CARLO GAVAZZI

Media Information

Carlo Gavazzi FY 2020/21 result: Strong increase in EBIT and net income

- **Operating revenue: +3.4% in local currency / -0.2% in CHF, reaching CHF 148.2 million (2019/20: CHF 148.5 million)**
- **Bookings grow 6.0%; solid book-to-bill ratio of 1.06**
- **Gross margin slightly higher at 53.7% (2019/20: 53.6%; +0.1 ppt)**
- **Rigorous cost control results in significantly higher operating profit (EBIT) of CHF 17.3 million (2019/20: CHF 10.8 million; +60.2%)**
- **EBIT margin increases to 11.6% (2019/20: 7.3%; +4.3ppts)**
- **Net income doubles to CHF 12.1 million (2019/20: CHF 6.1 million; +98.4%)**
- **Board of Directors proposes dividend of CHF 12.00 per bearer share**

Steinhausen, June 24, 2021 - In 2020/21, while approaching the 90th anniversary year of its foundation, Carlo Gavazzi achieved a solid result, although the overall business performance was constrained by the worldwide spread of the coronavirus pandemic (Covid-19) and its negative consequences for the global economy. The rapid spread of the coronavirus combined with extensive government-imposed shut-downs and quarantine restrictions lead to major challenges particularly in the first two months of the financial year although the factories were able to maintain production for the most part. Sales and distribution in China and to some extent in other regions experienced bottlenecks. In addition, a number of the Group's long-standing customers were affected by interrupted supply chains, resulting in delays or reduction in orders and deliveries. The difficult global situation resulting from the pandemic made it necessary to take immediate action. Carlo Gavazzi reacted early and managed to reduce expenses considerably across the organization.

On the back of solid sales in key markets and ongoing launches of new products, the Group's operating revenue increased by 3.4% in local currency while bookings grew by 6.0%. Operating revenue in Swiss Francs was virtually the same at CHF 148.2 million (CHF 148.5 million in 2019/20) while bookings increased by 2.2% to CHF 156.4 million (CHF 153.0 million in 2019/20), resulting in a book-to-bill ratio of 1.06 at March 31, 2021.
Gross profit was the same at CHF 79.6 million (CHF 79.6 million in 2019/20) while the gross margin increased by 0.1 percentage points to 53.7%. Thanks to rigorous cost control, operating expenses decreased by CHF 7.2 million from CHF 68.8 million in the previous year to CHF 61.6 million notwithstanding the continuing investments in R&D expenditure. In addition, the Group invested a further CHF 1.6 million during the year in the ongoing development of the new ERP system.

Operating profit (EBIT) increased to CHF 17.3 million, compared to CHF 10.8 million in the previous year (+60.2% versus 2019/20). The EBIT margin increased to 11.6% compared to 7.3% in the previous year. After considering financial expense of CHF 0.8 million and income

Carlo Gavazzi Holding AG, Sumpfstrasse 3, CH-6312 Steinhausen, Phone +41 41 747 45 25

taxes of CHF 4.4 million, the Group net income amounted to CHF 12.1 million (CHF 6.1 million in 2019/20), an increase of 98.4%.

At March 31, 2021, shareholders' equity stood at CHF 106.2 million (CHF 90.3 million in 2019/20), giving an equity ratio of 68.2% (2020: 68.7%) with a net cash position of CHF 62.5 million. Having assessed the results, the Board of Directors will propose to the Annual Shareholders' Meeting that the Company pays a dividend of CHF 12.00 per bearer share and CHF 2.40 per registered share for the reporting period, corresponding to a pay-out ratio of 70.7%.

Strong growth in Asia and Europe

Sales in local currency grew in Europe and Asia-Pacific but decreased in the Americas.
In Europe, sales were 2.4% above the previous year due to good performance in building automation markets in the whole area, while industrial automation markets were affected by a general contraction in the activities.

Sales in the Americas decreased by 1.4% compared to the previous year despite growth in the core US market with a strong recovery during the second part of the financial year.

Sales in Asia-Pacific increased by 15.2% compared to the previous year due to ramping up in industrial automation markets and the development of business with OEMs, particularly in China.

Sales outside Europe represented 33.1% of total revenue, with the Americas and Asia-Pacific accounting for 18.2% and 14.9%, respectively.

Energy management driving Controls sales

Controls performed above the previous year once again, with a very positive contribution coming from energy management products, which grew by 10.0%, driven by the steady demand for energy analyzers and the UWP 3.0 gateway and controller. UWP 3.0 provides users with a reliable and scalable platform for energy efficiency management, building automation and car parking guidance. The new UWP 3.0 EDGE provides an enhanced mix of cyber security, communication, technology, flexible monitoring and control functions.

Sensors decreased by 3.7 % compared to the previous year. The contraction in global manufacturing activity heavily impacted by the Covid-19 pandemic, affected overall sales in photoelectric sensors particularly for applications in doors and entrance control systems and food and beverage machines. Sales of capacitive sensors increased by 7.4% mainly driven by the CA18 and CA30 series and the CD34 family. The CA18 and CA30 series represent the ideal solution for industrial automation equipment in applications where the sensing performance needs to be constantly and accurately monitored and logged. The CD34 family meets industrial customers' requirements for challenging applications, such as the reliable detection of liquids in harsh environments.

Switches performed above the previous year due to the positive contribution of solid-state-relays, which grew by 7.1%. The NRG solid-state-relay has been designed to suit heating applications where precise temperature control is crucial to guaranteeing the quality of the final product. The NRG is a cost-effective solution for real-time monitoring with features that enable predictive and better preventive maintenance programs. The versatility of this platform fits into a multitude of applications such as plastic injection machines, packaging machines, semiconductor manufacturing and glass tempering machines.

Sales of products in priority markets performed again better than overall sales, with an increase of more than 30% in Energy markets and more than 7% in the Agriculture market.

Developing new and enhanced products

The Group growth strategy is based on developing new and enhanced products as well as improving market penetration and development across different geographic areas. Furthermore, the Group is focused on continuous improvement of its business model, by embracing new technology, software and tools to become more agile and responsive in a complex market landscape.

The main initiatives concern the re-allocation of production and R&D activities to improve delivery and time-to-market, the deployment of dedicated business development programs outside Europe, the enhancement of manufacturing sites and the R&D team in Asia-Pacific to better fulfill local customer requirements in terms of specifications and prices.

Outlook

Although the Covid-19 situation seems to be calming down in many industrialized countries, the global economy is still characterized by major uncertainties as a consequence of the pandemic. Some positive developments suggest possible future recovery whose pace would be business and country specific.

Carlo Gavazzi has proven to maintain its business continuity by modifying its operations and adapting its global footprint of manufacturing and warehouse facilities whenever required. Despite the expected challenges, Carlo Gavazzi continues to focus on strengthening its sales organizations and increasing the penetration of its product portfolio and implementing a state-of-the art ERP system in order to take advantage of the opportunities which are likely to arise in various markets in the medium term.

Consolidated key figures (CHF million)

Income Statement	**2020/21**	**2019/20**	%
Bookings	**156.6**	**153.0**	2.4
Operating revenue	**148.2**	**148.5**	-0.2
EBITDA	**23.2**	**16.9**	37.3
EBIT	**17.3**	**10.8**	60.2
EBIT margin	**11.7%**	**7.3%**	
Net income	**12.1**	**6.1**	98.4
Cash flow	**18.0**	**12.2**	47.5
Balance Sheet (as at 31 March)	**2021**	**2020**	
Net working capital	**26.9**	**28.4**	-5.3
Shareholders' equity	**106.2**	**90.3**	68.2
Total assets	**155.7**	**131.6**	18.3
Equity ratio	**68.2%**	**68.7%**	

For some figures Carlo Gavazzi Group uses alternative performance measures (APMs) which are not defined in accordance with International Financial Reporting Standards (IFRS). The respective definitions can be found at Carlo Gavazzi Alternative performance measures.

The complete annual report 2020/21 can be downloaded from the website at:
Carlo Gavazzi Annual Report 2020/21.

About Carlo Gavazzi:
Carlo Gavazzi is a publicly listed international electronics group (SIX: GAV) with activities in the design and marketing of electronic control components for factory and building automation. Please visit our website: www.carlogavazzi.com.

For further information please contact:
Rolf Schläpfer
Hirzel.Neef.Schmid.Konsulenten
Phone +41 43 344 42 42
E-Mail rolf.schlaepfer@konsulenten.ch