

**SABAF: RESULTS AT 31 DECEMBER 2017 APPROVED**

- **Consolidated results for 2017: revenue was € 150.2 million (+14.7%); EBITDA was € 31 million (+22%); EBIT was € 18.1 million (+44.9%) and net profit was € 14.8 million (+64.9%)**
- **Sabaf S.p.A. 2017 results: revenue was € 116 million (+14%); EBITDA was 17.5 million (+29.2%), EBIT was € 8.1 million (+97.8%), net profit was € 8 million (+225.2%)**
- **BoD resolved to propose to the Shareholders' Meeting a dividend of € 0.55 per share**
- **BoD resolved to propose to the Shareholders' Meeting a Stock grant plan for directors and key employees**

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The Board of Directors of **Sabaf S.p.A.** met today in Ospitaletto (BS) and approved the consolidated results for 2017 and the draft financial statements of the parent company, as well as the Report on corporate governance and ownership structure requested by Article 123-bis of the Consolidated Finance Act (TUF), the Consolidated non-financial statement pursuant to Italian legislative decree no. 254/2016 and the 2017 Report on remuneration prepared pursuant to Article 123-ter of the TUF. The Board of Directors also approved the Policy on the composition of corporate bodies pursuant to Article 123-bis, paragraph 2, let. d-bis) of TUF.

*Group consolidated results*

In 2017, the Sabaf Group reported sales revenues of € 150.2 million, up 14.7% on the € 131 million of the previous year; taking into consideration the same area of consolidation, sales increased by 12.9%. In 2017, all markets recorded double-digit growth rates; Italy, where sales remained stable after years of decline due to the sharp reduction in the production of domestic appliances, is an exception. Very positive sales growth rates have been recorded in other European markets, where Sabaf is consolidating its leadership. The Middle East market showed a strong recovery compared to 2016; Asia, North and South America confirmed a positive underlying trend. Average sales prices in 2017 were 0.8% lower compared to 2016.

In 2017, the increase in sales was accompanied by a more than proportional improvement in profitability: 2017 EBITDA amounted to € 31 million, equivalent to 20.6% of sales, compared to € 25.4 million (19.4% of sales) in 2016, EBIT reached € 18.1 million, equivalent to 12.1% of sales, compared to € 12.5 million (9.5%) in 2016. Net profit of 2017, equal to € 14.8 million (9.9% of sales), is 64.9% higher than the € 9 million of 2016.

In 2017, the Sabaf Group made net investments of € 13.9 million. The main investments in the financial year were aimed at automation of the assembly lines for light alloy valves and at the interconnection of production plants with management systems (Industry 4.0). The formerly rented building in Campodarsego (PD), where A.R.C. operates, was acquired. In Brazil, the factory was expanded, against increased production volumes; while in Turkey all the die-casting machines were robotised.

In 2017, the Sabaf Group paid dividends for a total amount of € 5.4 million and purchased treasury shares for a total amount of € 2.1 million; at 31 December 2017, net financial debt was € 25.5 million, compared to € 23.5 million of 31 December 2016, whereas shareholders' equity totalled € 115.1 million; the ratio between the net financial debt and the shareholders' equity was 0.22 versus 0.21 in 2016.

### *Parent Company Sabaf S.p.A. results*

The Parent Company Sabaf S.p.A.'s sales revenue for 2017 totalled € 115.7 million (compared to € 101.5 million reported in 2016, +14%), EBITDA was € 17.5 million, up 29.2 % from € 13.5 million in 2016), EBIT was € 8.1 million, up 97.8 % from € 4.1 million in the previous year and net profit was € 8 million, up 225.2% from € 2.5 million in 2016.

### *Dividend proposal*

The Board of Directors will propose to the shareholders the distribution of a gross ordinary dividend of € 0.55 per share (a dividend of € 0.48 was paid in 2017) for shares outstanding on 29 May 2018 (the record date), excluding, therefore, treasury shares on that date. The ex-date is scheduled for 28 May and the payment date will be 30 May.

### *Stock grant plan*

The Board of Directors also resolved to propose to the Shareholders' Meeting the approval of a free allocation plan of shares in favour of directors and employees of the Company and its subsidiaries ("the Plan") by granting to the Board of Directors the necessary powers for the management, administration and revision of the Plan.

The Plan is intended for persons who hold or will hold key positions in the Company and/or its Subsidiaries, with reference to the implementation of the contents and the achievement of the objectives of the Business Plan. A part of the Beneficiaries has already been identified, while the remaining part will be identified by the Board of Directors in the respect of the timing defined by the Plan.

The subject-matter of the Plan is the free allocation to the Beneficiaries of a maximum of 370,000 (three hundred and seventy thousand) Rights, each of which entitles them to receive free of charge, under the terms and conditions provided for by the Regulations of the Plan, number 1 Sabaf S.p.A. Share.

The Plan aims to promote and pursue the involvement of the beneficiaries whose activities are considered relevant for the implementation of the contents and the achievement of the objectives set out in the Business Plan, foster loyalty development and motivation of managers, by increasing their entrepreneurial approach as well as align the interests of management with those of the Company's shareholders more closely, with a view to encouraging the achievement of significant results in the economic and asset growth of the Company.

### *Convocation of the Ordinary Shareholders' Meeting*

The Ordinary Shareholders' Meeting will be convened (single call) on 8 May 2018 at 10.30 am at the company's registered office in Ospitaletto (BS) and will also be called upon:

- to resolve on the appointment of the Board of Directors and the Board of Statutory Auditors for the three-year period from 2018 to 2020;
- to resolve on the appointment of the independent auditors for the period from 2018 to 2026;
- to renew the authorisation to the Board of Directors to purchase and sell treasury shares.

### *Participation in the Star Conference in Milan and presentation of the 2018-2022 Business Plan*

On 27 and 28 March, Sabaf will be present at the Star Conference in Milan, the annual event dedicated to meeting investors from all over the world. At the same meeting, CEO Pietro Iotti and CFO Gianluca Beschi will illustrate the guidelines for the 2018-2022 Business Plan. As from 5.30 pm today, 26 March, a presentation to the financial community and a press release highlighting the main features of the Business Plan will be available to the public and on the website [www.sabaf.it](http://www.sabaf.it)



*We burn* for technology and safety.

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*The Annual Financial Report at 31 December 2017, the Independent Auditors' Report and the Board of Statutory Auditors' Report, the Report on Corporate Governance and Ownership Structure, the consolidated Non-Financial Statement and the 2017 Report on Remuneration will be published on the website [www.sabaf.it](http://www.sabaf.it) and on the centralised storage system "eMarket Storage", available on the website [www.emarketstorage.com](http://www.emarketstorage.com), no later than 17 April 2018.*

*The information document related to the Stock Grant Plan will be published on the website [www.sabaf.it](http://www.sabaf.it) and on the centralised storage system "eMarket Storage", available on the website [www.emarketstorage.com](http://www.emarketstorage.com), no later than 29 March 2018.*

*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 and Sabaf S.p.A. financial statements. Figures not yet audited.*

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.*

**Sabaf Group - Consolidated statement of financial position**

<i>(€/000)</i>	31/12/2017	31/12/2016(*)
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	73,069	73,445
Investment property	5,697	6,270
Intangible assets	9,283	9,077
Equity investments	281	306
Non-current financial assets	180	0
Non-current receivables	196	262
Deferred tax assets	5,096	4,781
<b>Total non-current assets</b>	<b>93,802</b>	<b>94,141</b>
CURRENT ASSETS		
Inventories	32,929	31,484
Trade receivables	42,263	36,842
Tax receivables	3,065	3,163
Other current receivables	1,057	1,419
Current financial assets	67	0
Cash and cash equivalents	11,533	12,143
<b>Total current assets</b>	<b>90,914</b>	<b>85,051</b>
ASSETS HELD FOR SALE	0	0
<b>TOTAL ASSETS</b>	<b>184,716</b>	<b>179,192</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	87,227	90,471
Profit for the year	14,835	8,994
<i>Total equity interest of the Parent Company</i>	<i>113,595</i>	<i>110,998</i>
<i>Minority interests</i>	<i>1,460</i>	<i>1,379</i>
<b>Total shareholders' equity</b>	<b>115,055</b>	<b>112,377</b>
NON-CURRENT LIABILITIES		
Loans	17,760	18,892
Other financial liabilities	1,943	1,762
Post-employment benefit and retirement reserves	2,845	3,086
Provisions for risks and charges	385	434
Deferred tax liabilities	804	870
<b>Total non-current liabilities</b>	<b>23,737</b>	<b>25,044</b>
CURRENT LIABILITIES		
Loans	17,288	14,612
Other financial liabilities	75	335
Trade payables	19,975	18,977
Tax payables	1,095	1,190
Other payables	7,491	6,657
<b>Total current liabilities</b>	<b>45,924</b>	<b>41,771</b>
LIABILITIES HELD FOR SALE	0	0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>184,716</b>	<b>179,192</b>

(\*) 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.

## Sabaf Group - Consolidated Income Statement

<i>(€/000)</i>	2017	2016(*)
<b>INCOME STATEMENT COMPONENTS</b>		
OPERATING REVENUE AND INCOME		
Revenue	150,223	130,978
Other income	3,361	2,819
<b>Total operating revenue and income</b>	<b>153,584</b>	<b>133,797</b>
OPERATING COSTS		
Materials	(59,794)	(47,346)
Change in inventories	2,380	(754)
Services	(30,227)	(27,983)
Payroll costs	(35,328)	(32,112)
Other operating costs	(1,134)	(1,078)
Costs for capitalised in-house work	1,474	841
<b>Total operating costs</b>	<b>(122,629)</b>	<b>(108,432)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS</b>		
	<b>30,955</b>	<b>25,365</b>
Depreciations and amortisation	(12,826)	(12,882)
Capital gains on disposals of non-current assets	(12)	18
<b>EBIT</b>	<b>18,117</b>	<b>12,501</b>
Financial income	214	101
Financial expenses	(804)	(620)
Exchange rate gains and losses	274	435
Profits and losses from equity investments	3	0
<b>PROFIT BEFORE TAXES</b>	<b>17,804</b>	<b>12,417</b>
Income tax	(2,888)	(3,342)
<b>PROFIT FOR THE YEAR</b>	<b>14,916</b>	<b>9,075</b>
of which:		
Minority interests	81	81
<b>PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>14,835</b>	<b>8,994</b>
<b>EARNINGS PER SHARE (EPS)</b>		
<b>Base</b>	<b>€ 1.323</b>	<b>€ 0.791</b>
<b>Diluted</b>	<b>€ 1.323</b>	<b>€ 0.791</b>

(\*) 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.

**Sabaf S.p.A. - Statement of Financial Position**

<i>(in €)</i>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	31,610,510	31,092,204
Investment property	1,453,564	1,645,412
Intangible assets	3,370,260	3,095,000
Equity investments	49,451,811	50,098,459
Non-current financial assets	1,847,639	2,137,353
- of which from related parties	<i>1,667,639</i>	<i>1,897,353</i>
Non-current receivables	19,871	11,621
Deferred tax assets	3,455,483	3,315,263
<b>Total non-current assets</b>	<b>91,209,138</b>	<b>91,395,312</b>
CURRENT ASSETS		
Inventories	24,768,927	23,492,840
Trade receivables	31,154,012	27,465,436
- of which from related parties	<i>1,208,883</i>	<i>1,191,581</i>
Tax receivables	2,229,708	2,477,294
- of which from related parties	<i>1,083,666</i>	<i>1,083,666</i>
Other current receivables	721,529	1,039,324
Current financial assets	1,067,429	1,060,000
- of which from related parties	<i>1,000,000</i>	<i>1,000,000</i>
Cash and cash equivalents	2,696,664	1,796,980
<b>Total current assets</b>	<b>62,638,269</b>	<b>57,331,874</b>
ASSETS HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>153,847,407</b>	<b>148,727,186</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533,450	11,533,450
Retained earnings, other reserves	72,552,367	77,530,764
Profit for the year	8,001,327	2,459,688
<b>Total shareholders' equity</b>	<b>92,087,144</b>	<b>91,523,902</b>
NON-CURRENT LIABILITIES		
Loans	16,297,969	17,281,379
Other financial liabilities	180,000	240,000
Post-employment benefit and retirement reserves	2,199,523	2,435,538
Provisions for risks and charges	369,482	322,979
Deferred tax liabilities	67,983	129,289
<b>Total non-current liabilities</b>	<b>19,114,957</b>	<b>20,409,185</b>
CURRENT LIABILITIES		
Loans	18,927,558	14,054,604
- of which to related parties	<i>2,100,000</i>	<i>0</i>
Other financial liabilities	74,849	298,161
Trade payables	16,569,390	16,010,381
- of which to related parties	<i>509,631</i>	<i>104,142</i>
Tax payables	623,013	641,944
Other payables	6,450,496	5,789,009
<b>Total current liabilities</b>	<b>42,645,306</b>	<b>36,794,099</b>
LIABILITIES HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>153,847,407</b>	<b>148,727,186</b>

**Sabaf S.p.A. – Income Statement**

<i>(in €)</i>	2017	2016
<b>INCOME STATEMENT COMPONENTS</b>		
OPERATING REVENUE AND INCOME		
Revenue	115,687,029	101,523,407
- of which from related parties	10,238,606	6,680,209
Other income	2,647,542	2,278,649
<b>Total operating revenue and income</b>	<b>118,334,571</b>	<b>103,802,056</b>
OPERATING COSTS		
Materials	(46,554,625)	(36,875,454)
Change in inventories	1,276,087	(1,182,000)
Services	(27,603,637)	(26,031,824)
- of which by related parties	(3,966,399)	(4,151,074)
Payroll costs	(28,734,310)	(26,382,450)
Other operating costs	(715,296)	(647,178)
Costs for capitalised in-house work	1,474,322	841,526
<b>Total operating costs</b>	<b>(100,857,459)</b>	<b>(90,277,380)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS</b>		
	<b>17,477,112</b>	<b>13,524,676</b>
Depreciations and amortisation	(8,843,617)	(9,020,829)
Capital gains/(losses) on disposals of non-current assets	97,873	87,113
Write-downs/write-backs of non-current assets	(681,628)	(521,021)
- of which by related parties	(681,628)	(521,021)
<b>EBIT</b>	<b>8,049,740</b>	<b>4,069,939</b>
Financial income	88,754	84,559
Financial expenses	(482,136)	(512,872)
Exchange rate gains and losses	(88,145)	(48,356)
Profits and losses from equity investments	1,503,354	0
<b>PROFIT BEFORE TAXES</b>	<b>9,071,567</b>	<b>3,593,270</b>
Income tax	(1,070,240)	(1,133,582)
<b>PROFIT FOR THE YEAR</b>	<b>8,001,327</b>	<b>2,459,688</b>