

Container glass industry for Beer in NIGERIA

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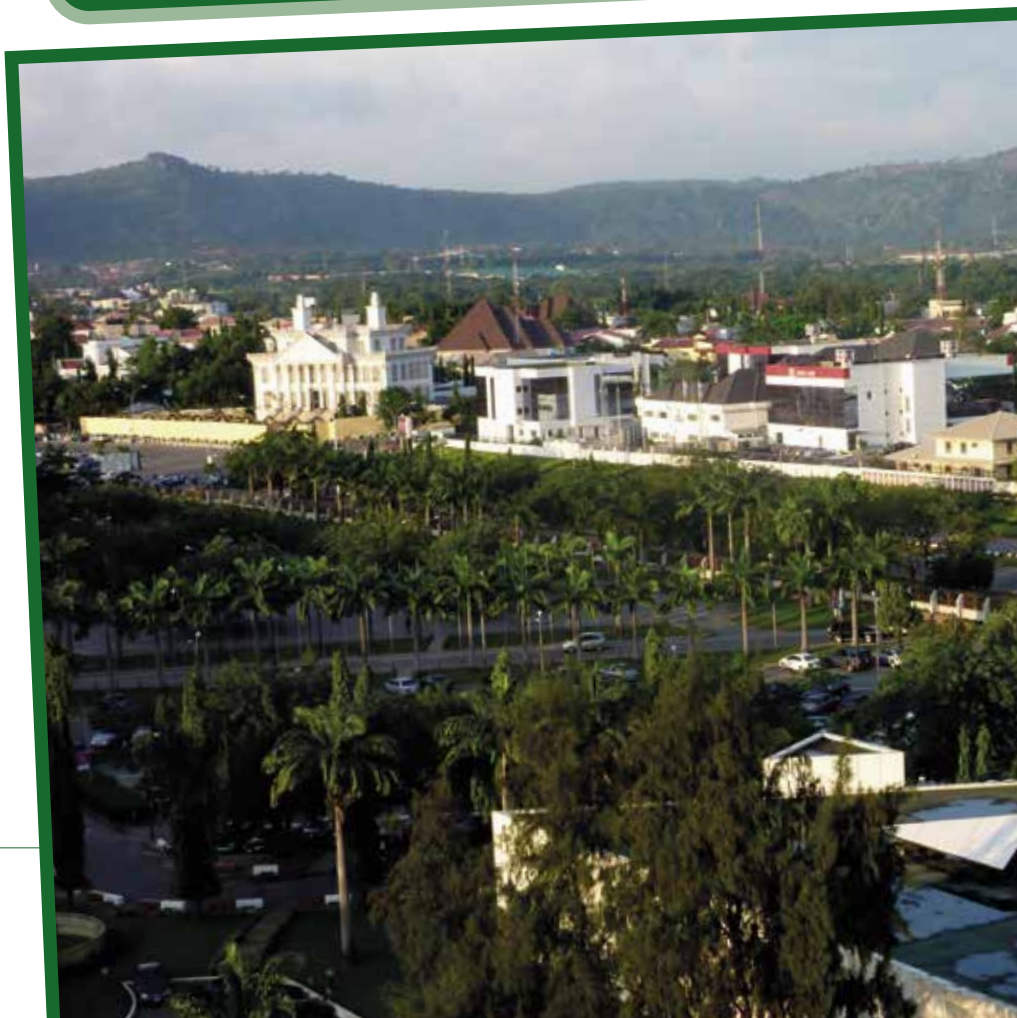
By nominal GDP, Nigeria's economy is the twenty-seventh largest in the world. In PPP size it ranks twenty-fifth. The country is often referred to as the Giant of Africa owing to its large economy and population. Classified as an emerging economy by the World Bank, it ranks as a regional power in Africa, a middle power in international affairs and an emerging power in global terms.

NIGERIA'S BEER INDUSTRY

Beer is the most popular alcoholic beverage in Nigeria with an average annual consumption of 12 litres per capita, which generates high sales volumes for most industry players in the country. Despite this, 2020 has been a challenging year for most, with a strong shift in consumption from on-trade to off-trade channels.

Beer production in Nigeria amounts to about 20 million hectolitres. Nigerian Breweries is the clear market leader, with its 11 production sites countrywide and a market share of about 55 per cent in 2019. Dutch brewer Heineken is the majority stakeholder in Nigerian Breweries. In a series of transactions made between 27 August and 31 August 2020, Heineken bought additional stakes to increase its majority shareholding in Nigerian

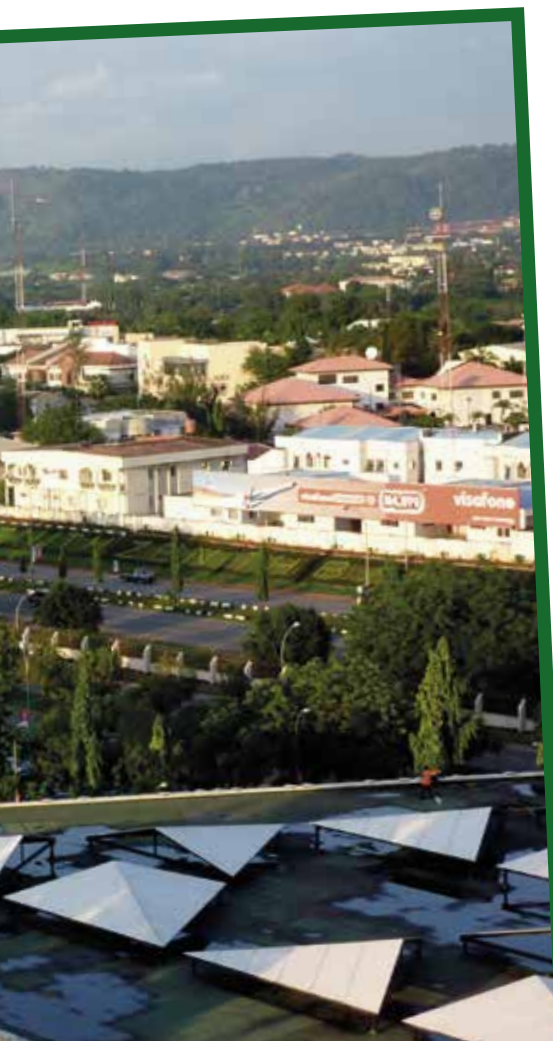
In this issue, Glass Machinery World Plants & Accessories offers its insights into the container glass industry for beer packaging in NIGERIA which, as the most inhabited country in Africa with its population of more than 211 million, now has the continent's largest economy.



Breweries to 55.9543 per cent. Nigeria is among the most profitable beer markets for Heineken. Locked in relentless competition with other multinational alcohol corporations, the company is seeking to consolidate its grip over the country, and is pushing for yet further market domination through a new acquisition of additional equity stakes in Nigerian Breweries.

Until 2017, competition for the biggest beer market share in the country was a two-horse race between Heineken N.V., owners of Nigerian Breweries Plc and Diageo which, in turn, own Guinness Nigeria. However, the narrative has changed since 2018 after the introduction into the Nigerian market of such new products as Budweiser by AB InBev - the parent company of International Breweries. The battle now seems to be among three international players, such that it may now aptly be termed the "Triangular Beer War".

Today number two in the



market, International Breweries, which held about 23 per cent of the beer market in 2019, is catching up. In terms of size the brewery overtook Guinness last year - which currently holds 22 per cent of domestic sales. International Breweries, purchased in 2016 by Johannesburg-based brewing group SAB Miller and part of the world largest brewing group AB InBev, has opened a new USD 250 million brewery near Lagos, which will be extended in stages to a further USD 150 million investment over the coming years.

As economic capital, Lagos is the heart of a conurbation that's home to 20 million people. With Nigeria, as a whole, amounting to circa 210 million strong, no other African nation comes anywhere close in numeric terms. Since the turn of the century the country has stabilised somewhat, becom-

ing substantially more affluent - which means that, potentially, Nigeria is turning into a vast consumer market for beer companies.

Recent years have seen major brewing groups increase their investments in the Nigerian beer industry. The country has a young and growing population of more than 210 million people and an average annual beer consumption of 12 million litres. As such, it has one of the highest beer consumption rates in Africa - even if consumption remains modest in comparison with that of other regions in the world.

It may seem counterintuitive in the face of such harsh times that Nigerians are nonetheless spending more on beer. Living in Africa's largest economy, they are known for their resilience, good humour and fun-loving character - even during

COUNTRY OUTLOOK



today's tough pandemic times. Indeed given they're known to never miss a chance to throw parties, event centres in major cities are routinely overbooked on weekends.

NIGERIA'S CONTAINER GLASS INDUSTRY

Container glass demand for beer packaging is currently met by two glass producers in Nigeria: Beta Glass PLC, a subsidiary of Frigoglass, and Consol Glass' subsidiary account for glass bottles needed by the beer industry.

Beta Glass Plc

Beta Glass Plc is the largest container glass producer in Africa. The company was established 47 years ago, back in 1974 – now producing glass containers for the Nigerian market as well as for other major markets in the West

Africa region. It has the largest glass container capacity in West Africa with two best-in-class plants and three furnaces with capacity to produce 615 tons of glass containers per day.

Beta Glass Plc is a subsidiary of Frigoglass Industries Nigeria Limited, which holds a 61.9 per cent stake in Beta. Frigoglass is itself a subsidiary of the Greek company, Frigoglass S.A.I.C, a major player in the global Ice Cold Merchandisers (ICM) market. Consequently, it is the Athens-based Frigoglass S.A.I.C that owns the controlling share in Nigeria's Beta Glass Plc. The company can supply all three principal bottle colours (Flint, Amber, and Green) and is constantly engaged both in new product development and glass innovation. Headquartered in Lagos, it has production plants in the Agbara industrial hub of Ogun State as well as in Ughelli,

which is located in the Southern Nigerian state of Delta. Breweries represent the company's largest customer segment, accounting for 39 per cent of total glass unit sales.

The company also sells its container glass to breweries further afield, exporting mainly to West African countries. These include neighbouring Ghana, Cameroun, the Benin Republic, Togo, Guinea, Liberia and Sierra Leone. Others here are Gambia, Gabon, Burkina Faso, Mauritius, Senegal and Rwanda.

Beta Glass is a notable recycling enabler in Nigeria given its significant use of recycled glass containers in its manufacturing process. With consistent availability of quality recycled glass (in larger quantities too) being always a challenge, the company has both the technology and the ability to scale up for higher levels of recycled glass utilization - which, during the

manufacturing process, improves energy efficiencies and costs while also extending furnace life.

Commenting on the performance of his company in 2020, Beta Glass Plc Managing Director Darren Bennett-Voci said: "We have navigated successfully during a very challenging year in 2020. As we went into lockdown we also faced uncertainty surrounding the availability and continuity of supply of raw materials, both local and imported, such that we had to take the very tough decision of switching both furnaces to streaming mode at the Agbara plant - a safe way to keep them from freezing while staying at the lowest possible cost and using few raw materials, albeit at zero production. That situation continued for more than two months before we reached a point where we could slowly re-commence pro-

duction line-by-line as demand began to return over the summer. It was a long, slow process since many of our customers were unable to restart immediately after lockdown due to a lack of materials. At the Guinea plant we were only able to get back to full production, with all lines, at the end of November 2020."

Consol Glass

A subsidiary of South African container glass producer Consol Glass and established to meet the requirements of Nigerian breweries, Glassforce was founded in 2002 after a substantial investment by the Chagoury Group. The company has expanded production at its plant in Aba, southeast Nigeria, to now provide bottles of various shapes and sizes to a growing list of demanding clients.

The plant is equipped with the latest technology and has two fully-automated production lines with a combined capacity of 10 million bottles per month and 120 million per year. As it passes down the production line, every bottle is subjected to three quality tests by state-of-the-art inspection machines.

Consol Glass supplies country-wide to Gulder Beer, Star Beer, Heineken and Maltina while further branching out into the production of pharmaceutical bottles for the local pharmaceutical industry.

Most of the output is sold in Nigeria, but there have been steadily expanding exports to Ghana as well. Then, to take advantage of export opportunities, the company is strategically located within easy reach of Port Harcourt.

In November, Ardagh Group agreed upon a deal to purchase South Consol Holdings Proprietary Limited for an equity value of USD 635 million. Headquartered in Johannesburg and founded in 1946, Consol operates four glass production facilities in South Africa and three in Kenya, Nigeria and Ethiopia. Completion of the deal is subject to certain conditions, including regulatory approvals which are expected to be obtained over the second quarter of 2022.

Luxembourg-based Ardagh Group operates 56 metal and glass production facilities in 12 countries, employing more than 16,000 people. It caters to the beverage, food, pharmaceutical and personal care markets and its customers include the likes of both Heineken and Perrier.

In 2021, Consol reported consolidated revenues reaching USD 566 million up till June, with South Africa accounted for about 90 per cent of revenues and the rest coming from smaller production facilities in Kenya, Ethiopia and Nigeria. ■

