

FINANCIAL PRESENTATION

Milan, 21- 22 March 2017

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)



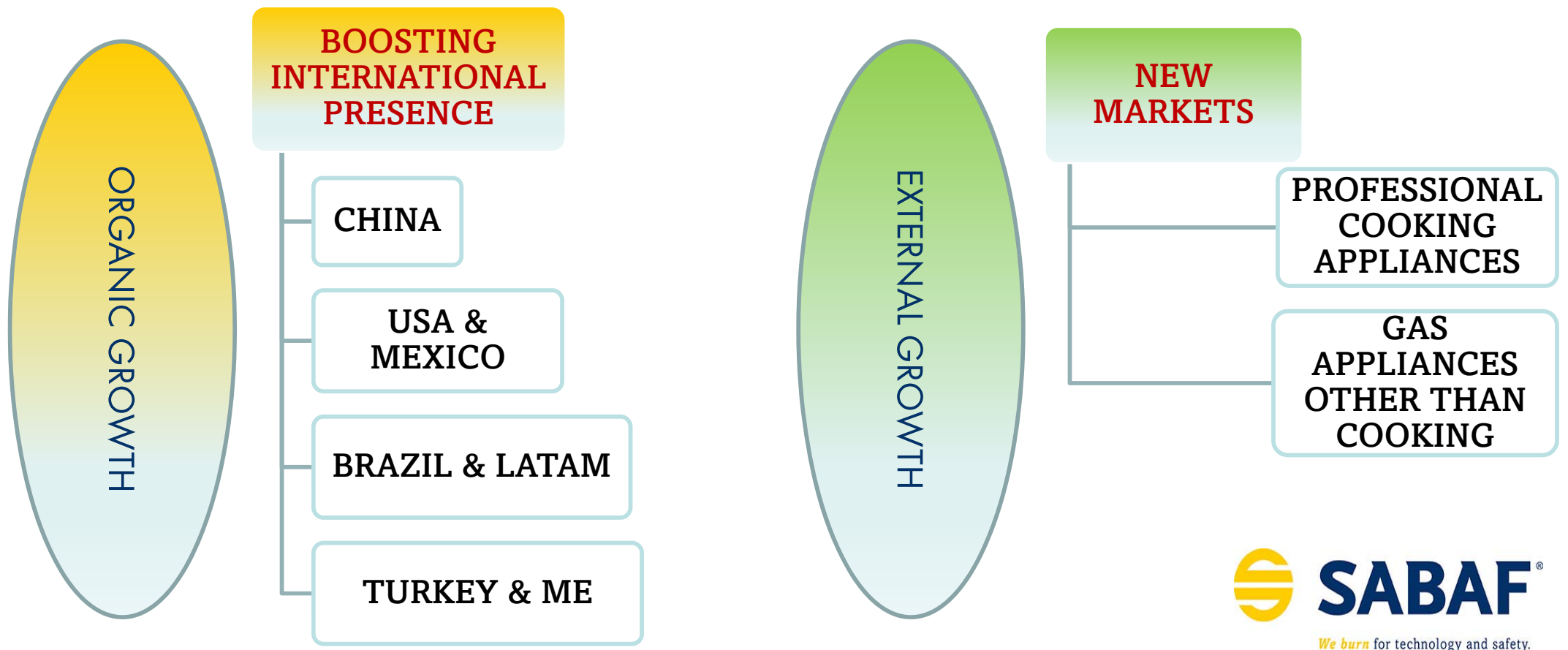
A.R.C. s.r.l. CAMPODARSEGO, PADOVA - ITALY



Professional burners

Competitive position and growth drivers

- Global leader in the production of components for domestic gas cooking appliances, with 300 customers in 54 different countries
- Top 10 customers account for 47% of sales (2016) – stable figure for past 10 years
- A strong leadership in Italy and Europe (market share above 40%), lower presence worldwide (est. 10%)



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 2016, production of special burners

Same products, technology and quality as in Italy

WHERE WE ARE

€ 9.9 mn estimated sales in 2016 (€ 8.4 mn in 2015, +18%)

66 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



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

€ 15.5 mn sales in 2016 (€ 14.4 mn in 2015, +8%)
86 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 65%. €2mn capex

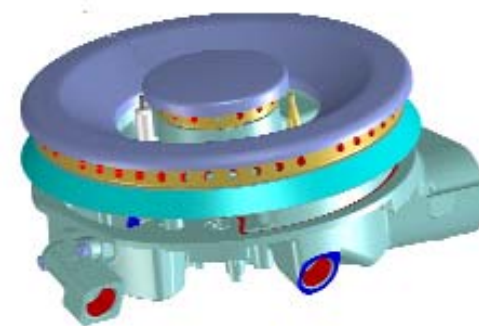
WHERE WE ARE

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

Ongoing contacts with major hob manufacturers

WHERE WE WILL BE

We are targeting the 10% premium market



The acquisition of A.R.C.

A NEW STEP IN OUR GROWTH PATH

In June 2016 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
EV/Sales = 1 EV/EBITDA = 4.8

GOVERNANCE

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

2016 FIGURES

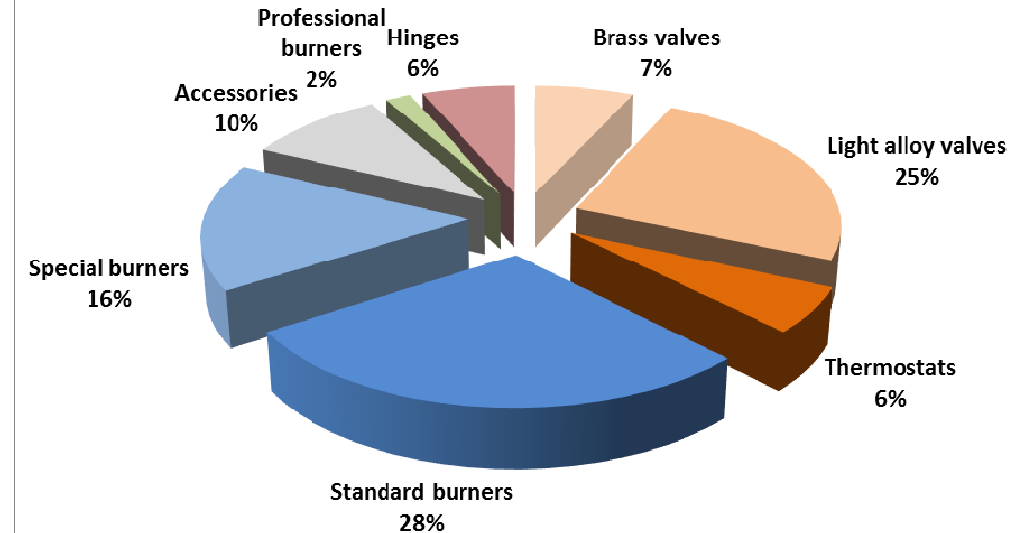
Sales €5.2 mn EBITDA €1.1 mn (21%)
EBIT €0.9 mn (18%) Net income 0.7 mn



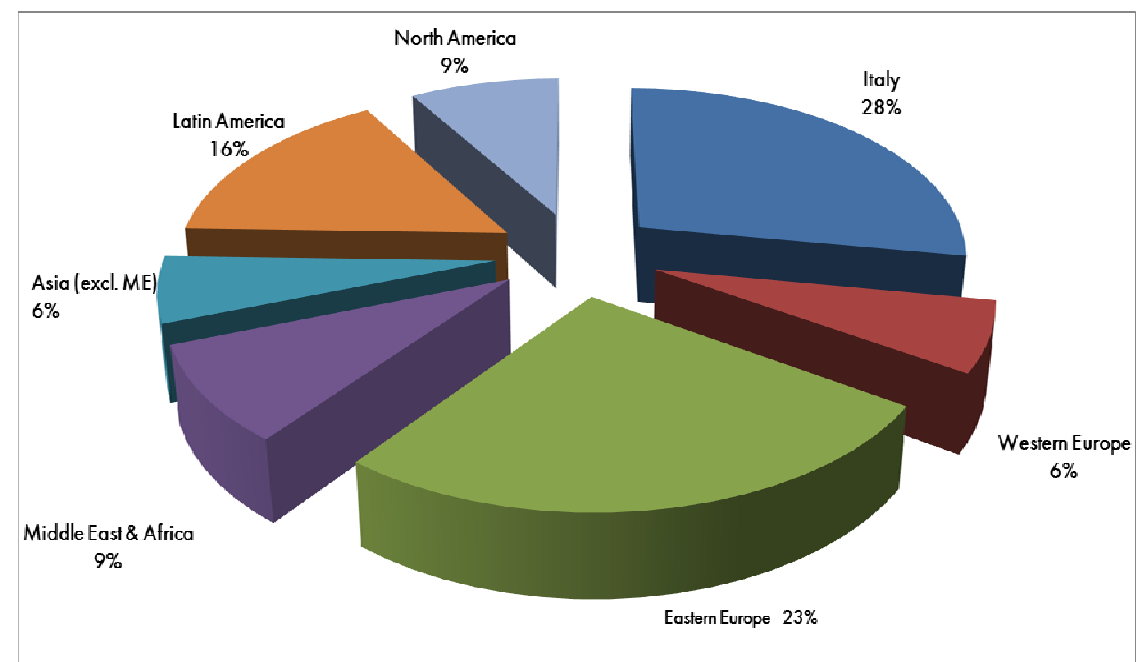
Sales by product

	12M 2016	12M 2015	Change
Brass valves	9,007	12,689	-29.0%
Light alloy valves	32,393	33,784	-4.1%
Thermostats	7,699	10,596	-27.3%
Standard burners	37,338	37,789	-1.2%
Special burners	21,215	21,622	-1.9%
Accessories	12,613	13,577	-7.1%
Professional burners	2,289	0	
Hinges	8,424	7,946	+6.0%
Total	130,978	138,003	-5.1%

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Sales by market

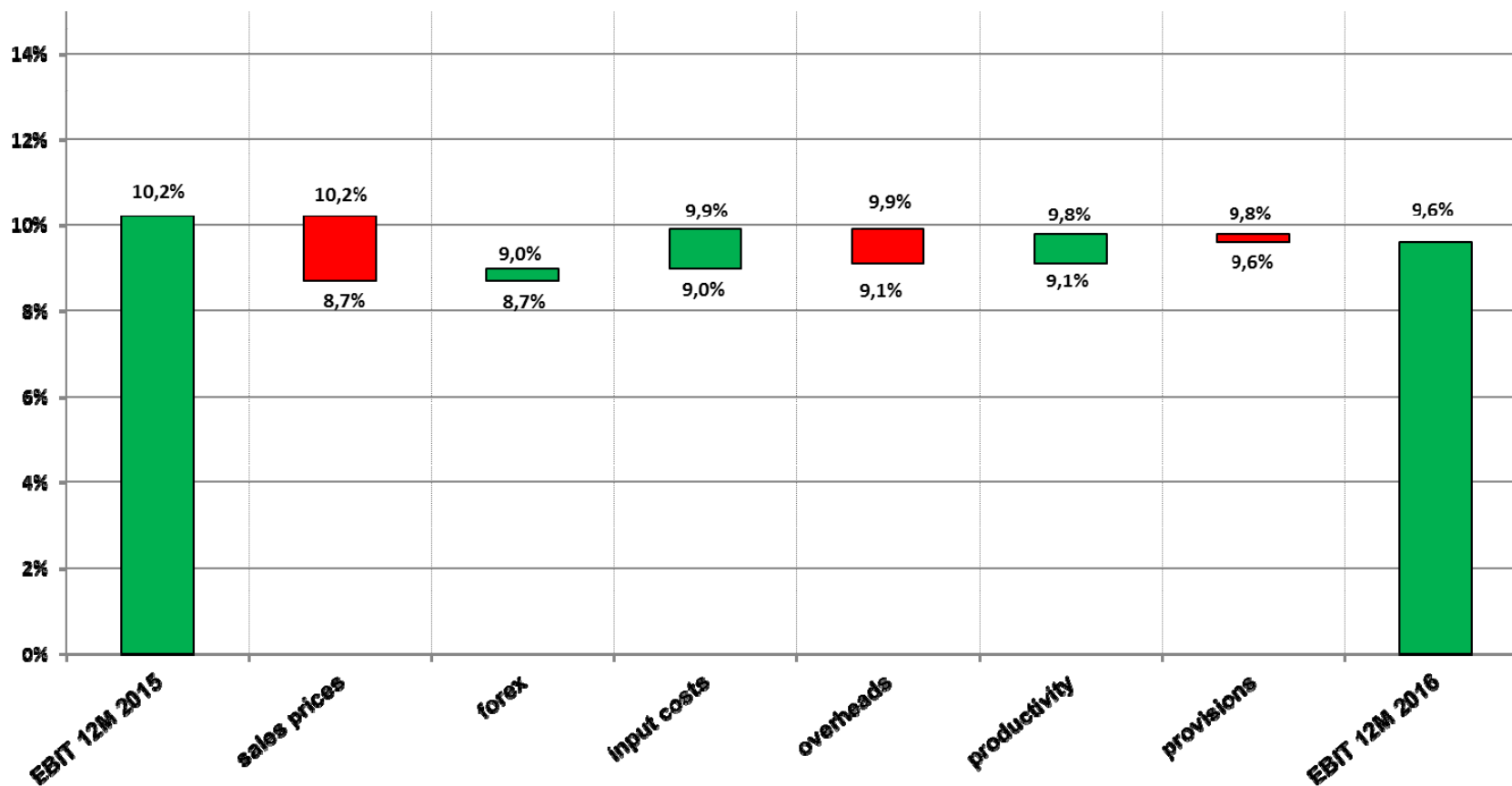


	12M 2016	12M 2015	
Italy	36,365	41,244	-11.8%
Western Europe	8,553	7,438	+15.0%
Eastern Europe (incl. Turkey)	34,123	35,125	-2.9%
Middle East & Africa	11,698	16,759	-30.2%
Asia (excl. ME)	8,088	7,019	+15.2%
Latin America	20,847	20,815	+0.2%
North America	11,304	9,603	+17.7%
Total	130,978	138,003	-5.1%

Income statement

€ x 000	<u>Q4 16</u>		<u>Q4 15</u>		<u>FY 16</u>		<u>FY 15</u>		<u>Δ %</u>	<u>FY 14</u>	
SALES	32,919	100.0%	33,434	100.0%	130,978	100.0%	138,003	100.0%	-5.1%	136,337	100.0%
Materials	(10,950)	-33.3%	(13,057)	-39.1%	(47,346)	-36.1%	(54,366)	-39.4%		(54,472)	-40.0%
Payroll	(7,927)	-24.1%	(7,911)	-23.7%	(32,112)	-24.5%	(32,526)	-23.6%		(32,180)	-23.6%
Change in stock	(1,392)	-4.2%	(1,057)	-3.2%	(754)	-0.6%	1,025	0.7%		2,447	1.8%
Other operating costs/income	(6,232)	-18.9%	(5,750)	-17.2%	(25,401)	-19.4%	(25,964)	-18.8%		(26,180)	-19.2%
EBITDA	6,418	19.5%	5,659	16.9%	25,365	19.4%	26,172	19.0%	-3.1%	25,952	19.0%
Depreciation	(3,257)	-9.9%	(3,124)	-9.3%	(12,853)	-9.8%	(12,185)	-8.8%		(12,292)	-9.0%
Gains/losses on fixed assets	0	0.0%	45	0.1%	18	0.0%	104	0.1%		63	0.0%
EBIT	3,161	9.6%	2,580	7.7%	12,530	9.6%	14,091	10.2%	-11.1%	13,175	9.7%
Net financial expense	(124)	-0.4%	(111)	-0.3%	(519)	-0.4%	(529)	-0.4%		(531)	-0.4%
Foreign exchange gains/losses	231	0.7%	(489)	-1.5%	435	0.3%	(89)	-0.1%		119	0.1%
Equity investments profits/losses	0	0.0%	0	0.0%	0	0.0%	0	0.0%		(606)	-0.4%
EBT	3,268	9.9%	1,980	5.9%	12,446	9.5%	13,473	9.8%	-7.6%	12,157	8.9%
Income taxes	(501)	-1.5%	(729)	-2.2%	(3,350)	-2.6%	(4,475)	-3.2%		(3,819)	-2.8%
Minorities	(55)		0		(87)		0			0	
NET INCOME	2,712	8.2%	1,251	3.7%	9,009	6.9%	8,998	6.5%	+0.1%	8,338	6.1%

EBIT bridge 2015 – 2016



Balance sheet

€ x 1000	31-Dec-16	31-Dec-15	31-Dec-14
Fixed assets	93,967	92,797	96,152
Net working capital	46,084	48,163	45,844
Short term financial assets	-	69	-
Capital Employed	140,051	141,029	141,996
Equity	112,309	111,040	110,738
Provisions for risks and severance indemnity	4,284	4,081	4,325
Net debt	23,458	25,908	26,933
Sources of finance	140,051	141,029	141,996
Debt / Equity	0.21	0.23	0.24

Cash flow statement

<i>€ x 1000</i>	FY 16	FY 15	FY 14
<i>Cash at the beginning of the period</i>	<i>3,991</i>	<i>3,675</i>	<i>5,111</i>
Net profit	9,009	8,998	8,338
Depreciation	12,853	12,185	12,292
Change in net working capital			
change in inventories	<i>416</i>	<i>(170)</i>	<i>(4,079)</i>
change in receivables	<i>5,107</i>	<i>107</i>	<i>(2,548)</i>
change in payables	<i>(1,286)</i>	<i>(58)</i>	<i>365</i>
	4,237	(121)	(6,262)
Other changes in operating items	(168)	(1,931)	2,609
Operating cash flow	25,931	19,131	16,977
Investments, net of disposals	(11,762)	(12,079)	(11,491)
Free cash flow	14,169	7,052	5,486
Cash flow from financial activity	4,249	(61)	8,054
Own shares buyback	(1,676)	(718)	0
Dividends	(5,467)	(4,613)	(16,146)
ARC acquisition	(2,614)	0	
Forex	(509)	(1,344)	453
Net financial flow	8,152	316	(2,153)
<i>Cash at the end of the period</i>	<i>12,143</i>	<i>3,991</i>	<i>2,958</i>

Net financial position

<i>€ x 1000</i>	31-Dec-16	31-Dec-15	31-Dec-14
A. Cash	12	11	9
B. Positive balances of unrestricted bank accounts	8,376	3,822	2,691
C. Other liquidities	3,755	158	258
D. Cash and cash equivalents (A+B+C)	12,143	3,991	2,958
E. Current bank overdrafts	7,811	19,697	15,890
F. Current portion of non-current debt	6,801	3,783	3,723
G. Other current financial payables	335	31	105
H. Current financial debt (E+F+G)	14,947	23,511	19,718
I. Current net financial debt (H-D)	2,804	19,520	16,760
J. Non-current bank payables	17,281	4,632	8,275
K. Other non-current financial payables	3,373	1,756	1,898
L. Non-current financial debt (J+K)	20,654	6,388	10,173
M. Net financial debt (L+I)	23,458	25,908	26,933

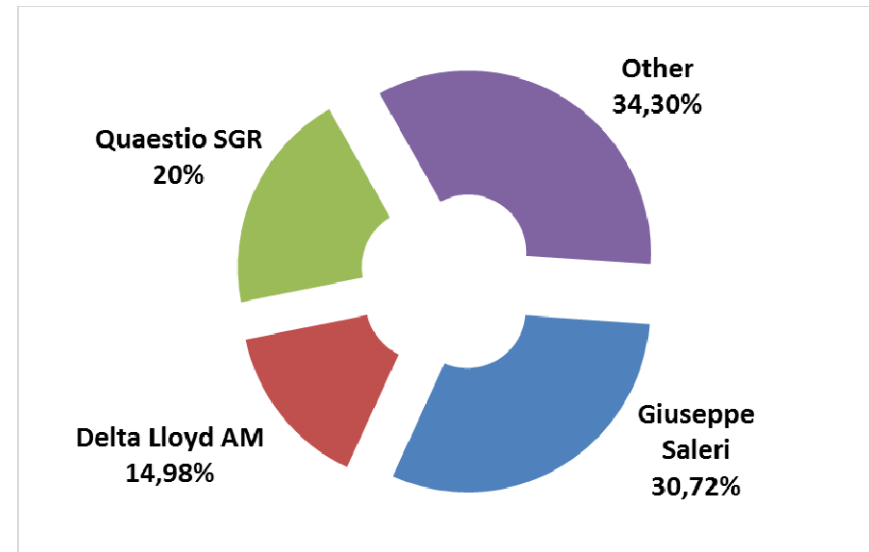
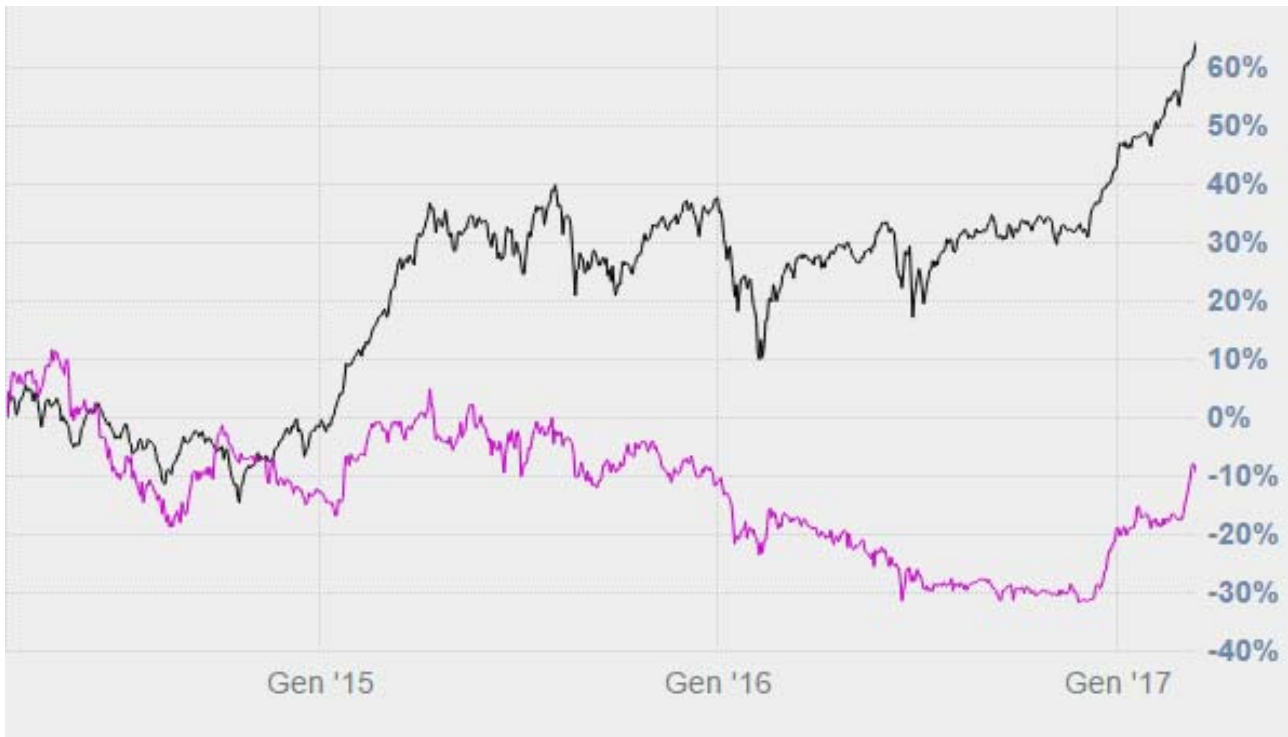
Forecasts

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.

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



Sabaf vs. FTSE Italia STAR –3 years

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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