

FINANCIAL PRESENTATION

Milan, 9 November 2016

Product range – *the heart of gas cooking appliances*



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 (2016)



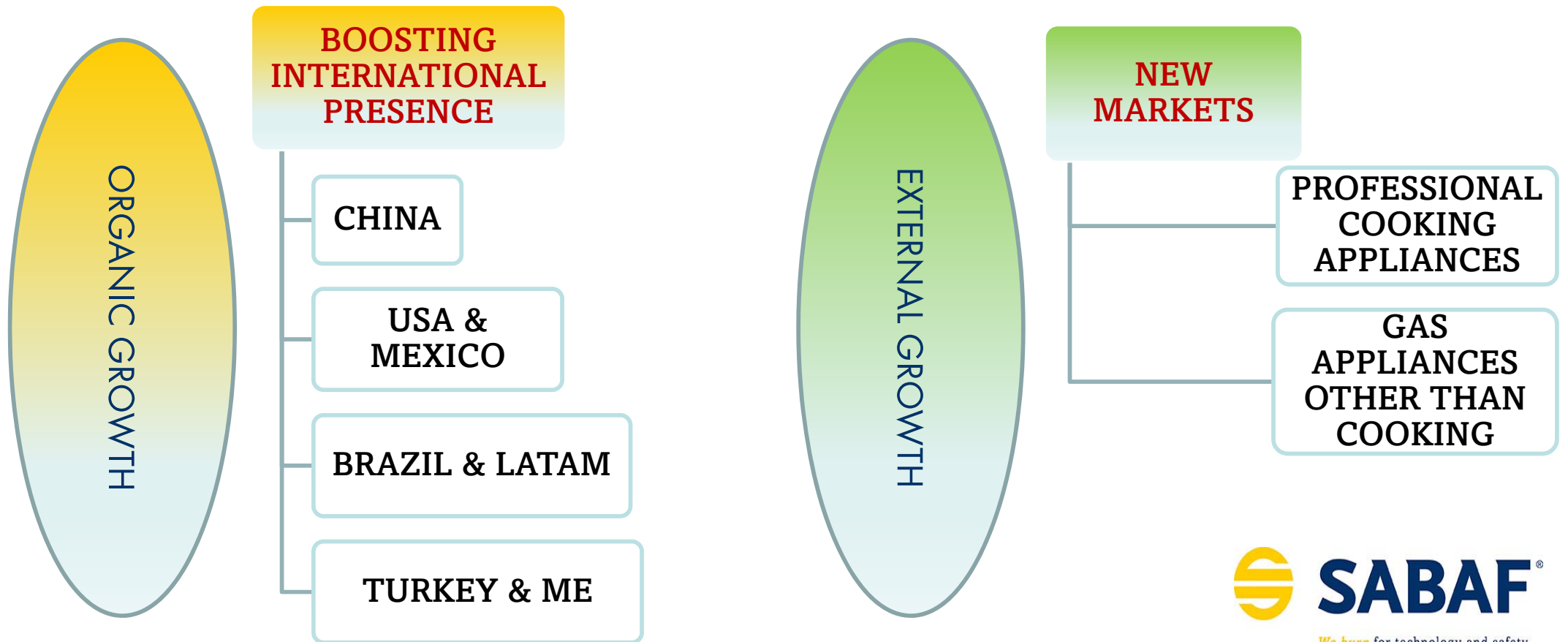
A.R.C. s.r.l. CAMPODARSEGO, PADOVA - ITALY



Professional burners

Competitive position and growth drivers

- Global leader in the production of components for domestic gas cooking appliances, with over 270 customers in 60 different countries
- Top 10 customers account for 48% of sales (H1 2016) – stable figure for past 10 years
- A strong leadership in Italy and Europe (market share above 40%), lower presence worldwide (est. 10%)



The acquisition of A.R.C.

A NEW STEP IN OUR GROWTH PATH

On June 29th Sabaf acquired a 70% stake in ARC
ARC is the Italian leader in burners for professional cooking
Sabaf enters into a new market, with appealing growth rates and complementary to the core sector

SYNERGIES

Access to foreign markets
Joint forces in R&D
Customized products for high end domestic appliances

VALUATION

Amount paid €4.8 mn
Sales €4.4 mn
Equity €3.1 mn
EV/Sales = 1

EBITDA €0.9 mn
Positive NFP €2.6 mn
EV/EBITDA = 4.8

GOVERNANCE

Mr. Loris Gasparini keeps a 30% stake and a CEO position for the next 5 years



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

€ 16.3 mn estimated sales in 2016 (€ 14.4 mn in 2015, +13%)
100 people employed

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, 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%-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

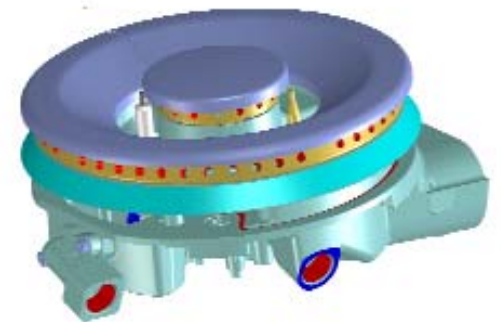
WHERE WE ARE

Production has started in June 2015, € 1 mn sales expected in 2016

Ongoing contacts with major hob manufacturers

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

Starting from beginning 2016, production of special burners

Same products, technology and quality as in Italy

WHERE WE ARE

€ 10 mn estimated sales in 2016 (€ 8.4 mn in 2015, +19%)

70 people employed

80% market share in gas hobs segment

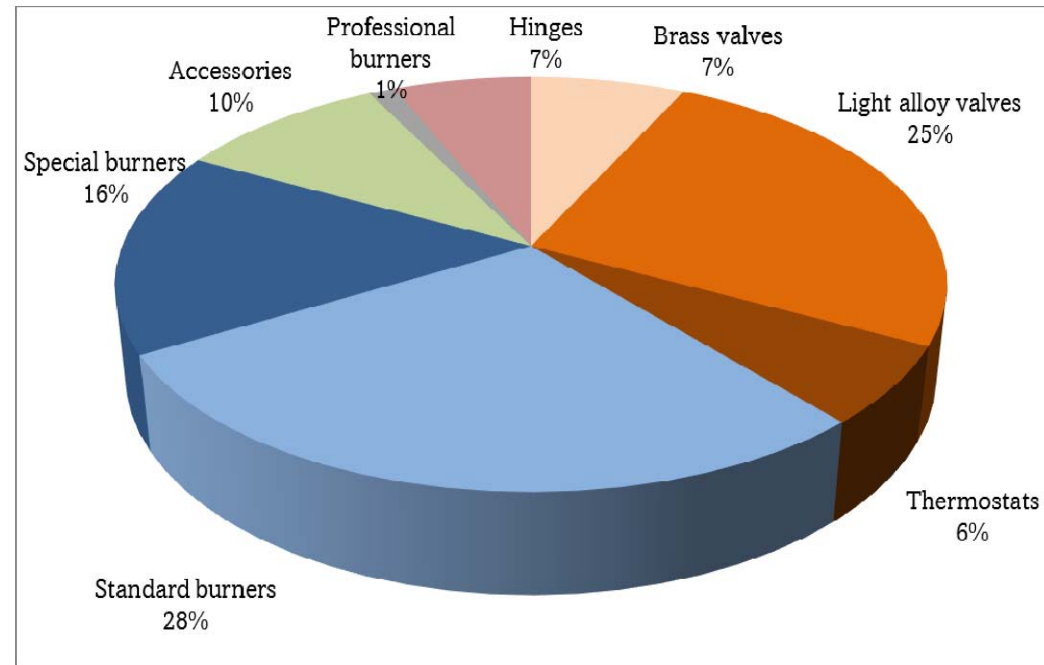
WHERE WE WILL BE

Ongoing negotiations with large multinational groups

Expected increase of share in the cookers segment

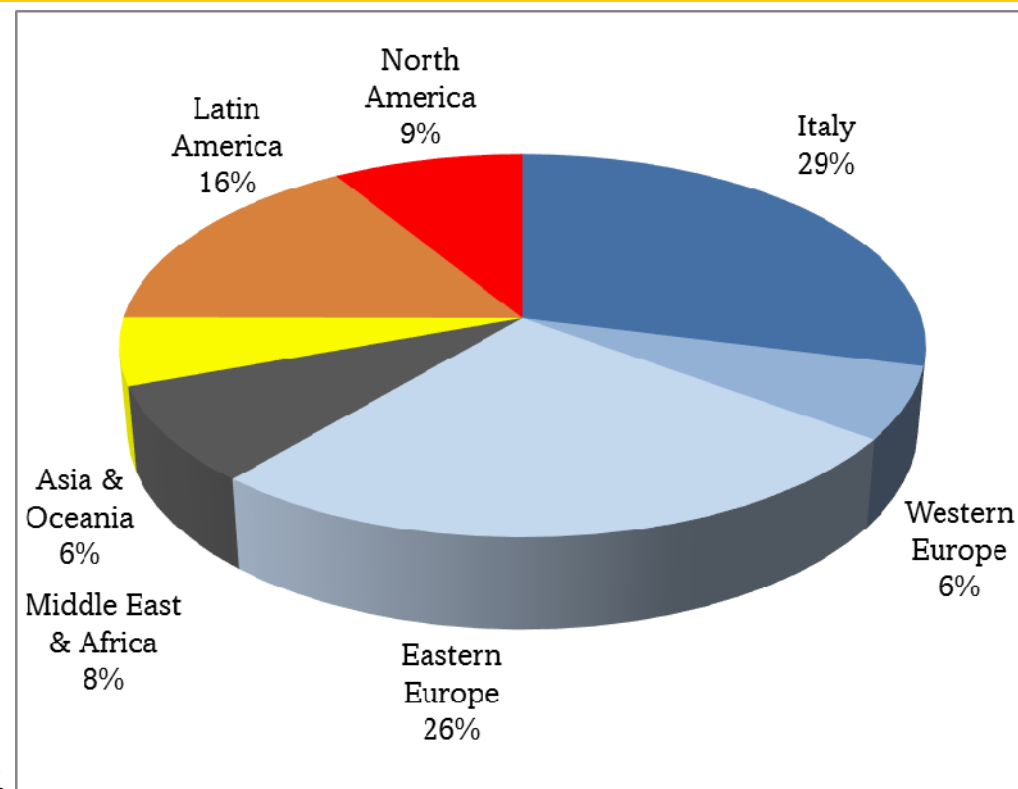


Sales by product



	9M 2016	9M 2015	
Brass valves	7,042	9,858	-28.6%
Light alloy valves	24,907	25,765	-3.3%
Thermostats	5,958	8,092	-26.4%
Standard burners	27,548	28,502	-3.3%
Special burners	15,642	16,107	-2.9%
Accessories	9,488	10,186	-6.9%
Professional burners	1,196	0	n.a.
Hinges	6,278	6,059	+3.6%
Total	98,059	104,569	-6.2%

Sales by market

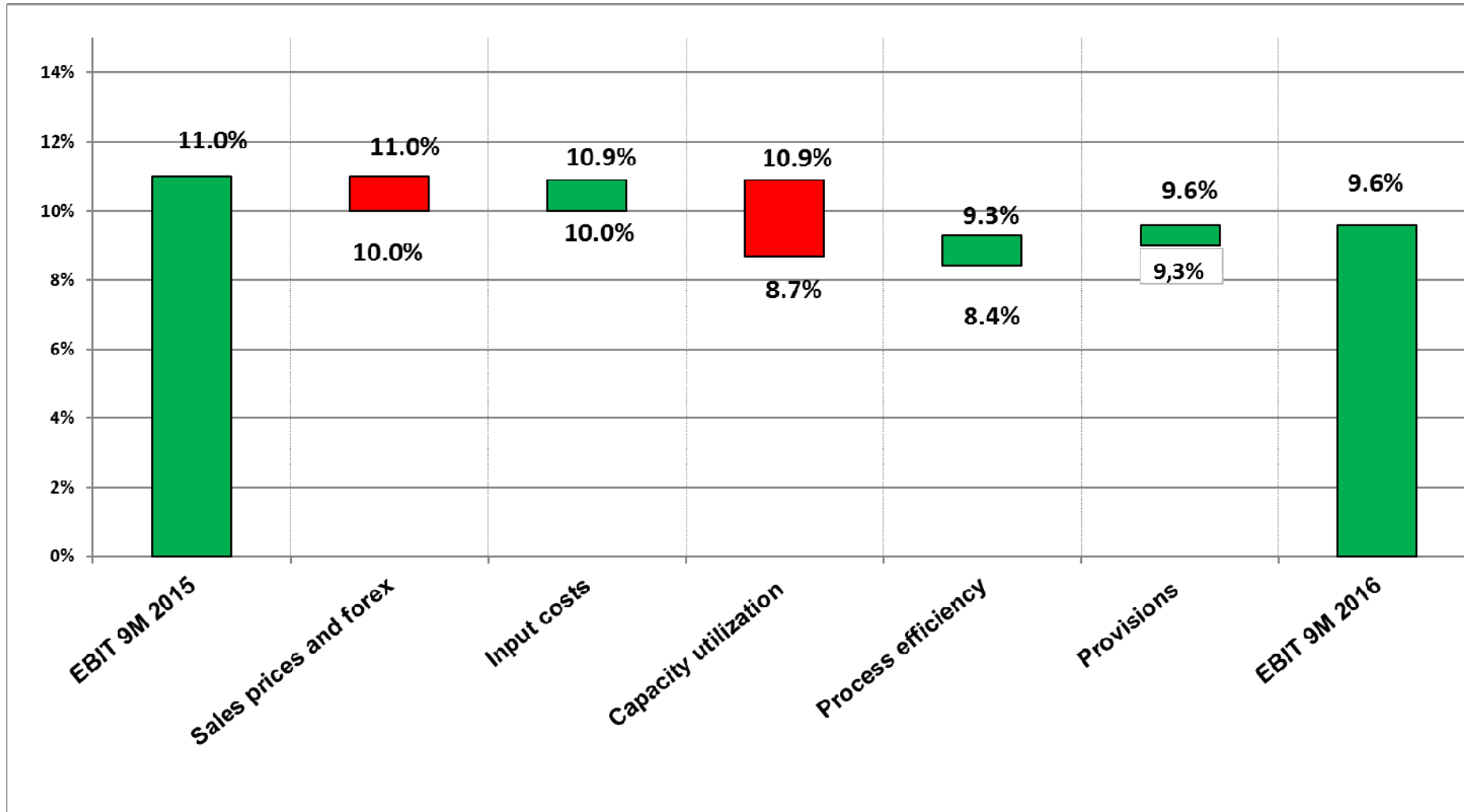


	9M 2016	9M 2015	
Italy	28,414	31,472	-9.7%
Western Europe	5,996	5,662	+5.9%
Eastern Europe	25,576	27,511	-7.0%
Middle East & Africa	8,039	12,328	-34.8%
Asia & Oceania	5,568	4,667	+19.3%
Latin America	15,858	15,793	+0.4%
North America	8,608	7,136	+20.6%
Total	98,059	104,569	-6.2%

Income statement

€ x 000	<u>9M 2016</u>		<u>9M 2015</u>			<u>FY 15</u>		<u>FY 14</u>		<u>FY 13</u>	
SALES	98,059	100.0%	104,569	100.0%	-6.2%	138,003	100.0%	136,337	100.0%	130,967	100.0%
Materials	(36,396)	-37.1%	(41,309)	-39.5%		(54,366)	-39.4%	(54,472)	-40.0%	(52,415)	-40.0%
Payroll	(24,185)	-24.7%	(24,615)	-23.5%		(32,526)	-23.6%	(32,180)	-23.6%	(31,339)	-23.9%
Change in stock	638	0.7%	2,082	2.0%		1,025	0.7%	2,447	1.8%	4,784	3.7%
Other operating costs/income	(19,169)	-19.5%	(20,214)	-19.3%		(25,964)	-18.8%	(26,180)	-19.2%	(27,425)	-20.9%
EBITDA	18,947	19.3%	20,513	19.6%	-7.6%	26,172	19.0%	25,952	19.0%	24,572	18.8%
Depreciation	(9,596)	-9.8%	(9,061)	-8.7%		(12,185)	-8.8%	(12,292)	-9.0%	(12,856)	-9.8%
Gains/losses on fixed assets	18	0.0%	59	0.1%		104	0.1%	63	0.0%	71	0.1%
Impairment of fixed assets	0	0.0%	0	0.0%		0	0.0%	(548)	-0.4%	(655)	-0.5%
EBIT	9,369	9.6%	11,511	11.0%	-18.6%	14,091	10.2%	13,175	9.7%	11,132	8.5%
Net financial expense	(395)	-0.4%	(418)	-0.4%		(529)	-0.4%	(531)	-0.4%	(637)	-0.5%
Foreign exchange gains/losses	204	0.2%	400	0.4%		(89)	-0.1%	119	0.1%	(186)	-0.1%
Equity investments profits/losses	0	0.0%	0	0.0%		0	0.0%	(606)	-0.4%	(498)	-0.4%
EBT	9,178	9.4%	11,493	11.0%	-20.1%	13,473	9.8%	12,157	8.9%	9,811	7.5%
Income taxes	(2,849)	-2.9%	(3,746)	-3.6%		(4,475)	-3.2%	(3,819)	-2.8%	(1,707)	-1.3%
Minorities	(32)		0			0		0		0	
NET INCOME	6,297	6.4%	7,747	7.4%	-18.7%	8,998	6.5%	8,338	6.1%	8,104	6.2%

EBIT bridge 9M 2015 – 9M 2016



Balance sheet

€ x 1000	30-Sep-16	30-Jun-16	31-Dec-15	30-Sep-15
Fixed assets	95,391	96,674	92,797	93,518
Net working capital	49,209	51,193	48,163	44,955
Short term financial assets	53	75	69	-
Capital Employed	144,653	147,942	141,029	138,473
Equity	110,919	109,442	111,040	108,609
Reserves for risks and severance indemnity, deferred taxes	4,144	4,221	4,081	4,218
Net debt	29,590	34,279	25,908	25,646
Sources of finance	144,653	147,942	141,029	138,473
Debt / Equity	0.27	0.31	0.23	0.24

Cash flow statement

€ x 1000	9M 2016	9M 2015	FY 15
<i>Cash at the beginning of the period</i>	3,991	3,675	3,675
Net profit	6,297	7,747	8,998
Depreciation	9,596	9,061	12,185
Change in net working capital			
change in inventories	(806)	(1,072)	(170)
change in receivables	2,501	2,002	107
change in payables	(2,947)	56	(58)
	(1,252)	986	(121)
Other changes in operating items	1,725	15	(1,931)
Operating cash flow	16,366	17,809	19,131
Net investments	(9,374)	(9,603)	(12,079)
Free cash flow	6,992	8,206	7,052
Cash flow from financial activity	4,893	1,441	(61)
Shares buyback	(1,271)	(175)	(718)
Dividends	(5,467)	(4,613)	(4,613)
ARC acquisition	(2,614)	0	0
Forex	200	(2,848)	(1,344)
Cash flow	2,733	2,011	316
<i>Cash at the end of the period</i>	<i>6,724</i>	<i>5,686</i>	<i>3,991</i>

Net financial position

<i>€ x 1000</i>	30-Sep-16	30-Jun-16	31-Dec-15	30-Sep-15
A. Cash	19	11	11	15
B. Positive balances of unrestricted bank accounts	5,042	4,734	3,822	5,376
C. Other liquidities	1,663	360	158	295
D. Cash and cash equivalents (A+B+C)	6,724	5,105	3,991	5,686
E. Current bank overdrafts	22,119	24,248	19,697	19,985
F. Current portion of non-current debt	4,346	4,330	3,783	3,765
G. Other current financial payables	107	28	31	7
H. Current financial debt (E+F+G)	26,572	28,606	23,511	23,757
I. Current net financial debt (H-D)	19,848	23,501	19,520	18,071
J. Non-current bank payables	6,332	7,272	4,632	5,782
K. Other non-current financial payables	3,410	3,506	1,756	1,793
L. Non-current financial debt (J+K)	9,742	10,778	6,388	7,575
M. Net financial debt (L+I)	29,590	34,279	25,908	25,646

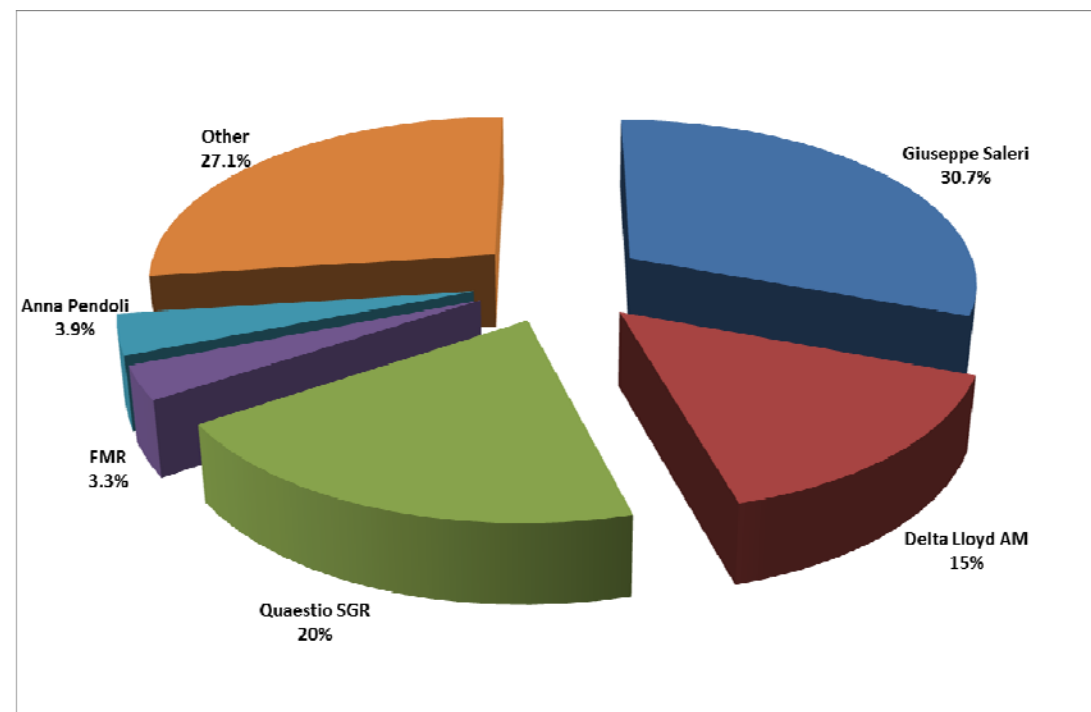
Forecasts

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.

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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