



TECHNOLOGY AND SAFETY

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Press release

Ospitaletto, March 19th 2004

SABAF: FY 2003 net profit = € 10.2 million

**Dividend: € 0.40 per share**Growth in line with expectations in first quarter 2004

Today the Board of Sabaf SpA approved consolidated and parent company year-end financial statements for the year ending on December 31<sup>st</sup> 2003

In a difficult economic environment, Sabaf Group has ended FY 2003 with sales revenues of € 110 million (mn), up by 6.6% over 2002. Though the growth was inferior to the expectations, the Group substantially kept the same levels of profitability. EBITDA amounted to € 31.9 mn (29% of sales), compared with € 29.6 mn in 2002 (+8,1% YoY). EBITA (EBIT before goodwill amortisation) totalled € 20.3 mn (18.4% on sales) vs. € 19.0 mn in 2002 (+7%). Pre-tax profit amounted to € 17.8 mn (16.2% on sales), vs. € 16.7 mn in 2002 (+6,9% YoY). Because of the strong increase in the tax-rate (from 38.4% up to 42.5%), consolidated net profit totalled € 10.2 mn (9.3% on sales), compared with € 10.4 mn in 2002 (-1.7% YoY).

As at December 31<sup>st</sup> 2003, the group's net equity amounted to € 69.5 mn (€ 63.4 mn as at December 31<sup>st</sup> 2002), whilst net debt decreased to € 20.1 (vs. € 25.9 mn at the end of 2002).

As regards the parent company Sabaf S.p.A., sales revenues totalled € 99.5 mn (vs € 94.2 mn in 2002), EBITDA € 27.1 mn (€ 25.3 mn in 2002) and EBIT € 17.4 mn (€ 16.6 mn in 2002). Pre-tax profit amounted to € 17.2 mn (€ 15.9 mn in 2002) whilst net profit totalled € 10.2 mn (unchanged compared with 2002).

At the annual general meeting of shareholders - scheduled to be held on first call on April 29<sup>th</sup> at 10.00 a.m. at the company's HQ in Ospitaletto and on second call on May 4<sup>th</sup> 2004 at the same time and place - the Board will propose distribution of a gross dividend of € 0.40 per share (vs. € 0.37 for FY2002). Coupon detachment is scheduled for May 17<sup>th</sup> with payment as from May 20<sup>th</sup>.

In the first weeks of 2004 started the building of a new plant inside the Ospitaletto industrial site. The plan, which will be completed by the end of the year, will host the manufacture of a new generation of light alloy valves.

As regards the first two months of 2004, sales totalled € 19.7 mn with growth of 8.7% vs. € 18.1 mn in the same period of 2003. Thanks to the excellent performance in March, the first quarter should end with sales growing over 10%, in line with the expectations of management for the full year. These projections assume no change in the macroeconomic situation. If the economic situation were to change, actual performance figures could diverge from forecast data.

*Attachments: reclassified and consolidated and Sabaf SpA year-end financial statements*

**Investor Relations**

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Founded in the 1950's, SABAF grew to become the principal manufacturer in Italy and a leader worldwide of gas cooking appliances.

Production is based on three principal lines: valves, thermostats and burners for domestic gas cooking appliances. The technological know-how, productive flexibility and capacity to offer a vast range of components, also designed based on the requirements of the different manufacturers of kitchens, work tops, and ovens, and in line with the specific characteristics of the various markets, represent the fundamental strengths of SABAF, in a highly specialised sector, where demand is in continual evolution and towards products that will guarantee absolute reliability and security.

The Sabaf Group employs approximately 500 employees including the Parent Company SABAF S.p.A. and the subsidiaries Faringosi Hinges, leader in the production of hinges for ovens and dishwashing machines and Sabaf do Brasil, involved in the production of burners for the South American market. Sabaf is also present in China through a representative office in Shanghai.

Sabaf is quoted on the Italian Stock Exchange since 24 March 998 and since April 2001 it is part of the stock exchange segment for more stringent reporting requirements (STAR).



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## Reclassified Consolidated & Condensed Balance Sheet and Cash Flow

<i>Amounts in € '000</i>	31.12.2003	31.12.2002
A. FIXED & NON-CURRENT ASSETS		
Intangible	6,925	6,164
Tangible	69,241	71,567
Financial	218	369
VAT receivables	<u>76,384</u>	<u>78,100</u>
<b>Total fixed &amp; non-current assets</b>		
B. NET WORKING CAPITAL	14,328	14,700
Inventory	33,055	29,116
Trade receivables	2,366	5,873
Other current assets	(20,981)	(22,568)
Trade payables	(4,164)	(4,100)
Other current liabilities	<u>24,604</u>	<u>23,021</u>
<b>Total net working capital</b>		
C. CAPITAL EMPLOYED (A+B)	<u>100,988</u>	<u>101,121</u>
D. PROVISIONS FOR RISKS & CHARGES AND EMPLOYEE SEVERANCE INDEMNITIES	(11,598)	(11,366)
E. <b><u>NET CAPITAL EMPLOYED (C-D)</u></b>	<u>89,390</u>	<u>89,755</u>
<b>Funded by:</b>		
F. GROUP NET EQUITY	69,462	63,428
G. MINORITIES' SHARE OF NET EQUITY	(140)	437
H. NET FINANCIAL INDEBTEDNESS		
Non-current financial debts	22,413	16,055
<b>Net non-current financial indebtedness</b>	<u>22,413</u>	<u>16,055</u>
Current financial debts	3,458	13,702
Cash and banks	(5,803)	(3,867)
<b>Net current financial indebtedness</b>	<u>(2,345)</u>	<u>9,835</u>
<b>Total net financial debt</b>	<u>20,068</u>	<u>25,890</u>
I. <b><u>TOTAL SOURCES OF FUNDING (F+G+H)</u></b>	<u>89,390</u>	<u>89,755</u>

### Reclassified Consolidated Profit & Loss Account

<i>Amounts in € '000</i>	2003	2002
<b>A. SALES REVENUES</b>	<b>110,019</b>	<b>103,223</b>
Change in inventories of work in process, semiprocessed and finished goods	(505)	1,908
Internal enhancement of fixed assets	424	317
Other revenue and income	823	618
<b>B. PRODUCTION VALUE</b>	<b>110,761</b>	<b>106,066</b>
Materials and services	(62,541)	(60,550)
<b>C. VALUE-ADDED (GROSS RETURN)</b>	<b>48,220</b>	<b>45,516</b>
Payroll costs	(16,281)	(15,958)
<b>D. EBITDA</b>	<b>31,939</b>	<b>29,558</b>
Depreciation, amortisation and write-downs	(11,199)	(10,226)
Annual provision for risks & charges	(56)	(65)
Sundry operating costs	(403)	(305)
<b>E. EBITA</b>	<b>20,281</b>	<b>18,962</b>
Goodwill amortisation	(934)	(680)
Net financial income/(charges)	(1,488)	(1,681)
Net write-ups/(write-downs) of financial assets	(40)	47
<b>F. PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>17,819</b>	<b>16,648</b>
Net extraordinary income/(charges)	7	26
<b>G. PRE-TAX PROFIT</b>	<b>17,826</b>	<b>16,674</b>
Taxes	(7,569)	(6,404)
<b>H. NET PROFIT</b>	<b>10,257</b>	<b>10,270</b>
I. Minorities' share of net profit	(32)	127
<b>L. GROUP NET PROFIT</b>	<b>10,225</b>	<b>10,397</b>

Reclassified Parent Company (Sabaf SpA)
Condensed Balance Sheet and Cash Flow

<i>Amounts in € '000</i>		31.12.2003	31.12.2002
A.	FIXED & NON-CURRENT ASSETS		
	Intangible	685	990
	Tangible	38,627	40,173
	Financial	24,190	21,739
	<b>Total fixed &amp; non-current assets</b>	<b>63,502</b>	<b>62,902</b>
B.	NET WORKING CAPITAL		
	Inventory	12,918	13,567
	Trade receivables	30,123	27,100
	Other current assets	2,243	1,378
	Trade payables	(18,624)	(20,092)
	Other current liabilities	(7,364)	(3,704)
	<b>Total net working capital</b>	<b>19,296</b>	<b>18,249</b>
C.	CAPITAL EMPLOYED (A+B)	<b>82,798</b>	<b>81,151</b>
D.	PROVISIONS FOR RISKS & CHARGES AND EMPLOYEE SEVERANCE INDEMNITIES	(9,666)	(9,633)
E.	<b>NET CAPITAL EMPLOYED (C-D)</b>	<b>73,132</b>	<b>71,518</b>
	<b>Funded by:</b>		
F.	NET EQUITY	68,032	62,016
G.	NET FINANCIAL INDEBTEDNESS		
	Non-current financial debts	8,002	172
	Non-current financial credits	(1,000)	(1,000)
	<b>Net non-current financial indebtedness</b>	<b>7,002</b>	<b>(828)</b>
	Current financial debts	2,170	12,057
	Cash & banks	(4,072)	(1,727)
	<b>Net current financial indebtedness</b>	<b>(1,902)</b>	<b>10,330</b>
	<b>Total net financial indebtedness</b>	<b>5,100</b>	<b>9,502</b>
H.	<b>TOTAL SOURCES OF FUNDING (F+G)</b>	<b>73,132</b>	<b>71,518</b>



### Reclassified parent company (Sabaf SpA) Profit & Loss account

<i>Amounts in € '000</i>		<b>2003</b>	<b>2002</b>
<b>A.</b>	<b>SALES REVENUES</b>	<b>99,468</b>	<b>94,247</b>
	Change in inventories of work in process, semiprocessed and finished goods	(639)	1,570
	Internal enhancement of fixed assets	412	316
	Other revenue and income	485	721
<b>B.</b>	<b>PRODUCTION VALUE</b>	<b>99,726</b>	<b>96,854</b>
	Materials and services	(58,020)	(57,184)
<b>C.</b>	<b>VALUE-ADDED (GROSS RETURN)</b>	<b>41,706</b>	<b>39,670</b>
	Payroll costs	(14,622)	(14,390)
<b>D.</b>	<b>EBITDA</b>	<b>27,084</b>	<b>25,280</b>
	Depreciation, amortisation and write-downs	(9,354)	(8,457)
	Annual provision for risks & charges	(56)	(65)
	Sundry operating costs	(272)	(184)
<b>E.</b>	<b>EBIT</b>	<b>17,402</b>	<b>16,574</b>
	Net financial income/(charges)	(136)	(345)
	Net write-ups/(write-downs) of financial assets	(40)	(341)
<b>F.</b>	<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>17,226</b>	<b>15,888</b>
	Net extraordinary income/(charges)	0	11
<b>G.</b>	<b>PRE-TAX PROFIT</b>	<b>17,226</b>	<b>15,899</b>
	Taxes	(7,031)	(5,744)
<b>H.</b>	<b>NET PROFIT</b>	<b>10,195</b>	<b>10,155</b>