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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 September 2021

- **Consolidated revenues of € 310.3 million, +25.1% compared to the first nine months of 2020 (+26.2% at constant exchange rates; +25.2% on the first nine months of 2019). On a like-for-like basis the growth would have been equal to +21.4%;**
- **Consolidated EBITDA of € 66.0 million (€ 2.3 million from the inclusion of CFM and Enginia in the scope of consolidation) corresponding to 21.3% of revenues. +36.1% compared to the first nine 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 € 68.0 million (21.9% of revenues);**
- **Consolidated net income of € 38.8 million, +48.2% compared to the first nine months of 2020;**
- **Negative consolidated net financial position of € 68.5 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 € 35.0 million, the net consolidated financial position would stand at € 33.5 million, including € 28.2 million accounting effect deriving from IFRS16.**

Brugine, 4 November 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 September 2021.

Francesco Nalini, CEO of the Group*, commented: "Compared to the third quarter of last year, when we had already recorded significant growth (+7.7%) on the third quarter of the previous year, the increase in revenues between July and September of this year, on a like-for-like basis, was well into the double digits in percent terms (+15%), confirming a record performance for the first 9 months of 2021, higher than 20% on 2020. The magnitude of this performance is maintained even when comparing it to 2019 revenues, which were not impacted by the COVID-19 pandemic. This was despite confirmation of expectations of a greater impact, in the third quarter, of the global shortage of electronic materials, a phenomenon which did not allow the group to reach the full growth potential arising from very strong demand in both the air-conditioning and refrigeration segments.*
In relation to profitability, the EBITDA margin recorded in the first nine months of the year was close to 22%, a strong increase compared to the same period in 2020 (19.6%), mainly due to both the effect of operating leverage and the effects of a series of initiatives, already taken in 2020, to contain operating costs. These elements made it possible to mitigate higher raw material costs due to a generalised inflation trend and to the aforementioned shortage.
These results, the best of the last ten years, not only confirm the sound balance of the Group's business portfolio, but also, and above all, reward its resilience, i.e. its ability to adapt its strategy and production processes to exceptional, unpredictable situations. This will be essential to meet future challenges, first and foremost in the short term: the recent lock-downs in some Asian countries have exacerbated problems with production and the resulting limited global availability of electronic equipment. In the medium-to-long term, the climate issue will increasingly be at the heart of our strategy: this is also why the Group has recently strengthened its ESG governance and is closely watching COP26, which is still underway."

Consolidated Revenues

Consolidated revenues came to €310.3 million, compared to €248.0 million for the period ended September 30, 2020, an increase of 25.1%. Net of the contribution deriving from the inclusion of CFM and Engina in the scope of consolidation, amounting to approximately € 9.4 million, the increase would have been +21.4%. The above performance appears even more favourable considering that growth remains above 20% even compared with the first nine months of 2019, which do not include any pandemic impact.

In the third quarter, the positive trends that had shaped demand in the first part of 2021 continued, although they failed to reach their full potential due to an expected greater incidence of the shortage of electronic material. This is also due to a resurgence of the pandemic in some key Asian countries in the microprocessor production chain, leading to new regional lockdowns. Nonetheless, in the third quarter of the year the Group recorded growth well into the double digits (+15%) thanks also to a series of countermeasures, such as "chip-pivoting", which enabled further improvement in flexibility and resilience. This result is even more significant considering that it compares with a third quarter of 2020 that had in turn recorded growth of close to 8% compared to the previous year.

The Group's most important region, EMEA (Europe, Middle East and Africa), which accounts for 72% of revenues, closed the first nine months of 2021 with an increase of 25.4% on a like-for-like exchange rate basis (on a like-for-like scope, growth would have been close to 21%): This performance was driven by a general recovery in demand, compounded by the acceleration of some of the more cyclical industries (which had been heavily impacted by the pandemic during 2020) and particularly strong performances in the high-efficiency heat pump and data-centre cooling sectors. Growth in the Refrigeration market was also particularly positive: the resumption of the investment cycle in the large-scale retail sector continues to be robust, buoyed also by regulations, and food service also continued to recover.

APAC (Asia-Pacific), which accounts for about 15% of the Group's revenues, reported growth, at constant exchange rates, of 30.4% on the same period last year (impacted by the closure of the Souzhou plant in February 2020 for a few million euros). This performance was influenced by the record Chinese demand performance, particularly in the first few months of the year (which in any case remains very positive) and by better execution of the strategy in the South APAC region with double-digit percentage revenue growth.

North American revenues, which represent approximately 11% of the total, grew by 22.5% at constant exchange rates (18.4% on a like-for-like scope), mainly due to good performance in applications related to indoor air quality and computer-centre cooling. Lastly, South America (which accounts for about 2% of the Group's total turnover), net of the negative impact of exchange rates, was up 48.8%, mainly due to a general improvement in performance in the various countries.

As far as the single business areas are concerned, Refrigeration was up +30.9% at constant exchange rates. The strong growth trend already seen in the first half of the year was confirmed, albeit with a slight slowdown in the last quarter due to the aforementioned shortage of electronic materials, which did not allow demand to be completely satisfied. This demand drove a significant recovery in the food retail segment (supermarkets, hypermarkets and convenience stores) and a continued increase in the Group's global market share. Positive results were also achieved in the food service sector, where the signs of recovery are consolidating. The HVAC segment also closed the first nine months of 2021 with strong growth, +24.2% at constant exchange rates: all segments underwent significant accelerations, with even more pronounced peaks in some applications (particularly high-efficiency heat pumps and data centres) and a renewed focus on energy-efficient solutions. Here again, the less brilliant performance in the last quarter was due to the shortage of electronic materials, which mainly affected programmable controls, particularly used in air conditioning.

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

	30.09.2021	30.09.2020	Delta %	Delta fx %
HVAC revenue	200,498	162,817	23.1%	24.2%
REF revenue	106,442	82,008	29.8%	30.9%
Total core revenue	**306,940**	**244,825**	**25.4%**	**26.5%**
Non-core revenue	3,370	3,131	7.7%	7.7%
Total Revenue	**310,309**	**247,956**	**25.1%**	**26.2%**

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

	30.09.2021	30.09.2020	Delta %	Delta fx %
EMEA	224,112	179,040	25.2%	25.4%
APAC	46,016	35,135	31.0%	30.4%
North America	33,375	28,770	16.0%	22.5%
South America	6,807	5,011	35.8%	48.8%
Total Revenue	**310,309**	**247,956**	**25.1%**	**26.2%**

Consolidated EBITDA

Consolidated EBITDA for the period ended September 30, 2021 stood at € 66.0 million, up sharply (+36.1%) compared to the € 48.5 million for the period ended September 30, 2020. Even excluding the positive contribution from the consolidation of Enginia and CFM (€ 2.3 million), the increase in EBITDA would be over 30% (+31.3%). This performance benefited above all from the excellent percentage growth in revenues, which was reflected and amplified at the level of EBITDA due to operating leverage, in addition to the ongoing manifestation of the effects of a series of measures to contain opex, already taken last year. The above factors offset the negative impact of exchange rates and the effect of higher raw material costs (related to the shortage). In addition to the latter, there was also a slightly different mix that contingently penalised certain higher-margin products more impacted by the shortage of electronic materials. Nevertheless, profitability (defined as the ratio of EBITDA to revenues) continued to exceed 20% in the third quarter, reaching 21% excluding € 1.9 million of non-recurring costs, mainly related to M&A activities.

Taking into account the January-September period of 2021, the EBITDA margin was 21.3%, up 170 basis points from the same period last year (19.6%). Excluding the non-recurring items mentioned above, the margin was 21.9%, up 230 basis points.

Consolidated net income

The consolidated net result of € 38.8 million shows a significant increase (+48.2%) compared to € 26.2 million as of 30 September 2020, thanks to the excellent operating results. The tax rate (20.8%) was more favourable than in the first nine months of last year (23.0%), 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 € 68.5 million. Net of the impact resulting from acquisitions made during the first half of the year, in the amount of € 35.0 million, the consolidated net financial position would amount to € 33.5 million (including the accounting effect related to the application of IFRS16 of € 28.2 million), therefore down by approximately 30% 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 € 13.8 million; 3) dividends of approximately € 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.

Business outlook

In the second half of 2021, the shortage of raw materials further intensified, due in part to the difficulty in effectively combating the COVID-19 pandemic in some geographical areas. This resulted in significant inflationary phenomena (particularly, but not only, in the case of energy commodities) and in some cases the impossibility of fully meeting the generalised increase in demand, partly holding back the excellent global growth prospects.

The worsening scenario also affected the microprocessor supply-chain. This meant that CAREL was unable to realise the full potential offered by a particularly positive order book in the third quarter. Nonetheless, like-for-like revenue growth between July and September was well into the double digits, reaching +15%, due in part to the initiatives implemented in the last 12 months to further improve flexibility and resilience.

The latter will be fundamental to managing the fourth quarter, which promises to be particularly challenging due to the aforementioned deterioration in the electronic materials supply chain. In any case, barring changes in the scenario, taking into account the excellent results achieved in the first nine months and the current level of the order book, the Group believes it can achieve results in the medium-high range of the guidance provided when the half-year figures were presented: the forecast is for consolidated revenue growth of between 17% and 19% in 2021 (on a like-for-like scope of consolidation).

OTHER BOARD OF DIRECTORS RESOLUTIONS

Implementation of the incentive plan called "Performance Cash Plan 2021-2025" approved by the Board of Directors of CAREL Industries S.p.A. on March 4, 2021.

CAREL's Board of Directors identified the beneficiaries of the cash incentive plan called the "Performance Cash Plan 2021-2025" for the first vesting period (2021-2023), and also established the percentage of gross annual base remuneration by way of cash incentive for each beneficiary, in the total amount of approximately €1,720,000 for all beneficiaries (as currently identified).

The cash amount actually to be disbursed to each beneficiary will be determined at the end of the 2021-2023 vesting period on the basis of the achievement of the performance objectives set forth in the plan regulations.

It should be noted that this cash plan, reserved for executive directors, key management personnel and employees of the Company or its subsidiaries due to the strategic importance of their roles, was approved by the Company's Board of Directors on March 4, 2021 and has the same features as the 2021-2025 Performance Shares Plan (approved by the shareholders' meeting on April 20, 2021), including the same performance targets (Group cumulative adjusted EBITDA for each vesting period, cash conversion and ESG targets), upon the achievement of which the actual payment of the cash incentive is conditional.

In coordination with the Remuneration Committee, the Board of Directors deemed it preferable to use the "2021-2025 Performance Cash Plan" rather than the 2021-2025 Performance Shares Plan, in consideration of the fact that - although the two plans have, as mentioned, the same characteristics, the same terms and conditions and the same performance objectives - the process of granting the award under the 2021-2025 Performance Cash Plan will be simpler in terms of management compared to the operational complexities for the Company and the beneficiaries associated with the granting of the award under the 2021-2025 Performance Shares Plan.

CONFERENCE CALL

The results as of 30 September 2021 will be illustrated today, 4 November 2021, at 16.00 (CET) 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 29 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.

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

Consolidated Financial Statements as of 30 September 2021

Consolidated Statement of financial position

(€'000)	30/09/2021	31/12/2020
Property, plant and equipment	83,319	74,880
Intangible assets	135,417	89,498
Equity-accounted investments	1,232	724
Other non-current assets	11,356	11,311
Deferred tax assets	5,196	5,265
Non-current assets	**236,520**	**181,678**
Trade receivables	76,041	57,728
Inventories	75,795	52,012
Current tax assets	3,041	2,156
Other current assets	7,990	7,445
Current financial assets	6,070	7,540
Cash and cash equivalents	84,808	105,586
Current assets	**253,745**	**232,468**
TOTAL ASSETS	**490,265**	**414,145**
Equity attributable to the owners of the parent company	142,423	159,317
Equity attributable to non-controlling interests	15,365	304
Total equity	**157,788**	**159,621**
Non-current financial liabilities	106,752	113,657
Provisions for risks	2,205	1,292
Defined benefit plans	8,338	8,189
Deferred tax liabilities	17,583	10,212
Other non-current liabilities	49,364	-
Non-current liabilities	**184,242**	**133,350**
Current financial liabilities	52,655	49,080
Trade payables	61,486	43,234
Current tax liabilities	7,638	2,991
Provisions for risks	1,938	2,104
Other current liabilities	24,519	23,766
Current liabilities	**148,236**	**121,175**
TOTAL LIABILITIES AND EQUITY	**490,265**	**414,145**

Consolidated Statement of profit or loss

(€'000)	**30/09/2021**	**30/09/2020**
Revenue	310.309	247.955
Other revenue	3.409	2.157
Costs of raw materials, consumables and goods and changes in inventories	(138.629)	(104.840)
Services	(35.855)	(31.150)
Capitalised development expenditure	1.074	1.396
Personnel expenses	(73.148)	(66.548)
Other expenses	(1.119)	(447)
Amortisation, depreciation and impairment losses	(15.147)	(13.768)
OPERATING PROFIT	**50.894**	**34.755**
Net financial income	(1.719)	(1.095)
Net exchange rate losses	(310)	125
Net result from companies consolidated with Equity method	509	252
PROFIT BEFORE TAX	**49.375**	**34.035**
Income taxes	(10.283)	(7.832)
PROFIT FOR THE PERIOD	**39.092**	**26.204**
Non-controlling interests	291	14
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**38.801**	**26.190**
EBITDA	**66,042**	**48,523**

Consolidated Statement of comprehensive income

(€'000)	**30/09/2021**	**30/09/2020**
Profit for the period	**39,092**	**26,204**
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of the tax effect	248	(99)
- Exchange differences	4,646	(5,623)
Items that may not be subsequently reclassified to profit or loss:		
- Discounted benefits to employees net of fiscal effect	142	(93)
Comprehensive income	**44,128**	**20,389**
attributable to:		
- Owners of the parent company	43,557	20,410
- Non-controlling interests	571	(21)

Earnings per share

Earnings per share (in euros)	0.39	0.26

Consolidated Statement of cash flows

(€'000)	**30/09/2021**	**30/09/2020**
Profit for the period	39,092	26,204
Adjustments for:		-
Amortisation, depreciation and impairment losses	15,145	13,768
Accruals to/utilisations of provisions	1,955	1,296
Non-monetary (net income)/losses	(175)	1,001
Taxes	(864)	(803)
(Capital gains)/losses from disposal of fixed assets	(367)	-
	54,786	**41,466**
Changes in working capital:		
Change in trade receivables and other current assets	(14,009)	(5,796)
Change in inventories	(16,474)	(8,583)
Change in trade payables and other current liabilities	17,137	11,614
Change in non-current assets	(2)	(731)
Change in non-current liabilities	(399)	261
Cash flows generated from operations	**41,039**	**38,231**
Net interest paid	(1,614)	(1,415)
Net cash flows generated by operating activities	**39,425**	**36,816**
Investments in property, plant and equipment	(11,312)	(4,845)
Investments in intangible assets	(2,463)	(2,996)
Disinvestments in financial assets	5,687	(14,000)
Disinvestments of property, plant and equipment and intangible assets	763	74
Interest collected	58	145
Industrial aggregation net of the acquired cash	(28,901)	-
Cash flows generated by (used in) investing activities	**(36,168)**	**(21,622)**
Disposal/(acquisition) of minorities	-	-
Repurchase of treasury stocks	-	(958)
Dividend to Shareholders	(11,988)	(11,980)
Increase in financial liabilities	47,436	69,618
Decrease in financial liabilities	(56,845)	(39,555)
Decrease in financial liabilities for leasing fees	(3,537)	(3,359)
Cash flows generated by (used in) financing activities	**(24,934)**	**13,766**
Change in cash and cash equivalents	**(21,677)**	**28,959**
Cash and cash equivalents - opening balance	105,586	62,798
Exchange differences	899	(1,689)
Cash and cash equivalents - closing balance	**84,808**	**90,068**

CAREL

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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)	**-**	-	**-**
- Defined benefit plans	-	-	-	-	539	-	-	**539**	-	**539**
- Treasury shares repurchase	-	-	-	-	(958)	-	-	**(958)**	-	**(958)**
- Dividend distributions	-	-	-	-	(11,980)	-	-	**(11,980)**	-	**(11,980)**
- Change in consolidation perimeter	-	-	-	-		-	-	**-**		**-**
Total owner transactions	**10,000**	**2,000**	**3,557**	**(363)**	**56,478**	**58,795**	**-**	**130,469**	**353**	**130,821**
- Profit for the period							26,190	**26,190**	14	**26,204**
- Other comprehensive income (expenses)	-	-	(5,588)	(99)	(93)	-	-	**(5,780)**	(35)	**(5,815)**
Total other comprehensive income (expenses)	**-**	**-**	**(5,588)**	**(99)**	**(93)**	**-**	**26,190**	**20,410**	**(21)**	**20,389**
Balance as of 30/09/2020	**10,000**	**2,000**	**(2,031)**	**(462)**	**56,386**	**58,795**	**26,190**	**150,879**	**331**	**151,210**
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)	**-**	-	**-**
- Defined benefit plans	-	-	-	-	613	-	-	**613**	-	**613**
- 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)**	**16,976**	**73,011**	**-**	**98,867**	**14,794**	**113,661**
- Profit for the period							38,801	**38,801**	291	**39,092**
- Other comprehensive expenses	-	-	4,366	248	142	-	-	**4,756**	280	**5,036**
Total other comprehensive expenses	**-**	**-**	**4,366**	**248**	**142**	**-**	**38,801**	**43,557**	**571**	**44,128**
Balance as of 30/09/2021	**10,000**	**2,000**	**1,680**	**(188)**	**17,119**	**73,011**	**38,801**	**142,424**	**15,365**	**157,788**

Fine Comunicato n.2092-78	Numero di Pagine: 11