



CARLO GAVAZZI

Interim Report
April 1 – September 30, 2020

At a Glance

(CHF million)	1.4.-30.9.20	1.4.-30.9.19	%
Bookings	68.8	75.8	-9.2
Operating revenue	69.3	75.8	-8.6
EBITDA	8.3	8.5	-2.4
EBIT	5.3	5.3	0.0
Net income	3.1	3.3	-6.1
Cash flow	6.1	6.5	-6.2

(CHF million)	30.9.20	31.03.20	%
Shareholders' equity	93.8	90.3	3.9
Net working capital	27.9	28.4	-1.8
Net cash position	49.7	46.0	8.0

Letter to the Shareholders

Dear Shareholders.

During the first half of the 2020/21 financial year, the overall business performance of Carlo Gavazzi was constrained by the worldwide spread of the coronavirus pandemic (Covid-19) and its negative consequences for the global economy. Additionally, the strengthening of the Swiss Franc had an impact on revenues and net income when comparing the period of April to September 2020 to the same period in 2019. The rapid transmission of the coronavirus combined with extensive government-imposed restrictions on industrial production and global trade in goods lead to major challenges particularly in the first two months of the half-year.

The Group's operating revenue in local currency decreased by 3.7% and bookings were down by 4.2%. In Swiss Francs, operating revenue decreased by 8.6% to CHF 69.3 million (CHF 75.8 million in the first semester of the 2019/20 business year). Sales in local currency decreased by 4.0% in Europe, by 9.3% in the Americas and increased by 5.7% in Asia-Pacific. Bookings in Swiss Francs decreased by 9.2% to CHF 68.8 million (CHF 75.8 million in 2019/20), resulting in a book-to-bill ratio of just under 1.0 at September 30, 2020.

Gross profit decreased by CHF 4.1 million to CHF 36.3 million (CHF 40.4 million in 2019/20) resulting in a gross margin of 52.4% (53.3% in 2019/20).

The difficult global situation made it necessary to take immediate action. Carlo Gavazzi reacted early and managed to reduce costs across the organization. Operating expenses decreased by CHF 4.7 million from CHF 35.1 million in the previous first half year to CHF 30.4 million with investment in the development of the new ERP system continuing.

As a result, operating profit (EBIT) was constant at CHF 5.3 million despite substantially lower revenue than in the first half of last year.

Group net income decreased by CHF 0.2 million (-6.1%) to CHF 3.1 million (CHF 3.3 million in 2019/20).

At September 30, 2020, shareholders' equity amounted to CHF 93.8 million, giving an equity ratio of 67.7%.

Geographical markets

In Europe, sales were 4.0% below the same period of last year. Sales were heavily impacted by Covid-19 in Central and Southern European countries. The decrease was partially offset by development in Nordic European countries, thanks to strong sales in energy efficiency and building automation markets.

Sales in the Americas decreased by 9.3%, mainly due to contraction in OEMs and distribution activities in the US market, also impacted by the Covid-19 pandemic and the ongoing trade dispute with China.

In Asia-Pacific, sales increased by 5.7%, mainly due to recovery in building and industrial automation markets and distribution channels in China.

The geographical share of revenue outside Europe was 34.3%, with sales in the Americas and Asia-Pacific accounting for 18.3% and 16.0%, respectively.

Markets and products

Sales in priority markets decreased 4.8% versus the same period of last year. Sales were mainly affected by conditions in the industrial automation markets, particularly in plastic machinery. The decrease was partially offset by sales in energy markets which grew by 22%.

Sensors product sales were 7.2% below the same period of last year mainly due to contraction in manufacturing activity globally, heavily impacted by Covid-19 pandemic. Sales in capacitive sensors increased by 4.5% compared to the previous year, also thanks to steady growth in HVAC (heating, ventilation and air-conditioning) applications.

Controls product sales increased by 1.9% mainly due to a robust 19.7% increase in energy products, particularly driven by ongoing strong demand for energy management and energy efficiency solutions. The growth of sales in energy efficiency products cushioned a decrease of sales in fieldbuses and monitoring relays.

Sales of Switches products decreased by 6.7% compared to the previous year. Sales in solid state relays and motor controls decreased by 3.8% and 0.4%, respectively, mainly due to weakened conditions of OEMs in industrial automation markets, particularly in plastic machinery.

Outlook

The global economy is characterized by major uncertainties as a consequence of the Covid-19 pandemic. Possible new restrictions such as a further lockdown of factories or logistic centers would have an impact on the Group's result. Current challenging economic conditions will also affect both industrial and building automation markets, however, the effect on our business is difficult to estimate.

Nevertheless, Carlo Gavazzi Group continues to focus on strengthening its sales organization, increasing the penetration of its product portfolio, broadening market reach with new product releases also towards the internet of things, and to adapt its supply chain to maintain business continuity.

Valeria Gavazzi
Chairman

Anthony M. Goldstein
Chief Financial Officer

Condensed Consolidated Statement of Comprehensive Income

for the six months ended September 30

(in CHF 1 000)	Notes	2020	2019
Continuing operations			
Revenue from sale of goods		69 278	75 758
Cost of sale of goods		(32 981)	(35 362)
Gross profit		36 297	40 396
Research & development expense		(3 892)	(4 328)
Selling, general and administrative expense		(26 488)	(30 718)
Other income (expense), net		(644)	(58)
Operating profit (EBIT)		5 273	5 292
Finance income		3	28
Finance expense		(526)	(174)
Profit before income tax		4 750	5 146
Income tax expense		(1 619)	(1 846)
Profit for the half-year		3 131	3 300
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Exchange differences on translation of foreign operations		281	(2 083)
Items that may be reclassified to profit or loss		281	(2 083)
Other comprehensive income for the half-year, net of tax		281	(2 083)
Total comprehensive income for the half-year		3 412	1 217
Profit attributable to owners of Carlo Gavazzi Holding AG		3 131	3 300
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		3 412	1 217
Earnings per share from net profit of continuing operations for the period attributable to owners of Carlo Gavazzi Holding AG			
(in CHF per share)			
Basic and diluted earnings per share of continuing operations:			
- registered shares	8	0.88	0.93
- bearer shares	8	4.40	4.64

The accompanying notes are an integral part of the consolidated financial statements

Condensed Consolidated Balance Sheet

(in CHF 1 000)	Notes	as of	
		September 30 2020	March 31 2020
Assets			
Current assets			
Cash and cash equivalents		49 673	47 462
Trade receivables		26 618	26 655
Other receivables		5 531	4 792
Inventories		28 000	23 909
Total current assets		109 822	102 818
Non-current assets			
Property, plant and equipment		8 969	9 527
Right-of-use assets		5 387	6 289
Intangible assets		7 535	7 346
Other receivables		1 979	1 643
Deferred tax assets		4 778	3 982
Total non-current assets		28 648	28 787
Total assets		138 470	131 605
Liabilities and equity			
Current liabilities			
Trade payables		10 182	9 069
Other payables		17 809	14 059
Borrowings		–	1 447
Lease liabilities		2 222	2 351
Current tax liabilities		1 996	1 527
Total current liabilities		32 209	28 453
Non-current liabilities			
Other payables		1 693	1 363
Lease liabilities		3 254	3 997
Employee benefit obligations		7 104	7 007
Other provisions		450	437
Total non-current liabilities		12 501	12 804
Total liabilities		44 710	41 257
Equity			
Share capital		10 661	10 661
Capital reserves		600	600
Other reserves		(27 950)	(28 231)
Retained earnings		110 449	107 318
Total equity attributable to owners of Carlo Gavazzi Holding AG		93 760	90 348
Total liabilities and equity		138 470	131 605

The accompanying notes are an integral part of the consolidated financial statements

Condensed Consolidated Statement of Changes in Equity

(in CHF 1 000)	Notes	Attributable to owners of Carlo Gavazzi Holding AG				
		Share capital	Capital reserves	Other reserves	Retained earnings	Total equity
Equity at April 1, 2019		10 661	600	(23 537)	109 772	97 496
Net profit for the half-year		-	-	-	3 300	3 300
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	(2 083)	-	(2 083)
Other comprehensive income for the half-year		-	-	(2 083)	-	(2 083)
Total comprehensive income for the half-year		-	-	(2 083)	3 300	1 217
Dividends	7	-	-	-	(8 529)	(8 529)
Total transactions with owners		-	-	-	(8 529)	(8 529)
Equity at September 30, 2019		10 661	600	(25 620)	104 543	90 184
Equity at April 1, 2020		10 661	600	(28 231)	107 318	90 348
Net profit for the half-year		-	-	-	3 131	3 131
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	281	-	281
Other comprehensive income for the half-year		-	-	281	-	281
Total comprehensive income for the half-year		-	-	281	3 131	3 412
Dividends	7	-	-	-	-	-
Total transactions with owners		-	-	-	-	-
Equity at September 30, 2020		10 661	600	(27 950)	110 449	93 760

The accompanying notes are an integral part of the consolidated financial statements

Condensed Consolidated Statement of Cash Flows

for the six months ended September 30

(in CHF 1 000)	Notes	2020	2019
Cash flow from operating activities			
Profit for the half-year		3 131	3 300
Income taxes		1 619	1 846
Depreciation and amortization		3 016	3 151
Loss (gain) on disposal of property, plant and equipment		(20)	(59)
Change in other non-cash items		(588)	(241)
Changes in working capital:			
- Change in trade receivables and other receivables		(552)	969
- Change in inventories		(4 047)	(1 577)
- Change in trade payables and other payables		3 811	(4 105)
Interest received		3	13
Interest paid		(92)	(99)
Income taxes paid		(286)	(337)
Net cash inflow from operating activities		5 995	2 861
Cash flow from investing activities			
Purchases of property, plant and equipment		(1 066)	(1 518)
Purchases of intangible assets		(176)	(740)
Proceeds from disposal of property, plant and equipment		26	66
Net cash outflow from investing activities		(1 216)	(2 192)
Cash flow from financing activities			
Dividends paid to company's shareholders	7	-	(8 529)
Principal elements of lease payments		(1 255)	(1 321)
Proceeds from borrowings		-	-
Repayment of borrowings		(1 413)	-
Net cash outflow from financing activities		(2 668)	(9 850)
Change in cash and cash equivalents		2 111	(9 181)
Cash and cash equivalents at the beginning of the half-year		47 462	47 784
Effects of exchange rate changes on cash and cash equivalents		100	(664)
Cash and cash equivalents at the end of the half-year		49 673	37 939

The accompanying notes are an integral part of the consolidated financial statements

Notes to the Condensed Consolidated Financial Statements

1. General information

Carlo Gavazzi Holding AG with its subsidiaries (together Carlo Gavazzi Group, hereinafter “the Group”) is an internationally active electronics company. Its core business Automation Components consists of design and manufacture of electronic control components for the global industrial automation markets. Carlo Gavazzi Holding AG is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange) in Zurich. Its registered office is at Sumpfstrasse 3, CH-6312 Steinhausen, Switzerland.

The financial year of the Group ends on March 31. The Group reporting currency is Swiss Francs (CHF). The consolidated financial statements are presented in thousands of Swiss Francs (CHF 1 000).

These unaudited consolidated half-year financial statements of the Group were approved for publication by the Board of Directors on November 24, 2020.

The Group’s business is not usually impacted by seasonality.

2. Significant accounting and valuation policies

The significant accounting and valuation policies are described in detail in the annual report for the financial year ended March 31, 2020. These policies have been applied consistently in the reporting periods presented, unless otherwise stated.

2.1 Basis of preparation

The Group’s unaudited consolidated half-year financial statements have been prepared in accordance with the International Accounting Standard IAS 34 “Interim Financial Reporting”. The consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group’s annual financial

statements for the year ended March 31, 2020, which were prepared in accordance with IFRS.

The Group’s consolidated half-year financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities and contingent assets during the reporting period. Whilst these estimates are based on management’s best knowledge of current circumstances and possible future events, actual results may ultimately differ from these estimates. In this interim report, management has not made any significant changes to the estimates and assumptions compared with the previous periods.

2.2 Changes to accounting policies

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

The new standard IFRS 17 “Insurance Contracts”, effective after January 1, 2023, is not expected to impact the Group.

2.3 Principles of consolidation

The principles of consolidation and the number of consolidated legal entities remained unchanged compared with the ones presented in the Group’s annual report for the financial year ended March 31, 2020.

2.4 Foreign currency translation

The following exchange rates into Swiss Francs were used during the periods:

Exchange Rates

Period end rates applied for the consolidated balance sheet

Currency	Unit	30.09.2020	31.03.2020
BRL	100	16.32	18.52
CAD	1	0.69	0.68
CNY	100	13.51	13.62
DKK	100	14.51	14.22
EUR	1	1.08	1.06
GBP	1	1.19	1.20
HKD	100	11.91	12.44
MYR	100	22.16	22.37
NOK	100	9.79	9.22
SEK	100	10.24	9.69
SGD	1	0.67	0.68
USD	1	0.92	0.96

Average rates applied for the consolidated income statement

Currency	Unit	01.04.2020 30.09.2020	01.04.2019 30.09.2019
BRL	100	17.53	25.22
CAD	1	0.69	0.75
CNY	100	13.46	14.38
DKK	100	14.33	14.89
EUR	1	1.07	1.11
GBP	1	1.19	1.25
HKD	100	12.16	12.69
MYR	100	22.11	23.92
NOK	100	9.85	11.36
SEK	100	10.16	10.45
SGD	1	0.68	0.73
USD	1	0.94	0.99

3. Significant events and business transactions

During the periods, there were no significant events or business transactions in connection with the critical accounting estimates and judgments defined in the Group's annual financial statements for the year ended March 31, 2020.

4. Segment reporting

The Group is an internationally active electronics company active in designing, manufacturing and marketing electronic control components for the global markets of industrial and building automation. The Group has only one operating and reportable segment, the information for the segment therefore mainly corresponds to the figures in the consolidated financial statements. When the Group implemented IFRS 8 "Operating Segments", the following circumstances led to the conclusion that it only has one reportable segment:

- Internal monthly reporting for the only operating segment is carried out in concentrated form for the whole Group.
- Because of the close integration of the Group companies, focussing individually on production, logistics, marketing and selling, key decisions are, consequently, made by corporate management at consolidated Group level and not on the basis of the financial statements of individual legal entities.
- The holding company only provides corporate services; its operating result is monitored in the internal monthly reporting.

5. Notes to the Condensed Consolidated Statement of Comprehensive Income

Gross sales in the first six months of the financial year 2020/21 amounted to CHF 69 278 (2019/20 CHF 75 758). The decrease of 8.6% is related to an organic decrease in local currency of 3.7% and a negative currency effect from the translation into Swiss Francs of 4.9%. Net income decreased in the first six months of the financial year 2020/21 to CHF 3 131 (2019/20 CHF 3 300) or 5.1%. The decrease is related to the continuing negative economic effects resulting from the Covid-19 virus.

6. Contingent assets and contingent liabilities

There have not been any other significant changes to the Group's contingent assets or contingent liabilities since the approval of the consolidated financial statements for the year ended March 31, 2020.

7. Dividend

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 28, 2020, resolved not to distribute any dividend for the financial year 2019/20. For the previous financial year 2018/19, Carlo Gavazzi Holding AG paid a dividend of CHF 8 529 with value August 6, 2019.

8. Earnings per share

Earnings per registered share are computed based on the weighted average number of registered shares of CHF 3 each outstanding during the periods.

Earnings per bearer share are computed based on the weighted average number of bearer shares of CHF 15 each outstanding during the periods.

Basic and diluted earnings per share are as follows:

Basic and diluted earnings per share for the half year ended September 30 (in CHF 1 000)		
	2020	2019
Net profit attributable to owners of Carlo Gavazzi Holding AG	3 131	3 300
Percentage of registered shares outstanding in comparison with the share capital outstanding	45.03 %	45.03 %
Percentage of bearer shares outstanding in comparison with the share capital outstanding	54.97 %	54.97 %
Registered shares		
Net profit attributable to registered shareholders	1 410	1 486
Average number of shares outstanding	1 600 000	1 600 000
Basic and diluted earnings per registered share (CHF)	0.88	0.93
Bearer shares		
Net profit attributable to bearer shareholders	1 721	1 814
Average number of shares outstanding	390 710	390 710
Basic and diluted earnings per bearer share (CHF)	4.40	4.64

9. Related party transactions

The related parties consist primarily of shareholders, members of the Board of Directors and members of Executive Management.

During the periods there were no significant transactions with related parties.

10. Events after the balance sheet date

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

Declaration on Forward-Looking Statements

This Interim Report contains statements that constitute "forward-looking statements", relating to the Group. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments. All forward-looking statements are based only on data available to the Group at the time of preparing this Report. The Group does not undertake any obligation to update any forward-looking statements contained in this Report as a result of new information, future events or otherwise.

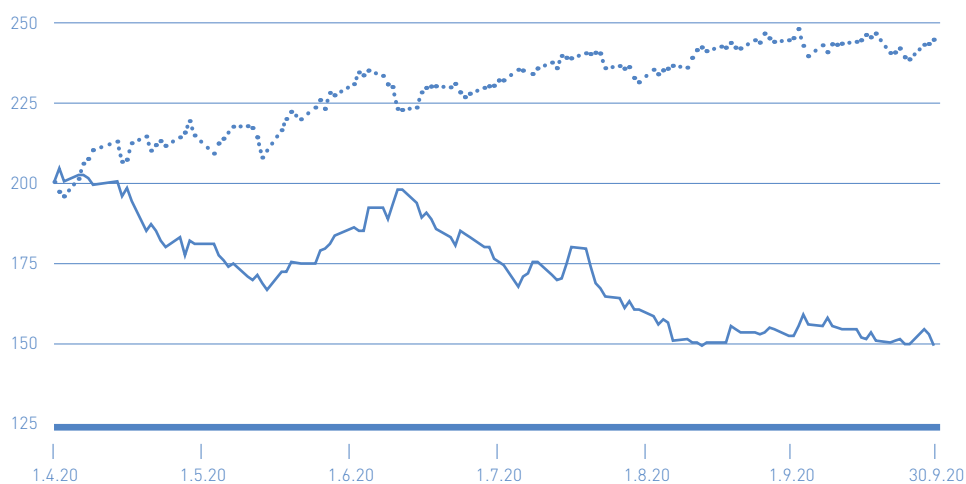
The Interim Report of the Group can also be viewed online: www.carlogavazzi.com

Information for Investors

(CHF)	1.4.-30.9.20	1.4.-30.9.19	1.4.-30.9.18	1.4.-30.9.17	1.4.-30.9.16
Share price September 30	150	248	290	352	238
- half year-high	204	285	358	373	240
- half year-low	150	243	290	289	209
Average daily volume	339	356	272	580	518
Earnings per share	4.40	4.64	6.50	5.73	8.85
Book value per share	132	127	131	130	125
Stock market capitalization (CHF million)	107	176	206	250	169
- in % of equity	114	195	221	271	190

Share price 1.4.2020 - 30.9.2020

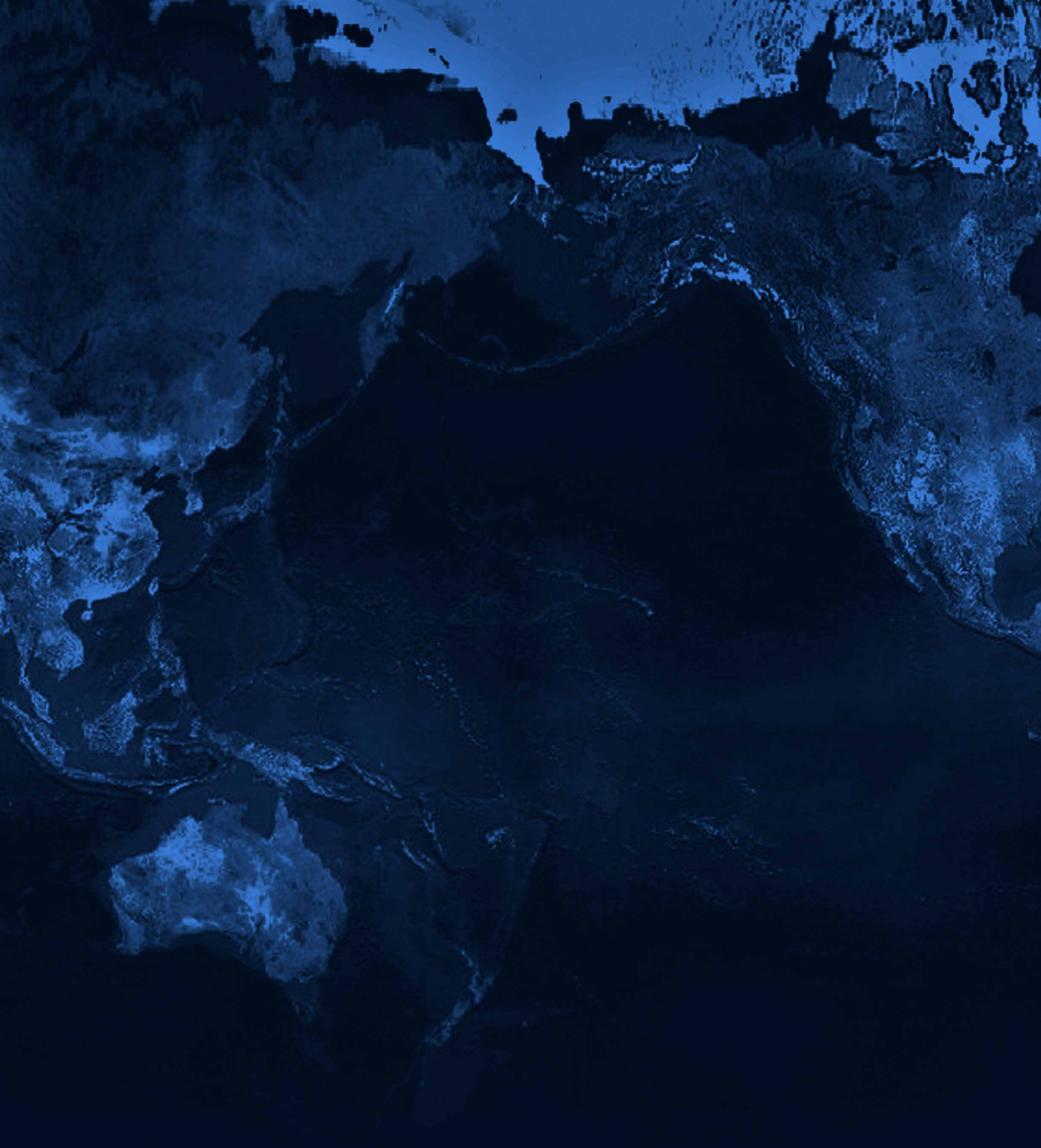
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— CARLO GAVAZZI BEARER SHARE (NOT ADJUSTED FOR DIVIDENDS)
 SPI EXTRA™ (REBASED, NOT ADJUSTED FOR DIVIDENDS)

Financial calendar

Media and financial analysts' meeting 2020/21	June 24, 2021
Shareholders' meeting 2020/21	July 27, 2021
Interim Report 2021/22	November 25, 2021



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