

Press release

Ospitaletto, 20 March 2017

**SABAF: RESULTS AT 31 DECEMBER 2016 APPROVED**

- **Consolidated results for 2016: revenue was €131 million (-5.1%); EBITDA was €25.4 million (-3.1%); EBIT was €12.5 million (-11.1%) and net profit was €9 million (+0.1%)**
- **Sabaf S.p.A. 2016 results: revenue was €102 million (-10.9%); EBITDA was 13.5 million (-16.1%), EBIT was €4.1 million (-54%), net profit was €2.5 million (-56.4%)**
- **A dividend of €0.48 per share will be proposed to the Shareholders' Meeting, that will be convened on 27 April 2017**

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The Board of Directors of **Sabaf S.p.A.** met today in Ospitaletto (BS) and approved the consolidated results for 2016 and the draft financial statements of the parent company, as well as the Report on corporate governance and ownership structure requested by Article 123-bis of the Consolidated Finance Act (TUF) and the 2016 Report on remuneration prepared pursuant to Article 123-ter of the TUF.

*Group consolidated results*

In 2016, the Sabaf Group booked a 5.1% drop in sales; taking into consideration the same scope of consolidation, sales decreased by 6.7%. The crisis in the Middle Eastern and African markets (mainly Egypt), related exclusively to external factors (such as low oil price and shortage of strong currency), resulted in a drop in direct sales of more than €5 million and also affected the sales of the Group in Italy, since Italian customers are strong exporters to the Middle East. The positive trend of the other international markets, most notably the steady growth in North America, only partially offset the decline in sales in the Middle East, Africa and Italy. Average sales prices in 2016 were around 1.5% lower compared with 2015.

Despite the drop in sales volumes, the Group managed to maintain satisfactory income-related performances and to achieve a % EBITDA better than 2015: 2016 EBITDA was €25.4 million, equal to 19.4% of sales, compared with €26.2 million (19% of sales) in 2015, whereas, due to the greater impact of amortisation/depreciation, EBIT stood at €12.5 million (9.6% of sales) compared with €14.1 million (10.2% of sales) in 2015. Net profit of 2016, equal to €9 million, was mainly unchanged in absolute terms, whereas in percentage terms it reached 6.9% of sales (6.5% in 2015).

In 2016, the Sabaf Group made net investments of €11.8 million. The main investments in the financial year were aimed at increasing production capacity in Turkey and Brazil and the further automation of production of light alloy valves. The controlling share of A.R.C. s.r.l., leading company in the production of burners for professional cooking, was acquired by investing €4.8 million (€2.6 million net of the financial position of the acquired company).

At 31 December 2016, net financial debt was €23.5 million, compared with €25.9 million of 31 December 2015, whereas shareholders' equity totalled €112.3 million; the ratio between the net

financial debt and the shareholders' equity was 0.21, versus 0.23 in 2015.

*Parent Company Sabaf S.p.A. results*

The Parent Company Sabaf S.p.A.'s sales revenue for 2016 totalled €101.5 million (compared to €114 million reported in 2015, -10.9%), EBITDA was €13.5 million, down 16.1% from €16.1 million in 2015), EBIT was €4.1 million, down 54% from €8.8 million in the previous year and net profit was €2.5 million, down 56.4% from €5.6 million in 2015.

*Call of Shareholders' Meeting and proposed dividend*

The Board of Directors will propose to the Shareholders' Meeting – which will be held at 10.30 am on 27 April 2017 (single call) at the company's registered office in Ospitaletto (BS) – the distribution of a gross ordinary dividend of €0.48 per share (unchanged compared with 2016) for shares outstanding on 30 May 2017 (the record date), excluding, therefore, treasury shares on that date. The ex-date is scheduled for 29 May and the payment date will be 31 May.

The shareholders' meeting will also be asked to renew the authorisation to the Board of Directors for the purchase and sale of treasury shares and to appoint a new director to supplement the Board of Directors.

*Fees following the termination of the office of the chief executive officer, Alberto Bartoli*

In relation to the resignation of Alberto Bartoli from the office of director and chief executive officer, notified last 23 January, effective as from the date of the Shareholders' Meeting for the approval of the 2016 financial statements, scheduled for 27 April:

- Bartoli has a non-competition agreement with Sabaf S.p.A. with a duration of two years starting from the date of termination of office, against a total consideration of €290,000, which will be paid after the termination in three annual tranches;
- Bartoli is not the beneficiary of any incentive plan based on financial instruments or of other fees, indemnities and/or benefits for the termination of office for any reason and/or in any form.

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*The Annual Financial Report at 31 December 2016, the Independent Auditors' Report and the Board of Statutory Auditors' Report, the Report on Corporate Governance and Ownership Structure and the 2016 Report on Remuneration will be published on the website [www.sabaf.it](http://www.sabaf.it) and on the centralised storage system "eMarket Storage", available on the website [www.emarketstorage.com](http://www.emarketstorage.com), on 6 April 2017.*

*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.*



*We burn* for technology and safety.

*Annexes: consolidated and Sabaf S.p.A. financial statements. Figures not yet audited.*

For further information:

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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)	31/12/2016	31/12/2015
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	73,064	73,037
Real estate investment	6,270	6,712
Intangible assets	9,284	7,525
Equity investments	306	204
Non-current receivables	262	432
Deferred tax assets	4,781	4,887
<b>Total non-current assets</b>	<b>93,967</b>	<b>92,797</b>
CURRENT ASSETS		
Inventories	31,484	31,009
Trade receivables	36,842	40,425
Tax receivables	3,163	2,489
Other current receivables	1,419	1,447
Current financial assets	0	69
Cash and cash equivalents	12,143	3,991
<b>Total current assets</b>	<b>85,051</b>	<b>79,430</b>
ASSETS HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>179,018</b>	<b>172,227</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	90,471	90,509
Net profit for the year	9,009	8,998
<i>Total equity interest of the Parent Company</i>	<i>111,013</i>	<i>111,040</i>
<i>Minority interests</i>	<i>1,296</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>112,309</b>	<b>111,040</b>
NON-CURRENT LIABILITIES		
Loans	18,892	6,388
Other financial liabilities	1,762	0
Post-employment benefit and retirement reserves	3,086	2,914
Provisions for risks and charges	434	395
Deferred tax liabilities	764	772
<b>Total non-current liabilities</b>	<b>24,938</b>	<b>10,469</b>
CURRENT LIABILITIES		
Loans	14,612	23,480
Other financial liabilities	335	31
Trade payables	18,977	19,450
Tax payables	1,190	1,219
Other payables	6,657	6,538
<b>Total current liabilities</b>	<b>41,771</b>	<b>50,718</b>
LIABILITIES HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>179,018</b>	<b>172,227</b>

### Consolidated Income Statement

(€/000)	2016	2015
<b>INCOME STATEMENT COMPONENTS</b>		
OPERATING REVENUE AND INCOME		
Revenue	130,978	138,003
Other income	2,819	3,758
<b>Total operating revenue and income</b>	<b>133,797</b>	<b>141,761</b>
OPERATING COSTS		
Materials	(47,346)	(54,366)
Change in inventories	(754)	1,025
Services	(27,983)	(29,759)
Payroll costs	(32,112)	(32,526)
Other operating costs	(1,078)	(1,193)
Costs for capitalised in-house work	841	1,230
<b>Total operating costs</b>	<b>(108,432)</b>	<b>(115,589)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>		
	<b>25,365</b>	<b>26,172</b>
Depreciation & amortisation	(12,853)	(12,185)
Capital gains on disposals of non-current assets	18	104
<b>OPERATING PROFIT (EBIT)</b>		
	<b>12,530</b>	<b>14,091</b>
Financial income	101	67
Financial expenses	(620)	(596)
Exchange rate gains and losses	435	(89)
<b>PROFIT BEFORE TAXES</b>		
	<b>12,446</b>	<b>13,473</b>
Income tax	(3,350)	(4,475)
Minority interests	(87)	0
<b>NET PROFIT FOR THE YEAR</b>		
	<b>9,009</b>	<b>8,998</b>
<b>EARNINGS PER SHARE (EPS)</b>		
<b>Base</b>	<b>€0.792</b>	<b>€0.781</b>
<b>Diluted</b>	<b>€0.792</b>	<b>€0.781</b>

**SABAF SpA - Statement of financial position**

<i>(in euro)</i>	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	31,092,204	31,939,736
Real estate investment	1,645,412	1,837,259
Intangible assets	3,095,000	3,197,864
Equity investments	50,098,459	45,819,480
Non-current financial assets	2,137,353	1,837,054
- of which to related parties	<i>1,897,353</i>	<i>1,837,054</i>
Non-current receivables	11,621	9,183
Deferred tax assets	3,315,263	3,284,696
<b>Total non-current assets</b>	<b>91,395,312</b>	<b>87,925,272</b>
CURRENT ASSETS		
Inventories	23,492,840	24,674,840
Trade receivables	27,465,436	32,870,713
- of which to related parties	<i>1,191,581</i>	<i>2,008,185</i>
Tax receivables	2,477,294	1,749,451
- of which to related parties	<i>1,083,666</i>	<i>1,113,702</i>
Other current receivables	1,039,324	1,197,919
Current financial assets	1,060,000	1,069,431
- of which to related parties	<i>1,000,000</i>	<i>1,000,000</i>
Cash and cash equivalents	1,796,980	1,089,671
<b>Total current assets</b>	<b>57,331,874</b>	<b>62,652,025</b>
ASSETS HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>148,727,186</b>	<b>150,577,297</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533,450	11,533,450
Retained earnings, other reserves	77,530,764	79,058,252
Net profit for the year	2,459,688	5,642,123
<b>Total shareholders' equity</b>	<b>91,523,902</b>	<b>96,233,825</b>
NON-CURRENT LIABILITIES		
Loans	17,281,379	4,631,730
Other financial liabilities	240,000	0
Post-employment benefit and retirement reserves	2,435,538	2,527,275
Provisions for risks and charges	322,979	326,140
Deferred tax liabilities	129,289	150,017
<b>Total non-current liabilities</b>	<b>20,409,185</b>	<b>7,635,162</b>
CURRENT LIABILITIES		
Loans	14,054,604	21,762,487
Other financial liabilities	298,161	13,610
Trade payables	16,010,381	18,202,899
- of which to related parties	<i>104,142</i>	<i>852,935</i>
Tax payables	641,944	787,676
Other payables	5,789,009	5,941,638
<b>Total current liabilities</b>	<b>36,794,099</b>	<b>46,708,310</b>
LIABILITIES HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>148,727,186</b>	<b>150,577,297</b>

**SABAF SpA – Income Statement**

<i>(in euro)</i>	2016	2015
<b>INCOME STATEMENT COMPONENTS</b>		
OPERATING REVENUE AND INCOME		
Revenue	101,523,407	113,962,039
- of which to related parties	6,680,209	7,274,762
Other income	2,278,649	2,733,344
<b>Total operating revenue and income</b>	<b>103,802,056</b>	<b>116,695,383</b>
OPERATING COSTS		
Materials	(36,875,454)	(43,860,895)
Change in inventories	(1,182,000)	(402,180)
Services	(26,031,824)	(28,750,556)
- of which from related parties	(4,151,074)	(4,162,137)
Payroll costs	(26,382,450)	(27,967,750)
Other operating costs	(647,178)	(821,303)
Costs for capitalised in-house work	841,526	1,230,058
<b>Total operating costs</b>	<b>(90,277,380)</b>	<b>(100,572,626)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>		
	<b>13,524,676</b>	<b>16,122,757</b>
Depreciation & amortisation	(9,020,829)	(8,736,191)
Capital gains/(losses) on disposal of non-current assets	87,113	157,965
Write-downs/write-backs of non-current assets	(521,021)	1,302,841
- of which from related parties	(521,021)	1,302,841
<b>OPERATING PROFIT (EBIT)</b>		
	<b>4,069,939</b>	<b>8,847,372</b>
Financial income	84,559	73,091
Financial expenses	(512,872)	(500,483)
Exchange rate gains and losses	(48,356)	(260,920)
<b>PROFIT BEFORE TAXES</b>		
	<b>3,593,270</b>	<b>8,159,060</b>
Income tax	(1,133,582)	(2,516,937)
<b>NET PROFIT FOR THE YEAR</b>		
	<b>2,459,688</b>	<b>5,642,123</b>