Ali Çalışkan, CEO Kordsa

Kordsa
The Reinforcer
Ali Çalışkan, CEO Kordsa
in an interview with M Noorani

Following a successful 2016, congratulations on an exciting 2017 for your company. Can you comment on your turnover for 2016 compared to 2017?

Compared to the same period last year, Kordsa’s sales reached TL 2.39 million (US$ 441 million) with an increase of 29% while its operating profit amounted to TL 152 million (US$32 million) with an increase of 22% in the first half of 2017. Kordsa’s net profit increased 11% to TL 112 million (US$21.2 million) in the second quarter of 2017 compared to the same period last year.

What is your forecast for 2017?

In line with our guidance for 2017, we aim to increase our sales by 25-35% as well as reach 20-30% increase in EBITDA (local currency). In Q1, we announced polyester cord investment amounting to USD 30 million in Indonesia and Turkey and they will become operational in 2018. Moreover, in an effort to maintain our leadership in North America, we purchased Invista assets in Chattanooga, Tennessee. Currently, we are reshaping our production to produce polymers for our plants in Indonesia and Turkey. Our aim is to obtain 20% organic growth in five years as a result of our investments.

With the highs and lows across the globe and various political uncertainties (US policies, Brexit, the US-North Korean situation) what are your main targets for this year?

There might be highs and lows or uncertainties. Whatever the circumstances, we will continue to make our planned investments and achieve our targets. We announced our polyester cord investment in Indonesia and Turkey, which are planned to be operational in 2018 and serve the market with relatively high-growth potential. We will be focusing on this ongoing project. This plant in Indonesia will further strengthen our position in the Asia Pacific region. Thanks to our technological capabilities and our expertise in the reinforcement technologies, we are aiming to increase our market share in Europe, especially in the composite industry. We send prototypes to 30 of 40 potential customers. In our R&D Centre at Composites Technologies Center for Excellence, we produce visual and structural parts in an effort to build stronger and lighter vehicles and currently have 15 collaboration projects with the university. Briefly, I can say, in parallel to our mission to reinforce life, we will keep on creating value for our stakeholders in a wide geography from America to Asia Pacific.

Among the many achievements of Kordsa internationally and nationally, which are the ones that have given you the greatest satisfaction?

Our business success is strengthened with many prestigious and honorable awards, granted for our innovative technologies, human resource practices and business ethics. For instance, according to a survey conducted by the Great Place to Work Institute (GPTW) in the US, we were listed among the best employers in the US for the second consecutive time. In 2017, we ranked third in the list of the best employers in Brazil, Brazil with 98% Trust Index. We are delighted to be recognized among the companies with a strong humanitarian culture.

Moreover, we are listed among the top 100 fastest-growing companies in Indonesia by Infobank, one of Indonesia’s biggest economic magazines. In 2016, we were selected as ‘Export Star of the Year’ in Indonesia and also received the ‘Best Employer’ award with the project leader who realized the Project ‘Safety Experience Center’ two years consecutively.

For our recent success in business, I would like to sincerely congratulate all my colleagues for their contribution to our new dipping technology in the tire cord fabric production. Thanks to our vision to create collaborative solutions to existing and emerging challenges in the future of mobility, we have been working on this formulation since 2008.

As a reflection of our open innovation mindset, we have leveraged our expertise with Continental and have developed a new high-performance, 80-year common formula by replacing resorcinol and formaldehyde with eco-friendly chemicals.

Another pride of our R&D efforts is that we have introduced a revolutionary innovation for automotive composites. With this new composite technology, we can increase the productivity and speed of the industry. The curing time of nine minutes has been reduced to three minutes. Providing the material with a smoother and higher quality surface finish, our new resin technology is also suitable for automotive production, making it an ideal solution for the future.

It is clear to any observer that Kordsa’s success is due to its high standards, ethics, its commitment to R&D, innovation, a technology-oriented mindset and development of the younger generation. Your thoughts on this would be enlightening for our readers worldwide.

Today, we are in a world where innovation and technology are the key drivers for growth and development. Therefore, in order not to be out of the game, as you have mentioned, R&D and innovation are an integral part of our corporate culture, and are located at the heart of our business strategy. To have a broader vision leading to new discoveries that ignite an organisation or industry, we need to get out of our cocoon and combine multiple existing ideas and disciplines and unite our power. Being a keen supporter of open innovation practices for some years now, we have collaborations with institutions, companies and universities for projects that are outside the scope of our own area of expertise. We always offer technology that makes a difference and create value with an intensive focus on R&D and innovation.

In addition to your plants in Brazil and Indonesia, do you plan to set up manufacturing facilities in China, India, USA or in Europe?

Kordsa has already had two plants in UK – in Chattanooga, Tennessee and Laurel Hill, North Carolina. As you might know, recently Kordsa incorporated, the US subsidiary company of Kordsa, has purchased the Invista plant in Chattanooga, Tennessee. With this purchase, we aim to maintain our leadership position in the US market. In the near future, we are not planning any plant in China, India or Europe.

While Kordsa is truly a “reinforcer of the world”, you can take particular pride and contribution to the global tire and automotive industry. Which aspects of your technologies and your themes have contributed to this leading position?

Kordsa’s products are very much integrated into our everyday life to make life safer, more comfortable, and convenient. That is why we say “We Reinforce Life”. Being a global actor of its industry, and an exemplar for the Turkish industry, we will continue our journey by creating value for the future. Our ability to deliver for our clients is based on the talent, creativity and passion of our employees. Their hard work and dedication helps make the world a better place by meeting the needs of our clients and the communities in which we live and work, touching every aspect of life. We know our customers very well and make agile and effective decisions. We accept differences and create a work world with no discrimination. We strive to improve the
We reinforce the life, we reinforce the world
KORDSA: Turkey's Global Life Reinforcement Determined to Create Value

Kordsa, the Reinforcer, the Turkish titan on a global industrial stage, one of the crown jewels of Sabanci Holdings, you might know of this company in various ways, but there is no doubt that if you are a part of the international rubber industry, you will certainly be familiar with the name Kordsa.

From its promising beginnings four decades ago in a small town in Turkey, as a subsidiary of the country's largest industrial and financial conglomerate, Sabanci Holdings, to its position today as the world's leading manufacturer of industrial nylon and polyester yarn, tire cord fabric and single end cord - Kordsa has always been an innovator heading for great things. The company positions itself as "The Reinforcer" and the title is richly earned - Kordsa currently reinforces one out of every three automobile tires and two of every three aircraft tires in the world.

The company's success story as a leading service provider to the tire reinforcement and mechanical rubber goods markets, started in Izmit, Turkey in 1973, with the establishment of its tire cord manufacturing plant. Having rapidly captured market share in its home country and becoming the leader in its field, Kordsa went on to scale great heights over the years, becoming the global market leader. Empowered by its strategic approach to tire reinforcement, it is one of the few outstanding Turkish companies that has reached global heights.

GLOBALLY SERVING THE WORLD WITH OUR REINFORCEMENT TECHNOLOGIES

through its vision of international expansion and strong emphasis on quality.
Kordsa has earned tremendous respect around the world for its dynamic management team and executive leadership. Unwavering adherence to a code of corporate ethics, vision and values, strong emphasis on human resources, strict adherence to quality and its enlightened corporate social responsibility - not just in Turkey but in all the countries where Kordsa operates - have steered the company to its present preeminent position. The company has benefited through its strategic acquisitions, made in collaboration with highly-placed business partners. Kordsa currently has 10 manufacturing facilities, located in nine countries.

History & Milestones

- 1973 Establishment of Kordsa with the building of a Tire Cord Fabric plant in Izmit, Turkey
A global company is born

- 2001: Dusa International.
- 2006: Kordsa International. Acquisition of Cobaf, merger of Sakosa.
- 2006: Kordsa: Growth in Asia; Indonesia, Thailand, China.
- 2008: Global Technology Centre in Izmir-Turkey.
- 2010: Launch of Monoly® and Twixtr®.
- Kordsa became a member of the Turquality Global Brands Programme.
- 2011: Increase in polyester production capacity at Indonesia facility.
- 2012: Capmax®, NILE Kordsa modernisation; ground-breaking of Indo Kordsa polyester yarn plant and completion of line 4.
- 2013: Turkey Nylon 6.6 yarn expansion completed, Greenery and cost-efficient products and technologies are on the way.
- 2014: Inauguration of a plant in Indonesia: the company's second tire cord fabric and polyester yarn plant at an investment of $100 million, making Kordsa the strongest player in its sector in the region.
- Ground-breaking ceremony held for the Composite Technologies Center of Excellence. This joint project between Kordsa and Sabancı University will create a breakthrough ecosystem consisting of research, learning and production under the same roof, for high-value-added technologies. This centre is a move to form the country's new "Industry-University Collaboration" with an aim to serve stakeholders throughout the different stages of the R&D cycle, depending on requirements, starting with basic research, continuing with prototyping, and ending in mass production.
- 2016: Kordsa was honored as the "Great Place to Work" in Brazil and received the "Best Employer" award in Indonesia thanks to the project "Safety Experience Center". Selected as an export champion both in Turkey and Indonesia.
- 2017: Acquired Chattanooga, Tenn., USA facility from Invista S.a.r.l., CC of Luxembourg to maintain leadership position in the USA and to produce polymers for all its facilities around the world.

Technology and Innovation Power:

Through innovations, Kordsa has established global leadership and gone on to translate its competence from tire reinforcement to composites.

It is no wonder the Kordsa counts for 1 out of 3 automotive tires and 2 out of 3 aircraft tires in the world.

R&D: $10-12 million corresponding to 1.5% to 2% of its turnover is invested in R&D. Turnover
from its new product was $49 million in 2016 but it is expected to exceed $200 million in 2027. The company is the largest producer of rubber in Turkey and is expanding its operations to other countries.

Focus on R&D has already resulted in 433 patents, with an impressive 143 inventions in 2016. It opened a new R&D centre for excellence in 2017, bringing together all processing, production and R&D under one roof. The second R&D centre has been approved by the company's board of directors. "We are therefore, planning the progressive introduction of this technology in the production of our tires across all segments, which is a further substantial step toward greater sustainability," according to Dr. Mergel. "And, we are currently working on solutions for our customers and the complex of the comprehensive process alone for all of the unique solutions could soon be excessive. That's why our approach in this collaboration is to make the technology accessible to other suppliers and, competitors, thereby laying the foundation for a new adhesion system standard." Mergel added.

The use of resinol and formaldehyde represents a major challenge to the tire industry, according to Ibrahim Ozgur Yildirim, Chief Technology Officer at Kordsa, which has been working to eliminate the use of resorcinol and formaldehyde since 2008. "Reviewing our massive investments in research in this field and the results obtained, we are absolutely convinced that, in collaboration with Continental, we can make the new technology ready for becoming the new industrial adhesion system standard for textile reinforcing materials," Kordsa's CTO stated.

Kordsa was a prominent participant at IEC in Europe in mid September in Aachen, Germany. Globally acknowledged as the Reinforcing, Kordsa attracted interest with its unique and innovative solutions. Kordsa Reinforcements shared Kordsa's ongoing collaborative hard work in harmony with its current customers and its best practices in finding innovative and sustainable solutions for its business partners' issues today and in the future. Attendees had the opportunity to take a first-hand look at Kordsa's tire reinforcement solutions and to see how Kordsa is always a competent development partner who can contribute to their extensive knowledge.

Kordsa has "extensive knowledge in the field of resorcinol- and formaldehyde-free bonding adhesives" and "has been working to eliminate the use of resorcinol and formaldehyde since 2008." According to Dr. Mergel, Kordsa's technology is "absolutely convinced that, in collaboration with Continental, we can make the new technology ready for becoming the new industrial adhesion system standard for textile reinforcing materials." Kordsa's CTO stated.

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Kordsa is a truly global player. In addition to its imposing presence in the tire reinforcement market, Kordsa has been a prominent entrant in the composite construction and carbon fibre markets. It has also been participating in the JEC Composite Fair, which is the international gathering of the global composites industry, where industries of automotive technology that provide speed and efficiency in the automotive industry participate. Kordsa's new Resin Technology has reduced the cure time from nine minutes to three minutes.

"Kordsa is not just the only Turkish company with a global vision and presence, but also a highly respected one. This is due to its enormous technological achievements resulting from innovations and R&D and high ethical standards in all the countries that it operates from USA and Brazil in the West to China, Indonesia and Thailand in the East. It has received numerous awards for being the most ethical company in Turkey for four consecutive years. It has also bagged similar awards in the USA, Brazil and Indonesia for being a great employer and for its enlightened corporate social activities to help the communities surrounding its offices and factories worldwide."

Under the fine leadership of Ali Çalışkan and his team, Kordsa will continue to enhance its technology in the automotive, construction and composite industries by leveraging its expertise on tire reinforcement and technology gathered since its start up in 1973. Simply put, Kordsa will continue reinforcing life with its reinforcement technology.

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