



CARLO GAVAZZI

Interim Report
April 1 – September 30, 2014

At a Glance

(CHF million)	1.4. - 30.9.14	1.4. - 30.9.13	%
Bookings	70.6	74.5	-5.2
Operating revenue	70.5	70.8	-0.4
EBITDA	8.2	8.6	-4.7
EBIT	6.3	6.7	-6.0
Net income	4.9	4.3	14.0
Cash flow	6.8	6.3	7.9
Additions to fixed assets	2.0	1.3	53.8
Net working capital	32.6	32.4	0.6
Net cash position (at 30.9.14 / 31.3.14)	42.3	46.0	-8.0

Energy to Components!

Letter to the Shareholders

Dear Shareholders,

During the first half of the 2014/15 financial year, Carlo Gavazzi's business performance was still impacted by weak growth in global demand. Revenues increased by 1.1% in local currency, whereas operating revenue in Swiss Francs decreased slightly by 0.4% to CHF 70.5 million (first half of 2013/14: CHF 70.8 million). Orders were down 5.2% to CHF 70.6 million (CHF 74.5 million), however, in local currency they only decreased by 3.9%. The book-to-bill ratio was just over one.

Gross profit decreased by CHF 0.7 million to CHF 38.6 million (CHF 39.3 million) and the gross margin was 54.7%, compared to 55.5% in the previous year.

The Group continued to implement its strategy of investing in its product portfolio and in the expansion of the sales network in faster growing markets outside Europe. Operating expenses were stable at CHF 32.3 million (CHF 32.5 million). This resulted in operating profit (EBIT) of CHF 6.3 million (-6.0%), compared to CHF 6.7 million in the previous year.

Group net income reached CHF 4.9 million (+14.0%) against CHF 4.3 million in the previous year, mainly due to an exchange gain of CHF 0.4 million arising from the weakening of the Euro against the US Dollar.

At September 30, 2014, shareholder's equity stood at CHF 90.0 million, giving an equity ratio of 71.4%.

Geographical markets

Europe recorded an increase in sales of 3.9% compared to the previous year, due to the positive contribution from countries such as Germany, France and Spain.

Sales in Asia-Pacific increased by only 1.9% in local currency. Sales in North America were in line with the previous year. The share of sales outside Europe was approximately 31%.

Market segments and products

Sales in priority markets were 1.2% below the same period of last year.

Among the selected priority markets, Food & Beverage and Heating, Ventilation & Air Conditioning (HVAC) grew respectively by 10% and 4% versus the previous year.

Sales of the three biggest product categories were in the same range or above last year. Sensors sales were in the same range as the previous year although photoelectric sensors grew by more than 8% mainly due to sales of new products to OEM customers particularly in Food & Beverage and Doors & Entrance.

Controls products sales were 9% above the same period of last year mainly due to a comprehensive range of energy management (+10%) and monitoring relays (+3%) being sold into building automation and energy efficiency markets by leveraging on penetration of the UWP platform.

Sales of solid state relays grew by 5% compared to the previous year, confirming them as a very good value proposition for industrial automation. The enlargement of the offering drove sales of the soft starters range well above last year (+14%) thanks to development in the HVAC and water treatment markets.

Fieldbus decreased by 10% due to postponement of certain project-based business such as Car Parking and Building Automation.

Outlook

The global economic situation and the market environment are still complex and volatile; advanced economies are expected to expand gradually, while the rate of growth is slowing down in emerging markets.

Considering this scenario, the Group efforts will be directed at further improving the geographic coverage, deploying local marketing initiatives selectively and strengthening R&D.

Carlo Gavazzi continues to aim at adding significant value to the Group through balanced growth across all markets.



Valeria Gavazzi
Chairman



Anthony M. Goldstein
Chief Financial Officer

Statements of Comprehensive Income

for the six months ended September 30

(in CHF 1 000)	Notes	2014	2013
Continuing operations			
Revenue from sale of goods		70 502	70 755
Cost of goods sold		(31 929)	(31 479)
Gross profit		38 573	39 276
Research & development expense		(3 484)	(3 456)
Selling, general and administrative expense		(28 860)	(29 031)
Other operating income (expense), net		118	(127)
Operating profit (EBIT)		6 347	6 662
Financial income		460	39
Financial expense		(36)	(598)
Profit before income tax		6 771	6 103
Income tax expense		(1 823)	(1 765)
Net profit for the period		4 948	4 338
Other comprehensive income			
Actuarial gains (losses) on employee benefit obligations		-	(20)
Tax impact on actuarial gains (losses) on employee benefit obligations		-	-
Total items that will not be reclassified to profit or loss		-	(20)
Exchange difference on translation of foreign operations		378	(245)
Total items that may be reclassified subsequently to profit or loss		378	(245)
Total other comprehensive income for the period, net of tax		378	(265)
Total comprehensive income for the period		5 326	4 073
Net profit attributable to owners of Carlo Gavazzi Holding AG		4 948	4 338
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		5 326	4 073
Earnings per share from net profit of continuing operations for the period attributable to owners of Carlo Gavazzi Holding AG			
(in CHF per share)			
Basic and diluted earnings per share of continuing operations:			
- registered shares	8	1.39	1.22
- bearer shares	8	6.96	6.10

The accompanying notes are an integral part of the consolidated financial statements

Balance Sheets

(in CHF 1 000)	Notes	as of	
		September 30 2014	March 31 2014
Assets			
Current assets			
Cash and cash equivalents		43 131	47 112
Trade receivables		29 987	29 644
Other receivables		4 660	5 061
Inventories		24 449	23 586
Total current assets		102 227	105 403
Non-current assets			
Property, plant and equipment		10 819	10 411
Intangible assets		7 103	7 067
Other receivables		1 570	1 296
Deferred income tax assets		4 390	4 429
Total non-current assets		23 882	23 203
Total assets		126 109	128 606
Liabilities and equity			
Current liabilities			
Trade payables		10 647	10 423
Other payables		15 262	14 295
Borrowings		213	766
Current income tax liabilities		610	1 181
Total current liabilities		26 732	26 665
Non-current liabilities			
Other payables		1 183	871
Borrowings		593	284
Employee benefit obligations		6 861	6 742
Other provisions		694	692
Deferred income tax liabilities		3	106
Total non-current liabilities		9 334	8 695
Total liabilities		36 066	35 360
Equity			
Share capital		10 661	10 661
Capital reserves		600	600
Other reserves		(17 776)	(18 154)
Retained earnings		96 558	100 139
Total equity attributable to owners of Carlo Gavazzi Holding AG		90 043	93 246
Total liabilities and equity		126 109	128 606

The accompanying notes are an integral part of the consolidated financial statements

Statements of Changes in Equity

(in CHF 1 000)	Notes	Attributable to owners of Carlo Gavazzi Holding AG				
		Share capital	Capital reserves	Other reserves	Retained earnings	Total equity
Equity at April 1, 2013		10 661	600	(16 750)	106 752	101 263
Net profit for the period		-	-	-	4 338	4 338
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	(20)	-	(20)
Exchange difference on translation of foreign operations		-	-	(245)	-	(245)
Other comprehensive income for the period		-	-	(265)	-	(265)
Total comprehensive income for the period		-	-	(265)	4 338	4 073
Dividends		-	-	-	(17 768)	(17 768)
Total transactions with owners		-	-	-	(17 768)	(17 768)
Equity at September 30, 2013		10 661	600	(17 015)	93 322	87 568
Net profit for the period		-	-	-	6 817	6 817
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	(364)	-	(364)
Exchange difference on translation of foreign operations		-	-	(775)	-	(775)
Other comprehensive income for the period		-	-	(1 139)	-	(1 139)
Total comprehensive income for the period		-	-	(1 139)	6 817	5 678
Total transactions with owners		-	-	-	-	-
Equity at March 31, 2014		10 661	600	(18 154)	100 139	93 246
Net profit for the period		-	-	-	4 948	4 948
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	378	-	378
Other comprehensive income for the period		-	-	378	-	378
Total comprehensive income for the period		-	-	378	4 948	5 326
Dividends	7	-	-	-	(8 529)	(8 529)
Total transactions with owners		-	-	-	(8 529)	(8 529)
Equity at September 30, 2014		10 661	600	(17 776)	96 558	90 043

For additional information purposes the second half of the prior year is presented in the table above

The accompanying notes are an integral part of the consolidated financial statements

Statements of Cash Flows

for the six months ended September 30

(in CHF 1 000)	Notes	2014	2013
Cash flow from operating activities			
Profit for the period		4 948	4 338
Income taxes		1 823	1 765
Depreciation and amortization		1 815	1 958
Loss (gain) on disposal of property, plant and equipment		(2)	(32)
Change in other non-cash items		591	(582)
Changes in working capital:			
- Change in trade receivables and other receivables		(254)	1 368
- Change in inventories		(1 075)	(3 997)
- Change in trade payables and other payables		1 413	2 544
Cash generated from operations		9 259	7 362
Interest received		14	31
Interest paid		(29)	(22)
Income taxes paid		(2 397)	(1 922)
Cash flow from operating activities		6 847	5 449
Cash flow from investing activities			
Purchases of property, plant and equipment		(2 013)	(1 310)
Purchases of intangible assets		(175)	-
Proceeds from disposal of property, plant and equipment		6	35
Cash flow from investing activities		(2 182)	(1 275)
Cash flow from financing activities			
Dividends paid	7	(8 529)	(17 768)
Proceeds from borrowings		405	409
Repayment of borrowings		(644)	(194)
Cash flow from financing activities		(8 768)	(17 553)
Change in cash and cash equivalents		(4 103)	(13 379)
Cash and cash equivalents at the beginning of the period		47 112	52 924
Effects of exchange rate changes on cash and cash equivalents		122	(97)
Cash and cash equivalents at the end of the period		43 131	39 448

The accompanying notes are an integral part of the consolidated financial statements

Notes to the Consolidated Interim Financial Statements

1. General information

Carlo Gavazzi Holding AG with its subsidiaries (together Carlo Gavazzi Group, hereinafter “the Group”) is an internationally active electronics company. Its core business Automation Components consists of design and manufacture of electronic control components for the global industrial automation markets. Carlo Gavazzi Holding AG is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange) in Zurich. The address of its registered office is Sumpfstrasse 3, CH-6312 Steinhausen, Switzerland.

The financial year of the Group ends on March 31. The Group reporting currency is Swiss Francs (CHF). The consolidated financial statements are presented in thousands of Swiss Francs (CHF 1 000).

These unaudited consolidated half-year financial statements of the Group were approved for publication by the Board of Directors on November 24, 2014.

The Group’s business is not usually impacted by seasonality

2. Significant accounting and valuation policies

The significant accounting and valuation policies are described in detail in the annual report for the financial year ended March 31, 2014. These policies have been applied consistently in the reporting periods presented, unless otherwise stated.

2.1 Basis of preparation

The Group’s unaudited consolidated half-year financial statements have been prepared in accordance with the International Accounting

Standard IAS 34 “Interim Financial Reporting”. The consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended March 31, 2014, which have been prepared in accordance with IFRS.

The Group’s consolidated half-year financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities and contingent assets during the reporting period. Whilst these estimates are based on management’s best knowledge of current circumstances and possible future events, actual results may ultimately differ from these estimates. In this interim report, Management has not made any significant changes to the estimates and assumptions compared with the previous periods.

2.2 Changes to accounting policies

The following new and revised standards and interpretations are mandatory for the first time for financial years beginning on or after April 1, 2014, but have no material impact or are currently not relevant for the Group:

- The amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 27 “Separate Financial Statements” apply to investments in subsidiaries, joint ventures and associates held by investment companies.

- IAS 32 “Financial Instruments: Presentation” (amended) clarifies some requirements for offsetting financial assets and financial liabilities.
- IAS 36 “Impairment of Assets” (amended) corrects an amendment to IAS 36 when IFRS 13 “Fair Value Measurement” was issued and introduced additional disclosures for measurements based on fair value less costs of disposal in case of an impairment or reversal of an impairment.
- IAS 39 “Financial Instruments: Recognition and Measurement” (amended) clarifies the requirements in respect to hedge accounting if a hedging derivative is novated.

Selected standards and revisions to standards effective for periods commencing on or after October 1, 2014, which have not been adopted early by the Group:

- The new IFRS 9 “Financial Instruments” deals with the classification and measurement of financial assets, and will ultimately replace IAS 39 “Financial Instruments: Recognition and Measurement” in its entirety. IFRS 9 introduces new requirements for classifying and measuring financial assets, thereby reducing the number of asset categories from four to two. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after January 1, 2018 with early adoption permitted.
- IAS 19 “Employee Benefits” (amended) clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits.

New standards and interpretations are usually applied as of the effective date; however, the Group considers early adoption on individual basis.

If the above standards and interpretations had been applied already in the current financial year, they would have had no significant effect on the consolidated financial statements of the Group.

2.3 Principles of consolidation

The principles of consolidation and the number of consolidated legal entities remained unchanged compared with the ones presented in the Group’s annual report for the financial year ended March 31, 2014.

2.4 Foreign currency translation

The following exchange rates into Swiss Francs were used during the periods:

Exchange Rates

Period end rates applied for the consolidated balance sheet

Currency	Unit	30.9.2014	30.9.2013
BRL	100	39.07	40.63
CAD	1	0.86	0.88
CNY	100	15.47	14.79
DKK	100	16.21	16.42
EUR	1	1.21	1.22
GBP	1	1.55	1.46
HKD	100	12.31	11.66
LTL	100	34.96	35.48
MYR	100	29.12	27.74
NOK	100	14.87	15.05
SEK	100	13.25	14.09
SGD	1	0.75	0.72
USD	1	0.96	0.91

Average rates applied for the consolidated income statement

Currency	Unit	1.4.2014 - 30.9.2014	1.4.2013 - 30.9.2013
BRL	100	40.15	43.32
CAD	1	0.83	0.91
CNY	100	14.63	15.17
DKK	100	16.30	16.54
EUR	1	1.22	1.23
GBP	1	1.51	1.45
HKD	100	11.63	12.08
ITL	100	35.33	35.82
MYR	100	28.07	29.85
NOK	100	14.75	15.88
SEK	100	13.32	14.31
SGD	1	0.72	0.75
USD	1	0.90	0.94

3. Significant events and business transactions

During the periods, there were no significant events or business transactions in connection with the critical accounting estimates and judgments defined in the Group's annual financial statements for the year ended March 31, 2014.

4. Segment reporting

The Group is an internationally active electronics company active in designing, manufacturing and marketing electronic control components for the global markets of industrial and building automation. The Group has only one operating and reportable segment, the information for the segment therefore mainly corresponds to the figures in the consolidated financial statements. When the Group implemented IFRS 8 "Operating Segments", the following circumstances led to the conclusion that it only has one reportable segment:

- Internal monthly reporting for the only operating segment is carried out in concentrated form for the whole Group.

- Because of the close integration of the group companies, focussing individually on production, logistics, marketing and selling, key decisions are, consequently, made by corporate management at consolidated group level and not on the basis of the financial statements of individual legal entities.
- The holding company only provides corporate services; its operating result is monitored in the internal monthly reporting.

5. Notes to the income statement

Gross sales in the first six months of the financial year 2014/15 amounted to CHF 70 502 (2013/14 CHF 70 755). The decrease of 0.4% is related to the currency effect from the translation into Swiss Francs, whereas, in local currency, revenue from sale of goods increased by 1.1%.

6. Contingent assets and contingent liabilities

There have not been any significant changes to the Group's contingent assets or contingent liabilities since the approval of the consolidated financial statements for the year 2013/14.

7. Dividends paid

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 29, 2014, resolved to distribute a dividend for the financial year 2013/14, with value August 6, 2014, as follows (in CHF):

Dividend per registered share	CHF	2.40
Dividend per bearer share	CHF	12.00
Total dividend paid	CHF thousands	8 529

8. Earnings per share

Earnings per registered share are computed based on the weighted average number of registered shares of CHF 3 each outstanding during the periods.

Earnings per bearer share are computed based on the weighted average number of bearer shares of CHF 15 each outstanding during the periods.

Basic and diluted earnings per share are as follows:

Basic and diluted earnings per share for the half year ended September 30

(in CHF 1 000)	2014	2013
Net profit attributable to owners of Carlo Gavazzi Holding AG	4 948	4 338
Percentage of registered shares outstanding in comparison with the share capital outstanding	45.03%	45.03%
Percentage of bearer shares outstanding in comparison with the share capital outstanding	54.97%	54.97%
Registered shares		
Net profit attributable to registered shareholders	2 228	1 953
Average number of shares outstanding	1 600 000	1 600 000
Basic and diluted earnings per registered share (CHF)	1.39	1.22
Bearer shares		
Net profit attributable to bearer shareholders	2 720	2 385
Average number of shares outstanding	390 710	390 710
Basic and diluted earnings per bearer share (CHF)	6.96	6.10

9. Related party transactions

The related parties consist primarily of shareholders, members of the Board of Directors and members of Group Management.

On April 11, 2014, the Group announced a sponsorship partnership with Sauber F1 affiliated racing driver Simona De Silvestro. Under this agreement the Group is sponsoring her during the financial year 2014/15 at a cost of CHF 264 000. Simona De Silvestro is a niece of Board Director Daniel Hirschi.

During the periods there were no other significant transactions with related parties.

10. Events after the balance sheet date

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

Declaration on Forward-Looking Statements

This Interim Report contains statements that constitute "forward-looking statements", relating to the Group. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments. All forward-looking statements are based only on data available to the Group at the time of preparing this Report. The Group does not undertake any obligation to update any forward-looking statements contained in this Report as a result of new information, future events or otherwise.

The Interim Report of the Group can also be viewed online: www.carlogavazzi.com

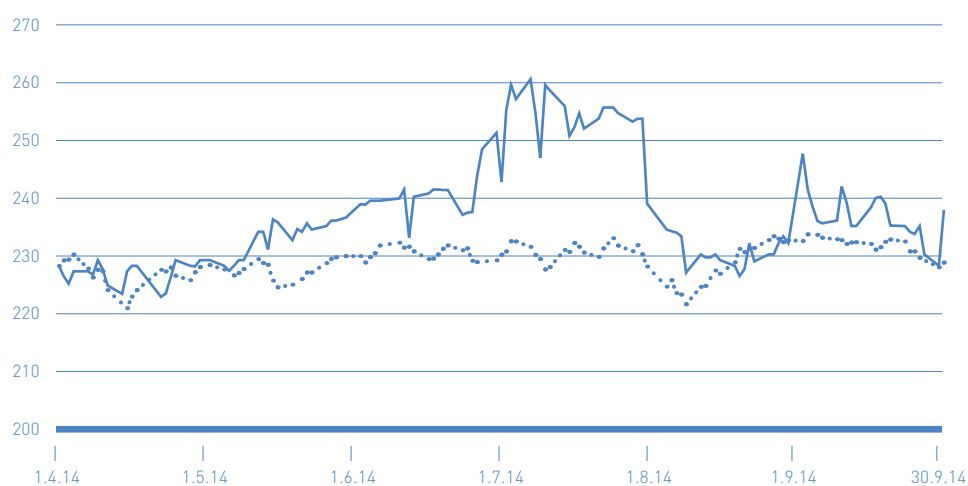
Information for Investors

(CHF)	1.4.-30.9.14	1.4.-30.9.13	1.4.-30.9.12*	1.4.-30.9.11	1.4.-30.9.10
Share price September 30	238	204	202	202	161
- half year-high	261	230	210	254	170
- half year-low	223	193	184	194	148
Average daily volume	507	720	450	893	362
Earnings per share	6.96	6.10	8.09	10.04	10.57
Book value per share	127	123	132	124	128
Stock market capitalization (CHF million)	169	145	144	144	114
- in % of equity	188	165	153	163	125

* Certain numbers are restated due to adoption of new accounting standards

Share price 1.4.2014 - 30.9.2014

(CHF)



— CARLO GAVAZZI BEARER SHARE (NOT ADJUSTED FOR DIVIDENDS)
 SPI EXTRA™ (REBASED, NOT ADJUSTED FOR DIVIDENDS)

Financial calendar

Press and financial analysts' meeting 2014/15
 Shareholders' meeting 2014/15
 Interim Report 2015/16

June 25, 2015
 July 28, 2015
 November 26, 2015



CARLO GAVAZZI

CARLO GAVAZZI HOLDING AG
P.O. Box 152
CH-6312 Steinhausen, Switzerland
Phone: +41 41 747 45 25
Telefax: +41 41 740 45 60
Internet: www.carlogavazzi.com
E-Mail: gavazzi@carlogavazzi.ch