Media Information

Carlo Gavazzi achieves stable operating result in 2015/16 – major currency exchange effects

- **Operating revenue reaches CHF 130.2 million (previous year: CHF 137.2 million) – up 0.5% in local currency**
- **Gross profit of CHF 72.2 million (previous year: CHF 75.9 million) – gross margin increased by 0.2 points to 55.5%**
- **Operating expenses decreased by CHF 3.1 million to CHF 58.1 million (previous year: CHF 61.2 million). EBIT margin increases 0.2 ppts to 11.0%**
- **Net income of CHF 9.6 million, impacted by exchange losses**
- **Consistently high equity ratio of 72.9% (previous year: 73.2%)**
- **Dividend of CHF 12.00 per bearer share proposed to AGM**

Steinhausen, June 23, 2016 – Carlo Gavazzi achieved a stable operational result in the 2015/16 business year. However, the decision of the Swiss National Bank of January 15, 2015, to remove the EUR/CHF floor of 1.20 had a marked negative impact on this year's figures.

On the back of solid sales in key markets and the ongoing launch of new products, the revenues of the Group increased in local currency by 0.5% whereas bookings grew by 0.2%. The Group continued to implement its strategy of investing in its product portfolio and in the expansion of the sales network in markets outside Europe. Operating revenue in Swiss Francs decreased by 5.1% to CHF 130.2 million (CHF 137.2 million in 2014/15). Bookings decreased by 5.3% to CHF 129.3 million (CHF 136.3 million in 2014/15), resulting in a book-to-bill ratio of almost one. Gross profit decreased by CHF 3.8 million to CHF 72.2 million. Nonetheless, the gross margin increased by 0.2 points to 55.5%. Operating expenses decreased by CHF 3.1 million from CHF 61.2 million in the previous year to CHF 58.1 million. This resulted in operating profit (EBIT) of CHF 14.4 million, compared to CHF 14.8 million (-2.7%) in the previous year. The EBIT margin increased to 11.0% (previous year: 10.8%).

Group net income amounted to CHF 9.6 million (-22.0%) against CHF 12.3 million in the previous year, mainly due to an exchange loss of CHF 0.7 million due to the uneven movement of the Euro against the US Dollar compared to an exchange gain of CHF 1.0 million last year. At March 31, 2016, shareholders' equity stood at CHF 91.4 million (CHF 88.5 million in 2014/15), giving an equity ratio of 72.9% (2015: 73.2%) with a net cash position of CHF 46.5 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 88.4%.

Solid growth in the US – declining sales in China

Sales developed at different rates in the automation market across the three geographical regions. In Europe, sales were slightly above the previous year (+0.8%) despite divergent market developments across the whole area. Sales in Asia-Pacific were down 9.1% compared to the previous year mainly due to an overall weakness in economic and business conditions, particularly with OEMs in China.

In North America, sales increased by 2.7% compared to the previous year thanks to the dedicated programs deployed with distributors in both the industrial and building automation markets. The geographical distribution of revenue continues to broaden, with sales outside Europe expanding to 33.4%, with North America and Asia-Pacific accounting for 19.3% and 14.1%, respectively.

Energy management products driving sales

The Group continued to implement its strategy of investing to enhance and improve its product portfolio. The controls product line performed slightly below the previous year, however, there was a very positive contribution from energy management products, which grew by more than 9% versus the previous year. This positive momentum is mainly due to the continuous increase in demand for energy monitoring products such as the EM200 series for building automation, particularly data centers.

Sensor products performed almost in line with the previous year. A positive contribution came from inductive sensors, which increased by 7% versus the previous year, mainly due to the ICB/ICS platform used in packaging and material handling applications as well as in food & beverage.

The switches product line grew by more than 6% versus last year, driven by the solid-state relays RG platform development across all markets in industrial automation, particularly in plastics and food & beverage applications. The fieldbus product line suffered versus the previous year in Europe due to postponement or cancellation of projects in infrastructure and slow deployment of new business development programs in building automation. Sales of our products in priority markets were above the previous year and performed better than overall sales growth, with an increase of more than 23% and 14%, respectively, in the energy and plastics markets.

New products

Introduction of new and enhanced products is a key element in the business development towards new and existing markets and geographies. The deployment of IO link features across core sensor families will address the key requirements arising from Industry 4.0 trends and technologies that are going to reshape manufacturing profoundly in the future.

The development of the new WM50 power analyzer will drive further the evolution of our product portfolio, targeting energy efficiency applications, both multi-channel and multi-site. The monitoring relays product range is being renewed by introducing new functions and technologies, which will further enhance penetration across all markets.

The introduction of the new RMS3 platform will enlarge the offering by providing motor controllers with embedded functional safety features, in compliance with the requirement to raise standards for the machine safety market. The further evolution of the car park product offering will allow for integration of parking guidance and smart building in one system, resulting in achieving energy savings through both demand-based control of lighting and ventilation and the intelligent use of occupancy values in car parks.

Outlook
Overall, both the global economy and the relevant markets are expected to continue to grow unevenly at a somewhat slower pace. Expectations are for increased growth in the developing countries and a modest improvement in the major economies. 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.

The complete Annual Report 2015/16 of the Carlo Gavazzi Group is available on: http://www.carlogavazzi.com/en/investors/annual-report.html

Consolidated key figures

(CHF million)

Income statement	**2015/16**	**2014/15**	%
Bookings	**129.3**	**136.6**	-5.3
Operating revenue	**130.2**	**137.2**	-5.1
EBITDA	**17.6**	**18.1**	-2.8
EBIT	**14.4**	**14.8**	-2.7
EBIT margin	**11.0%**	**10.8%**	
Net income	**9.6**	**12.3**	-22.0
Cash flow	**12.9**	**15.6**	-17.3
Balance sheet (as at 31 March)	**2016**	**2015**	
Net working capital	**29.9**	**29.3**	+2.0
Shareholders' equity	**91.4**	**88.5**	+3.2
Total assets	**125.4**	**120.8**	+3.8
Equity as % of assets	**72.9%**	**73.2%**	

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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