

SABAF

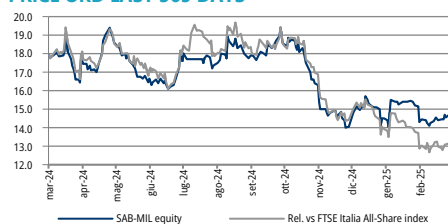
Earnings Review

BUY ord. (Unchanged)Target: **€ 22.00** (Unchanged)

Risk: High

STOCKDATA		ORD		
Price (as of 25 Mar 2025)		15.0		
Bloomberg Code		SAB IM		
Market Cap (€ mn)		186		
Free Float		46%		
Shares Out (mn)		12.4		
52 week Range		€ 14.0 - 19.4		
Daily Volume		10,232		
Performance (%)		1M	3M	1Y
Absolute		4.5	6.4	-14.9
Rel to FTSE Italia All-Share		2.9	-8.2	-24.7
MAIN METRICS		2024	2025E	2026E
SALES Adj		277	297	311
EBITDA Adj		40.4	46.5	50.3
EBIT Adj		21.2	26.8	30.0
NET INCOME Adj		13.1	16.6	19.1
EPS Adj - €c		106	133	154
DPS Ord - €c		58.0	60.0	62.0
MULTIPLES		2024	2025E	2026E
P/E ord Adj		14.4x	11.2x	9.7x
EV/EBITDA Adj		6.6x	5.6x	5.0x
EV/EBIT Adj		12.6x	9.7x	8.3x
REMUNERATION		2024	2025E	2026E
Div. Yield ord (A)		3.3%	4.0%	4.1%
FCF Yield Adj		5.7%	6.0%	9.9%
INDEBTEDNESS		2024	2025E	2026E
NFP Adj		-73.9	-69.9	-59.0
D/Ebitda Adj		1.8x	1.5x	1.2x

PRICE ORD LAST 365 DAYS

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SIGNS OF IMPROVING ORDER MOMENTUM ARE CONSOLIDATING

4Q24 results were still not brilliant, showing a sequential decline in sales and margins. However, the signs of recovery in end markets are consolidating, with initial supportive indications emerging in November and December now confirmed also for the 1Q25 and starting to provide some support on April/early May. Better end market trend coupled with the ramp-up of company-specific projects are supporting our expectations of a nice acceleration in sales and margins in 2025-26, translating into 21% EPS CAGR 2024-26 and supporting the stock rerating.

■ 4Q24 results a bit softer and sequentially decelerating

Sabaf reported 4Q24 results slightly lower than expected, both in terms of revenues and margins. Revenues were affected by destocking at the end of the year by large customers, while margins were affected by lower volumes and by the increase in labor costs (particularly in Turkey, where the exchange rate did not offset in 2H24 the wage increases enforced by law). **Sales and margin therefore were down sequentially in 4Q** (sales -7%, EBITDA margin -50bps QoQ on an adjusted basis) **and 2H24** (sales -6%, EBITDA margin -300bps HoH).

4Q24 main results:

- Adj. Sales +2.9% at € 64.7mn (€ 65.9mn exp);
- Adj. EBITDA -4.9% at € 8.3mn (€ 8.8mn exp), with margin at 12.8% (13.3% exp);
- Adj NI -41% at € 3.4mn (€ 0.5mn exp), thanks to FX gains.

■ 2025 outlook: recovery signs are consolidating

As anticipated at the end of January, after a lackluster 4Q, the group began to benefit from a **gradual recovery in final demand, with order intake growing double digits in 1Q, expected to support revenues at least +6%/+8% in 1Q.** Order collection for April and early May was also good, the period with the most difficult comparison base in 2025. In terms of geographies, demand is strong in NA, positive in EU/Turkey/MENA, flat in LatAm (tough comps), recovering in China. Among the strategic initiatives, Mexico is expected to add €5mn of revenues in 2025 to the €3.2mn booked in 2024.

■ Key messages from the call

- Having now completed 95% of the negotiations, Sabaf confirms **a few percentage points of benefit from prices** (especially in areas affected by labor cost strong increase);
- Satisfied with Haier's contribution **in induction**. The customer portfolio is expanding but volumes are still modest (no revenues indications for 2025);
- **CAPEX 2025 stable** (€ 15mn), net of € 3mn for photovoltaic installations.

■ Estimates: we revise sales by -1% and EPS by -6% in 2025-26

We trim our 2025 by approximately -1% to € 297mn, Adj. EBITDA by -3% to € 46.5mn (margin from 16.1% to 15.7%, vs. 14.6% in FY24), **Adj EPS by -6% to € 1.33PS**, incorporating revenue growth of 7.2% (purely organic). Similar changes were also applied to 2026. Our new estimates reflect an EBITDA margin back above 16% by 2026.

■ Valuation: very attractive in a scenario of improving top-line momentum

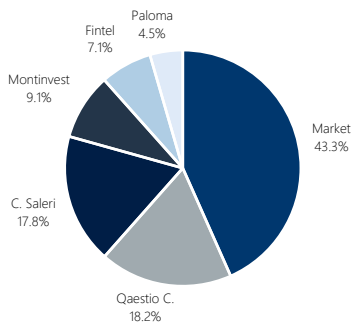
We confirm our valuation of € 22PS, equal to the average between DCF and market multiples (11x EV/EBIT and 14x Adj. PE 2025).

The beginning of 2025 is encouraging in terms of top-line and even more order intake and provides some initial support to our almost € 300mn sales for the FY, expected to be driven by recovery in end-market demand (after 3 years of very weak European market) and improving contribution from strategic projects initiated by the company (Mexico, India, induction, M&A). **These dynamics support a recovery of margins and consequent EPS growth (+21% CAGR 2024-26), not reflected in our view in the stock multiples, still very compressed (5.6-5.0x EV/EBITDA, 11-10x Adj. PE 2025-26) in the initial phase of a recovery cycle).**

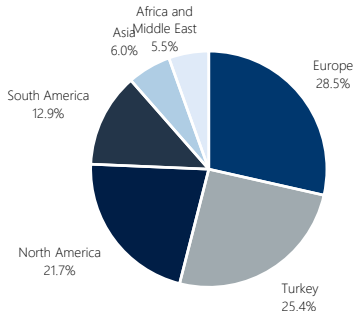
MAIN FIGURES - EURmn	2022	2023	2024	2025E	2026E	2027E
SALES Adj	253	239	277	297	311	326
Growth	-3.9%	-5.5%	15.8%	7.2%	4.9%	4.8%
EBITDA Adj	36.3	33.1	40.4	46.5	50.3	0.2
Growth	-32.9%	-9.0%	22.2%	15.2%	8.1%	-99.7%
EBIT Adj	19.9	17.5	21.2	26.8	30.0	0.1
Growth	-47.0%	-11.9%	21.2%	26.6%	11.8%	-99.7%
PBT Adj	13.2	12.0	20.3	22.5	26.0	33.3
Growth	-55.5%	-9.3%	69.3%	10.8%	15.7%	27.8%
Net Income Adj	14.5	10.4	13.1	16.6	19.1	24.5
Growth	-45.1%	-28.5%	26.3%	26.0%	15.5%	28.1%
MARGIN - %	2022	2023	2024	2025E	2026E	2027E
EBITDA Adj Margin	14.4%	13.9%	14.2%	15.7%	16.1%	0.0%
Ebit Adj margin	7.9%	7.4%	7.4%	9.0%	9.6%	0.0%
Pbt Adj margin	5.2%	5.0%	7.1%	7.6%	8.4%	10.2%
Net Income Adj margin	5.7%	4.4%	4.6%	5.6%	6.1%	7.5%
SHARE DATA	2022	2023	2024	2025E	2026E	2027E
EPS Adj - €c	129	87.5	106	133	154	197
Growth	-45.4%	-32.2%	20.6%	26.0%	15.5%	28.1%
DPS ord(A) - €c	0.0	54.0	58.0	60.0	62.0	64.0
BVPS	13.8	13.0	13.3	14.1	15.0	16.4
VARIOUS	2022	2023	2024	2025E	2026E	2027E
Capital Employed	245	248	252	257	258	260
FCF	3.4	22.9	12.3	11.2	18.3	22.9
CAPEX	20.9	16.9	14.7	18.0	17.1	18.0
Working capital	78.2	71.8	78.2	86.4	91.5	96.8
Trading Working capital	84.0	75.3	86.2	93.9	98.3	103
INDEBTNESS	2022	2023	2024	2025E	2026E	2027E
Nfp Adj	-84.4	-73.2	-73.9	-69.9	-59.0	-43.8
D/E Adj	0.54	0.43	0.43	0.38	0.30	0.21
Debt / EBITDA Adj	2.3x	2.2x	1.8x	1.5x	1.2x	272x
Interest Coverage	21.8x	8.6x	18.6x	10.7x	12.7x	15.5x
MARKET RATIOS	2022	2023	2024	2025E	2026E	2027E
P/E Ord Adj	12.9x	19.8x	14.4x	11.2x	9.7x	7.6x
PBV	1.6x	1.2x	1.3x	1.1x	1.0x	0.9x
EV FIGURES	2022	2023	2024	2025E	2026E	2027E
EV/Sales	1.1x	1.2x	0.9x	0.9x	0.8x	0.7x
EV/EBITDA Adj	7.6x	8.9x	6.6x	5.6x	5.0x	1452.8x
EV/EBIT Adj	14.0x	16.8x	12.6x	9.7x	8.3x	2434.1x
EV/CE	1.1x	1.2x	1.1x	1.0x	1.0x	0.9x
REMUNERATION	2022	2023	2024	2025E	2026E	2027E
Div. Yield ord	0.0%	3.4%	3.3%	4.0%	4.1%	4.3%
FCF Yield Adj	1.4%	12.1%	5.7%	6.0%	9.9%	12.3%
Roce Adj	6.8%	5.3%	6.4%	7.8%	8.5%	9.4%

Source: Company data and Equita SIM estimates

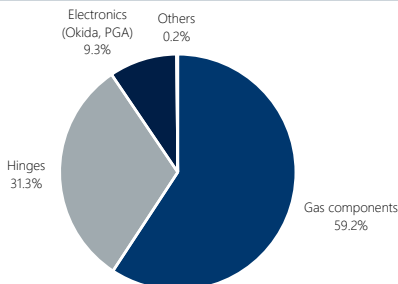
SHAREHOLDERS



SALES BY GEOGRAPHY



SALES BY DIVISION



BUSINESS DESCRIPTION

Sabaf (SAB) is one of the world’s leading manufacturers of components for household gas cooking appliances (59% of 2024 group sales and a market share of around 50% in Europe and a global share of about 10%), and in the manufacturing of hinges for consumer appliances (31% of 2024 group sales and undisputed worldwide leader with size c2x the second player). The company is also expanding its presence in electronic components (9% of group sales in 2024) made of electronic control boards, timers, display and power supply units for ovens, kitchen hoods, vacuum cleaners, refrigerators and freezers. The company has also developed internally competencies to enter the induction hob segment, with initial sales deployed in 2024 and a target to reach a 5% market share in the medium term. The majority of Sabaf’s sales consist of original equipment supply.

The group generated 29% of its 2024 revenues in Europe, 25% in Turkey, 22% in North America, 13% in LatAm, 6% in MENA and 5% in APAC. The Group is characterised by a high revenue concentration, with some 50% arising from sales to its ten largest customers.

The Group in the last 5 years made acquisitions to enter the market of electric components (9% of 2023 sales) and strengthened its presence in the market of hinges for consumer appliances (31% of 2023 sales).

SAB main production facilities are in Italy, Brazil, Turkey and more recently in Mexico and India. The company is also present in Poland and China.

7-YEAR BUSINESS TRENDS (€ mn)

	2018	2019	2020	2021	2022	2023	2024
Adj. SALES	151	156	185	263	252	239	277
- gas components	136	122	130	182	157	144	164
- hinges	10	24	41	58	69	70	87
- electronics	4	10	14	22	26	25	26
- induction						0	0
Adj. EBITDA	30.0	27.0	37.1	54.1	36.3	33.1	40.4
Adj. EBITDA margin	19.9%	17.3%	20.1%	20.6%	14.4%	13.8%	14.6%
Adj. Net Income	11.5	8.1	14.1	26.5	14.5	10.4	13.1

Source: Company data and Equita SIM calculation of adjusted Net Income

In 2016-2019 SAB set the base for a stronger business diversification, expanding the relation with strategic clients (Whirlpool NA, Electrolux, Mabe), entering in new markets (electronics) and strengthening the presence in hinges. The strategy was led by the CEO Pietro Iotti, former head of Interpump Hydraulics. 2020-2021 saw strong growth in sales and margins, thanks to a sharp increase in market demand boosted by higher spending on household appliances during the pandemic and the first contribution of new projects with strategic clients. The spending in household appliances normalized in 2022-23, driving declining organic sales and margins in the industry.

Post 2023 reserved capital increase to finance MEC acquisition, Sabaf’s largest shareholders are: the Saleri family (17.9% of capital and 22.5% of voting rights) and Quaestio Capital (18.2% of capital and 25.1% of voting rights) due to a loyalty share mechanism for investors keeping the shares for at least 2 years.

STRENGTHS / OPPORTUNITIES

- Strong leadership in Europe
- High quality and efficiency, innovation skills
- Direct manufacturing presence in key countries
- Development of new markets and clients
- Track record of inorganic expansion

WEAKNESSES /THREATS

- Concentration of revenues with large appliances manufacturers
- Exposure to mature markets (WE), where induction is taking share from gas cooking
- Volatility of commodity and energy prices
- Client consolidation

4Q24 A BIT SOFTER THAN EXPECTED AND SEQUENTIALLY DECELERATING

Sabaf reported 4Q24 results slightly lower than expected, both in terms of revenues and margins. Revenues were affected by destocking at the end of the year by large customers, while margins were affected by lower volumes and by the increase in labor costs (particularly in Turkey, where the exchange rate did not offset in 2H24 the wage increases enforced by law). **Sales and margin therefore were down sequentially in 4Q** (sales -7%, EBITDA margin -50bps QoQ on an adjusted basis) **and 2H24** (sales -6%, EBITDA margin -300bps HoH).

In more details, for 4Q24, on an adjusted basis (excluding hyperinflation impact):

- Adj. Sales +2.9% at € 64.7mn (€ 65.9mn exp);
- Adj. EBITDA -4.9% at €8.3mn (€ 8.8mn exp), with margin at 12.8% (13.3% exp);
- Adj NI -41% at € 3.4mn (€ 0.5mn exp), better than expected thanks to FX gains.

4Q RESULTS (€ mn)						
	4Q23	EXPECTED		ACTUAL		
		4Q24	YoY Δ%	4Q24	YoY Δ%	Act vs Exp
Adj. Revenues	62.8	65.9	5%	64.7	3%	-1.2
Adj. EBITDA	8.7	8.8	1%	8.3	-5%	-0.6
Adj. EBITDA Margin	13.8%	13.4%		12.8%	-	
Adj. EBIT	4.4	3.9	-11%	3.2	-26%	-0.6
Adj. EBIT Margin	6.9%	5.9%	-	5.0%	-	
Adj. Net income	5.8	0.5	-91%	3.4	-40%	2.9
Adj. NI Margin	9.2%	0.8%	-	5.3%	-	
NFP	-73.2	-71.5	-2%	-73.9	n.m.	-2.4

Source: Equita SIM estimates and company data

FY RESULTS (€ mn)						
	FY23	EXPECTED		ACTUAL		
		FY24	YoY Δ%	FY24	YoY Δ%	Act vs Exp
Adj. Revenues	239.0	278.2	16%	277.0	16%	-1.2
Adj. EBITDA	33.1	41.0	24%	40.4	22%	-0.6
Adj. EBITDA Margin	13.8%	14.7%	-	14.6%	-	
Adj. EBIT	17.5	21.8	25%	21.2	21%	-0.6
Adj. EBIT Margin	7.3%	7.9%	-	7.7%	-	
Adj. Net income	14.2	13.1	-7%	16.0	13%	2.9
Adj. NI Margin	5.9%	4.7%	-	5.8%	-	
NFP	-73.2	-71.5	-2%	-73.9	1%	-2.4

Source: Equita SIM estimates and company data

At geographical level, based on adjusted numbers (excluding hyperinflationary impact), sales in 4Q were mainly driven by **Europe, North America and LatAm, while Turkey turned to negative and MENA remained weak.**

ADJUSTED 4Q SALES BREAKDOWN BY GEOGRAPHY (€ mn)				
	4Q23	4Q24	YoY change	
Europe	16.4	18.5	13%	
Turkey	17.8	15.4	-13%	
North America	13.7	14.7	7%	
South America	6.8	8.3	22%	
MENA	4.0	3.2	-21%	
Asia	4.0	4.5	12%	
Total sales	62.8	64.7	2.9%	

Source: Company data

ADJUSTED FY SALES BREAKDOWN BY GEOGRAPHY (€ mn)				
	FY23	FY24	YoY change	
Europe	71.7	79.0	10%	
Turkey	63.4	70.5	11%	
North America	47.7	60.1	26%	
South America	27.9	35.7	28%	
MENA	17.8	15.2	-14%	
Asia	10.6	16.5	56%	
Total sales	239.1	277.0	15.8%	

Source: Company data

At product level, in 4Q24 on an adjusted basis gas components sales grew by +2%, hinges by +5%, electronic components declined by -1% and induction contributed some € 0.1mn.

ADJUSTED 4Q SALES BREAKDOWN BY PRODUCT (€ mn)				
	4Q23	4Q24	YoY change	organic
Gas components	37.1	38.0	2%	2%
Hinges	20.2	21.2	5%	5%
Electronic components	5.5	5.4	-1%	-1%
Induction	0.0	0.1	n.m.	n.m.
Total sales	62.8	64.7	2.9%	2.9%

Source: Company data

ADJUSTED FY SALES BREAKDOWN BY PRODUCT (€ mn)				
	FY23	FY24	YoY change	organic
Gas components	144.0	164.1	14%	14%
Hinges	70.4	86.6	23%	4%
Electronic components	24.7	25.8	5%	5%
Induction	0.0	0.5	n.m.	n.m.
Total sales	239.1	277.0	15.8%	10.1%

Source: Company data

At FY24 level, Adj. EBITDA was € 40.4mn, +22% YoY of which we estimate +17% organic.

The EBITDA bridge compared to 2023 (€ +7.1mn) is mainly made up of:

- **volumes** (€ 5mn)
- **raw materials** (€ 2.7mn)
- **productivity** (€ 1.9mn) and
- **perimeter** (€ 1.6mn)
- ... partly offset by
- **labor costs** (€ -2.8mn of which over € -2mn in Turkey)
- **FX** (€ -0.8mn)
- **start-up costs** (€ -1.4mn excluded from 2023 EBITDA).

Net Debt ended FY24 at € 73.9mn vs. € 71.5mn exp., up by € 0.7 in the 12M, after € 6.8mn dividends paid to Sabaf shareholders, € 0.2mn spent in share buy-back and € 1.3mn as dividend paid to MEC minority shareholders. NFP is including € 10.8mn related to the put option on MEC minorities. **FY24 FCF was € 12.3mn**, after € 14.7mn CAPEX (from € 16.9mn in FY23) and relevant NWC absorption (mainly higher receivables at year end).

CASHFLOW STATEMENT (€ mn)		
	FY23	FY24
Cashflow provided by operations	23.4	42.8
(Increase) decrease in NWC	16.5	-15.8
(Purchase of fixed assets)	-16.9	-14.7
FCF	22.9	12.3
(Other net investments)	-21.2	0.0
(Distribution of dividends)	0	-6.8
Right issue / (buy-back)	16.8	-0.2
Others	-7.4	-6.0
(Increase) decrease in net debt	-0.7	-0.7

Source: Company data

NET WORKING CAPITAL TREND (€ mn)										
	4Q23	% 4xQ Sales	1Q24	% 4xQ Sales	2Q24	% 4xQ Sales	3Q24	% 4xQ Sales	4Q24	% 4xQ Sales
receivables	55.8	22.2%	66.5	24.1%	65.6	22.1%	65.0	23.5%	64.8	25.1%
inventories	62.0	24.7%	63.4	23.0%	71.1	24.0%	69.7	25.2%	63.1	24.4%
payables	-42.5	-16.9%	-44.5	-16.1%	-51.0	-17.2%	-46.4	-16.8%	-41.7	-16.1%
TWC	75.3	30.0%	85.4	30.9%	85.7	28.9%	88.3	31.9%	86.2	33.3%

Source: company data

Here below we present the reported and adjusted P&L view. The main adjustment is due to the accounting of Turkey as hyperinflationary economy (IAS 29), while start-up costs excluded from Adj. numbers in 2023 were fully booked in 2024 adjusted results.

ADJUSTED AND REPORTED 4Q AND FY P&L				
	Q4 2024*	Q4 2023*	2024-2023 change	% change
Sales revenue	71,216	61,043	10,173	+16.7
Hyperinflation – Turkey	(6,563)	1,780		
Start-up revenue	-	(8)		
Normalised revenue	64,653	62,815	1,838	+2.9
EBITDA	10,803	7,466	3,337	+44.7
EBITDA %	15.2	12.2		
Start-up costs	-	744		
Hyperinflation – Turkey	(2,550)	470		
Normalised EBITDA	8,253	8,680	(427)	-4.9
Normalised EBITDA%	12.8	13.8		
EBIT	1,621	2,276	(655)	-28.8
EBIT %	2.3	3.7		
Start-up costs	-	1,201		
Hyperinflation – Turkey	1,629	886		
Normalised EBIT	3,250	4,363	(1,113)	-25.5
Normalised EBIT%	5.0	6.9		
Group net result	(2,632)	1,738	(4,370)	-251.4
Net result %	-3.7	2.8		
Start-up costs	-	1,135		
Hyperinflation – Turkey	6,025	2,882		
Normalised result of the Group	3,393	5,755	(2,362)	-41.0
Normalised result %	5.2	9.2		

(*) unaudited figures

	2024	2023	2024-2023 change	% change
Sales revenue	285,091	237,949	47,142	+19.8
Hyperinflation – Turkey	(8,126)	1,160		
Start-up revenue	-	(23)		
Normalised revenue	276,965	239,086	37,879	+15.8
EBITDA	43,704	29,612	14,092	+47.6
EBITDA %	15.3	12.4		
Start-up costs	-	2,649		
Hyperinflation – Turkey	(3,306)	786		
Normalised EBITDA	40,398	33,047	7,351	+22.2
Normalised EBITDA%	14.6	13.8		
EBIT	17,739	11,062	6,677	+60.4
EBIT %	6.2	4.6		
Start-up costs	-	3,724		
Hyperinflation – Turkey	3,465	2,710		
Normalised EBIT	21,204	17,496	3,708	+21.2
Normalised EBIT%	7.7	7.3		
Group net result	6,928	3,103	3,825	+123.3
Net result %	2.4	1.3		
Start-up costs	-	3,530		
Hyperinflation – Turkey	9,022	7,521		
Normalised result of the Group	15,950	14,154	1,796	+12.7
Normalised result %	5.8	5.9		

Source: SAB press release

2025 OUTLOOK: ENCOURAGING SIGNS ARE CONSOLIDATING

As anticipated at the end of January, after a lackluster 4Q, the group began to benefit from a **gradual recovery in final demand, with order intake growing double digits in 1Q, expected to support revenues at least +6%/+8% in 1Q**. Order collection for April and early May, the period with the most difficult comparison base in 2025, was also good.

In terms of geographies, demand is strong in NA, positive in EU/Turkey/MENA, flat in LatAm (tough comps after a strong 2024), recovering in China. Among the strategic initiatives, Mexico is expected to add €5mn of revenues in 2025 to the € 3.2mn booked in 2024.

Additional messages from the call on 2025 outlook:

- Having now completed 95% of the negotiations, Sabaf confirms **a few percentage points of benefit from prices** (especially in areas affected by labor cost strong increase);
- Satisfied with Haier's contribution **in induction**. The customer portfolio is expanding but volumes are still modest (no revenues indications for 2025);
- **CAPEX 2025 stable** (€ c15mn), net of € 3mn for photovoltaic installations.

ESTIMATE REVISION: TRIMMING PROFITABILITY

We trim 2025 estimates by approximately -1% to € 297mn, Adj. EBITDA -3% to € 46.5mn (margin from 16.1% to 15.7%, vs. 14.6% in FY24) and **Adj. NI -6% to € 16.6mn**, incorporating revenue growth of 7.2% (purely organic). Similar changes are also applied in 2026 (see table below).

	CHANGE IN ESTIMATES (€ mn)					
	2024 Exp..	2024 Act..	2025E Prev.	2025E Curr.	2026E Prev.	2026E Curr.
Adj. Revenues	278.2	277.0	298.8	296.9	311.6	311.3
% chg		-0.5%		-0.6%		-0.1%
Abs chg		-1.3		-1.8		-0.3
Adj. EBITDA	41.0	40.4	48.0	46.5	52.3	50.3
% chg		-1.3%		-3.1%		-3.9%
Abs chg		-0.6		-1.5		-2.1
Adj. EBIT	21.8	21.2	28.3	26.8	32.0	30.0
% chg		-2.9%		-5.3%		-6.4%
Abs chg		-0.6		-1.5		-2.0
Adj. Net income	14.1	13.1	17.7	16.6	20.7	19.1
% chg		-6.8%		-6.3%		-7.7%
Abs chg		-1.0		-1.1		-1.6
Net income	14.1	16.0	17.7	16.6	20.7	19.1
% chg		13.1%		-6.3%		-7.7%
Abs chg		1.8		-1.1		-1.6
Adj. EPS (€ cents)	113.3	105.6	141.9	133.0	166.3	153.6
% chg		-6.8%		-6.3%		-7.7%
Abs chg		-7.8		-8.9		-12.7
NFP	-71.5	-73.9	-64.9	-69.9	-51.4	-59.0
% chg		3.3%		7.6%		14.8%
Abs chg		-2.4		-4.9		-7.6
FCF	9.3	12.3	13.4	11.2	20.5	18.3
% chg		31.8%		-16.3%		-10.5%
Abs chg		3.0		-2.2		-2.2
CAPEX	14.0	14.7	16.4	18.0	17.1	17.1
% chg		5.0%		9.5%		-0.1%
Abs chg		0.7		1.6		0.0
DPS	55.0	58.0	56.0	60.0	57.0	62.0
% chg		5.5%		7.1%		8.8%
Abs chg		3		4		5

Source: Equita SIM estimates

VALUATION CONFIRMED AT € 22PS, SUPPORTED BY GOOD MOMENTUM

We confirmed our valuation at € 22PS, equal to the average between DCF and market multiples (11x EV/EBIT and 14x Adj. PE 2025).

PE MULTIPLE VALUATION		TARGET PRICE SENSITIVITY			
(A) 2025E multiple	14 x	(A) 2025E multiple	12 x	14 x	16 x
(B) 2025 EPS (€)	1.3	(B) 2025 EPS (€)	1.3	1.3	1.3
(C) synergies EPS contribution post 2025 (€)	0.1	(C) synergies EPS contribution post 2025 (€)	0.1	0.1	0.1
(D)=(A)x[(B)+(C)] Stock value (€)	20	(D)=(A)x[(B)+(C)] Stock value (€)	17	20	23
(E) Dividends to be cashed-in (€)	0.6	(E) Dividends to be cashed-in (€)	0.6	0.6	0.6
(F) = (D)+(E) Total stock value (€ PS)	21	(F) = (D)+(E) Total stock value (€ PS)	18	21	23
(G) Discount (1+Ke)	1.0	(G) Discount (1+Ke)	1.0	1.0	1.0
(H)=(F)/(G) Target (€ PS)	22	(H)=(F)/(G) Target (€ PS)	19	22	25

Source: Equita SIM estimates

EV/EBIT MULTIPLE VALUATION (€ mn)		TARGET PRICE SENSITIVITY (€ mn)			
(A) 2025E multiple	11.0 x	(A) 2025E multiple	9 x	11 x	13 x
(B) 2025 EBIT	27	(B) 2025 EBIT	27	27	27
(C) synergies post 2025	1	(C) synergies post 2025	1	1	1
(D)=(A)x[(B)+(C)] EV	305	(D)=(A)x[(B)+(C)] EV	249	305	360
(E) NFP 2025E	-70	(E) NFP 2025E	-70	-70	-70
(F) minorities	-4	(F) minorities	-4	-4	-4
(G) Dividends to be cashed-in	7	(G) Dividends to be cashed-in	7	7	7
(H) = (D)+(E)+(F)+(G) Total stock value	238	(H) = (D)+(E)+(F)+(G) Total stock value	182	238	293
(I) Discount (1+Ke)	1.0	(I) Discount (1+Ke)	1.0	1.0	1.0
(J)=(H)/(I) Target (€ PS)	249	(J)=(H)/(I) Target (€ PS)	191	249	307
(K) shares (mn)	12.4	(K) shares (mn)	12.4	12.4	12.4
(L)=(J)/(K) Target (€ PS)	20	(L)=(J)/(K) Target (€ PS)	15	20	25

Source: Equita SIM estimates

Assumptions		DCF (€ mn)						
		2025E	2026E	2027E	2028E	2029E	Perpetuity	
G	2.0%	Sales	297	311	326	336	346	353
WACC	8.7%	<i>Change %</i>	7.2%	4.9%	4.8%	3.0%	3.0%	3.0%
		EBITDA	47	50	54	56	58	59
		<i>Change %</i>	15.2%	8.1%	6.9%	4.3%	4.2%	1.4%
		Margin	15.7	16.1	16.5	16.7	16.9	16.8
		D&A	-19.7	-20.3	-20.5	-21.9	-20.8	-21.2
		EBIT	27	30	33	34	38	38
		<i>Change %</i>	26.6%	11.8%	10.9%	2.7%	10.1%	14.3%
		Margin	9.0	9.6	10.2	10.2	10.9	10.8
		Taxes	-7	-8	-9	-9	-10	-10
		EBIT after Tax	20	22	24	25	27	28
		<i>Change %</i>	26.6%	11.8%	10.9%	2.7%	10.1%	1.1%
Valuation (€ mn)		Capex/acquisitions	-18	-17	-18	-20	-21	-21
NPV of FCF (2025-29)	88	(increase) decrease in NWC	-8	-5	-5	-3	-4	-2
NPV of Terminal Value	280	Free Cash Flow before minorities	13	20	21	23	24	25
Estimated Enterprise Value	369	Free Cash Flow	13	20	21	23	24	25
2024 NFP	-74	Discount Factor	1.0	1.0	1.1	1.2	1.3	1.3
Adjustment to NFP	0	PV of FCF	14	19	19	19	18	19
SAB IM Equity	295							
Minorities & Peripheral	-4							
Total Equity	290							
Adj. # of shares (mn)	12.4							
Target Price (€ PS)	23							

Source: Equita SIM estimates and company data

DCF SENSITIVITY ANALYSIS				
		Perpetual growth G		
		1.5%	2.0%	2.5%
WACC	8.2%	24	26	27
	8.7%	22	23	25
	9.2%	20	21	23

Source: Equita SIM estimates

SABAF VALUATION			
	Weight	Target multiple	Valuation (€ PS)
EV/EBIT multiple valuation	33%	14x	20
PE multiple valuation	33%	11x	22
DCF valuation	33%	n.m.	23
Target price			22

Source: Equita SIM estimates

The beginning of 2025 is encouraging in terms of top-line and even more order intake and provides some initial support to our almost € 300mn sales for the FY, expected to be driven by recovery in end-market demand (after 3 years of very weak European market) and improving contribution from strategic projects initiated by the company (Mexico, India, induction, M&A). These dynamics support a recovery of margins and consequent EPS growth (+21% CAGR 2024-26), not reflected in our view in the stock multiples, still very compressed (5.6-5.0x EV/EBITDA, 11-10x Adj. PE 2025-26) in the initial phase of the recovery cycle.

STATEMENT OF RISKS FOR SABAF

The main factors that could negatively affect SAB are the following:

- Weaker market demand
- Higher competitive pressures
- Sharp increase in aluminium and steel prices
- Inability to acquire and integrate companies
- Inability to enter new markets
- Inability to protect its product exclusivity
- Development of alternative technologies

P&L - €mn	2022	2023	2024	2025E	2026E	2027E
SALES Rep	253	238	285	297	311	326
Growth	-3.9%	-6.0%	19.8%	4.2%	4.9%	4.8%
EBITDA Rep	40.1	29.6	43.7	46.5	50.3	53.7
Growth	-25.9%	-26.2%	47.6%	6.5%	8.1%	6.9%
Margin	15.8%	12.4%	15.3%	15.7%	16.1%	16.5%
D&A	-18.2	-18.5	-26.0	-19.7	-20.3	-20.5
EBIT Rep	21.9	11.1	17.7	26.8	30.0	33.3
Growth	-41.6%	-49.5%	60.4%	51.3%	11.8%	10.9%
Margin	8.6%	4.6%	6.2%	9.0%	9.6%	10.2%
Net Interest Charges	-1.8	-3.4	-2.4	-4.3	-4.0	-3.5
Financial Expenses	-9.7	-11.1	2.6	-4.3	-4.0	0.0
Non Recurrings	0.0	0.0	3.5	0.0	0.0	0.0
PBT Rep	12.2	-0.1	20.3	22.5	26.0	33.3
Growth	-58.9%	n.m.	n.m.	10.8%	15.7%	27.8%
Income Taxes	3.0	3.4	-3.4	-5.9	-6.9	-8.8
Tax rate	-24.9%	5643.3%	16.5%	26.4%	26.6%	26.4%
Minority Interest	0.0	-0.2	-1.0	-1.2	-1.2	-1.2
Discontinued Operations	0.0	0.0	0.0	1.2	1.2	1.2
Net Income Rep	15.2	3.1	16.0	16.6	19.1	24.5
Growth	-36.2%	-79.7%	414.0%	3.8%	15.5%	28.1%
Margin	6.0%	1.3%	5.6%	5.6%	6.1%	7.5%
Net Income Adj	14.5	10.4	13.1	16.6	19.1	24.5
Growth	-45.1%	-28.5%	26.3%	26.0%	15.5%	28.1%
Margin	5.7%	4.4%	4.6%	5.6%	6.1%	7.5%
CF Statement	2022	2023	2024	2025E	2026E	2027E
FFO	33.5	23.4	42.8	37.4	40.6	46.1
Chg. in Working Capital	-9.3	16.5	-15.8	-8.2	-5.1	-5.3
Other chg. in OCF	0.0	0.0	0.0	0.0	0.0	0.0
NCF from Operations	24.2	39.9	27.0	29.2	35.5	40.8
CAPEX	-20.9	-16.9	-14.7	-18.0	-17.1	-18.0
Financial Investments	-9.8	-21.2	0.0	0.0	0.0	0.0
Other chg in investments	0.0	0.0	0.0	0.0	0.0	0.0
NCF from Investments	-30.6	-38.1	-14.7	-18.0	-17.1	-18.0
Dividends paid	-6.7	0.0	-6.8	-7.2	-7.5	-7.7
Capital Increases	0.2	16.8	-0.2	0.0	0.0	0.0
Other changes in financing	-3.9	-7.4	-6.0	0.0	0.0	0.0
CHG IN NFP	-16.8	11.2	-0.7	4.0	10.9	15.1

Source: Company data and Equita SIM estimates

INFORMATION PURSUANT TO EU REGULATION 2016/958 supplementing Regulation EU 596/2014 (c.d. MAR)

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Date	Rec.	Target Price	Risk.	Comment
November 13, 2024	Buy	22.00	High	-
September 5, 2024	Buy	23.00	High	-

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