



SPAFID CONNECT

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Oggetto : Sabaf: fourth-quarter 2019 results
approved

Testo del comunicato

Vedi allegato.

SABAF: FOURTH-QUARTER 2019 RESULTS APPROVED

- **In the fourth quarter, revenue was €40.7 million (+12.3%); EBITDA was €6.6 million (16.2% of sales, -6.5%); EBIT was €2.1 million (-24.7%); net profit was €3.5 million (+8%)**
- **For the whole of 2019, revenue was €155.9 million (+3.5%); EBITDA was €27 million (17.3% of sales, -9.8%); EBIT was €11.9 million (-27.5%); net profit was €10.3 million (+34.1%)**
- **In 2019, free cash flow of €28.9 million was generated (€14.3 million in 2018, +102%).**
- **Sales at €185 million are expected for the 2020, as well as a solid increase in EBITDA%**

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement at 31 December 2019.

Consolidated results for Q4 2019

During the fourth quarter of 2019, the Sabaf Group recorded sales of €40.7 million, an increase of 12.3% versus the figure of €36.2 million in the corresponding period of the previous year. The increase in revenue is attributable to the acquisition of the C.M.I. Group, whose sales contributed €7.4 million during the period. The organic component (sales down by 8.2% taking into consideration the same scope of consolidation) confirmed the weakness already highlighted in the other quarters of the year and related to the slowdown in some important markets, including the Middle East.

EBITDA for the fourth quarter of 2019 was €6.6 million, or 16.2% of sales, down by 6.5% compared to the figure of €7 million in the fourth quarter of 2018.

EBIT was €2.1 million, equivalent to 5.3% of sales, and 24.7% lower than the €2.8 million recorded in the same quarter of 2018 (7.9% of sales). The net profit for the period was €3.5 million, up by 8% compared to the figure of €3.2 million in the fourth quarter of 2018. During the quarter, the Group recognised non-recurring tax income of €1.1 million following the favourable outcome of a tax dispute in Turkey and other tax benefits relating to investments made in Italy and Turkey.

Consolidated results for 2019

In the whole of 2019, revenue totalled €155.9 million, up by 3.5% over the same period of 2018 (-8.9% taking into consideration the same scope of consolidation). EBITDA was €27 million (or 17.3% of turnover), down by 9.8%, EBIT totalled €11.9 million (or 7.6% of turnover) down by 27.5%, and the net profit attributable to the Group was €10.3 million, down by 34.1% compared to 2018.

Free cash flow, investments and financial position

In 2019, positive free cash flow¹, which benefited from a reduction in net working capital of €16.3 million, was €28.9 million (€14.3 million in 2018). In addition to the lower levels of activity, the improvement in net working capital was achieved as a result of structural actions on internal logistics, which made it possible to significantly reduce stocks of work in progress.

Quarter investments totalled €4.9 million, bringing total investments for the year to €12 million (€11.5 million in 2018).

At 31 December 2019, net financial debt was €55.1 million, compared with €71.9 million at 30 September 2019 and €53.5 million at 31 December 2018. The strong improvement in the financial position compared to 30 September is mainly due to the reduction in net working capital, amounting to €12 million in the fourth quarter, and the sale of treasury shares of €3.1 million.

¹ Free cash flow is defined as the algebraic sum of cash flows from operations and from investment activities, as shown in the Cash Flow Statement.



We burn for technology and safety.

Outlook

The trend in sales and orders in the first quarter of 2020 shows a strong recovery in the Group's level of activity. The improved tone of strategic markets is accompanied by a significant increase in our supply shares to some large customers, following the implementation of projects developed by the Group in recent years. The markets where the highest growth rates are expected are North America and South America.

Based on the negotiations concluded with its main customers, the Group estimates that it can achieve sales of €185 million for the entire 2020 financial year and a solid improvement in gross operating profitability (EBITDA %) compared with 2019.

These forecasts assume a macroeconomic scenario not affected by unpredictable events; if the economic situation were to change significantly, actual figures might diverge from the forecasts.

Today at 4.00 p.m. CET there will be a conference call to illustrate the results of the fourth quarter of 2019 to financial analysts and institutional investors (please call the number 02 8058811 a few minutes before it begins). Interim Management Statement for Q4 2019, 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 further information:

| | |
|---|---|
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Founded in the early fifties, SABAF has grown consistently over the years to become one of the leading producers in the world – of components for household appliances.

There are three main lines of production: components for gas cooking (valves and burners), hinges and electronic components.

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 1,000 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 and C.M.I., leader in the production of oven hinges and dishwashers and Okida, active in the sector of electronic components for household appliances.

Consolidated statement of financial position

| | 31/12/2019 | 30/09/2019 | 31/12/2018 |
|--|----------------|----------------|----------------|
| (€/000) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 76,251 | 75,139 | 70,765 |
| Investment property | 3,610 | 4,083 | 4,403 |
| Intangible assets | 51,668 | 48,391 | 39,054 |
| Equity investments | 115 | 375 | 380 |
| Financial assets | 60 | 60 | 120 |
| Non-current receivables | 297 | 453 | 188 |
| Deferred tax assets | 6,094 | 4,440 | 6,040 |
| Total non-current assets | 138,095 | 132,941 | 120,950 |
| CURRENT ASSETS | | | |
| Inventories | 35,343 | 37,641 | 39,179 |
| Trade receivables | 46,929 | 55,349 | 46,932 |
| Tax receivables | 5,249 | 4,218 | 3,043 |
| Other current receivables | 1,459 | 2,309 | 1,534 |
| Financial assets | 1,266 | 60 | 3,511 |
| Cash and cash equivalents | 18,687 | 11,002 | 13,426 |
| Total current assets | 108,933 | 110,579 | 107,625 |
| ASSETS HELD FOR SALE | 0 | 0 | 0 |
| TOTAL ASSETS | 247,028 | 243,520 | 228,575 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 11,533 | 11,533 | 11,533 |
| Retained earnings, Other reserves | 92,579 | 92,897 | 90,555 |
| Net profit for the period | 10,296 | 6,792 | 15,614 |
| <i>Total equity interest of the Parent Company</i> | <i>114,408</i> | <i>111,222</i> | <i>117,702</i> |
| <i>Minority interests</i> | <i>7,077</i> | <i>4,284</i> | <i>1,644</i> |
| Total shareholders' equity | 121,485 | 115,506 | 119,346 |
| NON-CURRENT LIABILITIES | | | |
| Loans | 44,046 | 51,651 | 42,406 |
| Other financial liabilities | 7,383 | 6,379 | 1,938 |
| Post-employment benefit and retirement provisions | 3,698 | 3,461 | 2,632 |
| Provisions for risks and charges | 995 | 614 | 725 |
| Deferred tax liabilities | 7,273 | 3,101 | 3,030 |
| Total non-current liabilities | 63,395 | 65,206 | 50,731 |
| CURRENT LIABILITIES | | | |
| Loans | 19,015 | 19,790 | 18,435 |
| Other financial liabilities | 4,637 | 5,097 | 7,682 |
| Trade payables | 27,560 | 26,152 | 21,215 |
| Tax payables | 1,802 | 2,115 | 3,566 |
| Other payables | 9,134 | 9,654 | 7,600 |
| Total current liabilities | 62,148 | 62,808 | 58,498 |
| LIABILITIES HELD FOR SALE | 0 | 0 | 0 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 247,028 | 243,520 | 228,575 |

Consolidated Income Statement

| | Q4 2019 | | Q4 2018 | | 12M 2019 | | 12M 2018 | |
|--|-----------------|---------------|-----------------|---------------|------------------|---------------|------------------|---------------|
| <i>(€/000)</i> | | | | | | | | |
| INCOME STATEMENT COMPONENTS | | | | | | | | |
| OPERATING REVENUE AND INCOME | | | | | | | | |
| Revenue | 40,671 | 100.0% | 36,201 | 100.0% | 155,923 | 100.0% | 150,642 | 100.0% |
| Other income | 1,393 | 3.4% | 901 | 2.5% | 3,621 | 2.3% | 3,369 | 2.2% |
| Total operating revenue and income | 42,064 | 103.4% | 37,102 | 102.5% | 159,544 | 102.3% | 154,011 | 102.2% |
| OPERATING COSTS | | | | | | | | |
| Materials | (15,401) | -37.9% | (13,725) | -37.9% | (57,464) | -36.9% | (62,447) | -41.5% |
| Change in inventories | (1,961) | -4.8% | (1,060) | -2.9% | (8,617) | -5.5% | 4,603 | 3.1% |
| Services | (7,786) | -19.1% | (7,598) | -21.0% | (29,488) | -18.9% | (31,297) | -20.8% |
| Personnel costs | (10,498) | -25.8% | (8,496) | -23.5% | (37,103) | -23.8% | (34,840) | -23.1% |
| Other operating costs | (187) | -0.5% | 376 | 1.0% | (1,698) | -1.1% | (1,670) | -1.1% |
| Costs for capitalised in-house work | 356 | 0.9% | 448 | 1.2% | 1,859 | 1.2% | 1,599 | 1.1% |
| Total operating costs | (35,477) | -87.2% | (30,055) | -83.0% | (132,511) | -85.0% | (124,052) | -82.3% |
| OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA) | | | | | | | | |
| | 6,587 | 16.2% | 7,047 | 19.5% | 27,033 | 17.3% | 29,959 | 19.9% |
| Depreciations and amortisation | (4,446) | -10.9% | (3,368) | -9.3% | (15,183) | -9.7% | (12,728) | -8.4% |
| Capital gains/(losses) on disposals of non-current assets | 2 | 0.0% | 16 | 0.0% | 46 | 0.0% | 28 | 0.0% |
| Write-downs/write-backs of non-current assets | 0 | 0.0% | (850) | -2.3% | 0 | 0.0% | (850) | -0.6% |
| OPERATING PROFIT (EBIT) | 2,143 | 5.3% | 2,845 | 7.9% | 11,896 | 7.6% | 16,409 | 10.9% |
| Financial income | 356 | 0.9% | 148 | 0.4% | 638 | 0.4% | 373 | 0.2% |
| Financial expenses | (92) | -0.2% | (458) | -1.3% | (1,339) | -0.9% | (1,206) | -0.8% |
| Exchange rate gains and losses | (1,230) | -3.0% | 1,609 | 4.4% | (1,380) | -0.9% | 5,384 | 3.6% |
| Profits and losses from equity investments | (39) | -0.1% | 0 | 0.0% | (39) | 0.0% | 0 | 0.0% |
| PROFIT BEFORE TAXES | 1,138 | 2.8% | 4,144 | 11.4% | 9,776 | 6.3% | 20,960 | 13.9% |
| Income taxes | 2,418 | 5.9% | (838) | -2.3% | 788 | 0.5% | (5,162) | -3.4% |
| NET PROFIT FOR THE PERIOD | 3,556 | 8.7% | 3,306 | 9.1% | 10,564 | 6.8% | 15,798 | 10.5% |
| of which: | | | | | | | | |
| Profit attributable to minority interests | 52 | 0.1% | 62 | 0.2% | 268 | 0.2% | 184 | 0.1% |
| PROFIT ATTRIBUTABLE TO THE GROUP | 3,504 | 8.6% | 3,244 | 9.0% | 10,296 | 6.6% | 15,614 | 10.4% |

Consolidated statement of cash flows

| (€/000) | Q4 2019 | Q4 2018 | 12M 2019 | 12M 2018 |
|--|----------------|----------------|-----------------|-----------------|
| Cash and cash equivalents at beginning of period | 11,062 | 18,405 | 13,426 | 11,533 |
| Net profit/(loss) for the period | 3,556 | 3,306 | 10,564 | 15,798 |
| Adjustments for: | | | | |
| - Depreciation and amortisation for the period | 4,446 | 3,368 | 15,183 | 12,728 |
| - Write-downs of non-current assets | 0 | 850 | 0 | 850 |
| - Realised gains/losses | (2) | (16) | (46) | (28) |
| - Profits and losses from equity investments | 39 | | 39 | 0 |
| - Financial income and expenses | (264) | 310 | 701 | 833 |
| - IFRS 2 measurement stock grant plan | 247 | 128 | 681 | 321 |
| - Income tax | (2,418) | 838 | (788) | 5,162 |
| Payment of post-employment benefit provision | 237 | (55) | 300 | (241) |
| Change in risk provisions | 381 | (573) | 270 | 340 |
| <i>Change in trade receivables</i> | <i>8,420</i> | <i>1,172</i> | <i>10,148</i> | <i>(3,003)</i> |
| <i>Change in inventories</i> | <i>2,298</i> | <i>129</i> | <i>9,090</i> | <i>(4,374)</i> |
| <i>Change in trade payables</i> | <i>1,408</i> | <i>(1,953)</i> | <i>(2,901)</i> | <i>556</i> |
| Change in net working capital | 12,126 | (652) | 16,337 | (6,821) |
| Change in other receivables and payables, deferred tax liabilities | 2,109 | 3,223 | 1,344 | 2,537 |
| Payment of taxes | (1,570) | (3,406) | (2,952) | (4,860) |
| Payment of financial expenses | (106) | (451) | (1,339) | (1,178) |
| Collection of financial income | 356 | 148 | 638 | 373 |
| Cash flows from operations | 19,137 | 7,018 | 40,932 | 25,814 |
| Net investments | (4,874) | (2,931) | (12,014) | (11,467) |
| Free cash flow | 14,263 | 4,087 | 28,918 | 14,347 |
| Repayment of loans | (7,417) | (11,465) | (29,682) | (19,579) |
| New loans | (332) | 6,754 | 18,271 | 52,972 |
| Change in financial assets | (1,206) | 10 | 2,245 | (3,384) |
| Purchase/sale of treasury shares | 3,146 | (273) | 3,146 | (2,359) |
| Payment of dividends | 0 | 0 | (6,060) | (6,071) |
| Cash flows from financing activities | (5,808) | (4,974) | (12,080) | 21,579 |
| Okida acquisition | 0 | (1,195) | (317) | (24,077) |
| C.M.I. acquisition | 0 | 0 | (10,475) | 0 |
| Foreign exchange differences | 437 | (2,897) | 482 | (9,956) |
| Net cash flows for the period | 8,892 | (4,979) | 6,528 | 1,893 |
| Cash and cash equivalents at end of period | 19,954 | 13,426 | 19,954 | 13,426 |
| Current financial debt | 23,652 | 22,606 | 23,652 | 22,606 |
| Non-current financial debt | 51,430 | 44,344 | 51,430 | 44,344 |
| Net financial debt | 55,128 | 53,524 | 55,128 | 53,524 |

Consolidated net financial position

| <i>(€/000)</i> | 31/12/2019 | 30/09/2019 | 31/12/2018 |
|--|-------------------|-------------------|-------------------|
| A. Cash | 19 | 18 | 19 |
| B. Positive balances of unrestricted bank accounts | 18,590 | 10,778 | 7,067 |
| C. Other cash equivalents | 79 | 206 | 6,340 |
| D. Liquidity (A+B+C) | 18,688 | 11,002 | 13,426 |
| E. Current financial receivables | 1,266 | 60 | 3,511 |
| F. Current bank payables | 3,313 | 6,432 | 7,233 |
| G. Current portion of non-current debt | 14,653 | 12,194 | 10,741 |
| H. Other current financial payables | 5,686 | 6,261 | 8,143 |
| I. Current financial debt (F+G+H) | 23,652 | 24,887 | 26,117 |
| J. Net current financial debt (I-E-D) | 3,698 | 13,825 | 9,180 |
| K. Non-current bank payables | 40,569 | 48,163 | 41,097 |
| L. Other non-current financial payables | 10,861 | 9,867 | 3,247 |
| M. Non-current financial debt (K+L) | 51,430 | 58,030 | 44,344 |
| N. Net financial debt (J+M) | 55,128 | 71,855 | 53,524 |

Fine Comunicato n.0226-10

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