

CAVANNA PACKAGING GROUP - media information

Index

- 1-Cavanna Packaging Group – General information
- 2-Cavanna Packaging Group – Institutional profile
- 3-The Group companies
- 4-Systems and solutions
- 5-Innovation and investments
- 6-Services
- 7-Collaborations
- 8-Evolution

1 - CAVANNA PACKAGING GROUP – GENERAL INFORMATION

Denomination: Cavanna Packaging Group
Holding: I.N. FIN 1989 srl

Head office: Via Matteotti 104, 28077 Prato Sesia – Novara, Italy
Website: www.cavanna.com

CEOs: Riccardo Cavanna - Alessandra Cavanna

Employees: 211 in Italy, 301 worldwide

Turnover in 2010: 46 millions of Euro

Job orders in 2010: 66

Order maximum value in 2010: 6 millions of Euro (carried out during 8 months - 4 complete packaging lines)

Group companies

Production premises:

Cavanna S.p.A. (Prato Sesia – Novara, Italy)

Felice srl (Synchrosys)

Cavanna Maquinas e Sistemas para embalagens ltd (Brazil)

Sales/Service/Engineering:

Cavanna Packaging USA Inc. (USA)

Cavanna Germany GmbH (Germania)

Marketing and Communication

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1-CAVANNA PACKAGING GROUP - INSTITUTIONAL PROFILE

Cavanna Packaging Group, a company based in Piedmont, outstanding Italian region in the mechanical engineering field, is a leader in the manufacturing of integrated flowpack packaging systems to be implemented in food, pharmaceutical and cosmetic industry. Major asset of the company is the capability to design complete medium and high-speed packaging lines and systems, starting from processing lines up to the overwrapping of products with different forms and characteristics, special packaging and packaging materials, and a wide range of opening and re-closing solutions for wrapping and overwrapping applications. Up to now, Group Companies have installed more than 5.000 complete lines and machines worldwide with an average turnover, during the last three years, equal to Euro 40 millions.

Created by Mario Cavanna's intuition in 1960, for many years Cavanna S.p.A. has been developing flowpack packaging technology for the major Italian companies in the farm&food sector, rapidly increasing thanks to the diffusion of the large-scale distributors. Progressively the range of solutions has been expanding to upstream and downstream steps for flowpacker, thanks to cooperation with important Italian groups. The opening of a manufacturing company in Brazil and commercial offices abroad, the foundation of Cartesio Robotica (in 2004, as company division) and the acquisition of Synchrosys brand represent the milestones of an international group capable to manage the entire packaging process with highly customized solutions and skilled customer service.

The innovation based in the manufacturing of complete medium and high-speed lines for delicate products with different forms in order to obtain highly-serviceable formats and packaging allowed Cavanna first, and now the Group, to become a reference partner of important multinational corporations in the food sector for the domestic and foreign market. Service and customer care centres in Europe, North and South America complete the offer. Sales abroad exceed the 80% of consolidated turnover. Quality control is centred on in-factory processing departments for components and on side-by-side cooperation with a network of electromechanical producers in Piedmont, one of the outstanding manufacturing regions.

Group's activities are mainly oriented to food industry (90%), including fresh products; the remaining part refers to pharmaceutical and cosmetic sector. The expertise in the treatment of even more innovative packaging material, in the sealing technology and in the sanitary-oriented design makes Cavanna Packaging Group the reference partner for both multinational groups (Danone, Kraft, Nestlé, Pepsico, Barilla, Ferrero, Glaxo Smithkline Beecham) and leading-sector companies (Galbusera, Morinaga, Lindt&Sprüngli, Manner). Overall, more than 900 customers are constantly followed by Service centres covering all needs from spare parts to equipment implementation, from leasing to permanent training of customer's technical personnel.

Group strategy is focused on engineering of dedicated and complete solutions for medium and high-speed lines capable to manage every kind of product typology starting from the last processing station to the overwrapping equipment, paying particular attention to efficiency (saving) and environment-friendly applications (trimmings and packaging material reduction, eco-friendly wrapping solutions).

Thanks to 5 companies, 42 agencies covering 58 nations, 1 foreign distributor and 300 employees, with a 70-strong R&D department, Cavanna Packaging Group assures the widest range of flowpack solutions and assistance.

Cavanna Packaging Group is a company entirely controlled by Cavanna family, during the last years it implemented management standards and both financial and technical control forms similar to the biggest international groups' ones.

BOARD OF DIRECTION

Riccardo Cavanna

Born in Valsesia in 1970, Riccardo has attended the Bocconi University with a degree in Business Management. Currently he is attending the Executive MBE at MIP, Business School of the Polytechnic in Milan Italy.

Riccardo has had the opportunity to experience working abroad and in Italy.

His was first employed as a pizza delivery boy in London at the age of 19. The following career years were filled with challenging jobs in important industrial groups like being Deckel Maho Glidemeister Marketing Manager for the Italy Sales Network and in ALPMA Group as Area Manager.

Since the Year 2000 Riccardo has been a member of the Board of Directors and in the year 2004 he has become the CEO of Cavanna. During his present tenor Riccardo has internationalized Cavanna by opening a Manufacturing Plant in Brazil together with Sales/Service offices in the USA and Germany.

Additional Chair activities to his Cavanna duties:

Director of UCIMA

President of the Benchmark Commission

Director of FORAZ

Active member of the GEI Association in Brazil

Alessandra Cavanna

After having taken the University Law Degree and after 5 years as a lawyer in a well-known law office in Novara Today she is the Cavanna Ceo and she is also the Marketing Director of the Cavanna Group.

She has been joining the membership of the Party of Young Industrial of Novara.

At the present time she is attending the Master Program: "Executive and Business Development Management" of the **Polytechnic(Engineering University) of Milan, Italy.**

Mario Cavanna

President and founder of Cavanna S.p.A has covered several institutional posts. Among these we can mention:

AIN Chairmanship (Industrial Association of Novara)) and Vice- President of Feder-Piedmont

(Conf-industry) , Vice-President of the Foreign Centre of the Piedmont Chamber of Commerce , Vice- President of UCIMA., President of the SIN, Industrial Services of Novara S.r.l, a Company linked to the AIN that deals with the supply of Managerial level of Consulting and Innovation Services for the Associated Companies.

Currently is a Member of the Industrial Committee of Novara.

Andrea Sianesi

Partner of the Practice Operations & Supply Chain Management.

Full Professor of Operations e Supply Chain Management at Polytechnic of City of Milan

and Associate Dean of the MIP, the Business School of Polytechnic. He has been Visiting Professor with the Tongji University of Shanghai.

Giulio Cicognani

After the University Degree In Electronic Engineering and a short experience at the Telettraof Milan, he has been in charge since the 1975, with Sacmi - Imola, as Director of the Engineering and Design department – Product and Automation system – then he has been in charge of the General Managing Direction of the Ceramic Division to finally achieving the General Managing Direction of the Sacmi, in the year 1990. In the year he becomes President of Sacmi and Catelli S.p.A and of Fbr Elpo Spa. From the year 2002 to the year 2009 he is at the Top of management level at Sacmi Filling, Labeling and Packaging, while from the year 2003 to the year 2010 he is called at the Presidency of Gram Equipment Vojens (DK) and Gram Italy. After having left, for reached age limits, the institutional positions in Sacmi, he will take charge of positions as C.E.O in different packaging companies.

3 - GROUP COMPANIES

The decision to evolve from a simple companies' aggregation to a Group's way of thinking became real in 2009, following a series of results principally focused on progressive internationalization and gradual extension of its own technical and design skills upstream and downstream of the specific flowpack packaging step. As a matter of fact, during the last years the number of overwrapping solutions (multipack and display box) has increased, above all concerning the most delicate and strategic phases in product treatment, exiting from processing lines: conveying, orientation, accumulation, geometrical arrangement of the products. Moreover, market tendency requiring even more up-to-date performances (eco-friendly packaging materials, hermetic sealing for food, pharmaceutical and cosmetic industry, sanitary design) imposed a gradual path towards specialization in technology and application sectors that during next years will be in charge of specific divisions and companies.

Technical and production skills of Cavanna S.p.A. are still concentrated in all major application sectors (bakery, confectionery, fresh food, toiletry & cosmetic), but just starting from 2010, after the acquisition of Felice srl company, it delegated to Synchronsys trademark the business concerning packaging in the specific field of accumulation, conveying and orientation lines in bakery sector. At the same time, with Synchronsys it shared some projects inspired by sanitary design international standards and started a series of innovative programs both in the field of fresh products and frozen food. The Brazilian company Cavanna Maquinas e Sistemas para embalagens, founded in 2004 and focused in the manufacturing at premises, commercialization and technical assistance for flowpack entry level packaging systems (Zero-Zero packaging machine) acts in the development not only of flow-wrapping solutions but also of automatic lines with loaders of latest generation (robot pick & place and Cartesio Robotic Division).

Due to its export-focused business (more than 80% of the turnover), it was necessary to build a commercial network covering the 58 countries in which the Cavanna brand is present. Nowadays 42 agencies and 2 companies, established and operating in the United States and in Germany, develop commercial functions and offer direct technical assistance in the corresponding geographical areas.

4 – SYSTEMS AND SOLUTIONS

Cavanna Packaging Group is *system integrator* in medium and high-speed flowpack packaging for a wide range of food and non-food products. The role of "system integrator" it plays, allows the Group being focused not on design, production and sales of technology, but being customer-oriented. The adopted technical solutions are chosen within the excellences of the companies belonging to the Group and, depending on opportunities, third companies with specific skills are involved in the manufacturing process. Thanks to this flexibility in technology application Cavanna Packaging Group could accept, and win together with the customer, some technical challenges, even the most difficult from a performance point of view.

The technical department, formed by a group of 40 engineers and skilled technicians, can simultaneously manage 70 job orders thanks both to an updated electronic design instrumental kit and to a rigorous method of supervision of the orders coming from the sales department and previously examined by an internal body estimating the costs, planning the intervention and stating the cost of the project. The lead-time for the realization of the project is shorter and shorter thanks to Lean Thinking, the progressive production philosophy, applied to every manufacturing department.

In Cavanna work also 4 Project Managers - all of them are engineers - who coordinate the different functions (Production, Technical, Sales and Logistic Departments); they also deal with the monitoring of work progress, in respect of time, quality and cost restrictions. Production control of the components is in Italy. The Group has a machine tool department, divided in three sub-departments different for working typology: each of them is equipped both with traditional machines and CNC ones (milling cutters and working centres, turning and grinding machines).

An operative and well-structured service, directly controlled by the head company, assures a continuous assistance to customers of single machines and complete lines and systems.

The first-rate technological area of the Group is flowpack into 360 degrees with all its possible declinations (depending on product and format characteristics, opening and re-closing systems, storage life, tray packing, multipack and display box) and requirements upstream to the packaging stations with flexible film (conveying, orientation, accumulation, product arrangement).

Art of Flowpack, the technical specification that was accompanying Cavanna brand up to now, means the capability of facing up the crucial problems connected with "wrap"-type packaging thanks to the automation. Encountered innovations are the artificial vision, robotics manipulation, barrier seals and system sensibility to mechanical and physical characteristics of packaging materials, reduction or elimination of rejected pieces due to machine stop, ergonomic solutions for line operators, flexibility in layout planning, bivalency or modularity of a unique system for the treatment or the manufacturing of products with different formats or packaging.

The areas towards which the Group's investments are oriented now are the packaging of fresh and frozen food, the engineering based on sanitary design international standards

and the compatibility of the systems with polymeric and cellulosic packaging materials of the latest generation, produced with renewable resources.

Within the single marketing sectors, Cavanna Packaging Group offers standard or customized solutions for the entire or step-by-step packaging process. Particularly, it faces and solves problems in the following branches: monotype and assorted industrial patisserie, biscuits, breakfast products and confectionery, sweet and salted snacks, coffee capsules for automatic and semiautomatic machines, fresh and frozen food, drugs, medical devices, cosmetics, products for personal and housing hygiene. Available technical solutions for the design of complete lines and systems are:

Pre-packaging

Accumulation and buffering systems
Distribution and feeding devices
Vertical and horizontal automatic loaders

Packaging

Horizontal flow wrappers

Secondary packaging (Multipackaging)

Multi axis manipulators for primary and secondary packaging
Cartesio Robotic Division

5 – INNOVATION AND INVESTMENTS

The major asset of Cavanna is the capability of integrating complete lines with handling and flowpack systems and robotics considering different variables, such as high-speed production, temperature of the product exiting from the baking and processing area (in case of bread and flour confectionery), fragility and delicateness of the product, precision and integrity, handling and orientation along the feeding line, irregularities of the same product, necessity of stacking or forming group of products before flowpack packaging and robotics. Additionally, overwrapping issues are taken into account and solved thanks to robotized end-of-line systems of the latest generation.

In order to regularly face up to the technological challenge the 3% of the company turnover is annually re-invested in R&D. 25% of employees contributes to innovation and this constant commitment has produced 90 system patent registrations. The areas towards which the company efforts were recently directed are those of the artificial vision systems, ultrasound sealing, bio-based polymeric material compatibility with flowpack wrapper, barrier seal, sanitary design and saving.

Under this model falls also the concept of the new workshop management system, the so-called Lean Thinking, mainly based on five actions: rationalization, commission, elimination, standardization and preservation. This Japanese method of process management and quality production made possible the reduction of system assembly time by 21% and order management time by 64%.

6 – SERVICES

Thanks to a database with no less than 5000 flowpack packaging cases, different for product type and form, speed, packaging mode, upstream or downstream feeding, all the activities concerning replacement, repair, update, line integration or re-allocation can be managed within a reasonable time by a team consisting of 27 full-time project-oriented people.

In 2000 MIT was founded, a testing laboratory where research, development and testing of new packaging material, as well as converters' knowledge (with whom steady cooperation has been established), studies and results of customers' analysis meet. Crowning achievement of the laboratory is the water test through which pack tightness is constantly controlled being one of the condition for its successful application in fresh and frozen food and pharmaceutical sectors.

Flowpack Academy is the instrument assuring a permanent training (120 people trained during 2010) to line operators and to the persons in charge of processing departments: education and formation, specific or common publications and technical guides about automatic packaging technologies, performances and characteristics of packaging materials and sealing technique development. Not only after-sale assistance but up-to-date service able to maintain a direct connection with lines performances and customers' requirements, to transmit the new market trends to the R&D department in real time, to monitor together with the commercial network the supply and demand evolution.

The already wide range of services for customers even includes the possibility of hiring (by leasing) a packaging machine during a short-term period or for the exploitation of limited productions (i.e. the launch of a new product to be tested by the market, specific campaigns for special events products - such as Christmas or Valentine's day). The leasing agreement should not be limited to the machine but will also include the technical assistance and the packaging materials.

7 – COOPERATION

The recently created Group refers to *open innovation* as an instrument to develop company growth and customers satisfaction. Being “system integrator” is a strategic choice: the Group is increasingly focusing on customers' needs. Partnership is the keystone of this mission: the spirit of cooperation was firstly consolidated within the Group companies and then exported to the relationships with customers and third companies, rigorously selected in order to offer first-class solutions to any design problems. The concept laying under the meaning of “*together*” is a reality, not a manifesto; it is a joining element characterizing the Group brand.

Within converters' world preferential relationships have been developed with Sacchital, Novamont, Innovia, Nativia e Gerosa Film. The registered trademark of the Group in the sector of eco-friendly multi-layer polymeric films is BioFlowpack, which is the result of many years of shared research and testing. The last project we realized was the application of cellulose and PLA coupled film for high-speed packaging of frozen food, which allows the elimination of the stiff case (heavier and bigger) using a compostable packaging material.

Within the number of suppliers of automatic systems and components, thanks to Group's consolidated "system integrator" vocation, preferential relationships have been developed with specialized brands for vision robots, palletizers, feeding curve conveyors, handling systems, cartooning machines, secondary packaging.

Moreover, the cooperation with public or semi-public bodies and institutions, such as the Polytechnic University of Milan, is very important. In this context, the Group is investigating the ultrasound sealing in order to obtain constant, reproducible and scientifically explainable results. A second cooperation has been developed (since the second half of 2010) with MESAP, the Piedmont Enterprise Consortium, specialized in mechatronic field, and with the Turin Industrial Association, joining manufacturing units and scientific groups such as the Polytechnic and the University of Turin. The aim is to generate and convey, within the associated partners, scientific knowledge and concrete research projects both at national and European level.

8 – EVOLUTION

Flowpack was discovered in the late fifties by Mario Cavanna, the founder of the Group now controlled by his daughter and son, Alessandra and Riccardo, during a journey to the United States, the purpose of which was the innovation research in the packaging field. This kind of packaging, mainly employed in the USA for the military rations but already widely used for the distribution of civil convenience goods, caught the attention of Mario Cavanna who guessed its potential significance for the Italian and European food industry, in that period strongly involved in a radical changeover due to the recent establishment of the large-scale distribution: the supermarket.

After getting in touch with a primary Piedmont company, still existing and now belonging to a multinational group, he moves towards a cooperation leading to the introduction of the flowpack in Italy. The specific needs relating to different product typologies, formats, distribution channels and sales volumes brought to the improvement of ancillary systems (loaders, dynamic accumulation belts, sealing groups, orientation devices, etc.) allowing the then Cavanna S.p.A. to develop knowledge and know-how in the previous and in the following steps of the simple flowpack packaging operation.

At the end of Eighties', started the internationalization phase and some agencies worldwide, particularly in Brazil, were opened. Nevertheless, only in 2003, began the start-up of the factory in São Paulo, not only a commercial body, but a real production premise able to satisfy the needs of the growing South-American large-scale distribution market in real time and in a direct way. The recently opened companies in the United States and in Germany entered in a specific strategic plan aiming to the firm establishment of the Group in the reference markets not only from the commercial and post-sale service point of view.

The last chapter of Cavanna's history is dedicated to the constitution of the Group strengthened by the acquisition of brands and activities, such as Synchronsys, and by the development of partnerships in the field of packaging materials, mechanics and electronics.

“We are conscious of the three issues characterizing the global market: flexibility; sustainability and saving in flowpack – says Riccardo Cavanna - It is impossible to answer to these questions through a company or a group of companies, simply oriented to the manufacturing and sales of machine, lines and systems. Cavanna Packaging Group is, and will be, a system innovator and integrator: not because of ambition, but of mission, because this design flexibility is what the global market wants”.