

# Bit Market Services

Informazione Regolamentata n. 0226-132-2016	Data/Ora Ricezione 08 Novembre 2016 12:16:50	MTA - Star
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Societa' : SABAF  
Identificativo : 81066  
Informazione  
Regolamentata  
Nome utilizzatore : SABAFN03 - Beschi  
Tipologia : IRAG 03  
Data/Ora Ricezione : 08 Novembre 2016 12:16:50  
Data/Ora Inizio : 08 Novembre 2016 12:31:51  
Diffusione presunta  
Oggetto : Third-quarter 2016 results approved

*Testo del comunicato*

Vedi allegato.

**SABAF: THIRD-QUARTER 2016 RESULTS APPROVED**

- **In the third quarter, the Group earned revenue of € 33.2 million (+3.6%); EBITDA of €6.6 million (+7%); EBIT of €3.3 million (+6.6%); net profit of €2.4 million (+3.1%)**
- **In the first 9 months of 2016, Sabaf reported revenue of €98 million (-6.2%); EBITDA of €18.9 million (-7.6%); EBIT of €9.4 million (-18.6%); net profit of €6.3 million (-18.7%)**

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The Board of Directors of Sabaf S.p.A. met today in Ospitaletto (Brescia) to approve the Interim Management Statement as at 30 September 2016.

*Consolidated results for Q3 2016*

In 3Q 2016, the Sabaf Group booked sales revenue of € 33.2 million, an increase of 3.6% compared with the figure of €32.1 million registered in 3Q 2015. Taking into consideration the same area of consolidation (i.e. excluding the contribution of A.R.C.), sales in the third quarter were stable compared with the same period last year. In the third quarter, the Group was again affected by the difficult economic situation in the Middle East and North Africa, which penalized both direct sales to these markets and the activity of Italian export customers in such areas. By contrast, very positive results were achieved in South America, thanks to the production in Brazil of a special burner for the local market, and in North America where Sabaf is constantly increasing its presence in the high-end market.

EBITDA for 3Q 2016 amounted to €6.6 million, with a 19.8% margin on sales, up by 7% vs. €6.1 million (19.2% margin on sales) in 3Q 2015. EBIT was €3.3 million, equivalent to 10% of sales, and 6.6% higher than the €3.1 million of the same quarter in 2015 (9.6% of sales). Profit before taxes for the period came in at €3.3 million, largely unchanged compared with the third quarter of 2015. The net result for the period was €2.4 million, up 3.1% on the figure of €2.3 million for 3Q 2015.

*Consolidated results for January-September 2016*

In the first nine months of 2016, revenue came to €98.1 million, a decrease of 6.2% compared to the same period of 2015; EBITDA was €18.9 million (accounting for 19.3% of sales), down by 7.6%, EBIT came in at €9.4 million (accounting for 9.6% of sales) a decrease of 18.6% and net profit was €6.3 million, down 18.7% versus the first nine months of 2015.

### *Investments and financial position*

Quarter investments were €2.4 million, bringing total investments since the start of the year to €9.4 million (€9.6 million in the first nine months of 2015).

As at 30 September 2016, net financial debt was €29.6 million (€34.3 million as at 30 June 2016), while shareholders' equity amounted to €111 million.

### *Outlook*

Group sales in the fourth quarter are expected to be in line with the same period of 2015. The Group therefore believes that it can close 2016 with sales of approximately €132 million, down by between 4% and 5% compared with the amount of €138 million in 2015. The Group also foresees that for the full year 2016, gross operating margin (EBITDA %) will total a value similar to 2015, when it amounted to 19%.

Negotiations with customers for 2017 are still ongoing; at present, the Group expects to be able to reach sales of around €140 million and improved operating margins compared to 2016.

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.

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Today at 3 p.m. CET there will be a conference call to illustrate the results of the third quarter to financial analysts and institutional investors (please call the number +02 805 88 11 a few minutes before it begins).

The Interim Management Statement for 3Q 2016, which has not been independently audited, is available in the Investor Relations section of the 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.

Attachments include the balance sheet, income statement, net financial position and cash flow statement.

For further 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 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.*

*Unparalleled 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*

**Consolidated statement of financial position**

	30.09.2016	31.12.2015	30.09.2015
(€'000)			
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Tangible assets (property, plant, and equipment)	74,023	73,037	73,320
Real estate investment	6,380	6,712	6,822
Intangible assets	9,348	7,525	7,524
Equity investments	311	204	204
Non-current receivables	536	432	239
Deferred tax assets	4,793	4,887	5,409
<b>Total non-current assets</b>	<b>95,391</b>	<b>92,797</b>	<b>93,518</b>
CURRENT ASSETS			
Inventories	32,706	31,009	31,911
Trade receivables	39,448	40,425	38,530
Tax receivables	2,350	2,489	2,438
Other current receivables	1,332	1,447	1,576
Current financial assets	53	69	0
Cash and cash equivalents	6,724	3,991	5,686
<b>Total current assets</b>	<b>82,613</b>	<b>79,430</b>	<b>80,141</b>
ASSETS HELD FOR SALE	0	0	0
<b>TOTAL ASSETS</b>	<b>178,004</b>	<b>172,227</b>	<b>173,659</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	91,847	90,509	89,329
Net profit for the period	6,297	8,998	7,747
<i>Total equity interest of the Parent Company</i>	<i>109,677</i>	<i>111,040</i>	<i>108,609</i>
<i>Minority interests</i>	<i>1,242</i>	<i>0</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>110,919</b>	<b>111,040</b>	<b>108,609</b>
NON-CURRENT LIABILITIES			
Loans	7,980	6,388	7,575
Other financial liabilities	1,762	0	0
Post-employment benefit and retirement reserves	3,077	2,914	2,968
Reserves for risks and contingencies	331	395	510
Deferred tax	736	772	740
<b>Total non-current liabilities</b>	<b>13,886</b>	<b>10,469</b>	<b>11,793</b>
CURRENT LIABILITIES			
Loans	26,465	23,480	23,750
Other financial liabilities	107	31	7
Trade payables	17,316	19,450	19,564
Tax payables	1,772	1,219	2,294
Other payables	7,539	6,538	7,642
<b>Total current liabilities</b>	<b>53,199</b>	<b>50,718</b>	<b>53,257</b>
LIABILITIES HELD FOR SALE	0	0	0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>178,004</b>	<b>172,227</b>	<b>173,659</b>

### Consolidated Income Statement

	Q3 2016		Q3 2015		9M 2016		9M 2015	
<i>(€ '000)</i>								
<b>CONTINUING OPERATIONS</b>								
OPERATING REVENUE AND INCOME								
Revenue	33,206	100.0%	32,060	100.0%	98,059	100.0%	104,569	100.0%
Other income	606	1.8%	873	2.7%	1,956	2.0%	2,852	2.7%
<b>Total operating revenue and income</b>	<b>33,812</b>	<b>101.8%</b>	<b>32,933</b>	<b>102.7%</b>	<b>100,015</b>	<b>102.0%</b>	<b>107,421</b>	<b>102.7%</b>
OPERATING COSTS								
Materials	(11,026)	-33.2%	(12,456)	-38.9%	(36,396)	-37.1%	(41,309)	-39.5%
Change in inventories	(1,858)	-5.6%	205	0.6%	638	0.7%	2,082	2.0%
Services	(6,743)	-20.3%	(6,925)	-21.6%	(21,111)	-21.5%	(22,888)	-21.9%
Payroll costs	(7,608)	-22.9%	(7,555)	-23.6%	(24,185)	-24.7%	(24,615)	-23.5%
Other operating costs	(208)	-0.6%	(364)	-1.1%	(659)	-0.7%	(1,116)	-1.1%
Costs for capitalised in-house work	212	0.6%	311	1.0%	645	0.7%	938	0.9%
<b>Total operating costs</b>	<b>(27,231)</b>	<b>-82.0%</b>	<b>(26,784)</b>	<b>-83.5%</b>	<b>(81,068)</b>	<b>-82.7%</b>	<b>(86,908)</b>	<b>-83.1%</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>								
	<b>6,581</b>	<b>19.8%</b>	<b>6,149</b>	<b>19.2%</b>	<b>18,947</b>	<b>19.3%</b>	<b>20,513</b>	<b>19.6%</b>
Depreciation & amortisation	(3,265)	-9.8%	(3,042)	-9.5%	(9,596)	-9.8%	(9,061)	-8.7%
Capital gains/(losses) on disposals of non-current assets	10	0.0%	14	0.0%	18	0.0%	59	0.1%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>EBIT</b>	<b>3,326</b>	<b>10.0%</b>	<b>3,121</b>	<b>9.7%</b>	<b>9,369</b>	<b>9.6%</b>	<b>11,511</b>	<b>11.0%</b>
Financial income	17	0.1%	26	0.1%	49	0.0%	44	0.0%
Financial expenses	(159)	-0.5%	(157)	-0.5%	(444)	-0.5%	(462)	-0.4%
Exchange rate gains and losses	78	0.2%	280	0.9%	204	0.2%	400	0.4%
Profits and losses from equity investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>PROFIT BEFORE TAXES</b>	<b>3,262</b>	<b>9.8%</b>	<b>3,270</b>	<b>10.2%</b>	<b>9,178</b>	<b>9.4%</b>	<b>11,493</b>	<b>11.0%</b>
Income tax	(868)	-2.6%	(978)	-3.1%	(2,849)	-2.9%	(3,746)	-3.6%
Minority interests	(32)	-0.1%	0	0.0%	(32)	0.0%	0	0.0%
<b>NET PROFIT FOR THE PERIOD</b>	<b>2,362</b>	<b>7.1%</b>	<b>2,292</b>	<b>7.1%</b>	<b>6,297</b>	<b>6.4%</b>	<b>7,747</b>	<b>7.4%</b>

**Consolidated statement of cash flows**

(€ '000)	Q3 2016	Q3 2015	9M 2016	9M 2015
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>5,105</b>	<b>5,288</b>	<b>3,991</b>	<b>3,675</b>
Net profit/(loss) for the period	2,362	2,292	6,297	7,747
Adjustments for:				
- Depreciation and amortisation for the period	3,265	3,042	9,596	9,061
- Realised gains/losses	(10)	(14)	(18)	(59)
- Financial income and expenses	142	131	395	418
- Income tax	868	978	2,849	3,746
Payment of post-employment benefit reserve	(22)	(8)	(75)	(92)
Change in risk provisions	(42)	(52)	(64)	(95)
<i>Change in trade receivables</i>	<i>4,181</i>	<i>5,680</i>	<i>2,501</i>	<i>2,002</i>
<i>Change in inventories</i>	<i>1,937</i>	<i>386</i>	<i>(806)</i>	<i>(1,072)</i>
<i>Change in trade payables</i>	<i>(4,659)</i>	<i>(4,127)</i>	<i>(2,947)</i>	<i>56</i>
Change in net working capital	1,459	1,939	(1,252)	986
Change in other receivables and payables, deferred tax	539	537	1,314	232
Payment of taxes	(753)	(3,008)	(2,311)	(3,777)
Payment of financial expenses	(149)	(121)	(414)	(402)
Collection of financial income	17	26	49	44
<b>Cash flow from operations</b>	<b>7,676</b>	<b>5,742</b>	<b>16,366</b>	<b>17,809</b>
<b>Net investments</b>	<b>(2,414)</b>	<b>(1,670)</b>	<b>(9,374)</b>	<b>(9,603)</b>
Repayment of loans	(6,270)	(5,727)	(17,353)	(15,228)
New loans	3,200	4,465	22,246	16,669
Purchase/sale of own shares	(139)	(175)	(1,271)	(175)
Payment of dividends	0	0	(5,467)	(4,613)
<b>Cash flow from financing activities</b>	<b>(3,209)</b>	<b>(1,437)</b>	<b>(1,845)</b>	<b>(3,347)</b>
ARC acquisition	0	0	(2,614)	0
Foreign exchange differences	(434)	(2,237)	200	(2,848)
<b>Net financial flows for the period</b>	<b>1,619</b>	<b>398</b>	<b>2,733</b>	<b>2,011</b>
<b><i>Cash and cash equivalents at end of period</i></b>	<b><i>6,724</i></b>	<b><i>5,686</i></b>	<b><i>6,724</i></b>	<b><i>5,686</i></b>
Current financial debt	26,572	23,757	26,572	23,757
Non-current financial debt	9,742	7,575	9,742	7,575
<b>Net financial debt</b>	<b>29,590</b>	<b>25,646</b>	<b>29,590</b>	<b>25,646</b>

**Consolidated net financial position**

<i>(€ '000)</i>	<b>30.09.2016</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
A. Cash	19	11	15
B. Positive balances of unrestricted bank accounts	5,042	3,822	5,376
C. Other cash equivalents	1,663	158	295
<b>D. Liquidity (A+B+C)</b>	<b>6,724</b>	<b>3,991</b>	<b>5,686</b>
E. Current bank overdrafts	22,119	19,697	19,985
F. Current portion of non-current debt	4,346	3,783	3,765
G. Other current financial payables	107	31	7
<b>H. Current financial debt (E+F+G)</b>	<b>26,572</b>	<b>23,511</b>	<b>23,757</b>
<b>I. Current net financial debt (H-D)</b>	<b>19,848</b>	<b>19,520</b>	<b>18,071</b>
J. Non-current bank payables	6,332	4,632	5,782
K. Other non-current financial payables	3,410	1,756	1,793
<b>L. Non-current financial debt (J+K)</b>	<b>9,742</b>	<b>6,388</b>	<b>7,575</b>
<b>M. Net financial debt (L+I)</b>	<b>29,590</b>	<b>25,908</b>	<b>25,646</b>

Fine Comunicato n.0226-132

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