

Press release

Ospitaletto, 1 August 2013

SABAF: FIRST-HALF 2013 RESULTS APPROVED

- In the first half of 2013, Sabaf booked revenue of €68.4 million (-1.9%); EBITDA of €13.3 million (+17.5%); EBIT of €6.5 million (+33%); net profit of €4 million (+58.8%)
- In the second quarter, revenue was €37 million (+14.4%); EBITDA €7.6 million (+56.8%); EBIT €4 million (+146%); net profit €2.6 million (+235%)
- Sales and profitability forecasts for FY2013 were confirmed, up versus 2012

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the interim report at 30 June 2013.

First-half 2013 consolidated results

The Sabaf Group reported revenue of €68.4 million in the first half of 2013, a decrease of 1.9% versus the figure of €69.7 million in the corresponding period the previous year.

The ongoing weakness of European markets was offset by a better sales performance in markets outside Europe, particularly in Africa. Overall sales in the three regions of Italy, Western Europe and Eastern Europe came in at €42.8 million, a fall of 7.2% from €46.1 million in the first half of 2012, while first-half sales on markets outside Europe totalled €25.6 million, a rise of 8.6% from €23.6 million in the same period last year.

Average sale prices were down by around 1% versus the first half of 2012.

An analysis of sales by product category shows that sales of brass valves continued to fall in H1 2013, while sales of light alloy valves increased by the same amount. Sales of burners fell slightly, while those of special burners remained steady. Sales of hinges also remained flat on H1 2012.

Despite the slight contraction in sales, the Group managed to achieve a significant improvement in profitability. EBITDA came in at €13.3 million (19.5% of sales, up 17.5% on the same period of 2012, when it was 16.3% of sales) and EBIT was €6.5 million (9.5% of sales, an improvement of 33% versus the figure of €4.9 million for H1 2012). Profitability was able to recover thanks to a greater use of production capacity (production volumes increased by approximately 10%, partly owing to restocking) and greater productivity (thanks to efficiency improvements in certain production processes). Pre-tax profit amounted to €5.9 million in H1 2013 (€4.1 million in H1 2012), and net profit was €4 million (€2.5 million in H1 2012, an increase of 58.8%).

As of 30 June 2013, the Group had consolidated shareholders' equity of €112.9 million and net debt of €25.7 million, compared with €115.2 million and €23.8 million respectively at 31 December 2012.

Investments in H1 2013 totalled €4.7 million (€7.4 million in H1 2012); the most significant investments related to the industrialisation of new high-efficiency special burners for large-scale production.

Consolidated results for the second quarter 2013

After a disappointing first quarter, the second quarter saw an excellent recovery in sales and profitability. The improvement was driven by growth generated by certain Italian clients that are very active on international markets, and in particular greater exports to Africa and Asia. These two regions accounted for 21.9% of total sales for the quarter, while South America accounted for a further 16.5%, also an improvement versus 2Q 2012. Overall, in the second quarter of 2013, sales revenues totalled €37 million, a 14.4% increase versus the second quarter of 2012.

Second-quarter EBITDA was €7.6 million, equivalent to 20.7% of sales (+56.8% versus €4.9 million in 2Q 2012, when it was 15.1% of sales), and EBIT was €4 million, equivalent to 10.9% of sales (+146% versus €1.6



million in 2Q 2012, when it was 5.1% of sales). Net profit for the period was €2.6 million, compared with €0.8 million for 2Q 2012.

Outlook for 2013

In light of continued macroeconomic difficulties in Europe and socio-political instability in some of the Group's main markets outside Europe, we remain cautious in our forecasts for the second half of the year. The lack of visibility on the order backlog and high sales volatility even in the short term are cause for further uncertainty. In light of these factors, the management confirms its forecast of an improvement in sales and profitability on 2012 levels.

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, 1 August 2013, during a conference call (call +39 (0)2 802 09 11 a few minutes before the conference is due to start).

The Interim report at 30 June 2013 will be made available to the public at the company's registered headquarters and Borsa Italiana SpA, as from 2 August 2013. 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 - Sabaf do Brasil and Sabaf Turkey - active in the production of burners for the South American and Turkish markets. Sabaf is also present through subsidiaries in the People's Republic of China, Mexico and the United States.

Consolidated statement of financial position

(in thousands of euro)

	30.06.2013	31.12.2012 (*)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	78,805	81,438
Investment property	6,894	7,393
Intangible assets	7,565	7,915
Equity investments	805	951
Non-current receivables	703	90
Deferred tax assets (prepaid taxes)	4,187	4,093
Total non-current assets	98,959	101,880
CURRENT ASSETS		
Inventories	29,764	24,036
Trade receivables	43,936	37,968
Tax receivables	1,920	3,627
Other current receivables	1,179	822
Current financial assets	11	0
Cash and cash equivalents	3,715	6,137
Total current assets	80,525	72,590
TOTAL ASSETS	179,484	174,470
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	97,462	99,495
Net profit for period	3,955	4,196
<i>Total equity attributable to the Group parent company</i>	<i>112,950</i>	<i>115,224</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	112,950	115,224
NON-CURRENT LIABILITIES		
Loans	4,420	5,259
Post-employment benefit reserve (TFR) and retirement reserves	2,895	2,928
Provisions for risks and contingencies	685	632
Deferred tax	516	386
Total non-current liabilities	8,516	9,205
CURRENT LIABILITIES		
Loans	24,950	24,641
Other current payables	11	33
Trade payables	24,694	18,544
Tax payables	878	806
Other liabilities	7,485	6,017
Total current liabilities	58,018	50,041
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	179,484	174,470

(*) 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

	H1 2013	H1 2012
<i>(in thousands of euro)</i>		
OPERATING REVENUE AND INCOME		
Revenue	68.401	69.715
Other income	2,078	1,881
Total operating revenue and income	70,479	71,596
OPERATING COSTS		
Materials	(29,968)	(26,762)
Change in inventories	6,005	115
Services	(16,199)	(17,020)
Payroll costs	(16,338)	(15,722)
Other operating costs	(1,184)	(1,395)
Costs for capitalised in-house work	553	551
Total operating cost	(57,131)	(60,233)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)		
	13,348	11,363
Depreciation and amortisation	(6,444)	(6,464)
Capital gains/(losses) on disposal of non-current assets	0	4
Write-downs/write-backs of non-current assets	(383)	0
OPERATING PROFIT (EBIT)		
	6,521	4,903
Financial income	72	121
Financial expenses	(411)	(662)
Foreign exchange gains/losses	39	(96)
Profits and losses from equity investments	(289)	(197)
PRE-TAX PROFIT		
	5,932	4,069
Income tax	(1,977)	(1,578)
Minority interests		0
NET PROFIT FOR PERIOD		
	3,955	2,491
<i>(in euro)</i>		
Basic earnings per share	0.357	0.217
Diluted earnings per share	0.357	0.217

Consolidated statement of cash flows

	H1 2013	H1 2012
<i>Cash and cash equivalents at beginning of period</i>	<i>6,137</i>	<i>14,208</i>
Net profit/(loss) for period	3,955	2,491
Adjustments for:		
- Depreciation and amortisation for the period	6,444	6,464
- Realised gains/losses	0	(4)
Write-downs/write-backs of non-current assets	383	0
- Profits and losses from equity investments	289	197
- Financial income and expenses	339	541
- Income tax	1,977	1,578
Change in staff severance fund	(68)	(112)
Change in general provisions	53	(47)
<i>Change in trade receivables</i>	<i>(5,968)</i>	<i>790</i>
<i>Change in inventories</i>	<i>(5,728)</i>	<i>(24)</i>
<i>Change in trade payables</i>	<i>6,150</i>	<i>(4,279)</i>
Change in net working capital	(5,546)	(3,513)
Change in other receivables and payables, deferred tax liabilities	931	(160)
Payment of taxes	(571)	(330)
Payment of financial expenses	(376)	(614)
Collection of financial income	72	121
Cash flow from operations	7,882	6,612
Investments in non-current assets		
- intangible	(338)	(366)
- tangible	(4,241)	(6,853)
- financial	(150)	(200)
Disposal of non-current assets	391	53
Cash flow from investments	(4,338)	(7,366)
Repayment of loans	(3,934)	(7,642)
New loans	3,382	7,452
Change in short-term financial assets	11	0
Acquisition own shares	(890)	(124)
Payment of dividends	(3,911)	(6,900)
Cash flow from financing activity	(5,364)	(7,214)
Foreign exchange differences	(602)	(277)
<i>Net financial flows for the period</i>	<i>(2,422)</i>	<i>(8,245)</i>
<i>Cash and cash equivalents at end of period</i>	<i>3,715</i>	<i>5,963</i>
Current net financial debt	24,961	22,012
Non-current financial debt	4,420	6,802
<i>Net financial debt</i>	<i>25,666</i>	<i>22,851</i>

Geographical breakdown of sales

<i>in thousands of Euro</i>	Q2 2013	Q2 2012	Change %	H1 2013	H1 2012	Change %	FY 2012
Italy	12,950	12,389	+4.5%	24,353	25,971	-6.2%	45,597
Western Europe	1,708	1,723	-0.9%	3,392	4,114	-17.5%	7,337
Eastern Europe	7,007	7,735	-9.4%	15,015	16,014	-6.2%	33,236
Asia and Oceania	3,722	2,639	+41.0%	6,206	6,326	-1.9%	12,306
South America	6,096	5,507	+10.7%	11,769	11,989	-1.8%	21,895
Africa	4,377	1,440	+204.0%	5,462	3,479	+57.0%	6,950
US, Canada & Mexico	1,168	945	+23.6%	2,204	1,822	+21.0%	3,412
Total	37,028	32,378	+14.4%	68,401	69,715	-1.9%	130,733

Sales breakdown by product category

<i>in thousands of Euro</i>	Q2 2013	Q2 2012	Change %	H1 2013	H1 2012	Change %	FY 2012
Brass valves	4,859	4,677	+3.9%	7,950	10,579	-24.9%	18,601
Light alloy valves	7,628	5,583	+36.6%	14,760	11,918	+23.8%	23,524
Thermostats	4,000	3,510	+14.0%	7,036	7,593	-7.3%	13,074
Standard burners	10,130	9,771	+3.7%	19,268	20,432	-5.7%	39,337
Special burners	5,391	4,282	+25.9%	9,957	9,970	-0.1%	18,850
Accessories	3,432	2,895	+18.5%	6,195	5,949	+4.1%	11,226
Total gas components	35,440	30,718	+15.4%	65,166	66,441	-1.9%	124,612
Hinges	1,588	1,660	-4.3%	3,235	3,274	-1.2%	6,121
Total	37,028	32,378	+14.4%	68,401	69,715	-1.9%	130,733