

Press release

Ospitaletto (BS), 11 November 2014

SABAF: THIRD-QUARTER 2014 RESULTS APPROVED

- Sabaf reported third-quarter revenue of €30.7 million (-7.2%); EBITDA of €5.9 million (-7.6%); EBIT of €2.9 million (-2.4%); and net profit of €1.8 million (-11.1%)
- For the first nine months of 2014, Sabaf reported revenue of €102 million (+0.5%); EBITDA of €19.9 million (+0.6%); EBIT of €10.7 million (+11.6%); and net profit of €6.3 million (+4.8%)
- Forecasts of 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 to approve the Interim Management Statement at 30 September 2014.

In the third quarter of 2014, the Sabaf Group recorded sales revenue of €30.7 million, down 7.2% compared with €33.1 million in the third quarter of 2013. Sales in the period were significantly affected by the sharp downturn in the South American market, where the decline continued in the first part of the year. Similarly, the Italian market showed no signs of recovery; however, a good performance was achieved in Eastern Europe (+20%). North America also registered steady sales growth.

Average sales prices were down by around 2% on the same period in 2013. As in previous quarters, this decrease was offset by lower raw materials costs (1% of sales) and increased productivity.

EBITDA was €5.9 million in the third quarter of 2014, equal to 19.3% of sales and down by 7.6% compared with the €6.4 million (19.4% of sales) registered in the third quarter of 2013. EBIT was €3 million, equal to 9.7% of sales and largely unchanged compared with the same period last year (9.2% of sales). Pre-tax profit was €2.8 million, up 6.8% on €2.6 million in the third quarter of 2013, and net profit for the period was €1.8 million, compared with €2 million in the third quarter of 2013 (-11.1%).

In the first nine months of 2014, revenue came to €102 million, representing an increase of 0.5% on the same period of 2013; EBITDA was €19.9 million (accounting for 19.5% of sales, up 0.6%), EBIT came in at €10.7 million (accounting for 10.5% of sales, up 11.6%) and net profit was €6.3 million (4.8% versus the first nine months of 2013).

Investments totalled €2.2 million, bringing total investments since the start of the year to €7.3 million (€7.9 million in the first nine months of 2013).

As at 30 September 2014, net financial debt was €18 million (€19.8 million as at 30 June 2014), while shareholders' equity amounted to €120.5 million.



In view of the positive sales performance in October and November, for full-year 2014 the Group has confirmed forecasts of moderate revenue and profit growth compared with 2013.

The Group is currently negotiating with its customers for 2015; it is not yet possible to make forecasts for next year.

At 3 p.m. CET today, there will be a conference call to present the third-quarter 2014 results to financial analysts and institutional investors. The Interim Management Statement for the third quarter of 2014, 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 hereby declares that the financial disclosure contained in this press release corresponds to the company's records, books and accounting entries.

Attachments include the statement of financial position, income statement, net financial position and cash flow statement.

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 makers 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 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 builtin 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 more than 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 and Sabaf Turkey, which are active in production of burners for the South American and Turkish markets.

Sabaf is also present through subsidiaries in the People's Republic of China, Mexico and the United States.

Consolidated statement of financial position

	30.09.2014	31.12.2013	30.09.2013
<i>(in thousands of euro)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	74,188	75,701	77,064
Investment property	7,339	7,674	7,808
Intangible assets	7,377	7,290	7,442
Equity investments	821	905	875
Non-current receivables	546	426	581
Deferred tax assets (prepaid taxes)	5,476	5,471	4,422
Total non-current assets	95,747	97,467	98,192
CURRENT ASSETS			
Inventories	33,306	28,226	28,403
Trade receivables	39,496	36,442	42,406
Tax receivables	2,778	2,595	2,337
Other current receivables	1,438	874	1,357
Current financial assets	0	22	32
Cash and cash equivalents	2,637	5,111	3,331
Total current assets	79,655	73,270	77,866
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	175,402	170,737	176,058
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	102,678	98,318	99,953
Net profit for period	6,260	8,104	5,973
<i>Total equity attributable to the Group parent company</i>	<i>120,471</i>	<i>117,955</i>	<i>117,459</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	120,471	117,955	117,459
NON-CURRENT LIABILITIES			
Loans	3,332	3,895	4,386
Post-employment benefit reserve and retirement reserves	2,735	2,845	2,852
Provisions for risks and contingencies	544	672	692
Deferred tax	668	532	487
Total non-current liabilities	7,279	7,944	8,417
CURRENT LIABILITIES			
Loans	17,281	17,940	21,425
Other financial liabilities	70	2	5
Trade payables	19,978	18,963	18,733
Tax payables	2,559	1,494	2,117
Other liabilities	7,764	6,439	7,902
Total current liabilities	47,652	44,838	50,182
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	175,402	170,737	176,058

Consolidated income statement

	3Q 2014		3Q 2013		9M 2014		9M 2013	
<i>(in thousands of euro)</i>								
CONTINUING OPERATIONS								
OPERATING REVENUE AND INCOME								
Revenue	30,681	100.0%	33,058	100.0%	101,966	100.0%	101,459	100.0%
Other income	840	2.7%	853	2.6%	2,853	2.8%	2,931	2.9%
Total operating revenue and income	31,521	102.7%	33,911	102.6%	104,819	102.8%	104,390	102.9%
OPERATING COSTS								
Materials	(13,057)	-42.6%	(11,258)	-34.1%	(42,694)	-41.9%	(41,226)	-40.6%
Change in inventories	2,479	8.1%	(1,182)	-3.6%	4,930	4.8%	4,823	4.8%
Services	(7,431)	-24.2%	(7,112)	-21.5%	(22,631)	-22.2%	(23,311)	-23.0%
Payroll costs	(7,622)	-24.8%	(7,430)	-22.5%	(24,415)	-23.9%	(23,768)	-23.4%
Other operating costs	(167)	-0.5%	(657)	-2.0%	(862)	-0.8%	(1,841)	-1.8%
Costs for capitalised in-house work	213	0.7%	149	0.5%	746	0.7%	702	0.7%
Total operating cost	(25,585)	-83.4%	(27,490)	-83.2%	(84,926)	-83.3%	(84,621)	-83.4%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	5,936	19.3%	6,421	19.4%	19,893	19.5%	19,769	19.5%
Depreciation & Amortisation	(3,012)	-9.8%	(3,201)	-9.7%	(9,291)	-9.1%	(9,645)	-9.5%
Capital gains/(losses) on disposal of non-current assets	38	0.1%	68	0.2%	62	0.1%	68	0.1%
Write-downs/write-backs of non-current assets	0	0.0%	(252)	-0.8%	0	0.0%	(635)	-0.6%
	0							
OPERATING PROFIT (EBIT)	2,962	9.7%	3,036	9.2%	10,664	10.5%	9,557	9.4%
Financial income	5	0.0%	36	0.1%	49	0.0%	108	0.1%
Financial expenses	(153)	-0.5%	(196)	-0.6%	(462)	-0.5%	(607)	-0.6%
Foreign exchange gains/losses	117	0.4%	(164)	-0.5%	130	0.1%	(125)	-0.1%
Profits and losses from equity investments	(123)	-0.4%	(84)	-0.3%	(387)	-0.4%	(373)	-0.4%
PRE-TAX PROFIT	2,808	9.2%	2,628	7.9%	9,994	9.8%	8,560	8.4%
Income tax	(1,014)	-3.3%	(610)	-1.8%	(3,734)	-3.7%	(2,587)	-2.5%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD	1,794	5.8%	2,018	6.1%	6,260	6.1%	5,973	5.9%

Consolidated cash flow statement

(in thousands of euro)

	3Q 2014	3Q 2013	9M 2014	9M 2013
Cash and cash equivalents at beginning of period	2,494	6,137	5,111	6,137
Net profit/(loss) for period	1,794	2,018	6,260	5,973
Adjustments for:				
- Depreciation and amortisation for the period	3,012	3,201	9,291	9,645
- Realised gains/losses	(38)	(68)	(62)	(68)
- Write-downs/write-backs of non-current assets	0	252	0	635
- Profits and losses from equity investments	123	84	387	373
- Financial income and expenses	148	160	413	499
- Income tax	1,014	610	3,734	2,587
Payment of post-employment benefit reserve	(56)	(61)	(155)	(129)
Change in general provisions	(90)	7	(128)	60
<i>Change in trade receivables</i>	<i>7,061</i>	<i>1,530</i>	<i>(3,054)</i>	<i>(4,438)</i>
<i>Change in inventories</i>	<i>(2,443)</i>	<i>1,361</i>	<i>(5,080)</i>	<i>(4,367)</i>
<i>Change in trade payables</i>	<i>(4,842)</i>	<i>(5,961)</i>	<i>1,015</i>	<i>189</i>
Change in working capital	(224)	(3,070)	(7,119)	(8,616)
Change in other receivables and payables, deferred tax liabilities	26	530	94	1,461
Payment of taxes	(1,595)	(228)	(2,172)	(799)
Payment of financial expenses	(138)	(178)	(417)	(554)
Collection of financial income	5	36	49	108
Cash flow from operations	3,981	3,293	10,175	11,175
Net investments	(2,179)	(3,524)	(7,318)	(7,862)
Repayment of loans	(4,985)	(4,356)	(11,542)	(8,290)
New loans	3,361	791	10,387	4,173
Short-term financial assets	0	(21)	0	(32)
Purchase/sale own shares	0	3,974	0	3,084
Payment of dividends	0	0	(4,613)	(3,911)
Cash flow from financing activities	(1,624)	388	(5,768)	(4,976)
Foreign exchange differences	(35)	(541)	437	(1,143)
Net financial flows for the period	143	(384)	(2,474)	(2,806)
Cash and cash equivalents at end of period	2,637	3,331	2,637	3,331
Current net financial debt	17,351	21,430	17,351	21,430
Non-current financial debt	3,332	4,386	3,332	4,386
Net financial debt	18,046	22,485	18,046	22,485

Consolidated net financial position

<i>(in thousands of euro)</i>	30.09.2014	31.12.2013	30.09.2013
A. Cash	11	15	13
B. Positive balances of unrestricted bank accounts	2,354	4,519	2,768
C. Other liquidities	272	577	550
D. Cash and cash equivalents (A+B+C)	2,637	5,111	3,331
E. Current bank overdrafts	16,226	15,503	17,133
F. Current portion of non-current debt	1,055	1,363	1,673
G. Other current financial payables	70	1,075	2,624
H. Current financial debt (E+F+G)	17,351	17,941	21,430
I. Current net financial debt (H-D)	14,714	12,830	18,099
J. Non-current bank payables	1,398	1,859	2,316
K. Other non-current financial payables	1,934	2,037	2,070
L. Non-current financial debt (J+K)	3,332	3,896	4,386
M. Net financial debt (L+I)	18,046	16,726	22,485