

Press release

Lumezzane (BS), 5 July 2000

SABAF: consolidated net sales up 29% in the first half

Sabaf, the Italian company based near Brescia, which is one of the world's leading manufacturers of components for domestic gas cooking appliances, has achieved 1st half 2000 sales of 70.4 billion lire (+29%) compared with 54.6 billion in 1st half 1999.

Forecasts to the end of the year suggest sales of around 140 billion lire versus 114 billion in 1999. Last year's high operating margins of more than 23% are also expected to be confirmed.

The increase in net sales is mainly due to the positive trend in sales of Sabaf's more prestigious products, especially valves with safety devices (+40%) and Series II burners (+64% on 1st half 1999).

Further successes have been achieved on the domestic market (which represents 52% of total sales), up 38% on 1st half '99: more and more customers are switching to Sabaf's burners in their cookers and hobs.

Of the markets that have proved to be especially dynamic, Turkey and South America stand out in particular, both up by more than 40% compared with the same period of '99.

The South American market is now one of the lynchpins of the Sabaf Group's expansion strategy and production is due to commence at a plant in Guarulhos (Brazil) in early 2001.

On the production front, construction work is continuing on Sabaf's new manufacturing facility, with the various phases being completed at the various plants located in Lumezzane, the Company's historical base, Ospitaletto and Cailina. Centralising production at a single industrial complex, which will cover an area of some 100,000 m² (about 35,000 m² of which covered) will make it possible to raise productivity and reduce costs considerably.

“The good sales trend in the first half is the result above all of a strategy designed to enhance our collaboration with the main producers of household appliances in Italy and abroad” said Angelo Bettinzoli, Sabaf’s Managing Director. “During the course of the first half we also launched two projects that we consider strategic for the future growth of the Group: we have started selling electric components made by Bsparks, and we have made out first sales on the North American market.”

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 consists of three main product lines: valves, 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 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. SABAF also has 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 and has accepted to be covered by the “Code of Self-Regulation” for listed companies.

This press release is available on the Company’s website: www.sabaf.it