

## **SABAF REVISES 2021 ESTIMATES UPWARDS AND PRESENTS ITS 2021-2023 BUSINESS PLAN**

### ➤ **2021-2023 BUSINESS PLAN**

#### **TARGETS:**

**SALES:** around **€300 million** in 2023, including the potential contribution of new acquisitions (+62% compared to 2020, average annual change equal to 17.5%)

**ORGANIC GROWTH:** sales around **€ 250 million** in 2023, average annual growth of more than 10%

**GROWTH BY ACQUISITIONS:** revenue of at least **€50 million**

**EBITDA at least 19%**

**ROI:** increase of at least one percentage point (from 11.5% of 2020)

**SUSTAINABILITY:** targets set on reduction of emissions and employees training and safety

### ➤ **2021 ESTIMATES REVISED UPWARDS**

**Sales expected to be €210 million** (previous forecast €200 million)

**Ebitda of at least 20%** (previous forecast: Ebitda close to 20%)

### ➤ **2020 CONSOLIDATED RESULTS**

**NET SALES:** €184.9 million, **+18.6%** (+8.4% on a like-for-like consolidation scope)

**EBITDA:** €37.1 million (€27 million in 2019), **+37.2%**

**EBITDA/REVENUE:** **20.1%** (17.3 % in 2019)

**EBIT:** €20.1 million (€11.9 million in 2019), **+68.9%**

**NET PROFIT:** €14 million (€9.9 million in 2019), **+40.8%**

### ➤ **PROPOSED DIVIDEND OF €0.55 PER SHARE** (€0.35 in 2020)

### ➤ **LONG-TERM INCENTIVE PLAN**

A stock grant plan for the Group's executive directors and managers linked to the objectives of the Business Plan and sustainability targets was proposed to the Shareholders' Meeting

### **2021-2023 Business plan**

The Board of Directors of Sabaf S.p.A., which met today in Ospitaletto (BS), approved the 2021-2023 Business Plan. The aim was to accelerate growth, both organic and through acquisitions, which was positively launched with the carrying-out of the 2018-2020 Plan.

The Business Plan set a revenue target of around €302 million and gross profitability (EBITDA%) of at least 19% by 2023 and an increase of the return on investments (ROI) of at least one percentage point compared to 11.5% of 2020.

Over the three-year period, total investments of €130 million (including those aimed to M&A) and dividend payments of €20 million were planned.

Growth will be mainly financed by the cash flow generated from operating activities and for the remaining part by greater use of financial debt, maintaining a limited ratio between financial position and EBITDA.

#### *Organic growth*

The Group has set an average annual growth target for sales of more than 10%, which will allow the current business area to reach a level of revenues of around €250 million in 2023.

Organic growth will be supported by strengthening technical and commercial relations with some of the major global players. Multi-year contracts have recently been entered into or are being defined, offering good medium-term visibility in North America, South America, Europe, Middle East and North Africa.

Research and development activities will increasingly focus on the study of ad hoc solutions to meet the specific needs of individual markets and the design of customised products.

The current ten plants in Italy (five), Turkey (two), Brazil, Poland and China will be joined by new production facilities in India (due to start up in the second half of 2021) and Mexico (due to start up at the end of 2022) as well as a new plant in Turkey (due to start up in the second quarter of 2021).

Therefore, the industrial footprint to 2023 envisages 13 production plants, of which 5 in Italy and 8 abroad.

To support organic growth, the Group estimates over the three-year period total investments amounting to €58 million, of which €46 million for the growth and €12 million in maintenance. In addition to increasing production capacity in strategic Countries, investments will be made to continue the process of automation and integration of production in all the plants of the Group, to expand the product range and seize opportunities for growth in demand in emerging countries.

In the current business area, the Group estimates that it will be able to maintain a gross operating profitability (EBITDA %) firmly higher than 19% of sales.

#### *Growth by acquisitions*

The Group firmly pursues new opportunities of growth through acquisitions and/or joint ventures, which, based on the objectives of the Business Plan, could generate additional revenues of at least €50 million at the end of the three-year period. To this end, the Group believes it can invest approximately €70 million over three years.

The acquisitions will be aimed at further extending the product range and fully exploiting the Group's production potential.

#### *Sustainability*

The Sabaf Group has always considered sustainability to be an integral part of its Business Model. With the new Plan, the Group promotes the improvement of the quality of the environment and the community in which it operates so that the basic needs of all are met in an environmentally sustainable way. To this end, specific objectives are defined in the Plan, such as the reduction of emissions, safety at work and the growth of its own people through training.

*"The Sabaf Group wants to continue to aim high and set challenging targets", Chief Executive Officer Pietro Iotti said. "With the new 2021-2023 business plan, we intend to increase further and significantly our turnover, develop new products and strengthen our international position alongside the major players. The ability to meet the new needs of our customers in a timely manner and to adapt quickly to the changing market will also be crucial in the coming years".*

On 24 and 25 March, during the Star Conference, the event dedicated to meeting investors organised by Borsa Italiana, CEO Pietro Iotti and CFO Gianluca Beschi will illustrate the guidelines of the 2021-2023 Business Plan to the financial community.

### **Update of 2021 forecasts**

The trend in sales and orders in the first months of 2021 confirmed the very strong demand of the end of 2020. This trend will continue in the second half of the year, fuelled, for the Sabaf Group, by the supply contracts launched in 2020 and the business plans in progress. Therefore, for the whole of 2021, it is currently believed that it will be possible to achieve revenues of more than €210 million, up 14% on 2020, and an operating profitability (EBITDA %) of at least 20% of sales (previous estimates indicated revenues of more than €200 million and EBITDA close to 20%).

### **2020 Annual Financial Report**

The BoD also examined and approved the consolidated financial statements for 2020 and the draft financial statements of the Parent Company, as well as the Report on corporate governance and ownership structure requested by Article 123-bis of the TUF and the Consolidated Disclosure of Non-financial information pursuant to Italian legislative decree no. 254/2016.

Moreover, the BoD approved the update of the General Remuneration Policy - which complies with the recommendations of the new Corporate Governance Code for Listed Companies and the adjustments required by regulations - and the 2020 Report on remuneration.

### **Group consolidated results**

In 2020, the Sabaf Group reported a sales revenue of €184.9 million, an increase of 18.6% versus the figure of €155.9 million in the previous year (+8.4% on a like-for-like consolidation scope, considering that C.M.I. contributed to 2019 revenues only for the period from August to December).

The pandemic resulted in very high volatility of sales revenues during 2020. After an encouraging start to the year, from March onwards the Group's activities slowed down significantly, firstly due to the temporary interruption of operations at the Italian plants (on average for 3 weeks) and then due to the general reduction in production levels by our customers. As from July, there was a marked recovery in demand in all geographical areas, which accelerated further in the latter part of the year when the favourable market situation was accompanied by the start of new supplies of burners on a global scale to strategic customers and cross-selling between the gas and electronics divisions.

Higher business volumes in the second half of the year and a favourable trend in the sales mix supported profitability: EBITDA was €37.1 million (20.1% of turnover), up 37.2% compared to €27 million last year (17.3% of turnover) and EBIT was €20.1 million (10.9% of turnover) with a 68.9% increase compared to €11.9 million in 2019. The net profit for 2020 was €14 million, up by 40.8% compared to the figure of €9.9 million in 2019.

In 2020, the Group generated free cash flow<sup>1</sup> of €7.8 million (€28.9 million in 2019). The higher levels of activity in the second half of the year led to an increase in working capital<sup>2</sup>, which stood at €52.2 million at

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

31 December 2020, compared to €49.7 million at the end of 2019. Moreover, the impact on working capital on turnover decreased to 28.2% compared to 28.7% pro-forma in 2019.

In 2020, the Sabaf Group made net organic investments of €17.3 million. The main investments in the financial year were aimed at industrialising new products to significantly increase activities with certain strategic customers. Moreover, investments in maintenance and replacement were made so that production equipment is kept constantly up to date and efficient.

During the financial year, the Group paid dividends for €3.9 million and purchased treasury shares for €2.1 million.

At 31 December 2020, net financial debt was €56.3 million, compared to €55.1 million of 31 December 2019, whereas shareholders' equity amounted to €117.8 million (€121.1 million at 31 December 2019). The ratio between the net financial debt and the shareholders' equity was 0.48 versus 0.46 at the end of 2019.

#### *Parent Company Sabaf S.p.A. results*

The Parent Company Sabaf S.p.A.'s sales revenue for 2020 totalled €102.6 million (compared to €94.9 million reported in 2019, +8.1%), EBITDA was €15.8 million, up 20.5 % from €13.1 million in 2019), EBIT was €6.6 million, up 124.2 % from €2.9 million in the previous year and net profit was €6.4 million, up 67.7% from €3.8 million in 2019.

#### **Dividend proposal**

The Board of Directors will propose to the shareholders the distribution of a gross ordinary dividend of €0.55 per share (a dividend of €0.35 was paid in 2020) for shares outstanding on 1 June 2021 (the record date), excluding, therefore, treasury shares on that date. The ex-date is scheduled for 31 May and the payment date will be 2 June.

#### **Long-term incentive plan**

The Board of Directors also resolved to propose to the Shareholders' Meeting the approval of a free allocation plan of shares in favour of executive directors and employees of the Company and its subsidiaries against the achievement of specific economic and sustainability objectives of the Business Plan.

The plan aims to promote the involvement and retention of management profiles, enhancing their entrepreneurial approach and aligning the interests of management with those of the Company's shareholders.

#### **Call of the Ordinary Shareholders' Meeting**

The Board of Directors resolved to call (single call) the Ordinary Shareholders' Meeting on 6 May 2021 at 10.30 a.m. at the company's registered office in Ospitaletto (BS) to resolve on:

- the appointment of the Board of Directors and the Board of Statutory Auditors for the three-year period from 2021 to 2023;
- the authorisation to the Board of Directors to purchase and sell treasury shares.

The Shareholders' Meeting will be attended exclusively by the representative designated pursuant to Article 135-undecies of the Consolidated Finance Act.

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<sup>2</sup> 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.

*The Annual Financial Report at 31 December 2020, 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 2020 Report on Remuneration will be published on the website [www.sabafgroup.com](http://www.sabafgroup.com) and on the centralised storage system "eMarket Storage", available on the website [www.emarketstorage.com](http://www.emarketstorage.com), no later than 14 April 2021.*

*The information document related to the Stock Grant Plan will be published on the website [www.sabafgroup.com](http://www.sabafgroup.com) and on the centralised storage system "eMarket Storage", available on the website [www.emarketstorage.com](http://www.emarketstorage.com), no later than 26 March 2021.*

*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.*

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

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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.*

**Sabaf Group - Consolidated statement of financial position**

<i>(€/000)</i>	31/12/2020	31/12/2019
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	76,507	75,885
Investment property	3,253	3,976
Intangible assets	43,017	51,668
Equity investments	173	115
Financial assets	0	60
Non-current receivables	518	297
Deferred tax assets	8,075	6,505
<b>Total non-current assets</b>	<b>131,543</b>	<b>138,506</b>
CURRENT ASSETS		
Inventories	39,224	35,343
Trade receivables	63,436	46,929
Tax receivables	2,419	4,458
Other current receivables	3,167	1,459
Financial assets	1,495	1,266
Cash and cash equivalents	13,318	18,687
<b>Total current assets</b>	<b>123,059</b>	<b>108,142</b>
ASSETS HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>254,602</b>	<b>246,648</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, Other reserves	87,504	92,580
Net profit for the period	13,961	9,915
<i>Total equity interest attributable to the Parent Company</i>	<i>112,998</i>	<i>114,028</i>
<i>Minority interests</i>	<i>4,809</i>	<i>7,077</i>
<b>Total shareholders' equity</b>	<b>117,807</b>	<b>121,105</b>
NON-CURRENT LIABILITIES		
Loans	32,153	44,046
Other financial liabilities	0	7,383
Post-employment benefit and retirement provisions	3,513	3,698
Provisions for risks and charges	1,433	995
Deferred tax liabilities	4,697	7,273
<b>Total non-current liabilities</b>	<b>41,796</b>	<b>63,395</b>
CURRENT LIABILITIES		
Loans	30,493	19,015
Other financial liabilities	8,489	4,637
Trade payables	41,773	27,560
Tax payables	3,287	1,802
Other payables	10,957	9,134
<b>Total current liabilities</b>	<b>94,999</b>	<b>62,148</b>
LIABILITIES HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>254,602</b>	<b>246,648</b>

### Sabaf Group - Consolidated Income Statement

<i>(€/000)</i>	2020	2019
<b>INCOME STATEMENT COMPONENTS</b>		
OPERATING REVENUE AND INCOME		
Revenue	184,906	155,923
Other income	7,194	3,621
<b>Total operating revenue and income</b>	<b>192,100</b>	<b>159,544</b>
OPERATING COSTS		
Materials	(82,966)	(57,464)
Change in inventories	6,406	(8,617)
Services	(34,264)	(29,488)
Personnel costs	(43,700)	(37,103)
Other operating costs	(1,981)	(1,698)
Costs for capitalised in-house work	1,502	1,859
<b>Total operating costs</b>	<b>(155,003)</b>	<b>(132,511)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>		
	<b>37,097</b>	<b>27,033</b>
Depreciations and amortisation	(16,968)	(15,183)
Capital gains/(losses) on disposals of non-current assets	105	46
Write-downs/write-backs of non-current assets	(141)	0
<b>OPERATING PROFIT (EBIT)</b>		
	<b>20,093</b>	<b>11,896</b>
Financial income	1,366	638
Financial expenses	(2,146)	(1,339)
Exchange rate gains and losses	(4,812)	(1,380)
Profits and losses from equity investments	8	(39)
<b>PROFIT BEFORE TAXES</b>		
	<b>14,509</b>	<b>9,776</b>
Income taxes	(149)	407
<b>NET PROFIT FOR THE PERIOD</b>		
	<b>14,360</b>	<b>10,183</b>
of which:		
Profit attributable to minority interests	399	268
<b>PROFIT ATTRIBUTABLE TO THE GROUP</b>		
	<b>13,961</b>	<b>9,915</b>
<b>EARNINGS PER SHARE</b>		
<b>Base</b>	<b>€1.240</b>	<b>€0.895</b>
<b>Diluted</b>	<b>€1.240</b>	<b>€0.895</b>

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

<i>(in €)</i>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	48,662,264	51,470,506
Investment property	3,252,696	3,975,991
Intangible assets	2,315,819	2,452,857
Equity investments	65,524,289	57,950,775
Non-current financial assets	5,537,324	5,340,310
- of which from related parties	5,537,324	5,280,310
Non-current receivables	31,421	19,871
Deferred tax assets	3,891,955	4,276,366
<b>Total non-current assets</b>	<b>129,215,768</b>	<b>125,486,676</b>
CURRENT ASSETS		
Inventories	21,512,333	19,862,180
Trade receivables	45,024,596	28,563,314
- of which from related parties	16,048,130	9,094,290
Tax receivables	1,254,041	1,736,169
- of which from related parties	316,208	0
Other current receivables	1,947,372	588,494
Current financial assets	1,359,993	2,832,998
- of which from related parties	0	1,600,000
Cash and cash equivalents	1,594,861	8,343,105
<b>Total current assets</b>	<b>72,693,196</b>	<b>61,926,260</b>
ASSETS HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>201,908,964</b>	<b>187,412,936</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	11,533,450	11,533,450
Retained earnings, Other reserves	91,985,093	93,399,901
Profit for the year	6,409,674	3,821,876
<b>Total shareholders' equity</b>	<b>109,928,218</b>	<b>108,755,227</b>
NON-CURRENT LIABILITIES		
Loans	26,891,000	35,485,756
Other financial liabilities	0	1,233,000
Post-employment benefit and retirement provisions	1,929,190	2,064,001
Provisions for risks and charges	853,650	1,064,482
Deferred tax liabilities	230,450	1,733,755
<b>Total non-current liabilities</b>	<b>29,904,290</b>	<b>41,580,994</b>
CURRENT LIABILITIES		
Loans	23,996,484	13,994,308
Other financial liabilities	1,560,111	331,505
Trade payables	26,204,071	15,734,266
- of which to related parties	1,074,716	761,431
Tax payables	2,458,942	695,008
- of which to related parties	350,721	74,375
Other payables	7,856,847	6,321,628
<b>Total current liabilities</b>	<b>48,646,143</b>	<b>37,076,715</b>
LIABILITIES HELD FOR SALE	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>201,908,964</b>	<b>187,412,936</b>



**Sabaf S.p.A. – Income Statement**

	2020	2019
<i>(in €)</i>		
<b>INCOME STATEMENT COMPONENTS</b>		
OPERATING REVENUE AND INCOME		
Revenue	102,583,189	94,899,421
- of which from related parties	15,221,230	13,984,435
Other income	5,647,168	4,045,581
<b>Total operating revenue and income</b>	<b>108,230,357</b>	<b>98,945,002</b>
OPERATING COSTS		
Materials	(43,270,717)	(32,805,599)
Change in inventories	1,650,153	(6,765,674)
Services	(22,208,703)	(20,124,041)
- of which to related parties	(457,769)	(1,698,535)
Personnel costs	(28,567,152)	(26,785,293)
Other operating costs	(1,307,048)	(926,250)
Costs for capitalised in-house work	1,293,579	1,588,760
<b>Total operating costs</b>	<b>(92,409,888)</b>	<b>(85,818,097)</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION AND AMORT CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS</b>		
	<b>15,820,469</b>	<b>13,126,905</b>
Depreciations and amortisation	(9,414,020)	(9,808,641)
Capital gains/(losses) on disposal of non-current assets	964,788	130,018
Write-downs/write-backs of non-current assets	(761,407)	(500,000)
- of which by related parties	(620,000)	(500,000)
<b>EBIT</b>		
	<b>6,609,830</b>	<b>2,948,282</b>
Financial income	201,591	211,324
- of which by related parties	176,889	199,308
Financial expenses	(717,703)	(816,612)
Exchange rate gains and losses	(398,970)	(10,015)
Profits and losses from equity investments	609,252	1,357,665
- of which by related parties	609,252	1,357,665
<b>PROFIT BEFORE TAXES</b>		
	<b>6,304,001</b>	<b>3,690,644</b>
Income taxes	105,674	131,232
<b>PROFIT FOR THE YEAR</b>		
	<b>6,409,674</b>	<b>3,821,876</b>