CARLO GAVAZZI

Media Information

Carlo Gavazzi increases revenue in first half year
EBIT and net income lower due to one-off effects last year

- **Operating revenue increases 6.3% to CHF 70.4 million in the first half of 2017/18 (previous year: CHF 66.2 million)**
- **Growth across all regions and main product lines**
- **EBIT reaches CHF 6.4 million, (previous year: CHF 7.9 million; -19.0%)**
- **Group net income of CHF 4.1 million (previous year: CHF 6.3 million; -34.9%)**
- **Solid pro forma increase in EBIT and net income excluding last year's arbitration proceeds of CHF 2.3 million**
- **Equity ratio of 71.8% (previous year: 72.3%)**

Steinhausen, November 23, 2017 – During the first half of the 2017/18 financial year, Carlo Gavazzi recorded an increase in revenue, driven by sales improvements in all regions and main product lines. In local currency, operating revenue grew by 6.0% and bookings by 7.4%. In Swiss Francs, operating revenue increased by 6.3% to CHF 70.4 million (CHF 66.2 million in 2016/17). Sales grew 21.1% in Asia-Pacific, 4.2% in Europe and 1.1% in North America.

Bookings grew by 7.8% to CHF 73.1 million (CHF 67.8 million in 2016/17), resulting in a book-to-bill ratio of 1.04 at September 30, 2017.

Gross profit increased by CHF 1.8 million to CHF 38.0 million (CHF 36.2 million in 2016/17) while the gross margin decreased by 0.7 percentage points to 54.0% due to more aggressive sales efforts. Operating expenses went up by CHF 1.0 million from CHF 30.6 million in the previous half year to CHF 31.6 million owing to continuing increased investments in R&D and Marketing.

Operating profit (EBIT) reached CHF 6.4 million, compared to CHF 7.9 million (-19.0%) in the previous year. The reason for this decrease was the one-off effect last year of the non-operational arbitration outcome with net proceeds of CHF 2.3 million. Deducting the arbitration proceeds would give a real EBIT comparison of CHF 6.4 million, compared to CHF 5.6 million (+14.3%) in the previous year.

Group net income decreased by CHF 2.2 million to CHF 4.1 million (CHF 6.3 million in 2016/17), mainly due to (i) a swing in the exchange difference of CHF 0.7 million with an exchange loss of CHF 0.6 million this half year compared to an exchange gain of CHF 0.1

million in the previous half year plus (ii) the arbitration income of CHF 2.3 million described above (iii) CHF 0.8 million additional operating profit. At September 30, 2017, shareholders' equity amounted to CHF 92.2 million, giving an equity ratio of 71.8%.

Expanding share of sales outside Europe
Sales in Europe increased by 4.2% versus the same period of last year. Business development was driven by Central and South European countries, which leveraged on improving economic and market conditions and on strengthening exports.

Sales in Asia-Pacific increased by 21.1%, mainly due to very good developments in China with OEMs in industrial automation and in South East Asia with our network of distributors.

Sales in North America were up by 1.1% compared to the previous year, confirming the effectiveness of ongoing marketing and sales programs with OEMs in the area.

The geographical share of revenue outside Europe continued to expand to 35.0%, with sales in North America and Asia-Pacific accounting for 18.8% and 16.2%, respectively.

Sensors driving sales growth
Sales in priority markets increased 2.2% versus the same period of last year. Among the selected priority markets, Plastics and Agriculture grew respectively by 19.5% and 11.5%.

Sensors sales were 8.5% above the same period of last year mainly due to a robust increase in photoelectric, capacitive and inductive sensors sales, thanks to new applications in industrial automation and positive development of ongoing initiatives.

Controls product sales were up 3.6% mainly due to a 6.0% increase in energy products and 5.2% in monitoring relays. While the development of energy products was mainly driven by ongoing energy efficiency programs across building and industrial automation markets, the increase in monitoring relays was specifically driven by business development programs in North America and Asia.

Sales of Switches products grew by 6.5% compared to the previous year. Solid state relays sales increased 12.0%, also thanks to the development in industrial automation markets, particularly in Plastics. Motor controls sales were 4.7% above the previous year also due to further development in the HVAC market.

Outlook
While growth of the global economy has gained momentum, the political uncertainties are clearly rising. Barring unforeseen events, Carlo Gavazzi sees interesting growth opportunities in major markets. Accordingly, the company continues to invest in R&D and Marketing and keeps focusing on geographical coverage, particularly in regions outside Europe.

Consolidated key figures
(CHF million)

Reported Figures

Income statement	**1. HY 2017/18**	**1. HY 2016/17**	%
Bookings	**73.1**	**67.8**	+7.8
Operating revenue	**70.4**	**66.2**	+6.3
EBITDA	**8.2**	**9.6**	-14.6
EBIT	**6.4**	**7.9**	-19.0
Net income	**4.1**	**6.3**	-34.9
Cash flow	**5.8**	**8.0**	-27.5
Additions to fixed assets	**1.0**	**1.0**	0.0
Balance sheet	**30.9.2017**	**31.3.2017**	
Net working capital	**35.7**	**31.5**	+13.3
Net cash position	**41.8**	**49.0**	-14.7

Pro forma comparison excluding arbitration income

Income statement	**1. HY 2017/18**	**1. HY 2016/17**	%
EBITDA	**8.2**	**7.3**	+12.3
EBIT	**6.4**	**5.6**	+14.3
Net income	**4.1**	**4.0**	+2.5
Cash flow	**5.8**	**5.7**	1.8

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

For further information please contact:
Rolf Schläpfer
Hirzel.Neef.Schmid.Konsulenten
Phone +41 43 344 42 42
E-Mail rolf.schlaepfer@konsulenten.ch