

Press release

Ospitaletto (BS), 12 November 2013

SABAF: THIRD-QUARTER 2013 RESULTS APPROVED

- In the third quarter, the Group earned revenue of €33.1 million (+9.5%); EBITDA of €6.4 million (+15.4%); EBIT of €3 million (+27.8%); net profit of €2 million (+76.4%)
- In the first nine months of 2013, Sabaf reported revenue of €101.5 million (+1.6%); EBITDA of €19.8 million (+16.8%); EBIT of €9.6 million (+31.3%); net profit of €6 million (+64.3%)
- For the whole of 2013, Sabaf forecasts a slight improvement in sales versus 2012 and profitability in line with that registered in the first nine months of the year

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement at 30 September 2013.

In 3Q 2013, the Sabaf Group booked sales revenue of €33.1 million, an increase of 9.5% compared with the figure of €30.2 million registered in 3Q 2012. The Italian market showed signs of stabilisation during the quarter, while sales in the rest of Europe were still down. The Group also posted better results in markets outside Europe, which accounted for 44% of total sales, compared with 37% in the third quarter of 2012.

Growth was particularly strong in South America (sales at €6.6 million, an increase of 29.1% on 3Q 2012) and in Africa (sales at €3.7 million, almost double).

A breakdown of sales by product category shows a significant recovery in brass valves and thermostats, thanks to the contribution of North African markets, and a strong rise in light alloy valve sales. Sales of burners remained broadly unchanged. The Group's sales figures for hinges were also positive, thanks to the start of a new contract with an important customer in North America.

Profitability in the third quarter remained in line with that of the first half of the year, confirming the improved efficiency of certain production processes and a growing positive contribution from operations in Brazil and Turkey. EBITDA was €6.4 million in 3Q 2013, equal to 19.4% of sales, an increase of 15.4% compared to the €5.6 million (18.4% of sales) registered in 3Q 2012. EBIT was €3 million, equal to 9.2% of sales and up 27.8% compared with the figure of €2.4 million for the same period last year (7.9% of sales). Pre-tax profit was €2.6 million, an increase of 37.2% from €1.9 million in 3Q 2012, and net profit for the period was €2 million, compared with €1.1 million in 3Q 2012 (+76.4%).

In the first nine months of 2013, revenue came to €101.5 million, an increase of 1.6% compared to the same period of 2012; EBITDA was €19.8 million (accounting for 19.5% of sales, an improvement of 16.8%), EBIT came in at €9.6 million (accounting for 9.4% of sales, up by 31.3%) and net profit was €6 million (+64.3% versus the first nine months of 2012).

Investments for the quarter totalled €3.5 million, bringing total investments since the start of the year to €7.9 million (€11.4 million in the first nine months of 2012).

As at 30 September, net financial debt was €22.5 million (€23.8 million as at 30 June 2013), while shareholders' equity amounted to €117.5 million.



The management expects sales for the full year to be up slightly on 2012. Stripping out non-recurring items, the EBITDA margin for FY 2013 is expected to be broadly in line with that for the first nine months, at 19.5%.

The Group is currently negotiating with its main customers for 2014; at this time, it is not possible to make forecasts regarding volumes for next year.

Today at 3 pm CET there will be a conference call to illustrate the third-quarter 2013 results to financial analysts and institutional investors (call +39 02-8058811).

The Interim Operating Report for 3Q 2013, 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:

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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 more than 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 and Sabaf Turkey, which are active in 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)	30.09.2013	31.12.2012 (*)	30.09.2012 (*)
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	77,064	81,438	82,085
Investment property	7,808	7,393	7,452
Intangible assets	7,442	7,915	8,947
Equity investments	875	951	787
Non-current receivables	581	90	166
Deferred tax assets (prepaid taxes)	4,422	4,093	4,506
Total non-current assets	98,192	101,880	103,943
CURRENT ASSETS			
Inventories	28,403	24,036	26,090
Trade receivables	42,406	37,968	37,842
Tax receivables	2,337	3,627	1,827
Other current receivables	1,357	822	1,565
Current financial assets	32	0	0
Cash and cash equivalents	3,331	6,137	5,439
Total current assets	77,866	72,590	72,763
TOTAL ASSETS	176,058	174,470	176,706
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	99,953	99,495	101,083
Net profit for period	5,973	4,196	3,635
<i>Total equity attributable to the Group parent company</i>	<i>117,459</i>	<i>115,224</i>	<i>116,251</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	117,459	115,224	116,251
NON-CURRENT LIABILITIES			
Loans	4,386	5,259	6,065
Post-employment benefit reserve and retirement reserves	2,852	2,928	2,908
Provisions for risks and contingencies	692	632	665
Deferred tax	487	386	370
Total non-current liabilities	8,417	9,205	10,008
CURRENT LIABILITIES			
Loans	21,425	24,641	22,729
Other financial liabilities	5	33	46
Trade payables	18,733	18,544	19,930
Tax payables	2,117	806	923
Other liabilities	7,902	6,017	6,819
Total current liabilities	50,182	50,041	50,447
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	176,058	174,470	176,706

(*) 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 reserve

Consolidated income statement

	3Q 2013		3Q 2012		9M 2013		9M 2012	
<i>(in thousands of euro)</i>								
CONTINUING OPERATIONS								
OPERATING REVENUE AND INCOME								
Revenue	33,058	100.0%	30,185	100.0%	101,459	100.0%	99,900	100.0%
Other income	853	2.6%	909	3.0%	2,931	2.9%	2,790	2.8%
Total operating revenue and income	33,911	102.6%	31,094	103.0%	104,390	102.9%	102,690	102.8%
OPERATING COSTS								
Materials	(11,258)	-34.1%	(10,616)	-35.2%	(41,226)	-40.6%	(37,378)	-37.4%
Change in inventories	(1,182)	-3.6%	(828)	-2.7%	4,823	4.8%	(713)	-0.7%
Services	(7,112)	-21.5%	(7,126)	-23.6%	(23,311)	-23.0%	(24,146)	-24.2%
Payroll costs	(7,430)	-22.5%	(6,611)	-21.9%	(23,768)	-23.4%	(22,333)	-22.4%
Other operating costs	(657)	-2.0%	(582)	-1.9%	(1,841)	-1.8%	(1,977)	-2.0%
Costs for capitalised in-house work	149	0.5%	233	0.8%	702	0.7%	784	0.8%
Total operating cost	(27,490)	-83.2%	(25,530)	-84.6%	(84,621)	-83.4%	(85,763)	-85.8%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	6,421	19.4%	5,564	18.4%	19,769	19.5%	16,927	16.9%
Accumulated	(3,201)	-9.7%	(3,157)	-10.5%	(9,645)	-9.5%	(9,621)	-9.6%
Capital gains/(losses) on disposal of non-current assets	68	0.2%	(31)	-0.1%	68	0.1%	(27)	0.0%
Write-downs/write-backs of non-current assets	(252)	-0.8%	0	0.0%	(635)	-0.6%	0	0.0%
OPERATING PROFIT (EBIT)								
	3,036	9.2%	2,376	7.9%	9,557	9.4%	7,279	7.3%
Financial income	36	0.1%	50	0.2%	108	0.1%	171	0.2%
Financial expenses	(196)	-0.6%	(265)	-0.9%	(607)	-0.6%	(927)	-0.9%
Foreign exchange gains/losses	(164)	-0.5%	(122)	-0.4%	(125)	-0.1%	(218)	-0.2%
Profits and losses from equity investments	(84)	-0.3%	(123)	-0.4%	(373)	-0.4%	(320)	-0.3%
PRE-TAX PROFIT								
	2,628	7.9%	1,916	6.3%	8,560	8.4%	5,985	6.0%
Income tax	(610)	-1.8%	(772)	-2.6%	(2,587)	-2.5%	(2,350)	-2.4%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD								
	2,018	6.1%	1,144	3.8%	5,973	5.9%	3,635	3.6%

Consolidated cash flow statement

<i>(in thousands of euro)</i>	3Q 2013	3Q 2012	9M 2013	9M 2012
Cash and cash equivalents at beginning of period	6,137	5,963	6,137	14,208
Net profit/(loss) for period	2,018	1,144	5,973	3,635
Adjustments for:				
- Depreciation and amortisation for the period	3,201	3,157	9,645	9,621
- Realised gains/losses	(68)	31	(68)	27
Write-downs/write-backs of non-current assets	252	0	635	0
- Profits and losses from equity investments	84	123	373	320
- Financial income and expenses	160	215	499	756
- Income tax	610	772	2,587	2,350
Payment of post-employment benefit reserve	(61)	(28)	(129)	(140)
Change in general provisions	7	(19)	60	(66)
<i>Change in trade receivables</i>	<i>1,530</i>	<i>4,142</i>	<i>(4,438)</i>	<i>4,932</i>
<i>Change in inventories</i>	<i>1,361</i>	<i>817</i>	<i>(4,367)</i>	<i>793</i>
<i>Change in trade payables</i>	<i>(5,961)</i>	<i>(3,599)</i>	<i>189</i>	<i>(7,878)</i>
Change in net working capital	(3,070)	1,360	(8,616)	(2,153)
Change in other receivables and payables, deferred tax liabilities	530	(656)	1,461	(816)
Payment of taxes	(228)	(1,305)	(799)	(1,635)
Payment of financial expenses	(178)	(241)	(554)	(855)
Collection of financial income	36	50	108	171
Cash flow from operations	3,293	4,603	11,175	11,215
Net investments	(3,524)	(4,081)	(7,862)	(11,447)
Repayment of loans	(4,356)	(2,520)	(8,290)	(10,162)
New loans	791	2,546	4,173	9,998
Short-term financial assets	(21)	0	(32)	0
Purchase/sale own shares	3,974	(820)	3,084	(944)
Payment of dividends	0	0	(3,911)	(6,900)
Cash flow from operations	388	(794)	(4,976)	(8,008)
Foreign exchange differences	(541)	(252)	(1,143)	(529)
Net financial flows for the period	(384)	(524)	(2,806)	(8,769)
Cash and cash equivalents at end of period	3,331	5,439	3,331	5,439
Current net financial debt	21,430	22,775	21,430	22,775
Non-current financial debt	4,386	6,065	4,386	6,065
Net financial debt	22,485	23,401	22,485	23,401

Consolidated net financial position

<i>(in thousands of euro)</i>	30.09.2013	31.12.2012	30.09.2012
A. Cash	13	11	10
B. Positive balances of unrestricted bank accounts	2,768	2,972	2,084
C. Other liquidities	550	3,154	3,345
D. Cash and cash equivalents (A+B+C)	3,331	6,137	5,439
E. Current bank overdrafts	17,133	20,602	18,031
F. Current portion of non-current debt	1,673	4,039	4,698
G. Other current financial payables	2,624	33	46
H. Current financial debt (E+F+G)	21,430	24,674	22,775
I. Current net financial debt (H-D)	18,099	18,537	17,336
J. Non-current bank payables	2,316	3,087	3,860
K. Other non-current financial payables	2,070	2,172	2,205
L. Non-current financial debt (J+K)	4,386	5,259	6,065
M. Net financial debt (L+I)	22,485	23,796	23,401