



The metal construction market in Italy
The performance of carpentry manufacturers
The outlook for growth in the 2023-24 biennium

UNICMI Economic Studies Office

Milan, October 24, 2023

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- This report is devoted to the analysis of the metal construction market and the performance of carpentry companies operating in metal construction for the construction industry.
- The market was analyzed considering the nonresidential and infrastructure segments, projections were developed on the evolution of demand for metal construction for 2023 and 2024.
- Companies' performance was analyzed considering three profiles: profitability, productivity and financial structure. An analysis of the sustainability of companies' business models was conducted by comparing growth, profitability and financial strength.
- The work is divided and into four parts:
 1. Analysis of the relevant economic scenario;
 2. Demand analysis of metal construction;
 3. Analysis of the economic and financial performance of metalworkers;
 4. focus on the largest (top 20) companies (in terms of revenue).

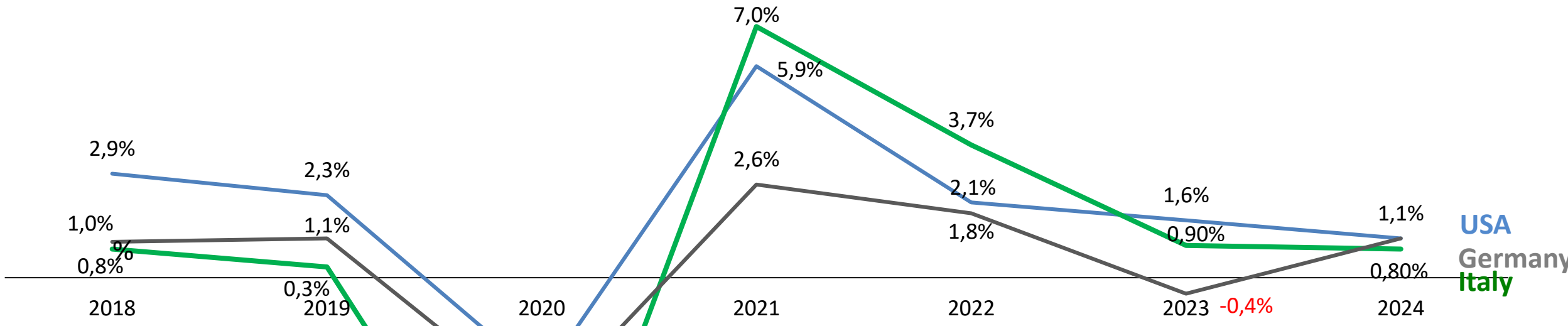
The economic scenario

The macroeconomic scenario

- Continuing tensions regarding the cost of energy and the consequent rise in inflation have had a detectable impact on the development prospects of the Italian economy. Inflation, will return to acceptable values only from 2024.
- The rising cost of debt, with numerous rate hikes operated by central banks to cool inflation, could lead to a slowdown in construction investment, especially for those real estate operations dedicated to service industry and logistics and financed with high reliance on debt.
- The Italian economic situation remains rather uncertain, with GDP growth forecasts for 2024 revised downward, although positive signs are coming in terms of consumption and employment.

GDP growth forecast

GDP in major countries

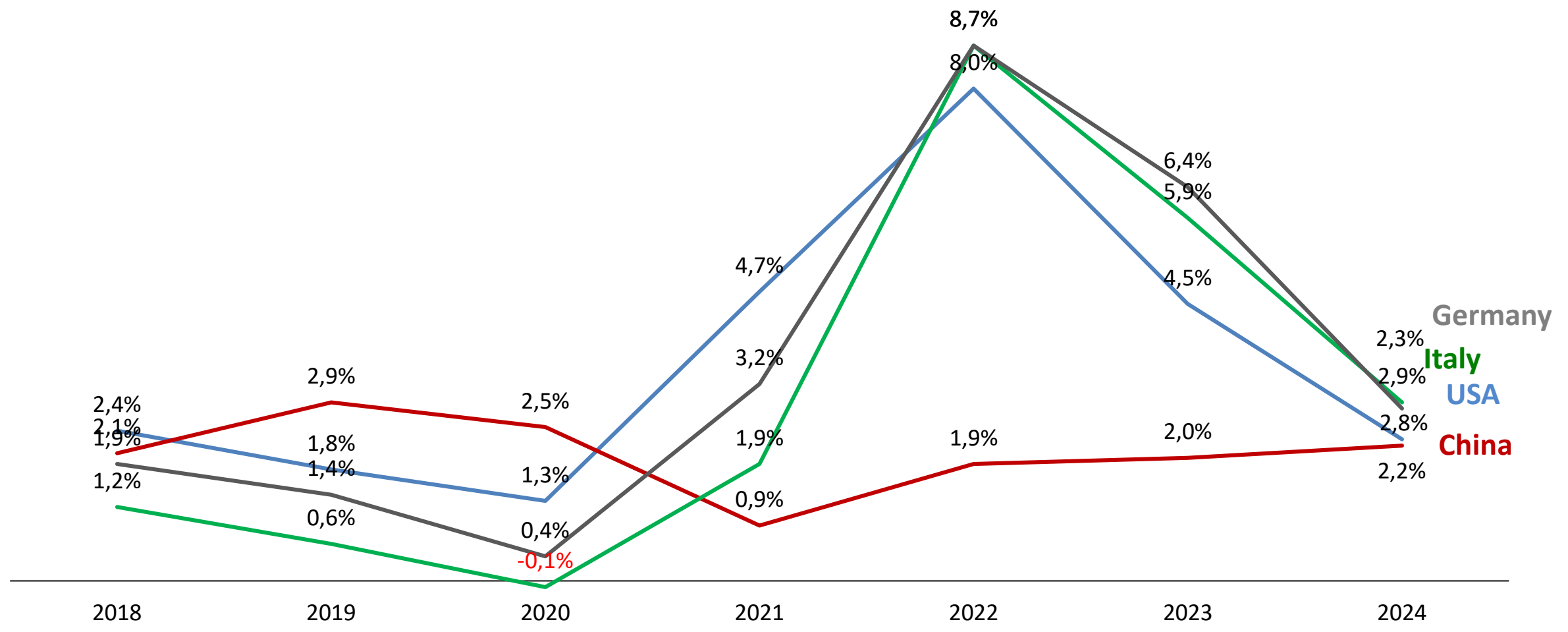


USA
Germany
Italy

Source: EU Commission and World Bank
2023, 2024: forecasts

Inflation forecast

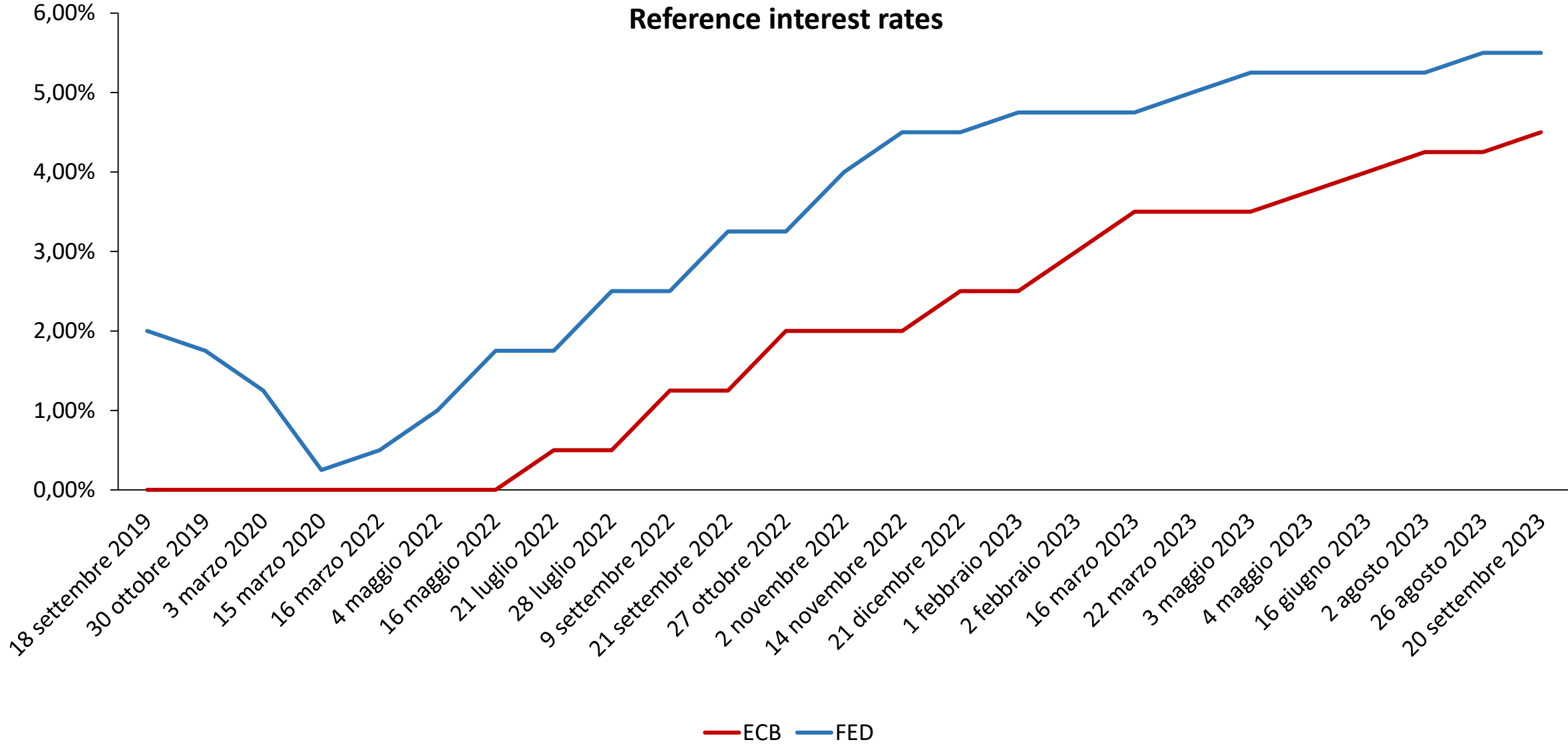
Inflation comparison



Source: EU Commission and World Bank
2023, 2024: forecasts

Interest rates

Reference interest rates



Commodity Prices - WTI Oil Prices.

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Future Petrolio Greggio WTI, (CFD):CL, M



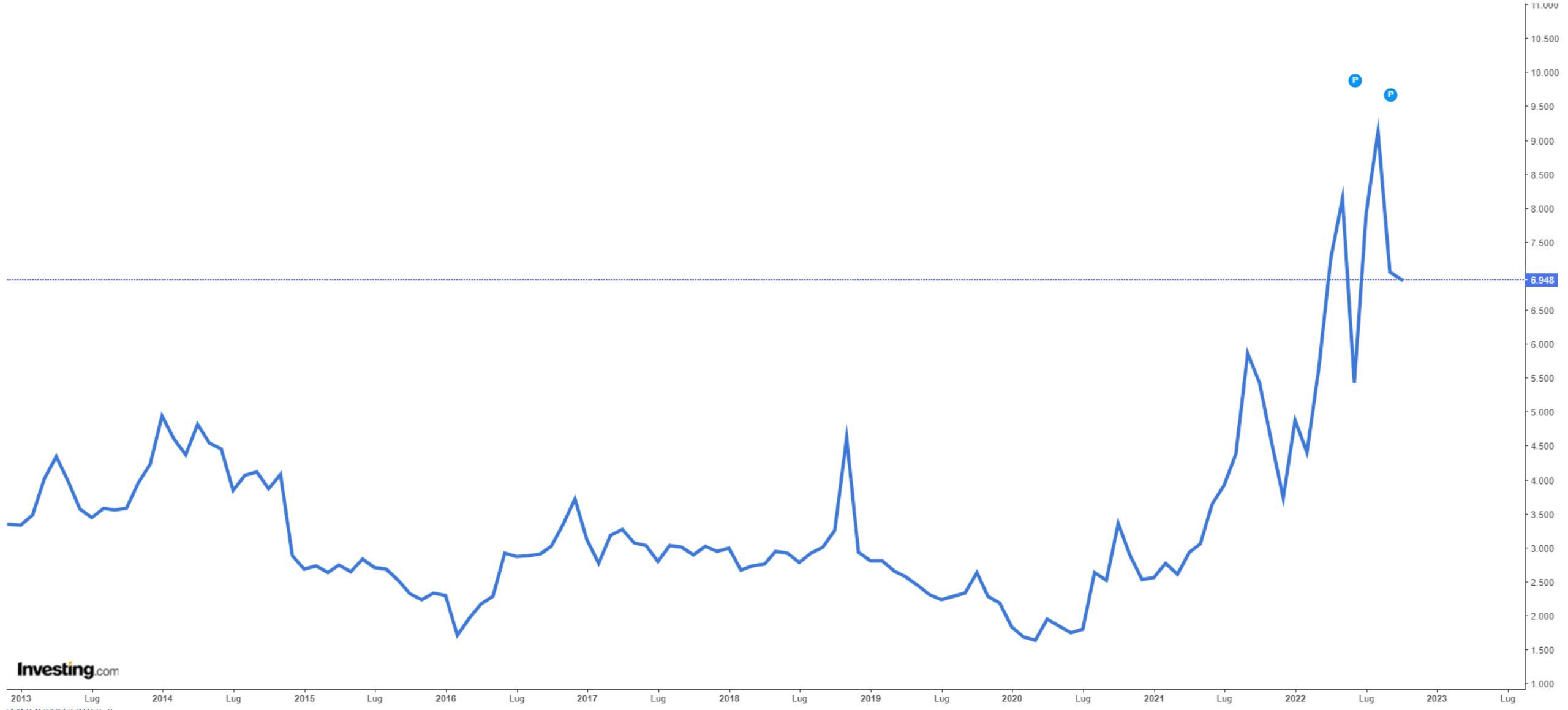


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Commodity Prices - Natural Gas Quotes

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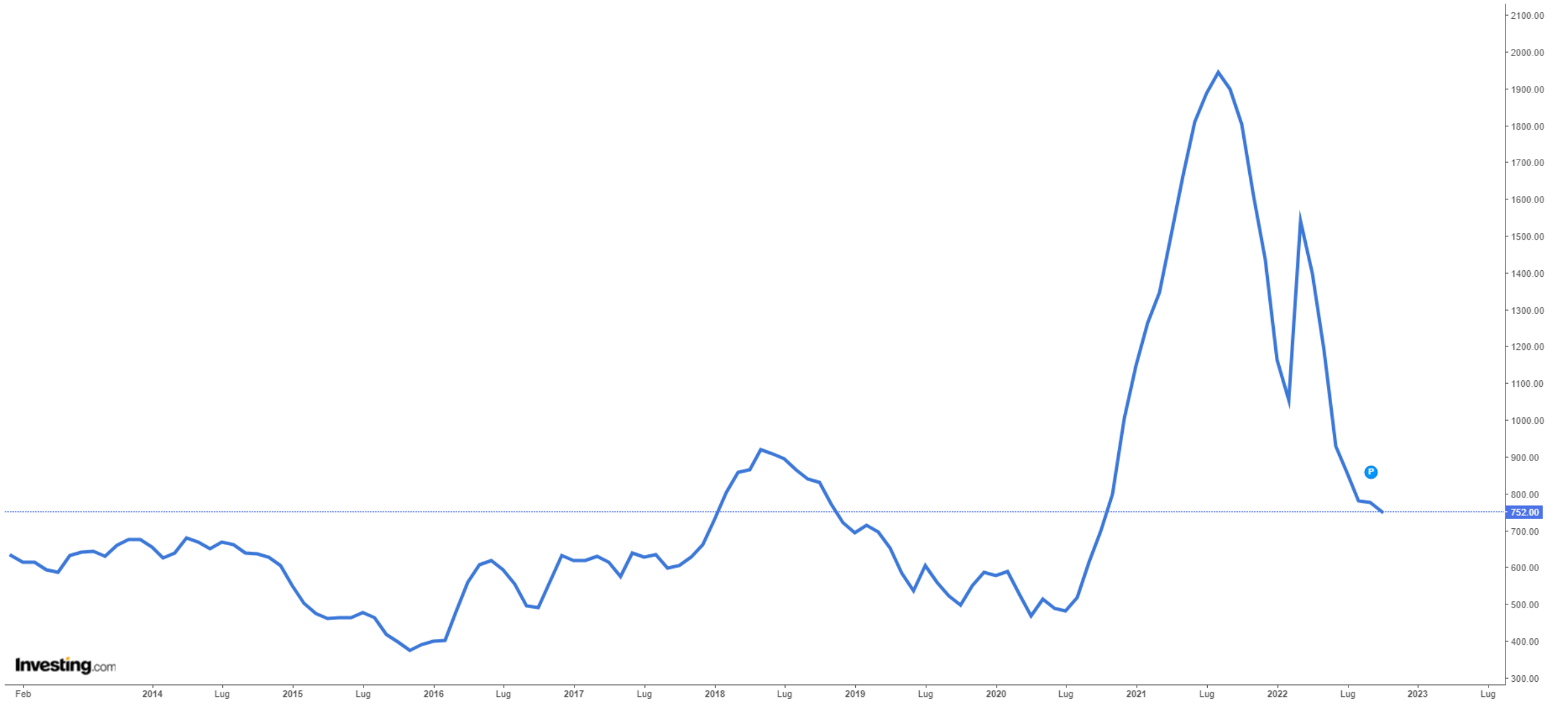
Future Gas naturale, (CFD):NG, M



Prices of raw materials - Steel

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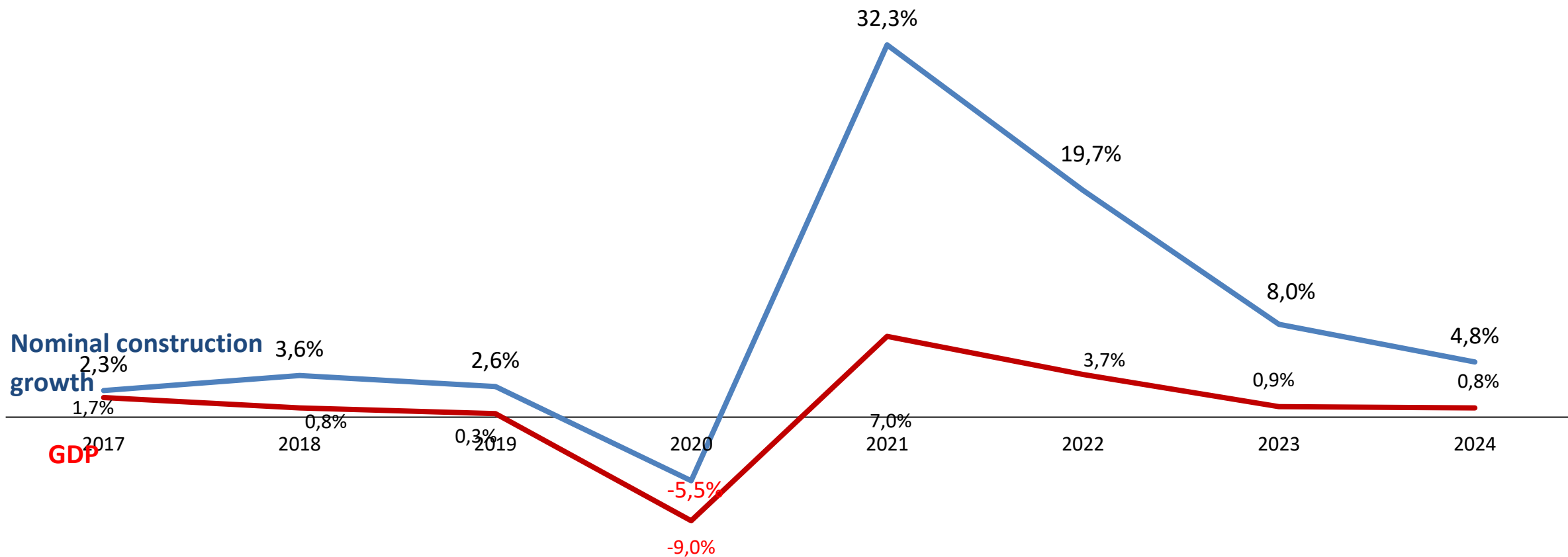


Construction investment trends and demand for metal construction

Investment trends in the metal construction industry

- The construction sector recorded +19.7 percent in 2022, which is extremely positive and higher than GDP growth of 3.7 percent. Positive growth rates are expected in 2023 and 2024.
- The nonresidential segment will grow by +6.8% in 2023 and +3.9% in 2024.
- The infrastructure segment will record record growth rates in the next two years, with rates of 12 percent in 2023 and 10 percent in 2024. This is largely driven by the construction of works related to the NRP.
- In 2022, the metal construction market exceeded €3 billion in revenues and is expected to exceed €3.5 billion in the next two years. Looking at the two main market segments, it can be seen that, in 2022, demand for metal construction in the infrastructure segment exceeded 1.8 billion euros, while the non-residential sector, particularly logistics and advanced tertiary sector, generated demand of more than 1.3 billion euros.
- By 2023 and 2024, the infrastructure segment is expected to exceed 2 billion while the non-residential segment is expected to exceed 1.5 billion.

Development of investment in the construction sector



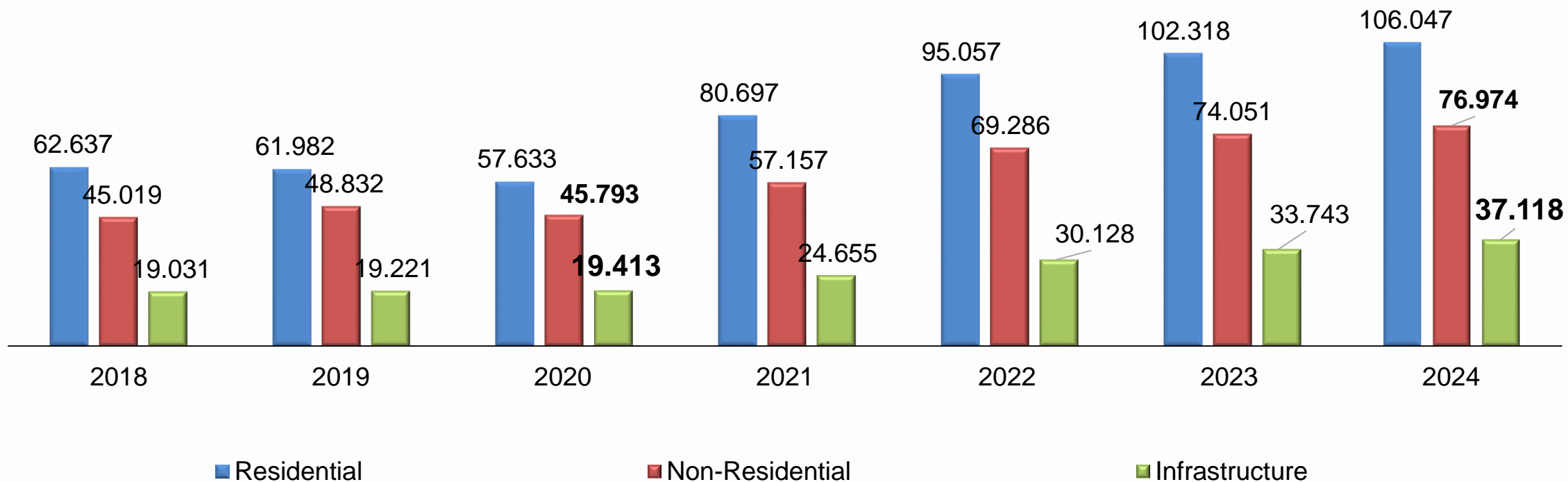
The forecasts presented in the paper are subject to quarterly revision. Forecasts for 2023 have a margin of error of +/- 10%, for those for the year 2024 the margin of error is +/- 30%.

Elaborations on ISTAT data; 2023, 2024 estimated

Construction market statistics are updated with each new ISTAT data release, this results in changes that also affect data from years prior to the year of publication of this report

Investment trends in the construction sector

Investment in construction (million euros)



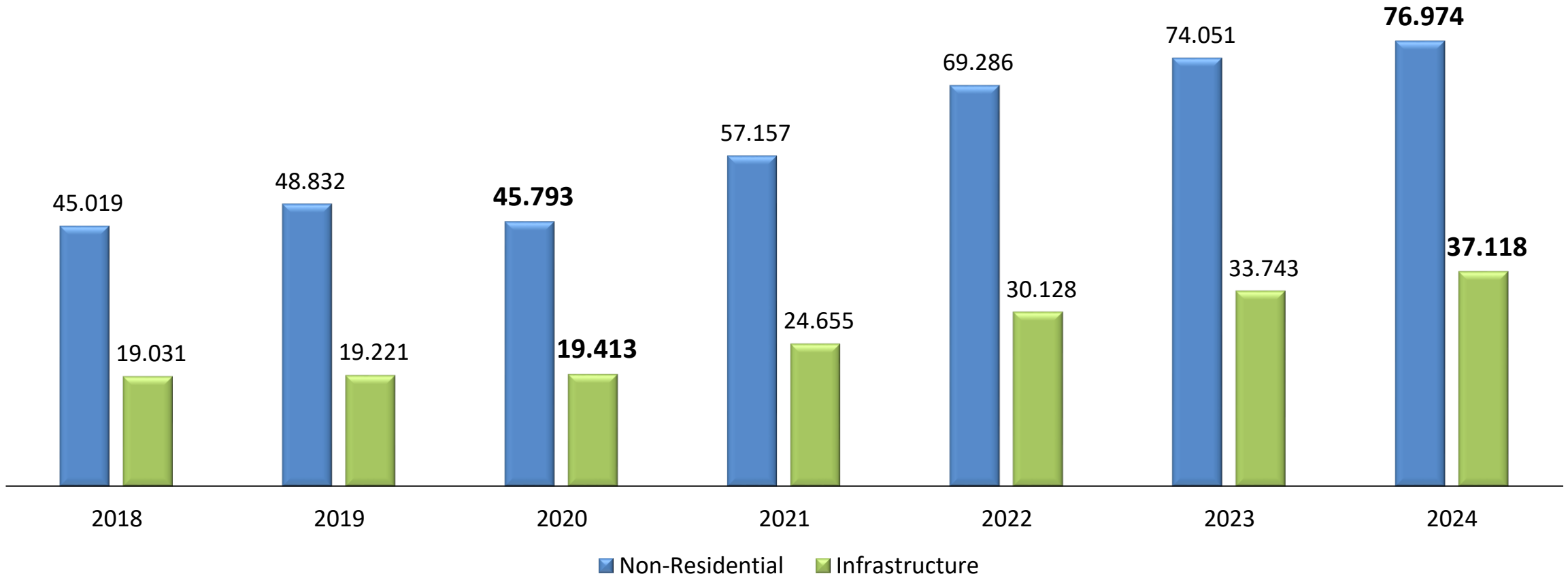
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Elaborations on ISTAT data; 2023, 2024 estimated

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Development of investment in the construction sector

Investment in NONresidential construction and infrastructure (millions of euros)



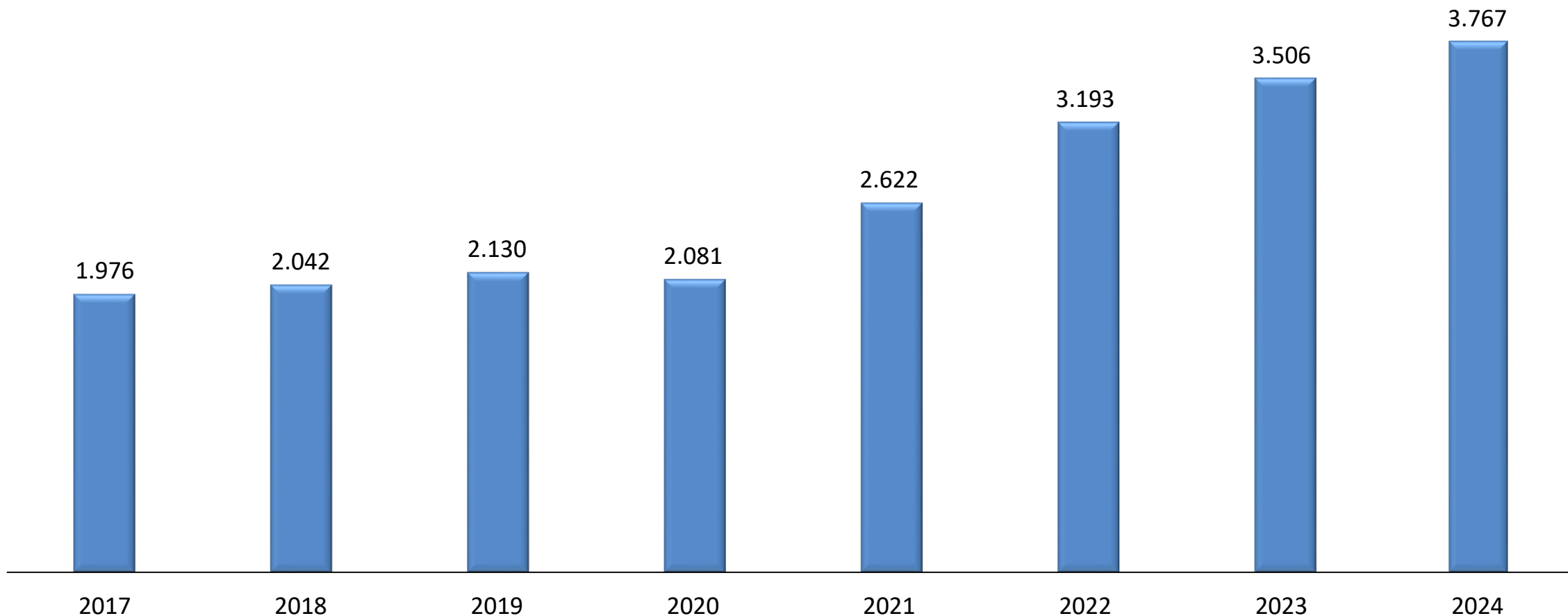
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Demand for metal construction

Demand TOTAL metal construction (millions of euros)



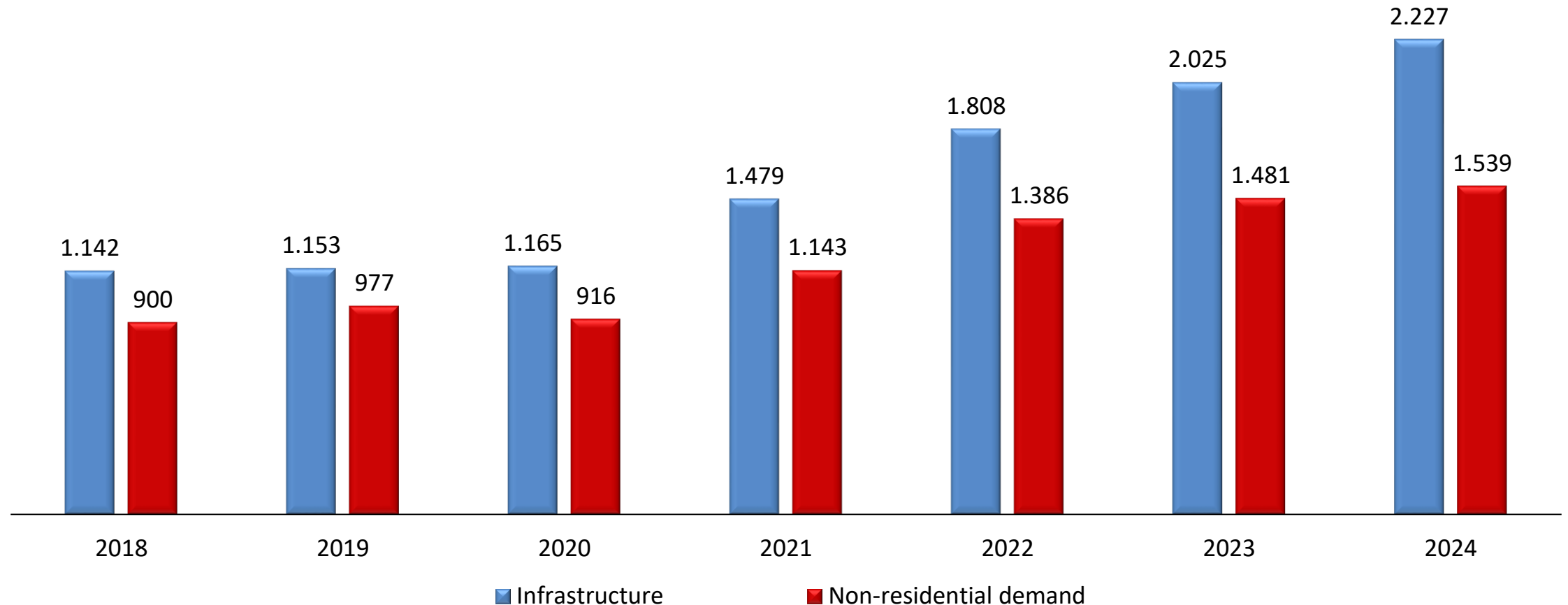
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Evolution of demand for metal construction

Demand for metal construction (millions)



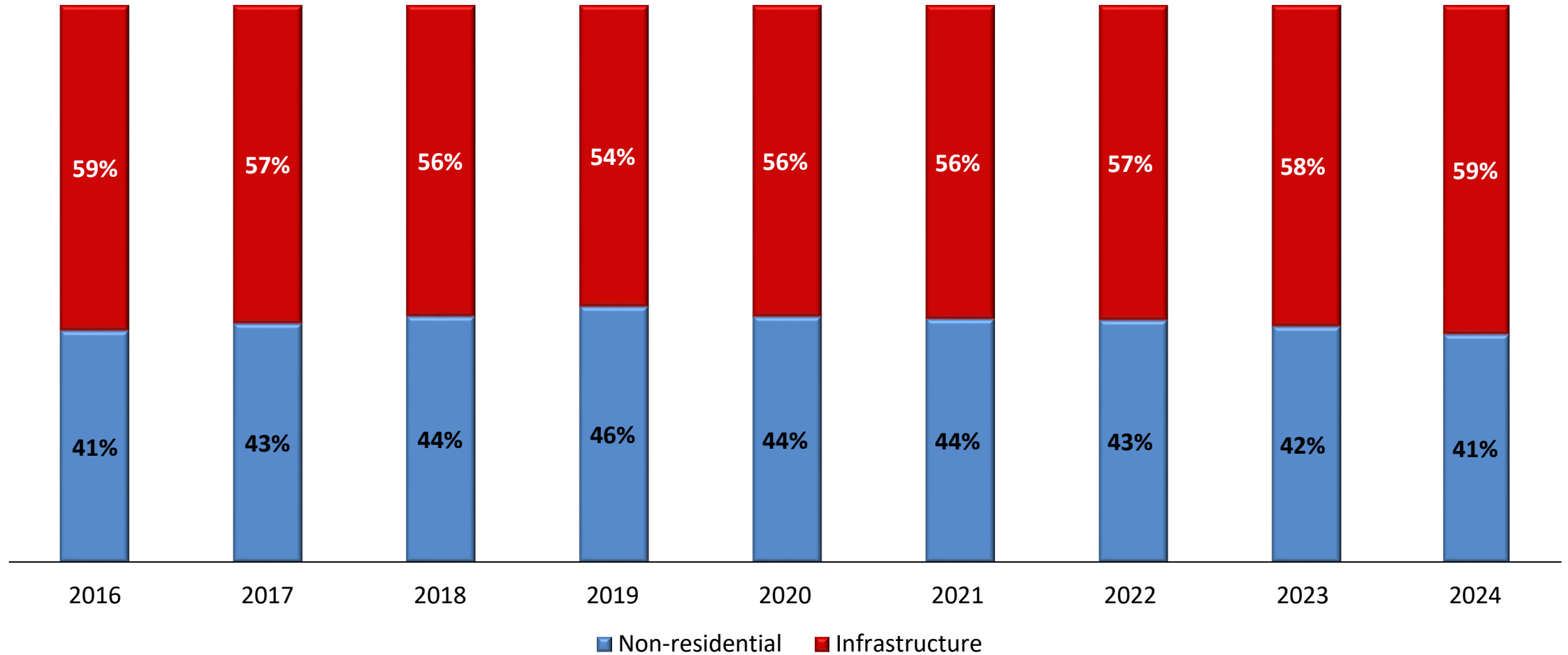
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Elaborations on ISTAT data; 2023, 2024 estimated

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Evolution of demand for metal construction

Question metal constructions



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Elaborations on ISTAT data; 2023, 2024 estimated

Construction market statistics are updated with each new release of ISTAT data, this results in changes that also affect data from years prior to the year of publication of this report

Analysis of the economic and financial performance of metalworkers

Companies analyzed

- The sample consists of 91 companies with an aggregate turnover of about 1.7 billion euros (2021 figure), representing about 60 percent of the metal construction supply in the Italian market.

Sample analyzed	2021	2022
Companies	91	91
Sample aggregate turnover	1.542.825.893 €	1.732.189.558 €
Turnover smaller company	533.551 €	533.551 €
Turnover largest company	353.205.148 €	353.205.148 €
Average turnover	16.954.131 €	19.035.050 €
Average number of employees	63	63

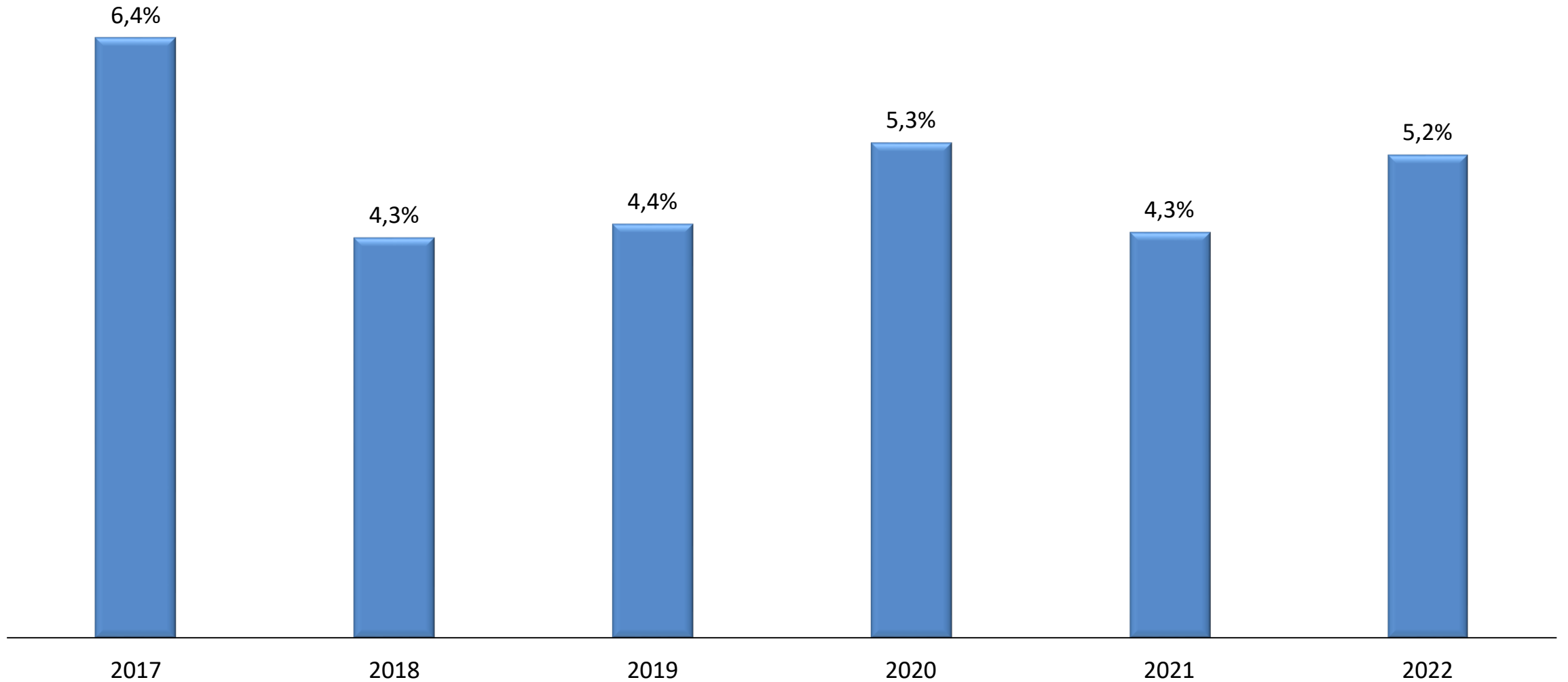
**2022 data not available for 15 companies. Data available as of 2021 were used for the 15 companies.*

Analysis of economic and financial performance

- The profitability analysis shows an improvement in the performance of trade marginality (ROS). In fact, in 2022, an ROS of 5.2 percent is recorded. The 2022 figure confirms the recovery of companies' marginality, which have managed to combine good growth performance with good ROS levels.
- Return on investment (ROIC) follows a similar trend to ROS. The year 2022 is an extremely positive year in terms of ROIC, standing at 7.6 percent, the highest recorded since 2018.
- Employee productivity shows a long-term positive trend.
- The productivity of tangible fixed assets was characterized by a decreasing trend until 2020. From 2021 there is a recovery with values above the average for the period under consideration. In 2022, a value of 3.3 was recorded among the highest in the period under consideration.
- The debt ratio confirms the downward trend, showing a marked improvement in the companies' soundness profile. The NFP/EBITDA ratio has also shown a steady improvement since 2018, both as a result of higher operating profitability and a decrease in companies' net exposure.

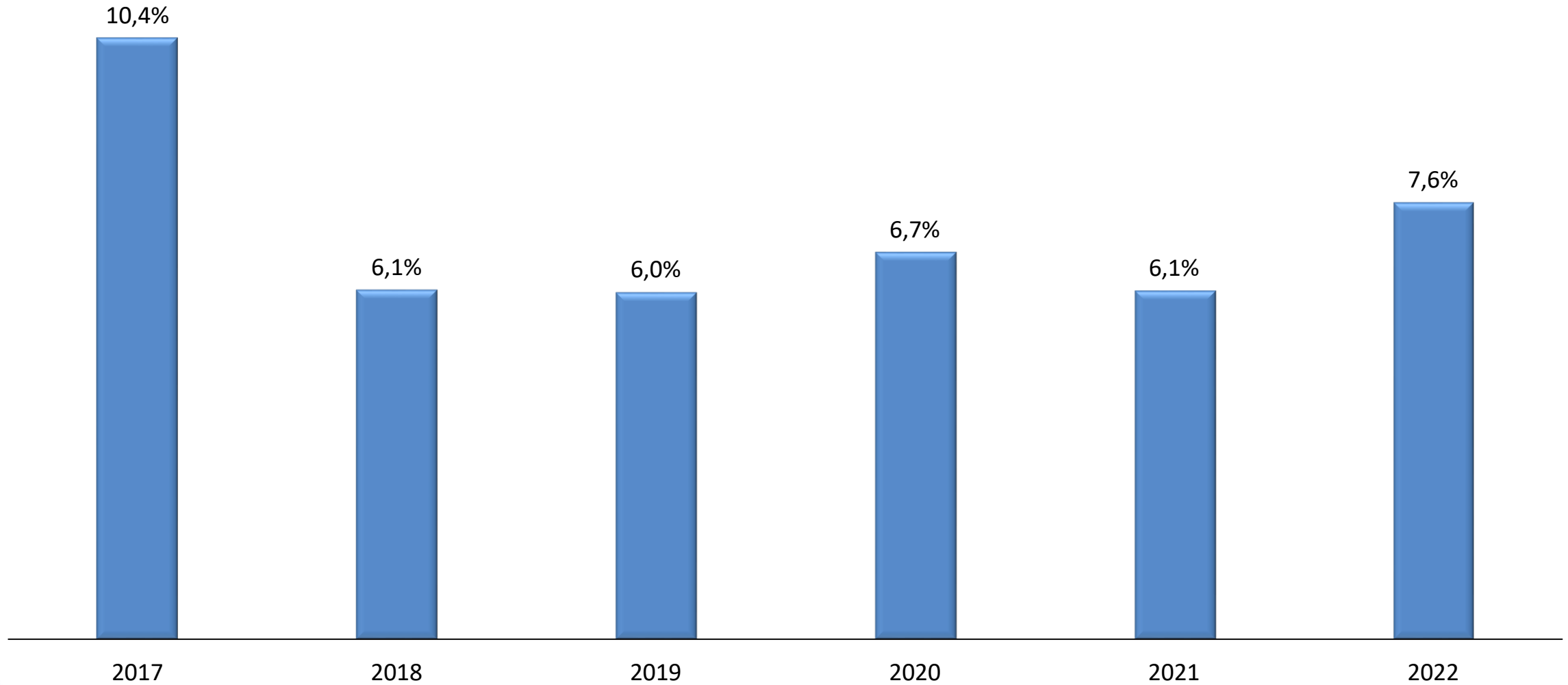
Profitability

ROS



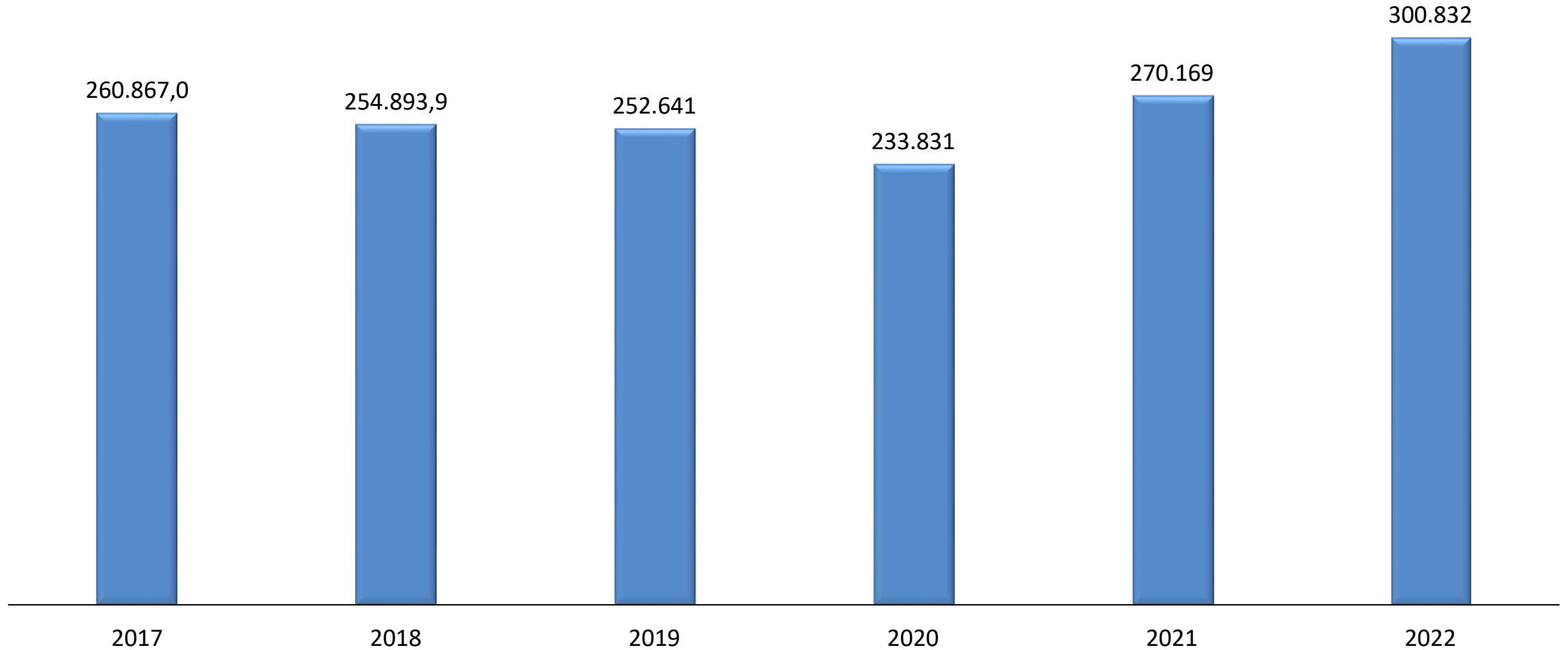
Profitability

ROIC



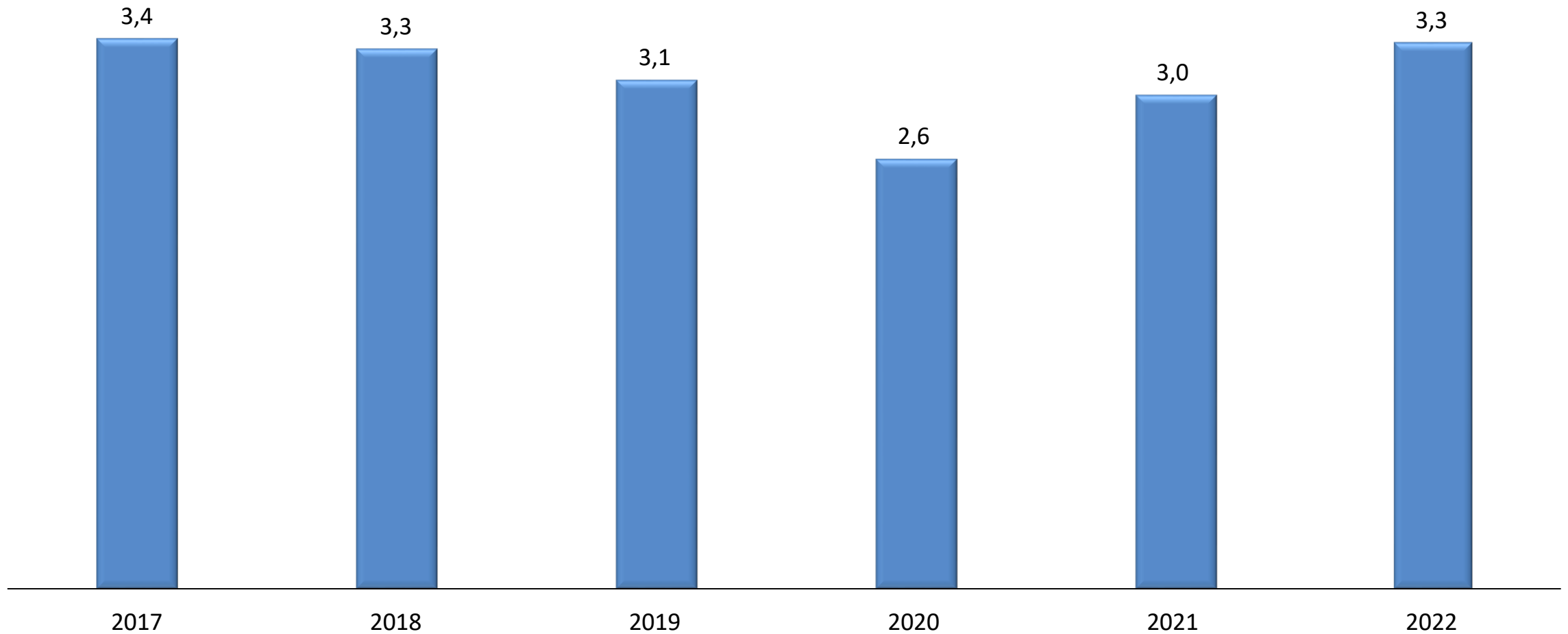
Productivity

Revenues per employee (euros)

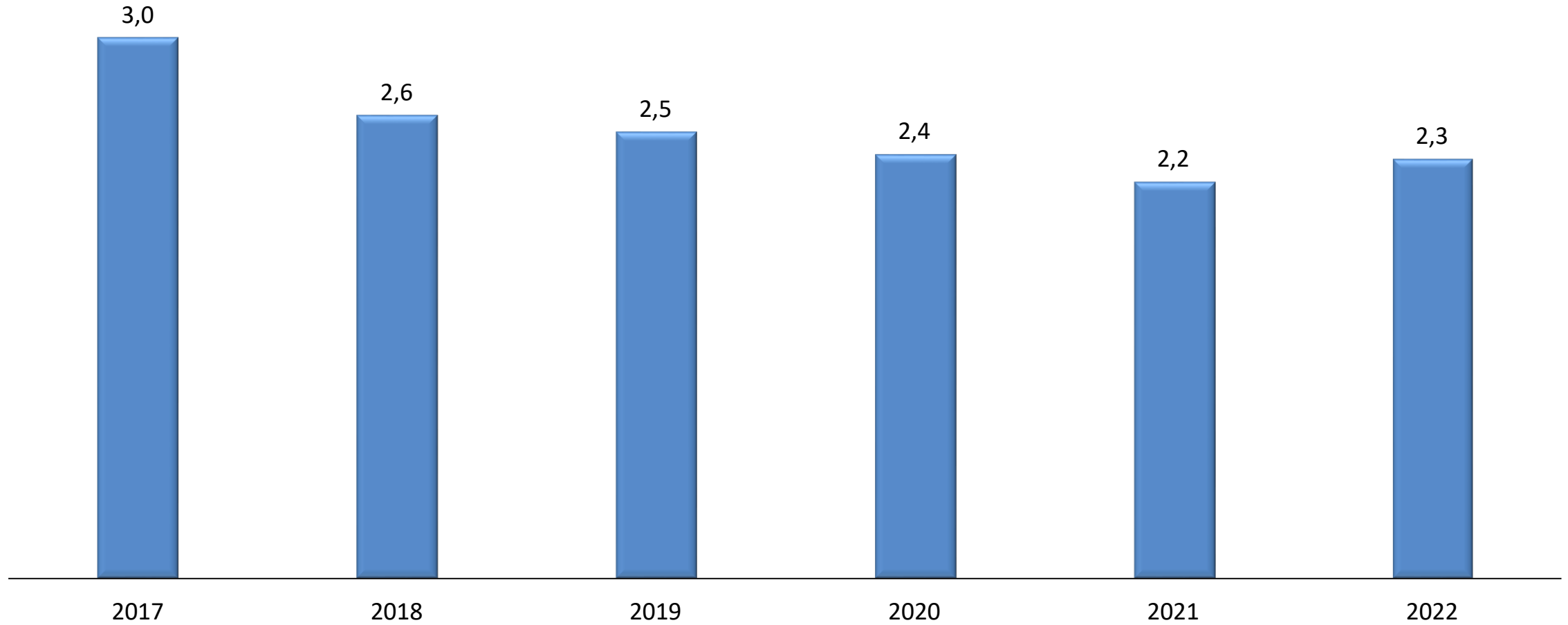


Productivity

Revenues / Imm. Mat.

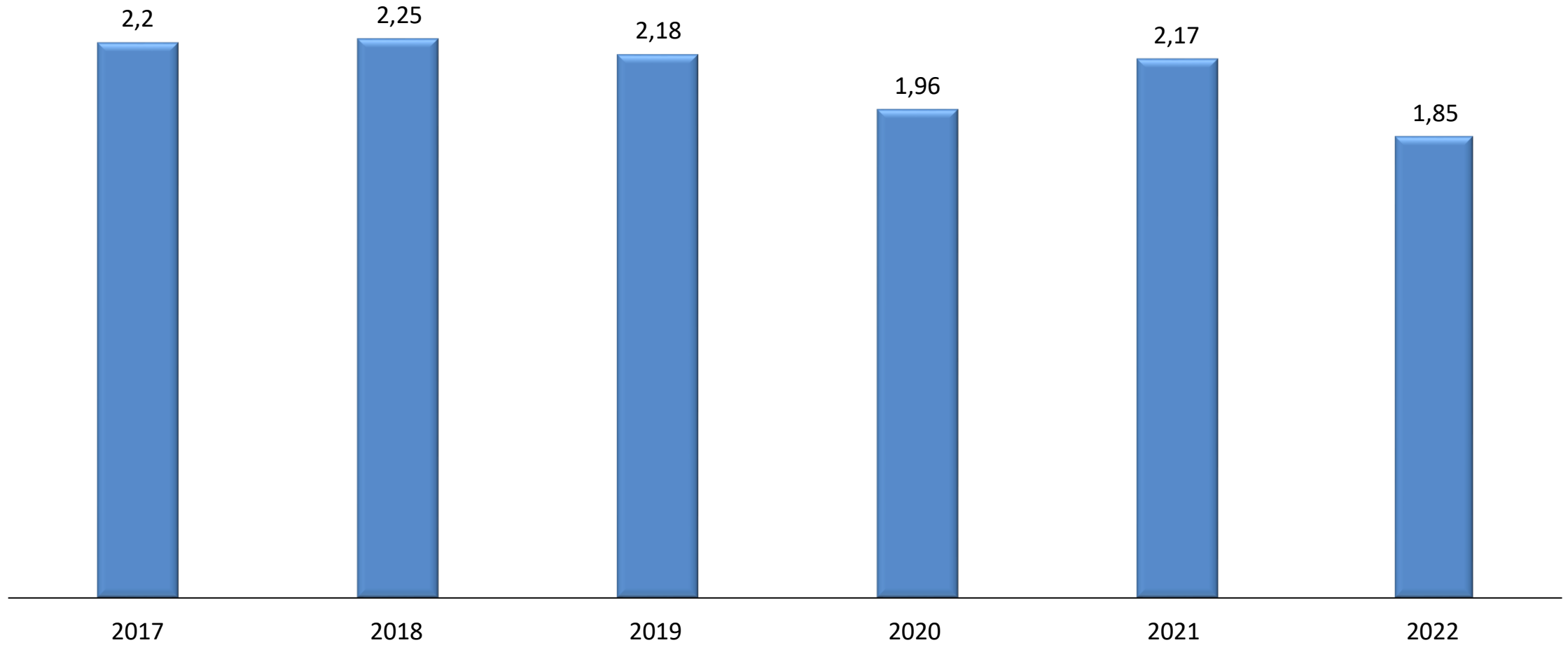


Rate of indebtedness



Financial structure

NFP/EBITDA



Focus on larger companies

The characteristics of the companies

- The analysis of the largest companies was carried out by considering the top 20 companies operating in the metal carpentry industry by net revenue. The aggregate turnover of the companies considered is just under 1 billion euros. The average turnover is about 60 million euros. Compared to the total aggregate sample, the average number of employees per company is higher and stands at 170 employees.

Top 20 Companies

	2021	2022
Number of companies	20	20
Aggregate turnover	1.058.692.109 €	1.199.396.774 €
Average turnover	52.969.839 €	59.969.839 €
Average number of employees	170	173

Ranking of Top 20 companies

COMPANY	Revenues 2022 (Euro)	Revenue CAGR (2015 - 2022)	Average ROS (2015 - 2022)	Average initial debt rate (2015 - 2022)
CIMOLAI*	353.205.148	-1,4%	5,7%	3,96
PICHLER PROJECTS	107.202.775	1,8%	4,0%	5,32
MAEG CONSTRUCTIONS	79.855.823	5,9%	3,6%	4,71
SEMAT	64.176.780	7,3%	5,7%	3,69
COMEL	56.257.105	7,4%	10,2%	1,05
SIMEON	55.382.261	9,9%	3,1%	3,58
COMET SOUTH	48.938.158	14,0%	9,6%	1,81
EDILSIDER*	46.430.347	-1,9%	11,4%	1,43
CARPENTRY C.S.	43.569.608	11,5%	7,7%	0,49
BIT	40.645.947	5,4%	1,2%	4,54
CARNOVALI	39.965.911	26,3%	10,3%	1,45
GIUGLIANO	36.646.839	0,1%	7,4%	1,44
LIGHT AEROTECHNICAL CARPENTRY	34.909.771	19,5%	5,7%	1,00
NALDI CARPENTRY	34.821.240	15,3%	3,7%	3,76
SOFER	33.238.809	23,4%	1,6%	2,00
M.B.M.	27.492.441	4,3%	2,0%	3,49
CASTALDO*	25.899.560	-3,0%	4,5%	3,60
MONSUD*	25.398.377	5,4%	14,5%	1,85
S.I.F.A.	23.938.837	5,5%	4,0%	7,64
OEMMEPI*	21.421.037	5,9%	6,8%	0,51

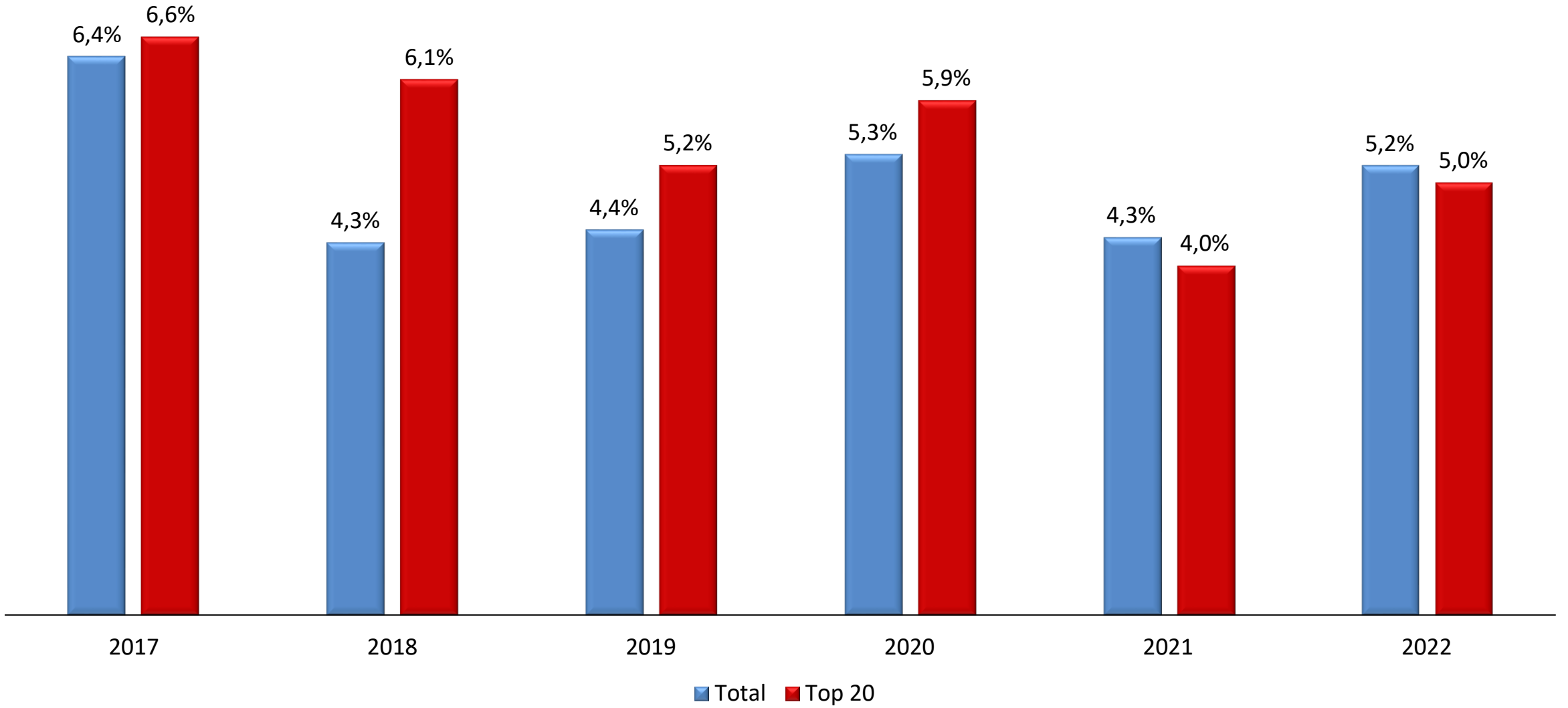
*Data 2021

Analysis of the financial economic performance of the Top 20

- Until 2020, the profitability of sales (ROS) was higher for larger companies, which have been underperforming in recent years due to shrinking margins generated by higher raw material prices, which weighed especially on large contracts in the pipeline.
- The dynamics of return on invested capital (ROIC) of large companies is broadly in line with that of the sample due to better management of working capital, which has allowed them to contain invested capital leading to an improvement in the index.
- Revenue per employee of the larger firms is higher than that of the sample as a whole. The productivity of tangible assets of the larger firms is trained to that of the sample.
- Large companies are structurally characterized by higher indebtedness than the total sample because of the size of the jobs they carry out, which result in greater financial exposure.
- The NFP/EBITDA ratio increases significantly from 2017 onward for large companies, precisely as a result of increased operations on large orders.

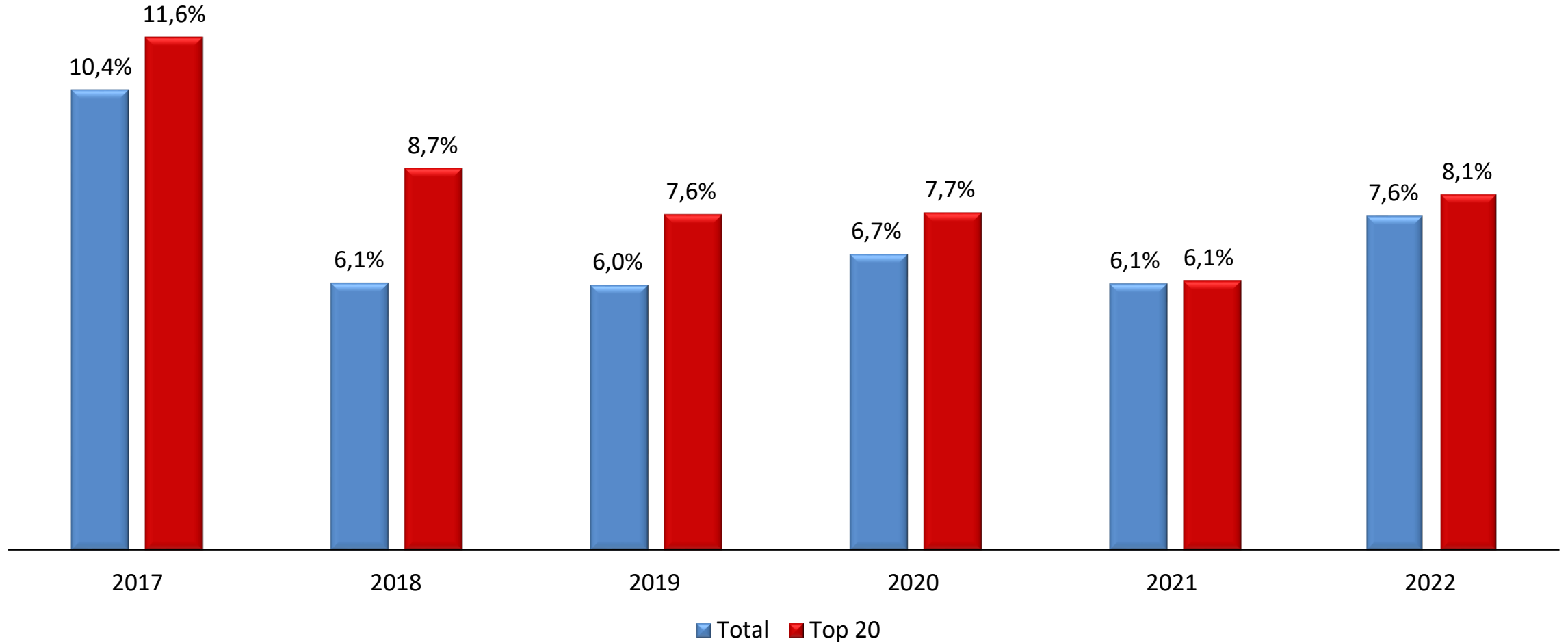
Profitability

ROS



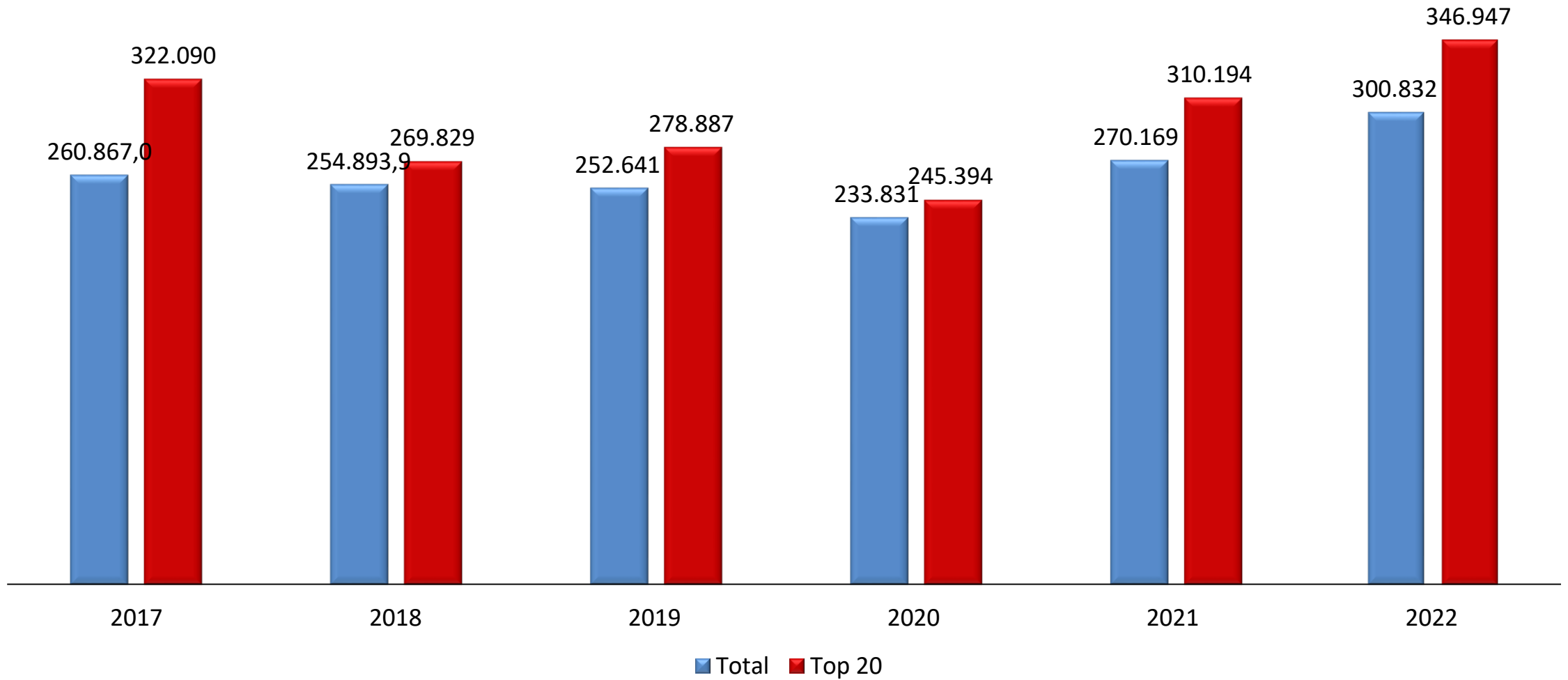
Profitability

ROIC



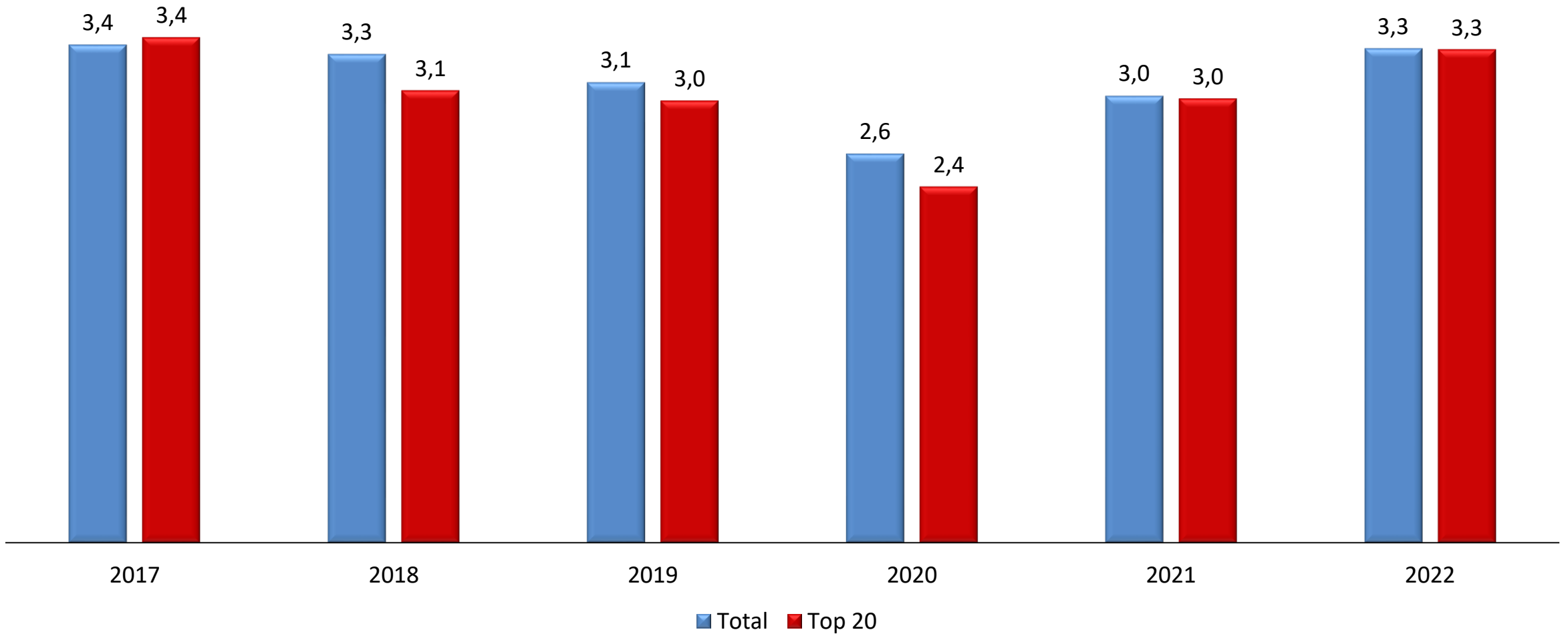
Productivity

Revenues per employee



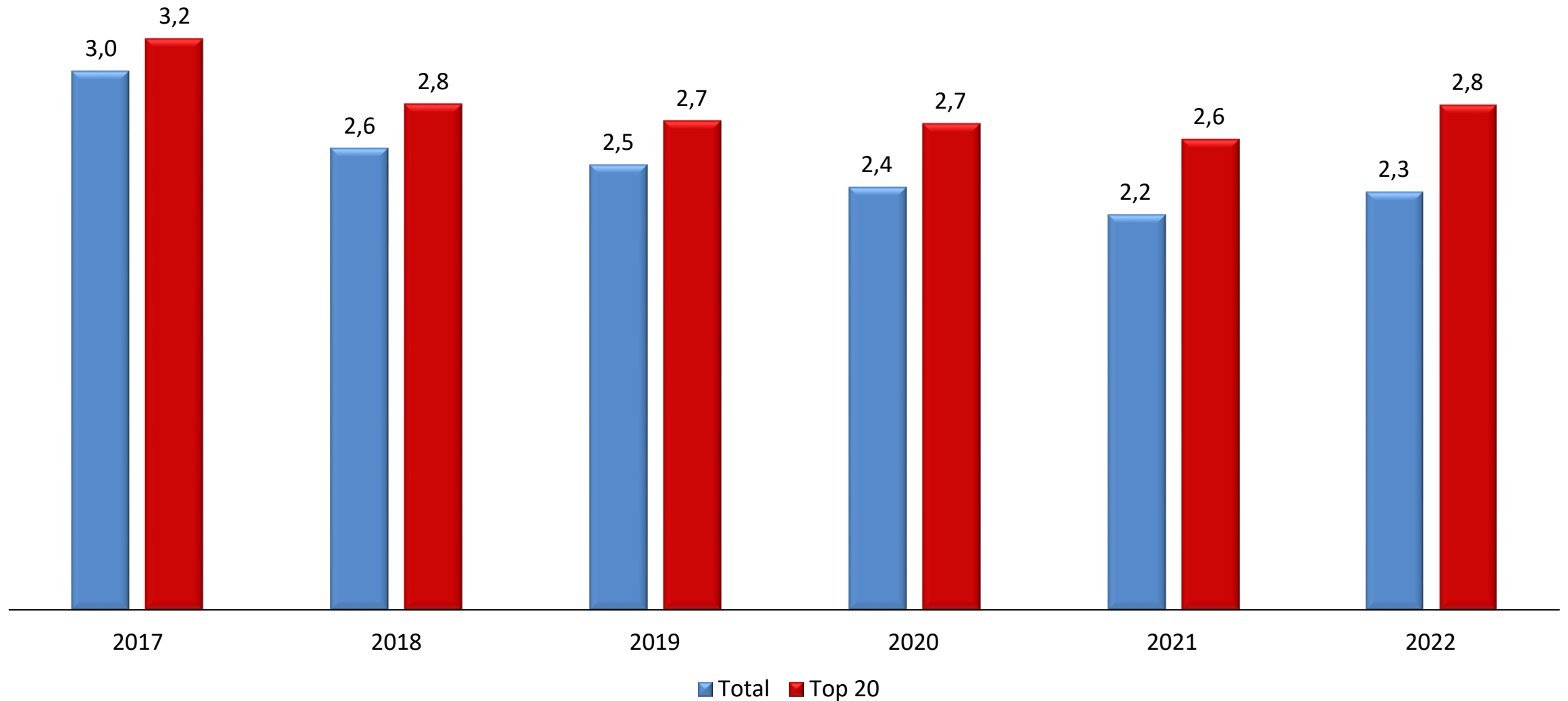
Productivity

Revenues/ Imm. Mat.



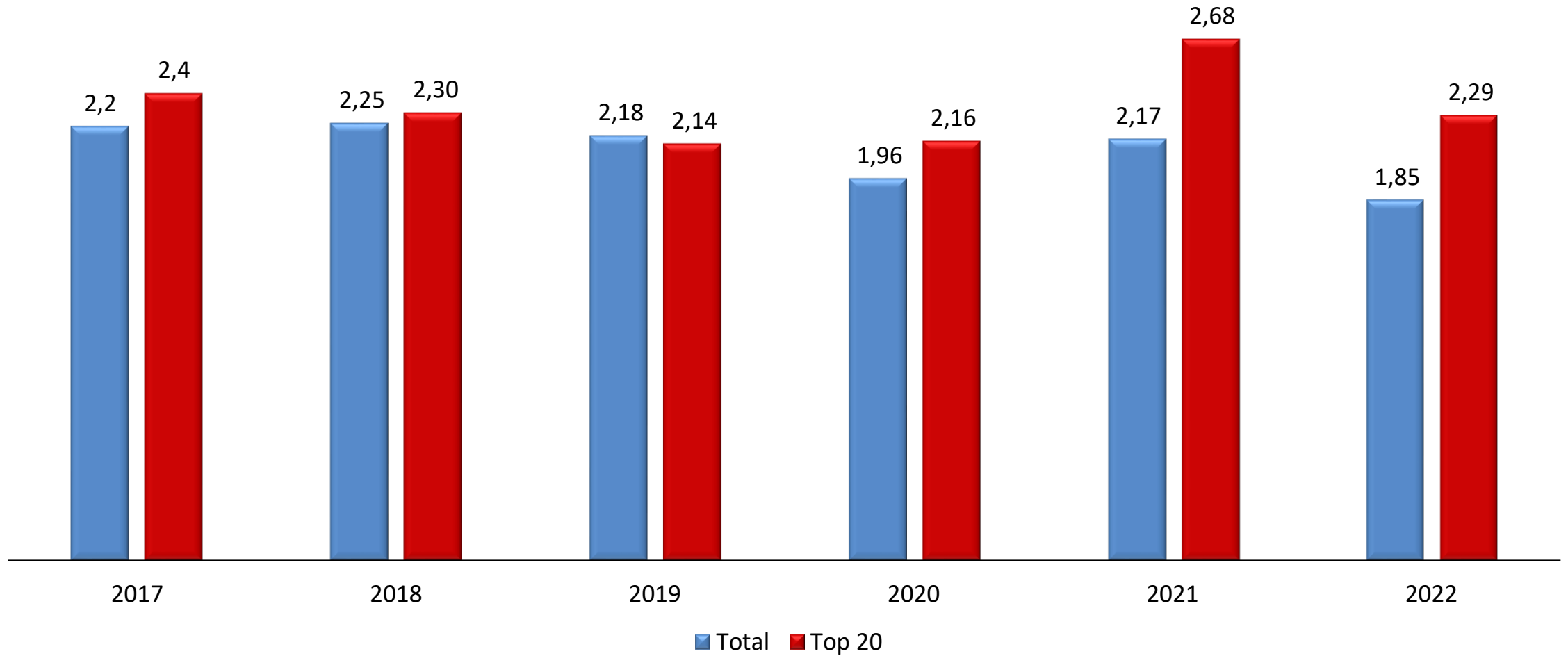
Financial structure

Rate of indebtedness



Financial structure

NFP/EBITDA

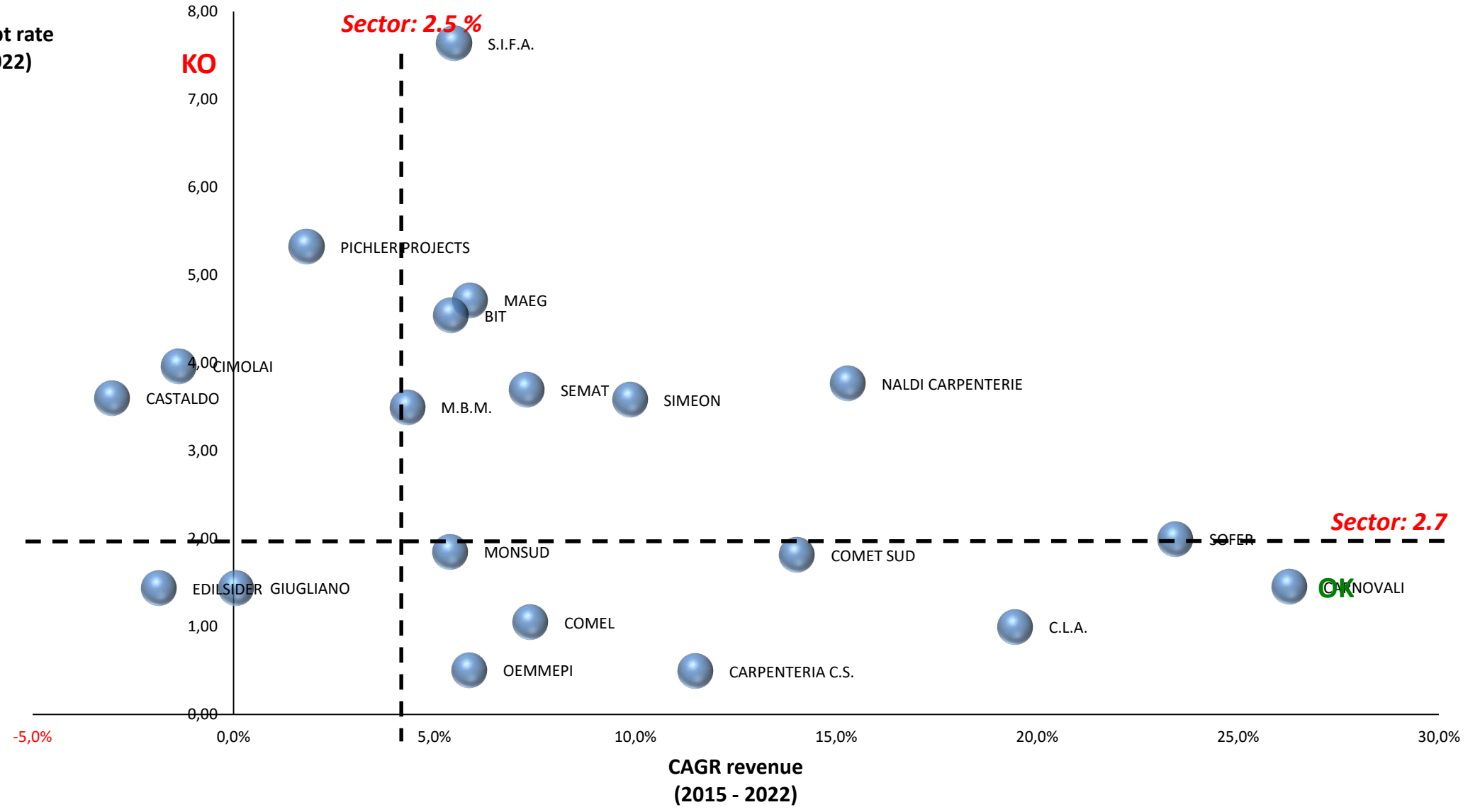


Sustainability of the business model

- An analysis was devoted to the financial sustainability of larger companies. The analysis was carried out by jointly considering development, profitability and soundness ratios over a multi-year time frame (2015 to 2022).
- **Debt and Growth Rate (CAGR Revenues).** Eight companies are in the virtuous quadrant and have managed to grow while containing debt. Three companies are in the critical quadrant and are characterized by negative growth and high debt. Most of the companies achieved satisfactory growth performance while failing, however, to contain debt. Two companies achieved negative growth performance but managed to maintain a low debt rate.
- **Growth (CAGR Revenues) and Sales Profitability (ROS).** Eight companies are in the virtuous quadrant with high levels of growth and sales profitability. Only two companies are in the critical quadrant. The remaining companies are in the intermediate quadrants, seven achieved satisfactory growth performance but low marginality. Three companies preserved marginality on sales by sacrificing revenue growth.
- **Debt ratio and commercial profitability (ROS).** Eleven companies are in the virtuous quadrant. Eight companies are characterized by high debt rate and poor profitability performance. Two companies perform satisfactorily in terms of commercial profitability while maintaining high indebtedness.

Sustainability of the business model

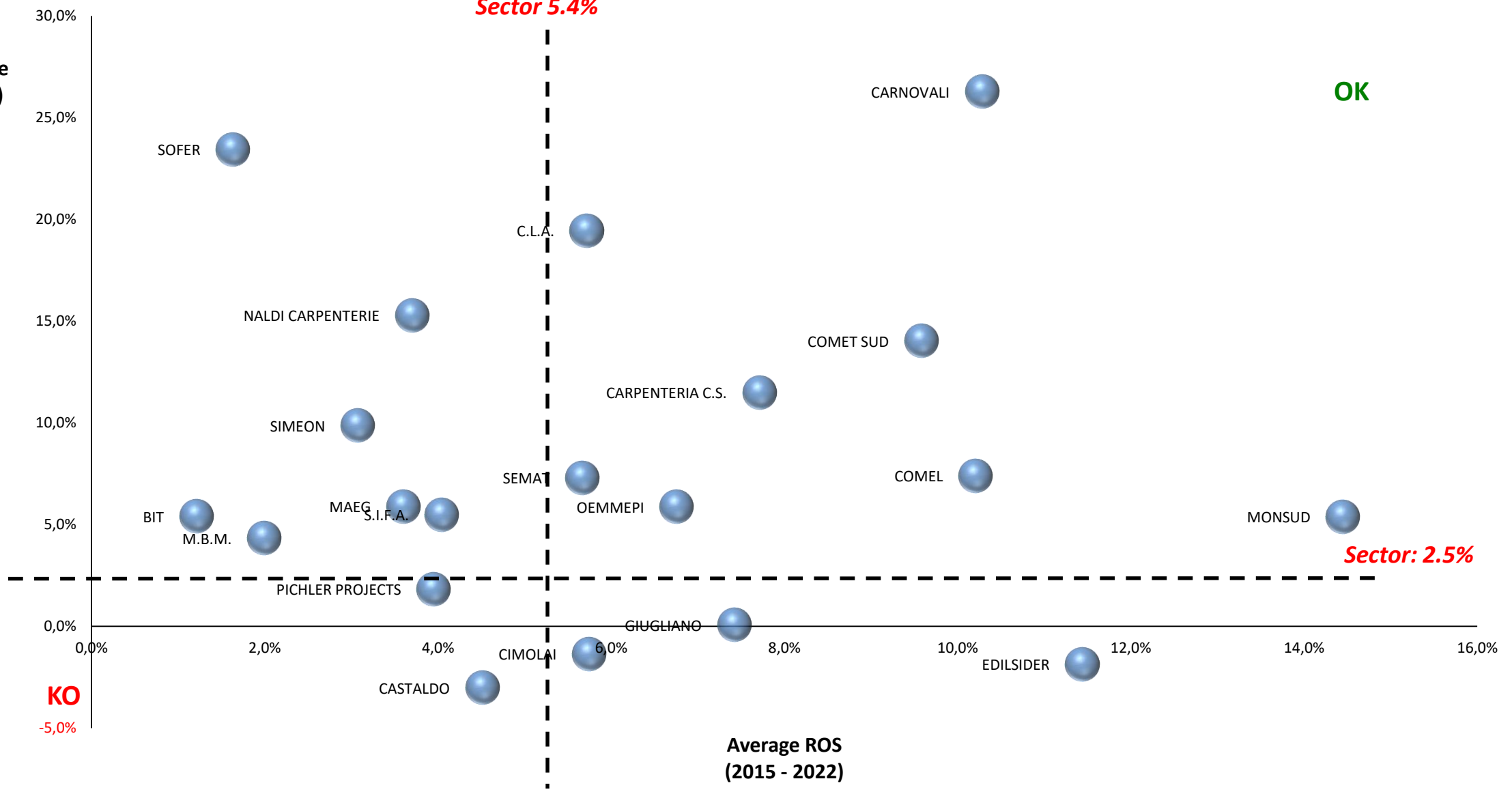
Average debt rate
(2015 - 2022)



Sustainability of the business model

Sector 5.4%

**CAGR revenue
(2015 - 2022)**



OK

Sector: 2.5%

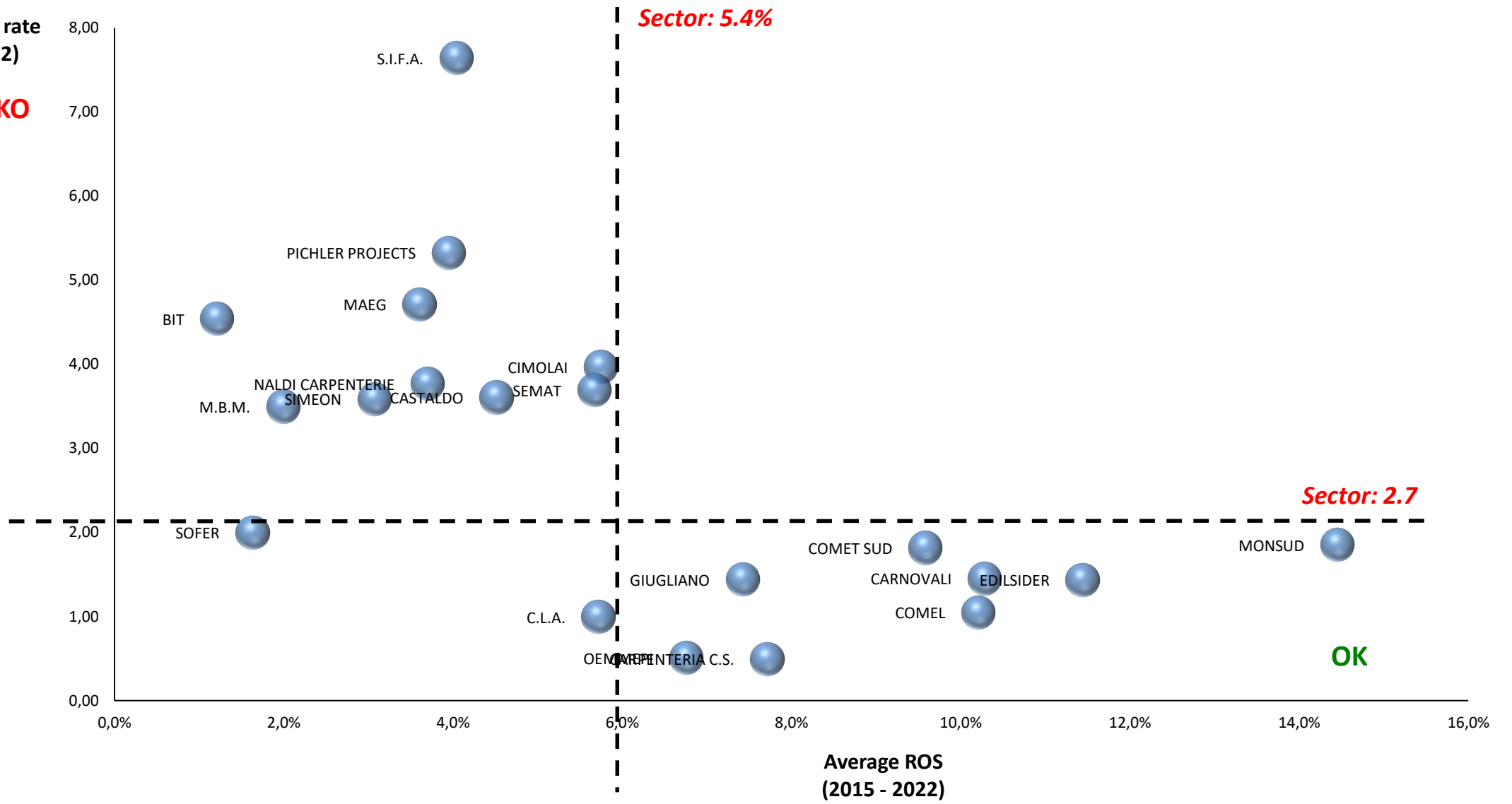
KO
-5,0%

**Average ROS
(2015 - 2022)**

Sustainability of the business model

Average debt rate
(2015 - 2022)

KO



Legal Notes

This report has been prepared by the Economic Studies Office of UNICMI - National Union of Metal Building Industries of the Casing and Window and Door Industry.

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All forecasts presented in the document are subject to quarterly revision. Forecasts for 2023 have a margin of error of +/- 10%, for those for the year 2024 the margin of error is +/- 30%.

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