

2019

ANNUAL
REPORT



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CEFLA: INVESTMENT AND INCREASED COMPETITIVENESS STRATEGY

THE GROWTH TREND CONTINUES WITH AN INCREASE IN TURN-OVER AND REVENUES EXCEEDING 585 MILLION, AND AN EBITDA MARGIN EXCEEDING 50 MILLION.

The 2019 consolidated financial statements confirm a continuing positive yearly trend within the Cefla Group across its 5 Business Units (Engineering, Shopfitting, Finishing, Medical Equipment and Lighting).

Despite the economic slowdown last year, the Group has continued to grow, thanks to an investment strategy aimed at enhancing competitiveness in its reference markets.

The Engineering BU, the Medical Equipment BU and the Finishing BU, consolidating and strengthening their 2018 results, have spearheaded the current growth trends which involve margins, EBITDA and EBIT figures. The recently established Lighting BU has increased revenues while the Shopfitting BU has gone through a downturn in 2019; the Group has therefore launched actions aimed at reversing the current trend in its reference market.

Total revenues exceeded 585 million euro (+ 5% on the previous year) achieved with a 50% share of exports.

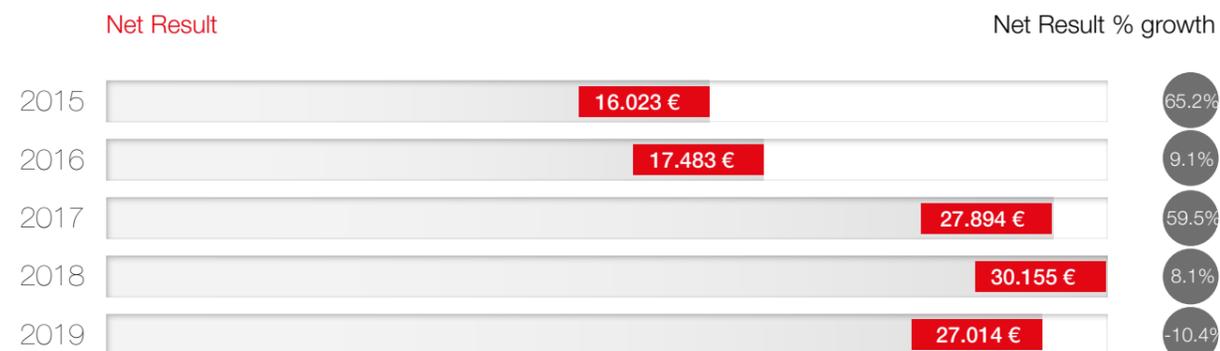
The consolidated EBITDA figure was close to 51 million euro, net of more than 12 million prudential write-downs originating from the difficult global economic scenario in which the Group operates; the Group has nonetheless promoted and financed major capital expenditures on product and process innovation in all BUs, allocating, according to its traditional budget policy, over 12 million euro of its 2019 income statement for product research, development, functional and design improvements, expansion of the product range, re-engineering of processes and projects for the exploration and start-up of new activities.

Cefla has always overcome challenges thanks to its ability to create value over time through diversified skills, solidity and capacity for innovation.

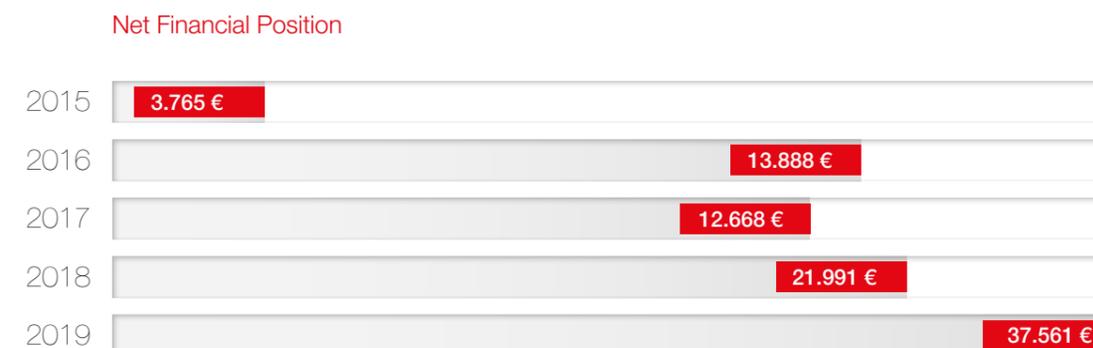
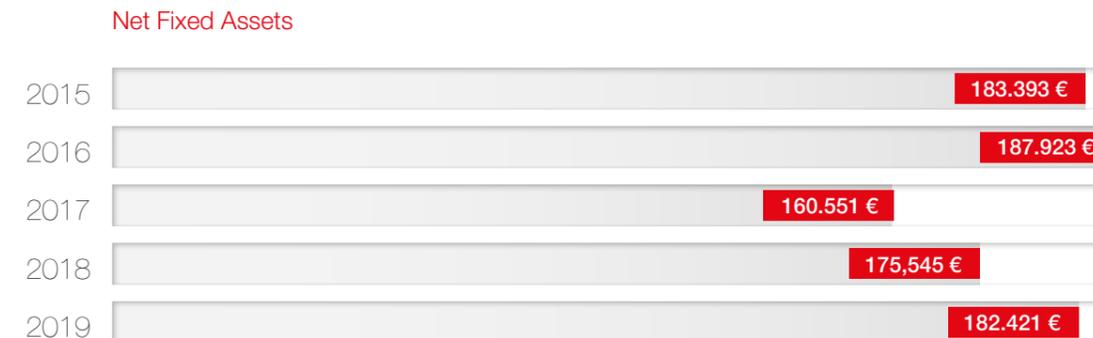
Over the next few years the group will continue to invest in products, technology and customer service while maintaining its closeness to markets in order to seize all future opportunities for recovery and focussing on internationalisation.

Gianmaria Balducci
Cefla BoD Chairman

INCOME STATEMENT



BALANCE SHEET



BUSINESS UNITS

CEFLA ENGINEERING: WITH OUR EXPERTISE AND THE MOST ADVANCED TECHNOLOGIES WE CREATE WELL-BEING IN THE FACILITIES THAT WE BUILD.

CEFLA ENGINEERING

FOR OVER 88 YEARS, CEFLA HAS DESIGNED AND BUILT COMPLEX TECHNOLOGICAL SYSTEMS FOR CIVIL AND INDUSTRIAL APPLICATIONS, IN ORDER TO ENSURE WELL-BEING IN ENERGY EFFICIENT AND ENVIRONMENTALLY SUSTAINABLE FACILITIES - CREATED ACCORDING TO THE HIGHEST QUALITY AND SAFETY STANDARDS. IN THE ENERGY SECTOR IT HAS, FOR ALMOST FORTY YEARS NOW, BUILT COGENERATION AND TRIGENERATION PLANTS, HEAT RECOVERY PLANTS AND PURIFICATION SYSTEMS.

Cefla also offers specialised and qualified assistance for management and scheduled, unscheduled and preventive maintenance for all system types, including in the energy sector, and all over the national territory, activating Full Service and Global Service contracts to support customers in every Facility Management activity.

The wealth of experience acquired and the continuous application of innovative technology, engineering and IT skills have enabled the company to implement complex, top-flight projects, designed to optimise quality of life and protect the environment; this has allowed us to export our know-how world-wide.

"By acting as a 'Technological Service Provider' - always forward-thinking and increasingly committed to the digitisation of services - we supply innovative, efficient solutions that optimise both process management and customer relations, ensuring that customers are able to keep every variable under control. Thanks to our facilities and streamlined organisation, Cefla is able to come up with Engineering solutions that meet any customers' needs. It does so by offering a comprehensive, diversified service that spans from feasibility studies to basic design, from planning and construction to plant management/running and after-sales services, by developing innovative IT tools and ensuring that the staff are trained accordingly."

In 2019, a marked growth in Revenues was recorded and EBITDA also increased by 31.5%: these data, which have substantially improved also compared to the initial estimates, are a major boost in a phase that had raised fears given the trend of a market which continues to suffer from lowered prices.

These figures were also influenced by securing a first major overseas contract which involves the design, construction, installation and testing of a new 50 MW cogeneration plant in Cottbus, Germany, which will supply electricity and thermal energy, using highly efficient engineering technologies within the scope of government plans designed to replace obsolete coal-fired power stations. The works are currently in progress and will be completed in the summer of 2021.

In the Rome area, the opening date of the Maximo Shopping Centre is getting closer: the new shopping centre is expected to open in October 2020 on via Laurentina to cover a shopping area of over 60,000 square metres, and there, a high efficiency cogeneration plant is being built, with loop distribution of the heating and cooling energy produced, and calibration of air diffusion in relation to the large volume of the indoor spaces.

In Imola, the foundation stone of the new 12,000 m² Yogi Tea group's TeaPak production plant was laid, with Cefla being appointed to deliver the whole project as the general contractor: from plant construction to design and installation of latest-generation systems.

In the energy sector, following an agreement between E.ON and Bracco, a new cogeneration plant is being built in the provinces of Monza and Brianza, including an 8 MW turbogas unit, which will result in energy cost cuts and a lower environmental impact.

Furthermore, the backbone of the "Vertical Nest" is beginning to take shape: this is the iconic tower that is to become the headquarters of UnipolSai group in Milan, Porta Nuova area, a daring project involving an elliptical-shaped skyscraper designed to reach a height of 125 metres, to be built according to the highest sustainability standards and outstandingly innovative in terms of energy efficiency - so much so that the building will be applying for a LEED Platinum certification. In addition to offices, it will contain a 220-plus seats conference hall and a rooftop restaurant in a panoramic greenhouse-garden.

The company's focus will increasingly be on securing high technological and innovative content orders; increasing the impact of service will be a key factor in guaranteeing continuity and stability of the financial results. Finally, we would like to promote overseas activity by converting skills and encouraging scalable business.

Maximo Shopping Centre, Rome



Cottbus Site, Germany



CEFLA SHOPFITTING: MERCHANDISE DISPLAY CONCEPTS TAILORED TO A CONSTANTLY EVOLVING MARKET.

MANAGING, CREATIVITY AND INNOVATION ARE THE THREE KEY WORDS THAT HAVE LED CEFLA SHOPFITTING TO SEEKING INCREASINGLY PERSONALISED AND FLEXIBLE SOLUTIONS IN ORDER TO MEET THE NEEDS OF THE MARKET, IN A CONTINUOUS SEARCH FOR CREATIVITY AND TIMELINESS IN THE RENEWAL OF STORE LAYOUTS.

In 2019, the industrialisation of the 3x3 display system made it possible to combine innovation, ergonomics and functionality by offering the market a modular and multi-purpose shelf. This display system is our response to flexibility and customisation needs, combined with more a compact footprint and easy, quick installation requirements. Thanks to modularity and configurability features, each project can be customized in all its components, finishes and solutions.

The expertise gained in retail designing has allowed us to partner our customers by offering design consulting. We work side by side with our customers from the project design phase all the way to the creation of a physical store - defining together a concept that identifies the outlet's "personality".

In terms of product development, during 2019 we focused on the development of a new checkout model, Futura Compact Reverse - the highest expression of flexibility, usable by both the store operator and the customer in a self checkout version. This innovative effort also includes the integration of an automated cashier call system, named "Checkout Organizer", which optimises the use of human resources at the checkout barrier and reduces running costs.

A stronger presence in new markets such as Africa and the Middle East was combined with increasing penetration in non-food sectors such as Pharmacy and Pet food.

Expected operations outlook

Given the ongoing health emergency, the sales volumes impact in 2020 is hard to assess. In any case, a number of actions will be implemented, including the finalisation of product repositioning, the choice of a new approach to some markets such as DIY and Pharmacy, the drafting and implementation of a market distribution plan - all aimed at developing a new organisation based on an offer-to-delivery approach.



Obbio Barcelona



CEFLA SHOPFITTING

YOU MAKE ME FEEL NATURAL

GROW UNIT
FARM
TO
FORK
= 0 KM

- 1 NATURAL GARIBOLDI
- 2 ZERO-EFFORT, EASY TO USE
- 3 SUSTAINABILITY
- 4 PROPLY NUTRITION
- 5 GROW 100% NATURALLY
- 6 CONCENTRATED FLAVOUR

Euroshop Fruit and Vegetable Area

Bricocenter Lucca

CEFLA FINISHING: INNOVATION IN EVERY SECTOR.

CEFLA FINISHING

FOR ALMOST 70 YEARS WE HAVE BEEN THE WORLD-LEADING DESIGNERS AND PRODUCERS OF INDUSTRIAL SOLUTIONS FOR THE COATING, DECORATION, DIGITAL PRINTING AND VENEERING OF WOODEN AND WOOD-DERIVED COMPONENTS, PLASTIC, METAL, GLASS, FIBRE CEMENT AND COMPOSITE MATERIALS. THE YEAR 2019 ENDED WITH A MODERATE DROP IN REVENUES COMPARED TO 2018 AND, AT THE SAME TIME, SAW THE STRENGTHENING OF OUR COMPETITIVE EDGE IN REFERENCE MARKETS.

The mission of Cefla Finishing, presently the world's leading supplier of wood and wood-derived product coating systems, is to consolidate its leadership in this sector and become a benchmark supplier in the plastic, metal, glass and inert materials fields.

The strategy implemented by Cefla Finishing to achieve this ambitious result is simple: an unending quest for both innovation and reliability.

The year 2019 ended with a moderate drop in revenues compared to 2018, in line with the performance of other top market players, while profitability remained as strong as in 2018 in percentage terms, supported by the excellent results in Cefla Finishing's foreign markets, where this Business Unit has strengthened its competitive edge.

The Operation Area confirms the achievement of greater production efficiency and purchasing cost control goals.

In terms of product development, during 2019 the planned upgrade of the roller coater range was completed, culminating in its commercial launch at Ligna 2019. Innovative solutions in the field of inert atmosphere drying were also fine-tuned to obtain high-performance super matt finishes - also presented at Ligna. In the field of sprayer technology, a newly developed elliptical sprayer stands out: Elispray, high-performing in terms of both productivity and quality.

The upgrading of software and after-sales services of the Ubiquo suite also continued - using digital tools developed in the Industry 4.0 environment.

As for the current year, the market will be directly influenced by the consequences of the current pandemic - inevitably causing a shrinking in volumes.

The consequent cost containment actions will not impair the level of service offered and, above all, the efforts and commitment of this Business Unit to the development of innovative solutions.

Super matt surface finishes obtained with the new Exydry-Z excimer oven



New Elispray, high performance elliptical sprayer.

Smartcoater Pro, top-of-the-range roller coater

CEFLA MEDICAL EQUIPMENT: CONTINUING EVOLUTION.

2019 SAW THE CEFLA MEDICAL EQUIPMENT BUSINESS UNIT ACHIEVE EXTREMELY POSITIVE RESULTS. BY CONTINUING TO ENCOURAGE ACTIVE COLLABORATION WITH AN INTERNATIONAL NETWORK OF DISTRIBUTORS AND PROMOTING ITS PRESENCE IN NEW MARKETS, OUR MULTIBRAND POLICY HAS FURTHER STRENGTHENED THE POSITION OF THIS BUSINESS UNIT AS A "GLOBAL PARTNER" FOR THE MEDICAL SECTOR.

The market launch of Anthos-, Stern Weber- and Castellini-branded new dental unit models received an enthusiastic welcome.

For the first time in the long history of Cefla Medical Equipment, the threshold of **10,000 units produced during a year** was exceeded. The MyRay and NewTom brands also benefited from the release of new products. Outstanding sales figures have rewarded the efforts aimed at improving efficiency, ergonomics and cost/effectiveness of well tested best sellers.

Recirculation and water saving systems, remote connection for technical assistance and cycle data management are only some of the technological innovations that the autoclaves of the Mocom range have benefited from. In this case, too, the market has rewarded the new designs launched by the historic Italian brand in the field of sterilisation.

As regards the production of dental implants, invisible aligners and implant design software, the commercial agreement signed with Biosafin was successful both commercially, with the appointment of new distributors, and in terms of research - as important universities and institutes, which already partnered Biosafin, have started testing several Cefla Medical Equipment designs.

The aim is to scientifically validate the clinical results obtained with the products, improve their technical specifications and broaden their fields of use.

Revenues exceeded 210 million euro (+10% compared to 2018), over 80% of which was accounted for by exports.

In 2020, the addition of new models to the Dental Unit and Imaging product ranges is also planned - with investments in the industrial area: completion of the VRP program, new CBCT 7G lines, training centres and show rooms.

In 2020, the Medical Equipment BU will be involved in the management of the Covid-19 outbreak, guaranteeing continuity, market monitoring and customer support, while being aware of an inevitable, still hard to quantify decrease in revenues.

*Newtom Giano HD
The best of 3D technology combined
with a wide range of 2D projections*



CEFLA MEDICAL EQUIPMENT



*Mocom Supreme.
Redesigns the world of
sterilisation*

*Stern Weber S380TRC
the revolution re-writing the future of dental practice*

CEFLA LIGHTING: PUTTING YOUR BUSINESS IN THE SPOTLIGHT



Masterchef Grow Unit

CEFLA LIGHTING

THE LIGHTING BUSINESS UNIT IS CEFLA'S LIGHTING AND WIRELESS CONNECTIVITY AMBASSADOR ALL OVER THE WORLD, PROVIDING A WEALTH OF KNOW-HOW DEVELOPED DURING YEARS OF ACTIVITY IN THE FIELD OF DESIGNING AND MANUFACTURING ITALIAN-MADE LED-POWERED PRODUCTS.

THE LIGHTING BUSINESS UNIT IS THE RESULT OF THE SYNERGISM CREATED BETWEEN THE COMPANIES C-LED AND LUCIFERO'S FOLLOWING THE TAKEOVER OF THE LATTER IN 2018. IT DESIGNS AND MANUFACTURES HIGH-TECH LED COMPONENTS AND PRODUCTS FOR THE ARCHITECTURAL LIGHTING MARKET.

C-LED designs and manufactures technologies for the Lighting world and has three main business lines: modules integrating LED and UV technology, Smart Lighting and horticulture lighting products. The company offers outstanding expertise in electronics, especially in the design and production of circuit boards. Two ultra-modern SMD lines provide sufficient output capacity to combine efficiency and flexibility - a must-have feature in this sector.

During 2019 C-Led focused on enhancing its skills in the horticultural Growing sector. Two area managers were appointed to create a new, dedicated dealer network for the sale of these products, and the range of high-tech horticultural lamps was expanded to respond to different market needs. Thanks to the expertise gained and the network built over the years, new important partnerships were initiated, such as the one with the company Tolo Green, active in the microalgae production sector, which will display our C-LED lamps at Expo Dubai in 2021.

LUCIFERO'S, which joined the Cefla Group in July 2018, is a company that has specialised in the development of architectural lighting solutions for over 40 years by designing and manufacturing lighting fixtures for the interior design, outdoor and retail design sectors.

Lucifero's smoothly integrates lighting fixtures into their surroundings, not just physically but also in terms of the materials used, ensuring outstanding versatility for designers.

The main business lines include products such as profiles and systems, spotlights and outdoor products. Lucifero's is also able to create special products to specific designs.

During 2019, special focus was placed on preparing Lucifero's new product catalogue for the 'Light & Building' biennial exhibition, which was due to be held in March 2020. In particular, collections in the outdoor lighting sector were added and collections for the retail and residential world were expanded. Furthermore, the synergy with the Shopfitting Business Unit was strengthened thanks to the supply of light fixtures for the company's booth at Euroshop 2020, the most important trade fair in the Retail sector worldwide.

The financial performance of the Lighting BU in the year 2019 was positive, with an increase in revenues and product margins. EBITDA for 2019 was affected by the considerable investments in human resources and products as planned in the strategic plan.

Spirulina algae growing



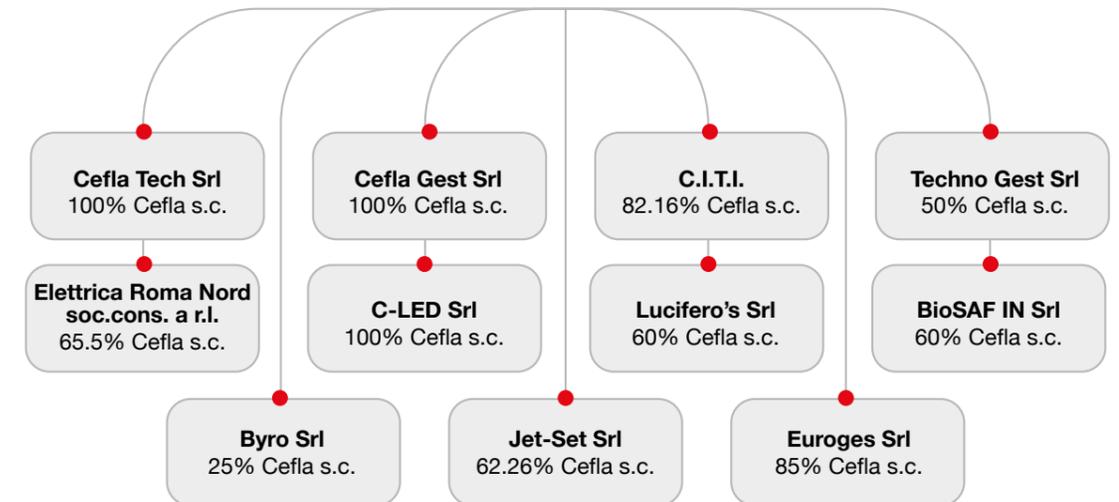
DIFFERENT ROUTES TO ONE GOAL: EXCELLENCE

CEFLA CONSISTS OF A NUMBER OF DIFFERENT DIVISIONS, ACTIVE IN DIFFERENT FIELDS AND ENVIRONMENTS, BUT NONETHELESS SHARING THE SAME MAIN GOALS. FIVE DIFFERENT BUSINESS UNITS, COMBINING SKILLS AND ABILITIES TO ACHIEVE PRIMARY TARGETS IN THEIR RESPECTIVE FIELDS OF ACTION. ALL SHARING A COMMON PROJECT, IN WHICH EVERYONE'S TALENT AND RELATIONS ARE INTEGRATED AND MUTUALLY SUPPORTED.

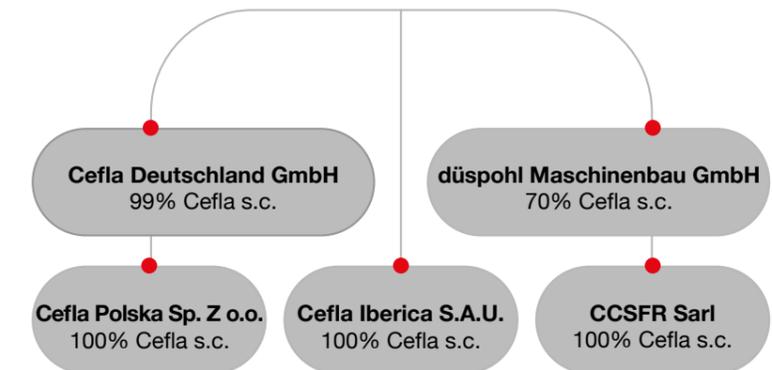
CEFLA



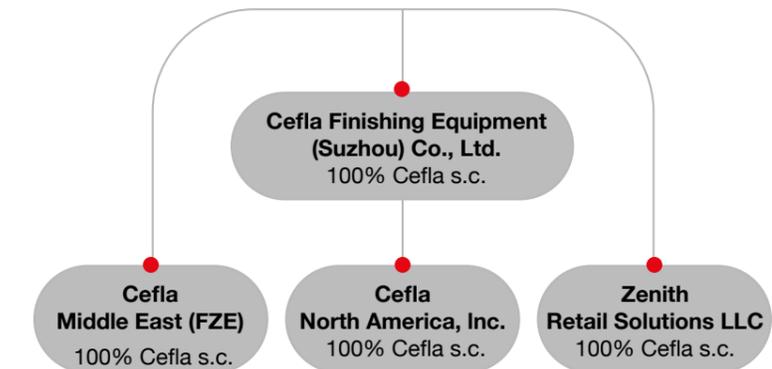
CEFLA s.c. Shareholdings in Italian companies



Shareholdings in EU companies



Shareholdings in non-EU companies



Real Estate Companies



CLOSE TO OUR MARKETS AND OUR CUSTOMERS

FOR CEFLA, PHYSICAL PROXIMITY TO ITS CUSTOMERS IS A CRITICAL PRECONDITION.
 WITH ITS WORLDWIDE PRESENCE AND FACILITIES IN ITALY, GERMANY, RUSSIA, CHINA AND THE USA,
 THE GROUP HAS MORE THAN 2,000 EMPLOYEES AND 26 PLANTS GLOBALLY, INCLUDING 14 PRODUCTION FACTORIES.

CEFLA

Italy

- ○ Imola
CEFLA HEADQUARTERS
- ○ Ancona
- ○ Bergamo
- ○ Bologna
- ○ Castel Maggiore
- ○ Milan
- ○ Pesaro
- ○ Rome
- ○ Verona

Russia

- ○ Moscow

Poland

- Warsaw

United Arab Emirates

- Dubai

China

- ○ Suzhou

Germany

- ○ Meckenheim
- ○ Schloß Holte - Stukenbrock

France

- ○ Bischwiller
- ○ Melun

Spain

- Madrid

USA

- ○ Charlotte

○ SOCIETÀ PRODUTTIVE
Manufacturing sites

○ SOCIETÀ COMMERCIALI
Sales offices