

Press release

Ospitaletto, 12 February 2013

SABAF: FOURTH-QUARTER 2012 RESULTS APPROVED

- Fourth-quarter revenues €30.8 million (-12.4%); EBITDA €4.9 million (-21.4%); EBIT €0.7 million (-66.9%); net profit €0.6 million (-64.1%)
- Revenues for FY 2012 €130.7 million (-12%); EBITDA €21.8 million (-27.5%); EBIT €7.9 million (-52.1%); net profit €4.2 million (-60.8%)
- For 2013, sales and profitability expected to be up slightly versus 2012
- Proposed dividend of €0.35 per share (vs. previous dividend of €0.60)

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report for the fourth quarter of 2012.

Consolidated results for the fourth quarter of 2012

In 4Q 2012, the Sabaf Group booked sales revenue of €30.8 million, a decrease of 12.4% compared with the figure of €35.2 million registered in 4Q 2011. The Italian and Western European markets, which have been marked by weakness for two years now, has yet to show any signs of a trend reversal, while sales in Eastern Europe picked up slightly. Markets outside Europe, which showed a positive trend in the first half of the year, also slowed during the fourth quarter. All product families posted a drop in revenues, with the exception of light allow valves, which recorded growth of 18.6%, thanks to the contribution of new models that expanded the range.

As in the previous quarters, the low levels of activity and the higher incidence of structural costs heavily affected profitability. In the fourth quarter, the Group allocated a further €0.2 million to the doubtful account provision, after already having set aside €1.4 million to the provision in the first nine months.

EBITDA for 4Q 2012 amounted to €4.9 million, with a 15.8% margin on sales, down by 21.4% vs. €6.2 million (17.7% margin on sales) in 4Q 2011.

At the end of the year, the goodwill of €5.2 million allocated to the "Hinges" cash generating unit was tested for impairment. To this end, the 2013 budget and the updated medium-/long-term forecasts, which take into account the decline on the reference market and growing competitive pressure on standard products, were considered. The value in use calculated on the basis of the assumptions formulated by the Group led to a write-down of €1 million, which was booked in the income statement of 4Q 2012.

EBIT was €0.7 million, equivalent to 2.2% of sales, and 66.9% lower than the €2 million of the same quarter in 2011 (5.7% of sales). The pre-tax result was €0.3 million, down by 82.8% compared with the €1.8 million of 4Q 2011, and net profit for the period was €0.6 million, compared with €1.6 million in 4Q 2011 (-64.1%).

FY 2012 consolidated results

For full-year 2012, revenue came in at €130.7 million, down by 12% compared with 2011. EBITDA was €21.8 million (16.7% of sales, a decline of 27.5%), EBIT was €7.9 million (6.1% of sales, a decrease of 52.1%), and net profit totalled €4.2 million (-60.8% vs. FY 2011).

Equity and cash flow

Quarter investments were €2.9 million, bringing total investments since the start of the year to €14.3 million (€14.5 million in 2011).

As at 31 December, net financial debt was €23.8 million (€23.4 million as at 30 September 2012), while shareholders' equity amounted to €115.6 million.





Business outlook

For FY 2013, the Group believes that it will be able to register slightly improved levels of sales and profitability compared with 2012, thanks to the greater contribution expected from markets outside Europe.

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.

The directors plan to offer the shareholders a dividend of €0.35 per share (€0.60 per share in 2011).

Today at 3 p.m. CET there will be a conference call to illustrate the results of the fourth quarter and FY 2012 to financial analysts and institutional investors (please call the number +39 02-8058811).

The Interim Operating Report for 4Q 2012, 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.

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 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

	31.12.2012	30.09.2012	31.12.2011
<i>(in thousands of euro)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	81,438	82,085	80,769
Investment property	7,393	7,452	7,626
Intangible assets	7,915	8,947	9,082
Equity investments	951	787	810
Non-current receivables	90	166	168
Deferred tax assets (prepaid taxes)	3,941	4,378	3,855
Total non-current assets	101,728	103,815	102,310
CURRENT ASSETS			
Inventories	24,036	26,090	26,883
Trade receivables	37,968	37,842	42,774
Tax receivables	3,627	1,827	2,512
Other current receivables	822	1,565	595
Cash and cash equivalents	6,137	5,439	14,208
Total current assets	72,590	72,763	86,972
TOTAL ASSETS	174,318	176,578	189,282
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	99,897	101,422	99,515
Net profit for period	4,196	3,635	10,775
<i>Total equity attributable to the Group parent company</i>	<i>115,626</i>	<i>116,590</i>	<i>121,823</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	115,626	116,590	121,823
NON-CURRENT LIABILITIES			
Loans	5,259	6,065	11,939
Post-employment benefit reserve (TFR) and retirement reserves	2,374	2,441	2,509
Provisions for risks and contingencies	632	665	731
Deferred tax	386	370	366
Total non-current liabilities	8,651	9,541	15,545
CURRENT LIABILITIES			
Loans	24,641	22,729	17,032
Other financial liabilities	33	46	33
Trade payables	18,544	19,930	27,808
Tax payables	806	923	803
Other liabilities	6,017	6,819	6,238
Total current liabilities	50,041	50,447	51,914
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	174,318	176,578	189,282



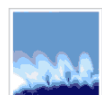
Consolidated income statement

	Q4 2012		Q4 2011		12M 2012		12M 2011	
<i>(in thousands of euro)</i>								
CONTINUING OPERATIONS								
OPERATING REVENUE AND INCOME								
Revenue	30,833	100.0%	35,190	100.0%	130,733	100.0%	148,583	100.0%
Other income	871	2.8%	1,065	3.0%	3,661	2.8%	5,032	3.4%
Total operating revenue and income	31,704	102.8%	36,255	103.0%	134,394	102.8%	153,615	103.4%
OPERATING COSTS								
Materials	(10,370)	-33.6%	(13,393)	-38.1%	(47,748)	-36.5%	(59,103)	-39.8%
Change in inventories	(2,461)	-8.0%	(711)	-2.0%	(3,174)	-2.4%	910	0.6%
Services	(6,843)	-22.2%	(8,046)	-22.9%	(30,989)	-23.7%	(34,168)	-23.0%
Payroll costs	(6,969)	-22.6%	(7,633)	-21.7%	(29,302)	-22.4%	(30,740)	-20.7%
Other operating costs	(447)	-1.4%	(493)	-1.4%	(2,424)	-1.9%	(1,403)	-0.9%
Costs for capitalised in-house work	272	0.9%	241	0.7%	1,056	0.8%	981	0.7%
Total operating cost	(26,818)	-87.0%	(30,035)	-85.4%	(112,581)	-86.1%	(123,523)	-83.1%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	4,886	15.8%	6,220	17.7%	21,813	16.7%	30,092	20.3%
Depreciation and amortisation	(3,298)	-10.7%	(3,102)	-8.8%	(12,919)	-9.9%	(12,420)	-8.4%
Capital gains/(losses) on disposal of non-current assets	81	0.3%	19	0.1%	54	0.0%	23	0.0%
Write-downs/write-backs of non-current assets	(1,028)	-3.3%	(1,129)	-3.2%	(1,028)	-0.8%	(1,129)	-0.8%
OPERATING PROFIT (EBIT)								
	641	2.1%	2,008	5.7%	7,920	6.1%	16,566	11.1%
Financial income	48	0.2%	62	0.2%	219	0.2%	162	0.1%
Financial expenses	(235)	-0.8%	(313)	-0.9%	(1,162)	-0.9%	(1,308)	-0.9%
Foreign exchange gains/losses	(75)	-0.2%	170	0.5%	(293)	-0.2%	390	0.3%
Profits and losses from equity investments	(145)	-0.5%	(95)	-0.3%	(465)	-0.4%	(356)	-0.2%
PRE-TAX PROFIT								
	234	0.8%	1,832	5.2%	6,219	4.8%	15,454	10.4%
Income tax	327	1.1%	(198)	-0.6%	(2,023)	-1.5%	(4,679)	-3.1%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD								
	561	1.8%	1,634	4.6%	4,196	3.2%	10,775	7.3%

Consolidated cash flow statement

(in thousands of euro)

	Q4 2012	Q4 2011	12M 2012	12M 2011
Cash and cash equivalents at beginning of period	14,208	6,390	14,208	9,769
Net profit/(loss) for period	561	1,634	4,196	10,775
Adjustments for:				
- Depreciation and amortisation for the period	3,298	3,102	12,919	12,420
- Realised gains/losses	(81)	(19)	(54)	(23)
- Profits and losses from equity investments	1,028	1,129	1,028	1,129
- Financial income and expenses	145	95	465	356
- Income tax	187	311	943	1,146
- Income tax	(327)	198	2,023	4,679
Payment of post-employment benefit reserve	(103)	(131)	(243)	(223)
Change in general provisions	(33)	(30)	(99)	(36)
<i>Change in trade receivables</i>	<i>(126)</i>	<i>2,101</i>	<i>4,806</i>	<i>981</i>
<i>Change in inventories</i>	<i>2,054</i>	<i>649</i>	<i>2,847</i>	<i>(801)</i>
<i>Change in trade payables</i>	<i>(1,386)</i>	<i>4,975</i>	<i>(9,264)</i>	<i>3,623</i>
Change in net working capital	542	7,725	(1,611)	3,803
Change in other receivables and payables, deferred tax liabilities	124	189	(692)	(387)
Payment of taxes	(1,242)	(4,136)	(2,877)	(10,159)
Payment of financial expenses	(199)	(268)	(1,054)	(1,203)
Collection of financial income	48	62	219	162
Cash flow from operations	3,948	9,861	15,163	22,439
Net investments	(2,869)	(4,071)	(14,316)	(14,455)
Repayment of loans	(1,465)	(1,680)	(11,627)	(5,856)
New loans	2,558	3,518	12,556	12,546
Acquisition own shares	(1,067)	0	(2,011)	0
Payment of dividends	0	0	(6,900)	(9,201)
Cash flow from operations	26	1,838	(7,982)	(2,511)
Foreign exchange differences	(407)	190	(936)	(1,034)
Net financial flows for the period	698	7,818	(8,071)	4,439
Cash and cash equivalents at end of period	6,137	14,208	6,137	14,208
Current net financial debt	24,674	17,065	24,674	17,065
Non-current financial debt	5,259	11,939	5,259	11,939
Net financial debt	23,796	14,796	23,796	14,796



Consolidated net financial position

<i>(in thousands of euro)</i>	31.12.2012	30.09.2012	31.12.2011
A. Cash	11	10	8
B. Positive balances of unrestricted bank accounts	2,972	2,084	11,868
C. Other liquidities	3,154	3,345	2,332
D. Cash and cash equivalents (A+B+C)	6,137	5,439	14,208
E. Current bank overdrafts	20,602	18,031	8,546
F. Current portion of non-current debt	4,039	4,698	8,486
G. Other current financial payables	33	46	33
H. Current financial debt (E+F+G)	24,674	22,775	17,065
I. Current net financial debt (H-D)	18,537	17,336	2,857
J. Non-current bank payables	3,087	3,860	9,051
K. Other non-current financial payables	2,172	2,205	2,888
L. Non-current financial debt (J+K)	5,259	6,065	11,939
M. Net financial debt (L+I)	23,796	23,401	14,796

