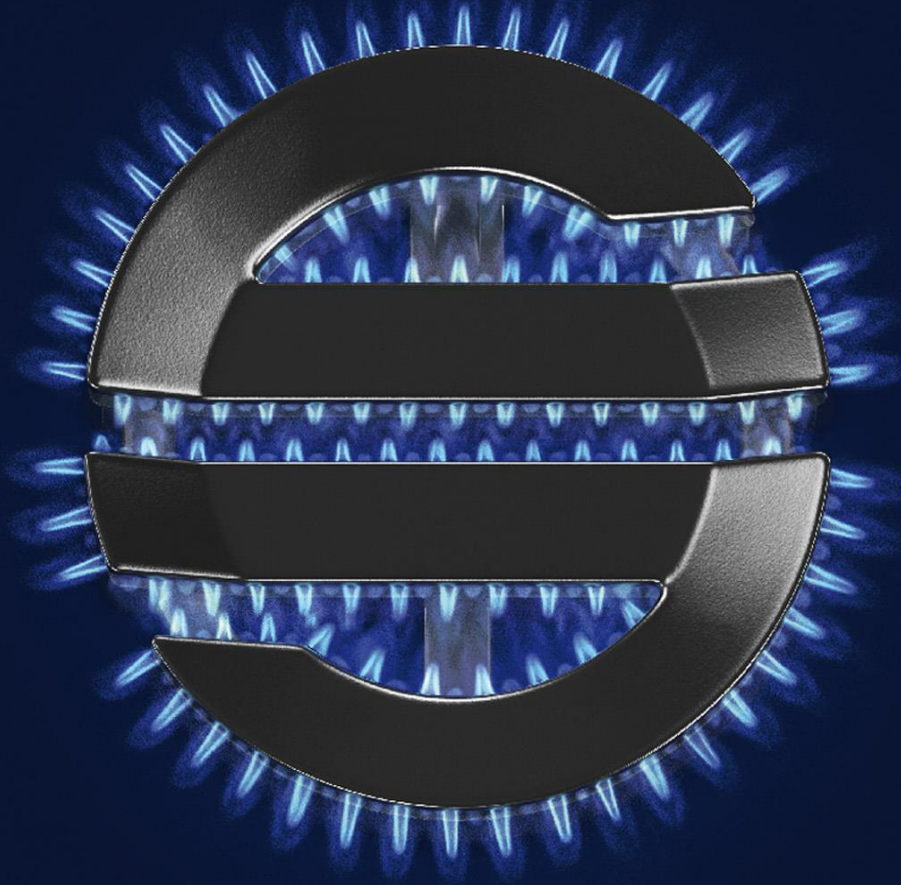


We burn for technology and safety.



FINANCIAL PRESENTATION

INDUSTRIAL DAY

Milan, Borsa Italiana – 5 September 2018

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- I. COMPANY PROFILE
- II. FIRST HALF 2018 PERFORMANCE
- III. BUSINESS PLAN 2018 – 2022
- IV. ACQUISITION OF OKIDA

COMPANY PROFILE

Product range - the heart of gas cooking appliances



Industrial Footprint



Total Group employees
at 30.06.2018:

865 (Okida excluded)

SABAF S.P.A.

Valves and thermostats
Standard burners
Special burners
556 employees



OKIDA

NEW

Electronics for household appliances
84 employees



FARINGOSI-HINGES S.R.L.

Oven hinges
Washing machine hinges
48 employees



SABAF TURKEY

Standard burners
137 employees



SABAF APPLIANCE COMPONENTS (KUNSHAN) CO. LTD

Wok burners
8 employees



ARC S.R.L.

Professional burners
22 employees



SABAF DO BRASIL LTDA

Standard burners
Special burners
94 employees



ARC HANDAN JV

Professional Wok
burners



Market, product & technology



MARKET

- ✓ **Global leader** in the segment of components for domestic gas cooking appliances, with over 300 customers in 60 different countries. A strong leadership in Europe (market share above 40%), estimated market share worldwide of about 10%
- ✓ Weight of top 10 customers on total Group sales is **less than 50%**
- ✓ Each top 10 customer represents **less than 10%** of total Group sales
- ✓ **Long-term agreements and strong relationships** with customers, based on mutual trust, technical cooperation, co-engineering and tailor-made products



PRODUCT & TECHNOLOGY

- ✓ **Continuous product innovation:** over 30 active patents
- ✓ **Knowledge:** 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
- ✓ **Cost and quality leadership:** highly automated plants and low incidence of direct labor, € 58 mn investments (8.4% 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

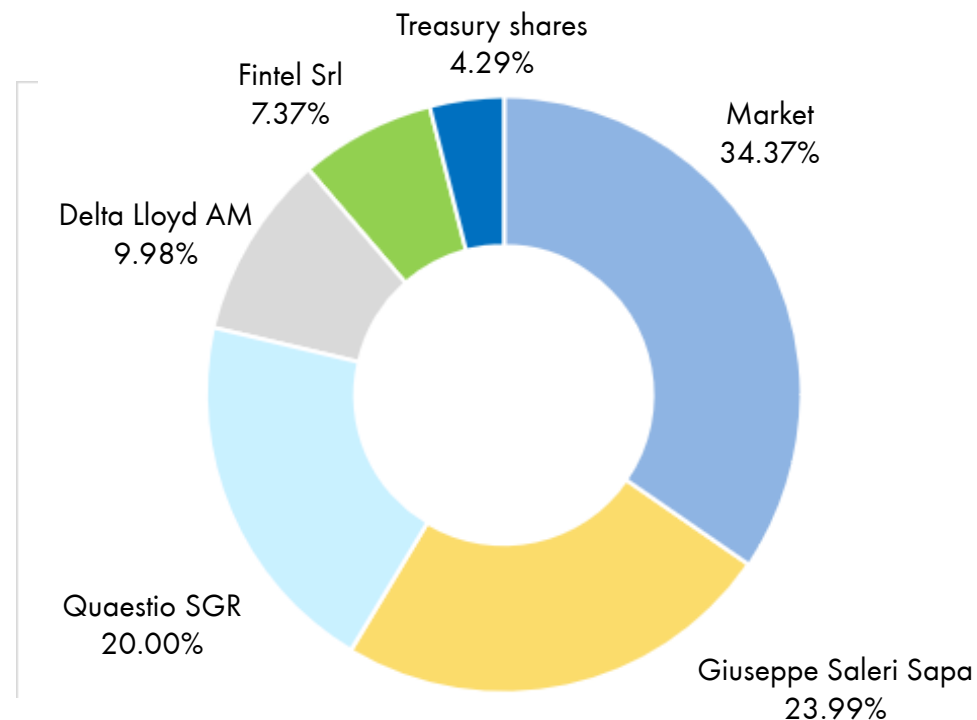
Stock price and main shareholders



Sabaf vs. FTSE Italia STAR – past 3 years

Market cap: € 164 mn at 31 August 2018

2018 paid dividend: € 0.55 per share
(0.48 € per share paid in 2017)



FIRST HALF 2018 PERFORMANCE

Performance data

Income statement

€ x 000	H1 2018		H1 2017		Δ % 18 - 17	FY 17		FY 16		Δ % 17-16
SALES	76,013	100.0%	77,236	100.0%	-1.6%	150,223	100.0%	130,978	100.0%	+14.7%
Materials	(34,556)	(45.5%)	(33,039)	(42.8%)		(59,794)	(39.8%)	(47,346)	(36.1%)	
Payroll	(18,273)	(24.0%)	(18,417)	(23.8%)		(35,328)	(23.5%)	(32,112)	(24.5%)	
Change in stock	6,472	8.5%	5,195	6.7%		2,380	1.6%	(754)	(0.6%)	
Other operating costs/income	(14,380)	(18.9%)	(14,193)	(18.4%)		(26,526)	(17.7%)	(25,401)	(19.4%)	
EBITDA	15,276	20.1%	16,782	21.7%	-9.0%	30,955	20.6%	25,365	19.4%	+22.0%
Depreciation	(6,303)	(8.3%)	(6,469)	(8.4%)		(12,826)	(8.5%)	(12,882)	(9.8%)	
Gains/losses on fixed assets	11	0.0%	7	0.0%		(12)	(0.0%)	18	0.0%	
EBIT	8,984	11.8%	10,320	13.4%	-12.9%	18,117	12.1%	12,501	9.5%	+44.9%
Net financial expense	(315)	(0.4%)	(154)	(0.2%)		(590)	(0.4%)	(519)	(0.4%)	
Foreign exchange gains/losses	1,072	1.4%	101	0.1%		274	0.2%	435	0.3%	
Equity investments profits/losses	-	0.0%	-	0.0%		3	0.0%	-	0.0%	
EBT	9,741	12.8%	10,267	13.3%	-5.1%	17,804	11.9%	12,417	9.5%	+43.4%
Income taxes	(2,412)	(3.2%)	(2,787)	(3.6%)		(2,888)	(1.9%)	(3,342)	(2.6%)	
Minorities	(103)	(0.1%)	(28)	(0.0%)		(81)	(0.1%)	(81)	(0.1%)	
NET INCOME	7,226	9.5%	7,452	9.6%	-3.0%	14,835	9.9%	8,994	6.9%	+64.9%

Performance data

Balance sheet

€ x 000	H1 2018	H1 2017	FY 2017	FY 2016
Fixed assets	92,451	93,962	93,802	94,141
<i>Inventories</i>	<i>38,293</i>	<i>36,046</i>	<i>32,929</i>	<i>31,484</i>
<i>Trade receivables</i>	<i>49,084</i>	<i>49,113</i>	<i>42,263</i>	<i>36,842</i>
<i>Tax receivables</i>	<i>2,792</i>	<i>2,177</i>	<i>3,065</i>	<i>3,163</i>
<i>Other current receivables</i>	<i>1,572</i>	<i>1,470</i>	<i>1,057</i>	<i>1,419</i>
<i>Trade payables</i>	<i>(25,083)</i>	<i>(25,822)</i>	<i>(19,975)</i>	<i>(18,977)</i>
<i>Tax payables</i>	<i>(2,353)</i>	<i>(1,760)</i>	<i>(1,095)</i>	<i>(1,190)</i>
<i>Other payables</i>	<i>(7,649)</i>	<i>(7,853)</i>	<i>(7,491)</i>	<i>(6,657)</i>
Net working capital	56,656	53,371	50,753	46,084
Capital Employed	149,107	147,333	144,555	140,225
Equity	110,398	111,322	115,055	112,377
Provisions for risks and severance indemnity	3,949	4,318	4,034	4,390
Net debt	34,760	31,693	25,466	23,458
Sources of finance	149,107	147,333	144,555	140,225

Performance data

Key performance indicators

	H1 2018	H1 2017	FY 2017	FY 2016
Debt / Equity	0.31	0.28	0.22	0.21
Debt / EBITDA	1.14	0.94	0.82	0.92
ROI	12.1%	13.9%	12.9%	9.2%
NWC / Sales	37.3%	34.6%	33.8%	35.2%
DSO	116	114	101	101
DPO	72	75	59	66
DSI	110	105	97	105

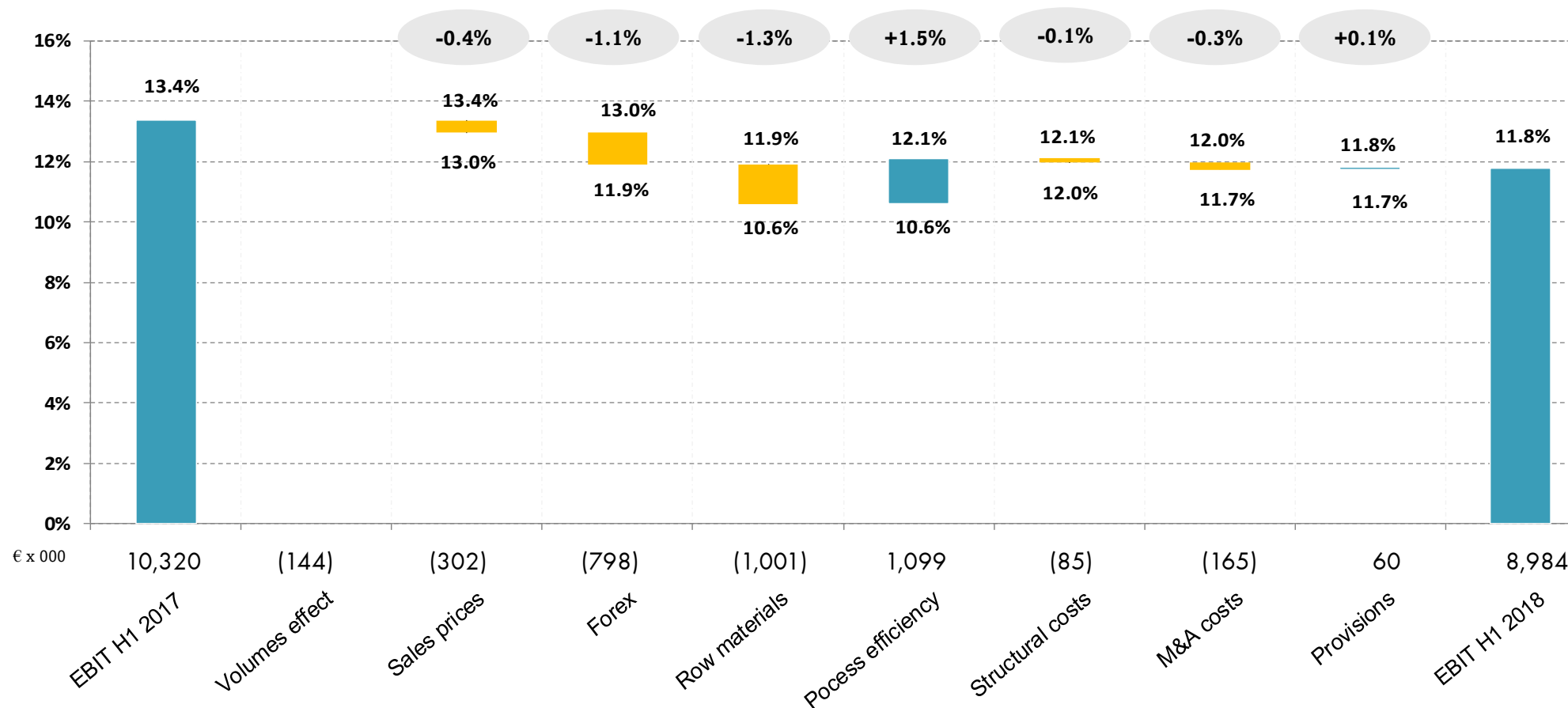
Performance data

Cash flow statement

€ x 000	H1 2018	H1 2017	FY 2017	FY 2018
Cash at the beginning of the period	11,533	12,143	12,143	3,991
Net profit	7,329	7,452	14,916	9,075
Depreciation	6,303	6,469	12,826	12,853
Other income statement adjustments	2,633	2,931	3,252	3,735
Change in net working capital				
- Change in inventories	(5,364)	(4,562)	(1,445)	416
- Change in receivables	(6,821)	(12,271)	(5,421)	5,107
- Change in payables	5,108	6,845	998	(1,286)
	(7,077)	(9,988)	(5,868)	4,237
Other changes in operating items	(1,472)	(329)	(2,347)	(3,969)
Operating cash flow	7,716	6,535	22,779	25,931
Investments, net of disposals	(6,632)	(7,036)	(13,944)	(11,762)
Free Cash Flow	1,084	(501)	8,835	14,169
Cash flow from financial activity	5,023	1,500	978	4,249
Own shares buyback	(2,086)	(937)	(2,110)	(1,676)
Dividends	(6,071)	(5,384)	(5,384)	(5,467)
ARC acquisition			-	(2,614)
Forex	(2,279)	(1,233)	(2,929)	(509)
Net financial flow	(4,329)	(6,555)	(610)	8,152
Cash at the end of the period	7,204	5,588	11,533	12,143
Current financial debt	17,631	19,452	17,363	14,947
Non-current financial debt	24,333	18,022	19,703	20,654
Net financial debt	34,760	31,886	25,533	23,458

Performance data

EBIT bridge H1 2017 – H1 2018

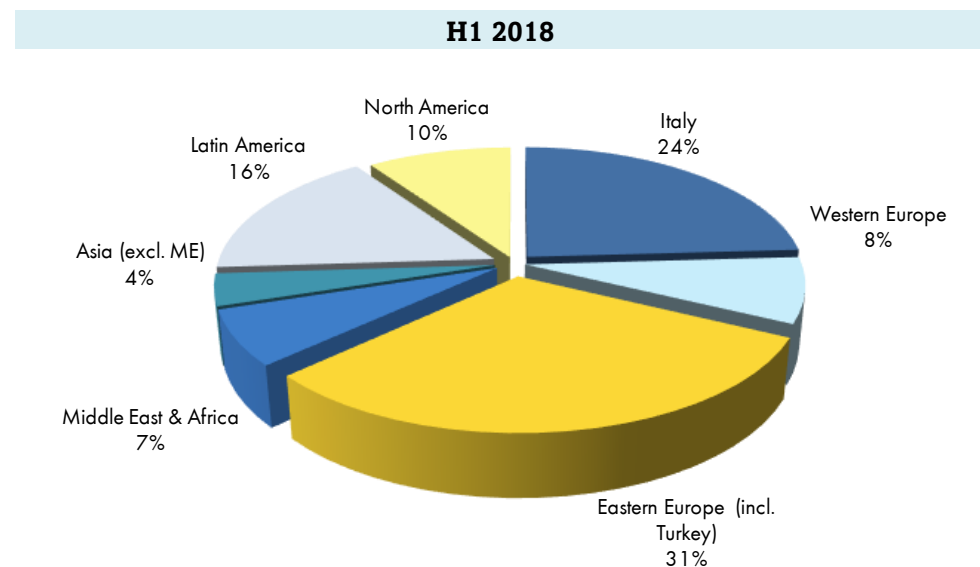


Performance data

Sales by market

€ x 000	H1 2018	H1 2017	
Italy	18,308	20,978	-12.7%
Western Europe	6,119	6,012	+1.8%
Eastern Europe (incl. Turkey)	23,632	21,071	+12.2%
Middle East & Africa	5,188	6,410	-19.1%
Asia (excl. ME)	2,994	5,013	-40.3%
Latin America	12,400	11,540	+7.4%
North America	7,372	6,212	+18.7%
Total	76,013	77,236	-1.6%

€ x 000	FY 2017	FY 2016	
Italy	36,523	36,365	+0.4%
Western Europe	11,678	8,553	+36.5%
Eastern Europe (incl. Turkey)	42,824	34,123	+25.5%
Middle East & Africa	13,009	11,698	+11.2%
Asia (excl. ME)	10,516	8,088	+30.0%
Latin America	22,938	20,847	+10.0%
North America	12,735	11,304	+12.7%
Total	150,223	130,978	+14.7%

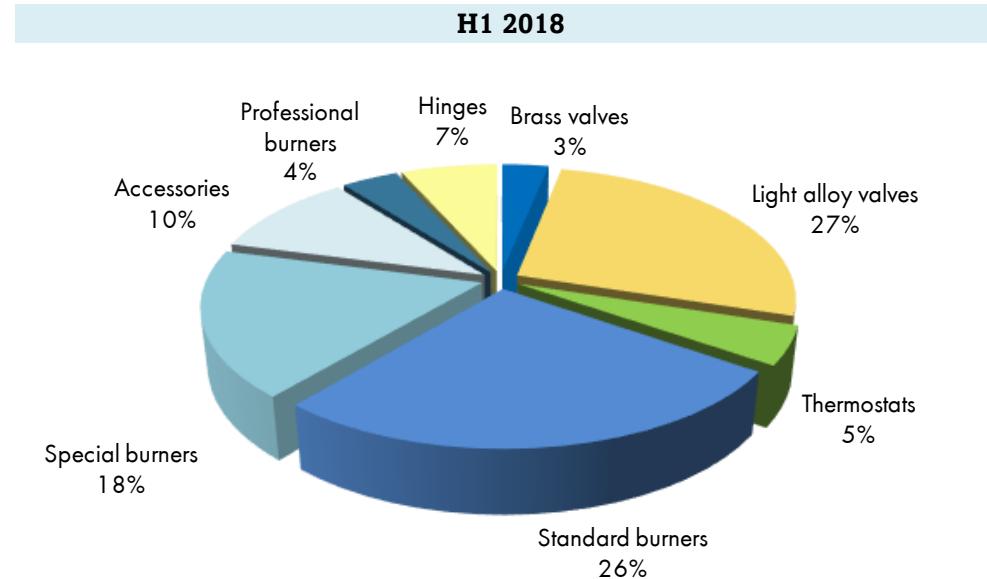


Performance data

Sales by product

€ x 000	H1 2018	H1 2017	
Brass valves	2,439	3,586	-32.0%
Light alloy valves	20,293	20,390	-0.5%
Thermostats	3,579	4,056	-11.8%
Standard burners	20,175	21,011	-4.0%
Special burners	13,610	13,920	-2.2%
Accessories	7,878	7,558	+4.2%
Professional burners	2,977	2,401	+24.0%
Hinges	5,062	4,314	+17.3%
Total	76,013	77,236	-1.6%

€ x 000	FY 2017	FY 2016	
Brass valves	5,991	9,007	-33.5%
Light alloy valves	39,351	32,393	+21.5%
Thermostats	7,376	7,699	-4.2%
Standard burners	41,070	37,338	+10.0%
Special burners	27,184	21,215	+28.1%
Accessories	15,267	12,613	+21.0%
Professional burners *	5,079	2,289	+121.9%
Hinges	8,905	8,424	+5.7%
Total	150,223	130,978	+14.7%



* Professional burners sales consolidated from the 1st of July 2016

Performance data

Outlook



OUTLOOK

- ✓ Even in July and August, the trend in demand appears to be different in the various markets in which the Group operates. A phase of weakness is confirmed in Italy, while encouraging signs of recovery are coming from the Middle East and Asia. North and South America confirm the progress already registered in the first half of the year.
- ✓ Albeit visibility in the second half of the year is still partial, taking into consideration the same scope of consolidation - excluding the contribution expected from the acquisition of Okida - for the entire 2018 financial year, the Group expects to achieve sales in line with 2017 and an operating profitability (% EBITDA) of around 20% (the previous forecast indicated an increase in revenue of between 3% and 5% compared to 2017 and an operating profitability in line with 2017).
- ✓ 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

Key points 1/2

GROWTH

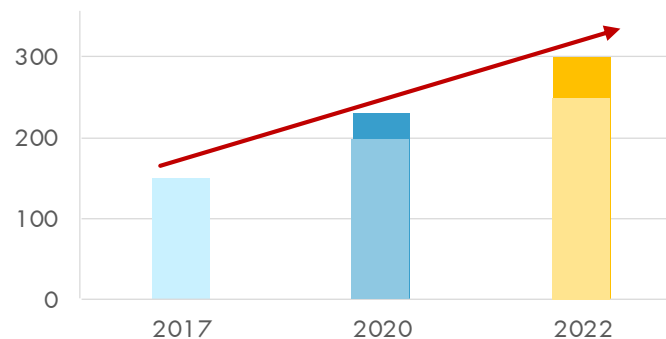
SALES

Estimated sales growth
between 65% and 100%
(2022 compared to 2017)

EBITDA margin

- **ORGANIC**: CAGR between 4% and 6% (€ 180 – 200 mn sales by 2022)
- **BY ACQUISITIONS** (€ 70 – 100 mn sales by 2022)

- € 200 - 230 mn by 2020
- € 250 - 300 mn by 2022



- **> 20%** of sales

Business plan 2018 - 2022

Key points 2/2

Investments

- Organic growth: € **80 - 90 mn** capex in 5 years (about 8% of sales per year)
- Growth by acquisition: up to € **140 mn** investment in 5 years

Estimated Dividends

- € **30 - 40 mn** in 5 years (between € 6 and 8 mn per year)
- Lower payout than in previous years, to support future growth

Financed with

- Operating cash flow: € **130 - 150 mn** in 5 years
- Financial debt: up to € **120 mn** by 2022

Financial leverage

- Net debt / EBITDA: **lower than 2.0**

Organic growth

Market development - Europe & Turkey

EUROPE (Turkey excluded)



2018-2022 GROWTH FACTORS

- ✓ Reinforce the leadership in this market, in order to strengthen the presence and commercial relationship
 - Multi-year agreements recently undersigned with some of the major European market players. These agreements grant significant growth and allow high mid-term visibility
 - Expected market share increase

TURKEY



2018-2022 GROWTH FACTORS

- ✓ Increase of local production, enhancing previous years success. Wider range of products manufactured locally
- ✓ Expected volume increase from current customers
- ✓ New contracts with new customers for valves and hinges

Organic growth

Market development - Brazil

BRAZIL



2018-2022 GROWTH FACTORS

- ✓ Enter in the mid range and free-standing cookers markets:
 - High volumes / low cost burners project
 - Special burners project
- ✓ Enhancement of commercial relationships with major international Groups, also through co-engineering and development of customized products
- ✓ Market growth within present top customers

Organic growth

Market development - North America

NORTH AMERICA



2018-2022 GROWTH FACTORS

- ✓ Expected annual double-digit growth:
 - Long-term agreements and special projects with present customers, which are the major market players
 - Sub-assemblies supply and customized components
 - Top range professional products for high-end new customers
- ✓ Planning to operate through a production plant in North America



RISK FACTORS

- ✓ Exchange rate
- ✓ Import duties and other US protectionist policies

Organic growth

Market development - India

INDIA



2018-2022 GROWTH FACTORS

- ✓ India is considered a high potential market, in which Sabaf Group is just at the beginning of its development. At present, only 30% of Indian people use gas as a cooking source, the remaining part still using biomass sources
- ✓ Expected annual double-digit growth
- ✓ The Group aims to increase the customer base, through:
 - Agreements with domestic market leaders
 - Development of specific burners and valves for Indian market, in order to fit local cooking needs (e.g. Series 4 burners)
 - Increase demand for safety and quality

Organic growth

Market development - China

CHINA



2018-2022 GROWTH FACTORS

- ✓ Supply agreements with global market leaders
- ✓ Development of new commercial relationships with big Chinese manufacturers
- ✓ Beginning of new projects with high-potential «newcomers»
- ✓ Evaluation of local partnerships
- ✓ Arc Handan JV deployment for wok burners

Organic growth

Products



PRODUCTS GROWTH FACTORS

- ✓ Annual **investments in R&D**: 3% of sales (in line with historical trend)
- ✓ Greater care to specific **markets needs** and **customization** in order to increase client loyalty
- ✓ Focus on:
 - **Special burners**: high performances and combustion efficiency
 - **“Easy to clean”** burners
 - **“Precise flame setting”** valves
 - **“Advanced assisted cooking”** solutions
 - **Professional burners**: also for use in high-range domestic cookers
- ✓ New concepts and new products, in an advanced development stage, are still confidential and not disclosed

Organic growth

Process and industrial footprint



PROCESS IMPROVEMENTS

- ✓ **Forefront** process technology, based on automation and robotization of all production phases
- ✓ Increase of machining and assembling **productivity** through high-speed machinery
- ✓ Higher **efficiency** through scraps reduction
- ✓ Further **interconnection** of production with SAP management system (Industry 4.0)
- ✓ **Lean** manufacturing



INDUSTRIAL FOOTPRINT

- ✓ Increase of **Turkey** local **production**
- ✓ Planning to operate through a production **plant in North America**
- ✓ Evaluation to set up a production **plant in India**

Growth by acquisitions

Investment sectors

GROWTH BY ACQUISITIONS

Aimed to a greater **product diversification**, in order to allow the Group to entry in different **markets**, in addition to the traditional sector of gas cooking

COMPONENTS FOR
HOUSEHOLD APPLIANCES

HEATING

ELECTRONICS

PROFESSIONAL COOKING

Growth by acquisitions

Target profile

Target parameters

TURNOVER

Up to € **70 mn sales**

EBITDA

Higher than 10%. Steady results over the past years
No turnarounds

SHAREHOLDING

Preference for **entrepreneurial** ownership

EBITDA MULTIPLES

Non-dilutive

M&A TEAM

Dedicated to development of business **contacts**, creation of an **internal Data Base**, analysis and evaluation of **opportunities**, management of **negotiations**

ACQUISITION OF OKIDA

Company overview

- **Okida Elektronik Sanayi Limited Şirket («Okida»)** was founded in 1987 by Mr. Gurol Oktug and was 100% owned by Oktug family.
- **Leader in Turkey** in the design, manufacture and sale of electronic control boards, timers, display and power units for ovens, hoods, vacuum cleaners, refrigerators and freezers.
 - The Company's production site is located in Esenyurt, in the European area of **Istanbul**.
 - **84 employees** at 31.12.2017, 10 in R&D department. The General Manager is the founder Gürol Oktug.
- Okida has a well diversified **customers portfolio** of **30 reputable customers** in Turkey and abroad, with which the Company has established long term commercial relationships.



Products portfolio

OVEN TIMERS



OVEN CONTROLS



VACUUM CLEANER CONTROLS



HOOD CONTROLS



REFRIGERATION & FREEZER CONTROLS



HOB CONTROLS



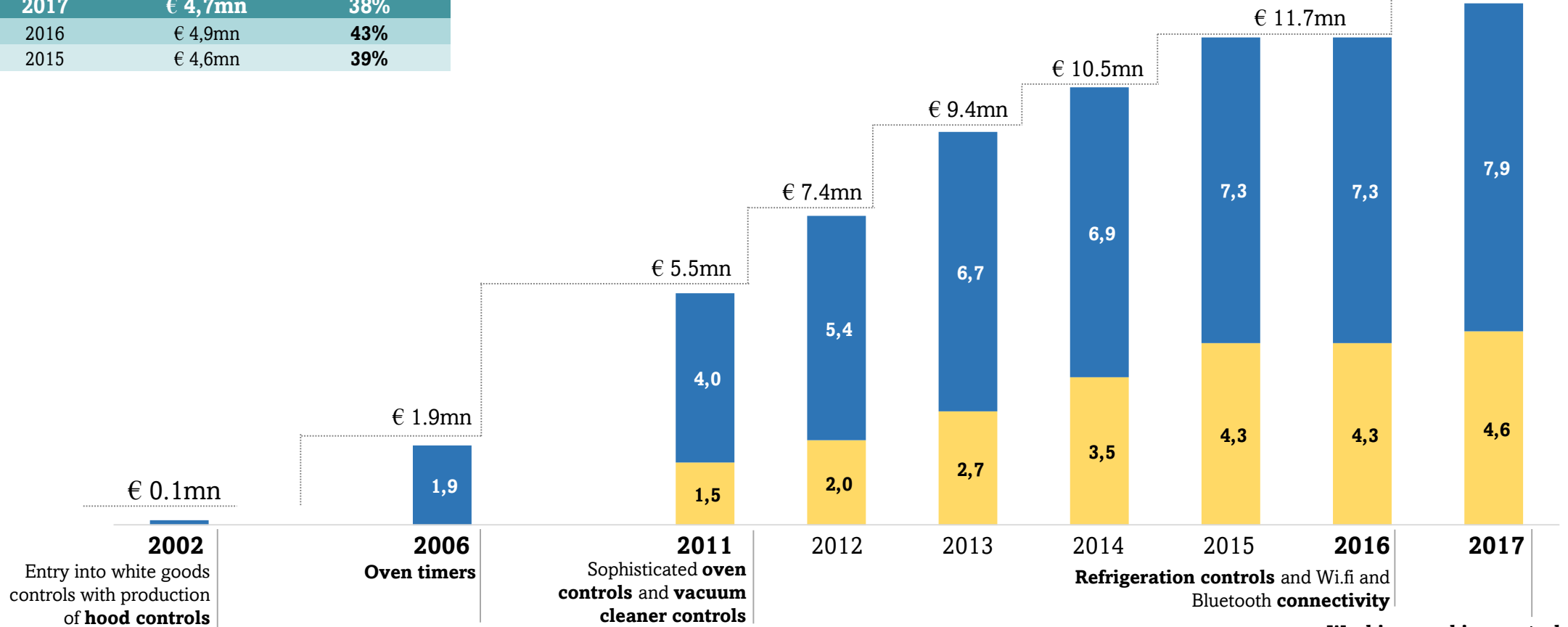
ACCESSORIES / OTHER PRODUCTS



Revenues 1/2

EBITDA	VALUE	% of REVENUES
2017	€ 4,7mn	38%
2016	€ 4,9mn	43%
2015	€ 4,6mn	39%

CAGR 11% → € 12.5mn



2002
Entry into white goods controls with production of hood controls

2006
Oven timers

2011
Sophisticated oven controls and vacuum cleaner controls

2014-2016
Refrigeration controls and Wi.fi and Bluetooth connectivity

2017
Washing machine controls (R&D began in 2017)

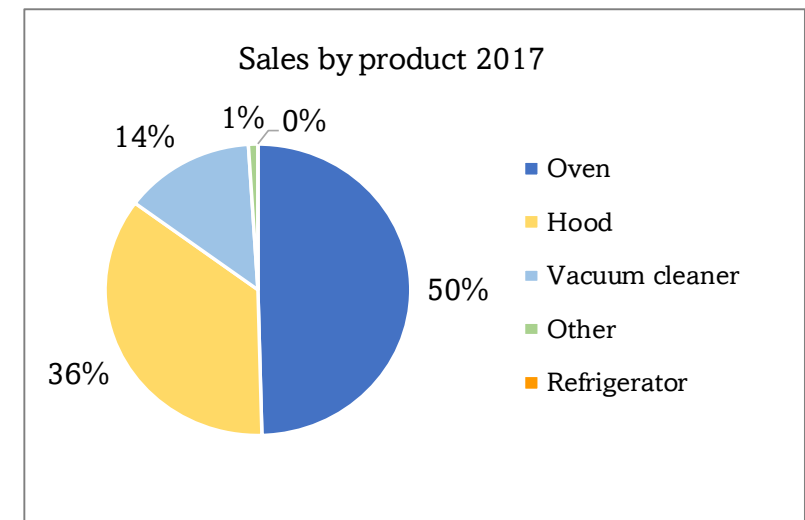
■ Export ■ Domestic

Revenues 2/2

- **Export** represents ca. 37% of revenues in 2017, up by 27% compared to 2011. Major export markets include **Europe** (20% of revenues) followed by **Middle East** (15% of revenues), and **Russia & South America** (ca. 3% of revenues).

Other than direct exports, a very large portion of products sold to domestic customers (ca. 60% of revenues in Turkey) is installed on appliances which also are exported.

- **Oven segment** is the largest revenue generating segment at 50%, split by 80% timers and 20% controls (50% button controlled and 50% touch controlled).
- In addition to the above, Okida also recently entered into **refrigeration controls**.
- Okida's **price lists** are in strong currencies (Euro/US Dollar).



Strategy and Strengths

STRATEGY

Steering away from mass manufacturing at lower margins, Okida is focused on **medium sized household appliances manufacturers**, both in Turkey and abroad as reliable supplier with quality products, offering short lead times and the ability to manufacture customized solutions at very competitive prices.

STRENGTHS

- **Constant growth** and **profitability** stable at levels of **excellence**.
- Turkey is a very important **industrial district** for the production of household appliances.
- Even Okida's sales to customers based in Turkey are then largely intended for finished products forwarded to **foreign markets**.
- Possible strong **sales synergies** thanks to Sabaf's widespread presence among all the main manufacturers of household appliances worldwide.
- The acquisition of Okida represents for Sabaf the first step of the entry in the **market of electronics for household appliances**, reducing the Sabaf dependence on gas cooking.

The acquisition

Acquisition of **100%** of Okida:

- 30% Sabaf S.p.A.
- 70% Sabaf Beyaz Eşya Parçaları (Sabaf Turkey)

Signing: 16 July 2018

Closing: 4 September 2018

Preliminary Enterprise Value: USD 26.9 million (Euro 23.8 million) = 5.05 x EBITDA 2017

Okida reported a **positive net financial position** of USD 3.1 million (Euro 2.6 million) at 31 December 2017

Purchase price: mechanism to adjust the purchase price to be determined on the basis of the Company's EBITDA as at 31 December 2018 as well as the net financial position and the net working capital at the closing date of the transaction

The acquisition will be wholly financed through a **bank loan** with a duration of 72 months

Mr. Gurol Oktug will remain at the head of Okida as **General Manager** for a period of not less than 12 month

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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