



TECHNOLOGY AND SAFETY

<http://www.sabaf.it> - sabaf@sabaf.it

Press release

Ospitaletto, 17 September 2004

Sabaf: net profit of 7 million euro in the first half of 2004

The extraordinary meeting of shareholders approve a new text for company by-laws

Meeting today in Ospitaletto, the Board of Directors of Sabaf S.p.A., approved the half-year report at 30 June 2004.

During the first half of 2004 (1H04) the international macroeconomic scenario showed improvement and the market for domestic gas cooking appliances confirmed the signs of recovery noted in the last part of 2003. Even although West European economic growth rates are still modest, European domestic appliance manufacturers – and in particular those companies featuring marked internationalisation of their core markets – have been able to benefit from global recovery.

In this environment, the Sabaf Group successfully all the opportunities stemming from its leadership position in the sector. The marked increase in sales was once again accompanied by profitability margins showing more than proportional improvement, thanks to ongoing efficiency improvement in manufacturing processes.

1H04 ended with sales revenues of € 64.3 million (mn), up by +19.4% vs. the first half of 2003 (1H03), EBITDA of € 18.8 mn (up by 23% YoY and with a margin of 29.3%), EBITA (i.e. before goodwill amortisation) of € 12.7 mn, up by 30% YoY, and net profit of € 7 mn (+51.4% vs. 1H03).

Financial status showed net fixed assets of € 84.5 mn (€ 77.1 mn as at June 30th 2003) and net working capital of € 21.2 mn (€ 24.3 mn as at June 30th 2003). Uses were funded by consolidated shareholders' equity of € 71.8 mn and net financial debt of € 22 mn.



SABAF S.p.A • Via dei Carpini, 1 • 25035 Ospitaletto (Brescia) • Italy
Tel. + 39 030 6843001 • Fax + 39 030 6848249 • Share capital € 11,333,500 fully





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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.

Besides, today an extraordinary meeting of shareholder approved the adoption of a new text for company by-laws, in order adapt the latter to legislative changes introduced by the company law reform.

The half-year results will be presented to the financial community in Milan at 17.00 hours on Monday 20 September in the offices of Borsa Italiana and in London on Thursday 23 September as part of a presentation of companies listed in the STAR segment.

There will be a discussion panel on the 2003 Social Report with representatives from the economic and financial community and experts in CSR, to be held at 15.00 hours on Monday 20 September, also in the offices of Borsa Italiana, Piazza Affari 6 - Milan. Those interested in attending may book by sending the company an e-mail confirming their participation.

For additional information contact:

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Appendices: Reclassified Consolidated Balance Sheet and Income Statement and Statement of Changes in Financial Position

Founded in the early 1950s, SABAF has grown steadily to become the principal producer in Italy and one of the top producers in the world of components for gas cookers and domestic gas cooking appliances.

Its three main product lines are: valves, thermostats and burners, all of which are used in gas cooking appliances. Technological know-how, flexibility in production and the ability to offer a wide range of components - which are also designed according to the needs of individual manufacturers of cookers, hobs and built-in ovens, and comply with the specific characteristics of the various markets in which they are sold - are SABAF's fundamental strengths, in a highly specialized sector, where demand is constantly changing and increasingly focused on products that guarantee absolute reliability and safety.

The Sabaf Group has around 500 employees, operating through the parent company SABAF S.p.A. and two subsidiaries: Faringosi Hinges, a leading manufacturer of oven and dishwasher hinges, and Sabaf do Brasil, a producer of burners for the South American market. Sabaf also has a presence in China through its representative office in Shanghai.

Sabaf has been listed on the Italian Stock Exchange since 24 March 1998 and since April 2001 it has belonged to STAR (Segmento Titoli con Alti Requisiti or High Standards Securities Segment).



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Reclassified Consolidated Balance Sheet

<i>Amounts in € '000</i>	30.06.2004	31.12.2003	30.06.2003
A. FIXED ASSETS			
Intangible fixed assets	6,398	6,925	7,548
Tangible fixed assets	77,921	69,241	69,237
Financial fixed assets	182	218	327
Total fixed assets	<u>84,501</u>	<u>76,384</u>	<u>77,112</u>
B. NET WORKING CAPITAL			
Inventories	16,681	14,328	14,115
Trade receivables	38,333	33,055	29,341
Other assets	5,012	2,366	7,545
Trade payables	(29,143)	(20,981)	(18,695)
Other liabilities	(9,723)	(4,164)	(7,975)
Total net working capital	<u>21,160</u>	<u>24,604</u>	<u>24,331</u>
C. CAPITAL EMPLOYED			
LESS OPERATING LIABILITIES (A+B)	<u>105,661</u>	<u>100,988</u>	<u>101,443</u>
D. RESERVES FOR RISKS & CONTINGENCIES AND SEVERANCE INDEMNITIES	(11,859)	(11,598)	(11,411)
E. NET CAPITAL EMPLOYED (C-D)	<u>93,802</u>	<u>89,390</u>	<u>90,032</u>
<i>Funded by:</i>			
F. GROUP NET EQUITY	71,957	69,462	63,872
G. MINORITY INTERESTS' NET EQUITY	(177)	(140)	(135)
H. NET DEBT			
Medium-/long-term financial debt	24,556	22,413	15,177
Net medium/long-term debt	<u>24,556</u>	<u>22,413</u>	<u>15,177</u>
Short-term financial debt	3,675	3,458	14,968
Cash & banks	(6,209)	(5,803)	(3,850)
Net short-term financial debt	<u>(2,534)</u>	<u>(2,345)</u>	<u>11,118</u>
Total net debt	<u>22,022</u>	<u>20,068</u>	<u>26,295</u>
I. TOTAL SOURCES OF FUNDING (F+G+H)	<u>93,802</u>	<u>89,390</u>	<u>90,032</u>

Reclassified Consolidated Income Statement

<i>Amounts in € '000</i>	1H04	1H03	FY2003
SALES REVENUES	64,301	53,836	110,019
Changes in inventories of work in progress and of semi-finished and finished products	1,672	(526)	(505)
Increase in fixed assets built internally	335	207	424
Other revenues	248	488	823
PRODUCTION VALUE	66,556	54,005	110,761
Costs of materials and outside services	(36,995)	(29,795)	(60,493)
VALUE ADDED	29,561	24,210	50,268
Payroll costs	(10,713)	(8,881)	(18,329)
EBITDA	18,848	15,329	31,939
Amortisation, depreciation and write-downs	(5,802)	(5,348)	(11,199)
Provisions for risks and contingencies	(149)	(22)	(56)
Other operating costs	(233)	(214)	(403)
EBITA	12,664	9,745	20,281
Goodwill amortisation	(466)	(467)	(934)
Net financial income/(expenses)	(501)	(916)	(1,488)
Write-up/(write-down) of financial assets	4	0	(40)
PROFIT BEFORE TAX AND NON-RECURRENT ITEMS	11,701	8,362	17,819
Non-recurrent income/(loss)	339	2	7
PRE-TAX PROFIT BEFORE MINORITY INTERESTS	12,040	8,364	17,826
Income tax for period	(5,089)	(3,696)	(7,569)
NET PROFIT FOR PERIOD	6,951	4,668	10,257
Minority interest in net (profit)/loss for period	44	(49)	(32)
GROUP NET PROFIT	6,995	4,619	10,225



Statement of Changes in the Consolidated Financial Position

<i>Amounts in € '000</i>	30.06.2004	31.12.2003	30.06.2003
A. OPENING SHORT-TERM NET FINANCIAL POSITION	2,345	(9,835)	(9,835)
B. CASH FLOW FROM OPERATIONS			
Net profit for period before minority interests	6,951	10,257	4,668
Depreciation and amortisation	6,177	11,961	5,736
Provision for deferred taxes	107	285	177
Capital (gains)/losses on disposals	(29)	22	(40)
Write-down of fixed assets	0	35	0
Net change in reserve for severance indemnities	158	38	(17)
Net change in reserve for risks and contingencies	(4)	(91)	(115)
	<i>13,360</i>	<i>22,507</i>	<i>10,409</i>
<i>Change in net working capital:</i>			
Inventories	(2,353)	372	585
Trade receivables	(5,278)	(3,939)	(225)
Trade payables	8,162	(1,587)	(3,873)
Other receivables and payables	2,716	3,458	2,161
	<i>3,247</i>	<i>(1,696)</i>	<i>(1,352)</i>
Operating cash flow	16,607	20,811	9,057
C. CASH FLOW FROM INVESTMENT ACTIVITIES			
Investments in fixed assets:			
- Intangible	(78)	(2,035)	(2,031)
- Tangible	(14,318)	(8,716)	(3,044)
- Financial	-	(20)	0
Proceeds from disposal and retirement of fixed assets	88	426	348
TOTAL	(14,308)	(10,345)	(4,727)
D. CASH FLOW FROM FINANCING ACTIVITIES			
New loans (medium-/long-term portion)	5,260	7,887	-
Repayments of loans and transfer of current portions of medium-/long-term loans to current liabilities	(3,116)	(1,529)	(878)
Change in non-current financial receivables	36	68	15
Purchase/sale of treasury stock	202	87	42
Acquisition of 20% of Faringosi (portion of net equity)	-	(585)	(585)
Translation difference	36	(35)	(32)
Distribution of dividends	(4,528)	(4,179)	(4,175)
TOTAL	(2,110)	1,714	(5,613)
E. Change in scope of consolidation and other changes	0	0	0
F. TOTAL CASH FLOW IN PERIOD (B+C+D+E)	189	12,180	(1,283)
G. CLOSING NET SHORT-TERM FINANCIAL POSITION (A+F)	2,534	2,345	(11,118)