

Press release

Ospitaletto, 9 February 2011

SABAF: FOURTH-QUARTER 2010 RESULTS APPROVED

- Fourth-quarter revenues € 38.5 million (+2.2%); EBITDA € 8.7 million (-13.2%); EBIT € 5.5 million (-20.2%); net profit € 3.8 million (-19.7%)
- Revenues for FY 2010 € 150.9 million (+18.7%); EBITDA € 38.5 million (+35.1%); EBIT € 25.8 million (+59%); net profit € 16.9 million (+45.6%)
- Proposed dividend of € 0.80 per share (€ 0.50 in 2010)
- Formation of a company in Turkey approved

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report for the fourth quarter of 2010 (Q4 2010).

Consolidated results for the fourth quarter 2010

In 4Q 2010, the Sabaf Group booked sales revenue of € 38.5 million, an increase of 2.2% compared with the figure of € 37.7 million registered in 4Q 2009. The European markets confirmed the gradual upturn seen in the previous quarters. Some international markets registered a slowdown, however. This was particularly evident in South America (sales at € 3.1 million, down by 12.1%), the area that had registered the biggest growth rates in the first half of the year. A breakdown of sales by product category confirms the good growth rate also in the last quarter of the year for light alloy valves and hinges (respectively +19.2% and +23% in the fourth quarter).

As well as rising raw material prices, profitability for the quarter was affected by the decrease in business in South America, and to a lesser extent, the devaluation of the dollar against the euro and the Brazilian real. EBITDA during the period was € 8.7 million, equal to 22.6% of sales, down by 13.2% compared to the € 10 million (26.6% of sales) registered in 4Q 2009. EBIT was € 5.5 million, equal to 14.3% of sales and down by 20.2% compared with the figure of € 6.9 million for the same period of 2009 (18.3% of sales).

Pre-tax profit was € 5 million, down by 22.9% compared with € 6.5 million in 4Q 2009, and net profit for the period was € 3.8 million, compared with € 4.8 million in 4Q 2009 (-19.7%).

FY 2010 consolidated results

For full-year 2010, revenue came in at € 150.9 million, up by 18.7% compared with 2009. EBITDA was € 38.5 million (25.5% of sales, an improvement of 35.1%), EBIT came to € 25.8 million (17.1% of sales, an increase of 59%), and net profit totalled € 16.9 million (+45.6% vs. FY 2009).

Equity and cash flow

Investments in the fourth quarter of 2010 totalled € 3.5 million, while net investments for the whole of 2010 were € 13.3 million (€ 11.9 million in 2009).

At 31 December 2010, the balance sheet showed consolidated equity of € 121.8 million and net debt of € 12.5 million (equity of € 109.1 million and net debt of € 19.2 million at 31 December 2009). The net short-term financial position was positive at € 3.9 million.



Business outlook

In addition to the now chronic lack of visibility, making forecasts for 2011 is currently even more difficult given the political instability on certain important markets. The Group believes, however, that it will be able to register an increase in sales of approximately 10%. In 2011, profitability (EBITDA %) will be affected by the increase in costs of the main raw materials (brass and aluminium), which it has not been possible to fully pass onto sales prices, and it is possible that profitability will be slightly lower than that registered in 2010.

These hypotheses factor in the current difficulties in the Middle East and North Africa area, but are based on a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from forecasts.

The directors plan to offer a dividend of € 0.80 per share (€ 0.50 per share in 2010).

Formation of a company in Turkey

The Board of Directors also approved the formation of a company in Turkey, 100%-owned by Sabaf S.p.A., to directly supply the Turkish market, the second largest for the Group after Italy. The Sabaf Group plans to launch production of burners in Turkey by the end of the first half of 2012.

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

The Interim Management Statement relating to the fourth quarter of 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.

The consolidated financial statements are attached.

For further information:

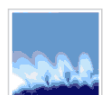
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Founded in the early 1950s, SABAF has grown consistently over the years to become the key manufacturer in Italy - and one of the leading in the world - of components for kitchens and domestic gas cooking appliances.

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

	31.12.2010	30.09.2010	31.12.2009
<i>(in thousands of Euro)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	79,070	78,494	76,932
Investment property	7,859	8,068	8,734
Intangible assets	10,409	10,450	10,692
Equity investments	964	913	1,220
Non-current receivables	140	248	226
Deferred tax assets (prepaid taxes)	2,190	1,419	1,234
Total non-current assets	100,632	99,592	99,038
CURRENT ASSETS			
Inventories	26,082	27,959	21,447
Trade receivables	43,755	42,816	40,568
Tax receivables	1,304	1,304	2,485
Other current receivables	776	739	599
Cash and cash equivalents	9,769	7,141	9,154
Total current assets	81,686	79,959	74,253
Non-current assets held for sale	0	0	0
TOTAL ASSETS	182,318	179,551	173,291
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
SHARE capital	11,533	11,533	11,533
Retained earnings, other reserves	93,446	92,745	86,017
Net profit for period	16,867	13,039	11,583
<i>Total equity attributable to the group parent company</i>	<i>121,846</i>	<i>117,317</i>	<i>109,133</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total shareholders' equity	121,846	117,317	109,133
NON-CURRENT LIABILITIES			
Loans	16,416	18,099	22,270
Staff severance fund (TFR) and retirement reserves	2,627	2,687	2,916
General provisions	767	704	779
Deferred income tax	323	312	240
Total non-current liabilities	20,133	21,802	26,205
CURRENT LIABILITIES			
Loans	5,843	10,420	6,041
Other financial liabilities	55	100	4
Trade payables	24,185	18,550	24,844
Tax payables	3,485	4,201	1,445
Other liabilities	6,771	7,161	5,619
Total current liabilities	40,339	40,432	37,953
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	182,318	179,551	173,291

Consolidated Income Statement

	Q4 2010		Q4 2009		12M 2010		12M 2009	
<i>(in thousands of Euro)</i>								
CONTINUING OPERATIONS								
OPERATING REVENUE AND INCOME								
Revenue	38,493	100.0%	37,676	100.0%	150,897	100.0%	127,088	100.0%
Other income	1,315	3.4%	825	2.2%	4,773	3.2%	2,919	2.3%
Total operating revenue and income	39,808	103.4%	38,501	102.2%	155,670	103.2%	130,007	102.3%
OPERATING COSTS								
Materials	(12,926)	-33.6%	(13,018)	-34.6%	(57,919)	-38.4%	(40,833)	-32.1%
Change in inventories	(1,936)	-5.0%	146	0.4%	4,656	3.1%	(6,852)	-5.4%
Services	(8,539)	-22.2%	(8,173)	-21.7%	(32,280)	-21.4%	(26,654)	-21.0%
Payroll costs	(7,564)	-19.7%	(7,434)	-19.7%	(30,920)	-20.5%	(26,438)	-20.8%
Other operating costs	(395)	-1.0%	(152)	-0.4%	(1,628)	-1.1%	(1,647)	-1.3%
Costs for capitalised in-house work	254	0.7%	152	0.4%	937	0.6%	935	0.7%
Total operating cost	(31,106)	-80.8%	(28,479)	-75.6%	(117,154)	-77.6%	(101,489)	-79.9%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	8,702	22.6%	10,022	26.6%	38,516	25.5%	28,518	22.4%
Depreciation and amortisation	(3,188)	-8.3%	(3,144)	-8.3%	(12,438)	-8.2%	(12,295)	-9.7%
Capital gains/(losses) on disposal of non-current assets	(56)	-0.1%	4	0.0%	(34)	0.0%	(5)	0.0%
Write-downs/write-backs of non-current assets	32	0.1%	0	0.0%	(251)	-0.2%	0	0.0%
OPERATING PROFIT (EBIT)								
	5,490	14.3%	6,882	18.3%	25,793	17.1%	16,218	12.8%
Financial income	16	0.0%	50	0.1%	132	0.1%	207	0.2%
Financial expenses	(393)	-1.0%	(473)	-1.3%	(1,239)	-0.8%	(1,544)	-1.2%
Foreign exchange gains/losses	34	0.1%	12	0.0%	(151)	-0.1%	(333)	-0.3%
Profits and losses from equity investments	(155)	-0.4%	0	0.0%	(759)	-0.5%	0	0.0%
PRE-TAX PROFIT								
	4,992	13.0%	6,471	17.2%	23,776	15.8%	14,548	11.4%
Income tax	(1,164)	-3.0%	(1,701)	-4.5%	(6,909)	-4.6%	(2,965)	-2.3%
Minority interests	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD								
	3,828	9.9%	4,770	12.7%	16,867	11.2%	11,583	9.1%

Consolidated Cash Flow Statement

<i>(in thousands of Euro)</i>	Q4 2010	Q4 2009	12M 2010	12M 2009
Cash and cash equivalents at beginning of period	7,141	9,674	9,154	11,229
Net profit/(loss) for period	3,828	4,770	16,867	11,583
Adjustments for:				
- Depreciation and amortisation for the period	3,188	3,144	12,438	12,295
- Realised gains/losses	56	(4)	34	5
Write-downs/write-backs of non-current assets	(32)	0	251	0
- Profits and losses from equity investments	155	0	759	0
- Financial income and expenses	377	423	1,107	1,337
- Income tax	1,164	1,701	6,909	2,965
Change in staff severance fund	(60)	126	(289)	(91)
Change in general provisions	63	(7)	(12)	(267)
<i>Change in trade receivables</i>	<i>(939)</i>	<i>(2,477)</i>	<i>(3,187)</i>	<i>1,510</i>
<i>Change in inventories</i>	<i>1,877</i>	<i>(349)</i>	<i>(4,635)</i>	<i>6,446</i>
<i>Change in trade payables</i>	<i>5,635</i>	<i>2,555</i>	<i>(659)</i>	<i>(373)</i>
Change in net working capital	6,573	(271)	(8,481)	7,583
Change in other receivables and payables, deferred tax liabilities	(126)	(54)	864	2,147
Payment of taxes	(2,842)	(2,691)	(4,342)	(6,718)
Payment of financial expenses	(393)	(473)	(1,239)	(1,544)
Collection of financial income	16	50	132	207
Cash flow from operations	11,967	6,714	24,998	29,502
Net investments	(3,455)	(2,956)	(13,344)	(11,864)
Repayment of loans	(6,260)	(4,390)	(6,052)	(18,982)
New loans	0	(72)	0	6,533
Acquisition own shares	0	0	0	(261)
Payment of dividends	0	0	(5,750)	(8,050)
Cash flow from operations	(6,260)	(4,462)	(11,802)	(20,760)
Foreign exchange differences	376	184	763	1,047
Cash and cash equivalents at beginning of period	9,769	9,154	9,769	9,154
Current net financial debt	5,898	6,045	5,898	6,045
Non-current financial debt	16,416	22,270	16,416	22,270
Net financial debt	12,545	19,161	12,545	19,161

Consolidated Net Financial Position

<i>(in thousands of Euro)</i>	31.12.2010	30.09.2010	31.12.2009
A. Cash	11	12	14
B. Positive balances of unrestricted bank accounts	9,105	6,527	7,123
C. Other liquidities	653	602	2,017
D. Cash and cash equivalents (A+B+C)	9,769	7,141	9,154
E. Current bank overdrafts	0	4,493	177
F. Current portion of non-current debt	5,843	5,927	5,864
G. Other current financial payables	55	100	4
H. Current financial debt (E+F+G)	5,898	10,520	6,045
I. Current net financial debt (H-D)	(3,871)	3,379	(3,109)
J. Non-current bank payables	12,240	13,607	16,845
K. Other non-current financial payables	4,176	4,492	5,425
L. Non-current financial debt (J+K)	16,416	18,099	22,270
M. Net financial debt (L+I)	12,545	21,478	19,161

