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Testo del comunicato

Vedi allegato.

Press Release

The Board of Directors of the Group CAREL Industries approves the consolidated results as at 30 June 2019

- **Consolidated revenues of € 166.9 million, growth of 20.3% compared to the first six months of 2018 (+19.3% based on constant exchange rates). Based on the same scope of consolidation, growth reached 7.3%, with revenues of € 148.9 million.**
- **Consolidated EBITDA of € 33.7 million (20.2% of revenues for the period), +39.4% compared to the first six months of 2018;**
- **Consolidated net income of € 19.0 million, +21.7% over the net income in the first six months of 2018);**
- **Negative consolidated net financial position of € 76.1 million.**

Brugine, 9 September 2019 – The Board of Directors of CAREL Industries S.p.A. ('**CAREL**', or the '**Company**' or the '**Parent Company**'), which met on today's date, approved the results as at 30 June 2019.

Francesco Nalini, Group Chief Executive Officer, stated: "The revenues registered in the first six months of 2019 mark a 20.3% increase over the same period in 2018 with an acceleration compared to the first quarter of this year, which reported a 19.5% growth. All geographic areas and the expansion in the scope of consolidation through the two companies acquired last December (Hygromatik and Recuperator) contributed to these performances; profitability also improved compared to the first quarter of this year: the Ebitda margin went from 19.6% as at 31 March 2019 to 20.2% in the half, mainly thanks to the effect of operating leverage. The results obtained are particularly important given the presence of an unfavourable global economic scenario and they demonstrate the resilience and solid balance of the Group's business portfolio".

Revenues

Revenues amounted to € 166.9 million, compared to € 138.8 million as at 30 June 2018, marking an increase of +20.3%.

This performance, an acceleration with respect to that recorded in the first quarter of the year, benefitted from a favourable trend in all geographic areas (EMEA, Asia Pacific, North America and South America) and in all segments (HVAC and Refrigeration), thanks to the combination of cross-selling and up-selling initiatives with customers already acquired, based on the continuous technological progress of the solutions offered by the Group and thanks to the activities of the sales force in searching for new business opportunities. This was augmented by the contribution of Hygromatik and Recuperator, the two companies acquired in December 2018, amounting to roughly € 18.1 million. The positive exchange effect was limited to around € 1.4 million.

The geographical area which registered the biggest increase in percentage terms was North America, which, by contrast, in the first quarter had been hampered by logistics problems linked to the saturation of the plant located in Pennsylvania. These inconveniences were resolved with the completion of the productive-logistics expansion project, which enabled a recovery in the significant backlog and, therefore, led to growth in revenues of close to 30%. Also the EMEA region (Europe, Middle-East, Africa) reported double-digit growth, thanks to both the contribution of the newly acquired companies above, and the continuous technological innovation and sales strengthening activities. Significant performances were recorded in APAC (Asia Pacific), with growth approaching 10%, despite greater volatility, mainly as a result of the introduction of duties on trade between the United States and China. It is important to note the completion of the new Chinese plant in the city of Suzhou, which trebles the dimensions of the previous one, which was unveiled on 16 July. Lastly, the results in the South America region also improved, despite a major critical political and economic situation, which is affecting the continent.

As regards the individual business areas, the significant growth in HVAC benefitted once more from the entry into the scope of consolidation of Hygromatik and Recuperator, while the performances recorded in the Refrigeration sector are mainly due to organic growth.

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

	30.06.2019	30.06.2018	Delta %	Delta fx %
HVAC revenue	110,545	85,434	29.4%	28.1%
REF revenue	53,864	49,893	8.0%	7.4%
Total core revenue	**164,409**	**135,328**	**21.5%**	**20.5%**
Non-core revenue	2,495	3,466	-28.0%	-28.1%
Total revenue	**166,904**	**138,793**	**20.3%**	**19.3%**

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

	30.06.2019	30.06.2018	Delta %	Delta fx %
EMEA	117,910	96,775	21.8%	22.1%
North America	22,152	17,206	28.7%	20.3%
South America	3,739	3,714	0.7%	2.8%
Asia Pacific	23,104	21,098	9.5%	8.3%
Net Revenue	**166,904**	**138,793**	**20.3%**	**19.3%**

EBITDA

Consolidated EBITDA as at 30 June 2019 stood at € 33.7 million, growth of 39.4% compared to € 24.2 million recorded as at 30 June 2018. The main elements that supported this performance are linked to lower non-recurring costs incurred for the listing on the Stock Exchange, which totalled around € 5 million in the first half of 2018, while in the first half of 2019 they came to roughly € 0.5 million (including also minor costs related to M&A activity), to the contribution of Hygromatik and Recuperator (for approximately € 3.9 million), augmented by the positive effect of the adoption of accounting standard IFRS 16 (around € 2.0 million).

In relation to profitability, understood as the ratio between EBITDA and revenues, this stood at roughly 20.2%, an increase compared to 30 June 2018 (17.4%). Excluding the aforementioned non-recurring costs related to the listing, the profit margin stood at 20.5% compared to 21.0% as at 30 June 2018, a growth compared to the first quarter of this year (20.0%), thanks mainly to the effect of operating leverage.

Net income

The net income, amounting to € 19.0 million, recorded an increase of 21.7% compared to € 15.6 million as at 30 June 2018.

This growth is attributable to the non-recurring costs linked to the Stock Exchange listing in the same period of 2018 and the change of the scope of consolidation (Hygromatik and Recuperator). These elements more than offset the higher costs for interest and a higher tax rate (23% vs 20.5% recorded as at 30 June 2018).

Consolidated net financial position

The net financial position was a negative € 76.1 million compared to € 59.1 million as at 31 December 2018.

This performance was due, above all, to the accounting effect of the adoption of IFRS 16, amounting to € 14.7 million. Net of this, the net financial position would have been essentially stable, thanks to the robust generation of cash, which made it possible both to cover the investments for the period, amounting to around € 11.2 million and dividends, equal to approximately € 10 million, plus an increase in net working capital linked predominantly to the increase in turnover. It is important to note that the cash absorbed by net working capital halved with respect to that recorded in the first half of this year, also thanks to the improvement in the trend in inventory management.

Business outlook

The results registered as at 30 June 2019 signal further organic growth in revenues both compared to the same period of 2018 and the first quarter of this year; this is augmented by the contribution from the change in the scope of consolidation thanks to the acquisitions concluded at the end of 2018 (Hygromatik and Recuperator). These performances are particularly noteworthy if we take into account that they were registered in the presence of major signs of a slowdown in the global economy. In the absence of further downturns in the international scenario, the constant implementation of the company's strategic guidelines should lead, at the end of the year, to growth and profitability results close to the ones posted as at 30 June 2019.

CONFERENCE CALL

The results as at 30 June 2019 will be illustrated today, 9 September 2019, at 17.00 (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 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.

The Financial Statements at 30 june 2019 will be made available to the public at the Company's Registered Office, at Borsa Italiana S.p.A., at the Company's website www.carel.com in the Investor Relations section, as well as at the authorised storage mechanism "eMarket STORAGE" at the address www.emarketstorage.com, under the terms required by existing regulations.

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, currently subject to independent audit, are illustrated below.

Consolidated Financial Statements at 30 June 2019

Consolidated Statement of financial position

(€'000)	**30.06.2019**	**31.12.2018**
Property, plant and equipment	57,986	37,560
Intangible assets	90,435	91,126
Equity-accounted investments	475	335
Other non-current assets	2,311	2,343
Deferred tax assets	4,247	4,128
Non-current assets	**155,455**	**135,491**
Trade receivables	70,957	59,951
Inventories	52,303	54,285
Current tax assets	3,332	6,055
Other current assets	6,202	6,001
Current financial assets	43	72
Cash and cash equivalents	65,450	55,319
Current assets	**198,288**	**181,683**
TOTAL ASSETS	**353,743**	**317,174**
Equity attributable to the owners of the parent	126,197	117,992
Equity attributable to non-controlling interests	333	296
Total equity	**126,530**	**118,288**
Non-current financial liabilities	104,080	68,866
Provisions for risks	1,426	1,332
Defined benefit plans	7,919	7,333
Deferred tax liabilities	11,472	11,820
Non-current liabilities	**124,898**	**89,351**
Current financial liabilities	37,485	45,651
Trade payables	40,200	41,289
Current tax liabilities	2,514	1,539
Provisions for risks	1,239	1,649
Other current liabilities	20,878	19,407
Current liabilities	**102,316**	**109,535**
TOTAL LIABILITIES AND EQUITY	**353,743**	**317,174**

Consolidated Statement of profit or loss

(€'000)	**30.06.2019**	**30.06.2018**
Revenue	166,904	138,793
Other revenue	1,156	766
Costs of raw materials, consumables and goods and changes in inventories	(69,951)	(55,759)
Services	(22,726)	(25,488)
Capitalised development expenditure	1,339	1,066
Personnel expense	(42,139)	(34,710)
Other expense, net	(897)	(504)
Amortisation, depreciation and impairment losses	(8,143)	(4,175)
OPERATING PROFIT	**25,544**	**19,990**
Net financial income	(682)	66
Net exchange rate losses	(326)	(418)
Share of profit (loss) of equity-accounted investees	136	15
PROFIT BEFORE TAX	**24,673**	**19,653**
Income taxes	(5,660)	(4,030)
PROFIT FOR THE PERIOD	**19,012**	**15,623**
Non-controlling interests	23	27
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**18,990**	**15,596**

Consolidated Statement of comprehensive income

(€'000)	**30.06.2019**	**30.06.2018**
Profit for the period	**19,012**	**15,623**
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of the tax effect	(455)	(9)
- Exchange differences	698	(286)
Items that may not be subsequently reclassified to profit or loss:		
- Discounted benefits to employees net of fiscal effect	(368)	63
Comprehensive income	**18,887**	**15,391**
attributable to:		
- Owners of the parent	**18,851**	**15,360**
- Non-controlling interests	37	31

Earnings per share

Earnings per share (in Euros)	0.19	0.16

CAREL

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Part. IVA e Cod. Fisc. 04359090281

N. Reg. Prod. Pile: IT09060P00000903
N. Reg. Prod. AEE: IT16030000009265

Consolidated Statement of cash flows

(€'000)	**30.06.2019**	**30.06.2018**
Profit for the period	19,012	15,623
Adjustments for:		
Amortisation, depreciation and impairment losses	8,143	4,175
Accruals to/utilisations of provisions	998	970
Non-monetary net financial income	613	(59)
Capital gains/losses from the disposal of assets	-	5
		-
Changes in working capital:	**28,766**	**20,714**
Change in trade receivables and other current assets		
Change in inventories	(8,286)	(11,961)
Change in trade payables and other current liabilities	1,576	(9,103)
Change in non-current assets	622	13,043
Change in non-current liabilities	317	(771)
Cash flows generated from operations	(172)	265
Net interest paid	**22,823**	**12,187**
Net cash flows generated by operating activities	(785)	(254)
Investments in property, plant and equipment	**22,038**	**11,933**
Investments in intangible assets	(9,020)	(5,723)
Disinvestments of financial assets	(2,200)	(1,522)
Disinvestments of property, plant and equipment and intangible assets	-	36,223
Interest collected	90	86
Investments in equity-accounted investees	-	245
Business combinations net of cash acquired	0	(40)
Cash flows generated by (used in) investing activities	**(11,130)**	**29,269**
Acquisitions of non-controlling interests	(0)	0
Capital increases	-	31
Repurchase of treasury stocks	(807)	-
Dividend to Shareholders	(9,992)	(10,000)
Dividend to Minorities	(74)	-
Increase in financial liabilities	40,000	33,166
Decrease in financial liabilities	(28,158)	(15,177)
Decrease in financial liabilities for leasing fees	(2,043)	-
Cash flows generated by (used in) financing activities	**(1,074)**	**8,020**
Change in cash and cash equivalents	**9,834**	**49,223**
Cash and cash equivalents - opening balance	**55,319**	**43,900**
Exchange differences	297	(52)
Cash and cash equivalents - closing balance	**65,450**	**93,071**

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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
Balance at 1.01.2018	**10,000**	**2,000**	**3,430**	**33**	**35,195**	**36,294**	**31,117**	**118,068**	**248**	**118,316**
Owner transactions										-
- Allocation of profit for the period					27,612	3,505	(31,117)	-		**(0)**
- Share Capital increase								-	31	**31**
- Dividend distributions					(30,000)			**(30,000)**		**(30,000)**
- Change in consolidation scope								-		-
Total owner transactions	**10,000**	**2,000**	**3,430**	**33**	**32,807**	**39,798**	**-**	**88,068**	**279**	**88,347**
- Profit for the period							15,596	**15,596**	27	**15,623**
- Other comprehensive income (expense)			(290)	(9)	63			**(236)**	4	**(232)**
Total other comprehensive income (expense)	**-**	**-**	**(290)**	**(9)**	**63**	**-**	**15,596**	**15,360**	**31**	**15,391**
Balance at 30.06.2018	**10,000**	**2,000**	**3,140**	**24**	**32,870**	**39,798**	**15,596**	**103,427**	**310**	**103,737**
Balance at 1.01.2019	**10,000**	**2,000**	**2,660**	**(93)**	**32,950**	**39,798**	**30,678**	**117,992**	**296**	**118,288**
Owner transactions					23,990	6,689	(30,678)	-		-
- Allocation of profit for the period								-		-
- Capital increases					153			**153**		**153**
- Defined benefit plans					(807)			**(807)**		**(807)**
- Dividend distributions					(9,992)			**(9,992)**		**(9,992)**
- Change in consolidation scope								-		-
Total owner transactions	**10,000**	**2,000**	**2,660**	**(93)**	**46,293**	**46,487**	**(0)**	**107,346**	**296**	**107,642**
- Profit for the period							18,990	**18,990**	23	**19,012**
- Other comprehensive expense			684	(455)	(369)			**(139)**	14	**(125)**
Total other comprehensive expense	**-**	**-**	**684**	**(455)**	**(369)**	**-**	**18,990**	**18,851**	**37**	**18,887**
Balance at 30.06.2019	**10,000**	**2,000**	**3,344**	**(548)**	**45,924**	**46,487**	**18,990**	**126,197**	**333**	**126,530**

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