

CAREL

CAREL INDUSTRIES S.p.A. 2022 – FY Results

2nd March 2023



FY 2022 – Main achievements

Operations

- **Completion of a new building in Croatia: additional 5,200 square-meters production plant** to increase CAREL's flexibility and capacity in order to support its development in Europe.
- Completion of **two new high-efficiency buildings** in the HQ (Padua) with new offices, a new conference and training centre, new technology showroom and a **brand new thermodynamic research laboratory 2x times the size of the current one.**
- Implementation of the **1° wave of the PLM (Product Lifecycle Management) project**, with the objective to drastically reduce the lead-time for product customization.

ESG

- The Company joined the **UN Global Compact in July** to reaffirm its commitment towards environmental and social sustainability.
- **All the ESG ratings improved (MSCI; Sustainalytics; CDP)** confirming the effort of the company in integrating business and sustainability.

M&A

- CAREL completed **4 bolt-on transactions** and the M&A pipeline remains active
 - Acquisition of 70% of the share capital of **Sauber**
 - Acquisition of a further 30% stake in **Arion**
 - Acquisition of 100% of **Klingenburg**
 - Acquisition of 100% of **Senva**

FY 2022 – Highlights

For the second consecutive year CAREL reported a FY revenue growth rate close to 30% maintaining a profitability higher than 20% and an NFP/EBITDA ratio <1x.

Adding to this the strong effort in M&A activity (4 deals completed) and a continuous commitment in ESG.

+29.6%
Revenues growth rate

- On a like-for-like basis growth would have been 20.8%. Organic revenue (LFL basis and constant FX) reported growth rate is +17.7%.
- All the sectors and all the regions contributed to the 2022 excellent results in spite of a challenging scenario both in terms of **geopolitical tensions** and in terms of **supply chain constraints**. The latter prevented the company from expressing completely its potential in presence of **very positive trends** in a certain **number of applications in HVAC** (Heat pumps; Indoor Air Quality; Data centres) and **in Refrigeration**.

20.5%
EBITDA margin

- **EBITDA margin equal to 20.5%**, slightly higher on FY 2021 (20.3%). Net of ~3.0m€ non-recurring M&A activity costs, the EBITDA margin would have been 21.1%.
- **The partial deployment** of the effects deriving from **previous price-list increases** and the **positive operating leverage** offset higher raw materials cost due to the shortage.

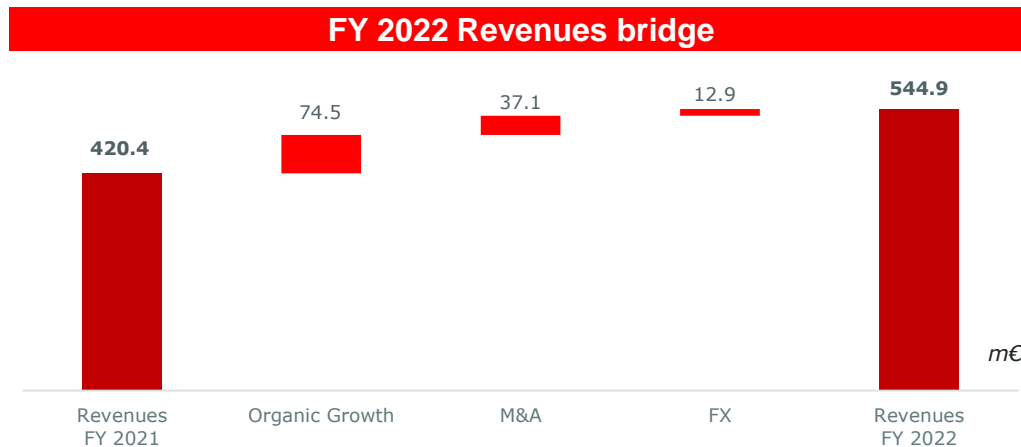
<1x
NFP/EBITDA ratio

- **Very solid balance-sheet**. Robust cash generation maintained NFP lower than 100m€ and **NFP/EBITDA ratio lower than 1x**.
- Excluding the **purely accounting IFRS 16 effect**, the NFP would stand at ~63m€, bringing NFP/EBITDA ratio at 0.5x

FY 2022 – Results



KPIs			
m€	FY 2021	FY 2022	Δ%
Revenue	420.4	544.9 ⁽¹⁾	29.6%
Revenue FX Adj.	420.4	532.0	26.5%
Revenue (no M&A)	420.4	507.8	20.8%
EBITDA	85.3	111.7 ⁽²⁾	31.0%
EBITDA adj.	88.2	114.7 ⁽³⁾	30.1%
<i>EBITDA adj. Revenue</i>	21.0%	21.1%	
Net Profit	49.1	62.1	26.6%
Capex	18.7	26.8	43.3%

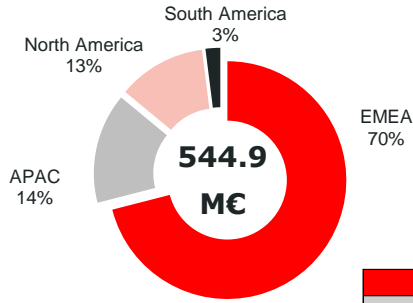


⁽¹⁾ Incl. ~37.1m€ (change in the consolidation perimeter); ⁽²⁾ Incl. ~7.5m€ (change in the consolidation perimeter); ⁽³⁾ Incl. ~3.0m€ (M&A expenses)

- **Revenue +29.6%: Solid 2022 performance** driven by a **generalized growth across the board** along with the contribution of the companies acquired in the last 18 months (CFM; Enginia; Arion; Sauber; Klingenburg; Senva). Expected slight deceleration in the organic growth rate in Q4 2022 due to a seasonal effect (Q4 usually being one of the softest) and an electronic material shortage issue hitting mainly the Refrigeration sector.
- **EBITDA +31.0%:** The very positive results reported in revenues were reflected in the EBITDA growth rate thanks to the full deployment of previous price-list increases, along with operating leverage which helped in recovering part of the raw material cost inflation. **Q4 2022 EBITDA margin (~18%) broadly in line with Q4 2021.**
- **Net Profit +26.6%:** benefitting from the operating results. 22.3% tax-rate (19.6% in 2021) impacted by a different country-mix and changes in regulations.
- **Capex:** higher capex including the new production plant in Croatia and the new buildings in the HQ.
- **Dividend:** 0.18€ per share proposed dividend (+20% compared to 2021); ~30% pay-out ratio

FY 2022 – Revenue breakdowns

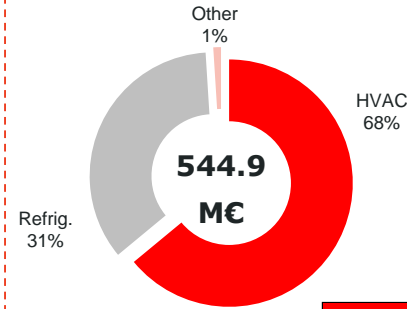
Breakdown by region



	m€	m€		
Area	FY2021	FY2022	Δ%	Δ% fx
EMEA	302.3	382.7	26.6%	26.8%
APAC	62.7	78.2	24.6%	17.0%
Americas (North)	46.0	71.0	54.2%	38.8%
Americas (South)	9.4	13.0	38.6%	22.8%
Total Revenue	420.4	544.9	29.6%	26.5%

- **EMEA** – Very solid growth in the biggest geographic area in all the segments. LFL growth rate close to 18%.
- **APAC** – Significant growth in spite of a challenging macro scenario in China (2022 GDP growth equal to 3%). South APAC over-performed (growth rate >30%)
- **Americas (North)** – Even excluding M&A contribution and the positive FX impact, the growth rate reported would have been >20%.
- **Americas (South)** – Very positive performance in particular outside Brazil, in those regions heavily impacted by pandemic.

Breakdown by sector



	m€	m€		
Sector	FY 2021	FY2022	Δ%	Δ% fx
HVAC	270.0	371.9	37.7%	34.4%
Refrig.	145.8	168.9	15.8%	13.2%
Core Revenue	415.8	540.8	30.0%	27.0%
No core	4.6	4.1	-11.2%	-11.4%
Total Revenue	420.4	544.9	29.6%	26.5%

- **HVAC: Excellent growth confirmed** (>20% excluding M&A and FX), driven by a strong demand across the board also in Q4 (particularly strong in heat pumps, Indoor air quality and data centers).
- **Refrigeration: Excluding M&A and FX the growth rate would have been ~10%. Q4 2022** was heavily impacted by a **temporary** tightening of the electronic material **shortage** phenomenon.

From EBITDA to Net Profit

	K€	FY '21	FY '22	Δ%
EBITDA		85,302	111,725	31.0%
	D&A	-20,844	-24,414	
EBIT		64,457	87,311	35.5%
	<i>Financial (charges)/income</i>	-2,355	-3,173	
	<i>FX gains/losses</i>	-1,430	-861	
	<i>Gain/losses from options on minorities</i>	-125	-2,235	
	<i>Companies consolid. with Eq. . Methods</i>	508	2,360	
EBT		61,055	83,402	36.6%
	<i>Taxes</i>	-11,967	-18,603	
	<i>Minorities</i>	-29	-2,675	
Group net profit		49,059	62,124	26.6%

- **Higher D&A** mainly due to the purchase price allocation amortization

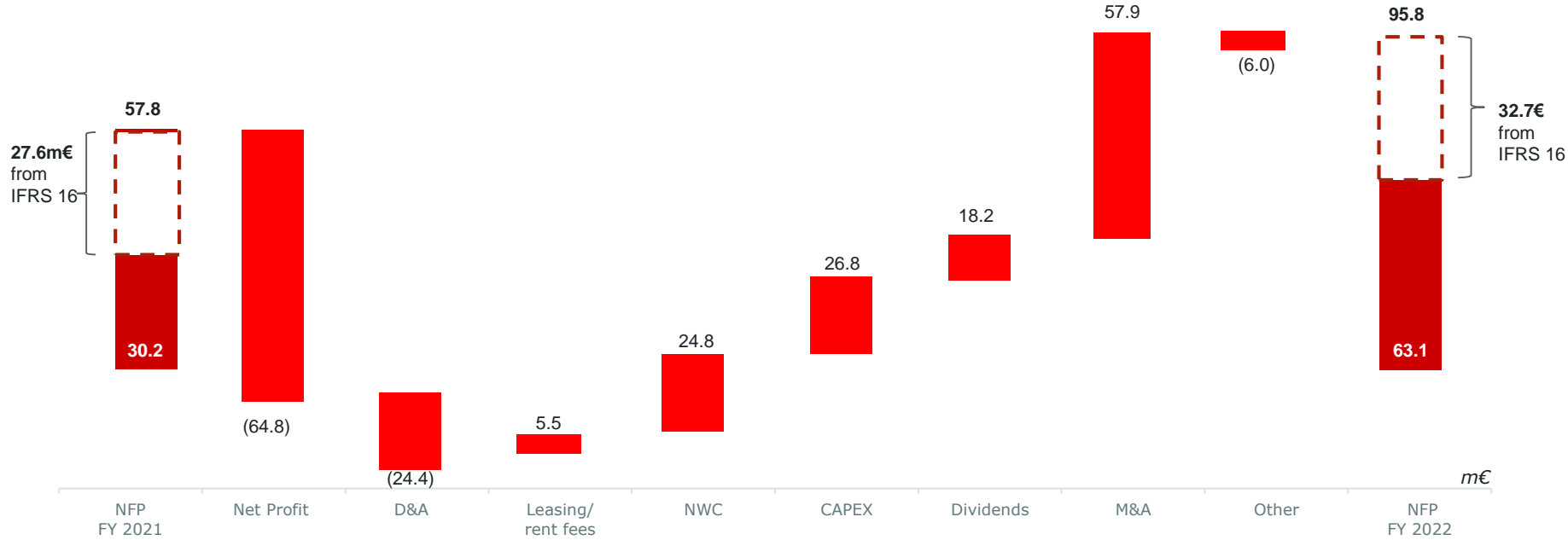
- **Higher Financial charges** due to the macro trend on interest rates.

- Fair value from options on minorities related to **CFM**

- The growth in **Companies consolidated with equity method** is due to the application of the fair-value principle on Arion stake, following the related M&A transaction.

- **Higher tax-rate (22.3%)**, compared to FY 2021 (19.6%) due to a different Country-mix and a number of changes in regulations.

FY 2022 – NFP Bridge



- **Robust cash generation covering Δ NWC, Capex, Dividends and partly M&A.**
- **Δ NWC +24.8m€:** due to higher revenues (DSO are lower on 2021) and a strategic consolidation of the safety stock (~15m€). It is worth nothing that the level of NWC decreased by ~15m€ compared to 9M 2022.
- Approximately **35% of the total** FY 2022 NFP is related to IFRS 16 accounting effect.

ESG rating - Update



- In October 2022 CAREL was **upgraded to “AA” in the MSCI ESG Ratings assessment**. This upgrade is part of a **continuous improvement path** which brought CAREL from **“B” in 2019 to “AA” in 2022**.
- CAREL is now in the **“ESG Leaders”** category according to MSCI ESG rating assessment: “A company leading its industry in managing the most significant ESG risks and opportunities”.



- In 2022 CAREL took part for the first time in the **ECOVADIS rating process** (~100K companies rated worldwide). ECOVADIS Rating is particularly **valuable for the supply chain**, often representing a pre-requisite to be chosen as a supplier.
- The Group **received a Silver Medal** and its ranking is in the top 23% (in its industry/sector).



- In December 2022 **CDP** (formerly Carbon Disclosure Project), the most important rating provider on "climate change" issues, assigned CAREL the **score “B-”**, from “C” in 2020 and 2021. This change also implied **the shifting from the “Awareness” to the “Management” category**.



- In January 2023, Sustainalytics published its annual assessment, further improving CAREL's ESG risk score in from 24.8 to 17.0, positioning the company in the **“Low ESG Risk”** category (in the lowest 2% ESG risk in its industry).

Closing Remarks

FY 2022 Results

- **2022 marked the substantial doubling in terms of revenues compared to 2018 (IPO).**
- **Q4 2022 was the 8th consecutive quarter reporting a double-digit organic growth.** This results is even more positive taking into consideration the contingent and temporary tightening of the electronic material shortage, which impacted especially on Refrigeration.

Strategy

- The company is meeting all its strategic targets:
 - **Organic growth** – Excellent and constant growth and proper investments to maintain it.
 - **M&A** – 4 deals in 1 year, 8 deals since IPO.
 - **Digitalization** – Launch of the first wave of the PLM projects among other initiatives.
 - **Sustainable success** – unanimous recognition of the efforts made in ESG.

Challenges/ Opportunities

- **Challenges:** The main challenge in the very short-term is represented by the electronic material shortage. It had an impact also in the first weeks of 2023 even if it is now improving. On top of this, **inflation rate**, the **geopolitical tensions** and the **restrictive monetary policy** adopted by the Fed and ECB are all elements that could hamper global growth in the next quarters.
- **Opportunities:** **Transition to low GWP refrigerants** is already gaining traction also outside Europe (Kigali Amendment ratification by China and India and authorized by the US Senate). Booming **Heat pumps market**, in particular in Europe due to the REPowerEU regulation.

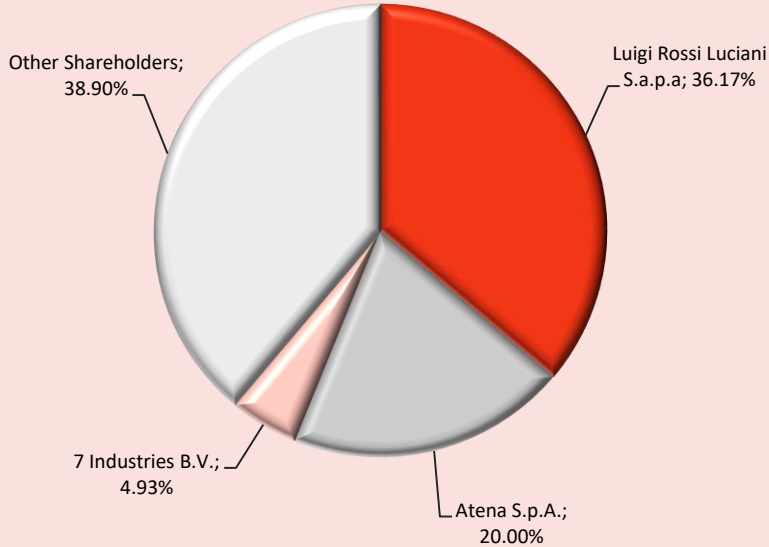
Guidance

Taking into consideration that the above-mentioned situation in the electronic material shortage will not permit to fully satisfy the very positive demand in a number of applications the Company expects to report a high-single digit revenues growth (LFL, current exchange rate) in Q1 2023. The company is optimistic on the gradual loosening of the electronic material shortage in the following quarters.

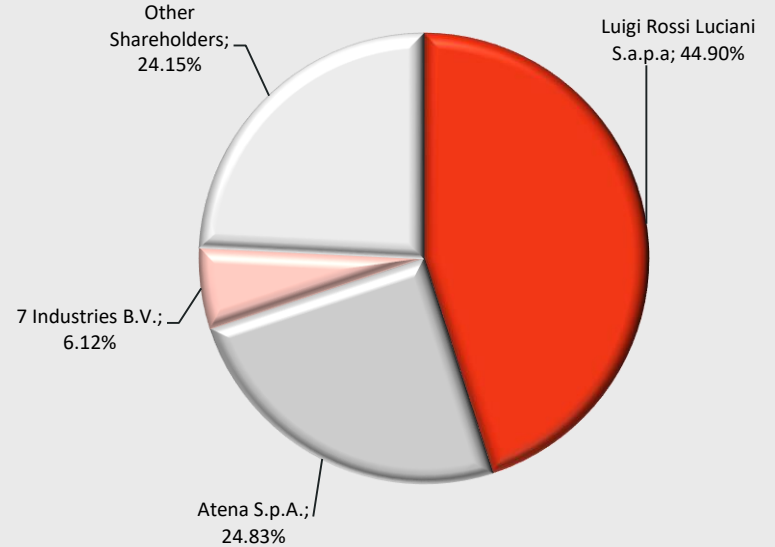
Annexes

Shareholding structure (>3% voting rights)

**CAREL Industries S.p.A.
Number of shares**



**CAREL Industries S.p.A.
Voting rights**



Income statement and Balance Sheet

Income statement

	K€	FY 2022	FY 2021	Delta %
Revenues		544,852	420,418	29.6%
Other revenues		5,780	5,779	0.0%
Operating costs		438,906	340,895	28.8%
EBITDA		111,725	85,302	31.0%
Depreciation and impairments		(24,414)	(20,844)	17.1%
EBIT		87,311	64,457	35.5%
EBT		83,402	61,055	36.6%
Taxes		(18,603)	(11,967)	55.5%
Net result of the period		64,799	49,088	32.0%
Non controlling interest		2,675	29	>100%
Group net result		62,124	49,059	26.6%

Balance sheet

	K€	FY 2022	FY 2021	Delta %
Fixed Capital		300,499	230,338	30.5%
Working Capital		89,926	55,591	61.8%
Employees defined benefit plan		(8,129)	(8,612)	(5.6%)
Net invested capital		382,296	277,317	37.9%
Equity		221,247	169,875	30.2%
Non current liabilities		65,208	49,602	31.5%
Net financial position (asset)		95,841	57,841	65.7%
Total		382,296	277,317	37.9%

Company Profile

Leading provider of advanced control solutions for HVAC/R



Growing key markets

- **HVAC:** Industrial, Residential, Commercial
- **Refrigeration:** Food Retail and Food Service

Leadership in premium niches

- **Control solutions**
- **High Efficiency** applications

Innovation focus

- **6 main R&D centers** (Europe x3, China and US 2x)
- **>5%¹ of Revenues** invested in R&D

Global footprint

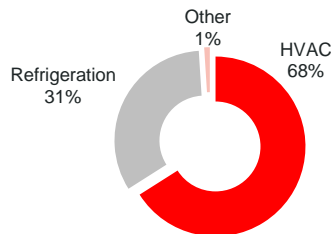
- **15 production plants** (6x Italy, 2xCroatia, Poland, 2x Germany, China, 2xUS and Brazil)

Key financials – 2022A

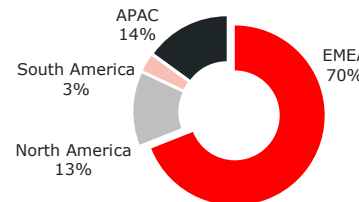
Revenue	EBITDA	EBITDA margin	Net income
€545m	€112m	~20.5%	€62m
+15% CAGR 2015A-22A	+17% CAGR 2015-22A	~200bps Margin expansion 2015A-22A	+16% CAGR 2015A-22A

Revenue breakdown - 2022A

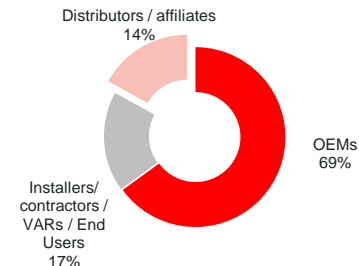
By market



By geography



By channel



Source: Company information as of Mar-23

Note: 1) avg. 2015A-22A

Note: financial data refer to consolidated accounts of CAREL Industries S.p.a. 2015-2022 IFRS. Comparability might be affected by change in consolidation perimeter

We operate in attractive niches across a wide range of end-markets...

HVAC

Refrigeration

Industrial

Residential

Commercial

Food Retail

Food Service

Data Centers



Residential



Shopping Centers



Convenience Stores



Restaurant Chains



Industry and Process



Office Space



Hypermarkets



Refrigerated Merchandisers



Pharma and Food



Recreational



...through a one-stop-shop portfolio of components and platforms



Programmable controls



Electronic controls easily programmable and customizable

HMI and unit terminals



User interfaces for units and systems

Parametric controls



Entry level electronic controllers

Adiabatic humidifiers and evaporative coolers



Pressure water atomizers

Isothermal humidifiers



Steam production systems

Heat exchangers



Heat exchangers for AHU

Dampers



Dampers and other AHU components

Power solutions



Electrical panels

Sensors and protection devices



Temperature/humidity and air quality sensors

Electronic expansion valves & drivers



Electronic valves for the modulation of refrigerant flow

Speed controllers & inverters



Speed control devices for BLDC compressors

Compressors¹



BLDC compressors

Remote management, monitoring systems, IoT



Solution for local / remote management monitoring and optimization

Services



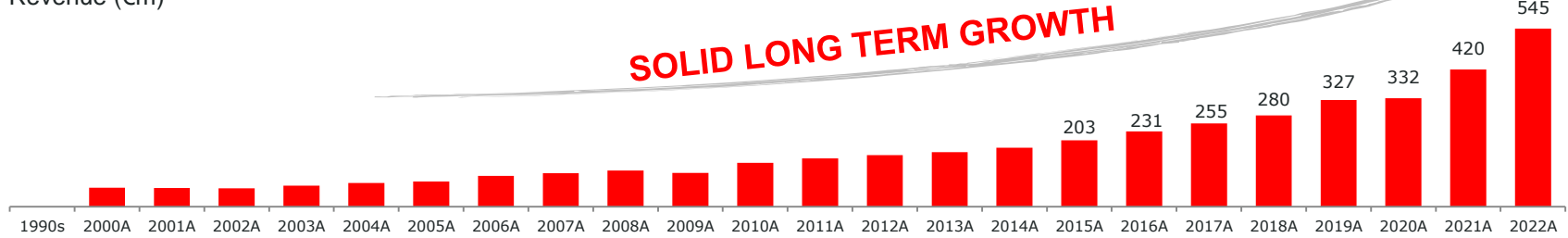
Innovative services based on the IoT capabilities

Distinctive ability to meet customers' demand for tailored integrated solutions using standard platforms

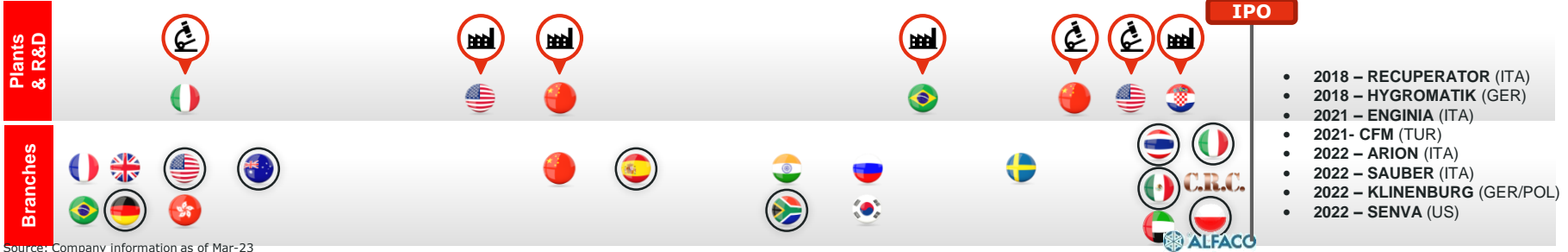
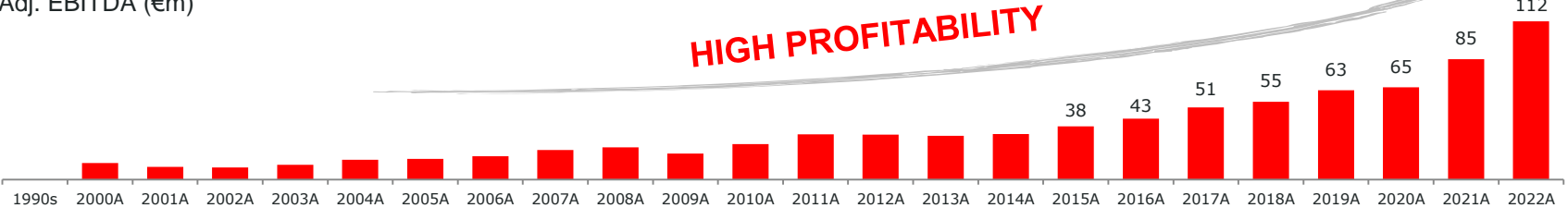
Source: Company information as of Mar-22
Note: 1) developed with partners

Long track record of profitable growth

Revenue (€m)



Adj. EBITDA (€m)

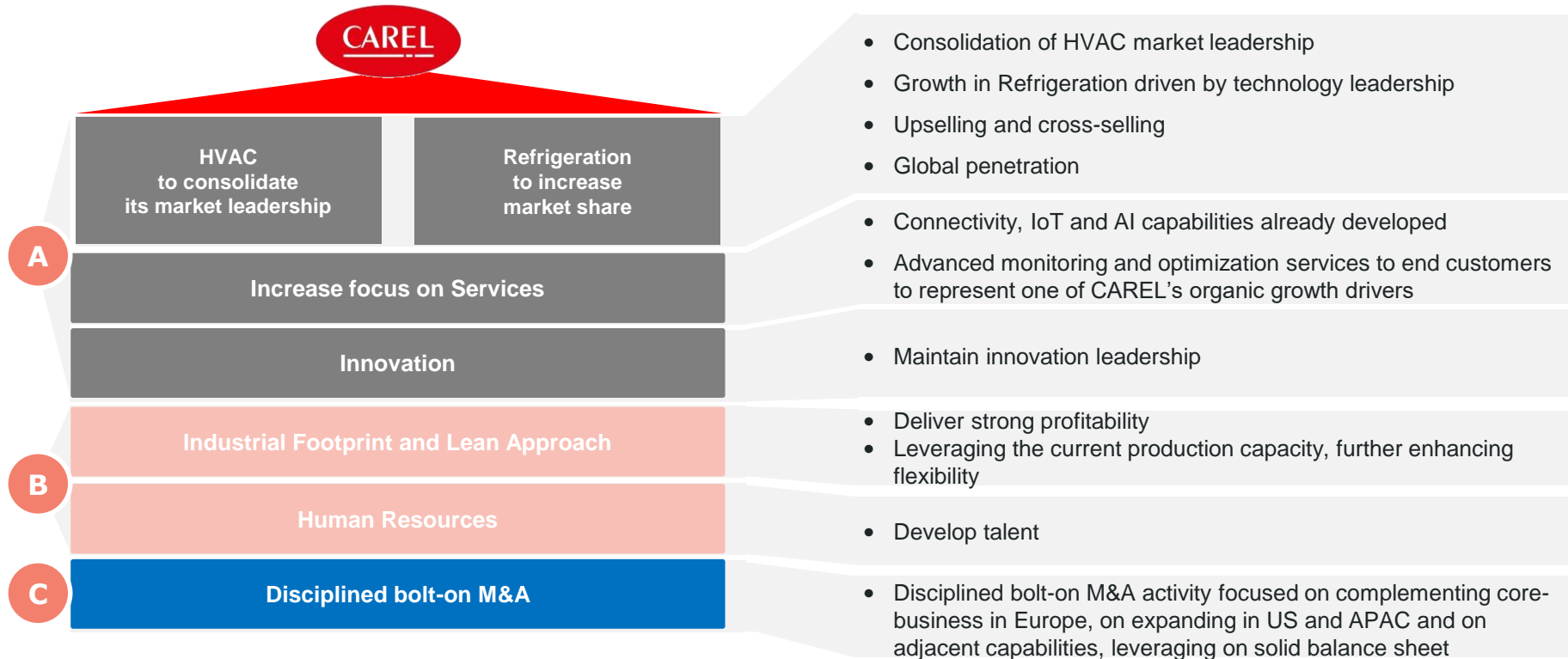


- 2018 – RECUPERATOR (ITA)
- 2018 – HYGROMATIK (GER)
- 2021 – ENGINIA (ITA)
- 2021 – CFM (TUR)
- 2022 – ARION (ITA)
- 2022 – SAUBER (ITA)
- 2022 – KLINENBURG (GER/POL)
- 2022 – SENVA (US)

Source: Company information as of Mar-23
 Note: financial data refer to consolidated accounts of CAREL Industries S.p.a. for the period 2011A-2023A (IFRS 2015A- 2020A; ITA GAAP 2011A-2014A) and CAREL S.p.a. for the period 2000A-2010A (ITA GAAP). Comparability might be affected by change in reporting standard and in consolidation perimeter.

Legend: R&D centre Plants Acquisitions of local distributors

Well-articulated strategies to continue the growth track record



CAREL general strategy for 2023-2026 will be oriented to the research for new innovative technological solutions with a major focus on energy saving, transition to natural refrigerants, widening high-efficiency solutions offer and geographical expansion

Source: Company information as of Mar-23

Leading provider of advanced energy efficient control solution



1 High-tech leader in attractive niches of the HVAC/R industry



High value applications

...CONSOLIDATED
IN **HVAC** PREMIUM NICHES

...INNOVATION-ORIENTED
IN **REFRIGERATION**

Deep knowledge of final applications is key

39%
European market share
in Chillers



In Europe

SIGNIFICANT ROOM FOR FURTHER EXPANSION

Energy efficiency and high performance are critical

60%
European market share
in Roof-tops



In Europe

BREAK-THROUGH INNOVATIONS

-50% kWh²
HEEZ energy consumption

Requirement for tailored and customizable solutions

42%
market share
In CRAC for Data Centers⁽¹⁾



In Europe

Higher efficiency³
Rotary DC technology

Solutions accounting for a low percentage of the final equipment value

GROWING PRESENCE
Globally


Source: Company information as of Mar-2023, BSRIA (Dec.-21)
Note: 1) the rest of the market is mainly driven by proprietary solutions 2) tested by third-party laboratory compared to Top-ten EU benchmarks; 3) compared to average semi-hermetic

2 Attractive market growth supported by secular trends


Secular trends...

...supporting attractive market growth


Reference HVAC and refrigeration Market

- 


GROWING POPULATION

 - Improvement in **LIVING STANDARDS** increasing demand for HVAC/R
- 

CHANGE IN CONSUMER HABITS

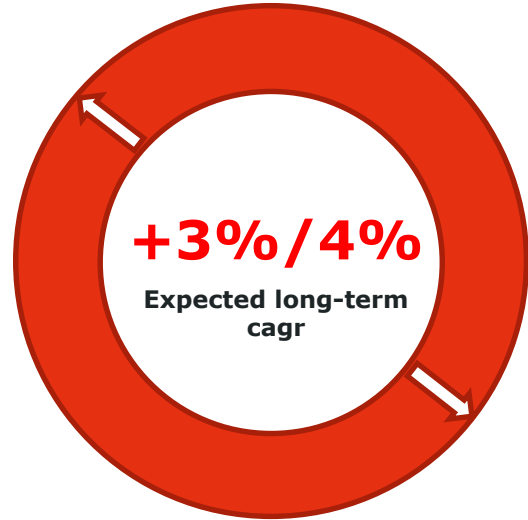
 - Focus on **WASTE REDUCTION** in food sector
 - Increase in number of convenience stores/**FRESH FOOD**
- 

GLOBAL GROWTH

 - **ECONOMIC ACTIVITY** driving demand for HVAC/R
- 

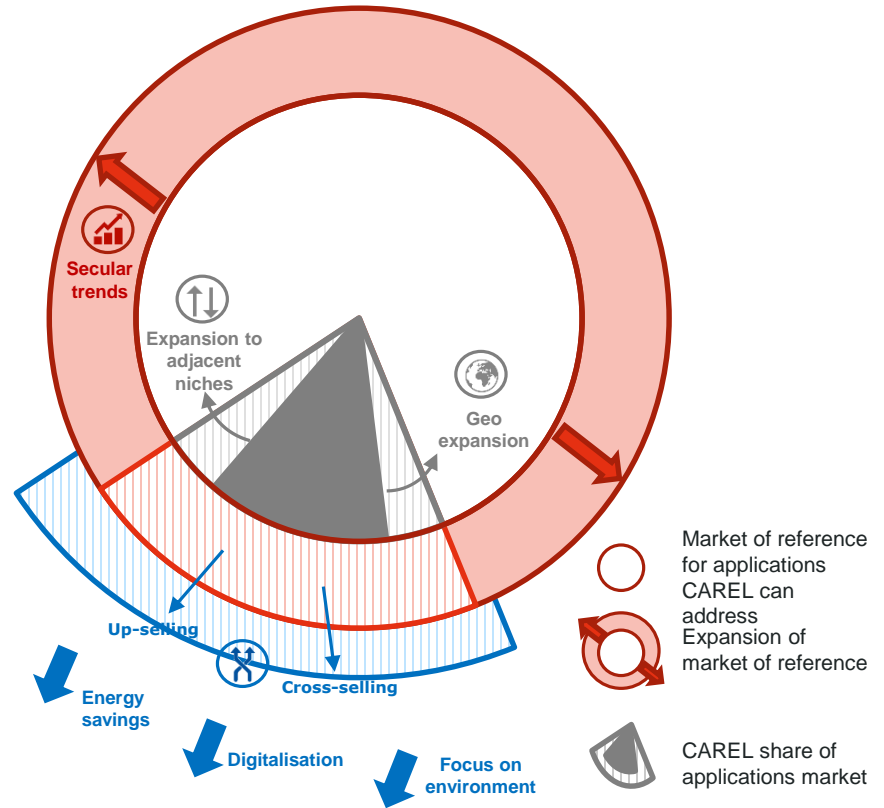
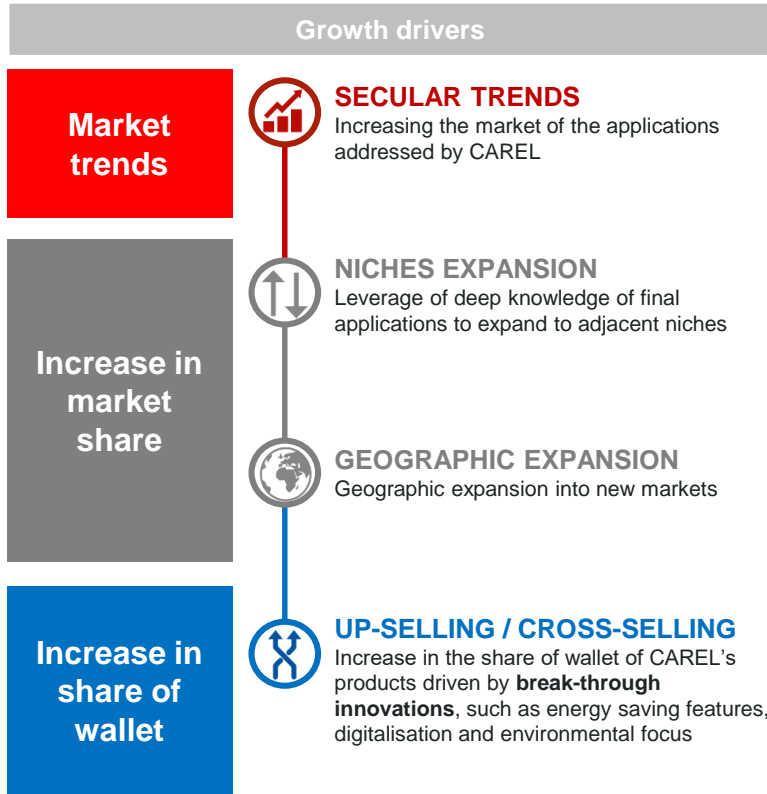
INTERNET OF THINGS

 - Increasing adoption of **AUTOMATION TECHNOLOGIES** and **CONNECTED SOLUTIONS**



Source: Company information

2 Growth is driven by market trends and focused strategic actions...



2 ...and favoured by up-selling and cross-selling

FROM PRODUCT PLATFORMS TO INTEGRATED ELECTRONIC SOLUTIONS...

PRODUCT PLATFORMS



From a **COMBINATION OF PRODUCTS FROM DIFFERENT PLATFORMS**



To an **ECOSYSTEM TO QUICKLY ADOPT NEW TECHNOLOGIES**

SYSTEMS



...IN THE HVAC AND REFRIGERATION MARKETS

HVAC

Example of a **CHILLER UNIT**

Before



Refrigeration

Example of a **BEVERAGE COOLER**

Before



3 Positioning and innovation capability hard to replicate

>5% OF REVENUE¹

Invested annually in R&D

~12% OF TOTAL WORKFORCE

dedicated to R&D

6 R&D CENTRES

PROPRIETARY SOFTWARE

Vast library of proprietary software modules developed over the past 15 years: **maximizing customizations and reducing time-to-market**

COMBINING 5 DOMAINS

- Hardware & Firmware
- Software
- Mechanics
- Thermodynamics
- IoT

RESEARCH COLLABORATION

With Tier-1 Universities and Research Institutions

TECHNOLOGICAL PARTNERS

Cooperation with technology leaders



Timeline of awards (left side):

- Nov-13: Electrolux Supplier Award
- Jan-16: AHR Expo Innovation Award
- Apr-17: China Refrigeration Innovation Award

Timeline of awards (right side):

- Sep-17: World Beverage Innovation Award
- Oct-17: RAC Cooling Industry Award
- Apr-18: China Refrigeration Award

AWARD WINNING BUSINESS

Source: Company information as of Mar-'23
Note: 1) avg. 2015A-22A

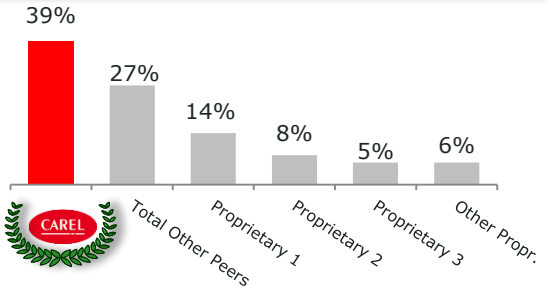


3 Leadership position in HVAC OEM premium niches...

Leadership positioning in premium niches...

...with no perfect comparable

Chiller European Market Share



Rooftop European Market Share







	CAREL	OEM proprietary solutions	Large diversified competitors	EM / Low cost competitors
Vertical niche approach	✓✓✓	✓✓	✓	✓✓✓
Innovation pace & knowledge of final applications	✓✓✓	✓	✓✓	✓✓
Integrated solutions	✓✓✓	✓	✓✓	✓
Global operations	✓✓✓	✓✓	✓✓✓	✓
Flexibility for tailored solutions	✓✓✓	✓✓	✓	✓✓✓
Economies of scale	✓✓✓	✓	✓✓	✓

Source: Management elaborations based on BSRIA data for the year 2021

Leveraging on HVAC experience...

...CAREL is a leader in innovation

		CAREL	Large diversified competitors	EM / Low cost competitors
 HEOS SISTEMA Waterloo system with DC tech for refrigeration	2014			
 HECU SISTEMA High efficiency condensing unit control for multi-split refrigeration system	2015			
 HEEZ Control solution for refrigerated merchandiser with rotary DC tech	2017			
 EMJ Winner at China Refrigeration award 2018	2018			
		Vertical niche approach	✓✓✓	✓✓✓
		Innovation pace & knowledge of final applications	✓✓✓	✓
		Integrated solutions	✓✓✓	✓
		Global operations	✓✓✓	✓
		Flexibility for tailored solutions	✓✓✓	✓✓✓
		Economies of scale	✓✓✓	✓

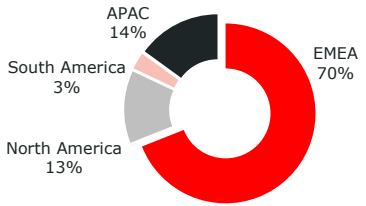
Source: Company info; Management elaborations

4 Highly efficient global operations serving locally...

GLOBAL PRODUCTION FOOTPRINT

DIRECT AND HIGHLY SKILLED SALES NETWORK

BEST POSITIONED TO CAPTURE GLOBAL GROWTH OPPORTUNITIES



Revenue 2022A breakdown by geography

NORTH AMERICA

- 1** Plant
- 232** Employees
- 74** Sales force
- 2** R&D Centre

WESTERN EUROPE

- 9** Plants
- 1,220** Employees
- 201** Sales force
- 3** R&D Centre

NORTH APAC

- 1** Plant
- 308** Employees
- 85** Sales force
- 1** R&D Centre

SOUTH AMERICA

- 1** Plant
- 58** Employees
- 18** Sales force

RoEMEA

- 2*** Plant
- 432** Employees
- 123** Sales force

SOUTH APAC

- 49** employees
- 49** Sales force

Legend: R&D centres Plants Commercial subsidiaries

Source: Company information at 31/12/2022

4 ...diversified blue-chip customers

 **GLOBAL BLUE-CHIP**

HVAC








REFRIGERATION



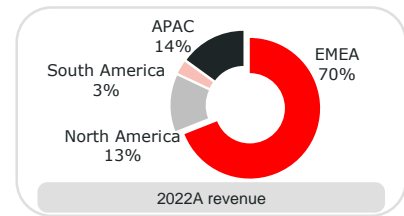



 **BROAD & HIGHLY DIVERSIFIED**

>10,000
Customers

In **c. 100**
countries worldwide

<4%
from first customer¹
~20%
from top-15 customers²



 **LONG-TERM BUSINESS RELATIONSHIPS**

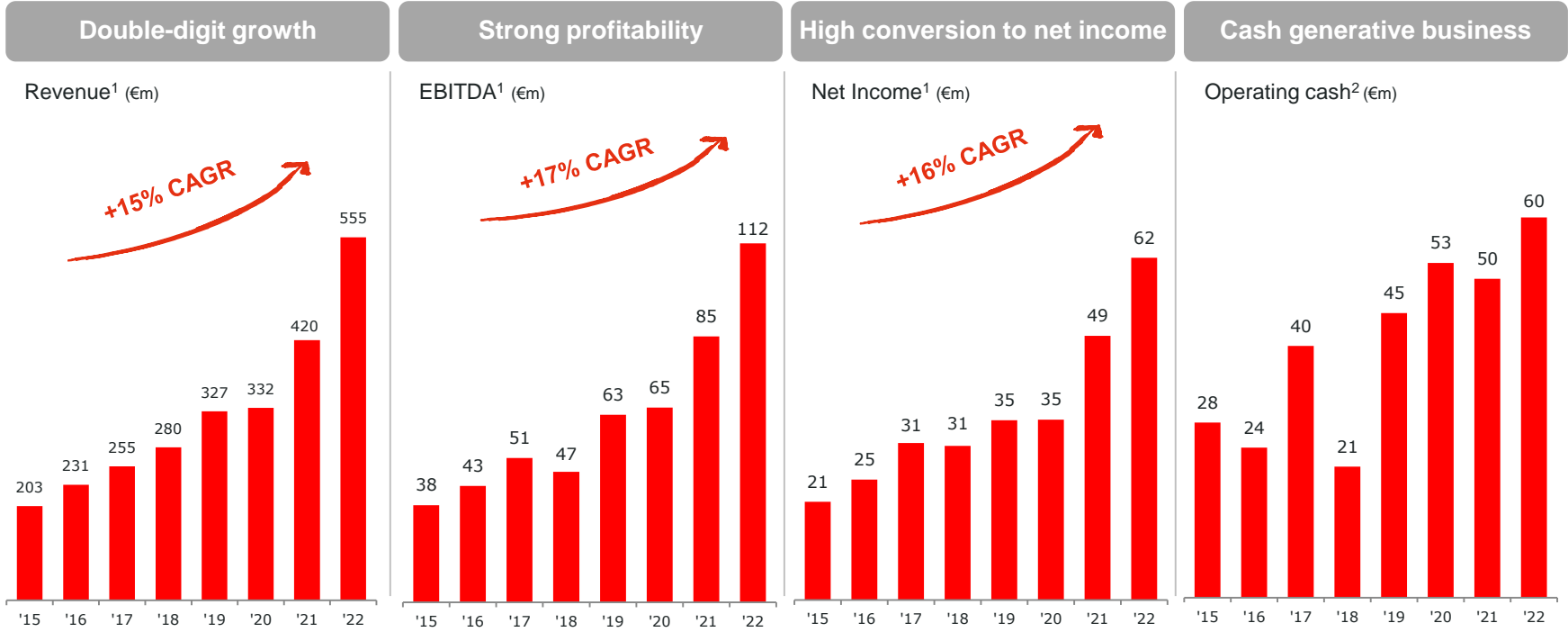
~80%
of Top Customers³
with CAREL for >10y

~70%
of Top Customers³
with CAREL for >10y

Well-established relationships oriented to preserve and enhance the CUSTOMER LIFE-TIME VALUE

Source: Company information as of March.23;
Note: 1) as% of 2022 Revenues 2) as of 2021 revenues for each market 3) Top 40 customers accounting for approx. 50% of total revenue for each market

5 Track record of profitable growth



Resulting in a solid balance sheet and strong value creation to shareholders

Source: Company information as of Mar-23
 Note: 2015-2022 IFRS

Note: 1) Including the contribution from M&A and the impact of the non recurring IPO Costs (-8m€ in 2018) 2) Operating cash calculated as cash flow from operations – Net Capex;

6 Global expansion, innovation and services

A



6 Pursuing external growth through disciplined bolt-on M&A



CAREL has performed **detailed analyses and scouting of potential targets**, thus promoting an **opportunistic approach** with a focus on **3 MAIN EXPANSION AREAS**:



M&A

M&A – 2022 – Senva



- **Company profile:** SENVA is a US company located in Oregon **specialising in the design and manufacture of a wide range of sensors**, mainly in the air-conditioning and ventilation sectors, and with a **significant presence in indoor air quality**.
- **Rationale:** the acquisition of SENVA is a further step towards the process of external growth through complementary products in reference applications that began in 2018. As in the case of Arion's acquisition (April 2022), the **focus in the sensors segment is key to making products more efficient and more connected to their ecosystem, while also facilitating the activation of digital services**. Furthermore, Numerous synergies can be achieved through the integration of CAREL and SENVA
- **Transaction structure:** Carel Industries S.p.A acquires all SENVA Inc.'s business through a SPV held by Carel USA Inc., Carel Industries S.p.A.'s US subsidiary. **That acquisition is valued at USD 34 million**. CAREL will also make an additional payment of up to USD 4 million tied to certain EBITDA results, for a total potential acquisition value of USD 38 million.

• Key Data:

- ✓ Enterprise value (100%) = 34-38m€
- ✓ 2021 Revenues = ~13m USD
- ✓ EBITDA (TTM) = 3.1m USD
- ✓ Employees = ~65

• Industrial fitting:

- ✓ Bolt-on acquisition
- ✓ Strong complementarity with CAREL's product line-up
- ✓ Strong cross-selling and channel/geographical expansion opportunities

• Financial fitting:

- ✓ ~12x EV/EBITDA
- ✓ Low impact on Carel's NFP

M&A – 2022 – Klingenburg



- **Company profile:** Klingenburg GmbH and Klingenburg International Sp. Z.o.o. are leading producers of a wide range of **products used mainly for heat recovery in ventilation and humidification systems, adiabatic cooling and air purification.**
- **Rationale:** The transaction rationale is mainly attributable to the **high degree of complementarity between Recuperator and Klingenburg** in relation to the respective technologies of specialisation (**plate exchangers for Recuperator and rotary for Klingenburg**) and to the application areas. Furthermore it will **strengthen CAREL's profile as a supplier of complete control solutions** with high added value in the conditioning and refrigeration industry, with **energy efficiency** as one of their main characteristics.
- **Transaction structure:** The transaction, through which CAREL Industries S.p.A. takes over control of Klingenburg GmbH and Klingenburg International Sp. Z.o.o. via the **acquisition of 100% of the share capital of the German and Polish companies**, took place in response to an Enterprise Value of Euro **12.0 million** (adjusted for approximately 2 million deferred capex).

• Key Data:

- ✓ Enterprise value (100%) = 12m€
- ✓ 2021 Revenues = ~30m€
- ✓ EBITDA = 2.4m€
- ✓ Employees = ~200

• Industrial fitting:

- ✓ Bolt-on acquisition
- ✓ Strong complementarity with Recuperator's product line-up
- ✓ Strong cross-selling and geographical expansion opportunities

• Financial fitting:

- ✓ ~5x EV/EBITDA
- ✓ Low impact on Carel's NFP

M&A – 2022 – Sauber

SAUBER[®]
AUTOMATION
AND ELECTRICAL



- **Company profile:** Sauber is based in Porto Mantovano (Mantua) and is active mainly in the sector of on-field installation and maintenance services for HVAC/humidification systems in commercial and residential buildings, with a **strong focus on energy saving and optimization.**
- **Rationale:** the transaction can be traced back to the implementation of one of the main pillars of CAREL's strategy of strengthening its services area (digital, on-field and consulting) both by internal activities and through acquisitions.
- **Transaction structure:** Carel takes over control of Sauber through the acquisition of 70% of its share capital. The acquisition of the remaining 30%, the valuation of which is tied to Sauber future results, is governed by a cross-option mechanism between the parties, exercisable in 2025.

• Key Data:

- ✓ Equity value (70%) = 3.6m€
- ✓ 2021 Revenues = 7.6m€
- ✓ EBITDA = 0.8m€
- ✓ Employees = ~55

• Industrial fitting:

- ✓ Bolt-on acquisition
- ✓ Strong know-how in on-field services and energy savings
- ✓ Strong possible synergies with lot/Digital services provided by CAREL

• Financial fitting:

- ✓ ~7x EV/EBITDA
- ✓ Low impact on Carel's NFP

M&A – 2022 – Arion



- **Company profile:** Arion is the joint venture based in Bolgare (Bergamo Province - Italy), established in 2015 between CAREL and Bridgeport S.p.A. with the aim of developing sensor technology expressly dedicated to the air conditioning and refrigeration sectors.
- **Rationale:** The transaction is consistent with the Group's long-term strategy since the use of increasingly advanced sensors will make the equipment more efficient, more reliable and more connected with the eco-system in which they are inserted, also facilitating the activation of digital services.
- **Transaction structure:** Carel acquired a further 30% of the share capital of Arion reaching a 70% stake.

• Key Data:

- ✓ Equity value (30%) = 1.2m€
- ✓ 2021 Revenues = 2.7m€
- ✓ 2020 EBITDA = 0.5m€
- ✓ Employees = 6

• Industrial fitting:

- ✓ Bolt-on acquisition
- ✓ Enabler of digital services
- ✓ Focus on those applications presenting higher growth trends
- ✓ Secure supply-chain in critical technology

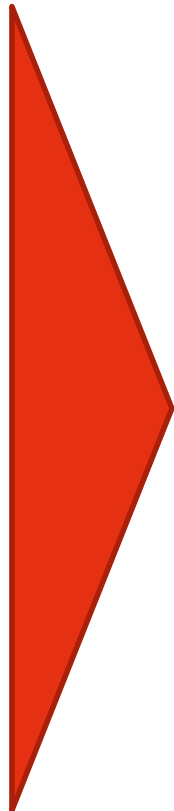
• Financial fitting:

- ✓ ~7x EV/EBITDA
- ✓ Low impact on Carel's NFP

M&A – 2021 – CFM



- **Company profile:** a long-standing **distributor and partner in Turkey** as well as a **provider of digital and on-field services** and complete high added value solutions dedicated to OEMs, contractors and end users in the Turkish HVAC (Heating, Ventilation and Air conditioning) and Refrigeration market.
- **Transaction structure:** Carel takes control of CFM through the acquisition of 51% of the share capital of the company The acquisition of the remaining 49% of CFM, the valuation of which is tied to CFM future results, is governed by a cross-option mechanism between the parties, exercisable between 2024 and 2027.



- **Key Data:**

- ✓ Enterprise value (51%) = 23.1m€
- ✓ 2020 Revenues = 14.5m€
- ✓ EBITDA = 5.0m€
- ✓ Employees = ~34

- **Industrial fitting:**

- ✓ Bolt-on acquisition
- ✓ Footprint expansion outside Western Europe
- ✓ Strong know-how in digital and on-field services

- **Financial fitting:**

- ✓ ~9x EV/EBITDA
- ✓ Low impact on Carel's NFP

M&A – 2021 – Enginia



- **Company profile:** Enginia has been operating in the AHU sector since 1997 and has grown year after year to become a recognized leader, particularly as regards the manufacture production of dampers for air handling units.
- **Rationale:** expansion of the product portfolio in the HVAC market, consolidating CAREL's role as a supplier of complete solutions to manufacturers of air handling units through advanced solutions in terms of performance and energy efficiency.
- **Transaction structure:** Carel, through its subsidiary Recuperator, acquired 100% of the share capital of Enginia.

**The transaction included the real estate complex that houses the company's headquarters, which was valued separately.*



- **Key Data:**

- ✓ Enterprise value* = 12.4m€
- ✓ 2020 Revenues = 12.3m€
- ✓ 2020 EBITDA = 1.5m€
- ✓ Employees = 46

- **Industrial fitting:**

- ✓ Bolt-on acquisition
- ✓ Completing CAREL's product range for AHU
- ✓ Significant synergies with CAREL/Recuperator

- **Financial fitting:**

- ✓ ~8x EV/EBITDA*
- ✓ Low impact on Carel's NFP

M&A – 2018 – Recuperator



• **Key Data:**

- ✓ Cash-out for equity = 25.7m€
- ✓ Company positive net-cash = 6.9m€
- ✓ 2017 Revenues = 16.4m€
- ✓ EBITDA = 1.7m€
- ✓ Employees = ~60

• **Industrial fitting:**

- ✓ Small-size Company
- ✓ Complementary products
- ✓ Carel's commercial strength
- ✓ Cross-selling

• **Financial fitting:**

- ✓ ~11x EV/EBITDA vs. CAREL'S ~15x
- ✓ Net-Cash in the BS
- ✓ Low impact on Carel's NFP

M&A – 2018 – HygroMatik



WE HUMIDIFY THE AIR.



• **Key Data:**

- ✓ Cash-out for equity = 56.1m€
- ✓ Enterprise Value = 59.0m€
- ✓ 2017 Revenues = 15.0m€
- ✓ EBITDA = 4.7m€
- ✓ Employees = ~60

• **Industrial fitting:**

- ✓ Small-size Company
- ✓ Interesting geographic positioning
- ✓ Strong in after-sale services
- ✓ Cross-selling

• **Financial fitting:**

- ✓ ~12.5x EV/EBITDA vs. CAREL's ~15x
- ✓ HygroMatik NFP substantially neutral.

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