

# DRT'S GOAL: COMPLETE BUILDING MARKET COVERAGE

*Diamond Building Products Plc (DRT) is a manufacturer and distributor of roofing products, fibre cement board and artificial wood products including siding, eaves, fences and flooring under the Diamond, Adamas and Jearanai trade names. Satid Sudbuntad, director and deputy managing director, discusses the company's strategy and outlook.*

## What is DRT's business model?

DRT is among the top three roofing manufacturers and distributors in Thailand and this year is our 30th anniversary. Initially, DRT focused purely on roofing products (and was known as Diamond Roofing Tiles) but over the past few years we have expanded our product range to include wall, ceiling, fence and floor systems which now represent more than 40% of our total business.

## Who are DRT's target customers?

These days, our sales are 90% domestic and 10% international. In Thailand, we distribute to agents, project developers and modern trade channels. Agents or traditional shops have been our core

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sales and distribution channel for the past 30 years. However, as the country has developed, we have begun to distribute through modern trade and direct sales to project developers. These two channels now represent 13% and 14% of total sales respectively.

The expansion into modern trade has been positive for DRT because of the additional visibility and marketing. As well, it is more convenient for end users to be able to browse our entire selection of our products.

For project sales, we distribute directly to property developers such as Supalai, Land and Houses, Q House, Sansiri and Golden Land. Initially, we provided only our roofing tiles, but as their confidence

in our products has grown, we are able to provide other products. In the future, we hope to be able to provide full units, such as an entire bathroom, that developers can easily install them in their projects. The benefit of project sales is that we are able to forecast demand easily and plan our production accordingly.

Finally, we export to 10 countries, with Asean markets generating 50% of total export sales.

We have also noticed a shift in our end-users to more homeowners or contractors, while in the past, 100% of our products were for new homes. Recently, the replacement market has grown to make up 30% of our business.

## What is DRT's current capacity and utilisation rate?

Currently, we have a capacity of more than 980,000 tonnes per year. Last year our utilisation rate was 70% which was lower than expected because of the

political turmoil and decreased economic activity. Our target is to expand our capacity to 1 million tonnes per year. As demand revives in the market, we will adjust our plans accordingly.



**Satid: Modern trade is a positive move**

#### **What differentiates DRT products from its competitors?**

DRT products have been present in Thailand for the past 30 years and thus brand awareness is very strong. We offer products that are of a high quality for a reasonable and affordable price. Compared with our direct competitors we are able to offer unique products such

as Jatulon tiles which our competitors do not. Our agents in Thailand, Laos and Cambodia are very important for us because of their own marketing capabilities. Despite our limited advertising in the three countries, our market share in Cambodia is on par with that of the leader from Thailand, and the same applies to Laos as well.

#### **What are the biggest risks facing your business?**

There are a few external risks that may affect us in the future. Cement is one of our major raw materials. Even though Thailand is a major cement producer, with rising demand for the material, we have to be aware of potential supply constraints. Also, as the country continues to develop, we may see more environmental regulations that may affect sand mining as well.

#### **What impact will the Asean Economic Community have on your business?**

The AEC provides a multitude of opportunities for us in terms of potential new markets of customers and potential sources of more raw materials. Thankfully, we have already expanded to Laos and Cambodia a decade ago and have great agents in both countries introducing new markets for our products. We can foresee that in the future Thailand should have up-to-date railway systems completed so that our logistics improves and then we can source raw materials from neighbouring countries.

#### **Where do you see DRT five years from now?**

We will continue to grow with project sales, exports and modern trade distribution channels combining to represent close to 50% of our total sales. Our project sales will grow as we aim to provide additional products to our roofing tiles and wall segment and perhaps provide full bathroom units. Exports will continue to rise as the markets in Cambodia and Laos are still growing, and we have the potential of expanding further in Myanmar as well. Finally, the modern trade is continuing to grow in Thailand. For example, Thai Watsadu aims to have 70 stores in Thailand, and we will be able to follow this growth path as well.

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