



Share capital: Euro 11,333,500 fully paid in

**PRESS RELEASE**

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## **SABAF: further positive results in the second quarter**

In the second quarter of 2002 Sabaf – despite the ongoing weakness of its key markets – once again confirmed its ability to combine strong growth rates with very tangible levels of profitability. Revenues in fact grew by 19.8% vs. 2Q01, EBITDA by 20.5%, and EBITA (EBIT before goodwill) by 18.7%.

In outright terms sales revenues in the quarter rose to euro 26.0 million (mn) vs. euro 21.7 mn in 2Q01. Growth in the period – totally organic – was thus 19.8% YoY.

The second quarter featured acceleration in demand for safety gas valves, at the expense of simple valves. Thermostats and burners too confirmed buoyant growth rates. Sales of hinges are also growing in line with forecasts.

Compared with 2Q01, revenues maintained double-digit growth rates both in Italy and in the rest of Europe. However, also in the second quarter the markets showing the highest growth rates were those outside Europe (+40%), apart from the Latin American market – accounting for 3.1% of total sales.

EBITDA rose to euro 7.5 mn, with a margin of 28.9%, vs. euro 6.2 mn – with a 28.7% margin – in 2Q01. EBITA in the quarter rose to euro 5.0 mn – i.e. 19.1% on sales – up by 18.7% from euro 4.2 mn in 2Q01. Pre-tax profit amounted to euro 4.4 mn vs. euro 3.9 mn in 2Q01, up by 11.7% YoY.

The profit & loss account for the first six months of the year thus shows revenues of euro 52.2 mn (+23.3%), EBITDA of euro 15.2 mn (+26.6%), EBITA of euro 10.2 mn (+27.5%), and profit before tax and minorities of euro 9.1 mn (+20.6%).

As at June 30th the financial situation featured net fixed and non-current assets of euro 78.2 mn and net working capital of euro 19.7 mn. Utilisation is financed by consolidated net equity of euro 62.6 mn and net financial debt of euro 24.7 mn.

Business in the third quarter continues to progress at a level well above that of 2001. For FY2002 Sabaf management confirms its expectation of sales growth of some 18% YoY and slight improvement over 2001 of percent margins. These projections assume the same macroeconomic scenario as in the first half of the year. If the economic situation were instead to change, final year-end figures might diverge from projected results.

*Attachments: Reclassified Consolidated Balance Sheet and Profit & Loss Account*

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Founded in the early 1950s, SABAF has grown constantly to become today the main producer in Italy – and one of the leading world producers – of components for domestic gas cooking appliances. Its product offering features three main lines: valves, thermostats, and burners, essential components for gas cooking appliances. Sabaf's key strengths – in a sector featuring strong specialisation and constantly changing demand, as well as an ever-increasing need for products assuring total reliability and safety – are its technological know-how, manufacturing flexibility, and its ability to offer a vast range of components – also tailor-made to meet the requirements of individual manufacturers of cookers and of built-in cooktops and ovens – that are also aligned with the specific characteristics of its core markets.

The Sabaf Group has some 480 employees. It operates via the parent company SABAF SpA and the subsidiaries Faringosi Hinges – leader in the production of oven and washing-machine hinges – and Sabaf do Brasil – active in production of burners for the Latin American market. Sabaf is also present in the People's Republic of China via a contact office located in Shanghai.

Sabaf has been listed on the electronic equities market of Borsa Italiana since March 24th 1998 and entered the high-quality/small-medium cap segment (STAR – Segment Titoli con Alti Requisiti) in April 2001.

## Reclassified Consolidated Balance Sheet and Financial Summary

<i>Amounts in euro '000</i>		30.06.2002	31.03.2002	31.12.2001
A.	FIXED AND NON-CURRENT ASSETS			
	Intangible	6,694	6,857	6,614
	Tangible	66,606	65,146	61,204
	Financial	350	406	404
	VAT credits	4,556	4,506	4,445
	<b>Total fixed and non-current assets</b>	<b>78,206</b>	<b>76,915</b>	<b>72,667</b>
B.	NET WORKING CAPITAL			
	Inventories	14,433	12,925	11,726
	Trade receivables	29,154	27,836	26,744
	Other assets	3,111	2,646	2,900
	Trade payables	(22,912)	(20,930)	(22,505)
	Other liabilities	(4,091)	(7,926)	(5,718)
	<b>Total net working capital</b>	<b>19,695</b>	<b>14,551</b>	<b>13,147</b>
C.	INVESTED CAPITAL			
	NET OF OPERATING LIABILITIES (A+B)	<b>97,901</b>	<b>91,466</b>	<b>85,814</b>
D.	PROVISIONS FOR RISKS & CHARGES AND FOR EMPLOYEE SEVERANCE INDEMNITIES	(10,603)	(10,744)	(10,835)
E.	<b>NET INVESTED CAPITAL (C-D)</b>	<b>87,298</b>	<b>80,722</b>	<b>74,979</b>
	<b>Financed by:</b>			
F.	<b>NET EQUITY (including minorities and pre-tax profit for period)</b>	<b>62,647</b>	<b>58,219</b>	<b>57,243</b>
G.	NET FINANCIAL DEBT			
	Medium-/long-term financial debt	16,440	16,469	12,953
	<b>Net medium-/long-term financial debt</b>	<b>16,440</b>	<b>16,469</b>	<b>12,953</b>
	Short-term financial debt	12,206	11,435	10,755
	Cash and current financial assets	(3,995)	(5,401)	(5,972)
	<b>Net short-term financial debt</b>	<b>8,211</b>	<b>6,034</b>	<b>4,783</b>
	<b>Total net debt</b>	<b>24,651</b>	<b>22,503</b>	<b>17,736</b>
H.	<b>TOTAL SOURCES OF FINANCING (F+G)</b>	<b>87,298</b>	<b>80,722</b>	<b>74,979</b>

## Reclassified Consolidated Profit & Loss Account

<i>Amounts in euro '000</i>	<i>2nd Quarter 2002</i>		<i>2nd Quarter 2001</i>		<i>1st Half 2002</i>		<i>1st Half 2001</i>	
<b>SALES REVENUES</b>	<b>26,039</b>	<b>100.0%</b>	<b>21,735</b>	<b>100.0%</b>	<b>52,161</b>	<b>100.0%</b>	<b>42,288</b>	<b>100.0%</b>
Changes in inventory of WIP, semiprocessed and finished goods	1,147	4.4%	(3)	0.0%	1,299	2.5%	1,159	2.7%
Fixed asset increases due to internal enhancement	62	0.2%	139	0.6%	109	0.2%	232	0.5%
Other revenues & income	159	0.6%	89	0.4%	363	0.7%	130	0.3%
<b>PRODUCTION VALUE</b>	<b>27,407</b>	<b>105.3%</b>	<b>21,960</b>	<b>101.0%</b>	<b>53,932</b>	<b>103.4%</b>	<b>43,809</b>	<b>103.6%</b>
Materials and services	(15,819)	-60.8%	(11,938)	-54.9%	(30,534)	-58.5%	(24,467)	-57.9%
<b>ADDED VALUE</b>	<b>11,588</b>	<b>44.5%</b>	<b>10,022</b>	<b>46.1%</b>	<b>23,398</b>	<b>44.9%</b>	<b>19,342</b>	<b>45.7%</b>
Payroll costs	(4,063)	-15.6%	(3,778)	-17.4%	(8,214)	-15.7%	(7,352)	-17.4%
<b>EBITDA</b>	<b>7,525</b>	<b>28.9%</b>	<b>6,244</b>	<b>28.7%</b>	<b>15,184</b>	<b>29.1%</b>	<b>11,990</b>	<b>28.4%</b>
Depreciation, amortisation and write-downs	(2,447)	-9.4%	(1,956)	-9.0%	(4,820)	-9.2%	(3,810)	-9.0%
Provisions for risks and charges	(10)	0.0%	(7)	0.0%	(16)	0.0%	(22)	-0.1%
Other operating costs	(96)	-0.4%	(91)	-0.4%	(161)	-0.3%	(171)	-0.4%
<b>EBITA</b>	<b>4,972</b>	<b>19.1%</b>	<b>4,190</b>	<b>19.3%</b>	<b>10,187</b>	<b>19.5%</b>	<b>7,987</b>	<b>18.9%</b>
Goodwill amortisation	(170)	-0.7%	(168)	-0.8%	(340)	-0.7%	(337)	-0.8%
Net financial charges	(449)	-1.7%	(110)	-0.5%	(813)	-1.6%	(250)	-0.6%
Write-downs/(write-backs) of financial assets	0	0.0%	(17)	-0.1%	47	0.1%	(29)	-0.1%
<b>EBT &amp; extraordinary items</b>	<b>4,353</b>	<b>16.7%</b>	<b>3,895</b>	<b>17.9%</b>	<b>9,081</b>	<b>17.4%</b>	<b>7,371</b>	<b>17.4%</b>
Extraordinary income/(charges)	0	0.0%	2	0.0%	2	0.0%	162	0.4%
<b>PROFIT BEFORE TAX AND MINORITIES</b>	<b>4,353</b>	<b>16.7%</b>	<b>3,897</b>	<b>17.9%</b>	<b>9,083</b>	<b>17.4%</b>	<b>7,533</b>	<b>17.8%</b>