



SPAFID CONNECT

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Oggetto : Third-quarter 2017 results approved

Testo del comunicato

Vedi allegato.

SABAF: THIRD-QUARTER 2017 RESULTS APPROVED

- **In the third quarter, revenue was €35.5 million (+7%); EBITDA was €7.3 million (+11.2%); EBIT was €4.1 million (+23.9%); and net profit was €2.8 million (+17.9%)**
- **In the first nine months of 2017, revenue was €112.8 million (+15%); EBITDA was €24.1 million (+27.2%); EBIT was €14.4 million (+54.2%); and net profit was €10.2 million (+62.6%)**

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto (BS) to approve the Interim Management Statement at 30 September 2017.

Consolidated results for Q3 2017

In Q3 2017, the Sabaf Group reported revenue of €35.5 million, an increase of 7% versus the figure of €33.2 million in the corresponding period of the previous year. Even if some markets have been less toned compared to the first half of the year, the Group continued to benefit from the expansion of the share of supply to some of the main customers. The increase in Eastern Europe, where the Group recorded sales of €10.8 million, up by 27.7% compared to the third quarter of 2016, was particularly significant.

EBITDA for the third quarter of 2017 was €7.3 million, or 20.6% of sales, up by 11.2% compared to €6.6 million (19.8% of sales) of the third quarter of 2016. EBIT was € 4.1 million, equivalent to 11.5% of sales, and 23.9% higher than € 3.3 million of the same quarter in 2016 (10% of sales). Profit before taxes was € 4 million, up by 22.5% compared to € 3.2 million in Q3 2016. The net profit for the period was €2.8 million, up by 17.9% compared to the figure of €2.4 million in Q3 2016.

Consolidated results in January-September 2017

In the first nine months of 2017, revenues totalled €112.8 million, up by 15% over the same period of 2016 (taking into consideration the same scope of consolidation, the growth in revenues is 12.6%). EBITDA was €24.1 million (or 21.4% of sales), up by 27.2%, EBIT totalled €14.4 million (or 12.8% of sales) up by 54.2%, and the net profit owned by the Group was €10.2 million, up by 62.6% compared to the first nine months of 2016.

Investments and financial position

Quarter investments totalled €3.6 million, bringing total investments for the year to € 10.6 million; of which around €2 million are due to the expansion of the production site in Brazil and to the acquisition of the factory of A.R.C.. In the first 9 months of 2016, the investments made amounted to €9.4 million. At 30 September 2017, net financial debt was €27.7 million (€ 31.9 million at 30 June 2017), against a shareholders' equity of €112.4 million.

Outlook

With the positive sales performance in October and the orders taken for November and December, the return to a double-digit growth rate in revenues is expected during the fourth quarter of 2017, over the same period of 2016. Therefore, the Group confirms the sales expectation of around €150 million for



We burn for technology and safety.

the whole of 2017, corresponding to a 14.5% growth compared to €131 million in 2016, and expects to be able to reach a gross operating margin (EBITDA %) of around 21% (compared to 19.4% in 2016). These forecasts assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from forecasts.

Today at 15.00 p.m. CET there will be a conference call to illustrate the results of the third quarter of 2017 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 Q3 2017, which has not been independently audited, is available in the Investor Relations section of the website 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 statement of financial position, income statement, net financial position and cash flow statement.

For more 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

(€/000)	30.09.2017	31.12.2016(*)	30.09.2016(*)
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	73,564	73,445	74,419
Investment property	5,805	6,270	6,380
Intangible assets	9,114	9,077	9,052
Equity investments	281	306	311
Financial assets	180	0	0
Non-current receivables	324	262	536
Deferred tax assets	4,793	4,781	4,793
Total non-current assets	94,061	94,141	95,491
CURRENT ASSETS			
Inventories	36,719	31,484	32,706
Trade receivables	44,043	36,842	39,448
Tax receivables	2,316	3,163	2,350
Other current receivables	1,177	1,419	1,332
Financial assets	178	0	53
Cash and cash equivalents	6,348	12,143	6,724
Total current assets	90,781	85,051	82,613
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	184,842	179,192	178,104
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	89,144	90,471	91,847
Net profit for the period	10,229	8,994	6,290
<i>Total equity interest of the Parent Company</i>	<i>110,906</i>	<i>110,998</i>	<i>109,670</i>
<i>Minority interests</i>	<i>1,444</i>	<i>1,379</i>	<i>1,239</i>
Total shareholders' equity	112,350	112,377	110,909
NON-CURRENT LIABILITIES			
Loans	15,031	18,892	7,980
Other financial liabilities	1,702	1,762	1,762
Post-employment benefit and retirement reserves	3,011	3,086	3,077
Provisions for risks and charges	388	434	331
Deferred tax liabilities	798	870	846
Total non-current liabilities	20,930	25,044	13,996
CURRENT LIABILITIES			
Loans	17,203	14,612	26,465
Other financial liabilities	80	335	107
Trade payables	23,585	18,977	17,316
Tax payables	2,638	1,190	1,772
Other payables	8,056	6,657	7,539
Total current liabilities	51,562	41,771	53,199
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	184,842	179,192	178,104

(*) figures recalculated pursuant to IFRS 3, in order to retrospectively take into account the effects resulting from the fair value measurement of A.R.C's assets and liabilities, at the acquisition date previously considered provisional.

Consolidated Income Statement

	Q3 2017		Q3 2016(*)		9M 2017		9M 2016(*)	
<i>€/000)</i>								
INCOME STATEMENT COMPONENTS								
OPERATING REVENUE AND INCOME								
Revenues	35,541	100.0%	33,206	100.0%	112,777	100.0%	98,059	100.0%
Other income	937	2.6%	606	1.8%	2,518	2.2%	1,956	2.0%
Total operating revenue and income	36,478	102.6%	33,812	101.8%	115,295	102.2%	100,015	102.0%
OPERATING COSTS								
Materials	(14,491)	-40.8%	(11,026)	-33.2%	(47,530)	-42.1%	(36,396)	-37.1%
Change in inventories	765	2.2%	(1,858)	-5.6%	5,960	5.3%	638	0.7%
Services	(7,267)	-20.4%	(6,743)	-20.3%	(23,181)	-20.6%	(21,111)	-21.5%
Payroll costs	(8,258)	-23.2%	(7,608)	-22.9%	(26,675)	-23.7%	(24,185)	-24.7%
Other operating costs	(233)	-0.7%	(208)	-0.6%	(821)	-0.7%	(659)	-0.7%
Costs for capitalised in-house work	324	0.9%	212	0.6%	1,052	0.9%	645	0.7%
Total operating costs	(29,160)	-82.0%	(27,231)	-82.0%	(91,195)	-80.9%	(81,068)	-82.7%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	7,318	20.6%	6,581	19.8%	24,100	21.4%	18,947	19.3%
Depreciation and amortisation	(3,195)	-9.0%	(3,279)	-9.9%	(9,664)	-8.6%	(9,610)	-9.8%
Capital gains/(losses) on disposals of non-current assets	(20)	-0.1%	10	0.0%	(13)	0.0%	18	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	0	0.0%	0	0.0%
OPERATING PROFIT (EBIT)								
	4,103	11.5%	3,312	10.0%	14,423	12.8%	9,355	9.5%
Financial income	23	0.1%	17	0.1%	152	0.1%	49	0.0%
Financial expenses	(141)	-0.4%	(159)	-0.5%	(424)	-0.4%	(444)	-0.5%
Exchange rate gains and losses	(9)	0.0%	78	0.2%	92	0.1%	204	0.2%
Profits and losses from equity investments	3	0.0%	0	0.0%	3	0.0%	0	0.0%
PROFIT BEFORE TAXES								
	3,979	11.2%	3,248	9.8%	14,246	12.6%	9,164	9.3%
Income tax	(1,165)	-3.3%	(864)	-2.6%	(3,952)	-3.5%	(2,845)	-2.9%
NET PROFIT FOR THE PERIOD								
	2,814	7.9%	2,384	7.2%	10,294	9.1%	6,319	6.4%
of which:								
Profit attributable to minority interests	37	0.1%	29	0.1%	65	0.1%	29	0.0%
PROFIT ATTRIBUTABLE TO THE GROUP								
	2,777	7.8%	2,355	7.1%	10,229	9.1%	6,290	6.4%

(*) figures recalculated pursuant to IFRS 3, in order to retrospectively take into account the effects resulting from the fair value measurement of A.R.C.'s assets and liabilities, at the acquisition date previously considered provisional.

Consolidated statement of cash flows

(€/000)	Q3 2017	Q3 2016(*)	9M 2017	9M 2016(*)
<i>Cash and cash equivalents at beginning of period</i>	5,588	5,105	12,143	3,991
Net profit/(loss) for the period	2,814	2,384	10,294	6,319
Adjustments for:				
- Depreciation for the period	3,195	3,279	9,664	9,610
- Realised gains/losses	20	(10)	13	(18)
- Financial income and expenses	118	142	272	395
- Income tax	1,165	868	3,952	2,849
Payment of post-employment benefit reserve	(76)	(22)	(93)	(75)
Change in risk provisions	(60)	(42)	(46)	(64)
<i>Change in trade receivables</i>	<i>5,070</i>	<i>4,181</i>	<i>(7,201)</i>	<i>2,501</i>
<i>Change in inventories</i>	<i>(673)</i>	<i>1,937</i>	<i>(5,235)</i>	<i>(806)</i>
<i>Change in trade payables</i>	<i>(2,237)</i>	<i>(4,659)</i>	<i>4,608</i>	<i>(2,947)</i>
Change in net working capital	2,160	1,459	(7,828)	(1,252)
Change in other receivables and payables, deferred tax liabilities	163	503	1,182	1,278
Payment of taxes	(138)	(753)	(1,344)	(2,311)
Payment of financial expenses	(135)	(149)	(406)	(414)
Collection of financial income	23	17	152	49
Cash flow from operations	9,249	7,676	15,812	16,366
Net investments	(3,558)	(2,414)	(10,594)	(9,374)
Repayment of loans	(4,800)	(6,270)	(10,803)	(17,353)
New loans	1,342	3,200	9,218	22,246
Change in financial assets	15	0	(358)	0
Purchase/sale of treasury shares	(1,060)	(139)	(1,997)	(1,271)
Payment of dividends	0	0	(5,384)	(5,467)
Cash flow from financing activities	(4,503)	(3,209)	(9,324)	(1,845)
ARC acquisition	0	0	0	(2,614)
Foreign exchange differences	(428)	(434)	(1,689)	200
Net financial flows for the period	760	1,619	(5,795)	2,733
<i>Cash and cash equivalents at end of period</i>	6,348	6,724	6,348	6,724
Current financial debt	17,283	26,572	17,283	26,572
Non-current financial debt	16,733	9,742	16,733	9,742
Net financial debt	27,668	29,590	27,668	29,590

(*) figures recalculated pursuant to IFRS 3, in order to retrospectively take into account the effects resulting from the fair value measurement of A.R.C's assets and liabilities, at the acquisition date previously considered provisional.

Consolidated net financial position

<i>(€/000)</i>	30.09.2017	31.12.2016	30.09.2016
A. Cash	19	12	19
B. Positive balances of unrestricted bank accounts	5,636	8,376	5,042
C. Other cash equivalents	693	3,755	1,663
D. Liquidity (A+B+C)	6,348	12,143	6,724
E. Current bank overdrafts	11,635	7,811	22,119
F. Current portion of non-current debt	5,568	6,801	4,346
G. Other current financial payables	80	335	107
H. Current financial debt (E+F+G)	17,283	14,947	26,572
I. Net current financial debt (H-D)	10,935	2,804	19,848
J. Non-current bank payables	13,532	17,281	6,332
K. Other non-current financial payables	3,201	3,373	3,410
L. Non-current financial debt (J+K)	16,733	20,654	9,742
M. Net financial debt (L+I)	27,668	23,458	29,590

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Numero di Pagine: 8