

Press release

Ospitaletto, 21 March 2011

SABAF APPROVES RESULTS AS OF 31 DECEMBER 2010

- Consolidated results 2010: revenue €150.9 million (+18.7%); EBITDA €38.5 million (+35.1%); EBIT €25.8 million (+59%) and net profit €16.9 million (+45.6%)
- Sabaf S.p.A. results 2010: revenue €132.2 million (+17.3%); EBITDA €30.7 million (+36.4%); EBIT €20.7 million (+72.8%) and net profit €13.2 million (+58.2%)
- Forecasts for 2011: sales up approximately 10%, EBITDA at 23-24% of sales
- Proposed dividend of €0.80 per share

The Board of Directors of **Sabaf S.p.A.**, meeting today in Ospitaletto, has approved the consolidated results for 2010, and the draft financial statements of the parent company, as well as the report on company governance and on the ownership structure pursuant to article 123bis of the Consolidated Finance Act (TUF). The annual financial report to 31 December 2010, together with the abovementioned report and Independent Auditor's Report and the Board of Statutory Auditors' Report will be available from the company headquarters and Borsa Italiana S.p.A., and will also be published on the website www.sabaf.it pursuant to the laws in force.

Consolidated Group performance

The Sabaf Group recorded sales revenue of €150.9 million in 2010, up 18.7% on the figure of €127.1 million in 2009. The Group therefore experienced a significant recovery in 2010, although sales levels are still lower than the highs of 2008.

Average sales prices in 2010 did not vary significantly from those of 2009, despite the increase in commodity prices over the year. The greater use of production capacity and a more favourable product mix led, however, to a significant improvement in profitability.

Specifically, EBITDA was €38.5 million, equivalent to 25.5% of sales (€28.5 million in the previous year, 22.4% of sales), EBIT was €25.8 million, 17.1% of sales (€16.2 million in 2009, 12.8% of sales), and net profit of €16.9 million, 11.2% of sales (€11.6 million in 2009, 9.1% of sales).

The financial statements to 31 December 2010 show consolidated equity of €121.8 million and net financial debt of €12.5 million (€109.1 million and €19.2 million respectively at 31 December 2009).

In 2010, the Sabaf Group invested more than €13 million.

Results of the parent company Sabaf S.p.A.

The Group parent company Sabaf S.p.A.'s sales revenue totalled €132.2 million in 2010 (up 17.3% from the €112.7 million reported in 2009), EBITDA was €30.7 million, up 36.4% from the €22.5 million reported in 2009, EBIT was €20.7 million, improving by 72.8% from €12 million reported in the previous financial year, and net profit was €13.2 million, up 58.2% as compared to €8.4 million reported in 2009.





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%; revenue generated in the first two months of 2011 is in line with these expectations.

In February, the Group fixed its purchase prices for its aluminium alloy requirements for the second half of the year, at slightly higher prices than those agreed for the first half. In the same period, negotiations with customers were also concluded regarding the definition of sales prices for the current year; the average increases obtained will not allow the Group to fully offset the increase in commodity prices.

Based on the information currently available, the EBITDA margin is expected to come in at between 23% and 24% in 2011.

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.

Annual General Meeting and proposed dividend

The Board of Directors will propose to the Shareholders' Meeting - which will be held at 11.00 on 28 April at the company's registered office in Ospitaletto - a gross ordinary dividend of €0.80 per share for shares outstanding on the ex-date, excluding therefore treasury shares on that date (a dividend of €0.50 per share was paid in 2010). The ex-date is scheduled for 23 May and the payment date will be on 26 May.

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.

Annexes: Group and Sabaf S.p.A. accounting statements. Figures not yet audited.

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. Sabaf is also present through subsidiaries in Mexico, the USA and China.



Consolidated statement of financial position

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

Consolidated income statement

	31.12.2010	31.12.2009
<i>(in thousands of Euro)</i>		
CONTINUING OPERATIONS		
OPERATING REVENUE AND INCOME		
Revenue	150,897	127,088
Other income	4,773	2,919
Total operating revenue and income	155,670	130,007
OPERATING COSTS		
Materials	(57,919)	(40,833)
Change in inventories	4,656	(6,852)
Services	(32,280)	(26,654)
Payroll costs	(30,920)	(26,438)
Other operating costs	(1,628)	(1,647)
Costs for capitalised in-house work	937	935
Total operating cost	(117,154)	(101,489)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		
	38,516	28,518
Depreciation and amortisation	(12,438)	(12,295)
Capital gains/(losses) on disposal of non-current assets	(34)	(5)
Write-downs/write-backs of non-current assets	(251)	0
OPERATING PROFIT		
	25,793	16,218
Financial income	132	207
Financial expenses	(1,239)	(1,544)
Foreign exchange gains/losses	(151)	(333)
Profits and losses from equity investments	(759)	0
PRE-TAX PROFIT		
	23,776	14,548
Income tax	(6,909)	(2,965)
Minority interests	0	0
NET PROFIT FOR THE YEAR		
	16,867	11,583
EARNINGS PER SHARE (EPS)		
Base	€1.467	€1.007
Diluted	€1.467	€1.007



Sabaf S.p.A. - Balance sheet

<i>(in euro)</i>	31.12.2010	31.12.2009
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	39,876,790	39,285,152
Investment property	2,808,192	3,007,184
Intangible assets	4,141,235	4,219,112
Equity investments	35,998,577	35,404,032
Non-current receivables	9,708	9,708
Deferred tax assets (prepaid taxes)	1,386,306	1,085,591
Total non-current assets	84,220,808	83,010,779
CURRENT ASSETS		
Inventories	23,425,726	19,349,865
Trade receivables	40,173,836	37,501,763
Tax receivables	338,824	1,681,619
- of which from related parties	0	1,270,195
Other current receivables	876,742	844,297
Cash and cash equivalents	5,026,100	5,550,507
Total current assets	69,841,228	64,928,051
TOTAL ASSETS	154,062,036	147,938,830
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
SHARE capital	11,533,450	11,533,450
Retained earnings, other reserves	81,740,276	79,146,219
Net profit for period	13,245,691	8,372,867
Total shareholders' equity	106,519,417	99,052,536
NON-CURRENT LIABILITIES		
Loans	7,706,678	11,463,084
Staff severance fund (TFR) and retirement reserves	2,309,707	2,598,514
General provisions	520,087	560,380
Deferred income tax	267	6,573
Total non-current liabilities	10,536,739	14,628,551
CURRENT LIABILITIES		
Loans	6,444,427	5,345,594
- of which from related parties	2,700,000	1,700,000
Other financial liabilities	55,410	4,499
Trade payables	21,029,676	22,482,838
Tax payables	3,149,800	1,312,447
- of which from related parties	2,052,024	0
Other liabilities	6,326,567	5,112,365
Total current liabilities	37,005,880	34,257,743
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	154,062,036	147,938,830



Sabaf S.p.A. – Income statement

	31.12.2010	31.12.2009
<i>(in euro)</i>		
COMPONENTI ECONOMICHECONTINUING OPERATIONS		
OPERATING REVENUE AND INCOME		
Revenue	132,176,431	112,698,619
Other income	3,845,485	2,618,642
Total operating revenue and income	136,021,916	115,317,261
OPERATING COSTS		
Materials	(49,907,820)	(35,503,543)
Change in inventories	4,075,861	(6,236,529)
Services	(31,618,058)	(26,848,616)
- from related parties	(3,606,424)	(3,266,958)
Payroll costs	(27,566,627)	(23,833,944)
Other operating costs	(1,175,478)	(1,431,859)
Costs for capitalised in-house work	909,116	896,173
Total operating cost	(105,283,006)	(92,958,318)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTI: CAPITAL GAINS/LOSSES, WRITE-DOWNS/ NON-CURRENT ASSETS		
	30,738,910	22,358,943
Depreciation and amortisation	(10,157,691)	(10,404,666)
Capital gains/(losses) on disposal of non-current assets	(11,326)	5,226
Write-downs/write-backs of non-current assets	93,739	0
OPERATING PROFIT		
	20,663,632	11,959,503
Financial income	14,589	16,993
Financial expenses	(978,660)	(1,105,543)
Foreign exchange gains/losses	93,491	31,608
Profits and losses from equity investments	207	0
PRE-TAX PROFIT		
	19,793,259	10,902,561
Income tax	(6,547,568)	(2,529,694)
NET PROFIT FOR THE YEAR		
	13,245,691	8,372,867