

FINANCIAL PRESENTATION

Florence, 20 May 2016

Product range

Single ring burners



Special and multi-rings burners



Gas valves



Micro switches & accessories



Oven hinges



Oven burners



Thermostats



Production sites



SABAF Headquarters OSPITALETTO, BRESCIA - ITALY



All Burners
Gas valves &
Thermostats
Microswitch Harness
Spark Plugs
Accessories



SABAF China : KUNSHAN - PRC



Wok Burners



Sabaf Turkey MANISA, IZMIR - TURKEY



Standard Burners



Faringosi Hinges S.r.l. BAREGGIO, MILANO - ITALY



Hinges



Sabaf do Brasil, JUNDIAI, SAO PAULO - BRAZIL



Standard Burners
Special Burners (2016)

Becoming even more international

- With over 270 customers in 60 different countries SABAF S.p.A. is a global leader in the production of gas components for domestic cooking appliances.
- Top 10 customers account for 47% of sales (FY 2015) – stable figure for 10 years
- Sabaf enjoys a strong leadership position in Italy and Europe (market share above 40%)
- Demographic trends do not leave space for substantial growth in Europe, while Sabaf's market share worldwide is still low (around 10%)
- Efforts are mainly addressed at furtherly increasing our international presence, with special focus on:
 - Turkey and the Middle East
 - China
 - Brazil and Latin America
 - USA and Mexico

Sabaf in Turkey

WHY

Turkey has become the most important manufacturer of white goods in Europe (Turkish manufacturers and production sites of multinational groups)

HOW

In 2012 Sabaf built from greenfield a new factory in Manisa (Izmir) - €10 mn investment - 10,000 sqm
Manufacturing of standard burners
Same products, technology and quality as in Italy

WHERE WE ARE

€14.4 mn sales in 2015, 100 people employed

WHERE WE WILL BE

Further expansion of production capacity is ongoing
Constant growth has been planned for next years



Sabaf in China

WHY

Market size: 26 mn hobs

19 mn hobs manufactured for the domestic market

7 mn hobs manufactured for export markets

Expected product mix trend: higher value, moderate volume growth

New standards concerning gas hobs apply starting from April 2015.

The new standards state 3 different energy classes: 55%, 59% and 63%.

At present only 10%-15% of hobs meet the highest class.

HOW

Sabaf has developed a new special burner that reaches an efficiency rate higher than 63%. €2mn capex in 2014-2015

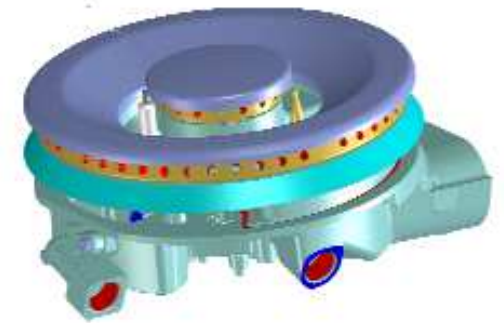
WHERE WE ARE

Production has started in June 2015, €1.4 mn sales in 2015

Ongoing contacts with major hob manufacturers

WHERE WE WILL BE

We are targeting the 10% premium market



Sabaf in Brazil

WHY

Brazil is a big market, difficult to supply from abroad, due to logistics, duties, forex impact.

HOW

Start of production in Brazil in 2001. A new factory was set up in Jundiaí (SP) in 2007, starting from greenfield.

€10 mn investment - 10,000 sqm

Manufacturing of standard burners

Same products, technology and quality as in Italy

WHERE WE ARE

€8.4 mn sales in 2015, 60 people employed

80% market share in gas hobs segment

WHERE WE WILL BE

Production of special burners (2016) – a new wok burner for the Brazilian market

Ongoing negotiations with large multinational groups

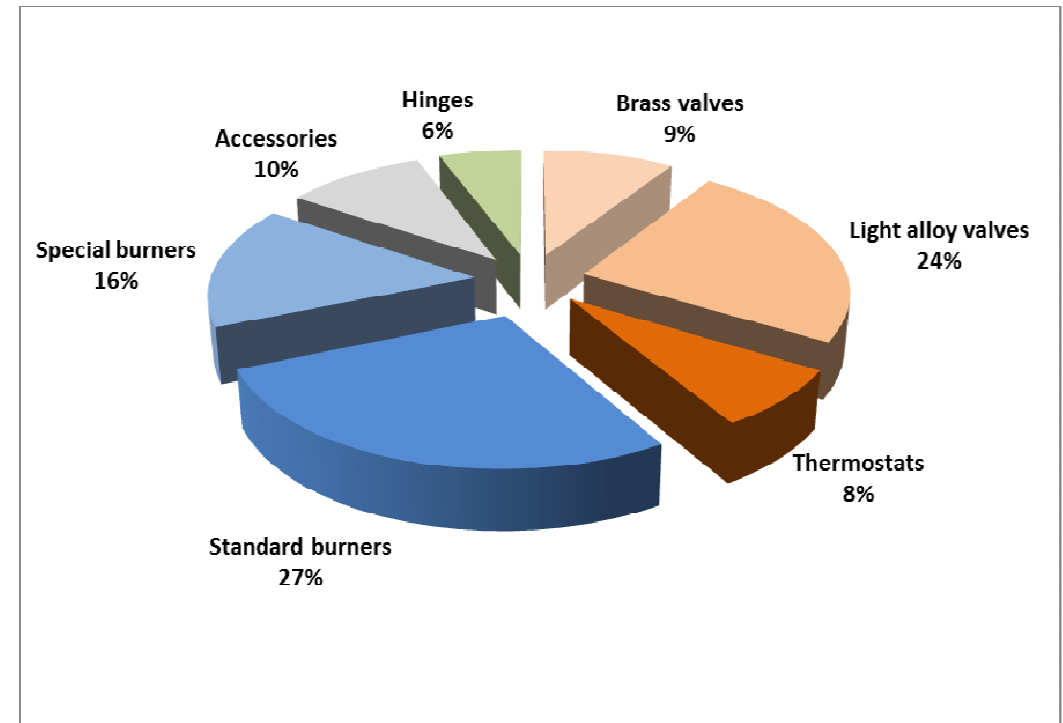
Expected increase of share in the cookers segment



Sales by product

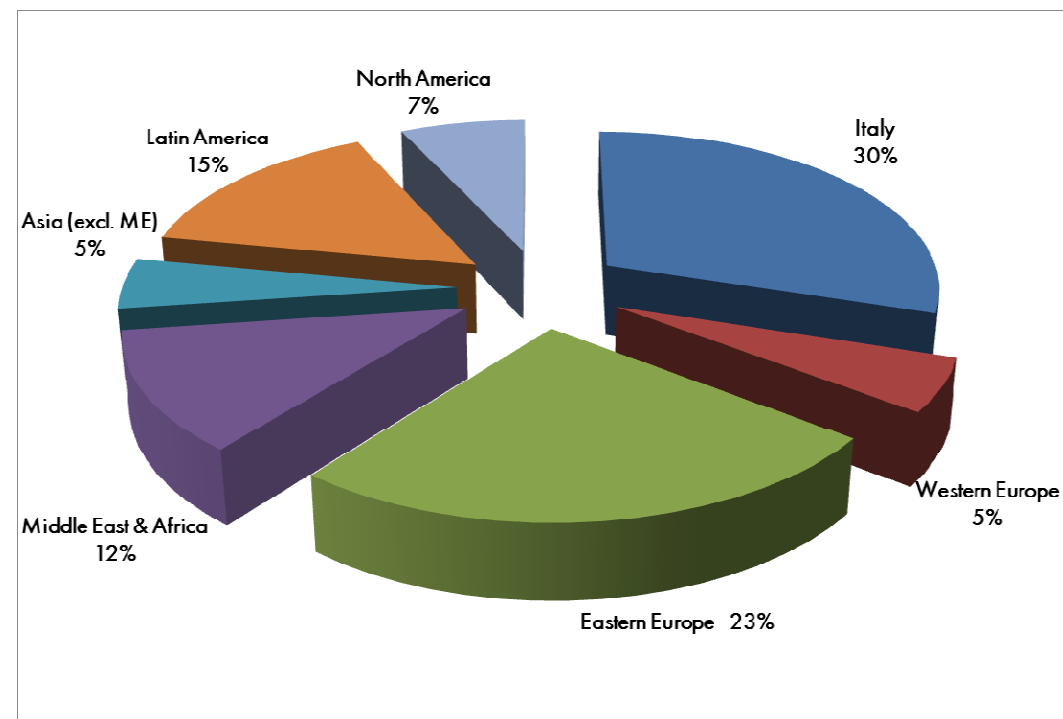
	12M 2015	12M 2014	Change
Brass valves	12,689	13,741	-7.7%
Light alloy valves	33,784	34,006	-0.7%
Thermostats	10,596	12,288	-13.8%
Standard burners	37,789	36,160	+4.5%
Special burners	21,622	20,251	+6.8%
Accessories	13,577	12,928	+5.0%
Hinges	7,946	6,963	+14.1%
Total	138,003	136,337	+1.2%

	Q1 2016	Q1 2015	Change
Brass valves	2,031	3,641	-44.2%
Light alloy valves	8,153	9,392	-13.2%
Thermostats	1,940	3,111	-37.6%
Standard burners	8,791	9,894	-11.1%
Special burners	4,777	5,783	-17.4%
Accessories	3,136	3,715	-15.6%
Hinges	2,032	1,965	+3.4%
Total	30,860	37,501	-17.7%



Sales by market

	12M 2015	12M 2014	Change
Italy	41,244	42,277	-2.4%
Western Europe	7,438	8,716	-14.7%
Eastern Europe (incl. Turkey)	35,125	36,198	-3.0%
Middle East & Africa	16,759	16,871	-0.7%
Asia (excl. ME)	7,019	6,907	+1.6%
Latin America	20,815	18,324	+13.6%
North America	9,603	7,044	+36.3%
Total	138,003	136,337	+1.2%

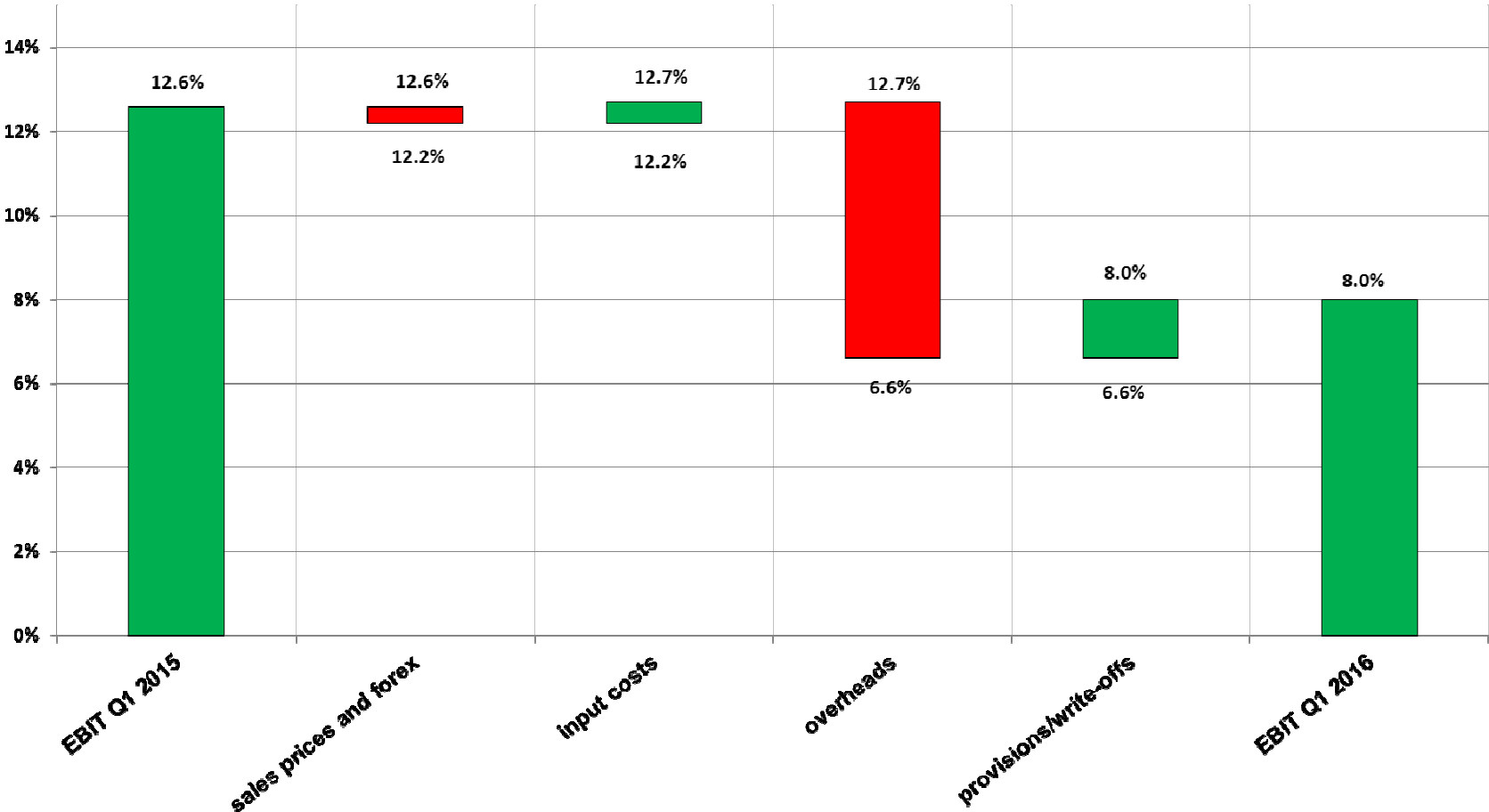


	Q1 2016	Q1 2015	Change
Italy	10,843	11,510	-5.8%
Western Europe	1,686	2,325	-27.5%
Eastern Europe (incl. Turkey)	7,784	9,427	-17.4%
Middle East & Africa	2,138	4,796	-55.4%
Asia (excl. ME)	1,437	1,723	-16.6%
Latin America	4,486	5,587	-19.7%
North America	2,486	2,133	+16.5%
Total	30,860	37,501	-17.7%

Income statement

€ x 000	Q1 16		Q1 15			FY 15		FY 14		Δ %	FY 13	
SALES	30,860	100.0%	37,501	100.0%	-17.7%	138,003	100.0%	136,337	100.0%	+1.2%	130,967	100.0%
Materials	(11,448)	-37.1%	(15,262)	-40.7%		(54,366)	-39.4%	(54,472)	-40.0%		(52,415)	-40.0%
Payroll	(8,117)	-26.3%	(8,655)	-23.1%		(32,526)	-23.6%	(32,180)	-23.6%		(31,339)	-23.9%
Change in stock	622	2.0%	2,012	5.4%		1,025	0.7%	2,447	1.8%		4,784	3.7%
Other operating costs/income	(6,334)	-20.5%	(7,893)	-21.0%		(25,964)	-18.8%	(26,180)	-19.2%		(27,425)	-20.9%
EBITDA	5,583	18.1%	7,703	20.5%	-27.5%	26,172	19.0%	25,952	19.0%	+0.8%	24,572	18.8%
Depreciation	(3,133)	-10.2%	(3,011)	-8.0%		(12,185)	-8.8%	(12,292)	-9.0%		(12,856)	-9.8%
Gains/losses on fixed assets	10	0.0%	42	0.1%		104	0.1%	63	0.0%		71	0.1%
Impairment of fixed assets	0	0.0%	0	0.0%		0	0.0%	(548)	-0.4%		(655)	-0.5%
EBIT	2,460	8.0%	4,734	12.6%	-48.0%	14,091	10.2%	13,175	9.7%	+7.0%	11,132	8.5%
Net financial expense	(113)	-0.4%	(143)	-0.4%		(529)	-0.4%	(531)	-0.4%		(637)	-0.5%
Foreign exchange gains/losses	(3)	0.0%	111	0.3%		(89)	-0.1%	119	0.1%		(186)	-0.1%
Equity investments profits/losses	0	0.0%	0	0.0%		0	0.0%	(606)	-0.4%		(498)	-0.4%
EBT	2,344	7.6%	4,702	12.5%	-50.1%	13,473	9.8%	12,157	8.9%	+10.8%	9,811	7.5%
Income taxes	(787)	-2.6%	(1,588)	-4.2%		(4,475)	-3.2%	(3,819)	-2.8%		(1,707)	-1.3%
Minorities	0		0			0		0			0	
NET INCOME	1,557	5.0%	3,114	8.3%	-50.0%	8,998	6.5%	8,338	6.1%	+7.9%	8,104	6.2%
EPS						0.781		0.723			0.715	

EBIT bridge Q1 2015 – Q1 2016



Cash flow statement

€ x 1000	Q1 2016	Q1 2015	FY 15	FY 14
<i>Cash at the beginning of the period</i>	3,991	3,675	3,675	5,111
Net profit	1,557	3,114	8,998	8,338
Depreciation	3,133	3,011	12,185	12,292
Change in net working capital				
change in inventories	(713)	(2,171)	(170)	(4,079)
change in receivables	2,675	(1,407)	107	(2,548)
change in payables	(261)	2,519	(58)	365
	1,701	(1,059)	(121)	(6,262)
Other changes in operating items	(484)	529	(1,931)	2,609
Operating cash flow	5,907	5,595	19,131	16,977
Investments, net of disposals	(4,165)	(2,715)	(12,079)	(11,491)
Free cash flow	1,742	2,880	7,052	5,486
Cash flow from financial activity	(1,685)	(2,809)	(61)	8,054
Own shares buyback	(587)	0	(718)	0
Dividends	0	0	(4,613)	(16,146)
Forex	69	(111)	(1,344)	453
Net financial flow	(461)	(40)	316	(2,153)
<i>Cash at the end of the period</i>	3,530	3,635	3,991	2,958

Balance sheet

€ x 1000	31-Mar-16	31-Dec-15	31-Dec-14
Fixed assets	94,003	92,797	96,152
Net working capital	46,785	48,163	45,844
Short term financial assets	190	69	-
Capital Employed	140,978	141,029	141,996
Equity	112,163	111,040	110,738
Provisions for risks and severance indemnity	4,010	4,081	4,325
Net debt	24,805	25,908	26,933
Sources of finance	140,978	141,029	141,996
Debt / Equity	0.22	0.23	0.24

Net financial position

<i>€ x 1000</i>	31-Mar-16	31-Dec-15	31-Dec-14
A. Cash	14	11	9
B. Positive balances of unrestricted bank accounts	2,887	3,822	2,691
C. Other liquidities	629	158	258
D. Cash and cash equivalents (A+B+C)	3,530	3,991	2,958
E. Current bank overdrafts	18,847	19,697	15,890
F. Current portion of non-current debt	3,795	3,783	3,723
G. Other current financial payables	24	31	105
H. Current financial debt (E+F+G)	22,666	23,511	19,718
I. Current net financial debt (H-D)	19,136	19,520	16,760
J. Non-current bank payables	3,948	4,632	8,275
K. Other non-current financial payables	1,721	1,756	1,898
L. Non-current financial debt (J+K)	5,669	6,388	10,173
M. Net financial debt (L+I)	24,805	25,908	26,933

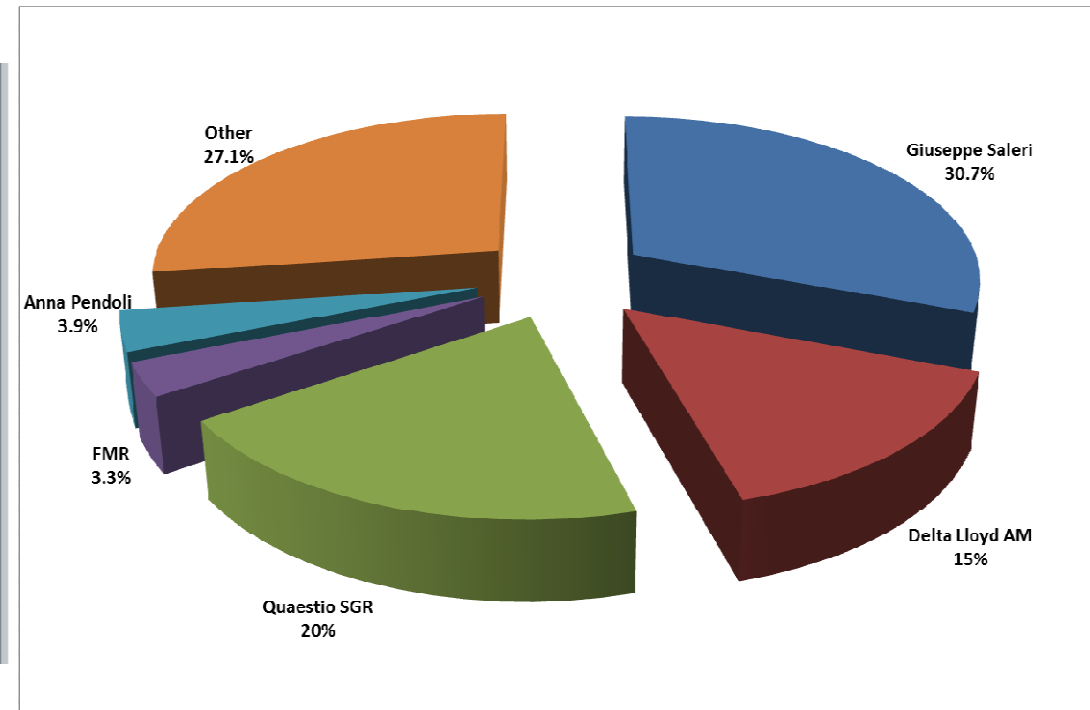
Share buyback plan

- On 14 September 2015 Sabaf announced the launch of a share buyback programme
- The buyback concerns up to a maximum of 1,153,345 shares, equal to 10% of the share capital
- The programme's objectives are as follows:
 - to use treasury shares as part of agreements with strategic partners or in the framework of investment transactions
 - to offer shareholders an additional tool to liquidate their investments
 - to conduct operations to support market liquidity
- At 18 May 2016, Sabaf has bought 141,461 shares, equal to 1.23% of the share capital

Forecasts

- 2016 got off to a highly uncertain start, owing to political, economic and financial tensions that affect the main markets on which Sabaf operates. Sales in the first quarter are expected to fall compared with 2015, which was marked by a highly positive start.
- However, agreements reached with some of our leading customers for 2016 point to an increase in our supply share, and the launch of supply for significant new projects. If the macroeconomic environment stabilises, the Group therefore believes it will be able to slightly improve sales and profitability in the full year compared with 2015.

Stock price and main shareholders



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.

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