



***The numbers of the window and door frames and curtain
walls market***

2019 trends and outlook for 2020

UNICMI Economic Studies Office

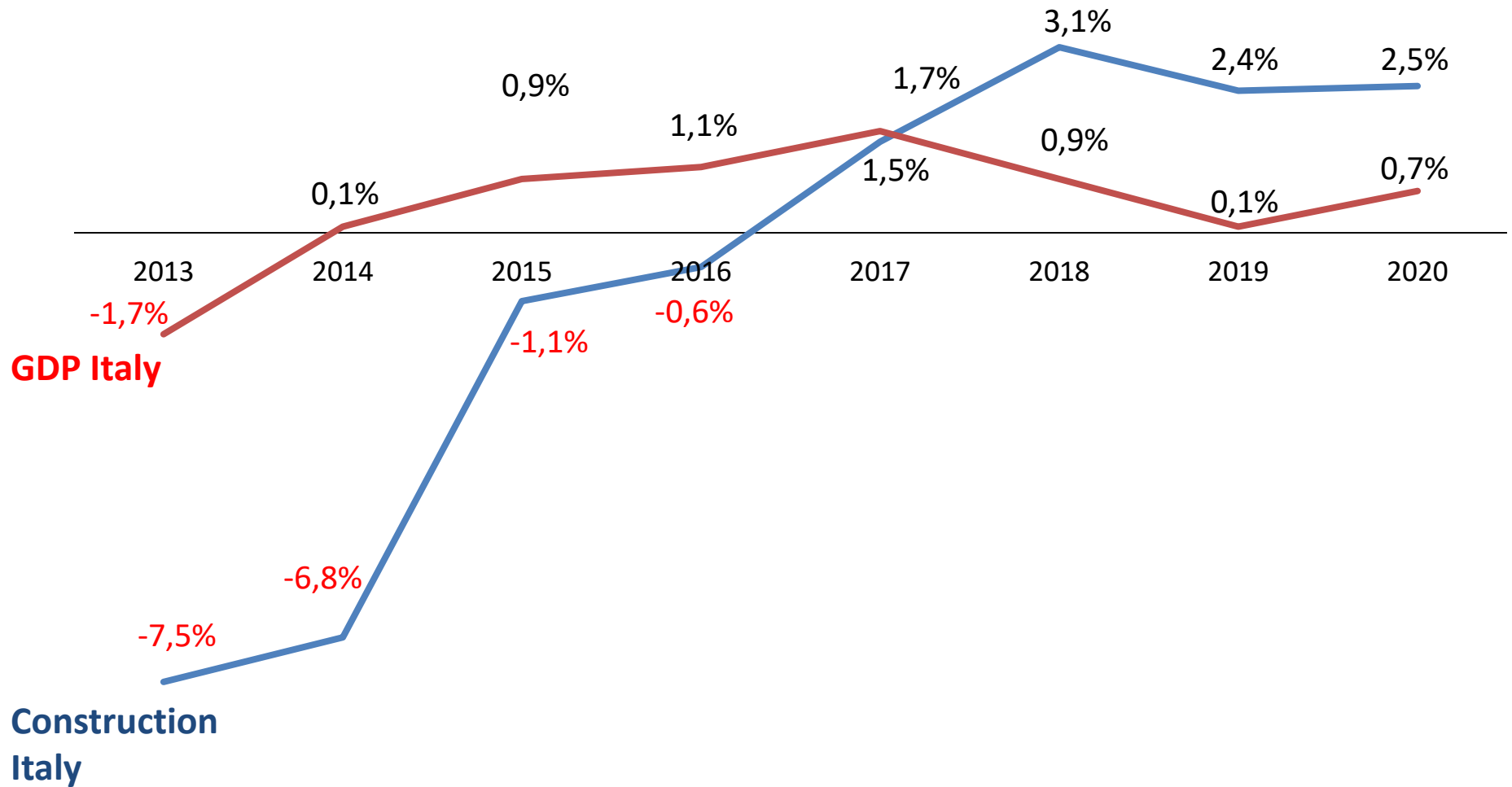
Milan, July 3, 2019

Agenda

1. Construction numbers
2. The numbers of the window and door frames and curtain walls market
3. The performance of window and facade manufacturers

Construction numbers

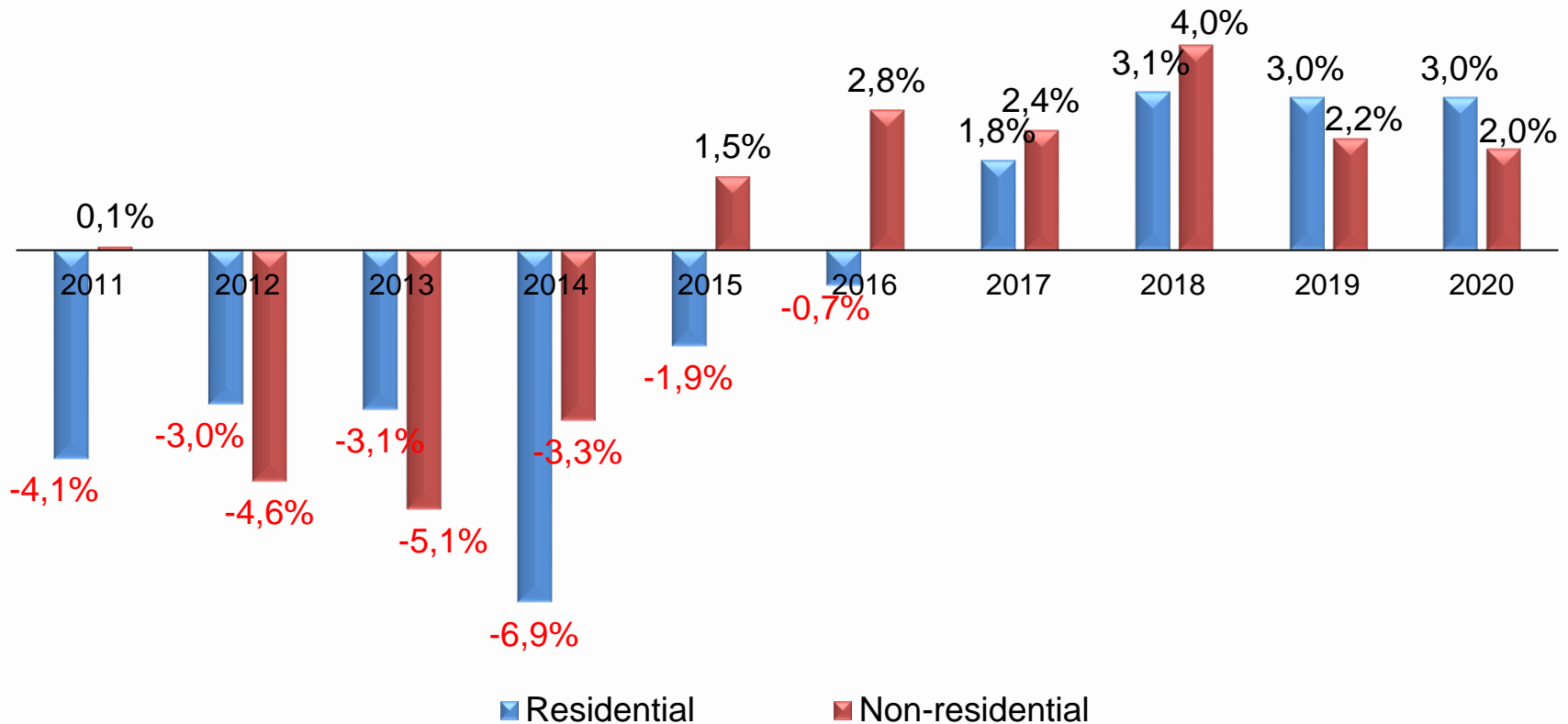
Investment trends in the construction sector



UNICMI elaborations on ISTAT data; GDP 2019, 2020 from European Commission estimates, May 2019

Investment trends in the construction sector

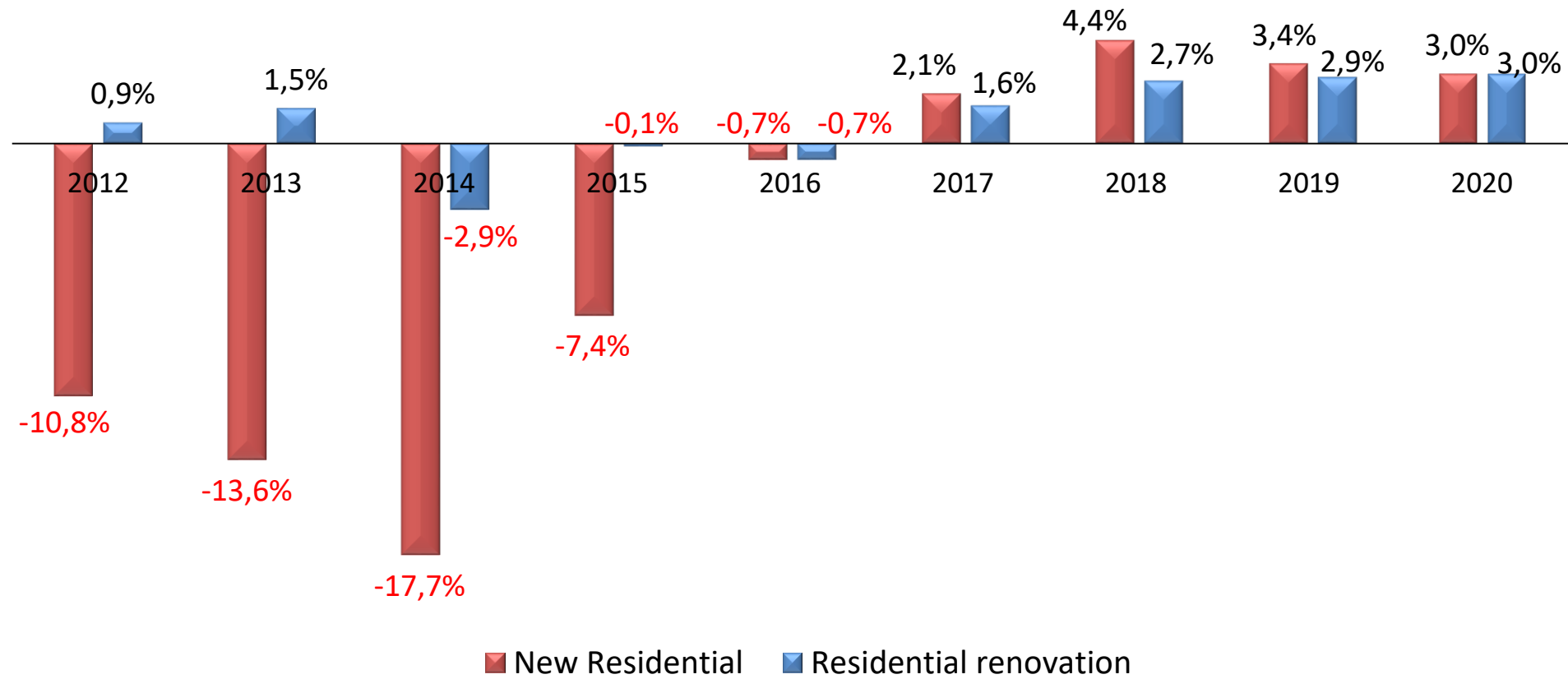
Investments in construction



UNICMI elaborations on ISTAT data; 2019, 2020 estimated data

Investment trends in the construction sector

Investments in residential construction

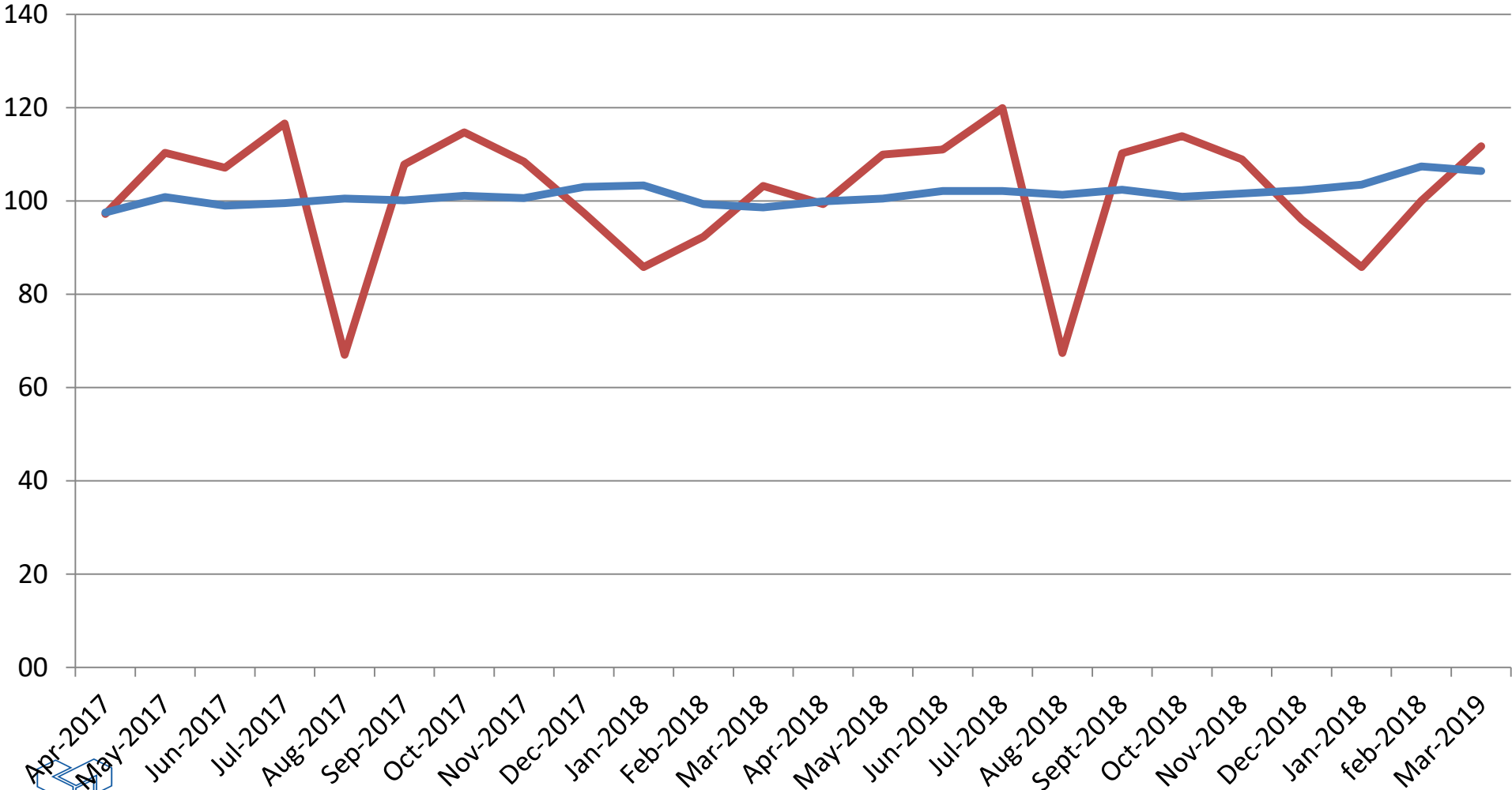


Source: UNICMI elaborations on ISTAT data; 2019, 2020 data estimated

Investment trends in the construction sector

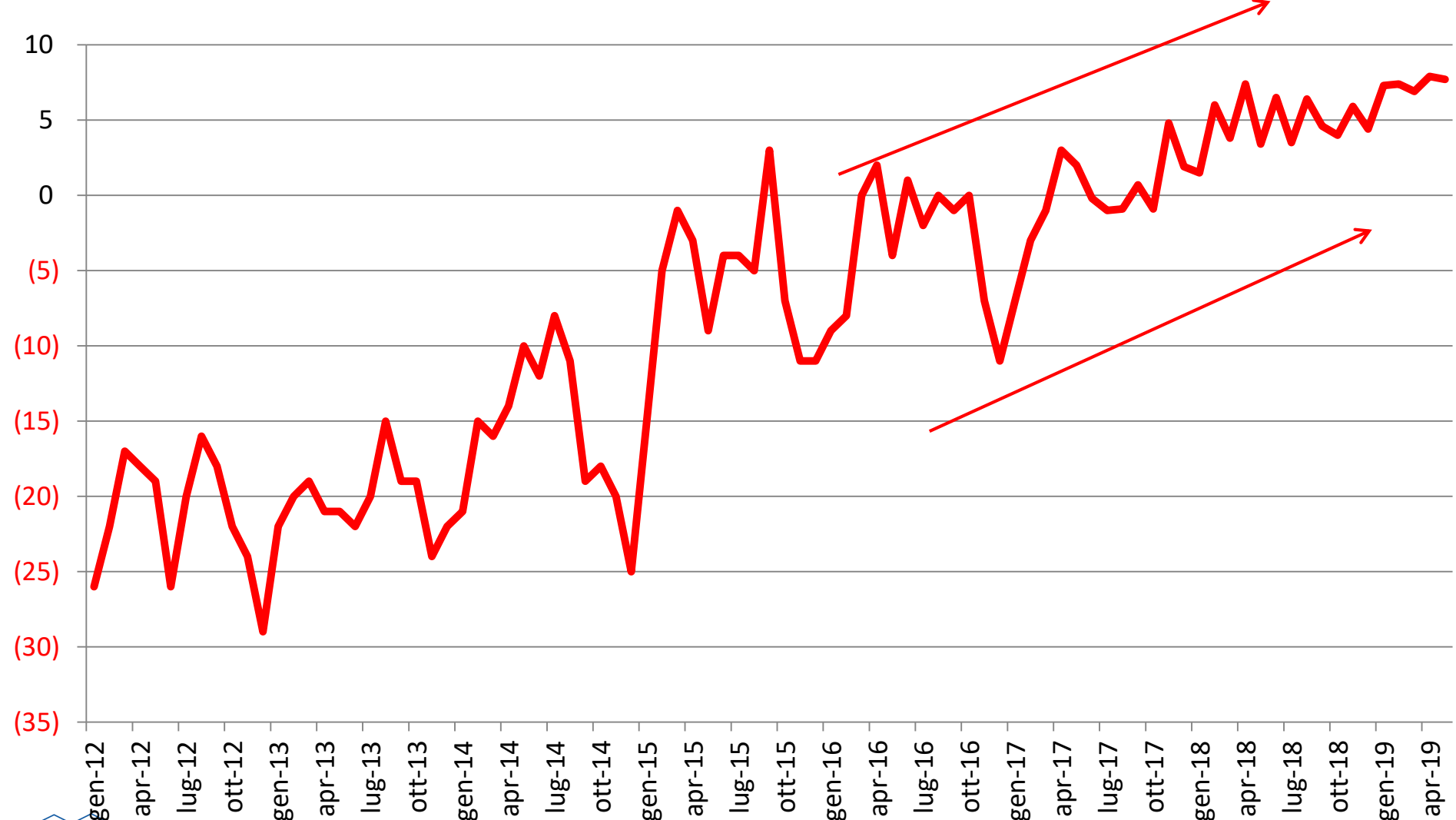
CONSTRUCTION PRODUCTION INDEX (base 2015)

— data adjusted for calendar effects — seasonally adjusted data



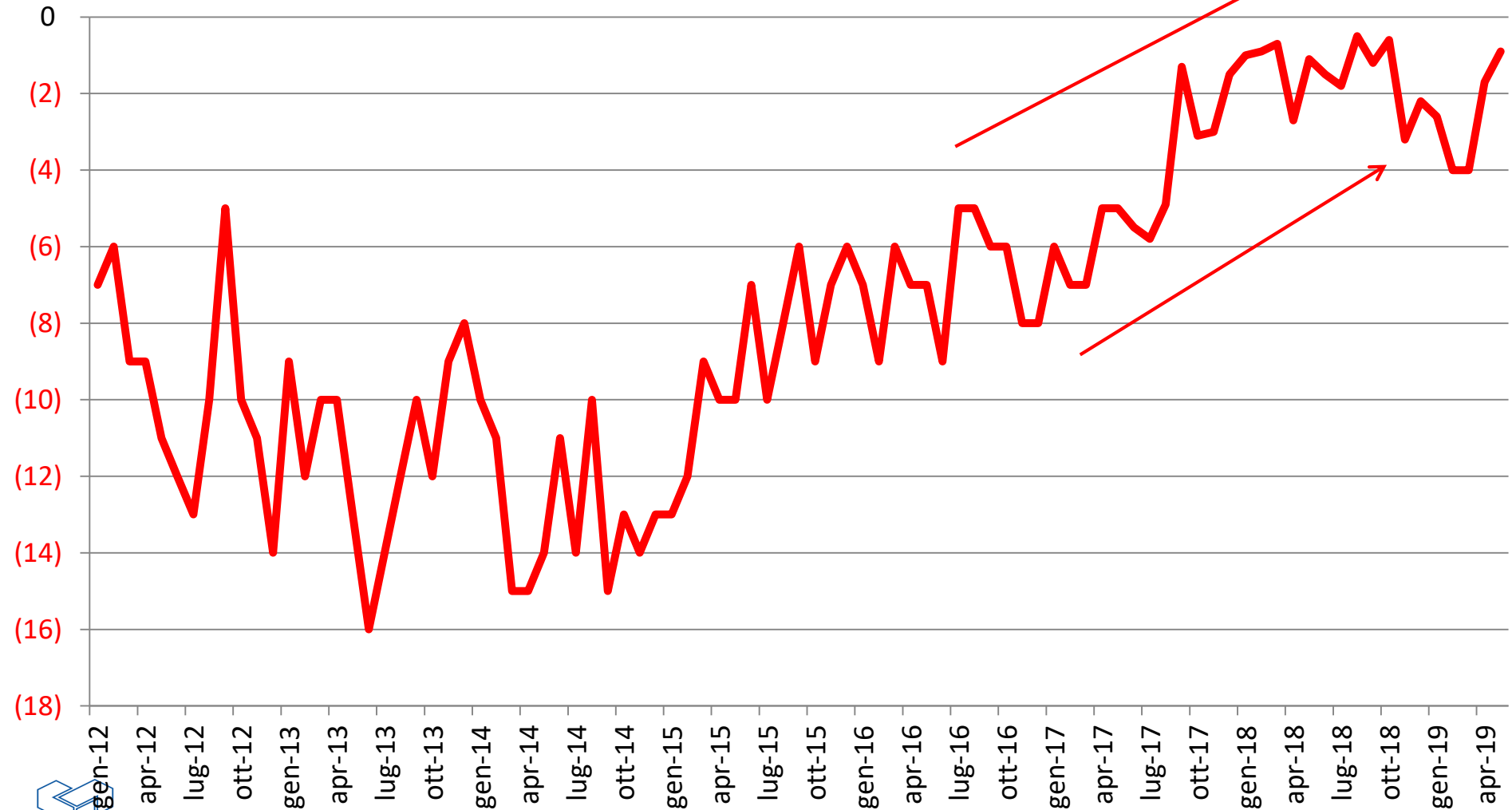
Investment trends in the construction sector

Order trend over the next three months - balance



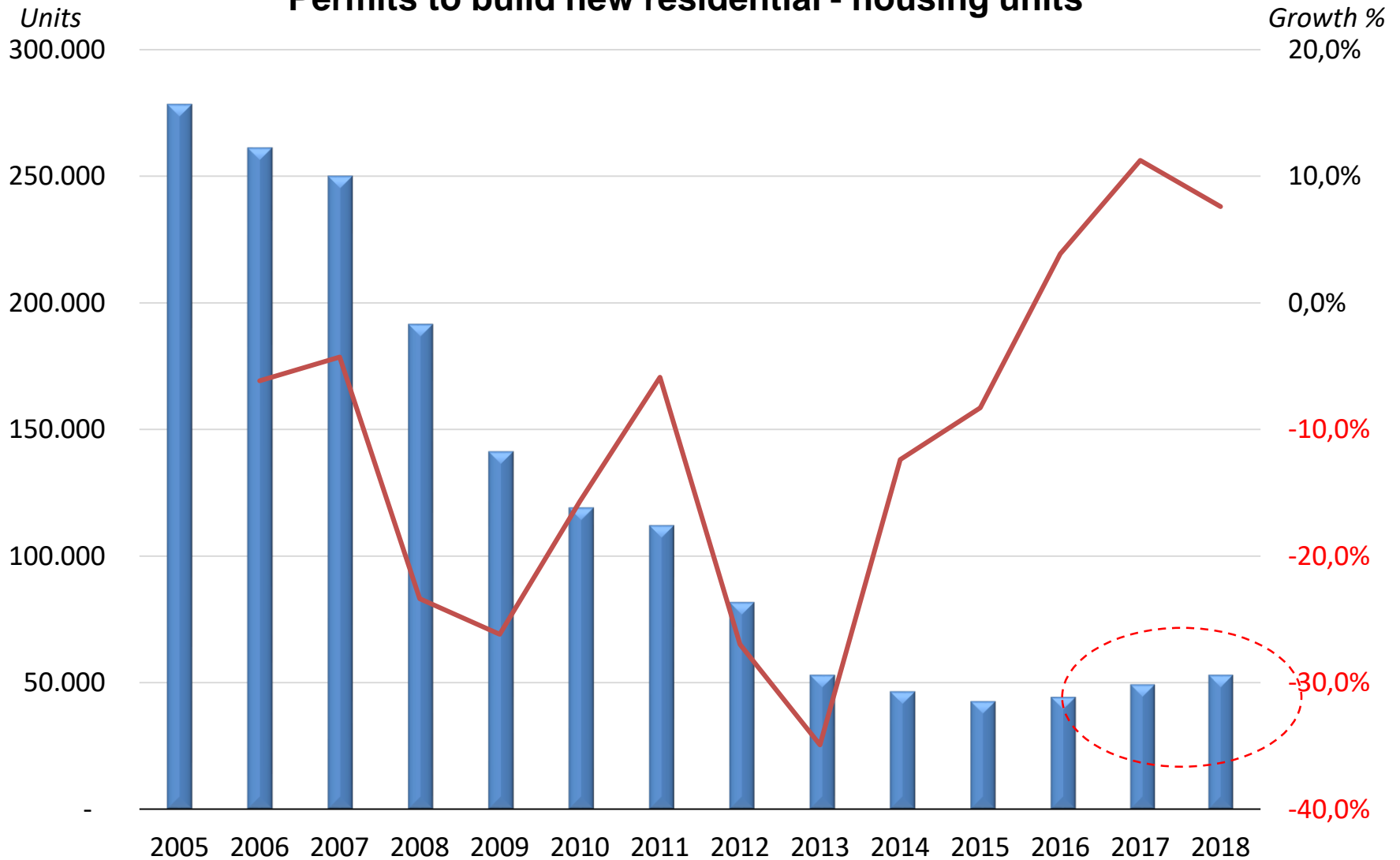
Investment trends in the construction sector

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



Trends and prospects in the construction industry

Permits to build new residential - housing units

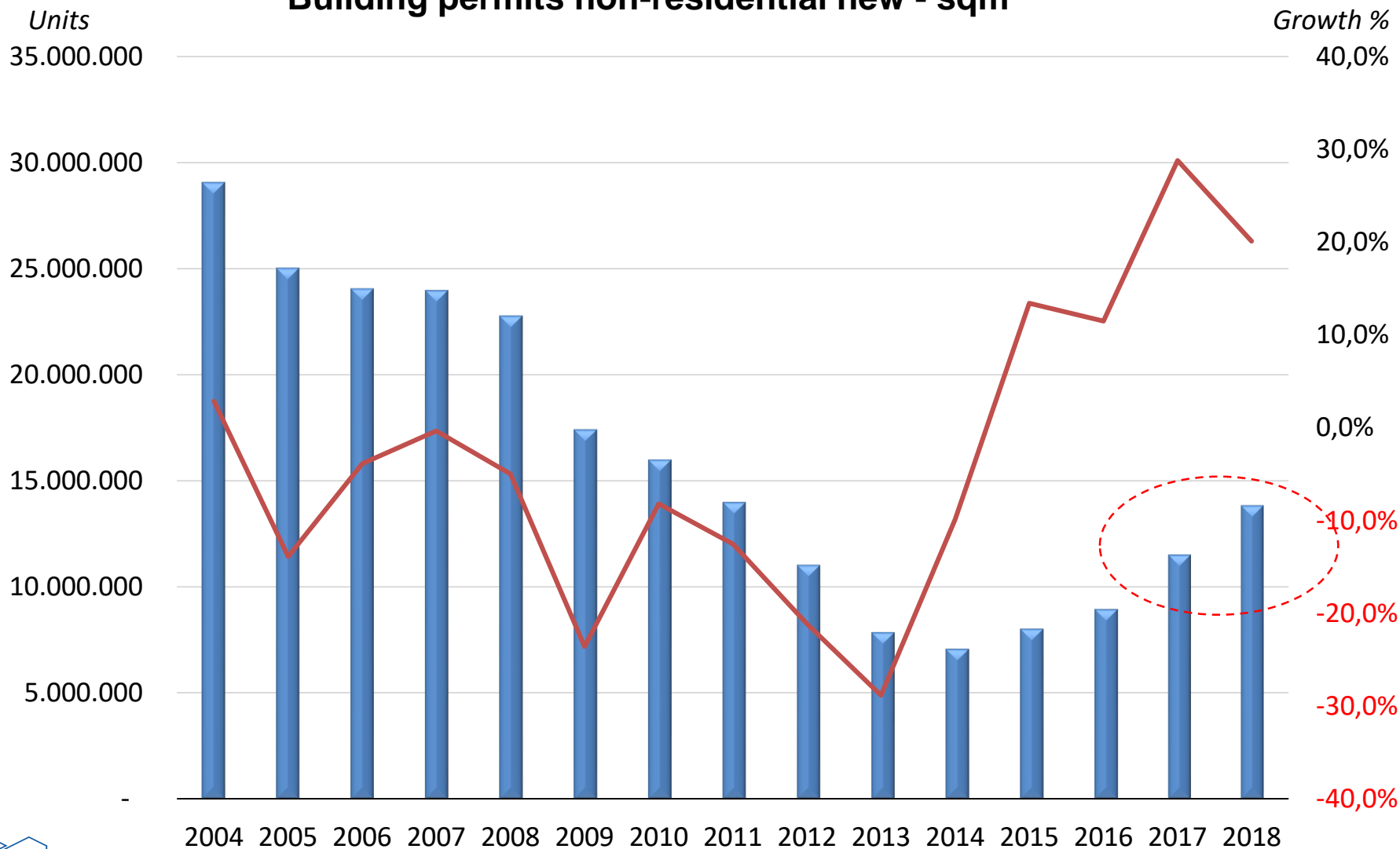


*2018 forecast

UNICMI elaborations on ISTAT data; 2018 data estimated

Trends and prospects in the construction industry

Building permits non-residential new - sqm



*2018 forecast

UNICMI elaborations on ISTAT data; 2018 data estimated

IN SUMMARY

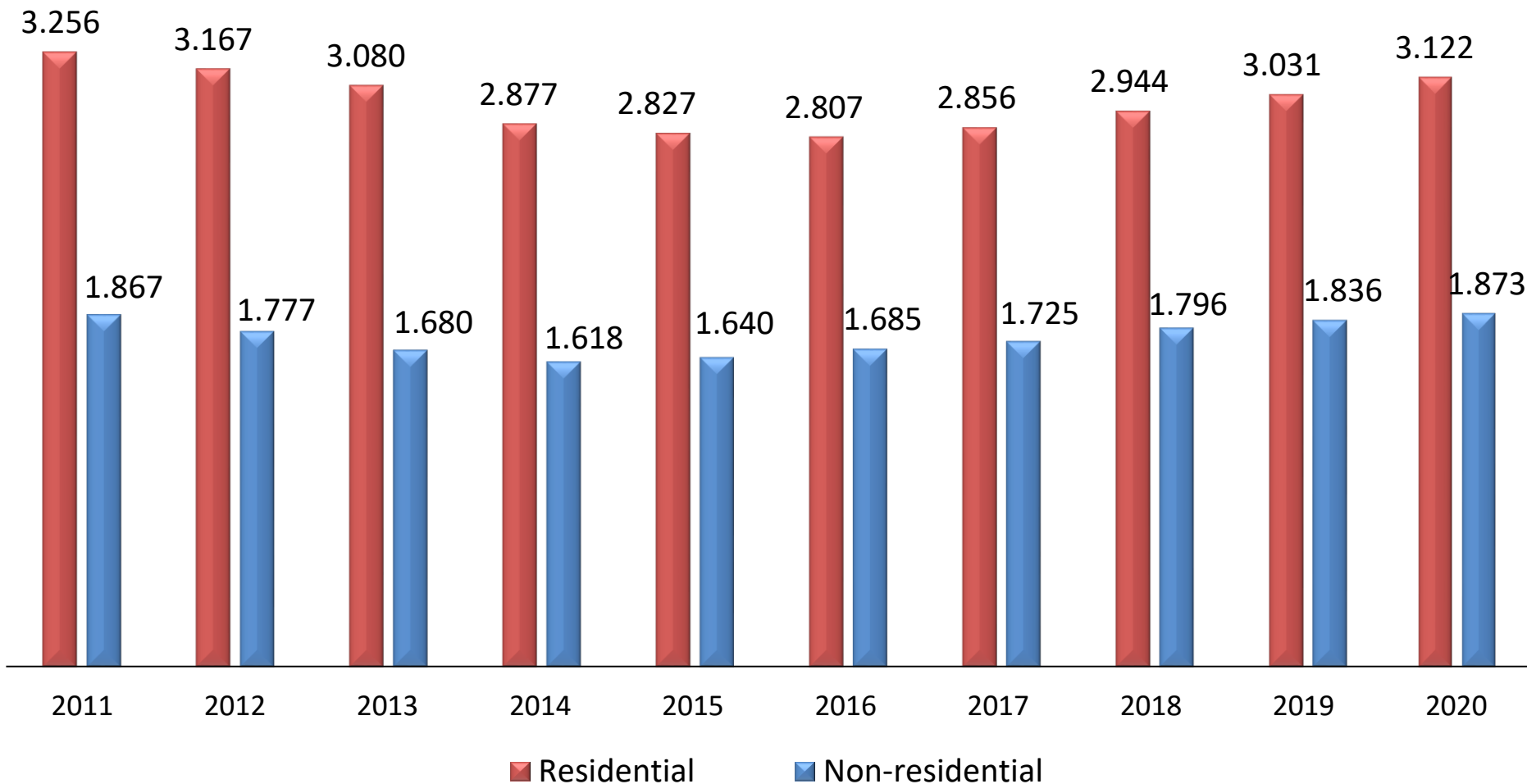
The construction sector

- Significant recovery in 2018
- The climate of economic uncertainty does not allow growth rates to be maintained for 2019 and 2020
- The outlook is still positive
- Residential recovery is the leading sector
- 2020 nonresidential growth will depend on overall economic growth

**The numbers of the market of windows and doors
and curtain walls**

Evolution of demand. Windows and curtain walls

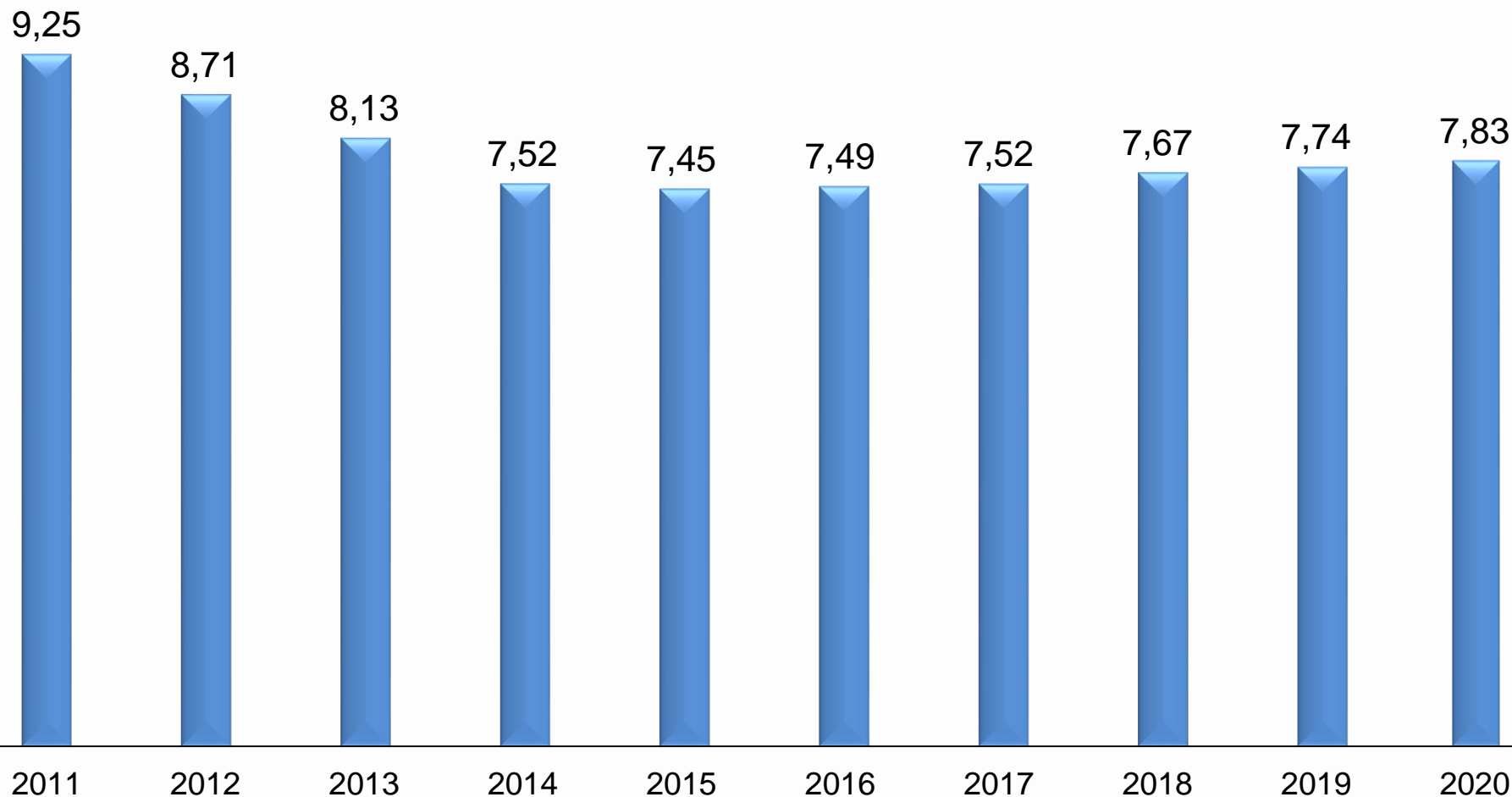
Demand for windows and curtain walls (million Euro)



UNICMI elaborations on ISTAT data; 2019, 2020 estimated data

Evolution of demand. Windows and curtain walls

Total windows sold (millions of units)

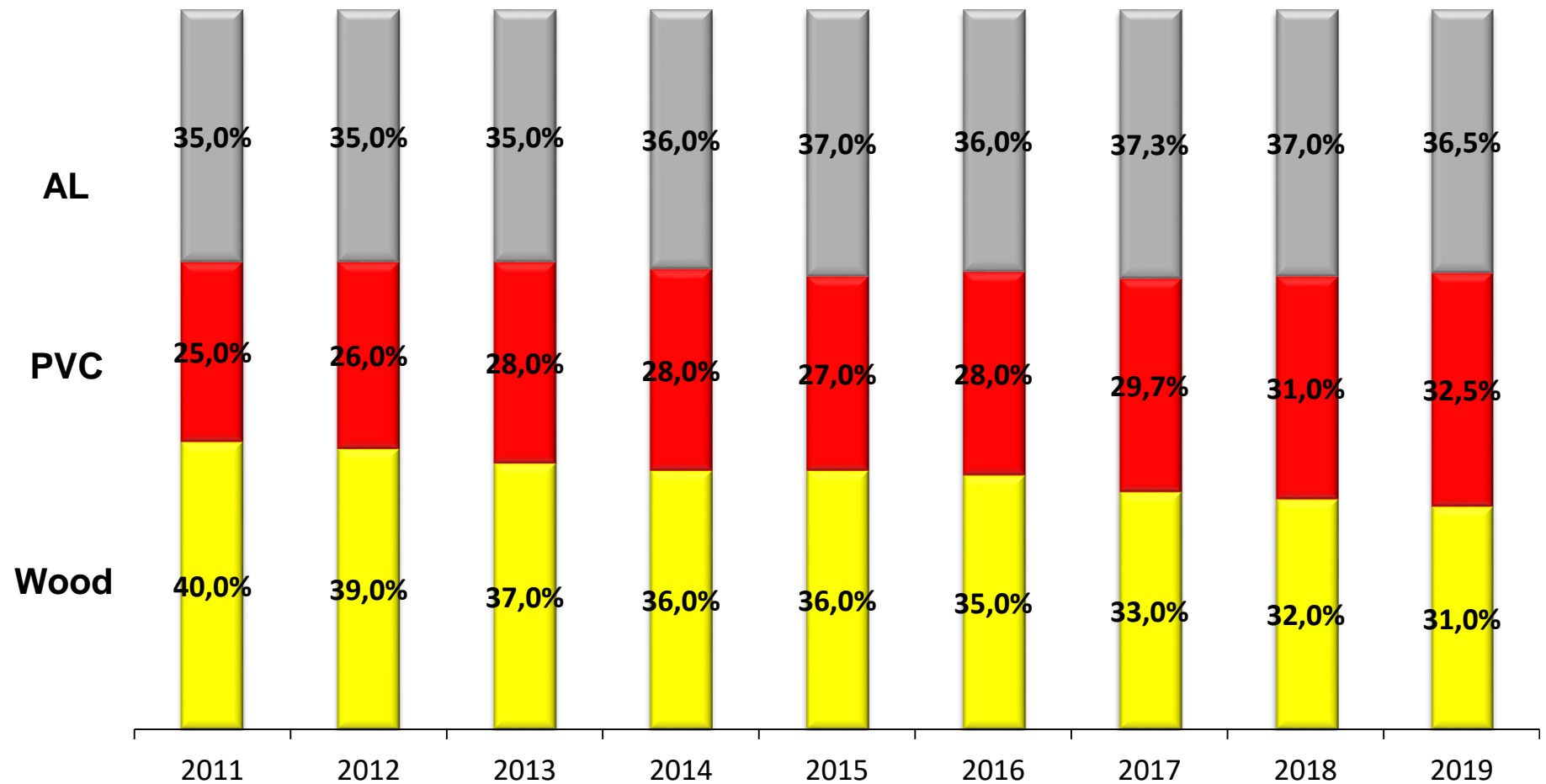


UNICMI elaborations on ISTAT data; 2019, 2020 estimated data

The estimate of window units based on the following dimensions: 1,300X900, one sash, casement

Evolution of demand. Windows and curtain walls

Market shares in value

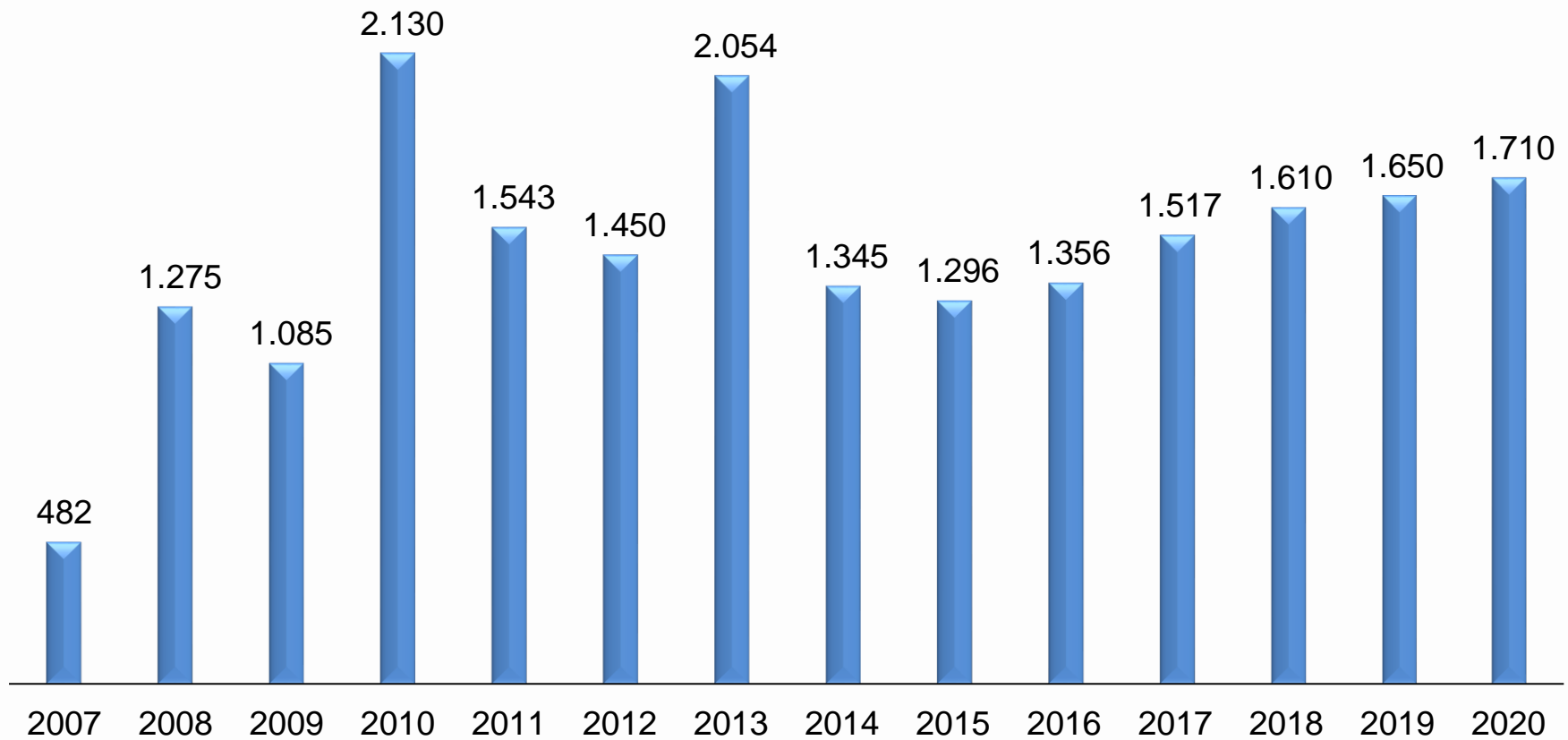


UNICMI elaborations; 2018, 2019, 2020 estimated data

*data 2019, 2020, 2021 estimated

Demand for windows and facades. Impact of tax incentives

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



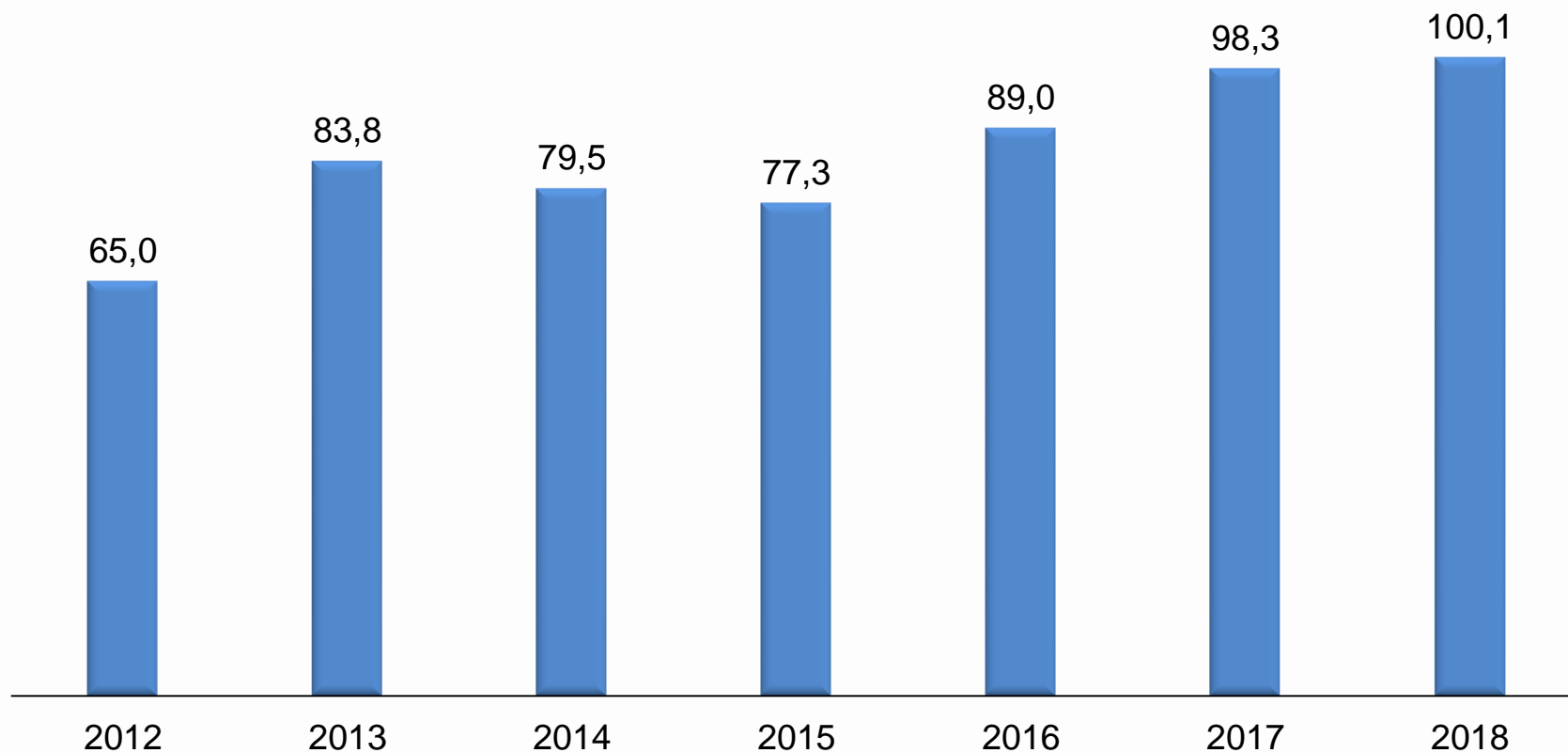
Projections made considering laws and regulations in effect in 2018

Imports of PVC products

Imports of PVC windows and doors - Millions of Euro

PVC import growth 2012-2018: **7.5%** (CAGR)

Growth of windows and doors sector 2012-2018: **-1 %** (CAGR)

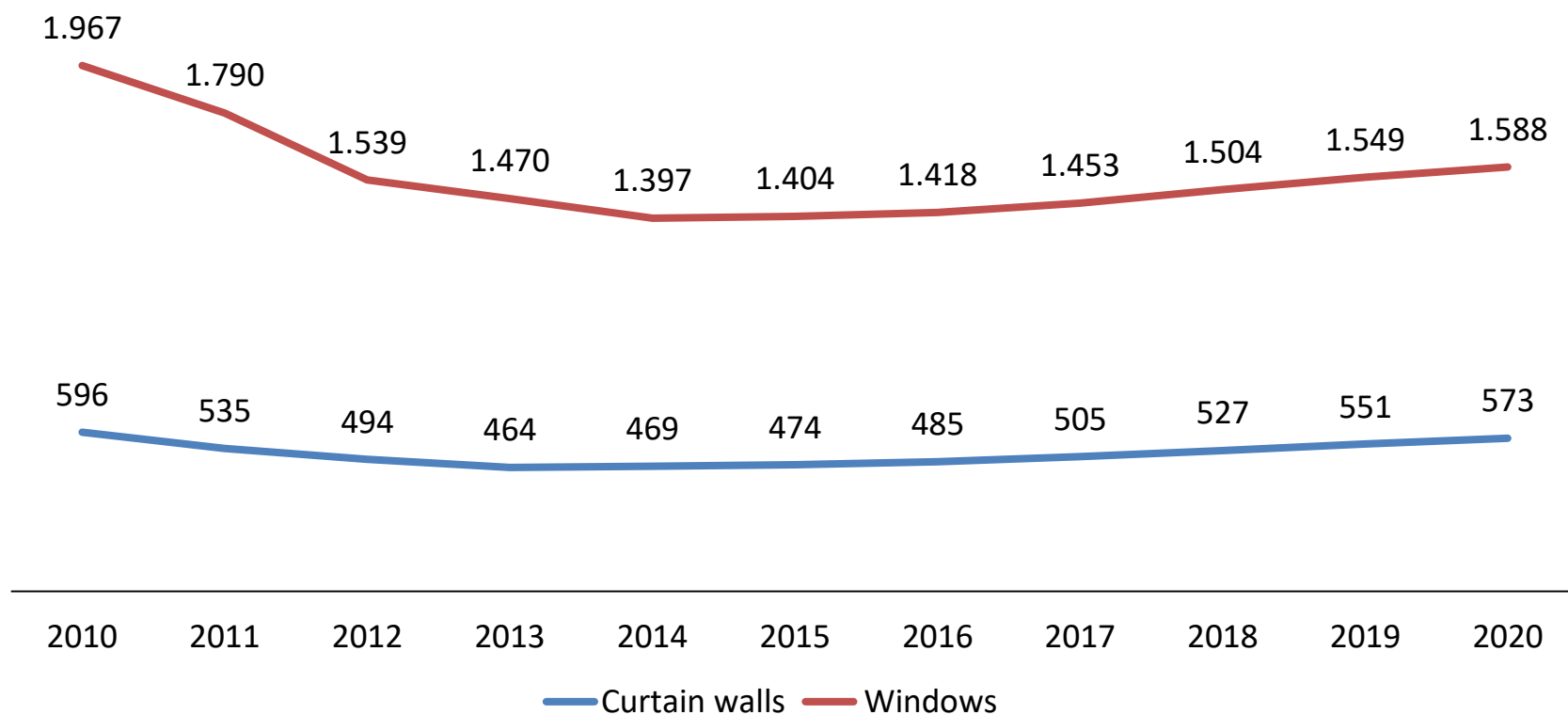


**The numbers of the market of windows and doors
and curtain walls**

Focus on metal windows and doors and curtain walls

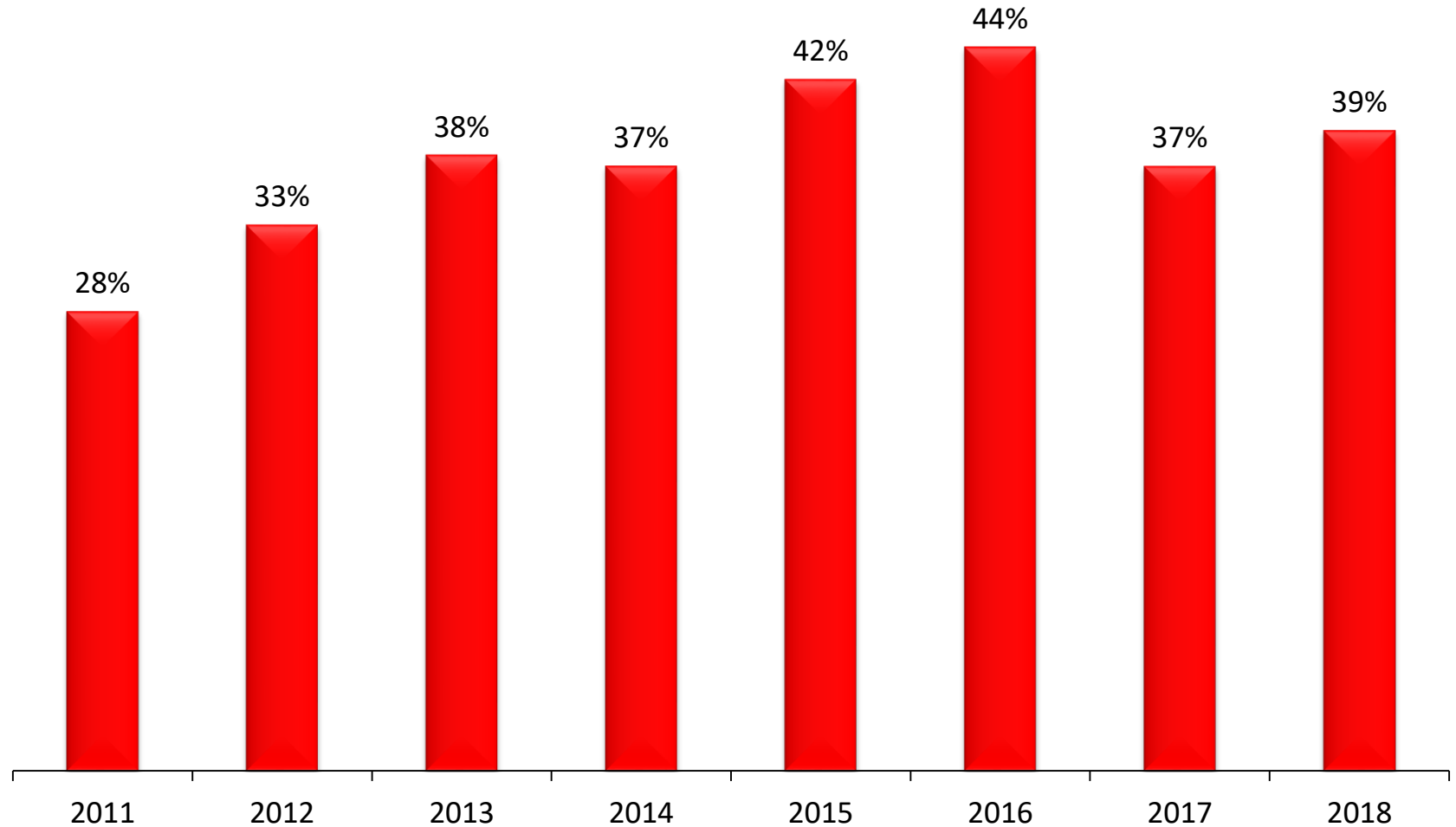
Metal windows and doors and curtain walls. Market evolution in Italy

The evolution of the building envelope turnover (millions Euro)



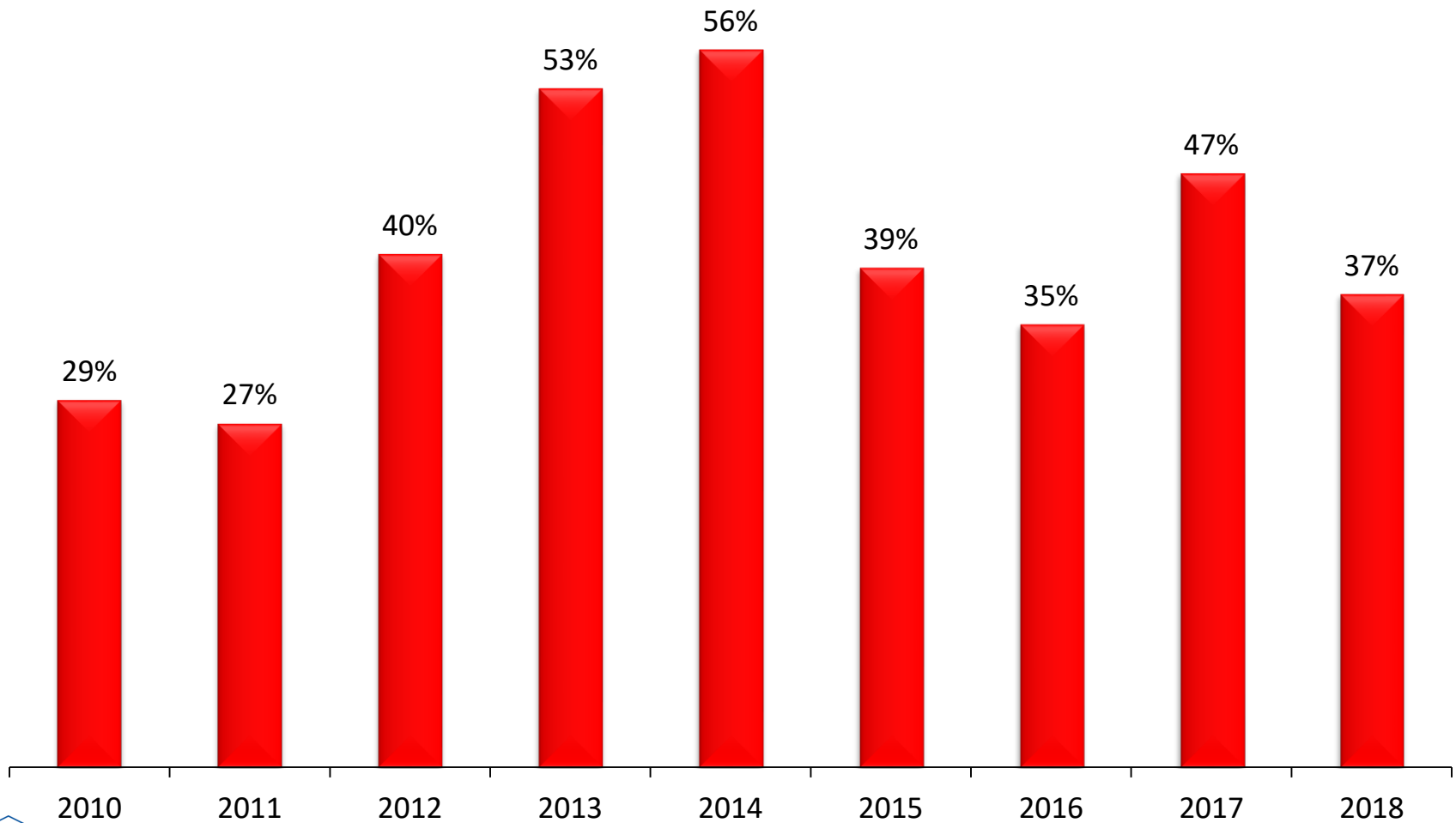
Focus on manufacturers of metal frames and curtain walls

Share of turnover of metal window and door manufacturers achieved with tax bonus



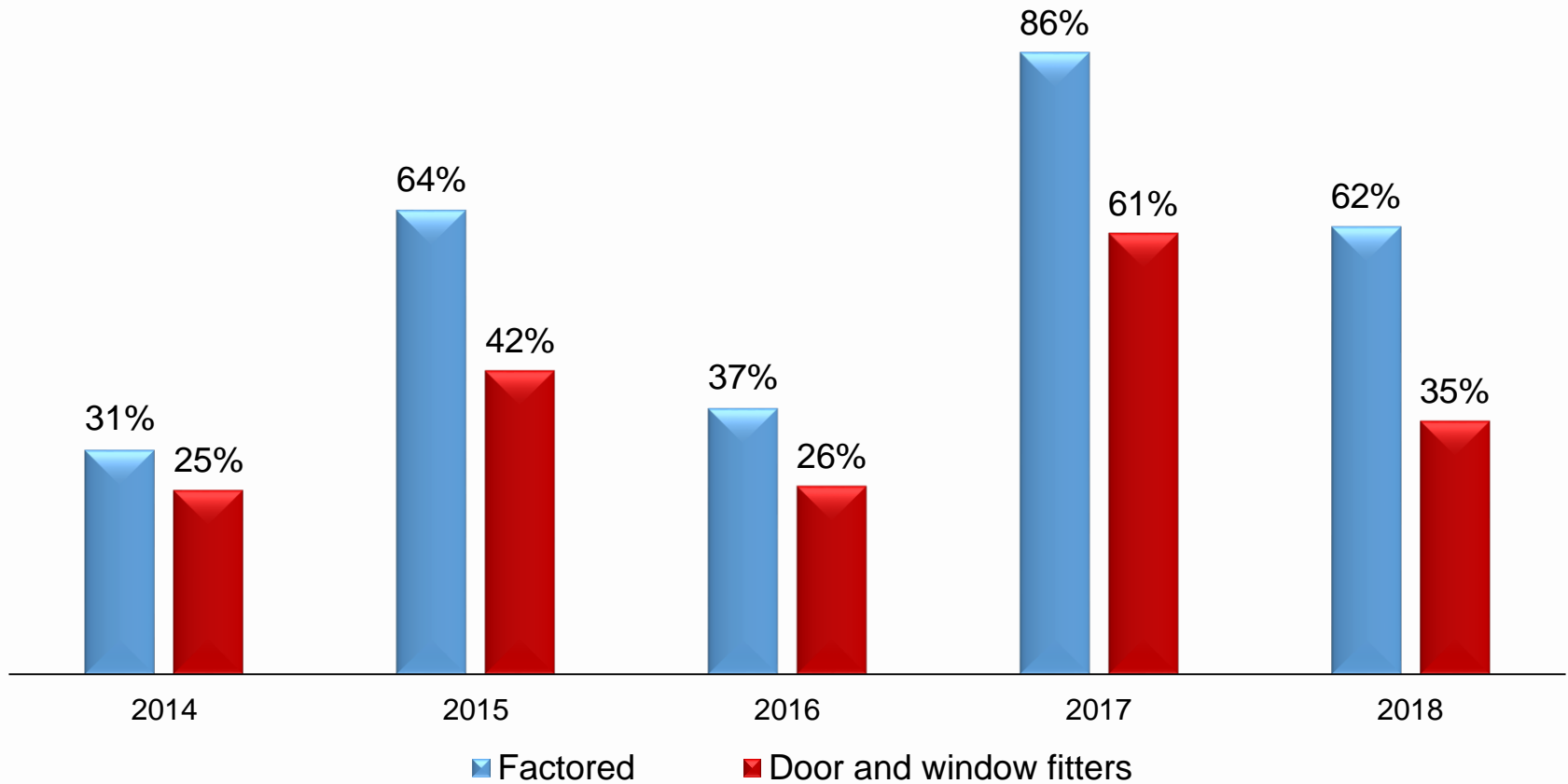
Focus on manufacturers of metal frames and curtain walls

Export share of curtain wall manufacturers in values



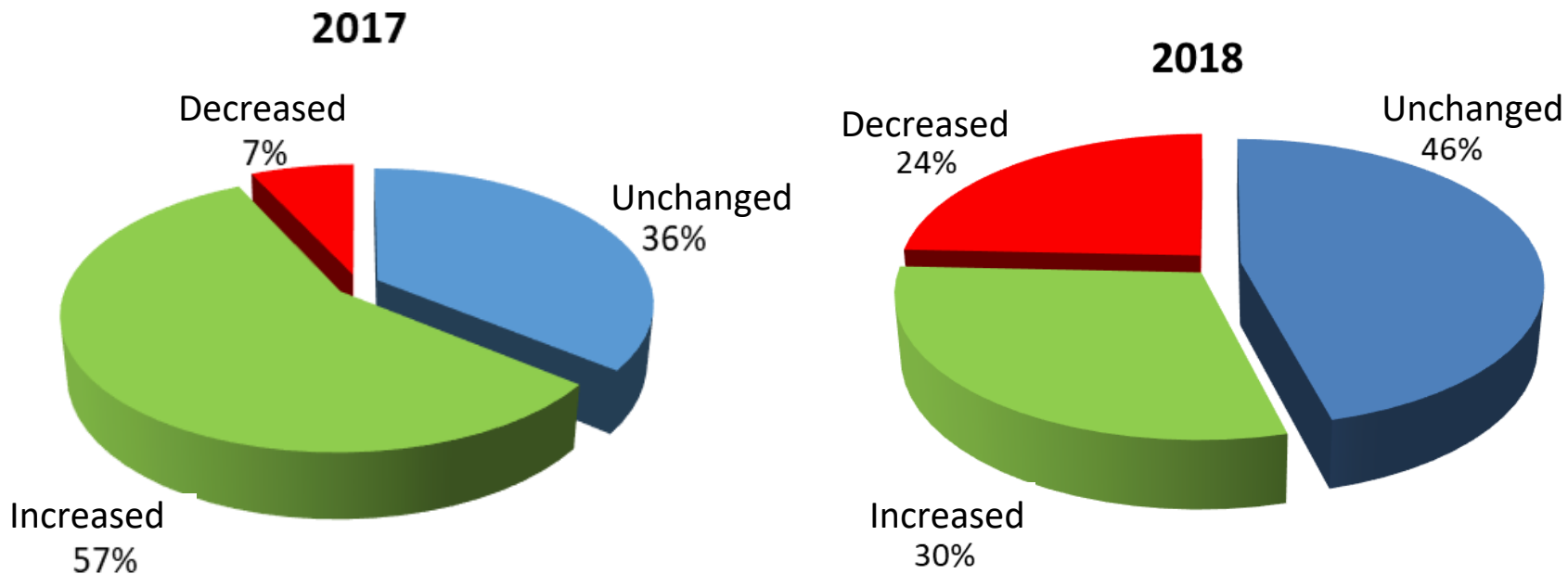
Focus on manufacturers of metal frames and curtain walls

Percentage of companies with increased revenues



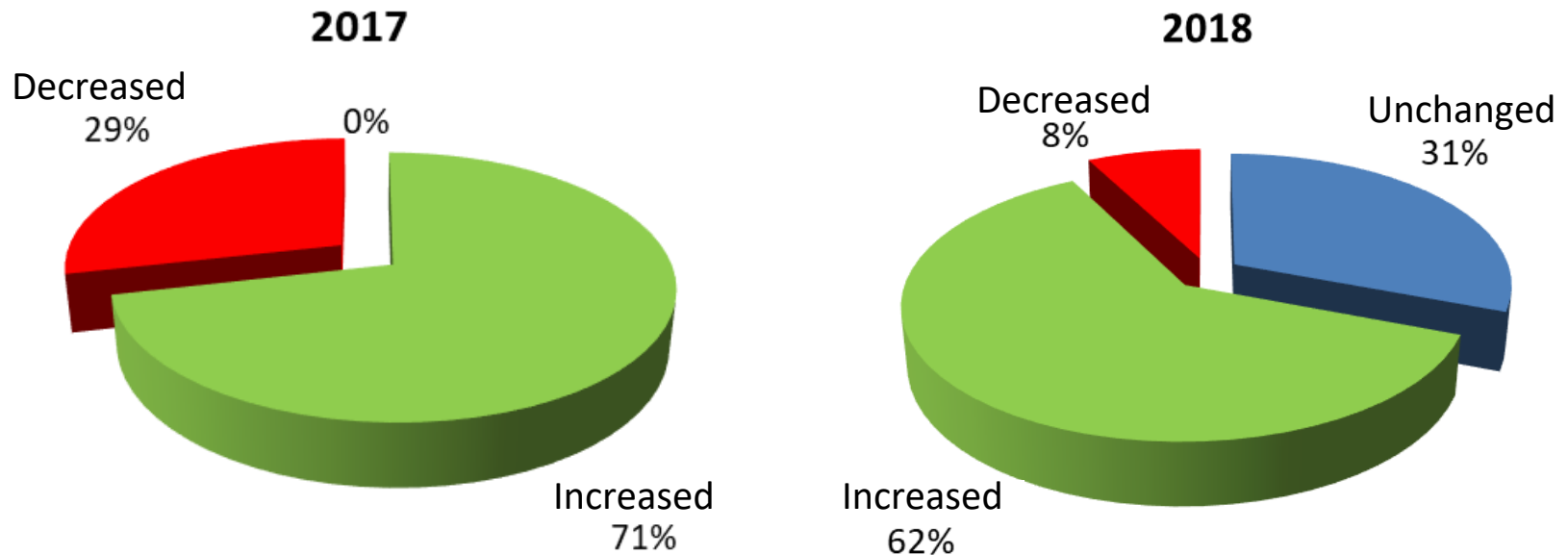
Focus on manufacturers of metal frames and curtain walls

Portfolio evolution of window and door manufacturers 2017 - 2018



Focus on manufacturers of metal frames and curtain walls

Portfolio evolution of curtain wall manufacturers 2017 - 2018



IN SUMMARY

The numbers of the window and door frames and curtain walls market

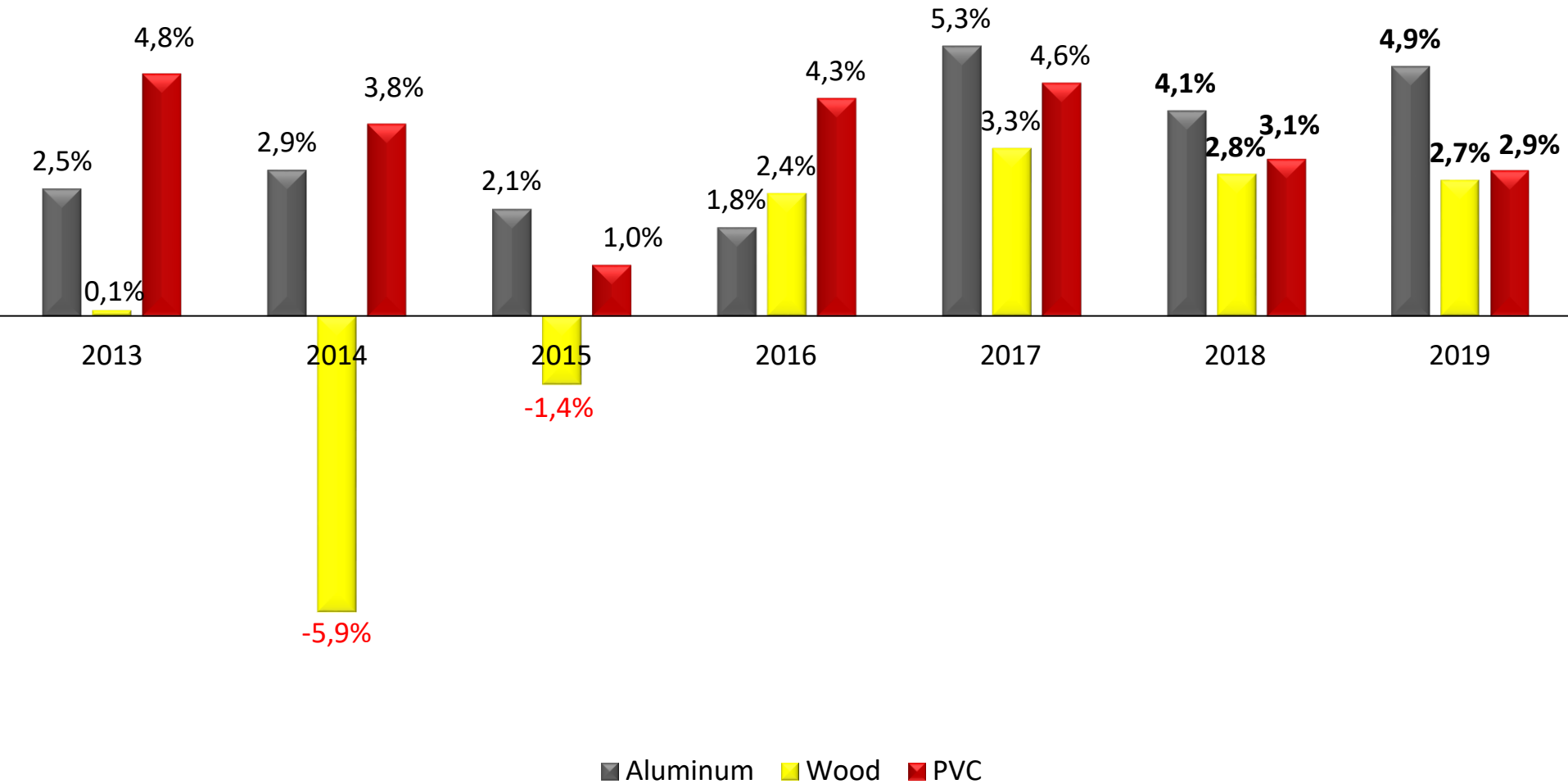
- Demand holds. The outlook is positive
- The contribution of residential new construction is lower than expected
- Tax incentives account for 38% of the entire window and door market and 53% of the residential segment.
- Aluminum is unlikely to increase its market share in the residential sector
- Imports of PVC windows and doors continue to grow faster than the market

**The performance of manufacturers of windows and doors
and curtain walls**

Performance of window and door manufacturers

Profitability

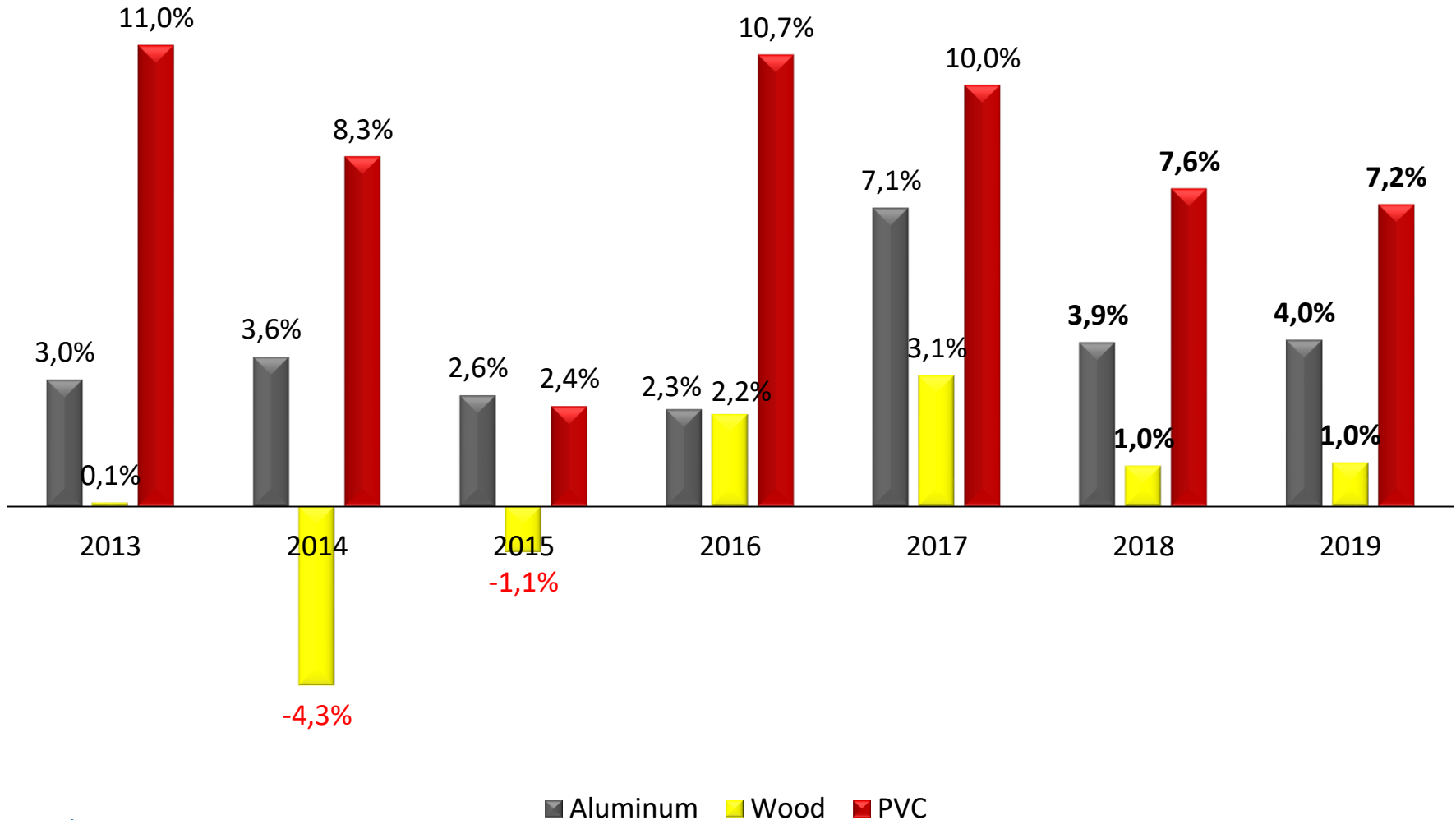
Trade margin - ROS (2013 - 2019)



Performance of window and door manufacturers

Profitability

Marginality of investments - ROIC (2013 - 2019)

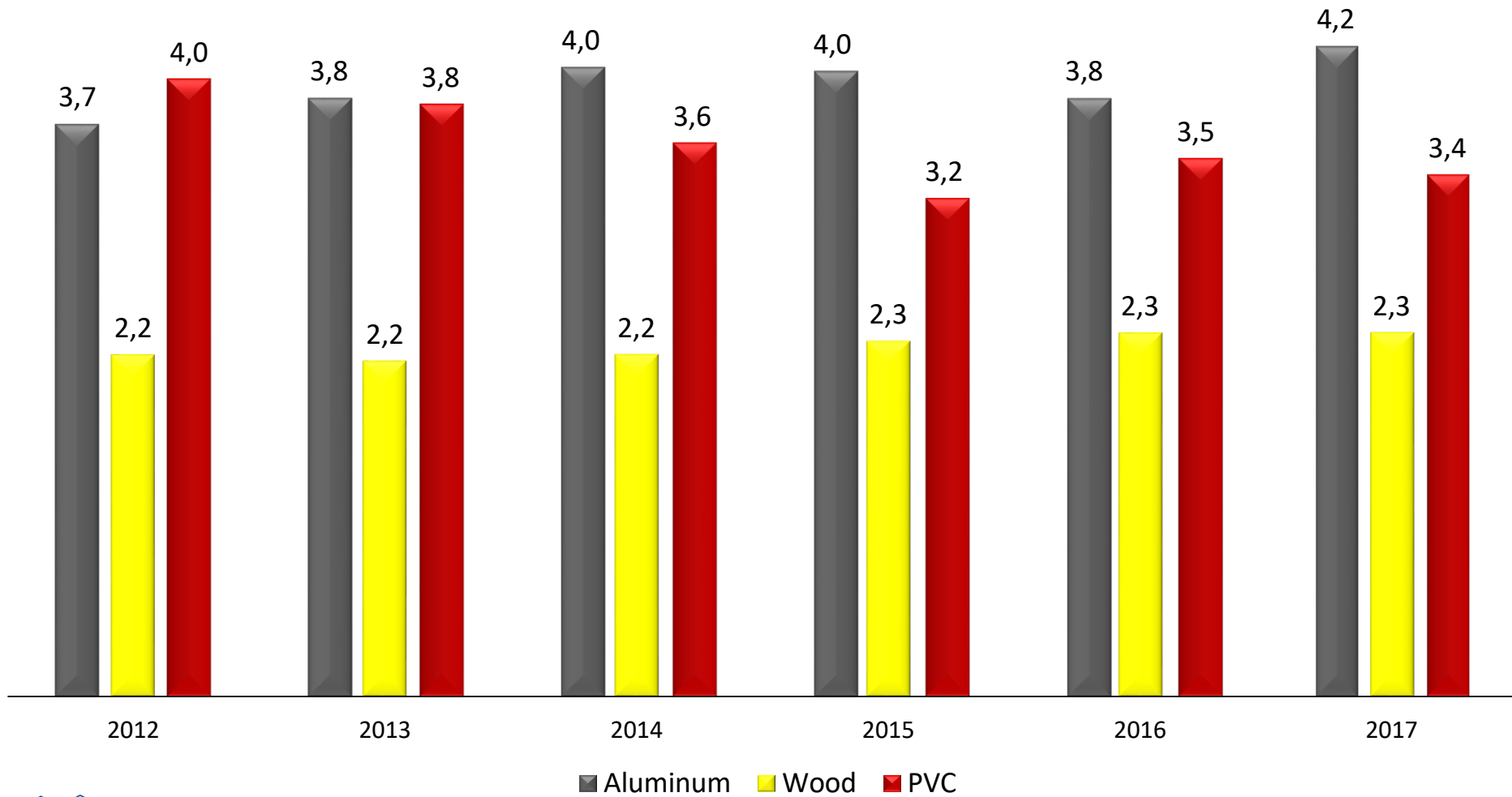


UNICMI elaborations; 2018, 2019 estimated data

Performance of window and door manufacturers

Financial Structure

Initial borrowing rate



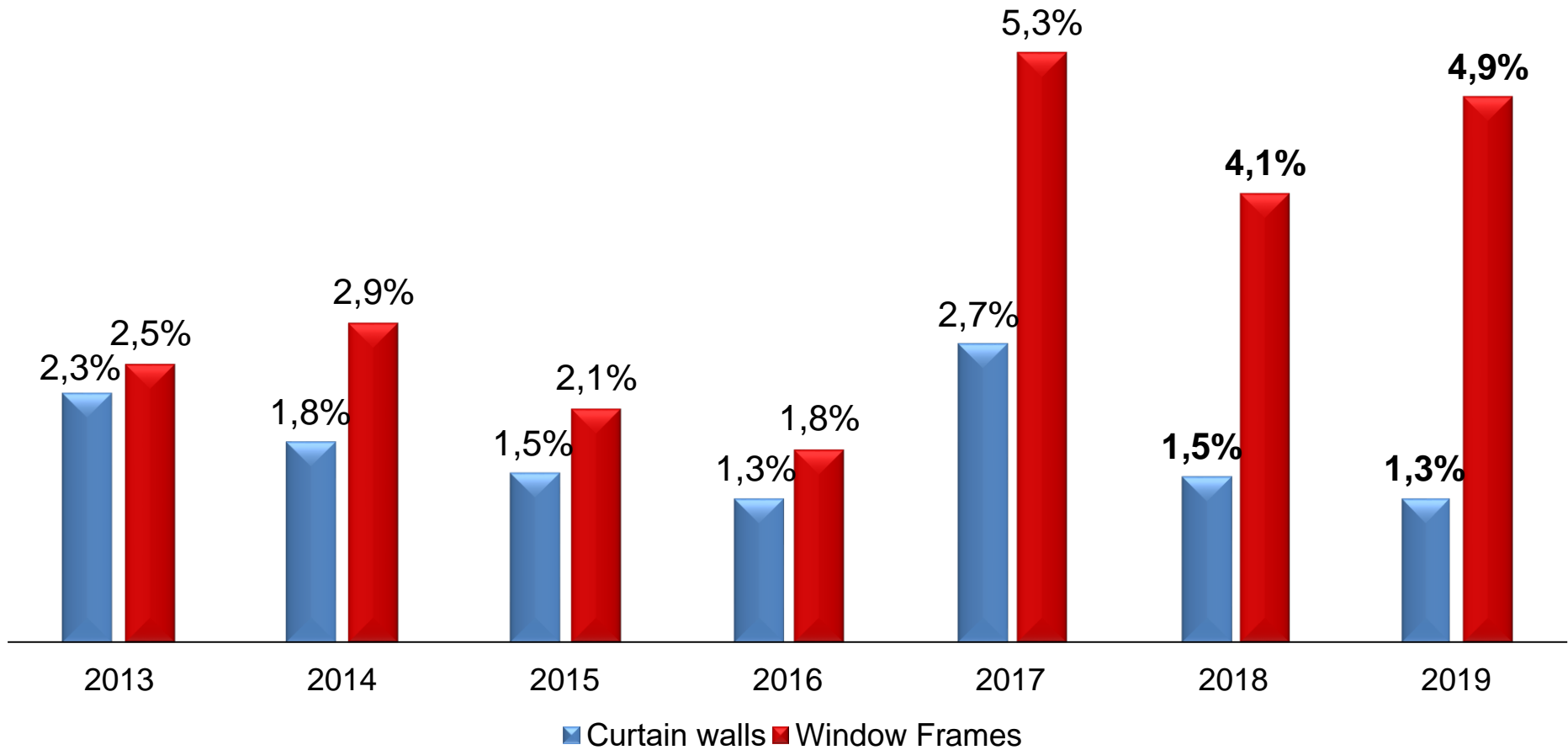
Elaborations UNICMI

**The performance of manufacturers of windows and doors
and curtain walls**

The manufacturers of metal frames and facades

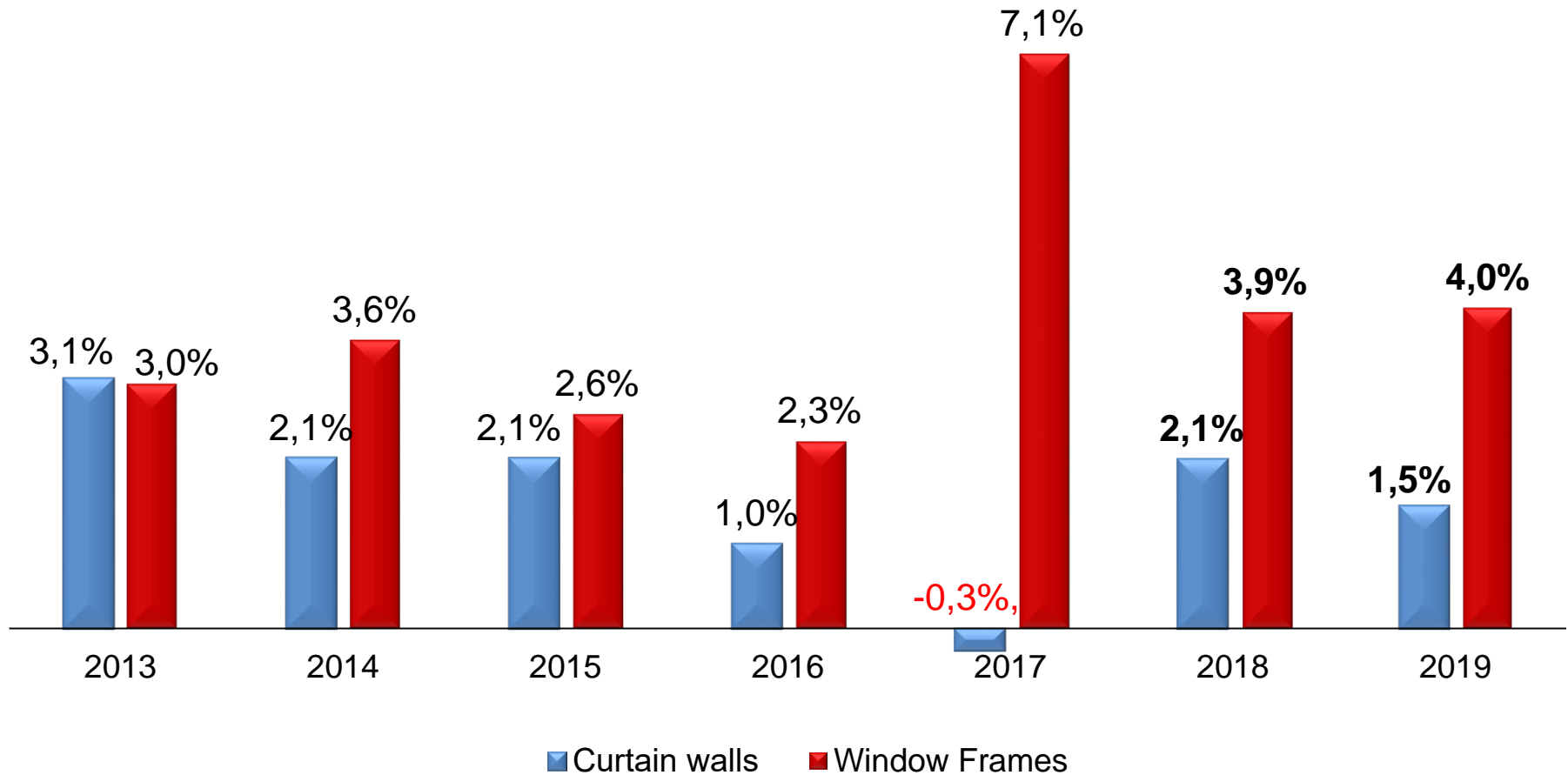
Performance of metal window and curtain walls manufacturers

Trade margin - ROS (2013 - 2019)



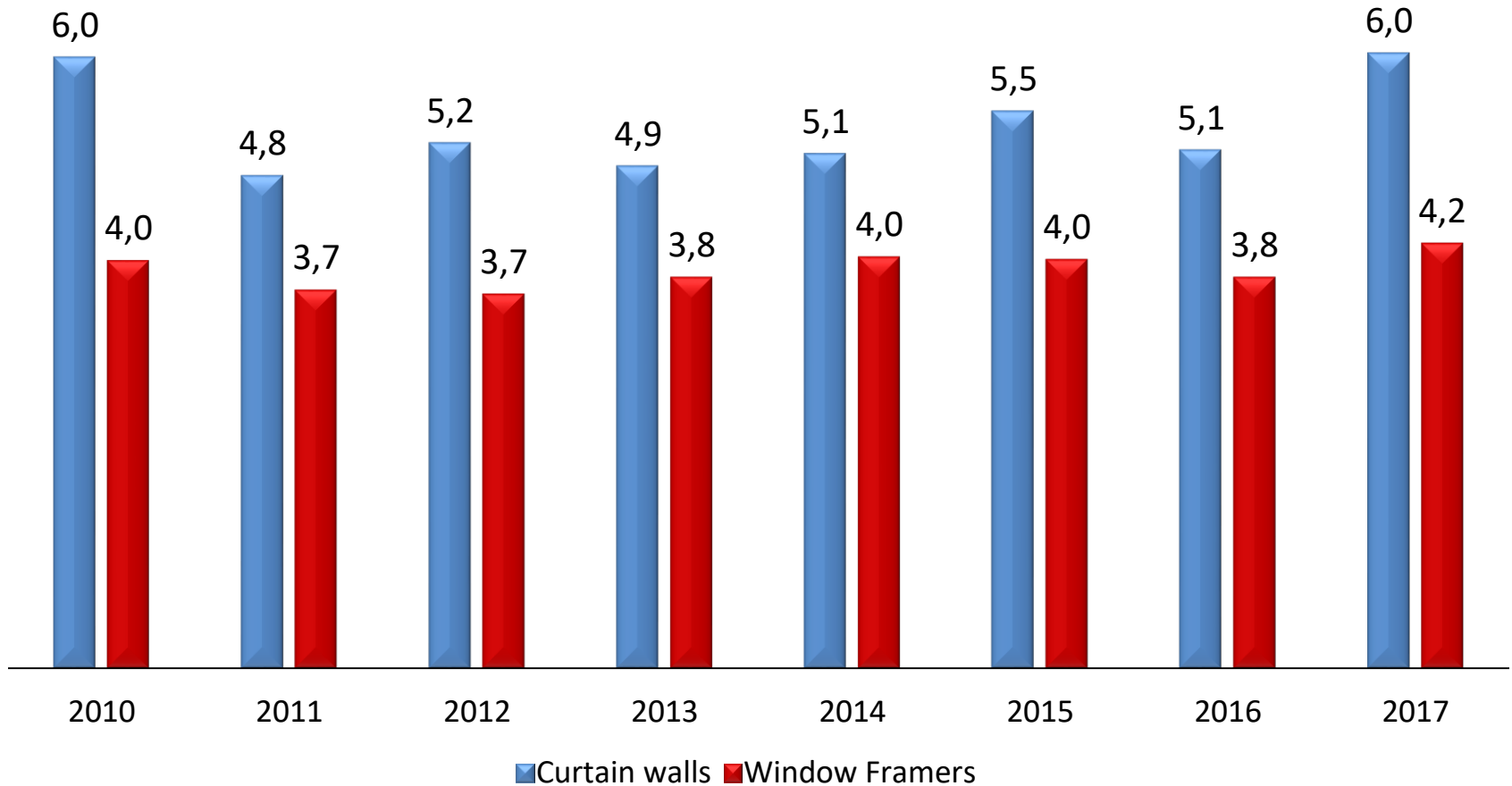
Performance of metal window and curtain walls manufacturers

Return on investment - ROIC (2013 - 2019)



Performance of metal window and curtain walls manufacturers

Initial rate of indebtedness (2010 - 2017)



IN SUMMARY

The performance of window and door and curtain wall manufacturers

- Profitability has improved. The outlook is positive
- The performance improvement of aluminum window and door manufacturers is remarkable
- The financial situation is relatively stable
- Facade manufacturers are in a critical situation with regard to commercial profitability as they have predominantly pursued growth in size.

Conclusions

- Recovery is a reality and will continue for the 2019-2020 biennium
- Aluminium loses ground in replacement, PVC consolidates and wood recovers - slightly -.
- Non-residential new construction is vital for the aluminum industry, particularly facades.
- The trust is FOR ALL that of **size** and **growth**



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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