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Testo del comunicato

Vedi allegato.

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Part. IVA e Cod. Fisc. 04359090281

N. Reg. Prod. Pile: IT09060P00000903
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Press Release

The CAREL Industries Board of Directors has approved the consolidated results as of 31 March 2023

- **Consolidated revenues of € 161.0 million, +24.8% compared to the first three months of 2022 (the impact of foreign exchange rates was not material). On a like-for-like basis the growth would have been equal to +11.3%;**
- **Consolidated EBITDA of € 33.4 million (€ 2.0 million from the change in the scope of consolidation due to several acquisitions) corresponding to 20.8% of revenues. +22.8% compared to the first three months of 2022;**
- **Consolidated net income of € 18.5 million, +13.2% compared to the first three months of 2022;**
- **Negative consolidated net financial position of € 100.5 million, compared to € 95.8 million reported on 31 December 2022, including € 36.0 million accounting effect deriving from IFRS16.**

Brugine, 12 May 2023 – 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 31 March 2023.

***Francesco Nalini, CEO of the Group**, commented: "2023, CAREL's 50th anniversary year, opens with double-digit percentage organic revenue growth for the ninth consecutive quarter. This was due to the excellent balance of the Group's business portfolio and the confirmation of its ability to excellently manage a still challenging supply chain scenario, especially in the first weeks of the year, which did not allow us to reach our full potential. Against organic growth of 11.3% (and 24.8% if we also consider the contribution of the newly acquired companies), profitability, understood as EBITDA Margin stood at about 20.8% despite an inflationary phenomenon on raw materials which, although weakened compared to the previous 24 months, has not yet ended. This trend was partially offset by operating leverage and the unfolding effects of certain price reviews implemented between 2021 and 2022.*

Part of this growth can therefore be attributed to the results of the intense M&A activity carried out in recent years, activity that continued in the first quarter of 2023 with the acquisition of Eurotec (a New Zealand distributor and system integrator, as well as CAREL's long-standing business partner) with the aim of better presiding over the geographical area of reference, in both the refrigeration and air-conditioning sectors. This was accompanied by the opening of several work-streams for the financial, digital and operational integration of the four companies acquired during 2022 (Sauber, Arion, Klingenburg, Senva), in order to seize important cost and revenue synergies underlying these transactions.

Shifting its focus to the future, the Group looks forward with confidence and optimism to the coming quarters, which present significant opportunities accompanied by just as many challenges. To seize the former and tackle the latter, it will leverage what has always been its main asset, the enthusiasm and commitment of the people who give their best in the company every day and who have enabled CAREL to successfully blow out its first 50 candles."

Consolidated Revenues

Consolidated revenues came to € 161.0 million, compared to € 128.9 million for the period ended 31 March 2022, an increase of 24.8%. Net of the change in the scope of consolidation related to the acquisitions (€ 17.4 million), the increase would have amounted to 11.3%.

From a macroeconomic point of view, inflation fell in the first quarter of the year on a trend basis that was not considered sufficient by either the FED or the ECB, which then continued with a series of significant interest rate hikes. GDP growth in the Eurozone compared to the previous quarter was well below 1% while supply chain tensions were still present, albeit improving, in some sectors including refrigeration and air conditioning. A very complex geopolitical scenario remains, mainly as a result of the conflict between Russia and Ukraine.

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In this context, the Group achieved a revenue growth rate close to 25%, benefiting from both internal and external growth. From an organic growth point of view, demand was sustained in various air conditioning segments, among which stand out some applications such as data-centres, final units that can be traced back to ventilation and humidification and heat pumps. The refrigeration sector, on the other hand, was characterised by a certain prudence in terms of investment, both in the food-retail and in the food-service segments. Added to this was the temporary exacerbation of the shortage of raw materials and electronic equipment that had characterised the last weeks of 2022 and continued into the first weeks of 2023. Although the phenomenon described above gradually improved between February and March, it nevertheless prevented the company from fully meeting market demand.

The region that carries the greatest weight for the Group, EMEA (Europe, Middle-East, Africa), from which 73% of revenues derives, closed the first three months of the year with an increase at constant exchange rates of 26.2% (on a like-for-like basis, growth would have been close to 13%): this performance is based on some decidedly positive trends in HVAC already recorded over the last two years, particularly in the high-efficiency heat pump sector, in that of the cooling of the data-centres and in that of the indoor air quality. Refrigeration, on the other hand, recorded a slightly negative performance as a result of the impact of the electronics shortage, together with an expected temporary slowdown in the investment cycle.

APAC (Asia-Pacific), which accounts for approximately 12% of the Group's revenues, reports growth at constant exchange rates of 13.6% compared to the results recorded in the first three months of 2022. These results still benefited from excellent performance of the South East Asian countries (slightly below 30%), coupled with high-single-digit growth in the area comprising mainly India and China. The latter has not yet resumed its usual pace of development following the exit from the zero-Covid policy, although the outlook for the coming quarters is relatively encouraging.

Revenues from North America, which account for about 14% of the total, grew by 32.6% at constant exchange rates due mainly to the contribution of the newly acquired companies, in particular SENVA, active in the sensor sector. Performance in the HVAC sector was positive (particularly in applications related to indoor air quality and computer centre cooling) while refrigeration was impacted by the electronics shortage together with a significant slowdown in the food-service area. Looking ahead, however, the growing interest in food-retail towards solutions increasingly oriented towards the use of low-polluting refrigerants, mainly natural refrigerants, is particularly positive. Lastly, South America (which represents around 2% of the Group's total turnover) reported growth of 9.5% at constant exchange rates, to which both air conditioning and refrigeration contributed equally in percentage terms.

Regarding the individual business areas, the HVAC segment ended the quarter with growth approaching 40%, essentially confirming the excellent performance already recorded in 2022. Even excluding the change in scope due to Merger&Acquisition activities, amounting to approximately € 17 million, the increase would still be robust, close to 20%: all applications recorded positive performances, although there were marked peaks in some sectors (particularly high-efficiency heat pumps and data centres) and some signs of a slowdown in the more cyclical industrial sectors. A renewed focus on energy efficiency and air quality oriented solutions is confirmed. Revenues in the Refrigeration segment were in line with those reported in the first quarter of last year. This sector, as was the case in the latter part of the fourth quarter of 2022, was impacted in the first weeks of 2023 by the transient and contingent resurgence of the electronics material shortage. The latter is slowly and gradually improving. However, a general slowdown in the sector investment cycle should be noted due to economic uncertainty and inflation, which impacted both the food-retail and food-service sectors.

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

	31.03.2023	31.03.2022	Delta %	Delta fx %
HVAC revenue	116,554	83,479	39.6%	39.4%
REF revenue	43,874	44,113	-0.5%	-0.1%
Total core revenue	**160,482**	**127,592**	**25.7%**	**25.7%**
Non-core revenue	554	1,357	-59.2%	-59.3%
Total Revenue	**160,982**	**128,949**	**24.8%**	**24.8%**

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

	31.03.2023	31.03.2022	Delta %	Delta fx %
EMEA	117,179	93,253	25.7%	26.2%
APAC	20,084	17,932	12.0%	13.6%
North America	20,783	15,195	36.8%	32.6%
South America	2,936	2,569	14.3%	9.5%
Total Revenue	**160,982**	**128,949**	**24.8%**	**24.8%**

Consolidated EBITDA

Consolidated EBITDA for the period ended 31 March 2023 stood at € 33.4 million, up sharply (+22.8%) compared to the € 27.2 million for the first quarter of 2022. Even excluding the positive contribution deriving from the change in scope linked to the consolidation of the latest companies acquired (€ 2.0 million), it would be reported a double digit increase in EBITDA. Profitability, understood as the ratio of EBITDA to Revenues stood at 20.8%, substantially in line with that recorded in 2022: the positive effect of the operating leverage together with the deployment of some sales price increases in the last eighteen months partially offset the inflationary phenomenon that, although to a lesser extent than last year, is still present. It should also be noted that the operating costs for the quarter include those related to the participation of some important trade fairs, which were not present in the previous year (ISH and Euroshop).

Consolidated Net income

The consolidated net income of € 18.5 million shows a double-digit increase (+13.2%) compared to € 16.4 million as at 31 March 2022, thanks to the excellent operating results and the contribution from the change in the scope of consolidation. The tax rate is 22.1%, thus in line with the 2022 closing and slightly higher than in the first quarter of that year (20.5%). This is mainly due to a different revenue/country mix and the effects of implementing changes in tax regulations in some geographies.

Consolidated net financial position

The consolidated net financial position was negative for € 100.5 million, including the accounting effect of the application of IFRS16, equal to € 36.0 million. The slight increase over the figure recorded at 31 December 2022 (€ 95.8 million) is attributable to the outlay resulting from the acquisition of Eurotec. The robust cash generation was mainly absorbed by the increase in net working capital (€ 21 million), the dynamics of which are attributable to: higher trade receivables due to higher revenues and the fact that CAREL product deliveries were concentrated in the second half of the quarter due to the shortage (which, as already mentioned, mainly impacted the first part of the same quarter); an increase in inventory, again mainly due to the shortage.

Business outlook

The early months of 2023 were also characterised by strong geopolitical instability mainly due to the conflict between Russia and Ukraine and trade tensions between the US and China. In economic terms, the signs observed in various geographical areas are not always easy to interpret in terms of the future: while the Chinese economy has improved somewhat compared to the previous year (one of the worst in the last 40 years) and the employment rate in the US is still very high, there is still a sustained inflation rate that has led both the ECB and the Fed to continue their restrictive policies (interest rate hikes) with consequences on their respective economies that cannot be fully quantified to date.

Also in terms of electronic material shortages, the gradual improvement since the second half of last year is not homogeneous but varies according to individual sectors.

Turning our attention to CAREL, some segments confirm significant signs of growth, such as data centres as well as the extreme liveliness in heat pumps, the latter driven by the global mega-trends of energy efficiency and electrification, together with the need, in Europe, to limit dependence on gas. Refrigeration has always been more sensitive to macroeconomic variables and indeed the last few months have seen a slowdown in the investment cycle in both food-retail and food-service.

Taking the above into account, the Group maintains a positive and optimistic outlook on the continuation of the year: we are witnessing a slow but steady easing of tensions on the supply chain and the slowdown in the refrigeration sector should in any case be temporary, also due to the existence of stringent regulations concerning the transition to less polluting refrigerants (e.g. F-gas in Europe). At 30 June 2023, therefore, over the same period of the previous year, a low- to-mid-teens percentage growth in revenues (on a like-for-like basis of consolidation) is expected.

CONFERENCE CALL

The results as of 31 March 2023 will be illustrated today, 12 May 2023, at 16.30 (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 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.

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

Consolidated Financial Statements as of 31 March 2023

Consolidated Statement of financial position

(€'000)	**31/03/2023**	**31/12/2022**
Property, plant and equipment	111,953	109,687
Intangible assets	175,814	181,645
Equity-accounted investments	1,451	1,446
Other non-current assets	9,751	9,769
Deferred tax assets	8,371	7,745
Non-current assets	**307,341**	**310,292**
Trade receivables	110,112	93,692
Inventories	119,074	106,745
Current tax assets	2,275	2,777
Other current assets	18,733	17,446
Current financial assets	4,642	12,875
Cash and cash equivalents	111,746	96,636
Current assets	**366,582**	**330,172**
TOTAL ASSETS	**673,923**	**640,464**
Equity attributable to the owners of the parent company	216,698	205,378
Equity attributable to non-controlling interests	16,782	15,868
Total equity	**233,480**	**221,247**
Non-current financial liabilities	139,178	121,392
Provisions for risks	4,496	4,451
Defined benefit plans	8,180	8,129
Deferred tax liabilities	17,816	18,242
Other non-current liabilities	66,655	67,256
Non-current liabilities	**236,326**	**219,471**
Current financial liabilities	77,681	83,960
Trade payables	86,106	77,174
Current tax liabilities	8,925	4,987
Provisions for risks	1,470	1,401
Other current liabilities	29,935	32,226
Current liabilities	**204,117**	**199,747**
TOTAL LIABILITIES AND EQUITY	**673,923**	**640,464**

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Consolidated Statement of profit or loss

(€'000)	**31/03/2023**	**31/03/2022**
Revenue	160,982	128,949
Other revenue	1,276	914
Costs of raw materials, consumables and goods and changes in inventories	(72,588)	(58,210)
Services	(20,068)	(15,935)
Capitalised development expenditure	208	132
Personnel expenses	(35,680)	(27,514)
Other expenses, net	(692)	(1,102)
Amortisation, depreciation and impairment losses	(7,532)	(5,414)
OPERATING PROFIT	**25,907**	**21,821**
Net financial income	(777)	(585)
Net exchange rate losses	52	(79)
PROFIT BEFORE TAX	**25,182**	**21,156**
Income taxes	(5,564)	(4,345)
PROFIT FOR THE PERIOD	**19,618**	**16,811**
Non-controlling interests	1,074	425
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**18,544**	**16,386**

Consolidated Statement of comprehensive income

(€'000)	**31/03/2023**	**31/03/2022**
Profit for the period	**19,618**	**16,811**
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of the tax effect	(248)	486
- Exchange differences	(6,094)	3,374
Items that may not be subsequently reclassified to profit or loss:		
- Discounted benefits to employees net of fiscal effect	-	-
Comprehensive income	**13,276**	**20,671**
attributable to:		
- Owners of the parent company	12,362	19,983
- Non-controlling interests	914	688

Earnings per share

Earnings per share (in euros)	**0.19**	**0.16**

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Consolidated Statement of cash flows

(€'000)	**31/03/2023**	**31/03/2022**
Profit for the period	19,618	16,811
Adjustments for:		
Amortisation, depreciation and impairment losses	7,532	5,414
Accruals to/utilisations of provisions	1,767	1,009
Non-monetary net income	1,186	676
Taxes	(907)	(982)
Changes in working capital:		
Change in trade receivables and other current assets	(16,961)	(21,177)
Change in inventories	(12,666)	(9,706)
Change in trade payables and other current liabilities	8,486	6,121
Change in non-current assets	(274)	(165)
Change in non-current liabilities	(3)	567
Cash flows generated from operations	**7,778**	**(1,432)**
Net interest paid	(1,071)	(454)
Net cash flows generated by operating activities	**6,707**	**(1,886)**
Investments in property, plant and equipment	(2,358)	(4,233)
Investments in intangible assets	(654)	(422)
Investments/Disinvestments of financial assets	8,000	(67)
Disinvestments of property, plant and equipment and intangible assets	102	50
Interest collected	659	24
Industrial aggregation net of the acquired cash	(3,399)	-
Cash flows generated by (used in) investing activities	**2,351**	**(4,647)**
Shares buy-back	(1,041)	-
Dividend to Minorities	-	(1,525)
Increase in financial liabilities	20,120	12,000
Decrease in financial liabilities	(12,000)	(25,000)
Decrease in financial liabilities for leasing fees	(1,721)	(1,252)
Cash flows generated by (used in) financing activities	**5,358**	**(15,777)**
Change in cash and cash equivalents	**14,415**	**(22,310)**
Cash and cash equivalents - opening balance	96,636	100,625
Conversion variations	695	502
Cash and cash equivalents - closing balance	**111,746**	**78,817**

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Consolidated Statement of changes in equity

(€'000)

(€'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 1/1/2022	**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	-	-	-	-	-	49,059	(49,059)	-	-	-
- Defined benefit plans	-	-	-	-	102	-	-	**102**	-	**102**
- Dividend distributions	-	-	-	-	-	-	-	-	(1,525)	**(1,525)**
Total owner transactions	**10,000**	**2,000**	**3,853**	**(51)**	**17,181**	**122,070**	**-**	**155,054**	**13,398**	**168,452**
- Profit for the period							16,386	**16,386**	425	**16,811**
- Other comprehensive income (expenses)	-	-	3,111	486		-	-	**3,597**	263	**3,860**
Total other comprehensive income (expenses)	**-**	**-**	**3,111**	**486**	**-**	**-**	**16,386**	**19,983**	**688**	**20,671**
Balance as of 31/03/2022	**10,000**	**2,000**	**6,964**	**435**	**17,182**	**122,070**	**16,386**	**175,038**	**14,086**	**189,125**
Balance as of 1/1/2023	**10,000**	**2,000**	**5,848**	**1,252**	**29,232**	**94,925**	**62,124**	**205,379**	**15,868**	**221,247**
Owner transactions										
- Allocation of profit for the period	-	-	-	-	-	62,124	(62,124)	-	-	-
- Shares buy-back	-	-	-	-	(1,042)	-	-	**(1,042)**	-	**(1,042)**
Total owner transactions	**10,000**	**2,000**	**5,848**	**1,252**	**28,190**	**157,048**	**-**	**204,337**	**15,868**	**220,205**
- Profit for the period	-	-	-	-	-	-	18,544	**18,544**	1,074	**19,618**
- Other comprehensive expenses	-	-	(5,934)	(248)	-	-	-	**(6,182)**	(160)	**(6,342)**
Total other comprehensive expenses	**-**	**-**	**(5,934)**	**(248)**	**-**	**-**	**18,544**	**12,362**	**914**	**13,276**
Balance as of 31/03/2023	**10,000**	**2,000**	**(86)**	**1,004**	**28,190**	**157,048**	**18,544**	**216,698**	**16,782**	**233,480**

Fine Comunicato n.2092-47	Numero di Pagine: 10