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statements and 0.12€/sh

Testo del comunicato

Vedi allegato.

Press Release

The Annual Shareholders Meeting of Carel Industries S.p.A.:

- approved the 2019 Annual Report and the proposed dividend of EUR 0.12 per share;
- examined the Report on the remuneration policy and on the fees paid, approving the remuneration policy for 2020 described in the first section and expressing a favourable opinion on the second section of the same Report;
- approved the new authorization for the buy-back and disposal of treasury shares, upon revocation, for the part not yet executed, of the authorization approved with a resolution on 15 April 2019.

Brugine, 20 April 2020 – Today the ordinary Annual Shareholders Meeting of Carel Industries S.p.A. ('Carel' or the 'Company') approved the Company's 2019 Annual Report and the allocation of the net profit for 2019 of EUR 22,708,460 as follows:

- distribution to the shareholders of a dividend of EUR 0.12 per share, gross of withholdings required by law, with ex-dividend date of 22 June 2020, record date of 23 June 2020, and date of payment of 24 June 2020;
- allocation of the balance to other reserves.

Consolidated results as of 31 December 2019

- Consolidated revenues of € 327.4 million, growth of 16.8% compared to 2018 (+15.9% based on constant exchange rates). Excluding the contribution from the companies Hygromatik and Recuperator, the growth reached +5.1%, with revenues of € 292.3 million.
- Consolidated EBITDA of € 63.1 million (19.3% of revenues), +34.4% compared to 2018;
- Consolidated net income of € 35.0 million, +14.2% over the net income in 2018;
- Negative consolidated net financial position of € 62.1 million, substantially in line with € 59.1 million reported at 31 December 2018.
- Proposed dividend of EUR 0.12 per share (+20% compared to 2018 dividend per share)

Revenues

Revenues amounted to €327.4 million, compared to €280.2 million as of 31 December 2018, with a +16.8% percentage increase.

All geographical areas (EMEA, Asia Pacific, North America and South America) and all segments (HVAC and Refrigeration) contributed to this performance. The strategy of diversifying the target markets, the strong push for cross-selling and consolidation of the customer portfolio and the continuous updating of the solutions proposed have therefore proved effective even in a context of general market uncertainty. The contribution from Hygromatik and Recuperator was approximately €32.7 million, a 10% overall revenues growth compared to what achieved by these two company in 2018. The exchange rate effect was positive by approximately €2.5 million, mainly as a result of the strengthening of the US dollar.

The geographical area that recorded the greatest organic increase in percentage terms was North America, with a growth in revenues of around 20%. EMEA (Europe, Middle East, Africa) also reported double-digit growth thanks to the contribution of the newly-acquired companies mentioned above and despite the slowdown in the main economies of the eurozone. Performance in APAC (Asia Pacific) was positive, with a growth of 8%, despite persistent volatility, mainly due to the introduction of duties on US/China trade. Finally, South America as an area recorded growth of approximately 9.9%, driven mainly by the positive trend in Brazil.

When it comes to the individual business areas, the very high growth in HVAC once again benefitted from the effect of the inclusion of Hygromatik and Recuperator in the consolidation perimeter, while the performance recorded in the Refrigeration sector was mainly

due to organic growth. In the second and third quarter of the year, Refrigeration sector reported a significant slow-down in its growth rate in Europe, this trend reversed in the last quarter of 2019.

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

	31.12.2019	31.12.2018	Delta %	Delta fx %
HVAC revenue	215,366	171,684	25.4%	24.4%
REF revenue	107,578	102,289	5.2%	4.5%
Total core revenue	322,943	273,973	17.9%	17.0%
Non-core revenue	4,415	6,247	-29.3%	-29.4%
Total Revenue	327,358	280,220	16.8%	15.9%

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

	31.12.2019	31.12.2018	Delta %	Delta fx %
EMEA	226,470	190,635	18.8%	18.9%
APAC	50,205	46,594	7.8%	6.2%
North America	42,461	35,512	19.6%	13.6%
South America	8,222	7,479	9.9%	11.1%
Total Revenue	327,358	280,220	16.8%	15.9%

EBITDA

Consolidated EBITDA as at 31 December 2019 amounted to €63.1 million up by 34.4% compared to the €47.0 million recorded as at 31 December 2018. The main elements that supported this performance are linked to the lower non-recurring costs incurred for the listing on the Stock Exchange and for the M&A operations, which in 2018 weighed in at about €8.2 million, while in 2019 they weighed in at about €0.8 million, with the contribution of Hygromatik and Recuperator (at about €7.2 million), in addition to the positive effect deriving from the adoption of IFRS 16 (about €4.0 million).

In relation to profitability, understood as the ratio between EBITDA adj. and Revenues, this was 19.5%, substantially in line with what reported at 31 December 2018, 19.7% (excluding in both cases the aforementioned non-recurring costs). Slight reduction in profitability is, instead, recorded compared to the first nine months 2019 (20.3%) mainly because of several seasonal and expected costs.

Net income

The net result, equal to €35.0 million, increased by 14.2% compared to €30.7 million as at 31 December 2018.

The increase can be attributed to the absence of non-recurring costs related to the listing on the Stock Exchange recorded in 2018 and at the change in the consolidation scope (inclusion of Hygromatik and Recuperator). These elements more than offset higher financial charges a higher tax-rate. The latter, equal to approximately 22% benefits from the confirmation by the Chinese Authorities of the qualification of "High Tech Enterprise" of Carel for the years 2019–2020–2021. This confirmation is above all the result of the continuous commitment of the Chinese R&D team, which today has more than 50 people, in researching increasingly advanced solutions in the refrigeration and HVAC sectors. This is consistent with the philosophy of Carel, which has always considered technological innovation, mainly directed towards energy saving and environmental sustainability, as a fundamental element of its development. Following this acknowledgement, the subsidized tax rate is equal to 15% instead of the ordinary rate equal to 25%.

Consolidated net financial position

The net financial position was negative €62.1 million, basically in line with €59.1 million at 31 December 2018, in spite of the negative impact deriving from the accounting effect of the adoption of IFRS 16 of €15.2 million along with approximately €11.1 million deriving from the "redemption" of the values allocated to intangible assets and goodwill deriving from the allocation of the purchase price of the companies acquired at the end of 2018, Recuperator S.p.A. and Hygromatik GmbH, pursuant to Article 15,

paragraph 10 bis of Italian Legislative Decree no. 185/2008. Net of these elements, the net financial position would have been down by about €25 million, thanks to the strong cash generation that allowed both the investments, equal to about €23.6 million and the dividends, equal to about €10 million, to be covered. Particularly important is the contribution derived from the positive trend in inventory, equal to approximately €4 million, together with a reduction in receivables and tax credits.

For more information on significant events after the end of the year and on the business outlook, also in light of the possible impacts of the emergency due to Covid-19, please refer to the press releases issued on 5 March 2020, 9 March 2020, 23 March 2020, 26 March 2020 and 16 April 2020 and available on the Company's website at www.carel.com Investor Relations/Financial Press Releases section.

OTHER ANNUAL SHAREHOLDERS' MEETING RESOLUTION

Report on the remuneration policy and paid fees

The Annual Shareholders' meeting examined the Report on the remuneration policy and on the fees paid, approving the remuneration policy for 2020 described in the first section and expressing a favourable opinion on the second section of the same Report concerning the fees paid in or related to 2019; pursuant to Article 123-*ter*, Legislative decree 58/1998 and pursuant to art. 84-quarter of the Consob Regulation n. 11971/1999.

Revocation and new authorization for the buy-back and disposal of treasury shares

The Annual Shareholders' meeting revoked, for the part not yet executed, the authorization for the buy-back and the disposal of treasury shares, granted to the Board of Directors of the Company with on 15 April 2019.

At the same time, the Annual Shareholders' meeting conferred new authorization to the Board of Directors of the Company to buy treasury shares, in one go or several instalments, up to a maximum number which, taking into account the treasury shares in the Company's portfolio, at any given time, or those of its subsidiaries, cannot, in total, exceed 5,000,000 shares, equal to 5% of the share capital of the Company, for the purpose of: (i) complying with the obligations arising from stock option plans other allocation of shares to employees, or to members of the administrative or control bodies of the Company or its associates or subsidiaries; (ii) carrying out transactions supporting market liquidity in order to promote the smooth operation of trading avoiding price variations decoupled with market developments; and (iii) implementing sales, exchanges, trade-ins or contribution transactions or any other acts of disposal of treasury shares through the acquisition of equity investments and/or property and/or the conclusion of agreements with strategic partners, and/or through the implementation of industrial projects or extraordinary finance transactions, which come under the expansion objectives of the company and the Carel Group.

Authorisation to buy treasury shares is granted for the maximum duration provided for by Article 2357, paragraph 2 of the Italian Civil Code, equal to eighteen months starting from today.

The purchase of treasury shares shall take place within the limits of the distributable earnings and the available reserves resulting from the latest financial statements approved at the time of each transaction, (i) at a price which is not more than 20% lower or higher than the benchmark price of the stock at the Stock Exchange session on the day prior to each individual transaction, and, in any event, (ii) at a price which is not higher than the higher price between the price of the latest independent transaction and the highest current independent takeover bid price during the trading session where the purchase is being made.

The company currently holds 168,209 treasury shares in its portfolio, equal to 0.1682% of the share capital.

The Annual Shareholders' meeting, for the same purposes outlined above, authorized the Board of Directors of the Company for the disposal (in full or in part, and even on several occasions) of the treasury shares in the portfolio, in accordance with the regulation in force, without any time constraints, even before having exhausted the maximum quantity of shares that can be purchased and to potentially buy back the actual shares to the extent that the treasury shares held by the Company and, if applicable, its subsidiaries, does not exceed the limit set by the authorisation.

The resolution was also passed with the vote in favour of the majority of the shareholders of Carel Industries S.p.A. present at the Annual Shareholders Meeting, other than shareholders who separately or collectively hold the majority interest, including in relative terms, provided that it exceeds ten (10) percent (i.e. Luigi Rossi Luciani S.a.p.a. and Luigi Nalini S.a.p.a.), and the exemption under Art. 106, paragraphs 1, 1-*bis* and 1-*ter*, to the extent applicable, and Art. 3 of the Consolidated Finance Act and Art. 44-*bis*, paragraph 2, of the Issuers Regulation therefore applies in respect of the aforesaid shareholders.

Consolidated Non-Financial Report

The ordinary Annual Shareholders Meeting acknowledged the 2019 Consolidated Non-Financial Report drafted in accordance with Legislative Decree No. 254 of 30 December 2016.

It bears recalling that the Annual Financial Report of Carel Industries as of and for the year ended 31 December 2019 approved by the Annual Shareholders Meeting, including, *inter alia*, the separate and consolidated financial statements, together with the Consolidated Non-Financial Report, the Corporate Governance and Ownership Structure Report, the reports of the Board of Statutory Auditors and the independent auditors and the Board of Directors' reports on the other items on the agenda are available to the public from the Company's registered offices and the website www.carel.it. The additional documentation set out in Art. 77, paragraph 2-bis, of the Issuers Regulation is available from the public from the registered office.

In accordance with applicable legislation, a condensed tally of the votes, containing the number of shares represented at the Annual Shareholders Meeting and the shares for which the vote was cast, the percentage of capital represented by the said shares, the number of votes in favour of and against the resolution and the number of abstentions will be made available to the public within five days of the date of the Annual Shareholders Meeting on the Company's website. The minutes of the Annual Shareholders Meeting will be made available to the public within 30 days of the date of the Annual Shareholders Meeting according to the same methods.

The Manager in charge of preparing the corporate Accounting Books, Francesco Nalini, 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 31 December 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

INVESTOR RELATIONS

Giampiero Grosso – Investor Relations Manager
giampiero.grosso@carel.com
+39 049 9731961

MEDIA RELATIONS

Barabino & Partners
Fabrizio Grassi
f.grassi@barabino.it
+39 392 73 92 125
Francesco Faenza
f.faenza@barabino.it
+39 02 72 02 35 35

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 66% of the Group's revenues in the financial year ended 31 December 2019, while the refrigeration market accounted for 33% of the Group's revenues.



CAREL INDUSTRIES S.p.A.
via dell'Industria, 11 - 35020 Brugine - Padova - Italy
Phone (+39) 049 97 16 611 - Fax (+39) 049 97 16 600
carel.com - carel@carel.com

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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 24 subsidiaries and nine production plants located in various countries. As of 31 December 2019, approximately 80% of the Group's revenue was generated outside of Italy and 30% outside EMEA (Europe, Middle East, Africa).

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.

Fine Comunicato n.2092-30

Numero di Pagine: 7