



# **The building envelope sector in the post-COVID era**

## **The market scenario for the next two years**

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**UNICMI Economic Studies Office**

*Milan, November 20, 2020*

All institutions have revised their 2020 forecasts positively as the global economy has shown strong resilience

The unknowns about the future are related to the invasiveness of the second wave

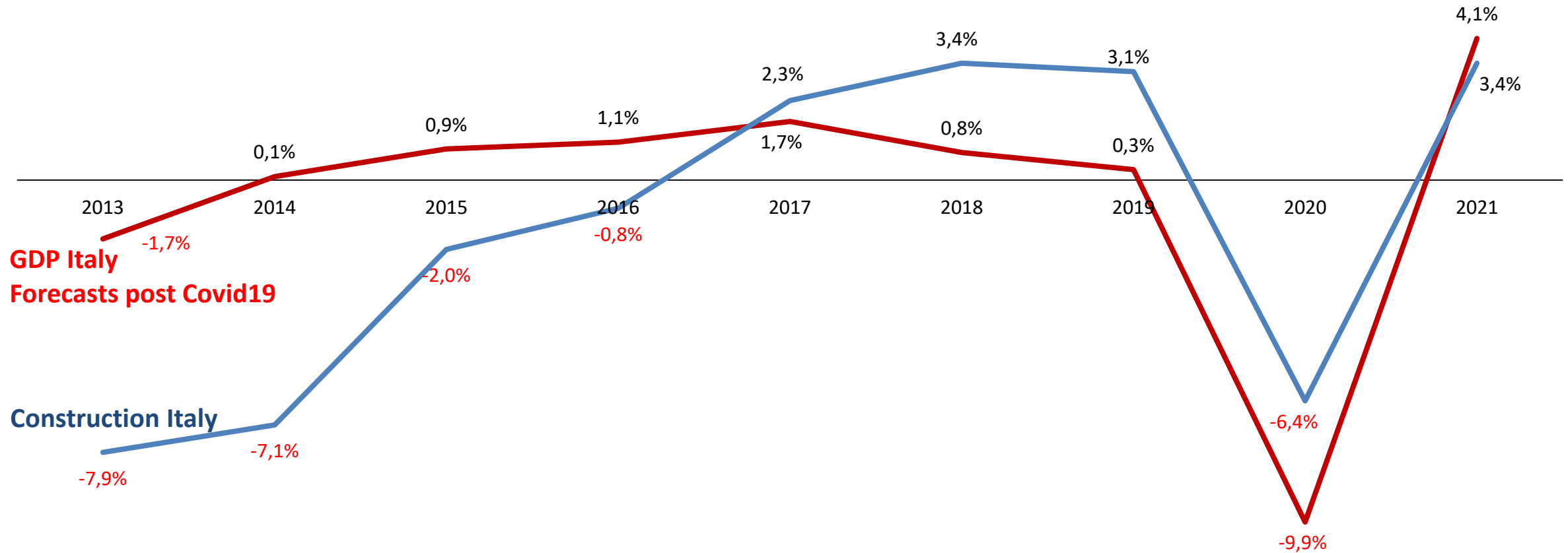
## GDP forecasts

	2020 <i>Prev. June</i>	2020 <i>Prev. September</i>	2021
Germany	-6.3%	-5.6%	+3.5%
France	-9.6%	-9.4%	+5.8%
<b>Italy</b>	<b>-11.2%</b>	<b>-9.9%</b>	<b>+4.1%</b>
Euro area	-8.7%	-7.8%	+4.2%
UK	-9.7%	-10.3%	+3.3%
Switzerland	-6.2%	-3.8%	+4.2%
USA	-7.3%	-3.8%	+4.0%
China	-2.6%	1.8%	+8.0%

Sources: for USA and China OECD (June and September 2020) , for Switzerland SECO (June 2020), for other countries EU Commission (summer and autumn 2020)

The construction market is suffering - relatively - from the COVID effect, but the marks left by the pandemic will be seen in the next two years

# Investment trends in the construction sector



**GDP Italy**  
Forecasts post Covid19

**Construction Italy**

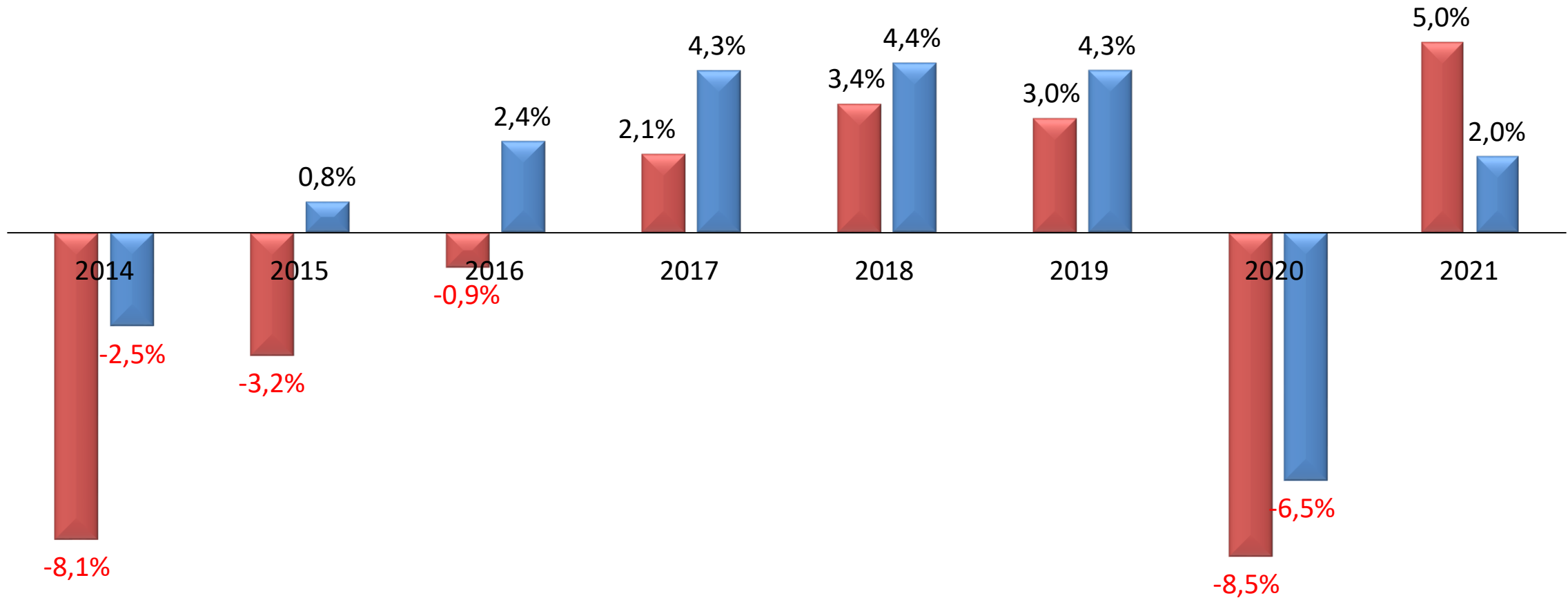
Scenario assumptions: return to pre-COVID consumption levels starting July 2020, no second waves with closure measures similar to those taken during the first wave, no financial shocks

Construction market statistics are updated with each new ISTAT data release, this results in changes that also affect data from years prior to 2019

Elaborations on European Commission and ISTAT data

# Investment trends in the construction sector

## Investments in construction



Scenario assumptions: return to pre-COVID consumption levels starting July 2020, no second waves with closure measures similar to those taken during the first wave, no financial shocks

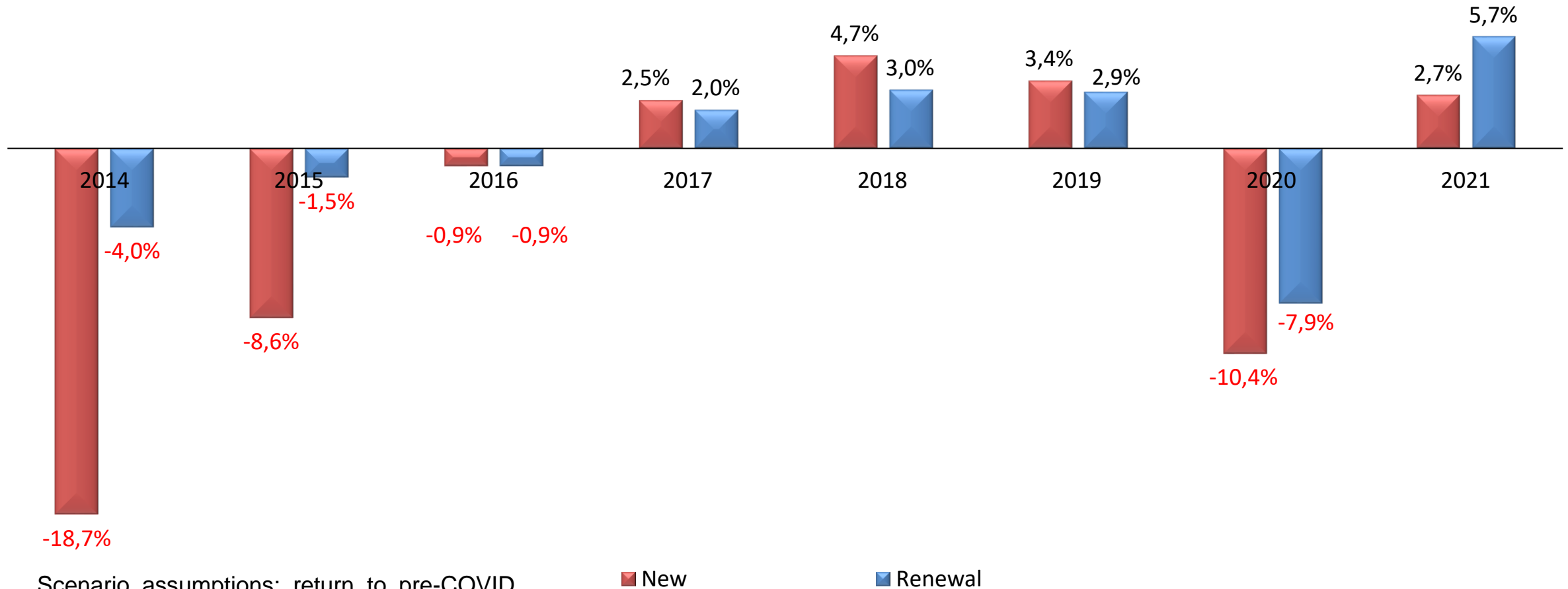
■ Residential

■ Non-residential

Elaborations on ISTAT data. 2020, 2021 projections

# Investment trends in the construction sector

## Investment in residential construction

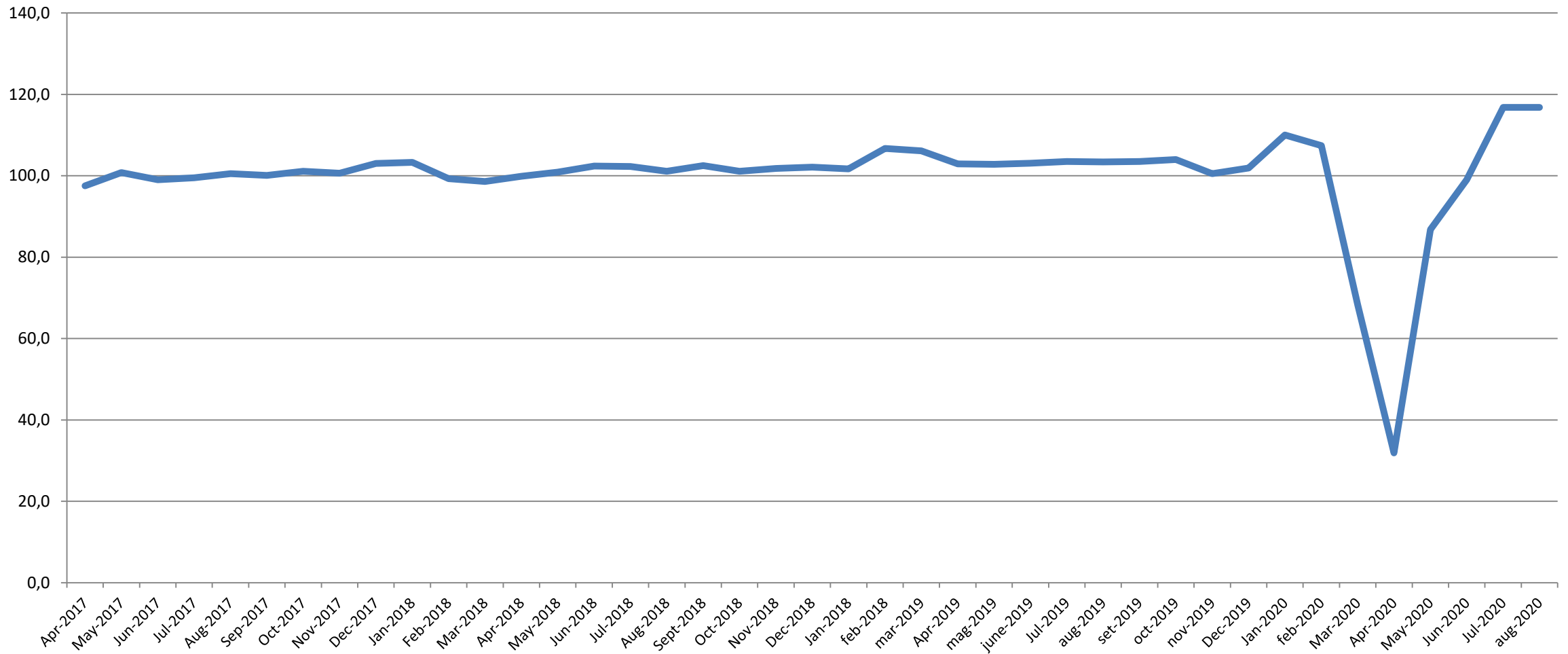


Scenario assumptions: return to pre-COVID consumption levels starting July 2020, no second waves with closure measures similar to those taken during the first wave, no financial shocks

Elaborations on ISTAT data. 2020, 2021 projections

# Investment trends in the construction sector

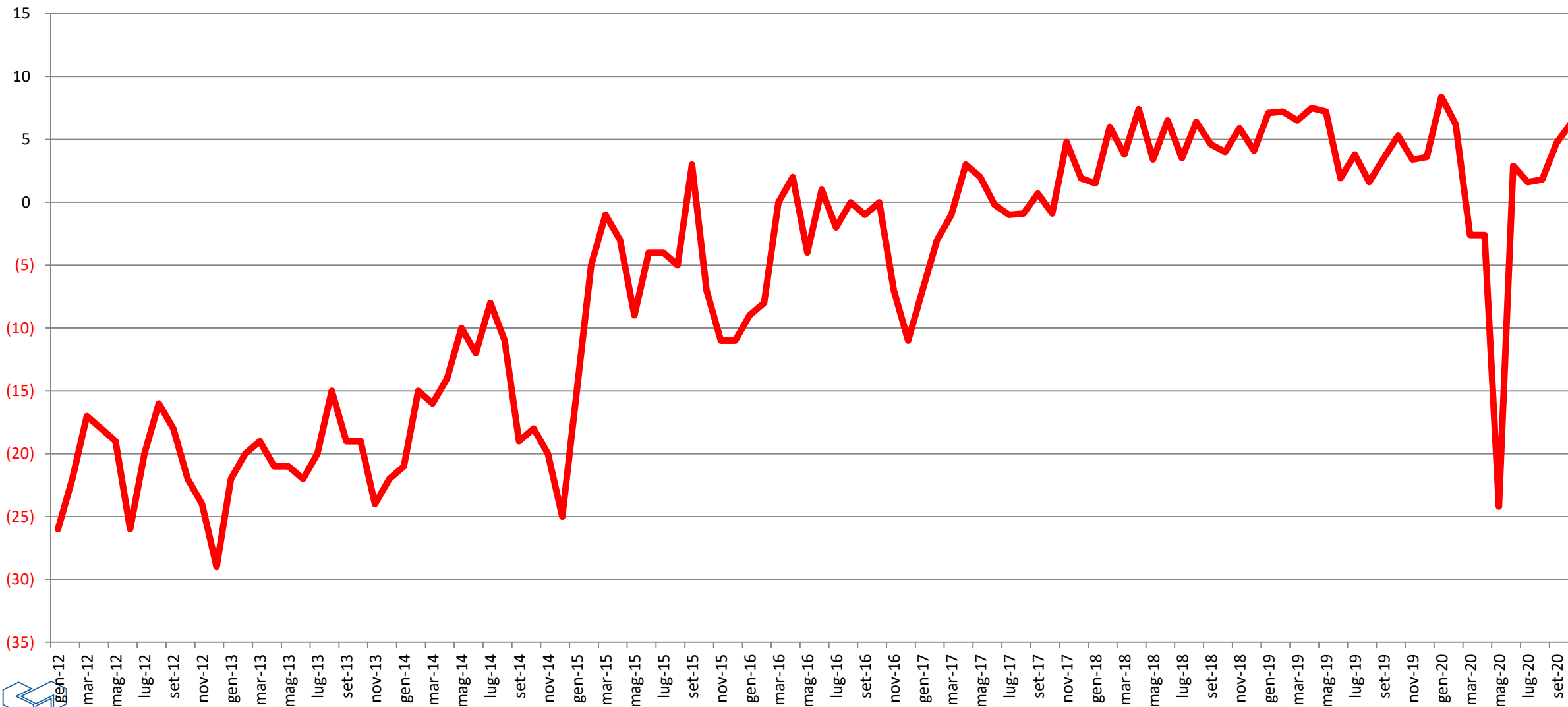
## PRODUCTION IN CONSTRUCTION INDEX (seasonally adjusted data " 2015 basis )



Elaborations on ISTAT data

# Investment trends in the construction sector

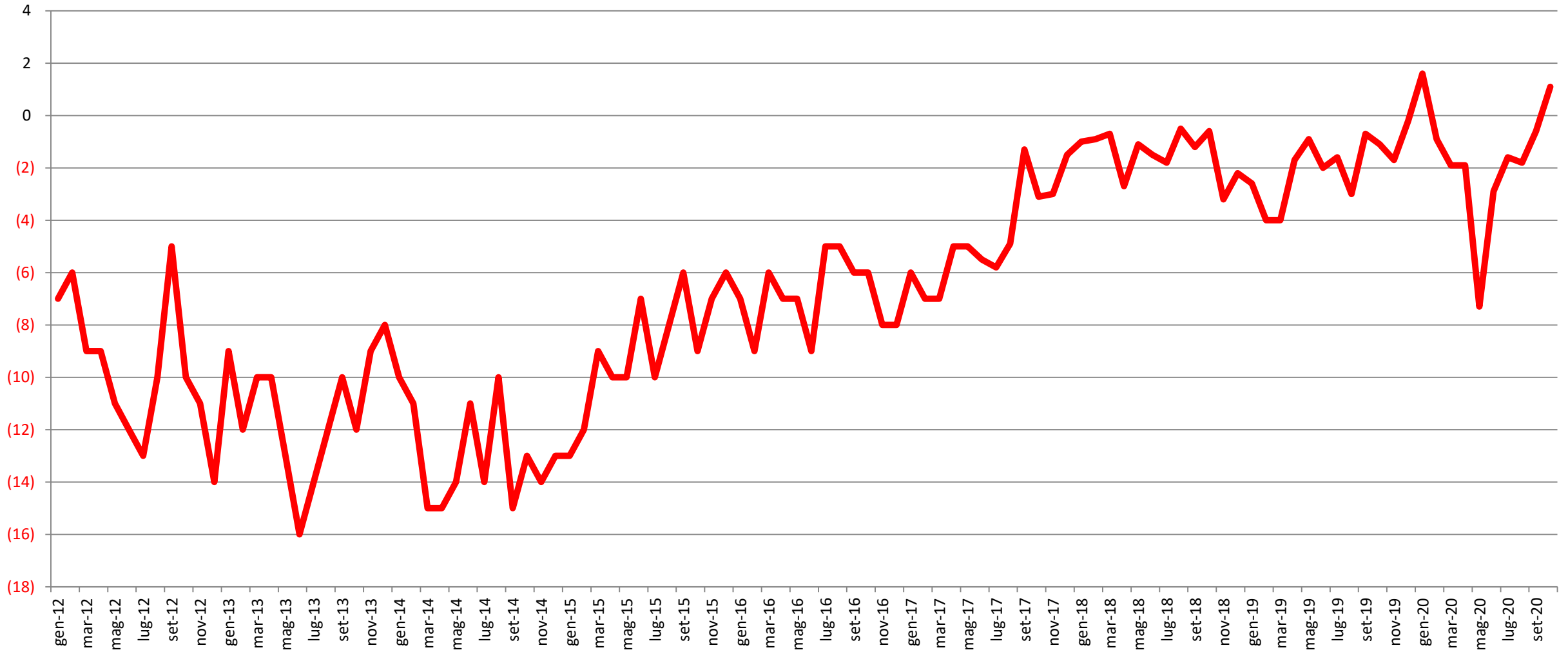
## Order trend over the next three months - balance



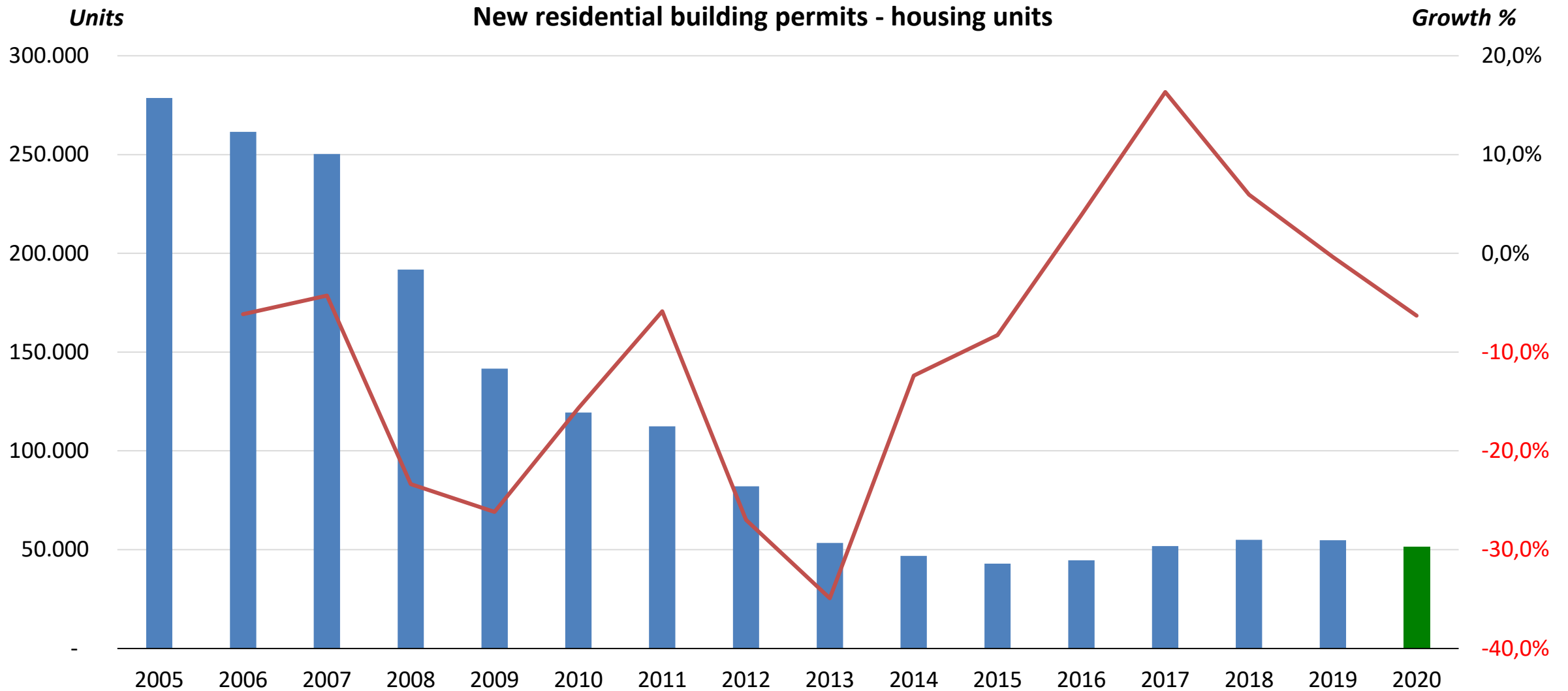
Elaborations on ISTAT data

# Investment trends in the construction sector

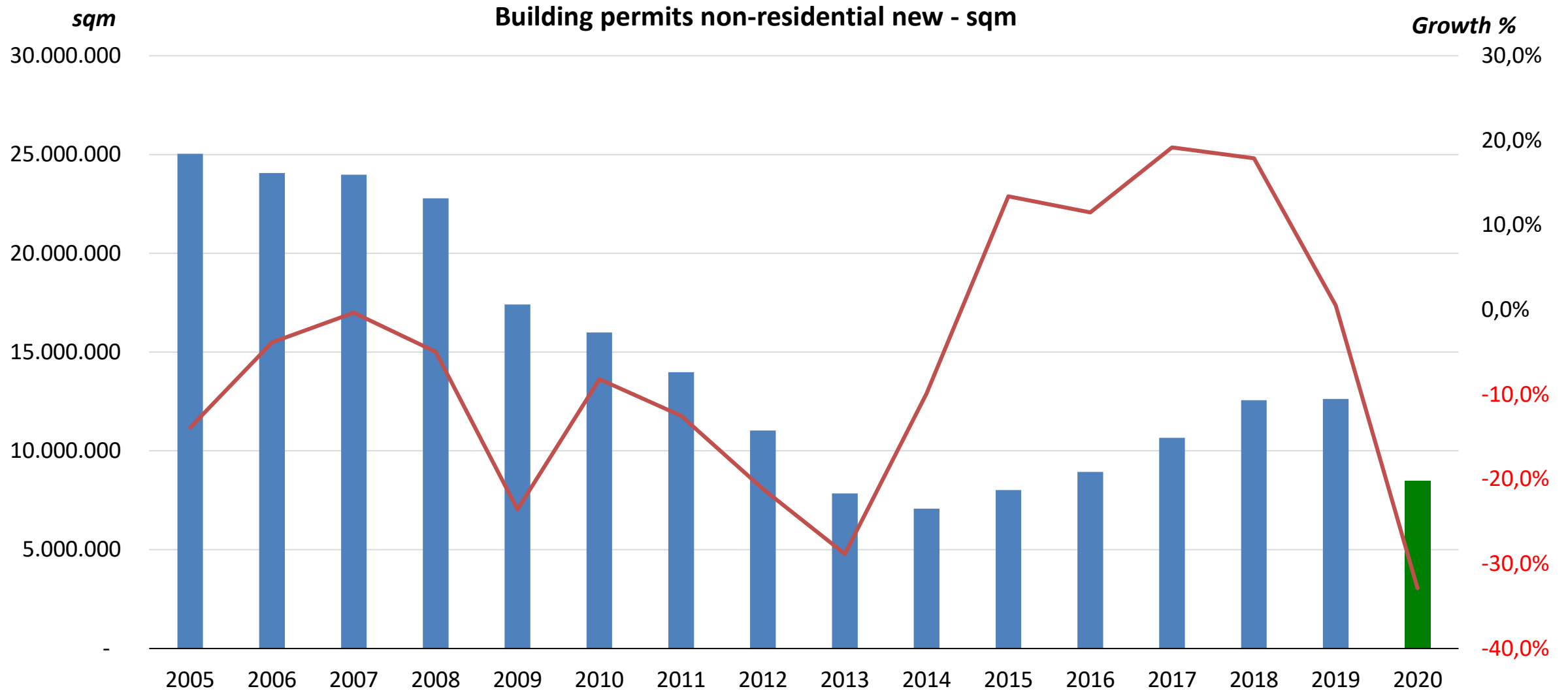
## Trend in prices charged by the company over the next three months - balance



# Trends and prospects in the construction industry



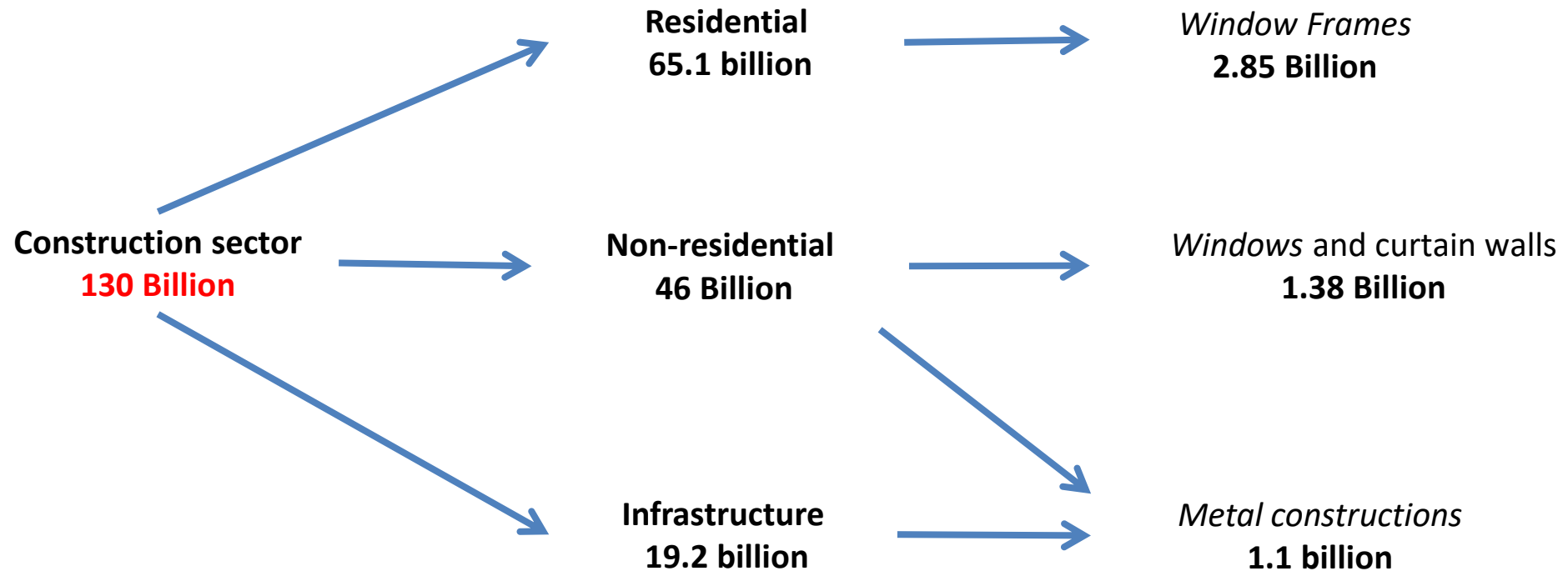
# Trends and prospects in the construction industry



COVID didn't stop the recovery, but postponed and scaled it back

# The construction sector and the demand for windows, doors, curtain walls and metal constructions

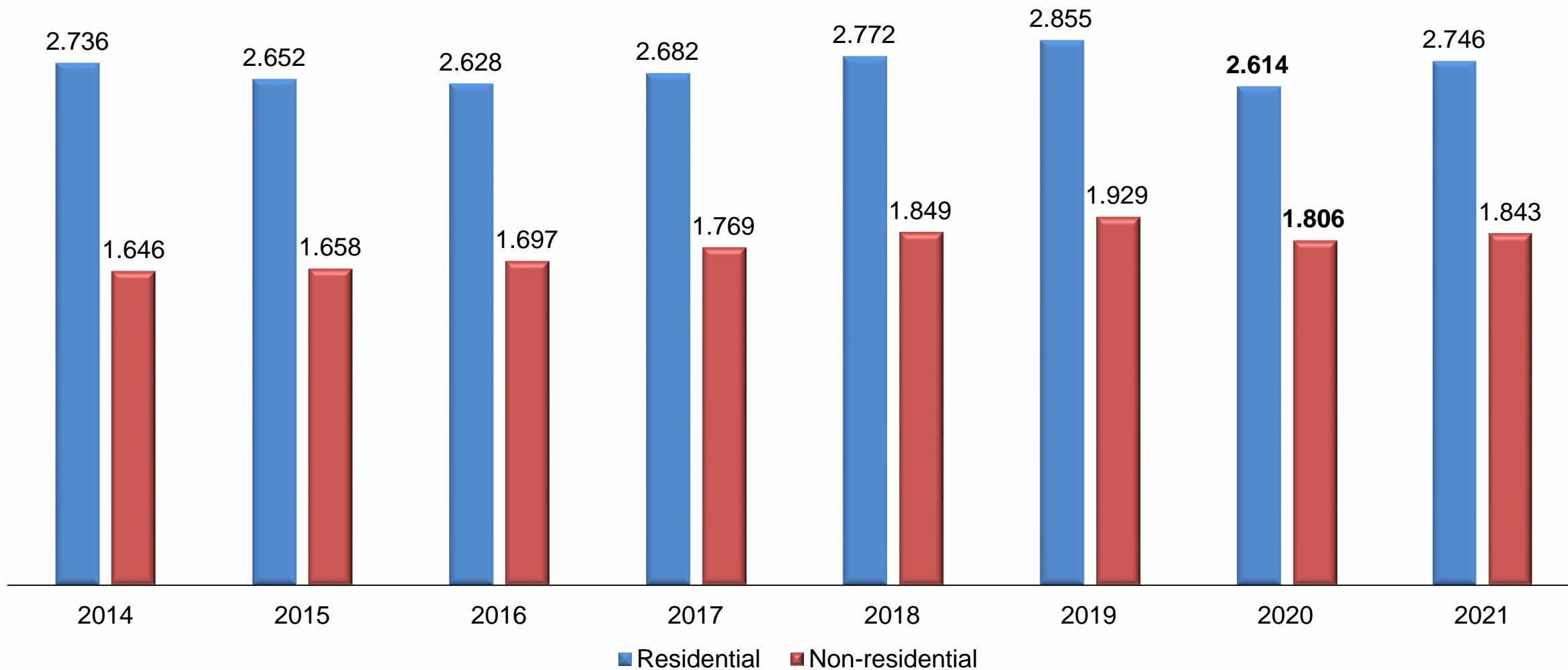
Values in billions of Euros, 2019



# Evolution of demand. Windows and curtain walls

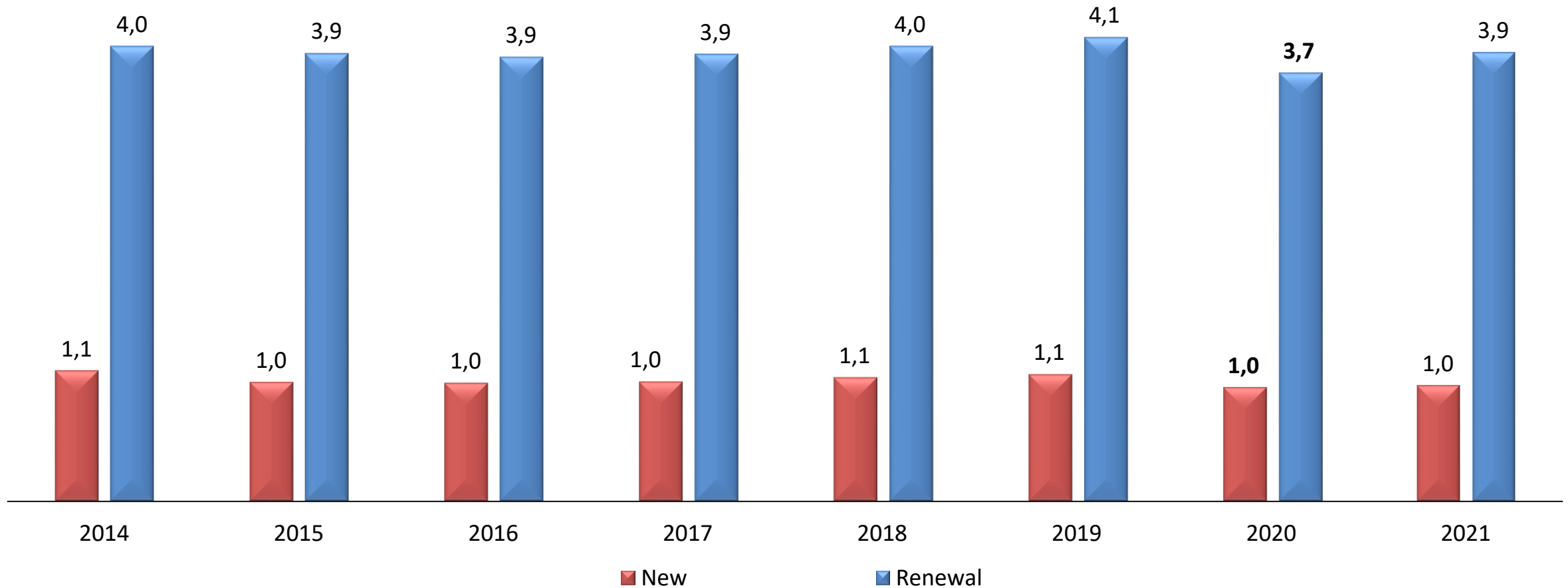
Demand for windows and curtain walls (millions Euro)

**Loss of 346 million Euros**



# Evolution of demand. Windows and curtain walls

## Windows sold Residential (millions units)

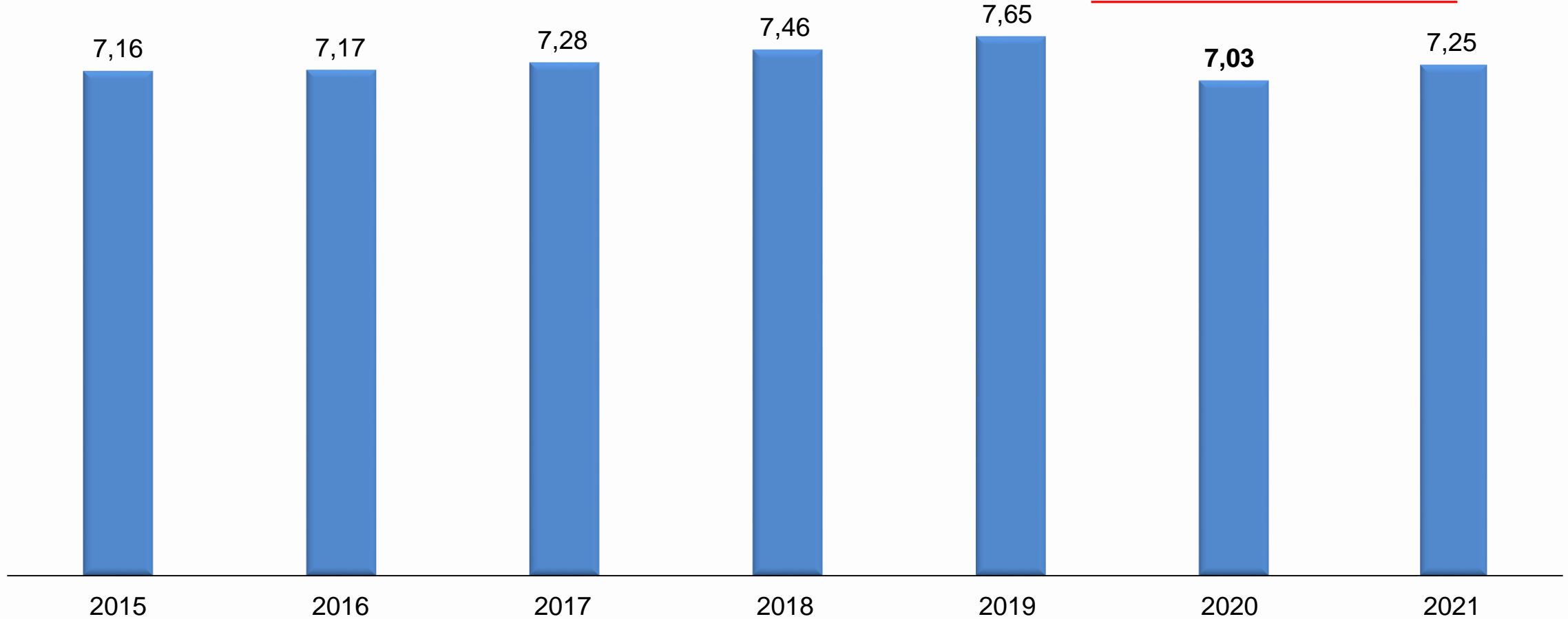


# Evolution of demand. Windows and curtain walls

## Total windows sold (residential and non-residential)

Millions of units

**Lost 650,000 window units**



2015

2016

2017

2018

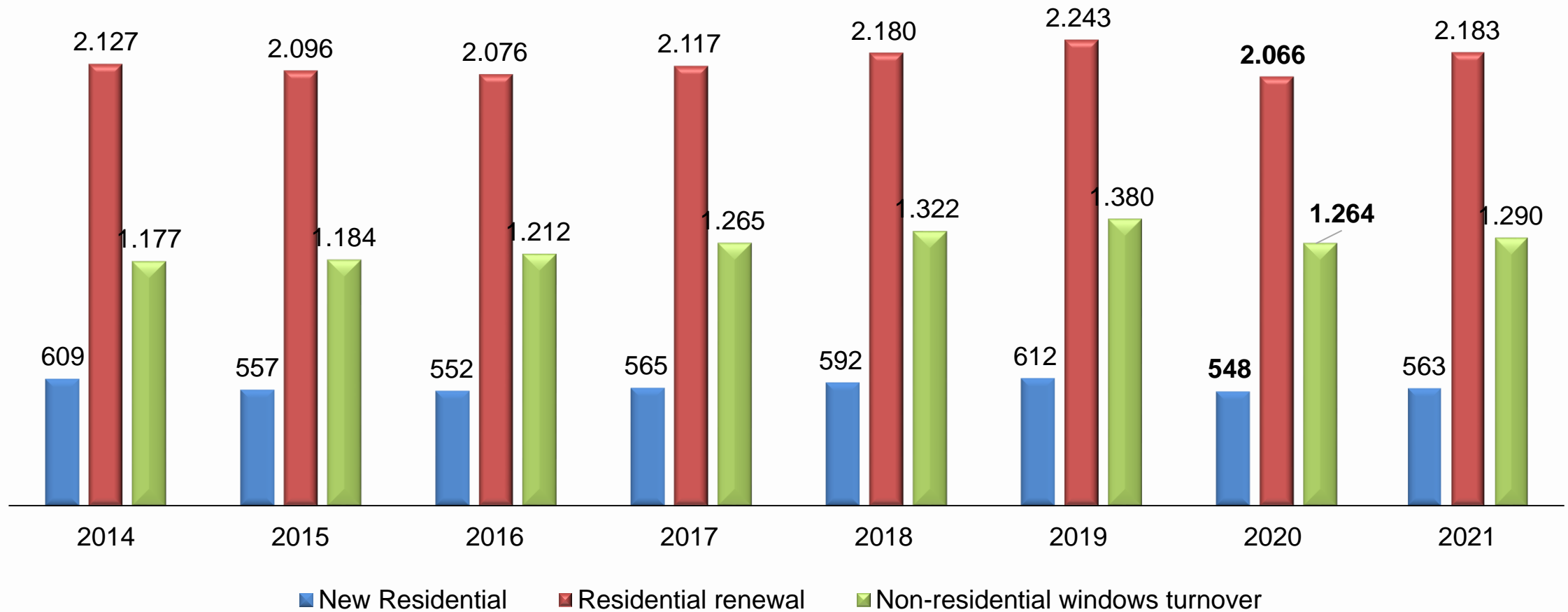
2019

2020

2021

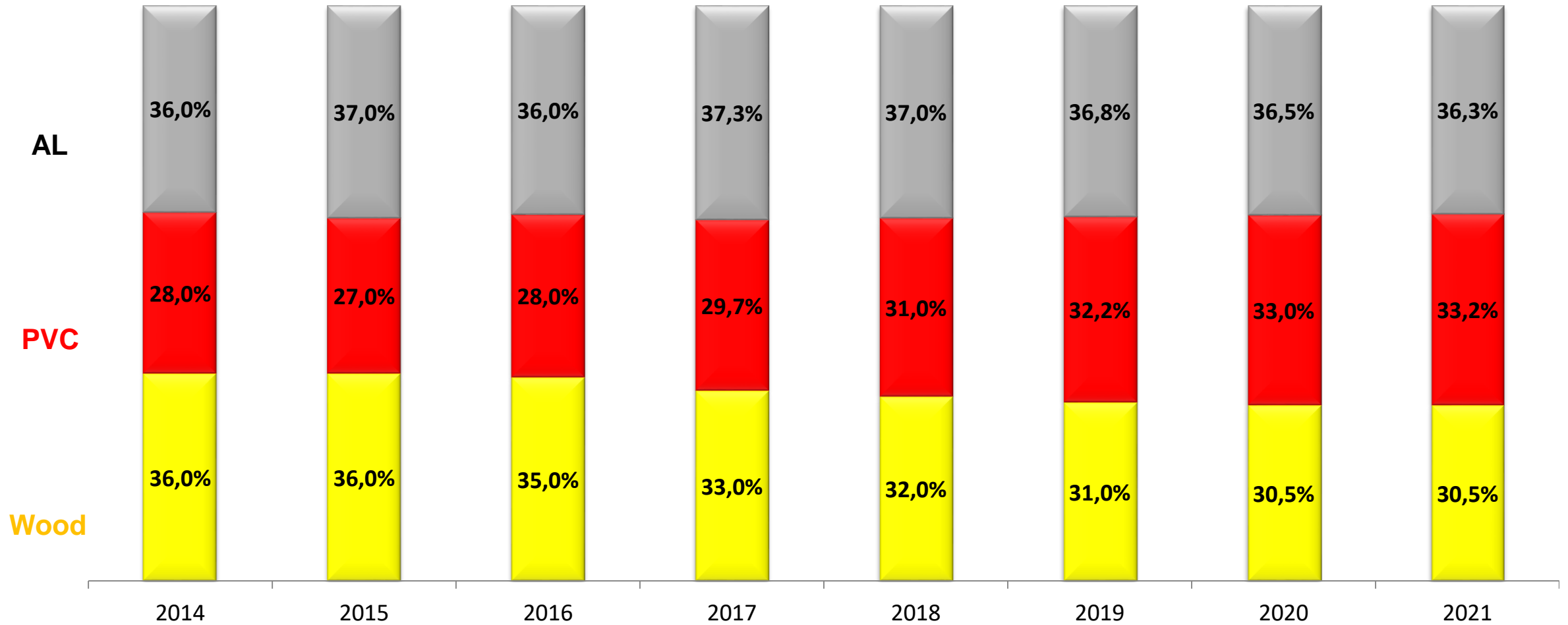
# Evolution of demand. Windows and curtain walls

## Windows demand (million Euro)



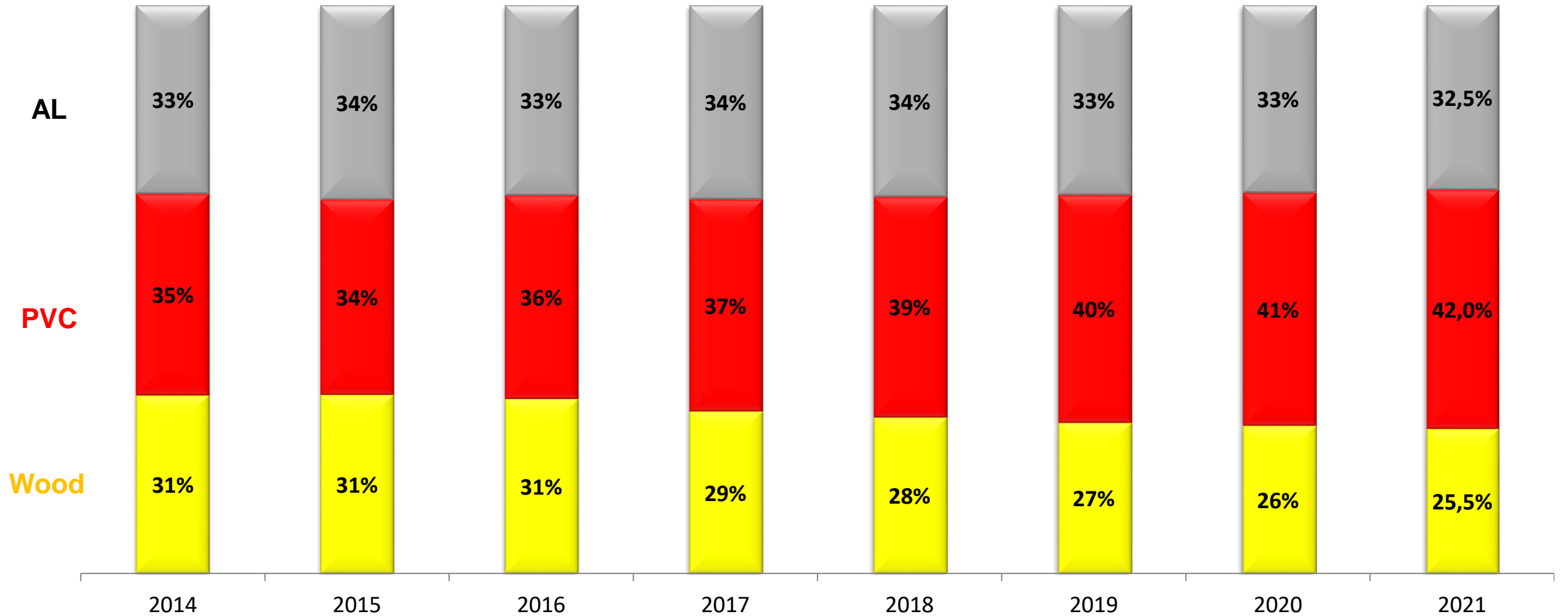
# Evolution of demand. Market shares in windows and doors

## Market shares in value



# Evolution of demand. Market shares in windows and doors

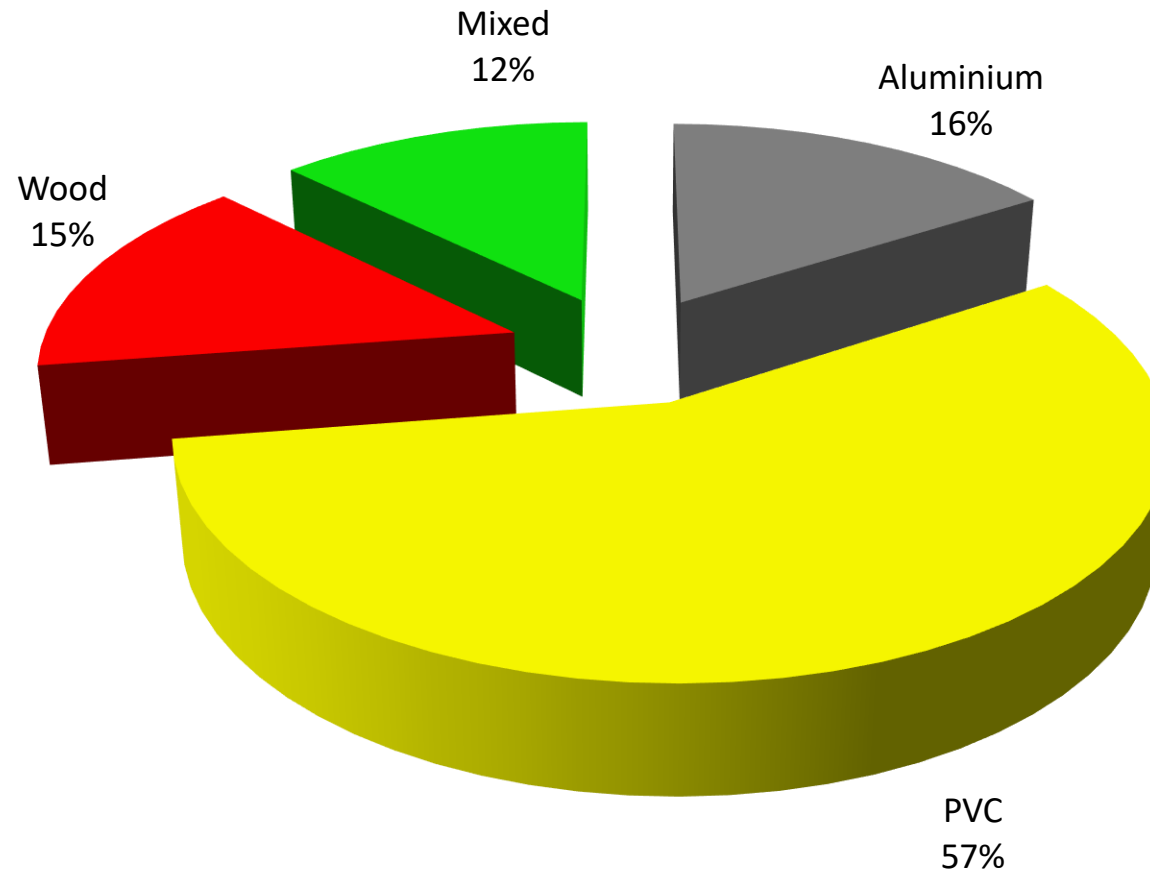
## Market shares in volumes



Elaborations on budget data. 2020, 2021 projections  
Window unit: 1,300mm X 900mm, one casement

# Impact of tax incentives

ENEA quotas Incentives (% total value of interventions)

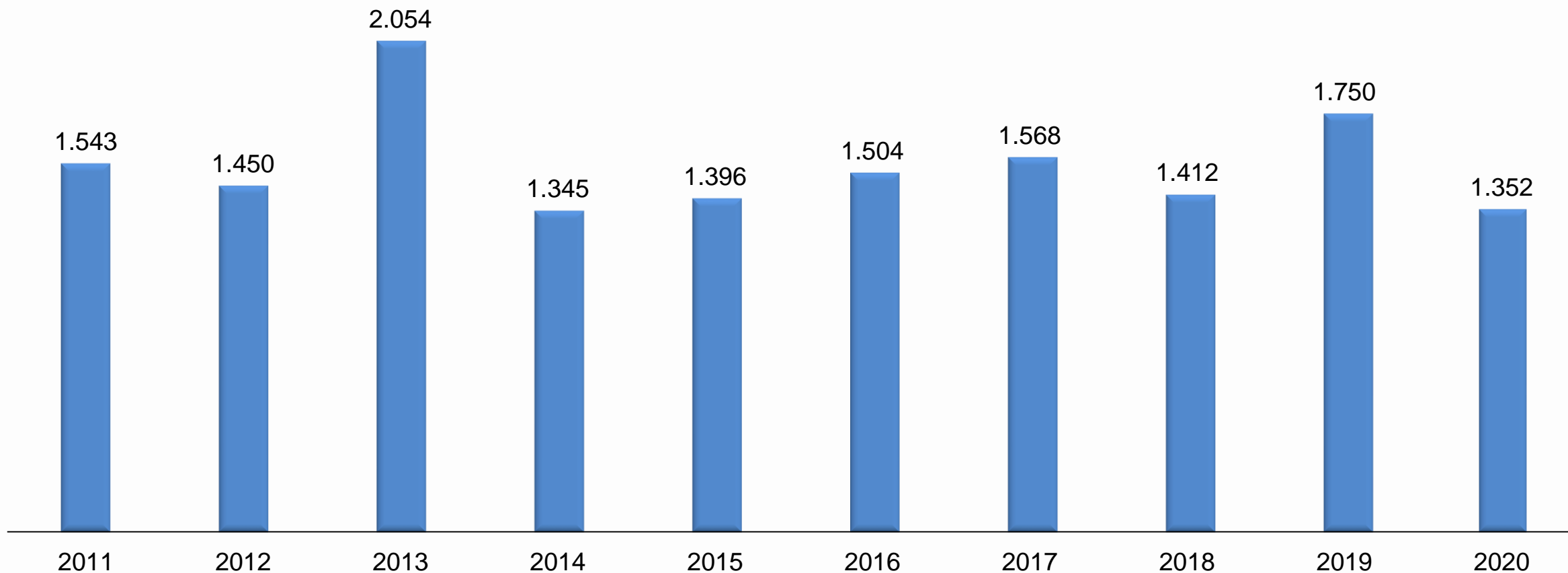


Elaboration on ENEA data

# Impact of tax incentives

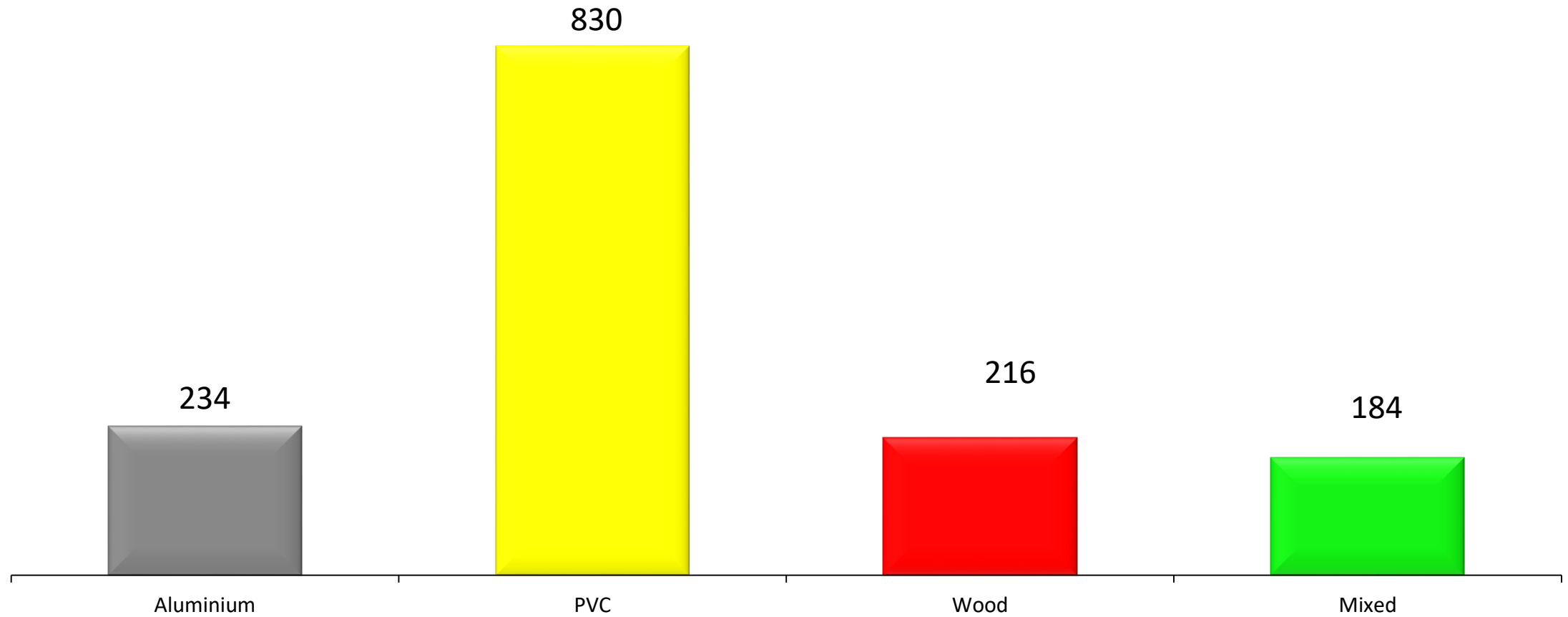
Demand for windows and doors generated by tax incentives (millions Euro)

2018 and 2019 data include an estimate of interventions made with the home bonus



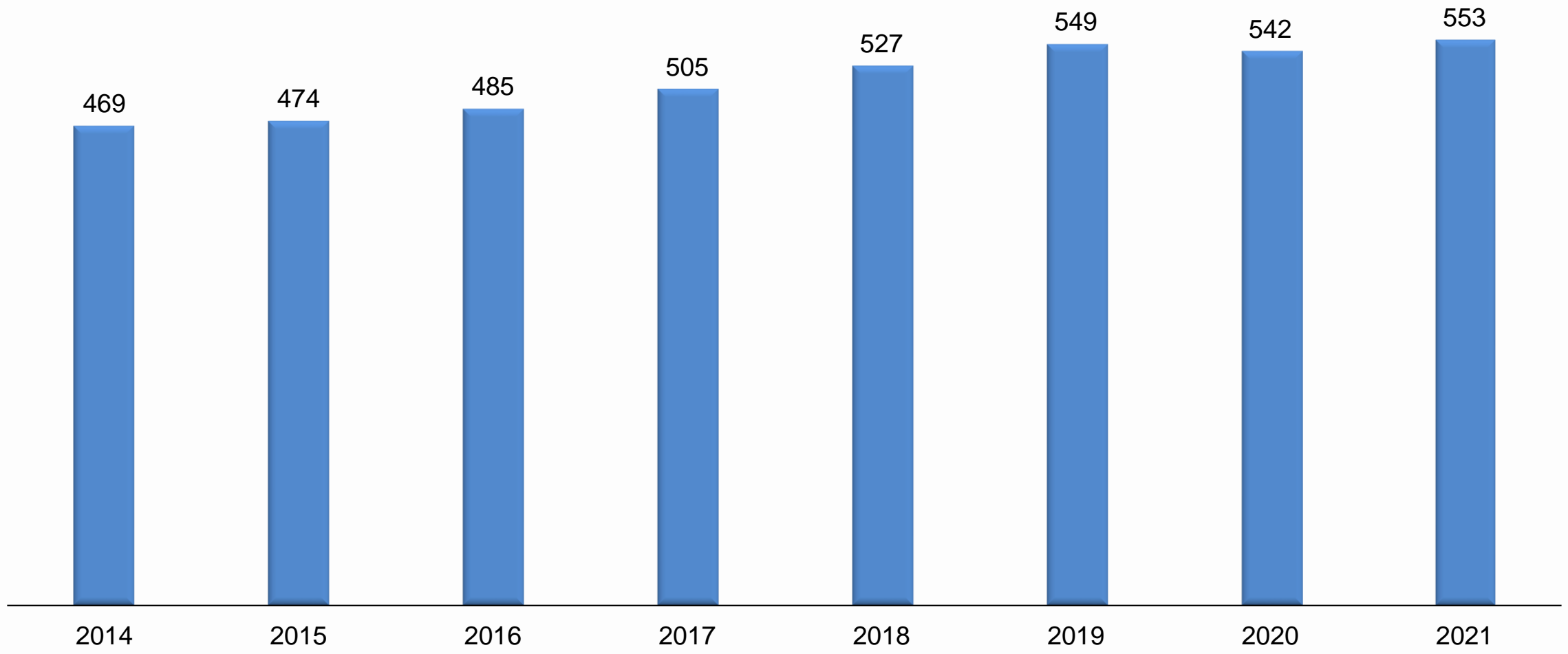
# Impact of tax incentives

ENEA shares Incentives (millions of euros)



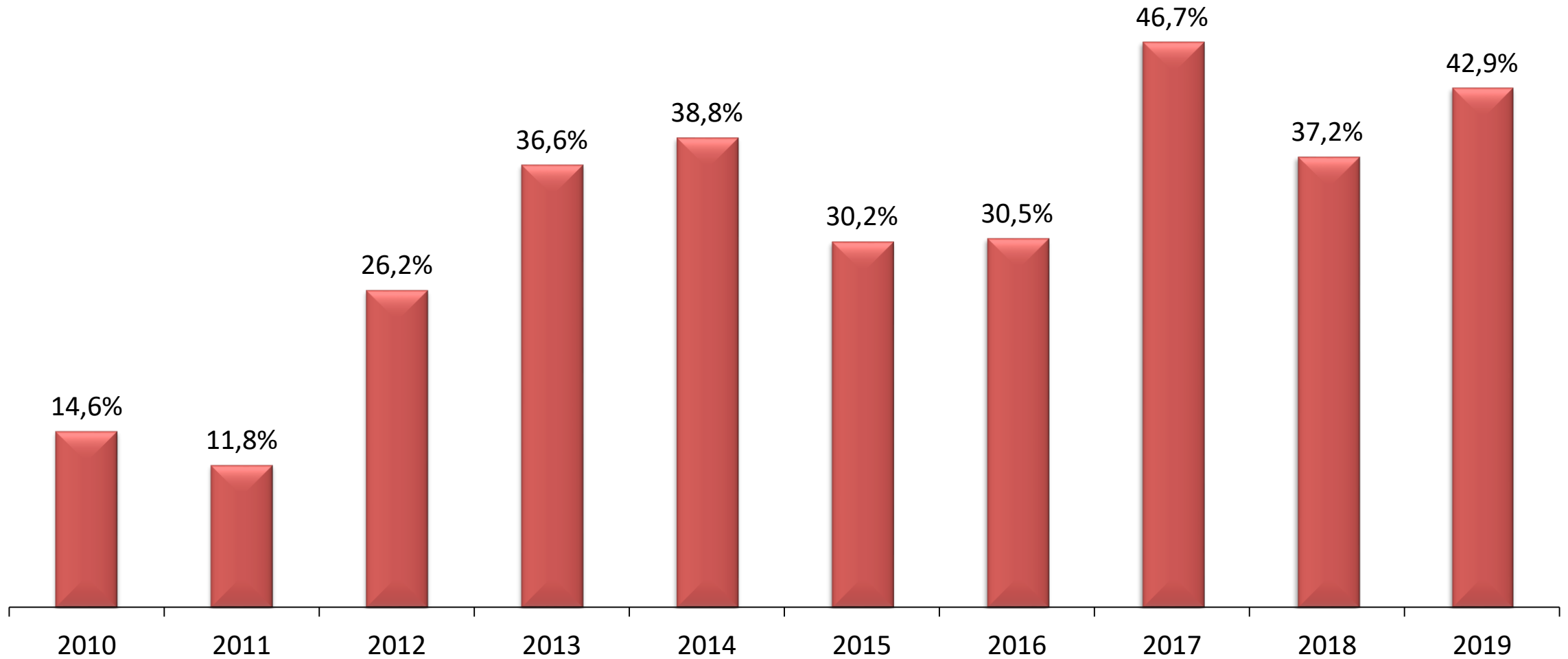
# Demand evolution. Italian curtain walls market

Evolution of curtain wall turnover (millions Euro)



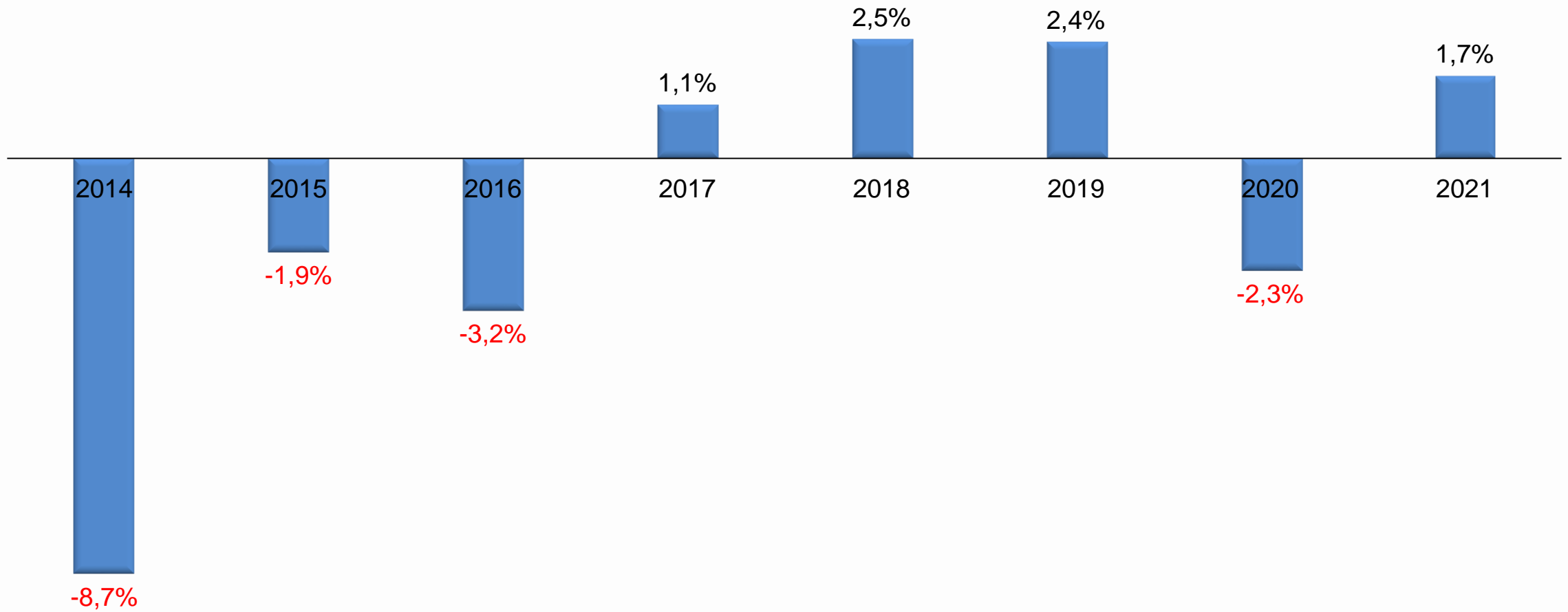
# Evolution of demand. Export of curtain wall manufacturers

Export value of "Italian production" exported: **284 million Euros**



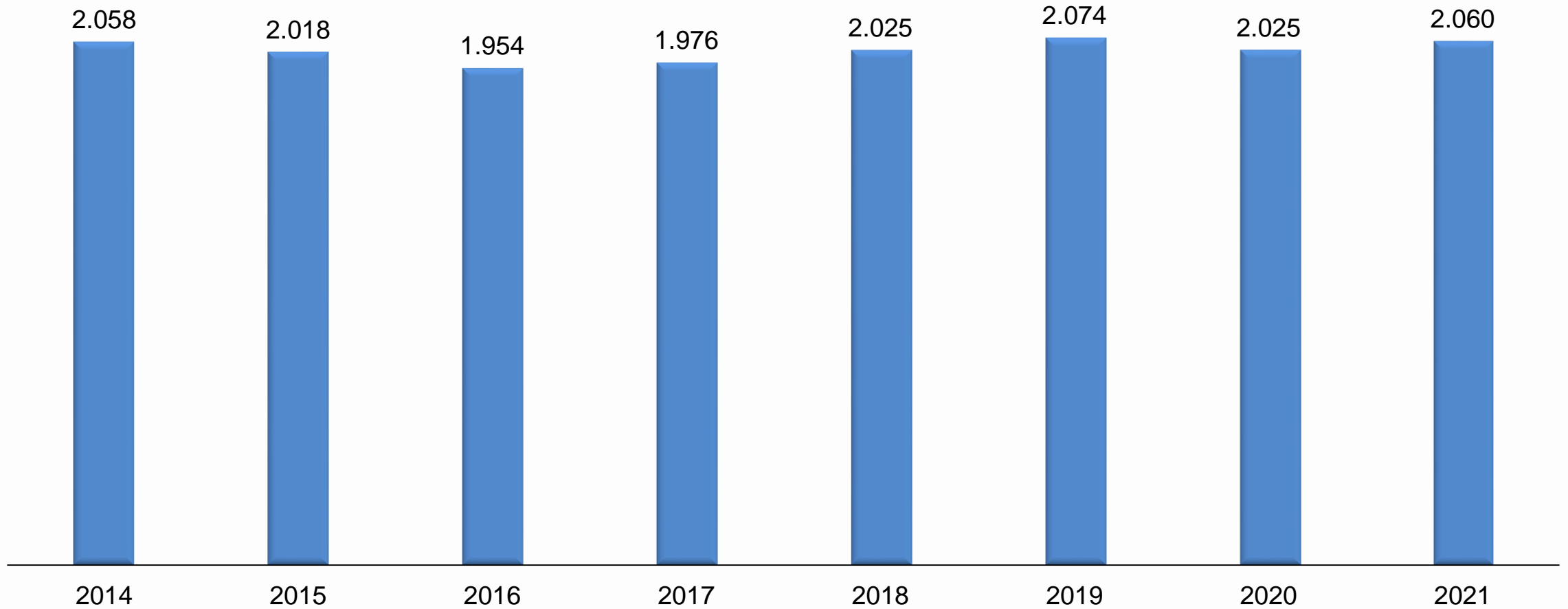
# Demand evolution. Metal constructions

## Metal constructions



# Demand evolution. Metal constructions

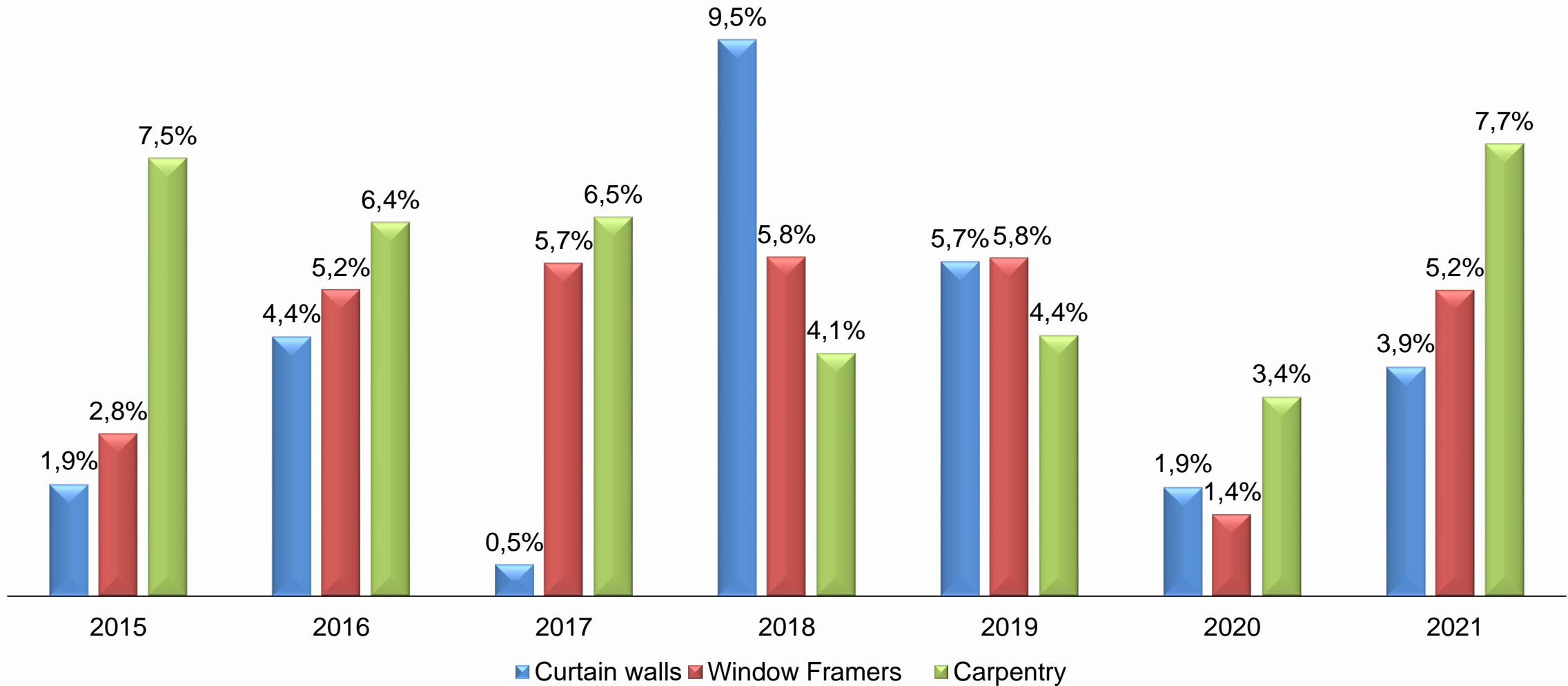
## TOTAL demand for metal constructions



The companies of the envelope sector  
will absorb the impact of the COVID crisis from a financial perspective....  
...also because there has been a very strong selection in previous years

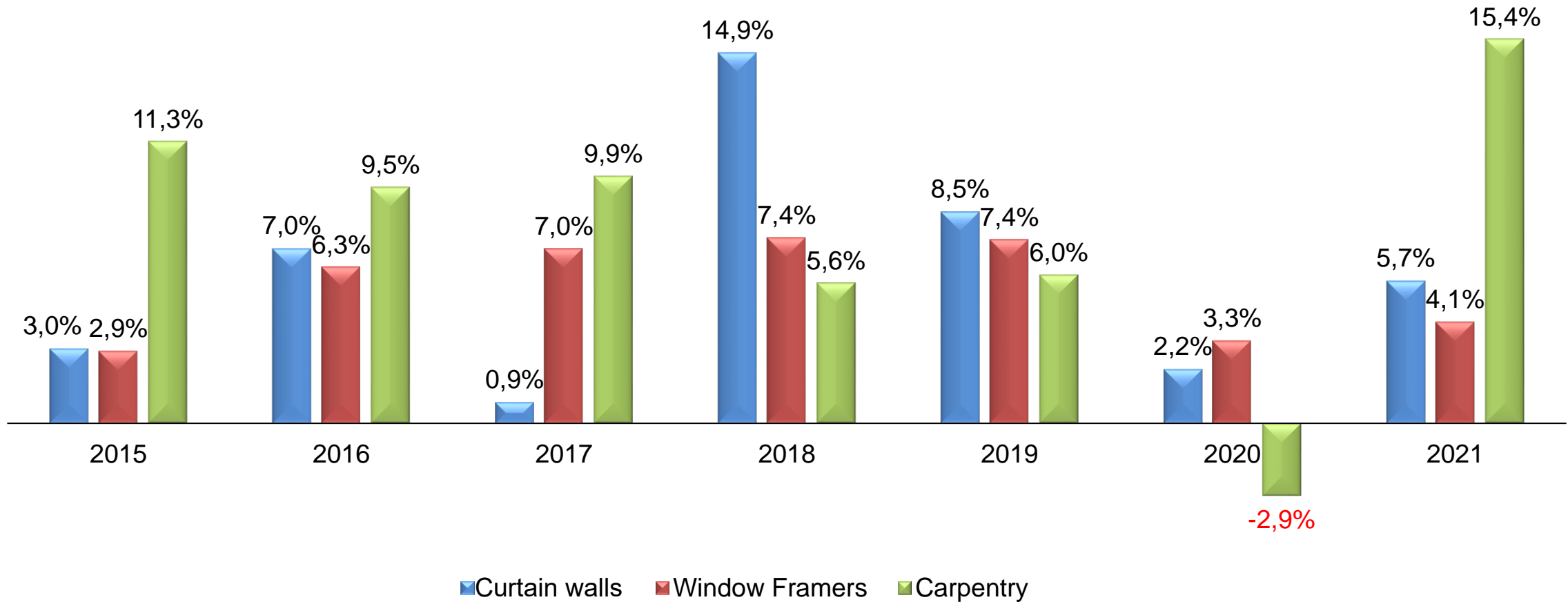
# Business performance. Profitability

## Sales Profitability (ROS)



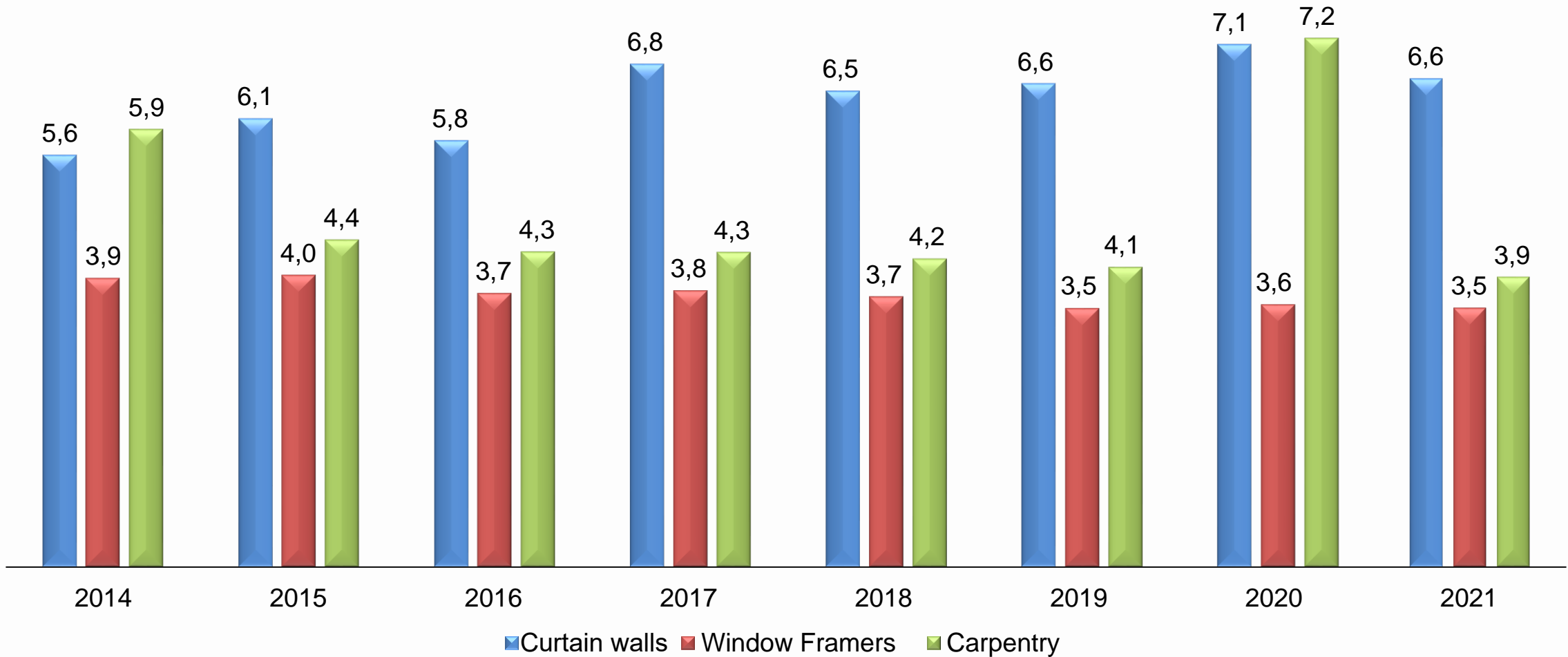
# Business performance. Profitability

## Return on Investment (ROIC)



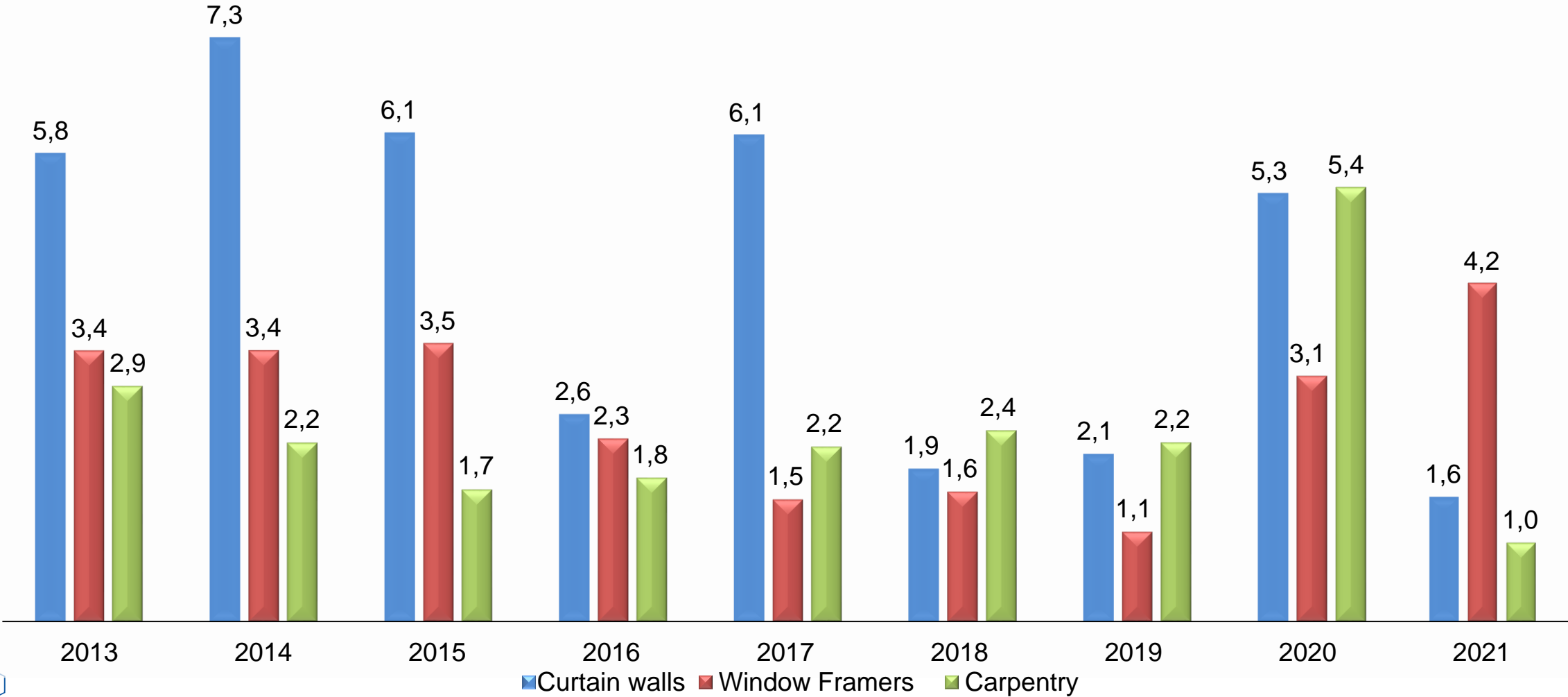
# Business performance. Financial structure

## Initial borrowing rate



# Business performance. Financial structure

## NFP/EBITDA



Elaborations on budget data; 2020, 2021 projections

Data not comparable with those presented in previous editions due to changes in the sample



This report has been prepared by Carmine Garzia on the basis of data compiled by the Economic Studies Office of UNICMI - Unione Nazionale delle Industrie delle Costruzioni Metalliche dell'Involucro e dei Serramenti.

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