



LE ECCELLENZE DEL MADE IN ITALY
Varignana, 14 March 2014

fuoco



aria



terra



acqua



Product range

Standard burners



Special burners



Gas valves



Thermostats



Oven burner



Oven hinges



Micro switches & accessories



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	FY 2013	FY 2012	Change %
Italy	42,662	45,597	-6.4%
Western Europe	7,465	7,337	+1.7%
Eastern Europe	29,300	33,236	-11.8%
Asia and Oceania	11,864	12,306	-3.6%
South America	24,375	21,895	+11.3%
Africa	10,410	6,950	+49.8%
US, Canada & Mexico	4,891	3,412	+43.3%
Total	130,967	130,733	+0.2%

The crisis that has affected the appliance market in Europe has substantially reshaped Sabaf footprint - in 2013 extra-European markets have generated 40% of total sales (30% in 2011)

Analysis by market - Italy

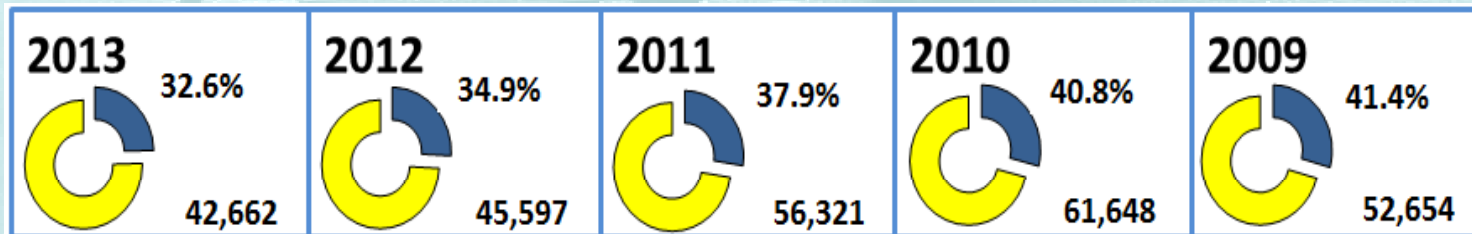


Italy - traditionally the most important appliance manufacturer in Europe - is partly losing its role

Some customers have reduced their operations in Italy, other have completely 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

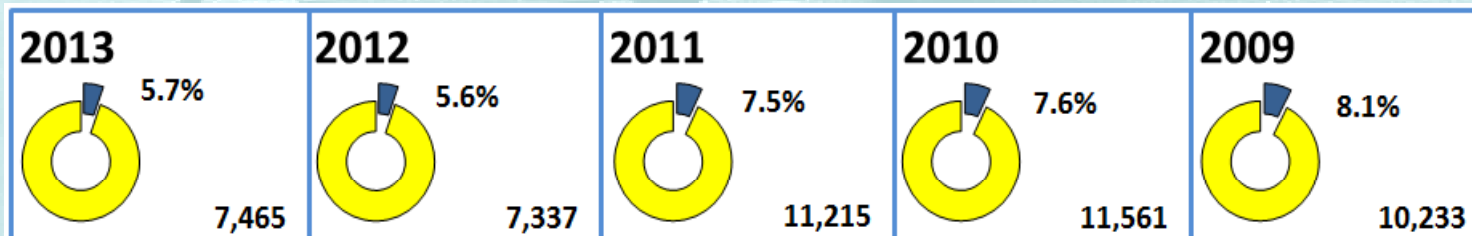


Analysis by market – Western Europe



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

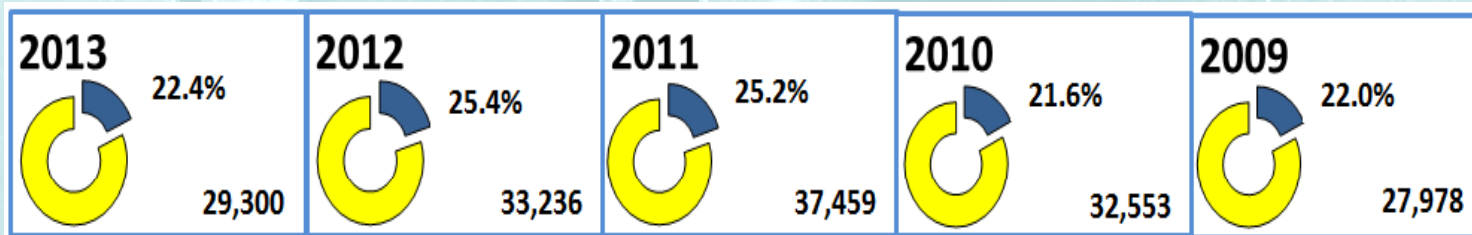


Analysis by market – Eastern Europe & Turkey



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 and the development of new commercial relationships in this country represent key points for future growth



Sabaf in Turkey

A new factory was recently 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 sales from the new factory in 2013 (50 people employed), already profitable
- Further expansion of production capacity is ongoing, and a constant growth has been planned for the following years



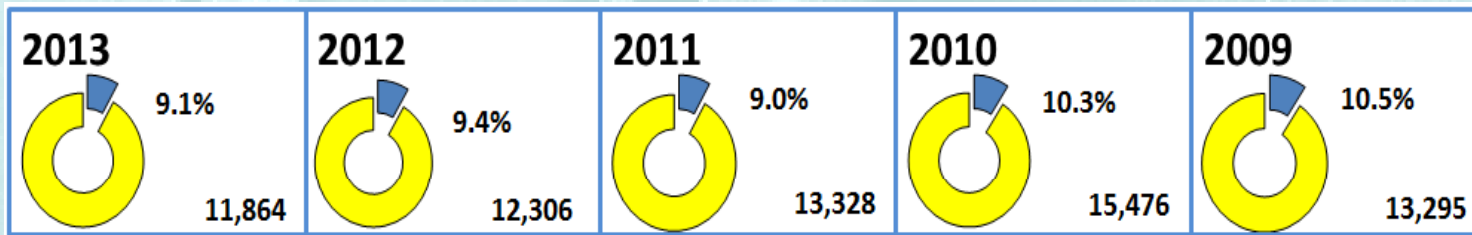
Analysis by market – Asia & Oceania

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

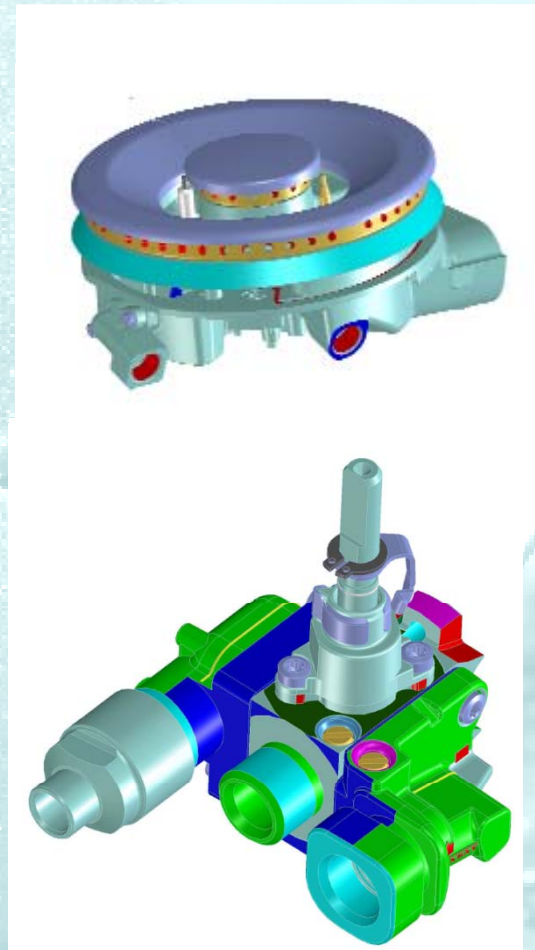
Political difficulties affecting some Middle Eastern markets do not allow us to fully exploit all opportunities yet



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.

- As for burners, after introducing the new DCC special burner, we have launched a project to start a fully owned factory by the beginning of 2015. Expected capex of € 4mn in case we make in-house all main production phases
- As for valves, we are evaluating a joint venture with a component manufacturer. No decision has been made up to now



Analysis by market – South America

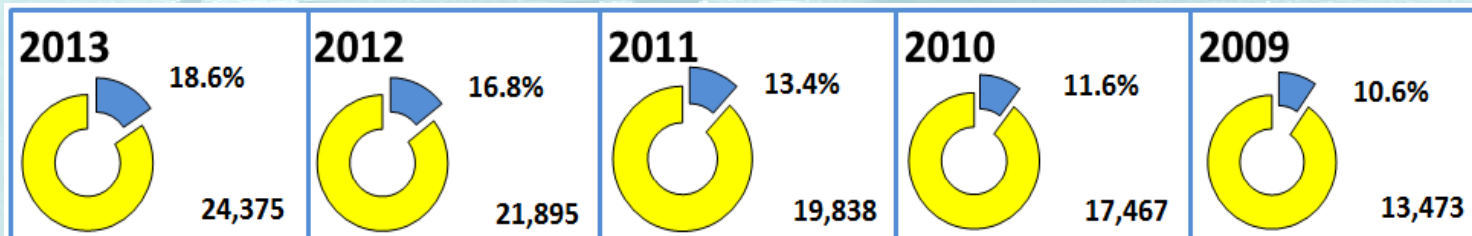


A large and fast growing market makes South America a priority in Sabaf's strategy

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

Production capacity has been increased by 33% during 2013, in order to meet new contracts recently won

BRL devaluation will generate a negative forex effect on 2014 sales, no material effect is expected on profitability

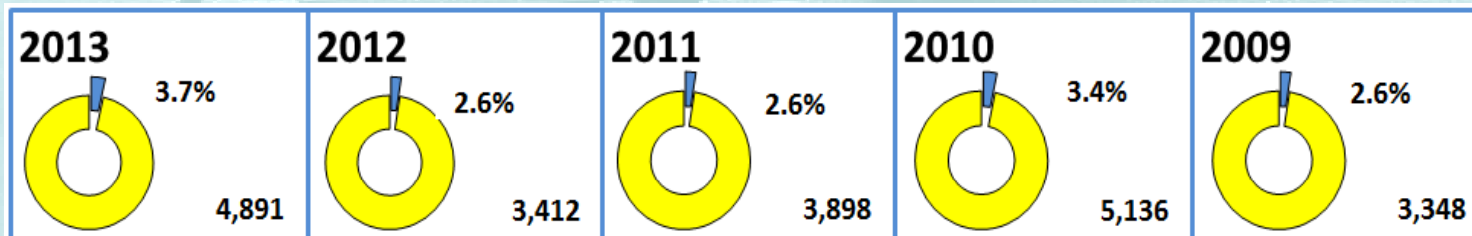


Analysis by market – North America & Mexico



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 premium segment.



Analysis by market - North Africa

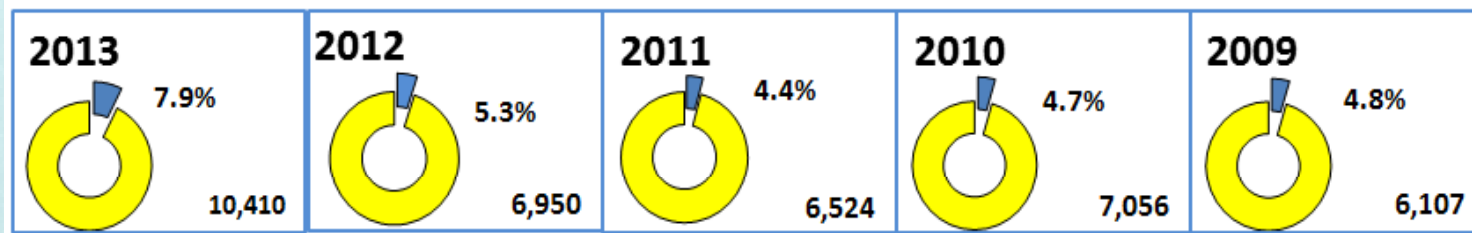


Leveraging on a strong brand reputation, geographical proximity and long-term presence, Sabaf is successfully increasing its market share in the area

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

Turmoils in Egypt have temporarily reduced sales in Q4 2013.

We estimate a sharp recovery starting from Q1 2014



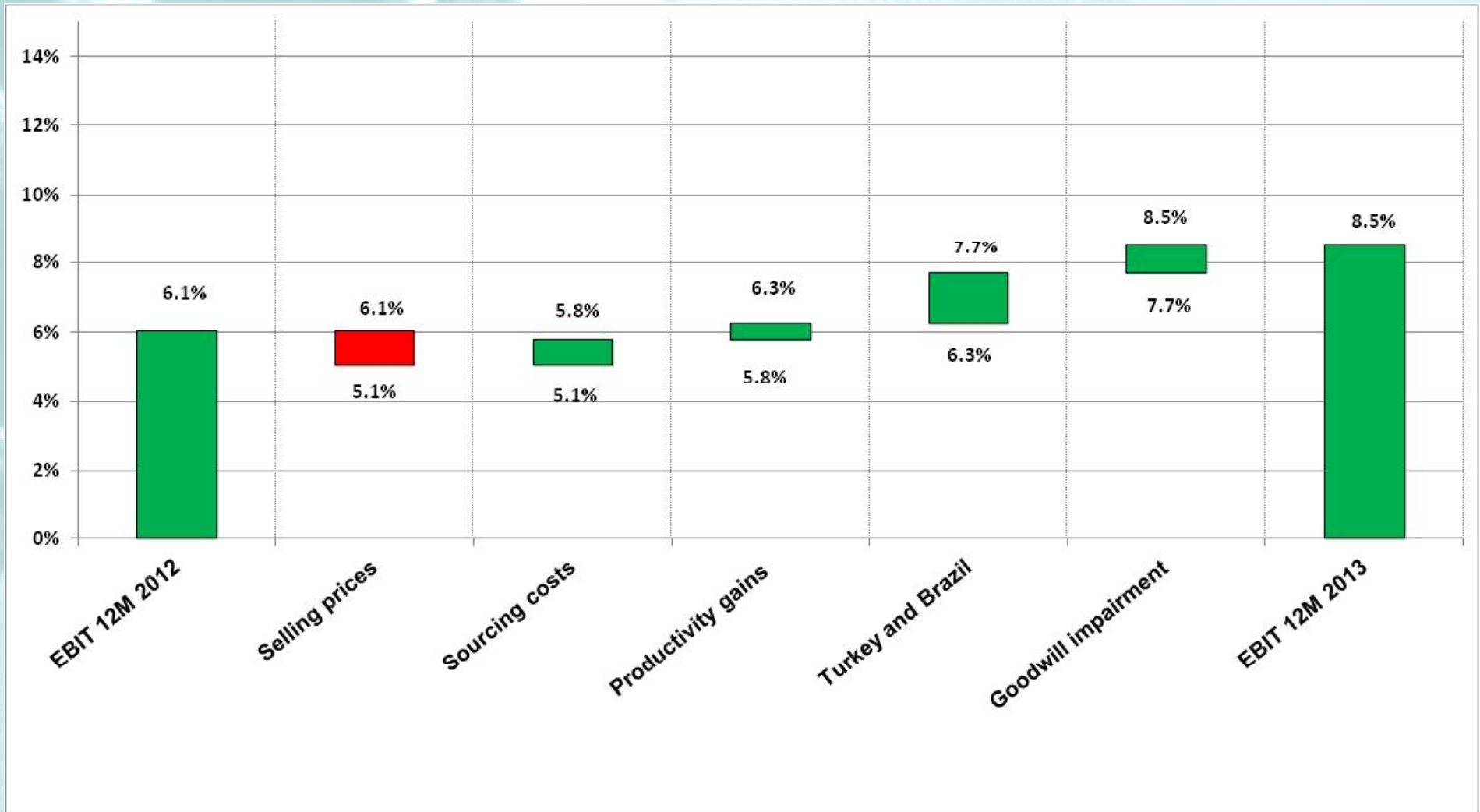
Sales by product line

<i>€ x 1000</i>	FY 2013	FY 2012	Change %
Brass valves	14,613	18,601	-21.4%
Light alloy valves	27,618	23,524	+17.4%
Thermostats	13,350	13,074	+2.1%
Standard burners	38,222	39,337	-2.8%
Special burners	18,943	18,850	+0.5%
Accessories	11,571	11,226	+3.1%
Hinges	6,650	6,121	+8.6%
Total	130,967	130,733	+0.2%

Income statement

€ x 000	<u>FY 2013</u>		<u>FY 2012</u>		
SALES	130,967	100.0%	130,733	100.0%	0.2%
Materials	(52,415)	-40.0%	(47,748)	-36.5%	
Payroll	(31,339)	-23.9%	(29,302)	-22.4%	
Change in stock	4,784	3.7%	(3,174)	-2.4%	
Other operating costs/income	(27,425)	-20.9%	(28,696)	-22.0%	
EBITDA	<u>24,572</u>	18.8%	<u>21,813</u>	16.7%	12.6%
Depreciation	(12,856)	-9.8%	(12,919)	-9.9%	
Gains/losses on fixed assets	71	0.1%	54	0.0%	
Impairment of fixed assets	(655)	-0.5%	(1,028)	-0.8%	
EBIT	<u>11,132</u>	8.5%	<u>7,920</u>	6.1%	40.6%
Net financial expense	(637)	-0.5%	(943)	-0.7%	
Foreign exchange gains/losses	(186)	-0.1%	(293)	-0.2%	
Equity investments profits/losses	(498)	-0.4%	(465)	-0.4%	
EBT	<u>9,811</u>	7.5%	<u>6,219</u>	4.8%	57.8%
Income taxes	(1,707)	-1.3%	(2,023)	-1.5%	
Minorities	0		0		
NET INCOME	<u>8,104</u>	6.2%	<u>4,196</u>	3.2%	93.1%
EPS	0.715		0.367		94.8%

EBIT bridge 2012 - 2013



Cash flow statement

€ x 1000	FY 2013	FY 2012
<i>Cash at the beginning of the period</i>	<i>6,137</i>	<i>14,208</i>
Net profit	8,104	4,196
Depreciation	12,856	12,919
Change in net working capital		
change in inventories	(4,190)	2,847
change in receivables	1,526	4,806
change in payables	419	(9,264)
	(2,245)	(1,611)
Other changes in operating items	1,573	(341)
Operating cash flow	20,288	15,163
Investments, net of disposals	(10,240)	(14,316)
Free cash flow	10,048	847
Cash flow from financial activity	(8,118)	929
Own shares sales (repurchase)	3,084	(2,011)
Dividends	(3,911)	(6,900)
Forex	(2,129)	(936)
Cash flow	(1,026)	(8,071)
<i>Cash at the end of the period</i>	<i>5,111</i>	<i>6,137</i>

Balance sheet

<i>€ x 1000</i>	31-Dec-13	31-Dec-12
Fixed assets	97,467	101,880
Short term financial assets	22	-
Net working capital	41,241	41,086
Capital Employed	138,730	142,966
Equity	117,955	115,224
Reserves for risks and severance indemnity, deferred taxes	4,049	3,946
Net debt	16,726	23,796
Sources of finance	138,730	142,966

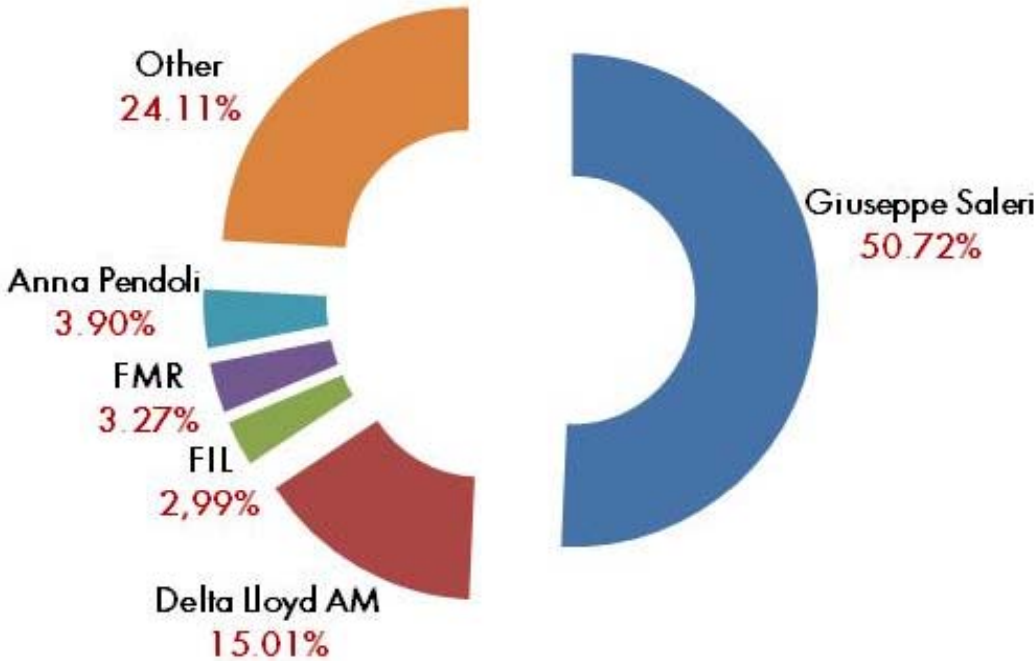
Net financial position

	€ x 1000	31-Dec-13	31-Dec-12
A.	Cash	15	11
B.	Positive balances of unrestricted bank accounts	4,519	2,972
C.	Other liquidities	577	3,154
D.	Cash and cash equivalents (A+B+C)	5,111	6,137
E.	Current bank overdrafts	15,503	20,602
F.	Current portion of non-current debt	1,363	4,039
G.	Other current financial payables	1,076	33
H.	Current financial debt (E+F+G)	17,942	24,674
I.	Current net financial debt (H-D)	12,831	18,537
J.	Non-current bank payables	1,859	3,087
K.	Other non-current financial payables	2,036	2,172
L.	Non-current financial debt (J+K)	3,895	5,259
M.	Net financial debt (L+I)	16,726	23,796

Forecasts

- 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.
- We are 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, we believe that in 2014 we will be able to improve 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.

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 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.