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Testo del comunicato

Vedi allegato.

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Press Release

The CAREL Industries Board of Directors has approved the consolidated results as of 30 June 2022

- Consolidated revenues of € 261.3 million, +29.0% compared to the first six months of 2021 (+26.0% at constant exchange rates). On a like-for-like basis the growth would have been equal to +21.2%;
- Consolidated EBITDA of € 56.1 million (€ 3.8 million from the inclusion of CFM and Enginia in the scope of consolidation) +27.2% compared to the first six months of 2021 and corresponding to 21.5% of revenues;
- Consolidated net income of € 34.8 million, +29.7% compared to the first six months of 2021;
- Negative consolidated net financial position of € 74.8 million, including the payment of dividends related to 2021, € 18.7 million raw material stock strategic increase and € 27.6 million accounting effect deriving from IFRS16. As of 31 December 2021, the negative consolidated net financial position stood at € 57.8 million

Brugine, 4 August 2022 - 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 2022.

Francesco Nalini, CEO of the Group, *commented: "For the sixth consecutive quarter, CAREL recorded double-digit percentage organic revenue growth. The Group benefits, first and foremost, from the results of the strategic choices made over the years based, among other things, on product innovation aimed at environmental sustainability. It was with this in mind that we joined the UN Global Compact a few weeks ago, publicly reaffirming our commitment to the pursuit of sustainable and lasting success that has the 10 principles of the Global Compact as some of its founding elements. In addition to this, initiatives promoted with the aim of increasing production resilience have made it possible to maintain such a significant growth rate despite the particularly complex scenario in terms of electronics shortages. For the foreseeable future, the global macroeconomic environment is still very challenging: in addition to the shortage phenomenon, which has been accompanied by a significant and generalised increase in costs, there are signs of an economic slowdown that could be exacerbated by the restrictive monetary policies implemented by the Federal Reserve and the European Central Bank. In this context, CAREL will continue to develop the business in its niches, which have both long and short trends that are decidedly positive, looking to the future with optimism and providing increasingly advanced solutions that anticipate the needs of the market."*

Consolidated Revenues

Consolidated revenues came to € 261.3 million, compared to € 202.6 million for the period ended 30 June 2021, an increase of 29.0%. Net of the contribution deriving from the inclusion of CFM and Enginia (and Arion in a minimum part) in the scope of consolidation, amounting to approximately € 15.8 million, and of the positive exchange rate effect, of approximately € 6.1 million, the increase would have been 18.2%.

The second quarter of the year was characterised by the same trends, both positive and negative, as in previous quarters, compounded by stringent lock-downs in China, which further complicated the global supply-chain situation. In addition, signs of a slowdown in the global economy have become more pronounced, partly as a result of current or declared interest rate hikes by the European and US central banks, with the aim of cooling inflation.

Against this backdrop, the Group maintained a robust growth in organic revenue, which is at the upper end of the range of the forecasts given at the presentation of the first quarter results. This was possible thanks to CAREL's ability to take advantage of a demand which remained significant across all HVAC and refrigeration segments with a particular acceleration in certain applications, such as heat pumps, data centres and end units that can be traced back to air treatment and humidification. As in previous quarters, this demand, however, could not be fully met due to the persistent shortage of commodities and electronic equipment, which does

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not seem to be showing signs of improvement. This was reflected in a general increase in procurement and transport costs, which the Group responded to through the unfolding of the effects from its previous price list increases.

The Group's most important region, EMEA (Europe, Middle East, Africa), which accounts for 72% of revenues, closed the first six months of the year with an increase of 27.3% at constant exchange rates (on a like-for-like basis, growth would have been 18.6%); this performance is based on the continuation of a generalised growth in demand, already recorded in 2021, to which the particularly brilliant performances in the high-efficiency heat pump, data-centre cooling and indoor air quality sectors are added. Equally positive is the growth in the Refrigeration market thanks to sustained investments in food retail, also due to regulation. Finally, performance in the "food service" segment was good.

APAC (Asia-Pacific), which accounts for approximately 14% of the Group's revenues, reports growth at constant exchange rates of 13.4% compared to the results recorded in the first six months of 2021. The growth rate remained in the double-digit percentage range despite a slowdown in the second quarter of this year mainly due to the numerous lock-downs implemented in China, which impacted both domestic demand and the export business of OEMs *(Original Equipment Manufacturers*) located there. It is worth mentioning that in the second quarter of this year, China's GDP grew very slightly (by 0.4%), the second worst figure since the outbreak of the COVID-19 pandemic. On the other hand, the performance of South APAC was very positive (the latter recorded a revenue increase of more than 20%).

Revenues from North America, which represent about 12% of the total, grew 34.7% at constant exchange rates (21.1% on a like-for-like basis) due mainly to good performance in applications related to *indoor air quality*, computer centre cooling, an acceleration in the refrigeration sector, and more generally an excellent *execution* of the strategy in this region. Finally, South America (which accounts for about 2% of the Group's total business volume) reported growth of 24.3% at constant exchange rates, with a strong acceleration during the second quarter also due to the seasonality of the business.

As far as the individual business areas are concerned, the HVAC segment closed the first six months of the year with a growth close to 30% at constant exchange rates and that exceeds this threshold at current exchange rates. Even excluding the change of scope due to the two acquisitions made in 2021 (CFM and Enginia) and amounting to about € 12 million, the increase would be equal to 20%: all applications, in continuity with previous quarters, record significant accelerations, with even more pronounced peaks in some sectors (in particular high-efficiency heat pumps and Data Centres) and a renewed focus on solutions oriented to energy efficiency and indoor air quality. Similarly, Refrigeration showed a strong growth, +21.3% at constant exchange rates (+16% net of change in scope of consolidation). The slowdown in the growth rate recorded in the second quarter of this year is mainly attributable to the very positive performance recorded in the second quarter of last year, which therefore provides a particularly challenging basis for comparison. Also in this case, the trends already present in 2021 are confirmed, namely a sustained cycle of investments in the *Food retail* segment (supermarkets/hypermarkets/convenience stores) and the consolidation of the recovery in the "*Food service*" sector. Both are flanked by the Group's continued increase in global market share

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

	30.06.2022	30.06.2021	Delta %	Delta fx %
HVAC revenue	171,370	129,678	32.1%	28.9%
REF revenue	87,513	70,631	23.9%	21.3%
Total core revenue	**258,883**	**200,310**	**29.2%**	**26.2%**
Non-core revenue	2,463	2,292	7.5%	7.3%
Total Revenue	**261,346**	**202,601**	**29.0%**	**26.0%**

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

	30.06.2022	30.06.2021	Delta %	Delta fx %
EMEA	187,103	146,958	27.3%	27.3%
APAC	36,275	29,764	21.9%	13.4%
North America	31,841	21,497	48.1%	34.7%
South America	6,127	4,382	39.8%	24.3%
Total Revenue	**261,346**	**202,601**	**29.0%**	**26.0%**

Consolidated EBITDA

Consolidated EBITDA for the period ended 30 June 2022 stood at € 56.1 million, up sharply (+27.2%) compared to the € 44.1 million for the same period of the previous year. Even excluding the positive contribution coming from the consolidation of Enginia and CFM (€ 3.8 million), the increase in EBITDA would be in a double-digit percentage (+18.5%). Profitability, understood as the ratio of EBITDA to Revenues, reached 21.5%, marking a growth compared to the adjusted EBITDA margin reported at the end of the previous year (21.0%) and as the data reported as at 31 March 2022 (21.1%): the positive effect of the operating leverage, together with some increases in sales prices made in the last twelve months, partially offset the inflationary phenomenon linked to the *shortage* of electronic equipment and greater investments linked, among others, to digitisation.

Consolidated Net income

The consolidated net income of € 34.8 million shows a significant increase (+29.7%) compared to € 26.8 million as at 30 June 2021, thanks to the excellent operating results. The tax rate (21.4%) is slightly higher than in the previous year (19.9%) due to a different revenue/country mix.

Consolidated net financial position

The consolidated net financial position was negative for € 74.8 million, including the accounting effect of the application of IFRS16, equal to € 27.6 million. The increase of approximately € 17 million compared to the figure as at 31 December 2021 is mainly attributable not only to the payment of dividends related to 2021 and to investments for Euro 8.9 million, but also to the dynamics of net working capital. The growth in the latter, amounting to approximately € 37.4 million, is due first of all to the increase in receivables due to higher revenues (it should be noted that the average collection days have remained almost identical compared to the first six months of 2021) and to the expected and strategic increase in inventory (approximately € 19 million), in order to be better positioned to manage the current situation of shortage of commodities.

Business outlook

The second quarter of 2022 saw first of all the persistence of the shortage of energy commodities and electronic materials already present in the previous quarters and which, to date, shows no signs of easing; this phenomenon is one of the main causes of the rise in inflation (+8.1% in May 2022 in the Eurozone), also fuelled by the conflict between Russia and Ukraine. Added to this already challenging environment were some severe lock-downs in China due to a resurgence of the COVID-19 pandemic, which put further pressure on the global *supply-chain* and the implementation by the European Central Bank and the Federal Reserve of a restrictive monetary policy. The latter exacerbated market and consumer fears of a possible recession in the near future, particularly in Europe and the US.

In this context, however, the Group continues to report robust revenue growth thanks to both a very positive demand trend in almost all sectors in which it operates (particularly in certain segments such as heat pumps, computer centres, indoor air quality and refrigeration in supermarkets), and to the relentless and significant efforts to mitigate the effects of the electronics shortage. In the absence of any further worsening of the material *shortage* scenario, which is not foreseeable as of today, the above-mentioned elements should also ensure a low-to-mid double-digit percentage revenue growth trend for the second half of 2022 on the second half of 2021 (on a like-for-like basis and at current exchange rates).

CONFERENCE CALL

The results as of 30 June 2022 will be illustrated today, 4 August 2022, 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 65% of the Group's revenues in the financial year to 31 December 2021, while the refrigeration market accounted for 34% 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 ten production plants located in various countries. As of 31 December 2021, 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 2022

Consolidated Statement of financial position

(€'000)	**30/06/2022**	**31/12/2021**
Property, plant and equipment	89,270	84,403
Intangible assets	135,076	134,570
Equity-accounted investments	1,419	1,250
Other non-current assets	12,716	10,407
Deferred tax assets	7,968	7,022
Non-current assets	**246,449**	**237,652**
Trade receivables	102,269	74,455
Inventories	102,049	80,907
Current tax assets	1,916	3,886
Other current assets	12,690	9,788
Current financial assets	5,513	483
Cash and cash equivalents	124,757	100,625
Current assets	**349,194**	**270,144**
TOTAL ASSETS	**595,643**	**507,796**
Equity attributable to the owners of the parent company	182,833	154,952
Equity attributable to non-controlling interests	15,471	14,923
Total equity	**198,304**	**169,875**
Non-current financial liabilities	137,639	93,700
Provisions for risks	2,143	2,157
Defined benefit plans	7,906	8,612
Deferred tax liabilities	17,602	17,110
Other non-current liabilities	50,559	49,894
Non-current liabilities	**215,850**	**171,473**
Current financial liabilities	67,386	65,250
Trade payables	77,603	66,444
Current tax liabilities	5,813	4,775
Provisions for risks	2,005	1,907
Other current liabilities	28,682	28,073
Current liabilities	**181,489**	**166,449**
TOTAL LIABILITIES AND EQUITY	**595,643**	**507,796**

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Consolidated Statement of profit or loss

(€'000)	**30/06/2022**	**30/06/2021**
Revenue	261,346	202,601
Other revenue	2,023	2,761
Costs of raw materials, consumables and goods and changes in inventories	(119,010)	(88,575)
Services	(31,691)	(23,420)
Capitalised development expenditure	275	803
Personnel expenses	(55,633)	(49,173)
Other expenses, net	(1,203)	(874)
Amortisation, depreciation and impairment losses	(11,168)	(9,669)
OPERATING PROFIT	**44,938**	**34,454**
Net financial income	(1,540)	(1,130)
Net exchange rate losses	(153)	(255)
Gain/Losses from valuation of options on minority interests	-	-
Net result from companies consolidated with Equity method	2,363	618
PROFIT BEFORE TAX	**45,608**	**33,688**
Income taxes	(9,756)	(6,701)
PROFIT FOR THE PERIOD	**35,853**	**26,987**
Non-controlling interests	1,044	145
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**34,809**	**26,843**

Consolidated Statement of comprehensive income

(€'000)	**30/06/2022**	**30/06/2021**
Profit for the period	**35,853**	**26,987**
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of the tax effect	875	131
- Exchange differences	6,741	3,457
Items that may not be subsequently reclassified to profit or loss:		
- Discounted benefits to employees net of fiscal effect	556	142
Comprehensive income	**44,025**	**30,717**
attributable to:		
- Owners of the parent company	42,672	30,442
- Non-controlling interests	1,353	276

Earnings per share

Earnings per share (in euros)	**0.35**	**0.27**

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Consolidated Statement of cash flows

(€'000)	**30/06/2022**	**30/06/2021**
Profit for the period	35,853	26,987
Adjustments for:		
Amortisation, depreciation and impairment losses	11,167	9,669
Accruals to/utilisations of provisions	2,297	1,441
Non-monetary net income (expenses)	(391)	(986)
Taxes	(1,939)	(308)
Capital (Gains)/losses on fixed assets disposal	-	(367)
Changes in working capital:		
Change in trade receivables and other current assets	(27,398)	(17,909)
Change in inventories	(20,350)	(7,844)
Change in trade payables and other current liabilities	11,541	13,044
Change in non-current assets	(1,959)	(152)
Change in non-current liabilities	771	(75)
Cash flows generated from operations	**9,591**	**23,501**
Net interest paid	(1,254)	(1,033)
Net cash flows generated by operating activities	**8,337**	**22,468**
Investments in property, plant and equipment	(7,881)	(5,423)
Investments in intangible assets	(1,041)	(1,488)
Investments/Disinvestments of financial assets	-	4,390
Disinvestments of property, plant and equipment and intangible assets	114	715
Interest collected	53	38
Industrial aggregation net of the acquired cash	(932)	(29,563)
Cash flows generated by (used in) investing activities	**(9,687)**	**(31,332)**
Capital increase	-	-
Repurchase of treasury stocks	-	-
Dividend to Shareholders	(14,995)	(11,988)
Dividend to Minorities	(1,583)	-
Investments in financial current assets	(3,987)	-
Increase in financial liabilities	81,950	26,000
Decrease in financial liabilities	(35,295)	(26,824)
Decrease in financial liabilities for leasing fees	(2,504)	(2,312)
Cash flows generated by (used in) financing activities	**23,586**	**(15,124)**
Change in cash and cash equivalents	**22,235**	**(23,988)**
Cash and cash equivalents - opening balance	**100,625**	**105,586**
Exchange differences	1,897	848
Cash and cash equivalents - closing balance	**124,757**	**82,447**

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 1/1/2021	**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	-	-	-	-	409	-	-	**409**	-	**409**
- Dividend distributions	-	-	-	-	(11,988)		-	**(11,988)**	-	**(11,988)**
- Options on minority interests acquisition					(49,075)			**(49,075)**		**(49,075)**
- Change in the scope of consolidation	-	-	-	-		-	-	-	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 income (expenses)	-	-	3,326	131	142	-	-	**3,599**	131	**3,730**
Total other comprehensive income (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**
Balance as of 1/1/2022	**10,000**	**2,000**	**3,853**	**(51)**	**17,079**	**73,011**	**49,059**	**154,952**	**14,923**	**169,875**
Owner transactions										
- Allocation of profit for the period	-	-	-	-	27,145	21,914	(49,059)	-	-	-
- Defined benefit plans	-	-	-	-	204	-	-	**204**	-	**204**
- Dividend distribution	-	-	-	-	(14,995)		-	**(14,995)**	(1,583)	**(16,578)**
- Options on minority interests acquisition	-	-	-	-	-	-	-	-	-	-
- Change in the scope of consolidation	-	-	-	-		-	-	-	778	**778**
Total owner transactions	**10,000**	**2,000**	**3,853**	**(51)**	**29,433**	**94,925**	**-**	**140,161**	**14,118**	**154,279**
- Profit for the period							34,809	**34,809**	1,044	**35,853**
- Other comprehensive expenses	-	-	6,432	875	556	-	-	**7,863**	309	**8,172**
Total other comprehensive expenses	**-**	**-**	**6,432**	**875**	**556**	**-**	**34,809**	**42,672**	**1,353**	**44,025**
Balance as of 30/06/2022	**10,000**	**2,000**	**10,285**	**824**	**29,990**	**94,925**	**34,809**	**182,833**	**15,471**	**198,304**

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