

SABAF: RESULTS AT 31 DECEMBER 2021 APPROVED PROPOSED DIVIDEND OF €0.60 PER SHARE

➤ **2021 CONSOLIDATED RESULTS**

REVENUE: €263.3 million (€184.9 million in 2020), **+42.4%**
EBITDA: € 54.1 million (€37.1 million in 2020), **+45.9%**
EBITDA/REVENUE: **20.6%** (20.1 % in 2020)
EBIT: € 37.5 million (€20.1 million in 2020), **+86.7%**
NET PROFIT: € 23.9 million (€ 14 million in 2020), **+71.2%**

➤ **SABAF S.p.A. 2021 RESULTS**

REVENUE: € 144 million (€102.6 million in 2020), **+40.4%**
EBITDA: € 23.1 million (€15.8 million in 2020), **+45.9%**
EBITDA/REVENUE: 16% (15.4 % in 2020)
EBIT: € 13.8 million (€6.6 million in 2020), **+109.3%**
NET PROFIT: € 10 million (€ 6.4 million in 2020), **+56.7%**

➤ **2022 OUTLOOK**

Sales and orders for the first few months confirm the forecasts made at the beginning of the year (revenues of €275-280 million, up 5-6% compared to 2021, and profitability in line with historical averages)

Direct exposure to the markets of Russia and Ukraine is negligible

The international industrial footprint and the promptly taken actions are mitigating the impacts of tensions on commodity and energy prices and critical issues in global logistics.

The Board of Directors of Sabaf S.p.A., which met today in Ospitaletto (BS), approved the 2021 annual financial report, which confirms the consolidated results already preliminarily approved and communicated last February 10. The 2021 annual financial report includes the report on operations at 31 December 2021, the consolidated financial statements at 31 December 2021, the draft separate financial statements at 31 December 2021 and the certifications of the Financial Reporting Officer pursuant to Article 154-bis of the Consolidated Finance Act. The Board also approved the Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016, the Report on Corporate Governance and Ownership Structure and the 2021 Report on Remuneration.

Group consolidated results

The Sabaf Group ended the 2021 financial year with a record high revenue of €263.3 million, up 42.4% from €184.9 million in 2020.

The Group is successfully pursuing ahead of schedule the organic growth strategy outlined in the 2021-2023 Business Plan, which focuses on strengthening technical and commercial relations with some of the major global players, increasing internationalisation and exploiting synergies with the most recently acquired companies.

In 2021, demand was solid in all markets, with particularly high peaks in the first half of the year. In a highly dynamic environment, the Sabaf Group was able to react promptly and always guarantee the continuity and reliability of supplies to customers.

Higher volumes and a high level of capacity utilisation further improved profitability: EBITDA was €54.1 million (20.6% of turnover), up 45.9% compared to €37.1 million last year (20.1% of turnover) and EBIT was €37.5 million (14.2% of turnover) with an 86.7% increase compared to €20.1 million in 2020. The net profit for 2021 was €23.9 million, up by 71.2% compared to the figure of €14 million in 2020.

In 2021, the Group generated an operating cash flow¹ of €23.2 million (€25.1 million in 2020). The higher levels of activity and the increase in the price of materials led to an increase in working capital², which stood at €68.6 million at 31 December 2021 (€52.2 million at the end of 2020) and its impact on turnover decreased to 26.1% (28.2% in 2020).

In 2021, the Sabaf Group made organic investments of €23.8 million (€17.3 million in 2020), of which approximately €4 million was made ahead of schedule to support sales growth beyond expectations. During the period, key investments were made:

- in Turkey, where a new factory was set up, the production capacity of the Electronics Division was doubled and production lines for gas valves and hinges for dishwashers were set up;
- in India, where the production of gas components (valves and burners) will start in the current half-year;
- in Mexico, where work began on the construction of a new plant in San Luis de Potosi.

During the financial year, the Group paid dividends for €6.2 million and did not purchase treasury shares. At 31 December 2021, net financial debt was €67.6 million (€56.3 million at 31 December 2020), whereas shareholders' equity amounted to €122.4 million (€117.8 million at 31 December 2020). The ratio between the net financial debt and the shareholders' equity was 0.55 versus 0.48 in 2020.

¹ Free cash flow is the algebraic sum of cash flows from operations and from investment activities, as shown in the Statement of Cash Flows.

² Net working capital is the sum of Inventories, Trade receivables, Tax receivables, Other current receivables, Trade payables, Tax payables and Other payables.

Parent Company Sabaf S.p.A. results

The Parent Company Sabaf S.p.A.'s sales revenue for 2021 totalled €144 million (compared to €102.6 million reported in 2020, +40.4%), EBITDA was €23.1 million, up 45.9 % from €15.8 million in 2020), EBIT was €13.8 million, up 109.3 % from €6.6 million in the previous year and net profit was €10 million, up 56.7% from €6.4 million in 2020.

Dividend proposal

The Board of Directors will propose to the shareholders the distribution of a gross ordinary dividend of €0.60 per share (a dividend of €0.55 was paid in 2021) for shares outstanding on 31 May 2022 (the record date), excluding, therefore, treasury shares on that date. The ex-date is scheduled for 30 May and the payment date will be 1 June.

2022 Outlook

For 2022, the Group has forecast revenues ranging from €275 to €280 million, up by 5%-6% on 2021 and profitability in line with historical averages. The sales trend and the flow of orders received in the first months of the year support these estimates and have not slowed down to date.

The final figures may differ from forecasts due to the impact of the recent conflict between Russia and Ukraine, the evolution of which is difficult to predict. In this regard, note that the Sabaf Group has a negligible direct exposure to these markets. Thanks to the international industrial footprint and the timely actions taken, the Group believes it can mitigate the effects of the strong tensions in the prices of electricity, gas, raw materials and critical issues in global logistics. In particular, sales lists were updated and purchase prices for future supplies were partially fixed.

Proposal for authorisation to buy-back

The Board of Directors also resolved to submit to the Shareholders' Meeting for approval the renewal of the authorisation to purchase and dispose of treasury shares in accordance with the terms and conditions determined by the Shareholders' Meeting. The above authorisation includes the following purposes: i) use, in line with the Company's strategic lines, the treasury shares as part of operations related to industrial projects and agreements with strategic partners, or as part of investment operations, also through exchange, conferral, transfer or other acts of disposal of the treasury shares for the acquisition of stakes or shareholding packages, or other operations of extraordinary finance that involve assigning or disposing of treasury shares; (ii) disposing of treasury shares to be used for equity-based incentive plans, reserved for directors and/or employees of the Company or of subsidiary companies and, in particular, the stock grant plan approved by the Shareholders' meeting of 6 May 2021; (iii) offer shareholders an additional instrument to monetise their investment; (iv) carry out activities in support of market liquidity. The proposal envisages the authorisation to purchase, on one or more operations, 1,153,345 shares, or the different number that will represent the maximum limit of 10% of the share capital. The proposal also envisages that: (i) the authorisation to make the purchases is granted for a maximum period of 18 months from the date of the Shareholders' Meeting, while the authorisation to dispose of the shares purchased is granted without time limits; (ii) purchase operations can be carried out on the basis of the decisions taken at the discretion of the Board of Directors in accordance with the procedures allowed by current regulations and practices; (iii) the unit payment for the purchase of shares is established from time to time for each individual operation, it being understood that it may not exceed 10% of the average of the official prices recorded on the screen-based market in the five sessions prior to each individual purchase operation.

The number of treasury shares held as at today's date is 311,802, corresponding to 2.703% of the share capital.

Call of the Ordinary Shareholders' Meeting

The Board of Directors resolved to convene the Ordinary Shareholders' Meeting on a single date on 28 April 2022 at 10.30 a.m. at the registered office of Ospitaletto (BS), with on the agenda the presentation of the 2021 Annual Report, the approval of the Financial Report at 31 December 2021, the dividend proposal, the resolution on the second section of the Report on remuneration policy and remuneration paid pursuant to paragraph 6 of Article 123-ter of Legislative Decree 58/1998 and the authorisation to purchase and dispose of treasury shares.

Pursuant to Article 106 of Decree Law no. 18 of 17 March 2020, as last extended pursuant to Decree Law No. 228 of 30 December 2021, the Shareholders' Meeting will be attended exclusively by the representative designated pursuant to Article 135-undecies of the Consolidated Finance Act.

The Annual Financial Report at 31 December 2021, the Independent Auditors' Report and the Board of Statutory Auditors' Report, the Report on Corporate Governance and Ownership Structure, the consolidated Non-Financial Statement and the 2021 Report on Remuneration will be published on the website www.sabafgroup.com and on the centralised storage system "eMarket Storage", available on the website www.emarketstorage.com, no later than 7 April 2022.

Pursuant to Article 154-bis, paragraph 2 of the 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.

Annexes: consolidated and Sabaf S.p.A. financial statements. Figures not yet audited.



We burn for technology and safety.

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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.

Sabaf Group - Consolidated statement of financial position

	31/12/2021	31/12/2020
(€/000)		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	82,407	76,507
Investment property	2,311	3,253
Intangible assets	35,553	43,017
Equity investments	83	173
Non-current receivables	1,100	518
Deferred tax assets	8,639	8,075
Total non-current assets	130,093	131,543
CURRENT ASSETS		
Inventories	64,153	39,224
Trade receivables	68,040	63,436
Tax receivables	6,165	2,419
Other current receivables	3,136	3,167
Financial assets	1,172	1,495
Cash and cash equivalents	43,649	13,318
Total current assets	186,315	123,059
ASSETS HELD FOR SALE	0	0
TOTAL ASSETS	316,408	254,602
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, Other reserves	86,089	87,504
Net profit for the period	23,903	13,961
<i>Total equity interest of the Parent Company</i>	<i>121,525</i>	<i>112,998</i>
<i>Minority interests</i>	<i>911</i>	<i>4,809</i>
Total shareholders' equity	122,436	117,807
NON-CURRENT LIABILITIES		
Loans	86,504	32,153
Post-employment benefit and retirement provisions	3,408	3,513
Provisions for risks and charges	1,334	1,433
Deferred tax liabilities	3,939	4,697
Total non-current liabilities	95,185	41,796
CURRENT LIABILITIES		
Loans	24,405	29,098
Other financial liabilities	1,519	9,884
Trade payables	54,837	41,773
Tax payables	4,951	3,287
Other payables	13,075	10,957
Total current liabilities	98,787	94,999
LIABILITIES HELD FOR SALE	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	316,408	254,602

Sabaf Group - Consolidated Income Statement

(€/000)	2021	2020
INCOME STATEMENT COMPONENTS		
OPERATING REVENUE AND INCOME		
Revenue	263,259	184,906
Other income	8,661	7,194
Total operating revenue and income	271,920	192,100
OPERATING COSTS		
Materials	(142,355)	(82,966)
Change in inventories	29,922	6,406
Services	(52,377)	(34,264)
Personnel costs	(53,964)	(43,700)
Other operating costs	(1,531)	(1,981)
Costs for capitalised in-house work	2,525	1,502
Total operating costs	(217,780)	(155,003)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)	54,140	37,097
Depreciations and amortisation	(16,869)	(16,968)
Capital gains/(losses) on disposals of non-current assets	237	105
Write-downs/write-backs of non-current assets	0	(141)
OPERATING PROFIT (EBIT)	37,508	20,093
Financial income	750	1,366
Financial expenses	(1,179)	(2,146)
Exchange rate gains and losses	(7,399)	(4,812)
Profits and losses from equity investments	0	8
PROFIT BEFORE TAXES	29,680	14,509
Income taxes	(4,997)	(149)
NET PROFIT FOR THE PERIOD	24,683	14,360
of which:		
Profit attributable to minority interests	780	399
PROFIT ATTRIBUTABLE TO THE GROUP	23,903	13,961
EARNINGS PER SHARE		
Base	2.132	1.240
Diluted	2.132	1.240

Sabaf S.p.A. - Statement of Financial Position

<i>(in €)</i>	31/12/2021	31/12/2020
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	48,593,970	48,662,264
Investment property	2,311,476	3,252,696
Intangible assets	3,778,108	2,315,819
Equity investments	84,512,138	65,524,289
Non-current financial assets	10,707,311	5,537,324
- of which from related parties	10,707,311	5,537,324
Non-current receivables	31,853	31,421
Deferred tax assets	3,322,620	3,891,955
Total non-current assets	153,257,475	129,215,768
CURRENT ASSETS		
Inventories	33,985,939	21,512,333
Trade receivables	45,194,276	45,024,596
- of which from related parties	15,210,599	16,048,130
Tax receivables	1,462,789	1,254,041
- of which from related parties	766,557	316,208
Other current receivables	1,929,121	1,947,372
Current financial assets	1,172,947	1,359,993
Cash and cash equivalents	29,733,148	1,594,861
Total current assets	113,478,220	72,693,196
ASSETS HELD FOR SALE	0	0
TOTAL ASSETS	266,735,695	201,908,964
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533,450	11,533,450
Retained earnings, Other reserves	92,831,829	91,985,093
Profit for the year	10,043,877	6,409,674
Total shareholders' equity	114,409,156	109,928,218
NON-CURRENT LIABILITIES		
Loans	82,515,298	26,891,000
Other financial liabilities	0	0
Post-employment benefit and retirement provisions	1,779,634	1,929,190
Provisions for risks and charges	851,081	853,650
Deferred tax liabilities	323,942	230,450
Total non-current liabilities	85,469,955	29,904,290
CURRENT LIABILITIES		
Loans	19,010,029	23,996,484
Other financial liabilities	1,393,611	1,560,111
Trade payables	33,677,766	26,204,071
- of which to related parties	1,533,149	1,074,716
Tax payables	3,374,435	2,458,942
- of which to related parties	54,720	350,721
Other payables	9,400,743	7,856,847
Total current liabilities	66,856,584	48,646,143
LIABILITIES HELD FOR SALE	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	266,735,695	201,908,964

Sabaf S.p.A. - Income Statement

	2021	2020
<i>(in €)</i>		
INCOME STATEMENT COMPONENTS		
OPERATING REVENUE AND INCOME		
Revenue	144,033,787	102,583,189
- of which from related parties	20,212,450	15,221,230
Other income	6,195,079	5,647,168
Total operating revenue and income	150,228,866	108,230,357
OPERATING COSTS		
Materials	(72,122,067)	(43,270,717)
- of which to related parties	3,315,935	1,935,572
Change in inventories	12,473,605	1,650,153
Services	(34,254,138)	(22,208,703)
- of which to related parties	(446,675)	(457,769)
Personnel costs	(34,780,110)	(28,567,152)
Other operating costs	(727,503)	(1,307,048)
Costs for capitalised in-house work	2,259,389	1,293,579
Total operating costs	(127,150,823)	(92,409,888)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS	23,078,043	15,820,469
Depreciations and amortisation	(9,179,378)	(9,414,020)
Capital gains/(losses) on disposal of non-current assets	238,136	964,788
Write-downs/write-backs of non-current assets	(300,000)	(761,407)
- of which by related parties	(300,000)	(620,000)
EBIT	13,836,801	6,609,830
Financial income	318,425	201,591
- of which by related parties	255,441	176,889
Financial expenses	(530,464)	(717,703)
Exchange rate gains and losses	426,824	(398,970)
Profits and losses from equity investments	175,504	609,252
- of which by related parties	175,504	609,252
PROFIT BEFORE TAXES	14,227,088	6,304,001
Income taxes	(4,183,212)	105,674
PROFIT FOR THE YEAR	10,043,877	6,409,674