SABAF

Earnings Review

BUY ord. *(Unchanged)*
Target: **€ 20.00** *(Unchanged)*
Risk: High

STOCKDATA	ORD
Price (as of 05 Sep 2025)	14.3
Bloomberg Code	SAB IM
Market Cap (€ mn)	178
Free Float	46%
Shares Out (mn)	12.4
52 week Range	€ 13.3 - 19.4
Daily Volume	8,085

Performance (%)	1M	3M	1Y
Absolute	5.1	-2.1	-23.5
Rel to FTSE Italia All-Share	3.1	-4.9	-38.0

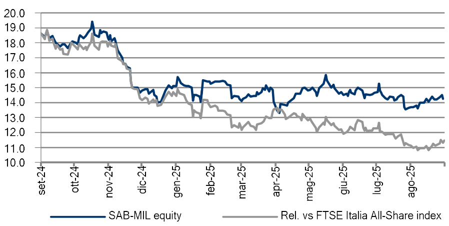
MAIN METRICS	2024	2025E	2026E
SALES Adj	277	286	299
EBITDA Adj	40.4	41.5	45.6
EBIT Adj	21.2	21.5	24.9
NET INCOME Adj	13.1	13.1	15.4
EPS Adj - €c	105	105	124
DPS Ord - €c	58.0	60.0	62.0

MULTIPLES	2024	2025E	2026E
P/E ord Adj	14.4x	13.6x	11.5x
EV/EBITDA Adj	6.6x	6.1x	5.4x
EV/EBIT Adj	12.6x	11.9x	9.9x

REMUNERATION	2024	2025E	2026E
Div. Yield ord (A)	3.3%	4.2%	4.3%
FCF Yield Adj	5.7%	6.7%	9.2%

INDEBTEDNESS	2024	2025E	2026E
NFP Adj	-73.9	-72.4	-63.4
D/Ebitda Adj	1.8x	1.7x	1.4x

PRICE ORD LAST 365 DAYS



Analyst: Domenico Ghilotti
d.ghilotti@equita.eu I +39 02 6204.249

GOOD PROGRESS ON STRATEGIC PROJECTS IN A STILL COMPLEX MARKET

2Q results in line with expectations, down as sales and profit against the strongest quarter of 2024, but showing a sequential improvement in margins in a still tough market environment. FY outlook (consistent with our estimates) is pointing to slight top-line growth and margin stability vs. 1H and sees good support from execution on strategic projects (mostly Mexico and MEC) despite a still stagnant market outlook.

2Q sales/profits down on tough comps, but margins up sequentially

Sabaf's 2Q results were overall consistent with our expectations, showing a **decline in sales/profit vs. 2Q24** (the strongest quarter of 2024) **but a sequential recovery in EBITDA margin,** at the highest level of the last 4 quarters, in a context of **still stagnant global market demand**. Sequential improvement in profitability mainly stemmed from **execution of strategic initiatives** (ramp-up of new plants in **Mexico** and India and top-line and margin expansion for US company **MEC**) and an easing of labour cost inflation mainly thanks to restart of **TRY devaluation**.

- **Sales** -4% to € 71.1mn vs. -2% exp.;
- **EBITDA** -12% to € 10.9mn vs. € 10.5mn exp.;
- **EBITDA margin** -140bps to 15.3% vs. 14.5% expected.

FY25 outlook: slightly positive sales growth, margin at 1H25 level

Sabaf is projecting **a slightly positive sales performance for FY25 despite the complex macro-economic context** characterized by unfavourable FX trends, international economic uncertainty linked to the application of tariffs and geopolitical risk. In the call, management guided for 2H revenues broadly in line with 2Q levels, and for **FY25 margins in line or slightly above 1H** (14.6%). **FY25 outlook is consistent with our projections** (FY25 sales +3%, EBITDA margin 14.5%).

Interesting updates in the call from Mexico ramp-up, MEC and M&A

Key highlights from the call:

- **Mexican plant is ramping up in line with expectations**, with € 7.5mn sales expected in FY25 vs. € 3.2mn in FY24 and good improvement in profitability. Further growth is expected in FY26 (in the € 10-12mn sales area).
- **MEC delivered strong results**, with +14% sales growth in 1H in USD and margin above 16%. **Strategic opportunities are emerging for MEC thanks to its US manufacturing footprint**.
- **M&A opportunities are under evaluation**, with short term announcement not ruled out.

Messages from key industry players: market still stagnant in FY25

We have collected in the note the main recent messages from key industry players. In a nutshell, **FY25 market scenario remains lacklustre**, **with end market demand still stagnant in all key regions**.

We confirm our estimates and valuation. Stock not priced for a market recovery

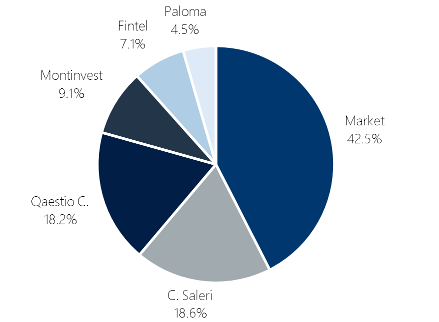
Our current estimates are consistent with company guidance and 2Q trends. **We have therefore left our estimates unchanged both for FY25** (apart from a decrease in NFP by around € 2mn due to the FX impact and higher put option value for MEC) **and for the following years** (FY26 pointing to +4% top-line growth and +80bps EBITDA margin).

We confirm our valuation at €20ps, based on the average of our DCF (€20) and multiples approach (€19, applying 15x Adj. P/E and 12x EV/EBIT 2026). The stock currently trades at 6.1–5.3x EV/EBITDA and 14–12x P/E 2025–26. **Valuation is attractive in our view, given** 1) a historical range of 5-7x 1-year forward EV/EBITDA and 9-15x 1-year forward PE and **a demand cycle still at its trough**, supporting multiples in the upper part of the historical range, and 2) **strategic initiatives** like **Mexico** and India ramp-up, **MEC** new business opportunities and product innovation in **electronics** which are developing nicely and allowing SAB to take share even in a stagnant market.

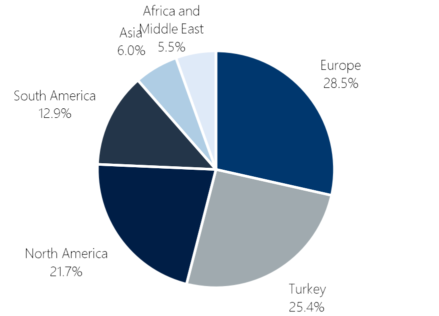
MAIN FIGURES - EURmn	2022	2023	2024	2025E	2026E	2027E
SALES Adj	253	239	277	286	299	313
Growth	-3.9%	-5.5%	15.8%	3.3%	4.4%	4.9%
EBITDA Adj	36.3	33.1	40.4	41.5	45.6	49.0
Growth	-32.9%	-9.0%	22.2%	2.8%	9.8%	7.5%
EBIT Adj	19.9	17.5	21.2	21.5	24.9	28.1
Growth	-47.0%	-11.9%	21.2%	1.3%	16.1%	12.8%
PBT Adj	13.2	12.0	20.3	17.7	20.9	24.5
Growth	-55.5%	-9.3%	69.3%	-12.8%	18.1%	17.0%
Net Income Adj	14.5	10.4	13.1	13.1	15.4	18.0
Growth	-45.1%	-28.5%	26.3%	-0.1%	17.5%	16.7%
MARGIN - %	2022	2023	2024	2025E	2026E	2027E
EBITDA Adj Margin	14.4%	13.9%	14.2%	14.5%	15.3%	15.6%
Ebit Adj margin	7.9%	7.4%	7.4%	7.5%	8.4%	9.0%
Pbt Adj margin	5.2%	5.0%	7.1%	6.2%	7.0%	7.8%
Net Income Adj margin	5.7%	4.4%	4.6%	4.6%	5.2%	5.7%
SHARE DATA	2022	2023	2024	2025E	2026E	2027E
EPS Adj - €c	129	87.5	105	105	124	145
Growth	-45.4%	-32.2%	20.2%	-0.1%	17.9%	16.7%
DPS ord(A) - €c	0.0	54.0	58.0	60.0	62.0	64.0
BVPS	13.8	13.0	13.2	13.7	14.3	15.2
VARIOUS	2022	2023	2024	2025E	2026E	2027E
Capital Employed	245	248	252	255	254	255
FCF	3.4	22.9	12.3	12.0	16.4	17.7
CAPEX	20.9	16.9	14.7	18.0	16.4	17.2
Working capital	78.2	71.8	78.2	82.6	87.0	92.1
Trading Working capital	84.0	75.3	86.2	90.6	94.4	98.8
INDEBTNESS	2022	2023	2024	2025E	2026E	2027E
Nfp Adj	-84.4	-73.2	-73.9	-72.4	-63.4	-53.5
D/E Adj	0.54	0.43	0.43	0.41	0.34	0.27
Debt / EBITDA Adj	2.3x	2.2x	1.8x	1.7x	1.4x	1.1x
Interest Coverage	21.8x	8.6x	18.6x	9.5x	11.3x	13.4x
MARKET RATIOS	2022	2023	2024	2025E	2026E	2027E
P/E Ord Adj	12.9x	19.8x	14.4x	13.6x	11.5x	9.9x
PBV	1.6x	1.2x	1.3x	1.0x	1.0x	0.9x
EV FIGURES	2022	2023	2024	2025E	2026E	2027E
EV/Sales	1.1x	1.2x	0.9x	0.9x	0.8x	0.8x
EV/EBITDA Adj	7.6x	8.9x	6.6x	6.1x	5.4x	4.8x
EV/EBIT Adj	14.0x	16.8x	12.6x	11.9x	9.9x	8.4x
EV/CE	1.1x	1.2x	1.1x	1.0x	1.0x	0.9x
REMUNERATION	2022	2023	2024	2025E	2026E	2027E
Div. Yield ord	0.0%	3.4%	3.3%	4.2%	4.3%	4.5%
FCF Yield Adj	1.4%	12.1%	5.7%	6.7%	9.2%	9.9%
Roce Adj	6.8%	5.3%	6.4%	6.3%	7.2%	8.1%

Source: Company data and Equita SIM estimates

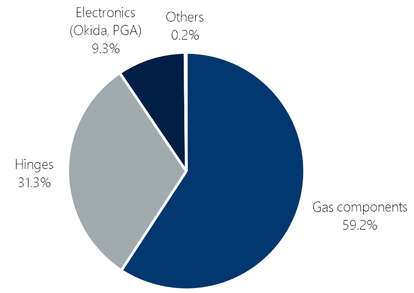
SHAREHOLDERS



SALES BY GEOGRAPHY



SALES BY DIVISION



BUSINESS DESCRIPTION

Sabaf (SAB) is one of the world's leading manufacturers of components for household gas cooking appliances (59% of 2024 group sales and a market share of around 50% in Europe and a global share of about 10%), and **in the manufacturing of hinges for consumer appliances** (31% of 2024 group sales and undisputed worldwide leader with size c2x the second player). The company is also expanding its presence in **electronic components** (9% of group sales in 2024) made of electronic control boards, timers, display and power supply units for ovens, kitchen hoods, vacuum cleaners, refrigerators and freezers. The company has also developed internally competencies to **enter the induction hob segment**, with initial sales deployed in 2024 and a target to reach a 5% market share in the medium term. The majority of Sabaf's sales consist of original equipment supply.

The group **generated 29% of its 2024 revenues in Europe**, **25%** **in Turkey**, **22% in North America, 13% in LatAm**, 6% in MENA and 5% in APAC. The Group is characterised by a **high revenue concentration**, with some 50% arising from sales to its ten largest customers.

The Group in the last 5 years made acquisitions to enter the market of **electric components** (9% of 2024 sales) and strengthened its presence in the market of hinges for consumer appliances (31% of 2024 sales).

SAB main production facilities are in Italy, **Brazil, Turkey and more recently in Mexico and India**. The company is also present in Poland and China.

7-YEAR BUSINESS TRENDS (€ mn)

	2018	2019	2020	2021	2022	2023	2024
Adj. SALES	151	156	185	263	252	239	277
- gas components	136	122	130	182	157	144	164
- hinges	10	24	41	58	69	70	87
- electronics	4	10	14	22	26	25	26
- induction						0	0
Adj. EBITDA	30.0	27.0	37.1	54.1	36.3	33.1	40.4
Adj. EBITDA margin	19.9%	17.3%	20.1%	20.6%	14.4%	13.8%	14.6%
Adj. Net Income	11.5	8.1	14.1	26.5	14.5	10.4	13.1

Source: Company data and Equita SIM calculation of adjusted Net Income

In 2016-2019 SAB set the base for a stronger business diversification, expanding the relation with strategic clients (Whirlpool NA, Electrolux, Mabe), entering in new markets (electronics) and strengthening the presence in hinges. The strategy was led by the **CEO Pietro Iotti**, former head of Interpump Hydraulics. **2020-2021 saw strong growth in sales and margins**, thanks to a **sharp increase in market demand** boosted by higher spending on household appliances during the pandemic and the **first contribution of new projects with strategic clients**. **The spending in household appliances normalized in 2022-23**, driving declining organic sales and margins in the industry.

Post 2023 reserved capital increase to finance MEC acquisition, Sabaf's largest shareholders are: the Saleri family (17.9% of capital and 22.5% of voting rights) and Quaestio Capital (18.2% of capital and 25.1% of voting rights) due to a loyalty share mechanism for investors keeping the shares for at least 2 years.

STRENGTHS / OPPORTUNITIES	WEAKNESSES /THREATS
- Strong leadership in DM - High quality and efficiency, innovation skills - Direct manufacturing presence in key countries - Development of new markets and clients - Track record of inorganic expansion	- Concentration of revenues with large appliances manufacturers - Exposure to mature markets (WE), where induction is taking share from gas cooking - Volatility of commodity, FX and energy prices - Client consolidation

2Q25 SALES/PROFITS DOWN ON TOUGH COMPS. MARGINS UP SEQUENTIALLY

Sabaf's 2Q results were overall consistent with our expectations, showing a **decline in sales/profit vs. 2Q24** (the strongest quarter of 2024) **but a recovery in terms of margins,** at the highest level of the last 4 quarters, in a context of **still stagnant global market demand**. Sequential improvement in profitability therefore mainly stemmed from **execution of strategic initiatives** (mainly ramp-up of new plants in **Mexico** and India and top-line and margin expansion for **MEC**, the US company manufacturing hinges for the large domestic appliances market acquired in 2023) and an easing of labour cost inflation mainly thanks to restart of **TRY devaluation**.

SAB 2Q RESULTS (€ mn)

		EXPECTED		ACTUAL		
	2Q24	2Q25	YoY Δ%	2Q25	YoY Δ%	Abs Δ
Adj. Revenues	74.1	72.6	-2%	71.1	-4%	-1.5
Adj. EBITDA	12.4	10.5	-15%	10.9	-12%	0.4
Adj. EBITDA Margin	16.7%	14.5%		15.3%		
Adj. EBIT	7.7	5.5	-28%	5.9	-24%	0.4
Adj. EBIT Margin	10.4%	7.6%	-	8.2%	-	
Adj. Net income	5.4	2.8	-48%	3.2	-41%	0.4
Adj. NI Margin	7.3%	3.9%	-	4.5%	-	
NFP	-74.8	-78.8	5%	-79.4	6%	-0.6

Source: Equita SIM estimates and company data

SAB 1H RESULTS (€ mn)

		EXPECTED		ACTUAL		
	1H24	1H25	YoY Δ%	1H25	YoY Δ%	Abs Δ
Adj. Revenues	143.1	147.2	3%	145.7	2%	-1.5
Adj. EBITDA	22.9	20.9	-9%	21.3	-7%	0.4
Adj. EBITDA Margin	16.0%	14.2%		14.6%		
Adj. EBIT	13.5	10.7	-20%	11.1	-18%	0.4
Adj. EBIT Margin	9.4%	7.3%	-	7.6%	-	
Adj. Net income	10.1	6.3	-38%	6.7	-34%	0.4
Adj. NI Margin	7.1%	4.3%	-	4.6%	-	
NFP	-74.8	-78.8	n.m.	-79.4	n.m.	-0.6

Source: Equita SIM estimates and company data

- **Sales down -4% on the strongest quarter of 2024 and still stagnant market**

2Q revenue were slightly below expectations, down by –4% YoY vs. –2% expected. This is in a context of **still stagnant global end market demand** (-1% in EMEA, -1% in NA) **and tough comparison** (€ 74.1mn sales in 2Q24 vs. € 69.0mn in 1Q24 and € 66.9mn on average in 2H24).

From a geographical standpoint, 2Q top-line performance mainly reflected **declines in Turkey** (–8%), **LatAm** (–16%, on strong growth in 2024) **and MENA** (–39% on small numbers, due to geopolitical tensions in Middle East and contraction in Egypt after a couple of years of strong market growth), only partly offset by **resilience in Europe** (+2%) and **good growth in NA** (+6%, despite a weak USD and prudent indications on final market demand by key clients, supported by ramp-up of Mexican plant and good activity at MEC) **and APAC** (+13%, on small numbers).

2Q SALES BREAKDOWN BY GEOGRAPHY (€ mn)

	2Q24	2Q25	YoY change
Europe	20.8	21.3	2%
Turkey	18.5	17.0	-8%
North America	15.8	16.7	6%
South America	10.7	9.0	-16%
Africa and Middle East	4.3	2.6	-39%
Asia	4.1	4.6	13%
Total sales	74.1	71.1	-4.0%

Source: Company data

1H SALES BREAKDOWN BY GEOGRAPHY (€ mn)			
	1H24	**1H25**	**YoY change**
Europe	41.5	42.4	2%
Turkey	36.9	36.2	-2%
North America	30.4	33.2	9%
South America	17.6	18.4	4%
Africa and Middle East	9.2	6.7	-28%
Asia	7.5	8.8	18%
Total sales	143.1	145.7	1.8%

Source: Company data

By product, **hinges were broadly stable** (–1%, with MEC +14% in USD), while **gas components** (–5%) and **electronics** (–7%) were **down MSD**.

2Q SALES BREAKDOWN BY PRODUCT (€ mn)			
	2Q24	**2Q25**	**YoY change**
Gas components	44.1	42.0	-5%
Hinges	23.0	22.8	-1%
Electronic components	6.8	6.3	-7%
Induction	0.2	0.1	n.m.
Total sales	74.1	71.1	-4.0%

Source: Company data

1H SALES BREAKDOWN BY PRODUCT (€ mn)			
	1H24	**1H25**	**YoY change**
Gas components	84.8	86.3	2%
Hinges	43.9	46.9	7%
Electronic components	14.2	12.4	-13%
Induction	0.2	0.1	n.m.
Total sales	143.1	145.7	1.8%

Source: Company data

■ Profitability improving sequentially, mainly on ramp-up of new plants and TRY

Profitability came in above expectations, with an EBITDA margin at 15.3% vs. 14.5% exp., driving absolute EBITDA to € 10.9mn vs. € 10.5mn expected.

Margin was down 140bps vs. 2Q24, by far the best quarter of 2024, **but has improved sequentially compared to the last 3 quarters** (13.3% in 3Q24, 12.8% in 4Q24, 14.0% in 1Q25) mainly thanks to the reabsorption of the strong inflationary pressure on labour cost of the last few quarters, driven by the renewal of the labour contract in Italy in June 2024 and the increase in salaries in Turkey, only partially offset by the TRY devaluation.

In detail, EBITDA declined by € -1.5mn YoY, of which the key contributors were **volumes** (€ -0.9mn), **labour inflation** (€ -0.6mn gross of TRY devaluation), **FX** (€ -0.5mn), **Raw Materials** (€ -0.5mn), **lower capitalized costs** in new projects (€ -0.8mn), partly offset by **TRY devaluation and ramp up of new plants** (€ 2.2mn) and **MEC** improved contribution (€ 0.3mn). Prices had a very small positive contribution (less than € 0.1mn).

Adj. EBIT exceeded expectations, mainly driven by stronger EBITDA, with no relevant surprises on D&A (in line). **Adj. NI was better than expected** thanks to a very low tax rate (9% in 1H25, due to xx) which offset higher financial charges (but mainly due to € 1.4mn revaluation of the put option on MEC in light of the better underlying performance).

NFP stood at € -79.4mn vs. € -78.9mn exp. and € -73.9mn in FY24, impacted by higher Capex (€ 12.1mn vs. € 11mn exp., though FY guidance was confirmed at € 18mn), FX effects (around € 2mn mainly on USD devaluation at the end of June) and MEC put option revaluation (€ 1.4mn net of FX impact). CAPEX include € 2.7mn for the new photovoltaic investment for the Ospitaletto plant (expected to generate € 0.4/0.5mn annual savings in energy cost as of 2H25) and investments for the ramp-up of the plants.

CASHFLOW STATEMENT (€ mn)

	1H24	1H25
Cashflow provided by operations	18.3	18.5
(Increase) decrease in NWC	-4.6	1.2
(Purchase of fixed assets)	-6.2	-12.1
FCF	**7.5**	**7.6**
(Other net investments)	0.0	0.0
(Distribution of dividends)	-6.8	-7.5
Right issue / (buy-back)	0.0	-1.3
Others (incl. FX, put option fair value adjustment)	-2.3	-4.3
(Increase) decrease in net debt	-1.6	-5.5

Source: Company data

1H25 FCF was € 7.6mn, in line with 1H24, mainly thanks to lower NWC absorption. In our calculation, TWC compared to annualized 2Q25 sales remained broadly stable vs. 2Q24 and improved vs. 4Q24, mainly thanks to higher payables.

NET WORKING CAPITAL TREND (€ mn)

	2Q24	% 4xQ Sales	3Q24	% 4xQ Sales	4Q24	% 4xQ Sales	1Q25	% 4xQ Sales	2Q25	% 4xQ Sales
receivables	65.6	22.1%	65.0	23.5%	64.8	25.1%	68.4	22.9%	69.6	24.5%
inventories	71.1	24.0%	69.7	25.2%	63.1	24.4%	63.4	21.2%	65.3	23.0%
payables	-51.0	-17.2%	-46.4	-16.8%	-41.7	-16.1%	-48.3	-16.2%	-51.2	-18.0%
TWC	85.7	28.9%	88.3	31.9%	86.2	33.3%	83.5	28.0%	83.8	29.4%

Source: company data

Here below we present the reported and adjusted P&L view. The main adjustment is due to the accounting of Turkey as hyperinflationary economy (IAS 29).

ADJUSTED AND REPORTED 2Q AND 1H P&L

Data in thousands of €	Q2 2025 (*)	Q1 2025	% change	Q2 2025 (*)	Q2 2024 (*)	% change
Sales revenue	69,353	73,647	*-5.8*	69,353	75,816	*-8.5*
Hyperinflation – Turkey	1,790	948		1,790	(1,703)	
Normalised revenue	**71,143**	**74,595**	***-4.6***	**71,143**	**74,113**	***-4.0***
EBITDA	9,987	10,250	*-2.6*	9,987	13,106	*-23.8*
EBITDA %	*14.4*	*13.9*		*14.4*	*17.3*	
Hyperinflation – Turkey	918	172		918	(719)	
Normalised EBITDA	**10,905**	**10,422**	***+4.6***	**10,905**	**12,387**	***-12.0***
Normalised EBITDA %	***15.3***	***14.0***		***15.3***	***16.7***	
EBIT	3,970	3,862	*+2.8*	3,970	7,421	*-46.5*
EBIT %	*5.7*	*5.2*		*5.7*	*9.8*	
Hyperinflation – Turkey	1,850	1,382		1,850	260	
Normalised EBIT	**5,820**	**5,244**	***+11.0***	**5,820**	**7,681**	***-24.2***
Normalised EBIT %	***8.2***	***7.0***		***8.2***	***10.4***	
Group net result	1,449	3,790	*-61.8*	1,449	4,093	*-64.6*
Net result %	*2.1*	*5.1*		*2.1*	*5.4*	
Hyperinflation – Turkey	1,739	(281)		1,739	1,354	
Normalised result of the Group	**3,188**	**3,509**	***-9.1***	**3,188**	**5,447**	***-41.5***
Normalised result %	***4.5***	***4.7***		***4.5***	***7.3***	

Data in thousands of €	H1 2025	H1 2024	2025-2024 change	% change	12 MONTHS 2024
Sales revenue	143,000	144,677	(1,677)	*-1.2%*	285,091
Hyperinflation – Turkey	2,738	(1,566)			(8,126)
Normalised revenue	**145,738**	**143,111**	**2,627**	***+1.8%***	**276,965**
EBITDA	20,237	23,674	(3,437)	*-14.5%*	43,704
EBITDA %	*14.2*	*16.4*			*15.3*
Hyperinflation – Turkey	1,090	(734)			(3,306)
Normalised EBITDA	**21,327**	**22,940**	**(1,613)**	***-7.0%***	**40,398**
Normalised EBITDA %	***14.6***	***16.0***			***14.6***
EBIT	7,832	12,394	(4,562)	*-36.8%*	17,739
EBIT %	*5.5*	*8.6*			*6.2*
Hyperinflation – Turkey	3,233	1,099			**3,465**
Normalised EBIT	**11,065**	**13,493**	**(2,428)**	***-18.0%***	**21,204**
Normalised EBIT %	***7.6***	***9.4***			***7.7***
Net profit	5,239	8,363	(3,124)	*-37.4%*	6,928
Net result %	*3.7*	*5.8*			*2.4*
Hyperinflation – Turkey	1,459	1,779			9,022
Normalised result of the Group	**6,698**	**10,142**	**(3,444)**	***-34.0%***	**15,950**
Normalised result %	***4.6***	***7.1***			***5.8***

** unaudited figures*
Source: SAB press release

FY25 OUTLOOK: SLIGHTLY POSITIVE SALES GROWTH, MARGIN AT 1H25 LEVEL

In the press release, Sabaf indicated that the current order book supported a **slightly positive sales performance for FY25 despite the complex macro-economic context** characterized by unfavourable exchange rate trends, international economic uncertainty linked to the application of tariffs and geopolitical risk.

In the call, management guided for 2H revenues broadly in line with 2Q levels, and for **FY25 margins in line with or slightly above 1H** (14.6%). Key variables to be monitored remain FX volatility (TRY and USD, with SAB being net short TRY and net long USD) and underlying market demand.

FROM THE CALL: INTERESTING UPDATES ON MEXICO, MEC AND M&A

In the call, management highlighted:

- **Mexican plant is ramping up in line with expectations**, with € 7.5mn sales expected in FY25 vs. € 3.2mn in FY24 and good improvement in profitability. Further growth is expected in FY26 (in the € 10-12mn sales area), supported by a new project with Mabe and qualification achieved with GE.
- **MEC delivered strong results, with +14% sales growth in 1H in USD and margin above 16%** (in line with profitability target set at the time of acquisition compared to the initial HSD margin). **Strategic opportunities are emerging for MEC thanks to its US manufacturing footprint**, with some relevant clients like Electrolux and Bosch discussing potential new relevant supply agreements (which would in any case require at least 12 months to translate into sales). The acquisition is proving definitively well executed and well timed, in light of the evolution of the geopolitical scenario brought by US tariffs.
- **New M&A opportunities are under evaluation**, with short term announcement not ruled out.

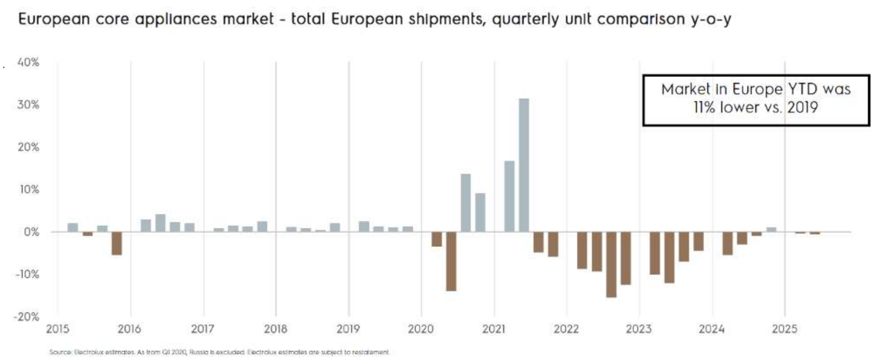
MESSAGES FROM KEY INDUSTRY PLAYERS: MARKET STILL STAGNANT

Overall, the recent messages provided by key industry players like Whirlpool, Electrolux and Arcelik are **still lacklustre**, **with end market demand still stagnant in all key regions**, **a promotional environment and pressure on margin from tariffs and FX to be addressed with price increases and cost efficiencies**. The broader view is therefore for another complex year with market demand remaining at the bottom of the cycle, consumer demand shifting to lower price points and key clients focused on protecting margins.

■ 2Q industry shipments stagnant in key areas

In EMEA 2Q industry shipments for Major Domestic Appliances (MDA) were slightly negative (-1%, with WE -1% and EE flat), **remaining 11% below 2019 level**.

QUARTERLY INDUSTRY SHIPMENTS IN EUROPE



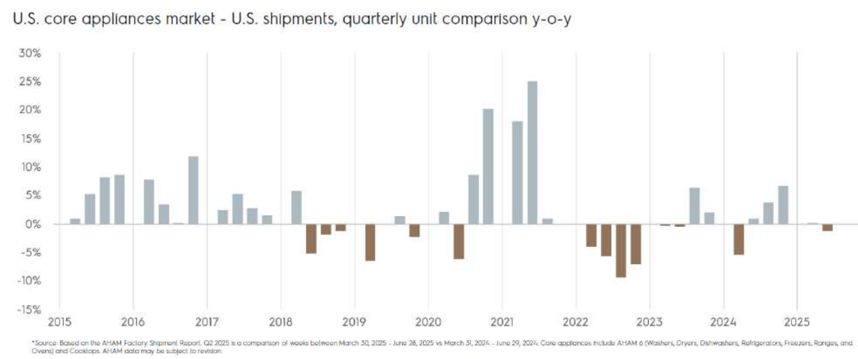
Arcelik highlighted some green spots in WE like UK, Italy, Spain, Belgium and the Netherlands, while France, Germany and Austria remained negative, while referred to a more positive environment in EE.

WESTERN AND ESTERN EUROPE MARKET DEMAND (5M25)

Source: Arcelik 2Q25 presentation

In NA, industry shipments in 2Q reverted to negative (-1%), in a consumer environment characterised by high promotional activity, preference for lower price points and weak consumer confidence due to inflation concerns.

QUARTERLY INDUSTRY SHIPMENTS IN NORTH AMERICA



Source: Electrolux 2Q25 presentation

In LatAm, 2Q market demand is estimated slightly positive according to Electrolux, with Brazilian consumer environment hit by inflationary pressure and high interest rates and a good recovery in Argentina.

■ Market outlook: no expectations of rebound in demand for FY25

Key industry players are projecting a stagnant market for FY25, with all key regions flattish or down. Whirlpool in particular revised down expectations in all 3 regions in which the company operates (NA, LatAm, APAC), as detailed in the chart below.

2025 INDUSTRY SHIPMENTS FORECASTS AND PROFITABILITY GUIDANCE

	Industry		EBIT %	
	Previous	Current	Previous	Current
MDA North America	~Flat	(3%) - 0%	~7.5%	6.0% - 6.5%
MDA Latin America	0% - 3%	(5%) - 0%	~7.5%	~7.0%
MDA Asia	3% - 5%	0% - 3%	~6.0%	~5.0%*
SDA Global	~Flat	(3%) - 0%	~15.0%	~15.5%
Total	**~Flat**	**(3%) - 0%**	**~6.8%**	**~5.7%**

Source: Whirlpool 2Q25 presentation

Electrolux is confirming a view of stable/negative demand in NA and stability elsewhere.

2025 INDUSTRY SHIPMENTS FORECAST BY REGION

Source: Electrolux 2Q25 presentation

ESTIMATES: UNCHANGED AFTER THE RECENT TRIM

We had recently trimmed our forecasts by 2% on sales to € 286mn in sales (+3% YoY) and 4% on EBITDA to € 41.5mn EBITDA (14.5% margin), due to the prudent messages on market demand provided by key industry players with 2Q results.

Our current estimates are consistent with company guidance ("slight growth in sales" and "FY25 margin in line or slightly above 1H25 level of 14.6%") **and 2Q trends**. **We have therefore left our estimates unchanged both for FY25** (apart from a decrease in NFP by around € 2mn due to the FX impact booked in 1H25) **and for the following years**.

For FY26 we assume a top-line growth of +4% and a margin expansion of +80bps which is **still enjoying limited visibility** but is supported by 1) **an assumption of normalization in market demand** (LSD positive volumes) after several quarters of sluggish trend and a more supportive interest rate environment in the US; 2) **ramp-up of strategic projects** (notably **Mexico**, **India**, **MEC**, and product innovation in **electronics**), which are confirmed as opportunities to gain market share and enter new segments… partly offset by 3) **FX headwinds** (at current USD rate we estimate a -1% FX impact).

CHANGE IN ESTIMATES (€ mn)

	2025E Prev.	2025E Curr.	2025E Prev.	2025E Curr.	2026E Prev.	2026E Curr.
Adj. Revenues	286.1	286.1	298.6	298.6	313.1	313.1
% chg		0.0%		0.0%		0.0%
Abs chg		0.0		0.0		0.0
Adj. EBITDA	41.5	41.5	45.6	45.6	49.0	49.0
% chg		0.0%		0.0%		0.0%
Abs chg		0.0		0.0		0.0
Adj. EBIT	21.5	21.5	24.9	24.9	28.1	28.1
% chg		0.0%		0.0%		0.0%
Abs chg		0.0		0.0		0.0
Adj. Net income	13.1	13.1	15.5	15.4	18.1	18.0
% chg		-0.1%		-0.3%		-0.6%
Abs chg		0.0		0.0		-0.1
Net income	13.1	13.1	15.5	15.4	18.1	18.0
% chg		-0.1%		-0.3%		-0.6%
Abs chg		0.0		0.0		-0.1
Adj. EPS (€ cents)	105.1	105.1	124.2	123.9	145.4	144.6
% chg		-0.1%		-0.3%		-0.6%
Abs chg		-0.1		-0.3		-0.8
NFP	-70.4	-72.4	-61.4	-63.4	-51.3	-53.5
% chg		2.9%		3.3%		4.2%
Abs chg		-2.0		-2.0		-2.2
FCF	12.0	12.0	16.5	16.4	17.8	17.7
% chg		-0.1%		-0.3%		-0.6%
Abs chg		0.0		0.0		-0.1
CAPEX	18.0	18.0	16.4	16.4	17.2	17.2
% chg		0.0%		0.0%		0.0%
Abs chg		0.0		0.0		0.0
DPS	60.0	60.0	62.0	62.0	64.0	64.0
% chg		0.0%		0.0%		0.0%
Abs chg		0		0		0

Source: Equita SIM estimates

BUY CONFIRMED: ATTRACTIVE VALUATION IN A TROUGH MARKET

We confirm our valuation at €20ps, based on the average of our DCF (€20) and multiples approach (€19, applying 15x Adj. P/E and 12x EV/EBIT 2026).

PE MULTIPLE VALUATION	
(A) 2026E multiple	15 x
(B) 2026 EPS (€)	1.2
(C)=(A)x(B) Stock value (€)	19
(D) Dividends to be cashed-in (€)	1.2
(E) = (C)+(D) Total stock value (€ PS)	20
(F) Discount (1+Ke)	1.03
(G)=(E)/(F) Target (€ PS)	19

TARGET PRICE SENSITIVITY			
(A) 2026E multiple	13 x	15 x	17 x
(B) 2026 EPS (€)	1.2	1.2	1.2
(C)=(A)x(B) Stock value (€)	16	19	21
(D) Dividends to be cashed-in (€)	1.2	1.2	1.2
(E) = (C)+(D) Total stock value (€ PS)	17	20	22
(F) Discount (1+Ke)	1.03	1.03	1.03
(G)=(E)/(F) Target (€ PS)	17	19	22

Source: Equita SIM estimates

EV/EBIT MULTIPLE VALUATION (€ mn)	
(A) 2026E multiple	12.0 x
(B) 2026 EBIT	25
(C)=(A)x(B) EV	299
(D) NFP 2026E	-63
(E) minorities	-4
(F) Dividends to be cashed-in	15
(G) = (C)+(D)+(E)+(F) Total stock value	246
(H) Discount (1+Ke)	1.03
(I)=(G)/(H) Target (€ PS)	239
(L) shares (mn)	12.4
(M)=(I)/(L) Target (€ PS)	19

TARGET PRICE SENSITIVITY (€ mn)			
(A) 2026E multiple	10 x	12 x	14 x
(B) 2026 EBIT	25	25	25
(C)=(A)x(B) EV	249	299	349
(D) NFP 2026E	-63	-63	-63
(E) minorities	-4	-4	-4
(F) Dividends to be cashed-in	15	15	15
(G) = (C)+(D)+(E)+(F) Total stock value	196	246	296
(H) Discount (1+Ke)	1.03	1.03	1.03
(I)=(G)/(H) Target (€ PS)	190	239	287
(L) shares (mn)	12.4	12.4	12.4
(M)=(I)/(L) Target (€ PS)	15	19	23

Source: Equita SIM estimates

DCF (€ mn)

Assumptions	
G	2.0%
WACC	8.8%

Valuation (€ mn)	
NPV of FCF (2025-29)	82
NPV of Terminal Value	257
Estimated Enterprise Value	339
2024 NFP	-74
Adjustment to NFP	-9
SAB IM Equity	257
Minorities & Peripheral	-4
Total Equity	252
Adj. # of shares (mn)	12.4
Target Price (€ PS)	20

	2025E	2026E	2027E	2028E	2029E	Perpetuity
Sales	286	299	313	323	332	339
Change %	*0.4%*	*4.4%*	*4.9%*	*3.0%*	*3.0%*	*2.0%*
EBITDA	42	46	49	52	55	55
Change %	*2.8%*	*9.8%*	*7.5%*	*5.6%*	*5.6%*	*0.8%*
Margin	14.5	15.3	15.6	16.0	16.4	16.2
D&A	-20.1	-20.7	-20.9	-21.0	-19.9	-20.3
EBIT	21	25	28	31	35	35
Change %	*1.3%*	*16.1%*	*12.8%*	*9.5%*	*12.7%*	*23.4%*
Margin	7.5	8.4	9.0	9.5	10.4	10.2
Taxes	-6	-7	-8	-8	-9	-9
EBIT after Tax	16	18	21	22	25	25
Change %	*1.3%*	*16.1%*	*12.8%*	*9.5%*	*12.7%*	*0.0%*
Capex/acquisitions	-18	-16	-17	-19	-20	-20
(increase) decrease in NWC	-4	-4	-5	-3	-3	-2
Free Cash Flow before minorities	13	18	19	21	22	23
Free Cash Flow	13	18	19	21	22	23
Discount Factor	0.9	1.0	1.1	1.2	1.3	1.3
PV of FCF	14	18	17	17	17	17

Source: Equita SIM estimates and company data

DCF SENSITIVITY ANALYSIS

		Perpetual growth G		
		1.5%	2.0%	2.5%
WACC	8.3%	21	22	24
	8.8%	19	20	21
	9.3%	18	18	19

Source: Equita SIM estimates

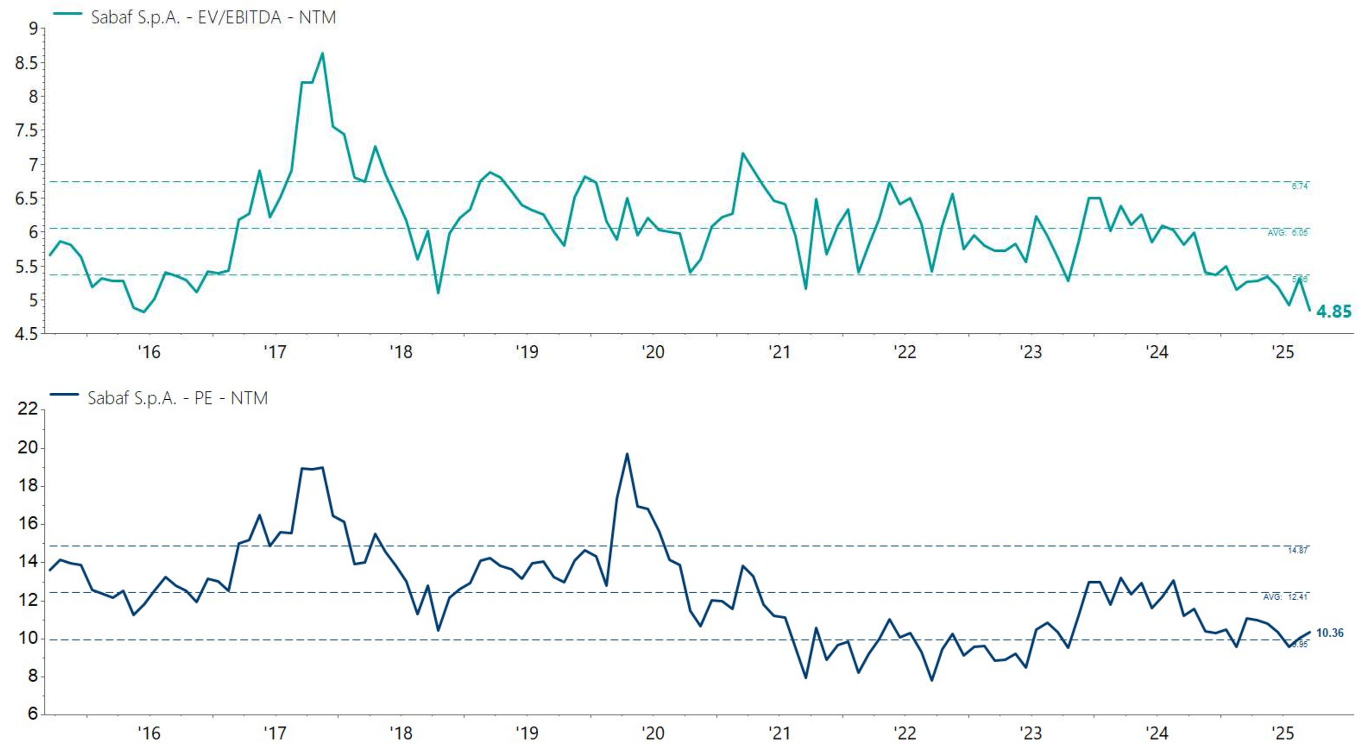
SABAF VALUATION

	Weight	Target multiple	Valuation (€ PS)
PE multiple valuation	33%	15x	19
EV/EBIT valuation	33%	12x	19
DCF valuation	33%	n.m.	20
Target price			20

Source: Equita SIM estimates

The stock currently trades at 6.1–5.3x EV/EBITDA, 12–10x EV/EBIT, and 14–12x P/E 2025–26. **Valuation is attractive in our view**, **given** 1) a historical range of 5-7x 1-year forward EV/EBITDA and 9-15x 1-year forward PE and **a demand cycle still at its trough**, supporting multiples in the upper part of the historical range, and 2) **strategic initiatives** like **Mexico** and India ramp-up, **MEC** new business opportunities and product innovation in **electronics** which are developing nicely and allowing SAB to take share even in a stagnant market

SAB ADJ. PE (Blended forward 12M): IN LINE WITH HISTORICAL AVERAGE



Source: Factset, current multiple calculated on Factset consensus

STATEMENT OF RISKS FOR SABAF

The main factors that could negatively affect SAB are the following:

- Weaker market demand
- Higher competitive pressures
- Sharp increase in aluminium and steel prices
- Inability to acquire and integrate companies
- Inability to enter new markets
- Inability to protect its product exclusivity
- Development of alternative technologies

P&L - €mn	2022	2023	2024	2025E	2026E	2027E
SALES Rep	253	238	285	286	299	313
Growth	-3.9%	-6.0%	19.8%	0.4%	4.4%	4.9%
EBITDA Rep	40.1	29.6	43.7	41.5	45.6	49.0
Growth	-25.9%	-26.2%	47.6%	-5.0%	9.8%	7.5%
Margin	15.8%	12.4%	15.3%	14.5%	15.3%	15.6%
D&A	-18.2	-18.5	-26.0	-20.1	-20.7	-20.9
EBIT Rep	21.9	11.1	17.7	21.5	24.9	28.1
Growth	-41.6%	-49.5%	60.4%	21.0%	16.1%	12.8%
Margin	8.6%	4.6%	6.2%	7.5%	8.4%	9.0%
Net Interest Charges	-1.8	-3.4	-2.4	-4.4	-4.0	-3.7
Financial Expenses	-9.7	-11.1	2.6	-3.8	-4.0	-3.7
Non Recurrings	0.0	0.0	3.5	0.0	0.0	0.0
PBT Rep	12.2	-0.1	20.3	17.7	20.9	24.5
Growth	-58.9%	n.m.	n.m.	-12.8%	18.1%	17.0%
Income Taxes	3.0	3.4	-3.4	-4.6	-5.5	-6.5
Tax rate	-24.9%	5643.3%	16.5%	25.9%	26.3%	26.4%
Minority Interest	0.0	-0.2	-1.0	-1.2	-1.2	-1.2
Discontinued Operations	0.0	0.0	0.0	1.2	1.2	1.2
Net Income Rep	15.2	3.1	16.0	13.1	15.4	18.0
Growth	-36.2%	-79.7%	414.0%	-17.7%	17.5%	16.7%
Margin	6.0%	1.3%	5.6%	4.6%	5.2%	5.7%
Net Income Adj	14.5	10.4	13.1	13.1	15.4	18.0
Growth	-45.1%	-28.5%	26.3%	-0.1%	17.5%	16.7%
Margin	5.7%	4.4%	4.6%	4.6%	5.2%	5.7%

CF Statement	2022	2023	2024	2025E	2026E	2027E
FFO	33.5	23.4	42.8	34.4	37.3	40.1
Chg. in Working Capital	-9.3	16.5	-15.8	-4.4	-4.4	-5.2
Other chg. in OCF	0.0	0.0	0.0	0.0	0.0	0.0
NCF from Operations	24.2	39.9	27.0	30.0	32.9	34.9
CAPEX	-20.9	-16.9	-14.7	-18.0	-16.4	-17.2
Financial Investments	-9.8	-21.2	0.0	0.0	0.0	0.0
Other chg in investments	0.0	0.0	0.0	0.0	0.0	0.0
NCF from Investments	-30.6	-38.1	-14.7	-18.0	-16.4	-17.2
Dividends paid	-6.7	0.0	-6.8	-7.3	-7.5	-7.7
Capital Increases	0.2	16.8	-0.2	-1.3	0.0	0.0
Other changes in financing	-3.9	-7.4	-6.0	-2.0	0.0	0.0
CHG IN NFP	-16.8	11.2	-0.7	1.5	9.0	10.0

Source: Company data and Equita SIM estimates

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In the past EQUITA SIM has published studies on Sabaf

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BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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Ord SAB IM MOST RECENT CHANGES IN RECOMMENDATION AND/OR IN TARGET PRICE:

Date	Rec.	Target Price	Risk.	Comment
August 28, 2025	Buy	20.00	High	-
May 14, 2025	Buy	21.00	High	-
November 13, 2024	Buy	22.00	High	-

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HOLD	43.0%	34.3%
REDUCE	1.3%	2.9%
NOT RATED	2.0%	2.9%

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