

FINANCIAL PRESENTATION

Sabaf | 23rd January 2025

9th Annual Polytems HIR
Italian Day in Frankfurt

SABAF: THERE'S LIFE INSIDE

www.sabafgroup.com

SABAF
GROUP



Table of contents

- I. COMPANY PROFILE
- II. LATEST 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

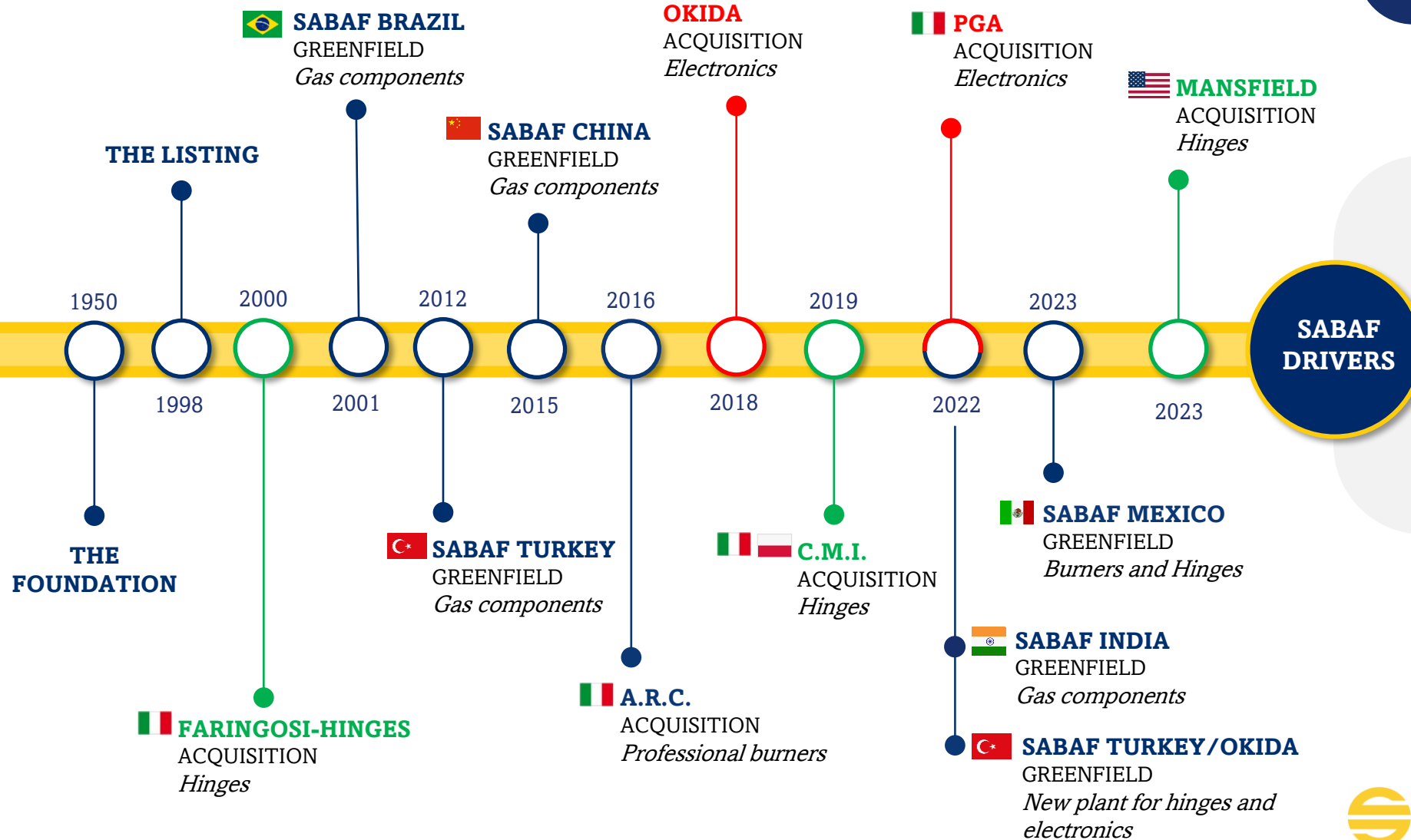
Components for induction cookers and hobs



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

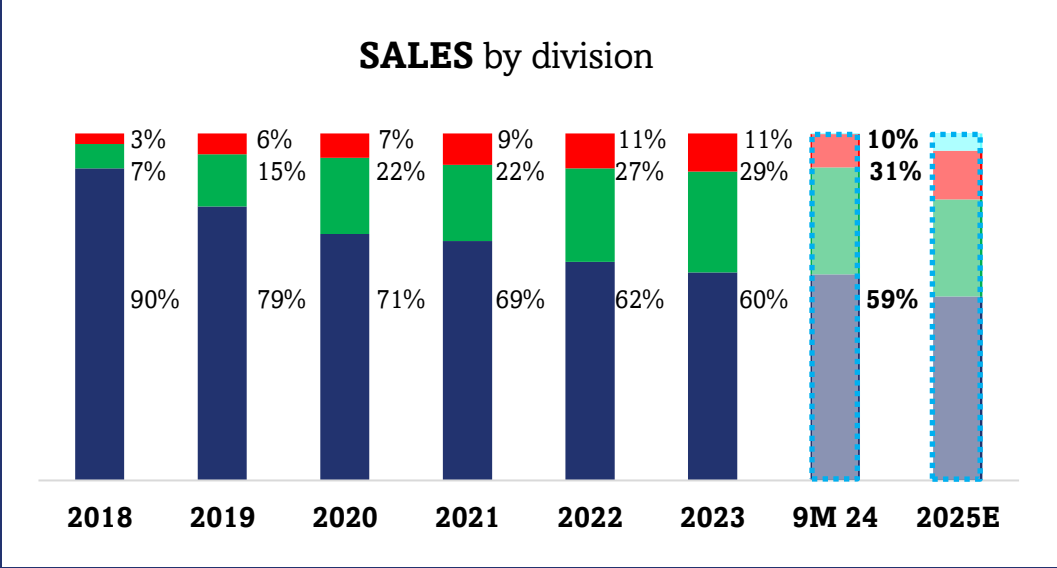
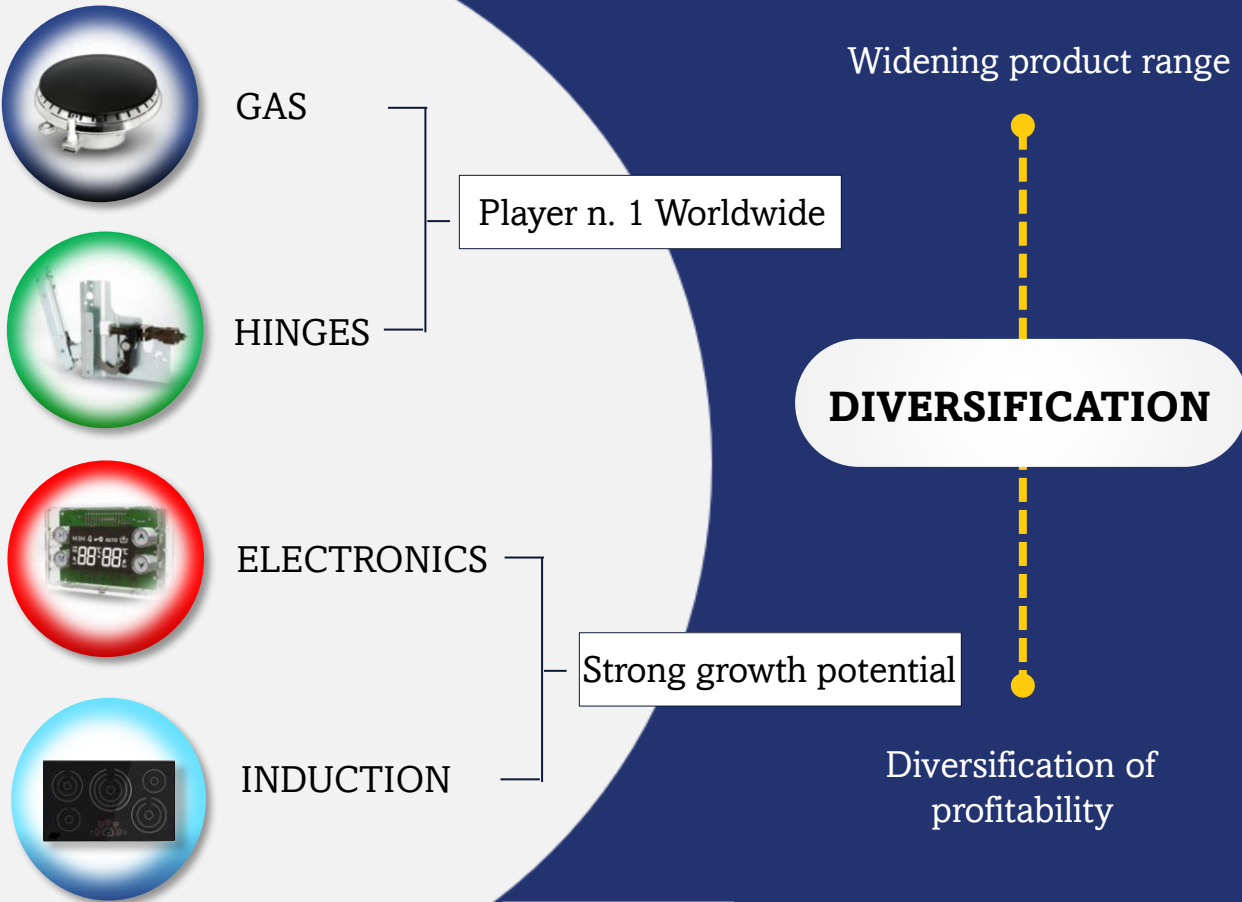
Sabaf Group: evolution

5 acquisitions in the last 8 years
3 greenfield plants in the last 3 years



- TECHNOLOGICAL
- SMART
- DIVERSIFIED
- GLOBAL
- SUSTAINABLE

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



Sabaf Group: industrial footprint

- 2021: 10 production plants
- 2024: 15 production plants (6 in Italy and 9 abroad)
- 1,750 employees at 31 December 2024

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
Electronics for household appliances

MANSFIELD
Oven hinges
Washing machines hinges
Refrigerators hinges

SABAF MEXICO
Burners

CMI POLAND
Dishwasher hinges

SABAF BRASIL
Standard burners
Special burners

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

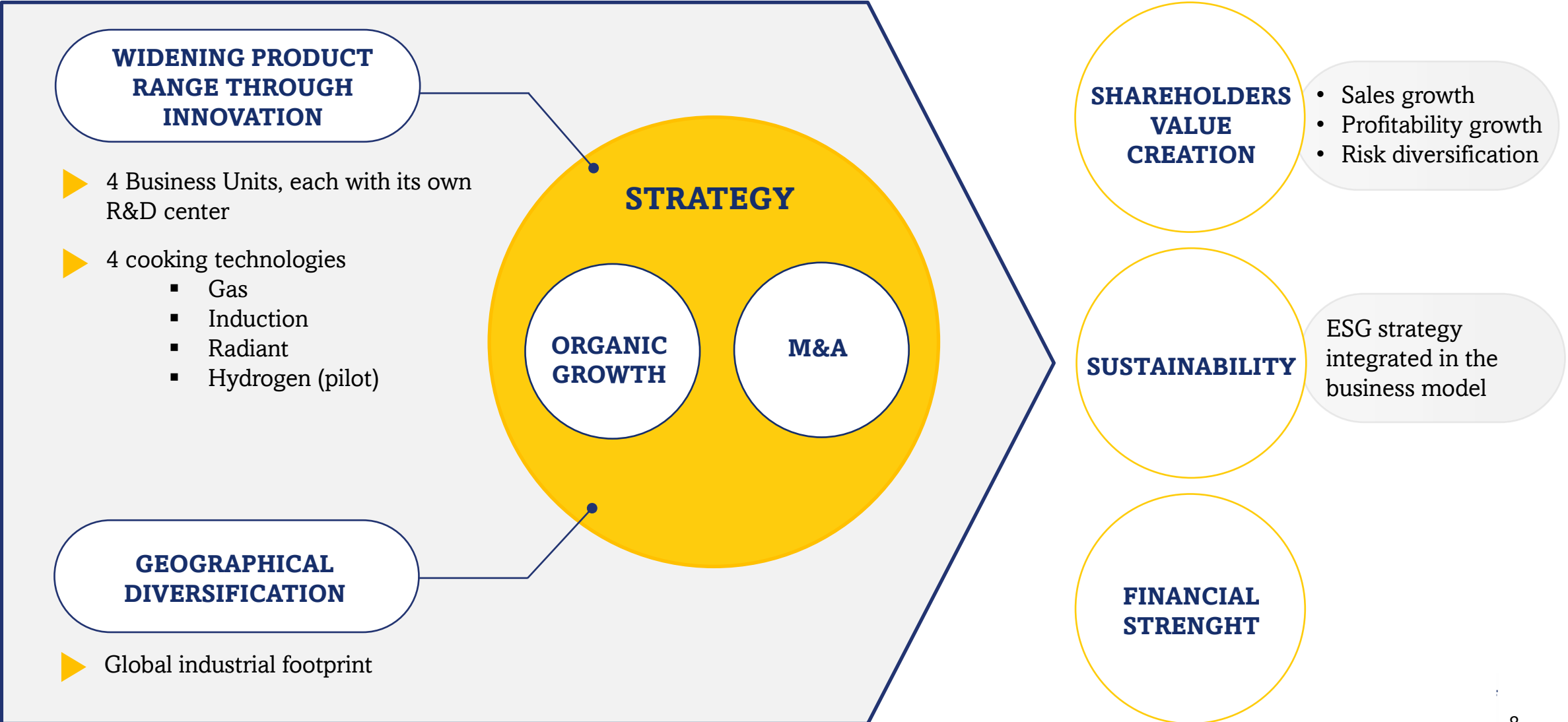
OKIDA ELEKTRONIK
Electronics for household
appliances

**SABAF APPLIANCE
COMPONENTS (KUNSHAN)**
Wok burners

SABAF INDIA
Valves and burners

Why investing in Sabaf

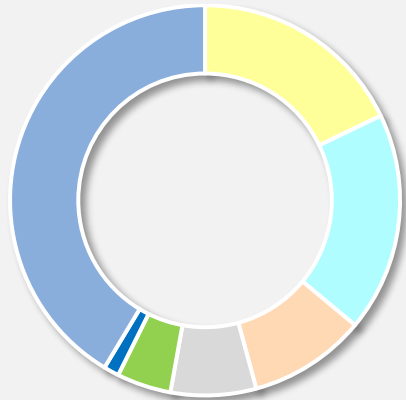
Strategy for value creation



Sabaf Group

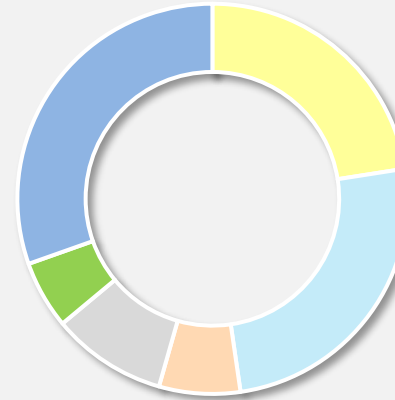
Main shareholders

% OF SHARE CAPITAL



18.18 %	Quaestio SGR
17.86 %	Cinzia Saleri S.a.p.A.
9.73 %	Montinvest S.r.l.
7.08 %	Fintel S.r.l.
4.50 %	Paloma Rheem Investments
1.27 %	Treasury Shares
41.38 %	Market

% OF VOTING RIGHTS

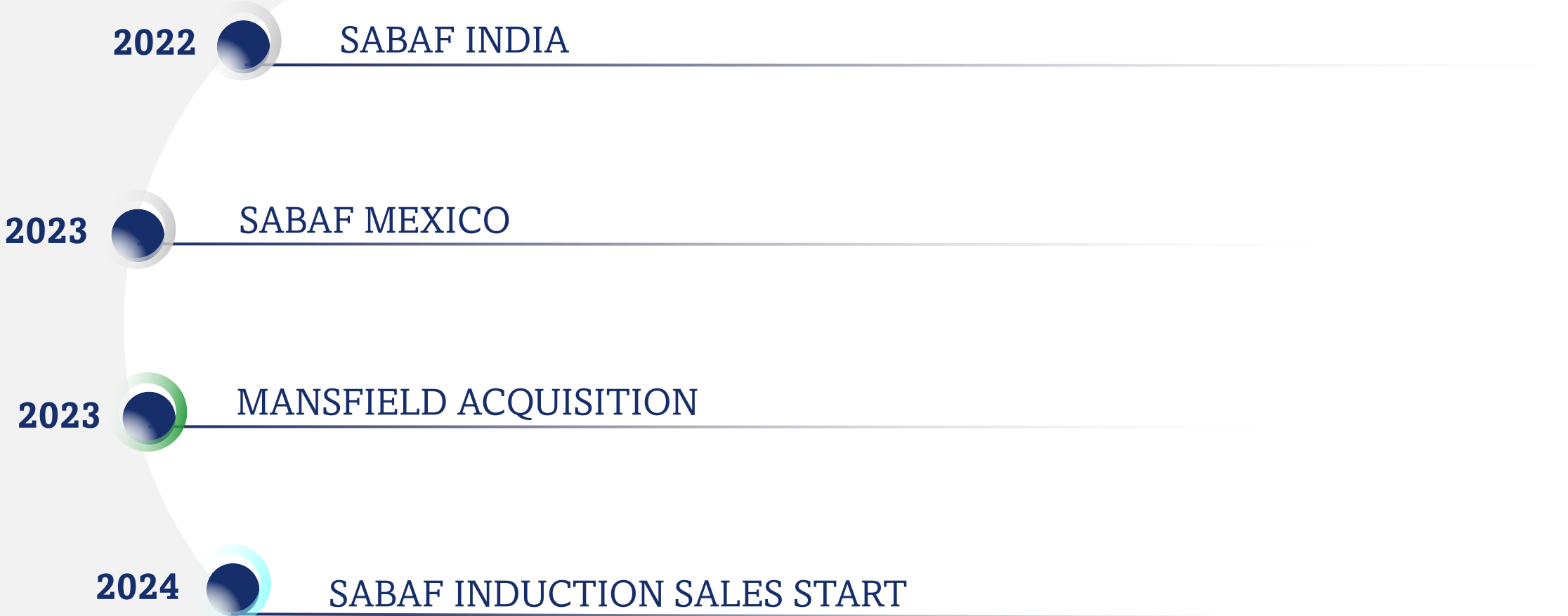


25.16 %	Quaestio SGR
22.53 %	Cinzia Saleri S.a.p.A.
9.54 %	Fintel
6.73 %	Montinvest S.r.l.
5.63 %	Paloma Rheem Investments
30.41 %	Market

Pietro Iotti, Sabaf CEO,
owns 2.22% of voting rights

LATEST STRATEGIC MOVES

Latest strategic moves



Sabaf India

Sales start	2Q 2023
Investment	€ 5.2 million in 3 years
Division	<u>Gas</u> : production of valves and burners for the domestic market
Production capacity	€ 6 million (scalable)

Market characterized by:

- **strong growth**
- **customization**
- **competitive price requests**

- **12M 2024**: revenues € 2.3 million
- **2025**: sales growth

Completion of the **entire production process of valves** by 1H 2025



Sabaf Mexico

Sales start	1H 2024
Investment	€ 12 million in 2021-2023
Division	<u>Gas</u> : production of burners for NA market
Production capacity	€ 9 million (scalable)

May 2024: start of sales to **Mabe**

July 2024: start of sales to **Whirlpool**

Fast production ramp-up, working on 3 shifts

12M 2024: revenues € 3 million

Budget 2025: revenues € 7 million



Mansfield acquisition



Acquisition	July 2023
Share acquired	51% of share capital
Enterprise value	USD 21 million
Division	<u>Hinges</u>

Mansfield Engineered Components LLC (MEC) is **based in Mansfield, Ohio**

MEC is a **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

Smooth transition from previous ownership to the management

Visible synergies, for which implementation is ongoing, even thanks to very **positive relationships** with local management

Ongoing **automation** in order to improve productivity

12M 2024

- **Revenues** USD 28.6 million
- Despite market weakness, **profitability is steadily improving**

Sabaf Induction



Project start	2021
Sales start	1H 2024
Investment	About €5 million in R&D in the period 2021 – 2023

Sabaf has developed **its own project know-how** (proprietary patents, software and hardware)

Creation of **innovative products** which better meet manufacturers' needs and new consumer trends. The project flexibility will enable Sabaf to offer **customised products** to its clients

The Group benefits from the expertise gained from the acquisitions of **Okida and P.G.A.** where part of the induction cooking components are produced

Team of **more than 60 electronic engineers**

Q2 2024: one of the major multinational groups started to produce under Sabaf license

Q3 2024: delivery of samples to 9 customers for testing

Q4 2024 and **Q1 2025:** expected start of sales to many customers

FINANCIAL PERFORMANCE

Context analysis

Customers

- **Greater penetration of Turkish and Chinese players in the European market**
 - Arcelik with WHP EMEA (now Beko Europe)
 - Haier with Candy acquisition
 - Hisense with Gorenje acquisition
 - Midea with Teka acquisition
- Weakening of the historical Western players
- Reduction in end-users purchasing power

The **Sabaf Group** thanks to its

- **global footprint**
- **strong relationships with key market players**

is able to **take full advantage** of such trends

Competitors

The last 2 years highlighted the **difficulty with resilience of some competitors**, which could open opportunities for **M&A and/or market share increase**

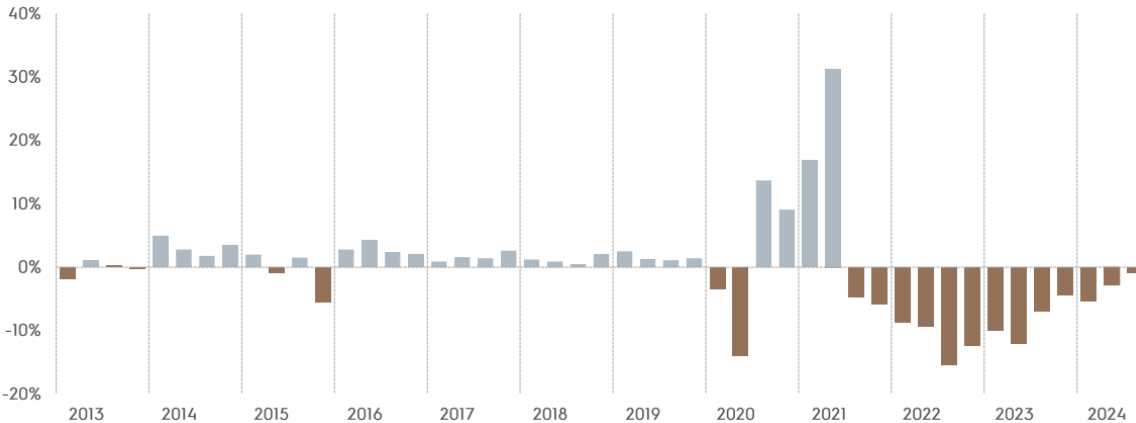
Market trends

Europe

- After several quarters characterized by **market weakness, the first signs of recovery are emerging**

Quarterly industry shipments in Europe

Quarterly unit comparison y-o-y



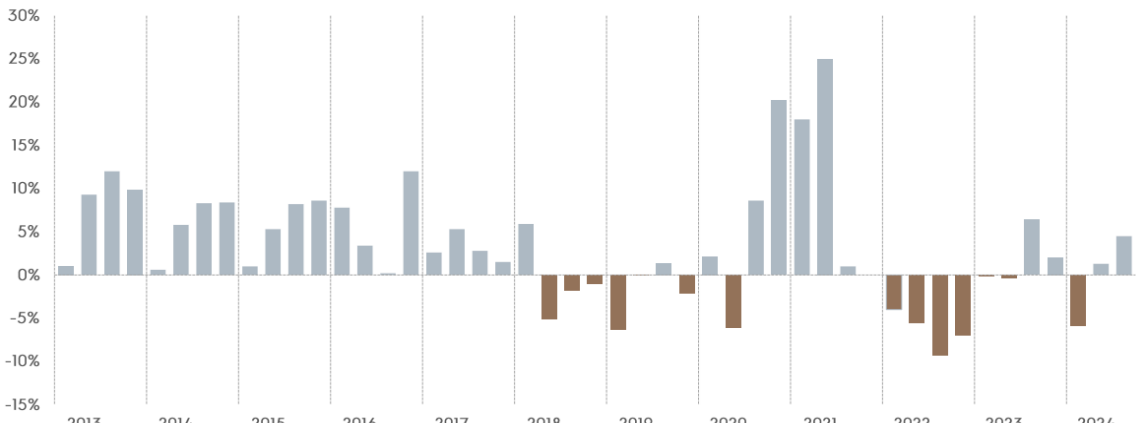
Source: Electrolux 3Q 2024 presentation

North America

- **2Q and 3Q 2024 industry shipments were positive (+5%).** Market was driven by **solid replacement demand**, partially offset by **weak discretionary purchases**. Price/mix is negative.

Quarterly industry shipments in U.S.

Quarterly unit comparison y-o-y



Source: Electrolux 3Q 2024 presentation

- **Strong growth in Latin America**
- **Asia is recovering** compared to 2023
- **Middle East** and **Africa** performed well, but still affected by the **geopolitical** picture

9 MONTHS 2024 | Sabaf Group highlights

In this context
Sabaf reported strong results

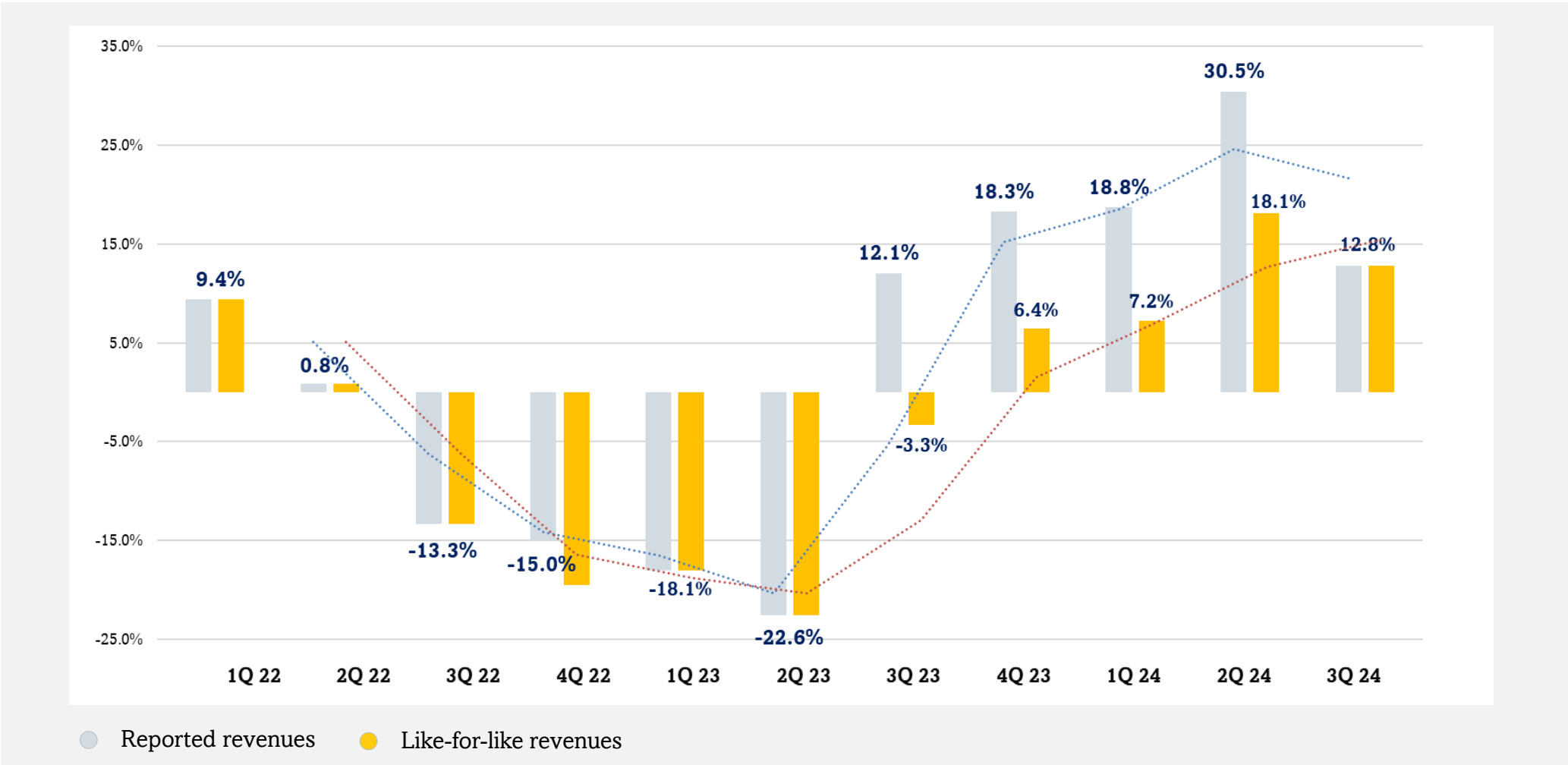
- Direct presence in **emerging countries**
 - **Product range expansion**
 - Product **innovation**
- allow the Group to **gain market share** and **outperform the market**

Thanks to its **global industrial footprint** and **available production capacity**, Sabaf is **ready to respond to the expected recovery** after a period of market weakness

	9M 2024
REVENUE adj	+20.4%
<i>(on a like-for-like basis)</i>	+12.7%
EBITDA adj	+31.9%
<i>(on a like-for-like basis)</i>	+25.3%
EBITDA MARGIN adj	15.1%
<i>(on a like-for-like basis)</i>	15.4%

Quarterly adjusted¹ revenues comparison y-o-y

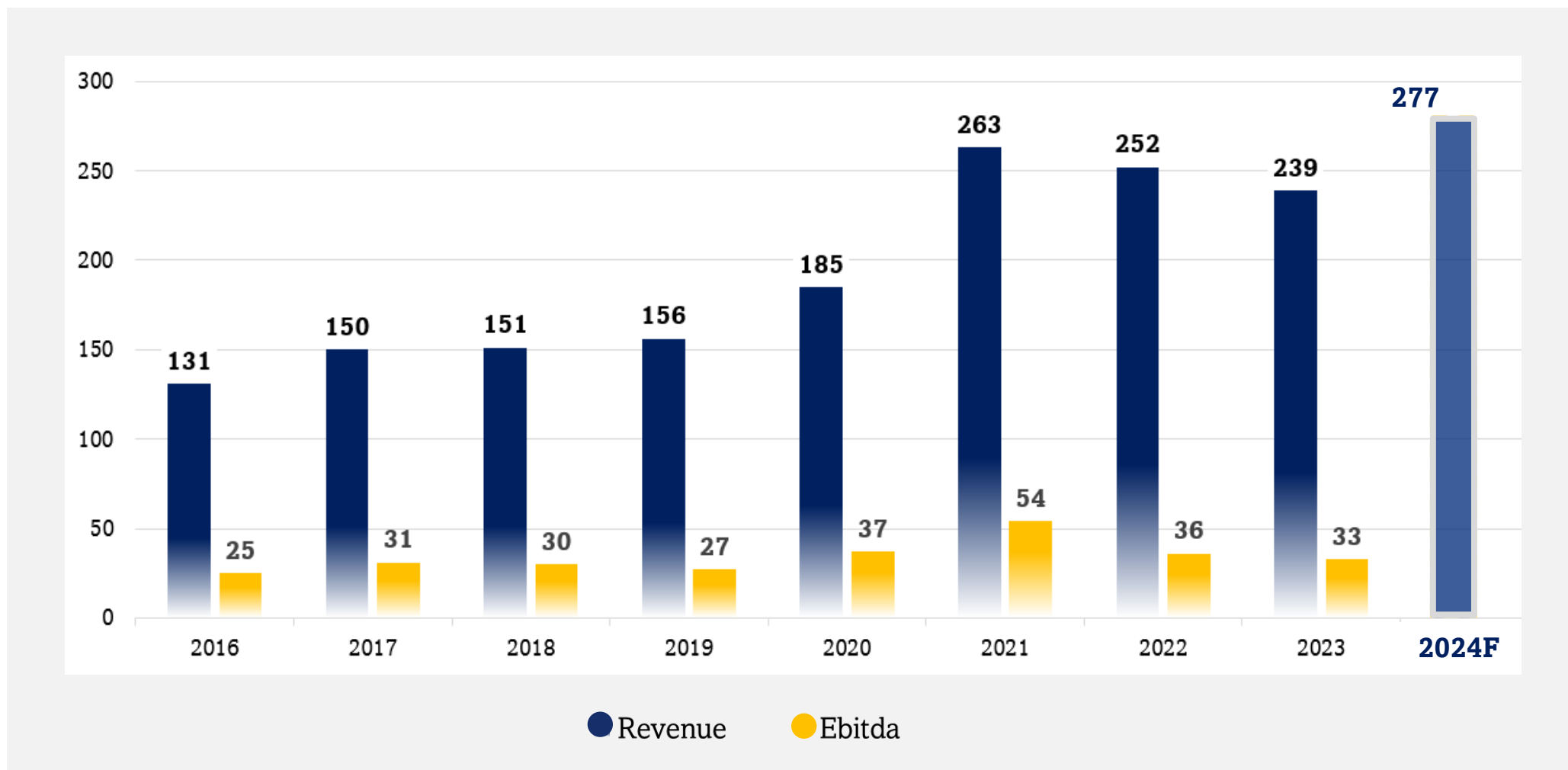
Mln €



¹Adjusted income statement: results exclude the impact of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and, only for 2023 data 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.

Yearly adjusted¹ revenues and EBITDA

Mln €



¹Adjusted income statement: results exclude the impact of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and, only for 2023 data 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.

Adjusted income statement¹ - 9 months 2024

€ x 000	9M 2024		9M 2023		Δ % 9M 24 - 9M 23	12 MONTHS 2023	
Revenue	212,312	100%	176,271	100%	+20.4%	239,086	100%
Other income	7,653	3.6%	6,174	3.5%		9,036	3.8%
Total operating revenue and income	219,965		182,445			248,122	
Consumption	(99,076)	(46.7%)	(86,777)	(49.2%)		(116,008)	(48.5%)
Personnel costs	(51,364)	(24.2%)	(41,674)	(23.6%)		(57,809)	(24.2%)
Other operating costs	(37,380)	(17.6%)	(29,627)	(16.8%)		(41,258)	(17.3%)
EBITDA	32,145	15.1%	24,367	13.8%	+31.9%	33,047	13.8%
Depreciation	(14,273)	(6.7%)	(12,722)	(7.2%)		(17,071)	(7.1%)
Gain/losses on fixed assets	90	0.0%	1,488	0.8%		1,520	0.6%
Write-downs/write-backs of non-current assets	(8)	(0.0%)	-	0.0%		-	0.0%
EBIT	17,954	8.5%	13,133	7.5%	+36.7%	17,496	7.3%
Non financial expense	(1,294)	(0.6%)	(1,707)	(1.0%)		(3,334)	(1.4%)
Exchange rate gains and losses	584	0.3%	(1,292)	(0.7%)		(2,169)	(0.9%)
EBT	17,244	8.1%	10,134	5.7%	+70.2%	11,993	5.0%
Income taxes	(3,960)	(1.9%)	(1,399)	(0.8%)		2,438	1.0%
NET PROFIT FOR THE PERIOD	13,284	6.3%	8,735	5.0%	+52.1%	14,431	6.0%
Minority interests	727	0.3%	336	0.2%		277	0.1%
PROFIT ATTRIBUTABLE TO THE GROUP	12,557	5.9%	8,399	4.8%	+49.5%	14,154	5.9%

¹Adjusted income statement: results exclude the impact of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and, only for 2023 data 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.

Income statement¹ - 9 months 2024

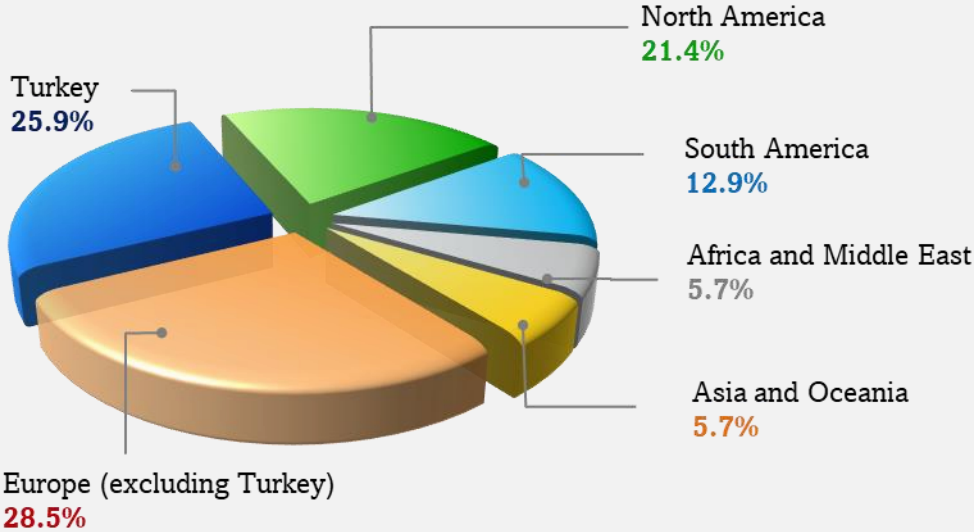
€ x 000	9 MONTHS 2024		9 MONTHS 2023		Δ % 9M24 - 9M23
Revenue	213,875	100.0%	176,906	100.0%	+20.9%
Start-up sales	-		(15)		
Hyperinflation - Turkey	(1,563)		(620)		
Adjusted revenue	212,312	100.0%	176,271	100.0%	+20.4%
EBITDA	32,901	15.4%	22,146	12.5%	+48.6%
Start-up costs	-		1,905		
Hyperinflation - Turkey	(756)		316		
Adjusted EBITDA	32,145	15.1%	24,367	13.8%	+31.9%
EBIT	16,118	7.5%	8,786	5.0%	+83.5%
Start-up costs	-		2,523		
Hyperinflation - Turkey	1,836		1,824		
Adjusted EBIT	17,954	8.5%	13,133	7.5%	+36.7%
Net result	9,560	4.5%	1,365	0.8%	<i>n.a.</i>
Start-up costs	-		2,395		
Hyperinflation - Turkey	2,997		4,639		
Adjusted Net result	12,557	5.9%	8,399	4.8%	+49.5%

¹Adjusted income statement: results exclude the impact of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and, only for 2023 data 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.

Adjusted sales by market

€ x 000

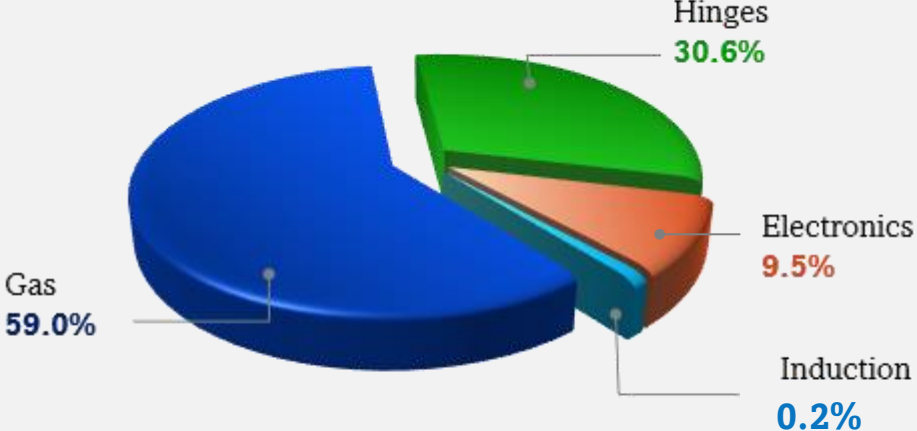
	9 MONTHS 2024	9 MONTHS 2023	Δ
Europe (excluding Turkey)	60,489	55,346	+9.3%
Turkey	55,024	45,578	+20.7%
North America	45,414	33,953	+33.8%
South America	27,316	21,051	+29.8%
Africa and Middle East	12,037	13,751	-12.5%
Asia and Oceania	12,032	6,592	+82.5%
Total	212,312	176,271	+20.4%



Adjusted sales by product

€ x 000

	9 MONTHS 2024	9 MONTHS 2023	Δ
Gas	126,107	106,907	+18.0%
Hinges	65,467	50,180	+30.5%
Electronics	20,338	19,184	+6.0%
Induction	400		n.a.
Total	212,312	176,271	+20.4%



Balance Sheet - Reported

€ x 000	30/09/2024	31/12/2023	30/09/2023
Fixed assets	177,042	181,167	180,274
<i>Inventories</i>	<i>65,023</i>	<i>61,985</i>	<i>67,394</i>
<i>Trade receivables</i>	<i>69,674</i>	<i>55,826</i>	<i>63,814</i>
<i>Tax receivables</i>	<i>8,689</i>	<i>11,722</i>	<i>9,459</i>
<i>Other current receivables</i>	<i>3,920</i>	<i>3,868</i>	<i>3,631</i>
<i>Trade payables</i>	<i>(46,382)</i>	<i>(42,521)</i>	<i>(40,257)</i>
<i>Tax payables</i>	<i>(4,390)</i>	<i>(3,025)</i>	<i>(3,690)</i>
<i>Other payables</i>	<i>(17,578)</i>	<i>(16,007)</i>	<i>(14,794)</i>
Net working capital	78,956	71,848	85,557
Provisions for risks and severance indemnity	(8,918)	(9,477)	(9,612)
Capital Employed	247,080	243,538	256,219
Equity	170,092	170,388	172,548
Net debt	76,988	73,150	83,671
Sources of finance	247,080	243,538	256,219

At 30 September 2024, the impact of the **net working capital on revenue was 27.7%** compared to 36.3% at 30 September 2023 and 30.2% at the end of 2023

Net financial debt at 30 September 24 €77 million (€73.2 million at 31 December 2023) includes €10.8 million related to the recognition of the put option granted to MEC minorities

Cash flow statement

€ x 000	9 MONTHS 2024	12 MONTHS 2023	9 MONTHS 2023
Cash at the beginning of the period	36,353	20,923	20,923
Net profit	10,287	3,380	1,701
Depreciation	16,817	20,066	14,847
Other income statement adjustments	5,324	5,229	5,532
Change in net working capital			
- Change in inventories	(5,842)	4,079	1,720
- Change in receivables	(15,046)	7,375	107
- Change in payables	4,332	2,438	(16)
	(16,556)	13,892	1,811
Other changes in operating items	359	(2,715)	(1,986)
Operating cash flow	16,231	39,852	21,905
Investments, net of disposals	(9,512)	(16,942)	(13,064)
Free Cash Flow	6,719	22,910	8,841
Cash flow from financial activity	(5,442)	(14,208)	(12,452)
Own shares buyback	-	(462)	(462)
Dividends	(8,089)	-	-
Share capital increase	-	17,312	17,312
Mansfield aquisition	-	(8,325)	(8,324)
PGA acquisition	-	(783)	(783)
Forex	(1,268)	(1,014)	521
Net financial flow	(8,080)	15,430	4,653
Cash at the end of the period	28,273	36,353	25,576

Dividends: on 28 May 2024 distribution of a gross ordinary dividend of €0.54 per share

Outlook

Record revenues in 2024

- Sabaf closed 2024 with normalised preliminary **consolidated revenues of €277 million**
- **+15.9% compared to 2023** (+10.2% on a like-for-like basis, excluding, for the first half of 2024 only, the contribution from MEC, a US company based in Mansfield - Ohio - in which Sabaf acquired a 51% stake in July 2023).
- This amount represents the **highest revenue ever achieved by the Group** in its history, a result that is particularly significant in light of the ongoing weakness in the home appliance market.

Positive Outlook for 2025

- The **order intake** in the first weeks of the year shows a **double-digit growth** compared to 2024 and anticipates an excellent first quarter
- In the coming months, potential more expansionary monetary policies could support the recovery of the housing sector in Europe and in the United States and thus the **recovery of the market for household appliances**.

Sabaf will continue to implement its Business Plan, which aims to **increase and consolidate its global market shares**, through

- the increasingly **widespread presence** of the Group at a global level
- the **diversification** of product offering
- the enhancement of the **synergies** with acquired companies
- the growth through **acquisitions**.

Notably, an increasing contribution is expected from the **Gas division**, thanks also to the **new plants** in Mexico and India, from the Induction division and from the **direct presence in the United States** (thanks to the recent acquisition of MEC).

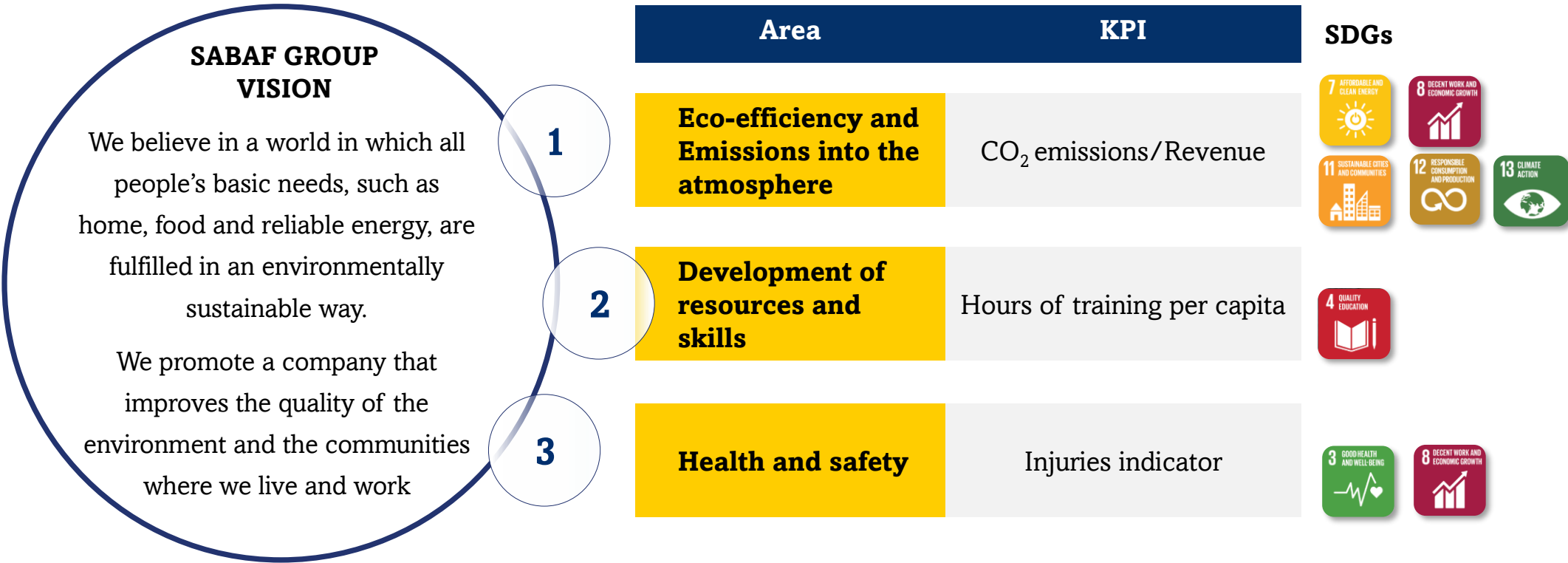
SUSTAINABILITY

Sabaf: a sustainable business

Sustainability in the Business plan 2024 - 2026

“ 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
2024 - 2026

Linked to the economic-financial and sustainability objectives set out in the **2024-2026 Business plan**

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

MATERIAL TOPIC	KPI	% ON LTI
Emissions into the atmosphere	Implementation of the ESG investment plan (1,500 t CO ₂ reduction)	10%
Development of resources and skills	Hours of training per capita	5%
Health and safety of personnel	Indicator of injuries	5%
Impact of on LTI plan		20%

Environmental impact of different cooking fuels 1 / 3



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

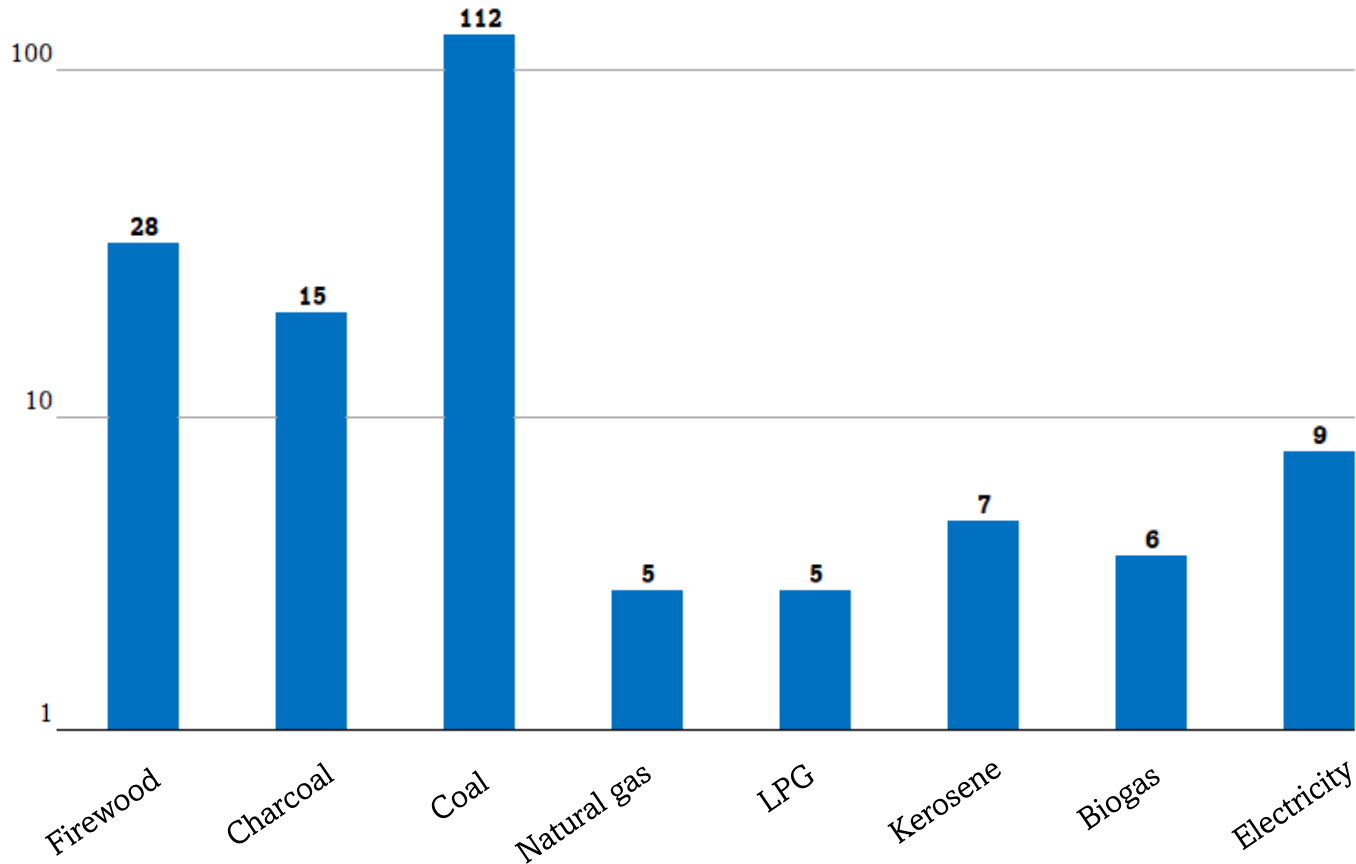
This population is mainly concentrated in Sub-Saharan Africa, where the unavailability of clean fuels affects 82% of the population, but significant percentages characterize also Central Asia, India, China, South-East Asia and Latin America

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

5.5 billion people use fossil fuels (mainly natural gas 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 by 80%**

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

Italian Journal of Food Science, 2022 – Environmental impact of the main household cooking systems – A survey, 2022 Alessio Cimini and Mauro Moresi, Università della Tuscia

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**

An induction hob causes lower CO₂ emissions than a gas hob only if the electricity is produced with a % of **renewable sources** (and/or nuclear energy) **higher than 70%**

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

- Sabaf is investing to promote diffusion of gas cooking appliances in emerging countries, replacing traditional cooking methods with much higher environmental impact
- At the same time, Sabaf is investing to enter the sector of induction cooking, the most efficient form of electric cooking, which is constantly growing in the European market, although such trend has slowed down in the last 3 years

A possible revolution - Hydrogen burners

The Sabaf Group actively takes part in research projects aimed at evaluating the feasibility of replacing natural gas (methane) with hydrogen as a 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 operating with 100% hydrogen**: laboratory tests and prototypes have confirmed the technical feasibility of these products

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

● A possible solution 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 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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