



Press release

Ospitaletto, 2 August 2012

SABAF: FIRST-HALF 2012 RESULTS APPROVED

- In the first half of 2012, Sabaf booked revenue of €69.7 million (-10%); EBITDA of €11.4 million (-30.8%); EBIT of €4.9 million (-52.2%); net profit of €2.5 million (-61.3%)
- In the second quarter, revenue was €32.4 million (-13%); EBITDA €4.9 million (-31.5%); EBIT €1.6 million (-58.8%); net profit €0.8 million (-70.1%)
- For the whole of 2012, Sabaf forecasts sales of €135 million (-10% versus 2011) and an EBIT margin in line with that of the first half

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the interim report at 30 June 2012.

First-half 2012 consolidated results

The Sabaf Group reported revenue of €69.7 million in the first half of 2012, a decrease of 10% versus the figure of €77.5 million in the corresponding period the previous year.

The results of the period were heavily affected by weak European demand for cooking appliances: overall sales in the three areas, Italy, Western Europe and Eastern Europe, came in at €46.1 million, 19.5% lower than the €57.3 million in the first half of 2011. The positive results achieved on markets outside Europe (sales at €23.6 million in the first half of 2012, an increase of 17% compared with €20.2 million in the first half of 2011) only partly offset the fall registered in Europe.

Weak demand in Europe made the competitive environment even tougher: average sale prices were down by around 2% versus the first half of 2011.

A breakdown of sales by product category shows a sharp decline in brass valves, while sales of light alloy valves remained broadly stable. Sales of special burners and hinges, products mainly destined for the European market, also fell sharply.

In the first six months of 2012, EBITDA came in at €11.4 million (16.3% of sales, down by 30.8% on the same period in 2011); EBIT was €4.9 million (or 7% of sales, down 52.2% compared with €10.3 million in the first half of 2011). As well as lower sales prices, profitability was affected by low levels of activity and the consequent higher impact of fixed and structural costs. Furthermore, during the first half of the year, around €1 million was allocated to the doubtful account provision to cover the receivable collection risk. Pre-tax profit amounted to €4.1 million in the first half of 2012 (€9.7 million in H1 2011), and net profit was €2.5 million (€6.4 million in H1 2011, down by 61.3%).

As of 30 June 2012, the Group had consolidated shareholders' equity of €116.7 million and net debt of €22.9 million, compared with €121.8 million and €14.8 million respectively at 31 December 2011.

Investments in the first half of 2012 totalled €7.4 million (€7.6 million in H1 2011), and included the construction of the new facility in Manisa (Turkey) and related plant and equipment.

*Consolidated results for the second quarter 2012*

In the second quarter of 2012, sales revenues totalled €32.4 million, a 13% decrease vs. the second quarter of 2011. Demand weakened further in the second quarter, particularly on the Italian market.

Second-quarter EBITDA was €4.9 million, equivalent to 15.1% of sales (-31.5% versus €7.1 million in 2Q 2011, when it was 19.1% of sales), and EBIT was €1.6 million, equivalent to 5.1% of sales, after credit risk provisions of €0.6 million (-58.8% versus €4 million in 2Q 2011, when it was 10.8% of sales). Net profit for the period was €0.8 million, 70.1% lower than the figure of €2.6 million for 2Q 2011.

Outlook for 2012

Given the difficult macroeconomic situation in Europe, we believe that the household appliance market will remain negative in the second half of the year. In light of the actual sales figures for the first half and the ongoing uncertainty in demand, the management forecasts sales of €135 million for the full year, 10% lower than in 2011 (previous forecasts pointed to a drop of 5%). Against this backdrop, the EBIT margin for FY2012 is seen in line with that of the first half.

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

The results will be announced to the financial community at 3.00 p.m. CET today, 2 August 2012, during a conference call (call +39 (0)2 805 08 11 a few minutes before the conference is due to start).

The Interim report at 30 June 2012 will be made available to the public at the company's registered headquarters and Borsa Italiana SpA, as from 3 August 2012. It will also be published on the company's website (www.sabaf.it) the same day.

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.

Annexes: unaudited consolidated financial statements

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.

Sabaf is also present through subsidiaries in the People's Republic of China, Mexico and the United States.

Consolidated statement of financial position

	30.06.2012	31.12.2011
<i>(in thousands of euro)</i>		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	81,379	80,769
Investment property	7,510	7,626
Intangible assets	8,937	9,082
Equity investments	814	810
Non-current receivables	101	168
Deferred tax assets (prepaid taxes)	4,182	3,855
Total non-current assets	102,923	102,310
CURRENT ASSETS		
Inventories	26,907	26,883
Trade receivables	41,984	42,774
Tax receivables	2,294	2,512
Other current receivables	1,299	595
Cash and cash equivalents	5,963	14,208
Total current assets	78,447	86,972
TOTAL ASSETS	181,370	189,282
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	102,633	99,515
Net profit for period	2,491	10,775
<i>Total equity attributable to the Group parent company</i>	<i>116,657</i>	<i>121,823</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	116,657	121,823
NON-CURRENT LIABILITIES		
Loans	6,802	11,939
Post-employment benefit reserve (TFR) and retirement reserves	2,445	2,509
Provisions for risks and contingencies	684	731
Deferred tax	367	366
Total non-current liabilities	10,298	15,545
CURRENT LIABILITIES		
Loans	21,965	17,032
Other current payables	47	33
Trade payables	23,529	27,808
Tax payables	1,610	803
Other liabilities	7,264	6,238
Total current liabilities	54,415	51,914
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	181,370	189,282

Consolidated income statement

	Q2 2012	Q2 2011	H1 2012	H1 2011
<i>(in thousands of euro)</i>				
OPERATING REVENUE AND INCOME				
Revenue	32,378	37,216	69,715	77,469
Other income	920	1,323	1,881	2,752
Total operating revenue and income	33,298	38,539	71,596	80,221
OPERATING COSTS				
Materials	(11,949)	(15,328)	(26,762)	(32,662)
Change in inventories	33	1,094	115	3,512
Services	(8,306)	(9,354)	(17,020)	(18,577)
Payroll costs	(7,742)	(8,009)	(15,722)	(16,128)
Other operating costs	(737)	(62)	(1,395)	(459)
Costs for capitalised in-house work	281	244	551	521
Total operating cost	(28,420)	(31,415)	(60,233)	(63,793)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)				
	4,878	7,124	11,363	16,428
Depreciation and amortisation	(3,229)	(3,120)	(6,464)	(6,166)
Capital gains/(losses) on disposal of non-current assets	0	3	4	4
Write-downs/write-backs of non-current assets	0	0	0	0
OPERATING PROFIT (EBIT)				
	1,649	4,007	4,903	10,266
Financial income	56	22	121	47
Financial expenses	(289)	(358)	(662)	(649)
Foreign exchange gains/losses	66	335	(96)	160
Profits and losses from equity investments	(118)	(55)	(197)	(143)
PRE-TAX PROFIT				
	1,364	3,951	4,069	9,681
Income tax	(573)	(1,303)	(1,578)	(3,248)
Minority interests	0	0	0	0
NET PROFIT FOR PERIOD				
	791	2,648	2,491	6,433

Consolidated statement of cash flows

	H1 2012	H1 2011
<i>Cash and cash equivalents at beginning of period</i>	14,208	9,769
Net profit/(loss) for period	2,491	6,433
Adjustments for:		
- Depreciation and amortisation for the period	6,464	6,166
- Realised gains/losses	(4)	(4)
- Write-downs/write-backs of non-current assets	0	0
- Profits and losses from equity investments	197	143
- Financial income and expenses	541	562
- Income tax	1,578	3,248
Change in staff severance fund	(112)	(55)
Change in general provisions	(47)	(56)
<i>Change in trade receivables</i>	<i>790</i>	<i>(2,584)</i>
<i>Change in inventories</i>	<i>(24)</i>	<i>(3,485)</i>
<i>Change in trade payables</i>	<i>(4,279)</i>	<i>3,775</i>
Change in net working capital	(3,513)	(2,294)
Change in other receivables and payables, deferred tax liabilities	(160)	(532)
Payment of taxes	(330)	(1,219)
Payment of financial expenses	(614)	(609)
Collection of financial income	121	47
Cash flow from operations	6,612	11,830
Investments in non-current assets		
- intangible	(366)	(375)
- tangible	(6,853)	(7,184)
- financial	(200)	(200)
Disposal of non-current assets	53	116
Cash flow from investments	(7,366)	(7,643)
Repayment of loans	(7,642)	(2,956)
New loans	7,452	8,064
Acquisition own shares	(124)	0
Payment of dividends	(6,900)	(9,201)
Cash flow from financing activity	(7,214)	(4,093)
Foreign exchange differences	(277)	(634)
<i>Net financial flows for the period</i>	<i>(8,245)</i>	<i>(540)</i>
<i>Cash and cash equivalents at end of period</i>	<i>5,963</i>	<i>9,229</i>
Current net financial debt	22,012	13,969
Non-current financial debt	6,802	13,453
<i>Net financial debt</i>	<i>22,851</i>	<i>18,193</i>

Geographical breakdown of sales

<i>in thousands of Euro</i>	Q2 2012	Q2 2011	Change %	H1 2012	H1 2011	Change %	FY 2011
Italy	12,389	16,217	-23.6%	25,971	32,041	-18.9%	56,321
Western Europe	1,723	2,782	-38.1%	4,114	6,150	-33.1%	11,215
Eastern Europe	7,735	9,133	-15.3%	16,014	19,089	-16.1%	37,459
Asia and Oceania	2,639	1,300	103.0%	6,326	5,269	20.1%	13,328
South America	5,507	5,435	1.3%	11,989	9,842	21.8%	19,838
Africa	1,440	1,609	-10.5%	3,479	3,268	6.5%	6,524
US, Canada & Mexico	945	740	27.7%	1,822	1,810	0.7%	3,898
Total	32,378	37,216	-13.0%	69,715	77,469	-10.0%	148,583

Sales breakdown by product category

<i>in thousands of Euro</i>	Q2 2012	Q2 2011	Change %	H1 2012	H1 2011	Change %	FY 2011
Brass valves	4,677	6,517	-28.2%	10,579	15,162	-30.2%	26,537
Light alloy valves	5,583	6,138	-9.0%	11,918	11,962	-0.4%	23,265
Thermostats	3,510	3,727	-5.8%	7,593	7,210	5.3%	14,560
Standard burners	9,771	10,237	-4.6%	20,432	20,872	-2.1%	42,631
Special burners	4,282	5,461	-21.6%	9,970	11,423	-12.7%	22,210
Accessories	2,895	2,684	7.9%	5,949	5,931	0.3%	10,598
<i>Total gas components</i>	<i>30,718</i>	<i>34,764</i>	<i>-11.6%</i>	<i>66,441</i>	<i>72,560</i>	<i>-8.4%</i>	<i>139,801</i>
<i>Hinges</i>	<i>1,660</i>	<i>2,452</i>	<i>-32.3%</i>	<i>3,274</i>	<i>4,909</i>	<i>-33.3%</i>	<i>8,782</i>
Total	32,378	37,216	-13.0%	69,715	77,469	-10.0%	148,583