



Press Release

Lumezzane, 20 September 2000

## SABAF BUYS 80% OF FARINGOSI HINGES

Sabaf S.p.A., the Italian quoted company located in the Brescia area that is one of the world's leading manufacturers of components for domestic gas-cooking appliances, has signed a preliminary agreement for the acquisition of 80% of Faringosi Hinges Srl for 15 billion lire. Payment in cash will be financed by a special bank credit line.

The acquisition will be formalised by the end of October once a due diligence that is currently in progress has been completed.

Sabaf will also be able to exercise an option to buy the other 20% of Faringosi Hinges for a set amount of 5 billion lire by 31/12/2003. At the same time, the present owners have reserved the right to sell their residual 20% interest to Sabaf for the same amount and by the same date.

Faringosi Hinges is a Milanese company which is the European co-leader in the market for the hinges used in domestic appliances (gas and electric ovens and dishwashing machines), with important customers like the Electrolux Group, the Candy Group and the Antonio Merloni Group. The sector in which Faringosi operates still features a significant proportion of in-house production on the part of the appliance manufacturers, but there is a rising trend towards outsourcing production to specialists.

*"Faringosi Hinges is an excellent company which makes 65% of its sales abroad. Thanks to Sabaf, it will now be able to handle the jump in size and technology which it inevitably has to face" - affirms Angelo Bettinzoli, Managing Director of Sabaf SpA - This is the first move by our company to make a name for itself outside of its core business. It marks the start of an expansion strategy which aims to reproduce our success model in adjacent sectors. This operation will also make it possible to exploit intense commercial synergies on all markets thanks to a high level of overlap in terms of customers and agents.*

Faringosi Hinges had sales in 1999 of 15.4 billion lire with an operating profit of 2.2 billion and a net profit of 1.2 billion lire. For 2000 there is expected to be growth of 15% in sales and margins.

