

# Building on diversified production success at PT Muliaglass

PT Muliaglass has emerged as an influential manufacturer of float and container glassware in recent decades, as well as automotive safety glass and architectural glass blocks. *Glass Worldwide* gained the thoughts of Deputy COO, Johan Dharmawan about the company's current performance and prospects, as well as his involvement in creating its strategy.



Johan Dharmawan is Deputy COO at PT Muliaglass.

The latest financial results released by PT Mulia Industrindo Tbk confirm improved performance by the group's Indonesian glassmaking subsidiary. PT Muliaglass operates four divisions from a massive 200 hectares manufacturing complex at Cikarang, West Java, approximately 50km east of Jakarta, concentrating on the manufacture of float, container and automotive safety glass, as well as architectural glass blocks. Almost 3000 people are employed at the site. The business environment for PT Muliaglass is described as 'encouraging', with respectable revenue increases. A separate ceramic tiles division (PT Muliakeramik Indahraya) has fared less well, as a result of reduced sales volumes caused by the plummeting Indonesian market. Collectively, the business achieved net sales of Rp5.793 billion in 2016 and gross profits of Rp954,520 million. From a net loss of Rp155.9 billion in 2015, net profits of Rp9.0 billion were recorded last year.

## STRATEGIC DIRECTION

PT Muliaglass Deputy COO, Johan Dharmawan, has been highly influential in the establishment

of strategic objectives for the business in recent years, managing and working closely with three Division Directors and one Division General Manager. Born and raised in Indonesia, Dr Dharmawan joined PT Muliaglass in 2000 as Executive Director, prior to his promotion to Deputy COO. In addition to gaining an MS degree in agricultural economics and statistics from the Institut Pertanian Bogor in Indonesia, he was awarded a Doctor of Business Administration, following his studies at the Maastricht School of Management in the Netherlands and received a Master of Business Administration, Banking and Finance qualification from the University of San Francisco, USA.

According to Johan Dharmawan, his career and management style have been shaped largely by his experiences at The Chase Manhattan Bank and PT Muliaglass shareholders. "I believe in the philosophy that

two heads are normally better than one" he comments "and that teamwork should be the key success factor when managing a big business in increasingly complex situations. However, an important decision must always take the top-bottom approach."

## FLOAT GLASS

Established in 1989, the Muliaglass Float Glass Division has an installed annual production capacity of 620,000 tonnes to produce clear, dark grey, dark blue, bronze, euro grey, light green and reflective glass. In 2016, sales volume increased by 5.4% year-on-year, with export and domestic sales contributing 43% and 57%, respectively, to total sales. Increased sales volumes were attributed to a 9% increase in export sales volumes from 201,090 tonnes to 210,050 tonnes and a 3% improvement in domestic sales volumes from 276,971 tonnes to 284,875 tonnes.

In line with its commitment to quality, the company obtained ISO 9002 in November 1996 and ISO 19002: 1994 in November 1999 (both ISO versions have subsequently been replaced by ISO 9001: 2008).

Johan Dharmawan says that business condition in South East Asia are increasingly competitive, especially following the recent creation of a float furnace in Malaysia by Xinyi Glass and Kibing Group. "However, relying on >



Inserting a torch to one of the Muliaglass container furnaces during a heating up ceremony.

very efficient operation and growing per capita glass consumption, every player must continue to be a viable going concern" he comments.

"With three furnaces, we are capable of producing a wide range of thicknesses, sizes and colours. Our thickness range extends from 1.8mm to 15mm, while our size range is from small to jumbo sizes. Above all, we believe our quality is the key success of our glass in the global market."

## GLASS CONTAINERS

The Muliaglass Containers Division was created in 1992 and involves not only the production of bottles, jars and mugs but also the manufacture of architectural glass blocks. Installed annual capacity for the production of containers stood at 165,000 tonnes in 2016, plus 70,000 tonnes for glass blocks.

Flint glass is offered for the packaging for food and beverage products, while amber and green compositions are melted for beer, energy drinks and pharmaceuticals. To maintain the company's technical development, MCC co-operates with Nihon Yamamura Glass in Japan.

Given the nature of the business, MCC products are predominantly sold in the local market to such well-known domestic food and beverage producers as PT Heinz-ABC Indonesia, PT Sinar Sosro (bottled tea producer), PT Indofood, PT LassaleFood Indonesia (marjan syrup) and PT Tirta Investama (Aqua-Danone). In addition, exports are undertaken to Australia, the Philippines, Thailand, Malaysia, Singapore, Vietnam and New Zealand.

The glass container division posted improved results in 2016, with sales volumes increasing by 8.6% year-on-year. In line with the company's strategy to continuously enlarge the selection of product types offered and grow domestic and export markets, sales of lightweight NNPB bottles are to be increased, together with green ware for alcoholic beverages.

"Fortunately, the beverage and beer sectors continue to grow steadily, despite the regional economy's fluctuations" Johan Dharmawan observes. "Because total capacity in Indonesia (from Muliaglass and O-I) exceeds total domestic demand, export success is the key to maintaining a viable concern."

Mr Dharmawan also confirmed that the construction of an additional glass container furnace is likely at the Cikarang site once board approval for the investment has been received.

## GLASS BLOCKS

In the glass blocks division, sales volumes fell by 11.5% year-on-year to 44,837 tonnes as production stopped for two months to rebuild a larger capacity furnace during 2016. The Muliaglass Glass Container Division has been manufacturing glass blocks since 1994. Its success is driven by a passion and eagerness to provide a wide variety of products including multiple choices of patterns, styles, colours and sizes. This variety and quality has made Muliaglass the largest glass block manufacturer in South East Asia.



Johan Dharmawan with a Muliaglass bottle and glass block.

## SAFETY GLASS

Automotive safety glass sales volume increased by 43.8% year-on-year to 592,708m<sup>2</sup> in 2016. This increase was driven by higher demand for automotive safety glass and the launch of new brands and car types in the local market.

The Muliaglass Safety Glass Division was established in 1997 with a capacity of 150,000 cars sets annually. Through the use of advanced computer technologies, the world's best machinery and the support of an experienced management team, the division has achieved a good reputation with such leading car manufacturers as Daihatsu and Hino. Every stage of the manufacturing process is supported by highly qualified and experienced technicians, working in tandem with a fully computerised system to eliminate human errors. In striving to ensure customer satisfaction, the most stringent quality control is implemented throughout all stages of the manufacturing process.

Products are produced according to the standards of IATF 16949-2016, E/ECE/324 E/ECE/TRANS/505 Regulation No 43 (Economic Commission for the EU), ANSI/SAE Z.26. 1-1996 (American National Standard Institute), JIS R 3211 (Japanese Standard Association), JASO M 501 (Japanese Automotive Standard Organisation) and AS/NZS 2080 (Australia/New Zealand Standard) and are exported throughout the world.

## ORGANIC GROWTH

According to Johan Dharmawan, there are no plans for PT Muliaglass to expand beyond the scope of its existing business, although there are possibilities for organic growth, concentrating on such downstream processes as soft coated flat glass and carbonated single trip glass containers. ■



Johan Dharmawan with guests during a recent site visit.

### FURTHER INFORMATION:

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