

Press Release,

Ospitaletto, 12 May 2006

SABAF: FIRST QUARTER 2006 RESULTS APPROVED

- Sales of €34.2 million (+15.2%); EBITDA €9.8 million (+16.9%); EBIT €7.2 million (+23.7%); Net income of €4.2 million (+22.4%)
- Net debt €1.2 million at 31 March 2006 (€8.9 million at 31 December 2005)
- New production factory in Brazil for the first half of 2007
- Budget 2006 confirmed: sales expected to rise at least 10%, EBIT between 19% and 20%

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the quarterly report as at 31 March 2006.

In the first quarter 2006, the Sabaf Group sustained the growth trends marking the latter part of 2005. In addition to the positive performance of the reference market, the increase in sales was propelled by recent commercial agreements and the launch of innovative new products. The good performance of sales contributed to improvements in profitability with respect to the first quarter of 2005.

First quarter 2006 results

In the quarter in question, sales revenues totalled €34.2 million, rising by +15.2% vs. €29.7 million in the first quarter of 2005. Growth was sustained on all European markets, especially in Turkey (+51% at €2.7 million), considered a strategically important market for Sabaf in the medium term. The Group will also seek a larger presence on the international markets, primarily in North America, South America and in Northern Africa. All the product categories have contributed to the growth. Simple valves and hinges increased by more than 20%, mainly due to the new products introduced.

EBITDA for the period was €9.8 million (28.8% of revenues), up by 16.9% from the €8.4 million posted in the first quarter of 2005. EBITA for the quarter amounted to €7.2 million, representing 21.2% of sales, up by 23.7% compared to €5.9 million in the same quarter of 2005. Pre-tax profit amounted to €4.2 million, up from €3.4 million in Q1 2005, reporting 22.4% growth.

Average prices have not changed significantly on 2005. In the quarter, increases in the costs of raw materials were largely limited by the hedge contracts signed, while higher levels of business have made it possible to absorb fixed costs, especially amortisation and depreciation.

Net debt and capital investments

As at 31 March 2006, the balance sheet showed consolidated net equity of €89 million and net debt - excluding payables to shareholders for dividends of €6.8 million - of €1.2 million (€90.8 million and €8.9 million respectively at 31 December 2005). Capital expenditure amounted to around €3 million in the quarter.

New factory in Brazil

In consideration of the promising developments on the South American market, the Group has decided to set up a new production factory in Brazil that would replace the current factory, which is no longer able to support future production increases. The factory will total approximately 23,000 m². Initially, a first lot of 5,000 m² will be constructed which will call for an investment of €2 million. The new factory should become operational by the first half of 2007.





Outlook for 2006

For 2006, the Board of Directors confirms its forecasts of at least 10% revenue growth with respect to 2005 and EBIT of 19-20% of sales.

These targets assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from forecasts.

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 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.

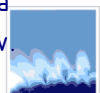
The Sabaf Group has some 500 employees. It operates via the parent company SABAF SpA and the subsidiaries Faringosi-Hinges – leader in the production of oven and dishwasher hinges – and Sabaf do Brasil – active in production of burners for the Latin American market. Sabaf is also present in the People's 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

(€ '000)	31/03/2006	31/12/2005	31/03/2005
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets	77,059	76,830	77,892
Intangible fixed assets	7,779	7,659	7,352
Investments	116	32	22
Non-current receivables	526	541	506
Deferred tax assets (prepaid taxes)	1,167	1,152	1,428
Total non-current assets	86,647	86,214	87,200
CURRENT ASSETS			
Inventories	17,787	15,709	15,364
Trade accounts receivable	35,172	36,064	33,664
Tax receivables	403	1,533	67
Other current receivables	870	563	1,186
Current financial assets	3,853	2,818	314
Cash and cash equivalents	19,907	12,535	13,982
Total current assets	77,992	69,222	64,577
TOTAL ASSETS	164,639	155,436	151,777
NET EQUITY AND LIABILITIES			
NET SHAREHOLDERS' EQUITY			
Share capital	11,333	11,333	11,333
Retained earnings, other reserves	73,496	65,481	63,181
Net profit for the year	4,159	13,953	3,397
Total equity attributable to group parent company	88,988	90,767	77,911
Minority interests	0	0	0
Total shareholders' equity	88,988	90,767	77,911
NON-CURRENT LIABILITIES			
Financing	17,777	18,101	24,751
Employee severance indemnity and retirement reserves	3,786	3,802	3,602
Funds for risks and charges	1,501	1,478	2,050
Deferred tax liabilities	10,113	9,602	7,638
Total non-current liabilities	33,177	32,983	38,041
CURRENT LIABILITIES			
Financing	3,374	3,362	3,263
Trade accounts payable	25,224	23,177	18,642
Tax payables	2,612	769	4,221
Unclaimed dividends	6,792	0	5,434
Other liabilities	4,472	4,378	4,265
Total current liabilities	42,474	31,686	35,825
TOTAL LIABILITIES & NET EQUITY	164,639	155,436	151,777



Consolidated income statement

(€ '000)	1st QUARTER 2006		1st QUARTER 2005		12 MONTHS 2005	
CONTINUING OPERATIONS						
OPERATING REVENUES AND INCOME						
Revenues	34,170	100.0%	29,665	100.0%	121,014	100.0%
Other operating income	150	0.4%	166	0.6%	911	0.8%
Total operating revenues and income	34,320	100.4%	29,831	100.6%	121,925	100.8%
OPERATING COSTS						
Materials	(14,332)	-41.9%	(11,046)	-37.2%	(46,722)	-38.6%
Change in inventories	2,048	6.0%	(531)	-1.8%	(235)	-0.2%
Services	(5,966)	-17.5%	(4,860)	-16.4%	(20,043)	-16.6%
Payroll costs	(6,255)	-18.3%	(5,117)	-17.2%	(21,000)	-17.4%
Other operating costs	(173)	-0.5%	(111)	-0.4%	(540)	-0.4%
Costs for capitalised in-house work	203	0.6%	256	0.9%	954	0.8%
Total operating cost	(24,475)	-71.6%	(21,409)	-72.2%	(87,586)	-72.4%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	9,845	28.8%	8,422	28.4%	34,339	28.4%
Depreciation and amortisation	(2,610)	-7.6%	(2,634)	-8.9%	(11,006)	-9.1%
Capital gains/(losses) on disposal of non-current assets	2	0.0%	89	0.3%	126	0.1%
Write-downs/write-backs of non-current assets	0	0.0%	(25)	-0.1%	0	0.0%
OPERATING PROFIT (EBIT)						
	7,237	21.2%	5,852	19.7%	23,459	19.4%
Financial income	74	0.2%	50	0.2%	251	0.2%
Financial expenses	(280)	-0.8%	(199)	-0.7%	(1,104)	-0.9%
Foreign exchange gains/(losses)	(76)	-0.2%	126	0.4%	535	0.4%
Profits and losses from equity investments	0	0.0%	0	0.0%	0	0.0%
PRE-TAX PROFIT						
	6,955	20.4%	5,829	19.6%	23,141	19.1%
Income tax	(2,796)	-8.2%	(2,432)	-8.2%	(9,188)	-7.6%
Minority interests	0	0.0%	0	0.0%	0	0.0%
NET PROFIT FOR PERIOD						
	4,159	12.2%	3,397	11.5%	13,953	11.5%

Consolidated statement of cash flows

<i>(€ '000)</i>	1st QUARTER 2006	1st QUARTER 2005	12 MONTHS 2005
OPENING NET DEBT	(8,928)	(17,879)	(17,879)
Of which:			
<i>OPENING NET LONG-TERM FINANCIAL POSITION</i>	<i>(18,101)</i>	<i>(24,287)</i>	<i>(24,287)</i>
<i>OPENING NET SHORT-TERM FINANCIAL POSITION</i>	<i>9,173</i>	<i>6,408</i>	<i>6,408</i>
Net profit for period	4,159	3,397	13,953
Depreciation and amortisation	2,610	2,634	11,006
Other non-monetary items	501	(10)	1,796
Change in net working capital	3,621	(77)	(2,469)
Operating cash flow	10,891	5,944	24,286
Investments, net	(3,041)	(1,702)	(9,267)
Change in financial assets and loans (non-current)	(1,344)	86	(9,103)
Distribution of dividends	0	0	(5,434)
Other changes in net equity	854	(17)	2,283
CASH FLOW FOR THE PERIOD	7,360	4,311	2,765
<i>CLOSING NET SHORT-TERM FINANCIAL POSITION</i>	<i>16,533</i>	<i>10,719</i>	<i>9,173</i>
<i>CLOSING NET LONG-TERM FINANCIAL POSITION</i>	<i>(17,777)</i>	<i>(24,751)</i>	<i>(18,101)</i>
CLOSING NET DEBT	(1,244)	(14,032)	(8,928)

