

BG CONTAINER GLASS PLC

No. 123/2025
31 July 2025

CORPORATES

Company Rating: A-
Outlook: Stable

Last Review Date: 19/07/24

Company Rating History:

Date	Rating	Outlook/Alert
19/07/24	A-	Negative
23/07/20	A-	Stable

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RATIONALE

TRIS Rating revises the rating outlook on BG Container Glass PLC (BGC) to “stable” from “negative” and affirms the company rating at “A-”. The “stable” outlook reflects our expectation that BGC’s adjusted net debt to EBITDA will remain below 5 times, supported by improved profitability and reduced capital expenditure (CAPEX) relative to earlier projections.

The rating continues to reflect BGC’s leading position in the glass container industry with a captive demand ecosystem, supplying products primarily to its parent and affiliated beverage companies, while undergoing a strategic transformation to become a total packaging solutions provider. This includes expanding into plastic, corrugated paper, and flexible packaging. However, these strengths are partially offset by lower margins due to contributions from other new packaging businesses, and the economic slowdown.

KEY RATING CONSIDERATIONS

Reduced CAPEX should lead to lower leverage

We expect BGC’s financial leverage to gradually decline during the forecast years primarily due to reduced CAPEX related to furnace cold repairs. Initially, the company had planned repairs for two or three furnaces during 2025-2027, but this has been revised to only one repair in 2025.

Previously, the company projected annual CAPEX of around THB1.5 billion per year during 2025-2026. The revised plan now allocates around THB750 million in 2025 and THB500 million per year during 2026-2027. CAPEX will be allocated to furnace repairs, scheduled maintenance for the glass and packaging facilities, and investments in systems designed to improve operational efficiency.

With new investments expected to be halved from the original plan and EBITDA expected to remain stable at approximately THB2.2-THB2.4 billion, the company’s debt level is expected to be lower than previously forecasted. In our base case, we forecast the ratio of funds from operations (FFO) to adjusted net debt to be around 17% in 2025, before improving to around 20% during 2026-2027. The adjusted net debt to EBITDA ratio is projected at around 5 times in 2025 before declining to around 4 times in 2026-2027.

Improved profitability compensates for weaker sales

BGC’s operating revenues for 2024 decreased by 4% to THB14.5 billion, compared to THB15.1 billion in 2023. This decrease was mainly due to softer demand in the alcoholic beverage segment amid an economic slowdown and a decline Chinese tourist. However, BGC’s EBITDA improved in 2024 and 1Q25, driven by ongoing declines in raw material costs, such as cullet and soda ash, as well as lower energy prices.

BGC’s EBITDA rose to THB2.4 billion in 2024, increasing by 6% year-on-year (y-o-y). For the first quarter of 2025 (1Q2025), EBITDA reached THB630 million, nearly 30% of the previous full-year estimate of THB2.0-THB2.2 billion. The EBITDA margin remained strong at 16% for both 2024 and 1Q25, exceeding our prior projections of 13%-14%.

Sustained profitability during the forecast period

BGC’s profitability is expected to remain stable throughout the forecast period. EBITDA is likely to grow in line with the company’s revenue, which is projected

to reach approximately THB14.8-THB15.5 billion annually. Revenue growth will be driven by rising demand from glass packaging customers, along with increased contributions from the flexible packaging and trading segments.

Under our base case, we assume raw material and energy prices will remain relatively low. The company's adoption of new technologies has improved operational efficiency and helped reduce production costs. However, the increasing revenue contribution from the flexible packaging and trading businesses, typically lower-margin segments, may lead to some pressure on overall margin. We assume the contribution from other packaging products and trading will account for roughly 20% of BGC's total revenue in 2025-2027 while the EBITDA margin is expected to remain around 15%.

Expanding into flexible packaging and trading to support growth and diversify beyond the beverage business

BGC sells most of its glass bottle products to beverage companies. In 2024, bottles for beer, soft drinks, and alcoholic beverage accounted for 44%, 35%, and 11% of total glass bottle sales, respectively. Any market condition that causes a drop in sales of alcoholic or non-alcoholic beverages could materially impact BGC. This concentration risk is mitigated to some degree by the company's diversification into other packaging businesses as well as the production of high-quality glass bottles for other end-market segments such as food and consumer products.

The company has broadened its revenue streams through recent acquisitions, including plastic and paper packaging companies in 2021 and the addition of a flexible packaging firm in 2023. Revenue from plastic and paper packaging is projected to remain steady at around THB2.0 billion per year between 2025 and 2027, while flexible packaging is expected to grow from THB450 million in 2025 to THB650 million by 2027. Additionally, the trading division, established to meet customer needs for specialized packaging and materials, is expected to contribute THB600-THB800 million annually over the forecast period.

Manageable liquidity

We assess BGC's liquidity to be manageable over the next 12 months. As of the end of March 2025, the company's sources of funds comprised cash on hand of THB106 million and undrawn credit facilities of THB5.5 billion. FFO over the next 12 months are projected to reach around THB2.0 billion. These sources of funds should be sufficient to cover debt services and investment needs. The company will have maturing debt over the next 12 months totaling THB8.6 billion, comprising short-term loans of THB6.4 billion, long-term loans of around THB1.2 billion and debentures of THB1.0 billion. The investment budget for 2025 is around THB750 million. The company plans to repay its debentures maturing at the end of August 2025 by bank loans. Its short-term debts are generally rolled over.

Debt structure

As of March 2025, BGC had THB5.0 billion in priority debt out of total interest-bearing debt of THB10.8 billion. This translates to a priority debt to total debt ratio of 47%. Most of BGC's operating assets are held at the subsidiary level. If the level of BGC's priority debt rises above 50%, we would consider BGC's senior unsecured creditors to be significantly disadvantaged with respect to the priority of claims against BGC's assets.

BASE-CASE ASSUMPTIONS

- Total operating revenue to be around THB14.8-THB15.5 billion per year during the forecast period.
- EBITDA margin of 15%-16% during 2025-2027.
- CAPEX of THB750 million in 2025 and THB500 million per year during 2026-2027.

RATING OUTLOOK

The "stable" outlook reflects our expectation that BGC's operating performance will be in line with projections. With no major capex anticipated over the next two to three years, the company's adjusted net debt to EBITDA is expected to remain consistently below 5 times.

RATING SENSITIVITIES

A credit upside could occur if the company's operating performance and financial profile significantly increase from the current level with EBITDA around THB5 billion and the adjusted net debt to EBITDA ratio hovering at around 2-3 times. On the other hand, the ratings and/or outlook could be revised downward if BGC's operating performance weakens or if the company undertakes substantial CAPEX or investments such that EBITDA falls below THB2 billion and the adjusted net debt to EBITDA ratio remains above 5 times for a prolonged period.

COMPANY OVERVIEW

BGC was established in 2016 and registered on the Stock Exchange of Thailand (SET) in 2018. BGC's main business is the manufacture and sale of glass packaging and non-glass packaging products. The company is a subsidiary of BG. As of March 2025, BG was the major shareholder, holding 71% of BGC's shares. The ultimate shareholder of BGC is Boon Rawd Brewery Co., Ltd., with an indirect holding through BG. Boon Rawd Brewery holds 67.5% of BG.

As of June 2025, BGC had five production plants located in five provinces: Pathum Thani, Ayutthaya, Prachin Buri, Khon Kaen, and Ratchaburi. The company has 10 furnaces with a total production capacity of 3,210 tonnes per day. All the plants are wholly owned by BGC except for the Prachin Buri plant which is 49% held by TC Pharmaceutical Industries Co., Ltd.

The glass packaging business is difficult for newcomers to enter as it requires intensive investment and operating expertise. Skilled staff are needed to adjust production formulas and ensure the furnaces operate efficiently. In addition, sales need to be sufficient to ensure optimal utilization of production lines since the furnaces must run continuously. The relationship between glass bottle manufacturers and their customers is another obstacle facing newcomers. The top glass packaging producers in Thailand are all connected to the leading beverage firms which are also the major buyers of glass bottles. Currently, the glass container industry is dominated by three manufacturers – BGC (Boon Rawd Group), Thai Glass Industries PLC (TCC Group), and Siam Glass Industry Co., Ltd. (Osotspa Group).

In 2019, BGC invested in three companies to expand its business. BGC acquired a 100% shareholding in Solar Power Management (Thailand) Co., Ltd. (SPM), which operates two solar projects in Phu Yen, Vietnam with a total capacity of 110.025 megawatts (MW). The investment cost was THB1.3 billion. The two solar projects are committed to provide 99.216 MW of power to Vietnam Electricity (EVN). BGC also acquired 26% and 25% stakes in B S Glass Recycling Co., Ltd. (BSR) and Taweesup (Jew Ja Heng) Co., Ltd. (TWS), respectively, to engage in the purchase and sale of glass scrap. The investment cost for the two projects was THB135 million.

In April 2021, BGC acquired two other packaging companies from BG, BG Packaging Co., Ltd. (BGP) and Bangkok Visypak Co., Ltd. (BVP), with a total investment of THB1.7 billion. BGP is a producer and distributor of plastic films, plastic caps, PET bottles, and preform, while BVP is a producer and distributor of corrugated paper boxes.

In February 2022, BGC completely restructured its energy business. BGC disposed of its 100% stakes in SPM to BG Energy Solution Co., Ltd. (BGE), receiving payment in the form of 7.5 million newly issued ordinary shares of BGE (equivalent to 27.27% of the total issued and paid-up shares of BGE). BGC subsequently disposed of 7.35% of BGE's issued and paid-up shares to BG. As of March 2025, BGC held approximately 20% of BGE's issued and paid-up shares.

In March 2023, BGC acquired a 75% stake in Prime Packaging Co., Ltd. (PRIME), a producer of flexible packaging products such as pouch packaging, plastic film, and labels. BGC acquired the remaining 25% stake in PRIME in April 2025. The total investment is THB580 million.

In February 2024, BGC invested in a 5% shares of Bangkok Can Manufacturing Co., Ltd. (BCM) with an investment cost of THB98 million.

KEY OPERATING PERFORMANCE

Table 1: BGC's Revenue Breakdown by Business & Market

Business (Mil. THB)	2019	2020*	2021	2022	2023	2024	Jan-Mar 2024	Jan-Mar 2025
Glass packaging	11,249	10,512	10,859	12,367	12,747	11,755	3,085	3,046
Other packaging	-	1,335	1,527	1,825	2,253	2,650	701	705
Solar power	3	-	-	-	-	-	-	-
Warehouse rental	-	-	-	-	5	11	3	2
Total sales	11,252	11,847	12,387	14,192	15,005	14,416	3,789	3,753
Market (%) (Glass Packaging)	2019	2020	2021	2022	2023	2024	Jan-Mar 2024	Jan-Mar 2025
Domestic	90	92	93	90	93	92	93	93
Export	10	8	7	10	7	8	7	7
Total sales	100	100	100	100	100	100	100	100

Source: BGC

* Re-presented financial statement

Table 2: BGC's Bottle Sales Breakdown by Product

Unit: %

Product	2019	2020	2021	2022	2023	2024	Jan-Mar 2024	Jan-Mar 2025
Beers	43	41	41	43	45	44	40	41
Soft drinks	35	37	36	34	34	35	37	41
Food	9	9	9	9	8	9	9	6
Insecticides & drugs	1	1	1	1	1	1	1	1
Other products	12	12	13	13	12	11	13	11
Total sales	100	100	100	100	100	100	100	100
Total sales (Mil. THB)	11,098	10,387	10,646	12,138	12,615	11,654	3,060	2,978

Source: BGC

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Mar 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	3,778	14,525	15,116	14,282	12,475
Earnings before interest and taxes (EBIT)	222	708	696	606	862
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	630	2,428	2,293	2,077	2,584
Funds from operations (FFO)	500	2,001	1,936	1,873	2,300
Adjusted interest expense	80	380	309	180	199
Capital expenditures	200	1,372	3,418	1,423	919
Total assets	18,970	19,135	19,115	16,055	18,708
Adjusted debt	11,798	12,067	11,788	9,033	9,796
Adjusted equity	5,298	5,219	5,209	4,873	5,489
Adjusted Ratios					
EBITDA margin (%)	16.7	16.7	15.2	14.5	20.7
Pretax return on permanent capital (%)**	4.2	4.1	4.5	4.1	5.2
EBITDA interest coverage (times)	7.9	6.4	7.4	11.5	13.0
Debt to EBITDA (times)**	4.9	5.0	5.1	4.3	3.8
FFO to debt (%)**	16.7	16.6	16.4	20.7	23.5
Debt to capitalization (%)	69.0	69.8	69.4	65.0	64.1

* Consolidated financial statements

** Annualized from the trailing 12 months

RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

BG Container Glass PLC (BGC)

Company Rating:

A-

Rating Outlook:

Stable

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