

SABAF: FIRST-QUARTER 2015 RESULTS APPROVED

- **First-quarter 2015 revenues €37.5 million (+13.2%); EBITDA €7.7 million (+28.2%); EBIT €4.7 million (+63.1%); net profit €3.1 million (+105%)**
- **Forecasts for moderate growth for FY 2015 in sales and profitability confirmed**

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto (BS) to approve the Interim Operating Report for the first quarter of 2015.

Consolidated results for 1Q15

The Sabaf Group recorded sales revenue of €37.5 million in the first quarter of 2015, up 13.2% from €33.1 million in the same quarter of the previous year. Revenue growth was 11% at constant exchange rates.

The analysis of sales by geographical area confirms the increasing contribution of Eastern Europe (thanks to the vital contribution of Turkey), a market where the Group makes 25% of its sales, and of non-European markets, which represented 38% of sales in the period. In addition to the confirmation of the positive trends in Africa, Asia and North America, there was also a recovery in the first quarter of 2015 in South America (sales of €5.6 million, up 7.9%).

All product families contributed to the growth, with peaks above 20% for light alloy valves and special burners.

The increase in volumes of activity and the favourable euro/dollar exchange rate enabled an improvement in profitability which was more than proportional with regard to the increase in sales: EBITDA for the period stood at €7.7 million, equal to 20.5% of sales, up 28.2% compared with the figure of €6 million (18.1% of sales) for the first quarter of 2014. EBIT for the quarter was €4.7 million, or 12.6% of sales, an increase of 63.1% compared to €2.9 million in the same period of 2014 (8.8% of sales).

Average sales prices fell by 0.6%, while average purchase prices of raw materials did not change substantially.

Net profit for the period was €3.1 million, up 105% on the figure of €1.5 million for the first quarter of 2014.

Net investments for the quarter came to €3 million (€2.2 million in Q1 2014 and €1.5 million for the whole of 2014).

At 31 March 2015 net indebtedness was €23.4 million, as compared with €26.9 million at 31 December 2014.



We burn for technology and safety.

Outlook

Sales maintained their positive trend in April, but slowed somewhat in May. In light of the lack of visibility for the next few months, the Company cautiously confirms its forecast of moderate growth in sales and profitability for the whole of 2015. 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.

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 Operating Report for 1Q15, 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 more information:

<p>Investor Relations Gianluca Beschi tel. +39 030 6843236 gianluca.beschi@sabaf.it www.sabaf.it</p>	<p>Press Office Power Emprise - tel. +39 02 39400100 Cosimo Pastore – +39 335 213305 cosimopastore@poweremprise.com Sara Pavesi - +39 340 6486083 sarapavesi@poweremprise.com Erminia Cannistrà - +39 340 8684279 erminiacannistra@poweremprise.com</p>
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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.

There are four main production lines: 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 700 employees. It operates through its direct parent company Sabaf S.p.A. 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

(€000)	31.03.2015	31.12.2014	31.03.2014
ASSETS			
NON-CURRENT ASSETS			
Tangible assets (property, plant, and equipment)	74,190	74,483	75,056
Real estate investment	7,048	7,228	7,562
Intangible assets	7,494	7,359	7,330
Investments	204	974	784
Non-current receivables	365	529	445
Deferred tax assets	5,647	5,579	5,368
Total non-current assets	94,948	96,152	96,545
CURRENT ASSETS			
Inventories	33,010	30,774	29,919
Trade receivables	41,939	40,521	39,493
Tax receivables	1,507	2,390	2,589
Other current receivables	1,581	1,095	1,292
Cash and cash equivalents	3,635	2,958	3,013
Total current assets	81,672	77,738	76,306
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	176,620	173,890	172,851
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	98,757	90,867	106,745
Net profit for the period	3,114	8,338	1,520
<i>Total equity interest of the Parent Company</i>	<i>113,404</i>	<i>110,738</i>	<i>119,798</i>
<i>Minority interests</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	113,404	110,738	119,798
NON-CURRENT LIABILITIES			
Loans	9,466	10,173	3,861
Post-employment benefit and retirement reserves	2,979	3,028	2,809
Reserves for risks and contingencies	588	605	614
Deferred tax	795	692	637
Total non-current liabilities	13,828	14,498	7,921
CURRENT LIABILITIES			
Loans	17,436	19,613	15,322
Other financial liabilities	180	105	0
Trade payables	22,027	19,328	20,721
Tax payables	2,725	2,453	2,178
Other liabilities	7,020	7,155	6,911
Total current liabilities	49,388	48,654	45,132
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	176,620	173,890	172,851

Consolidated income statement

	Q1 2015		Q1 2014		12M 2014	
<i>(€'000)</i>						
CONTINUING OPERATIONS						
OPERATING REVENUE AND INCOME						
Revenues	37,501	100.0%	33,124	100.0%	136,337	100.0%
Other income	1,063	2.8%	1,029	3.1%	3,748	2.7%
Total operating revenue and income	38,564	102.8%	34,153	103.1%	140,085	102.7%
OPERATING COSTS						
Materials	(15,262)	-40.7%	(14,346)	-43.3%	(54,472)	-40.0%
Change in inventories	2,012	5.4%	1,626	4.9%	2,447	1.8%
Services	(8,636)	-23.0%	(7,319)	-22.1%	(29,875)	-21.9%
Payroll costs	(8,655)	-23.1%	(8,017)	-24.2%	(32,180)	-23.6%
Other operating costs	(594)	-1.6%	(360)	-1.1%	(1,042)	-0.8%
Costs for capitalised in-house work	274	0.7%	270	0.8%	989	0.7%
Total operating costs	(30,861)	-82.3%	(28,146)	-85.0%	(114,133)	-83.7%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	7,703	20.5%	6,007	18.1%	25,952	19.0%
Accumulated	(3,011)	-8.0%	(3,124)	-9.4%	(12,292)	-9.0%
Capital gains/(losses) on disposals of non-current assets	42	0.1%	20	0.1%	63	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	(548)	-0.4%
OPERATING PROFIT (EBIT)						
	4,734	12.6%	2,903	8.8%	13,175	9.7%
Financial income	8	0.0%	31	0.1%	61	0.0%
Financial expense	(151)	-0.4%	(151)	-0.5%	(592)	-0.4%
Exchange rate gains and losses	111	0.3%	(19)	-0.1%	119	0.1%
Profits and losses from equity investments	0	0.0%	(115)	-0.3%	(606)	-0.4%
PROFIT BEFORE TAXES						
	4,702	12.5%	2,649	8.0%	12,157	8.9%
Income tax	(1,588)	-4.2%	(1,129)	-3.4%	(3,819)	-2.8%
Minority interests	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR THE PERIOD						
	3,114	8.3%	1,520	4.6%	8,338	6.1%

Consolidated statement of cash flows

(€'000)	Q1 2015	Q1 2014	12M 2014
<i>Cash and cash equivalents at beginning of period</i>	2,958	5,111	5,111
Net profit/(loss) for the period	3,114	1,520	8,338
Adjustments for:			
- Depreciation for the period	3,011	3,124	12,292
- Realised gains/losses	(42)	(20)	(63)
- Write-downs /Write-backs of non-current assets	0	0	548
- Profits and losses from equity investments	0	115	606
- Financial income and expenses	143	120	531
- Income tax	1,588	1,129	3,819
Payment of post-employment benefit reserve	(61)	(51)	(158)
Change in risk provisions	(17)	(58)	(67)
<i>Change in trade receivables</i>	<i>(1,418)</i>	<i>(3,051)</i>	<i>(4,079)</i>
<i>Change in inventories</i>	<i>(2,236)</i>	<i>(1,693)</i>	<i>(2,548)</i>
<i>Change in trade payables</i>	<i>2,699</i>	<i>1,758</i>	<i>365</i>
Change in net working capital	(955)	(2,986)	(6,262)
Change in other receivables and payables, deferred tax	(541)	(175)	210
Payment of taxes	(323)	(20)	(2,325)
Payment of financial expenses	(139)	(136)	(553)
Collection of financial income	8	31	61
Cash flow from operations	5,786	2,593	16,977
Net investments	(2,985)	(2,210)	(11,491)
Repayment of loans	(5,608)	(4,775)	(16,993)
New loans	2,799	2,121	25,047
Payment of dividends	0	0	(16,146)
Cash flow from financing activities	(2,809)	(2,654)	(8,092)
Change in scope of consolidation	796	0	0
Foreign exchange differences	(111)	173	453
Net financial flows for the period	677	(2,098)	(2,153)
<i>Cash and cash equivalents at end of period</i>	3,635	3,013	2,958
Current financial debt	17,616	15,322	19,718
Non-current financial debt	9,466	3,861	10,173
Net financial debt	23,447	16,170	26,933

Consolidated net financial position

<i>(€'000)</i>	31.03.2015	31.12.2014	31.03.2014
A. Cash	15	9	10
B. Positive balances of unrestricted bank accounts	3,483	2,691	2,633
C. Other cash equivalents	137	258	370
D. Liquidity (A+B+C)	3,635	2,958	3,013
E. Current bank overdrafts	13,702	16,029	14,275
F. Current portion of non-current debt	3,734	3,584	1,047
G. Other current financial payables	180	105	0
H. Current financial debt (E+F+G)	17,616	19,718	15,322
I. Current net financial debt (H-D)	13,981	16,760	12,309
J. Non-current bank payables	7,603	8,275	1,859
K. Other non-current financial payables	1,863	1,898	2,002
L. Non-current financial debt (J+K)	9,466	10,173	3,861
M. Net financial debt (L+I)	23,447	26,933	16,170