

**SABAF: FIRST HALF 2018 RESULTS APPROVED**

- **In the first half-year of 2018, revenue was €76 million (-1.6% compared to the first half of 2017, -0.5% at constant exchange rates); EBITDA was €15.3 million (20.1% of sales, -9%); EBIT was €9 million (11.8% of sales, -12.9%); net profit was €7.2 million (9.5% of sales, -3%)**
- **In the second quarter, revenue was €37.5 million (-6.6% compared to the second quarter of 2017, -5.9% at constant exchange rates); EBITDA was €7.6 million (20.1% of sales, -18.1%); EBIT was €4.4 million (11.8% of sales, -26.1%); net profit was €3.9 million (10.3% of sales, -11.7%)**
- **Sales in line with 2017 and an operating profitability (EBITDA %) of about 20% are expected for the entire 2018 financial year.**

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The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Half-Yearly Report at 30 June 2018.

*Consolidated results for the first half of 2018*

The Sabaf Group reported revenue of €76 million in the first half of 2018, a decrease of 1.6% versus the figure of €77.2 million in the corresponding period of the previous year. On a like-for-like exchange rate basis, the drop in revenue was 0.5%.

Trend in demand was uneven in the various markets in which the Group operates. In Turkey, the main reference market, Sabaf further strengthened its market share, thereby more than offsetting the weakness of the market. In Italy, customers showed a marked slowdown compared to the first half of 2017; in Asia and in the Middle East and North Africa, the Group also recorded lower sales. On the other hand, in North and South America, the Group is continuing to consolidate the growth of recent years.

An analysis of sales by product category shows a slight weakness in household gas parts, whereas hinges and professional burners recorded double-digit growth rates.

Average sale prices were down by 0.4% versus the first half of 2017, whereas the purchase costs of the main raw materials (aluminium, steel and brass) and of energy recorded a general increase, with a negative effect of approximately €1 million (equal to 1.3% of sales).

The negative impact of exchange rates, sales prices and purchasing costs was partially offset by further improvements in production efficiency: the EBITDA of the first half of 2018 came at €15.3 million (20.1% of sales, 9% lower than €16.8 million of the same period of 2017, when it was 21.7% of sales) and EBIT was €9 million (11.8% of sales, down by 12.9% on €10.3 million of the first half of 2017). Pre-tax profit amounted to € 9.7 million in the first half of 2018 versus the figure of €10.3 million in the corresponding period of the previous year, and net profit was €7.2 million (€7.5 million in the corresponding period of the previous year, down by 3%).

At 30 June 2018, the Group had consolidated shareholders' equity owned by the Group of €108.8 million and net debt of €34.8 million (compared with €31.7 million at 30 June 2017 and €25.5 million at 31 December 2017), after having paid dividends of €6.1 million and purchased treasury shares of €2.1 million.

Investments in the first half of the year amounted to €6.6 million (€7 million in the first half of 2017); the largest investments were aimed at the automation of the production lines for light alloy valves and the increase in production capacity in Turkey.

Net working capital is €56.7 million at 30 June 2018, versus €53.4 million at 30 June 2017 and €50.8 million at the end of 2017. The increase compared with the end of 2017 is linked to the different seasonal trend and to decision to move up raw material purchases in order to take benefit of favourable prices.

In the first half of 2018 cash flow from operations before investments amounted to €7.7 million (€6.5 million in the first half of 2017).

#### *Consolidated results for Q2 2018*

Sales in the second quarter of 2018 amounted to €37.5 million, down by 6.6% (-5.9% on a like-for-like exchange rate basis) compared to €40.2 million in Q2 2017, period featured by positive concurrent factors. The decline is due to the slowdown in demand in Italy and the limited contribution of sales in Asia and the Middle East, mainly in April and May, partially offset by an excellent performance in North America (+27%) and positive signs in Eastern Europe and South America.

The drop in revenue and the increase in purchase costs had an impact on profitability: second-quarter EBITDA was €7.6 million, equivalent to 20.1% of sales (-18.1% versus €9.2 million in the second quarter of 2017, when it was 23% of sales), and EBIT was €4.4 million, equivalent to 11.8% of sales (-26.1% versus €6 million in the second quarter of 2017, when it was 14.9% of sales). Net profit for the period was €3.9 million, compared to €4.4 million for the second quarter of 2017 (-11.7%).

#### *Forecasts for the rest of the year*

Albeit visibility in the second half of the year is still partial, taking into consideration the same scope of consolidation - excluding the contribution expected from the acquisition of Okida - for the entire 2018 financial year, the Group expects to recover the drop of the first half of 2018 and to achieve sales in line with 2017 and an operating profitability (% EBITDA) of around 20%, forecast supported by the trend of June and July

The previous forecast indicated an increase in revenue of between 3% and 5% compared to 2017 and an operating profitability in line with 2017.

These forecasts assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from the forecasts.

The results will be presented to the financial community at 3:00 p.m. today, 2 August 2018, during a conference call (call +39 02 805 88 11 a few minutes before the scheduled start).

The Half-Yearly Report at 30 June 2018 will be made available to the public in accordance with and within the time limits prescribed by the law.

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 financial statements*

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

<i>(€/000)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	72,041	73,069
Investment property	5,469	5,697
Intangible assets	9,266	9,283
Equity investments	281	281
Non-current financial assets	120	180
Non-current receivables	309	196
Deferred tax assets	4,965	5,096
<b>Total non-current assets</b>	<b>92,451</b>	<b>93,802</b>
CURRENT ASSETS		
Inventories	38,293	32,929
Trade receivables	49,084	42,263
Tax receivables	2,792	3,065
Other current receivables	1,571	1,057
Current financial assets	68	67
Cash and cash equivalents	7,204	11,533
<b>Total current assets</b>	<b>99,012</b>	<b>90,914</b>
ASSETS HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>191,463</b>	<b>184,716</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	90,076	87,227
Profit (loss) for the year	7,226	14,835
<i>Total equity interest of the Parent Company</i>	<i>108,835</i>	<i>113,595</i>
<i>Minority interests</i>	<i>1,563</i>	<i>1,460</i>
<b>Total shareholders' equity</b>	<b>110,398</b>	<b>115,055</b>
NON-CURRENT LIABILITIES		
Loans	22,450	17,760
Other financial liabilities	1,883	1,943
Post-employment benefit and retirement reserves	2,684	2,845
Provisions for risks and charges	398	385
Deferred tax liabilities	867	804
<b>Total non-current liabilities</b>	<b>28,282</b>	<b>23,737</b>
CURRENT LIABILITIES		
Loans	17,521	17,288
Other financial liabilities	178	75
Trade payables	25,083	19,975
Tax payables	2,353	1,095
Other payables	7,648	7,491
<b>Total current liabilities</b>	<b>52,783</b>	<b>45,924</b>
LIABILITIES HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>191,463</b>	<b>184,716</b>

### Consolidated Income Statement

	Q2 2018	Q2 2017*	First half of 2018	First half of 2017
<i>(€/000)</i>				
<b>OPERATING REVENUE AND INCOME</b>				
Revenue	37,510	40,163	76,013	77,236
Other income	965	871	1,668	1,581
<b>Total operating revenue and income</b>	<b>38,475</b>	<b>41,034</b>	<b>77,681</b>	<b>78,817</b>
<b>OPERATING COSTS</b>				
Materials	(17,711)	(18,160)	(34,555)	(33,039)
Change in inventories	4,047	3,714	6,472	5,195
Services	(8,170)	(7,977)	(16,314)	(15,914)
Personnel costs	(9,249)	(9,410)	(18,273)	(18,417)
Other operating costs	(320)	(319)	(653)	(588)
Costs for capitalised in-house work	483	340	918	728
<b>Total operating costs</b>	<b>(30,920)</b>	<b>(31,812)</b>	<b>(62,405)</b>	<b>(62,035)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>	<b>7,555</b>	<b>9,222</b>	<b>15,276</b>	<b>16,782</b>
Depreciations and amortisation	(3,134)	(3,243)	(6,303)	(6,469)
Capital gains/(losses) on disposals of non-current assets	12	16	11	7
Write-downs/write-backs of non-current assets	0	0	0	0
<b>OPERATING PROFIT (EBIT)</b>	<b>4,433</b>	<b>5,995</b>	<b>8,984</b>	<b>10,320</b>
Financial income	31	41	90	129
Financial expenses	(189)	(143)	(405)	(283)
Exchange rate gains and losses	837	(36)	1,072	101
Profits and losses from equity investments	0	0	0	0
<b>PROFIT BEFORE TAXES</b>	<b>5,112</b>	<b>5,857</b>	<b>9,741</b>	<b>10,267</b>
Income tax	(1,184)	(1,445)	(2,412)	(2,787)
<b>PROFIT FOR THE YEAR</b>	<b>3,928</b>	<b>4,412</b>	<b>7,329</b>	<b>7,480</b>
of which				
Minority interests	55	27	103	28
<b>PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>3,873</b>	<b>4,385</b>	<b>7,226</b>	<b>7,452</b>

(\*) figures recalculated pursuant to IFRS 3, in order to retrospectively take into account the effects resulting from the fair value measurement of A.R.C's assets and liabilities, at the acquisition date previously considered provisional.

### Consolidated statement of cash flows

<i>(€/000)</i>	<b>First half of 2018</b>	<b>First half of 2017</b>
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>11,533</b>	<b>12,143</b>
Net profit/(loss) for the period	7,329	7,452
Adjustments for:		
- Depreciation and amortisation for the period	6,303	6,469
- Realised gains/losses	(11)	(7)
- Financial income and expenses	315	154
- IFRS 2 measurement stock grant plan	65	
- Income tax	2,412	2,787
Change in post-employment benefit reserve	(161)	(17)
Change in risk provisions	13	14
<i>Change in trade receivables</i>	<i>(6,821)</i>	<i>(12,271)</i>
<i>Change in inventories</i>	<i>(5,364)</i>	<i>(4,562)</i>
<i>Change in trade payables</i>	<i>5,108</i>	<i>6,845</i>
Change in net working capital	(7,077)	(9,988)
Change in other receivables and payables, deferred tax liabilities	(571)	1,019
Payment of taxes	(586)	(1,206)
Payment of financial expenses	(405)	(271)
Collection of financial income	90	129
<b>Cash flows from operations</b>	<b>7,716</b>	<b>6,535</b>
Investments in non-current assets		
- intangible	(316)	(377)
- tangible	(6,341)	(6,782)
- financial	0	0
Disposal of non-current assets	25	123
<b>Cash flows from investment activities</b>	<b>(6,632)</b>	<b>(7,036)</b>
Repayment of loans	(10,378)	(6,003)
New loans	15,342	7,876
Change in financial assets	59	(373)
Purchase of treasury shares	(2,086)	(937)
Payment of dividends	(6,071)	(5,384)
<b>Cash flows from financing activities</b>	<b>(3,134)</b>	<b>(4,821)</b>
Foreign exchange differences	(2,279)	(1,233)
<b>Net cash flows for the period</b>	<b>(4,329)</b>	<b>(6,555)</b>
<b><i>Cash and cash equivalents at end of period</i></b>	<b><i>7,204</i></b>	<b><i>5,588</i></b>
Current financial debt	17,631	19,452
Non-current financial debt	24,334	18,022
<b><i>Net financial debt</i></b>	<b><i>34,760</i></b>	<b><i>31,886</i></b>

### Sales by geographical area

<i>(amounts in €/000)</i>	<b>Q2 2018</b>	<b>Q2 2017</b>	% change	<b>First half of 2018</b>	<b>First half of 2017</b>	% change	<b>2017 FY</b>
Italy	9,002	9,962	-9.6%	18,308	20,978	-12.7%	36,523
Western Europe	2,847	2,908	-2.1%	6,119	6,012	+1.8%	11,678
Eastern Europe	12,128	11,512	+5.4%	23,632	21,071	+12.2%	42,824
Middle East and Africa	1,582	3,150	-49.8%	5,188	6,410	-19.1%	13,009
Asia and Oceania	1,690	3,430	-50.7%	2,994	5,013	-40.3%	10,516
South America	6,297	6,084	+3.5%	12,400	11,540	+7.4%	22,938
North America and Mexico	3,964	3,117	+27.2%	7,372	6,212	+18.7%	12,735
<b>Total</b>	<b>37,510</b>	<b>40,163</b>	<b>-6.6%</b>	<b>76,013</b>	<b>77,236</b>	<b>-1.6%</b>	<b>150,223</b>

### Sales by product line

<i>(amounts in €/000)</i>	<b>Q2 2018</b>	<b>Q2 2017</b>	% change	<b>First half of 2018</b>	<b>First half of 2017</b>	% change	<b>2017 FY</b>
Brass valves	1,118	1,940	-42.4%	2,439	3,586	-32.0%	5,991
Light alloy valves	10,335	10,742	-3.8%	20,293	20,390	-0.5%	39,351
Thermostats	1,751	1,946	-10.0%	3,579	4,056	-11.8%	7,376
Standard burners	9,465	10,735	-11.8%	20,175	21,011	-4.0%	41,070
Special burners	6,713	7,426	-9.6%	13,610	13,920	-2.2%	27,184
Accessories	4,035	3,809	+5.9%	7,878	7,558	+4.2%	15,267
<i>Total gas parts</i>	<i>33,417</i>	<i>36,598</i>	<i>-8.7%</i>	<i>67,974</i>	<i>70,521</i>	<i>-3.6%</i>	<i>136,239</i>
<i>Professional burners</i>	1,430	1,286	+11.2%	2,977	2,401	+24.0%	5,079
<i>Hinges</i>	2,663	2,279	+16.8%	5,062	4,314	+17.3%	8,905
<b>Total</b>	<b>37,510</b>	<b>40,163</b>	<b>-6.6%</b>	<b>76,013</b>	<b>77,236</b>	<b>-1.6%</b>	<b>150,223</b>