

Pedrollo Group

Italian water pump giant eyes further expansion

Italy is not exactly known for attracting foreign investment, but there are strong signs that this could be changing, aided by the country's Resilience and Recovery Plan, which could see €205 billion invested in Italy over the next five years, targeted towards a greener, more digital and more sustainable economy. This would benefit Italian companies already operating in globally important, sustainable sectors, or who have made important strides when it comes to investing in digitalization and vertical integration.

At the same time, the European water pump market is expected to reach \$848 million in revenue by 2030, according to P&S Intelligence, with the global market worth many multiples of that.

"We represent 'Made in Italy', which is an efficient, beautiful product of high quality at the right price," says Giulio Pedrollo, chief executive of Pedrollo Group and Pedrollo SpA, recognized as among the key global players when it comes to electric water pump technology and production.

For almost 50 years Pedrollo has been expanding worldwide, and continues to design and build pumps that help carry water where it is needed most, including to homes, agricultural fields or industrial facilities. "Treating water with respect is the best way of understanding our group," says Giulio Pedrollo. "We want to respect water, which means a lot of things in relation to our products: including using stainless steel, better materials, and overall how we produce water pumps."

Pedrollo Group is now made up of six companies, over 1,200 employees and 10 commercial branches worldwide. It has doubled in size over the last five years, through acquisitions and internal growth, and now produces more than 2.5 million pumps a year. Over the years the group has grown to include complementary businesses like Linz Electric, which produces alternators and generators, and Panelli, which creates submersible pumps and motors.

For 2021, Pedrollo forecasts revenue of €330 million, with the group planning to continue with its growth strategy based around a combination of acquisitions and organic growth.

Giulio Pedrollo points out that his father, Silvano, the founder of Pedrollo SpA in 1974, started by selling pumps in developing nations, and in poorer countries where the right balance between quality and price is very important. The company now sells its products in over 160 countries, which means needing to understand many different



Giulio Pedrollo
CEO - Pedrollo Group

cultures, policies, tax systems and languages. "We are a medium-size company with the culture of a multinational holding," he says.

While the group's main market is Europe, it continues to grow in Asia and the Americas. In 2020, Pedrollo made an important step, acquiring 70% of Superior Pump, based in Minneapolis, MN, which is active in the design, manufacture and marketing of pumps, with a particular focus on the USA and Canadian markets. Importantly, Pedrollo was joined in the acquisition by a member of the company's founding family, Charlie Michel III, who continues in his role of President, maintaining his capable team in charge of the company's activities. "This acquisition was the most important one in our history, as it opened the door to this large market."

The group is now looking for companies to acquire in China, India and obviously in Europe. "These areas will be important at the next stage of acquisitions," says Pedrollo. "We want to continue investing in

family-owned companies that stay with us in the process of developing the company." The group is also open to partnerships, with the end goal always around providing basic needs to people through clean water.

Financially, Pedrollo Group is in a strong position, with earnings before interest, taxes, depreciation, and amortization of about 25%, which has helped it to continue to grow strongly. "Covid did not affect our performance, because we had been already investing in digitalization and vertical integration," says Pedrollo. "Resilience is the key word for our future."

At the same time, there is a strong push towards balancing sustainability - both in the group's overall philosophy and in the pumps it manufactures - with beautifully crafted technology and high levels of innovation. The company invests more than 15% of its revenue in innovation and R&D. "As a family-owned company we can do what we want, we are not oriented towards paying dividends, we prefer to reinvest in our development," says Pedrollo. The group now gets 60% of its energy consumption from green energy, with a medium-term target of 100%.

Meanwhile, next year the group is moving ahead with plans to set up its own foundation, that will be managed by Alessandra Pedrollo, Giulio's sister, having already invested in various social projects such as a school in India and an orphanage in Tanzania. "We do it for our values and culture, not for business reasons," he says.

Closer to home, Pedrollo says that when it comes to Italy the best way to help the country is for companies like his to continue to create cutting edge products that are admired around the world. "We are proud of being Italians. We believe that every product we manufacture must combine beauty and high quality, and we believe that through such products we can bring credibility to the country."