



# SPAFID CONNECT

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Oggetto : Sabaf: first half 2020 results approved

*Testo del comunicato*

Vedi allegato.

## **SABAF: FIRST HALF 2020 RESULTS APPROVED**

- **In the first half of 2020, revenue was €78.2 million (+4.5% compared to the first half of 2019); EBITDA was €13.3 million (17% of sales, +3%); EBIT was €4.8 million (6.2% of sales, -23%); net profit was €2.4 million**
- **In the second quarter, revenue was €34.3 million (-7.7% compared to the second quarter of 2019); EBITDA was €5.6 million (16.3% of sales, -10.9%); EBIT was €1.5 million (4.2% of sales, -49.8%); net profit was €0.9 million**
- **The third quarter is expected to recover strongly**
- **The Board of Directors proposed the distribution of an extraordinary dividend of €0.35 per share**

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The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Half-Yearly Report at 30 June 2020.

### *Consolidated results for the first half of 2020*

In an exceptional context, deeply affected by the spread of the COVID-19 pandemic, the Sabaf Group demonstrated an immediate ability to respond that allowed it to consolidate its strategic positioning in the sector, strengthen relations with customers and other stakeholders and mitigate the economic and financial impact of the crisis.

Revenue was €78.2 million in the first half-year, an increase of 4.5% versus the figure of €74.8 million in the corresponding period of the previous year. Taking into consideration the same scope of consolidation (i.e. net of the revenue of C.M.I., acquired in 2019), the drop in revenue was 12.5%. The geographical areas where sales were most affected by the health emergency were Italy and Western Europe where restrictions on freedom of movement led to a stronger decline in consumption; the decline in revenues in Eastern Europe and Turkey was more moderate. In South America, despite the critical health situation, the Group was able to maintain sales revenue in line with the same period of 2019, while sales in North America - down taking into consideration the same scope of consolidation - increased by 30% following the consolidation of C.M.I.. In the Middle East and Africa, sales in the first half of the year, which were only marginally affected by the pandemic, grew by over 70%.

In terms of products, there was a significant increase in sales of electronic components (20% higher than in the first half of 2019), which also benefited from the synergies created following the integration of Okida into the Sabaf Group. Sales of gas components and hinges decreased, reflecting the general trend in demand.

The EBITDA of the first half of 2020 came at €13.3 million (17% of turnover, 3% higher than €12.9 million of the same period of 2019, when it was 17.2% of sales). EBIT was €4.8 million (6.2% of sales, down by 23% compared to the €6.3 million in the first half of 2019). Pre-tax profit amounted to €3.7 million in the first half of 2020 (€4.7 million in the first half of 2019) and net profit was €2.4 million (€3.5 million in the first half of 2019).

At 30 June 2020, net working capital amounted to €53.5 million, compared with €49.7 million at the end of 2019: the increase is related to higher payment extensions temporarily agreed with some customers and higher stocks of raw materials built up to benefit from favourable purchase prices. With regard to suppliers, the Group continued to meet its commitments in full compliance with the established contractual terms. The impact of net working capital on sales was 34.2%.

The Group continued to consider the strategy of expanding its international presence as valid and therefore confirmed the organic investments planned for the year. In the first half-year, €8.3 million was invested (€4.1 million in the first half of 2019). The main interventions concerned the expansion of production capacity in Turkey and Brazil and the construction of machinery and moulds for the industrialisation of new models of burners.

At 30 June 2020, the net financial debt was €60.6 million, compared with €55.1 million on 31 December 2019. Consolidated shareholders' equity attributable to the Group amounted to €107.8 million.

#### *Consolidated results for Q2 2020*

Sales in the second quarter of 2020 amounted to €34.3 million, down by 7.7% compared to €37.2 million in Q2 2019 (-22% taking into consideration the same scope of consolidation). The greatest decline was recorded in April and May (about 30% taking into consideration the same scope of consolidation), while since June there have been signs of gradual recovery.

Second-quarter EBITDA was €5.6 million, equivalent to 16.3% of turnover (-10.9% versus €6.3 million in the second quarter of 2019, when it was 16.9% of turnover), and EBIT was €1.5 million, equivalent to 4.2% of turnover (-50% versus €2.9 million in the second quarter of 2019, when it was 7.8% of turnover). Net profit for the period was €0.9 million, compared to €1.4 million for the second quarter of 2019.

#### *Forecasts for the rest of the year*

Revenue in July and the orders portfolio for August and September show a strong recovery in business and indicate a faster than expected recovery and a return to good organic growth rates. During the third quarter, the Sabaf Group expects to achieve sales of between €43 million and €46 million (€40.7 million in the third quarter of 2019).

On a longer time horizon, uncertainties remain, mainly related to the development of the global health situation. At present, the Group expects to be able to close 2020 with sales revenue ranging from €162 to €167 million (4-7% higher than €155.9 million of 2019) and an improved gross operating profitability (EBITDA %) compared to the first half of the year. 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.

#### *Proposal for distribution of an extraordinary dividend*

The Shareholders' Meeting of 4 May 2020, in accordance with the proposal made by the Board of Directors, resolved to allocate the entire 2019 net profit to reserves. This proposal was made, on a prudential basis, in view of the uncertainties of the emergency period that was then experiencing its most critical phase. The data emerging from the financial report at 30 June 2020 are reassuring with respect to the Group's economic, financial and equity structure and make it possible to assess the advisability of distributing an extraordinary dividend. For these reasons, the Board of Directors mandated the Chairman to convene a new Shareholders' Meeting on 29 September 2020, to which to submit a proposal for the distribution of an extraordinary dividend of €0.35 per share (total dividend of approximately €4 million).



*We burn* for technology and safety.

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The results will be presented to the financial community at 4.00 p.m. today, 6 August 2020, during a conference call (call +39 02 805 88 11 a few minutes before the scheduled start).

The Half-Yearly Report at 30 June 2020 will be made available to the public in accordance with and within the time limits prescribed by the law.

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.

*Annexes: consolidated financial statements*

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**

<i>(€/000)</i>	<b>30/06/2020</b>	<b>31/12/2019</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	75,137	75,885
Investment property	3,661	3,976
Intangible assets	47,603	51,668
Equity investments	165	115
Financial assets	0	60
Non-current receivables	302	297
Deferred tax assets	6,731	6,505
<b>Total non-current assets</b>	<b>133,599</b>	<b>138,506</b>
CURRENT ASSETS		
Inventories	37,599	35,343
Trade receivables	48,964	46,929
Tax receivables	3,081	4,458
Other current receivables	2,147	1,459
Financial assets	1,277	1,266
Cash and cash equivalents	10,302	18,687
<b>Total current assets</b>	<b>103,370</b>	<b>108,142</b>
ASSETS HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>236,969</b>	<b>246,648</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, Other reserves	93,872	92,580
Profit (loss) for the year	2,424	9,915
<i>Total equity interest of the Parent Company</i>	<i>107,829</i>	<i>114,028</i>
<i>Minority interests</i>	<i>7,151</i>	<i>7,077</i>
<b>Total shareholders' equity</b>	<b>114,980</b>	<b>121,105</b>
NON-CURRENT LIABILITIES		
Loans	39,551	44,046
Other financial liabilities	0	7,383
Post-employment benefit and retirement provisions	3,652	3,698
Provisions for risks and charges	1,008	995
Deferred tax liabilities	6,700	7,273
Non-current payables	65	0
<b>Total non-current liabilities</b>	<b>50,976</b>	<b>63,395</b>
CURRENT LIABILITIES		
Loans	22,109	19,015
Other financial liabilities	10,565	4,637
Trade payables	26,338	27,560
Tax payables	1,165	1,802
Other payables	10,836	9,134
<b>Total current liabilities</b>	<b>71,013</b>	<b>62,148</b>
LIABILITIES HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>236,969</b>	<b>246,648</b>

### Consolidated Income Statement

	Q2 2020	Q2 2019	H1 2020	H1 2019
<i>(€/000)</i>				
<b>OPERATING REVENUE AND INCOME</b>				
Revenue	34,312	37,191	78,164	74,826
Other income	920	622	1,969	1,294
<b>Total operating revenue and income</b>	<b>35,232</b>	<b>37,813</b>	<b>80,133</b>	<b>76,120</b>
<b>OPERATING COSTS</b>				
Materials	(16,243)	(13,599)	(35,381)	(27,878)
Change in inventories	3,981	(2,422)	3,677	(3,687)
Services	(7,944)	(7,086)	(15,514)	(14,420)
Personnel costs	(9,648)	(8,799)	(19,901)	(17,659)
Other operating costs	(429)	(216)	(808)	(579)
Costs for capitalised in-house work	646	586	1,078	997
<b>Total operating costs</b>	<b>(29,637)</b>	<b>(31,536)</b>	<b>(66,849)</b>	<b>(63,226)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>	<b>5,595</b>	<b>6,277</b>	<b>13,284</b>	<b>12,894</b>
Depreciations and amortisation	(4,171)	(3,377)	(8,508)	(6,689)
Capital gains/(losses) on disposals of non-current assets	33	3	41	48
Write-downs/write-backs of non-current assets	0	0	0	0
<b>OPERATING PROFIT (EBIT)</b>	<b>1,457</b>	<b>2,903</b>	<b>4,817</b>	<b>6,253</b>
Financial income	(8,508)	128	1,563	236
Financial expenses	41	(450)	(802)	(790)
Exchange rate gains and losses	0	(644)	(1,837)	(1,041)
<b>PROFIT BEFORE TAXES</b>	<b>1,549</b>	<b>1,937</b>	<b>3,741</b>	<b>4,658</b>
Income taxes	(713)	(459)	(1,225)	(1,024)
<b>NET PROFIT FOR THE PERIOD</b>	<b>836</b>	<b>1,478</b>	<b>2,516</b>	<b>3,634</b>
of which:				
Minority interests	(41)	80	92	121
<b>PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>877</b>	<b>1,398</b>	<b>2,424</b>	<b>3,513</b>

**Consolidated statement of cash flows**

	<b>H1 2020</b>	<b>H1 2019</b>
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>18,687</b>	<b>13,426</b>
Net profit/(loss) for the period	2,516	3,634
Adjustments for:		
- Depreciation and amortisation for the period	8,508	6,689
- Realised gains/losses	(40)	(48)
- Financial income and expenses	(761)	554
- IFRS 2 measurement stock grant plan	(251)	258
- Income tax	1,225	1,024
Change in post-employment benefit	(46)	152
Change in risk provisions	13	(133)
<i>Change in trade receivables</i>	<i>(2,035)</i>	<i>220</i>
<i>Change in inventories</i>	<i>(2,256)</i>	<i>4,038</i>
<i>Change in trade payables</i>	<i>(1,141)</i>	<i>235</i>
Change in net working capital	(5,432)	4,493
Change in other receivables and payables, deferred taxes	1,360	(735)
Payment of taxes	(1,616)	(871)
Payment of financial expenses	(704)	(776)
Collection of financial income	115	236
<b>Cash flows from operations</b>	<b>4,887</b>	<b>14,477</b>
Investments in non-current assets		
- intangible	(711)	(455)
- tangible	(7,733)	(3,871)
- financial	(50)	0
Disposal of non-current assets	149	208
<b>Cash flows from investment activities</b>	<b>(8,345)</b>	<b>(4,118)</b>
Repayment of loans	(8,341)	(15,433)
New loans	5,664	5,237
Change in financial assets	0	3,391
Purchase of treasury shares	(1,264)	0
Payment of dividends	0	(6,060)
<b>Cash flows from financing activities</b>	<b>(3,941)</b>	<b>(12,865)</b>
Acquisition of Okida Elektronik	0	(317)
Foreign exchange differences	(986)	298
<b>Net cash flows for the period</b>	<b>(8,385)</b>	<b>(2,525)</b>
<b><i>Cash and cash equivalents at end of period</i></b>	<b>10,302</b>	<b>10,901</b>
Current financial debt	31,397	22,463
Non-current financial debt	39,551	38,756
<b>Net financial debt</b>	<b>60,646</b>	<b>50,318</b>

### Net financial position

	(€/000)	30/06/2020	31/12/2019	Change
A.	Cash	36	19	17
B.	Positive balances of unrestricted bank accounts	9,498	18,590	(9,092)
C.	Other cash equivalents	768	79	689
<b>D.</b>	<b>Liquidity (A+B+C)</b>	<b>10,302</b>	<b>18,688</b>	<b>(8,386)</b>
<b>E.</b>	<b>Current financial receivables</b>	<b>1,277</b>	<b>1,266</b>	<b>11</b>
F.	Current bank payables	4,474	3,313	1,161
G.	Current portion of non-current debt	16,343	14,653	1,690
H.	Other current financial payables	11,857	5,686	6,171
<b>I.</b>	<b>Current financial debt (F+G+H)</b>	<b>32,674</b>	<b>23,652</b>	<b>9,022</b>
<b>J.</b>	<b>Net current financial debt (I-E-D)</b>	<b>21,095</b>	<b>3,698</b>	<b>17,397</b>
K.	Non-current bank payables	35,813	40,569	(4,756)
L.	Other non-current financial payables	3,738	10,861	(7,123)
<b>M.</b>	<b>Non-current financial debt (K+L)</b>	<b>39,551</b>	<b>51,430</b>	<b>(11,879)</b>
<b>N.</b>	<b>Net financial debt (J+M)</b>	<b>60,646</b>	<b>55,128</b>	<b>5,518</b>



### Sales by geographical area

<i>(amounts in €000)</i>	<b>Q2 2020</b>	<b>Q2 2019</b>	% change	<b>H1 2020</b>	<b>H1 2019</b>	% change	<b>2019 FY</b>
Italy	5,894	7,881	-25.2%	14,364	16,733	-14.2%	31,161
Western Europe	2,036	3,091	-34.1%	4,580	6,500	-29.5%	12,277
Eastern Europe	11,684	12,322	-5.2%	28,355	24,286	+16.8%	55,059
Middle East and Africa	3,186	1,938	+64.4%	5,508	3,196	+72.3%	7,050
Asia and Oceania	1,607	2,524	-36.3%	3,131	4,438	-29.5%	9,198
South America	5,622	5,687	-1.1%	12,400	12,103	+2.5%	23,451
North America and Mexico	4,283	3,748	+14.3%	9,826	7,570	+29.8%	17,727
<b>Total</b>	<b>34,312</b>	<b>37,191</b>	<b>-7.7%</b>	<b>78,164</b>	<b>74,826</b>	<b>+4.5%</b>	<b>155,923</b>

### Sales by product line

<i>(amounts in €000)</i>	<b>Q2 2020</b>	<b>Q2 2019</b>	% change	<b>H1 2020</b>	<b>H1 2019</b>	% change	<b>2019 FY</b>
Gas parts	24,402	31,739	-23.1%	55,124	64,330	-14.3%	122,205
Hinges	7,331	2,962	+147.5%	17,262	5,730	+201.3%	23,774
Electronic components	2,579	2,490	+3.6%	5,778	4,766	+21.2%	9,944
<b>Total</b>	<b>34,312</b>	<b>37,191</b>	<b>-7.7%</b>	<b>78,164</b>	<b>74,826</b>	<b>+4.5%</b>	<b>155,923</b>

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