

Media Information

On its 80th anniversary Carlo Gavazzi proposes jubilee dividend while posting very strong 2010/11 results

Steinhausen, June 28, 2011 – Zug-based electronic group Carlo Gavazzi reports for the full year 2010/11 a marked growth of operating revenue, EBIT and net income as sales increased in all market segments and regions worldwide. Gavazzi proposes to the shareholders' meeting an ordinary dividend of CHF 10 and a jubilee dividend of CHF 15 per bearer share.

In the business year 2010/11, Carlo Gavazzi's operating revenues increased to CHF 181.9 million (versus CHF 149.6 million in the previous year, +21.6% versus 2009/10), whereas revenues in local currencies grew by 36%. The growth in local currencies was particularly marked in industrial automation (+50%) and in the field of renewable energy (+150%). Sales in building automation went up by 12%. Bookings grew from CHF 152.7 million to CHF 185.6 million.

Thanks to strict cost management, earnings grew significantly faster than revenues: EBITDA increased from CHF 16.6 million to CHF 35.7 million (+115%) and EBIT reached CHF 31.8 million (2009/10: CHF 12.7 million; +150%). Net income (net profit after tax) grew 195% from CHF 7.7 million to CHF 22.7 million.

On March 31, 2011, Carlo Gavazzi's net cash position amounted to CHF 55.1 million (CHF 44.4 million on March 31, 2010). The company's equity ratio increased further to 67.1%.

The result, reported in Swiss Francs, was achieved despite substantial currency fluctuations as the weakening of both the Euro and the US Dollar impacted the consolidated figures.

The board of directors proposes to the annual shareholders' meeting the payment of an ordinary dividend of CHF 10 per bearer share and CHF 2 per registered share. 20% of the ordinary dividend (CHF 2 per bearer share, CHF 0.40 per registered share) will be paid from reserve for capital contribution which is exempt from Swiss withholding tax. On the occasion of the Company's 80th anniversary the Board proposes to distribute an additional jubilee dividend of CHF 15 per bearer share and CHF 3 per registered share, resulting in a total dividend of CHF 25 and CHF 5 respectively.

Double digit increase in all regions

Sales in Europe grew by roughly 30% in local currencies. This increase was achieved thanks to a solid development in industrial automation and an extraordinary growth in renewable energy, particularly in countries like Germany or Italy where renewable energy is primarily subsidized. Sales in building automation increased around 11% in comparison to last year.

In North America (Canada, USA, Mexico), revenues increased by 20% (in USD). The increase was driven by intensified marketing and sales activities in the industrial production markets in the US. The newly founded sales company in Mexico has now built up an efficient distribution network and the first full year sales are encouraging.

The strongest growth was achieved in the Asia-Pacific region. The dynamic markets in key countries such as China and Taiwan as well as the continued strengthening of Carlo Gavazzi's distribution network in this region led to an increase in revenues of more than 40% (in USD). Asia-Pacific represents now close to 10% of the Group's total revenues.

Strong growth in renewable energy and industrial automation

Carlo Gavazzi has clearly defined priority segments such as building automation (heating, air conditioning, doors and entrances, lifts and elevators), industrial automation (particularly food and beverage and plastic materials machinery) as well as renewable and conventional energy. Growth in these segments was significantly above average confirming the effectiveness of segment selection and related development initiatives.

The industrial automation segment recorded a 50% growth versus last year thanks to the introduction of new products such as solid state relays as well as capacitive and inductive sensors.

Growth of building automation reached 12%. Lower construction and real estate development activities in a number of European countries were compensated by strong sales in smart energy offerings driven by a trend to improve efficiency in existing buildings.

An exceptional sales increase of around 150% was achieved in the renewable energy market. Subsidies for such applications in a number of European countries like Italy or Germany contributed to the high demand in the 2010/11 reporting period.

Outlook: Targeting balanced growth

The outstanding 2010/11 figures are the result of a combination of recovering economies, subsidized market segments, new product offerings and strict cost control. Going forward, the development of the world economies and the major currencies are expected to become even less predictable. As a result of increased constraints of state budgets, the environment regarding subsidies for renewable energy applications is expected to be very volatile.

Given these circumstances it is difficult to establish reliable predictions. Nonetheless the Group's goal for the 2011/12 business year is to achieve a result similar to this year.

Strengthening and enlarging R&D activities

Carlo Gavazzi is committed to developing new products worldwide. As part of this continuous effort the Company focuses on strengthening and enlarging its R&D activities and product management in Asia in order to improve time to market and better fulfill regional requirements.

New platforms of inductive and photoelectric sensors - with improved measurement accuracy and repeatability - will drive further the penetration in the industrial automation markets across all regions.

The introduction of the new modular Universal Web Platform UWP - with integrated management, data logging and web communication features - will drive sales in the areas of energy efficiency and building automation.

Consolidated key figures

Income statement	<u>2010/11</u>	<u>2009/10</u>	%
Bookings	185.6	152.7	+21.5
Operating revenue	181.9	149.6	+21.6
EBITDA	35.7	16.6	+115.1
EBIT	31.8	12.7	+150.4
EBIT margin	17.5%	8.5%	
Net income	22.7	7.7	+194.8
Cash flow	26.6	11.7	+122.2
Balance sheet (as at 31 March)	<u>2011</u>	<u>2010</u>	
Net working capital	29.8	28.8	+3.5
Shareholders' equity	104.1	92.0	+13.2
Total assets	155.1	140.6	+10.3
Equity as % of assets	67.1%	65.4%	

For further information

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