



Technology at the service of safety

London, 20 September 2001

Our Values

**FOCUS
ON PEOPLE**

**FAIRNESS
&
TRANSPARENCY**

SAFETY

**INNOVATION
&
TECHNOLOGY**

Strategic Plan

- ❑ **Innovation** – *a virtuous circle of constant improvements in processes and products and skills unlikely to be replicated by the competition*
- ❑ **Safety** – *a management philosophy geared to ensure the end-user increasingly safe products*
- ❑ **Recognition on international markets** – *by duplicating our industrial model in emerging nations*
- ❑ **Expansion of the range of components and partnerships with multinationals** – *aimed at building customer loyalty by meeting their needs as much as possible*
- ❑ **Increasing the value of intangible assets** – *high technical skills and professionalism of our employees and corporate image synonymous with quality and reliability*

Vision and mission

VISION

To combine economic decisions and results with ethical values by going beyond the model of family capitalism in favour of a managerial logic geared not just to the creation of value, but also to respect for values

MISSION

To consolidate technological and market supremacy in the design, manufacture and distribution of the entire range of component for household gas cooking appliances, by focusing on innovation and safety and the enhancement of skills at every level within the organisation.

To link Company growth with social and environmental sustainability by encouraging open lines of communication in all matters regarding the legitimate expectations of stakeholders.

The reference market

Potential annual demand of gas cooking appliances and minimum value of the components market

	mn appliances		mn Euros	
Europe (EU and extra)	6	7%	150	20%
North America	4	5%	65	9%
South America	7	8%	65	9%
Ex Soviet Union	4	5%	35	5%
Asia and Oceania	60	71%	415	55%
Africa	3	4%	20	3%
	84	100%	750	100%

Source: Sabaf



Operations in Brazil

- ❑ The Brazilian plant started production in April 2001 and will ensure complete supplies of innovative products to the leading multinational companies present on the South American Market (estimated potential 7 mn cookers per year)
- ❑ We have already ensured supplies to Bosch-Siemens local plant (expected 1mn burners in 2002)
- ❑ We expect to complete a new plant by 2003, responding to the highest technological standards, with a capacity of 8mn burners per year

Operations in China

- ❑ Sabaf has been present in Shanghai since 1998
- ❑ Today China represents the 7th most important market (the 2nd outside Europe)
- ❑ Sabaf products currently exported are aimed at a segment of the population with a lifestyle similar to European standards
- ❑ We are looking into opportunities to open a manufacturing plant in China so that we can handle the middle market segment

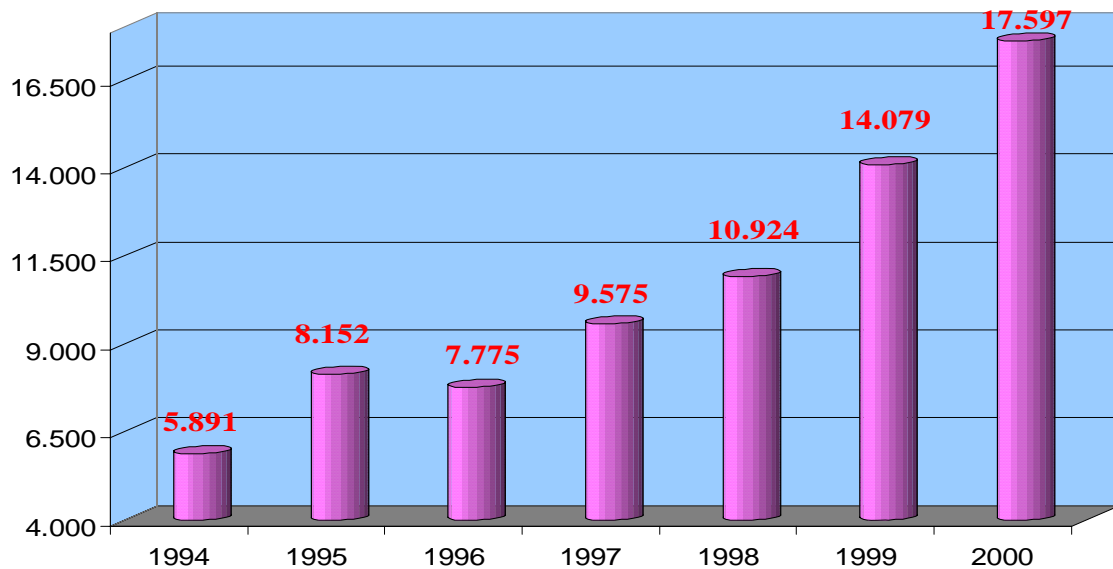
The US market

- ❑ Present sales are limited to the leisure segment (camper and marine)
- ❑ In the next months we expect important developments in our relationships with strategic customers (Mabe, GE, Bosch Siemens, Electrolux)

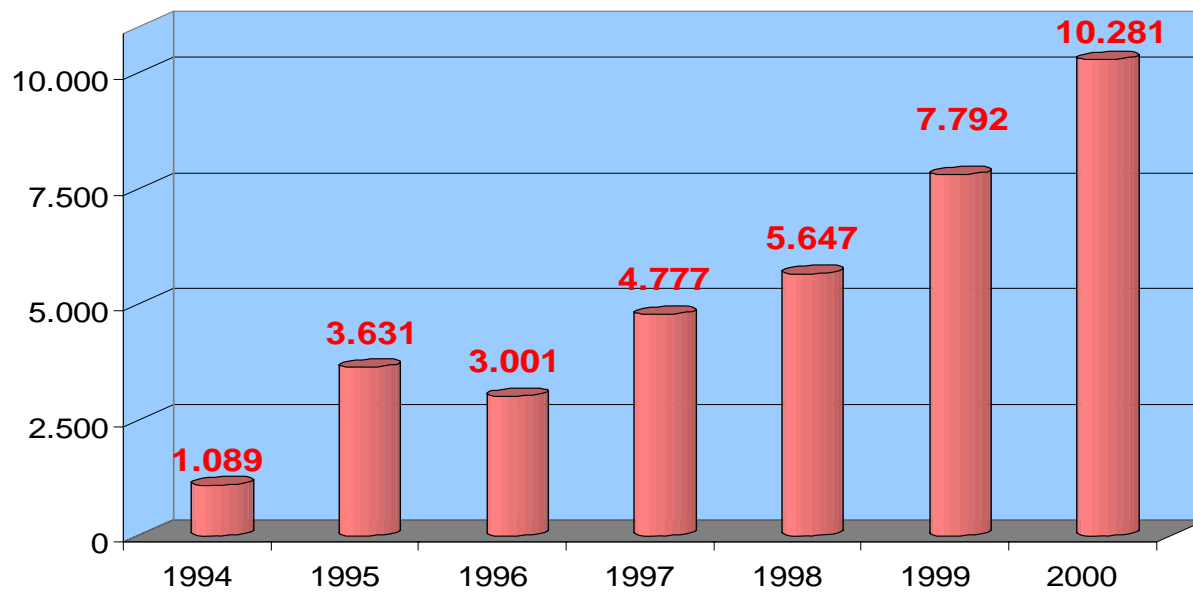
Research & Development

- ❑ 6 mn euro invested in developing valves with safety devices in the past 4 years
- ❑ Sabaf has designed a revolutionary new range of burners in special aluminium alloys, characterised by a high degree of efficiency and lower levels of emissions than current legal standards
- ❑ Recently, R&D has been oriented to new variations on burners, in order to spread the gap with potential competitors

Cash flow and net income (€ x 1000)



Net income



Income statement

€ x 1000	<u>1st half 2001</u>		<u>1st half 2000</u>		var, %	<u>FY 2000</u>	
SALES	42.288	100,0%	36.250	100,0%	16,7%	72.410	100,0%
VALUE OF PRODUCTIONS	43.809	103,6%	38.886	107,3%	12,7%	74.472	102,8%
Materials and services	(24.467)	-57,9%	(19.182)	-52,9%	27,6%	(38.408)	-53,0%
Value added	<u>19.342</u>	45,7%	<u>19.704</u>	54,4%	-1,8%	<u>36.064</u>	49,8%
Labour cost	(7.352)	-17,4%	(6.412)	-17,7%	14,7%	(12.586)	-17,4%
EBITDA	<u>11.990</u>	28,4%	<u>13.292</u>	36,7%	-9,8%	<u>23.478</u>	32,4%
Depreciation	(3.810)	-9,0%	(3.685)	-10,2%	3,4%	(7.203)	-9,9%
Provisions/other expenses	(193)	-0,5%	(115)	-0,3%		(190)	-0,3%
EBIT	<u>7.987</u>	18,9%	<u>9.492</u>	26,2%	-15,9%	<u>16.085</u>	22,2%
Goodwill amortization	(337)	-0,8%	0	0,0%		(113)	-0,2%
Financial expense	(278)	-0,7%	(180)	-0,5%		(29)	0,0%
Extraordinary result	162	0,4%	302	0,8%		194	0,3%
PRETAX INCOME	<u>7.534</u>	17,8%	<u>9.614</u>	26,5%	-21,6%	<u>16.137</u>	22,3%
Income taxes	(2.418)	-5,7%	(3.707)	-10,2%		(5.845)	-8,1%
Minorities	(80)	-0,2%	(2)	0,0%		(13)	0,0%
NET INCOME	<u>5.036</u>	11,9%	<u>5.905</u>	16,3%	-14,7%	<u>10.279</u>	14,2%



Balance sheet

<i>€ x 1000</i>	30.06.2001	30.06.2000	31.12.2000
Fixed assets	61.032	42.323	54.503
Working capital	13.677	11.303	12.553
Reserves	(10.369)	(8.920)	(9.950)
Capital employed	64.340	44.706	57.106
Equity	50.921	44.664	49.282
Long term debt	9.645	3.691	7.382
Short term debt	3.774	(3.649)	442
Sources	64.340	44.706	57.106

Capital expenditure

<i>€ x 1000</i>	1998	1999	2000	2001E	2002F
Fixed assets	14.588	11.676	14.938 *	21.000 **	10.000
Intangibles / goodwill	1.333	209	7.571	-	-
Total	<u>15.921</u>	<u>11.885</u>	<u>22.509</u>	<u>21.000</u>	<u>10.000</u>

** 6.3 for new headquarters*

*** 14 for new headquarters*

Sales by country (€ x 1000)

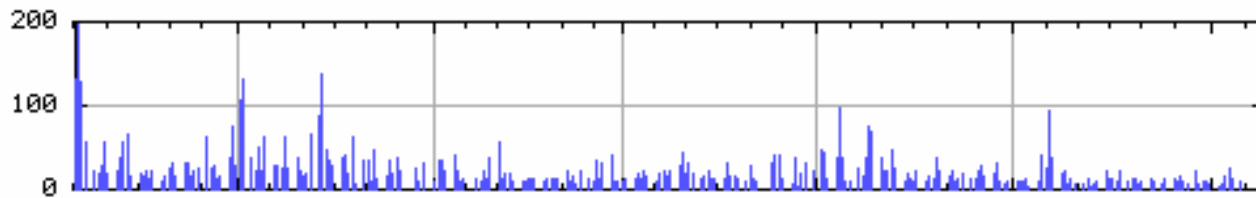
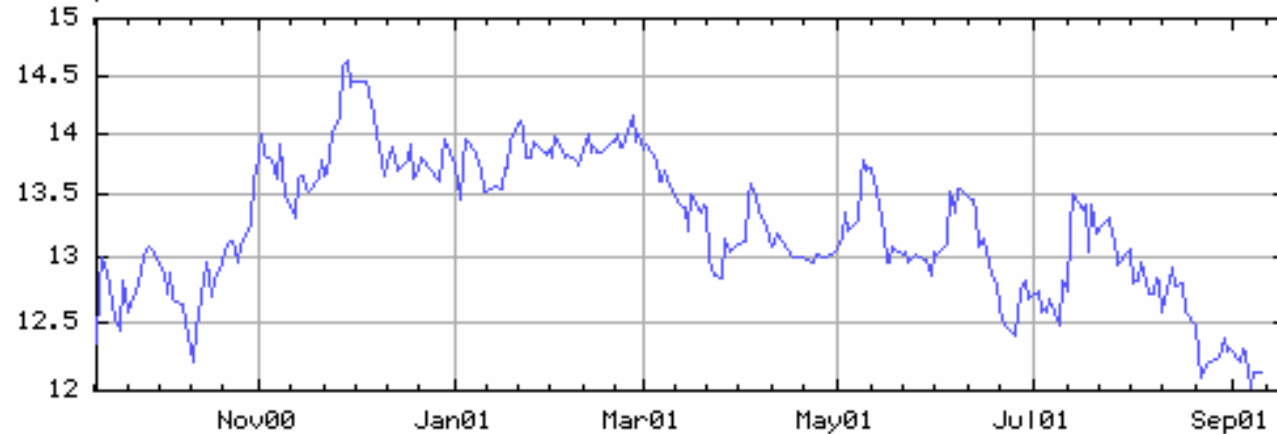
<u>Country</u>	<u>1st half 2001</u>	<u>1st half 2000</u>	<u>% change</u>
ITALY	22,914	18,844	+21,6%
POLAND	3,349	4,588	-27,0%
SPAIN	3,167	3,173	-0,2%
UK	2,008	2,529	-20,6%
SOUTH KOREA	1,581	0,854	+85,1%
PORTUGAL	1,290	1,204	+7,1%
CHINA	1,134	0,535	+112,1%
FRANCE	0,873	0,119	+633,2%
TURKEY	0,710	1,019	-30,3%
BRAZIL	0,665	0,465	+43,0%

3rd quarter and year-end forecasts

- ❑ Sales in the 3rd quarter expected at 20 mn euro (+30%, 20% on the same scope of consolidation)
- ❑ Sales target for the whole year at 87 mn euro (+20%, +10% on the same scope of consolidation), net of the possible consequences of the events of September 11
- ❑ 2nd half profitability expected to improve compared with the 1st half

Stock performance

Sabaf SpA
12-Sep-2001



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Vol x 1000

<http://finanza.yahoo.it>

Multiples on 1st
half results

p/e = 12,4

p/cf = 6,9

