



Press release

4th May 2000

The shareholders approved the 1999 financial statements
SABAF: dividend at 550 Lire

Net income increasing by 38% at 15bn Lire.
A buy-back plan was approved by the shareholders

The shareholders of Sabaf S.p.A., the Italian company among the world leading manufacturers of components for domestic gas cooking appliances, met today in order to approve the 1999 financial statements

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 (net income + depreciation and amortization) 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 consolidated 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).

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 31st 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).

The shareholders have approved the distribution of a gross dividend of 550 Lire per share, payable from next 25th May.

"And this year the growth trend is going on – Mr. Angelo Bettinzoli, C.E.O., has declared – Sales at the end of April are 33% higher compared to those of the same period of 1999.

That is not a matter of chance, it is the result of the Company's strategies, particularly on foreign markets. We are paying particular attention to the Latin American market, where we are going to open a plant by the end of the year, and to the North American market, for which we have just signed an important agreement for the exclusive distribution of the whole range of our components.

The present situation of the currencies, in particular the enhancement of US dollar against the Euro, will furtherly support our sales on international markets."

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

The shareholders have also authorized the Board of Directors to buy Sabaf's own shares so as to meet two different requirements within the limits stated as follows.

1. in order to settle, if necessary, the market price of the shares: up to 799,000 shares, or 7.050% of the share capital
- in order to buy back the shares granted to the employees in relation with two stock plans (whether the conditions stated in the regulations of the plans were not complied with): up to 333,500 shares, or 2.942% of the share capital

The shareholders have also appointed the Board of Directors and the Board of Statutory Auditors for the period 2000/2002.

Giuseppe Saleri, Gianbattista Saleri, Angelo Bettinzoli, Alberto Bartoli and Leonardo Cossu have been confirmed as directors; new directors are Franco Carlo Papa, Vice-President of Aiaf, the Italian Association of Financial Analysts, and Erminio Bonatti, leader of a company in the industrial-pneumatic industry.

The new Board of Statutory Auditors is composed by Professor Alberto Nobolo, President, Claudio Badalotti and Angelo Cisotto.