

Press release

Ospitaletto, 8 November 2011

SABAF: THIRD-QUARTER 2011 RESULTS APPROVED

- In the third-quarter 2011, Sabaf reported revenue of €35.9 million (+3.6%); EBITDA of €7.4 million (-14.4%); EBIT of €4.3 million (-20.5%); net profit of €2.7 million (-9.1%)
- In the first 9 months of 2011, Sabaf reported revenue of €113.4 million (+0.9%); EBITDA of €23.9 million (-19.9%); EBIT of €14.6 million (-28.3%); net profit of €9.1 million (-29.9%)
- Outlook for full-year 2011: sales stable or slightly down compared to 2010, EBITDA of 21%

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report at 30 September 2011.

In 3Q 2011, the Sabaf Group posted sales revenues of €35.9 million, an increase of 3.6% on the €34.7 million posted in 3Q 2010. In Europe, the further marked slowdown in the Italian market (-21%) and in the other Western European markets (-7%) was partially offset by the good sales performance in Eastern Europe (+27%). On all the main non-European markets, with the exception of North America, sales reached satisfactory levels and were up compared to the same period of 2010. A breakdown by product category shows that, for the first time, sales of light alloy valves were higher than sales of brass valves, confirming the gradual shift towards the newer products. Also in this quarter, special burners saw higher growth than standard burners and there was a considerable downturn in sales of hinges.

As in the first half of the year, profitability in 3Q 2011 was affected by the rise in commodity prices, which was only partly passed on to sales prices. EBITDA during the period was €7.4 million, equal to 20.7% of sales, down by 14.4% compared to the €8.7 million (25.1% of sales) registered in 3Q 2010. EBIT was €4.3 million, equal to 11.9% of sales and down by 20.5% compared with the figure of €5.4 million for the same period of 2010 (15.6% of sales). Pre-tax profit was €3.9 million, down by 15% compared with €4.6 million in 3Q 2010, and net profit for the period was €2.7 million, compared with €3 million in 3Q 2010 (-9.1%).

In the first nine months of 2011, revenue came to €113.4 million, increasing by 0.9% compared to the same period in 2010; EBITDA was €23.9 million (accounting for 21.1% of sales, marking a downturn of 19.9%), EBIT reached €14.6 million (accounting for 12.8% of sales, up by 28.3% on last year) and net profit was €9.1 million (-29.9% vs. the first nine months of 2010).

Quarter investments totalled €2.7 million, bringing total investments since the start of the year to €10.4 million (€9.9 million in the first nine months of 2010). As at 30 September, net financial debt was €20.8 million (€18.2 million as at 30 June 2011), while shareholders' equity amounted to €119.7 million.

In view of the slowdown in demand on the Italian market, which has been more significant than expected and is forecast to continue in the coming months, the Sabaf Group expects to close 2011 with sales which are stable or slightly down compared with 2010 and EBITDA as a percentage of sales of approximately 21%. Previous forecasts indicated an increase in sales of between 2% and 4% and EBITDA as a percentage of sales of between 21% and 22%.

The Group is currently negotiating with its main clients for 2012; at this time, it's not possible to make quantity forecasts for the next year.



The results will be announced to the financial community at 3:00 p.m. CET today, 8 November 2011, during a conference call (call +39 (0)2 805 88 11).

The Interim Operating Report relating to the third quarter of 2011, which has not been independently audited, is available on the site www.sabaf.it in the Investor Relations section.

Pursuant to Art. 154-bis, paragraph 2 of the Consolidated Finance Act, Financial Reporting Officer Alberto Bartoli declares that all figures contained in this press release correspond to the company's records, books and accounting entries.

Annexes: unaudited consolidated financial statements

For further information:

Investor Relations Gianluca Beschi Tel: +39 030 6843236 gianluca.beschi@sabaf.it www.sabaf.it	Press Office Power Emprise -Tel: +39 02 39400100 Cosimo Pastore - +39 335 213305 cosimopastore@poweremprise.com Laura De Pinto - +39 349 2408113 lauradepinto@poweremprise.com Jenny Giuliani - +39 349 2408123 jennygiuliani@poweremprise.com
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Founded in the early 1950s, SABAF has grown consistently over the years to become the key manufacturer in Italy - and one of the leading in the world - of components for kitchens and domestic gas cooking appliances.

The product range features four main categories: valves, thermostats and burners for gas cooking appliances and hinges for ovens, washing machines and dishwashers.

Unparalleled technological expertise, manufacturing flexibility, and the ability to offer a vast range of components - tailor-made to meet the requirements of individual manufacturers of cookers and built-in hobs and ovens and in line with the specific characteristics of its core markets - are SABAF's key strengths in a sector featuring major specialisation, constantly evolving demand and an ever-increasing orientation towards products assuring total reliability and safety.

The Sabaf Group has some 700 employees. It operates through its direct parent company Sabaf SpA and the subsidiaries Faringosi-Hinges - leader in the production of oven and dishwasher hinges - and Sabaf do Brasil - active in production of burners for the South American market.

Consolidated statement of financial position

	30.09.2011	31.12.2010	30.09.2010
<i>(in thousands of Euro)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	79,454	79,070	78,494
Investment property	7,684	7,859	8,068
Intangible assets	10,204	10,409	10,450
Equity investments	905	964	913
Non-current receivables	152	140	248
Deferred tax assets (prepaid taxes)	2,022	2,190	1,419
Total non-current assets	100,421	100,632	99,592
CURRENT ASSETS			
Inventories	27,532	26,082	27,959
Trade receivables	44,875	43,755	42,816
Tax receivables	1,979	1,304	1,304
Other current receivables	744	776	739
Cash and cash equivalents	6,390	9,769	7,141
Total current assets	81,520	81,686	79,959
Non-current assets held for sale	0	0	0
TOTAL ASSETS	181,941	182,318	179,551
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	99,044	93,446	92,745
Net profit for period	9,141	16,867	13,039
<i>Total equity attributable to the Group parent company</i>	<i>119,718</i>	<i>121,846</i>	<i>117,317</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	119,718	121,846	117,317
NON-CURRENT LIABILITIES			
Loans	12,167	16,416	18,099
Staff severance fund (TFR) and retirement reserves	2,535	2,627	2,687
General provisions	761	767	704
Deferred tax	341	323	312
Total non-current liabilities	15,804	20,133	21,802
CURRENT LIABILITIES			
Loans	14,966	5,843	10,420
Other financial liabilities	32	55	100
Trade payables	22,833	24,185	18,550
Tax payables	1,613	3,485	4,201
Other liabilities	6,975	6,771	7,161
Total current liabilities	46,419	40,339	40,432
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	181,941	182,318	179,551

Consolidated income statement

	3Q 2011		3Q 2010		9M 2011		9M 2010	
<i>(in thousands of Euro)</i>								
CONTINUING OPERATIONS								
OPERATING REVENUE AND INCOME								
Revenue	35,924	100.0%	34,679	100.0%	113,393	100.0%	112,404	100.0%
Other income	1,215	3.4%	1,093	3.2%	3,967	3.5%	3,458	3.1%
Total operating revenue and income	37,139	103.4%	35,772	103.2%	117,360	103.5%	115,862	103.1%
OPERATING COSTS								
Materials	(13,048)	-36.3%	(13,265)	-38.3%	(45,710)	-40.3%	(44,993)	-40.0%
Change in inventories	(1,891)	-5.3%	611	1.8%	1,621	1.4%	6,592	5.9%
Services	(7,545)	-21.0%	(7,424)	-21.4%	(26,122)	-23.0%	(23,741)	-21.1%
Payroll costs	(6,979)	-19.4%	(7,038)	-20.3%	(23,107)	-20.4%	(23,356)	-20.8%
Other operating costs	(451)	-1.3%	(184)	-0.5%	(910)	-0.8%	(1,233)	-1.1%
Costs for capitalised in-house work	219	0.6%	228	0.7%	740	0.7%	683	0.6%
Total operating cost	(29,695)	-82.7%	(27,072)	-78.1%	(93,488)	-82.4%	(86,048)	-76.6%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	7,444	20.7%	8,700	25.1%	23,872	21.1%	29,814	26.5%
Depreciation and amortisation	(3,152)	-8.8%	(3,208)	-9.3%	(9,318)	-8.2%	(9,250)	-8.2%
Capital gains/(losses) on disposal of non-current assets	0	0.0%	0	0.0%	4	0.0%	22	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	(90)	-0.3%	0	0.0%	(283)	-0.3%
OPERATING PROFIT (EBIT)								
	4,292	11.9%	5,402	15.6%	14,558	12.8%	20,303	18.1%
Financial income	53	0.1%	29	0.1%	100	0.1%	116	0.1%
Financial expenses	(346)	-1.0%	(228)	-0.7%	(995)	-0.9%	(846)	-0.8%
Foreign exchange gains/losses	60	0.2%	(460)	-1.3%	220	0.2%	(185)	-0.2%
Profits and losses from equity investments	(118)	-0.3%	(105)	-0.3%	(261)	-0.2%	(604)	-0.5%
PRE-TAX PROFIT								
	3,941	11.0%	4,638	13.4%	13,622	12.0%	18,784	16.7%
Income tax	(1,233)	-3.4%	(1,658)	-4.8%	(4,481)	-4.0%	(5,745)	-5.1%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD								
	2,708	7.5%	2,980	8.6%	9,141	8.1%	13,039	11.6%

Consolidated cash flow statement

<i>(in thousands of Euro)</i>	3Q 2011	3Q 2010	9M 2011	9M 2010
Cash and cash equivalents at beginning of period	9,229	10,400	9,769	9,154
Net profit/(loss) for period	2,708	2,980	9,141	13,039
Adjustments for:				
- Depreciation and amortisation for the period	3,152	3,208	9,318	9,250
- Realised gains/losses	0	0	(4)	(22)
Write-downs/write-backs of non-current assets	0	90	0	283
- Profits and losses from equity investments	118	105	261	604
- Financial income and expenses	273	199	835	730
- Income tax	1,233	1,658	4,481	5,745
Change in staff severance fund	(37)	(50)	(92)	(229)
Change in general provisions	50	14	(6)	(75)
<i>Change in trade receivables</i>	<i>1,464</i>	<i>2,902</i>	<i>(1,120)</i>	<i>(2,248)</i>
<i>Change in inventories</i>	<i>2,035</i>	<i>(528)</i>	<i>(1,450)</i>	<i>(6,512)</i>
<i>Change in trade payables</i>	<i>(5,127)</i>	<i>(13,167)</i>	<i>(1,352)</i>	<i>(6,294)</i>
Change in net working capital	(1,628)	(10,793)	(3,922)	(15,054)
Change in other receivables and payables, deferred tax liabilities	(44)	409	(576)	990
Payment of taxes	(4,804)	(60)	(6,023)	(1,500)
Payment of financial expenses	(326)	(228)	(935)	(846)
Collection of financial income	53	29	100	116
Cash flow from operations	748	(2,439)	12,578	13,031
Net investments	(2,741)	(2,210)	(10,384)	(9,889)
Repayment of loans	(1,220)	(1,244)	(4,176)	(4,314)
New loans	964	3,022	9,028	4,522
Payment of dividends	0	0	(9,201)	(5,750)
Cash flow from operations	(256)	1,778	(4,349)	(5,542)
Foreign exchange differences	(590)	(388)	(1,224)	387
Net financial flows for the period	(2,839)	(3,259)	(3,379)	(2,013)
Cash and cash equivalents at end of period	6,390	7,141	6,390	7,141
Current net financial debt	14,998	10,520	14,998	10,520
Non-current financial debt	12,167	18,099	12,167	18,099
Net financial debt	20,775	21,478	20,775	21,478

Consolidated net financial position

<i>(in thousands of Euro)</i>	30.09.2011	31.12.2010	30.09.2010
A. Cash	8	11	12
B. Positive balances of unrestricted bank accounts	3,902	9,105	6,527
C. Other liquidities	2,480	653	602
D. Cash and cash equivalents (A+B+C)	6,390	9,769	7,141
E. Current bank overdrafts	8,995	0	4,493
F. Current portion of non-current debt	5,971	5,843	5,927
G. Other current financial payables	32	55	100
H. Current financial debt (E+F+G)	14,998	5,898	10,520
I. Current net financial debt (H-D)	8,608	(3,871)	3,379
J. Non-current bank payables	8,954	12,240	13,607
K. Other non-current financial payables	3,213	4,176	4,492
L. Non-current financial debt (J+K)	12,167	16,416	18,099
M. Net financial debt (L+I)	20,775	12,545	21,478