

Press Release

Brescia, 12 May 2000

The Board of Directors approves the Quarterly Report
SABAF: sales +36% to 34,797 million
GOP of 37.2% - operating profit of 26.9%

The Board of Directors of Sabaf SpA met today to review the quarterly report as of 31 March 2000. Sabaf (Brescia, Italy) is one of the world's leading manufacturers of domestic gas-cooking appliances.

The consolidated results show that the Company has had a very positive 1Qtr '00, with a 36% increase in net sales from 25,540 million lire in 1Qtr '99 to 34,797 million lire.

The trend in the product mix towards more remunerative product lines, greater production efficiency and more intensive use of production capacity have all helped improve the profitability indices: value added (19,424 million lire) is 55.8% of sales compared with 54.6% in 1999, the gross operating margin (12,943 million lire) comes to 37.2% versus 34.7% in 1999, while operating profit (9,347 million lire) and net profit (5,576 million lire) amount to 26.9% and 16.0% respectively (23.1% and 13.2% in 1999).

The financial position shows an increase in net working capital which is less than proportionate compared with the increase in sales, and a consolidated net equity of 80.6 billion lire against net debt of 2.9 billion lire.

The quarterly report also highlights the generally positive reception of the products made by Bsparks, the joint-venture set up at the end of 1999 together with the Siber Group.

In the first quarter, work also continued on the construction of the new plant at Ospitaletto, where all Italian production will be centralised.

Work has also started on building the machinery that will be used in the Group's Brazilian plant.

Lastly, the report points out that the three-year agreement signed in March with Harper Wyman for the distribution in North America of SABAF's entire product range is of strategic importance to penetrate a market that is second in size only to Europe, where SABAF is already market leader.

“Our success to date is undoubtedly the result of a policy of international partnership and the consolidation of agreements with important producers of cooking appliances world-wide. These strategies have been implemented by the Group following the Company’s flotation on the Stock Exchange”, said Angelo Bettinzoli, managing director of SABAF S.p.A.

An Internal Control Committee and a Remuneration Committee have also been appointed as part of the Board of Directors, in compliance with Borsa Italiana’s Self-Regulation Code.

SABAF was founded in the ‘50s and has grown constantly to become the leading manufacturer in Italy and one of the top manufacturers world-wide of components for cookers and domestic gas-cooking appliances. Production consist of three main product lines: taps, thermostats and burners, all used in gas-cooking appliances. The Company’s know-how, production flexibility and its ability to offer a wide range of components, often custom-made for individual manufacturers of cookers, hobs and built-in ovens in line with the individual specifications of the various reference markets, are fundamental points of strength for SABAF. This is a highly specialised sector, where the demand is in constant evolution, increasingly geared to products that can guarantee absolute reliability and safety. The Company has around 340 employees located in four production units, all in the province of Brescia. In 1998 SABAF opened a sales office in Brazil, called Sabaf do Brasil, and a representative office in Shanghai (China). SABAF has been quoted on the electronic trading system of the Italian Stock Exchange since 24 March 1998.

This press release and the quarterly report are available on the Company’s website: www.sabaf.it