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|--|---|---------------------|

Societa' : SABAF
Identificativo : 173880
Informazione
Regolamentata
Nome utilizzatore : SABAFN04 - Beschi
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Vedi allegato.



SABAF: THERE'S LIFE INSIDE

www.sabafgroup.com

SABAF
GROUP



FINANCIAL PRESENTATION

STAR Conference 2023

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- I. COMPANY PROFILE
- II. 2022 STRATEGIC MOVES
- III. FINANCIAL PERFORMANCE
- IV. SUSTAINABILITY

COMPANY PROFILE

Sabaf Group: product range evolution in 4 Business Units

SINCE 1950

GAS

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



SINCE 2018

ELECTRONICS

- Cooker Hoods
- Ovens
- Cookers and hobs
- Vitroceramic hobs control cards
- Refrigerators/freezers
- Other products



SINCE 2000, further expansion since 2019

HINGES

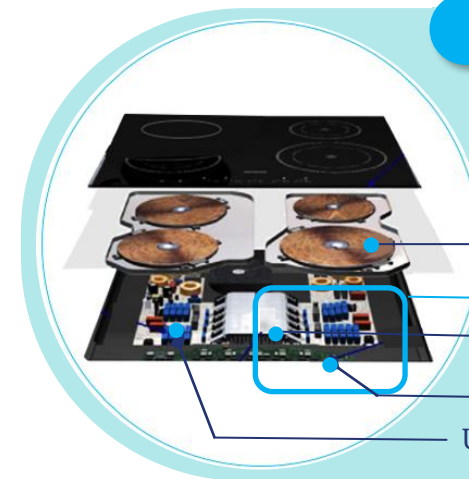
- Ovens
- Dishwashers
- Washing machines
- Refrigerators
- Special applications
- Small compartments
- Catering appliances



SINCE 2022

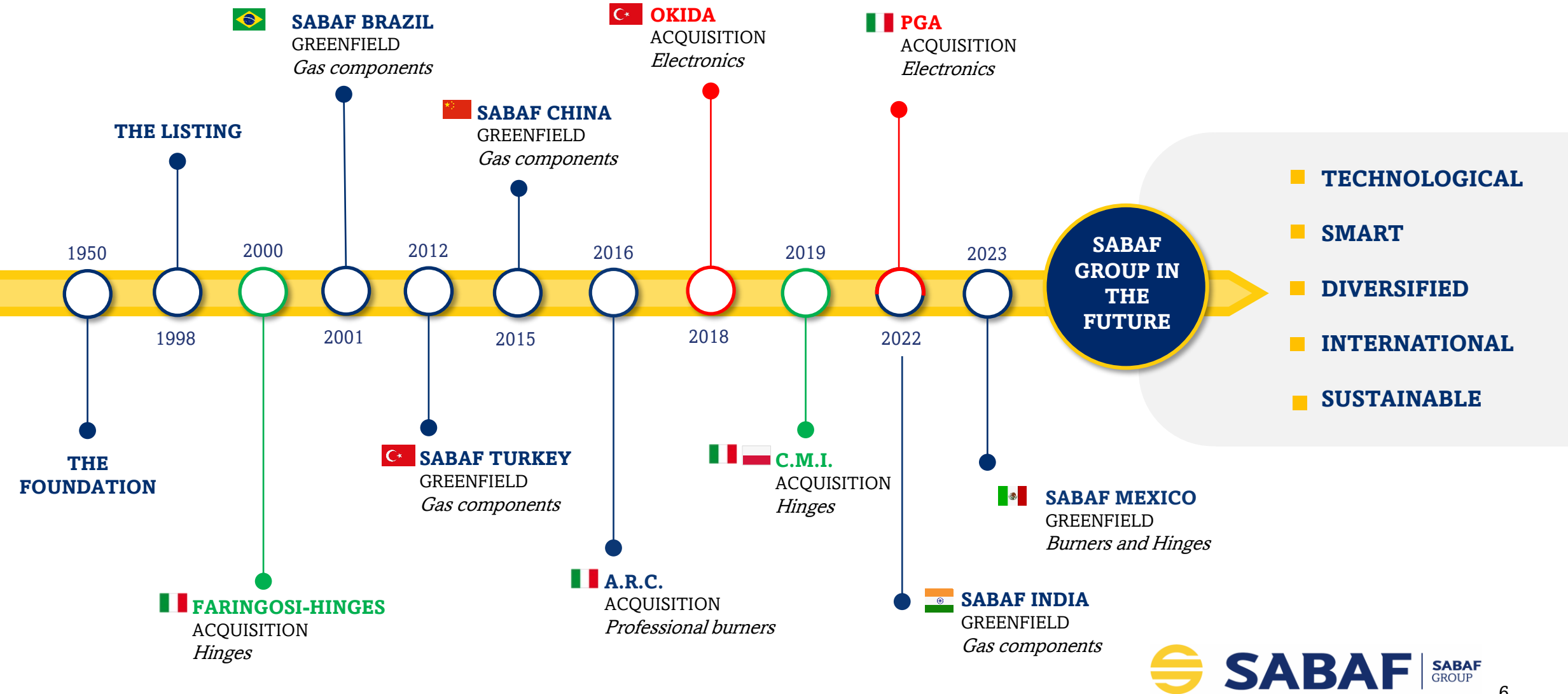
INDUCTION

Components for induction cookers and hobs



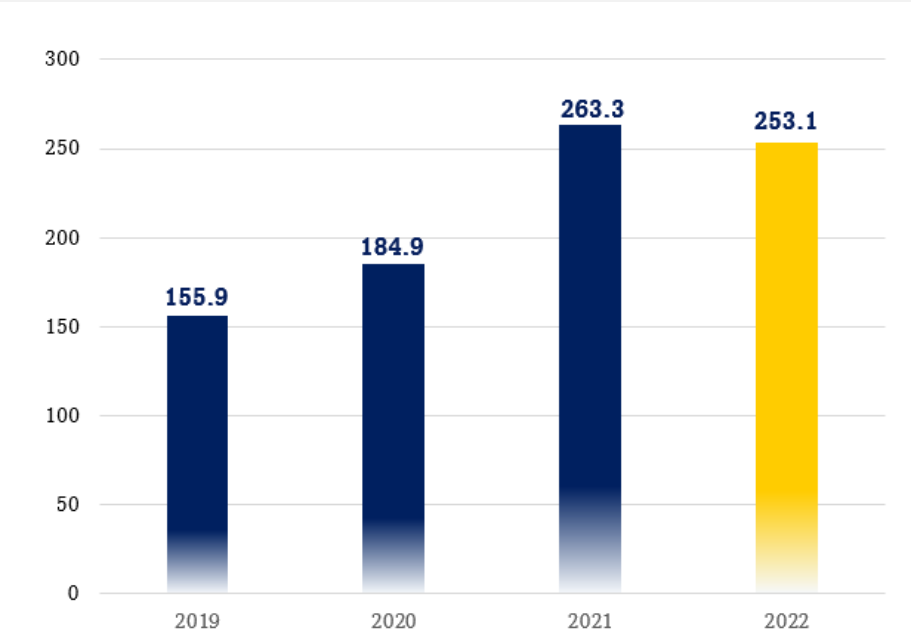
- Inductor
- Power board
- Cooling system
- Touch control
- User interface

Sabaf Group: evolution



Sabaf Group: Revenues and EBITDA last 4 years

REVENUES



FY 2022 Revenues at € 253.1 mn

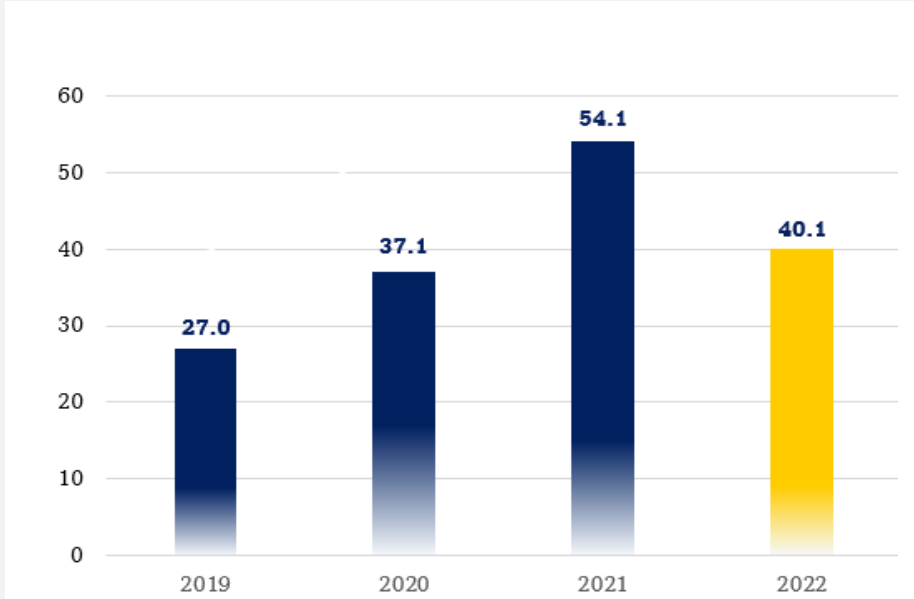
+ 68.9%

vs. 2019

+ 12.9%

CAGR

EBITDA



FY 2022 EBITDA at € 40.1 mn

+ 48.5%

vs. 2019

Sabaf Group: leading producer of components for household appliances and company evolution in 4 Business Units



GAS

Player n. 1 Worldwide



HINGES



ELECTRONICS

Strong growth

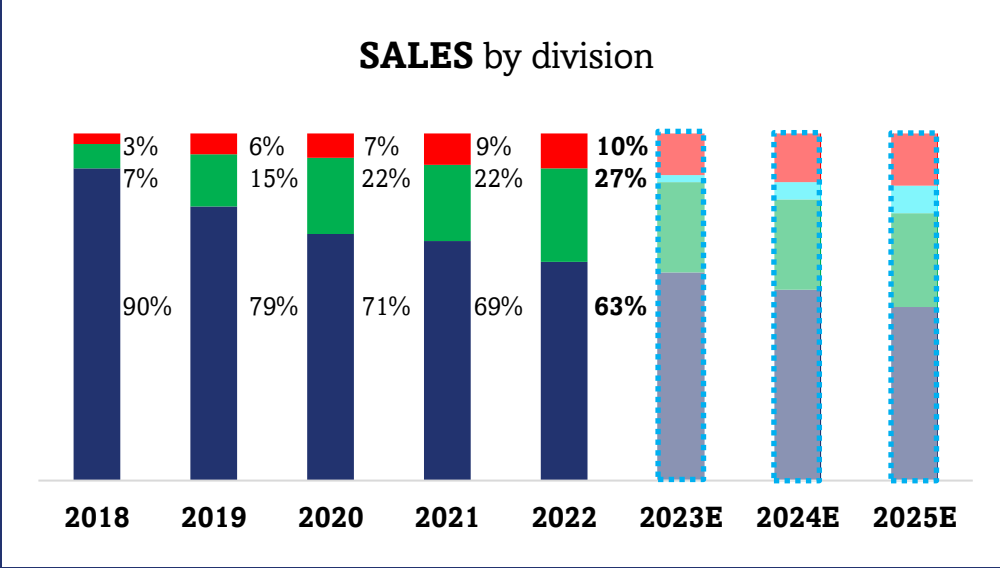


INDUCTION
NEW 2022

Widening product range

DIVERSIFICATION

Diversification of
profitability



Sabaf Group: industrial footprint

- 2021: 10 production plants
- 2023: 14 production plants (6 in Italy and 8 abroad)
- 1,353 employees at 31st December 2022



SABAF S.P.A.
Valves and thermostats
Standard burners
Special burners

ARC S.R.L.
Professional burners

FARINGOSI-HINGES S.R.L.
Oven hinges
Dishwasher hinges

CMI ITALY (2 PLANTS)
Oven hinges
Dishwasher hinges

PGA **NEW**
Electronics for household appliances

NEW

SABAF MEXICO
Burners and hinges

SOP - Q1 2023

CMI POLAND
Dishwasher hinges

SABAF TURKEY (2 PLANTS)
Burners, valves, hinges and Electronics

OKIDA ELEKTRONIK
Electronics for household appliances

SABAF APPLIANCE COMPONENTS (KUNSHAN)
Wok burners

NEW

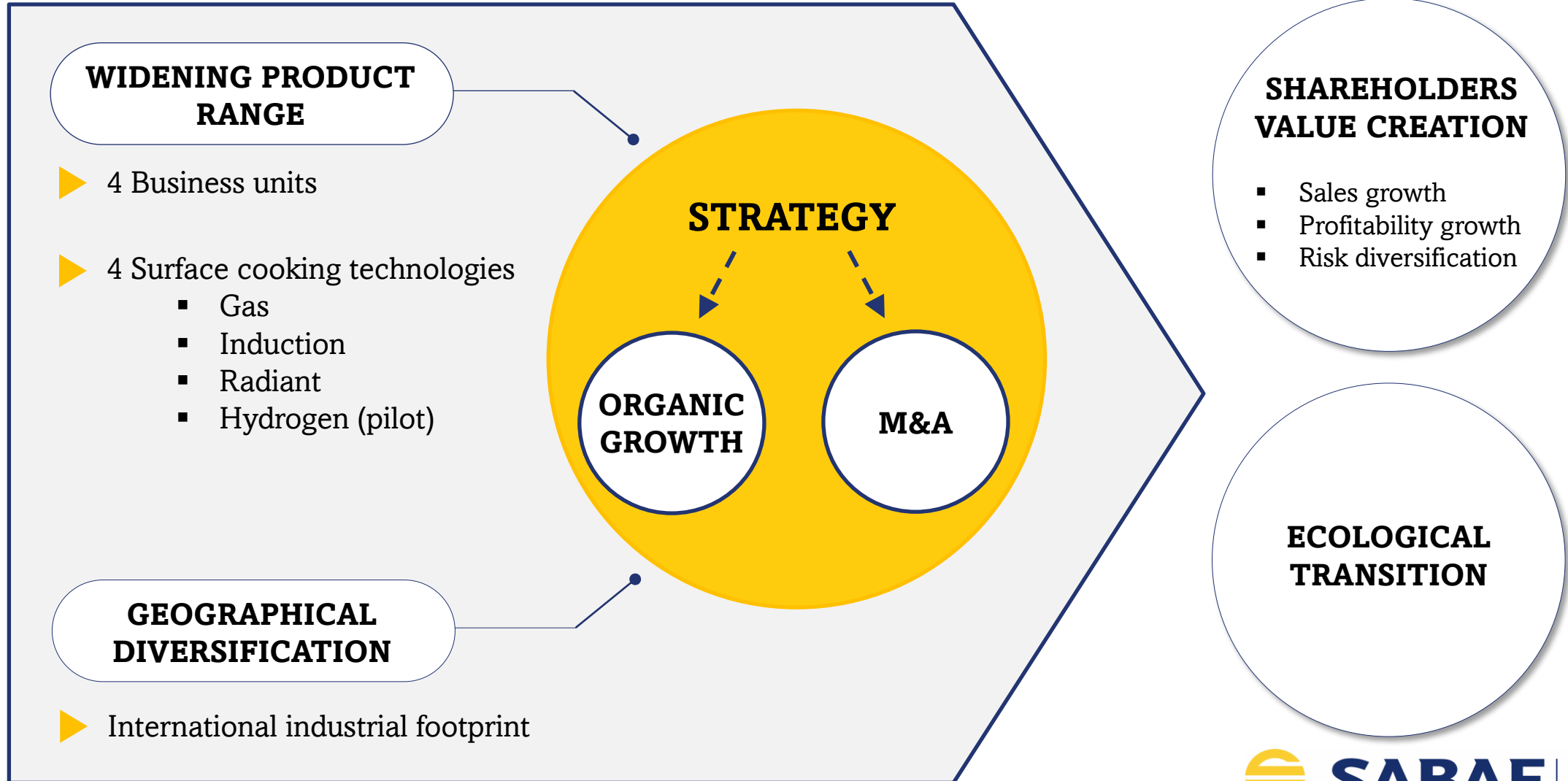
SABAF INDIA
Valves and burners

SOP - H1 2022

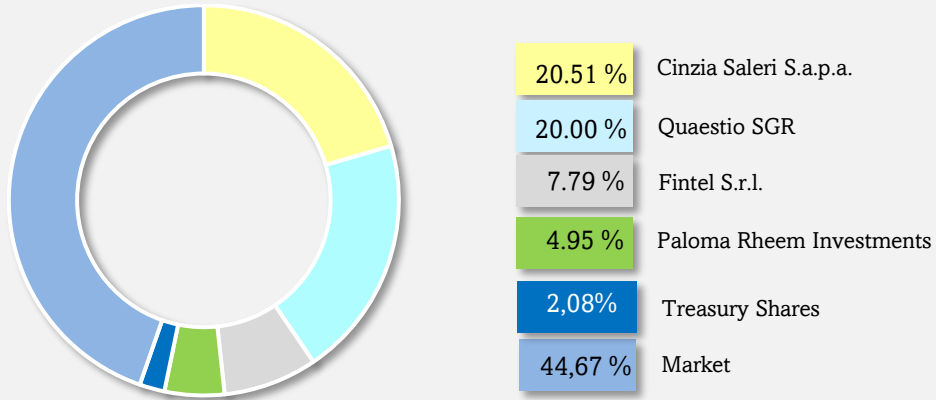
SABAF BRASIL
Standard burners
Special burners

Why invest in Sabaf

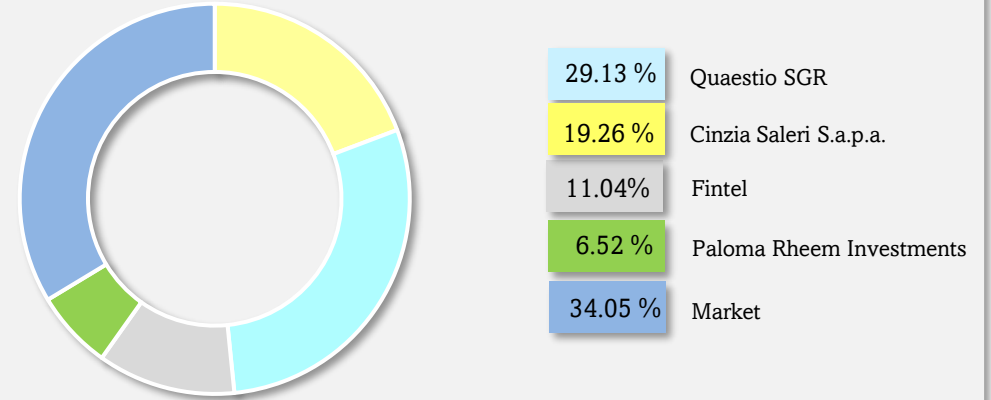
Strategy for value creation



% OF SHARE CAPITAL



% OF VOTING RIGHTS



Pietro Iotti, CEO of Sabaf,
owns 1.7%

2022 STRATEGIC MOVES

Strategic moves (becoming in facts)

SABAF INDUCTION

Sales start: 3Q 2023

P.G.A. ACQUISITION

October 2022

SABAF INDIA

Start of production: 3Q 2022

SABAF MEXICO

Start of production: 2Q 2023

Sabaf Induction: business strategy

1

The Sabaf Group aims to become a **key player** in the large **induction cooking** market

2

Through this strategic investment Sabaf intends to turn out as **leader and innovator** not only in the mechanical sector, but also in electronics and new technologies

3

The inclusion of induction technology will lead the Group to be one of the few players able to **fully cover all the three cooking surface technologies** (gas, radiant and induction)

4

Sabaf aims to carry on along the **sustainable growth** path in the respect of the environment

5

This project will push Sabaf to a further **evolution** and **deep transformation** in the next few years

2022

The Sabaf Group enters the
INDUCTION COOKING SECTOR

Sabaf Induction: business strategy

MARKET

The European market of induction cooking components, estimated at around €500 million

- **Steady growth** for several years at a rate of over 10%
- Highly **concentrated market** with few players (Technological complexity)

PROJECT

Investment plan

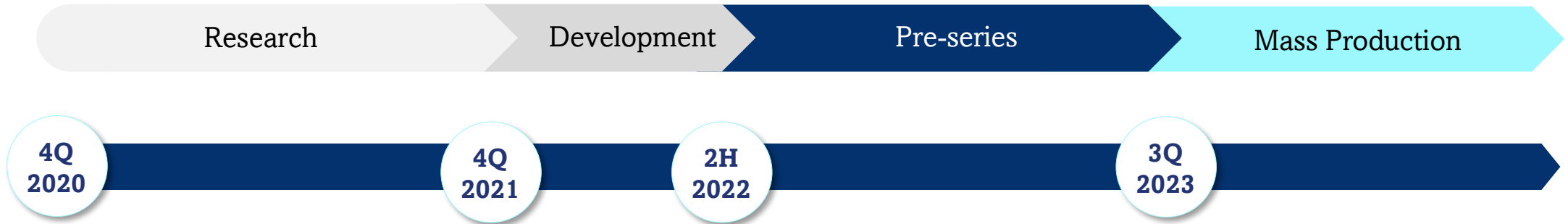
- About **€5 million** in R&D in the period 2021 – 2023
- Setting up of a **dedicated project team** in Italy

R&D

- Sabaf has developed **its own project know-how** internally by filing proprietary patents, software and hardware
- Creation of **innovative products** which better meet manufacturers' needs and new consumer trends
- The Group benefits from the expertise gained from the acquisitions of **Okida and P.G.A.** where part of the induction cooking components will be produced
- Team of **more than 60 electronic engineers**

The project technological flexibility will enable Sabaf to offer to its clients **customised products**

Sabaf Induction: business strategy



- **5 product platforms** which cover the whole market (high, medium and basic range) with customisation opportunities
- The first **prototypes** were released in **September 2022**
- **Production** will start by the **third quarter of 2023**
- Sabaf **network** for **sales** and distribution
- **Very positive customer feedback** (**agreements** with some important players have been already **signed**)
- Objective: at least **5% of the non-captive European market** by 2025, further expansion in the following years

P.G.A. acquisition

The company

- **P.G.A. S.r.l.** is based in **Fabriano** (AN)
- Owned by brothers **Andrea and Paolo Cennimo**, each of whom held 50% of the capital
- Operating for over 25 years in the field of design and assembly of **electronic control boards** for the household appliances sector
- Holds 100% of the share capital of **PGA2.0 s.r.l.**, a business unit dedicated to the design and prototyping of innovative solutions based on interconnection and the Internet of Things

The numbers

- 2022 **SALES: €12.2 million**
- 2022 **EBITDA: €2.6 million**
- **Net financial debt** at 31 December 2022: €0.8 million
- **48 employees**



P.G.A. acquisition

The acquisition

- **100%** of the share capital
- **Preliminary valuation** amounting to **€9.76 million** → **5x EBITDA** (average annual consolidated 2020 – 2022)
- The **purchase price** will be determined on the basis of the final P.G.A. Group **2022 EBITDA** and of the **net financial position** at the date of completion of the transaction
 - 75% paid in a single payment
 - 25% paid through the sale of Sabaf treasury shares
- Possible further price adjustment ("**earn-out**"), linked to the achievement of the Sabaf Group Electronics Division objectives
- Andrea and Paolo Cennimo remain at the head of P.G.A. as Chief Executive Officers

The strategy

- The acquisition of P.G.A. reflects the aim of **diversification and expansion** of the offer defined in our Business Plan
- P.G.A. **integrates perfectly with Okida**, the Sabaf Group's company which is already active in the electronics sector and which is increasingly contributing to the Group's results
- The **Electronics Division plays a decisive role** in Sabaf's strategic development into a group with a full-fledged presence in advanced technologies in the household appliance industry → Electronics allows to reach **diversified future expansions** and **higher profitability level**
- Through this acquisition the **2023 Electronic division turnover** is expected to be around **€35 million**

Widening Industrial Footprint

SABAF INDIA

- **Production:** valves and burners for local market and potential export
- **Investments:** € 5.2 mn in 3 years
- **Plot area:** 24,000 sqm (built-up area 5,000 sqm)
- **Expected capacity:** € 6 mn
- **Start of production:** 3Q 2022
- **Good outlook for growth in 2023**

SABAF MEXICO

- **Production:** burners for North and Central America markets
- **Investments:** € 6 mn in 3 years
- **Plot area:** 23,300 sqm (built-up area 12,950 sqm)
- **Expected capacity:** € 11 mn already fully booked
- **Start of production:** 2Q 2023

FINANCIAL PERFORMANCE

Performance data

Income statement – 12 months 2022 vs. 12 months 2021

| € x 000 | 12 MONTHS 2022 | | 12 MONTHS 2021 | | Δ % 22 - 21 |
|---|----------------|--------------|----------------|--------------|----------------|
| Revenue | 253.053 | 100,0% | 263.259 | 100,0% | -3,9% |
| Other income | 10.188 | 4,0% | 8.661 | 3,3% | |
| Total operating revenue and income | 263.241 | | 271.920 | | |
| Consumption | (124.844) | (49,3%) | (112.433) | (42,7%) | |
| Personnel costs | (49.926) | (19,7%) | (53.964) | (20,5%) | |
| Other operating costs | (48.379) | (19,1%) | (51.383) | (19,5%) | |
| EBITDA | 40.092 | 15,8% | 54.140 | 20,6% | -25,9% |
| Depreciation | (18.267) | (7,2%) | (16.869) | (6,4%) | |
| Gains/losses on fixed assets | 251 | 0,1% | 237 | 0,1% | |
| Write-downs/write-backs of non-current assets | (189) | (0,1%) | - | 0,0% | |
| EBIT | 21.887 | 8,6% | 37.508 | 14,2% | -41,6% |
| Net financial expense | (92) | (0,0%) | (429) | (0,2%) | |
| Revenues (expenses from hyperinflation) | (9.023) | (3,6%) | | | |
| Exchange rate gains and losses | (515) | (0,2%) | (7.399) | (2,8%) | |
| Profits and losses from equity investments | (48) | (0,0%) | - | 0,0% | |
| EBT | 12.209 | 4,8% | 29.680 | 11,3% | -58,9% |
| Income taxes | 3.040 | 1,2% | (4.997) | (1,9%) | |
| PROFIT FOR THE YEAR | 15.249 | 6,0% | 24.683 | 9,4% | -38,2% |
| Minority interests | - | 0,0% | 780 | 0,3% | |
| PROFIT ATTRIBUTABLE TO THE GROUP | 15.249 | 6,0% | 23.903 | 9,1% | -36,2% |

II half 2022 highlights and 2023 trend

II HALF 2022 HIGHLIGHTS

Positives

- **STRONG CASH GENERATION**
- **WORKING CAPITAL IMPROVEMENT**
- **PRICE INCREASE**
- **FOREIGN EXCHANGE RATE EFFECT**

Negatives

- **DROP IN VOLUMES:**
Causes: market slowdown after two years of strong growth, inflation, *destocking*.
- **INCREASE IN ENERGY COSTS**
- **INCREASE IN RAW MATERIAL COSTS**

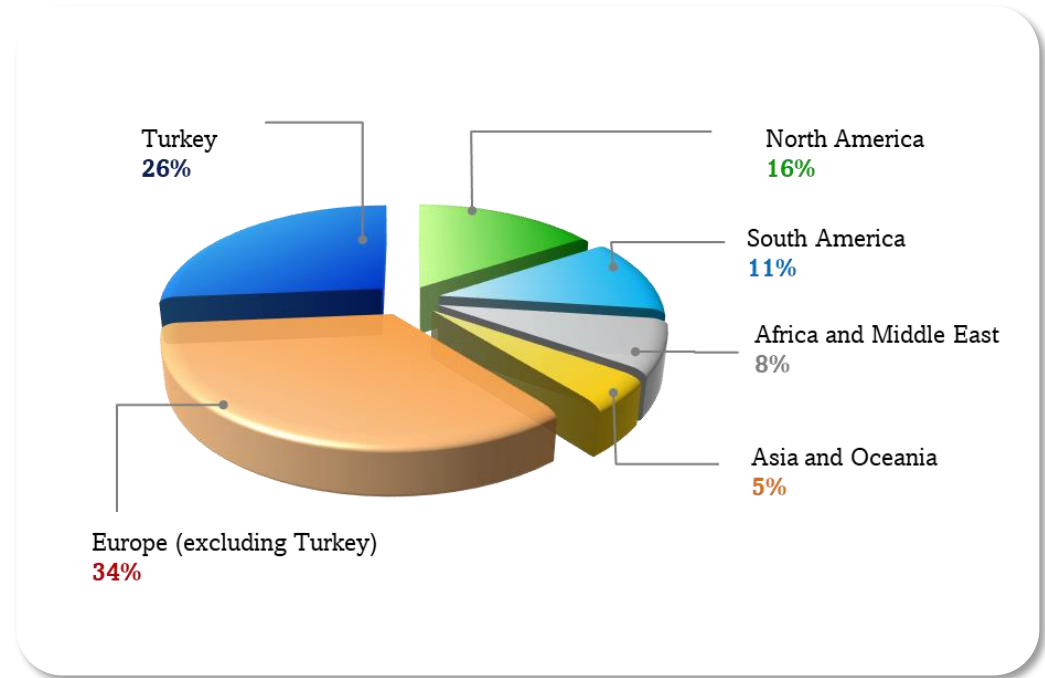
TREND 2023

- **VOLUMES:**
 - End of destocking
 - Incoming orders back to normal
 - 1H 23 market demand better than 2H 22 even if the visibility is low
- **ENERGY COSTS:** current prices substantially below 2022 average level
- **RAW MATERIAL COSTS:** price gradually decreasing

Performance data

Sales by market

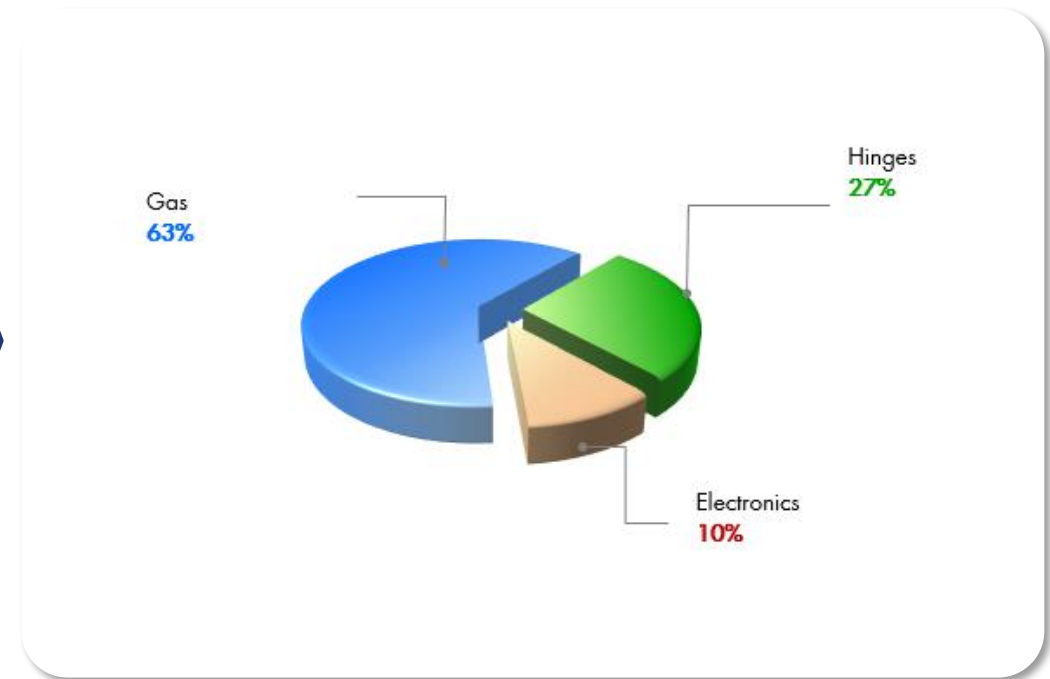
| € x 000 | 12 MONTHS 2022 | 12 MONTHS 2021 | |
|---------------------------|----------------|----------------|--------------|
| Europe (excluding Turkey) | 87,281 | 92,935 | -6.1% |
| Turkey | 66,845 | 65,526 | +2.0% |
| North America | 39,800 | 30,472 | +30.6% |
| South America | 28,503 | 39,589 | -28.0% |
| Africa and Middle East | 19,098 | 19,614 | -2.6% |
| Asia and Oceania | 11,525 | 15,123 | -23.8% |
| Total | 253,053 | 263,259 | -3.9% |



Performance data

Sales by product

| € x 000 | 12 MONTHS 2022 | 12 MONTHS 2021 | |
|--------------|----------------|----------------|--------------|
| Gas | 158,340 | 182,468 | -13.2% |
| Hinges | 68,627 | 58,375 | +17.6% |
| Electronics | 26,086 | 22,416 | +16.4% |
| Total | 253,053 | 263,259 | -3.9% |



Performance data

Balance Sheet

| € x 000 | 31/12/2022 | 31/12/2021 |
|--|----------------|----------------|
| Fixed assets | 171,276 | 130,093 |
| <i>Inventories</i> | 64,426 | 64,153 |
| <i>Trade receivables</i> | 59,159 | 68,040 |
| <i>Tax receivables</i> | 8,214 | 6,165 |
| <i>Other current receivables</i> | 2,910 | 3,136 |
| <i>Trade payables</i> | (39,628) | (54,837) |
| <i>Tax payables</i> | (2,545) | (4,951) |
| <i>Other payables</i> | (13,156) | (13,075) |
| Net working capital | 79,380 | 68,631 |
| Provisions for risks and severance indemnity | (10,128) | (8,681) |
| Capital Employed | 240,528 | 190,043 |
| Equity | 156,162 | 122,436 |
| Net debt | 84,366 | 67,607 |
| Sources of finance | 240,528 | 190,043 |

Performance data

Cash flow statement

| € x 000 | 12 MONTHS 2022 | 12 MONTHS 2021 |
|--|-----------------|----------------|
| Cash at the beginning of the period | 43,649 | 13,318 |
| Net profit | 16,239 | 24,683 |
| Depreciation | 18,266 | 16,869 |
| Other income statement adjustments | 965 | 5,810 |
| Change in net working capital | | |
| - Change in inventories | 3,890 | (24,929) |
| - Change in receivables | 10,253 | (4,604) |
| - Change in payables | (17,157) | 13,064 |
| | (3,014) | (16,469) |
| Other changes in operating items | (8,135) | (7,677) |
| Operating cash flow | 24,321 | 23,216 |
| Investments, net of disposals | (20,856) | (23,752) |
| Free Cash Flow | 3,465 | (536) |
| Cash flow from financial activity | (8,334) | 47,405 |
| Own shares buyback | (1,862) | - |
| Dividends | (6,690) | (6,172) |
| PGA acquisition | (4,948) | |
| CMI and ARC acquisitions | | (6,393) |
| Deconsolidation / consolidation ARC Handan | (97) | 97 |
| Forex | (4,260) | (4,070) |
| Net financial flow | (22,726) | 30,331 |
| Cash at the end of the period | 20,923 | 43,649 |

Performance data

Financial indicators

12 MONTHS 2022

12 MONTHS 2021

| | 12 MONTHS 2022 | 12 MONTHS 2021 |
|---|-------------------------------------|------------------------------------|
| Change in turnover (vs. previous year) | -3.9% <i>vs. 12m 2021</i> | +42.4% <i>vs. 12m 20</i> |
| Change in turnover (like-for-like basis) | -4.9% <i>vs. 12m 2021</i> | - |
| ROCE (return on capital employed) | 9.10% | 19.7% |
| Net debt/EBITDA | 2.10 | 1.25 |
| Net working capital/Turnover | 31.4% | 26.1% |
| Net debt/equity | 54.0% | 55.2% |
| Days of Sales Outstanding | 84 | 101 |
| Days of Payables Outstanding | 82 | 96 |
| Days of Inventory Outstanding | 104 | 99 |

2023 Outlook

- ▶ In the first quarter of 2023
 - **demand** has normalised
 - **energy prices** have fallen sharply
 - **commodity** prices are gradually trending towards lower average levels than in 2022
- ▶ The **destocking** that characterized the second half of last year is now over
- ▶ **Sales in the first half of 2023**, while not reaching the records of early 2022, are expected to be **higher in the second half of 2022**

These factors, combined with:

- a **very positive market response for induction** cooking components
- the **contribution of the new production plants** in India and Mexico and
- **the integration of P.G.A.** (acquired in 2022) into the Electronics Division

lead us to expect a **year of progressive and substantial recovery.**

The implementation of the Business Plan, including the **acceleration of growth through acquisitions**, continues as planned.

The Board of Directors will propose to the shareholders to allocate the profit for the year of €2,246,997 entirely to the Extraordinary Reserve, in order to keep within the Group the financial resources needed to accelerate the path of growth and to be able to take advantage of opportunities even in the short term, consistently with the goals of the Business Plan.

SUSTAINABILITY









Sabaf: a sustainable business

Sustainability in the Business plan 2021 - 2023

“ 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 ”



| Area | KPI | SDGs |
|---|-----------------------------------|---|
| Eco-efficiency and Emissions into the atmosphere | CO ₂ emissions/Revenue |      |
| Development of resources and skills | Hours of training per capita |  |
| Health and safety | Summary indicator of injuries |   |

Sabaf: a sustainable business

KPI measurement

| | KPI | Unit of measurement | 2023 Target vs. 2020 | 2020 ACTUAL | 2021 TARGET | 2021 ACTUAL | 12M 2022 ACTUAL | 2022 TARGET | 2023 TARGET |
|---|-----------------------------------|--------------------------------------|----------------------|-------------|-------------|-------------|-----------------|-------------|-------------|
| 1 | CO ₂ emissions/Revenue | tCO _{2eq} / million of Euro | -14% | 132 | <128 | 111 | 91 | <120 | <114 |
| 2 | Hours of training per capita | h | +40% | 13.9 | >11.0 | 20.4 | 25.7 | >13 | >15 |
| 3 | Summary indicator of injuries | - | -44% | 177 | <140 | 327 | 106.8 | <120 | <100 |

NOTES

- KPI 1 **CO₂ emissions/Revenue** = CO₂ emissions scope 1 + scope 2 market-based / Revenue
- KPI 3 **Summary indicator of injuries** = injury rate x injury lost day rate x 100
 - injury rate = number of injuries x 1,000,000/total hour worked
 - injury lost day rate = days of absence x 1,000/hours worked

ESG Performance - Corporate Governance

Remuneration policy



Linked to the economic-financial and sustainability objectives set out in the **2021-2023 Business plan**

- Definition of **SUSTAINABILITY OBJECTIVES:**
- With reference to the issues highlighted in the **materiality analysis**
 - Fully in line with **best practices** and **Corporate Governance Code**

| MATERIAL TOPIC | KPI | IMPACT ON THE LTI PLAN |
|---|---|------------------------|
| Emissions into the atmosphere | CO ₂ emissions scope 1 + scope 2 market based/Revenue | 15% |
| Development of resources and skills | Hours of training per capita (by collaborator) | 5% |
| Health and safety of personnel | Summary indicator of injuries (injury rate x injury lost da rate x 100) | 5% |
| Impact of sustainability objectives on total LTI | | 25% |

ESG Performance - Environment

CO₂ Emissions for the production of electric power (2019 energy mix)

| | EMISSIONS | | ENERGY SOURCE | |
|--------|--------------------------|-----------|---------------|---------|
| | g CO _{2eq} /kWh | Renewable | Fossil | Nuclear |
| Italy | 315 | 33% | 67% | - |
| France | 56 | 19% | 11% | 70% |
| Europe | 298 | 29% | 50% | 21% |
| US | 374 | 16% | 64% | 20% |
| China | 609 | 26% | 70% | 4% |
| India | 684 | 18% | 79% | 3% |
| World | 521 | 24% | 65% | 11% |

Source: Terna International comparison

ESG Performance - Environment

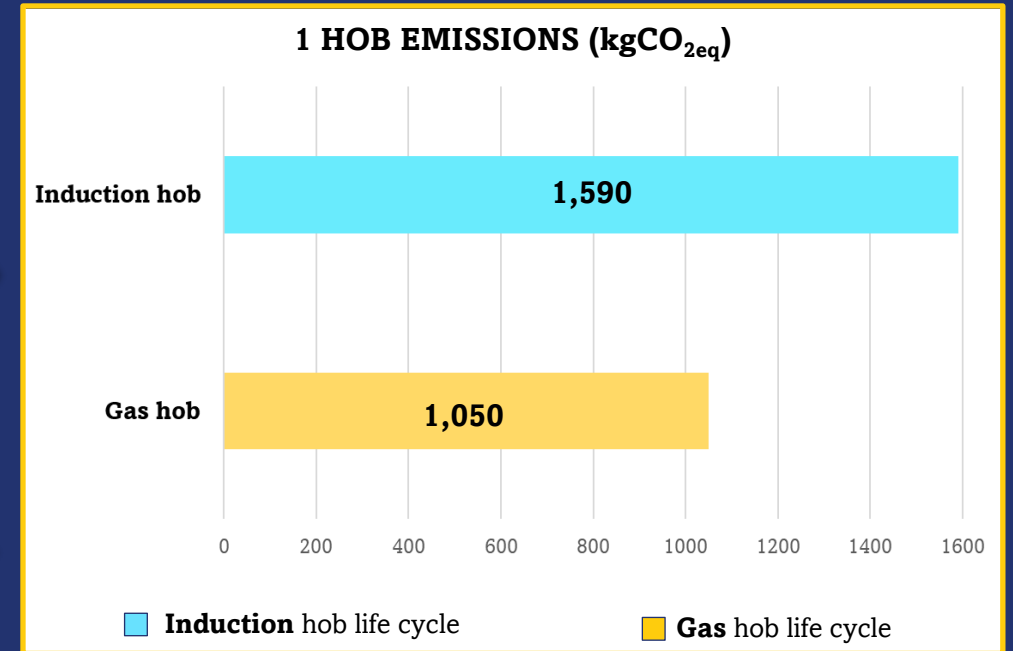
CO₂ Emissions of gas hobs vs. induction hobs in Italy (from Journal of Cleaner production)

Scenario:

- preparation of a complete homemade meal (lunch)
- five (5) times per week
- for 20 years
- consumed by a four-member family **in Italy**

At the present time, **gas hobs are still more efficient** in term of environmental impacts

The energy generation grid mix largely affects the results: **only when energy sources will include a higher rate of renewables** (photo- voltaic, wind power, cogeneration, etc.) **the induction cooking technology will be environmentally friendly**



Source: <https://www.sciencedirect.com/science/article/abs/pii/S0959652618308011>

Journal of Cleaner production

Article «Comparative life cycle assessment of cooking appliances in Italian kitchens»

Claudio Favi ^a, Michele Germani ^b, Daniele Landi ^b, Marco Mengarelli ^c, Marta Rossi ^b

^a Università degli Studi di Parma ^b Università Politecnica delle Marche ^c Energy Research Institute, Nanyang Technological University

ESG Performance - Environment

CO₂ Emissions of gas hobs vs. electric induction hobs

- Gas hob emission 1,050 / induction hob emission 1,590 = 1.51
- CO₂ emissions Break-Even Point Gas vs. Induction is:
 $315 / 1.51 = 208 \text{ g CO}_{2\text{eq}}/\text{kWh} \rightarrow$ equivalent to ~70% of electric power generated by renewable energy sources

A necessary condition for an induction hob to generate lower CO₂ emissions than a gas hob is that the electricity is produced with a % of **renewable sources** (or nuclear energy) **greater than 70%**.

Countries that have less than 70% renewable energy pollute more if they use electric induction hobs than gas.

ESG Performance - Environment

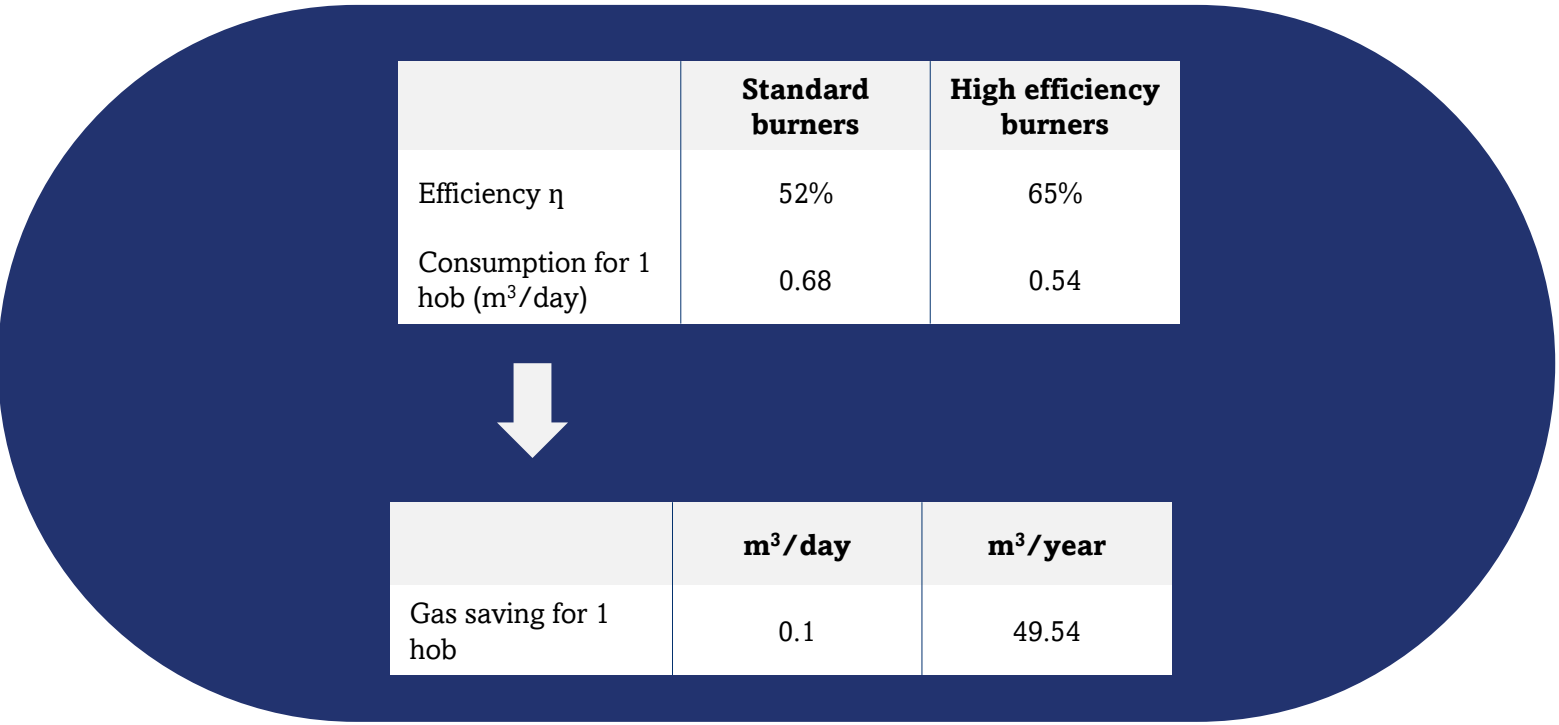
High efficiency burners



More than 23% of burners produced are high efficiency burners
 Energy efficiency > 60% (Increasing efficiency year by year)

Energy efficiency
 Consumption
 Emissions

First company in the World



ESG Performance - Environment

Hydrogen: project Hy4Heat



**Sabaf strategic partner
in the Hy4Heat Project
with zero Co2 emissions
in cooking appliances**

The Hy4Heat project aims to establish whether it is technically possible, safe and convenient to **replace natural gas (methane) with 100% hydrogen** in residential and commercial buildings and gas appliances. The Hy4Heat project is financed by BEIS, (the UK governments Department for Business, Energy, and Industrial Strategy) and involves ten separate work packages

The SABAF Group, **through its subsidiary ARC**, is involved in Work Package 4, which covers cooking and heating appliances. ARC has developed and produced the burners that have now been specified on the **world's first UKCA Certified ranges of 100% hydrogen hobs and cookers**. These have been installed on the cooking appliances Glen Dimpex at HyHome, two purpose built houses demonstrating hydrogen appliances in a 'real life' scenario at Low Thornley, near Gateshead in the North of England

Immediately following the Hy4Heat project, cooking appliances incorporating ARC burners will be specified for the Community Trial involving **300 homes commencing in 2022**. Beyond the Community Trial, the UK Government intends to commission a '**Village Trial**' with **around 2,500 homes** in 2025 and a '**Town Trial**' (**10,000 homes**) in the latter part of the decade prior to potentially converting the whole UK gas grid to hydrogen over future years

ARC is involved also in Work Package 5B (Commercial hydrogen gas appliance development) which , includes commercial catering equipment where ARC has developed commercial hob burners for Falcon Foodservice Equipment Ltd

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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Fine Comunicato n.0226-19

Numero di Pagine: 40