

# Bit Market Services

Informazione Regolamentata n. 0226-20-2017	Data/Ora Ricezione 14 Febbraio 2017 12:18:05	MTA - Star
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Societa' : SABAF  
Identificativo : 85079  
Informazione  
Regolamentata  
Nome utilizzatore : SABAFN03 - Beschi  
Tipologia : IRAG 03  
Data/Ora Ricezione : 14 Febbraio 2017 12:18:05  
Data/Ora Inizio : 14 Febbraio 2017 12:33:06  
Diffusione presunta  
Oggetto : Fourth-quarter 2016 results approved

*Testo del comunicato*

Vedi allegato.

## **SABAF: FOURTH-QUARTER 2016 RESULTS APPROVED**

- **In the fourth quarter, revenue was €32.9 million (-1.5%); EBITDA was €6.4 million (+13.4%); EBIT was €3.2 million (+22.5%); net profit was €2.7 million (+117%)**
- **Revenue for FY 2016 was €131 million (-5.1%); EBITDA was €25.4 million (-3.1%); EBIT was €12.5 million (-11.1%); net profit was €9 million (+0.1%)**

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The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement as at 31 December 2016.

### *Consolidated results for Q4 2016*

In Q4 2016, the Sabaf Group booked sales revenue of €32.9 million, a decrease of 1.5% compared with the figure of €33.4 million registered in Q4 2015. Taking into consideration the same scope of consolidation (i.e. excluding the contribution of A.R.C.), sales in the fourth quarter decreased by 4.8% compared with the same period last year. In the period, the sharpest decline was recorded in the Italian market, while the other markets in Europe registered positive growth rates. As in the rest of the year, also in the fourth quarter, the Middle East and North Africa suffered a strong decline, South America reached levels similar to 2015, while North America and Asia confirmed the expansion phase.

The improvement in production efficiency, already pointed out in the first nine months, affected even more strongly the profits of the fourth quarter: EBITDA amounted to €6.4 million, equal to 19.5% of sales, up 13.4% on €5.7 million (16.9% of sales) in Q4 2015. EBIT was €3.2 million, equivalent to 9.6% of sales, and 22.5% higher than €2.6 million of the same quarter in 2015 (7.7% of sales). Profit before taxes was €3.3 million, up by 65.1% compared with €2 million in Q4 2015. The net profit for the period was €2.7 million, up 117% compared with the figure of €1.3 million in Q4 2015. Tax benefits of €0.4 million were booked during the period, deriving from the investments made in Turkey in 2016.

### *Consolidated results for 2016*

Revenues for 2016 came in at €131 million, down 5.1% compared with €138 million in 2015. Taking into consideration the same scope of consolidation, the drop in revenues was 6.7%. Despite the drop in sales volumes, the Group managed to maintain satisfactory income-related performances and to achieve a % EBITDA better than 2015: in detail, EBITDA 2016 was €25.4 million (equal to 19.4% of sales, down 3.1% compared with the previous year, when they were 19% of sales) and EBIT stood at €12.5 million (equal to 9.6% of sales, with a decline of 11.1% compared with €14.1 million in 2015, corresponding to 10.2% of sales). Net profit of 2016, equal to €9 million, was mainly unchanged compared with the previous financial year.

### *Investments and financial position*

Quarter investments totalled € 2.4 million, bringing total investments for the year to € 11.8 million (€12.1 million in 2015).

At 31 December 2016, net financial debt was € 23.5 million, compared with € 29.6 million at 30 September 2016 and €25.9 million at 31 December 2015. The significant improvement in the net financial position in the last quarter was mainly attributable to the reduction in working capital.

### *Outlook*

2017 got off to a positive start and sales in the first quarter are expected to increase with a double-digit growth compared with 2016, which was marked by a very weak start.

Although there are uncertainties on some of the main markets in which Sabaf operates, for the whole of 2017, the Group expects to be able to reach sales of around € 140 million and increasing operating margins compared with 2016.

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 fourth quarter of 2016 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 Q4 2016, which has not been independently audited, is available in the Investor Relations section of the website [www.sabaf.it](http://www.sabaf.it).

The Financial Reporting Officer, Gianluca Beschi, declares that, pursuant to paragraph 2, Article 154-bis of Consolidated Finance Act, the accounting information contained in this press release corresponds to the Company's records, books and accounting entries.

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

For further information:

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*Founded in the early fifties, 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.*

*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 800 employees. It operates through its parent company SABAF S.p.A. and the subsidiaries Sabaf do Brasil, Sabaf Turkey and Sabaf China, active in the production of domestic burners, A.R.C., which produces burners for professional cooking, and Faringosi Hinges, leader in the production of oven hinges.*

**Consolidated statement of financial position**

	31/12/2016	30/09/2016	31/12/2015
(€/000)			
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Tangible assets (property, plant, and equipment)	73,064	74,023	73,037
Real estate investment	6,270	6,380	6,712
Intangible assets	9,284	9,348	7,525
Equity investments	306	311	204
Non-current receivables	262	536	432
Deferred tax assets	4,781	4,793	4,887
<b>Total non-current assets</b>	<b>93,967</b>	<b>95,391</b>	<b>92,797</b>
CURRENT ASSETS			
Inventories	31,484	32,706	31,009
Trade receivables	36,842	39,448	40,425
Tax receivables	3,163	2,350	2,489
Other current receivables	1,419	1,332	1,447
Current financial assets	0	53	69
Cash and cash equivalents	12,143	6,724	3,991
<b>Total current assets</b>	<b>85,051</b>	<b>82,613</b>	<b>79,430</b>
ASSETS HELD FOR SALE	0	0	0
<b>TOTAL ASSETS</b>	<b>179,018</b>	<b>178,004</b>	<b>172,227</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	90,471	91,847	90,509
Net profit for the period	9,009	6,297	8,998
<i>Total equity interest of the Parent Company</i>	<i>111,013</i>	<i>109,677</i>	<i>111,040</i>
<i>Minority interests</i>	<i>1,296</i>	<i>1,242</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>112,309</b>	<b>110,919</b>	<b>111,040</b>
NON-CURRENT LIABILITIES			
Loans	18,892	7,980	6,388
Other financial liabilities	1,762	1,762	0
Post-employment benefit and retirement reserves	3,086	3,077	2,914
Provisions for risks and charges	434	331	395
Deferred tax liabilities	764	736	772
<b>Total non-current liabilities</b>	<b>24,938</b>	<b>13,886</b>	<b>10,469</b>
CURRENT LIABILITIES			
Loans	14,612	26,465	23,480
Other financial liabilities	335	107	31
Trade payables	18,977	17,316	19,450
Tax payables	1,190	1,772	1,219
Other payables	6,657	7,539	6,538
<b>Total current liabilities</b>	<b>41,771</b>	<b>53,199</b>	<b>50,718</b>
LIABILITIES HELD FOR SALE	0	0	0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>179,018</b>	<b>178,004</b>	<b>172,227</b>

### Consolidated Income Statement

	Q4 2016		Q4 2015		12M 2016		12M 2015	
<i>(€/000)</i>								
<b>INCOME STATEMENT COMPONENTS</b>								
OPERATING REVENUE AND INCOME								
Revenue	32,919	100.0%	33,434	100.0%	130,978	100.0%	138,003	100.0%
Other income	863	2.6%	906	2.7%	2,819	2.2%	3,758	2.7%
<b>Total operating revenue and income</b>	<b>33,782</b>	<b>102.6%</b>	<b>34,340</b>	<b>102.7%</b>	<b>133,797</b>	<b>102.2%</b>	<b>141,761</b>	<b>102.7%</b>
OPERATING COSTS								
Materials	(10,950)	-33.3%	(13,057)	-39.1%	(47,346)	-36.1%	(54,366)	-39.4%
Change in inventories	(1,392)	-4.2%	(1,057)	-3.2%	(754)	-0.6%	1,025	0.7%
Services	(6,872)	-20.9%	(6,871)	-20.6%	(27,983)	-21.4%	(29,759)	-21.6%
Payroll costs	(7,927)	-24.1%	(7,911)	-23.7%	(32,112)	-24.5%	(32,526)	-23.6%
Other operating costs	(419)	-1.3%	(77)	-0.2%	(1,078)	-0.8%	(1,193)	-0.9%
Costs for capitalised in-house work	196	0.6%	292	0.9%	841	0.6%	1,230	0.9%
<b>Total operating costs</b>	<b>(27,364)</b>	<b>-83.1%</b>	<b>(28,681)</b>	<b>-85.8%</b>	<b>(108,432)</b>	<b>-82.8%</b>	<b>(115,589)</b>	<b>-83.8%</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>								
	<b>6,418</b>	<b>19.5%</b>	<b>5,659</b>	<b>16.9%</b>	<b>25,365</b>	<b>19.4%</b>	<b>26,172</b>	<b>19.0%</b>
Depreciation & amortisation	(3,257)	-9.9%	(3,124)	-9.3%	(12,853)	-9.8%	(12,185)	-8.8%
Capital gains/(losses) on disposals of non-current assets	0	0.0%	45	0.1%	18	0.0%	104	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>3,161</b>	<b>9.6%</b>	<b>2,580</b>	<b>7.7%</b>	<b>12,530</b>	<b>9.6%</b>	<b>14,091</b>	<b>10.2%</b>
Financial income	52	0.2%	23	0.1%	101	0.1%	67	0.0%
Financial expenses	(176)	-0.5%	(134)	-0.4%	(620)	-0.5%	(596)	-0.4%
Exchange rate gains and losses	231	0.7%	(489)	-1.5%	435	0.3%	(89)	-0.1%
Profits and losses from equity investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>PROFIT BEFORE TAXES</b>	<b>3,268</b>	<b>9.9%</b>	<b>1,980</b>	<b>5.9%</b>	<b>12,446</b>	<b>9.5%</b>	<b>13,473</b>	<b>9.8%</b>
Income tax	(501)	-1.5%	(729)	-2.2%	(3,350)	-2.6%	(4,475)	-3.2%
Minority interests	(55)	-0.2%	0	0.0%	(87)	-0.1%	0	0.0%
<b>NET PROFIT FOR THE PERIOD</b>	<b>2,712</b>	<b>8.2%</b>	<b>1,251</b>	<b>3.7%</b>	<b>9,009</b>	<b>6.9%</b>	<b>8,998</b>	<b>6.5%</b>

**Consolidated statement of cash flows**

(€/000)	Q4 2016	Q4 2015	12M 2016	12M 2015
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>6,724</b>	<b>5,686</b>	<b>3,991</b>	<b>3,675</b>
Net profit/(loss) for the period	2,712	1,251	9,009	8,998
Adjustments for:				
- Depreciation and amortisation for the period	3,257	3,124	12,853	12,185
- Realised gains/losses	0	(45)	(18)	(104)
- Financial income and expenses	124	111	519	529
- Income tax	501	729	3,350	4,475
Payment of post-employment benefit reserve	(109)	(37)	(184)	(129)
Change in risk provisions	103	(115)	39	(210)
<i>Change in trade receivables</i>	<i>2,606</i>	<i>(1,895)</i>	<i>5,107</i>	<i>107</i>
<i>Change in inventories</i>	<i>1,222</i>	<i>902</i>	<i>416</i>	<i>(170)</i>
<i>Change in trade payables</i>	<i>1,661</i>	<i>(114)</i>	<i>(1,286)</i>	<i>(58)</i>
Change in net working capital	5,489	(1,107)	4,237	(121)
Change in other receivables and payables, deferred tax	49	(304)	1,363	(72)
Payment of taxes	(2,451)	(2,154)	(4,762)	(5,931)
Payment of financial expenses	(162)	(154)	(576)	(556)
Collection of financial income	52	23	101	67
<b>Cash flow from operations</b>	<b>9,565</b>	<b>1,322</b>	<b>25,931</b>	<b>19,131</b>
<b>Net investments</b>	<b>(2,388)</b>	<b>(2,476)</b>	<b>(11,762)</b>	<b>(12,079)</b>
Repayment of loans	(15,788)	(4,252)	(33,141)	(19,480)
New loans	15,075	2,819	37,321	19,488
Short-term financial assets	69	(69)	69	(69)
Purchase/sale of treasury shares	(405)	(543)	(1,676)	(718)
Payment of dividends	0	0	(5,467)	(4,613)
<b>Cash flow from financing activities</b>	<b>(1,049)</b>	<b>(2,045)</b>	<b>(2,894)</b>	<b>(5,392)</b>
ARC acquisition	0	0	(2,614)	0
Foreign exchange differences	(709)	1,504	(509)	(1,344)
<b>Net financial flows for the period</b>	<b>5,419</b>	<b>(1,695)</b>	<b>8,152</b>	<b>316</b>
<b><i>Cash and cash equivalents at end of period</i></b>	<b>12,143</b>	<b>3,991</b>	<b>12,143</b>	<b>3,991</b>
Current financial debt	14,947	23,511	14,947	23,511
Non-current financial debt	20,654	6,388	20,654	6,388
<b>Net financial debt</b>	<b>23,458</b>	<b>25,908</b>	<b>23,458</b>	<b>25,908</b>

**Consolidated net financial position**

<i>(€/000)</i>	31/12/2016	30/09/2016	31/12/2015
A. Cash	12	19	11
B. Positive balances of unrestricted bank accounts	8,376	5,042	3,822
C. Other cash equivalents	3,755	1,663	158
<b>D. Liquidity (A+B+C)</b>	<b>12,143</b>	<b>6,724</b>	<b>3,991</b>
E. Current bank payables	7,811	22,119	19,697
F. Current portion of non-current debt	6,801	4,346	3,783
G. Other current financial payables	335	107	31
<b>H. Current financial debt (E+F+G)</b>	<b>14,947</b>	<b>26,572</b>	<b>23,511</b>
<b>I. Net current financial debt (H-D)</b>	<b>2,804</b>	<b>19,848</b>	<b>19,520</b>
J. Non-current bank payables	17,281	6,332	4,632
K. Other non-current financial payables	3,373	3,410	1,756
<b>L. Non-current financial debt (J+K)</b>	<b>20,654</b>	<b>9,742</b>	<b>6,388</b>
<b>M. Net financial debt (L+I)</b>	<b>23,458</b>	<b>29,590</b>	<b>25,908</b>

Fine Comunicato n.0226-20

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