

Press release

Ospitaletto, 15 March 2005

## SABAF: 2004 RESULTS APPROVED

- Consolidated results: revenues €120.5 million (+9.6%), EBITDA €34.8 million (+8.9%), EBIT €22.8 million (+12.3%), net profit €12.1 million (+18.5%)
- Sabaf S.p.A.: revenues €108.4 million (+9.0%), EBITDA €30.3 million (+11.9%), EBIT €20.2 million (+15.9%), net profit €12.2 million (+19.8%)
- Proposed dividend of €0.48 per share (€0.40 in 2004, +20%)

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At today's meeting in Ospitaletto, the Board of Directors of **Sabaf S.p.A.** approved the consolidated financial statements and the draft statutory financial statements for the year ended 31 December 2004.

### *Group results*

Performance in 2004 went from vibrant progress during the first half of the year to a steep decline in the fourth quarter, but the downturn at year end did not prevent the Sabaf Group from attaining significant internal growth: consolidated revenues came to €120.5 million, up from €110.0 million in 2003 (+9.6%). With competition increasingly fierce, and further aggravated by soaring raw material costs and the appreciation of the euro, the group still managed to boost its margins. EBITDA totalled €34.8 million (28.8% of revenues), compared with €31.9 million the previous year (+8.9%), EBIT rose from €20.3 to €22.8 million (18.9% of revenues and an increase of 12.3%), and the pre-tax profit came in at €21.3 million, up from €17.8 million in 2003 (+19.6%). After providing for €9.2 million in income taxes (€7.6 million in 2003, +21.4%), the consolidated net profit came to €12.1 million, an increase of 18.5% on the 2003 figure of €10.2 million.

At 31 December 2004 the balance sheet showed net fixed assets of €84.2 million (€76.4 million a year earlier) and net working capital of €24.0 million (€24.6 million at 31 December 2003). Net capital employed was funded by consolidated shareholders' equity of €77.1 million and net debt of €17.9 million (€20.1 million at 31 December 2003).

### *Results of the parent company Sabaf S.p.A.*

At Sabaf S.p.A., revenues grew from €99.5 million in 2003 to €108.4 million (+9.0%), EBITDA came to €30.3 million (€27.1 million the previous year, +11.9%), EBIT came to €20.2 million (an increase of 15.9% on the 2003 figure of €17.4 million), and the pre-tax profit rose 19.0% from €17.2 to €20.5 million. After providing for €8.3 million in income taxes (€7.0 million in 2003, +17.9%), the consolidated net profit came to €12.2 million, an increase of 19.8% on the 2003 figure of €10.2 million.



*Transition to IAS/IFRS*

European Union Regulation 1606 of 19 July 2002 states that starting in 2005, all EU companies listed on an official market must draw up their consolidated accounts according to IAS/IFRS. In 2004 Sabaf continued the process of transitioning to the new standards. That process will be completed during the course of 2005. Sabaf is currently weighing the possibility of producing its first quarterly report for the year according to IAS/IFRS.

*Annual general meeting and proposed dividend*

At the annual general meeting - to be held at the head office in Ospitaletto on 22 April at 10.00 (first call) or on 26 April at 10.00 (second call) - the Board of Directors will propose a gross dividend of €0.48 per share, which would be 20% higher than the €0.40 per share paid in 2004. The coupon would go ex-div on 23 May and be payable as from 26 May.

*Attachments: Consolidated and statutory 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 built-in hobs and ovens and aligned with the specific characteristics of its core markets - are Sabaf's key strengths in a sector featuring major specialization, constantly evolving demand and an ever-increasing orientation towards products assuring total reliability and safety.

The Sabaf Group has a total workforce of about 500 at the parent company Sabaf S.p.A. and at its two subsidiaries, Faringosi-Hinges (a leading maker of hinges for ovens and dishwashers) and Sabaf do Brasil (a producer of burners for the South American market). Sabaf also does business in China through a representative office in Shanghai.

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



**RECLASSIFIED CONSOLIDATED BALANCE SHEET**

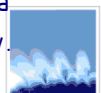
<i>Amounts in € '000</i>		31.12.04	31.12.03
A.	FIXED ASSETS		
	Intangible	6,138	6,925
	Tangible	77,877	69,241
	Financial	212	218
	<b>Total fixed assets</b>	<b>84,227</b>	<b>76,384</b>
B.	NET WORKING CAPITAL		
	Inventories	15,846	14,328
	Trade receivables	31,253	33,055
	Other assets	1,477	2,366
	Trade payables	(19,467)	(20,981)
	Other liabilities	(5,141)	(4,164)
	<b>Total net working capital</b>	<b>23,968</b>	<b>24,604</b>
C.	CAPITAL EMPLOYED		
	LESS OPERATING LIABILITIES (A+B)	<b>108,195</b>	<b>100,988</b>
D.	PROVISIONS FOR LIABILITIES & CHARGES AND SEVERANCE INDEMNITIES	(13,242)	(11,598)
E.	<b>NET CAPITAL EMPLOYED (C-D)</b>	<b>94,953</b>	<b>89,390</b>
	<b>Funded by:</b>		
F.	GROUP NET EQUITY	77,074	69,462
G.	MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	0	(140)
H.	NET DEBT		
	Medium/long-term debt	24,287	22,413
	<b>Net medium/long-term debt</b>	<b>24,287</b>	<b>22,413</b>
	Short-term debt	3,199	3,458
	Cash and cash equivalents	(9,607)	(5,803)
	<b>Net short-term debt (cash)</b>	<b>(6,408)</b>	<b>(2,345)</b>
	<b>Total net debt</b>	<b>17,879</b>	<b>20,068</b>
I.	<b>H. TOTAL SOURCES OF FUNDING (F+G+H)</b>	<b>94,953</b>	<b>89,390</b>

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

<i>Amounts in € '000</i>		2004	2003
<b>A.</b>	<b>REVENUES FROM SALES &amp; SERVICES</b>	<b>120,527</b>	<b>110,019</b>
	Change in inventories of work in progress and semifinished and finished products	931	(505)
	Increase in fixed assets built internally	652	424
	Other revenues	680	823
<b>B.</b>	<b>PRODUCTION VALUE</b>	<b>122,790</b>	<b>110,761</b>
	Cost of materials and services	(67,630)	(60,493)
<b>C.</b>	<b>VALUE ADDED</b>	<b>55,160</b>	<b>50,268</b>
	Payroll costs and related expenses	(20,388)	(18,329)
<b>D.</b>	<b>EBITDA</b>	<b>34,772</b>	<b>31,939</b>
	Amortization, depreciation and writedowns	(11,024)	(11,199)
	Provisions for liabilities and charges	(600)	(56)
	Other operating expenses	(366)	(403)
<b>E.</b>	<b>EBIT</b>	<b>22,782</b>	<b>20,281</b>
	Goodwill amortization	(934)	(934)
	Net financial income (charges)	(879)	(1,488)
	Writedown (writeback) of financial assets	4	(40)
<b>F.</b>	<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>20,973</b>	<b>17,819</b>
	Extraordinary income (charges)	339	7
<b>G.</b>	<b>PRE-TAX PROFIT</b>	<b>21,312</b>	<b>17,826</b>
	Income taxes for the year	(9,191)	(7,569)
<b>H.</b>	<b>NET PROFIT FOR THE YEAR</b>	<b>12,121</b>	<b>10,257</b>
<b>I.</b>	Minority interests in net profit for the year	0	(32)
<b>L.</b>	<b>GROUP PORTION OF NET PROFIT FOR THE YEAR</b>	<b>12,121</b>	<b>10,225</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	2004	2003
<b>A. OPENING NET SHORT-TERM FINANCIAL POSITION</b>	2,345	(9,835)
<b>B. CASH FLOW FROM OPERATIONS</b>		
Net profit, gross of minority interests	12,121	10,257
Depreciation and amortization	11,861	11,961
Provision for deferred taxation	801	285
Capital (gains) or losses on disposals	(86)	22
(Revaluation) or writedown of fixed assets	0	35
Net change in reserve for severance indemnities	468	38
Net change in provisions for risks and charges	375	(91)
	<u>25,540</u>	<u>22,507</u>
<i>Change in net working capital:</i>		
Inventories	(1,518)	372
Trade receivables	1,802	(3,939)
Trade payables	(1,514)	(1,587)
Other receivables and payables	1,866	3,458
	<u>636</u>	<u>(1,696)</u>
<b>Operating cash flow</b>	<b>26,176</b>	<b>20,811</b>
<b>C. CASH FLOW FROM INVESTMENTS</b>		
Investments in fixed assets:		
intangible	(424)	(2,035)
tangible	(19,416)	(8,716)
financial	0	(20)
Disposal of fixed assets	216	426
<b>TOTAL</b>	<b>(19,624)</b>	<b>(10,345)</b>
<b>D. CASH FLOW FROM FINANCIAL OPERATIONS</b>		
New loans (medium/long-term portion)	7,941	7,887
Repayment of loans and transfer of portions from medium/long-term to short-term	(6,067)	(1,529)
Change in long-term receivables	6	68
Purchase/sale of treasury stock	0	87
Acquisition of 20% of Faringosi (portion of net equity)	0	(585)
Acquisition of 45% of Sabaf do Brasil (portion of net equity)	140	0
Other movements in shareholders' equity	19	(35)
Payment of dividends	(4,528)	(4,179)
<b>TOTAL</b>	<b>(2,489)</b>	<b>1,714</b>
<b>E. Change in scope of consolidation</b>	0	0
<b>F. CASH FLOW FOR THE PERIOD (B+C+D+E)</b>	4,063	12,180
<b>G. CLOSING NET SHORT-TERM FINANCIAL POSITION (A+F)</b>	<b>6,408</b>	<b>2,345</b>
<i>consisting of:</i>		
Cash and cash equivalents	9,607	5,803
Short-term debt	(3,199)	(3,458)



**RECLASSIFIED BALANCE SHEET OF SABAF S.P.A.**

<i>Amounts in € '000</i>		31.12.04	31.12.03
A.	FIXED ASSETS		
	Intangible	538	685
	Tangible	40,858	38,627
	Financial	24,604	24,190
	<b>Total fixed assets</b>	<b>66,000</b>	<b>63,502</b>
B.	NET WORKING CAPITAL		
	Inventories	13,905	12,918
	Trade receivables	28,657	30,123
	Other assets	996	2,243
	Trade payables	(16,847)	(18,624)
	Other liabilities	(7,925)	(7,364)
	<b>Total net working capital</b>	<b>18,786</b>	<b>19,296</b>
C.	CAPITAL EMPLOYED		
	LESS OPERATING LIABILITIES (A+B)	<b>84,786</b>	<b>82,798</b>
D.	PROVISIONS FOR LIABILITIES & CHARGES AND SEVERANCE INDEMNITIES	(11,025)	(9,666)
E.	<b>NET CAPITAL EMPLOYED (C-D)</b>	<b>73,761</b>	<b>73,132</b>
	<b>Funded by:</b>		
F.	SHAREHOLDERS' EQUITY	75,721	68,032
G.	NET DEBT		
	Medium/long-term debt	5,046	8,002
	Medium/long-term financial receivables	0	(1,000)
	<b>Net medium/long-term debt</b>	<b>5,046</b>	<b>7,002</b>
	Short-term debt	1,955	2,170
	Short-term financial receivables	(1,000)	0
	Cash and cash equivalents	(7,961)	(4,072)
	<b>Net short-term debt (cash)</b>	<b>(7,006)</b>	<b>(1,902)</b>
	<b>Total net debt (cash)</b>	<b>(1,960)</b>	<b>5,100</b>
H.	<b>TOTAL SOURCES OF FUNDING (F+G)</b>	<b>73,761</b>	<b>73,132</b>

**RECLASSIFIED INCOME STATEMENT OF SABAF S.P.A.**

<i>Amounts in € '000</i>		2004	2003
<b>A.</b>	<b>REVENUES FROM SALES &amp; SERVICES</b>	<b>108,394</b>	<b>99,468</b>
	Change in inventories of work in progress and semifinished and finished products	792	(639)
	Increase in fixed assets built internally	644	412
	Other revenues	767	485
<b>B.</b>	<b>PRODUCTION VALUE</b>	<b>110,597</b>	<b>99,726</b>
	Cost of materials and services	(61,906)	(56,234)
<b>C.</b>	<b>VALUE ADDED</b>	<b>48,691</b>	<b>43,492</b>
	Payroll costs and related expenses	(18,389)	(16,408)
<b>D.</b>	<b>EBITDA</b>	<b>30,302</b>	<b>27,084</b>
	Amortization, depreciation and writedowns	(9,276)	(9,354)
	Provisions for liabilities and charges	(600)	(56)
	Other operating expenses	(259)	(272)
<b>E.</b>	<b>EBIT</b>	<b>20,167</b>	<b>17,402</b>
	Net financial income (expenses)	324	(136)
	Revaluations (writedowns) of financial assets	4	(40)
<b>F.</b>	<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>20,495</b>	<b>17,226</b>
	Extraordinary income (charges)	12	0
<b>G.</b>	<b>PRE-TAX PROFIT</b>	<b>20,507</b>	<b>17,226</b>
	Income taxes for the year	(8,290)	(7,031)
<b>H.</b>	<b>NET PROFIT FOR THE YEAR</b>	<b>12,217</b>	<b>10,195</b>

**STATEMENT OF CASH FLOWS OF SABAF S.P.A.**

<i>Amounts in € '000</i>	<b>2004</b>	<b>2003</b>
<b>A. OPENING NET SHORT-TERM DEBT (CASH)</b>	<b>1,902</b>	<b>(10,330)</b>
<b>B. CASH FLOW FROM OPERATIONS</b>		
Net profit for the year	12,217	10,195
Depreciation and amortization	9,276	9,197
Provision for deferred taxes	525	116
Capital (gains) or losses on disposals	(123)	15
Writedowns (writebacks)	0	61
Net change in reserve for severance indemnities	434	(12)
Net change in provisions for risks and charges	400	(71)
	<u>22,729</u>	<u>19,501</u>
<i>Change in net working capital:</i>		
Inventories	(987)	648
Trade receivables	1,466	(3,013)
Trade payables	(1,777)	(1,496)
Other receivables and payables	1,808	2,702
	<u>510</u>	<u>(1,159)</u>
<b>Operating cash flow</b>	<b>23,239</b>	<b>18,342</b>
<b>C. CASH FLOW FROM INVESTMENTS</b>		
Investments in fixed assets:		
intangible	(224)	(78)
tangible	(11,329)	(7,369)
financial	(446)	(2,602)
Disposal of fixed assets	315	153
<b>TOTAL</b>	<b>(11,684)</b>	<b>(9,896)</b>
<b>D. CASH FLOW FROM FINANCIAL OPERATIONS</b>		
New loans (medium/long-term portion)	0	7,887
Purchase/sale of treasury stock	0	87
Change in long-term financial receivables	32	48
Change in other non-current financial receivables	1,000	0
Payment of dividends	(4,528)	(4,179)
Repayment of loans and transfer of portions from medium/long-term to short-term	(2,955)	(57)
<b>TOTAL</b>	<b>(6,451)</b>	<b>3,786</b>
<b>E. CASH FLOW FOR THE PERIOD (B+C+D)</b>	<b>5,104</b>	<b>12,232</b>
<b>F. CLOSING NET FINANCIAL POSITION (A+E+F)</b>	<b>7,006</b>	<b>1,902</b>
<i>consisting of:</i>		
<i>Cash and cash equivalents</i>	<i>7,961</i>	<i>4,072</i>
<i>Short-term financial receivables</i>	<i>1,000</i>	<i>0</i>
<i>Short-term debt</i>	<i>(1,955)</i>	<i>(2,170)</i>

