

Press release

Lumezzane, 13 November 2001

The Board of Directors has approved the Quarterly Report as of 30 September 2001**SABAF:
third quarter sales +33%, operating profit +38%**

The Board of Directors of Sabaf SpA met today to review the consolidated results for the quarter and the nine-month period as of 30 September 2001.

In a macroeconomic scenario of growing uncertainty, the Sabaf Group in the third quarter has fully confirmed the sales acceleration already partially seen during the second quarter. The aggressive marketing policy adopted by the Group has had the full impact expected during the period: new market shares have been won in all geographical areas and in all product families.

Sales in the third quarter reached 20.3 million euro, an increase of 33.4% on the same period of 2000 (15.2 million euro). Based on the same scope of consolidation, the increase comes to 22%.

Value added in the period is of 9.0 million euro (7.2 million euro in the third quarter of 2000, +24.9%); as a percentage of sales, it passes from 47.4% to 44.4%, following the increase in raw material costs, already seen in previous quarters of the current year, and the dilution caused by consolidating Faringosi Hinges.

The gross operating profit for the period has increased by 31%, while the operating profit prior to goodwill amortization has grown by 38.1% to 3.5 million euro (2.5 million in third quarter 2000). Operating profit improves also in relative terms, passing from 16.5% in the third quarter of 2000 to 17.1% in the third quarter of 2001.

Non-operating items for the period include net financial expenses for 243,000 euro, because of a change in the debt/equity ratio, the writedown of own shares of 247,000 euro and an extraordinary provision of 500,000 euro against an outstanding lawsuit.

As a result, pre-tax profit for the period comes to 2.3 million euro, compared with 2.4 million euro in third quarter 2000 (-4.8%).

As of 30 September 2001 the financial position, which did not undergo significant changes versus 30 June, shows net fixed assets of 62.9 million euro and net working capital of 15.0 million euro, financed by consolidated shareholders' equity of 55.8 million euro and net debt of 11.6 million euro.

No significant events have taken place after 30 September.

The Group has not felt any direct impact from the events of 11 September and confirms its sales target for the entire year of 87 million euro with an improvement in operating profitability expected in the last quarter.

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 has just started up 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 March 1998 and in April 2001 it joined the STAR (Segmento Titoli con Alti Requisiti - the segment for securities with high requisites).

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

Reclassified consolidated balance sheet

<i>in thousands of Euro</i>	30.09.2001	30.06.2001	31.12.2000
A. FIXED ASSETS			
Intangible fixed assets	7,260	7,452	7,935
Tangible fixed assets	55,257	52,813	46,195
Financial fixed assets	390	767	373
Total fixed assets	62,907	61,032	54,503
B. NET WORKING CAPITAL			
Inventories	11,597	10,876	9,690
Trade receivables	23,098	24,388	20,817
Other assets	3,027	3,103	906
Trade payables	(19,447)	(19,331)	(14,741)
Other liabilities	(3,234)	(3,318)	(4,119)
Total net working capital	15,041	15,718	12,553
C. CAPITAL EMPLOYED			
	77,948	76,750	67,056
D. RESERVES FOR RISKS, CONTINGENCIES AND SEVERANCE INDEMNITIES			
	(10,591)	(9,993)	(9,950)
E. <u>NET CAPITAL EMPLOYED (C-D)</u>	67,357	66,757	57,106
Financed by:			
F. GROUP'S PORTION OF SHAREHOLDERS' EQUITY			
	55,302	53,061	49,020
G. MINORITY INTERESTS IN SHAREHOLDERS' EQUITY			
	477	277	262
H. NET FINANCIAL INDEBTEDNESS			
Medium/long-term financial debt			
Medium/long-term financial indebtedness	10,534	9,645	7,382
Short-term borrowings	7,729	7,984	5,857
Liquidity and short-term financial receivables	(6,685)	(4,210)	(5,415)
Net current borrowings	1,044	3,774	442
Total financial indebtedness	11,578	13,419	7,824
I. <u>TOTAL SOURCES OF FINANCE (F+G+H)</u>	67,357	66,757	57,106

Reclassified Consolidated Income Statement

<i>in thousands of Euro</i>	<i>01.07-30.09.01</i>	<i>01.07-30.09.00</i>	<i>01.01-30.09.01</i>	<i>01.01-30.09.00</i>
INCOME FROM SALES AND SERVICES	20,286	15,209	62,574	51,458
	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Change in inventories of work in progress and semifinished and finished products	60	183	1,219	2,503
	<i>0.3%</i>	<i>1.2%</i>	<i>1.9%</i>	<i>4.9%</i>
Increase in assets built internally	89	89	321	334
	<i>0.4%</i>	<i>0.6%</i>	<i>0.5%</i>	<i>0.6%</i>
Other revenues	9	42	139	114
	<i>0.0%</i>	<i>0.3%</i>	<i>0.2%</i>	<i>0.2%</i>
VALUE OF PRODUCTION	20,444	15,523	64,253	54,409
	<i>100.8%</i>	<i>102.1%</i>	<i>102.7%</i>	<i>105.7%</i>
Cost for raw materials and external services	(11,441)	(8,317)	(35,908)	(27,499)
	<i>-56.4%</i>	<i>-54.7%</i>	<i>-57.4%</i>	<i>-53.4%</i>
VALUE ADDED	9,003	7,206	28,345	26,910
	<i>44.4%</i>	<i>47.4%</i>	<i>45.3%</i>	<i>52.3%</i>
Cost of labour	(3,351)	(2,890)	(10,703)	(9,302)
	<i>-16.5%</i>	<i>-19.0%</i>	<i>-17.1%</i>	<i>-18.1%</i>
GROSS OPERATING PROFIT	5,652	4,316	17,642	17,608
	<i>27.9%</i>	<i>28.4%</i>	<i>28.2%</i>	<i>34.2%</i>
Amortization, depreciation and writedowns	(2,105)	(1,686)	(5,915)	(5,371)
	<i>-10.4%</i>	<i>-11.1%</i>	<i>-9.5%</i>	<i>-10.4%</i>
Provisions for risks and contingencies	(13)	(8)	(35)	(41)
	<i>-0.1%</i>	<i>-0.1%</i>	<i>-0.1%</i>	<i>-0.1%</i>
Other operating expenses	(61)	(107)	(232)	(188)
	<i>-0.3%</i>	<i>-0.7%</i>	<i>-0.4%</i>	<i>-0.4%</i>
NET OPERATING PROFIT	3,473	2,515	11,460	12,008
	<i>17.1%</i>	<i>16.5%</i>	<i>18.3%</i>	<i>23.3%</i>
Amortization of goodwill	(169)	0	(506)	0
	<i>-0.8%</i>	<i>0.0%</i>	<i>-0.8%</i>	<i>0.0%</i>
Net financial expenses	(243)	33	(493)	(128)
	<i>-1.2%</i>	<i>0.2%</i>	<i>-0.8%</i>	<i>-0.2%</i>
Writedowns of financial assets	(247)	0	(276)	(19)
	<i>-1.2%</i>	<i>0.0%</i>	<i>-0.4%</i>	<i>0.0%</i>
PROFIT BEFORE TAXATION AND NON-RECURRING ITEMS	2,814	2,548	10,185	11,861
	<i>13.9%</i>	<i>16.8%</i>	<i>16.3%</i>	<i>23.0%</i>
Non-recurring income (expenses)	(495)	(111)	(333)	191
	<i>-2.4%</i>	<i>-0.7%</i>	<i>-0.5%</i>	<i>0.4%</i>
PROFIT BEFORE TAXATION AND MINORITY INTEREST	2,319	2,437	9,852	12,052
	<i>11.4%</i>	<i>16.0%</i>	<i>15.7%</i>	<i>23.4%</i>