

SABAF: FIRST-QUARTER 2022 RESULTS APPROVED

➤ CONSOLIDATED RESULTS FOR Q1 2022

REVENUE: €70.9 million (€64.8 million in Q1 2021), +9.3%

EBITDA: €13 million (€15.1 million in Q1 2021), -13.8%

EBITDA/REVENUE: 18.4% (23.3% in Q1 2021 and 16% in Q4 2021)

EBIT: €9.1 million (€11 million in Q1 2021), -17.6%

NET PROFIT: €7.5 million (€8.5 million in Q1 2021 -11.8%; €0.6 million in Q4 2021 +1082%)

➤ OPERATING PROFITABILITY AND NET PROFIT SIGNIFICANTLY IMPROVED COMPARED TO THE FOURTH QUARTER 2021

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement of the first quarter of 2022.

Consolidated results for Q1 2022

In the first quarter of 2022, the Sabaf Group reported revenue of €70.9 million, an increase of 9.3% versus the figure of €64.8 million in the first quarter of 2021.

The increase in revenue is mainly attributable to the increase in sales prices, which were adjusted on several occasions during 2021 and in the first quarter of 2022 to compensate the ongoing increases in raw material and energy costs. Sales volumes were stable compared to the first quarter of 2021. The market demand remained at very satisfactory levels in Europe, North America, Africa and the Middle East, while South America and Asia showed a decline. The product family with the highest growth rates is Hinges, thanks to the start of deliveries to large customers on new household appliance platforms.

EBITDA for the first quarter of 2022 reached €13 million, or 18.4% of sales, down compared with the €15.1 million of the first quarter of 2021 (23.3% of sales), which benefited from an exceptionally high demand and raw material costs rises that were not yet significant. The most recent increases in sales price lists led to a marked improvement in profitability compared with the fourth quarter of 2021 (which closed with EBITDA of €10 million, or 16% of sales), despite the still high impact of energy costs (higher costs of €1.8 million compared with the first quarter of 2021).

EBIT was €9.1 million (12.8% of turnover), 17.6% lower than the €11 million recorded in the same quarter of 2021 (17% of sales). Net profit for the period was €7.5 million (€8.5 million in Q1 2021 and €0.6 million in Q4 2021).

At 31 March 2022, the impact of the net working capital on revenue was 29.2% compared to 26.1% at 31 December 2021. In absolute terms, net working capital¹ amounted to €82.7 million compared to €68.6 million at the end of 2021. The growth in working capital reflects higher levels of activity compared to the fourth quarter of 2021 and the need to temporarily increase stock levels to ensure continuity of production and deliveries in a global logistics scenario that is still very turbulent and where procurement difficulties remain, especially for electronic components.

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

Net investments for the quarter came to €5.8 million (€6.7 million in Q1 2021 and €23.8 million for the whole of 2021).

At 31 March 2022, net financial debt was €75.5 million (€67.6 million at 31 December 2021 and €59.6 million at 31 March 2021), against a shareholders' equity of €131.5 million.

2022 forecasts

The increase in sales from new projects is continuing in line with forecasts, although the uncertainty caused by the prolongation of the conflict between Russia and Ukraine.

Based on the information available, the Sabaf Group confirms for 2022 its revenues ranging from €275 to €280 million, (up by +5% / +6% on 2021) and excellent profitability, in line with historical averages.

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

Today at 4.00 p.m. CET, there will be a conference call to illustrate the results of the first quarter of 2022 to financial analysts and institutional investors (please call the number +39 02 805 88 11 a few minutes before it begins).

The Interim Management Statement for Q1 2022, 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, net financial position and statement of cash flows.

For further information:

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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

	31/03/2022	31/12/2021	31/03/2021
(€/000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	86,078	82,407	78,827
Investment property	2,194	2,311	3,048
Intangible assets	34,897	35,553	41,816
Equity investments	83	83	164
Non-current receivables	1,037	1,100	589
Deferred tax assets	8,125	8,639	7,800
Total non-current assets	132,414	130,093	132,244
CURRENT ASSETS			
Inventories	70,395	64,153	50,081
Trade receivables	78,780	68,040	73,020
Tax receivables	6,926	6,165	2,980
Other current receivables	4,396	3,136	2,865
Current financial assets	999	1,172	1,243
Cash and cash equivalents	30,849	43,649	11,843
Total current assets	192,345	186,315	142,032
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	324,759	316,408	274,276
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	112,476	86,089	98,791
Net profit for the period	7,454	23,903	8,456
<i>Total equity interest pertaining to the Parent Company</i>	<i>131,463</i>	<i>121,525</i>	<i>118,780</i>
<i>Minority interests</i>	<i>0</i>	<i>911</i>	<i>5,106</i>
Total shareholders' equity	131,463	122,436	123,886
NON-CURRENT LIABILITIES			
Loans	85,005	86,504	33,552
Post-employment benefit and retirement provisions	3,510	3,408	3,536
Provisions for risks and charges	851	1,334	1,138
Deferred tax liabilities	3,816	3,939	4,597
Total non-current liabilities	93,182	95,185	42,823
CURRENT LIABILITIES			
Loans	21,467	24,405	31,045
Other financial liabilities	830	1,519	8,122
Trade payables	58,765	54,837	51,883
Tax payables	6,559	4,951	4,487
Other payables	12,493	13,075	12,030
Total current liabilities	100,114	98,787	107,567
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	324,759	316,408	274,276

Consolidated Income Statement

	Q1 2022		Q1 2021		12M 2021	
(€/000)						
INCOME STATEMENT COMPONENTS						
OPERATING REVENUE AND INCOME						
Revenue	70,852	100.0%	64,825	100.0%	263,259	100.0%
Other income	2,585	3.6%	1,888	2.9%	8,661	3.3%
Total operating revenue and income	73,437	103.6%	66,713	102.9%	271,920	103.3%
OPERATING COSTS						
Materials	(39,336)	-55.5%	(36,947)	-57.0%	(142,355)	-54.1%
Change in inventories	5,943	8.4%	11,535	17.8%	29,922	11.4%
Services	(14,035)	-19.8%	(12,286)	-19.0%	(52,377)	-19.9%
Personnel costs	(13,462)	-19.0%	(13,886)	-21.4%	(53,964)	-20.5%
Other operating costs	(444)	-0.6%	(704)	-1.1%	(1,531)	-0.6%
Costs for capitalised in-house work	921	1.3%	683	1.1%	2,525	1.0%
Total operating costs	(60,413)	-85.3%	(51,605)	-79.6%	(217,780)	-82.7%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	13,024	18.4%	15,108	23.3%	54,140	20.6%
Depreciations and amortisation						
	(4,068)	-5.7%	(4,132)	-6.4%	(16,869)	-6.4%
Capital gains/(losses) on disposals of non-current assets	129	0.2%	44	0.1%	237	0.1%
OPERATING PROFIT (EBIT)						
	9,085	12.8%	11,020	17.0%	37,508	14.2%
Financial income						
	529	0.7%	500	0.8%	750	0.3%
Financial expenses	(291)	-0.4%	(211)	-0.3%	(1,179)	-0.4%
Exchange rate gains and losses	(126)	-0.2%	(849)	-1.3%	(7,399)	-2.8%
Profits and losses from equity investments	(48)	-0.1%	(46)	-0.1%	0	0.0%
PROFIT BEFORE TAXES						
	9,149	12.9%	10,414	16.1%	29,680	11.3%
Income taxes						
	(1,695)	-2.4%	(1,646)	-2.5%	(4,997)	-1.9%
NET PROFIT FOR THE PERIOD						
	7,454	10.5%	8,768	13.5%	24,683	9.4%
of which						
Minority interests	0	0%	312	0.5%	780	0.3%
PROFIT ATTRIBUTABLE TO THE GROUP						
	7,454	10.5%	8,456	13.0%	23,903	9.1%

Consolidated statement of cash flows

(€/000)	Q1 2022	Q1 2021	12M 2021
Cash and cash equivalents at beginning of period	43,649	13,318	13,318
Net profit/(loss) for the period	7,454	8,768	24,683
Adjustments for:			
- Depreciation and amortisation for the period	4,068	4,132	16,869
- Realised gains/losses	(129)	0	(237)
- Write-downs/write-backs of non-current assets	0	(44)	0
- Profits and losses from equity investments	49	0	0
- Financial income and expenses	(238)	46	429
- IFRS 2 measurement stock grant plan	312	(289)	805
- Income tax	1,695	1,646	4,997
Payment of post-employment benefit	102	23	(85)
Change in risk provisions	17	(295)	(99)
<i>Change in trade receivables</i>	<i>(10,742)</i>	<i>(9,584)</i>	<i>(4,604)</i>
<i>Change in inventories</i>	<i>(6,254)</i>	<i>(10,857)</i>	<i>(24,929)</i>
<i>Change in trade payables</i>	<i>3,945</i>	<i>10,110</i>	<i>13,064</i>
Change in net working capital	(13,051)	(10,331)	(16,469)
Change in other receivables and payables, deferred taxes	(2,123)	778	(1,515)
Payment of taxes	(713)	(345)	(5,296)
Payment of financial expenses	(304)	(190)	(1,167)
Collection of financial income	30	81	301
Cash flows from operations	(2,831)	3,980	23,216
Net investments	(5,812)	(6,718)	(23,752)
Free cash flow	(8,643)	(2,738)	(536)
Repayment of loans	(5,843)	(5,568)	(47,381)
New loans	295	7,205	94,726
Change in financial assets	672	0	60
Purchase/sale of treasury shares	0	0	0
Payment of dividends	0	0	(6,172)
Cash flows from financing activities	(4,876)	1,637	41,233
A.R.C. acquisition	0	0	(1,650)
C.M.I. acquisition	0	0	(4,743)
ARC Handan consolidation/deconsolidation	(97)	0	97
Foreign exchange differences	816	(374)	(4,070)
Net cash flows for the period	(12,800)	(1,475)	30,331
Cash and cash equivalents at end of period	30,849	11,843	43,649

Consolidated net financial position

(€/000)	31/03/2022	31/12/2021	31/03/2021
A. Cash	30,429	43,217	11,370
B. Cash and cash equivalents	420	432	473
C. Other current financial assets	999	1,172	1,243
D. Liquidity (A+B+C)	31,848	44,821	13,086
E. Current financial payable	2,199	5,551	23,803
F. Current portion of non-current debt	20,098	20,373	15,364
G. Current financial debt (E+F)	22,297	25,924	39,167
H. Net current financial debt (G-D)	(9,551)	(18,897)	26,081
I. Non-current financial payable	55,324	56,855	33,552
J. Debt instruments	29,681	29,649	0
K. Trade payables and other non-current payables	0	0	0
L. Non-current financial debt (I+J+K)	85,005	86,504	33,552
M. Total financial debt (H+L)	75,454	67,607	59,633