

**Press release**

Lumezzane (BS), 13<sup>th</sup> March, 2000

The Board of Directors has examined 1999 financial statements

**SABAF SpA:  
Dividend at 550 lire**

**Net income increasing by 38% at 15bn lire**

The Board of Directors of SABAF SpA, the Italian company among the world leading manufacturers of components for domestic gas cooking appliances, has examined today the financial statements referring to fiscal year 1999.

Results show an extremely positive performance during the year mentioned above. In fact, beyond a significant increase in turnover, the Company recorded a higher rise in operating and net profitability.

In detail, the consolidated net income grew by 38%, reaching 15.1bn lire, compared to 10.9bn lire in 1998. Consolidated cash flow\* increased at 27.3bn lire (21.1bn lire in 1998) and equalled 23.9% of sales.

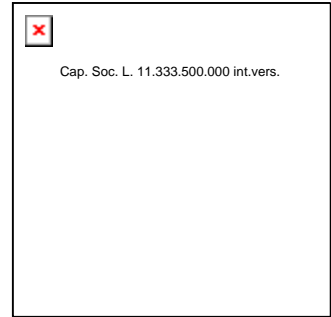
Pre-tax income shifted from 18.8bn lire in 1998 to 25.5bn lire in 1999, increasing by 35.4%.

As far as operating margins are concerned, the net operating income grew from 19.3bn lire to 26.4bn lire (+36.6%) and equalled 23.1% of sales. The gross operating margin stood at 39.6bn lire, increasing by 30.3% and reaching 34.7% of sales, compared to 30.4bn lire in 1998.

The consolidate turnover reached 114.3bn lire, rising 17.5%, against 97.2bn lire recorded in 1998.

The Group's financial situation shows a consolidated shareholders' equity of 81.2bn lire, compared to 71bn lire in 1998, and net financial indebtedness of 1.6bn lire (0,9bn lire in 1998).

*\* net income + depreciation and amortisation*



Regarding the parent company SABAF S.p.A., sales stood at 114.3bn lire (97.2bn lire in 1998), the gross operating margin reached 36.6bn lire (27.5bn lire on 31<sup>st</sup> December 1998) and the net operating margin grew to 24.7 bn lire (13.9bn lire the previous year), even after a change in the accounting treatment of anticipated depreciation. Pre-tax income equalled 24.3bn lire (13.7bn lire in 1998) and net income 14.2bn lire (7.7bn lire in 1998).

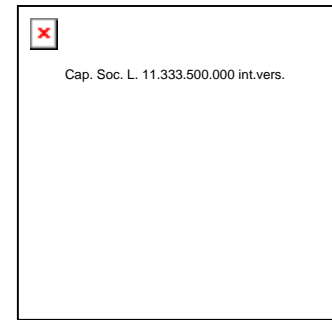
“Sales have continued to show positive results into the year 2000” declared Angelo Bettinzoli, CEO of SABAF S.p.A. “Our objective is to simply make the most of the opportunities deriving from the present demand in Europe, and most of all from the more dynamic international markets. We in fact intend to increase our presence in an expanding world market, which is currently valued at over 1,500 billion lire.”

Currently, 54% of all revenues are sold internationally. 14% of all exported merchandise is sold outside of Europe, compared to 9% in 1998.

The Board of Directors has decided to submit to the shareholders, who will meet at a shareholders meeting on the 28<sup>th</sup> of April or on the 4<sup>th</sup> of May, a gross dividend of 550 lire. The dividend will be detached on the 22<sup>nd</sup> of May, and payable on the 25<sup>th</sup> of May.

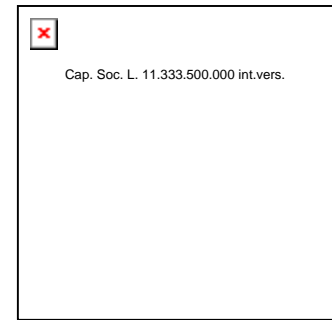
SABAF's management will meet the financial community on Monday March 20<sup>th</sup> at 17:30 in the conference room of Palazzo Mezzanotte located in Piazza Affari 6, Milan.

Attached you will find reclassified balance sheets and statements of income for SABAF and for the Group as a whole.



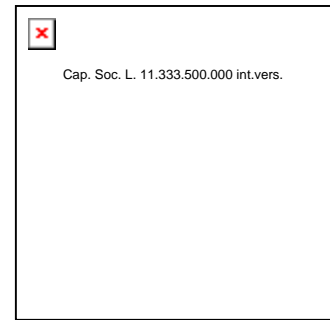
**RECLASSIFIED BALANCE SHEET  
SABAF S.p.A.**

<i>in millions of lire</i>		<b>31.12.1999</b>	<b>31.12.1998</b>
A.	<b>FIXED ASSETS</b>		
	Intangible	2,134	2,419
	Tangible	56,335	36,411
	Financial	3,673	974
	<b>Total fixed assets</b>	<b>62,142</b>	<b>39,804</b>
B.	<b>NET WORKING CAPITAL</b>		
	Inventories	13,212	10,920
	Trade receivables	31,976	23,595
	Other receivables	11,047	13,455
	Trade payables	(22,148)	(16,625)
	Other payables	(6,671)	(4,287)
	<b>Total net working capital</b>	<b>27,416</b>	<b>27,058</b>
C.	<b>CAPITAL EMPLOYED (A+B)</b>	<b>89,558</b>	<b>66,862</b>
D.	<b>RESERVES FOR RISKS AND CONTINGENCIES AND SEVERANCE INDEMNITIES</b>	(14,300)	(7,689)
E.	<b><u>NET CAPITAL EMPLOYED (C-D)</u></b>	<b>75,258</b>	<b>59,173</b>
	<b>Financed by:</b>		
F.	<b>SHAREHOLDERS' EQUITY</b>	<b>79,155</b>	<b>64,465</b>
G.	<b>NET FINANCIAL INDEBTEDNESS</b>		
	Medium and long-term debt	2,132	5,408
	Medium and long-term receivables	(510)	(459)
	<b>Net medium and long-term debt</b>	<b>1,622</b>	<b>4,949</b>
	Net short-term borrowings	3,341	709
	Cash and current financial assets	(8,860)	(10,950)
	<b>Net short-term cash</b>	<b>(5,519)</b>	<b>(10,241)</b>
	<b>Net indebtedness</b>	<b>(3,897)</b>	<b>(5,292)</b>
H.	<b><u>TOTAL SOURCES OF FINANCING (F+G)</u></b>	<b>75,258</b>	<b>59,173</b>



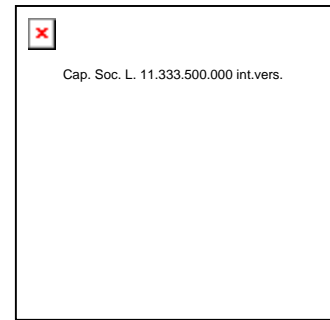
**RECLASSIFIED CONSOLIDATED BALANCE SHEET  
SABAF GROUP**

<i>in millions of lire</i>		<b>31.12.1999</b>	<b>31.12.1998</b>
A.	<b>FIXED ASSETS</b>		
	Intangible	1,824	2,105
	Tangible	75,278	64,637
	Financial	3,649	657
	<b>Total fixed assets</b>	<b>80,751</b>	<b>67,399</b>
B.	<b>NET WORKING CAPITAL</b>		
	Inventories	13,212	10,920
	Trade receivables	31,976	23,594
	Other receivables	1,618	3,258
	Trade payables	(22,285)	(16,641)
	Other payables	(6,675)	(4,287)
	<b>Total net working capital</b>	<b>17,846</b>	<b>16,844</b>
C.	<b>CAPITAL EMPLOYED (A+B)</b>	<b>98,597</b>	<b>84,243</b>
D.	<b>RESERVES FOR RISKS AND CONTINGENCIES AND SEVERANCE INDEMNITIES</b>	(15,762)	(12,273)
E.	<b><u>NET CAPITAL EMPLOYED (C-D)</u></b>	<b>82,835</b>	<b>71,970</b>
	<b>Financed by:</b>		
F.	<b>GROUP'S PORTION OF SHAREHOLDERS' EQUITY</b>	81,178	70,983
G.	<b>MINORITY INTEREST IN SHAREHOLDERS' EQUITY</b>	35	33
H.	<b>NET FINANCIAL INDEBTEDNESS</b>		
	Medium and long-term borrowings	5,064	9,164
	<b>Net medium and long-term debt</b>	<b>5,064</b>	<b>9,164</b>
	Net short-term borrowings	5,300	3,139
	Cash and current financial assets	(8,742)	(11,349)
	<b>Net short-term cash</b>	<b>(3,442)</b>	<b>(8,210)</b>
	<b>Net indebtedness</b>	<b>1,622</b>	<b>954</b>
I.	<b><u>TOTAL SOURCES OF FINANCING (F+G+H)</u></b>	<b>82,835</b>	<b>71,970</b>



**RECLASSIFIED INCOME STATEMENT  
SABAF S.p.A.**

<i>in millions of lire</i>		<b>1999</b>	<b>1998</b>
<b>A.</b>	<b>SALES REVENUES</b>	<b>114,257</b>	<b>97,199</b>
	Change in inventories of semifinished and finished products	3,689	(1,575)
	Increase in assets built internally	964	771
	Other revenues	304	365
<b>B.</b>	<b>VALUE OF PRODUCTION</b>	<b>119,214</b>	<b>96,760</b>
	Materials consumed and services	(59,755)	(48,956)
<b>C.</b>	<b>VALUE ADDED</b>	<b>59,459</b>	<b>47,804</b>
	Cost of labour	(22,828)	(20,328)
<b>D.</b>	<b>GROSS OPERATING PROFIT</b>	<b>36,631</b>	<b>27,476</b>
	Amortisation, depreciation and writedowns	(11,038)	(12,781)
	Provision to risk reserves	(50)	0
	Other operating expenses	(828)	(787)
<b>E.</b>	<b>NET OPERATING PROFIT</b>	<b>24,715</b>	<b>13,908</b>
	Net financial income (expense)	(130)	188
	Writedowns of financial investments	(304)	(374)
<b>F.</b>	<b>PROFIT FROM ORDINARY OPERATIONS</b>	<b>24,281</b>	<b>13,722</b>
	Net non recurring expenses	(304)	0
<b>G.</b>	<b>PROFIT BEFORE TAXATION</b>	<b>23,977</b>	<b>13,722</b>
	Income taxes for the year	(9,753)	(6,066)
<b>H.</b>	<b>NET PROFIT FOR THE YEAR</b>	<b>14,224</b>	<b>7,656</b>



**CONSOLIDATED RECLASSIFIED INCOME STATEMENT  
SABAF GROUP**

<i>in millions of lire</i>		<b>1999</b>	<b>1998</b>
<b>A.</b>	<b>SALES REVENUES</b>	<b>114,257</b>	<b>97,199</b>
	Change in inventories of semifinished and finished products	3,689	(1,575)
	Increase in assets built internally	964	771
	Other revenues	304	350
<b>B.</b>	<b>VALUE OF PRODUCTION</b>	<b>119,214</b>	<b>96,745</b>
	Materials consumed and services	(56,783)	(46,014)
<b>C.</b>	<b>VALUE ADDED</b>	<b>62,431</b>	<b>50,731</b>
	Cost of labour	(22,833)	(20,332)
<b>D.</b>	<b>GROSS OPERATING PROFIT</b>	<b>39,598</b>	<b>30,399</b>
	Amortisation, depreciation and writedowns	(12,346)	(10,282)
	Provision to risk reserves	(50)	0
	Other operating expenses	(849)	(819)
<b>E.</b>	<b>NET OPERATING PROFIT</b>	<b>26,353</b>	<b>19,298</b>
	Net financial income (expense)	(498)	(325)
	Writedowns of financial investments	(62)	(144)
<b>F.</b>	<b>PROFIT FROM ORDINARY OPERATIONS</b>	<b>25,793</b>	<b>18,829</b>
	Net non recurring expenses	(304)	(8)
<b>G.</b>	<b>PROFIT BEFORE TAXATION</b>	<b>25,489</b>	<b>18,821</b>
	Income taxes for the year	(10,399)	(7,886)
<b>H.</b>	<b>NET PROFIT FOR THE YEAR</b>	<b>15,090</b>	<b>10,935</b>
<b>I.</b>	Minority interest in net profit	(2)	(1)
<b>L.</b>	<b>GROUP'S PORTION OF NET PROFIT</b>	<b>15,088</b>	<b>10,934</b>



Cap. Soc. L. 11.333.500.000 int.vers.