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Testo del comunicato

Vedi allegato.

Press Release

The CAREL Industries Board of Directors has approved the consolidated results as of 30 June 2021

- **Consolidated revenues of € 202.6 million, +25.9% compared to the first six months of 2020 (+28.0% at constant exchange rates). +21.4% on the first six months of 2019; These results include 1.6 million deriving from the full consolidation of CFM;**
- **Consolidated EBITDA of € 44.1 million (21.8% of revenues), +42.9% compared to the first six months of 2020; net of a number of non-recurring expenses, mainly linked to M&A activities, the consolidated EBITDA for the period would have been equal to 45.3 million (22.4% of revenues);**
- **Consolidated net income of € 26.8 million, +64.4% compared to the first six months of 2020;**
- **Negative consolidated net financial position of € 78.9 million, compared to € 49.6 million reported on 31 December 2020. Net of the impact deriving from the acquisitions made in the first six months of the year, equal to 35.6 million, the net consolidated financial position would stand at 43.3 million, including 28.8 million accounting effect deriving from IFRS16.**

Brugine, 4 August 2021 – The Board of Directors of CAREL Industries S.p.A. ('**CAREL**' or the 'Company' or the '**Parent Company**'), which met today, has approved the results as of 30 June 2021.

Francesco Nalini, CEO of the Group, *commented: "The second quarter of the year saw a continuation of the positive outcome of the effects associated with the launch of the vaccine campaign against COVID-19, and a strong economic recovery across much of the globe. In this scenario, CAREL managed to keep up with revenue growth rate well above 20% (even compared to 2019), and a profitability (EBITDA margin) of around 22%, thanks to its ability to combine its medium- and long-term vision with the identification and leveraging of more rapid and contingent trends. In particular, the execution of the Group's strategy aimed at increasing sustainability and the involvement of end customers led to excellent results in key applications, such as Data Centres, Indoor Air Quality, Heat Pumps and Food Retail. These positive trends are also the result of some strategic assets that set the Company apart: a highly specialised and widespread sales force (which now counts approximately 500 members), and lean and resilient innovation and production processes.*
When I take a look at the results, I proudly see that during H1 2021, revenues grew by 25.9%, (21.4% vs. H1 2019), the EBITDA by 42.9% and profit by 64.4%.
The picture is completed by two important acquisitions between May and June; the first in Turkey (company: CFM) and the second in Italy (company: Enginia), which are the result of the Group's renewed focus on external growth.
These performances constitute a solid base on which to build our development in the coming quarters, which are likely to be even more challenging: the particularly contagious variants of COVID-19 and the shortage of raw materials are indeed two elements that could affect the economic recovery in the months to come."

Consolidated Revenues

Consolidated revenues amount to €202.6 million, compared to €161.0 million as of 30 June 2020, an effective growth of 25.9%. Net of the negative foreign exchange effect, which weighed in at around Euro 4 million mainly due to the weakness of the US and Brazilian currencies, and excluding the contribution of around Euro 1.6 million resulting from the inclusion of CFM in the scope of consolidation, the increase would have been +27.0%. As already highlighted during the presentation of the first quarter results, the above performance takes on an even more positive connotation if one takes into account that growth remains above 20%, even if one compares it with the level of revenues recorded in the first half of 2019, which does not include any pandemic impact.

A strong impulse to the achievement of these growth rates is attributable first of all to a general recovery of the economy, which had already characterized the last months of 2020 and then showed a significant acceleration during the first quarter of this year: the worldwide vaccination campaign against the COVID-19 virus led to a general and consistent easing of social distancing measures and, consequently, to a generalised growth in demand in some key geographical areas (China, United States and, more timidly, the European Union). This positive scenario supported and amplified CAREL's development strategy, based on international expansion and on technological innovation aimed at environmental sustainability and at the transition towards sustainable refrigerants. This led to a growth of close to or above 20% (at constant exchange rates) in all geographical areas and in the two "HVAC" and "Refrigeration" macro sectors, once again demonstrating the Company's flexibility and resilience and its ability to adapt to the most diverse markets and geographies.

The Group's most important region, EMEA (Europe, Middle East, Africa), which accounts for 72% of revenues, closed the first half of 2021 with an increase of 26.2% on a constant currency basis, continuing the excellent results already achieved in the first quarter of this year. The trends underlying these performances are also confirmed, driven by a generalised recovery in demand, the recovery and further acceleration of some of the most cyclical industrial sectors (which had been strongly impacted by the pandemic during 2020 - e.g., the automotive sector), and the particularly brilliant performances in the high-efficiency heat pump sector and in the cooling sector of data centres. The growth in applications related to Refrigeration is also excellent: a new impulse to investments in large-scale retail trade, after a 2020 characterised by considerable caution, with a recovery in the food service sector.

The APAC (Asia-Pacific) area, which accounts for about 15% of the Group's revenues, reported a growth (at constant exchange rates) of 40.9% over the results reported in the same period last year (and was adversely impacted by the closure of the Souzhou plant in February 2020, in the measure of a few million euros). This performance is obviously influenced by China's record GDP growth (+18, 3% in Q1 2021; +7.9% in Q2 2021), which is compounded by the Group's ability to penetrate the Asian country's domestic market and to execute its strategy in the South APAC region with double-digit percentage revenue growth.

Revenues from North America, which represent approximately 11% of the total, were particularly affected by the exchange rate and the above-mentioned weakness of the US dollar. At constant exchange rates, in fact, they would show an increase of over 18%, mainly driven by the good performance in applications related to indoor air quality and the cooling of computer centres. Lastly, South America (which accounts for about 2% of the Group's total turnover), net of the negative impact of currency exchange rates, grew by 72.5%, mainly as a result of a general improvement in performance in the various countries.

As regards individual business areas, the Refrigeration sector posted +33.4% (+31.2% at current exchange rates). The strong growth trend already recorded in the first quarter of the year is not only confirmed but significantly improved, thanks to the recovery of the investment cycle in Food retail (supermarkets/hypermarkets/convenience stores), and the continuous increase of the Group's global market share. The results of the "Food service" sector are positive, confirming that recovery is ongoing. The HVAC segment also closed the first half of 2021 with strong growth (+23.5% at current exchange rates, +25.6% at constant exchange rates): the acceleration of the trends already seen in recent quarters in some applications (in particular, high-efficiency heat pumps and data centres) was accompanied by a sustained recovery in the more cyclical production sectors, in particular the industrial ones, and a renewed focus on energy-efficient solutions.

Table 1- Revenue by business area (*thousands of euros)*

	30.06.2021	30.06.2020	Delta %	Delta fx %
HVAC revenue	129,678	105,002	23.5%	25.6%
REF revenue	70,632	53,837	31.2%	33.4%
Total core revenue	**200,310**	**158,839**	**26.1%**	**28.3%**
Non-core revenue	2,292	2,129	7.6%	7.7%
Total Revenue	**202,601**	**160,968**	**25.9%**	**28.0%**

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

	30.06.2021	30.06.2020	Delta %	Delta fx %
EMEA	146,958	116,849	25.8%	26.2%
APAC	29,764	21,367	39.3%	40.9%
North America	21,497	19,797	8.6%	18.1%
South America	4,382	2,955	48.3%	72.5%
Total Revenue	**202,601**	**160,968**	**25.9%**	**28.0%**

Consolidated EBITDA

As of 30 June 2021, the consolidated EBITDA stood at €44.1 million, showing an increase (+42.9%) compared to the €30.9 million recorded as of 30 June 2020. The excellent percentage growth in revenues is reflected in the EBITDA: the effect of the operating leverage and the ongoing unfolding of the effects of a series of measures to contain discretionary costs (marketing, travel, etc.), already taken during the past year, partly absorbed the effect of higher costs on raw materials (related to the shortage) and a negative impact on currency exchange rates.

Particularly significant is the maintenance of a profitability (understood as the EBITDA-to-revenues ratio) of 21.8%, up 260 basis points compared to the figure recorded in the first half of last year (19.2%), and 210 basis points compared to the figure for 2020 (19.7%).

Excluding certain non-recurring items, mainly due to consulting fees related to the acquisitions of CFM and Enginia, and amounting to approximately €1.2 million, profitability would be 22.4%, in line with the first quarter of this year.

Consolidated net income

The consolidated net result of € 26.8 million shows a significant increase (+64.4%) compared to € 16.3 million as of 30 June 2020, thanks to the excellent operating results. The tax rate (19.9%) was more favourable than in the first half of last year (23.1%), mainly due to a better revenue/country mix.

Consolidated net financial position and equity

The consolidated net financial position was negative in the amount of €78.9 million. Net of the impact resulting from acquisitions made during the first half of the year, in the amount of Euro 35.6 million, the consolidated net financial position would amount to Euro 43.3 million (including the accounting effect related to the application of IFRS16 of Euro 28.8 million), therefore down by approximately 13% compared to the figure at 31 December 2020 and equal to 49.6 million.

The dynamics that affected the net debt trend are mainly related to a robust cash generation that has easily covered: 1) an increase in net working capital mainly due to higher revenues and an expected increase in inventories in order to better manage the global shortage of raw materials; and, 2) net investments of approximately Euro 6.9 million; 3) dividends of approximately Euro 12 million. In addition, we need to consider the aforementioned impact of the two acquisitions (CFM and Enginia) which took place between May and June.

It should be noted that, since the stake of CFM held by the minority shareholder is subject to a reciprocal purchase and sale option, it was valued at fair value, with the support of an independent expert, for a present value equal to 49.1 million. Considering that the risks and benefits on this stake remain on the third party minority, at the acquisition date, the recognized liability reduced the Group's equity by the same amount. For more details on the acquisition of CFM, please refer to the press release published on 6 May 2021 and the Interim Financial Report as of 30 June 2021, which will be published in accordance with the terms of law.

Business outlook

The general recovery in global demand continued in the second quarter of the year, thanks to the unfolding effects of the COVID-19 vaccination campaign. However, the spread of new viral variants with increased contagiousness poses significant uncertainty profiles for the future, and the possibility of future lock-downs in different geographical areas cannot be excluded.

The generalised shortage of raw materials and, in particular, of electronic equipment is partly related to the acceleration of global demand. The severity, duration and consequences of this shortage in the medium term are still not very visible; however, it is likely that the impact on the Group of the above scenario will be more visible in the second half of the year, partly mitigated by the initiatives implemented in the last 12 months by CAREL to further improve the flexibility and resilience of its production.

Nevertheless, taking into account the excellent results achieved during the first half of the year and the current level of the order intake, in the absence of further deterioration on the pandemic and shortage front, the Group believes that it can close 2021 with a consolidated revenue growth between 15% and 20% (on a like-for-like basis), thus improving on the forecasts generated at the time the results for the first quarter of 2021 were presented.

CONFERENCE CALL

The results as of 30 June 2021 will be illustrated today, 4 August 2021, at 16.00 (CEST) during a conference call to the financial community, which will also be the subject of a webcast in listen-only mode on www.carel.com, Investor Relations section.

The CFO, Nicola Biondo, 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 global leader in the design, production and marketing of technologically-advanced components and solutions for excellent energy efficiency in the control 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's management, with a distinctive position in the relevant niches in those markets.
HVAC is the Group's main market, representing 66% of the Group's revenues in the financial year to 31 December 2020, while the refrigeration market accounted for 33% 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 position of leadership in the reference HVAC/R market niches, with special attention focused on energy efficiency, the reduction of environmental impact, 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 27 subsidiaries and nine production plants located in various countries. As of 31 December 2020, approximately 80% of the Group's revenues was generated outside of Italy and 30% outside of EMEA (Europe, Middle East, Africa).
Original Equipment Manufacturers or OEMs - suppliers of complete units for applications in HVAC/R markets - make up the Company's main category of customers, which the Group focuses on to build long-term relationships.

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The accounting statements of the CAREL Industries Group, currently subject to independent auditing, are illustrated below.

Consolidated Financial Statements as of 30 June 2021

Consolidated Statement of financial position

(€'000)	**30/06/2021**	**31/12/2020**
Property, plant and equipment	78,274	74,880
Intangible assets	136,298	89,498
Equity-accounted investments	1,365	724
Other non-current assets	11,644	11,311
Deferred tax assets	5,126	5,265
Non-current assets	**232,706**	**181,678**
Trade receivables	80,496	57,728
Inventories	67,242	52,012
Current tax assets	2,206	2,156
Other current assets	8,301	7,445
Current financial assets	7,367	7,540
Cash and cash equivalents	82,447	105,586
Current assets	**248,059**	**232,468**
TOTAL ASSETS	**480,765**	**414,145**
Equity attributable to the owners of the parent company	129,104	159,317
Equity attributable to non-controlling interests	15,069	304
Total equity	**144,173**	**159,621**
Non-current financial liabilities	123,575	113,657
Provisions for risks	2,154	1,292
Defined benefit plans	8,802	8,189
Deferred tax liabilities	15,761	10,212
Other non-current liabilities	49,146	-
Non-current liabilities	**199,437**	**133,350**
Current financial liabilities	45,178	49,080
Trade payables	58,408	43,234
Current tax liabilities	5,771	2,991
Provisions for risks	2,126	2,104
Other current liabilities	25,672	23,766
Current liabilities	**137,154**	**121,175**
TOTAL LIABILITIES AND EQUITY	**480,765**	**414,145**

Consolidated Statement of profit or loss

(€'000)	**30/06/2021**	**30/06/2020**
Revenue	202,601	160,968
Other revenue	2,761	1,421
Costs of raw materials, consumables and goods and changes in inventories	(88,575)	(68,612)
Services	(23,420)	(20,956)
Capitalised development expenditure	803	990
Personnel expenses	(49,173)	(42,865)
Other expenses	(874)	(73)
Amortisation, depreciation and impairment losses	(9,669)	(9,183)
OPERATING PROFIT	**34,454**	**21,690**
Net financial income	(1,130)	(716)
Net exchange rate losses	(255)	33
Net result from companies consolidated with Equity method	618	252
PROFIT BEFORE TAX	**33,688**	**21,259**
Income taxes	(6,701)	(4,920)
PROFIT FOR THE PERIOD	**26,987**	**16,339**
Non-controlling interests	145	10
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**26,843**	**16,329**

Consolidated Statement of comprehensive income

(€'000)	**30/06/2021**	**30/06/2020**
Profit for the period	**26,987**	**16,339**
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of the tax effect	131	-28
- Exchange differences	3,457	-3,696
Items that may not be subsequently reclassified to profit or loss:		
- Discounted benefits to employees net of fiscal effect	142	-14
Comprehensive income	**30,717**	**12,599**
attributable to:		
- Owners of the parent company	30,442	12,603
- Non-controlling interests	276	-2

Earnings per share

Earnings per share (in euros)	0.27	0.16

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Consolidated Statement of cash flows

(€'000)	**30/06/2021**	**30/06/2020**
Profit for the period	26,987	16,339
Adjustments for:		
Amortisation, depreciation and impairment losses	9,669	9,183
Accruals to/utilisations of provisions	1,441	950
Non-monetary (net income)/losses	(986)	586
Taxes	(308)	(696)
(Capital gains)/losses from disposal of fixed assets	(367)	-
Changes in working capital:		
Change in trade receivables and other current assets	(17,909)	(5,942)
Change in inventories	(7,844)	(6,938)
Change in trade payables and other current liabilities	13,044	4,746
Change in non-current assets	(152)	(226)
Change in non-current liabilities	(75)	25
Cash flows generated from operations	**23,501**	**18,026**
Net interest paid	(1,033)	(943)
Net cash flows generated by operating activities	**22,468**	**17,083**
Investments in property, plant and equipment	(5,423)	(2,965)
Investments in intangible assets	(1,488)	(2,075)
Disinvestments in financial assets	4,390	-
Disinvestments of property, plant and equipment and intangible assets	715	94
Interest collected	38	145
Industrial aggregation net of the acquired cash	(29,563)	-
Cash flows generated by (used in) investing activities	**(31,332)**	**(4,801)**
Disposal/(acquisition) of minorities	-	-
Repurchase of treasury stocks	-	(958)
Dividend to Shareholders	(11,988)	(11,980)
Increase in financial liabilities	26,000	38,592
Decrease in financial liabilities	(26,824)	(16,675)
Decrease in financial liabilities for leasing fees	(2,312)	(2,105)
Cash flows generated by (used in) financing activities	**(15,124)**	**6,875**
Change in cash and cash equivalents	**(23,988)**	**19,157**
Cash and cash equivalents - opening balance	**105,586**	**62,798**
Exchange differences	848	(1,042)
Cash and cash equivalents - closing balance	**82,447**	**80,913**

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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 as of 1/1/2020	**10,000**	**2,000**	**3,557**	**(363)**	**46,166**	**46,487**	**35,019**	**142,868**	**353**	**143,220**
Owner transactions										
- Allocation of profit for the period	-	-	-	-	22,711	12,308	(35,019)	**0**	-	**0**
- Defined benefit plans	-	-	-	-	359	-	-	**359**	-	**359**
- Treasury shares repurchase	-	-	-	-	(958)	-	-	**(958)**	-	**(958)**
- Dividend distributions	-	-	-	-	(11,980)	-	-	**(11,980)**	-	**(11,980)**
Total owner transactions	**10,000**	**2,000**	**3,557**	**(363)**	**56,298**	**58,795**	**-**	**130,289**	**353**	**130,641**
- Profit for the period							16,329	**16,329**	10	**16,339**
- Other comprehensive income (expenses)	-	-	(3,684)	(28)	(14)			**(3,726)**	(12)	**(3,738)**
Total other comprehensive income (expenses)	**-**	**-**	**(3,684)**	**(28)**	**(14)**	**-**	**16,329**	**12,603**	**(2)**	**12,601**
Balance as of 30/06/2020	**10,000**	**2,000**	**(127)**	**(391)**	**56,285**	**58,795**	**16,329**	**142,892**	**350**	**143,242**
Balance as of 1/1/2021	**10,000**	**2,000**	**(2,686)**	**(436)**	**56,530**	**58,795**	**35,112**	**159,317**	**304**	**159,621**
Owner transactions										
- Allocation of profit for the period	-	-	-	-	20,896	14,216	(35,112)	**-**	-	**-**
- Capital increase	-	-	-	-	-	-	-	**-**	-	**-**
- Defined benefit plans	-	-	-	-	409	-	-	**409**	-	**409**
- Treasury shares repurchase	-	-	-	-	-	-	-	**-**	-	**-**
- Dividend distributions	-	-	-	-	(11,988)		-	**(11,988)**	-	**(11,988)**
- Purchase option on minorities					(49,075)			**(49,075)**		**(49,075)**
- Change in consolidation perimeter	-	-	-	-		-	-	**-**	14,490	**14,490**
Total owner transactions	**10,000**	**2,000**	**(2,686)**	**(436)**	**16,772**	**73,011**	**-**	**98,663**	**14,794**	**113,457**
- Profit for the period							26,843	**26,843**	145	**26,987**
- Other comprehensive expenses	-	-	3,326	131	142	-	-	**3,599**	131	**3,730**
Total other comprehensive expenses	**-**	**-**	**3,326**	**131**	**142**	**-**	**26,843**	**30,442**	**276**	**30,717**
Balance as of 30/06/2021	**10,000**	**2,000**	**640**	**(305)**	**16,915**	**73,011**	**26,843**	**129,104**	**15,069**	**144,173**

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