

# Bit Market Services

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*Testo del comunicato*

Vedi allegato.

**SABAF APPROVES RESULTS FOR FIRST HALF OF 2016**

- **In H1 2016, Sabaf booked revenue of 64.9 million (-10.6%), EBITDA of €12.4 million (-13.9%), EBIT of €6 million (-28%) and net profit of €3.9 million (-27.9%)**
- **In Q2 2016, revenue was €34 million (-2.9%), EBITDA was €6.8 million (+1.8%), EBIT was €3.6 million (-2%) and net profit was €2.4 million (+1.6%)**
- **Forecasts confirmed for a modest downturn in sales and profitability for whole of 2016 versus 2015**

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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 2016.

*Consolidated results for H1 2016*

The Sabaf Group reported revenue of €64.9 million in the first half of 2016, a decrease of 10.6% versus the figure of €72.5 million in the corresponding period of the previous year.

The decline in sales is mainly attributable to the economic downturn in some of the main markets in which the group operates, such as Egypt and Brazil. Sales in Italy, which have been associated with customers with a strong focus on exports – mainly in North Africa and the Middle East – have also been affected by the difficult economic and socio-political scenario of this geographical area.

Average sale prices for the period were down by 1.6% versus the first half of 2015.

The analysis per product family shows a more marked decrease of brass valves and thermostats, products intended mainly for the North African and Middle East markets.

During the first half of the year, the Group has benefited, apart from the reduction in the costs of acquisition of raw materials (estimated at 1% of sales) and the favourable exchange rate development (estimated at 0.8% of sales), from the improvement in efficiency of the production processes following further technical and organisational measures.

Therefore, the profitability of the period, although affected by the low sales volumes, stood at satisfactory levels: EBITDA of the first half of 2016 came in at €12.4 million (19.1% of sales and down 13.9% on the same period of 2015, when it was 19.8% of sales) and EBIT was €6 million (9.3% of sales, down by 28% on the figure of €8.4 million for the first half of 2015). Pre-tax profit amounted to €5.9 million in H1 2016 (€8.2 million in H1 2015), and net profit was €3.9 million (€5.5 million in H1 2015, a drop of 27.9%).

At 30 June 2016 the equity situation shows consolidated shareholders' equity owned by the Group of €108.2 million and net financial debt of €34.3 million (€111 million and €25.9 million respectively at 31 December 2015), after the distribution of dividends of €5.5 million and acquisition of the controlling interest of A.R.C. s.r.l. for €4.8 million, leader in Italy in the manufacture of burners for professional cooking.

Investments in H1 2016 were €7 million (€7.9 million in H1 2015); the largest investments were for increasing production capacity in Turkey and in Brazil, where the production of triple crown burners for the local market got under way.

Net working capital is €51.2 million at 30 June 2016, versus €48.2 million at the end of 2015. The increase is attributable to the seasonal trend and the first-time consolidation of A.R.C.'s financial data.

*Consolidated results for Q2 2016*

Sales in the second quarter of 2016 amounted to €34 million, a drop of 2.9% compared to €35 million in the same period of 2015. In the period there was a more regular development of demand, and some signs of recovery have been noticed in the markets that suffered most at the start of the year, such as Egypt and Turkey.

Second-quarter EBITDA was €6.8 million, equivalent to 20% of sales (+1.8% versus €6.7 million in Q2 2015, when it was 19% of sales), and EBIT was €3.6 million, equivalent to 10.5% of sales (-2% versus €3.7 million in Q2 2015, when it was 10.4% of sales). Net profit for the period was €2.4 million, versus €2.3 million for Q2 2015 (+1.6%).

*Forecasts for the rest of the year*

Sales and orders for July and August show a substantial stability versus the same period of 2015. The Group confirms the forecasts of a modest decline in sales and profitability for the full year 2016.

These forecasts assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from the forecasts.

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*We burn* for technology and safety.

The results will be presented to the financial community at 14.30 today, 4 August 2016, during a *conference call* (call 02 805 88 11 a few minutes before the scheduled start).

The Half-Year Report at 30 June 2016 will be made available to the public in accordance with the law on 5 August 2016. On the same day it will be published on 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.

*The consolidated financial statements are attached.*

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, Sabaf Turkey and Sabaf China, which are active in production of burners for their regional markets*

### Consolidated Balance Sheet and Financial Position

(€/000)	30.06.2016	31.12.2015
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	74,802	73,037
Real estate investment	6,491	6,712
Intangible assets	9,598	7,525
Investments	311	204
Non-current receivables	708	432
Deferred tax assets	4,764	4,887
<b>Total non-current assets</b>	<b>96,674</b>	<b>92,797</b>
CURRENT ASSETS		
Inventories	34,643	31,009
Trade receivables	43,629	40,425
Tax receivables	2,616	2,489
Other current receivables	1,450	1,447
Current financial assets	75	69
Cash and cash equivalents	5,105	3,991
<b>Total current assets</b>	<b>87,518</b>	<b>79,430</b>
<b>ASSETS HELD FOR SALE</b>	0	0
<b>TOTAL ASSETS</b>	<b>184,192</b>	<b>172,227</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	92,764	90,509
Net profit (loss) for period	3,935	8,998
<i>Total equity interest of the Parent Company</i>	<i>108,232</i>	<i>111,040</i>
<i>Minority interests</i>	<i>1,210</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>109,442</b>	<b>111,040</b>
NON-CURRENT LIABILITIES		
Loans	8,956	6,388
Other financial payables	1,822	0
Post-employment benefit and retirement reserves	3,130	2,914
Reserves for risks and contingencies	329	395
Deferred tax	762	772
<b>Total non-current liabilities</b>	<b>14,999</b>	<b>10,469</b>
CURRENT LIABILITIES		
Loans	28,578	23,480
Other financial payables	28	31
Trade payables	21,975	19,450
Tax payables	1,586	1,219
Other liabilities	7,584	6,538
<b>Total current liabilities</b>	<b>59,751</b>	<b>50,718</b>
<b>LIABILITIES HELD FOR SALE</b>	0	0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>184,192</b>	<b>172,227</b>

### Consolidated Income Statement

	Q2 2016	Q2 2015	H1 2016	H1 2015
<i>(€/000)</i>				
<b>OPERATING REVENUE AND INCOME</b>				
Revenues	33,993	35,008	64,853	72,509
Other income	739	916	1,350	1,979
<b>Total operating revenue and income</b>	<b>34,732</b>	<b>35,924</b>	<b>66,203</b>	<b>74,488</b>
<b>OPERATING COSTS</b>				
Materials	(13,922)	(13,591)	(25,370)	(28,853)
Change in inventories	1,874	(135)	2,496	1,877
Services	(7,420)	(7,327)	(14,368)	(15,963)
Payroll costs	(8,460)	(8,405)	(16,577)	(17,060)
Other operating costs	(234)	(158)	(451)	(752)
Costs for capitalised in-house work	213	353	433	627
<b>Total operating costs</b>	<b>(27,949)</b>	<b>(29,263)</b>	<b>(53,837)</b>	<b>(60,124)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>				
	<b>6,783</b>	<b>6,661</b>	<b>12,366</b>	<b>14,364</b>
Depreciation and amortisation	(3,198)	(3,008)	(6,331)	(6,019)
Capital gains/(losses) on disposals of non-current assets	(2)	3	8	45
Write-downs/write-backs of non-current assets	0	0	0	0
<b>OPERATING PROFIT (EBIT)</b>				
	<b>3,583</b>	<b>3,656</b>	<b>6,043</b>	<b>8,390</b>
Financial income	10	10	32	18
Financial expenses	(150)	(154)	(285)	(305)
Exchange rate gains and losses	129	9	126	120
Profits and losses from equity investments	0	0	0	0
<b>PROFIT BEFORE TAXES</b>				
	<b>3,572</b>	<b>3,521</b>	<b>5,916</b>	<b>8,223</b>
Income tax	(1,194)	(1,180)	(1,981)	(2,768)
Minority interests	0	0	0	0
<b>NET PROFIT FOR THE PERIOD</b>				
	<b>2,378</b>	<b>2,341</b>	<b>3,935</b>	<b>5,455</b>

### Consolidated cash flow statement

	<b>H1 2016</b>	<b>H1 2015</b>
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>3,991</b>	<b>3,675</b>
Net profit/(loss) for the period	3,935	5,455
Adjustments for:		
- Depreciation and amortisation for the period	6,331	6,019
- Realised gains/losses	(8)	(45)
- Financial income and expenses	253	287
- Income taxes	1,981	2,768
Change in post-employment benefit reserve	(53)	(84)
Change in risk provisions	(22)	(43)
<i>Change in trade receivables</i>	<i>(1,680)</i>	<i>(3,678)</i>
<i>Change in inventories</i>	<i>(2,743)</i>	<i>(1,458)</i>
<i>Change in trade payables</i>	<i>1,712</i>	<i>4,183</i>
Change in net working capital	(2,711)	(953)
Change in other receivables and payables, deferred tax	775	(305)
Payment of taxes	(1,558)	(769)
Payment of financial expenses	(265)	(281)
Collection of financial income	32	18
<b>Cash flow from operations</b>	<b>8,690</b>	<b>12,067</b>
Investments in non-current assets		
- intangible	(438)	(506)
- tangible	(6,574)	(7,605)
- financial	0	(26)
Disposal of non-current assets	52	204
<b>Cash flow from investments</b>	<b>(6,960)</b>	<b>(7,933)</b>
Repayment of loans	(11,083)	(9,501)
New loans	19,046	12,204
Purchase of own shares	(1,132)	0
Payment of dividends	(5,467)	(4,613)
<b>Cash flow from financing activity</b>	<b>1,364</b>	<b>(1,910)</b>
Acquisition of A.R.C.	(2,614)	0
Foreign exchange differences	634	(611)
<b>Net financial flows for the period</b>	<b>1,114</b>	<b>1,613</b>
<b><i>Cash and cash equivalents at end of period</i></b>	<b><i>5,105</i></b>	<b><i>5,288</i></b>
Current financial debt	28,606	24,305
Non-current financial debt	10,778	8,289
<b><i>Net financial debt</i></b>	<b><i>34,279</i></b>	<b><i>27,306</i></b>

### Sales by geographical area

<i>(amounts in €'000)</i>	<b>Q2 2016</b> (*)	<b>Q2 2015</b> (*)	% change	<b>H1 2016</b>	<b>H1 2015</b>	% change	<b>FY 2015</b>
Italy	10,123	11,152	-9.2%	20,966	22,662	-7.5%	41,244
Western Europe	1,865	1,643	+13.5%	3,551	3,968	-10.5%	7,438
Eastern Europe	9,304	9,520	-2.3%	17,088	18,947	-9.8%	35,125
Middle East and Africa	2,772	4,206	-34.1%	4,910	9,002	-45.5%	16,759
Asia and Oceania	1,664	1,428	+16.5%	3,101	3,151	-1.6%	7,019
South America	5,275	4,834	+9.1%	9,761	10,421	-6.3%	20,815
North America and Mexico	2,990	2,225	+34.4%	5,476	4,358	+25.7%	9,603
<b>Total</b>	<b>33,993</b>	<b>35,008</b>	<b>-2.9%</b>	<b>64,853</b>	<b>72,509</b>	<b>-10.6%</b>	<b>138,003</b>

### Sales by product line

<i>(amounts in €'000)</i>	<b>Q2 2016</b>	<b>Q2 2015</b>	% change	<b>H1 2016</b>	<b>H1 2015</b>	% change	<b>FY 2015</b>
Brass valves	2,509	3,397	-26.1%	4,540	7,038	-35.5%	12,689
Light alloy valves	8,980	8,723	3.0%	17,133	18,115	-5.4%	33,784
Thermostats	2,486	2,760	-9.9%	4,426	5,871	-24.6%	10,596
Standard burners	9,369	9,335	0.4%	18,160	19,229	-5.6%	37,789
Special burners	5,126	5,342	-4.0%	9,903	11,125	-11.0%	21,622
Accessories	3,296	3,459	-4.7%	6,432	7,174	-10.3%	13,577
<i>Total gas parts</i>	<i>31,766</i>	<i>33,016</i>	<i>-3.8%</i>	<i>60,594</i>	<i>68,552</i>	<i>-11.6%</i>	<i>130,057</i>
<i>Hinges</i>	<i>2,227</i>	<i>1,992</i>	<i>+11.8%</i>	<i>4,259</i>	<i>3,957</i>	<i>+7.6%</i>	<i>7,946</i>
<b>Total</b>	<b>33,993</b>	<b>35,008</b>	<b>-2.9%</b>	<b>64,853</b>	<b>72,509</b>	<b>-10.6%</b>	<b>138,003</b>



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