

Press Release

Ospitaletto, March 27th 2006

**SABAF: RESULTS APPROVED FOR YEAR ENDING ON DECEMBER 31ST 2005****DIVIDEND OF € 0.60 PER SHARE**

- 2005 consolidated results: revenues of € 121 million (+0.4%); EBITDA of € 34.3 million (+1.1%); EBIT of € 23.5 million (+1.0%), and net profit of € 14 million (+7.8%)
- 2005 results of Sabaf SpA: revenues of € 107.6 million (-0.7%); EBITDA of € 29.2 million (-2.2%), EBIT of € 20.4 million (-1.1%), net profit of € 12.5 million (+1.6%)
- Dividend proposed of € 0.60 per share (€ 0.48 in 2005, +25%)
- 2006 targets confirmed

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The Board of Directors of **Sabaf SpA**, which met today in Ospitaletto, has approved the consolidated annual report & accounts and the draft statutory annual report & accounts for the year ending on December 31st 2005. Both reports have been prepared according to international accounting and financial reporting standards (IASs/IFRSs). Comparative data have been calculated applying the same standards.

*Consolidated group results*

2005 was a particularly difficult year for the domestic appliance industry. For the Sabaf Group slack demand basically continued throughout the first three quarters - but strong recovery in the fourth quarter made it possible to end the year with figures showing YoY progress. Sales revenues totalled € 121 million (mn) (€ 120.5 mn in 2004, +0.4%), EBITDA € 34.3 mn (€ 33.9 mn in the previous year, +1.1%), EBIT € 23.5 mn (€ 23.2 mn in 2004, +1.0%), and net profit € 14 mn (vs. € 13 mn as at December 31st 2004).

As at December 31st 2005 the balance sheet showed net non-current assets of € 86.2 mn (€ 87.7 mn as at December 31st 2004) and net working capital of € 25.5 mn (€ 23.1 mn as at December 31st 2004). Net capital employed was financed by consolidated equity of € 90.8 mn and by net debt of € 8.9 mn (vs. debt of € 17.9 mn as at December 31st 2004).

*Results of group parent company Sabaf SpA*

As regards the group parent company Sabaf SpA, sales revenues amounted to € 107.6 mn (vs. € 108.4 mn in 2004, -0.7%), EBITDA € 29.2 mn, down by -2.2% vs. € 29.9 mn in 2004 and EBIT € 20.4 mn, down by -1.1% vs. € 20.6 mn in the previous year, while net profit amounted to € 12.5 mn, growing by +1.6% vs. € 12.3 mn in 2004.



### *Summoning of shareholders' meeting and dividend proposal*

At the Annual General Meeting of shareholders – which will be held on first call on April 28th at 10 a.m. or, if a second call is necessary, on April 29th at the same time, at the company's headquarters in Ospitaletto – the Board of Directors will propose distribution of a gross dividend of € 0.60 per share, 25% higher than the € 0.48 per share distributed in 2005. Coupon detachment is scheduled for May 22nd and payment as from May 25th.

### *2005 Annual Report*

For the first time, Sabaf Group is reporting together sustainability- financial, social and environmental – performances in a single document, the Annual Report. The Annual Report integrates and harmonizes the contents published in the financial report and in the social report, even in order to answer to stakeholders asking to release the social report at the same time of the financial report. Such innovation is not only a communication choice, but also the result of a strategic thought, to underline that social responsibility is integrated in corporate management.

The 2005 Annual Report will be disclosed to stakeholders at the end of the shareholders' meeting – Friday, 28<sup>th</sup> April at 11.30 at the company's headquarters in Ospitaletto.

### *Expected business progress in 2006*

Based on the satisfactory trend of the early months of the year, for 2006 Sabaf's management confirms the target of sales growth of at least 10% and achievement of an EBIT margin of between 19% and 20%. These targets assume a macroeconomic scenario not affected by unpredictable events. If the economic environment were instead to undergo any significant changes, actual results could differ from forecasts.

### *Attachments: consolidated and Sabaf SpA 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 four main lines: valves, thermostats, and burners for gas cooking appliances and hinges for ovens, washing machines, and dishwashers.

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 dishwasher 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.



## Consolidated balance sheet

	31.12.05	31.12.04
(€ '000)		
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Tangible fixed assets	76,830	78,758
Intangible assets	7,659	7,329
Equity investments	32	47
Non-current receivables	541	208
Deferred tax assets (prepaid taxes)	1,152	1,324
<b>Total non-current assets</b>	<b>86,214</b>	<b>87,666</b>
CURRENT ASSETS		
Inventories	15,709	15,846
Trade receivables	36,064	31,255
Tax receivables	1,533	298
Other current receivables	563	284
Current financial assets	2,818	234
Cash and cash equivalents	12,535	9,607
<b>Total current assets</b>	<b>69,222</b>	<b>57,524</b>
<b>TOTAL ASSETS</b>	<b>155,436</b>	<b>145,190</b>
<b>NET EQUITY AND LIABILITIES</b>		
NET SHAREHOLDERS' EQUITY		
Share capital	11,333	11,333
Retained earnings, other reserves	65,481	55,682
Net profit for the year	13,953	12,950
Total equity attributable to group parent company	90,767	79,965
Minority interests	0	0
<b>Total shareholders' equity</b>	<b>90,767</b>	<b>79,965</b>
NON-CURRENT LIABILITIES		
Loans	18,101	24,287
Employee severance indemnity and retirement reserves	3,802	3,467
Reserves for risks and contingencies	1,478	2,251
Deferred tax liabilities	9,602	7,414
<b>Total non-current liabilities</b>	<b>32,983</b>	<b>37,419</b>
CURRENT LIABILITIES		
Loans	3,362	3,199
Trade payables	23,177	19,291
Tax payables	769	1,979
Other payables	4,378	3,337
<b>Total current liabilities</b>	<b>31,686</b>	<b>27,806</b>
<b>TOTAL LIABILITIES &amp; NET EQUITY</b>	<b>155,436</b>	<b>145,190</b>



## Consolidated income statement

(€ '000)	2005	2004
<b>CONTINUING OPERATIONS</b>		
OPERATING REVENUES AND INCOME		
Revenues	121,014	120,527
Other operating income	911	586
<b>Total operating revenues and income</b>	<b>121,925</b>	<b>121,113</b>
OPERATING COSTS		
Materials	(46,722)	(46,994)
Change in inventories	(235)	1,176
Services	(20,043)	(20,911)
Payroll costs	(21,000)	(20,308)
Other operating costs	(540)	(1,055)
Costs for capitalised in-house work	954	956
<b>Total operating costs</b>	<b>(87,586)</b>	<b>(87,136)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>		
	<b>34,339</b>	<b>33,977</b>
Depreciation and amortisation	(11,006)	(10,815)
Capital gains/(losses) on disposal of non-current assets	126	56
Write-downs/write-backs of non-current assets	0	0
<b>OPERATING PROFIT (EBIT)</b>		
	<b>23,459</b>	<b>23,218</b>
Financial income	251	133
Financial expenses	(1,104)	(947)
Foreign exchange gains/(losses)	535	(83)
Profits and losses from equity investments	0	0
<b>PRE-TAX PROFIT</b>		
	<b>23,141</b>	<b>22,321</b>
Income taxes	(9,188)	(9,371)
Minority interests	0	0
<b>NET PROFIT FOR THE YEAR</b>		
	<b>13,953</b>	<b>12,950</b>
<b>EARNINGS PER SHARE</b>		
Base	€ 1.231	€ 1.143
Diluted	€ 1.228	€ 1.142

## Balance sheet of Sabaf S.p.A.

(€ '000)	31.12.05	31.12.04
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Tangible fixed assets	39.835	44.467
Intangible assets	1.136	850
Equity investments	27.878	24.502
Non-current receivables	59	105
Deferred tax assets (prepaid taxes)	1.054	1.273
<b>Total non-current assets</b>	<b>69.962</b>	<b>71.197</b>
<b>CURRENT ASSETS</b>		
Inventories	13.327	14.282
Trade receivables	31.707	28.657
Tax receivables	1.370	118
Other current receivables	250	142
Current financial assets	2.817	1.233
Cash and cash equivalents	9.853	7.961
<b>Total current assets</b>	<b>59.324</b>	<b>52.393</b>
<b>TOTAL ASSETS</b>	<b>129.286</b>	<b>123.590</b>
<b>NET EQUITY AND LIABILITIES</b>		
<b>NET SHAREHOLDERS' EQUITY</b>		
Share capital	11.333	11.333
Retained earnings, other reserves	64.276	55.567
Net profit for the year	12.519	12.326
<b>Total shareholders' equity</b>	<b>88.128</b>	<b>79.226</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans	1.999	5.423
Employee severance indemnity and retirement reserves	3.350	3.082
Reserves for risks and contingencies	1.368	2.138
Deferred tax liabilities	8.855	6.858
<b>Total non-current liabilities</b>	<b>15.572</b>	<b>17.501</b>
<b>CURRENT LIABILITIES</b>		
Loans	1.378	2.093
Trade payables	20.033	16.786
Tax payables	592	1.863
Other payables	3.583	6.121
<b>Total current liabilities</b>	<b>25.586</b>	<b>26.863</b>
<b>TOTAL LIABILITIES &amp; NET EQUITY</b>	<b>129.286</b>	<b>123.590</b>



## Income statement of Sabaf S.p.A.

(€ '000)	2005	2004
<b>CONTINUING OPERATIONS</b>		
OPERATING REVENUES AND INCOME		
Revenues	107.644	108.394
Other operating income	688	650
<b>Total operating revenues and income</b>	<b>108.332</b>	<b>109.044</b>
OPERATING COSTS		
Materials	(39.581)	(41.087)
Change in inventories	(955)	1.068
Services	(20.321)	(20.893)
Payroll costs	(18.902)	(18.327)
Other operating costs	(268)	(853)
Costs for capitalised in-house work	940	948
<b>Total operating costs</b>	<b>(79.087)</b>	<b>(79.144)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITEBACKS OF NON-CURRENT ASSETS (EBITDA)</b>		
	<b>29.245</b>	<b>29.900</b>
Depreciation and amortisation	(9.179)	(9.382)
Capital gains/(losses) on disposal of non-current assets	119	123
Write-downs/write-backs of non-current assets	232	0
<b>OPERATING PROFIT (EBIT)</b>		
	<b>20.417</b>	<b>20.641</b>
Financial income	185	105
Financial expenses	(496)	(449)
Foreign exchange gains/(losses)	227	(113)
Profits and losses from equity investments	500	750
<b>PRE-TAX PROFIT</b>		
	<b>20.833</b>	<b>20.934</b>
Income taxes	(8.314)	(8.608)
<b>NET PROFIT FOR THE YEAR</b>		
	<b>12.519</b>	<b>12.326</b>

