

Press release

Ospitaletto, 11 May 2010

SABAF: APPROVAL OF 2010 FIRST QUARTER RESULTS

- In Q1 2010 revenues totalled € 35.5 million (€ 26 million in Q1 2009, +36.6%)
- EBITDA totalled € 9.6 million (€ 3.1 million in Q1 2009); EBIT totalled € 6.6 million (€ 0.2 million in Q1 2009); net profit totalled € 4.5 million (net loss of € 0.3 million in Q1 2009)
- Sales are expected to grow about 12% for the whole year, and EBITDA % is expected to improve from 22.4% in 2009

The Board of Directors of Sabaf SpA met today in Ospitaletto to approve the Interim Operating Report for the first quarter of 2010 (Q1 2010).

Consolidated results for Q1 2010

In Q1 2010 the Sabaf Group consolidated its position in Europe, where the demand for home appliances remains soft. On the other hand, the Group seized the opportunities for growth that appeared on the principal international markets, which grew at brisk rates.

In Q1 2010, sales revenues totalled € 35.5 million, up 36.6% from € 26 million in Q1 2009. In Italy sales totalled € 15 million (+16.3%), € 3.3 million in Western Europe (+45.6%) and € 7.9 million in Eastern Europe (+30.4%). The growth rates on markets outside Europe were even higher, with the exception of Asia (sales of € 1.5 million, -1.1%), due to the difficulties in operating with Iran. In South America sales totalled € 4.8 million (+134%), in € 1.2 million in North America (+68%) and € 1.7 million in Africa (+305%).

Sales in all product families were up, especially for light alloy valves and thermostats. In the valves product family, the proportion of safety valve sales rose, in response to the new law that makes them mandatory in Europe from 1 April 2010.

EBITDA during the period was € 9.6 million, equal to 26.9% of sales, or more than triple the € 3.1 million (12.1% in sales) for Q1 2009. EBIT was € 6.6 million, corresponding to 18.6% of sales, compared with € 0.2 million in the same period of 2009 (0.7% of sales). Net profit for the period was € 4.5 million, compared with a loss of € 0.3 million in Q1 2009.

Investments and net financial position

Net investments for the quarter came to € 2.2 million (€ 4.9 million in Q1 2009).

As at 31 March 2010, net financial debt was € 12.9 million vs. € 19.2 million as at 31 December 2009, while equity amounted to € 114.1 million (vs. € 109.1 million as at 31 December 2009).

Business outlook

For FY 2010 the management expect that they can achieve growth of 12% in sales and gross profitability (EBITDA %) in improvement from 22.4% for 2009. These forecasts have been made on the basis of current economic conditions, the uncertainties of recovery in Europe and risks on the Iranian market. If the economic situation should change significantly, the final values might depart from the forecasted amounts.





TECHNOLOGY AND SAFETY

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Today at 3 p.m. CET there will be a conference call to illustrate the Q1 2010 results to financial analysts and institutional investors (call +39 02-8058811).

The Interim Operating Report for Q1 2010, which has not been independently audited, is available on the site www.sabaf.it in the Investor Relations section.

Pursuant to Article 154-bis, 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 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 through its 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 South American market.



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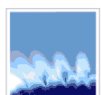


Consolidated statement of financial position

<i>(in thousands of Euros)</i>	31/03/2010	31/12/2009	31/03/2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	76,762	76,932	77,829
Investment property	8,481	8,734	8,445
Intangible assets	10,671	10,692	10,524
Equity investments	1,220	1,220	934
Non-current receivables	142	226	129
Deferred tax assets (prepaid taxes)	1,511	1,234	1,348
Total non-current assets	98,787	99,038	99,209
CURRENT ASSETS			
Inventories	25,421	21,447	22,196
Trade receivables	38,264	40,568	31,733
Tax receivables	1,783	2,485	2,347
Other current receivables	1,781	599	3,152
Cash and cash equivalents	14,059	9,154	8,885
Total current assets	81,308	74,253	68,313
Non-current assets held for sale	0	0	758
TOTAL ASSETS	180,095	173,291	168,280
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
SHARE capital	11,533	11,533	11,533
Retained earnings, other reserves	98,075	86,017	92,293
Net profit for period	4,518	11,583	(313)
<i>Total equity attributable to the group parent company</i>	<i>114,126</i>	<i>109,133</i>	<i>103,513</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	114,126	109,133	103,513
NON-CURRENT LIABILITIES			
Loans	21,022	22,270	26,820
Staff severance fund (TFR) and retirement reserves	2,870	2,916	2,988
General provisions	781	779	1,139
Deferred income tax	274	240	2,912
Total non-current liabilities	24,947	26,205	33,859
CURRENT LIABILITIES			
Loans	5,903	6,041	7,185
Other financial liabilities	82	4	296
Trade payables	26,543	24,844	16,116
Tax payables	1,903	1,445	2,182
Other liabilities	6,591	5,619	5,129
Total current liabilities	41,022	37,953	30,908
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	180,095	173,291	168,280

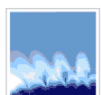
Consolidated Income Statement

<i>(in thousands of Euros)</i>	Q1 2010		Q1 2009		12M 2009	
CONTINUING OPERATIONS						
OPERATING REVENUE AND INCOME						
Revenue	35,549	100.0%	26,029	100.0%	127,088	100.0%
Other income	884	2.5%	394	1.5%	2,919	2.3%
Total operating revenue and income	36,433	102.5%	26,423	101.5%	130,007	102.3%
OPERATING COSTS						
Materials	(14,867)	-41.8%	(6,684)	-25.7%	(40,833)	-32.1%
Change in inventories	4,080	11.5%	(5,752)	-22.1%	(6,852)	-5.4%
Services	(7,753)	-21.8%	(5,008)	-19.2%	(26,654)	-21.0%
Payroll costs	(8,118)	-22.8%	(5,768)	-22.2%	(26,438)	-20.8%
Other operating costs	(420)	-1.2%	(395)	-1.5%	(1,647)	-1.3%
Costs for capitalised in-house work	204	0.6%	332	1.3%	935	0.7%
Total operating cost	(26,874)	-75.6%	(23,275)	-89.4%	(101,489)	-79.9%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	9,559	26.9%	3,148	12.1%	28,518	22.4%
Depreciation and amortisation	(2,958)	-8.3%	(2,964)	-11.4%	(12,295)	-9.7%
Capital gains/(losses) on disposal of non-current assets	20	0.1%	0	0.0%	(5)	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	0	0.0%
OPERATING PROFIT (EBIT)						
	6,621	18.6%	184	0.7%	16,218	12.8%
Financial income	42	0.1%	52	0.2%	207	0.2%
Financial expenses	(218)	-0.6%	(429)	-1.6%	(1,544)	-1.2%
Foreign exchange gains/losses	42	0.1%	(151)	-0.6%	(333)	-0.3%
Profits and losses from equity investments			0		0	
PRE-TAX PROFIT						
	6,487	18.2%	(344)	-1.3%	14,548	11.4%
Income tax	(1,969)	-5.5%	31	0.1%	(2,965)	-2.3%
Minority interests	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD						
	4,518	12.7%	(313)	-1.2%	11,583	9.1%



Consolidated Cash Flow Statement

	Q1 2010	Q1 2009	FY 2010
<i>Cash and cash equivalents at beginning of period</i>	<i>9,154</i>	<i>11,229</i>	<i>11,229</i>
Net profit/(loss) for period	4,518	(313)	11,583
Adjustments for:			
- Depreciation and amortisation for the period	2,958	2,964	12,295
- Realised gains	(20)	0	5
- Financial income and expenses	176	377	1,337
- Income taxes	1,969	(31)	2,965
Change in staff severance fund	(46)	(19)	(91)
Change in general provisions	2	93	(267)
<i>Change in trade receivables</i>	<i>2,304</i>	<i>10,345</i>	<i>1,510</i>
<i>Change in inventories</i>	<i>(3,974)</i>	<i>5,697</i>	<i>6,446</i>
<i>Change in trade payables</i>	<i>1,699</i>	<i>(9,101)</i>	<i>(373)</i>
Change in net working capital	29	6,941	7,583
Change in other receivables and payables and in deferred taxes	(1,013)	(1,032)	2,147
Payment of taxes	(142)	(56)	(6,718)
Payment of financial expenses	(218)	(429)	(1,544)
Collection of financial income	42	52	207
Cash flow from operations	8,255	8,547	29,502
Net investments	(2,204)	(4,872)	(11,864)
Repayment of loans	(1,386)	(13,116)	(18,982)
New loans	0	6,653	6,533
Acquisition own shares	0	0	(261)
Payment of dividends	0	0	(8,050)
Cash flow from financial activity	(1,386)	(6,463)	(20,760)
Foreign exchange differences	240	444	1,047
<i>Cash and cash equivalents at beginning of period</i>	<i>14,059</i>	<i>8,885</i>	<i>9,154</i>
Current financial debt	5,985	7,481	6,045
Non-current financial debt	21,022	26,820	22,270
Net financial debt	12,948	25,416	19,161



Consolidated Net Financial Position

(in thousands of Euros)

	31/03/2010	31/12/2009	31/03/2009
A. Cash	14	14	14
B. Positive balances of unrestricted bank accounts	12,293	7,123	7,965
C. Other liquidities	1,752	2,017	906
D. Cash and cash equivalents (A+B+C)	14,059	9,154	8,885
E. Current bank overdrafts	0	177	1,698
F. Current portion of non-current debt	5,903	5,864	5,487
G. Other current financial payables	82	4	296
H. Current financial debt (E+F+G)	5,985	6,045	7,481
I. Current net financial debt (H-D)	(8,074)	(3,109)	(1,404)
J. Non-current bank payables	15,906	16,845	20,463
K. Other non-current financial payables	5,116	5,425	6,357
L. Non-current financial debt (J+K)	21,022	22,270	26,820
M. Net financial debt (L+I)	12,948	19,161	25,416

