

SABAF®

TECHNOLOGY AND SAFETY

PARIS ROADSHOW

May 16th, 2007

Sabaf and its sector



- Among few players, Sabaf keeps a strong leadership, widening the gap towards the competitors
- Automation, technical competence and economies of scale are basic needs to be on the market
- Growing industry, due to:
 - Higher technical complexity and increasing value of the components
 - Outsourcing from household manufacturers
 - Growing need for safety and efficiency
 - Attention to environmental matters
- European cooking model will become the international standard

Strategy 1 – Enhance technological leadership



- We will focus on organic growth
- We will keep full control of the production process
 - Unique know how in joint product and process engineering
 - High degree of vertical integration
 - Our products set the standard for the market
- Internal engineering and construction of technical assets not available on the market
 - Special, personalized machinery
 - Robotic die-casting and automated equipment
 - High precision and high performance tools
- Average capex at 20% of sales in the last 8 years
- > 10% of workforce employed in R&D and Equipment Departments

Strategy 2 – Enhance market leadership



We aim to:

- Further increase market share in Europe (today around 50%)
- Catch huge opportunities outside Europe
- Build long term partnerships together with clients
- Optimise the customer base

Strategy 3 – Product innovation



- Sole provider of the full range of components
- We have the most innovative and advanced product portfolio
- New generation of valves in light alloy

	Brass valves	Aluminium alloy valves
<i>Product performance</i>		progressive flow rate
<i>Production process</i>		Hot pressing eliminated Sophisticated machining technology Higher process rhythm in high value operations
<i>Weight of finished product (g) *</i>	73.2	31.1
Raw material price Jan 04 to Sep 06	+230%	+50%
<i>Lead content (g) *</i>	2.24	0.30
<i>Energy content (kwh/unit) *</i>	0.303	0.218

* simple valves

Strategy 4 – Central role of people



- Unique know-how arising from 50 years presence in the business
- Constant attention to professional training; tutoring
- Top management with the company for a long period
- Separation between ownership and management
- Best practices in corporate governance
- CSR as part of a strategic process seeking continuous improvement in corporate culture

Sabaf and its sector - overview 2006



Sales at € 138.3 mn - up by 14.3% thanks to:

- Developments towards new markets and customers
 - High growth in Turkey, Middle East, North Africa, South America
- Improved relations with some consolidated customers
- New products
 - Light alloy valves without FFD
 - Special hinge for Whirlpool US washing machine
- Good performance of the reference market compared to 2005
 - Strong recovery of Italian manufacturers exporting out of Europe
- Pricing / hedging strategy
 - Hedging on raw material made it possible to limit price increase

EBIT at 39.2 mn - up by 20.4% thanks to:

- Improved customer mix
- New products
- Operational leverage

Forecasts 2007



- Sales +15%
 - Half price effect
 - Half volumes effect
- EBIT at 19%
 - We did pass through into selling prices most of, but not all, the effect of raw material cost increase
 - Start-up costs for the production of FFD light alloy valves
- Capex at about EUR16 mn
 - Production lines for FFD light alloy valves for cookers and for hobs
 - New plant in Brazil, doubled production capacity and further in-house of production (burners)

Income statement



€x 000	<u>1Q07</u>		<u>1Q06</u>		var. %	<u>FY2006</u>	
SALES	39,973	100.0%	34,170	100.0%	17.0%	121,014	100.0%
Materials	(15,271)	-38.2%	(12,284)	-35.9%		(46,957)	-38.8%
Labour	(6,781)	-17.0%	(6,255)	-18.3%		(21,000)	-17.4%
Other operating costs/income	(7,165)	-17.9%	(5,786)	-16.9%		(18,718)	-15.5%
EBITDA	<u>10,756</u>	26.9%	<u>9,845</u>	28.8%	9.3%	<u>34,339</u>	28.4%
Depreciation	(2,677)	-6.7%	(2,610)	-7.6%		(11,006)	-9.1%
Gains/losses on fixed assets	(4)	0.0%	2	0.0%		126	0.1%
EBIT	<u>8,075</u>	20.2%	<u>7,237</u>	21.2%	11.6%	<u>23,459</u>	19.4%
Net financial expense	(272)	-0.7%	(206)	-0.6%		(853)	-0.7%
Foreign exchange gains/losses	(24)	-0.1%	(76)	-0.2%		535	0.4%
EBT	<u>7,779</u>	19.5%	<u>6,955</u>	20.4%	11.8%	<u>23,141</u>	19.1%
Income taxes	(3,147)	-7.9%	(2,796)	-8.2%		(9,188)	-7.6%
Minorities	0		0			0	
NET INCOME	<u>4,632</u>	11.6%	<u>4,159</u>	12.2%	11.4%	<u>13,953</u>	11.5%

Financial position



<i>€ x 1000</i>	31-Mar-07	31-Dec-06	31-Mar-06
Fixed assets	91,984	89,516	85,480
Net working capital	27,731	25,154	21,924
Financial assets (*)	94	1	3,853
Capital Employed	119,809	114,671	111,257
Equity	86,667	89,765	88,988
Dividends payable	8,073	-	6,792
Reserves for risks/net deferred tax	13,651	13,525	14,233
Net debt	11,418	11,381	1,244
Sources of finance	119,809	114,671	111,257

(*) MTM on hedging financial instruments

Cash flow statement



<i>€ x 1000</i>	Q1 07	FY 06
Net profit	4,632	16,078
Depreciation	2,677	11,018
Other non-monetary costs/income	193	(234)
Change in net working capital	(2,640)	391
Operating cash flow	4,862	27,253
Investments, net of disposals	(5,164)	(15,481)
Free cash flow	(302)	11,772
Change in long-term financial assets/liabilities	(410)	(327)
Dividends	0	(18,325)
Other changes in equity	343	1,246
Cash flow	(369)	(5,634)

Special dividend



- € 1 per share paid on November 6th
- Made possible by strong free cash flow generation during 2005 and 2006
- Partial re-balance of financial structure to reduce average cost of capital
- No change in strategies, open even to acquisitions

Sales by area



<u>Area</u>	<u>Q1 07</u>		<u>FY 06</u>		<u>FY 05</u>		<u>06 VS. 05</u>
ITALY	19,624	49.1%	69,010	49.9%	61,344	50.7%	+ 12.5%
W. EUROPE	4,524	11.3%	15,680	11.3%	15,502	12.8%	+ 1.1%
E. EUROPE & TURKEY	6,342	15.9%	24,675	17.8%	25,022	20.7%	- 1.4%
ASIA	3,493	8.7%	9,268	6.7%	8,035	6.6%	+ 15.3%
SOUTH AMERICA	2,206	5.5%	8,253	6.0%	4,878	4.0%	+ 69.2%
AFRICA	2,102	5.3%	5,843	4.2%	3,082	2.5%	+ 89.6%
NORTH AMERICA	1,455	3.6%	4,666	3.4%	2,061	1.7%	+ 126.4%
OCEANIA	227	0.6%	868	0.6%	1,090	0.9%	- 20.4%
TOTAL SALES	39,973	100.0%	138,263	100.0%	121,014	100.0%	+ 14.3%
	9,483	23.7%	28,898	20.9%	19,146	15.8%	+ 50.9%

2006 2005 2004 2003 2002

first 10 customers 47% 52% 53% 54% 56%

13 first 20 customers 67% 71% 70% 71% 74%



Mid-term strategic lines of development



TURKEY

- Turkey might become the largest European appliance manufacturer
- Sales at € 12.5 mn in 2006, up by 32% (second market, after Italy)
- Relationships with Arcelik and Vestel are going on as expected

• US

- The agreement with Whirlpool to supply hinges for washing machines represents the first important order from one of the American big players
- New projects with Whirlpool in gas components
- Start-up of production in Mexico (2007) will open new opportunities

SOUTH AMERICA

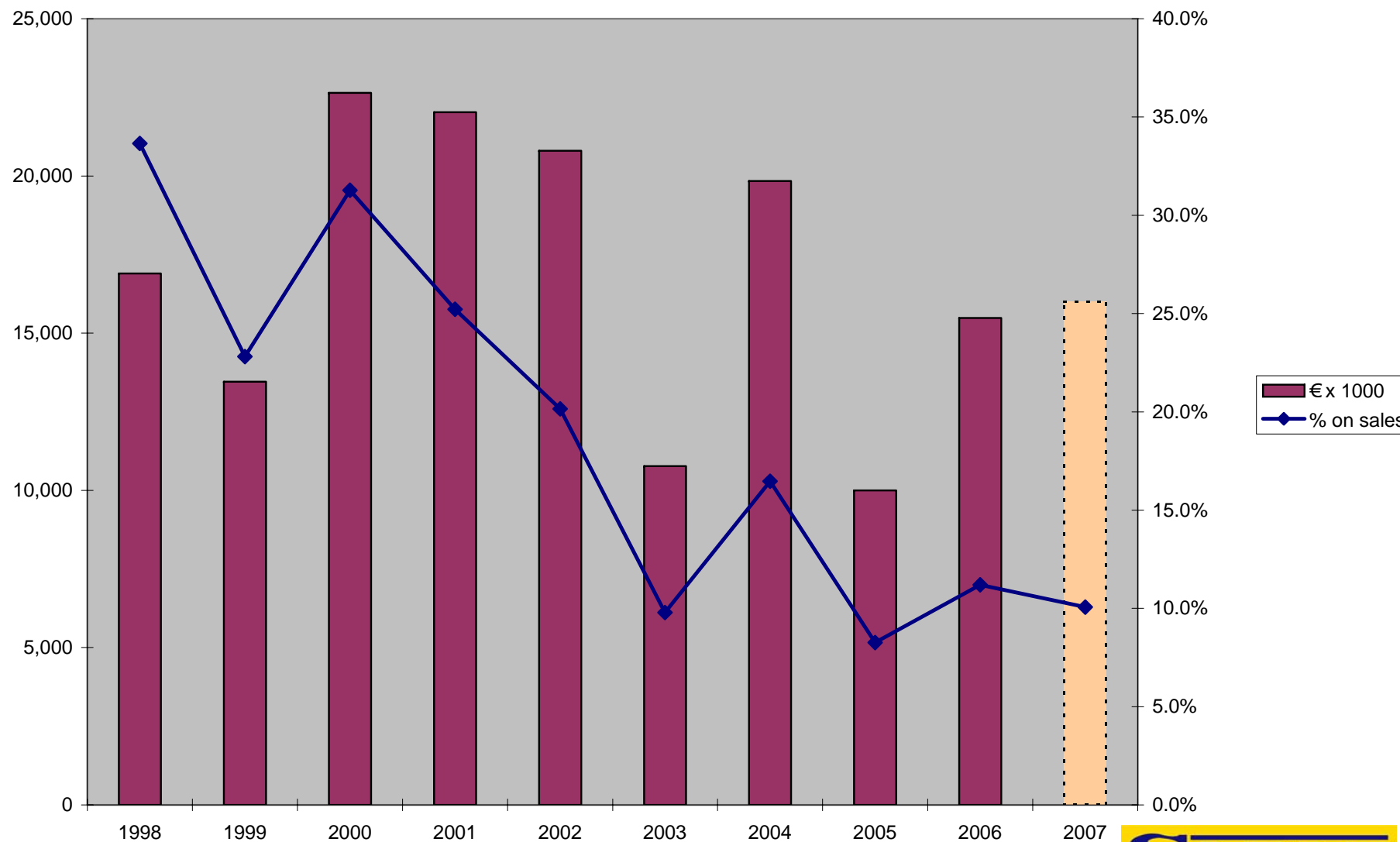
- Sales at € 8.3 mn in 2006, up by 69%
- New plant in Brasil starting from Spring 2007
- Special products (valves and burners) to enter the mass market

Sales by product category



	Q1 2007	%	Q1 2006	%	variation %		2006 - FULL YEAR	%
Simple brass valves	2,952	7.4	2,078	6.1	+42.1		9,860	7.1
Brass safety valves	6,887	17.2	6,566	19.2	+4.9		25,492	18.5
Light-alloy valves (simple + safety)	1,581	4.0	346	1.0	+356.9%		2,465	1.8
Thermostats	4,808	12.0	4,134	12.1	+16.3%		15,367	11.1
<i>Total valves and thermostats</i>	<i>16,228</i>	<i>40.6</i>	<i>13,124</i>	<i>38.4</i>	<i>+23.7%</i>		<i>53,184</i>	<i>38.5</i>
Standard burners	11,354	28.4	9,725	28.5	+16.8%		41,187	29.8
Special burners	5,416	13.5	4,220	12.3	+28.3%		16,589	12.0
<i>Total burners</i>	<i>16,770</i>	<i>41.9</i>	<i>13,945</i>	<i>40.8</i>	<i>+20.3%</i>		<i>57,776</i>	<i>41.8</i>
<i>Hinges</i>	<i>2,951</i>	<i>7.4</i>	<i>3,449</i>	<i>10.1</i>	<i>-14.4%</i>		<i>12,388</i>	<i>8.9</i>
<i>Accessories and other revenues</i>	<i>4,024</i>	<i>10.1</i>	<i>3,652</i>	<i>10.7</i>	<i>+10.2%</i>		<i>14,915</i>	<i>10.8</i>
Total	39,973	100.0	34,170	100.0	+17.0%		138,263	100.0

Capex 1998-2007e



Disclaimer



Certain information included in this document is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially. The Company's business is in the domestic appliance industry, with special reference to the gas cooking sector, and its outlook is predominantly based on its interpretation of what it considers to be the key economic factors affecting this business. Forward-looking statements with regard to the Group's business involve a number of important factors that are subject to change, including: the many interrelated factors that affect consumer confidence and worldwide demand for durable goods; general economic conditions in the Group's markets; actions of competitors; commodity prices; interest rates and currency exchange rates; political and civil unrest; and other risks and uncertainties.

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