



Press release

Lumezzane, 14 May 2001

The Board of Directors approves the Quarterly Report
SABAF: sales of 20.6 million euro (+14.4%)
Operating profit of 18.6% - Pre-tax profit of 3.6 million euro

The Board of Directors of Sabaf SpA, the Brescia-based company that is one of the leading world manufacturers of components for domestic gas-cooking appliances, met today to review the Quarterly Report as of 31 March 2001.

In 1 Qtr 2001, sales amounted to 20.6 million euro, up 14.4% compared with 1 Qtr 2000, mainly thanks to the inclusion of Faringosi Hinges in the scope of consolidation.

As already mentioned in the second half of 2000, the significant increase in prices for the Group's main raw materials (brass and aluminium alloys) compared with 1 Qtr 2000 has led to a contraction in value added, down from 10 million euro at 31 March 2000 to 9.3 million euro at 31 March 2001.

Other profit margins are down as a result. Operating profit before amortisation of goodwill comes to 3.8 million euro, which is 18.6% compared with 26.9% in 1 Qtr 2000; pre-tax profit is 3.6 million euro (17.7% of sales), compared with 4.8 million euro in 1 Qtr 2000 (26.6%).

The financial position shows net fixed assets of 57.6 million euro and net working capital of 12.5 million euro, substantially the same as at 31 December 2000. Investments are financed by a consolidated shareholders' equity of 49.4 million euro and net debt of 10.7 million euro.

"The first quarter of the year has been characterised by a general slowdown in the economy, though the signs coming from the various markets where the Group operates are contradictory; And there are signs that competition is getting fiercer" declared Angelo Bettinzoli, Managing Director of Sabaf S.p.A. *"The recovery in the Polish market, the start-up of production in Brazil and the introduction of new products should lead to an improvement both in the growth rate and in operating margins compared with the first quarter. For the whole of 2001, the rate of growth in consolidated sales is expected to be substantially in line with what it was in 2000 (22.7%), while forecast profitability is still likely to be lower than in 2000, as a result of the increase in raw material costs and the dilutive effect of consolidating Faringosi Hinges"*.

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 Sabaf Group has around 440 employees and is composed of the holding company SABAF S.p.A. and of the subsidiaries Faringosi Hinges s.r.l., leader in the production of hinges for ovens and dishwashers and Sabaf do Brasil, which is going to start the production of burners for the South American market. Sabaf is also present 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 and since April 2001 has been part of STAR, the new high standard mid caps segment of the Italian Stock Exchange.

Reclassified Consolidated Balance Sheet

<i>in thousands of Euros</i>	31.03.2001	31.12.2000
A. FIXED ASSETS		
Intangible fixed assets	7,740	7,935
Tangible fixed assets	49,052	46,195
Financial fixed assets	788	373
Total fixed assets	57,580	54,503
B. NET WORKING CAPITAL		
Inventories	10,954	9,690
Trade receivables	20,945	20,817
Other assets	640	906
Trade payables	(15,792)	(14,741)
Other liabilities	(4,230)	(4,119)
Total net working capital	12,517	12,553
C. CAPITAL EMPLOYED		
LESS OPERATING LIABILITIES (A+B)	70,097	67,056
D. RESERVES FOR RISKS, CONTINGENCIES AND SEVERANCE INDEMNITIES	(9,984)	(9,950)
E. <u>NET CAPITAL EMPLOYED (C-D)</u>	60,113	57,106
Financed by:		
F. GROUP'S PORTION OF SHAREHOLDERS' EQUITY	49,029	49,020
G. MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	340	262
H. NET FINANCIAL INDEBTEDNESS		
Medium/long-term financial debt	9,753	7,382
Medium/long-term financial indebtedness	9,753	7,382
Short-term borrowings	6,967	5,857
Liquidity and short-term financial receivables	(5,976)	(5,415)
Net current borrowings	991	442
Total financial indebtedness	10,744	7,824
I. <u>TOTAL SOURCES OF FINANCE (F+G+H)</u>	60,113	57,106

Reclassified Consolidated Income Statement

<i>in thousands of Euros</i>	<i>1st quarter 2001</i>		<i>1st quarter 2000</i>		<i>2000</i>	
INCOME FROM SALES AND SERVICES	20,553	100.0%	17,971	100.0%	72,410	100.0%
Change in inventories of work in progress and semifinished and finished products	1,162	5.7%	1,385	7.7%	1,488	2.1%
Increase in assets built internally	93	0.5%	135	0.8%	408	0.6%
Other revenues	41	0.2%	45	0.3%	167	0.2%
VALUE OF PRODUCTION	<u>21,849</u>	106.3%	<u>19,536</u>	108.7%	<u>74,473</u>	102.8%
Cost for raw materials and external services	(12,529)	-61.0%	(9,504)	-52.9%	(38,124)	-52.7%
VALUE ADDED	<u>9,320</u>	45.3%	<u>10,032</u>	55.8%	<u>36,349</u>	50.2%
Cost of labour	(3,574)	-17.4%	(3,347)	-18.6%	(12,586)	-17.4%
GROSS OPERATING PROFIT	<u>5,746</u>	28.0%	<u>6,685</u>	37.2%	<u>23,763</u>	32.8%
Amortization, depreciation and writedowns	(1,854)	-9.0%	(1,803)	-10.0%	(7,305)	-10.1%
Provisions for risks and contingencies	(15)	-0.1%	(13)	-0.1%	(88)	-0.1%
Other operating expenses	(80)	-0.4%	(41)	-0.2%	(284)	-0.4%
NET OPERATING PROFIT	<u>3,797</u>	18.5%	<u>4,828</u>	26.9%	<u>16,086</u>	22.2%
Amortization of goodwill	(169)	-0.8%	0	0.0%	(113)	-0.2%
Net financial expenses	(140)	-0.7%	(49)	-0.3%	(7)	0.0%
Writedowns of financial assets	(12)	-0.1%	0	0.0%	(22)	0.0%
PROFIT BEFORE TAXATION AND NON-RECURRING ITEMS	<u>3,476</u>	16.9%	<u>4,779</u>	26.6%	<u>15,944</u>	22.0%
Non-recurring income (expenses)	160	0.8%	0	0.0%	194	0.3%
PROFIT BEFORE TAXATION AND MINORITY INTERESTS	<u>3,636</u>	17.7%	<u>4,779</u>	26.6%	<u>16,138</u>	22.3%