



On the way up

AN INTERVIEW WITH **KENNETH ELIASSON**, PRESIDENT OF THE SVEBA-DAHLEN GROUP, SWEDEN

+ bbi: Mr. Eliasson, in 1998 Sveba-Dahlen purchased Glimek, a Swedish producer of make up lines, and in 2000 the company acquired Wodschow, a Danish producer of planetary mixers. What was the reason for these acquisitions?

+ Eliasson: First of all, it was the chance to expand our portfolio. Glimek, as well as Wodschow manufacture products for the small and medium sized bakeries along with supermarkets. These are the markets Sveba-Dahlen is involved in. The second reason was that we were approached by the companies. In fact, it is a good beginning, when the owner and the staff of a company you want to buy accept you.

+ bbi: The three companies are still separate. Are there any plans for creating a synergy effect?

+ Eliasson: The companies are still separate. The reason for this, I believe, is that you have to respect the history and the structures of a company and the relationships with the partners they are working with, especially the dis-

tributors. On the other side, there are synergy effects. In every new country we start to distribute to, we do it together with the same distributor. We have a production company in Estonia, which produces parts for all three companies.

+ bbi: Today you have a holding company situated in Borås, Sweden.

+ Eliasson: Yes, when we bought Glimek and Wodschow there was no holding structure and we wanted to set it up as we went along, finding the synergies. I will be honest, sometimes it causes some problems not working with the same distributors, but on the other side, there are some advantages. You get different market views for example. We as a group have been established for four or five years and still have much to do. It is no secret that we will end up with the same distribution structure some day, but I am convinced that it is better to change the structures slowly. In the future we will present the companies more and more together at shows and exhibitions.

Sveba-Dahlen

Sveba-Dahlen is a Swedish company situated in Fristad about one hour east of Gotenborg. It has 110 employees, and produces baking ovens in a 12,000 square meter production plant. Sveba (Swedish baking) was established in 1948 and merged in 1991 with the oven manufacturer Dahlen. The company now has a turnover of 18.8 million Euros, exporting nearly 85% of their production to more than 50 countries all over the world. Sveba-Dahlen is very well known for its electrically heated rack, deck and tunnel ovens. The tunnel ovens, which are also available with direct or indirect gas heating, comprise 5 to 15% of their turnover, depending on the number of projects.

There are three different ranges of rack ovens, V-line, C-line and S-line, the latter now only includes the S 400 a mini rack oven for 10 baking trays. The S 400 is available with or without a proofing chamber underneath the oven. V-line is the classical rack oven line of Sveba-Dahlen, which is built as a single rack oven or as a double, triple or four rack oven, all of which can be heated by electricity, oil or gas. The racks rotate in the oven and the rotation direc-

tion changes several times, so the heat distribution is optimal in any place of the oven for an even result. The cascading steam unit is made out of aluminum and the oven is designed for fast reheating when new racks are inserted. The C-line is the smaller sister of the V-line with nearly the same features, but on a smaller scale and with a smaller heating unit.

The deck ovens of Sveba-Dahlen is a modular units with two different deck heights, 220 and 160 mm. Five different width are possible, so the baking area per deck can be from 0.52 to 1.55 square meters with an oven having a maximum of five decks. Stone ovens are available with steel decks.

The stone deck ovens can also be built as pizza ovens using a special design. They come in four different sizes. The pizza oven can be heated up to 400 °C. The latest oven Sveba introduced to the market is the "Trendy pizza oven", a plug-and-bake-version with two decks in a fixed design. The range is rounded up by a traveling pizza oven, which is mostly used by pizza chains.

www.sveba-dahlen.se

+ **bbi:** The group management consists of three people. You as CEO and the former technical and financial directors of Sveba-Dahlen. It seems like a very small organization. What are your duties?

+ **Eliasson:** We left Sveba-Dahlen because the operative work of one company and group management do not run parallel. Our job now is the long-term strategy.

+ **bbi:** So let us talk about this strategy. Are there any more companies on your shopping list?

+ **Eliasson:** It's not a good idea to buy companies just for growth and bigger is not always better. But the market development does seem to go in that direction. The bases for small suppliers will disappear. When you are talking for example with a supermarket chain today, you are talking about hundreds of ovens, as the business becomes more and more global. Only bigger companies can do this job. I am sure, that in the area of bakery suppliers we will see more alliances and further mergers in the future.

+ **bbi:** Are you prepared for this changing market?

+ **Eliasson:** We are in a very good position. We have a very small domestic market, so we are used to going abroad to export our products and to deal in different languages and with different cultures. That is an advantage nowadays. Many of our competitors are only toying with the prices on the market. Sometimes it happens that we are asked to be more expensive than the German suppliers.

+ **bbi:** But the question is, are you big enough to compete within these new markets?

+ **Eliasson:** You can grow organically or through acquisitions. We will do it both ways.

+ **bbi:** With the acquisition of Wodschow you got deeper into the catering and food service market. Is that one of the targets of the group?

+ **Eliasson:** Nearly two thirds of Wodschow's turnover is in the food service sector and together we have already approached this market. We definitely have product lines for various markets, even though Sveba-Dahlen and Glimek are more suppliers to production units.

+ **bbi:** Is there a specific market you will be concentrating on in the near future?

+ **Eliasson:** We are now looking more on the industrial side of the bakery market. We are in this market already. In Sweden we have installed more than 300 tunnel ovens and more than 100 in other countries. We tend not to concentrate on the really big production companies, but on the growing sector of artisan bakeries. Perhaps we will ▶

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++ figure 1



++ figure 2

++ figures 1 + 2

In Scandinavia, supermarkets in general have complete in-store bakeries which produce a significant part of the daily bakery goods sold. Sveba-Dahlen group produces and supplies the equipment for those bakeries

present something for these clients at the next iba in Munich next year.

+ bbi: What about new geographic markets?

+ Eliasson: We are very successful in the former Soviet Union and we will be increasing our business there. We are already established in Central Europe. We have the production company in Estonia, as well as sales companies in Latvia and Estonia. We are also well represented in Poland, the Czech Republic, Slovakia, and Slovenia...

+ bbi: Wodschow is producing planetary mixers, Glimex is selling spiral mixers. Why not to bring them together or even combine the R&D activities?

+ Eliasson: That's also due out of respect for both companies history. Every company has its own R&D department. It is important to ask yourself as a company, what can we do best? I am sure that this is the best way for success, and if there is a scenario to offer a complete bakery, we do not have a problem asking other specialists, too. We are a sales

partner to different companies, for example Rondo-Doge, Bakon, Jac etc.

+ bbi: Let's go back to the bread market. All over the world there is a trend towards buying bread and baked goods in the supermarket instead of going to the small bakery around the corner. What will be the consequences for a company like yours?

+ Eliasson: There truly is a trend towards supermarkets and the majority of the supermarkets will have in-store bakeries or baking stations in the future. Together with Glimex and other partners we are selling in-store bakeries which most of the Swedish supermarkets have. Some of them are really big as you have seen at the ICA market in Borås. For baking stations we only have a small rack oven in our program and as far as I can see, we have no plans to build these typically cheap and simple kinds of bake-off ovens that you see sometimes at the bake-off-stations.

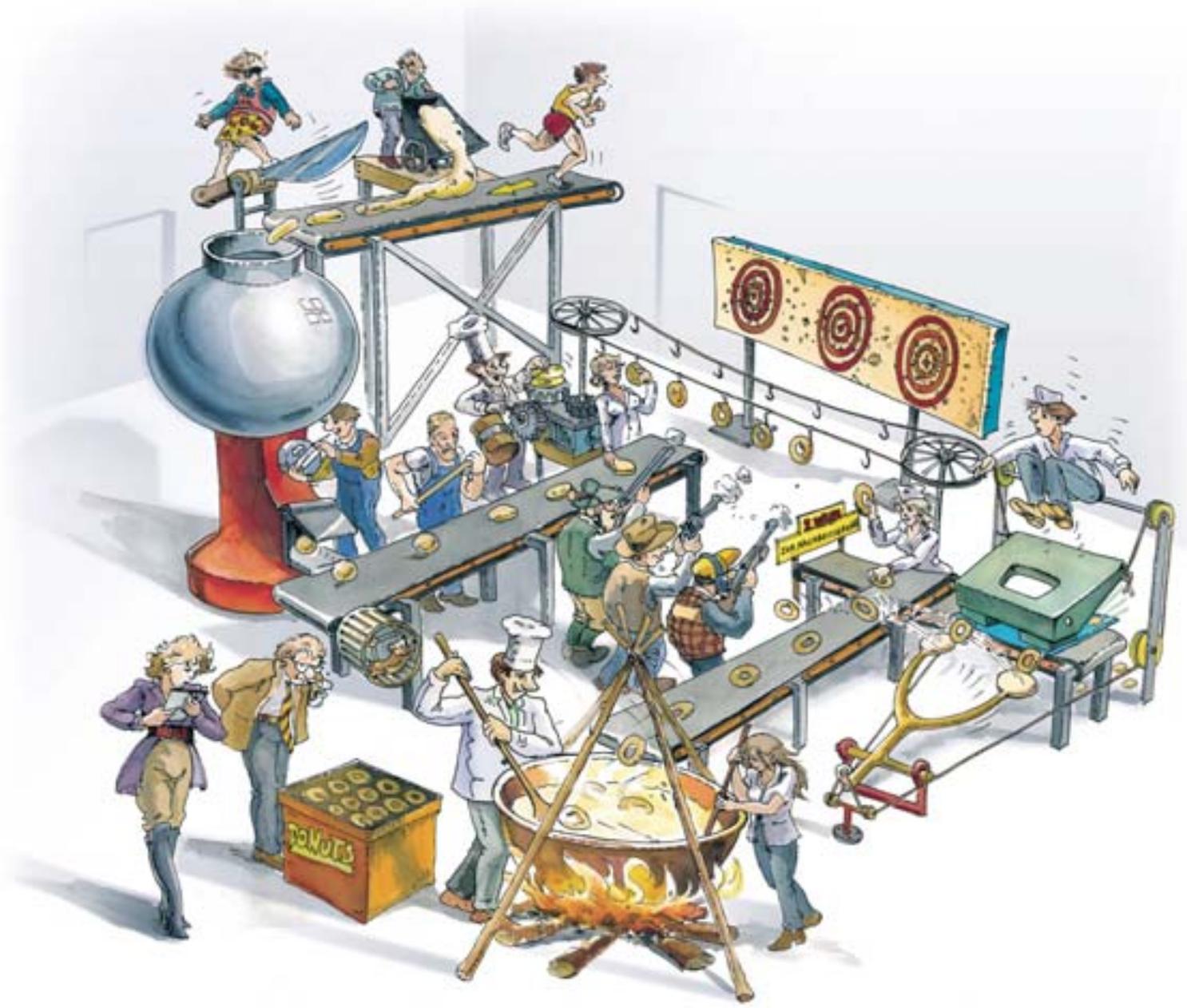
+ bbi: Why not?

+ Eliasson: We want to be able to provide professional equipment and service from the production to the after sales service. Sometimes it's best only to grab what fits into your hands.

+ bbi: Mr. Eliasson, what will you yourself be doing in 2010 and where will your company stand?

+ Eliasson: I hope I will be doing the same things as I do now. I love my job and the people I am working with. I hope we still are a family business and that the group will not be the biggest, but one of the important players on the market. +++

Sveba-Dahlen AB, Fristad, Sweden	Employees: 280 total
Glimex	
Wodschow	Turnover shares:
Sveba-Dahlen Estonia, production	Sweden 32 %
of parts for all companies	Other Nordic Countries 9 %
Vilmix Estonia, sales company	Russia 14 %
Unimix, Latvia, sales company	Europe 20 %
	USA 8 %
	Far East 10 %
Turnover 2004: 44 Mio. Euro	Middle East 7 %



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