

CAREL INDUSTRIES

NEUTRAL

Sector: Industrials

Price: Eu18.42 - Target: Eu20.00

Slower Recovery in EMEA. Rebound Likely in 2Q

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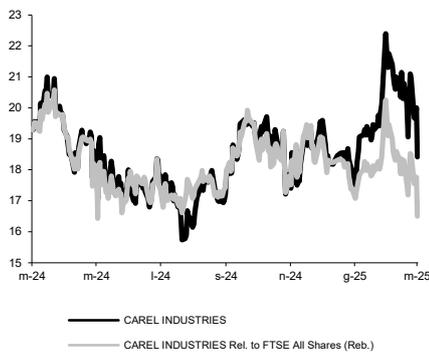
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

 1Q25 results on May 13th

CAREL INDUSTRIES - 12M Performance



Stock Data

Reuters code:	CRLI.MI		
Bloomberg code:	CRL IM		
Performance	1M	3M	12M
Absolute	-13.5%	-6.0%	-4.5%
Relative	-13.6%	-14.4%	-16.1%
12M (H/L)	22.40/15.74		
3M Average Volume (th):	62.78		

Shareholder Data

No. of Ord shares (mn):	112
Total no. of shares (mn):	112
Mkt Cap Ord (Eu mn):	2,072
Total Mkt Cap (Eu mn):	2,072
Mkt Float - Ord (Eu mn):	672
Mkt Float (in %):	32.5%
Main Shareholder:	
Luigi Rossi Luciani S.a.p.a.	34.0%

Balance Sheet Data

Book Value (Eu mn):	464
BVPS (Eu):	3.95
P/BV:	4.7
Net Financial Position (Eu mn):	-7
Enterprise Value (Eu mn):	2,180

While the period of stagnation in the refrigeration market appears to be coming to an end, and momentum for data centre applications is expected to remain strong throughout the year, the outlook for EMEA, especially in the commercial HVAC sector, remains uncertain, with the recovering order intake not expected to have a material impact before 2Q. This scenario aligns more closely with our 2025 estimates (HVAC projected to grow +6%, REF +10% for an overall +7% at group level), which already incorporate a more conservative approach than consensus (sales seen growing +11%), anticipating a slower recovery. As a result, we are leaving our estimates unchanged, expecting consensus to align more closely with our outlook. Despite continuing to appreciate Carel's business model and its exposure to a market with strong long-term growth potential, we maintain our NEUTRAL view and €20 TP, awaiting a significant improvement in the short-term outlook.

■ **4Q results: revenues in line, margins slightly better.** 4Q revenues came to €146mn (-5% YoY), in line with our/cons estimates. By business segment, HVAC posted €104mn (-6% YoY), while refrigeration was flat YoY at €42mn. By geographical market, EMEA closed down -11% YoY at €91mn, confirming the trend observed in previous quarters; APAC (€23mn) saw a further acceleration (+3%), driven by a positive performance in refrigeration; NA posted €28mn, recording the fastest growth (+9% YoY), fuelled by positive demand from data centres. On profitability, EBITDA was €26.2mn, slightly down YoY (-2% YoY), better than our estimates/consensus, with an 18.0% margin (17.5% in 4Q23), offsetting the seasonal downturn through fully implemented cost-control measures. Net income was €22mn, ahead of expectations, albeit inflated by the FV adjustments on minorities in Kiona for ~€14mn. Cash generation, while slightly below consensus, still highlighted strong EBITDA conversion at 60%. Net debt closed at €50mn (from €84mn as at 3Q24). DPS was €0.165, a ~30% payout ratio.

■ **1Q sales seen flattish YoY, growth to accelerate from 2Q:** 1Q25 sales are expected broadly in line YoY, as the positive trend observed on the order intake in the early months of the year requires additional time to translate into results. The regional outlook remains diverse: a) EMEA is showing signs of recovery, although further confirmation is needed in the coming months. The industrial sector (excluding automotive) exhibits promising prospects, while the commercial segment remains uncertain, despite early signs of improvement. Meanwhile, refrigeration in EMEA is experiencing a significant restart, although the extent of the rebound remains hard to quantify; b) APAC is expected to see improvement in 2Q, despite a challenging comparison in 1Q; c) North America is set to accelerate in 2025.

■ **No change in estimates:** we are keeping our P&L estimates unchanged while slightly lowering cash generation forecasts to reflect a slower decline in NWC/Sales. Assuming 1Q25 revenues align with guidance, our FY estimate implies ~10% YoY growth for the rest of the year, which we consider more reasonable at this stage based on the updated outlook.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	650	579	621	665	709
EBITDA Adj (Eu mn)	140	105	118	131	148
Net Profit Adj (Eu mn)	80	56	65	76	89
EPS New Adj (Eu)	0.755	0.501	0.576	0.672	0.795
EPS Old Adj (Eu)	0.755	0.519	0.576	0.672	0.795
DPS (Eu)	0.201	0.165	0.148	0.177	0.214
EV/EBITDA Adj	20.3	22.3	18.5	16.3	14.1
EV/EBIT Adj	24.7	30.3	24.3	20.8	17.5
P/E Adj	24.4	35.5	32.0	27.4	23.2
Div. Yield	1.1%	0.7%	0.8%	1.0%	1.2%
Net Debt/EBITDA Adj	0.3	0.5	0.1	-0.1	0.1

