ACIMALL OUTLOOK

Again this year, Acimall Studies Office has processed the statistics of the most significant companies in the industry. A traditional report appreciated by our readers...

For Xylon, Acimall Studies Office has laid down the ranking of the economic performance of wood-related industries, including "**Woodworking technology and beyond**", "**Production of wooden furniture**", "**Production of wood-based panels and semifinished materials**", "**Production of wooden doors and windows**", "**Wooden houses and elements for the construction industry**" and "**Wood and furniture trade**".

Just like 2017, the publication of rankings has been accelerated by two months, in order to provide readers with more up-to-date information. The downside is that some balance sheets are still missing, as listed at the end of the article.

INTRODUCING THE METHOD

Before we start analyzing the tables, we would like to explain the meaning of some indexes we are presenting. For correct analysis, we consider it useful to illustrate the impact and the relevance of each factor in the business life of a company. Business accounting is comprised of three main documents: profit and loss account, balance sheet and explanatory note.

The profit and loss account is the sum of a number of indicators, each referring to a specific aspect of the situation of an enterprise.

Basically, it results from the **value of production and revenues**. The difference is easy to guess: production value means the economic production of a company, i.e. how much a company produces in the accounting period, the added value of products and semifinished materials during production or service performance, as well along plant and machinery, no matter if goods are sold or not.

Turnover (or **sales revenues**), instead, is the value of goods sold during the accounting period. From an arithmetic point of view, it results from the multiplication of sold products by their respective prices. So, the product has been actually sold, this is the key difference from the first indicator.

In theory, **production value** and revenues are the same if the entire production is sold and there are no net variations in available stocks. These two situations will hardly happen concurrently, therefore it is very likely for a company to have different values, maybe slightly different.

More specifically, for **production value**, first you have to calculate revenues from sales or services, and then the variations of available stocks, net of stocks from previous accounting periods. You also have to calculate the variation of make-to-order jobs and the increase of plant and machinery for internal jobs. Finally, you have to take into account other revenues. The sum of all these items results into the **production value**.

Production value should not be confused with **production costs**. The latter result from raw materials, consumption materials, subsidiary materials and goods. Then you have to add the costs for received services, such as the use of third-party assets, as well as personnel costs. Finally, you have to consider also costs related to variations in material stocks, operating charges and risk accrual, as well as amortization and depreciation.

The distinction between production value and turnover might illustrate the **actual financial conditions** of a company. An excessive gap between the two values indicates **high levels of unsold goods**; this can result from specific business strategies (buy as much raw material as possible in expectation of rising prices) or from difficulties in pushing the products to the market.

For correct interpretation, the balance sheets should be analyzed across several years. For instance, if you find out that the production value of a company has been higher than its revenues in recent times, maybe with an increasing gap, this might suggest that something is wrong with production, i.e. the company has a consolidate overproduction problem.

Another index in our ranking is **Ebitda**, a well-known indicator for anyone involved in the drafting or analysis of balance sheets. It's the acronym for "Earnings before Interest, Taxes, depreciation and amortization", i.e. the earnings (income) before a company pays interest on debits, taxes, asset depreciation and amortization.

In Italia, the equivalent acronym is **Rol**, which stands for "reddito operativo lordo" (gross operating income). However, some online resources erroneously indicate that the Italian equivalent of Ebitda is **Mol**, i.e. "gross operating margin". However, as the definition suggests, margin is a different value that implies other figures. Namely, Mol is the ratio the between gross operating margin and the revenues of a company in a given period. The English equivalent for Mol is "Ebitda margin". If Ebitda is 30 and revenues in the same period is 150, Mol or "Ebitda margin" would be 20 percent, i.e. 30 on 150.

Back to **Ebitda**, it is an indicator of the profitability of a company, related to its operations, so without considering accessory, extraordinary factors. Ebitda is very useful to compare companies in the same industry, as this figure really allows to understand the value of each company referred to their business. If we only used net revenues, we might get results altered by a number of factors. For instance, a shoe company might be much less efficient than a competitor in a given period, as it produces with higher costs or has lower revenues from sales; but if it dismisses unnecessary assets or enjoys fiscal benefits that reduce taxation and withholdings for social contributions, it might have higher earnings that another company, while it is actually less profitable. So, Ebitda helps better understand how much a company earns from its operations, which the management often underestimates in their constant effort to improve the financial outlook of the company. However, it Ebitda is bad, sooner or later the entire business will be impacted.

So, as we have seen, there is a great difference between Ebitda and net result, whether profit or loss. As previously mentioned, this results from the fact that, to calculate the net result, you include amortization, accrual expenses, financial charges and proceeds, both ordinary and accessory. Therefore, you can get different situations, namely positive Ebitda combined with negative net result, i.e. loss, or on the contrary, negative Ebitda while the company has closed a financial year or quarter with a positive result.

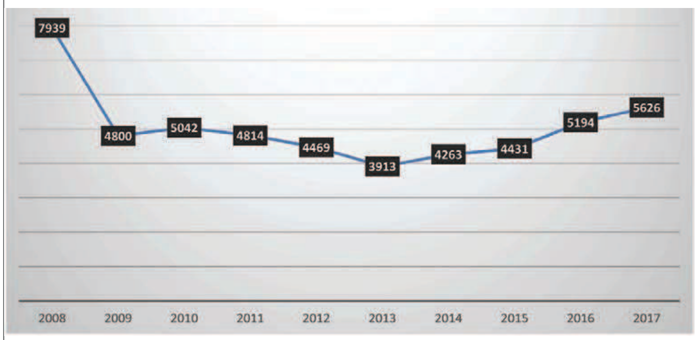
Of course, it would be worse if, over different periods, the balance sheets of a company showed negative Ebitda, though with a positive final result, because this would mean that the core business of the company is doing bad.

Actually, when you have to evaluate whether the stock price of a company is overrated or underrated, a key analysis is to check the ration between the capitalization value and Ebitda, comparing the result with the industry average.

WOODWORKING TECHNOLOGY

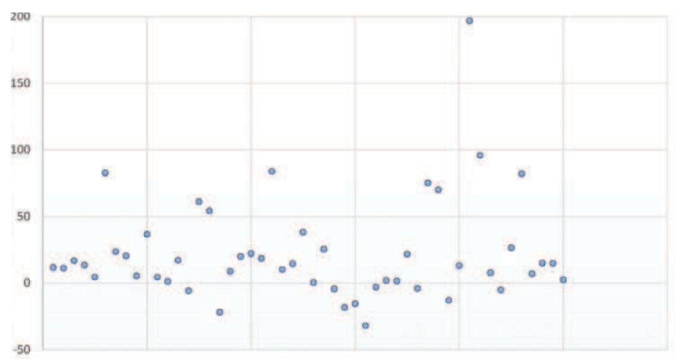
According to tradition, we focus on the **woodworking technology industry**, trying to identify the key trends that have characterized the year under scrutiny. The analysis takes into account the top-50 Italian companies by sales revenues in 2017. Due to the lack of an Ateco 2007 code precisely identifying the activity of companies, the companies to be included in the ranking were selected by the Acimall Studies Office. The ranking also includes companies with mixed production, where it is impossible to isolate the exact share of "woodworking technology" based on balance sheet information only.

CHART 1 - HISTORICAL TURNOVER TREND OF THE 50TH-RANKED COMPANY (MIO EURO)



Source: Acimall Studies Office.

CHART 2 - DISTRIBUTION OF TURNOVER GROWTH (PERCENTAGE TURNOVER VARIATION)



Source: Acimall Studies Office.

Biesse from Pesaro, **Scm Group** from Rimini and **Cefla** from Imola take the top-three positions. For the sake of correct information, we point out that the third-ranked company's core business is not woodworking technology.

The 50 companies in the ranking have total revenues of 2,713 million euro, with an average value of 54 million per company (it was 48 in 2015).

As you can see in *chart 1*, the value threshold to be included in the ranking (position No. 50) has increased. This is an important trend that we hope will be repeated in 2018.

The gap from 2008 is still relatively wide: back then, the 50th company had a turnover close to eight million euro. The median, corresponding to the 25th position of the ranking (12 million), is higher than last year, while the average Ebitda has been growing, getting close to six million euro.

Also *chart 2* shows encouraging trends: most companies have achieved significant revenue growth by up to 20 percent.

Summing up, it is clear that the industry is recording **structural growth**. 2018 has been characterized by ups-and-down, with a good start and then a slowdown in the second part of the year. For sure, even if growth is achieved, the rates will not be the same as in the 2016-17 period.

FINAL REMARKS

Data are not available for the following companies: **Suedtirol Fenster, Margaritelli, Corà Domenico & Figli**. An analysis of such breadth and depth inevitably requires evaluations we have made honestly and with the specific purpose of providing an evaluation tool that is as clear as possible. Also in this edition, we might have made mistakes or inaccuracies. We apologize for that in advance and we are ready to report possible corrections to Xylon International readers.

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TABLE 1 - TOP 50 IN WOODWORKING TECHNOLOGY AND MORE IN 2017

Rank	Company	Sale revenues 2017 (000 €)	Turnover variation 2017/2016 (%)	Employees 2017	Production value (000 €)	Ebitda 2017 (000 €)	Net profit 2017 (000 €)
	Biesse spa*	690,120	11.58	4,042	720,247	85,002	42,738
	Scm Group spa*	651,139	11.10	3,439	678,718	66.649	26,558
	Cefla Societa' Coop*	527926	16.84	1,790	563,851	45,534	25,409
	Freud spa	112,396	13.54	531	118,113	23,200	10,463
	Imal srl	76,584	4.42	188	70,516	9,868	6,392
	Pal srl	69,563	82.62	144	72,849	14,003	9,424
	Costa Levigatrici spa	41,409	23.63	190	42,903	6,132	4,032
	Paolino Bacci srl	34,141	20.46	57	34,514	6,719	4,679
	Cassioli srl	32,079	5.33	169	31,770	721	463
	Makor srl	28,880	36.60	94	28,850	2,720	1,607
	Uniconfort srl	24,354	4.40	53	27,644	230	45
	Masterwood spa	22,611	1.24	90	23,365	1,543	749
	Coral spa	21,473	17.15	102	22,370	2,142	829
	Pezzolato spa	19,212	-5.81	119	18,681	932	120
	Corali spa	16,829	61.07	68	14,883	866	426
	Imeas spa	16,485	54.25	76	17,689	3,305	1,712
	Italpresse spa	15,351	-21.78	98	15,653	1,475	889
	Stark spa	14,755	8.92	88	15,868	1,004	-471
	Storti spa	14,452	19.97	105	15,382	827	471
	Mion & Mosole spa	14,364	22.16	70	14,306	399	58
	Ormamacchine spa	13,583	18.50	91	13,675	357	148
	Giardina Finishing srl	13,567	83.87	36	15,101	791	385
	Centauro spa	13,411	10.09	75	13,821	405	78
	Friulmac spa	12,343	14.64	68	14,087	459	128
	Vitap spa	11,959	38.16	42	12,971	683	107
	Primultini srl	11,700	0.32	49	11,727	1,886	1,228
	Angelo Cremona spa	11,653	25.38	117	13,795	1,695	427
	Griggio srl	11,015	-4.35	76	10,543	-1,921	-4,107
	Uniteam spa	10,748	-18.29	72	13,714	162	-50
	Manni srl	9,907	-15.44	63	10,629	343	93
	Working Process srl	9,002	-31.90	50	9,858	644	199
	Baschild srl	8809	-3.00	25	8,927	1,183	486
	Imas Aeromeccanica srl	8,447	1.93	69	8,720	213	53
	Comec Group srl	8,362	1.57	43	8,733	988	645
	Stema srl	8,346	21.78	30	7,606	838	378
	Pade srl	8,183	-4.10	41	8,197	449	202
	Pagnoni Impianti srl	7,954	75.17	29	7,605	307	60
	Sirio srl	7,944	70.05	29	7,848	2,078	1,434
	Cma Robotics spa	7,837	-12.97	34	8,129	619	285
	Putsch Meniconi spa	7,800	13.09	42	7,982	516	205
	Twt srl	7,581	196.93	57	7,475	397	67
	Finiture srl	7,435	95.86	27	7,589	907	636
	Stanghellini srl	7,192	7.79	13	7,218	966	643
	Essetre srl	7,043	-5.12	32	6,983	650	243
	Omma srl	6,750	26.51	26	7,581	2,860	2,030
	Bottene srl	6,516	82.09	13	6,573	351	142
	Boteco srl	6,510	6.89	55	6,572	805	418
	Maggi Technology srl	6,048	15.02	42	6,629	211	29
	Metal World spa	5,899	14.84	62	6,559	641	114
	Omal srl	5,626	2.54	21	5,708	440	222

Source: Aida-Bureau Van Diik. ** Consolidated balances.*

The ranking also includes companies with mixed production, where it is impossible to isolate the exact share of "woodworking technology" based on balance sheet information only.

TABLE 2 - TOP 10 IN WOOD FURNITURE PRODUCTION IN 2017

Rank	Company	Sale revenues 2017 (000 €)	Turnover variation 2017/2016 (%)	Employees 2017	Production value (000 €)	Ebitda 2017 (000 €)	Net profit 2017 (000 €)
	Natuzzi spa	399,746	-7.57	5,155	410,330	-20,331	-31,621
	Lube Industries srl	191,232	0.07	319	196,957	15,090	8,790
	Scavolini spa	172,896	-1.96	572	178,538	11,905	6,232
	Poltrona Frau spa	163,193	2.74	527	171,883	22,867	10,305
	Poliform spa	161,540	14.40	617	162,979	19,363	8,478
	Veneta Cucine spa	147,733	9.66	395	155,007	10,536	2,976
	Imab Group spa	145,431	2.55	601	149,520	5,803	307
	Molteni & C spa	145,417	7.92	361	145,872	8,944	2,347
	Chateau D'Ax spa	144,463	-18.94	109	149,332	2,243	268
	Ilcam spa	143,604	12.31	496	152,237	5,418	5,131

Source: Aida-Bureau Van Diik.

TABLE 3 - TOP 10 IN "WOOD-BASED PANELS AND SEMIFINISHED MATERIALS IN 2017

Rank	Company	Sale revenues 2017 (000 €)	Turnover variation 2017/2016 (%)	Employees 2017	Production value (000 €)	Ebitda 2017 (000 €)	Net profit 2017 (000 €)
1	Friul Intagli Industries spa	504,485	8.40	1,096	508,640	55,326	27,949
2	Media Profili srl	297,980	1.56	737	311,780	18,376	7,796
3	Gruppo Mauro Saviola srl	265,370	9.53	610	305,593	46,457	13,939
4	Fantoni spa	239,342	1.95	640	253,293	28,175	5,138
5	3 B spa	189,158	4.32	669	190,516	14,600	7,504
6	Frati Luigi spa	185,404	12.64	341	184,969	48,745	18,165
7	Cleaf spa	124,339	4.77	208	124,676	21,278	11,664
8	Saib-Soc.Aggl.Ind.Bosi spa	117,820	13.46	200	119,288	23,138	12,224
9	Bipan spa	113,603	13.56	196	114,797	18,338	7,323
10	Alpi spa	69,613	2.13	429	70,801	6,322	6,692

Source: AIDA-Bureau Van Diik.

TABLE 4 - TOP 10 IN "WOODEN WINDOWS AND DOORS PRODUCTION" IN 2017

Rank	Company	Sale revenues 2017 (000 €)	Turnover variation 2017/2016 (%)	Employees 2017	Production value (000 €)	Ebitda 2017 (000 €)	Net profit 2017 (000 €)
1	Braga spa	64,525	11.95	198	65,541	4,544	2,172
2	Garofoli spa	33,947	-2.05	227	35,946	1,790	554
3	Cocif So. Coop.	31,036	-10.31	262	35,449	2,942	174
4	Bertolotto spa	24,650	1.06	107	26,829	1,989	314
5	Rubner Tueren spa	24,057	6.33	168	25,081	3,520	1,739
6	Ferrerolegno spa	23,107	8.52	79	23,703	3,024	1,325
7	Effebiquattro spa	22,715	9.32	83	22,989	1,630	232
8	Krona Koblenz spa	22,162	11.88	76	22,780	1,671	815
9	Gd Dorigo spa	19,184	-1.07	87	19,890	1,665	842
10	Zanini Porte spa	18,079	5.09	54	18,257	1,004	357

Source: AIDA-Bureau Van Diik.

TABLE 5 - TOP 10 IN "WOODEN HOUSES AND CONSTRUCTION ELEMENTS" IN 2017

Rank	Company 2017 (000 €)	Sale revenues 2017/2016 (%)	Turnover variation	Employees 2017 (000 €)	Production value (000 €)	Ebitda 2017 (000 €)	Net profit 2017
1	Panguaneta spa	72,042	11.80	191	72,016	9,375	4,999
2	Sistem Costruzioni srl	38,407	90.08	56	40,646	4,005	978
3	Pircher Oberland spa	36,001	1.25	133	35,924	596	-496
4	Rubner Holzbau spa	26,581	13.23	114	26,797	1,296	166
5	Fontanot spa	25,347	1.12	84	26,099	682	13
6	Bbc spa	20,941	12.34	86	21,803	3,345	1,771
7	Skema srl	18,949	22.92	46	18,928	1,583	684
8	Wbfactory srl	17,452	13.02	163	17,783	1,058	704
9	Habitat - Legno spa	16,590	12.96	54	17,411	921	-149
10	Perlarredi srl	16,294	-7.34	14	16,290	571	260

Source: Alida-Bureau Van Diik.

TABLE 6 - TOP TEN IN "WOOD AND FURNITURE TRADE" IN 2017

Rank	Company	Sale revenues 2017(000 €)	Turnover variation 2017/2016 (%)	Employees 2017	Production value (000 €)	Ebitda 2017 (000 €)	Net profit 2017 (000 €)
1	Imola Legno spa	74,254	-4.34	129	74,412	3,613	21
2	Florian Legno spa	69,583	4.90	82	78,372	10,474	4,863
3	Sangiorgi Legnami spa	32,040	-5.34	27	34,789	1,719	456
4	Paganoni Importlegno spa	30,724	8.89	17	30,762	1,568	288
5	Damiani Holz&Ko spa	28,975	-1.24	97	29,273	461	120
6	Giorgio Levoni srl	17,012	30.71	2	17,078	652	289
7	Les srl	73,690	133.27	5	73,704	5,944	4,247
8	Karl Pichler spa	32,427	8.97	64	33,146	4,008	2,458
9	Gruppo Sigel Italia spa	27,136	1.95	64	27,370	863	224
10	Floit srl	27,047	26.86	48	30,177	1,359	447

Source: Aida-Bureau Van Diik.