

Press release

Ospitaletto, 9 February 2012

SABAF: FOURTH-QUARTER 2011 RESULTS APPROVED

- Fourth-quarter revenues € 35.2 million (-8.6%); EBITDA € 6.2 million (-28.5%); EBIT € 2 million (-63.4%); net profit € 1.6 million (-57.3%)
- Revenues for FY 2011 € 148.6 million (-1.5%); EBITDA € 30.1 million (-21.9%); EBIT € 16.6 million (-35.8%); net profit € 10.8 million (-36.1%)
- For 2012 sales and profitability expected to be in line with 2011
- Proposed dividend of €0.60 per share (vs. previous dividend of € 0.80)

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report for the fourth quarter of 2011.

Consolidated results for the fourth quarter of 2011

In 4Q 2011, the Sabaf Group booked sales revenue of € 35.2 million, a decrease of 8.6% compared with the figure of € 38.5 million registered in 4Q 2010. The market remained extremely weak in Europe, and as well as affecting Italy (-15%) and other Western European markets (-8.3%), this also had a negative impact on sales in Eastern Europe (-4.9%) in the final quarter of the year. On the main markets outside Europe, the Group posted excellent results in South America (sales of € 5.1 million, +66% versus 4Q 2010).

A breakdown by product category confirms the gradual replacement of brass valves with light alloy valves. Sales of hinges continued to fall sharply during the period.

Again in 4Q 2011, profitability was affected by the rise in commodity prices, which was only partly passed on to sales prices. Furthermore, lower production and sales volumes did not allow structural costs to be sufficiently absorbed. EBITDA for the quarter was € 6.2 million, with a 17.7% margin on sales, down by 28.5% vs. € 8.7 million (22.6% margin on sales) in 4Q 2010.

At the end of the year, the goodwill of € 6.3 million allocated to the "Hinges" cash generating unit, was tested for impairment. The value in use calculated on the basis of the new assumptions prudentially formulated by the Group led to a write-down of € 1.1 million, which was booked in the income statement of 4Q 2011.

EBIT was € 2 million, equivalent to 5.7% of sales, and 63.4% lower than the € 5.5 million of the same quarter in 2010 (14.3% of sales). Pre-tax profit was € 1.8 million, down by 63.3% compared with € 5 million in 4Q 2010, and net profit for the period was € 1.6 million, compared with € 3.8 million in 4Q 2010 (-57.3%).

FY 2011 consolidated results

For FY 2011, revenue came in at € 148.6 million, down by 1.5% compared with 2010. EBITDA was € 30.1 million (20.3% of sales, a decline of 21.9%), EBIT came to € 16.6 million (11.1% of sales, a decrease of 35.8%), and net profit totalled € 10.8 million (-36.1% vs. FY 2010).

Equity and cash flow

Quarter investments totalled € 4.1 million, bringing total investments for the year to € 14.5 million (€ 13.3 million in FY 2010).

As at 31 December 2011, net financial debt was € 14.8 million (€ 20.8 million as at 30 September 2011), while shareholders' equity amounted to € 121.8 million.





Business outlook

The household appliance market in Europe continues to struggle at the start of 2012, while the outlook on other markets is encouraging.

For FY 2012, the Group believes that it will be able to register sales and profitability levels in line with those of 2011. However, compared with 2011, the Group expects a weaker first half of the year and a gradual recovery in the second half, partly thanks to the contribution of new supply contracts that will gradually come into force over the year.

These assumptions take into consideration a macroeconomic scenario not affected by unforeseeable events. Should the economic situation undergo significant changes, however, the final values could differ from the figures forecast.

The directors plan to propose to the shareholders a dividend of € 0.60 per share (€ 0.80 per share in 2010).

Today at 3 p.m. CET there will be a conference call to illustrate the results of the fourth quarter and FY 2011 to financial analysts and institutional investors (please call the number +39 02-8058811).

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

Pursuant to Article 154-bis, paragraph 2 of the Italian Consolidated Finance Act (Testo Unico della Finanza), the company's Financial Reporting Officer Alberto Bartoli declares that the financial disclosure contained in this press release corresponds to the company's records, books and accounting entries.

The consolidated financial statements are attached.

For further information:

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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 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

	31.12.2011	30.09.2011	31.12.2010
<i>(in thousands of Euro)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	80,769	79,454	79,070
Investment property	7,626	7,684	7,859
Intangible assets	9,082	10,204	10,409
Equity investments	810	905	964
Non-current receivables	168	152	140
Deferred tax assets (prepaid taxes)	3,855	2,022	2,190
Total non-current assets	102,310	100,421	100,632
CURRENT ASSETS			
Inventories	26,883	27,532	26,082
Trade receivables	42,774	44,875	43,755
Tax receivables	2,512	1,979	1,304
Other current receivables	595	744	776
Cash and cash equivalents	14,208	6,390	9,769
Total current assets	86,972	81,520	81,686
TOTAL ASSETS	189,282	181,941	182,318
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	99,515	99,044	93,446
Net profit for period	10,775	9,141	16,867
<i>Total equity attributable to the Group parent company</i>	<i>121,823</i>	<i>119,718</i>	<i>121,846</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	121,823	119,718	121,846
NON-CURRENT LIABILITIES			
Loans	11,939	12,167	16,416
Post-employment benefit reserve (TFR) and retirement reserves	2,509	2,535	2,627
General provisions	731	761	767
Deferred tax	366	341	323
Total non-current liabilities	15,545	15,804	20,133
CURRENT LIABILITIES			
Loans	17,032	14,966	5,843
Other financial liabilities	33	32	55
Trade payables	27,808	22,833	24,185
Tax payables	803	1,613	3,485
Other liabilities	6,238	6,975	6,771
Total current liabilities	51,914	46,419	40,339
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	189,282	181,941	182,318

Consolidated income statement

Q4 2011 Q4 2010 12M 2011 12M 2010

(in thousands of Euro)
CONTINUING OPERATIONS
OPERATING REVENUE AND INCOME

Revenue	35,190	100.0%	38,493	100.0%	148,583	100.0%	150,897	100.0%
Other income	1,065	3.0%	1,315	3.4%	5,032	3.4%	4,773	3.2%
Total operating revenue and income	36,255	103.0%	39,808	103.4%	153,615	103.4%	155,670	103.2%

OPERATING COSTS

Materials	(13,393)	-38.1%	(12,926)	-33.6%	(59,103)	-39.8%	(57,919)	-38.4%
Change in inventories	(711)	-2.0%	(1,936)	-5.0%	910	0.6%	4,656	3.1%
Services	(8,046)	-22.9%	(8,539)	-22.2%	(34,168)	-23.0%	(32,280)	-21.4%
Payroll costs	(7,633)	-21.7%	(7,564)	-19.7%	(30,740)	-20.7%	(30,920)	-20.5%
Other operating costs	(493)	-1.4%	(395)	-1.0%	(1,403)	-0.9%	(1,628)	-1.1%
Costs for capitalised in-house work	241	0.7%	254	0.7%	981	0.7%	937	0.6%
Total operating cost	(30,035)	-85.4%	(31,106)	-80.8%	(123,523)	-83.1%	(117,154)	-77.6%

OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)

6,220 17.7% 8,702 22.6% 30,092 20.3% 38,516 25.5%

Depreciation and amortisation	(3,102)	-8.8%	(3,188)	-8.3%	(12,420)	-8.4%	(12,438)	-8.2%
Capital gains/(losses) on disposal of non-current assets	19	0.1%	(56)	-0.1%	23	0.0%	(34)	0.0%
Write-downs/write-backs of non-current assets	(1,129)	-3.2%	32	0.1%	(1,129)	-0.8%	(251)	-0.2%

OPERATING PROFIT (EBIT)

2,008 5.7% 5,490 14.3% 16,566 11.1% 25,793 17.1%

Financial income	62	0.2%	16	0.0%	162	0.1%	132	0.1%
Financial expenses	(313)	-0.9%	(393)	-1.0%	(1,308)	-0.9%	(1,239)	-0.8%
Foreign exchange gains/losses	170	0.5%	34	0.1%	390	0.3%	(151)	-0.1%
Profits and losses from equity investments	(95)	-0.3%	(155)	-0.4%	(356)	-0.2%	(759)	-0.5%

PRE-TAX PROFIT

1,832 5.2% 4,992 13.0% 15,454 10.4% 23,776 15.8%

Income tax	(198)	-0.6%	(1,164)	-3.0%	(4,679)	-3.1%	(6,909)	-4.6%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%

NET PROFIT FOR PERIOD

1,634 4.6% 3,828 9.9% 10,775 7.3% 16,867 11.2%

Consolidated cash flow statement

(in thousands of Euro)

	Q4 2011	Q4 2010	12M 2011	12M 2010
Cash and cash equivalents at beginning of period	6,390	7,141	9,769	9,154
Net profit/(loss) for period	1,634	3,828	10,775	16,867
Adjustments for:				
- Depreciation and amortisation for the period	3,102	3,188	12,420	12,438
- Realised gains/losses	(19)	56	(23)	34
Write-downs/write-backs of non-current assets	1,129	(32)	1,129	251
- Profits and losses from equity investments	95	155	356	759
- Financial income and expenses	311	377	1,146	1,107
- Income tax	198	1,164	4,679	6,909
Payment of post-employment benefit reserve	(131)	(60)	(223)	(289)
Change in general provisions	(30)	63	(36)	(12)
<i>Change in trade receivables</i>	<i>2,101</i>	<i>(939)</i>	<i>981</i>	<i>(3,187)</i>
<i>Change in inventories</i>	<i>649</i>	<i>1,877</i>	<i>(801)</i>	<i>(4,635)</i>
<i>Change in trade payables</i>	<i>4,975</i>	<i>5,635</i>	<i>3,623</i>	<i>(659)</i>
Change in net working capital	7,725	6,573	3,803	(8,481)
Change in other receivables and payables, deferred tax liabilities	189	(126)	(387)	864
Payment of taxes	(4,136)	(2,842)	(10,159)	(4,342)
Payment of financial expenses	(268)	(393)	(1,203)	(1,239)
Collection of financial income	62	16	162	132
Cash flow from operations	9,861	11,967	22,439	24,998
Net investments	(4,071)	(3,455)	(14,455)	(13,344)
Repayment of loans	(1,680)	(6,260)	(5,856)	(6,052)
New loans	3,518	0	12,546	0
Payment of dividends	0	0	(9,201)	(5,750)
Cash flow from operations	1,838	(6,260)	(2,511)	(11,802)
Foreign exchange differences	190	376	(1,034)	763
Net financial flows for the period	7,818	2,628	4,439	615
Cash and cash equivalents at end of period	14,208	9,769	14,208	9,769
Current net financial debt	17,065	5,898	17,065	5,898
Non-current financial debt	11,939	16,416	11,939	16,416
Net financial debt	14,796	12,545	14,796	12,545

Consolidated net financial position

(in thousands of Euro)

	31.12.2011	30.09.2011	31.12.2010
A. Cash	8	8	11
B. Positive balances of unrestricted bank accounts	11,868	3,902	9,105
C. Other liquidities	2,332	2,480	653
D. Cash and cash equivalents (A+B+C)	14,208	6,390	9,769
E. Current bank overdrafts	8,546	8,995	0
F. Current portion of non-current debt	8,486	5,971	5,843
G. Other current financial payables	33	32	55
H. Current financial debt (E+F+G)	17,065	14,998	5,898
I. Current net financial debt (H-D)	2,857	8,608	(3,871)
J. Non-current bank payables	9,051	8,954	12,240
K. Other non-current financial payables	2,888	3,213	4,176
L. Non-current financial debt (J+K)	11,939	12,167	16,416
M. Net financial debt (L+I)	14,796	20,775	12,545

