

The SABAF logo consists of the word "SABAF" in a bold, blue, sans-serif font with a registered trademark symbol (®) to the right. The text is set against a yellow rectangular background.

SABAF®

TECHNOLOGY AND SAFETY

ZURICH

15 May 2008

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

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 15% 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

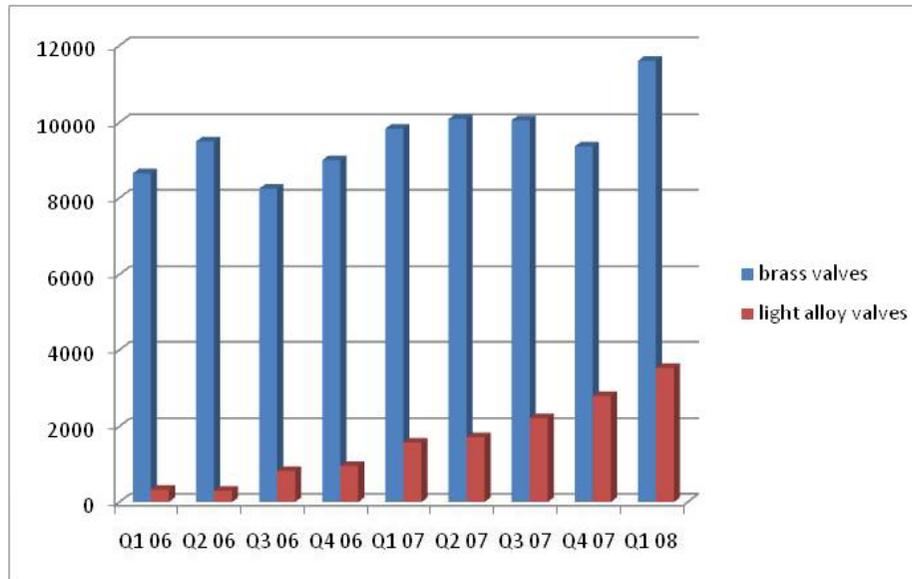


- Sole provider of the full range of components
- We have the most innovative and advanced product portfolio
- New generation of valves in light alloy

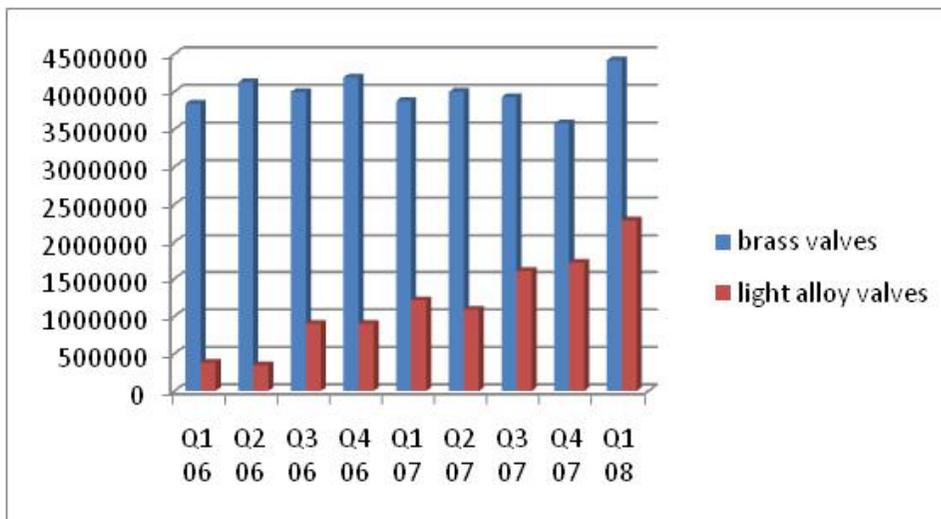
	Brass valves	Aluminium alloy valves
<i>Product performance</i>		progressive flow rate
<i>Production process</i>		Hot pressing eliminated Sophisticated machining technology Higher process rhythm in high value operations
<i>Weight of finished product (g) *</i>	73.2	31.1
<i>Raw material price Jan 05 to May 08 (in €)</i>	+130%	+30%
<i>Lead content (g) *</i>	2.24	0.30
<i>Energy content (kwh/unit) *</i>	0.303	0.218

* simple valves

The introduction of light alloy valves



EUR x 000



units x 000

Profitability of light alloy valves



Simple valves

- main goal: to build a higher barrier towards existing competitors and potential new entrants
- focused on gaining share in emerging markets (South America, Turkey)
- full-run profitability: low

Safety valves

- main goal: to gain further competitiveness through innovation
- focused on gaining share in the European market and in some emerging markets
- full-run profitability: in line with brass safety valves
- full-run expected by the end 2008 for safety valves for hobs, by the end of 2009 for safety valves for cookers

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 moratorium period, but since then new products must be certificated under the new standard

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 – compulsory safety from April 2008 (review of installation standard)

Opportunities in international markets – state of the art



- **CHINA**
 - Set up a new company in order to open a logistic platform by the end of 2008
 - We will supply Chinese manufacturers, also for cookers/hobs exported from China to near countries (South-East Asia)
 - Highly competitive, special products for the Chinese market still under development
- **BRAZIL / INDIA**
 - The project for a cheap aluminium valve is in stand-by due to the decrease of the price of zinc that makes the Brazilian/Mexican production of zinc alloy valves more competitive
- **RUSSIA**
 - First sales in 2008, rump-up expected in 2009

Income statement

€x 000	Q1 08		Q1 07		chg yoy	Q4 07		chg qoq	FY 07	
SALES	44.672	100,0%	39.973	100,0%	11,8%	39.580	100,0%	12,9%	158.091	100,0%
Materials	(18.951)	-42,4%	(18.757)	-46,9%		(18.296)	-46,2%		(72.511)	-45,9%
Payroll	(7.861)	-17,6%	(6.781)	-17,0%		(7.396)	-18,7%		(27.146)	-17,2%
Change in stock	(1.026)	-2,3%	3.486	8,7%		1.510	3,8%		6.735	4,3%
Other operating costs/income	(7.114)	-15,9%	(7.165)	-17,9%		(7.217)	-18,2%		(26.638)	-16,8%
EBITDA	9.720	21,8%	10.756	26,9%	-9,6%	8.181	20,7%	18,8%	38.531	24,4%
Depreciation	(2.930)	-6,6%	(2.677)	-6,7%		(2.981)	-7,5%		(11.574)	-7,3%
Gains/losses on fixed assets	2	0,0%	(4)	0,0%		4	0,0%		(107)	-0,1%
EBIT	6.792	15,2%	8.075	20,2%	-15,9%	5.204	13,1%	30,5%	26.850	17,0%
Net financial expense	(415)	-0,9%	(272)	-0,7%		(516)	-1,3%		(1.768)	-1,1%
Foreign exchange gains/losses	(263)	-0,6%	(24)	-0,1%		(88)	-0,2%		(319)	-0,2%
EBT	6.114	13,7%	7.779	19,5%	-21,4%	4.600	11,6%	32,9%	24.763	15,7%
Income taxes	(2.234)	-5,0%	(3.147)	-7,9%		(711)	-1,8%		(8.935)	-5,7%
Minorities	0		0			0			0	
NET INCOME	3.880	8,7%	4.632	11,6%	-16,2%	3.889	9,8%	-0,2%	15.828	10,0%

Financial position



<i>€ x 1000</i>	31-mar-08	31-dic-07	31-mar-07
Fixed assets	96.292	96.324	91.984
Net working capital	35.479	37.051	27.731
Financial assets	-	-	94
Capital Employed	131.771	133.375	119.809
Equity	93.420	98.121	86.667
Net deferred taxes	8.087	8.128	8.559
Reserves for risks and severance indemnity	4.012	4.316	5.092
Dividends payable	8.073	-	8.073
Net debt	18.179	22.810	11.418
Sources of finance	131.771	133.375	119.809

Cash flow statement

€ x 1000	Q1 08	Q1 07	FY 07
Net profit	3.880	4.632	15.828
Depreciation	2.930	2.677	11.574
Other non-monetary costs/income	(347)	193	(911)
Change in net working capital			
change in inventories	1.109	(3.548)	(6.858)
change in receivables	626	(4.163)	(7.919)
change in payables	(1.980)	1.990	4.573
other changes in current assets/liabilities	1.817	3.081	(1.756)
	1.572	(2.640)	(11.960)
Operating cash flow	8.035	4.862	14.531
Investments, net of disposals	(2.892)	(5.164)	(18.740)
Free cash flow	5.143	(302)	(4.209)
Change in long-term financial assets/liabilities	(344)	(410)	(2.361)
Dividends	0	0	(8.073)
Other changes in equity	(508)	343	601
Cash flow	4.291	(369)	(14.042)

Sales by area

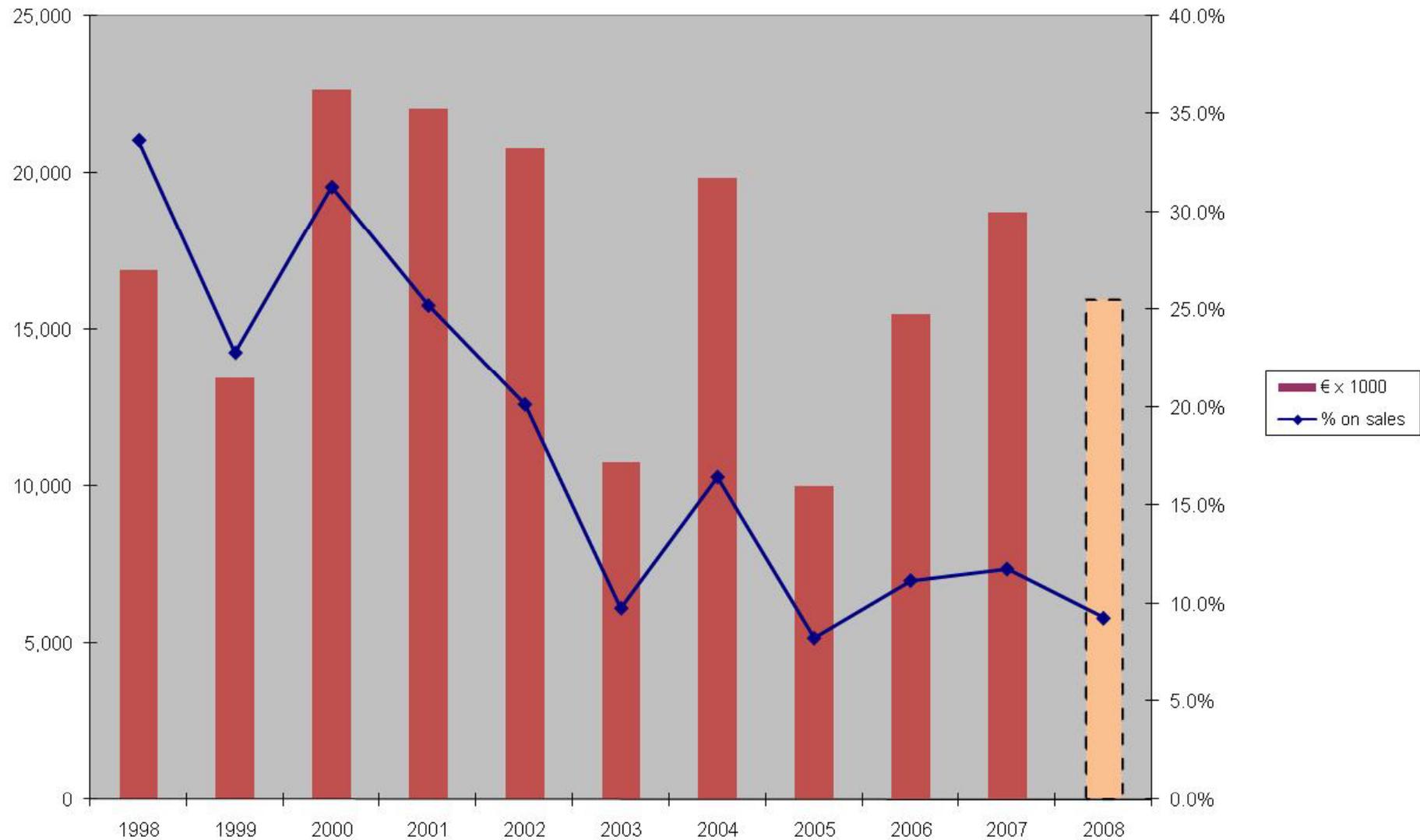
<u>Area</u>	<u>Q1 08</u>		<u>FY 07</u>		<u>FY 06</u>		<u>07 VS. 06</u>
ITALY	20.438	45,8%	74.039	46,8%	69.010	49,9%	+ 7,3%
W. EUROPE	3.697	8,3%	15.480	9,8%	15.680	11,3%	- 1,3%
E. EUROPE & TURKEY	10.392	23,3%	29.143	18,4%	24.675	17,8%	+ 18,1%
ASIA	2.906	6,5%	13.970	8,8%	9.268	6,7%	+ 50,7%
SOUTH AMERICA	3.682	8,2%	9.975	6,3%	8.253	6,0%	+ 20,9%
AFRICA	2.716	6,1%	10.387	6,6%	5.843	4,2%	+ 77,8%
NORTH AMERICA	777	1,7%	4.517	2,9%	4.666	3,4%	- 3,2%
OCEANIA	64	0,1%	580	0,4%	868	0,6%	- 33,2%
TOTAL SALES	44.672	100,0%	158.091	100,0%	138.263	100,0%	+ 14,3%
	10.145	22,7%	39.429	24,9%	28.898	20,9%	+ 36,4%
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	
first 10 customers	50%	47%	52%	53%	54%	56%	
first 20 customers	70%	67%	71%	70%	71%	74%	

Sales by product line



	4Q 2007	%	4Q 2006	%	% change		12M 2007	%	12M 2006	%	% change
Simple brass valves	2,567	6.5	2,769	7.7	-7.3%		11,665	7.4	9,860	7.1	+18.3%
Brass valves with safety devices	6,782	17.1	6,220	17.3	+9.0%		27,674	17.5	25,492	18.5	+8.6%
Light alloy valves (simple and safety)	2,791	7.1	966	2.7	+188.9%		8,309	5.3	2,465	1.8	+237.1%
Thermostats	4,691	11.8	3,637	10.1	+29.0%		18,991	12.0	15,367	11.1	+23.6%
<i>Total valves and thermostats</i>	<i>16,831</i>	<i>42.5</i>	<i>13,592</i>	<i>37.8</i>	<i>+23.8%</i>		<i>66,639</i>	<i>42.2</i>	<i>53,184</i>	<i>38.5</i>	<i>+25.3%</i>
Standard burners	11,467	29.0	11,150	31.1	+2.8%		46,087	29.1	41,187	29.8	+11.9%
Special burners	4,253	10.7	4,265	11.9	-0.3%		18,919	12.0	16,589	12.0	+14.0%
<i>Burners</i>	<i>15,720</i>	<i>39.7</i>	<i>15,415</i>	<i>43.0</i>	<i>+2.0%</i>		<i>65,006</i>	<i>41.1</i>	<i>57,776</i>	<i>41.8</i>	<i>+12.5%</i>
Hinges	2,717	6.9	2,867	8.0	-5.2%		10,751	6.8	12,388	8.9	-13.2%
Accessories and other revenues	4,312	10.9	4,006	11.2	+7.6%		15,695	9.9	14,915	10.8	+5.2%
Total	39,580	100.0	35,880	100.0	+10.3%		158,091	100.0	138,263	100.0	+14.3%

Capex 1998-2008e



Forecasts 2008



- Sales at EUR 170 - 175 mn (+7.5% - +10.7%)
- Growing share in valves both in Europe and worldwide
- Prices down by 1% - 2%
- EBIT at 17%
 - In the first half, still affected by inefficiencies in the production process of safety light alloy valves
 - For the full year, affected by low capacity utilization of light alloy valves machinery
- Capex at about EUR16 mn
 - Completion of production lines for safety light alloy valves for cookers and for hobs
 - New capacity for burners production in Italy and Brazil

Hedging on raw materials



COPPER - cost at 7% of sales in 2007

Hedging by physical purchases up to June 2008 at prices in line with our budget

ALUMINIUM - cost at 11% of sales in 2007

Hedging by physical purchases up to December 2008 at prices in line with our budget

STEEL- cost at 5% of sales in 2007

No hedging is possible. Purchase price for H1 2008 in line with our budget. Expected increase by more than 10% in H2 2008. Selling prices will be renegotiated consequently.

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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