TECHNOLOGY AND SAFETY

Meeting with the financial community

Milan

26 February 2004

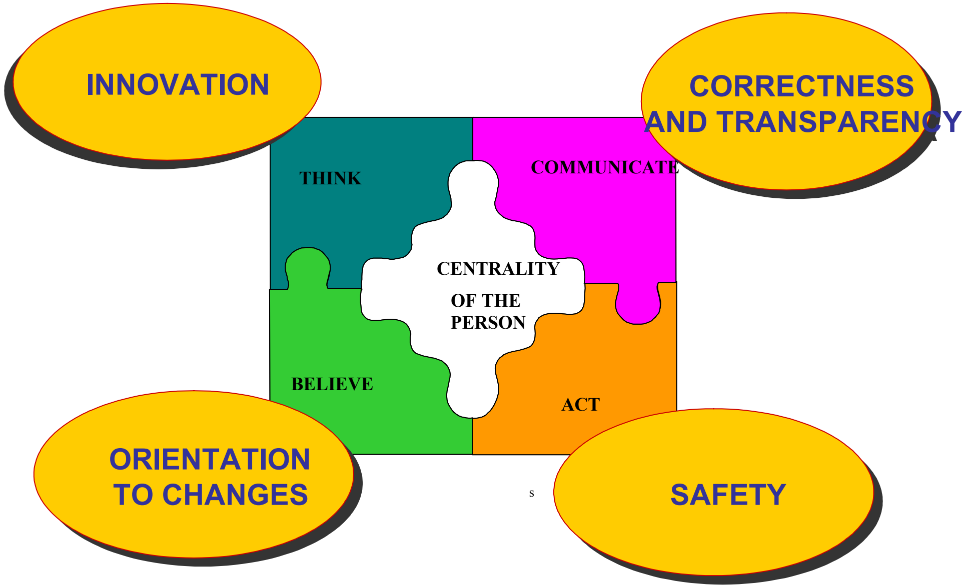
Our model of sustainable growth

- In Sabaf the ethic founded on the centrality on the person is an indispensable condition for the sustainable growth of the business in the long-term period

- By this we mean a business culture based on the cohesion of shared values. The sustainable growth of Sabaf depends on the degree of agreement and sharing of values

- The respect of common values increases reciprocal trust, favours the development of shared knowledge, and contributes to the containment of transaction costs and control costs: a company with good moral principles operates better than a company that does not adhere to the rules

For Sabaf social responsibility is not a specific project, but a fundamental characteristic that determines the identity of the company and the business model, defining the organisation and the strategy



Greater corporate governance

- The Board of Directors contains a majority of independent directors
- It is our intention to introduce the voting of lists for the nomination of the Board of Directors
- The stock options are related to EBITDA and EBIT growth objectives, in addition to the share price
- We have fixed more stringent limits for the communication of internal dealing transactions and established fixed periods of “black-out”

- The continuous dialogue with customers, suppliers, employees, the general public – and the regular verification of the respecting of commitments and rules to which Sabaf voluntary submits - are part of the management controls of the company
- Every control process must be continually measured: our management controls integrate the measure of economic performances with intellectual capital and management of the social responsibility

Sabaf and the sector – overview 2003

- In a market characterised by high discontinuity and absence of visibility, Sabaf has demonstrated the capacity of immediate reaction and domination in the business
- Sabaf maintained its market share in Europe and grew in Asia, Africa and South America

- The recovery of volumes in the final quarter resulted in the improvement of margins in an increasingly more difficult competitive environment

- The automation was completed of the assembling, calibration and testing phases of the thermostats, production began of the "dual" burners and the new generation light alloy valves
- The production of burner lids has been partially internalised.

- The effect of the new products is still very limited and less than the expectations at the beginning of 2003 due to the stagnation in demand
- The penetration of safety valves continues (sales +17.8%). Production volumes are now close to those of simple valves
- Special burners increased more than proportionally than standard burners
- The increase for hinges (+13.3%) was the best since 2000, EBIT at 16.9%

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Sales by country

	Country	2003		2002		2001		2003 vs. 2002	2003 vs. 2001
1	ITALY	52,835	48,0%	49,930	48,4%	45,428	52,0%	+ 6%	+ 16%
2	POLAND	13,088	11,9%	12,699	12,3%	9,898	11,3%	+ 3%	+ 32%
3	SOUTH KOREA	7,709	7,0%	7,086	6,9%	3,637	4,2%	+ 9%	+ 112%
4	SPAIN	7,604	6,9%	7,325	7,1%	6,132	7,0%	+ 4%	+ 24%
5	UK	4,686	4,3%	4,644	4,5%	4,441	5,1%	+ 1%	+ 6%
6	TURKEY	4,480	4,1%	2,428	2,4%	1,965	2,2%	+ 85%	+ 128%
7	BRAZIL	2,583	2,3%	2,255	2,2%	1,363	1,6%	+ 15%	+ 90%
8	FRANCE	1,775	1,6%	2,292	2,2%	2,232	2,6%	- 23%	- 20%
9	IRAN	1,546	1,4%	0,455	0,4%	0,415	0,5%	+ 240%	+ 273%
	OTHERS	13,713	12,5%	14,109	13,7%	11,852	13,6%	- 3%	+ 16%
	TOTAL	110,019	100,0%	103,223	100,0%	87,363	100,0%	+7%	+26%
	first 10 clients	54%		56%		51%			
	first 20 clients	71%		74%		68%			

The agreement with Arcelik

- Turkey is acquiring a dominant position in the production of domestic appliances at an international level
- Arcelik, a company of the Koc group, is today one of the leading and most dynamic players in the European domestic appliance market
- Sales of Euro 1.57 billion in 2002 (+47% on 2001), of which 46% export, principally in Western Europe (+146% on 2001)
- Net operating profit 2002: 7%
- Recent European brands acquired (cooking): Flavel, Leisure, Elektra-Bregenz
- In the three-year period 2004-2006 Arcelik will gradually adopt Sabaf components (burners, valves and thermostats) for its whole gas cooking range
- The agreement has an estimated value of between Euro 16 and 20 million
- The agreement also has the aim of establishing a strategic partnership for the joint development of innovative solutions in gas cooking
- Arcelik will be the first large European group to avail of the opportunities related to the launch of the progressive light alloy valves

Entry to the North American market

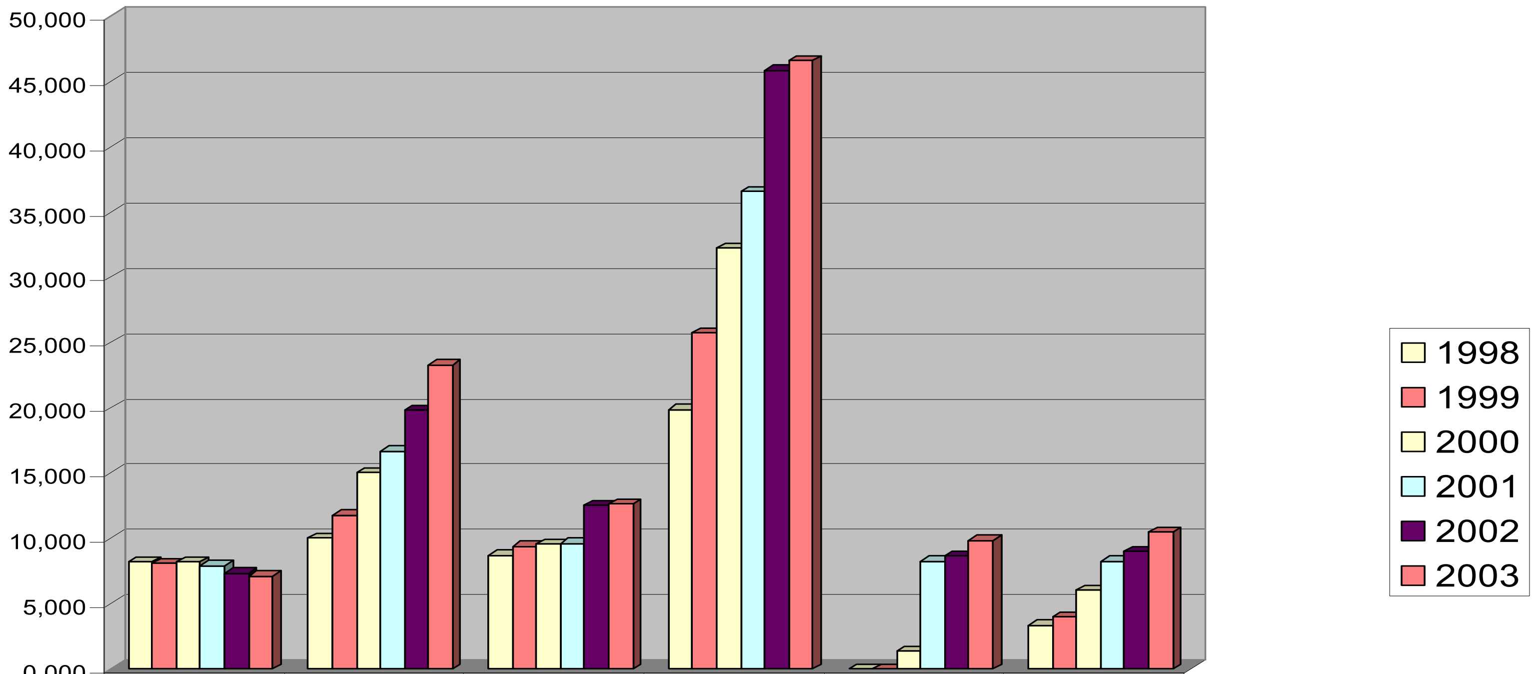
Strengths	Weakness
-Range of products in development - Quality of product/ process (all audits to-date have been positive) -Global relationships (Electrolux / BSH / Whirlpool) -Capacity to innovate	-Logistical system (we are not yet present locally) -Supply of parts not sub-assembled (valves/manifolds) -Special components USA market (square manifold/air-take from the bottom/ oven temperature) -Complexity of relations with large groups/mentality USA
Opportunities	**Risks**
-Opening of the thermostat mercury market -Supply problems of local manufacturers -Importation of finished products from Europe -Extension of use for the round manifold -Growth in the built-in segment	-Euro / $ exchange rates -Potential import barriers USA (today not present)

Activity in Brazil

- Results 2003 Sabaf do Brasil
  - Sales 2003: Euro 1.4 mn (+35%; +75% at constant exchange rates)
  - Operating profit 1.4%

- Commencement of die-casting of burners and production of lids on-site
- Commencement of exports to Chile and Argentina
- Investments planned in 2004 for further verticalisation of the production processes : Euro 1.5 mn

Sales by product group 1998-2003



	Simple valves	Safety valves	Thermostats	Burners	Hinges	Accessories
1998	8,187	10,058	8,723	19,886	0,000	3,345
1999	8,079	11,791	9,424	25,716	0,000	3,998
2000	8,201	15,030	9,553	32,221	1,366	6,040
2001	7,952	16,671	9,612	36,57	8,289	8,269
2002	7,344	19,849	12,526	45,837	8,685	8,982
2003	7,149	23,305	12,661	46,587	9,836	10,481

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Income statement

€ x 1000	2002		2003		var. %
SALES	103 223	100,0%	110 019	100,0%	+ 6,6%
VALUE OF PRODUCTION	106 066	102,8%	110 758	100,7%	+ 4,4%
Consumption and services	(60 550)	-58,7%	(62 538)	-56,8%	+ 3,3%
Value added	45 516	44,1%	48 220	43,8%	+ 5,9%
Personnel costs	(15 958)	-15,5%	(16 281)	-14,8%	+ 2,0%
EBITDA	29 558	28,6%	31 939	29,0%	+ 8,1%
Amortisation and depreciation	(10 226)	-9,9%	(11 200)	-10,2%	+ 9,5%
Provisions and other costs	(370)	-0,4%	(461)	-0,4%	
EBITA	18 962	18,4%	20 278	18,4%	+ 6,9%
Goodwill amortisation	(680)	-0,7%	(934)	-0,8%	+ 37,4%
Net financial charges	(1 634)	-1,6%	(1 527)	-1,4%	-6,5%
Extraordinary items	26	0,0%	7	0,0%	
PRE-TAX PROFITS	16 674	16,2%	17 824	16,2%	+ 6,9%

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Growth and quarterly profitability 2002-2003

€ X 1000	1Q 02		2Q 02		3Q 02		4Q 02		FY 02	
SALES	26.122		26.039		24.386		26.676		103.223	
EBITDA	7.659	29,3%	7.525	28,9%	6.953	28,5%	7.420	27,8%	29.557	28,6%
EBIT	5.042	19,3%	4.802	18,4%	4.074	16,7%	4.361	16,3%	18.279	17,7%
SALES GROWTH	+ 27%		+ 20%		+ 20%		+ 8%		+ 18%	
EBITDA GROWTH	+ 33%		+ 21%		+ 23%		+ 1%		+ 18%	
EBIT GROWTH	+ 39%		+ 19%		+ 23%		- 1%		+ 19%	

€ X 1000	1Q 03		2Q 03		3Q 03		4Q 03		FY 03	
SALES	27.770		26.066		24.792		31.391		110.019	
EBITDA	7.997	28,8%	7.332	28,1%	7.332	29,6%	9.278	29,6%	31.939	29,0%
EBIT	4.995	18,0%	4.283	16,4%	4.240	17,1%	5.826	18,6%	19.344	17,6%
SALES GROWTH	+ 6%		+ 0%		+ 2%		+ 18%		+ 7%	
EBITDA GROWTH	+ 4%		- 3%		+ 5%		+ 25%		+ 8%	
EBIT GROWTH	- 1%		- 11%		+ 4%		+ 34%		+ 6%	

Financial position

Working capital	23 021	31 762	(a)
Provisions	(11 366)	(11 191)	
Net capital employed	**89 755**	**96 955**	
Net equity	63 865	76 887	(b)
Medium/long term debt	16 055	22 413	
Short-term debt	9 835	(2 345)	
Source of funds	**89 755**	**96 955**	

(a) includes Euro 7 million for income tax payments on account for 2003

(b) includes the profit before taxation

Cash flow

- The net debt decreased from Euro 25.9 million at December 31, 2002 to Euro 20.1 million at December 31, 2003. The breakdown is as follows:

Operating Cash flow	21.6 mn
Investments	-9.0 mn
20% acquisition of Faringosi Hinges	-2.6 mn
Dividends paid	-4.2 mn
Change in net debt	5.8 mn

- The estimated tax for 2003 is approximately 43%
- The payout will be between 40% and 45%

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Investments / Research and Development

- The investments planned for 2004 amount to Euro 17 million, of which approximately 5 million for the construction of a new factory of 12,000 square meters at Ospitaletto, for the production of the new generation of valves

- The investments in 2004 will permit:
  - Increase in production capacity of approximately 15% on all product lines
  - Complete the verticalisation of the production of burner lids
  - Large scale production of new generation valves

- For future years, investments equal to approximately 10% of sales should sustain the level of expected organic growth

- Strategic objectives of research and development:
  - continue to heighten the entry barrier through the launch of products characterized by extremely sophisticated technology processes
  - guarantee greater performance in terms of efficiency and environmental impact
  - develop specific solutions for the non-European markets
  - develop, including through partnership, innovative solutions for new components

Forecast 2004

- For 2004 we expect two-digit growth figures, thanks to:
  - supply agreement with Arcelik
  - strengthening of relationships with principal clients
  - greater penetration in the non-European markets (in particular Middle East area)
  - commencement of sales in North America (minimum objective Euro 1 million)

  and maintaining the profitability levels of 2003.

- The Euro/Dollar exchange rate affects competitiveness in the Asian and South American markets.

- The purchases of the strategic raw materials (brass and aluminum) are hedged for approximately 80% of expected consumption in 2004.