



Technology at the service of safety

London, 29th November 2001

Dublin, 30th November 2001

Leader in a growing sector

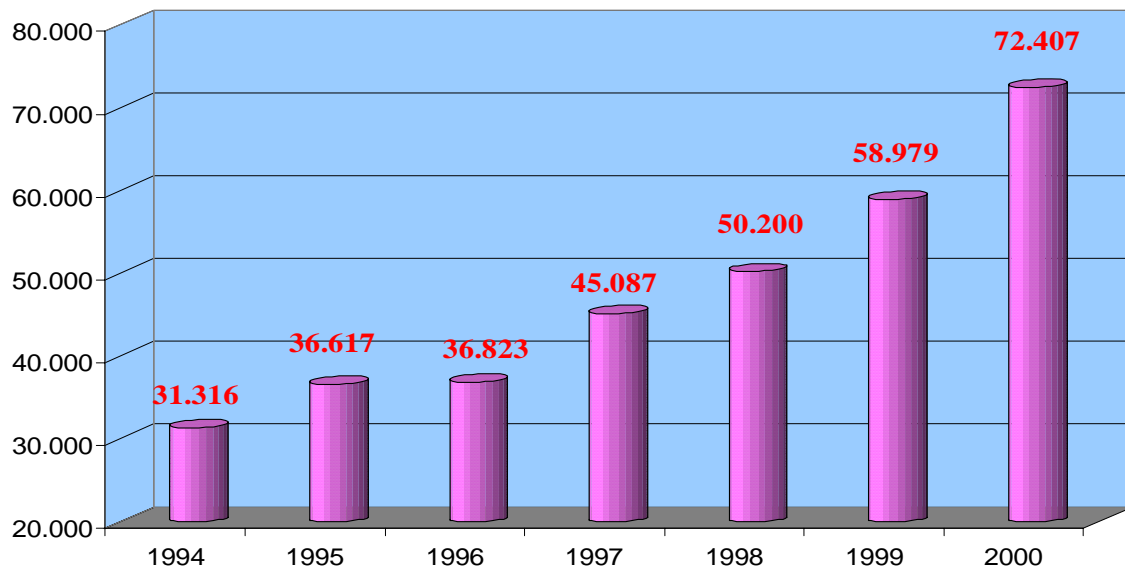
- ❑ Sole manufacturer of whole range of components for gas cooking appliances (valves, thermostats, burners, hinges)
- ❑ Leading manufacturer in Italy and Europe
- ❑ In the forefront of technology and innovation
- ❑ Growth linked to the need for safety
- ❑ Increasing outsourcing from appliances producers
- ❑ Growing demand from emerging markets

Distinctive issues

- ▣ Today Sabaf represents a special case of sum of competencies, spread at all the levels of our organisation

- ▣ Sabaf has gradually conquered the activities which add value, with special reference to:
 - ▢ the selection and the training of human resources
 - ▢ the engineering and construction of
 - special machinery
 - high performance moulds for robotic die-casting
 - precision tools
 - ▢ the design, engineering and production of components.

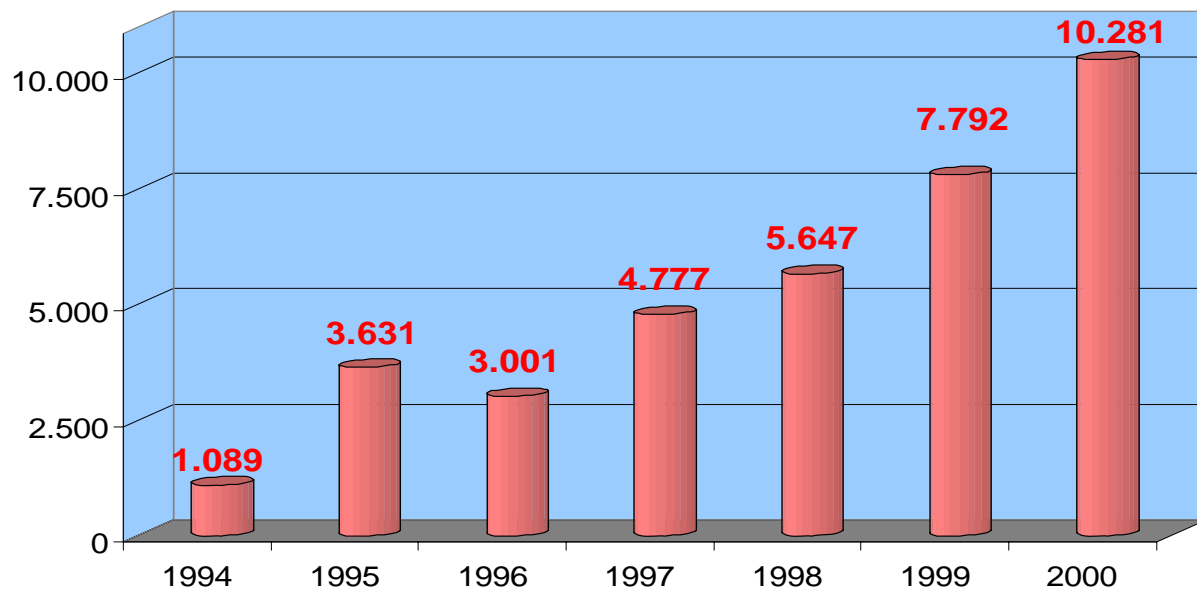
Growing by improving the quality of our results



Sales

Net income

€x 1000



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.

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*

Gas/electricity trade-off

All available data indicates that gas is the best energy source for cooking:

- ▣ all developing markets use only one source for cooking: gas
- ▣ even countries renowned for electrical cooking are showing signals of a switch over to gas
- ▣ government plans for the construction of methane pipelines have been launched all over the world

The reference market

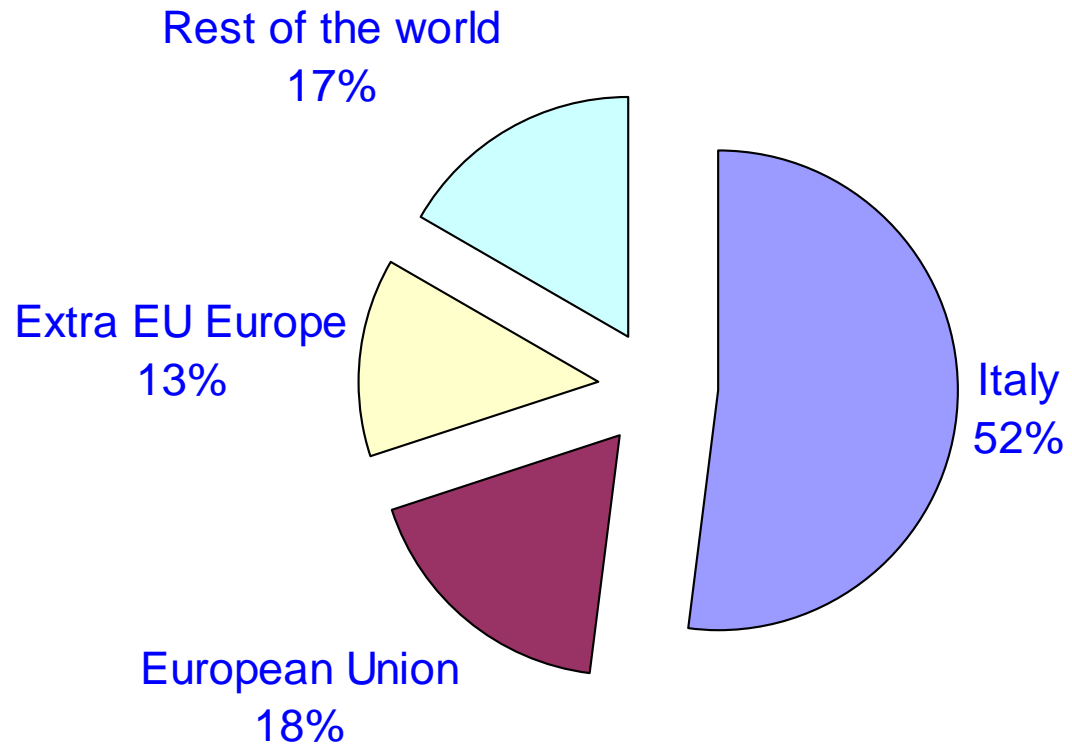
Potential annual demand of gas cooking appliances and minimum value of the components market

	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%

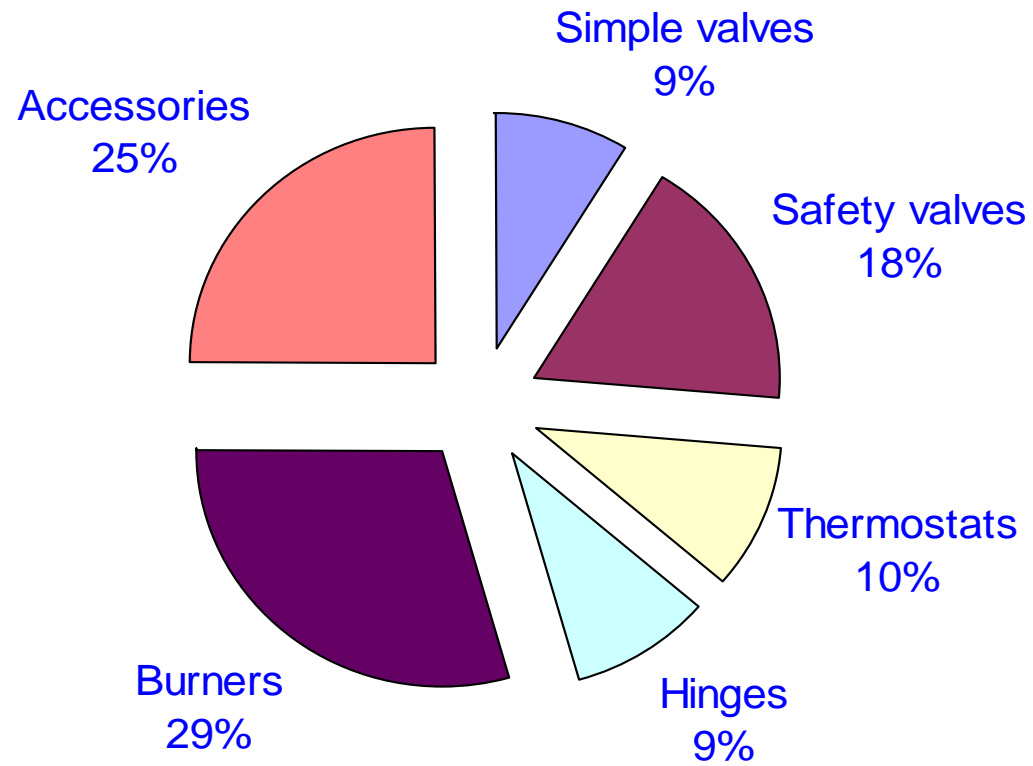
Source: Sabaf



Sales by market



Sales by product line



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)
- ❑ 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 burners, in order to spread the gap with potential competitors

Income statement

€ x 1000	<u>01.07.01-30.09.01</u>		<u>01.07.00-30.09.00</u>		change %	<u>01.01.01-30.09.01</u>		<u>01.01.00-30.09.00</u>		change %
SALES	20.286	100,0%	15.209	100,0%	33,4%	62.574	100,0%	51.458	100,0%	21,6%
VALUE OF PRODUCTION	20.444	32,7%	15.523	102,1%	31,7%	64.253	102,7%	54.409	105,7%	18,1%
Materials and services	(11.441)	-18,3%	(8.317)	-54,7%	37,6%	(35.908)	-57,4%	(27.499)	-53,4%	30,6%
Value added	<u>9.003</u>	44,4%	<u>7.206</u>	47,4%	24,9%	<u>28.345</u>	45,3%	<u>26.910</u>	52,3%	5,3%
Labour cost	(3.351)	-16,5%	(2.890)	-19,0%	16,0%	(10.703)	-17,1%	(9.302)	-18,1%	15,1%
EBITDA	<u>5.652</u>	27,9%	<u>4.316</u>	28,4%	31,0%	<u>17.642</u>	28,2%	<u>17.608</u>	34,2%	0,2%
Depreciation	(2.105)	-10,4%	(1.694)	-11,1%	24,3%	(5.915)	-9,5%	(5.371)	-10,4%	10,1%
Provisions/other expenses	(74)	-0,4%	(107)	-0,7%	-30,8%	(267)	-0,4%	(229)	-0,4%	16,6%
EBIT	<u>3.473</u>	17,1%	<u>2.515</u>	16,5%	38,1%	<u>11.460</u>	18,3%	<u>12.008</u>	23,3%	-4,6%
Goodwill amortization	(169)	-0,8%	0	0,0%		(506)	-0,8%	0	0,0%	
Financial expense	(490)	-2,4%	33	0,2%		(769)	-1,2%	(147)	-0,3%	
Extraordinary result	(495)	-2,4%	(111)	-0,7%		(333)	-0,5%	191	0,4%	
PRETAX INCOME	<u>2.319</u>	11,4%	<u>2.437</u>	16,0%	-4,8%	<u>9.852</u>	15,7%	<u>12.052</u>	23,4%	-18,3%



Balance sheet

<i>€ x 1000</i>	30.09.2001	30.06.2001	31.12.2000
Fixed assets	62.907	61.032	54.503
Working capital	15.041	15.718	12.553
Reserves	(10.591)	(9.993)	(9.950)
Capital employed	67.357	66.757	57.106
Equity	55.779	53.338	49.282
Long term debt	10.534	9.645	7.382
Short term debt	1.044	3.774	442
Sources	67.357	66.757	57.106

Capital expenditure

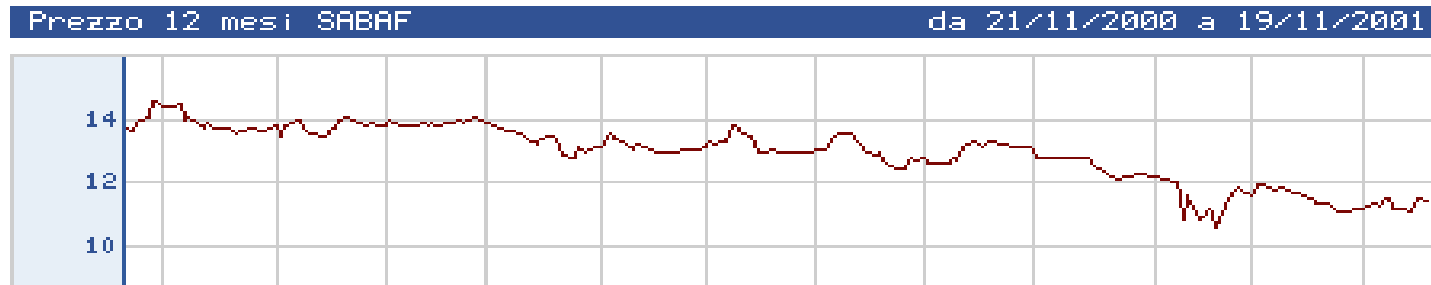
<i>€ x 1000</i>	1998	1999	2000	2001E	2002F
Fixed assets	14.588	11.676	14.938 *	21.000 **	10.000
Intangibles / goodwill	1.333	209	7.571	-	-
Total	<u>15.921</u>	<u>11.885</u>	<u>22.509</u>	<u>21.000</u>	<u>10.000</u>

** 6.3 for new headquarters*

*** 14 for new headquarters*

Stock performance

SABAF



MIBSTAR

