

SABAF PRESENTS ITS 2018-2022 BUSINESS PLAN

- **Sales target ranging from 250 and 300 million Euro in 2022, EBITDA above 20%, total investments up to 230 million Euro**
- **Organic growth: annual increase in revenue ranging from 4% to 6%, EBITDA margin above 20%, investments equal to 8% of revenue**
- **Growth by acquisitions: revenue target ranging from 70 to 100 million Euro, investments up to 140 million Euro**

On 27 and 28 March, during the Star Conference in Milan, the annual event dedicated to meeting investors from all over the world, CEO Pietro Iotti and CFO Gianluca Beschi will illustrate to the financial community the guidelines of the 2018-2022 Business Plan approved by the Board of Directors of Sabaf S.p.A.

The underlying objective of the Plan is to undertake a renewed path of growth, both organic and through acquisitions, a strategy that can also increase the product range in sectors adjacent to the current ones, taking full advantage of the potential of the Sabaf Group.

As a whole, the Business Plan defines a sales target ranging from 250 to 300 million Euro, accompanied by a gross profitability (EBITDA%) of more than 20%.

Total investments of up to 230 million Euro and the distribution of dividends ranging from 30 to 40 million Euro are expected over the five-year period.

Growth will be financed by the cash flow generated from operating activities and by greater use of financial debt, while maintaining firmly a normalized ratio of net financial position to EBITDA of less than 2.

Organic growth

As regards the organic component, the Group has set an annual growth target for sales ranging from 4% to 6%, which will allow the current business area to reach a level of revenues ranging from 180 to 200 million Euro in 2022.

Organic development will be supported by strengthening technical and commercial relations with some of the major global players. Multi-year contracts have recently been entered into or are being defined, offering good medium-term visibility in North America, South America and Europe.

Research and development activities will increasingly focus on the study of ad hoc solutions to meet the specific needs of individual markets and the design of customised products. Moreover, product innovation will be oriented towards the following main areas:

- for burners, ease of cleaning and further improvement of combustion performance and efficiency;
- for valves, precision in flame setting.

Production in Italy will remain predominant and will be accompanied by the expansion of production capacity in Turkey, Brazil and China. The Group is also evaluating in the time horizon of

the plan possible production units in North America and India, markets that offer great opportunities.

To support organic growth, the Group estimates total investments over the five year period ranging from 80 to 90 million Euro, which corresponds to approximately 8% of annual sales. In addition to increasing production capacity in strategic countries, investments will be made to continue the process of automation and integration of production in all the factories of the Group (Industry 4.0), to further improve processes, in view of lean manufacturing, and expand the product range.

In the current business area, the Group estimates that it will be able to maintain a gross operating profitability (EBITDA %) firmly higher than 20% of sales.

Growth by acquisitions

The Group will also assess growth opportunities through acquisitions, which, based on the objectives of the Business Plan, could generate additional revenues ranging from 70 to 100 million Euro at the end of the five-year period. To this end, the Group believes it can invest up to 140 million Euro over five years.

Possible investment sectors comprise professional cooking, components, including electronics, for household appliances and components for domestic heating. The ideal targets are companies, preferably with entrepreneurial management, with turnover up to 70 million Euro, a high and consolidated profitability. The Plan tends to exclude multiple dilutive acquisitions.

"Sabaf has the expertise and forefront technologies to ensure that we have the conditions for a sustainable and profitable development. We will continue to invest in these assets, leveraging a young and motivated team to further strengthen our Group, our international dimension and our reputation", commented Chief Executive Officer Pietro Iotti.

"Growth through acquisitions will play a fundamental role in shaping Sabaf's future, always in compliance with a profitability that we do not intend to ignore, since it represents the guarantee to be able to view the future with serenity and determination" concluded Iotti.

For more 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 kitchens and domestic gas cooking appliances.
 There are four main lines of production: valves, thermostats and burners for gas cooking appliances and hinges for ovens, washing machines and dishwashers.
 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 more than 800 employees. It operates through its parent company SABAF S.p.A. and the subsidiaries Sabaf do Brasil, Sabaf Turkey and Sabaf China, active in the production of domestic burners, A.R.C., which produces burners for professional cooking, and Faringosi Hinges, leader in the production of oven hinges.*