

# PRESENTAZIONE FINANZIARIA

Star Conference

Milano, 24-25 marzo 2015

# Product range

Single ring burners



Special and multi-rings burners



Gas valves



Micro switches & accessories



Oven hinges



Oven burners



Thermostats



# Global presence



100% valves and thermostats  
100% hinges  
100% special burners  
50% standard burners



25% standard burners



special burners - starting 2015



25% standard burners



# Becoming more international

- Sabaf enjoys a strong leadership position in Italy and Europe (market share above 40%)
- Demographic and macroeconomic trends do not leave space for substantial growth in Europe
- Sabaf market share worldwide is still low (around 10%)
- Efforts are mainly addressed at increasing our international presence, with special focus on:
  - Turkey
  - China
  - Brazil
  - India
  - USA

# Sabaf in Turkey

## WHY

Turkey has become the most important manufacturer of white goods in Europe (Turkish manufacturers and production sites of multinational groups)

## HOW

In 2012 Sabaf built from greenfield a new factory in Manisa (Izmir) - €10 mn investment - 10,000 sqm  
Manufacturing of standard burners  
Same products, technology and quality as in Italy

## WHERE WE ARE

€9.2 mn sales in 2014, 60 people employed  
In 2014 we implemented the full process for the production of burner lids

## WHERE WE WILL BE

Further expansion of production capacity is ongoing  
Constant growth has been planned for next years



# Sabaf in China

## WHY

Market size: 26 mn hobs

19 mn hobs manufactured for the domestic market

7 mn hobs manufactured for export markets

Expected product mix trend: higher value, moderate volume growth

New standards concerning gas hobs will apply starting from April 1<sup>st</sup>, 2015. The new standards state 3 different energy classes: 55%, 59% and 63%.

At present only 10% to 15% of hobs meet the highest class.



## HOW

Sabaf has developed a new special burner that reaches an efficiency rate higher than 63%.

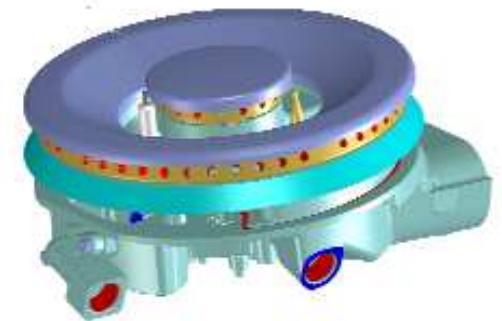
€2mn capex in 2014-2015 in order to start production

## WHERE WE ARE

Production is starting in a few weeks

## WHERE WE WILL BE

We are targeting the 10% premium market



# Sabaf in Brazil

## WHY

Brazil is a big market, difficult to supply from abroad, due to logistics, duties, forex impact.

## HOW

Start of production in Brazil in 2001. A new factory was set up in Jundiaí (SP) in 2007, starting from greenfield.

€10 mn investment - 10,000 sqm

Manufacturing of standard burners

Same products, technology and quality as in Italy

## WHERE WE ARE

€8.4 mn sales in 2014, 64 people employed

80% market share in the hobs segment

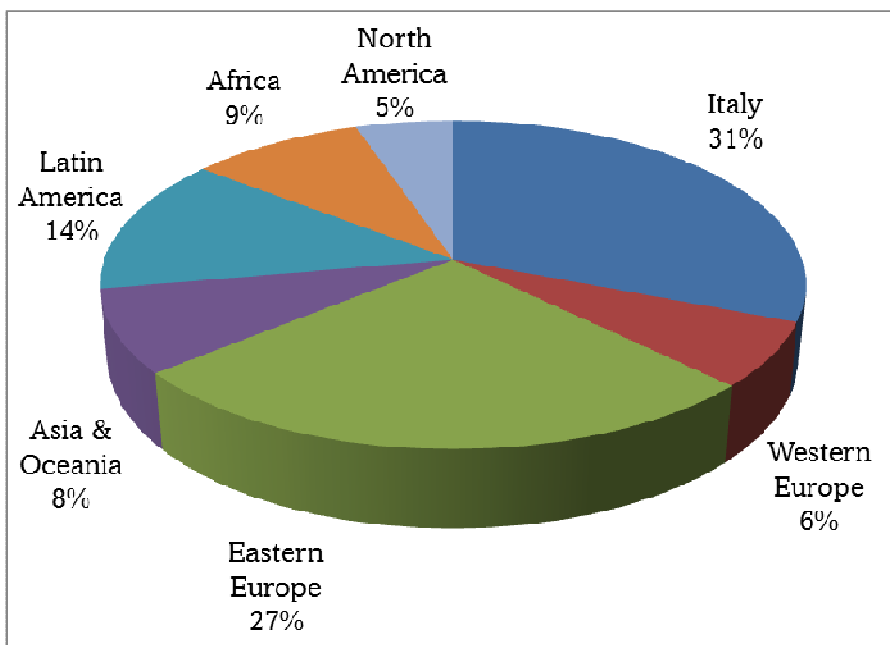
## WHERE WE WILL BE

Production of special burners (2016)

Increase of share in the cookers segment



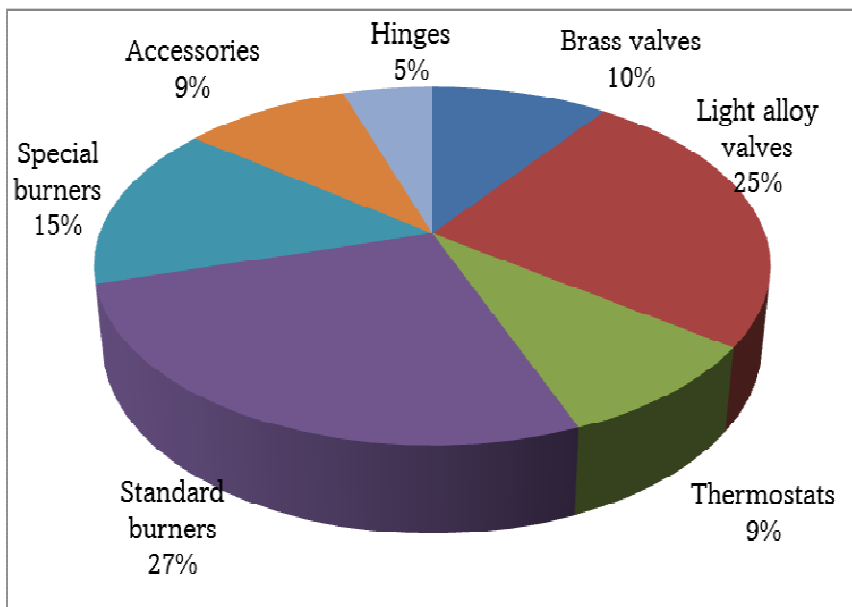
# Sales by market



|                | <b>FY 2014</b> | <b>FY 2013</b> |               |
|----------------|----------------|----------------|---------------|
| Italy          | 42,277         | 42,662         | <b>-0.9%</b>  |
| Western Europe | 8,716          | 7,465          | <b>+16.8%</b> |
| Eastern Europe | 36,198         | 29,300         | <b>+23.5%</b> |
| Asia & Oceania | 11,204         | 11,864         | <b>-5.6%</b>  |
| Latin America  | 18,324         | 24,375         | <b>-24.8%</b> |
| Africa         | 12,574         | 10,410         | <b>+20.8%</b> |
| North America  | 7,044          | 4,891          | <b>+44.0%</b> |
| <b>Total</b>   | <b>136,337</b> | <b>130,967</b> | <b>+4.1%</b>  |



# Sales by product line

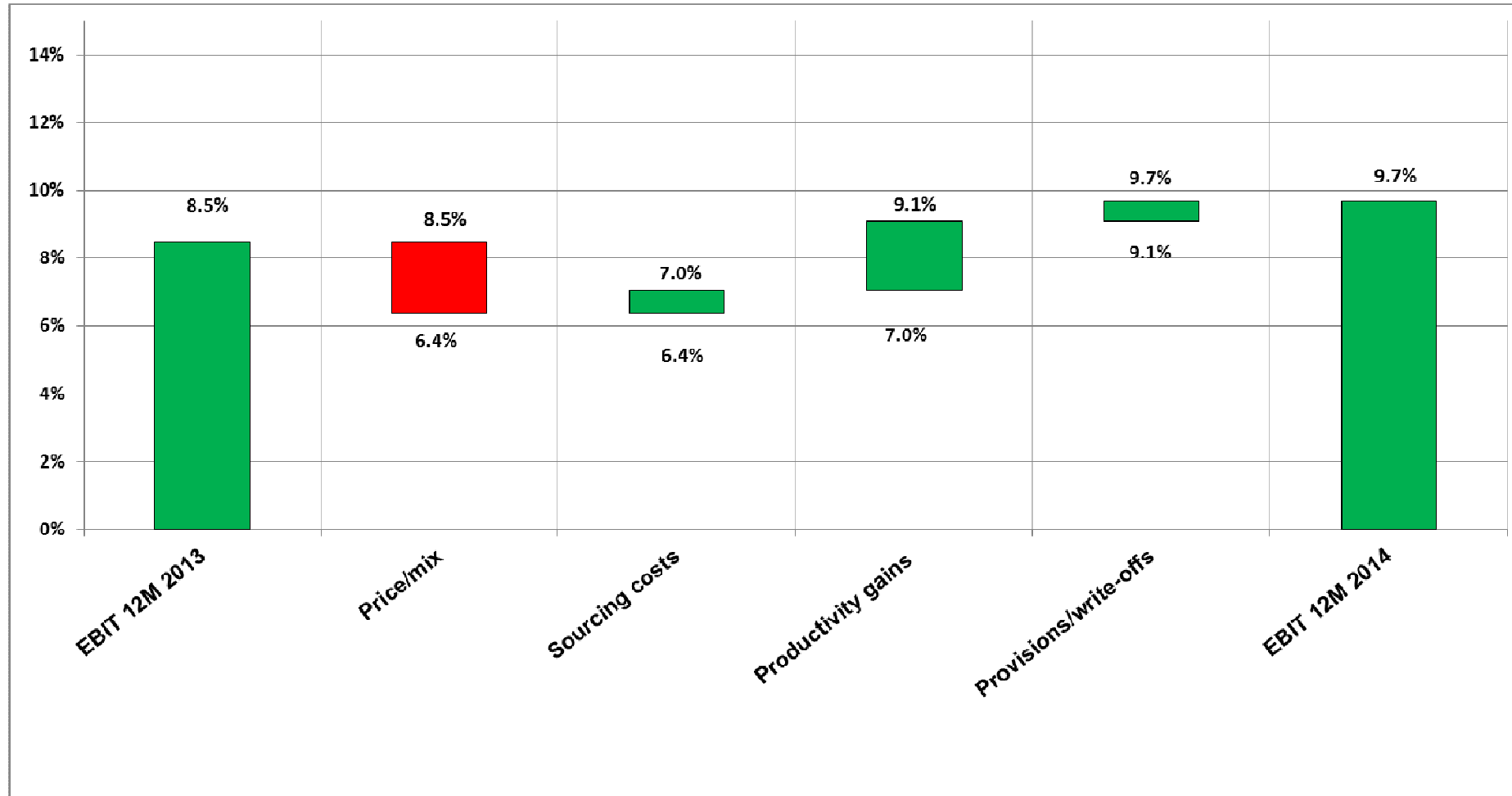


|                    | <b>FY 2014</b> | <b>FY 2013</b> |               |
|--------------------|----------------|----------------|---------------|
| Brass valves       | 13,741         | 14,613         | <b>-6.0%</b>  |
| Light alloy valves | 34,006         | 27,618         | <b>+23.1%</b> |
| Thermostats        | 12,288         | 13,350         | <b>-8.0%</b>  |
| Standard burners   | 36,160         | 38,222         | <b>-5.4%</b>  |
| Special burners    | 20,251         | 18,943         | <b>+6.9%</b>  |
| Accessories        | 12,928         | 11,571         | <b>+11.7%</b> |
| Hinges             | 6,963          | 6,650          | <b>+4.7%</b>  |
| <b>Total</b>       | <b>136,337</b> | <b>130,967</b> | <b>+4.1%</b>  |

# Income statement

| €x 000                            | <u>FY 2014</u> |               | <u>FY 2013</u> |               |               |
|-----------------------------------|----------------|---------------|----------------|---------------|---------------|
| <b>SALES</b>                      | <b>136,337</b> | <b>100.0%</b> | <b>130,967</b> | <b>100.0%</b> | <b>+4.1%</b>  |
| Materials                         | (54,472)       | -40.0%        | (52,415)       | -40.0%        |               |
| Payroll                           | (32,180)       | -23.6%        | (31,339)       | -23.9%        |               |
| Change in stock                   | 2,447          | 1.8%          | 4,784          | 3.7%          |               |
| Other operating costs/income      | (26,180)       | -19.2%        | (27,425)       | -20.9%        |               |
| <b>EBITDA</b>                     | <b>25,952</b>  | <b>19.0%</b>  | <b>24,572</b>  | <b>18.8%</b>  | <b>+5.6%</b>  |
| Depreciation                      | (12,292)       | -9.0%         | (12,856)       | -9.8%         |               |
| Gains/losses on fixed assets      | 63             | 0.0%          | 71             | 0.1%          |               |
| Impairment of fixed assets        | (548)          | -0.4%         | (655)          | -0.5%         |               |
| <b>EBIT</b>                       | <b>13,175</b>  | <b>9.7%</b>   | <b>11,132</b>  | <b>8.5%</b>   | <b>+18.4%</b> |
| Net financial expense             | (531)          | -0.4%         | (637)          | -0.5%         |               |
| Foreign exchange gains/losses     | 119            | 0.1%          | (186)          | -0.1%         |               |
| Equity investments profits/losses | (606)          | -0.4%         | (498)          | -0.4%         |               |
| <b>EBT</b>                        | <b>12,157</b>  | <b>8.9%</b>   | <b>9,811</b>   | <b>7.5%</b>   | <b>+23.9%</b> |
| Income taxes                      | (3,819)        | -2.8%         | (1,707)        | -1.3%         |               |
| Minorities                        | 0              |               | 0              |               |               |
| <b>NET INCOME</b>                 | <b>8,338</b>   | <b>6.1%</b>   | <b>8,104</b>   | <b>6.2%</b>   | <b>+2.9%</b>  |
| <b>EPS</b>                        | <b>0.723</b>   |               | <b>0.715</b>   |               | <b>+1.1%</b>  |

# EBIT bridge 2013 – 2014



# Cash flow statement

| € x 1000                                   | FY 2014        | FY 2013        |
|--|----------------|----------------|
| <i>Cash at the beginning of the period</i> | 5,111          | 6,137          |
| Net profit                                 | 8,338          | 8,104          |
| Depreciation                               | 12,292         | 12,856         |
| Change in net working capital              |                |                |
| change in inventories                      | (4,079)        | (4,190)        |
| change in receivables                      | (2,548)        | 1,526          |
| change in payables                         | 365            | 419            |
|  | (6,262)        | (2,245)        |
| Other changes in operating items           | 2,609          | 1,573          |
| <b>Operating cash flow</b>                 | <b>16,977</b>  | <b>20,288</b>  |
| Net investments                            | (11,491)       | (10,240)       |
| <b>Free cash flow</b>                      | <b>5,486</b>   | <b>10,048</b>  |
| Cash flow from financial activity          | 8,054          | (8,118)        |
| Sale of own shares                         | 0              | 3,084          |
| Dividends                                  | (16,146)       | (3,911)        |
| Forex                                      | 453            | (2,129)        |
| <b>Cash flow</b>                           | <b>(2,153)</b> | <b>(1,026)</b> |
| <i>Cash at the end of the period</i>       | <i>2,958</i>   | <i>5,111</i>   |

# Balance sheet

| € x 1000  | 31-Dec-14      | 31-Dec-13      |
|---|----------------|----------------|
| Fixed assets  | 96,152         | 97,467         |
| Short term financial assets                             | -              | 22             |
| Net working capital                                     | 45,844         | 41,241         |
| <b>Capital Employed</b>                                 | <b>141,996</b> | <b>138,730</b> |
| Equity  | 110,738        | 117,955        |
| Reserves for risks and<br>severance indemnity, deferred | 4,325          | 4,049          |
| Net debt  | 26,933         | 16,726         |
| <b>Sources of finance</b>                               | <b>141,996</b> | <b>138,730</b> |



# Net financial position

| <i>€ x 1000</i>                                   | 31-Dec-14     | 31-Dec-13     |
|---|---------------|---------------|
| A. Cash   | 9             | 15            |
| B. Positive balances of unrestricted bank account | 2,691         | 4,519         |
| C. Other liquidities                              | 258           | 577           |
| <b>D. Cash and cash equivalents (A+B+C)</b>       | <b>2,958</b>  | <b>5,111</b>  |
| E. Current bank overdrafts                        | 15,890        | 15,503        |
| F. Current portion of non-current debt            | 3,723         | 1,363         |
| G. Other current financial payables               | 105           | 1,076         |
| <b>H. Current financial debt (E+F+G)</b>          | <b>19,718</b> | <b>17,942</b> |
| <b>I. Current net financial debt (H-D)</b>        | <b>16,760</b> | <b>12,831</b> |
| J. Non-current bank payables                      | 8,275         | 1,859         |
| K. Other non-current financial payables           | 1,898         | 2,036         |
| <b>L. Non-current financial debt (J+K)</b>        | <b>10,173</b> | <b>3,895</b>  |
| <b>M. Net financial debt (L+I)</b>                | <b>26,933</b> | <b>16,726</b> |

# Extraordinary dividend

- On November 10<sup>th</sup> 2014, Sabaf paid an extraordinary dividend of €1.00 per share
- Rebalance of the financial structure

| Debt / Equity |             |
|---------------|-------------|
| 31-Dec-2013   | 31-Dec-2014 |
| 0.14          | 0.24        |

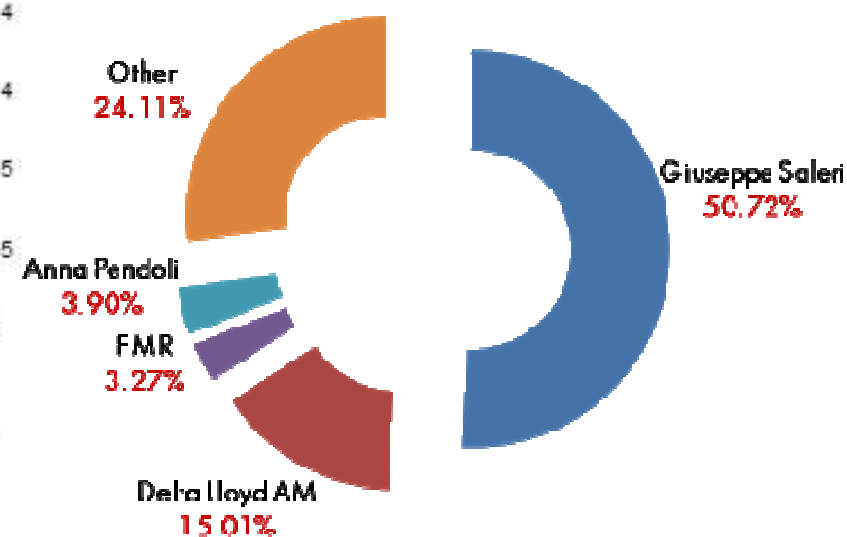
| Debt / EBITDA |             |
|---------------|-------------|
| 31-Dec-2013   | 31-Dec-2014 |
| 0.68          | 1.04        |

- Prospects for constant cash flow generation
- Possibility of funding at very low interest rates
- No change in the implementation of the planned investment programmes

# Forecasts

- In 2015, the scenario remains hard to interpret, with some positive factors (such as the **dollar's appreciation against the euro**) and others that are less favourable (the **uncertainty of the Italian and European recovery** and a competitive environment that continues to be difficult).
- The Group believes that it will be able to achieve **sales and profitability levels slightly higher than those of 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.
- The directors plan to propose a **dividend of €0.40 per share** at the Shareholders' Meeting (the same as the ordinary dividend paid out in 2014).

# Stock price and main shareholders



# Disclaimer

Certain information included in this document is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially.

The Company's business is in the domestic appliance industry, with special reference to the gas cooking sector, and its outlook is predominantly based on its interpretation of what it considers to be the key economic factors affecting this business. Forward-looking statements with regard to the Group's business involve a number of important factors that are subject to change, including: the many interrelated factors that affect consumer confidence and worldwide demand for durable goods; general economic conditions in the Group's markets; actions of competitors; commodity prices; interest rates and currency exchange rates; political and civil unrest; and other risks and uncertainties.

Pursuant to Article 154/2, 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 financial presentation corresponds to the company's records, books and accounting entries.

**For further information, please contact**

**Gianluca Beschi - +39.030.6843236**

**[gianluca.beschi@sabaf.it](mailto:gianluca.beschi@sabaf.it)**