

We burn for technology and safety.



www.sabafgroup.com

SABAF
GROUP

ARC

CMI

FARINGOSI
HINGES

OKIDA®

SABAF

FINANCIAL PRESENTATION

Investors meeting

Ospitaletto, 17th May 2021

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COMPANY PROFILE

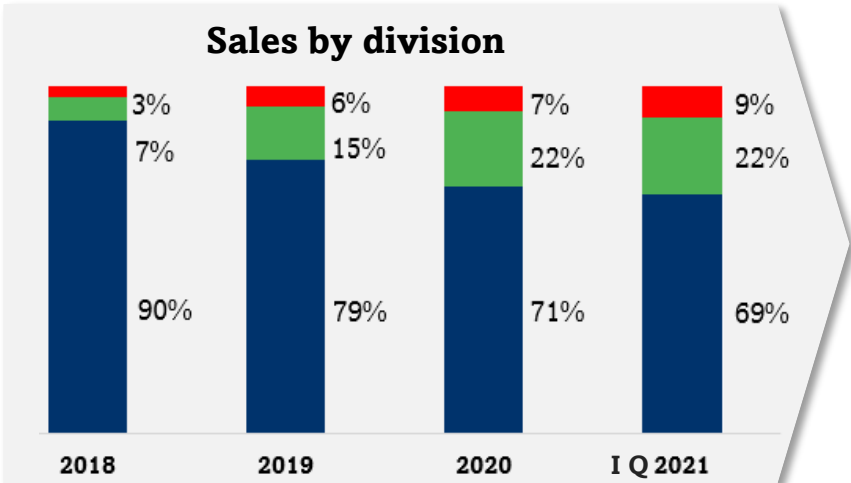
Sabaf Group

Timeline and history

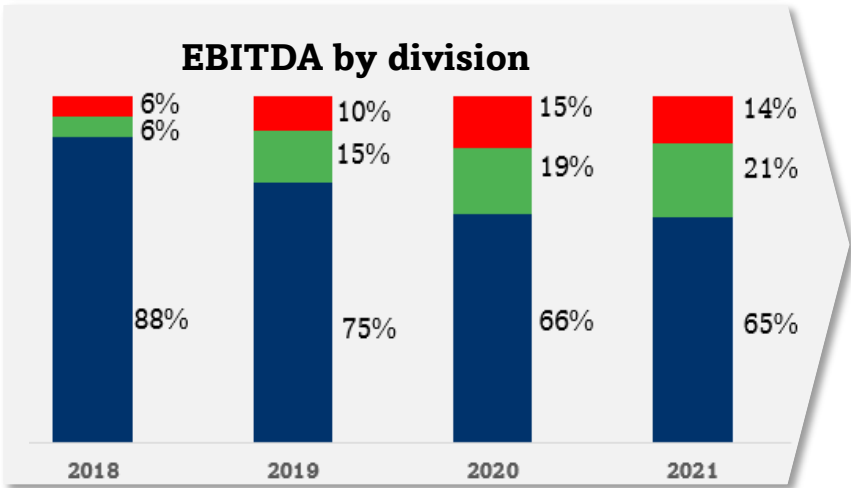


Sabaf Group

Business diversification in three divisions



Widening product range



Diversification of profitability

Sabaf Group

Product range

GAS

- Standard Burners
- Special Burners
- Professional Burners
- Oven and Grill Burners
- Gas Valves
- Gas Oven Thermostats
- Microswitches & Accessories



HINGES

- Ovens
- Dishwashers
- Washing machines
- Special applications
- Small compartments
- Catering appliances



ELECTRONIC COMPONENTS

- Cooker Hoods
- Ovens
- Cookers and hobs
- Air Curtain
- Refrigerators/freezers
- Other products



Sabaf Group

Industrial Footprint: present and near future



Total Group employees
at 31 March 2021
1,459

SABAF S.P.A.

Valves and thermostats
Standard burners
Special burners
593 employees

A.R.C. S.R.L.

Professional burners
21 employees

C.M.I. ITALY

Oven hinges
Dishwasher hinges
165 employees

FARINGOSI-HINGES S.R.L.

Oven hinges
Dishwasher hinges
60 employees

C.M.I. POLAND

Dishwasher hinges
51 employees

SABAF TURKEY

Standard burners
220 employees

In **2021** new plant

OKIDA ELEKTRONIK

Electronics for household
appliances
198 employees

SABAF APPLIANCE COMPONENTS (KUNSHAN)

Wok burners
8 employees

ARC HANDAN JV

Professional wok burners

SABAF MESSICO

SABAF DO BRASIL LTDA

Standard burners
Special burners
143 employees

SABAF INDIA



SABAF

**SABAF
GROUP**

Sabaf Group

Market

Global leader in the segment of **components for domestic gas** cooking appliances, with 400 customers in 64 different countries. A strong leadership in Europe (market share above 40%), estimated market share worldwide of about 10%

Weight of **top 10** customers on total Group sales is **48%** (47% in 2019)



No customer represents **more than 11%** of total Group sales

Long-term agreements and strong relationships with all the main players in the household appliances business, based on mutual trust, technical cooperation, co-engineering and tailor-made products

Sabaf Group

Product & technology



Product Innovation:
about 88 active patents

Know-how:

- Mechanical: forefront process technology - internal development of special machinery, high performance molds for robotic die-casting, high speed and high precision tools not available on the market
- Electronic: strong skills in new product development

Intellectual capital:
highly specialized and qualified staff (50+ R&D engineers)

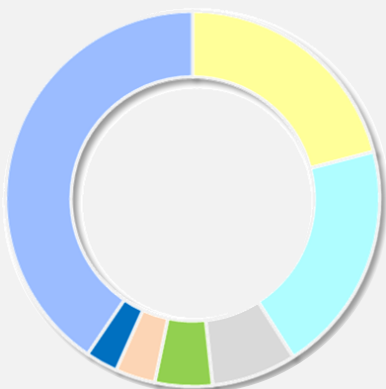
Strong operational leverage: great flexibility in production volumes growth, ready to satisfy customers requests



Sabaf Group

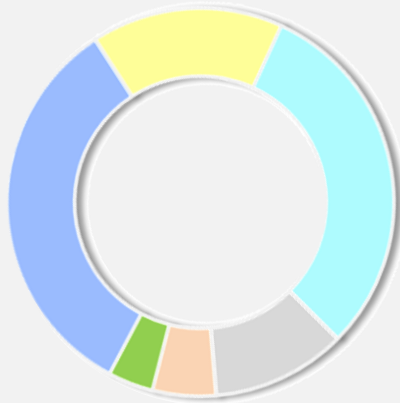
Main Shareholders

% OF SHARE CAPITAL



20.94 %	Cinzia Saleri S.a.p.a.
20.00 %	Quaestio SGR
7.66 %	Fintel S.r.l.
4.95 %	Paloma Rheem Investments
3.47 %	Fidelity
3.01 %	Treasury Shares
39.97 %	Market

% OF VOTING RIGHTS

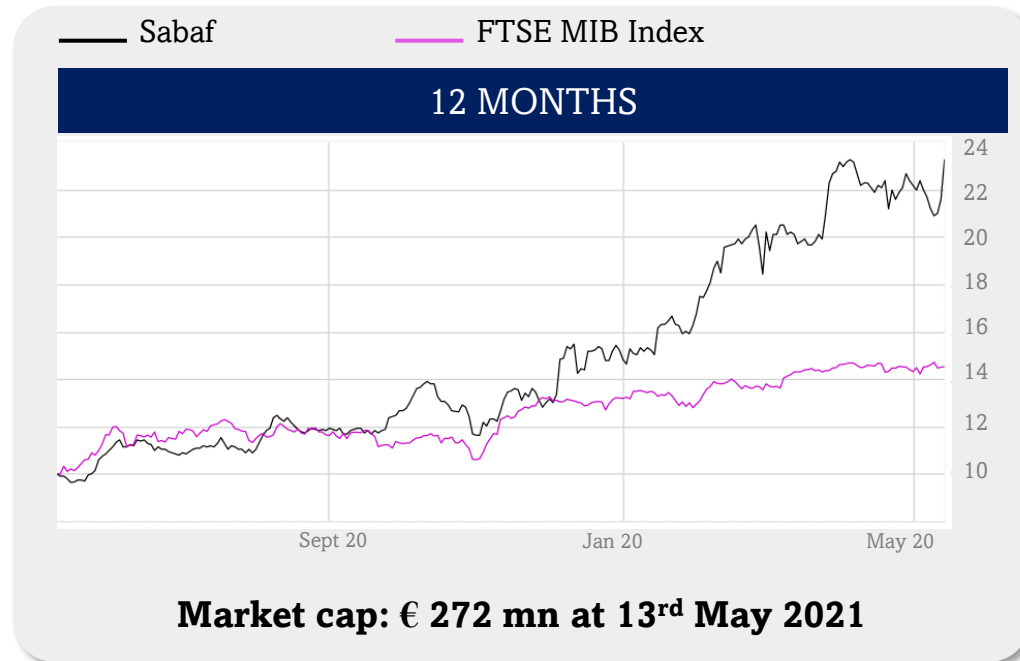


30.57 %	Quaestio SGR
16.01 %	Cinzia Saleri S.a.p.a.
11.49 %	Fintel
5.30 %	Fidelity
3.78 %	Paloma Rheem Investments
32.85 %	Market

Pietro Iotti, CEO of Sabaf,
owns 1.5%

Sabaf Group

Stock price and Dividend



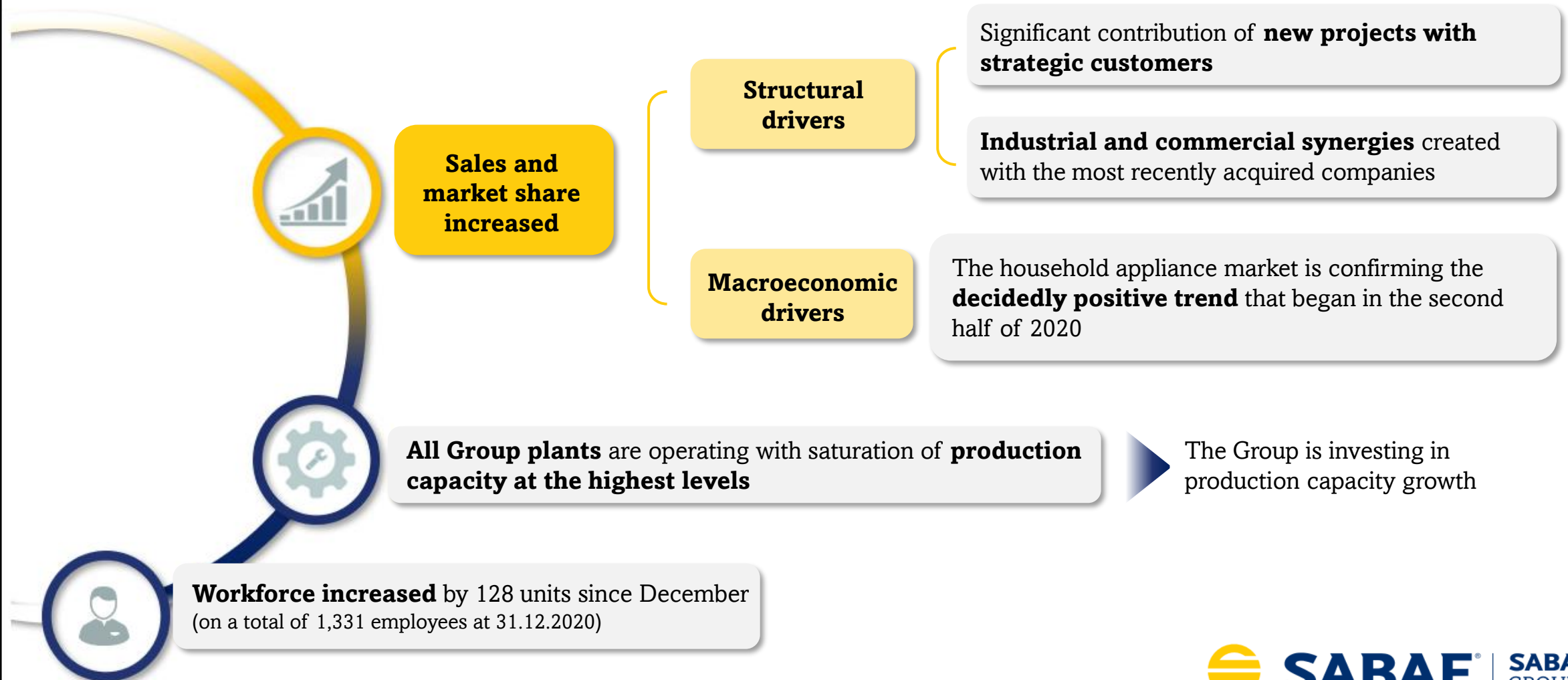
2021 DIVIDEND

- **€ 0.55 per share**
- Ex-date: 31st May 2021
- Dividend yield: 2.4%
- Payout ratio: 45.4%

Sabaf performance	
Change	
1-day (%)	7.76%
1-month (%)	4.42%
3-month (%)	18.59%
6-month (%)	71.01%
12-month (%)	139.61%
YTD (%)	56.81%

I QUARTER 2021 FINANCIAL PERFORMANCE

Business update



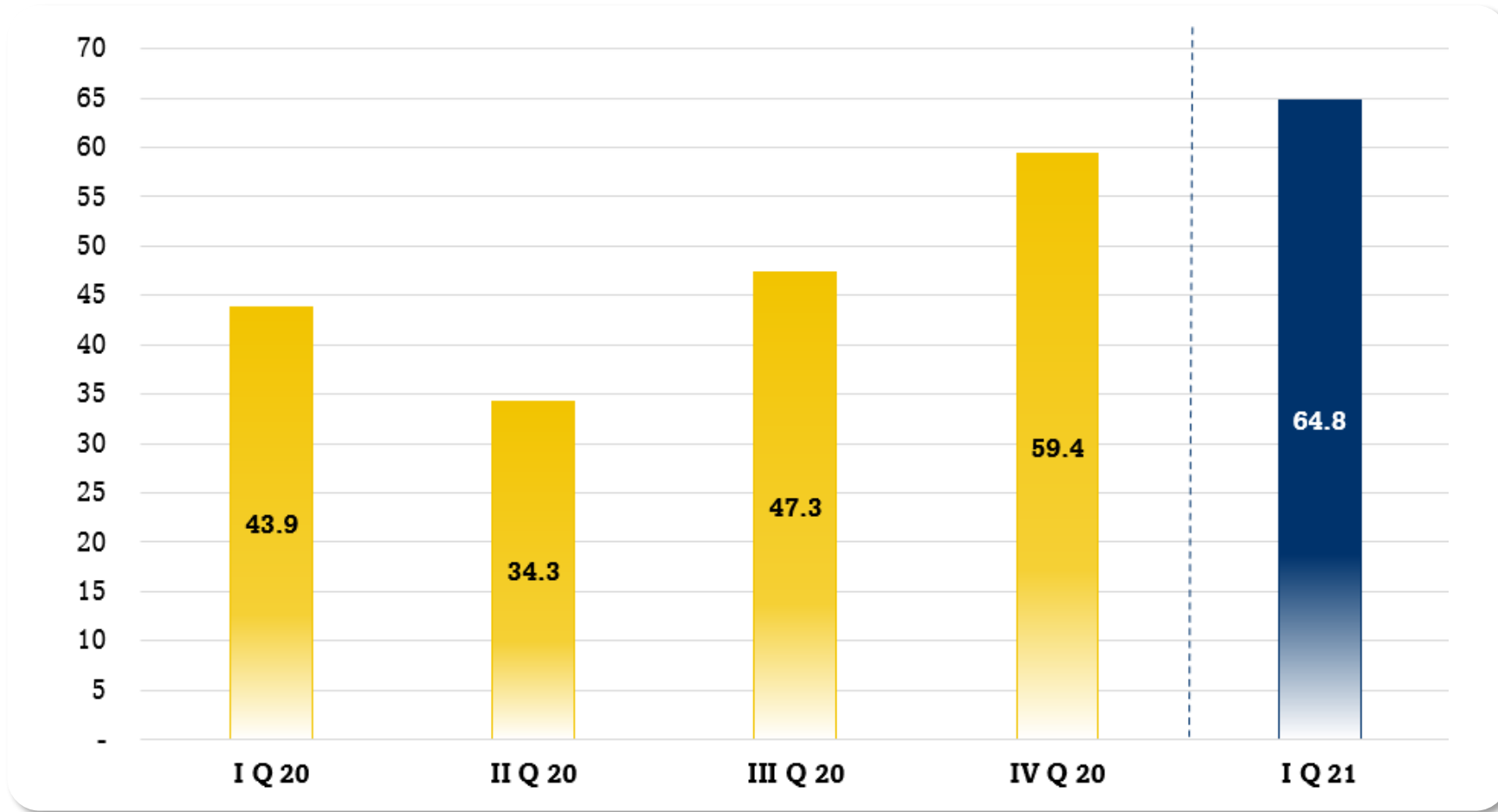
Performance data

Income statement - I quarter 2021

€ x 000	I Q 2021		I Q 2020		Δ % 20 - 19	12 MONTHS 2020	
Revenue	64,825	100.0%	43,852	100.0%	+47.8%	184,906	100.0%
Other income	1,888	2.9%	1,049	2.4%		7,194	3.9%
Total operating revenue and income	66,713		44,901			192,100	
Materials	(36,947)	(57.0%)	(19,138)	(43.6%)		(82,966)	(44.9%)
Personnel costs	(13,886)	(21.4%)	(10,253)	(23.4%)		(43,700)	(23.6%)
Change in inventories	11,535	17.8%	(304)	(0.7%)		6,406	3.5%
Other operating costs	(12,307)	(19.0%)	(7,517)	(17.1%)		(34,743)	(18.8%)
EBITDA	15,108	23.3%	7,689	17.5%	+96.5%	37,097	20.1%
Depreciation	(4,132)	(6.4%)	(4,337)	(9.9%)		(16,968)	(9.2%)
Gains/losses on fixed assets	44	0.1%	8	0.0%		105	0.1%
Write-downs/write-backs of non-current	-	0.0%	-	0.0%		(141)	(0.1%)
EBIT	11,020	17.0%	3,360	7.7%	+228.0%	20,093	10.9%
Net financial expense	289	0.4%	(352)	(0.8%)		(780)	(0.4%)
Exchange rate gains and losses	(849)	(1.3%)	(816)	(1.9%)		(4,812)	(2.6%)
Profits and losses from equity investments	(46)	(0.1%)	-	0.0%		8	0.0%
EBT	10,414	16.1%	2,192	5.0%	375.1%	14,509	7.8%
Income taxes	(1,646)	(2.5%)	(512)	(1.2%)		(149)	(0.1%)
PROFIT FOR THE YEAR	8,768	13.5%	1,680	3.8%	421.9%	14,360	7.8%
Minority interests	(312)	(0.5%)	(133)	(0.3%)		(399)	(0.2%)
PROFIT ATTRIBUTABLE TO THE GROUP	8,456	13.0%	1,547	3.5%	446.6%	13,961	7.6%

Performance data

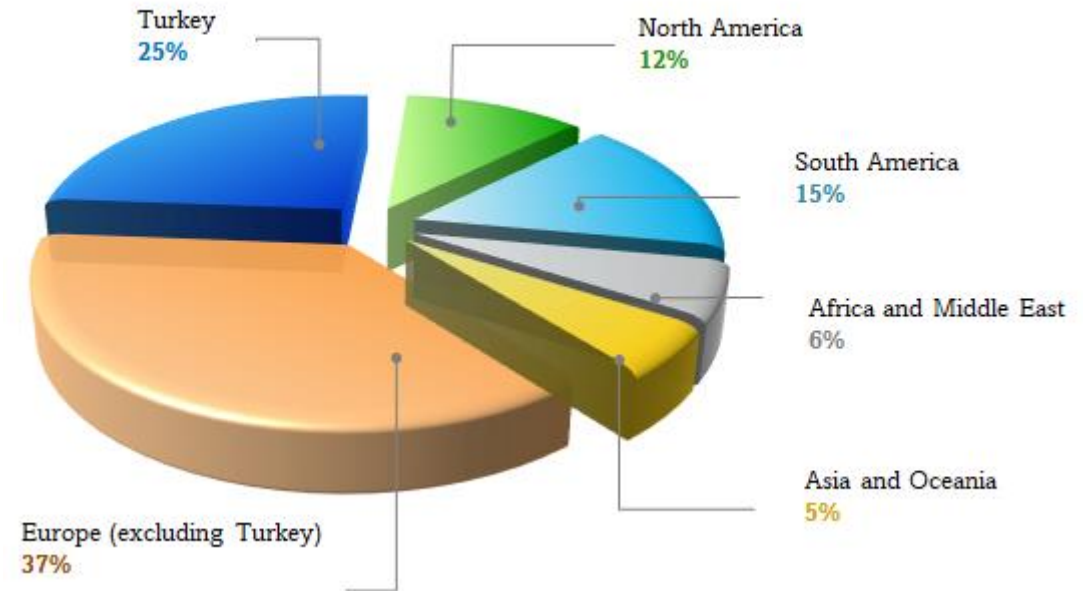
Sales - Quarter Analysis



Performance data

Sales by market

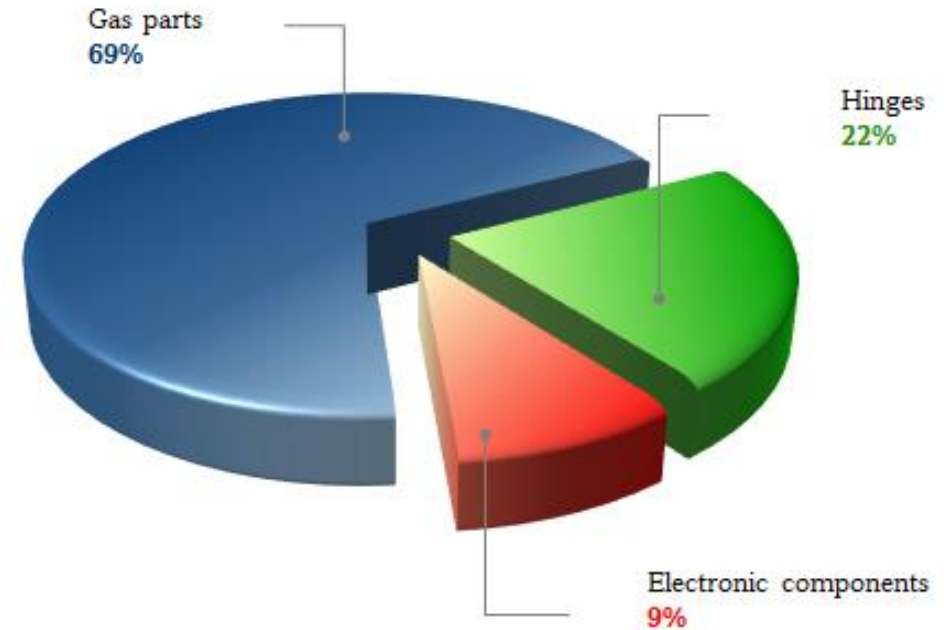
€ x 000	I Q 2021	I Q 2020	
Europe (excluding Turkey)	24,052	16,587	+45.0%
Turkey	16,276	11,099	+46.6%
North America	7,301	5,543	+31.7%
South America	9,890	6,778	+45.9%
Africa and Middle East	3,908	2,329	+67.8%
Asia and Oceania	3,398	1,516	+124.1%
Total	64,825	43,852	+47.8%



Performance data

Sales by Division

€ x 000	I Q 2021	I Q 2020	
Gas	44,589	30,722	+45.1%
Hinges	14,319	9,931	+44.2%
Electronic components	5,917	3,199	+85.0%
Total	64,825	43,852	+47.8%



Performance data

Balance Sheet

€ x 000	31/03/2021	31/12/2020	31/03/2020
Fixed assets	132,244	131,543	134,108
<i>Inventories</i>	50,081	39,224	34,080
<i>Trade receivables</i>	73,020	63,436	53,136
<i>Tax receivables</i>	2,980	2,419	3,067
<i>Other current receivables</i>	2,865	3,167	2,694
<i>Trade payables</i>	(51,883)	(41,773)	(26,558)
<i>Tax payables</i>	(4,487)	(3,287)	(1,617)
<i>Other payables</i>	(12,030)	(10,957)	(9,076)
Net working capital	60,546	52,229	55,726
Provisions for risks and severance indemnity	(9,271)	(9,643)	(11,751)
Capital Employed	183,519	174,129	178,083
Equity	123,886	117,807	117,545
Net debt	59,633	56,322	60,538
Sources of finance	183,519	174,129	178,083

Performance data

Cash flow statement

€ x 000	I Q 2021	12 MONTHS 2020	I Q 2020
Cash at the beginning of the period	13,318	18,687	18,687
Net profit	8,768	14,360	1,680
Depreciation	4,132	16,968	4,337
Other income statement adjustments	1,087	1,873	1,116
Change in net working capital			
- Change in inventories	(10,857)	(3,881)	1,263
- Change in receivables	(9,584)	(16,507)	(6,207)
- Change in payables	10,110	14,213	(902)
	(10,331)	(6,175)	(5,846)
Other changes in operating items	324	(1,959)	(1,041)
Operating cash flow	3,980	25,067	246
Investments, net of disposals	(6,718)	(17,296)	(3,339)
Free Cash Flow	(2,738)	7,771	(3,093)
Cash flow from financial activity	1,637	(2,136)	(991)
Own shares buyback	-	(2,073)	(722)
Dividends	-	(3,924)	-
CMI Acquisition	-	(3,063)	-
Forex	(374)	(1,944)	(925)
Net financial flow	(1,475)	(5,369)	(5,731)
Cash at the end of the period	11,843	13,318	12,956

Working capital

- Increase in working capital due to the increase in inventories, as a result of the need to **ensure continuity of supplies and to limit the impact of changes in raw material prices**
- Nevertheless **lower incidence of NWC on turnover**: 23.3% compared to 31.8% at 31 March 2020 and 28.2% at 31 December 2020

Investments

The **high levels of activity led the Group to bring forward to 2021 some investments originally planned for 2022**, where growth is considered structural, in order to be able to guarantee continuity in supplies to customers and full production efficiency

Performance data

Financial Indicators

	I Q 2021	I Q 2021	12 MONTHS 2020
Change in turnover (vs. previous year)	+47.8%	-2.3%	+18.6%
Change in turnover - Organic (vs. previous year)	+47.8%	-2.3%	+8.4%
ROCE (return on capital employed)	24.0%	7.5%	11.5%
Net debt/EBITDA	0.99	1.97	1.52
Net working capital/Turnover	23.3%	31.8%	28.2%
Net debt/equity	48.1%	51.5%	47.8%
Days of Sales Outstanding	101	106	111
Days of Payables Outstanding	87	88	98
Days of Inventory Outstanding	95	82	97

2021 OUTLOOK

Outlook 2021

more than
€ 240 mn SALES

TOTAL 2021 SALES: >30% on 2020 (€184.9 mn) and **> 54% on 2019** (€155.9 mn)

Previous forecast released on 23rd March 2021: €210 million (+14% on 2020)

I QUARTER 2021

Activity remaining on the high side, in line with that of the first months of the year, with all markets continuing to show a **very strong demand**

II HALF 2021

Trend expected to
continue

more than **21%**
EBITDA

EBITDA 2021

Operating profitability (EBITDA %) of more than 21% of sales (previous forecast: at least 20%)

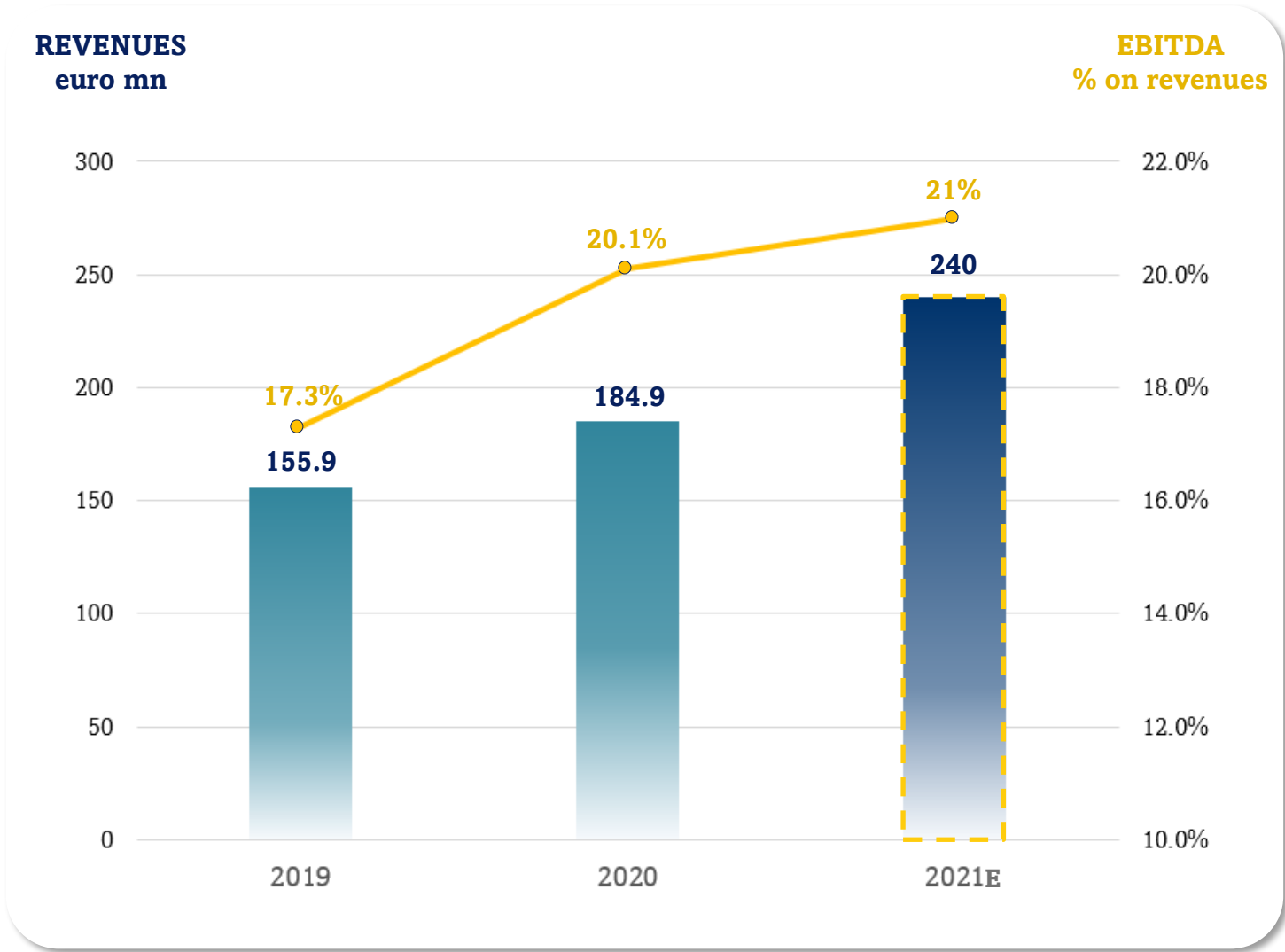
- Diversification of Group's offer
- Favorable trend in sales prices
- Full utilization of production capacity



Will balance unfavorable raw materials

These forecasts assume a macroeconomic scenario not affected by unpredictable events. If the economic situation were to change significantly, actual figures might diverge from the forecasts.

Revenues: 2019 – 2021E



Sales expected to be higher than
€240 million

> 30% vs. 2020

BUSINESS PLAN 2021 - 2023

Business plan 2021 – 2023

KEY POINTS

around
€ 300 mn
SALES

TOTAL SALES by 2023

+62% vs. 2020 CAGR > 17.5%

- **Organic** CAGR >10%:
around € 250 mn sales by 2023
- **M&A:** € 50 mn sales by 2023

€ 57 mn
EBITDA
by 2023

EBITDA

at least 19% on sales

at least
+100 bps

ROI 12.5%

Compared to 11.5% in 2020

~ 2.0

FINANCIAL LEVARAGE

Net debt/EBITDA around 2.0

€ 130 mn

INVESTMENTS in 3 years

- **Organic:** € 58 mn capex,
of which € 46 mn for growth and
€ 12 mn in maintenance
- **M&A:** up to € 72 mn investment

€ 20 mn

DIVIDENDS in 3 years

- Total amount higher than previous years
(2018 - 2020: € 16 mn)
- Lower payout to support future growth

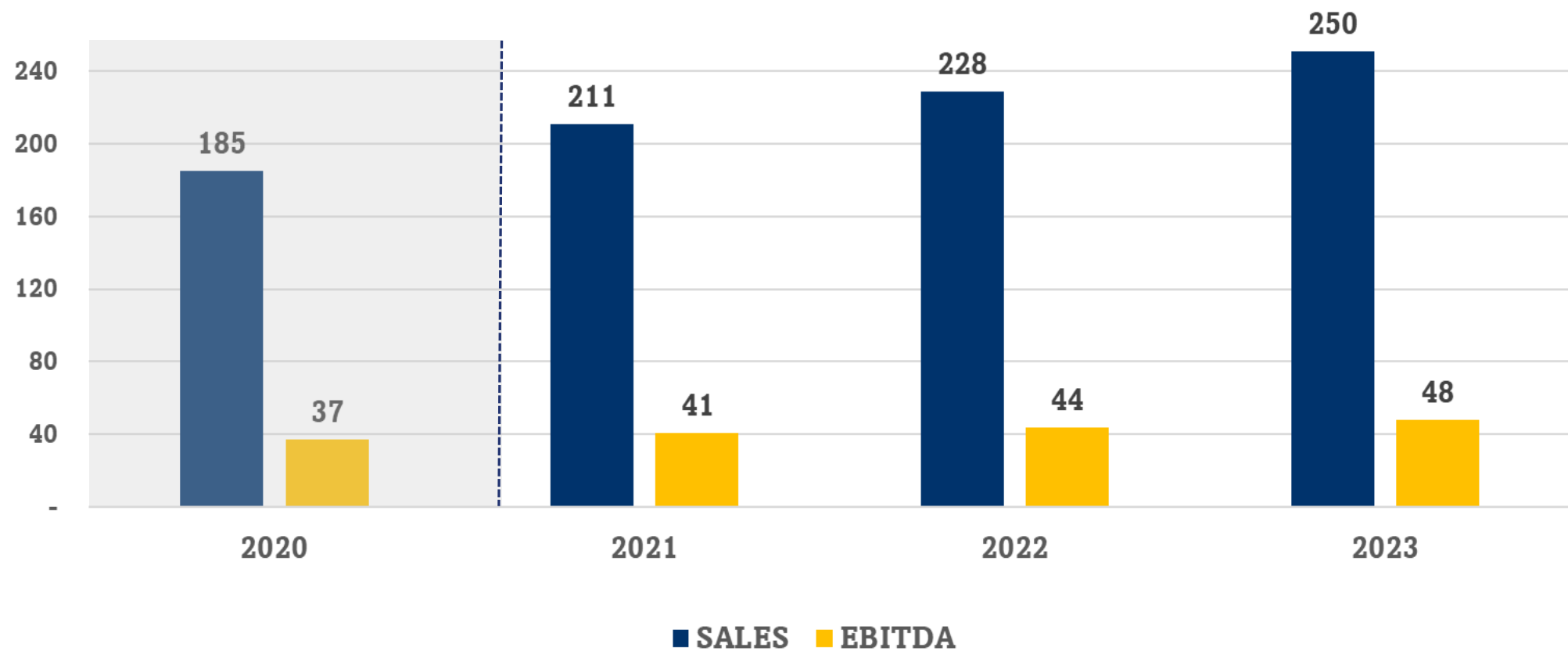
FINANCED with:

- **OPERATING CASH FLOW** € **85** mn in 3 years
- **NEW FINANCIAL DEBT** up to € **65** mn by 2023

Business plan 2021 - 2023

Organic growth

CAGR: +10.6%



Business plan 2021 - 2023

Organic growth - Market development

MARKET	2020	2021	2022	2023	Var % 2023 vs. 2020	CAGR
EUROPE (excl. Turkey)	69.6	76.3	80.3	86.6	+24.5%	7.6%
TURKEY	44.8	51.6	55.6	56.6	+26.3%	8.1%
NORTH AMERICA	22.7	27.5	32.2	37.2	+63.6%	17.8%
SOUTH AMERICA	27.6	29.0	30.4	32.9	+18.9%	5.9%
AFRICA AND MIDDLE EAST	12.2	14.1	14.1	16.1	+32.5%	9.8%
CHINA AND FAR EAST	6.8	10.3	11.5	14.2	+101.1%	28.1%
INDIA	1.2	1.7	4.3	6.9	+468.0%	78.4%
TOTAL	184.9	210.5	228.4	250.5	+35.5	10.6%
<i>Growth vs. previous year</i>		+13.9%	+8.5%	+9.7%		

Business plan 2021 - 2023

Organic growth - By division

PROJECTS		GAS	HINGES	ELECTRONICS	TOTAL	CAGR
ADDITIONAL SALES IN 3 YEARS COMPARED TO 2020	NEW	€ 26.3 mn <i>No. 11 projects</i>	€ 10.6 mn <i>No. 5 projects</i>	€ 8.5 mn <i>No. 25 projects</i>	€ 45.4 mn <i>No. 41 projects</i>	+7.6%
	EXISTING	€ 7.6 mn	€ 8.6 mn	€ 4.0 mn	€ 20.2 mn	+3%
	TOTAL	€ 33.9 mn	€ 19.2 mn	€ 12.5 mn	€ 65.6 mn	+10.6%

HUGE NEW
PROJECTS PIPELINE



**ORGANIC
GROWTH**
+35.5% on 2020



STRONG
RELATIONSHIPS WITH
GLOBAL PLAYERS

Business plan 2021 - 2023

Organic growth - R&D



RESEARCH & DEVELOPEMENT

R&D activities will focus on **ad hoc solutions** to meet the needs of **individual markets** and on the design of **customized products**

More than 50 R&D engineers in force

Product innovation will be oriented to the following areas:

GAS

- Premium flame valves
- High performances burners for better combustion efficiency
- New burners for North America market
- New models of professional burners

HINGES

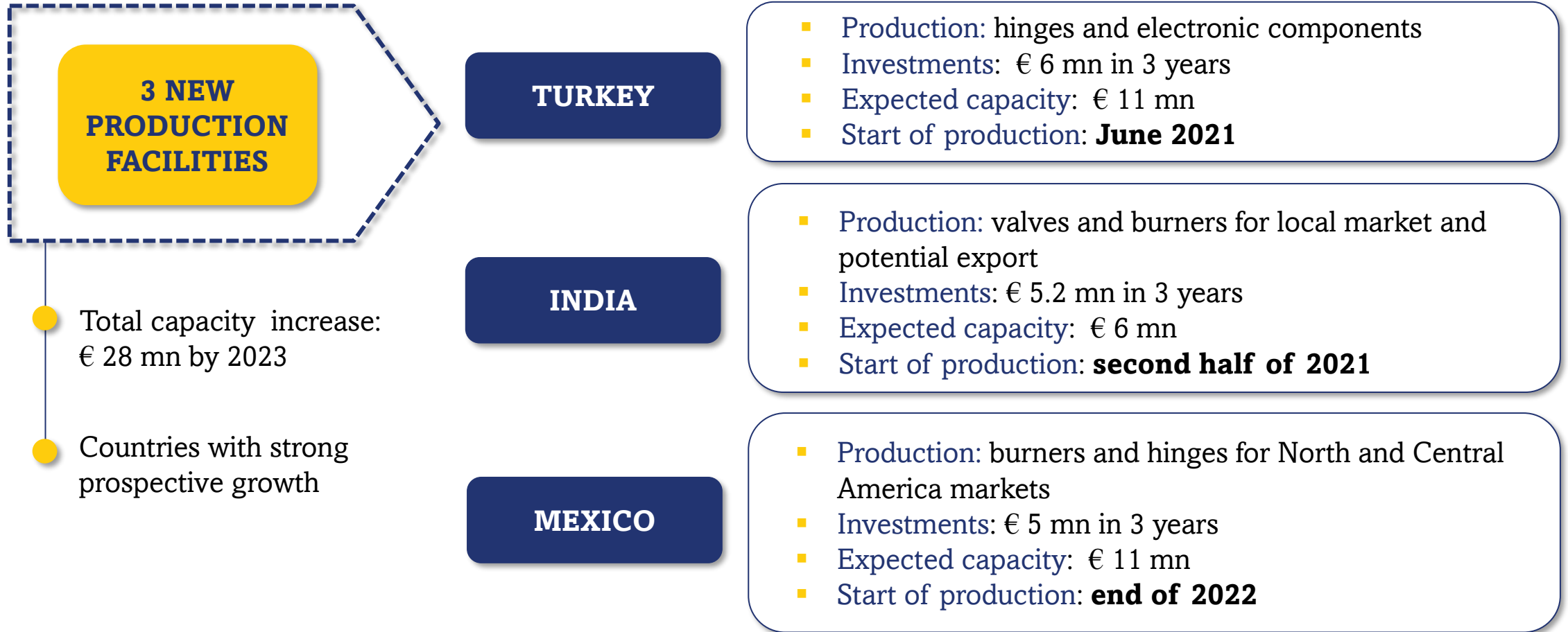
- Hinges for top load washers
- Customized hinges for specific markets and customers
- Motorized hinges

ELECTRONICS

- Development of new oven controls
- Vitroceramic hobs control cards
- Completion of product range for cooker hood controls
- Feasibility study of induction cooking
- Development of products for new business sectors like medical appliances, dishwashers, dryers, heaters, etc.

Business plan 2021 - 2023

Organic growth - New facilities



Business plan 2021 - 2023

Organic growth - Industrial footprint

- 14 Companies
- 10 Production plants as of 2020
- 13 Production plants by 2022
(5 in Italy and 8 abroad)

3 new production plants by 2022
(Turkey, Mexico and India)

SABAF S.p.A.

**Faringosi Hinges
(ITALY)**

C.M.I. (ITALY)

C.G.D. (ITALY)

C.M.I. POLSKA

NEW SABAF MEXICO

SABAF DO BRASIL

SABAF US

**SABAF APPLIANCE
COMPONENTS (CHINA)**

**A.R.C. s.r.l.
(ITALY)**

**ARC HANDAN JV
(CHINA)**

NEW SABAF INDIA

SABAF TURKEY

**OKIDA ELEKTRONIK
(TURKEY)**

Business plan 2021 - 2023

Organic growth - Sustainability

“ Sabaf's strategy and governance model are aimed towards ensuring long-term sustainable growth. For Sabaf, sustainability is primarily based on sharing values with its stakeholders; compliance with common values increases mutual trust and encourages knowledge development. ”

SABAF GROUP VISION

«We believe in a world in which all people's basic needs, such as home, food and reliable energy, are fulfilled in an environmentally sustainable way.

We promote a company that improves the quality of the environment and the communities where we live and work»

BUSINESS PLAN KPI

	Area	KPI
1	Development of resources and skills	Hours of training per capita
2	Health and safety	Accident frequency rate Accident severity rate
3	Eco-efficiency and Emissions into the atmosphere	tCO _{2eq} emissions on sales

SDGs



Business plan 2021 - 2023

Growth by acquisitions - M&A Strategy

M&A as a tool for achieving **long-term targets** through:

- the acquisition of **know-how** and **technologies**
- the expansion of the **product offer**
- the opening to **new markets**
- the **risk diversification**
- the ability **to scale the business quickly**



Growth of the competitive advantage by differentiating the Sabaf value proposition from competitors



Preservation of the identity of acquired companies, which maintain their brand, local supply chain and workforce

Retention of talents and soft skills

Achievement of significant commercial and industrial synergies

From an entrepreneurial to an industrial approach

Joint effort for growth and positives influence on margins

Preferably seller is taken onboard as a director and/or minority shareholder

INVESTMENT SECTORS

1

COMPONENTS FOR HOUSEHOLD APPLIANCES

2

ELECTRONICS

3

HEATING

4

PROFESSIONAL COOKING

Business plan 2021 - 2023

Growth by acquisitions - Target profile

TARGET PARAMETERS

TURNOVER

€ 5 - 70 mn sales

EBITDA

Steady positive results over past years
No turnarounds

SHAREHOLDING

Preference for **entrepreneurial** ownership

EBITDA MULTIPLES

Non-dilutive

M&A TEAM

Dedicated to scouting and development of business **contacts**, creation of an **internal Data Base**, analysis and evaluation of **opportunities**, management of **negotiations**

Business plan 2021 - 2023

Summary - Targets



Around **€ 300 mn sales**

Total **growth: 62%** by **2023** vs. 2020 (Organic and by acquisitions growth) (CAGR 17.5%)



Total investments € 130 mn of which:

- ✓ **€ 58 mn** organic growth
- ✓ **€ 72 mn** growth by acquisitions



✓ **Dividends: € 20 mn**



Investments and dividends, for a total amount of **€ 150 mn** **financed with:**

- ✓ **Operating cash flow: € 85 mn**
- ✓ **New financial debt: € 65 mn**



Sustainability targets:

- ✓ Hours of training per capita
- ✓ Accident frequency and severity rates
- ✓ CO2 emissions reduction

**HIGH PROFITABILITY
(EBITDA AT LEAST 19%)**

**ROI > 12.5%
COMPARED TO 11.5% IN 2020**

**NET DEBT/EBITDA
~ 2.0**

DISCLAIMER

Certain information included in this document is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially.

The Company's business is in the domestic appliance industry, with special reference to the gas cooking sector, and its outlook is predominantly based on its interpretation of what it considers to be the key economic factors affecting this business. Forward-looking statements with regard to the Group's business involve a number of important factors that are subject to change, including: the many interrelated factors that affect consumer confidence and worldwide demand for durable goods; general economic conditions in the Group's markets; actions of competitors; commodity prices; interest rates and currency exchange rates; political and civil unrest; and other risks and uncertainties.

Pursuant to Article 154/2, paragraph 2 of the Italian Consolidated Finance Act (Testo Unico della Finanza), the company's Financial Reporting Officer Gianluca Beschi declares that the financial disclosure contained in this financial presentation corresponds to the company's records, books and accounting entries.

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