INTERIM MANAGEMENT STATEMENT

AT 31 DECEMBER 2019

SABAF S.p.A.
Via dei Carpini, 1 – OSPITALETTO (BS) ITALY
Fully paid-in share capital: € 11,533,450
www.sabaf.it

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Group structure

Parent company

SABAF S.p.A.

Subsidiaries and equity interest pertaining to the Group

Companies consolidated on a line-by-line basis	
Faringosi Hinges s.r.l.	100%
Sabaf do Brasil Ltda.	100%
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki (Sabaf Turkey)	100%
Sabaf Appliance Components (Kunshan) Co., Ltd.	100%
A.R.C. s.r.l.	70%
Okida Elektronik Sanayi ve Tickaret A.S	100%
Sabaf US Corp.	100%
C.M.I. s.r.l.	68.5%
C.G.D. s.r.l.	68.5%
C.M.I. Polska Sp. Zoo.	68.5%
Companies consolidated using the equity method	
Handan ARC Burners Co., Ltd.	35.7%

Board of Directors

Chairman	Giuseppe Saleri
Vice Chairman (*)	Nicla Picchi
Chief Executive Officer	Pietro Iotti
Director	Gianluca Beschi
Director	Claudio Bulgarelli
Director	Alessandro Potestà
Director (*)	Carlo Scarpa
Director (*)	Daniela Toscani
Director (*)	Stefania Triva

(*) independent directors

Board of Statutory Auditors

Chairman	Alessandra Tronconi
Statutory Auditor	Luisa Anselmi
Statutory Auditor	Mauro Vivenzi

Consolidated statement of financial position

(€/000)	31/12/2019	30/09/2019	31/12/2018
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
Total equity interest pertaining to the Parent Company	*114,408*	*111,222*	*117,702*
Minority interests	*7,077*	*4,284*	*1,644*
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

(€/000)	Q4 2019		Q4 2018		12M 2019		12M 2018	
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 comprehensive income

(€/000)	**Q4 2019**	**Q4 2018**	**12M 2019**	**12M 2018**
NET PROFIT FOR THE PERIOD	**3,556**	**3,306**	**10,564**	**15,798**
Total profits/losses that will not be subsequently restated under profit (loss) for the period:				
Actuarial evaluation of post-employment benefit	(26)	32	(26)	32
Tax effect	6	(8)	6	(8)
	(20)	**24**	**(20)**	**24**
Total profits/losses that will be subsequently reclassified under profit (loss) for the period:				
Forex differences due to translation of financial statements in foreign currencies	(2,706)	5,784	(3,323)	(3,940)
Total other profits/(losses) net of taxes for the year	**(2,726)**	**5,808**	**(3,343)**	**(3,916)**
TOTAL PROFIT	**830**	**9,114**	**7,221**	**11,882**

Statement of changes in consolidated shareholders' equity

(€/000)	Share capital	Share premium reserve	Legal reserve	Treasury shares	Translation reserve	Post-employment benefit discounting reserve	Other reserves	Profit for the year	Total Group shareholders' equity	Minority interests	Total shareholders' equity
Balance at 31 December 2017	**11,533**	**10,002**	**2,307**	**(4,509)**	**(12,194)**	**(550)**	**92,171**	**14,835**	**113,595**	**1,460**	**115,055**
Allocation of 2017 profit											
- dividends paid out								(6,071)	(6,071)		(6,071)
- carried forward							8,764	(8,764)			
Purchase of treasury shares				(2,359)					(2,359)		(2,359)
IFRS 2 on stock grant plan							321		321		321
Other changes							518		518		518
Total profit at 31 December 2018					(3,940)	24		15,614	11,698	184	11,882
Balance at 31 December 2018	**11,533**	**10,002**	**2,307**	**(6,868)**	**(16,134)**	**(526)**	**101,774**	**15,614**	**117,702**	**1,644**	**119,346**
Allocation of 2018 profit								(6,060)	(6,060)		(6,060)
- dividends paid out							9,554	(9,554)			
- carried forward											
IFRS 2 on stock grant plan							681		681		681
Sale of treasury shares				4,600			208		4,808		4,808
Change in the scope of consolidation							(981)		(981)	5,165	4,184
CMI Group put option							(8,700)		(8,700)		(8,700)
Other changes					518		(513)		5		5
Total profit at 31 December 2019					(3,323)	(20)		10,296	6,953	268	7,221
Balance at 31 December 2019	**11,533**	**10,002**	**2,307**	**(2,268)**	**(18,939)**	**(546)**	**102,023**	**10,296**	**114,408**	**7,077**	**121,485**

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
Change in trade receivables	*8,420*	*1,172*	*10,148*	*(3,003)*
Change in inventories	*2,298*	*129*	*9,090*	*(4,374)*
Change in trade payables	*1,408*	*(1,953)*	*(2,901)*	*556*
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

	(€/000)	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**

Explanatory notes

Accounting standards and scope of consolidation

The Interim Management Statement of the Sabaf Group at 31 December 2019 was prepared in pursuance of the Italian Stock-exchange regulations that establish the publication of interim management statements as one of the requirements for maintaining a listing in the STAR segment of the MTA (Electronic Stock Market).

This report does not contain the information required in accordance with IAS 34.

Accounting standards and policies are the same as those adopted for the preparation of the consolidated financial statements at 31 December 2018, which should be consulted for reference, with the exception of the new IFRS 16 “Leases”, which came into force on 1 January 2019 and the effects of which are shown below. 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 “discrete method of accounting” whereby the quarter in question is treated as a separate financial period. In this respect, the quarterly income statement reflects the income statement components 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 December 2019, adjusted to comply with Group accounting policies, where necessary;
- the parent company, Sabaf S.p.A., and the subsidiaries Faringosi-Hinges S.r.l., A.R.C. S.r.l., Sabaf do Brasil Ltda, Sabaf Turkey, Okida Elektronik, Sabaf Appliance Components (Kunshan) Co., Ltd, Sabaf US Corp and the companies of the C.M.I. group (C.M.I. s.r.l., C.G.D. s.r.l. and C.M.I. Polska Sp. Zoo) were consolidated on a line-by-line basis;
- on 29 November 2019, the merger through incorporation into Sabaf S.p.A. of Sabaf Immobiliare s.r.l., previously a wholly-owned subsidiary and consolidated on a line-by-line basis, became effective. The tax and accounting effects of this transaction are retroactive to 1 January 2019;
- at 31 December 2019, the financial data of the C.M.I. group and the results of operations only for the period for which the Group held control (31 July - 31 December 2019) were consolidated;
- starting from this Interim Management Statement, Handan A.R.C. Ltd was consolidated using the equity method and Sabaf US Corp was consolidated on a line-by-line basis.

The Interim Management Statement at 31 December 2019 has not been independently audited.

Acquisition of C.M.I. s.r.l. - Information related to IFRS 3

As from 31 July 2019, the C.M.I. Group, one of the main players in the design, production and sale of hinges for household appliances was consolidated. The allocation of the price paid for the acquisition of the C.M.I. Group on the net assets acquired (Purchase Price Allocation) was completed during 2019. Specifically, in accordance with IFRS 3 revised, the fair value of assets, liabilities and contingent liabilities was recognised at the acquisition date, the effects of which are shown in the table below:

	Original values at 31/07/2019	Purchase Price Allocation	Carve out of goodwill	Fair value of assets and liabilities acquired
Assets				
Property, plant and equipment and intangible assets	8,276	12,806		21,082
Inventories	5,254	17		5,271
Trade receivables	10,145			10,145
Other receivables	1,253			1,253
Cash and cash equivalents	1,255			1,255
Total Assets	**26,183**	**12,823**		**39,006**
Liabilities				
Post-employment benefit provision	(766)	(166)		(932)
Provisions for risks and charges	-	(400)		(400)
Deferred tax liabilities	(217)	(3,528)		(3,745)
Financial debt	(6,511)			(6,511)
Trade payables	(9,246)			(9,246)
Other payables	(1,733)			(1,733)
Total liabilities	**(18,473)**	**(4,094)**		**(22,567)**
Value of net assets acquired	**7,710**	**8,729**		**16,439**
- % pertaining to Sabaf (68.5%) (a)	5,281			11,260
Carve out of goodwill recorded in CMI (b)			(1,788)	(1,788)
Total cost of acquisition (c)	13,392			13,392
Goodwill deriving from acquisition (d = c-b-a)	8,111	(5,979)	1,788	3,920
Acquired cash and cash equivalents (e)	1,255			1,255
Sale of treasury shares in exchange (f)	1,662			1,662
Net cash outlay (c-e-f)	10,475			10,475

The financial debt of the C.M.I. Group at the acquisition date amounted to €6.511 million, of which €2.398 million deriving from the application of IFRS 16 according to the modified retrospective approach.

Adoption of the accounting standard IFRS 16 "Leases"

The standard, applied as from 1 January 2019, provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset in order to distinguish lease agreements from service agreements, identifying as discriminating factors the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to direct the use of the asset underlying the contract. The standard establishes a single model of recognition and measurement of the lease agreements for the lessee which requires the recognition of the asset to be leased (operating lease or otherwise) in assets offset by a financial debt, while also providing the opportunity not to recognise as leases the agreements whose subject matter are "low-value assets" and leases with a contract duration equal to or less than 12 months. By contrast, the Standard does not include significant changes for the lessors.

The following table shows the effects on the consolidated statement of financial position at 31 December 2019 and on the income statement for 2019 and for the fourth quarter of 2019 of the application of IFRS 16 according to the modified retrospective approach:

	Book value at 31/12/2019 in case of non-adoption of IFRS 16	Effect of IFRS 16	Book value at 31/12/2019
Assets			
Property, plant and equipment	73,108	3,143	76,251
Liabilities			
Loans beyond 12 months	49,174	2,255	51,429
Loans within 12 months	22,688	964	23,652
Shareholders' equity			
Retained earnings, Other reserves	92,491	23	92,514
2019 Income Statement			
Costs for services	30,230	(742)	29,488
Depreciations	14,478	705	15,183
Financial expenses	1,249	90	1,339
Income Statement Q4 2019			
Costs for services	7,505	(223)	7,282
Depreciations	3,827	221	4,048
Financial expenses	436	21	457
Economic and financial indicators			
Shareholders' equity	121,514	(29)	121,485
Net financial debt	51,909	3,219	55,128
12*m 2019*			
EBITDA	26,291	742	27,033
EBIT	11,859	37	11,896
Net profit for the period	10,348	(52)	10,296
Q4 2019			
EBITDA	7,329	223	7,552
EBIT 9	3,497	3	3,500
Net profit for the period	3,301	(22)	3,279

Sales breakdown by geographical area (Euro x 1000)

(amounts in €000)	**Q4 2019**	**Q4 2018**	% change	**12M 2019**	**12M 2018**	% change
Italy	7,145	7,090	+0.8%	31,161	31,579	-1.3%
Western Europe	2,985	3,324	-10.2%	12,277	12,337	-0.5%
Eastern Europe	16,309	11,818	+38.0%	55,059	46,301	+18.9%
Middle East and Africa	1,097	2,169	-49.4%	7,050	12,303	-42.7%
Asia and Oceania	2,062	2,080	-0.9%	9,198	7,590	+21.2%
South America	5,629	5,937	-5.2%	23,451	25,461	-7.9%
North America and Mexico	5,444	3,783	+43.9%	17,727	15,071	+17.6%
Total	**40,671**	**36,201**	**+12.3%**	**155,923**	**150,642**	**+3.5%**

Sales breakdown by product category (Euro x 1000)

(amounts in €000)	**Q4 2019**	**Q4 2018**	% change	**12M 2019**	**12M 2018**	% change
Valves and thermostats	8,638	10,543	*-18.1%*	39,989	48,463	*-17.5%*
Burners	15,084	15,287	*-1.3%*	63,858	66,953	*-4.6%*
Accessories	2,904	3,318	*-12.5%*	12,924	15,422	*-16.2%*
Total gas parts	*26,626*	*29,148*	*-8.7%*	*116,771*	*130,838*	*-10.8%*
Professional burners	1,259	1,145	*+10.0%*	5,434	5,331	*+1.9%*
Hinges	10,205	2,777	*+267.5%*	23,774	10,436	*+127.8%*
Electronic components	2,581	3,131	*-17.6%*	9,944	4,037	*+146.3%*
Total	**40,671**	**36,201**	*+12.3%*	**155,923**	**150,642**	*+3.5%*

Management Statement

Results of operations

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.

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 flow[1], 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.

Significant non-recurring, atypical and/or unusual transactions

During the fourth quarter of 2019, 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 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.

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

The Financial Reporting Officer, Gianluca Beschi, declares that, pursuant to paragraph 2, Article 154-bis of Legislative Decree 58/1998 (Consolidated Finance Act), the accounting information contained in the Interim Management Statement at 31 December 2019 of Sabaf S.p.A. corresponds to the Company's records, books and accounting entries.

Ospitaletto (BS), 11 February 2020

Financial Reporting Officer
Gianluca Beschi