

A Valais-based company on the verge of becoming Europe's leader in explosives: "We would belong to a new galaxy"

The Valais-based group of the Swiss Explosives Society (SSE), based in Gamsen, is exploring a strategic merger with EPC Group. Its CEO Gilles de Preux discusses the challenges of this €800 million alliance.



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The CEO of the SSE, Gilles de Preux, explains the challenges of the strategic merger with EPC.

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"It is the largest industrial company headquartered in Valais." In the preamble to the interview, Gilles de Preux would like to remind us of the weight of the Swiss Explosives Society (SSE) in the economic landscape of French-speaking Switzerland. A legitimate pride for this discreet centenarian nestled in the Val de Nanz, in Gamsen.

Founded in 1894 to supply the explosives needed to dig the Simplon tunnel, SSE Group has grown over the decades into a multinational company with a presence in eight European countries.

In 1983, it diversified its activities with the creation of Valsynthèse, its fine chemicals division, a direct heir to nitroglycerin that once dynamited the Alps and is now used to manufacture cardiovascular treatments.

Gilles de Preux joined the SSE in 2009 before succeeding Dany Antille from Miégeois in 2018, continuing the long tradition of French-speaking managers at the head of this Upper Valais company. Alongside Raymond Loretan, Chairman of the Board of Directors, he could well go down in the history of the SSE.

Because last February, an announcement changed everything. Nearly 800 million and European leadership are at stake.



A major industrial site, the Swiss Explosives Society is a city within a city.

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Interview

After more than 130 years of independence, the Swiss Explosives Company (SSE) plans to transfer all its civil explosives activities to the French EPC group, in exchange for 25% of its capital. Can we speak of an absorption of SES by EPC?

Gilles de Preux: The first thing to say is that we have been in exclusive discussions since 24 February. Today, we are at the stage of due diligence (editor's note: company audits). The two parties analyze each other to check if there is a possible strategic, cultural and industrial alignment. Before talking about absorption, we need to understand what this alliance would actually create. Overnight, the EPC group, with the contribution of the SSE, would become the European leader in commercial explosives, a group present in about fifteen countries, with a European culture and values. Because in this market, the major global players are Australian and American. There is no established leader in Europe. This is precisely what this discussion with EPC is about. This is not a financial transaction, it is the vision of an industrial entrepreneur.

At the risk of losing your Swiss and Valais identity by becoming minority shareholder?

Minority? I would rather say reference shareholder. With 25%, SSE would become the second largest shareholder of the EPC group. Positioning and anchoring within EPC would be important.

The operational and strategic decisions of this EPC group would be made in Paris.

So, when the newspaper Les Echos headlines "The French EPC ready to swallow his Swiss rival", is it exaggerated?

It's a huge blunder. And it's the only newspaper to have headlined in this way, which doesn't reflect at all the spirit of the discussions we're having with EPC. It was the act of a journalist who wanted to cause a sensation.

But strategic decisions on explosives will no longer be made in Gamsen, but in Paris.

Yes, the operational and strategic decisions of this EPC group would be made in Paris. That said, with 25% of the capital, SSE Holding would have an important role to play within this new structure.



The due diligence is reciprocal, explains Gilles de Preux. Each company is combed with a view to an alliance. ©Sacha Bittel

You have had seven consecutive years of growth and record results in 2024. Why is it now that you have to get closer to a big player, when you give the impression that everything is fine?

This is a legitimate question. Two years ago, the board of directors questioned the future of the company in the face of the new challenges of innovation, attractiveness, technology and legislation. What is the best way to ensure the sustainability of this activity for our 600 employees? The option of continuing on its own remains on the table, but we wanted to proactively analyze potential partnerships. Today, the European market is more or less stable, and all the players hold between 10 and 15% of the market share. To progress, we would need a major acquisition, and in our business, we can't simply create a business, in France for example, from one day to

the next day. You need facilities, storage capacity, talent. We are forced to build on existing buildings.

Despite good figures, over the same period, you closed the Eurodyn site in Germany barely ten years after the takeover, you abandoned Norway due to a lack of profitability, and Sweden remains stubbornly in the red. Are these setbacks related to the transfer of your explosives branch to EPC?

No. The closure of Eurodyn is not a financial or industrial decision. The owner of the land in Germany did not want to renew our lease. As for Norway, it is one of the most competitive markets in Europe and we had not managed to put in place a team capable of carrying out our strategy. The life of a group active in 8 countries and on 2 activities is made

great news and challenges. What motivated this merger with EPC was the analysis of the market and future challenges. Not these elements.

This merger would certainly create the world's number 4, a group of nearly 4000 employees, present in more than 35 markets.

On a global scale, compared to giants such as Orica or Maxam, what place would EPC occupy?

This merger would certainly create the world's number 4, a group of nearly 4000 employees, present in more than 35 markets. We would belong to a new galaxy.

When you are the managing director of the SSE and you leave the strategic hand to Paris, is it a difficult decision to make?

What is most important for the Board of Directors and myself is to reflect on the interests of all our employees. Will the future together respect our values and our way of operating? The fact that we have entered into exclusive discussions with EPC already gives you part of the answer. The due diligence is a two-way street: it's really an integration within EPC, and there is no restructuring plan planned, because we operate in complementary markets.

Do you guarantee that jobs will be maintained at the Gamsen site? Yes. When we talk about explosives-related employees, we are talking about 600 employees, including more than a hundred at Gamsen.

All employees of the SSE group will be transferred, all of whom will be positions will be maintained and gains secured.

And you, Gilles de Preux, what is your future within the company if the explosives go to EPC? Only Valsynthèse will remain, which already has its own director, Max Lauwiner. Are you going to lose your job?

Valsynthèse does indeed have its own CEO, of whom I remain the hierarchical superior to this day. But if this deal were to materialize, my role as CEO of the SSE group would be over.

My new position within EPC would certainly be at the level of the group's executive committee, in a position that should be announced in due course.



In the event of a merger, Gilles de Preux's future could be Parisian, at the headquarters of EPC. ©Sacha Bittel

The wedding is scheduled for the third quarter of this year. Is the engagement going well?

Between March and June, we should be able to communicate if yes or no the project continues.

Is this the end of the name SSE?

SSE is a holding company that owns two sub-holdings. Valsynthèse, active in fine chemicals, and Eurex, active in commercial explosives. It is the sub-holding Eurex that would be transferred.

SSE Holding would remain, the headquarters would remain in Gamsen, and all The fine chemicals business would continue as it is today.

If this deal were to materialise, my role as CEO of the SSE Group would be over.

In your 2024 activity report, you already announced this separation, with 50 million francs of stakes transferred to Eurex and 11 million of assets to Valsynthèse.

Could we read the beginnings of the February announcement?

From a communication point of view, it may have been a surprise. But from a strategic point of view, we have always told our shareholders that the group wants to align its structure with its strategies. We have two different activities, two different strategies, two different desires for development.

Historically, as everything belonged to the holding company, some discussions were complicated. When we approached potential partners in chemistry, they said they liked what we did, but not the explosive. So we created the Eurex sub-holding in 2024, separated the Gamsen land and the employment contracts in 2025.

Simply to have two independent activities capable of work in good understanding.

**So there was never any question of selling Valsynthèse to EPC?
Is fine chemicals not part of their activities?**

EPC's core business is commercial explosives. Valsynthèse's core business is chemistry and production intermediates or finished products for pharmaceuticals and specialty chemicals. These are different worlds. Valsynthèse will remain under SSE Holding, with the same ambitions and the same vision of development.



Gilles de Preux assure qu'aucun emploi ne disparaîtra de Gamsen à l'issue du rapprochement avec EPC. ©Sacha Bittel

Valsynthèse is also experiencing strong growth. It represented around 15% of the holding company's turnover in 2022, with a target of reaching 20%. Has the challenge been met?

We are extremely satisfied because we are going to exceed these objectives. Valsynthesis' turnover has almost quadrupled in the last five years. The Board of Directors' reflection is now focused on the next stage of development. Should we make additional investments in Gamsen, or consider acquisitions to complete our technology portfolio?

We have almost quadrupled the turnover of Valsynthèse over the last five years.

From your portfolio, we know above all betaine citrate and Bovaer, the anti-methane additive for cows with DSM-Firmenich. Does it hide other flagship products?

Our catalog is perfectly public. We have invested in the production of Grignard reagents in continuous flow and we are producing pharmaceutical nitroglycerin, for example. And because our factory is versatile, we can meet the demands of for customers in Europe, the United States and Asia. It is a profound change that we have made in recent years.

Historically, Valsynthèse was a simple manufacturer, customers came with their formula and we made it. Today, we have become a real development partner. Customers can come with just an idea, and we support them from the first gram produced in the lab to the first tons on an industrial scale.

According to analysts, the European subcontracting market is worth 35 billion euros, with growth of more than 7% per year.

Does Valsynthèse have a real card to play?

Of course, Valsynthèse is sailing in this ocean of 35 billion. But given our size and our very specific profession, high-risk chemistry is a niche strategy focused on competence and expertise. Since Covid, there has been a return of demand for European producers, because it is a guarantee in terms of delivery. We have clearly realigned our strategies to take advantage of this wave.

Your neighbour Lonza is not a direct competitor, except in terms of labour. Is cohabitation complicated?

We are extremely satisfied to have always worked very well with our big sister. That said, when a site like Visp had a significant need for manpower, especially during Covid, there were some disruptions within our teams. But behind every challenge is also an opportunity.

You specialize in commercial and civilian explosives. Is there a niche to be seized in military explosives? Defence budgets are increasing everywhere in Europe.

In Gamsen, some products, including Plastex or pentrite, are classified as dual. These products can be used for our core business, quarries and mines, but also for so-called military engineering, such as the demolition of buildings or a bridge.

Be careful, military engineering does not necessarily mean lethal. Today, 99.9% of our activity is related to commercial explosives and, with a few exceptions, to military engineering. Not to the

ammunition, not lethal development. However, since February 2022 and the outbreak of the war in Ukraine, the board of directors and management have regularly reviewed their strategic positioning. A change could be possible, but this decision has not yet been taken.

I don't see any major constraints if we were to develop in the field of defence.

**Is Swiss legislation on war material an obstacle in this area?
Other industries complain that its framework is too restrictive.**

If tomorrow we were to deliver products more actively for defence purposes, the Swiss legislative framework is quite clear and would not be a constraint. Our dual-use civil and military products are subject to the Federal Explosives Act, which clearly regulates all rules and authorisations. So I don't see any major constraints if we were to develop in this area.

If the marriage with EPC fails, who has the most to lose?

No one. It would not be dramatic at all. We would simply realign our strategies with other options. We contacted a series of partners, we received different offers and it was the EPC that best met our expectations and our vision.

But we have no obligation. If this deal goes through, it will be based on a conviction that will bring added value to the company. all 600 employees. And for Valsynthèse, in any case, we still have a lot of ambition.

SSE GROUP IN FIGURES 2024

Total sales: CHF 179 million (+5.7%)

of which **Eurex (civil explosives):** CHF 141 million (approx. 80%)

of which **Valsynthèse (fine chemicals):** ~38 million francs (more than 20%)

Net profit: CHF 7.7 million (+22%)

Employees: 755 full-time equivalents of

which **SSE (8 European countries):**

~575 FTEs of which **SSE (Gamsen):** +

100 FTEs

of which **Synthesis Value:** 80 EPT