

# Ardagh Glass Packaging Africa

**W**ith headquarters in Johannesburg, Ardagh Glass Packaging - Africa (AGP - Africa, formerly Consol Glass) is the market leader in South Africa, where it operates four major glass production facilities. Its African operations include facilities in Kenya, Nigeria and Ethiopia. The company serves a broad range of leading international, regional and domestic customers, principally in the beer, wine, spirits, food and non-alcoholic beverage sectors.

The acquisition offered a plethora of new market opportunities for Ardagh Group, which immediately began work to upgrade the facilities in expectation of rising demand.

At the time of the acquisition, Chairman and CEO of Ardagh Group, Paul Coulson said, "By combining Ardagh's global reach with Consol's know-how on the African continent, we are well-positioned to partner with our customers to meet the growing consumer demand in Africa for premium, sustainable glass packaging."

On completion of the acquisition, Mike Arnold stepped down as CEO of the business following a 20-year tenure in the role. Mike then became a director of Ardagh Glass Packaging Holdings Africa (Pty) Limited and serves as part of the Ardagh executive team responsible for growing the group's pres-

ence in Africa. Paul Curnow, previously CEO Designate, succeeded Mike Arnold as CEO. He also became a director of Ardagh Glass Packaging Holdings Africa (Pty) Limited.

Bruce MacRobert, the former Chairman of Consol, serves as Chairman of Ardagh Glass Packaging Holdings Africa (Pty) Limited.

In July, AGP - Africa announced the commission of a ZAR 1.5 billion (USD 95 million) extension of its Nigel production facility in Gauteng, South Africa. The investment would double the facility's capacity by incorporating a new furnace and production lines. The project boasted significant



In May of last year, Ardagh Group announced the acquisition of Consol Holdings Proprietary Limited, the leading producer of glass packaging on the African continent. The deal, valued at USD 1 billion, included the company's net debt and a further ZAR 3 billion (USD 200 million) investment programme additional capacity on the continent.

energy, water efficiency and environmental benefits, representing another important step in AGP – Africa's journey to de-carbonise the glass production process and reduce emissions.

AGP – Africa CEO Paul Curnow said, "We are proud to commission this significant capacity investment, which supports strong demand from our customers for sustainable, premium glass packaging. Completion of this project, on time and budget represents a tremendous achievement by our technical and operational teams. The outlook for premium, sustainable glass packaging remains positive and AGP – Africa expects to continue to invest in support of future market growth."

Then in November, the company announced a further extension of the Nigel facility. This third furnace immediately following the recently commissioned Nigel 2, will further grow the facility's capacity to provide sustainable glass pack-

aging to support customers' current and projected demand growth over the next few years.



The N3 furnace is set to be a replica of the N2 expansion and similarly adds a new furnace and additional production lines. The capital investment further bolstered the government's economic recovery plans in Ekurhuleni, Gauteng, offering additional job opportunities and increased ancillary supply-chain benefits in the community.

Glass Machinery Plants & Accessories reached out to AGP – Africa to learn more about their progress and goals in the African glass market, and their representative obliged to this interview.

**GMP&A:** As you are in the process of building the largest





## INTERVIEW

African container glass facility, what is the current demand for container glass in Africa? Do you see that demand growing? For which type is demand highest? (beer, wine, soft drinks)

**AGP:** The outlook for premium, sustainable glass packaging remains positive and Ardagh Glass Packaging – Africa expects to continue to invest in support of future market growth. Demand for sustainable packaging in Africa is growing strongly, supported by multiple factors, including rising income levels, favourable demographics, growing sustainability awareness, and a shift to one-way packaging.

Following completion, the Nigel production facility will be the largest glass container production facility in the Ardagh Glass Packaging – Africa network and on the African continent. The investments in the two extensions of Ardagh Glass Packaging – Africa's Nigel plant in South Africa are in

line with Ardagh's commitment to invest in the growth of the South African glass industry and are backed by long-term customer contracts. The two additional furnaces will further increase overall supply in the South African market and effectively eliminate expansive glass imports.

The alcohol industry is Ardagh Glass Packaging – South Africa's biggest market, however, the company also serves a range of customers in the food, pharmaceutical, and non-alcoholic beverage categories.

**GMP&A:** How was the Covid period tackled and overcome?

**AGP:** Players in the South African packaging market had to curtail production which impacted essential stock builds ahead of peak trading periods.

While demand was only expected to recover very slowly over several years, the reality is that demand recovered much faster than expected as inventories were

rebuilt, and at the same time, imported glass into the market was expensive and difficult to procure due to the global glass shortage and ongoing global logistics and supply chain disruptions. This meant the South African market was under pressure to recover supply across categories.

**GMP&A:** What does it mean to be part of a multinational like Ardagh? What changes?

**AGP:** Our addition to Ardagh Group's family of businesses offered an excellent opportunity to expand Ardagh's global footprint onto the African continent. In turn, the transaction offered a significant opportunity for our growth and development and, by combining Ardagh's global reach with our know-how on the African continent, Ardagh Glass Packaging – Africa is now well-positioned to meet the growing consumer demand for premium, sustainable glass packaging in Africa.





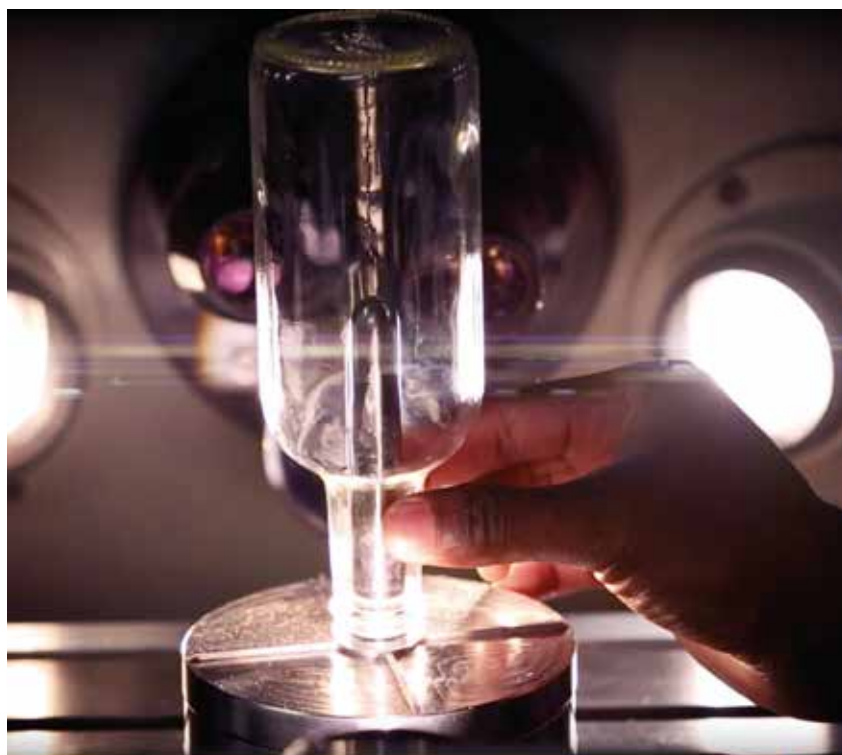
Being able to tap into Ardagh Group's technical capabilities and global sourcing structure has already shown its benefits: the construction of the second expansion at our Nigel facility in South Africa is expected to be concluded ahead of lead times otherwise constrained by global supply-

chain disruptions and equipment availability.

Ardagh's culture is grounded in core values which are very close to those that sustained Consol Glass for nearly 80 years. These values are the guiding principles that define how our employees work together, treat one another and collaboratively deliver on our strategic initiatives. These values demonstrate a tangible commitment by the company to conduct

business with the highest standards of integrity, to raise the bar on performance every year, targeting continuous improvement, innovation and sustainability, and to forge relationships with our stakeholders based on mutual respect, integrity and transparency.

That same responsible behaviour is mirrored in the way the company manages its impact on the social and natural environments in which we operate and is reinforced in Ardagh's strong







commitment to sustainability.

**GMP&A:** After the addition of two new furnaces, what investments are foreseen immediately and in the near future?

**AGP:** Ardagh Group sees Africa as an important location for expansion and sees Ardagh Glass Packaging – Africa as the foundation pillar for that expansion. Ardagh Glass Packaging – Africa continues to assess market growth opportunities in all its markets and will look to support growth through investments where commercially feasible.

We will also continue to invest in technology and skills. Glassmaking is a skills-intensive industry with unique technical and engineering requirements. Our skills development programmes have been honed over the years to ensure a satisfactory pipeline of new skills into the business. Our capital investment programme likewise ensures that we have access to current, class-leading technology.

**GMP&A:** How strongly was

the problem of energy costs felt, and how much did it affect?

**AGP:** Energy costs are a rising challenge across the globe and the issue is acutely felt in South Africa, where the performance of the state-owned electricity utility has had challenges.

These challenges, which our team has managed over the years, have necessitated the use of diesel-powered generation, which is expensive and environmentally costly. We remain hopeful that policy initiatives allowing for the adoption of renewable energy solutions by the private sector will ameliorate this situation. This will underpin confidence for future investments in the market.

**GMP&A:** Are experiments and alternatives foreseen (electric or hybrid ovens)?

**AGP:** Most large glass manufacturers in Europe and the United States have typically run their furnaces on natural gas. They are increasingly looking to augment and then replace natu-

ral gas with renewable-energy sources, which means conversion to electricity at the furnace stage.

But electrical furnaces pose significant technical challenges. Interestingly, Ardagh Glass Packaging – Africa is among the few glass manufacturers in the world with proven expertise in running electrical and hybrid furnaces. The traditionally limited availability of natural gas in South Africa has meant that several of the company's large furnaces have run either wholly or in part on electricity.

The future of zero-carbon glass in South Africa is dependent on the broader renewable energy discussion in the country, and the appetite from customers to support the effort. But Ardagh Glass Packaging – Africa is currently looking at building a test facility that would produce 100 percent zero-carbon glass within the next two years.

Once sufficient renewable energy is available, and suitable



energy-storage solutions are chosen, zero-carbon glass is a viable model, and one which Ardagh Glass Packaging – Africa is uniquely positioned to take advantage of.

**GMP&A:** What has been done to reduce CO2 emissions?

**AGP:** We recognise that emissions, ecology and social sustainability are closely linked and that the long-term economic performance of Ardagh has an impact on our employees, local communities, customers, suppliers, investors and other stakeholders. That's why we continually invest in systems and processes that improve the efficiency of our operations, reduce costs and increase competitiveness.

Ardagh Glass Packaging – Africa has decades of experience in the lightweighting of our products, which reduces the amount of cullet and raw materials used per container, and thus the associated impact in terms of carbon footprint.

We aim to keep energy con-

sumption and emissions to a minimum, maximise our recycling rates, optimise the use of secondary packaging materials and manage waste appropriately by avoiding use of landfills and limiting water usage.

Our Nigel investments include an electrostatic precipitator (ESP), which substantially reduces particulate emissions. The new furnaces were designed to be as energy efficient as possible. A low-pressure air-compression system (used to form glass containers from molten glass) improves energy efficiency by as much as 20 percent. Our Bellville plant also has an ESP installed.

Ardagh has been consistently rated “A”- by the Carbon Disclosure Project (CDP) for climate change and water management, and “A” for supplier engagement.

Ardagh Glass Packaging – Africa will continue to focus on making our processes more energy efficient, to explore ways to augment

our energy use with sustainable energy sources, and to remain cognisant of and alert to opportunities for emissions and energy reduction throughout our value chain.

**GMP&A:** Do you see new market prospects and future investments? (i.e. another opening or creation of new markets)

**AGP:** Consumer concerns around sustainability are on the rise, with more and more of us considering the impact of the products we buy and expecting businesses to do more to help us make responsible choices. Glass can help support an ‘intentional living’ lifestyle, as a natural, safe and sustainable packaging material with unparalleled credentials.

Ardagh Glass Packaging – Africa is continually evaluating new opportunities in the beverages and food industries targeting pack share gains from alternative packaging types. ■



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