



# SPAFID CONNECT

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Oggetto : CAREL - BoDs approves results at 31  
March 2019

*Testo del comunicato*

Vedi allegato.

## Press Release

### The Board of Directors of CAREL Industries approves the consolidated results as at 31 March 2019

- Consolidated revenues of EUR 80.10 million, up 19.5% compared with the first three months of 2018 (+18.4% at constant exchange rates);
- EBITDA equal to EUR 15.72 million (19.6% of revenues for the period), +18.9% compared with the first three months of 2018;
- Consolidated net result equal to EUR 8.87 million, +8.4% compared with the net result of the first three months of 2018);
- Consolidated net financial position negative at EUR 77.48 million.

*Brugine, 14 May 2019* – The Board of Directors of CAREL Industries S.p.A. ('CAREL', or the 'Company' or the 'Parent Company'), which met today, approved the results as at 31 March 2019.

*Francesco Nalini, Group CEO, said: "The results recorded in the first three months of 2019 are part of the path of growth that CAREL has experienced in recent years, confirming the value of the strategic guidelines that we have followed. The capacity to exploit important cross-selling and up-selling options made possible by the continuous innovation of our product platforms, together with significant commercial efforts and the contribution of the two companies acquired at the end of 2018 (Hygromatik and Recuperator) have enabled us to record an increase in revenue of close to 20%. The latter has translated into a net profit that has touched EUR 9 million with the percentage increase in the first quarter of the past year reaching 8.4%. All of this has allowed us to look at the future with optimism and with the desire to improve, which has always marked out the Group.*

#### Revenue

Revenue totalled EUR 80.10 million compared with EUR 67.03 million as at 31 March 2018, up +19.5%.

This performance benefits from a favourable performance in all geographical areas (EMEA, Asia Pacific, North America and South America) and in all segments (HVAC and Refrigeration) thanks to a combination of cross-selling and up-selling initiatives involving existing Customers, based on continuous technological progress involving the solutions offered by the Group and courtesy of the sales force's activities in searching for new business opportunities. Added to this is the contribution from Hygromatik and Recuperator, the two companies acquired in November 2018, which stands at around EUR 8.7 million. The positive effect of exchange rates was limited at around EUR 0.7 million.

The geographical area that recorded the biggest increase both in absolute and percentage terms is the EMEA (Europe, the Middle East, Africa), also thanks to the contribution of the above-mentioned newly acquired companies, followed by Asia Pacific, which, in turn, recorded double-digit percentage growth. As far as North America is concerned, performance was limited because of the full saturation of the plant located in Pennsylvania; this phenomenon will definitely be overcome through the installation expansion project which is expected to be concluded by the end of the first half of this year. Lastly, the performance recorded in South America is improving and particularly positive if you take into account the currently unfavourable political and economic situation.

As far as the individual business areas are concerned, the very strong growth in HVAC is benefiting yet again from the effect of Hygromatik and Recuperator entering the scope of consolidation, while the performance recorded in the Refrigeration sector is mainly due to organic growth.

Table 1 – Revenue by business area (*thousands of euro*)

	31.03.2019	31.03.2018	Delta %	Delta fx %
HVAC revenue	53,035	41,829	26.8%	25.3%
REF revenue	25,836	23,568	9.6%	9.1%
<b>Total core revenue</b>	<b>78,871</b>	<b>65,396</b>	<b>20.6%</b>	<b>19.5%</b>
Non-core revenue	1,226	1,635	-25.0%	-25.1%
<b>Total revenue</b>	<b>80,097</b>	<b>67,031</b>	<b>19.5%</b>	<b>18.4%</b>

Table 2 Revenue by geographical area (*thousands of euro*)

	31.03.2019	31.03.2018	Delta %	Delta fx %
EMEA	56,897	46,541	22.3%	22.6%
North America	9,933	8,823	12.6%	4.2%
South America	1,828	1,794	1.9%	4.7%
Asia Pacific	11,436	9,872	15.8%	13.7%
<b>Net Revenue</b>	<b>80,097</b>	<b>67,031</b>	<b>19.5%</b>	<b>18.4%</b>

## EBITDA

Consolidated EBITDA as at 31 March 2019 stood at EUR 15.72 million, equivalent to 19.6% of revenue for the period, a rise of 18.9% compared with the figure of EUR 13.22 million recorded as at 31 March 2018. The main elements which supported this performance are, in addition to the growth in revenue, the contribution of Hygromatik and Recuperator (equal to around EUR 1.8 million) and the adoption of accounting standard IFRS 16 (around EUR 1.1 million). This more than offset several additional costs due to listing on the Stock Exchange which were not present in the first quarter of 2018, while the effect of exchange rates was essentially neutral.

## Net result

The net result of EUR 8.87 million recorded an increase of 8.4% compared with the figure of EUR 8.18 million as at 31 March 2018.

The results for the quarter, together with a particularly advantageous tax rate more than offset the greater financial expense due to the increase in financial debt associated with the M&A transactions concluded in 2018.

## Consolidated net financial position

The net financial position was negative by EUR 77.48 million compared with EUR 59.13 million as at 31 December 2018.

This performance is due primarily to the accounting effect of the adoption of IFRS 16 equal to EUR 14.69 million. Excluding this the strong cash generation made it possible to cover both investments in the period, equal to around EUR 4.9 million, and a significant portion of the increase in working capital mainly linked to the seasonal trend of trade payables and receivables, while stock management improved.

## Outlook

The performance recorded as at 31 March 2019 is a sign of further growth in revenue, even more pronounced following the change in the scope of consolidation thanks to the acquisition transactions concluded at the end of 2018. The implementation of the strategic guidelines which led to these results will continue in 2019 together with the implementation in full of the industrial footprint expansion plan, which is scheduled to be concluded by the end of the first half of this year.

## **CONFERENCE CALL**

The results as at 31 March 2019 will be illustrated tomorrow, 15 May 2019, at 10.00 (CET) during a conference call to the financial community, which will also be the subject of a webcast in listen only mode at [www.carel.com](http://www.carel.com) Investor Relations section.

*The CFO, Giuseppe Viscovich, stated, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information in this press release corresponds to the documented results, accounts and bookkeeping records.*

For further information

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## **CAREL**

The CAREL Group is a leader in the design, production and global marketing of technologically advanced components and solutions for excellent energy efficiency in the control and regulation of heating, ventilation and air conditioning ("HVAC") and refrigeration equipment and systems. CAREL is focused on several vertical niche markets with extremely specific needs, catered for with dedicated solutions developed comprehensively for these requirements, as opposed to mass markets.

The Group designs, produces and markets hardware, software and algorithm solutions aimed at both improving the performance of the units and systems they are intended for and for energy saving, with a globally recognised brand in the HVAC and refrigeration markets (collectively, "HVAC/R") in which it operates and, in the opinion of the Company management, with a distinctive position in the relevant niches in those markets.

HVAC is the main Group market, representing 61% of the Group's revenues in the financial year ended 31 December 2018, while the refrigeration market accounted for 37% of the Group's revenues.

The Group commits significant resources to research and development, an area which plays a strategic role in helping it maintain its leadership position in the reference HVAC/R market niches, with special attention focused on energy efficiency, the reduction of the impact on the environment, trends relating to the use of natural refrigerant gases, automation and remote connectivity (the Internet of Things), and the development of data driven solutions and services.

The Group operates through 23 subsidiaries and nine production plants located in various countries. As of 31 December 2018, approximately 80% of the Group's revenue was generated outside of Italy and 49% outside of Western Europe.

Original Equipment Manufacturers or OEMs – suppliers of complete units for applications in the HVAC/R markets – make up the main category of the Company's customers, on which the Group focuses to build long-term relationships.

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The accounting statements of the Group CAREL Industries, not subject to independent audit, are illustrated below.

## Consolidated Financial Statements at 31 March 2019

### Consolidated Statement of financial position

(€'000)	31.03.2019	31.12.2018
Property, plant and equipment	56,038	37,560
Intangible assets	90,055	91,126
Equity-accounted investments	335	335
Other non-current assets	2,320	2,343
Deferred tax assets	4,205	4,128
<b>Non-current assets</b>	<b>152,954</b>	<b>135,491</b>
Trade receivables	66,408	59,951
Inventories	54,628	54,285
Current tax assets	3,884	6,055
Other current assets	5,951	6,001
Current financial assets	72	72
Cash and cash equivalents	39,623	55,319
<b>Current assets</b>	<b>170,566</b>	<b>181,683</b>
<b>TOTAL ASSETS</b>	<b>323,520</b>	<b>317,174</b>
Equity attributable to the owners of the parent	128,589	117,992
Equity attributable to non-controlling interests	320	296
<b>Total equity</b>	<b>128,909</b>	<b>118,288</b>
Non-current financial liabilities	75,682	68,866
Provisions for risks	1,358	1,332
Defined benefit plans	7,383	7,333
Deferred tax liabilities	11,646	11,820
<b>Non-current liabilities</b>	<b>96,070</b>	<b>89,351</b>
Current financial liabilities	41,494	45,651
Trade payables	36,730	41,289
Current tax liabilities	685	1,539
Provisions for risks	1,645	1,649
Other current liabilities	17,987	19,407
<b>Current liabilities</b>	<b>98,541</b>	<b>109,535</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>323,520</b>	<b>317,174</b>

## Consolidated Statement of profit or loss

<i>(€'000)</i>	<b>31.03.2019</b>	<b>31.03.2018</b>
Revenue	80,097	67,031
Other revenue	609	359
Costs of raw materials, consumables and goods and changes in inventories	(32,880)	(26,382)
Services	(11,397)	(10,691)
Capitalised development expenditure	516	275
Personnel expense	(20,606)	(17,027)
Other expense, net	(621)	(343)
Amortisation, depreciation and impairment losses	(4,052)	(1,961)
<b>OPERATING PROFIT</b>	<b>11,666</b>	<b>11,260</b>
Net financial income	(266)	97
Net exchange rate losses	(435)	(550)
Share of profit (loss) of equity-accounted investees	0	-
<b>PROFIT BEFORE TAX</b>	<b>10,965</b>	<b>10,807</b>
Income taxes	(2,095)	(2,627)
<b>PROFIT FOR THE PERIOD</b>	<b>8,871</b>	<b>8,181</b>
Non-controlling interests	17	10
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>	<b>8,854</b>	<b>8,171</b>

## Consolidated Statement of comprehensive income

<i>(€'000)</i>	<b>31.03.2019</b>	<b>31.03.2018</b>
<b>Profit for the period</b>	<b>8,871</b>	<b>8,181</b>
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of the tax effect	(48)	(8)
- Exchange differences	2,417	(279)
Items that may not be subsequently reclassified to profit or loss:		
- Treasury stocks	(695)	
<b>Comprehensive income</b>	<b>10,545</b>	<b>7,894</b>
attributable to:		
- Owners of the parent	<b>10,521</b>	<b>7,880</b>
- Non-controlling interests	<b>24</b>	<b>14</b>

## Earnings per share

Earnings per share (in Euros)	0.09	0.08
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## Consolidated Statement of cash flows

(€'000)	31.03.2019	31.03.2018
Profit for the period	8,871	8,181
Adjustments for:		
Amortisation, depreciation and impairment losses	4,009	1,961
Accruals to/utilisations of provisions	426	618
Non-monetary net financial income	404	(130)
	<b>13,710</b>	<b>10,630</b>
Changes in working capital:		
Change in trade receivables and other current assets	(3,600)	(6,252)
Change in inventories	32	(3,690)
Change in trade payables and other current liabilities	(7,344)	(29)
Change in non-current assets	(84)	(298)
Change in non-current liabilities	(124)	52
<b>Cash flows generated from operations</b>	<b>2,590</b>	<b>413</b>
Net interest paid	(338)	(124)
<b>Net cash flows generated by operating activities</b>	<b>2,252</b>	<b>290</b>
Investments in property, plant and equipment	(4,071)	(1,314)
Investments in intangible assets	(866)	(412)
Disinvestments of financial assets	-	15,258
Disinvestments of property, plant and equipment and intangible assets	91	47
Interest collected	-	62
Investments in equity-accounted investees	-	-
Business combinations net of cash acquired	-	-
<b>Cash flows generated by (used in) investing activities</b>	<b>(4,846)</b>	<b>13,641</b>
Acquisitions of non-controlling interests	-	-
Capital increases	-	31
Repurchase of treasury stocks	(695)	
Dividend to Shareholders	-	-
Dividend to Minorities	(74)	-
Increase in financial liabilities	-	325
Decrease in financial liabilities	(13,304)	(11,348)
<b>Cash flows generated by (used in) financing activities</b>	<b>(14,073)</b>	<b>(10,993)</b>
<b>Change in cash and cash equivalents</b>	<b>(16,667)</b>	<b>2,938</b>
<b>Cash and cash equivalents - opening balance</b>	<b>55,319</b>	<b>43,900</b>
Exchange differences	971	(63)
<b>Cash and cash equivalents - closing balance</b>	<b>39,623</b>	<b>46,776</b>



## Consolidated Statement of changes in equity

(€'000)

	Share capital	Legal reserve	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Profit for the period	Equity	Equity att, to non-controlling interests	Total equity
<b>Balance at 1.01.2018</b>	<b>10,000</b>	<b>2,000</b>	<b>3,430</b>	<b>33</b>	<b>35,195</b>	<b>36,294</b>	<b>31,218</b>	<b>118,170</b>	<b>248</b>	<b>118,418</b>
<b>Owner transactions</b>										-
- Allocation of profit for the period					27,612	3,606	(31,218)	0		(0)
- Share Capital increase									31	31
- Dividend distributions					(30,000)			(30,000)		(30,000)
- Change in consolidation scope										-
<b>Total owner transactions</b>	<b>10,000</b>	<b>2,000</b>	<b>3,430</b>	<b>33</b>	<b>32,807</b>	<b>39,900</b>	<b>-</b>	<b>88,170</b>	<b>280</b>	<b>88,450</b>
- Profit for the period							8,171	8,171	10	8,181
- Other comprehensive income (expense)			(283)	(8)				(291)	4	(287)
<b>Total other comprehensive income (expense)</b>	<b>-</b>	<b>-</b>	<b>(283)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>8,171</b>	<b>7,880</b>	<b>14</b>	<b>7,894</b>
<b>Balance at 31.03.2018</b>	<b>10,000</b>	<b>2,000</b>	<b>3,147</b>	<b>25</b>	<b>32,807</b>	<b>39,900</b>	<b>8,171</b>	<b>96,051</b>	<b>293</b>	<b>96,344</b>
<b>Balance at 1.01.2019</b>	<b>10,000</b>	<b>2,000</b>	<b>2,660</b>	<b>(93)</b>	<b>32,950</b>	<b>39,788</b>	<b>30,678</b>	<b>117,992</b>	<b>296</b>	<b>118,288</b>
<b>Owner transactions</b>										
- Allocation of profit for the period						30,678	(30,678)			
- Capital increases										
- Defined benefit plans					77			77		77
- Dividend distributions										
- Change in consolidation scope										
<b>Total owner transactions</b>	<b>10,000</b>	<b>2,000</b>	<b>2,660</b>	<b>(93)</b>	<b>33,027</b>	<b>70,476</b>	<b>-</b>	<b>118,069</b>	<b>296</b>	<b>118,365</b>
- Profit for the period							8,854	8,854	17	8,871
- Other comprehensive expense			2,410	(48)	(695)			1,667	7	1,674
<b>Total other comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>2,410</b>	<b>(48)</b>	<b>(695)</b>	<b>-</b>	<b>8,854</b>	<b>10,521</b>	<b>24</b>	<b>10,545</b>
<b>Balance at 31.03.2019</b>	<b>10,000</b>	<b>2,000</b>	<b>5,070</b>	<b>(141)</b>	<b>32,332</b>	<b>70,476</b>	<b>8,854</b>	<b>128,589</b>	<b>320</b>	<b>128,909</b>





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