TJI last spoke with SWM two years ago, what has happened since then?
As a corporation, SWM is successfully navigating a strategic transformation with acquisitions to expand technical capabilities and to diversify its product portfolio and customer base. In 2018, total revenue exceeded USD 1 billion for the first time. This success is driven by a combination of organic growth initiatives as well as acquisitions in resin-based technologies. SWM now offers a large choice of specialty components for multiple applications like specialty papers, reconstituted tobacco and botanicals, films, nets and non-wovens. Additionally, SWM recently announced their latest acquisitions with the addition of Tekra and Trient’s film converting expertise.

What is the secret of SWM’s success?
With regard to the tobacco industry, SWM maintains a strong global presence in the traditional cigarette market. We have placed a strong focus on growing product categories such as cigars and cigarillos, tobacco heated products and roll your own solutions in recent years.

Overall, SWM strives to adopt an innovative and collaborative approach to accommodate the unique requirements and parameters required by different customers and product categories of the industry in all geographical regions.

How has 2019 been for SWM?
2019 proved to be another successful year for SWM. Financial results were strong on several fronts despite the sustained market attrition observed in the tobacco industry. Results showed the benefits of our consistent focus on high-value products, cost controls and innovation.

Where are your customers located?
SWM operates on a global scale while North America and Europe remain our home markets. Our sales and operations teams are present on four continents offering local customer service with a global supply chain.

When did SWM enter the tobacco market?
SWM is fortunate to have entered the tobacco market at a fruitful time. While it may feel like forever ago, our specialty paper production site in Quimperlé, France began producing cigarette paper in the late 19th century and remains today our largest facility worldwide.

What is so special about reconstituted tobacco?
Reconstituted tobacco is a prime example of sustainable manufacturing. By-products of virgin tobacco remaining after manufacturing are transformed into a malleable sheet otherwise known as reconstituted tobacco leaf. The remnants are then directly introduced to the tobacco blended combination with other tobacco leaf to form a very consistent and high quality cigarette blend tobacco leaf. In addition, the reconstituted tobacco reduces the filling cost for cigarettes, cigars, pipes and smoking tobacco blends. More recently KTL has turned into a powerful design tool for tobacco-based next-generation products.

How big is the demand for reconstituted tobacco?
The global demand for reconstituted tobacco has been negatively impacted by the decrease in cigarette sales. However, reconstituted tobacco offers unique cost, sustainability and functional benefits appreciated in the design of many tobacco products. It is especially valued by major tobacco companies for the production of heated tobacco products. This has led to the creation of a dedicated cross-functional team at SWM.

Please tell us about nexfill.
Nexfill is a natural tobacco filler substitute developed by SWM and our proven recon expertise. It is currently available in two Flue-Cured Virginia grades – lemon and orange. Orange is designed to deliver a mellow, riper taste profile and lemon is designed to deliver a brighter Virginia taste profile. Each grade has a consistent particle size and can mix effectively with existing blends. Quality remains highly
Customer support and technical services have always been of great importance for the tobacco industry as well as a competitive advantage for the suppliers. How does SWM support its customers?

SWM prides itself on its ability to continuously support the tobacco industry. At the forefront of our support, and as acknowledged by our customers, is our excellent customer service, deep product development capability and innovative spirit. Further to these successes is dealing with regulatory changes. We have a strong product compliance stewardship group working daily with our customers to anticipate and adapt to the regulatory changes in all regions we operate in. We know that this service is highly regarded in the industry.

What about sustainability?

SWM has documented and implemented a due diligence procedure to minimize the risk of sourcing material from unreliable sources. This procedure includes specific information requested from suppliers, risk assessment implementation and risk mitigation. As part of this process, we require that all unprocessed wood fibre and pulp suppliers provide a valid FSC and/or PEFC certificate which further ensures compliance with all applicable timber regulations. SWM also sends a Supplier Code of Conduct to all new suppliers to ensure that they are aware of and respect our sustainability principles. This strategy enables us to respond to rising concerns among customers and other stakeholders surrounding high-risk commodities, thereby increasing brand value and facilitating market share maintenance and new product acceptance in the marketplace.

What is your future outlook?

As our society and consumer environment continue to evolve at an unprecedented rate, SWM also needs to become more agile and adapt its services and solutions. Our pledge is to propose more product design options with innovative and competitive materials and structures for many business-to-business applications. One thing will not change in our DNA: we intend to grow by staying close to our customers and providing them with the essential components that they need to be successful in their challenging markets.

Interview: Marie Mayer