

## Media Information

### **Carlo Gavazzi Group's 1<sup>st</sup> half 2012/13 result: Net income of CHF 5.8 million – solid growth outside Europe**

- **Operating revenue of CHF 69.2 million (-6.5% vs. 1<sup>st</sup> half year 2011/12)**
- **Financial crisis and stagnating renewable energy market affect sales in Europe**
- **Growth in North America and Asia-Pacific**
- **Gross margin increases to 56.2% (+0.4 percentage points)**
- **Net income of CHF 5.8 million (-18.3%)**
- **Strong net cash position of CHF 46 million despite dividend payment**
- **On-going investments in R&D and distribution network in emerging markets**
- **Imminent launches of new products in Building and Industrial Automation**
- **Aim for sales to stabilize and net income to remain at least at 1<sup>st</sup> semester's level**

*Steinhausen, November 22, 2012* - During the first six months of the 2012/13 fiscal year, the Zug-based electronic group Carlo Gavazzi achieved an operating revenue of CHF 69.2 million (6.5% below last year's CHF 74.0 million). Business was impacted by both lower demand in countries heavily affected by the current euro zone crisis and the stagnating renewable energy market. Bookings remained stable at CHF 72.7 million. The book-to-bill ratio increased to 1.05 from 0.98 last year.

Due to the volume reduction, gross profit was CHF 2.4 million below the same period of last year; however, thanks to the effective and efficient management of the whole supply chain, the gross margin of 56.2% increased from last year's 55.8%. In accordance with the Group's on-going policy to invest in the continued improvements of the product portfolio and in the expansion of the sales network in fast growing markets outside Europe, operating expenses of CHF 31.4 million decreased by only 1.9% versus the same period of last year, resulting in operating profit (EBIT) decreasing by 19.4% to CHF 7.5 million compared to CHF 9.3 million in the previous year.

The Group reached a net income of CHF 5.8 million (- 18.3%) against CHF 7.1 million in the previous year. Despite a dividend pay-out of CHF 8.5 million, the Group's net cash position was CHF 46.0 million (CHF 49.2 million per March 31, 2012), once more showing Carlo Gavazzi's ability to generate cash. At September 30, 2012, shareholder's equity stood at CHF 94.1 million, giving an equity ratio of 71.7%.

## **Already 30% of sales outside of Europe**

The business slowdown in the euro zone impacted mainly Southern European countries such as Italy or Spain. As a result, the European region recorded a decrease in sales of 12.4% in local currency. Independently from the external economic development, Carlo Gavazzi continues to implement its long-term strategy of strengthening its global presence in fast growing markets. Thanks to over proportional growth in markets such as China, USA and Mexico, sales in local currency in the Group's other two key regions increased by 2.0% in Asia-Pacific and 2.4% in North America compared to the previous year. Geographical revenue distribution continues to broaden as planned. Over the last two years, the share of sales outside of Europe has expanded from 21% to more than 30%.

## **Focus on growth markets**

To optimally allocate its resources, the Group focuses its marketing and sales efforts on priority markets with above-average growth potential. Sales in these markets, net of energy markets, were 3.9% above the same period of last year. Doors & Entrance and Food & Beverage recorded double digit growth versus the previous year, respectively 16% and 23%.

Sales of Sensors increased by 3.4% and in particular capacitive sensors grew by more than 16% versus last year thanks to several specific initiatives with the OEM customers in both the Agriculture and the Heating, Ventilation and Air Conditioning (HVAC) market. Energy management, comprising products such as grid analysers and energy meters, confirmed to be a solid stream of revenue. Thanks to the comprehensive product range, the sales were almost in line with last year (-2.5%). During the last 12 to 15 months, sales of efficiency monitoring products for photovoltaic plants have suffered from the stagnating renewable energy market and, as a consequence, revenues decreased by almost 50% compared to the first half of last year. Due to the enlargement of the product range towards selected applications in the vertical markets, such as HVAC, the sales of soft starters grew by 5.3% versus the same period of last year. On the other hand, sales of solid state relays decreased by 5.2%, mainly because of a general slowdown in the plastics industry across Central Europe and Asia. Fieldbus sales decreased by 24% versus last year as investments in building automation projects such as car park systems were lower and customers postponed some orders because of the imminent launch of a new fieldbus platform. Furthermore, sales of safety relays and signalling devices for railways were 29% below the same period of the previous year.

## **Outlook**

The economic scenario is still complex, however, despite the global slowdown, the situation for Carlo Gavazzi appears positive in North America and Asia-Pacific. In Europe, the financial crisis continues to affect the business environment, thereby impacting negatively almost all sectors. The Group's efforts will be directed at improving the geographic coverage (e.g. starting direct sales in Brazil), Research and Development, as well as renewing the product portfolio such as the launch of the Universal Web Platform for Building Automation or the new photo sensors for Industrial Automation. Based on these initiatives Carlo Gavazzi is confident that sales can be stabilized in the second half. Despite on-going investments in R&D and the expansion of its distribution network, the Group aims for net income to remain at least at the same level as in the first semester of the fiscal year.

## Consolidated key figures

<b>Income statement</b>	<b><u>1. HY</u></b> <b><u>2012/13</u></b>	<b><u>1. HY</u></b> <b><u>2011/12</u></b>	<b>%</b>
Bookings	<b>72.7</b>	72.8	-0.1
Operating revenue	<b>69.2</b>	74.0	-6.5
EBITDA	<b>9.3</b>	11.2	-17.0
EBIT	<b>7.5</b>	9.3	-19.4
EBIT margin	<b>10.8%</b>	12.5%	-
Net income	<b>5.8</b>	7.1	-18.3
Cash flow	<b>7.6</b>	9.0	-15.6
Additions to fixed assets	<b>1.2</b>	0.8	+50.0
<b>Balance sheet</b>	<b><u>30.9.2012</u></b>	<b><u>31.3.2012</u></b>	
Net working capital	<b>33.0</b>	30.9	+6.8
Net cash position	<b>46.0</b>	49.2	-6.5

### 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](http://www.carlogavazzi.com)*

### **For further information please contact:**

Rolf Schläpfer

Hirzel.Neef.Schmid.Konsulenten

Phone +41 43 344 42 42

E-Mail [rolf.schlaepfer@konsulenten.ch](mailto:rolf.schlaepfer@konsulenten.ch)