

The CAREL logo is a red oval with a white border containing the word "CAREL" in white, underlined, sans-serif capital letters. The background of the slide is a collage of financial charts, including a line graph in the top left, a horizontal bar chart in the top center, a large stacked bar chart with a line graph overlay in the bottom left, and a pie chart in the top right. The bottom right area is a solid red field.

CAREL

# CAREL INDUSTRIES S.p.A. 9M Results 2018

13<sup>th</sup> November 2018

# 9M 2018 - Overview



The **positive trend in revenue, already reported in the 1H 2018, is substantially confirmed also in the first nine months of the year: +8.4% (+10.7% net of FX impact)**. The same positive trend is confirmed also for profitability: EBITDA Margin adj. equal to 20.9% leading to 9.4% growth in EBITDA adj.; Net Profit adj. +15.6%.

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**All the geographic areas reported a growth in revenue, confirming the resiliency of the Group's business portfolio**

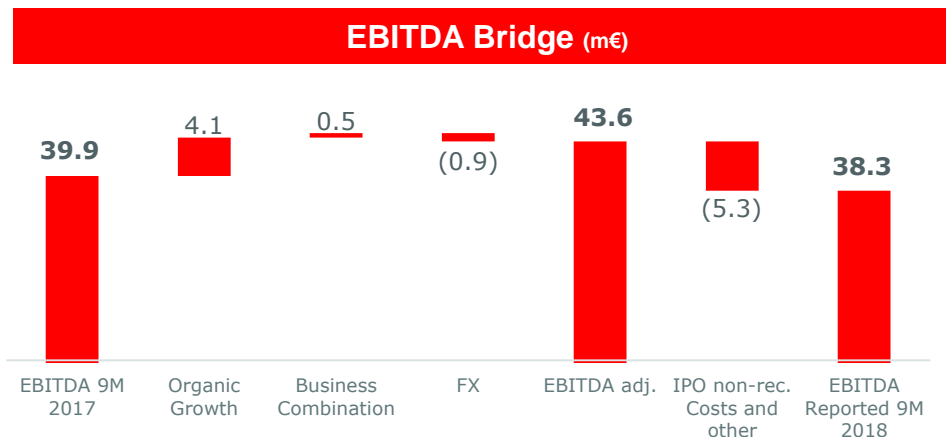
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**Carel's footprint expansion project is on track: strong increase in capex (>100%) compared to the same period 2017. ~20m€ of additional cumulated capex (compared to the historical average) in 2018-2019 are confirmed.**

# 9M 2018 – Significant growth in all the adj. operating KPIs confirmed

KPIs			
m€	9M 2017	9M 2018	Δ%
Revenue	192.2	208.4	8.4%
Revenue FX Adj. <sup>(1)</sup>	192.2	212.8	10.7%
EBITDA	39.9	38.3	-4.1%
EBITDA Adj. <sup>(2)</sup>	39.9	43.6	9.4%
<i>EBITDA adj./Revenue</i>	20.8%	20.9%	
Net Profit	24.9	24.8	-0.3%
Net Profit Adj. <sup>(2)</sup>	24.9	28.8	15.6%
Capex	5.5	11.8	>100%



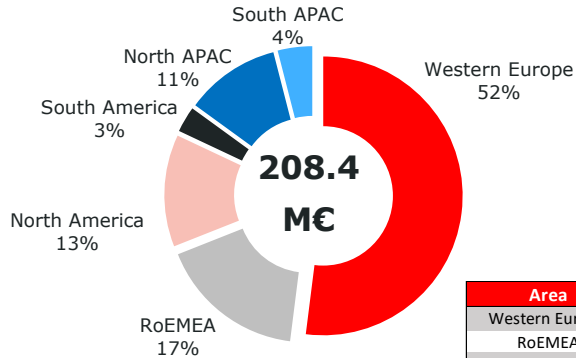
- **Revenue +8.4% (+10.7% Adj):** The growth in revenue (which would have been +10.4% net of FX impact) stemmed from positive performance in all the geographic areas in which the Group operates.
- **EBITDA adj. +9.4%:** the increase in revenues together with a stable profitability (>20%) led to a further organic growth (+4.1m€)
- **Net Profit adj. +15.6%:** The bottom line is positively impacted by the operating results together with a lower tax-rate compared to 2017
- **Capex >100%:** International footprint expansion plan on track, resulting in a Capex growth higher than 100%

<sup>(1)</sup>Net of FX impact

<sup>(2)</sup>Net of IPO non-recurring costs

# 9M 2018 – Revenue breakdowns

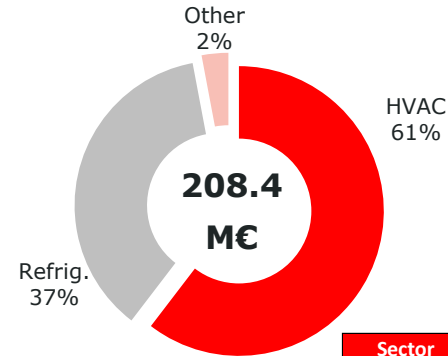
## Breakdown by region



Area	m€		%	
	9M 2018	9M 2017	Δ%	Δ% fx
Western Europe	108.1	96.7	11.7%	11.8%
RoEMEA	35.2	29.4	19.8%	20.2%
North America	26.3	26.6	-1.1%	6.1%
South America	5.6	6.3	-10.9%	1.4%
South APAC	9.3	9.7	-4.4%	1.6%
North APAC	23.9	23.5	2.1%	5.4%
<b>Totale Revenue</b>	<b>208.4</b>	<b>192.2</b>	<b>8.4%</b>	<b>10.7%</b>

- Net of FX impact, **revenue grew in all the geographic areas:**
  - accelerating growth in North America (compared to 1H 2018)
  - inverting the negative trend reported in South APAC in 1H 2018.

## Breakdown by sector



Sector	m€		%	
	9M 2018	9M 2017	Δ%	Δ% fx
HVAC	126.5	119.4	6.0%	8.1%
Refrig.	77.0	66.0	16.6%	19.2%
<b>Core Revenue</b>	<b>203.5</b>	<b>185.4</b>	<b>9.7%</b>	<b>12.0%</b>
No core	4.9	6.8	-27.5%	-26.9%
<b>Total Revenue</b>	<b>208.4</b>	<b>192.2</b>	<b>8.4%</b>	<b>10.7%</b>

- Net of the expected sales reduction in the low-profitability no-core sector, **the growth would have been 9.7% (+12.0% excl. FX impact).**
- **Significant growth in the refrigeration sector** both in absolute (+11m€) and in percentage terms (+19.2%)\*

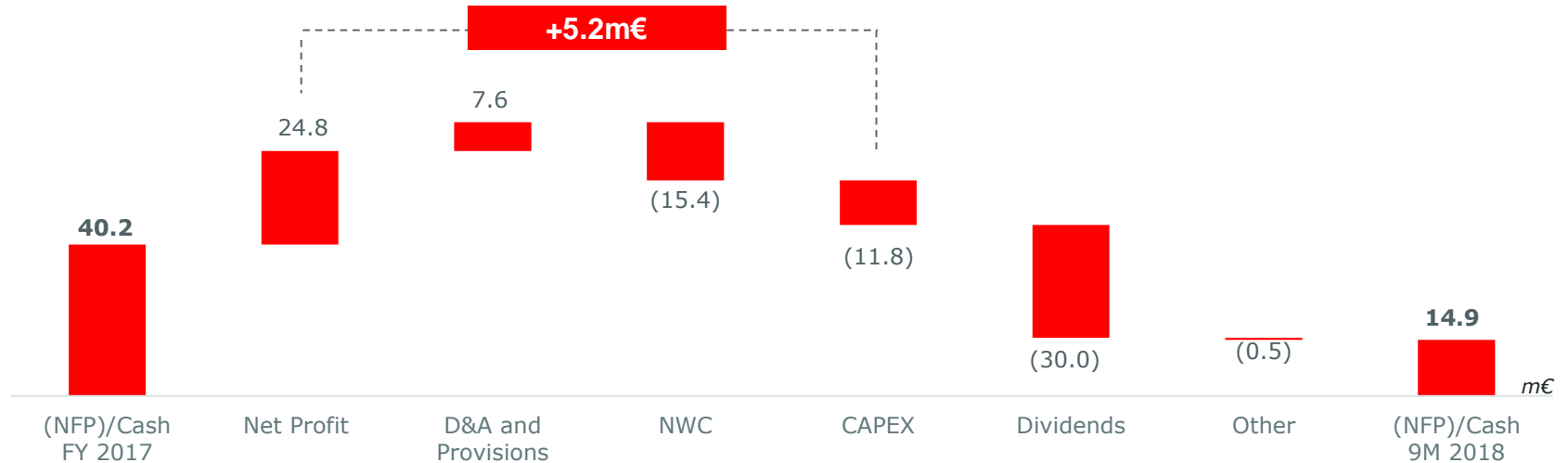
\*Net of FX impact

# From EBITDA to Net Profit

	K€	9M '17	<b>9M '18</b>	Δ%
EBITDA		39,893	<b>38,275</b>	-4.1%
<i>D&amp;A/Impairment</i>		-5,896	<b>-6,409</b>	
EBIT		33,997	<b>31,867</b>	-6.3%
<i>Financial (charges)/income</i>		438	<b>107</b>	
<i>FX gains/losses</i>		-726	<b>-227</b>	
<i>Companies cons with e.m.</i>		-117	<b>15</b>	
EBT		33,592	<b>31,762</b>	-5.4%
<i>Taxes</i>		-8,724	<b>-6,964</b>	
<i>Minorities</i>		-37	<b>-45</b>	
Group net profit		24,831	<b>24,753</b>	-0.3%

- Higher D&A mainly linked to the **Carel's footprint expansion project** (Croatia, Italy, US)
- Financial income affected by the **disinvestment in life insurance** for approximately **35m€**.
- Increase in value of an equity stake held by Alfacó
- **Lower tax-rate (approx. 22% against 26% in 9M 2018)** due to lower US tax-rate, Italian tax incentive effects and absence of dividend paid by Chinese subsidiary.

# 9M 2018 – (NFP)/Cash Bridge



- **Positive FCF generation (+5.2m€):** FFO equal to ~32.4m€ thanks to very positive operating results.
- **NWC +15.4m€** due to higher inventory level, caused by global electronic shortage/lead time extension, which reached their peaks in Q3 2018. An improvement is expected starting from Q4 2018.
- **Strong increase in Capex (>100%)** compared to last year, devoted to footprint expansion project.
- **30m€ extraordinary dividend.**

# Closing Remarks

Confirming its leading role in Europe and expanding its positioning in the RoW

Strong growth in the Refrigeration sector

High profitability linked to improved efficiency

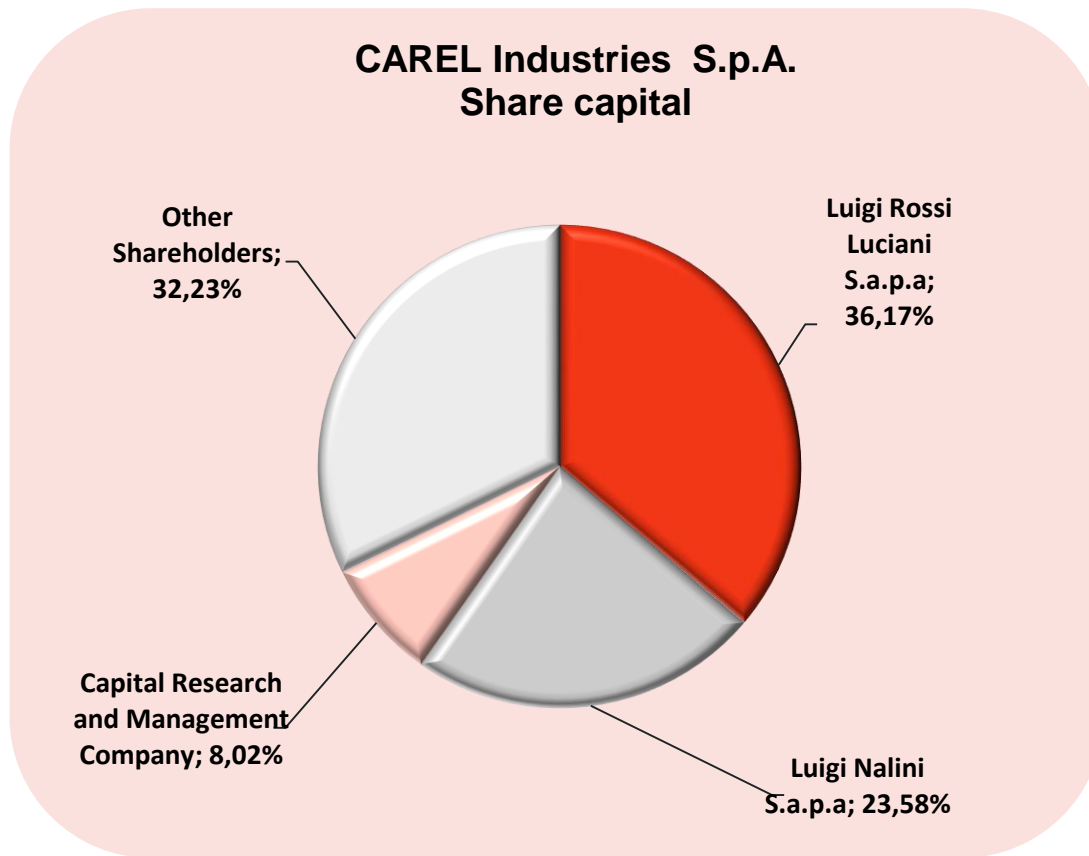
Footprint expansion plan on track

**We confirm our expectations for full year 2018, in terms of growth in revenues, which should be in line with what reported in the first half of this year.**

# Annexes



# Shareholding structure



# Income statement and Balance Sheet

## Income statement

	K€	9M_2017	9M_2018	Var. %
Revenues		192,187	208,401	8.4%
Other revenues		957	1,125	17.6%
Operative costs		(153,251)	(171,251)	11.7%
Operative costs adj		(153,251)	(165,884)	8.2%
<b>EBITDA</b>		<b>39,893</b>	<b>38,275</b>	<b>-4.1%</b>
<b>EBITDA ADJ</b>		<b>39,893</b>	<b>43,643</b>	<b>9.4%</b>
Depreciation and impairments		(5,896)	(6,409)	8.7%
<b>EBIT (Risultato Operativo)</b>		<b>33,997</b>	<b>31,867</b>	<b>-6.3%</b>
<b>EBT (earn before taxes)</b>		<b>33,592</b>	<b>31,762</b>	<b>-5.4%</b>
Taxes		(8,724)	(6,964)	-20.2%
<b>Net result of the period</b>		<b>24,868</b>	<b>24,798</b>	<b>-0.3%</b>
Non controlling interest		37	45	22.0%
<b>Group net result</b>		<b>24,831</b>	<b>24,753</b>	<b>-0.3%</b>

## Balance sheet

	K€	FY_2017	9M_2018	Var. %
Fixed Assets		37,411	42,483	13.6%
Working Capital		46,353	59,884	29.2%
Employees defined benefit plans		(5,687)	(5,679)	-0.1%
<b>Net invested capital</b>		<b>78,077</b>	<b>96,688</b>	<b>23.8%</b>
Equity		118,316	111,632	-5.6%
Net financial position (asset)		(40,239)	(14,944)	-62.9%
<b>Total</b>		<b>78,077</b>	<b>96,688</b>	<b>23.8%</b>