

*We burn* for technology and safety.



# ITALIAN SUSTAINABILITY WEEK

Borsa Italiana

Milan, July 2021

**SABAF**  
GROUP

**ARC**

**CMI**

**FARINGOSI**  
HINGES

**OKIDA**

**SABAF**

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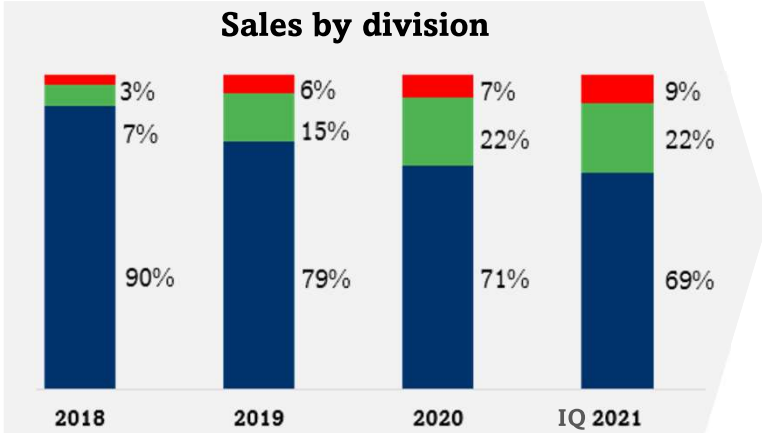
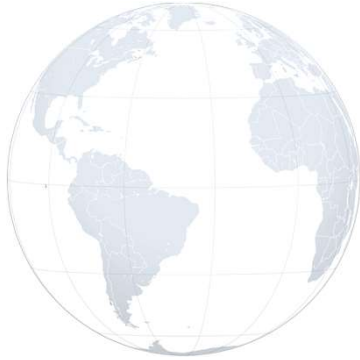
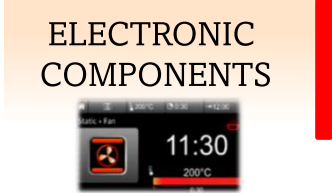
# COMPANY OVERVIEW

# Sabaf Group Timeline and history

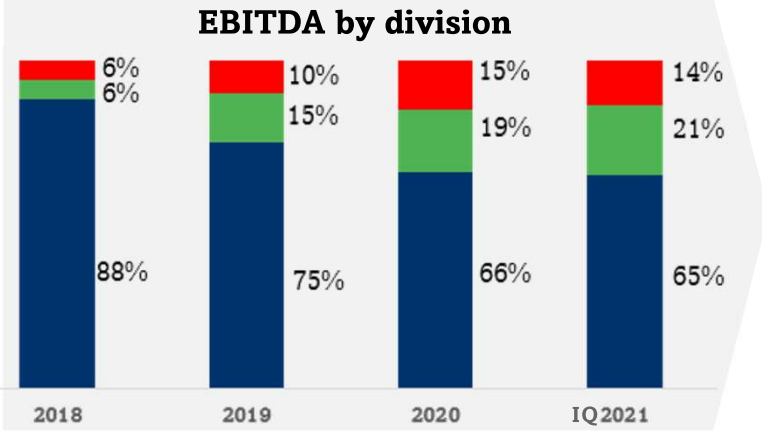


# Sabaf Group

## 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
- Special applications
- Small compartments
- Catering appliances



### ELECTRONIC COMPONENTS

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



# Sabaf Group

## Industrial Footprint: present and near future



Total Group employees  
at 31 May 2021  
**1,488**

### SABAF S.P.A.

Valves and thermostats  
Standard burners  
Special burners  
**596 employees**

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

Professional burners  
**21 employees**

### C.M.I. ITALY

Oven hinges  
Dishwasher hinges  
**168 employees**

### FARINGOSI-HINGES S.R.L.

Oven hinges  
Dishwasher hinges  
**60 employees**



### C.M.I. POLAND

Dishwasher hinges  
**57 employees**



### SABAF TURKEY

Standard burners  
**233 employees**

In 2021 new plant

### OKIDA ELEKTRONIK

Electronics for household  
appliances  
**202 employees**



### SABAF APPLIANCE COMPONENTS (KUNSHAN)

Wok burners  
**8 employees**

### ARC HANDAN JV

Professional wok burners



NEW

### SABAF MESSICO



### SABAF DO BRASIL LTDA

Standard burners  
Special burners  
**143 employees**



NEW

### 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)

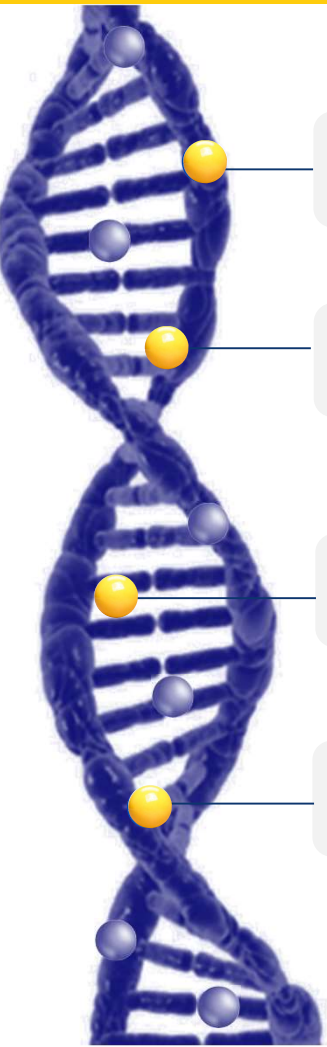
**Strong operational leverage:** great flexibility in production volumes growth, ready to satisfy customers requests



# BUSINESS PLAN 2021 - 2023

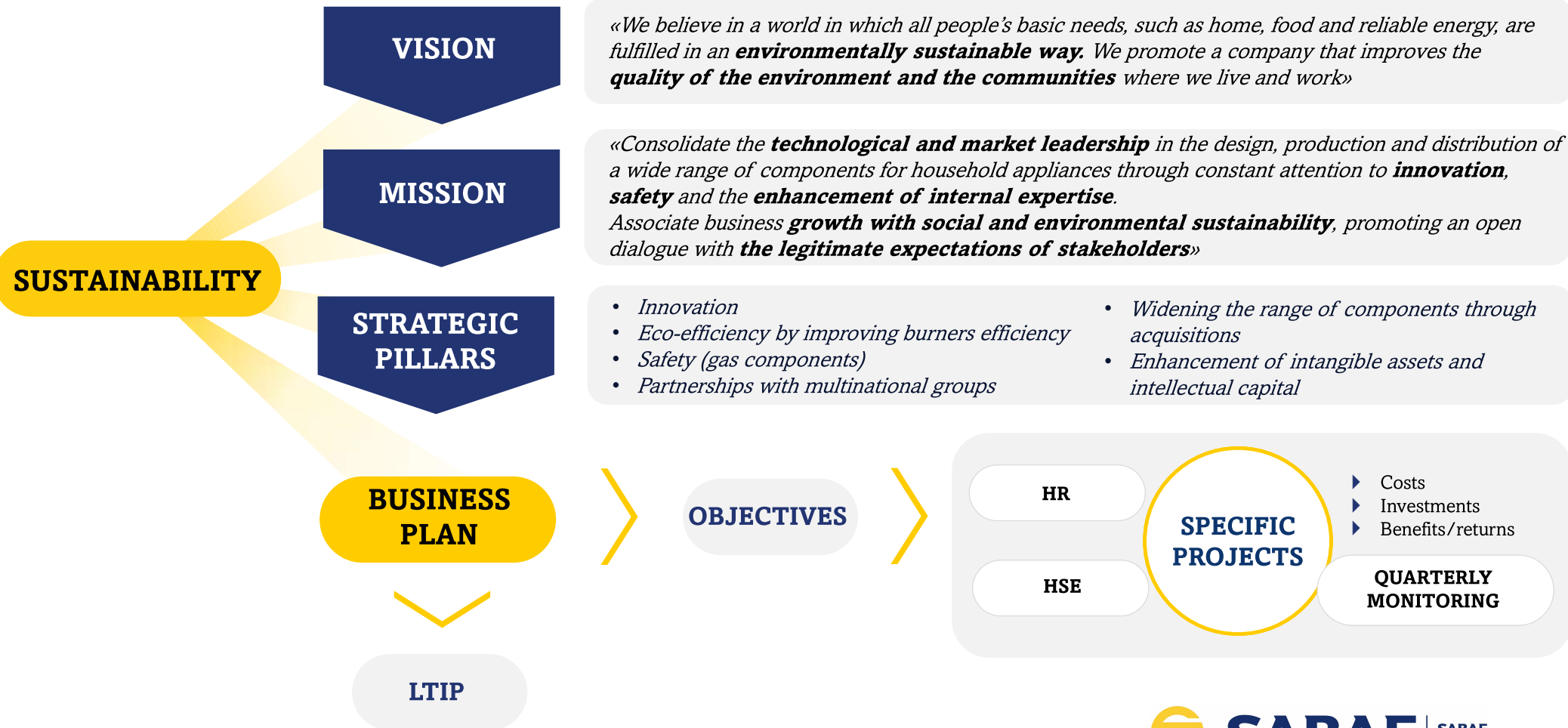
# Sabaf: a sustainable business

## The centrality of the Person



# Sabaf: a sustainable business

## Business Model



# Business plan 2021 - 2023

## Key points

### 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

Compared to 11.5% in 2020

**~ 2.0**

#### FINANCIAL LEVERAGE

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



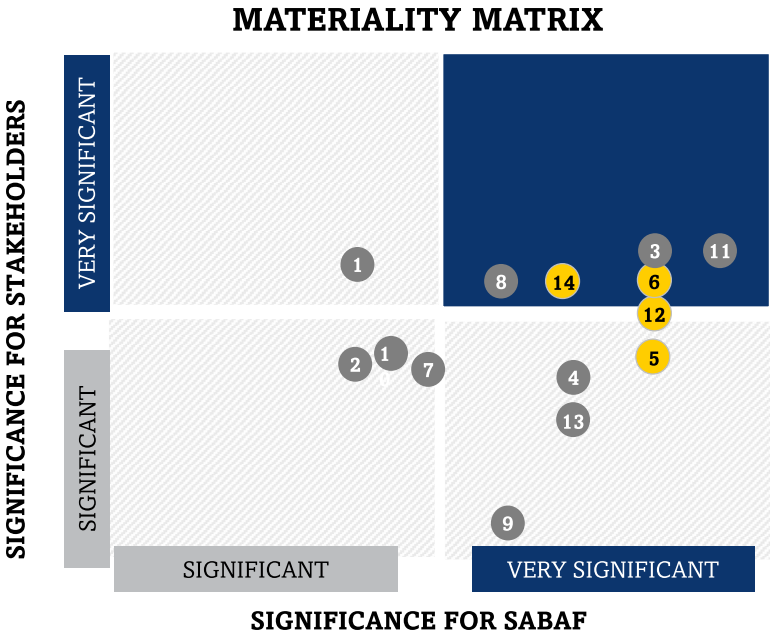
FINANCED with:

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

# Business plan 2021 - 2023

## Materiality Analysis

The materiality analysis takes into consideration the most significant topics for the Group and its Stakeholders



- 1 Use of raw materials and materials
- 2 Emissions into the atmosphere, waste and management of environmental impacts
- 3 Protection of Human and Workers' Rights
- 4 Remuneration and incentive policy
- 5 Development of resources and skills
- 6 Health and safety of personnel and contractors
- 7 Diversity and equal opportunities
- 8 Management of relations with suppliers, supplier assessment and contractual conditions
- 9 Industrial relations
- 10 Compliance with the competitive system
- 11 Customer satisfaction and customer support
- 12 Research and innovation of products and processes also with reference to safety and environmental Performance
- 13 Partnership with multinational groups
- 14 Production quality and eco-efficiency

# Business plan 2021 - 2023

## 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»*

	Area	KPI	SDGs
1	Development of resources and skills	Hours of training per capita	4 QUALITY EDUCATION
2	Health and safety	Accident frequency rate	3 GOOD HEALTH AND WELL-BEING
		Accident severity rate	8 DECENT WORK AND ECONOMIC GROWTH
3	Eco-efficiency and Emissions into the atmosphere	tCO <sub>2eq</sub> emissions on sales	7 AFFORDABLE AND CLEAN ENERGY
			12 RESPONSIBLE CONSUMPTION AND PRODUCTION
			8 DECENT WORK AND ECONOMIC GROWTH
			11 SUSTAINABLE CITIES AND COMMUNITIES
			13 CLIMATE ACTION

# Business plan 2021 - 2023

## Sustainability: 2023 targets

	Area	KPI	2023 TARGETS (VS.2020)
1	Development of resources and skills	Hours of training per capita	+40%
2	Health and safety	Accident frequency rate	-44%
		Accident severity rate	
3	Eco-efficiency and Emissions into the atmosphere	tCO <sub>2eq</sub> emissions on sales	-14%



# Sabaf: a sustainable business

## Global compact and CDP



**UN Global Compact**

The **United Nations** initiative for companies that commit to upholding and promoting the **10 universally accepted principles** of **human rights, labour rights, environmental protection** and **anti-corruption**

**2004**  
**Sabaf complies**

Every year, with the publication of the Annual Report, we renew our commitment to making the Global Compact and its principles an integral part of our strategy, culture and day-to-day operations

We commit to explicitly declare our commitment to all employees, partners, customers and the general public

**Climate Change e Water programmes of CDP**  
*(ex Carbon Disclosure Project)*



International non-profit organization that provides businesses, local authorities and governments with a system to measure, track, manage and share **information on the environment globally**. In particular, companies are required to participate in an **annual survey** on the impact of their activities on the environment, the management of their environmental risks and the results achieved

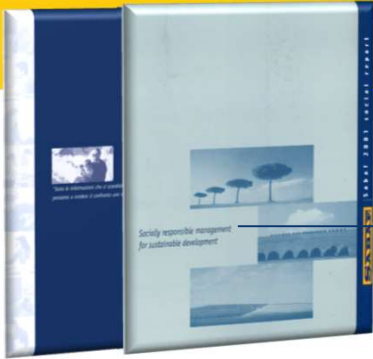
The **aim** is to make **environmental performance central** to business and investment decisions by leveraging information **transparency**

**2020**  
**Sabaf joins for the first time**

- On **Electrolux** request
- Sabaf confirmed its participation for **2021**

# ESG PERFORMANCE

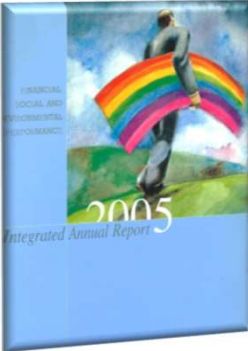
# ESG Performance Reporting



“*Socially responsible management for sustainable development*”

**SINCE 2005**

INTEGRATED REPORTING *(Triple bottom line)*



**16<sup>TH</sup> EDITION (2020)**

INTEGRATED ANNUAL REPORT



**SABAF** “OSCAR DI BILANCIO”  
 2004  
 2013  
 2017  
 2018  
 Multi-awarded for the **best Italian financial communication**



# ESG Performance

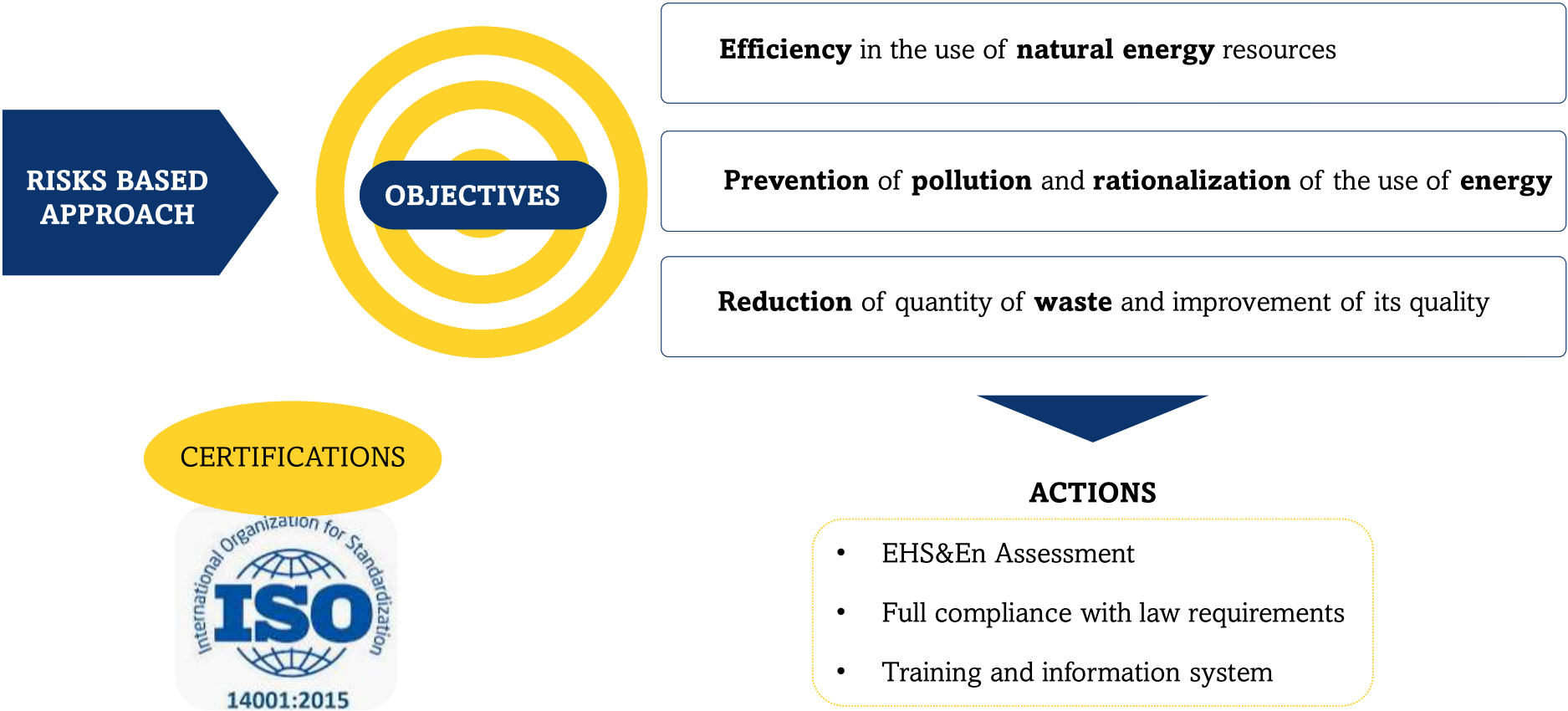
## Generated and distributed economic value

*(thousand of Euro)*

	2020	2019	Change
<b>ECONOMIC VALUE GENERATED BY THE GROUP</b>	<b>190,001</b>	<b>160,095</b>	<b>29,906</b>
<b>ECONOMIC VALUE DISTRIBUTED BY THE GROUP</b>	<b>161,995</b>	<b>140,762</b>	<b>21,233</b>
Remuneration of suppliers	112,014	96,626	15,388
Remuneration of employees	43,700	37,103	6,597
Remuneration of lenders	2,146	1,339	807
Remuneration of shareholders	3,924	6,060	(2,136)
Remuneration of Public Administration	150	(408)	558
Charity and donations	61	42	19
<b>ECONOMIC VALUE RETAINED BY THE GROUP</b>	<b>28,006</b>	<b>19,333</b>	<b>8,673</b>
Depreciations and amortisation	16,968	15,183	1,785
Provisions	612	91	521
Use of provisions	(10)	(64)	54
Reserves	10,436	4,123	6,313

# ESG Performance

## Environment - Risks, objectives and actions



# ESG Performance

## Environment - Most important innovations



### HIGH EFFICIENCY BURNERS

Since 2005: first company in the World

More than 23% of burners produced  
Energy efficiency > 60%

Increasing efficiency year by year

- Energy efficiency
- Consumption
- Emissions



	Standard burners	High efficiency burners
Efficiency $\eta$	52%	65%
Consumption for 1 hob (m <sup>3</sup> /day)	0.68	0.54



	m <sup>3</sup> /day	m <sup>3</sup> /year
Gas saving for 1 hob	0.1	49.54

Total **saving** from 2005:  
**439 thousand m<sup>3</sup> of natural gas\***

**Reduction of CO<sup>2</sup> emissions**  
from 2005:  
**891 thousand tons\***

\*Estimation based on volumes manufactured by Sabaf

# ESG Performance

## Environment - Most important innovations

### LIGHT ALLOY VALVES

92% of valves produced

- ✗ Elimination of hot moulding phase
- ↓ Lead content
- ↓ Weight
- ↓ Transport & packaging costs

Switch from brass to aluminium

	Brass	Light-alloy
Energy consumption in production (KWh/unit)	0.47	0.30
Lead content (g/unit)	3.91	0.47
Total weight (g/unit)	159	74

➔

Annual savings
2.803 MWh
58 tons
1.421 tons

### METAL WASHING

Washing system based on a modified redistillable alcohol

Elimination of perchloroethylene

- ↓ Operating costs
- ↓ Emissions
- ↓ Special waste

# ESG Performance

## Environment - Materials

### Materials used and recyclability

	Materials used (tons)	2020	2019	2018
Raw materials	Brass	638	481	789
	Aluminium alloys	9,188	6,476	7,831
	Zamak	10	11	33
	Steel	26,046	21,881	7,861
	Cast iron	96	142	137
	Enamel	246	193	189
	Bronze	-	1	-
	Copper	8	-	-
	Stainless steel	103	116	-
Packaging Materials	Cardboard	706	397	454
	Plastic	220	136	140
	Wood	683	479	503

85% of brass and 50% of aluminium alloys are produced by scrap recycling

#### Increases in steel consumption

- in 2020 reflect the Group's higher production levels compared to the previous year
- in 2019 is due to the inclusion in the scope of consolidation of C.M.I.

Cardboard and wood are renewable materials



# ESG Performance

## Environment - Energy

### Energy sources

	2020	2019	2018
Electricity from non-renewable sources (MWh)	35,220	28,526	30,225
YoY change	+23%	-6%	-2%
Electricity from renewable sources (MWh)	158	50	-
Natural gas (m3 x 1000)	4,478	3,740	3,918
YoY change	+20%	-5%	-3%
Diesel oil (l x 1000)	57	51	21
Petrol (l x 1000)	17	10	-
LPG (l x 1000)	-	0.09	-
<b>TOTAL CONSUMPTION (GJ)</b>	<b>290,125</b>	<b>238,887</b>	<b>249,866</b>
<b>TOTAL CONSUMPTION (MWh)</b>	<b>80,655</b>	<b>66,411</b>	<b>69,463</b>
<b>YoY change</b>	<b>+21%</b>	<b>-4%</b>	<b>-8%</b>

### Energy intensity

	2020	2019	2018
Energy Intensity			
<b>KWh on € of turnover</b>	<b>0.436</b>	<b>0.426</b>	<b>0.460</b>
<b>YoY change</b>	<b>+2%</b>	<b>-7%</b>	<b>-6%</b>

### Main sources

Electricity

Natural Gas

### CERTIFICATIONS



# ESG Performance

## Environment - Water

### Water

Water consumption (m <sup>3</sup> )	2020	2019	2018
from municipal water supply	50,682	56,409	110,655
of which freshwater	50,682	56,409	110,655
of which other water	-	-	-
from well	27,675	35,516	29,185
of which freshwater	27,675	35,516	29,185
of which other water	-	-	-
<b>TOTAL</b>	<b>78,357</b>	<b>91,925</b>	<b>139,840</b>
<b>YoY change</b>	<b>-15%</b>	<b>-34%</b>	<b>+24%</b>

- ▶ No industrial waste water
- ▶ Water used in production processes at Ospitaletto is treated in concentration plants (during 2019 also started up in Sabaf Brasil)
- ▶ At Ospitaletto factory, there is a plant for the collection of rainwater for use in industrial activities

# ESG Performance

## Environment - Emissions

### Emissions

CO <sub>2</sub> Emissions (tons)		2020	2019	2018
Scope 1 Direct emissions from refrigerant gases	tCO <sub>2</sub> eq	162	59	-
Scope 1 Direct emissions from fuel consumption	tCO <sub>2</sub>	9,247	7,734	8,022
Total direct emissions	tCO <sub>2</sub> eq	9,409	7,793	8,022
Scope 2 Indirect emissions (location based)	tCO <sub>2</sub>	11,998	9,979	10,498
Scope 2 Indirect emissions (market based)	tCO <sub>2</sub>	14,969	12,484	13,133
Total emissions (location based)	tCO <sub>2</sub> eq	21,407	17,772	18,520
<b>YoY change</b>		<b>+20%</b>	<b>-4%</b>	<b>-8%</b>

### Emissions on turnover

		2020	2019	2018
Scope 1 Direct emissions	tCO <sub>2</sub> eq	9,409	7,793	8,022
Scope 2 Indirect emissions (market based)	tCO <sub>2</sub>	14,969	12,484	13,133
Total emissions	tCO <sub>2</sub> eq	24,378	20,277	21,155
Turnover	EUR	184,906	155,923	150,642
<b>Emissions on turnover</b>		<b>132</b>	<b>130</b>	<b>140</b>
<b>YoY change</b>		<b>+1%</b>	<b>-8%</b>	

# ESG Performance

## Employees - Risks, objectives and actions



# ESG Performance

## Employees - Main figures

### Employees by gender

	2020			2019			2018		
	♂	♀	♂♀	♂	♀	♂♀	♂	♀	♂♀
Total	724	444	1,168	657	378	1,035	506	254	760

### Employees by contract

	2020			2019			2018		
	♂	♀	♂♀	♂	♀	♂♀	♂	♀	♂♀
Permanent	711	432	1,143	621	369	990	487	247	734
Temporary	13	12	25	36	9	45	19	7	26
Total	724	444	1,168	657	378	1,035	506	254	760

### Employees by qualification

	2020	2019	2018
Degree	15.4%	14.9%	14.1%
High school diploma	46.2%	44.2%	45.5%
Middle school diploma	36.5%	39.7%	40.1%
Elementary school diploma	1.9%	1.2%	0.3%
Total	100.0%	100.0%	100.0%

### Employees by age

	2020	2019	2018
< 30 years old	18.9%	17.2%	13.9%
31- 40 years old	34.5%	35.1%	39.9%
41 - 50 years old	31.6%	31.8%	31.8%
over 50 years old	15.0%	15.9%	14.4%
Total	100.0%	100.0%	100.0%

### Employees by length of service

	2020	2019	2018
< 5 years	44.5%	37.2%	26.7%
6 - 10 years	9.0%	12.3%	12.9%
11 - 20 years	31.9%	36.6%	46.7%
over 20 years	14.6%	13.9%	13.7%
Total	100.0%	100.0%	100.0%

### Turnover rate

	2020	2019	2018
Total women	9.69%	7.14%	9.06%
Total men	11.46%	10.19%	11.07%
Total	10.79%	9.08%	10.39%

# ESG Performance

## Employees – Training and Safety

### Total hours of training received

	2020	2019	2018
Training for new employees, apprentices, training contracts	2,161	3,642	5,662
Technical training and information systems	3,216	2,433	2,824
Quality, safety, environment, energy and social responsibility	5,058	3,957	4,689
Administration and organisation	540	1,228	1,278
Foreign languages	738	1,774	1,759
Other (e.g. lean philosophy/production/office)	942	2,803	752
<b>Total hours of training received</b>	<b>12,655</b>	<b>15,837</b>	<b>16,963</b>
Hours of training provided by internal trainers	5,252	1,263	9,154
<b>Total hours of training</b>	<b>17,907</b>	<b>17,100</b>	<b>26,119</b>
<b>YoY change</b>	<b>+4.5%</b>	<b>-52.7%</b>	

### Average hours of training per capita

	2020	2019	2018
Total hours of training received	12,655	15,837	16,963
No. of employees	1,168	1,035	760
<b>Average hours of training per capita</b>	<b>10.8</b>	<b>15.3</b>	<b>22.3</b>
<b>YoY change</b>	<b>-41.2%</b>	<b>-45.9%</b>	

### Health and Safety

	2020	2019	2018
Accident frequency rate	16.10	10.57	23.49
Accident severity rate	0.11	0.17	0.17
<b>Safety rate</b>	<b>177.1</b>	<b>181.6</b>	<b>411.1</b>
<b>YoY change</b>	<b>-2.5%</b>	<b>-126.4%</b>	

# ESG Performance

## Employees - Health and Safety

### HEALTH AND SAFETY RISKS

Function of Group HSE Manager

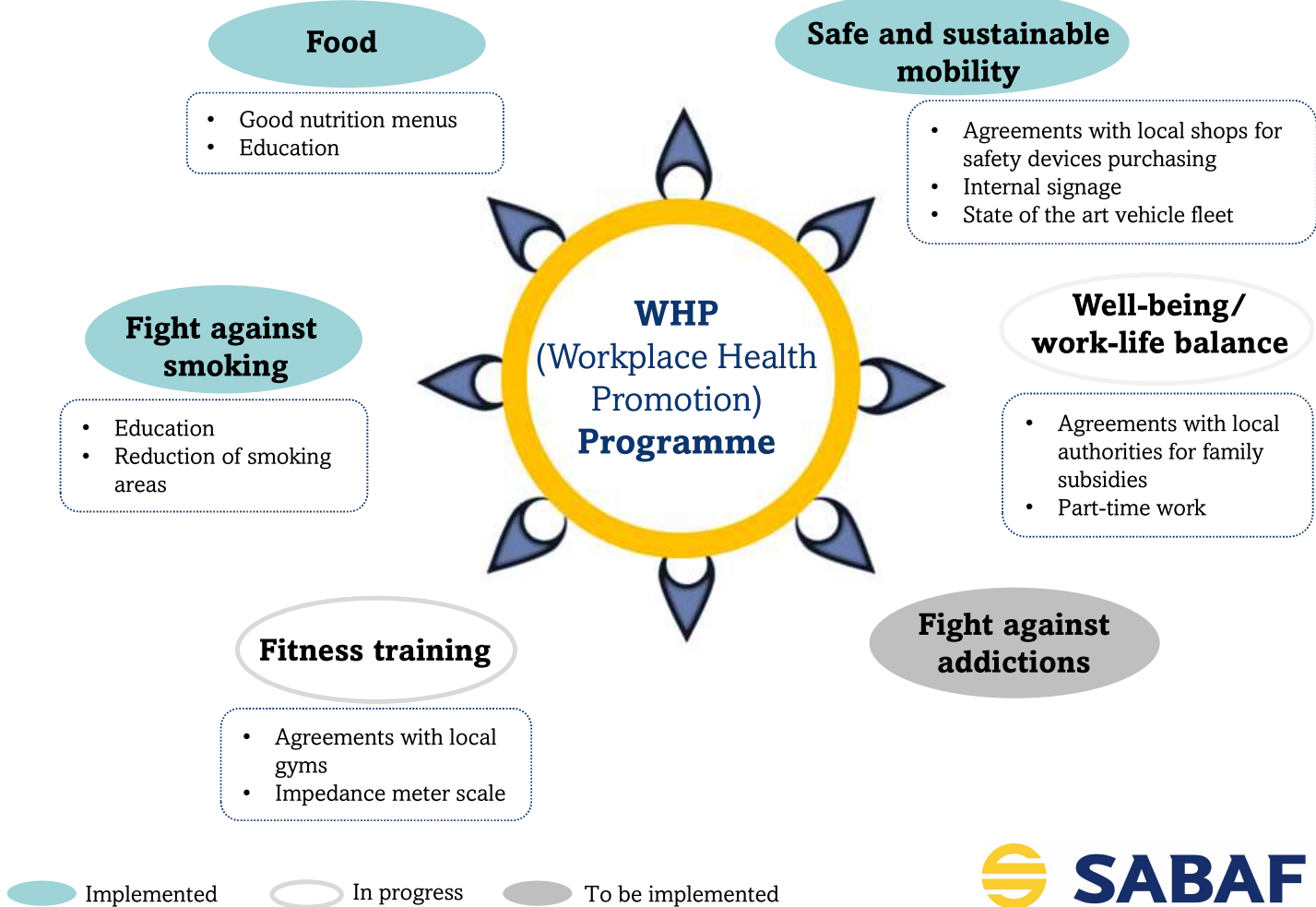
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Certified Health & Safety Management System

### RISKS PREVENTION AND REDUCTION

Effective training  
Cutting-edge plants  
Strong organization

### CERTIFICATIONS



# ESG Performance

## Supply Chain Management

**RISK BASED APPROACH**

**SUPPLY CHAIN MANAGEMENT POLICY**

**RELATIONS WITH SUPPLIERS**

- Long-term collaboration
- Fairness in negotiation
- Integrity
- Sharing of growth strategies

### Purchase Analysis

Company	Total 2020 purchases (€/000)	% Domestic purchases	Total 2019 purchases (€/000)	% Domestic purchases
Sabaf S.p.A.	71,882	75%	56,466	79%
Faringosi-Hinges S.r.l.	8,102	100%	8,331	99%
ARC S.r.l.	2,483	85%	3,466	83%
CMI Group	20,391	98%	24,916	71%
Sabaf Turkey	12,506	55%	10,242	72%
Okida	7,917	72%	5,537	68%
Sabaf do Brasil	12,341	84%	7,491	95%
Sabaf China	542	97%	534	98%

**Socially responsible** approach along the supply chain  
 Priority to suppliers with **certified Quality** and **Environmental Systems**

Sabaf **Charter of values** shared with suppliers

Very **short payment terms** (mainly 30 days) agreed for small suppliers



# ESG Performance

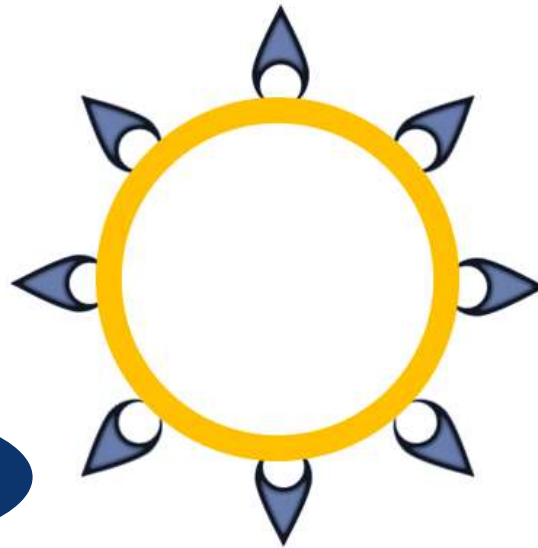
## Public Administration and Community

### PUBLIC ADMINISTRATION

- Transparency
- Fairness
- Open dialogue
- Promotion of shared and sustainable industrial development

### INDUSTRIAL ASSOCIATIONS

- Founder of APPLiA Italia, the Italian association of household appliance component manufacturers
- Member of Associazione Industriale Bresciana



### UNIVERSITIES & STUDENT WORLD

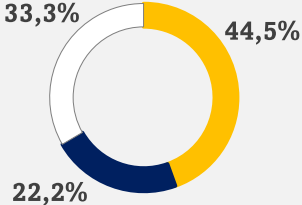
- Company visits
- Case study in conferences about best practices on sustainability

### CHARITABLE INITIATIVE & DONATIONS

- In 2019, Sabaf S.p.A. joined the Fondazione Spedali Civili of Brescia to which it made a donation during 2020, as part of the fundraising set up to deal with the Covid emergency
- Support for the ANT Foundation, which provides free specialist medical home-care to cancer patients and cancer prevention activities
- In 2020 donations for the fight against COVID-19
- Support to AVSI (we support 20 children living in different countries of the world)

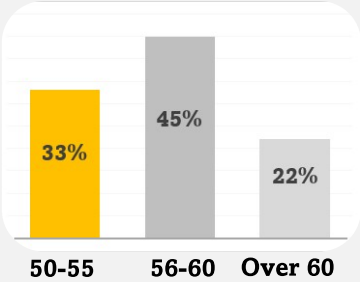
# ESG Performance

## Corporate governance



**Composition of the BoD**

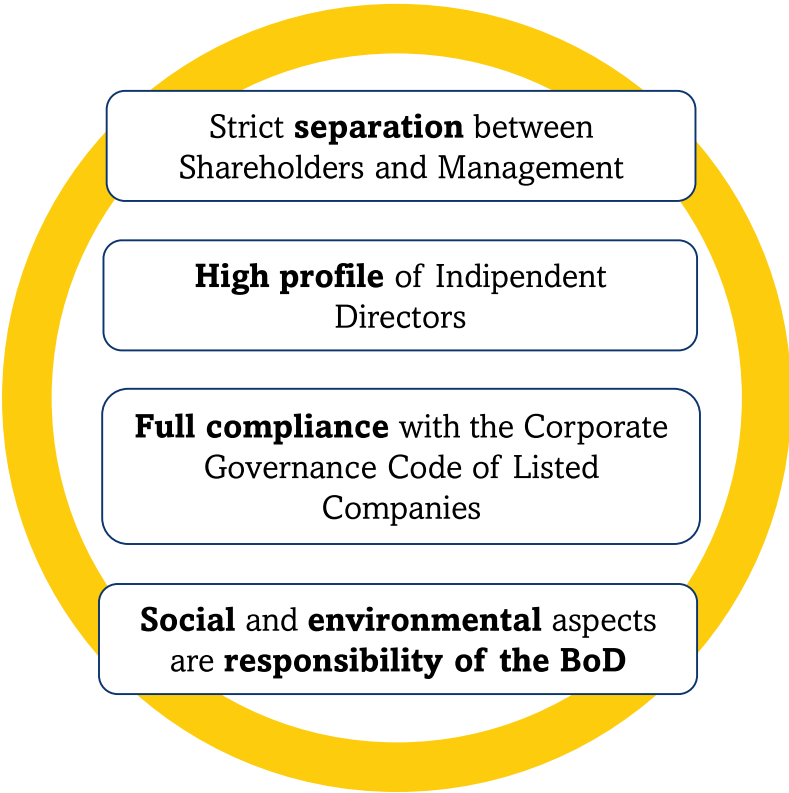
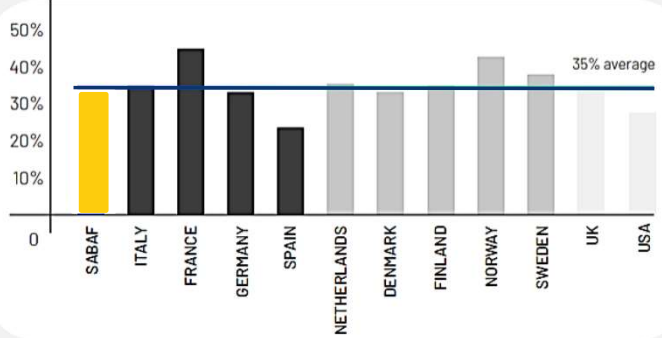
- Executive Directors
- Non-Executive Directors
- Independent Directors



**Average age of directors**

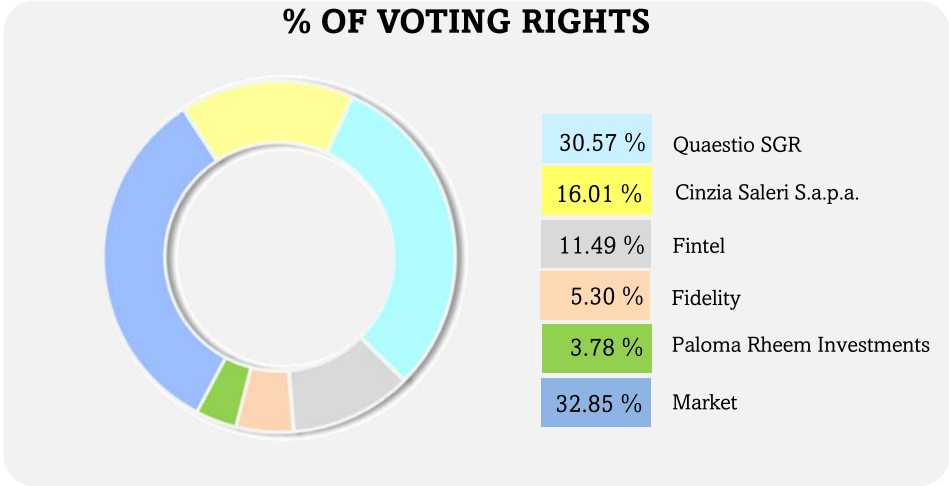
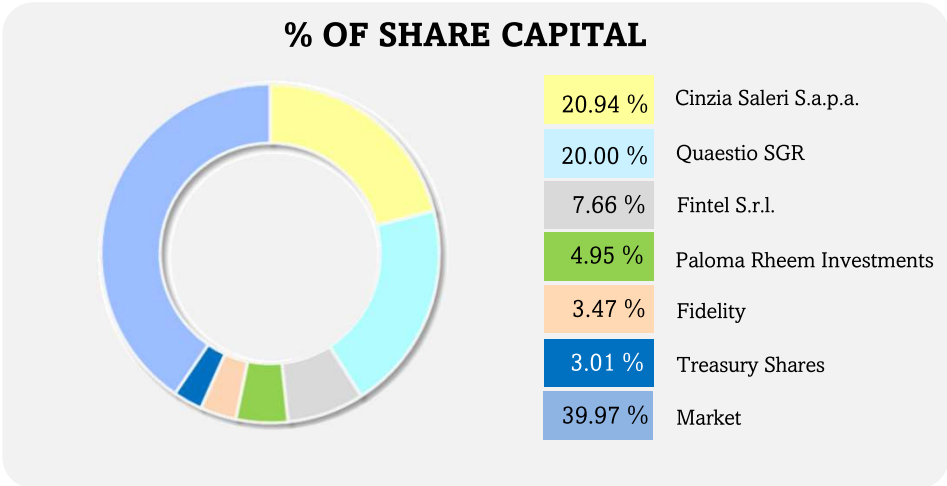
Sabaf 62 years old vs Assonime 56.7 years old

**% of women in the BoD**



# Sabaf Group

## Main Shareholders



Pietro Iotti, CEO of Sabaf, owns 1.5% of shares

# Sabaf Group

## Stock price

Stock price evolution - 1 year



Market cap: € 303 mn at June 25th, 2021

### 2021 DIVIDEND

- € 0.55 per share
- Ex-date: 31<sup>st</sup> May 2021
- Dividend yield: 2.4%
- Payout ratio: 45.4%

Sabaf performance	
Change	
1-month (%)	+8.7%
3-month (%)	+16.4%
6-month (%)	+70.8%
12-month (%)	+140.8%
YTD (%)	+74.7%

## **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.

**For further information, please contact**

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