Press Release Ospitaletto, April 26th 2005

SABAF: Shareholders approve 2004 accounts

- 2004 consolidated results: sales revenues of €120.5 million (+9.6%), net profit of €12.1 million (+18.5%)
- 2004 results of Sabaf SpA: sales revenues of €108.4 mn (+9.0%), net profit of €12.2 million (+19.8%)
- Approval of dividend of €0.48 per share with payment as from May 26th
- Authorisation of buy-back and sale of own shares up to 1,000,000 shares (8.8% of share capital)
- In first quarter of 2005 revenues down by –6.5% - expectation of full-year growth of between 0% and 5%

Today the Annual General Meeting of Sabaf SpA shareholders, summoned to approve FY2004 year-end accounts, took place at the company's headquarters in Ospitaletto.

2004 featured a 2-speed trend – a very lively first part of the year was followed a fourth quarter featuring a sharp downturn, which nevertheless did not prevent the Sabaf Group from achieving its objective of robust organic growth. Consolidated sales revenues totalled €120.5 million (mn) up by 9.6% vs. €110 mn in 2003. In an increasingly competitive environment, made tougher by the big increase in commodity prices and by euro appreciation, the group succeeded in increasing its margins. EBITDA in fact amounted to €34.8 mn (28.8% on sales), up by 8.9% vs. €31.9 mn in the previous year; EBIT totalled €22.8 mn (18.9% on sales, progressing by 12.3% vs. €20.3 mn in the previous year; and pre-tax profit amounted to €21.3 mn vs. €17.8 mn in 2003 (+19.6%). After income tax provision of €9.2 mn (€7.6 mn in 2003, +21.4%), consolidated net profit totalled €12.1 mn, up by 18.5% vs. €10.2 mn in 2003.

As 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 as at 31 December 2003). Net capital employed was funded by consolidated shareholders' equity of €77.1 mn and net debt of €17.9 mn (€20.1 mn as at 31 December 2003).

As regards the group parent company Sabaf SpA, sales revenues totalled €108.4 mn (vs. €99.5 mn in 2003, +9.0%); EBITDA rose to €30.3 mn, growing by 11.9% vs. €27.1 mn in 2003; EBIT grew to €20.2 mn, up by 15.9% on the 2003 figure of €17.4 mn; and pre-tax profit rose 19.0% from €17.2 in 2003 to €20.5 mn. After provision of €8.3 mn for income tax (€7.0 mn in 2003, +17.9%), statutory net profit amounted to €12.2 mn, with growth of 19.8% over the 2003 figure of €10.2 mn.

After approving FY2004 accounts, shareholders also passed a resolution approving distribution of a gross dividend of €0.48 per share (€0.40 for FY2003), corresponding to payout of 45% of consolidated net profit. Coupons will be detached on May 23rd and dividends paid out as from May 26th 2005.

The shareholders' meeting also authorised the Board of Directors to buy back and dispose of up to a maximum of 1,000,000 Sabaf shares – equivalent to 8.823% of share capital – in order to maintain an adequate level of market liquidity and, if necessary, to stabilise the stock's market trend.

During continuation of the Shareholders' Meeting, the Managing Director, Angelo Bettinzoli informed shareholders of sales performance in the early months of 2005. The first quarter ended with sales of €29.7 mn, down by some –6.5% over the same period in 2004. This figure – lower than forecast at the beginning of the year – reflects the general sluggishness of demand in the sector, both in the domestic market and in the main international markets. Limited visibility and the absence, given present status, of signals of reversal of market trends, lead to maintenance of extreme prudence as regards the full-year outlook, notwithstanding the significant contribution expected in the second half from the commercial agreements concluded with Arcelik and Whirlpool. If the macroeconomic situation does not change, for 2005 it is possible to project achievement of sales in the range of €121-127 mn, with an increase of between 0% and 5% over the previous year. In such a scenario, the increases in commodity costs vs. 2004, which have only partly been passed on to selling prices, could not be absorbed by increased economies of scale, thus affecting profitability.

The Board of Directors has been summoned to meet on May 10th at 10.00 a.m. CET to approve the quarterly report for the quarter ending on March 31st 2005. Management will present first-quarter results to financial analysts during a conference call that will also take place on May 10th, at 2.30 p.m. CET. Those wishing to participate in the conference call can call the number +39 02 809 02 011.

For further information:

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