

Press release

Ospitaletto, 11 February 2014

SABAF: FOURTH-QUARTER 2013 RESULTS APPROVED

- Fourth-quarter revenues €29.5 million (-4.3%); EBITDA €4.8 million (-1.7%); EBIT €1.6 million (+146%); net profit €2.1 million (+280%)
- Revenues for FY 2013 €131 million (+0.2%); EBITDA €24.6 million (+12.6%); EBIT €11.1 million (+40.6%); net profit €8.1 million (+93.1%)
- For 2014 sales and profitability expected to improve versus 2013
- Proposed dividend of €0.40 per share (vs. previous dividend of €0.35)

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report for the fourth quarter of 2013.

Consolidated results for the fourth quarter of 2013

In 4Q 2013, the Sabaf Group booked sales revenue of €29.5 million, a fall of 4.3% compared with the figure of €30.8 million registered in 4Q 2012. In the last quarter of the year, demand on some of the main markets on which the Group operates again slowed, after generally showing signs of stabilising in the first part of the year. The South American market was an exception, and confirmed solid growth, with sales at €6 million, up 25.3% versus 4Q 2012.

The Group's profitability in the fourth quarter was affected by low levels of production and sales, and despite confirmation of an improvement versus the corresponding period of 2012, it came in lower than in the first nine months of 2013.

Specifically, EBITDA for 4Q 2013 was €4.8 million, with a 16.3% margin on sales, down by 1.7% compared with the €4.9 million (15.8% of sales) registered in 4Q 2012. EBIT was €1.6 million, equal to 5.3% of sales, versus €0.6 million in the same period of 2012, when the Group recorded a goodwill impairment of €1 million. Pre-tax profit was €1.3 million, versus €0.2 million in 4Q 2012. Net profit for the period was €2.1 million (€0.6 million in 4Q 2012), and was boosted by deferred tax assets of €1.1 million, as a result of tax breaks relating to investments made in Turkey.

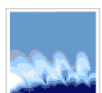
FY 2013 consolidated results

Revenues for FY 2013 were €131 million, broadly unchanged versus the figure of €130.7 million for 2012 (+0.2%). However, thanks to considerable productivity gains over the year, the Group registered a significant improvement in profitability: EBITDA was €24.6 million (with an 18.8% margin in sales, up 12.6%), EBIT totalled €11.1 million (8.5% of sales, up 40.6%), and net profit came in at €8.1 million (+93.1% versus 2012).

Equity and cash flow

Quarter investments totalled €2.4 million, bringing total investments for the year to €10.2 million (€14.3 million in FY 2012).

At 31 December 2013, net financial debt was €16.7 million, compared with €22.5 million at 30 September 2013 and €23.8 million at 31 December 2012. The significant improvement in the net financial position in the final quarter was due to the decrease in working capital, and trade receivables in particular.





Business outlook

The slowdown in demand seen at the end of 2013 continued into January 2014, when the Sabaf Group recorded revenues in line with those of January 2013. Since the beginning of February, however, there have been signs of a recovery in volumes from numerous customers.

The management is monitoring macroeconomic developments in the important markets of Brazil and Turkey, where the Sabaf Group has production sites of increasing significance. Competitiveness is expected to increase following the devaluation of the Brazilian real and the Turkish lira: more than half the products made in Brazil and Turkey are destined for export to other final markets (in South America and Europe respectively). Conversely, the restrictive monetary policies put in place could lead to a drop in domestic consumption.

Based on negotiations concluded with its main customers, the Group believes that it will be able to register improved sales and profitability compared with 2013. 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 €0.40 per share, versus a dividend paid of €0.35 per share in 2013.



Today at 3 p.m. CET there will be a conference call to illustrate the results of the fourth quarter and FY 2013 to financial analysts and institutional investors (please call the number +39 02-8058811).

The Interim Operating Report for 4Q 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.

The consolidated financial statements are attached.

For further information:

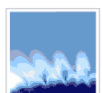
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Founded in the early 1950s, SABAF has grown consistently over the years to become the key manufacturer in Italy - and one of the leading in the world - of components for kitchens and domestic gas cooking appliances.

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

	31.12.2013	30.09.2013	31.12.2012 (*)
(in thousands of euro)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	75,701	77,064	81,438
Investment property	7,674	7,808	7,393
Intangible assets	7,290	7,442	7,915
Equity investments	905	875	951
Non-current receivables	426	581	90
Deferred tax assets (prepaid taxes)	5,471	4,422	4,093
Total non-current assets	97,467	98,192	101,880
CURRENT ASSETS			
Inventories	28,226	28,403	24,036
Trade receivables	36,442	42,406	37,968
Tax receivables	2,595	2,337	3,627
Other current receivables	874	1,357	822
Current financial assets	22	32	0
Cash and cash equivalents	5,111	3,331	6,137
Total current assets	73,270	77,866	72,590
TOTAL ASSETS	170,737	176,058	174,470
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	98,318	99,953	99,495
Net profit for period	8,104	5,973	4,196
<i>Total equity attributable to the Group parent company</i>	<i>117,955</i>	<i>117,459</i>	<i>115,224</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	117,955	117,459	115,224
NON-CURRENT LIABILITIES			
Loans	3,895	4,386	5,259
Post-employment benefit reserve and retirement reserves	2,845	2,852	2,928
Provisions for risks and contingencies	672	692	632
Deferred tax	532	487	386
Total non-current liabilities	7,944	8,417	9,205
CURRENT LIABILITIES			
Loans	17,940	21,425	24,641
Other financial liabilities	2	5	33
Trade payables	18,963	18,733	18,544
Tax payables	1,494	2,117	806
Other liabilities	6,439	7,902	6,017
Total current liabilities	44,838	50,182	50,041
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	170,737	176,058	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 reserve

Consolidated income statement

	4Q 2013		4Q 2012		12M 2013		12M 2012	
<i>(in thousands of euro)</i>								
CONTINUING OPERATIONS								
OPERATING REVENUE AND INCOME								
Revenue	29,508	100.0%	30,833	100.0%	130,967	100.0%	130,733	100.0%
Other income	987	3.3%	871	2.8%	3,918	3.0%	3,661	2.8%
Total operating revenue and income	30,495	103.3%	31,704	102.8%	134,885	103.0%	134,394	102.8%
OPERATING COSTS								
Materials	(11,189)	-37.9%	(10,370)	-33.6%	(52,415)	-40.0%	(47,748)	-36.5%
Change in inventories	(39)	-0.1%	(2,461)	-8.0%	4,784	3.7%	(3,174)	-2.4%
Services	(6,772)	-22.9%	(6,843)	-22.2%	(30,083)	-23.0%	(30,989)	-23.7%
Payroll costs	(7,571)	-25.7%	(6,969)	-22.6%	(31,339)	-23.9%	(29,302)	-22.4%
Other operating costs	(334)	-1.1%	(447)	-1.4%	(2,175)	-1.7%	(2,424)	-1.9%
Costs for capitalised in-house work	213	0.7%	272	0.9%	915	0.7%	1,056	0.8%
Total operating cost	(25,692)	-87.1%	(26,818)	-87.0%	(110,313)	-84.2%	(112,581)	-86.1%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	4,803	16.3%	4,886	15.8%	24,572	18.8%	21,813	16.7%
Depreciation & Amortisation	(3,211)	-10.9%	(3,298)	-10.7%	(12,856)	-9.8%	(12,919)	-9.9%
Capital gains/(losses) on disposal of non-current assets	3	0.0%	81	0.3%	71	0.1%	54	0.0%
Write-downs/write-backs of non-current assets	(20)	-0.1%	(1,028)	-3.3%	(655)	-0.5%	(1,028)	-0.8%
	0							
OPERATING PROFIT (EBIT)								
	1,575	5.3%	641	2.1%	11,132	8.5%	7,920	6.1%
Financial income	30	0.1%	48	0.2%	138	0.1%	219	0.2%
Financial expenses	(168)	-0.6%	(235)	-0.8%	(775)	-0.6%	(1,162)	-0.9%
Foreign exchange gains/losses	(61)	-0.2%	(75)	-0.2%	(186)	-0.1%	(293)	-0.2%
Profits and losses from equity investments	(125)	-0.4%	(145)	-0.5%	(498)	-0.4%	(465)	-0.4%
PRE-TAX PROFIT								
	1,251	4.2%	234	0.8%	9,811	7.5%	6,219	4.8%
Income tax	880	3.0%	327	1.1%	(1,707)	-1.3%	(2,023)	-1.5%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD								
	2,131	7.2%	561	1.8%	8,104	6.2%	4,196	3.2%

Consolidated cash flow statement

<i>(in thousands of euro)</i>	4Q 2013	4Q 2012	12M 2013	12M 2012
Cash and cash equivalents at beginning of period	6,137	14,208	6,137	14,208
Net profit/(loss) for period	2,131	561	8,104	4,196
Adjustments for:				
- Depreciation and amortisation for the period	3,211	3,298	12,856	12,919
- Realised gains/losses	(3)	(81)	(71)	(54)
Write-downs/write-backs of non-current assets	20	1,028	655	1,028
- Profits and losses from equity investments	125	145	498	465
- Financial income and expenses	138	187	637	943
- Income tax	(880)	(327)	1,707	2,023
Payment of post-employment benefit reserve	(16)	(103)	(145)	(243)
Change in general provisions	(20)	(33)	40	(99)
<i>Change in trade receivables</i>	<i>5,964</i>	<i>(126)</i>	<i>1,526</i>	<i>4,806</i>
<i>Change in inventories</i>	<i>177</i>	<i>2,054</i>	<i>(4,190)</i>	<i>2,847</i>
<i>Change in trade payables</i>	<i>230</i>	<i>(1,386)</i>	<i>419</i>	<i>(9,264)</i>
Change in working capital	6,371	542	(2,245)	(1,611)
Change in other receivables and payables, deferred tax liabilities	(545)	124	916	(692)
Payment of taxes	(1,297)	(1,242)	(2,096)	(2,877)
Payment of financial expenses	(152)	(199)	(706)	(1,054)
Collection of financial income	30	48	138	219
Cash flow from operations	9,113	3,948	20,288	15,163
Net investments	(2,378)	(2,869)	(10,240)	(14,316)
Repayment of loans	(7,378)	(1,465)	(15,668)	(11,627)
New loans	3,399	2,558	7,572	12,556
Short-term financial assets	10	0	(22)	0
Purchase/sale own shares	0	(1,067)	3,084	(2,011)
Payment of dividends	0	0	(3,911)	(6,900)
Cash flow from financing activities	(3,969)	26	(8,945)	(7,982)
Foreign exchange differences	(986)	(407)	(2,129)	(936)
Net financial flows for the period	1,780	698	(1,026)	(8,071)
Cash and cash equivalents at end of period	5,111	6,137	5,111	6,137
Current net financial debt	17,941	24,674	17,941	24,674
Non-current financial debt	3,896	5,259	3,896	5,259
Net financial debt	16,726	23,796	16,726	23,796



Consolidated net financial position

<i>(in thousands of euro)</i>	31.12.2013	30.09.2013	31.12.2012
A. Cash	15	13	11
B. Positive balances of unrestricted bank accounts	4,519	2,768	2,972
C. Other liquidities	577	550	3,154
D. Cash and cash equivalents (A+B+C)	5,111	3,331	6,137
E. Current bank overdrafts	15,503	17,133	20,602
F. Current portion of non-current debt	1,363	1,673	4,039
G. Other current financial payables	1,075	2,624	33
H. Current financial debt (E+F+G)	17,941	21,430	24,674
I. Current net financial debt (H-D)	12,830	18,099	18,537
J. Non-current bank payables	1,859	2,316	3,087
K. Other non-current financial payables	2,037	2,070	2,172
L. Non-current financial debt (J+K)	3,896	4,386	5,259
M. Net financial debt (L+I)	16,726	22,485	23,796

