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"You first need to prove yourself on the home market"

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KAPP specializes in refrigeration services, has operations in many parts of the world and and is still growing strong.

Freyr Friðriksson, CEO and owner of KAPP, is sometimes jokingly asked at sales shows abroad whether it is wrong to sell refrigeration equipment in Iceland. Whether it is not like selling sand in the Sahara.

Freyr says the refrigeration business is very fun. The key is to offer a good product, have good people with you and be trust-

KAPP has its roots in 1999, when Freyr, only 23 years old, and his wife Elfa Hrönn Valdimarsdóttir bought a share in the machine workshop Egill in Kópavogur.

"Then I had just come home from studying. I then fully acquired the company in 2003," he says.

Asked about the reasons why he decided to go into business at such a young age, he says that it has always been in his head.

"I was raised that way somehow. I wanted to try my own luck".

However, there was a sudden change in the family's fortunes in 2005 when the couple's two-year-old son was diagnosed with cancer.

"Then we took the son to Sweden for treatment and I sold the company to Norvik."

After that, the workshop was run more or less as a support department and workshop for Norvikur's company.

"I came back to work at Agli in 2006 and then got to know the world of refrigeration. I worked a lot cooling food products in Kronan that Norvik had at that

Buy the company back

Freyr and Elfa then bought Egil's business back in 2011. Freyr says he is traditionally considered to be concentrated and imaginative. However, he never wants to run faster than his legs can carry him, as he puts it.

"The work increased and we did more and more projects related to food refrigeration. In 2012, we turned our attention to the fishing industry. That led me to buy the company Optimar Island in 2015. It manufactures the Optimice equipment that cools raw materials on board ships. With that, my intervention in the production of refrigeration equipment begins."

Freyr says the merger was a success. A good synergy has been achieved.

"We got a certain basic model included in the purchase, which was very auspicious for the operation of KAPP. Good staff and business connections in the fishing industry followed."

With a greater connection to the fishing industry, many other opportunities opened up, e.g. in stainless construction, according to Freys.

In 2019, KAPP buys the service and production company Stáltech after doing business with the company for years.

"We have systematically built up KAPP's external growth. I have a specific vision for the f uture," he says firmly, adding that it is about offering a complete solution.

"The idea is not to be too dependent on others. We know it in projects abroad. This often results in long delays. It can have a negative effect on the cash flow when you dont know when you can send the invoice."

It is good to have refrigeration engineers, electricians, welders and people who lay pipes, all in the same company.

"All device production and programming is also here in-house."



Morgunbladid/Arnthor Birkisson

Freyr Friðriksson, CEO and owner of KAPP, says that the opportunities in the future are somewhat greater abroad.

The programming part was added with KAPP's purchase of the high-tech company Raf last April. The companies had been in business for a long time.

"Raf has developed software that monitors everything related to cooling in ships. Initially, we planned to buy the company in 2021, but it was put on hold due to the uncertainty of the epidemic. This purchase strengthens us significantly."

- Have you put together the company he was aiming for, or is there still a piece of the puzzle missing?

"However, it may well be that you do something more in the future. There are many opportunities ahead, not least abroad, where there is a great awakening in the handling of raw materials. In many places, people there are 15-20 years behind Iceland."

A fundamental factor in the rapid development of solutions in Iceland is the access that production companies have to the Icelandic fishing industry.

"It means we can develop equipment faster and better and sell abroad. It is often forgotten in the discussion about the fishing industry that a company like KAPP, with all its technicians and diverse thinking, would not exist unless we had this access."

The production of KAPP cooling equipment has become standardized over the years. According to Frey, it helps to keep the price favorable.

There is some foreign competition in refrigeration equipment such as that produced by KAPP. Freyr says i.a. have had competitors in Canada, Africa and other places.

"Our uniqueness, which is a close relationship with the source, being on board the ships and knowing the exact temperature of the sea, the catch itself and the quantities, separates us from the competition. I can't imagine foreign competitors sending technicians out to sea for ten days like we do."

Have a chance to win

He says that because of this, KAPP often has a higher chance of winning in the market.

"Icelanders are known for good solutions in the fishing industry. You can see at exhibitions abroad that Icelandic stands are popular. I believe that the brand Iceland also has a lot to say."

The percentage of KAPP's foreign sales last year was between 35-40%.

"The ratio has slightly decreased, mainly due to the trade embargo with Russia. We were quite busy there. However, we have managed to find other markets, such as Mauritania and Denmark. When one door closes, another opens."

Business with Russia was 23% of KAPP's total turnover in 2020. Regarding winning new markets, Freyr says it is more complicated than it seems at first.

"It's a long run and you first need to prove yourself in the home market."

The United States is a growing market for KAPP, and the company carries out projects on the west coast of the country, as far as Homer, Alaska.

"There we work with a small company that builds four ships. This is very exciting. You have become a personal friend of the owners. This transaction clearly shows how much awareness there is in the world in the correct handling of raw materials."

In Iceland, KAPP also works for a number of clients such as Krónuna, N1, various wholesalers and fishing companies.

"Work is at its peak in Iceland to replace all freon and switch to

environmentally friendly refrigerants such as carbonic acid and or ammonia. We are at home there because we installed our first environmentally friendly refrigerator almost ten years ago. Then many people thought it was out of place."

The equipment also saves energy.

Doors part of a complete solution

Part of the complete solution that Freyr talks about above is the sale of high-speed doors, refrigerator doors and fire doors for which the company has a mandate.

"The newest door is a so-called fire speed door that can be used both as a fire door and a normal door. Engineers are very excited about this solution."

Salt injection machines from Rafi are in use in many parts of the country. Freyr says that the company has sold 24 such machines and is looking to offer them more widely.

KAPP moved to new houses in Turnahvari in Kópavogur in 2021. "We are here in 2,400 square meters, but we also rent out some 400 square meters."

The company also operates branches in Þorlákshöfn, Vestmannaeyjar and Grundarfjörður.

"In Þorlákshöfn, we are servicing the fishing industry, fish farms and freezer trailers that go to Smyril Line cargo ships."

KAPP had a turnover of 1.8 billion last year, but 2.3 billion when the subsidiaries Kælifélagið and Kistufell ehf. are included in the picture.

Asked about the next few years, Freyr says it is quite clear that the need for cooling services is not diminishing in the world.

"The market here at home will probably change with more consolidation in most areas. So the opportunities are somewhat greater abroad. I am a little worried about Icelandic industry when we are competing with foreign companies that can pay wages that are 25% of what we pay. Therefore, resourcefulness is needed and one must offer a better product that can be sold at a higher price. It's a certain challenge," Freyr concludes.



KAPP headquarters in Kópavogur, Iceland.