

Germany

## Almatis Relying on Steady Growth

By mid-2010, another USD 50 million will be invested at the Qingdao facility in China.



Fig.1 Martin Laudenschach

Almatis is an internationally leading company in the development and production of speciality aluminas for applications in refractories, ceramics, polishing and flame protection. Almatis maintains modern, global production capacities on three continents. With a total of eight production bases in Germany, the Netherlands (see cfi/Ber.DKG 4/2008), the USA, Japan, China (see cfi/Ber.DKG 5/2007) and India, the company employs just under 1000 people. Last year the company generated over USD 500 mill. in sales. Almatis was formed in the year 2004

from Alcoa Inc./USA, which had sold its "Chemicals" business to two private investors under the management of Rhone Capital LLC (sales 2003: around USD 360 mill., 800 employees). In December 2007, Dubai International Capital LLC ("DIC"), the international investment company of Dubai Holding, acquired Almatis. Under the new owners, Martin Laudenschach (ML), CEO at Almatis, continues to manage the business activities and is responsible for pushing ahead with the company's worldwide growth strategy.

*cfi: What changes have resulted for Almatis in the first year under Dubai International Capital LLC (DIC)?*

**ML:** The change in ownership means primarily stability and continuity – for us, but also for our customers and business partners. DIC also has a network of international contacts. That is very interesting for us because DIC supports our basic strategy of investing in plant capacities where the markets are. Like our recently announced investment of USD 50 mill. at our base in Qingdao/China.

Our objective remains healthy and sustained company growth, by gearing ourselves to meet market requirements at an early stage. With our investments in past years, we are easily the biggest investor in speciality aluminas with production plants on all three large continents. We are one of the few companies that exclusively specialize in these technologically sophisticated niche markets.

*cfi: Irrespective of these major investments, how does Almatis respond to market requirements?*

**ML:** In recent months we have implemented internal measures to respond better to specific market and customer requirements. It is in this connection that particularly the restructuring of our "Refractories" and "Ceramics" business units

should be seen. The latter covers all areas apart from refractories applications and includes the "Polishing" division. As the refractories sector follows rules of a business with comparatively high volumes, it was important to create the preconditions to allow us to take a more specific approach in technical ceramics even if our products for refractory applications are also developed for the sophisticated product sector. We also want to cater properly for the varied requirements in technical ceramics. The independent sales organization was therefore a logical step. With regard to regional growth centres, the USA, Korea, Japan are particularly important regions for the "Ceramics" business unit, while for "Refractories" our attention is currently focussed on Asia – especially China, but India too.

*cfi: In China, Almatis is the leading supplier of high-quality speciality aluminas. What changes will the capacity increase in Qingdao bring?*

**ML:** We are making this investment to enable us to locally produce calcined products for the Asian market. Owing to the long lead times for equipment at present, completion cannot be expected until mid-2010. But we shall be increasing the mill capacities ahead of this, at the end of 2008. We can then supply customers

in Asia faster. Our Technical Service has already been set up in China, to support product introduction with comprehensive expert support. The general market forecasts for China have indicated a possible slow-down in growth. For our market niche, however, on the basis of specific market analyses for several years to come, we still see good chances as our products help our customers improve their own productivity and quality.

*cfi: Do Chinese customers have the same demands as European or American customers?*

**ML:** Energy efficiency is becoming an increasingly important topic in China as well as quality and therefore the performance of refractory products. In China the plants of the internationally leading refractories producers are very important market partners for Almatis. We expect that more and more Chinese steel manufacturers will orient themselves to their philosophy of using synthetic products with very constant quality and longer lifetimes. If you look at the technical equipment installed in new facilities in China, we see ourselves confirmed. Even if our products are less important for the production of structural steel, we can profit from the growth of the automotive industry in China as the qual-

ity standards demanded there are higher. With our investment in Qingdao, we are affirming our belief in these advances. However, we must take an active part in the complex discussions with regard to cost pressure on the one hand and appreciation of a balanced cost/performance ratio for high-performance products on the other.

*cfi: How do you rate market opportunities and risks in the BRIC states in general?*

**ML:** All four are opening up market opportunities for us. It is, however, important to correctly judge the possible market positioning of our own product range. The key question is when is the right time to push market entry? In China, technological change is already further advanced compared to India, which opens up growth opportunities for our speciality oxides. But we are still involved in India in order to proper-



Fig. 2 Almatris Qingdao tabular plant

---

ly understand and assess developments. In Brazil we have enjoyed good successes with the market leader there, we also maintain a presence in Russia, but we must still show patience. We steer our market activities globally and ensure via network constant monitoring of the market activities and the correspondingly effective coordination of the measures in our company.

*cfi: What does the global expansion of Almatris GmbH mean for the European bases in Ludwigshafen/D and Rotterdam/NL?*

**ML:** The foreign investments are aimed exclusively at better penetration of the local market. Export to Europe is not the objective. Besides serving the markets here, our European bases are responsible for the further development of the production and product know-how. Our technical departments (production, development and research) are internationally networked like the marketing and sales team. We have an Almatris technology standard that is applied to all facilities. With the start of production of calcined products in China, the export business for these bases will be lost. But with the market opportunities in Eastern Europe and in future in Russia too, we shall reutilize the free capacities. Against this background, there are still opportunities for the European bases, providing we ceaselessly ensure that they remain competitive. Our employees also have the opportunity to work in international project teams and to develop further both personally and professionally. In recent years Americans, Dutch and Germans have helped with the expansion of our production plant in Qingdao. And conversely they all learn from the application of state-of-the-art technologies in a new plant such as Qingdao. The learning curve resulting from cooperation in an international team is enormously steep and can't be substituted by anything comparable.

*cfi: Do you have to do more in terms of environmental protection in the EU in comparison?*

**ML:** The existing and still planned environmental requirements are high. A better proportionality would be desirable, for example, between the cost of environmental protection measures and cost efficiency, therefore preserving competitiveness. That doesn't mean that we want to shirk our responsibility for climate protection, but it cannot make any sense to endanger plants with high standards, leaving less environmentally efficient plants to take over and increase the volumes. At our installation in China, we are realizing the same technical standard in production as in Europe or North America, so that the quality standard for our product range remains the same worldwide, in environmental protection too.

*cfi: Thank you for talking to us.*

KS