

Press release

Ospitaletto, 10 February 2015

**SABAF: FOURTH-QUARTER 2014 RESULTS APPROVED**

- **Revenue for 4Q 2014 €34.4 million (+16.5%); EBITDA €6.1 million (+26.2%); EBIT €2.5 million (+59.4%); net profit €2.1 million (-2.5%)**
- **Revenue for FY 2014 €136.3 million (+4.1%); EBITDA €26 million (+5.6%); EBIT €13.2 million (+18.4%); net profit €3.3 million (+2.9%)**
- **For 2015, sales and profitability expected to be up slightly versus 2014**
- **Proposed dividend of €0.40 per share (the same as the 2014 ordinary dividend)**

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The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement for the fourth quarter of 2014.

*Consolidated results for 4Q14*

In 4Q 2014, the Sabaf Group booked sales revenue of €34.4 million, representing an increase of 16.5% compared with the figure of €29.5 million registered in 4Q 2013. In the final quarter of the year, excellent results were achieved in Eastern Europe (sales of €9.6 million, up 48.7%, due to Turkey's performance) and in Asia (sales of €3.8 million, up 48.5%). North America and Africa also continued to register strong growth. Although South American sales were better than in the previous quarters, they nevertheless came in below the fourth quarter of 2013.

EBITDA for 4Q 2014 amounted to €6.1 million, with a 17.6% margin on sales, up by 26.2% vs. €4.8 million (16.3% margin on sales) in 4Q 2013. EBIT was €2.5 million, equivalent to 7.3% of sales, compared with €1.6 million in the same quarter in 2013. Pre-tax profit was €2.2 million, compared with €1.3 million in 4Q 2013. Net profit for the period came in at €2.1 million, largely unchanged compared with the fourth quarter of 2013.

*Consolidated results for full-year 2014*

Revenues for full-year 2014 came in at €136.3 million, up 4.1% compared with €131 million in 2013. Higher sales were accompanied by further improvements in profitability: EBITDA was €26 million (with a 19% margin on sales, up 5.6%), EBIT totalled €13.2 million (9.7% of sales, up 18.4%), and net profit came in at €3.3 million (up 2.9% compared with 2013).

*Equity and cash flow*

Investments in the quarter totalled €4.2 million, bringing total investments for the year to €11.5 million (€10.2 million in 2013).

An extraordinary dividend was paid out to shareholders in the fourth quarter of 2014 of €1 per share, pursuant to the resolution of the Shareholders' Meeting of 28 October 2014.

At 31 December 2014, net financial debt was €26.9 million, compared with €18 million at 30 September 2014 and €16.7 million at 31 December 2013.

### *Outlook*

In 2015, the scenario remains hard to interpret, with some positive factors (such as the dollar's appreciation against the euro) and others that are less favourable (the uncertainty of the Italian and European recovery and a competitive environment that continues to be difficult).

The Group believes that it will be able to achieve sales and profitability levels that are slightly higher than those of 2014. 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 propose a dividend of €0.40 per share at the Shareholders' Meeting (the same as the ordinary dividend paid out in 2014).

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*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 Management Statement for 4Q 2014, which has not been independently audited, is available in the Investor Relations section of the website [www.sabaf.it](http://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 more information:

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| <b>Investor Relations</b><br>Gianluca Beschi<br>Tel: +39 030 6843236<br><a href="mailto:gianluca.beschi@sabaf.it">gianluca.beschi@sabaf.it</a><br><a href="http://www.sabaf.it">www.sabaf.it</a> | <b>Press Office</b><br>Power Emprise - tel. +39 02 39400100<br>Cosimo Pastore - +39 335 213305<br><a href="mailto:cosimopastore@poweremprise.com">cosimopastore@poweremprise.com</a><br>Sara Pavesi - +39 340 6486083<br><a href="mailto:sarapavesi@poweremprise.com">sarapavesi@poweremprise.com</a><br>Erminia Cannistrà - +39 340 8684279<br><a href="mailto:erminiacannistra@poweremprise.com">erminiacannistra@poweremprise.com</a> |
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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 producers in the world – of components for kitchens and domestic gas cooking appliances.*

*There are four main lines of production: 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 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.*

**Consolidated statement of financial position**

|  | 31.12.2014     | 30.09.2014     | 31.12.2013     |
|--|----------------|----------------|----------------|
| (€000)   |                |                |                |
| <b>ASSETS</b>                                      |                |                |                |
| <b>NON-CURRENT ASSETS</b>                          |                |                |                |
| Tangible assets (property, plant, and equipment)   | 74,483         | 74,188         | 75,701         |
| Real estate investment                             | 7,228          | 7,339          | 7,674          |
| Intangible assets                                  | 7,359          | 7,377          | 7,290          |
| Equity investments                                 | 974            | 821            | 905            |
| Non-current receivables                            | 529            | 546            | 426            |
| Deferred tax assets                                | 5,579          | 5,476          | 5,471          |
| <b>Total non-current assets</b>                    | <b>96,152</b>  | <b>95,747</b>  | <b>97,467</b>  |
| <b>CURRENT ASSETS</b>                              |                |                |                |
| Inventories  | 30,774         | 33,306         | 28,226         |
| Trade receivables                                  | 40,521         | 39,496         | 36,442         |
| Tax receivables                                    | 2,390          | 2,778          | 2,595          |
| Other current receivables                          | 1,095          | 1,438          | 874            |
| Current financial assets                           | 0              | 0              | 22             |
| Cash and cash equivalents                          | 2,958          | 2,637          | 5,111          |
| <b>Total current assets</b>                        | <b>77,738</b>  | <b>79,655</b>  | <b>73,270</b>  |
| <b>ASSETS HELD FOR SALE</b>                        | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>TOTAL ASSETS</b>                                | <b>173,890</b> | <b>175,402</b> | <b>170,737</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>        |                |                |                |
| <b>SHAREHOLDERS' EQUITY</b>                        |                |                |                |
| Share capital                                      | 11,533         | 11,533         | 11,533         |
| Retained earnings, other reserves                  | 90,867         | 102,678        | 98,318         |
| Net profit for the year                            | 8,338          | 6,260          | 8,104          |
| <i>Total equity interest of the Parent Company</i> | <i>110,738</i> | <i>120,471</i> | <i>117,955</i> |
| <i>Minority interests</i>                          | <i>0</i>       | <i>0</i>       | <i>0</i>       |
| <b>Total shareholders' equity</b>                  | <b>110,738</b> | <b>120,471</b> | <b>117,955</b> |
| <b>NON-CURRENT LIABILITIES</b>                     |                |                |                |
| Loans  | 10,173         | 3,332          | 3,895          |
| Post-employment benefit and retirement reserves    | 3,028          | 2,735          | 2,845          |
| Reserves for risks and contingencies               | 605            | 544            | 672            |
| Deferred tax                                       | 692            | 668            | 532            |
| <b>Total non-current liabilities</b>               | <b>14,498</b>  | <b>7,279</b>   | <b>7,944</b>   |
| <b>CURRENT LIABILITIES</b>                         |                |                |                |
| Loans  | 19,613         | 17,281         | 17,940         |
| Other financial liabilities                        | 105            | 70             | 2              |
| Trade payables                                     | 19,328         | 19,978         | 18,963         |
| Tax payables                                       | 2,453          | 2,559          | 1,494          |
| Other liabilities                                  | 7,155          | 7,764          | 6,439          |
| <b>Total current liabilities</b>                   | <b>48,654</b>  | <b>47,652</b>  | <b>44,838</b>  |
| <b>LIABILITIES HELD FOR SALE</b>                   | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <b>173,890</b> | <b>175,402</b> | <b>170,737</b> |

### Consolidated income statement

|  | Q4 2014         |               | Q4 2013         |               | 12M 2014         |               | 12M 2013         |               |
|--|-----------------|---------------|-----------------|---------------|------------------|---------------|------------------|---------------|
| <i>(€'000)</i>   |                 |               |                 |               |                  |               |                  |               |
| <b>CONTINUING OPERATIONS</b>   |                 |               |                 |               |                  |               |                  |               |
| OPERATING REVENUE AND INCOME   |                 |               |                 |               |                  |               |                  |               |
| Revenue  | 34,371          | 100.0%        | 29,508          | 100.0%        | 136,337          | 100.0%        | 130,967          | 100.0%        |
| Other income   | 895             | 2.6%          | 987             | 3.3%          | 3,748            | 2.7%          | 3,918            | 3.0%          |
| <b>Total operating revenue and income</b>  | <b>35,266</b>   | <b>102.6%</b> | <b>30,495</b>   | <b>103.3%</b> | <b>140,085</b>   | <b>102.7%</b> | <b>134,885</b>   | <b>103.0%</b> |
| OPERATING COSTS  |                 |               |                 |               |                  |               |                  |               |
| Materials  | (11,778)        | -34.3%        | (11,189)        | -37.9%        | (54,472)         | -40.0%        | (52,415)         | -40.0%        |
| Change in inventories  | (2,483)         | -7.2%         | (39)            | -0.1%         | 2,447            | 1.8%          | 4,784            | 3.7%          |
| Services   | (7,244)         | -21.1%        | (6,772)         | -22.9%        | (29,875)         | -21.9%        | (30,083)         | -23.0%        |
| Payroll costs  | (7,765)         | -22.6%        | (7,571)         | -25.7%        | (32,180)         | -23.6%        | (31,339)         | -23.9%        |
| Other operating costs  | (180)           | -0.5%         | (334)           | -1.1%         | (1,042)          | -0.8%         | (2,175)          | -1.7%         |
| Costs for capitalised in-house work  | 243             | 0.7%          | 213             | 0.7%          | 989              | 0.7%          | 915              | 0.7%          |
| <b>Total operating costs</b>   | <b>(29,207)</b> | <b>-85.0%</b> | <b>(25,692)</b> | <b>-87.1%</b> | <b>(114,133)</b> | <b>-83.7%</b> | <b>(110,313)</b> | <b>-84.2%</b> |
| <b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b> |                 |               |                 |               |                  |               |                  |               |
|  | <b>6,059</b>    | <b>17.6%</b>  | <b>4,803</b>    | <b>16.3%</b>  | <b>25,952</b>    | <b>19.0%</b>  | <b>24,572</b>    | <b>18.8%</b>  |
| Depreciation and amortization  | (3,001)         | -8.7%         | (3,211)         | -10.9%        | (12,292)         | -9.0%         | (12,856)         | -9.8%         |
| Capital gains/(losses) on disposals of non-current assets  | 1               | 0.0%          | 3               | 0.0%          | 63               | 0.0%          | 71               | 0.1%          |
| Write-downs/write-backs of non-current assets  | (548)           | -1.6%         | (20)            | -0.1%         | (548)            | -0.4%         | (655)            | -0.5%         |
| <b>OPERATING PROFIT (EBIT)</b>   | <b>2,511</b>    | <b>7.3%</b>   | <b>1,575</b>    | <b>5.3%</b>   | <b>13,175</b>    | <b>9.7%</b>   | <b>11,132</b>    | <b>8.5%</b>   |
| Financial income   | 12              | 0.0%          | 30              | 0.1%          | 61               | 0.0%          | 138              | 0.1%          |
| Financial expenses   | (130)           | -0.4%         | (168)           | -0.6%         | (592)            | -0.4%         | (775)            | -0.6%         |
| Exchange rate gains and losses   | (11)            | 0.0%          | (61)            | -0.2%         | 119              | 0.1%          | (186)            | -0.1%         |
| Profits and losses from equity investments   | (219)           | -0.6%         | (125)           | -0.4%         | (606)            | -0.4%         | (498)            | -0.4%         |
| <b>PROFIT BEFORE TAXES</b>   | <b>2,163</b>    | <b>6.3%</b>   | <b>1,251</b>    | <b>4.2%</b>   | <b>12,157</b>    | <b>8.9%</b>   | <b>9,811</b>     | <b>7.5%</b>   |
| Income tax   | (85)            | -0.2%         | 880             | 3.0%          | (3,819)          | -2.8%         | (1,707)          | -1.3%         |
| Minority interests   | 0               | 0.0%          | 0               | 0.0%          | 0                | 0.0%          | 0                | 0.0%          |
| <b>NET PROFIT FOR THE PERIOD</b>   | <b>2,078</b>    | <b>6.0%</b>   | <b>2,131</b>    | <b>7.2%</b>   | <b>8,338</b>     | <b>6.1%</b>   | <b>8,104</b>     | <b>6.2%</b>   |

### Consolidated statement of cash flows

| (€'000)  | Q4 2014             | Q4 2013             | 12M 2014            | 12M 2013            |
|--|---------------------|---------------------|---------------------|---------------------|
| <b><i>Cash and cash equivalents at beginning of period</i></b> | <b>2,637</b>        | <b>6,137</b>        | <b>5,111</b>        | <b>6,137</b>        |
| Net profit/(loss) for the period                               | 2,078               | 2,131               | 8,338               | 8,104               |
| Adjustments for:   |                     |                     |                     |                     |
| - Depreciation and amortisation for the period                 | 3,001               | 3,211               | 12,292              | 12,856              |
| - Realised gains/losses  | (1)                 | (3)                 | (63)                | (71)                |
| - Write-downs/write-backs of non-current assets                | 548                 | 20                  | 548                 | 655                 |
| - Profits and losses from equity investments                   | 219                 | 125                 | 606                 | 498                 |
| - Financial income and expenses                                | 118                 | 138                 | 531                 | 637                 |
| - Income tax   | 85                  | (880)               | 3,819               | 1,707               |
| Payment of post-employment benefit reserve                     | (3)                 | (16)                | (158)               | (145)               |
| Change in risk provisions                                      | 61                  | (20)                | (67)                | 40                  |
| <i>Change in trade receivables</i>                             | <i>(1,025)</i>      | <i>5,964</i>        | <i>(4,079)</i>      | <i>1,526</i>        |
| <i>Change in inventories</i>                                   | <i>2,532</i>        | <i>177</i>          | <i>(2,548)</i>      | <i>(4,190)</i>      |
| <i>Change in trade payables</i>                                | <i>(650)</i>        | <i>230</i>          | <i>365</i>          | <i>419</i>          |
| Change in net working capital                                  | 857                 | 6,371               | (6,262)             | (2,245)             |
| Change in other receivables and payables, deferred tax         | 116                 | (545)               | 210                 | 916                 |
| Payment of taxes   | (153)               | (1,297)             | (2,325)             | (2,096)             |
| Payment of financial expenses                                  | (136)               | (152)               | (553)               | (706)               |
| Collection of financial income                                 | 12                  | 30                  | 61                  | 138                 |
| <b>Cash flow from operations</b>                               | <b>6,802</b>        | <b>9,113</b>        | <b>16,977</b>       | <b>20,288</b>       |
| <b>Net investments</b>   | <b>(4,173)</b>      | <b>(2,378)</b>      | <b>(11,491)</b>     | <b>(10,240)</b>     |
| Repayment of loans   | (5,451)             | (7,378)             | (16,993)            | (15,668)            |
| New loans  | 14,660              | 3,399               | 25,047              | 7,572               |
| Short-term financial assets                                    | 0                   | 10                  | 0                   | (22)                |
| Purchase/sale own shares                                       | 0                   | 0                   | 0                   | 3,084               |
| Payment of dividends   | (11,533)            | 0                   | (16,146)            | (3,911)             |
| <b>Cash flow from financing activities</b>                     | <b>(2,324)</b>      | <b>(3,969)</b>      | <b>(8,092)</b>      | <b>(8,945)</b>      |
| Foreign exchange differences                                   | 16                  | (986)               | 453                 | (2,129)             |
| <b>Net financial flows for the period</b>                      | <b>321</b>          | <b>1,780</b>        | <b>(2,153)</b>      | <b>(1,026)</b>      |
| <b><i>Cash and cash equivalents at end of period</i></b>       | <b><i>2,958</i></b> | <b><i>5,111</i></b> | <b><i>2,958</i></b> | <b><i>5,111</i></b> |
| Current financial debt   | 19,718              | 17,941              | 19,718              | 17,941              |
| Non-current financial debt                                     | 10,173              | 3,896               | 10,173              | 3,896               |
| <b>Net financial debt</b>                                      | <b>26,933</b>       | <b>16,726</b>       | <b>26,933</b>       | <b>16,726</b>       |

### Consolidated net financial position

| <i>(€'000)</i>                                     | <b>31.12.2014</b> | <b>30.09.2014</b> | <b>31.12.2013</b> |
|--|-------------------|-------------------|-------------------|
| A. Cash  | 9                 | 11                | 15                |
| B. Positive balances of unrestricted bank accounts | 2,691             | 2,354             | 4,519             |
| C. Other cash equivalents                          | 258               | 272               | 577               |
| <b>D. Liquidity (A+B+C)</b>                        | <b>2,958</b>      | <b>2,637</b>      | <b>5,111</b>      |
| E. Current bank overdrafts                         | 16,029            | 16,226            | 15,503            |
| F. Current portion of non-current debt             | 3,584             | 1,055             | 1,363             |
| G. Other current financial payables                | 105               | 70                | 1,075             |
| <b>H. Current financial debt (E+F+G)</b>           | <b>19,718</b>     | <b>17,351</b>     | <b>17,941</b>     |
| <b>I. Current net financial debt (H-D)</b>         | <b>16,760</b>     | <b>14,714</b>     | <b>12,830</b>     |
| J. Non-current bank payables                       | 8,275             | 1,398             | 1,859             |
| K. Other non-current financial payables            | 1,898             | 1,934             | 2,037             |
| <b>L. Non-current financial debt (J+K)</b>         | <b>10,173</b>     | <b>3,332</b>      | <b>3,896</b>      |
| <b>M. Net financial debt (L+I)</b>                 | <b>26,933</b>     | <b>18,046</b>     | <b>16,726</b>     |