SABAF

Earnings Review

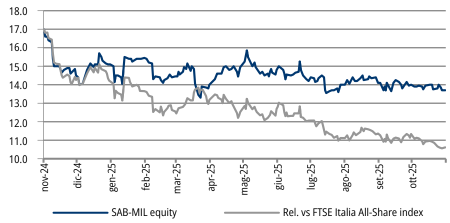
BUY ord. *(Unchanged)*

Target: **€ 19.00** *(Prev. € 20.00)*

Risk: High

STOCKDATA			ORD
Price (as of 17 Nov 2025)			13.7
Bloomberg Code			SAB IM
Market Cap (€ mn)			170
Free Float			46%
Shares Out (mn)			12.4
52 week Range			€ 13.3 - 17.0
Daily Volume			8,814
Performance (%)	**1M**	**3M**	**1Y**
Absolute	-2.1	-2.1	-21.5
Rel to FTSE Italia All-Share	-6.4	-4.5	-38.5
MAIN METRICS	**2024**	**2025E**	**2026E**
SALES Adj	277	279	291
EBITDA Adj	40.4	40.8	44.5
EBIT Adj	21.2	20.5	24.0
NET INCOME Adj	13.1	13.8	15.0
EPS Adj - €c	105	110	120
DPS Ord - €c	58.0	60.0	62.0
MULTIPLES	**2024**	**2025E**	**2026E**
P/E ord Adj	14.4x	12.4x	11.4x
EV/EBITDA Adj	6.6x	6.2x	5.5x
EV/EBIT Adj	12.6x	12.4x	10.2x
REMUNERATION	**2024**	**2025E**	**2026E**
Div. Yield ord (A)	3.3%	4.4%	4.5%
FCF Yield Adj	5.7%	5.9%	9.7%
INDEBTEDNESS	**2024**	**2025E**	**2026E**
NFP Adj	-73.9	-79.0	-69.8
D/Ebitda Adj	1.8x	1.9x	1.6x

PRICE ORD LAST 365 DAYS



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FOCUS ON MARGIN PROTECTION AND MARKET SHARE GAINS

Sabaf has delivered stable sales and improving margins in 3Q, despite a market context that remains tough (demand flattish at best in EMEA, NA and LatAm). This was achieved through market share gains in Mexico/India, good integration of past acquisitions (MEC and PGA) and cost control. Valuation is compressed, but visibility on 2026 top-line acceleration requires also some support from better market demand.

3Q25 results: growth in NA, EU and LatAm offset by Turkey and MENA

Sabaf reported 3Q results broadly in line with expectations, showing a **basically flat top-line** (-1.6% reported to € 68.1mn and +0.2% at constant FX) **due to quite divergent geographical trends**: **positive growth in NA** (+8.3% or +13% at constant FX), **LatAm** +3.2% **and EMEA** (+2.8%), offset by **weakness in Turkey** (-12.5%), **APAC** (-13.7%) **and MENA** (-11%, mostly due to Egypt).

Despite flattish top-line, EBITDA improved by +8.7% to € 10.0mn (perfectly in line with expectations) with a margin at 14.7%, supported by **prices**, **improved margins at MEC and PGA** and **fixed cost efficiency**, partially offset mainly by FX and volumes.

- **Sales -1.6%%** to € 68.1 vs. +0.2% exp.;
- **Adj. EBITDA +8.7% to € 10.0mn** (in line with exp.);
- **Adj. NI +3.6% to € 2.5mn** (€ 2.3mn exp).

FY25 outlook: slight growth in top-line

Sabaf expects FY25 revenues to grow moderately for the year, implicitly indicating a 4Q flattish YoY, but down vs. 3Q25, with a slowdown in 4Q sales similar to what happened in 2024.

The message on FY25 outlook is consistent with the updated comments on end market demand provided by SAB's key clients. Both Whirlpool and Electrolux have reiterated their view on a **sluggish demand (flattish at best) in almost every worldwide region** (EMEA, NA, LatAm).

Estimates trimmed on slow exit speed from 2025

The prudent messages on the end-market demand from key industry players and the updated guidance from Sabaf led us to **reduce our 2025/2026 estimates by around -1% in terms of top-line, -1%/-2% in terms of EBITDA and -2% in terms of Adj. EPS.**

Given the weak exit speed from 2025, with 4Q sales expected at € 65mn (flat YoY), **2026 top-line acceleration to € 291mn still enjoys partial visibility.** We remind however that SAB is **ramping up specific projects in Mexico and India** that can provide at least part of the expected additional top-line (we estimate some € 3-4mn in Mexico and € 1mn in India in 2026).

Valuation compressed. Better momentum required to support the stock rerating

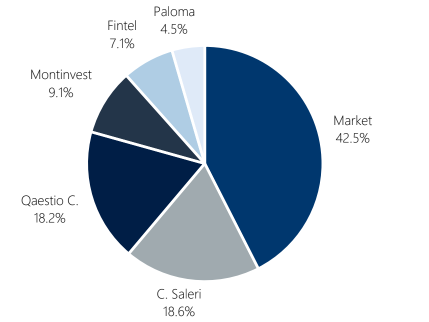
SAB stock valuation is clearly compressed, given that **market multiples** (5.5x EV/EBITDA and 11x Adj. P/E 2026) are referring to estimates at **the bottom of the demand cycle**.

What has been missing in the last quarters however is 1) **resiliency of profitability** and 2) some **recovery in end-market demand**. **3Q is showing some signs of better resiliency of profitability**, with margin confirmed at mid-teens level thanks to good operating leverage at MEC and in the Mexican plant, able to offset limited top-line organic growth, USD headwind, US tariffs and no capitalization of R&D costs in induction (as done in 2024). **No signs have emerged yet instead on the recovery of market demand, as commented before**. We however think that market demand has upside risk, given the more supportive macro and easy comps in EMEA in 2026 and expectations of rate cuts in NA, helping a revival of the residential market. We therefore confirm our BUY case with target fine-tuned (on Novmber 12th) to € 19PS, based on the average between DCF (€ 20PS, based on WACC 8.8% and perpetual growth 2.0%) and multiples (15x Adj. PE 2026, 12x Adj. EV/EBIT 2026).

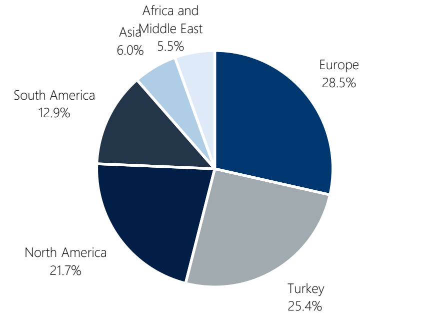
MAIN FIGURES - EURmn	2022	2023	2024	2025E	2026E	2027E
SALES Adj	253	239	277	279	291	305
Growth	-3.9%	-5.5%	15.8%	0.8%	4.4%	4.9%
EBITDA Adj	36.3	33.1	40.4	40.8	44.5	48.0
Growth	-32.9%	-9.0%	22.2%	1.0%	9.1%	7.7%
EBIT Adj	19.9	17.5	21.2	20.5	24.0	27.2
Growth	-47.0%	-11.9%	21.2%	-3.4%	17.2%	13.5%
PBT Adj	13.2	12.0	20.3	16.5	19.6	23.2
Growth	-55.5%	-9.3%	69.3%	-18.5%	18.5%	18.2%
Net Income Adj	14.5	10.4	13.1	13.8	15.0	17.0
Growth	-45.1%	-28.5%	26.3%	4.9%	8.6%	13.9%
MARGIN - %	2022	2023	2024	2025E	2026E	2027E
EBITDA Adj Margin	14.4%	13.9%	14.2%	14.6%	15.3%	15.7%
Ebit Adj margin	7.9%	7.4%	7.4%	7.3%	8.2%	8.9%
Pbt Adj margin	5.2%	5.0%	7.1%	5.9%	6.7%	7.6%
Net Income Adj margin	5.7%	4.4%	4.6%	4.9%	5.1%	5.6%
SHARE DATA	2022	2023	2024	2025E	2026E	2027E
EPS Adj - €c	129	87.5	105	110	120	137
Growth	-45.4%	-32.2%	20.2%	4.8%	9.0%	13.9%
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	15.1
VARIOUS	2022	2023	2024	2025E	2026E	2027E
Capital Employed	245	248	252	262	261	260
FCF	3.4	22.9	12.3	10.1	16.6	17.4
CAPEX	20.9	16.9	14.7	18.0	16.0	16.8
Working capital	78.2	71.8	78.2	85.8	90.4	95.7
Trading Working capital	84.0	75.3	86.2	94.2	98.2	103
INDEBTNESS	2022	2023	2024	2025E	2026E	2027E
Nfp Adj	-84.4	-73.2	-73.9	-79.0	-69.8	-60.2
D/E Adj	0.54	0.43	0.43	0.44	0.37	0.31
Debt / EBITDA Adj	2.3x	2.2x	1.8x	1.9x	1.6x	1.3x
Interest Coverage	21.8x	8.6x	18.6x	9.0x	10.2x	11.9x
MARKET RATIOS	2022	2023	2024	2025E	2026E	2027E
P/E Ord Adj	12.9x	19.8x	14.4x	12.4x	11.4x	10.0x
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	6.2x	5.5x	4.9x
EV/EBIT Adj	14.0x	16.8x	12.6x	12.4x	10.2x	8.6x
EV/CE	1.1x	1.2x	1.1x	1.0x	0.9x	0.9x
REMUNERATION	2022	2023	2024	2025E	2026E	2027E
Div. Yield ord	0.0%	3.4%	3.3%	4.4%	4.5%	4.7%
FCF Yield Adj	1.4%	12.1%	5.7%	5.9%	9.7%	10.2%
Roce Adj	6.8%	5.3%	6.4%	6.6%	7.0%	7.7%

Source: Company data and Equita SIM estimates

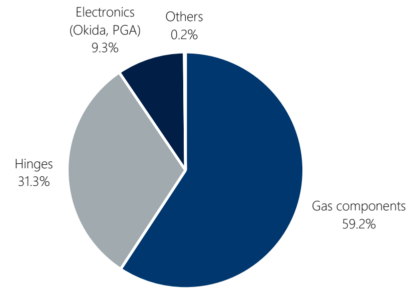
SHAREHOLDERS



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 USA, 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 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

3Q25 RESULTS: NA AND LATAM GROWTH OFFSET BY TURKEY AND MENA

Sabaf reported 3Q results broadly in line with expectations, showing a **basically flat top-line** (-1.6% reported to € 68.1mn and +0.2% at constant FX) **due to quite divergent geographical trends**: **positive growth in NA** (+8.3% or +13% at constant FX), **LatAm** +3.2% **and EMEA** (+2.8%), offset by **weakness in Turkey** (-12.5%), **APAC** (-13.7%) **and MENA** (-11%, mostly due to Egypt).

SAB - 3Q SALES BREAKDOWN BY GEOGRAPHY (€ mn)

	3Q24	3Q25	YoY change
Europe	19.0	19.5	3%
Turkey	18.2	15.9	-13%
North America	15.0	16.2	8%
South America	9.7	10.0	3%
Africa and Middle East	2.8	2.5	-11%
Asia	4.6	3.9	-14%
Total sales	69.2	68.1	-1.5%

Source: Company data

SAB - 9M SALES BREAKDOWN BY GEOGRAPHY (€ mn)

	9M24	9M25	YoY change
Europe	60.5	62.0	2%
Turkey	55.0	52.1	-5%
North America	45.4	49.4	9%
South America	27.3	28.4	4%
Africa and Middle East	12.0	9.2	-24%
Asia	12.0	12.8	6%
Total sales	212.3	213.8	0.7%

Source: Company data

From a **product standpoint**, gas components were flattish (-0.3%), hinges just slightly down (-1.3%), while electronics declined by -10.7% due to weak Turkish market and competitive pressure from Chinese players.

SAB - 3Q SALES BREAKDOWN BY PRODUCT (€ mn)

	3Q24	3Q25	YoY change
Gas components	41.3	41.2	0%
Hinges	21.5	21.3	-1%
Electronic components	6.1	5.5	-11%
Induction	0.2	0.1	n.m.
Total sales	69.2	68.1	-1.5%

Source: Company data

SAB - 9M SALES BREAKDOWN BY PRODUCT (€ mn)

	9M24	9M25	YoY change
Gas components	126.1	127.5	1%
Hinges	65.5	68.2	4%
Electronic components	20.3	17.9	-12%
Induction	0.4	0.2	n.m.
Total sales	212.3	213.8	0.7%

Source: Company data

Despite flattish top-line, EBITDA improved by +8.7% to € 10.0mn (perfectly in line with expectations) with a margin at 14.7%, supported by **prices**, **improved margins at MEC** (at around 15%) **and PGA** (reaching 20% margin), and **fixed cost efficiency**, partially offset mainly by FX and volumes.

NI grew by +3.6% to € 2.5mn (€ 2.3mn exp), driven by a lower tax rate and despite a € 1.1mn one-off cost from the revaluation of the MEC put option due to MEC strong performance.

SAB – 3Q RESULTS (€ mn)						
		EXPECTED		ACTUAL		
	Q3-24	Q3-25E	YoY gr. %	Q3-25E	YoY gr. %	Q3-25E
Adj. Revenues	69.2	69.3	0.2%	68.1	-1.5%	-1.2
Adj. EBITDA	9.2	10.0	8.9%	10.0	8.7%	0.0
Margin	13.3%	14.5%		14.7%		
Adj. EBIT	4.5	5.0	12.5%	5.0	12.8%	0.0
Margin	6.4%	7.2%	-	7.4%	-	
Adj. Net income	2.4	2.3	-6.4%	2.5	3.6%	0.2
Margin	3.5%	3.3%	-	3.7%	-	
NFP	-77.0	-77.4	0.5%	-83.8	8.8%	-6.4

Source: Equita SIM estimates and Company data

SAB - 9M RESULTS (€ mn)						
		EXPECTED		ACTUAL		
	9M24	9M25	YoY Δ%	9M25	YoY Δ%	Abs Δ
Adj. Revenues	212.3	215.0	1%	213.8	1%	212.3
Adj. EBITDA	32.1	31.3	-2%	31.3	-3%	32.1
Margin	15.1%	14.6%		14.7%		15.1%
Adj. EBIT	18.0	16.1	-10%	16.1	-10%	18.0
Margin	8.5%	7.5%	-	7.5%	-	8.5%
Adj. Net income	12.6	9.0	-29%	9.2	-27%	12.6
Margin	5.9%	4.2%	-	4.3%	-	5.9%
NFP	-77.0	-77.4	n.m.	-83.8	n.m.	-77.0

Source: Equita SIM estimates and company data

NFP stood at €-83.8mn (€ -77.4mn exp), up by € 4.4mn in 3Q mainly due to working capital (longer payment terms, while inventories were better than 3Q24 as percentage of sales) and € 1.1mn from the revaluation of the MEC put option (included in net debt).

SAB - CASHFLOW STATEMENT (€ mn)		
	9M24	9M25
Cashflow provided by operations	25.8	26.7
(Increase) decrease in NWC	-9.6	-6.7
(Purchase of fixed assets)	-9.5	-14.8
FCF	6.7	5.3
(Other net investments)	0.0	-2.5
(Distribution of dividends)	-6.8	-7.5
Right issue / (buy-back)	0.0	-1.3
Others (incl. FX, put option fair value adjustment)	-3.7	-3.9
(Increase) decrease in net debt	-3.8	-9.9

Source: Company data

SAB - NET WORKING CAPITAL TREND (€ mn)										
	3Q24	% 4xQ Sales	4Q24	% 4xQ Sales	1Q25	% 4xQ Sales	2Q25	% 4xQ Sales	3Q25	% 4xQ Sales
receivables	65.0	23.5%	64.8	25.1%	68.4	22.9%	69.6	24.5%	70.7	25.9%
inventories	69.7	25.2%	63.1	24.4%	63.4	21.2%	65.3	23.0%	64.8	23.8%
payables	-46.4	-16.8%	-41.7	-16.1%	-48.3	-16.2%	-51.2	-18.0%	-43.7	-16.0%
TWC	88.3	31.9%	86.2	33.3%	83.5	28.0%	83.8	29.4%	91.7	33.7%

Source: company data

SAB - ADJUSTED AND REPORTED 3Q AND 9M P&L

Quarterly results *Data in thousands of €*	**Q3 2025 (*)**	**Q3 2024 (*)**	**2025-2024 change**	**% change**
Sales revenue	69,302	69,198	104	*+0.2%*
Hyperinflation – Turkey	(1,217)	3		
Normalised revenue	**68,085**	**69,201**	**(1,116)**	***-1.6%***
EBITDA	10,188	9,227	961	*+10.4%*
EBTIDA %	*14.7*	*13.3*		
Hyperinflation – Turkey	(189)	(22)		
Normalised EBITDA	**9,999**	**9,205**	**794**	***+8.6%***
Normalised EBITDA %	***14.7***	***13.3***		
EBIT	4,064	3,724	340	*+9.1%*
EBIT %	*5.9*	*5.4*		
Hyperinflation – Turkey	968	737		
Normalised EBIT	**5,032**	**4,461**	**571**	***+12.8%***
Normalised EBIT %	***7.4***	***6.4***		
Net profit	2,138	1,197	941	*+78.6%*
Net result %	*3.1*	*1.7*		
Hyperinflation – Turkey	366	1,218		
Normalised result of the Group	**2,504**	**2,415**	**89**	***+3.7%***
Normalised result %	***3.7***	***3.5***		

Nine-month results *Data in thousands of €*	**9 MONTHS 2025**	**9 MONTHS 2024**	**2025-2024 change**	**% change**	**12 MONTHS 2024**
Sales revenue	212,302	213,875	(1,573)	*-0.7%*	285,091
Hyperinflation – Turkey	1,521	(1,563)			(8,126)
Normalised revenue	**213,823**	**212,312**	**1,511**	***+0.7%***	**276,965**
EBITDA	30,425	32,901	(2,476)	*-7.5%*	43,704
EBITDA %	*14.3*	*15.4*			*15.3*
Hyperinflation – Turkey	901	(756)			(3,306)
Normalised EBITDA	**31,326**	**32,145**	**(819)**	***-2.5%***	**40,398**
Normalised EBITDA %	***14.7***	***15.1***			***14.6***
EBIT	11,896	16,118	(4,222)	*-26.2%*	17,739
EBIT %	*5.6*	*7.5*			*6.2*
Hyperinflation – Turkey	4,201	1,836			**3,465**
Normalised EBIT	**16,097**	**17,954**	**(1,857)**	***-10.3%***	**21,204**
Normalised EBIT %	***7.5***	***8.5***			***7.7***
Net profit	7,377	9,560	(2,183)	*-22.8%*	6,928
Net result %	*3.5*	*4.5*			*2.4*
Hyperinflation – Turkey	1,825	2,997			9,022
Normalised result of the Group	**9,202**	**12,557**	**(3,355)**	***-26.7%***	**15,950**
Normalised result %	***4.3***	***5.9***			***5.8***

unaudited figures

Source: SAB press release

FY25 OUTLOOK: SLIGHT GROWTH IN TOP-LINE

Sabaf expects FY25 revenues to grow moderately for the year, implicitly indicating a 4Q25 flattish YoY, but down sequentially vs. 3Q25, with a slowdown in 4Q sales comparable to what experienced in 2024.

*"**In the fourth quarter, the recently reported trend is confirmed, with stable demand and volumes that remained below historical averages** (by around -10%), in a context still influenced by international political and macroeconomic dynamics. The current order backlog indicates that, **for the current fiscal year, sales are expected to show a slight improvement compared to the previous year**. The Group continues its growth path and the expansion of market share through the development of strategic projects with key customers and M&A opportunities. These initiatives strengthen our competitive position and generate sustainable value."*

KEY MESSAGES FROM THE CALL

We highlight the key messages from the call:

- **The main growth drivers were** the development of **Mexico**, MEC's performance, improvement in **PGA**'s margins, and **cost** control. The main headwinds were linked to **US customer uncertainty** over tariffs, a **stable** but below-normal **EU** market, **weakness in Turkey and Egypt**, and competitive pressure from **Chinese** suppliers in **electronics**.
- **For 2026, growth contributions from Mexico, India, MEC**, and Induction are confirmed, but it is still too early to provide an outlook. The weakness in 4Q25 is partly due to customers' intention to end the year with low inventory levels, with some recent signs of stronger order support for early 2026.

MESSAGES FROM KEY CLIENTS CONFIRM A SLUGGISH MARKET IN FY25

As regards end-market demand, SAB key clients have confirmed the sluggish scenario in FY25 in almost every worldwide legion.

Whirlpool has confirmed the outlook provided after 2Q results, with NA and LatAM markets expected at best flat and APAC up by maximum +3%. The company has trimmed EBIT margin guidance from 5.7% to 5.0%.

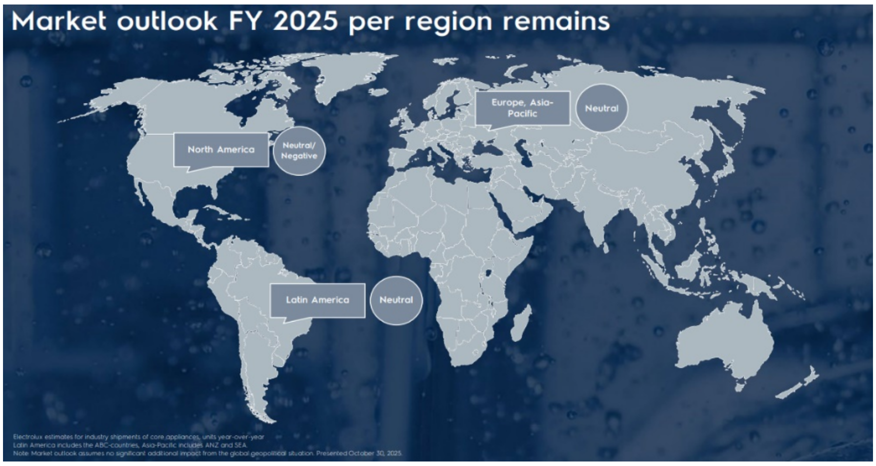
2025 INDUSTRY SHIPMENTS FORECASTS AND PROFITABILITY GUIDANCE

	Industry	EBIT %	
	Current	**Previous**	**Current**
MDA North America	(3%) - 0%	6.0% - 6.5%	5.0% - 5.5%
MDA Latin America	(5%) - 0%	~7.0%	~6.0%
MDA Asia	0% - 3%	~5.0%	~5.0%
SDA Global	(3%) - 0%	~15.5%	~15.5%
Total	**(3%) - 0%**	**~5.7%**	**~5.0%**

Source: Whirlpool 3Q25 presentation

Electrolux has reiterated a similar prudent outlook, with EMEA/APAC expected to remain flattish, NA flat at best and LatAm flat.

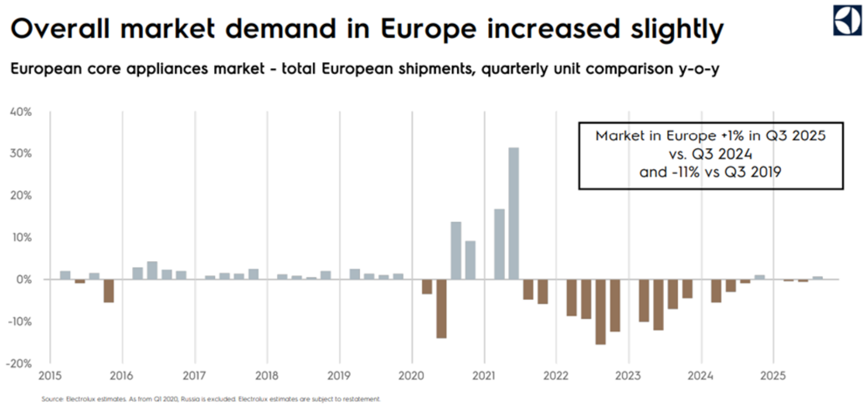
2025 INDUSTRY SHIPMENTS FORECAST BY REGION



Source: Electrolux 3Q25 presentation

Demand for large domestic appliances in Europe was broadly stable in 3Q25, staying at the bottom of the cycle (-11% below 2019 level).

QUARTERLY INDUSTRY SHIPMENTS IN EUROPE



Source: Electrolux 3Q25 presentation

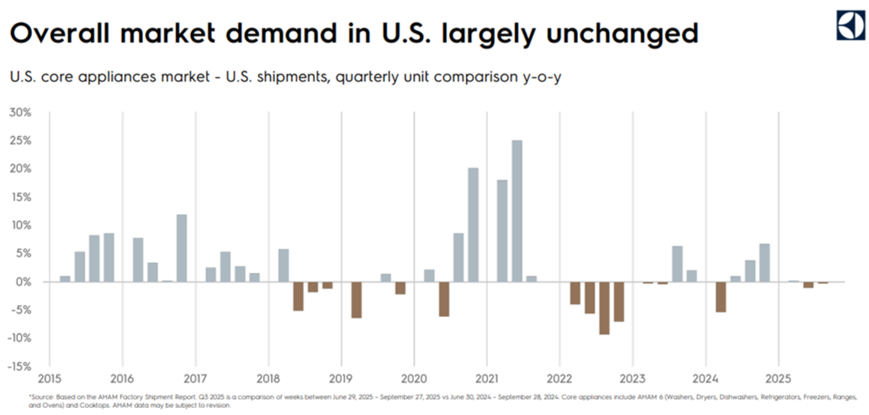
Country data by Arcelik show a **weak market demand in Turkey** (-7% in 8M25, deteriorating vs. -5% in 1H25) and more **mixed picture in Western Europe** (positive UK, Italy, Spain, Benelux; negative France and Germany) while **Eastern Europe is strong**.

INDUSTRY SHIPMENTS IN EUROPEAN MAIN COUNTRIES

Source: Arcelik 3Q25 presentation

In the US, market demand has been stable in 3Q25 and 9M25. Here the comparison base is more balanced (decent recovery after the 2020-2022 Covid-related boom and bust).

QUARTERLY INDUSTRY SHIPMENTS IN NORTH AMERICA



Source: Electrolux 3Q25 presentation

ESTIMATES TRIMMED ON WEAK EXIT SPEED FROM 2025

The prudent messages on the end-market demand from key industry players and the updated guidance from Sabaf led us to **reduce our 2025/2026 estimates by around -1% in terms of top-line, -1%/-2% in terms of EBITDA and -2% in terms of Adj. EPS.**

Given the weak exit speed from 2025, with 4Q sales expected at € 65mn, 2026 top-line acceleration to € 291mn still enjoys partial visibility. We remind however that SAB is ramping up specific projects in Mexico and India that can provide at least part of the expected additional top-line (we estimate some € 3-4mn in Mexico and € 1mn in India in 2026).

SAB - CHANGE IN ESTIMATES (€ mn)

	2025E Prev.	2025E Curr.	2025E Prev.	2025E Curr.	2026E Prev.	2026E Curr.
Adj. Revenues	282.3	279.0	294.6	291.3	309.0	305.5
% chg		-1.2%		-1.1%		-1.1%
Abs chg		-3.3		-3.3		-3.5
Adj. EBITDA	41.2	40.8	45.3	44.5	48.8	48.0
% chg		-1.1%		-1.8%		-1.7%
Abs chg		-0.4		-0.8		-0.8
Adj. EBIT	21.2	20.5	24.7	24.0	27.9	27.2
% chg		-3.4%		-2.9%		-2.5%
Abs chg		-0.7		-0.7		-0.7
Adj. Net income	14.0	13.8	15.2	15.0	17.8	17.0
% chg		-1.6%		-1.5%		-4.2%
Abs chg		-0.2		-0.2		-0.7
Net income	14.0	13.8	15.2	15.0	17.8	17.0
% chg		-1.6%		-1.5%		-4.2%
Abs chg		-0.2		-0.2		-0.7
Adj. EPS (€ cents)	112.1	110.3	122.0	120.2	142.9	136.9
% chg		-1.6%		-1.5%		-4.2%
Abs chg		-1.8		-1.8		-6.0
NFP	-71.2	-79.0	-62.2	-69.8	-52.1	-60.2
% chg		10.9%		12.3%		15.4%
Abs chg		-7.8		-7.7		-8.1
FCF	14.2	10.1	16.5	16.6	17.8	17.4
% chg		-29.2%		0.8%		-2.2%
Abs chg		-4.2		0.1		-0.4
CAPEX	18.0	18.0	16.2	16.0	17.0	16.8
% chg		0.0%		-1.1%		-1.1%
Abs chg		0.0		-0.2		-0.2
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

VALUATION COMPRESSED. BETTER MARKET DEMAND REQUIRED TO SUPPORT A STOCK RERATING

On November 12th, we fine tuned our target to € 19PS from € 20PS, based on the average of DCF and multiples (PE, EV/EBIT).

SAB – VALUATION (€ PS)

	Weight	Target multiple	Valuation (€ PS)
PE multiple valuation	33%	15x	18
EV/EBIT valuation	33%	12x	19
DCF valuation	33%	n.m.	20
Target price			19

Source: Equita SIM estimates

SAB - PE MULTIPLE VALUATION

(A) 2026E multiple	15 x
(B) 2026 EPS (€)	1.2
(C)=(A)x(B) Stock value (€)	18
(D) Dividends to be cashed-in (€)	0.6
(E) = (C)+(D) Total stock value (€ PS)	19
(F) Discount (1+Ke)	1.00
(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	18	20
(D) Dividends to be cashed-in (€)	0.6	0.6	0.6
(E) = (C)+(D) Total stock value (€ PS)	16	19	21
(F) Discount (1+Ke)	1.00	1.00	1.00
(G)=(E)/(F) Target (€ PS)	16	19	21

Source: Equita SIM estimates

SAB - EV/EBIT MULTIPLE VALUATION (€ mn)

(A) 2026E multiple	12.0 x
(B) 2026 EBIT	24
(C)=(A)x(B) EV	288
(D) NFP 2026E	-70
(E) minorities	-4
(F) Dividends to be cashed-in	7
(G) = (C)+(D)+(E)+(F) Total stock value	221
(H) Discount (1+Ke)	1.00
(I)=(G)/(H) Target (€ PS)	220
(L) shares (mn)	12.4
(M)=(I)/(L) Target (€ PS)	18

TARGET PRICE SENSITIVITY (€ mn)

(A) 2026E multiple	10 x	12 x	14 x
(B) 2026 EBIT	24	24	24
(C)=(A)x(B) EV	240	288	336
(D) NFP 2026E	-70	-70	-70
(E) minorities	-4	-4	-4
(F) Dividends to be cashed-in	7	7	7
(G) = (C)+(D)+(E)+(F) Total stock value	173	221	269
(H) Discount (1+Ke)	1.00	1.00	1.00
(I)=(G)/(H) Target (€ PS)	172	220	268
(L) shares (mn)	12.4	12.4	12.4
(M)=(I)/(L) Target (€ PS)	14	18	22

Source: Equita SIM estimates

SAB - DCF (€ mn)

Assumptions	
G	2.0%
WACC	8.8%

Valuation (€ mn)	
NPV of FCF (2026-29)	67
NPV of Terminal Value	264
Estimated Enterprise Value	331
2025E NFP	-79
Adjustment to NFP	0
SAB IM Equity	252
Minorities & Peripheral	-4
Total Equity	248
Adj. # of shares (mn)	12.4
Target Price (€ PS)	20

	2025E	2026E	2027E	2028E	2029E	Perpetuity
Sales	279	291	305	318	330	337
Change %	*-2.1%*	*4.4%*	*4.9%*	*4.0%*	*4.0%*	*2.0%*
EBITDA	41	45	48	51	55	55
Change %	*1.0%*	*9.1%*	*7.7%*	*6.6%*	*6.6%*	*0.8%*
Margin	14.6	15.3	15.7	16.1	16.5	16.3
D&A	-20.3	-20.5	-20.8	-20.7	-19.8	-20.2
EBIT	20	24	27	31	35	35
Change %	*-3.4%*	*17.2%*	*13.5%*	*12.1%*	*13.7%*	*27.6%*
Margin	7.3	8.2	8.9	9.6	10.5	10.3
Taxes	-6	-6	-7	-8	-9	-9
EBIT after Tax	15	18	20	22	25	25
Change %	*-3.4%*	*17.2%*	*13.5%*	*12.1%*	*13.7%*	*0.1%*
Capex/acquisitions	-18	-16	-17	-19	-20	-20
(increase) decrease in NWC	-8	-5	-5	-4	-4	-2
Free Cash Flow before minorities	10	17	18	20	21	23
Free Cash Flow	10	17	18	20	21	23
Discount Factor	0.9	1.0	1.1	1.2	1.3	1.3
PV of FCF	10	17	17	16	16	18

Source: Equita SIM estimates and company data

SAB - DCF SENSITIVITY ANALYSIS				
		Perpetual growth G		
		1.5%	2.0%	2.5%
	8.3%	20	22	23
WACC	8.8%	19	20	21
	9.3%	17	18	19

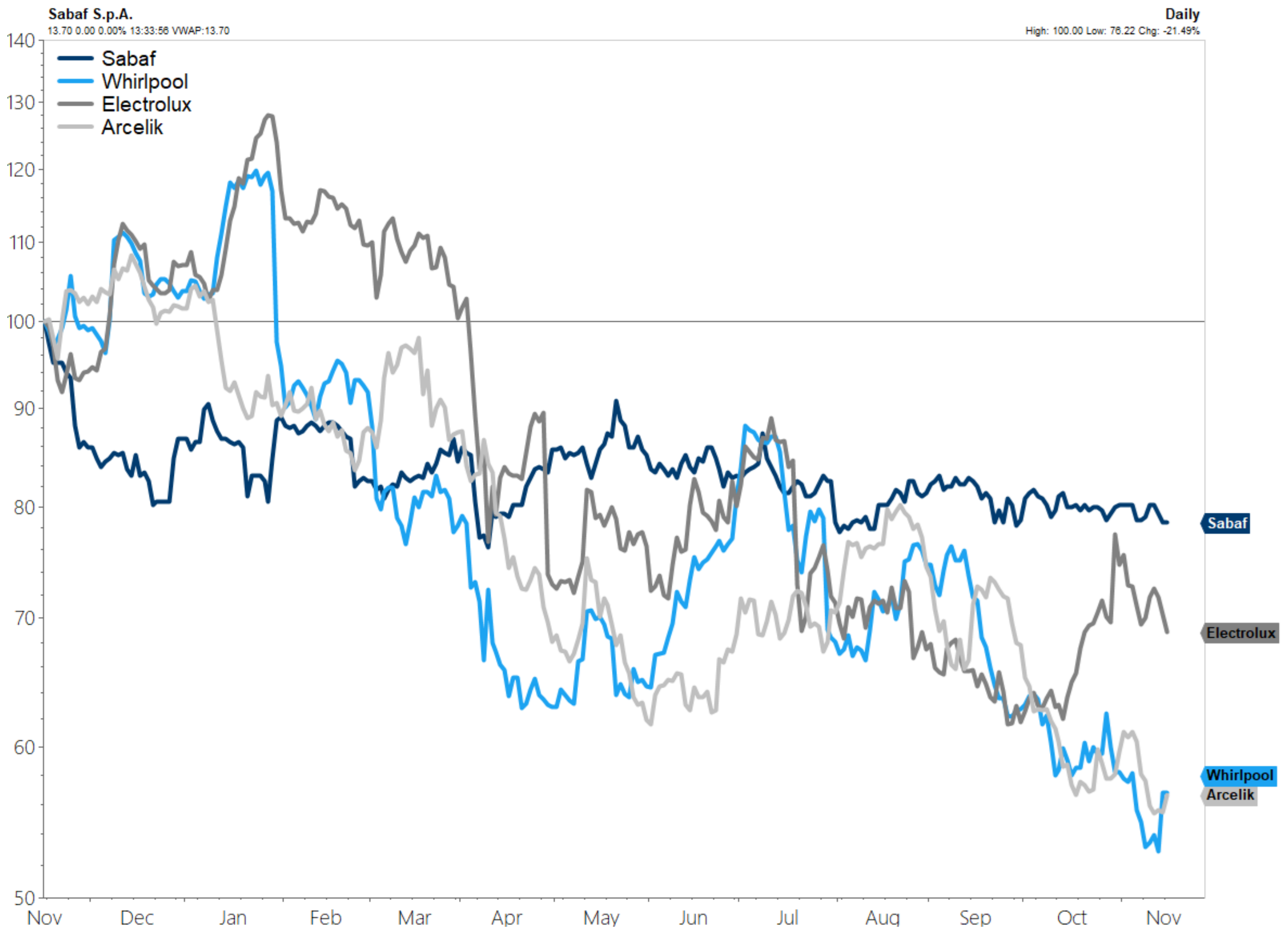
Source: Equita SIM estimates

SAB valuation is clearly compressed, given that **market multiples** (5.5x EV/EBITDA and 11x Adj. P/E 2026) **are referring to estimates at the bottom of the consumer demand cycle**. What has been missing in the last couple of years however is 1) **resiliency of profitability** and 2) some **recovery in end-market demand**.

3Q is showing some signs of better resiliency of profitability, with margin confirmed at mid-teens level thanks to good operating leverage at MEC and in the Mexican plant, able to offset limited top-line organic growth, USD headwind, US tariffs and no capitalization of R&D costs in induction (as done in 2024).

No signs have emerged yet instead on the recovery of market demand, as commented before and visible in the performance of the reference market players.

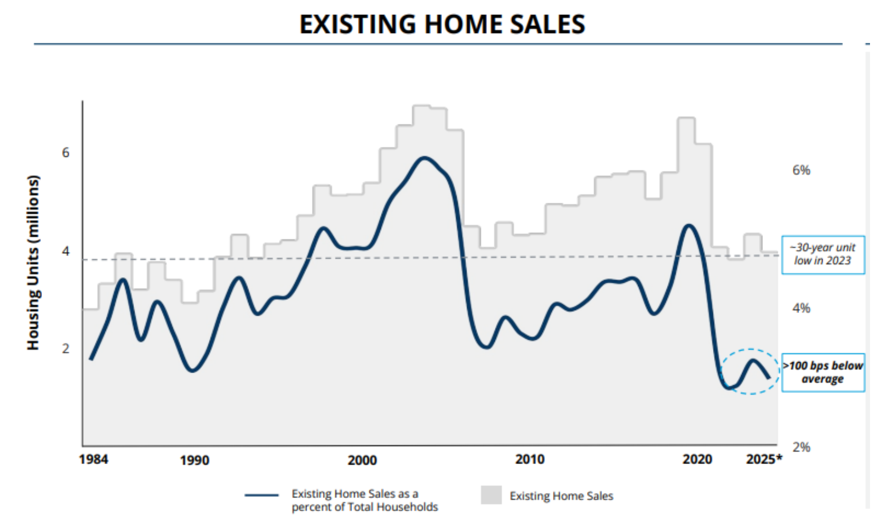
SAB AND MAIN REFERENCE MARKET PLAYERS STOCK PERFORMANCE



Source: Factset

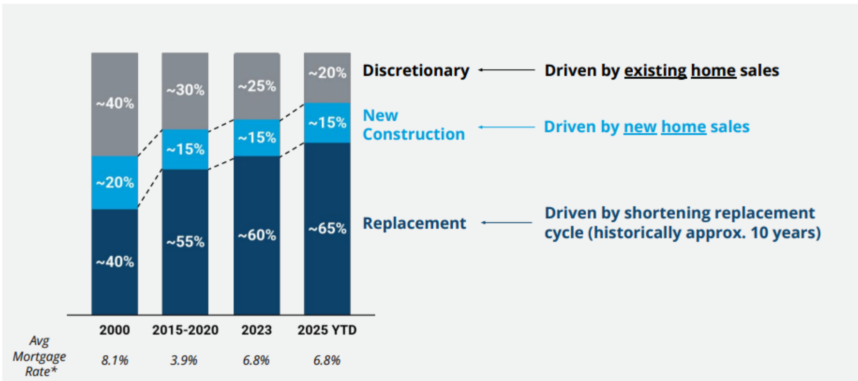
We however think that market demand has upside risk, given the more supportive macro and easy comps in EMEA and expectations of rate cuts in NA, helping a revival of the residential market.

US MARKET: EXISTING HOME SALES DRIVING DISCRETIONARY CONSUMPTION



Source: Whirlpool 2Q25 presentation

US MARKET DEMAND: % OF UNITS SOLD



Source: Whirlpool 2Q25 presentation

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	279	291	305
Growth	-3.9%	-6.0%	19.8%	-2.1%	4.4%	4.9%
EBITDA Rep	40.1	29.6	43.7	40.8	44.5	48.0
Growth	-25.9%	-26.2%	47.6%	-6.6%	9.1%	7.7%
Margin	15.8%	12.4%	15.3%	14.6%	15.3%	15.7%
D&A	-18.2	-18.5	-26.0	-20.3	-20.5	-20.8
EBIT Rep	21.9	11.1	17.7	20.5	24.0	27.2
Growth	-41.6%	-49.5%	60.4%	15.4%	17.2%	13.5%
Margin	8.6%	4.6%	6.2%	7.3%	8.2%	8.9%
Net Interest Charges	-1.8	-3.4	-2.4	-4.5	-4.4	-4.0
Financial Expenses	-9.7	-11.1	2.6	-3.9	-4.4	-4.0
Non Recurrings	0.0	0.0	3.5	0.0	0.0	0.0
PBT Rep	12.2	-0.1	20.3	16.5	19.6	23.2
Growth	-58.9%	n.m.	n.m.	-18.5%	18.5%	18.2%
Income Taxes	3.0	3.4	-3.4	-2.8	-4.6	-6.1
Tax rate	-24.9%	5643.3%	16.5%	16.7%	23.7%	26.4%
Minority Interest	0.0	-0.2	-1.0	-1.6	-1.7	-1.7
Discontinued Operations	0.0	0.0	0.0	1.6	1.7	1.7
Net Income Rep	15.2	3.1	16.0	13.8	15.0	17.0
Growth	-36.2%	-79.7%	414.0%	-13.6%	8.6%	13.9%
Margin	6.0%	1.3%	5.6%	4.9%	5.1%	5.6%
Net Income Adj	14.5	10.4	13.1	13.8	15.0	17.0
Growth	-45.1%	-28.5%	26.3%	4.9%	8.6%	13.9%
Margin	5.7%	4.4%	4.6%	4.9%	5.1%	5.6%

CF Statement	2022	2023	2024	2025E	2026E	2027E
FFO	33.5	23.4	42.8	35.7	37.2	39.5
Chg. in Working Capital	-9.3	16.5	-15.8	-7.6	-4.6	-5.3
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	28.1	32.6	34.2
CAPEX	-20.9	-16.9	-14.7	-18.0	-16.0	-16.8
Financial Investments	-9.8	-21.2	0.0	-2.5	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	-20.5	-16.0	-16.8
Dividends paid	-6.7	0.0	-6.8	-7.5	-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	-3.9	0.0	0.0
CHG IN NFP	-16.8	11.2	-0.7	-5.1	9.1	9.6

Source: Company data and Equita SIM estimates

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BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
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Date	Rec.	Target Price	Risk.	Comment
November 12, 2025	Buy	19.00	High	-
August 28, 2025	Buy	20.00	High	-
May 14, 2025	Buy	21.00	High	-

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HOLD	39.2%	31.9%
REDUCE	1.4%	2.9%
NOT RATED	2.7%	4.3%

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