



CARLO GAVAZZI

Interim Report
April 1 – September 30, 2015

At a Glance

(CHF million)	1.4. - 30.9.15	1.4. - 30.9.14	%
Bookings	65.1	70.6	-7.8
Operating revenue	64.7	70.5	-8.2
EBITDA	7.9	8.2	-3.7
EBIT	6.3	6.3	0.0
Net income	3.8	4.9	-22.4
Cash flow	5.4	6.8	-20.6
Additions to fixed assets	1.2	2.0	-40.0
Net working capital	31.1	29.3	6.1
Net cash position	41.1	45.0	-8.7
(at 30.9.15/ 31.3.15)			

Letter to the Shareholders

Dear Shareholders,

During the first half of the 2015/16 financial year, the overall business performance of Carlo Gavazzi was solid. Both the appreciation of the Swiss Franc and the strengthening of the Euro against the US Dollar had a significant impact on revenues and results, when comparing the period of March to September 2015 with the same period in 2014.

The Group's operating revenue in local currency was equal to that of the same period of the previous year, whereas revenue in Swiss Francs decreased by 8.2% to CHF 64.7 million (first half of 2014/15: CHF 70.5 million). Sales in Europe and North America increased but were weaker in Asia-Pacific. Orders were down 7.8% to CHF 65.1 million (CHF 70.6 million), however, in local currency they increased by 0.2%. The book-to-bill ratio was slightly above one.

While gross profit decreased by CHF 2.9 million to CHF 35.7 million (CHF 38.6 million) the gross margin increased to 55.2%, compared to 54.7% in the previous year. Operating expenses decreased to CHF 29.3 million (CHF 32.3 million) but were flat in local currency. This resulted in operating profit (EBIT) of CHF 6.3 million, the same as in the previous year. Group net income amounted to CHF 3.8 million (-22.4%) against CHF 4.9 million in the previous year. The key reason for this decrease was an exchange difference of CHF 1.2 million, mainly due to the strengthening of the Euro against the US Dollar, resulting in an exchange loss of CHF 0.8 million, compared to an exchange gain of CHF 0.4 million in the previous year.

At September 30, 2015, shareholder's equity stood at CHF 86.3 million, giving an equity ratio of 70.5%.

Geographical markets

On the back of stronger sales in Italy, Germany and the UK, Europe recorded an increase in sales compared to the previous year of 0.8%

Sales in Asia-Pacific decreased by 12.6%, mainly due to the economic situation in China and sluggish project-based business within the whole area.

Sales in North America were up by 2.2% on the previous year, mainly due to effective sales programs implemented in the USA.

Market segments and products

Sales in priority markets were 4.6% above the same period of last year. Among the selected priority markets, Energy and Plastic grew respectively by 19.6% and 16.1% versus the previous year.

Sensors sales, almost in line with the previous year, were impacted by a slowdown mainly within European market, linked to the agriculture industry being affected negatively by the political situation in Russia and Ukraine.

Controls product sales were 2.5% below the same period of last year mainly due to a 6.2% decrease in monitoring relays linked to lower demand by selected customers in the USA and Asia. This decrease was offset partially by a 7.8% solid growth in sales of the energy management range due to the continuous effort in business development and the evolution of new products for key applications such as energy monitoring data centers and telecommunications power stations.

Sales of Switches products grew by 5.5% compared to the previous year. In particular, solid state relays sales were 8.7% above the same period of last year, confirming them as a very good value proposition for both industrial and building automation, also due to the newly enlarged RG platform and further penetration of the RM range.

Fieldbus decreased versus the previous year by 4.6% due to the globally-spread postponement of major building automation projects.

Outlook

The global economic situation still remains uncertain thereby affecting overall market conditions. Advanced economies are expected to recover but at slower growth rates particularly across Europe while growth perspectives appear to be weaker within emerging markets.

Considering this scenario, the Group's efforts will be directed at continuing to improve the geographic coverage, deploying local marketing initiatives selectively and strengthening R&D.

Carlo Gavazzi continues to aim at adding significant value to the Group through balanced growth across all markets.



Valeria Gavazzi
Chairman



Anthony M. Goldstein
Chief Financial Officer

Statements of Comprehensive Income

for the six months ended September 30

(in CHF 1 000)	Notes	2015	2014
Continuing operations			
Revenue from sale of goods		64 650	70 502
Cost of goods sold		(28 969)	(31 929)
Gross profit		35 681	38 573
Research & development expense		(3 164)	(3 484)
Selling, general and administrative expense		(26 118)	(28 860)
Other operating income (expense), net		(86)	118
Operating profit (EBIT)		6 313	6 347
Financial income		17	460
Financial expense		(788)	(36)
Profit before income tax		5 542	6 771
Income tax expense		(1 771)	(1 823)
Net profit for the period		3 771	4 948
Other comprehensive income			
Actuarial gains (losses) on employee benefit obligations		-	-
Tax impact on actuarial gains (losses) on employee benefit obligations		-	-
Total items that will not be reclassified to profit or loss		-	-
Exchange difference on translation of foreign operations		2 519	378
Total items that may be reclassified subsequently to profit or loss		2 519	378
Total other comprehensive income for the period, net of tax		2 519	378
Total comprehensive income for the period		6 290	5 326
Net profit attributable to owners of Carlo Gavazzi Holding AG		3 771	4 948
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		6 290	5 326
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	1.06	1.39
- bearer shares	8	5.31	6.96

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

Balance Sheets

(in CHF 1 000)	Notes	as of	
		September 30 2015	March 31 2015
Assets			
Current assets			
Cash and cash equivalents		41 389	45 819
Trade receivables		28 327	26 657
Other receivables		4 566	4 335
Inventories		23 829	20 405
Total current assets		98 111	97 216
Non-current assets			
Property, plant and equipment		10 382	10 438
Intangible assets		6 609	6 504
Other receivables		2 042	1 713
Deferred income tax assets		5 123	4 978
Total non-current assets		24 156	23 633
Total assets		122 267	120 849
Liabilities and equity			
Current liabilities			
Trade payables		9 830	8 138
Other payables		15 124	12 933
Borrowings		196	607
Current income tax liabilities		714	1 031
Total current liabilities		25 864	22 709
Non-current liabilities			
Other payables		1 649	1 325
Borrowings		91	165
Employee benefit obligations		7 631	7 403
Other provisions		609	589
Deferred income tax liabilities		173	169
Total non-current liabilities		10 153	9 651
Total liabilities		36 017	32 360
Equity			
Share capital		10 661	10 661
Capital reserves		600	600
Other reserves		(24 129)	(26 648)
Retained earnings		99 118	103 876
Total equity attributable to owners of Carlo Gavazzi Holding AG		86 250	88 489
Total liabilities and equity		122 267	120 849

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

Statements 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, 2014		10 661	600	(18 154)	100 139	93 246
Net profit for the period		-	-	-	4 948	4 948
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	378	-	378
Other comprehensive income for the period		-	-	378	-	378
Total comprehensive income for the period		-	-	378	4 948	5 326
Dividends		-	-	-	(8 529)	(8 529)
Total transactions with owners		-	-	-	(8 529)	(8 529)
Equity at September 30, 2014		10 661	600	(17 776)	96 558	90 043
Net profit for the period		-	-	-	7 318	7 318
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	(1 024)	-	(1 024)
Exchange difference on translation of foreign operations		-	-	(7 848)	-	(7 848)
Other comprehensive income for the period		-	-	(8 872)	-	(8 872)
Total comprehensive income for the period		-	-	(8 872)	7 318	(1 554)
Total transactions with owners		-	-	-	-	-
Equity at March 31, 2015		10 661	600	(26 648)	103 876	88 489
Net profit for the period		-	-	-	3 771	3 771
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	2 519	-	2 519
Other comprehensive income for the period		-	-	2 519	-	2 519
Total comprehensive income for the period		-	-	2 519	3 771	6 290
Dividends	7	-	-	-	(8 529)	(8 529)
Total transactions with owners		-	-	-	(8 529)	(8 529)
Equity at September 30, 2015		10 661	600	(24 129)	99 118	86 250

For additional information purposes the second half of the prior year is presented in the table above

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

Statements of Cash Flows

for the six months ended September 30

(in CHF 1 000)	Notes	2015	2014
Cash flow from operating activities			
Profit for the period		3 771	4 948
Income taxes		1 771	1 823
Depreciation and amortization		1 621	1 815
Loss (gain) on disposal of property, plant and equipment		(8)	(2)
Change in other non-cash items		1 418	591
Changes in working capital:			
- Change in trade receivables and other receivables		(506)	(254)
- Change in inventories		(2 506)	(1 075)
- Change in trade payables and other payables		2 935	1 413
Cash generated from operations		8 496	9 259
Interest received		14	14
Interest paid		(19)	(29)
Income taxes paid		(1 687)	(2 397)
Cash flow from operating activities		6 804	6 847
Cash flow from investing activities			
Purchases of property, plant and equipment		(1 248)	(2 013)
Purchases of intangible assets		(43)	(175)
Proceeds from disposal of property, plant and equipment		8	6
Cash flow from investing activities		(1 283)	(2 182)
Cash flow from financing activities			
Dividends paid	7	(8 529)	(8 529)
Proceeds from borrowings		-	405
Repayment of borrowings		(485)	(644)
Cash flow from financing activities		(9 014)	(8 768)
Change in cash and cash equivalents		(3 493)	(4 103)
Cash and cash equivalents at the beginning of the period		45 819	47 112
Effects of exchange rate changes on cash and cash equivalents		(937)	122
Cash and cash equivalents at the end of the period		41 389	43 131

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

Notes to the Consolidated Interim 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 23, 2015.

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, 2015. 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 information should be read in conjunction with the Group’s annual financial statements for the year ended March 31, 2015, which have been 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 period

2.2 Changes to accounting policies

The following new and revised standards and interpretations are mandatory for the first time for financial years beginning on or after April 1, 2015, but have no material impact or are currently not relevant for the Group:

- IAS 19 “Employee Benefits” (amended) clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits.

Selected standards and revisions to standards effective for periods commencing on or after October 1, 2015, which have not been adopted early by the Group:

- The amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” apply to investments in subsidiaries, joint ventures and associates.

- The new IFRS 9 “Financial Instruments” deals with the classification and measurement of financial assets, and will ultimately replace IAS 39 “Financial Instruments: Recognition and Measurement” in its entirety. IFRS 9 introduces new requirements for classifying and measuring financial assets, thereby reducing the number of asset categories from four to two. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after January 1, 2018 with early adoption permitted.
- The new IFRS 15 “Revenue from Contracts with Customers” specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 was issued in 2014 and applies to annual reporting periods beginning on or after January 1, 2017. It has now been proposed to delay implementation by one year until January 1, 2018.

New standards and interpretations are usually applied as of the effective date; however, the Group considers early adoption on an individual basis.

If the above standards and interpretations had been applied already in the current financial year, they would have had no significant effect on the consolidated financial statements of 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, 2015.

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	30.9.2015	31.3.2015
BRL	100	24.70	30.39
CAD	1	0.73	0.77
CNY	100	15.35	15.67
DKK	100	14.62	13.96
EUR	1	1.09	1.04
GBP	1	1.48	1.44
HKD	100	12.60	12.53
MYR	100	22.26	26.23
NOK	100	11.46	12.05
SEK	100	11.64	11.26
SGD	1	0.69	0.71
USD	1	0.98	0.97

Average rates applied for the consolidated income statement

Currency	Unit	1.4.2015 – 30.9.2015	1.4.2014 – 30.9.2014
BRL	100	29.07	40.15
CAD	1	0.75	0.83
CNY	100	15.40	14.63
DKK	100	14.16	16.30
EUR	1	1.06	1.22
GBP	1	1.47	1.51
HKD	100	12.29	11.63
MYR	100	24.82	28.07
NOK	100	11.95	14.75
SEK	100	11.28	13.32
SGD	1	0.70	0.72
USD	1	0.95	0.90

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, 2015.

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 income statement

Gross sales in the first six months of the financial year 2015/16 amounted to CHF 64 650 (2014/15 CHF 70 502). The decrease of 8.2% is related to the currency effect from the translation into Swiss Francs, whereas, in local currency, revenue from sale of goods was equal to that of the same period of the previous year.

6. Contingent assets and contingent liabilities

On April 2, 2015, the Group was advised that an ad hoc Arbitration under the UNCITRAL Arbitration Rules had issued a Final Award in favour of the Group of principal, arbitration and legal costs of CHF 2 096 plus interest at Euribor 1 month + 2% from October 6, 2010. Until issuance of the Annual Report 2014/15, the amount of the Award had not been received from the respondent and the Group was unable to estimate when in the future it may be received. In the meantime, the Group has put in place an action to attempt enforcement of the Award. Subsequently, on May 13, 2015, the Group was advised that the respondent had lodged an appeal against the Final Award of the Arbitral Tribunal at the Swiss Federal Tribunal, Lausanne.

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, 2015.

7. Dividends paid

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 28, 2015, resolved to distribute a dividend for the financial year 2014/15, with value September 4, 2015, as follows:

Dividend per registered share	CHF	2.40
Dividend per bearer share	CHF	12.00
Total dividend paid	CHF thousands	8 529

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)	2015	2014
Net profit attributable to owners of Carlo Gavazzi Holding AG	3 771	4 948
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	1 698	2 228
Average number of shares outstanding	1 600 000	1 600 000
Basic and diluted earnings per registered share (CHF)	1.06	1.39
Bearer shares		
Net profit attributable to bearer shareholders	2 073	2 720
Average number of shares outstanding	390 710	390 710
Basic and diluted earnings per bearer share (CHF)	5.31	6.96

9. Related party transactions

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

As disclosed in the previous Interim Report, on April 11, 2014, the Group announced a sponsorship partnership with Sauber F1 affiliated racing driver Simona De Silvestro under which agreement, the Group sponsored her during the financial year 2014/15 at a cost of CHF 264. Simona De Silvestro is a niece of Board Director Daniel Hirschi.

During the periods there were no other 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.

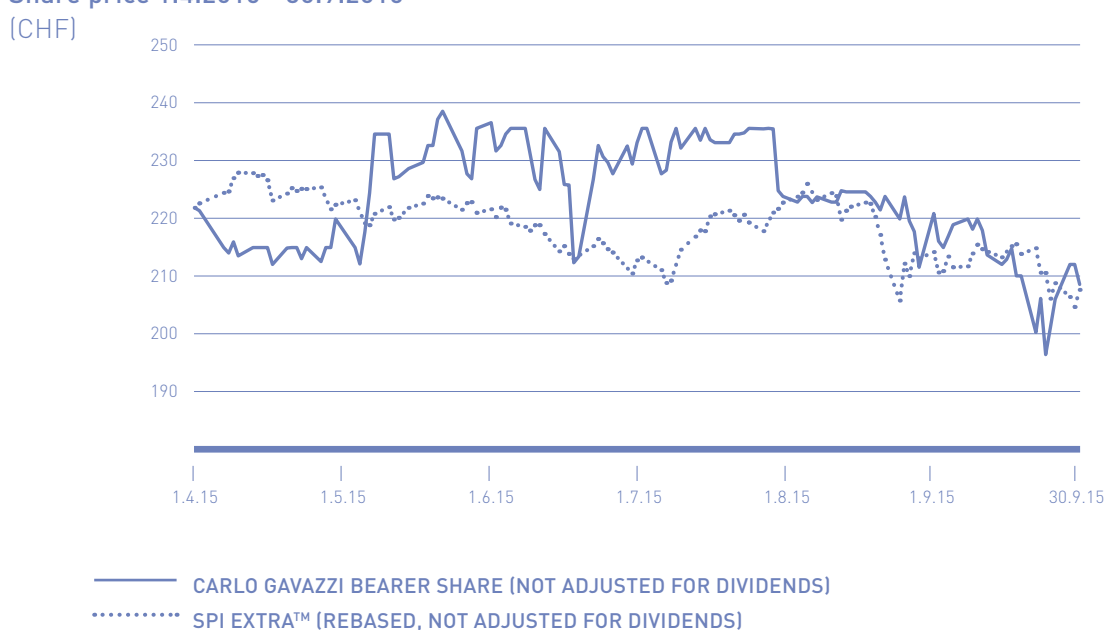
The Interim Report of the Group can also be viewed online: www.carlogavazzi.com

Information for Investors

(CHF)	1.4.-30.9.15	1.4.-30.9.14	1.4.-30.9.13	1.4.-30.9.12*	1.4.-30.9.11
Share price September 30	209	238	204	202	202
- half year-high	239	261	230	210	254
- half year-low	196	223	193	184	194
Average daily volume	554	507	720	450	893
Earnings per share	5.31	6.96	6.10	8.09	10.04
Book value per share	121	127	123	132	124
Stock market capitalization (CHF million)	149	169	145	144	144
- in % of equity	172	188	165	153	163

* Certain numbers are restated due to adoption of new accounting standards

Share price 1.4.2015 - 30.9.2015



Financial calendar

Press and financial analysts' meeting 2015/16	June 23, 2016
Shareholders' meeting 2015/16	July 26, 2016
Interim Report 2016/17	November 24, 2016



CARLO GAVAZZI

CARLO GAVAZZI HOLDING AG
P.O. Box 152
CH-6312 Steinhausen, Switzerland
Phone: +41 41 747 45 25
Telefax: +41 41 740 45 60
Internet: www.carlogavazzi.com
E-Mail: gavazzi@carlogavazzi.ch