

Media Information

Carlo Gavazzi posts solid results for 2009/10

Net income at previous year's level – Sales increase in second half

Steinhausen, June 24, 2010 – Zug-based electronics group Carlo Gavazzi has posted good results for the financial year despite a difficult market environment. The group's net income reached the previous year's level of CHF 8 million. The share price increased by 66.7%. The Board of Directors is proposing a dividend of CHF 5 per bearer share.

Carlo Gavazzi achieved sales of CHF 150 million (previous year CHF 175 million; - 11% in local currency) for the financial year to 31st March 2010. Sales were 12% higher in the second half of the year than in the first semester. Thanks to productivity gains and changes to the client mix, the gross profit margin improved again, from 52.4% to 54.5%. EBIT reached CHF 13.0 million (previous year CHF 16.2 million), while the EBIT margin remained practically the same as the previous year at 8.7%. The financial year closed with a net income of CHF 8.0 million in line with last year's result, mainly thanks to a strong increase in the second semester.

With its net cash position improving to CHF 44.4 million (previous year CHF 29.7 million), and an equity ratio of 69.3%, Carlo Gavazzi has a very sound financial structure.

The company's share price rose 66.7% during the reporting period. The Board of Directors is proposing a dividend of CHF 5 per bearer share to the AGM.

New sales offices and subsidiaries in China and Mexico

Sales declined in Europe and even more in the USA, especially in the first half of the year. Incoming orders began to recover in the second half-year in both areas. In November 2009 Gavazzi opened a new subsidiary in Mexico, which began operations in the final quarter of the financial year.

Asia-Pacific had a very positive business development, with sales increasing by 20% on the back of growth in all key countries. Two sales offices were opened in Wuhan and Guangzhou in order to strengthen geographical coverage in China.

Growth in energy management – declining performance in industrial automation and building automation

While sales of the traditional product range decreased 20% on average, sales of energy management products rose by around 40%. Within the company's priority markets, the renewable energy sector experienced particularly good sales growth.

By contrast, the current decline in demand for real estate affected performance in the building automation sector.

The industrial automation sector was also impacted by the difficult economic environment, with sales in this area decreasing by around 20%.

Although the future development of the automation market remains uncertain, initial signs of recovery in the energy management sector have been evident since the end of 2009, suggesting that sustained growth can be expected.

Growth strategy

Gavazzi is making major endeavours to developing new products, including new solutions for building automation, e.g. door and lift controls, as well as developing new markets, e.g. renewable energy. The company is also confident that its efforts to develop new markets in Latin America and Asia will be successful. The strong financial basis also allows Carlo Gavazzi to screen possible acquisitions on a regular basis. The aim of any acquisition would be to strengthen the potential of Gavazzi's product portfolio through new growth and additional earnings.

The company expects the positive performance of the second half to continue in the new financial year.

Acknowledgments

The Zug based company was founded in 1931 and was recently hailed as one of 100 best family controlled companies in Switzerland.

Felix Stöcklin, Head of Corporate Communications, has decided to retire effective 31st December, 2010. The company wishes him a wonderful and serene future and thanks him for his life-long lasting support to Carlo Gavazzi over the past 35 years.

Consolidated key figures

Income statement	<u>2009/10</u>	<u>2008/09</u>	%
Bookings	152.7	172.7	-11.6
Operating revenue	149.9	174.9	-14.4
EBIT	13.0	16.2	-19.8
EBIT margin	8.7	9.3	-
Earnings from ongoing operations	8.0	12.2	-34.4
Loss from discontinued operations	-	-4.2	-
Net income	8.0	8.0	-
Cash flow	13.0	17.9	-27.4
 Balance sheet (as at 31 March)	 <u>2010</u>	 <u>2009</u>	
Net working capital	30.8	43.2	-28.7
Shareholders' equity	107.9	106.9	+0.9
Total assets	155.6	156.4	-0.5
Equity as % of assets	69.3%	68.4%	-

For further information

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