

Press release

Lumezzane (BS), 19 March 2001

Draft financial statements for 2000 approved**SABAF: dividend of 600 lire****Consolidated net profit close to Lire 20 billion (+32%)**

The Board of Directors of SABAF SpA, the Brescia company which is one of the world's leading manufacturers of components for domestic gas-cooking appliances, met today to approve the consolidated financial statements and the draft statutory accounts for the year ended 31 December 2000.

2000 has been a very successful year for the Sabaf Group, achieving record levels in terms of sales and earnings.

Consolidated net sales come to 140.2 billion lire, an increase of 22.7% on the 1999 figure of 114.3 billion.

The gross operating profit amounts to 46 billion lire, up 16.2% on the 39,6 billion in 1999, while the net operating profit is of 31.1 billion lire, 22.2% of sales (+18.2% on 26.4 billion in 1999).

Profit before taxation comes to 31.2 billion (+22.6%), while the consolidated net profit is of 19.9 billion lire (+31.9%)

Group shareholders' equity as of 31 December 2000 comes to 94.9 billion lire, while net debt is of 15.1 billion.

As far as the Parent Company Sabaf S.p.A. is concerned, net sales are of 137.1 billion lire (114.3 billion in 1999), the gross operating profit comes to 43.1 billion (36.6 billion as of 31/12/99) and the net operating profit has risen to 29.5 billion (24.7 billion the previous year).

Profit before taxation amounts to 30.8 billion lire (24.0 billion in 1999) and the net profit is of 20.1 billion lire (14.2 as of 31/12/99)

“The improvement in the figures was helped by a change in the mix towards more innovative products, supplemented by additional products capable of generating value” declared Angelo Bettinzoli, Managing Director of Sabaf S.p.A. “The current year sees us involved in new and important challenges: above all, the start-up of production in the Brazil and the integration of Faringosi Hinges which we bought recently. In 2001 – Bettinzoli continued – even though the sector is extremely competitive, we are expecting growth to be no less than it was in 2000. In particular, we are concentrating on the enhancement of those distinctive features which ensure our market leadership: total control over process and product technology and the ability to anticipate market needs.”

The Board of Directors has decided to propose to the shareholders' meeting, which is to be held on 30 April at first calling and on 4 May at second calling, the distribution of a gross dividend of 600 lire per share. The shares will go ex-dividend on 21 May and the payment date will be 24 May.

SABAF management will meet the financial community on Wednesday 28 March at 5pm in the Conference Room at Palazzo Mezzanotte, the head office of Borsa Italiana S.p.A., Piazza Affari 6, Milan.

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

SABAF was founded in the early '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 440 employees, operating through the Parent Company SABAF S.p.A. and two subsidiaries: Faringosi Hinges, a leading manufacturer of oven and dishwasher hinges, and Sabaf do Brasil, which is about to start up its production of burners for the South American market. Sabaf also has a presence in China with a representative office in Shanghai. SABAF has been quoted on the electronic trading system of the Italian Stock Exchange since 24 March 1998.

Attachments: Reclassified statutory accounts and consolidated financial statements

Reclassified consolidated income statement

<i>(in millions of Lire)</i>	2000	1999
INCOME FROM SALES AND SERVICES	140,206	114,257
Change in inventories of work in progress and semifinished and finished products	2,882	3,689
Increase in assets built internally	790	964
Other revenues	321	304
VALUE OF PRODUCTION	144,199	119,214
Costs for raw materials and external services	(73,819)	(56,783)
VALUE ADDED	70,380	62,431
Cost of labour	(24,369)	(22,833)
GROSS OPERATING PROFIT	46,011	39,598
Amortization, depreciation and writedowns	(14,145)	(12,346)
Provisions for risks and contingencies	(170)	(50)
Other operating expenses	(549)	(849)
NET OPERATING PROFIT	31,147	26,353
Amortization of goodwill	(218)	0
Net financial income (expenses)	(14)	(498)
Adjustments to financial assets	(43)	(62)
PROFIT BEFORE TAXATION AND NON-RECURRING ITEMS	30,872	25,793
Non-recurring income (expenses)	376	(304)
PROFIT BEFORE TAXATION	31,248	25,489
Income taxes for the year	(11,317)	(10,399)
NET PROFIT (LOSS) FOR THE YEAR	19,931	15,090
Minority interests in net profit (loss) for the year	(25)	(2)
GROUP'S PORTION OF NET PROFIT FOR THE YEAR	19,906	15,088

Reclassified consolidated balance sheet

<i>(in millions of lire)</i>	31.12.2000	31.12.1999
A. FIXED ASSETS		
Intangible fixed assets	15,364	1,824
Tangible fixed assets	89,446	75,278
Financial fixed assets	723	3,649
Total fixed assets	105,533	80,751
B. NET WORKING CAPITAL		
Inventories	18,762	13,212
Trade receivables	40,308	31,976
Other assets	1,754	1,618
Trade payables	(28,543)	(22,285)
Other liabilities	(7,975)	(6,675)
Total net working capital	24,306	17,846
C. CAPITAL EMPLOYED		
LESS OPERATING LIABILITIES (A+B)	129,839	98,597
D. RESERVES FOR RISKS, CONTINGENCIES AND SEVERANCE INDEMNITIES	(19,268)	(15,762)
E. NET CAPITAL EMPLOYED (C-D)	110,571	82,835
F. GROUP'S PORTION OF SHAREHOLDERS' EQUITY	94,915	81,178
G. MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	508	35
H. NET FINANCIAL INDEBTEDNESS (LIQUIDITY)		
Medium/long-term debt	14,293	5,064
Net medium/long-term financial indebtedness (liquidity)	14,293	5,064
Short-term borrowings	11,340	5,300
Liquidity and short-term receivables	(10,485)	(8,742)
Net current borrowings (liquidity)	855	(3,442)
Total financial indebtedness (liquidity)	15,148	1,622
I. TOTAL SOURCES OF FINANCE (F+G+H)	110,571	82,835

Reclassified statutory income statement

<i>(in millions of lire)</i>	2000	1999
INCOME FROM SALES AND SERVICES	137,123	114,257
Change in inventories of work in progress and semifinished and finished products	2,916	3,689
Increase in assets built internally	790	964
Other revenues	289	304
VALUE OF PRODUCTION	141,118	119,214
Costs for raw materials and external services	(74,047)	(59,755)
VALUE ADDED	67,071	59,459
Cost of labour	(23,954)	(22,828)
GROSS OPERATING PROFIT	43,117	36,631
Amortization, depreciation and writedowns	(12,918)	(11,038)
Provisions for risks and contingencies	(171)	(50)
Other operating expenses	(518)	(828)
NET OPERATING PROFIT	29,510	24,715
Net financial income (expenses)	358	(130)
Adjustments to financial assets	(42)	(304)
PROFIT BEFORE TAXATION AND NON-RECURRING ITEMS	29,826	24,281
Non-recurring income (expenses)	998	(304)
PROFIT BEFORE TAXATION	30,824	23,977
Income taxes for the year	(10,747)	(9,753)
NET PROFIT (LOSS) FOR THE YEAR	20,077	14,224

Reclassified statutory balance sheet

<i>(in millions of lire)</i>	31.12.2000	31.12.1999
A. FIXED ASSETS		
Intangible fixed assets	1,735	2,134
Tangible fixed assets	57,586	56,335
Financial fixed assets	18,139	3,673
Total fixed assets	77,460	62,142
B. NET WORKING CAPITAL		
Inventories	17,221	13,212
Trade receivables	36,271	31,976
Other assets	10,639	11,047
Trade payables	(24,339)	(22,148)
Other liabilities	(7,762)	(6,671)
Total net working capital	32,030	27,416
C. CAPITAL EMPLOYED		
LESS OPERATING LIABILITIES (A+B)	109,490	89,558
D. RESERVES FOR RISKS, CONTINGENCIES AND SEVERANCE INDEMNITIES	(16,630)	(14,300)
E. NET CAPITAL EMPLOYED (C-D)	92,860	75,258
F. SHAREHOLDERS' EQUITY	93,043	79,155
G. NET FINANCIAL INDEBTEDNESS (LIQUIDITY)		
Medium/long-term debt	923	2,132
Medium/long-term receivables	(508)	(510)
Net medium/long-term financial indebtedness (liquidity)	415	1,622
Short-term borrowings	9,406	3,341
Liquidity and short-term receivables	(10,004)	(8,860)
Net current borrowings (liquidity)	(598)	(5,519)
Total financial indebtedness (liquidity)	(183)	(3,897)
H. TOTAL SOURCES OF FINANCE (F+G+H)	92,860	75,258