



SABAF: THERE'S LIFE INSIDE

www.sabafgroup.com

SABAF
GROUP



**BNP Paribas Exane
6th MidCap CEO Conference**

Paris, 15th November 2023

Table of contents

- I. COMPANY PROFILE
- II. STRATEGIC MOVES
- III. FINANCIAL PERFORMANCE
- IV. SUSTAINABILITY

COMPANY PROFILE

Sabaf Group: product range evolution in 4 Business Units

SINCE 1950

GAS

- Standard Burners
- Special Burners
- Professional Burners
- Oven and Grill Burners
- Gas Valves
- Gas Oven Thermostats
- Microswitches & Accessories



SINCE 2018

ELECTRONICS

- Cooker Hoods
- Ovens
- Cookers and hobs
- Vitroceramic hobs control cards
- Refrigerators/freezers
- Other products



SINCE 2000, further expansion since 2019

HINGES

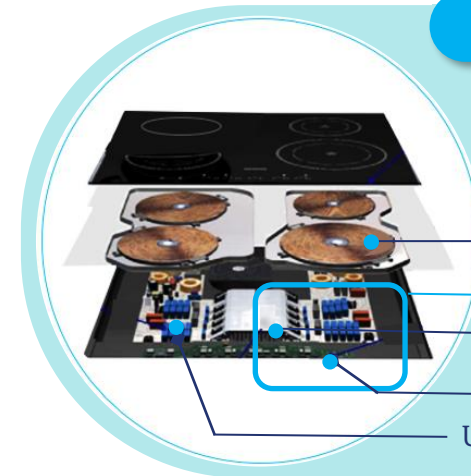
- Ovens
- Dishwashers
- Washing machines
- Refrigerators
- Special applications
- Small compartments
- Catering appliances



SINCE 2022

INDUCTION

Components for induction cookers and hobs



Sabaf Group: evolution



Sabaf Group: leading producer of components for household appliances and company evolution in 4 Business Units

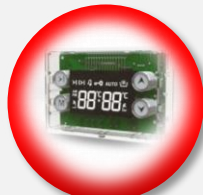


GAS

Player n. 1 Worldwide



HINGES



ELECTRONICS

Strong growth



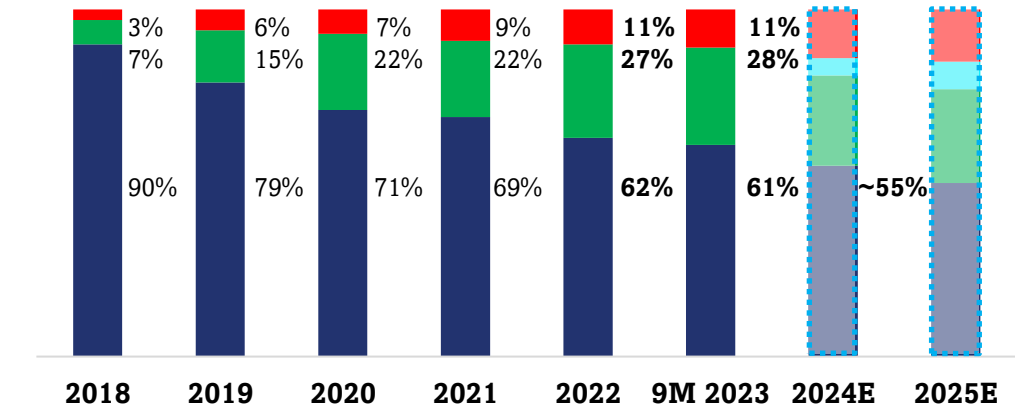
INDUCTION
NEW 2022

Widening product range

DIVERSIFICATION

Diversification of profitability

SALES by division



Sabaf Group: industrial footprint

- 2021: 10 production plants
- 2023: 15 production plants (6 in Italy and 9 abroad)
- 1,652 employees at 30^h September 2023

SABAF S.P.A.
Valves and thermostats
Standard burners
Special burners

ARC S.R.L.
Professional burners

FARINGOSI-HINGES S.R.L.
Oven hinges
Dishwasher hinges

CMI ITALY (2 PLANTS)
Oven hinges
Dishwasher hinges

PGA NEW
Electronics for household appliances

NEW
MANSFIELD
Oven hinges
Washing machines hinges
Refrigerators hinges

SABAF MEXICO
Burners and hinges

CMI POLAND
Dishwasher hinges

SABAF BRASIL
Standard burners
Special burners

SABAF TURKEY (2 PLANTS)
Burners, valves, hinges
and Electronics

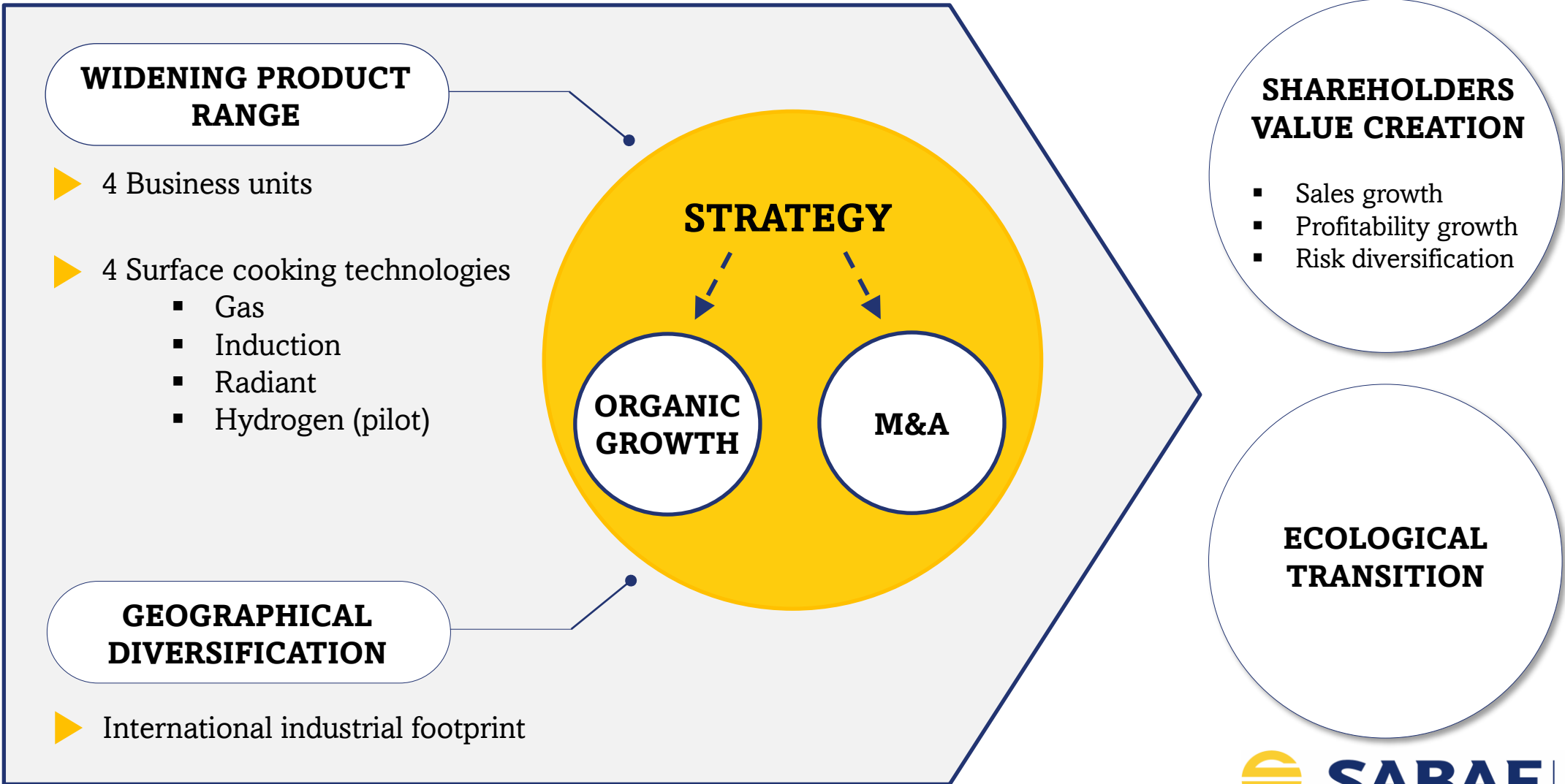
OKIDA ELEKTRONIK
Electronics for household
appliances

**SABAF APPLIANCE
COMPONENTS (KUNSHAN)**
Wok burners

SABAF INDIA
Valves and burners

Why invest in Sabaf

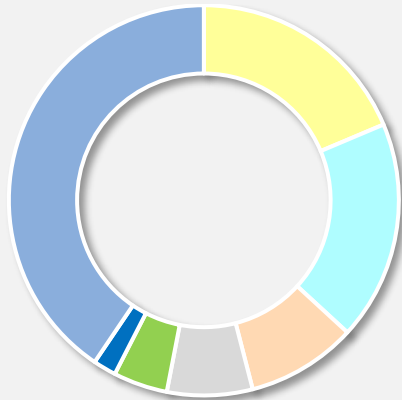
Strategy for value creation



Sabaf Group

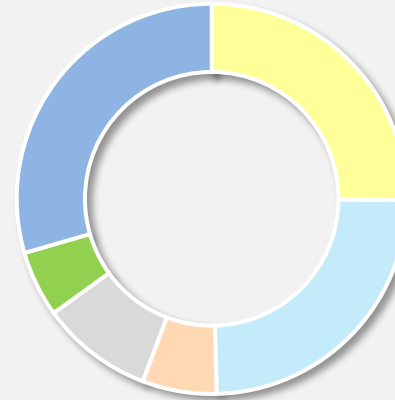
Main shareholders

% OF SHARE CAPITAL



18.65 %	Cinzia Saleri S.a.p.a.
18.18 %	Quaestio SGR
9.14 %	Montinvest S.r.l.
7.08 %	Fintel S.r.l.
4.50 %	Paloma Rheem Investments
1.91%	Treasury Shares
40.54 %	Market

% OF VOTING RIGHTS



25.11 %	Cinzia Saleri S.a.p.a.
24.49 %	Quaestio SGR
9.28%	Fintel
6.16 %	Montinvest S.r.l.
5.48 %	Paloma Rheem Investments
29.48 %	Market

Pietro Iotti, CEO of Sabaf,
owns 2.0%

STRATEGIC MOVES

Strategic moves

SABAF INDUCTION

Production start: IQ 2024
Sales start: IH 2024

P.G.A. ACQUISITION

October 2022

SABAF INDIA

Sales start: 2Q 2023

MANSFIELD ACQUISITION

July 2023

SABAF MEXICO

Start of production: 4Q 2023
Sales start: IQ 2024

Sabaf Induction: business strategy

2023

The Sabaf Group enters the
INDUCTION COOKING SECTOR

1

The Sabaf Group aims to become a **key player** in the large **induction cooking** market

2

Through this strategic investment Sabaf intends to turn out as **leader and innovator** not only in the mechanical sector, but also in electronics and new technologies

3

The inclusion of induction technology will lead the Group to be one of the few players able to **fully cover all the three cooking surface technologies** (gas, radiant and induction)

4

Sabaf aims to carry on along the **sustainable growth** path in the respect of the environment

5

This project will push Sabaf to a further **evolution** and **deep transformation** in the next few years

Sabaf Induction: business strategy

MARKET

The European market of induction cooking components, estimated at around €500 million

- **Steady growth** for several years at a rate of over 10%
- Highly **concentrated market** with few players (Technological complexity)

PROJECT

Investment plan

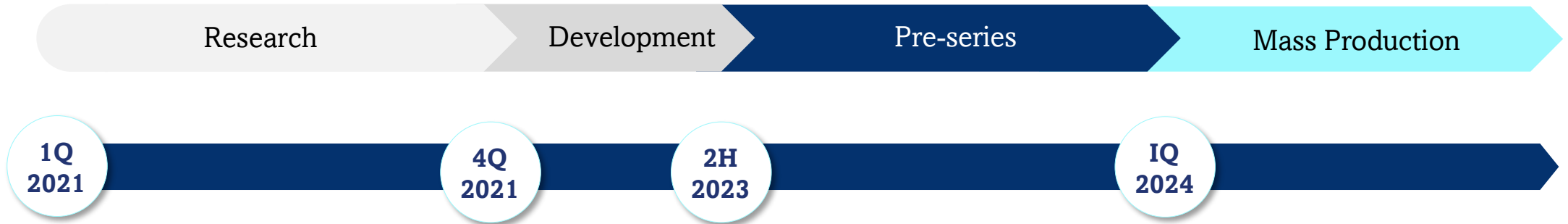
- About **€5 million** in R&D in the period 2021 – 2023
- Setting up of a **dedicated project team** in Italy

R&D

- Sabaf has developed **its own project know-how** internally by filing proprietary patents, software and hardware
- Creation of **innovative products** which better meet manufacturers' needs and new consumer trends
- The Group benefits from the expertise gained from the acquisitions of **Okida and P.G.A.** where part of the induction cooking components will be produced
- Team of **more than 60 electronic engineers**

The project technological flexibility will enable Sabaf to offer to its clients **customised products**

Sabaf Induction: business strategy



- **5 product platforms** which cover the whole market (high, medium and basic range) with customisation opportunities
- The first **prototypes** were released in **September 2022**
- All electronic parts are **designed and manufactured inside the Group's factories**
- **Pre-series production** starting in the **second half of 2023**
- **Production** will start in the **first quarter of 2024**
- Sabaf **network** for **sales** and distribution
- **Positive customer feedback** (agreements with some important players)
- Objective: at least **5% of the non-captive European market** by 2025, further expansion in the following years

Mansfield acquisition

The company

- **Mansfield Engineered Components LLC** is based in **Mansfield (Ohio)**
- Leading North American manufacturer of **hinges** for household appliances (mainly ovens, washing machines and refrigerators), designed and manufactured to meet the high quality levels and demanding standards required by the US market
- Founded in 1987 by Bruce, Steven and Claudia Cummins who still own 49%

The acquisition

- **51%** of the share capital
- **Valuation** → USD 21 million
- **Call option** in favor of Sabaf for the remaining 49% of MEC's share capital
- **Put option** in favor of the minority shareholders (exercisable from 2025 to 2028)
- Bruce and Steven Cummins will manage the acquired company as CEO and Vice Chairman

The strategy

- The Sabaf Group, already present on the market for hinges for household appliances through its subsidiaries C.M.I. s.r.l. and Faringosi Hinges s.r.l., becomes the **leading manufacturer of hinges for household appliances in the Western world.**
- The Sabaf Group is thus expanding its industrial footprint and optimizing its production location and supply chain in all the main reference markets, allowing further **logistics efficiencies**
- The direct presence in the United States, together with Sabaf Mexico, which has recently started the production of burners, will allow us to **consolidate relations with major American players** with which the Sabaf Group has excellent business relations and which are MEC's historical customers.

The impact of sales in the North American market will account for **27% of the Sabaf Group's turnover**, up from 16% in 2022

Capital increase

- In connection with the acquisition, a **reserved capital increase - for a total value of € 17.3 million** – took place on 20 July 2023
- The capital increase has been **fully subscribed by Montinvest s.r.l.**, a company controlled by Fulvio Montipò (Founder and Chairman of Interpump Group S.p.A.), who is the ideal partner for the Company thanks to his unquestionable entrepreneurial experience.

Widening Industrial Footprint : Sabaf INDIA

SABAF INDIA

- **Production:** valves and burners for local market and potential export
- **Investments:** € 5.2 mn in 3 years
- **Plot area:** 24,000 sqm (built-up area 5,000 sqm)
- **Actual capacity:** € 6 mn (expandable)
- **Sales start:** 2Q 2023
- **Good outlook for growth in the next 3 years:** the rapidly growing Indian market confirms the validity of the investment strategy



Widening Industrial Footprint: Sabaf MEXICO

SABAF MEXICO

- **Production:** burners for North and Central America markets
- **Investments:** € 12 mn (plant and machinery) in 3 years
- **Plot area:** 23,300 sqm (built-up area 12,950 sqm)
- **Expected capacity:** € 9 mn (fully booked and expandable)
- **Start of production:** 4Q 2023
- **Start of sales:** 1Q 2024



FINANCIAL PERFORMANCE

Performance data

Income statement¹ - IIIQ 2023

€ x 000	Sequential					YoY					12 MONTHS 2022	
	3Q 2023		2Q 2023		Δ % 3Q23 - 2Q23	3Q 2023		3Q 2022		Δ % 3Q23 - 3Q22		
Revenue	67,944	100.0%	50,899	100.0%	33.5%	67,944	100.0%	55,939	100.0%	21.5%	253,053	100.0%
Start-up sales	(15)		-			(15)		-			-	
Hyperinflation - Turkey	(6,603)		5,899			(6,603)		(1,273)			(1,091)	
Adjusted revenue	61,326	100.0%	56,798	100.0%	+8.0%	61,326	100.0%	54,666	100.0%	+12.2%	251,962	100.0%
EBITDA	10,732	15.8%	4,885	9.6%	+119.7%	10,732	15.8%	6,570	11.7%	+63.3%	40,092	15.8%
Start-up costs	751		800			751		164			704	
Hyperinflation - Turkey	(2,713)		2,778			(2,713)		(1,546)			(4,469)	
Adjusted EBITDA	8,770	14.3%	8,463	14.9%	+3.6%	8,770	14.3%	5,188	9.5%	+69.0%	36,327	14.4%
EBIT	6,931	10.2%	358	0.7%	+1836.0%	6,931	10.2%	1,979	3.5%	+250.2%	21,887	8.6%
Start-up costs	1,057		983			1,057		188			820	
Hyperinflation - Turkey	(1,971)		2,897			(1,971)		(1,039)			(2,838)	
Adjusted EBIT	6,017	9.8%	4,238	7.5%	+42.0%	6,017	9.8%	1,128	2.1%	+433.4%	19,869	7.9%
Net result	2,787	4.1%	(631)	(1.2%)	+341.7%	2,787	4.1%	88	0.2%	+3067.0%	15,249	6.0%
Start-up costs	1,022		936			1,022		163			756	
Hyperinflation - Turkey	1,353		1,517			1,353		3,918			6,077	
Adjusted Net result	5,162	8.4%	1,822	3.2%	+183.3%	5,162	8.4%	4,169	7.6%	+23.8%	22,082	8.8%

¹Adjusted income statement: results exclude the impact of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and the start-up costs of Sabaf India, Sabaf Mexico and the Induction division. This representation allows a better understanding of the Group's performance and of its comparison with previous periods.

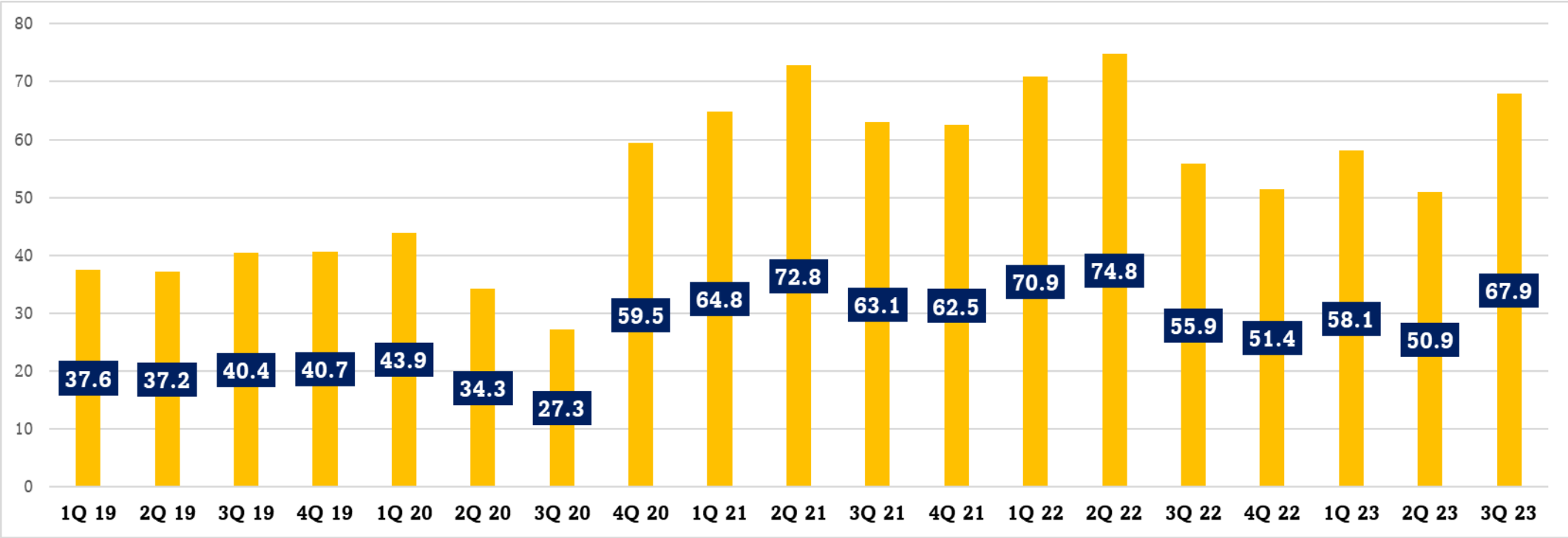
Performance data

Income statement¹ - 9 months 2023

€ x 000	YoY					12 MESI 2022
	9 MESI 2023		9 MESI 2022		Δ % 9M23 -9M22	
Revenue	176,906	100.0%	201,623	100.0%	-12.3%	253,053 100.0%
Start-up sales	(15)		-			-
Hyperinflation - Turkey	(620)		(2,740)			(1,091)
Adjusted revenue	176,271	100.0%	198,883	100.0%	-11.4%	251,962 100.0%
EBITDA	22,146	12.5%	33,456	16.6%	-33.8%	40,092 15.8%
Start-up costs	1,905		430			704
Hyperinflation - Turkey	316		(3,667)			(4,469)
Adjusted EBITDA	24,367	13.8%	30,219	15.2%	-19.4%	36,327 14.4%
EBIT	8,786	5.0%	20,024	9.9%	-56.1%	21,887 8.6%
Start-up costs	2,523		499			820
Hyperinflation - Turkey	1,824		(2,350)			(2,838)
Adjusted EBIT	13,133	7.5%	18,173	9.1%	-27.7%	19,869 7.9%
Net result	1,365	0.8%	13,096	6.5%	-89.6%	15,249 6.0%
Start-up costs	2,395		461			756
Hyperinflation - Turkey	4,639		3,918			6,077
Adjusted Net result	8,399	4.8%	17,475	8.8%	-51.9%	22,082 8.8%

¹Adjusted income statement: results exclude the impact of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and the start-up costs of Sabaf India, Sabaf Mexico and the Induction division. This representation allows a better understanding of the Group's performance and of its comparison with previous periods.

Sabaf Group: revenues reported by quarter



Amounts in € mn

Third quarter 2023 highlights

POSITIVE

- **Sales and margins of 3Q2023** show a clear upward compared to 3Q2022 (double-digit growth)
- Incoming **orders** back to normal
- Trend of lower **energy and raw material costs**
- Strong actions for **costs reduction**

HEADWINDS

- Household appliances **market still weak**
- **Profitability** lower than normal due to lower activity levels, but in recovery on a monthly base
- **Inflation**: personnel costs increase, especially in Turkey

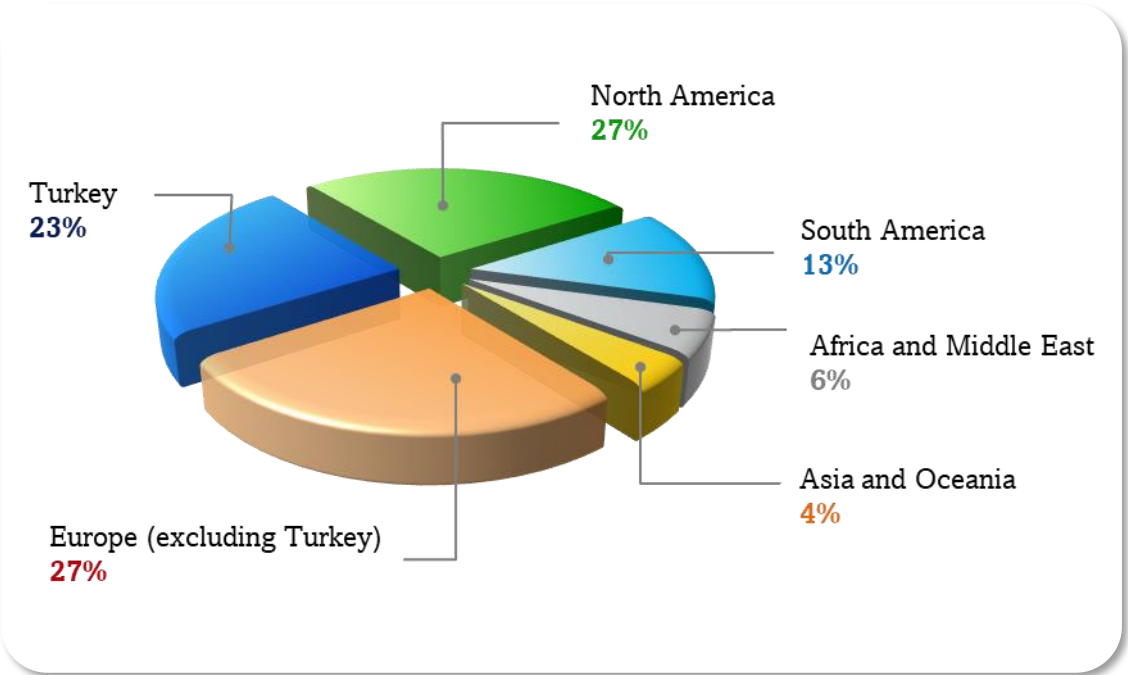
NET INVESTMENTS

- **3Q 2023**: €1.9 million, with the largest share going to the start-up of the Mexican plant scheduled for June
- **9M 2023**: €13.1 million
- **Planned FY 2023**: €15 million (mainly for Mexico, India and Induction)

Performance data

Adjusted sales by market

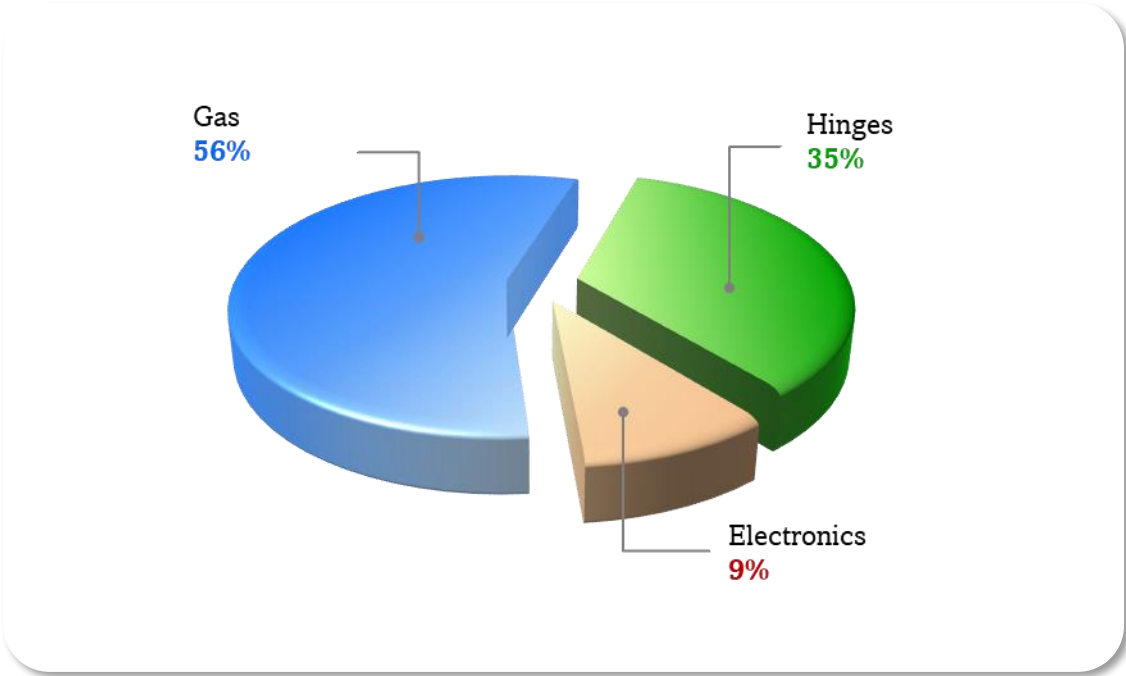
€ x 000	YoY		
	3Q 2023	3Q 2022	
Europe (excluding Turkey)	16,393	17,268	-5.1%
Turkey	14,221	14,093	+0.9%
North America	16,495	8,743	+88.7%
South America	8,135	6,134	+32.6%
Africa and Middle East	3,617	5,175	-30.1%
Asia and Oceania	2,465	3,253	-24.2%
Total	61,326	54,666	+12.2%



Performance data

Adjusted sales by product

€ x 000	3Q 2023		YoY		3Q 2022		
Gas	34,351	56%	34,375	62%	-0.1%		
Hinges	21,159	35%	15,053	28%	+40.6%		
Electronics	5,816	9%	5,238	10%	+11.0%		
Total	61,326	100%	54,666	100%	+12.2%		



Performance data

Balance Sheet

€ x 000	30/09/2023	30/06/2023	31/03/2023	31/12/2022
Fixed assets	180,274	166,788	176,217	171,276
<i>Inventories</i>	<i>67,394</i>	<i>59,524</i>	<i>65,826</i>	<i>64,426</i>
<i>Trade receivables</i>	<i>63,814</i>	<i>52,801</i>	<i>62,799</i>	<i>59,159</i>
<i>Tax receivables</i>	<i>9,459</i>	<i>8,994</i>	<i>7,166</i>	<i>8,214</i>
<i>Other current receivables</i>	<i>3,631</i>	<i>2,937</i>	<i>3,546</i>	<i>2,910</i>
<i>Trade payables</i>	<i>(40,257)</i>	<i>(45,766)</i>	<i>(43,932)</i>	<i>(39,628)</i>
<i>Tax payables</i>	<i>(3,690)</i>	<i>(3,036)</i>	<i>(2,823)</i>	<i>(2,545)</i>
<i>Other payables</i>	<i>(14,794)</i>	<i>(15,008)</i>	<i>(13,326)</i>	<i>(13,156)</i>
Net working capital	85,557	60,446	79,256	79,380
Provisions for risks and severance indemnity	(9,612)	(9,087)	(9,478)	(10,128)
Capital Employed	256,219	218,147	245,995	240,528
Equity	172,548	144,316	159,643	156,162
Net debt	83,671	73,831	86,352	84,366
Sources of finance	256,219	218,147	245,995	240,528

Performance data

Cash flow statement

€ x 000	9 MONTHS 2023	12 MONTHS 2022	9 MONTHS 2022
Cash at the beginning of the period	20,923	43,649	43,649
Net profit	1,701	15,249	13,096
Depreciation	14,847	18,267	13,674
Other income statement adjustments	5,532	1,885	5,263
Change in net working capital			
- Change in inventories	1,720	3,890	(2,313)
- Change in receivables	107	10,312	3,152
- Change in payables	(16)	(17,156)	(10,999)
	1,811	(2,954)	(10,160)
Other changes in operating items	(1,986)	(8,154)	(8,225)
Operating cash flow	21,905	24,293	13,648
Investments, net of disposals	(13,064)	(20,856)	(16,103)
Free Cash Flow	8,841	3,437	(2,455)
Cash flow from financial activity	(12,452)	(8,334)	2,322
Own shares buyback	(462)	(1,862)	(1,774)
Dividends	-	(6,690)	(6,690)
Share capital increase	17,312	-	-
Mansfield aquisition	(8,324)	-	-
PGA acquisition	(783)	(4,948)	-
Deconsolidation ARC Handan	-	(97)	(97)
Forex	521	(4,232)	(439)
Net financial flow	4,653	(22,726)	(9,133)
Cash at the end of the period	25,576	20,923	34,516

2023 Outlook

In a context in which visibility remains very limited, based on October sales and the order backlog of the following months, the Group expects an **increase in revenues for the fourth quarter on a like-for-like basis**, both compared to the third quarter of 2023, and compared to the fourth quarter of 2022

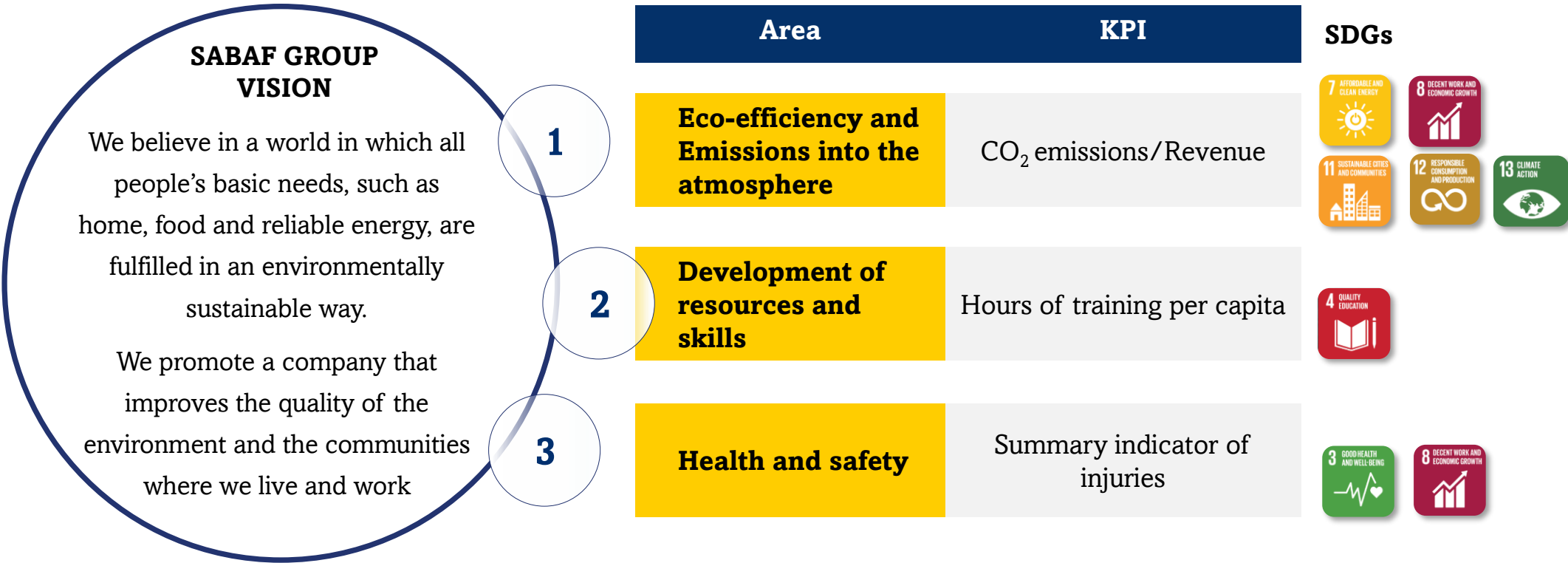
SUSTAINABILITY

Sabaf: a sustainable business

Sustainability in the Business plan 2021 - 2023

“ Sabaf’s strategy and governance model are aimed towards ensuring long-term sustainable growth.

For Sabaf, sustainability is primarily based on sharing values with its stakeholders; compliance with common values increases mutual trust and encourages knowledge development ”



Sabaf: a sustainable business

KPI measurement

	KPI	Unit of measurement	2023 Target vs. 2020	2020 ACTUAL	2021 TARGET	2021 ACTUAL	2022 TARGET	12M 2022 ACTUAL	2023 TARGET	9M 2023 ACTUAL
1	CO₂ emissions/Revenue	tCO _{2eq} / million of Euro	-14%	132	<128	111	<120	91	<114	105
2	Hours of training per capita	h	+40%	13.9	>11.0	20.4	>13	25.7	>15	17.3
3	Summary indicator of injuries	-	-44%	177	<140	327	<120	106.8	<100	113.10

NOTES

- KPI 1 **CO₂ emissions/Revenue** = CO₂ emissions scope 1 + scope 2 market-based / Revenue
- KPI 3 **Summary indicator of injuries** = injury rate x injury lost day rate x 100
 - injury rate = number of injuries x 1,000,000/total hour worked
 - injury lost day rate = days of absence x 1,000/hours worked

ESG Performance - Corporate Governance

Remuneration policy



Linked to the economic-financial and sustainability objectives set out in the **2021-2023 Business plan**

- Definition of **SUSTAINABILITY OBJECTIVES:**
- With reference to the issues highlighted in the **materiality analysis**
 - Fully in line with **best practices** and **Corporate Governance Code**

MATERIAL TOPIC	KPI	IMPACT ON THE LTI PLAN
Emissions into the atmosphere	CO ₂ emissions scope 1 + scope 2 market based/Revenue	15%
Development of resources and skills	Hours of training per capita (by collaborator)	5%
Health and safety of personnel	Summary indicator of injuries (injury rate x injury lost da rate x 100)	5%
Impact of sustainability objectives on total LTI		25%

ESG Performance - Environment

CO₂ Emissions for the production of electric power (2019 energy mix)

	EMISSIONS		ENERGY SOURCE	
	g CO _{2eq} /kWh	Renewable	Fossil	Nuclear
Italy	315	33%	67%	-
France	56	19%	11%	70%
Europe	298	29%	50%	21%
US	374	16%	64%	20%
China	609	26%	70%	4%
India	684	18%	79%	3%
World	521	24%	65%	11%

Source: Terna International comparison

ESG Performance - Environment

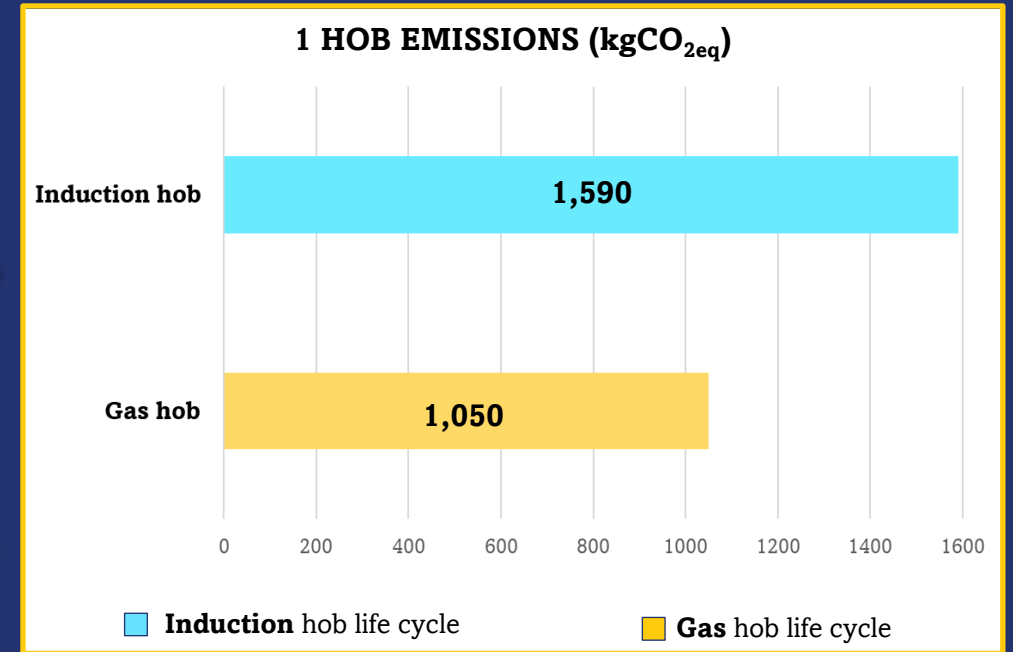
CO₂ Emissions of gas hobs vs. induction hobs in Italy (from Journal of Cleaner production)

Scenario:

- preparation of a complete homemade meal (lunch)
- five (5) times per week
- for 20 years
- consumed by a four-member family **in Italy**

At the present time, **gas hobs are still more efficient** in term of environmental impacts

The energy generation grid mix largely affects the results: **only when energy sources will include a higher rate of renewables** (photo- voltaic, wind power, cogeneration, etc.) **the induction cooking technology will be environmentally friendly**



Source: <https://www.sciencedirect.com/science/article/abs/pii/S0959652618308011>

Journal of Cleaner production

Article «Comparative life cycle assessment of cooking appliances in Italian kitchens»

Claudio Favi ^a, Michele Germani ^b, Daniele Landi ^b, Marco Mengarelli ^c, Marta Rossi ^b

^a Università degli Studi di Parma ^b Università Politecnica delle Marche ^c Energy Research Institute, Nanyang Technological University

ESG Performance - Environment

CO₂ Emissions of gas hobs vs. electric induction hobs

- Gas hob emission 1,050 / induction hob emission 1,590 = 1.51
- CO₂ emissions Break-Even Point Gas vs. Induction is:
 $315 / 1.51 = 208 \text{ g CO}_{2\text{eq}}/\text{kWh} \rightarrow$ equivalent to ~70% of electric power generated by renewable energy sources

A necessary condition for an induction hob to generate lower CO₂ emissions than a gas hob is that the electricity is produced with a % of **renewable sources** (or nuclear energy) **greater than 70%**.

Countries that have less than 70% renewable energy pollute more if they use electric induction hobs than gas.

ESG Performance - Environment

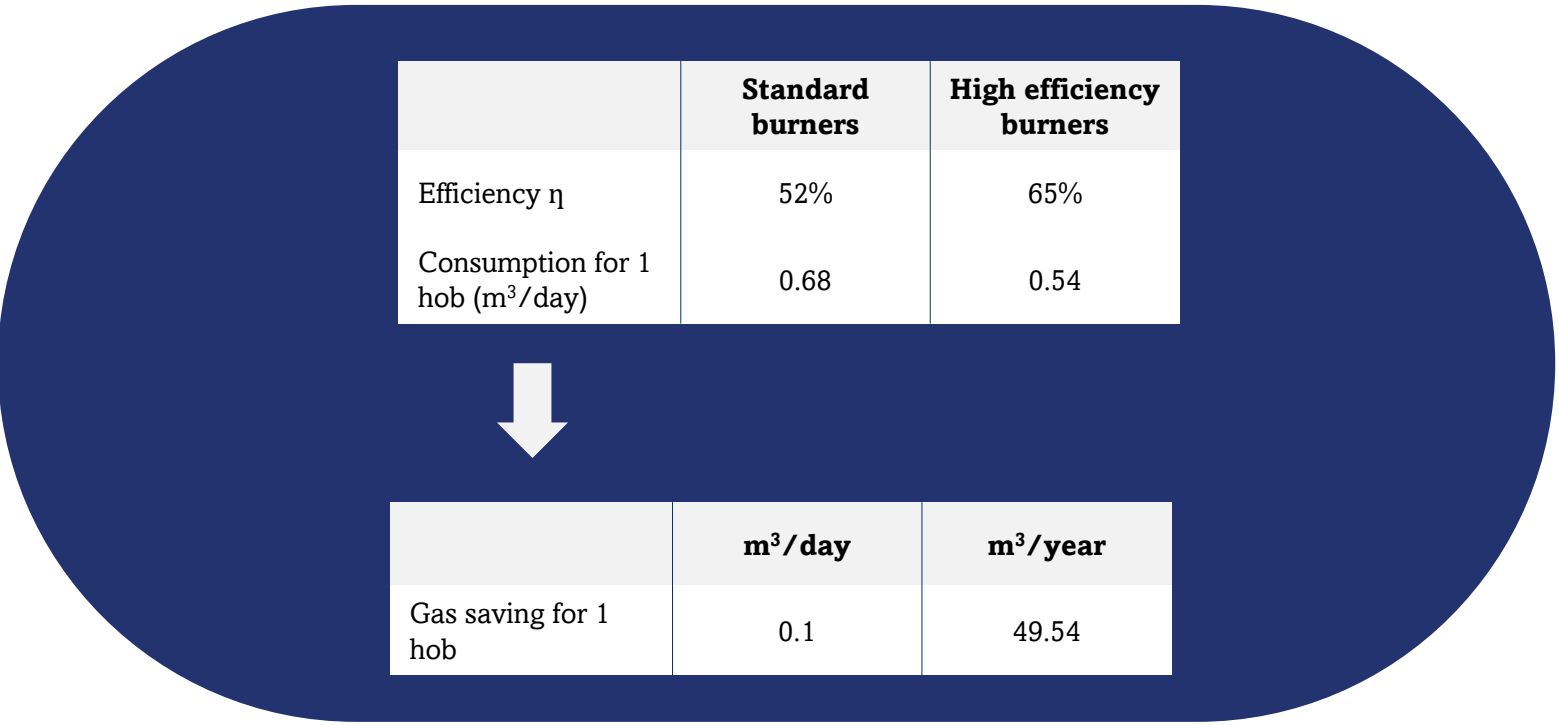
High efficiency burners



More than 23% of burners produced are high efficiency burners
Energy efficiency > 60% (Increasing efficiency year by year)

↑ Energy efficiency
↓ Consumption
↓ Emissions

First company in the World



ESG Performance - Environment

Hydrogen: project Hy4Heat



**Sabaf strategic partner
in the Hy4Heat Project
with zero Co2 emissions
in cooking appliances**

The Hy4Heat project aims to establish whether it is technically possible, safe and convenient to **replace natural gas (methane) with 100% hydrogen** in residential and commercial buildings and gas appliances. The Hy4Heat project is financed by BEIS, (the UK governments Department for Business, Energy, and Industrial Strategy) and involves ten separate work packages

The SABAF Group, **through its subsidiary ARC**, is involved in Work Package 4, which covers cooking and heating appliances. ARC has developed and produced the burners that have now been specified on the **world's first UKCA Certified ranges of 100% hydrogen hobs and cookers**. These have been installed on the cooking appliances Glen Dimpex at HyHome, two purpose built houses demonstrating hydrogen appliances in a 'real life' scenario at Low Thornley, near Gateshead in the North of England

Immediately following the Hy4Heat project, cooking appliances incorporating ARC burners will be specified for the Community Trial involving **300 homes commencing in 2022**. Beyond the Community Trial, the UK Government intends to commission a '**Village Trial**' with **around 2,500 homes** in 2025 and a '**Town Trial**' (**10,000 homes**) in the latter part of the decade prior to potentially converting the whole UK gas grid to hydrogen over future years

ARC is involved also in Work Package 5B (Commercial hydrogen gas appliance development) which , includes commercial catering equipment where ARC has developed commercial hob burners for Falcon Foodservice Equipment Ltd

DISCLAIMER

Certain information included in this document is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially.

The Company's business is in the domestic appliance industry, with special reference to the gas cooking sector, and its outlook is predominantly based on its interpretation of what it considers to be the key economic factors affecting this business. Forward-looking statements with regard to the Group's business involve a number of important factors that are subject to change, including: the many interrelated factors that affect consumer confidence and worldwide demand for durable goods; general economic conditions in the Group's markets; actions of competitors; commodity prices; interest rates and currency exchange rates; political and civil unrest; and other risks and uncertainties.

Pursuant to Article 154/2, paragraph 2 of the Italian Consolidated Finance Act (Testo Unico della Finanza), the company's Financial Reporting Officer Gianluca Beschi declares that the financial disclosure contained in this financial presentation corresponds to the company's records, books and accounting entries.

For further information, please contact

Gianluca Beschi - +39.030.6843236

gianluca.beschi@sabaf.it