

Press Release

Ospitaletto, 28 March 2008

## SABAF: APPROVAL OF RESULTS AS AT 31 DECEMBER 2007

### DIVIDEND UNCHANGED AT €0.70 PER SHARE

- Consolidated FY2007 results: revenues €158.1 million (+14.3%), EBITDA €38.5 million (-1.8%), EBIT €26.8 mn (-4.9%), and net profit €15.8 mn (-1.6%)
- Sabaf SpA FY2007 results: revenues €142.9 mn (+16.8%), EBITDA €34.4 mn (+4.3%), EBIT €24.7 mn (+2.6%), and net profit €15.7 mn (+10%)
- FY2008 targets confirmed
- Dividend proposed of €0.70 per share (the same as in 2007)
- Request for authorisation from shareholder meeting's of share buyback

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The Board of Directors of **Sabaf SpA**, which met today in Ospitaletto, has approved consolidated financial statements and draft individual statutory financial statements for the year ending on 31 December 2007. The Board also approve the annual Corporate Governance Report

#### *Consolidated Group performance*

In 2007 the Sabaf Group once again succeeded in achieving a significant increase in revenues, which grew from €138.3 million (mn) in 2006 to €158.1 mn. Half of the increase was ascribable to higher volume and half to an increase in selling prices. Margins suffered a decrease, due to accentuation of competitive pressure and to non-recurring costs for new production lines, as well to the Brazilian subsidiary's negative performance and less brilliant results in the hinges business. In 2007 EBITDA amounted to €38.5 mn (€39.2 mn in FY2006), EBIT amounted to €26.8 mn (€28.2 mn in FY2006), and net profit amounted to €15.8 mn (€16.1 mn in FY2006).

As at 31 December 2007, the financial situation featured net non-current assets of €97.1 mn (€90.4 mn as at 31 December 2006) and net working capital of €37.1 mn (€25.1 mn as at 31 December 2006). Uses were financed by consolidated equity of €98.1 mn and by net financial debt of €22.8 mn (respectively €89.8 mn and €11.4 mn as at 31 December 2006).

In 2007 the Sabaf Group invested about €18.7 mn, mainly for the purchase and in-house construction of machinery for the production of light-alloy valves.

#### *Results of the parent company Sabaf SpA*

As regards the direct parent company Sabaf SpA, sales revenues totalled €142.9 mn (vs. €122.3 mn in 2006, +16.8%). EBITDA amounted to €34.4 mn, growing by 4.3% vs. €32.9 mn in 2006, whilst EBIT amounted to €24.7 mn improving by 2.6% vs. €24.1 mn in FY2006. Net profit amounted to €15.7 mn, growing by 10% vs. €14.2 mn in 2006.



### *Expected FY2008 business progress*

For FY2008 management confirms the forecast of consolidated sales of between €170 mn and €175 mn and operating profitability at the same level as that of 2007, still affected – above all in the first half of the year – by additional costs for the production of light-alloy valves. These assumptions are based on a macroeconomic scenario not affected by unpredictable events. If the economic situation were instead to change significantly, actual results may differ from forecast data.

### *Summoning of Shareholders' Meeting and proposed dividend*

At the Annual General Meeting of Shareholders – which will be held on first call on 29 April 2008 at midday and, if necessary, on second call on 30 April 2008 at the same time at the company's HQ in Ospitaletto – the Board of Directors will propose distribution of a gross ordinary dividend of €0.70 per share, the same as the one distributed in 2007. Coupon detachment is scheduled for 26 May and payment as from 29 May 2008.

### *Share buyback and disposal plan*

The Board of Directors has also decided to propose to the Shareholders' Meeting that it authorise the Board of Directors to buy and dispose of own shares. More specifically, the proposed authorisation gives the Board the power to purchase on the market, for 18 months after the date of the shareholders' resolution, up to a maximum number of 1,153,345 ordinary shares (and in any case within legally established quantitative limits) for a maximum outlay equal to available reserves and distributable earnings, at a price no more than 10% higher or lower than the average official prices recorded on the Milan screen-based equity market (Mercato Telemato Azionario) in the five trading sessions prior to purchase. The authorisation to purchase own shares is intended to enable the Board of Directors to take opportunities on the market to invest in the company's shares, if share performance or the entity of liquidity make such an operation advantageous. In addition, shares purchased pursuant to the power delegated will be able to be used to implement any future stock option plans for employees and directors of the company and/or its subsidiaries, or they will be able to be used as part of deals relating to business projects and agreements with strategic partners, or as part of investment deals. Purchase of own shares can take place via purchase on organised markets, according to operating approaches that do not permit direct linking of purchase trading proposals with pre-established selling proposals as per Article 144/2, paragraph 1, letter c., of the regulation contained in CONSOB (Italian securities & exchange commission) resolution no. 11971/1999.

It is also proposed that the Board of Directors be authorised to dispose of treasury shares without any time limit and using any approach – decided by the Board of Directors – that is appropriate for achievement of the purposes pursued. The price for sale of the shares must not be more than 10% higher or lower than the average official prices recorded on the Milan screen-based equity market in the five trading sessions prior to sale or, if disposal takes place in ways other than market sale, the price will be determined according to different criteria with the assistance of independent experts.

As at today's date, neither the company nor its subsidiaries hold Sabaf SpA shares.





### *Reconstitution of the Board of Statutory Auditors*

With effect as from the date of the forthcoming Shareholders' Meeting, Eugenio Ballerio and Giovannimaria Seccamani Mazzoli have resigned from office as standing members of the Board of Statutory Auditors because they have exceeded the limit for the cumulative number of offices established by Article 148/2 of Italian Legislative Decree 58/1998 and by current regulations. Both the outgoing statutory auditors were taken from the majority list. Pursuant to law and to the Articles of Association, the Shareholders' Meeting will be called upon to vote, on a relative majority basis, on reconstitution of the Board of Statutory Auditors.

*Pursuant to Article 154/2, paragraph 2 of the Italian Consolidated Finance Act (Testo Unico della Finanza), the company's Financial Reporting Officer Alberto Bartoli herewith declares that all financial disclosure contained in this press release corresponds to the company's records, books and accounting entries.*

*Attachments: consolidated and individual Sabaf SpA financial statements, which are still in the process of being audited. The independent auditor's reports will be published as soon as they are available.*

For further information:

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| <b>Investor Relations</b><br>Gianluca Beschi<br>tel. +39 030 6843236<br><a href="mailto:gianluca.beschi@sabaf.it">gianluca.beschi@sabaf.it</a><br><a href="http://www.sabaf.it">www.sabaf.it</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Press Office</b><br>Power Emprise - tel. +39 02 39400100<br>Cosimo Pastore - +39 335 213305<br><a href="mailto:cosimopastore@poweremprise.com">cosimopastore@poweremprise.com</a><br>Sara Pavesi - +39 340 6486083<br><a href="mailto:sarapavesi@poweremprise.com">sarapavesi@poweremprise.com</a> |
| <p><i>Founded in the early 1950s, SABAF has grown consistently over the years to become the key manufacturer in Italy – and one of the leading in the world – of components for kitchens and domestic gas cooking appliances.</i></p> <p><i>Its product offering features four main lines: valves, thermostats and burners for gas cooking appliances, and hinges for ovens, washing-machines and dishwashers.</i></p> <p><i>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.</i></p> <p><i>The Sabaf Group has some 700 employees. It operates via the direct parent company Sabaf SpA and the subsidiaries Faringosi-Hinges – leader in the production of oven and dishwasher hinges – and Sabaf do Brasil – active in production of burners for the Latin American market. Sabaf is also present in the People's Republic of China via a contact office located in Shanghai.</i></p> |                                                                                                                                                                                                                                                                                                       |



## Consolidated balance sheet

| (€ '000)                                                    | 31.12.2007     | 31.12.2006     |
|-------------------------------------------------------------|----------------|----------------|
| <b>ASSETS</b>                                               |                |                |
| NON-CURRENT ASSETS                                          |                |                |
| Tangible assets (property, plant, and equipment)            | 86,515         | 80,461         |
| Intangible assets                                           | 9,137          | 8,359          |
| Equity investments                                          | 419            | 192            |
| Non-current receivables                                     | 253            | 504            |
| Deferred tax assets (prepaid taxes)                         | 816            | 888            |
| <b>Total non-current assets</b>                             | <b>97,140</b>  | <b>90,404</b>  |
| CURRENT ASSETS                                              |                |                |
| Inventories                                                 | 27,935         | 21,077         |
| Trade receivables                                           | 46,723         | 38,804         |
| Tax receivables                                             | 1,520          | 1,241          |
| Other current receivables                                   | 490            | 399            |
| Current financial assets                                    | 0              | 1              |
| Cash and cash equivalents                                   | 7,262          | 10,278         |
| <b>Total current assets</b>                                 | <b>83,930</b>  | <b>71,800</b>  |
| <b>TOTAL ASSETS</b>                                         | <b>181,070</b> | <b>162,204</b> |
| <b>EQUITY AND LIABILITIES</b>                               |                |                |
| EQUITY                                                      |                |                |
| Share capital                                               | 11,533         | 11,533         |
| Retained earnings, other reserves                           | 70,760         | 62,154         |
| Net profit for period                                       | 15,828         | 16,078         |
| <i>Total equity attributable to group parent company</i>    | <i>98,121</i>  | <i>89,765</i>  |
| <i>Minority interest</i>                                    | <i>0</i>       | <i>0</i>       |
| <b>Total equity</b>                                         | <b>98,121</b>  | <b>89,765</b>  |
| NON-CURRENT LIABILITIES                                     |                |                |
| Loans                                                       | 12,307         | 14,920         |
| Post-employment benefit obligations and retirement reserves | 3,581          | 3,939          |
| Reserves for risks and contingencies                        | 735            | 1,070          |
| Deferred tax liabilities                                    | 8,944          | 9,341          |
| <b>Total non-current liabilities</b>                        | <b>25,567</b>  | <b>29,270</b>  |
| CURRENT LIABILITIES                                         |                |                |
| Loans                                                       | 17,765         | 6,739          |
| Trade payables                                              | 33,682         | 29,109         |
| Tax payables                                                | 905            | 2,775          |
| Other liabilities                                           | 5,030          | 4,546          |
| <b>Total current liabilities</b>                            | <b>57,382</b>  | <b>43,169</b>  |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>                       | <b>181,070</b> | <b>162,204</b> |



## Consolidated income statement

| (€ '000)                                                                                                                                         | FY2007           | FY2006           |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>CONTINUING OPERATIONS</b>                                                                                                                     |                  |                  |
| OPERATING REVENUES AND INCOME                                                                                                                    |                  |                  |
| Revenues                                                                                                                                         | 158,091          | 138,263          |
| Other operating income                                                                                                                           | 1,027            | 1,637            |
| <b>Total operating revenues and income</b>                                                                                                       | <b>159,118</b>   | <b>139,900</b>   |
| OPERATING COSTS                                                                                                                                  |                  |                  |
| Materials                                                                                                                                        | (72,511)         | (57,794)         |
| Change in inventories                                                                                                                            | 6,735            | 5,410            |
| Services                                                                                                                                         | (27,590)         | (24,116)         |
| Payroll costs                                                                                                                                    | (27,146)         | (24,087)         |
| Other operating costs                                                                                                                            | (723)            | (897)            |
| Costs for capitalised in-house work                                                                                                              | 648              | 814              |
| <b>Total operating costs</b>                                                                                                                     | <b>(120,587)</b> | <b>(100,670)</b> |
| <b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b> |                  |                  |
|                                                                                                                                                  | <b>38,531</b>    | <b>39,230</b>    |
| Depreciation and amortisation                                                                                                                    | (11,574)         | (11,018)         |
| Capital gains/(losses) on disposal of non-current assets                                                                                         | (31)             | 29               |
| Write-downs/write-backs of non-current assets                                                                                                    | (76)             | 0                |
| <b>OPERATING PROFIT (EBIT)</b>                                                                                                                   | <b>26,850</b>    | <b>28,241</b>    |
| Finance income                                                                                                                                   | 358              | 443              |
| Finance expenses                                                                                                                                 | (2,126)          | (1,231)          |
| Foreign-exchange gains/(losses)                                                                                                                  | (319)            | (369)            |
| Profits and losses from equity investments                                                                                                       | 0                | 0                |
| <b>PRE-TAX PROFIT</b>                                                                                                                            | <b>24,763</b>    | <b>27,084</b>    |
| Income tax                                                                                                                                       | (8,935)          | (11,006)         |
| Minority interests                                                                                                                               | 0                | 0                |
| <b>NET PROFIT FOR THE YEAR</b>                                                                                                                   | <b>15,828</b>    | <b>16,078</b>    |
| <b>EARNINGS PER SHARE (EPS)</b>                                                                                                                  |                  |                  |
| Base                                                                                                                                             | 1.372 euro       | 1.394 euro       |
| Diluted                                                                                                                                          | 1.372 euro       | 1.394 euro       |



## Sabaf SpA balance sheet

31.12.2007 31.12.2006

(€ '000)

| ASSETS                                                      |                |                |
|-------------------------------------------------------------|----------------|----------------|
| NON-CURRENT ASSETS                                          |                |                |
| Tangible assets (property, plant, and equipment)            | 45,274         | 41,341         |
| Intangible assets                                           | 2,594          | 1,754          |
| Equity investments                                          | 34,104         | 31,738         |
| Non-current receivables                                     | 45             | 46             |
| Deferred tax assets (prepaid taxes)                         | 623            | 695            |
| <b>Total non-current assets</b>                             | <b>82,640</b>  | <b>75,574</b>  |
| CURRENT ASSETS                                              |                |                |
| Inventories                                                 | 24,771         | 17,998         |
| Trade receivables                                           | 42,243         | 34,799         |
| Tax receivables                                             | 711            | 748            |
| Other current receivables                                   | 358            | 145            |
| Current financial assets                                    | 0              | 0              |
| Cash & cash equivalents                                     | 4,310          | 7,231          |
| <b>Total current assets</b>                                 | <b>72,393</b>  | <b>60,921</b>  |
| <b>TOTAL ASSETS</b>                                         | <b>155,033</b> | <b>136,495</b> |
| EQUITY & LIABILITIES                                        |                |                |
| EQUITY                                                      |                |                |
| Share capital                                               | 11,533         | 11,533         |
| Retained earnings, other reserves                           | 65,909         | 59,741         |
| Net profit for period                                       | 15,666         | 14,241         |
| <b>Total equity</b>                                         | <b>93,108</b>  | <b>85,515</b>  |
| NON-CURRENT LIABILITIES                                     |                |                |
| Loans                                                       | 17             | 691            |
| Post-employment benefit obligations and retirement reserves | 3,125          | 3,447          |
| Reserves for risks and contingencies                        | 622            | 977            |
| Deferred tax liabilities                                    | 8,018          | 8,372          |
| <b>Total non-current liabilities</b>                        | <b>11,782</b>  | <b>13,487</b>  |
| CURRENT LIABILITIES                                         |                |                |
| Loans                                                       | 14,311         | 4,838          |
| Trade payables                                              | 30,315         | 26,354         |
| Tax payables                                                | 824            | 2,476          |
| Other liabilities                                           | 4,693          | 3,825          |
| <b>Total current liabilities</b>                            | <b>50,143</b>  | <b>37,493</b>  |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>                       | <b>155,033</b> | <b>136,495</b> |



## Sabaf SpA income statement

| (€ '000)                                                                                                                                         | FY2007           | FY2006          |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------|
| <b>CONTINUING OPERATIONS</b>                                                                                                                     |                  |                 |
| <b>OPERATING REVENUES AND INCOME</b>                                                                                                             |                  |                 |
| Revenues                                                                                                                                         | 142,878          | 122,317         |
| Other operating income                                                                                                                           | 692              | 1,384           |
| <b>Total operating revenues and income</b>                                                                                                       | <b>143,570</b>   | <b>123,701</b>  |
| <b>OPERATING COSTS</b>                                                                                                                           |                  |                 |
| Materials                                                                                                                                        | (64,456)         | (49,679)        |
| Change in inventories                                                                                                                            | 6,773            | 4,671           |
| Services                                                                                                                                         | (27,278)         | (24,220)        |
| - of which from related parties                                                                                                                  | (3,011)          | (2,972)         |
| Payroll costs                                                                                                                                    | (24,391)         | (21,641)        |
| Other operating costs                                                                                                                            | (481)            | (707)           |
| Costs for capitalised in-house work                                                                                                              | 616              | 803             |
| <b>Total operating costs</b>                                                                                                                     | <b>(109,217)</b> | <b>(90,773)</b> |
| <b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b> |                  |                 |
|                                                                                                                                                  | <b>34,353</b>    | <b>32,928</b>   |
| Depreciation and amortisation                                                                                                                    | (9,221)          | (8,866)         |
| Capital gains/(losses) on disposal of non-current assets                                                                                         | 16               | 7               |
| Write-downs/write-backs of non-current assets                                                                                                    | (445)            | 0               |
| <b>OPERATING PROFIT (EBIT)</b>                                                                                                                   |                  |                 |
|                                                                                                                                                  | <b>24,703</b>    | <b>24,069</b>   |
| Finance income                                                                                                                                   | 132              | 327             |
| Finance expenses                                                                                                                                 | (1,097)          | (462)           |
| Foreign-exchange gains/(losses)                                                                                                                  | (81)             | (215)           |
| Profits and losses from equity investments                                                                                                       | 500              | 500             |
| <b>PRE-TAX PROFIT</b>                                                                                                                            |                  |                 |
|                                                                                                                                                  | <b>24,157</b>    | <b>24,219</b>   |
| Income tax                                                                                                                                       | (8,491)          | (9,978)         |
| <b>NET PROFIT FOR THE YEAR</b>                                                                                                                   |                  |                 |
|                                                                                                                                                  | <b>15,666</b>    | <b>14,241</b>   |

