

Press Information

Carlo Gavazzi – Continued strong performance

EBIT increased by 37% from CHF 14.8 to CHF 20.2 million

Dividend proposal: CHF 7.00 per bearer share

Steinhausen, June 21, 2007 - In the financial year ended March 31, 2007, Carlo Gavazzi, the Zug-based electronics group, increased bookings from continuing operations by 10% from CHF 201.8 million to CHF 221.6 million and operating revenue by 7% from CHF 201.6 million to CHF 215.7 million. Earnings from continuing operations rose by 30% from CHF 11.5 million to CHF 14.9 million.

The discontinuance of Computing Solutions' distribution activity required a goodwill write-off in the amount of CHF 3.3 million. After this one-time charge, the company is reporting a net income of CHF 11.5 million.

With the current economic conditions prevailing, the group expects to further improve its market position and its financial performance during 2007/08.

The group's operating revenue increased by 7% and operating expenses by a modest 1.5%. EBIT included CHF 1.8 million non-recurring legal and severance charges, while it benefited from the reversal of accruals of CHF 1.5 million in the previous year. Despite these differences totalling CHF 3.3 million, EBIT improved by CHF 5.4 million.

Shareholders' equity at March 31, 2007, amounted to CHF 99 million or 54% of total assets. The board of directors will propose to the annual shareholders' meeting the payment of a dividend of CHF 7 per bearer share, corresponding to a payout ratio of 33% of earnings from continuing operations (previous year: capital repayment of CHF 35 per bearer share).

Automation Components – improvement of earnings and gain of market share

Continuing investments in sales and marketing personnel, broader geographical coverage and favourable market conditions enabled Automation Components to expand bookings and operating revenue by 11.5% and 9.1%, respectively, clearly outpacing global market growth of estimated 4%. While revenue in South-East-Asia grew by 24%, sales in Europe increased by 14% and, the less favourable economic conditions in the North American building and factory automation market, limited bookings growth in this region to 4% in local currency. While revenue of the priority market segments grew by 22%, revenue from non-core products stabilised. As operating expenses rose by only 4.6%, operating profit improved by 37.8% to CHF 24.1 million or 12.9% of revenue.

Computing Solutions – concentration on core activities

Revenue from core activities, electronic packaging and embedded computing, stabilised at the previous year's level and bookings improved by 3%. Actions were taken to further reduce the break-even point and, as a result, the business unit succeeded in improving operating profit by CHF 1.0 million compared with the previous year, after one-time restructuring charges of CHF 0.5 million. The goodwill amortisation of CHF 3.3 million and the small operating loss of CHF 0.1 million (last year profit of CHF 0.6 million) were accounted for as discontinued operations.

Board of Directors

After 40 years of services with Carlo Gavazzi and approaching the age of 65, Werner S. Welti, executive chairman of Carlo Gavazzi Holding AG since 2003, decided not to stand for re-election at the shareholders' meeting of July 26, 2007. The board of directors recognised his valuable contributions and expressed its great appreciation for the excellent services that were provided by him for many years in various top management and board functions. The board of directors will appoint Werner S. Welti as honorary chairman.

Giulio Pampuro, member of the board of directors of Carlo Gavazzi Holding AG for two years and managing director of Barguzin Participation SA, Luxembourg, will succeed Werner S. Welti as chairman. The board of directors will propose to the next shareholders' meeting to elect Dr. Felix R. Ehrat, senior partner of the law firm Bär & Karrer, as new member of the board.

Key figures group (CHF million)

Income statement continuing operations	2006/07	2005/06 *	%
Bookings	221.6	201.8	+ 9.8
Operating revenue	215.7	201.6	+ 7.0
EBIT	20.2	14.8	+ 36.5
EBIT-Margin	9.4 %	7.3 %	-
Earnings	14.9	11.5	+ 29.6
Employees	1192	1126	+ 5.9
Discontinued operations (Fulfilment Division)			
Earnings (loss) from discontinued operations	- 0.1	0.6	
Goodwill write-off	- 3.3	-	
Effect of discontinued operations	- 3.4	0.6	
Summary result			
Earnings from continuing operations	14.9	11.5	
Effect of discontinued operations	- 3.4	0.6	
Group net income	11.5	12.2	- 5.7
Cash flow	18.8	15.5	+ 21.3

Balance sheets (as of March 31)	2007	2006	
Net working capital	58.7	52.3	+ 12.2
Shareholders' equity	98.9	111.6	- 11.4
Total assets	182.2	191.2	- 4.7
Equity in percent of assets	54.3 %	58.4 %	-

Key figures business units

CHF million	2006/07	2005/06 *	%
Bookings			
• Automation Components	191.3	171.5	+ 11.5
• Computing Solutions	30.4	30.3	+ 0.3
Operating revenue			
• Automation Components	186.6	171.0	+ 9.1
• Computing Solutions	29.1	30.6	- 4.9
Operating profit			
• Automation Components	24.1	17.5	+ 37.7
• Computing Solutions	0.7	- 0.3	-

* 2005/06 figures have been restated to reflect the effect of the discontinuance of Computing Solutions' distribution activity.

For further information contact:

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Note:

- 1) The group's annual report 2006/07 and the presentation made at the press conference scheduled for Thursday, June 21, 2007, will be available the same day at 2 pm on the company's website <http://www.carlogavazzi.com>.
- 2) Our press releases are also available by e-mail instead of fax. If you require this service, please register on our website or send an e-mail to the following address: mady_arnold@carlogavazzi.ch.

About Carlo Gavazzi:

Carlo Gavazzi is a publicly quoted (SWX: GAV) international electronics group with activities in the design and marketing of electronic control components for factory and building automation as well as in electronic packaging and embedded computing.

Please visit our website: www.carlogavazzi.com