

Media Information

Carlo Gavazzi increases cash flow and net income 2014/15

- **Operating revenue of CHF 137.2 million, up 1.9% in local currency**
- **Cash flow reaches CHF 15.6 million (2013/14: CHF 14.5 million, up 7.6%)**
- **Net income increases 9.8% to CHF 12.3 million (2013/14: CHF 11.2 million)**
- **Equity ratio of 73.2% (previous year: 72.5%)**
- **Dividend of CHF 12.00 per bearer share proposed to AGM**

Steinhausen, June 25, 2015 – In 2014/15, Carlo Gavazzi recorded an increase in revenues of 1.9% and bookings of 0.9% in local currency in 2014/15, on the back of solid sales in key markets and the successful launch of new products.

The decision of the Swiss National Bank of January 15, 2015, to remove the EUR/CHF floor of 1.20 resulted in some declines in the Carlo Gavazzi Income Statement. Operating revenue in Swiss Francs decreased by 2.3% to CHF 137.2 million (CHF 140.5 million in 2013/14). The Group recorded bookings of CHF 136.6 million (CHF 141.3 million in 2013/14), resulting in a book-to-bill ratio of almost one.

Gross profit decreased by CHF 2.2 million to CHF 75.9 million, resulting in a gross margin of 55.3% (55.6% in 2013/14). Operating expenses decreased by CHF 0.7 million from CHF 61.9 million in the previous year to CHF 61.2 million. This resulted in operating profit (EBIT) of CHF 14.8 million, compared to CHF 15.7 million (-5.7%) in the previous year. Group net income reached CHF 12.3 million (+9.8%) against CHF 11.2 million in the previous year mainly because of an exchange gain of CHF 1.0 million due to the weakening of the Euro against the US Dollar.

At March 31, 2015, shareholders' equity stood at CHF 88.5 million, giving an equity ratio of 73.2% with a net cash position of CHF 45.0 million. Having assessed the 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 69.5%.

Growing sales in Europe

Sales developed at different rates in the automation market across the three geographical regions. Thanks to a slight recovery in overall market conditions, the result in Europe was 1.9% above the previous year in local currency.

Sales in Asia-Pacific were stable in local currency compared to the previous year thanks to solid business developments with distributors and OEMs. In North America, sales were slightly down compared to the previous year even though sales and marketing activities were strengthened towards distributors and dedicated initiatives were taken in the industrial and building automation markets.

The geographical distribution of revenue remained stable, with sales outside Europe reaching 32.0%, with North America and Asia-Pacific accounting for 17.7% and 14.3%, respectively.

Strong demand for controls

Controls, the Group's largest product line, increased sales by 6.5% above the previous year. In particular, Energy management products grew by more than 8% driven by the continuous development in energy monitoring in photovoltaic applications and also thanks to the EM270 series featured for energy monitoring in data centers.

The sensors product line performed almost in line with the previous year, with a positive contribution from photoelectric sensors which increased by more than 6% versus the previous year. On the other hand, growth rates of capacitive and inductive sensors in agriculture machinery slowed down somewhat.

The switches product line grew by more than 2% versus last year, driven by the solid-state relays RG platform development across all markets and by the development of RSGD and RSBS soft starters for compressors and high power applications particularly in North America.

Sales of our products in priority markets performed in line with the overall sales development. The acquisition of new customers had a positive effect in particular on the Food & Beverage market, which grew by 11% versus last year.

Introduction of new sensors and energy management products

Introducing new and enhanced products is a key element in the business development towards new and existing markets and geographies. The evolution of the new PD30 photo sensors platform in stainless steel will further increase penetration in the Food & Beverage market. The launch of a new generation of the energy meter EM100-300 series will boost the development in energy measurement. The enlargement of the solid-state relays range with the RGC1 series for power control will address key applications for Plastic, Packaging and HVAC whereas the enlargement of the soft starter range with the new RSGD series will address high power applications. The new generation of Dupline will allow for convergence of Dupline for industrial applications into the new Dupline platform, therefore addressing both new and existing customers.

Outlook

Overall, both the global economy and the relevant markets are expected to grow unevenly across the major geographical regions. Advanced economies are expected to perform better than emerging and developing countries while European machinery manufacturers should benefit from the positive EUR/USD outlook. Carlo Gavazzi will continue to focus on geographical coverage by improving the effectiveness of the direct sales organization and by further developing the network of distributors and agents.

As the Company consolidates in Swiss francs, the decision of the Swiss National Bank on January 15, 2015, to remove the EUR/CHF floor will have an impact on the Income Statement in the coming year. However, as Carlo Gavazzi does not have any research or production facilities in Switzerland, the majority of revenues and expenses arise outside. Nonetheless, the effect on this year's figures was only for two and a half months, while the 2015/16 result will be impacted during the whole year.

Acknowledgements

The Group marks the very sad passing last October of its Honorary Chairman, Giovanni Bertola, a dear colleague and friend who was highly committed to his tasks and made very valuable contributions to the success of Carlo Gavazzi. He will be missed by the entire organization.

The complete Annual Report 2014/15 of the Carlo Gavazzi Group will be available by July 3, 2015, on: <http://www.carlogavazzi.com/en/investors/annual-report.html>

Consolidated key figures
(CHF million)

Income statement	<u>2014/15</u>	<u>2013/14</u>	%
Bookings	136.6	141.3	-3.3
Operating revenue	137.2	140.5	-2.3
EBITDA	18.1	19.0	-4.7
EBIT	14.8	15.7	-5.7
EBIT margin	10.8%	11.1%	
Net income	12.3	11.2	+9.8
Cash flow	15.6	14.5	+7.6
 Balance sheet (as at 31 March)	 <u>2015</u>	 <u>2014</u>	
Net working capital	29.3	32.4	-9.6
Shareholders' equity	88.5	93.2	-5.0
Total assets	120.8	128.6	-6.1
Equity as % of assets	73.2%	72.5%	

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

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