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Oggetto : Sabaf: third-quarter 2020 results approved

<i>Testo del comunicato</i>
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Vedi allegato.

Press release

Ospitaletto (BS), 10 November 2020

## SABAF: THIRD-QUARTER 2020 RESULTS APPROVED

- **In the third quarter, revenue was €47.3 million (+17% compared to the third quarter of 2019; +9.3% on a like-for-like consolidation scope)  
EBITDA was €9.6 million, equivalent to 20.3% of turnover (+27%)  
EBIT was €5.4 million (+54.6%)  
Net profit was €1.8 million**
- **In the first nine months of 2020, revenue was €125.4 million (+8.8% compared to the first nine months of 2019; -4.9% on a like-for-like consolidation scope, strong recovery compared to -12.5% at 30 June 2020)  
EBITDA was €22.9 million, equivalent to 18.2% of turnover (+11.9%)  
EBIT was €10.2 million (+4.9%)  
Net profit was €4.2 million**
- **Revenue estimates for the whole of 2020 revised upwards to €180-183 million, an increase between 15% and 17% with respect to €155.9 million of 2019 and between 5% and 7% on a like-for-like consolidation scope (from the previous estimate of €170 to €175 million)**

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The Board of Directors of Sabaf S.p.A. met today in Ospitaletto (BS) to approve the Interim Management Statement at 30 September 2020.

### *Consolidated results for Q3 2020*

In Q3 2020, the Sabaf Group reported revenue of €47.3 million, an increase of 17% versus the figure of €40.4 million in the third quarter of 2019 (+9.3% on a like-for-like consolidation scope).

The increase in sales during the period is attributable to both specific elements related to Sabaf's business development and macroeconomic factors.

With reference to endogenous elements, the start of supplies of burners on a global scale to strategic customers and the first benefits deriving from cross-selling between the gas and electronics divisions contributed to the growth in sales.

Moreover, starting in July, all the main reference markets showed a marked recovery in demand, which had been heavily affected in the first half of the year by the impact of the Covid pandemic on production and commercial activities. Nevertheless, the Group believes that the increased consumer focus on household goods, including household appliances, is likely to lead to strong demand in the near future.

During the period, the increase in sales was greater in Italy, Eastern Europe and North America, all markets where organic growth rates of over 10% were recorded.

The significant increase in production and sales volumes allowed a more than proportional improvement in profitability: the EBITDA for the third quarter of 2020 reached €9.6 million (20.3% of sales), up by 27% compared to the €7.6 million (18.7% of sales) of the third quarter of 2019. EBIT was €5.4 million (11.4% of turnover), 54.6% higher than the €3.5 million recorded in the same quarter of 2019 (8.7% of sales).

Due mainly to the devaluation of the Turkish lira, during the third quarter the Group recorded net foreign exchange losses of €3 million; these losses did not result in financial outflows and were originated by the debt in euro of Sabaf Turkey.

The change in exchange rates affected the profit before taxes of the third quarter of 2020, which amounted to €2 million (€4 million in the third quarter of 2019) and the net profit for the period, amounting to €1.8 million, compared to €3.3 million in the third quarter of 2019 (-44.5%).

### *Consolidated results in January-September 2020*

In the first nine months of 2020, sales revenue totalled €125.4 million, up by 8.8% over the same period of 2019 (-4.9% on a like-for-like consolidation scope, a clear recovery compared to -12.5% at 30 June last year). EBITDA was



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€22.9 million (18.2% of turnover), up 11.9% compared to €20.4 million in 2019 (17.7% of turnover), EBIT was €10.2 million (8.2% of turnover) with a 4.9% increase. The net profit attributable to the Group, affected by net non-monetary foreign exchange losses, was €4.2 million, down 37.5% compared to the first nine months of 2019.

*Investments and financial position*

Other investments in the third quarter amounted to €4 million, bringing total investments of the first nine months of 2020 to €12.4 million (€7.1 million in the same period of 2019). Investments in the period include the acquisition for €1.6 million of a property in Hosur (Tamil Nadu, India), where the Group intends to start production of gas components for the Indian market in 2021.

At 30 September 2020, net financial debt was €63.6 million (€71.9 million at 30 September 2019 and €60.6 million at 30 June 2020), against a shareholders' equity of €107.6 million. The financial debt includes the debt to Shareholders amounting to €3.9 million, related to the dividends approved by the Shareholders' meeting of 29 September and paid last 14 October.

*Outlook*

The increase in orders and sales shows a further generalised acceleration in the last quarter of 2020, with all Group plants operating with saturation of production capacity at the highest levels. The new restrictive measures adopted in Italy and other Countries due to the recurrence of the pandemic are currently not significantly affecting operations.

The Sabaf Group now believes that it can close the year 2020 with sales ranging from €180 to €183 million (15-17% higher than €155.9 million of 2019 and 5% - 7% higher on a like-for-like consolidation scope) and a gross operating profitability (EBITDA %) improving further compared to the result for the first nine months of the year (18.2%). Previous forecasts indicated sales ranging from €170 to €175 million.

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Today at 4.00 p.m. CET there will be a conference call to illustrate the results of the third quarter of 2020 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 2020, which has not been independently audited, is available in the Investor Relations section of the website [www.sabaf.it](http://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, statement of cash flows and net financial position.

For further 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 household appliances. The production is broken down into three main lines: gas cooking components (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 1,200 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 and dishwasher hinges, and Okida, operating in the field of electronic components for household appliances.*



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## Consolidated statement of financial position

	30/09/2020	31/12/2019	30/09/2019
<i>(€/000)</i>			
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment	74,482	75,885	75,139
Investment property	3,458	3,976	4,083
Intangible assets	43,817	51,668	48,391
Equity investments	161	115	375
Financial assets	0	60	60
Non-current receivables	444	297	453
Deferred tax assets	7,079	6,505	4,440
<b>Total non-current assets</b>	<b>129,441</b>	<b>138,506</b>	<b>132,941</b>
CURRENT ASSETS			
Inventories	36,585	35,343	37,641
Trade receivables	54,431	46,929	55,349
Tax receivables	2,095	4,458	4,218
Other current receivables	2,258	1,459	2,309
Financial assets	1,337	1,266	60
Cash and cash equivalents	9,144	18,687	11,002
<b>Total current assets</b>	<b>105,850</b>	<b>108,142</b>	<b>110,579</b>
ASSETS HELD FOR SALE	0	0	0
<b>TOTAL ASSETS</b>	<b>235,291</b>	<b>246,648</b>	<b>243,520</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	87,220	92,580	92,897
Net profit for the period	4,245	9,915	6,792
<i>Total equity interest of the Parent Company</i>	<i>102,998</i>	<i>114,028</i>	<i>111,222</i>
<i>Minority interests</i>	<i>4,620</i>	<i>7,077</i>	<i>4,284</i>
<b>Total shareholders' equity</b>	<b>107,618</b>	<b>121,105</b>	<b>115,506</b>
NON-CURRENT LIABILITIES			
Loans	37,598	44,046	51,651
Other financial liabilities	0	7,383	6,379
Post-employment benefit and retirement provisions	3,581	3,698	3,461
Provisions for risks and charges	914	995	614
Deferred tax liabilities	6,269	7,273	3,101
<b>Total non-current liabilities</b>	<b>48,362</b>	<b>63,395</b>	<b>65,206</b>
CURRENT LIABILITIES			
Loans	24,949	19,015	19,790
Other financial liabilities	11,535	4,637	5,097
Trade payables	29,900	27,560	26,152
Tax payables	2,053	1,802	2,115
Other payables	10,874	9,134	9,654
<b>Total current liabilities</b>	<b>79,311</b>	<b>62,148</b>	<b>62,808</b>
LIABILITIES HELD FOR SALE	0	0	0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>235,291</b>	<b>246,648</b>	<b>243,520</b>

## Consolidated Income Statement

	Q3 2020		Q3 2019		9M 2020		9M 2019	
(€/000)								
<b>INCOME STATEMENT COMPONENTS</b>								
OPERATING REVENUE AND INCOME								
Revenue	47,281	100.0 %	40,426	100.0 %	125,445	100.0 %	115,252	100.0 %
Other income	1,067	2.3%	934	2.3%	3,036	2.4%	2,228	1.9%
<b>Total operating revenue and income</b>	<b>48,348</b>	<b>102.3 %</b>	<b>41,360</b>	<b>102.3 %</b>	<b>128,481</b>	<b>102.4 %</b>	<b>117,480</b>	<b>101.9 %</b>
OPERATING COSTS								
Materials	(21,057)	-44.5%	(14,185)	-35.1%	(56,438)	-45.0%	(42,063)	-36.5%
Change in inventories	17	0.0%	(2,969)	-7.3%	3,694	2.9%	(6,656)	-5.8%
Services	(7,207)	-15.2%	(7,282)	-18.0%	(22,721)	-18.1%	(21,702)	-18.8%
Personnel costs	(10,584)	-22.4%	(8,946)	-22.1%	(30,485)	-24.3%	(26,605)	-23.1%
Other operating costs	(278)	-0.6%	(932)	-2.3%	(1,086)	-0.9%	(1,511)	-1.3%
Costs for capitalised in-house work	349	0.7%	506	1.3%	1,427	1.1%	1,503	1.3%
<b>Total operating costs</b>	<b>(38,760)</b>	<b>-82.0%</b>	<b>(33,808)</b>	<b>-83.6%</b>	<b>(105,609)</b>	<b>-84.2%</b>	<b>(97,034)</b>	<b>-84.2%</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>								
	<b>9,588</b>	<b>20.3%</b>	<b>7,552</b>	<b>18.7%</b>	<b>22,872</b>	<b>18.2%</b>	<b>20,446</b>	<b>17.7%</b>
Depreciations and amortisation	(4,197)	-8.9%	(4,048)	-10.0%	(12,705)	-10.1%	(10,737)	-9.3%
Capital gains/(losses) on disposals of non-current assets	19	0.0%	(4)	0.0%	60	0.0%	44	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>OPERATING PROFIT (EBIT)</b>								
	<b>5,410</b>	<b>11.4%</b>	<b>3,500</b>	<b>8.7%</b>	<b>10,227</b>	<b>8.2%</b>	<b>9,753</b>	<b>8.5%</b>
Financial income	38	0.1%	46	0.1%	1,601	1.3%	282	0.2%
Financial expenses	(340)	-0.7%	(457)	-1.1%	(1,142)	-0.9%	(1,247)	-1.1%
Exchange rate gains and losses	(3,004)	-6.4%	891	2.2%	(4,841)	-3.9%	(150)	-0.1%
Profits and losses from equity investments	(31)	-0.1%	0	0.0%	(31)	0.0%	0	0.0%
<b>PROFIT BEFORE TAXES</b>								
	<b>2,073</b>	<b>4.4%</b>	<b>3,980</b>	<b>9.8%</b>	<b>5,814</b>	<b>4.6%</b>	<b>8,638</b>	<b>7.5%</b>
Income taxes	(124)	-0.3%	(606)	-1.5%	(1,349)	-1.1%	(1,630)	-1.4%
<b>NET PROFIT FOR THE PERIOD</b>								
	<b>1,949</b>	<b>4.1%</b>	<b>3,374</b>	<b>8.3%</b>	<b>4,465</b>	<b>3.6%</b>	<b>7,008</b>	<b>6.1%</b>
of which:								
Profit attributable to minority interests	128	0.3%	95	0.2%	220	0.2%	216	0.2%
<b>PROFIT ATTRIBUTABLE TO THE GROUP</b>								
	<b>1,821</b>	<b>3.9%</b>	<b>3,279</b>	<b>8.1%</b>	<b>4,245</b>	<b>3.4%</b>	<b>6,792</b>	<b>5.9%</b>

## Consolidated statement of cash flows

(€/000)	Q3 2020	Q3 2019	9M 2020	9M 2019
<b>Cash and cash equivalents at beginning of period</b>	<b>10,302</b>	<b>10,961</b>	<b>18,687</b>	<b>13,426</b>
Net profit/(loss) for the period	1,949	3,374	12,705	7,008
Adjustments for:				
- Depreciation and amortisation for the period	4,197	4,048	(60)	10,737
- Realised gains/losses	(19)	4	(459)	(44)
- Financial income and expenses	302	411	4,465	965
- Profits and losses from equity investments	4	0	4	0
- IFRS 2 measurement stock grant plan	196	176	(55)	434
- Income tax	124	606	1,349	1,630
Payment of post-employment benefit provision	(71)	(89)	(117)	63
Change in risk provisions	(94)	22	(81)	(111)
<i>Change in trade receivables</i>	<i>(5,467)</i>	<i>1,508</i>	<i>(7,502)</i>	<i>1,728</i>
<i>Change in inventories</i>	<i>1,014</i>	<i>2,754</i>	<i>(1,242)</i>	<i>6,792</i>
<i>Change in trade payables</i>	<i>3,481</i>	<i>(4,544)</i>	<i>2,340</i>	<i>(4,309)</i>
Change in net working capital	(972)	(282)	(6,404)	4,211
Change in other receivables and payables, deferred taxes	1,825	(30)	3,186	(765)
Payment of taxes	(1,088)	(511)	(2,704)	(1,382)
Payment of financial expenses	(215)	(457)	(919)	(1,233)
Collection of financial income	(22)	46	93	282
<b>Cash flows from operations</b>	<b>6,116</b>	<b>7,318</b>	<b>11,003</b>	<b>21,795</b>
<b>Net investments</b>	<b>(4,010)</b>	<b>(3,023)</b>	<b>(12,354)</b>	<b>(7,141)</b>
Repayment of loans	(1,536)	(6,832)	(9,877)	(22,265)
New loans	2,239	13,366	7,903	18,603
Change in financial assets	60	(60)	60	3,391
Purchase/sale of treasury shares	(473)	0	(1,737)	0
Payment of dividends	0	0	0	(6,060)
<b>Cash flows from financing activities</b>	<b>290</b>	<b>6,474</b>	<b>(3,651)</b>	<b>(6,331)</b>
Okida acquisition	0	0	0	(317)
C.M.I. acquisition	(3,063)	(10,475)	(3,063)	(10,475)
Foreign exchange differences	(491)	(253)	(1,478)	45
<b>Net cash flows for the period</b>	<b>(1,158)</b>	<b>41</b>	<b>(9,543)</b>	<b>(2,424)</b>
<b>Cash and cash equivalents at end of period</b>	<b>9,144</b>	<b>11,002</b>	<b>9,144</b>	<b>11,002</b>
Current financial debt	35,147	24,827	35,147	24,827
Non-current financial debt	37,598	58,030	37,598	58,030
<b>Net financial debt</b>	<b>63,601</b>	<b>71,855</b>	<b>63,601</b>	<b>71,855</b>



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## Consolidated net financial position

<i>(€/000)</i>	30/09/2020	31/12/2019	30/09/2019
A. Cash	19	19	18
B. Positive balances of unrestricted bank accounts	8,723	18,590	10,778
C. Other cash equivalents	402	79	206
<b>D. Liquidity (A+B+C)</b>	<b>9,144</b>	<b>18,688</b>	<b>11,002</b>
<b>E. Current financial receivables</b>	<b>1,337</b>	<b>1,266</b>	<b>60</b>
F. Current bank payables	7,625	3,313	6,432
G. Current portion of non-current debt	16,044	14,653	12,194
H. Other current financial payables	12,815	5,686	6,261
<b>I. Current financial debt (F+G+H)</b>	<b>36,484</b>	<b>23,652</b>	<b>24,887</b>
<b>J. Net current financial debt (I-E-D)</b>	<b>26,003</b>	<b>3,698</b>	<b>13,825</b>
K. Non-current bank payables	34,005	40,569	48,163
L. Other non-current financial payables	3,593	10,861	9,867
<b>M. Non-current financial debt (K+L)</b>	<b>37,598</b>	<b>51,430</b>	<b>58,030</b>
<b>N. Net financial debt (J+M)</b>	<b>63,601</b>	<b>55,128</b>	<b>71,855</b>

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