

Press Release

Ospitaletto (BS), 11 May 2017

SABAF: FIRST-QUARTER 2017 RESULTS APPROVED

- **First-quarter 2017 revenues €37.1 million (+20.1%); EBITDA €7.6 million (+35.4%); EBIT €4.3 million (+76.4%); net profit €3.1 million (+97.4%)**
- **Sales for the whole of 2017 forecasted at €145 million and operating margins up on 2016**

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto (BS) to approve the Interim Management Statement for the first quarter of 2017.

Consolidated results for 1Q17

The Sabaf Group recorded sales revenue of €37.1 million in the first quarter of 2017, up 20.1% from €30.9 million in the same quarter of 2016. Taking into consideration the same area of consolidation, sales increased by 16.5%.

All markets contributed to this growth: the areas characterised by a negative economic context during 2016, such as the Middle East and North Africa, showed a gradual recovery, while the North American and South American markets confirmed the developments already noted in previous quarters. The product family that recorded the biggest improvement was that of special burners, up by 35.9% compared to the first quarter of the previous financial year.

The increase in sales volumes, together with the constant improvement in production efficiency, determined a significant increase of profitability: the EBITDA of the period was €7.6 million, equal to 20.4% of sales, up by 35.4% compared to the €5.6 million (18.1% of sales) of the first quarter of 2016. EBIT for the quarter was €4.3 million, or 11.7% of sales, up by 76.4% compared to €2.5 million in the same period of 2016 (8% of sales). Net profit for the period was €3.1 million, up 97.4% on the figure of €1.6 million for the first quarter of 2016.

Net investments for the quarter came to €2.9 million (€4.2 million in Q1 2016 and €1.8 million for the whole of 2016). At 31 March 2017 net indebtedness was €24.5 million, as compared with €23.5 million at 31 December 2016.

Outlook

The sales performance has remained very positive also in the second quarter of the year. Even though visibility on the second half-year is currently reduced, the Group presently estimates that it will be able to achieve in the whole of 2017 sales of approximately €145 million, compared to €131 million of 2016, and operating margins improved on 2016 (the previous forecast indicated sales for approximately €140 million). If the economic situation were to change significantly, actual figures might diverge from forecasts.

Shareholders' Meeting Convocation

The Board also resolved to convene the shareholders' meeting for next 20 July 2017 at the time of 10:30am, to resolve on appointing a director to supplement the Board of Directors.



We burn for technology and safety.

Today at 2,15 p.m. CET there will be a conference call to illustrate the results of the first quarter of 2017 to financial analysts and institutional investors (please call the number +02 805 88 11 a few minutes before it begins).

The Interim Management Statement for Q1 2017, 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.

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

For more information:

Investor Relations Gianluca Beschi tel. +39 030 6843236 gianluca.beschi@sabaf.it www.sabaf.it	Press Office <i>Power Emprise</i> - tel. +39 02 438114200 Jenny Giuliani - +39 349 2408123 jennygiuliani@poweremprise.com Erminia Cannistrà - +39 340 8684279 erminiacannistra@poweremprise.com Arnaldo Ragozzino - + 39 335 6978581 aragozzino@twistergroup.it
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Founded in the early fifties, 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.

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 800 employees. It operates through its parent company SABAF S.p.A. and the subsidiaries Sabaf do Brasil, Sabaf Turkey and Sabaf China, active in the production of domestic burners, A.R.C., which produces burners for professional cooking, and Faringosi Hinges, leader in the production of oven hinges.

Consolidated statement of financial position

(€/000)	31.03.2017	31.12.2016	31.03.2016
ASSETS			
NON-CURRENT ASSETS			
Tangible assets (property, plant, and equipment)	72,710	73,064	74,234
Investment property	6,160	6,270	6,601
Intangible assets	9,258	9,284	7,565
Equity investments	306	306	204
Non-current financial assets	240	0	0
Non-current receivables	280	262	558
Deferred tax assets	4,861	4,781	4,841
Total non-current assets	93,815	93,967	94,003
CURRENT ASSETS			
Inventories	32,844	31,484	31,722
Trade receivables	42,470	36,842	37,750
Tax receivables	1,815	3,163	2,836
Other current receivables	1,496	1,419	1,620
Current financial assets	68	0	190
Cash and cash equivalents	11,082	12,143	3,530
Total current assets	89,775	85,051	77,648
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	183,590	179,018	171,651
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	98,144	90,471	99,073
Net profit for the period	3,074	9,009	1,557
<i>Total equity interest of the Parent Company</i>	<i>112,751</i>	<i>111,013</i>	<i>112,163</i>
<i>Minority interests</i>	<i>1,300</i>	<i>1,296</i>	<i>0</i>
Total shareholders' equity	114,051	112,309	112,163
NON-CURRENT LIABILITIES			
Loans	17,607	18,892	5,669
Other financial liabilities	1,762	1,762	0
Post-employment benefit and retirement reserves	2,979	3,086	2,908
Provisions for risks and charges	423	434	347
Deferred tax liabilities	744	764	755
Total non-current liabilities	23,515	24,938	9,679
CURRENT LIABILITIES			
Loans	16,050	14,612	22,642
Other financial liabilities	203	335	24
Trade payables	21,581	18,977	19,189
Tax payables	1,341	1,190	1,509
Other payables	6,849	6,657	6,445
Total current liabilities	46,024	41,771	49,809
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	183,590	179,018	171,651

Consolidated Income Statement

	Q1 2017		Q1 2016		12M 2016	
<i>(€/000)</i>						
INCOME STATEMENT COMPONENTS						
OPERATING REVENUE AND INCOME						
Revenue	37,073	100.0%	30,860	100.0%	130,978	100.0%
Other income	710	1.9%	611	2.0%	2,819	2.2%
Total operating revenue and income	37,783	101.9%	31,471	102.0%	133,797	102.2%
OPERATING COSTS						
Materials	(14,879)	-40.1%	(11,448)	-37.1%	(47,346)	-36.1%
Change in inventories	1,481	4.0%	622	2.0%	(754)	-0.6%
Services	(7,937)	-21.4%	(6,948)	-22.5%	(27,983)	-21.4%
Payroll costs	(9,007)	-24.3%	(8,117)	-26.3%	(32,112)	-24.5%
Other operating costs	(269)	-0.7%	(217)	-0.7%	(1,078)	-0.8%
Costs for capitalised in-house work	388	1.0%	220	0.7%	841	0.6%
Total operating costs	(30,223)	-81.5%	(25,888)	-83.9%	(108,432)	-82.8%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	7,560	20.4%	5,583	18.1%	25,365	19.4%
Depreciation and amortisation	(3,212)	-8.7%	(3,133)	-10.2%	(12,853)	-9.8%
Capital gains/(losses) on disposals of non-current assets	(9)	0.0%	10	0.0%	18	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	0	0.0%
EBIT	4,339	11.7%	2,460	8.0%	12,530	9.6%
Financial income	88	0.2%	22	0.1%	101	0.1%
Financial expenses	(140)	-0.4%	(135)	-0.4%	(620)	-0.5%
Exchange rate gains and losses	137	0.4%	(3)	0.0%	435	0.3%
Profits and losses from equity investments	0	0.0%	0	0.0%	0	0.0%
PROFIT BEFORE TAXES	4,424	11.9%	2,344	7.6%	12,446	9.5%
Income tax	(1,346)	-3.6%	(787)	-2.6%	(3,350)	-2.6%
Minority interests	(4)	0.0%	0	0.0%	(87)	-0.1%
NET PROFIT FOR THE PERIOD	3,074	8.3%	1,557	5.0%	9,009	6.9%

Consolidated statement of cash flows

(€/000)	Q1 2017	Q1 2016	12M 2016
<i>Cash and cash equivalents at beginning of period</i>	12,143	3,991	3,991
Net profit/(loss) for the period	3,074	1,557	9,009
Adjustments for:			
- Depreciation for the period	3,212	3,133	12,853
- Realised gains/losses	9	(10)	(18)
- Financial income and expenses	52	113	519
- Income tax	1,346	787	3,350
Payment of post-employment benefit reserve	(116)	(6)	(184)
Change in risk provisions	(11)	(48)	39
<i>Change in trade receivables</i>	<i>(5,628)</i>	<i>2,675</i>	<i>5,107</i>
<i>Change in inventories</i>	<i>(1,360)</i>	<i>(713)</i>	<i>416</i>
<i>Change in trade payables</i>	<i>2,604</i>	<i>(261)</i>	<i>(1,286)</i>
Change in net working capital	(4,384)	1,701	4,237
Change in other receivables and payables, deferred tax	329	(1,049)	1,363
Payment of taxes	(175)	(167)	(4,762)
Payment of financial expenses	(131)	(126)	(576)
Collection of financial income	88	22	101
Cash flow from operations	3,293	5,907	25,931
Net investments	(2,929)	(4,165)	(11,762)
Repayment of loans	(3,350)	(6,324)	(33,141)
New loans	3,371	4,760	37,321
Change in financial assets	(308)	(121)	69
Purchase of treasury shares	(805)	(587)	(1,676)
Payment of dividends	0	0	(5,467)
Cash flow from financing activities	(1,092)	(2,272)	(2,894)
A.R.C. acquisition	0	0	(2,614)
Foreign exchange differences	(333)	69	(509)
Net financial flows for the period	(1,061)	(461)	8,152
<i>Cash and cash equivalents at end of period</i>	11,082	3,530	12,143
Current financial debt	16,253	22,666	14,947
Non-current financial debt	19,369	5,669	20,654
Net financial debt	24,540	24,805	23,458

Consolidated net financial position

<i>(€/000)</i>	31.03.2017	31.12.2016	31.03.2016
A. Cash	11	12	14
B. Positive balances of unrestricted bank accounts	7,931	8,376	2,887
C. Other cash equivalents	3,140	3,755	629
D. Liquidity (A+B+C)	11,082	12,143	3,530
E. Current bank overdrafts	9,657	7,811	18,847
F. Current portion of non-current debt	6,393	6,801	3,795
G. Other current financial payables	203	335	24
H. Current financial debt (E+F+G)	16,253	14,947	22,666
I. Net current financial debt (H-D)	5,171	2,804	19,136
J. Non-current bank payables	16,033	17,281	3,948
K. Other non-current financial payables	3,336	3,373	1,721
L. Non-current financial debt (J+K)	19,369	20,654	5,669
M. Net financial debt (L+I)	24,540	23,458	24,805