy field"

Answering the questions of members of the press after his speech, Savaş Erdem stated that they do not have any new negotiations in the field of energy at the moment, apart from the ones they have announced, and that they see significant opportunities in the coming years in this field, which they attach importance to.

Noting that there are no further purchase negotiations to enlarge TOTAL, Erdem said that they believe in the potential of this sector and that they have other game plans related to the sector, especially when they consider it as distribution channels.

Asked whether they are planning an investment in electric vehicles, Erdem said, "We are following the issue of electric vehicles closely. Our French investor has significant investments in this regard. There is no investment in electric vehicles in our Bursa factory, however, we started an important investment with a decision we took together about 2 years ago to produce the aluminum block. It is around 100-150 million euros. After a while, we will export the aluminum engine blocks there to Europe from our factory in Bursa."

Explaining that as OYAK, they have applied for a special industrial zone announcement in both Ereğli and Iskenderun, Erdem said, "Undoubtedly, local governments in the region may have had some reactions and some thoughts on this issue. Local governments are important to us. We do not want to have a polemic with any local government on this issue."

Pointing out that private industrial zones are an application that removes many obstacles to investment and encourages investment, Erdem said:

"Ereğli Iron and Steel Factories are important for Ereğli. Iskenderun Iron and Steel Factories are important for the region. We employ more than 12 thousand people in these two factories. These factories contribute significantly to Turkey's exports. If a special industrial zone is declared, investment will become easier and employment will increase. It will also contribute to the regional economy. We only produce 9.5 million tons of steel in that region. Our country seriously needs additional capacity in this area. We can only realize these with investment."

"Our employees did not experience any loss of rights during the pandemic process"

Emphasizing that they did not reduce employment in any of the sectors in which they were active during the pandemic process, Erdem said, "There has even been an increase in some of our sectors. But more importantly than this increase, our employees did not experience the slightest loss of rights during this period. In addition, I can say that we have carried out the process with great success by prioritizing the health of all our employees, whether blue collar or white collar, and prioritizing their peace and happiness."

Giving information that the investments realized so far and that will result in the next 3 years are around 5 billion dollars in total, Erdem made the following evaluations when asked about making investment decisions and communicating with members:

"We attach great importance to our members. Our communication with our members is more clear and tight than in almost any other institution. The process can sometimes bring criticism, but a 60-year pension fund, so far these successes are probably not a coincidence. Behind every investment is the feverish work of our teams. I can express this very clearly; none of our investment decisions are easily implemented within the framework of our corporate governance principles and practices. It is implemented by our professionals, who are experts in their fields, after months of feasibility studies and the approval of the authorized committees. We do not accept that our interest is low. This year, we gave 20.5 percent interest. A great success for us in an environment of 11 percent inflation. At the dividend point, inflation is one of the most important indicators. For the last four years, we've been pleased with a large percentage of our members, well above inflation, as in previous years."