

Press release

Ospitaletto, 15 May 2012

SABAF: FIRST-QUARTER 2012 RESULTS APPROVED

- Revenues in 1Q12 at €37.3 million (€40.3 million in 1Q11, -7.2%)
- EBITDA at €6.5 million (€9.3 million in 1Q11, -30.3%); EBIT at €3.3 million (€6.3 million in 1Q11, -48%); net profit at €1.7 million (€3.8 million in 1Q11, -55.1%)
- For FY 2012, revenues expected to fall 5% and profitability seen lower than in 2011

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report for the first quarter of 2012 (1Q12).

Consolidated results for 1Q12

The Sabaf Group recorded sales revenue of €37.3 million in the first quarter of 2012, down 7.2% on the figure of €40.3 million registered in 1Q11. Performance in the quarter was heavily affected by the weakness of the Italian and other European markets. Sales in Eastern Europe also registered a marked fall, since the products manufactured by our customers in that area are mainly destined for Western European markets. The excellent results achieved in South America (sales at €6.5 million, +47% versus 1Q11), where Sabaf is rapidly gaining market share, only partly offset the decline registered in Europe. Sales on other international markets remained broadly in line with those of 1Q11. A breakdown by product category shows that sales of light alloy valves are progressively increasing as those of brass valves decline. Sales of hinges continued to fall also in this quarter.

EBITDA for the quarter was €6.5 million, with a 17.4% margin on sales, down by 30.3% vs. €9.3 million (23.1% margin on sales) in 1Q11. The fall in profitability is largely due to reduced business volumes, which made it impossible to sufficiently absorb structural costs. Average sales prices were 1.5% lower than in the first quarter of 2011, while raw material purchase prices were slightly higher, with a negative impact of 0.5% on sales. Higher energy costs had a further negative effect, equivalent to 1% of sales. During the quarter, the Group allocated €400,000 to the doubtful account provision (bringing it up to €2 million), to take into account the growing difficulties experienced during the period by some Italian customers. EBIT for the quarter was €3.3 million, or 8.7% of sales, a fall of 48% compared with the €6.6 million of the same quarter of 2011 (15.5% of sales). Pre-tax profit amounted to €1.7 million, versus €3.8 million in 1Q11 (-55.1%).

Investments and net financial position

Net investments for the quarter came to €2.6 million (€4 million in 1Q11). As at 31 March 2012, net financial debt was €13.5 million versus €14.8 million as at 31 December 2011, while shareholders' equity amounted to €123.5 million (versus €121.8 million as at 31 December 2011).

Business outlook

Weak demand in Europe looks set to continue in the second quarter, while a slow, gradual recovery is expected in the second half of the year, partly thanks to the contribution of new supply contracts that will gradually come into force over the year. Information currently available points to a fall in revenues of approximately 5% for FY 2012 and lower operating profitability than in 2011.





These targets assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from forecasts.

Today at 3 p.m. CET there will be a conference call to illustrate the 1Q12 results to financial analysts and institutional investors (call +39 02-8020911).

The Interim Operating Report for 1Q12, which has not been independently audited, is available in the Investor Relations section of the website www.sabaf.it.

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

Attachments include the balance sheet, income statement, net financial position and cash flow statement.

For further information:

<p>Investor Relations Gianluca Beschi tel. +39 030 6843236 gianluca.beschi@sabaf.it www.sabaf.it</p>	<p>Press Office Power Emprise - tel. +39 02 39400100 Cosimo Pastore - +39 335 213305 cosimopastore@poweremprise.com Jenny Giuliani - +39 349 2408123 jennygiuliani@poweremprise.com Sara Pavesi - +39 340 6486083 sarapavesi@poweremprise.com</p>
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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. Sabaf is also present through subsidiaries in Mexico, the USA and China.



Consolidated statement of financial position

<i>(in thousands of euro)</i>	31.03.2012	31.12.2011	31.03.2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	79,990	80,769	79,888
Investment property	7,568	7,626	7,800
Intangible assets	9,011	9,082	10,339
Equity investments	935	810	867
Non-current receivables	128	168	138
Deferred tax assets (prepaid taxes)	4,100	3,855	2,296
Total non-current assets	101,732	102,310	101,328
CURRENT ASSETS			
Inventories	26,962	26,883	28,444
Trade receivables	41,985	42,774	46,420
Tax receivables	2,038	2,512	1,774
Other current receivables	1,390	595	1,054
Current financial assets	0	0	27
Cash and cash equivalents	12,242	14,208	11,194
Total current assets	84,617	86,972	88,913
TOTAL ASSETS	186,349	189,282	190,241
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	110,230	99,515	109,793
Net profit for period	1,700	10,775	3,785
<i>Total equity attributable to the Group parent company</i>	<i>123,463</i>	<i>121,823</i>	<i>125,111</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	123,463	121,823	125,111
NON-CURRENT LIABILITIES			
Loans	10,631	11,939	15,148
Post-employment benefit reserve (TFR) and retirement reserves	2,525	2,509	2,617
Provisions for risks and contingencies	772	731	707
Deferred tax	327	366	265
Total non-current liabilities	14,255	15,545	18,737
CURRENT LIABILITIES			
Loans	15,081	17,032	7,969
Other financial liabilities	33	33	0
Trade payables	26,502	27,808	26,282
Tax payables	671	803	5,473
Other liabilities	6,344	6,238	6,669
Total current liabilities	48,631	51,914	46,393
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	186,349	189,282	190,241



Consolidated income statement

(in thousands of euro)

	Q1 2012		Q1 2011		12M 2011	
CONTINUING OPERATIONS						
OPERATING REVENUE AND INCOME						
Revenue	37,337	100.0%	40,253	100.0%	148,583	100.0%
Other income	961	2.6%	1,429	3.6%	5,032	3.4%
Total operating revenue and income	38,298	102.6%	41,682	103.6%	153,615	103.4%
OPERATING COSTS						
Materials	(14,813)	-39.7%	(17,334)	-43.1%	(59,103)	-39.8%
Change in inventories	82	0.2%	2,418	6.0%	910	0.6%
Services	(8,714)	-23.3%	(9,223)	-22.9%	(34,168)	-23.0%
Payroll costs	(7,980)	-21.4%	(8,119)	-20.2%	(30,740)	-20.7%
Other operating costs	(658)	-1.8%	(397)	-1.0%	(1,403)	-0.9%
Costs for capitalised in-house work	270	0.7%	277	0.7%	981	0.7%
Total operating cost	(31,813)	-85.2%	(32,378)	-80.4%	(123,523)	-83.1%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	6,485	17.4%	9,304	23.1%	30,092	20.3%
Depreciation and amortisation	(3,235)	-8.7%	(3,046)	-7.6%	(12,420)	-8.4%
Capital gains/(losses) on disposal of non-current assets	4	0.0%	1	0.0%	23	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	(1,129)	-0.8%
OPERATING PROFIT (EBIT)						
	3,254	8.7%	6,259	15.5%	16,566	11.1%
Financial income	65	0.2%	25	0.1%	162	0.1%
Financial expenses	(373)	-1.0%	(291)	-0.7%	(1,308)	-0.9%
Foreign exchange gains/losses	(162)	-0.4%	(175)	-0.4%	390	0.3%
Profits and losses from equity investments	(79)	-0.2%	(88)	-0.2%	(356)	-0.2%
PRE-TAX PROFIT						
	2,705	7.2%	5,730	14.2%	15,454	10.4%
Income tax	(1,005)	-2.7%	(1,945)	-4.8%	(4,679)	-3.1%
Minority interests	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD						
	1,700	4.6%	3,785	9.4%	10,775	7.3%

Consolidated cash flow statement

<i>(in thousands of euro)</i>	Q1 2012	Q1 2011	FY 2011
<i>Cash and cash equivalents at beginning of period</i>	14,208	9,769	9,769
Net profit/(loss) for period	1,700	3,785	10,775
Adjustments for:			
- Depreciation and amortisation for the period	3,235	3,046	12,420
- Realised gains/losses	(4)	(1)	(23)
Write-downs/write-backs of non-current assets	0	0	1,129
- Profits and losses from equity investments	79	88	356
- Financial income and expenses	284	246	1,146
- Income tax	1,005	1,945	4,679
Change in staff severance fund	(8)	(10)	(223)
Change in general provisions	41	(60)	(36)
<i>Change in trade receivables</i>	<i>789</i>	<i>(2,665)</i>	<i>981</i>
<i>Change in inventories</i>	<i>(79)</i>	<i>(2,362)</i>	<i>(801)</i>
<i>Change in trade payables</i>	<i>(1,306)</i>	<i>2,097</i>	<i>3,623</i>
Change in net working capital	(596)	(2,930)	3,803
Change in other receivables and payables, deferred tax liabilities	(1,475)	(922)	(387)
Payment of taxes	(121)	(12)	(10,159)
Payment of financial expenses	(349)	(271)	(1,203)
Collection of financial income	65	25	162
Cash flow from operations	3,856	4,929	22,439
Net investments	(2,569)	(4,011)	(14,455)
Repayment of loans	(4,269)	(1,291)	(5,856)
New loans	1,057	2,094	12,546
Payment of dividends	0	0	(9,201)
Cash flow from operations	(3,212)	803	(2,511)
Foreign exchange differences	(41)	(296)	(1,034)
Net financial flows for the period	(1,966)	1,425	4,439
<i>Cash and cash equivalents at end of period</i>	12,242	11,194	14,208
Current net financial debt	15,114	7,969	17,065
Non-current financial debt	10,631	15,148	11,939
Net financial debt	13,503	11,923	14,796



Consolidated net financial position

<i>(in thousands of euro)</i>	31.03.2012	31.12.2011	31.03.2011
A. Cash	8	8	13
B. Positive balances of unrestricted bank accounts	9,073	11,868	10,857
C. Other liquidities	3,161	2,332	324
D. Cash and cash equivalents (A+B+C)	12,242	14,208	11,194
E. Current bank overdrafts	9,055	8,546	2,065
F. Current portion of non-current debt	6,026	8,486	5,904
G. Other current financial payables	33	33	0
H. Current financial debt (E+F+G)	15,114	17,065	7,969
I. Current net financial debt (H-D)	2,872	2,857	(3,225)
J. Non-current bank payables	8,072	9,051	11,289
K. Other non-current financial payables	2,559	2,888	3,859
L. Non-current financial debt (J+K)	10,631	11,939	15,148
M. Net financial debt (L+I)	13,503	14,796	11,923

