

We burn for technology and safety.



FINANCIAL PRESENTATION

Milan, 1st - 3rd December 2020

SABAF
GROUP

ARC

CMI

FARINGOSI
HINGES

OKIDA

SABAF

Table of contents

- I. COMPANY PROFILE
- II. BUSINESS UPDATE AND 2020 OUTLOOK
- III. 9 MONTHS AND IV QUARTER 2020 PERFORMANCE
- IV. BUSINESS PLAN 2018 – 2022

COMPANY PROFILE

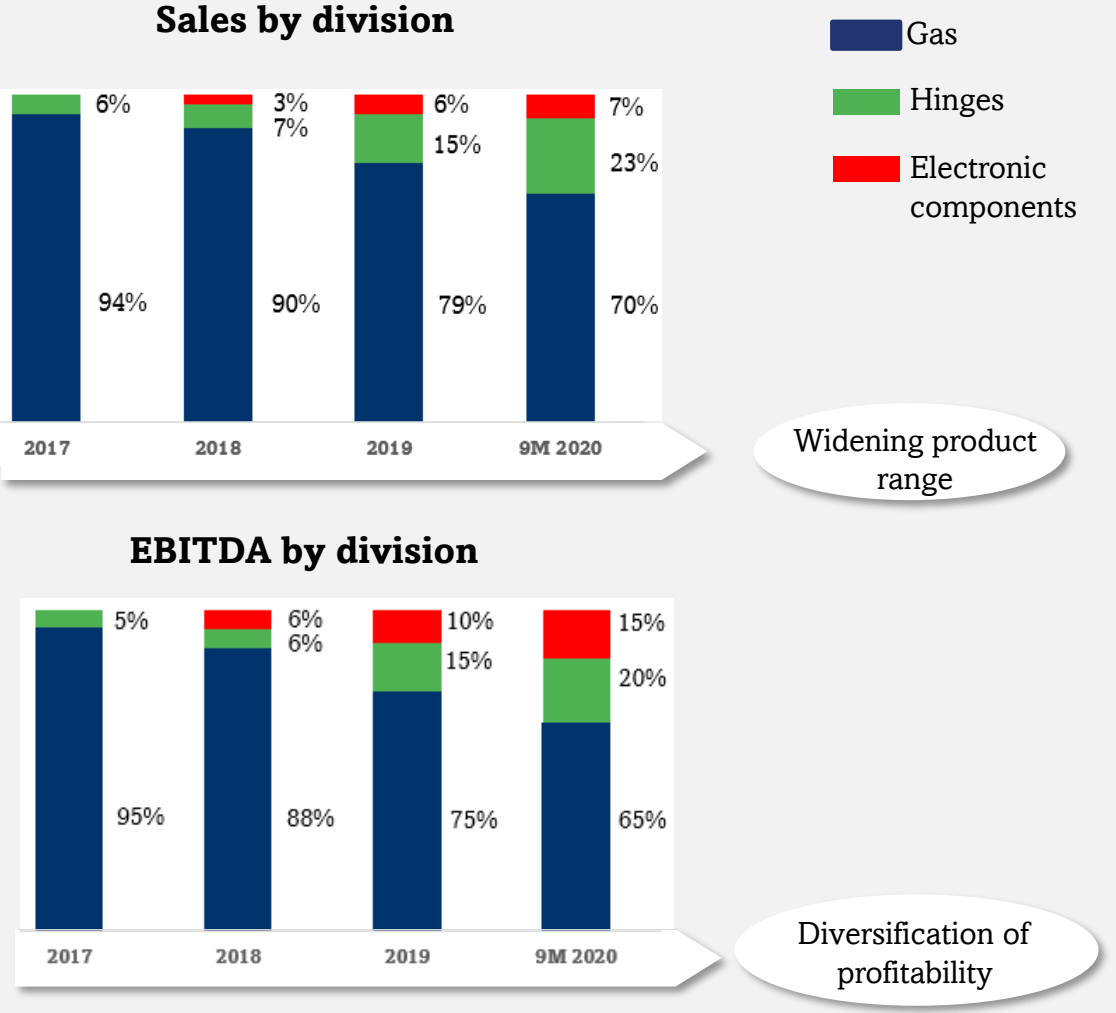
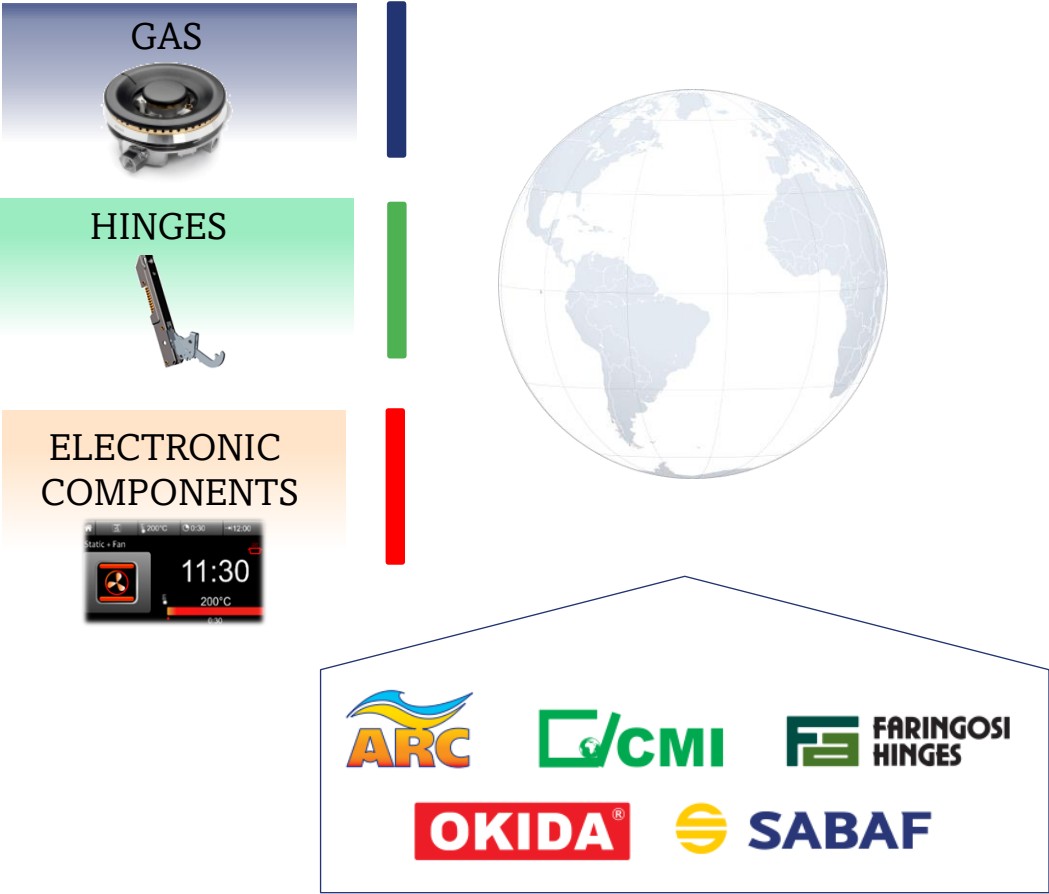
Sabaf Group

Timeline and history



Sabaf Group

Business diversification in three divisions



Sabaf Group

Product range

GAS

- Standards Burners
- Special Burners
- Professional Burners
- Oven and Grill Burners
- Gas Valves
- Gas Oven Thermostats
- Micro switches & Accessories



HINGES

- Ovens
- Dishwashers
- Special applications
- Small compartments
- Catering appliance



ELECTRONIC COMPONENTS

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




Sabaf Group


Industrial footprint




Total Group employees
at 31 October 2020:
1,274



SABAF S.P.A.
Valves and thermostats
Standard burners
Special burners
550 employees



FARINGOSI-HINGES S.R.L.
Oven hinges
Washing machine hinges
53 employees



ARC S.R.L.
Professional burners
21 employees




CMI ITALY
Oven hinges
Dishwasher hinges
149 employees




CMI POLAND
Dishwasher hinges
46 employees



SABAF TURKEY
Standard burners
191 employees




OKIDA ELEKTRONIK
Electronics for household
appliances
152 employees



**SABAF APPLIANCE
COMPONENTS (KUNSHAN)**
Wok burners
8 employees



ARC HANDAN JV Professional
Wok burners



SABAF DO BRASIL LTDA
Standard burners
Special burners
104 employees

Sabaf Group

Market

Global leader

- in the segment of **components for domestic gas** cooking appliances, with over 400 customers in 55 different countries. A strong leadership in Europe (market share above 40%), estimated market share worldwide of about 10%
- in the segment of **hinges** with estimated market share worldwide of about 35%

Weight of **top 10** customers on total Group sales is **47%** (45% in 2019)



Each top 10 customer represents **less than 8%** 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 90 active patents

Know-how:

- **Mechanic:** 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 (40+ R&D engineers)

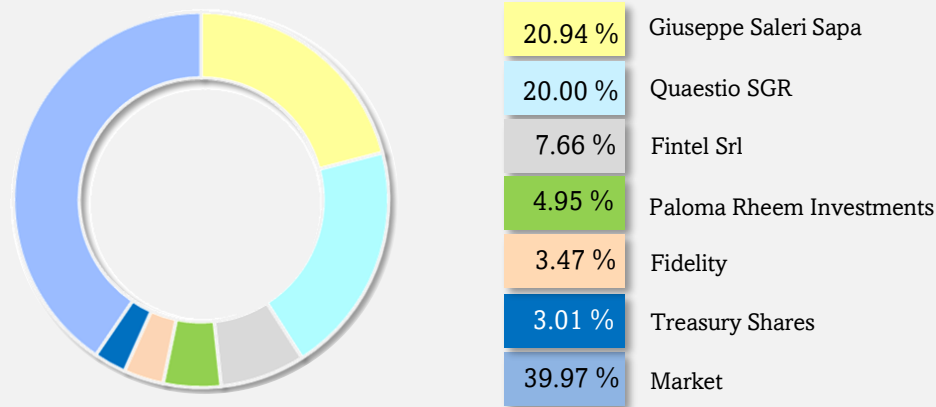
Strong operational leverage: great flexibility in production volumes growth, ready to satisfy customers requests



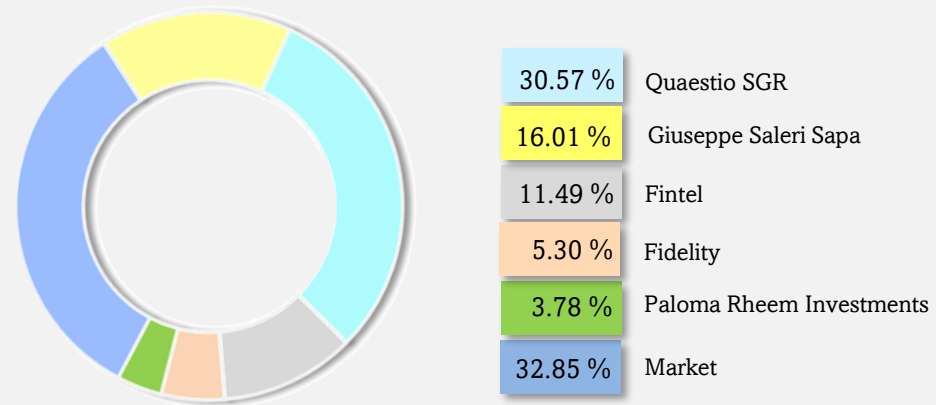
Sabaf Group

Stock price & main Shareholders

% OF SHARE CAPITAL



% OF VOTING RIGHTS



BUSINESS UPDATE

and

2020 OUTLOOK

Revenues - IIIQ 2020 and 9M 2020

6 MONTHS	
2020	2019
€ 78.2 million	€ 74.8 million

+ 4.5%

- 12.5% Organic

III QUARTER	
2020	2019
€ 47.3 million	€ 40.4 million

+ 17%

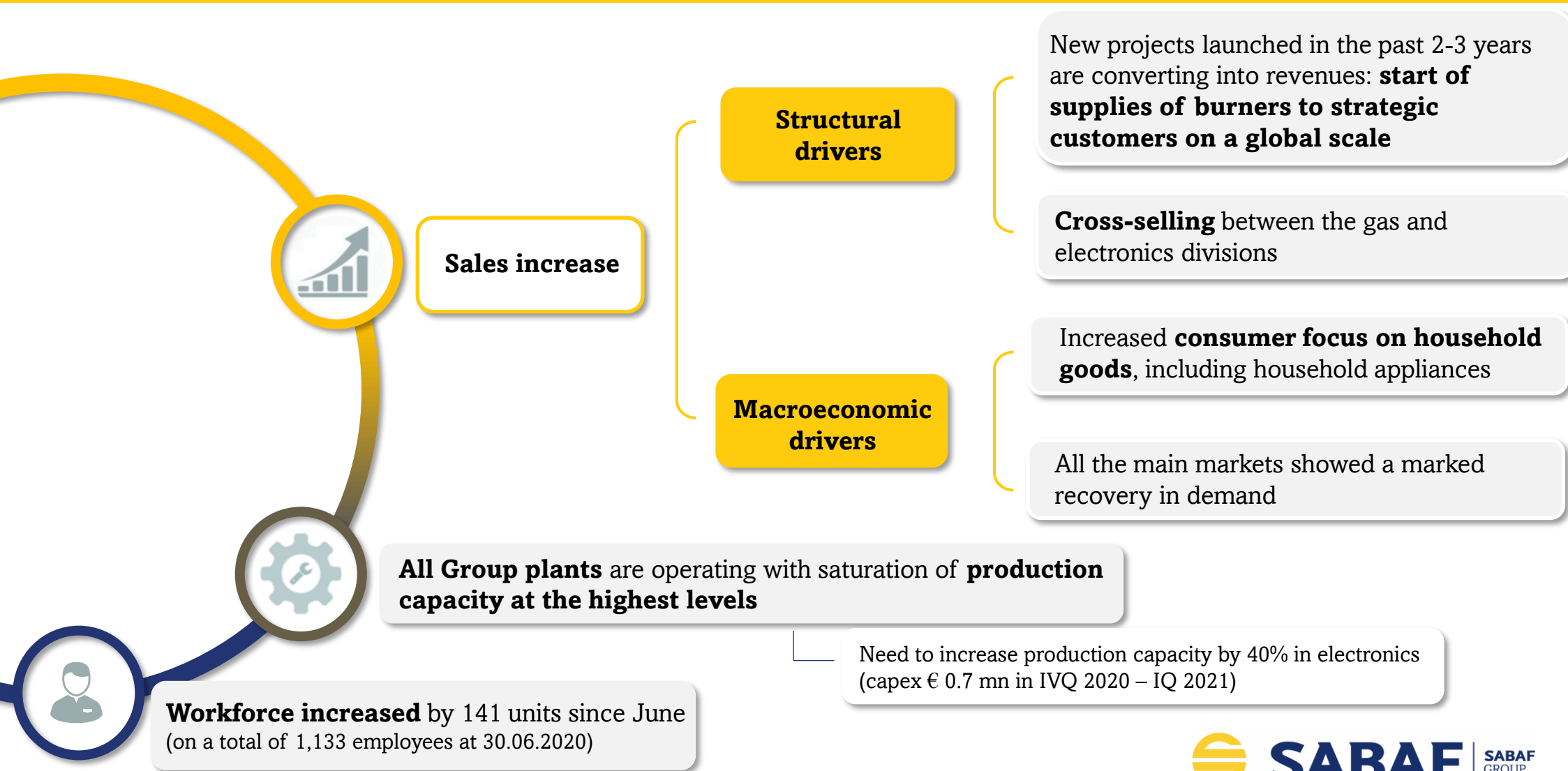
+ 9.3% Organic

9 MONTHS	
2020	2019
€ 125.4 million	€ 115.3 million

+ 8.8%

- 4.9 % Organic

Business update



Outlook 2020

1

FY 2020 revised upwards. Expected sales now ranging from €180 to €183 million

- **15% - 17% higher** than €155.9 million of 2019
- **5% - 7% increase** on a **like-for-like scope**
- Previous forecast released on 6th October 2020 estimated sales at €170 -175 million

2

The increase in orders and sales shows a further generalized acceleration in the **IV quarter of 2020**

- IV Quarter **expected growth: 34 - 42% higher** than €40.7 million of 2019 (**fully organic**)

3

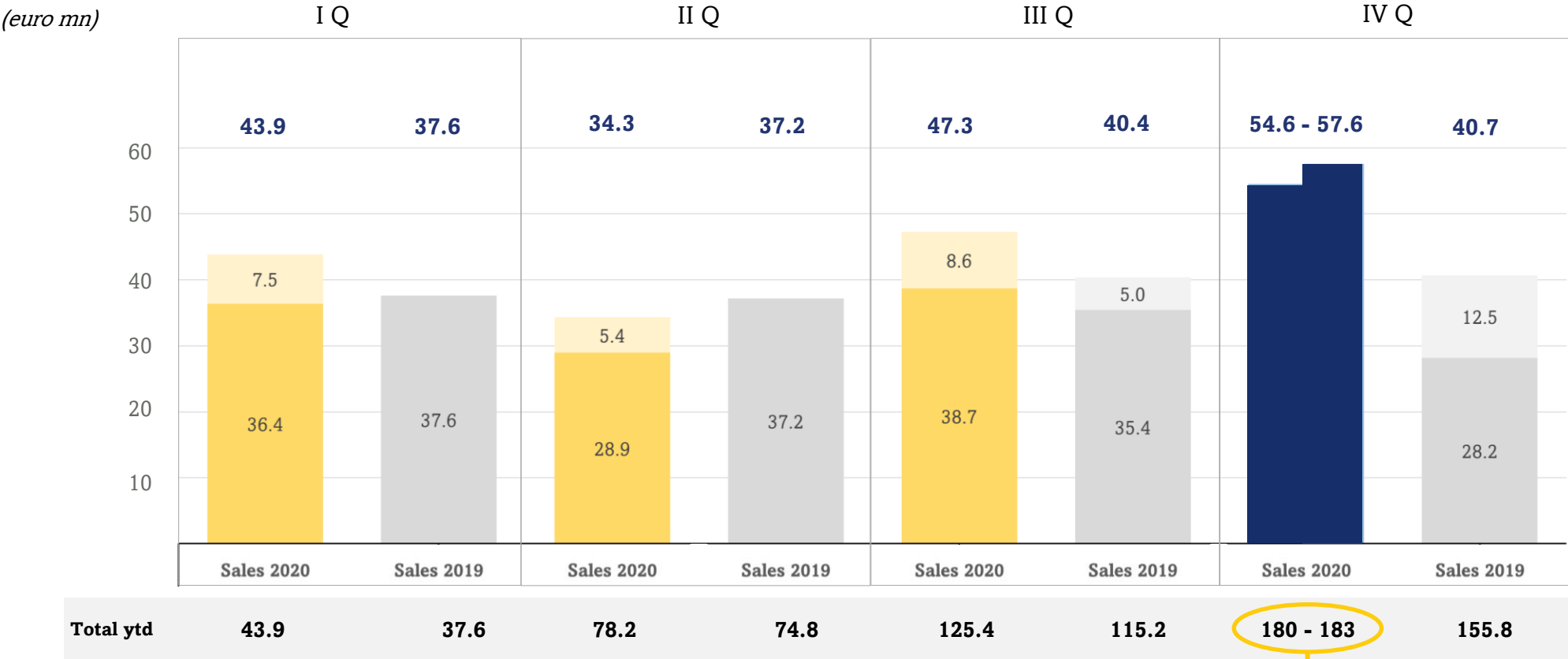
Expected improvement in EBITDA % (compared to 18.2% in 9M 2020)

4

The trend in sales growth will continue also in the first quarter of 2021

- Solid backlog
- Key customers are expecting a very strong start of 2021

Outlook 2020



+15 / 17% vs. 2019
+ 5 / 7% organic growth vs. 2019

Organic Sales 2020
CMI Sales 2020

Organic Sales 2019
CMI Sales 2019

Forecast

Sabaf Group

Operational impacts of health emergency

PRODUCTION STOP

March/ April	Production loss: on average 30% in all Italian plants due to the lockdown Partial slowdown in Turkey and Brasil	Lockdown Heavy recourse to Temporary Redundancy Fund (Cassa Integrazione)
May / June	General production decrease: on average 25% (cancellation or postponement of customers' orders) Sharper slowdown in Brasil	Work shifts reduction for social distancing Low absenteeism rate Lower recourse to Temporary Redundancy Fund
July / August	Production recovery in all the Group plants: production equal or higher than 2019 (excepted ARC)	Usual work shifts No recourse to Temporary Redundancy Fund
From September	Totally recovering COVID impact The new restrictive measures adopted in Italy and other Countries due to the recurrence of the pandemic are currently not significantly affecting operations	

The Group estimates that, as a result of the pandemic, sales for the first half of the year were about 20% lower than expected, corresponding to a decrease in revenue of €19 million and operating profitability of €5.7 million

DIRECT COSTS

Protective equipment and sanitation activities: 400,000 euro
Employees benefits: 150,000 euro

Total direct costs: 550,000 euro

9 MONTHS AND IV QUARTER 2020 FINANCIAL PERFORMANCE

Performance data

Income statement – III quarter 2020

€ x 000	III QUARTER 2020		III QUARTER 2019*		Δ % 20 - 19
Revenue	47,281	100.0%	40,426	100.0%	+17.0%
Other income	1,067	2.3%	934	2.3%	
Total operating revenue and income	48,348		41,360		
Materials	(21,057)	(44.5%)	(14,185)	(35.1%)	
Personnel costs	(10,584)	(22.4%)	(8,946)	(22.1%)	
Change in inventories	17	0.0%	(2,969)	(7.3%)	
Other operating costs	(7,136)	(15.1%)	(7,708)	(19.1%)	
EBITDA	9,588	20.3%	7,552	18.7%	+27.0%
Depreciation	(4,197)	(8.9%)	(4,048)	(10.0%)	
Gains/losses on fixed assets	19	0.0%	(4)	(0.0%)	
EBIT	5,410	11.4%	3,500	8.7%	+54.6%
Net financial expense	(302)	(0.6%)	(411)	(1.0%)	
Exchange rate gains and losses	(3,004)	(6.4%)	891	2.2%	
Profits and losses from equity investments	(31)	(0.1%)		0.0%	
EBT	2,073	4.4%	3,980	9.8%	-47.9%
Income taxes	(124)	(0.3%)	(606)	(1.5%)	
PROFIT FOR THE YEAR	1,949	1.7%	3,374	8.3%	-42.2%
Minority interests	(128)	(0.3%)	(95)	(0.2%)	
PROFIT ATTRIBUTABLE TO THE GROUP	1,821	3.9%	3,279	8.1%	-44.5%

* C.M.I. Group has been consolidated since August 2019

Performance data

Income statement – 9 months 2020

€ x 000	9 MONTHS 2020		9 MONTHS 2019 *		Δ % 20 - 19	12 MONTHS 2019 *	
Revenue	125,445	100.0%	115,252	100.0%	+8.8%	155,923	100.0%
Other income	3,036	2.4%	2,228	1.9%		3,621	2.3%
Total operating revenue and income	128,481		117,480			159,544	
Materials	(56,438)	(45.0%)	(42,063)	(36.5%)		(57,464)	(36.9%)
Personnel costs	(30,485)	(24.3%)	(26,605)	(23.1%)		(37,103)	(23.8%)
Change in inventories	3,694	2.9%	(6,656)	(5.8%)		(8,617)	(5.5%)
Other operating costs	(22,380)	(17.8%)	(21,710)	(18.8%)		(29,327)	(18.8%)
EBITDA	22,872	18.2%	20,446	17.7%	+11.9%	27,033	17.3%
Depreciation	(12,705)	(10.1%)	(10,737)	(9.3%)		(15,183)	(9.7%)
Gains/losses on fixed assets	60	0.0%	44	0.0%		46	0.0%
EBIT	10,227	8.2%	9,753	8.5%	+4.9%	11,896	7.6%
Net financial expense	459	0.4%	(965)	(0.8%)		(701)	(0.4%)
Exchange rate gains and losses	(4,841)	(3.9%)	(150)	(0.1%)		(1,380)	(0.9%)
Profits and losses from equity investments	(31)	(0.0%)	-	0.0%		(39)	0.0%
EBT	5,814	4.6%	8,638	7.5%	-32.7%	9,776	6.3%
Income taxes	(1,349)	(1.1%)	(1,630)	(1.4%)		407	0.3%
PROFIT FOR THE YEAR	4,465	3.6%	7,008	6.1%	-36.3%	10,183	
Minority interests	(220)	(0.2%)	(216)	(0.2%)		(268)	(0.2%)
PROFIT ATTRIBUTABLE TO THE GROUP	4,245	3.4%	6,792	5.9%	-37.5%	9,915	6.4%

* C.M.I. Group has been consolidated since August 2019

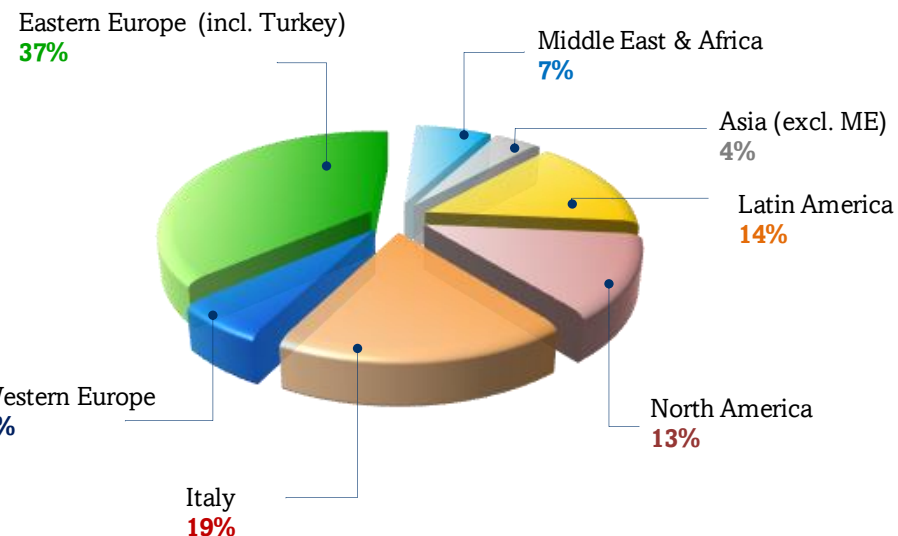
Performance data

Sales by market

€ x 000	9 MONTHS 2020	9 MONTHS 2019*	
Italy	23,291	24,016	-3.0%
Western Europe	7,567	9,292	-18.6%
Eastern Europe (incl. Turkey)	46,942	38,750	+21.1%
Middle East & Africa	8,518	5,953	+43.1%
Asia (excl. ME)	5,015	7,136	-29.7%
Latin America	18,170	17,822	+2.0%
North America	15,942	12,283	+29.8%
Total	125,445	115,252	+8.8%

€ x 000	III Q 2020	III Q 2019	
Italy	8,927	7,283	+22.6%
Western Europe	2,987	2,792	+7.0%
Eastern Europe (incl. Turkey)	18,587	14,464	+28.5%
Middle East & Africa	3,010	2,757	+9.2%
Asia (excl. ME)	1,884	2,698	-30.2%
Latin America	5,770	5,719	+0.9%
North America	6,116	4,713	+29.8%
Totale	47,281	40,426	+17.0%

Like-for-like consolidation scope	9M Δ % 20 - 19	IIIQ Δ % 20 - 19
Italy	-14.0%	+15.7%
Western Europe	-18.6%	+7.0%
Eastern Europe (incl. Turkey)	+1.3%	+18.1%
Middle East & Africa	+43.1%	+9.2%
Asia (excl. ME)	-30.6%	-30.2%
Latin America	-0.9%	+0.1%
North America	-10.3%	+7.3%
Total	-4.9%	+9.3%



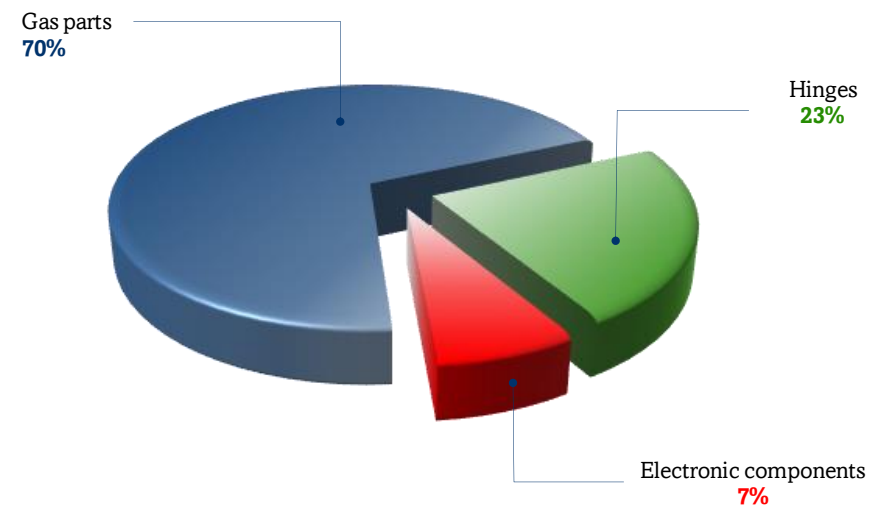
* C.M.I. Group has been consolidated since August 2019

Performance data

Sales by product

€ x 000	9 MONTHS 2020	9 MONTHS 2019*	
Gas parts	87,521	94,320	-7.2%
Hinges	28,737	13,569	+111.8%
Electronic components	9,188	7,363	+24.8%
Total	125,446	115,252	+8.8%

€ x 000	III Q 2020	III Q 2019	
Gas parts	32,397	29,990	+8.0%
Hinges	11,475	7,839	+46.4%
Electronic components	3,410	2,597	+31.3%
Total	47,281	40,426	+17.0%



* C.M.I. Group has been consolidated since August 2019

Performance data

Balance Sheet

€ x 000	30.09.2020	30.09.2019	31.12.2019
Fixed assets	129,441	132,941	138,506
<i>Inventories</i>	36,585	37,641	35,343
<i>Trade receivables</i>	54,431	55,349	46,929
<i>Tax receivables</i>	2,095	4,218	4,458
<i>Other current receivables</i>	2,258	2,309	1,459
<i>Trade payables</i>	(29,900)	(26,152)	(27,560)
<i>Tax payables</i>	(2,053)	(2,115)	(1,802)
<i>Other payables</i>	(10,874)	(9,654)	(9,134)
Net working capital	52,542	61,596	49,693
Provisions for risks and severance indemnity	(10,764)	(7,176)	(11,966)
Capital Employed	171,219	187,361	176,233
Equity	107,618	115,506	121,105
Net debt	63,601	71,855	55,128
Sources of finance	171,219	187,361	176,233

Performance data

Cash flow statement

€ x 000	30.09.2020	30.09.2019	31.12.2019
Cash at the beginning of the period	18,687	13,426	13,426
Net profit	4,465	7,008	10,183
Depreciation	12,705	10,737	15,183
Other income statement adjustments	581	2,937	1,538
Change in net working capital			
- Change in inventories	(1,242)	6,792	9,090
- Change in receivables	(7,502)	1,728	10,148
- Change in payables	2,340	(4,309)	(2,901)
	(6,404)	4,211	16,337
Other changes in operating items	(344)	(3,098)	(2,309)
Operating cash flow	11,003	21,795	40,932
Investments, net of disposals	(12,354)	(7,141)	(12,014)
Free Cash Flow	(1,351)	14,654	28,918
Cash flow from financial activity	(1,914)	(211)	(10,433)
Own shares buyback	(1,737)	-	3,146
Dividends	-	(6,060)	(6,060)
CMI Acquisition	(3,063)	(10,475)	(10,475)
OKIDA acquisition	-	(317)	(317)
Forex	(1,478)	45	482
Net financial flow	(9,543)	(2,364)	5,261
Cash at the end of the period	9,144	11,062	18,687
Current financial debt	35,146	24,887	22,386
Non-current financial debt	37,599	58,030	51,430
Net financial debt	63,601	71,855	55,130

€ x 000	30.09.2020	30.09.2019	31.12.2019
Liquidity and current financial assets	(10,481)	(11,062)	(19,954)
<i>Current financial debt</i>	<i>36,483</i>	<i>24,887</i>	<i>23,652</i>
<i>Non-current financial debt</i>	<i>37,599</i>	<i>58,030</i>	<i>51,430</i>
Financial debt	74,082	82,917	75,082
NET FINANCIAL DEBT	63,601	71,855	55,128

	30.09.2020	30.09.2019	31.12.2019
Unsecured loans	50,049	60,360	55,222
Short-term bank liabilities	8,150	7,276	3,689
Dividend liability to shareholders	3,928	-	-
Leases out of IFRS 16 scope	1,192	1,347	1,309
Other financial debts	1,233	120	1,293
Put Options	5,850	10,518	10,350
IFRS 16 leases	3,680	3,296	3,219
Financial debt	74,082	82,917	75,082

Performance data

Financial Indicators

	30.09.2020	30.09.2019**
Change in turnover*	+8.8%	
Change in turnover - Organic*	-4.9%	
ROCE (return on capital employed)	8.0%	6.9%
Net debt/EBITDA	2.09	2.64
Net working capital/Turnover	31.4%	40.1%
Net debt/equity	59.1%	62.2%
Days of Sales Outstanding	117	130
Days of Payables Outstanding	102	111
Days of Inventory Outstanding	94	105

31.12.2019	
actual	pro-forma***
+3.5%	
-8.9%	
6.8%	7.1%
2.04	1.86
31.9%	28.7%
45.5%	
108	97
114	90
96	74

* For the 9 months 2020 the change in turnover has been calculated vs. the 9 months 2019
For the 12 months 2020 the change in turnover has been calculated vs. the 12 months 2019

** Figures do not consider the C.M.I. Group contributions. The C.M.I. Group has been consolidated since August 2019

*** The return on capital employed and the pro-forma net debt/EBITDA ratio are calculated considering, for the companies consolidated during the year, the EBIT and EBITDA for the full year

BUSINESS DEVELOPMENT

Business development

Where we are 1/2

EXTERNAL GROWTH

in line with the Business Plan

OKIDA®

Electronic components
September 2018

2 transactions successfully
completed

E/CMI

Hinges
July 2019

2017 Sales € 12.5 mn
2017 EBITDA € 4.7 mn
EV/EBITDA 5.05x

2018 Turnover € 30 mn
2018 EBITDA € 4 mn
EV/EBITDA 6.0x

Powerful commercial synergies

**Sales and
profitability
improvement**

Acquisition of a
different
know-how

Lower dependence
on gas cooking
components

Solid growth potential

Business development

Where we are 2/2

ORGANIC GROWTH

Slower than expected in 2018 and 2019, expected recovery in H2 2020, 2021 and 2022

Huge
new products pipeline

Actions

Strengthened relationships
with global players

	Total projects	Main projects	Estimated additional annual sales	Period	Markets
Burners and valves	31	6	15 - 18 mn €	2020- 2022	North America, Europe, South America, Far East
Electronic components	48	30	4 - 6 mn €	2019 - 2022	Europe and Middle East, South and North America (new markets)
Hinges	19	9	3 - 4 mn €	2019 - 2022	Europe
Total	98	45	22 - 28 mn €		

COVID-19

All main projects are **confirmed**

Estimated **delay** of about **6 months**

A further step in organic growth: Sabaf India

SABAF INDIA – a new production facility for valves and burners targeting the local market

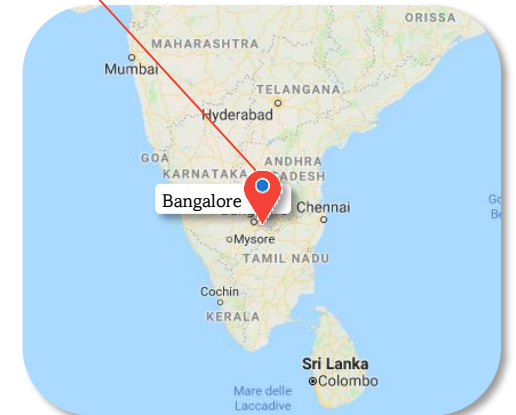
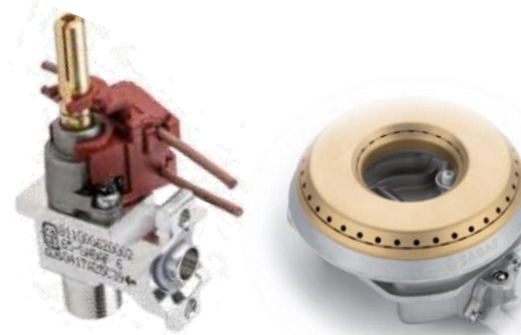
Production start-up: **IVQ 2021**

€ **4.5 mn investment** in 4 years

- In August 2020 **land** (23,500 Sqm) and **building** (3,000 Sqm) were acquired - € 1.6 mn capex

Expected **capacity: 5 mn units of valves**

Expected **sales** in 2023: € **5 mn**



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

Gianluca Beschi - +39.030.6843236

gianluca.beschi@sabaf.it