



Supasin Leelarit is Managing Director of Bangkok Flat Glass.

On the Spot... Supasin Leelarit

Diversifying from its extensive capabilities in glass container production, Bangkok Glass Public Co Ltd commissioned a float glass manufacturing facility in the Kabin Buri District of Prachin Buri Province in 2017. Supasin Leelarit, Managing Director of BG Float Glass Co. Ltd., explains exclusively to *Glass Worldwide* the reasons for recently allocating a budget of Bt4 billion-Bt5 billion for investments over the next three to five years and how float and glass processing activities are complementing the glass container business.

GW: With Bangkok Glass Public Co Ltd as Thailand's leading glass container manufacturer, how has BGF's performance thus far justified the diversification into float glass manufacture?

After starting the glass furnaces and production in late 2017, we have been able to capture the market and receive good customer feedback. Even though we are a new player and our competitors have been in the market for a long time, we have been able to attract customers and obtain positive feedback with our new marketing system.

Since BG was in a B2B glass container business and is now entering into a B2C business, some organisational restructuring was inevitable. So far, however, we have not had any problem since we have the new teams to help us. The float glass business has increased the group's sales by 20%, so this can be considered a good business expansion.

GW: What are the motivations for the recently announced Bt4-5 billion investment (approximately \$126,000,000 – \$157,000,000) into BGF's float glass operations?

The motivation would be a business expansion opportunity to diversify risks and investment. Since BG has expertise in the glass industry, the investment was not a challenge but rather an opportunity for growth for the BG group.

GW: What will be the main features of the investment?

Most of the investment was in land and machinery.

GW: Does the company favour greenfield investments, joint ventures or acquisitions?

In the future, BGF will expand its business, so it will not choose greenfield due to high investments in time, people and capital. If we choose other options, we will be able to grow fast and make a leap.

GW: What are the current annual production rates and what levels will be reached following the planned investment?

Currently, our utilisation and efficiency rates match the machines' capacity as planned, since we have a good



BGF's float glass operation in the Kabin Buri District of Prachin Buri Province has been the subject of major investment since start-up in 2017.

team of advisors and staff who have helped us achieve our goals. However, we aim to go beyond and set higher goals to minimise costs.

GW: Will the investment enable new product launches and if so, in which sectors?

We have expanded our business to aluminium and have already started producing and selling to the market. Even though aluminium is new for the BG group, this product complements the group's main products, which can be offered through the same distribution channel. So far, we have received positive feedback.

GW: What role will international suppliers of machinery and technology play in the investment programme?

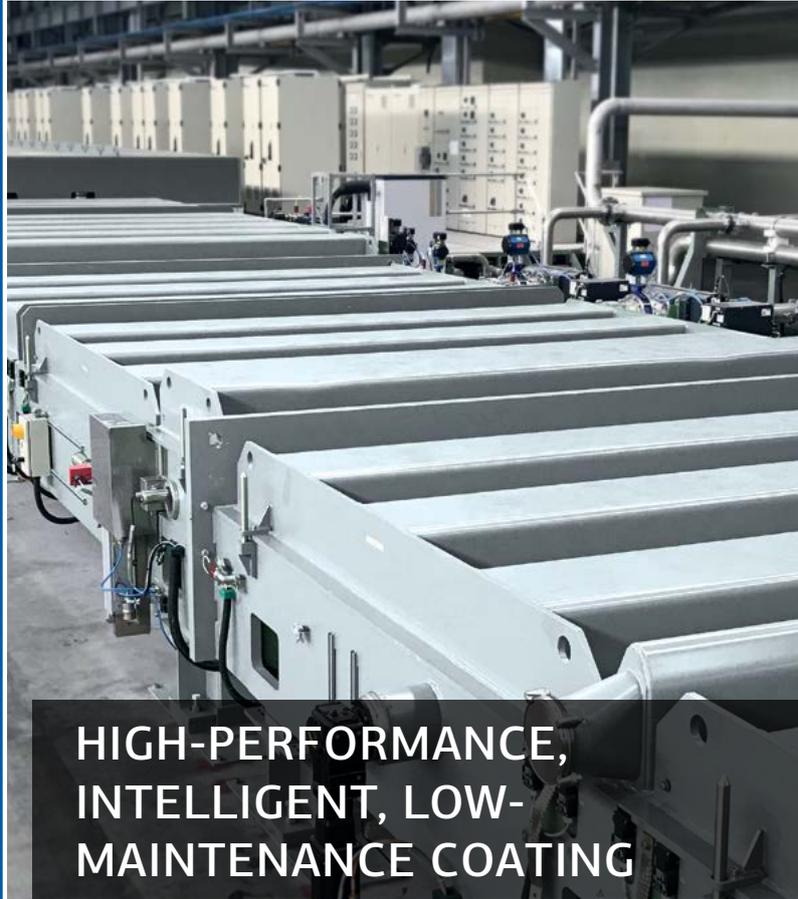
They have helped us increase our productivity potential, which leads to lower costs and higher quality of products. Therefore, machinery and technology are great contributors to our success.

GW: Will the new investment provide an opportunity for BGF to further minimise energy, raw materials and other production costs?

In terms of glass, the raw materials used are mostly similar, allowing us to achieve greater bargaining power when ordering. In terms of energy, even though the plants are in different locations, the larger sales transactions have given us greater bargaining power on price. Energy consumption might not decrease but price per unit will improve. ▶



A series of complementary processed glass products has been introduced, including LED mirrors.



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Bangkok Glass continues to operate a series of highly successful glass container production facilities in Thailand.

GW: In general, how would you describe current market conditions for flat glass in Thailand and the wider South East Asian region?

The domestic market is good, since we have planned the projects many years in advance. Projects that are not yet

finalised might face some slowdowns due to certain economic concerns such as interest rates and weak demand of foreigners from China and Russia for real estate, which has caused more down payment cancellations. These factors have delayed new projects.



BGF has recently expanded its business to include complementary aluminium products.



The float glass business has already increased the group's sales by 20%.

However, since Bangkok's skytrain routes have expanded to various areas, the number of property projects along the routes has also expanded. Still, political uncertainty has slowed down many investment projects.

GW: How is the company dividing its priorities between float glass production and processing activities?

BG focuses on the size of sales and investment. BGF's sales stand at 20%.

GW: What is BGF's current market share in Thailand and what are the future targets?

From our plan, our market share should be 20% and continue to expand. We have been able to meet the target in the construction materials category but we still have work to do for other categories and need to develop our products to increase our competitiveness, including in the automotive sector.

GW: Will the company's increased production help satisfy domestic demand or will Thailand continue to import significant volumes of float glass?

Thailand will not see float glass imports any time soon, since the total production capacity of the three major producers is sufficient for domestic demand. Whether BGF will increase its production capacity or not will depend on the growth trend of the domestic economy, which remains uncertain.

GW: As a minority shareholder, what has the relationship with Switzerland's Glas Trösch Holding contributed to proceedings?

We have a good relationship and the company still holds shares in BGF. We continue to receive their advice and technical support.

GW: What are the key corporate goals for BGF beyond the current investment programme?

To offer new and comprehensive selections of construction materials in Thailand and ASEAN with international quality and service to meet the needs of customers.

GW: How significant now are the float glass activities to the overall performance of Bangkok Glass Public Co Ltd?

Since BGF is a new business in the real estate sector, which has a different business model to the glass packaging business, the management approach must be shifted from B2B to B2C. This move is critical and requires various adaptations. However, so far, we have done well and everything has been smooth. The business is very important to us.

GW: What are the recent highlights of Bangkok Glass's performance in the glass container sector?

BGC or BG Container Glass Pcl expects 2019 revenue to grow by 10%, driven by expansion in Asia and rising demand for packaging products. In 2019, BGC will increase exports to New Zealand, Australia and Europe as well. As a consequence, the majority of growth in 2019 revenue will be from overseas. ●

Further information:

Bangkok Glass Public Co Ltd, Thanyaburi,
Pathumthani, Thailand
tel: +66 2 834 7000
web: www.bjglass.com