



Press release

Ospitaletto, 16 September 2003

Sabaf: net profit of 4.6 million euro in the first half of 2003

Meeting today in Ospitaletto, the Board of Directors of Sabaf S.p.A., approved the half-year report at 30 June 2003.

The first half of 2003 was affected by the weakness of the European economy. In fact, cooking appliance manufacturers, the Group's market of reference, suffered from slacker domestic demand and were also penalized by difficulties on the international front and the euro's appreciation against the dollar. However, with its direct sales to markets outside Europe growing by over 40%, Sabaf has managed to post a moderate improvement in its first half results: consolidated sales amount to 53.8 million euro, compared with 52.2 million euro in the same period of 2002 (+3.2%).

Value added is 43.7% of sales, compared with 44.9% in the first half of 2002, while EBITDA has reached 15.3 million, representing 28.5% of sales, up from 15.2 million euro in the first half of 2002 (29.1% of sales). After depreciation of 5.3 mn euro (4.8 mn in 2002), first half EBITA amounts to 9.7 million euro (18.1% of sales), compared to the figure of 10.2 million euro reported in the corresponding period of 2002. Profit before taxes amounts to 8.4 million euro, compared with 9.1 million euro in the first half of 2002, while net profit is at 4.6 million euro (5.0 million euro in 2002).

The financial position reports total fixed assets of 77.1 million euro and net working capital of 24.3 million euro. Net capital employed has been funded by consolidated shareholders' equity of 63.9 million euro and net debt of 26.3 million euro (25.9 million euro at 31 December 2002).

The industry sector continues to report a high degree of volatility and discontinuity and signs of a second-half recovery are not apparent as things stand. As a result, even though several new products will start to be marketed in the second half, the Group's goal, set at the start of the year, of achieving double-digit revenue growth once again in 2003, no longer appears viable. The lower growth in sales will continue to have a negative impact on operating profitability, which is likely to be slightly lower than in 2002.

The half-year results will be presented to the financial community in Milan at 17.00 hours on Thursday 18 September in the offices of Borsa Italiana and in London on 25 September as part of a presentation of companies listed in the STAR segment.

There will be a discussion panel on the 2002 Social Report with representatives from the various classes of stakeholder, to be held at 15.00 hours on Thursday 18 September, also in the offices of Borsa Italiana, Piazza Affari 6 - Milan. Those interested in attending may book by sending the company an e-mail confirming their participation.

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Appendices: Reclassified Consolidated Balance Sheet and Income Statement and Statement of Changes in Financial Position

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 has around 500 employees, operating through the parent company SABAF S.p.A. and two subsidiaries: Faringosi Hinges, a leading manufacturer of oven and dishwasher hinges, and Sabaf do Brasil, a producer of 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>	30.06.2003	31.12.2002	30.06.2002
A. FIXED ASSETS			
Intangible fixed assets	7,548	6,164	6,694
Tangible fixed assets	69,237	71,567	66,606
Financial fixed assets	327	369	350
VAT credit	0	0	4,556
Total fixed assets	77,112	78,100	78,206
B. NET WORKING CAPITAL			
Inventories	14,115	14,700	14,433
Trade receivables	29,341	29,116	29,154
Other assets	7,545	5,873	3,080
Trade payables	(18,695)	(22,568)	(22,912)
Other liabilities	(7,975)	(4,100)	(8,026)
Total net working capital	24,331	23,021	15,729
C. CAPITAL EMPLOYED LESS OPERATING LIABILITIES (A+B)	101,443	101,121	93,935
D. RESERVES FOR RISKS AND CONTINGENCIES AND SEVERANCE INDEMNITIES	(11,411)	(11,366)	(10,847)
E. NET CAPITAL EMPLOYED (C-D)	90,032	89,755	83,088
<i>Funded by:</i>			
F. GROUP PORTION OF SHAREHOLDERS' EQUITY	63,872	63,428	58,022
G. MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	(135)	437	414
H. NET DEBT			
Medium/long-term debt	15,177	16,055	16,440
Net medium/long-term debt	15,177	16,055	16,440
Short-term debt	14,968	13,702	12,206
Liquidity and current receivables	(3,850)	(3,867)	(3,994)
Net short-term debt	11,118	9,835	8,212
Total net debt	26,295	25,890	24,652
I. TOTAL SOURCES OF FUNDING (F+G+H)	90,032	89,755	83,088



Reclassified Consolidated Income Statement

in thousands of euro

	1st half 2003	1st half 2002	Full year 2002
A. INCOME FROM SALES AND SERVICES	53,836	52,161	103,223
Change in inventories of work in progress and semifinished and finished products	(526)	1,299	1,908
Increase in fixed assets built internally	207	109	317
Other revenues	488	363	618
VALUE OF PRODUCTION	54,005	53,932	106,066
Cost of raw materials and external services	(30,457)	(30,534)	(60,550)
VALUE ADDED	23,548	23,398	45,516
Payroll and related expenses	(8,219)	(8,214)	(15,958)
EBITDA	15,329	15,184	29,558
Amortization, depreciation and writedowns	(5,348)	(4,820)	(10,226)
Provisions for risks and contingencies	(22)	(16)	(65)
Other operating expenses	(214)	(161)	(305)
EBITA	9,745	10,187	18,962
Amortization of goodwill	(467)	(340)	(680)
Net financial income (expenses)	(916)	(813)	(1,681)
Writedown (revaluation) of financial assets	0	47	47
PROFIT BEFORE TAXATION AND NON-RECURRING ITEMS	8,362	9,081	16,648
Non-recurring income (expenses)	2	2	26
PROFIT (LOSS) BEFORE TAXATION AND MINORITY INTERESTS	8,364	9,083	16,674
Income taxes for the period	(3,696)	(4,211)	(6,404)
NET PROFIT FOR THE PERIOD	4,668	4,872	10,270
Minority interests in net profit (loss) for the period	(49)	82	127
GROUP PORTION OF NET PROFIT FOR THE PERIOD	4,619	4,954	10,397



Statement of Changes in the Consolidated Financial Position

<i>in thousands of euro</i>	30.06.2003	31.12.2002	30.06.2002
A. OPENING NET DEBT	(9,835)	(8,501)	(8,501)
B. CASH FLOW FROM OPERATIONS			
Net profit for the period, before minority interests	4,668	10,270	4,872
Depreciation and amortization	5,736	10,753	5,081
Provision for deferred taxes	177	377	166
Capital losses (gains) on disposals	(40)	(34)	0
Writedown of fixed assets	0	(47)	0
Net change in reserve for severance indemnities	(17)	348	71
Net change in reserves for risks and contingencies	(115)	(195)	(226)
	<u>10,409</u>	<u>21,472</u>	<u>9,964</u>
<i>Change in net working capital:</i>			
Inventories	585	(2,974)	(2,707)
Trade receivables	(225)	(2,372)	(2,410)
Trade payables	(3,873)	63	407
Other receivables and payables	2,161	(4,100)	2,128
	<u>(1,352)</u>	<u>(9,383)</u>	<u>(2,582)</u>
Operating cash flow	9,057	12,089	7,382
C. CASH FLOW FROM INVESTMENT ACTIVITIES			
Investments in:			
intangible fixed assets	(34)	(808)	(687)
tangible fixed assets	(3,044)	(19,927)	(9,880)
financial fixed assets	-	(65)	-
Acquisition 20% of Faringosi Hinges s.r.l.	(2,582)	-	-
VAT receivable beyond 12 months	-	4,445	(111)
Proceeds from disposal and retirement of fixed assets	348	59	6
TOTAL	(5,312)	(16,296)	(10,672)
D. CASH FLOW FROM FINANCING ACTIVITIES			
New loans	-	4,364	3,880
Repayment of loans and transfer of current portion of long-term loans to current liabilities	(878)	(1,262)	(393)
Change in financial receivables	15	100	53
Purchase/sale of own shares	42	1,770	-
Change in current financial assets	-	1,504	3,087
Payments by minority interests for capital increases by subsidiaries	-	139	-
Translation difference	(32)	70	-
Dividends distributed	(4,175)	(3,812)	(3,812)
TOTAL	(5,028)	2,873	2,815
E. Change in the scope of consolidation and other movements	0	0	133
F. CASH FLOW DURING THE PERIOD (B+C+D+E)	(1,283)	(1,334)	(342)
G. CLOSING NET DEBT (A+F)	(11,118)	(9,835)	(8,843)