



Press release

Ospitaletto, May 6th 2003

Shareholders approve 2002 accounts and appoint the new BoD

SABAF: dividend = € 0.37**Newly appointed Board features a majority of independent directors**

Capital increase approved to service stock option plan

Ordinary and extraordinary general meetings of Sabaf SpA shareholders took place today.

Following these meetings, the Board of Directors met and, among other things, implemented the extraordinary shareholder meeting's resolution and defined roles and powers within the Board.

Approval of FY2002 year-end financial statements

Once again in 2002 – a year featuring a stagnant macroeconomic environment and a certainly less-than-brilliant trend in the sector – the Sabaf group succeeded in achieving its budgeted growth objectives thanks to its technological leadership. FY2002 ended with sales revenues of € 103.2 million (mn), up by 18.2% over 2001. EBITDA amounted to € 29.6 mn (with a 28.6% margin on sales), compared with € 25 mn in 2001 (+18.2% YoY). EBITA (EBIT before goodwill amortisation) totalled € 19 mn (18.4% on sales) vs. € 16 mn in 2001 (+18.3%). Pre-tax profit amounted to € 16.7 mn (16.1% on sales) vs. € 14.7 mn in 2001 (+13.7% YoY). Consolidated net profit totalled € 10.4 mn (10.1% on sales), with 7.4% growth vs. € 9.7 mn in 2001.

As at December 31st 2002, the group's net equity amounted to € 63.4 mn whilst net debt totalled € 25.9 mn.

As regards the parent company Sabaf SpA, sales revenues totalled € 94.2 mn (vs. € 79 mn in 2001), EBITDA € 25.3 mn (€ 22.7 mn in 2001) and EBIT € 16.6 mn (€ 14.5 mn in 2001). Pre-tax profit amounted to € 15.9 mn (€ 13.7 mn in 2001), whilst net profit totalled € 10.2 mn (vs. € 9.5 mn at 2001 year-end).

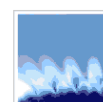
After approving FY2002 accounts, shareholders passed a resolution approving distribution of a gross dividend of € 0.37 per share (€ 0.34 for FY2001), with the right to a full tax credit.

Coupons will be detached on May 19th and dividends paid out as from May 22nd 2003.

Appointment of the Board of Directors and of other corporate bodies

Shareholders appointed the Board of Directors for the 3-year period 2003-2005.

The Board was extended to 9 members, of which the majority (5) are independent directors.



Shareholders confirmed Giuseppe Saleri as Chairman and Gianbattista Saleri as Deputy Chairman, Angelo Bettinzoli, CEO, and Alberto Bartoli, Sabaf's CFO. They also confirmed the independent directors Leonardo Cossu (corporate business professional) and Franco Carlo Papa (corporate business professional and president of AIAF, Associazione Italiana Analisti Finanziari – the Italian association of financial analysts), whilst new members appointed to the Board are Elio Borgonovi (permanent professor at Milan's Bocconi University, where he also co-ordinates initiatives concerning corporate social responsibility), Raffaele Ghedini (professor at the LUISS Guido Carli university in Rome), and Flavio Pasotti (entrepreneur and president of the small enterprise association of Brescia - Associazione Piccole Industrie di Brescia).

"We believe that convinced acceptance of the best corporate governance rules and a corporate culture based on respect of shared values are sources of competitive advantage" - stated Sabaf Chairman, Giuseppe Saleri. "A Board of Directors where the majority consists of high-profit independent directors is a strong indication of our attention to minority shareholders' interests and, at the same time, a further step towards assuring the long-term sustainability of Sabaf's development".

Within the Board, the Internal Audit Committee was set up (formed by messrs. Cossu, Papa and Borgonovi) together with the Compensation Committee (formed by Gianbattista Saleri and messrs. Cossu, Pasotti and Ghedini).

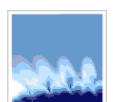
In addition, shareholders also appointed the Statutory Auditors' Committee for the 3-year period 2003-2005. The permanent statutory auditors are Alberto Nobolo (President), Angelo Cisotto, and Sergio Ghisoni.

The assignment for independent auditing of 2003-2005 year-end accounts was awarded to the auditing firm AGN Serca.

Share buy-back

The shareholders' meeting also authorised the Board of Directors to buy-back Sabaf shares. Authorisation was given to meet two different corporate needs, i.e.

- In order to stabilise, if necessary, the stock's market trend via buy-back of a maximum number of 1,000,000 shares, i.e. 8.823% of share capital
- To proceed with buy-back of shares assigned to employees pursuant to previous incentive schemes (if the conditions envisaged in the schemes' regulations were not to be met) up to a maximum of 70,000 shares, i.e. 0.618% of





share capital.

Stock option plan

At the extraordinary meeting shareholders approved a paid, divisible capital increase from € 11,333,500 up to a maximum of € 12,000,000 via issue, in one or more instalments of a maximum of 666,500 shares of the nominal value of € 1.00 each, with normal entitlement, with exclusion of option rights under Article 2441, paragraph 5 and 6, of the Italian Civil Code. The capital increase is earmarked for implementation of a stock option plan reserved for some company directors and employees.

The stock option plan approved by the Board of Directors envisages assignment of options giving the right to subscribe – in the period from July 1st 2006 and October 31st 2006 – newly issued shares coming from the capital increase, against payment of a subscription price equal to the current market price of € 14.38 (last month average price). Receipt of the options is dependent on achievement of previously defined consolidated EBITDA and EBIT targets for FY2005 and of minimum stock price targets in the last quarter of 2005, as well as on continuation of the employment and/or business relationship with the company.

The plan's beneficiaries are 5 directors and 23 employees of the company.

The Board of Directors has been summoned to meet on May 13th at 10.00 a.m. CET to approve the quarterly report for the quarter ending on March 31st 2003.

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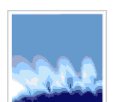
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Founded in the early 1950s, SABAF has grown steadily to become the principal producer in Italy and one of the top producers in the world of components for gas cookers and domestic gas cooking appliances.

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).





TECHNOLOGY AND SAFETY

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