

FINANCIAL PRESENTATION

Star Conference

London, 5 & 6 October 2015

Product range

Single ring burners



Special and multi-rings burners



Gas valves



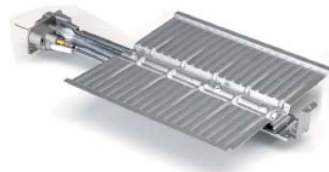
Micro switches & accessories



Oven hinges



Oven burners



Thermostats



Production sites



SABAF Headquarters OSPITALETTO, BRESCIA - ITALY



All Burners
Gas valves &
Thermostats
Microswitch Harness
Spark Plugs
Accessories



SABAF China : KUNSHAN - PRC



Wok Burners



Sabaf Turkey MANISA, IZMIR - TURKEY



Standard Burners



Faringosi Hinges S.r.l. BAREGGIO, MILANO - ITALY



Hinges



Sabaf do Brasil, JUNDIAI, SAO PAULO - BRAZIL



Standard Burners
Special Burners in 2016

Becoming even more international

- With over 270 customers in 60 different countries SABAF S.p.A. is a global leader in the production of gas components for domestic cooking appliances.
- Top 10 customers account for 49% of sales (H1 2015) – stable figure for 10 years
- Sabaf enjoys a strong leadership position in Italy and Europe (market share above 40%)
- Demographic trends do not leave space for substantial growth in Europe Sabaf market share worldwide is still low (around 10%)
- Efforts are mainly addressed at furtherly increasing our international presence, with special focus on:
 - Turkey
 - China
 - Brazil
 - USA
 - Iran
 - India

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
50% sales growth expected in 2015

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 apply starting from April 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.

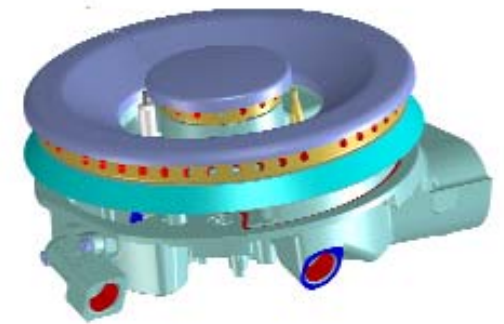
WHERE WE ARE

Production has started in H1 2015, €1mn sales expected in 2015

Ongoing contacts with major hob manufacturers for a strategic agreement for the supply of safety valves

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

2015E flattish (drop in domestic sales balanced by growth in the rest of Latam)

80% market share in the hobs segment

WHERE WE WILL BE

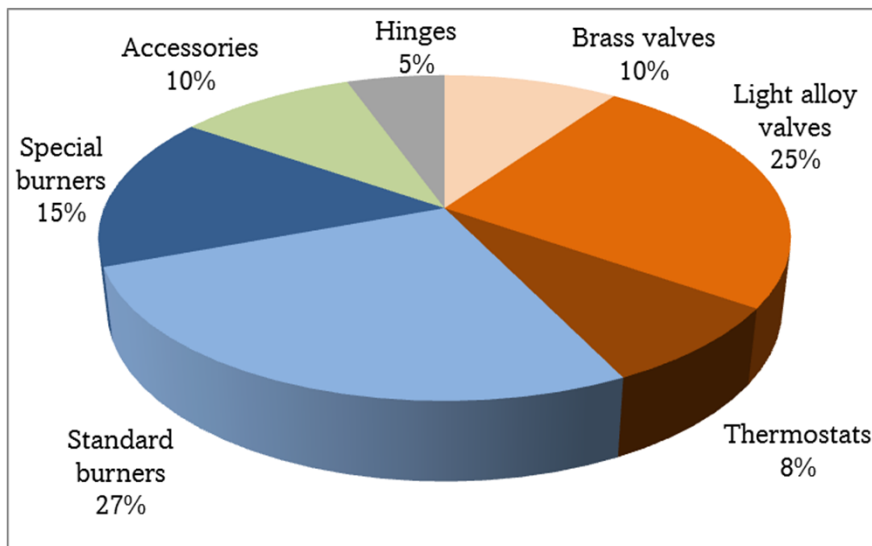
Production of special burners (2016) – a new wok burner for the Brazilian market

Ongoing negotiations with large multinational groups

Expected increase of share in the cookers segment

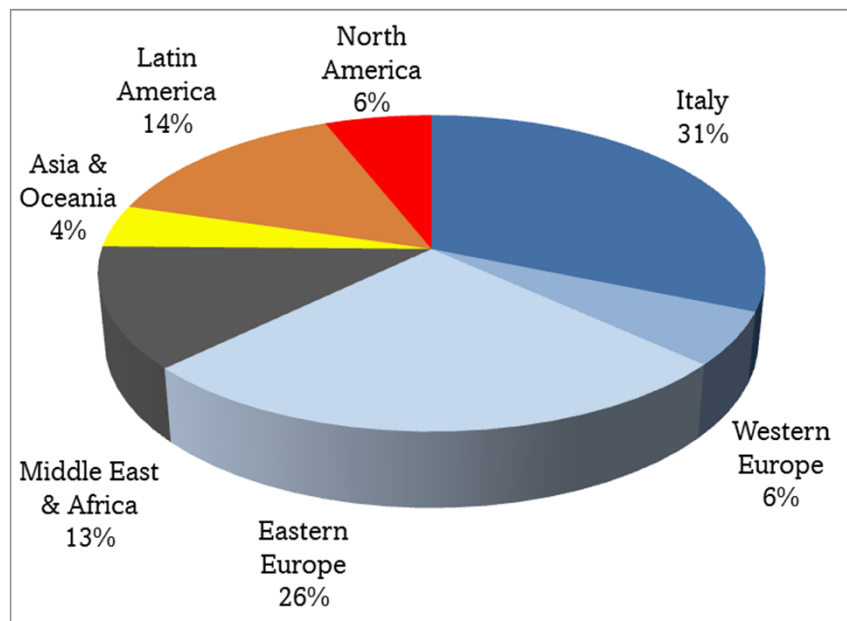


Sales by product



	H1 2015	H1 2014	
Brass valves	7,038	7,692	-8.5%
Light alloy valves	18,115	17,025	+6.4%
Thermostats	5,871	7,284	-19.4%
Standard burners	19,229	18,335	+4.9%
Special burners	11,125	10,695	+4.0%
Accessories	7,174	6,269	+14.4%
Hinges	3,957	3,985	-0.7%
Total	72,509	71,285	+1.7%

Sales by market

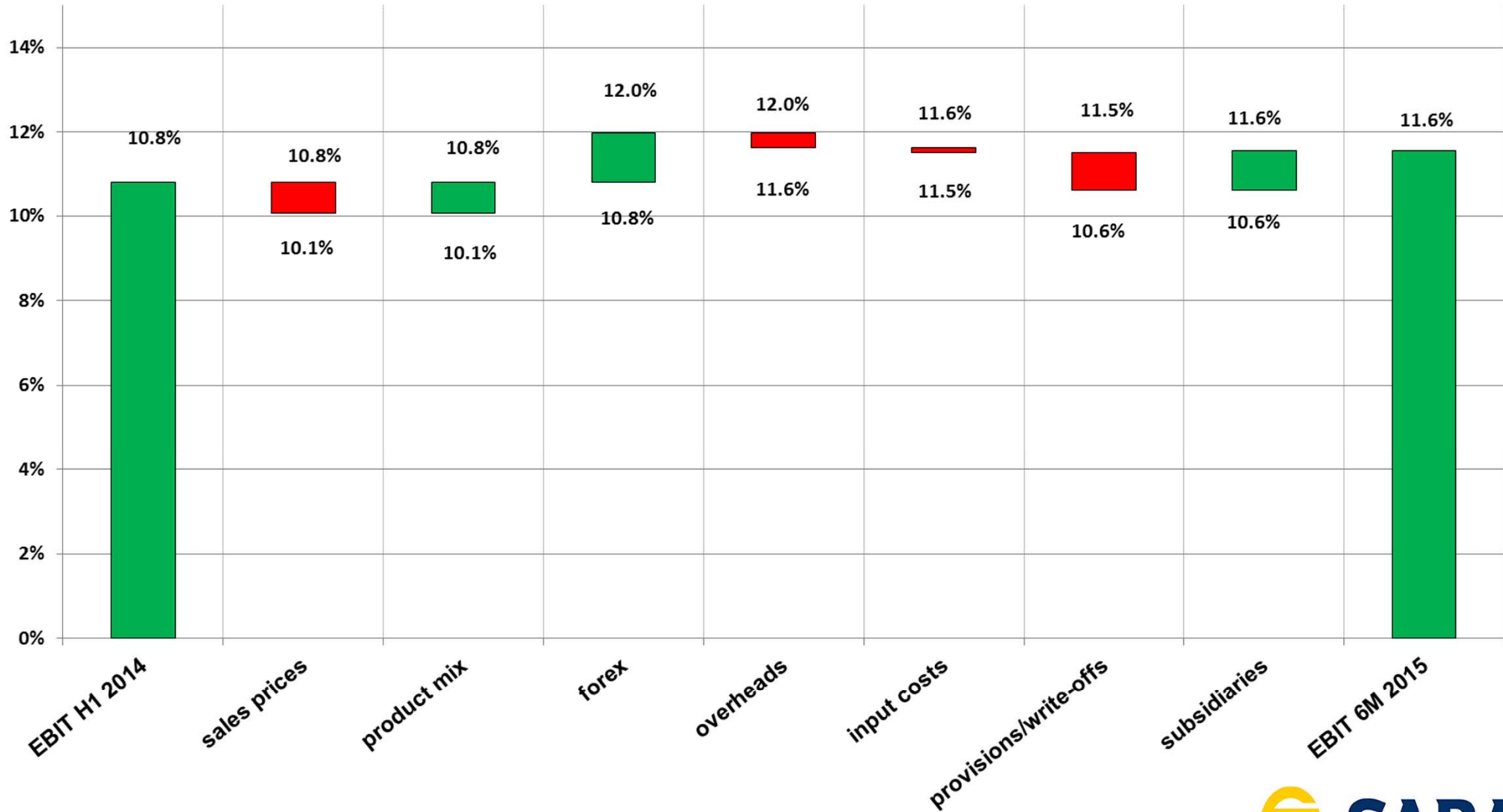


	H1 2015	H1 2014	
Italy	22,662	23,971	-5.5%
Western Europe	3,968	4,750	-16.5%
Eastern Europe	18,947	17,188	+10.2%
Middle East & Africa	9,002	9,592	-6.2%
Asia & Oceania	3,151	2,814	+12.0%
Latin America	10,421	9,750	+6.9%
North America	4,358	3,220	+35.3%
Total	72,509	71,285	+1.7%

Income statement

€x 000	<u>H1 2015</u>		<u>H1 2014</u>			<u>FY 2014</u>	
SALES	72,509	100.0%	71,285	100.0%	+1.7%	136,337	100.0%
Materials	(28,853)	-39.8%	(29,637)	-41.6%		(54,472)	-40.0%
Payroll	(17,060)	-23.5%	(16,793)	-23.6%		(32,180)	-23.6%
Change in stock	1,877	2.6%	2,451	3.4%		2,447	1.8%
Other operating costs/income	(14,109)	-19.5%	(13,349)	-18.7%		(26,180)	-19.2%
EBITDA	14,364	19.8%	13,957	19.6%	+2.9%	25,952	19.0%
Depreciation	(6,019)	-8.3%	(6,279)	-8.8%		(12,292)	-9.0%
Gains/losses on fixed assets	45	0.1%	24	0.0%		63	0.0%
Impairment of fixed assets	0	0.0%	0	0.0%		(548)	-0.4%
EBIT	8,390	11.6%	7,702	10.8%	+8.9%	13,175	9.7%
Net financial expense	(287)	-0.4%	(265)	-0.4%		(531)	-0.4%
Foreign exchange gains/losses	120	0.2%	13	0.0%		119	0.1%
Equity investments profits/losses	0	0.0%	(264)	-0.4%		(606)	-0.4%
EBT	8,223	11.3%	7,186	10.1%	+14.4%	12,157	8.9%
Income taxes	(2,768)	-3.8%	(2,720)	-3.8%		(3,819)	-2.8%
Minorities	0		0			0	
NET INCOME	5,455	7.5%	4,466	6.3%	+22.1%	8,338	6.1%
EPS	0.473		0.387			0.723	

EBIT bridge H1 2014 – H1 2015



Cash flow statement

€ x 1000	H1 2015	H1 2014	FY 2014
<i>Cash at the beginning of the period</i>	3,675	5,111	5,111
Net profit	5,455	4,466	8,338
Depreciation	6,019	6,279	12,292
Change in net working capital			
change in inventories	(3,678)	(10,115)	(4,079)
change in receivables	(1,458)	(2,637)	(2,548)
change in payables	4,183	5,857	365
	(953)	(6,895)	(6,262)
Other changes in operating items	1,546	2,344	2,609
Operating cash flow	12,067	6,194	16,977
Net investments	(7,933)	(5,139)	(11,491)
Free cash flow	4,134	1,055	5,486
Cash flow from financial activity	2,703	469	8,054
Sale of own shares	0	0	0
Dividends	(4,613)	(4,613)	(16,146)
Forex	(611)	472	453
Cash flow	1,613	(2,617)	(2,153)
<i>Cash at the end of the period</i>	<i>5,288</i>	<i>2,494</i>	<i>2,958</i>

Balance sheet

€ x 1000	30-Jun-15	31-Dec-14	30-Jun-14
Fixed assets	96,726	96,152	96,684
Short term financial assets	-	-	5
Net working capital	45,099	45,844	45,950
Capital Employed	141,825	141,996	142,639
Equity	110,249	110,738	118,801
Reserves for risks and severance indemnity, deferred	4,270	4,325	4,026
Net debt	27,306	26,933	19,812
Sources of finance	141,825	141,996	142,639

Net financial position

<i>€ x 1000</i>	30-Jun-15	31-Dec-14	30-Jun-14
A. Cash	11	9	11
B. Positive balances of unrestricted bank account	5,081	2,691	2,010
C. Other liquidities	196	258	473
D. Cash and cash equivalents (A+B+C)	5,288	2,958	2,494
E. Current bank overdrafts	20,540	15,890	17,885
F. Current portion of non-current debt	3,752	3,723	1,055
G. Other current financial payables	13	105	-
H. Current financial debt (E+F+G)	24,305	19,718	18,940
I. Current net financial debt (H-D)	19,017	16,760	16,446
J. Non-current bank payables	6,461	8,275	1,398
K. Other non-current financial payables	1,828	1,898	1,968
L. Non-current financial debt (J+K)	8,289	10,173	3,366
M. Net financial debt (L+I)	27,306	26,933	19,812

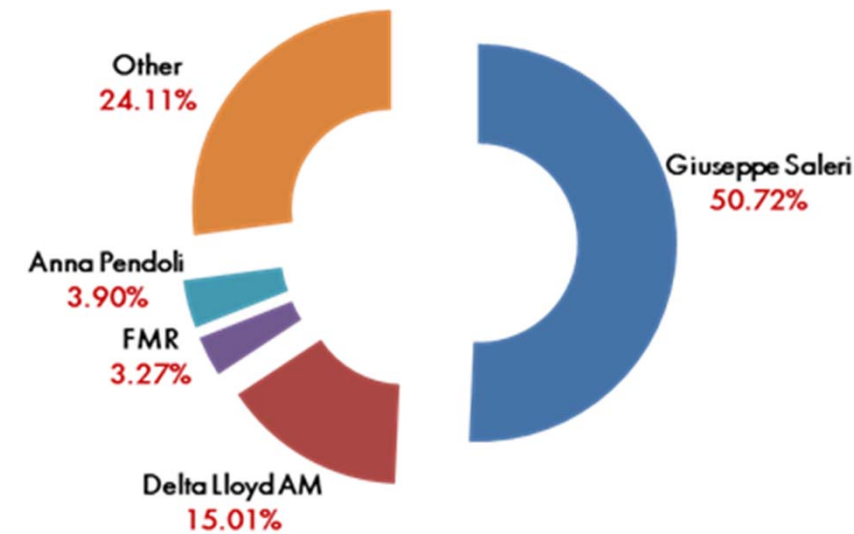
Share buyback plan

- Last 14 September Sabaf announced the launch of a share buyback programme
- The buyback concerns up to a maximum of 1,153,345 shares, equal to 10% of the share capital
- The programme's objectives are as follows:
 - to use treasury shares as part of agreements with strategic partners or in the framework of investment transactions
 - to offer shareholders an additional tool to liquidate their investments
 - to conduct operations to support market liquidity
- During the period between 14 September and 25 September Sabaf has bought 14,000 shares, equal to 0.12% of the share capital

Forecasts

- For the full year 2015, we confirm the expectation 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.

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.

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