



Press release

Ospitaletto, 9 November 2010

SABAF THIRD-QUARTER 2010 RESULTS APPROVED

- In the third-quarter 2010, Sabaf reported revenue of € 34.7 million (+8.2%); EBITDA of € 8.7 million (-0.8%); EBIT of € 5.4 million (-3.7%); net profit of € 3.0 million (-19.6%)
- In the first 9 months of 2010, Sabaf reported revenue of € 112.4 million (+25.7%); EBITDA of € 29.8 million (+61.2%); EBIT of €20.3 million (+117.5%); net profit of €13 million (+91.4%)
- For the full-year 2010, the Group confirms sales forecasts of € 150 million (+18%) and of EBITDA margin not lower than 26%

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report at 30 September 2010.

In 3Q 2010, Sabaf Group earned sales revenue of € 34.7 million, up by 8.2% compared with the € 32 million earned in 3Q 2009. The European markets have confirmed the gradual upswing, which was particularly evident on the Italian market, the most heavily affected by the crisis in 2009. Internationally, the South American market demonstrated good performance again this quarter. Sales figures from Asia reported declines, largely due to the downturn on the Middle Eastern market. A breakdown of sales by product category confirms the very good growth for light alloy valves and hinges (respectively +25.7% and +24% in the third quarter).

Profitability has remained at very positive levels, albeit slightly lower than the levels earned in 3Q 2009, a period when margins were bolstered by the very low prices of commodities. Profitability in 3Q 2010 is also slightly lower than in the first half of the year, due to seasonality and the increase in the prices of raw materials. EBITDA during the period was € 8.7 million, equal to 25.1% of sales, down by 0.8% compared to the € 8.8 million (27.4% in sales) in 3Q 2009. EBIT was € 5.4 million, accounting for 15.6% of sales, decreasing by 3.7% compared with € 5.6 million in the same period of 2009 (17.5% of sales). Exchange rate losses of € 460,000 were reported in the third quarter 2010, due to the devaluation of the US dollar against the Euro and the Brazilian Real.

The pre-tax result was € 4.6 million, down by 11.4% compared with the € 5.2 million of the 3Q 2009, and the net results of the period was € 3 million, compared with the € 3.7 million earned in 3Q 2009 (-19.6%).

In the first nine months of 2010, revenue came to € 112.4 million, increasing by 25.7% compared to the same period in 2009; EBITDA was € 29.8 million (accounting for 26.5% of sales, marking an improvement of 61.2%), EBIT reached € 20.3 million (accounting for 18.1% of sales, up by 117.5% on last year) and net profit was € 13 million (+91.4% vs. the first nine months of 2009).

Quarter investments totalled € 2.2 million, bringing total investments since the start of the year to € 9.9 million, chiefly earmarked for new product creation. As at 30 September, net financial debt was € 21.5 million (€ 16.5 million as at 30 June 2010), while shareholders' equity amounted to € 117.3 million.

For the full-year 2010, the Group confirms sales forecasts of € 150 million (+18%) and of EBITDA margin not lower than 26%.

The Group is currently negotiating with its main clients for 2011; at this time, it's not possible to make quantity forecasts for the next year.

In line with Consob Regulation no. 17221/2010 and subject to the favourable opinion of the Related-Parties Committee, made up of independent directors Salvatore Bragantini, Fausto Gardoni and Gregorio Gitti, the Board of Directors also approved the new procedure for regulating related-party transactions.



The results will be announced to the financial community at 3:00 p.m. CET today, 9 November 2010, during a conference call (call +39 02 805 88 11).

The Interim Management Statement relating to the third quarter of 2010, which has not been independently audited, is available on the site www.sabaf.it in the Investor Relations section.

Pursuant to Section 2, Art. 154-bis, paragraph 2 of the Consolidated Finance Act, 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: unaudited consolidated financial statements

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

Consolidated statement of financial position

	30.09.2010	31.12.2009	30.09.2009
<i>(in thousands of Euros)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	78,494	76,932	76,876
Investment property	8,068	8,734	8,415
Intangible assets	10,450	10,692	10,645
Equity investments	913	1,220	1,220
Non-current receivables	248	226	210
Deferred tax assets (prepaid taxes)	1,419	1,234	1,323
Total non-current assets	99,592	99,038	98,689
CURRENT ASSETS			
Inventories	27,959	21,447	21,098
Trade receivables	42,816	40,568	38,091
Tax receivables	1,304	2,485	1,900
Other current receivables	739	599	832
Current financial assets	0	0	21
Cash and cash equivalents	7,141	9,154	9,674
Total current assets	79,959	74,253	71,616
Non-current assets held for sale	0	0	378
TOTAL ASSETS	179,551	173,291	170,683
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	92,745	86,017	85,605
Net profit for period	13,039	11,583	6,813
<i>Total equity attributable to the group parent company</i>	<i>117,317</i>	<i>109,133</i>	<i>103,951</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	117,317	109,133	103,951
NON-CURRENT LIABILITIES			
Loans	18,099	22,270	24,067
Staff severance fund (TFR) and retirement reserves	2,687	2,916	2,790
General provisions	704	779	786
Deferred income tax	312	240	292
Total non-current liabilities	21,802	26,205	27,935
CURRENT LIABILITIES			
Loans	10,420	6,041	8,731
Other financial liabilities	100	4	0
Trade payables	18,550	24,844	22,289
Tax payables	4,201	1,445	1,400
Other liabilities	7,161	5,619	6,377
Total current liabilities	40,432	37,953	38,797
TOT LIABILITIES & SHAREHOLDERS' EQUITY	179,551	173,291	170,683

Consolidated Income Statement

	3Q 2010		3Q 2009		9M 2010		9M 2009	
<i>(in thousands of Euros)</i>								
CONTINUING OPERATIONS								
OPERATING REVENUE AND INCOME								
Revenue	34,679	100.0%	32,048	100.0%	112,404	100.0%	89,412	100.0%
Other income	1,093	3.2%	953	3.0%	3,458	3.1%	2,094	2.3%
Total operating revenue and income	35,772	103.2%	33,001	103.0%	115,862	103.1%	91,506	102.3%
OPERATING COSTS								
Materials	(13,265)	-38.3%	(11,047)	-34.5%	(44,993)	-40.0%	(27,815)	-31.1%
Change in inventories	611	1.8%	1,036	3.2%	6,592	5.9%	(6,998)	-7.8%
Services	(7,424)	-21.4%	(7,248)	-22.6%	(23,741)	-21.1%	(18,481)	-20.7%
Payroll costs	(7,038)	-20.3%	(6,422)	-20.0%	(23,356)	-20.8%	(19,004)	-21.3%
Other operating costs	(184)	-0.5%	(733)	-2.3%	(1,233)	-1.1%	(1,495)	-1.7%
Costs for capitalised in-house work	228	0.7%	186	0.6%	683	0.6%	783	0.9%
Total operating cost	(27,072)	-78.1%	(24,228)	-75.6%	(86,048)	-76.6%	(73,010)	-81.7%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	8,700	25.1%	8,773	27.4%	29,814	26.5%	18,496	20.7%
Depreciation and amortisation	(3,208)	-9.3%	(3,155)	-9.8%	(9,250)	-8.2%	(9,151)	-10.2%
Capital gains/(losses) on disposal of non-current assets	0	0.0%	(10)	0.0%	22	0.0%	(9)	0.0%
Write-downs/write-backs of non-current assets	(90)	-0.3%	0	0.0%	(283)	-0.3%	0	0.0%
OPERATING PROFIT (EBIT)								
	5,402	15.6%	5,608	17.5%	20,303	18.1%	9,336	10.4%
Financial income	29	0.1%	62	0.2%	116	0.1%	157	0.2%
Financial expenses	(228)	-0.7%	(306)	-1.0%	(846)	-0.8%	(1,071)	-1.2%
Foreign exchange gains/losses	(460)	-1.3%	(131)	-0.4%	(185)	-0.2%	(345)	-0.4%
Profits and losses from equity investments	(105)	-0.3%	0	0.0%	(604)	-0.5%	0	0.0%
PRE-TAX PROFIT								
	4,638	13.4%	5,233	16.3%	18,784	16.7%	8,077	9.0%
Income tax	(1,658)	-4.8%	(1,527)	-4.8%	(5,745)	-5.1%	(1,264)	-1.4%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD								
	2,980	8.6%	3,706	11.6%	13,039	11.6%	6,813	7.6%

Consolidated Cash Flow Statement

<i>(in thousands of Euros)</i>	3Q 2010	3Q 2009	9M 2010	9M 2009
<i>Cash and cash equivalents at beginning of period</i>	9,154	11,229	9,154	11,229
Net profit/(loss) for period	2,980	3,706	13,039	6,813
Adjustments for:				
- Depreciation and amortisation for the period	3,208	3,155	9,250	9,151
- Realised gains/losses	0	10	(22)	9
Write-downs/write-backs of non-current assets	90	0	283	0
- Profits and losses from equity investments	105	0	604	0
- Financial income and expenses	199	244	730	914
- Income tax	1,658	1,527	5,745	1,264
Change in staff severance fund	(50)	(96)	(229)	(217)
Change in general provisions	14	38	(75)	(260)
<i>Change in trade receivables</i>	<i>2,902</i>	<i>(118)</i>	<i>(2,248)</i>	<i>3,987</i>
<i>Change in inventories</i>	<i>(528)</i>	<i>(1,061)</i>	<i>(6,512)</i>	<i>6,795</i>
<i>Change in trade payables</i>	<i>(13,167)</i>	<i>1,844</i>	<i>(6,294)</i>	<i>(2,928)</i>
Change in net working capital	(10,793)	665	(15,054)	7,854
Change in other receivables and payables, deferred tax liabilities	409	(618)	990	2,201
Payment of taxes	(60)	(69)	(1,500)	(4,027)
Payment of financial expenses	(228)	(306)	(846)	(1,071)
Collection of financial income	29	62	116	157
Cash flow from operations	(2,439)	8,318	13,031	22,788
Net investments	(2,210)	(1,606)	(9,889)	(8,908)
Repayment of loans	(1,244)	(4,689)	(4,314)	(14,592)
New loans	3,022	16	4,522	6,605
Acquisition own shares	0	0	0	(261)
Payment of dividends	0	0	(5,750)	(8,050)
Cash flow from operations	1,778	(4,673)	(5,542)	(16,298)
Foreign exchange differences	(388)	218	387	863
<i>Cash and cash equivalents at beginning of period</i>	7,141	9,674	7,141	9,674
Current net financial debt	10,520	8,731	10,520	8,731
Non-current financial debt	18,099	24,067	18,099	24,067
Net financial debt	21,478	23,124	21,478	23,124

Consolidated Net Financial Position

<i>(in thousands of Euros)</i>	30.09.2010	31.12.2009	30.09.2009
A. Cash	12	14	15
B. Positive balances of unrestricted bank accounts	6,527	7,123	8,432
C. Other liquidities	602	2,017	1,227
D. Cash and cash equivalents (A+B+C)	7,141	9,154	9,674
E. Current bank overdrafts	4,493	177	3,000
F. Current portion of non-current debt	5,927	5,864	5,731
G. Other current financial payables	100	4	0
H. Current financial debt (E+F+G)	10,520	6,045	8,731
I. Current net financial debt (H-D)	3,379	(3,109)	(943)
J. Non-current bank payables	13,607	16,845	18,246
K. Other non-current financial payables	4,492	5,425	5,821
L. Non-current financial debt (J+K)	18,099	22,270	24,067
M. Net financial debt (L+I)	21,478	19,161	23,124