

Press release

Ospitaletto, 10 February 2009

SABAF: FOURTH QUARTER 2008 RESULTS APPROVED

- Fourth quarter revenues €36.9 million (-6.6%); EBITDA €6.2 million (-24.7%); EBIT €3.1 million (-40.4%); net profit €1.7 million (-55.7%)
- Revenues for FY 2008: €166 million (+5%); EBITDA €33.2 million (-13.7%); EBIT €21.2 million (-21.1%); net profit €15.4 million (-2.6%)
- Dividend unchanged at €0.70 per share

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the fourth quarter 2008 interim management statement.

Consolidated results for the fourth quarter 2008

In the fourth quarter of 2008, sales revenues totaled €36.9 million, falling by 6.6% vs. €39.6 million in the fourth quarter of 2007. In November 2008, business began to plummet from the group's European customers, which was offset only in part by the still satisfactory performance of markets outside the continent. In Italy, fourth-quarter sales were down by 22.2% year-on-year, to €14.8 million. Practically all product families contributed to the decline, although sales of light alloy valves continue to rise (+48.8% year-on-year).

EBITDA for the quarter came to €6.2 million (16.7% of revenues), down 24.7% from the €8.2 million posted in the fourth quarter of 2007. Compounding the drop in volumes was a further €1.8 million in write-downs for doubtful accounts. This is in addition to the €1.7 million charged in the first nine months of 2008, and includes the full write-off of receivables from the Antonio Merloni Group (in extraordinary administration), plus €1 million in prudent bad debt provisioning. Excluding this non-recurring item, EBITDA for the fourth quarter would amount to €8 million, or 21.6% of sales (20.7% in the final quarter of 2007). EBIT for the quarter was €3.1 million, or 8.4% of sales, a reduction of 40.4% compared to €5.2 million in the same quarter of 2007. The pre-tax profit amounted to €1.7 million, down from €3.9 million in the fourth quarter of 2007.

In response to the drop in production, since December the Group has reduced its workforce by about 130 agency-supplied and fixed-term workers. Another 100 employees are being placed on redundancy benefits (*cassa integrazione ordinaria*).

FY 2008 consolidated results

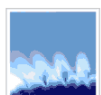
For full-year 2008, revenues came to €166 million, up by 5% compared with 2007. EBITDA was €33.2 million (20% of sales, declining by 13.7%), EBIT came to €21.2 million, a decrease of 21.1%, and the net profit totaled €15.4 million (-2.6% vs. FY 2007).

Net financial position and capital investments

Investments in the fourth quarter of 2008 totaled €3.3 million. Net investments for the year came to €12.6 million (€18.7 million in 2007).

During the fourth quarter, working capital decreased by €1.4 million as a result of the reduction in sales and output.

At 31 December 2008 the balance sheet showed consolidated equity of €103.3 million and net debt of €29.7 million (equity of €98.1 million and net debt of €22.8 million at 31 December 2007).





Performance in 2009

In January the Group set up Sabaf Kunshan, in China, as a wholly-owned subsidiary of Sabaf S.p.A. In 2009 the new company will serve as a logistical base, and in 2010 it will start producing burners for the local market. An estimated €2 million will be invested in 2010.

In early 2009, business volumes have shrunk further, due not only to the slowdown in durable consumer goods that has now swept across all the main markets, but to the need of many customers to reduce the stocks built up in the second half of 2008. We see no signs of improvement in market conditions in the short-term. The Sabaf Group therefore expects a significant decline in revenues in 2009, which will be most dramatic in the early months of the year.

The current situation will not affect development plans underway, which are geared toward strengthening the Group's position in the international markets. Sabaf will continue to innovate in 2009, introducing new energy-efficient burners on interchangeable platforms. Investments planned for the year amount to approximately €9 million.

The directors plan to remunerate shareholders as usual and to offer a dividend of €0.70 per share, unchanged since 2008.

At 3:00 p.m. today there will be a conference call to describe the results for the fourth quarter and for full-year 2008 to financial analysts and institutional investors (call 02-8058811).

The fourth quarter 2008 interim management statement (unaudited) is available at www.sabaf.it in the Investor Relations section.

Pursuant to paragraph 2 of Art. 154-bis of Legislative Decree 58/1998 (the Consolidated Finance Act), financial reporting officer Alberto Bartoli herewith declares that the financial disclosure contained in this press release corresponds to the company's records, books and accounting entries.

The restated balance sheet, income statement, statement of financial position, and cash flow statement are attached.

For further information:

Investor Relations Gianluca Beschi tel. +39 030 6843236 gianluca.beschi@sabaf.it www.sabaf.it	Press Office Power Emprise - tel. +39 02 39400100 Cosimo Pastore - +39 335 213305 cosimopastore@poweremprise.com Sara Pavesi sarapavesi@poweremprise.com
--	---

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.

The product range features four main lines: valves, thermostats, 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 has some 700 employees. It operates via the direct parent company Sabaf S.p.A. and the subsidiaries Faringosi-Hinges - leader in the production of oven and dishwasher hinges - and Sabaf do Brasil - active in the production of burners for the Latin American market. Sabaf also operates in China via a contact office in Shanghai.



Consolidated Balance Sheet

(€'000)	31.12.08	30.09.08	31.12.07
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	84,813	85,683	86,515
Intangible assets	10,366	10,038	9,137
Equity investments	645	645	419
Non-current receivables	176	184	253
Deferred tax assets (prepaid taxes)	1,255	666	816
Total non-current assets	97,255	97,216	97,140
CURRENT ASSETS			
Inventories	27,893	29,637	27,935
Trade receivables	42,078	53,233	46,723
Tax receivables	3,052	1,121	1,520
Other current receivables	2,684	704	490
Current financial assets	0	0	0
Cash and cash equivalents	11,229	5,135	7,262
Total current assets	86,936	89,830	83,930
Non-current assets held for sale	758	0	0
TOTAL ASSETS	184,949	187,046	181,070
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	76,318	77,936	70,760
Net profit for period	15,410	13,687	15,828
<i>Total equity attributable to group parent company</i>	<i>103,261</i>	<i>103,156</i>	<i>98,121</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total equity	103,261	103,156	98,121
NON-CURRENT LIABILITIES			
Loans	22,589	12,952	12,307
Post-employment benefit obligations and retirement reserves	3,007	3,145	3,581
General provisions	1,046	669	735
Deferred income tax	3,289	3,426	8,944
Total non-current liabilities	29,931	20,192	25,567
CURRENT LIABILITIES			
Loans	18,120	22,641	17,765
Other financial liabilities	176	0	0
Trade payables	25,217	30,093	33,682
Tax payables	2,712	4,599	905
Unclaimed dividends	0	0	0
Other liabilities	5,532	6,365	5,030
Total current liabilities	51,757	63,698	57,382
TOTAL LIABILITIES & EQUITY	184,949	187,046	181,070



Consolidated Income Statement

	Q4 2008		Q4 2007		12M 2008		12M 2007	
<i>(€'000)</i>								
CONTINUING OPERATIONS								
OPERATING REVENUES AND INCOME								
Revenues	36,950	100.0%	39,580	100.0%	165,951	100.0%	158,091	100.0%
Other operating income	393	1.1%	148	0.4%	884	0.5%	1,027	0.6%
Total operating revenues and income	37,343	101.1%	39,728	100.4%	166,835	100.5%	159,118	100.6%
OPERATING COSTS								
Materials	(14,435)	-39.1%	(18,296)	-46.2%	(72,228)	-43.5%	(72,511)	-45.9%
Change in inventories	(1,559)	-4.2%	1,510	3.8%	208	0.1%	6,735	4.3%
Services	(6,195)	-16.8%	(7,269)	-18.4%	(27,700)	-16.7%	(27,590)	-17.5%
Payroll costs	(6,820)	-18.5%	(7,396)	-18.7%	(30,094)	-18.1%	(27,146)	-17.2%
Other operating costs	(2,384)	-6.5%	(215)	-0.5%	(4,486)	-2.7%	(723)	-0.5%
Costs for capitalised in-house work	209	0.6%	119	0.3%	701	0.4%	648	0.4%
Total operating cost	(31,184)	-84.4%	(31,547)	-79.7%	(133,599)	-80.5%	(120,587)	-76.3%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	6,159	16.7%	8,181	20.7%	33,236	20.0%	38,531	24.4%
Depreciation and amortisation	(2,946)	-8.0%	(2,981)	-7.5%	(11,937)	-7.2%	(11,574)	-7.3%
Capital gains/(losses) on disposal of non-current assets	50	0.1%	3	0.0%	56	0.0%	(31)	0.0%
Write-downs/write-backs of non-current assets	(164)	-0.4%	1	0.0%	(164)	-0.1%	(76)	0.0%
OPERATING PROFIT (EBIT)								
	3,099	8.4%	5,204	13.1%	21,191	12.8%	26,850	17.0%
Finance income	52	0.1%	80	0.2%	188	0.1%	358	0.2%
Finance expenses	(669)	-1.8%	(596)	-1.5%	(2,275)	-1.4%	(2,126)	-1.3%
Foreign-exchange gains/(losses)	231	0.6%	(88)	-0.2%	393	0.2%	(319)	-0.2%
Profits and losses from equity investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
PRE-TAX PROFIT								
	2,713	7.3%	4,600	11.6%	19,497	11.7%	24,763	15.7%
Income tax	(990)	-2.7%	(711)	-1.8%	(4,087)	-2.5%	(8,935)	-5.7%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD								
	1,723	4.7%	3,889	9.8%	15,410	9.3%	15,828	10.0%

Consolidated Net Financial Position

(€'000)	31.12.08	30.09.08	31.12.07
A. Cash	13	14	16
B. Positive balances of non-binding bank current accounts	10,749	5,121	7,246
C. Other liquidities	467	0	0
D. Cash and cash equivalents (A+B+C)	11,229	5,135	7,262
E. Current bank overdrafts	14,128	20,706	15,137
F. Current portion of the non-current debt	3,992	1,935	2,628
G. Other current payables	176	0	0
H. Current financial debt (E+F+G)	18,296	22,641	17,765
I. Current net financial debt (H-D)	7,067	17,506	10,503
J. Non-current bank payables	16,203	6,647	6,990
K. Other non-current financial debts	6,386	6,305	5,317
L. Non-current financial debt (J+K)	22,589	12,952	12,307
M. Net financial debt (L+I)	29,656	30,458	22,810

Consolidated Cash Flow Statement

(€'000)	Q4 2008	Q4 2007	12M 2008	12M 2007
OPENING NET SHORT-TERM FINANCIAL POSITION	(17,506)	(7,435)	(10,503)	3,539
Net profit for period	1,723	3,889	15,410	15,828
Depreciation and amortisation	2,946	2,981	11,937	11,574
Other non-monetary items	(373)	(703)	(6,249)	(911)
Change in net working capital	1,392	(2,741)	(5,195)	(11,960)
Operating cash flow	5,688	3,426	15,903	14,531
Investments, net	(3,276)	(4,470)	(12,556)	(18,740)
Change in financial assets and loans (non-current)	9,645	(1,834)	10,359	(2,361)
Distribution of dividends	0	0	(8,073)	(8,073)
Other changes in equity	(1,618)	(190)	(2,197)	601
CASH FLOW FOR THE PERIOD	10,439	(3,068)	3,436	(14,042)