

Media Information

Carlo Gavazzi Group records stable sales and increased net income in the first half of 2014/15

- **Operating revenue in local currency up 1.1% (-0.4% in CHF)**
- **3.9% sales increase in Europe, 1.9% in Asia-Pacific**
- **EBIT reaches CHF 6.3 million (-6.0% vs. previous year)**
- **Net income grows 14.0% to CHF 4.9 million**
- **Solid equity ratio of 71.4%**

Steinhausen, November 27, 2014 – 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%.

Europe: Sales growth in Germany, France and Spain

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%.

Controls and Solid state relays record solid increase

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.

Challenging market environment

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.

Consolidated key figures
(CHF million)

Income statement	<u>1. HY</u> <u>2014/15</u>	<u>1. HY</u> <u>2013/14</u>	%
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
EBIT margin	9.0 %	9.4 %	-
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
Balance sheet	<u>30.9.2014</u>	<u>31.3.2014</u>	
Net working capital	32.6	32.4	+0.6
Net cash position	42.3	46.0	-8.0

Interim Report

The complete interim report can be downloaded from
<http://www.carlogavazzi.com/en/investors/interim-report.html>

About Carlo Gavazzi:

Carlo Gavazzi is a publicly quoted 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

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