

PRESS RELEASE

SABAF: RECORD RESULTS IN Q4 2020

Chief Executive Officer Pietro Iotti: "I am very pleased with the results that the Sabaf Group has been able to achieve in what has certainly been a complicated year. Our efforts in innovation, product range expansion and internationalisation provide a solid foundation for robust and sustainable growth in the future. We expect to drive the Group's expansion also through further acquisitions"

FOURTH QUARTER 2020 RESULTS

NET SALES: €59.5 million (€40.7 million in the fourth quarter of 2019) **+46.2%**

EBITDA: €14.2 million (€6.6 million in the fourth quarter of 2019) **+116%**

EBITDA/SALES: 23.9% (16.2 % in the fourth quarter of 2019)

EBIT: €9.9 million (€2.1 million in the fourth quarter of 2019) **+360%**

NET PROFIT: €9.7 million (€3.1 million in the fourth quarter of 2019) **+211%**

FULL YEAR 2020 RESULTS

NET SALES: €184.9 million (€155.9 million in 2019) **+18.6%** (+8.4% on a like-for-like consolidation scope)

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

EBITDA/SALES: 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%**

SALES OVER €200 MILLION ARE EXPECTED IN 2021

Ospitaletto, 11 February 2021 - The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement at 31 December 2020.

The coronavirus pandemic, which so deeply affected the world in 2020, presented all organisations with new challenges: the ability to withstand and react immediately to unpredictable and rapidly changing scenarios was the critical success factor during this period. Since the second half of 2020, the allocation of a greater share of consumers' budgets to household goods has led to a significant increase in the final demand for household appliances in all geographical areas, from which the Sabaf Group is also benefiting.

Consolidated results for Q4 2020

Revenue amounted to €59.5 million in the fourth quarter, up 46.2% from €40.7 million in the same period of 2019. This is an unprecedented result in the Group's history to which the start of the supply of burners on a global scale to strategic customers and cross-selling between the gas and electronics divisions contributed significantly. The latter, in particular, recorded a 77% increase in sales in the fourth quarter of 2020.

To cope with the sudden increase in orders, the Group promptly implemented measures to increase and maximise production capacity. This resulted in a substantial improvement in profitability: EBITDA for the fourth quarter of 2020 was €14.2 million, or 23.9% of sales, up by 116% compared to the figure of €6.6 million in the fourth quarter of 2019 (16.2% of sales).

EBIT was €9.9 million or 16.6% of sales, and 360.4% higher than €2.1 million of the same quarter in 2019 (5.3% of sales).

The net profit for the period was €9.7 million, up by 211.1% compared to the figure of €3.1 million in the fourth quarter of 2019.

Consolidated results for 2020

In the whole of 2020, revenue totalled €184.9 million, up by 18.6% compared to €155.9 million in 2019 (+8.4% on a like-for-like consolidation scope). 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.

Investments and financial position

In the fourth quarter of 2020, the positive free cash flow¹ was €9.1 million.

During the same period, investments amounted to €5 million (€4.9 million in the fourth quarter of 2019), bringing total investments for the year to €17.3 million (€12 million in 2019).

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.

Investments in 2020 were mainly aimed at industrialising new products to significantly increase shares with certain strategic customers.

At 31 December 2020, net working capital² was €52.2 million with an impact on sales of 28.2%, down from 31.9% at 31 December 2019 when it amounted to €49.7 million.

At the end of 2020, net financial debt was €56.3 million compared to €63.6 million at 30 September 2020 and €55.1 million at 31 December 2019 against a shareholders' equity of €117.8 million. At 31 December 2020, net financial debt included financial liabilities related to put options granted on minority interests in subsidiaries of €6.8 million and the present value of lease and rental payments of €3.7 million, recognised in accordance with IFRS 16.

Outlook

In the first half of 2021, sales and orders will remain at the high levels of the end of 2020, considering that all markets continue to show very strong demand. This trend is expected to continue in the third quarter, 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 believed that it will be possible to achieve revenue in excess of €200 million, up at least 8% on 2020. Furthermore, it is expected that the diversification of the Group's offer, 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 a possible unfavourable exchange rate trend, allowing the Group to maintain an operating profitability (EBITDA %) close to 20%.

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

Policy on the composition of corporate bodies

In view of the forthcoming renewal of the Board of Directors and the Board of Statutory Auditors, the Board also approved the updating of the Policy on the composition of corporate bodies, also to reflect the recent regulatory changes and the provisions of the Corporate Governance Code.

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



We burn for technology and safety.

Today at **4.00** p.m. CET there will be a conference call to illustrate the results of the fourth quarter of 2020 to financial analysts and institutional investors (please call the number +02 805 88 11 a few minutes before it begins). Interim Management Statement for Q4 2020, which has not been independently audited, is available in the Investor Relations section of the website www.sabaf.it. 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, statement of cash flows and net financial position.

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)	31/12/2020	30/09/2020	31/12/2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	76,507	74,482	75,885
Investment property	3,253	3,458	3,976
Intangible assets	43,017	43,817	51,668
Equity investments	173	161	115
Financial assets	0	0	60
Non-current receivables	518	444	297
Deferred tax assets	8,075	7,079	6,505
Total non-current assets	131,543	129,441	138,506
CURRENT ASSETS			
Inventories	39,224	36,585	35,343
Trade receivables	63,436	54,431	46,929
Tax receivables	2,419	2,095	4,458
Other current receivables	3,167	2,258	1,459
Financial assets	1,495	1,337	1,266
Cash and cash equivalents	13,318	9,144	18,687
Total current assets	123,059	105,850	108,142
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	254,602	235,291	246,648
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	87,504	87,220	92,580
Net profit for the period	13,961	4,245	9,915
<i>Total equity interest attributable to the Parent Company</i>	<i>112,998</i>	<i>102,998</i>	<i>114,028</i>
<i>Minority interests</i>	<i>4,809</i>	<i>4,620</i>	<i>7,077</i>
Total shareholders' equity	117,807	107,618	121,105
NON-CURRENT LIABILITIES			
Loans	32,153	37,598	44,046
Other financial liabilities	0	0	7,383
Post-employment benefit and retirement provisions	3,513	3,581	3,698
Provisions for risks and charges	1,433	914	995
Deferred tax liabilities	4,697	6,269	7,273
Total non-current liabilities	41,796	48,362	63,395
CURRENT LIABILITIES			
Loans	29,098	24,949	19,015
Other financial liabilities	9,884	11,535	4,637
Trade payables	41,773	29,900	27,560
Tax payables	3,287	2,053	1,802
Other payables	10,957	10,874	9,134
Total current liabilities	94,999	79,311	62,148
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	254,602	235,291	246,648

Consolidated Income Statement

(€/000)	Q4 2020		Q4 2019		12M 2020		12M 2019	
INCOME STATEMENT COMPONENTS								
OPERATING REVENUE AND INCOME								
Revenue	59,461	100.0%	40,671	100.0%	184,906	100.0%	155,923	100.0%
Other income	4,158	7.0%	1,393	3.4%	7,194	3.9%	3,621	2.3%
Total operating revenue and income	63,619	107.0%	42,064	103.4%	192,100	103.9%	159,544	102.3%
OPERATING COSTS								
Materials	(26,528)	-44.6%	(15,401)	-37.9%	(82,966)	-44.9%	(57,464)	-36.9%
Change in inventories	2,712	4.6%	(1,961)	-4.8%	6,406	3.5%	(8,617)	-5.5%
Services	(11,543)	-19.4%	(7,786)	-19.1%	(34,264)	-18.5%	(29,488)	-18.9%
Personnel costs	(13,215)	-22.2%	(10,498)	-25.8%	(43,700)	-23.6%	(37,103)	-23.8%
Other operating costs	(895)	-1.5%	(187)	-0.5%	(1,981)	-1.1%	(1,698)	-1.1%
Costs for capitalised in-house work	75	0.1%	356	0.9%	1,502	0.8%	1,859	1.2%
Total operating costs	(49,394)	-83.1%	(35,477)	-87.2%	(155,003)	-83.8%	(132,511)	-85.0%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	14,225	23.9%	6,587	16.2%	37,097	20.1%	27,033	17.3%
Depreciations and amortisation								
	(4,263)	-7.2%	(4,446)	-10.9%	(16,968)	-9.2%	(15,183)	-9.7%
Capital gains/(losses) on disposals of non-current assets								
	45	0.1%	2	0.0%	105	0.1%	46	0.0%
Write-downs/write-backs of non-current assets								
	(141)	-0.2%	0	0.0%	(141)	-0.1%	0	0.0%
OPERATING PROFIT (EBIT)								
	9,866	16.6%	2,143	5.3%	20,093	10.9%	11,896	7.6%
Financial income								
	(235)	-0.4%	356	0.9%	1,366	0.7%	638	0.4%
Financial expenses								
	(1,004)	-1.7%	(92)	-0.2%	(2,146)	-1.2%	(1,339)	-0.9%
Exchange rate gains and losses								
	29	0.0%	(1,230)	-3.0%	(4,812)	-2.6%	(1,380)	-0.9%
Profits and losses from equity investments								
	39	0.1%	(39)	-0.1%	8	0.0%	(39)	0.0%
PROFIT BEFORE TAXES								
	8,695	14.6%	1,138	2.8%	14,509	7.8%	9,776	6.3%
Income taxes								
	1,200	2.0%	2,037	5.0%	(149)	-0.1%	407	0.3%
NET PROFIT FOR THE PERIOD								
	9,895	16.6%	3,175	7.8%	14,360	7.8%	10,183	6.5%
of which:								
Profit attributable to minority interests								
	179	0.3%	52	0.1%	399	0.2%	268	0.2%
PROFIT ATTRIBUTABLE TO THE GROUP								
	9,716	16.3%	3,123	7.7%	13,961	7.6%	9,915	6.4%

Consolidated statement of cash flows

<i>(€/000)</i>	Q4 2020	Q4 2019	12M 2020	12M 2019
<i>Cash and cash equivalents at beginning of period</i>	9,144	11,002	18,687	13,426
Net profit/(loss) for the period	9,895	3,175	14,360	10,183
Adjustments for:				
- Depreciation and amortisation for the period	4,263	4,446	16,968	15,183
- Realised gains/losses	(45)	(2)	(105)	(46)
- Write-downs/write-backs of non-current assets	141	0	141	0
- Profits and losses from equity investments	(12)	39	(8)	39
- Financial income and expenses	1,239	(264)	780	701
- IFRS 2 measurement stock grant plan	713	247	658	681
- Income tax	(1,200)	(2,037)	149	(407)
Payment of post-employment benefit provision	(63)	237	(180)	300
Change in risk provisions	519	381	438	270
<i>Change in trade receivables</i>	<i>(9,005)</i>	<i>8,420</i>	<i>(16,507)</i>	<i>10,148</i>
<i>Change in inventories</i>	<i>(2,639)</i>	<i>2,298</i>	<i>(3,881)</i>	<i>9,090</i>
<i>Change in trade payables</i>	<i>11,873</i>	<i>1,408</i>	<i>14,213</i>	<i>(2,901)</i>
Change in net working capital	229	12,126	(6,175)	16,337
Change in other receivables and payables, deferred tax liabilities	(1,114)	2,109	2,072	1,344
Payment of taxes	(252)	(1,570)	(2,956)	(2,952)
Payment of financial expenses	(316)	(106)	(1,235)	(1,339)
Collection of financial income	67	356	160	638
Cash flows from operations	14,064	19,137	25,067	40,932
Net investments	(4,942)	(4,874)	(17,296)	(12,014)
Repayment of loans	(8,536)	(7,417)	(18,413)	(29,682)
New loans	8,313	(332)	16,216	18,271
Change in financial assets	0	(2,412)	60	978
Purchase/sale of treasury shares	(336)	3,146	(2,073)	3,146
Payment of dividends	(3,924)	0	(3,924)	(6,060)
Cash flows from financing activities	(4,482)	(7,015)	(8,133)	(13,347)
Okida acquisition	0	0	0	(317)
C.M.I. acquisition	0	0	(3,063)	(10,475)
Foreign exchange differences	(466)	437	(1,944)	482
Net cash flows for the period	4,174	7,685	(5,369)	5,261
<i>Cash and cash equivalents at end of period</i>	<i>13,318</i>	<i>18,687</i>	<i>13,318</i>	<i>18,687</i>
Current financial debt	37,487	22,386	37,487	22,386
Non-current financial debt	32,153	51,430	32,153	51,430
Net financial debt	56,322	55,128	56,322	55,128

Consolidated net financial position

<i>(€/000)</i>	31/12/2020	30/09/2020	31/12/2019
A. Cash	13	19	19
B. Positive balances of unrestricted bank accounts	12,789	8,723	18,590
C. Other cash equivalents	516	402	79
D. Liquidity (A+B+C)	13,318	9,144	18,687
E. Current financial receivables	1,495	1,337	1,266
F. Current bank payables	13,297	7,625	3,313
G. Current portion of non-current debt	15,801	16,044	14,653
H. Other current financial payables	9,884	12,815	5,686
I. Current financial debt (F+G+H)	38,982	36,484	23,652
J. Net current financial debt (I-E-D)	24,169	26,003	3,698
K. Non-current bank payables	28,647	34,005	40,569
L. Other non-current financial payables	3,506	3,593	10,861
M. Non-current financial debt (K+L)	32,153	37,598	51,430
N. Net financial debt (J+M)	56,322	63,601	55,128