

CAREL INDUSTRIES

Sector: *Industrials*
NEUTRAL

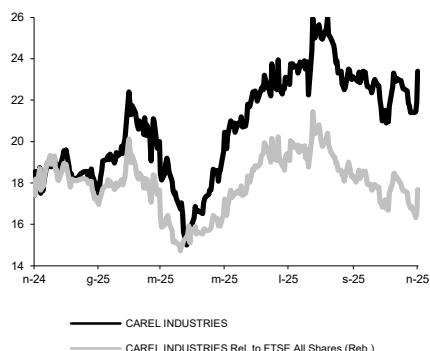
Price: Eu23.40 - Target: Eu25.50

Solid Execution in 3Q Strengthens Visibility on FY Estimates

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Stock Rating				
Rating:	Unchanged			
Target Price (Eu):	from 22.20 to 25.50			
	2025E	2026E	2027E	
Chg in Adj EPS	1.2%	2.6%	1.6%	

CAREL INDUSTRIES - 12M Performance



Stock Data			
Reuters code:	CRLI.MI		
Bloomberg code:	CRL IM		
Performance	1M	3M	12M
Absolute	8.8%	-6.4%	34.5%
Relative	3.1%	-12.3%	2.3%
12M (H/L)	26.00/15.00		
3M Average Volume (th):	62.03		

Shareholder Data	
No. of Ord shares (mn):	112
Total no. of shares (mn):	112
Mkt Cap Ord (Eu mn):	2,632
Total Mkt Cap (Eu mn):	2,632
Mkt Float - Ord (Eu mn):	854
Mkt Float (in %):	32.5%
Main Shareholder:	
Luigi Rossi Luciani S.a.p.a.	34.0%

Balance Sheet Data	
Book Value (Eu mn):	478
BVPS (Eu):	4.07
P/BV:	5.7
Net Financial Position (Eu mn):	-10
Enterprise Value (Eu mn):	2,728

3Q results have confirmed CRL's ability to sustain double-digit growth in both HVAC and REF across almost all regions, with profitability ratios back to historical levels (20%+) and solid cashflow delivery. Momentum in datacentre applications remains strong, particularly in the US market, with positive signals also coming from the HP and commercial HVAC segments. REF has also shown a solid rebound in 3Q, with positive momentum expected to continue, positioning it for double-digit growth through the mid-cycle. We have updated our DCF-driven valuation, assuming a lower risk-free rate in our model, which results in a new TP of €25.5 (from €22.2), albeit offering limited upside vs. the current market price. We therefore confirm our NEUTRAL rating, although we believe there is now greater visibility on estimates and a gradually improving market stance, except for industrial HVAC (ex. datacentre), which is still showing some weakness.

■ **3Q better on margins and cash generation, good recovery by Refrigeration.** 3Q revenues came to €158mn (+11.4%/+13.9% org.), in line with our estimate and slightly above company guidance. By business segment, HVAC achieved €111mn (+15% org.), driven by continued growth in datacentres, along with sustained momentum in the commercial sector, and sharp acceleration in HPs in Europe; REF was up +13% org. (+8% QoQ) to €46mn, above our forecast (+5%), supported by a clear recovery in EMEA following the easing of temporary factors that hit 2Q (postponement of key projects). By geographical market, EMEA recorded a sequential improvement (+10%), APAC marked another solid quarter (+3%/+10% org) fuelled by excellent results in China and India, while strong momentum in NA (+23%/+31% org.) continued, supported by a sustained market stance in the datacentre business and a positive performance in the commercial sector. On profitability, EBITDA was €32.7mn, up YoY (+28%), with a 20.8% margin vs. 18% in 3Q24 (19.9% in 2Q25) due to positive trends in raw material prices, the accretive contribution from Kiona, and positive operating leverage. Net income was €15.9mn, higher than expected (+8%), mainly due to lower-than-expected D&A. Cash generation was also better, with net debt at €15mn (from €41mn as of 2Q), mainly due to lower CapEx and optimised NWC management.

■ **4Q25 revenues seen almost stable QoQ.** CRL anticipates 4Q revenues remaining almost stable QoQ, implying +8% YoY (+11% org.). This outlook is underpinned by a favourable market environment in HVAC, following the mid-teen org. growth in 3Q driven by datacentres (notable for their scale), HP (the best-growing sub-segment), and the commercial segment. The positive trend in the REF business is expected to continue in the EMEA region, while interesting opportunities are likely to arise in the US market, where CRL currently has very small market share. The datacentre market continues to show solid momentum, and CRL does not rule out a further acceleration, including outside the US. As for HP, it seems that overstocking is over, with new production driving market demand. Kiona is performing well, growing double-digit and showing margins >25%, and CRL is working to launch its solutions on the NA market in order to sustain the REF business expansion.

■ **Fine-tuning estimates.** We are leaving our revenue estimates unchanged on FY25, while increasing our growth expectations for FY 26/27, with current estimates more aligned to consensus figures. We are also improving our assumption on the operating margin to factor in lower D&A on FY25, linked to reduced CapEx (to 4% from 5% of sales).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	650	579	621	682	740
EBITDA Adj (Eu mn)	140	105	122	136	152
Net Profit Adj (Eu mn)	80	56	65	76	90
EPS New Adj (Eu)	0.755	0.501	0.574	0.678	0.798
EPS Old Adj (Eu)	0.755	0.501	0.567	0.660	0.786
DPS (Eu)	0.201	0.165	0.148	0.179	0.215
EV/EBITDA Adj	20.3	21.8	22.4	19.8	17.4
EV/EBIT Adj	24.7	29.3	30.0	25.9	22.1
P/E Adj	31.0	46.7	40.8	34.5	29.3
Div. Yield	0.9%	0.7%	0.6%	0.8%	0.9%
Net Debt/EBITDA Adj	0.3	0.5	0.1	0.0	0.1

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 14 November 2025 Intermonte's Research Department covered 131 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.06%
OUTPERFORM:	38.93%
NEUTRAL:	28.25%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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