

*We burn* for technology and safety.



# FINANCIAL PRESENTATION

**SABAF**  
GROUP

**ARC**

**CMI**

**FARINGOSI**  
HINGES

**OKIDA**

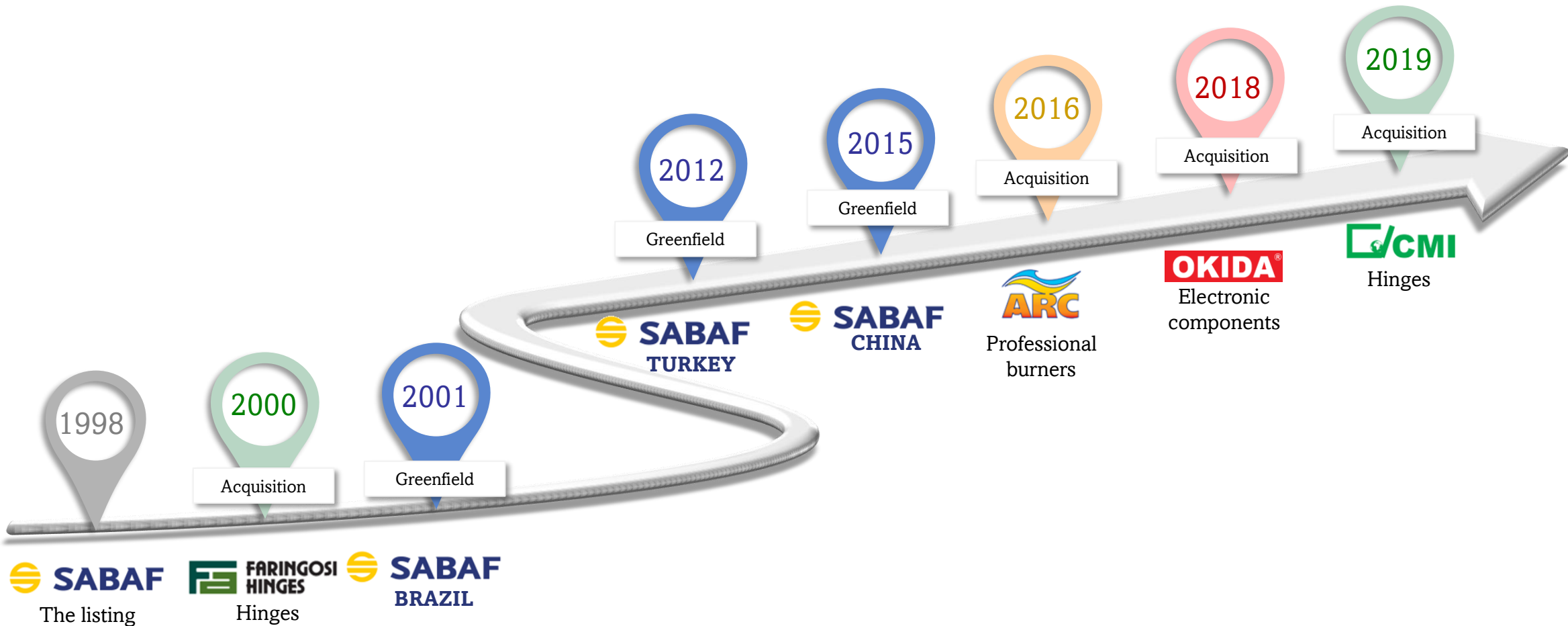
**SABAF**

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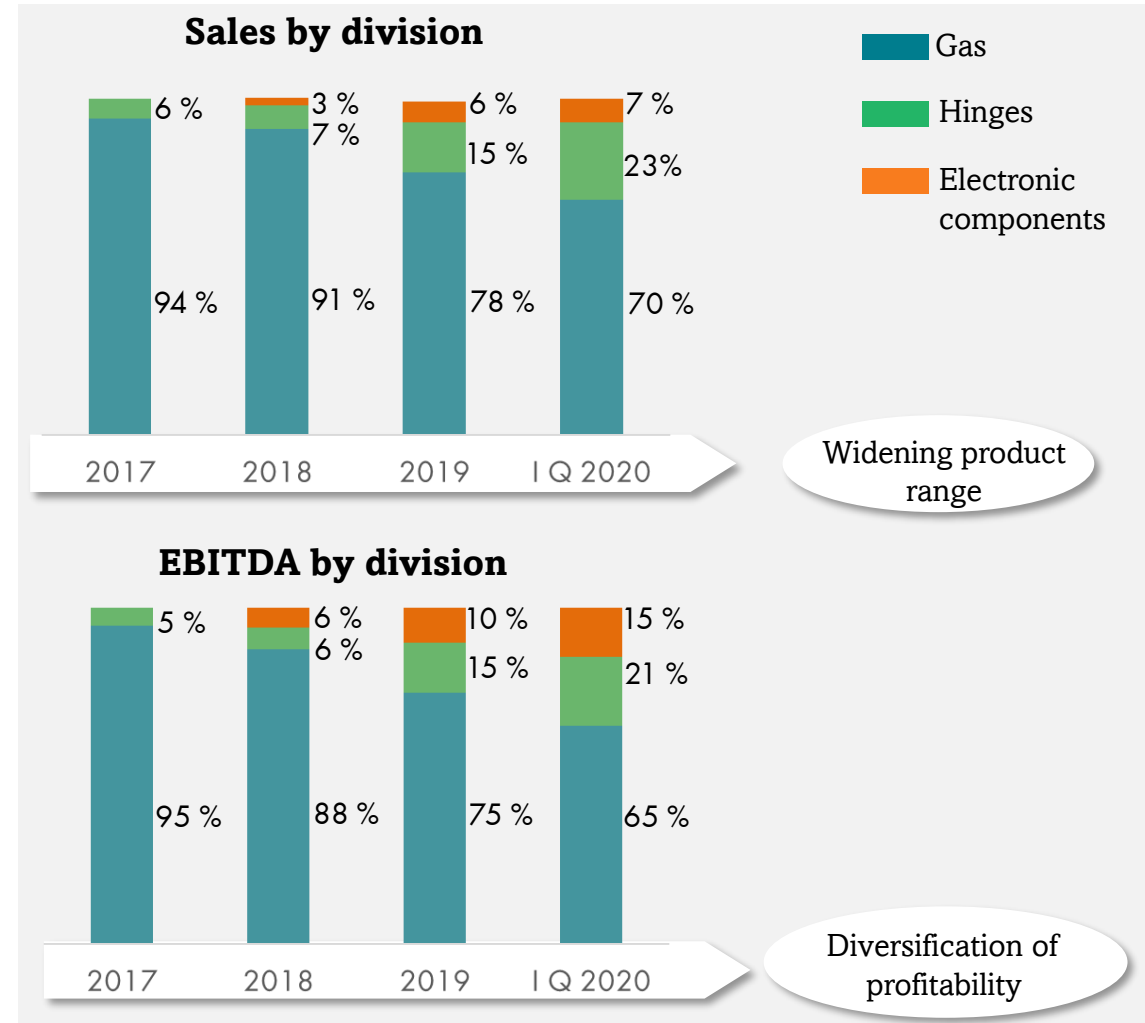
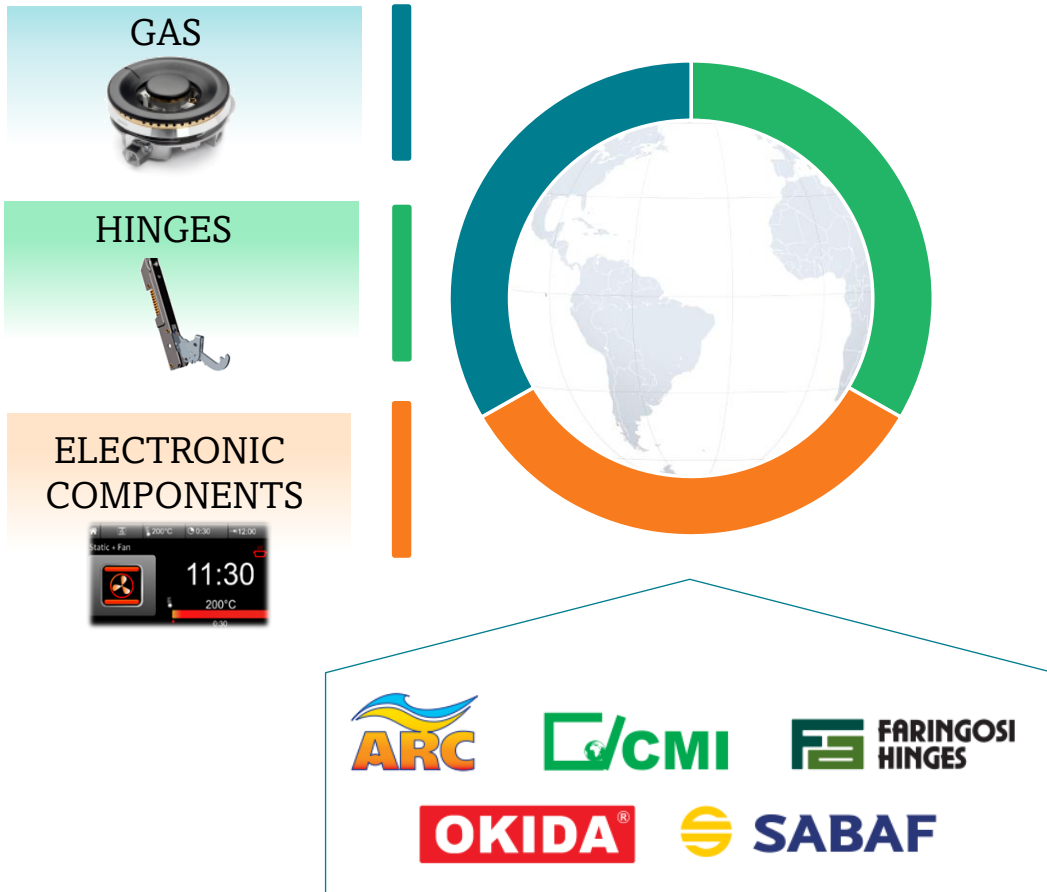
- I. COMPANY PROFILE
- II. 1<sup>ST</sup> QUARTER 2020 AND 2019 PERFORMANCE
- III. BUSINESS PLAN 2018 – 2022

# COMPANY PROFILE

# Sabaf Group - Timeline and history



# Sabaf Group - Business diversification in three divisions



# Gas division - Product range



Standard Burners



Special Burners



Professional Burners



Oven and Grill Burners



Gas Valves



Gas Oven Thermostats



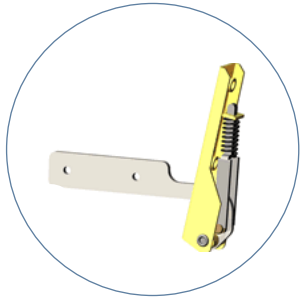
Micro switches & Accessories



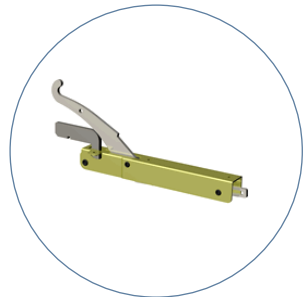
# Hinges division - Product range



Ovens

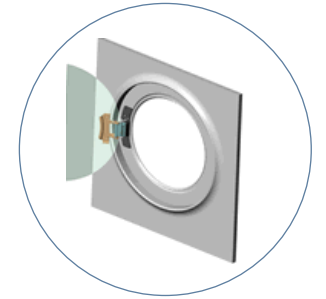


Small  
Compartments

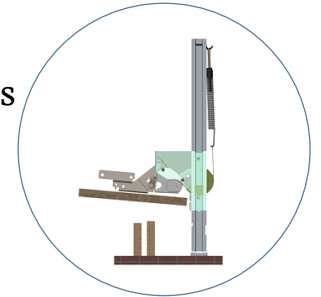


Catering Appliance

Special  
Applications



Dishwashers



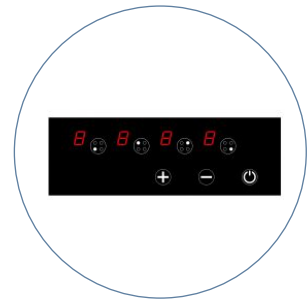
# Electronics division - Product range



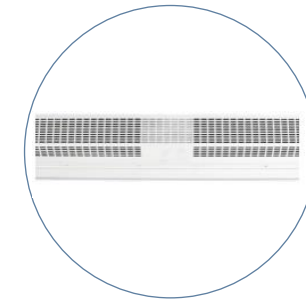
Cooker Hoods



Ovens



Cookers



Air Curtain



Refrigerators / Freezer



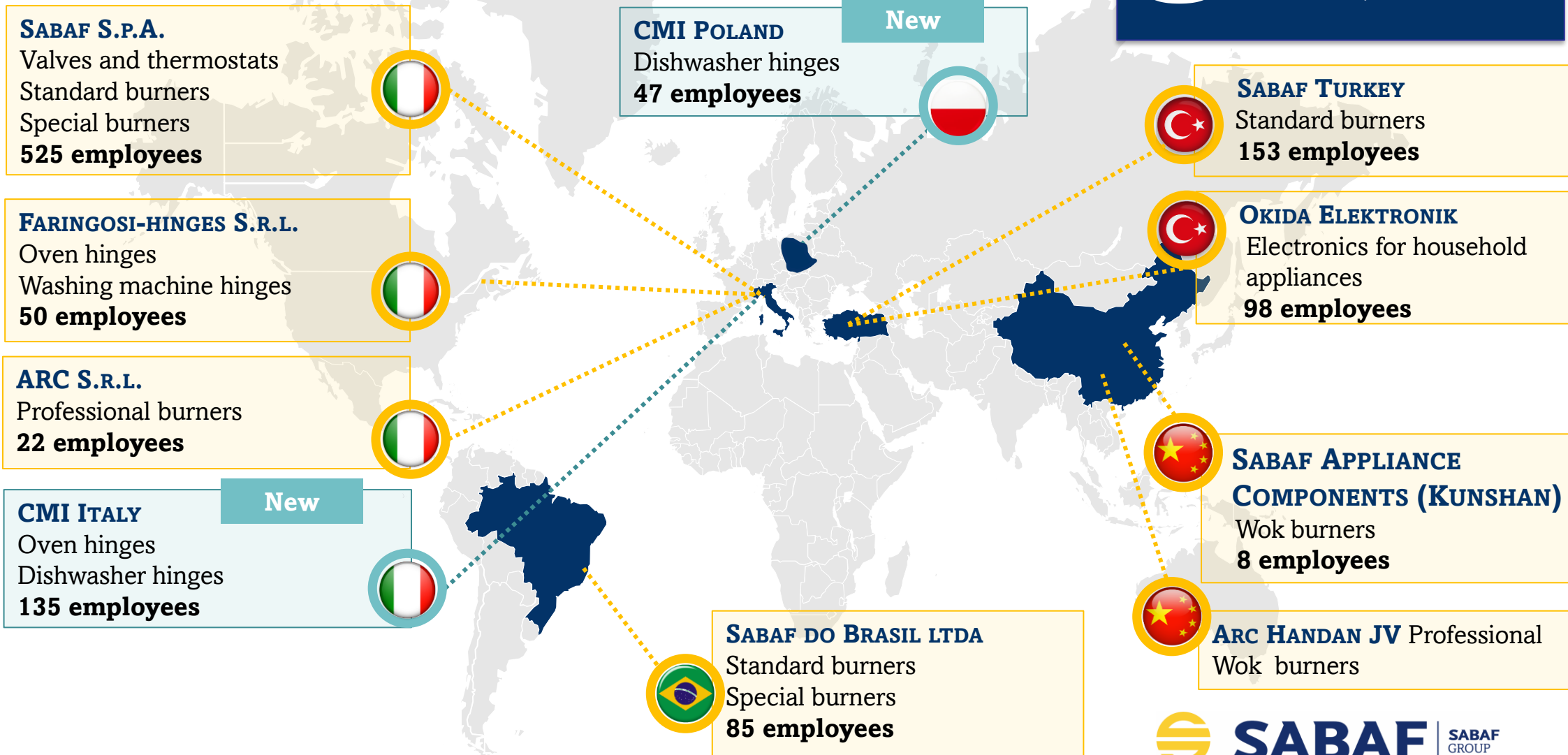
Other products



# Industrial Footprint



Total Group employees  
at 31 March 2020:  
**1,123**



# 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 2018)



Each top 10 customer represents **less than 8%** of total Group sales

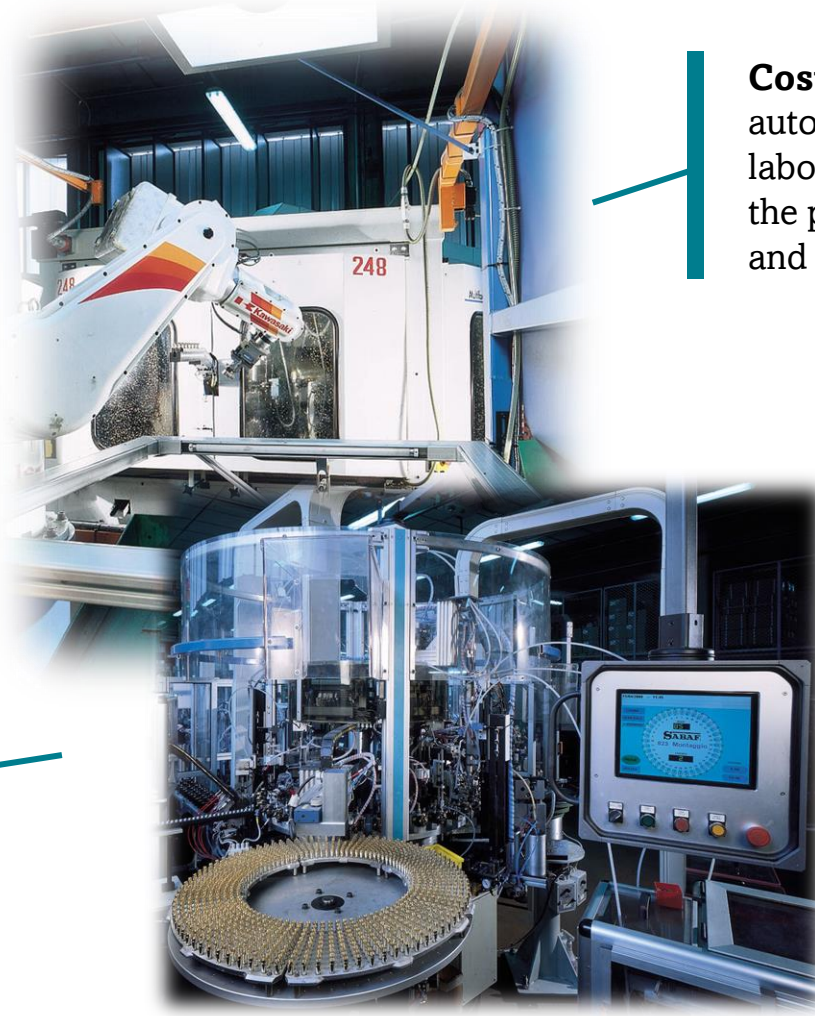
**Long-term agreements and strong relationships** with all the main players in the household appliances business, based on mutual trust, technical cooperation, co-engineering and tailor-made products

# 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

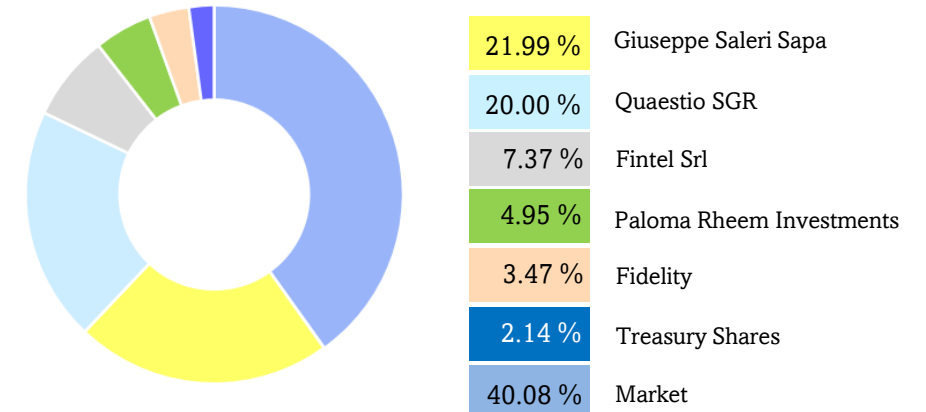
**Intellectual capital:** highly specialized and qualified staff (40+ R&D engineers)

# Stock price and main shareholders

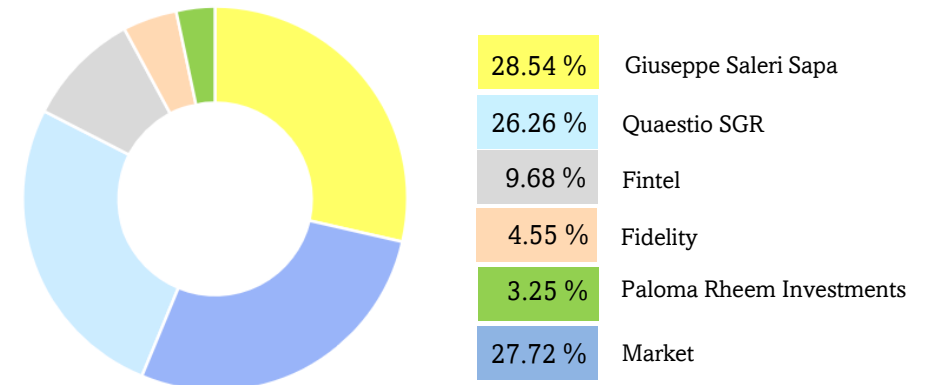


**Market cap: € 113 mn at 22 May 2020**

## % OF SHARE CAPITAL



## % OF VOTING RIGHTS



1<sup>ST</sup> QUARTER 2020  
FINANCIAL PERFORMANCE

# Operational impacts of health emergency

## ITALIAN PLANTS

<b>Production stop</b>	3 weeks Production loss: on average 40% in March 2020 vs. March 2019
<b>Work shifts</b>	Initially 1 hour less, now ½ hour less
<b>Temporary Redundancy Fund</b>	Recourse to Temporary Redundancy Fund (Cassa Integrazione COVID) in all Italian Group companies

## OTHER PLANTS

<b>Sabaf Do Brasil, Sabaf Turkey and Okida</b>	Never stopped completely the production, even if a slowdown was needed due to the safety measures and absenteeism
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## DIRECT COSTS

€ 300,000 euro in April 2020 for the management of the health emergency

# Performance data

## Income statement

€ x 000	I Q 2020		I Q 2019*		Δ % 20 - 19	FY 2019*	
Revenue	43,852	100.0%	37,635	100.0%	+16.5%	155,923	100.0%
Other income	1,049	2.4%	672	1.8%		3,621	2.3%
<b>Total operating revenue and income</b>	<b>44,901</b>		<b>38,307</b>			<b>159,544</b>	
Materials	(19,138)	(43.6%)	(14,279)	(37.9%)		(57,464)	(36.9%)
Personnel costs	(10,253)	(23.4%)	(8,860)	(23.5%)		(37,103)	(23.8%)
Change in inventories	(304)	(0.7%)	(1,265)	(3.4%)		(8,617)	(5.5%)
Other operating costs	(7,517)	(17.1%)	(7,286)	(19.4%)		(29,327)	(18.8%)
<b>EBITDA</b>	<b>7,689</b>	<b>17.5%</b>	<b>6,617</b>	<b>17.6%</b>	<b>+16.2%</b>	<b>27,033</b>	<b>17.3%</b>
Depreciation	(4,337)	(9.9%)	(3,312)	(8.8%)		(15,183)	(9.7%)
Gains/losses on fixed assets	8	0.0%	45	0.1%		46	0.0%
<b>EBIT</b>	<b>3,360</b>	<b>7.7%</b>	<b>3,350</b>	<b>8.9%</b>	<b>+0.3%</b>	<b>11,896</b>	<b>7.6%</b>
Net financial expense	(352)	(0.8%)	(232)	(0.6%)		(701)	(0.4%)
Exchange rate gains and losses	(816)	(1.9%)	(397)	(1.1%)		(1,380)	(0.9%)
Profits and losses from equity investments	-		-			(39)	(0.0%)
<b>EBT</b>	<b>2,192</b>	<b>5.0%</b>	<b>2,721</b>	<b>7.2%</b>	<b>-19.4%</b>	<b>9,776</b>	<b>6.3%</b>
Income taxes	(512)	(1.2%)	(565)	(1.5%)		407	0.3%
<b>PROFIT FOR THE YEAR</b>	<b>1,680</b>	<b>5.0%</b>	<b>2,156</b>	<b>5.7%</b>	<b>-22.1%</b>	<b>10,183</b>	<b>6.5%</b>
Minority interests	(133)	(0.3%)	(41)	(0.1%)		(268)	-0.2%
<b>PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>1,547</b>	<b>3.5%</b>	<b>2,115</b>	<b>5.6%</b>	<b>-26.9%</b>	<b>9,915</b>	<b>6.4%</b>

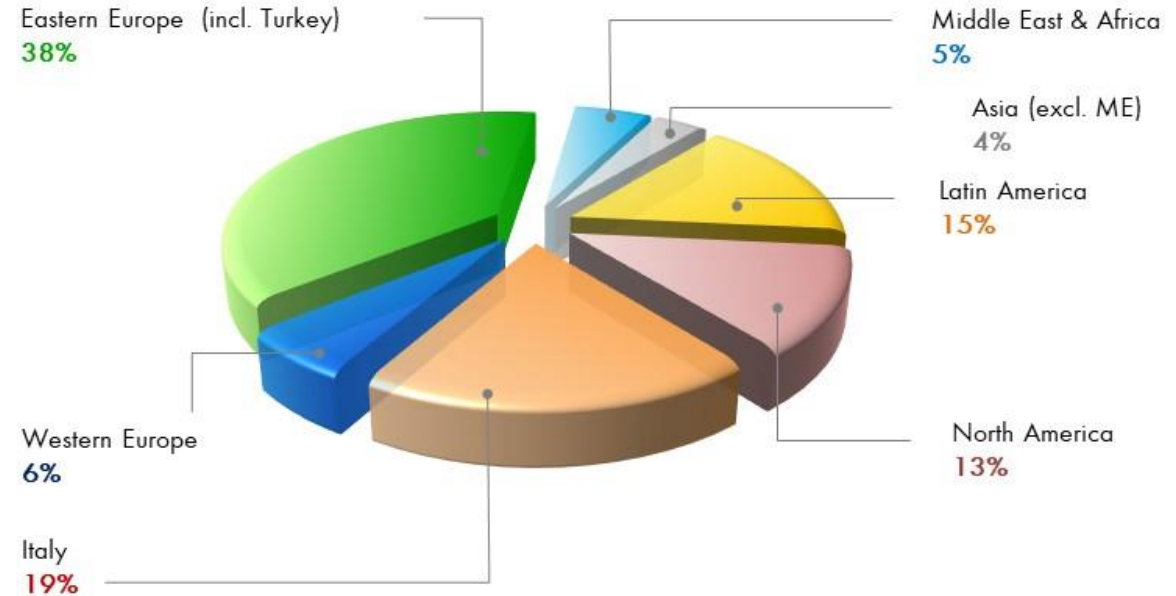
\* C.M.I. Group has been consolidated from August 2019

# Performance data

## Sales by market

€ x 000

	I Q 2020	I Q 2019*	
Italy	8,470	8,852	-4.3%
Western Europe	2,544	3,409	-25.4%
Eastern Europe (incl. Turkey)	16,671	11,964	+39.3%
Middle East & Africa	2,322	1,258	+84.6%
Asia (excl. ME)	1,524	1,914	-20.4%
Latin America	6,778	6,416	+5.6%
North America	5,543	3,822	+45.0%
<b>Totale</b>	<b>43,852</b>	<b>37,635</b>	<b>+16.5%</b>



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

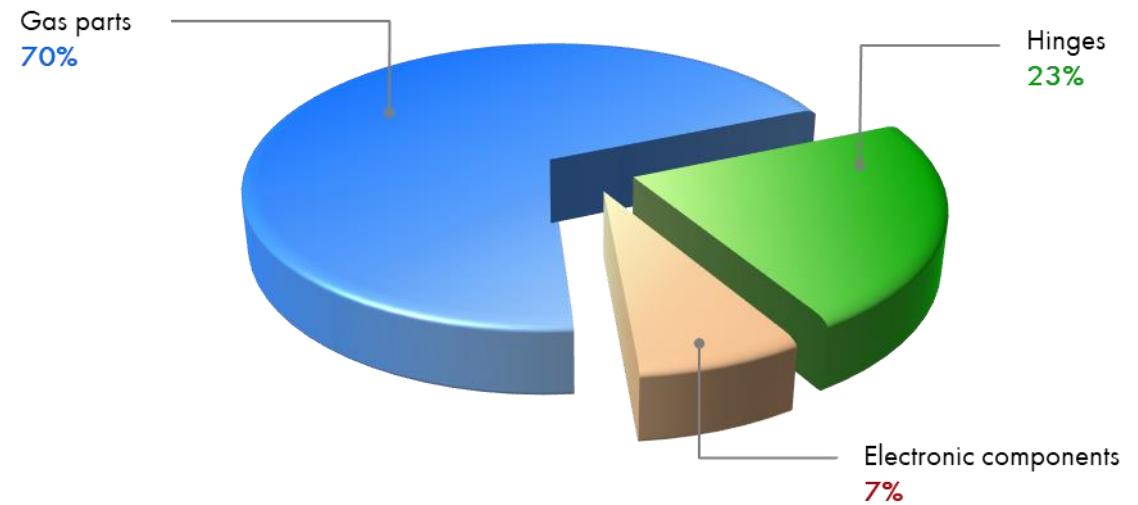


# Performance data

## Sales by product

€ x 000

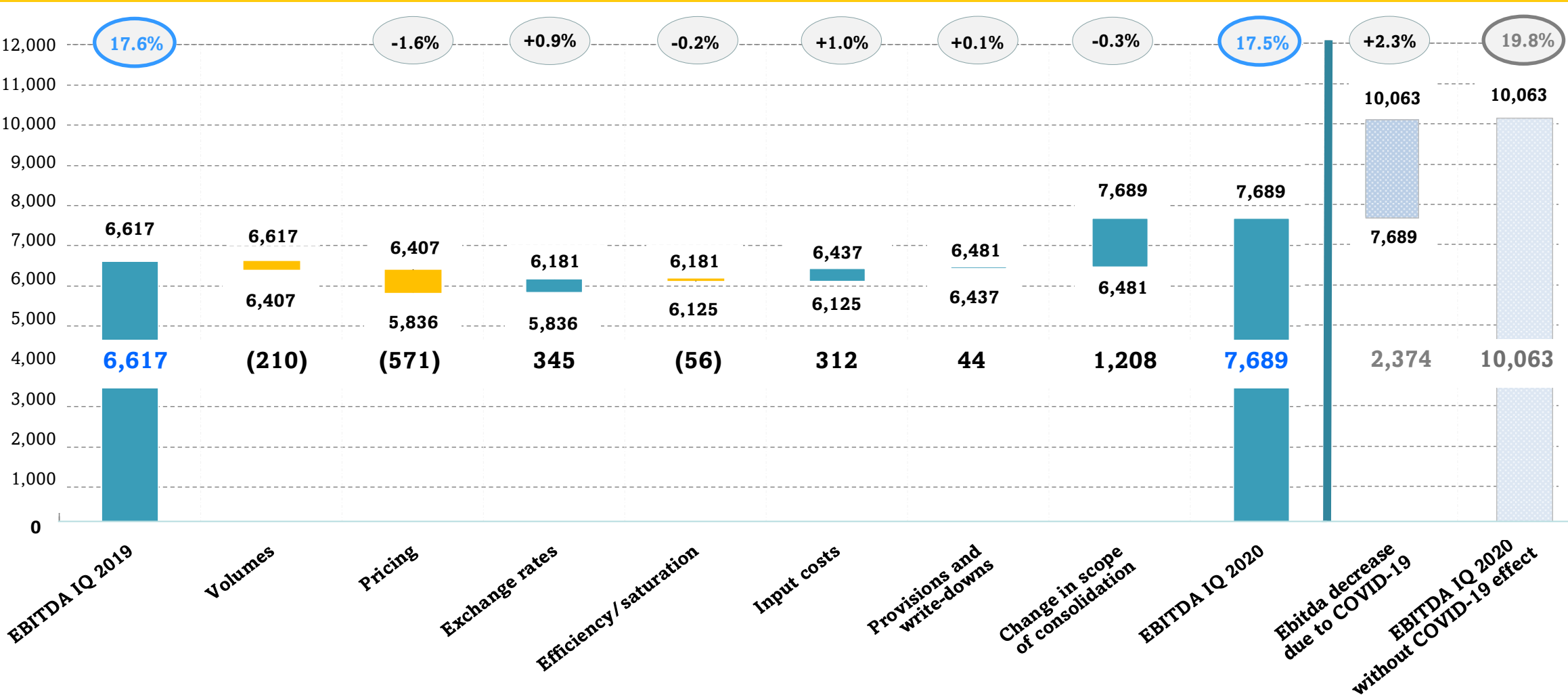
€ x 000	I Q 2020	I Q 2019*	
Gas parts	30,722	32,591	-5.7%
Hinges	9,931	2,768	+258.8%
Electronic components	3,199	2,276	+40.6%
<b>Totale</b>	<b>43,852</b>	<b>37,635</b>	<b>+16.5%</b>



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

# Performance data

## Ebitda bridge IQ 2020 vs. IQ 2019



# Performance data

## Balance Sheet

€ x 000	I Q 2020	I Q 2019	FY 2019
Fixed assets	134,108	118,200	138,506
<i>Inventories</i>	<i>34,080</i>	<i>37,676</i>	<i>35,343</i>
<i>Trade receivables</i>	<i>53,136</i>	<i>44,769</i>	<i>46,929</i>
<i>Tax receivables</i>	<i>3,067</i>	<i>3,438</i>	<i>4,458</i>
<i>Other current receivables</i>	<i>2,694</i>	<i>1,776</i>	<i>1,459</i>
<i>Trade payables</i>	<i>(26,558)</i>	<i>(20,746)</i>	<i>(27,560)</i>
<i>Tax payables</i>	<i>(1,617)</i>	<i>(2,768)</i>	<i>(1,802)</i>
<i>Other payables</i>	<i>(9,076)</i>	<i>(7,055)</i>	<i>(9,134)</i>
Net working capital	55,726	57,090	49,693
Provisions for risks and severance indemnity	(11,751)	(6,402)	(11,966)
<b>Capital Employed</b>	<b>178,083</b>	<b>168,888</b>	<b>176,233</b>
Equity	117,545	120,395	121,105
Net debt	60,538	48,493	55,128
<b>Sources of finance</b>	<b>178,083</b>	<b>168,888</b>	<b>176,233</b>

	I Q 2020	I Q 2019	FY 2019
Liquidity and current financial assets	(14,189)	(12,538)	(19,954)
<i>Current financial debt</i>	<i>24,365</i>	<i>17,578</i>	<i>23,652</i>
<i>Non-current financial debt</i>	<i>50,362</i>	<i>43,453</i>	<i>51,430</i>
Financial debt	74,727	61,031	75,082
<b>NET FINANCIAL POSITION</b>	<b>60,538</b>	<b>48,493</b>	<b>55,128</b>
	I Q 2020	I Q 2019	FY 2019
Unsecured loans	54,354	54,069	55,222
Short-term bank liabilities	4,138	2,453	3,689
Leases out of IFRS 16 scope	1,270	1,423	1,309
Other financial debts	1,293	180	1,293
Put Options	10,350	1,818	10,350
IFRS 16 leases	3,322	1,088	3,219
<b>Financial debt</b>	<b>74,727</b>	<b>61,031</b>	<b>75,082</b>

# Performance data

## Cash flow statement

€ x 000	I Q 2020	I Q 2019	FY 2019
Cash at the beginning of the period	18,687	13,426	13,426
Net profit	1,680	2,156	10,183
Depreciation	4,337	3,312	15,183
Other income statement adjustments	1,116	1,004	1,538
<b>Change in net working capital</b>			
- Change in inventories	1,263	2,163	9,090
- Change in receivables	(6,207)	1,503	10,148
- Change in payables	(902)	(469)	(2,901)
	(5,846)	3,197	16,337
Other changes in operating items	(1,041)	(1,754)	(2,309)
<b>Operating cash flow</b>	<b>246</b>	<b>7,915</b>	<b>40,932</b>
Investments, net of disposals	(3,339)	(1,616)	(12,014)
<b>Free Cash Flow</b>	<b>(3,093)</b>	<b>6,299</b>	<b>28,918</b>
Cash flow from financial activity	(991)	(7,066)	(10,433)
Own shares buyback	(722)	-	3,146
Dividends	-	-	(6,060)
CMI Acquisition	-	-	(10,475)
OKIDA acquisition	-	(317)	(317)
Forex	(925)	136	482
<b>Net financial flow</b>	<b>(5,731)</b>	<b>(948)</b>	<b>5,261</b>
Cash at the end of the period	12,956	12,478	18,687
Current financial debt	23,132	17,518	22,386
Non-current financial debt	50,362	43,453	51,430
<b>Net financial debt</b>	<b>60,538</b>	<b>48,493</b>	<b>55,130</b>

### Inventories:

- remain at physiological levels, after the recent interventions that made it possible to optimize logistics management

### Trade receivables:

- higher sales in the period compared with the end of 2019
- average days for collection have not increased significantly

### Trade payables:

- Sabaf Group committed to strict compliance with previously agreed payment terms

Mainly allocated to new global projects in start-up with some large customers

# Performance data

## Financial Indicators

	I Q 2020	I Q 2019*	FY 2019	
			reported	pro-forma**
<b>Change in turnover</b> <i>(vs. same period of previous year)</i>	+16.5%	-2.3%	+3.5%	-8.9%
<b>ROCE (return on capital employed)</b>	7.5%	7.9%	6.8%	7.1%
<b>Net debt/EBITDA</b>	1.97	1.83	2.04	1.86
<b>Net working capital/Turnover</b>	32%	38%	32%	29%
<b>Net deb/equity</b>	52%	40%	46%	
<b>Days of Sales Outstanding</b>	109	107	108	97
<b>Days of Payables Outstanding</b>	89	86	114	90
<b>Days of Inventory Outstanding</b>	82	107	96	74

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

\*\* The change in pro-forma turnover is calculated taking into consideration the same scope of consolidation. 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

In many of the main markets, demand and production levels have been strongly impacted by restrictions imposed by local authorities leading to postponement or cancellation of orders by customers.

In April, sales fell by 18% (30% taking into consideration the same scope of consolidation), while a partial recovery is expected as early as May.

Based on the information currently available, the Group expects to close the first half of the year with sales of between € 78 and € 82 million (up 4% - 9% compared with the first half of 2019).

For the rest of the year, visibility is still extremely limited. In the absence of events that would have a further lasting impact on consumption in its main target markets, the Group expects a gradual recovery with sales in the second half of the year higher or, in the worst-case scenario, in line with those of the first half.

The Group believes that the strategy aimed at strengthening its international presence remains valid and has therefore not deemed it appropriate to revise the plan of organic investments for the current year, although some investments will be delayed due to current restrictions on mobility.

# 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**<sup>®</sup>

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 €	2019 2022	North America, Europe, South America. Far East
Electronic components	48	30	4 - 6 mn €	2019 2022	Europe and Middle East, South and Nord America (new markets)
Hinges	19	9	3 - 4 mn €	2019 2022	Europe
<b>Total</b>	<b>98</b>	<b>45</b>	<b>22 - 28 mn €</b>		

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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