



# SABAF

## Earnings Review

**BUY** ord. (Unchanged)

Target: **€ 20.00** (Unchanged)

Risk: High

STOCKDATA	ORD
Price (as of 15 Nov 2023)	14.4
Bloomberg Code	SAB IM
Market Cap (€ mn)	179
Free Float	46%
Shares Out (mn)	12.4
52 week Range	€ 13.3 - 19.0
Daily Volume	3,647

Performance (%)	1M	3M	1Y
Absolute	1.8	-19.0	-22.7
Rel to FTSE Italia All-Share	-2.6	-21.5	-34.3

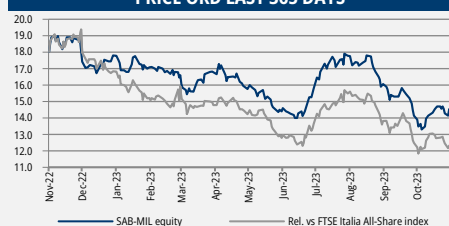
MAIN METRICS	2022	2023E	2024E
SALES Adj	253	242	273
EBITDA Adj	36.3	34.3	44.0
EBIT Adj	19.9	15.4	22.7
NET INCOME Adj	22.1	8.6	14.7
EPS Adj - €c	196	72.7	118
DPS Ord - €c	0.0	0.0	20.0

MULTIPLES	2022	2023E	2024E
P/E ord Adj	8.5x	19.8x	12.2x
EV/EBITDA Adj	7.6x	7.7x	5.7x
EV/EBIT Adj	14.0x	17.1x	11.0x

REMUNERATION	2022	2023E	2024E
Div. Yield ord (A)	0.0%	0.0%	1.4%
FCF Yield Adj	1.4%	6.2%	8.1%

INDEBTEDNESS	2022	2023E	2024E
NFP Adj	-84.4	-79.9	-65.4
D/Ebitda Adj	2.3x	2.3x	1.5x

### PRICE ORD LAST 365 DAYS



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

## NOT YET OUT OF THE WOODS: ORGANIC REBOUND MOVED TO 4Q23

**3Q results were below our expectations, with margins still down sequentially, but 4Q outlook is confirming a return to positive sequential and YoY organic top-line growth. We see organic momentum, underpinned by strategic projects, supporting the investment case, in spite of additional mid-teen cut to 2024 Adj EPS.**

### ■ 3Q below expectations, with margin still down sequentially

- **Adj. Sales** € 61.3mn (+12.6% YoY) vs. € 64mn exp.;
- **Adj Ebitda** € 8.77mn (14.3% margin) vs € 10.1mn exp. (15.8% expected margin);
- **Adj EBIT** € 6mn vs € 5.4mn exp. but including € 1.5mn capital gain from asset disposal.
- **Adj NI** € 5.16mn vs € 3.2mn expected.

**Adjusted for the impacts of hyperinflation in Turkey**, SAB 3Q sales were € 61.3mn, +12.6% YoY vs € 64mn exp., with **organic performance still negative** (-6% vs -5.4% exp) and **lower contribution from PGA** (serving an end market under severe pressure).

**Adj. Ebitda** was up by 69% YoY to € 8.77mn (14.3% margin, below our expectation of 15.8% and below 2Q23 margin of 14.9%) due to lower volumes and higher personnel costs with stable raw material and energy costs (compared to 2Q23).

### ■ FY23 outlook: 4Q finally back to positive organic top-line growth

**Based on October sales and backlog, management pointed to positive organic growth for 4Q23, both sequentially and on an YoY basis.** We have factored for 4Q23 € 65.6mn sales, up by 7% compared to 3Q23 and by 5% YoY on a constant perimeter. **4Q should support some sequential margin improvement, given higher volumes and stable RM/energy costs.** We are now factoring in a 15.1% Adj. EBITDA margin for 4Q23, leading FY23 Adj. EBITDA to € 34.3mn and Adj. EBITDA margin to 14.2%.

### ■ Progress on strategic projects, in a still uncertain market outlook

Management gave an update on the contribution of strategic projects expected for 2024:

- **Mexican plant start-up** is expected to add € 0.5m revenue per month when at full speed, with high level of visibility;
- **Indian plant ramp-up** is projected to contribute € 2-3mn additional sales in 2024;
- **Induction launch:** € 4-8mn contribution was indicated by management to 2024 revenues, depending on timing of launch and market demand;

... albeit in a still complicated market environment, especially in Europe, offering limited visibility on 2024 market trends. We highlight that Whirlpool has actually raised its 2023 industry shipment expectations from -3% to flat, with a large improvement on NA (from -6%/-4% to +1%/+2%) and LatAm (from -3%/-1% to 0%/+2%), partially offset by weaning of expectations in Europe (from -6%/-4% to -8%/-6%) and APAC (from +2%/4% to -3%/-2%).

### ■ Estimate revision: another mid-teen cut to 2024 Adj EPS

Based on the previous management comments and on indications provided by key industry players, **we have trimmed 2024 sales by -2.5% to € 273mn and Adj. EBITDA by -6.5% to € 44mn, with Adj. EPS impact of -13% to € 1.18.** Our 2024 top-line is reflecting a 7% contribution from M&A (full consolidation of MEC) and 6% contribution from organic growth (€ 15mn), mostly driven by strategic projects.

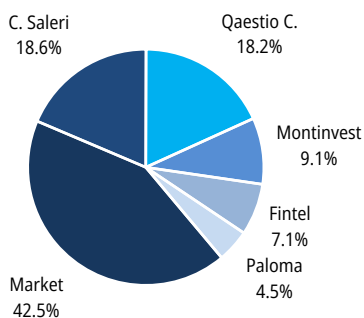
### ■ BUY confirmed, supported by structural inversion in organic trends

**Despite another quarter of organic decline and a still weak European market demand**, which led us to cut 2024 EPS by 15%, we think the equity story will be supported in the next quarters by a **return to positive organic growth, mainly driven so far by company-specific projects.** A more structural recovery of the market (down in volume terms by -12% in Europe while up by 7% in NA compared to 2019) is not yet visible but will give further boost to group profitability once it materializes. **In terms of valuation, we have confirmed a target multiple of 13x, now applied to 2025 numbers** (including residual synergies from MEC post 2025) and discounted to 12M from now. Our target would imply a multiple of 17x Adj PE 2024 compared to current 12x.

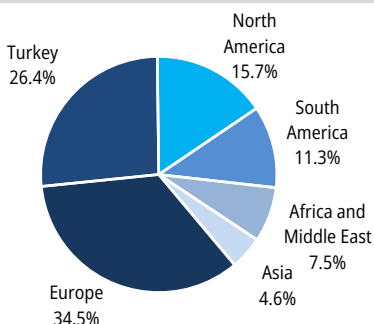
<b>MAIN FIGURES - EURmn</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
SALES Adj	185	263	253	242	273	290
Growth	18.6%	42.4%	-3.9%	-4.4%	12.9%	6.3%
EBITDA Adj	37.1	54.1	36.3	34.3	44.0	51.0
Growth	37.2%	45.9%	-32.9%	-5.6%	28.2%	15.9%
EBIT Adj	20.1	37.5	19.9	15.4	22.7	29.1
Growth	68.9%	86.7%	-47.0%	-22.3%	47.2%	28.0%
Net Income Adj	14.1	26.5	22.1	8.6	14.7	19.5
Growth	73.9%	87.9%	-16.6%	-60.9%	70.7%	32.0%
<b>MARGIN - %</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
EBITDA Adj Margin	20.1%	20.6%	14.4%	14.2%	16.1%	17.6%
Ebit Adj margin	10.9%	14.2%	7.9%	6.4%	8.3%	10.0%
Net Income Adj margin	7.6%	10.1%	8.7%	3.6%	5.4%	6.7%
<b>SHARE DATA</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
EPS Adj - €c	125	236	196	72.7	118	156
Growth	72.7%	89.1%	-17.1%	-62.9%	63.0%	32.0%
DPS ord(A) - €c	55.0	60.0	0.0	0.0	20.0	21.0
BVPS	10.1	10.8	13.8	14.1	15.3	16.7
<b>VARIOUS</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Capital Employed	179	195	245	260	260	263
FCF	7.8	-0.5	3.4	10.6	14.5	16.7
CAPEX	17.3	23.8	20.9	18.6	18.3	19.5
Working capital	52.3	68.5	78.2	83.5	87.7	94.1
Trading Working capital	60.8	77.4	84.0	89.5	93.3	98.9
<b>INDEBTNESS</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Nfp Adj	-56.3	-67.6	-84.4	-79.9	-65.4	-51.2
D/E Adj	0.48	0.55	0.54	0.45	0.34	0.25
Debt / EBITDA Adj	1.5x	1.2x	2.3x	2.3x	1.5x	1.0x
Interest Coverage	47.6x	45.9x	21.8x	11.4x	15.5x	19.2x
<b>MARKET RATIOS</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
P/E Ord Adj	12.0x	10.2x	8.5x	19.8x	12.2x	9.2x
PBV	1.2x	2.2x	1.6x	1.0x	0.9x	0.9x
<b>EV FIGURES</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
EV/Sales	1.2x	1.3x	1.1x	1.1x	0.9x	0.8x
EV/EBITDA Adj	6.2x	6.3x	7.6x	7.7x	5.7x	4.6x
EV/EBIT Adj	11.4x	9.1x	14.0x	17.1x	11.0x	8.1x
EV/CE	1.3x	1.8x	1.1x	1.0x	1.0x	0.9x
<b>REMUNERATION</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Div. Yield ord	4.5%	2.6%	0.0%	0.0%	1.4%	1.5%
FCF Yield Adj	5.7%	-0.2%	1.4%	6.2%	8.1%	9.3%
Roce Adj	8.4%	15.1%	6.8%	4.9%	6.5%	8.2%

Source: Company data and Equita SIM estimates

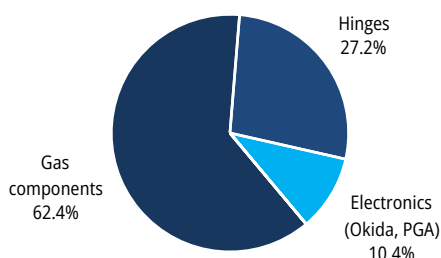
**SHAREHOLDERS**



**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** (63% of 2022 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** (27% of 2022 group sales and a worldwide share of around 35%). The company is also expanding its presence in **electronic components** (10% of group sales in 2022) 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 expected in 2023 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 **34% of its 2022 revenues in Europe, 26% in Turkey, 11% in LatAm, 16% in North America**, 8% 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** (10% of 2022 sales) and strengthened its presence in the market of hinges for consumer appliances (27% of 2022 sales). In 2023, it completed a new acquisition, becoming undisputed leader in production of hinges in the western countries.

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

**7-YEAR BUSINESS TRENDS (€ mn)**

	2016	2017	2018	2019	2020	2021	2022
<b>Adj. SALES</b>	<b>131</b>	<b>150</b>	<b>151</b>	<b>156</b>	<b>185</b>	<b>263</b>	<b>252</b>
- gas components	123	141	136	122	130	182	157
- hinges	8	9	10	24	41	58	69
- electronics	0	0	4	10	14	22	26
<b>Adj. EBITDA</b>	<b>25.4</b>	<b>31.0</b>	<b>30.0</b>	<b>27.0</b>	<b>37.1</b>	<b>54.1</b>	<b>36.3</b>
Adj. EBITDA margin	19.4%	20.6%	19.9%	17.3%	20.1%	20.6%	14.4%
<b>Adj. Net Income</b>	<b>8.3</b>	<b>12.4</b>	<b>11.5</b>	<b>8.1</b>	<b>14.1</b>	<b>26.5</b>	<b>22.1</b>

Source: Company data

**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 started to normalize in 2022**, 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 (18.6% of capital and 25.3% of voting rights) and Quaestio Capital (18.2% of capital and 24.7% of voting rights)** due to a loyalty share mechanism for investors keeping the shares for at least 2 years.

**STRENGTHS / OPPORTUNITIES**

- Strong leadership in Europe
- High quality and efficiency, innovation skills
- Direct manufacturing presence in key countries
- Development of new markets and clients
- Track record of inorganic expansion

**WEAKNESSES /THREATS**

- Concentration of revenues with large appliances manufacturers
- Exposure to mature markets (WE), where induction is taking share from gas cooking
- Volatility of commodity and energy prices
- Client consolidation

**3Q23 BELOW EXPECTATIONS, WITH MARGIN STILL SEQUENTIALLY DOWN**

- **Adj. Sales** € 61.3mn (+12.6% YoY) vs. € 64mn exp.;
- **Adj Ebitda** € 8.77mn (14.3% margin) vs € 10.1mn exp. (15.8% expected margin);
- **Adj EBIT** € 6mn vs € 5.4mn exp. but including € 1.5mn capital gain from asset disposal.
- **Adj NI** € 5.16mn vs € 3.2mn expected.

**Adjusted for the impacts of hyperinflation in Turkey** (highly favourable in 3Q23, with an almost full reversal of the 1H23 impact), SAB 3Q sales were € 61.3mn, +12.6% YoY vs € 64mn expected. The difference was due to **slightly worse-than-expected organic performance** (-6% vs -5.4% exp) but most of all **lower contribution from PGA** (less than € 2mn), which is suffering from declining revenues from its first customer in cooker hoods. The recently acquired **MEC instead delivered € 8.3mn sales**, consistent with expectations.

In terms of geographies, 3Q adjusted sales declined in Europe (-6%) and Turkey (-5%) due to weaker market demand in Europe, in MENA (-31%, despite good orders, due to some postponement in invoices) while were up in LatAm (+32% on market share gain in burners) and in NA (+88% including MEC, we calculate flat organically at constant FX).

**SALES BREAKDOWN BY GEOGRAPHY – SEQUENTIAL TREND (€ mn)**

	2Q23	3Q23	QoQ change
Europe	19.2	16.4	-15%
Turkey	14.4	14.2	-2%
South America	6.2	8.1	31%
North America	9.7	16.5	69%
Africa and Middle East	4.8	3.6	-25%
Asia	2.4	2.5	1%
<b>Total sales</b>	<b>56.8</b>	<b>61.3</b>	<b>8%</b>

Source: Company data

**SALES BREAKDOWN BY GEOGRAPHY – YoY TREND (€ mn)**

	3Q22	3Q23	YoY change
Europe	17.5	16.4	-6%
Turkey	14.9	14.2	-5%
South America	6.2	8.1	32%
North America	8.9	16.5	86%
Africa and Middle East	5.2	3.6	-31%
Asia	3.3	2.5	-25%
<b>Total sales</b>	<b>54.7</b>	<b>61.3</b>	<b>12%</b>

Source: Company data

In terms of product categories, gas components were flat, hinges were up by +41% due to MEC (we calculate -15% at constant perimeter) and electronics were up by +11% (we estimate around -20% at constant perimeter) due to weaker market demand, mostly in cooker hoods, main end market for PGA.

**SALES BREAKDOWN BY PRODUCT – SEQUENTIAL TREND (€ mn)**

	2Q23	3Q23	QoQ change	organic
Gas components	36.3	34.4	-5%	-5%
Hinges	13.7	21.2	54%	-6%
Electronic components	6.8	5.8	-14%	-14%
<b>Total sales</b>	<b>56.8</b>	<b>61.3</b>	<b>8%</b>	<b>-7%</b>

Source: Company data

**SALES BREAKDOWN BY PRODUCT – YoY TREND (€ mn)**

	3Q22	3Q23	YoY change	organic
Gas components	34.0	34.4	0%	0%
Hinges	15.1	21.2	41%	-15%
Electronic components	5.6	5.8	11%	-20%
<b>Total sales</b>	<b>54.7</b>	<b>61.3</b>	<b>12%</b>	<b>-6%</b>

Source: Company data

**Adj. Ebitda** was up by 69% YoY to € 8.77mn (14.3% margin, below our expectation of 15.8% and below 2Q23 margin of 14.9%, while up by 480bps from the bottom reached in 3Q22).

Compared to 3Q22, Adj. EBITDA grew by € 3.6mn, mainly due to:

- Lower Raw Material costs (€ +3.6mn);
- Lower energy costs (€ +1.7mn);
- M&A contribution (above € 1mn);

...partially offset by:

- Lower Volumes (€ -0.8mn);
- Lower Productivity (€ -0.6mn);
- Inflationary pressure on personnel costs (€ 0.8mn)

Adj. EBIT was € 6mn vs. € 5.8mn expected and € 1.1mn in 3Q22. The result however is benefitting from € 1.5mn capital gain on a real estate disposal. D&A was € 4.3mn, not far from 2Q23 level despite MEC consolidation.

Adj. Net Income was up by 24% to € 5.2mn vs. € 3.5mn expected, benefitting from the capital gain and a lower tax rate (17% in 9M23 vs. 23% exp.).

3Q RESULTS (€ mn)						
	3Q22	EXPECTED		ACTUAL		
		3Q23	YoY Δ%	3Q23	YoY Δ%	Abs Δ
Revenues	54.7	64.0	17%	61.3	12%	-2.7
Adj. EBITDA	5.2	10.1	95%	8.8	69%	-1.3
Margin	9.5	15.8	+630bps	14.3	+480bps	-150bps
Adj. EBIT	1.1	5.4	379%	4.5	300%	-0.9
Adj. Net income	4.2	3.2	-23%	3.7	-12%	0.5
NFP	-78.8	-79.3	1%	-80.4	2%	-1.1

Source: Equita SIM estimates and company data

9M RESULTS (€ mn)						
	9M22	EXPECTED		ACTUAL		
		9M23	YoY Δ%	9M23	YoY Δ%	Abs Δ
Revenues	198.9	178.9	-10%	176.2	-11%	-2.7
Adj. EBITDA	30.2	25.7	-15%	24.4	-19%	-1.3
Margin	15.2	14.4	-80bps	13.8	-140bps	-60bps
Adj. EBIT	18.2	12.5	-31%	11.6	-36%	-0.9
Adj. Net income	17.5	6.4	-63%	6.9	-61%	0.5
NFP	-78.8	-79.3	1%	-80.4	2%	-1.1

Source: Equita SIM estimates and company data

NFP deteriorated by € 9.9mn vs. June level, due to € 8.8mn absorption from NWC (a normalization of factoring level after the € 10mn higher-than-usual contribution in 2Q23), €4.8mn gross capex and € 21.2mn M&A impact (including the € 9.5mn price paid for 51% of MEC, € 10.9mn value of minorities included in the NFP and € 0.8mn price adjustment for PGA) net of € 1.9mn proceeds from the real estate asset disposal and € 17.3mn capital increase. The "others" item is mainly explained by new leases.

CASHFLOW STATEMENT (€ mn)		
	9M22	9M23
<b>Cashflow provided by operations</b>	<b>26.8</b>	<b>20.1</b>
(Increase) decrease in NWC	-13.2	1.8
(Purchase of fixed assets)	-16.1	-13.1
<b>FCF</b>	<b>-2.5</b>	<b>8.8</b>
(Other net investments)	0.0	-21.2
(Distribution of dividends)	-6.7	0.0
Right issue / (buy-back)	-1.8	16.8
Others	-0.2	-3.8
<b>(Increase) decrease in net debt</b>	<b>-11.2</b>	<b>0.7</b>

Source: Company data

## NET WORKING CAPITAL TREND (€ mn)

	3Q22	% 4xQ Sales	4Q22	% 4xQ Sales	1Q23	% 4xQ Sales	2Q23	% 4xQ Sales	3Q23	% 4xQ Sales
receivables	64.9	29.7%	59.2	27.9%	62.8	27.0%	52.8	23.2%	63.8	26.0%
inventories	68.1	31.1%	64.4	30.3%	65.8	28.3%	59.5	26.2%	67.4	27.5%
payables	-43.8	-20.0%	-39.6	-18.7%	-43.9	-18.9%	-45.8	-20.2%	-40.3	-16.4%
<b>Operating Working Capital</b>	<b>89.2</b>	<b>40.8%</b>	<b>84.0</b>	<b>39.6%</b>	<b>84.7</b>	<b>36.5%</b>	<b>66.5</b>	<b>29.3%</b>	<b>91.0</b>	<b>37.1%</b>

Source: company data

Here below we present the reported and adjusted P&L, on a YoY and QoQ view. The main adjustment is due to the accounting of Turkey as hyperinflationary economy (IAS 29). Start-up costs related to the new plants and induction launch were € 0.8mn in 3Q23 and € 1.9mn in 9M23 at EBITDA level. Adjusted numbers do include at EBIT and NI level the € 1.5mn capital gain on the asset disposal.

## ADJUSTED AND REPORTED 3Q AND 9M P&amp;L

Quarterly results	Sequential			YoY			12M 2022
	Q3 2023 (*)	Q2 2023 (*)	Δ%	Q3 2023 (*)	Q3 2022 (*)	Δ%	
Sales revenue	67,944	50,899	+33.5%	67,944	55,939	+21.5%	253,053
Hyperinflation – Turkey	(6,603)	5,899		(6,603)	(1,273)		(1,091)
Start-up revenue	(15)	-		(15)	-		
<b>Normalised revenue</b>	<b>61,326</b>	<b>56,798</b>	<b>+8.0%</b>	<b>61,326</b>	<b>54,666</b>	<b>+12.2%</b>	<b>251,962</b>
EBITDA	10,732	4,885	+119.7%	10,732	6,570	+63.3%	40,092
EBITDA %	15.8	9.6		15.8	11.7		15.8
Start-up costs	751	800		751	164		704
Hyperinflation – Turkey	(2,713)	2,778		(2,713)	(1,546)		(4,469)
<b>Normalised EBITDA</b>	<b>8,770</b>	<b>8,463</b>	<b>+3.6%</b>	<b>8,770</b>	<b>5,188</b>	<b>+69.0%</b>	<b>36,327</b>
<b>Normalised EBITDA%</b>	<b>14.3</b>	<b>14.9</b>		<b>14.3</b>	<b>9.5</b>		<b>14.4</b>
EBIT	6,931	358	n/a	6,931	1,979	+250.2%	21,887
EBIT %	10.2	0.7		10.2	3.5		8.6
Start-up costs	1,057	983		1,057	188		820
Hyperinflation – Turkey	(1,971)	2,897		(1,971)	(1,039)		(2,838)
<b>Normalised EBIT</b>	<b>6,017</b>	<b>4,238</b>	<b>+42.0%</b>	<b>6,017</b>	<b>1,128</b>	<b>+433%</b>	<b>19,869</b>
<b>Normalised EBIT%</b>	<b>9.8</b>	<b>7.5</b>		<b>9.8</b>	<b>2.1</b>		<b>7.9</b>
Group net result	2,787	(631)	n/a	2,787	88	n/a	15,249
Net result %	4.1	-1.2		4.1	0.2		6.0
Start-up costs	1,022	936		1,022	163		756
Hyperinflation – Turkey	1,353	1,517		1,353	3,918		6,077
<b>Normalised result of the Group</b>	<b>5,162</b>	<b>1,822</b>	<b>+183%</b>	<b>5,162</b>	<b>4,169</b>	<b>+23.8%</b>	<b>22,082</b>
<b>Normalised result % of the Group</b>	<b>8.4</b>	<b>3.2</b>		<b>8.4</b>	<b>7.6</b>		<b>8.8</b>

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

Source: SAB press release

## FY23 OUTLOOK: FINALLY BACK TO ORGANIC TOP-LINE GROWTH IN 4Q

Based on October sales and backlog, management pointed to positive organic growth for 4Q23, both sequentially and on an YoY basis (first quarter of positive growth YoY since 2Q22). We have factored for 4Q23 € 65.6mn sales, up by 7% compared to 3Q23 and by 5% YoY on a constant perimeter.

Expectation of quick margin recovery in 3Q provided in the 2Q call did not materialize but **4Q should support some sequential margin improvement, given higher volumes and stable RM/energy costs**. We are now factoring in a 15.1% Adj. EBITDA margin for 4Q23, leading FY23 Adj. EBITDA to € 34.3mn and Adj. EBITDA margin to 14.2%.

## UPDATE ON STRATEGIC PROJECTS UNDERPINNING 2024 TOP-LINE

Management gave an update on the contribution of strategic projects expected for 2024:

- **Mexican plant start-up** is expected to add € 0.5m revenue per month when at full speed, with high level of visibility;
- **Indian plant ramp-up** is projected to contribute € 2-3mn additional sales in 2024 vs. 2023, with higher confidence compared to the previous quarters thanks to positive signals from customers;
- **Induction launch**: € 4-8mn contribution was indicated by management to 2024 revenues, depending on timing of launch and market demand;






... albeit in a still complicated market environment, especially in Europe, offering limited visibility on actual market trends.

## MESSAGES FROM KEY INDUSTRY PLAYERS STILL PRUDENT

Comments from Whirlpool 3Q23 conference call on global demand:

*"Globally, we now expect a flat industry [in 2023] with industry demand up 1% to 2% in North America due to stronger-than-expected replacement volumes, trade customer inventory replenishment, and resilient builder demand. We expect these demand trends to continue and to see low-single-digit industry growth in 2024. Industry expectations in EMEA of down 6% to 8% reflect an increasingly challenging macroeconomic and geopolitical environment. Latin America has seen significant demand recovery, and we now expect the industry to be flat to up to 2%. Finally, Asia demand continues to be impacted by softer consumer sentiment and we now expect industry to be down 2% to 3%."*

### 2023 INDUSTRY SHIPMENTS FORECASTS AND PROFITABILITY GUIDANCE

	Industry		EBIT %	
	Previous	Current	Previous	Current
 North America	(6) - (4)%	1 - 2 %	~11.5%	~10%
 Europe, Middle East & Africa	(6) - (4)%	(8) - (6)%	~1.5%	~1%
 Latin America	(3) - (1)%	0 - 2%	~7%	~6%
 Asia	2 - 4%	(3) - (2)%	~5.5%	~3%
 Total	~(3)%	~0%	~7.25%	6.25 - 6.5%

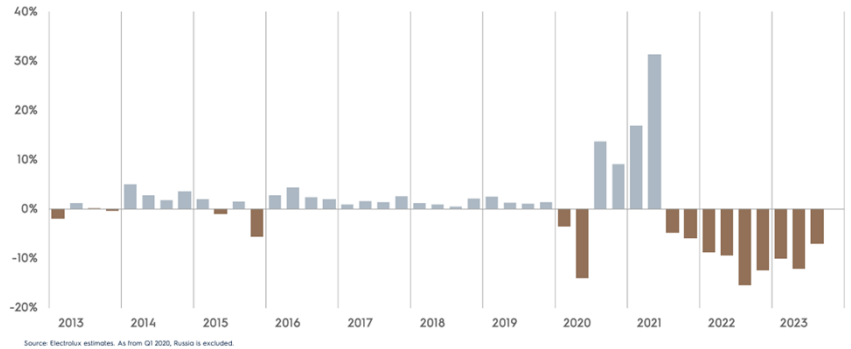
Source: Whirlpool 3Q23 presentation



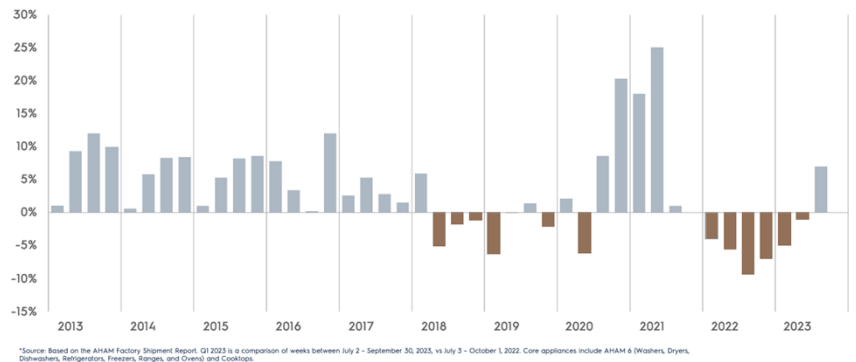
**Electrolux is providing a gloomier scenario**, with much weaker performance in NA compared to Whirlpool (company specific issue), new severe cost savings targets worth additional SEK 5bn in 2024 announced to the market and prices moving to negative in 3Q (due to anniversary of past price increases and higher competition), and expected to remain negative in 4Q. Electrolux commented that even in NA, where industry shipments are positive, “consumer sentiment continued to be negatively impacted by high general inflation and increased interest rates, with more consumers shifting to lower price points”.

**QUARTERLY INDUSTRY SHIPMENTS IN EUROPE AND NORTH AMERICA**

Total European shipments, quarterly unit comparison y-o-y



U.S. shipments, quarterly unit comparison y-o-y



Arcelik pointed out a still negative consumer demand in Western Europe, though below 1Q and 2Q level: “following the first and second quarters, consumer demand in Western Europe continued to decline, however, at a slower pace. After a high-single digit percentage annual unit contraction experienced in the region in the first six months of 2023, consumer demand contracted by around mid-single digit percentage year-on-year in July-August period on a cumulative basis.”

**WESTERN AND ESTERN EUROPE MARKET DEMAND (6M23 AND 8M23)**





**ESTIMATE REVISION: WE TRIM SALES BY 3% AND ADJ EPS BY 13% ON 2024**

Despite a lower base in FY23, we continue to see clear drivers supporting SAB top-line and profitability in 2024 and beyond.

Based on the previous management comments and on indications provided by key industry players like Whirlpool, Electrolux and Arcelik, we have raised 2023 sales by 1% to € 242, as commented before, and **trimmed Adj. EBITDA by 7% to € 34.3mn**, with a bottom-line cut by 24% to € 8.7mn. **Net of start-up costs and capital gain impact, 2024 Adj NI would be around € 5mn.**

**For 2024, we have trimmed sales by -2.5% to € 273mn and Adj. EBITDA by -6.5% to € 44mn, with Adj. EPS impact of -13% to € 1.18.** Our 2024 top-line is reflecting a 7% contribution from M&A (full consolidation of MEC) and 6% contribution from organic growth (€ 15mn), mostly driven by strategic projects.

	CHANGE IN ESTIMATES (€ mn)					
	2023E Prev.	2023E Curr.	2024E Prev.	2024E Curr.	2025E Prev.	2025E Curr.
<b>Adj. Revenues</b>	<b>238.8</b>	<b>241.9</b>	<b>280.2</b>	<b>273.2</b>	<b>293.0</b>	<b>290.4</b>
% chg		1.3%		-2.5%		-0.9%
Abs chg		3.1		-7.0		-2.6
<b>Adj. EBITDA</b>	<b>37.0</b>	<b>34.3</b>	<b>47.0</b>	<b>44.0</b>	<b>52.8</b>	<b>51.0</b>
% chg		-7.3%		-6.5%		-3.4%
Abs chg		-2.7		-3.1		-1.8
<b>Adj. EBIT</b>	<b>19.1</b>	<b>15.4</b>	<b>25.8</b>	<b>22.7</b>	<b>30.9</b>	<b>29.1</b>
% chg		-19.3%		-11.9%		-5.8%
Abs chg		-3.7		-3.1		-1.8
<b>Adj. Net income</b>	<b>11.3</b>	<b>8.6</b>	<b>17.0</b>	<b>14.7</b>	<b>20.9</b>	<b>19.5</b>
% chg		-23.8%		-13.3%		-6.7%
Abs chg		-2.7		-2.3		-1.4
<b>Net income</b>	<b>4.6</b>	<b>2.6</b>	<b>17.0</b>	<b>14.7</b>	<b>20.9</b>	<b>19.5</b>
% chg		-43.3%		-13.3%		-6.7%
Abs chg		-2.0		-2.3		-1.4
<b>Adj. EPS (€ cents)</b>	<b>95</b>	<b>73</b>	<b>137</b>	<b>118</b>	<b>168</b>	<b>156</b>
% chg		-23.8%		-13.3%		-6.7%
Abs chg		-22.7		-18.2		-11.2
<b>NFP</b>	<b>-76.2</b>	<b>-79.9</b>	<b>-62.4</b>	<b>-65.4</b>	<b>-46.6</b>	<b>-51.2</b>
% chg		4.8%		4.7%		9.9%
Abs chg		-3.7		-2.9		-4.6
<b>FCF</b>	<b>12.2</b>	<b>10.6</b>	<b>13.7</b>	<b>14.5</b>	<b>18.3</b>	<b>16.7</b>
% chg		-12.9%		5.3%		-9.0%
Abs chg		-1.6		0.7		-1.7
<b>CAPEX</b>	<b>18.6</b>	<b>18.6</b>	<b>18.8</b>	<b>18.3</b>	<b>19.6</b>	<b>19.5</b>
% chg		0.0%		-2.5%		-0.9%
Abs chg		0.0		-0.5		-0.2
<b>DPS</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0</b>	<b>20.0</b>	<b>21.0</b>	<b>21.0</b>
% chg		n.m.		0.0%		0.0%
Abs chg		0		0		0.0%

Source: Equita SIM estimates

## BUY CONFIRMED SUPPORTED BY A STRUCTURAL INVERSION IN ORGANIC TREND

Despite another quarter of organic decline and a still weak European market demand, which led us to cut 2024 EPS by 13%, we think the equity story will be supported in the next quarters by a **return to positive organic growth, mainly driven so far by company-specific projects**. A more structural recovery of the market (down in volume terms by -12% in Europe while up by 7% in NA compared to 2019) is not yet visible but will give further boost to group profitability once it materializes. **In terms of valuation, we have confirmed a target multiple of 13x, now applied to 2025 numbers** (including residual synergies from MEC post 2025) and discounted to 12M from now. Our target would imply a multiple of 17x Adj PE 2024 compared to current 12x.

PE MULTIPLE VALUATION		TARGET PRICE SENSITIVITY			
(A) 2025E multiple	13 x	(A) 2025E multiple	11 x	13 x	15 x
(B) 2025 EPS (€)	1.6	(B) 2025 EPS (€)	1.6	1.6	1.6
(C) synergies EPS contribution post 2025 (€)	0.1	(C) synergies EPS contribution post 2025 (€)	0.1	0.1	0.1
<b>(D)=(A)x((B)+(C)) Stock value (€)</b>	<b>22</b>	<b>(D)=(A)x((B)+(C)) Stock value (€)</b>	<b>18</b>	<b>22</b>	<b>25</b>
(E) Dividends to be cashed-in (€)	0.2	(E) Dividends to be cashed-in (€)	0.2	0.2	0.2
<b>(F) = (C)+(D) Total stock value (€ PS)</b>	<b>22</b>	<b>(F) = (C)+(D) Total stock value (€ PS)</b>	<b>19</b>	<b>22</b>	<b>25</b>
(G) Discount (1+Ke)	1.10	(G) Discount (1+Ke)	1.10	1.10	1.10
<b>(H)=(F)/(G) Target (€ PS)</b>	<b>20</b>	<b>(H)=(F)/(G) Target (€ PS)</b>	<b>17</b>	<b>20</b>	<b>23</b>

Source: Equita SIM estimates

EV/EBIT MULTIPLE VALUATION (€ mn)		TARGET PRICE SENSITIVITY (€ mn)			
(A) 2025E multiple	11.0 x	(A) 2025E multiple	9 x	11 x	13 x
(B) 2025 EBIT	29	(B) 2025 EBIT	29.1	29.1	29.1
(C) synergies post 2025	0.9	(C) synergies post 2025	0.9	0.9	0.9
<b>(D)=(A)x((B)+(C)) EV</b>	<b>329</b>	<b>(D)=(A)x((B)+(C)) EV</b>	<b>270</b>	<b>329</b>	<b>389</b>
(D) NFP 2025E	-65	(D) NFP 2025E	-65	-65	-65
(E) minorities	-4	(E) minorities	-4	-4	-4
(F) Dividends to be cashed-in	2	(F) Dividends to be cashed-in	2	2	2
<b>(G) = (C)+(D)+(E)+(F) Total stock value</b>	<b>263</b>	<b>(G) = (C)+(D)+(E)+(F) Total stock value</b>	<b>203</b>	<b>263</b>	<b>323</b>
(H) Discount (1+Ke)	1.10	(H) Discount (1+Ke)	1.10	1.10	1.10
<b>(I)=(G)/(H) Target (€ PS)</b>	<b>238</b>	<b>(I)=(G)/(H) Target (€ PS)</b>	<b>184</b>	<b>238</b>	<b>292</b>
(L) shares (mn)	12.4	(L) shares (mn)	12.4	12.4	12.4
<b>(M)=(I)/(L) Target (€ PS)</b>	<b>19</b>	<b>(M)=(I)/(L) Target (€ PS)</b>	<b>15</b>	<b>19</b>	<b>23</b>

Source: Equita SIM estimates

**A DCF-based valuation would lead to a target of € 19PS**, based on a WACC of 8.6% and perpetual growth of 2.5%.

Assumptions		DCF (€ mn)					
		2024E	2025E	2026E	2027E	Perpetuity	
<b>G</b>	<b>2.5%</b>	<b>Sales</b>	<b>273</b>	<b>290</b>	<b>299</b>	<b>308</b>	<b>316</b>
<b>WACC</b>	<b>8.6%</b>	Change %	12.9%	6.3%	3.0%	3.0%	2.5%
		<b>EBITDA</b>	<b>44</b>	<b>51</b>	<b>53</b>	<b>55</b>	<b>56</b>
		Change %	28.2%	15.9%	4.2%	4.2%	1.4%
		Margin	16.1	17.6	17.8	18.0	17.8
		D&A	-21.2	-21.9	-21.5	-22.8	-23.7
		<b>EBIT</b>	<b>23</b>	<b>29</b>	<b>32</b>	<b>33</b>	<b>32</b>
		Change %	47.2%	28.0%	8.5%	3.0%	-0.4%
		Margin	8.3	10.0	10.6	10.6	10.3
		Taxes	-6	-8	-9	-9	-9
		<b>EBIT after Tax</b>	<b>17</b>	<b>21</b>	<b>23</b>	<b>24</b>	<b>24</b>
		Change %	47.2%	28.0%	8.5%	3.0%	-0.4%
<b>Valuation (€ mn)</b>		Capex/acquisitions	-18	-19	-22	-23	-24
NPV of FCF (2024-27)	62	(increase) decrease in NWC	-4	-6	-4	-3	-3
NPV of Terminal Value	263	<b>Free Cash Flow before minorities</b>	<b>15</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>21</b>
<b>Estimated Enterprise Value</b>	<b>325</b>	<b>Free Cash Flow</b>	<b>15</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>21</b>
2023E NFP	-79	Discount Factor	1.0	1.1	1.2	1.3	1.3
Adjustment to NFP (dividend)	0	<b>PV of FCF</b>	<b>15</b>	<b>16</b>	<b>15</b>	<b>16</b>	<b>16</b>
<b>SAB IM Equity</b>	<b>246</b>						
Minorities & Peripheral	-4						
<b>Total Equity</b>	<b>242</b>						
Adj. # of shares (mn)	12.4						
<b>Target Price (€ PS)</b>	<b>19</b>						

Source: Equita SIM estimates and company data

## DCF SENSITIVITY ANALYSIS

		Perpetual growth G		
		1.5%	2.5%	3.5%
WACC	8.1%	18	21	25
	8.6%	17	19	22
	9.1%	15	17	20

Source: Equita SIM estimates

## SABAF VALUATION

	Weight	Target multiple	Valuation (€ PS)
PE multiple valuation	50%	13x	20
EV/EBIT valuation	50%	11x	19
<b>Target price</b>			<b>20</b>

Source: Equita SIM estimates

## STATEMENT OF RISKS FOR SABAF

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

1. Weaker market demand
2. Higher competitive pressures
3. Sharp increase in aluminium and steel prices
4. Inability to acquire and integrate companies
5. Inability to enter new markets
6. Inability to protect its product exclusivity
7. Development of alternative technologies

<b>P&amp;L - €mn</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>SALES Rep</b>	<b>185</b>	<b>263</b>	<b>253</b>	<b>242</b>	<b>273</b>	<b>290</b>
Growth	18.6%	42.4%	-3.9%	-4.4%	12.9%	6.3%
<b>EBITDA Rep</b>	<b>37.1</b>	<b>54.1</b>	<b>40.1</b>	<b>32.1</b>	<b>44.0</b>	<b>51.0</b>
Growth	37.2%	45.9%	-25.9%	-20.0%	37.1%	15.9%
Margin	20.1%	20.6%	15.8%	13.3%	16.1%	17.6%
<b>D&amp;A</b>	<b>-17.0</b>	<b>-16.6</b>	<b>-18.2</b>	<b>-19.9</b>	<b>-21.2</b>	<b>-21.9</b>
<b>EBIT Rep</b>	<b>20.1</b>	<b>37.5</b>	<b>21.9</b>	<b>12.2</b>	<b>22.7</b>	<b>29.1</b>
Growth	68.9%	86.7%	-41.6%	-44.2%	86.1%	28.0%
Margin	10.9%	14.2%	8.6%	5.0%	8.3%	10.0%
Net Interest Charges	-0.8	-1.2	-1.8	-2.8	-2.8	-2.7
<b>Financial Expenses</b>	<b>-5.6</b>	<b>-7.8</b>	<b>-9.7</b>	<b>-7.9</b>	<b>-2.8</b>	<b>-2.7</b>
Non Recurrings	0.0	0.0	0.0	0.0	0.0	0.0
<b>PBT Rep</b>	<b>14.5</b>	<b>29.7</b>	<b>12.2</b>	<b>4.3</b>	<b>19.9</b>	<b>26.4</b>
Growth	48.4%	104.6%	-58.9%	-64.5%	358.7%	32.8%
Income Taxes	-0.1	-5.0	3.0	-1.1	-5.2	-7.0
Tax rate	1.0%	16.8%	-24.9%	26.0%	25.9%	26.4%
<b>Minority Interest</b>	<b>-0.4</b>	<b>-0.8</b>	<b>0.0</b>	<b>-0.6</b>	<b>-1.0</b>	<b>-1.2</b>
Discontinued Operations	0.0	0.0	0.0	0.0	1.0	1.2
<b>Net Income Rep</b>	<b>14.0</b>	<b>23.9</b>	<b>15.2</b>	<b>2.6</b>	<b>14.7</b>	<b>19.5</b>
Growth	35.6%	71.2%	-36.2%	-82.9%	464.5%	32.0%
Margin	7.6%	9.1%	6.0%	1.1%	5.4%	6.7%
<b>Net Income Adj</b>	<b>14.1</b>	<b>26.5</b>	<b>22.1</b>	<b>8.6</b>	<b>14.7</b>	<b>19.5</b>
Growth	73.9%	87.9%	-16.6%	-60.9%	70.7%	32.0%
Margin	7.6%	10.1%	8.7%	3.6%	5.4%	6.7%
<b>CF Statement</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
FFO	31.3	41.6	33.5	23.1	37.0	42.5
Chg. in Working Capital	-6.3	-18.3	-9.3	6.1	-4.2	-6.4
Other chg. in OCF	0.0	0.0	0.0	0.0	0.0	0.0
<b>NCF from Operations</b>	<b>25.1</b>	<b>23.2</b>	<b>24.2</b>	<b>29.2</b>	<b>32.8</b>	<b>36.1</b>
CAPEX	-17.3	-23.8	-20.9	-18.6	-18.3	-19.5
Financial Investments	-3.1	0.0	-9.8	-21.2	0.0	0.0
Other chg in investments	0.0	0.0	0.0	0.0	0.0	0.0
<b>NCF from Investments</b>	<b>-20.4</b>	<b>-23.8</b>	<b>-30.6</b>	<b>-39.8</b>	<b>-18.3</b>	<b>-19.5</b>
Dividends paid	-4.0	-6.2	-6.7	0.0	0.0	-2.5
Capital Increases	-2.1	0.0	0.2	16.9	0.0	0.0
Other changes in financing	0.2	-4.6	-3.9	-1.8	0.0	0.0
<b>CHG IN NFP</b>	<b>-1.2</b>	<b>-11.3</b>	<b>-16.8</b>	<b>4.5</b>	<b>14.5</b>	<b>14.2</b>

Source: Company data and Equita SIM estimates

**INFORMATION PURSUANT TO EU REGULATION 2016/958 supplementing Regulation EU 596/2014 (c.d. MAR)**

This publication has been prepared by the following financial analyst(s) on behalf of EQUITA SIM SpA (licensed to practice by CONSOB resolution no. 11761 of December 22nd 1998 and registered as no. 67 in the Italian central register of investment service companies and financial intermediaries) to which he/she/they is/are bound by an employment contract: Domenico Ghilotti

In the past EQUITA SIM has published studies on Sabaf

EQUITA SIM is distributing this publication via e-mail to more than 900 qualified operators and to unqualified operators via Borsa Italiana website on Friday, 17 November 2023 at 08:00 AM.  
The prices of the financial instruments shown in the report are the closing prices of the date indicated in the first page stock data table.

EQUITA SIM intends to provide continuous coverage of the financial instrument forming the subject of the present publication, with a semi-annual frequency and, in any case, with a frequency consistent with the timing of the issuer's periodical financial reporting and of any exceptional event occurring in the issuer's sphere of activity.

The information contained in this publication is based on sources believed to be reliable. Although EQUITA SIM makes every reasonable endeavour to obtain information from sources that it deems to be reliable, it accepts no responsibility or liability as to the completeness, accuracy or exactitude of such information. If there are doubts in this respect, EQUITA SIM clearly highlights this circumstance. The most important sources of information used are the issuer's public corporate documentation (such as, for example, annual and interim reports, press releases, and presentations) besides information made available by financial service companies (such as, for example, Bloomberg and Reuters) and domestic and international business publications. It is EQUITA SIM's practice to submit a pre-publication draft of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. This note has been submitted to the issuer.

The recommendation was produced using proprietary Excel models that are stored on company servers. The models are backed up at the end of each month.

EQUITA SIM has adopted internal procedures able to assure the independence of its financial analysts and that establish appropriate rules of conduct for them.

Furthermore, it is pointed out that EQUITA SIM SpA is an intermediary licensed to provide all investment services as per Italian Legislative Decree no. 58/1998. Given this, EQUITA SIM might hold positions in and execute transactions concerning the financial instruments covered by the present publication, or could provide, or wish to provide, investment and/or related services to the issuers of the financial instruments covered by this publication. Consequently, it might have a potential conflict of interest concerning the issuers, financial issuers and transactions forming the subject of the present publication.

**Equita SIM S.p.A. perform or has performed in the last 12 months the role of specialist for financial instruments issued by Sabaf.**

**Equita SIM S.p.A. performs or has performed in the last 12 months the role of intermediary in charge of the execution of the buy back plan approved by the shareholders' meeting of Sabaf.**

**Equita SIM S.p.A. provides or has provided in the last 12 months corporate finance services to Sabaf S.p.A. or to a company of the same group.**

In addition, it is also pointed out that, within the constraints of current internal procedures, EQUITA SIM's directors, employees and/or outside professionals might hold long or short positions in the financial instruments covered by this publication and buy or sell them at any time, both on their own account and that of third parties.

Research Division management alone determines the remuneration of the analysts who produced the publication, and their remuneration is not linked to Equita SIM's Investment Banking transactions. It is linked to Equita SIM's total revenue, which includes the revenue of the Investment Banking and Sales & Trading Divisions.

For more details on the policies and principles designed to ensure the integrity and independence of Equita SIM analysts, please refer to the policy on organizational mechanisms of the Research activity available at [www.equita.eu](http://www.equita.eu) on the "Legal notices" section.

The recommendations to BUY, HOLD and REDUCE are based on Expected Total Return (ETR – expected absolute performance in the next 12 months inclusive of the dividend paid out by the stock's issuer) and on the degree of risk associated with the stock, as per the matrix shown in the table. The level of risk is based on the stock's liquidity and volatility and on the analyst's opinion of the business model of the company being analysed. Due to fluctuations of the stock, the ETR might temporarily fall outside the ranges shown in the table.

**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%

The methods preferred by EQUITA SIM to evaluate and set a value on the stocks forming the subject of the publication, and therefore the Expected Total Return in 12 months, are those most commonly used in market practice, i.e. multiples comparison (comparison with market ratios, e.g. P/E, EV/EBITDA, and others, expressed by stocks belonging to the same or similar sectors), or classical financial methods such as discounted cash flow (DCF) models, or others based on similar concepts. For financial stocks, EQUITA SIM also uses valuation methods based on comparison of ROE (ROEV – return on embedded value – in the case of insurance companies), cost of capital and P/BV (P/EV – ratio of price to embedded value – in the case of insurance companies).

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

Date	Rec.	Target Price	Risk.	Comment
October 25, 2023	Buy	20.00	High	-
July 17, 2023	Buy	21.00	High	Change in estimates / valuation
May 12, 2023	Hold	19.00	High	-

**DISCLAIMER**

The purpose of this publication is merely to provide information that is up to date and as accurate as possible. The publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell financial products or instruments, or to execute any operation whatsoever concerning such products or instruments.

**EQUITA SIM does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. Therefore, EQUITA SIM and/or the author of the present publication cannot in any way be held liable for any losses, damage or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.**

The estimates and opinions expressed in the publication may be subject to change without notice.

**EQUITY RATING DISPERSION AS OF SEPTEMBER 30, 2023**

*(art. 6, par. 3 Delegated Regulation (EU) 2016/958 of 09 March 2016)*

	<b>COMPANIES COVERED</b>	<b>COMPANIES COVERED WITH BANKING RELATIONSHIP</b>
BUY	53.3%	64.8%
HOLD	45.5%	33.8%
REDUCE	0.0%	0.0%
NOT RATED	1.2%	1.4%

**The list of all conflicts of interest, rating dispersion, last 12 months recommendation made by Equita SIM's analysts and other important legal disclaimers are available on [www.equita.eu](http://www.equita.eu) in the "Legal notices" section.**

This document has been provided to you solely for informational purposes and may not be reproduced or distributed, directly or indirectly, to any other person, nor may it be published, wholly or in part, for any reason, without EQUITA SIM's specific authorisation. By accepting this document, you agree to comply with the limitations indicated above.

**For Entities and Clients in the United Kingdom**

Equita is registered as a UK's "Overseas Persons Exclusion" ("OPE"): this means that Equita has not established an actual or deemed permanent place of business in the UK. Equita is not a member of the "Financial Conduct Authority" and Research Analysts and Research Reports must comply with requirements for fairness, balance and disclosure of potential conflicts of interest.

This research report is only being offered to UK "investment professionals" and "high net worth companies" and the investment to which it relates is available only to such persons and that any other person(s) should not act or rely upon it.

**For Entities and Clients in the United States**

Equita is not registered as a broker-dealer with the U S Securities and Exchange Commission, and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Equita is not a member of the Financial Industry Regulatory Authority. It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest.

This research report is only being offered to Major U S Institutional Investors and is not available to, and should not be used by, any U S person or entity that is not a Major U S Institutional Investor. Equita can not and will not accept orders for the securities covered in this research report placed by any person or entity in the United States. Orders should be placed with our correspondent, Auerbach Grayson & Co. 212-557-4444.