

Press Release

Ospitaletto, 12 May 2009

SABAF: APPROVAL OF 2009 FIRST QUARTER RESULTS

- In the first quarter 2009 severe sales downturn (€ 26 mn, -40,4%)
- Nevertheless achieved a positive operating result (EBIT at € 0.2 mn, -97.3%) and a slightly negative net result (€ -0.3 mn, vs. profit of € 3.9 mn in the first quarter 2008)
- Investments in the quarter equalled to € 4.9 mn (€ 2.8 mn in the first quarter 2008)
- Net financial position improved by € 4.5 mn compared to 31 December 2008

The Board of Directors of Sabaf SpA met today in Ospitaletto to approve the Interim Management Statement relating to the first quarter of 2009 (1Q09).

Consolidated 1Q09 performance

1Q09 featured severe contraction of operating activity, caused by the slowdown of spending on consumer durables and by destocking throughout the production and distribution chain.

In the quarter, sales revenues amounted to € 26 million, down by -40.4% vs. € 43.7 million in the first quarter of 2008 (1Q08). The change in commodity prices was almost entirely passed on to selling prices, which were approximately -4% lower than in 1Q08. The quarter's revenues were also affected by the loss of sales, amounting to € 2.5 million, to two major customers (Antonio Merloni and Lofra), currently undergoing a creditor arrangement procedure. The sales downturn was common to all the main markets. In Italy sales totalled € 12.9 million (-33.6%), in the rest of Western Europe € 2.2 million (-39.3%) and in Eastern Europe € 6.1 million (-41.4%). Revenues were also sharply down in non-European markets, where destocking by domestic appliance manufacturers was more evident.

All product families featured sales downturns, more marked in the case of simple valves, due to the ever-decreasing use of this product in European markets. Only in the case of light-alloy valves was the decrease more moderate (-5.1%).

In the face of the drastic sales decrease, the Group took measures to rein in costs, which permitted maintenance of slightly positive operating profitability.

The most significant actions concerned elimination of temporary working (140 people on average in 2008), application of ordinary subsidised temporary lay-off for about 70 employees on average, and total insourcing of burner die casting. The period's EBITDA amounted to € 3.1 million, with a 12.1% margin on sales, down by -67.6% vs. € 9.7 million (22.2% margin on sales) in 1Q08. EBIT amounted to € 0.2 million, with a 0.7% margin on sales and was -97.3% lower than € 6.8 million in 1Q08 (15.5% margin on sales).

The bottom-line result in the period showed a loss of € -0.3 million vs. a profit of € 3.9 million in 1Q08.

Investments and net financial position

The Group was able to maintain effective management of net working capital, which decreased by € 5.8 million during the quarter. This was mainly thanks to inventory reduction, achieved via reduction of manufacturing levels greater than the sales downturn.

The quarter's investments totalled € 4.9 million (vs. € 2.8 million in 1Q08) and were made for the creation of new products, sales of which are expected to start in the second half of the year.

As at 31 March 2009, net financial debt was € 25.4 million vs. € 29.7 million as at 31 December 2008, while equity amounted to € 103.5 million (vs. € 103.3 million as at 31 December 2008).





TECHNOLOGY AND SAFETY

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Business outlook

In April the market situation did not show any improvement, whereas in May there appears to be attenuation of the decrease in demand and the Group doesn't expect any subsidised temporary lay-off. Besides this, directors believe that, at present, it is not yet possible to make any forecasts concerning expected evolution in the next few months.

Today at 3 p.m. CET there will be a conference call to illustrate 2009 1st-quarter results to financial analysts and institutional investors (please call the number +39 02-8058811).

The Interim Management Statement relating to the 1st quarter of 2009, which has not been independently audited, is available on the site www.sabaf.it in the Investor Relations section.

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 the financial disclosure contained in this press release corresponds to the company's records, books and accounting entries.

Attachments: balance sheet, income statement net financial position and cash flow statement.

For further information:

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*Founded in the early 1950s, SABAF has grown constantly over the years to become the key manufacturer in Italy - and one of the world's leading manufacturers - of components for kitchens and domestic gas cooking appliances.
Its product offering features four main lines: valves, thermostats and 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 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.*



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Share capital € 11,533,450 fully paid in



Consolidated Balance Sheet

<i>(Amounts in € '000)</i>	31.03.2009	31.12.2008	31.03.2008
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	77,829	76,308	76,821
Investment property	8,445	8,505	9,383
Intangible assets	10,524	10,366	9,217
Equity investments	934	645	614
Non-current receivables	129	176	257
Deferred tax assets	1,348	1,261	879
Total non-current assets	99,209	97,261	97,171
CURRENT ASSETS			
Inventories	22,196	27,893	26,826
Trade receivables	31,733	42,078	46,097
Tax receivables	2,347	2,530	1,780
Other current receivables	3,152	2,684	935
Current financial assets	0	0	0
Cash and cash equivalents	8,885	11,229	7,371
Total current assets	68,313	86,414	83,009
Non-current assets available for sale	758	758	0
TOTAL ASSETS	168,280	184,433	180,180
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	92,293	76,318	86,080
Profit (loss) for period	(313)	15,410	3,880
Total equity attributable to parent company shareholders	103,513	103,261	101,493
Minority interest	0	0	0
Total equity	103,513	103,261	101,493
NON-CURRENT LIABILITIES			
Loans	26,820	22,589	11,967
Post-employment benefit obligations and retirement reserves	2,988	3,007	3,295
Reserves for risks and contingencies	1,139	1,046	717
Deferred tax liabilities	2,912	2,892	8,966
Total non-current liabilities	33,859	29,534	24,945
CURRENT LIABILITIES			
Loans	7,185	18,120	13,583
Other financial liabilities	296	176	0
Trade payables	16,116	25,217	31,702
Tax payables	2,182	2,593	2,788
Other liabilities	5,129	5,532	5,669
Total current liabilities	30,908	51,638	53,742
TOTAL LIABILITIES & EQUITY	168,280	184,433	180,180



Consolidated Income Statement

(Amounts in € '000)

	1st QUARTER 2009		1st QUARTER 2008		FY2008	
CONTINUING OPERATIONS						
OPERATING REVENUES AND INCOME						
Revenues	26,029	100.0%	43,698	100.0%	161,984	100.0%
Other operating income	394	1.5%	1,086	2.5%	4,851	3.0%
Total operating revenues and income	26,423	101.5%	44,784	102.5%	166,835	103.0%
OPERATING COSTS						
Materials	(6,684)	-25.7%	(17,303)	-39.6%	(65,870)	-40.7%
Change in inventories	(5,752)	-22.1%	(1,026)	-2.3%	208	0.1%
Services	(5,008)	-19.2%	(8,876)	-20.3%	(34,058)	-21.0%
Payroll costs	(5,768)	-22.2%	(7,861)	-18.0%	(30,094)	-18.6%
Other operating costs	(395)	-1.5%	(172)	-0.4%	(4,486)	-2.8%
Costs for capitalised in-house work	332	1.3%	174	0.4%	701	0.4%
Total operating costs	(23,275)	-89.4%	(35,064)	-80.2%	(133,599)	-82.5%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	3,148	12.1%	9,720	22.2%	33,236	20.5%
Depreciation and amortisation	(2,964)	-11.4%	(2,930)	-6.7%	(11,937)	-7.4%
Capital gains/(losses) on disposal of non-current assets	0	0.0%	2	0.0%	56	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	(164)	-0.1%
OPERATING PROFIT (EBIT)						
	184	0.7%	6,792	15.5%	21,191	13.1%
Finance income	52	0.2%	67	0.2%	188	0.1%
Finance expense	(429)	-1.6%	(482)	-1.1%	(2,275)	-1.4%
Foreign-exchange gains/(losses)	(151)	-0.6%	(263)	-0.6%	393	0.2%
Profits and losses from equity investments	0		0		0	
PRE-TAX PROFIT (LOSS)						
	(344)	-1.3%	6,114	14.0%	19,497	12.0%
Income tax	31	0.1%	(2,234)	-5.1%	(4,087)	-2.5%
Minority interests	0	0.0%	0	0.0%	0	0.0%
PROFIT (LOSS) FOR PERIOD						
	(313)	-1.2%	3,880	8.9%	15,410	9.5%



Consolidated net financial position

<i>(Amounts in € '000)</i>	31.03.2009	31.12.2008	31.03.2008
A. Cash	14	13	17
B. Positive balances of unrestricted bank current accounts	7,965	10,749	7,354
C. Other cash equivalents	906	467	0
D. Cash (A+B+C)	8,885	11,229	7,371
E. Current bank overdrafts	1,698	14,128	10,947
F. Current portion of non-current debt	5,487	3,992	2,636
G. Other current payables	296	176	0
H. Current financial debt (E+F+G)	7,481	18,296	13,583
I. Current net financial debt (H-D)	(1,404)	7,067	6,212
J. Non-current bank payables	20,463	16,203	6,990
K. Non-current financial debts	6,357	6,386	4,977
L. Non-current financial debt (J+K)	26,820	22,589	11,967
M. Net financial debt (L+I)	25,416	29,656	18,179

Consolidated Cash Flow Statement

<i>(Amounts in € '000)</i>	1st QUARTER 2009	1st QUARTER 2008	FY2008
OPENING NET SHORT-TERM FINANCIAL POSITION	(7,067)	(10,503)	(10,503)
Profit (loss) of period	(313)	3,880	15,410
Depreciation & amortisation	2,964	2,930	11,937
Other non-cash operating components	7	(347)	(6,652)
Change in net working capital	5,842	1,572	(4,792)
Operating cash flow	8,500	8,035	15,903
Net investments	(4,872)	(2,892)	(12,556)
Change in financial assets and in non-current borrowings	4,278	(344)	10,359
Dividend distribution	0	0	(8,073)
Other changes in equity	565	(508)	(2,197)
CASH FLOW for period	8,471	4,291	3,436
CLOSING NET SHORT-TERM FINANCIAL POSITION	1,404	(6,212)	(7,067)

