

Press Information

Carlo Gavazzi coped well in an adverse economic environment

Implementation of the strategic focus on Automation Components

Steinhausen, June 23, 2009 – In the financial year ended March 31, 2009, Carlo Gavazzi, the Zug-based electronic group, coped well in an adverse economic environment even though, due to the reduced market demand in the second semester, operating revenue from continuing operations decreased by 11% from CHF 196.6 million to CHF 174.9 million. Gross profit margin improved from 52.2% to 52.4% as a result of efficiency improvements and the change in product mix towards promising markets in the renewable energy and heating, ventilation and air-conditioning (HVAC) sectors. As a consequence of the decreased revenue and, notwithstanding the implementation of strict cost measures, EBIT declined from CHF 25.3 million to CHF 16.2 million. Earnings from continuing operations decreased from CHF 15.8 million to CHF 12.2 million with a satisfactory return on equity of 11.4%.

In the past financial year, Carlo Gavazzi divested substantially all assets of its Computing Solutions Business Unit as already communicated. This will allow the group to focus all efforts on Automation Components. The divestiture has been accounted for as discontinued operations.

Carlo Gavazzi's strategy to increase sales through internal growth and by means of acquisitions in order to lay the foundations for sustained long-term success remains unchanged despite the current adverse economic environment.

The group has put in place all necessary actions and is in a position to flexibly adapt structures and capacities to the market conditions which are likely to remain unfavourable.

Shareholders' equity at March 31, 2009 amounted to CHF 106.9 million or 68% of total assets. The financial position of the group has further improved with its net cash position increasing from CHF 21.1 million to CHF 29.7 million. Accordingly, the board of directors will propose to the annual shareholders' meeting the payment of a dividend of CHF 5 (CHF 10) per bearer share, corresponding to a payout ratio of 29% of earnings from continuing operations.

Carlo Gavazzi's core business – Automation Components

Automation Components coped well in an adverse economic environment and achieved a satisfactory result. Bookings and operating revenue in Euro decreased by 7.2% and 6.5%, respectively. While sales in North America only slightly declined by less than 4% in local currency, revenue in the European region dropped by almost 6%, mainly due to the severe economic downturn in Iberia. In South-East-Asia the business unit experienced an 11% decrease of sales as a result of strongly declining exports of local manufacturers to Europe and the US.

Thanks to the comprehensive portfolio in the area of energy management, this product line achieved a growth of more than 35% over the previous year. The continuous focus on priority markets paid off. Sales to these segments increased in excess of 3% with new products to the heating, ventilation and air-conditioning (HVAC) and the renewable energy markets growing by more than 40% and 20%, respectively.

Accounting principles

Following international trends, the board of directors has decided to change the accounting principles currently used by the group from US GAAP to IFRS commencing with the financial year 2010/11.

Key figures group (CHF million)

Income statement	2008/09*	2007/08**	%
Bookings	172.7	195.7	-11.8
Operating revenue	174.9	196.6	-11.0
EBIT	16.2	25.3	-36.0
EBIT-Margin	9.3%	12.9%	-
Earnings from continuing operations	12.2	15.8	-22.8
Loss/gain from discontinued operations	-4.2	1.0	-
Shareholders' net income	8.0	16.8	-52.4
Cash flow	17.9	23.6	-24.2
Balance sheets (as of March 31)	2009	2008	
Net working capital	43.2	47.3	-8.7
Shareholders' equity	106.9	107.9	-0.9
Total assets	156.4	171.1	-8.6
Equity in percent of assets	68.4%	63.1%	-

* 2008/09 figures reflect the results of continuing operations

** 2007/08 figures have been restated to reflect the effect of the divestiture of the Computing Solutions Business Unit

Key figures Automation Components (EUR million)

	2008/09	2007/08	%
Bookings	110.7	119.3	-7.2
Operating revenue	112.1	119.9	-6.5
EBIT	11.4	16.1	-29.2
ROS (EBIT/Revenue in %)	10.2	13.4	-

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Note:

- 1) The group's annual report 2008/09 and the presentation made at the press conference scheduled for Tuesday, June 23, 2009, will be available the same day at 2 pm on the company's website 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 (SIX: GAV) international electronics group with activities in the design and marketing of electronic control components for factory and building automation.

Please visit our website: www.carlogavazzi.com