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Societa' : CAREL INDUSTRIES

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Informazione
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Oggetto : CAREL - AGM approves 2022 Financial statement

Testo del comunicato

Vedi allegato.



Press Release

The ordinary General Shareholders' meeting of CAREL Industries S.p.A.:

- approved the 2022 Annual Report and the dividend proposal equal to 0.18 Euro per share;
- examined the Report on the remuneration policy and on the fees paid, approving the remuneration policy for 2023 described in the first section and expressing a favourable opinion on the second section of the same Report
- approved the new authorization for the buy-back and disposal of treasury shares, upon revocation, for the part not yet executed, of the authorization approved with a resolution on 22 April 2022.

Brugine, 21 April 2023 – Today the ordinary Annual Shareholders Meeting of Carel Industries S.p.A. ('Carel' or the 'Company') approved the Company's 2022 Annual Report and the allocation of the net profit for 2022 of EUR 44,508,486 as follows:

- distribution to the Shareholders of a dividend of EUR 0.18 per share, gross of withholdings required by law, with ex-dividend date of 19 June 2023, record date of 20 June 2023, and date of payment of 21 June 2023;
- allocation of the balance to other reserves.

Consolidated Results at 31 December 2022

- Consolidated revenues of € 544.9 million, +29.6% compared to 2021 (+26.5% at constant exchange rates). On a like-for-like basis the growth would have been equal to +20.8%;
- Consolidated EBITDA of € 111.7 million (€ 7.5 million from the change in the scope of consolidation due to several acquisitions) corresponding to 20.5% of revenues. +31.0% compared to 2021; net of a number of non-recurring expenses, mainly linked to M&A activities, the consolidated EBITDA would have been equal to € 114.7 million (21.1% of revenues);
- Consolidated net income of € 62.1 million, +26.6% compared to 2021;
- Negative consolidated net financial position of € 95.8 million, compared to € 57.8 million reported on 31 December 2021, including the impact deriving from the acquisitions made in the year, equal to € 58.0 million, and including also € 32.7 million accounting effect deriving from IFRS16.

Consolidated Revenues

Consolidated revenues came to € 544.9 million, compared to € 420.4 million for the period ended 31 December 2021, an increase of 29.6%. Net of the change in the scope of consolidation related to the acquisitions made in the last 18 months (€ 37.1 million) and the positive exchange rate effect (€ 12.9 million), the increase would have amounted to 17.7%.

From a macroeconomic point of view, 2022 was characterised by the conflict between Russia and Ukraine, which exacerbated the inflationary phenomenon, in permanence of the shortage of electronics and energy and non-energy commodities. However, precisely because of the changed relationship with Russia, the European Union gave further impetus towards energy efficiency and electrification by approving the REPowerEU, the plan to make Europe independent of Russian fossil fuels well before 2030. This has led to further growth in sales of heat pumps (a replacement technology for gas boilers), which has reached +38% in EU countries and

is set to accelerate in the coming years. Energy efficiency and environmental sustainability are also becoming central to the US administration's agenda: in September, in fact, the US Senate approved ratification of the so-called Kigali Amendment to the Montreal Protocol, while the Environmental Protection Agency (EPA) recently proposed implementing a 40% cut of the particularly greenhouse-damaging hydrofluorocarbons (HFCs) from 2024. The aforementioned trends are obviously favourable for CAREL, which also has complete and efficient control solutions for both heat pumps and end units using natural refrigerants.

In this context, the Group, for the second consecutive year, achieved a revenue growth rate of almost 30% by combining both internal and external growth. From the point of view of organic growth, demand was significant across all air conditioning and refrigeration segments with a particular acceleration in certain applications, such as data-centres and end units that can be traced back to air treatment and humidification and heat pumps. This demand, however, could not be fully met due to the persistent shortage of commodities and electronic equipment. This scenario became even more complicated in the last quarter of 2022 due to the contingent and temporary impossibility of procuring certain non-replaceable components for the refrigeration sector in particular.

During the reference year, the shortage phenomenon was reflected in a continuous and 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 70% of revenues, closed 2022 with an increase of 26.8% at constant exchange rates (on a like-for-like basis, growth would have been approximately 17%); 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 17.0% compared to the results recorded in 2021. The growth rate benefited from excellent performance of all countries on the Asian continent covered by the Group's activities, which accelerated further during the fourth quarter of the year. These results are even more positive taking into account that China's GDP growth was among the lowest in the last 40 years (3%). Also noteworthy is the South-Apac region, which recorded revenue growth of about 30% (at constant exchange rates).

Revenues from North America, which represent about 13% of the total, grew 38.8% at constant exchange rates (22% on a like-for-like basis) thanks mainly to good performance in both the HVAC sector (in particular, in applications related to indoor air quality and data centre cooling) and in the refrigeration sector, and more generally an excellent execution of the strategy in this region. Finally, South America (which accounts for about 3% of the Group's total turnover) reported growth of 22.8% at constant exchange rates, to which the entire region contributed, with a particularly brilliant performance in the non-Brazil regions that had been most affected by the pandemic.

As far as the individual business areas are concerned, the HVAC segment closed the year with growth close to 35% at constant exchange rates and significantly exceeding this threshold at current exchange rates, substantially confirming in the last quarter, the excellent performances recorded during the first nine months of the year. Excluding the change of scope due to the Merger & Acquisition activities amounting to about € 31 million, the increase would still be close to 23%: all applications record significant performances, 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 air quality. Similarly, Refrigeration showed strong growth, +13.2% at constant exchange rates (approximately +11% net of change in scope). The positive trends that characterised 2022 were based on a sustained investment cycle in the Food retail segment (supermarkets/hypermarkets/convenience stores), also thanks to the transition to natural refrigerants and the consolidation of the recovery in the Food service sector. This is accompanied by a continuous increase in the global market share by the Group. It is important to point out that the slowdown in the Refrigeration area recorded in the latter part of the year is attributable to the resurgence of the shortage, transitory and contingent, and the effect of which is expected to fade from the second quarter of 2023.

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

	31.12.2022	31.12.2021	Delta %	Delta fx %
HVAC revenue	371,852	270,011	37.7%	34.4%
REF revenue	168,934	145,826	15.8%	13.2%
Total core revenue	540,786	415,837	30.0%	27.0%
Non-core revenue	4,066	4,581	-11.2%	-11.4%
Total Revenue	544,852	420,418	29.6%	26.5%

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

	31.12.2022	31.12.2021	Delta %	Delta fx %
EMEA	382,730	302,311	26.6%	26.8%
APAC	78,186	62,725	24.6%	17.0%
North America	70,974	46,030	54.2%	38.8%
South America	12,962	9,352	38.6%	22.8%
Total Revenue	544,852	420,418	29.6%	26.5%

Consolidated EBITDA

Consolidated EBITDA at 31 December 2022 stood at € 111.7 million, up sharply (+31.0%) compared to the € 85.3 million at 31 December 2021. Even excluding the positive contribution from the change in the scope of consolidation due to a number of companies acquired in the last 18 months, (€ 7.5 million), the increase in EBITDA would be well over 20%. Profitability, understood as the ratio of EBITDA to Revenues, stood at 20.5%, in line with the EBITDA margin recorded in 2021 (20.3%): the positive effect of the operating leverage, together with the unfolding of 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. It should be recalled that the reduction in the EBITDA margin in the last quarter of the year is mainly linked to seasonal factors and also characterized the previous years. Finally, It is worth recalling that net of non-recurring expenses related to M&A transactions and equal to about € 3.0 million, the EBITDA margin would have been 21.1%.

Consolidated Net income

The consolidated net result of € 62.1 million shows a significant increase (+26.6%) compared to € 49.1 million as of 31 December 2021, thanks to the excellent operating results and to the contribution stemming from the change in scope of consolidation. The tax-rate (22.3%) increased compared to the previous year (19.6%) mainly due to a different revenue/country mix and the effects deriving from the application of changes to the tax regulations in some geographies.

Consolidated net financial position

The consolidated net financial position was negative for € 95.8 million, including the accounting effect of the application of IFRS16, equal to € 32.7 million. The increase of about € 38 million compared to the figure at 31 December 2021 is entirely attributable to the outlay resulting from the intense M&A activity carried out in 2022, which resulted in four deals with an impact of about € 58 million. In fact, the robust cash generation made it possible to amply cover the payment of dividends for the financial year 2021 in the amount of € 18 million, investments in the amount of € 27 million, and the dynamics of net working capital. The growth in the latter, amounting to about € 25 million, was lower than the figure recorded in the first nine months of 2022 (about € 40 million), and this was due to the favourable seasonal trend in receivables and the recent implementation of certain initiatives aimed at limiting the amount of inventory.

OTHER ORDINARY SHAREHOLDERS' MEETING RESOLUTION

Report on the remuneration policy and paid fees

The Annual Shareholders' meeting examined the Report on the remuneration policy and on the fees paid, approving the remuneration policy for 2023 described in the first section and expressing a favourable opinion on the second section of the same Report concerning the fees paid in or related to 2022; pursuant to Article 123-*ter*, Legislative decree 58/1998 and pursuant to art. 84-quarter of the Consob Regulation n. 11971/1999.

Proposal for the authorisation to buy and sell treasury shares

The Annual Shareholders' meeting revoked, for the part not yet executed, the authorization for the buy-back and the disposal of treasury shares, granted to the Board of Directors of the Company with a resolution resolved upon on 22 April 2022.



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At the same time, the Annual Shareholders' meeting conferred new authorization to the Board of Directors of the Company to buy treasury shares, in one go or several instalments, up to a maximum number which, taking into account the treasury shares in the Company's portfolio, at any given time, or those of its subsidiaries, cannot, in total, exceed 5,000,000 shares, equal to 5% of the share capital of the Company, for the purpose of: (i) complying with the obligations arising from stock option plans other allocation of shares to employees, or to members of the administrative or control bodies of the Company or its associates or subsidiaries; (ii) proceed with the purchase of treasury shares owned by employees of the Company or of its subsidiaries and assigned or subscribed pursuant to art. 2349 and 2441, par. 8, of the Italian Civil Code or deriving from compensation plans approved pursuant to art. 114-bis TUF (iii) carrying out transactions supporting market liquidity in order to promote the smooth operation of trading avoiding price variations decoupled with market developments; and (iv) implementing sales, exchanges, trade-ins or contribution transactions or any other acts of disposal of treasury shares through the acquisition of equity investments and/or property and/or the conclusion of agreements with strategic partners, and/or through the implementation of industrial projects or extraordinary finance transactions, which come under the expansion objectives of the company and the Carel Group.

Authorisation to buy treasury shares is requested for the maximum duration provided for by Article 2357, paragraph 2 of the Italian Civil Code, equal to eighteen months from the resolution of the meeting granting authorisation.

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

The company currently holds 70,482 treasury shares in its portfolio, equal to 0.0705% of the share capital.

The Shareholders' meeting, for the same purposes outlined above, authorized the Board of Directors of the Company to sell (in full or in part, and even on several occasions) treasury shares in the portfolio, in accordance with Article 2357 of the Italian Civil Code, without any time constraints, even before having exhausted the maximum quantity of shares that can be purchased and to potentially buy back the actual shares to the extent that the treasury shares held by the Company and, if applicable, its subsidiaries, does not exceed the limit set by the authorisation.

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

Consolidated Non-Financial Report

The ordinary Annual Shareholders Meeting acknowledged the 2022 Consolidated Non-Financial Report drafted in accordance with Legislative Decree No. 254 of 30 December 2016.

It bears recalling that the Annual Financial Report of Carel Industries as of and for the year ended 31 December 2022 approved by the Annual Shareholders Meeting, including, *inter alia*, the separate and consolidated financial statements, together with the Consolidated Non-Financial Report, the Corporate Governance and Ownership Structure Report, the reports of the Board of Statutory Auditors and the independent auditors and the Board of Directors' reports on the other items on the agenda are available to the public from the Company's registered offices and the website www.carel.it. The additional documentation set out in Art. 77, paragraph 2-bis, of the Issuers Regulation is available from the public from the registered office.

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



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The Manager in charge of preparing the corporate Accounting Books, 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.

The Financial Statements at 31 December 2022 will be made available to the public at the Company's Registered Office, at Borsa Italiana S.p.A., at the Company's website www.carel.com in the Investor Relations section, as well as at the authorised storage mechanism "eMarket STORAGE" at the address www.emarketstorage.com, under the terms required by existing regulations.

For further information

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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 68% of the Group's revenues in the financial year to 31 December 2022, while the refrigeration market accounted for 31% 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 36 branches including 15 production plants located in various countries. As of 31 December 2022, 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.

Fine Comunicato n.2092-33

Numero di Pagine: 7