

## Media Information

### Carlo Gavazzi continues to report solid financial result in 2013/14

- **Operating revenue of CHF 140.6 million (2012/13: CHF 138.3 million)**
- **New UWP platform leads to 10% sales increase of fieldbus product line**
- **Dynamic sales growth in Asia-Pacific (+12.4%) and North America (+5.8%) counterbalanced a weaker Europe (-2.3%)**
- **Solid net income of CHF 11.2 million despite negative currency effects of CHF 1.4 million vs. last year (net income 2012/13: CHF 12.5 million),**
- **Strong Equity ratio of 72.5%**
- **Dividend of CHF 12.00 per bearer share proposed to AGM**

*Steinhausen, June 26, 2014* – In 2013/14, Carlo Gavazzi recorded stable revenues in local currency on the back of solid sales in key markets outside Europe and the successful launch of new products. The Group continued to implement its strategy of investing in its product portfolio and in the expansion of the sales network in fast growing markets outside Europe.

Operating revenue in Swiss Francs increased by 1.7% to CHF 140.6 million (CHF 138.3 million in 2012/13). Orders grew slightly by 0.5% to CHF 141.3 million (CHF 140.6 million in 2012/13), resulting in a book-to-bill ratio of just over one. Gross profit increased by CHF 1.2 million to CHF 78.1 million and the gross margin remained stable at 55.6%. Operating expenses increased by CHF 1.6 million from CHF 60.4 million in the previous year to CHF 62.0 million. This resulted in operating profit (EBIT) of CHF 15.7 million, compared to CHF 15.9 million (-1.3%) in the previous year. Group net income reached CHF 11.2 million (-10.4%) against CHF 12.5 million in the previous year. The main contribution to this decrease was an exchange difference of CHF 1.4 million, due to the strengthening of the Euro against the US Dollar, resulting in an exchange loss of CHF 1.0 million, compared to an exchange gain of CHF 0.4 million last year.

At March 31, 2014, shareholders' equity stood at CHF 93.2 million, giving an equity ratio of 72.5% with a net cash position of CHF 46.1 million. Having assessed these results, the Board of Directors will propose to the annual shareholders' meeting that the Company pays a dividend of CHF 12.00 per bearer share and CHF 2.40 per registered share for the reporting period, corresponding to a pay-out ratio of 76.5%.

#### **Sales growth in Asia-Pacific and North America - Southern Europe bottoming out**

The ongoing slow-down in Southern Europe seems to have bottomed out. However, the result in Europe recorded a decrease in sales of 2.3% due to general market contraction across distributors and still difficult conditions in the energy related business.

Asia-Pacific increased sales by 12.4% in local currency compared to the previous year, due to solid growth in China (+20.5%), driven by very positive business developments with

distributors and OEMs. Sales in North America grew by 5.8% in local currency compared to the previous year due to investment in sales and marketing activities towards distributors and dedicated initiatives in the building and industrial automation markets.

Thanks to dynamic growth, the share of sales outside Europe expanded to 32% of total revenues, from 30% in the same period last year, with the Americas and Asia-Pacific accounting for 18% and 14%, respectively.

### **Successful launch of UWP platform**

The fieldbus product line grew by almost 10% versus the previous year due to the contribution of the UWP platform for home and building control applications. The sensors product line performed slightly better than during the previous year, with the best performers being inductive and magnetic sensors which increased by more than 9% and 7%, respectively, versus the previous year. In particular, inductive sensors grew across all the regions for OEM customers.

The switches product line grew by more than 3% versus last year, driven by the business development of the new solid-state relay RG platform and 3phase-soft starters featured for applications in markets such as Food & Beverage.

The controls product line performed slightly below the previous year. Sales of our products in priority markets, net of renewable energy, performed better than overall sales, confirming the effectiveness of the segment selection and related development initiatives. In particular, the Smart Building market segment, which grew by 9% versus last year, benefited from the deployment of the UWP platform in synergy with energy management. In line with the solid growth of switches products, the Food & Beverage market grew by almost 13% versus last year.

### **Imminent launch of new products**

Introduction of new and enhanced products is a key element in the business development towards new and existing markets and geographic areas. The evolution of the new inductive sensors platform will see two major milestones with the release of the new innovative IP69k sensor dedicated to the Food & Beverage market and the new 3x distance sensors.

Based on the evolution of energy management towards multi-site applications, the introduction of new devices and monitoring software will boost further the penetration of the new UWP platform for energy measurement and analysis. The enhancement of soft starters will address applications for water treatment on a global basis while the new RF solid state relays will target applications such as coffee vending machines in the Food & Beverage market. New development initiatives for commercial buildings and infrastructure will support the penetration in the Building Automation market and, in particular, the evolution of the Dupline platform for car parking will also help to expand our presence in North America.

### **Continued strengthening of geographic coverage and product portfolio**

The global economic situation and market environment are expected to improve gradually, however, with only a modest pickup anticipated in several European countries. Considering the countries served by Carlo Gavazzi and the related different pace of development, an over proportional contribution from outside Europe represents a major driver of business growth. In this respect, the further development of direct business in Taiwan and dedicated initiatives in China will also contribute to a solid sales expansion in the Asia-Pacific region.

The Group's efforts will continue to be directed at further improving geographic coverage, with local marketing initiatives deployed selectively. In addition, Carlo Gavazzi will continue to strengthen R&D and the Group's product portfolio. Carlo Gavazzi is convinced that these initiatives will add significant value to the Group in the years to come.

The complete Annual Report 2013/14 of the Carlo Gavazzi Group will be available by July 3, 2014, on: <http://www.carlogavazzi.com/en/investors/annual-report.html>

**Consolidated key figures  
(CHF million)**

<b>Income statement</b>	<b><u>2013/14</u></b>	<b><u>2012/13</u></b>	<b>%</b>
Bookings	141.3	140.6	+0.5
Operating revenue	140.6	138.3	+1.7
EBITDA	19.0	19.3	-1.6
EBIT	15.7	15.9	-1.3
EBIT margin	11.2%	11.5%	
Net income	11.2	12.5	-10.4
Cash flow	14.5	15.9	-8.8
<b>Balance sheet (as at 31 March)</b>	<b><u>2014</u></b>	<b><u>2013</u></b>	
Net working capital	32.4	34.6	-6.4
Shareholders' equity	93.2	101.2	-7.9
Total assets	128.6	136.8	-6.0
Equity as % of assets	72.5%	74.0%	

**About Carlo Gavazzi:**

*Carlo Gavazzi is a publicly listed 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](http://www.carlogavazzi.com)

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