

Press release

Ospitaletto, 13 May 2014

SABAF: FIRST-QUARTER 2014 RESULTS APPROVED

- First-quarter 2014 revenues €33.1 million (+5.6%); EBITDA €6 million (+5.4%); EBIT €2.9 million (+17.5%); net profit €1.5 million (+16.4%)
- Forecasts for moderate growth for FY 2014 versus 2013 in sales and profitability confirmed

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto (Brescia) to approve the Interim Operating Report for the first quarter of 2014.

Consolidated results for 1Q14

The Sabaf Group recorded sales revenue of €33.1 million in the first quarter of 2014, up 5.6% from €31.4 million in the same quarter of the previous year. Revenue growth was 6.7% at constant exchange rates.

Compared with the first quarter of 2013, sales were broadly stable on European markets, with total sales unchanged at €21.1 million. On international markets the Group put in a mixed performance: excellent results in Africa, where it recorded a 261% increase in sales to €3.9 million, and in the US, were offset by negative figures in South America, where sales fell by 8.7% to €5.2 million - mainly owing to the exchange rate effect - and in Asia, owing to the modest contribution of Middle East markets compared with the past.

An analysis by product family shows a healthy increase in the sales of valves (both brass and light alloy) and broadly stable burner sales.

EBITDA during the period was €6 million, equal to 18.1% of sales, up by 5.4% from €5.7 million (18.2% of sales) in 1Q13. EBIT was €2.9 million, equal to 8.8% of sales, up 17.5% from €2.5 million in the same period of 2013 (7.9% of sales).

Average sales prices were approximately 2% lower than in the first quarter of 2013, while a further fall of 1% was due to the different customer/product mix. These negative effects were offset by lower raw material purchase costs (positive effect equivalent to 1% of sales), greater operating leverage and further improvements in productivity.

Net profit for the period was €1.5 million, up 16.4% on the figure of €1.3 million for 1Q13.

Net investments for the quarter came to €2.2 million (€1.8 million in 1Q13). As at 31 March 2014, net financial debt was €16.2 million versus €16.7 million as at 31 December 2013, while shareholders' equity amounted to €119.8 million (versus €118 million as at 31 December 2013).

Business outlook

For FY 2014, the Group confirms its forecasts of moderate growth in sales and profitability compared with 2013. These hypotheses are based on a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from forecasts.



Assessment of the independence of director Maria Chiara Franceschetti

The Board verified that director Maria Chiara Franceschetti, elected to the board by the shareholders' meeting of 29 April 2014, has the autonomy requirements required by the TUF and the code of corporate governance by Borsa Italiana.

Today at 2.30 p.m. CET, there will be a conference call to illustrate the 1Q14 results to financial analysts and institutional investors (call +39 02-8058811).

The Interim Operating Report for 1Q14, 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:

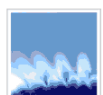
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Founded in the early 1950s, SABAF has grown consistently over the years to become the key manufacturer in Italy – and one of the leading in the world – of components for kitchens and domestic gas cooking appliances.

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

(in thousands of euro)	31.03.2014	31.12.2013	31.03.2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	75,056	75,701	80,759
Investment property	7,562	7,674	7,336
Intangible assets	7,330	7,290	7,652
Equity investments	784	905	807
Non-current receivables	445	426	90
Deferred tax assets (prepaid taxes)	5,368	5,471	4,029
Total non-current assets	96,545	97,467	100,673
CURRENT ASSETS			
Inventories	29,919	28,226	26,932
Trade receivables	39,493	36,442	40,311
Tax receivables	2,589	2,595	3,607
Other current receivables	1,292	874	1,371
Current financial assets	0	22	0
Cash and cash equivalents	3,013	5,111	6,043
Total current assets	76,306	73,270	78,264
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	172,851	170,737	178,937
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	106,745	98,318	103,674
Net profit for period	1,520	8,104	1,306
Total equity attributable to the Group parent company	119,798	117,955	116,513
Minority interest	0	0	0
Total shareholders' equity	119,798	117,955	116,513
NON-CURRENT LIABILITIES			
Loans	3,861	3,895	4,909
Post-employment benefit reserve and retirement reserves	2,809	2,845	2,921
Provisions for risks and contingencies	614	672	626
Deferred tax	637	532	498
Total non-current liabilities	7,921	7,944	8,954
CURRENT LIABILITIES			
Loans	15,322	17,940	25,227
Other financial liabilities	0	2	38
Trade payables	20,721	18,963	21,023
Tax payables	2,178	1,494	881
Other liabilities	6,911	6,439	6,301
Total current liabilities	45,132	44,838	53,470
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	172,851	170,737	178,937



Consolidated income statement

<i>(in thousands of euro)</i>	Q1 2014		Q1 2013		12M 2013	
CONTINUING OPERATIONS						
OPERATING REVENUE AND INCOME						
Revenue	33,124	100.0%	31,373	100.0%	130,967	100.0%
Other income	1,029	3.1%	991	3.2%	3,918	3.0%
Total operating revenue and income	34,153	103.1%	32,364	103.2%	134,885	103.0%
OPERATING COSTS						
Materials	(14,346)	-43.3%	(13,684)	-43.6%	(52,415)	-40.0%
Change in inventories	1,626	4.9%	2,896	9.2%	4,784	3.7%
Services	(7,319)	-22.1%	(7,821)	-24.9%	(30,083)	-23.0%
Payroll costs	(8,017)	-24.2%	(7,898)	-25.2%	(31,339)	-23.9%
Other operating costs	(360)	-1.1%	(444)	-1.4%	(2,175)	-1.7%
Costs for capitalised in-house work	270	0.8%	287	0.9%	915	0.7%
Total operating cost	(28,146)	-85.0%	(26,664)	-85.0%	(110,313)	-84.2%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	6,007	18.1%	5,700	18.2%	24,572	18.8%
Depreciation & Amortisation	(3,124)	-9.4%	(3,229)	-10.3%	(12,856)	-9.8%
Capital gains/(losses) on disposal of non-current assets	20	0.1%	0	0.0%	71	0.1%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	(655)	-0.5%
OPERATING PROFIT (EBIT)						
	2,903	8.8%	2,471	7.9%	11,132	8.5%
Financial income	31	0.1%	41	0.1%	138	0.1%
Financial expenses	(151)	-0.5%	(200)	-0.6%	(775)	-0.6%
Foreign exchange gains/losses	(19)	-0.1%	84	0.3%	(186)	-0.1%
Profits and losses from equity investments	(115)	-0.3%	(138)	-0.4%	(498)	-0.4%
PRE-TAX PROFIT						
	2,649	8.0%	2,258	7.2%	9,811	7.5%
Income tax	(1,129)	-3.4%	(952)	-3.0%	(1,707)	-1.3%
Minority interests	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD						
	1,520	4.6%	1,306	4.2%	8,104	6.2%



Consolidated cash flow statement

<i>(in thousands of euro)</i>	Q1 2014	Q1 2013	FY 2013
<i>Cash and cash equivalents at beginning of period</i>	5,111	6,137	6,137
Net profit/(loss) for period	1,520	1,306	8,104
Adjustments for:			
- Depreciation and amortisation for the period	3,124	3,229	12,856
- Realised gains/losses	(20)	0	(71)
- Write-downs/write-backs of non-current assets	0	0	655
- Profits and losses from equity investments	115	138	498
- Financial income and expenses	120	159	637
- Income tax	1,129	952	1,707
Change in post-employment benefit reserve	(51)	(9)	(145)
Change in general provisions	(58)	(6)	40
<i>Change in trade receivables</i>	<i>(3,051)</i>	<i>(2,343)</i>	<i>1,526</i>
<i>Change in inventories</i>	<i>(1,693)</i>	<i>(2,896)</i>	<i>(4,190)</i>
<i>Change in trade payables</i>	<i>1,758</i>	<i>2,479</i>	<i>419</i>
Change in working capital	(2,986)	(2,760)	(2,245)
Change in other receivables and payables, deferred tax liabilities	(175)	(800)	916
Payment of taxes	(20)	(141)	(2,096)
Payment of financial expenses	(136)	(185)	(706)
Collection of financial income	31	41	138
Cash flow from operations	2,593	1,924	20,288
Net investments	(2,210)	(1,832)	(10,240)
Repayment of loans	(4,775)	(2,833)	(15,668)
New loans	2,121	3,074	7,572
Short-term financial assets	0	0	(22)
(Purchase) and sale of own shares	0	(778)	3,084
Payment of dividends	0	0	(3,911)
Cash flow from financing activities	(2,654)	(537)	(8,945)
Foreign exchange differences	173	351	(2,129)
Net financial flows for the period	(2,098)	(94)	(1,026)
<i>Cash and cash equivalents at end of period</i>	3,013	6,043	5,111
Current net financial debt	15,322	25,265	17,941
Non-current financial debt	3,861	4,909	3,896
Net financial debt	16,170	24,131	16,726



Consolidated net financial position

<i>(in thousands of euro)</i>	31.03.2014	31.12.2013	31.03.2013
A. Cash	10	15	10
B. Positive balances of unrestricted bank accounts	2,633	4,519	3,005
C. Other liquidities	370	577	3,028
D. Cash and cash equivalents (A+B+C)	3,013	5,111	6,043
E. Current bank overdrafts	14,275	15,503	21,867
F. Current portion of non-current debt	1,047	1,363	3,360
G. Other current financial payables	0	1,075	38
H. Current financial debt (E+F+G)	15,322	17,941	25,265
I. Current net financial debt (H-D)	12,309	12,830	19,222
J. Non-current bank payables	1,859	1,859	2,771
K. Other non-current financial payables	2,002	2,037	2,138
L. Non-current financial debt (J+K)	3,861	3,896	4,909
M. Net financial debt (L+I)	16,170	16,726	24,131

