



2020

# ANNUAL REPORT



Making Your Life Better.

Via Selice Provinciale, 23/a  
40026 - Imola (BO) Italy  
Tel. +39 0542 653111  
[cefla.com](http://cefla.com)



ENGINEERING | FINISHING | MEDICAL EQUIPMENT | LIGHTING



# Index

## **ANNUAL REPORT 2020**

Statements by the President **6**

Economic and financial indicators **7**

## **BUSINESS UNITS**

• Business Unit Engineering **11**

• Business Unit Finishing **13**

• Business Unit Medical Equipment **15**

• Business Unit Lighting **17**

Company Organisation **19**

Cefla in the world **21**



## STATEMENTS BY THE PRESIDENT

CEFLA: RESPONSIVE, CUSTOMER-FOCUSED, CREATING VALUE THROUGH DIVERSIFICATION

2020 SEES THE GROUP'S ECONOMIC PERFORMANCE INDICATORS REACH THEIR HIGHEST-EVER LEVELS.

*In a year characterised by an unprecedented global pandemic, revenues were slightly down yet still exceeded 531 million euro while the EBITDA margin grew to 55.6 million euro. Overall net profit, on the other hand, stood at an all-time high of 31.6 million euro, 17% higher than the previous year.*

In the midst of this exceptional, history-making pandemic, the Cefla Group closed its 2020 financial statement with excellent results.

The year 2020 was an extremely challenging one from both an economic and, indeed, a human standpoint. It began with a cyber-attack and a global health crisis that led to rapid corporate reorganization in terms of worker safety, with Cefla implementing health authority guidelines or, sometimes, enacting even more restrictive measures to safeguard Group employees. Fast Group decision-making and action led to the swift establishment of remote working solutions with office staff performing, on average, some 60% of all working hours at home.

Despite production lockdowns, the Group reacted by maintaining an active presence on reference markets and did so, above all, without ever interrupting service to customers. In addition to guaranteeing safe working conditions and full compliance with health protocols, production and services were able to continue apace, largely by staying connected and ensuring a consistent presence on global markets via production, sales, technical services and product development. All this was achieved through effective management of not just internal but also external problems linked to complex national and international supply chains and the new ways of working imposed by anti-Covid rules.

Moreover, at the end of 2020 we completed an agreement for the cession of the Shopfitting Business Unit, founded in Cefla in 1950. A newco called Imola Retail Solutions was established, of which Cefla currently holds a 19% share, leaving Itab La Fortezza SpA, the Italian subsidiary of the Swedish Group Itab Shop Concept AB, as the majority shareholder. This new arrangement aims to refresh prospects for a segment that has, over the years, become less strategic to the Group's business portfolio.

A sharp focus on customers, diversification and sustainability were some of the key drivers behind Cefla's operations within its different BUs during 2020.

Newly secured key contracts and the pursuit of an internationalisation strategy by the **Engineering BU**, the increased market shares gained by the **Medical Equipment BU** and major steps towards diversification within the **Finishing BU** made it possible to achieve excellent 2020 results in terms of higher EBITDA and EBIT margins. For the **Lighting BU**, on the other hand, the economic trend in 2020 was heavily negative, due to a 'freezing' of industry initiatives during the pandemic.

Moreover, 2020 saw a continuing commitment to research, development, functional/aesthetic product improvement, product range expansion, process re-engineering and projects for the exploration and start-up of new businesses, with relative costs amounting to 10.7 million euro (of which 9.7 was accounted for by Cefla s.c.).

Research and development projects grew on a sector by sector basis, in line with Group goals. In addition to ongoing projects launched the previous year, further projects were started in the course of the year to improve the efficiency of the product portfolio on the market and to organise and start new research and development activities, both in consolidated and new lines of business.

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

*Our distinctive 'associated entrepreneurship' make-up enables us to pursue, with strength and determination, our primary goal of national and international customer satisfaction. A goal that requires responsibility, a commitment to the research and development of new products and services and dedication to continuous process innovation and improvement.*

Gianmaria Balducci  
Cefla BoD Chairman



# ECONOMIC FINANCIAL INDICATORS 2020

INCOME STATEMENT	2016	2017	2018	2019 (*)	2020 (*)
<b>REVENUE</b>	<b>451.840</b>	<b>550.151</b>	<b>559.155</b>	<b>585.813</b>	<b>531.173</b>
revenues % growth	3,4 %	21,8 %	1,6 %	4,8 %	-9,3 %
<b>EBITDA</b>	<b>46.819</b>	<b>47.066</b>	<b>49.651</b>	<b>50.808</b>	<b>55.592</b>
% EBITDA	10,4 %	8,6 %	8,9 %	8,7 %	10,5 %
<b>EBIT</b>	<b>26.833</b>	<b>35.141</b>	<b>35.203</b>	<b>30.398</b>	<b>32.799</b>
% EBIT	5,9 %	6,4 %	6,3 %	5,2 %	6,2 %
<b>Net Result</b>	<b>17.483</b>	<b>27.894</b>	<b>30.155</b>	<b>27.014</b>	<b>31.569</b>
Net Result % growth	9,1 %	59,5 %	8,1 %	-10,4 %	16,9 %
BALANCE SHEET	2016	2017	2018	2019	2020 (*)
<b>Net Fixed Assets</b>	<b>187.923</b>	<b>160.551</b>	<b>175.545</b>	<b>182.421</b>	<b>189.877</b>
<b>Net working capital</b>	<b>38.975</b>	<b>58.336</b>	<b>53.422</b>	<b>45.932</b>	<b>37.079</b>
NWC/Revenues incidence	8,8 %	8,8 %	10,0 %	8,5 %	7,8 %
<b>Net Equity</b>	<b>240.786</b>	<b>216.905</b>	<b>238.493</b>	<b>254.205</b>	<b>270.605</b>
<b>Net Financial Position</b>	<b>13.888</b>	<b>12.668</b>	<b>21.991</b>	<b>37.561</b>	<b>54.771</b>

(\*) Includes the result of discontinued business units and assets and liabilities held for sale

 **TURNOVER**

**531**  
Million of €

**-9 %**  
Vs 2019

 **EBITDA**  
Gross Operating Margin

**55,6**  
Million of €

**+9,4 %**  
Vs 2019

 **NET RESULT**

**31,6**  
Million of €

**+17 %**  
Vs 2019

 **NET EQUITY**

**271**  
Million of €

**+6 %**  
Vs 2019

## SALES REVENUES BY GEOGRAPHICAL AREA





BUSINESS  
UNITS

## BUSINESS UNIT ENGINEERING

A CLEAR FOCUS ON THE CUSTOMER, DIVERSIFICATION AND INTERNATIONALISATION ENSURE WELL-BEING IN THE BUILDINGS WE HELP CREATE.

*For almost 90 years, the Engineering Business Unit's mission has been to make people's living and working conditions better and better. It does so by designing, implementing and maintaining increasingly advanced technological/production systems that make buildings, businesses and the environment healthier and more welcoming.*

The Engineering B.U. works as a General Contractor in the EPC (Engineering, Procurement & Construction), Energy and Global Service sectors. Via its three Business Lines it provides close customer support at every stage: from feasibility studies to plant engineering design, from the construction and maintenance of technological systems and production plants to the digitalization of services and management processes.

Due to the pandemic, 2020 inevitably saw the EPC Contracting and Energy Business Lines impacted by construction site slowdowns and stoppages. The challenges were numerous: on the one hand there was a sharp drop in demand, on the other there were serious shipping and travel issues. Needless to say, it was also necessary to equip personnel with PPE to contain the spread of Covid-19. The Global Service B.L. was another matter: ATECO rules established it as an 'essential business', meaning it was able to carry on working throughout the lockdown period; this helped ensure the Engineering B.U. was, as a whole, able to perform positively and produce a satisfactory final result.

This Business Line's

expansion, in fact, played a pivotal role in stabilising revenues and widening margins. In addition to long-standing customers like Unipol and Leonardo, orders were also placed by two new big-name enterprises: ALITALIA and the MBDA Group, which operates in the defence sector. The overall positive trend was boosted by key maintenance assignments and new opportunities such as workplace sanitization projects at Unipol and Leonardo; this influx of work allowed the B.U. to exceed the Global Service sector budget forecast by no less than 30%.

Following a highly encouraging December, revenue and profit generation matched those of the preceding year, while EBITDA was actually up by 3.8%.

In the EPC area, the B.U. was awarded the CINECA Data Center project at Tecnopolo di Bologna where one of the world's most powerful supercomputers will soon be installed. This project will boost Cefla's standing in the ultra-high tech facility field, thus contributing to the wider Digital Transformation process. It should also be noted that the B.U. won the tender to redevelop ENEL's original headquarters, located in the Parioli residential district of Rome.

Equally noteworthy was the inauguration of the Maximo Shopping Mall, an impressive complex owned by Parsec (part of the Unicredit Group). Cefla was a key partner on the project. It designed, built and installed all the mechanical, electrical and temperature regulation systems, not to mention the trigeneration system, fully integrated into the shopping facility.

Relations with ACEA went from strength to strength with confirmation of a new maintenance contract for Rome's water mains and sewage systems (the arrangement covers both routine maintenance and emergency tasks plus the ancillary services needed to implement them).

Moving on to the ENERGY area, Cefla continued to implement its internationalisation strategy. Following some two years of construction work in Germany on the Cottbus cogeneration plant, Cefla acquired German company Plant Engineering; this has strengthened the position on the German market by allowing the development of energy transition and coal-fired power station replacement solutions. Plant Engineering specialises, in fact, in energy-related plant engineering services and provides a full array of engineering development solutions. Our aim is to contribute cogeneration plant construction know-how so we can qualify as an EPC partner and General Contractor.

### Evolution

A gradual return to normality is expected with encouraging, albeit non-linear growth, even though the effects of the health emergency are likely to be felt throughout 2021. The Engineering B.U. benefits from an already-mature order portfolio, partly due to the postponement of jobs originally planned for 2020. Expansion of the Global Service B.L. will continue to play a key role in ensuring the continuity and stability of economic results. On the EPC front, the Engineering B.U. will focus on more profitable job orders with greater technological and innovative content. In the ENERGY area, instead, the B.U. will focus on energy transition via progressive decarbonisation of the power grid and the integration of energy storage and energy demand management systems in keeping with Capacity Mechanisms. Computerization and digitalization of services continue to be of strategic importance, with a dedicated team developing solutions modelled on actual customer needs.



Cottbus building site, Germany

Maximo Shopping Center Roma



## BUSINESS UNIT FINISHING INNOVATION IN ALL SECTORS

*For 60 years Cefla Finishing has been designing, manufacturing and marketing coating, lining and digital printing systems for products and components made of wood, glass, plastic, fibre cement, cardboard, composite materials, metal and more, all at global level.*

*The year 2020 closed with lower revenues compared to the previous year. This was mainly due to the impact of the pandemic which, on the one hand, slowed our order processing capacity and, on the other, led to a drop in demand.*

Nevertheless, fast, effective control - especially of fixed costs - allowed us to maintain profitability, with the BU demonstrating resilience and dynamism.

Overall, our business outside the wood segment actually grew by 40% during 2020, constituting a major step towards the diversification that mitigates risk and boosts revenue-generating capacity.

In terms of product innovation, 2020 saw the launch of the first two large-scale, single-pass digital printing lines. Our Robots are getting 'smarter' all the time, thanks also to new, more powerful, user-friendly control software; iBotic, the best in class Cartesian-coordinate robot, has been restyled and upgraded with new features, consolidating its dominance over the competition. The Roller range now includes the special Smartcoater PRO machines while the Framecoater (for coating frames around glass panes) has been revamped as part of a policy of constant product improvement.

Development of the UV-I inert atmosphere oven has begun and is expected to be completed during 2021; this oven will offer greatly enhanced drying process performance.

Industrial operations are proceeding with greater production efficiency and tighter procurement cost management.

The process of automating and digitalizing sales continues apace with the implementation of Salesforce, the aim being to improve business effectiveness by optimising processes that enhance customer relationship management (CRM).

Looking to 2021, both the global macroeconomic situation and the markets are continuing to improve in line with the signs of recovery already seen towards the end of last year.

Further ongoing projects include spending rationalisation, digitalization of business procedures and completion of the takeover of Jet-Set SRL.



Smartcoater PRO, new range roller coater



UV-I Inert Curing Oven



NewTom 7G

## **BUSINESS UNIT MEDICAL EQUIPMENT** CLINICAL DEVICES AND TECHNOLOGY TO ENHANCE YOUR PROFESSIONAL SKILLS.

In 2020 the Medical Equipment Business Unit met the challenge of the pandemic by focusing on safety and the continuity of both production and customer services. Moreover, profitability remained in line with that of 2019, despite the downturn experienced at the start of the year.

The industrial programme proceeded apace throughout the year with the launch of new products and upgrades to the production platform to complete the VRP Treatment Centre programme.

New Anthos A3, Castellini Puma and new Ambidextrous product families for left-handed dentists were introduced.

On the Imaging-Radiology front 2020 saw the introduction of the latest 2D Ceph versions of the MyRay Panoramic X5 and NewTom Go systems. The state-of-the-art NewTom 7G CBCT system for the medical and veterinary market was also released.

The innovative NewTom 7G allows Cone Beam technology to be applied to all anatomical areas, spine, shoulders and hip included.

Research projects included the development of direct-conversion sensors for X-ray equipment; these are expected to be launched in 2021.

During 2020 construction work on the Showroom&Training Centre - a 'tech hub' designed to showcase the product range and provide training for customers and final users - was completed.

In the first few months of the year the BU became the majority shareholder of Stern Weber Polska, a specialised dental equipment distribution and service company operating in Poland.

Looking to 2021, the Medical Equipment B.U. aims to meet several ambitious goals by launching new products on the market and pushing ahead with industrial investment at the Imola site.



New Showroom&Training Center



Anthos A3



c-led

File Flex  
lighting system

## BUSINESS UNIT LIGHTING

PUTTING YOUR BUSINESS IN THE SPOTLIGHT.

*The Lighting Business Unit represents Cefla in the lighting and wireless connectivity sectors and provides a wealth of know-how gained from years of experience in the design and manufacture of made-in-Italy LED-powered products.*

*The Lighting Business Unit was born out of synergy between the companies C-LED and Lucifero's.*

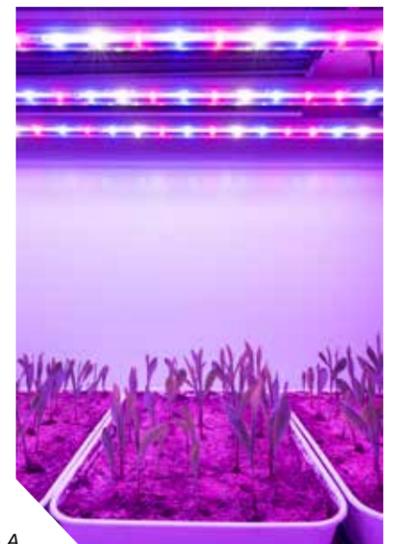
**C-LED** designs and manufactures technologies for the Lighting world and has three main business lines: LED and UV LED modules, Smart Lighting and horticulture lighting products. The company offers outstanding electronic expertise for both the design and production of circuit boards. Two ultra-modern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

Throughout 2020 C-LED focused on strengthening its sales organisation and actuating processes aimed at product industrialisation, mainly in the Growing sector. To respond to the Covid-19 crisis, C-LED began manufacturing and marketing UV LED modules, which are used inside sanitizing devices.

**LUCIFERO'S**, which joined the Cefla Group in July 2018, is a company that has specialised in the development of archi-tech 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 two main business lines are: standard products (profiles and systems, spotlights, outdoor products) and project-specific products. During 2020 Lucifero's focused on renewing and strengthening its sales organisation in order to boost its presence throughout Italy.

The collections prepared for the "Light & Building" fair in Frankfurt - which should have been held in 2020 but was postponed due to the pandemic - are currently on hold as we wait for the industry to recover. Economic trends within the Lighting BU were, during 2020, deeply impacted by a Covid-related 'freeze' on industry initiatives. Nevertheless, a substantial upswing in economic performance is anticipated as early as the first months of 2021.



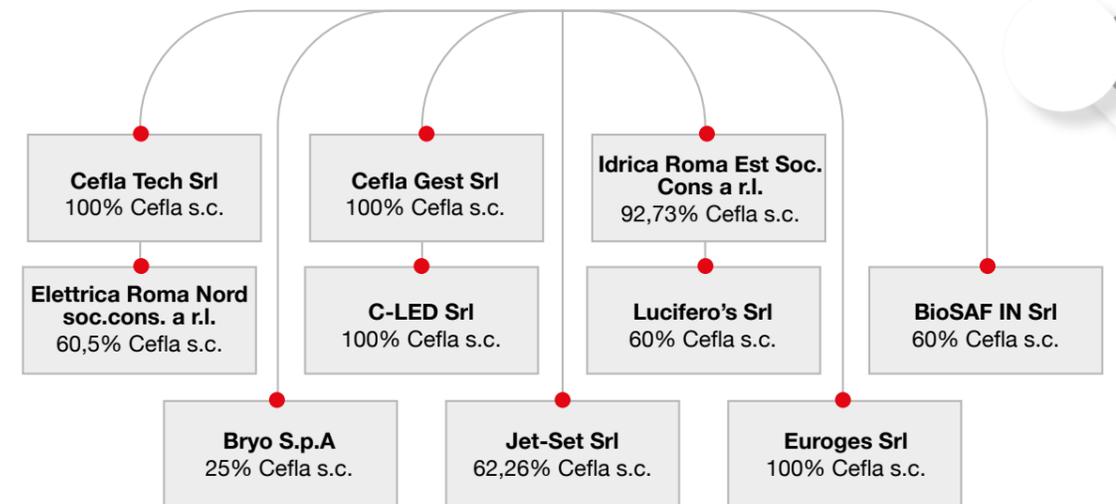
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# CEFLA

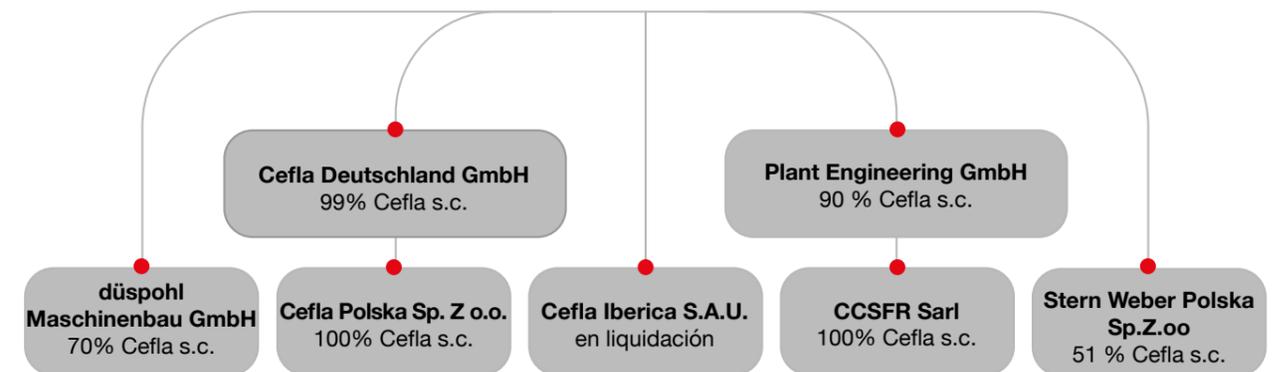
## DIFFERENT ROUTES TO ONE GOAL: EXCELLENCE.

Cefla consists of a number of different divisions, active in different fields and environments, but nonetheless sharing the same main goals. Four 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 S.C. Shareholdings in Italian companies



### Shareholdings in EU companies



### Shareholdings in non-EU companies



### Real Estate Companies



# CEFLA WORLDWIDE

Providing customers with close support is what we're all about: that's why we stand by our customers whatever their country or culture.

We have 25 branches worldwide, including 16 manufacturing facilities in Italy, Germany, Russia, China, the USA and other countries.

