



Press release

Ospitaletto, 15 May 2007

SABAF: FIRST QUARTER 2007 RESULTS APPROVED

- Q1 revenues €40 million (+17%); EBITDA €10.8 million (+9.3%); EBIT €8.1 million (+11.6%); net profit €4.6 million (+11.4%)
- Net debt €11.4 million at 31 March 2007 (unchanged from 31 December 2006)
- Forecasts for 2007 confirmed: turnover up by around 15%, EBIT at 19% of sales

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the quarterly report as at 31 March 2007.

Sabaf Group performed well in the first quarter of 2007, continuing to benefit from a healthy economic climate, new products and the increasingly global nature of the business. Although down slightly on 2006, margins remained wholly satisfactory.

Q1 2007 consolidated results

Income from sales during the quarter stood at €40 million, up 17% on the €34.2 million for Q1 2006. Around half of this growth was accounted for by an increase in average selling prices, with the remainder due to an increase in volumes and a change in product mix. Growth in Italian and Western Europe markets, which confirmed the positive outlook, did not result in any significant changes in market share. Conversely, sales in Eastern Europe were down slightly compared with the same period in 2006 due to the loss of a Polish client. Sales in Turkey, unchanged from Q1 2006 at €2.7 million, were hit by poor domestic demand. As in 2006, the best results were witnessed outside Europe, mainly in the Middle East and North Africa.

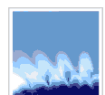
The increase in average selling prices was essentially in line with forecasts and largely helped offset increases in the cost of raw materials. Margins were partly influenced by start-up costs for the production of light-alloy safety valves. EBITDA for the period stood at €10.8 million, equivalent to 26.9% of sales and up 9.3% compared with €9.8 million (28.8% of sales) in Q1 2006. Lower depreciation meant an EBIT of €8.1 million, or 20.2% of sales, up 11.6% compared with €7.2 million in the same period of 2006 (21.2% of sales). The Group posted a net profit of €4.6 million, an increase of 11.4% on the €4.2 million in Q1 2006.

Capital investments and net financial position

Capital investments in the quarter, which totalled €5.2 million, were mainly to expand the production capacity of light-alloy safety valves. The increase in net working capital absorbed €2.6 million in resources, linked with the increase in trade receivables and inventories in hand. As at 31 March 2007, the balance sheet showed consolidated net equity of €86.7 million and net debt - excluding payables to shareholders for dividends of €8.1 million - of €11.4 million (€89.8 million and €11.4 million respectively at 31 December 2006).

SABAF S.p.A • Via dei Carpini, 1 • 25035 Ospitaletto (Brescia) • Italy

Tel. + 39 030 6843001 • Fax + 39 030 6848249 • Fully paid-up share capital €11,533,450





TECHNOLOGY AND SAFETY

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Outlook for 2007

In view of the lack of visibility afforded by the sector, the unexpected weakness of the Turkish market and increasing exposure to the Middle Eastern market, the company's management considered it wise to be circumspect in the guidance issued for subsequent quarters. Therefore, despite a positive start to 2007, the management still forecasts an increase in sales for the entire period of around 15% compared with 2006 and EBIT of around 19%.

These targets assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might differ from forecasts.

Convocation of the extraordinary general meeting to amend the articles of association

The Board of Directors also convened an extraordinary general meeting of the shareholders on 26 June 2007 at 10.00 a.m. to approve amendments to the articles of association, required to adapt the Company By-Laws currently in force to the requirements of Italian Legislative Decree no. 58/1998, as modified by Law no. 262/2005 and by Legislative Decree no. 303/2006.

The results will be announced to the financial community at 3.00 p.m. CET today, 15 May 2007, during a conference call (call 02 802 09 11 a few minutes before the conference is due to start).

Appendices: unaudited consolidated financial statements

For further information:

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Founded in the early 1950s, SABAF has grown consistently over the years to become the key manufacturer in Italy - and one of the leading manufacturers in the world - of components for kitchens and domestic gas cooking appliances.

The product range features four main categories: valves, thermostats and burners for gas cooking appliances and hinges for ovens, washing machines and dishwashers.

Unparalleled technological expertise, manufacturing flexibility, and the ability to offer a vast range of components - tailor-made to meet the requirements of individual manufacturers of cookers and built-in hobs and ovens and in line with the specific characteristics of its core markets - are Sabaf's key strengths in a sector featuring major specialisation, constantly evolving demand and an ever-increasing orientation towards products assuring total reliability and safety.

The Sabaf Group employs some 600 employees and operates via the parent company SABAF S.p.A. and its subsidiaries Faringosi- Hinges - leader in oven and washing-machine hinge production - and Sabaf do Brasil - active in production of burners for the South American market. Sabaf is also present in the People's Republic of China via a contact office located in Shanghai.

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Consolidated Balance Sheet

(€'000)	31.03.2007	31.12.2006	31.03.2006
ASSETS			
NON-CURRENT ASSETS			
Tangible assets (property, plant, and equipment)	82,715	80,461	77,059
Intangible assets	8,588	8,359	7,779
Equity investments	192	192	116
Non-current receivables	489	504	526
Deferred tax assets (prepaid taxes)	884	888	1,167
Total non-current assets	92,868	90,404	86,647
CURRENT ASSETS			
Inventories	24,625	21,077	17,787
Trade receivables	42,967	38,804	35,172
Tax receivables	1,066	1,241	403
Other current receivables	932	399	870
Current financial assets	94	1	3,853
Cash and cash equivalents	10,909	10,278	19,907
Total current assets	80,593	71,800	77,992
TOTAL ASSETS	173,461	162,204	164,639
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11,533	11,533	11,333
Retained earnings, other reserves	70,502	62,154	73,496
Net profit for period	4,632	16,078	4,159
Total equity attributable to group parent company	86,667	89,765	88,988
Minority interests	0	0	0
Total shareholders' equity	86,667	89,765	88,988
NON-CURRENT LIABILITIES			
Loans	14,588	14,920	17,777
Post-employment benefit obligations and retirement reserves	3,925	3,939	3,786
Reserves for risks and contingencies	1,167	1,070	1,501
Deferred income tax	9,443	9,341	10,113
Total non-current liabilities	29,123	29,270	33,177
CURRENT LIABILITIES			
Loans	7,739	6,739	3,374
Trade payables	31,099	29,109	25,224
Tax payables	5,572	2,775	2,612
Unclaimed dividends	8,073	0	6,792
Other liabilities	5,188	4,546	4,472
Total current liabilities	57,671	43,169	42,474
TOTAL LIABILITIES & EQUITY	173,461	162,204	164,639

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Consolidated Income Statement

(€'000)	Q1 2007		Q1 2006		2006 - FULL YEAR	
CONTINUING OPERATIONS						
OPERATING REVENUES AND INCOME						
Revenues	39,973	100.0%	34,170	100.0%	138,263	100.0%
Other operating income	287	0.7%	150	0.4%	1,637	1.2%
Total operating revenues and income	40,260	100.7%	34,320	100.4%	139,900	101.2%
OPERATING COSTS						
Materials	(18,757)	-46.9%	(14,332)	-41.9%	(57,794)	-41.8%
Change in inventories	3,486	8.7%	2,048	6.0%	5,410	3.9%
Services	(7,290)	-18.2%	(5,966)	-17.5%	(24,116)	-17.4%
Payroll costs	(6,781)	-17.0%	(6,255)	-18.3%	(24,087)	-17.4%
Other operating costs	(385)	-1.0%	(173)	-0.5%	(897)	-0.6%
Costs for capitalised in-house work	223	0.6%	203	0.6%	814	0.6%
Total operating costs	(29,504)	-73.8%	(24,475)	-71.6%	(100,670)	-72.8%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	10,756	26.9%	9,845	28.8%	39,230	28.4%
Depreciation and amortization	(2,677)	-6.7%	(2,610)	-7.6%	(11,018)	-8.0%
Capital gains/(losses) on disposal of non-current assets	(4)	0.0%	2	0.0%	29	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	0	0.0%
OPERATING PROFIT (EBIT)						
	8,075	20.2%	7,237	21.2%	28,241	20.4%
Finance income	138	0.3%	74	0.2%	443	0.3%
Finance expenses	(410)	-1.0%	(280)	-0.8%	(1,231)	-0.9%
Foreign-exchange gains/(losses)	(24)	-0.1%	(76)	-0.2%	(369)	-0.3%
Profits and losses from equity investments	0	0.0%	0	0.0%	0	0.0%
PRE-TAX PROFIT						
	7,779	19.5%	6,955	20.4%	27,084	19.6%
Income tax	(3,147)	-7.9%	(2,796)	-8.2%	(11,006)	-8.0%
Minority interests	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD						
	4,632	11.6%	4,159	12.2%	16,078	11.6%



Consolidated Net Financial Position

<i>(€'000)</i>	31.03.2007	31.12.2006	31.03.2006
A. Cash	13	13	15
B. Positive balances of non-binding bank current accounts	10,896	10,265	19,892
C. Other liquidities	0	0	0
D. Cash (A+B+C)	10,909	10,278	19,907
E. Current bank overdrafts	4,515	3,524	0
F. Current portion of the non-current debt	3,224	3,215	3,374
G. Other current payables	0	0	0
H. Current financial debt (E+F+G)	7,739	6,739	3,374
I. Current net financial debt (H-D)	(3,170)	(3,539)	(16,533)
J. Non-current bank payables	8,257	8,257	10,079
K. Non-current financial debts	6,331	6,663	7,698
L. Non-current financial debt (J+K)	14,588	14,920	17,777
M. Net financial debt (L+I)	11,418	11,381	1,244

Consolidated Cash Flow Statement

<i>(€'000)</i>	Q1 2007	Q1 2006	2006 - FULL YEAR
OPENING NET SHORT-TERM FINANCIAL POSITION	3,539	9,173	9,173
Net profit for period	4,632	4,159	16,078
Depreciation and amortization	2,677	2,610	11,018
Other non-monetary items	193	501	(297)
Change in net working capital	(2,640)	3,621	454
Operating cash flow	4,862	10,891	27,253
Investments, net	(5,164)	(3,041)	(15,480)
Change in financial assets and loans (non-current)	(410)	(1,344)	(327)
Distribution of dividends	0	0	(18,325)
Other changes in equity	343	854	1,245
CASH FLOW FOR THE PERIOD	(369)	7,360	(5,634)
CLOSING NET SHORT-TERM FINANCIAL POSITION	3,170	16,533	3,539

