

The SABAF logo consists of the word "SABAF" in a bold, blue, sans-serif font. The letter "S" is significantly larger than the other letters. A horizontal line is drawn above the letters "A", "B", and "A". A registered trademark symbol (®) is located to the right of the letter "F". The logo is set against a yellow rectangular background.

**SABAF®**

TECHNOLOGY AND SAFETY

*STAR COMPANIES PRESENTATION*

*London*

*13th - 14th October 2005*

# Sabaf and the sector – overview First Half 2005

The weakness in sales (-7.8%) during 1H05 is related to:

- Market
  - Weak consumes in Western Europe
  - Bad performance of some of the main overseas markets (South Korea, Columbia, Australia)
  - Sales from new agreements not yet in full swing
- Pricing strategy
  - We have not accepted excessive pressures from customers – average selling prices +1%
- Products life cycle
  - Series III burners and light alloy valves not yet on the market

Ability to defend profitability thanks to:

- Operational efficiency
  - Effects of recent investments – higher automation
  - Insourcing of enemelling lids
- Pricing strategy

# Sabaf and the sector – forecasts for Q3 and Q4

- Large orders from the Turkish market starting from August
- Revenues in 3Q05 should be slightly higher than in 3Q04
- The trend is expected to strengthen during Q4
- FY05 expected sales broadly in line with FY04
  
- New products are contributing to the recovery in sales of the other products too

# Income statement

€x 000	1H05		1H04		var. %	FY2004	
<b>SALES</b>	<b>59,272</b>	<b>100.0%</b>	<b>64,301</b>	<b>100.0%</b>	<b>-7.8%</b>	<b>120,527</b>	<b>100.0%</b>
Materials	(23,171)	-39.1%	(24,204)	-37.6%		(45,818)	-38.0%
Labour	(10,407)	-17.6%	(10,687)	-16.6%		(20,308)	-16.8%
Other operating costs/income	(9,045)	-15.3%	(10,930)	-17.0%		(20,424)	-16.9%
<b>EBITDA</b>	<b><u>16,649</u></b>	<b>28.1%</b>	<b><u>18,480</u></b>	<b>28.7%</b>	<b>-9.9%</b>	<b><u>33,977</u></b>	<b>28.2%</b>
Depreciation	(5,335)	-9.0%	(5,270)	-8.2%		(10,815)	-9.0%
Gains/losses on fixed assets	114	0.2%	30	0.0%		56	0.0%
<b>EBIT</b>	<b><u>11,428</u></b>	<b>19.3%</b>	<b><u>13,240</u></b>	<b>20.6%</b>	<b>-13.7%</b>	<b><u>23,218</u></b>	<b>19.3%</b>
Net financial expense	(288)	-0.5%	(468)	-0.7%		(814)	-0.7%
Foreign exchange gains/losses	496	0.8%	10	0.0%		(83)	-0.1%
<b>EBT</b>	<b><u>11,636</u></b>	<b>19.6%</b>	<b><u>12,782</u></b>	<b>19.9%</b>	<b>-9.0%</b>	<b><u>22,321</u></b>	<b>18.5%</b>
Income taxes	(4,730)	-8.0%	(5,225)	-8.1%		(9,371)	-7.8%
Minorities	0		44	0.1%		0	
<b>NET INCOME</b>	<b><u>6,906</u></b>	<b>11.7%</b>	<b><u>7,601</u></b>	<b>11.8%</b>	<b>-9.1%</b>	<b><u>12,950</u></b>	<b>10.7%</b>

# Financial position

<i>€ x 1000</i>	30.06.05	31.12.04	30.06.04
Fixed assets	87,582	86,342	86,157
Net working capital	25,518	23,076	20,530
<b>Capital Employed</b>	<b>113,100</b>	<b>109,418</b>	<b>106,687</b>
Equity	81,641	79,965	74,464
Reserves for risks/deferred tax	11,765	11,808	10,605
Net debt	19,694	17,645	21,618
<b>Sources of finance</b>	<b>113,100</b>	<b>109,418</b>	<b>106,687</b>

# Cash flow statement

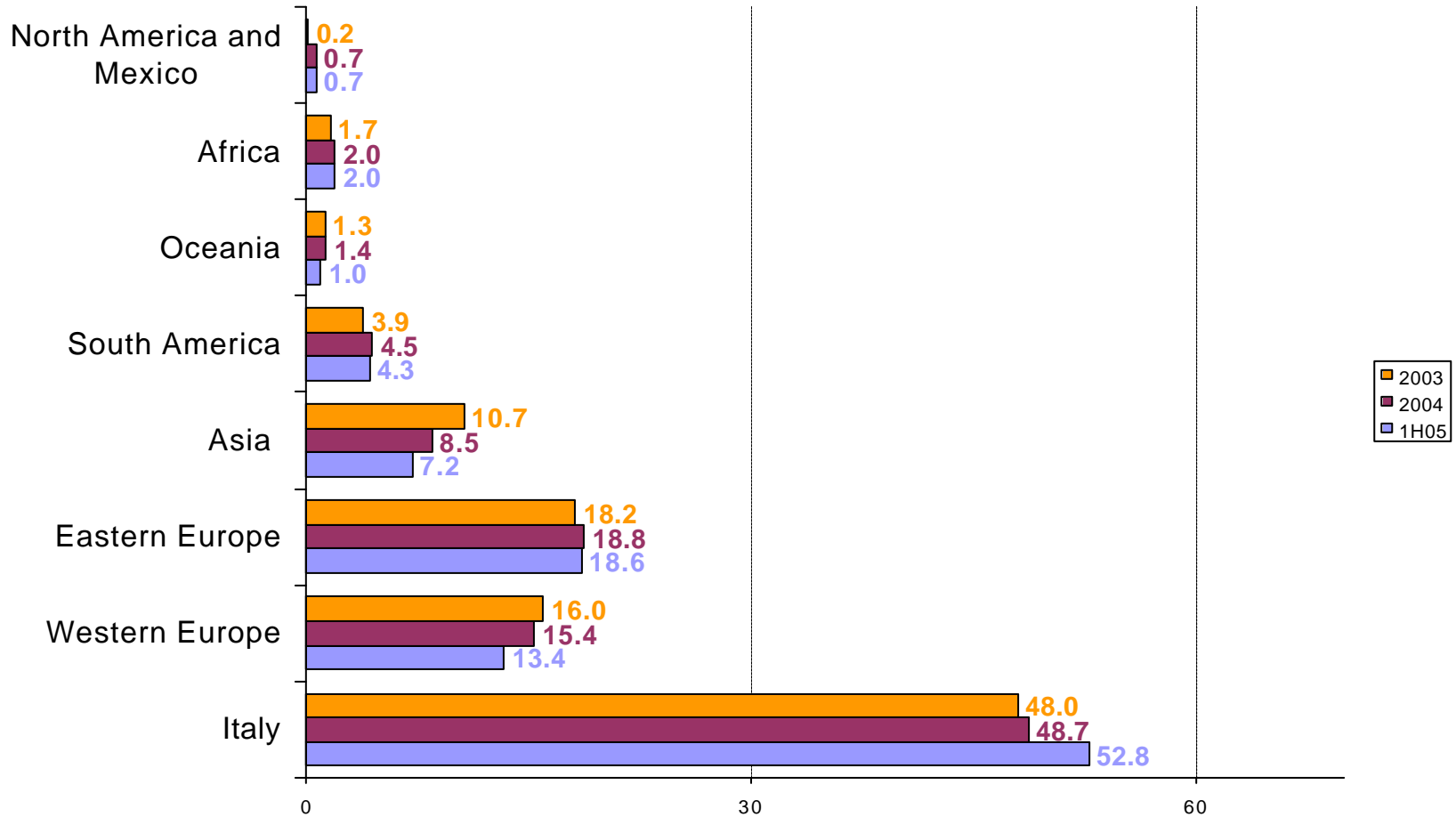
<i>€ x 1000</i>	1H05	FY04
Net profit	6,906	12,950
Depreciation	5,335	10,815
Other non-monetary costs/income	(182 )	1,408
Change in net working capital	(2,442 )	1,007
<b>Operating cash flow</b>	<b>9,617</b>	<b>26,180</b>
Investments	(6,778 )	(20,298 )
Disposals	759	216
<b>Free cash flow</b>	<b>3,598</b>	<b>6,098</b>
Change in long-term financial assets/liabilities	(2,013 )	1,960
Dividends	(5,434 )	(4,528 )
Other changes in equity	149	533
<b>Cash flow</b>	<b>(3,700)</b>	<b>4,063</b>

# Sales by country

<u>Country</u>	<u>1H05</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>		<u>2001</u>	
ITALY	31.275	52.8%	58.651	48.7%	52.835	48.0%	49.930	48.4%	45.428	52.0%
POLAND	6.234	10.5%	14.175	11.8%	13.088	11.9%	12.699	12.3%	9.898	11.3%
SPAIN	3.404	5.7%	7.363	6.1%	7.604	6.9%	7.325	7.1%	6.132	7.0%
TURKEY	3.379	5.7%	5.709	4.7%	4.480	4.1%	2.428	2.4%	1.965	2.2%
UK	2.451	4.1%	6.657	5.5%	4.686	4.3%	4.644	4.5%	4.441	5.1%
SOUTH KOREA	1.470	2.5%	4.776	4.0%	7.709	7.0%	7.086	6.9%	3.637	4.2%
IRAN	1.309	2.2%	0.964	0.8%	1.546	1.4%	0.455	0.4%	0.415	0.5%
BRAZIL	1.249	2.1%	3.054	2.5%	2.583	2.3%	2.255	2.2%	1.363	1.6%
OTHERS	8.501	14.3%	19.179	12.8%	15.488	12.6%	16.401	15.5%	14.084	16.0%
<b>TOTAL</b>	<b>59.272</b>	<b>100.0%</b>	<b>120.528</b>	<b>100.0%</b>	<b>110.019</b>	<b>100.0%</b>	<b>103.223</b>	<b>100.0%</b>	<b>87.363</b>	<b>100.0%</b>

	<u>1H05</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
first 10 customers	54%	53%	54%	56%	51%
first 20 customers	74%	70%	71%	74%	68%

# Sales by area (%)





# Operations in Turkey

- Some figures on Turkey
  - 70 mn people, of which 70% below 30 years
  - average household number fallen from 5.2 in 1985 to 4.2 now a day
  - 500,000 marriages per annum
  - 5% growth in domestic appliance demand in 1H05
  - penetration rate for ovens: 66%
- Strategic agreement with Arcelik
  - more than 50% market share in Turkey
  - 39% of total sales in export markets
- Strategic agreement with Vestel
  - main Turkish exporter (€ 2 bn in 2004)
  - leader in the production of electronics equipment (TV sets, DVD), more recently entered the white goods industry
  - first factory for the production of cookers opened in August 2005
- Expected sales to Arcelik + Vestel > € 10mn in 2006 (€ 1.4 mn in 1H05)
- Increasing sales to Bosh-Siemens Profilo (+10% yoy)
- Opportunities from local players looking at global markets

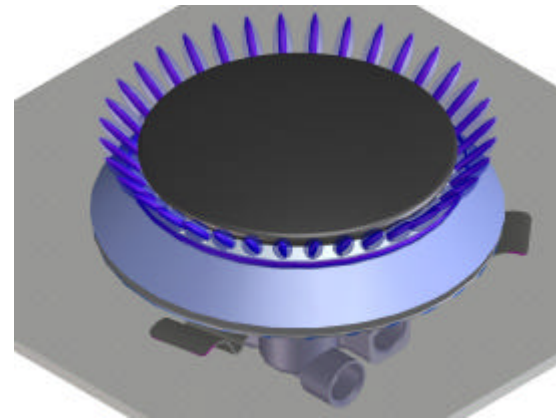
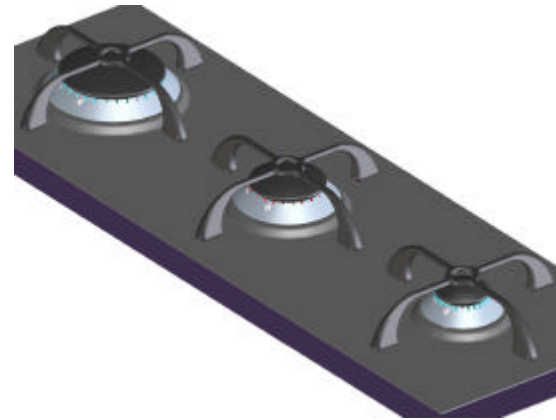
# Operations in North America

- Sales at € 0.6 mn in 1H05 (up 66%)
- First sales of special hinges for washing machines to Whirlpool (€ 0.2 mn) in 3Q05
- Expected sales to Whirlpool raising to € 0.2 mn per month starting from October 2005
- New company (Sabaf Mexico), fully owned, to be set up
  - A logistic base up to June 2006
  - Assembling unit for hinges from 2H06
  - Potential production plant for other components

# Series III burners



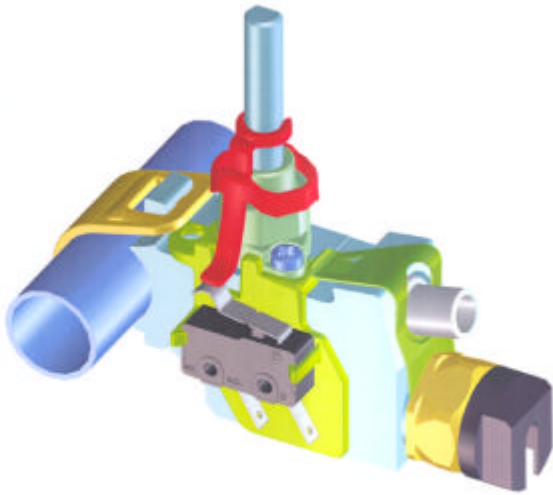
- Efficiency +25% compared to standard burners
- Gas saving for 1 hob: 49,545 litres/year
- Reduction in CO e CO<sub>2</sub> emissions
- First sales by year end



# Light alloy valves

- Weight reduced by 60%
- progressive flow rate
- hot pressing eliminated
- exclusive and highly automated production process

- ⇒ lower incidence of raw materials, cost savings
- ⇒ new markets /customers
- ⇒ cost and energy savings
- ⇒ strong technological barrier



## Simple valves

Sales at 200,000 units per month from September 05  
High automation (step 2) in 2006  
production capacity at 500,000 units per month un 2006

## Safety valves

machinery ready by year end  
Production capacity at 400,000 units per month in 2006

# Investments 2006

- Production line for light alloy simple valves – step 2 (high automation)
- Production line for light alloy safety valves for cookers
- Production line for light alloy safety valves for hobs
  
- Doubling of burner production capacity in Brazil