



ERI looks to global expansion in '12

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By Sean Davidson

Electronic Recyclers International Inc. (ERI) plans to launch operations in India, Brazil and the United Arab Emirates (UAE) next year.

The Fresno, Calif.-based company will likely announce more details of its first foray outside the United States in the coming months once final negotiations are complete, ERI's co-founder, chairman and chief executive, John Shegerian, told AMM in an interview.

"I think we're going to announce them this year. We will announce a couple of them and they will open next year," he said.

ERI will build shredders in every country it goes to and will partner with established companies in each country, he added.

"We have got to partner with people who have a good collection network and also put our technology there. That's why they want us," he said.

The global expansion is part of the company's strategy to grow sales to \$1 billion by 2020.

"If we have a good second half, we will be doing \$60 to \$65 million in sales. I want to make the company bigger, better and more successful by picking up market share. I'm dreaming real big. In 2020, I want to do \$1 billion in sales and have a plan to get there," Shegerian said.

A significant contributor to ERI's ambitious target— and which will also prove extremely beneficial to minority stakeholders Alcoa Inc. and LS-Nikko Copper Inc.—will be inorganic growth.

"The bottom line is, our clients want us to be where they are. We got calls to open in India, Brazil, UAE and Saudi Arabia. I'm talking to different regions of the world—China, Canada, Europe—that want to bring the ERI brand and technology there. That's how we'll grow," he said.

Alcoa's March acquisition of a 10-percent stake in ERI for \$10 million (AMM, March 4) put the company's value at \$100 million, which Shegerian insists means his company "is still tiny."

"When you look at who is investing in a small company like ours, compared to them we are a small peanut company. We're just a tiny, fast-growing company," he said.

Investments by large metal companies like Alcoa and LS-Nikko in e-cycling are early indicators of what Shegerian expects will be a rapidly growing trend.

“The feedstock we produce is not only consistent but is growing. So smelters investing in us keep one foot in the past and continue to mine the way they used to. But they are putting one foot into the future by investing in us. They are investing in future feedstock. They don’t want their competitors to get the metal. This was offensive and defensive,” he said.

Shegerian views the acquisitions as an important trend in the race to reach more resources. Something he calls “urban mining.”

“The glass, plastics and metals commodities we produce are growing. It’s a very clean commodity and the smelters love it. They pay me top dollar for my aluminum and copper when I sell it back to them. The trend of urban mining is growing. Consumers want to buy greener products. And Alcoa gets a stake in that,” he said.

Another contributing factor to growth will be federal and state legislation aimed at keeping electronic waste out of landfills and within the United States.

“(E-cycling) will be a \$5-billion-a-year industry when it matures in 5 to 8 years. It will take time. More states are passing laws. There will be more e-waste bans, more federal legislation and more enforcement. Today, only 25 states have e-waste laws,” he said.

In addition, if legislators are successful at passing a federal law banning exports of electronic waste, more opportunities for growth will emerge, he said.

“If export is got rid of, of course there’s more room to do it right. Those doing it wrong will start going away. If 80 percent are doing it wrong today, only 20 percent are doing it right. So they will have all that opportunity.”