

Entering Flat Glass Market in Poland

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AGC Flat Glass Czech a. s.,

člen AGC Group

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AGC Flat Glass Czech as Part of AGC

▶ AGC Flat Glass Czech

- ▶ Member of AGC Group
- ▶ Located in Teplice, Czech Republic
- ▶ 1991: joint venture with Glaverbel
- ▶ 1999: Glaverbel Czech
- ▶ 2007: AGC Flat Glass Czech



AGC Flat Glass Czech as Part of AGC



▶ AGC Flat Glass Europe

- ▶ European branch of AGC
- ▶ cca 16,000 employees
- ▶ Production sites throughout greater Europe

▶ AGC Co. Ltd.

- ▶ The largest glassmaking group in the world
- ▶ Comprises some 250 companies
- ▶ cca 55,000 employees

AGC Flat Glass Czech



- The **largest** producer of flat glass & its applications in Central & Eastern Europe
- One of the most **important** exporters in CZ

- Belongs to the **most** stable, the most prospering and the best ranked companies in CZ



- The most important employer in North Bohemian region with a high regional **image**

AGC Flat Glass Czech



TEPLICE is located

- 15 km from the border
- 65 km from Freiberg
- 515 km from Krakow
- 90 km from Prague



Main Products

Products

FLOAT GLASS

thickness: 1,6 till 10 mm

3 float lines

LAMINATED GLASS

multilayer, till 1010.x

LOW EMISSIVITY GLASS

PATTERNED GLASS & WIRED GLASS

MATELUX

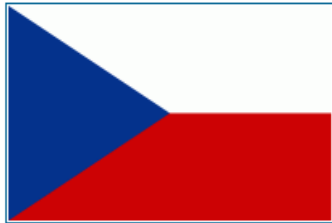
MIRRORS

FIRE RESISTANT GLASS (PYROBEL) Fire resistance: 15 - 120 min.

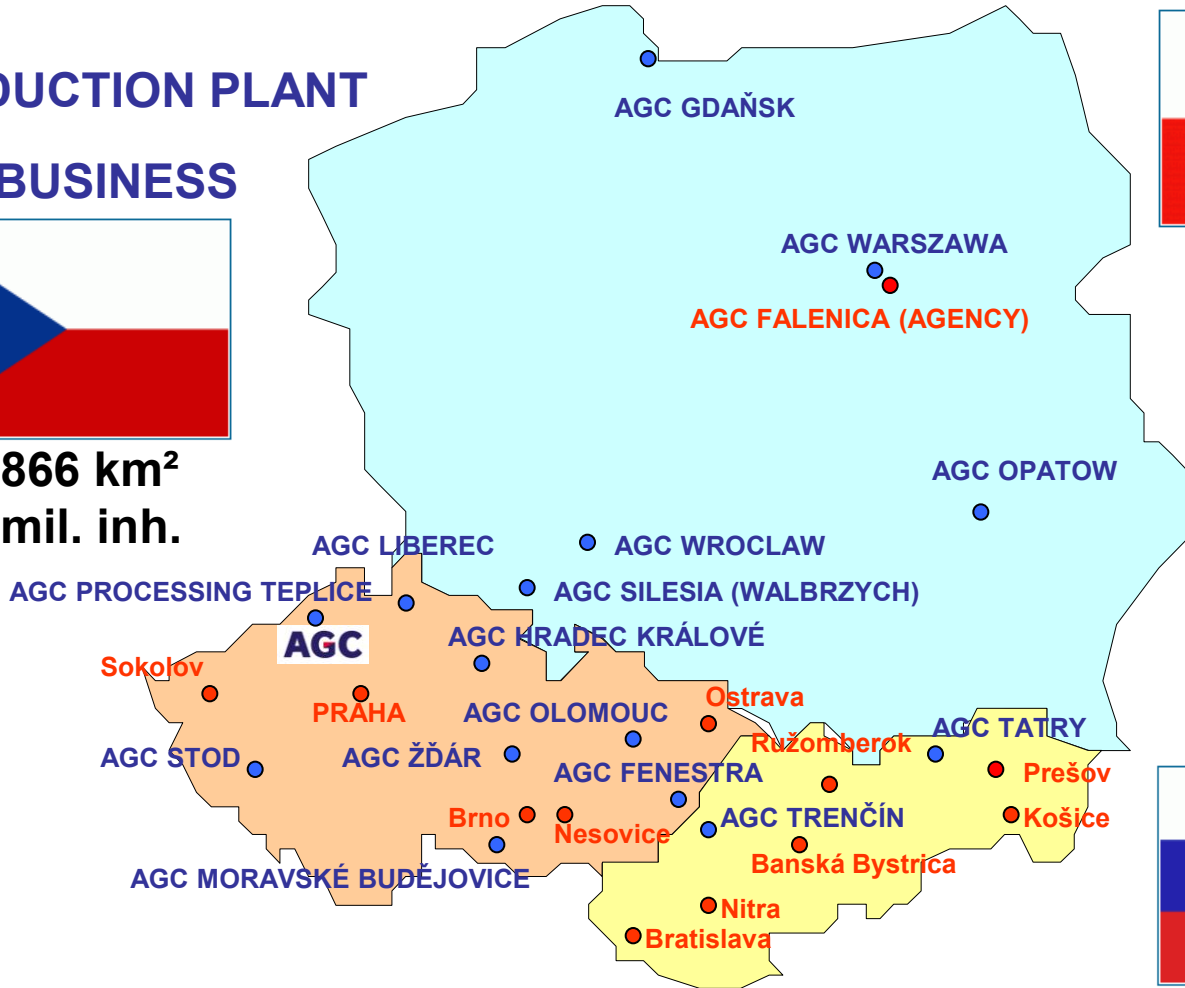


Production and Distribution

-  PRODUCTION PLANT
-  SITE BUSINESS



78 866 km²
10 mil. inh.

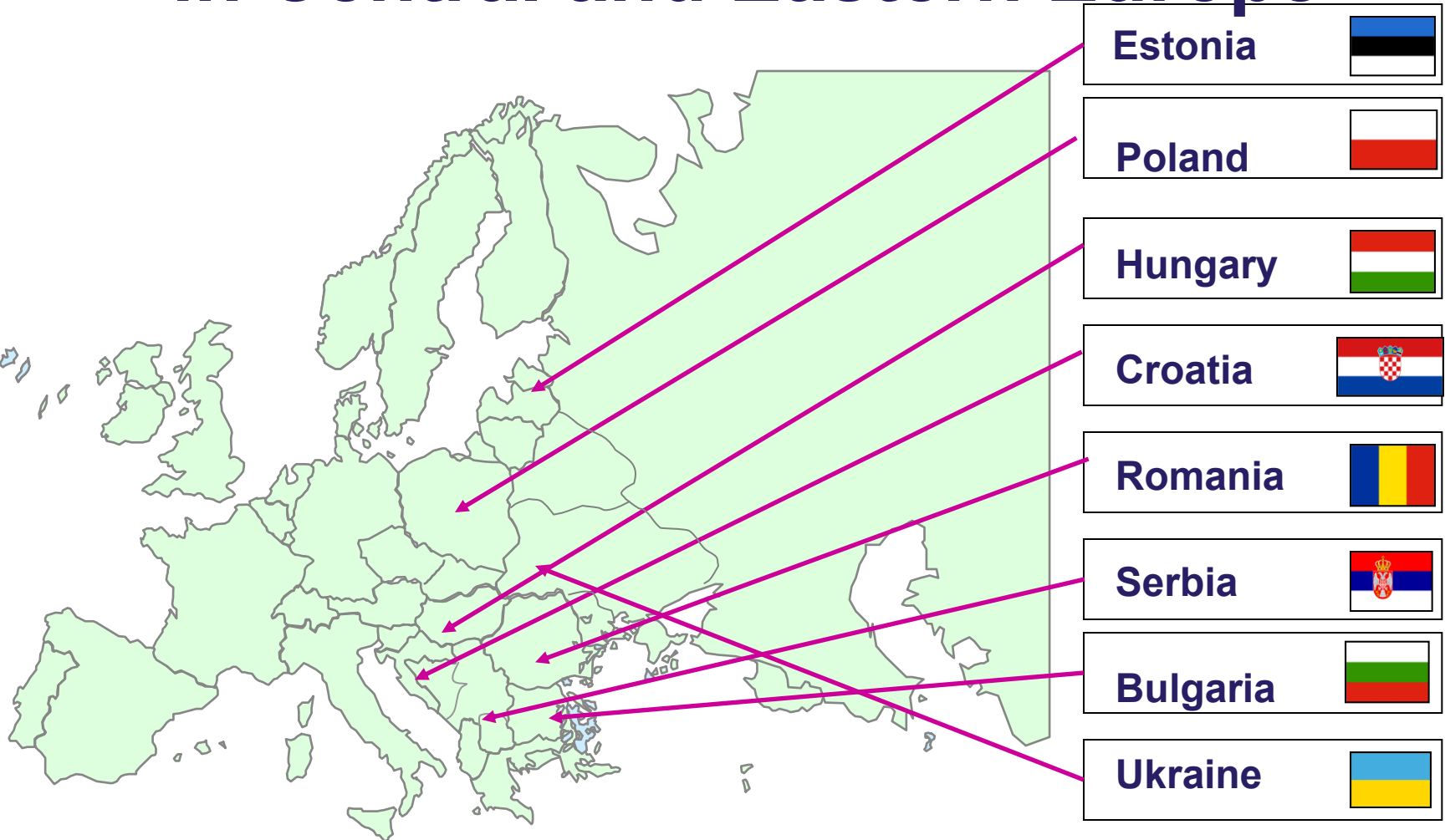


312 685 km²
38 mil. inh.



48 845 km²
5 mil. inh.

Commercial Agencies in Central and Eastern Europe



AGENCIES

- ▶ The fully integrated commercial offices on the main and most important markets in Central and Eastern Europe
- ▶ **The main objectives :**
 - ▶ Stabilization of position and increasing of sales on these important markets
 - ▶ To be closer to our customers & flexibly react to customers' needs
 - ▶ To offer the best service and support

Flat glass markets of Central Europe

Position of AGC Flat Glass Czech

- Good foundation from the past
- First glass supplier of „Western style“
- Good sales team and system of agencies
- Wide range of products
- Good sales support including advisory work concerning special products



POLAND

Poland – Major Glass Market

- As in all CEE countries, glass consumption was low compared to WE or North America's markets
- No local producer with float line in early 90th
- Historical relations with Polish customers, including automotive (Fiat Polski)



Poland – Major Glass Market

- New capacities built in Teplice late 80th were expected to export
- New political and market situation in 90th required to find new markets and new customers



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First steps in Poland



Commercial agency in Poland created in early 90th

Wholesale companies created by mid of 90th

In the beginning managers were partners in ltd. companies (Sp. z o. o.)

Need to capitalize the companies led to decrease in ownership participation of the managers, later they sold their minority shares

From Wholesale to Production



- AGC Groups tends to deliver higher value products, not only basic (raw) glass
- Building industry, one of core customers, is locally oriented -> production of double glazing units has to come to the customer
- Production capacities created in all locations
- Specialty business in some companies

Crisis



- Decrease of sales by ca 25 %
- Start of new competitor
- Weaker PLN helps to export from Poland to CZ, SK, ...
- Concentrate on high-end products and deliveries
- More emphasis on BU management

Bank Relations

- ▶ DEM was the first currency used for settlement of deliveries to Poland
- ▶ PLZ very weak currency
- ▶ PLN continued in permanent depreciation
- ▶ High interest rates
- ▶ Local competitors invoiced in PLN
- ▶ Convertibility of PLN against CZK in 1997 enabled to change to PLN => need to look for bank in Poland



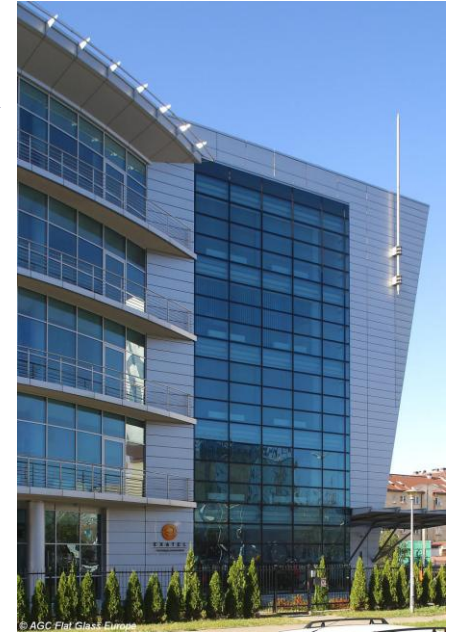
Bank Relations

- Polish subsidiaries used different banks
- Local managers willing to keep their independence
- Fund transfers to banks in Czech Rep., from mid of 90th to banks in Germany



Search for Bank

- Big banks, newly privatised or before privatisation, no need to offer competitive terms and conditions
- Smaller banks did not meet the criteria
- Need to concentrate funds, increased share of same-day-value transfers
- Implementation of acceptable cash management tools



Financing

- ▶ Commercial debt to mother company
- ▶ Increase of equity
- ▶ Long term loans from group
- ▶ Short term bank financing
- ▶ Time to pay dividends ...



Managing currency risk

- ▶ Currency risk managed on side of mother company, not on side of subsidiaries
- ▶ DEM vs. CZK
- ▶ PLN vs. EUR, EUR vs. CZK
- ▶ In some periods PLN compensated movements of EUR against CZK



Centralised Treasury

- Central Group Treasury in Belgium
- Partial regional responsibility in Teplice
- Cash management co-ordinated from Teplice
- Unified information system
- SSC as future?



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Lessons Learned ...

- ▶ Social and cultural similarities and differences
- ▶ Big European nation
- ▶ Strong position of financial authorities
- ▶ Continuity in protecting domestic economy



Conclusion

- ▶ What should a company do when it wants to enter Poland:
 - ▶ local managers
 - ▶ consultants



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