

SABAF: FIRST-QUARTER 2021 RESULTS APPROVED

➤ **CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2021**

REVENUE: €64.8 million (€43.9 million in the first quarter of 2020), **+47.8%**

EBITDA: €15.1 million (€7.7 million in the first quarter of 2020), **+96.5%**

EBITDA/REVENUE: **23.3%** (17.5 % in the first quarter of 2020)

EBIT: €11 million (€3.4 million in the first of 2020), **+228%**

NET PROFIT: €8.5 million (€1.5 million in the first quarter of 2020), **+447%**

➤ **2021 ESTIMATES REVISED FURTHER UPWARDS**

Sales expected to be higher than €240 million (previous forecast €210 million)

Operating profitability (EBITDA %) estimated to be over 21% of sales (previous forecast 20%)

Chief Executive Officer Pietro Iotti: *“Sabaf, once again, for the third consecutive quarter, presents record numbers that are steadily increasing, which together with the excellent prospects for further growth that we foresee for the whole of 2021, confirm the validity of our Business Plan, strengthen us and project us with determination towards further ambitious goals.*

In fact, we envisage to exceed €240 million in turnover in 2021, while improving profitability, and to accelerate and pep up our international development plan.

The Group actively pursues new opportunities of external growth”.

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

Consolidated results for Q1 2021

In the first months of 2021, the Sabaf Group is continuing to increase its market share, thanks to the significant contribution of new projects with strategic customers and the industrial and commercial synergies created with the most recently acquired companies. At the same time, the household appliance market is confirming the decidedly positive trend that began in the second half of 2020.

The Group's final figures for the first quarter of 2021 show for the third consecutive quarter record results and a progressive growth: revenue amounted to €64.8 million, up 47.8% from €43.9 million in the first quarter of 2020. The sales figure is significantly higher (+9%) also compared to €59.5 million of the last quarter of 2020, which had already represented an all-time high. In the first quarter of 2021, the electronics division recorded the most significant growth rate (+85% compared to the first quarter of 2020), thanks to the development of international sales and the launch of products for new applications, such as electric hob boards.

The EBITDA of the period was €15.1 million, equal to 23.3% of sales, up 96.5% compared to the €7.7 million (17.5% of sales) of the first quarter of 2020.

The full utilisation of production capacity made it possible to maintain a high level of profitability and to absorb the negative impact of the increase in raw material costs.

After depreciations and amortisation of €4.1 million (€4.3 million in the first quarter of 2020), EBIT was €11 million, corresponding to 17% of turnover, up 228% on the same period of 2020 (7.7% of turnover). Net profit for the period was €8.5 million, up 447% on the figure of €1.5 million for the first quarter of 2020.

At 31 March 2021, net working capital¹ amounted to €60.5 million, compared to €52.2 million at the end of 2020: the increase was mainly due to the increase in inventories, as a result of the need to ensure continuity of supplies and to limit the impact of changes in raw material prices. Average days for collection from customers and for payment to suppliers remained substantially unchanged. At 31 March 2021, the impact of the net working capital on annualised revenue was 23.3% compared to 31.8% at 31 March 2020 and 28.2% at 31 December 2020.

Net investments for the quarter came to €6.7 million (€3.3 million in the first quarter of 2020 and €17.3 million for the whole of 2020). The high levels of activity led the Group to bring forward to 2021 some investments originally planned for 2022, where growth is considered structural, in order to be able to guarantee continuity in supplies to customers and full production efficiency.

At 31 March 2021, net financial debt was €59.6 million (€56.3 million at 31 December 2020 and €60.5 million at 31 March 2020), of which €6.8 million related to the valuation of put options granted to minority shareholders of some subsidiaries.

Update of 2021 forecasts

Activity in the second quarter remained on the high side, in line with that of the first months of the year, with all markets continuing to show a very strong demand. This trend is expected to continue in the second half of the year.

Therefore, for the whole of 2021, the Sabaf Group expects to achieve revenues of more than €240 million, up at least 30% from €184.9 million in 2020 and 54% from €155.9 million in 2019 (previous forecasts indicated revenues of more than €210 million). The Group also expects that offer diversification, the favourable trend in sales prices and the full utilisation of the production capacity will be able to balance the increase in the cost of raw materials and expects an operating profitability (EBITDA %) of more than 21% (previous forecasts indicated an EBITDA of at least 20%).

Stock grant plan

With reference to the plan for the free allocation of shares to directors and employees of the Company and its subsidiaries approved by the Shareholders' Meeting on 6 May 2021, the Board of Directors resolved:

- 1) to approve the related Regulations;
- 2) to identify the beneficiaries of the 2021 Stock Grant Plan, for a total of 226,000 share options assigned, subject to the achievement of the economic and sustainability objectives of the 2021-2023 Business Plan. As already indicated in the information document pursuant to Articles 114-bis of the TUF and 84-bis of the Issuers' Regulations, submitted to the Shareholders' Meeting for approval on 6 May 2021, the beneficiaries include Pietro Iotti, Chief Executive Officer, Gianluca

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

- Beschi, CFO, and other Group managers involved in the achievement of the aforementioned objectives;
- 3) to delegate to the Chief Executive Officer the carrying-out of the management deeds and implementation of the 2021 Stock Grant Plan.

*Today at **4.00 p.m. CET**, there will be a conference call to illustrate the results of the first quarter of 2021 to financial analysts and institutional investors (please call the number 02 805 88 11 a few minutes before it begins). The Interim Management Statement for the first quarter of 2021, which has not been independently audited, is available in the Investors 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 1,300 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

(€/000)	31/03/2021	31/12/2020	31/03/2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	78,827	76,507	73,803
Investment property	3,048	3,253	3,869
Intangible assets	41,816	43,017	49,324
Equity investments	164	173	185
Non-current financial assets	0	0	60
Non-current receivables	589	518	284
Deferred tax assets	7,800	8,075	6,583
Total non-current assets	132,244	131,543	134,108
CURRENT ASSETS			
Inventories	50,081	39,224	34,080
Trade receivables	73,020	63,436	53,136
Tax receivables	2,980	2,419	3,067
Other current receivables	2,865	3,167	2,694
Current financial assets	1,243	1,495	1,233
Cash and cash equivalents	11,843	13,318	12,956
Total current assets	142,032	123,059	107,166
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	274,276	254,602	241,274
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	98,791	87,504	97,284
Net profit for the period	8,456	13,961	1,547
<i>Total equity interest pertaining to the Parent Company</i>	<i>118,780</i>	<i>112,998</i>	<i>110,364</i>
<i>Minority interests</i>	<i>5,106</i>	<i>4,809</i>	<i>7,181</i>
Total shareholders' equity	123,886	117,807	117,545
NON-CURRENT LIABILITIES			
Loans	33,552	32,153	42,979
Other financial liabilities	0	0	7,383
Post-employment benefit and retirement provisions	3,536	3,513	3,718
Provisions for risks and charges	1,138	1,433	988
Deferred tax liabilities	4,597	4,697	6,977
Non-current payables	0	0	68
Total non-current liabilities	42,823	41,796	62,113
CURRENT LIABILITIES			
Loans	31,045	30,493	19,562
Other financial liabilities	8,122	8,489	4,803
Trade payables	51,883	41,773	26,558
Tax payables	4,487	3,287	1,617
Other payables	12,030	10,957	9,076
Total current liabilities	107,567	94,999	61,616
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	274,276	254,602	241,274

Consolidated Income Statement

	Q1 2021		Q1 2020		12M 2020	
<i>(€/000)</i>						
INCOME STATEMENT COMPONENTS						
OPERATING REVENUE AND INCOME						
Revenue	64,825	100.0%	43,852	100.0%	184,906	100.0%
Other income	1,888	2.9%	1,049	2.4%	7,194	3.9%
Total operating revenue and income	66,713	102.9%	44,901	102.4%	192,100	103.9%
OPERATING COSTS						
Materials	(36,947)	-57.0%	(19,138)	-43.6%	(82,966)	-44.9%
Change in inventories	11,535	17.8%	(304)	-0.7%	6,406	3.5%
Services	(12,286)	-19.0%	(7,570)	-17.3%	(34,264)	-18.5%
Personnel costs	(13,886)	-21.4%	(10,253)	-23.4%	(43,700)	-23.6%
Other operating costs	(704)	-1.1%	(379)	-0.9%	(1,981)	-1.1%
Costs for capitalised in-house work	683	1.1%	432	1.0%	1,502	0.8%
Total operating costs	(51,605)	-79.6%	(37,212)	-84.9%	(155,003)	-83.8%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	15,108	23.3%	7,689	17.5%	37,097	20.1%
Depreciations and amortisation	(4,132)	-6.4%	(4,337)	-9.9%	(16,968)	-9.2%
Capital gains/(losses) on disposals of non-current assets	44	0.1%	8	0.0%	105	0.1%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	(141)	-0.1%
OPERATING PROFIT (EBIT)						
	11,020	17.0%	3,360	7.7%	20,093	10.9%
Financial income	500	0.8%	72	0.2%	1,366	0.7%
Financial expenses	(211)	-0.3%	(424)	-1.0%	(2,146)	-1.2%
Exchange rate gains and losses	(849)	-1.3%	(816)	-1.9%	(4,812)	-2.6%
Profits and losses from equity investments	(46)	-0.1%	0	0.0%	8	0.0%
PROFIT BEFORE TAXES						
	10,414	16.1%	2,192	5.0%	14,509	7.8%
Income taxes	(1,646)	-2.5%	(512)	-1.2%	(149)	-0.1%
NET PROFIT FOR THE PERIOD						
	8,768	13.5%	1,680	3.8%	14,360	7.8%
of which						
Minority interests	312	0.5%	133	0.3%	399	0.2%
PROFIT ATTRIBUTABLE TO THE GROUP						
	8,456	13.0%	1,547	3.5%	13,961	7.6%

Consolidated statement of cash flows

<i>(€/000)</i>	Q1 2021	Q1 2020	12M 2020
<i>Cash and cash equivalents at beginning of period</i>	13,318	18,687	18,687
Net profit/(loss) for the period	8,768	1,680	14,360
Adjustments for:			
- Depreciation and amortisation for the period	4,132	4,337	16,968
- Write-downs of non-current assets	0	0	141
- Realised gains/losses	(44)	(8)	(105)
- IFRS 2 measurement stock grant plan	0	247	658
- Profits and losses from equity investments	46	0	(8)
- Financial income and expenses	(289)	352	780
- Income tax	1,646	512	149
Change in post-employment benefit	23	20	(180)
Change in risk provisions	(295)	(7)	438
<i>Change in trade receivables</i>	<i>(9,584)</i>	<i>(6,207)</i>	<i>(16,507)</i>
<i>Change in inventories</i>	<i>(10,857)</i>	<i>1,263</i>	<i>(3,881)</i>
<i>Change in trade payables</i>	<i>10,110</i>	<i>(902)</i>	<i>14,213</i>
Change in net working capital	(10,331)	(5,846)	(6,175)
Change in other receivables and payables, deferred taxes	778	371	2,115
Payment of taxes	(345)	(1,293)	(2,999)
Payment of financial expenses	(190)	(191)	(1,235)
Collection of financial income	81	72	160
Cash flows from operations	3,980	246	25,067
Net investments	(6,718)	(3,339)	(17,296)
Free cash flow	(2,738)	(3,093)	7,771
Repayment of loans	(5,568)	(2,376)	(18,413)
New loans	7,205	1,385	16,216
Change in financial assets	0	0	60
Purchase of treasury shares	0	(722)	(2,073)
Payment of dividends	0	0	(3,924)
Cash flows from financing activities	1,637	(1,713)	(8,133)
C.M.I. acquisition	0	0	(3,063)
Foreign exchange differences	(374)	(925)	(1,944)
Net cash flows for the period	(1,475)	(5,731)	(5,369)
<i>Cash and cash equivalents at end of period</i>	11,843	12,956	13,318

Consolidated net financial position

<i>(€/000)</i>	31/03/2021	31/12/2020	31/03/2020
A. Cash	17	13	26
B. Positive balances of unrestricted bank accounts	11,353	12,789	12,628
C. Other cash equivalents	473	516	302
D. Liquidity (A+B+C)	11,843	13,318	12,956
E. Current financial receivables	1,243	1,495	1,233
F. Current bank payables	14,202	13,297	3,596
G. Current portion of non-current debt	15,364	15,801	14,779
H. Other current financial payables	9,601	9,884	5,990
I. Current financial debt (F+G+H)	39,167	38,982	24,365
J. Net current financial debt (I-E-D)	26,081	24,169	10,176
K. Non-current bank payables	30,136	28,647	39,575
L. Other non-current financial payables	3,416	3,506	10,787
M. Non-current financial debt (K+L)	33,552	32,153	50,362
N. Net financial debt (J+M)	59,633	56,322	60,538