

PRESS RELEASE

News in brief – The Varvel Group, Bologna-based specialists in power transmission systems, is reaping the benefits of a constantly evolving sales policy according to last year's results, as published in the 2018 Sustainability Report. Varvel, who have been exporting Italian value to the world for sixty-four years, is enjoying a period of renewed growth.

The 2018 Sustainability Report shows that Varvel has rediscovered vitality and growth

The latest edition of the Bologna-based group's official report highlights a positive trend in sales and growth. The ingredients of Varvel's success include innovative marketing strategies, reduced manufacturing costs and increased turnover from exports.

Valsamoggia (BO), 21 June 2019 – As every year, in 2019 too the Varvel Group is presenting a **Sustainability Report** illustrating the previous year's results. This official document (available on line from the corporate websites www.varvel.com, www.varvelusa.com and www.varvel.in) analyzes the group's organization and corporate identity and describes the various drivers of success.

In addition to a description of the group's fundamental values, its production system and its reference market, the latest Sustainability Report provides a picture of a dynamic and socially responsible company that, while inevitably subject to market fluctuations, is able to survive undamaged and return with renewed vigor and innovation.

The first proof of Varvel's new energy lies in the **group's indebtedness, which has fallen by 11%** compared with previous years. *"This is an extremely encouraging result. It is proof of a clear improvement in terms of growth and confirms the validity of our strategy, which is based on innovation, customization, social responsibility and the valorization of human and energy resources,"* states Mauro Cominoli, Varvel's Managing Director.

Another major contribution to performance has come from an **EBITDA** (Earnings Before Interest, Tax, Depreciation and Amortization) of 3 million euros (9%), in line with the sector average.

Varvel's commitment to stable labor relations is confirmed by the fact that nearly all employees (77 out of 84, or 91.7% of the workforce) are employed with permanent contracts. The number of women in the workforce is also impressive for a company in the mechanical engineering sector, which is traditionally male-dominated: 38 employees (45% of human resources) are female. Varvel Group employees have an average age of 44 and regularly benefit from training and personal development: a total of 25 courses were delivered to almost half of the company's workforce in 2018.

Varvel's social responsibility also assumes the form of direct support for charities through a **program of continuous finance for three non-profit organizations** in particular. Since 2004, the group has been dedicating a fixed contribution of 2 cents in every euro earned from product sales to ANT (the Italian Cancer Association), MSF (Doctors Without Borders) and UNICEF (the United Nations Children's Fund), helping the less fortunate from its own earnings. In the last fifteen years the company has donated a total of 282,000 euros.

The principal **drivers of growth** include strategic decisions that have not only boosted production but also optimized and made more efficient the company's production processes and flows. One of the solutions implemented for this purpose is **Dadistel**, a digital production control system for the turning, milling, thread-cutting and cylindrical grinding sections. On top of this and again with Industry 4.0 in mind, the group is also presenting **Varvel Mechnology System**, a model for "accelerated change" destined to transform the company from a "production center" to a "competence center" by focusing on timelines and development plans.

Finally, the 2018 Sustainability Report highlights a shift in turnover towards **export markets**. In 2014 the ratio of domestic to export turnover was 40-60. Last year this shifted in favor of exports, with 34% of turnover coming from the domestic market and 66% from exports. Increased worldwide sales have made a significant contribution to the company's positive results. The official gearboxes division balance sheet for 2018 came to 33.416 million euros.

Thanks to the subsidiaries MGM-Varvel – Power Transmission Pvt Ltd (India) and Varvel USA LLC (United States), the group's highly efficient, domestic and export distribution network and investments in research and technical innovation, 2019 is destined to see similar rates of growth and success.

VARVEL GROUP

The Varvel Group has been designing and producing power transmission systems for various industrial applications (like packaging, livestock feed systems and access automation and control) and for innovative applications like wind turbines and photovoltaic fields since 1955.

With unrivaled experience accumulated in over sixty years of activity, a production capacity of over 500,000 gearboxes a year and a overall turnover of around 50 million Euros, Varvel offers customers a vast range of standard products and custom solutions for specific requirements.

The entire product range is designed and made in Crespellano, near Bologna in northern Italy, where Varvel has its HQ. The company exports 70% of production through two subsidiaries (one in the USA and another in India) and a global network of over 100 commercial partners.

Further information is available on the website www.varvel.com



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The Company