

Press Information

Carlo Gavazzi – Strong economic performance

EBIT increased by 32% from CHF 20.2 to CHF 26.7 million or 12% of revenue

Dividend proposal: Increase from CHF 7 to CHF 10 per bearer share

Steinhausen, June 24, 2008 – In the financial year ended March 31, 2008, Carlo Gavazzi, the Zug-based electronics group, improved its economic performance for the fifth consecutive year. While operating revenue increased by 3.6% from CHF 215.7 million to CHF 223.4 million, EBIT rose by 32% from CHF 20.2 million to CHF 26.7 million and reached 12% of revenue, well ahead of the 10% target set for 2009/10. Net income rose by 46.1% to CHF 16.8 million (CHF 11.5 million), representing a return on equity of 15.6% (11.7%).

In order to lay the foundations for sustained long-term growth, the group intends to increase its presence in geographical areas with fast-growing potential. It has also decided to increase R&D spending in order to provide the priority market segments with an enhanced product portfolio. As a consequence of these actions and barring unforeseen events, the group expects to keep growing its revenue and maintain satisfactory profitability levels.

As a result of efficiency improvements and economy-of-scale effects, gross profit margin increased from 46.7% to 49.0%. Although negatively affected by an exchange loss of CHF 2.3 million (CHF 0.5 million), earnings before taxes improved by 24.3%. Shareholders' equity at March 31, 2008 amounted to CHF 107.9 million or 63% of total assets. The group turned net cash positive during the year to reach CHF 21.1 million (net interest-bearing debt of CHF 7.2 million). As the group has recorded a strong operational performance and has a sound financial position, the board of directors will propose to the annual shareholders' meeting the payment of an increased dividend of CHF 10 (CHF 7) per bearer share, corresponding to a payout ratio of 42% of earnings (43%).

Automation Components – EBIT reached 13.4% of operating revenue

The business unit recorded a revenue increase of 5.4% (currency neutral 3.4%). While sales in Europe attained an increase of 5% and a revenue growth in excess of 30% in South-East-Asia, Automation Components experienced a slight slowdown in North America. In its priority market segments, the unit increased sales over 10% on average. Innovative products launched during the reporting period led to significant growth rates of more than 16% in both the doors and entrance control and the lift and escalator markets, only exceeded by the growth rate in the renewable energy market where revenue grew by more than 50%.

Computing Solutions – back to profitability

The business unit made a major step forward in its performance. Thanks to many new projects acquired, bookings in local currency increased by 14% and backlog at the end of the reporting period improved by USD 5 million or 56% compared with the previous period.

Although revenue stabilised at the previous year's level, EBIT rose by USD 0.8 million thanks to the improved margin and cost savings. The dependency on the slow-growing telecom infrastructure market was further reduced and the strategy to focus on the industrial market was honoured by important orders from major players such as a world leader in the printing field.

Key figures group (CHF million)

Income statement	2007/08	2006/07	%
Bookings	228.2	221.6	+3.0
Operating revenue	223.4	215.7	+3.6
EBIT	26.7	20.2	+32.2
EBIT margin	11.9%	9.4%	-
Net income	16.8	11.5	+46.1
Cash flow	23.6	18.8	+25.5
Employees	1 204	1 192	+0.1
Balance sheets (at March 31)	2008	2007	
Net working capital	47.3	58.7	-19.4
Shareholders' equity	107.9	98.9	+9.1
Total assets	171.1	182.2	-6.1
Equity in percent of assets	63.1	54.3	-

Key figures business units (CHF million)

	2007/08	2006/07	%
Bookings			
• Automation Components	195.7	191.3	+2.3
• Computing Solutions	32.5	30.3	+7.3
Operating revenue			
• Automation Components	196.6	186.6	+5.4
• Computing Solutions	26.8	29.1	-7.9
EBIT			
• Automation Components	26.3	22.0	+19.5
• Computing Solutions	0.3	-0.8	-

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Note:

- 1) The group's annual report 2007/08 and the presentation made at the press conference scheduled for Tuesday, June 24, 2008, 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