

## **SABAF APPROVES RESULTS FOR FIRST HALF OF 2015**

- **In H1 2015, Sabaf booked revenue of €72.5 million (+1.7%), EBITDA of €14.4 million (+2.9%), EBIT of €8.4 million (+8.9%) and net profit of €5.5 million (+22.1%)**
- **In Q2 2015, revenue was €35 million (-8.3%), EBITDA was €6.7 million (-16.2%), EBIT was €3.7 million (-23.8%) and net profit was €2.3 million (-20.5%)**
- **Forecasts confirmed for moderate growth for FY 2015 versus 2014 in sales and profitability**

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The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Half-Year Report at 30 June 2015.

### *Consolidated results for H1 2015*

The Sabaf Group reported revenue of €72.5 million in the first half of 2015, an increase of 1.7% versus the figure of €71.3 million in the corresponding period of the previous year. At constant exchange rates, revenue was more or less unchanged.

Sales were down in Italy and western Europe, but there was growth of more than 10% in Eastern Europe. Sales outside Europe enjoyed rapid growth (+35.3%) in North America and were also solid in Asia and South America (despite a difficult Brazilian market), but they fell in the Middle East and North Africa, owing entirely to a modest contribution from the Middle East markets.

Average sale prices were down by 0.7% versus the first half of 2014.

Analysis by product family shows a strong increase in sales of standard (+4.9%) and special (+4%) burners, and continued growth in the sales of light-alloy valves (+6.4%), some of which are replacements for brass valves. There was, however, a decrease in thermostat sales owing to a downturn in the Middle East market.

In the first half of 2015, the Group once again managed to increase its profits by more than its revenues. EBITDA came in at €14.4 million (19.8% of sales and up 2.9% on the same period of 2014, when they were 19.6% of sales) and EBIT was €8.4 million (11.6% of sales and an improvement of 8.9% on the figure of €7.7 million for the first half of 2014). The drop in sale prices was more than offset by a positive sales mix and by further improvement in production efficiency. Pre-tax profit amounted to €8.2 million in H1 2015 (€7.2 million in H1 2014), and net profit was €5.5 million (€4.5 million in H1 2014, an increase of 22.1%).

As at 30 June 2015, the Group had consolidated shareholders' equity of €110.2 million and net debt of €27.3 million (compared with €110.7 million and €26.9 million respectively at 31 December 2014), after having paid dividends of €4.6 million.

Investments totalled €7.9 million in H1 2015 (€5.2 million in the same period of 2014). The largest investments went on increasing the production capacity of light-alloy valves with a flame failure device, for which there are expected to be sales growth opportunities in the near future. Investment also continued with a view to beginning production of burners in China in the third quarter.

Net working capital was €45.1 million at 30 June 2015, essentially unchanged compared with 31 December 2014 and 30 June 2014.

*Consolidated results for Q2 2015*

Sales totalled €35 million in the second quarter of 2015, down by 8.3% on the same period of 2014 (-10.2% at constant exchange rates). Unlike in 2014, performance in the second quarter was weaker than in the first quarter; the differing sales performance is partially attributable to the highly seasonal nature of North African and Middle Eastern markets (supplied directly and by our Italian customers), where 2015 sales were concentrated mainly in the first quarter. Only the North and South America regions performed better than in Q2 2014.

A downturn in business caused a reduction in profits: second-quarter EBITDA was €6.7 million, equivalent to 19% of sales (-16.2% versus €7.9 million in Q2 2014, when it was 20.8% of sales), and EBIT was €3.7 million, equivalent to 10.4% of sales (-23.8% versus €4.8 million in Q2 2014, when it was 12.6% of sales). Net profit for the period was €2.3 million, down by 20.5% on the figure of €2.9 million for Q2 2014.

*Forecasts for the rest of the year*

Sales and orders for July and August point to a positive trend, with double-digit growth on the same period in 2014. 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 forecasts assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from forecasts.

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The results will be presented to the financial community at 15.00 today, 4 August 2015, during a conference call (call 02 802 09 11 a few minutes before the scheduled start).

The Half-Year Report at 30 June 2015 will be made available to the public in accordance with the law from 10 August 2015. On the same day, it will also be published on the Company's website, [www.sabaf.it](http://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.

*Annexes: consolidated financial statements*

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 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)	30.06.2015	31.12.2014
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	76,049	74,483
Real estate investment	6,938	7,228
Intangible assets	7,566	7,359
Investments	204	974
Non-current receivables	404	529
Deferred tax assets	5,565	5,579
<b>Total non-current assets</b>	<b>96,726</b>	<b>96,152</b>
CURRENT ASSETS		
Inventories	32,297	30,774
Trade receivables	44,210	40,521
Tax receivables	2,192	2,390
Other current receivables	1,739	1,095
Current financial assets	0	0
Cash and cash equivalents	5,288	2,958
<b>Total current assets</b>	<b>85,726</b>	<b>77,738</b>
ASSETS HELD FOR SALE	0	0
<b>TOTAL ASSETS</b>	<b>182,452</b>	<b>173,890</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	93,261	90,867
Net profit (loss) for period	5,455	8,338
<i>Total equity interest of the Parent Company</i>	<i>110,249</i>	<i>110,738</i>
<i>Minority interests</i>	<i>0</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>110,249</b>	<b>110,738</b>
NON-CURRENT LIABILITIES		
Loans	8,289	10,173
Post-employment benefit and retirement reserves	2,968	3,028
Reserves for risks and contingencies	562	605
Deferred tax	740	692
<b>Total non-current liabilities</b>	<b>12,559</b>	<b>14,498</b>
CURRENT LIABILITIES		
Loans	24,292	19,613
Other financial payables	13	105
Trade payables	23,691	19,328
Tax payables	4,244	2,453
Other liabilities	7,404	7,155
<b>Total current liabilities</b>	<b>59,644</b>	<b>48,654</b>
LIABILITIES HELD FOR SALE	0	0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>182,452</b>	<b>173,890</b>

### Consolidated income statement

	Q2 2015	Q2 2014	H1 2015	H1 2014
<i>(€'000)</i>				
<b>OPERATING REVENUE AND INCOME</b>				
Revenues	35,008	38,161	72,509	71,285
Other income	916	984	1,979	2,013
<b>Total operating revenue and income</b>	<b>35,924</b>	<b>39,145</b>	<b>74,488</b>	<b>73,298</b>
<b>OPERATING COSTS</b>				
Materials	(13,591)	(15,291)	(28,853)	(29,637)
Change in inventories	(135)	825	1,877	2,451
Services	(7,327)	(7,881)	(15,963)	(15,200)
Payroll costs	(8,405)	(8,776)	(17,060)	(16,793)
Other operating costs	(158)	(335)	(752)	(695)
Costs for capitalised in-house work	353	263	627	533
<b>Total operating costs</b>	<b>(29,263)</b>	<b>(31,195)</b>	<b>(60,124)</b>	<b>(59,341)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>				
	<b>6,661</b>	<b>7,950</b>	<b>14,364</b>	<b>13,957</b>
Accumulated	(3,008)	(3,155)	(6,019)	(6,279)
Capital gains/(losses) on disposals of non-current assets	3	4	45	24
Write-downs/write-backs of non-current assets	0	0	0	0
<b>OPERATING PROFIT (EBIT)</b>				
	<b>3,656</b>	<b>4,799</b>	<b>8,390</b>	<b>7,702</b>
Financial income	10	13	18	44
Financial expense	(154)	(158)	(305)	(309)
Exchange rate gains and losses	9	32	120	13
Profits and losses from equity investments	0	(149)	0	(264)
<b>PROFIT BEFORE TAXES</b>				
	<b>3,521</b>	<b>4,537</b>	<b>8,223</b>	<b>7,186</b>
Income tax	(1,180)	(1,591)	(2,768)	(2,720)
Minority interests	0	0	0	0
<b>NET PROFIT FOR THE PERIOD</b>				
	<b>2,341</b>	<b>2,946</b>	<b>5,455</b>	<b>4,466</b>

### Consolidated statement of cash flows

	<b>H1 2015</b>	<b>H1 2014</b>
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>3,675</b>	<b>5,111</b>
Net profit/(loss) for the period	5,455	4,466
Adjustments for:		
- Depreciation and amortisation for the period	6,019	6,279
- Realised gains/losses	(45)	(24)
- Profits and losses from equity investments	0	264
- Financial income and expenses	287	265
- Income tax	2,768	2,720
Change in post-employment benefit reserve	(84)	(99)
Change in risk provisions	(43)	(38)
<i>Change in trade receivables</i>	<i>(3,678)</i>	<i>(10,115)</i>
<i>Change in inventories</i>	<i>(1,458)</i>	<i>(2,637)</i>
<i>Change in trade payables</i>	<i>4,183</i>	<i>5,857</i>
Change in net working capital	(953)	(6,895)
Change in other receivables and payables, deferred tax	(305)	68
Payment of taxes	(769)	(577)
Payment of financial expenses	(281)	(279)
Collection of financial income	18	44
<b>Cash flow from operations</b>	<b>12,067</b>	<b>6,194</b>
Investments in non-current assets		
- intangible	(506)	(334)
- tangible	(7,605)	(4,739)
- financial	(26)	(145)
Disposal of non-current assets	204	79
<b>Cash flow from investments</b>	<b>(7,933)</b>	<b>(5,139)</b>
Repayment of loans	(9,501)	(6,557)
New loans	12,204	7,026
Payment of dividends	(4,613)	(4,613)
<b>Cash flow from financing activity</b>	<b>(1,910)</b>	<b>(4,144)</b>
Foreign exchange differences	(611)	472
<b>Net financial flows for the period</b>	<b>1,613</b>	<b>(2,617)</b>
<b><i>Cash and cash equivalents at end of period</i></b>	<b>5,288</b>	<b>2,494</b>
Current financial debt	24,305	18,940
Non-current financial debt	8,289	3,366
<b>Net financial debt</b>	<b>27,306</b>	<b>19,812</b>

### Sales by geographical area

<i>(amounts in €'000)</i>	<b>Q2 2015</b>	<b>Q2 2014</b>	% change	<b>H1 2015</b>	<b>H1 2014</b>	% change	<b>FY 2014</b>
Italy	11,152	12,832	-13.1%	22,662	23,971	-5.5%	42,277
Western Europe	1,643	2,242	-26.7%	3,968	4,750	-16.5%	8,716
Eastern Europe	9,520	9,692	-1.8%	18,947	17,188	+10.2%	36,198
Middle East and Africa	4,206	5,291	-20.5%	9,002	9,592	-6.2%	16,871
Asia and Oceania	1,428	1,969	-27.5%	3,151	2,814	+12.0%	6,907
South America	4,834	4,571	+5.8%	10,421	9,750	+6.9%	18,324
North America and Mexico	2,225	1,564	+42.3%	4,358	3,220	+35.3%	7,044
<b>Total</b>	<b>35,008</b>	<b>38,161</b>	<b>-8.3%</b>	<b>72,509</b>	<b>71,285</b>	<b>+1.7%</b>	<b>136,337</b>

### Sales by product line

<i>(amounts in €'000)</i>	<b>Q2 2015</b>	<b>Q2 2014</b>	% change	<b>H1 2015</b>	<b>H1 2014</b>	% change	<b>FY 2014</b>
Brass valves	3,397	4,092	-17.0%	7,038	7,692	-8.5%	13,741
Light alloy valves	8,723	9,311	-6.3%	18,115	17,025	+6.4%	34,006
Thermostats	2,760	3,823	-27.8%	5,871	7,284	-19.4%	12,288
Standard burners	9,335	9,374	-0.4%	19,229	18,335	+4.9%	36,160
Special burners	5,342	6,097	-12.4%	11,125	10,695	+4.0%	20,251
Accessories	3,459	3,315	+4.3%	7,174	6,269	+14.4%	12,928
<i>Total gas parts</i>	<i>33,016</i>	<i>36,012</i>	<i>-8.3%</i>	<i>68,552</i>	<i>67,300</i>	<i>+1.9%</i>	<i>129,374</i>
<i>Hinges</i>	<i>1,992</i>	<i>2,149</i>	<i>-7.3%</i>	<i>3,957</i>	<i>3,985</i>	<i>-0.7%</i>	<i>6,963</i>
<b>Total</b>	<b>35,008</b>	<b>38,161</b>	<b>-8.3%</b>	<b>72,509</b>	<b>71,285</b>	<b>+1.7%</b>	<b>136,337</b>