

Press release

Ospitaletto (BS), 26 March 2019

SABAF: RESULTS AT 31 DECEMBER 2018 APPROVED

- **Consolidated results for 2018: revenue was € 150.6 million (+0.3%); EBITDA was € 30 million (-3.2%); EBIT was € 16.4 million (-9.4%) and net profit was € 15.6 million (+5.3%)**
- **A dividend of € 0.55 per share was proposed to the Shareholders' Meeting**

The Board of Directors of **Sabaf S.p.A.** met today in Ospitaletto (BS) and approved the consolidated results for 2018 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), the consolidated Non-financial Statement pursuant to Italian legislative decree no. 254/2016 and the 2018 Report on remuneration prepared pursuant to Article 123-ter of the TUF.

Group consolidated results

In 2018, the Sabaf Group reported a sales revenue of € 150.6 million, an increase of 0.3% versus the figure of € 150.2 million in 2017 (-2.4% taking into consideration the same scope of consolidation).

The sales analysis by geographical area shows an uneven trend in the various markets in which the Group operates. The best results were achieved on the American continent: sales in North America were sustained by the good performance of consumption; in South America, strong growth rates were recorded in the Andean countries, which more than offset the effects of the crisis in Argentina and a still stagnant demand in Brazil. Satisfactory growth rates were recorded in European markets, thanks to the consolidation of relationships with major customers and the contribution made by the acquisition of Okida in Turkey; only in Italy sales are down due to the sharp reduction in the production of domestic appliances. North Africa and the Middle East have shown signs of weakness, while the Group's presence on Asian markets is not yet sufficiently consolidated.

Profitability continued to be excellent, albeit slightly down: 2018 EBITDA amounted to € 30 million, equivalent to 19.9% of sales, compared to € 31 million (20.6% of sales) in 2017, EBIT reached € 16.4 million, equivalent to 10.9% of sales, compared to € 18.1 million (12.1%) in 2017. Net profit of 2018, equal to € 15.6 million (10.4% of sales), was 5.3% higher than the € 14.8 million of 2017.

In 2018, the Group invested € 24.1 million to acquire 100% of the Turkish company Okida Elektronik; leader in the country in the design, manufacture and sale of electronic control boards, timers, display and power units for ovens, hoods, vacuum cleaners, refrigerators and freezers. The acquisition of Okida represented the first step towards the implementation of the 2018-2022 Business Plan, in line with the strategy of expanding the range of products in components for household appliances and the acquisition of e-skills. Okida was consolidated as from 4 September 2018, contributing € 4 million to 2018 consolidated sales. The company ended the entire 2018 financial year with sales of € 11.1 million.

The Sabaf Group also made organic investments of € 11.5 million: the main investments were aimed at increasing production capacity of special burners, completing the automation of production lines for light alloy valves and interconnecting production plants with management systems (Industry 4.0).

During 2018, dividends were distributed for € 6.1 million and treasury shares were purchased for € 2.4 million. At 31 December 2018, net financial debt was € 53.5 million, compared to € 25.5 million of

31 December 2017, whereas shareholders' equity amounted to € 119.3 million (€ 115.4 million at 31 December 2017); the ratio between the net financial debt and the shareholders' equity was 0.45 versus 0.22 at the end of 2017.

Parent Company Sabaf S.p.A. results

The Parent Company Sabaf S.p.A.'s sales revenue for 2018 totalled € 110.1 million (compared to € 115.7 million reported in 2017, -4.9%), EBITDA was € 13.6 million, down 21.9% from € 17.5 million in 2017, EBIT was € 5.5 million, down 31.1% from € 8.1 million in the previous year and net profit was € 8 million, substantially unchanged (+0.5%) from 2017.

Dividend proposal

The Board of Directors will propose to the shareholders the distribution of a gross ordinary dividend of € 0.55 per share (a dividend of € 0.55 was paid also in 2018) for shares outstanding on 28 May 2019 (the record date), excluding, therefore, treasury shares on that date. The ex-date is scheduled for 27 May and the payment date will be 29 May.

Convocation of the Ordinary Shareholders' Meeting

The Ordinary Shareholders' Meeting will be convened (single call) on 7 May 2019 at 10.30 am at the company's registered office in Ospitaletto (BS) and will also be called upon:

- to resolve on the appointment of a director to complete the Board of Directors;
- to renew the authorisation to the Board of Directors to purchase and sell treasury shares.

The Annual Financial Report at 31 December 2018, the Independent Auditors' Report and the Board of Statutory Auditors' Report, the Report on Corporate Governance and Ownership Structure, the consolidated Non-Financial Statement and the 2018 Report on Remuneration will be published on the website www.sabaf.it and on the centralised storage system "eMarket Storage", available on the website www.emarketstorage.com, no later than 16 April 2019.

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 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 and Okida, active in the sector of electronic components for household appliances.

Sabaf Group - Consolidated statement of financial position
31/12/2018 31/12/2017
(€/000)

ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	70,765	73,069
Investment property	4,403	5,697
Intangible assets	39,054	9,283
Equity investments	380	281
Non-current financial assets	120	180
Non-current receivables	188	196
Deferred tax assets	4,617	5,096
Total non-current assets	119,527	93,802
CURRENT ASSETS		
Inventories	39,179	32,929
Trade receivables	46,932	42,263
Tax receivables	4,466	3,065
Other current receivables	1,534	1,057
Current financial assets	3,511	67
Cash and cash equivalents	13,426	11,533
Total current assets	109,048	90,914
ASSETS HELD FOR SALE	0	0
TOTAL ASSETS	228,575	184,716
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	90,555	87,227
Profit for the year	15,614	14,835
<i>Total equity interest of the Group</i>	<i>117,702</i>	<i>113,595</i>
<i>Minority interests</i>	<i>1,644</i>	<i>1,460</i>
Total shareholders' equity	119,346	115,055
NON-CURRENT LIABILITIES		
Loans	42,406	17,760
Other financial liabilities	1,938	1,943
Post-employment benefit and retirement reserves	2,632	2,845
Provisions for risks and charges	725	385
Deferred tax liabilities	3,030	804
Total non-current liabilities	50,731	23,737
CURRENT LIABILITIES		
Loans	18,435	17,288
Other financial liabilities	7,682	75
Trade payables	21,215	19,975
Tax payables	3,566	1,095
Other payables	7,600	7,491
Total current liabilities	58,498	45,924
LIABILITIES HELD FOR SALE	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	228,575	184,716

Sabaf Group - Consolidated Income Statement

	2018	2017
<i>(€/000)</i>		
INCOME STATEMENT COMPONENTS		
OPERATING REVENUE AND INCOME		
Revenue	150,642	150,223
Other income	3,369	3,361
Total operating revenue and income	154,011	153,584
OPERATING COSTS		
Materials	(62,447)	(59,794)
Change in inventories	4,603	2,380
Services	(31,297)	(30,227)
Payroll costs	(34,840)	(35,328)
Other operating costs	(1,670)	(1,134)
Costs for capitalised in-house work	1,599	1,474
Total operating costs	(124,052)	(122,629)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		
	29,959	30,955
Depreciations and amortisation	(12,728)	(12,826)
Capital gains on disposals of non-current assets	28	(12)
Value adjustments of non-current assets	(850)	0
EBIT	16,409	18,117
Financial income	373	214
Financial expenses	(1,206)	(804)
Exchange rate gains and losses	5,384	274
Profits and losses from equity investments	0	3
PROFIT BEFORE TAXES	20,960	17,804
Income tax	(5,162)	(2,888)
PROFIT FOR THE YEAR	15,798	14,916
of which:		
Minority interests	184	81
PROFIT ATTRIBUTABLE TO THE GROUP	15,614	14,835
EARNINGS PER SHARE (EPS)		
Base	€1.413	€1.323
Diluted	€1.413	€1.323

Sabaf S.p.A. - Statement of Financial Position
(in €)
31/12/2018 31/12/2017
ASSETS
NON-CURRENT ASSETS

Property, plant and equipment	30,497,881	31,610,510
Investment property	1,261,716	1,453,564
Intangible assets	3,094,293	3,370,260
Equity investments	58,150,073	49,451,811
Non-current financial assets	5,366,725	1,847,639
- of which from related parties	5,246,725	1,667,639
Non-current receivables	19,871	19,871
Deferred tax assets	3,471,716	3,455,483
Total non-current assets	101,862,275	91,209,138

CURRENT ASSETS

Inventories	26,627,854	24,768,927
Trade receivables	35,157,543	31,154,012
- of which from related parties	6,080,706	1,208,883
Tax receivables	2,377,224	2,229,708
- of which from related parties	1,083,666	1,083,666
Other current receivables	764,471	721,529
Current financial assets	5,110,000	1,067,429
- of which from related parties	1,600,000	1,000,000
Cash and cash equivalents	1,958,805	2,696,664
Total current assets	71,995,897	62,638,269

ASSETS HELD FOR SALE	0	0
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TOTAL ASSETS	173,858,172	153,847,407
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SHAREHOLDERS' EQUITY AND LIABILITIES
SHAREHOLDERS' EQUITY

Share capital	11,533,450	11,533,450
Retained earnings, other reserves	72,464,975	72,552,367
Profit for the year	8,040,214	8,001,327
Total shareholders' equity	92,038,639	92,087,144

NON-CURRENT LIABILITIES

Loans	33,669,253	16,297,969
Other financial liabilities	120,000	180,000
Post-employment benefit and retirement reserves	2,083,922	2,199,523
Provisions for risks and charges	1,088,183	369,482
Deferred tax liabilities	106,646	67,983
Total non-current liabilities	37,068,004	19,114,957

CURRENT LIABILITIES

Loans	17,330,136	18,927,558
- of which to related parties	0	2,100,000
Other financial liabilities	1,795,310	74,849
Trade payables	18,944,590	16,569,390
- of which to related parties	3,858,114	509,631
Tax payables	589,828	623,013
Other payables	6,091,665	6,450,496
Total current liabilities	44,751,529	42,645,306

LIABILITIES HELD FOR SALE	0	0
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	173,858,172	153,847,407
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Sabaf S.p.A. – Income Statement

	2018	2017
<i>(in €)</i>		
INCOME STATEMENT COMPONENTS		
OPERATING REVENUE AND INCOME		
Revenue	110,065,252	115,687,029
- of which from related parties		<i>10,238,606</i>
Other income	2,985,254	2,647,542
Total operating revenue and income	113,050,506	118,334,571
OPERATING COSTS		
Materials	(45,084,626)	(46,554,625)
Change in inventories	1,858,927	1,276,087
Services	(27,540,143)	(27,603,637)
- of which by related parties	<i>(3,991,378)</i>	<i>(3,966,399)</i>
Payroll costs	(28,388,299)	(28,734,310)
Other operating costs	(1,852,013)	(715,296)
Costs for capitalised in-house work	1,599,795	1,474,322
Total operating costs	(99,406,359)	(100,857,459)
OPERATING PROFIT BEFORE DEPRECIATION AND AMC CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACK CURRENT ASSETS		
	13,644,147	17,477,112
Depreciations and amortisation	(8,596,924)	(8,843,617)
Capital gains/(losses) on disposals of non-current assets	495,659	97,873
Write-downs/write-backs of non-current assets	0	(681,628)
- of which by related parties	<i>0</i>	<i>(681,628)</i>
EBIT	5,542,882	8,049,740
Financial income	122,845	88,754
Financial expenses	(918,213)	(482,136)
Exchange rate gains and losses	157,102	(88,145)
Profits and losses from equity investments	4,322,070	1,503,354
PROFIT BEFORE TAXES	9,226,686	9,071,567
Income tax	(1,186,472)	(1,070,240)
PROFIT FOR THE YEAR	8,040,214	8,001,327