

*We burn* for technology and safety.



# ITALIAN SUSTAINABILITY WEEK

Borsa Italiana

Milan, July 2020

**SABAF**  
GROUP

**ARC**

**CMI**

**FARINGOSI**  
HINGES

**OKIDA**

**SABAF**

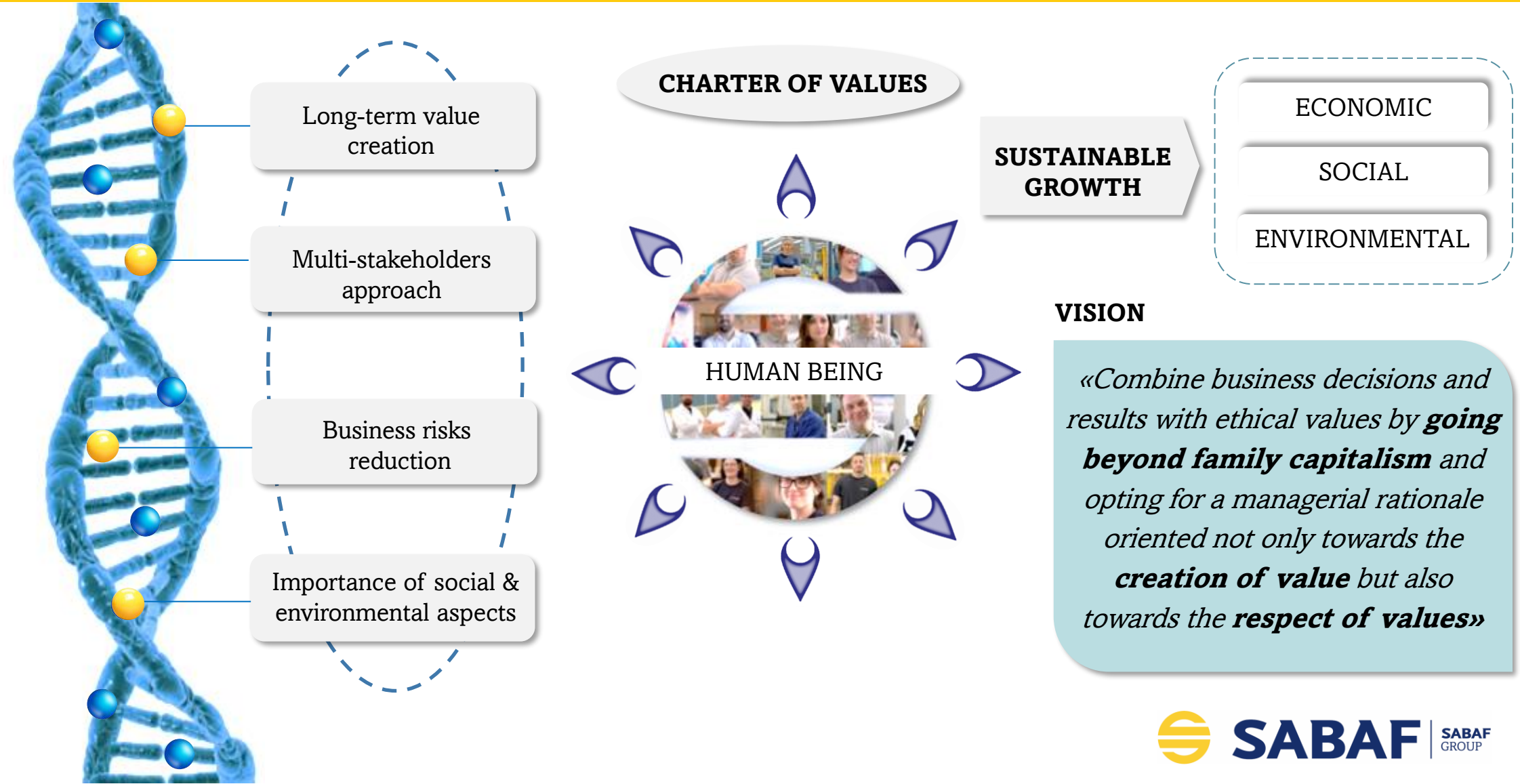
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- II. BUSINESS PLAN 2018 – 2022, MOST RECENT FIGURES AND CURRENT OUTLOOK

# SABAF: A SUSTAINABLE BUSINESS

# Sabaf: a sustainable business

## Values and vision



# Sabaf: a sustainable business

## Business Model

### MISSION

«Consolidate the **technological and market leadership** in the design, production and distribution of a wide range of components for household appliances through constant attention to **innovation, safety** and the enhancement of **internal expertise**.

Associate **business growth** with **social and environmental sustainability**, promoting an open dialogue with the legitimate **expectations of stakeholders**»

### STRATEGIC PILLARS

Innovation

Eco-efficiency

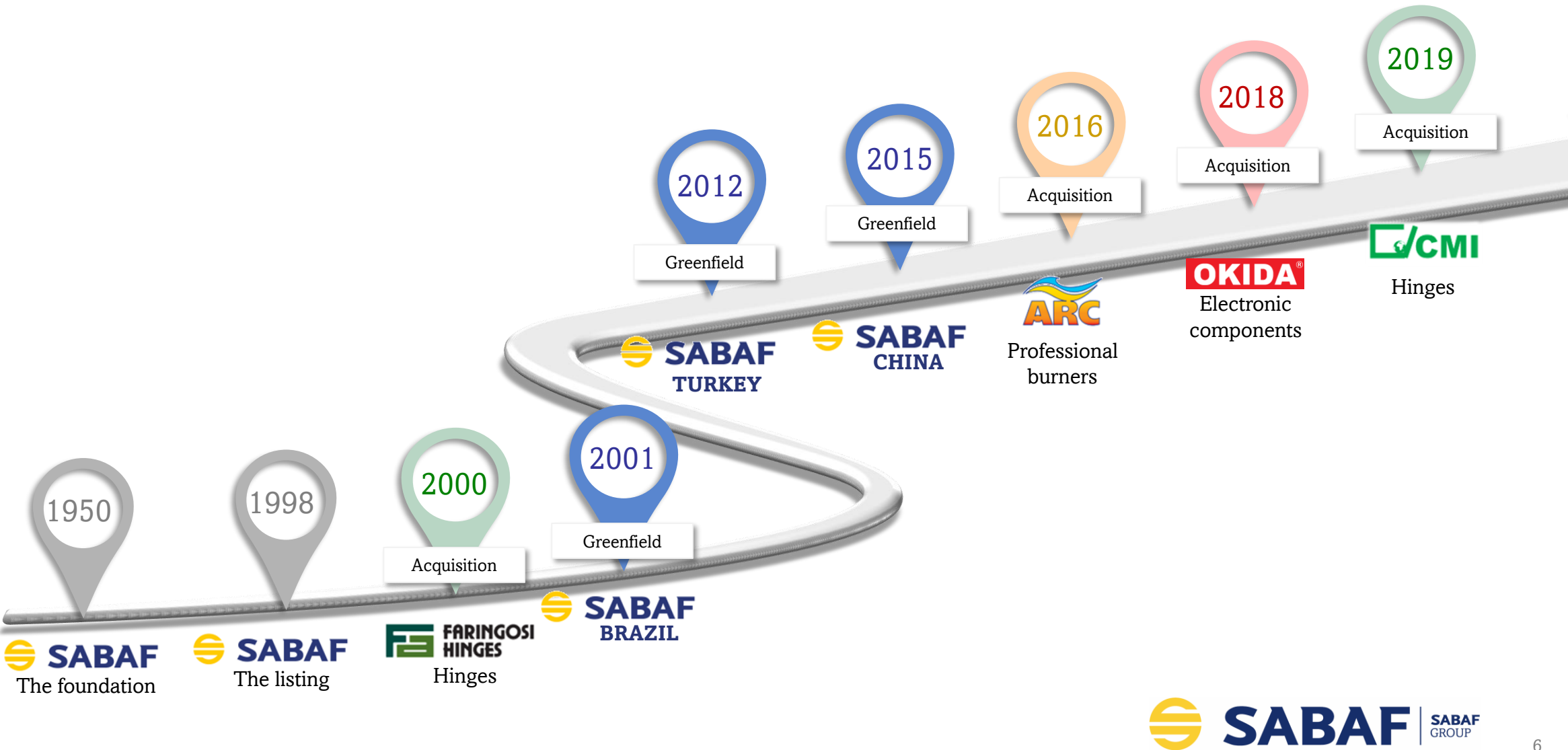
Safety

Partnerships with multinational groups

Widening the range of components through acquisitions

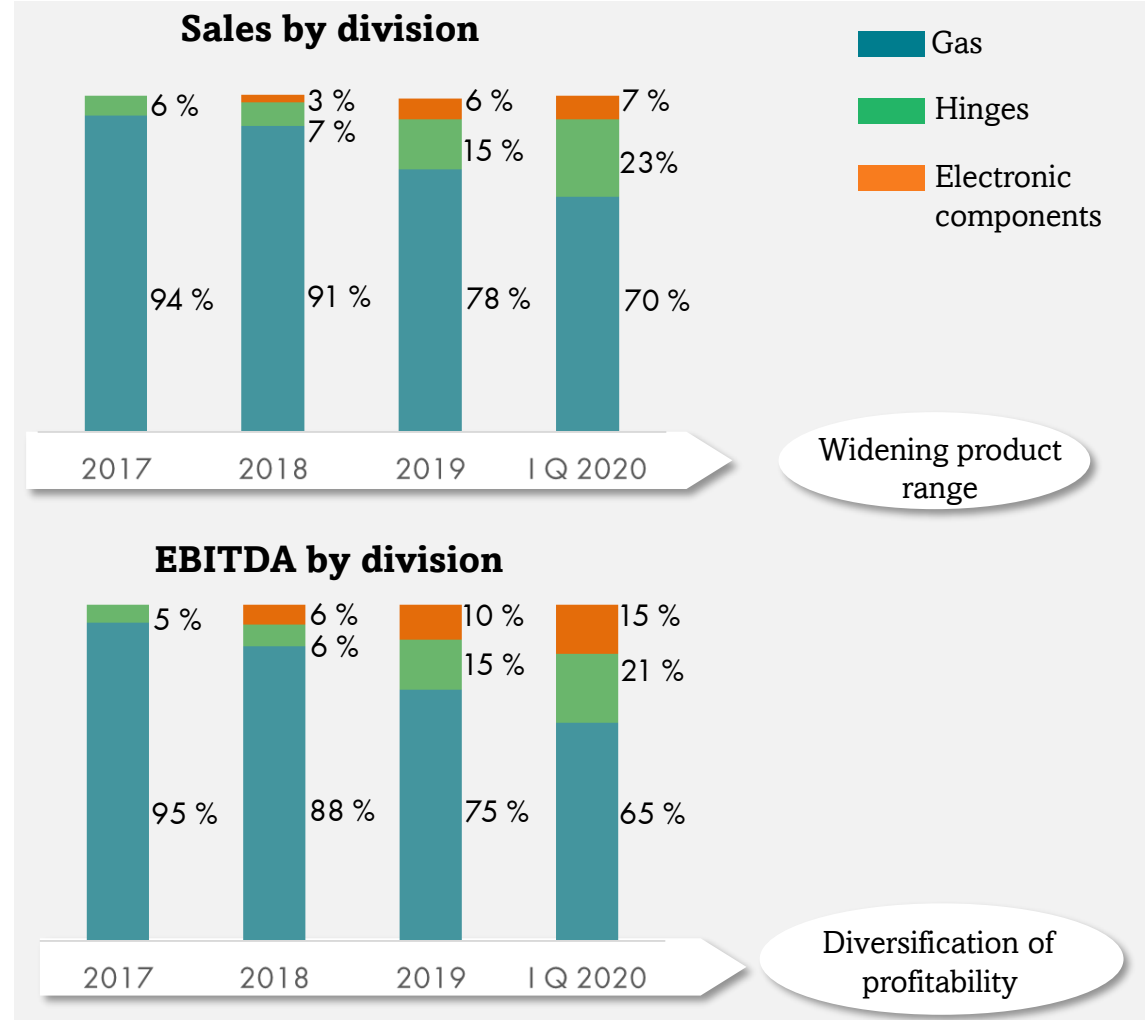
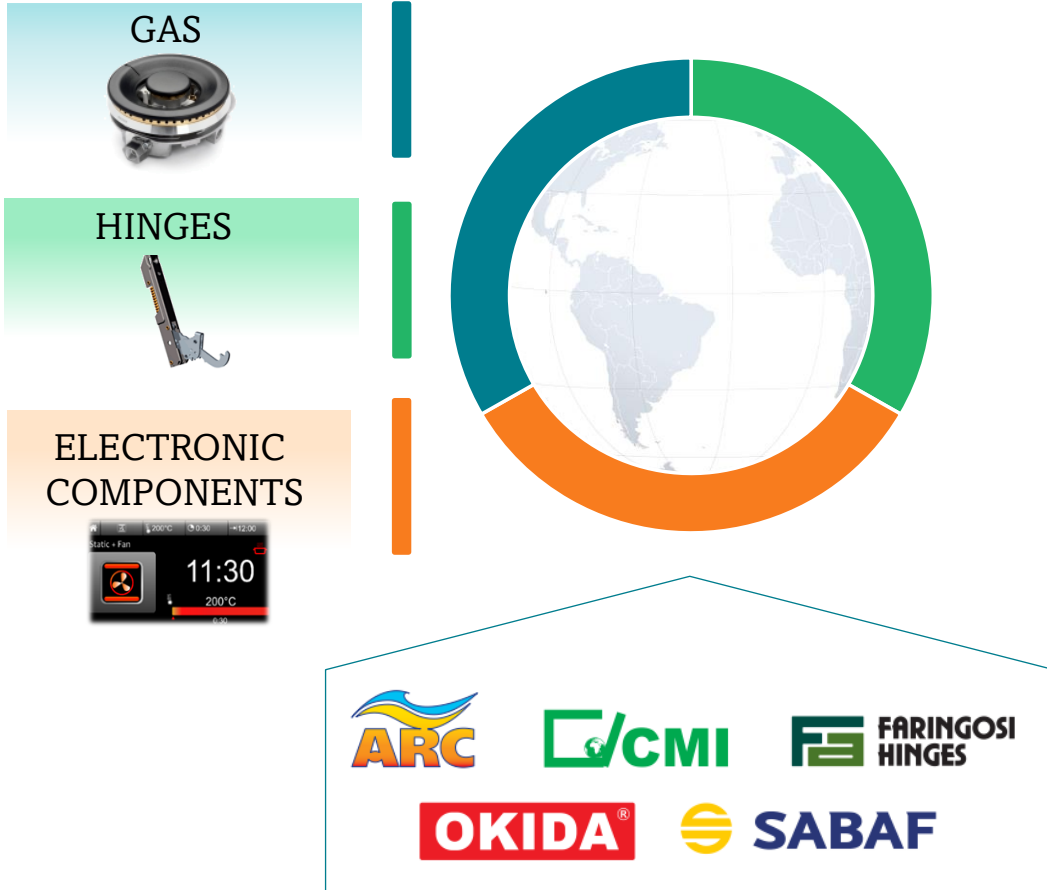
Enhancement of intangible assets and intellectual capital

# 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



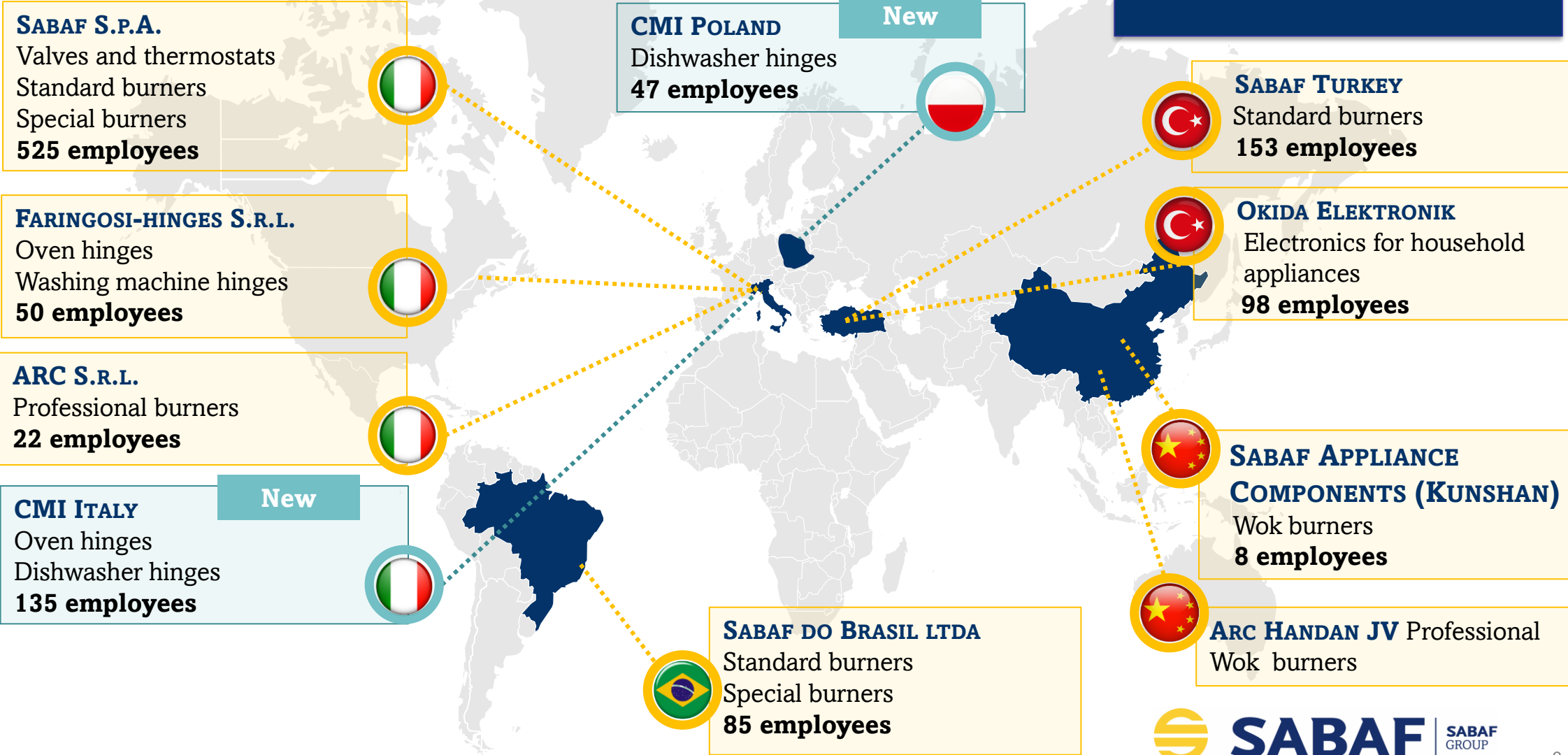


# Sabaf Group

## Industrial footprint



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



# 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%

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

Weight of **top 10** customers on total Group sales is **47%** (45% in 2018)

**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

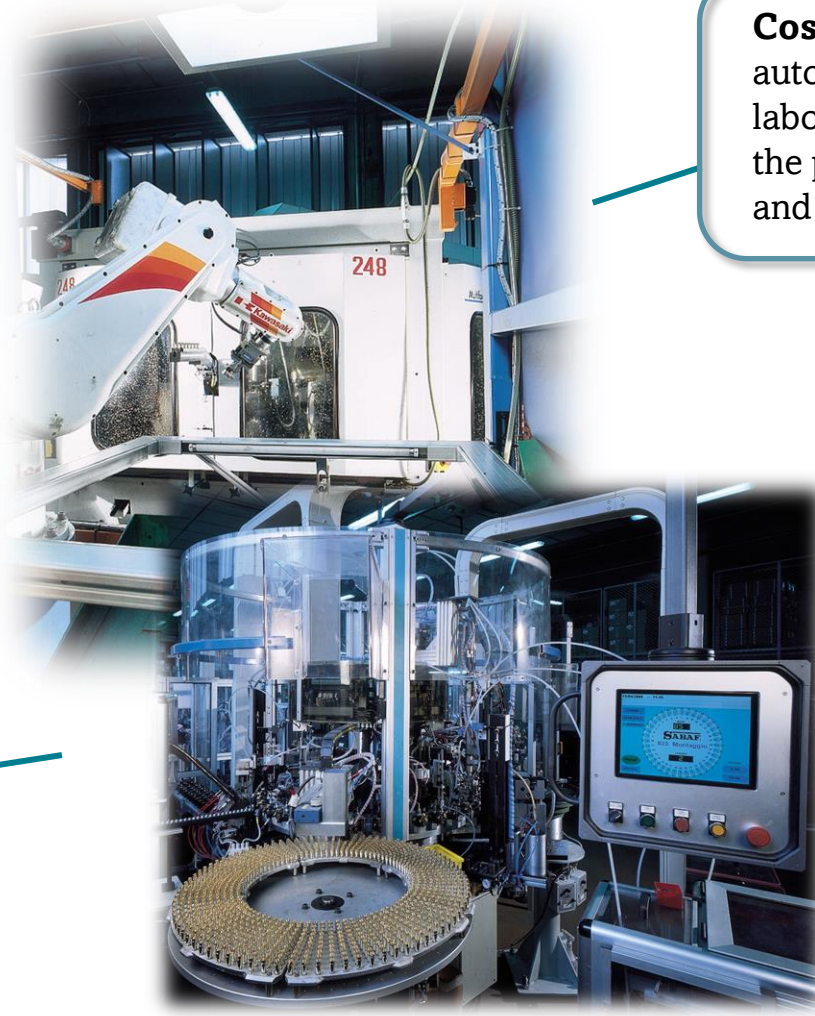
# Sabaf Group

## R&D and Process 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

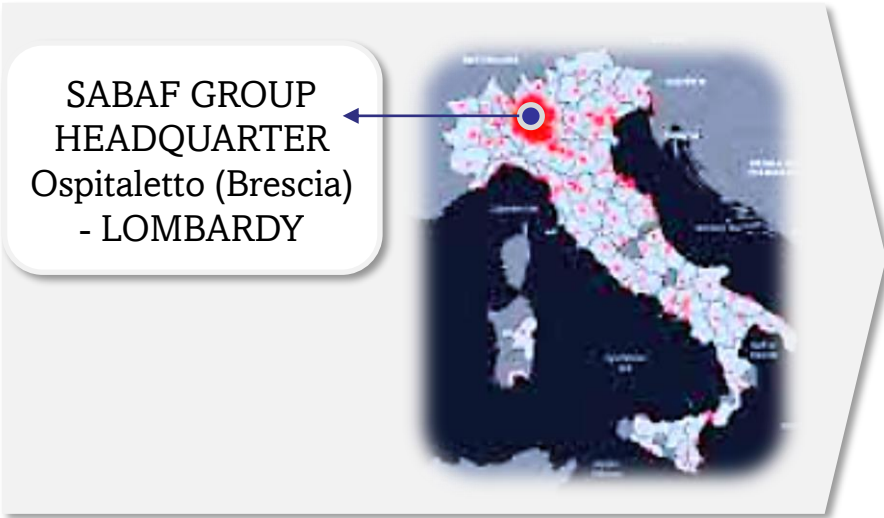
**Strong operational leverage:** great flexibility in production volumes growth, ready to satisfy customers requests

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

# ESG PERFORMANCE

# ESG Performance

## COVID 19 - Sabaf Group Approach



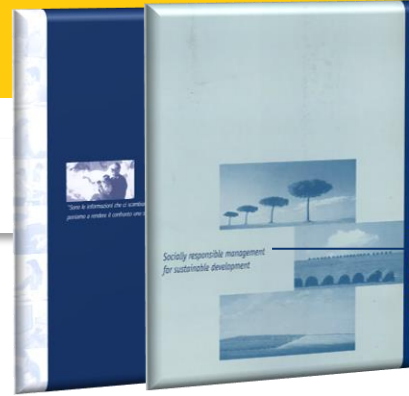
- Employee health and safety
- Continuous deliveries to customers
- Payment of suppliers strictly in compliance with agreed payment terms
- Employee benefits
- Donations to local community and hospitals



# ESG Performance Reporting

SINCE 2000

SOCIAL REPORTING

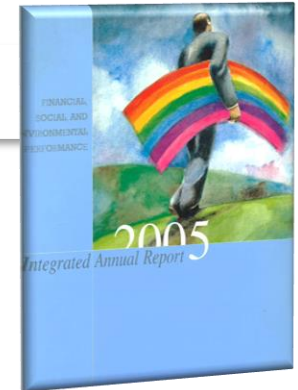


“ *Socially responsible management for sustainable development* ”



SINCE 2005

INTEGRATED REPORTING *(Triple bottom line)*



**SABAF**

**PIONEER  
IN SUSTAINABILITY  
REPORTING**

15<sup>TH</sup> EDITION  
(2019)

INTEGRATED ANNUAL REPORT



**SABAF**

**“OSCAR DI BILANCIO”**

- 2004
- 2013
- 2017
- 2018

Multi-awarded for  
the **best Italian financial  
communication**



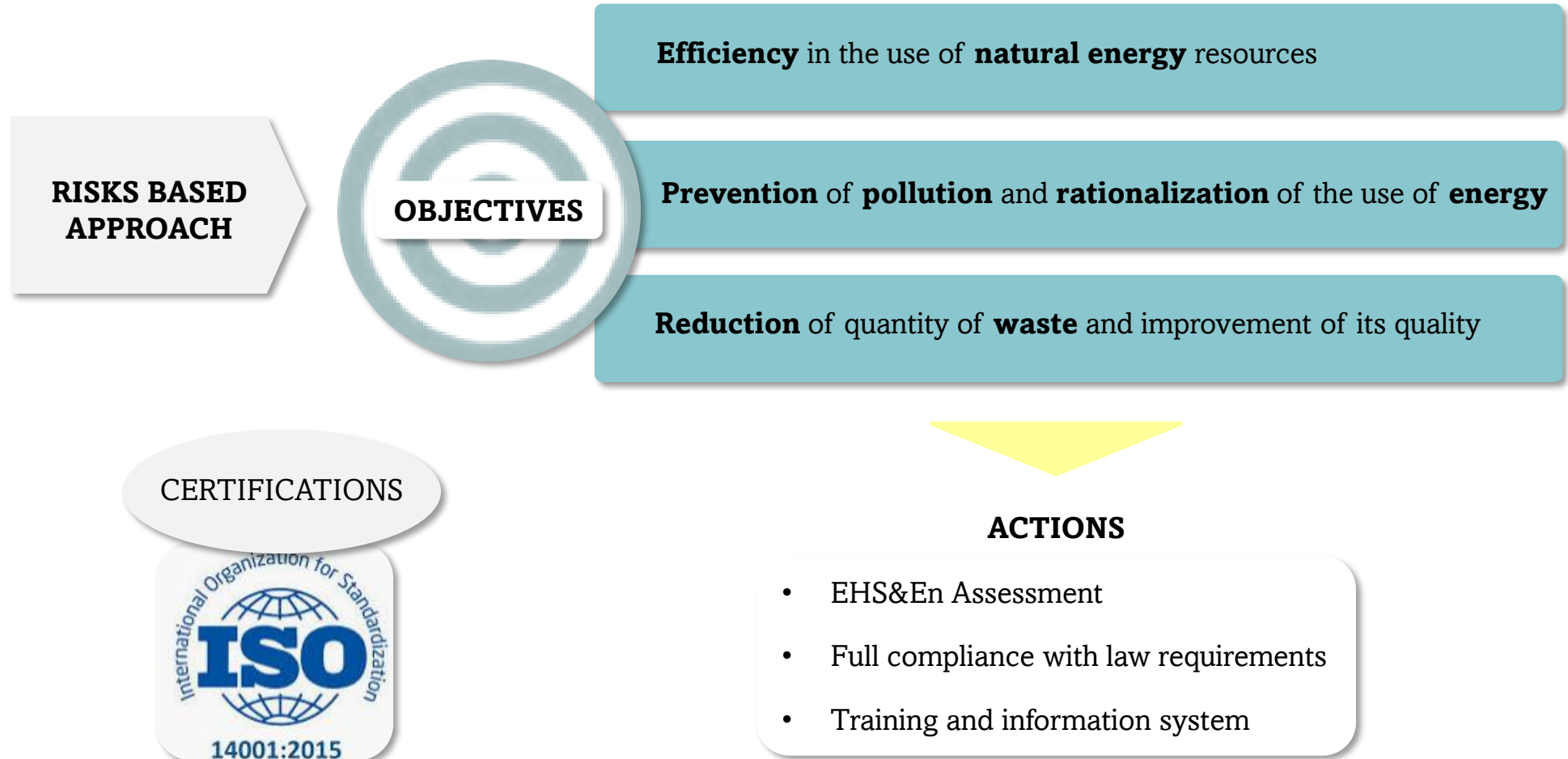
# ESG Performance

## Generated and distributed economic value

<i>(thousand of Euro)</i>	2019	2018	Change
<b>ECONOMIC VALUE GENERATED BY THE GROUP</b>	<b>160.095</b>	<b>160.054</b>	<b>41</b>
<b>ECONOMIC VALUE DISTRIBUTED BY THE GROUP</b>	<b>140,762</b>	<b>137,515</b>	<b>3,247</b>
Remuneration of suppliers	96,626	90,219	6,407
Remuneration of employees	37,103	34,840	2,263
Remuneration of lenders	1,339	1,206	133
Remuneration of shareholders	6,060	6,071	(11)
Remuneration of Public Administration	(408)	5,163	(5,571)
Charity and donations	42	16	26
<b>ECONOMIC VALUE RETAINED BY THE GROUP</b>	<b>19,333</b>	<b>22,539</b>	<b>(3,206)</b>
Depreciations and amortisation	15,183	12,728	2,455
Provisions	91	155	(64)
Use of provisions	(64)	(71)	7
Reserves	4,123	9,727	(5,604)

# ESG Performance

## Environment - risks, objectives and actions





# ESG Performance

## Environment - most important innovations



### HIGH EFFICIENCY BURNERS

Since 2005: first company in the World

More than 23% of burners produced  
Energy efficiency > 60%

Increasing efficiency year by year

- Energy efficiency
- Consumption
- Emissions



	Standard burners	High efficiency burners
Efficiency $\eta$	52%	65%
Consumption for 1 hob (m <sup>3</sup> /day)	0.68	0.54



	m <sup>3</sup> /day	m <sup>3</sup> /year
Gas saving for 1 hob	0.1	49.5

Total **saving** from 2005:  
**412 thousand m<sup>3</sup> of natural gas\***

**Reduction of CO<sup>2</sup> emissions**  
from 2005:  
**835 thousand tons\***

\*Estimation based on volumes manufactured by Sabaf

# ESG Performance

## Environment - most important innovations



### LIGHT ALLOY VALVES



Switch from brass to aluminium



	Brass	Light-alloy	Δ %
Energy consumption in production (KWh/unit)	0.47	0.30	-36%
Lead content (g/unit)	3.91	0.47	-88%
Total weight (g/unit)	159	74	-53%



#### Annual saving

2,406 MWh

49 tons

1,220 tons

92% of valves produced

- ✘ Elimination of hot moulding phase
- ↓ Lead content
- ↓ Weight
- ↓ Transport & packaging costs



### METAL WASHING

Elimination of perchloroethylene

Washing system based on a modified redistillable alcohol

- ↓ Operating costs
- ↓ Emissions
- ↓ Special waste

# ESG Performance

## Environment - materials

### Materials used and recyclability

	Materials used (tons)	2019	2018	2017
Raw materials	Brass	481	789	540
	Aluminium alloys	6,476	7,831	8,070
	Zamak	11	33	91
	Steel	21,881	7,861	7,631
	Cast iron	142	137	39
	Enamel	193	189	189
	Bronze	1	-	-

Packaging Materials	Cardboard	397	454	482
	Plastic	136	140	143
	Wood	479	503	521

80% of brass and 50% of aluminium alloys are produced by scrap recycling

Increase in steel consumption is due to the inclusion in the scope of consolidation of C.M.I.

70% of cardboard and 100% of plastic come from recycling

# ESG Performance

## Environment – energy

### Energy sources

	2019	2018	2017
Electricity from non-renewable sources (MWh)	28,526	30,225	30,841
YoY change	-6%	-2%	
Electricity from renewable sources (MWh)	50	-	-
Natural gas (m3 x 1000)	3,740	3,918	4,059
YoY change	-5%	-3%	
Diesel oil (l x 1000)	51	21	5.5
Petrol (l x 1000)	10	-	-
LPG (l x 1000)	0.09	-	-
<b>TOTAL CONSUMPTION (GJ)</b>	<b>238,887</b>	<b>249,866</b>	<b>272,329</b>
<b>TOTAL CONSUMPTION (MWh)</b>	<b>66,411</b>	<b>69,463</b>	<b>75,707</b>
<b>YoY change</b>	<b>-4%</b>	<b>-8%</b>	

### Energy intensity

	2019	2018	2017
Energy Intensity			
<b>KWh on € of turnover</b>	<b>0.426</b>	<b>0.460</b>	<b>0.489</b>
<b>YoY change</b>	<b>-7%</b>	<b>-6%</b>	

### Main sources

Electricity

Natural Gas

### CERTIFICATIONS



# ESG Performance

## Environment - water and emissions

### Water

Water consumption (m <sup>3</sup> )	2019	2018	2017
from municipal water supply	56,409	110,655	81,472
of which freshwater	56,409	110,655	81,472
of which other water	-	-	-
from well	35,516	29,185	31,329
of which freshwater	35,516	29,185	31,329
of which other water	-	-	-
<b>TOTAL</b>	<b>91,925</b>	<b>139,840</b>	<b>112,801</b>
<b>YoY change</b>	<b>-34%</b>	<b>+24%</b>	

No industrial waste water

Water used in production processes at Ospitaletto is treated in concentration plants (also started up in Sabaf Brasil)

The improvement of the cooling system at Sabaf Turkey contributed to the reduction in water consumption

At Ospitaletto factory, there is a plant for the collection of rainwater for use in industrial activities

### Emissions

CO <sub>2</sub> Emissions (tons)		2019	2018	2017
Scope 1 Direct emissions from refrigerant gases	tCO <sub>2</sub> eq	59	-	-
Scope 1 Direct emissions from fuel consumption	tCO <sub>2</sub>	7,734	8,022	8,508
Total direct emissions	tCO <sub>2</sub> eq	7,793	8,022	8,508
Scope 2 Indirect emissions (location based)	tCO <sub>2</sub>	9,979	10,498	11,570
Scope 2 Indirect emissions (market based)	tCO <sub>2</sub>	12,484	13,133	n.a.
Total emissions (location based)	tCO <sub>2</sub> eq	17,772	18,520	20,078
<b>YoY change</b>		<b>-4%</b>	<b>-8%</b>	

# ESG Performance

## Employees - risks, objectives and actions

**RISKS BASED APPROACH**



**ACTIONS**

- Respect of **human rights**
- Create a group of **motivated** people
- Produce profits **respecting** rights of workers
- **Safer** and **comfortable** workplaces
- Avoid **discrimination** and **favouritism**
- Value and respect **diversity**
- Adopt criteria of **merit** and **competence**
- Avoid **harassment** of workers
- Enhance contribution of **human capital**
- **Clear** and **transparent** information
- **Open dialogue** with trade unions

- Full compliance with applicable laws, directives, regulations and other requirements
- Full implementation of Charter of Values

- Constant monitoring of human rights, health and safety aspects
- Individual responsibility within shared rules of behaviour

**SA8000 STANDARD**



# ESG Performance

## Employees - main figures

### Employees by gender

	2019			2018			2017		
	♂	♀	♂♀	♂	♀	♂♀	♂	♀	♂♀
Total	657	378	1,035	506	254	760	496	260	756

### Employees by contract

	2019			2018			2017		
	♂	♀	♂♀	♂	♀	♂♀	♂	♀	♂♀
Permanent	621	369	990	487	247	734	473	249	722
Temporary	36	9	45	19	7	26	23	11	34
Total	657	378	1,035	506	254	760	496	260	756

### Employees by age

	2019	2018	2017
< 30 years old	17.2%	13.9%	16.0%
31- 40 years old	35.1%	39.9%	40.5%
41 - 50 years old	31.8%	31.8%	30.7%
over 50 years old	15.9%	14.4%	12.8%
Total	100%	100%	100%

### Employees by qualification

	2019	2018	2017
Degree	14.9%	14.1%	12.3%
High school diploma	44.2%	45.5%	45.0%
Middle school diploma	39.7%	40.1%	41.5%
Elementary school diploma	1.2%	0.3%	1.2%
Total	100%	100%	100%

### Employees by length of service

	2019	2018	2017
< 5 years	37.2%	26.7%	24.5%
6 - 10 years	12.3%	12.9%	18.9%
11 - 20 years	36.6%	46.7%	45.1%
over 20 years	13.9%	13.7%	11.5%
Total	100.0%	100.0%	100.0%

### Turnover rate

	2019	2018	2017
Total women	7.14%	9.06%	10.38%
Total men	10.19%	11.07%	13.31%
Total	9.08%	10.39%	12.30%

# ESG Performance

## Employees - Health and Safety

### HEALTH AND SAFETY RISKS

Function of Group HSE Manager

Certified Health & Safety Management System

### RISKS PREVENTION AND REDUCTION

Effective training  
Cutting-edge plants  
Strong organization

### CERTIFICATIONS





# ESG Performance

## Supply Chain Management



### Purchase Analysis

Company	Total 2019 purchases (€/000)	% Local purchases
Sabaf S.p.A.	56,466	79%
Faringosi-Hinges S.r.l.	8,331	99%
ARC S.r.l.	3,466	83%
CMI Group	24,916	71%
Sabaf Turkey	10,242	72%
Okida	5,537	68%
Sabaf do Brasil	7,491	95%
Sabaf China	534	98%

**Socially responsible** approach along the supply chain

Priority to suppliers with **certified Quality** and **Environmental Systems**

Sabaf **Charter of values** shared with suppliers

Very **short payment terms** (mainly 30 days) agreed for small suppliers

# ESG Performance

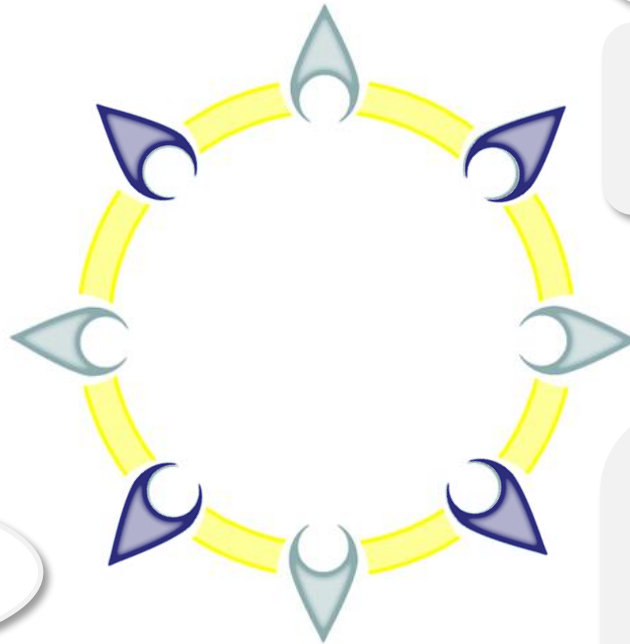
## Public Administration and Community

### PUBLIC ADMINISTRATION

- Transparency
- Fairness
- Open dialogue
- Promotion of shared and sustainable industrial development

### INDUSTRIAL ASSOCIATIONS

- Founder of APPLiA Italia, the Italian association of household appliance component manufacturers
- Member of Associazione Industriale Bresciana



### UNIVERSITIES & STUDENT WORLD

- Company visits
- Conferences about best practices on social responsibility

### CHARITABLE INITIATIVE & DONATIONS

- In 2019 Sabaf joined the Fondazione Spedali Civili of Brescia contributing to the purchase of a system that automates the preparation of chemotherapy drugs (Apotecachemo)
- In 2019 donation to Fondazione IRCCS Istituto Nazionale dei Tumori di Milano (National Cancer Institute of Milan)
- In 2020 donations for the fight against COVID-19
- Support to AVSI (we support 20 children living in different countries of the world)

# ESG Performance

## Corporate governance

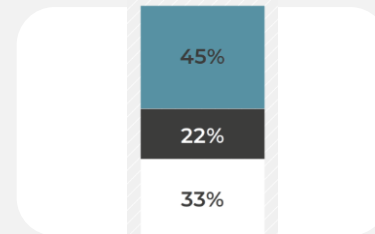
Strict **separation** between Shareholders and Management

**High profile** of Independent Directors

**Full compliance** with the Corporate Governance Code of Listed Companies

**Social** and **environmental** aspects are **responsibility of the BoD**

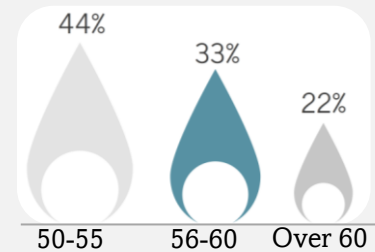
### Composition of the BoD



2019

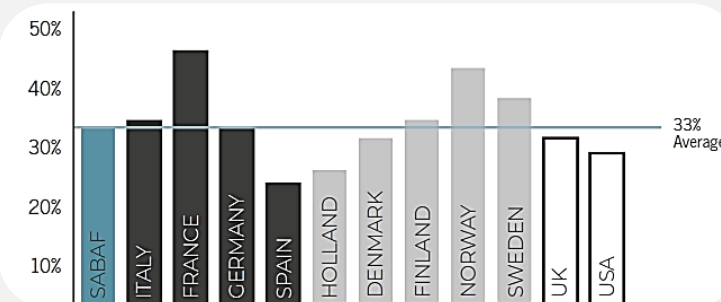
- Executive Directors
- Non-Executive Directors
- Independent Directors

### Average age of directors



Sabaf 61 years old vs  
Assonime 56.6 years old

### % of women in the BoD



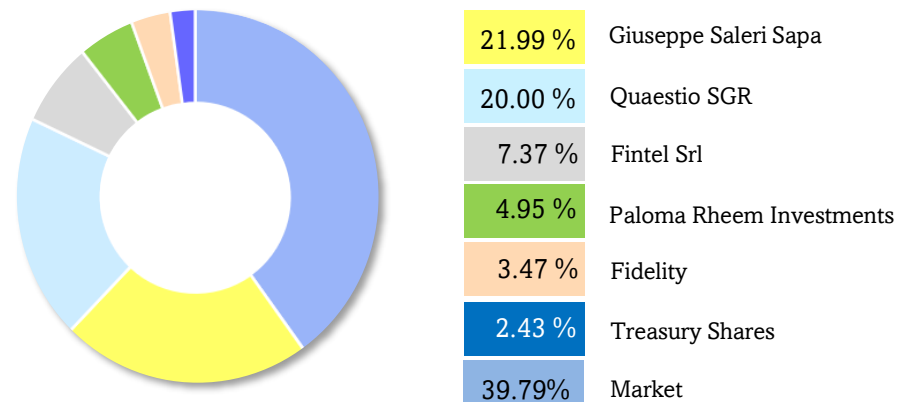
# ESG Performance

## Stock price and main shareholders

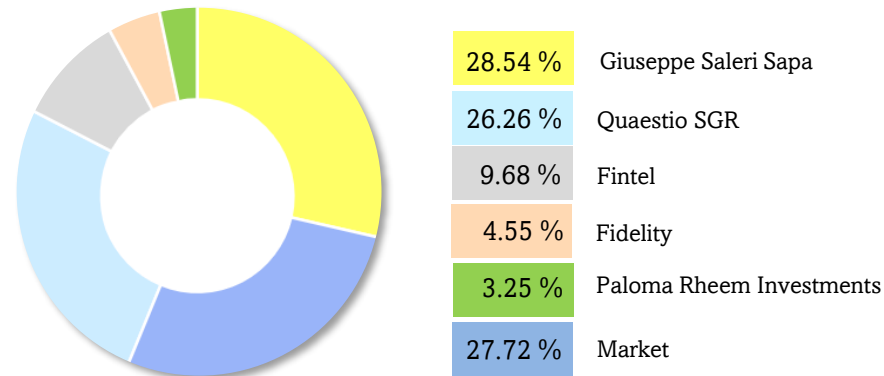


**Market cap: € 131 mn at 25 June 2020**

### % OF SHARE CAPITAL



### % OF VOTING RIGHTS



BUSINESS PLAN 2018 - 2022,  
MOST RECENT FIGURES  
AND CURRENT OUTLOOK

# Business plan 2018 - 2022

## Where we are 1/2

**GROWTH**

**BY ACQUISITIONS:** in line with the Business Plan

Business Plan update:  
End of 2020

**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 €	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**

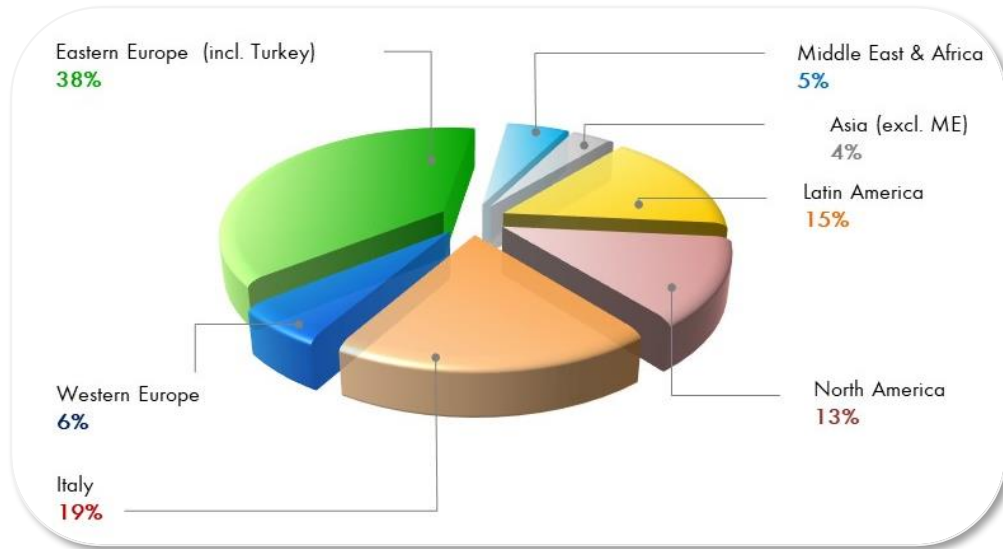
**Basis for organic growth in the near future**

# Financial performance

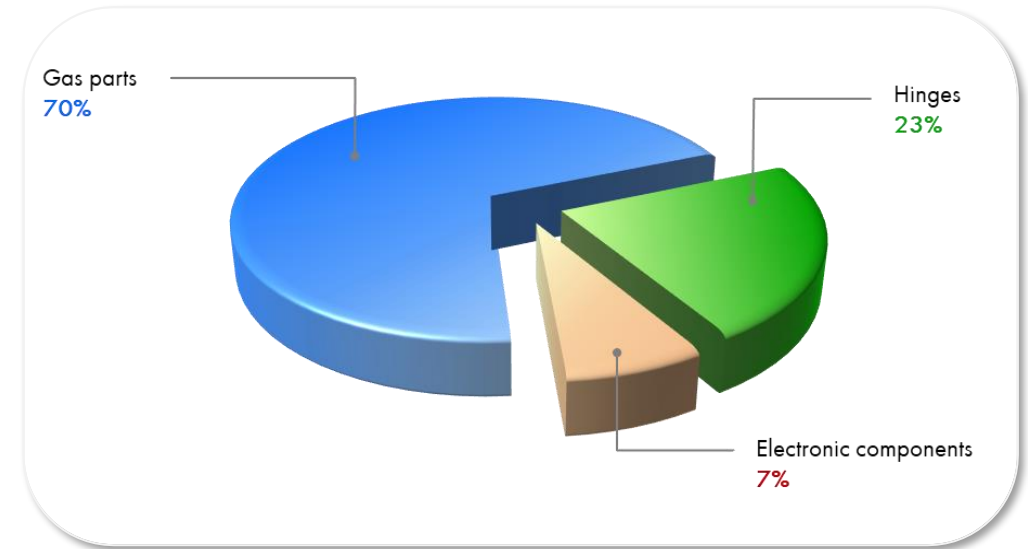
## Income statement

	I Q 2020		I Q 2019*		Δ % 20 - 19	FY 2019*	
TURNOVER	43,852	100%	37,635	100%	+16.5%	155,923	100%
EBITDA	7,689	17.5%	6,617	17.6%	+16.2%	27,033	17.3%
EBIT	3,360	7.7%	3,350	8.9%	+0.3%	11,896	7.6%
EBT	2,192	5.0%	2,721	7.2%	-19.4%	9,776	6.3%
PROFIT FOR THE YEAR	1,680	3.8%	2,156	5.7%	-22.1%	10,183	6.5%
PROFIT OF THE GROUP	1,547	3.5%	2,115	5.6%	-26.9%	9,915	6.4%

SALES BY MARKET



SALES BY PRODUCT



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



# Financial performance

## Balance Sheet and NFP

	I Q 2020	I Q 2019*	FY 2019*
FIXED ASSETS	134,108	118,200	138,506
NET WORKING CAPITAL	55,726	57,090	49,693
PROVISIONS	(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>

# 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.

## **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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