

Press release

Ospitaletto, 20 March 2014

SABAF: RESULTS AS OF 31 DECEMBER 2013 APPROVED

- 2013 consolidated results: revenue €131 million (+0.2%); EBITDA €24.6 million (+12.6%); EBIT €11.1 million (+40.6%) and net profit €8.1 million (+93.2%)
- Sabaf S.p.A. 2013 results: revenue €112.4 million (-3.3%); EBITDA €16.9 million (+6.8%); EBIT €5.4 million (+42.9%) and net profit €3.7 million (+66.8%)
- Expectations of slight improvement in sales and profitability for 2014
- Proposed dividend of €0.40 per share

The Board of Directors of **Sabaf S.p.A.**, meeting today in Ospitaletto (BS), has approved the consolidated results for 2013, and the draft financial statements of the parent company, as well as the report on company governance and on the ownership structure prepared pursuant to article 123-*bis* of the Consolidated Finance Act (TUF) and the 2013 report on remuneration prepared pursuant to article 123-*ter* of the TUF. The annual financial report to 31 December 2013, together with the abovementioned reports and the reports of the Independent Auditor's and the Board of Statutory Auditors, will be available from the company headquarters and Borsa Italiana S.p.A., and will also be published on the website www.sabaf.it pursuant to the laws in force.

Consolidated Group performance

In another difficult year for the household appliances sector, sales of the Sabaf Group remained broadly unchanged at €131 million, up 0.2% on 2012, but profitability registered a significant improvement, thanks to gains in productivity, particularly in the production of light alloy valves and the growing contribution of activities in Brazil and Turkey.

In 2013, European markets continued to suffer as a result of the weak macroeconomic environment, with demand again down on the previous year. Sales in Europe thereby fell to 60.7% of the total, from 65.9% in 2012 and 70.6% in 2011. The main markets outside Europe trended in the opposite direction: of particular significance were the results registered by the Group in Africa and South America, where sales rose by €3.5 million and €2.5 million respectively. The Group registered very positive growth in North America, although this market remains marginal, thanks to the launch of new supply contracts with the main manufacturers of cooking appliances. Finally, sales in Asia fell slightly, as the political problems affecting some Middle Eastern markets remain, and the contribution of exports to China and India is still limited.

The trend of replacing brass valves with the more innovative light alloy valves continued: the sales generated by light alloy valves are now almost double those of brass valves, while in 2011, sales of



brass valves were still prevalent. Sales of burners remained broadly stable, with a slight improvement for the special burner product families. Finally, sales of hinges recovered slightly.

Average sale prices in 2013 were down by around 1% versus 2012: the over-supply on the market continues to exert considerable competitive pressure.

In 2013, EBITDA was €24.6 million and represented 18.8% of sales (€21.8 million in 2012, equivalent to 16.7% of sales, +12.6%), EBIT totalled €11.1 million, representing 8.5% of sales (€7.9 million in 2012, equivalent to 6.1% of sales, +40.6%) and net profit was €8.1 million, equal to 6.2% of sales (€4.2 million in 2012, 3.2% of sales, +93.1%).

In 2013, the Sabaf Group made capital investments of approximately €10 million: the most significant investments related to the industrialisation of new special models of burners and the expansion of production capacity in Turkey and Brazil.

At 31 December 2013, net financial debt was €16.7 million, versus €23.8 million at 31 December 2012; shareholders' equity was €118 million.

Results of the parent company Sabaf S.p.A.

The Group parent company Sabaf S.p.A.'s sales revenue totalled €112.4 million in 2013 (down 3.3% from the €116.2 million reported in 2012), EBITDA was €16.9 million, up 6.8% from €15.8 million in 2012, EBIT was €5.4 million, up 42.9% from €3.8 million in the previous year, and net profit was €3.7 million, up 66.8% from €2.2 million in 2012.

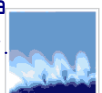
Business outlook

At the beginning of this year, European markets have not shown any clear signs of recovery, while the positive sales trend continues in North Africa and South America. In the first two months of 2014, total Group sales were 4% higher than in the same period of 2013.

For the full year, based on negotiations concluded with its main customers, the Group believes that it will be able to register a slight improvement in 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' Meeting and proposed dividend

The Board of Directors will propose to the Shareholders' Meeting – which will be held at 10.30 am on 29 April 2014 (single call) at the company's registered office in Ospitaletto (BS) – a gross ordinary dividend of €0.40 per share for shares outstanding on 28 May 2014 (the record date), excluding therefore treasury shares on that date (a dividend of €0.35 per share was paid in 2013). The ex-date is scheduled for 26 May and the payment date will be on 29 May.





TECHNOLOGY AND SAFETY

<http://www.sabaf.it> - sabaf@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.

Annexes: consolidated and Sabaf S.p.A. financial statements. Figures currently being audited.

For further information:

Investor Relations Gianluca Beschi tel. +39 030 6843236 gianluca.beschi@sabaf.it www.sabaf.it	Press Office Power Emprise - tel. +39 02 39400100 Cosimo Pastore - +39 335 213305 cosimopastore@poweremprise.com Sara Pavesi - +39 340 6486083 sarapavesi@poweremprise.com Jenny Giuliani - +39 349 2408123 jennygiuliani@poweremprise.com
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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 - Sabaf do Brasi and Sabaf Turkey - active in production of burners for the South American and Turkish markets. Sabaf is also present through subsidiaries in Mexico, the USA and China.



SABAF S.p.A • Via dei Carpini, 1 • 25035 Ospitaletto (Brescia) • Italia
Tel. + 39 030 6843001 • Fax + 39 030 6848249 • Capitale Sociale € 11.533.450 i.v.



Consolidated statement of financial position

(in thousands of euro)

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

¹ 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

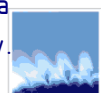
Consolidated income statement

	2013	2012
<i>(in thousands of euro)</i>		
CONTINUING OPERATIONS		
OPERATING REVENUE AND INCOME		
Revenue	130,967	130,733
Other income	3,918	3,661
Total operating revenue and income	134,885	134,394
OPERATING COSTS		
Materials	(52,415)	(47,748)
Change in inventories	4,784	(3,174)
Services	(30,083)	(30,989)
Payroll costs	(31,339)	(29,302)
Other operating costs	(2,175)	(2,424)
Costs for capitalised in-house work	915	1,056
Total operating cost	(110,313)	(112,581)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		
	24,572	21,813
Depreciation & Amortisation	(12,856)	(12,919)
Capital gains/(losses) on disposal of non-current assets	71	54
Write-downs/write-backs of non-current assets	(655)	(1,028)
OPERATING PROFIT		
	11,132	7,920
Financial income	138	219
Financial expenses	(775)	(1,162)
Foreign exchange gains/losses	(186)	(293)
Profits and losses from equity investments	(498)	(465)
PRE-TAX PROFIT		
	9,811	6,219
Income tax	(1,707)	(2,023)
Minority interests	0	0
NET PROFIT FOR THE YEAR		
	8,104	4,196
EARNINGS PER SHARE (EPS)		
Base	€0.715	€0.367
Diluted	€0.715	€0.367

Sabaf S.p.A. - Statement of financial position

<i>(in euro)</i>	31.12.2013	31.12.2012 ²
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	32,211,558	34,574,889
Investment property	2,221,746	2,416,055
Intangible assets	3,236,104	3,921,690
Equity investments	43,070,033	42,129,019
Non-current assets	1,451,345	1,515,841
- of which from related parties	1,451,345	1,515,841
Non-current receivables	6,800	6,800
Deferred tax assets (prepaid taxes)	3,645,704	3,449,149
Total non-current assets	85,843,290	88,013,443
CURRENT ASSETS		
Inventories	23,874,989	20,779,835
Trade receivables	31,600,439	35,363,276
- of which from related parties	1,191,532	876,361
Tax receivables	1,176,478	1,895,451
- of which from related parties	1,083,666	1,568,002
Other current receivables	1,826,190	1,954,904
- of which from related parties	1,273,233	1,490,988
Cash and cash equivalents	2,345,426	1,601,050
Total current assets	60,823,522	61,594,516
ASSETS HELD FOR SALE	0	0
TOTAL ASSETS	146,666,812	149,607,959
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533,450	11,533,450
Retained earnings, other reserves	89,096,059	87,681,297
Net profit for period	3,729,628	2,236,106
Total shareholders' equity	104,359,137	101,450,853
NON-CURRENT LIABILITIES		
Loans	0	317,003
Post-employment benefit reserve and retirement reserves	2,496,163	2,565,957
Provisions for risks and contingencies	418,576	398,930
Deferred tax	13,698	27,016
Total non-current liabilities	2,928,437	3,308,906
CURRENT LIABILITIES		
Loans	15,495,741	21,524,555
Other financial liabilities	1,542	32,522
Trade payables	16,909,247	17,079,138
Tax payables	1,023,569	668,603
- of which from related parties	317,076	0
Other liabilities	5,949,139	5,543,382
Total current liabilities	39,379,238	44,848,200
LIABILITIES HELD FOR SALE	0	0
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	146,666,812	149,607,959

² 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



Sabaf S.p.A. - Income statement

	2013	2012
<i>(in euro)</i>		
CONTINUING OPERATIONS		
OPERATING REVENUE AND INCOME		
Revenue	112,417,253	116,202,488
- of which from related parties	<i>(3,783,304)</i>	<i>(1,739,878)</i>
Other income	3,270,760	3,239,249
Total operating revenue and income	115,688,013	119,441,737
OPERATING COSTS		
Materials	(44,271,029)	(42,329,552)
Change in inventories	3,095,154	(3,653,626)
Services	(29,811,877)	(30,753,060)
- from related parties	<i>(4,128,330)</i>	<i>(4,043,254)</i>
Payroll costs	(27,054,549)	(25,934,244)
Other operating costs	(1,658,420)	(1,997,587)
Costs for capitalised in-house work	914,997	1,056,473
Total operating cost	(98,785,724)	(103,611,596)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		
	16,902,289	15,830,141
Depreciation & Amortisation	(9,863,693)	(10,389,323)
Capital gains/(losses) on disposal of non-current assets	51,424	374,882
Write-downs/write-backs of non-current assets	(1,707,930)	(2,050,638)
- from related parties	<i>(1,436,656)</i>	<i>(2,050,638)</i>
OPERATING PROFIT	5,382,090	3,765,062
Financial income	83,256	40,918
Financial expenses	(687,420)	(828,160)
Foreign exchange gains/losses	(94,439)	(61,348)
Profits and losses from equity investments	1,034,076	792,079
- from related parties	<i>1,034,076</i>	<i>792,079</i>
PRE-TAX PROFIT	5,717,563	3,708,551
Income tax	(1,987,935)	(1,472,445)
NET PROFIT FOR THE YEAR	3,729,628	2,236,106