

Press release

Ospitaletto, 5 July 2011

SABAF: FIRST-HALF REVENUE AND UPDATED FORECASTS FOR 2011

Revenue for the first half of 2011

In 1H 2011, the Sabaf Group booked sales revenue of € 77.5 million, broadly in line with the figure of € 77.7 million in the first half of 2010.

After a positive first quarter, which closed with revenue of € 40.3 million (+13.2% versus the same period of 2010), sales in the second quarter registered a significant drop, coming in at € 37.2 million (down approximately 12% versus 2Q 2010).

The negative performance of the second quarter is mainly due to two distinct factors:

- lower sales in the North African and Middle Eastern markets, areas affected by an unstable political environment and in which revenue is often subject to significant variations over twelve months;
- the slowdown in demand on the Italian market and the other main Western European markets, from April onwards.

Business outlook

In the second half of the year, the contribution from sales of new products will probably be lower than initially forecast, and could come in at around € 2 million. Weak demand has in fact prompted some clients to postpone investments for the renewal of their range, and consequently set back opportunities for the use of some of our innovative products.

In light of the actual sales figures for the first half and the ongoing uncertainty in demand, the management has revised down its growth forecast for FY 2011, which is now set at between 2% and 4% (previous forecasts put growth at around 10%).

The lower sales expected will also have an impact on profitability, owing to less use of operating leverage. In 2011 the management forecasts an EBITDA margin of between 21% and 22% (versus an EBITDA margin of 23-24% in previous forecasts).

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.

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.

