

We burn for technology and safety.



FINANCIAL PRESENTATION

Milan, 23rd – 25th March 2021

SABAF
GROUP

ARC

CMI

FARINGOSI
HINGES

OKIDA

SABAF

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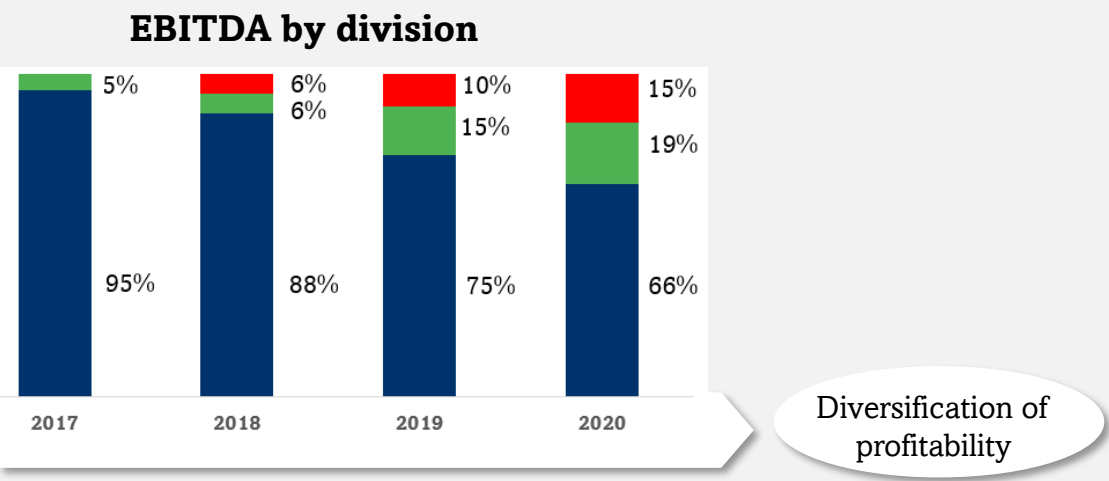
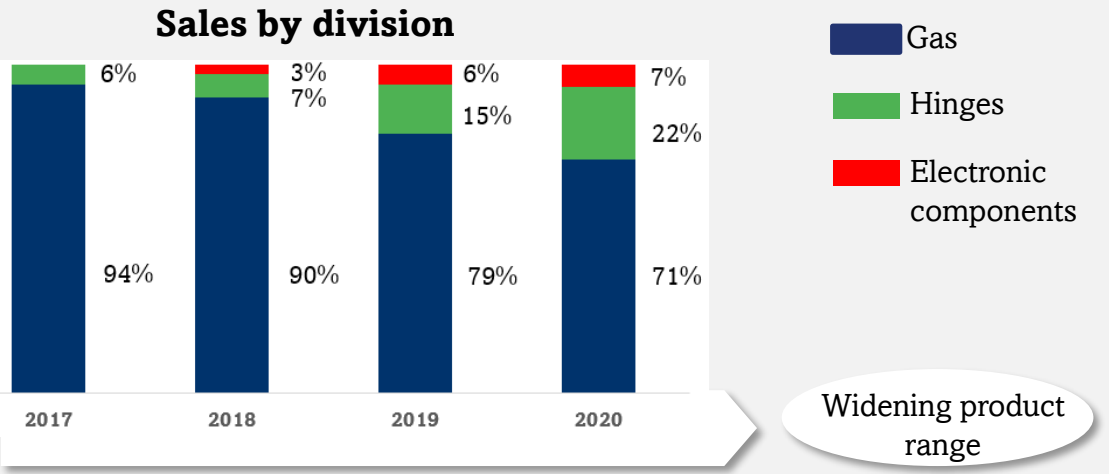
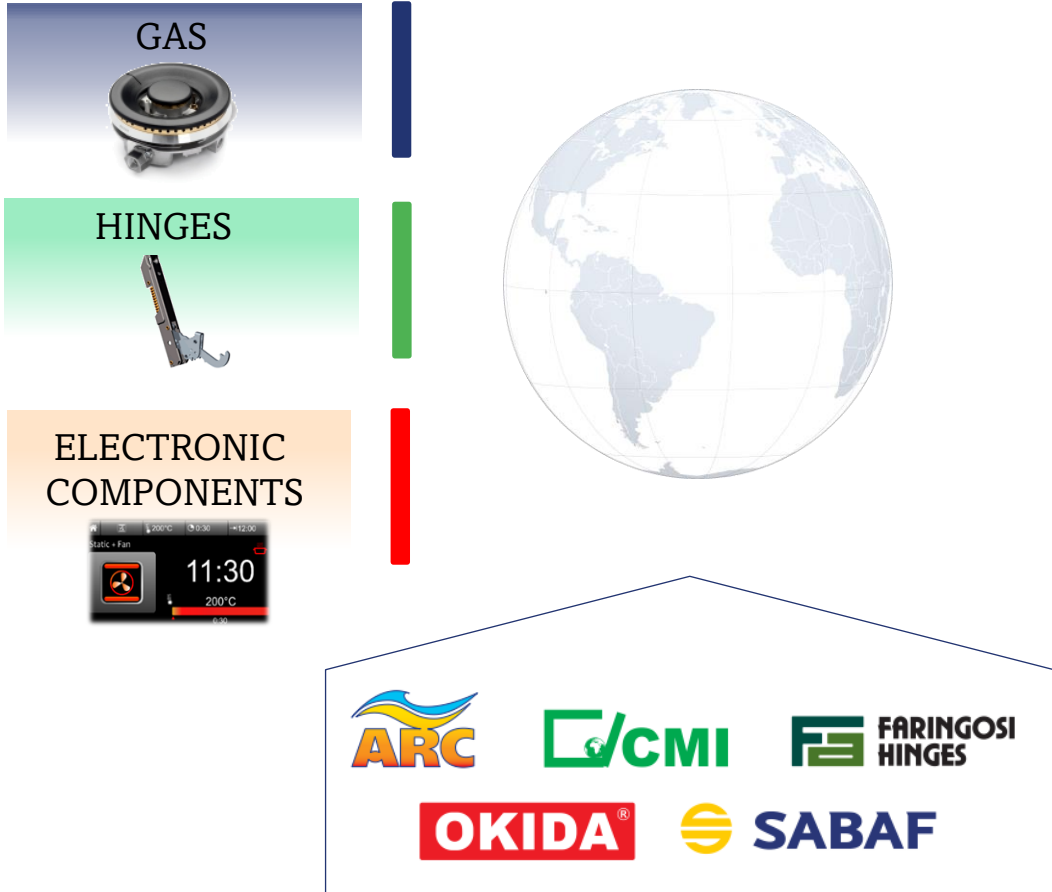
COMPANY PROFILE

Sabaf Group Timeline and history



Sabaf Group

Business diversification in three divisions



Sabaf Group

Product range

GAS

- Standard Burners
- Special Burners
- Professional Burners
- Oven and Grill Burners
- Gas Valves
- Gas Oven Thermostats
- Microswitches & Accessories



HINGES

- Ovens
- Dishwashers
- Special applications
- Small compartments
- Catering appliances



ELECTRONIC COMPONENTS

- Cooker Hoods
- Ovens
- Cookers
- Air Curtain
- Refrigerators/freezers
- Other products



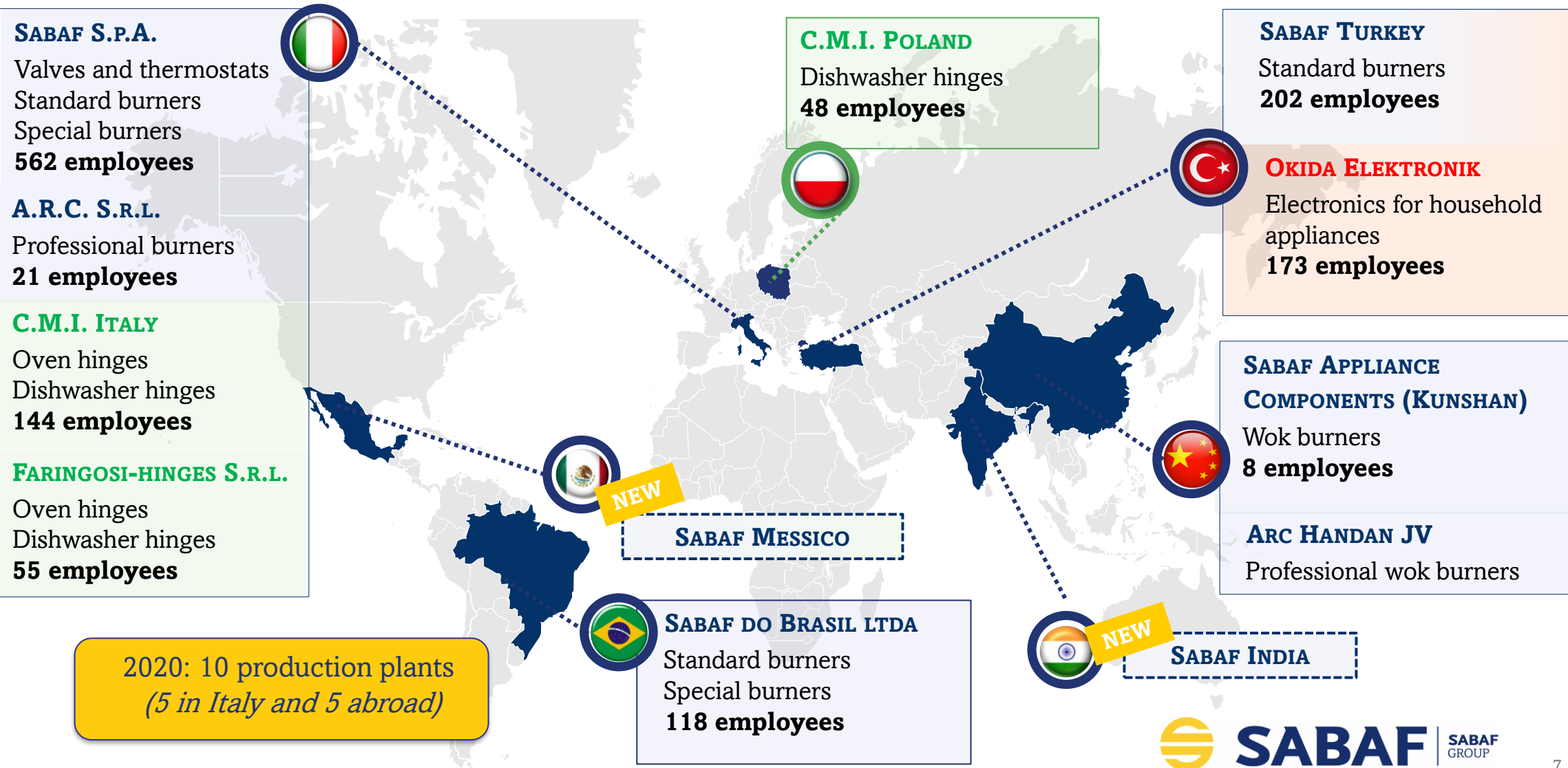
Sabaf Group

Industrial Footprint: present and near future



Total Group employ
at 31 December 2020

1,331



Global leader

- in the segment of **components for domestic gas** cooking appliances, with 400 customers in 64 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 **48%** (47% in 2019)



No customer represents **more than 11%** 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 88 active patents

Know-how:

- Mechanical: 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

Intellectual capital:
highly specialized and qualified staff (50+ R&D engineers)

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

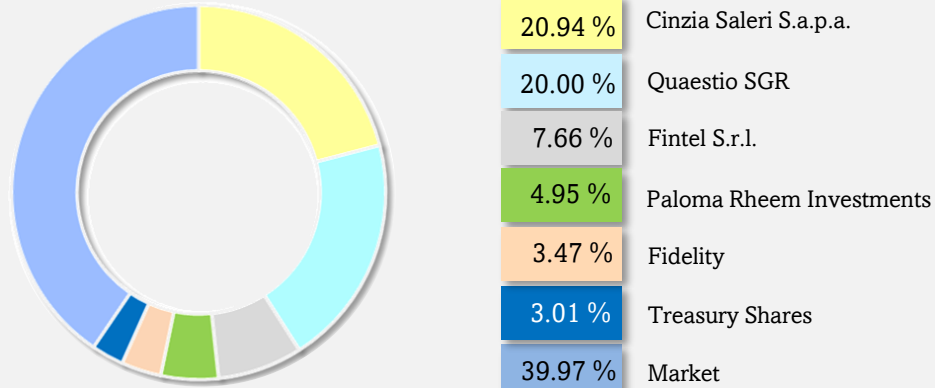


Sabaf Group

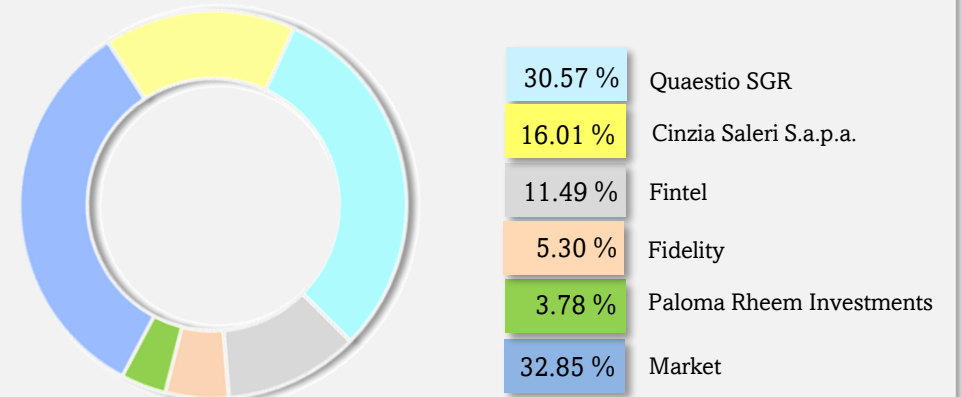
Main Shareholders



% OF SHARE CAPITAL



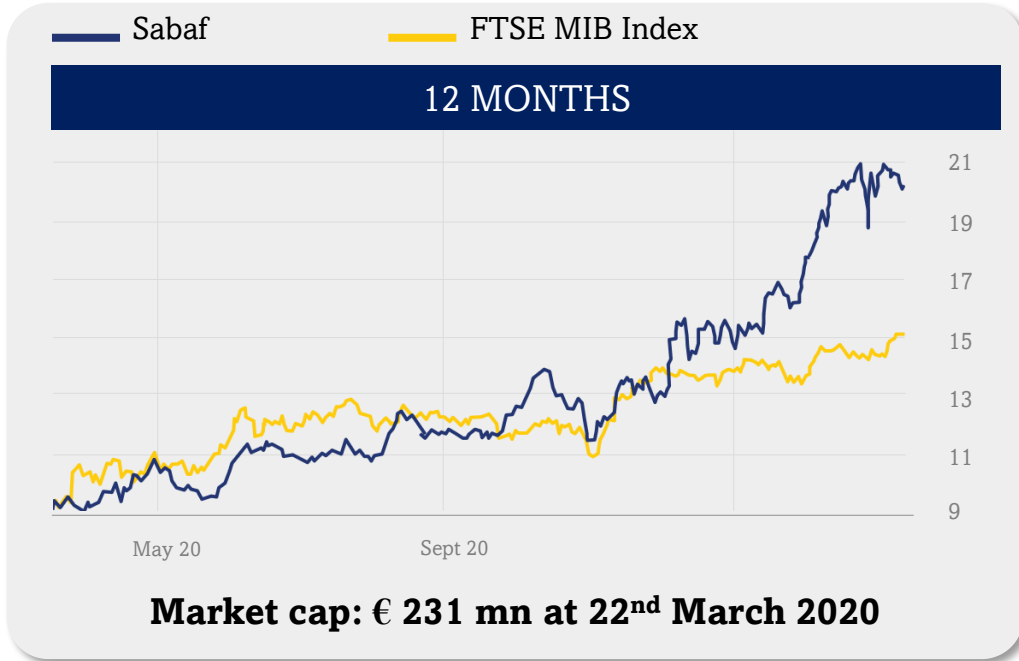
% OF VOTING RIGHTS



Pietro Iotti, CEO of Sabaf,
owns 1.3% of shares

Sabaf Group

Stock price and Dividend proposal



Sabaf performance	
Change	
1-day (%)	0.50%
1-month (%)	0.75%
3-month (%)	30.52%
6-month (%)	73.21%
12-month (%)	98.57%
YTD (%)	33.55%

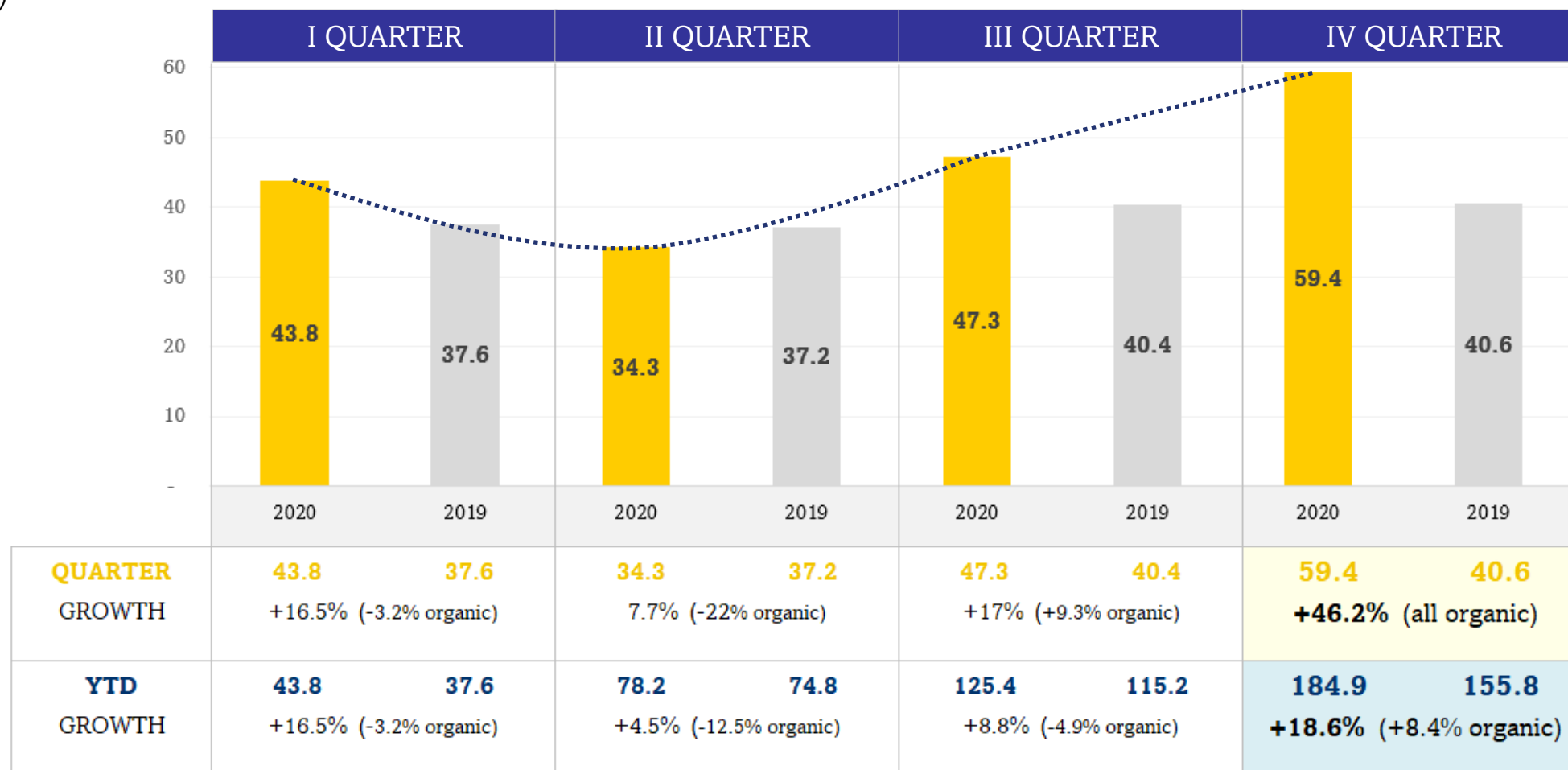
DIVIDEND PROPOSAL

- **€ 0.55 per share**
- Ex-date: 31st May 2021
- Dividend yield: 2.8%
- Payout ratio: 45.4%

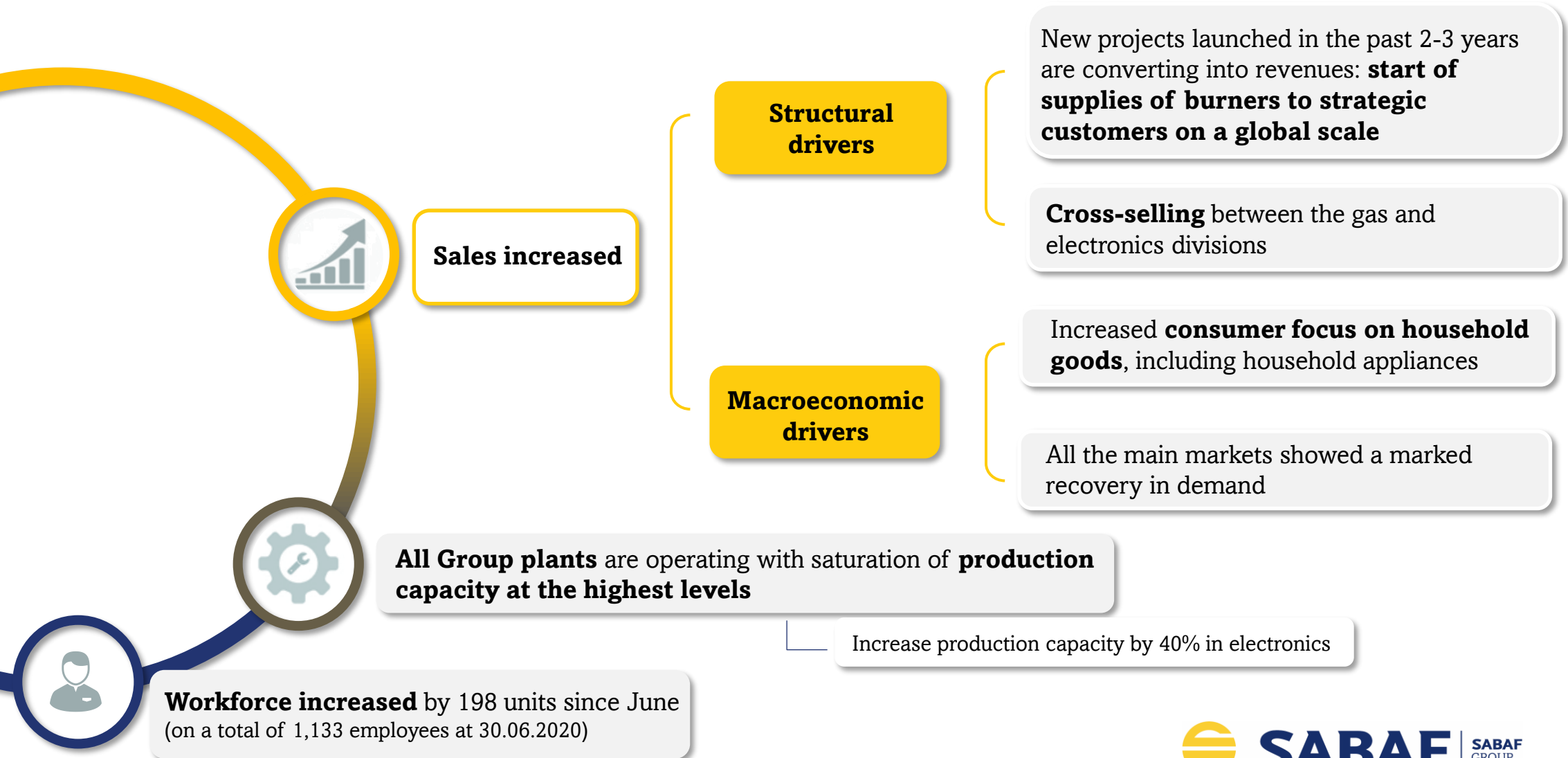
IV QUARTER 2020 AND 12 MONTHS FINANCIAL PERFORMANCE

Revenues 2020 - Quarter analysis

(euro mn)



Business update



Performance data

Income statement – IV quarter 2020

€ x 000	IV TRIM 2020		IV TRIM 2019		Δ % 20 - 19
Revenue	59,461	100.0%	40,671	100.0%	+46.2%
Other income	4,158	7.0%	1,393	3.4%	
Total operating revenue and income	63,619		42,064		
Materials	(26,528)	(44.6%)	(15,401)	(37.9%)	
Personnel costs	(13,215)	(22.2%)	(10,498)	(25.8%)	
Change in inventories	2,712	4.6%	(1,961)	(4.8%)	
Other operating costs	(12,363)	(20.8%)	(7,617)	(18.7%)	
EBITDA	14,225	23.9%	6,587	16.2%	+116.0%
Depreciation	(4,263)	(7.2%)	(4,446)	(10.9%)	
Gains/losses on fixed assets	45	0.1%	2	0.0%	
Write-downs/write-backs of non-current assets	(141)	(0.2%)	-	0.0%	
EBIT	9,866	16.6%	2,143	5.3%	+360.4%
Net financial expense	(1,239)	(2.1%)	264	0.6%	
Exchange rate gains and losses	29	0.0%	(1,230)	(3.0%)	
Profits and losses from equity investments	39	0.1%	(39)	(0.1%)	
EBT	8,695	14.6%	1,138	2.8%	664.1%
Income taxes	1,200	2.0%	2,037	5.0%	
PROFIT FOR THE YEAR	9,895	16.6%	3,175	7.8%	211.7%
Minority interests	(179)	(0.3%)	(52)	(0.1%)	
PROFIT ATTRIBUTABLE TO THE GROUP	9,716	16.3%	3,123	7.7%	211.1%

Performance data

Income statement – 12 months 2020

€ x 000	12 MONTHS 2020		12 MONTHS 2019 *		Δ % 20 - 19
Revenue	184,906	100.0%	155,923	100.0%	+18.6%
Other income	7,194	3.9%	3,621	2.3%	
Total operating revenue and income	192,100		159,544		
Materials	(82,966)	(44.9%)	(57,464)	(36.9%)	
Personnel costs	(43,700)	(23.6%)	(37,103)	(23.8%)	
Change in inventories	6,406	3.5%	(8,617)	(5.5%)	
Other operating costs	(34,743)	(18.8%)	(29,327)	(18.8%)	
EBITDA	37,097	20.1%	27,033	17.3%	+37.2%
Depreciation	(16,968)	(9.2%)	(15,183)	(9.7%)	
Gains/losses on fixed assets	105	0.1%	46	0.0%	
Write-downs/write-backs of non-current assets	(141)	(0.1%)	-	0.0%	
EBIT	20,093	10.9%	11,896	7.6%	+68.9%
Net financial expense	(780)	(0.4%)	(701)	(0.4%)	
Exchange rate gains and losses	(4,812)	(2.6%)	(1,380)	(0.9%)	
Profits and losses from equity investments	8	0.0%	(39)	(0.0%)	
EBT	14,509	7.8%	9,776	6.3%	48.4%
Income taxes	(149)	(0.1%)	407	0.3%	
PROFIT FOR THE YEAR	14,360	7.8%	10,183	6.5%	41.0%
Minority interests	(399)	(0.2%)	(268)	(0.2%)	
PROFIT ATTRIBUTABLE TO THE GROUP	13,961	7.6%	9,915	6.4%	40.8%

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

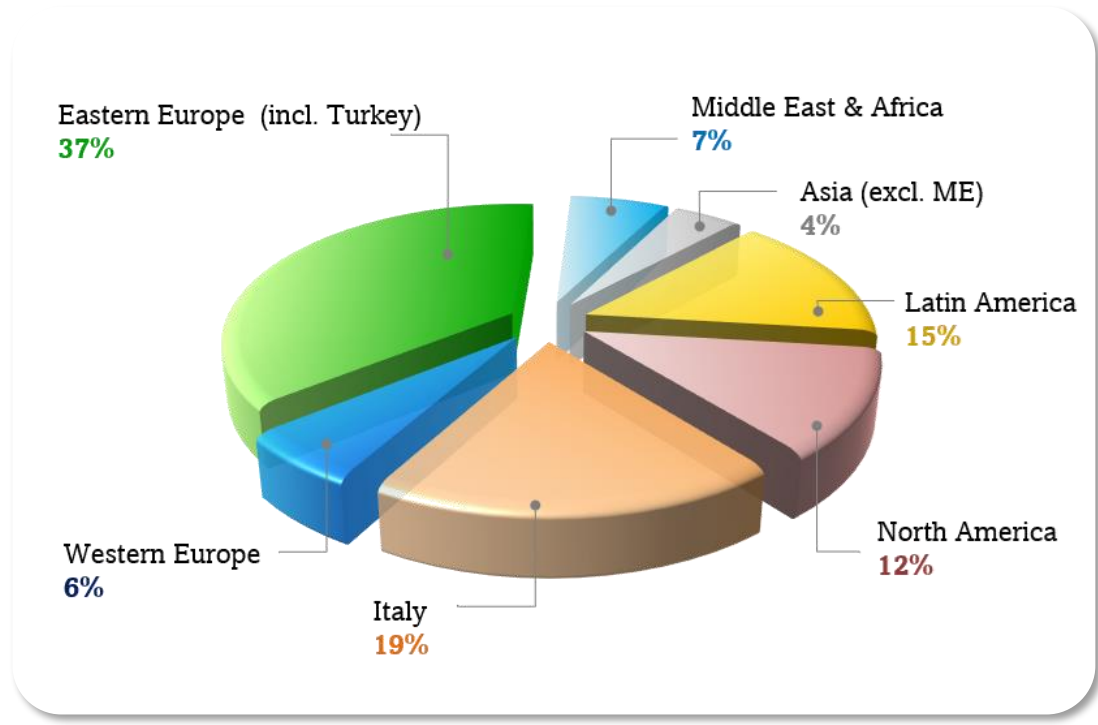
Performance data

Sales by market

€ x 000	12 MONTHS 2020	12 MONTHS 2019*	
Italy	35,260	31,161	+13.2%
Western Europe	11,103	12,277	-9.6%
Eastern Europe (incl. Turkey)	68,061	55,059	+23.6%
Middle East & Africa	12,040	7,050	+70.8%
Asia (excl. ME)	8,103	9,198	-11.9%
Latin America	27,639	23,451	+17.9%
North America	22,700	17,727	+28.1%
Total	184,906	155,923	+18.6%

Like-for-like consolidation scope	12 MONTHS 2020	12 MONTHS 2019	
Italy	32,634	31,161	+4.7%
Western Europe	11,103	12,277	-9.6%
Eastern Europe (incl. Turkey)	60,360	55,059	+9.6%
Middle East & Africa	12,040	7,050	+70.8%
Asia (excl. ME)	8,041	9,198	-12.6%
Latin America	27,135	23,451	+15.7%
North America	17,773	17,727	+0.3%
Totale	169,086	155,923	+8.4%

	IV Q 2020	IV Q 2019	
Italy	11,969	7,145	+67.5%
Western Europe	3,536	2,985	+18.5%
Eastern Europe (incl. Turkey)	21,119	16,309	+29.5%
Middle East & Africa	3,522	1,097	+221.2%
Asia (excl. ME)	3,088	2,062	+49.7%
Latin America	9,469	5,629	+68.2%
North America	6,758	5,444	+24.1%
Totale	59,461	40,671	+46.2%

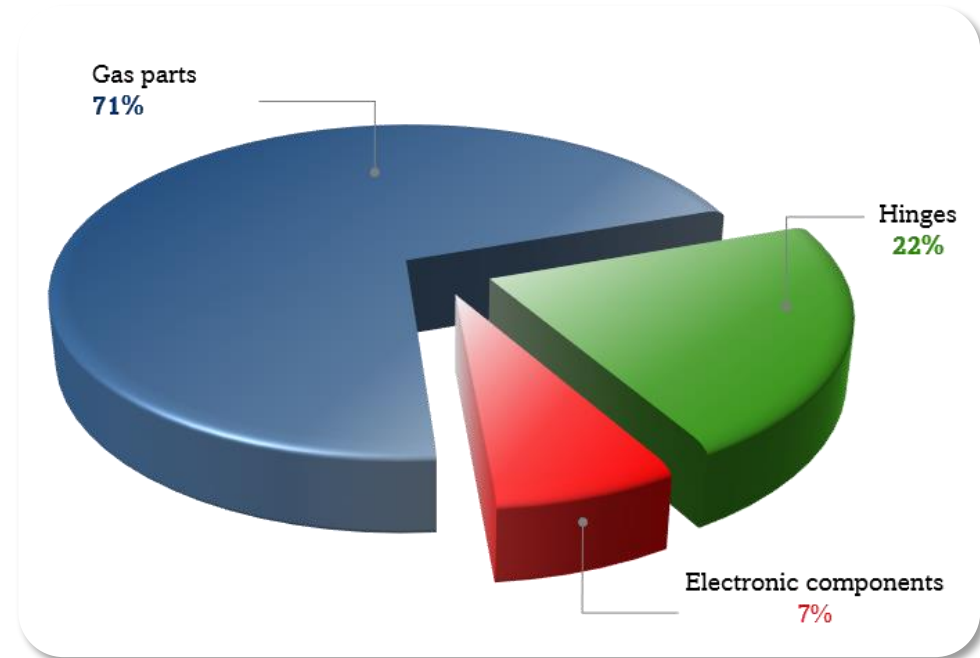


* C.M.I. Group has been consolidated since August 2019

Performance data

Sales by product

€ x 000	12 MONTHS 2020	12 MONTHS 2019*	
Gas parts	129,834	122,206	+6.2%
Hinges	41,326	23,774	+73.8%
Electronic components	13,746	9,944	+38.2%
Total	184,906	155,923	+18.6%



Like-for-like consolidation scope	12 MONTHS 2020	12 MONTHS 2019	
Gas parts	129,834	122,206	+6.2%
Hinges	25,506	23,774	+7.3%
Electronic components	13,746	9,944	+38.2%
Total	169,086	155,923	+8.4%

€ x 000	IV Q 2020	IV Q 2019	
Gas parts	42,314	27,886	+51.7%
Hinges	12,589	10,205	+23.4%
Electronic components	4,558	2,581	+76.6%
Total	59,461	40,671	+46.2%

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

Performance data

Balance Sheet

€ x 000	31.12.2020	31.12.2019
Fixed assets	131,543	138,506
<i>Inventories</i>	<i>39,224</i>	<i>35,343</i>
<i>Trade receivables</i>	<i>63,436</i>	<i>46,929</i>
<i>Tax receivables</i>	<i>2,419</i>	<i>4,458</i>
<i>Other current receivables</i>	<i>3,167</i>	<i>1,459</i>
<i>Trade payables</i>	<i>(41,773)</i>	<i>(27,560)</i>
<i>Tax payables</i>	<i>(3,287)</i>	<i>(1,802)</i>
<i>Other payables</i>	<i>(10,957)</i>	<i>(9,134)</i>
Net working capital	52,229	49,693
Provisions for risks and severance indemnity	(9,643)	(11,966)
Capital Employed	174,129	176,233
Equity	117,807	121,105
Net debt	56,322	55,128
Sources of finance	174,129	176,233



Performance data

Cash flow statement

€ x 000	31.12.2020	31.12.2019
Cash at the beginning of the period	18,687	13,426
Net profit	14,360	10,183
Depreciation	16,968	15,183
Other income statement adjustments	1,873	1,538
Change in net working capital		
- Change in inventories	(3,881)	9,090
- Change in receivables	(16,507)	10,148
- Change in payables	14,213	(2,901)
	(6,175)	16,337
Other changes in operating items	(1,959)	(2,309)
Operating cash flow	25,067	40,932
Investments, net of disposals	(17,296)	(12,014)
Free Cash Flow	7,771	28,918
Cash flow from financial activity	(2,136)	(10,433)
Own shares buyback	(2,073)	3,146
Dividends	(3,924)	(6,060)
CMI Acquisition	(3,063)	(10,475)
OKIDA acquisition		(317)
Forex	(1,944)	482
Net financial flow	(5,369)	5,261
Cash at the end of the period	13,318	18,687
Current financial debt	37,487	22,386
Non-current financial debt	32,153	51,430
Net financial debt	56,322	55,128

Working capital

- Increase in working capital due to **higher levels of production and sales** in the second half of the year
- Nevertheless **lower incidence of NWC on turnover**: 28.2% compared to pro-forma 28.7% in 2019

Investments

Investments in 2020 were mainly aimed at:

- **industrializing new products** to significantly increase shares with certain strategic customers
- **increasing production** capacity:
 - in India (new plant)
 - Turkey and Brazil (machinery and equipment)

Performance data

Financial Indicators

	12 MONTHS 2020	12 MONTHS 2019	
		actual *	pro-forma**
Change in turnover (vs. previous year)	+18,6%	+3,5%	
Change in turnover - Organic (vs. previous year)	+8,4%	-8,9%	
ROCE (return on capital employed)	11,5%	6,8%	7,1%
Net debt/EBITDA	1,52	2,04	1,86
Net working capital/Turnover	28,2%	31,9%	28,7%
Net debt/equity	47,8%	45,5%	

* C.M.I. Group contributions considered only for the period 31.07.2019 - 31.12.2019 (C.M.I. Group has been consolidated since August 2019)

** Proforma indicators are calculated considering annualized figures for companies acquired during the year

2021 OUTLOOK

Outlook 2021

€ 210 mn
SALES

TOTAL 2021 SALES (+14% on 2020)

Previous forecast released on 11th February 2021: €200 million (+8% on 2020)

I HALF 2021

- Sales and orders at the **high levels** of the end of 2020
- All markets continue to show **very strong demand**

II HALF 2021

Trend expected to
continue fuelled by



- Supply contracts launched in 2020
- Business plans in progress

at least 20%
EBITDA

EBITDA 2021

Operating profitability (EBITDA %) at least 20% of sales (previous forecast close to 20%)

- Diversification of Group's offer
- Favorable trend in sales prices
- Full utilization of production capacity



Will balance unfavorable raw materials and exchange rate trends

BUSINESS PLAN 2021 - 2023

Business plan 2021 - 2023

KEY POINTS

around
€ 300 mn
SALES

TOTAL SALES by 2023

+62% vs. 2020 CAGR > 17.5%

- **Organic** CAGR >10%: around € 250 sales by 2023
- **M&A**: 50 mn sales by 2023

€ 57 mn
EBITDA
by 2023

EBITDA

at least 19% on sales

at least
+100 bps

ROI

Compared to 11.5% in 2020

~ 2.0

FINANCIAL LEVERAGE

Net debt/EBITDA around 2.0

€ 130 mn

INVESTMENTS in 3 years

- **Organic**: € 58 mn capex, of which € 46 mn for growth and € 12 mn in maintenance
- **M&A**: up to € 72 mn investment

€ 20 mn

DIVIDENDS in 3 years

- Total amount higher than previous years (2018 - 2020: € 16 mn)
- Lower payout to support future growth



FINANCED with:

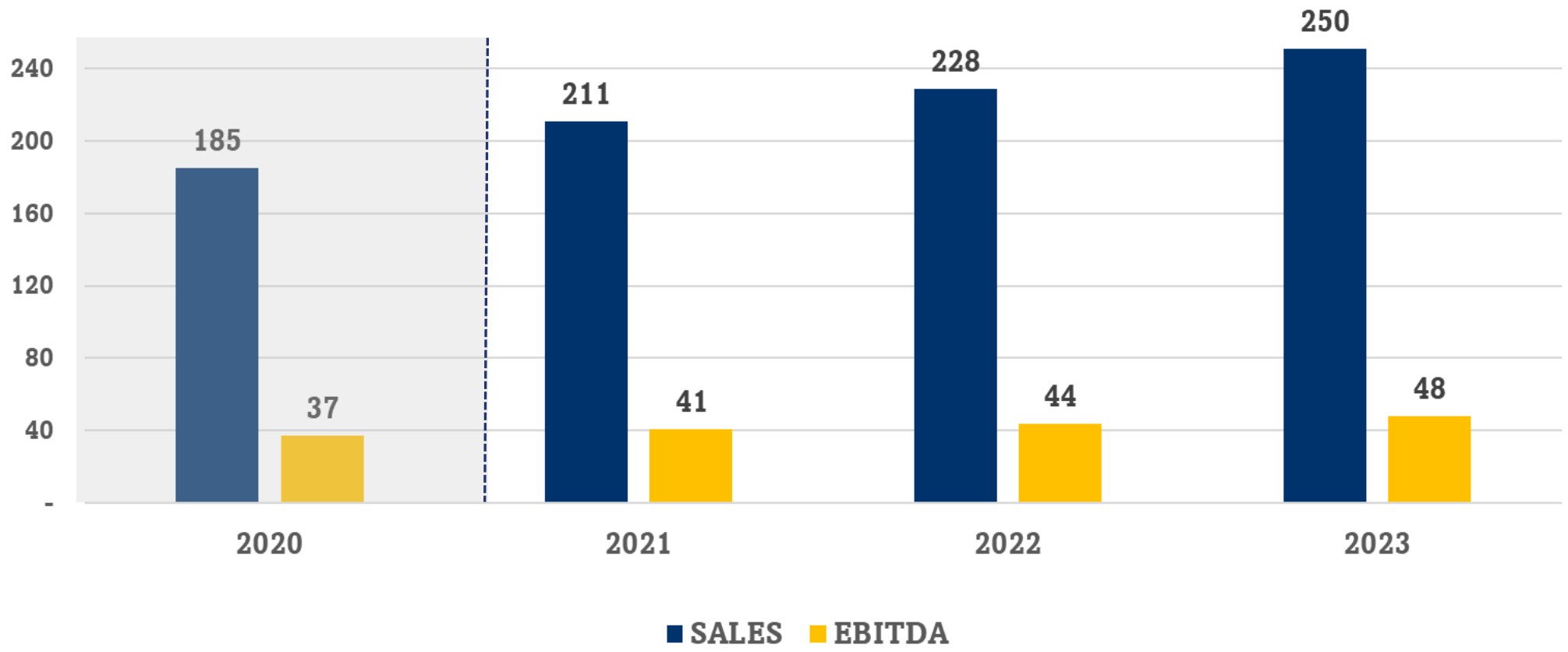
- **OPERATING CASH FLOW** € 85 mn in 3 years
- **NEW FINANCIAL DEBT** up to € 65 mn by 2023

Business plan 2021 - 2023

Organic growth



CAGR: +10.6%



■ SALES ■ EBITDA

Figures in euro million



Business plan 2021 - 2023

Organic growth - Market development

MARKET	2020	2021	2022	2023	Var % 2023 vs. 2020	CAGR
EUROPE (excl. Turkey)	69.6	76.3	80.3	86.6	+24.5%	7.6%
TURKEY	44.8	51.6	55.6	56.6	+26.3%	8.1%
NORTH AMERICA	22.7	27.5	32.2	37.2	+63.6%	17.8%
SOUTH AMERICA	27.6	29.0	30.4	32.9	+18.9%	5.9%
AFRICA AND MIDDLE EAST	12.2	14.1	14.1	16.1	+32.5%	9.8%
CHINA AND FAR EAST	6.8	10.3	11.5	14.2	+101.1%	28.1%
INDIA	1.2	1.7	4.3	6.9	+468.0%	78.4%
TOTAL	184.9	210.5	228.4	250.5	+35.5	10.6%
<i>Growth vs. previous year</i>		+13.9%	+8.5%	+9.7%		

Business plan 2021 - 2023

Organic growth - By division



PROJECTS		GAS	HINGES	ELECTRONICS	TOTAL	CAGR
ADDITIONAL SALES IN 3 YEARS COMPARED TO 2020	NEW	€ 26.3 mn <i>No. 11 projects</i>	€ 10.6 mn <i>No. 5 projects</i>	€ 8.5 mn <i>No. 25 projects</i>	€ 45.4 mn <i>No. 41 projects</i>	+7.6%
	EXISTING	€ 7.6 mn	€ 8.6 mn	€ 4.0 mn	€ 20.2 mn	+3%
TOTAL		€ 33.9 mn	€ 19.2 mn	€ 12.5 mn	€ 65.6 mn	+10.6%

HUGE NEW PROJECTS PIPELINE



ORGANIC GROWTH
+35.5% on 2020



STRONG RELATIONSHIPS WITH GLOBAL PLAYERS

Business plan 2021 - 2023

Organic growth - R&D



R&D activities will focus on **ad hoc solutions** to meet the needs of **individual markets** and on the design of **customized products**

**More than 50 R&D engineers
in force**

Product innovation will be oriented to the following areas:

GAS

- Premium flame valves
- High performances burners for better combustion efficiency
- New burners for North America market
- New models of professional burners

HINGES

- Hinges for top load washers
- Customized hinges for specific markets and customers
- Motorized hinges

ELECTRONICS

- Development of new oven controls
- Vitroceramic hobs control cards
- Completion of product range for cooker hood controls
- Feasibility study of induction cooking
- Development of products for new business sectors like medical appliances, dishwashers, dryers, heaters, etc.

Business plan 2021 - 2023

Organic growth - New facilities

3 NEW PRODUCTION FACILITIES

TURKEY

- Production: hinges and electronic components
- Investments: € 6 mn in 3 years
- Expected capacity: € 11 mn
- Start of production: **June 2021**

INDIA

- Production: valves and burners for local market and potential export
- Investments: € 5.2 mn in 3 years
- Expected capacity: € 6 mn
- Start of production: **second half of 2021**

MEXICO

- Production: burners and hinges for North and Central America markets
- Investments: € 5 mn in 3 years
- Expected capacity: € 11 mn
- Start of production: **end of 2022**

● Total capacity increase:
€ 28 mn by 2023

● Countries with strong
prospective growth

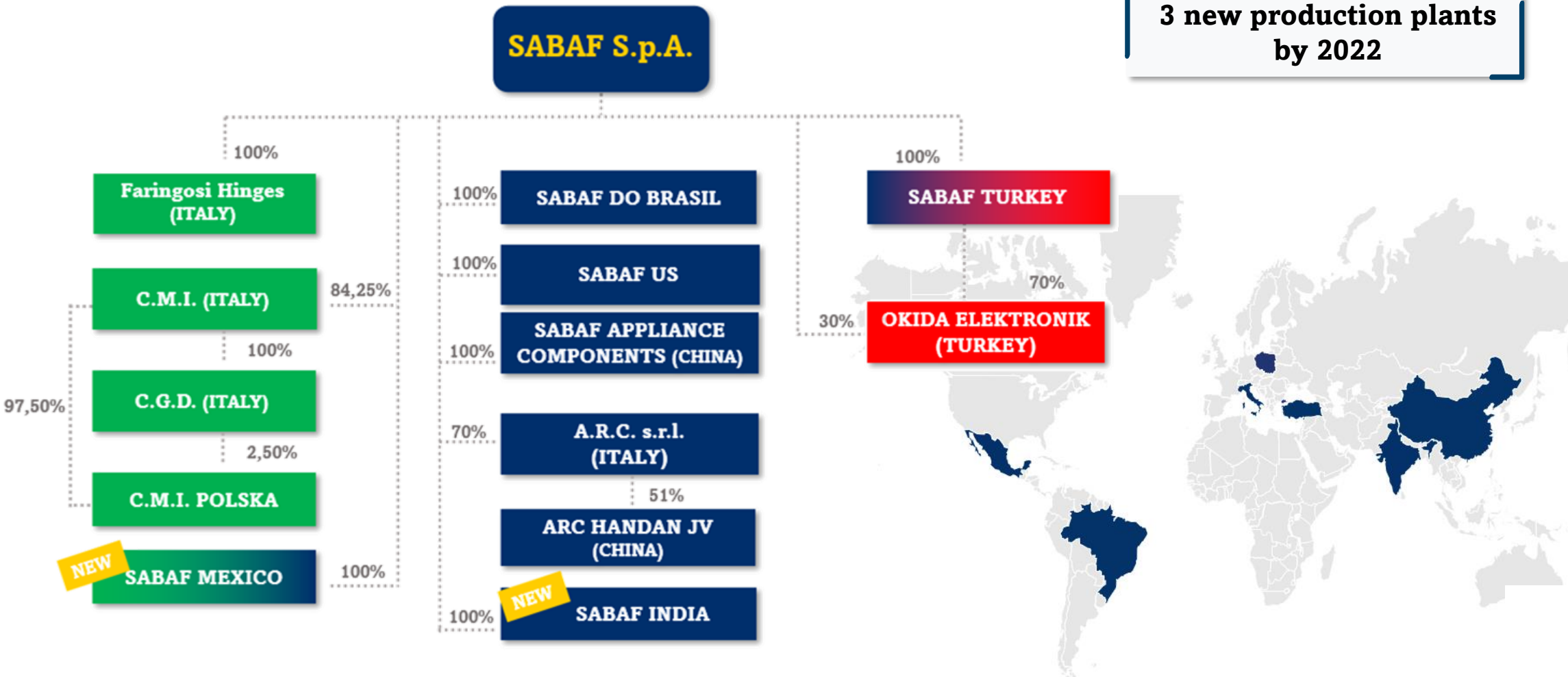
Business plan 2021 - 2023

Organic growth - Industrial footprint



- **14 Companies**
- **13 Production plants**
5 in Italy and 8 abroad

3 new production plants by 2022



Business plan 2021 - 2023

Organic growth - Sustainability

“ Sabaf's strategy and governance model are aimed towards ensuring long-term sustainable growth. For Sabaf, sustainability is primarily based on sharing values with its stakeholders; compliance with common values increases mutual trust and encourages knowledge development. ”

SABAF GROUP VISION

«We believe in a world in which all people's basic needs, such as home, food and reliable energy, are fulfilled in an environmentally sustainable way. We promote a company that improves the quality of the environment and the communities where we live and work»

BUSINESS PLAN KPI

	Area	KPI	SDGs
1	Development of resources and skills	Hours of training per capita	4 QUALITY EDUCATION
2	Health and safety	Accident frequency rate	3 GOOD HEALTH AND WELL-BEING
		Accident severity rate	8 DECENT WORK AND ECONOMIC GROWTH
3	Eco-efficiency and Emissions into the atmosphere	tCO _{2eq} emissions on sales	7 AFFORDABLE AND CLEAN ENERGY
			8 DECENT WORK AND ECONOMIC GROWTH
			11 SUSTAINABLE CITIES AND COMMUNITIES
			12 RESPONSIBLE CONSUMPTION AND PRODUCTION
			13 CLIMATE ACTION

Business plan 2021 - 2023

Growth by acquisitions - M&A Strategy

M&A as a tool for achieving **long-term targets** through:

- the acquisition of **know-how** and **technologies**
- the expansion of the **product offer**
- the opening to **new markets**
- the **risk diversification**
- the ability **to scale the business quickly**



Growth of the competitive advantage by differentiating the Sabaf value proposition from competitors



• Preservation of the identity of acquired companies, which maintain their brand, local supply chain and workforce

• Retention of talents and soft skills

• Achievement of significant commercial and industrial synergies

• From an entrepreneurial to an industrial approach

• Joint effort for growth and positives influence on margins

• Preferably seller is taken onboard as a director and/or minority shareholder

INVESTMENT SECTORS

- 1 COMPONENTS FOR HOUSEHOLD APPLIANCES
- 2 ELECTRONICS
- 3 HEATING
- 4 PROFESSIONAL COOKING

Business plan 2021 - 2023

Growth by acquisitions - Target profile

TARGET PARAMETERS

TURNOVER

€ 5 - 70 mn sales

EBITDA

Steady positive results over past years
No turnarounds

SHAREHOLDING

Preference for **entrepreneurial** ownership

EBITDA MULTIPLES

Non-dilutive

M&A TEAM

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

Business plan 2021 - 2023

Summary - Targets



Around **€ 300 mn sales**

Total **growth: 62%** by **2023** vs. 2020 (Organic and by acquisitions growth) (CAGR 17.5%)



Total investments € 130 mn of which:

- ✓ **€ 58 mn** organic growth
- ✓ **€ 72 mn** growth by acquisitions



✓ **Dividends: € 20 mn**



Investments and dividends, for a total amount of **€ 150 mn** **financed with:**

- ✓ **Operating cash flow: € 85 mn**
- ✓ **New financial debt: € 65 mn**



Sustainability targets:

- ✓ Hours of training per capita
- ✓ Accident frequency and severity rates
- ✓ CO2 emissions reduction

**HIGH PROFITABILITY
(EBITDA AT LEAST 19%)**

**ROI > 12.5%
COMPARED TO 11.5% IN 2020**

**NET DEBT/EBITDA
~ 2.0**

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.

For further information, please contact

Gianluca Beschi - +39.030.6843236

gianluca.beschi@sabaf.it