

Media Information

Carlo Gavazzi Group records stable first half – strong currency movements affect P&L

- **Operating revenue stable in local currency, decrease in Swiss Francs to CHF 64.7 million (2014/15: CHF 70.5 million, -8.2%)**
- **EBIT stable at CHF 6.3 million – EBIT margin increases to 9.8% (2014/15: 9.0%)**
- **Net income decreases CHF 1.1 million to CHF 3.8 million due to currency influences**
- **Solid equity ratio of 70.5%**

Steinhausen, November 26, 2015 – During the first half of the 2015/16 financial year, the overall business performance of Carlo Gavazzi was solid. However, both the appreciation of the Swiss Franc and the strengthening of the Euro against the US Dollar had a significant impact on revenues and net income, when comparing the period of March to September 2015 with the same period in 2014.

The Group's operating revenue in local currency was equal to that of the same period of the previous year, whereas revenue in Swiss Francs decreased by 8.2% to CHF 64.7 million (first half of 2014/15: CHF 70.5 million). Sales in Europe and North America increased but were weaker in Asia-Pacific. Orders were down 7.8% to CHF 65.1 million (CHF 70.6 million), however, in local currency they increased by 0.2%. The book-to-bill ratio was slightly above one.

While gross profit decreased by CHF 2.9 million to CHF 35.7 million (CHF 38.6 million) the gross margin increased to 55.2%, compared to 54.7% in the previous year. Operating expenses decreased to CHF 29.3 million (CHF 32.3 million) but were flat in local currency. This resulted in operating profit (EBIT) of CHF 6.3 million, the same as in the previous year. EBIT margin improved significantly 9.8%, compared to 9.0% in the first half of 2014/15.

Group net income amounted to CHF 3.8 million (-22.4%) against CHF 4.9 million in the previous year. The key reason for this decrease was an exchange difference of CHF 1.2 million, mainly due to the strengthening of the Euro against the US Dollar, resulting in an exchange loss of CHF 0.8 million, compared to an exchange gain of CHF 0.4 million in the previous year.

At September 30, 2015, shareholder's equity stood at CHF 86.3 million, giving an equity ratio of 70.5%.

Sales growth in Europa and North America – decrease in China

On the back of stronger sales in Italy, Germany and the UK, Europe recorded an increase in sales compared to the previous year of 0.8% Sales in Asia-Pacific decreased by 12.6%, mainly due to the economic situation in China and sluggish project-based business within the whole area. Sales in North America were up by 2.2% on the previous year, mainly due to effective sales programs implemented in the USA.

Double digit increase in Energy and Plastic markets

Sales in priority markets were 4.6% above the same period of last year. Among the selected priority markets, Energy and Plastic grew respectively by 19.6% and 16.1% versus the previous year.

Sensors sales, almost in line with the previous year, were impacted by a slowdown mainly within the European market, linked to the agriculture industry being affected negatively by the political situation in Russia and Ukraine.

Controls product sales were 2.5% below the same period of last year mainly due to a 6.2% decrease in monitoring relays linked to lower demand by selected customers in the USA and Asia. This decrease was offset partially by a 7.8% solid growth in sales of the energy management range due to the continuous effort in business development and the evolution of new products for key applications such as energy monitoring data centers and telecommunications power stations.

Sales of Switches products grew by 5.5% compared to the previous year. In particular, solid state relays sales were 8.7% above the same period of last year, confirming them as a very good value proposition for both industrial and building automation, also due to the newly enlarged RG platform and further penetration of the RM range. Fieldbus decreased versus the previous year by 4.6% due to the globally-spread postponement of major building automation projects.

Outlook

The global economic situation still remains uncertain thereby affecting overall market conditions. Advanced economies are expected to recover but at slower growth rates particularly across Europe while growth perspectives appear to be weaker within emerging markets.

Considering this scenario, the Group's efforts will be directed at continuing to improve 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>2015/16</u>	<u>1. HY</u> <u>2014/15</u>	%
Bookings	65.1	70.6	-7.8
Operating revenue	64.7	70.5	-8.2
EBITDA	7.9	8.2	-3.7
EBIT	6.3	6.3	0.0
EBIT margin	9.8 %	9.0 %	-
Net income	3.8	4.9	-22.4
Cash flow	5.4	6.8	-20.6
Additions to fixed assets	1.2	2.0	-40.0
Balance sheet	<u>30.9.2015</u>	<u>31.3.2015</u>	
Net working capital	31.1	29.3	+6.1
Net cash position	41.1	45.0	-8.7

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.

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