



Press release

Ospitaletto, 14 November 2003

Marked recovery in demand starting in September

Growth and higher margins for Sabaf in the third quarter

EBITDA 29.6% of sales and EBITA 18% in the third quarter

Meeting today in Ospitaletto, the Board of Directors of Sabaf S.p.A. approved the quarterly report at 30 September 2003.

Markets continued to be highly volatile and unstable in the third quarter. The slowdown in demand in the first part of the year, which got worse mid-year, gave place to an unexpected recovery starting in September. The Sabaf Group was able to respond quickly to the changed market circumstances and regain a high level of operational efficiency.

Third-quarter income from sales amounts to 24.8 million euro, 1.7% higher than in the corresponding period of 2002. Value added is equal to 44.6% of sales, compared with 43.1% in the third quarter of 2002, while EBITDA has reached 7.3 million euro, representing 29.6% of sales, up 5.5% from 7.0 million euro in the third quarter of 2002 (28.5% of sales). Third-quarter EBITA amounts to 4.5 million euro, representing 18.0% of sales, up by 5.4% on the figure of 4.2 million euro reported in the same quarter of 2002. The improvement in this margin mostly reflects efficiency gains as a result of bringing in-house certain strategic stages of processing and ongoing improvements in production processes at the new Ospitaletto plant. Profit before taxation and minority interests amounts to 4.0 million euro, up 13.6% from 3.5 million in the third quarter of 2002.

The first nine months of the year close with income from sales of 78.6 million euro (a 2.7% improvement on the first nine months of 2002), EBITDA of 22.7 million euro (28.8% of sales, up by 2.4%), EBITA of 14.2 million euro (down by 1.5%) and profit before taxation and minority interests of 12.3 million euro (down by 1.9%).

The financial position reports total fixed assets of 75.7 million euro and net working capital of 28.7 million euro. Capital expenditure amounts to around 2 million euro in the quarter. Net capital employed has been financed by consolidated shareholders' equity of 71.3 million euro and net debt of 21.7 million euro. Net debt is 4.6 million euro lower than at the end of June 2003 thanks to cash flows generated from operations.

The signs of general recovery in the Group's markets emerging in September have continued to strengthen in October and the early part of November. As a result, the last quarter of the year should report double-digit growth in sales, making it possible to achieve the targeted 5% rate of growth for the full year.

The half year results will be presented to the financial community at 14.30 hours this afternoon during a conference call in Italian language (call 02 802 09 11 a few minutes beforehand).

For additional information contact:

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Appendices: Reclassified Consolidated Balance Sheet and Income Statement

Reclassified Consolidated Balance Sheet



in thousands of euro

	30.09.2003	30.06.2003	31.12.2002
A. FIXED ASSETS			
Intangible fixed assets	7,232	7,548	6,164
Tangible fixed assets	68,167	69,237	71,567
Financial fixed assets	317	327	369
Total fixed assets	75,716	77,112	78,100
B. NET WORKING CAPITAL			
Inventories	14,483	14,115	14,700
Trade receivables	28,466	29,342	29,116
Other assets	6,646	7,277	5,873
Trade payables	(16,814)	(18,695)	(22,568)
Other liabilities	(4,136)	(4,217)	(4,100)
Total net working capital	28,645	27,822	23,021
C. CAPITAL EMPLOYED			
LESS OPERATING LIABILITIES (A+B)	104,361	104,934	101,121
D. RESERVES FOR RISKS AND CONTINGENCIES AND SEVERANCE INDEMNITIES	(11,305)	(11,206)	(11,366)
E. NET CAPITAL EMPLOYED (C-D)	93,056	93,728	89,755
Funded by:			
F. SHAREHOLDERS' EQUITY (including minority interests and profit before taxes for the period)	71,385	67,433	63,865
G. NET DEBT			
Medium/long-term debt	24,405	15,177	16,055
Net medium/long-term debt	24,405	15,177	16,055
Short-term debt	3,510	14,968	13,702
Cash and banks	(6,244)	(3,850)	(3,867)
Net short-term debt (liquidity)	(2,734)	11,118	9,835
Total net debt	21,671	26,295	25,890
H. TOTAL SOURCES OF FUNDING (F+G)	93,056	93,728	89,755



Reclassified Consolidated Income Statement

<i>in thousands of euro</i>	3rd quarter 2003	3rd quarter 2002	01.01-30.09.2003	01.01-30.09.2002
INCOME FROM SALES AND SERVICES	24,792 100.0 %	24,386 100.0 %	78,628 100.0 %	76,547 100.0 %
Change in inventories of work in progress and semifinished and finished products	(247) -1.0%	1,465 6.0%	(773) -1.0%	2,764 3.6%
Increase in fixed assets built internally	91 0.4%	107 0.4%	298 0.4%	216 0.3%
Other revenues	155 0.6%	20 0.1%	643 0.8%	383 0.5%
VALUE OF PRODUCTION	24,791 100.0 %	25,978 106.5 %	78,796 100.2 %	79,910 104.4 %
Cost of raw materials and external services	(13,737) 55.4 %	(15,468) 63.4 %	(44,194) 56.2 %	(46,002) 60.1 %
VALUE ADDED	11,054 44.6 %	10,510 43.1 %	34,602 44.0 %	33,908 44.3 %
Payroll and related expenses	(3,722) 15.0 %	(3,557) 14.6 %	(11,941) 15.2 %	(11,771) 15.4 %
EBITDA	7,332 29.6 %	6,953 28.5 %	22,661 28.8 %	22,137 28.9 %
Amortization, depreciation and writedowns	(2,748) 11.1 %	(2,617) 10.7 %	(8,096) 10.3 %	(7,437) 9.7 %
Provisions for risks and contingencies	(15) -0.1 %	(24) -0.1 %	(37) -0.0 %	(40) 0.1 %
Other operating expenses	(96) -0.4 %	(68) -0.3 %	(310) -0.4 %	(229) 0.3 %
EBITA	4,473 18.0 %	4,244 17.4 %	14,218 18.1 %	14,431 18.9 %
Amortization of goodwill	(233) -0.9 %	(170) -0.7 %	(700) -0.9 %	(510) 0.7 %
Net financial income (expenses)	(273) -1.1 %	(600) -2.5 %	(1,189) -1.5 %	(1,413) 1.8 %
Writedown (revaluation) of financial assets	(3) 0.0 %	0 0.0 %	(3) 0.0 %	47 0.1 %
PROFIT (LOSS) BEFORE TAXATION	3,964 16.0 %	3,474 14.2 %	12,326 15.7 %	12,555 16.4 %



AND NON-RECURRING ITEMS

Non-recurring income (expenses)

3 0.0% 18 0.1% 5 0.0% 20 0.0%

PROFIT (LOSS) BEFORE TAXATION AND MINORITY INTERESTS

3,967 16.0% 3,492 14.3% 12,331 15.7% 12,575 16.4%

