

# Cavagna Group

## A formula for success and future strategy

By Rhea Healy

The Cavagna Group's journey of global development as a major compressed gas equipment producer has accelerated in recent years. With the wind in its sails, that journey has propelled the company towards completing a string of acquisitions and investments, and its voyage is showing no sign of slowing.

Founded in 1949, the company's anchor lies near Brescia, Northern Italy, which is historically known for its metalworking tradition. The family describes its location as its core strength, with the inherent knowledge of the ins and outs of non-ferrous metals a major plus in terms of the group's capabilities.

That knowledge translated into a major market advantage and today, the corporation delivers approximately 50 million valves each year in over 140 countries via a worldwide network of 15 fully-owned distribution companies. Almost 70 years since its establishment and under the leadership of the family's third generation, Cavagna has emerged as a true world benchmark for the major gas players.

But where could it go from here? In this exclusive interview with *gasworld*, Cavagna revealed its formula for success and future strategy.

As Andrea Rossi, Director of Sales, Compressed Gas Equipment, stressed, "Our manufacturing competencies and global sales network are unique in this industry. Also, the fact that we are fully integrated supports our



strategy and, coupled with our ability to innovate, it's our main strength."

"We intend to use those core capabilities to strengthen our product range and partnerships with our customers even further."

### Evolutions

The Italian manufacturer produces equipment and components for controlling compressed gases such as industrial, medical, specialty and cryogenic gases. But it has completed a string of investment and expansion projects in recent years, having invested in growth opportunities in every corner of the globe.

In one such move, Cavagna opened a new operating unit in the Brazilian state of São Paulo in June 2016, expanding its presence in Latin America. The industrial complex was built as a logistics and commercial centre for the storage and distribution of products to all its Brazilian customers, housing a special laboratory and dedicated area for medical and industrial product maintenance.

The site, located in the most densely populated and dynamic area of the country, was seen as a genuine launch platform for Cavagna's business expansion through the continent.

South America forms a large part of the group's history, having established roots in the continent in 1974 with a manufacturing unit in Venezuela. Cavagna has since expanded its operations in the region,

adding further manufacturing facilities in Colombia in 2008 and in Chile in 2010. As a result, its distribution network now runs from the top of Mexico right down to the tip of Argentina.

But Cavagna saw further growth opportunities in the continent and targeted Brazil as a gateway to grow its specific local competencies and better serve its partners. Rossi explained, "Business rules in Brazil are complex and requires anyone thinking of doing business there to have a clear

understanding of the local rules and regulations, but it holds good growth potentials for both the gas industry and for Cavagna."

"We are a global company, but we need to act locally. This is what our customers require and we can offer it thanks to our strong position in different gas industries," he added.

Shortly after, the company completed the acquisition of African Oxygen Limited's (Afrox's) Gas Equipment Line, expanding its business line of integrated

valves and regulators and further bolstering its position in the market. Encompassing high-tech pressure reducing valves for its medical gases portfolio, the assets of the South African-based corporation were transferred and installed in two of Cavagna's Italian plants in July of last year.

Rossi highlighted the synergies and explained, "With the Afrox [equipment] acquisition we continued the expansion process on our core businesses of medical valves and industrial regulators.

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We inherited Afrox's market experience, proximity to the final users, and a customised product portfolio which, ▶







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**“We want to integrate our products in a connected world, as well as integrate our products with telemetry, data transmission and geolocation devices...”**

home regions and we will continue to focus on increasing the attractiveness of our range dedicated to the cylinder gas package in these regions. We see big potential in the US healthcare industry and industrial gases market, where there are opportunities for specialty gases too.”

Rossi disclosed that Cavagna was also eyeing up China as its next potential geographical conquest, stating, “China

is the second-biggest industrial market in the world with an expanding medical market.

It has huge potential, but it is still relatively unknown to us at this

stage. We have a manufacturing unit in

Guangdong province and

we want to selectively build

our position.”


In terms of

technology, he believes

that the future direction for Cavagna lies in digitisation.

“Enhancing the cylinder package to increase the customer experience along with ensuring the maximum level of safety and performance

is a trend and an opportunity for our industry,” he explained. “We are working alongside and with our customers, anticipating and responding to this.”

“We want to integrate our products in a connected world, as well as integrate our products with telemetry, data transmission and geolocation devices. Digitisation and data transmission is reshaping the gas world; our sector is acquiring these new skills to lead the transformation,” he declared. 

its production capacity, increase flexibility, as well as ensure crucial safety compliance. “The investment has been done with the intention of supporting the organic growth of our medical division; our aim is to have the best manufacturing set-up in the industry to support our customers,” he said.

#### Strategy

But what has Cavagna set its sights on next and what does its future strategy entail? Going forward, Rossi revealed that the company plans on maintaining its leading position by focusing on its core markets of Europe and the US.

He said, “They are our first and second

► integrated in our organisation and combined with our manufacturing skills and global reach, makes a perfect fit and creates value for us and our customers.”

In yet another nod towards future growth, Cavagna’s Medical and Specialty Gases Devices Division invested in a new cleanroom facility to channel the growth of its medical and industrial gas regulator business in November 2016. The new cleanroom, which flanks the company’s existing facility at its headquarters in Italy, assembles, tests and packages devices to prevent contamination and meet the most stringent international medical standards.

Rossi highlighted that the new area has enabled Cavagna to double