



TECHNOLOGY AND SAFETY

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Press Release

Ospitaletto (BS), August 5th 2004

**SABAF: REVENUES RISE TO € 32.6 MILLION (+25.1%)
AND EBITDA TO € 9.7 MILLION (+31.8%)
IN 2nd QUARTER OF 2004**

The Board of Directors of **Sabaf SpA**, which met today in Ospitaletto (Brescia), has reviewed figures for the second quarter of 2004.

In a market that further consolidated signs of recovery, the Sabaf Group successfully exploited all opportunities stemming from its sector leadership position.

In the period in question (2Q04), sales revenues totalled € 32.6 million (mn), growing by +25.1% vs. € 26.1 mn in the second quarter of 2003 (2Q03), period featured by an abrupt slowdown of both production and consumption. Value added was 46.6% on sales, compared with 44.9% in 2Q03, whilst EBITDA rose to € 9.7 mn, with a 29.6% margin on sales, progressing by +31.8% vs. € 7.3 mn in 2Q03 (28.1% on sales). EBITA (i.e. EBIT before goodwill amortisation) in the quarter amounted to € 6.4 mn, with a 19.7% margin on sales, growing by +42.1% vs. € 4.5 mn in 2Q03. Pre-tax profit was € 5.8 mn, as opposed to € 3.8 mn in 2Q03, with growth of 54.2% YoY.

"In a period featuring a marked upturn in sales, margins once again improved more than proportionally, thanks to the benefits of economies of scale and to constant improvement of manufacturing processes' efficiency." - declared Angelo Bettinzoli, CEO of Sabaf S.p.A. "Strongly growing sales in all European markets confirm that cooking appliance manufacturers' levels of activity have returned to normal. In non-European markets the ongoing increase of our market share was confirmed. Particularly brilliant results were achieved in Latin America whilst North America featured the start of the first major sales".

The first half (1H04) thus ended with revenues of € 64.3 mn, growing by +19.4% vs. 1H03, EBITDA of € 18.8 mn (29.3% on sales, up by +23% YoY), EBIT of € 12.7 mn - improving by 30% YoY - and pre-tax profit of € 12 mn (+44% vs. 1H03).



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paid in





Financial status showed net fixed assets of € 84.5 mn (€ 77.1 mn as at June 30th 2003) and net working capital of € 26.1 mn (€ 27.8 mn as at June 30th 2003). The increase in net working capital vs. March 31st 2004 reflected a seasonal effect relating to payment of income tax and dividends. Uses were funded by consolidated shareholders' equity (gross of minority interests and of income tax for the period) of € 76.9 mn and net financial debt of € 22 mn.

The level of business continues to be slightly higher than projected in forecasts made at the beginning of the year, meaning that Sabaf management confirms a double-digit growth target for 2004. These projections assume no change in the macroeconomic scenario. If the economic situation were instead to change, final year-end figures might diverge from forecasts.

The Board of Directors of Sabaf S.p.A. also convened an extraordinary meeting of shareholders for September 17th for adoption of a new text for company by-laws, in order to adapt the latter to legislative changes introduced by the company law reform.

Quarterly results will be illustrated to the financial community at 2.30 pm CET today, August 5th 2004, during a conference call in Italian language (please call the number +39 802 09 11 a few minutes before the call is due to start).

Attachments: consolidated financial statements

For further information:

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Founded in the early 1950s, SABAF has grown constantly to become today the main producer in Italy – and one of the leading world producers – of components for kitchens and domestic gas cooking appliances.

Its product offering features three main lines: valves, thermostats, and burners, essential components for gas cooking appliances. Sabaf's strong technological know-how, manufacturing flexibility, and its ability to offer a vast range of components – also tailor-made to meet the requirements of individual manufacturers of cookers and of built-in hobs and ovens – that are also aligned 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 500 employees. It operates via the parent company SABAF SpA and the subsidiaries Faringosi- Hinges – leader in the production of oven and washing-machine hinges – and Sabaf do Brasil – active in production of burners for the Latin American market. Sabaf is also present in the People's Republic of China via a contact office located in Shanghai.

Sabaf has been listed on the Borsa Italiana market since March 24th 1998 and entered the high-quality/small-medium cap segment (STAR – Segmento Titoli con Alti Requisiti) in April 2001.



Reclassified Consolidated Balance Sheet and Financial Position

<i>Amounts in € '000</i>		30.06.2004	31.03.2004	31.12.2003
A.	FIXED ASSETS			
	Intangible fixed assets	6,398	6,717	6,925
	Tangible fixed assets	77,920	71,329	69,241
	Financial fixed assets	182	207	218
	Total fixed assets	84,500	78,253	76,384
B.	NET WORKING CAPITAL			
	Inventories	16,681	15,583	14,328
	Trade receivables	38,333	36,246	33,055
	Other assets	4,915	2,101	2,366
	Trade payables	(29,143)	(24,709)	(20,981)
	Other liabilities	(4,676)	(8,896)	(4,164)
	Total net working capital	26,110	20,325	24,604
C.	CAPITAL EMPLOYED			
	LESS OPERATING LIABILITIES (A+B)	110,610	98,578	100,988
D.	RESERVES FOR RISKS & CONTINGENCIES AND SEVERANCE INDEMNITIES	(11,718)	(11,777)	(11,598)
E.	<u>NET CAPITAL EMPLOYED (C-D)</u>	98,892	86,801	89,390
	Funded by:			
F.	SHAREHOLDERS' EQUITY (including minority interests and the period's pre-tax result)	76,870	71,008	69,322
G.	NET DEBT			
	Medium-/long-term financial debt	24,556	22,739	22,413
	Net medium/long-term debt	24,556	22,739	22,413
	Short-term financial debt	3,675	3,392	3,458
	Cash & banks	(6,209)	(10,338)	(5,803)
	Net short-term financial debt	(2,534)	(6,946)	(2,345)
	Total net debt	22,022	15,793	20,068
H.	<u>TOTAL SOURCES OF FUNDING (F+G)</u>	98,892	86,801	89,390



Reclassified Consolidated Income Statement

Amounts in € '000

	2nd Quarter 2004		2nd Quarter 2003		1st Half 2004		1st Half 2003	
INCOME FROM SALES & SERVICES	32,606	100.0%	26,066	100.0%	64,301	100.0%	53,836	100.0%
Changes in inventories of work in progress and of semi-finished and finished products	768	2.4%	(60)	-0.2%	1,672	2.6%	(526)	-1.0%
Increase in fixed assets built internally	150	0.4%	107	0.4%	335	0.5%	207	0.4%
Other revenues	150	0.4%	347	1.3%	248	0.4%	488	0.9%
PRODUCTION VALUE	33,674	103.2%	26,460	101.5%	66,556	103.5%	54,005	100.3%
Cost of materials and outside services	(18,523)	-56.8%	(14,757)	-56.6%	(36,995)	-57.5%	(29,795)	-55.3%
VALUE ADDED	15,151	46.4%	11,703	44.9%	29,561	46.0%	24,210	45.0%
Payroll costs and related expenses	(5,486)	-16.8%	(4,371)	-16.8%	(10,713)	-16.7%	(8,881)	-16.5%
EBITDA	9,665	29.6%	7,332	28.1%	18,848	29.3%	15,329	28.5%
Amortisation, depreciation and write-downs	(3,032)	-9.3%	(2,666)	-10.2%	(5,802)	-9.0%	(5,348)	-9.9%
Provisions for risks and contingencies	(83)	-0.3%	(14)	-0.1%	(149)	-0.2%	(22)	0.0%
Other operating costs	(132)	-0.4%	(135)	-0.5%	(233)	-0.4%	(214)	-0.4%
EBITA	6,418	19.7%	4,517	17.3%	12,664	19.7%	9,745	18.1%
Goodwill amortisation	(233)	-0.7%	(234)	-0.9%	(466)	-0.7%	(467)	-0.9%
Net financial income (expenses)	(340)	-1.1%	(500)	-1.9%	(501)	-0.8%	(916)	-1.7%
Write-up (write-down) of financial assets	0	0.0%	5	0.0%	4	0.0%	0	0.0%
PROFIT BEFORE TAX AND NON-RECURRENT ITEMS	5,845	17.9%	3,788	14.5%	11,701	18.2%	8,362	15.5%
Non-recurrent income/(loss)	0	0.0%	1	0.0%	339	0.5%	2	0.0%
PRE-TAX PROFIT BEFORE MINORITY INTERESTS	5,845	17.9%	3,789	14.5%	12,040	18.7%	8,364	15.5%

