

Press release

Ospitaletto, 10 November 2009

## SABAF: THIRD-QUARTER 2009 RESULTS APPROVED

- In the third-quarter 2009, Sabaf reported revenue of €32 million (-19%); EBITDA of €8.8 million (+4.9%); EBIT of €5.6 million (+5%); net profit of €3.7 million (+2.8%)
- In the first 9 months of 2009, Sabaf reported revenue of €89.4 million (-28.9%); EBITDA of €18.5 million (-31.7%); EBIT of €9.3 million (-48.4%); net profit of €6.8 million (-50.2%)
- Net financial position improved by €6.9 million versus 30 June 2009
- Sabaf expects 2009 to end with revenue of €124 million, EBIT of 12.5% of sales

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

### *Third-quarter 2009 consolidated results*

The generalised weakness that had beleaguered the first six months of the year continued to affect the household cooking appliances industry in the third quarter 2009. Unlike in the first half, however, Sabaf Group sales were boosted by the recovery taking place on large international markets and were not affected by the decrease in inventories along the production and distribution chain, which are presumably currently at minimum levels.

Sales revenue amounted to €32 million in the quarter, down by 19% vs. the €39.6 million reported in the third quarter of 2008. Revenue was down significantly in Italy, with sales totalling €11.1 million (-26.6%), confirming the continued weakness of domestic industry. In Western Europe (sales of €2.8 million, -9.2%) and Eastern Europe (sales of €7.9 million, -17%), sales were also down, but less dramatically. On the international markets, Asia and South America helped Sabaf achieve good results, both reporting double-digit growth versus 3Q 2008 figures, and positively affected by the positive tenor of demand in the Middle East and in Brazil.

In the third quarter, the Company continued the trend to replace brass valves (-35.1%) with light alloy valves (-1.5%) and simple valves with safety valves. In burners, there was an increase in sales of special burners (+4.7%).

Despite the significantly lower volumes of business compared to 2008, Sabaf considerably improved its profitability through a combination of gains in productivity, especially in light alloy valves, savings in raw materials purchases, and a better mix of products. Third-quarter EBITDA amounted to €8.8 million (27.4% of sales), growing by 4.9% vs. €8.4 million (21.2% of sales) in 3Q 2008. EBIT amounted to €5.6 million, accounting for 17.5% of sales and reporting a 5% improvement over the €5.3 million in the same quarter in 2008 (13.5% of sales). Pre-tax profit amounted to €5.2 million, unchanged compared to the third quarter 2008, while net profit was €3.7 million, against €3.6 million in same quarter of 2008.





### Consolidated results in the first nine months of 2009

In the first nine months of 2009, Group revenue came to €89.4 million, down by 28.9% compared to the same period in 2008; EBITDA was €18.5 million (or 20.7% of sales, a decline of 31.7%), EBIT reached €9.3 million, decreasing by 48.4% and net profit was €6.8 million (-50.2% vs. the first nine months of 2008).

### Equity and cash flow

The Group successfully maintained its effective management of net working capital again in 3Q 2009, which decreased by €1.8 million during the quarter. Quarter investments totalled €1.6 million, bringing total investments since the start of the year to €8.9 million, chiefly earmarked for new product creation. The excellent operating results allowed for an improvement in the net financial position, bringing net financial debt down to €23.1 million at 30 September 2009 (€30 million at 30 June 2009) while the short-term net financial position was positive for €943,000.

### Business outlook

Despite the fact that there are no clear signs of recovery in demand, the business in the last portion of the year is expected to undergo slow but steady improvement; directors are confident that FY 2009 can end with total revenue of roughly €124 million (down by 23% vs. FY 2008) and operating profitability (EBIT %) of 12.5% of sales (improving on previous forecasts of expected revenue of €120 million).

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

The Interim Management Statement relating to the third quarter of 2009, which has not been independently audited, is available on the site [www.sabaf.it](http://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 declares that the financial disclosure contained in this press release corresponds to the company's records, books and accounting entries.

Attachments include the 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 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 categories: 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.



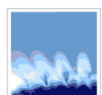
**Consolidated Balance Sheet**

	30/09/2009	31/12/2008	30/09/2008
<i>(in thousands of Euros)</i>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	76,876	76,308	76,419
Investment property	8,415	8,505	9,264
Intangible assets	10,645	10,366	10,038
Equity investments	1,220	645	645
Non-current receivables	210	176	184
Deferred tax assets (prepaid taxes)	1,323	1,261	666
<b>Total non-current assets</b>	<b>98,689</b>	<b>97,261</b>	<b>97,216</b>
<b>CURRENT ASSETS</b>			
Inventories	21,098	27,893	29,637
Trade receivables	38,091	42,078	53,233
Tax receivables	1,900	2,530	1,121
Other current receivables	832	2,684	704
Current financial assets	21	0	0
Cash and cash equivalents	9,674	11,229	5,135
<b>Total current assets</b>	<b>71,616</b>	<b>86,414</b>	<b>89,830</b>
<b>Non-current assets held for sale</b>	<b>378</b>	<b>758</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>170,683</b>	<b>184,433</b>	<b>187,046</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	85,605	76,318	77,936
Net profit for period	6,813	15,410	13,687
<i>Total parent company share of equity</i>	<i>103,951</i>	<i>103,261</i>	<i>103,156</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>103,951</b>	<b>103,261</b>	<b>103,156</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans	24,067	22,589	12,952
Post-employment benefit obligations (TFR) and retirement reserves	2,790	3,007	3,145
General provisions	786	1,046	669
Deferred income tax	292	2,892	3,426
<b>Total non-current liabilities</b>	<b>27,935</b>	<b>29,534</b>	<b>20,192</b>
<b>CURRENT LIABILITIES</b>			
Loans	8,731	18,120	22,641
Other financial liabilities	0	176	0
Trade payables	22,289	25,217	30,093
Tax payables	1,400	2,593	4,599
Other liabilities	6,377	5,532	6,365
<b>Total current liabilities</b>	<b>38,797</b>	<b>51,638</b>	<b>63,698</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>170,683</b>	<b>184,433</b>	<b>187,046</b>



**Consolidated Income Statement**
*(in thousands of Euros)*

	3Q 2009		3Q 2008		9M 2009		9M 2008	
<b>CONTINUING OPERATIONS</b>								
<b>OPERATING REVENUE AND INCOME</b>								
Revenue	32,048	100.0%	39,552	100.0%	89,412	100.0%	125,809	100.0%
Other income	953	3.0%	1,332	3.4%	2,094	2.3%	3,683	2.9%
<b>Total operating revenue and income</b>	<b>33,001</b>	<b>103.0%</b>	<b>40,884</b>	<b>103.4%</b>	<b>91,506</b>	<b>102.3%</b>	<b>129,492</b>	<b>102.9%</b>
<b>OPERATING COSTS</b>								
Materials	(11,047)	-34.5%	(16,232)	-41.0%	(27,815)	-31.1%	(52,703)	-41.9%
Change in inventories	1,036	3.2%	598	1.5%	(6,998)	-7.8%	1,767	1.4%
Services	(7,248)	-22.6%	(8,530)	-21.6%	(18,481)	-20.7%	(26,595)	-21.1%
Payroll costs	(6,422)	-20.0%	(7,208)	-18.2%	(19,004)	-21.3%	(23,274)	-18.5%
Other operating costs	(733)	-2.3%	(1,290)	-3.3%	(1,495)	-1.7%	(2,102)	-1.7%
Costs for capitalised in-house work	186	0.6%	145	0.4%	783	0.9%	492	0.4%
<b>Total operating cost</b>	<b>(24,228)</b>	<b>-75.6%</b>	<b>(32,517)</b>	<b>-82.2%</b>	<b>(73,010)</b>	<b>-81.7%</b>	<b>(102,415)</b>	<b>-81.4%</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>								
	<b>8,773</b>	<b>27.4%</b>	<b>8,367</b>	<b>21.2%</b>	<b>18,496</b>	<b>20.7%</b>	<b>27,077</b>	<b>21.5%</b>
Depreciation and amortisation	(3,155)	-9.8%	(3,023)	-7.6%	(9,151)	-10.2%	(8,991)	-7.1%
Capital gains/(losses) on disposal of non-current assets	(10)	0.0%	(3)	0.0%	(9)	0.0%	6	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>OPERATING PROFIT (EBIT)</b>								
	<b>5,608</b>	<b>17.5%</b>	<b>5,341</b>	<b>13.5%</b>	<b>9,336</b>	<b>10.4%</b>	<b>18,092</b>	<b>14.4%</b>
Finance income	62	0.2%	54	0.1%	157	0.2%	136	0.1%
Finance expenses	(306)	-1.0%	(606)	-1.5%	(1,071)	-1.2%	(1,606)	-1.3%
Foreign-exchange gains/losses	(131)	-0.4%	434	1.1%	(345)	-0.4%	162	0.1%
Profits and losses from equity investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>PRE-TAX PROFIT</b>								
	<b>5,233</b>	<b>16.3%</b>	<b>5,223</b>	<b>13.2%</b>	<b>8,077</b>	<b>9.0%</b>	<b>16,784</b>	<b>13.3%</b>
Income tax	(1,527)	-4.8%	(1,617)	-4.1%	(1,264)	-1.4%	(3,097)	-2.5%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>NET PROFIT FOR PERIOD</b>								
	<b>3,706</b>	<b>11.6%</b>	<b>3,606</b>	<b>9.1%</b>	<b>6,813</b>	<b>7.6%</b>	<b>13,687</b>	<b>10.9%</b>



### Consolidated Net Financial Position

<i>(in thousands of Euros)</i>	30/09/2009	31/12/2008	30/09/2008
A. Cash	15	13	14
B. Positive balances of unrestricted bank accounts	8,432	10,749	5,121
C. Other liquidities	1,227	467	0
<b>D. Cash and cash equivalents (A+B+C)</b>	<b>9,674</b>	<b>11,229</b>	<b>5,135</b>
E. Current bank overdrafts	3,000	14,128	20,706
F. Current portion of non-current debt	5,731	3,992	1,935
G. Other current financial payables	0	176	0
<b>H. Current financial debt (E+F+G)</b>	<b>8,731</b>	<b>18,296</b>	<b>22,641</b>
<b>I. Current net financial debt (H-D)</b>	<b>(943)</b>	<b>7,067</b>	<b>17,506</b>
J. Non-current bank payables	18,246	16,203	6,647
K. Other non-current financial payables	5,821	6,386	6,305
<b>L. Non-current financial debt (J+K)</b>	<b>24,067</b>	<b>22,589</b>	<b>12,952</b>
<b>M. Net financial debt (L+I)</b>	<b>23,124</b>	<b>29,656</b>	<b>30,458</b>

### Consolidated Cash Flow Statement

<i>(in thousands of Euros)</i>	3Q 2009	3Q 2008	9M 2009	9M 2008
<b>OPENING NET SHORT-TERM FINANCIAL POSITION</b>	<b>(4,609)</b>	<b>(16,675)</b>	<b>(7,067)</b>	<b>(10,503)</b>
Net profit/(loss) for period	3,706	3,606	6,813	13,687
Depreciation and amortisation	3,155	3,023	9,151	8,991
Other non-monetary items	(294)	109	(3,130)	(5,876)
Change in net working capital	1,845	(6,100)	9,988	(6,587)
<b>Operating cash flow</b>	<b>8,412</b>	<b>638</b>	<b>22,822</b>	<b>10,215</b>
<b>Net investments</b>	<b>(1,606)</b>	<b>(2,142)</b>	<b>(8,908)</b>	<b>(9,280)</b>
<b>Change in financial assets and loans (non-current)</b>	<b>(1,472)</b>	<b>1,618</b>	<b>1,423</b>	<b>714</b>
<b>Distribution of dividends</b>	<b>0</b>	<b>0</b>	<b>(8,050)</b>	<b>(8,073)</b>
<b>Other changes in equity</b>	<b>218</b>	<b>(945)</b>	<b>723</b>	<b>(579)</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>5,552</b>	<b>(831)</b>	<b>8,010</b>	<b>(7,003)</b>
<b>CLOSING NET SHORT-TERM FINANCIAL POSITION</b>	<b>943</b>	<b>(17,506)</b>	<b>943</b>	<b>(17,506)</b>

