



SABAF®

TECHNOLOGY AND SAFETY

STAR CONFERENCE

London

3-4 October 2007

Sabaf and the sector – overview First Half 2007



H1 2007 sales at € 79.6 mn - up by 14%

- 8% price effect
- 6% volume-mix effect
- Stable volumes in Europe
- Turkey growth in line with forecasts (after a weak 1st quarter)
- 60% of contribution to growth arising from non European markets
- Improved relations with multinational groups
- New light alloy valves with flame failure device

H1 2007 EBIT at 19.5% of sales - up by 4.1%

- Margins in line with expectations
- Impact of start-up costs for aluminum valves plant
- Impact of transfer of Brazilian site from Guarulhos to Jundiaí
- Impact of raw material price increase

FY 2007 sales increase expected at 15% (€ 159 mn)

FY 2007 EBIT expected at 19% of sales

Income statement



€x 000	<u>1H07</u>		<u>1H06</u>		var. %	<u>FY2006</u>	
SALES	79,633	100.0%	69,856	100.0%	14.0%	138,263	100.0%
Materials	(37,019)	-46.5%	(29,498)	-42.2%		(57,794)	-41.8%
Payroll	(13,340)	-16.8%	(12,515)	-17.9%		(24,087)	-17.4%
Change in stock	5,653	7.1%	4,393	6.3%		5,410	3.9%
Other operating costs/income	(13,818)	-17.4%	(11,954)	-17.1%		(22,562)	-16.3%
EBITDA	<u>21,109</u>	26.5%	<u>20,282</u>	29.0%	4.1%	<u>39,230</u>	28.4%
Depreciation	(5,523)	-6.9%	(5,366)	-7.7%		(11,018)	-8.0%
Gains/losses on fixed assets	(57)	-0.1%	11	0.0%		29	0.0%
EBIT	<u>15,529</u>	19.5%	<u>14,927</u>	21.4%	4.0%	<u>28,241</u>	20.4%
Net financial expense	(721)	-0.9%	(404)	-0.6%		(788)	-0.6%
Foreign exchange gains/losses	(52)	-0.1%	(203)	-0.3%		(369)	-0.3%
EBT	<u>14,756</u>	18.5%	<u>14,320</u>	20.5%	3.0%	<u>27,084</u>	19.6%
Income taxes	(5,994)	-7.5%	(5,848)	-8.4%		(11,006)	-8.0%
Minorities	0		0			0	
NET INCOME	<u>8,762</u>	11.0%	<u>8,472</u>	12.1%	3.4%	<u>16,078</u>	11.6%
EPS	0.760		0.748			1.394	

Financial position



<i>€ x 1000</i>	30.06.07	31:12:06	30.06.06
Fixed assets	95,365	90,404	88,913
Net working capital	36,493	25,091	21,548
Financial assets (*)	103	1	5,768
Fixed assets available for sale (**)	3,000	-	-
Capital Employed	134,961	115,496	116,229
Equity	91,226	89,765	94,332
Reserves for risks/net deferred tax	14,294	14,350	16,638
Net debt	29,441	11,381	5,259
Sources of finance	134,961	115,496	116,229

(*) MTM on hedging financial instruments

(**) houses built for employees and sold in July 2007

Cash flow statement



€ x 1000	1H07	1H06	FY 06
Net profit	8,762	8,472	16,078
Depreciation	5,523	5,366	11,018
Other non-monetary costs/income	(177)	1,526	(234)
Change in inventory	(5,813)	(4,375)	(5,368)
Change in trade receivables	(9,191)	(2,151)	(2,740)
Change in trade payables	2,860	6,451	5,932
Change in other current non financial assets/liabilities	742	4,072	2,567
Change in net working capital	(11,402)	3,997	391
Operating cash flow	2,706	19,361	27,253
Investments	(13,431)	(7,941)	(15,481)
Disposals	40	15	
Free cash flow	(10,685)	11,435	11,772
Change in long-term financial assets/liabilities	(1,677)	(4,541)	(327)
Dividends	(8,073)	(6,791)	(18,325)
Other changes in equity	773	1,992	1,246
Cash flow	(19,662)	2,095	(5,634)

Sales by area and customer concentration

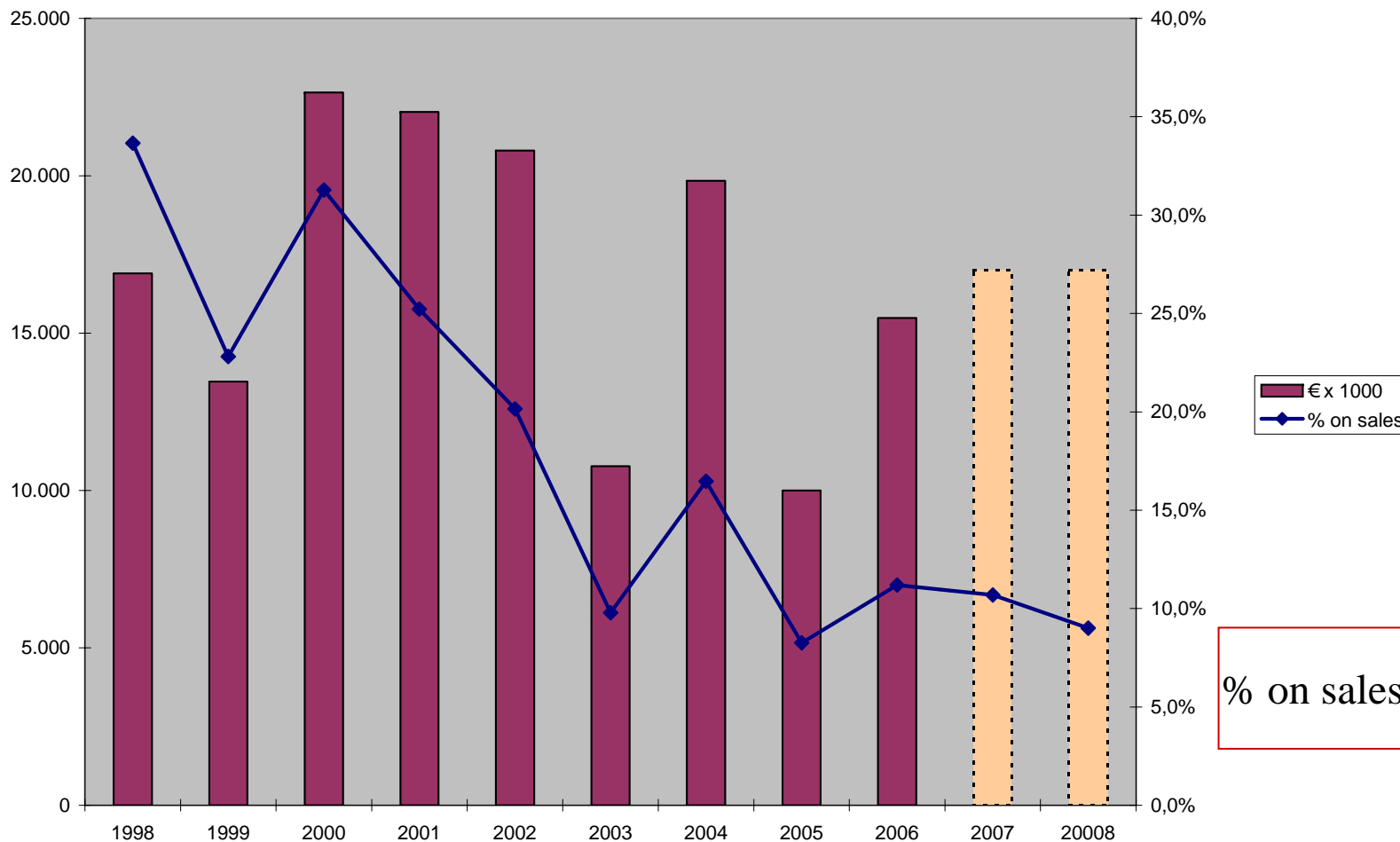
<u>Area</u>	<u>1H 07</u>		<u>1H 06</u>		<u>1H 07 VS.</u> <u>1H 06</u>	<u>1H 05</u>		<u>1H 06 VS.</u> <u>1H 05</u>
ITALY	38,623	48,5%	35,724	51,1%	+ 8,1%	31,275	52,8%	+ 14,2%
W. EUROPE	8,262	10,4%	8,293	11,9%	- 0,4%	7,948	13,4%	+ 4,3%
E. EUROPE & TURKEY	13,304	16,7%	12,063	17,3%	+ 10,3%	11,001	18,6%	+ 9,7%
ASIA	6,969	8,8%	5,092	7,3%	+ 36,9%	4,269	7,2%	+ 19,3%
SOUTH AMERICA	4,946	6,2%	3,269	4,7%	+ 51,3%	2,570	4,3%	+ 27,2%
AFRICA	4,592	5,8%	2,780	4,0%	+ 65,2%	1,176	2,0%	+ 136,4%
NORTH AMERICA	2,668	3,4%	2,143	3,1%	+ 24,5%	0,599	1,0%	+ 257,8%
OCEANIA	0,269	0,3%	0,492	0,7%	- 45,3%	0,434	0,7%	+ 13,4%
TOTAL	79,633	100,0%	69,856	100,0%	+ 14,0%	59,272	100,0%	+ 17,9%
	19,444	24,4%	13,776	19,7%	+ 41,1%	9,048	15,3%	+ 52,3%
<i>first 10 customers</i>	54%		49%			54%		
<i>first 20 customers</i>	76%		70%			74%		

Hedging on raw materials and currencies



- No use of financial derivatives to hedge raw material during 2007
- Raw material needs for 2nd half 2007 already purchased at the same price of 1st half purchases
- USD denominated sales represent about 8% of total sales
- 40% of 2007 USD expected sales hedged at EURUSD 1.3090

Capex 1998-2008e



€x 000

% on sales

OSPITALETTO
1

FARINGOSI
HINGES

OSPITALETTO
2

OSPITALETTO
3



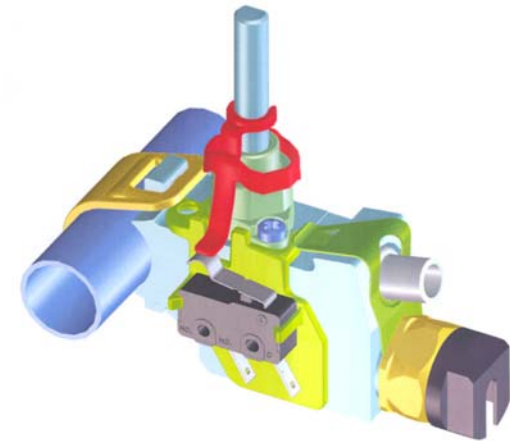
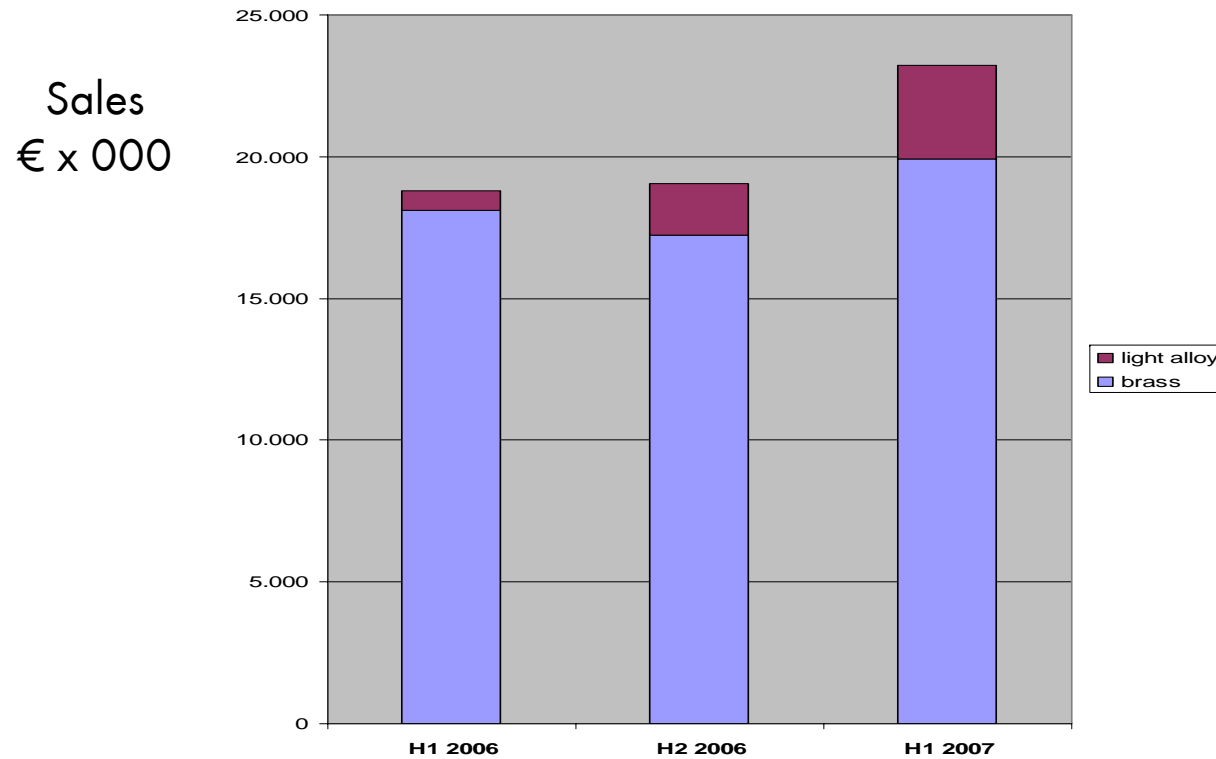
Main investments 2007-2008



- Production line for light alloy safety valves for cookers
- Production line for light alloy safety valves for hobs
- Production line for light alloy thermostats for ovens
- Further automation in burner production

- Doubling of burner production capacity in Brazil
- New plant in Brazil

Developments in light alloy valves



- Light alloy valves represent 14% of total valves sales in H1 2007
- Growth trend expected to continue in the next quarters
- Very limited cannibalization effect

Relationships with multinational groups



Most of 2008 growth will arise from multinational groups, furtherly confirming Sabaf as the most reliable supplier

- Higher Sabaf's penetration in the purchases of multinational groups
- Wider component range supplied to some groups
- New projects under joint development
- Strong impact linked to high competitiveness of light alloy valves

Further opportunities in international markets



CHINA

- Samples of dual light alloy valve have been presented to customers during 1H 2007
 - waiting for feedback by the end of the year
- The review of Chinese standards could threaten the introduction of European-style burners (introduction of a protective standard which would make the use of aluminum alloys impossible)
 - development of new versions compliant with such standards (samples will be presented by the end of the year, feedback during 1H 2008)
- Contacts with multinational groups to evaluate a fast entry in the Chinese market

BRAZIL / INDIA

- Development of a cheap aluminum valve – first samples available by 1Q 2008

RUSSIA

- The contacts with two potential customers are in an advanced phase
- € 2mn sales expected in 2008

Compulsory safety in Europe



Flame supervision device *" a device which, under the influence of the flame on the detector element, holds open a supply of gas to the burner, and which shuts off this supply of gas in the event of extinction of the supervised flame"*

European legislation EN 30-1-1 is expected to be revised in **November 2008**, introducing compulsory safety. 1 year moratory period?

Meanwhile, national legislations are evolving:

- Ireland – compulsory safety from January 2007
- Great Britain – compulsory safety from January 2008 in houses of more than one floor
- Italy – expected compulsory safety from January 2008
- France – the Industry Office has asked for compulsory safety from January 2008

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.

The manager responsible for preparing the Company's financial reports Alberto Bartoli declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information included in this presentation corresponds to the document results, books and accounting records.

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