

**SABAF: RESULTS AS OF 31 DECEMBER 2014 APPROVED**

- **Consolidated results for 2014: revenue €136.3 million (+4.1%); EBITDA €26 million (+5.6%); EBIT €13.2 million (+18.4%) and net profit €8.3 million (+2.9%)**
- **Results for 2014: revenue €115.9 million (+3.1%); EBITDA €18 million (+6.4%); EBIT €9.7 million (+80.4%) and net profit €7.9 million (+111%)**
- **Moderate growth in sales and profitability in 2015**
- **Proposed dividend of €0.40 per share**

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The Board of Directors of **Sabaf S.p.A.**, meeting today in Ospitaletto (BS), has approved the consolidated results for 2014, and the draft financial statements of the parent company, as well as the report on company governance and on the ownership structure prepared pursuant to article 123-bis of the Consolidated Finance Act (TUF) and the 2014 report on remuneration prepared pursuant to article 123-ter of the TUF.

*Consolidated Group performance*

In 2014 the Sabaf Group reported satisfactory results: a significant increase in sales to €136.3 million (+4.1% compared with the €131 million registered in 2013) was accompanied by a more than proportional improvement in profitability, made possible by further increases in productivity, the lower impact of fixed costs and the growing contribution of activities in Turkey.

The sales growth is mainly due to the increase in sales of light alloy valves, the Group's most innovative product family and in which it has invested heavily in the last decade; in 2014 the Group won some big new orders and increased its share of supply for some of its main customers. Sales of brass valves, however, are assuming less and less importance. As regards burners, good sales growth was shown by special burners, in part thanks to the launch of new models, available in different versions in all markets. However, sales of standard burners suffered a moderate fall. Finally, sales of hinges continued to recover.

Unfortunately, the Italian market showed no signs of recovery in 2014 and sales came in at a level comparable to those of 2013. Better results were achieved in Western Europe thanks to the launch of new supply contracts and, in particular, in Eastern Europe due to the key contribution of the Turkish market. The international markets delivered contrasting performances: strong sales growth was recorded in Africa and in North America, while in South America results were disappointing. As regards Asia, revenue was down overall due to a weak contribution from the Middle East, while sales in China and India showed sound growth.

Average sales prices in 2014 were lower by around 2% compared with 2013: the over-supply on the market continues to create considerable competitive pressure.

In 2014, EBITDA was €26 million and represented 19% of sales (€24.6 million in 2013, equivalent to 18.8% of sales, +5.6%), EBIT totalled €13.2 million, representing 9.7% of sales (€11.1 million in 2013, equivalent to 8.5% of sales, +18.4%) and net profit was €8.3 million, equal to 6.1% of sales (€8.1 million in 2013, 6.2% of sales, +2.9%).

In 2014, the Sabaf Group made net investments of €1.5 million. The main investments in the year related to the industrialisation of new models of special burners and light alloy valves, sales of which are expected to increase further in the future. In addition, production capacity was also increased at the plant in Turkey and investments were also made to improve production processes.

At 31 December 2014, net financial debt was €26.9 million and shareholders' equity was €110.7 million.

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

The Parent Company Sabaf S.p.A.'s sales revenue totalled €115.9 million (up 3.1% from the €112.4 million reported in 2013), EBITDA was €18 million (up 6.4% from €16.9 million in 2013), EBIT was €9.7 million (up 80.4% from €5.4 million in the previous year) and net profit was €7.9 million (up 111% from €3.7 million in 2013).

#### *Business outlook*

At the beginning of this year, the performance of sales and orders has shown clear signs of recovery compared with the trend for recent years. This will, however, need to be confirmed over the coming months. For the full year, based on negotiations concluded with its main customers, the Group believes that it will be able to register moderate growth in sales and profitability compared with 2014. 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.

#### *Shareholders' Meeting and proposed dividend*

The Board of Directors will propose to the Shareholders' Meeting – which will be held at 10.30 am on 5 May 2015 (single call) at the company's registered office in Ospitaletto (BS) – a gross ordinary dividend of €0.40 per share for shares outstanding on 26 May 2015 (the record date), excluding, therefore, treasury shares on that date. The ex-date is scheduled for 25 May and the payment date will be 27 May.

The Meeting will also discuss the appointment of the Board of Directors and the Board of Statutory Auditors for the three years 2015-2017.

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*We burn* for technology and safety.

*The Annual Financial Report to 31 December 2014, the Independent Auditors' Report and the Board of Statutory Auditors' Report, the Report on Company Governance and Ownership Structure and the Remuneration Report for 2014 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), pursuant to the laws in force.*

*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.*

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

For more information:

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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 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.*

*Unparalleled 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 SpA 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

	31.12.2014	31.12.2013
(€000)		
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Tangible assets (property, plant, and equipment)	74,483	75,701
Real estate investment	7,228	7,674
Intangible assets	7,359	7,290
Equity investments	974	905
Non-current receivables	529	426
Deferred tax assets	5,579	5,471
<b>Total non-current assets</b>	<b>96,152</b>	<b>97,467</b>
<b>CURRENT ASSETS</b>		
Inventories	30,774	28,226
Trade receivables	40,521	36,442
Tax receivables	2,390	2,595
Other current receivables	1,095	874
Current financial assets	0	22
Cash and cash equivalents	2,958	5,111
<b>Total current assets</b>	<b>77,738</b>	<b>73,270</b>
<b>ASSETS HELD FOR SALE</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>173,890</b>	<b>170,737</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	11,533	11,533
Retained earnings, other reserves	90,867	98,318
Net profit for the year	8,338	8,104
<i>Total equity interest of the Parent Company</i>	<i>110,738</i>	<i>117,955</i>
<i>Minority interests</i>	<i>0</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>110,738</b>	<b>117,955</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans	10,173	3,895
Post-employment benefit and retirement reserves	3,028	2,845
Reserves for risks and contingencies	605	672
Deferred tax	692	532
<b>Total non-current liabilities</b>	<b>14,498</b>	<b>7,944</b>
<b>CURRENT LIABILITIES</b>		
Loans	19,613	17,940
Other financial liabilities	105	2
Trade payables	19,328	18,963
Tax payables	2,453	1,494
Other liabilities	7,155	6,439
<b>Total current liabilities</b>	<b>48,654</b>	<b>44,838</b>
<b>LIABILITIES HELD FOR SALE</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>173,890</b>	<b>170,737</b>

### Consolidated income statement

	2014		2013	
<i>(€'000)</i>				
<b>CONTINUING OPERATIONS</b>				
OPERATING REVENUE AND INCOME				
Revenue	136,337	100.0%	130,967	100.0%
Other income	3,748	2.7%	3,918	3.0%
<b>Total operating revenue and income</b>	<b>140,085</b>	<b>102.7%</b>	<b>134,885</b>	<b>103.0%</b>
OPERATING COSTS				
Materials	(54,472)	-40.0%	(52,415)	-40.0%
Change in inventories	2,447	1.8%	4,784	3.7%
Services	(29,875)	-21.9%	(30,083)	-23.0%
Payroll costs	(32,180)	-23.6%	(31,339)	-23.9%
Other operating costs	(1,042)	-0.8%	(2,175)	-1.7%
Costs for capitalised in-house work	989	0.7%	915	0.7%
<b>Total operating costs</b>	<b>(114,133)</b>	<b>-83.7%</b>	<b>(110,313)</b>	<b>-84.2%</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>				
	<b>25,952</b>	<b>19.0%</b>	<b>24,572</b>	<b>18.8%</b>
Depreciation and amortization	(12,292)	-9.0%	(12,856)	-9.8%
Capital gains/(losses) on disposals of non-current assets	63	0.0%	71	0.1%
Write-downs/write-backs of non-current assets	(548)	-0.4%	(655)	-0.5%
<b>OPERATING PROFIT (EBIT)</b>				
	<b>13,175</b>	<b>9.7%</b>	<b>11,132</b>	<b>8.5%</b>
Financial income	61	0.0%	138	0.1%
Financial expenses	(592)	-0.4%	(775)	-0.6%
Exchange rate gains and losses	119	0.1%	(186)	-0.1%
Profits and losses from equity investments	(606)	-0.4%	(498)	-0.4%
<b>PROFIT BEFORE TAXES</b>				
	<b>12,157</b>	<b>8.9%</b>	<b>9,811</b>	<b>7.5%</b>
Income tax	(3,819)	-2.8%	(1,707)	-1.3%
Minority interests	0	0.0%	0	0.0%
<b>NET PROFIT FOR THE YEAR</b>				
	<b>8,338</b>	<b>6.1%</b>	<b>8,104</b>	<b>6.2%</b>

**SABAF SpA - Statement of financial position**

<i>(in €)</i>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	31,393,333	32,211,558
Real estate investment	2,029,304	2,221,746
Intangible assets	3,232,240	3,236,104
Equity investments	44,837,629	43,070,033
Non-current assets	1,659,556	1,451,345
- of which from related parties	1,659,556	1,451,345
Non-current receivables	6,800	6,800
Deferred tax assets	3,611,023	3,645,704
<b>Total non-current assets</b>	<b>86,769,885</b>	<b>85,843,290</b>
CURRENT ASSETS		
Inventories	25,077,020	23,874,989
Trade receivables	34,695,488	31,600,439
- of which from related parties	1,142,546	1,191,532
Tax receivables	1,526,943	1,176,478
- of which from related parties	1,083,666	1,083,666
Other current receivables	1,283,256	1,826,190
- of which from related parties	521,328	1,273,233
Cash and cash equivalents	1,366,374	2,345,426
<b>Total current assets</b>	<b>63,949,081</b>	<b>60,823,522</b>
ASSETS HELD FOR SALE	0	0
<b>TOTAL ASSETS</b>	<b>150,718,966</b>	<b>146,666,812</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533,450	11,533,450
Retained earnings, other reserves	76,482,904	89,096,059
Net profit for the year	7,877,868	3,729,628
<b>Total shareholders' equity</b>	<b>95,894,222</b>	<b>104,359,137</b>
NON-CURRENT LIABILITIES		
Loans	7,339,849	0
Post-employment benefit and retirement reserves	2,640,850	2,496,163
Reserves for risks and contingencies	514,744	418,576
Deferred tax	35,394	13,698
<b>Total non-current liabilities</b>	<b>10,530,837</b>	<b>2,928,437</b>
CURRENT LIABILITIES		
Loans	18,438,481	15,495,741
Other financial liabilities	0	1,542
Trade payables	17,572,698	16,909,247
Tax payables	1,724,829	1,023,569
- of which from related parties	1,091,582	317,076
Other liabilities	6,557,899	5,949,139
<b>Total current liabilities</b>	<b>44,293,907</b>	<b>39,379,238</b>
LIABILITIES HELD FOR SALE	0	0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>150,718,966</b>	<b>146,666,812</b>

**SABAF SpA – Income Statement**

	2014	2013
<i>(in €)</i>		
<b>CONTINUING OPERATIONS</b>		
OPERATING REVENUE AND INCOME		
Revenue	115,919,460	112,417,253
- of which from related parties	4,728,669	3,783,304
Other income	2,974,909	3,270,760
<b>Total operating revenue and income</b>	<b>118,894,369</b>	<b>115,688,013</b>
OPERATING COSTS		
Materials	(44,818,617)	(44,271,029)
Change in inventories	1,202,031	3,095,154
Services	(29,795,239)	(29,811,877)
- of which from related parties	(4,000,697)	(4,128,330)
Payroll costs	(27,937,849)	(27,054,549)
Other operating costs	(549,664)	(1,658,420)
Costs for capitalised in-house work	989,372	914,997
<b>Total operating costs</b>	<b>(100,909,966)</b>	<b>(98,785,724)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS</b>		
	<b>17,984,403</b>	<b>16,902,289</b>
Depreciation and amortization	(9,042,940)	(9,863,693)
Capital gains/(losses) on disposal of non-current assets	148,465	51,424
Write-downs/write-backs of non-current assets	617,597	(1,707,930)
- of which from related parties	617,597	(1,436,656)
<b>OPERATING PROFIT</b>	<b>9,707,525</b>	<b>5,382,090</b>
Financial income	84,467	83,256
Financial expenses	(466,068)	(687,420)
Exchange rate gains and losses	236,630	(94,439)
Profits and losses from equity investments	970,196	1,034,076
- of which from related parties	970,196	1,034,076
<b>PROFIT BEFORE TAXES</b>	<b>10,532,750</b>	<b>5,717,563</b>
Income tax	(2,654,882)	(1,987,935)
<b>NET PROFIT FOR THE YEAR</b>	<b>7,877,868</b>	<b>3,729,628</b>