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Oggetto : Sabaf acquires 51% of Mansfield
Engineered Components (USA) -
Transaction combined with a share capital
increase reserved for Montinvest s.r.l.

Testo del comunicato

Vedi allegato.

PRESS RELEASE

Ospitaletto (BS), 14 July 2023

**SABAF ACQUIRES 51%
OF MANSFIELD ENGINEERED COMPONENTS (U.S.A.)
AND BECOMES THE WORLD'S TOP MANUFACTURER OF
HINGES FOR HOUSEHOLD APPLIANCES**

**THE TRANSACTION IS COMBINED WITH A SHARE CAPITAL INCREASE
RESERVED FOR MONTINVEST S.R.L.**

ACQUISITION OF 51% OF MEC

The Sabaf Group, a leading designer and manufacturer of components for household appliances, is taking another important step towards international growth and diversification of its product range.

Sabaf S.p.A., through its subsidiary Sabaf America Inc.¹, today signed an agreement to purchase 51% of Mansfield Engineered Components LLC ("MEC"), a US company based in Mansfield (Ohio) and the leading North American manufacturer of hinges for household appliances (mainly ovens, washing machines and refrigerators), designed and manufactured to meet the high quality levels and demanding standards required by the US market. The transaction closing took place at the same time as the acquisition agreement was signed.

MEC was founded in 1987 by Bruce, Steven and Claudia Cummins, who still own 49% of the company. Bruce and Steven Cummins will manage the acquired company as CEO and Vice Chairman, respectively. MEC employs 200 people.

In the period between January and May 2023, MEC recorded revenues of USD 14.3 million, pro-forma² EBITDA of USD 1.43 million and pre-tax profit of USD 0.80 million. In 2022, MEC generated revenues of USD 35.7 million, achieved a pro-forma² EBITDA of USD 2.5 million and a pre-tax profit of USD 1 million.

The agreements reached envisage an evaluation of MEC of USD 21 million (Enterprise Value). The lump-sum payment of USD 10.5 million for the acquisition of 51% of the share capital was made at the same time as the transaction was completed. The purchase price was determined based on provisional figures showing a positive net financial position of USD 0.6 million and working capital of USD 14 million, and will be subject to adjustment based on MEC's net financial position and working capital figures to date³.

The agreements with the sellers also provide for a call option in favour of Sabaf for the remaining 49% of MEC's share capital (exercisable in 2028) and a put option in favour of the minority shareholders (exercisable from 2025 to 2028). The valuation of the residual stake will be based on

¹ *Newco* set up to complete the acquisition

² The data was recalculated on a pro forma basis only to present the property lease in accordance with IFRS 16.

³ To date, MEC's statement of financial position has no financial debt, with the exception of a pro forma liability of USD 2.4 million to reflect the property lease in accordance with IFRS 16.



an Enterprise Value equal to 8 times MEC's average EBITDA of the two financial years preceding the date of exercise of the relevant option, adjusted for the net financial position at that date.

With the acquisition of a majority shareholding in MEC, the Sabaf Group, already present on the market for hinges for household appliances through its subsidiaries C.M.I. s.r.l. and Faringosi Hinges s.r.l., becomes the leading manufacturer of hinges for household appliances in the Western world.

The Sabaf Group is thus expanding its industrial footprint and optimising its production location and supply chain in all the main reference markets, allowing further logistics efficiencies.

The direct presence in the United States, together with Sabaf Mexico, which has recently started the production of burners, will allow us to consolidate relations with major American players with which the Sabaf Group has excellent business relations and which are MEC's historical customers. With the acquisition of MEC, the impact of sales in the North American market will account for 26% of the Sabaf Group's turnover, up from 16% in 2022.

MEC integrates with the other Group companies, expanding the offer of innovative products of the four divisions: gas, hinges, electronics and induction. The transaction is part of the expansion and diversification process outlined in the Business Plan, which aims at positioning Sabaf as an operator able to offer a wide range of high-tech components which, thanks also to the potential offered by electronics, are more and more synergistic.

Through the implementation of this strategy, between 2018 and 2022, the Sabaf Group increased turnover by 68% (from €150.6 million in 2018 to €253 million in 2022) and reduced the impact of gas cooking components from 90% in 2018 to 63% in 2022.

RESERVED CAPITAL INCREASE TO SUPPORT THE ACQUISITION

In connection with the acquisition, today, Sabaf's Board of Directors exercised the proxy granted by the Shareholders' Meeting on 4 May 2020, resolving on a reserved capital increase against payment, for a maximum nominal amount of €1,153,345.00, corresponding to 10.00% of the Company's share capital existing to date, with the exclusion of the right of option pursuant to Article 2441, fourth paragraph, second sentence of the Italian Civil Code, through the issue of a maximum of 1,153,345 new ordinary shares of SABAF with a par value of €1.00, bearing dividend (the "Capital Increase").

Following the decision to exercise the proxy, the Board of Directors received an expression of will and commitment to fully subscribe the Capital Increase from Montinvest s.r.l., a company controlled by Fulvio Montipò (Founder and Chairman of Interpump Group S.p.A.), who is the ideal partner for the Company thanks to his unquestionable entrepreneurial experience.

The newly issued shares were therefore offered for subscription as part of a reserved placement, without publication of a public offering and/or listing prospectus for the newly issued shares (benefiting from the exemptions envisaged in Article 1, para. 4, letter b) and para. 5, letter a) of Regulation (EU) 2017/1129).



The issue price of the new shares, including the share premium, was determined by the Board of Directors, with the support of Equita SIM S.p.A. as financial advisor, at €15.01 per share, equal to the average stock market price of Sabaf share recorded in June, increased by a premium of €0.52 per share (and therefore for a total value of €17,311,708.45), based on the criteria illustrated in the Report of Directors approved today by the Board.

The Independent Auditors EY S.p.A. issued their opinion on the market value of the shares issue price pursuant to Article 2441, paragraph four, second sentence, of the Italian Civil Code and Article 158 of Italian Legislative Decree no. 58/1998.

The capital increase is expected to be completed by 31 July 2023. Following the full subscription of the new shares, the post-Capital Increase share capital will amount to €12,686,795.00, represented by 12,686,795 shares, of which 6,703,123 are ordinary shares and 5,983,672 are ordinary shares with increased voting rights.

Pietro Iotti, Chief Executive Officer of Sabaf, declared: “Sabaf takes a major step towards growth in the USA, becoming the major player in the Western world and assuming global leadership in the design and manufacture of hinges, a distinctive component for quality household appliances. We found the Cummins siblings to be fully aligned with our corporate values and shared the opportunities and strong synergies, both technical and commercial, that will result from MEC joining our group.

I myself and the President Claudio Bulgarelli, on behalf of the entire Board, are honoured that Fulvio Montipò, a world master in business management, has personally supported this initiative, a tangible sign of his appreciation for our Group and our growth strategy.”

“We are thrilled about this alliance and the opportunities for growth it presents”, said **Bruce Cummins, CEO of MEC**. “We cannot imagine a better fit, with the many collaborative synergies this partnership provides. Together we will become the leader in the global appliance hinges market”.

“We are very excited about our collaboration with Sabaf. While we operate from a place of humility, this move will make us part of the premier source for engineered hinge mechanisms in the global white goods markets. There is a level of trust between MEC and Sabaf that we believe is unique, and gives us confidence both in our market position and just as importantly to Bruce and Claudia and I, confidence in our ability to maintain our long-term presence in Mansfield's industrial base” said **Steven Cummins, Vice-president of MEC**.

The report of the directors, the opinion issued by the independent auditors (EY S.p.A.) on the market value of the shares issue price and the minutes of the board meeting prepared by a notary will be made available to the public on the Company's website www.sabafgroup.com and on the authorised storage website www.emarketstorage.com.

Pedersoli Studio Legale assisted Sabaf for the legal aspects relating to the Capital Increase.



For further information:

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Founded in the early fifties, SABAF has grown consistently over the years to become the key manufacturer in Italy – and one of the leading producers in the world – of components for household appliances. In recent years, through a policy of organic investments and through acquisitions, the Group expanded its product range and is now active in the following segments of the household appliance market: gas parts; hinges and electronic components. In 2022, the Group announced its entry into the induction cooking components market.

Technological expertise, manufacturing flexibility, and the ability to offer a vast range of components – tailor-made to meet the requirements of individual manufacturers of cookers and built-in hobs and ovens and in line with the specific characteristics of its core markets – are Sabaf’s key strengths in a sector featuring major specialisation, constantly evolving demand and an ever-increasing orientation towards products assuring total reliability and safety.

The Sabaf Group has approximately 1,500 employees in Italy, Turkey, Poland, Brazil, China, India and Mexico. In addition to the Sabaf brand, the Group operates under the brands ARC (professional burners), Faringosi Hinges and C.M.I. (hinges), Okida and P.G.A. (electronic components).

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