

SABAF: THIRD-QUARTER 2021 RESULTS APPROVED➤ **CONSOLIDATED RESULTS FOR Q3 2021**

REVENUE: € 63.1 million (€ 47.3 million in the third quarter of 2020), **+33%**
EBITDA: € 12 million (€9.6 million in the third quarter of 2020), **+25%**
EBITDA/REVENUE: **19%** (20.3 % in the third quarter of 2020)
EBIT: € 7.6 million (€ 5.4 million in the third quarter of 2020), **+41%**
NET PROFIT: € 6.5 million (€ 1.8 million in the third quarter of 2020), **+258%**

➤ **CONSOLIDATED RESULTS IN January-September 2021**

REVENUE: € 200.8 million (€ 125.4 million in the same period of 2020), **+60%**
EBITDA: € 44.2 million (€22.9 million in the same period of 2020), **+93%**
EBITDA/REVENUE: **22%** (18.2% in the same period of 2020)
EBIT: € 31.6 million (€ 10.2 million in the same period of 2020), **+209%**
NET PROFIT: € 23.3 million (€ 4.2 million in the same period of 2020), **+448%**

"Sabaf is coming to the end of an extraordinary year, not without turbulence, in which we will achieve our best results ever," Pietro Iotti, CEO, commented. "We are confident that 2022 will also be another very positive year for the Group, thanks to the effective implementation of our business plan and a market demand that remains strong and durable. At the same time, we continue our search for further growth opportunities by external lines".

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement at 30 September 2021.

CONSOLIDATED RESULTS FOR Q3 2021

In Q3 2021, the Sabaf Group reported revenue of €63.1 million, an increase of 33.5% versus the figure of €47.3 million in the third quarter of 2020.

New projects with strategic customers and industrial and commercial synergies within the Group resulted in significant growth for all product families, even when compared to a period in which there was already a strong recovery. Market demand remained solid and at higher levels than before the pandemic: all regions recorded growth rates of over 20%, with peaks of 56% in South America, 67% in Africa and the Middle East and 86% in Asia.

In the third quarter, the supply chain continued to cause problems, with high increases in raw material prices and energy costs, difficulties in sourcing certain components and turbulence in international logistics. The Group successfully addressed these critical issues and was able to ensure that it met its commitments to customers and continued production. The increase in sales prices partially offset the increases in purchase costs.

EBITDA for the third quarter of 2021 reached €12 million, or 19% of sales, up by 25% compared to the figure of €9.6 million (20.3% of sales) in the third quarter of 2020. EBIT was €7.6 million (12.1% of turnover), 40.8% higher than the €5.4 million recorded in the same quarter of 2020 (11.4% of sales). Net profit for the period was €6.5 million, up 258% on the figure of €1.8 million for the third quarter of 2020.

Consolidated results in January-September 2021

In the first nine months of 2021, sales revenue totalled €200.8 million, up by 60% over the same period of 2020. EBITDA was €44.2 million (22% of turnover), up 93% compared to €22.9 million in 2020 (18.2% of turnover) and EBIT was €31.6 million (15.7% of turnover) with a 209% increase. Net profit was €23.3 million (11.6% of sales), 448% higher than in the first nine months of 2020.

Working capital, investments and financial debt

At 30 September 2021, the impact of the net working capital on annualised revenue was 29.3% compared to 31.4% at 30 September 2020 and 28.2% at 31 December 2020. In absolute terms, net working capital¹ amounted to €78.4 million, compared to €70.4 million at 30 June 2021: the increase was mainly due to the further increase in inventories, as a result of higher material prices, the need to ensure continuity of supplies and the postponement of some shipments due to logistical difficulties. Average days for collection from customers and for payment to suppliers remained substantially unchanged.

Investments in the third quarter of 2021 amounted to €4.3 million, reaching the planned level after the strong acceleration in the first half of the year, which was necessary to adapt production capacity to higher-than-expected demand. Total investments in the first 9 months of 2021 amounted to €19.5 million (€12.4 million in the same period of 2020).

¹ Net working capital is the sum of Inventories, Trade receivables, Tax receivables, Other current receivables, Trade payables, Tax payables and Other payables.



We burn for technology and safety.

At 30 September 2021, net financial debt was €73.5 million (€71.1 million at 30 June 2021), against a shareholders' equity of €132.6 million. At 30 September 2021, financial debt included:
- financial liabilities of €6.4 million related to put options granted on minority interests in subsidiaries (A.R.C. s.r.l. and C.M.I. s.r.l.), which were then effectively acquired in October;
- the present value of the lease and rental payments recognised in accordance with IFRS 16 for €3.8 million.

Forecasts for the year 2021 as a whole

In the current quarter, demand is maintaining high levels so that the Sabaf Group believes it will be able to end the year 2021 with sales in the high range of the previously indicated of 255 - 260 million euros, while confirming a gross operating margin (EBITDA) of approximately 55 million euros.

Today at 4.00 p.m. CET there will be a conference call to illustrate the results of the third quarter of 2021 to financial analysts and institutional investors (please call the number 02 8058811 a few minutes before it begins).

The Interim Management Statement for Q3 2021, which has not been independently audited, is available in the Investor Relations section of the website www.sabafgroup.com. Pursuant to article 154-bis, 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 press release corresponds to the Company's records, books and accounting entries.

Attachments include the statement of financial position, income statement, statement of cash flows, financial debt and a sales breakdown by product and geographical area.

For further information:

Table with 2 columns: Investor Relations (Gianluca Beschi) and Media relations (Federica Basso, Arnaldo Ragozzino)

Founded in the early fifties, SABAF has grown consistently over the years to become the key manufacturer in Italy - and one of the leading producers in the world - of components for household appliances. The production is broken down into three main lines: gas cooking components (valves and burners), hinges and electronic components. Technological expertise, manufacturing flexibility, and the ability to offer a vast range of components - tailor-made to meet the requirements of individual manufacturers of cookers and built-in hobs and ovens and in line with the specific characteristics of its core markets - are Sabaf's key strengths in a sector featuring major specialisation, constantly evolving demand and an ever-increasing orientation towards products assuring total reliability and safety. The Sabaf Group has more than 1,500 employees. It operates through its parent company SABAF S.p.A. and the subsidiaries Sabaf do Brasil, Sabaf Turkey and Sabaf China, active in the production of domestic burners, A.R.C., which produces burners for professional cooking, and Faringosi Hinges and C.M.I., leader in the production of oven and dishwasher hinges, and Okida, operating in the field of electronic components for household appliances.

Consolidated statement of financial position

<i>(€/000)</i>	30/09/2021	31/12/2020	30/09/2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	84,607	76,507	74,482
Investment property	2,503	3,253	3,458
Intangible assets	40,596	43,017	43,817
Equity investments	175	173	161
Non-current receivables	871	518	444
Deferred tax assets	7,737	8,075	7,079
Total non-current assets	136,489	131,543	129,441
CURRENT ASSETS			
Inventories	63,404	39,224	36,585
Trade receivables	75,688	63,436	54,431
Tax receivables	3,821	2,419	2,095
Other current receivables	2,530	3,167	2,258
Financial assets	1,172	1,495	1,337
Cash and cash equivalents	15,313	13,318	9,144
Total current assets	161,928	123,059	105,850
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	298,417	254,602	235,291
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	92,191	87,504	87,220
Net profit for the period	23,263	13,961	4,245
<i>Total equity interest of the Parent Company</i>	<i>126,987</i>	<i>112,998</i>	<i>102,998</i>
<i>Minority interests</i>	<i>5,585</i>	<i>4,809</i>	<i>4,620</i>
Total shareholders' equity	132,572	117,807	107,618
NON-CURRENT LIABILITIES			
Loans	36,999	32,153	37,598
Other financial liabilities	00	0	0
Post-employment benefit and retirement provisions	3,496	3,513	3,581
Provisions for risks and charges	884	1,433	914
Deferred tax liabilities	4,353	4,697	6,269
Total non-current liabilities	45,732	41,796	48,362
CURRENT LIABILITIES			
Loans	45,092	30,493	24,949
Other financial liabilities	7,935	8,489	11,535
Trade payables	49,104	41,773	29,900
Tax payables	5,504	3,287	2,053
Other payables	12,478	10,957	10,874
Total current liabilities	120,113	94,999	79,311
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	298,417	254,602	235,291

Consolidated Income Statement

	Q3 2021		Q3 2020		9M 2021		9M 2020	
(€/000)								
INCOME STATEMENT COMPONENTS								
OPERATING REVENUE AND INCOME								
Revenue	63,107	100.0%	47,281	100.0%	200,772	100.0%	125,445	100.0%
Other income	1,494	2.4%	1,067	2.3%	5,979	3.0%	3,036	2.4%
Total operating revenue and income	64,601	102.4%	48,348	102.3%	206,751	103.0%	128,481	102.4%
OPERATING COSTS								
Materials	(33,041)	-52.4%	(21,057)	-44.5%	(109,187)	-54.4%	(56,438)	-45.0%
Change in inventories	4,783	7.6%	17	0.0%	25,128	12.5%	3,694	2.9%
Services	(11,726)	-18.6%	(7,207)	-15.2%	(38,243)	-19.0%	(22,721)	-18.1%
Personnel costs	(12,786)	-20.3%	(10,584)	-22.4%	(40,922)	-20.4%	(30,485)	-24.3%
Other operating costs	(359)	-0.6%	(278)	-0.6%	(1,174)	-0.6%	(1,086)	-0.9%
Costs for capitalised in-house work	513	0.8%	349	0.7%	1,816	0.9%	1,427	1.1%
Total operating costs	(52,616)	-83.4%	(38,760)	-82.0%	(162,582)	-81.0%	(105,609)	-84.2%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	11,985	19.0%	9,588	20.3%	44,169	22.0%	22,872	18.2%
Depreciations and amortisation	(4,377)	-6.9%	(4,197)	-8.9%	(12,718)	-6.3%	(12,705)	-10.1%
Capital gains/(losses) on disposals of non-current assets	9	0.0%	19	0.0%	126	0.1%	60	0.0%
OPERATING PROFIT (EBIT)								
	7,617	12.1%	5,410	11.4%	31,577	15.7%	10,227	8.2%
Financial income	151	0.2%	38	0.1%	702	0.3%	1,601	1.3%
Financial expenses	(263)	-0.4%	(340)	-0.7%	(791)	-0.4%	(1,142)	-0.9%
Exchange rate gains and losses	586	0.9%	(3,004)	-6.4%	(1,267)	-0.6%	(4,841)	-3.9%
Profits and losses from equity investments	11	0.0%	(31)	-0.1%	(38)	0.0%	(31)	0.0%
PROFIT BEFORE TAXES								
	8,102	12.8%	2,073	4.4%	30,183	15.0%	5,814	4.6%
Income taxes	(1,358)	-2.1%	(124)	-0.3%	(6,126)	-3.0%	(1,349)	-1.1%
NET PROFIT FOR THE PERIOD								
	6,744	10.7%	1,949	4.1%	24,057	12.0%	4,465	3.6%
of which:								
Profit attributable to minority interests	230	0.4%	128	0.3%	794	0.4%	220	0.2%
PROFIT ATTRIBUTABLE TO THE GROUP	6,514	10.3%	1,821	3.9%	23,263	11.6%	4,245	3.4%

Consolidated statement of cash flows

(€/000)	Q3 2021	Q3 2020	9M 2021	9M 2020
Cash and cash equivalents at beginning of period	12,920	10,302	13,318	18,687
Net profit/(loss) for the period	6,744	1,949	24,057	4,465
Adjustments for:				
- Depreciation and amortisation for the period	4,377	4,197	12,718	12,705
- Realised gains/losses	(9)	(19)	(126)	(60)
- Financial income and expenses	112	302	89	(459)
- Profits and losses from equity investments	(11)	4	38	4
- IFRS 2 measurement stock grant plan	295	196	450	(55)
- Income tax	1,358	124	6,126	1,349
Payment of post-employment benefit provision	(40)	(71)	(17)	(117)
Change in risk provisions	(4)	(94)	(549)	(81)
<i>Change in trade receivables</i>	<i>5,978</i>	<i>(5,467)</i>	<i>(12,252)</i>	<i>(7,502)</i>
<i>Change in inventories</i>	<i>(4,669)</i>	<i>1,014</i>	<i>(24,180)</i>	<i>(1,242)</i>
<i>Change in trade payables</i>	<i>(7,390)</i>	<i>3,481</i>	<i>7,331</i>	<i>2,340</i>
Change in net working capital	(6,081)	(972)	(29,101)	(6,404)
Change in other receivables and payables, deferred taxes	(719)	1,825	384	3,186
Payment of taxes	(3,013)	(1,088)	(3,936)	(2,704)
Payment of financial expenses	(217)	(215)	(623)	(919)
Collection of financial income	166	(22)	277	93
Cash flows from operations	2,958	6,116	9,787	11,003
Net investments	(4,339)	(4,010)	(19,501)	(12,354)
Repayment of loans	(4,585)	(1,536)	(16,506)	(9,877)
New loans	9,335	2,239	34,684	7,903
Change in financial assets	(157)	60	(40)	60
Purchase/sale of treasury shares	0	(473)	0	(1,737)
Payment of dividends	0	0	(6,172)	0
Cash flows from financing activities	4,593	290	11,966	(3,651)
Acquisition of C.M.I. share	0	(3,063)	0	(3,063)
Foreign exchange differences	(819)	(491)	(257)	(1,478)
Net cash flows for the period	2,393	(1,158)	1,995	(9,543)
Cash and cash equivalents at end of period	15,313	9,144	15,313	9,144

Total financial debt

<i>(€/000)</i>	30/09/2021	31/12/2020	30/09/2020
A. Cash	15,043	12,802	13,112
B. Cash equivalents	270	516	206
C. Other current financial assets	1,172	1,495	1,337
D. Liquidity (A+B+C)	16,485	14,813	14,655
E. Current financial debt	33,526	23,181	12,693
F. Current portion of non-current financial debt	18,328	15,801	12,194
G. Current financial debt (E+F)	51,854	38,982	24,887
H. Net current financial debt (G-D)	35,369	24,169	10,232
I. Non-current financial debt	38,172	32,153	58,030
J. Debt instruments	0	0	0
K. Trade payables and other non-current payables	0	0	0
L. Non-current financial debt (I+J+K)	38,172	32,153	58,030
M. Total financial debt (H+L)	73,541	56,322	68,262

Sales by geographical area

<i>(€/000)</i>	Q3 2021	Q3 2020	% change	9m 2021	9m 2020	% change	2020 FY
Europe (excluding Turkey)	22,311	18,576	+20.1%	71,215	46,901	+51.8%	69,618
Turkey	15,699	11,924	+31.7%	49,329	30,896	+59.7%	44,806
North America	7,556	6,116	+23.5%	23,134	15,942	+45.1%	22,700
South America	9,031	5,770	+56.5%	30,452	18,170	+67.6%	27,639
Africa and Middle East	5,132	3,077	+66.8%	15,106	8,628	+75.1%	12,177
Asia and Oceania	3,378	1,818	+85.8%	11,536	4,908	+135.0%	7,966
Total	63,107	47,281	+33.5%	200,772	125,445	+60.0%	184,906

Sales by product line

<i>(€/000)</i>	Q3 2021	Q3 2020	% change	9m 2021	9m 2020	% change	2020 FY
Gas parts	43,973	32,396	+35.7%	141,014	87,520	+61.1%	129,834
Hinges	13,888	11,475	+21.0%	43,002	28,737	+49.6%	41,326
Electronic components	5,246	3,410	+53.9%	16,756	9,188	+82.4%	13,746
Total	63,107	47,281	+33.5%	200,772	125,445	+60.0%	184,906