SABAF

Earnings Review

BUY ord. *(Unchanged)*

Target: **€ 16.00** *(Prev. € 18)*

Risk: High

STOCKDATA			ORD
Price (as of 11 Sep 2026)			11.0
Bloomberg Code			SAB IM
Market Cap (€ mn)			136
Free Float			46%
Shares Out (mn)			12.4
52 week Range			€ 11.0 - 14.6
Daily Volume			9,872
Performance (%)	**1M**	**3M**	**1Y**
Absolute	-7.2	-14.1	-23.7
Rel to FTSE Italia All-Share	-5.1	-17.1	-37.7
MAIN METRICS	**2025**	**2026E**	**2027E**
SALES Adj	279	282	294
EBITDA Adj	41.4	40.3	43.8
EBIT Adj	21.1	19.8	23.1
NET INCOME Adj	10.9	9.9	12.2
EPS Adj - €c	87.0	79.2	98.3
DPS Ord - €c	58.0	58.0	60.0
MULTIPLES	**2025**	**2026E**	**2027E**
P/E ord Adj	16.0x	13.8x	11.1x
EV/EBITDA Adj	6.1x	5.5x	4.9x
EV/EBIT Adj	12.0x	11.2x	9.3x
REMUNERATION	**2025**	**2026E**	**2027E**
Div. Yield ord (A)	4.0%	5.3%	5.5%
FCF Yield Adj	9.5%	8.3%	10.3%
INDEBTEDNESS	**2025**	**2026E**	**2027E**
NFP Adj	-75.2	-80.2	-73.4
D/Ebitda Adj	1.8x	2.0x	1.7x

BACK TO TOP-LINE GROWTH WHILE DEFENDING PROFITABILITY

In a still tough market environment, Sabaf 2Q results showed a return to top-line growth (mid-single-digit organic), confirmed also for the FY26 thanks to solid orders and ramp-up in strategic projects (India and Mexico). We have confirmed our top-line projections, but lowered profitability due to input cost inflation, with 9% EPS reduction on 2027. Valuation updated to € 16PS due to revised estimates and higher rates.

■ Sales back to growth, despite the still challenging environment

Q2 results were slightly better than expected at the operating level. It is worth noting, **in a market environment that remains very challenging, the return to revenue growth**, both YoY and QoQ, mainly thanks to strategic initiatives launched in the past years (new capacity in India and Mexico). We also underline an improvement in profitability compared to 1Q26, even though margins are still down YoY. In more detail:

- **Revenues were up by +3.5%** to € 73.6mn (vs. € 73mn exp.). **By geographies**, Europe/Turkey were flat, NA was slightly up at cFX while LatAm, APAC (driven by India) and MENA (a temporary boost due to postponement from 1Q26) were up double digit;
- **EBITDA** was down by -2% to € 10.7mn vs. € 10.5mn exp., with EBITDA margin at 14.6% (+100bps QoQ, -70bps YoY). The YoY decline in margin was **mainly due to FX headwinds (USD weakness)**.

■ FY26 outlook: moderate top-line growth and margin protection

Sabaf confirmed the FY26 sales outlook, pointing to "moderate top-line growth" despite weak market demand, and is working to **protect margins** from inflationary pressure. More specifically:

- Order intake and ongoing strategic projects sustain the guidance of **moderate revenue growth in FY26**, with a continuation in 2H of the recovery seen in 2Q;
- Management is **focused on protecting profitability**, also thanks to price increases partly implemented starting from 2H and partly still under negotiations, to counter inflationary cost pressures.

■ Estimates: we confirm top-line projections but lower margin assumptions

We confirm our FY26 top-line estimate of € 282mn (2H +3.6% on an easier comparison, higher contribution from strategic projects and less negative FX impact), **while we cut EBITDA by -5% to € 40.3mn** (margin 14.3% from 15.0%) considering the trends in input costs and 1H profitability (1H26 EBITDA margin at 14.1%). **For 2027, we maintain our assumption of +4% sales to € 294mn,** with half of the growth coming from a modest market improvement (around 8% below 2019 levels in EMEA, representing) and half from the ramp-up of strategic projects discussed in the call. We **cut 2027 EBITDA by -4% to € 43.8mn**, with a margin recovery of +60bps to 14.9%. At Adj. EPS level, the lower EBITDA translates into a 9% cut in 2027.

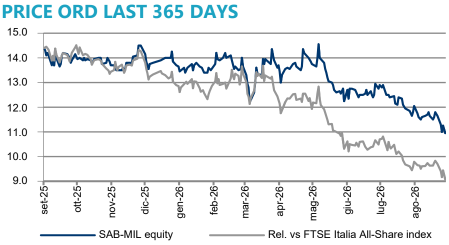
■ Valuation lowered to € 16ps to reflect change in estimates and higher rates

We have lowered our valuation on SAB to € 16PS (vs. previous € 18PS), derived as the average between DCF valuation (impacted also by higher interest rates) and market multiples (15x PE 2027, 12x EV/EBIT 2027 discounted to 12M from now).

We do not see yet a catalyst for underlying clear market recovery given the context of higher long-term rates and a pressure on consumer spending from higher energy prices. However, **SAB's performance in the current context is clearly outstanding, driven by market share gains across geographies and led by strategic management initiatives (new capacity in India, Mexico, MEC acquisition).** This set a very solid industrial base for strong operating leverage once the market normalizes.

Valuation remains compressed (5.5-4.9x EV/EBITDA, 14-11x Adj. PE 2027-27) considering that market demand is at the bottom of the cycle, at least in the EMEA region (more than 50% of SAB sales in 2026E).

PRICE ORD LAST 365 DAYS



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MAIN FIGURES - EURmn	2023	2024	2025	2026E	2027E	2028E
SALES Adj	239	277	279	282	294	307
Growth	-5.5%	15.8%	0.8%	1.0%	4.4%	4.2%
EBITDA Adj	33.1	40.4	41.4	40.3	43.8	46.7
Growth	-9.0%	22.2%	2.4%	-2.5%	8.5%	6.7%
EBIT Adj	17.5	21.2	21.1	19.8	23.1	25.8
Growth	-11.9%	21.2%	-0.2%	-6.2%	16.3%	11.8%
PBT Adj	12.0	20.3	15.8	15.6	18.9	21.9
Growth	-9.3%	69.3%	-22.2%	-1.4%	21.1%	16.3%
Net Income Adj	10.4	13.1	10.9	9.9	12.2	14.5
Growth	-28.5%	26.3%	-17.3%	-9.3%	24.0%	18.2%

MARGIN - %	2023	2024	2025	2026E	2027E	2028E
EBITDA Adj Margin	13.9%	14.2%	14.9%	14.3%	14.9%	15.2%
Ebit Adj margin	7.4%	7.4%	7.6%	7.0%	7.8%	8.4%
Pbt Adj margin	5.0%	7.1%	5.7%	5.5%	6.4%	7.1%
Net Income Adj margin	4.4%	4.6%	3.9%	3.5%	4.2%	4.7%

SHARE DATA	2023	2024	2025	2026E	2027E	2028E
EPS Adj - €c	87.5	105	87.0	79.2	98.3	116
Growth	-32.2%	20.2%	-17.3%	-8.9%	24.0%	18.2%
DPS ord(A) - €c	54.0	58.0	58.0	58.0	60.0	62.0
BVPS	13.0	13.2	12.2	12.3	12.7	13.3

VARIOUS	2023	2024	2025	2026E	2027E	2028E
Capital Employed	248	252	240	246	245	243
FCF	22.9	12.3	17.1	11.3	14.0	15.7
CAPEX	16.9	14.7	18.0	16.5	16.2	16.9
Working capital	71.8	78.2	76.8	81.1	85.5	89.9
Trading Working capital	75.3	86.2	85.7	89.8	93.6	97.4

INDEBTNESS	2023	2024	2025	2026E	2027E	2028E
Nfp Adj	-73.2	-73.9	-75.2	-80.2	-73.4	-65.2
D/E Adj	0.43	0.43	0.47	0.50	0.44	0.38
Debt / EBITDA Adj	2.2x	1.8x	1.8x	2.0x	1.7x	1.4x
Interest Coverage	8.6x	18.6x	9.2x	9.5x	10.4x	12.1x

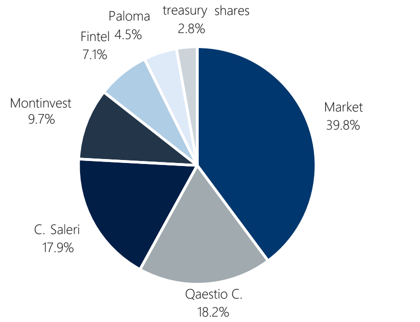
MARKET RATIOS	2023	2024	2025	2026E	2027E	2028E
P/E Ord Adj	19.8x	14.4x	16.0x	13.8x	11.1x	9.4x
PBV	1.2x	1.3x	1.2x	0.9x	0.9x	0.8x

EV FIGURES	2023	2024	2025	2026E	2027E	2028E
EV/Sales	1.2x	0.9x	0.9x	0.8x	0.7x	0.7x
EV/EBITDA Adj	8.9x	6.6x	6.1x	5.5x	4.9x	4.4x
EV/EBIT Adj	16.8x	12.6x	12.0x	11.2x	9.3x	8.0x
EV/CE	1.2x	1.1x	1.1x	0.9x	0.9x	0.8x

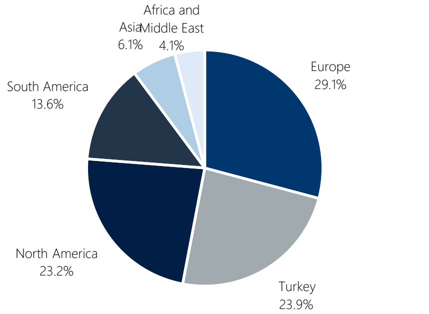
REMUNERATION	2023	2024	2025	2026E	2027E	2028E
Div. Yield ord	3.4%	3.3%	4.0%	5.3%	5.5%	5.7%
FCF Yield Adj	12.1%	5.7%	9.5%	8.3%	10.3%	11.5%
Roce Adj	5.3%	6.4%	6.5%	6.1%	6.9%	7.8%

Source: Company data and Equita SIM estimates

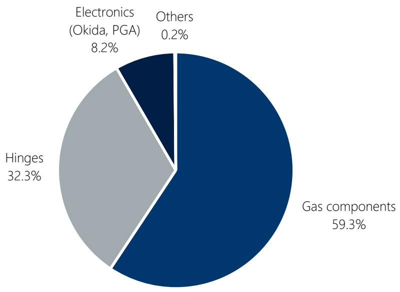
SHAREHOLDERS



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**. The majority of Sabaf's sales consist of original equipment supply.

The group **generated 29% of its 2025 revenues in Europe**, **24**% **in Turkey**, **23% in North America, 14% in LatAm**, 6% in APAC and4% in MENA. 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** (8% of 2025 sales) and strengthened its presence in the market of hinges for consumer appliances (33% of 2025 sales).

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

7-YEAR BUSINESS TRENDS (€ mn)

	2019	2020	2021	2022	2023	2024	2025
Adj. SALES	156	185	263	252	239	277	279
- gas components	122	130	182	157	144	164	166
- hinges	24	41	58	69	70	87	90
- electronics	10	14	22	26	25	26	23
- induction					0	0	0
Adj. EBITDA	27.0	37.1	54.1	36.3	33.1	40.4	41.4
Adj. EBITDA margin	17.3%	20.1%	20.6%	14.4%	13.8%	14.6%	14.8%
Adj. Net Income	8.1	14.1	26.5	14.5	10.4	13.1	10.9

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. 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. In 2024-25 market demand has remained stagnant, failing to recover pre-Covid levels.

Post 2023 reserved capital increase to finance MEC acquisition, Sabaf's largest shareholders are: the Saleri family (17.9% of capital and 21.2% of voting rights) and Quaestio Capital (18.2% of capital and 23.7% 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

2Q RESULTS: SALES BACK TO GROWTH

Q2 results were slightly better than expected at the operating level. It is worth noting, **in a market environment that remains very challenging** (see the chapter on outlook provided by key clients)**, the return to revenue growth**, both YoY and QoQ, mainly thanks to strategic initiatives launched in the past years (new capacity in India and Mexico). We also underline an improvement in profitability compared to 1Q26, even though margins are still down YoY.

In more detail:

- **Revenues were up by +3.5%** to € 73.6mn (vs. € 73mn exp.), a return to top-line growth despite still challenging market conditions (Major Domestic Appliances market demand negative in NA, flattish in Europe, key clients under pressure to recover profitability). At cFX, top line growth would have been around +4% in 2Q26 and +0.4% in 1H26.

  By geographies, Europe/Turkey were flat, NA was slightly up at cFX while LatAm, APAC (driven by ramp-up in India) and MENA (a temporary boost due to revenue postponement from 1Q26) were up double digit.

SAB - ADJUSTED 2Q SALES BREAKDOWN BY GEOGRAPHY (€ mn)			
	2Q25	2Q26	YoY change
Europe	21.3	22.0	3%
Turkey	17.0	16.4	-4%
North America	16.7	16.5	-1%
South America	9.0	10.0	11%
MENA	2.6	3.4	30%
Asia	4.6	5.4	17%
Total sales	71.1	73.6	3.5%

Source: Company data

SAB - ADJUSTED 1H SALES BREAKDOWN BY GEOGRAPHY (€ mn)			
	1H25	1H26	YoY change
Europe	42.4	44.8	6.4%
Turkey	36.2	32.5	-10%
North America	33.2	31.8	-4%
South America	18.4	19.6	7%
MENA	6.7	5.5	-18%
Asia	8.8	9.5	8%
Total sales	145.7	143.6	-1.4%

Source: Company data

  By product category, **gas components were the main positive driver**, up by 7.5%, **hinges were LSD positive** while **electronic components** (now including also induction) were still largely down, mainly due to weak market in Turkey and persistent competitive pressure not yet fully offset by expansion of the product portfolio and entry in new end markets.

SAB - ADJUSTED 2Q SALES BREAKDOWN BY PRODUCT (€ mn)				
	2Q25	2Q26	YoY change	cFX
Gas components	42.0	45.2	7.5%	
Hinges	22.8	23.1	1.2%	
Electronic components	6.3	5.4	-14.5%	
Total sales	71.1	73.6	3.5%	4.1%

Source: Company data

SAB - ADJUSTED 1H SALES BREAKDOWN BY PRODUCT (€ mn)				
	1H25	1H26	YoY change	cFX
Gas components	86.4	86.4	-0.1%	
Hinges	46.9	46.1	-1.8%	
Electronic components	12.4	11.2	-9.7%	
Total sales	145.7	143.6	-1.4%	0.4%

Source: Company data

- **EBITDA** was down by -2% to € 10.7mn vs. € 10.5mn exp., with EBITDA margin at 14.6% (+100bps QoQ, -70bps YoY). The YoY decline in margin was **mainly due to FX headwinds (USD weakness)**, partly offset by production efficiencies. **Prices and input costs remained rather stable**, thanks to hedges on raw materials and, in part, energy costs.

- **Net Income** stood at € 0.9mn (€ 2.9mn expected), mainly due to 1) **the revaluation of the put option on the 49% stake in MEC** (€ 4.1mn impact on financial costs) triggered by performance well above plan and 2) a tax rate that did not benefit from tax incentives in Turkey, differently from 1H25.

SAB - 2Q RESULTS (€ mn)

		EXPECTED		ACTUAL		
	2Q25	2Q26	YoY Δ%	2Q26	YoY Δ%	Act vs Exp
Adj. Revenues	71.1	73.0	2.7%	73.6	3.5%	1%
Adj. EBITDA	10.9	10.5	-3.8%	10.7	-1.8%	2%
Adj. EBITDA Margin	15.3%	14.4%		14.6%		
Adj. EBIT	5.8	5.4	-7.4%	5.5	-4.7%	3%
Adj. EBIT Margin	8.2%	7.4%		7.5%		
Adj. Net income	3.2	2.9	-7.7%	0.9	-72.6%	-70%
Adj. NI Margin	4.5%	4.0%		1.2%		
NFP	-79.4	-85.9	8.2%	-85.2	7.3%	-1%

Source: Equita SIM estimates and company data

SAB – 1H RESULTS (€ mn)

		EXPECTED		ACTUAL		
	1H25	1H26	YoY Δ%	1H26	YoY Δ%	Act vs Exp
Adj. Revenues	145.7	143.0	-1.8%	143.6	-1.4%	0%
Adj. EBITDA	21.3	20.0	-6.3%	20.2	-5.2%	1%
Adj. EBITDA Margin	14.6%	14.0%		14.1%		
Adj. EBIT	11.1	9.9	-10.9%	10.0	-9.5%	2%
Adj. EBIT Margin	7.6%	6.9%		7.0%		
Adj. Net income	6.7	5.6	-17.1%	3.5	-48.1%	-37%
Adj. NI Margin	4.6%	3.9%		2.4%		
NFP	-79.4	-85.9	8.2%	-85.2	7.3%	-1%

Source: Equita SIM estimates and company data

- **NFP was in line with expectations at € -85mn but including the impact of the put option revaluation** (€ 4.1mn impact on NFP bridge). MEC put option (included in NFP and exercisable until 2028) is now worth € 19.1mn, thanks to the good results achieved in structurally improving MEC profitability (>15% EBITDA margin, almost 2x initial profitability).

- **FCF in 1H26 was € 6.3mn vs. € 2mn expected**, after € 9.2mn CAPEX, thanks to a slight reduction in NWC in 2Q26.

SAB – NFP BRIDGE (€ mn)

	1H25	1H26
Cashflow provided by operations	18.5	15.8
(Increase) decrease in NWC	1.2	-0.4
(Purchase of fixed assets)	-12.1	-9.2
FCF	7.6	6.3
(Other net investments)	-1.4	-4.1
(Distribution of dividends)	-7.5	-8.0
Right issue / (buy-back)	-1.3	-1.2
Others	-2.9	-3.0
(Increase) decrease in net debt	-5.5	-10.0

Source: Company data

TWC/sales was up around +200bps YoY due to higher DoI. After peaking in September 2025 at 33.7%, TWC/sales has improved and is now closer to 31%.

SAB - NET WORKING CAPITAL TREND (€ mn)

	2Q25	% 4xQ Sales	3Q25	% 4xQ Sales	4Q25	% 4xQ Sales	1Q26	% 4xQ Sales	2Q26	% 4xQ Sales
receivables	69.6	24.5%	70.7	25.9%	63.5	24.3%	67.5	24.1%	70.8	24.1%
inventories	65.3	23.0%	64.8	23.8%	61.8	23.6%	69.2	24.7%	73.9	25.1%
payables	-51.2	-18.0%	-43.7	-16.0%	-39.6	-15.1%	-44.9	-16.0%	-52.5	-17.8%
TWC	83.8	29.4%	91.7	33.7%	85.7	32.8%	91.7	32.8%	92.2	31.3%

Source: company data

ADJUSTED AND REPORTED 2Q/1H P&L (€ mn)

Half-year results *Data in thousands of €*	**H1 2026**	**H1 2025**	**2026-2025 change**	**% change**	**12 MONTHS 2025**
Sales revenue	144,666	143,000	1,666	*+1.2%*	278,201
Hyperinflation – Turkey	(1,050)	2,738			1,035
Normalised revenue	**143,616**	**145,738**	**(2,122)**	***-1.5%***	**279,236**
EBITDA	20,851	20,237	614	*+3.0%*	40,780
EBITDA %	*14.4*	*14.2*			*14.7*
Hyperinflation – Turkey	(641)	1,090			570
Normalised EBITDA	**20,210**	**21,327**	**(1,117)**	***-5.2%***	**41,350**
Normalised EBITDA %	***14.1***	***14.6***			***14.8***
EBIT	7,955	7,832	123	*+1.6%*	16,163
EBIT %	*5.5*	*5.5*			*5.8*
Hyperinflation – Turkey	2,060	3,233			4,986
Normalised EBIT	**10,015**	**11,065**	**(1,050)**	***-9.5%***	**21,149**
Normalised EBIT %	***7.0***	***7.6***			***7.6***
Profit/(loss) for the period	(937)	5,239	(6,176)	*-117.9%*	5,180
Profit/(loss) %	*-0.6*	*3.7*			*1.9*
Hyperinflation – Turkey	4,417	1,459			7,696
Normalised result of the Group	**3,480**	**6,698**	**(3,218)**	***-48.0%***	**12,876**
Normalised result %	***2.4***	***4.6***			***4.6***

Source: SAB press release

FY26 OUTLOOK: MODERATE TOP-LINE GROWTH AND MARGIN PROTECTION

Sabaf confirmed the FY26 sales outlook, pointing to "moderate top-line growth" despite weak market demand, and is working to **protect margins** from inflationary pressure.

More specifically:

- Order intake and ongoing strategic projects sustain the guidance of **moderate revenue growth in FY26**, with a continuation in 2H of the recovery seen in 2Q;
- Management is **focused on protecting profitability**, also thanks to price increases partly implemented starting from 2H and partly still under negotiations, to counter inflationary cost pressures.

In the call, management provided additional colour on the guidance:

- **Revenues:** in **India**, Sabaf is finally seeing a pick-up in business, both in valves (€ 5mn in revenues expected in 2027 from € 2mn in 2026) and in burners (not yet quantifiable). In **Mexico**, the group sees € 8mn in revenues in 2H26 from € 4.5mn in 1H26, with room for further growth in 2027. New customers also in Brazil and Turkey overall explain the confidence on revenue growth in FY26 in a market context that remains challenging and assuming a seasonal slowdown in 4Q (not yet fully covered by orders).
- **Margins**: management highlighted a less negative impact on profitability from FX in 2H26 vs. 1H26, a positive contribution from volumes and slightly positive from prices, but higher input costs. The ramp-up in volumes in India (expected to reach break-even in 2H26 and move to positive in 2027) and Mexico also contributes to the protection of profitability.

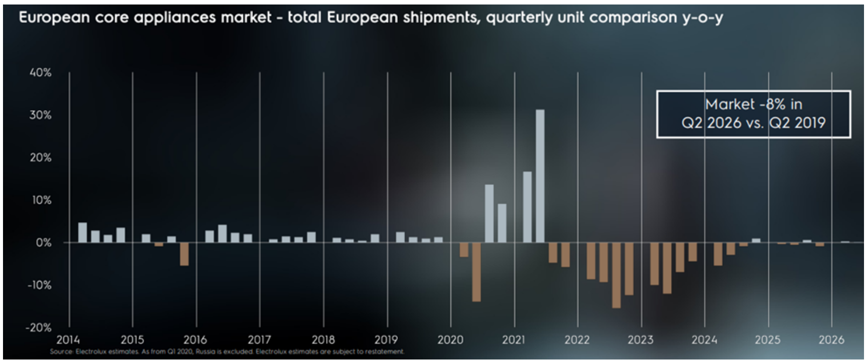
MESSAGES FROM KEY INDUSTRY PLAYERS: STILL SLUGGISH DEMAND

Over the last few months, SAB reference market has remained tough, with NA still negative (even though less compared to 1Q) and EU flattish on a very low base, due to negative performance in some key markets like Germany.

- **2Q market demand: still negative in NA, flattish markets in Europe**

In EMEA 2Q industry shipments for Major Domestic Appliances (MDA) were flat (both in WE and EE), **remaining 8% below 2019 level**.

EUROPE CORE APPLIANCED QUARTERLY INDUSTRY SHIPMENTS



Source: Electrolux 2Q26 presentation

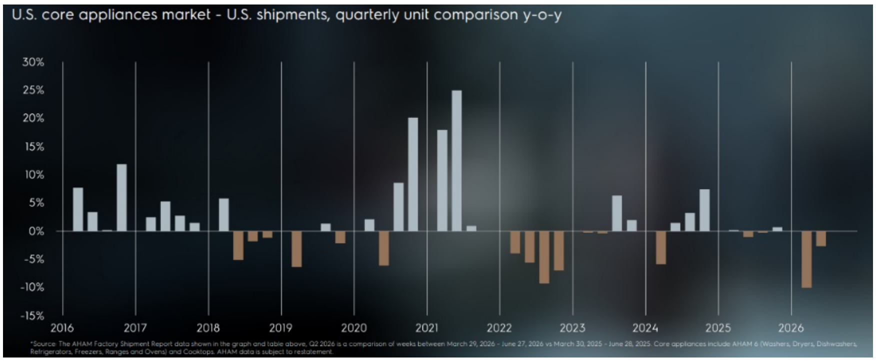
Arcelik comments on European demand in 5M26 showed clear signs of recovery in some markets (Spain, Italy, UK, France) but a negative demand in the DACH region. Persistent price pressure led to slightly a negative trend in value.

WESTERN AND ESTERN EUROPE MDA MARKET DEMAND

Source: Electrolux 2Q26 presentation

In NA, industry shipments were down by -3% in 2Q26, less dreadful compared to -10% in 1Q, but still largely negative.

US CORE APPLIANCES INDUSTRY SHIPMENTS



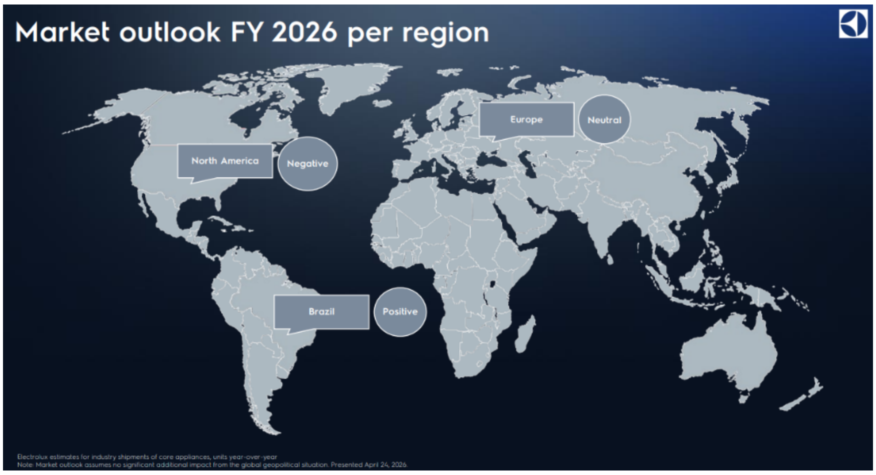
Source: Electrolux 2Q26 presentation

In **LatAm**, 2Q26 market demand is estimated by Electrolux to have **remained positive in Brazil**, Argentina and Chile.

■ Market outlook unchanged: negative NA, flat EMEA, positive LatAm

Key industry players have **confirmed expectations for market demand** in the main geographical areas: **with NA seen negative, Europe/APAC flattish and LatAm positive**.

2026 INDUSTRY SHIPMENTS FORECAST BY REGION



Source: Electrolux 2Q26 presentation

2026 INDUSTRY SHIPMENTS FORECASTS AND WHR PROFITABILITY GUIDANCE

2026 Segment Guidance - Unchanged

Whirlpool

	Industry	EBIT %
MDA North America	~(5%)	~4.0%
MDA Latin America	0 - 3%	~7.0%
SDA Global	~Flat	~15.5%

Source: Whirlpool 2Q26 presentation

ESTIMATES: WE CONFIRM TOP-LINE PROJECTIONS BUT LOWER MARGIN

We confirm our FY26 top-line estimate of € 282mn (2H +3.6% on an easier comparison, higher contribution from strategic projects and less negative FX impact), **while we cut EBITDA by -5% to € 40.3mn** (margin 14.3% from 15.0%) considering the trends in input costs and 1H profitability (1H26 EBITDA margin at 14.1%).

For 2027, we maintain our assumption of +4% sales to € 294mn, with half of the growth coming from a modest market improvement (still well below 2019 levels) and half from the ramp-up of strategic projects discussed in the call. We **cut 2027 EBITDA by -4% to € 43.8mn**, with a margin recovery of +60bps to 14.9%. At Adj. EPS level, the lower EBITDA translates into a 9% cut in 2027.

NFP has been impacted by the updated put option value (€ 4.1mn), lower EBITDA and FX impact.

CHANGE IN ESTIMATES (€ mn)

	2026E Prev.	2026E Curr.	2027E Prev.	2027E Curr.	2028E Prev.	2028E Curr.
Adj. Revenues	282.0	282.0	294.4	294.4	306.9	306.9
% chg		0.0%		0.0%		0.0%
Abs chg		0.0		0.0		0.0
Adj. EBITDA	42.3	40.3	45.5	43.8	48.4	46.7
% chg		-4.7%		-3.7%		-3.6%
Abs chg		-2.0		-1.7		-1.7
Adj. EBIT	21.8	19.8	24.8	23.1	27.5	25.8
% chg		-9.1%		-6.8%		-6.3%
Abs chg		-2.0		-1.7		-1.7
Adj. Net income	12.3	9.9	13.4	12.2	15.7	14.5
% chg		-19.8%		-9.0%		-8.0%
Abs chg		-2.4		-1.2		-1.3
Net income	12.3	9.9	13.4	12.2	15.7	14.5
% chg		-19.8%		-9.0%		-8.0%
Abs chg		-2.4		-1.2		-1.3
Adj. EPS (€ cents)	98.8	79.2	108.0	98.3	126.2	116.1
% chg		-19.8%		-9.0%		-8.0%
Abs chg		-19.6		-9.8		-10.1
NFP	-69.2	-80.2	-61.2	-73.4	-51.7	-65.2
% chg		16.0%		20.0%		26.2%
Abs chg		-11.0		-12.3		-13.5
FCF	14.2	11.3	15.2	14.0	17.0	15.7
% chg		-20.7%		-8.0%		-7.4%
Abs chg		-2.9		-1.2		-1.3
CAPEX	16.0	16.5	16.2	16.2	16.9	16.9
% chg		3.1%		0.0%		0.0%
Abs chg		0.5		0.0		0.0
DPS	58.0	58.0	60.0	60.0	62.0	62.0
% chg		0.0%		0.0%		0.0%
Abs chg		0		0		0

Source: Equita SIM estimates

VALUATION LOWERED TO € 16PS TO REFLECT CHANGE IN ESTIMATES/RATES

We have lowered our valuation on SAB to € 16PS (vs. previous € 18PS), derived as the average between DCF valuation and market multiples (15x PE 2027, 12x EV/EBIT 2027 discounted to 12M from now).

We do not see yet a visible catalyst for the market recovery, although SAB's performance in the current context is clearly outstanding and is a very solid base for strong operating leverage once the market normalizes. Valuation remains compressed (5.5-4.9x EV/EBITDA, 14-11x Adj. PE) considering that the demand cycle is at the bottom.

PE MULTIPLE VALUATION	
(A) 2027E multiple	15 x
(B) 2027E EPS (€)	1.0
(D)=(A)x[(B)+(C)] Stock value (€)	15
(E) Dividends to be cashed-in (€)	0.6
(F) = (D)+(E) Total stock value (€ PS)	15
(G) Discount (1+Ke)	1.03
(H)=(F)/(G) Target (€ PS)	15

TARGET PRICE SENSITIVITY			
(A) 2027E multiple	13 x	15 x	17 x
(B) 2027E EPS (€)	1.0	1.0	1.0
(D)=(A)x[(B)+(C)] Stock value (€)	13	15	17
(E) Dividends to be cashed-in (€)	0.6	0.6	0.6
(F) = (D)+(E) Total stock value (€ PS)	13	15	17
(G) Discount (1+Ke)	1.03	1.03	1.03
(H)=(F)/(G) Target (€ PS)	13	15	17

Source: Equita SIM estimates

EV/EBIT MULTIPLE VALUATION (€ mn)	
(A) 2027E multiple	12.0 x
(B) 2027E EBIT	23
(D)=(A)x[(B)+(C)] EV	277
(E) NFP 2027E	-73
(F) other assets/liabilities	-5
(G) Dividends to be cashed-in	7
(H) = (D)+(E)+(F)+(G) Total stock value	206
(I) Discount (1+Ke)	1.03
(J)=(H)/(I) Target (€ PS)	200
(K) shares outstanding (mn)	12.3
(L)=(J)/(K) Target (€ PS)	16

TARGET PRICE SENSITIVITY (€ mn)			
(A) 2027E multiple	10 x	12 x	14 x
(B) 2027E EBIT	23	23	23
(D)=(A)x[(B)+(C)] EV	231	277	323
(E) NFP 2027E	-73	-73	-73
(F) other assets/liabilities	-5	-5	-5
(G) Dividends to be cashed-in	7	7	7
(H) = (D)+(E)+(F)+(G) Total stock value	160	206	252
(I) Discount (1+Ke)	1.03	1.03	1.03
(J)=(H)/(I) Target (€ PS)	155	200	244
(K) shares (mn)	12.3	12.3	12.3
(L)=(J)/(K) Target (€ PS)	13	16	20

Source: Equita SIM estimates

DCF (€ mn)

Assumptions	
G	2.0%
WACC	9.1%

Valuation (€ mn)	
NPV of FCF (2026-29)	63
NPV of Terminal Value	232
Estimated Enterprise Value	295
2025A NFP	-75
Adjustment to NFP	-13
SAB IM Equity	207
Other assets/liabilities	-5
Total Equity	202
Adj. # of shares (mn)	12.3
Target Price (€ PS)	16

	2026E	2027E	2028E	2029E	Perpetuity
Sales	282	294	307	319	326
Change %	*1.0%*	*4.4%*	*4.2%*	*4.0%*	*2.0%*
EBITDA	40	44	47	50	50
Change %	*-2.5%*	*8.5%*	*6.7%*	*7.1%*	*0.7%*
Margin	14.3	14.9	15.3	15.7	15.5
D&A	-20.5	-20.7	-20.9	-20.1	-19.5
EBIT	20	23	26	30	31
Change %	*-6.2%*	*16.3%*	*11.8%*	*15.9%*	*33.6%*
Margin	7.7	7.0	7.8	8.4	9.4
Taxes	-5	-6	-7	-8	-8
EBIT after Tax	14	17	19	22	22
Change %	*-6.2%*	*16.3%*	*11.8%*	*15.9%*	*3.1%*
Capex/acquisitions	-17	-16	-17	-19	-20
(increase) decrease in NWC	-4	-4	-4	-4	-2
Free Cash Flow before minorities	14	17	18	18	20
Discount Factor	0.94	1.03	1.12	1.22	1.22
PV of FCF	15	16	16	15	17

Source: Equita SIM estimates and company data

DCF SENSITIVITY ANALYSIS (€ PS)				
		Perpetual growth G		
		1.5%	2.0%	2.5%
	8.6%	17	18	19
WACC	9.1%	15	16	17
	9.6%	14	15	16

Source: Equita SIM estimates

SABAF VALUATION			
	Weight	Target multiple	Valuation (€ PS)
EV/EBIT multiple valuation	33%	12x	16
PE multiple valuation	33%	15x	15
DCF valuation	33%	n.m.	16
Target price			16

Source: Equita SIM estimates

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	2023	2024	2025	2026E	2027E	2028E
SALES Rep	238	285	278	282	294	307
Growth	-6.0%	19.8%	-2.4%	1.4%	4.4%	4.2%
EBITDA Rep	29.6	43.7	40.8	40.3	43.8	46.7
Growth	-26.2%	47.6%	-6.7%	-1.1%	8.5%	6.7%
Margin	12.4%	15.3%	14.7%	14.3%	14.9%	15.2%
D&A	-18.5	-26.0	-24.6	-20.5	-20.7	-20.9
EBIT Rep	11.1	17.7	16.2	19.8	23.1	25.8
Growth	-49.5%	60.4%	-8.9%	22.7%	16.3%	11.8%
Margin	4.6%	6.2%	5.8%	7.0%	7.8%	8.4%
Net Interest Charges	-3.4	-2.4	-4.4	-4.3	-4.2	-3.9
Financial Expenses	-11.1	2.6	-8.0	-4.3	-4.2	-3.9
Non Recurrings	0.0	3.5	0.0	0.0	0.0	0.0
PBT Rep	-0.1	20.3	8.2	15.6	18.9	21.9
Growth	n.m.	n.m.	-59.8%	90.9%	21.1%	16.3%
Income Taxes	3.4	-3.4	-1.3	-4.0	-4.9	-5.8
Tax rate	5643.3%	16.5%	16.2%	25.8%	26.1%	26.3%
Minority Interest	-0.2	-1.0	-1.7	-1.7	-1.7	-1.7
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Net Income Rep	3.1	16.0	5.2	9.9	12.2	14.5
Growth	-79.7%	414.0%	-67.5%	90.4%	24.0%	18.2%
Margin	1.3%	5.6%	1.9%	3.5%	4.2%	4.7%
Net Income Adj	10.4	13.1	10.9	9.9	12.2	14.5
Growth	-28.5%	26.3%	-17.3%	-9.3%	24.0%	18.2%
Margin	4.4%	4.6%	3.9%	3.5%	4.2%	4.7%

CF Statement	2023	2024	2025	2026E	2027E	2028E
FFO	23.4	42.8	31.5	32.1	34.6	37.1
Chg. in Working Capital	16.5	-15.8	3.5	-4.3	-4.4	-4.4
Other chg. in OCF	0.0	0.0	0.0	0.0	0.0	0.0
NCF from Operations	39.9	27.0	35.1	27.8	30.2	32.6
CAPEX	-16.9	-14.7	-18.0	-16.5	-16.2	-16.9
Financial Investments	-21.2	0.0	-3.5	-4.1	0.0	0.0
Other chg in investments	0.0	0.0	0.0	0.0	0.0	0.0
NCF from Investments	-38.1	-14.7	-21.5	-20.6	-16.2	-16.9
Dividends paid	0.0	-6.8	-7.2	-7.2	-7.2	-7.5
Capital Increases	16.8	-0.2	-1.9	-1.2	0.0	0.0
Other changes in financing	-7.4	-6.0	-5.9	-3.8	0.0	0.0
CHG IN NFP	11.2	-0.7	-1.3	-5.0	6.8	8.3

Source: Company data and Equita SIM estimates

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Date	Rec.	Target Price	Risk.	Comment
September 9, 2026	Buy	16.00	High	change in estimates/valuation
March 25, 2026	Buy	18.00	High	-
November 12, 2025	Buy	19.00	High	-

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