

SABAF: APPROVAL OF THE RESULTS OF 31 DECEMBER 2015

- **Consolidated results 2015: revenue 138 million euro (+1.2%); EBITDA 26.2 million euro (+0.8%); EBIT 14.1 million euro (+7%) and net profit 9 million euro (+7.9%)**
- **Results 2015 of Sabaf S.p.A.: revenue 114 million euro (-1.7%); EBITDA 16.1 million euro (-10.3%); EBIT 8.8 million euro (-8.9%) and net profit 5.6 million euro (-28.4%)**
- **Proposal to the shareholders' meeting to be convened on 28 April 2016:**
 - **a dividend of 0.48 euro per share**
 - **increase in the number of directors from the current 11 members to 12 members**
 - **to introduce majority voting shares**
 - **to modify Article 12 of the Articles of Association**

The Board of Directors of **Sabaf S.p.A.**, meeting today in Ospitaletto (BS), has approved the consolidated financial statements of the year 2015 and the parent company's draft statutory financial statements, as well as the Corporate Governance Report and the ownership structure required pursuant to Article 123-bis of the Italian Financial Services Act [*Testo Unico della Finanza* (TUF)] and the Report on Remuneration 2015 prepared pursuant to Article 123-ter TUF.

Group Consolidated Results

In 2015 the Sabaf Group achieved a moderate increase in sales, which reached 138 million euro (+1.2%).

The increase in sales is attributable principally to the growth of burners: with standard burners the Group benefitted from the strong competitiveness of its production processes (also thanks to increased production at the Turkish plant), while with special burners the introduction of new high energy efficiency models was a success. The sales performance of hinges was also very positive; several important supply relationships were consolidated and new special models were introduced. Conversely, the families of valves and thermostats recorded a downturn, due to greater competitive pressure.

In line with the strategy of greater internationalisation, the markets which increasingly contributed to sales in 2015 were the non-European markets: particularly significant are the increases achieved in South America (where sales represented more than 15% of the total), despite the weakness of the Brazilian market, and in North America (where sales increased by 36%, bringing their impact on the total revenues to 7%). Sales in Asia, the Middle East and Africa were essentially stable, while the European markets decreased compared with 2014.

Average sales prices in 2015 were around 1% lower compared with 2014.

In 2015 EBITDA was 26.2 million euro, representing 19% of revenues (26 million euro in 2014, 19% of sales, +0.8%); EBIT reached 14.1 million euro, 10.2% of revenues (13.2 million euro in 2014, 9.7%

of sales, +7%) and net profit was 9 million euro, 6.5% of revenues (8.3 million euro in 2014, 6.1% of sales, +7.9%).

In 2015 the Sabaf Group made net investments of 12.1 million euro. The main investments in the year aimed at increasing production capacity and the further automation of production of light alloy valves. The machinery necessary for the production launch in China was produced and production capacity at the Turkish plant was also further increased. Investments were made in the enhancement of the production processes – including the purchase of new alcohol washing machinery – and also in maintenance and replacement, designed to keep capital equipment constantly updated.

At 31 December 2015 the net financial debt was 25.9 million euro, compared with 26.9 million euro at 31 December 2014, while net equity was 111 million euro; the ratio between the net financial debt and net equity was 0.23 compared with 0.24 in 2014.

Results of the Parent Company Sabaf S.p.A.

Sales revenues of the parent company Sabaf S.p.A. were 114 million euro (compared with 115.9 million euro in 2014, -1.7%); EBITDA was 16.1 million euro, 10.3% lower compared with 18 million euro in 2014; EBIT was 8.8 million euro, 8.9% lower compared with 9.7 million euro in the preceding year, and net profit reached 5.6 million euro, 28.4% less compared with 7.9 million euro in 2014.

Invitation to the Meeting and dividend proposal

The Board of Directors will propose to the Shareholders' Meeting – convened for a single date on 28 April 2016 at 10.30 a.m. at the registered office in Ospitaletto (BS) – the distribution of an ordinary gross dividend of 0.48 euro per share for the shares which will be in circulation on 24 May 2016 (*record date*), therefore with the exclusion of its own portfolio shares on that date. The coupon detachment is planned for 23 May and the payment date is set for 25 May.

The Meeting will likewise be called:

- in ordinary session
 - o to renew the authorisation of the Board of Directors for the purchase and sale of own shares;
 - o to examine the proposal for increase in the number of directors on the Board of Directors currently in office from eleven to twelve, appointing one new director;
- in extraordinary session
 - o to examine the proposal for introduction of the majority voting right within the meaning of Article 127-*quinquies* of Legislative Decree [D.Lgs.] 58/1998;
 - o to examine the proposal to modify Article 12 of the Articles of Association, which governs the composition and the election of the Board of Directors, for the purpose of guaranteeing a greater representation of minorities.



We burn for technology and safety.

The Annual Financial Report at 31 December 2015, the reports of the Independent Auditors and the Board of Statutory Auditors, the Corporate Governance Report and the ownership structure and the Report on Remuneration 2015 will be published on the website www.sabaf.it and at the centralised storage mechanism "eMarket Storage", accessible at the address www.emarketstorage.com, in accordance with the law.

The director proposed for drafting the company's accounting documents, Gianluca Beschi, declares for the purposes of comma 2 Article 154-bis of the Italian Financial Services Act (TUF) that the accounting information contained in this press release corresponds to the findings in the accounting records, books and documents.

Appendices: Consolidated financial statements and financial statements of Sabaf S.p.A. Dates for which the audit activity was not completed.

For further information:

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Founded at the beginning of the 1950s, SABAF has grown constantly and has today become the main producer in Italy and one of the world's leading producers of components for kitchens and gas-burning domestic appliances.

Production is based on four main lines: valves, thermostats and burners for gas-burning appliances and hinges for ovens, washing machines and dishwashers.

Technological know-how, production flexibility and the capacity to offer a wide range of components – also planned on the basis of the needs of individual kitchen producers, hob ranges and built-in ovens, and in line with the specific characteristics of the various reference markets – are SABAF's main strong points in a highly specialised sector, in which demand is continuously evolving and increasingly oriented towards products which guarantee absolute reliability and safety.

The Sabaf Group employs more than 700 persons and operates together with the parent company SABAF S.p.A. and with the subsidiaries Faringosi Hinges, leader in the production of hinges for ovens and dishwashers, Sabaf do Brasil, Sabaf Turkey and Sabaf China, operating in the production of burners.

Consolidated Balance Sheet and Financial Position

31.12.2015 31.12.2014
(€/000)
ASSETS
NON-CURRENT ASSETS

Property, plant and equipment	73,037	74,483
Real estate investment	6,712	7,228
Intangible assets	7,525	7,359
Equity investments	204	974
Non-current receivables	432	529
Deferred tax assets	4,887	5,579
Total non-current assets	92,797	96,152

CURRENT ASSETS

Inventories	31,009	30,774
Trade receivables	40,425	40,521
Tax receivables	2,489	2,390
Other current receivables	1,447	1,095
Current financial assets	69	0
Cash and cash equivalents	3,991	2,958
Total current assets	79,430	77,738

ASSETS HELD FOR SALE

0 0

TOTAL ASSETS
172,227 173,890
SHAREHOLDERS' EQUITY AND LIABILITIES
SHAREHOLDERS' EQUITY

Share capital	11,533	11,533
Retained earnings, other reserves	90,509	90,867
Net profit for the year	8,998	8,338
<i>Total equity interest of the Parent Company</i>	<i>111,040</i>	<i>110,738</i>
<i>Minority interests</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	111,040	110,738

NON-CURRENT LIABILITIES

Loans	6,388	10,173
Post-employment benefits and retirement reserves	2,914	3,028
Reserves for risks and contingencies	395	605
Deferred taxes	772	692
Total non-current liabilities	10,469	14,498

CURRENT LIABILITIES

Loans	23,480	19,613
Other financial liabilities	31	105
Trade payables	19,450	19,328
Tax payables	1,219	2,453
Other liabilities	6,538	7,155
Total current liabilities	50,718	48,654

LIABILITIES HELD FOR SALE

0 0

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY
172,227 173,890

Consolidated Income Statement

	2015	2014
<i>(€/000)</i>		
CONTINUING OPERATIONS		
OPERATING REVENUE AND INCOME		
Revenue	138,003	136,337
Other income	3,758	3,748
Total operating revenue and income	141,761	140,085
OPERATING COSTS		
Materials	(54,366)	(54,472)
Change in inventories	1,025	2,447
Services	(29,759)	(29,875)
Payroll costs	(32,526)	(32,180)
Other operating costs	(1,193)	(1,042)
Costs for capitalised in-house work	1,230	989
Total operating costs	(115,589)	(114,133)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		
	26,172	25,952
Depreciation and amortisation	(12,185)	(12,292)
Capital gains on disposals of non-current assets	104	63
Write-downs of non-current assets	0	(548)
OPERATING PROFIT		
	14,091	13,175
Financial income	67	61
Financial expenses	(596)	(592)
Exchange rate gains and losses	(89)	119
Profits and losses from equity investments	0	(606)
PROFIT BEFORE TAXES		
	13,473	12,157
Income taxes	(4,475)	(3,819)
Minority interests	0	0
NET PROFIT FOR THE YEAR		
	8,998	8,338
EARNINGS PER SHARE		
Base	0.781 euro	0.723 euro
Diluted	0.781 euro	0.723 euro

Sabaf S.p.A. – Balance Sheet and Financial Position

<i>(in euro)</i>	31.12.2015	31.12.2014
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	31,939,736	31,393,333
Real estate investment	1,837,259	2,029,304
Intangible assets	3,197,864	3,232,240
Equity investments	45,819,480	44,837,629
Non-current financial assets	1,837,054	1,659,556
- of which to related parties	<i>1,837,054</i>	<i>1,659,556</i>
Non-current receivables	9,183	6,800
Deferred tax assets	3,284,696	3,611,023
Total non-current assets	87,925,272	86,769,885
CURRENT ASSETS		
Inventories	24,674,840	25,077,020
Trade receivables	32,870,713	34,695,488
- of which to related parties	<i>2,008,185</i>	<i>1,142,546</i>
Tax receivables	1,749,451	1,526,943
- of which to related parties	<i>1,113,702</i>	<i>1,083,666</i>
Other current receivables	1,197,919	1,283,256
- of which to related parties	<i>0</i>	<i>521,328</i>
Current financial assets	1,069,431	0
- of which to related parties	<i>1,000,000</i>	<i>0</i>
Cash and cash equivalents	1,089,671	1,366,374
Total current assets	62,652,025	63,949,081
ASSETS HELD FOR SALE	0	0
TOTAL ASSETS	150,577,297	150,718,966
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533,450	11,533,450
Retained earnings, other reserves	79,058,252	76,482,904
Net profit for the year	5,642,123	7,877,868
Total shareholders' equity	96,233,825	95,894,222
NON-CURRENT LIABILITIES		
Loans	4,631,730	7,339,849
Post-employment benefits and retirement reserves	2,527,275	2,640,850
Reserves for risks and contingencies	326,140	514,744
Deferred taxes	150,017	35,394
Total non-current liabilities	7,635,162	10,530,837
CURRENT LIABILITIES		
Loans	21,762,487	18,438,481
Other financial liabilities	13,610	0
Trade payables	18,202,899	17,572,698
- of which to related parties	<i>852,935</i>	<i>0</i>
Tax payables	787,676	1,724,829
- of which to related parties	<i>0</i>	<i>1,091,582</i>
Other liabilities	5,941,638	6,557,899
Total current liabilities	46,708,310	44,293,907
LIABILITIES HELD FOR SALE	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	150,577,297	150,718,966

Sabaf S.p.A. – Income Statement

	2015	2014
<i>(in euro)</i>		
CONTINUING OPERATIONS		
OPERATING REVENUE AND INCOME		
Revenue	113,962,039	115,919,460
- of which to related parties	7,274,762	4,728,669
Other income	2,733,344	2,974,909
Total operating revenue and income	116,695,383	118,894,369
OPERATING COSTS		
Materials	(43,860,895)	(44,818,617)
Change in inventories	(402,180)	1,202,031
Services	(28,750,556)	(29,795,239)
- of which from related parties	(4,162,137)	(4,000,697)
Payroll costs	(27,967,750)	(27,937,849)
Other operating costs	(821,303)	(549,664)
Costs for capitalised in-house work	1,230,058	989,372
Total operating costs	(100,572,626)	(100,909,966)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		
	16,122,757	17,984,403
Depreciation and amortisation	(8,736,191)	(9,042,940)
Capital gains on disposals of non-current assets	157,965	148,465
Write-downs of non-current assets	1,302,841	617,597
- of which from related parties	1,302,841	617,597
OPERATING PROFIT		
	8,847,372	9,707,525
Financial income	73,091	84,467
Financial expenses	(500,483)	(466,068)
Exchange rate gains and losses	(260,920)	236,630
Profits and losses from equity investments	0	970,196
- of which from related parties	0	970,196
PROFIT BEFORE TAXES		
	8,159,060	10,532,750
Income taxes	(2,516,937)	(2,654,882)
NET PROFIT FOR THE YEAR		
	5,642,123	7,877,868