

# NEWSLETTER

FOR BUSINESS PARTNERS

CRYSTALITE  
**BOHEMIA**  
CZECH REPUBLIC

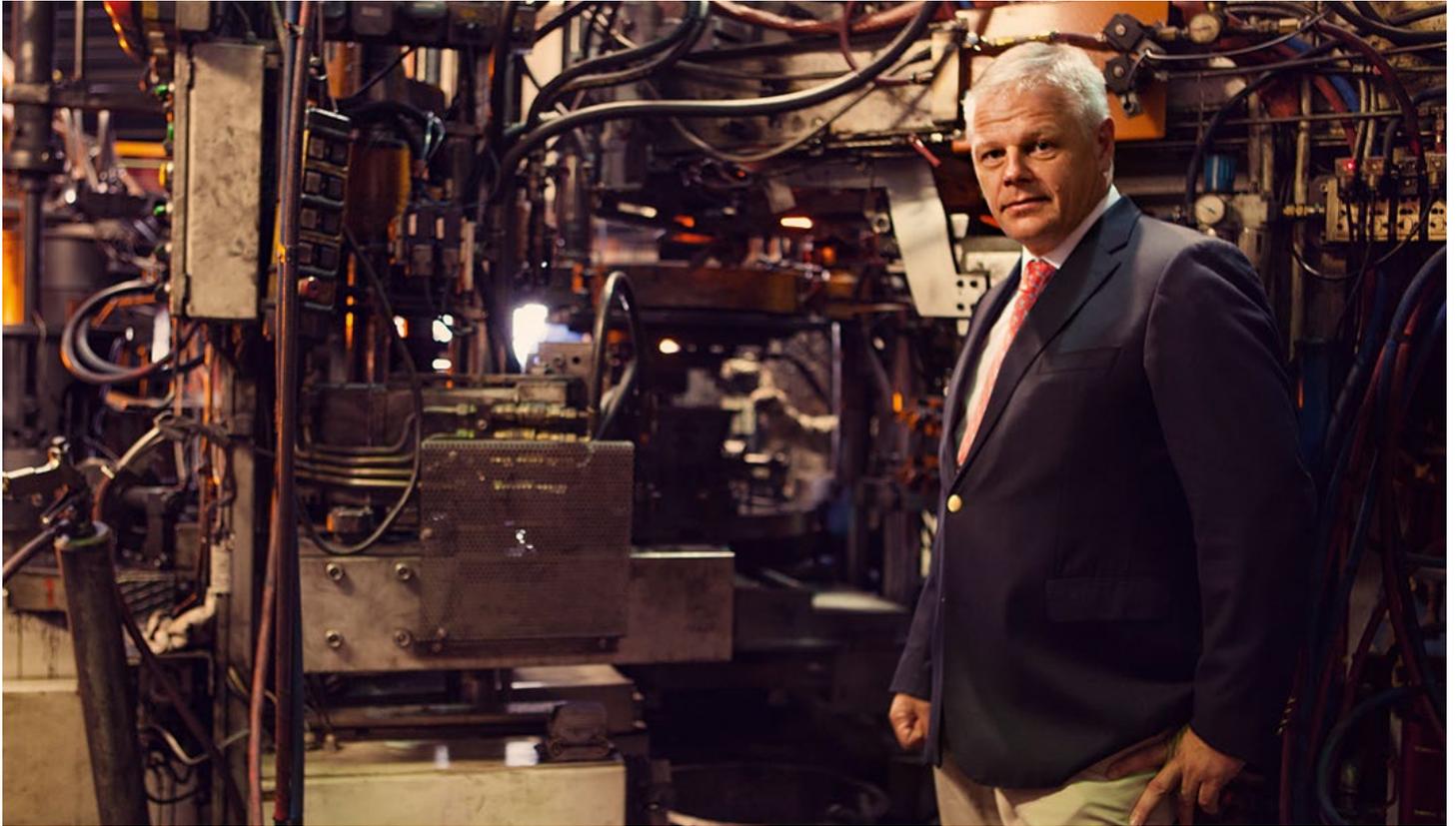
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## ALONG WITH THE PRODUCTION

we are increasing the storage space

Diplomats from Kazakhstan  
and Azerbaijan are interested in  
our participation at EXPO 2017

We are negotiating the purchase  
of a glass factory in Uzbekistan



## Word from the Owner

Dear business colleagues!  
First of all, I hope you are all fine and consider us still as a reliable and long-term supplier.

Let me kindly write some words for our latest Newsletter. There are some changes in our operation and some updates and this needs my explanation. First of all I must again confirm our deepest interest and urgent need of further cooperation with you. Crystalite is becoming this October quite a big factory with daily melting of more than 130 tons of glass. This is already big responsibility to keep it running and to lose even one account might have serious consequences in near future. We do really appreciate your support and will always try to satisfy your needs.

Although we are facing tremendous pressure from China with their copies of majority of our assortment we have fully covered production plan for our machine pressed items till the end of this year and even beginning of next year. This is definitely very positive situation for us but absolutely non-comfortable for you. Order Form with its production plan cannot help much these months, because majority of production windows are already booked. In order to improve this situation we just decided to make a progressive change: we increase imme-

diately our capacity in heavy pressed items (including decanters) by shutting down another of our old stemware machine. This machine is the same type, which is planned to be removed this August for September/October installation of two high-modern Austrian blowing machines. Type of these to be removed old machineries are still used by other producers in region, but over 20 years of both machines is definitely not competitive in terms of efficiency in twenty-first century.

Copies of our pressed giftware coming from China are something, what must logically concentrate our attention. We discovered that in some countries are under Bohemia logo also included Asian products. Bearing luxurious brand names, but not mentioning anything about country of origin. Here we can talk about clear misleading of customers (mainly Brazil). They just have a feeling that Bohemia is behind.... But they are also copies, where even our logo, cartons and marking are copied on 100% (typically seen in Iran). We can't do much apart of registering our brand name in each country in the world and stopping logically cooperation with companies misusing Bohemia brand. We decided also to insist on presence of our logo on each of our product, sticker or sandblasting where po-

ssible. In case of OIM giftware products minimally write on cartons "Produced by Crystalite Bohemia, Czech republic". But generally OIM giftware products won't be supported much by us in near future, just in case of few companies (Galway, Jihlavske Sklarny, FMF Design, Nachtmann, Tiperarry Crystal, Tradestock and Gold Crystal) - considering our long lasting cooperation, we agreed with exception.

As written above, we will start with the exchange of machinery in the middle of July and expect finalization within 3 weeks (fortunately we had all hardware in the factory). Shortly after that we are going to start implementation work of two Forma blowing machines and we expect first experimental run within October. If we succeed our hourly output of stemware will be increased by 2 400 pcs and the same or even higher amount of tumblers is expected. It means that we will have really very busy summer and autumn!

Prices of our product will be kept the same – no increase for 2017!

Thank you very much for your attention, don't hesitate to contact me anytime!

Best regards,  
*Lubor Cerva, the owner of Crystalite Bohemia s. r. o.*

## We are negotiating the purchase of a glass factory in Uzbekistan

In June Mr. Lubor Cerva, the Company's Owner, and Mr. Luboš Vaněk, its Sales Representative, visited Uzbekistan again, for the second time this year. Uzbekistan is not a strange country for Crystalite Bohemia, because this company had already supplied drinkware there, e.g. drinkware sets from the Jessie collection that were produced at the Květná plant for this year's June Meeting of 14 Presidents. The June visit was initiated by representatives of the Uzbek Ministry of Industry and Privatisation, in cooperation with the Embassy of the Czech Republic. Currently the Uzbek Government is seeking to attract foreign investors and therefore it offered the Crystalite Bohemia company the opportunity to invest in the newly built glass

factory in Tashkent. This glassworks was built with the assistance of Italian suppliers and actual production was initiated there at the beginning of this year. Currently it is looking for a strategic investor and this opportunity is interesting for Crystalite Bohemia because it offers the possibility of being able to produce under its own brand name and also to export to neighbouring countries without any need to pay VAT because Uzbekistan is in economic union with many of the republics of the former USSR. For Crystalite Bohemia this investment would provide a significant degree of strengthening in this territory and therefore a detailed analysis of the potential of the Tashkent glassworks is currently underway.



## New managers in Crystalite Bohemia

In association with the development of production and storage capacities two new key positions have been created. The first of these is in the already independent Human Resources Department that since February of this year has been led by Jan Vaněk. His competencies include taking care of current employees in regard to employment contracts, to occupational

safety, to internal company regulations and also to wage policy and to the recruitment of new employees and to our company's internal and external communication.

Another major contributor to the management team is Markéta Rosmusová who has been working for our company since 2011, when she started out

in the QA Production Department. Her job description, which was as a Supply Manager and everything that is related to packaging our products, has now significantly expanded to include marketing and care for our brand. She will, for example, be taking care of our company website and also of branding our production and our warehouse buildings.

## Along with the production we are increasing the storage space



Already, in our previous newsletter, we informed you that this year we will be installing two modern, high-performance lines for the production of drinkware. For autumn this year we have been preparing the launching of two high-performance lines of glasses and of tumblers. First, however, the success of the installation will require the creation of an appropriate background in the production hall and also the adaptation of all the requisite technological elements.

At present, both the preparatory work and the construction of the facilities for the new line, such as the construction of a transformer station, the installation of a compressor and of the backbone of the compressed air distribution system, are already in progress. In addition, it is also necessary to ensure the distribution of other energies and of media and also the work in regard to the expansion of the storage area for the moulds is in preparation. Currently our suppliers are working on producing parts for the furnace, while moulding machines, cooling furnaces and other service facilities are also being produced. The supplier is currently also finishing the construction work that is related to the production of the refining machines and their manufacture and assembly will start soon.

At the beginning of July the L3 line was shut down and then the furnace was drained. This will be followed by the dismantling of the existing equipment and the subsequent demolition of the furnace. Roughly from mid-July onwards larger-scale construction works will be implemented in the hall, which, in August, will be followed by the construction of steel structures for a new furnace and then by the construction of the actual furnace. The installation of the two new lines, together with the connection of all the auxiliary technologies, should start on the 1st September. We assume that some of the components from the current line, e.g. the conveyors, will be also used in the new devices, while we are also actually planning to sell the entire L3 line. The first products should start rolling off the lines from the 3rd October onwards. The whole process will be recorded on cameras that are located directly in the production hall, thereby creating a time-lapse video that will capture all the important features of this radical transformation.

The radical increase in the volume of production via the implementation of new lines for drinkware required additional related investments. We are expanding storage space to include a new warehouse with a capacity of cca. 6,000 pallet spaces. To streamline

the entire process, we will build a covered traffic-bridge between the production hall and the warehouse. This will measure cca. 120 metres in length and will connect the production hall with the shipping warehouse which are currently divided by a public road. The conveyor will be hidden in a steel structure at a height of cca. 4.8 metres above the ground and every day it should transport 200 pallets. Thereby it will replace the complication of delivery by trucks and the entire process of storage and shipping will also be simplified. The investments in the storage space and in the conveyor will amount to cca. CZK 37 million.

Our handmade glass manufacturing plant in Květná will also undergo a significant change. In July, the existing melting furnace will be demolished because its six-year lifespan has already expired. A new furnace will be built in its place the launching of which is scheduled for the 22nd July, while, about a week later, eight new fireclay pans will be inserted into it. The furnace will be heated for roughly 10 days till it reaches an operating temperature of cca. 1400 degrees Celsius. Its daily capacity will still be 3 tons of molten glass and the glass-masters will already begin blowing the first products from the new furnace on the 1st August.

## Diplomats from Kazakhstan and Azerbaijan are interested in our participation at EXPO 2017

In mid-June our factory in Světlá nad Sázavou was honoured by a visit from Mr. Serzhan Abdykarimov, the Ambassador of Kazakhstan, and from Mr. Yedil Khozuly, the Consular Counsellor, together with Mr. Farid Shafiev, the Ambassador of Azerbaijan. Mr. Abdykarimov visited our Květná handmade production plant in May, which charmed him so much that he subsequently also expressed his wish to visit our main plant in Světlá as well.

The meeting in Světlá nad Sázavou took place in a very informal atmos-

phere and in a friendly spirit, perhaps because the diplomats were also accompanied by their wives. Nevertheless the main points on the agenda were also issues in regard to the current market situation of both these countries and also their financial and economic stability and potential business opportunities. Representatives of Kazakhstan, which in 2017 will host the World Expo in the Capital City of Astana, expressed their interest in cooperating in this project.

The preliminary talks that were held with them were principally in regard

to the supplying of drinkware as part of the background of Expo 2017. More concrete discussions concerning this issue will take place in August this year. If the negotiations are successful, this will represent yet another success for Crystalite Bohemia at the World Expo, because already in 2015 at the World Expo in Italy, visitors to the pavilion representing the Czech Republic had the possibility not only to view our drinking glasses, but more importantly to drink from them.

