SABAF GROUP

REPORT ON OPERATIONS

Business and Financial situation of the Group

(€ 000)	**2015**	**%**	**2014**	**%**	2015-2014 Change	% change
Sales revenue	138,003	100%	136,337	100%	1,666	+1.2%
EBITDA	26,172	19.0%	25,952	19.0%	220	+0.8%
Operating profit (EBIT)	14,091	10.2%	13,175	9.7%	916	+7.0%
Pre-tax profit	13,473	9.8%	12,157	8.9%	1,316	+10.8%
Net profit	8,998	6.5%	8.338	6.1%	660	+7.9%
Basic earnings per share (in euro)	0.781		0.723		0.058	+8.0%
Diluted earnings per share (in euro)	0.781		0.723		0.058	+8.0%

In 2015 the Sabaf Group achieved a moderate increase in sales (+1.2%), accompanied by a profitability that is finally improving: EBITDA represented 19% of revenues (as in 2014) and EBIT 10.2% (9.7% in 2014). Net profit reached 6.5% of sales (6.1% in 2014).

The subdivision of sales revenues by product line is shown in the table below:

SALES BY PRODUCT LINE

(€ 000)	**2015**	*%*	**2014**	*%*	% change
Brass valves	12,689	*9.2%*	13,741	*10.1%*	-7.7%
Light alloy valves	33,784	*24.5%*	34,006	*24.9%*	-0.7%
Thermostats	10,596	*7.7%*	12,288	*9.0%*	-13.8%
Standard burners	37,789	*27.4%*	36,160	*26.5%*	+4.5%
Special burners	21,622	*15.7%*	20,251	*14.9%*	+6.8%
Accessories and other revenues	13,577	*9.8%*	12,928	*9.5%*	+5.0%
Total gas parts	*130,057*	*94.3%*	*129,374*	*94.9%*	+0.5%
Hinges	7,946	*5.7%*	6,963	*5.1%*	+14.1%
Total	**138,003**	***100.0%***	**136,337**	*100%*	**+1.2%**

The increase in sales is attributable principally to the growth of burners: as regards standard burners the Group benefited from the strong competitiveness of its production processes (also thanks to increased production at the Turkish plant), while with special burners the introduction of new high energy efficiency models was a success. The sales performance of hinges was also very positive; several important supply relationships were consolidated and new special models were introduced. Conversely, the families of valves and thermostats recorded a downturn, due to greater competitive pressure.

The geographical breakdown of revenues is shown below:

SALES BY GEOGRAPHICAL AREA

(€ 000)	**2015**	*%*	**2014**	*%*	**%** change
Italy	41,244	*29.9%*	42,277	*31.0%*	-2.4%
Western Europe	7,438	*5.4%*	8,716	*6.4%*	-14.7%
Eastern Europe	35,125	*25.5%*	36,198	*26.6%*	-3.0%
Middle East and Africa	16,759	*12.1%*	16,871	*12.4%*	-0.7%
Asia and Oceania	7,019	*5.0%*	6,907	*5.0%*	+1.6%
South America	20,815	*15.1%*	18,324	*13.4%*	+13.6%
North America and Mexico	9,603	*7.0%*	7,044	*5.2%*	+36.3%
Total	**138,003**	*100%*	**136,337**	*100%*	**+1.2%**

In line with the strategy of greater internationalisation, the markets which increasingly contributed to sales in 2015 were the non-European markets: particularly significant are the increases achieved in South America (where sales represented more than 15% of the total), despite the weakness of the Brazilian market, and in North America (where sales increased by 36%, bringing their impact on the total revenues to 7%). Sales in Asia, the Middle East and Africa were essentially stable, while the European markets decreased compared with 2014.

Average sales prices in 2015 were around 1% lower compared with 2014.

The actual cost of the main raw materials (brass, aluminium alloys and steel) was approximately 5% higher than in 2014. Savings were also achieved in the purchase of other parts. Consumption (purchases plus change in inventory) as a percentage of sales was 38.7% in 2014, compared with 38.2% in 2013.

The impact of labour costs on sales remained unchanged at 23.6% of sales.

The impact of net financial charges on the revenues remains very low (0.4%, as in 2014), due to the low level of debt and low interest rates.
Operating cash flow (net profit plus depreciation & amortisation) stood at €21.2 million, equivalent to 15.3% of sales (€20.6 million and 15.1% respectively in 2014).

The 2015 tax rate was 33.2% (31.4% in 2014, when it included non-recurrent positive items totalling €0.9 million).

The Group's assets/liabilities situation, reclassified based on financial criteria, is illustrated below:

(€ 000)	**31/12/2015**	**31/12/2014**
Non-current assets	*92,797*	*96,152*
Short-term assets[1]	75,370	74,780
Short-term liabilities[2]	(27,207)	(28,936)
Working capital[3]	*48,163*	*45,844*
Short-term financial assets	*69*	*0*
Provision for risks and charges, employee severance pay reserve, deferred taxes	*(4,081)*	*(4,325)*
Net invested capital	**136,948**	**137,671**
Short-term net financial position	(19,520)	(16,760)
Medium/long-term net financial position	(6,388)	(10,173)
Net financial debt	**(25,908)**	**(26,933)**
Shareholders' equity	**111,040**	**110,738**

Cash flows for the period are summarised in the table below:

(€ 000)	**2015**	**2014**
Opening liquidity[4]	*3,675*	*5,111*
Operating cash flow	19,131	16,977
Cash flow from investments	(12,079)	(11,491)
Cash flow from financing activities	(5,392)	(8,092)
Foreign exchange differences	(1,344)	453
Cash flow for the period	316	(2,153)
Final liquidity	*3,991*	*2,958*

Net financial debt and the cash and cash equivalents shown in the tables above are defined in compliance with the net financial position detailed in Note 21 of the consolidated accounts, as required by CONSOB memorandum of 28 July 2006.

At 31 December 2015, working capital stood at €48.2 million compared with €45.8 million at the end of the previous year: its impact on sales was 34.9% (33.6% in 2014); the worsening is mainly related to the varying performances of the loans for income tax receivables and payables. The year-end values of the trade receivables, warehouse inventories and trade payables are in line with those of 31 December 2014.

1 Sum of Inventories, Trade receivables, Tax receivables and Other current receivables
2 Sum of Trade payables, Tax payables and Other liabilities
3 Difference between short-term assets and short-term liabilities
4 The opening liquidity in 2015 differs from the final liquidity in 2014 following the change in the consolidation method of Sabaf Appliance Components (Kunshan) Ltd.

The ratio between working capital and short-term loans is 2.5, for which the Group considers the liquidity risk to be minimal.

In 2015 the Sabaf Group made net investments of 12.1 million euro. The main investments in the year were aimed at increasing production capacity and the further automation of production of light alloy valves. The machinery necessary for the production launch in China was produced and production capacity at the Turkish plant was also further increased. Investments were also made to improve production processes - including the purchase of new alcohol washing facilities - and investments were made in maintenance and replacement, designed to keep the capital equipment constantly updated.

The free cash flow (operating cash flow less investments) was €7.1, versus €5.5 million in 2014.

During the financial year, the Group paid out dividends of €4.6 million and purchased treasury shares for €0.7 million; the net financial debt was €25.9 million, versus €26.9 million in 31 December 2014.

Shareholders' equity totalled €111 million at 31 December 2015; the debt/equity ratio was 0.23 versus 0.24 in 2014.

Economic and financial indicators

	2015	**2014**
ROCE (return on capital employed)	10.3%	9.6%
Dividend per share (€)	0.48[5]	0.40
Net debt/equity ratio	23%	24%
Market capitalisation (31.12)/equity ratio	1.19	1.17
Change in sales	+1.2%	+4.1%

Please refer to the introductory part of the Annual Report for a detailed examination of other key performance indicators.

5 proposed dividend

Risk factors related to the segment in which the Group operates

Risks related to the overall conditions of the economy and trend in demand
The business and financial circumstances of the Group are influenced by a variety of factors, such as gross domestic product, consumer and corporate confidence, interest rate trends, the cost of raw materials, the unemployment rate, and the ease of access to credit.
The protracted nature of the European crisis, which has become systematic over the years, has had an impact on the transformation of the white goods industry, the sector in which the Sabaf group operates. Indeed, the continuous contraction of demand on mature markets has been accompanied by a further concentration of end markets, a steady increase of sales volumes in emerging markets and, finally, tougher competition, phenomena that require aggressive policies in setting sales prices.
To cope with this situation, the Group aims to retain and reinforce its leadership position wherever possible through:

- the launch of new products characterised by superior performance compared with market standards, and tailored to the needs of the customer;
- expansion on markets with high growth rates;
- the maintenance of high quality and safety standards, which make it possible to differentiate the product through the use of resources and implementation of production processes that are not easily sustainable by competitors;
- the improvement in efficiency of production processes.

Commodity price volatility risk
The Group uses metals and alloys in its production processes, chiefly brass, aluminium alloys and steel. The sales prices of products are generally renegotiated semi-annually or annually; as a result, Group companies may not be able to immediately pass on to customers changes in the prices of commodities that occur during the year, which has an impact on profitability. The Group protects itself from the risk of changes in the price of brass and aluminium with supply contracts signed with suppliers for delivery up to twelve months in advance or, alternatively, with derivative financial instruments.
As of the date of this report, the Sabaf Group has already fixed purchase prices for about 50% of its expected requirement for aluminium, steel and brass for 2016.
Any further increase in the price of commodities not hedged could have negative effects on expected profits.
For more information, see Note 36 of the consolidated financial statements, as regards disclosure for the purposes of IFRS 7.

Exchange rate fluctuation risk
The Sabaf Group operates primarily in euro. However, transactions also take place in other currencies, such as the U.S. dollar, the Brazilian real, the Turkish lira and the Chinese renminbi. Since sales in US dollars accounted for about 12% of consolidated revenue, the possible depreciation against the euro and the real could lead to a loss in competitiveness on the markets in which sales are made in that currency (mainly South and North America).
At 31 December 2015 the Group had forward sales contracts for a total of 5.2 million dollars, maturing until 31 December 2016. The Administration and Finance Department constantly monitors forex exposure, the trend in exchange rates and the operational management of related activities.

For more information, see Note 36 of the consolidated financial statements, as regards disclosure for the purposes of IFRS 7.

Risks associated with product responsibility

Sabaf products carry a high intrinsic risk in terms of safety. The Group's great attention to product quality and safety has made it possible to avoid incidents caused by product defects. Despite this, it is not possible to automatically exclude incidents of this nature.
In order to transfer the risk of third-party liability damage arising from malfunctioning of its products, Sabaf has signed insurance policies with a deductible of up to €10 million per individual claim.

Protection of product exclusivity

There is a risk that some Group products, although patented, will be copied by competitors; the opening up of trade in countries in which it is difficult to enforce industrial patent rights exposes the Group to a greater risk of protection of its own products. Sabaf's business model therefore bases the protection of product exclusivity mainly on design capacity and the internal production of special machines used in manufacturing processes, which result from its unique know-how that competitors would find difficult to replicate.
In any case, Sabaf has structured processes in place to manage innovation and protect intellectual property. In addition, the Group periodically monitors the patent strategies adopted/to be adopted based on the assessments of cost/opportunity.

Sales concentration risks

The Group is characterised by a strong concentration in its revenue, with 50% arising from sales to its ten biggest customers. Relations with customers are usually stable and over long periods, albeit usually regulated by agreements of less than one year, which can be renewed and with no guaranteed minimum levels.
At the date of this report, there was no reason for the Group to foresee the loss of any significant clients in the coming months.

Trade receivable risk

The high concentration of sales to a small number of customers, described in the previous section, generates a concentration of the respective trade receivables, with a resulting increase in the negative impact on economic and financial results in the event of insolvency of a customer. In particular, given the structural difficulties of the household appliance sector in mature markets, it is possible that situations of financial difficulty and insolvency among customers could arise.
The risk is constantly monitored through the preliminary assessment of customers and checks that agreed payment terms are met. From November 2014, a credit insurance policy was taken out which covers approximately 70% of the credit risk. A further portion is partly guaranteed through letters of credit issued by major banks in favour of customers. The remainder of the receivable risk is covered by a doubtful account provision considered appropriate.
For more information, see Note 36 of the consolidated financial statements, as regards disclosure for the purposes of IFRS 7.

Risk of instability in emerging countries in which the Group produces or sells

40% of Sabaf Group sales are made on markets outside Europe. Furthermore, products sold in Italy can be exported by customers in international markets, making the percentage of sales earned directly and indirectly from emerging economies more significant.

The Group's main markets outside Europe include North Africa, the Middle East and South America. Any embargoes or major political or economic instability, or changes in the regulatory and/or local law systems, or new tariffs or taxes imposed in the future could affect a portion of Group sales and the related profitability.
To combat this risk, the Group has adopted a policy of diversifying investments at international level, setting different strategic priorities that, as well as business opportunities, also consider the different associated risk profiles. In addition, the Group monitors the economic and social performance of the target countries, also through a local network, in order to make strategic and investment decisions fully aware of the exposure to associated risks.

Risks relating to the difficulties of sufficiently managing the Group's internationalisation
The Sabaf Group is continuing with its policy of expansion abroad, and is undergoing a process of growing internationalisation, with the opening of new companies and production facilities in countries considered strategic for the future development of its business. This process requires appropriate measures, which include the recruitment and training of management staff and the implementation of management and coordination measures by the parent company, the definition of the areas of action and responsibilities of each function involved, and the analysis of the legal context of the countries in which the subsidiaries have their registered office.
In order to support this expansion process, the Sabaf Group is committed to defining suitable measures, which include the appropriate definition and formalisation of the spheres and responsibilities of management action, careful planning of activities in implementing new projects, and a detailed analysis of the regulatory environment in the various countries involved. In particular, the necessary governance actions have been undertaken with regard to company organisation and systems of liability, control and coordination.

Risks related to the potential resistance to change on the part of the organisation
The Group operates in a market context whose dynamism is reflected on the organisation and the processes. In this context, the Group may not be able to exploit the opportunities offered by the market due to the potential resistance to change of the organisation.
To counter this risk, the Group has commenced initiatives aimed at raising awareness at all levels of the organisation regarding the critical success criteria and sharing improvement objectives and plans.

Risks relating to the loss of key staff and expertise and the difficulty of replacing them
Group results depend to a large extent on the work of executive directors and management. The loss of a key staff member for the Group without an adequate replacement and the inability to attract new resources could have negative effects on the future of the Group and on the quality of financial and economic results. To mitigate this risk, the Group has launched policies to strengthen the most critical internal organisational structures and loyalty schemes, including the signing of non-competition agreements with key figures.

Research and Development

The most important research and development projects conducted in 2015 were as follows:

Burners
- a specific solution was realised, characterised by an efficiency greater than 67%, of a DCC burner for the Chinese market;
- based on the DCC burner platform, versions dedicated to specific customers were produced;

- new versions of burners for the Indian market were studied;
- the industrialisation of a new high-efficiency, triple crown burner intended for the Brazilian market was completed;

Valves
- a new version of the light alloy safety valve for kitchens was industrialised;
- interventions in the process aimed at increasing productivity and automation continued, for both the processing and assembly stages;

Hinges
- a soft close system for oven doors with a damping unit fitted in the oven was industrialised;
- an electromechanical solution for the movements of the oven doors was developed; the production of a prototype is planned in 2016.

The improvement in production processes continued throughout the Group, accompanied by the development and internal production of machinery, tools and presses.

Development costs to the tune of €414,000 were capitalised, as all the conditions set by international accounting standards were met; in other cases, they were charged to the income statement.

SAP implementation
In order to align the subsidiaries' operating and management model to that of Sabaf S.p.A., the Group extended the implementation of the SAP IT system to all the production units; during 2015 the system was also launched at Sabaf Cina.

Integrated sustainability and reporting
Since 2005, Sabaf has drawn up a single report on its economic, social and environmental sustainability performance. In 2005, this was a pioneering and almost experimental move, but today the trend emerging at international level suggests that integrated reporting unquestionably represents best practice.

Personnel
The Sabaf Group had 759 employees at 31 December 2015 (726 at 31 December 2014). In 2015, the Sabaf Group suffered no on-the-job deaths or serious accidents that led to serious or very serious injuries to staff for which the Group was definitively held responsible, nor was it held responsible for occupational illnesses of employees or former employees, or causes of mobbing. For more information, see the "Sabaf and employees" section of the Annual Report.

Environment
In 2015 there was no:
- damage caused to the environment for which the Group was held definitively responsible;
- definitive fines or penalties imposed on the Group for environmental crimes or damage.

For more information, see the "Sabaf and employees" section of the Annual Report.

Corporate Governance
For a complete description of the corporate governance system of the Sabaf Group, see the report on corporate governance and on the ownership structure, available in the Investor Relations section of the company website.

Internal Control System on Financial Reporting

The internal control system on financial reporting is described in detail in the report on corporate governance and on ownership structure.

With reference to the "conditions for listing shares of parent companies set up and regulated by the law of states not belonging to the European Union" pursuant to articles 36 and 39 of the Market Regulations, the Company and its subsidiaries have administrative and accounting systems that can provide the public with the accounting situations prepared for drafting the consolidated report of the companies that fall within the scope of this regulation and can regularly supply management and the auditors of the Parent Company with the data necessary for drafting the consolidated financial statements. The Sabaf Group has also set up an effective information flow to the independent auditor and continuous information on the composition of the company officers of the subsidiaries, together with information on the roles covered, and requires the systematic and centralised gathering and regular updates of the formal documents relating to the bylaws and granting of powers to company officers. The conditions exist as required by article 36, letters a), b) and c) of the Market Regulations issued by CONSOB. In the course of the year, no acquisitions were made of companies in countries not belonging to the European Union which, considered independently, would have a significant relevance for the purposes of the regulation in question.

Model 231

The Organisation, Management and Control Model, adopted pursuant to Legislative Decree 231/2001, is described in the report on company governance and on the ownership structure, which should be reviewed for reference.

Personal data protection

With reference to Legislative Decree 196 of 30 June 2003, in 2015 the Group continued its work to ensure compliance with current regulations.

Derivative financial instruments

For the comments on this item, please see Note 36 of the consolidated financial statements.

Atypical or unusual transactions

Sabaf Group companies did not execute any unusual or atypical transactions in 2015.

Secondary offices

Neither Sabaf S.p.A. nor its subsidiaries have secondary offices.

Management and coordination

Although Sabaf S.p.A. is controlled by the parent company, Giuseppe Saleri S.a.p.A., the Board of Directors holds that the Company is not subject to management and co-ordination of the parent company, since the Board of Directors of Sabaf S.p.A. enjoys complete operating autonomy and does not have to justify its actions to the parent company, except at the annual Shareholders' Meeting held to approve the separate financial statements and, obviously, in the event of violation of the law and/or the Bylaws. It should also be noted that the Bylaws of the parent company explain that it does not exercise management and coordination activities with regard to Sabaf S.p.A.

Sabaf S.p.A. exercises management and coordination activities over its Italian subsidiaries, Faringosi Hinges s.r.l. and Sabaf Immobiliare s.r.l.

Infragroup operations and operations with related parties

The relationships between the Group companies, including those with the parent company, are regulated under market conditions, as well as the relationships with related parties, defined in accordance with the accounting standard IAS 24. The details of the infragroup operations and other operations with related parties are given in Note 37 of the consolidated financial statements and in Note 37 of the separate financial statements of Sabaf S.p.A.

Tax consolidation scheme

During 2013 Sabaf S.p.A. approved the renewal for the three-year period 2013-2015 of the tax consolidation agreement with the parent company Giuseppe Saleri S.a.p.A. and with the subsidiaries Faringosi Hinges s.r.l. and Sabaf Immobiliare s.r.l. For the companies of the Sabaf Group membership of the tax consolidation scheme does not imply higher taxes as it makes no difference whether these are paid to the tax authorities or to the parent company at the due dates. Having made the necessary offsets and adjustments, the parent company will handle the payment and be liable for any damages the subsidiaries may incur for the former's failure to comply. Conversely, membership of the tax consolidation scheme could result in tax benefits for the Sabaf Group because the tax advantages resulting from consolidation are shared among the companies that belong to it.

Significant events after year-end and business outlook

The beginning of 2016 is characterised by a situation of great uncertainty, due to political, economic and financial tensions that have an impact on the main markets in which Sabaf operates. The sales of the first three-year period are expected to fall compared with 2015, which was characterised by a very positive start of the year.
However, the agreements reached with some major customers for 2016 envisage an increase of our supply share and the launch of the supplies for new important projects. If the macroeconomic context stabilises, the Group therefore considers that it will be able to achieve in the whole of the current year an improvement in sales and profitability compared with 2015. Should the economic situation instead undergo significant changes, the final values may deviate from the forecasts.

Sabaf S.p.A. business and financial status

(€ 000)	**2015**	**2014**	**Change**	**% change**
Sales revenue	113,962	115,919	(1,957)	-1.7%
EBITDA	16,123	17,984	(1,861)	-10.3%
Operating profit (EBIT)	8,847	9,708	(861)	-8.87%
Pre-tax profit (EBT)	8,159	10,533	(2,374)	-22.5%
Net profit	5,642	7,878	(2,236)	-28.4%

The reclassification based on financial criteria is illustrated below:

(€ 000)	**31/12/2015**	**31/12/2014**
Non-current assets	*86,088*	*85,110*
Short-term assets [6]	60,493	62,583
Short-term liabilities [7]	(24,932)	(25,856)
Working capital [8]	*35,561*	*36,727*
Financial assets	*2,906*	*1,660*
Provision for risks and charges, employee severance pay reserve, deferred taxes	*(3,003)*	*(3,191)*
Net invested capital	**121,552**	**120,306**
Short-term net financial position	(20,686)	(17,072)
Medium/long-term net financial position	(4,632)	(7,340)
Net financial position	**(25,318)**	**(24,412)**
Shareholders' equity	**96,234**	**95,894**

6 Sum of Inventories, Trade receivables, Tax receivables and Other current receivables
7 Sum of Trade payables, Tax payables and Other liabilities
8 Difference between short-term assets and short-term liabilities

Cash flows for the period are summarised in the table below:

(€ 000)	**2015**	**2014**
Opening liquidity	***1,366***	***2,345***
Operating cash flow	14,531	14,124
Cash flow from investments	(9,035)	(9,030)
Cash flow from financing activities	(5,772)	(6,073)
Cash flow for the period	(276)	(979)
Closing liquidity	***1,090***	***1,366***

Net financial debt and the net short-term financial position shown in the tables above are defined in compliance with the net financial position detailed in Note 23 of the statutory accounts, as required by the CONSOB memorandum of 28 July 2006.

The 2015 financial year ended with a decrease in sales of 1.7% compared with 2014. The product family of valves and thermostats was weaker, while sales of burners increased, thanks to the contribution of special burners. The lower sales and the reduction in sales prices (0.9% on average) had a negative impact on gross operating profitability: EBITDA was €16.1 million, or 14.1% of revenues (€18 million in 2014, or 15.5%).

EBIT in 2015 was €8.8 million, or 7.8% of revenues (€9.7 million in 2014, or 8.4%), and net profit was €5.6, or 5% of revenues (€7.9 in 2014, or 6.8%).

The actual cost of the main raw materials (brass, aluminium alloys and steel) was on average 5.5% higher compared to 2014.

The impact of the labour costs on the sales is growth from 24.1% to 24.5%.
Net finance expense as a percentage of sales was minimal, at 0.4% (substantially unchanged), given the low level of financial debt and the low interest rates.

Operating cash flow (net profit plus depreciation & amortisation) decreased from €16.9 million to €14.4 million, with an impact on revenues of 12.6% (vs. 14.6% in 2014).

In 2015 Sabaf S.p.A. invested over €9 million. The main investments in the year aimed at increasing production capacity and the further automation of production of light alloy valves.

At 31 December 2015, working capital stood at €35.6 million compared with €36.7 million the previous year: its percentage impact on sales rose to 31.2% from 31.7% at the end of 2014.

Self-financing generated by operating cash flow was €14.5 million, compared with €14.1 million in 2014, due to a lower absorption of working capital.

The net financial debt was €25.3 million, compared with €24.4 million on 31 December 2014.

At the end of the year, the shareholders' equity amounted to €96.2 million, compared with €95.9 million in 2014. The net financial debt/shareholders' equity ratio is 0.26, substantially unchanged compared with 2014 (0.25).

Reconciliation between parent company and consolidated shareholders' equity and net profit for the period

Pursuant to the CONSOB memorandum of 28 July 2006, a reconciliation statement of the result of the 2015 financial year and Group shareholders' equity at 31 December 2015 with the same values of the parent company Sabaf S.p.A. is given below:

Description	31.12.2015 Profit for the period	31.12.2015 Shareholders' equity	31.12.2014 Profit for the period	31.12.2014 Shareholders' equity
Net profit and shareholders' equity of parent company Sabaf S.p.A.	**5,642**	**96,234**	**7,878**	**95,894**
Equity and consolidated company results	4,775	56,427	3,263	54,609
Elimination of consolidated equity investments; carrying value	(1,303)	(45,616)	(1,771)	(43,936)
Goodwill	0	4,445	0	4,445
Equity investments booked at net equity	0	0	0	73
Intercompany eliminations				
Dividends	0	0	(970)	0
Other intercompany eliminations	(116)	(450)	(62)	(347)
Profit and shareholders' equity attributable to the Group	**8,998**	**111,040**	**8,338**	**110,738**

Proposal for approval of the separate financial statements and proposed dividend
As we thank our employees, the Board of Statutory Auditors, the Independent Auditor and the supervisory authorities for their invaluable cooperation, we would kindly ask the shareholders to approve the financial statements as at 31 December 2015, with the recommendation to allocate the year's profits of € 5,642,123 as follows:

- the payment of a dividend of €0.48 per share to shareholders, with payment date on 25 May 2016 (ex-date: 23 May 2016). With regard to treasury shares, we recommend allocating an amount corresponding to the dividend of the company shares in the portfolio on the ex-date to the extraordinary reserve;
- the remainder to the extraordinary reserve.

Ospitaletto, 22 March 2016
The Board of Directors