



PRESS RELEASE

News in brief – The first half of 2022 was the best ever for Varvel, with turnover up +17.6% compared to 2021. This increase in earnings was accompanied by major investments in technology, organization and personnel. Participation in the Matcher Human Centric Innovation project will give Varvel an opportunity to benefit from augmented virtual reality.

A RECORD FIRST HALF DESPITE GLOBAL CRISES. NEW INVESTMENTS IN TECHNOLOGY, PERSONNEL AND ORGANIZATION TO CARRY VARVEL INTO THE FUTURE.

While enjoying record turnover, the Varvel Group is continuing to invest and innovate. In the first half of 2022, Varvel purchased new machinery for almost 1,5 million euros and adopted DDMRP methodology within its organization. Thanks to an Open Innovation project, Varvel will soon experiment with augmented virtual reality. The “Sales Excellence Awards” recognize Varvel as an “Excellent Company” in terms of sales organization.

Valsamoggia (BO), September 2022 – Despite the challenges created by an unstable international scenario, the Varvel Group achieved a new record in the first half of 2022. Varvel registered an increase of 17.6% in turnover in the first six months of the year compared with the same period of 2021. In fact, the first half of 2022 proved to be the best that Varvel has ever had.

This excellent result was accompanied by major investments on multiple fronts: technology, organization and personnel.

Varvel purchased new machinery to increase production output and further reduce product lead times. Thanks to a total investment of around 1.5 million euros, Varvel will soon receive a Leistriz robotic cell with Quick Load automation for cutting worm gear threads, a Reishauer continuous generation gear grinder and a Mori Seiki multi-function machining center.

On the organizational level, Varvel has started implementing DDMRP methodology (*Demand Driven Material Requirements Planning*) to optimize its supply chain. DDMRP leads to better planning and management of materials and stock levels in complex modern scenarios, by issuing orders to external and internal suppliers on the basis of past and forecast sales data. The method improves service levels, reduces delivery times, boosts stock rotation and value, and allows decisions to be made more rapidly and more accurately.

Moving on to human resources, since the start of the year, an additional 25 people have been taken on or are currently being hired. Most of these are under 30. The new employees will be working in various areas of the company, mainly in Operations, either as replacements or as additional staff. Varvel has also signed a new agreement to have the Arca Di Noè social cooperative take on another disabled person to cope with the increased demand for small assembly jobs that Varvel contracts out to the cooperative.

There are futuristic projects in the pipeline too. Varvel will be taking part in Matcher Human Centric Innovation, an international Open Innovation project that puts companies in the Emilia-Romagna region into contact with

promising international startups and scaleups. The project aims at promoting the co-development of solutions focused on “human centric” innovation, i.e. innovation in which methods, products and services focus primarily on the needs of users. The particular project in which the Varvel Group is involved aims at applying augmented virtual reality to production processes. Augmented virtual reality can be used to generate support documentation for machining and assembly phases, and to keep people informed of the progress made by their department by sharing data and indicators on digital display panels. Innovations like these will increase the efficiency of production departments, improve wellbeing at work, and strengthen the sense of belonging and involvement among employees irrespective of gender, race, culture, age and experience.

There's also news from abroad. Varvel's Indian subsidiary (MGM Varvel India) moved into newly built premises at the beginning of August. The rented location provides a floor space of 1,400 square meters, of which 1,200 is factory and 200 offices. Varvel has invested around 200,000 euros in the new plant to adapt the buildings to the company's needs (offices, production plant etc.) and to purchase new racking, fork lifts, gantries and other equipment.

Finally, in May, Varvel's achievements were recognized at the Sales Excellence Awards 2022 promoted by Fortia. The title of “Excellent Company” confirms that Varvel applies the latest and best methods to the management of its international sales organization.

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 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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