

*INTERIM MANAGEMENT STATEMENT*

*AT 31 MARCH 2017*



**SABAF**®

**SABAF S.p.A.**

**Via dei Carpini 1 – OSPITALETTO (BS), ITALY**

**Share capital: €1,533,450 fully paid in**

**[www.sabaf.it](http://www.sabaf.it)**

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***Summary***

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## Group structure

### ***Parent company***

SABAF S.p.A.

### ***Subsidiaries and equity interest owned by the Group***

#### Wholly consolidated companies

|  |      |
|--|------|
| Faringosi-Hinges S.r.l.  | 100% |
| Sabaf do Brasil Ltda.  | 100% |
| Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited                       | 100% |
| Sirteki (Sabaf Turkey)   |      |
| Sabaf Appliance Components Trading (Kunshan) Co., Ltd.<br>(in liquidation) | 100% |
| Sabaf Appliance Components (Kunshan) Co., Ltd.                             | 100% |
| Sabaf Immobiliare s.r.l.   | 100% |
| A.R.C. s.r.l.  | 70%  |

#### Unconsolidated companies

|                              |      |
|------------------------------|------|
| Sabaf US Corp.               | 100% |
| Handan ARC Burners Co., Ltd. | 35%  |

### **Board of Directors**

|                                     |                    |
|-------------------------------------|--------------------|
| Chairman                            | Giuseppe Saleri    |
| Vice Chairman                       | Cinzia Saleri      |
| Vice Chairman                       | Ettore Saleri      |
| Vice Chairman                       | Roberta Forzanini  |
| Managing Director <i>ad interim</i> | Gianluca Beschi    |
| Director (*)                        | Renato Camodeca    |
| Director (*)                        | Giuseppe Cavalli   |
| Director (*)                        | Fausto Gardoni     |
| Director                            | Alessandro Potestà |
| Director (*)                        | Anna Pendoli       |
| Director (*)                        | Nicla Picchi       |
| (*) independent directors           |                    |

### **Board of Statutory Auditors**

|                   |                    |
|-------------------|--------------------|
| Chairman          | Antonio Passantino |
| Statutory Auditor | Luisa Anselmi      |
| Statutory Auditor | Enrico Broli       |

## Consolidated statement of financial position

| (€/000)  | 31.03.2017     | 31.12.2016     | 31.03.2016     |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                                      |                |                |                |
| NON-CURRENT ASSETS                                 |                |                |                |
| Tangible assets (property, plant, and equipment)   | 72,710         | 73,064         | 74,234         |
| Investment property                                | 6,160          | 6,270          | 6,601          |
| Intangible assets                                  | 9,258          | 9,284          | 7,565          |
| Equity investments                                 | 306            | 306            | 204            |
| Non-current financial assets                       | 240            | 0              | 0              |
| Non-current receivables                            | 280            | 262            | 558            |
| Deferred tax assets                                | 4,861          | 4,781          | 4,841          |
| <b>Total non-current assets</b>                    | <b>93,815</b>  | <b>93,967</b>  | <b>94,003</b>  |
| CURRENT ASSETS                                     |                |                |                |
| Inventories  | 32,844         | 31,484         | 31,722         |
| Trade receivables                                  | 42,470         | 36,842         | 37,750         |
| Tax receivables                                    | 1,815          | 3,163          | 2,836          |
| Other current receivables                          | 1,496          | 1,419          | 1,620          |
| Current financial assets                           | 68             | 0              | 190            |
| Cash and cash equivalents                          | 11,082         | 12,143         | 3,530          |
| <b>Total current assets</b>                        | <b>89,775</b>  | <b>85,051</b>  | <b>77,648</b>  |
| ASSETS HELD FOR SALE                               | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>TOTAL ASSETS</b>                                | <b>183,590</b> | <b>179,018</b> | <b>171,651</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>        |                |                |                |
| SHAREHOLDERS' EQUITY                               |                |                |                |
| Share capital                                      | 11,533         | 11,533         | 11,533         |
| Retained earnings, other reserves                  | 98,144         | 90,471         | 99,073         |
| Net profit for the period                          | 3,074          | 9,009          | 1,557          |
| <i>Total equity interest of the Parent Company</i> | <i>112,751</i> | <i>111,013</i> | <i>112,163</i> |
| <i>Minority interests</i>                          | <i>1,300</i>   | <i>1,296</i>   | <i>0</i>       |
| <b>Total shareholders' equity</b>                  | <b>114,051</b> | <b>112,309</b> | <b>112,163</b> |
| NON-CURRENT LIABILITIES                            |                |                |                |
| Loans  | 17,607         | 18,892         | 5,669          |
| Other financial liabilities                        | 1,762          | 1,762          | 0              |
| Post-employment benefit and retirement reserves    | 2,979          | 3,086          | 2,908          |
| Provisions for risks and charges                   | 423            | 434            | 347            |
| Deferred tax liabilities                           | 744            | 764            | 755            |
| <b>Total non-current liabilities</b>               | <b>23,515</b>  | <b>24,938</b>  | <b>9,679</b>   |
| CURRENT LIABILITIES                                |                |                |                |
| Loans  | 16,050         | 14,612         | 22,642         |
| Other financial liabilities                        | 203            | 335            | 24             |
| Trade payables                                     | 21,581         | 18,977         | 19,189         |
| Tax payables                                       | 1,341          | 1,190          | 1,509          |
| Other payables                                     | 6,849          | 6,657          | 6,445          |
| <b>Total current liabilities</b>                   | <b>46,024</b>  | <b>41,771</b>  | <b>49,809</b>  |
| LIABILITIES HELD FOR SALE                          | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <b>183,590</b> | <b>179,018</b> | <b>171,651</b> |

## Consolidated Income Statement

|  | Q1 2017         |               | Q1 2016         |               | 12M 2016         |               |
|--|-----------------|---------------|-----------------|---------------|------------------|---------------|
| <i>(€/000)</i>   |                 |               |                 |               |                  |               |
| <b>INCOME STATEMENT COMPONENTS</b>   |                 |               |                 |               |                  |               |
| OPERATING REVENUE AND INCOME   |                 |               |                 |               |                  |               |
| Revenue  | 37,073          | 100.0%        | 30,860          | 100.0%        | 130,978          | 100.0%        |
| Other income   | 710             | 1.9%          | 611             | 2.0%          | 2,819            | 2.2%          |
| <b>Total operating revenue and income</b>  | <b>37,783</b>   | <b>101.9%</b> | <b>31,471</b>   | <b>102.0%</b> | <b>133,797</b>   | <b>102.2%</b> |
| OPERATING COSTS  |                 |               |                 |               |                  |               |
| Materials  | (14,879)        | -40.1%        | (11,448)        | -37.1%        | (47,346)         | -36.1%        |
| Change in inventories  | 1,481           | 4.0%          | 622             | 2.0%          | (754)            | -0.6%         |
| Services   | (7,937)         | -21.4%        | (6,948)         | -22.5%        | (27,983)         | -21.4%        |
| Payroll costs  | (9,007)         | -24.3%        | (8,117)         | -26.3%        | (32,112)         | -24.5%        |
| Other operating costs  | (269)           | -0.7%         | (217)           | -0.7%         | (1,078)          | -0.8%         |
| Costs for capitalised in-house work  | 388             | 1.0%          | 220             | 0.7%          | 841              | 0.6%          |
| <b>Total operating costs</b>   | <b>(30,223)</b> | <b>-81.5%</b> | <b>(25,888)</b> | <b>-83.9%</b> | <b>(108,432)</b> | <b>-82.8%</b> |
| <b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b> |                 |               |                 |               |                  |               |
|  | <b>7,560</b>    | <b>20.4%</b>  | <b>5,583</b>    | <b>18.1%</b>  | <b>25,365</b>    | <b>19.4%</b>  |
| Depreciation and amortisation  | (3,212)         | -8.7%         | (3,133)         | -10.2%        | (12,853)         | -9.8%         |
| Capital gains/(losses) on disposals of non-current assets  | (9)             | 0.0%          | 10              | 0.0%          | 18               | 0.0%          |
| Write-downs/write-backs of non-current assets  | 0               | 0.0%          | 0               | 0.0%          | 0                | 0.0%          |
| <b>EBIT</b>  | <b>4,339</b>    | <b>11.7%</b>  | <b>2,460</b>    | <b>8.0%</b>   | <b>12,530</b>    | <b>9.6%</b>   |
| Financial income   | 88              | 0.2%          | 22              | 0.1%          | 101              | 0.1%          |
| Financial expenses   | (140)           | -0.4%         | (135)           | -0.4%         | (620)            | -0.5%         |
| Exchange rate gains and losses   | 137             | 0.4%          | (3)             | 0.0%          | 435              | 0.3%          |
| Profits and losses from equity investments   | 0               | 0.0%          | 0               | 0.0%          | 0                | 0.0%          |
| <b>PROFIT BEFORE TAXES</b>   | <b>4,424</b>    | <b>11.9%</b>  | <b>2,344</b>    | <b>7.6%</b>   | <b>12,446</b>    | <b>9.5%</b>   |
| Income tax   | (1,346)         | -3.6%         | (787)           | -2.6%         | (3,350)          | -2.6%         |
| Minority interests   | (4)             | 0.0%          | 0               | 0.0%          | (87)             | -0.1%         |
| <b>NET PROFIT FOR THE PERIOD</b>   | <b>3,074</b>    | <b>8.3%</b>   | <b>1,557</b>    | <b>5.0%</b>   | <b>9,009</b>     | <b>6.9%</b>   |

## Consolidated statement of comprehensive income

| (€/000)   | Q1 2017      | Q1 2016      | 12M<br>2016  |
|---|--------------|--------------|--------------|
| <b>NET PROFIT FOR THE PERIOD</b>  | <b>3,074</b> | <b>1,557</b> | <b>9,009</b> |
| <i>Total profits/losses that will not be subsequently reclassified under profit (loss) for the year</i> |              |              |              |
| Actuarial post-employment benefit reserve evaluation  | 0            | 0            | (41)         |
| Tax effect  | 0            | 0            | 10           |
|   | <b>0</b>     | <b>0</b>     | <b>(31)</b>  |
| <i>Total profits/losses that will be subsequently reclassified under profit (loss) for the year</i>     |              |              |              |
| Forex differences due to translation of financial statements in foreign currencies                      | <b>(531)</b> | <b>153</b>   | <b>(340)</b> |
| <b>Total other profits/(losses) net of taxes for the year</b>   | <b>(531)</b> | <b>153</b>   | <b>(371)</b> |
| <b>TOTAL PROFIT</b>   | <b>2,543</b> | <b>1,710</b> | <b>8,638</b> |

## Statement of changes in consolidated shareholders' equity

| (€/000)                            | Share capital | Share premium reserve | Legal reserve | Treasury shares | Translation reserve | Updated post-employment benefit reserve | Other reserves | Profit for the year | Total Group shareholders' equity | Minority interests | Total shareholders' equity |
|------------------------------------|---------------|-----------------------|---------------|-----------------|---------------------|---|----------------|---------------------|----------------------------------|--------------------|----------------------------|
| <b>Balance at 31 December 2015</b> | <b>11,533</b> | <b>10,002</b>         | <b>2,307</b>  | <b>(723)</b>    | <b>(7,048)</b>      | <b>(581)</b>                            | <b>86,552</b>  | <b>8,998</b>        | <b>111,040</b>                   | <b>0</b>           | <b>111,040</b>             |
| Allocation of 2015 profit          |               |                       |               |                 |                     |   |                |                     |                                  |                    |                            |
| - dividends paid out               |               |                       |               |                 |                     |   |                | (5,467)             | (5,467)                          |                    | (5,467)                    |
| - carried forward                  |               |                       |               |                 |                     |   | 3,531          | (3,531)             | 0                                |                    | 0                          |
| Other movements                    |               |                       |               |                 |                     |   |                |                     |                                  |                    |                            |
| Purchase of treasury shares        |               |                       |               | (1,676)         |                     |   |                |                     | (1,676)                          |                    | (1,676)                    |
| ARC acquisition and consolidation  |               |                       |               |                 |                     |   |                |                     |                                  | 1,210              | 1,210                      |
| ARC option                         |               |                       |               |                 |                     |   | (1,522)        |                     | (1,522)                          |                    | (1,522)                    |
| Total profit at 31 December 2016   |               |                       |               |                 | (340)               | (31)                                    |                | 9,009               | 8,638                            | 86                 | 8,724                      |
| <b>Balance at 31 December 2016</b> | <b>11,533</b> | <b>10,002</b>         | <b>2,307</b>  | <b>(2,399)</b>  | <b>(7,388)</b>      | <b>(612)</b>                            | <b>88,561</b>  | <b>9,009</b>        | <b>111,013</b>                   | <b>1,296</b>       | <b>112,309</b>             |
| Retained earnings FY 2016          |               |                       |               |                 |                     |   | 9,009          | (9,009)             | 0                                |                    | 0                          |
| Purchase of treasury shares        |               |                       |               | (805)           |                     |   |                |                     | (805)                            |                    | (805)                      |
| Total profit at 31 March 2017      |               |                       |               |                 | (531)               |   |                | 3,074               | 2,543                            | 4                  | 2,547                      |
| <b>Balance at 31 March 2017</b>    | <b>11,533</b> | <b>10,002</b>         | <b>2,307</b>  | <b>(3,204)</b>  | <b>(7,919)</b>      | <b>(612)</b>                            | <b>97,570</b>  | <b>3,074</b>        | <b>112,751</b>                   | <b>1,300</b>       | <b>114,051</b>             |

## Consolidated statement of cash flows

| (€/000)  | Q1 2017        | Q1 2016        | 12M<br>2016     |
|--|----------------|----------------|-----------------|
| <b><i>Cash and cash equivalents at beginning of period</i></b> | <b>12,143</b>  | <b>3,991</b>   | <b>3,991</b>    |
| Net profit/(loss) for the period                               | 3,074          | 1,557          | 9,009           |
| Adjustments for:   |                |                |                 |
| - Depreciation for the period                                  | 3,212          | 3,133          | 12,853          |
| - Realised gains/losses  | 9              | (10)           | (18)            |
| - Financial income and expenses                                | 52             | 113            | 519             |
| - Income tax   | 1,346          | 787            | 3,350           |
| Payment of post-employment benefit reserve                     | (116)          | (6)            | (184)           |
| Change in risk provisions                                      | (11)           | (48)           | 39              |
| <i>Change in trade receivables</i>                             | <i>(5,628)</i> | <i>2,675</i>   | <i>5,107</i>    |
| <i>Change in inventories</i>                                   | <i>(1,360)</i> | <i>(713)</i>   | <i>416</i>      |
| <i>Change in trade payables</i>                                | <i>2,604</i>   | <i>(261)</i>   | <i>(1,286)</i>  |
| Change in net working capital                                  | (4,384)        | 1,701          | 4,237           |
| Change in other receivables and payables, deferred tax         | 329            | (1,049)        | 1,363           |
| Payment of taxes   | (175)          | (167)          | (4,762)         |
| Payment of financial expenses                                  | (131)          | (126)          | (576)           |
| Collection of financial income                                 | 88             | 22             | 101             |
| <b>Cash flow from operations</b>                               | <b>3,293</b>   | <b>5,907</b>   | <b>25,931</b>   |
| <b>Net investments</b>   | <b>(2,929)</b> | <b>(4,165)</b> | <b>(11,762)</b> |
| Repayment of loans   | (3,350)        | (6,324)        | (33,141)        |
| New loans  | 3,371          | 4,760          | 37,321          |
| Change in financial assets                                     | (308)          | (121)          | 69              |
| Purchase of treasury shares                                    | (805)          | (587)          | (1,676)         |
| Payment of dividends   | 0              | 0              | (5,467)         |
| <b>Cash flow from financing activities</b>                     | <b>(1,092)</b> | <b>(2,272)</b> | <b>(2,894)</b>  |
| A.R.C. acquisition   | 0              | 0              | (2,614)         |
| Foreign exchange differences                                   | (333)          | 69             | (509)           |
| <b>Net financial flows for the period</b>                      | <b>(1,061)</b> | <b>(461)</b>   | <b>8,152</b>    |
| <b><i>Cash and cash equivalents at end of period</i></b>       | <b>11,082</b>  | <b>3,530</b>   | <b>12,143</b>   |
| Current financial debt   | 16,253         | 22,666         | 14,947          |
| Non-current financial debt                                     | 19,369         | 5,669          | 20,654          |
| <b>Net financial debt</b>                                      | <b>24,540</b>  | <b>24,805</b>  | <b>23,458</b>   |



## Consolidated net financial position

| <i>(€/000)</i>                                     | 31.03/2017    | 31/12/2016    | 31.03/2016    |
|--|---------------|---------------|---------------|
| A. Cash  | 11            | 12            | 14            |
| B. Positive balances of unrestricted bank accounts | 7,931         | 8,376         | 2,887         |
| C. Other cash equivalents                          | 3,140         | 3,755         | 629           |
| <b>D. Liquidity (A+B+C)</b>                        | <b>11,082</b> | <b>12,143</b> | <b>3,530</b>  |
| E. Current bank overdrafts                         | 9,657         | 7,811         | 18,847        |
| F. Current portion of non-current debt             | 6,393         | 6,801         | 3,795         |
| G. Other current financial payables                | 203           | 335           | 24            |
| <b>H. Current financial debt (E+F+G)</b>           | <b>16,253</b> | <b>14,947</b> | <b>22,666</b> |
| <b>I. Net current financial debt (H-D)</b>         | <b>5,171</b>  | <b>2,804</b>  | <b>19,136</b> |
| J. Non-current bank payables                       | 16,033        | 17,281        | 3,948         |
| K. Other non-current financial payables            | 3,336         | 3,373         | 1,721         |
| <b>L. Non-current financial debt (J+K)</b>         | <b>19,369</b> | <b>20,654</b> | <b>5,669</b>  |
| <b>M. Net financial debt (L+I)</b>                 | <b>24,540</b> | <b>23,458</b> | <b>24,805</b> |

## Explanatory notes

### Accounting standards and area of consolidation

The Interim Management Statement of the Sabaf Group at 31 March 2017 is prepared in compliance with the Stock Exchange (Borsa) Regulation which establishes, among the requirements for maintaining the listing on the STAR segment of the MTA, the publication of interim management reports. This report, drafted in continuity with the past, does not contain the information required in accordance with IAS 34.

Accounting standards and policies are the same as those adopted for preparation of the consolidated financial statements at 31 December 2016, which should be consulted for reference. All the amounts contained in the statements included in this Interim Management Statement are expressed in thousands of euro.

We also draw attention to the following points:

- The Interim Management Statement was prepared according to the “separation-of-periods principle” whereby the quarter in question is treated as a separate financial period. This means that the quarterly income statement reflects the ordinary and non-recurring items pertaining to the period on an accruals basis;
- the financial statements used in the consolidation process are those prepared by the subsidiaries for the period ended 31 March 2017, adjusted to comply with Group accounting policies, where necessary;
- the parent company, Sabaf S.p.A., and the subsidiaries Faringosi-Hinges S.r.l., Sabaf Immobiliare S.r.l., A.R.C. S.r.l., Sabaf do Brasil Ltda, Sabaf Turkey, Sabaf Appliance Components Trading (Kunshan) Co. Ltd (in liquidation) and Sabaf Appliance Components (Kunshan) Co. Ltd have been consolidated on a 100% line-by-line basis;
- the companies Sabaf US Corp. and Handan ARC Burners Co., Ltd. were not consolidated as they are irrelevant for the purposes of the consolidation;
- A.R.C. s.r.l., a company active in the production of burners for professional cooking, of which the Group acquired control in late June 2016, was consolidated commencing from the date of acquiring control. The 31 March 2016 data, shown for comparative purposes in this interim management report, thus excludes A.R.C.;
- The evaluation of A.R.C. in accordance with IFRS 3 revised, namely recognising the fair value of assets, liabilities and contingent liabilities at the acquisition date, is to be considered temporary for the moment, in that, in accordance with IFRS 3 revised, the evaluation becomes final within 12 months from the acquisition date.
- the area of consolidation has not undergone changes compared to 31 December 2016.

The Interim Management Statement at 31 March 2017 has not been independently audited.

*Sales breakdown by geographical area (Euro x 1000)*

|                          | <b>Q1 2017</b> | <b>%</b>    | <b>Q1 2016</b> | <b>%</b>    | <b>% change</b> |  | <b>12M 2016</b> | <b>%</b>    |
|--------------------------|----------------|-------------|----------------|-------------|-----------------|--|-----------------|-------------|
| Italy                    | 11,016         | 29.7%       | 10,843         | 35.1%       | +1.6%           |  | 36,365          | 27.8%       |
| Western Europe           | 3,104          | 8.4%        | 1,686          | 5.5%        | +84.1%          |  | 8,553           | 6.5%        |
| Eastern Europe           | 9,559          | 25.8%       | 7,784          | 25.2%       | +22.8%          |  | 34,123          | 26.1%       |
| Middle East and Africa   | 3,260          | 8.8%        | 2,138          | 6.9%        | +52.5%          |  | 11,698          | 8.9%        |
| Asia and Oceania         | 1,583          | 4.3%        | 1,437          | 4.7%        | +10.2%          |  | 8,088           | 6.2%        |
| South America            | 5,456          | 14.7%       | 4,486          | 14.5%       | +21.6%          |  | 20,847          | 15.9%       |
| North America and Mexico | 3,095          | 8.3%        | 2,486          | 8.1%        | +24.5%          |  | 11,304          | 8.6%        |
| <b>Total</b>             | <b>37,073</b>  | <b>100%</b> | <b>30,860</b>  | <b>100%</b> | <b>+20.1%</b>   |  | <b>130,978</b>  | <b>100%</b> |

*Sales breakdown by geographical area (Euro x 1000)*

|                             | <b>Q1 2017</b> | <b>%</b>     | <b>Q1 2016</b> | <b>%</b>     | <b>% change</b> |  | <b>12M 2016</b> | <b>%</b>     |
|-----------------------------|----------------|--------------|----------------|--------------|-----------------|--|-----------------|--------------|
| Brass valves                | 1,646          | 4.5%         | 2,031          | 6.6%         | -19.0%          |  | 9,007           | 6.9%         |
| Light alloy valves          | 9,648          | 26.0%        | 8,153          | 26.4%        | +18.3%          |  | 32,393          | 24.7%        |
| Thermostats                 | 2,110          | 5.7%         | 1,940          | 6.3%         | +8.8%           |  | 7,699           | 5.9%         |
| Standard burners            | 10,276         | 27.7%        | 8,791          | 28.5%        | +16.9%          |  | 37,338          | 28.5%        |
| Special burners             | 6,494          | 17.5%        | 4,777          | 15.5%        | +35.9%          |  | 21,215          | 16.2%        |
| Accessories                 | 3,749          | 10.1%        | 3,136          | 10.1%        | +19.5%          |  | 12,613          | 9.6%         |
| <i>Total gas parts</i>      | <i>33,923</i>  | <i>91.5%</i> | <i>28,828</i>  | <i>93.4%</i> | <i>+17.7%</i>   |  | <i>120,265</i>  | <i>91.8%</i> |
| <i>Professional burners</i> | 1,115          | 3.0%         | 0              | -            | n/a             |  | 2,289           | 1.8%         |
| <i>Hinges</i>               | 2,035          | 5.5%         | 2,032          | 6.6%         | +0.1%           |  | 8,424           | 6.4%         |
| <b>Total</b>                | <b>37,073</b>  | <b>100%</b>  | <b>30,860</b>  | <b>100%</b>  | <b>+20.1%</b>   |  | <b>130,978</b>  | <b>100%</b>  |

## **Management Statement**

The Sabaf Group recorded sales revenue of €37.1 million in the first quarter of 2017, up 20.1% from €30.9 million in the same quarter of 2016. Taking into consideration the same area of consolidation, sales increased by 16.5%.

All markets contributed to this growth: the areas characterised by a negative economic context during 2016, such as the Middle East and North Africa, showed a gradual recovery, while the North American and South American markets confirmed the developments already noted in previous quarters. The product family that recorded the biggest improvement was that of special burners, up by 35.9% compared to the first quarter of the previous financial year.

The increase in sales volumes, together with the constant improvement in production efficiency, determined a significant increase of profitability: the EBITDA of the period was €7.6 million, equal to 20.4% of sales, up by 35.4% compared to the €5.6 million (18.1% of sales) of the first quarter of 2016. EBIT for the quarter was €4.3 million, or 11.7% of sales, up by 76.4% compared to €2.5 million in the same period of 2016 (8% of sales). Net profit for the period was €3.1 million, up 97.4% on the figure of €1.6 million for the first quarter of 2016.

Net investments for the quarter came to €2.9 million (€4.2 million in Q1 2016 and €1.8 million for the whole of 2016). At 31 March 2017 net indebtedness was €24.5 million, as compared with €23.5 million at 31 December 2016.

### *Significant non-recurring, atypical and/or unusual transactions*

During the first quarter of 2017, the Group did not engage in significant transactions qualifying as non-recurring, atypical and/or unusual, as envisaged by the CONSOB communication of 28 July 2006.

### *Outlook*

The sales performance has remained very positive also in the second quarter of the year. Even though visibility on the second half-year is currently reduced, the Group presently estimates that it will be able to achieve in the whole of 2017 sales of approximately €145 million and operating margins improved on 2016 (the previous forecast indicated sales for approximately €140 million). If the economic situation were to change significantly, actual figures might diverge from forecasts.

## **Statement of the Financial Reporting Officer pursuant to Article 154-bis (2) TUF**

The Financial Reporting Officer delegated to prepare the corporate accounting documents Mr. Gianluca Beschi certifies, in accordance with paragraph 2 article 154-bis of Italian Legislative Decree no. 58/1998 (Consolidated Law on Finance), that the accounting information contained in the Interim Management Statement at 31 March 2017 of Sabaf S.p.A. corresponds to the documentary records, books and accounting ledgers.

*Ospitaletto (BS), 11 May 2017*

Financial Reporting Officer  
Gianluca Beschi