

Press release

Ospitaletto, 07 May 2013

SABAF: FIRST-QUARTER 2013 RESULTS APPROVED

- **First-quarter revenues €31.4 million (-16%); EBITDA €5.7 million (-12.1%); EBIT €2.5 million (-24.1%); net profit €1.3 million (-23.2%)**
- **For all of 2013, the expectations for sales and profitability were confirmed, up slightly versus 2012**
- **Maria Chiara Franceschetti co-opted on the Board of Directors**

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report for the first quarter of 2013 (1Q13).

Consolidated results for 1Q13

The Sabaf Group recorded sales revenue of €31.4 million in the first quarter of 2013, down 16% on the figure of €37.3 million registered the same quarter the year prior but slightly up compared to the €30.8 million in the last quarter 2012 (+1.8%).

The comparison of sales with the first quarter of 2012 shows a decisive decline in the Italian market (€11.4 million, -16%). The grip on the Eastern European market remains strong (sales of €8 million, -3.3%) while the markets in Western Europe are becoming more marginal (€1.7 million, -29.6%). Non-European markets have posted negative data overall that is not representative of the demand in these areas but due to the specific contingencies for the period in question.

The breakdown by product category shows that sales of light alloy valves are increasing significantly given a new, decisive decline in the sale of brass valves.

EBITDA for the quarter was €5.7 million, with an 18.2% margin on sales, down by 12.1% vs. €6.5 million (17.4% margin on sales) in 1Q12. The average sales prices were less than 1% compared to 1Q12. Even the purchase prices of raw materials were slightly lower. During the quarter, the Group allocated €200,000 to the doubtful account provision (bringing it up to €1.4 million), to take into account some tense financial situations for customers. EBIT for the quarter was €2.5 million, or 7.9% of sales, a reduction of 24.1% compared to €3.3 million in the same quarter of 2012 (8.7% of sales). Net income for the period amounted to €1.3 million, down by 23.2% from €1.7 million in 1Q12.

Net investments for the quarter came to €1.8 million (€2.6 million in 1Q12). As at 31 March 2013, net financial debt was € 24.1 million, essentially unchanged compared to the €23.8 million as at 31 December 2012, while equity amounted to € 116.5 million (vs. € 115.2 million as at 31.12.12).

Business outlook

In the month of April, there was a substantial improvement in sales, thanks to the contribution of new orders: the sales revenue for the first four months of 2013 was €42 million, down about 8% compared to €45.9 million in January-April 2012. Further improvement is expected in May.





For FY 2013, the Group confirms the forecasted slightly improved levels of sales and profitability compared with 2012, thanks to a growing 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.

Change in the Composition of the Board of Directors

The Board of Directors has also acknowledged the resignation of Director Gregorio Gitti and, in accordance with the provisions of the law and by-laws, co-opted Maria Chiara Franceschetti to join the Board of Directors of the company to replace Gregorio Gitti starting on today's date and until the next shareholders' meeting. Maria Chiara Franceschetti is on the Board of Directors of Gefran S.p.A., where she is the Director of Human Resources. The Board also verified that Maria Chiara Franceschetti has the autonomy requirements required by the TUF and the code of corporate governance by Borsa Italiana.

Today at 3 p.m. CET there will be a conference call to illustrate the results of the first quarter 2013 to financial analysts and institutional investors (please call the number +39 02-8020911).

The Interim Operating Report for 1Q13, 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 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

<i>(in thousands of euro)</i>	31/03/2013	31/12/2012 (*)	31/03/2012 (*)
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	80,759	81,438	79,990
Investment property	7,336	7,393	7,568
Intangible assets	7,652	7,915	9,011
Equity investments	807	951	935
Non-current receivables	90	90	128
Deferred tax assets (prepaid taxes)	4,029	4,093	4,181
Total non-current assets	100,673	101,880	101,813
CURRENT ASSETS			
Inventories	26,932	24,036	26,962
Trade receivables	40,311	37,968	41,985
Tax receivables	3,607	3,627	2,038
Other current receivables	1,371	822	1,390
Cash and cash equivalents	6,043	6,137	12,242
Total current assets	78,264	72,590	84,617
TOTAL ASSETS	178,937	174,470	186,430
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	103,674	99,495	110,016
Net profit for period	1,306	4,196	1,700
Total equity attributable to the Group parent company	<i>116,513</i>	<i>115,224</i>	<i>123,249</i>
Minority interest	0	0	0
Total shareholders' equity	116,513	115,224	123,249
NON-CURRENT LIABILITIES			
Loans	4,909	5,259	10,631
Post-employment benefit reserve (TFR) and retirement reserves	2,921	2,928	2,820
Provisions for risks and contingencies	626	632	772
Deferred tax	498	386	327
Total non-current liabilities	8,954	9,205	14,550
CURRENT LIABILITIES			
Loans	25,227	24,641	15,081
Other financial liabilities	38	33	33
Trade payables	21,023	18,544	26,502
Tax payables	881	806	671
Other liabilities	6,301	6,017	6,344
Total current liabilities	53,470	50,041	48,631
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	178,937	174,470	186,430



(*) the values were recalculated following the application of the IAS standard 19, revised, which involves, among other things, the change in the method to calculate the actuarial gains and losses for the post-employment benefit

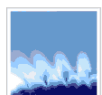
Consolidated income statement

<i>(in thousands of euro)</i>	Q1 2013		Q1 2012		12M 2012	
CONTINUING OPERATIONS						
OPERATING REVENUE AND INCOME						
Revenue	31,373	100.0%	37,337	100.0%	130,733	100.0%
Other income	991	3.2%	961	2.6%	3,661	2.8%
Total operating revenue and income	32,364	103.2%	38,298	102.6%	134,394	102.8%
OPERATING COSTS						
Materials	(13,684)	-43.6%	(14,813)	-39.7%	(47,748)	-36.5%
Change in inventories	2,896	9.2%	82	0.2%	(3,174)	-2.4%
Services	(7,821)	-24.9%	(8,714)	-23.3%	(30,989)	-23.7%
Payroll costs	(7,898)	-25.2%	(7,980)	-21.4%	(29,302)	-22.4%
Other operating costs	(444)	-1.4%	(658)	-1.8%	(2,424)	-1.9%
Costs for capitalised in-house work	287	0.9%	270	0.7%	1,056	0.8%
Total operating cost	(26,664)	-85.0%	(31,813)	-85.2%	(112,581)	-86.1%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	5,700	18.2%	6,485	17.4%	21,813	16.7%
Accumulated	(3,229)	-10.3%	(3,235)	-8.7%	(12,919)	-9.9%
Capital gains/(losses) on disposal of non-current assets	0	0.0%	4	0.0%	54	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	(1,028)	-0.8%
OPERATING PROFIT (EBIT)						
	2,471	7.9%	3,254	8.7%	7,920	6.1%
Financial income	41	0.1%	65	0.2%	219	0.2%
Financial expenses	(200)	-0.6%	(373)	-1.0%	(1,162)	-0.9%
Foreign exchange gains/losses	84	0.3%	(162)	-0.4%	(293)	-0.2%
Profits and losses from equity investments	(138)	-0.4%	(79)	-0.2%	(465)	-0.4%
PRE-TAX PROFIT						
	2,258	7.2%	2,705	7.2%	6,219	4.8%
Income tax	(952)	-3.0%	(1,005)	-2.7%	(2,023)	-1.5%
Minority interests	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD						
	1,306	4.2%	1,700	4.6%	4,196	3.2%



Consolidated cash flow statement

<i>(in thousands of euro)</i>	Q1 2013	Q1 2012	FY 2012
Cash and cash equivalents at beginning of period	6,137	14,208	14,208
Net profit/(loss) for period	1,306	1,700	4,196
Adjustments for:			
- Depreciation and amortisation for the period	3,229	3,235	12,919
- Realised gains/losses	0	(4)	(54)
- Write-downs/write-backs of non-current assets	0	0	1,028
- Profits and losses from equity investments	138	79	465
- Financial income and expenses	159	284	943
- Income tax	952	1,005	2,023
Change in staff severance fund	(9)	(8)	(243)
Change in general provisions	(6)	41	(99)
<i>Change in trade receivables</i>	<i>(2,343)</i>	<i>789</i>	<i>4,806</i>
<i>Change in inventories</i>	<i>(2,896)</i>	<i>(79)</i>	<i>2,847</i>
<i>Change in trade payables</i>	<i>2,479</i>	<i>(1,306)</i>	<i>(9,264)</i>
Change in net working capital	(2,760)	(596)	(1,611)
Change in other receivables and payables, deferred tax liabilities	(800)	(1,475)	(692)
Payment of taxes	(141)	(121)	(2,877)
Payment of financial expenses	(185)	(349)	(1,054)
Collection of financial income	41	65	219
Cash flow from operations	1,924	3,856	15,163
Net investments	(1,832)	(2,569)	(14,316)
Repayment of loans	(2,833)	(4,269)	(11,627)
New loans	3,074	1,057	12,556
Acquisition own shares	(778)	0	(2,011)
Payment of dividends	0	0	(6,900)
Cash flow from operations	(537)	(3,212)	(7,982)
Foreign exchange differences	351	(41)	(936)
Net financial flows for the period	(94)	(1,966)	(8,071)
Cash and cash equivalents at end of period	6,043	12,242	6,137
Current net financial debt	25,265	15,114	24,674
Non-current financial debt	4,909	10,631	5,259
Net financial debt	24,131	13,503	23,796



Consolidated net financial position

<i>(in thousands of euro)</i>	31/03/2013	31/12/2012	31/03/2012
A. Cash	10	11	8
B. Positive balances of unrestricted bank accounts	3,005	2,972	9,073
C. Other liquidities	3,028	3,154	3,161
D. Cash and cash equivalents (A+B+C)	6,043	6,137	12,242
E. Current bank overdrafts	21,867	20,602	9,055
F. Current portion of non-current debt	3,360	4,039	6,026
G. Other current financial payables	38	33	33
H. Current financial debt (E+F+G)	25,265	24,674	15,114
I. Current net financial debt (H-D)	19,222	18,537	2,872
J. Non-current bank payables	2,771	3,087	8,072
K. Other non-current financial payables	2,138	2,172	2,559
L. Non-current financial debt (J+K)	4,909	5,259	10,631
M. Net financial debt (L+I)	24,131	23,796	13,503

