

Press release

Ospitaletto, 10 May 2011

**SABAF: FIRST-QUARTER 2011 RESULTS APPROVED**

- In 1Q11 revenues totalled €40.3 million (€35.5 million in 1Q10, +13.2%)
- EBITDA totalled €9.3 million (€9.6 million in 1Q10); EBIT totalled €6.3 million (€6.6 million in 1Q10); net profit totalled €3.8 million (€4.5 million in 1Q10)
- Forecasts of sales growth of approximately 10% and an EBITDA margin of between 23% and 24% confirmed for the full year

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The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Operating Report for the first quarter of 2011 (1Q11).

***Consolidated results for 1Q11***

The Sabaf Group recorded sales revenue of €40.3 million in the first quarter of 2011, up 13.2% on the figure of €35.5 million registered in the first quarter of 2010. Growth rates were modest both in Italy and Western Europe, while Eastern Europe registered an extremely positive trend (sales up 25.3% to €10 million), mainly thanks to the results achieved on the Turkish market. The Group also posted excellent results in Asia (sales of €4 million, compared with €1.6 million in 1Q10), while sales on other markets outside Europe were lower than in the same period of 2010.

The products that registered the biggest sales increases were light alloy valves and special burners. Sales of thermostats and hinges were, in contrast, down on the first quarter of 2010.

The period's EBITDA amounted to €9.3 million, with a 23.1% margin on sales, down by 2.7% vs. €9.6 million (26.9% margin on sales) in 1Q10. The lower profitability was mainly attributable to higher purchase costs for raw materials and energy, which it was not possible to fully pass on to sales prices, and to a lesser extent, the devaluation of the dollar against the euro. EBIT for the quarter was €6.3 million, or 15.5% of sales, a reduction of 5.5% compared to €6.6 million in the same quarter of 2010 (18.6% of sales).

Pre-tax profit amounted to €3.8 million, down by 16.2% from €4.5 million in 1Q10.

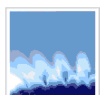
***Investments and net financial position***

Net investments for the quarter totalled €4 million (€2.2 million in 1Q10), and included the purchase of a plot of land in the industrial zone of Manisa (Turkey), where a production facility will be established by the end of the first half of 2012.

As at 31 March 2011, net financial debt was €11.9 million vs. €12.5 million as at 31 December 2010, while equity amounted to €125.1 million (vs. €121.8 million as at 31 December 2010).

***Business outlook***

The performance in April and preliminary data for May point to a slowdown in demand in the main markets in which the Group operates compared with the first quarter of the year. However, the launch of new supply contracts in the second half of the year should lead to a gradual increase in sales. For FY 2011, the management therefore confirms its forecast of sales growth of approximately 10% and an EBITDA margin of between 23% and 24%. These forecasts have been made on the basis of current economic conditions, but if the economic situation were to change significantly, the final values might differ from the forecast amounts.





TECHNOLOGY AND SAFETY

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Today at 4 p.m. CET there will be a conference call to illustrate the 1Q11 results to financial analysts and institutional investors (call +39 02-8058811).

The Interim Operating Report for 1Q11, which has not been independently audited, is available on the website [www.sabaf.it](http://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

	31.03.2011	31.12.2010	31.03.2010
<i>(in thousands of Euro)</i>			
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant, and equipment	79,888	79,070	76,762
Investment property	7,800	7,859	8,481
Intangible assets	10,339	10,409	10,671
Equity investments	867	964	1,220
Non-current receivables	138	140	142
Deferred tax assets (prepaid taxes)	2,296	2,190	1,511
<b>Total non-current assets</b>	<b>101,328</b>	<b>100,632</b>	<b>98,787</b>
CURRENT ASSETS			
Inventories	28,444	26,082	25,421
Trade receivables	46,420	43,755	38,264
Tax receivables	1,774	1,304	1,783
Other current receivables	1,054	776	1,781
Current financial assets	27	0	0
Cash and cash equivalents	11,194	9,769	14,059
<b>Total current assets</b>	<b>88,913</b>	<b>81,686</b>	<b>81,308</b>
<b>TOTAL ASSETS</b>	<b>190,241</b>	<b>182,318</b>	<b>180,095</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, other reserves	109,793	93,446	98,075
Net profit for period	3,785	16,867	4,518
<i>Total equity attributable to the Group parent company</i>	<i>125,111</i>	<i>121,846</i>	<i>114,126</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total shareholders' equity</b>	<b>125,111</b>	<b>121,846</b>	<b>114,126</b>
NON-CURRENT LIABILITIES			
Loans	15,148	16,416	21,022
Staff severance fund (TFR) and retirement reserves	2,617	2,627	2,870
General provisions	707	767	781
Deferred tax	265	323	274
<b>Total non-current liabilities</b>	<b>18,737</b>	<b>20,133</b>	<b>24,947</b>
CURRENT LIABILITIES			
Loans	7,969	5,843	5,903
Other financial liabilities	0	55	82
Trade payables	26,282	24,185	26,543
Tax payables	5,473	3,485	1,903
Other liabilities	6,669	6,771	6,591
<b>Total current liabilities</b>	<b>46,393</b>	<b>40,339</b>	<b>41,022</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>190,241</b>	<b>182,318</b>	<b>180,095</b>



## Consolidated Income Statement

*(in thousands of Euro)*

	Q1 2011		Q1 2010		12M 2010	
<b>CONTINUING OPERATIONS</b>						
<b>OPERATING REVENUE AND INCOME</b>						
Revenue	40,253	100.0%	35,549	100.0%	150,897	100.0%
Other income	1,429	3.6%	884	2.5%	4,773	3.2%
<b>Total operating revenue and income</b>	<b>41,682</b>	<b>103.6%</b>	<b>36,433</b>	<b>102.5%</b>	<b>155,670</b>	<b>103.2%</b>
<b>OPERATING COSTS</b>						
Materials	(17,334)	-43.1%	(14,867)	-41.8%	(57,919)	-38.4%
Change in inventories	2,418	6.0%	4,080	11.5%	4,656	3.1%
Services	(9,223)	-22.9%	(7,753)	-21.8%	(32,280)	-21.4%
Payroll costs	(8,119)	-20.2%	(8,118)	-22.8%	(30,920)	-20.5%
Other operating costs	(397)	-1.0%	(420)	-1.2%	(1,628)	-1.1%
Costs for capitalised in-house work	277	0.7%	204	0.6%	937	0.6%
<b>Total operating cost</b>	<b>(32,378)</b>	<b>-80.4%</b>	<b>(26,874)</b>	<b>-75.6%</b>	<b>(117,154)</b>	<b>-77.6%</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>						
	<b>9,304</b>	<b>23.1%</b>	<b>9,559</b>	<b>26.9%</b>	<b>38,516</b>	<b>25.5%</b>
Depreciation and amortisation	(3,046)	-7.6%	(2,958)	-8.3%	(12,438)	-8.2%
Capital gains/(losses) on disposal of non-current assets	1	0.0%	20	0.1%	(34)	0.0%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	(251)	-0.2%
<b>OPERATING PROFIT (EBIT)</b>						
	<b>6,259</b>	<b>15.5%</b>	<b>6,621</b>	<b>18.6%</b>	<b>25,793</b>	<b>17.1%</b>
Financial income	25	0.1%	42	0.1%	132	0.1%
Financial expenses	(291)	-0.7%	(218)	-0.6%	(1,239)	-0.8%
Foreign exchange gains/losses	(175)	-0.4%	42	0.1%	(151)	-0.1%
Profits and losses from equity investments	(88)	-0.2%			(759)	-0.5%
<b>PRE-TAX PROFIT</b>						
	<b>5,730</b>	<b>14.2%</b>	<b>6,487</b>	<b>18.2%</b>	<b>23,776</b>	<b>15.8%</b>
Income tax	(1,945)	-4.8%	(1,969)	-5.5%	(6,909)	-4.6%
Minority interests	0	0.0%	0	0.0%	0	0.0%
<b>NET PROFIT FOR PERIOD</b>						
	<b>3,785</b>	<b>9.4%</b>	<b>4,518</b>	<b>12.7%</b>	<b>16,867</b>	<b>11.2%</b>



## Consolidated Cash Flow Statement

*(in thousands of Euro)*

	Q1 2011	Q1 2010	FY 2010
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>9,769</b>	<b>9,154</b>	<b>9,154</b>
Net profit/(loss) for period	3,785	4,518	16,867
Adjustments for:			
- Depreciation and amortisation for the period	3,046	2,958	12,438
- Realised gains/losses	(1)	(20)	34
Write-downs/write-backs of non-current assets	0	0	251
- Profits and losses from equity investments	88	0	759
- Financial income and expenses	246	176	1,107
- Income tax	1,945	1,969	6,909
Change in staff severance fund	(10)	(46)	(289)
Change in general provisions	(60)	2	(12)
<i>Change in trade receivables</i>	<i>(2,665)</i>	<i>2,304</i>	<i>(3,187)</i>
<i>Change in inventories</i>	<i>(2,362)</i>	<i>(3,974)</i>	<i>(4,635)</i>
<i>Change in trade payables</i>	<i>2,097</i>	<i>1,699</i>	<i>(659)</i>
Change in net working capital	(2,930)	29	(8,481)
Change in other receivables and payables, deferred tax liabilities	(922)	(1,013)	864
Payment of taxes	(12)	(142)	(4,342)
Payment of financial expenses	(271)	(218)	(1,239)
Collection of financial income	25	42	132
<b>Cash flow from operations</b>	<b>4,929</b>	<b>8,255</b>	<b>24,998</b>
<b>Net investments</b>	<b>(4,011)</b>	<b>(2,204)</b>	<b>(13,344)</b>
Repayment of loans	(1,291)	(1,386)	(6,052)
New loans	2,094	0	0
Payment of dividends	0	0	(5,750)
<b>Cash flow from operations</b>	<b>803</b>	<b>(1,386)</b>	<b>(11,802)</b>
Foreign exchange differences	(296)	240	763
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>11,194</b>	<b>14,059</b>	<b>9,769</b>
Current net financial debt	7,969	5,985	5,898
Non-current financial debt	15,148	21,022	16,416
<b>Net financial debt</b>	<b>11,923</b>	<b>12,948</b>	<b>12,545</b>



### Consolidated Net Financial Position

<i>(in thousands of Euro)</i>	31.03.2011	31.12.2010	31.03.2010
A. Cash	13	11	14
B. Positive balances of unrestricted bank accounts	10,857	9,105	12,293
C. Other liquidities	324	653	1,752
<b>D. Cash and cash equivalents (A+B+C)</b>	<b>11,194</b>	<b>9,769</b>	<b>14,059</b>
E. Current bank overdrafts	2,065	0	0
F. Current portion of non-current debt	5,904	5,843	5,903
G. Other current financial payables	0	55	82
<b>H. Current financial debt (E+F+G)</b>	<b>7,969</b>	<b>5,898</b>	<b>5,985</b>
<b>I. Current net financial debt (H-D)</b>	<b>(3,225)</b>	<b>(3,871)</b>	<b>(8,074)</b>
J. Non-current bank payables	11,289	12,240	15,906
K. Other non-current financial payables	3,859	4,176	5,116
<b>L. Non-current financial debt (J+K)</b>	<b>15,148</b>	<b>16,416</b>	<b>21,022</b>
<b>M. Net financial debt (L+I)</b>	<b>11,923</b>	<b>12,545</b>	<b>12,948</b>

