TECHNOLOGY AND SAFETY

ONE DAY IN VENICE

22 November 2013

Towards a stronger internationalization

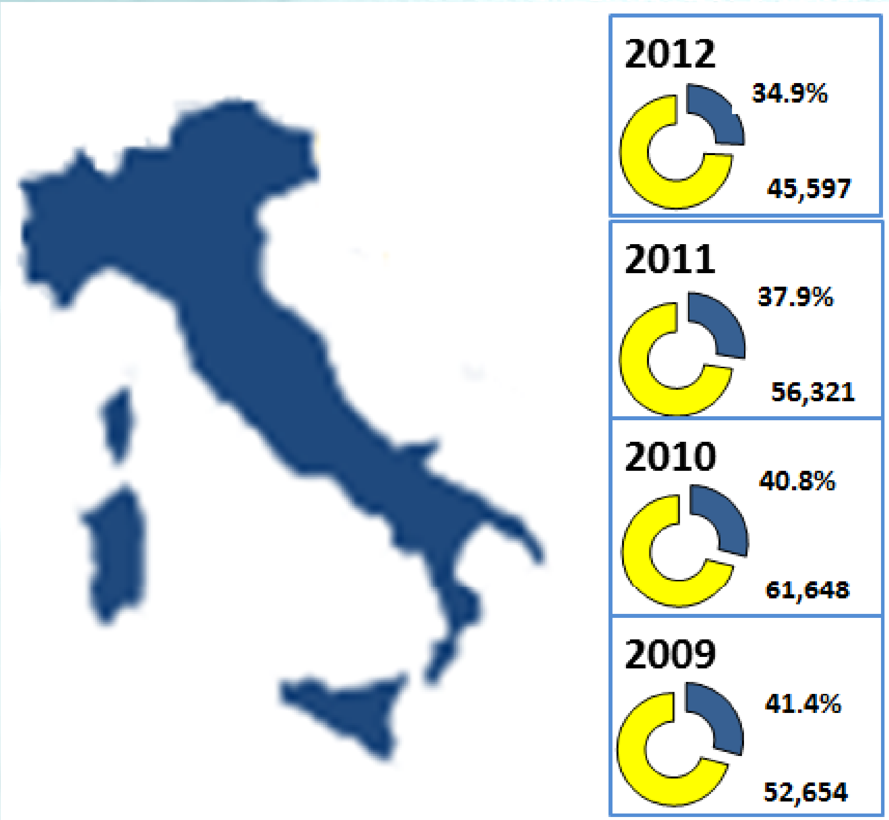
- Sabaf enjoys a strong leadership position in Italy and Europe (market share above 40%)
- Demographic and macroeconomic trends do not leave space for substantial growth in Europe
- Sabaf market share worldwide is still low (around 10%)
- Most efforts are addressed in increasing our international presence, with special focus on:
  - Turkey
  - China
  - Brazil
  - India

Sales by market

€ x 1000	9M 2013	9M 2012	Change %	FY 2012
Italy	33,100	34,639	-4.4%	45,597
Western Europe	5,208	5,614	-7.2%	7,337
Eastern Europe	22,860	24,819	-7.9%	33,236
Asia and Oceania	9,317	9,620	-3.1%	12,306
South America	18,381	17,111	+7.4%	21,895
Africa	9,168	5,390	+70.1%	6,950
US, Canada & Mexico	3,425	2,707	+26.5%	3,412
Total	101,459	99,900	+1.6%	130,733

Analysis by market - Italy

9M 2013	9M 2012	Change %
33,100 *32.6%*	34,639 *34.7%*	*-4.4%*



Italy – traditionally the most important appliance manufacturer in Europe – is partly losing its role

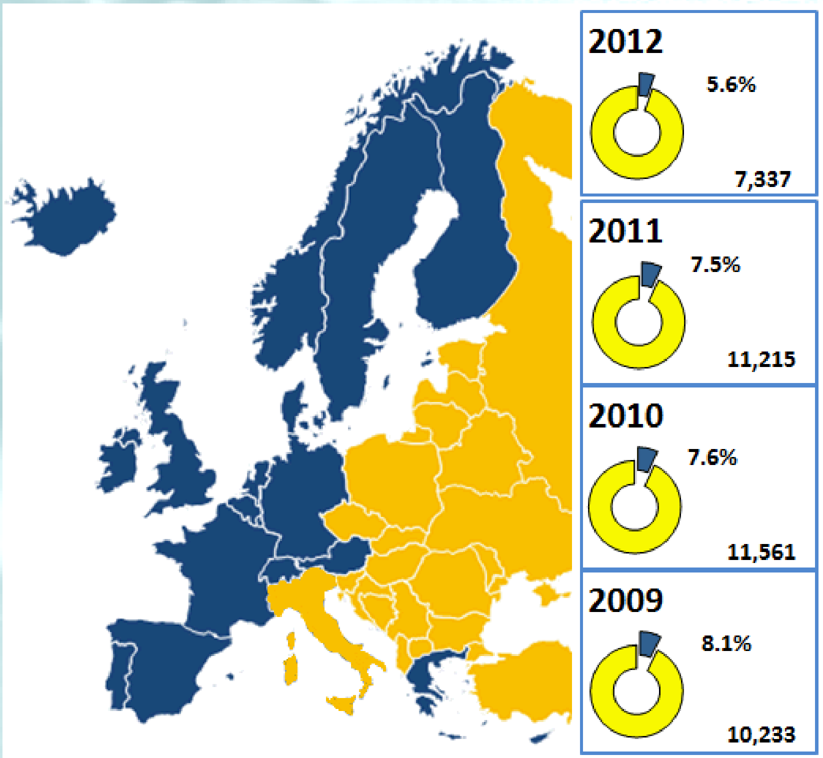
Some customers have reduced their operations in Italy, other have completed abandoned the country or stopped activity due to financial troubles

On the other side, appliance manufacturers focused on high end segments continue to perform well in international markets

Sabaf offers to domestic customers high quality, differentiated components - helping them to promote the "made in Italy" concept

Analysis by market – Western Europe

9M 2013	9M 2012	Change %
5,208 *5.2%*	5,614 *5.6%*	*-7.2%*

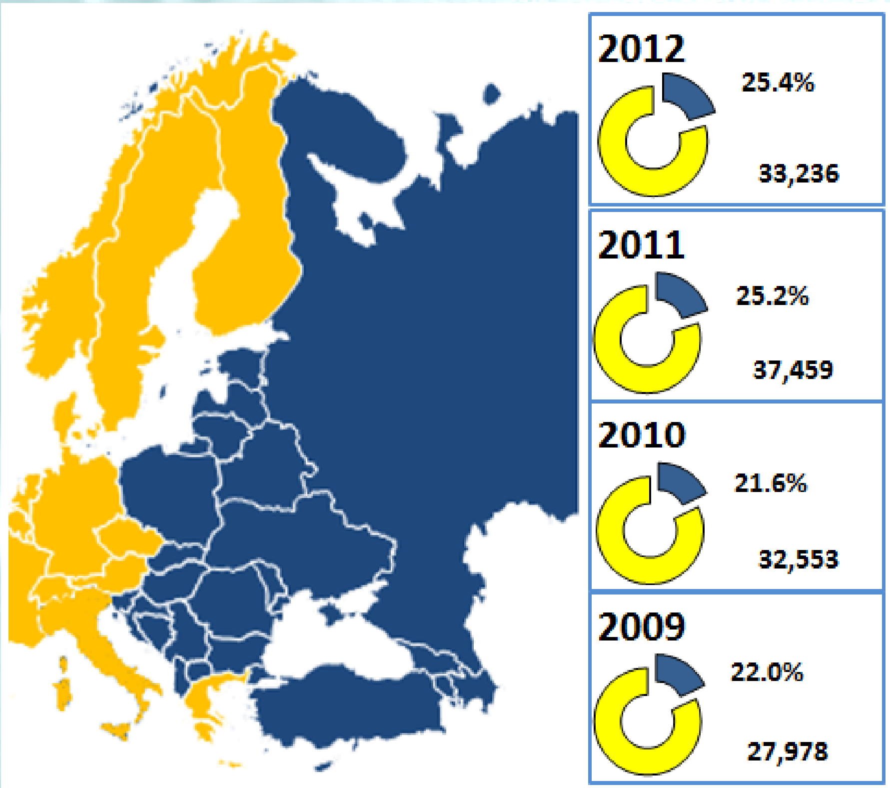


Like the Italian players, the appliance manufacturers in Western Europe risk to suffer competition from emerging countries

Sabaf plans to consolidate its customer base, relying on the quality and the constant innovation of its product range

Analysis by market – Eastern Europe & Turkey

9M 2013	9M 2012	Change %
22,860 *22.5%*	24,819 *24.8%*	*-7.9%*



Sabaf tends to benefit from the expected growth in Eastern European countries, with a specific focus on **Turkey**, today the largest appliance manufacturer in the area

The set-up of a manufacturing plant in Turkey during 2012 and the development of new commercial relationships in this country represent key elements

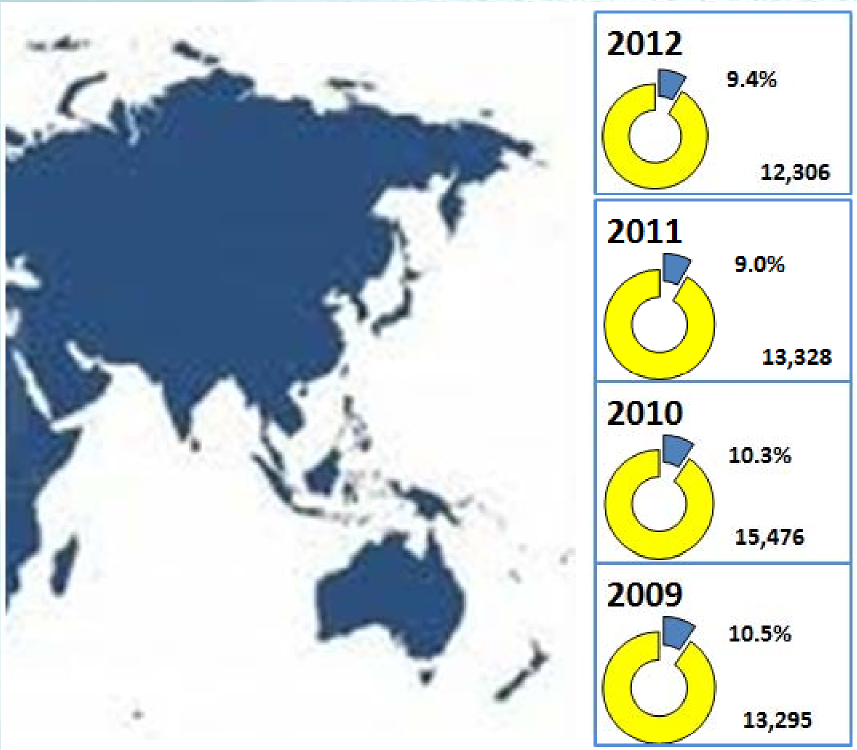
Sabaf in Turkey

A new factory has been set up
in Manisa (near Izmir)
built from greenfield

- € 8 mn investment, 10,000 sqm
- Production started in Q4 2012
- Manufacturing of burners dedicated to the local market, Middle East and North Africa, up to now supplied from Italy
- € 5m expected sales from the new factory in 2013 (50 people employed), already profitable
- Constant growth planned for the following years

Analysis by market – Asia & Oceania

9M 2013	9M 2012	Change %
9,317 *9.2%*	9,620 *9.6%*	*-3.1%*



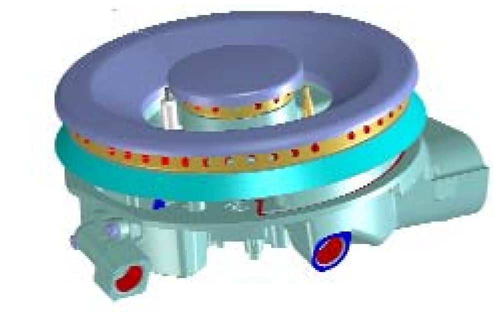
A boosting demand, along with stricter safety standards, represent growth opportunities for Sabaf

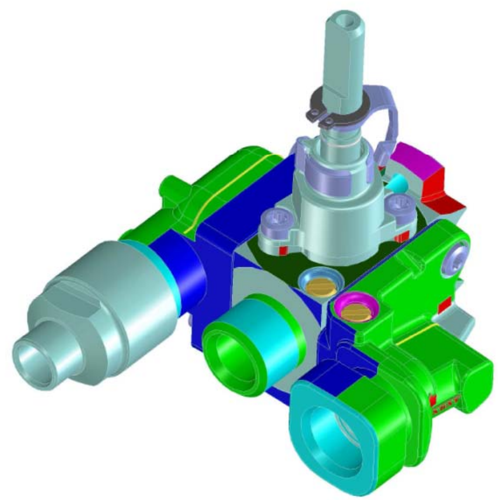
Young people tend to westernize their lifestyles, also regarding furniture and household appliances

Sabaf's universally reknown brand and "made in Italy" reading represent important premium in all the Asian markets

Sabaf in China

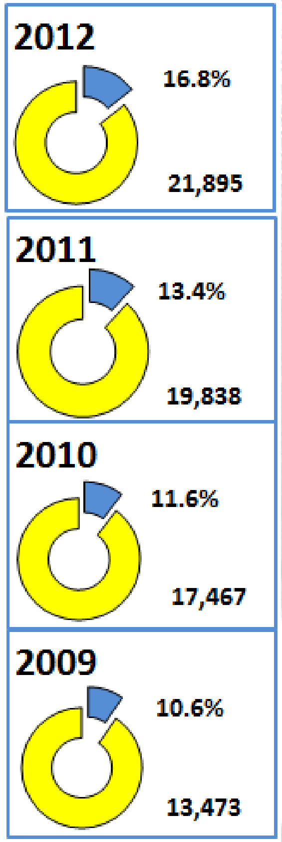
- Total production: 26 mn hobs
  - Domestic market 19mn
  - Export markets 7 mn
- Expected product mix trend: higher value, moderate volume growth
- 92% of hobs consist of 2 burners and 2 valves
- Sabaf is targeting 10% premium market. Still on the table two different options
  1. Fully owned factory
  2. Joint venture with a component manufacturer
- We are holding meetings with potential counterparts





Analysis by market – South America

9M 2013	9M 2012	Change %
18,381 *18.1%*	17,111 *17.1%*	*+7.4%*



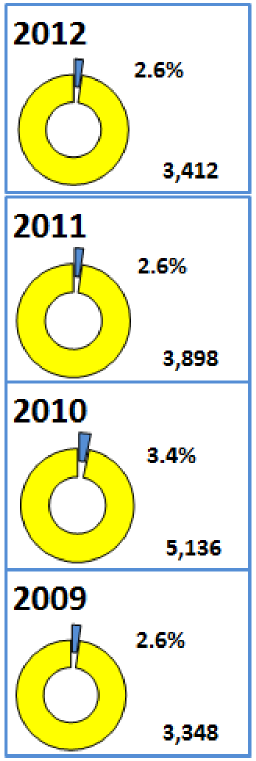
A large and fast growing market makes South America a priority in Sabaf's strategy

Sabaf's presence here is well consolidated (a factory in Brasil was set up in 2001)

Production capacity has been increased by 33% during this year, in order to meet new contracts recently won

Analysis by market – North America & Mexico

H1 2013	H1 2012	Change %
3,425 *3.4%*	2,707 *2.7%*	*+26.5%*



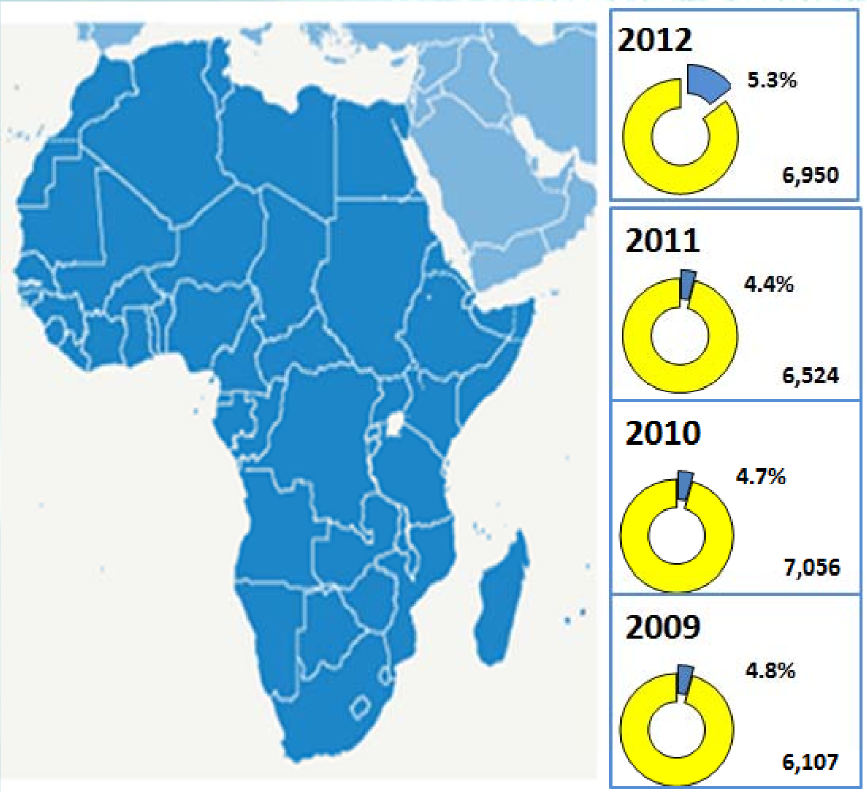
A wide range of innovative and efficient products, good commercial relationships and excellent technical reputation make Sabaf ready to exploit new opportunities in North America

Sabaf market share is constantly increasing in the growing built-in segment.

A growing focus on safety is also emerging in different market sectors (RV)

Analysis by market – North Africa

H1 2013	H1 2012	Change %
9,168	5,390	*+70.1%*
9.0%	*5.4%*	



Leveraging on a strong brand reputation, geographical proximity and long-term presence, Sabaf is successfully increasing its market share in the area

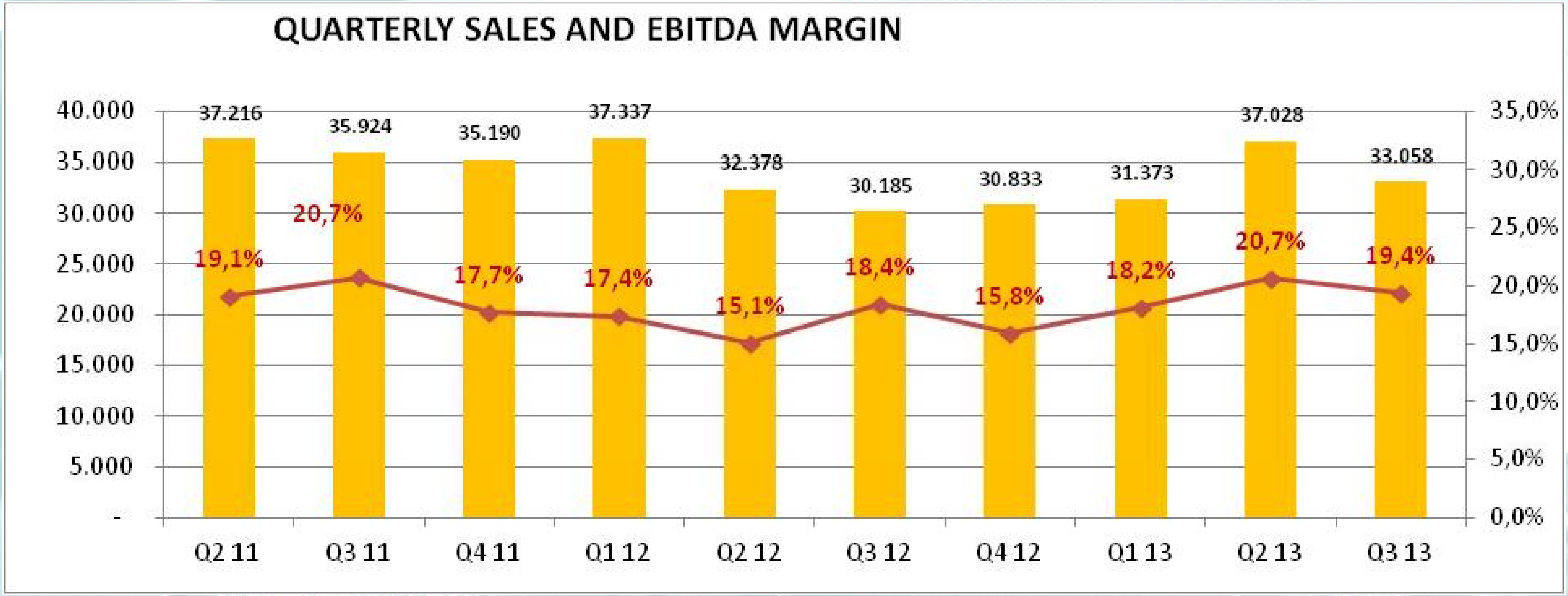
Huge housing market plans for new married young people represent an opportunity in North African markets

Turmoils in Egypt are causing a substantial reduction in industrial production. We estimate €2mn lower sales in Q4 2013 compared to Q4 2012

Sales by product line

€ x 1000	9M 2013	9M 2012	Change %	FY 2012
Brass valves	12,389	14,078	*-12.0%*	18,601
Light alloy valves	21,270	17,104	*+24.4%*	23,524
Thermostats	10,587	10,238	*+3.4%*	13,074
Standard burners	29,020	30,276	*-4.1%*	39,337
Special burners	14,462	14,543	*-0.6%*	18,850
Accessories	8,820	8,908	*-1.0%*	11,226
Hinges	4,911	4,753	+3.3%	6,121
Total	101,459	99,900	*+1.6%*	130,733

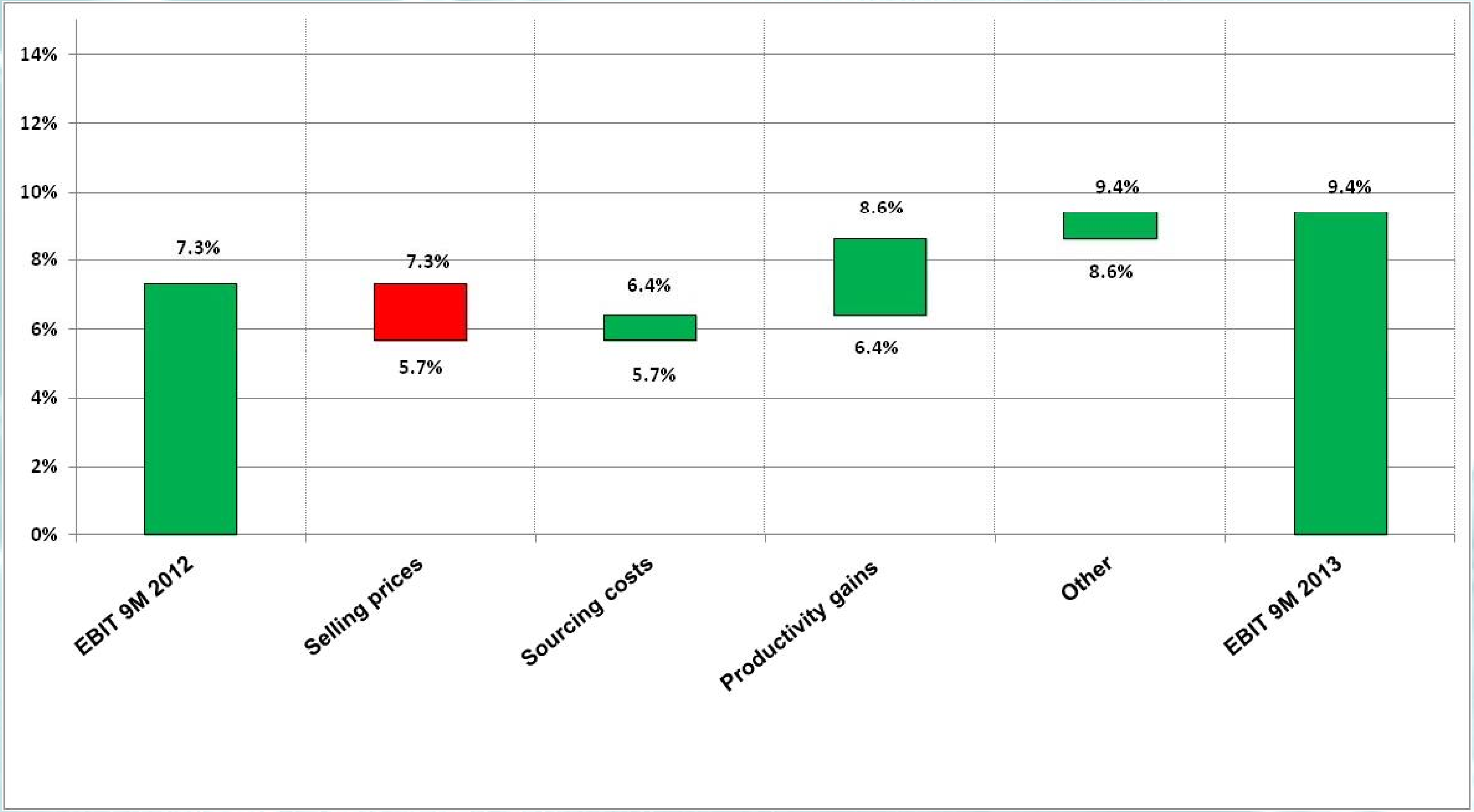
Sales and profitability by quarter



Income statement

€ x 000	Q3 13		Q3 12			9M 13		9M 12		
SALES	**33,058**	**100.0%**	**30,185**	**100.0%**	**+ *9.5%***	**101,459**	**100.0%**	**99,900**	**100.0%**	**+ *1.6%***
Materials	(11,258)	-34.1%	(10,616)	-35.2%		(41,226)	-40.6%	(37,378)	-37.4%	
Payroll	(7,430)	-22.5%	(6,611)	-21.9%		(23,768)	-23.4%	(22,333)	-22.4%	
Change in stock	(1,182)	-3.6%	(828)	-2.7%		4,823	4.8%	(713)	-0.7%	
Other operating costs/income	(6,767)	-20.5%	(6,566)	-21.8%		(21,519)	-21.2%	(22,549)	-22.6%	
EBITDA	**6,421**	**19.4%**	**5,564**	**18.4%**	**+ *15.4%***	**19,769**	**19.5%**	**16,927**	**16.9%**	**+ *16.8%***
Depreciation	(3,201)	-9.7%	(3,157)	-10.5%		(9,645)	-9.5%	(9,621)	-9.6%	
Gains/losses on fixed assets	68	0.2%	(31)	-0.1%		68	0.1%	(27)	0.0%	
Impaiment of fixed assets	(252)	-0.8%	0	0.0%		(635)	-0.6%	0	0.0%	
EBIT	**3,036**	**9.2%**	**2,376**	**7.9%**	**+ *27.8%***	**9,557**	**9.4%**	**7,279**	**7.3%**	**+ *31.3%***
Net financial expense	(160)	-0.5%	(215)	-0.7%		(499)	-0.5%	(756)	-0.8%	
Foreign exchange gains/losses	(164)	-0.5%	(122)	-0.4%		(125)	-0.1%	(218)	-0.2%	
Equity investements profits/losses	(84)	-0.3%	(123)	-0.4%		(373)	-0.4%	(320)	-0.3%	
EBT	**2,628**	**7.9%**	**1,916**	**6.3%**	**+ *37.2%***	**8,560**	**8.4%**	**5,985**	**6.0%**	**+ *43.0%***
Income taxes	(610)	-1.8%	(772)	-2.6%		(2,587)	-2.5%	(2,350)	-2.4%	
Minorities	0		0			0		0		
NET INCOME	**2,018**	**6.1%**	**1,144**	**3.8%**	**+ *76.4%***	**5,973**	**5.9%**	**3,635**	**3.6%**	**+ *64.3%***

EBIT bridge 9M 2012 - 9M 2013



Cash flow statement

€ x 1000		9M 13		9M 12
Cash at the beginning of the period		*6,137*		*14,208*
Net profit		5,973		3,635
Depreciation		9,645		9,621
Change in net working capital				
change in inventories	(4,367)		793	
change in receivables	(4,438)		4,932	
change in payables	189		(7,878)	
		(8,616)		(2,153)
Other changes in operating items		4,173		112
Operating cash flow		11,175		11,215
Investments, net of disposals		(7,862)		(11,447)
Free cash flow		**3,313**		**(232)**
Cash flow from financial activity		(4,149)		(164)
Own shares sale/repurchase		3,084		(944)
Dividends		(3,911)		(6,900)
Forex		(1,143)		(529)
Net financial flow		(2,806)		(8,769)
Cash at the end of the period		*3,331*		*5,439*

Balance sheet

€ x 1000	30-Sep-13	31-Dec-12	30-Sep-12
Fixed assets	98,192	101,880	103,943
Net working capital	45,751	41,086	39,652
Short term financial assets	32	-	-
Capital Employed	143,975	142,966	143,595
Equity	117,459	115,224	116,251
Provisions for risks and severance indemnity	4,031	3,946	3,943
Net debt	22,485	23,796	23,401
Sources of finance	143,975	142,966	143,595
Debt / Equity	0.19	0.21	0.20

Net financial position

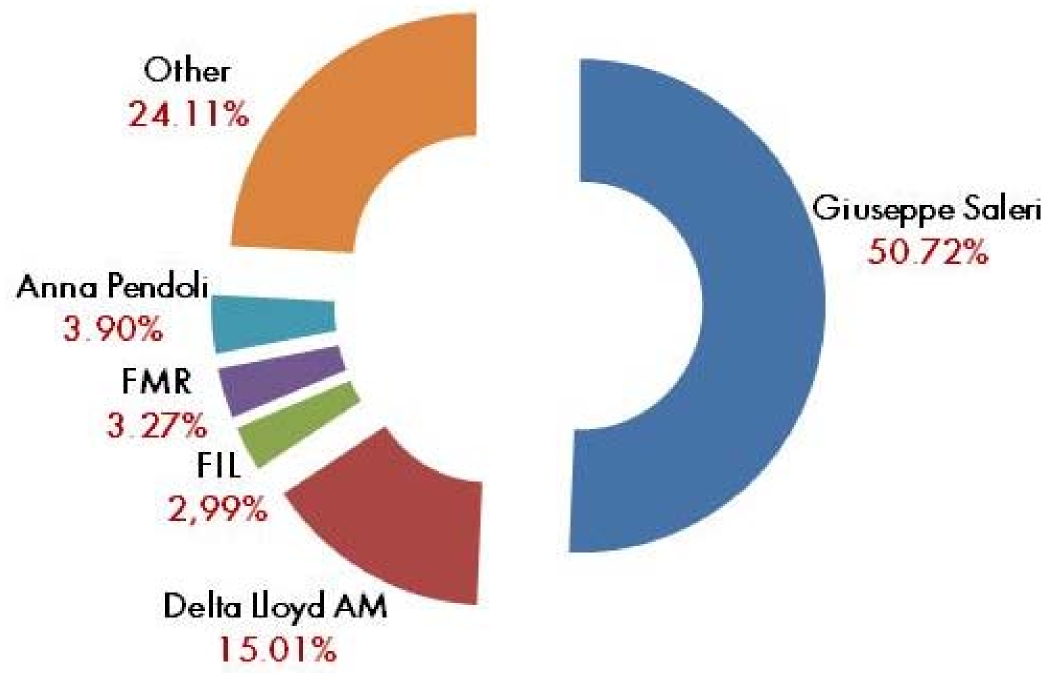
	€ x 1000	30-Sep-13	31-Dec-12	30-Sep-12
A.	Cash	13	11	10
B.	Positive balances of unrestricted bank accounts	2,768	2,972	2,084
C.	Other liquidities	550	3,154	3,345
D.	Cash and cash equivalents (A+B+C)	3,331	6,137	5,439
E.	Current bank overdrafts	17,133	20,602	18,031
F.	Current portion of non-current debt	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

Forecasts

- 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 quantitative forecasts for next year.

Shareholders



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Disclaimer

Certain information included in this document is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially.

The Company's business is in the domestic appliance industry, with special reference to the gas cooking sector, and its outlook is predominantly based on its interpretation of what it considers to be the key economic factors affecting this business. Forward-looking statements with regard to the Group's business involve a number of important factors that are subject to change, including: the many interrelated factors that affect consumer confidence and worldwide demand for durable goods; general economic conditions in the the Group's markets; actions of competitors; commodity prices; interest rates and currency exchange rates; political and civil unrest; and other risks and uncertainties.

Pursuant to Article 154/2, 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 financial presentation corresponds to the company's records, books and accounting entries.