

Rosti revs up to meet 2016-2017 ambitious sales target

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In 2010, when Nordstjernan, a family-owned Swedish investment group acquired the Sweden-based Rosti Group, the injection molder's annual sales were below the 200 million euro mark. Today, in 2014, the Rosti Group is on its way to delivering on its 2014 revenue target of 400 million, and has announced a major program of investment, designed to take the group to its new goal of 600 million euros in 2016-2017.

Talking with Tez Kurwie, Rosti Group's sales & business development director, about the group's impressive development over the past years, it became clear that a big part of this success was due to the group's attention to customer care. "Out of, say, 50 customers or so, we have maybe 15 really big customers who generate 90% of our sales," he said. "We are extremely reactive to our customers' long-term needs. This means that we go where they go, because they want us to be there. Local doesn't always match up. Our customers have experienced how we operate, in terms of reliability, trust, technical capabilities and basic ethical standards, and they are confident that we understand their business; that's what they want in, for example, Asia, as well as Europe."

He continued: "That's how we're building the business organically."

An expansive program of investment has therefore been put in place to fund this growth. Over the next two years, the group will invest 60 million euros in expanding and building new facilities at various locations around the world. "These are investments that are based on actual awards from customers," Kurwie said. "This is the result of our sales drive over the last two years."

The expansion plans are already getting underway, for example in the UK, where 20 new injection molding machines, with clamping forces of up to 2,700 tons and an extrusion line are being added, and a new state-of-the-art painting plant with interchangeable water/solvent paints is being installed, to support awarded business within automotive and other segments. A 7,000 sq m new facility is being built, which will come on stream in April of this year.

The plant in Dresden (Germany) is being expanded by a further 3,000 sq m. Ten new injection molding machines will be added to accommodate booked new business in the caps & closures market, and the facility will also offer warehousing space to house future growth. The whole site is FDA approved.

In Asia, 30 new injection molding machines are being added to accommodate new awarded business in caps & closures for the food and beverage market, and the business machines market, and the building of a 4,000 sq m extension in China. "The new building will be FDA approved - it has to be," Kurwie said. "The expansion in China means a step up for us: two years ago, we built a medical cell there, which is ISO13485 approved, to make medical disposables and now we'll be producing caps and closures for our (European) customer, for the Asian market. The volumes justify the investment in a local facility. Most importantly, our customer wanted us there."

"Execution of the 60 million euro investment program will boost sales at Rosti up to 500 million euros - not the 600 million envisaged by 2016-2017. "We set that target in line with business development," Kurwie said. "We look at what that means in terms of business revenues. So we know that to get to where we want to be, organic growth, even a healthy 8 percent per year, is not enough. We will continue to make acquisitions to arrive at the 600 million euro mark."

In that respect, Rosti is extremely happy with its owner, Nordstjernan. "The family-owned investment group is in it for the longer term. They buy companies that are headquartered in the Nordic region, and they want them to grow," explained Kurwie.

"We've built factories, added new technology, new machines. We bought new companies in the UK in 2012, and an injection molding company in Turkey, as well, for in-mold labeling products in 2013. It's exciting to be part of a group that's growing."

Rosti also announced last Friday the closure of its Chennai India facility with the loss of 100 jobs. "This decision was made in conjunction with our customers to align our manufacturing capacities with their local manufacturing requirements in Asia. Key engineering staff and injection molding machines will be transferred to our Rosti China and Rosti Malaysia facilities. "We were basically invited to move into India in 2008 by two of our customers," Kurwie said. "Since then, they have changed their manufacturing strategy and we had to re-align our manufacturing capacities to meet theirs. We can't compete in the local market, nor do we want to - it's not part of our strategy. The fact is, the plant there will no longer be viable in the long term without these two customers."

Looking ahead to 2016-2017, Rosti needs a further 100 million euros to reach its target of 600 million by then. "We'll be looking at companies suitable for acquisitions with revenues of 50 million euros, at a minimum, active in our markets: packaging, business machines, consumer & professional appliances, automotive and medical," he explained. "We'd like to return to the U.S., as well as Mexico. Brazil also looks interesting. What would be great is to find an American company with a subsidiary in Mexico, for example. Or even better: in Mexico and Brazil!"

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