



TECHNOLOGY AND SAFETY

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Press release

Ospitaletto, 14 February 2003

SABAF: SALES AND EBITA +18% IN 2002

EBITDA at 28.6%, ROS at 18.4%

Meeting today in Ospitaletto, the Board of Directors of SABAF S.p.A. examined the fourth quarter results for 2002 together with the Group's preliminary numbers for the full year.

Despite the tough competitive environment and continued sluggishness on the international macroeconomic front, Sabaf has managed to strengthen its sector leadership during 2002 and seize important opportunities for growth in all its markets. The product mix's concentration on more complex, higher value components has made it possible to maintain an excellent level of operating profits.

The financial year 2002 closes with revenues of 103.2 million euro, an improvement of 18.2% on 2001. EBITDA amounts to 29.6 million euro (28.6% of sales), compared with 25 million euro in 2001 (+18,2%), while EBITA is 19.0 million euro (18.4% of sales), up 18.3% from 16 million euro in 2001. Profit before taxes amounts to 16.7 million euro (16.1% of sales), up 13.7% from 14.7 million euro in 2001.

The fourth quarter of 2002 has once again seen Sabaf achieve its growth objectives. Sales in the period amount to 26.7 million euro, an improvement of 7.6% on the figure of 24.8 million reported in the fourth quarter of 2001. At 26.1 million euro, value of production is unchanged relative to the fourth quarter of 2001. EBITDA amounts to 7.4 million euro for the quarter (+0.9% compared with the fourth quarter of 2001), while EBITA is 0.9% lower at 4.5 million euro. The higher proportion of overheads, particularly depreciation charges, has not made it possible to maintain the same level of profitability in the last quarter of 2001 and the first three quarters of 2002: EBITDA corresponds to 27.8% of sales and EBITA to 17.0%.

Profit before taxes is 4.1 million euro (15.4% of sales), compared with 4.8 million euro in the fourth quarter of 2001 (which included 0.5 million euro in non-recurring income).



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The financial position at 31 December 2002 reveals total fixed assets of 82.5 million euro and net working capital of 24.1 million euro, which includes around 3.4 million euro in advance tax payments made in November. Net capital employed has been funded by 70.3 million euro in consolidated shareholders' equity (before minority interests and income taxes for 2002) and 25.4 million euro in net debt.

"2002 has been a good year in which, once again, we have managed to achieve our budget objectives and we look to the current year with a certain amount of optimism - commented Angelo Bettinzoli, Sabaf's Managing Director. - The group's strategic decisions are all geared to ensuring that growth is sustainable over the long term. This is why we are particularly encouraged by the development of our markets outside Europe, which grew by 45% in 2002".

The Board of Directors has also voted to establish a Board Appointments Committee. Its members consist of the chairman, Giuseppe Saleri, and the independent directors, Leonardo Cossu and Franco Carlo Papa. This committee will be responsible for selecting candidates for presentation to the majority shareholder, in view of the forthcoming reappointment of the entire board.

Sabaf will present its results at 17.35 on 27 February 2003 in Palazzo delle Stelline, Corso Magenta 61, Milan, as part of a presentation of STAR-listed companies organised by Borsa Italiana (the Italian Stock Exchange).

The Board of Directors will meet to examine the 2002 financial statements on 18 March 2003.

Appendices: Reclassified Consolidated Balance Sheet and Income Statement

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Founded in the early 1950s, SABAF has grown steadily to become the principal producer in Italy and one of the top producers in the world of components for gas cookers and domestic gas cooking appliances.

Its three main product lines are: valves, thermostats and burners, all of which are used in gas cooking appliances. Technological know-how, flexibility in production and the ability to offer a wide range of components - which are also designed according to the needs of individual manufacturers of cookers, hobs and built-in ovens, and comply with the specific characteristics of the various markets in which they are sold - are SABAF's fundamental strengths, in a highly specialized sector, where demand is constantly changing and increasingly focused on products that guarantee absolute reliability and safety.

The Sabaf Group employs around 480 staff. It operates through the parent company SABAF S.p.A. and its subsidiaries Faringosi Hinges, leader in the production of oven and dishwasher hinges, and Sabaf do Brasil, which manufactures burners for the South American market. Sabaf also has a presence in China through its representative office in Shanghai.

Sabaf has been listed on the Italian Stock Exchange since 24 March 1998 and since April 2001 it has belonged to STAR (Segmento Titoli con Alti Requisiti or High Standards Securities Segment).



Reclassified Consolidated Balance Sheet

<i>in thousands of euro</i>	31.12.2002	30.09.2002	31.12.2001
A. FIXED ASSETS			
Intangible fixed assets	6,163	6,505	6,614
Tangible fixed assets	71,566	66,966	61,204
Financial fixed assets	370	356	404
VAT credit	4,401	4,407	4,445
Total fixed assets	82,500	78,234	72,667
B. NET WORKING CAPITAL			
Inventories	14,700	15,835	11,726
Trade receivables	29,116	28,149	26,744
Other assets	6,521	3,048	7,871
Trade payables	(22,563)	(21,874)	(22,505)
Other liabilities	(3,723)	(3,931)	(5,718)
Total net working capital	24,051	21,227	18,118
C. CAPITAL EMPLOYED			
LESS OPERATING LIABILITIES (A+B)	106,551	99,461	90,785
D. RESERVES FOR RISKS AND CONTINGENCIES AND SEVERANCE INDEMNITIES			
	(10,887)	(10,695)	(10,835)
E. NET CAPITAL EMPLOYED (C-D)			
	95,664	88,766	79,950
Funded by:			
F. SHAREHOLDERS' EQUITY (including minority interests and profit before taxes for the period)			
	70,265	66,150	62,214
G. NET DEBT			
Medium/long-term debt	16,054	16,233	12,953
Net medium/long-term debt	16,054	16,233	12,953
Short-term debt	13,702	12,024	10,755
Liquidity and current financial assets	(4,357)	(5,641)	(5,972)
Net short-term debt	9,345	6,383	4,783
Total net debt	25,399	22,616	17,736
H. TOTAL SOURCES OF FUNDING (F+G)			
	95,664	88,766	79,950



Reclassified Consolidated Income Statement

<i>in thousands of euro</i>	<i>4th quarter 2002</i>		<i>4th quarter 2001</i>		<i>01.01 - 31.12.2002</i>		<i>01.01 - 31.12.2001</i>	
A. INCOME FROM SALES AND SERVICES	26,676	<i>100.0%</i>	24,789	<i>100.0%</i>	103,223	<i>100.0%</i>	87,363	<i>100.0%</i>
Change in inventories of work in progress and semifinished and finished products	(856)	<i>-3.2%</i>	487	<i>2.0%</i>	1,908	<i>1.8%</i>	1,706	<i>2.0%</i>
Increase in fixed assets built internally	101	<i>0.4%</i>	97	<i>0.4%</i>	317	<i>0.3%</i>	418	<i>0.5%</i>
Other revenues	223	<i>0.8%</i>	719	<i>2.9%</i>	606	<i>0.6%</i>	858	<i>1.0%</i>
VALUE OF PRODUCTION	26,144	<i>98.0%</i>	26,092	<i>105.3%</i>	106,054	<i>102.7%</i>	90,345	<i>103.4%</i>
Cost of raw materials and external services	(14,538)	<i>-54.5%</i>	(14,817)	<i>-59.8%</i>	(60,540)	<i>-58.6%</i>	(50,725)	<i>-58.1%</i>
VALUE ADDED	11,606	<i>43.5%</i>	11,275	<i>45.5%</i>	45,514	<i>44.1%</i>	39,620	<i>45.4%</i>
Payroll and related expenses	(4,186)	<i>-15.7%</i>	(3,921)	<i>-15.8%</i>	(15,957)	<i>-15.5%</i>	(14,624)	<i>-16.7%</i>
EBITDA	7,420	<i>27.8%</i>	7,354	<i>29.7%</i>	29,557	<i>28.6%</i>	24,996	<i>28.6%</i>
Amortization, depreciation and writedowns	(2,789)	<i>-10.5%</i>	(2,128)	<i>-8.6%</i>	(10,226)	<i>-9.9%</i>	(8,043)	<i>-9.2%</i>
Provisions for risks and contingencies	(24)	<i>-0.1%</i>	(520)	<i>-2.1%</i>	(64)	<i>-0.1%</i>	(555)	<i>-0.6%</i>
Other operating expenses	(76)	<i>-0.3%</i>	(134)	<i>-0.5%</i>	(305)	<i>-0.3%</i>	(366)	<i>-0.4%</i>
EBITA	4,531	<i>17.0%</i>	4,572	<i>18.4%</i>	18,962	<i>18.4%</i>	16,032	<i>18.4%</i>
Amortization of goodwill	(170)	<i>-0.6%</i>	(174)	<i>-0.7%</i>	(680)	<i>-0.7%</i>	(680)	<i>-0.8%</i>
Net financial income (expenses)	(268)	<i>-1.0%</i>	(150)	<i>-0.6%</i>	(1,681)	<i>-1.6%</i>	(643)	<i>-0.7%</i>
Writedown (revaluation) of financial assets	0	<i>0.0%</i>	48	<i>0.2%</i>	47	<i>0.0%</i>	(228)	<i>-0.3%</i>
PROFIT (LOSS) BEFORE TAXATION AND NON-RECURRING ITEMS	4,093	<i>15.3%</i>	4,296	<i>17.3%</i>	16,648	<i>16.1%</i>	14,481	<i>16.6%</i>
Non-recurring income (expenses)	2	<i>0.0%</i>	507	<i>2.0%</i>	22	<i>0.0%</i>	174	<i>0.2%</i>
PROFIT (LOSS) BEFORE TAXATION AND MINORITY INTERESTS	4,095	<i>15.4%</i>	4,803	<i>19.4%</i>	16,670	<i>16.1%</i>	14,655	<i>16.8%</i>

