

Press release

Ospitaletto, 4 August 2010

## SABAF: APPROVAL OF 2010 FIRST HALF RESULTS

- In the first half of 2010, revenues totalled € 77.7 million (+35.5%), EBITDA € 21.1 million (+117%), EBIT € 14.9 mn (+300%), and net profit of € 10.1 mn (+224%)
- In the second quarter, revenues totalled € 42.2 million (+34.6%), EBITDA € 11.6 million (+75.7%), EBIT € 8.3 million (+134%) and net profit € 5.5 million (+62%)
- The full-year 2010 forecast is for sales of € 150 mn (+18%) and an EBITDA margin of not less than 26%

\*\*\*\*\*

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the half-yearly financial report at 30 June 2010.

### *Consolidated 2010 first half results*

During the first half of 2010 (1H10), the Sabaf Group achieved revenues of € 77.7 million, with growth of 35.5% over the same period in the previous year (1H09).

The sales increase involved all markets but was significantly higher in non-European markets. In Europe, where recovery in end-user demand for household appliances seems extremely slight, the Group achieved sales 20% higher YoY, thus consolidating its leadership. The most sparkling results, however, were achieved in emerging countries – above all in South America (sales of € 9.6 million, +77%), Asia (sales of € 7.6 million, +86%) and Africa (sales of € 3.6 million, +84%) – markets where the robust growth of demand is accompanied by growing appreciation of Sabaf product quality. In North America too, 1H10 sales of € 2.8 million (+70%) were very satisfactory.

The sales increase involved all product families. In 1H10 growth of special burners, in excess of 50% YoY, was once again particularly significant. In the valve family demand continued to shift towards valves with safety devices, with the highest rates of growth shown by light-alloy valves.

EBITDA in 1H10 totalled € 21.1 million (with a 27.2% margin on sales and up by 117% vs. 1H09) while EBIT amounted to € 14.9 million (19.2% margin on sales and with growth of 300% vs. € 3.7 million in 1H09).

1H10 pre-tax profit totalled € 14.1 million (€ 2.8 million in 1H09) and net profit € 10.1 million (vs. € 3.1 million in 1H09, with growth of 224%).

As at 30 June the statement of financial position showed consolidated shareholders' equity of € 115 million and net financial debt of € 16.5 million (€ 109.1 million and € 19.2 million respectively at 31 December 2009).

Investments in 1H10 totalled approximately € 7.8 million (€ 6.8 million in 1H09), mainly allocated to new-product development and to the purchase and production of related machinery and equipment.

### *Consolidated 2010 second quarter results*

In the second quarter of 2010 (2Q10), sales amounted to € 42.2 million, with growth of 34.6% over the second quarter of 2009 (2Q09). The second quarter featured significant acceleration over the first quarter, also aided by Euro weakness and by the outstanding results achieved in the Middle Eastern market. In 2Q10, sales growth once again involved all the main markets and all product families.

Higher operating leverage and a positive product mix, as well as the Euro weakness mentioned, aided further improvement of profitability. 2Q10 EBITDA was € 11.6 million, with a 27.4% margin on sales (+75.7% vs. € 6.6 million in 2Q09, when the margin on sales was 21%) and EBIT rose to € 8.3 million, with a 19.6% margin on sales (+134% vs. € 3.5 million in 2Q09, when the margin on sales was 11.3%). Net profit for the period amounted to € 5.5 million, 62% higher than the € 3.4 million of 2Q09.



*FY2010 outlook*

The economic environment in which the Sabaf Group will be operating in the second half of the current year (2H10) still features uncertainties as regards international economic recovery. Visibility for 2H10 is limited and forecasting continues to be difficult. Based on present status, the Group expects to be able to achieve full-year sales of € 150 mn (with growth of about +18% over 2009). In 2H10 profitability will be partly affected by higher raw materials purchase costs and by lower sales than in 1H10 due to seasonality. The Group believes it is capable of achieving an EBITDA margin of not less than 26%. Previous forecasts indicated sales growth of 12% YoY and an EBITDA margin of over 22.4%.

These targets assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from forecasts.

\*\*\*\*\*

*The results will be announced to the financial community at 3.00 p.m. CET today, 4 August 2010, during a conference call (call +39 02 802 09 11 a few minutes before the conference is due to start).*

*The half-yearly financial report at 30 June 2010 will be available to the public at the Company's registered headquarters and c/o Borsa Italiana as from 5 August 2010. It will be published on the Company's website [www.sabaf.it](http://www.sabaf.it) on the same day.*

Pursuant to Section 2, Art. 154-bis, paragraph 2 of the Italian Consolidated Finance Act, the Financial Reporting Officer Alberto Bartoli declares that all figures contained in this press release correspond to the company's records, books and accounting entries.

*Annexes: consolidated financial statements, which have not been independently audited*

For further information:

<p><b>Investor Relations</b>  Gianluca Beschi  Tel: +39 030 6843236  gianluca.beschi@sabaf.it  www.sabaf.it</p>	<p><b>Press Office</b>  Power Emprise - tel: +39 02 39400100  Cosimo Pastore - +39 335 213305  cosimopastore@poweremprise.com  Laura De Pinto - +39 349 2408113  lauradepinto@poweremprise.com  Jenny Giuliani - +39 349 2408123  jennygiuliani@poweremprise.com</p>
---	--

*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 S.p.A. and its subsidiaries Faringosi-Hinges – leader in the production of oven and dishwasher hinges – and Sabaf do Brasil – active in the production of burners for the South American market.*

Consolidated statement of financial position

<i>(in thousands of Euros)</i>	30.06.2010	31.12.2009
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	79,784	76,932
Investment property	8,217	8,734
Intangible assets	10,560	10,692
Equity investments	883	1,220
Non-current receivables	235	226
Deferred tax assets (prepaid taxes)	1,471	1,234
<b>Total non-current assets</b>	<b>101,150</b>	<b>99,038</b>
CURRENT ASSETS		
Inventories	27,431	21,447
Trade receivables	45,718	40,568
Tax receivables	1,453	2,485
Other current receivables	1,023	599
Cash and cash equivalents	10,400	9,154
<b>Total current assets</b>	<b>86,025</b>	<b>74,253</b>
<b>TOTAL ASSETS</b>	<b>187,175</b>	<b>173,291</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, other reserves	93,446	86,017
Net profit for period	10,059	11,583
<i>Total equity attributable to the group parent company</i>	<i>115,038</i>	<i>109,133</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>115,038</b>	<b>109,133</b>
NON-CURRENT LIABILITIES		
Loans	19,352	22,270
Staff severance fund (TFR) and retirement reserves	2,737	2,916
General provisions	690	779
Deferred income tax	301	240
<b>Total non-current liabilities</b>	<b>23,080</b>	<b>26,205</b>
CURRENT LIABILITIES		
Loans	7,389	6,041
Other current payables	116	4
Trade payables	31,717	24,844
Tax payables	2,584	1,445
Other liabilities	7,251	5,619
<b>Total current liabilities</b>	<b>49,057</b>	<b>37,953</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>187,175</b>	<b>173,291</b>

Consolidated income statement

	2Q 2010	2Q 2009	1H 2010	1H 2009
<i>(in thousands of Euros)</i>				
<b>OPERATING REVENUE AND INCOME</b>				
Revenue	42,176	31,335	77,725	57,364
Other income	1,481	747	2,365	1,141
<b>Total operating revenue and income</b>	<b>43,657</b>	<b>32,082</b>	<b>80,090</b>	<b>58,505</b>
<b>OPERATING COSTS</b>				
Materials	(16,861)	(10,084)	(31,728)	(16,768)
Change in inventories	1,901	(2,282)	5,981	(8,034)
Services	(8,564)	(6,225)	(16,317)	(11,233)
Payroll costs	(8,200)	(6,814)	(16,318)	(12,582)
Other operating costs	(629)	(367)	(1,049)	(762)
Costs for capitalised in-house work	251	265	455	597
<b>Total operating cost</b>	<b>(32,102)</b>	<b>(25,507)</b>	<b>(58,976)</b>	<b>(48,782)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>	<b>11,555</b>	<b>6,575</b>	<b>21,114</b>	<b>9,723</b>
Depreciation and amortisation	(3,084)	(3,032)	(6,042)	(5,996)
Capital gains/(losses) on disposal of non-current assets	2	1	22	1
Write-downs/write-backs of non-current assets	(193)	0	(193)	0
<b>OPERATING PROFIT (EBIT)</b>	<b>8,280</b>	<b>3,544</b>	<b>14,901</b>	<b>3,728</b>
Financial income	45	43	87	95
Financial expenses	(400)	(336)	(618)	(765)
Foreign exchange gains/losses	233	(63)	275	(214)
Profits and losses from equity investments	(499)	0	(499)	0
<b>PRE-TAX PROFIT</b>	<b>7,659</b>	<b>3,188</b>	<b>14,146</b>	<b>2,844</b>
Income tax	(2,118)	232	(4,087)	263
Minority interests	0	0	0	0
<b>NET PROFIT FOR PERIOD</b>	<b>5,541</b>	<b>3,420</b>	<b>10,059</b>	<b>3,107</b>

**Consolidated statement of cash flows**

<i>(in thousands of Euros)</i>	1H 2010	1H 2009
<b><i>Cash and cash equivalents at beginning of period</i></b>	9,154	11,229
Net profit/(loss) for period	10,059	3,107
Adjustments for:		
- Depreciation and amortisation for the period	6,042	5,996
- Capital losses/(gains) made on asset disposal	(22)	(1)
- Write-downs/(write-backs) of non-current assets	193	0
- Profits and losses from equity investments	499	0
- Financial income and expenses	531	670
- Income taxes	4,087	(263)
Change in staff severance fund	(179)	(121)
Change in general provisions	(89)	(298)
<i>Change in trade receivables</i>	<i>(5,150)</i>	<i>4,105</i>
<i>Change in inventories</i>	<i>(5,984)</i>	<i>7,856</i>
<i>Change in trade payables</i>	<i>6,873</i>	<i>(4,772)</i>
Change in net working capital	(4,261)	7,189
Change in other receivables and payables, deferred taxes	581	2,819
Payment of taxes	(1,440)	(3,958)
Payment of financial expenses	(618)	(765)
Collection of financial income	87	95
<b>Cash flow from operations</b>	<b>15,470</b>	<b>14,470</b>
Investments in non-current assets		
- intangible	(339)	(543)
- tangible	(7,464)	(6,266)
- financial	(150)	(539)
Disinvestment of non-current assets	274	46
<b>Net investments</b>	<b>(7,679)</b>	<b>(7,302)</b>
Repayment of loans	(3,070)	(9,903)
New loans	1,500	6,589
Acquisition own shares	0	(261)
Payment of dividends	(5,750)	(8,050)
<b>Cash flow from operations</b>	<b>(7,320)</b>	<b>(11,625)</b>
Foreign exchange differences	775	645
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b><i>10,400</i></b>	<b><i>7,417</i></b>
Current financial debt	7,505	11,954
Non-current financial debt	19,352	25,424
<b><i>Net financial debt</i></b>	<b><i>16,457</i></b>	<b><i>29,961</i></b>

*Geographical breakdown of sales*

<i>in thousands of Euro</i>	2Q 2010	2Q 2009	Change %	1H 2010	1H 2009	Change %	FY 2009
Italy	17,000	13,898	22.3%	32,035	26,831	19.4%	52,654
Western Europe	2,806	2,377	18.0%	6,073	4,621	31.4%	10,233
Eastern Europe	8,008	6,673	20.0%	15,953	12,767	25.0%	27,978
Asia	6,042	2,519	139.9%	7,560	4,054	86.5%	13,186
South America	4,815	3,380	42.5%	9,640	5,442	77.1%	13,473
Africa	1,884	1,522	23.8%	3,551	1,933	83.7%	6,107
US, Canada & Mexico	1,607	934	72.1%	2,847	1,671	70.4%	3,348
Oceania	14	32	-56.3%	66	45	46.7%	109
<b>Total</b>	<b>42,176</b>	<b>31,335</b>	<b>34.6%</b>	<b>77,725</b>	<b>57,364</b>	<b>35.5%</b>	<b>127,088</b>

*Sales breakdown by product category*

<i>in thousands of Euro</i>	2Q 2010	2Q 2009	Change %	1H 2010	1H 2009	Change %	FY 2009
Brass valves	9,148	6,770	35.1%	16,253	12,918	25.8%	26,928
Light alloy valves	5,358	3,747	43.0%	10,025	7,100	41.2%	15,276
Thermostats	4,254	3,121	36.3%	7,999	5,185	54.3%	13,746
Standard burners	10,888	9,091	19.8%	21,034	16,587	26.8%	36,358
Special burners	6,506	4,081	59.4%	11,089	7,382	50.2%	17,173
Accessories	3,090	2,323	33.0%	5,677	3,840	47.8%	9,089
<i>Total gas components</i>	<i>39,244</i>	<i>29,133</i>	<i>34.7%</i>	<i>72,077</i>	<i>53,012</i>	<i>36.0%</i>	<i>118,570</i>
<i>Hinges</i>	<i>2,932</i>	<i>2,202</i>	<i>33.2%</i>	<i>5,648</i>	<i>4,352</i>	<i>29.8%</i>	<i>8,518</i>
<b>Total</b>	<b>42,176</b>	<b>31,335</b>	<b>34.6%</b>	<b>77,725</b>	<b>57,364</b>	<b>35.5%</b>	<b>127,088</b>