



Press release

Ospitaletto, 23 March 2007

SABAF: RESULTS APPROVED FOR YEAR ENDING ON 31 DECEMBER 2006**DIVIDEND OF € 0.70 PER SHARE**

- 2006 consolidated results: revenues of € 138.3 mn (+14.3%); EBITDA of € 39.2 mn (+14.2%); EBIT of € 28.2 mn (+20.4%), and net profit of € 16.1 mn (+15.2%)
- 2006 results of Sabaf SpA: revenues of € 122.3 mn (+13.6%); EBITDA of € 32.9 mn (+12.6%), EBIT of € 24.1 mn (+17.9%), net profit of € 14.2 mn (+13.8%)
- Dividend proposed of € 0.70 per share (€ 0.60 in 2006, +17%)
- Partnership with Universal Group (Egypt)
- 2007 targets confirmed

The Board of Directors of **Sabaf S.p.A.**, which met today in Ospitaletto, has approved the consolidated annual report & accounts and draft statutory annual report & accounts for the year ending on 31 December 2006.

Consolidated group results

The commercial agreements signed, a portfolio of extremely innovative products and the good performance of the reference market resulted in highly satisfying results for 2006. The year closed with revenues of € 138.3 mn, an increase of 14.3% over 2005, EBITDA came to € 39.2 mn (28.4% of sales, up by 14.2%), EBIT was € 28.2 mn (20.4% of sales, an increase of 20.4% over 2005) and net profit was € 16.1 mn (+15.2% against € 14 mn in the previous year).

As at 31 December 2006 the balance sheet showed net non-current assets of € 90.4 mn (€ 86.2 mn as at 31 December 2005) and net working capital of € 25.1 mn (€ 25.5 mn as at December 31st 2005). Net capital employed was financed by consolidated equity of € 89.8 mn and by net debt of € 11.4 mn (€ 90.8 mn and € 8.9 mn respectively as at 31 December 2005).

Results of group parent company Sabaf S.p.A

As regards the group parent company Sabaf S.p.A, sales revenues amounted to € 122.3 mn (vs. € 107.6 mn in 2005, i.e. +13.6%), EBITDA was € 32.9 mn (an increase of 12.6% on corresponding EBITDA of € 29.2 mn in 2005), EBIT reached € 24.1 mn (up 17.9% compared with € 20.4 mn in the previous year) and net profit totalled € 14.2 mn (+13.8% vs. € 12.5 mn in 2005).



Summoning of shareholders' meeting and dividend proposal

At the Annual General Meeting of shareholders - which will be held on first call on 24 April 2007 at 10 a.m. or, if a second call is necessary, on 26 April 2007 at the same time, at the company's headquarters in Ospitaletto - the Board of Directors will propose distribution of an ordinary dividend of € 0.70 per share, 17% higher than the € 0.60 per share distributed in 2006. Coupon detachment is scheduled for 21 May 2007 and payment as from 24 May.

Partnership with Universal Group (Egypt)

Sabaf has signed an agreement with Universal Group to supply it with 100% of its requirements in terms of valves and thermostats for the production of gas cookers for exportation to the European and Middle Eastern markets for the three-year period 2007 - 2009. The total value of the agreement for the whole period is estimated to be in the region of € 18 mn to € 20 mn (against sales of around € 2.4 mn in 2006). Universal Group, a historic Egyptian brand, is today one of the most dynamic industrial players in Egypt, with an extensive product range (from gas cookers to the entire spectrum of white goods) and an international presence. This agreement sees the launch of a technical collaboration between Sabaf and Universal Group, with the aim of offering the various markets supplied the best possible offer in terms of quality and competitiveness, based on a wide range of components and end products.

Expected business progress in 2007

Based on the satisfactory trend of the early months of the year, for 2007 Sabaf's directors confirm the target of sales growth of around 15% and achievement of an EBIT margin of approximately 19%. 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 and Sabaf SpA financial statements. The audit has not been completed. The Independent Auditor's Reports will be published as soon as it is available.

For further information:

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Founded in the early 1950s, SABAF has grown consistently over the years to become the key manufacturer in Italy - and one of the leading in the world - 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. Unparalleled technological expertise, manufacturing flexibility, and the ability to offer a vast range of components - tailor-made to meet the requirements of individual manufacturers of cookers and built-in hobs and ovens and in line 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 employs some 600 employees and operates via the parent company SABAF S.p.A. and its subsidiaries Faringosi- Hinges - leader in oven and washing-machine hinge production - and Sabaf do Brasil - active in production of burners for the South American market. Sabaf is also present in the People's Republic of China via a contact office located in Shanghai.

Consolidated Balance Sheet

	31.12.2006	31.12.2005
<i>(€'000)</i>		
ASSETS		
NON-CURRENT ASSETS		
Tangible assets (property, plant, and equipment)	80,461	76,830
Intangible assets	8,359	7,659
Equity investments	192	32
Non-current receivables	504	541
Deferred tax assets (prepaid taxes)	888	1,152
Total non-current assets	90,404	86,214
CURRENT ASSETS		
Inventories	21,077	15,709
Trade receivables	38,804	36,064
Tax receivables	1,241	1,533
Other current receivables	399	563
Current financial assets	1	2,818
Cash and cash equivalents	10,278	12,535
Total current assets	71,800	69,222
TOTAL ASSETS	162,204	155,436
EQUITY AND LIABILITIES		
EQUITY		
Share capital	11,533	11,333
Retained earnings, other reserves	62,154	65,481
Net profit for period	16,078	13,953
<i>Total equity attributable to group parent company</i>	<i>89,765</i>	<i>90,767</i>
<i>Minority interest</i>	<i>0</i>	<i>0</i>
Total equity	89,765	90,767
NON-CURRENT LIABILITIES		
Loans	14,920	18,101
Post-employment benefit obligations and retirement	3,939	3,802
Reserves for risks and contingencies	1,070	1,478
Deferred income tax	9,341	9,602
Total non-current liabilities	29,270	32,983
CURRENT LIABILITIES		
Loans	6,739	3,362
Trade payables	29,109	23,177
Tax payables	2,775	769
Other liabilities	4,546	4,378
Total current liabilities	43,169	31,686
TOTAL LIABILITIES & EQUITY	162,204	155,436

Consolidated Income Statement

<i>(€'000)</i>	31.12.2006	31.12.2005
CONTINUING OPERATIONS		
OPERATING REVENUES AND INCOME		
Revenues	138,263	121,014
Other operating income	1,637	911
Total operating revenues and income	139,900	121,925
OPERATING COSTS		
Materials	(57,794)	(46,722)
Change in inventories	5,410	(235)
Services	(24,116)	(20,043)
Payroll costs	(24,087)	(21,000)
Other operating costs	(897)	(540)
Costs for capitalised in-house work	814	954
Total operating cost	(100,670)	(87,586)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)		
	39,230	34,339
Depreciation and amortization	(11,018)	(11,006)
Capital gains/(losses) on disposal of non-current assets	29	126
Write-downs/write-backs of non-current assets	0	0
OPERATING PROFIT (EBIT)		
	28,241	23,459
Finance income	443	251
Finance expenses	(1,231)	(1,104)
Foreign-exchange gains/(losses)	(369)	535
Profits and losses from equity investments	0	0
PRE-TAX PROFIT		
	27,084	23,141
Income tax	(11,006)	(9,188)
Minority interests	0	0
NET PROFIT FOR THE YEAR		
	16,078	13,953
EARNINGS PER SHARE (EPS)		
Base	1.394 euro	1.231 euro
Diluted	1.394 euro	1.228 euro

Sabaf S.p.A. Balance Sheet

	31.12.2006	31.12.2005
<i>(€'000)</i>		
ASSETS		
NON-CURRENT ASSETS		
Tangible assets (property, plant, and equipment)	41,341	39,835
Intangible assets	1,754	1,136
Equity investments	31,738	27,878
Non-current receivables	46	59
Deferred tax assets (prepaid taxes)	695	1,054
Total non-current assets	75,574	69,962
CURRENT ASSETS		
Inventories	17,998	13,327
Trade receivables	34,799	31,707
Tax receivables	748	1,370
Other current receivables	145	250
Current financial assets	0	2,817
Cash and cash equivalents	7,231	9,853
Total current assets	60,921	59,324
TOTAL ASSETS	136,495	129,286
EQUITY AND LIABILITIES		
EQUITY		
Share capital	11,533	11,333
Retained earnings, other reserves	59,741	64,276
Net profit for period	14,241	12,519
Total equity	85,515	88,128
NON-CURRENT LIABILITIES		
Loans	691	1,999
Post-employment benefit obligations and retirement	3,447	3,350
Reserves for risks and contingencies	977	1,368
Deferred income tax	8,372	8,855
Total non-current liabilities	13,487	15,572
CURRENT LIABILITIES		
Loans	4,838	1,378
Trade payables	26,354	20,033
Tax payables	2,476	592
Other liabilities	3,825	3,583
Total current liabilities	37,493	25,586
TOTAL LIABILITIES & EQUITY	136,495	129,286

Sabaf S.p.A. Income Statement

<i>(€'000)</i>	31.12.2006	31.12.2005
OPERATING REVENUES AND INCOME		
Revenues	122,317	107,644
Other operating income	1,384	688
Total operating revenues and income	123,701	108,332
OPERATING COSTS		
Materials	(49,679)	(39,581)
Change in inventories	4,671	(955)
Services	(24,220)	(20,321)
- from related parties	(2,972)	(2,703)
Payroll costs	(21,641)	(18,902)
Other operating costs	(707)	(268)
Costs for capitalised in-house work	803	940
Total operating cost	(90,773)	(79,087)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)		
	32,928	29,245
Depreciation and amortization	(8,866)	(9,179)
Capital gains/(losses) on disposal of non-current assets	7	119
Write-downs/write-backs of non-current assets	0	232
OPERATING PROFIT (EBIT)		
	24,069	20,417
Finance income	327	185
Finance expenses	(462)	(496)
Foreign-exchange gains/(losses)	(215)	227
Profits and losses from equity investments	500	500
PRE-TAX PROFIT		
	24,219	20,833
Income tax	(9,978)	(8,314)
NET PROFIT FOR THE YEAR		
	14,241	12,519