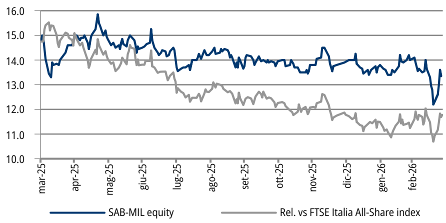
SABAF

Earnings Review

BUY ord. *(Unchanged)*
Target: **€ 18.00** *(Prev.: € 19.00)*
Risk: High

STOCKDATA			ORD
Price (as of 27 Mar 2026)			13.4
Bloomberg Code			SAB IM
Market Cap (€ mn)			166
Free Float			46%
Shares Out (mn)			12.4
52 week Range			€ 12.2 - 15.9
Daily Volume			8,528
Performance (%)	**1M**	**3M**	**1Y**
Absolute	-4.6	-2.9	-10.1
Rel to FTSE Italia All-Share	4.3	0.6	-18.5
MAIN METRICS	**2025**	**2026E**	**2027E**
SALES Adj	279	282	294
EBITDA Adj	41.4	42.2	45.3
EBIT Adj	21.1	21.7	24.6
NET INCOME Adj	10.9	12.2	13.4
EPS Adj - €c	87.0	98.3	107
DPS Ord - €c	58.0	58.0	60.0
MULTIPLES	**2025**	**2026E**	**2027E**
P/E ord Adj	16.0x	13.6x	12.4x
EV/EBITDA Adj	6.1x	5.7x	5.1x
EV/EBIT Adj	12.0x	11.0x	9.4x
REMUNERATION	**2025**	**2026E**	**2027E**
Div. Yield ord (A)	4.0%	4.3%	4.5%
FCF Yield Adj	9.5%	8.5%	9.1%
INDEBTEDNESS	**2025**	**2026E**	**2027E**
NFP Adj	-75.2	-69.3	-61.4
D/Ebitda Adj	1.8x	1.6x	1.4x

PRICE ORD LAST 365 DAYS



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STRATEGIC DRIVERS SUPPORT SABAF OUTPERFORMANCE

Sabaf FY25 results showed better-than-expected profitability, supported by the ramp-up in Mexican and Indian plants and production efficiencies. These elements are expected to drive Sabaf outperformance also in 2026, in a scenario of still subdued market demand. We have trimmed our 2026 estimates (Sales -3%, Adj. EPS -8%) to reflect more prudent market outlook and moved our target to € 18PS.

■ FY25 ending with better-than-expected profitability

Sabaf reported better-than-expected FY results in terms of profitability:

- **Revenues +0.8% to € 279.2mn** (€ 279mn exp.), or +2.2% at cFX (4Q +1.2% or +4.1% cFX);
- **Adj. EBITDA +2.4%** to € 41.4mn (€ 40.8mn exp.) with strong recovery in Q4 (+21% to € 10mn) thanks to the ramp-up in Mexico and India and production efficiencies;
- **Adj. NI** -19% to € 12.9mn (€ 10.5mn exp) due to a very low tax rate (8% vs. 17% exp. in FY25 thanks to Turkey tax incentives);
- **NFP** € -75.2mn vs. € -79mn exp. with FCF of € 17.1mn (10% FCF yield)

■ FY26 outlook: confident to outperform the market in a still subdued demand scenario

Sabaf sees a **still subdued market in 2026** with **demand remaining at 2025 depressed levels**, still around 10% below pre-Covid levels, but sees **room to grow more than the market** thanks to the various strategic initiatives developed in the last few years (especially in **Mexico** and in **India**).

The level of orders in 1Q26 remains at the average level of 2025 (€ 70mn sales per quarter), **supporting stable or moderately growing revenues in 2026** (but with a 1Q that will see a challenging comparison with the best quarter of 2025 and a weaker dollar).

On the profitability front, the group expects **neutral contribution from prices**, the full benefit of **efficiencies** generated during 2025 and **moderate headwind from Raw Material and energy costs**, thanks to hedges in place for the next 5-6 months. In case of structural cost inflation on energy and raw materials, the company will have to pass surcharges to clients in the 2H.

■ New governance in full continuity

On February 18th, following the sudden passing of Sabaf's CEO Pietro Iotti, the Board of Directors gave interim powers to CFO Gianluca Beschi. On March 24th, **the Board of Directors confirmed Gianluca Beschi as group CEO and CFO and appointed Andrea Bonfadelli**, already Technical Director of the Gas Division and Group Supply Chain Director, **as general manager**. We view the BoD decision as a choice of continuity and trust in the managerial team that has led Sabaf in recent years.

■ Estimate revised downward to reflect a muted market rebound in 2026

In light of the prudent messages from key industry players and from Sabaf on global market demand in 2026, we have **reduced our 2026 projections on revenues by -3% to € 282mn (or +1% YoY),** EBITDA by -5% to € 42.2mn (**margin 15.0% from previous 15.3% and 14.8% in FY25**) and **Net Profit by -8% to € 12.2mn** (assuming a return to a normalized tax rate and higher minorities due to MEC's good performance). **For 2027, our revisions are similar** with sales trimmed by -4%, EBITDA by -5.5% and Adj. Net Income by 13%.

■ Valuation moved to € 18PS (from € 19PS)

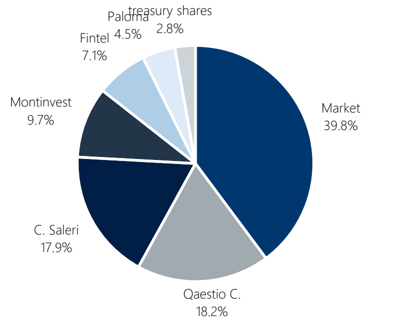
Visibility on the 2026 trajectory remains moderate, but the group is showing good resilience to the challenging environment, and **multiples remain contained on market demand at the lows:** 5.7-5.1x EV/EBITDA, 11-9x EV/EBIT, 8.5%/9.1% FCF yield**.**

For these reasons, we confirm our BUY, updating the target to € 18PS (from € 19) as an average between DCF (€19) and market multiples (15x PE or 12x EV/EBIT, now applied to 2027 estimates and discounted to 12M from today).

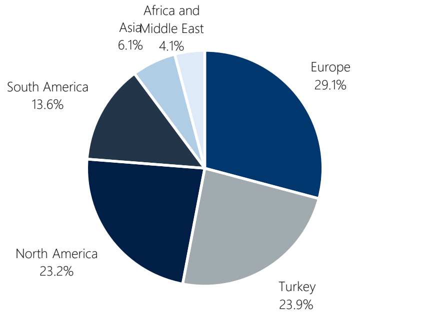
MAIN FIGURES - EURmn	2023	2024	2025	2026E	2027E	2028E
SALES Adj	239	277	279	282	294	307
Growth	-5.5%	15.8%	0.8%	1.0%	4.4%	4.2%
EBITDA Adj	33.1	40.4	41.4	42.2	45.3	48.3
Growth	-9.0%	22.2%	2.4%	2.1%	7.3%	6.5%
EBIT Adj	17.5	21.2	21.1	21.7	24.6	27.4
Growth	-11.9%	21.2%	-0.2%	2.8%	13.3%	11.1%
PBT Adj	12.0	20.3	15.8	17.5	20.4	23.5
Growth	-9.3%	69.3%	-22.2%	10.7%	16.8%	15.1%
Net Income Adj	10.4	13.1	10.9	12.2	13.4	15.6
Growth	-28.5%	26.3%	-17.3%	12.6%	9.1%	16.7%
MARGIN - %	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA Adj Margin	13.9%	14.2%	14.9%	15.0%	15.4%	15.7%
Ebit Adj margin	7.4%	7.4%	7.6%	7.7%	8.4%	8.9%
Pbt Adj margin	5.0%	7.1%	5.7%	6.2%	6.9%	7.7%
Net Income Adj margin	4.4%	4.6%	3.9%	4.3%	4.5%	5.1%
SHARE DATA	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EPS Adj - €c	87.5	105	87.0	98.3	107	125
Growth	-32.2%	20.2%	-17.3%	13.0%	9.1%	16.7%
DPS ord(A) - €c	54.0	58.0	58.0	58.0	60.0	62.0
BVPS	13.0	13.2	12.2	12.5	13.0	13.7
VARIOUS	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Capital Employed	248	252	240	238	236	235
FCF	22.9	12.3	17.1	14.2	15.1	16.9
CAPEX	16.9	14.7	18.0	16.0	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	-69.3	-61.4	-52.0
D/E Adj	0.43	0.43	0.47	0.42	0.36	0.29
Debt / EBITDA Adj	2.2x	1.8x	1.8x	1.6x	1.4x	1.1x
Interest Coverage	8.6x	18.6x	9.2x	9.9x	10.8x	12.5x
MARKET RATIOS	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
P/E Ord Adj	19.8x	14.4x	16.0x	13.6x	12.4x	10.7x
PBV	1.2x	1.3x	1.2x	1.1x	1.0x	1.0x
EV FIGURES	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EV/Sales	1.2x	0.9x	0.9x	0.9x	0.8x	0.7x
EV/EBITDA Adj	8.9x	6.6x	6.1x	5.7x	5.1x	4.6x
EV/EBIT Adj	16.8x	12.6x	12.0x	11.0x	9.4x	8.2x
EV/CE	1.2x	1.1x	1.1x	1.0x	1.0x	0.9x
REMUNERATION	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Div. Yield ord	3.4%	3.3%	4.0%	4.3%	4.5%	4.6%
FCF Yield Adj	12.1%	5.7%	9.5%	8.5%	9.1%	10.2%
Roce Adj	5.3%	6.4%	6.5%	7.3%	7.7%	8.5%

Source: Company data and Equita SIM estimates

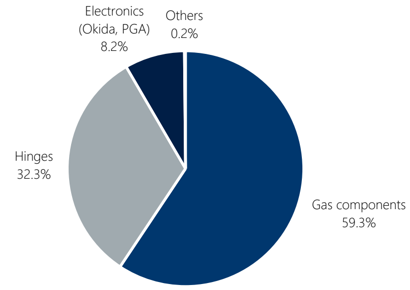
SHAREHOLDERS



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

FY25 ENDS WITH A BETTER-THAN-EXPECTED PROFITABILITY

Sabaf reported better-than-expected FY results in terms of profitability:

- **Revenues +0.8% to € 279.2mn** (€ 279mn exp.), or +2.2% at cFX;
- **Adj. EBITDA +2.4%** to € 41.4mn (€ 40.8mn exp.) with strong recovery in Q4 (+21% to € 10mn) thanks to the ramp-up in Mexico and India and production efficiencies;
- **Adj. EBIT** -0.3% a € 21.1mn (€ 20.5mn exp) thanks to higher EBITDA;
- **Adj. NI** -19% to € 12.9mn (€ 10.5mn exp) due to a very low tax rate (8% vs. 17% exp. in FY25 thanks to Turkey incentives);
- **DPS** stable at € 0.58PS (€ 0.60 exp.);
- **NFP** € -75.2mn vs. € -79mn exp. with FCF of € 17.1mn (10% FCF yield)

In more details, **for 4Q25**, on an adjusted basis (excluding hyperinflation impact):

- **Adj. Sales +1.2%** to € 65.4mn (€ 65.2mn exp) or +4.1% at cFX;
- **Adj. EBITDA +21.5%** to € 10.0mn (€ 9.5mn exp.), with margin at 15.3% (14.5% exp);
- Adj NI +8% to € 3.7mn (€ 1.3mn exp), mainly due to lower tax rate.

SAB - 4Q RESULTS (€ mn)

		EXPECTED		ACTUAL		
	4Q24	4Q25	YoY Δ%	4Q25	YoY Δ%	Act vs Exp
Adj. Revenues	64.7	65.2	0.9%	65.4	1.2%	0.2
Adj. EBITDA	8.3	9.5	15%	10.0	21%	0.5
Adj. EBITDA Margin	12.8%	14.5%		15.3%		
Adj. EBIT	3.2	4.4	35%	5.1	56%	0.7
Adj. EBIT Margin	5.0%	6.7%	-	7.7%	-	
Adj. Net income	3.4	1.3	-60%	3.7	8%	2.3
Adj. NI Margin	5.2%	2.1%	-	5.6%	-	
NFP	-73.9	-79.0	7%	-75.2	2%	3.8

Source: Equita SIM estimates and company data

SAB - FY RESULTS (€ mn)

		EXPECTED		ACTUAL		
	FY24	FY25	YoY Δ%	FY25	YoY Δ%	Act vs Exp
Adj. Revenues	277.0	279.0	1%	279.2	0.8%	0.2
Adj. EBITDA	40.4	40.8	1%	41.4	2.4%	0.5
Adj. EBITDA Margin	14.6%	14.6%		14.8%		
Adj. EBIT	21.2	20.5	-3%	21.1	-0.2%	0.7
Adj. EBIT Margin	7.7%	7.3%	-	7.6%	-	
Adj. Net income	16.0	10.5	-34%	12.9	-19%	2.3
Adj. NI Margin	5.8%	3.8%	-	4.6%	-	
NFP	-73.9	-79.0	7%	-75.2	n.m.	3.8

Source: Equita SIM estimates and company data

At geographical level, based on adjusted numbers (excluding hyperinflationary impact), sales in FY25 were **up by 3% in Europe, by +8% in NA, by +6.6% in LatAm and by** +2.2% in APAC, while **Turkey was down by -5.5%** and **MENA by -24.5%.**

In 4Q, sales dynamics were similar to the FY, with Europe +5%, NA +5% (in euro terms) and LatAm +16%, while Turkey -6% and MENA -27%. APAC turned negative at -9%.

SAB - ADJUSTED 4Q SALES BREAKDOWN BY GEOGRAPHY (€ mn)

	4Q24	4Q25	YoY change
Europe	18.5	19.4	5%
Turkey	15.4	14.5	-6%
North America	14.7	15.5	5%
South America	8.3	9.6	16%
MENA	3.2	2.3	-27%
Asia	4.5	4.1	-9%
Total sales	64.7	65.4	1.2%

Source: Company data

SAB - ADJUSTED FY SALES BREAKDOWN BY GEOGRAPHY (€ mn)			
	FY24	FY25	YoY change
Europe	79.0	81.4	3%
Turkey	70.5	66.6	-5%
North America	60.1	64.9	8%
South America	35.7	38.0	7%
MENA	15.2	11.5	-24%
Asia	16.5	16.9	2%
Total sales	277.0	279.2	0.8%

Source: Company data

At the product level, for the FY25 **gas +1%**, **hinges +4.1%** (in euro terms), **Electronics -11%** due to the weakness of Turkey and competitive pressure. **Induction** -10.8% on still very small numbers. For 4Q25, sales dynamics were similar to the FY, with gas +0.5%, hinges +3.9% and Electronics -6.8% (a bit better than 9M).

SAB - ADJUSTED 4Q SALES BREAKDOWN BY PRODUCT (€ mn)				
	4Q24	4Q25	YoY change	cFX
Gas components	38.0	38.2	0.4%	
Hinges	21.2	22.0	3.9%	
Electronic components	5.4	5.1	-6.8%	
Induction	0.1	0.2	n.m.	
Total sales	64.7	65.4	1.2%	4.1%

Source: Company data

SAB - ADJUSTED FY SALES BREAKDOWN BY PRODUCT (€ mn)				
	FY24	FY25	YoY change	organic
Gas components	164.1	165.7	1.0%	
Hinges	86.6	90.2	4.1%	
Electronic components	25.8	23.0	-11.0%	
Induction	0.5	0.4	-10.8%	
Total sales	277.0	279.2	0.8%	1.2%

Source: Company data

At FY25 level, Adj. EBITDA was € 41.4mn, +2.4% YoY. The EBITDA bridge compared to 2024 (€ +1mn) is mainly made up of:

- **volumes** (€ 0.3mn)
- **prices** (€ 1mn)
- **efficiencies/productivity** (€ 1.2mn) and
- **higher contribution from MEC and PGA** (€ 1.7mn)

... partly offset by

- **labor costs** (€ -1.4mn)
- **FX** (€ -0.7mn)
- **Raw Materials** (€ -0.8mn)
- **Stock grants** (€ -0.5mn).

Net Debt ended FY25 at € 75.2mn vs. € 79mn exp., up by € 1.3 in the 12M, after € 7.9mn dividends paid to Sabaf shareholders, € 1.9mn spent in share buy-back and € 3.5mn as revaluation of the put option in favour of MEC minority shareholders in light of MEC better performance and prospects. NFP is including € 15mn related to the put option on MEC minorities and € 5mn of financial leases.

SAB - CASHFLOW STATEMENT (€ mn)		
	FY24	FY25
Cashflow provided by operations	42.8	43.4
(Increase) decrease in NWC	-15.8	-8.4
(Purchase of fixed assets)	-14.7	-18.0
FCF	12.3	17.1
(Other net investments)	0.0	-3.5
(Distribution of dividends)	-6.8	-7.9
Right issue / (buy-back)	-0.2	-1.9
Others	-6.0	-5.1
(Increase) decrease in net debt	-0.7	-1.3

Source: Company data

FY25 FCF was € 17.1mn, after € 18mn CAPEX. Adjusting the NWC change for FX impact, we calculate a "normalized" FCF of € 12.4mn, as indicated in the FY25 presentation.

NET WORKING CAPITAL TREND (€ mn)

	4Q24	% 4xQ Sales	1Q25	% 4xQ Sales	2Q25	% 4xQ Sales	3Q25	% 4xQ Sales	4Q25	% 4xQ Sales
receivables	64.8	25.1%	68.4	22.9%	69.6	24.5%	70.7	25.9%	63.5	22.7%
inventories	63.1	24.4%	63.4	21.2%	65.3	23.0%	64.8	23.8%	61.8	22.1%
payables	-41.7	-16.1%	-48.3	-16.2%	-51.2	-18.0%	-43.7	-16.0%	-39.6	-14.2%
TWC	86.2	33.3%	83.5	28.0%	83.8	29.4%	91.7	33.7%	85.7	30.7%

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 FY AND 4Q P&L

Twelve-month results *Data in thousands of €*	**2025**	**2024**	**2025-2024 change**	**% change**
Sales revenue	278,201	285,091	(6,890)	*-2.4%*
Hyperinflation – Turkey	1,035	(8,126)		
Normalised revenue	**279,236**	**276,965**	**2,271**	***+0.8%***
EBITDA	40,780	43,704	(2,924)	*-6.7%*
EBTIDA %	*14.7*	*15.3*		
Hyperinflation – Turkey	570	(3,306)		
Normalised EBITDA	**41,350**	**40,398**	**952**	***+2.4%***
Normalised EBITDA %	***14.8***	***14.6***		
EBIT	16,163	17,739	(1,576)	*-8.9%*
EBIT %	*5.8*	*6.2*		
Hyperinflation – Turkey	4,986	3,465		
Normalised EBIT	**21,149**	**21,204**	**(55)**	***-0.3%***
Normalised EBIT %	***7.6***	***7.7***		
Group net result	5,180	6,928	(1,748)	*-25.2%*
Net result %	*1.9*	*2.4*		
Hyperinflation – Turkey	7,696	9,022		
Normalised result of the Group	**12,876**	**15,950**	**(3,074)**	***-19.3%***
Normalised result %	***4.6***	***5.8***		

Quarterly results *Data in thousands of €*	**Q4 2025***	**Q4 2024***	**2025-2024 change**	**% change**
Sales revenue	65,899	71,216	(5,317)	*-7.5%*
Hyperinflation – Turkey	(486)	(6,563)		
Normalised revenue	**65,413**	**64,653**	**760**	***+1.2%***
EBITDA	10,355	10,803	(448)	*-4.1%*
EBTIDA %	*15.7*	*15.2*		
Hyperinflation – Turkey	(331)	(2,550)		
Normalised EBITDA	**10,024**	**8,253**	**1,771**	***+21.5%***
Normalised EBITDA %	***15.3***	***12.8***		
EBIT	4,267	1,621	2,646	*+163.2%*
EBIT %	*6.5*	*2.3*		
Hyperinflation – Turkey	785	1,629		
Normalised EBIT	**5,052**	**3,250**	**1,802**	***+55.4%***
Normalised EBIT %	***7.7***	***5.0***		
Group net result	(2,197)	(2,632)	435	*-16.5%*
Net result %	*-3.3*	*-3.7*		
Hyperinflation – Turkey	5,871	6,025		
Normalised result of the Group	**3,674**	**3,393**	**281**	***+8.3%***
Normalised result %	***5.6***	***5.2***		

(*) unaudited figures

Source: SAB press release

2026 OUTLOOK: CONFIDENT TO OUTPERFORM A STILL SUBDUED MARKET

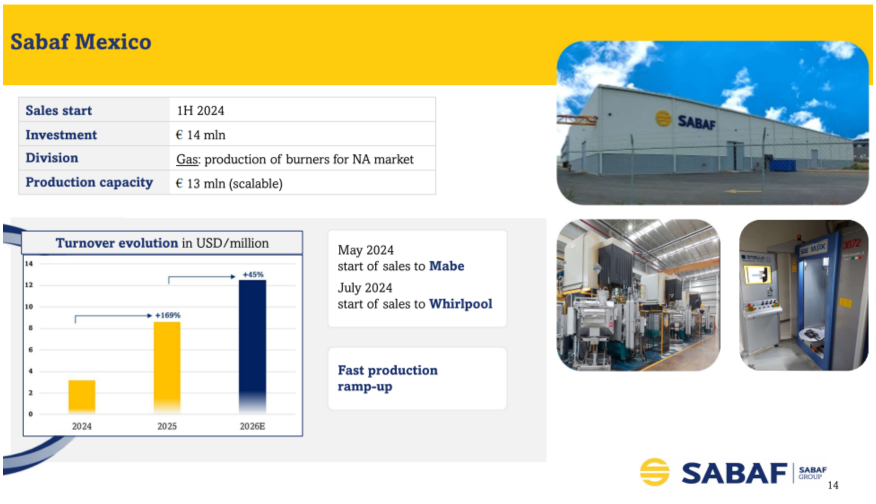
Sabaf sees a **still subdued market in 2026** with **demand remaining at 2025 depressed levels**, still around 10% below pre-Covid levels, but sees **room to grow more than the market** thanks to the various strategic initiatives developed in the last few years (especially in **Mexico** and in **India**). In terms of key markets, Sabaf is expecting to **grow** in **Mexico**, **Brazil**, **India** and **China**, is expecting **stability in USA** and **EMEA**, foresees **Turkey flat or slightly down** and **MENA still significantly down** given the geopolitical context.

The level of orders in this 1Q26 remains at the average level of 2025 (€ 70mn sales per quarter), **supporting stable or moderately growing revenues in 2026** (but with a 1Q that will see a challenging comparison with the best quarter of 2025 and a weaker dollar).

More specifically, **management highlighted the expected contribution in 2026 from the ramp-up of the 3 strategic investments in Mexico, India and MEC**:

- **In Mexico** sales are expected to increase by 45% above USD 12mn from around USD 9mn in 2025. Sabaf Mexico is serving both local large clients like Mabe and directly US clients like Whirlpool.

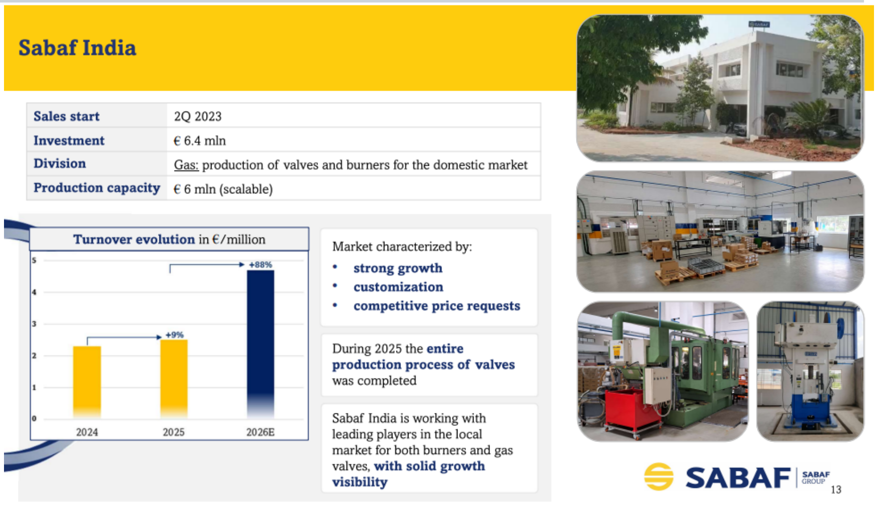
SABAF MEXICO



Source: Sabaf 4Q presentation

- **In India**, after a few years since the investment in the new plant, Sabaf has better understood the client requests and is starting to see a good commercial traction. Sales are expected to growth at almost 90% in 2026 from slightly above € 2mn in 2025.

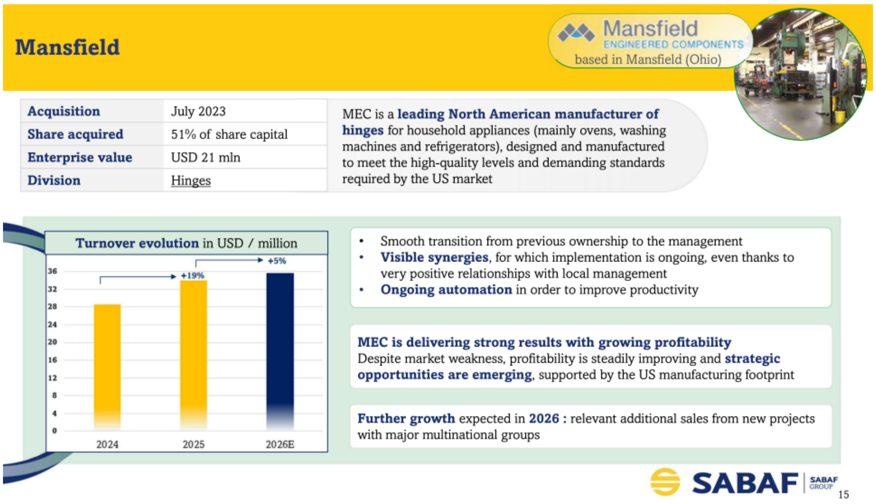
SABAF INDIA



Source: Sabaf 4Q presentation

- **MEC** (Mansfield Engineering Company) is offering further top-line growth opportunities (+5% expected in 2026 in USD) after a very solid 2025 (+19% in USD) and cost efficiencies thanks to increasing production automation.

MANSIFELD ENGINEERING COMPANY (MEC)



Source: Sabaf 4Q presentation

- **In China Sabaf is finally seeing concrete commercial opportunities** (more in 2027 than 2026 in terms of sales contribution) to supply large local players. More details will be provided when appropriate.

- In **Electronics**, Okida is expected to have reached the bottom thanks to the new projects coming to the market in 2026 and 2027 and supporting a better diversification in terms of business applications. PGA has already recovered in 2025.

On the profitability front, the group expects **neutral contribution from prices, the full benefit of efficiencies generated during 2025 and moderate headwind from Raw Material and energy costs, thanks to hedges.**

In more detail, **the company has 40% of energy costs hedged** and **has improved its energy efficiency** in Italy thanks to the Photo Voltaic panels installed in 2025. **Raw materials are hedged over the next 5/6 months**. In case of structural cost inflation on energy and raw materials, the company will have to pass surcharges to clients in the 2H. **No disruptions have emerged so far in the supply chain**.

Given the geopolitical context, management commented there is no rush to pursue M&A transactions, but the strategy does not change and Sabaf continues to scout for potential targets.

NEW APPOINTMENTS IN THE NAME OF CONTINUITY

On February 18th, following the sudden passing of Sabaf's CEO Pietro Iotti, the Board of Directors gave interim powers to CFO Gianluca Beschi. On March 24th, **the Board of Directors confirmed Gianluca Beschi as group CEO and CFO and appointed Andrea Bonfadelli**, already Technical Director of the Gas Division and Group Supply Chain Director, **as general manager**.

Both Mr. Beschi and Mr. Bonfadelli have a long experience in Sabaf and have worked with Mr. Iotti in the last 9 years in the definition and implementation of the group's growth strategy. **The choice of the Board of Directors therefore appears to be a choice of continuity and trust in the managerial team that has led Sabaf in recent years**.

NEW GOVERNANCE

Source: Sabaf 4Q presentation

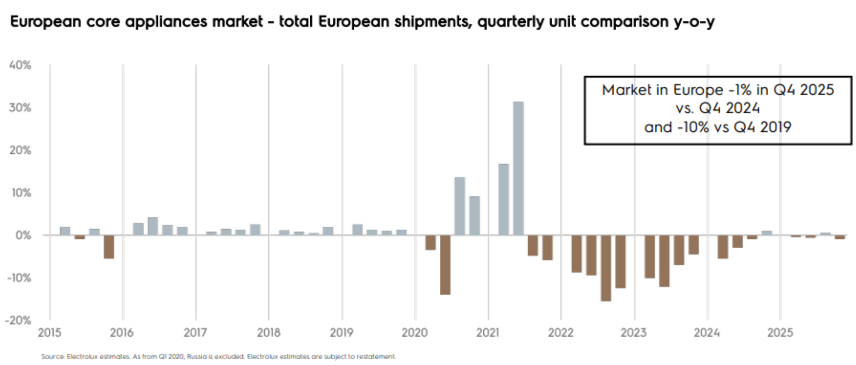
MESSAGES FROM KEY INDUSTRY PLAYERS: EMEA AND NA STILL SLUGGISH

Overall, the recent messages provided by key industry players like Whirlpool, Electrolux and Arcelik remain subdued, **with 4Q25 demand stable YoY on low levels and 2026 outlook flat or slightly negative in EMEA and NA**. LatAm proved to be more dynamic in 2025, a trend expected also for FY26.

■ 4Q industry shipments flattish

In EMEA 4Q industry shipments for Major Domestic Appliances (MDA) were slightly negative (-1%, with WE -1% and EE +2%), **remaining 10% below 2019 level**. **For the FY25, shipments were flat,** both in WE and in EE.

QUARTERLY INDUSTRY SHIPMENTS IN EUROPE



Source: Electrolux 4Q25 presentation

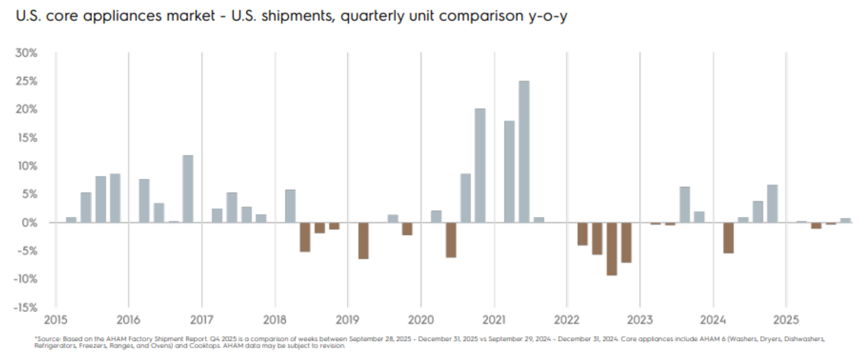
Arcelik highlighted a recovery in UK, Italy, Spain, the Netherlands and Belgium, but still soft demand in France, Germany and Austria in WE. Romania and Ukraine remained pretty solid in EE.

WESTERN AND ESTERN EUROPE MARKET DEMAND ()

Source: Arcelik 4Q25 presentation

In NA, industry shipments were up 1% in 4Q25 and flat in FY25.

QUARTERLY INDUSTRY SHIPMENTS IN NORTH AMERICA



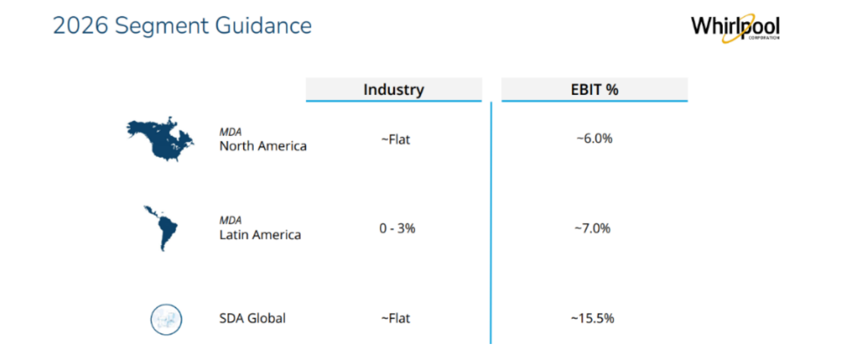
Source: Electrolux 4Q25 presentation

In LatAm, 4Q25 market demand is estimated by Electrolux quite strong, with Brazilian consumer environment slowing down, but good support from Argentina and Chile.

■ Market outlook: market demand to remain flattish at the bottom of the cycle

Key industry players are projecting a still subdued market for FY26. Whirlpool sees NA flat and LatAm in the 0%/3% area..

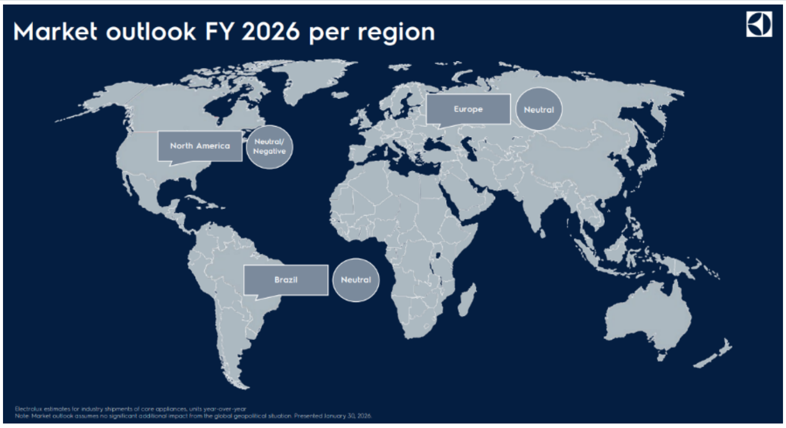
2026 INDUSTRY SHIPMENTS FORECASTS AND PROFITABILITY GUIDANCE



Source: Whirlpool 4Q25 presentation

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

2026 INDUSTRY SHIPMENTS FORECAST BY REGION



Source: Electrolux 4Q25 presentation

ESTIMATE REVISION: GROWTH IN FY26 MAINLY COMPANY SPECIFIC

Our estimates factored in a more robust recovery in FY26 (sales +4.4% or +5.3% at cFX). In light of the messages from key industry players on the global demand outlook and the comments from Sabaf in the press release and in the call, we have **reduced our 2026 projections on revenues by -3% to € 282mn,** EBITDA by -5% to € 42.2mn (**margin 15.0% from previous 15.3% and 14.8% in FY25**) and **Net Profit by -8% to € 12.2mn** (assuming a return to a normalized tax rate and higher minorities due to MEC's good performance).

For 2027, our revisions are similar with sales trimmed by -4%, EBITDA by -5.5% and Adj. Net Income by 13%.

CHANGE IN ESTIMATES (€ mn)

	2025 Exp..	2025 Act..	2026E Prev.	2026E Curr.	2027E Prev.	2027E Curr.
Adj. Revenues	279.0	279.2	291.3	282.0	305.5	294.4
% chg		0.1%		-3.2%		-3.6%
Abs chg		0.2		-9.3		-11.0
Adj. EBITDA	40.8	41.4	44.5	42.2	48.0	45.3
% chg		1.3%		-5.1%		-5.5%
Abs chg		0.5		-2.3		-2.6
Adj. EBIT	20.5	21.1	24.0	21.7	27.2	24.6
% chg		3.3%		-9.3%		-9.5%
Abs chg		0.7		-2.2		-2.6
Adj. Net income	10.5	10.9	13.3	12.2	15.3	13.4
% chg		3.1%		-7.8%		-13.0%
Abs chg		0.3		-1.0		-2.0
Net income	12.2	5.2	13.3	12.2	15.3	13.4
% chg		-57.5%		-7.8%		-13.0%
Abs chg		-7.0		-1.0		-2.0
Adj. EPS (€ cents)	84.4	87.0	106.6	98.3	123.3	107.3
% chg		3.1%		-7.8%		-13.0%
Abs chg		2.6		-8.3		-16.0
NFP	-80.6	-75.2	-73.1	-69.3	-65.2	-61.4
% chg		-6.7%		-5.3%		-5.9%
Abs chg		5.4		3.9		3.8
FCF	8.5	17.1	14.9	14.2	15.7	15.1
% chg		102.0%		-5.0%		-3.5%
Abs chg		8.7		-0.7		-0.6
CAPEX	18.0	18.0	16.0	16.0	16.8	16.2
% chg		-0.3%		-0.1%		-3.6%
Abs chg		0.0		0.0		-0.6
DPS	60.0	58.0	62.0	58.0	64.0	60.0
% chg		-3.3%		-6.5%		-6.3%
Abs chg		-2		-4		-4

Source: Equita SIM estimates

VALUATION TRIMMED TO € 18PS

We have trimmed our valuation to € 18PS (from € 19PS)**,** equal to the average between DCF and market multiples (12x EV/EBIT and 15x Adj. PE, now applied to 2027 estimates and discounted to 12M from now).

Visibility on the 2026 trajectory remains moderate, but the group is showing good resilience to the challenging environment, and **multiples remain contained on market demand at the lows:** 5.7-5.1x EV/EBITDA, 11-9x EV/EBIT, 8.5%/9.1% FCF yield**.** For these reasons, we confirm our BUY, updating the target to € 18PS (from € 19) as an average between DCF (€19) and market multiples (15x PE or 12x EV/EBIT 2027 discounted to 12M from today).

PE MULTIPLE VALUATION	
(A) 2027E multiple	15 x
(B) 2027E EPS (€)	1.1
(D)=(A)x[(B)+(C)] Stock value (€)	16
(E) Dividends to be cashed-in (€)	1.2
(F) = (D)+(E) Total stock value (€ PS)	17
(G) Discount (1+Ke)	1.07
(H)=(F)/(G) Target (€ PS)	16

TARGET PRICE SENSITIVITY			
(A) 2027E multiple	13 x	15 x	17 x
(B) 2027E EPS (€)	1.1	1.1	1.1
(D)=(A)x[(B)+(C)] Stock value (€)	14	16	18
(E) Dividends to be cashed-in (€)	1.2	1.2	1.2
(F) = (D)+(E) Total stock value (€ PS)	15	17	19
(G) Discount (1+Ke)	1.07	1.07	1.07
(H)=(F)/(G) Target (€ PS)	14	16	18

Source: Equita SIM estimates

EV/EBIT MULTIPLE VALUATION (€ mn)	
(A) 2027E multiple	12 x
(B) 2027E EBIT	25
(D)=(A)x[(B)+(C)] EV	296
(E) NFP 2027E	-61
(F) minorities	-5
(G) Dividends to be cashed-in	14
(H) = (D)+(E)+(F)+(G) Total stock value	244
(I) Discount (1+Ke)	1.07
(J)=(H)/(I) Target (€ PS)	229
(K) shares (mn)	12.4
(L)=(J)/(K) Target (€ PS)	18

TARGET PRICE SENSITIVITY (€ mn)			
(A) 2027E multiple	10 x	12 x	14 x
(B) 2027E EBIT	25	25	25
(D)=(A)x[(B)+(C)] EV	246	296	345
(E) NFP 2027E	-61	-61	-61
(F) minorities	-5	-5	-5
(G) Dividends to be cashed-in	14	14	14
(H) = (D)+(E)+(F)+(G) Total stock value	195	244	293
(I) Discount (1+Ke)	1.07	1.07	1.07
(J)=(H)/(I) Target (€ PS)	182	229	275
(K) shares (mn)	12.4	12.4	12.4
(L)=(J)/(K) Target (€ PS)	15	18	22

Source: Equita SIM estimates

DCF (€ mn)

Assumptions	
G	2.0%
WACC	8.8%

Valuation (€ mn)	
NPV of FCF (2027-29)	65
NPV of Terminal Value	253
Estimated Enterprise Value	318
2025A NFP	-75
Adjustment to NFP	0
SAB IM Equity	242
Minorities & Peripheral	-5
Total Equity	238
Adj. # of shares (mn)	12.4
Target Price (€ PS)	19

	2026E	2027E	2028E	2029E	Perpetuity
Sales	282	294	306	318	325
Change %	*1.0%*	*4.4%*	*4.0%*	*4.0%*	*2.0%*
EBITDA	42	45	48	52	52
Change %	*2.1%*	*7.3%*	*6.7%*	*6.6%*	*0.7%*
Margin	15.0	15.4	15.8	16.2	16.0
D&A	-20.5	-20.7	-19.9	-19.1	-19.5
EBIT	22	25	28	32	32
Change %	*2.8%*	*13.3%*	*15.6%*	*14.1%*	*31.8%*
Margin	7.7	8.4	9.3	10.2	10.0
Taxes	-6	-7	-8	-9	-9
EBIT after Tax	16	18	21	24	24
Change %	*2.8%*	*13.3%*	*15.6%*	*14.1%*	*0.0%*
Capex/acquisitions	-16	-16	-18	-19	-19
(increase) decrease in NWC	-4	-4	-4	-4	-2
Free Cash Flow before minorities	16	18	18	19	21
Free Cash Flow	16	18	18	19	21
Discount Factor	1.0	1.1	1.2	1.3	1.3
PV of FCF	17	17	16	15	17

Source: Equita SIM estimates and company data

DCF SENSITIVITY ANALYSIS (€ PS)				
		Perpetual growth G		
		1.5%	2.0%	2.5%
	8.3%	20	21	22
WACC	8.8%	18	19	20
	9.3%	17	17	18

Source: Equita SIM estimates

SABAF VALUATION	Weight	Target multiple	Valuation (€ PS)
EV/EBIT multiple valuation	33%	12x	18
PE multiple valuation	33%	15x	16
DCF valuation	33%	n.m.	19
Target price			18

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	42.2	45.3	48.3
Growth	-26.2%	47.6%	-6.7%	3.6%	7.3%	6.5%
Margin	12.4%	15.3%	14.7%	15.0%	15.4%	15.7%
D&A	-18.5	-26.0	-24.6	-20.5	-20.7	-20.9
EBIT Rep	11.1	17.7	16.2	21.7	24.6	27.4
Growth	-49.5%	60.4%	-8.9%	34.5%	13.3%	11.1%
Margin	4.6%	6.2%	5.8%	7.7%	8.4%	8.9%
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	17.5	20.4	23.5
Growth	n.m.	n.m.	-59.8%	114.3%	16.8%	15.1%
Income Taxes	3.4	-3.4	-1.3	-3.5	-5.4	-6.2
Tax rate	5643.3%	16.5%	16.2%	20.3%	26.3%	26.4%
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	12.2	13.4	15.6
Growth	-79.7%	414.0%	-67.5%	136.3%	9.1%	16.7%
Margin	1.3%	5.6%	1.9%	4.3%	4.5%	5.1%
Net Income Adj	10.4	13.1	10.9	12.2	13.4	15.6
Growth	-28.5%	26.3%	-17.3%	12.6%	9.1%	16.7%
Margin	4.4%	4.6%	3.9%	4.3%	4.5%	5.1%

CF Statement	2023	2024	2025	2026E	2027E	2028E
FFO	23.4	42.8	31.5	34.4	35.8	38.2
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	30.2	31.3	33.8
CAPEX	-16.9	-14.7	-18.0	-16.0	-16.2	-16.9
Financial Investments	-21.2	0.0	-3.5	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	-38.1	-14.7	-21.5	-16.0	-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	-1.0	0.0	0.0
Other changes in financing	-7.4	-6.0	-5.9	0.0	0.0	0.0
CHG IN NFP	11.2	-0.7	-1.3	5.9	7.9	9.4

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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EXPECTED TOTAL RETURN FOR THE VARIOUS CATEGORIES OF RECOMMENDATION AND RISK PROFILE

RECOMMENDATION/RATING	Low Risk	Medium Risk	High Risk
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
March 25, 2026	Buy	18.00	High	-
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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BUY	59.2%	63.2%
HOLD	37.5%	30.9%
REDUCE	0.7%	1.5%
NOT RATED	2.6%	4.4%

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