Press release 3 August 2001

The Board of Directors approved the Quarterly Report as of 30 June 2001

SABAF:
pre-tax profit at 7.5 million euro in the firts half

The Board of Directors of Sabaf S.p.A. met today in Lumezzane (Brescia) in order to examine the Quarterly Report as of 30 June 2001.

In a macroeconomic scenario still full of uncertainty, the Group managed to react strongly on the manufacturing and marketing fronts during the second quarter of the year, regaining satisfactory rates of growth. A further signal of recovery is represented by July sales, amountig to 9.3 million euro, up more than 30% on July 2000.

As regards the results for the entire year, the gradual improvement in the economic and competitive picture should help the Group achieve the sales targets (around 87 million euro, an increase of 20% on consolidated sales in 2000) as well as a further improvement in profitability compared with the levels seen in the first half.

The second quarter has seen a constant improvement in sales and a gradual recovery in profitability, even if it is still lower than in 2000 because of the change in the economic climate world-wide.

Sales revenues during the second quarter came to 21.7 million euro, up 18.9% on the same period in 2000. Based on the same scope of consolidation, the rate of growth in sales in the second quarter was of 7.4%, whereas sales in the first quarter were at the same level as in 2000.

The ongoing weakness of the euro against the dollar more or less neutralised the potential benefit of the partial cuts in key raw material prices during the second quarter. Value added came in at 46.1% in the second quarter as a result, slightly better than the 45.3% in the first quarter, but lower than the 52.9% achieved in second quarter 2000.

The gross operating margin came to 28.7% (28.4% in the first six months of 2001), while operating profit prior to amortisation of goodwill rose to 19.3% (4.2 million euro) versus 18.6% in first quarter 2001 (3.8 million euro) and 25.5% in second quarter 2000 (4.7 million euro).

The pre-tax profit amounts to 3.9 million euro compared with 3.6 million in first quarter 2001 and 4.8 million in second quarter 2000. The reduction is mainly due to a 30% increase in the costo of raw materials.

The financial position shows net fixed assets of 61 million euro and net working capital of 15.7 million euro, financed by a consolidated shareholders' equity of 53.3 million euro and net debt of 13.4 million euro.

The Board of Directors will meet on 17 September in order the approve the Half Year Report as of 30 June 2001.

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., le1ader 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.

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