Interim Report
April 1 – September 30, 2016

At a Glance

(CHF million)	1.4. - 30.9.16	1.4. - 30.9.15	%
Bookings	67.8	65.1	4.1
Operating revenue	66.2	64.7	2.3
EBITDA	9.6	7.9	21.5
EBIT	7.9	6.3	25.4
Net income	6.3	3.8	65.8
Cash flow	8.0	5.4	48.1
Additions to fixed assets	1.0	1.2	-16.7
Net working capital	32.0	29.9	7.0
Net cash position (at 30.9.16/ 31.3.16)	42.3	46.5	-9.0

Letter to the Shareholders

Dear Shareholders,

During the first half of the 2016/17 financial year, Carlo Gavazzi recorded an increase in revenue, gross profit, EBIT and net income, driven by operating improvements outside Europe, currency effects and non-recurring proceeds from an arbitration.

Operating revenue increased by 2.3% from CHF 64.7 million in the first half of the previous year to CHF 66.2 million (+0.7% in local currency). Sales grew 3.2% in Asia-Pacific, 2.9% in North America and were in line with the previous year in Europe. Orders were up 4.1% to CHF 67.8 million (CHF 65.1 million) while in local currency they increased by 2.5%. The book-to-bill ratio was 1.03.

Gross profit increased by CHF 0.5 million to CHF 36.2million (CHF 35.7 million) and the gross margin was 54.7%, compared to 55.2% in the previous year. Following a business review, Carlo Gavazzi decided to increase investments in R&D as well as in Marketing in America and Asia-Pacific. As a consequence, operating expenses increased from CHF 29.3 million to CHF 30.6 million (+ 2.5% in local currency).

Operating profit (EBIT) grew from CHF 6.3 million to CHF 7.9 million (+25.4%) and group net income from CHF 3.8 million to CHF 6.3 million (+65.8%). The key reasons for this increase were (i) the favourable outcome of an arbitration contributing non-operational, non-recurring exceptional net proceeds of CHF 2.3 million and (ii) a change in the exchange difference of CHF 0.9 million, mainly due to the strengthening of the US Dollar against the Euro, resulting in an exchange gain of CHF 0.1 million, compared to an exchange loss of CHF 0.8 million in the previous year.

At September 30, 2016, shareholder's equity amounted to CHF 88.8 million, giving an equity ratio of 72.3%.

Geographical markets

Sales in Europe reached the same level as in the previous year. While the southern European countries experienced some economic uncertainty, stronger sales were achieved in Germany and the Nordic countries.

Sales in Asia-Pacific increased by 3.2%, mainly due to strong developments in China and Malaysia in building automation projects, both in car park management and in energy efficiency.

Sales in North America were up by 2.9% compared to the previous year, confirming the effectiveness of ongoing marketing initiatives in the region.

The geographical share of revenue outside Europe expanded to 34.2%, with sales in North America and Asia-Pacific accounting for 19.8% and 14.4%, respectively.

Market segments and products

Sales in priority markets increased 2.5% versus the same period of last year. Among the selected priority markets, Heating, Ventilation and Air Conditioning (HVAC) and Plastic grew respectively by 12.5% and 4.6% versus the previous year.

Sensors sales were 1.1% below the same period of last year mainly due to a 4.9% decrease in capacitive sensors linked to the agriculture industry still being affected by the political situation in Russia and Ukraine.

Controls product sales were down 1.7% mainly due to a 6.6% decrease in monitoring relays linked to lower demand. This decrease was offset partially by a stable growth in sales of the energy management range, in particular due to the effective market introduction of the new EM300 series with value added features including MID certification.

Sales of switches products grew by 7.2% compared to the previous year. Solid state relays sales increased 6.3%, thanks to the development of RG and RM platforms across both the building and industrial automation markets. Soft starter sales were 13.1% above the previous year mainly due to the further penetration of the RSBT range which fulfills the evolving requirements of OEMs in HVAC market.

Revenues of the fieldbus product line decreased by 6.4%. Lower demand in industrial automation was partially offset by solid development in building automation projects in Asia and Northern Europe.

Outlook

The global economic outlook remains uncertain thereby affecting overall market conditions. Nonetheless, Carlo Gavazzi sees interesting growth opportunities in major markets, particularly outside Europe.

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	2016	2015
Continuing operations			
Revenue from sale of goods		66 160	64 650
Cost of goods sold		(29 957)	(28 969)
Gross profit		**36 203**	**35 681**
Research & development expense		(3 546)	(3 164)
Selling, general and administrative expense		(27 049)	(26 118)
Other operating income (expense), net		2 268	(86)
Operating profit (EBIT)		**7 876**	**6 313**
Financial income		86	17
Financial expense		(15)	(788)
Profit before income tax		**7 947**	**5 542**
Income tax expense		(1 658)	(1 771)
Net profit for the period		**6 289**	**3 771**
Other comprehensive income			
Total items that will not be reclassified to profit or loss		**-**	**-**
Exchange difference on translation of foreign operations		(413)	2 519
Total items that may be reclassified subsequently to profit or loss		**(413)**	**2 519**
Total other comprehensive income for the period, net of tax		**(413)**	**2 519**
Total comprehensive income for the period		**5 876**	**6 290**
Net profit attributable to owners of Carlo Gavazzi Holding AG		6 289	3 771
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		5 876	6 290

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	1.77	1.06
- bearer shares	8	8.85	5.31

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

Balance Sheets

(in CHF 1 000)	Notes	as of September 30 2016	March 31 2016
Assets			
Current assets			
Cash and cash equivalents		42 414	46 703
Trade receivables		27 180	28 350
Other receivables		5 816	5 408
Inventories		23 096	20 339
Total current assets		**98 506**	**100 800**
Non-current assets			
Property, plant and equipment		10 534	11 238
Intangible assets		6 541	6 599
Other receivables		2 201	1 926
Deferred income tax assets		4 904	4 818
Total non-current assets		**24 180**	**24 581**
Total assets		**122 686**	**125 381**
Liabilities and equity			
Current liabilities			
Trade payables		9 495	10 200
Other payables		13 437	13 047
Borrowings		88	111
Current income tax liabilities		1 141	979
Total current liabilities		**24 161**	**24 337**
Non-current liabilities			
Other payables		1 794	1 495
Borrowings		-	87
Employee benefit obligations		7 293	7 362
Other provisions		584	586
Deferred income tax liabilities		104	111
Total non-current liabilities		**9 775**	**9 641**
Total liabilities		**33 936**	**33 978**
Equity			
Share capital		10 661	10 661
Capital reserves		600	600
Other reserves		(25 267)	(24 854)
Retained earnings		102 756	104 996
Total equity attributable to owners of Carlo Gavazzi Holding AG		**88 750**	**91 403**
Total liabilities and equity		**122 686**	**125 381**

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, 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		-	-	-	(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**
Net profit for the period		**-**	**-**	**-**	**5 878**	**5 878**
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	180	-	180
Exchange difference on translation of foreign operations		-	-	(905)	-	(905)
Other comprehensive income for the period		**-**	**-**	**(725)**	**-**	**(725)**
Total comprehensive income for the period		**-**	**-**	**(725)**	**5 878**	**5 153**
Total transactions with owners		**-**	**-**	**-**	**-**	**-**
Equity at March 31, 2016		**10 661**	**600**	**(24 854)**	**104 996**	**91 403**
Net profit for the period		**-**	**-**	**-**	**6 289**	**6 289**
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	(413)	-	(413)
Other comprehensive income for the period		**-**	**-**	**(413)**	**-**	**(413)**
Total comprehensive income for the period		**-**	**-**	**(413)**	**6 289**	**5 876**
Dividends	7	-	-	-	(8 529)	(8 529)
Total transactions with owners		**-**	**-**	**-**	**(8 529)**	**(8 529)**
Equity at September 30, 2016		**10 661**	**600**	**(25 267)**	**102 756**	**88 750**

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	2016	2015
Cash flow from operating activities			
Profit for the period		**6 289**	**3 771**
Income taxes		1 658	1 771
Depreciation and amortization		1 720	1 621
Loss (gain) on disposal of property, plant and equipment		(28)	(8)
Change in other non-cash items		525	1 418
Changes in working capital:			
- Change in trade receivables and other receivables		694	(506)
- Change in inventories		(2 752)	(2 506)
- Change in trade payables and other payables		(1 553)	2 935
Cash generated from operations		**6 553**	**8 496**
Interest received		13	14
Interest paid		(12)	(19)
Income taxes paid		(1 008)	(1 687)
Cash flow from operating activities		**5 546**	**6 804**
Cash flow from investing activities			
Purchases of property, plant and equipment		(1 015)	(1 248)
Purchases of intangible assets		(16)	(43)
Proceeds from disposal of property, plant and equipment		40	8
Cash flow from investing activities		**(991)**	**(1 283)**
Cash flow from financing activities			
Dividends paid	7	(8 529)	(8 529)
Proceeds from borrowings		-	-
Repayment of borrowings		(110)	(485)
Cash flow from financing activities		**(8 639)**	**(9 014)**
Change in cash and cash equivalents		**(4 084)**	**(3 493)**
Cash and cash equivalents at the beginning of the period		46 703	45 819
Effects of exchange rate changes on cash and cash equivalents		(205)	(937)
Cash and cash equivalents at the end of the period		**42 414**	**41 389**

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 21, 2016.

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, 2016. 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, 2016, 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

The following new and revised standards and interpretations are mandatory for the first time for financial years beginning on or after April 1, 2016, but have no material impact or are currently not relevant for 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.

Selected standards and revisions to standards effective for periods commencing on or after October 1, 2016, which have not been adopted early by the Group:

- The IAS 7 "Disclosure Initiative" amendments to IAS 7 "Statement of Cash Flows" require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes and are effective for periods beginning on or after January 1, 2017.

- The amendments to IAS 12 "Income Taxes" clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. Entities are required to apply the amendments retrospectively and these are effective for periods beginning on or after January 1, 2017 with early application permitted.

- The amendments to IFRS 2 "Share-based Payment" deal with the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas: (i) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, (ii) The classification of a share-based payment transaction with net settlement features for withholding tax obligations and (iii) The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments to IFRS 2 are effective for accounting periods beginning on or after January 1, 2018 with early application permitted.

- 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 applies to annual reporting periods beginning on or after January 1, 2018.

- The new IFRS 16 "Leases" specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019.

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 except possibly IFRS 16 where the effects are being studied.

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, 2016.

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	30.9.2016	31.3.2016
BRL	100	29.78	27.02
CAD	1	0.74	0.74
CNY	100	14.56	14.81
DKK	100	14.66	14.65
EUR	1	1.09	1.09
GBP	1	1.26	1.38
HKD	100	12.52	12.35
MYR	100	23.55	24.54
NOK	100	12.17	11.58
SEK	100	11.34	11.81
SGD	1	0.71	0.71
USD	1	0.97	0.96

Average rates applied for the consolidated income statement

Currency	Unit	1.4.2016 – 30.9.2016	1.4.2015 – 30.9.2015
BRL	100	28.89	29.07
CAD	1	0.75	0.75
CNY	100	14.75	15.40
DKK	100	14.68	14.16
EUR	1	1.09	1.06
GBP	1	1.34	1.47
HKD	100	12.55	12.29
MYR	100	24.16	24.82
NOK	100	11.74	11.95
SEK	100	11.63	11.28
SGD	1	0.72	0.70
USD	1	0.97	0.95

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, 2016.

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 2016/17 amounted to CHF 66 160 (2015/16 CHF 64 650). The increase of 2.3% is related to organic growth in local currency of 0.7% and a currency effect from the translation into Swiss Francs of 1.6%.

The main reason for the increase in EBIT was the favourable final outcome of an arbitration award contributing non-operational, non-recurring exceptional net proceeds of CHF 2.3 million following the rejection of an appeal by the respondent at the Swiss Federal Tribunal in Lausanne.

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, 2016.

7. Dividend

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 26, 2016, resolved to distribute a dividend for the financial year 2015/16, with value August 8, 2016, as follows:

Dividend per registered share	CHF	2.40
Dividend per bearer share	CHF	12.00
Total dividend	**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)	2016	2015
Net profit attributable to owners of Carlo Gavazzi Holding AG	6 289	3 771
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	2 832	1 698
Average number of shares outstanding	1 600 000	1 600 000
Basic and diluted earnings per registered share (CHF)	1.77	1.06
Bearer shares		
Net profit attributable to bearer shareholders	3 457	2 073
Average number of shares outstanding	390 710	390 710
Basic and diluted earnings per bearer share (CHF)	8.85	5.31

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.

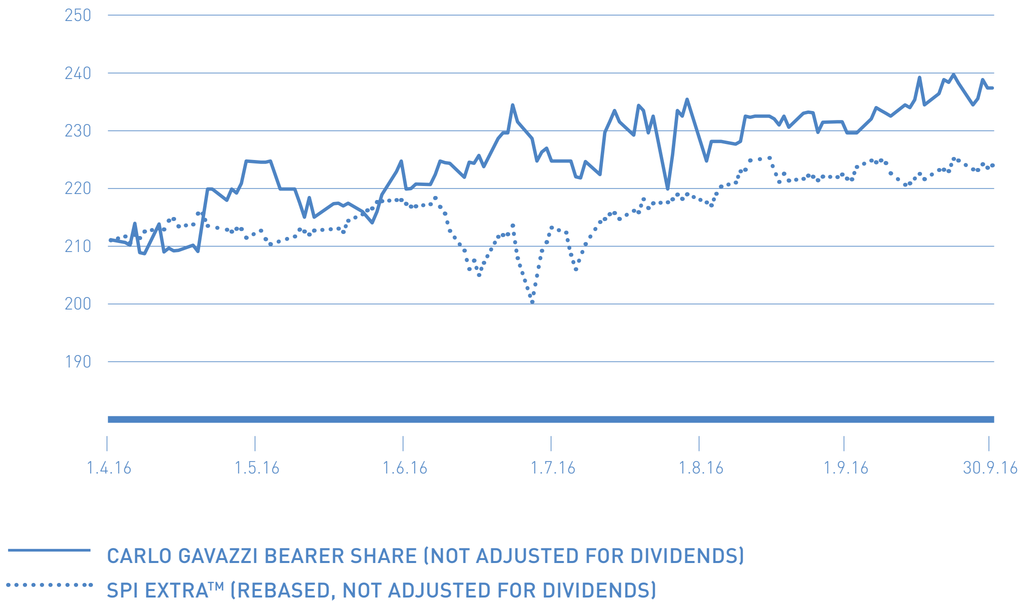
The Interim Report of the Group can also be viewed online: www.carlogavazzi.com

Information for Investors

(CHF)	1.4.–30.9.16	1.4.–30.9.15	1.4.–30.9.14	1.4.–30.9.13	1.4.–30.9.12
Share price September 30	**238**	209	238	204	202
- half year-high	**240**	239	261	230	210
- half year-low	**209**	196	223	193	184
Average daily volume	**518**	554	507	720	450
Earnings per share	**8.85**	5.31	6.96	6.10	8.09
Book value per share	**125**	121	127	123	132
Stock market capitalization (CHF million)	**169**	149	169	145	144
- in % of equity	**190**	172	188	165	153

Share price 1.4.2016 - 30.9.2016

(CHF)



Financial calendar

Media and financial analysts' meeting 2016/17	June 22, 2017
Shareholders' meeting 2016/17	July 25, 2017
Interim Report 2017/18	November 23, 2017

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