

SABAF:

Consolidated turnover grew 6% in the first semester

By the end of the year, sales are expected to increase by 10%

SABAF, company located near Brescia (Italy) and among the world's leading producers of components for domestic gas cooking appliances, has recorded, in the first semester of 1999, a 6% growth in their consolidated turnover totaling 55 billion lira against the 51,6 billion reached during the same period in 1998.

By the end of 1999, proceeds are expected to increase by approximately 10%, and maintain an elevated operating margin (ROS at 20% in 1998).

In detail, this growth in turnover is particularly due to an increase in the sale of gas components with safety devices, above all of valves for free-standing cookers and cook tops. Sales of Series II Burners have increased 100% with respect to those of the first semester in 1998, not to mention the extraordinary success of the Triple Ring Burner (with three rings of flames) in Europe and Asia

Concerning sales in existing markets, 49% of SABAF's turnover result from sales made in Italy, 37% from other countries in the European Community, and 14% from sales in the rest of the world.

EU sales (excluding Italy) increased approximately 20% during the first half of the year, in particular: sales to Spain increased by 30%, sales to the United Kingdom grew by 18%, and sales to Portugal rose by 19%.

Countries outside of the European Community also attributed to this strong growth in turnover. In particular, sales to Asia (China and South Korea) reached 5% of total turnover; while sales to South America (Argentina, Columbia, Brazil, and Chile) accounted for 3% during the first semester of 1999.

Internally speaking, construction of the new plant in Ospitaletto has commenced, where by the year 2002 all of SABAF's production will take place. Currently SABAF's components are produced in various factories: in the historical plant in Lumezzane, in Ospitaletto, and in Calina. SABAF's production will come together under a single industrial complex, which will cover 100.000 mq² (of which around 35.000 mq² covered). This will provide not only an increase in productivity, but also a notable cost savings.

"We are particularly satisfied with the results reached during the first semester", declared Angelo Bettinzoli, SABAF's C.E.O., *"in context of an already difficult market slowed by economic uncertainty.*

Even with weak signs of recovery in the Italian market, the recent notable sales increase was made possible by commercial efforts in targeted markets, not to mention orders arriving from countries recovering from 1998 economic crisis like South East Asia and South America contribute to a positive sales forecast and ulterior growth in the coming months."

Founded in the early 50s, SABAF's constant growth has led them to become Italy's principal gas component manufacturer and among the leading producers in the world. SABAF's product range can be divided into three main categories: valves, thermostats, and burners, essential to every domestic gas cooker. SABAF's strengths include: year's of technological know-how, production flexibility, and the possibility of offering a vast range of components made specially according to requirements set forth by producers of ranges, cook tops, and built-in ovens, not to mention specific cooking requirements of target markets. This highly specialized industry, where demand is in constant evolution, is always more directed towards quality products that guarantee absolute reliability and safety.

With 376 employees working in four production facilities all located in the province of Brescia, during 1998 SABAF opened a marketing company in Brazil (SABAF do Brasil) and a representative office in Shanghai, China.
On March 24th, 1998, shares of SABAF stock were quoted on the Italian Stock Exchange.

The above information is also available on SABAF's web site: www.sabaf.it