



SABAF: THERE'S LIFE INSIDE

www.sabafgroup.com

SABAF
GROUP



FINANCIAL PRESENTATION

STAR Conference 2024

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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

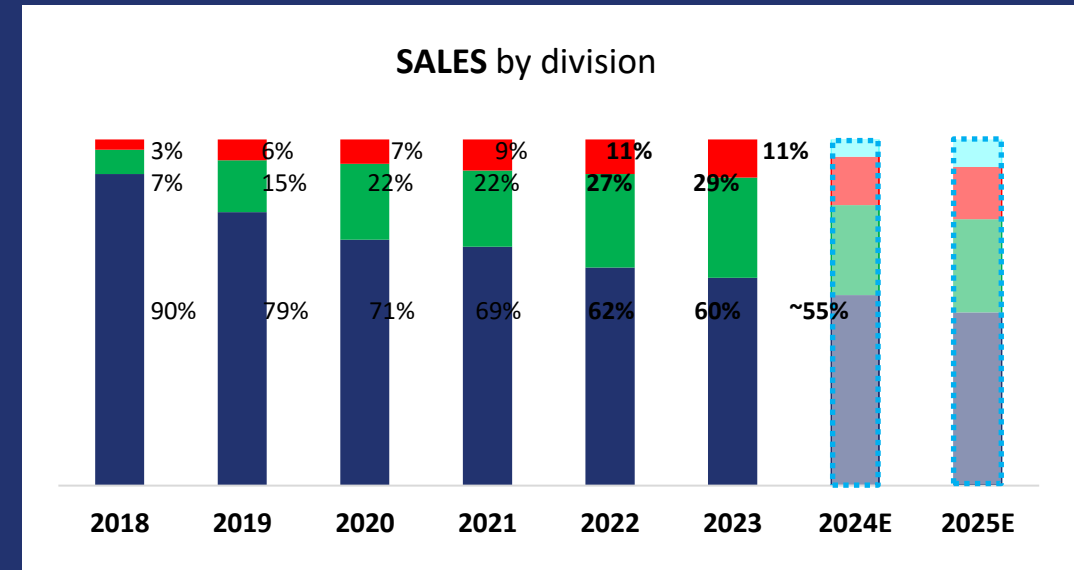
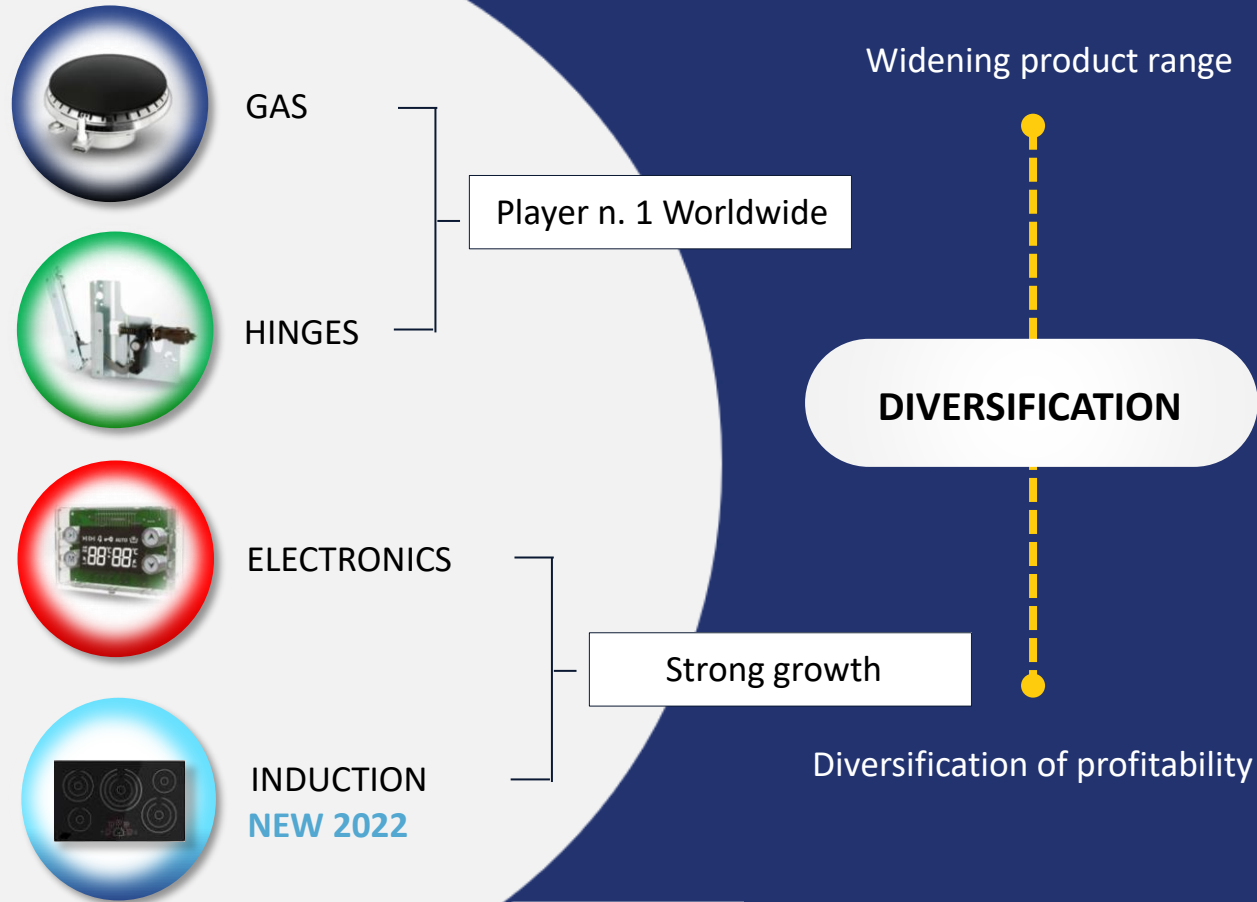


- Inductor
- Power board
- Cooling system
- Touch control
- User interface

Sabaf Group: evolution

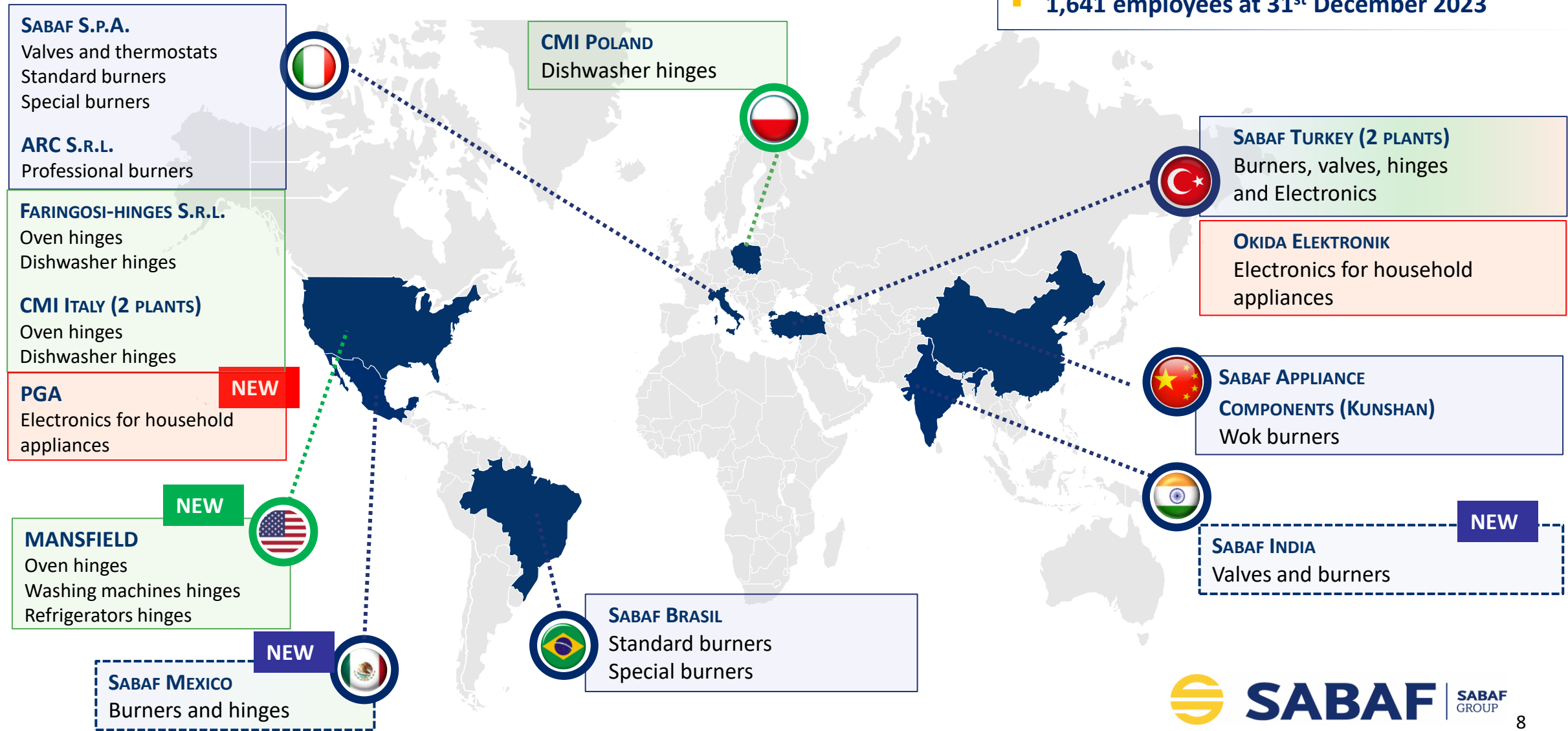


Sabaf Group: leading producer of components for household appliances and company evolution in 4 Business Units



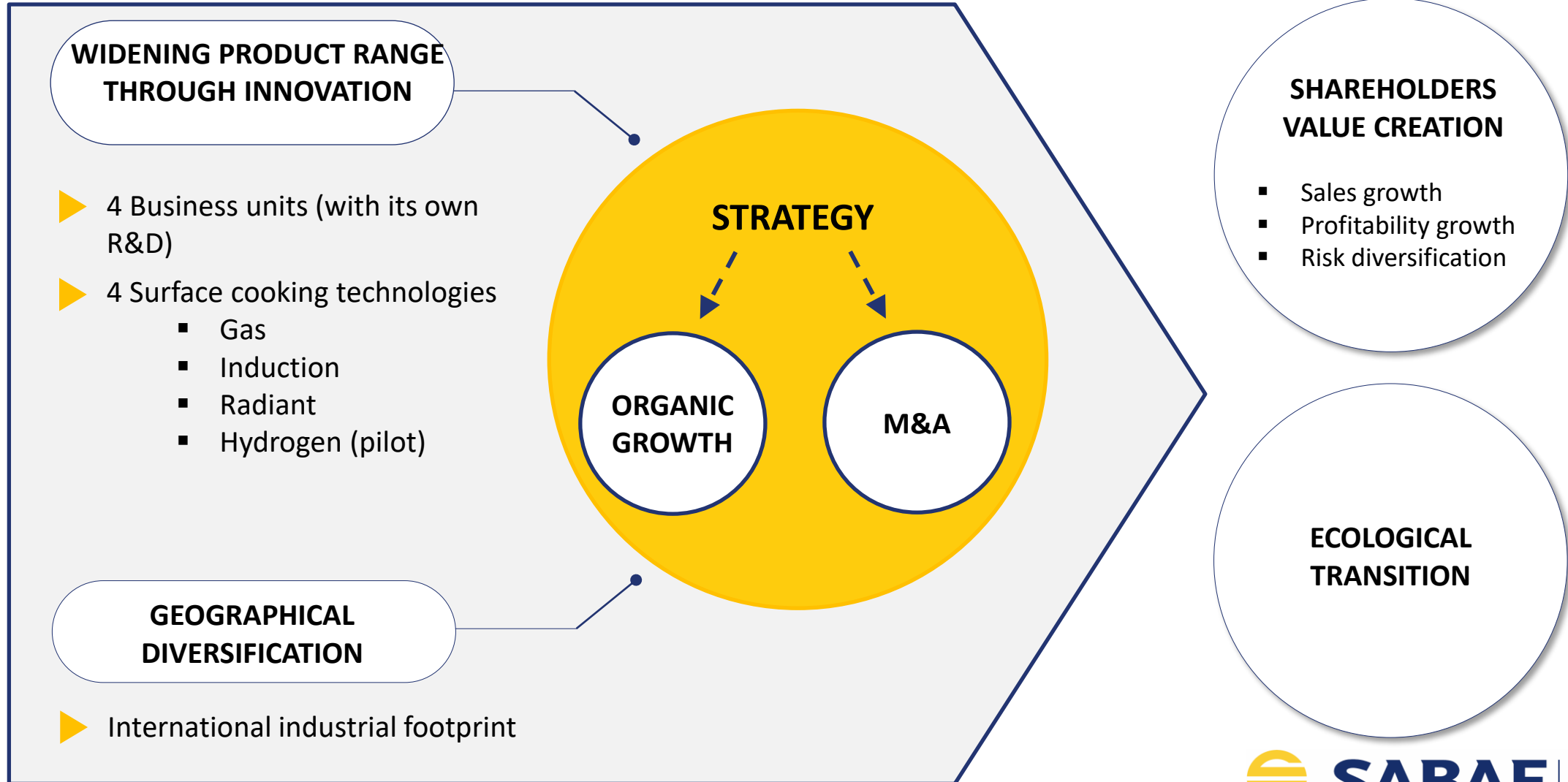
Sabaf Group: industrial footprint

- 2021: 10 production plants
- 2023: 15 production plants (6 in Italy and 9 abroad)
- 1,641 employees at 31st December 2023



Why invest in Sabaf

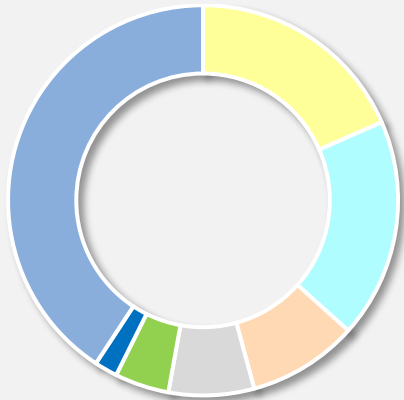
Strategy for value creation



Sabaf Group

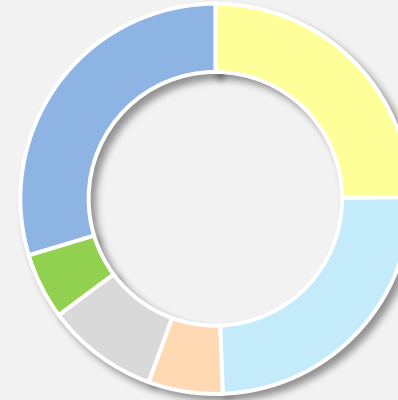
Main shareholders

% OF SHARE CAPITAL



18.45 %	Cinzia Saleri S.a.p.a.
18.18 %	Quaestio SGR
9.14 %	Montinvest S.r.l.
7.08 %	Fintel S.r.l.
4.50 %	Paloma Rheem Investments
1.91%	Treasury Shares
40.74 %	Market

% OF VOTING RIGHTS

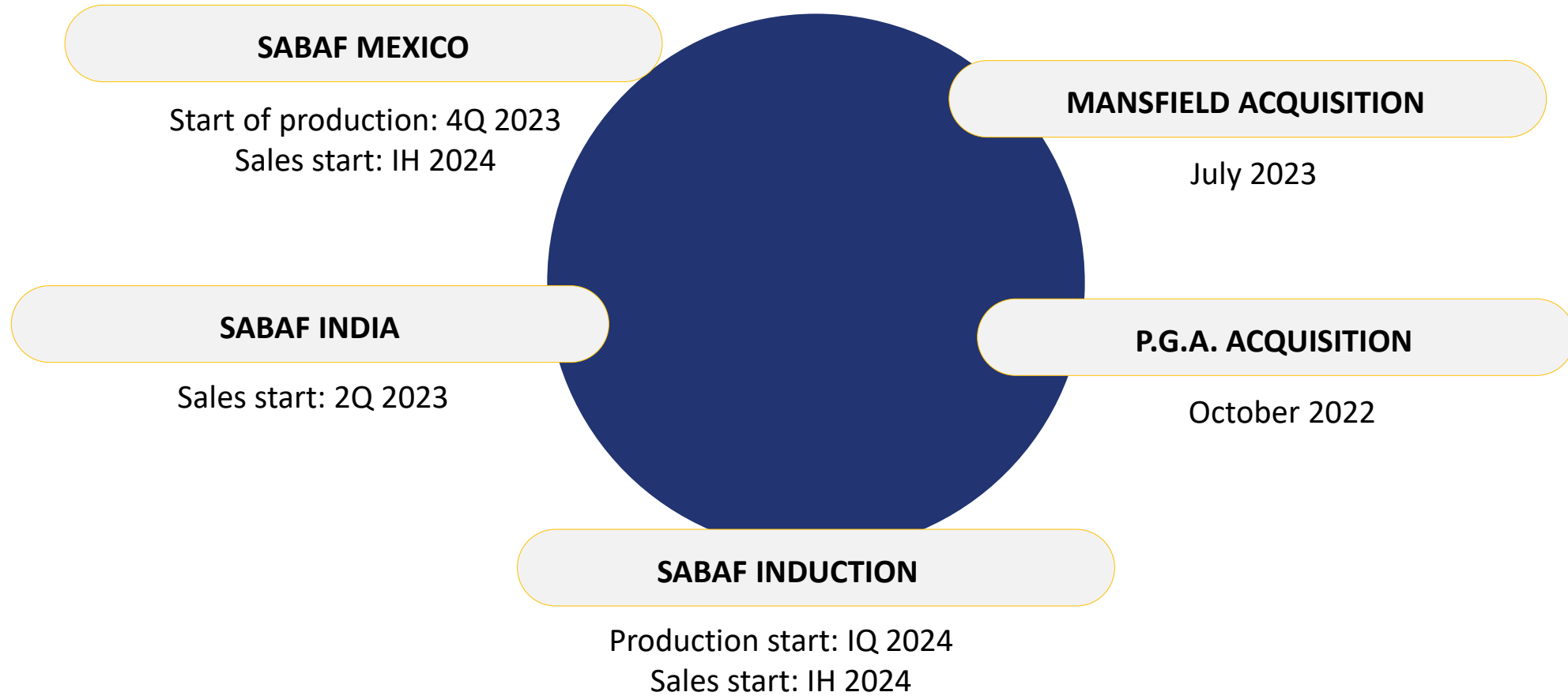


24.88 %	Cinzia Saleri S.a.p.a.
24.52 %	Quaestio SGR
9.29%	Fintel
6.16 %	Montinvest S.r.l.
5.48 %	Paloma Rheem Investments
29.67 %	Market

Pietro Iotti, Sabaf CEO,
owns 2.0% of voting rights

STRATEGIC MOVES

Strategic moves



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

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

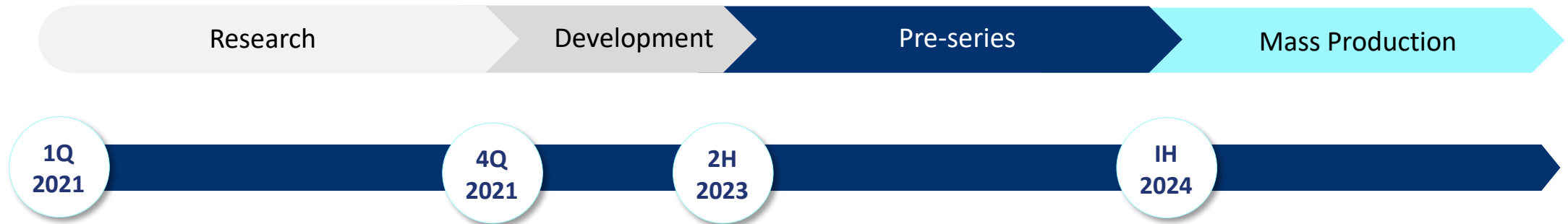
- About **€5 million** in R&D in the period 2021 – 2023
- Setting up of a **dedicated project team** in Italy

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 flexibility will enable Sabaf to offer **customised products** to its clients

Sabaf Induction: business strategy



- **5 product platforms** which cover the whole market (high, medium and basic range) with customisation opportunities
- All electronic parts are **designed and manufactured inside the Group's factories**
- **Production/sales** starting in **2024 first half**
- Sabaf **network** for **sales** and distribution
- **Positive customer feedback** (agreements with some important players)
- Objective: at least **5% of the non-captive European market** by 2026, further expansion in the following years

Mansfield acquisition

The company

- **Mansfield Engineered Components LLC** is based in **Mansfield (Ohio)**
- 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
- Founded in 1987 by Bruce, Steven and Claudia Cummins who still own 49%

The acquisition

- **51%** of the share capital
- **Valuation** → USD 21 million
- **Call option** in favor of Sabaf for the remaining 49% of MEC's share capital
- **Put option** in favor of the minority shareholders (exercisable from 2025 to 2028)
- The local management continues to run the company

The strategy

- 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 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.
- The impact of sales in the North American market will account for **26% of the Sabaf Group's turnover**, up from 16% in 2022

Capital increase

- In connection with the acquisition, a **reserved capital increase - for a total value of € 17.3 million** – took place on 20 July 2023
- The capital increase has been **fully subscribed by 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.



Widening Industrial Footprint : Sabaf INDIA

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)
- **Actual capacity:** € 6 mn (expandable)
- **Sales start:** 2Q 2023
- **Good outlook for growth in the next 3 years:** the rapidly growing Indian market confirms the validity of the investment strategy



Widening Industrial Footprint: Sabaf MEXICO

SABAF MEXICO

- **Production:** burners for North and Central America markets
- **Investments:** € 12 mn (plant and machinery) in 3 years
- **Plot area:** 23,300 sqm (built-up area 12,950 sqm)
- **Expected capacity:** € 9 mn (fully booked and expandable)
- **Start of production:** 4Q 2023
- **Start of sales:** 1H 2024



FINANCIAL PERFORMANCE

Context analysis

Players

- **Greater penetration of Turkish and Chinese players in the European market**
 - Arcelik with WHP acquisition
 - Haier with Candy acquisition
 - Hisense with Gorenje acquisition
- Evident weakening of the historical Western players
- Reduction in consumer purchasing power

Low-value sales, unbranded household appliances

Competitors

The last 2 years highlight the **difficulty of resilience of various competitors**, this could lead to the possibility of **M&A and/or increase market shares**

Fourth quarter 2023 highlights

In 2023, the final **demand** was characterized by **strong weakness**, particularly in the first part of the year, with a stabilization in the second half of the year.

The signs of recovery that emerged in the second part of the year gradually consolidated, generating, in the last quarter, **better results** compared to those of the same period of 2022.

In this context, Sabaf reports significantly improved 4Q 23 results:

- **Revenue: +18.3%** (+6.6% on a like-for-like basis) vs. 4Q 22
- **EBITDA +42.1%** (+38.2% on a like-for-like basis) vs. 4Q 22

Performance data

Income statement¹ - 4Q 2023

€ x 000	4Q 2023		4Q 2022		Δ % 4Q23 - 4Q22
Revenue	61,043	100.0%	51,430	100.0%	+18.7%
Start-up sales	(8)		-		
Hyperinflation - Turkey	1,780		1,649		
Adjusted revenue	62,815	100.0%	53,079	100.0%	+18.3%
EBITDA	7,466	12.2%	6,636	12.9%	+12.5%
Start-up costs	744		274		
Hyperinflation - Turkey	470		(802)		
Adjusted EBITDA	8,680	13.8%	6,108	11.5%	+42.1%
EBIT	2,276	3.7%	1,863	3.6%	+22.2%
Start-up costs	1,201		321		
Hyperinflation - Turkey	886		(488)		
Adjusted EBIT	4,363	6.9%	1,696	3.2%	+157.3%
Net result	1,738	2.8%	2,153	4.2%	-19.3%
Start-up costs	1,135		294		
Hyperinflation - Turkey	2,882		2,159		
Adjusted Net result	5,755	9.2%	4,606	8.7%	+24.9%

¹Adjusted income statement: results exclude the impact of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and the start-up costs of Sabaf India, Sabaf Mexico and the Induction division. This representation allows a better understanding of the Group's performance and of its comparison with previous periods.

Performance data

Income statement¹ - 12 months 2023

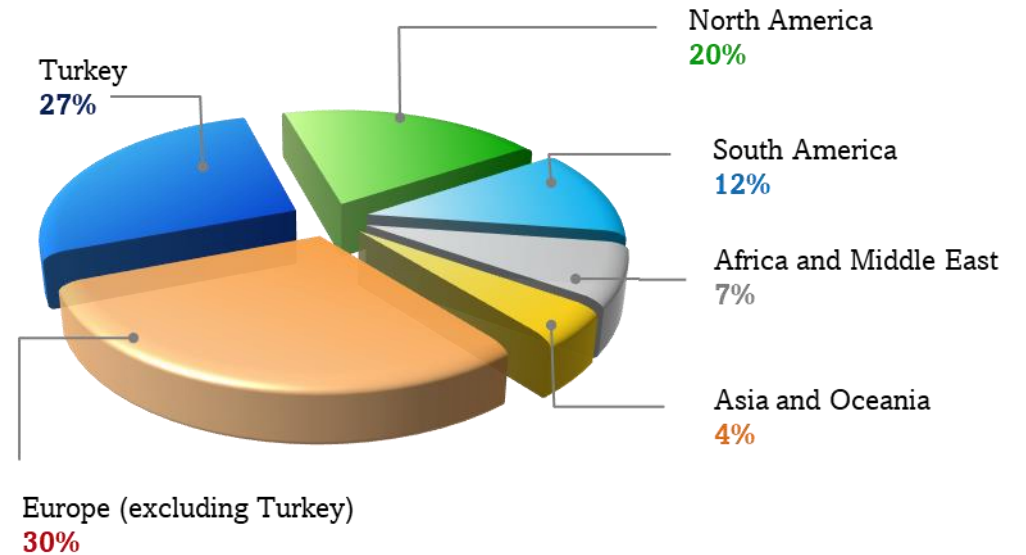
€ x 000	12 MONTHS 2023		12 MONTHS 2022		Δ % 12M23 -12M22
Revenue	237,949	100.0%	253,053	100.0%	-6.0%
Start-up sales	(23)		-		
Hyperinflation - Turkey	1,160		(1,091)		
Adjusted revenue	239,086	100.0%	251,962	100.0%	-5.1%
EBITDA	29,612	12.4%	40,092	15.8%	-26.1%
Start-up costs	2,649		704		
Hyperinflation - Turkey	786		(4,469)		
Adjusted EBITDA	33,047	13.8%	36,327	14.4%	-9.0%
EBIT	11,062	4.6%	21,887	8.6%	-49.5%
Start-up costs	3,724		820		
Hyperinflation - Turkey	2,710		(2,838)		
Adjusted EBIT	17,496	7.3%	19,869	7.9%	-11.9%
Net result	3,103	1.3%	15,249	6.0%	-79.7%
Start-up costs	3,530		756		
Hyperinflation - Turkey	7,521		6,077		
Adjusted Net result	14,154	5.9%	22,082	8.8%	-35.9%

¹Adjusted income statement: results exclude the impact of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and the start-up costs of Sabaf India, Sabaf Mexico and the Induction division. This representation allows a better understanding of the Group's performance and of its comparison with previous periods.

Performance data

Adjusted sales by market

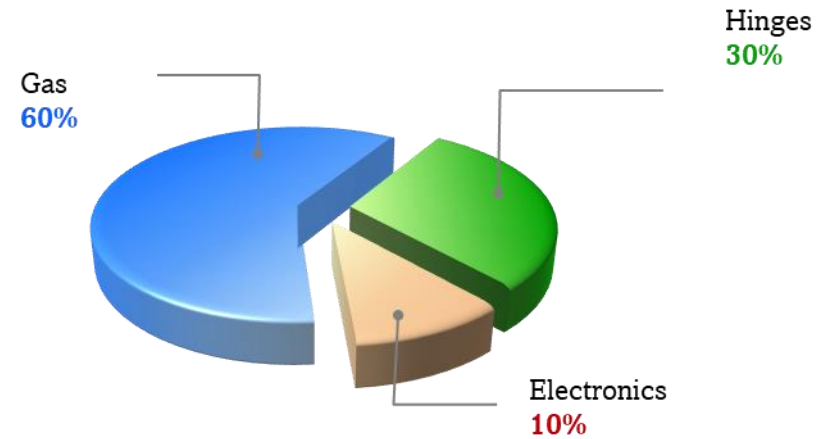
€ x 000	12 MONTHS 2023	12 MONTHS 2022	
Europe (excluding Turkey)	71,734	87,142	-17.7%
Turkey	63,419	65,994	-3.9%
North America	47,697	39,749	+20.0%
South America	27,858	28,481	-2.2%
Africa and Middle East	17,762	19,078	-6.9%
Asia and Oceania	10,616	11,518	-7.8%
Total	239,086	251,962	-5.1%



Performance data

Adjusted sales by product

€ x 000	12 MONTHS 2023		12 MONTHS 2022		
Gas	144,010	60%	157,983	63%	-8.8%
Hinges	70,410	29%	68,604	27%	+2.6%
Electronics	24,666	10%	25,375	10%	-+2.8%
Total	239,086	100%	251,962	100%	-5.1%



Performance data

Balance Sheet - Reported

€ x 000	31/ 12/ 2023	30/ 09/ 2023	31/ 12/ 2022
Fixed assets	181,167	180,274	171,276
<i>Inventories</i>	61,985	67,394	64,426
<i>Trade receivables</i>	55,826	63,814	59,159
<i>Tax receivables</i>	11,722	9,459	8,214
<i>Other current receivables</i>	3,868	3,631	2,910
<i>Trade payables</i>	(42,521)	(40,257)	(39,628)
<i>Tax payables</i>	(3,025)	(3,690)	(2,545)
<i>Other payables</i>	(16,007)	(14,794)	(13,156)
Net working capital	71,848	85,557	79,380
Provisions for risks and severance indemnity	(9,477)	(9,612)	(10,128)
Capital Employed	243,538	256,219	240,528
Equity	170,388	172,548	156,162
Net debt	73,150	83,671	84,366
Sources of finance	243,538	256,219	240,528

Performance data

Cash flow statement

€ x 000	12 MONTHS 2023	9 MONTHS 2023	12 MONTHS 2022
Cash at the beginning of the period	20,923	20,923	43,649
Net profit	3,380	1,701	15,249
Depreciation	20,066	14,847	18,267
Other income statement adjustments	5,229	5,532	1,885
Change in net working capital			
- Change in inventories	4,079	1,720	3,890
- Change in receivables	7,375	107	10,312
- Change in payables	2,438	(16)	(17,156)
	13,892	1,811	(2,954)
Other changes in operating items	(2,715)	(1,986)	(8,154)
Operating cash flow	39,852	21,905	24,293
Investments, net of disposals	(16,942)	(13,064)	(20,856)
Free Cash Flow	22,910	8,841	3,437
Cash flow from financial activity	(14,208)	(12,452)	(8,334)
Own shares buyback	(462)	(462)	(1,862)
Dividends	-	-	(6,690)
Share capital increase	17,312	17,312	-
Mansfield acquisition	(8,325)	(8,324)	-
PGA acquisition	(783)	(783)	(4,948)
Deconsolidation ARC Handan	-	-	(97)
Forex	(1,014)	521	(4,232)
Net financial flow	15,430	4,653	(22,726)
Cash at the end of the period	36,353	25,576	20,923

Investments: aimed at expanding the international production footprint. In Mexico, the work on the construction of the plant in San Luis de Potosi was completed.

In 2023 the **positive free cash flow** generated by the Sabaf Group was **€22.9 million** (€3.4 million in 2022).

Net financial debt :

- **€73.2 million** (€84.4 million at 31 December 2022)
- includes the financial liability of €11.7 million related to the recognition of the put option granted to the minority shareholders of MEC

Dividend proposal

The Board of Directors will propose to the shareholders the **distribution of a gross ordinary dividend of €0.54 per share** for shares outstanding on 28 May 2024 (the record date), excluding, therefore, treasury shares on that date

- The ex-date is scheduled for 27 May
- The payment date will be 29 May

2024 Outlook

2024 Outlook

The beginning of 2024 is characterised by a very positive business trend

- Based on the sales to date and the order book, we expect **double-digit sales growth** in the first quarter compared to the same period last year
- Orders for the second quarter confirm a similar trend

The recovery in production volumes will help to **improve profitability**

The **technical and commercial synergies** with the recently acquired companies (PGA and MEC), the **product diversification initiatives** (particularly in the induction cooking components segment) and **internationalization** (with the activities of the new production plants in India and Mexico) continue according to plan and will contribute to the 2024 results and ensure the Group's sustainable growth in the medium and long term.

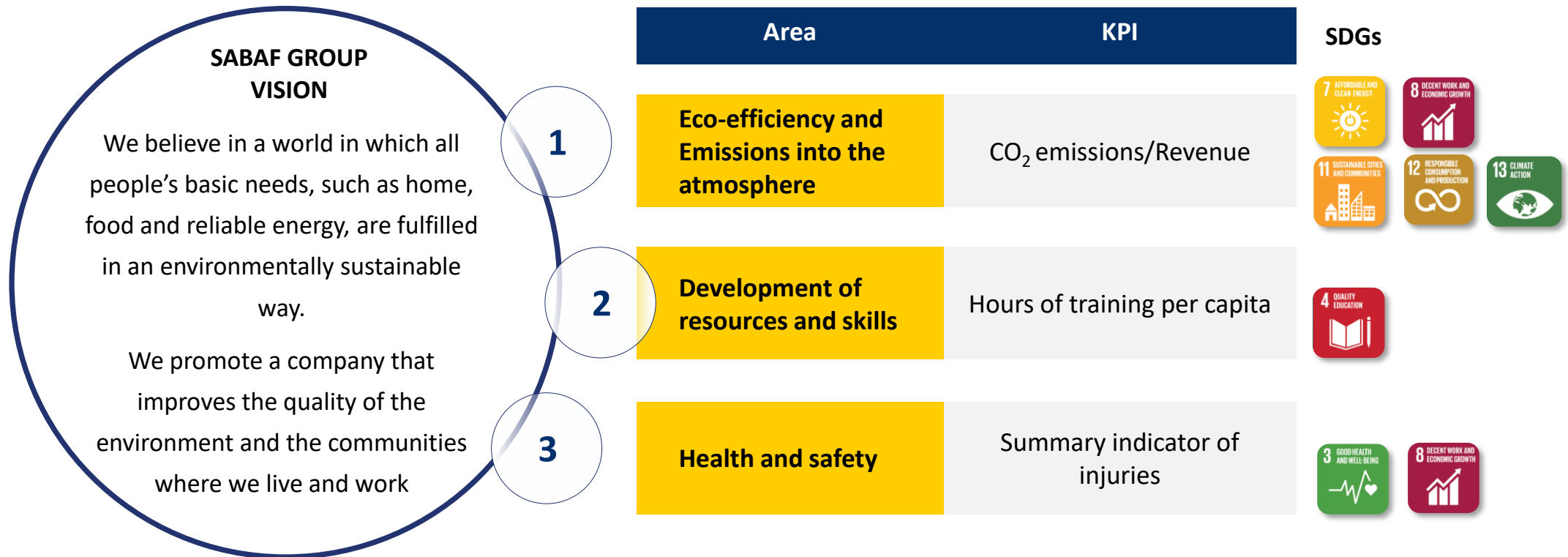
SUSTAINABILITY

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 ”



ESG Performance - Corporate Governance

Remuneration policy

LONG - TERM INCENTIVE PLAN

2021 - 2023

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%

Environmental impact of different cooking fuels 1/3



About 30% of people on our planet, i.e. 2.5 billion people, are still on **solid biomass fuels** for cooking (wood, charcoal, animal dung, crop residues).

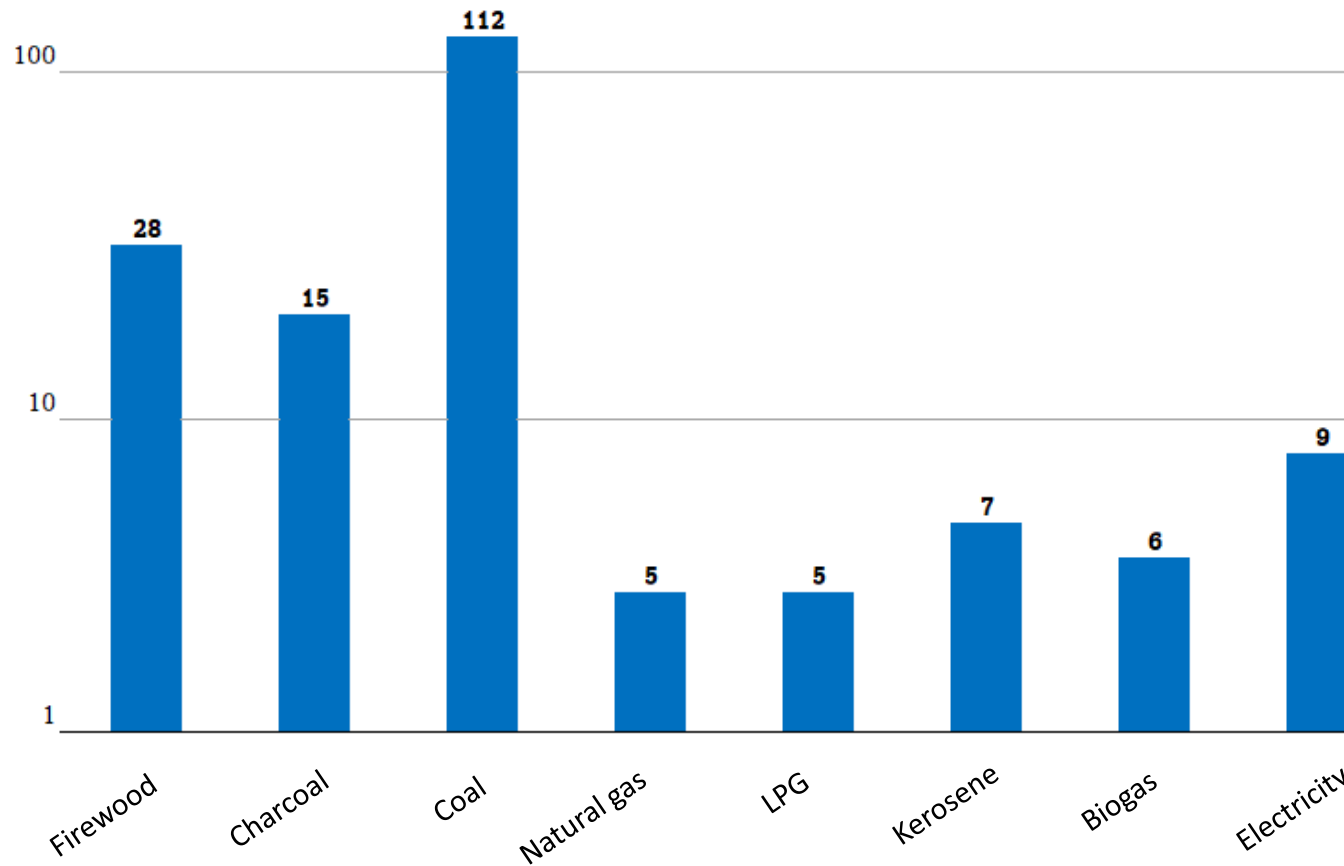
This population is mainly concentrated in Sub-Saharan Africa, where the unavailability of clean fuels affects 82% of the population, but significant percentages characterize also Central Asia, India, China, South-East Asia and Latin America.

In addition to being **harmful to the environment**, the pollution produced by traditional fuels has important consequences on the **health** of users and families.

The **remaining 5.5 billion people** use **fossil fuels** (mainly methane and LPG) or electricity for cooking.

Environmental impact of different cooking fuels 2/3

Environmental impact of different cooking fuels¹



The environmental impact was measured using a **scientific standard method** (the ReCiPE 2016), which is based on 3 impact categories:

- damage to human health
- damage to ecosystem quality
- damage to resource availability

The environmental impact **was highest in the case of coal** cooking appliances (112) and **lowest for LPG and methane** cooking appliances (5 and 5.2 respectively).

Electric cooking appliances, with an impact of 9, highlighted an environmental impact equal to **180% of that deriving from gas hobs**

Cooking through a gas hob instead of using firewood as cooking fuel, **reduces the environmental impact of 80%**

¹ <https://www.itjfs.com/index.php/ijfs/article/view/2170>

Environmental impact of different cooking fuels 3/3

From the perspective of sustainable development, the **reduction of the environmental impact** resulting from cooking food will necessarily have to go through a **dual strategy**

Promote access to **energy sources with lower impact** for the population that still uses solid fuels

Favor electric cooking only where and when **the energy production mix** is characterized by a predominant component of **green energy**

The Sabaf Group pursue a **business development path consistent with the ecological transition plans**:

- Growing presence on international markets, also through the recent launch of a plant for the production of gas cooking components in India, will be able to contribute to the spread of gas cooking appliances in emerging countries, replacing traditional forms traditional cooking methods with high environmental impact.
- Equally strategic are the Group's investments to enter the sector of components for induction cooking, the most efficient form of electric cooking, the diffusion of which is constantly growing on the European market.

ESG Performance - Environment

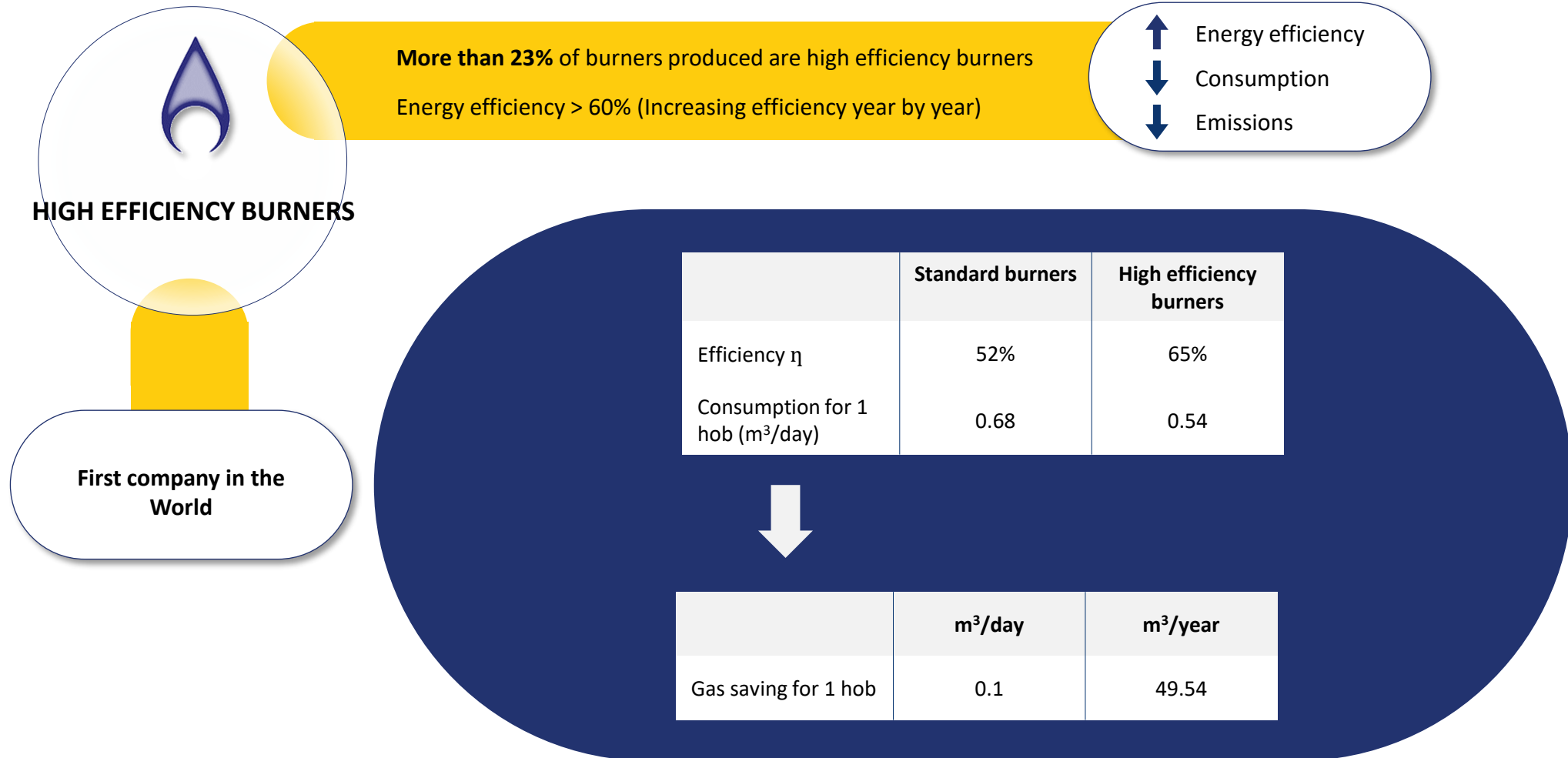
CO₂ Emissions of gas hobs vs. electric induction hobs

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



A possible revolution - Hydrogen burners

The Sabaf Group actively participates in some experimental projects aimed at evaluating the feasibility of using hydrogen to replace natural gas (methane) as a power source for gas cooking appliances

Hy4Heat project, promoted by the British government, concluded in 2022 with positive results

Pilot project in collaboration with the Colombian client Industrias Haceb → **European Union Sustainability certification LCBA** (Low Carbon and Circular Economy Business Action)

Burners capable of operating with 100% hydrogen: laboratory tests and prototypes created have confirmed the technical feasibility of these products

The possibility of using hydrogen on a large scale as a fuel source still has to overcome important technological challenges, both in terms of its production and distribution

A solution that could find application in a relatively short time is the use of a **mix of methane and hydrogen**, through the **existing distribution network**



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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