



Press release

Ospitaletto, 21 March 2003

Share capital increase to service stock option plan

Meeting today, the Board of Directors of Sabaf S.p.A. has approved a proposal for a divisible increase in share capital for cash from Euro 11,333,500 up to a maximum of Euro 12,000,000 by issuing, in one or more allotments, up to 666,500 shares with a par value of Euro 1 each, carrying normal dividend rights; the increase is to exclude pre-emption rights, as provided by paragraphs 5 and 6 of Art. 2441 of the Italian Civil Code, and will depend on payment of a subscription price, inclusive of a premium, of at least Euro 13.80 per share, to be settled in full at the time of subscribing to the shares.

The proposal involves giving the Board of Directors the authority to conduct this increase, which must be completed by 31 October 2006 at the very latest.

The increase in share capital is to service a stock option plan reserved for certain directors and executives of the Company, which will be approved under a specific resolution by the Board of Directors and/or the Compensation Committee. This resolution will be taken only once shareholders have given their approval to the proposed capital increase.

The stock option plan involves awarding options which give participants the right to subscribe to shares issued under the capital increase against payment of a subscription price of at least Euro 13.80. Participants may subscribe to these shares only during the period from 1 July 2006 to 31 October 2006, and only provided that the conditions set under the plan itself have been met (including their continued relationship with the Company as an employee and/or Board member and the achievement of certain economic and financial targets).

The Board of Directors has also voted to give notice of an Extraordinary General Meeting which will vote on the proposed increase in share capital. The EGM is to be held in first calling at 09.30 on 6 May in the Company's registered office in Via dei Carpini 1, Ospitaletto, and in second calling on 7 May 2003 at the same time and place.

Investor Relations

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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).

