CARLO GAVAZZI

Media Information

Carlo Gavazzi in 2018/19: Marked growth of sales and net income

- **Operating revenue increases to CHF 155.0 million (previous year: CHF 146.9 million); 5.0% in local currency (+5.5% in CHF)**
- **Bookings increase to CHF 155.2 (CHF 153.6 million in 2017/18; +1.0% in CHF)**
- **EBIT grows to CHF 15.2 million (CHF 13.9 million in 2017/18; +9.4%)**
- **Increase of net income to CHF 10.7 million (CHF 8.4 million in 2017/18; +27.4%)**
- **Consistently high equity ratio of 71.8% (2017: 72.5%)**
- **Dividend of CHF 12.00 per bearer share proposed to AGM**

Steinhausen, June 27, 2019 - In the 2018/19 business year, Carlo Gavazzi recorded a sound growth in revenue, EBIT and net income, driven by sales improvements in Europe and the Americas and main product lines.

Operating revenue increased by 5.0% and bookings by 0.5% in local currency, on the back of solid sales in key markets and ongoing launches of new products. The Group continued to implement its strategy of investing in its product portfolio and strengthening the sales network in markets outside Europe. Operating revenue in Swiss Francs increased by 5.5% to CHF 155.0 million (CHF 146.9 million in 2017/18). Bookings grew by 1.0% to CHF 155.2 million (CHF 153.6 million in 2017/18), resulting in a book-to-bill ratio of 1 at March 31, 2019.

Gross profit increased by CHF 3.4 million to CHF 82.8 million (CHF 79.4 million in 2017/18) while the gross margin decreased by 0.7 percentage points to 53.4% due to more aggressive sales efforts in key markets. Operating expenses were up by CHF 2.5 million from CHF 65.6 million in the previous year to CHF 68.1 million due to continuing investments in R&D and expanded sales and marketing expenditure. Operating profit (EBIT) grew by 9.4% to CHF 15.2 million, compared to CHF 13.9 million in the previous year. The EBIT margin increased to 9.8% compared to 9.5% in the previous year.

Group net income amounted to CHF 10.7 million (CHF 8.4 million in 2017/18), an increase of 27.4%. This resulted from (i) net operational improvements of CHF 1.5 million plus (ii) a swing in the exchange difference of CHF 0.8 million with an exchange loss of CHF 0.2 million this year compared to an exchange loss of CHF 1.0 million in the previous year.

At March 31, 2019, shareholders' equity stood at CHF 97.5 million (CHF 99.3 million in 2017/18), giving an equity ratio of 71.8% (2018: 72.5%) with a net cash position of CHF 47.8 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 79.6%.

Growth driven by sales in Europe and the Americas
Sales in local currency grew in Europe and the Americas but decreased slightly in Asia-Pacific.

In Europe, sales were 5.4% above the previous year due to good performance in building automation markets in the whole area and increasing penetration of OEMs in industrial automation markets, particularly in the Central and Southern European countries.

Sales in the Americas increased by 8.3% compared to the previous year also by exploiting favorable market conditions with dedicated programs towards distributors in industrial and building automation markets.

Sales in Asia-Pacific decreased by 1.1% compared to the previous year mainly due to weakness in business conditions, particularly with distributors. In addition, project-based business experienced a slow-down in building automation markets.

Sales outside Europe reached 34.8% of total revenue, with Americas and Asia-Pacific accounting for 20.5% and 14.3%, respectively.

Positive contribution of energy management products
Controls profited from the very positive contribution of energy management products, which grew versus the previous year by 14.5% driven by the steady sales in products such as EM340 and EM330 energy analyzers and the promising development in the UWP 3.0 gateway and controller. In particular, the UWP 3.0 provides users with a wide range of monitoring and automation functions for deploying energy efficiency policies in the building automation and car parking guidance markets. Fieldbuses grew by 4.7% compared to the previous year mainly due to sales development in heating, ventilation & air conditioning (HVAC) markets and through our distribution channels.

Sensors benefited from the positive contribution of both inductive and capacitive sensors. Sales of inductive sensors increased versus the previous year by 4.5% also thanks to the growth of ICB family which fits general position and presence-sensing applications in almost any industrial applications. Capacitive sensors grew by 3% versus the previous year, driven also by the development of the CD34 family, which meets customers' requirements for challenging applications, such as the reliable detection of liquids in harsh environments, in industrial automation markets.

Switches were driven by strong sales in both solid-state relays and motor controllers. The growth in solid-state relays profited from the development in the RG platform in industrial automation markets and in the RK series which is designed to minimize space requirements without compromising performance in industrial automation and HVAC markets. The sales increase in motor controllers was mainly driven by the RSGD series which provides customers with a compact self-learning solution designed for pumps and compressors in the building automation markets.

Sales of products in priority markets performed better than overall sales growth, with an increase of more than 15% and 10% in the HVAC and Food & Beverage markets and around 9% in Energy.

Strategy
The Group growth strategy is based on developing new and enhanced products and improving market penetration and development across different geographies. Furthermore, the Company is focused on continuous improvement of its business model, particularly the manufacturing and the R&D footprint, which impacts overall efficiency and sales effectiveness. The main initiatives concern the reallocation of production and R&D activities to improve delivery and time-to-market, and the focus on enhancing the manufacturing site and R&D team in Asia-Pacific to better fulfill local market requirements in terms of specifications and prices.

Outlook
The Group will as usual benefit from the development of opportunities in the different geographies and further strengthen penetration of its product portfolio also by deploying dedicated sales and marketing programs. Carlo Gavazzi keeps focusing on geographical coverage by improving the effectiveness of the direct sales organization and by further developing the network of distributors and agents. In order to remain a state-of-the-art company from a technology and efficiency point of view, the Group will increase investments in the coming years.

Consolidated key figures (CHF million)

Income Statement	**2018/19**	**2017/18**	%
Bookings	**155.2**	**153.6**	+1.0
Operating revenue	**155.0**	**146.9**	+5.5
EBITDA	**18.7**	**17.4**	+7.5
EBIT	**15.2**	**13.9**	+9.4
EBIT margin	**9.8%**	**9.5%**	
Net income	**10.7**	**8.4**	+27.4
Cash flow	**14.2**	**11.9**	+19.3
Balance Sheet (as at 31 March)	**2019**	**2018**	
Net working capital	**35.7**	**33.3**	+7.2
Shareholders' equity	**97.5**	**99.3**	-1.8
Total assets	**135.8**	**136.9**	-0.8
Equity ratio	**71.8%**	**72.5%**	

The complete annual report 2018/19 can be downloaded from the website at:
Carlo Gavazzi Annual Report 2018/19.

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