

We burn for technology and safety.



FINANCIAL PRESENTATION

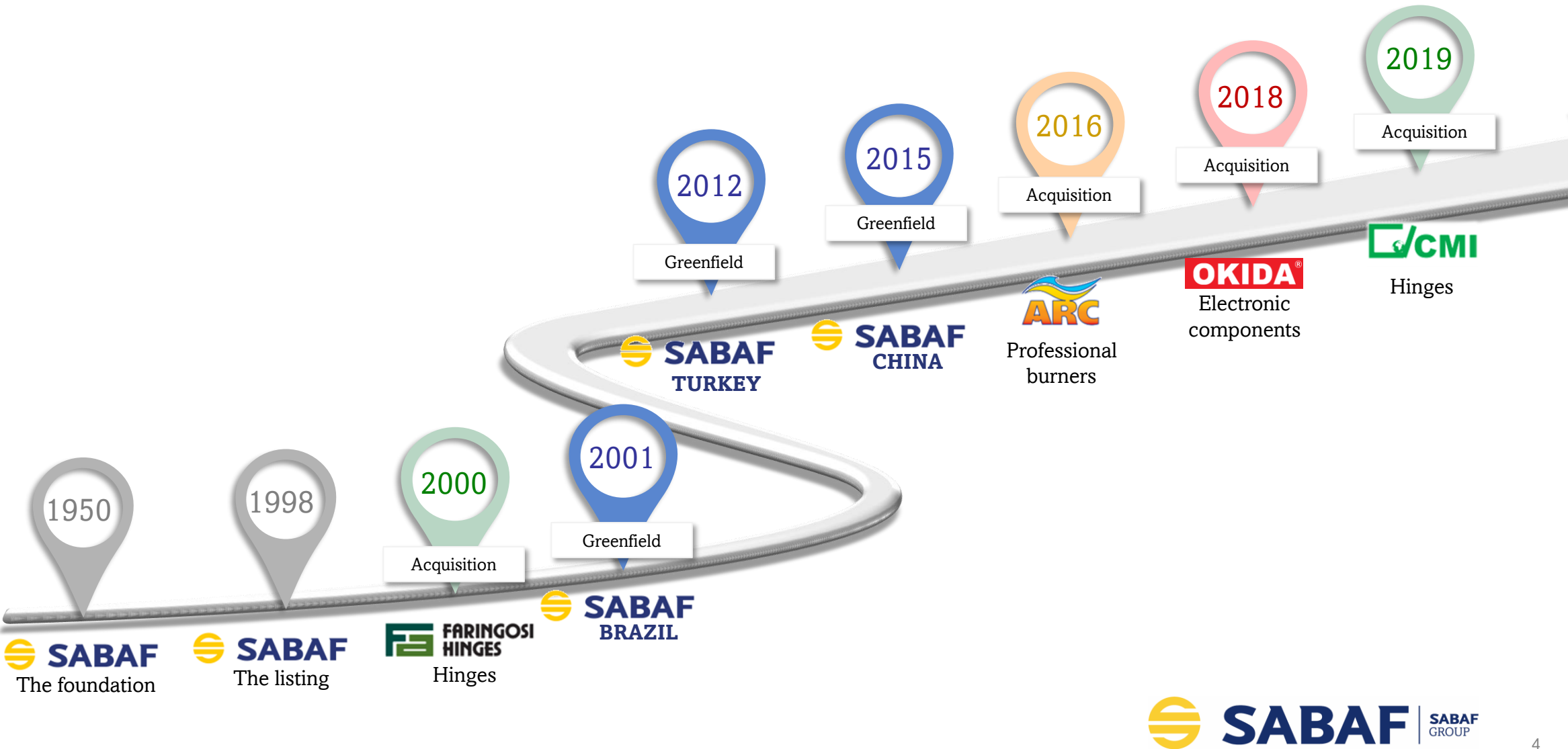
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COMPANY PROFILE

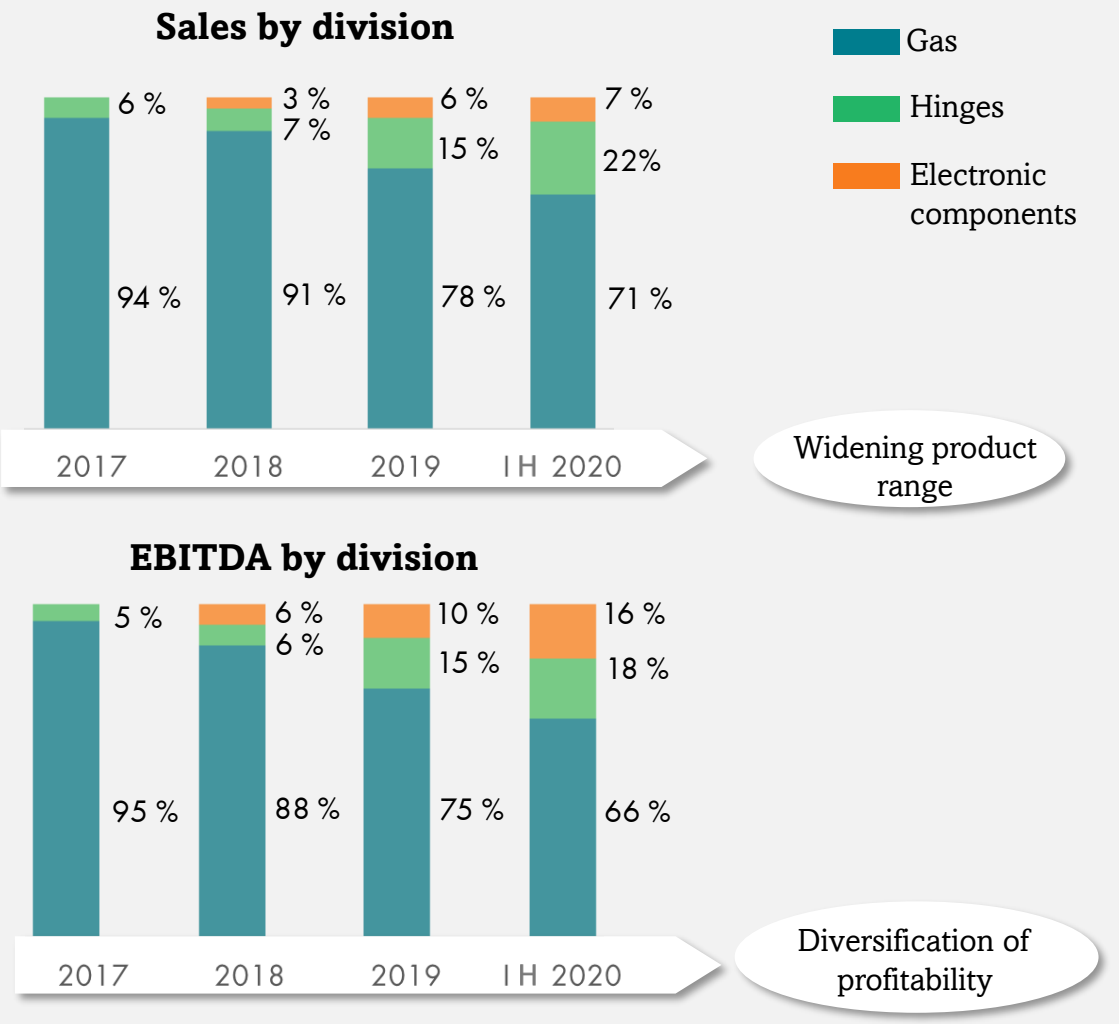
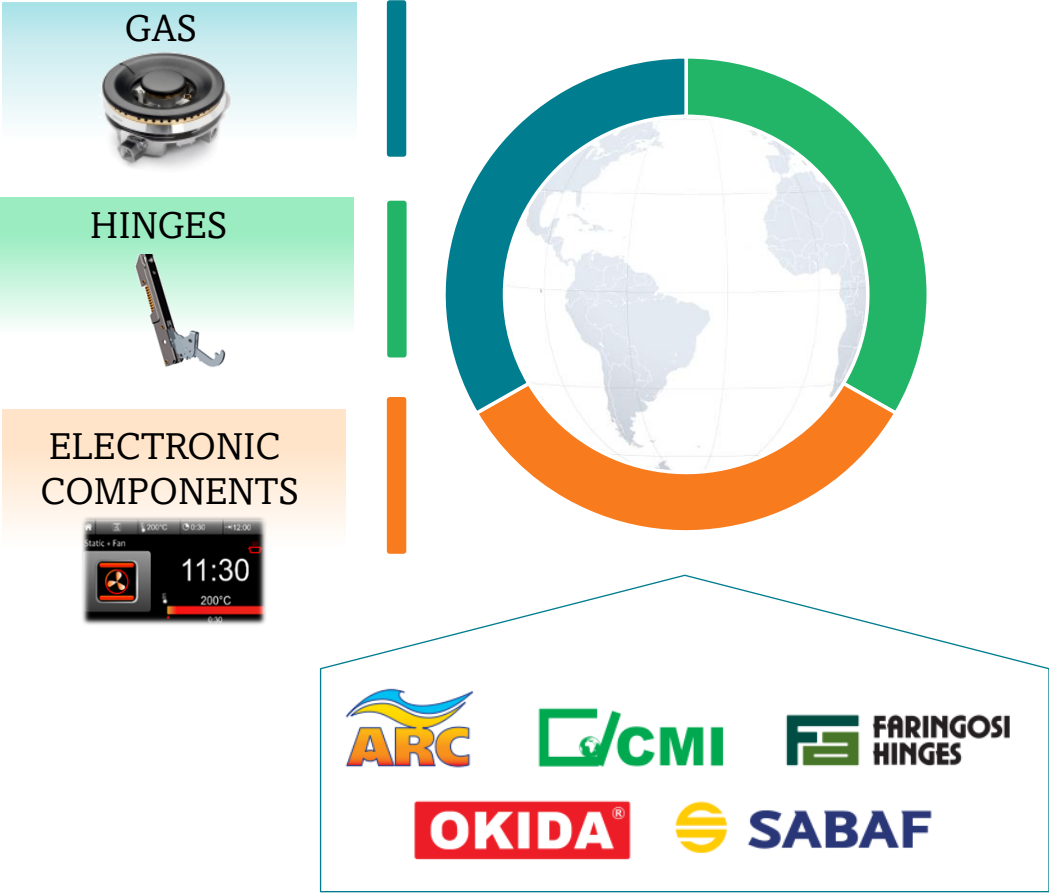
Sabaf Group

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 30 June 2020:
1,133



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

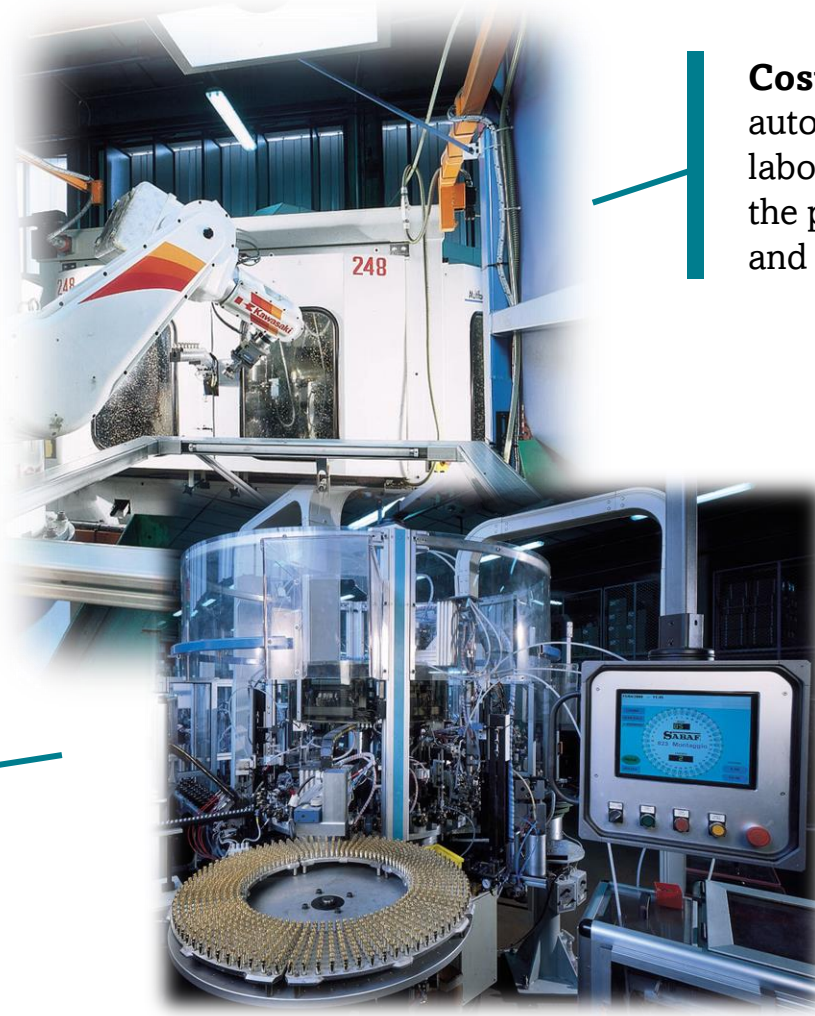
Sabaf Group

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



Cost and quality leadership: highly automated plants and low incidence of direct labor, € 61 mn investments (8.8% of sales) in the past 5 years, to reinforce competitiveness and to ensure the highest quality standards

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

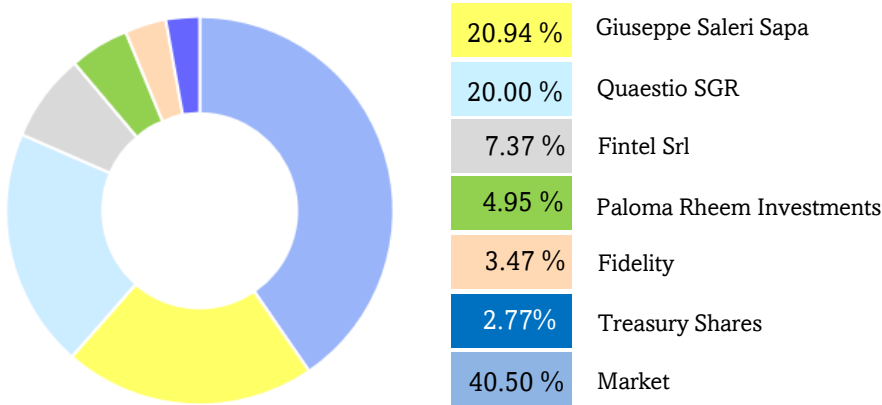
Intellectual capital: highly specialized and qualified staff (40+ R&D engineers)

Sabaf Group

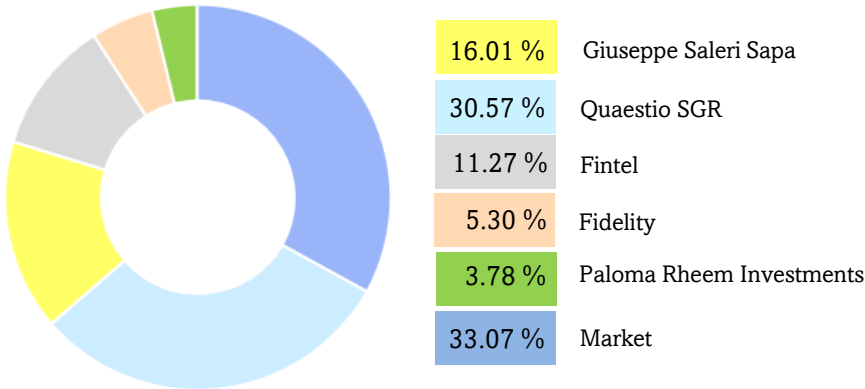
Stock price & main Shareholders



% OF SHARE CAPITAL



% OF VOTING RIGHTS



1ST HALF 2020
FINANCIAL PERFORMANCE

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% due to the cancellation or postponement of customers' orders and stop of their activities 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

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 – First Half 2020

- Protective equipment and sanitation activities: 300,000 euro
- Employees benefits: 150,000 euro

Performance data

Income statement – I half 2020

€ x 000	6 MONTHS 2020		6 MONTHS 2019 *		Δ % 20 - 19	12 MONTHS 2019 **	
Revenue	78,164	100.0%	74,826	100.0%	+4.5%	155,923	100.0%
Other income	1,969	2.5%	1,294	1.7%		3,621	2.3%
Total operating revenue and income	80,133		76,120			159,544	
Materials	(35,381)	(45.3%)	(27,878)	(37.3%)		(57,464)	(36.9%)
Personnel costs	(19,901)	(25.5%)	(17,659)	(23.6%)		(37,103)	(23.8%)
Change in inventories	3,677	4.7%	(3,687)	(4.9%)		(8,617)	(5.5%)
Other operating costs	(15,244)	(19.5%)	(14,002)	(18.7%)		(29,327)	(18.8%)
EBITDA	13,284	17.0%	12,894	17.2%	+3.0%	27,033	17.3%
Depreciation	(8,508)	(10.9%)	(6,689)	(8.9%)		(15,183)	(9.7%)
Gains/losses on fixed assets	41	0.1%	48	0.1%		46	0.0%
EBIT	4,817	6.2%	6,253	8.4%	-23.0%	11,896	7.6%
Net financial expense	761	1.0%	(554)	(0.7%)		(701)	(0.4%)
Exchange rate gains and losses	(1,837)	(2.4%)	(1,041)	(1.4%)		(1,380)	(0.9%)
Profits and losses from equity investments		0.0%		0.0%		(39)	(0.0%)
EBT	3,741	4.8%	4,658	6.2%	-19.7%	9,776	6.3%
Income taxes	(1,225)	(1.6%)	(1,024)	(1.4%)		407	0.3%
PROFIT FOR THE YEAR	2,516	3.2%	3,634	4.9%	-30.8%	10,183	6.5%
Minority interests	(92)	(0.1%)	(121)	(0.2%)		(268)	(0.2%)
PROFIT ATTRIBUTABLE TO THE GROUP	2,424	3.1%	3,513	4.7%	-31.0%	9,915	6.4%

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

Performance data

Income statement – II quarter 2020

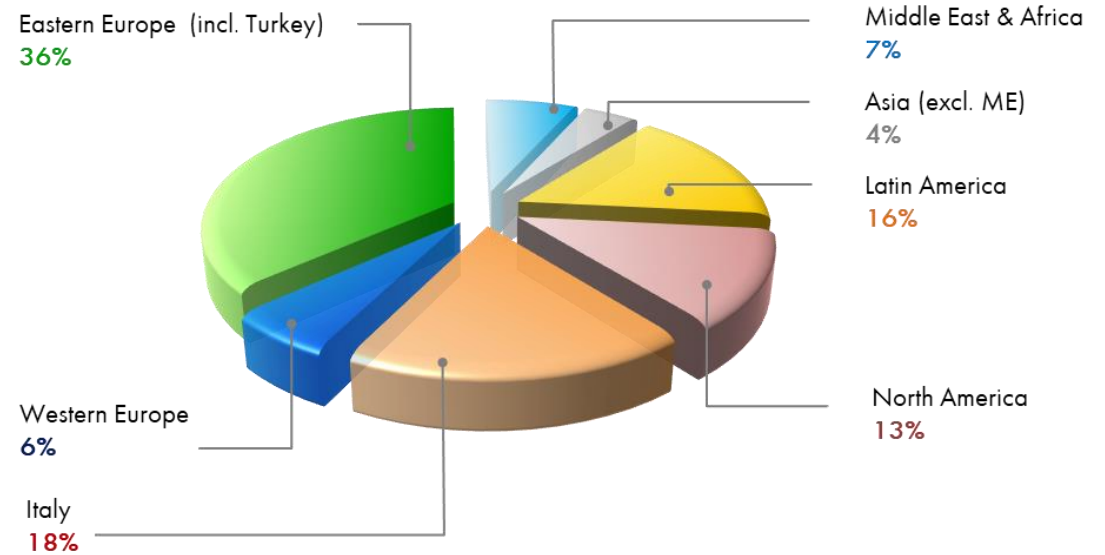
€ x 000	II QUARTER 2020		II QUARTER 2019*		Δ % 20 - 19
Revenue	34,312	100.0%	37,191	100.0%	-7.7%
Other income	920	2.7%	622	1.7%	
Total operating revenue and income	35,232		37,813		
Materials	(16,243)	(47.3%)	(13,599)	(36.6%)	
Personnel costs	(9,648)	(28.1%)	(8,799)	(23.7%)	
Change in inventories	3,981	11.6%	(2,422)	(6.5%)	
Other operating costs	(7,727)	(22.5%)	(6,716)	(18.1%)	
EBITDA	5,595	16.3%	6,277	16.9%	-10.9%
Depreciation	(4,171)	(12.2%)	(3,377)	(9.1%)	
Gains/losses on fixed assets	33	0.1%	3	0.0%	
EBIT	1,457	4.2%	2,903	7.8%	-49.8%
Net financial expense	1,113	3.2%	(322)	(0.9%)	
Exchange rate gains and losses	(1,021)	(3.0%)	(644)	(1.7%)	
Profits and losses from equity investments		0.0%		0.0%	
EBT	1,549	4.5%	1,937	5.2%	-20.0%
Income taxes	(713)	(2.1%)	(459)	(1.2%)	
PROFIT FOR THE YEAR	836	1.1%	1,478	4.0%	-43.4%
Minority interests	41	0.1%	(80)	(0.2%)	
PROFIT ATTRIBUTABLE TO THE GROUP	877	2.6%	1,398	3.8%	-37.3%

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

Performance data

Sales by market

€ x 000	6 MONTHS 2020	6 MONTHS 2019*	
Italy	14,364	16,733	-14.2%
Western Europe	4,580	6,500	-29.5%
Eastern Europe (incl. Turkey)	28,355	24,286	+16.8%
Middle East & Africa	5,508	3,196	+72.3%
Asia (excl. ME)	3,131	4,438	-29.4%
Latin America	12,400	12,103	+2.5%
North America	9,826	7,570	+29.8%
Total	78,164	74,826	+4.5%



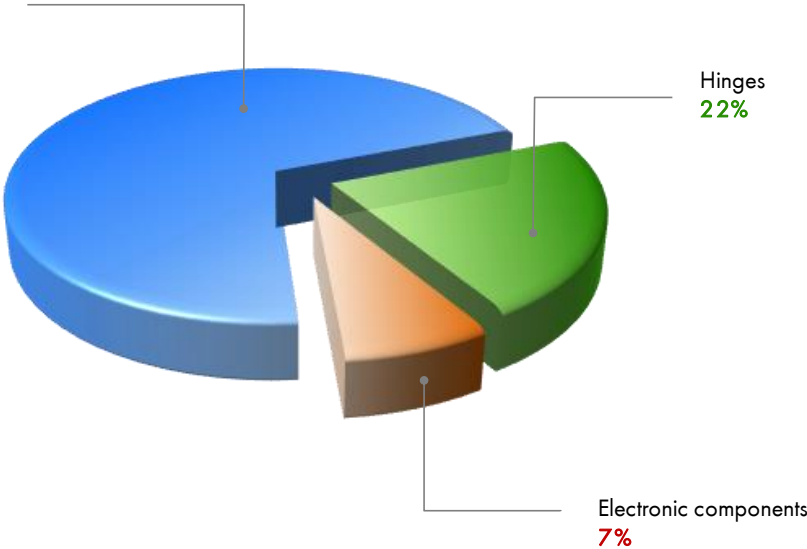
* C.M.I. Group has been consolidated from August 2019

Performance data

Sales by product

€ x 000	6 MONTHS 2020	6 MONTHS 2019*	
Gas parts	55,123	64,330	-14.3%
Hinges	17,262	5,730	+201.3%
Electronic components	5,778	4,766	+21.2%
Total	78,164	74,826	+4.5%

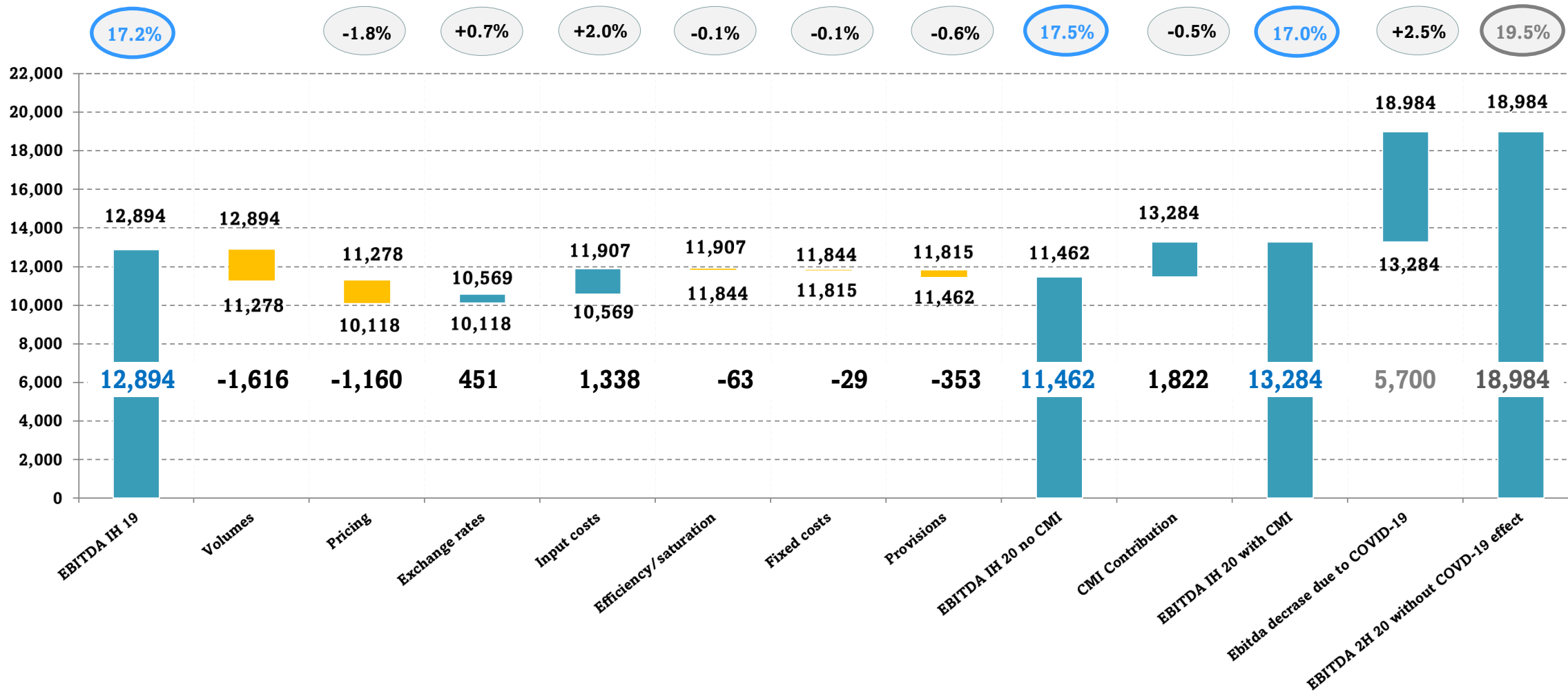
Gas parts
71%



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

Performance data

Ebitda bridge IH 2020 vs. IH 2019



Performance data

Balance Sheet

€ x 000	30.06.2020	31.03.2020	31.12.2019	30.06.2019	31.03.2019
Fixed assets	133,599	134,108	138,506	116,061	118,200
<i>Inventories</i>	37,599	34,080	35,343	35,141	37,676
<i>Trade receivables</i>	48,964	53,136	46,929	46,712	44,769
<i>Tax receivables</i>	3,081	3,067	4,458	2,958	3,438
<i>Other current receivables</i>	2,147	2,694	1,459	2,114	1,776
<i>Trade payables</i>	(26,338)	(26,558)	(27,560)	(21,450)	(20,746)
<i>Tax payables</i>	(1,165)	(1,617)	(1,802)	(1,703)	(2,768)
<i>Other payables</i>	(10,836)	(9,076)	(9,134)	(8,289)	(7,055)
Net working capital	53,452	55,726	49,693	55,483	57,090
Provisions for risks and severance indemnity	(11,425)	(11,751)	(11,966)	(6,162)	(6,402)
Capital Employed	175,626	178,083	176,233	165,382	168,888
Equity	114,980	117,545	121,105	115,064	120,395
Net debt	60,646	60,538	55,128	50,318	48,493
Sources of finance	175,626	178,083	176,233	165,382	168,888

Performance data

Cash flow statement

€ x 000	30.06.2020	30.06.2019	31.12.2019
Cash at the beginning of the period	18,687	13,426	13,426
Net profit	2,516	3,634	10,183
Depreciation	8,508	6,689	15,183
Other income statement adjustments	140	1,807	1,538
Change in net working capital			
- Change in inventories	(2,256)	4,038	9,090
- Change in receivables	(2,035)	220	10,148
- Change in payables	(1,141)	235	(2,901)
	(5,432)	4,493	16,337
Other changes in operating items	(845)	(2,146)	(2,309)
Operating cash flow	4,887	14,477	40,932
Investments, net of disposals	(8,345)	(4,118)	(12,014)
Free Cash Flow	(3,458)	10,359	28,918
Cash flow from financial activity	(2,677)	(6,805)	(10,433)
Own shares buyback	(1,264)	-	3,146
Dividends	-	(6,060)	(6,060)
CMI Acquisition	-	-	(10,475)
OKIDA acquisition	-	(317)	(317)
Forex	(986)	298	482
Net financial flow	(8,385)	(2,525)	5,261
Cash at the end of the period	10,302	10,901	18,687
Current financial debt	31,397	22,463	22,386
Non-current financial debt	39,551	38,756	51,430
Net financial debt	60,646	50,318	55,130

€ x 000	30.06.2020	30.06.2019	31.12.2019
Liquidity and current financial assets	(11,579)	(10,961)	(19,954)
<i>Current financial debt</i>	<i>32,674</i>	<i>22,523</i>	<i>23,652</i>
<i>Non-current financial debt</i>	<i>39,551</i>	<i>38,756</i>	<i>51,430</i>
Financial debt	72,225	61,279	75,082
NET FINANCIAL DEBT	60,646	50,318	55,128

	30.06.2020	30.06.2019	31.12.2019
Unsecured loans	52,156	47,568	55,222
Short-term bank liabilities	4,893	9,373	3,689
Leases out of IFRS 16 scope	1,230	1,386	1,309
Other financial debts	1,233	120	1,293
Put Options	8,913	1,818	10,350
IFRS 16 leases	3,800	1,014	3,219
Financial debt	72,225	61,279	75,082

Performance data

Financial Indicators

	30.06.2020	30.06.2019**	31.12.2019 pro-forma***	
Change in turnover*	4.5%		+3.5%	
Change in turnover same scope of consolidation*	-12.5%		-8.9%	
ROCE (return on capital employed)	5.5%	7.6%	6.8%	7.1%
Net debt/EBITDA	2.28	1.95	2.04	1.86
Net working capital/Turnover	34.2%	37.1%	31.9%	28.7%
Net deb/equity	52.7%	43.7%	45.5%	
Days of Sales Outstanding	113	112	108	97
Days of Payables Outstanding	93	91	114	90
Days of Inventory Outstanding	101	100	96	74

* For the 6 months 2020 the change in turnover has been calculated vs. the first half of 2019
For the 12 months 2020 the change in turnover has been calculated vs. the 12 months 2019

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

*** The return on capital employed and the pro-forma net debt/EBITDA ratio are calculated considering, for the companies acquired and included in the scope of consolidation during the year, the EBIT and EBITDA for the entire year

Outlook 2020 – Information released on 6th August 2020



Revenue in July and the orders portfolio for August and September show a **strong recovery in business**, with a return to moderate organic growth rates

On 6th August 2020 the Sabaf Group expected:



during the **third quarter** to achieve **sales of between €43 million and €46 million** (€40.7 million in the third quarter of 2019)



to be able to **close 2020** with sales **revenue ranging from €162 to €167 million** (4-7% higher than €155.9 million of 2019).



On a longer time horizon, uncertainties remain, mainly related to the development of the global health situation

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

BUSINESS PLAN 2018 – 2022

Business plan 2018 - 2022

Where we are 1/2

Business Plan update:
End of 2020

GROWTH

BY ACQUISITIONS: in line with the Business Plan

OKIDA

Electronic components
September 2018

2 Transactions
successfully completed

CMI

Hinges
July 2019

Tangible **products** and **commercial synergies** with Sabaf's customers, already in progress and better than expected

Strong **integration**

Acquisition of **know-how**

Less dependence on gas cooking components segment

Substantial growth potential

Business plan 2018 - 2022

Where we are 2/2

GROWTH

ORGANIC: slightly below Business Plan expectations, mainly for external factors
(Turkish crisis and Middle East trade sanctions)

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**

Basis for organic growth in the near future

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.

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